

Archer-Daniels-Midland Company

Balancing valuation with lower earnings and Nutrition woes; staying Neutral

Reiterate Rating: NEUTRAL | PO: 71.00 USD | Price: 58.91 USD

Undemanding valuation vs earnings reset/Nutrition issues

We maintain our Neutral rating as we balance ADM's undemanding valuation at ~10x 2024E EPS with earnings reset lower as ag markets/crush margins have weakened more than we expected and continued Nutrition challenges. We believe that the sell-off on ADM shares is likely over unless there is another leg down in trading profits, which we peg now at normalized levels, or crush margins show no signs of recovery, which is not our base case. A big source of uncertainty from the Nutrition investigation should be largely over. However, we believe that the high end of ADM's 2024 guide (\$5.25-6.25) assumes a quite aggressive crush margin recovery and the same goes for the 2025 target (\$6-7). Additionally, we believe that ADM's P/E multiple is likely to reset lower vs its long-term/5-yr (pre-investigation) levels of ~13.5x and 13x due to Nutrition's issues – which include (1) broadly lower earnings contribution from this segment, (2) poor returns on investment, (3) worse-than expected performance in 2023/2024E, and (4) the still pending investigations by the SEC/DOJ and limited accountability actions by ADM.

Trimming estimates, 2025 EPS < \$6, PO to \$71

We lower our 2024E EPS to \$5.60 from \$6.00, largely on lower soy crush/ethanol margins and lower Nutrition earnings. We assume \$2bn in buybacks vs \$1bn previously, for an incremental 10-15c EPS accretion this year. We also model Nutrition EBIT of \$578mn, a big step-down from our prior \$747mn but well-above 2023's (restated) \$427mn given several one-offs (\$64mn in accounting headwinds in 4Q23 plus the impact from the Decatur incident) and the impact of \$900mn in acquisitions closed in 1Q24. Our 2025E EPS is \$5.95 vs \$6.15 previously. Our PO, based on the avg of our P/E and DCF methodologies, is lowered from \$85 to \$71 due to (1) lower 2024E EPS and a reduced P/E multiple of 12x vs 13.5x previously (below-avg reflecting Nutrition issues) and (2) a lower DCF valuation mainly on an increase in WACC to 7.9% from 7.5%.

Nutrition returns subpar vs rest of ADM

Nutrition returns were already struggling, but ADM's restatement has cut adj. EBIT by a high-single digit %. When looking at metrics such as EBIT or EBITDA return on assets, Nutrition's performance is lackluster, especially when compared to the same metric for the rest of the company. See Exhibit 1 on next page.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	7.85	6.98	5.60	5.95	6.50
GAAP EPS	7.71	6.43	5.60	5.95	6.50
EPS Change (YoY)	51.3%	-11.1%	-19.8%	6.3%	9.2%
Consensus EPS (Bloomberg)			5.84	5.97	6.32
DPS	1.60	1.80	2.00	2.20	2.40
Valuation (Dec)					
P/E	7.5x	8.4x	10.5x	9.9x	9.1x
GAAP P/E	7.6x	9.2x	10.5x	9.9x	9.1x
Dividend Yield	2.7%	3.1%	3.4%	3.7%	4.1%
EV / EBITDA*	6.3x	7.0x	8.4x	8.4x	7.9x
Free Cash Flow Yield*	6.9%	9.5%	8.0%	8.8%	8.2%

* For full definitions of *IQmethod*SM measures, see page 7.

