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ADM - Archer Daniels Midland Co at BMO Capital Markets Farm to Market Conference

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PRESENTATION

Kenneth Bryan Zaslow *- BMO Capital Markets Equity Research - MD of Food and Agribusiness Research and Food and Beverage Analyst*

Good morning. We are fortunate to have ADM's Chairman and CEO, Juan Luciano, to join us for an open discussion about the opportunities and challenges ahead for ADM, one of the chief architects to effectively and structurally change ADM's identity in terms of capital allocation, efficiency, culture and product mix.

ADM not only refined its product portfolio with key acquisitions and divestitures, but also underwent material cost efficiency initiatives, became more focused on its cash generation and implemented EVA across the company.

With that, I'm going to let Juan open up with a few introductory comments and then we're going to have an open discussion.

Juan Ricardo Luciano *- Archer-Daniels-Midland Company - Chairman, CEO and President*

Thank you, Ken. Good morning, everybody. Thank you for inviting us again to this conference. A very well attended conference, so a pleasure to be here. I will take a few minutes maybe to level set. I know there are a lot of known faces in the room that may know me and they know ADM. But just to give a little bit of a framework of the strategy of ADM and what we've been doing, and I think it will be useful for the discussions and will inform some of the Q&A.

So we've put together this strategic framework about 2012. And to be honest, it has served us well. As you can see here and you probably remember it, we have 3 pillars of our strategy. One is what we call optimize the existing businesses, which it was a lot of effort in terms of portfolio management. It was an analysis that the organization performed. And we've performed at that point in time, and we continue to have the discipline to perform every year to see what's going to be the businesses or those units that we have that will allow us to get to the 10% return that we developed as an objective for our company.

So during that process, obviously, we divested some businesses. You see there some of the businesses that we decided that we couldn't earn our return, whether it was market conditions or our competitive advantage was weak in those places. And we found better owners of those very good businesses. And so we've divested like about 6 units, and we used part of those proceeds to expand strategically in our third bucket to position ADM for future trends.

The second drive that we have is -- it was, as Ken was describing, operational efficiencies. For a company that have more than 400 units -- manufacturing units worldwide, it's very important for us to be very efficient. And we also have massive transportation operations and big procurement deals as well. So it was an attempt more to bring technology for competitive advantage. So this is not about firing people. This is about applying technology for competitive advantage and do a lot of standardization for scale. For a company that have grown over the years from acquisitions, we were a little bit nonstandard, if you will. And we've managed to get a lot of savings from that standardization.

And we also started a process what we call a business transformation. We call it 1ADM, which is to review our processes and to get the IT infrastructure behind those to be able to cope with increased complexity with about the same amount of people. We're very proud about our productivity of our people, who manage like a $70 billion company with 32,000 people. And that has served us well, not only from a cost position, but also because of everybody feels very engaged and very close to the action and everybody understands that you have a small organization what is the focus and where they should contribute to the strategy. So we will try to keep it that way and we will try to continue to add processes or projects like 1ADM to keep it tight, to keep it a small house.

And with all these, again, we look at position ADM for growth in the future. And that's what we do, we'd expand strategically. Basically, there -- why we divested 6 companies, we acquired about 18 companies, plus investing geographically in South America, in Eastern Europe, in Asia. And also, we broadened our portfolio of products as we were looking for new trends, whether it's the millennials or whether it's people wanting natural foods or whether some of our customer base shifting the revenues from maybe the big 3 -- the big CPGs to some smaller, more entrepreneurial accounts.

So through all these process, we always think about being a good capital stewards for our shareholders. And we've paid a lot of attention to what we call our balanced capital allocation of resources, which is how much money do we devote to grow the businesses, how much money we put into CapEx every year and how much money we'll return to shareholders. So we are proud to say that even through these tough times, you all are aware that over the last 2 years, we had a lot of headwinds in the industry. We've been able, not only to keep our program intact because we generate a lot of cash flow based on all this model, but also being able to return funds to shareholders while keeping a strong balance sheet. So we're very proud of that strategy and has served us well so far.

I wanted to show here a little bit the way we think about our business, not exactly the way maybe we'll report our business so you'll follow us. So this slide -- so fundamentally, we think about we have an origination and transportation business and we have a primary processing business. And those were the basic business for ADM, if you will. The issue with these 2 businesses is they generate a lot of cash flow and even if we were trying for every business that we have to set the competitive standard in their industry. So we want them to be the leaders in that industry and where we invest for that, we very much need a small percentage of our cash flow to do that.

