

Price:
\$59.35

Target:
\$72.20

Upside:
21.66%



Archer Daniels Midland Co [NYSE: ADM]

Sector Head: Jonathan Ngo

Lead Analyst: Julie Gha

Senior Analysts: Brandon Ciaravino, Neel Patel

Junior Analyst: Tony Lin

Executive Summary



Investment Thesis and Key Statistics

BUY: ADM

Current Price:
\$59.35

Target Price:
\$72.20

Upside:
21.66%

52 Wk Range: \$50.72 - \$87.30

Market Cap: \$31,662M

Revenue: \$93,935M

EV: \$40,223

EBITDA: \$4,774

CEO: Juan Luciano

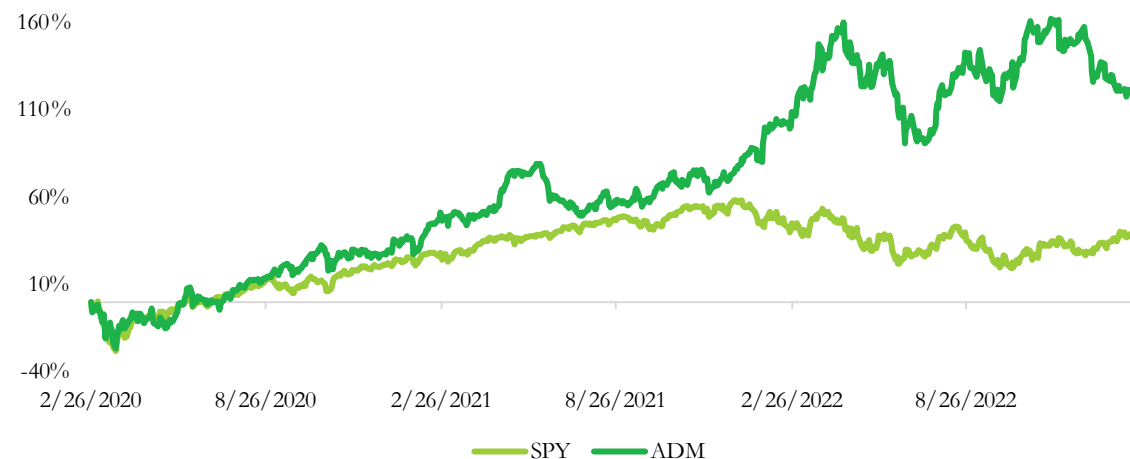
Business Overview

An essential global agricultural supply chain manager and processor

Known for processing oilseeds, corn, wheat, and agricultural commodities worldwide

Has products available through segments of Ag Services, Oil Seeds, Carbohydrates, and Nutrition

Historical Performance



Basis for Growth

- 1 The increase in demand of meat and live stock positions ADM to capitalize on the processing for animal feed
- 2 Greater regulatory in agricultural demonstrates ADM commitment to sustainably and eco-friendly products
- 3 ADM will have increases in operational efficiencies with their reinvestments into the core processing segments

Industry Overview



Food Processing Ends Market

Soybean Meal

Increase demand for nutrient-rich food products resulting in 4.6% CAGR

Grains Processing Equipment

Gradual development of efficient and cost-effective methods to meet grain demand with a 5% CAGR

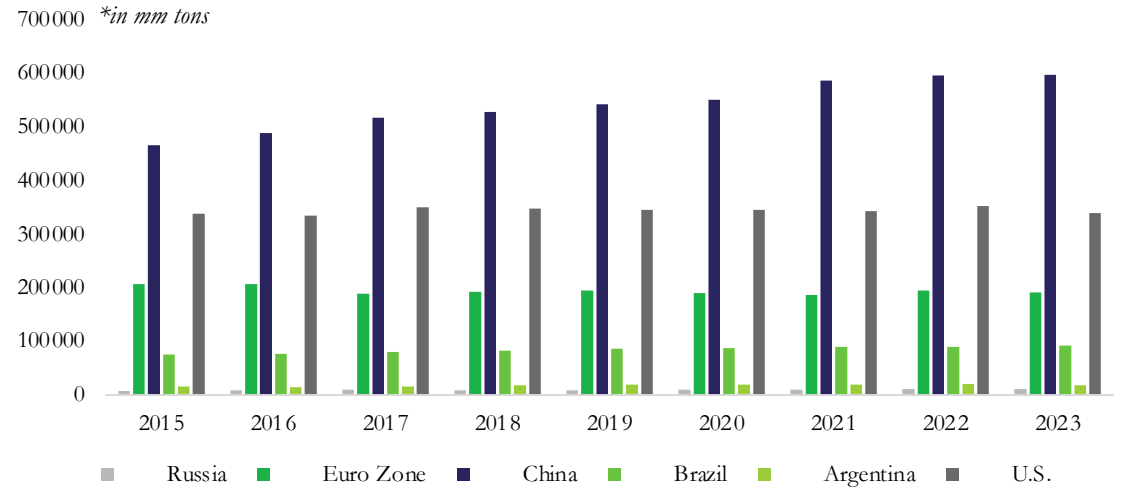
ESG Initiatives

Government support in new technologies to reduce waste, water consumption, and electricity

Competitive Landscape



Global Demand of Grain



New Farming and Food Production Methods

Vertical Farming

- Growing crops in a stacked layer
- Indoors or Greenhouse

Underwater Farming

- Growing plants in nutrient-rich water
- No soil

Plant Extract-Based Feed Additives

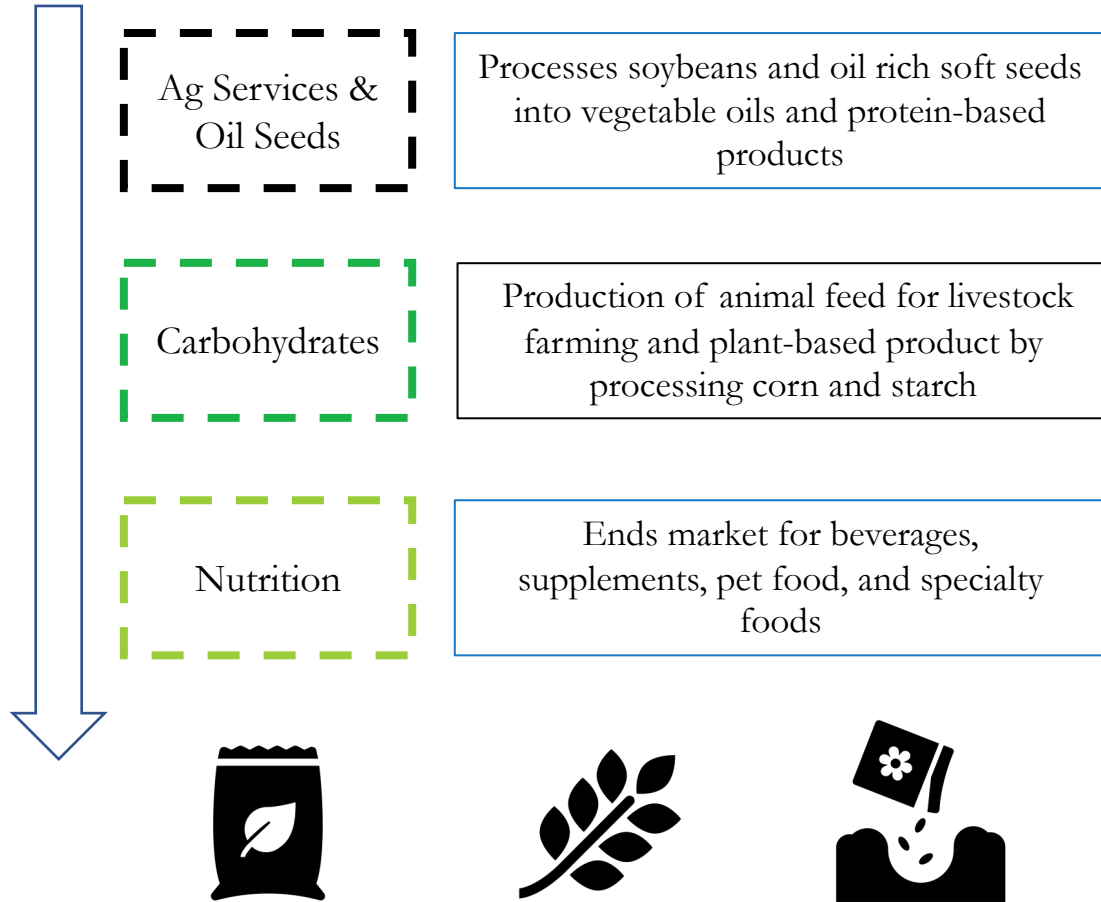
- Reduce environmental impact
- No additional costs

