Bunge Limited

Virtual Business Update Meeting

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CORPORATE PARTICIPANTS

Ruth Ann Wisener - *VP of Investor Relations*

Greg Heckman - *Chief Executive Officer*

Brian Zachman - *President of Global Risk Management*

John Neppl - *Chief Financial Officer*

PRESENTATION

Operator
Good morning, and welcome to the Bunge Virtual Business Update. All participants will be in a 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. To ask a question, please use the Submit a Question box in your webcast viewer. Please note that this event is being recorded. I would now like to turn the conference over to Ruth Ann Wisener. Please go ahead. Pardon me, this is the conference operator, we're experiencing some technical difficulties. Please hold.

Ruth Ann Wisener
Good morning. Apologies for the delay, we had some technical difficulties, but we're ready to get started now. Good morning, and welcome to the Bunge's Business Update Call. Before we get started, I want to let you know that we have slides to accompany our discussion. You can see them as part of the webcast, and they can also be found in the investors section of our website at bunge.com under Events and Presentations at the conclusion of the webcast.

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 risks and uncertainties. Bunge has provided additional information in its reports on file with the 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.

Today, you're going to be hearing from Bunge CEO Greg Heckman, and CFO John Neppl. They will be joined by Brian Zachman, our President of Global Risk Management who will also join the Q&A. With that, I'll turn it over to Greg.

Greg Heckman
Thanks, Ruth Ann. Good morning, everyone. We're excited to be connected with you today. It’s unfortunate we can’t all be together and have you meet our full leadership team, but we’ve had a lot going on over the last year and we didn’t want to wait until late this year, or even 2021, to get together. We look forward to talking with you about the new Bunge, and how our essential global platform generates cash and will deliver value.

Brian will give an overview of risk management, and its importance to Bunge, and John will go into some more detail on our near and long-term value drivers, and how we're going to maximize our full potential for the benefit of our investors, our customers, our team, and the industry overall. And then, we'll open it up to your questions and answers. We're very excited about the opportunity here at Bunge, and the progress that we're making to realize our full capabilities. We've got a world-class leadership team with deep industry experience. We've all chosen to be here, and it's personal that we get this right.

We're executing a deliberate, focused strategy, leveraging our position as the global leader in oilseeds. We're continuing to generate consistent and strong cash flows, as we have for years, despite a number of external market forces and some internal missteps, and we are now beginning to deploy that cash through disciplined capital allocation.

The work we've done over the past year has established the foundation we need, and as a result, we're positioned to deliver baseline earnings of $5.00 per share at normalized crush margins. And importantly, we believe we have great opportunities ahead of us that will help us grow our earnings power well north of that level. But before I get too far, I'd like to take a quick step back and give you a sense of why I joined Bunge, and what gives me confidence in the future of the business.

I joined the board in late 2018 because I felt I could add value to a company that matters in an industry that matters. This business is mission critical, and the industry Bunge operates in has been and will continue to be vitally important as demand for food grows. But, it was clear that the industry and Bunge weren't' at their full potential.

Bunge owns the critical assets across the globe that process and transport commodities and food globally to help feed a hungry world, and that's not easy to replicate. I truly believe Bunge could not only be better but could also lead the industry. When I was asked to step in as acting CEO, I couldn't say no. The first thing I did was a listening tour with investors and employees around the world, and I started analyzing the business. It was clear that the assets were even better than I thought, but it's the people and culture that make the key difference in this industry.

We had incredible global team, but one that was frustrated, frustrated that the operating structure and leadership team weren't allowing or enabling the company to reach its full potential. But importantly, the team was proud of being Bunge, and was passionate about our customers, and passionate about winning. And there's a lot of power there, and that was exciting to me. So, starting from those conversations, I began to formulate a plan to put Bunge on a path to success.

In May 2019, within weeks of becoming CEO, I built a new and energized leadership team comprised of internal and external people with a drive to win. They have a deep knowledge of the industry, decades of proven leadership, unparalleled risk management capability, and successful turnaround experience. We also significantly refreshed the board, with eight out of 11 directors having joined us since 2018. We may be a 200-year-old company, but the new Bunge started just over one year ago.

You'll eventually get the chance to meet the leadership team in person, and you will see that this is a world-class team, and we're excited, energized, and focused on the path forward. Together, we run a business that can have a lot of timing variability due to where we operate. But one distinctive aspect is that our attractive assets have always generated substantial and durable cash flow. We've delivered this through droughts, trade wars, economic crises, pandemics, and several sizeable self-inflicted wounds.

Our Q1 2020 trailing 12-months' results demonstrate that even during COVID-19, we've delivered strong performance, and all this while taking appropriate measures to protect employees and others we interact and work with, and the strong execution continues. Based on the quarter to date, we expect underlying results in Q2 to be solid. And additionally, we'll benefit from favorable timing reversals from the risk management decisions we discussed in the first quarter and continued to make in Q2. We're making progress on the near-term priorities that we told you about and executed on last year: improving our financial discipline, optimizing our portfolio, and changing our operating model to drive operational performance.

Starting with financial discipline, one of the most important things we need to do is be great risk managers, and that means managing the earnings at risk in our system based on the earnings power of our portfolio and the market environment. Our risk management has to help us protect the earnings power of our physical assets, as well as optimize our physical and financial flows.

We're focusing on making decisions that allow us to reduce the downside while keeping us nimble to maximize our global system. That's so we can take advantage of opportunities, ensuring the ability to capture the upside in margins and in the market opportunities throughout our network, and that means we need a strong risk management culture and competency. That's one of the reasons we recruited Brian Zachman to rejoin the company. I've known Brian for a long time, and he knows Bunge. He spent 13 successful years here earlier in his career, and everyone was excited to see him return. He's going to join us later to talk about the different approach that we're taking to risk management.

Financial discipline also means being a disciplined capital allocator. While critical in every industry, it's particularly important in ours, with the inherent cyclicality of agriculture and commodity markets. In the past, the company made a number of capital allocation mistakes: buying non-core assets at the top of the cycle and selling some strategic assets at the bottom. We won't make the same mistakes.

Our priorities start with sustaining capex and maintaining a dependable dividend through the cycle. We'll then deploy capital based on where we are in the cycle. At the top, we'll build a strong balance sheet and monetize assets, then shift our focus as we move down cycle, aggressively pursuing acquisitions, when valuations are attractive and below replacement cost, and we'll opportunistically repurchase shares. John will elaborate on this and our disciplined capital strategy in a moment.

On portfolio, the silver lining in all this is when I came in with the new leadership team, we recognized there were a number of low-hanging opportunities. Monetizing these good valuations would make the company better and help us begin to optimize the core portfolio. The Bunge of the past hadn't made the tough but necessary choices, we had become a collector of assets and businesses. So we took a hard look at our businesses and return hurdles, and for the greater part of the last year, have been divesting the parts of the business that aren't core, that were dragging down our returns or that would have a better home in a different organization.

The results are clear. We've entered transactions that should generate 1.1 billion in proceeds for us to deploy. We are expecting to reduce our invested capital by 1.5 billion and improve adjusted EPS by around 40 cents. It's a great start, but we're not done yet. We're constantly evaluate our businesses and divest those that aren't earning the right returns or aren't a strategic fit. And we'll reinvest that capital in higher returning assets, pay dividends, and buy back stock at the appropriate time, all the create shareholder value.

The sales of our U.S. grain elevators and our Brazil margarine and mayonnaise assets illustrate our thought process. With the grain elevators, we monetized a part of our footprint that did not meet our earnings and return targets and lacked strategic alignment. This transaction will allow us to retain assets that support our U.S. export terminals and soy processing facilities, while maintaining a strong presence in the U.S. grain marketplace. The sale of the Brazil margarine and mayonnaise assets will further streamline our operations, allowing us to focus on our core capabilities where we have a distinct competitive advantage and know we can win. It's a great value for a solid business that has a better home elsewhere.

And last but not least, our third priority was to fix our operating model, which is a key step to reaching our full potential. WE were operating like disconnected, smaller regional players, not leveraging our global scale. We were slow to act, and we lacked accountability and transparency across the organization, and our costs were high. We needed to re-think how we served our customers at both ends of the supply chain, and we needed to develop the plan as a team.

So, we convened a wide group of key people who had been integral to keeping this cash machine running all these years, people who understood the inner workings of the business, and we developed our new value chain model. And to illustrate what we've done, you can see on the left the old regional model, where multiple business P&Ls existed, in different locations, standing between the farm and the customer. And we've moved from that to our new operating model, structured around our global value chains. We now have commercial alignment across regions, and global standards and ways of working.

We reduced the number of unique incentive plans from 57 in 2018 to three in 2020, better aligning our teams, and speed to act has improved. This change has also allowed us to realize significant cost savings. For example, we've been able to eliminate 25% of our level three or Vice President positions. The change is also helping our topline. We recently earned additional business, while providing a global customer with risk management services, contract-growing specialty crops, developing new formulas to improve nutrition while reducing cost for their products. And together, we're creating a long-term partnership that will provide the customer with unique benefits while driving our economic engine. Under the old model, we couldn't have moved as quickly as we did to deliver this package of custom integrated solutions.