And what we wanted to do is to get growth in different platforms because if we actually reinvest all the capital into the same units where the only thing we do is we destroy returns because basically we get the supply/demand out of whack. So what we have done is we continue to follow our customers and the movement of our customers and we look at their natural trend and we look at the trends of having small entrepreneurial customers or the trend of personalized nutrition, and we continue to invest in platforms like that.

So if you want to align mentally the trends that we see in the market, the opportunities we see in the market with some of these businesses, you have the first one, origination and transportation, with simply the fact that all the food in the world or all the grain in the world is generated in places where only 11% of the world population sits, which is North America, South America and Eastern Europe. And you're always going to need a supply chain to move it to the places like China that has 22% of the population and 6% of the water.

So that's kind of that trend, that trend of the fundamental dislocation of humidity in the world versus where people live, we will always have to fill that need. So that's kind of that trend. In primary processing, we think about the demand for protein as people increase their diets. And you see how protein is an exponential number versus the population growth and then you have soybean meal having another exponential number on top of that. So that's kind of that trend on that second business.

The third business is more about the natural. I mean, a few years ago, we look at the trends of people driving more towards natural, healthier foods, people also getting older. I mean, for the first time in history, the population over 65 will be bigger than the population under 5. And all of us would like to live very healthier lives, and we've taken a little bit more care of our bodies and our diet. So we look at that space, and that space is also a space that we saw that some of those accounts are going to be smaller accounts sometimes not just having a big market in machine, but just a blog following.

And based on that blog following, some people will like to launch products in the market. And it will be an opportunity for companies like us to provide fully formulated services because some of those companies may not even have manufacturing. And we have some of those customers. So that's another trend, if you will. And the fourth pillar here where we call emerging markets, and you think about our investments in China or our investments in Wilmar, are basically about 88% of the population is living outside the Western world. And we've seen, for the first time in history, the emergence of a global middle class. And that global middle class is pulling demand, whether it's in China, whether it's in India, whether it's in Eastern Europe or whether it's in places of South America. And we want to be able to participate in that.

So hopefully that gives you an idea. So when we look at the first 2 businesses as I said and we look at our growth strategy, we don't need to reinvest 100% of our proceeds there. We'd probably need about 20% of our free cash flow into those businesses. So we devote some of that cash flow to generate new platforms, as I said, whether it's pet food, whether it's aquaculture, whether it's food and beverage ingredients, whether there is personalized nutrition.

And so when you think about the balanced capital allocation that I described before, it's basically, to implement our plan, we need about 30%, 40% of the cash flow to be reinvested in the business, which leaves 60% to 70% to either strategic transactions if they are attractive or giving back to shareholders. So over the last 2 years, mostly we've been giving back to shareholders. We've been concentrating on M&A of these 18 companies I mentioned, with the exception of WILD Flavors. The rest of the companies are what we call bolt-ons between $50 million and $100 million. Because to be honest, what we look at the -- when we look at the environment with Ray and our management team, things look too expensive to us. And we didn't think that we could get a return from all of that.

So to be honest, we were more in selling mode than in the buying mode, not to pay those exorbitant multiples. And -- but when we go into some of these smaller bolt-ons, those are normally private transactions, transaction where we don't compete with a bunch of people that have cheap access to capital. So that's just being what had been our discipline, if you will, over the few years.

The last one that I'm just going to present is not only we have a framework for value creation in the company, which is the column in the middle that I explained in my first slide, but we're also looking obviously at the sustainability of our power as a company. We're a very proud company that in September 30, we're going to turn 115 years. And I think we've been paying dividends for like 85 consecutive years. So we have a very good track record on that. So we work a lot in culture and in reputation to build the capabilities of the company.

And maybe I'm going to touch on 3 things. You see there is pressured readiness and organic growth there. Organic growth is what I described before. I mean, we have the balance sheet to do acquisitions. We just don't feel that the acquisitions today are priced at the point that we will make the proper returns. So being cautious as stewards of our capital for our shareholders, we have decided to pass on most of those. So we're emphasizing a lot, organic growth, where we think it's a little bit slower. And I know, we are as impatient as everybody else. But we think that there's more value creation into that.

