Bunge Limited

Third Quarter 2020 Earnings Release

Wednesday, October 28, 2020, 8:00 AM Eastern

CORPORATE PARTICIPANTS

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Greg Heckman - *Chief Executive Officer*

John Neppl - *Chief Financial Officer*

PRESENTATION

Operator
Good morning, and welcome to the Bunge Limited Third Quarter 2020 Earnings Release and Conference Call. All participants will be in listen only mode. Should you need assistance, please signal a conference specialist by pressing the star key, followed by zero. After today's presentation, there will be an opportunity to ask questions. Please note, this event is being recorded.

I would now like to turn the conference over to Ruth Ann Wisener. Please go ahead.

Ruth Ann Wisener
Thank you, Alyssa. And thank you for joining us this morning for our third quarter earnings call. Before we get started, I want to let you know that we have slides to accompany our discussion. These can be found in the investor section of our website, at Bunge.com, under investor presentations. Reconciliations of non GAAP measures, to the most directly comparable GAAP financial measure, are posted on our website as well.

I'd like to direct you to slide two and remind you that today's presentation includes forward looking statements that reflect Bunge's current view, with respect to future events, financial performance, and industry conditions. These forward looking statements are subject to various risk and uncertainties. Bunge has provided additional information in its reports on file with SEC, concerning factors that could cause actual results to differ materially from those contained in this presentation. And we encourage you to review these factors.

On the call this morning are Greg Heckman, Bunge's, Chief Executive Officer, and John Neppl, Chief Financial Officer. I'll now turn the call over to Greg.

Greg Heckman
Thank you, Ruth Ann. And good morning, everyone. Turning to slide three, you can see the agenda for today's call. I'll start with an overview of the third quarter, then hand it over to John, who will go into more details on our performance. I'll then share how we're thinking about the rest of the year in 2021, before opening the line for your questions.

So let's start with the quarter, turning to slide four. We had an exceptional quarter and I couldn't be more proud of our team's outstanding execution. We achieved record crush utilization across our global footprint. And we remain agile, identifying opportunities and moving quickly to capture them as market conditions evolved. These results and our performance over the past few quarters reflect the meaningful changes we've made, with a more global integrated operating model, improved portfolio, and increased financial discipline. This is even more impressive considering our COVID protocols, and how many members of the team have been working remotely.

During the quarter, we continued rewiring the way we do business. And we make further progress on our portfolio initiative, with additional announcements expected before the end of the year. With most of the work to divest of our non-core assets behind us, we're now able to

look ahead and effectively address our business needs down the road. On an ongoing basis, we'll look for opportunities to continuously improve our portfolio to ensure we're well positioned over the long term.

Last quarter, we called out a number of drivers that could change our outlook for the third quarter. In most cases, the movements were positive, and the team did a great job of adjusting as things developed. On crush margin curves, we noted they'd begun to increase. That improvement continued through the quarter in several regions, and margins ended the quarter much higher than the forward curves indicated in July.

The tightening of vegetable oil across the complex we noted last quarter continued, particularly in South America and Europe. We've seen the demand for oil improve in the food channel as we move through the COVID environment and has been widely noted. Biofuels are creating incremental demand. We noted China was purchasing aggressively in the U.S. And we saw continued strong soybean flows to China, which helped to further tighten global supplies. We also saw China's start buying corn.

The impact of the situation in Argentina on our business is largely unchanged from last quarter. While the current environment does not allow us to fully utilize our Argentine system, we have flexed our global platform to meet customer demands. Finally, we noted that many customers were in the spot market. As we move through the third quarter, customers began to lock in their needs. And as I said, our Ag and Food teams did a great job executing, as we help customers at both ends of the value chain manage their risk.

Our teams continue to do an excellent job collaborating with our customers to find solutions to their evolving needs, related to COVID. We believe this quarter fully demonstrates that we have the right portfolio and the right team focused on the right things. Internally, we’re faster, more efficient, and more data driven than ever. We've internalized our approach to risk management over the past 18 months, and it's become ingrained in the way our teams do their jobs on a day to day basis throughout our value chains.

