



Archer-Daniels-Midland (ADM)

Updated September 2nd, 2025 by Felix Martinez

Key Metrics

Current Price:	\$63	5 Year Annual Expected Total Return:	4.8%	Market Cap:	\$30.1B
Fair Value Price:	\$56	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	08/20/25
% Fair Value:	112%	5 Year Valuation Multiple Estimate:	-2.3%	Dividend Payment Date:	09/10/25
Dividend Yield:	3.3%	5 Year Price Target	\$68	Years Of Dividend Growth:	50
Dividend Risk Score:	B	Sector:	Consumer Staples	Rating:	Hold

Overview & Current Events

Archer-Daniels-Midland is the largest publicly traded farmland product company in the United States. The company, founded in 1902, trades with a market capitalization of \$30.1 billion. Archer-Daniels-Midland's businesses include processing cereal grains, oilseeds, and agricultural storage and transportation.

Archer-Daniels-Midland reported its first-quarter results for Fiscal Year (FY)2025 on May 6th, 2025. The company reported second-quarter 2025 earnings that fell sharply from last year but still beat profit expectations. Revenue declined 4.9% year-over-year to \$21.17 billion, missing consensus estimates, while net earnings dropped 55% to \$219 million. Reported EPS was \$0.45, down from \$0.98 in the prior-year quarter, though adjusted EPS of \$0.93 beat expectations despite falling 10% year-over-year. Segment operating profit declined 10% to \$830 million, reflecting weakness in Ag Services & Oilseeds and Carbohydrate Solutions, partly offset by modest growth in Nutrition.

Performance varied across ADM's business lines. Ag Services & Oilseeds profit fell 17% to \$379 million, with crushing operations hit hardest due to weaker vegetable oil demand tied to biofuel and trade policy uncertainty. Carbohydrate Solutions declined 6% to \$337 million, as higher corn costs pressured international starch and sweetener margins. Nutrition was a relative bright spot, with operating profit up 5% to \$114 million, driven by improvements in Animal Nutrition and ongoing cost optimization, though Human Nutrition saw declines tied to lower margins and temporary plant impacts. Year-to-date, adjusted EPS was \$1.63, down 35% from the prior year, and operating profit fell 26%.

Looking ahead, ADM narrowed its 2025 adjusted EPS guidance to about \$4.00 per share. Management noted that margin improvements tied to clearer U.S. biofuel policy and restored plant operations should primarily benefit the fourth quarter and beyond. CEO Juan Luciano emphasized progress on cost savings, portfolio simplification, and operational realignment, positioning the company to exit 2025 with improved momentum despite ongoing global market uncertainty.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.55	\$2.16	\$2.13	\$3.50	\$3.24	\$3.59	\$5.19	\$7.85	\$6.98	\$4.74	\$3.99	\$4.85
DPS	\$1.12	\$1.20	\$1.28	\$1.34	\$1.40	\$1.44	\$1.48	\$1.60	\$1.80	\$2.00	\$2.04	\$2.36
Shares¹	595.0	573.0	557.0	559.0	557.0	563.0	566.0	563.0	542.0	493.0	492.0	490.0

Unlike several dividend stocks that have achieved consistent year-over-year growth in earnings-per-share, Archer-Daniels-Midland (ADM) has faced challenges in boosting its profits over the past decade. Notably, its earnings-per-share for 2012 and 2013 were notably lower than those in 2011. However, the recent acquisition of Ziegler Group and the establishment of a nutrition flavor research and customer center are expected to contribute to improved growth prospects. This positive outlook leads us to anticipate a feasible growth rate of approximately 4.0% for the future. Unlike other enterprises that thrive on increased consumer spending during prosperous periods, ADM's revenue doesn't surge

¹ Share count is in millions.

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significantly due to the relatively stable demand for food. Consequently, while a robust economy offers substantial advantages to many firms, it doesn't serve as a significant tailwind for Archer-Daniels-Midland.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	15.4	18.8	20.1	14.3	17.1	14.8	13.0	11.8	10.3	10.7	15.7	14.00
Avg. Yld.	2.4%	3.0%	3.0%	2.9%	3.1%	3.3%	2.2%	1.7%	2.5%	4.0%	3.3%	3.5%

Archer-Daniels-Midland has been valued at a price-to-earnings multiple of 14.6x over the last decade. Even though its price-to-earnings multiple has been as low as 9.5x and as high as 20.1x. Now, shares look overvalued, with a current PE of 15.7x based on 2025 expected earnings of \$3.99. Also, investors get an above-average dividend yield of 3.3% at current prices.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	44%	56%	60%	38%	43%	40%	29%	20%	26%	42%	51%	49%

