

Bunge Reports First Quarter 2019 Results

05/08/19

WHITE PLAINS, N.Y., May 8, 2019 /PRNewswire/ -- Bunge Limited (NYSE: BG)

- Q1 GAAP EPS of \$0.26 vs. \$(0.20) in the prior year; \$0.36 vs. \$(0.06) on an adjusted basis
- Higher Agribusiness results reflect better Oilseeds crush volumes and margins
- Improved results in Food & Ingredients driven by full quarter of Loders Croklaan ownership and higher margins in Brazil operations
- Global Competitiveness Program continues to simplify operations and streamline customer service; on track to deliver \$250 million of total savings a year ahead of schedule
- New global operating model to accelerate decision-making, increase accountability and allocate capital to highest return opportunities

Overview

Greg Heckman, Bunge's Chief Executive Officer, commented, "Our results for the quarter were generally in-line with our expectations. I am pleased with our team's ability to execute and with the energy and engagement I've seen throughout the company. We continue to focus on operational performance, optimizing the portfolio, and strengthening financial discipline, strategic priorities which will move our organization forward.

To that end, today we announced a new global operating model to improve the speed and quality of decision-making," Mr. Heckman continued. "We expect this new model to provide additional clarity and accountability of roles and responsibilities and enhance strategic flexibility as we continue to evaluate the portfolio."

Financial Highlights

US\$ in millions, except per share data	Quarter Ended	
	March 31,	
	2019	2018
Net income (loss) attributable to Bunge	\$ 45	\$ (21)
Net income (loss) per common share from continuing operations-diluted	\$ 0.26	\$ (0.20)
Net income (loss) per common share from continuing operations-diluted, adjusted ^(a)	\$ 0.36	\$ (0.06)
Total Segment EBIT ^(a)	\$ 151	\$ 61
Certain gains & (charges) ^(b)	(15)	(24)
Total Segment EBIT, adjusted ^(a)	\$ 166	\$ 85
Agribusiness ^(c)	\$ 120	\$ 52
Oilseeds	\$ 98	\$ (34)
Grains	\$ 22	\$ 86
Food & Ingredients ^(d)	\$ 68	\$ 54
Sugar & Bioenergy	\$ (23)	\$ (20)
Fertilizer	\$ 1	\$ (1)

^(a) Total Segment earnings before interest and tax ("Total Segment EBIT"); Total Segment EBIT, adjusted; net income (loss) per common share from continuing operations-diluted, adjusted; adjusted funds from operations and ROIC are non-GAAP financial measures. Reconciliations to the most directly comparable U.S. GAAP measures are included in the tables attached to this press release and the accompanying slide presentation posted on Bunge's website. See Note 11 for a reconciliation of Cash provided by (used for) operating activities to Adjusted funds from operations.

^(b) Certain gains & (charges) included in Total Segment EBIT. See Additional Financial Information for detail.

^(c) See footnote 10 for a description of the Oilseeds and Grains businesses in Bunge's Agribusiness segment.

^(d) Includes Edible Oil Products and Milling Products segments.

First Quarter Results

Agribusiness

In Oilseeds, structural soy crush margins were higher in the U.S., Brazil and Europe due to our decision in 2018 to hedge a portion of our first-half 2019 crush capacity. Partially offsetting this improvement, were lower results in Argentina and China. Softseed processing results increased due to higher structural margins in Europe and Canada that more than offset lower results in China. First quarter results in 2018 were impacted by approximately \$120 million of negative mark-to-market related to forward oilseed crushing contracts. Oilseed trading and distribution results were lower than last year, which benefited from higher volatility.

In Grains, lower margins and volumes due to the combination of farmer retention of soybeans and reduced export demand from China negatively impacted results in origination and trading and distribution. While risk management was a positive contributor to the quarter, results were weaker than last year.

Edible Oil Products

Higher results in the quarter were driven by a full quarter of ownership of Loders Croklaan and an improved margin environment in Brazil, while results in Asia were slightly lower than last year.