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13 March 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	85.00	71.00
2024E Rev (m)	94,138.8	88,729.8
2025E Rev (m)	96,833.6	91,207.8
2026E Rev (m)	NA	93,548.6
2024E EPS	6.00	5.60
2025E EPS	6.15	5.95
2026E EPS	NA	6.50
2024E DPS	1.92	2.00

Salvator Tiano, CFA

Research Analyst
BofAS
+1 646 855 5904
salvator.tiano@bofa.com

Steve Byrne, CFA

Research Analyst
BofAS
+1 646 855 5746
steve.byrne@bofa.com

Rock Hoffman

Research Analyst
BofAS
+1 917 565 6205
rock.hoffman@bofa.com

Stock Data

Price	58.91 USD
Price Objective	71.00 USD
Date Established	13-Mar-2024
Investment Opinion	B-2-7
52-Week Range	50.72 USD - 87.30 USD
Mrkt Val (mn) / Shares Out (mn)	31,281 USD / 531.0
Free Float	99.3%
Average Daily Value (mn)	319.02 USD
BofA Ticker / Exchange	ADM / NYS
Bloomberg / Reuters	ADM US / ADM.N
ROE (2024E)	11.5%
Net Dbt to Eqty (Dec-2023A)	28.6%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

iQprofileSM Archer-Daniels-Midland Company

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	10.8%	10.3%	7.4%	7.4%	7.9%
Return on Equity	18.9%	15.6%	11.5%	11.5%	11.9%
Operating Margin	4.4%	4.4%	3.3%	3.2%	3.5%
Free Cash Flow	2,159	2,966	2,516	2,761	2,571

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.8x	1.2x	1.4x	1.4x	1.3x
Asset Replacement Ratio	1.3x	1.4x	1.1x	1.1x	1.1x
Tax Rate	16.6%	18.9%	19.5%	18.0%	18.0%
Net Debt-to-Equity Ratio	33.1%	28.6%	34.3%	30.2%	27.3%
Interest Cover	11.6x	6.4x	4.5x	5.7x	6.1x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	101,556	93,926	88,730	91,208	93,549
% Change	19.1%	-7.5%	-5.5%	2.8%	2.6%
Gross Profit	7,759	7,595	6,158	6,385	6,548
% Change	33.9%	-2.1%	-18.9%	3.7%	2.6%
EBITDA	6,840	6,207	5,165	5,165	5,471
% Change	39.3%	-9.3%	-16.8%	0%	5.9%
Net Interest & Other Income	892	493	428	531	516
Net Income (Adjusted)	4,421	3,785	2,784	2,824	3,053
% Change	50.6%	-14.4%	-26.5%	1.5%	8.1%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	4,446	3,768	2,800	2,844	3,083
Depreciation & Amortization	1,028	1,059	1,167	1,171	1,176
Change in Working Capital	(1,789)	(267)	(15)	165	(268)
Deferred Taxation Charge	0	(23)	0	0	0
Other Adjustments, Net	(207)	(77)	(135)	(120)	(120)
Capital Expenditure	(1,319)	(1,494)	(1,300)	(1,300)	(1,300)
Free Cash Flow	2,159	2,966	2,516	2,761	2,571
% Change	-60.2%	37.4%	-15.2%	9.7%	-6.9%
Share / Issue Repurchase	(1,450)	(2,673)	(2,000)	(1,000)	(1,000)
Cost of Dividends Paid	(899)	(977)	(994)	(1,045)	(1,128)
Change in Debt	(158)	(852)	1,000	(750)	(250)

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	1,037	1,368	985	951	1,144
Trade Receivables	4,926	4,232	4,125	4,307	4,677
Other Current Assets	29,447	24,167	23,262	22,813	23,085
Property, Plant & Equipment	9,933	10,508	11,547	11,676	11,800
Other Non-Current Assets	14,431	14,356	14,636	14,916	15,196
Total Assets	59,774	54,631	54,555	54,662	55,902
Short-Term Debt	1,445	106	1,106	356	106
Other Current Liabilities	22,746	18,556	17,529	17,427	17,801
Long-Term Debt	7,735	8,259	8,259	8,259	8,259
Other Non-Current Liabilities	3,232	3,245	3,245	3,245	3,245
Total Liabilities	35,158	30,166	30,139	29,287	29,411
Total Equity	24,616	24,465	24,416	25,376	26,491
Total Equity & Liabilities	59,774	54,631	54,555	54,662	55,902

* For full definitions of iQmethodSM measures, see page 7.

