

Corteva at BMO Capital Markets Farm to Market Conference: Transcript
May 20, 2021
8:00 a.m. ET

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

Okay. Good morning. Welcome back to Farm to Market day number two. We're going to lead off today with Corteva. We're going to have a quick overview and then a fireside chat. Of course, Corteva is one of the leading ag companies in the world with a promising multiyear growth in margin pipeline supported by very robust seeds and trade portfolio and a very attractive crop protection portfolio. Our discussion's today will be with the CEO, Jim Collins. Good morning, Jim.

James C. Collins, Jr.
Chief Executive Officer

Morning, Joel.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

Jim's going to deliver an overview and then we're going to go to Q&A. Please submit your questions on the app or on the website. You go to the three horizontal lines at the top right-hand corner and submit and ask your question. Jim, please.

James C. Collins, Jr.
Chief Executive Officer

Okay. Great. Thank you, Joel, and thanks, everybody, for joining the conference. I'm really pleased to be back at the Farm to Market Conference. It's always been a highlight for me every year. Joel, appreciate this opportunity to share a few thoughts and I look forward to your questions. Let me also first remind you that I will make some forward-looking statements regarding our expectations for the future. These statements are subject to risk and uncertainties, and you can find a lot of further information in our SEC filings.

So, with that, Joel, as you know earlier this month we announced our first quarter results, which included sales and earnings growth globally and margin increases across both of our platforms, the seed and crop protection business. We affirmed our already very strong earnings guidance that we had set earlier in the year and we raised our net sales guidance in line with our outlook.

As we came into the start of 2021 we were bringing just substantial momentum as we closed out 2020. And, I've used the term – we had a real heads-down focus through the end of the year, and that just carried right on into the start of the year as this team is focused on executing our strategy. So, I'm real proud of everybody. Their dedication is certainly clear and you're seeing that show up in our operating results.

So, globally, we delivered organic sales growth of 6%. But, in Crop Protection, organic sales were up 12%. As you mentioned the portfolio; that's because of this new and differentiated set of technologies that we have coming out of our Crop Protection pipeline. It was an increase of more than \$120 million in new product sales compared to the first quarter from last year. So, that pipeline, really showing up and really starting to deliver. In Seed, organic sales were up 3%, and that was pretty much the closeout of Brazil Safrinha sales season, and the start of Europe on, actually, record sunflower volumes. So, those bright spots and those gains were partially offset by just some of the seasonal timing. We talked to you a lot about this at the fourth quarter earnings, that we expected North America to really open up in a more normal way compared to 2020. And I've said it before, 2020 was probably the earliest, one of the best seasons we've ever seen.

That's exactly what happened in the first quarter. You know, North America kind of hit a normal start to the year. And so, that – our penetration of new products and seeds, that technology advantage, allowed us to drive a 2% price improvement for the Seed segment globally. So, if you add all of that together, importantly then, we realized a better operating leverage on our sales growth as EBITDA grew 14% and our margins then expanded by more than 150 basis points for that company overall. And so, that's a margin expansion in both segments, Seed and Crop Protection. So, you're starting to see the health of the business in addition to the top line. You're seeing more leverage as that drops more to the bottom line.

Now when you think about capital allocation for a minute, we returned approximately \$450 million to shareholders in the quarter and that was through our buyback program but also through ongoing dividends. So, as we said, we're going to be on track to complete a majority of our share repurchases under the \$1 billion program that we have authorized probably through, around the first half of 2021. So, it's just a kind of a quick summary of what we talked about, looking back to the quarter, how we finished the year and the setup for the remainder of the year.

So, let me maybe just make a few comments then about that look forward. We did go ahead and raise our full year 2021 revenue guidance, targeting a 3% to 4% lift over 2020. And we also affirmed our full-year earnings guidance, and that was a targeted increase of 17% at the midpoint compared to 2020, really strong commitment to growth this year. And that growth drives a margin improvement of approximately 200 basis points for the company overall. So, again, that theme of the health of that earning stream continuing.

So, let me give you a couple of elements, maybe a little additional color into some items that are baked into that outlook. First, it starts with this market that we're seeing. We're remaining pretty encouraged by the strengthening global agriculture fundamentals. Farm incomes continue to be elevated, but now they're elevated for the right reasons. You know, in the past, we had a bunch of government payments especially in the US. Now, those farm income levels are being elevated because we're seeing some good strong commodity prices and that's as a result of record global demand for ag commodities. So, that's driving down ending stocks and that drawdown should continue to kind of preserve these high-commodity prices. And we would expect them record grower income levels as we finish through this cycle.

