Bunge Limited

First Quarter 2024 Earnings Release and Conference Call

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CORPORATE PARTICIPANTS

Ruth Ann Wisener - *Vice President, Investor Relations*

Greg Heckman - *Chief Executive Officer*

John Neppl - *Chief Financial Officer*

PRESENTATION

Operator
Good day, and welcome to Bunge First Quarter 2024 Earnings Release and Conference Call. 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 presentations, there will be an opportunity to ask questions. To ask a question, you may press star then one on a touchtone phone. To withdraw your question, please press star then two. Please note this event is being recorded.

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

Ruth Ann Wisener
Thank you, operator, and thank you for joining us this morning for our first quarter earnings call. Before we get started, I want to let you know that we have slides to accompany our discussion. These can be found at the Investor Center on our website at Bunge.com under Events and Presentations. Reconciliations of non-GAAP measures to the most directly comparable GAAP financial measure are posted on our website as well.

I'd like to direct you to slide two and remind you that today's presentation includes forward-looking statements that reflect Bunge's current view with respect to future events, financial performance, and industry conditions. These forward-looking statements are subject to various 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.

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

Greg Heckman
Thank you, Ruth Ann, and good morning, everyone. I want to start by thanking the team for delivering another quarter of strong results, which reflect continued focus and great execution. We're off to a good start in 2024 amid a more balanced market environment than we've experienced over the past few years.

Our team's capabilities and our global platform again demonstrated we can navigate shifts in supply and demand with agility and speed. Our focus remains on delivering great value to all stakeholders while investing to strengthen our business so that we can provide customers with solutions not only today but over the longer term.

We are making excellent progress on integration planning for our announced combination with Viterra. We're very pleased with how well the teams are working together, and our confidence in our ability to hit the ground running on day one has only strengthened as we've moved through the planning process. We still expect the transaction to close midyear, and we continue to engage with the relevant regulatory authorities as we work toward gaining the remaining approvals.

We progressed on other growth projects that will improve our ability to supply the renewable fuels market. We announced a strategic partnership with Repsol, a global multi-energy company in Spain, and we broke ground on our previously announced oilseed processing switch plant in Destrehan, Louisiana with our joint venture partner, Chevron. We also successfully commissioned

our state-of-the-art edible oil refinery in India, enabling us to more efficiently serve our food customers in a growing region.

Turning to our results, we delivered another solid quarter driven by strong performance across our core businesses. We also saw good results in our non-core sugar joint venture. In addition, since we reported the fourth quarter, we repurchased $400 million of Bunge shares, making meaningful progress against the repurchase plan we outlined following the announcement of the Viterra transaction.

Looking ahead to the rest of 2024, our visibility into the back half of the year remains limited, and many of the dynamics we discussed last quarter remain in place. We're continuing to manage the evolving supply-demand environment in markets around the world, demonstrating the benefit of the work we've done to strengthen our business. Based on what we see in the markets and the forward curves today, we are maintaining our guidance for full-year adjusted EPS of approximately $9.00.

I'll now hand the call over to John to walk through our financial results and outlook in more detail, and then will close with some additional thoughts. John?

John Neppl
Thanks, Greg, and good morning, everyone. Let's turn to the earnings highlights on slide five. Our reported first quarter earnings per share was $1.68 compared to $4.15 in the first quarter of 2023. Our reported results included an unfavorable mark-to-market timing difference of $0.94 per share and a negative impact of $0.42 per share related to transaction and integration costs associated with our announced business combination with Viterra. Adjusted EPS was $3.04 in the quarter versus $3.26 in the prior year.

Adjusted core segment earnings before interest and taxes, or EBIT, was $719 million in the quarter versus $756 million last year. In Agribusiness, processing results of $411 million in the quarter were up slightly from last year, as higher results in Europe and Asia crush value chains were partially offset by lower results in North and South America. In merchandising, lower results were primarily driven by our global grains and oils value chains, where higher volumes were more than offset by lower margins.

Refined and Specialty Oils had a solid quarter, but down from a strong prior year as higher results in Europe were more than offset by lower results in North America and Asia. Results in South America were in line with last year. In Milling, higher results were driven by South America, reflecting improved margins in Milling operations and a more favorable origination market environment.

