

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

and Ismael Roig will step in on an interim basis.

Jan. 22, 2024



By Gerson Freitas Jr. and Simon Casey, Bloomberg News (TNS)

Archer-Daniels-Midland Co. plunged after the U.S. agricultural trading giant suspended its chief financial officer and cut its earnings outlook pending an investigation into its accounting practices. The shares dropped the most on record.

The Chicago-based company said Sunday afternoon that Vikram Luthar, who had been its CFO since 2022, was put on administrative leave and Ismael Roig will step in

on an interim basis. ADM is also delaying its fourth-quarter earnings and the filing

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

The probe was prompted by a voluntary document request from the U.S. Securities and Exchange Commission and is focused on what ADM described as “intersegment transactions” involving its nutrition unit, which makes ingredients for human and animal foods. ADM said it’s cooperating with the SEC.

A representative for the SEC didn’t immediately respond to a request for comment.

ADM has spent billions expanding the nutrition business since 2014, when it made its biggest-ever acquisition—the \$3 billion buyout of European natural ingredient maker Wild Flavors—in a bid to diversify from row crop grains and oilseeds into processed products. But profits have failed to live up to initial expectations due to weakening demand, including for plant-based food.

The segment’s operating income was already forecast to drop more than 18% in 2023 to the lowest since 2020, according to analyst estimates compiled by Bloomberg. In November, ADM chose long-time executive Ian Pinner to lead the embattled business.

The investigation is likely to result in a lower margin for nutrition, at a time when investors are already concerned about the risk to earnings, Andrew Strelzik, an analyst at BMO Capital Markets, said in a note. “We would expect ADM to reassess strategic priorities within Nutrition as the new profitability run-rate becomes more clear.”

ADM now expects to deliver more than \$6.90 per share in adjusted earnings for the year ended Dec. 31, after having forecast in October profits in excess of \$7.

The stock was down 22% at \$53.01 as of 12:12 p.m. in New York, wiping out more than \$8 billion of market value. Analysts at Robert W Baird & Co., Barclays Plc and

Goldman Sachs Group Inc. were among those to cut their stock ratings on ADM after

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

in the statement. “The board will continue to work in close coordination with ADM’s advisors to identify the best path forward and ensure ADM’s processes align with financial governance best practices.”

Ernst & Young has served as ADM’s auditor since 1930.

— *With assistance from Austin Weinstein.*

©2024 Bloomberg L.P. Visit [bloomberg.com](https://www.bloomberg.com). Distributed by Tribune Content Agency LLC.

Accounting • Financial Reporting • SEC

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved