

Bunge

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Ben Theurer:

Good afternoon and thank you very much for coming back. Next on stage we've got the management team from Bunge, world-leader in oilseed processing and a leading producer and supplier of specialty plant-based oils and fats. With more than two centuries of experience, unmatched global scale and deeply rooted relationships, Bunge connects farmers to consumers to deliver essential food, feed and fuel to the world.

In partnership with others in the supply chain, Bunge works to strengthen global food security, increase sustainability where it operates and help communities to prosper. The companies headquartered in St. Louis, Missouri and has 23,000 employees worldwide and approximately 300 facilities located in more than 40 countries. I'm very pleased to welcome Greg Heckman, CEO of Bunge, who has over 30 years of experience in agriculture, energy and food processing. Joined Bunge as a board member back in 2018 and took on the role of CEO later on.

Greg's first call was to his long-term colleague and finance partner, John Nepl, who then joined the company as CFO and is also with us today. Since taking over leadership of Bunge, Greg, John and the team have accomplished a great deal in terms of portfolio optimization, operational improvement and financial discipline to include a more rigorous approach to risk management in spite of the constantly fluctuating operational environment.

Now, in the most recent quarter, the company also provided an update on its baseline EPS framework which we will discuss in more detail later today. Gentlemen, welcome and before we dig into the numbers, Greg, I'm pretty sure you've got some opening remarks on the current status of the different businesses and markets and then we'll go into questions.

Greg Heckman:

Great, Ben, thanks for having us. Great to be here. Great to see everybody in person again. So, want to get to -- just say -- can't say thanks enough to our team about what we've done here the last three-plus years, really couldn't be more proud of how we've got Bunge positioned for the future and positioned for growth. If you look at the changes we've made to what's a great global food infrastructure company to prepare it for the future, we did a lot of divestitures and unwound things that didn't make sense for our portfolio and the resiliency of the earnings during, what we knew was originally a trade war, then African swine fever and then some things that most of the team had never seen before; a pandemic, a war and global inflation. So, it's been quite a three-plus years, we've decided to move the global headquarters in the midst of that. Feel great about 11 straight quarters of year-over-year earnings growth, two record years in a row and we've

called this year what will be our second highest year in record, the Q2 earnings, and feel great about how we're positioned.

Ben Theurer: Now, you obviously have, and it's been discussed during the last quarter, operations all over the globe and macroeconomic conditions and the number of key regions are very important to your operations. Can you just give us a little bit of a framework, what are your expectations in the different regions and how that then flows into what your current guidance is for \$12.00 earnings per share and if you see any moving factors that might have changed into one or the other direction?

Greg Heckman: Yeah. It hasn't been too long since we were all together for Q2 but one thing you can count on in this industry is the landscape will stay dynamic and it sure hasn't disappointed. So, I think if we had to put a bow around it, I think we'd see the same outcome for the year but probably slightly different path. So, we've got the most recent news and if we start there, Argentina has been working a number of different schemes from the government to try to support farmers selling. We've seen that really accelerate in the past few days which is really some catchup selling and maybe pulling some selling forward on the soy side. Feed grain marketing has slowed down but that's liquidity that the industry needed, so that's kind of finally needed to come. So, we'll see higher capacity utilization on the crush and we're seeing some export business done as well on the soy side.

I think that's going to be important because if you look at the offset where margins are better there, it's going to be a little more challenging, I think, if you look forward in Europe with the high energy costs and what that's doing to variable costs there. So, later in the year I think we're going to need South America, and Argentina specifically, to help supply that as we probably see crush pull back a little bit.

The U.S. continues to be, no doubt, the strongest market and whether that's canola crushing in Canada or the soy crushing in the U.S., that's probably improved a little bit and the outlook very good as we continue to see the canola crop develop well and the soy crop develop well here in the U.S. We've got, I think, Brazil roughly about the same and then we're starting to see China improve. Crush margins there improving even though we're not out of the COVID lockdown. China's been a feature for a couple of years coming into COVID on the demand side but really has not really seen the recovery yet and so we look forward to that going forward.

Ben Theurer: And within Russia, Ukraine, obviously, is an important factor as well on the supply side and there's been disruption, a little bit of an easing. How do you actually think about the grain supply into next year? So, not necessarily what currently is available and just needs to be shipped out but how do you think about the supply into next year and what that could ultimately have of implications.

Greg Heckman: Yeah, that's another big key on the supply side, right? There's supply and demand economics stay pretty tight globally getting that supply out of Ukraine. We're seeing a little bit more move. We of course are moving way less than historically over land to the west now as the humanitarian corridor is opened for the 120 days. I think the real question to watch on volatility going forward is will that be renewed after the 120 days? About half of what has been scheduled has shipped, which is definitely an improvement. Need to get those supplies out of there, not only for global food security but for the

quality and to free up storage for the next crop.

One of the challenges in the Ukraine though is the cost, the supply chain costs whether going over land or through sea are much higher now and that, of course, from the global market back to the producer. The producer is getting a lower net back and so that farmer has less to invest and so we'll want to watch from a supply standpoint what we see for next year because they'll have less to invest in the seed and the fertilizer and in the chemical around the agronomics.

So, I think some of the ranges, as we talk about it, in the industry are saying from when you assume what acres get planted because some of the acres in the east are no longer available to what actually gets harvested. And then from a quality, to get to market, to demand, is somewhere in the 30% to a 60% of what we saw pre-war. So, that will continue to be a key thing to watch.

Ben Theurer: Now, in light of that, let's talk a little bit about the numbers and what you've presented with your new baseline framework, the \$8.50, is that kind of a midcycle baseline, but actually talked a lot about how you think or different way, shapes or form to get this to more like \$11.00, \$12.00. We know guidance for this year is \$12.00. So, are we actually going to see \$8.50?

Greg Heckman: I hope not. \$8.50 is really -- as we were kind of taking the business apart and looking at the detail, one thing we heard early on when we got to Bunge was, it's a black box. And so, we really started out kind of early on trying to figure out, first, what we had and then how to think about it going forward and the first year we rolled out a \$5.00 baseline in the middle of 2020 and it really gave sort of a foundation of what we thought the business should be able to do in a midcycle environment.

That year we ended up delivering \$8.30 a share and so there was a lot of question about, okay, what relevance does \$5.00 have? And so, we went back and did some additional work as we learned more about the footprint, learned more about our capability as we were changing the business model of the company and we rebased ourselves up to \$7.00. And of course, last year we delivered almost \$13.00 a share. So, certainly in a dynamic environment we have not only proven that we raised the baseline of the company or the midcycle baseline, but we also knew that with our capability and a good environment, we could way outperform that.

So, very similarly this year we were getting a lot of questions about the relevance of \$7.00. And so, we knew at some point we were going to need to revisit that and we did go through and do work and made some -- took a look at where we felt the environment was going to be over the next few years, what capability we've continued to add and really came up with a revised estimate of \$8.50.

Now, the \$8.50 really represents sort of an average midcycle steady state for the company. We're not in that environment today. Today we're in a pretty dynamic environment and so with the -- at least \$12.00 that we talked about mid-year, really is indicative of that opportunity that we see above what we should be able to do in an average midcycle.

At the same time, as we look forward and we look at the environment, we do think we're

going to be in a pretty favorable environment for the next two to three years. That's going to be driven by our strong performance in places like North America and Europe around crush; both soy and soft seed but also refining premiums, feeding not only the food but the energy industry. We do expect to be elevated for a period of time.

As we go forward, if those dynamics start to moderate, which we're not predicting necessarily that they will, we're just modeling it that way. At that same time, we'll be investing in growth which is something we've really turned to and as we move forward over the next several years, we're going to deploy somewhere north of \$3 billion between growth CapEx and M&A and also another billion and a quarter for share buyback. That will essentially raise our midcycle number from \$8.50 to an \$11.00 range.

And so, as we see potential moderation of the numbers over time on a midcycle, we do expect our performance, our baseline performance, to go up simply through the investments that we've made.

John Neapl: And I'd just add on, I think what we see now and why we're not predicting exactly what we think we can out-earn the baseline, we definitely see the environment over the next two to three years to be an environment like we've seen the last two to three years where through execution and the opportunity that we've been able to out-earn the baseline.

Ben Theurer: And that baseline, I mean – kind of like the core assumptions and what have, for example, changed for \$8.50 on the baseline versus what was the base like just in the markets, not necessarily on your operational side. Has anything changed? Or like might be average crush margin that has changed? Like, how comfortable are you with those new market condition assumptions?

Greg Heckman: Yeah, we're really pretty comfortable. We looked at -- when you look outside of the U.S. and Europe and I'll say North America and Europe, most of the rest of the world we're seeing kind of reversion to the mean, so nothing special. We think they'll be at or below historical averages but we do think in North America, one thing that the markets going to have to do is incent capacity expansion. And so, when we look at not only do we think -- what we think the S&Ds will be over the next several years, but also what's it going to take to incent capacity expansion to meet the needs of renewable diesel industry. We do expect margins to be elevated and we think we have a pretty reasonable view of that.

In soft seed, you know, with the demand there, it continues to be a very good environment. We see that into the future here and I might just add on the \$11.00 we looked at, we also see upside to that. So, we had talked about this dollar plus over that which really represents additional capital capacity we have over and above the \$3.3 billion we talked about, additional capacity, you know, capital capacity, we could invest as well.

John Neapl: I'd probably mention the other two things that probably make us really comfortable with that or our assumptions around merchandizing which is the hardest to be able to forecast but with the environment that we see, that feels like very conservative. And then on our refining overages, and our refining specialty oils, we've brought those back towards historical averages. And what's the outlook and some of the pretreatment and renewable diesel not getting built as quickly or maybe at all, that could actually extend longer. So, those are a couple of places that also give us confidence.

Ben Theurer: Then you've talked about it how you basically optimized the business model and really became a more efficient operation. Do you have a few examples of what you've done specifically over the last couple of years that have actually helped you to make the company more resilient, more efficient and just execute it on what you've said you would do, I think it was 2.5 years ago, something like that.

John Neppl: Yeah, I could start and then, Greg -- I think the first thing we did was we cleaned up the portfolio. We divested some underperforming businesses. We divested some non-core businesses. We still have a little ways to go there but I think we've taken a lot of complexity out just with more of a focus on what we're really good at as a company. The second thing is, and Greg can go into more detail, but we really shifted from this mentality of geographically structured company where we in effect had about four Bunge's operating around the globe. You may say four to five but somewhere in there we had a lot of little Bunge's that existed.

We've really changed that mentality and that model to say we're going to manage this company globally and really driven by supply chain not geography. And what that has done, it sounds like a really simple thing to do but it was a complete change in not only approach but mentality culture and the beauty of it is, that wasn't an idea that Greg and I came in with. That was an idea that the team brought to us when we got there. We came in, the first thing we did was listen. And it was amazing the ideas that the team had. Once you cleared out, I'll say, some of the ineffective executive reorganization, it really gave those people that were driving the business the opportunity to communicate what they saw as a vision for the company. We just simply ran with it.

Greg Heckman: Look, we changed our award system so we've got everyone completely aligned with the shareholders. And we're all pulling together and there's only one stock price. There's only one Bunge -- That's how we're going to drive the company. We put a lot of financial discipline around the capital allocation process. We're -- rather than being out in the regions, it all comes to the center and we look at the best projects. And then the risk management discipline around the day-to-day operations and so we stayed focused on taking amount of risk as we help our farmer customers manage their risk or end-use customers; whether it's feed, food or fuel customers and whether it's B2B or B2C on how much risk that we take from them but we make sure that that makes sense for our earnings power and the environment that we're operating in; which has been a lot of different environments and so we are proud of the resiliency of that earnings record now. But that's been a big part of the change.

Ben Theurer: How much would you say you've executed on that change and how much do you still have to go?

Greg Heckman: I think culturally I think we're where we want to be. We're in the seventh of nine innings, right, if you're talking baseball. I think on the operations side, which we didn't touch, we've done a phenomenal job in the industrial team. Capacity utilization is up, you can really look at every metric. Unplanned downtime has been reduced. So, we've got our assets up and ready to run. We're doing a good job of focusing on these billions of dollars of assets and millions of tons of flow and 10's and thousands of customers to manage the earnings at risk; that's absolutely Number 1 priority. And you're seeing that in the metrics. Even little things like thinking about how we're taking our downtime, and

we're taking it at the lowest margin times of year, whether that's driven by crop cycles or this year where we're going to plan around high energy costs in Europe and be able to take some extended downtime, do some maintenance that we've put off while margins were very good and then we'll be able to fill those customer needs from South America where we'll run a little bit harder in Argentina or Brazil.