Company Sector

Chemicals-Major

Company Description

Archer Daniels Midland (ADM), a leading agribusiness company with \$94 billion in sales, is in the business of converting agricultural harvest such as corn, wheat, soybeans and other products into basic ingredients for both consumer and industrial product manufacturers. They also have a significant and growing Nutrition business specializing in pro/prebiotics, flavors, and animal nutrition. Their three major segments are Ag Services & Oilseeds, Carbohydrate Solutions, and Nutrition.

Investment Rationale

We expect a renewed Ag cycle to drive Ag Services & Oilseeds operating profit above historical averages over the near to medium term. Crush margins should remain elevated over the next few years amid strong protein and renewable diesel demand. We believe their Nutrition business will continue to grow EBIT at double digits over the medium term.

Stock Data

Average Daily Volume 5,415,392

Quarterly Earnings Estimates

	2023	2024
Q1	2.09A	1.41E
Q2	1.89A	1.34E
Q3	1.63A	1.37E
Q4	1.36A	1.48E

Exhibit 1: Nutrition returns analysis

Nutrition's returns have lagged the rest of ADM's businesses

	2018	2019	2020	2021	2022	2023
Nutrition:						
Assets	\$7,158	\$8,622	\$8,652	\$10,142	\$10,615	\$10,341
Goodwill/intangibles	2,042	2,914	2,972	3,734	3,731	3,640
Capex	182	166	149	242	314	262
Depreciation	80	113	114	101	120	132
Adj. EBIT	\$339	\$418	\$574	\$691	\$736	\$458
Adj. EBIT (restated)	392	504	672	733	788	559
EBITDA	\$419	\$531	\$688	\$792	\$856	\$590
EBITDA (restated)	392	504	672	733	788	559
EBIT/Assets	5.3%	5.3%	6.6%	7.4%	7.1%	4.4%
EBIT/Assets (restated)	4.9%	5.0%	6.5%	6.7%	6.4%	4.1%
EBITDA/Assets	6.6%	6.7%	8.0%	8.4%	8.2%	5.6%
EBITDA/Assets (restated)	6.2%	6.4%	7.8%	7.8%	7.6%	5.3%
ADM ex-Nutrition:						
Assets	\$33,675	\$35,375	\$41,067	\$45,994	\$49,159	\$44,290
Segment EBIT (ex-corporate)	3,050	2,691	2,890	4,142	5,981	5,817
Segment EBITDA (ex-corporate)	3,911	3,571	3,752	5,037	6,889	6,744
EBIT/Assets (restated)	9.0%	7.8%	7.6%	9.5%	12.6%	12.4%
EBITDA/Assets (restated)	11.5%	10.3%	9.8%	11.6%	14.5%	14.4%

Source: Company reports, BofA Global Research

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Exhibit 2: ADM Quarterly Income Statement

(\$ Millions, Except Earnings per Share)