If I look at the US just for a minute, I'm pleased to report that as we sit here today, we're pretty consistent now in terms of total shipments in our – primarily in our Pioneer brand with where we were last year. So, we kind of caught the season now. And, there may be some additional opportunity here in corn and given how we position our products with our customers, we're sitting in a good spot to be able to capitalize on maybe a few hundred-thousand acres that additional corn acres that dribble in here, right here. Growers have just had perfect conditions for planting and a nice long window and that can sometimes kind of creep those acres a little bit. I don't think we're talking about another million acres, but we could see those creep and we're still not completely finished with soy plantings. But that's all going really, really well pretty much right on the plan that we had built and I'm sure you'll want to talk a little bit more about Enlist.

If I think about the southern hemisphere then for a minute, we've got all of that still ahead of us especially in Brazil. And we're going to keep monitoring this market for any upsides. We're very focused on capturing the value that our technology is providing there in that market. And we see strong demand for our technology as growers really do look to make investments to drive yield in these commodity prices.

The other thing we're seeing, Joel, is customers are working probably earlier than I've ever seen to secure access to technology. So, we're completing orders – just like we do in North America, we're completing orders pretty early. We're seeing that earlier shift in Latin America. I think they're worried a little bit about maybe some logistics, some kind of COVID overhang there, and those growers just want to make sure they've locked in their technology, so – and we continue building on the track record that you've seen from us around our pricing momentum.

So, globally, we're going to keep monitoring all those macroeconomic conditions and some of the uncertainties that are still out there around things like raw material prices. And we're going to take continued focus steps to mitigate those as those market-driven headwinds hit us.

Maybe I'll close with just a few comments around the pandemic. You know, this COVID crisis continues to persist in a number of markets around the world. And we're staying very focused on supporting our colleagues and our customers. Asia and Latin America are probably the two real hotspots. And so, I put

the health and safety of our employees, and the support of our customers as our top priority. We keep that front of line as we're going to continue for a while here to navigate a kind of an uneven pandemic recovery, seeing very strong recoveries in North America, probably going to continue to struggle for maybe a few more months as things start to turn in Asia.

So, if I step back from all of that, just simply, we're very confident in our plans. We're very diligent in our execution. We're going to keep identifying opportunities to manage all of that volatility and while really looking to capture and maximize any of those upsides that might be out there.

So, Joel, as I finished our first quarter earnings and a number of my phone calls that we had with investors following up to that, I kind of closed those discussions with maybe three key takeaways to summarize our performance and also a few comments. So, I'll close with those three here for you.

So, number one, as I mentioned, we're carrying great momentum, really strong close to 2020, and just off to a really solid start in 2021. And folks have said, wow, you had an incredible first quarter. And I've said, no, we had the first quarter that we needed to have. We had the first quarter that we kind of planned to have. So, the second comment, I would leave you with then is our team is executing on the plan that we built. We're staying agile as conditions continue to evolve in the market. And then, number three, we remain fully on track to deliver on the commitments that we made earlier in the year.

So, with that, Joel, I'll turn it back to you for – let's get into some Q&A.

QUESTION AND ANSWER

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

Perfect. Perfect. And just remember, if you want to submit a question, go to the top-right hand of your screen, three horizontal bars, click the button, ask a question. Jim, I think what people get people excited about Corteva is the ability and the hopeful ability to be able to increase margins over time. And can you talk about some of the key levers really beyond 2021 to really improve margins and close the gap, it appears, will be a gradual process? Are there larger steps along the way?

Jim Collins
Chief Executive Officer

Thanks, Joel. And you're right. We do have a number of levers that are within our control. And I think the way you've characterized it is great. Those levers are just not – you don't pull them all and, bang, you get one big step. Individually, they're going to continue to add to each other and kind of build over time.

And you saw that in the fourth quarter, you saw that margins start to turn. You really see it in the first quarter. And, as we guide to the full year, both – those levers are kind of just starting to layer in. And so, the one – if you think about them for a minute, productivity, we've been driving a number of productivity actions and those – it's kind of a mindset – those are going to continue, that new product pipeline that I've talked so much about. So, as we continue to launch newer chemistry and, in some cases, phase out of older chemistry through portfolio rationalization, the mix in our Crop Protection business will continue to improve on the higher sales.

We're working really hard on our manufacturing footprint consolidation, looking to relocate some supply chains to maybe more cost-effective parts of the world, and that's underway. And, as you know, Joel, you make a decision, but it sometimes takes you a year-and-a-half or two years or so for the full effect of those footprint consolidations to hit.

Another lever that we have is growth from a geographic perspective. You know, we're growing in Eastern Europe. We're certainly growing in Brazil and in Latin America. And we're going to continue to drive growth in those key geographies.

And then, probably, one of the biggest ones is this concept of royalty neutrality that we've talked so much about. Enlist is a big centerpiece to that where we start to back away from sending royalty checks out of our doors and start to create a business, licensing those trades to others and create a royalty stream that starts coming into our doors. So, those are just maybe the four or five key levers.

If I had to maybe put a few other numbers on that, if I look just at Crop Protection new product sales, those are going to hit, kind of each one of those kinds of hits a peak three to five years after launch. And so, we're really seeing that. There are \$250 million of new Crop Protection product sales in our results in 2020. We're going to see another \$300 million of incremental sales growth in 2021 in Crop Protection.

I mentioned portfolio management. We exited a couple of key products Chlorpyrifos and Telone. These were just older chemistries with really, really declining margins in which kind of made a business decision was time to exit those. So, our sales results for 2021 are missing about \$300 million worth of sales that were in 2020. So, even more impressive what our sales growth looks like is that we're completely offsetting that \$300 million gap in 2021.

And then, I mentioned Enlist earlier. I think we've talked about Enlist. Overall, Enlist is about a \$400 million earnings lift for us through mid-decade. And the bulk of that, maybe a little over \$250 million, is tied to royalty avoidance. But there's a piece in there tied to the herbicides and selling more Crop Protection on all of those acres, and that's going to continue to gradually build over the next two or three years with penetration. And then, there's that licensing royalty income that I talked about, and that will continue to build over the next three or four years.

So, I think you characterized it right. Number of levers that aren't a big bang, they're gradually going to build. And every quarter and every year, you're going to see this enrichment of our margin as those things really flow to the bottom line.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

Thank you for that. So, I've got a – I've got a question from an investor which is - what are the largest unknowns at this time for the company.

Jim Collins
Chief Executive Officer

You know, I think we're still watching raw material price increases over the horizon, trying to understand have we peaked yet. And, as other companies that are suppliers to ours have struggled to keep facilities operating, we've struggled with logistics and freight. Shipping companies have struggled through COVID to keep ships on the lanes. Now, those are all having some short-term, we believe, impact in raw material prices. So, we're watching them to see where that peaks.

Currency is always an unknown, but, we have good programs in place to minimize any downside of that. And then, acres in Southern Hemisphere, how does Latin America market really unfold? And I think it's an unknown but not a negative unknown. I believe it's more of a positive unknown that you're seeing commodity prices, you're seeing China purchases. They're putting some pretty strong demands on the grain system. And 2020 wasn't a great harvest year. We saw yield declines in North America on some weather effects right there at the end of the season. And then Brazil hasn't had a stellar year either. Yields have come off in spring and their summer seasons. So, that demand is just continuing to prop up prices, which means growers are going to look at acres, and they're going to really be motivated to drive really strong plantings going into the fall.

So we're going to put ourselves into strong position to be ready to gravity of that upside, but I'd say the second half of the year is still – agriculturally still a little bit of an unknown, which is why we want to kind of get first half behind us, get to the half, see where we've finished, take a fresh look in the second half of the year and update.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

And on that topic, I mean, I think a lot of investors were expecting or hoping that you'd be able to raise the guidance a couple of weeks ago. One of your key competitors, you know, similar story basically at this conference saying we're conservative, we're conservative. They kept saying those words, we're just being careful.

Let's go see – a lot of unknowns, let's see what happens. Can you talk about what went into that, like, you know, when you think of your guidance for the year, are you trying to be conservative because of all these things and there's more upside there? How do you think about it?

Jim Collins
Chief Executive Officer

Yeah. I think it starts with – we're still early in the year. You know, we just really have our first quarter behind us and we still got a lot of crops still to plant in North America as I mentioned. That's soybean crop isn't completely in the ground yet, a little better where we sit here today than where we were at earnings. And then we have that entire second half of the season to go in Brazil. So, you know, what is putting maybe upward pressure is execution. I think this team, as I said, is executing really well on technology, the continued ramp of technology. And I think the market backdrop is favorable and constructive.