Company Overview

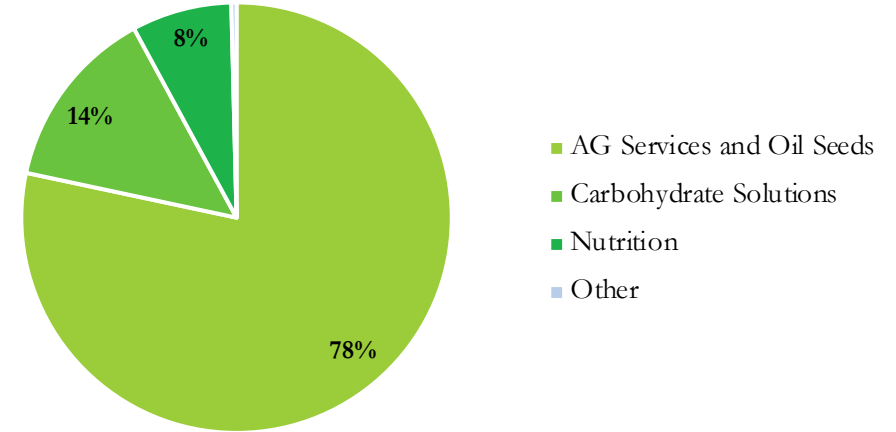


Business Segments Overview

Leading food processor to provide consumers around the globe with food produce and animal feed across 3 key divisions



Operations Breakdown



Management

“Our strong commitment to compliance and integrity in our financial reporting is evidenced by the diligence and breadth with which the Audit Committee has conducted its internal investigation. Looking ahead, we have developed a **remediation plan** with respect to the identified material weakness to **enhance the reliability of our financial statements** with respect to the pricing and reporting of such sales.”



Juan Luciano
CEO/Chairman
14 Years at ADM

Annotated Stock Analysis



1

January 2020: ADM's shares boost after the firm's Nutrition segment drives earnings growth, with the \$1.8B acquisition of Neovia

2

March 2020: 2020 stock market crash was linked to the COVID-19 pandemic – lowest at \$30.61

3

April 2021: ADM reported adjusted earnings per share for the first quarter that beat the average analyst estimate

4

March 2022: Agriculture stocks surge to new highs as war roils supply chain; crop prices soared as Russia's invasion of Ukraine threatened supplies from a region known as the breadbasket of EU

5

July 2022: ADM posted its highest profit ever for a 2nd quarter as soybean processing boosted earnings, with the ag services more than doubling on strong crop demand

6

Jan 2024: ADM plunged after placing its CFO on leave and cutting its earnings outlook pending an investigation into its accounting practices – as much as 18%

Rise of Meat

The rise in livestock exports and demand for livestock feed positions ADM to capitalize due to their grain processing and feed solutions; China - the largest meat importer - continues to play a role in the market and contributes to the increase in demand

ESG Efforts

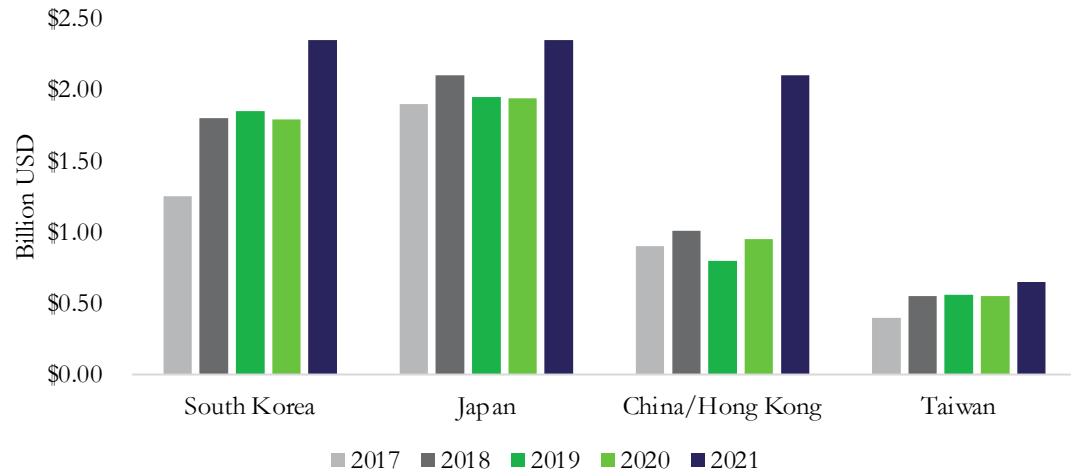
The health of our natural resources is critical to our future and ADM's commitment to sustainable practices will result in a stronger and better company in the industry – ADM is committed to being a force for change in protecting the environment and enhancing sustainability

Firm's Reinvestments

The company's strategic reinvestments will yield growth in food processing and agricultural logistics to strengthen competitive edge in agribusiness and growing consumer demand – ADM redesigned core products with sustainable alternatives and is exploring new markets

Increase Demand of Meat and Live Stock Feed

U.S. Beef Exports 2017-2021



China – World’s Largest Importer of Meat

In 2022, China imported \$1.7 billion worth of U.S. beef products, which is about 10% of China’s total imports

China is the largest destination for the U.S. pork variety meat exports, with a 9% YOY increase and a 15% global increase

The U.S. is the largest exporter of offal, accounting for about 50% of China’s total offal imports