Before handing it over to John, I just want to stress that in our view, the team's execution was nearly flawless this quarter. Based on Q3 results and improving market trends, we now expect the will in the year with adjusted EPS in the range of $6.25, to $6.75. And while we can't assume everything will always go perfectly, given the inherent volatility in the global ag business, we are confident in our ability to protect our margins on the downside, manage our earnings at risk, and expand on both when the opportunity exists.

So with that, I'll hand the call over to John now to walk through the financial results in detail. And we'll then close with some additional thoughts on the rest of the year and 2021.

John Neppl
Thanks, Greg. Good morning, everyone. You may have noticed that we made an additional change to the format of our earnings press release. We have included a line item for mark to market timing differences that will provide a clearer assessment of company quarterly and year to date results. Note that our adjusted results, which in the past have excluded certain gains and charges, will now also exclude mark to market timing differences. We also adjusted the prior year accordingly. We think this change further improves transparency and will help your understanding of our financial performance.

Now let's turn to the earnings highlights on slide five. Our reported third quarter earnings per share was $1.84, compared to a loss of $10.57 in the third quarter of 2019. Adjusted EPS was $2.47 in the third quarter, versus $1.28 in the prior year. Our reported results included a 14 cent Income Tax Benefit related to the reversal of a deferred tax valuation asset, and 85 cents of negative mark to market timing differences that were excluded to arrive at adjusted EPS.

Adjusted core segment earnings before interest in taxes, or EBIT, was $581 million in the quarter, versus adjusted EBIT of $287 million in the prior year. Primarily driven by results in Agribusiness, or adjusted EBIT, was $467 million dollars compared to $174 million last year. As Greg noted, higher Agribusiness results in the quarter reflect strong execution throughout the value chains, especially in managing the capacity of our assets, global trade flows and risk.

In oil seeds, soy crush results were higher in South America, Europe and Asia, where margins expanded from strong meal and vegetable oil demand, partially offset by slightly lower results in the U.S. Soft seed processing results increased in all regions, driven by the increase in vegetable oil prices and record capacity utilization. Lower variable per unit costs also contributed to improve performance.

Results in our oil seeds trading and distribution operations were up compared to last year, due to increase margins and favorable positioning. Results in grains improved primarily driven by origination of South America, which benefited from strong execution and farmers selling, as crop prices in local currency increased during the quarter. In Edible Oils, results of $67 million, trended favorably and were up $16 million or about 30% from the second quarter, but results were down from a strong year ago period.

Higher earnings in Brazil and Asia, which benefited from improved demand in food processor and consumer retail channels, were more than offset by lower earnings in North America and Europe. Year to date adjusted EBIT was higher than last year, reflecting our broad diverse portfolio and the excellent execution of our teams during this challenging period of COVID-19 related lockdowns and restrictions.

In Milling, high results in Brazil, primarily driven by increased volumes, were slightly offset by lower margins in Mexico. Results in our U.S. operations were comparable to last year. In Fertilizer, higher segment results reflected improved performance in our Argentine operation, driven by higher margins partially offset by lower volumes. In corporate and other, total adjusted segment EBIT included expenses of $94 million from corporate, and income of $2 million from other. This compared to expenses of $65 million from corporate and a loss of $4 million in other from the prior year.

The increase in corporate expenses during the quarter was driven by higher performance based compensation accruals on strong financial performance. Results for our 50/50 joint venture with BP, benefited from higher year over year average sugar and ethanol prices in local currency, as well as improved industrial efficiency and costs. Earnings in the third quarter of last year benefited from no depreciation as those assets reclassified as held for sale.

For the three and nine months ended September 30th, 2020, income tax expense was $38 million and $151 million respectively, compared to a tax benefit of $28 million and expense of $70 million for the three and nine months ended September 30th, 2019, respectively. The

increase in income tax expense during 2020 is driven by higher pre-tax income. Net interest expense of $51 million was in line with our expectations.