So, what does all of this mean for the bottom line? We've had a few years with some big macro events impacting crush margins, ranging from ASF, to drought, to trade wars, and now COVID-19. So, to cut through that, we're looking at the weighted average normalized crush margins that we were able to achieve over the past six years.

Starting with that and then layering in the actions that we've taken or are currently underway, that gets us to a normalized earnings of $5.00 per share. We're not yet at those margins, and we're not predicting when we'll get there, although prior to COVID-19, we thought we were on the path. We're also not sitting idle, waiting on margins to grow. We're working on self-help projects, like continuing to attack costs and address the portfolio.

Every dollar of self-help we achieve lowers the margin we need to reach that $5.00 level. John will go into more detail on the assumptions behind this later. I want to be clear that in no way do we believe that our earnings baseline is capped out at $5.00 per share. We've got a number of opportunities ahead of us that can drive upside. We're executing a focused strategy that leverages our leadership in oilseeds to capture the growth in the industry.

We're also working to continue strengthening our oilseeds platform with targeted acquisitions, like we did with IMCOPA. I'll go into more detail on the drivers behind the next two shortly, but we're excited about how Bunge Loders Croklaan, or BLC, is positioned and the trajectory we see ahead of us. We're also excited about the growth in demand for biofuels and plant-based protein, and how we can benefit there. And finally, we're continuing to invest in technology that is driving increased efficiency throughout our global operations.

Let's turn to our strategy, and how we're thinking about the future. Our strategy is focused on three areas: strengthening our number one positon in oilseeds, leveraging our global footprint and connected businesses, and growing our value-added oils and oilseeds-based ingredients platform, BLC. And the way we're going to win is through differentiated execution, led by our talented team, we intend to leverage our innovative technology, our strong partnerships with farmers, collaborative partnerships with customers, leading logistics operations and sustainable supply chains, all while integrating our disciplined approach to risk management.

Bunge's a global leader in oilseeds, and it's a great business to be in. Why? Because the macro trends are set to drive long-term growth, and we believe we're going to capture our share of that growth. We're going to do that by enhancing our global footprint, leveraging our unmatched assets and capabilities, and further strengthening our deep relationships with farmers and customers.

Long-term demand for oilseeds has been strong, driven by population and economic growth. And while ASF and COVID-19 have had a near-term impact, we expect the recovery to the long-term trend line. Our core oilseed products are essential building blocks that form the foundation of all diets. Farmers and their livestock increasingly depend on our products for a sustainable source of protein, the same can be said for people across the globe. We see additional upside in oilseeds driven by other macro trends, including evolving customer eating habits and environmental concerns.

Let's discuss the macro trends. First, consumers are eating more foods derived from oilseeds. That's because consumer sentiment towards fats and oils has changed over the years. Gone are the days of people assuming that fat is bad and avoiding it at all costs. People recognize that fat and oils are essential to a well-balanced diet, that they provide nutrition, functionality, and taste to food. Our oilseed products are essential ingredients in those fats and oils, which are in turn becoming more complex and customized as companies compete to capture the consumer demand. So, we benefit both from the underlying demand growth for our oilseeds products, but also from our innovation capabilities.

The second component of consumer eating habits that's driving growth is that consumers are increasingly turning toward the more environmentally friendly plant-based proteins. Consumer demand and development of better-tasting products are driving tremendous growth in plant-based meat alternatives. And as the chart shows, that growth is expected to continue for years to come.

So, these products are derived almost entirely of plant proteins and vegetable oils, and oilseeds are used for the protein content, as well as for taste and texture. We also expect to benefit from increasing consumer interest in the use of plant protein for inclusion in sports, infant, and adult nutritional products. Bunge's in a great position as a key supplier of oilseed products to the sector, and we're exploring further participation through leveraging our knowledge and asset base.

Environmental concerns are also a key driver of oilseeds growth. Consumers across the globe are increasingly turning to oilseed-based biofuels, often incentivized by their government, and because of the clear environmental benefits. Oilseed-based fuels like soy renewable diesel are considered green or drop-in biofuels, chemically equivalent to traditional diesel fuels but significantly better for the environment. The carbon intensity score for soy renewable diesel is about half that of traditional fossil fuels, and much better than corn-derived ethanol. We expect

that growing consumer demand for the use of environmentally friendly biofuels will drive demand for oilseeds, which make up the foundation of these biofuels.

We have the best global oilseeds platform in the business, an incredible team, and the leading market position. We process soy, the full range of soft oils: canola, grapeseed and sunseed, and tropical oils including palm and shea. These oils provide the feedstock for our downstream edible oils refineries, blending, and packaging facilities. It's a tightly integrated network of assets, which we operate as highly coordinated value chains.

It's supported by over 30 port terminals, 106 grain elevators, and over 200 chartered ocean vessels, and it enhances our flexibility to be able to adjust quickly to customer needs and changing market conditions. These capabilities and the changes we've made are increasingly making us the partner of. choice for our customers. And our financial discipline, continued focus on cost, and new value chain operating model will enable us to capture more margin as we grow. And here's an illustration of our global footprint and capabilities, where you can see how complex it is to move food from where it's grown to where it's processed, to where it's consumed. And this is, you know, one of the numerous flows that our value chains connect.

So, starting with origination at our elevator in Mato Grosso, Brazil, where over 30% of the country's soil is produced. We move the beans from our elevator by truck to our river terminal in Miritituba, where we trans-load them onto barge for discharge at our Barcarena port complex in northern Brazil. From there, we load them into one of our chartered ocean vessels destined for Cartagena, Spain, where we'll crush them, and then we'll sell the meal to a local hog farmer, and then sell the oil into the Algerian consumer market. It's a strong platform, one that's hard to replicate, and we're continuing to seek ways to make it more powerful.

One of the ways we're doing this is by prioritizing capital efficient strategic acquisitions and investments. IMCOPA is a great example of this, and it's a great example of our disciplined capital allocation strategy at work. In this case, we're taking advantage of market conditions to purchase two crush plants in a bankruptcy proceeding at the right price. When closed, this transaction will check a number of boxes for us: regional consolidation without adding capacity, leverages our leading network and capabilities in Brazil, done at the right value, and supports future growth in downstream value-added products.

In addition to focusing on extending our oilseeds leadership, we're also focused on growing our connected businesses. You can see that our geographic footprint aligned with key regions driving export and import growth. This means we can leverage our infrastructure and strengths in oilseeds origination and distribution to also benefit from growth in other products, including corn and wheat. We're delivering a great mix, and our platform gives us the optionality to play a larger role in the flows of other products, if we determine there is a strategic fit and can exceed our return hurdles.

Our third area of focus is ingredients growth through BLC, our value-added oils and oilseeds-based ingredients platform. As part of Bunge, BLC is in a unique position. Although there are a number of both niche specialty players and commodity scale players, we're the only player who combines the best of both worlds. We have global scale, a culture of innovation, and proven ability to work with customers to produce custom, differentiated products and solutions, and we're both B2B and B2C. It's also a fragmented market, and we'll be looking for opportunities that make sense to be an industry consolidator, building on what we've already accomplished at BLC.

BLC's our innovation engine, our go-to-market vehicle for our value-added portfolio. With over 300 patents, we have out-innovated our competitors for some time. For example, in the areas of CBEs and OPOs, and with the patents we have in the pipeline, we expect to continue to do so. Our culture of innovation and the unmatched combination in our portfolio of differentiated products, global scale, and deep relationships with farmers enable us to meet specific customer needs better than anyone else.

And whether that pertains to the high oleic, non-GMO, organic, or other oils, we can work with our farmers using specialty crops under contract growing arrangements to create tailored solutions for our customers, while creating additional value for our farmers. Our Sweetolin launch, a confectionary fat system that allows up to 50% reduction in sugar with no impact to taste and texture, is just the latest innovation that shows the power of these combined capabilities.

While BLC is our innovation engine, we've got a lot of creativity happening across Bunge, especially when you look at technology, where we're continuing to make significant investments to transform how we operate across the business. Digital solutions have enhanced operational efficiency internally, and how we interact with farmers and customers. There are too many examples to share them all, so I'm going to focus on a few which I think are key to our success.

Vector is a Bunge-developed tech solution for truck scheduling and logistics. It revolutionizes how we engage with third-party truck drivers in Brazil. Launched in just January, Vector allows drivers to book loads remotely. It also dramatically reduces the amount of time drivers spend doing non-productive activities like searching for the right cargo or waiting for documents or authorization. COVID-19 has driven adoption rates to almost 50% of our volume, and, it frees up time for our logistics team to use for more value-added work.

Covantis is a cross-industry partnership and collaboration that Bunge helped organize. It used blockchain technology to reduce complexity in global post-trade operations and will result in efficiencies which will minimize operational risks and costs across the industry. Delta is an enhanced, next generation global risk management system based on our transaction level data. With Delta, we have a single source of harmonized information across all business units. This system will be a key foundation of our risk analytics and market intelligence efforts.

We're leveraging robotics and AI to increase efficiency across our operations and enhance our performance and productivity. And importantly, we're using tech to ensure transparent supply chains, allowing us to ensure we do not buy products from land that has been deforested, or palm oil from non-sustainable farms.

I mentioned sustainability as it pertains to our use of tech, but that's just the tip of the iceberg. Sustainability is a core pillar of how we do business because it's the right thing to do and because it drives customer value. We've embedded sustainability across our strategy, operations, and investments. And this means we're taking direct action in our own organization on important sustainability commitments, such as action on climate. And we're on track to reach our reduction targets of emissions, water, waste, and energy by 2026, and we're continuously improving our environmental performance.

From our environmental commitments to our robust corporate governance, we aim to build value chains that are transparent, verifiable, and create positive impacts on the ground. We're committed to publicly disclosing and enhancing the transparency across our value chains, including our traceability to farms and mills, and communicating openly about sustainability

initiatives. We use our scale for good and work through partnerships to advance collective action to ensure a safer, more sustainable food system. We've partnered with over 25 national and local organizations to shape, monitor, and develop our sustainability approach.

And let me give one example. Bunge is part of the Soft Commodities Forum and the Cerrado Working Group. Both of these organizations are working to find solutions to halt deforestation in the Brazilian Cerrado Biome directly associated with soy. Our commitment to sustainability starts at the top, with our board's Sustainability and Corporate Responsibility Committee, and extends throughout all levels of the organization worldwide, supporting strong governance with a business approach. As you can see, the work we do continues to be essential, here at the new Bunge. So, let me turn it over to Brian Zachman, to share more about the importance of risk management as a key enabler to value creation.

Brian Zachman
Thanks, Greg. I'm pleased to be here today to give you an overview of how we think about and execute risk management. In sort, our objective in risk management is to get the most out of our asset base, out of our trade flows, and out of the opportunities the markets provide.

We put so much focus on risk management because, in so many ways, risk ins in the fabric of our entire business, from the transaction level to the value of our capacity in the markets, and in the environments in which we operate. To succeed in the long run, we must be expert risk managers. It is that clear.

In our day-to-day business, we manage price volatility on both the purchase and the sale side. In our largest business, oilseed processing, crush margins generally vary from $10.00 per metric ton to $50.00 per metric ton. Since we process approximately 45 million metric tons annually, managing the risk of this margin volatility is a major area of focus. We recognize that neither we, nor anybody else, operating in the ag space, can predict market outcomes with certainty. We manage this uncertainty to the best of our abilities to maximize earnings.

The flip side of risk is opportunity. We view risk management as a distinct competitive advantage. We focus on managing the capacity of our assets and on optimizing the flows that support them. These priorities are not driven by calendar quarters or fiscal year-ends; they are an every-day focus. And the largest risk we have is what we refer to as earnings at risk. This metric reflects the earnings risk we have by virtue of our investment in fixed assets, most specifically in the value of our open capacity in crushing, refining, and handling. The most significant example of this is in oilseed processing. Referring back to my earlier comment, our main risk each year is being short 45 million metric tons of raw materials, and long the associated outputs for our global crush capacity.

As we buy these raw materials and market the products in equal amounts, essentially filling or locking the margin of our crush capacity, our earnings at risk in a given time period gradually declines. However, in our markets, those purchases and sales rarely happen simultaneously. We serve farmers by sourcing the inputs for our processing and supply chain businesses, and we serve food, feed, and fuel consumers on the output side. But farmers don't often sell their production at the same time as consumers purchase their supplies, so a key part of our role in the value chain is to manage the risks and opportunities presented by this timing mismatch.

Another important aspect of our business is the scale and geographic diversity of our asset footprint. From a risk management perspective, this gives us more market touchpoints, and greater ability to spot market changes as we serve a global customer base. This network effect

also provides us with optionality and optimization opportunities around our flows. Earnings of this sort are of a higher quality because they are both diverse and can be captured with greater certainty. This is a competitive advantage for Bunge.

Given the changes in Bunge over the past year, I want to say a few things about our culture as it pertains to risk management. First, our default position is that we hedge our economic exposure around commodity risks, both physical and financial. Our large trade flow volumes and asset base demand that our main focus is that of margin management. Any exceptions to hedged positions, whether physical or financial, are based on our assessment of market opportunities, and based on what we perceive is the function of price in the market. These are measured as value at risk, or VAR. These discretionary risks have clear visibility, clear accountability, clear limits as to their size, and clear measurement of their outcomes.

Second, a comment around risk sizing and discipline. While we always aim to take high-quality risks that will generate a favorable outcome, we know that unfavorable outcomes will sometimes be a part of any risk management or risk-taking activity. We also know that some market environments present more opportunities than others. So, we will size and manage our risks in a way that we believe is appropriate to both the market environment and to the earnings power of the business.

Finally, risk management at Bunge is not about a single person or a department; the effort is significantly broader. It is supported by our new organizational structure and operating model. Within Bunge, this means that day-to-day, agri leadership works with the teams in our value chains, our research group, and with our Chief Risk Officer, Robert Wagner, to deliver the most from our physical assets and flows. Speaking of risk culture, Robert and his group have become more integrated with our commercial teams, and we view them as real partners in our risk management.

In closing, anybody operating in this industry must deal with uncertainty and must manage risk. At Bunge, we welcome this reality, and our work will continue to focus on making our risk management process, our team, and our results differentiating strengths for our stakeholders.

Greg Heckman
Thanks, Brian. Now you can see why we're so happy to have Brian on board. I walked you through the changes we've made in the past year, and now John will provide more detail about how we've positioned ourselves to grow earnings.

John Neppl
Thanks, Greg. I'm going to focus on three main areas: cash flow and our baseline earnings power, our capital allocation strategy, and finally, the metrics we believe better reflect the performance of our business.

Starting with baseline earnings. As Greg discussed earlier, we made changes in our portfolio, operating model, and cost structure. We've also changed our approach to risk management and financial discipline. With these changes, we are positioned to deliver baseline earnings of $5.00 per share at long-term average crush margins. Let's dive into those drivers.

In agribusiness, we define the long-term average soy crush margins in the range of $33.00 to $35.00 per metric ton across our platform. For reference, in 2019 our crush margins averaged $29.00 per metric ton. I'll go into more detail on the next slide. We assume softseed processing margins comparable to our current outlook, which are consistent with the past six-year historical

average. In food and ingredients, we assume that demand reverts to pre-COVID-19 levels, and that edible oils and milling profitability remain comparable to our original 2020 outlook, which was similar to 2019.

In fertilizer, we assume the outlook is comparable to our current outlook and in our sugar and bioenergy JV, we assume a recovery in both ethanol demand and pricing in Brazil.

We expect to achieve $50 to $60 million of additional SG&A savings by the end of 2021 versus our 2019 baseline. We also expect to receive approximately $400 million in proceeds as we close on the portfolio actions we announced to date. We're assuming we'll us these funds, net of tax, to pay down debt. We expect an effective tax rate between 18 and 22 percent and net interest to be about $100 million lower than in 2019, primarily due to lower outstanding debt.

I want to take a moment to talk about crush margin. Over the past six years, we've realized an average margin of $34 per metric ton. We believe this is a reasonable normalized number, given the cyclicality of the business and that is it below the level that would incent meaningful Greenfield expansion in the industry.

Prior to COVID-19, we felt like we were on track for margin recovery to this level. We were seeing the beginning of a recovery following ASF earlier in 2019. However, the on-again/off-again U.S.-China trade situation compressed margins, as it discouraged farmer selling in both hemispheres.

COVID-19 has clearly changed the dynamic and it's still too early to predict when we'll be back to average crush margins. However, once we get through the current disruptions, we expect to see a recovery, driven by post-ASF herd rebuild, increased biofuel demand, and an overall improvement in the demand for our products, driven by the general economic recovery.

With that said, we're not just waiting for margins to return. We continue to focus on a range of self-help actions that reduce costs and increase the efficiency. As we execute, we effectively reduce the margin needed to reach our baseline earnings of $5 per share or to look at it another way, every action we take to improve cost and efficiency increases our baseline earnings above $5 per share. That brings me to our focus on cost.

Over the past year, we've taken a different approach to cost management than Bunge has done in the past. We believe large-scale, multi-year programs can be too disruptive, as they can distract from running the business and keeping our focus on connecting farmers and customers around the world. Instead, we're creating a culture of continuous improvement. We are driving savings opportunities from our more recent portfolio actions, operating model changes, and the headquarters move to St. Louis.

In addition, we will also drive savings by leveraging Bunge business services, our shared services operations. In total, we expect between $50 and $60 million of incremental savings by the end of next year and between $20 and $25 million per year thereafter.