U.S. Meat Export Trends In 2024



Reached \$60 per head slaughtered – 4% increase from 2023

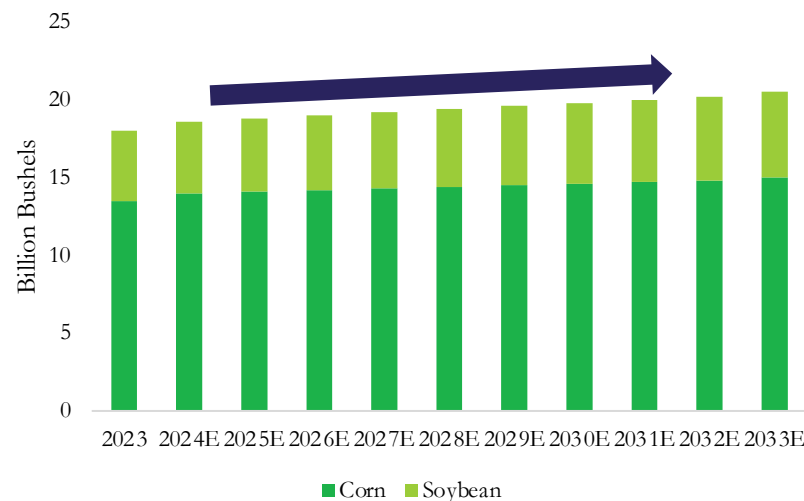


Exported 303 tonnes – 28% increase from 2023



Expected to rise to 7.45 billion lbs – from 7.38 billion lbs in 2023

U.S. Exports of Corn & Soybean

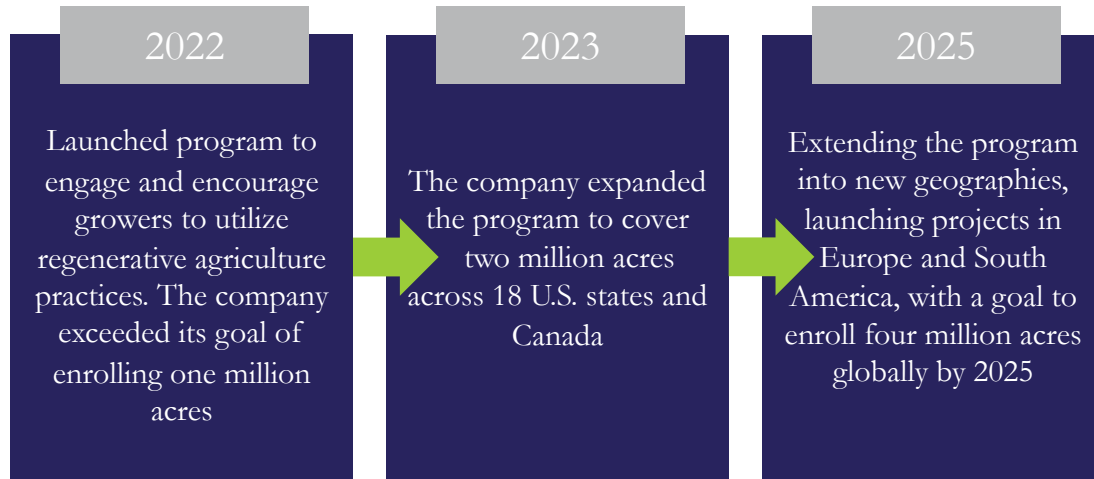


Animal feed market projected to grow at a CAGR of 4.6% from 2023 to 2033

Leadership in Sustainability Initiatives



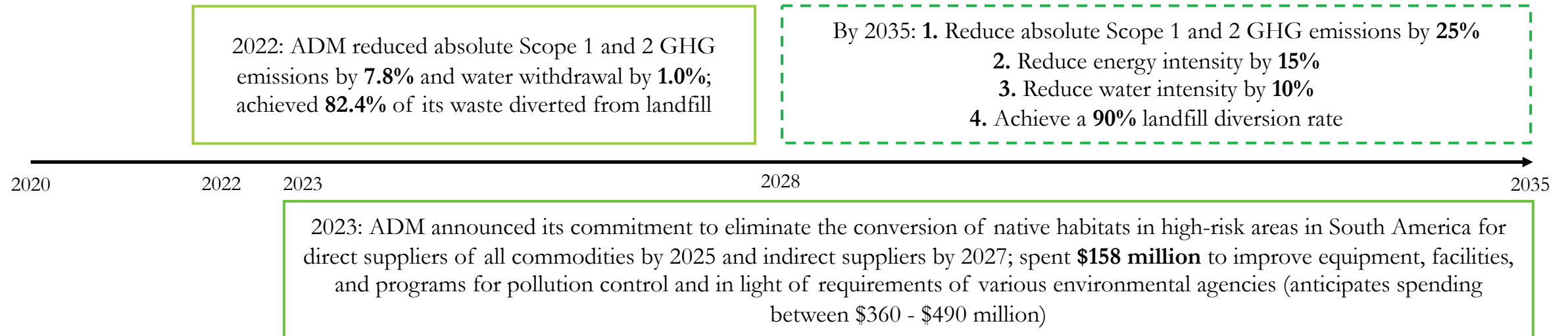
Re: Generations Program



Efforts In Each Segment

Ag Services & Oil Seeds	Focused on traceability of sourcing and differentiation and working with growers on low carbon ag practices
Carbohydrates	Focused on decarbonization efforts that increasingly position the segment to offer low-carbon intensity feedstocks for BioSolutions and biomaterials
Nutrition	Working with suppliers and customers to identify nature positive solutions that can reduce environmental impact in supply chains

The Ambitious Plan – “Strive 35”



Reinvestments into Core Segments

International Expansion

Added 3 new offices across Asia and the Middle East, 2 to 4 more in 2024

Expect to achieve 6% growth in ADM's destination marketing volumes

Brings ADM closer to its customers and enables the company to serve them in a differentiated capacity

Marshall, Minnesota Starch Facility



500,000-square-foot facility will utilize ADM-sourced dextrose to manufacture low-carbon organic acids – expected to come online in fall 2025

- Estimated 150 million lbs (68 million kg) annually at full production
- Feature two dextrose pipelines – boost production and lower cost and emissions associated with transport

Green Bison Soy Processing Facility

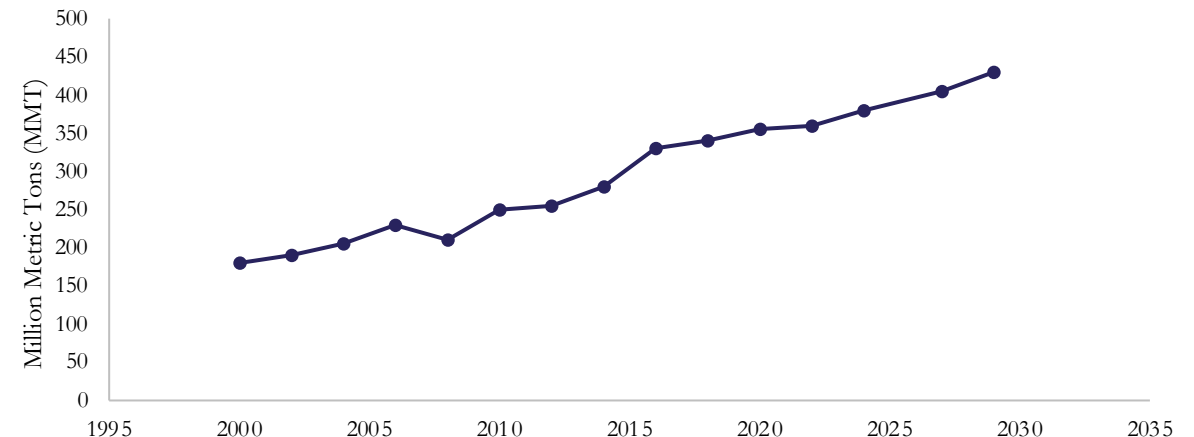
Spiritwood, North Dakota opened in Sep. 2023