Now let's turn to slide six. Here you can see our positive earning trend adjusted for notable items and timing differences over the past three full years, along with the trailing 12 month performance for the three most recent quarter ends. Slide seven compares our Q3 SG&A to the prior year. Adjusting for notable items, our SG&A this quarter was up $66 million. A significant increase in performance based compensation accruals, due to our improved financial performance, as well as other specified items such as inflation and foreign currency fluctuations accounted for a net increase of $82 million, partially offset by underlying SG&A savings of $16 million.

Moving to slide eight, for the trailing 12 month period, our cash generation, excluding notable items and mark to market timing differences, were strong with approximately $1.6 billion of adjusted funds from operations. The cash flow generation enabled us to comfortably find our cash obligations over the last 12 months and fund approximately $800 million dollars of our increase in readily marketable inventories. As you can see on slide nine, this allowed us to strengthen our balance sheet. At the end of the third quarter, 89% of our net debt was used to finance readily marketable inventories. This compares to about 70% last year.

Turning to slide 10, at the end of the quarter, we had committed credit facilities of approximate $4.3 billion, with $3.6 billion available. And last week, we closed on a $1.25 billion revolving credit facility, that was $250 million is committed and $1 billion is uncommitted. This facility further strengthens our liquidity. In addition, we had a cash balance of $291 million at the end of third quarter.

Slide 11 summarizes our capital allocation. Year to date adjusted funds from operations, which excludes notable items and mark to market timing differences, was approximately $1.3 billion. After allocating $160 million to sustaining capex to include maintenance, environmental health and safety, and $25 million to prefer dividends, we had approximately $1.1 billion dollars of discretionary cash flow available. Of this amount, we pay $212 million in common dividends to shareholders, invested $70 million in growth and productivity capex, and during Q2, bought back $100 million of our stock. The remaining cash flow of approximate $730 million was used to strengthen our balance sheet.

Please turn to slide 12. On our business update in June, we introduced two complimentary return metrics that we believe reflect performance of our business. One of those metrics is adjusted ROIC, which recognizes merchandising RMI as a tool to generate incremental profit. For the trailing 12 months, adjusted ROIC was 13.8% or 7.2 percentage points over our RMI adjusted weighted average cost of capital of 6.6%. ROIC was 10.9%, 4.9 percentage points over our weighted average cost of capital of 6%, and well above our stated target of 9%. Detailed calculations of these metrics are in the appendix of this presentation.

Moving to slide 13. The second complimentary metric we introduced was cash flow yield, which is the ratio of discretionary cash flow to adjusted book equity. This measure emphasizes cash generation and complements other earnings and return metrics. Here you can see cash flow yield over the last three full years, as well as for the trailing 12 months, for the three most recent quarter ends, measured against our cost of equity of 7%. For the trailing 12 month period ending September 30th, 2020, we produced a cash flow yield of 22%.

Please turn to slide 14 in our 2020 outlook. As Greg mentioned in his remarks, we now expect full year adjusted earnings, excluding notable items and mark to market timing differences between $6.25 and $6.75 a share. In Agribusiness, our improved outlook reflects our third quarter year to date results, the current market environment, and forward curves. In Edible Oils, we now expect adjusted full year results to be up compared to last year, due to strong performance of our consumer businesses and growing biofuel demand. Expected full year adjusted results in Milling continue to be in line with last year.

In Fertilizer, we now expect full year adjusted results to be slightly higher than last year. Corporate and other is expected to be comparable to last year when excluding Bunge ventures. We also expect an adjusted annual effective tax rate in the range of 20% to 22%, net interest expense of approximately $230 million, capital expenditures in the range of $375 to $400 million dollars, and depreciation and amortization of approximately $430 million.

With that, I'll turn things back over to Greg for some closing comments.