Driving SG&A cost savings is one way to enhance earnings power, but equally important is delivering superior industrial performance in a safe and sustainable way. Prior to 2019, we averaged about 3 percent in annual productivity improvement at our plants. Beginning last year, we took actions to drive further improvement, targeting 5 percent productivity annually.

Each percent generates between $15 and $20 million of savings. This includes harmonizing operating standards on a global basis, which allows for more effective benchmarking between facilities.

We are using these global standards to close performance gaps between our plants by improving efficiency, increasing capacity utilization, and reducing unplanned downtime. We are doing all of this while maintaining a safe working environment for our thousands of talented employees across the globe.

We're also leveraging the technology innovations and capability that Greg mentioned to help streamline how we operate. We are in the process of implementing those across our global platform.

On our last earnings call, we discussed the steps we have taken to ensure employee safety during COVID-19 and we're pleased with the results thus far. We take great pride on our efforts and decisions made by the team to ensure we continue to operate efficiently and safely going forward.

Protecting our team and maintaining our assets is the first priority in allocating the approximately $1.2 billion of adjusted funds we should generate on the baseline earnings of $5 per share. Our next priority is maintaining our current preferred and common shareholder dividends. After allocating to sustaining capex and dividends, we should have about $600 million of discretionary cash available.

This available cash will be used to maintain a solid investment grade credit rating, invest in growth and productivity, and return capital to shareholders through either increased dividends or share buybacks. More on share buybacks in a bit.

Turning to capex, we think about it in two buckets. Sustaining capex is the must in capex for projects that are needed to keep our operations running at optical levels, while also focusing on our stringent safety and environmental standards. These investments typically run around 60 percent of our estimated $450 million annual capex spend. The remaining 40 percent is allocated for growth and productivity.

In this category, we have increased the rigor of how we evaluate projects, ensuring that we are realistic in our assumptions, and that the projects are closely aligned with our strategy. We analyze financial and operational assumptions and stress test them under a variety of market scenarios, starting with hurdle rate of 1.5 times our lack, WACC, which is then risk adjusted by region and business unit.

That brings us to returning capital to shareholders. Our goal is to maintain a prudent and stable dividend. Last month, our Board approved maintaining our current quarterly dividend at 50 cents per share.

Share repurchases are also a tool we intend to use to create shareholder value. In general, we intend to be opportunistic buyers in the market, while considering our credit rating, business conditions, and growth opportunities. During the second quarter, we executed a $100 million of repurchases, leaving us with $100 million in our existing $500 million program.

Now, I want to turn to transparency and help investors better evaluate our business and performance, starting with the weighted average cost of capital, which I had mentioned back on our February earnings call.

We have historically reported a WACC of 7 percent. But, over the past five years, risk free rates and Bunge's beta have been low, resulting in a true WACC that is actually closer to 6 percent. We believe this is a more accurate measure of our cost of capital and as a result, are adjusting the measure accordingly. However, we are not changing our 9 percent ROIC target, which is now 300 basis points of our weighted average cost of capital.

Our industry is different than most traditional industries, which typically have a goal of maintaining inventory levels as low as possible without causing logistical disruptions. In our industry, "just in time" doesn't work. Using it does not allow us to optimize our logistics and risk management capabilities and leverage our global footprint effectively.

As we manage the gap between when farmers wish to sell and when customers wish to buy, we tend to carry large amounts of readily marketable inventory, or RMI. We need a portion of RMI as feed stock for our global crush operations at any point in time. However, we also originate, store, and distribute commodities in excess of our immediate needs through our merchandising operations, where inventory is more discretionary.

This is inherently a lower margin, high volume part of our business where we can generate earnings from the positive spread between our returns on RMI and our short term borrowing costs. In short, a dollar invested in discretionary RMI is different than a dollar invested in fixed assets or in the minimum inventory needed for operations.

In this chart, you can see our working capital levels, which are largely driven by RMI, can move dramatically up and down based on market conditions and opportunities. However, over time, levels tend to balance out.

A challenge with the large fluctuations in RMI is that they distort return on invested capital, or ROIC, creating variability that masks the return we are generating from these optimization activities. In other words, ROIC has shortfalls in measuring our performance.

We believe adjusted return on invested capital, or AROIC, provides investors another tool to assess our performance. It recognizes carrying RMI as a means to generate incremental profit, utilizing a highly liquid asset. Under AROIC, RMI for merchandising is excluded from our invested capital base and the related interest cost is treated as an operating expense. Importantly, it aligns with maximizing value for shareholders by increasing the focus on EPS.

Here you can see our ROIC and AROIC over time, excluding the impact of sugar, notable items, and timing differences. We have also adjusted these metrics for the impact of changes in foreign exchange rates on book equity using year end 2018 as the baseline for 2019 and the trailing 12 months ending Q1 2020.

Large movements in FX rates, such as the recent weakening of the Brazilian real, can have a meaningful impact on book equity and related return metrics. As a result, we will be holding any currency impact steady with the year end 2018 level. This will provide a clearer picture of our economic performance from the management actions we have taken. For AROIC, we have also increased the related WACC to 6.6 percent, reflecting an adjustment for the lower amount of debt, including in the adjusted invested capital base.

Another complementary metric we are introducing is cash flow yield, which is the ratio of discretionary cash flow to adjusted book equity. This measure emphasizes cash generation and complements earnings and return metrics.

Here you can see cash flow yield over the past five years, as well as during the trailing 12 months ending Q1 2020, measured against our cost of equity of 7 percent. The green bars show discretionary cash flow. This reflects cash flow available for investment in growth and productivity, as well as for return to shareholders as dividends or stock repurchases. We have been able to generate sufficient cash to more than cover our normal growth and productivity capex, as well as our current annual common dividend of about $285 million.

To summarize, before handing the mic back over to Greg, based on the changes we have made this year, we are set to deliver baseline earnings of $5 per share at an average crush margin. This would result in a ROIC of about 8 and a half percent, an AROIC of about 10 and a half percent, and a cash flow yield of about 15 percent, as well as adjusted funds from operations of about $1.2 billion. Beyond that, we continue to work on additional self-help initiatives and have a great runway ahead of us, leveraging our core oilseeds business to deliver earnings power in excess of $5 per share.

Our actions to date provide for more sustainable earnings and returns going forward and positions us to generate significant cash flow to fund reinvestment and returns to shareholders. With that, I'll turn the call back over to Greg.

Greg Heckman
Thanks, John. For over 200 years, Bunge's been an essential player in a critical industry. We're building on the solid foundation of cash flow durability, a passionate team, and the unparalleled global footprint, and we're taking actions that have set us up to get to an earnings baseline of $5 per share. And, we have multiple opportunities to further expand that earnings power. We're running a better portfolio with a better operating model and a stronger leadership team.

We'll continue to execute on the things we can control, such as costs, portfolio, risk management, and disciplined capital allocation. And, in our core business, our platform is in a great place. We'll continue to look for opportunities to consolidate in a way that makes sense, focusing on asset light and good value.

We're looking to capture more than our fair share of the growth from oilseeds, growth that's being driven not only by population and economic growth, but also by new demand: demand from biofuel and from plant based proteins, which are both massive markets. And, we're developing technology that's improving our efficiency and reinvesting the way we do business, both for ourselves and the industry.

We're a stronger, better Bunge. We've taken the best from our past and we're building on this foundation to create the industry leader for the next 200 years. And, with that, we're going to take a couple of minutes to get set up for Q&A and then we'll get started.

QUESTION AND ANSWER

Operator
We will now begin the question and answer session. Sell side firms with coverage can press star, then 1 on your touchtone phone. If you are using a speakerphone, please pick up your

handset before pressing the keys. To withdraw your question, please press star, then 2. All other listeners through the webcast may submit questions by typing in the box on your screen. At this time, we'll pause momentarily to assemble our roster.

And, our first question will come from Ben Bienvenu with Stephens, Incorporated. Please go ahead.

Ben Bienvenu
Hey, good morning, everyone.

Greg Heckman
Morning, Ben.

Ben Bienvenu
All of us in the investment community, we have been chomping at the bit for this presentation for more than a year now. You haven't disappointed today. I think the message is really well articulated. So, thanks for all of the helpful detail and well done.

Greg Heckman
Thank you.

Ben Bienvenu
I want to ask one clarifier and one question and then I'll get back in the queue. First, of the $1 of self-help earnings power improvements, does that include the 45 cents you quantified as a function of the actions you've made to date? And, then within that $1 of self-help earnings power, what are the main risks that you see to achieving that? Because it seems like this should be pretty low hanging fruit and much of the actions that you need to take seem like they're already in place to achieve that portion of the earnings power improvement.

John Neppl
Yeah, Ben, thanks for the question. Yeah, the numbers we've shown to date, some of the actions we've taken to date are included in our estimate to get there. And, we do feel like everything that we do in terms of self-help, whether it's some of the results of the portfolio assets we're taking, including a reduction of interest cost related to the proceeds of that, as well as the cost savings that we're pursing aggressively and just some of the organic improvement in the underlying business, like B2B oil. We feel very good about where that is.