Things to balance on the other side of that would be those commodity prices that I talked about. We'd continue to maybe see a few headwinds. At this COVID recovery is uneven. And, I mentioned shipping and logistics is certainly continuing to be a little bit of challenge. And, things like freight as well. So, we're watching that. There are a number of headwinds out there. And so, we need a little time taking a look at all those levers we have. And so, Joel, I think it was about just putting a balanced approach out there right now. Give ourselves a little more time to unfold here through the half. And then as we typically do take a fresh look at a full year after we got these first headwinds.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

So, speaking of fresh you, obviously, have a new [CFO] over the last month of Dave Anderson. Didn't come from Dow, didn't come from DuPont given he's outside, talk about, you know, he's in there now. He's got some fresh eyes. What are some of the key opportunities you can see Corteva could achieve for maybe implementing an improved margin operating system, some new fresh eyes, some experience in different businesses. What is Dave's involvement now meant?

Jim Collins
Chief Executive Officer

Yeah. Great, Joel. I'm – couldn't be happier and more excited about having Dave join our team as our new CFO.

You know, he – right now, it's early days but he's engaging a lot with our commercial teams really focused on kind of understanding how the business makes money, how we execute in the marketplace, working with our manufacturing and operations team to understand, all of the levers that we've talked about here around how cost flow through our product cycle and get into finished product to better understand all of those levers.

So, early days but off to a fantastic start. It's just really great to have a really experienced leader to join us as we hit that inflection point that we've talked about. We've been through a lot the last two or three years, as we spun, as we stabilized, as we got our systems up and running, as we launched our pipeline. Now our eyes are sort of headed for that growth trajectory. And you look at Dave's experience, he's got a lot of that kind of hands-on experience working with companies. So, yes, for a couple of examples. One of the first examples is he drove right into our capital plans. To understand several of our large capital projects at a really good level of detail, understanding the ROI on those and asking the question what we can do to continue to invest for both growth but also additional productivity and did we have the right mix in our capital.

The other thing that he's really diving in on is the productivity side in an area that he's got a lot of experience with in some of his previous companies is around procurement and this whole area of indirect spend, I mean, it's just a really large place for us. And we had a number of initiatives but already he's come in and said hey, there's some real opportunities here and he'll help us optimize that.

And maybe my final point is I'm just really encouraged at just how fast he's coming up to speed. I used the term earlier. He's got a real hands-on approach, and he's just diving right in. So, I know folks are going to enjoy spending time with him as we do our one-on-ones through the rest of the day today and certainly as we go forward on earnings. So, thanks.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

Some of the commentary in the market, the last little bit has been could be maybe, on average, 10% seed price card increases for soy and corn in Brazil second half the year. So, now, could you talk about what

you're seeing in Brazil for seed prices and maybe is that a bit of early window into what we could see in the US in the fall?

Jim Collins
Chief Executive Officer

So, we're always going to be out pricing for the value and the technology that we provide. And as we – all you have to do, Joel, is look back at our track record of what we've done. In some pretty tough commodity markets over the last few years, we've been able to consistently drive that pricing engine. And that's because growers look at especially on the seed side, they look at seed as an investment and they're going to invest to drive maximum yield. And so, when you're bringing higher-yielding products over here, we're able to drive that.

So, as I've said before too, we typically are always a premium price product in the marketplace. There's a lot of service that goes with especially a pioneer bag of seed. And so, we're going to continue to really provide that strong approach. And then we've talked about currency in the past, and we're always looking for ways to use price as one lever to recover some of the effects of currency. All of that is always couched with the market backdrop and kind of what's going on with the commodity prices. And then, there's always a competitive overlay there that we look in local markets, understanding what are the competitive dynamics, you know, almost on a county-by-county basis? And so, with that said, I'll just leave that there. I think, encouraging market backdrop, a really strong lineup of technology, a great track record, and proven that we can do that in the past. And we're going to continue to, you know, do what we do best, and that's where we collect the value that we're putting out there in the marketplace.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

You know, if I think about the last time that the cycle was so good or a part of the cycle where – a good part of the cycle, and we were seeing a 5%, 6%, 7% corn and seed price mix – so that may be 7, 8, 10 years ago – is the market different now than it was about a decade ago? You know, if the crop prices are similar to then, as they are now, should we expect a similar performance?