Greg Heckman
Thanks, John. Before turning to Q&A, I want to give you a few closing thoughts. While we can't fully predict how the markets will evolve, based on what we see now, we expect many of the favorable trends to carry through the balance of 2020 and into 2021. Looking longer term, we expect underlying demand for our core products to remain strong. We also expect additional global demand for vegetable oil, due to the growth of biofuels, both from conventional biodiesel as well as incremental growth in renewable diesel. Which is a drop in fuel chemically identical to crude based diesel.

With our strength in oil seed processing, in addition to our worldwide origination and distribution capabilities, we're well positioned to meet market demands, and capitalize on this growth. So in closing, we can tell you we're confident in all the changes we made at Bunge. We're confident in our global platform, our operating model, and our financial approach. And most importantly, we're confident in our team and their continuing ability to identify and capture the opportunities ahead of us.

Now with that, I'll open the call to your questions.

Operator
Thank you, we will now begin the question and answer session. To ask a question, you may press star then one on your touch tone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star then two. At this time, we will pause momentarily to assemble our roster.

The first question today comes from Ben Bienvenu, of Stevens Inc, please go ahead.

Ben Bienvenu
Hey, good morning, congratulations on the results.

John Neppl
Thank you very much.

Greg Heckman
Good morning.

Ben Bienvenu
So if we rewind back to the summer, at your investor day, you outlined a $5 mid cycle earnings number. And embedded within that, was a return to an average crush environment and $1 of self-help. I think your guidance clearly suggests, as with the fundamental environment more broadly, that you're above mid cycle fundamentals. But I'm curious where you are in your journey to deliver against that $1 of self-help. And within that I know, deleveraging and repositioning the balance sheet is an important component of that self-help story. You know, with these results, how do you think about getting to an investment grade rated debt profile? And what does that milestone mean for you in terms of capital allocation flexibility?

John Neppl
Thanks, Ben, this is John. I think we're well on our way on the dollar of self-help. A couple things yet, that have yet to close - a grain sale, of course, the proceeds from that and the proceeds from a margarine and mayo deal. Neither of those are closed yet, which is part of the dollar and balance sheet, as we firm up the balance sheet. In terms of the cost saving side, I think we're well on our way there. We've shown good progress both on the SG&A side and on the industrial side. So we feel very confident that we'll get the 50 to 60 we talked about there.

And then, we're continuing to improve our underlying business in a number of ways. One of those was in specialty that we were focused on as part of that improvement. In terms of going forward and thinking about how we're performing, relative to investment grade credit rating, I think we are definitely headed in the right direction. I think our metrics continue to improve. We're having good dialogue with the rating agencies. And I think they're pleased with the progress.

And so our goal, of course, is to get back to solid BBB with S&P on stable outlook and get an upgrade with Moody's. And, again, I can't predict when that'll happen, but I think we're doing all the right things. And ultimately, from a capital allocation standpoint, with the cash generation that we've been able to produce, we're taking a hard look at what we need to do going forward here.

Ben Bienvenu
Okay, great. My second question is related to the sugar and bioenergy business. Which, I know, is not core to your business and by definition is non-core, per your release. It wasn't included in the outlook. I know, part of that is because it's non-core, but the results are materially improved. And I'm curious what you think that portends, as it relates to the prospect of divesting that business and kind of how you think about your remaining business and kind of reallocation of funds, if you were to consummate the sale of the sugar business?

John Neppl
Well, I don't think, the reason the recent improvement, certainly while we're very happy with that, obviously, I don't think it changes our long term plans with that business. The team that is running it is a very solid team; we've got a great partner in BP. So we're very happy with the current arrangement. But our goal long term, again, it hasn't changed, which is to divest of that business over time, whether through a sale to BP or an IPO or some other ultimate exit.

But in the meantime, we'll continue to support them as best we can. Long term, we'll see what the opportunities are, when that when that occurs. It's going to be at least 12 to 18 months out before something happens, or most likely. And we'll see what opportunity we have with that capital at that point in time.

Ben Bienvenu
Okay, great, thanks. And best of luck with the remainder of the year.

Greg Heckman
Thank you very much.

Operator
The next question comes from Adam Samuelson of Goldman Sachs, please go ahead.

Adam Samuelson
Yes, thanks. Good morning, everyone.

Greg Heckman
Good morning.

Adam Samuelson
So I guess my first question, just trying to think about the current operating environment and kind of what you've put up in the third quarter. I mean, it just seems like if I look at the fourth quarter outlook, especially given kind of how robust crush margins have trended, you're only seemingly implying the Agribusiness unit, kind of flat, year on year. And I want to make sure that's about right. Is that just the way you hedged or just help me think about kind of with how strong crush margins have moved in the U.S. and Europe? And certainly domestically in Brazil? Just how the crush outlook kind of really layers into your outlook right now?

Greg Heckman
Sure, yeah. The nearby spot replacement margins definitely are very robust. And you're correct on your analysis of the fourth quarter. It’s a little less than last year, right now. And we're looking at what the what the curves are telling us, right? We've seen the increase in crush margins, and, of course, higher oil demand, higher meal demand, with prices up that has moved the buyers back spot. And the curves reflect that. So as it unfolds, we'll see how that works.

If it continues to improve kind of a week, in a month, at a time here, sure, there's upside in Q4. Absolutely. But that's not what it's telling us right now. And then of course, the concern is, as COVID is kind of rearing its head again, what impact that will have. Now, while we're watching it closely, because as we've talked about, it does affect demand for both food and fuel.

We do think that, as we've been through the cycle once, people adjust their supply chains. We still have people eating more at home than then away from home, that the shift won't be as dramatic, and that people are more prepared. So even with the roll in, we're hoping that it doesn't have the same impact, but we are watching it closely.

Adam Samuelson
Okay, that's helpful color. And then I guess my second question, something you alluded to in the prepared remarks, just on the opportunity with the with the growth in renewable diesel. And was hoping to hear you elaborate a little bit more on that, and how you think Bunge is positioned to benefit there, and assets in particular that might be advantaged. And how you would think about, or how the industry would think about, crush capacity in the U.S. to fill that oil base.

Greg Heckman
I think Bunge's very well positioned. I mean the fact that this need will be met with vegetable oil, and there'll be some adjustment, depending on which oils are needed. There'll be adjustment in the food market as well, as the market reformulates on those that can in the food and fuel to decide which oils they're going to use. But the bottom line, is more demand and that that will be positive. And the fact that we work across the soil, the soft oils, and then also have palm in our portfolio, we think we're in a great position with our global platform to serve not only the growing fuel demand, but to continue to serve all of our food customers as well.

Adam Samuelson
Okay, great. I will, I'll pass it on there. Thanks very much.

Greg Heckman
Thank you.

Operator
The next question is from Ben Theurer of Barclays, please go ahead.

Ben Theurer
Hey, good morning, Greg, John. First of all, congrats on the results. Clearly, that was a strong quarter.

Greg Heckman
Thank you very much.

Ben Theurer
I had one question, is it goes in line, a little bit of what Adam was just asking about, the dynamics into the fourth quarter. And just to understand a little bit, we're seeing that strong demand. And obviously, we're still trying to basically work through now, through the crop from the U.S. And there's obviously going to be strong market dynamics. So how should we think of that carrying over in that profitability with the demand, looking a little bit beyond the fourth quarter and what you're guiding with that one to 1.00 to 1.50 EPS for the quarter?

But if we look into 2021, where do you think the market is going to head to, considering the strength in the more recent quarter? And what continues to likely be the fourth quarter, in terms of crush margin?

Greg Heckman
Yeah, no, you're correct. The environment is very good right now. And I would say, if you had to say, you'd think it's probably bent to continue, here in the in the fourth quarter. As I said, we are watching it closely. That's not what the curves say, but as we work through Q4, in the next 30 to

60 days, if that momentum continues, then I believe that carries, we think that carries right into Q1.