And then we're talking about project readiness is we launched operational excellence about 5 years ago in the company. And now we see the confluence, if you will, of these operational excellence efforts with some of the 1ADM and digital design to try to achieve both low cost and high customer experience. In any operating company, in any manufacturing part, you get the unfortunate issue that about -- that people spend about 40% of the time on the daily tasks and 60% of the time in firefighting. So we're working a lot in deviation management and other concepts to try to make sure we move that into 20% of the time, daily tasks; 20% of the time, firefighting; 60% of the time, innovation and continuous improvement. And that's what we're doing with project readiness with very good results.

At the end of the day, we're an industrial company and we need to dominate that space, the ability for a company not to stumble in the same problem twice. We want to have new problems. But once we solve a problem, we want to solve it for good and incorporate that knowledge in the organization and move forward. So that will be -- maybe you will not see or hear much about that. But importantly, it's going to be a big drive to try to get into that space.

The last point maybe I'm going to make is about customers. When you look at our strategy, we talk a lot about shifting to the right, if you will, in our value chain. And some people interpret that as being just having more specialties, if you will. But in reality, we're pushing every business to go deeper into their value chain. Whether it's the Agri business or the grain business going into the destination market and kind of this intermediation that industry, if you will, or when you get into oilseeds going into more oil and oil blends and when you go into corn business, going more into specialty starches or things like that, so -- or whether you get ingredients going to more into systems. So everybody's pushing closer to customers. So we're pushing very much into the acquisition of customers and getting that customer franchise.

And in order to do that, we have account executives deployed to the key accounts. We have a new marketing. We have new customer insights capabilities. And that's getting us very good traction in special markets. I think you've seen, Ken, our Cranbury Customer Innovation Center. We opened that last year. We opened this year, 1 in Sydney, Australia; and there are 2 more that we're going to open around the world.

In this place, if you're a customer today, and I witnessed that, you can go and we can have rapid prototyping. We have done 2 sessions of 45 minutes. So for you people that like soccer like I like soccer, that's a soccer game, 2 sessions of 45 minutes. And you can get a customer getting out of there with 8 to 10 prototypes of things. And these are not prototypes on a screen. These are actually physical products, whether it's a beverage, whether it's a snack, whether it's a bar. And these people come out of that with marketing people with 8 to 10 prototypes. And at the end of the day, they selected 2 things to move into production. So these are very powerful things.

We're going to have one on the East Coast, one on the West Coast. We have one in Asia. We're going to have one in South America. And that complements the 38 innovation centers and R&D centers we have around the world. So this is a very, very important aspect for us, which is never happening fast enough but we're very pleased about the progress we made. So maybe I just stop here, if you will, and we'll let it go to Q&A. But at least it provides, hopefully, a framework with what we're trying to do and how we're trying to improve returns for our shareholders.

QUESTIONS AND ANSWERS

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food and Agribusiness Research and Food and Beverage Analyst*

You said a great -- a lot of great things, and I'm going to try and piece together some of the pieces and dig a little deeper. First thing you did say, the last couple of years you did face some headwinds. Can you discuss how the industry as well as ADM has structurally changed over the last 5 years? Can you also contrast that with what you think are cyclical issues rather than structural issues?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO and President*