John Nepl: I'd just add though that I think one of the opportunities that we have on the industrial side that we really haven't leveraged yet is technology and I think we've got some tremendous upside in terms of operational efficiency and opportunity over the next few years through investment in technology at our plants.

A lot of it's been done so far just been really good hard work but leveraging technology is going to be a focus area here over the next few years.

Ben Theurer: One other thing and just within the framework of getting to the EPS and the basically \$11.00 potential by 2026 up from what the baseline is, \$8.50 now. One of the things, obviously, the share buybacks, potential for M&A, CapEx needs. So, what's that kind of a prioritization, how would you kind of rank it through or is it just about the opportunities? Where do you see the biggest opportunities? Is it on your own CapEx, investing into facilities? Is it ready to use acquiring something? Just, there's nothing [above the shares].

John Nepl: Yeah, I can start. Go ahead. Look, I think it's all of those and in terms of priorities, it's going to be what's going to give us the best return. We put everything in the bottom of the funnel, or the top of the funnel, so to speak and then we allocate from there. Obviously the opportunity to do bolt-on M&A and get an opportunity to consolidate the industry would be something that's really important for us. Not only that, it gives us immediate return from the time we make that investment, which is a proactive, of course.

And some of those can be fairly easy. Bolt-on M&A can be done fairly quickly. It may be something more significant may take time with regulatory and things but that's an area that we really want to focus on. On the CapEx side, that's the area we control the most in terms of timing and really good projects. We're very enthusiastic about some of the things we have in the pipeline.

We can't do all that without some mix, we think, of share buyback going forward and certainly in cases where the M&A pipeline can kind of ebb and flow at times, there may not be as much available times as others. We think share buyback is a good way to provide some immediate return to the shareholders where we may be – where the M&A pipeline might not be as robust at certain times.

So, really it's going to be a combination of all of those and as we did in the model, we really looked -- it just kind of came out that it's almost evenly distributed across those three today where we modeled it. It will never happen that way, exactly, but that's our going-in assumption.

Greg Heckman: And then the gross dividends. We raised our dividend again this year and, of course, that's part of the capital allocation decision. But I think as John said on M&A, the one thing the team does a great job. We've got our priorities, right? We've got our wish list and then there's as you're able to execute on things. So, we're excited about that. We

think we've earned the right by showing we can execute and then, of course, what the teams done, we've been upgraded by both credit rating agencies and frankly we've got the balance sheet absolutely kind of wound like a spring here so we'll continue to look for the right opportunities but we'll be patient.

Ben Theurer: Now, in context of that, you would have to kind of look into what you've been doing in terms of announcement. You have a couple of JV on the energy side, I'll dig into that in a second. But, would you think investments are going to happen more on potential on the energy side where you see opportunities and we've seen you partnering with others, or is it maybe going more downstream trying to get close to the consumer with some of the products? So, what are the preferences or is it just where it is?

Greg Heckman: Yeah, we'll let the numbers drive us and risk adjusted and look at the returns, but naturally that's the beauty of having all of these areas to decide. We don't have to reach for a project, we don't have to take risks that don't make sense versus the return. So, no doubt on origination continues to be very important to be able to serve our origination customer and serve our leading global crushing asset-base. So, how do we -- our relevance to the customer? How do we continue to protect and build on our strongest franchises and how do we fill in some of our weaknesses?

So, we'll continue to focus on that as it becomes available. Of course, that will be on the oilseed crushing side as well and our distribution capabilities globally. So, if you think about our origination and distribution, not only serves our assets but it serves some of our third-party customers.

Then on the value-added side, no doubt we continue to grow in our specialty fats and oils and our lipids business, we have the opportunity there to continue not only to grow organically but bolt-on acquisitions. We love that business, it benefits from some of the trends, not only from the snacking trends but the trends around plant proteins, if we think this is in place and we'll continue to grow. And then also the plant proteins, those customers that we're serving today on the specialty fats and oils side want to see us grow in the plant protein side. That's an area that we'll organically grow over time because we've been a commodity supplier and that's an area we need to continue to value up.

So, excited about that. And then you mentioned, on the renewable feedstocks, right? Our JV with Chevron is one of those areas. Of course, in the forward model, the only thing in there is the proceeds from the JV, the assets that we put into the JV and the expansion in crush that we have planned around those. So, everything else where we're focusing on, lower CI feedstocks, and any of the projects that spin out of there will all be additive.

But I love Chevron as a partner. They're fantastic. We are now -- we're true 50-50 partners. This isn't a supply relationship. So, we are looking end-to-end, from the farmer to when we turn it into the veg oil, from when they take the veg oil, and what that means all the way out to the retail customer. And so, as we talk about different feedstocks and different blends and how that works in their facilities versus what we can do in our facilities, we're solving together and really excited about some of the value that we're going to be able to create. So -- and we continue to talk to a number of the other energy companies at different places around the globe. So, I don't think this is the last thing you'll hear us do.

Just probably to be clear on a couple of things, you asked about downstream. And we're not going to be on the consumer -- we're not in the retail shelf or selling directly to the consumer. We don't want to compete with our customers. We want to be a supplier to those food manufacturers that sell to the retail. That's where we think our sweet spot is. And on the renewable diesel side, we don't envision ourselves being a renewable diesel producer. We want to be a feedstock to that industry and stop it there, and that's really kind of where we have with Chevron and we will with others as well.

Ben Theurer: How much of a change do you actually need on like energy policy or just simple demand for the renewable green diesel, also in context of like the EPS assumptions, baseline assumptions? And within that partnership, and you've laid it out to what degree, what you do, and you also said it's, basically, there's more to come. So, there is no like exclusivity to it, maybe just in the region, but you could do similar structures with other partners elsewhere in the world. Correct?

Greg Heckman: That's correct. We've got certain things within the partnership where we'll have a chance to work with one another first. We would love to do some other things with Chevron, but we also have the ability, when that doesn't make sense, that we can do some things with other partners in different places around the world.

Ben Theurer: Okay. Which brings me to BP and your JV down in Brazil. Any updates here? I always have to ask that question.

John Nepl: I can take it. Sure. I can take it. Look, we've talked for a couple of years about that's a noncore asset for us. And I would say though, that we're very proud of the team down there and the performance of that business over the last couple of years. It didn't mean we're going to fall in love with it, it's just a business that doesn't fit us. But we are happy that it's not a drain on performance like it was, but we still have a plan to exit that.

And I mean, there was some news in the press that got around about that effort, and we'll just say that we're going to run it until we don't own it. And -- but again, our long-term plan would be to eventually divest and take those proceeds and reinvest them in things that are more core to Bunge.

Ben Theurer: Because it's still part of the baseline EPS, correct?

John Nepl: It is built in the baseline because we felt like until we know it's not going to be there, we'll keep it in. But we really think with the proceeds, we can effectively replace those earnings out over time, so it doesn't really affect our outlook at 2026.

Ben Theurer: Okay. All right. Another question, and this obviously comes up a lot and more recently, have been somewhat present, obviously, on all the implications, climate change, the dislocations happening with droughts and floods everywhere in the world. I mean there's really growing emphasis and obviously, dislocation happening. Now you've been somewhat proactive taking steps towards as well, a more sustainable business model. How satisfied are you where you stand so far? And on like the road map going forward, where do you think things need to further improve in terms of sourcing, deforestation, etc.?

Greg Heckman: Yes. Let me start on that. One, really proud of what the team has done. I mean we were out there first with our pledge to be deforestation-free in 2025 in all of our supply chains, making good progress against that. That was industry-leading. We've seen some others join us now. We work with the industry groups, with our customers at both ends of the supply chain, with NGOs. We hold stakeholder forums.

Because this is really about trying to make the complex simple and get people to communicate because we're going to make change at scale. It can't be a cute announcement. We have to really get the value chain engaged. We have to make some investments, and that's when we make change at scale for the long term.

We also adopted last year's Science Based Targets against our own, Scope 1, 2 and 3, and we continue to transform our own energy portfolio through buying renewable power. And over the long term, as we slowly change that over, as it makes economic sense, we're proud of that. It's a big focus of the organization. And we say it's like safety. It's everybody's job. Sustainability is everybody in the company's job. So, it is -- it runs all the way through everything we do. It's -- and it's also part of our KPIs against the annual incentive for the SG&A team.

Ben Theurer: Now along those lines, and you've talked about some of the changes in like aligning shareholder interest, like incentive pay, and this is the number one, what would you say are the other like key factors that determine comp and ultimately, like directional work the company is doing?

Greg Heckman: Look, we're -- it's all about alignment with the stakeholders. It's now creating value, continuing to grow or if you think about it, the -- some on quarter-to-quarter, it's the last 12 months, the long-term earnings power, the long-term EPS growth, staying focused on the long term, doing it in a sustainable way, increasing our diversity and inclusion in our workforce. And as we're growing, we've got a chance through our new hires to do that even faster. It's about bringing digital into this 200-plus year-old company. We kind of laugh sometimes, we're like a 200 year-old startup.

And now that we've done the turnaround and the new operating model and we have ourselves focused, we're now in a position to make some of those investments. John talked to some on the industrial side, some of us on the supply chain. [Someone's] going to be about managing data, from the grower all the way through to our customers, in feed, food and fuel, but want lower carbon-intensity products, and they want to be able to prove it all the way back.

And so, as we bring digital to this great company to lower cost, to be easier to do business with, to improve the efficiency of our facilities, that's exciting. And then, of course, we'll keep our discipline. I think we do risk management as well as anyone in the industry. It's a focus of continuous improvement on everything that we do. You're never done. You can never be complacent. These are complex businesses. And if you look at the environment, there never probably have been a more exciting time to be in ag and food.

If you look at the changes on the landscape, the one you mentioned, climate change, it's creating more volatility and more challenges for our customers to manage their risk. We're here to help with that. Our global footprint is built for that. Our skill set is built

for that.

If you look at sustainability and the drivers and the change that, that is going to bring, whether it's all the way back down to investments like we've made in CoverCress and the work we had in the way of JV to work with Chevron, it's a lot of changes that are going to happen there to help drive value to the grower and drive those lower CI products back through.

So, it's just -- it's a great time, I think, to be in this business and to be in this space, but it's a really great time to be Bunge. So proud of what we've done and really look forward to it.

Ben Theurer: And so, one last question, and this is -- maybe it's the last question, we'll see. Obviously, you've talked about it, the dividend growth, and you did a nice increase more recently. How should we think of dividend in the context of like your baseline? How -- what -- is it like a percentage? Is it about what you have, the ability to be more discretionary because you need maybe the cash for M&A or CapEx? So, what's like the kind of the policy we should think about on the dividend side?

John Neapl: Yes. We haven't really set a hard go-forward policy in terms of annual increase. We did model in about a 5% a year increase in the model. But obviously, over time, as we hopefully outperform that model and as we look at capital allocation, if we don't see other opportunities, you could see that number higher than that. But it's really us putting a conservative forecast out there in terms of what we expect to do in terms of dividend increase.

But every year, we have this conversation with the Board about what we think makes sense going forward. And it will be, to Greg's point earlier, it will be an important part of that mix going forward.

Ben Theurer: Okay. And I can squeeze the last question in. So, you said, when you came to the company, a lot told you it's a black box. And you've done obviously a lot of things to explain what's happening within the black box. A two-fold question. On one side, what is missing to make it even easier to understand, to get maybe the last part of the black box phenomena out? And how much of that is still on the go to really, I mean, to really achieve, that people better understand that? So, what's the time frame around it?

Greg Heckman: Yes. I think that's a continuous improvement focus. We're never going to be done. There's no doubt we operate in a little different place in the supply chain. We're not a traditional industrial business, with customers at both ends of the supply chain. So, things like inflation don't affect us the same. The price volatility, price moves don't affect us the same. More of those create opportunity for our global platform.

What we've tried to do from the first day, is we said, look, we're going to provide more transparency. Some of the changes we made around how we report mark-to-market, how we change the segments. And we're listening. We're listening to our investors and saying, what can we do to help you understand the company better. So, a lot of that will come from listening, and you'll see us continue to transform it. But part of it is transforming the portfolio, transporting the reporting and just continuing to do it quarter-after-quarter.

Ben Theurer: Okay. So, all right, perfect. Greg, John, thank you very much.

John Neppl: Thank you.

Greg Heckman: Thank you. Thanks, everybody.