And so you come into 2021 with a lot of momentum. So, right now, we like the way the environment looks. We're obviously a little cautiously optimistic, but very good right now, it feels. And that's why we went ahead and guided up in total, is because of our confidence in how the environment feels and that we do believe that'll carry into Q1 and then we'll see where it goes from there.

Ben Theurer
Okay. Perfect. Thank you very much.

John Neppl
You bet.

Operator
The next question comes from Tom Simonitsch of JPMorgan.

Tom Simonitsch
Hi, good morning, everyone.

Greg Heckman
Good morning, Tom.

Tom Simonitsch
Good morning. What was the Q3 contribution from the 35 U.S. grain elevators you're looking to divest? Just curious if you still view that divestment as increase it to 2021 earnings at current run rates?

John Neppl
It was, the business did not perform well in Q3, it was a slight loss. And yes, so it would still be accretive divestiture, just on the transaction itself without any reinvestment of the capital.

Tom Simonitsch
Okay, thanks. And can you elaborate on your expectations for Argentina crush into 2021? Have export tax cuts through January moved the needle at all, in terms of farmers selling or crush capacity utilization?

Greg Heckman
You know, Argentina continues to be really, really bound up, right? The farmer being very reluctant marketer. There's a lot of discussion, a lot of guesses about how it might unfold. But the producer has been very resilient. And that, of course, as you've seen, it's been tough on margins and tough on utilization rates. So I'm sure glad we're running a global system. And the team in Argentina is doing a great job in a very tough environment. We've been there decades, and we've got a lot of experience. But right now, we don't see that situation improving until there's some clear direction.

Tom Simonitsch
Thanks, if I can just tag on one last question. You're now excluding mark to market impacts from your results. Can you just elaborate on why you're making that change now?

John Neppl
Yeah, it's been an effort to try to provide a little bit of clarity around how mark to market, how we think about it. We've been verbalizing it over the last few years, frankly. But it has created a lot of confusion at times for people. So we just thought it was cleaner to just show it in here, in our adjusted results, rather than giving adjusted results and then saying and on top of that, here's the mark to market impact.

Greg Heckman
Like it just consistent with our promise to continue with more transparency and granularity about the results, to try to help everyone understand the Bunge earnings power better.

Tom Simonitsch
Thank you. I'll pass it on.

Greg Heckman
Thank you.

Operator
The next question comes from Vincent Andrews of Morgan Stanley.

Vincent Andrews
Thank you. Good morning, congratulations on the results. And thank you for making that mark to market adjustment. I think it's gonna make life a lot easier for everybody going forward, many headaches, many mornings over the years from trying to reconcile what that was and wasn't and what was coming back what was going away, and what might come back later on. So good idea.

I just want to finish one of the thoughts from earlier. And Greg, I think you said it sort of by omission, but it doesn't sound like you have any desire to be an owner operator or construction, or in the construction of an actual renewable diesel facility, but rather, you want to be on the service side of the equation and supply side of the equation. Is that correct?

Greg Heckman
Yeah, that that's correct. We want to be there to serve that growth. But we want to do what we're core and what we're best at. And so we'll work with our customers. We'll look at places where it makes sense. If it's debottlenecking, refinery, or adding storage and handling capabilities to help manage customer supply chains, but we'll look at the context of anything we do with our network that it serves all of our food and fuel customers.

So as we improve our network, we get that optionality. So we definitely want to work hand in glove, but we'll be very disciplined about putting a capital or work in long lived assets and make sure it's an area where we have the right to win.

Vincent Andrews
Okay. And the other thing I wanted to just make sure I bet understood was, the comments you're making about 4Q and into next year, and customers being back sort of in the spot market. Is that to imply that there isn't a tremendous amount of liquidity in sort of the out months to try to lock in what's going on? Or do I have that wrong?