Jim Collins
Chief Executive Officer

So, I think, you've got to look at what's driving the commodity prices. And, right now, the market is strong because we had a couple of tough production years, mainly 2020 in North America and in Brazil, and you have a recovery and demand cycle coming from mostly China. And so, those two things have collided here in 2021 and, probably, on into 2022 to create an improving market. Now, you know, I get a lot of folks saying, wow, Jim, a \$7 corn, that looks pretty impressive. The only problem is there's nobody out there selling a \$7 corn because there's not a lot of corn out there to sell. A lot of it got marketed and moved through the channels. So, that's the commodity price. But the actual spot price and the cash price is and what's going to matter is what is that price at harvest here as we finish out the North America season and what is that price going to be as we come into the Brazil Safrinha season of the start of 2022?

So, overall, you know, we wouldn't expect to see these kinds of elevated prices persist for more than maybe a few quarters and maybe it settles down into kind of the mid to low sixes. But that's still a really constructive backdrop compared to where we've been. So, as I said before, we take all of those factors into account, and we go out and price for the value that we deliver.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

You talked about Enlist earlier. Let's talk about that. It's starting to become a really strong thing for Corteva, and it's going to get better especially as the royalty payments can come off. When you think of the Enlist market share, have we hit sort of – it sounds like a silly question, but have we hit kind of the near max of what Enlist share could be – again, sounds silly – of what it could be? Or should share keep growing and your royalty payments just get reduced for – I mean, how do you think about that?

Jim Collins
Chief Executive Officer

Yeah. We're – look, we're real excited about Enlist. And we're in this period of transition, right, as Enlist is ramping up. We're competing for the attention of growers and the market is always going to be very, very competitive given the new technologies that are out there. So, you know, our strategy really hasn't changed. We're going to be out there pricing for the value that things like Enlist provides.

We guided previously that for 2021, we'd expect Enlist to be on about 30% of soybean acres in the US, and that's a combination of the units that we're selling in our brands but also units that are being sold by others who have licensed that trade. As I sit here today, again, we still don't have all of those beans in

the ground, but our order book would support that we're pretty much on track to hit that 30% of soybean acres.

You asked the question about where we're headed, I mean, I think, ultimately, attaining 50% market share at peak is a realistic and maybe even a slightly conservative estimate. Growers are going to continue to utilize the system and gain experience with it. What we're hearing from them directly is they, today, believe it represents a really good value and it's the simplicity of a system that they really, really like. I was talking to a grower the other day, it's a large grower here on the Delmarva, who hadn't been much of a Pioneer customer in the past and he called me up and said, Jim, I want 100% Pioneer this year. And he said it's because of Enlist. He said I just got a tremendous amount of peace of mind knowing that the system works as advertised. The chemistry is easy to use. And I got a really strong agronomy support and helping me make that transition. So – and then, right at the end of that conversation he said, Jim, I got to tell you, it's really nice for a change to have a real choice in the marketplace of herbicide technology. So, again, we're in that transition phase. We're going to see this continue to ramp over the next couple of years. And as we start to introgress our own really historic high-performing germplasm, that A Series germplasm, we're confident that we'll have not only the leading portfolio of an offering but we're going to have that best-in-class germplasm that's out there driving the above trendline yields that you've grown to expect from a Pioneer bag of A Series soybeans.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

Thank you for that. Let's transition topic today here. So, there's been some recent coverage lately on litigation exposure on chlorpyrifos. Can you maybe help us understand why this should not be compared to other active litigation in the market in terms of exposures?

Jim Collins
Chief Executive Officer

Yeah. Great, Joel. Thanks. Thanks for that question. And, you know, as a matter of policy, I'm not going to be able to come – comment on specific or individual cases, but I am happy to provide some really important points that are kind of clarifying and related to that topic.

So, chlorpyrifos really has had two primary uses. There was a much older product called Dursban that was used for indoor uses. It was a home pest control. That product was discontinued over two decades ago. So, it really represents no litigation risk to Corteva, and any liabilities related to that product did not come to Corteva. So, you can kind of just discount that whole use of that product right off the bat. So, it really comes down to just one product in, a product called Lorsban, and it's used on commercial farms very, you know, kind of large scale, high tech commercial farms, and it's an insecticide for mostly fruits and vegetables. Now, this product is only applied by licensed very professional applicators in a manner that is specifically designed to lower exposures to any field workers or anyone. So, that right there means that this is unlike other products which, you know, were sold over the counter or applied by homeowners, you know, broad sets of consumers. So, all of what we just talked about is very different, in my opinion, in terms of the potential exposure and the number of cases that were likely to happen out there. So, maybe I'll just leave it there. And, again, I think the connection was inappropriate and they're very, very different.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

Thank you for that. And so, staying on crop chems dynamic right now, which regions are seeing the most growth? Some of the competitors really talked about channel inventories being accelerated. What did you see in the different regions?