Corporate and other improved from last year. The decrease in corporate expenses primarily reflected the timing of performance-based compensation. Higher other results are related to Bunge Ventures and our captive insurance program.

In our non-core sugar and bioenergy joint venture, higher sugar volumes and prices more than offset lower ethanol prices.

For the quarter, reported income tax expense was $117 million compared to $183 million in the prior year. The decrease was primarily due to lower pre-tax income. The higher effective tax rate of approximately 32% in the quarter reflected a discrete tax adjustment related to the Argentine

peso devaluation. As a result, we have increased slightly the midpoint of the range of our estimated annual effective tax rate.

Net interest expense of $66 million in the quarter was down slightly compared to last year due primarily to average debt levels.

Let's turn to slide six, where you can see our adjusted EPS and EBIT trends over the past four years along with the trailing 12 months. The strong performance reflects our team's continued excellent execution while also delivering on a variety of initiatives to position the company for long-term growth.

Slide seven details our capital allocation. In the first quarter, we generated $514 million of adjusted funds from operations. After allocating $101 million to sustaining CapEx, which includes maintenance, environmental health, and safety, we had $413 million of discretionary cash flow available.

Of this amount, we paid $95 million in dividends, invested $135 million in growth and productivity related CapEx, and repurchased $400 million of Bunge shares, achieving our commitment to repurchase $1 billion of shares prior to the closing of our announced combination with Viterra. This resulted in the use of $217 million of previously retained cash flow.

Moving to slide eight, at quarter-end readily marketable inventory, or RMI, exceeded our net debt by approximately $4 billion. Our adjusted leverage ratio, which reflects our adjusted net debt to adjusted EBITDA, was 0.1 times at the end of the first quarter.

Slide nine highlights our liquidity position. At quarter-end, we had committed credit facilities of approximately $8.7 billion, which includes $3 billion that will become available to draw upon at the close of the Viterra transaction. Of the $5.7 billion available to us currently, all was unused at quarter-end, providing us ample liquidity to manage our ongoing capital needs.

These amounts are in addition to $8 billion of term loan commitments that we have secured to fund the Viterra transaction. Further, as part of our capital structure planning, we recently doubled the size of our CP program from $1 billion to $2 billion.

Please turn to slide 10. For the trailing 12 months, adjusted ROIC was 17.7%, well above our RMI adjusted weighted average cost of capital of 7.7%. ROIC was 13.9%, also well above our weighted average cost of capital of 7%.

Moving to slide 11, in the trailing 12 months, we produced discretionary cash flow of approximately $1.9 billion and a cash flow yield of 16.9%.

Please turn to slide 12 and our 2024 outlook. As Greg mentioned in his remarks, taking into account first quarter results, the current margin environment, and forward curves, we continue to expect full year 2024 adjusted EPS of approximately $9.00. Note that this forecast excludes any pending transactions that are expected to close during the year.

In Agribusiness, full-year results are forecasted to be similar to our previous outlook and down from last year, primarily due to lower results in processing, where margins remain compressed in most regions.

In Refined and Specialty Oils, full-year results are expected to be similar to our previous outlook and down from the record prior year, reflecting a shift in supply environment, particularly in the U.S. In Milling, full-year results are expected to be similar to our previous outlook and up from last year.

In corporate and other, full-year results are expected to be similar to our previous outlook and up from last year. In non-core, full-year results in our sugar and bioenergy joint venture are expected to be in line with our previous outlook and significantly down from last year, reflecting lower Brazil ethanol prices.

Additionally, the company expects the following for 2024: An adjusted annual effective tax rate of 22% to 25%; net interest expense in the range of $280 to $310 million, which is down from our previous expectation of $300 to $330 million; capital expenditures in the range of $1.2 to $1.4 billion; and depreciation and amortization of approximately $450 million.

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

Greg Heckman
Thanks, John. Before turning to Q&A, I want to offer a few closing thoughts. As we look ahead, we remain confident in our team's ability to capture opportunities as we work to find solutions that allow us to even better serve the needs of customers at both ends of the value chain, farmers and end consumers.