	2022	Mar 1Q23	Jun 2Q23	Sep 3Q23	Dec 4Q23	2023	Mar 1Q24E	Jun 2Q24E	Sep 3Q24E	Dec 4Q24E	2024E	2025E	2026E
Revenues	101,556	24,072	25,190	21,695	26,118	93,926	21,436	23,395	20,698	23,202	88,730	91,208	93,549
(-) Cost of Products Sold	93,797	21,993	23,176	19,898	24,413	86,331	19,978	21,804	19,166	21,624	82,572	84,823	87,000
Gross Profit	7,759	2,079	2,014	1,797	1,705	7,595	1,458	1,591	1,532	1,578	6,158	6,385	6,548
(-) SG&A	3,321	881	838	807	918	3,443	798	947	880	617	3,241	3,442	3,305
Operating Profit	4,438	1,198	1,176	990	787	4,152	660	644	652	961	2,917	2,943	3,244
(-) Equity in (earnings) losses of unconsolidated affiliates	(832)	(174)	(151)	(83)	(143)	(551)	(200)	(190)	(200)	39	(551)	(551)	(551)
(-) Interest Income	(293)	(134)	(142)	(152)	(71)	(499)	(130)	(120)	(100)	(80)	(430)	(400)	(400)
(-) Interest Expense	381	152	181	155	165	653	120	140	135	125	520	525	535
(-) Other (Income)/Expense, Net	(148)	(43)	48	(37)	(64)	(96)	(25)	(20)	(30)	(25)	(100)	(100)	(100)
Earnings before Income Taxes	5,330	1,397	1,240	1,107	900	4,645	895	834	847	902	3,478	3,469	3,760
(-) Income Taxes	884	245	205	224	203	877	174	163	165	176	678	624	677
Tax Rate	16.6%	17.5%	16.5%	20.2%	22.6%	18.9%	19.5%	19.5%	19.5%	19.5%	19.5%	18.0%	18.0%
(-) Non-controlling interests	25	2	1	3	(23)	(17)	2	4	6	4	16	20	30
Adjusted Net Income	4,421	1,151	1,034	880	720	3,785	718	668	676	722	2,784	2,824	3,053
(+) Adjustments	(81)	19	(107)	(59)	(155)	(302)	0	0	0	0	0	0	0
GAAP Net Income	4,340	1,170	927	821	565	3,483	718	668	676	722	2,784	2,824	3,053
Diluted Shares Outstanding	563	551	546	540	531	542	509	497	493	487	497	475	470
Diluted - Adjusted EPS	\$7.85	\$2.09	\$1.89	\$1.63	\$1.36	\$6.98	\$1.41	\$1.34	\$1.37	\$1.48	\$5.60	\$5.95	\$6.50
Diluted - GAAP EPS	\$7.70	\$2.12	\$1.70	\$1.52	\$1.06	\$6.43	\$1.41	\$1.34	\$1.37	\$1.48	\$5.60	\$5.95	\$6.50
Margin Analysis													
Gross Margin	7.6%	8.6%	8.0%	8.3%	6.5%	8.1%	6.8%	6.8%	7.4%	6.8%	6.9%	7.0%	7.0%
SG&A/sales	3.3%	3.7%	3.3%	3.7%	3.5%	3.7%	3.7%	4.0%	4.2%	2.7%	3.7%	3.8%	3.5%
EBITDA Margin	5.2%	5.8%	4.5%	4.8%	2.8%	4.6%	4.2%	3.6%	4.1%	3.9%	3.9%	3.8%	4.0%
Operating Profit Margin	4.4%	5.0%	4.7%	4.6%	3.0%	4.4%	3.1%	2.8%	3.2%	4.1%	3.3%	3.2%	3.5%
Pretax Profit Margin	5.2%	5.8%	4.9%	5.1%	3.4%	4.9%	4.2%	3.6%	4.1%	3.9%	3.9%	3.8%	4.0%
Net Profit Margin	4.4%	4.8%	4.1%	4.1%	2.8%	4.0%	3.3%	2.9%	3.3%	3.1%	3.1%	3.1%	3.3%
Adjusted EBITDA to GAAP Earnings before income taxes													
Earnings Before Income Taxes (GAAP)	5,233	1,397	1,132	1,031	734	4,294	895	834	847	902	3,478	3,469	3,760
(+) Expenses related to acquisitions	2	0	3	3	1	7	0	0	0	0	0	0	0
(+) Early debt retirement charges	0	0	0	0	0	0	0	0	0	0	0	0	0
(+) Railroad maintenance expense	67	0	2	26	39	67	0	0	0	0	0	0	0
(+) Asset impairment and restructuring charges	147	7	117	71	172	367	0	0	0	0	0	0	0
(+) Losses (gains) on sales of assets and businesses	(43)	(1)	(11)	2	(7)	(17)	0	0	0	0	0	0	0
(+) LIFO charge (credit)	0	0	0	0	0	0	0	0	0	0	0	0	0
(+) Interest Expense	406	100	124	97	109	430	120	140	135	125	520	525	535
(+) D&A	1,028	259	262	261	277	1,059	285	292	295	295	1,167	1,171	1,176
Adjusted EBITDA	6,840	1,762	1,629	1,491	1,325	6,207	1,300	1,266	1,277	1,322	5,165	5,165	5,471