Yes, sure. Nothing on this is black and white. So we spent time looking at this. But on the other hand, we try to keep the organization not to have -- not to spend too much time in philosophical questions and mostly trying to make the things -- to handle the things that they can manage. Because you can spend -- you can paralyze a whole organization trying to sort out things. At the end of the day, we need to act and we need to put a profit and put points on the board. So I will say, the thing that changed -- I mean, I don't have like 30 years in the industry, sometimes -- you guys have. I mean, I've been in the industry since 2011 or since I remember because my family is in farming, but in the industry since '11. And if you remember from, I don't know, 2007 to 2012, 2013, everything was going like this. So every customer was building a portfolio. They were building a book forward. Countries were building reserves and products were going up there like that and then we could trade and then we can make a lot of money and things were going relatively smooth. And then situation turned a little bit and all of a sudden, we have 5 years of plentiful crops and no major disruptions. Obviously, there is improvement in productivity and more -- a little bit more land brought into production. So all of a sudden, you have customers that don't face a need to buy because they see all of these stock-to-use ratios and they think that there is plenty of food or products all around the world. You have governments. China is not building resource anymore. It's actually selling those reserves. And then you have farmers that are looking at these prices and some of their currencies and they're not excited to sell. So when you are in the middle of that, you need to adjust. So we have adjusted in the sense that when we look at, for example, Ag Services, if you will, which is the business and maybe have suffered the most in this, we have a new level of earnings, if you will, this year. And what we're doing in that sense is our strategy was about geographic diversification, destination, marketing. But what we're basically doing in that business that is different, if you will, that have changed. We lightened up the capital. So at that level of earnings, we can make the returns that we need. And it's not that we are pulling away from that business. What we're doing is things like we share a port with another party. We don't need to use 100% of the port. So we share the capital. We sold crop insurance, the crop risk business, for example. And we preserved the operating profit we were making and we preserve the marketing relationship with the company, but we don't keep the capital anymore. So it's continuing having our participation there because we think that things will come back and that it will be an important part of our company. It continues to be and it will be an important part of our earnings. But we don't need to have that much capital allocated to that. So I would say that's the biggest change that we have made in this.

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food and Agribusiness Research and Food and Beverage Analyst*

What capabilities -- you talked about building capabilities. So it's kind of a 2-part question. One is, when you look 3 to 4 years out, how will your portfolio look differently? What capabilities can you build internally? And what new platforms you actually have to acquire to achieve your mixed shift that you're looking for?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO and President*

Yes. So we have -- if you think about the businesses, as I said, we push the businesses to set the competitive standard in their industry. So I want Joe to have the best grain business in the world. I want the processing guys to have the best processing business. And I want Vince to be the best ingredient business in the world. So we continue to drive that, and we feel very comfortable that we know those. We have the capabilities to manage those. I think the capability that we're trying to get into the company is how do we continue to align people to key activities, all the activities that have the most impact? I mean, it's so easy to get people busy, but it's so difficult to get people to the top 3 things that make the most impact for the company. And as the company become more complex, you need to be able to do -- to handle that complexity, and we want to handle that complexity with the same small level of bureaucracy. Everybody in the company can come and see me. Everybody in the company can come and see Ray. We are involved in the businesses. I don't need to practice to come here, to be honest. I don't need to prep to come here. I mean, we know these things by heart. We know our operations. So we try to keep that feeling of small organization and we try to pass it to everybody. So somebody that is loading vessels today in New Orleans, Louisiana (NOLA) can tell exactly what the strategy is, and we make those probes. We go to a place and say, what do you hear I'm saying? So what do you hear we are playing? So that's important, and it gives us that ability to -- that agility to move quickly. And we think that's important. The other things where we are marketing skills are these -- ADM is a great employer. We don't have problems to get any talent that we want, and we have that. And look at what's happened with WILD Flavors. When we were about to acquire WILD Flavors, everybody was thinking, oh, my God, this is a grain trader that is going to destroy this flavor company. I mean, since we had WILD Flavors, we got record profits in 2015 and 2016. And we grew profit 20% per year. So they have great -- we have great experts running that business and we continue to do so. So we created the platform there based on natural products. One of the reasons we pay for WILD Flavors is more than 90% of the products of the flavor that WILD Flavors have, coming from the tree, from the fruit, from the plant, from the leaf. So these products are 100% natural, and that's what the consumer wants. So we have natural flavors. We have natural colors. Now we're looking -- we -- you saw the acquisition of Biopolis, for example. Biopolis is a tiny thing, but it's a gem. We bought Biopolis in Valencia. This is for the trend of personalized nutrition. We both drink Coke. You're going to react different to the Coke that I would react because of your biome. And we want to be able to tailor some of those ingredients that we have to help people to deal with some of their metabolic issues, and this is a very important element. So for me, flavor is a platform and it allows us to do many things. These microbial capabilities is another platform. They're going to take the company into other places. We're still going to be a grain company. We're still going to run an integrated value chain, but we continue to put these probes because we need to develop the ADM for being -- for the next 50 years. And in the 50 years, there are a lot of things that our customers shift to, our consumers shift to, and we need to protect that relevancy, and we need to be there with our customers. And as customers change, our customer base is probably the thing that has changed the most. There are people, as I said today, that are important customers of our core ingredients that the only thing they have is a blog and followers from that blog. But all those people fanatically believe in those trends and buy those products, and we produce some of those products. And today, we have the capabilities. If you come to me and you say, we will like to make -- we will like to launch a beverage drink that is a breakfast, that has 20% caffeine, 20% or 15% protein that is white and with flavor like vanilla, we can provide 100% of that, including the label. And that's an aspect that -- it's important for some of our customers that we will continue to be a grain company. We acquired Medsofts and we acquired industry centers in -- last week in Israel. But we're going to continue to expand the span of our company.