We're proud of the work we've done to strategically position our business with the increased efficiency of our global platform. Our combination with Viterra will help us further accelerate our diversification across customers, assets, geographies, and crops, providing us with more optionality to help address the world's food security needs. This combination will also enhance our role as a bridge between growers and end consumers to adapt and prioritize new sustainability practices that produce low CI products while bringing value back to the farm.

For example, we recently announced a $20 million investment in Brazil to more than double our regenerative ag program to 600,000 hectares. The investment will be used to pay premiums to farmers and will also finance the provision of free technical assistance, precision agricultural tools, and measurement technologies that help producers adopt techniques that reduce emissions.

In the southern U.S., we also successfully established a commercial pilot of winter canola hybrids in partnership with Chevron and Corteva Agriscience. These crops have environmental and soil health benefits similar to cover crops and can be an additional source of revenue for growers, also helping meet sustainability requirements of our end customers. We're committed to significantly growing the program for the 2025 harvest season.

I continue to be impressed by the innovation, collaboration, and commitment of the Bunge team as we work together to deliver on our critical mission to provide essential food, feed, and fuel to the world.

And with that, we'll turn to Q&A.

QUESTION AND ANSWER

Operator

We will now begin our question-and-answer session. To ask a question, you may press star then one on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star then two. At this time, we will pause momentarily to assemble our roster.

The first question today comes from Adam Samuelson with Goldman Sachs. Please go ahead.

Adam Samuelson
Yes. Thank you. Good morning, everyone.

Greg Heckman
Morning, Adam.

John Neppl
Morning.

Adam Samuelson
So, Greg, John, I guess the first question, just thinking about the first quarter results in the context of the full year and an unchanged outlook, would you characterize the forward kind of environment for the balance of the year as actually weaker than what you had been looking at three months ago, or would you just view this as a just appropriate level of conservatism, given limited forward book and kind of where the curves sit today? And kind of with that, could you just maybe give us your view on oilseed processing margins just around the world as you see them today?

Greg Heckman
Yeah. No, we really don't see it differently. What we talked about last time, of course, when we talked about the approximately $9 for the year was really kind of seeing it 50/50 between first half and second half, which we continue to see. What we did see was a little stronger Q1, and some of that will come out of Q2. So, Q2 will be a little bit softer, but we still see the halves as about 50/50 and still see the year the same at approximately 9.

And then, as far as the current crush as you kind of walk around the world, if you look at soy, the set up right now, farmers, of course, are responding to lower prices as we get more in balance on supply and demand. They respond to those lower prices by being pretty stubborn about selling. So, you've got higher farmer retention, and that's kind of what happens as you transition from multi-years of higher prices.

So, the market has gone to the very spot not only for the farmers on selling, but the buyers, right? The buyers of the finished products have now been paid to wait to buy in the spot as prices have moved lower. And the other transition that, of course, we're seeing is you've got a supply chain that really the stress is off of as people pull down inventories, as they're not really holding those safety inventories anymore.

So, Brazil and Europe have recently improved as we came through Brazil harvest and saw a lot of originations. And with--the little pushes of origination we have seen improve have been around FX change and the pace of harvest at the end there in Brazil. So, that did help Brazil and Europe.

Argentina, we are expecting those margins to pick up later in the year. They've been a little better here as we got started on harvest. But that'll really be as the producer watches the government,

what happens as far as devaluation in Argentina and then any other government programs. And as we see the farmer marketings there, that'll be the key on the margins.

U.S. has been okay in the nearby. The curves definitely are weaker into Q2 and 3. And then, kind of as usual, expecting a new crop Q4, the curves get better. And then China, crush margins continue to be volatile, kind of a similar story as you heard last year. Spot has held up okay, but very, very low in price discovery forward. So, the team's been doing a nice job of managing through that.

And then while soft seeds are down versus last year, they're still good in Europe and in North America. And that's really led by the strong oil leg and pretty good supply of seeds. So, that's kind of how we see things setting up right now.

Adam Samuelson
If I can just pick up on that last point on the oil leg, and I'd just love to get your view on renewable diesel demand for vegetable oils as feedstock versus other waste fats and oils. It does seem like supplies of waste fats in particular out of Asia have been accelerating pretty meaningfully. How are you looking at RD feedstock demand kind of over the balance of the year? And how does that start to transition into '25 with the implementation of the 45Z credit in the U.S.?

Greg Heckman
Yeah, and I might start at a slightly higher level on the oil. If you look at palm, some of the benefit on the strength in the soft oils is coming--palm, from a supply, has really been flat. And so, that growth in palm supply has stopped while domestic demand has continued to grow. So, the exportable volumes of palm have been going down globally. So, that from a high level is some of the support for oil.

And then to get more specific to your question around the S&D in North America, yeah, it has not been quite as tight in North America as we've seen the low CI feedstocks, and primarily UCO, be imported into the U.S. So, one of the things that we did talk about in the past is we believed that there was enough supply to the food market as well as the fuel market, and that the market would do its work by adding capacity and importing palm to go into food as we saw switching, as well as seeing other low CI feedstocks and UCO be imported.

So, I think we've seen that, and you've seen how we're continuing to process a record amount of vegetable oils into the fuel market. We've seen it a little softer as the RD margins are not as good and the big influx of the UCO. So, we've got 1.4 billion gallons coming online here in '24, so we're still on track to have 5 billion gallons in '25. We've got one new plant up and running. We're expecting another plant to come up in Q2 on RD, and then another plant in Q4. So, there is demand coming here later in the year.

John Neppl
Adam, I'd just say, this is John, in terms of 45Z, things are still in process there. I think we're optimistic that veg oil will certainly have a meaningful role going forward. But there's still a few things, as you know, under review, so we're, like everyone, watching that closely. And I think that the logical follow-on to that will be where do RVO levels get reset in the future, because clearly the industry has found ample supply for RD and BD and ultimately SAF. So, we're hopeful that the EPA sees that as well.

Adam Samuelson
I'll pass it on. Thank you.

John Neppl
You bet.

Greg Heckman
Thank you.

Operator
The next question comes from Ben Bienvenu with Stephens. Please go ahead.

Ben Bienvenu
Morning, everyone.

Greg Heckman
Morning, Ben.

John Neppl
Hi, Ben.

Ben Bienvenu
I want to follow up on Adam's questions around guidance and focus on kind of the level of visibility that you expect to have throughout the year. Recognizing we're in a more balanced market environment, is the byproduct of that that visibility is inherently reduced through all points of the year, or are there key milestones and triggers as we move through the year that might enhance your visibility into the back half of the year? And if so, maybe give us some insight into what those things are and when you expect to have that visibility.

Greg Heckman
Yeah. You're correct, there's definitely less visibility into this year than we've had for a couple years. So, not much at all kind of beyond three months. I think that'll change as we see the farmer behavior as things kind of sort out and send the signals, whether that's the progress of the North American crop that then changes the marketing behaviors of the farmer here in North America as they think about that next crop coming off and rolling their stocks and from the marketing. As we see the safrinha crop come off in Brazil and, again, the farmer making decisions about where they're storing, what they're moving, the logistical challenges in coordination in Brazil.

And then in Argentina, it will be the producer, who's been marketing the corn and holding the soybeans, which is pretty historical. And in Argentina, you've got a new regime in place there in the government, so waiting to see what government programs and if there's a valuation.

So, it'll be an interesting year. It definitely is a year of transition of the markets as they get more in balance on the supply and demand. And the other is the end consumer, right, as well. You continue to see the consumer, what we hear from our customers, to trade down to private label and store brands from the brands. And then we're finally seeing a little less traffic in food service, where there'd been more of a switch to QSR, and seeing that slow down a little bit, and finally seeing a shift back to eating at home.

So, everyone's kind of finding their way here on the supply and demand side. But it feels like we're starting to get it sorted out. And we'll see how these crops finish getting harvested in the southern hemisphere and how we get the crop planted and how it progresses in the northern hemisphere.

Ben Bienvenu
Very good, makes sense. John, you've made a lot of progress on the share repurchase program, $400 million of stock repurchased during 1Q, $1 billion in the last three quarters. I believe your goal was to repurchase half of the $2 billion of stock you expected to repurchase by the middle of 2024. Given that you're ahead of schedule a bit, does that mean we pull forward the timing of the $2 billion repurchase or we pause here in the short term? What's your expectation, to the best you can communicate, around cadence of the remaining buyback activity?

John Neppl
Yeah, it's going to really depend a little bit on how things progress on the Viterra transaction and timing around that. But I think it's possible we could pull some of that forward. I think it's hard to commit to that today, because with the closing of the deal, as you know, we've got target leverage ratios we'd like to make sure we hit at the close of that transaction. And we've got other projects in play today as well, not only CapEx but, as you know, we've always got a pipeline of M&A stuff going on.

So, we'll watch it closely. It's an important part of the allocation, and we'll keep looking for opportunities here as we go forward, whether it's before or after the close of the transaction.

Ben Bienvenu
Okay. Best of luck. Thanks.

John Neppl
You bet.

Operator
The next question comes from Salvatore Tiano with Bank of America. Please go ahead.

Salvatore Tiano
Good morning. So, firstly, I wanted to ask about Canada's, I guess, announcement yesterday about their view that the transaction with Viterra would be anticompetitive. I think they said negative for procurement in western Canada and anticompetitive on the eastern side on the production of canola oil and meal. So, given, I guess, their view, can you talk a little bit firstly about what are the milestones here and how this could impact the transaction's timeline? And also, what are the potential outcomes to resolve these issues? Is there a chance that you can get away with divesting nothing, or do you have to negotiate with them and provide some remedies?

Greg Heckman
Yeah, I might start kind of at a higher level. We are pleased with the progress we're making. I mean, if you look, we have filed in a little over 40 jurisdictions, and 28 of those have issued unconditional clearances at this point. Of the remaining 13, of course we've got some of the big ones, U.S., Canada, Brazil, China and the EU. If you remember, Argentina is a post-closing review. So, while overall we don't know exactly when we'll get the green light, but we sure haven't seen anything that indicates any material risk to the economics of the deal.

From a Canada specific, look, it's good that that step of the regulatory process is completed. And that Competition Bureau report, as you look through it, the good news in there is that they had no concerns with much of what we're doing on the grain purchasing side, the meal sales at ports, the majority of our Refined and Specialty Oil product sales. So, where there were concerns and topics raised, we look forward to discussing those in greater detail. And we'll be happy to engage, as we have been with all the regulators as they raise concerns.

So, when you boil it down, at the end of the day, this transaction's good for Canada, right? We'll be more efficient and resilient throughout all of our supply chains. Markets aren't getting any easier. We'll continue to maintain Canadian leadership in ag and food, and we'll be able to increase our capacity to invest and continue to provide thousands of Canadians with good jobs. So, feel good about where we're at, and it's just--we don't really see any need for remedies in Canada. It would be too early to speculate on that, but we look forward to engage on the details.

Salvatore Tiano
Okay, perfect. And I also want to ask about the cover crop. You mentioned that the trial just went very well. I'm just wondering, at which point do you think you can start commercializing these products and actually start seeing some benefit to the bottom line? And what kind of the thinking with regard to economics? How could these types of products be monetized?

Greg Heckman
You broke up right at the beginning. Was the question on winter canola?

Salvatore Tiano
Yes, exactly.

Greg Heckman
Okay. Yeah. Look, we were in the trial phase running the pilots on winter canola, and we've been very pleased with the producer reaction. We've been pleased with the production and the performance of the winter canola. And so, the plan now will be to scale that up in the coming campaign.

And as we get visibility to the uptake by the producer and our ability to scale that up, then we'll eventually get to the point to be able to talk about any impact to the financials. But it's a little bit early for that.

Salvatore Tiano
Great. Thank you very much.

Greg Heckman
And the winter canola and the cover crops, I might add, of course, we're building those programs toward to serve Destrehan and our expansion there in the Gulf. So, that's a little bit off in the future as well. So, we've got a little bit of time as we build that capacity.