Source: Company reports, BofA Global Research

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Exhibit 3: ADM Segment Operating Profit

(\$ Millions, Except Earnings Per Share)

Operating Profit by Segment	2022	Mar 1Q23	Jun 2Q23	Sep 3Q23	Dec 4Q23	2023	Mar 1Q24E	Jun 2Q24E	Sep 3Q24E	Dec 4Q24E	2024E	2025E	2026E
Ag Services and Oilseeds													
Ag Services	1,374	348	380	226	214	1,168	232	241	170	249	891	861	878
Margin	2.6%	3.0%	2.8%	2.2%	1.8%	2.5%	2.2%	1.9%	1.7%	2.0%	2.0%	1.9%	1.9%
Crushing	1,621	426	224	250	389	1,289	296	208	233	301	1,038	1,163	1,341
Margin	12.3%	11.6%	8.1%	7.5%	9.2%	9.2%	10.2%	7.4%	8.4%	8.7%	8.7%	9.2%	10.5%
Refined Products and Other	837	327	362	337	280	1,306	241	187	189	175	793	759	766
Margin	6.3%	10.2%	10.4%	11.5%	11.7%	10.9%	8.2%	6.5%	6.8%	7.0%	7.1%	6.7%	6.5%
Wilmar	554	109	88	35	71	303	147	121	126	148	542	446	446
Total Ag Services and Oilseeds Operating Profit	4,386	1,210	1,054	848	954	4,066	916	756	718	873	3,264	3,230	3,431
Margin	5.5%	6.5%	5.4%	5.1%	4.5%	5.5%	5.6%	4.1%	4.6%	4.7%	4.8%	4.6%	4.8%
Carbohydrate Solutions													
Starches and Sweeteners	1,323	307	285	395	312	1,299	289	314	337	300	1,240	1,200	1,193
Margin	12.9%	11.2%	10.7%	16.1%	15.4%	13.1%	12.0%	14.0%	14.5%	14.5%	13.7%	13.0%	12.8%
Vantage Corn Processors (VCP)	37	(34)	18	65	(3)	46	(25)	(2)	8	(6)	(24)	(21)	(1)
Margin	1.0%	-4.3%	1.8%	7.4%	-1.0%	1.5%	-3.4%	-0.2%	1.1%	-0.8%	-0.8%	-0.8%	0.0%
Total Carbohydrates Solutions	1,360	273	303	460	309	1,345	265	312	345	294	1,216	1,179	1,192
Margin	9.7%	7.7%	8.2%	13.8%	9.5%	10.4%	8.4%	10.5%	11.3%	10.5%	10.2%	9.9%	9.8%
Nutrition													
Human Nutrition	566	138	184	118	(25)	415	56	146	162	118	482	583	679
Margin	15.0%	14.7%	19.0%	13.1%	-3.0%	11.4%	6.0%	13.5%	15.0%	12.0%	11.8%	13.0%	14.0%
Animal Nutrition	170	7	1	20	15	43	17	20	27	32	96	143	166
Margin	4.4%	0.8%	0.1%	2.3%	1.7%	1.2%	2.0%	2.2%	3.0%	3.5%	2.7%	3.7%	4.0%
Total Nutrition Operating Profit	736	145	185	138	(10)	458	74	166	189	150	578	726	845
Margin	9.6%	7.8%	10.0%	7.7%	-0.6%	6.4%	4.1%	8.4%	9.5%	7.9%	7.6%	8.7%	9.4%
Financial / Other													
	167	97	86	46	146	375	60	40	40	40	180	125	116
Margin	42.2%	94.2%	83.5%	43.0%	143.1%	90.4%	58.3%	38.8%	38.1%	38.4%	43.4%	30.0%	28.0%
Total Other Operating Profit	167	97	86	46	146	375	60	40	40	40	180	125	116
Adjusted Segment Operating Profit	6,649	1,725	1,628	1,492	1,399	6,244	1,315	1,274	1,292	1,357	5,238	5,259	5,585