Milling

Improved results in Brazil were more than offset by lower margins and volumes in Mexico. Results in the U.S. were similar to last year.

Sugar & Bioenergy

Q1 is the intercrop period and production for the season began toward the end of March. The sugar and ethanol sold during the quarter was inventory from the previous harvest.

Sugarcane milling results were slightly below last year primarily driven by lower sugar and ethanol prices, which were largely offset by lower costs.

Fertilizer

Higher results in the quarter were driven by our Argentine operation where lower costs more than offset lower margins.

Global Competitiveness Program

The Global Competitiveness Program (GCP) announced in July 2017 continues to rationalize Bunge's cost structure and re-engineer how the company operates. Through 2018, Bunge has achieved \$200 million in cost reductions, with an incremental \$50 million expected in 2019. This will achieve the full savings target of \$250 million a year ahead of schedule, reducing addressable SG&A to \$1.1 billion annually from \$1.35 billion when the program began.

Cash Flow

Cash used by operations in the three months ended March 31, 2019 was \$402 million compared to cash used of approximately \$1.8 billion in the same period last year. The year-over-year variance is primarily due to a decrease in inventory. Trailing four-quarter adjusted funds from operations was approximately \$1.2 billion as of the quarter ended March 31, 2019.

Income Taxes

Income taxes for the quarter ended March 31, 2019 were \$38 million.

• Outlook

Based on current market conditions, the Company's view on 2019 full-year consolidated results has not changed from its previously disclosed outlook, provided on February 21, 2019.

In Agribusiness, based on the current soy crush margin environment, 2019 full-year results would be expected to be lower than 2018. Actual soy crush margins over the course of the year are likely to evolve based on U.S.-China trade discussions, crop sizes and farmer commercialization. Based on the current softseed crush margin environment, results would be slightly higher than last year, driven by strong oil demand. Improvements in risk management and in how we operate should support higher results in Grains compared with last year.

In Food & Ingredients, full-year results in Edible Oils should benefit from 12 months of ownership of Loders Croklaan, as well as increased synergies from the integration of our B2B businesses. Favorable Milling operating environments in Brazil and the U.S. are likely to be partially offset by more challenging conditions in Mexico.

In Sugar & Bioenergy, based on normal weather and forward price curves for sugar and ethanol, full-year 2019 results would be expected to be about break-even. As in past years, results will be seasonally weighted to the second half of the year.

In Fertilizer, based on the current market environment, full-year results would be lower than last year.

The Global Competitiveness Program is expected to generate approximately \$50 million of incremental year-over-year savings. The Company expects additional savings from industrial and supply chain initiatives, which are expected to offset inflation.

Additionally, the Company expects the following for 2019: A tax rate in the range of 22% to 26%; net interest expense in the range of \$290 to \$310 million; capital expenditures of approximately \$550 million, of which approximately \$115 million is related to sugarcane milling; and depreciation, depletion and amortization of approximately \$650 million.

- **Chief Financial Officer Appointment**

Separately, Bunge also announces today that it has appointed John W. Neppl as Chief Financial Officer, effective May 29, 2019. He will succeed Thomas M. Boehlert who has served as Chief Financial Officer since 2017 and will remain for a transition period.

Commenting on the CFO appointment, Mr. Heckman said, "I have previously worked with John in operating agricultural processing, distribution, trading, food and food ingredients businesses. His decades of experience and his successful track record of driving organizational strategy will enable him to make a significant contribution to Bunge's future, and to build on the world-class financial team assembled under Thom's leadership."

Mr. Heckman added, "Thom has been a great contributor to Bunge, including his spearheading of our successful Global Competitiveness Program. I also want to express my personal gratitude to Thom for his key role in supporting Board Chair Kathi Hyle and me in our new roles over the past several months."