- Joint venture between ADM (75% owner) & Marathon Petroleum (25% owner)
- **150,000 bushels** of soybeans/day
- **600 million lbs** of refined soybean oil/year
- **1.28 million tons** of soybean meal – animal nutrition

Soybean Growth

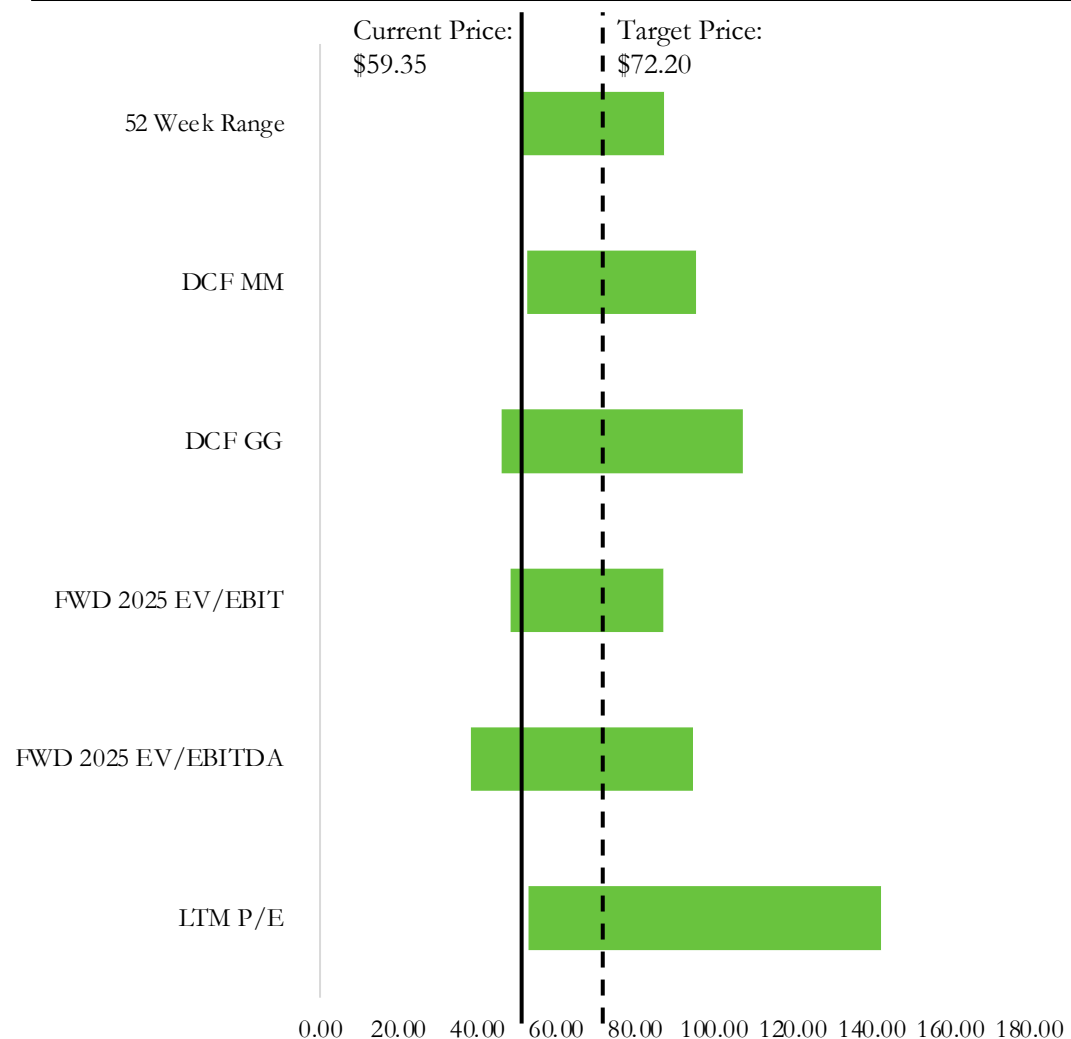
Global Soybean Consumption



Valuation



Football Field Analysis



Analyst Ratings

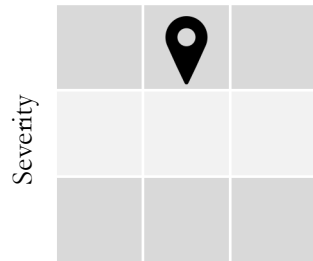
Wolfe Research	\$74.00
JP Morgan	\$65.00
Goldman Sachs	\$63.00
Jefferies	\$65.00
Morgan Stanley	\$57.00

Key Statistics

WACC: 9.82%	Beta: 0.82
EV/EBITDA: 7.53x	Terminal Growth Rate: 2.0%

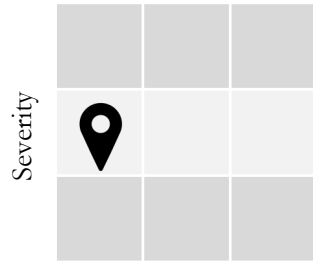
Risks and Mitigants

The government investigation and related events could have a negative impact on the company



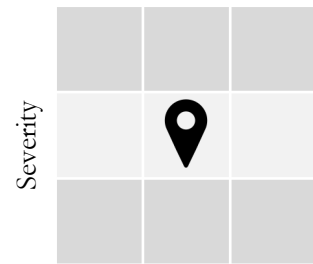
The company has shown cooperation in response and could take new or different actions in addition to the remediation plan

Construction does not follow through in Minnesota and the facility will not reach its full potential by 2025



ADM's investments in core operations would ensure the likelihood of the project succeeding in addition to the strategic collaboration with Solugen

The complexity built into the Nutrition business operations could result in supply issues and prevent meeting customers' demands efficiently



Simplification can ease pressure on the supply chain by downsizing SKUs, alongside the decrease in production lines – closure of 20 Nutrition facilities