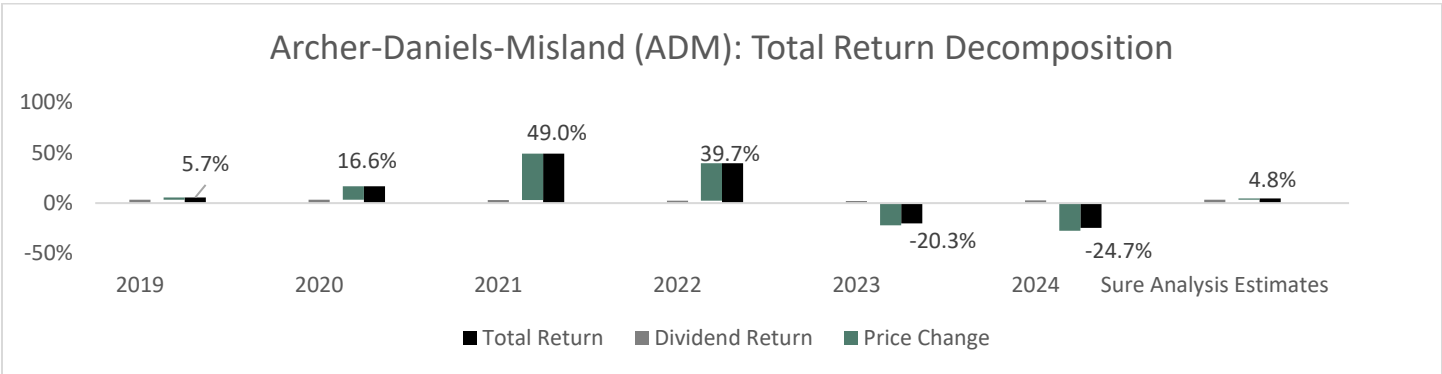
Archer-Daniels-Midland's dividend payout ratio rose substantially between 2009 and 2017, but that was when the payout ratio peaked at the 60% level in 2017. Thanks to 2018's earnings-per-share solid growth, the dividend payout ratio declined considerably to 38% in 2018. The dividend payout ratio is not high, at only 25% based on 2023 earnings. Also, because the company's profits performed well during the last recession, which saw earnings grow from \$2.84 in 2008 to \$3.06 in 2009, we believe that the dividend is relatively safe.

Archer-Daniels-Midland's business is recession resilient since the demand for food products is not cyclical. Archer-Daniels-Midland is one of the most significant players in its industry and has competitive advantages due to its scale and geographical reach. The company has been increasing its dividend for 50 consecutive years and has a 5-year dividend growth rate of 7.2%. Archer-Daniels-Midland looks like a low-risk investment due to its recession resilience, solid balance sheet, geographic diversification, and dividend history. However, note that the company balance sheet Debt/Equity ratio is 0.4. This is in line with the past five-year average but not at a dangerous level for the company.

Final Thoughts & Recommendation

We expect Archer-Daniels-Midland to grow earnings at 4.0% annually. Investors get an above-average dividend yield and an overvalued stock price with a fair price of \$56. The total return outlook is 4.8% annually for the next five years. We recommend that this company is a hold at the current price because of the expected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	67,702	62,346	60,828	64,341	64,656	64,355	85,249	101,556	93,940	85,530
Gross Profit	3,966	3,618	3,518	4,181	4,147	4,453	5,987	7,570	7,513	5,778
Gross Margin	5.9%	5.8%	5.8%	6.5%	6.4%	6.9%	7.0%	7.5%	8.0%	6.8%
SG&A Exp.	1,985	1,981	1,978	2,165	2,493	2,687	2,994	3,358	3,456	3,706
D&A Exp.	882	900	924	941	993	976	996	1,028	1,059	1,141
Operating Profit	1,981	1,637	1,540	2,016	1,654	1,766	2,993	4,212	4,057	2,072
Operating Margin	2.9%	2.6%	2.5%	3.1%	2.6%	2.7%	3.5%	4.1%	4.3%	2.4%
Net Profit	,1849	1,279	1,595	1,810	1,379	1,772	2,709	4,340	3,483	1,808
Net Margin	2.7%	2.1%	2.6%	2.8%	2.1%	2.8%	3.2%	4.3%	3.7%	2.1%
Free Cash Flow	580	-7,390	-7,015	-5,626	-6,280	-3,209	5,426	2,159	2,966	1,227
Income Tax	438	534	7	245	209	101	578	868	828	476

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	40,157	39,769	39,963	40,833	43,997	49,719	56,136	59,774	54,630	53,270
Cash & Equivalents	910	619	804	1,997	852	666	943	1,037	1,368	611
Accounts Receivable	2,886	2,426	2,424	2,683	3,281	3,653	4,490	6,235	5,284	4,580
Inventories	8,243	8,831	9,173	8,813	9,170	11,713	14,481	14,771	11,960	11,570
Goodwill & Int. Ass.	3,688	3,703	3,918	4,041	5,476	5,585	6,747	6,544	6,341	6,769
Total Liabilities	22,242	22,588	21,641	21,837	24,772	29,623	33,369	35,158	30,170	30,840
Accounts Payable	3,474	3,606	3,894	3,545	3,746	4,474	6,388	7,803	6,313	5,535
Long-Term Debt	5,877	6,931	7,493	8,388	8,881	9,929	9,539	9,180	8,365	10,160
Shareholder's Equity	17,899	17,173	18,313	18,981	19,208	20,000	22,477	24,284	24,130	22,170
D/E Ratio	0.33	0.40	0.41	0.44	0.46	0.50	0.42	0.38	0.35	0.46

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.4%	3.2%	4.0%	4.5%	3.3%	3.8%	5.1%	7.5%	6.1%	3.3%
Return on Equity	9.9%	7.3%	9.0%	9.7%	7.2%	9.0%	12.8%	18.6%	14.2%	7.7%
ROIC	7.5%	5.3%	6.4%	6.8%	5.0%	6.1%	8.7%	13.1%	10.5%	5.5%
Shares Out.	595.0	573.0	557.0	559.0	557.0	563.0	566.0	563.0	542.0	493.0
Revenue/Share	109.02	105.49	106.34	113.48	114.44	113.90	150.62	180.38	173.31	173.49
FCF/Share	0.93	-12.50	-12.26	-9.92	-11.12	-5.68	9.59	3.83	5.47	2.49

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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