Mr. Neppl joins Bunge from Green Plains Inc., where he served as Chief Financial Officer. Green Plains is a diversified commodity processing business with operations related to ethanol production, grain handling and storage, cattle feeding, and commodity marketing and logistics services. Prior to Green Plains, Mr. Neppl was CFO of Gaviol Group and previously held senior financial roles at ConAgra Foods.

- **Conference Call and Webcast Details**

Bunge Limited's management will host a conference call at 8:00 a.m. EDT on Wednesday, May 8, 2019 to discuss the company's results.

Additionally, a slide presentation to accompany the discussion of results will be posted on www.bunge.com.

To listen to the call, please dial (877) 883-0383. If you are located outside the United States or Canada, dial (412) 902-6506. Please dial in five to 10 minutes before the scheduled start time and enter confirmation code 6317202. The call will also be webcast live at www.bunge.com.

To access the webcast, go to "Webcasts and presentations" in the "Investors" section of the company's website. Select "Q1 2019 Bunge Limited Conference Call" and follow the prompts. Please go to the website at least 15 minutes prior to the call to register and download any necessary audio software.

A replay of the call will be available later in the day on May 8, 2019, continuing through June 8, 2019. To listen to it, please dial (877) 344-7529 in the United States, (855) 669-9658 in Canada, or (412) 317-0088 in other locations. When prompted, enter confirmation code 10130216. A replay will also be available in "Past events" at "Webcasts and presentations" in the "Investors" section of the company's website.

- **About Bunge Limited**

Bunge Limited (www.bunge.com, NYSE: BG) is a world leader in sourcing, processing and supplying oilseed and grain products and ingredients. Founded in 1818, Bunge's expansive network feeds and fuels a growing world, creating sustainable products and opportunities for more than 70,000 farmers and the consumers they serve in over 60 countries. The company is headquartered in New York and has 31,000 employees worldwide who stand behind more than 360 port terminals, oilseed processing plants, grain silos, and food and ingredient production and packaging facilities around the world.

- **Website Information**

We routinely post important information for investors on our website, www.bunge.com, in the "Investors" section. We may use this website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investors section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this document.

- **Cautionary Statement Concerning Forward-Looking Statements**

This press release contains both historical and forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not based on historical facts, but rather reflect our current expectations and projections about our future results, performance, prospects and opportunities. We have tried to identify these forward-looking statements by using words including "may," "will," "should," "could," "expect," "anticipate," "believe," "plan," "intend," "estimate," "continue" and similar expressions. These forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. The following important factors, among others, could cause actual results to differ from these forward-looking statements: the outcome and effects of the Board's strategic review; our ability to attract and retain executive management and key personnel; industry conditions, including fluctuations in supply, demand and prices for agricultural commodities and other raw materials and products used in our business; fluctuations in energy and freight costs and competitive developments in our industries; the effects of weather conditions and the outbreak of crop and animal disease on our business; global and regional agricultural, economic, financial and commodities market, political, social and health conditions; the outcome of pending regulatory and legal proceedings; our ability to complete, integrate and benefit from acquisitions, dispositions, joint ventures and strategic alliances; our ability to achieve the efficiencies, savings and other benefits anticipated from our cost reduction, margin improvement and other business optimization initiatives; changes in government policies, laws and regulations affecting our business, including agricultural and trade policies, tax regulations and biofuels legislation; and other factors affecting our business generally. The forward-looking statements included in this release are made only as of the date of this release, and except as otherwise required by federal securities law, we do not have any obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances.

- **Additional Financial Information**

The following table provides a summary of certain gains and charges that may be of interest to investors, including a description of these items and their effect on net income (loss) attributable to Bunge, earnings per share diluted and total segment EBIT for the quarters ended March 31, 2019 and 2018.