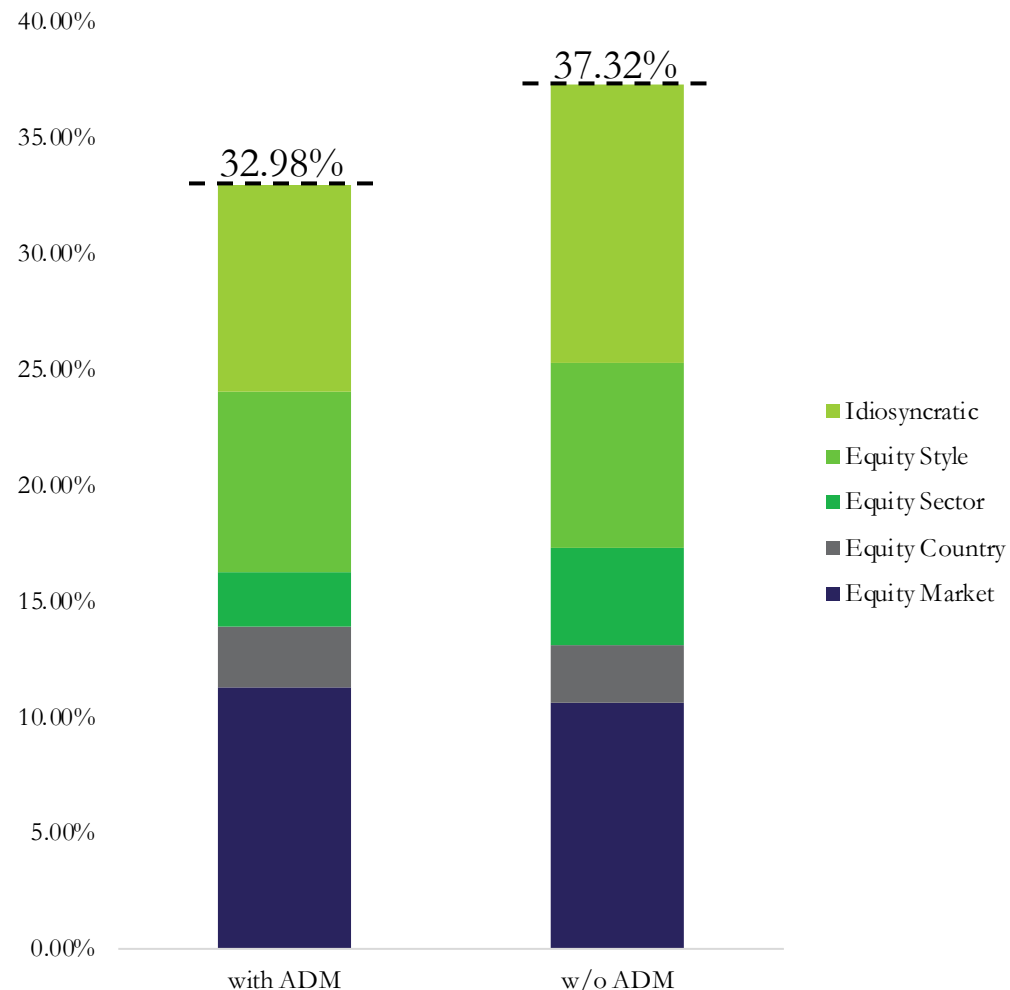
Probability

Allocation Rationale

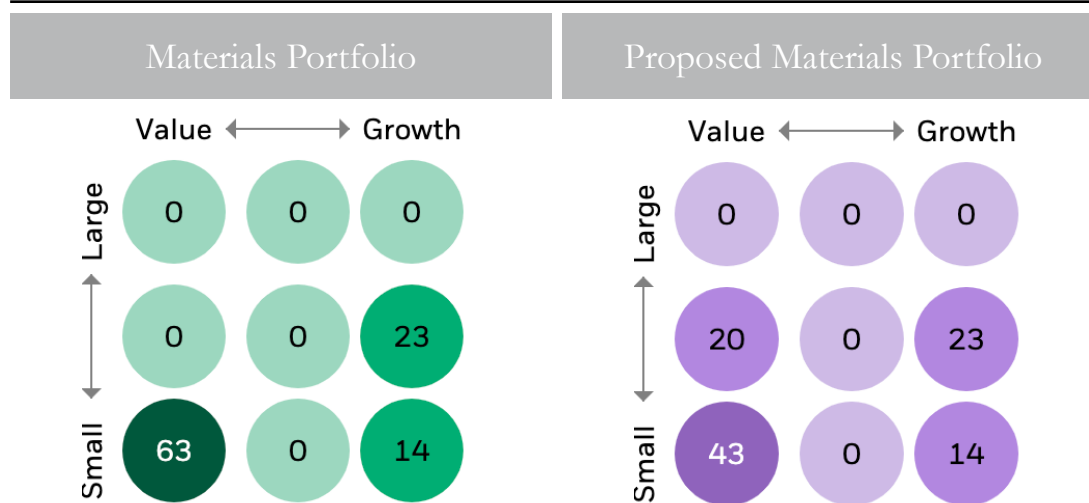


Risk Profile

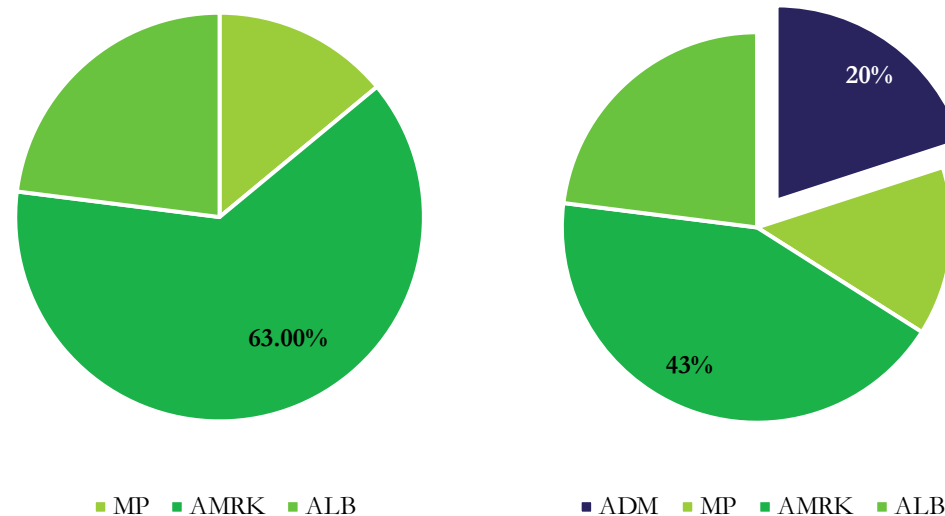
Overall estimated risk of the portfolio would show a 4.34% decrease



Growth/Value Assessment



Current vs. New Sector Weighting



BUY:
ADM

Current Price:
\$59.35

Target Price:
\$72.20

Upside:
21.66%

Thank You!

Questions?

Appendix



[Appendix A – Income Statement](#)

[Appendix B – Balance Sheet](#)

[Appendix C – Revenue Build](#)

[Appendix D – Cash Flow Statement](#)

[Appendix E – NWC](#)

[Appendix F – Beta](#)

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[Appendix H – DCF](#)

[Appendix I – Comps](#)

[Appendix J – Sensitivity Chart + Weighting](#)

Appendix A – Income Statement



Archer-Daniels-Midland Co (NYSE: ADM)								
Consolidated Statements Of Earnings								
USD (\$)	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
<i>shares in Millions, \$ in Millions</i>								
Income Statement [Abstract]								
Revenues	\$ 85,249	\$ 101,556	\$ 93,935	\$ 93,702	\$ 96,475	\$ 99,008	\$ 101,505	\$ 103,729
Cost of products sold	79,262	93,986	86,422	86,682	89,097	91,372	93,773	95,784
Gross Profit	5,987	7,570	7,513	7,020	7,378	7,636	7,732	7,945
Selling, general and administrative expenses	2,994	3,358	3,456	3,279	3,372	3,523	3,570	3,655
Asset impairment, exit, and restructuring costs	164	66	342	194	205	259	230	242
Equity in earnings of unconsolidated affiliates	(595)	(832)	(551)	(657)	(678)	(657)	(699)	(710)
(Gain) Loss on Extinguishment of Debt	36	0	0	0	0	0	0	0
Interest and investment income	(96)	(293)	(499)	(291)	(364)	(402)	(370)	(397)
Interest Expense	265	396	647	436	493	525	485	501
Other Nonoperating Income (Expense)	(94)	(358)	(176)	(203)	(243)	(217)	(233)	(242)
Earnings Before Income Taxes	3,313	5,233	4,294	4,262	4,593	4,605	4,749	4,896
EBIT Margin %	3.89%	5.15%	4.57%	4.55%	4.76%	4.65%	4.68%	4.72%
Income tax expense	578	868	828	758	818	801	792	804
<i>Tax Rate</i>	<i>21%</i>	<i>20%</i>	<i>24%</i>	<i>22%</i>	<i>22%</i>	<i>21%</i>	<i>20%</i>	<i>20%</i>
Net Earnings Including Noncontrolling Interests	2,735	4,365	3,466	3,504	3,775	3,804	3,957	4,093
Less: Net earnings (losses) attributable to noncontrolling interests	26	25	(17)	11	6	0	6	4
Net Earnings Attributable to Controlling Interests	\$ 2,709	\$ 4,340	\$ 3,483	\$ 3,493	\$ 3,769	\$ 3,804	\$ 3,951	\$ 4,088
Average number of shares outstanding - basic	564	562	541	556	553	550	553	552
Average number of shares outstanding - diluted	566	563	542	557	554	551	554	553
Basic earnings per common share (dollars per share)	\$ 4.80	\$ 7.72	\$ 6.44	\$ 6.29	\$ 6.82	\$ 6.92	\$ 7.15	\$ 7.41
Diluted earnings per common share (dollars per share)	\$ 4.79	\$ 7.71	\$ 6.43	\$ 6.27	\$ 6.80	\$ 6.90	\$ 7.13	\$ 7.39

