

ARCHER DANIELS MIDLAND CO

Form 10-Q

August 07, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-44

ARCHER-DANIELS-MIDLAND COMPANY

(Exact name of registrant as specified in its charter)

Delaware

41-0129150

(State or other jurisdiction of
incorporation or organization)

(I. R. S. Employer
Identification No.)

4666 Faries Parkway Box 1470

Decatur, Illinois

62525

(Address of principal executive offices)

(Zip Code)

(217) 424-5200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, no par value – 659,185,636 shares
(July 31, 2013)

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Archer-Daniels-Midland Company

Consolidated Statements of Earnings
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In millions, except per share amounts)			
Net sales and other operating income	\$22,541	\$22,675	\$44,268	\$43,830
Cost of products sold	21,734	21,862	42,705	42,009
Gross Profit	807	813	1,563	1,821
Selling, general, and administrative expenses	452	394	888	796
Asset impairment, exit, and restructuring costs	—	—	—	85
Interest expense	107	116	213	232
Equity in earnings of unconsolidated affiliates	(62)	(106)	(199)	(221)
Interest income	(29)	(24)	(56)	(50)
Other (income) expense – net	22	17	25	(5)
Earnings Before Income Taxes	317	416	692	984
Income taxes	91	123	196	286
Net Earnings Including Noncontrolling Interests	226	293	496	698
Less: Net earnings (losses) attributable to noncontrolling interests	3	9	4	15
Net Earnings Attributable to Controlling Interests	\$223	\$284	\$492	\$683
Average number of shares outstanding – basic	661	660	661	661
Average number of shares outstanding – diluted	663	661	663	662
Basic and diluted earnings per common share	\$0.34	\$0.43	\$0.74	\$1.03
Dividends per common share	\$0.190	\$0.175	\$0.380	\$0.350

See notes to consolidated financial statements.

Archer-Daniels-Midland Company

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In millions)			
Net earnings including noncontrolling interests	\$226	\$293	\$496	\$698
Other comprehensive income (loss):				
Foreign currency translation adjustment	(72	) (262	) (226	) (44
Tax effect	(1	) 3	2	60
Net of tax amount	(73	) (259	) (224	) 16
Pension and other postretirement benefit liabilities adjustment	14	(408	) 35	(576
Tax effect	(11	) 140	(12	) 205
Net of tax amount	3	(268	) 23	(371
Deferred gain (loss) on hedging activities	(10	) 74	2	33
Tax effect	5	(28	) —	(13
Net of tax effect	(5	) 46	2	20
Unrealized gain (loss) on investments	36	(18	) (1	) (25
Tax effect	(8	) 7	3	10
Net of tax effect	28	(11	) 2	(15
Other comprehensive income (loss)	(47	) (492	) (197	) (350
Comprehensive income (loss)	179	(199	) 299	348
Less: Comprehensive income (loss) attributable to noncontrolling interests	3	1	(5	) 9
Comprehensive income (loss) attributable to controlling interests	\$176	\$(200	) \$304	\$339

See notes to consolidated financial statements.

Archer-Daniels-Midland Company

Consolidated Balance Sheets

	(Unaudited)	
	June 30, 2013	December 31, 2012
	(In millions)	
Assets		
Current Assets		
Cash and cash equivalents	\$1,848	\$1,714
Short-term marketable securities	181	576
Segregated cash and investments	3,754	3,638
Trade receivables	3,520	3,450
Inventories	10,194	13,836
Other current assets	5,539	6,548
Total Current Assets	25,036	29,762
Investments and Other Assets		
Investments in and advances to affiliates	3,145	3,170
Long-term marketable securities	720	717
Goodwill	545	551
Other assets	701	813
Total Investments and Other Assets	5,111	5,251
Property, Plant, and Equipment		
Land	402	378
Buildings	4,694	4,807
Machinery and equipment	17,453	16,984
Construction in progress	810	1,004
	23,359	23,173
Accumulated depreciation	(13,268)	(13,050)
Net Property, Plant, and Equipment	10,091	10,123
Total Assets	\$40,238	\$45,136
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term debt	\$1,016	\$2,816
Trade payables	2,971	4,787
Accrued expenses and other payables	7,994	9,122
Current maturities of long-term debt	1,142	268
Total Current Liabilities	13,123	16,993
Long-Term Liabilities		
Long-term debt	5,366	6,456
Deferred income taxes	1,267	1,267
Other	1,469	1,289
Total Long-Term Liabilities	8,102	9,012

Shareholders' Equity		
Common stock	6,150	6,134
Reinvested earnings	13,478	13,236
Accumulated other comprehensive income (loss)	(638	) (450)
Noncontrolling interests	23	211
Total Shareholders' Equity	19,013	19,131
Total Liabilities and Shareholders' Equity	\$40,238	\$45,136

See notes to consolidated financial statements.

Archer-Daniels-Midland Company

Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,		
	2013	2012	
	(In millions)		
Operating Activities			
Net earnings including noncontrolling interests	\$496	\$698	
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities			
Depreciation and amortization	454	434	
Asset impairment charges	—	30	
Deferred income taxes	(65	) 17
Equity in earnings of affiliates, net of dividends	(126) (137)
Stock compensation expense	19	14	
Pension and postretirement accruals (contributions), net	12	(22)
Deferred cash flow hedges	3	33	
Other – net	(86	) 78
Changes in operating assets and liabilities, net of businesses acquired			
Segregated cash and investments	(139	) 189
Trade receivables	(97	) 1,715
Inventories	3,627	208	
Other current assets	996	(1,912)
Trade payables	(2,059) (1,662)
Accrued expenses and other payables	(687	) 171
Total Operating Activities	2,348	(146 <td>)</td>)
Investing Activities			
Purchases of property, plant, and equipment	(442) (625)
Proceeds from sales of property, plant, and equipment	26	24	
Net assets of businesses acquired	(16) (35)
Purchases of marketable securities	(343) (408)
Proceeds from sales of marketable securities	667	861	
Distributions from affiliates	136	5	
Other – net	30	(10)
Total Investing Activities			