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food and Agribusiness Research and Food and Beverage Analyst*

ADM reduced its long-term WACC by about 100 basis points. My first impression was, look, this is a way for you guys to kind of implicitly reduce your long-term earnings power. And then I actually thought back again and said, maybe the other thing is that by lowering your WACC, you could actually be more aggressive on your growth aspects because you have CapEx projects that could meet a hurdle. So I guess my question is, why lower the WACC? What are the implications? And how are your earnings power affected by how you're kind of communicating to the public?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO and President*

Yes, so the short answer to the question is -- of your question whether we want to reduce the earnings or get into more opportunities, neither. And I'm glad you gave me the opportunity because we clarified with some investors after the earnings call. You heard me saying before, we want to be very good stewards of the capital for our shareholders. And as we do that, capital allocation is a significant driver of shareholder value. So we look at our businesses. We use it for 2 things, and this is the reason we lowered -- or we adjusted it. It could have been higher. It just happened to be lower. We use it to do 2 things. One is we always want to check our businesses to see are we creating value. So we do -- we use several measurements to do that. One, is as you described in your introduction, is EVA. In order to have an EVA, I know if Joe or Vince or Chris or Greg are creating value in their respective business, we need to have an updated WACC on that. So that's one of the reasons we updated, to see what are the businesses we're going to continue to invest and lean forward on and what are the businesses that maybe we need to take a little bit of capital on. So -- but those businesses compete with other people. If they are adjusting the WACC, we need to see how those guys are doing in their industries. So looking at that comparison of are they creating value is one of the reasons we adjust the WACC. The second reason we adjust the WACC is when I say, we need 30% to 40% of our capital to be reinvested in the business leaving the other 60% to 70% to deploy to shareholders or whatever, we need -- before buyback share, we need to look at the intrinsic value of our strategy. And the way we measure that intrinsic value of our strategy to see if it makes sense for us to buy our shares or not is with WACC again. So those are the 2 reasons. So today, just to dispel all the misunderstanding, we have not adjusted the WACC to measure our investments. And to be honest, with -- even for M&A, when you think about M&A -- first of all, the cost-driven pressures that we have, the pipeline exceeds our ability to implement. So it's not that we need to chase more projects. So we don't need to adjust the WACC for that. And for M&A, to be honest, with some of the valuations we have today, even if we move it from 8% to 7%, I'm not going to be able to pay for those things anyway, so it doesn't make a lot of difference for us. So we haven't adjusted that. That continues to be in the double-digit number for us in terms of the hurdle. And the other reason, as you said, for our long-term aspirations with our Board, we continue to be committed to a number, which is 10%. So it's not WACC plus something or WACC minus something. And even our long-term incentive compensation is an absolute number. So it's a number not in a WACC-related number. So it doesn't affect our long-term incentive with the board. So...

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food and Agribusiness Research and Food and Beverage Analyst*

When you think about your network across logistics as well as your oilseed footprint, how do you think you guys are prepared for the sizable crop that's going to be emerging out of South America? And what can you do to either capitalize it or navigate from the massive crop that could be coming?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO and President*