Appendix B – Balance Sheet



Archer-Daniels-Midland Co (NYSE: ADM)								
Consolidated Balance Sheet								
USD (\$ shares in Millions, \$ in Millions)	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Current Assets								
Cash and cash equivalents	\$ 943	\$ 1,037	\$ 1,368					
Segregated cash and investments	8,016	9,010	7,228	7,762	7,707	8,055	8,184	8,401
Trade receivables - net	3,311	4,926	4,232	4,135	4,428	4,458	4,570	4,700
Inventories	14,481	14,771	11,957	12,808	12,746	13,286	13,525	13,871
Other current assets	5,158	5,666	4,982	5,289	5,315	5,431	5,630	5,719
Total Current Assets	31,909	35,410	29,767	29,994	30,196	31,231	31,909	32,693
Investments and Other Assets								
Investments in and advances to affiliates	5,285	5,467	5,500					
Goodwill and other intangible assets	6,747	6,544	6,341					
Operating Lease, Right-of-Use Asset	1,023	1,088	1,211					
Other assets	1,369	1,332	1,304					
Total Investments and Other Assets	14,424	14,431	14,356					
Property, Plant, and Equipment								
Land and Land Improvements	554	502	573					
Buildings	5,597	5,639	5,876					
Machinery and equipment	19,112	19,194	20,223					
Construction in progress	960	1,440	1,360					
Gross Property, Plant, and Equipment	26,223	26,775	28,032					
Accumulated depreciation	(16,420)	(16,842)	(17,524)					
Net Property, Plant, and Equipment	9,803	9,933	10,508					
Total Assets	56,136	59,774	54,631					
Current Liabilities								
Short-term debt	958	503	105					
Trade payables	6,388	7,803	6,313	6,838	6,978	7,013	7,313	7,441
Payables to brokerage customers	8,965	9,856	7,867	8,471	8,400	8,786	8,923	9,161
Operating Lease, Liability, Current	277	292	300					
Accrued expenses and other payables	4,790	4,795	4,076	4,585	4,487	4,582	4,795	4,842
Current maturities of long-term debt	570	942	1					
Total Current Liabilities	21,948	24,191	18,662	19,894	19,866	20,381	21,031	21,444
Long-Term Liabilities								
Long-term debt	8,011	7,735	8,259					
Deferred income taxes	1,412	1,402	1,309					
Operating Lease, Liability, Noncurrent	765	816	931					
Other	1,233	1,014	1,005					
Total Long-Term Liabilities	11,421	10,967	11,504					
Redeemable Noncontrolling Interest, Equity, Carrying Amount	259	299	320					
Shareholders' Equity								
Common stock	2,994	3,147	3,154					
Reinvested earnings	21,655	23,646	23,465					
Accumulated other comprehensive income (loss)	(2,172)	(2,509)	(2,487)					
Noncontrolling interests	31	33	13					
Total Shareholders' Equity	22,508	24,317	24,145					
Total Liabilities, Temporary Equity, and Shareholders' Equity	\$ 56,136	\$ 59,774	\$ 54,631					

Appendix C – Revenue Build



Archer-Daniels-Midland Co (NYSE: ADM)								
Consolidated Statements Of Earnings								
USD (\$) shares in Millions, \$ in Millions	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Ag Services and Oilseeds								
Ag Services	45,017	53,181	47,420	46,471.60	47,865.75	49,062.39	50,288.95	51,294.73
Crushing	11,368	13,139	14,020	14,580.80	15,164.03	15,694.77	16,165.62	16,650.58
Refined Products and Other	10,662	13,243	11,986	12,345.58	12,715.95	13,097.43	13,424.86	13,693.36
Total Ag Services and Oilseeds	67,047	79,563	73,426	73,397.98	75,745.73	77,854.59	79,879.43	81,638.67
<i>Ag Services and Oilseeds Growth Per Year</i>		19%	-8%	0%	3%	3%	3%	2%
<i>Ag Services and Oilseeds % of Rev</i>	79%	78%	78%	78%	79%	79%	79%	79%
Carbohydrate Solutions								
Starches and Sweeteners	7,611	10,251	9,885	9,687.30	9,784.17	9,882.01	10,030.24	10,180.70
Vantage Corn Processors	3,499	3,710	2,989	2,788.68	2,956.00	3,118.58	3,274.51	3,421.87
Total Carbohydrate Solutions	11,110	13,961	12,874	12,476	12,740	13,001	13,305	13,603
<i>Carbohydrate Solutions Growth Per Year</i>		26%	-8%	-3%	2%	2%	2%	2%
<i>Carbohydrate Solutions % of Rev</i>	13%	14%	14%	13%	13%	13%	13%	13%
Nutrition								
Human Nutrition	3,189	3,769	3,634	3,724.85	3,799.35	3,875.33	3,952.84	4,031.90
Animal Nutrition	3,523	3,867	3,577	3,666.43	3,739.75	3,814.55	3,890.84	3,968.66
Total Nutrition	6,712	7,636	7,211	7,391	7,539	7,690	7,844	8,001
<i>Nutrition Growth Per Year</i>		14%	-6%	2%	2%	2%	2%	2%
<i>Nutrition % of Rev</i>	8%	8%	8%	8%	8%	8%	8%	8%
Other Business								
Total Other Business	380	396	424	436.72	449.82	463.32	477.22	486.76
<i>Other Business Growth Per Year</i>		4%	7%	3%	3%	3%	3%	2%
<i>Other Business % of Rev</i>	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Total Revenue	85,249	101,556	93,935	93,702	96,475	99,008	101,505	103,729
<i>Total Revenue Growth Per Year</i>		19%	-8%	-0.2%	3%	3%	3%	2%