(US\$ in millions, except per share data)	Net Income (Loss) Attributable to Bunge		Earnings Per Share Diluted		Total Segment EBIT ⁽⁶⁾	
	2019	2018	2019	2018	2019	2018
Quarter Ended March 31,						
Agribusiness: ⁽¹⁾	\$ (10)	\$ (8)	\$ (0.07)	\$ (0.05)	\$ (11)	\$ (10)
Severance, employee benefit, and other costs	(4)	(9)	(0.03)	(0.06)	(5)	(11)
Impairment charges	(6)	—	(0.04)	—	(6)	—
Gain on disposition of subsidiary	—	1	—	0.01	—	1
Edible Oil Products: ⁽²⁾	\$ (2)	\$ (5)	\$ (0.02)	\$ (0.04)	\$ (3)	\$ (7)
Severance, employee benefit, and other costs	(1)	(2)	(0.01)	(0.01)	(2)	(2)
Acquisition and integration costs	(1)	(3)	(0.01)	(0.03)	(1)	(5)
Milling Products: ⁽³⁾	\$ —	\$ (1)	\$ —	\$ (0.01)	\$ —	\$ (2)
Severance, employee benefit, and other costs	—	(1)	—	(0.01)	—	(2)
Sugar & Bioenergy: ⁽⁴⁾	\$ (2)	\$ (4)	\$ (0.01)	\$ (0.03)	\$ (1)	\$ (4)
Severance, employee benefit, and other costs	—	(1)	—	(0.01)	1	(1)
Sugar restructuring charges	(2)	(3)	(0.01)	(0.02)	(2)	(3)
Fertilizer: ⁽⁵⁾	\$ —	\$ (1)	\$ —	\$ (0.01)	\$ —	\$ (1)
Severance, employee benefit, and other costs	—	(1)	—	(0.01)	—	(1)
Total	\$ (14)	\$ (19)	\$ (0.10)	\$ (0.14)	\$ (15)	\$ (24)

Consolidated Earnings Data (Unaudited)

(US\$ in millions, except per share data)	Quarter Ended March 31,	
	2019	2018
Net sales	\$ 9,938	\$ 10,641
Cost of goods sold	(9,501)	(10,257)
Gross profit	437	384
Selling, general and administrative expenses	(305)	(344)
Foreign exchange gains (losses)	(7)	—
Other income (expense) – net	31	24
EBIT attributable to noncontrolling interest ^{(a) (7)}	(5)	(3)
Total Segment EBIT ⁽⁶⁾	151	61
Interest income	7	8
Interest expense	(75)	(70)
Income tax (expense) benefit	(38)	(19)
Noncontrolling interest share of interest and tax ^{(a) (7)}	—	1
Income (loss) from continuing operations, net of tax	45	(19)
Income (loss) from discontinued operations, net of tax	—	(2)
Net income (loss) attributable to Bunge ⁽⁷⁾	45	(21)
Convertible preference share dividends	(8)	(8)
Net income (loss) available to Bunge common shareholders	\$ 37	\$ (29)
Net income (loss) per common share diluted attributable to Bunge common shareholders ⁽⁸⁾		
Continuing operations	\$ 0.26	\$ (0.20)
Discontinued operations	—	(0.01)
Net income (loss) per common share - diluted	\$ 0.26	\$ (0.21)
Weighted-average common shares outstanding - diluted	142	141

(a) The line items "EBIT attributable to noncontrolling interest" and "Noncontrolling interest share of interest and tax" when combined, represent consolidated Net (income) loss attributable to noncontrolling interests on a U.S. GAAP basis of presentation.

Consolidated Segment Information (Unaudited)

Set forth below is a summary of certain earnings data and volumes by reportable segment.