Yes. So the first thing we need to do with a massive crop that is coming from South America is to make sure it gets to market. Because at this point in time, it's there, but it's a little invisible at this point. So -- and that will be a trick. I talked to my mother, she's a farmer in Argentina and she's looking at 3 things. She's looking at inflation is about 25%. Cash price is at an all-time low and the dollar and the real -- the dollar and the peso haven't moved the way I wanted. So at this point in time, I'm not selling. So I think that in terms of Brazil or Eastern Europe becoming more important in terms of producing for the world, we continue to grow. We have -- this year, we have 3 port investments in South America. We continue to build on that. I think that the issue is, first of all, we have a large company. So you cannot make changes like overnight. But second, we're very careful about the quality of the assets we own. It's easy to buy ports in the wrong place. It's easy to buy assets that are not very good assets. We are very picky about the asset we want and we have. And so we are very selective. And that's one of the reasons that we don't do a lot of acquisitions in our own space because to be honest, we don't like some of the assets that those acquisitions might bring us. And then what do you do when you have assets poorly positioned? This is a very, very thin-margin business. And you want to have assets that you can leverage and not assets that you pay for, you will never get a return from. So I know you will -- and other people will like us to be 3x our size in Brazil tomorrow morning, but we will get there. We will continue to grow in certain places, but we are careful about where to grow. We see where we have our best position, which is North America, how every year some of the production shifts and some of the elevators are no longer good for us and we sell them. And some of the units -- some of other units we need to shift. So we have the same level of discipline around the world.

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food and Agribusiness Research and Food and Beverage Analyst*

So your earnings is somewhat flattish for us and given -- because of the headwinds. When you think about one of the milestones as well as how do you assess your success going backwards? And then in 3 years from now, what are the key milestones that you will say, hey, I've either succeeded or that maybe didn't work out the way I wanted it to. How do we look at it? Because again, so far your performance you said is a lot of headwinds. But underneath the cover, how do we assess it?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO and President*

Yes, when we look at the -- our strategy, and that's what I reflect on, the strategy we put together in 2012, we moved the ROIC from 6.6% or 6% to 9.9%. So we know how to do that. And obviously, after that, we get the decline in the market. And we also bought WILD and we have the goodwill in the balance sheet. So I mean -- so we know how we do that. And I think the team is very aware of how to do that. I would say, it never happens fast enough as you think. And obviously, we wanted to have all this move happen without the base shrinking, of course. I would say we feel very good -- let me go by businesses. And we feel very good about the corn business. The corn business, we have transformed the corn business from just the North American 50% ethanol business to a business that today is global. We are in Europe. We are in Asia. And it's a business that has much more diversity in the product mix. So we feel very good about it. We feel very strongly about oilseeds and our global position, our versatility. One of the things that people sometimes don't get in oilseeds is that we are not 80% soybean crushing. I mean, sometimes, soybean crushing is like 20% of our earnings because we are very diversified. We crush like 8 different seeds. We are all over the world. So -- and we have a lot of swing capacity. So we feel very good about that business. So the ingredient business, as I said, WILD Flavors growing 20% per year. And we continue to build this great ingredients company for the future. So we're building plants. We're building a plant in China. We're building a plant in Brazil. And we are creating a completely different innovation partner for our customers. I would say where the issue has been the biggest is -- had been in the grain business, and that's why I left it for the end. We feel very committed to the grain business. We'll lighten up the capital. We're expanding geographically. We think things are going to come back, but the layer of profitability may not come back. And I think that, that's something important for everybody to realize. And how big is that layer of profitability that may not come back? I mean, it's difficult to assess. And I'm not sure I want to go to the last decimal in trying to determine that. But we have plans to move that. Again, if you think about what we're doing in destination marketing, we're going to grow that business to about 17% in volume going to the final customer, marginal growing about 30% in 2017 for that. So we are about 12.5 million tons taken directly to the final customer, which is going to be about 20-something percent of all the things that -- all the tonnage that we're going to trade. So a lot of changes. Are they happening fast enough? Of course not. Would we like to be higher than what we are today? Of course. But we're thinking that in a strategy, you're always looking at direction and pace. Are we comfortable with the direction? Absolutely. We read the natural trend well. We think we are reading the personalized nutrition trend well. We haven't made big blunders. We acquired 18 small companies. Were they all success? No. Probably 2 or 3 we messed up and we are fixing those things. So we're not -- it's not that we're doing everything perfect. But we think that we have positioned ADM to get another launch into higher profitability, higher returns. And today, you have stopped to use ratios that are very, very high. Ag Services definitely performed that well in those environment. Will we have the next 5 years with perfect weather as we have the last part? Probably not. So we think that part of that will come back and then the rest of the stuff will continue to produce. So we feel good about the future. I think the management team feel good about the future.

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food and Agribusiness Research and Food and Beverage Analyst*

Okay, thank you very much. That's excellent. Thank you.

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO and President*

Thank you, Ken. Thank you, everyone.