Jim Collins
Chief Executive Officer

Great question. Yeah. Great question. First of all, I'd start with Latin America. We had a really strong finish to the Latin America season, primarily our fungicides portfolio. We've got one the best lineups of fungicides through Vessarya, but then the new products that we're going to be launching and others. So, that whole market really, really took off for us. I think it's been a really nice start to the European market. And as we think about demand there, I think growers are really trying to make sure and get their supplies in early. And so, we saw some good early demand in that market.

And then North America, we're seeing nice growth in Crop Protection related to soybean herbicides. That's the Enlist demand coming at us. And then we're also picking up some demand for some of our other corn and soybean herbicides just on some tightness of supplies in that market.

So, you asked about inventories. I feel really good today where we stand around the world. I'd say North America is probably normal, if not actually slightly below normal as there have been again logistics issues with maybe others and caused some supply problems. I think we're probably selling down into some of our safety stock levels in North America. Europe's pretty much average, and LatAm is probably on the higher end of normal maybe as an industry. But, for us, I can tell you our team has been really screaming for the supplies because the demand is there, and our channel is telling us that we're, if not normal, slightly below normal in our own stocking levels. So, if I step back and just think about where we are globally we're in really good shape this year.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

So maybe for a final question let's talk about cap allocation. You couple your buyback where you'll meet your buyback. And tell us where you are and you, obviously, have a new CFO looking at things with your help. Where are you right now in terms of M&A and the dividend, what GAAPs the portfolio do you want to spend, are there some maybe internal project, improvement projects you want to invest in. You may need some time to figure those out. Where are you right now on cap allocation?

Jim Collins
Chief Executive Officer

Yeah. Great job. So, it first starts with the strategy and our strategy around capital allocation is pretty much unchanged. And that's starting with maintaining a very healthy balance sheet, you know, our ability to borrow and support our customers, and driving that you know, some of the financing that was out there in the market really important. And you know we came through the early part of COVID, you know, thank goodness we had that stance. We had no issues borrowing in 2020 and onto 2021. Then the next step then is funding our growth. And we talked about that. The new product pipeline, things like our ERP programs, the investment that we're making in products like Brevant to drive new routes to market making sure that we're fully funding the growth out there. And then that final tier around capital allocation is about returning cash to shareholders. You talked about our share buyback program. We're on track to complete that kind of midyear timeframe, but also maintaining a very competitive dividend.

So, you asked about M&A and we will continue to take some looks at what I'll call opportunistic M&A, opportunities to diversify our geographic footprint or maybe add to our product offerings in a couple of areas we've discussed in the past, one is in this whole biological, microbial pest control where you can use kind of naturally occurring either enzymes or microbes to do the job. And there are hundreds of start-ups around the world that are characterizing these different products, and we're really encouraged that as they find leads, they're looking for a real rapid route to market, a company that can really help them characterize those products. So, whether they're venture, joint ventures, whether they're partnerships, whether they're small acquisitions, we're taking a really hard look at those.

And then the other thing I'm interested in is in the vegetable seed space. While there aren't any really large targets out there, there's some really nice, small, bolt-on opportunities to add some additional diversity to our seed offering but leverage our R&D investments, leverage our field staff and make a really nice connection to our crop protection business from insect and fungal control. So, we've already got a lot of good feet on the ground that's serving that vegetable industry which didn't have a seed offering. So, you'll see us take a look at some real bolt-on or tuck-in opportunities there. And then, finally, we're always on the lookout for digital acquisition opportunities, things that could help us round out that granular offering, or things like our field visor offering that we have out there now. So, just suffice to say, you know, kind of in that priority, continuing to maintain those different elements and returning capital to shareholders is a high priority for the company, and we're going to continue to work with our board to manage future programs as they unfold.

Joel Jackson
Analyst, BMO Capital
Markets Corp. (Canada)

Thanks a lot, Jim. Thanks for joining us. Have a great day at the conference.

Jim Collins
Chief Executive Officer

Great. Joel, thanks again for your questions, and look forward to the rest of the day.