Greg Heckman
No, that's correct. And as that, kind of the nature, generally, of this industry is that there's always more liquidity in the near quarter, and the following quarter. And then the curves kind of reflect that. Not only liquidity, but that you're going to have to show me that these margins are going to stay here. And so that's what's reflected in our outlook.

Vincent Andrews
Okay, and if I could sneak one last quick one in, I just would ask, if you can reconcile for us. You talked about the Argentine farmers, not a seller. The Brazilian farmers been quite a seller this year. If you can just sort of help us understand where that is, in terms of what you've already bought, and how much of that you've already kind of gone through, versus how much is left for them to sell and how much is left for them to process?

I'm just trying to understand if, as we think about the fourth quarter, maybe that's one of the reasons why there's a bit of a step down sequentially. It's just, you know, there's just less to do with the Brazilian farmer for the rest of the year, until next year's harvest.

Greg Heckman
Yeah, you're absolutely correct. Some of that business, purchase from the Brazilian farmer, has been pulled forward versus normal selling patterns. So they're around 50% sold right now. And they've even started to nibble at the 2022 crop, selling a little bit of that. So with the change in the Real, it's been a profitable situation. And so it's definitely been, the timings been moved up on that.

Vincent Andrews
Okay, great. Thanks. And congratulations again.

Greg Heckman
Thank you very much.

Operator
The next question comes from Robert Moskow of Credit Suisse.

Robert Moskow
Hi, thanks, and great news today.

Greg Heckman
Thank you.

John Neppl
Thanks, Rob.

Robert Moskow
Sure. Regarding like the parabolic move in soybean meal demand, can you talk a little bit about the fundamentals driving that? Do you have a sense of where China is, in terms of rebuilding its pig herd? And what have you seen in response at your crush facilities in China?

Greg Heckman
Yeah, our crush facilities have run very well in China this year. And that's really been on the back. As China recovered, not only the oil demand recovered, but as we talked about that, pork herd has been, the hog herd has been getting built back much more quickly than we thought. The other factor is that we expect inclusion rates to be higher as the professional operations came up, and we saw that as well.

So I think the, kind of, the market believes they're about halfway back from pre COVID levels. So they've still got a ways to go, but that has been a big part of that meal demand. So I think global pork up around 4%. China leading that, but it's also U.S. and EU and Brazil are also up.

Robert Moskow
Right.

Greg Heckman
And then the global chicken was up just a bit as well. But China put that in place early. That demand's still there as the pork comes back. And then also some increase in Brazil, EU, U.S. and India. So it's good broad demand.

Robert Moskow
Right. Okay, great. And then a follow up. You know, at the start of COVID, I think your company and several others were thinking about the possibility of just a lower demand for food. Because when you shift from the food service channel to the retail channel, people just kind of naturally eat a little bit less. Are we past that kind of situation now? And if so, do you think it's because just people have returned closer to normal patterns, or is there something else? Do we not have to worry about that anymore, I guess is my question?

Greg Heckman
Yeah, demand has rebounded, I think, more quickly than everyone thought. With people eating from home, right, the center, the grocery store has been very, very strong. The QSR has returned very quickly. It's the smaller food service, the street business that's been hurt very badly. And so that's pulled food service down in total. But the CPG strength has been stronger than we thought in making that up. So we definitely kind of over forecasted the impact that that would have. And so now, yep. So now as we continue to watch COVID, I think we're not as concerned. We're always concerned, but not as concerned since we've been through that cycle once.

Robert Moskow
Great. Okay. Thanks a lot.

Greg Heckman
Thank you.

Operator
The next question comes from Ken Zaslow of Bank of Montreal.

Ken Zaslow
Hey, good morning, everyone.

John Neppl
Good morning, Ken.

Ken Zaslow
When you think about the $5 number, you guys use the average five year, and I think everybody thinks of that as a mid-cycle number. But is it really a mid-cycle number, or is it something that's just an average of five years? And the reason I say that is, as I look forward, would you say that's representative of the future, not just for this year, but going forward? When you have a rebuild in China, renewable diesel changes. Is that really considered mid cycle? Or is it just considered the last five years and that's what we should capture it as?