And, so we feel confident that we can accomplish that and get ourselves positioned, at least for 2021, to be at $5 a share. Of course, as we mentioned, that we're assuming in that number, at least for the first year, we're assuming average crush margins across the industry. If we get there, we should have not a problem getting to the $5. And, obviously, we are going to continue to try to work on additional items so that we can ultimately lower that crush margin needed to get to $5.

Operator
And, our next question will come from Vincent Andrews with Morgan Stanley. Please go ahead.

Vincent Andrews
Thanks very much. Just maybe understanding the $5 and understanding the new risk management protocols, it seems very much organized to minimize sort of the downside risk and obviously still leave opportunity for the upside risk. So, just wondering given that there's really

no average year for anything in your business, if you could maybe reframe what you think, sort of the through to cycle earnings power is of the business, just keeping in mind you're going to--I think the low--just looking at the old model here. You did a little bit below 2 bucks in 2017. It was obviously an extremely challenging operating environment. So, is another $2 year, is that going to be off the table in an ex-COVID environment? But, what should we think about in terms of through the cycle earnings power, both on the downside and the upside relative to the $5 average environment?

Greg Heckman
Yeah, let me start and then if John or Brian want to add on. Look, how we're thinking about that is we're running a better portfolio with the new operating a model, a better theme and a way different focus around the discipline in our risk management and especially around capital allocation. So, I think all of those things change on if you're looking backwards on what we believe could be delivered, and we believe we could have delivered that under some past scenarios as well.

The other thing which John talked to, we'll continue to go after every piece of self-help to continue to lower that. So, even if you think about cost as we talked about coming out of finishing our rewiring and finishing our portfolio work, but now with coming out of COVID, we've all worked in very different ways and we're completely rethinking how the continuous improvement and some of the cost savings that we've realized because of the way we work and how do we keep those and fold those in?

So, we're trying to continue to raise the bar on the quality of earnings and really protecting the downside while staying in position that when we get some tailwind and when we get some better environments, that we're in a very good position to capture those process and markets and the opportunities throughout our portfolio.

Operator
Our next question will come from Heather Jones with Heather Jones Research. Please go ahead.

Heather Jones
Good morning and thank you for all the color this morning. I just wanted--did I hear you guys say that you thought that you could be positioned to do the five plus--I'm sorry, I'm getting a lot of feedback, so I hope you heard me.

Greg Heckman
Yeah Heather, you said to get in position to do the five plus and then we lost you. I'm sorry.

Heather Jones
Yeah, there was a lot of feedback, so I didn't know if y'all heard me. So, I was wondering, did I hear you correctly that you thought you could be in the five plus range for 2021? Did I understand you correctly on that?

Greg Heckman
Yeah, sure. That, of course, is going to depend on kind of the rate of recovery around ASF and COVID. But, with the environments and the rate of recovery, we'll be in position to do that. So, that's kind of a post-COVID number, so we're going to have to see how the timing plays out.

John Neppl

Yeah, I think it's--to be clear, Heather, we'll be positioned to do that and obviously, it's going to depend on--Greg mentioned post-COVID world. We think there will be good rebound from ASF and general recovery economically. We just don't know when that will start.

But, when we get into that mode and the industry starts to recover and COVID has kind of gotten past us, we feel at that point, we'll be positioned to get to the $5 and whether that starts at the beginning of 2021 or sometime during 2021, we feel pretty good about the run rate from that point forward.

Heather Jones
Okay, thank you. I'll get back in the queue.

Greg Heckman
Thanks, Heather.

Operator
Our next question will come from Adam Samuelson with Goldman Sachs. Please go ahead.

Adam Samuelson
Yes, thanks. Good morning, everyone.

Greg Heckman
Morning, Adam.

John Neppl
Morning, Adam.

Adam Samuelson
So, I guess just speaking about the bridge, is that kind of $5 plus world, can you just--given that you've already locked in a sizeable amount of your soy crush going through the third quarter, which I believe was the comments they gave with 1Q in early May, just help us think about kind of where 2020 would sit relative to that $34 on kind of soy crush target. And, then I believe in the beginning, you talked about a solid underlying second quarter and maybe just elaborate a little bit on kind of the business progression through the worst of COVID in the last few months.

Greg Heckman
Okay, yeah, you're right, we want to talk a little bit about how we're seeing 2020 roll out here following Q2. So yes, we're really pleased with how the team has executed against Q2, real solid underlying performance, as well as we've got some of the timing we talked about at our last EPR we'll be also rolling back in on top of that. That's all performance.

And, then as usual, the balance of the year is not as clear, but the environment here in Q2 has been better and as we do our earnings, we'll--on Q2, we'll tighten up the outlook if there's any change for the balance of the year. We have seen on the edible oil side, we have seen things start to get better more quickly than we expected, since last time we were together with some of the big--the CPG companies that continue to--with increased in demand they've seen. And, then we've seen on the food service side, some of the big QSR guys back to year ago levels.

Now, that's not true for all of food service. In total, it's probably back to about 80 percent of a year ago in North America. But, we're watching it closely and we'll continue to monitor how that develops in the year, and we'll talk in some more detail of that when we talk about Q2.

Brian Zachman
I think I would just add to that, to Greg's comments, by saying it's not unusual at all to see less visibility this time of year for the second half of the year and there are a number of variables that can really impact our second half. I mean, it starts with some major--well, major things like trade wars, potentially the phase one fulfilment of China. There's a lot happening in the macro environment in Argentina, which is acting to reduce producers selling there and reduce crush ultimately there.

And, then Brazil has a very tight balance sheet in soybeans coming to the end of the year and that is likely to result in reduced crush second half of the year, particularly Q4 in Brazil. And, then at the same time, crops are growing quite well so far in the Northern Hemisphere and producers have a lot of inventory to market still. Markets are relatively behind. So, there's really a lot--there's a lot still up in the air for the second half of the year, but that's not unusual either.

Operator
And, our next question will come from Ben Kallo with Baird. Please go ahead.

Ben Kallo
Hey, thank you for taking my questions. I have two. Could you talk just about the share repurchase size? With the shares trading where they are, why not re-up the repurchase? And, then second, could you talk about the mark to market in the first quarter and the size of it, and how the risk of managing it--and thank you for that commentary on it--how that framework fits in with that mark to market we saw in Q1 and if that's something that we should expect going forward for times like that, and I'll stop there. Thank you.

John Neppl
Yeah, I'll handle the first part of both those questions and then maybe Brian can speak a little bit more on what drives the mark to market. But, ultimately, let's talk about share repurchase first.

Earlier in the year, we had been assessing the opportunity to go and buy shares, given where the stock prices were trading. But, given the uncertainty with COVID, we really didn't know what was going to happen in the market and so ultimately, we felt it was more prudent to wait, kind of a wait and see, but ready to act when we felt like we were comfortable with the trajectory.

And, as we saw that although edible oil demand was off a bit, we were seeing very good results in our crush business, we felt confident that we could go ahead and allocate some of our capital to share repurchasing. We felt it's still halfway, $100 million get in the market, buy back stock and then we'll assess--as we go forward here, see how the back half trends, see what we see in the market, and then we'll reassess again. But, we also want to be careful to make sure we have dry powder available for opportunity.

And, so that is one of the mix. We're looking at a number of things. But, we felt like it was a good time to get in the market and do a purchase.

Greg Heckman
I'm going to just add on. I think John makes a good point about the dry powder. One of the things we spent a lot of time talking about is that we felt we were out ahead of this, the cost that we've taken down, the changes we've made in operating models, the changes we've made in the portfolio, that we were really in a good position for this ultimately stress test we've been

seeing with ASF and then followed by COVID, and felt really good about how we were going to operate.

We didn't know how this was going to affect everyone else. And, as we refreshed our strategy, we know where we'd like to add to our network and help the industry consolidate. So, when we want to have some dry powder, we'd love to add some specific assets of businesses if things happen at the right value. So, that's the other big lever that we spent a lot of time talking about.

John Neppl
And, relative to the second question on mark to market, as we've talked about at the end of Q1, it was really an unprecedented amount of mark to market, given three large areas where we saw the impact on crush mark to market, mark to market on our downstream edible oils business, and then also on our ocean freight.

And, those all sort of--it was almost like a perfect storm in terms of all of those markets moving the way they did that created the mark to market. And, what you'll--you can expect in Q2 and as expected we're seeing is that a vast majority or a very large portion of that mark to market is reversing in Q2. And, so where we hit a large loss in Q1, you're going to see a large mark to market gain in Q2 as some of that flushes through the process and we execute.

But, you'll see those going forward, probably--in my view, probably not to its magnitude, you're going to see in the first half. It always depends on the markets, but yeah, it's really coming off as we expected. And, Brian, maybe you want to elaborate a minute on sort of how you think about it.