Source: Company reports, BofA Global Research

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Price objective basis & risk

Archer-Daniels-Midland Company (ADM)

Our \$71 PO is based on the average of our DCF (7.9% WACC and 2% terminal growth rate) and P/E (12.0x 2024E EPS) valuation. This multiple is below ADM's five-year average despite our view of 2024 as an earnings tough due to Nutrition woes.

Downside risks to our PO are a supply shock, even if it is temporary, which could result in either excess or insufficient crops and would impact prices and margins. Ethanol margins could deteriorate and African Swine Fever in China could reduce demand for protein meal.

Analyst Certification

I, Salvator Tiano, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Chemicals Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Air Products	APD	APD US	Steve Byrne, CFA
	Axalta Coating Systems	AXTA	AXTA US	Steve Byrne, CFA
	Bunge Limited	BG	BG US	Salvator Tiano, CFA
	CF Industries	CF	CF US	Steve Byrne, CFA
	Dow Inc	DOW	DOW US	Steve Byrne, CFA
	Eastman Chemical Co	EMN	EMN US	Salvator Tiano, CFA
	Element Solutions Inc.	ESI	ESI US	Steve Byrne, CFA
	Green Plains	GPPE	GPPE US	Salvator Tiano, CFA
	Huntsman Corp	HUN	HUN US	Salvator Tiano, CFA
	Linde	LIN	LIN US	Steve Byrne, CFA
	Linde	LINGY	LIN GY	Steve Byrne, CFA
	Nutrien	NTR	NTR US	Steve Byrne, CFA
	Olin Corp	OLN	OLN US	Steve Byrne, CFA
	PPG Industries Inc.	PPG	PPG US	Steve Byrne, CFA
	Sigma Lithium	SGML	SGML US	Steve Byrne, CFA
	The Mosaic Company	MOS	MOS US	Steve Byrne, CFA
NEUTRAL				
	Archer-Daniels-Midland Company	ADM	ADM US	Salvator Tiano, CFA
	Corteva	CTVA	CTVA US	Steve Byrne, CFA
	Ecolab Inc	ECL	ECL US	Steve Byrne, CFA
	International Flavors & Fragrances	IFF	IFF US	Salvator Tiano, CFA
	LyondellBasell Industries	LYB	LYB US	Steve Byrne, CFA
	Origin Materials	ORGN	ORGN US	Steve Byrne, CFA
UNDERPERFORM				
	Celanese Corporation	CE	CE US	Salvator Tiano, CFA
	DuPont	DD	DD US	Steve Byrne, CFA
	FMC Corporation	FMC	FMC US	Steve Byrne, CFA
	RPM International Inc	RPM	RPM US	Steve Byrne, CFA
	Sherwin-Williams Company	SHW	SHW US	Steve Byrne, CFA
	Westlake Chemical Partners, LP	WLKP	WLKP US	Steve Byrne, CFA
	Westlake Corp	WLK	WLK US	Steve Byrne, CFA
RVW				
	Albemarle	ALB	ALB US	Steve Byrne, CFA

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

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Archer Daniels (ADM) Price Chart



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Equity Investment Rating Distribution: Chemicals Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	66	47.83%	Buy	33	50.00%
Hold	33	23.91%	Hold	16	48.48%
Sell	39	28.26%	Sell	20	51.28%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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