

Young to Brokers at ADMIS Annual Meeting: Volatility's the New Normal; Here's How We'll Weather It

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At the ADM Investor Services annual meeting on Jan. 19, CFO Ray Young told commodities brokers and other investment and finance professionals that ADM's exceptional market intelligence, strong stakeholder relationships and active scenario-planning and management are helping the company weather market volatility and prepare for growth.

Noting the past year's sharp fluctuations in stock prices, interest rates and commodity prices, Young discussed ADM's strategy for managing through periods of volatility. Our Readiness effort to standardize, centralize and digitize our enterprise for efficiency and effectiveness is one key way ADM is working to control its own destiny, he said, adding that the company's focus at shifting its portfolio toward businesses with more stable earnings and returns also has been a major priority. "The results overall have been strong operating performance and a strong balance sheet," he said.

In his remarks, Young also addressed questions he's commonly asked about the U.S.-China trade relationship and about the overall outlook for the ag and food industries. On the former, Young said he expects the two nations to eventually arrive at a resolution sometime later this year. He emphasized that with that resolution could come near-term benefits for ADM in the form of increased U.S. ag and ethanol exports to China. At the same time, he cautioned that the relationship between the U.S. and China has changed permanently, and that China longer-term would want to become less dependent upon the U.S. for both food and energy.

On the future of the industries, Young said global population growth and higher personal incomes in many global regions will continue to drive expansion in the food sector. He added that crop dislocations triggered in part by weather extremes likely would produce more of the kinds of supply and demand imbalances that ADM helps resolve worldwide.

He closed with some reflections on sweeping consumer trends impacting the food industries — widespread interest in natural, "clean-label" ingredients, the emergence of alternative proteins and avoiding antibiotics in meat, for example — and the opportunities ADM has found to respond to them. ADM's investments in WILD Flavors, Biopolis, Protexin and Neovia, he noted, were intended to meet the growing needs of both human- and animal-nutrition customers. These types of investments have positioned the company to be the global leader in nutrition, he said.