Appendix D – Cash Flow Statement



Archer-Daniels-Midland Co (NYSE: ADM)								
Consolidated Statements Of Cash								
USD (\$ shares in Millions, \$ in Millions)	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Operating Activities								
Net earnings including noncontrolling interests	\$ 2,735	\$ 4,365	\$ 3,466	\$ 3,504	\$ 3,775	\$ 3,804	\$ 3,957	\$ 4,093
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities								
Depreciation and amortization	996	1,028	1,059	1,038	1,109	1,248	1,395	1,479
% of Capex	85%	78%	71%	78%	80%	85%	95%	98%
Asset impairment charges	125	37	309					
Deferred income taxes	(129)	(89)	(23)					
Equity in earnings of affiliates, net of dividends	(177)	(457)	(143)					
Stock compensation expense	161	147	112					
Deferred Cash Flow Hedges	34	(84)	15					
(Gain) Loss on Extinguishment of Debt	36	0	0					
(Gain) loss on sale and revaluation of assets	(149)	(115)	38					
Other Noncash Income (Expense)	309	178	(106)					
Changes in operating assets and liabilities, net of acquisitions and dispositions								
Segregated investments	400	(1,512)	(194)					
Trade receivables	(578)	(1,682)	737					
Inventories	(2,839)	(295)	2,889					
Other current assets	1,298	(279)	694					
Trade payables	1,919	1,389	(1,544)					
Payables to brokerage customers	2,527	891	(2,059)					
Accrued expenses and other payables	(73)	(44)	(790)					
Total Operating Activities	6,596	3,479	4,461					
Investing Activities								
Capital expenditures	(1,169)	(1,319)	(1,494)	(1,331)	(1,386)	(1,468)	(1,468)	(1,509)
% of sales	1.37%	1.30%	1.59%	1.42%	1.44%	1.48%	1.45%	1.46%
Net assets of businesses acquired	(1,564)	(22)	(23)					
Proceeds from sales of assets and businesses	245	131	60					
Payments to Acquire Equity Method Investments	(34)	(77)	(18)					
Payments to Acquire Other Investments	(69)	(155)	0					
Other – net	(78)	42	(21)					
Total Investing Activities	(2,669)	(1,400)	(1,496)					
Financing Activities								
Proceeds from notes recorded as long-term debt	1,329	752	501					
Long-term debt payments	(534)	(482)	(963)					
Net borrowings (payments) under lines of credit agreements	(1,085)	(428)	(390)					
Share repurchases	0	(1,450)	(2,673)					
Cash dividends	(834)	(899)	(977)					
Other – net	6	8	(102)					
Total Financing Activities	(1,118)	(2,499)	(4,604)					
Effect of Exchange Rate on Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Continuing Operations	0	0	(3)					
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Period Increase (Decrease), Including Exchange Rate Effect	2,808	(421)	(1,643)					
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Period Start	4,646	7,454	7,033					
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Period End	7,454	7,033	5,390					

Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents to consolidated balance sheets [Abstract]

Cash and cash equivalents	943	1,037	1,368
Restricted cash and cash equivalents included in segregated cash and investments	6,511	5,996	4,022
Cash paid for interest and income taxes were as follows:			
Interest Paid, Excluding Capitalized Interest, Operating Activities	276	409	711
Income taxes	\$ 553	\$ 708	\$ 742

Appendix E – NWC



Net Working Capital	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Current Assets:								
Segregated cash and investments	8,016	9,010	7,228	7,762	7,707	8,055	8,184	8,401
Trade receivables - net	3,311	4,926	4,232	4,135	4,428	4,458	4,570	4,700
Inventories	14,481	14,771	11,957	12,808	12,746	13,286	13,525	13,871
Other current assets	5,158	5,666	4,982	5,289	5,315	5,431	5,630	5,719
Total current assets	30,966	34,373	28,399	29,994	30,196	31,231	31,909	32,693
Current liabilities:								
Trade payables	6,388	7,803	6,313	6,838	6,978	7,013	7,313	7,441
Payables to brokerage customers	8,965	9,856	7,867	8,471	8,400	8,786	8,923	9,161
Accrued expenses and other payables	4,790	4,795	4,076	4,585	4,487	4,582	4,795	4,842
Total current liabilities	20,143	22,454	18,256	19,894	19,866	20,381	21,031	21,444
NWC	10,823	11,919	10,143	10,100	10,330	10,850	10,877	11,248
Change in NWC		1,096	-1,776	-043	230	520	027	371

Appendix F – Beta



ADM		
Date	Close	
4/17/19	43.040001	
4/18/19	42.759998	-0.65%
4/22/19	42.66	-0.23%
4/23/19	42.700001	0.09%
4/24/19	42.779999	0.19%
4/25/19	41.720001	-2.48%
4/26/19	40.91	-1.94%
4/29/19	43.27	5.77%
4/30/19	44.599998	3.07%
5/1/19	44.07	-1.19%
5/2/19	43.540001	-1.20%
5/3/19	43.669998	0.30%
5/6/19	43.09	-1.33%
5/7/19	42.709999	-0.88%
5/8/19	42.419998	-0.68%
5/9/19	42.560001	0.33%
5/10/19	42.43	-0.31%
5/13/19	40.689999	-4.10%
5/14/19	40.849998	0.39%
5/15/19	40.98	0.32%
5/16/19	41.259998	0.68%
5/17/19	40.68	-1.41%
5/20/19	39.82	-2.11%
5/21/19	40.18	0.90%
5/22/19	39.919998	-0.65%
5/23/19	39.209999	-1.78%
5/24/19	39.16	-0.13%
5/28/19	38.580002	-1.48%
5/29/19	38.540001	-0.10%
5/30/19	38.459999	-0.21%

SPY		
Date	Close	
4/17/19	289.450012	
4/18/19	290.019989	0.20%
4/22/19	290.269989	0.09%
4/23/19	292.880005	0.90%
4/24/19	292.230011	-0.22%
4/25/19	292.049988	-0.06%
4/26/19	293.410004	0.47%
4/29/19	293.869995	0.16%
4/30/19	294.019989	0.05%
5/1/19	291.809998	-0.75%
5/2/19	291.179993	-0.22%
5/3/19	294.029999	0.98%
5/6/19	292.820007	-0.41%
5/7/19	287.929993	-1.67%
5/8/19	287.529999	-0.14%
5/9/19	286.660004	-0.30%
5/10/19	288.100006	0.50%
5/13/19	280.859985	-2.51%
5/14/19	283.399994	0.90%
5/15/19	285.059998	0.59%
5/16/19	287.700012	0.93%
5/17/19	285.839996	-0.65%
5/20/19	283.950012	-0.66%
5/21/19	286.51001	0.90%
5/22/19	285.630005	-0.31%
5/23/19	282.140015	-1.22%
5/24/19	282.779999	0.23%
5/28/19	280.149994	-0.93%
5/29/19	278.269989	-0.67%
5/30/19	279.029999	0.27%

Covariance	0.00014
Variance	0.00018
Beta	0.82432

Appendix G – WACC



WACC	
Market Cap	31,735
Outstanding Shares	541
Stock Price	58.66
Debt	8,259
D/E Ratio	26%
Damodaran Spread	1.07%
Risk Free Rate	4.59%
Tax Rate	0.24
Cost of Debt	5.66%
Annual Market Return	13%
Market Risk Premium	8.09%
Beta	0.82
Cost of Equity	11.26%
After Tax Cost of Debt	4.31%
Weight Equity	79.35%
Weight Debt	20.65%
WACC	9.82%

Appendix H – DCF



Archer-Daniels-Midland Co (NYSE: ADM)

Discounted Cash Flow

USD (\$) \$ in Millions	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
EBIT	3,313	5,233	4,294	4,262	4,593	4,605	4,749	4,896
1-T	79%	80%	76%	78%	78%	79%	80%	80%
NOPAT	2,606	4,186	3,273	3,337	3,596	3,635	3,796	3,934
Add: D&A	996	1,028	1,059	1,038	1,109	1,248	1,395	1,479
Less: Capex	1,169	1,319	1,494	1,331	1,386	1,468	1,468	1,509
Less: Change in NWC		1,096	(1,776)	(43)	230	520	27	371
FCFF	2,433	2,799	4,614	3,088	3,089	2,895	3,696	3,533
Discount Factor				0.5	1.5	2.5	3.5	4.5
PV of FCFF				2,946	2,684	2,290	2,662	2,317

WACC	9.82%
Terminal Growth Rate	2%
EV/EBITDA Multiple	7.53x

Gordon Growth	
Terminal Value	46,052
PV of Terminal Value	30,206
Enterprise Value	43,106
Less: Debt	8,259
Add: Cash	1,368
Equity Value	36,215
Diluted Shares Outstanding	541
Price/Share	\$ 66.94

Multiples Method	
Terminal Value	48,008
PV of Terminal Value	31,490
Enterprise Value	44,390
Less: Debt	8,259
Add: Cash	1,368
Equity Value	37,499
Diluted Shares Outstanding	541
Price/Share	\$ 69.31

Appendix I – Comps



Archer-Daniels-Midland Co (NYSE: ADM)																		
Comparable Companies Analysis																		
USD (\$) \$ in Millions	Ticker	Price	Shares Outstanding	Market Cap	Cash	Debt	Minority Interest	EV	EBIT	EBITDA	EPS	EV/Revenue	EV/EBIT	EV/EBITDA	P/E	EV/2025 Revenue	EV/2025 EBIT	EV/2025 EBITDA
Archer-Daniels-Midland Co	ADM	58.66	513	30,092.58	1,368	9,596	333	38,653.58	3,715	4,774	6.44	0.41x	10.33x	7.53x	8.48x	0.42x	11.70x	7.59x
Bunge Global SA	BG	105.42	145.3	15,317.53	2,707	4,646	964	18,220.53	3,130	3,581	15.07	0.32x	5.94x	4.62x	8.21x	0.33x	8.99x	7.09x
Tyson Foods Inc	TSN	58.58	357	20,913.06	1,484	9,678	138	29,245.06	(631)	778	(1.87)	0.55x	(46.35)	37.54x	39.27x	0.54x	14.34x	8.69x
Fresh Del Monte Produce Inc	FDP	24.84	47.6	1,182.38	33.8	598.2	16.4	1,763.18	58.6	143.4	(0.24)	0.41x	25.68x	8.19x	10.23x	0.39x	9.59x	5.91x
Corteva Inc	CTVA	53.53	701.3	37,540.59	2,742	2,975	242	38,015.59	1,326	2,537	1.04	2.16x	27.83x	13.78x	24.87x	2.02x	12.39x	9.08x
General Mills Inc	GIS	68.51	564.5	38,673.90	588.6	12,514	254.5	50,854	3,470.70	4,018.50	4.36	2.52x	14.65x	12.66x	13.76x	2.50x	13.93x	11.96x
											Minimum	0.32x	-46.35x	4.62x	8.21x	0.33x	8.99x	5.91x
											Quartile 1	0.41x	7.04x	7.70x	8.92x	0.40x	10.12x	7.22x
											Median	0.48x	12.49x	10.43x	12.00x	0.48x	12.05x	8.14x
											Quartile 3	1.76x	22.92x	13.50x	22.09x	1.65x	13.55x	8.98x
											Maximum	2.52x	27.83x	37.54x	39.27x	2.50x	14.34x	11.96x
											Average	1.10x	4.79x	14.76x	18.10x	1.07x	11.81x	8.44x

Comps Output	EV	Debt	Cash	Minority	Equity	Shares	Per Share
EBIT	3,715						
FWD EBIT							
Min	8.99x	33398	9,596	1,368	333	24837	513
Q1	10.12x	37587	9,596	1,368	333	29026	513
Med	12.05x	44747	9,596	1,368	333	36186	513
Q3	13.55x	50320	9,596	1,368	333	41759	513
Max	14.34x	53273	9,596	1,368	333	44712	513
EBITDA	4,774.0						
FWD EBITDA							
Min	5.91x	28214	9,596	1,368	333	19653	513
Q1	7.22x	34444	9,596	1,368	333	25883	513
Med	8.14x	38860	9,596	1,368	333	30299	513
Q3	8.98x	42882	9,596	1,368	333	34321	513
Max	11.96x	57097	9,596	1,368	333	48536	513
Revenue	173.4						
FWD Revenue							
Min	0.33x	57	9,596	1,368	333	-8504	513
Q1	0.40x	69	9,596	1,368	333	-8492	513
Med	0.48x	83	9,596	1,368	333	-8478	513
Q3	1.65x	286	9,596	1,368	333	-8275	513
Max	2.50x	433	9,596	1,368	333	-8128	513

Comps Output	EPS	Per Share
P/E	6.44x	
Min	8.21x	52.87
Q1	8.92x	57.43
Med	12.00x	77.25
Q3	22.09x	142.28
Max	39.27x	252.90

Comps Output	EPS	Per Share
P/E	6.44x	
Min	8.21x	52.87
Q1	8.92x	57.43
Med	12.00x	77.25
Q3	22.09x	142.28
Max	39.27x	252.90

	Med (\$USD)	Spread (\$USD)	Max (\$USD)
LTM P/E	52.87	200.03	252.90
FWD 2025 EV/EBITDA	38.31	56.30	94.61
FWD 2025 EV/EBIT	48.41	38.74	87.16
DCF GG	46.02	61.21	107.24
DCF MM	52.48	42.96	95.45
52 Week Range	50.72	36.58	87.30

Target Price Calculation	Share Value	Weight	Weighted Value
LTM P/E	\$152.89	33.33%	\$50.96
FWD 2025 EV/EBITDA	\$66.46	33.33%	\$22.15
FWD 2025 EV/EBIT	\$67.79	33.33%	\$22.59
Comps Target Price			\$95.70

Appendix J – Sensitivity Chart + Weighting



		Perpetuity Growth Rate				
		1.0%	1.50%	2%	2.50%	3.0%
WACC	8.00%	78.73	84.21	84.21	98.17	107.24
	9.00%	67.48	71.51	71.51	81.42	87.61
	10.00%	58.74	61.80	61.80	69.13	73.59
	11.00%	51.74	54.13	54.13	59.74	63.07
	12.00%	46.02	47.93	47.93	52.33	54.90

		EV/EBITDA Multiple				
		6.00x	7.00x	8.00x	9.00x	10.00x
WACC	8.00%	62.10	70.44	78.78	87.11	95.45
	9.00%	59.52	67.52	75.52	83.51	91.51
	10.00%	57.06	64.74	72.41	80.09	87.76
	11.00%	54.72	62.09	69.46	76.82	84.19
	12.00%	52.48	59.56	66.63	73.71	80.79

Weighted Share Price			
Method	Share Price	Weight	Weighted Value
GG	\$ 66.94	45.00%	\$30.12
MM	\$ 69.31	40.00%	\$27.73
Comps	\$95.70	15.00%	\$14.36
Target Price			\$72.20
<i>% Upside</i>			21.66%