	Quarter Ended	
	March 31,	
(US\$ in millions, except volumes)	2019	2018
Volumes (in thousands of metric tons):		
Agribusiness	34,429	35,805
Edible Oil Products	2,309	2,008
Milling Products	1,105	1,135
Sugar & Bioenergy	816	1,447
Fertilizer	196	172
Net sales:		
Agribusiness	\$ 6,919	\$ 7,462
Edible Oil Products	2,239	2,149
Milling Products	426	409
Sugar & Bioenergy	285	563
Fertilizer	69	58
Total	\$ 9,938	\$ 10,641
Gross profit:		
Agribusiness	\$ 235	\$ 203
Edible Oil Products	150	126
Milling Products	49	54
Sugar & Bioenergy	(2)	(4)
Fertilizer	5	5
Total	\$ 437	\$ 384
Selling, general and administrative expenses:		
Agribusiness	\$ (152)	\$ (185)
Edible Oil Products	(99)	(91)
Milling Products	(33)	(39)
Sugar & Bioenergy	(18)	(24)
Fertilizer	(3)	(5)
Total	\$ (305)	\$ (344)
Foreign exchange gains (losses):		
Agribusiness	\$ (8)	\$ —
Edible Oil Products	2	(1)
Milling Products	2	2
Sugar & Bioenergy	(3)	1
Fertilizer	—	(2)
Total	\$ (7)	\$ —
Segment EBIT:		
Agribusiness	\$ 109	\$ 42
Edible Oil Products	48	28
Milling Products	17	17
Sugar & Bioenergy	(24)	(24)
Fertilizer	1	(2)
Total Segment EBIT ⁽⁶⁾	\$ 151	\$ 61

Condensed Consolidated Balance Sheets (Unaudited)

	March 31,	December 31,
(US\$ in millions)	2019	2018
Assets		
Cash and cash equivalents	\$ 464	\$ 389
Trade accounts receivable, net	1,717	1,637
Inventories ⁽⁹⁾	5,938	5,871
Other current assets	3,120	3,171
Total current assets	11,239	11,068
Property, plant and equipment, net	5,197	5,201
Operating lease assets	1,010	—
Goodwill and other intangible assets, net	1,380	1,424
Investments in affiliates	463	451
Other non-current assets	1,246	1,281
Total assets	\$ 20,535	\$ 19,425
Liabilities and Equity		
Short-term debt	\$ 1,733	\$ 750
Current portion of long-term debt	414	419
Trade accounts payable	3,841	3,501
Current operating lease obligations	225	—
Other current liabilities	1,840	2,502
Total current liabilities	8,053	7,172
Long-term debt	3,821	4,203
Non-current operating lease obligations	739	—
Other non-current liabilities	1,197	1,248
Total liabilities	13,810	12,623
Redeemable noncontrolling interest	421	424
Total equity	6,304	6,378
Total liabilities, redeemable noncontrolling interest and equity \$	20,535	\$ 19,425

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Quarter Ended	
	March 31,	
(US\$ in millions)	2019	2018
Operating Activities		
Net income (loss) ⁽⁷⁾	\$ 50	\$ (19)
Adjustments to reconcile net income (loss) to cash provided by (used for) operating activities:		
Foreign exchange (gain) loss on net debt	37	33
Depreciation, depletion and amortization	139	142
Deferred income tax (benefit)	(3)	(15)
Other, net	32	21
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(128)	47
Inventories	(94)	(1,466)
Secured advances to suppliers	(31)	(110)
Trade accounts payable and accrued liabilities	248	268
Advances on sales	(97)	(93)
Net unrealized gain (loss) on derivative contracts	(370)	435
Margin deposits	102	(187)
Marketable securities	(36)	(153)
Beneficial interest in securitized trade receivables	(244)	(663)
Other, net	(7)	(13)
Cash provided by (used for) operating activities	(402)	(1,773)
Investing Activities		
Payments made for capital expenditures	(119)	(105)
Acquisitions of businesses (net of cash acquired)	—	(968)
Proceeds from investments	37	336
Payments for investments	(193)	(620)
Settlement of net investment hedges	(51)	10
Proceeds from beneficial interest in securitized trade receivables	275	662
Payments for investments in affiliates	(4)	(16)
Other, net	14	(6)
Cash provided by (used for) investing activities	(41)	(707)
Financing Activities		
Net borrowings (repayments) of short-term debt	988	984
Net proceeds (repayments) of long-term debt	(398)	1,264
Proceeds from the exercise of options for common shares	5	4
Dividends paid to common and preference shareholders	(79)	(73)
Other, net	(3)	(5)
Cash provided by (used for) financing activities	513	2,174
Effect of exchange rate changes on cash and cash equivalents and restricted cash	6	(7)
Net increase (decrease) in cash and cash equivalents and restricted cash	76	(313)
Cash and cash equivalents and restricted cash - beginning of period	393	605
Cash and cash equivalents and restricted cash - end of period	\$ 469	\$ 292

- Definition and Reconciliation of Non-GAAP Measures**

This earnings release contains certain "non-GAAP financial measures" as defined in Regulation G of the Securities Exchange Act of 1934. Bunge has reconciled these non-GAAP financial measures to the most directly comparable U.S. GAAP measures below. These measures may not be comparable to similarly titled measures used by other companies.

Total Segment EBIT and Total Segment EBIT, adjusted

Bunge uses total segment earnings before interest and taxes ("Total Segment EBIT") to evaluate Bunge's operating performance. Total Segment EBIT excludes EBIT attributable to noncontrolling interests and is the aggregate of each of our five reportable segments' earnings before interest and taxes. Total Segment EBIT, adjusted, is calculated by excluding certain gains and charges as described above in "Additional Financial Information" from Total Segment EBIT. Total Segment EBIT and Total Segment EBIT, adjusted are non-GAAP financial measures and are not intended to replace net income (loss) attributable to Bunge, the most directly comparable U.S. GAAP financial measure. Bunge's management believes these non-GAAP measures are a useful measure of its reportable segments' operating profitability, since the measures allow for an evaluation of segment performance without regard to their financing methods or capital structure. For this reason, operating performance measures such as these non-GAAP measures are widely used by analysts and investors in Bunge's industries. These non-GAAP measures are not a measure of consolidated operating results under U.S. GAAP and should not be considered as an alternative to net income (loss) or any other measure of consolidated operating results under U.S. GAAP.

Below is a reconciliation of Net income attributable to Bunge to Total Segment EBIT, adjusted:

	Quarter Ended	
	March 31,	
(US\$ in millions)	2019	2018
Net income (loss) attributable to Bunge	\$ 45	\$ (21)
Interest income	(7)	(8)
Interest expense	75	70
Income tax expense (benefit)	38	19
(Income) loss from discontinued operations, net of tax	—	2
Noncontrolling interest share of interest and tax	—	(1)
Total Segment EBIT	151	61
Certain (gains) and charges	15	24
Total Segment EBIT, adjusted	\$ 166	\$ 85

• **Net Income (loss) per common share from continuing operations—diluted, adjusted**

Net income (loss) per common share from continuing operations-diluted, adjusted, excludes certain gains and charges and discontinued operations and is a non-GAAP financial measure. This measure is not a measure of earnings per common share-diluted, the most directly comparable U.S. GAAP financial measure. It should not be considered as an alternative to earnings per share-diluted or any other measure of consolidated operating results under U.S. GAAP. Net income (loss) per common share from continuing operations-diluted, adjusted is a useful measure of the Company's profitability.

Below is a reconciliation of Net income attributable to Bunge to Net income (loss) - adjusted (excluding certain gains & charges and discontinued operations).

	Quarter Ended	
	March 31,	
(US\$ in millions, except per share data)	2019	2018
Net Income (loss) attributable to Bunge	\$ 45	\$ (21)
Adjusted for certain gains and charges:		
Severance, employee benefit, and other costs	5	14
Impairment charges	6	—
Sugar restructuring charges	2	3
Acquisition and integration costs	1	3
(Gain) on disposition of subsidiary	—	(1)
Adjusted Net Income attributable to Bunge	59	(2)
Discontinued operations	—	2
Convertible preference shares dividends	(8)	(8)
Net income (loss) - adjusted (excluding certain gains & charges and discontinued operations)	\$ 51	\$ (8)
Weighted-average common shares outstanding - diluted	142	141
Net income (loss) per common share - diluted, adjusted (excluding certain gains & charges and discontinued operations)	\$ 0.36	\$ (0.06)

Below is a reconciliation of Net income (loss) per common share from continuing operations - diluted, adjusted (excluding certain gains & charges and discontinued operations) to Net income (loss) per common share—diluted:

	Quarter Ended March 31,	
	2019	2018
Continuing operations:		
Net income (loss) per common share - diluted adjusted (excluding certain gains & charges and discontinued operations)	\$ 0.36	\$ (0.06)
Certain gains & charges (see Additional Financial Information section)	(0.10)	(0.14)
Net income (loss) per common share - continuing operations	0.26	(0.20)
Discontinued operations:		
	—	(0.01)
Net income (loss) per common share - diluted	\$ 0.26	\$ (0.21)

- **Severance, Employee Benefit and Other Costs**

The following table summarizes the costs incurred as part of the Global Competitiveness Program ("GCP") and other associated cost reduction and strategic initiatives.

	Quarter Ended March 31, 2019				Quarter Ended March 31, 2018			
	Severance and Employee Benefit Costs	Consulting and Professional Services	Other Program Costs	Total Costs	Severance and Employee Benefit Costs	Consulting and Professional Services	Total Costs	
Global Competitiveness Program:								
Agribusiness	\$ 2	\$ 2	\$ 1	\$ 5	\$ 4	\$ 6	\$ 10	
Edible Oil Products	1	1	—	2	1	1	2	
Milling Products	—	—	—	—	—	1	1	
Sugar & Bioenergy	(1)	—	—	(1)	—	1	1	
Costs included in Selling, general and administrative expenses	2	3	1	6	\$ 5	\$ 9	\$ 14	
Other associated cost reduction and strategic initiatives:								
Costs included in Cost of goods sold	—	—	—	—	\$ 2	\$ —	\$ 2	
Total GCP and Other costs	\$ 2	\$ 3	\$ 1	\$ 6	\$ 7	\$ 9	\$ 16	

2017 baseline total SG&A was \$1.45 billion. There was \$100 million of SG&A determined not to be addressable through the GCP, leaving 2017 addressable baseline SG&A of \$1.35 billion ("Addressable Baseline"). The items that are not addressable by the GCP relate to costs other than direct spending and personnel costs, such as amortization, bad debt charges and recoveries and financing fees and taxes.

GCP savings are determined by comparing Adjusted Actual Addressable SG&A to the Addressable Baseline. Adjusted Actual Addressable SG&A is equal to the total reported SG&A minus the items not addressable by the GCP, plus or minus items such as:

- GCP program costs which include severance and related employee costs, consulting and professional costs and other costs specifically designated to the program,
- Changes in inflation and foreign exchange rates as compared to Addressable Baseline assumptions,
- Perimeter changes relating to acquisitions and divestitures and corporate transactions,
- Changes in variable compensation relating to business performance as compared to the Addressable Baseline assumptions, and
- Identified investments in new or enhanced capabilities.

We expect to reduce Actual Addressable SG&A from the Addressable Baseline level of \$1.35 billion to \$1.1 billion by the end of 2019, achieving \$250 million in run-rate savings by the end of 2019.

As previously announced, the Company has developed a high-level estimate of \$200 - \$300 million for the total pre-tax costs expected to be incurred in connection with the Global Competitiveness Program.

- **Notes**

(1)
Agribusiness:

2019 first quarter EBIT includes charges related to the GCP of \$5 million (\$2 million for severance and other employee benefit costs and \$3 million for other program costs), all of which was included in Selling, general and administrative expenses (SG&A). 2019 first quarter EBIT also includes a PP&E impairment charge of \$6 million related to a crush facility in China.

2018 first quarter EBIT includes charges related to the GCP of \$10 million (\$4 million for severance and other employee benefit costs and \$6 million for other program costs), all of which was included in SG&A. 2018 first quarter EBIT also includes \$1 million for severance and other employee benefits related to other industrial initiatives recorded in Cost of goods sold (COGS) and a \$1 million gain on the sale of a subsidiary.