Greg Heckman
Yeah. I think we definitely looked at history. I think it was, maybe, John, was it six years?

John Neppl
Yeah.

Greg Heckman
Yeah, six years of history. What we didn't put in there, right, Imcopa is not in there. We really didn't build any food growth, there's no plant protein growth, there's no renewable diesel growth. So that's why we called it baseline, it's not earnings power, it's baseline earnings. And then we looked at the historical crush margins. And that's of our system, weighted for our system. And that was around 34.

Now, just to give you some benchmark on that, on a year to date, we're at about 40 versus that benchmark of 34. And I think you're seeing that in the earnings and us taking the earnings up for the year. And then as that momentum continues into 2021, that's kind of what we'll be anchoring off of, as we think about that.

Ken Zaslow
My follow up to that is, also, when you were thinking about that, my sense is you probably didn't think that China would be buying or that there would be a free market, because right? We haven't had a free market in call it, eight, 10 years. So when you think about that, how does elevation margins or export margins play into that as well? I'm assuming that's excluded from the 34. And that's just something that kind of ebbs and flows. But with China demand, is that something that's more structural, or how do you think about that? And I have one more after that, and I'll leave it there.

Greg Heckman
Yeah. That definitely wasn't in our numbers. That's been an increase, and that's been a positive increase. As that continues, I'd say the entire underlying, this feels a lot more sustainable than at the time we talked about it.

Ken Zaslow
And then my final question is, previously you said that when you get to a certain level of margins, and when you start to get your business in a certain order, you have earned the right to participate in new businesses and in participate in businesses that the previous Bunge was not able to. Can you talk about and elaborate, what businesses now do you have a right to earn in and how does that look going forward? I'll leave it there.

Greg Heckman
Sure. Thanks, Ken. Sure. And I think we're at that point, as we talked about, we're finishing the portfolio work. We've got a couple more deals we'll probably announce before the end of the year, one small one, one a little more sizable. And we've really turned to look at the growth. And as we start to have the cash from earnings and closing the deals, to invest, that's the fun. The tension in the system, the team competing for that capital, because we're going to be very disciplined about how we put that capital to work.

But we'll continue to think about where we improve to protect or improve our footprint in our Agribusiness. So any regional consolidation that makes sense. The other is we'll continue to build on our specialty fats and oils footprint. That's a business we believe that there'll be some tuck in and bolt on acquisitions to improve either our product or our geography offerings to customers. Again, we'll be disciplined about those values.

We announced one deal on the plant protein side. And it's an exciting place, that trend and plant protein growth. That is in place. That's a place where we have a right to win. We've got a great team that's working on that. We've got a real nice pipeline of projects. You'll be hearing more about that in the future as we roll things out. But we're working with customers, customers that we already have relationships with, on the fats and oils side, broadly and that we have specifically, in providing the fats and oils that make those plant proteins taste good and have the mouthfeel and the bite that we all love so much.

And then on the renewable diesel side, as we talked about, the benefit of that demand, it lifts the entire oil market across our food and fuel platform. And we'll look for those opportunities to serve those customers. And again, thinking through that lens as we make improvements in our Agribusiness footprint to serve all our customers.

So we're really excited about the performance of the team. We're excited about having the earnings at this point, where we're really at the inflection point, starting to move in into growth. And excited to have some real new opportunities in this industry around growth in plant proteins and renewable diesel. Which is new demand, as well as good demand continues to be up into the right. So excited about what we're doing here, Ken, and really, really proud of the team. So looking forward to talking to you again after the next quarter.

Ken Zaslow
Thank you very much, be well.

Greg Heckman
Thank you, Ken.

Operator
This concludes our question and answer session. I would like to turn the conference back over to Ruth Ann Wisener for any closing remarks.

Ruth Ann Wisener
Thanks for joining the call today. And if you have any questions, please feel free to reach out. Have a good day.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect