

Minimize uncertainty. Maximize opportunity.

CARGILL RISK MANAGEMENT





Manage risk with confidence

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Why price risk matters

Markets are more complex and commodity prices are more volatile than ever before. Without a diversified risk management strategy, you could be compromising your margins, budget, and ability to be price competitive.

Factors that impact prices ►

Volatility then and now 🕨



Factors that impact prices

In the past, commodity prices were determined by basic economic factors: planting, weather, demand, etc.

Today, it's far more complicated. Commodity prices can be affected both directly and indirectly by any number of the following factors.



Economic factors

- Global supply and demand
- Credit markets
- Currency changes
- Energy markets
- Hedge and pension funds

Political factors

- New administrations
- Government subsidies
- Trade agreements
- Agriculture policy
- New regulations

Science and technology factors

- Biofuels
- Renewable resources
- Crop trait enhancements
- Evolving farm practices
- Electronic trading

Environmental factors

- Weather patterns
- Natural disasters
- Crop cycles

Social factors

- GMO acceptance
- Energy efficiency
- Demand for organic and natural foods





Volatility then and now: example

Just look at the historical volatility of corn, the peso and crude oil. If you are a commodity risk manager, supply chain manager or a CFO, managing price risk in these unpredictable markets can be a challenge. And you may encounter pricing objectives which are not covered by typical, non-tailored commodity risk management tools.





Peso Forwards



Crude Oil Futures



Reuters, 2017

Price fluctuations like this can put cost of goods and earning volatility at risk



How we work together

Some companies just want to close a sale. We want to build a partnership. Our tenured team of risk management experts will get to know your business goals and risk tolerance, then work with you to develop a strategy that helps you meet your most critical goals.

<u>Ask, listen, strategize</u> ►

Why choose Cargill



Ask, listen, strategize

Using a one-size-fits-all approach isn't how we operate, and it isn't how to get the best results. Instead, we ask smart questions. We listen. And then, we strategize. In that order.

We'll want to know things like:

- What's your current approach to managing risk?
- What are your earnings?
- Who currently drives budget decisions?





Our experts will ask these questions plus many more to get a complete understanding of your business objectives, pricing needs and market views – and from there, we'll create a **tailored risk profile** that will help inform our customized recommendations.



Building a strategy

Once we work together to complete your risk profile, we'll work with you to create a diversified strategy that leverages timely market insight and the right mix of hedging strategies – so you can optimize your position and meet your goals while feeling confident that you're protected.

<u>Hedging solutions</u> ►

The

Benefits of diversification ►



Benefits of diversification

Diversification is essential for overall risk management. In previous years, hedging risk through the trading of futures and options was considered cutting edge. But now, risk managers are in need of strategies that enable more customization.

Hedging strategies should involve a diverse set of components with various volumes and timing parameters. We create tailored solutions and products to help you mitigate price risk in your business.

With an optimally diversified price risk management strategy, you can:



Protect your profit margins

Achieve your pricing goals

Meet your budget targets

Stay competitive in the marketplace



Building a strategy



Hedging solutions

Maybe you like today's market price and want to lock in at that margin. Or perhaps you need to defend your budget from adverse market moves. Maybe your critical goal is cost predictability.

No matter what your objectives or priorities, we can help.

Tailored hedging solutions:

- Flexible and customized to meet your needs
- Direct transaction or embedded in the physical contract
- Proactive approach vs. reactive to the market
- Diversify your portfolio





Why choose Cargill

We've been commodities experts for more than 150 years, and we've been a trusted financial risk management partner for more than 20. With experience in 60+ countries across 100+ commodities and currencies, we're uniquely qualified to help you minimize uncertainty and maximize opportunity in today's complex markets.

Unparalleled experience. Unrivaled expertise. ►

Building a strategy

Why choose Cargill



Unparalleled experience. Unrivaled expertise.

We offer risk management solutions for more than 70 commodities and 25 currencies across 60 countries. When you partner with Cargill, you have access to risk management experts who understand your business objectives as well as they know the global commodities markets.



Our customers

We serve a wide variety of commercial and industrial customers who sell and distribute grain, operate restaurant chains, feed cattle, power facilities, mine copper or bottle beverages.

Whether the goal is to protect margins, secure budgets, minimize volatility or maintain a competitive edge, our experienced team works with you to develop a diversified strategy, leveraging a wide range of solutions.



Our Markets

Cargill Risk Management provides customized hedging solutions in more than 70 commodities and 25 currencies.

Grains		Dairy & Livestock Softs		Feed Protein & Oils		
Australia Grains Brazil Grains China Grains French Grains	Sorghum South Africa Grains US Grains	Brazil MeatsLive CattleButterMeat SwapsCheeseMilk Class I, II, III & IVCME Spot DairyNFDMCWAPNZX Dairy ProductsEEX Dairy ProductsWheyFeeder CattleWPCLactoseV	Brazil Softs Cocoa Coffee Cotton	London Sugar Orange Juice White Sugar World Sugar	Canola Oil Chinese Soy Meal CIF Rotterdam Palm Oil MDEX Palm Oil Palm Kernel Oil Rapeseed	South Africa Sun Flower Seeds Soybean Meal Soybean Oil Sunflower Oil
Energy		Packaging, Resins & Wrap	Metals		Foreign Exchange	
Crude Oil Diesel Fuel Electricity Ethanol Fuel Oil Fuel Surcharges/EIA	Gasoline Heating Oil Jet Fuel Natural Gas Propane	Ethylene Polyethylene Polypropylene Propylene Against CMAI, CDI & PCW	Aluminum Aluminum Alloy Copper Lead LBMA Precious Metals Minor Metals	NASAAC Nickel Precious Metals Silver Tin Zinc	25 Currencies Commodity Products can be Currency Translated	



thrive

Let's get started

With help from Cargill Risk Management, you'll be able to act on insight instead of intuition. Make decisions with confidence instead of conjecture. Find out how we can help you minimize uncertainty and maximize opportunity.

Cargill_Risk_Management@cargill.com cargillriskmanagement.com @CargillRiskMgmt

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