(2) **Edible Oil Products:**

2019 first quarter EBIT includes charges related to the GCP of \$2 million (\$1 million for severance and other employee benefit costs and \$1 million for other program costs), all of which was included in SG&A.

Additionally, \$1 million of acquisition and integration costs related to the acquisition of IOI Loders Crokiaan were incurred, all of which were included within SG&A.

2018 first quarter EBIT includes charges related to the GCP of \$2 million (\$1 million for severance and other employee benefit costs and \$1 million for other program costs), all of which was included in SG&A.

Additionally, \$5 million of acquisition and integration costs related to the acquisition of IOI Loders Crokiaan were incurred, all of which were included within SG&A.

(3) **Milling Products:**

2018 first quarter EBIT includes charges related to the GCP of \$1 million for other program costs, all of which was included in SG&A. 2018 first quarter EBIT also includes \$1 million for severance and other employee benefits related to other industrial initiatives recorded in COGS.

(4) Sugar & Bioenergy:

2019 first quarter EBIT includes a credit related to the GCP of \$1 million for the adjustment of previously recorded severance and other employee benefit costs, which were included in SG&A. 2019 first quarter EBIT also includes Sugar restructuring charges of \$2 million recorded in COGS.

2018 first quarter EBIT includes charges related to the GCP of \$1 million for other program costs, all of which was included in SG&A. 2018 first quarter EBIT also includes Sugar restructuring charges of \$3 million recorded in COGS.

(5) Fertilizer:

2018 first
quarter EBIT
includes \$1
million for
severance and
other
employee
benefits
related to
other industrial
initiatives
recorded in
COGS.

Notes to Financial Tables:

(6) See Definition and Reconciliation of Non-GAAP Measures.

(7) A reconciliation of Net income (loss) attributable to Bunge to Net income (loss) is as follows:

Three Months Ended March 31,			
	2019		2018
Net income (loss) attributable to Bunge	\$ 45	\$	(21)
EBIT attributable to noncontrolling interest	5		3
Noncontrolling interest share of interest and tax	—		(1)
Net income (loss)	\$ 50	\$	(19)

Approximately 5 million and 7 million outstanding stock options and contingently issuable restricted stock units were not dilutive and not included in the weighted-average number of common shares outstanding for the quarters ended March 31, 2019 and 2018, respectively. Additionally, approximately 8 million weighted-average common shares that are issuable upon conversion of the convertible preference shares were not dilutive and not included in the weighted-average number of shares outstanding for the quarters ended March 31, 2019 and 2018.

(9) Includes readily marketable inventories of \$4,502 million and \$4,532 million at March 31, 2019 and December 31, 2018, respectively. Of these amounts, \$3,387 million and \$3,374 million, respectively, can be attributable to merchandising activities.

The Oilseed business included in our Agribusiness segment consists of our global activities related to the crushing of oilseeds (including soybeans, canola, rapeseed and sunflower seed) into protein meals and vegetable oils; the trading and distribution of oilseeds and oilseed products; and biodiesel production, which is primarily conducted through joint ventures.

(10) The Grains business included in our Agribusiness segment consists primarily of our global grain origination activities, which principally conduct the purchasing, cleaning, drying, storing and handling of corn, wheat, barley, rice and oilseeds at our network of grain elevators; the logistical services for distribution of these commodities to our customer markets through our port terminals and transportation assets (including trucks, railcars, barges and ocean vessels); and financial services and activities for customers from whom we purchase commodities and other third parties.

(11) A reconciliation of Cash provided by (used for) operating activities to Adjusted funds from operations is as follows:

Trailing Four Quarters Ended March 31, 2019	
Cash provided by (used for) operating activities	\$ 107
Foreign exchange gain (loss) on net debt	(143)
Working capital changes	1,214
Adjusted funds from operations	\$ 1,178

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