Brian Zachman
Yeah, just to say that the risks that we hedge in the business, we're hedging the economic risks, the mark to market, and we'll call out mark to market when it happens. Those are non-economic risks. Those are really accounting machinations. So, when we look at the business and running the business, we're hedging economic risk and I would just leave it at that.

Greg Heckman
Yeah, as I said, the timing will play out. You'll see that in the LTM. We'll see that in the cash generation. That's what we're protecting and we'll be much more transparent in talking about that timing as we go forward.

Ben Kallo
I guess the question is, how do we distinguish between the mistakes that old Bunge made in hedging or risk taking versus what you're doing now going forward?

John Neppl
Well, I think it's important from how we characterize the results. When we talk about timing, that is purely timing. That's a reflection of the hedge timing of putting that economic hedge on, as Brian talked about, and the mark to market impact of that up and down between the time we actually put it on and the time we execute the ready to action.

That, we'll refer to as timing. Mark to market of a position or mark to market P&L on something that is not timing that might be a risk position that the team put on, we'll differentiate between the two. So, there won't be any confusion about the $400 million we've talked about in Q1 was timing and that is how we will characterize things related to the hedging.

Greg Heckman
At the end of the day, it'll be our results and then it'll be the transparency that we show you on the consistency with which we communicate.

Operator
Our next question will come from Robert Moskow with Credit Suisse. Please go ahead.

Robert Moskow
Thanks. A question about the bridge, and I think Vincent was kind of asking about this too. You started with 2019 as the base and you added a little bit to get to soy crush margins normalized and then a very small amount for normalized non-crush margins. When you do the bottoms up for that 2019 base, were those generally normal margins in that year for everything that was of a non-crush nature? Like, all the other elements of the value chain?

John Neppl
Yeah, we held--we pretty much held everything else steady and I think the view was, we didn't have really an outsider in any particular area, one way or the other, an upside or downside from this significantly from what we would normally expect to see. So, we did normalize some of the activity and the small items you see is a decrease on the non-crush margin activity.

We did feel like we had things going our way there in 2019 that maybe on average, if you average over a number of years, we wouldn't always see. But, I think we felt like everything else was fairly indicative of what we should expect going forward. Certainly the--for us, the biggest needle mover every year will be crush. Edible oils, we expect some improvement there, obviously over what we saw in 2019, but we feel pretty good about the base non-crush business being a fairly reasonable band around that in any given year.

Robert Moskow
Okay, and you also spoke about your M&A strategy has changed and you want to buy distress assets. You also want to consolidate the industry. Do you have a sense for how much excess capacity there is in the industry right now? And, are we in a distressed time right now? Like, you know that this is--that you can get assets at very low values.

Greg Heckman
I'll start by saying are these distressed times, I think we're definitely seeing some things in the last 12 months that no one's ever seen, so that's got different stresses for different people in different parts of the world. So, we'll continue to be vigilant. We'll continue to look for those organic opportunities, where they're either at that light around our platform or where we can continue to be bottlenecked and do things that make sense in our system.

Really, the trends are in place. There are parts of the globe, of course, that are more balanced or have a little extra capacity, but some of those have different challenges to being able to run, places like Argentina right now where that continues. So, it's one of the things we like about having a global look, but also very strong regionally to be able to manage through that.

Robert Moskow
And, is there an estimate for excess capacity from a crushing standpoint?

Greg Heckman
Brian, I always throw you the tough ones.

Brian Zachman
Well, generally, this is an industry that needs excess crush capacity. If you think about things that go wrong in the world throughout, big dislocations. I mean, it's a tale as old as time, really. This is an industry that will always have excess capacity because it needs to have excess capacity. How the facts come together at any--in any particular time window, it depends on a lot of things that we don't know today. It depends on crop production, it depends on aggregate demand.

Greg Heckman
And, I would say the other thing is, the economics right now sure don't support any new big green fields. We know that demand with population and economic demand is continuing to grow, and we also know that in this time of uncertainty we've seen here for the last nearly 24 months, that people have pulled back capital spending.

So, I think all of that, which is what Brian talked about, where it's sort of regionally displaced. We feel comfortable with the economics and with what we're looking at.

Robert Moskow
Okay, thank you.

Operator
Our next question will come from Tom Simonitsch with JP Morgan. Please go ahead.

Tom Simonitsch
Hi, good morning, guys.

Greg Heckman
Morning, Tom.

Tom Simonitsch
Question for you on adjusted ROIC. I appreciate the need to consider effects adjustments to invested capital, but can you quantify that adjustment to trading ROIC relative to the other adjustments? I would have thought your $6.4 billion in accumulated other comprehensive losses largely relating to currency reserves would more than offset the RMI adjustment.

John Neppl
Yeah, so we talked a lot about what to adjust and how much on the equity side as it relates to our translation account and obviously that dates back to the beginning of the company. In terms of the effectively the strengthening of the dollar versus other currencies over a cumulative number of years, a large part of that happening probably in the last three to four or five years.

So, what we decided to do was peg it from kind of the point where we are managing the business and setting the benchmark for ourselves using that. The adjustment, I think, in Q1 was roughly $300 and some million if I remember right. I don't have the exact number in front of me, but ultimately out of the CTA account--yeah, all of that $6 billion relates to ultimately the strengthening of the dollar over time.

What we decided to do was say let's peg a date where we kind of--effectively a date when we came in and let's measure ourselves going forward against that benchmark, because then it

becomes a question of how far back do you go? What's reasonable? And, so that's the approach we took. But, in the back of the deck, you'll actually see the math behind that.

Greg Heckman
But the ultimate goal of that, and we got a lot of feedback from investors. The ultimate goal of that is to ensure that we're not taking credit for things that we can't control.

Operator
Our next question will come from Ken Zaslow with Bank of Montreal. Please go ahead.

Ken Zaslow
Hey, good morning, everyone.

Greg Heckman
Good morning, Ken.

Ken Zaslow
Just on your portfolio, what percentage of your business at this point does not have the return characteristics that are similar or are suboptimal relative to what you would want them to be? And, do you have a path to these, and can you give examples, I guess, is kind of what I'm thinking about?

Greg Heckman
Yes. So, when we look at the portfolio, remember we did the initial screen last year about the returns in the portfolio and that's where we really set forward the action list that we've been working on, and again, I can't say enough about the team and the environment, the number of deals that we've done over the last year, as well as continuing to deliver the results. I feel like we've done as much as any company.

And, in there, we've been changing the operating model and in changing that operating model, we're now revisiting all of those returns of our businesses in the new value chain model and looking through each part of that. So, as we talked about, we've got just a few deals underway, slowed down a little bit by COVID, but it hasn't derailed anything. We hope to get all those done here by the end of the year. That'll be a cleanup of our first list and we're already working against the continuous improvement, which is we're constantly chasing and challenging those businesses that are in the bottom quartile of our portfolio and how we're improving their returns or they're going out of the portfolio and creating fuel for growth, and as John said, all our capital allocation.

So, we'll never be done, as well as during refreshing our strategy. We've identified some areas on some strategic assets that are performing very well that we believe long term, if we have the opportunity to maybe move those and make some strategic moves that kind of future proof our footprint, you may see us do some of that. So, as we do those, of course we'll announce why we did it, how it fits into the long term, and what we're going to do with the cash. So, that's a stay tuned.

John Neppl
And, I would just add to that, if you think about the one slide where we showed kind of a new value chain model versus the old model, if you look at the old model, there were a lot of individual P&Ls and to some degree, there may have been a profit not allocated to proper--in the proper place. And, what we're finding is, if I run a list of returns on our various assets, that can be misleading, because there may have been profit that was really integral to a specific asset or specific part of a supply chain that's being captured somewhere else. And, so as we've moved to the supply chain management structure, as Greg talked about, we have to reassess how some of these locations and some of these assets have been evaluated because we may not have had all the facts available rolled up in those numbers.

And, we're finding individual assets that may be integral to a supply chain or value chain that you can't do the value chain without, and so you have to assess that as part of a group of assets rather than an individual one. However, it's up to those value management--or value chain management team then to look that as they look at driving the return of their value chain up, they have to look for any weak link in the chain and that's going to be part of what we do going forward.

But, right now, we're really with the realignment, we're being careful not to make decisions too quickly that may be the wrong decisions.

Greg Heckman
And, the others, with the new operating model, as we talked about, continue to take costs out, get more efficient with how we fund and run it better. That's all part of it as we--as chase the better returns.

Ken Zaslow
Yes, let me just ask it another way. The percentage of assets that are underperforming, what percentage of them--or how do you--are they simply just operational issues that you can improve or do you think that it just doesn't belong in part of your portfolio? And, I'll leave it there.

Greg Heckman
There are a number of--we've done standardized global standards, which allows us to internal benchmarking and chase our best facilities and to chase our best operators and to get the commercial industrial teams working in a way that lowers any of our unplanned downtime. All those things help us chase the--yeah, we know which parts of the business are struggling and it's an up or out. We're not going to drag low returning anchors around in this business anymore.

We don't have to be everywhere. We have to be everywhere that's profitable that fits our strategy.

Ken Zaslow
Great, thank you.

Operator
Our next question will come from Adam Samuelson with Goldman Sachs. Please go ahead.

Adam Samuelson
Yes, thanks, appreciate the follow up. So, going to the high level roll up, you talked about a $5 plus EPS and an 8 and a half percent ROIC, but that would also be below the 9 percent target. So, just to be clear, that 40 or so cent EPS from the 50 basis points of ROIC is kind of--think of that as a contingency?

Greg Heckman
We lost you on the last part of the question, Adam.

Adam Samuelson
Sorry. On the ROIC target at $5 a share--can you hear me?

Greg Heckman
Operator?

Operator
Yes, sir. Mr. Samuelson, can you still hear us?

Adam Samuelson
Can you hear me?

Operator
This is the operator speaking. I can hear you. I think the management team may have some technical difficulties going on right now, so just please save your question until we get them reconnected.

John Neppl
Yeah, I'll at least give it a shot here while we're waiting. I think the question from Adam was around if we're at 8 and a half percent ROIC versus at $5, ultimately how do we get to 9 is maybe where it was headed. The difference between 8 and a half and 9, it's really about self-improvement and once we get to the 8 and a half, if we can get to the $5 a share, well within our control, everything else being equal, we can close the gap on other things like cost, some of the organic projects we're working on.

It's not going to require a bunch of investment in things and new things to get to 9. And, we still believe, as I mentioned earlier, ROIC is not the best target for us, we don't believe, but we will continue to show it. And, we also want to provide another metric to look at how we think about the business.

So, anyway, if Adam, if you're back on, happy to--if I missed that--

Adam Samuelson
That was the question. Thank you.

Greg Heckman
Okay, yeah. And, the other, of course, is from an environment, to the point we get any tailwinds, we think we're in a better position than ever to get our share of those improved margins and any opportunities created by dislocation or challenge globally.

Operator
And, our next question will come from Heather Jones with Heather Jones Research. Please go ahead.

Heather Jones
Hi, thanks for taking the follow up. On Slide 37--

Greg Heckman
--We're not hearing any questions, Operator.

Operator
Pardon me, Ms. Jones, please hold your question until we get reconnected.

Ruth Ann Wisener
While we're letting the self side queue up and fixing our technical difficulty, let me ask one that's--or start on our list of the ones that have come in through the system. So, with the first one--actually, we got several around risk management, so let me summarize like this.

But, they're asserting that specifically it appears that risk management at Bunge has improved and they're asking, can you describe the changes versus the previous model in risk metrics and also in the risk management approach?

Brian Zachman
Okay, I can address that by talking about three areas of focus. Two of them are quite specific and one is really all encompassing. And, the one that's all encompassing is about risk culture and no doubt, Greg will have something to say about that also.

But, from a risk culture perspective, the thing that we've really placed an emphasis on is that we want the office of the chief risk officer and the commercial teams to be partnered in the business. We deal with uncertainty in our business and we recognize nobody has a monopoly on the truth and having additional sets of eyes around reporting, diagnostics, quantitative analyses is something we welcome.

And, so we've created a culture in Bunge that embraces that. So, that partnership is really critical to our risk management. Also, along those lines, we spend a lot of time talking about the environment that we're in and really what the market will give us and what--the impact that has is it impacts how we size various positions in the business. Our aim is to not take more than the market will give us and we think that process has helped. So, culture is one important thing.

The other area is in the area of margin management and we talked about earnings at risk. We spend and we've put a lot of focus on thinking about what the value of our capacity is in the market, what's driving it, and that area of focus is really helping us to make better decisions about capacity management and the thing I would add about that is that our organizational structure and change in the organizational structure really supports those kinds of discussions. And, so now with the value chain approach, my belief is we're making better decisions and about the value of our capacity and when to hedge earnings at risk.

The final area of focus centers on discretionary risk taking and value at risk. And, in that area, what we've done is we've taken a more granular approach to how we look at risk. We've moved risk limits down in the organization. What we think that's done is it's increased diversification of our overall portfolio and it's increased accountability.

So, in the last 18 months, we think that this has been effective from a results standpoint, but we know we have to bring it every day and that's exactly what we're doing. It's a never ending journey. We're not relaxed about it and so far, we're pleased with the results.

Greg Heckman
The only thing I would add is--Brian touched on culture and everybody says culture and it's a throwaway word, but it's not. We think it's a huge part of how you run a complex company like this and that is one of the reasons we put the team together we did. I mean, John and I and Robert Wagner had over 15 years and we've been in commodity--handling and distribution, commodity processing, food processing, food ingredients, and managing the risks around those businesses to maximize the earnings and staying focused on the assets first and it's a mindset and it is a culture. It's a tone at the top.

And when we started talking with Brian, and his intimate knowledge of Bunge and the team, and he was aligned around that thought process and that culture, as is the rest of the leadership team on ag and food and the leadership in the value chains. So, risk management is a fabric of this company, the culture of how we do it and how we protect and maximize these assets. And that's why we say a new Bunge.

Operator
We will resume our previous question from Ms. Heather Jones, from Heather Jones research. Please go ahead.

Ruth Ann Wisener
We'll take another question that has been submitted. So, this is about BLC. You always seem optimistic about this business, what's your view of the future?

Greg Heckman
So, our view of the future with BLC is exciting. We've got a ton of opportunities. If you look at what the teams done here in less than two years, we bought the business, a business that we were in. We were already in the specialty oils. But what this gave us was, it filled out our portfolio of products, added innovation capabilities, our ability to be at the front end of finding solutions with customers by adding tropical oils. And as we brought that business in, debottlenecked the assets, integrated the teams, created a go to market for our value-added food oils program, our products and our services, we've revitalized the entire leadership team and we're now externally focused. And while we're doing all of that, we've been growing it at high single digits. And our specialty parts is growing at almost three times that rate.

So, we see not only the organic opportunities that we have to grow with that business as we get externally focused now, but we also see the organic opportunities for growth, and some acquisitive opportunities. We talked about the business as very fragmented. And so, we believe we'll have the opportunity to pick up some businesses at the right price, to add geography or add capability. So, we see a lot of runway. We've got the focus and we've got the platform ready to go.

Ruth Ann Wisener
Great. Thanks, Greg. Heather has emailed us a question. So, this is for John, on the assumptions. So, the $400 million of asset sales mentioned in the presentation, does that only reflect announced actions? Greg has also mentioned, on the Q1 call, another one of a size similar to be announced, is that still expected?

John Neppl
Yeah. So, thanks, Heather, for emailing the question in. So, the $400 million that we discussed in the deck, and in our remarks, that is on announced deals. So, that's our grain transaction that we do expect, yet, to take a while. It's in review for regulatory review now. That one, we would expect to close late this year, sometime next year, it's hard to say.

And then our second one is a margarine and a mayonnaise business sale that we announced. It's also in regulatory review in Brazil. So, that makes up the $400 million. It's actually, slightly, above $400 million.

The other items that we've discussed, that we discussed back in Q1 and we have since discussed, are all still in motion at various stages. We'd like to move faster on things, as we can, but we have a counter party to work with, and COVID has probably slowed things down a little bit. But ultimately, we still feel pretty good about where we're headed on the other current projects.

Ruth Ann Wisener
Thanks, John. So, I have another question that's been submitted, and it's also about BLC. What is the company's appetite for doing sizable, transformative deals to consolidate BLC's position within the specialty fats and oils sector? Do you have a target multiple or value ration range, or dollar amount, for the types of transactions that you would be willing to do?

Greg Heckman
Yeah. So, whether it's doing transactions to grow in BLC, or any other part of our business, we're not going to set targets that we're going to chase and would force us to stretch on the economics. We're going to let the numbers drive the opportunity. And we're not only going to make sure that the numbers work, we're going to stress them, and make sure that they work at the bottom end of the cycle for us. And that they make sense, regardless of how strategic they are.

Ruth Ann Wisener
Thanks, Greg. Here's another one that's been submitted, and it's about biofuels. How do you plan to expand your biofuels footprint? Will it still be Brazil focused and driven by sugarcane?

Greg Heckman
Yeah. As far as expanding in biofuels, it's an exciting area, it's developing quickly. Some of its mandate, some of it's just being driven by the right to do around climate change. But again, we'll let the numbers drive where we expand. I mean, we're going to get a lift from the underlying demand lift. And some of what that does, to tighten up capacity in our refineries.

But we think there's tons of opportunities. I'm excited about the work that the team is doing. Some of it will be in being a strategic supplier, some of it may be in making some organic growth, making some investments ourselves. Some may be strategic partnerships or JVs, or

some of it can even be in M&A. But we're gonna be thoughtful, we're gonna be targeted, and we're gonna be really disciplined when we put capital work in unlived assets.

Ruth Ann Wisener
Thanks. And here's, sort of, a follow up, except it's for Brian, around biofuels. And the question is, how do lower crude prices impact your renewable and your biodiesel businesses?

Brian Zachman
Yeah. So, the trend is really toward less crude oil values, having less impact on biofuel production and consumption, at least in those linked to vegetable oils. What I mean by that is, more and more of the, or most of the consumption, is mandated as a percentage of diesel production and consumption. So, our real risk is in volumes of diesel consumption, it's less about the economics. So, mandates, as a percentage of production, again, make it less dependent on the price of energy, traditional energy. And then the second area, HVO, or renewable diesel, those trends and the adoption of those fuels, are more driven by carbon reduction efforts, greenhouse gas reduction efforts, and that's the area that we see growing the most in the future.

Ruth Ann Wisener
Thanks, Brian. And here's a question from Rob Moskow, regarding BLC and the protein products. So, is there something giving Bunge more flexibility to expand its presence in soy isolates and plant based meat applications, or are there restrictions related to its JV with DuPont that prevented it from expanding here previously? What are your capabilities today for becoming a bigger player in this end market?

Greg Heckman
Yeah, thanks. We're excited about the protein space; we've got no limits on what we can do. And quite frankly, the fact that we, at one point, were in a joint venture in the plant protein space, we've got an incredible amount of knowledge internally. And what we've done is, is we've created a laser focus, bringing that group of knowledgeable people together, understanding what our current capabilities are, and understanding where we want to go in that market.

So, that, much like as we talked in biofuels, only we're farther ahead, we see a number of ways to go. Some of that, again, extending on what we're doing, investing in organic opportunities. Again, strategic partnerships, JVs, and or acquisitions. And again, as we move that forward and see places to allocate capital, and to move forward that makes sense, and make the right returns, again, we'll roll those out and be very transparent about how we see them fit and how we think about the next steps. But it's an exciting area, looks like it's got a lot of runway.

Ruth Ann Wisener
Thanks, Greg. I have a question talking about our assumptions around average crush margins that's been submitted. The question is, the new targets are based on average crush margins. Could you please outline the potential case for rising structural crush margins long term? For example, could there be more industry rationalization of capacity? Could there be higher demand, etcetera? How do you think about the upside to the base case you laid out?

Greg Heckman
Well, let me start and then, like I said, I throw the tough ones to Brian.

Brian Zachman
Maybe, just let me start, Greg.

Greg Heckman
He's afraid where I'll go first.

Brian Zachman
I'll start with the demand, the demand trends. And really, that that backdrop is strong. It's driven by population growth, GDP growth, and one can debate the rates. But it's interesting, even this year, in a year where the world has a lot of questions because of COVID, we'll look at protein growth from last year, meaning ‘18-‘19 to ‘19-‘20. And we'll have soybean meal growth outside of China still up 2%, even in a year like this.

So, I think we can be pretty confident that on the demand side, we'll continue to see growth. One can debate, again, the trends and the speed of this growth, but it's a pretty well established trend and we expect that’s gonna continue. So, that'll be the backdrop.

Greg Heckman
And the only thing I was gonna say is, look, we put this together with what we believe are the assumptions that we can deliver. In a better scenario, this team with this platform, we're in position to capture those and wherever they take us north of five.

Ruth Ann Wisener
So, here's a multi-part question about trends in the markets. We've seen the emergence of more nationalistic players, as well as some consolidation of companies. At the same time, some companies and brands are focusing on local and shorter supply chains, and certain analysts are predicting a less globalized world after the pandemic. What is Bunge’s reaction to these trends?

Greg Heckman
Well, I'd start by saying, our reaction is that we still have to feed a growing world. And that's going to have to be from things being grown in the areas that have the most comparative advantage and be able to get them as efficiently as possible where the growing demand is. We're glad we run a global platform.

With that being said, we're also glad we have some real regional strength, because they'll continue to be some specialization, there'll be disruptions. And so, you need to be able to do both. And so, as we think strategically about what our footprint looks like, not only globally, but regionally, we take those things into account.

We think it's opportunity, and we think our team has the opportunity to help our customers be successful at both ends of the supply chain, help them manage those challenges. Whether it's on the commodity side or the value added side, and that allows us to grow and get more than our share of the opportunity.

Brian Zachman
I would just add to that, that we're in a pretty unique place where we have relationships all the way through the chain, so we can deliver traits, specialty crops as an example, we have contract growing programs. And those specialty crops can be identity preserved and pulled through our system, all the way through our supply chains and delivered to end users. So, if the question refers to trends like that, we're in a pretty unique position to provide that service. Not many can do it.

Greg Heckman

Yeah, no, thanks, Brian. No, that's a great point. I mean, we're already doing some of that, where you get the right seed, you contract grow it. We keep a sustainable and verifiable transparent supply chain all the way through the processing into the ingredient to our customers, that then are protecting and growing their brands in both CPG and QSR. And that's something a small regional can't do.

And frankly, we're in a position where we can not only deliver that, but we can make investments alongside our key customers and grow with them. And that's the kind of things where you do create a partnership and you're not doing RFQs. It's a very different win-win situation and that's the kind of focus we've got.

Ruth Ann Wisener
Great, thank you. We've had several questions submitted about Argentina. So, let me summarize by saying, can you talk a little bit about the broader situation, including how Vicentin facing possible intervention might be affecting Bunge?

Greg Heckman
Flip a coin on that? Look, the one thing about Argentina, we've been there a long time. Bunge has a great team. We've got great assets on the ground. We've seen a lot there. And our team has done a fantastic job managing this situation, just as we've managed situations in the past.

Yeah. There's a there's a lot of uncertainty, whether it's government policy, how the farmers react to that, whether there's privatization, or things continue down a path with some companies on going through and being commercially handled. We'll see; we can't control those. But what we can control, is continue to serve our customers in both end of the supply chain and operate our system. And so, glad we've got our team and that we've got the experience that we do in Argentina.

Ruth Ann Wisener
Thanks. One of the subparts is, and I think this is for John, around Argentina. Is Bunge facing difficulties in any of its financing activities or its hedging?

John Neppl
No, simple answers is no. We've got a great Treasury team in South America that manage both Argentina and Brazil. And we've had no problems with our bank relationships, getting access to U.S. dollars as we need them in Argentina. Been able to fund the business without disruption.

Ruth Ann Wisener
And we have one around Imcopa. What is the full potential, do you think, in terms of contribution? And at some point, could you expand on the specialty proteins business that's included in those assets?

Greg Heckman
Yeah, we're real excited about Imcopa and doing getting that transaction closed and getting it into the portfolio. It's got a great position and we've got our leading platform down there. It'll tuck right in. It's got access to ports, got capabilities around non-GMO supply chains on the sourcing, as well as protein capabilities. And let alone, of course, folding in the veggie oil business into our existing business.

So, just a lot we can do with that. We're excited to get it in as part of the family and be ready to talk more about that in the future.

Ruth Ann Wisener
Great. And now, we've got time for one more question. So, this will be the last one of this morning. Can you provide more color or detail around some of the other growth initiatives that you referred to earlier, such as biodiesel and protein? Is there any data you can give us around timing, magnitude, or whether or not you would grow organically or via M&A?

Greg Heckman
Okay. Look, we're real excited about the growth opportunities. I mean, one of the great things about this team is it's been amazing what we've been able to get done. We've continued to refresh the strategy and look at the opportunities across BLC, which has been part of the family longer. And as I talked about, we not only see a number of organic opportunities, but some bolt on M&A.

We've re-set the leadership team, debottlenecked the plants, we've got our go to market together, we're having different conversations with customers than we've ever had. And with complete external focus, we're excited about the organic growth alone, plus some of the investments that we can make here to grow, and there'll be some bolt on M&A. So, excited about BLC, and what we're doing there.

Second, we've been underway on protein, with it bringing our knowledge and where our asset base is, working with customers that we already have in other products, working with them on protein, how they're thinking about working backwards. And we'll be thoughtful about as we move forward and talk about that, whether it's partnering JVs, making organic investments, or looking at M&A. And that's true with biodiesel and biofuels as well.

I mean biofuels and protein; we're going to get the lift from those massive markets if we did nothing. But again, we, again, we are involved in biofuels in a number of places around the world. So, we've pulled together our team like one Bunge, where we're getting our expertise, understanding where we operate today, working with our partners that are looking at where they're going to grow to take advantage of the growth that's out there. And again, thinking about each and every way that we can do it, from where we sit today, to where we partner, to where we JV, to where we invest, or where we even do M&A.

But again, we're gonna be very disciplined about our capital allocation, we're going to be very thoughtful. And in the meantime, we're going to keep driving our core business, operating this big cash machine better than we've ever operated it, with a better portfolio and a better team, and be thoughtful about how we put that cash to work.

So, we're excited about the future here at Bunge. We appreciate your time today. And I'm sure we'll be talking to you all as we go forward. Thanks so much.

Ruth Ann Wisener
Thanks for joining our call today. If any of you have further questions, feel free to reach out.

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