Operator
The next question comes from Stephen Haynes with Morgan Stanley. Please go ahead.

Stephen Haynes
Hi. Thanks for taking my question. Earlier, we kind of talked a bit about the oil side of the equation. Was just wondering if we could come back to the meal side of it. There's some more crush capacity coming in the U.S. this year. As your comments before, Argentina potentially kind of a bit more of a factor in the global market. So, how are you thinking about both kinds of domestic inclusion and export opportunity for meal in the second half? Thank you.

Greg Heckman
No, thank you. So far here in '24, soybean meal demand appears pretty good. I mean, the lower prices are doing their work. And I think you called it out there. It's higher inclusion. The other thing,

it feels like profitability for the animal segment has bottomed. And as profitability gets better, we probably expect some expansion there.

Right now, global animal numbers are stable. But when you look at pork and poultry together, they're roughly flat, with poultry up maybe a little and pork down a little bit. And then if you look globally, the hog margins really are up in all regions except China, and the poultry margins are better. So, feel like the meal demand is okay there.

You did talk about Argentina. Of course, last year the rest of the world had to make up for Argentina when it didn't run. As that crop's harvested and the farmer starts to sell and liquidate the crop, we expect to run harder in Argentina this year. And so, it'll perform better, and that may come at the expense of some other areas, which could possibly be in Europe. So, there'll be some trade-offs.

But I think that's what we've shown the last few years, is that's the beauty of our global platform, is that we can adjust and maximize where the margins are as we run our system and serve our customers.

Stephen Haynes
Thank you.

Greg Heckman
Thank you.

Operator
The next question comes from Tom Palmer with Citi. Please go ahead.

Tom Palmer
Good morning. Thanks for the question.

Greg Heckman
Morning.

Tom Palmer
Wanted to just ask, in the second quarter, you did note maybe a little bit of incremental softness. Just what's driving that in particular? Is it certain segments we should be thinking about or certain regions where maybe it's come down a bit?

John Neppl
Yeah, Tom, this is John. If you look at the--when we cadenced the quarter, it's kind of 60%, 40% for the first half. We ended up a little bit more tilted toward Q1 versus Q2. But largely, the makeup of the quarter hasn't really changed so much in total and even by segment. It's been more of timing. And so, whereas we saw a little bit over delivery in Q1 across merchandising and processing, we're seeing a little bit of softness in Q2 in those two items, so really more of a view that some of that was timing. It's always hard to predict that.

But we'll see a little bit--based on our current forecast, we'll see a little bit down in processing and merchandising in Q2 versus Q1. I think everything else will hold fairly steady. And there's still time

here. We're only right at the end of April, so we've got a couple months here yet to see how things shake out.

Tom Palmer
Understood. Thank you. And then maybe we could just kind of shift over to 4Q, where you do expect a little bit of an uptick consistent with a quarter ago. What's really driving that? Is there visibility at this point that really guides that? And then is there any read through, I guess, of that as maybe the environment being improved later this year that kind of pulls into '25?

Greg Heckman
It's a couple things. On Q4, of course, historically in North America, if you look at where our planted acres are, you assume that soybean crop gets grown. You've got new crop coming off. And also, with the amount of stock the U.S. producer is carrying, the marketing coming up as close to that new crop being harvested and then the new crop harvest.

And then the other, like we talked about, a lot of UCO has put pressure on the oil market here in North America with those imports. That's not as economical at this point, while at the same time you've got another plant coming up on the RD side in Q2 and then another plant in Q4. So, kind of feel like that could be constructive for oil demand as we get out there in Q4.

And then we talked a little bit earlier about, just globally overall with palm fairly tight, that's what's been supportive for oils globally. The S&Ds are pretty tight everywhere outside of North America, and especially with the pull on the soft oils.

Tom Palmer
Great. Thanks for all the details.

Greg Heckman
You bet.

Operator
The next question comes from Heather Jones with Heather Jones Research. Please go ahead.

Heather Jones
Good morning, everyone.

Greg Heckman
Good morning.

Heather Jones
I wanted to stick with oil demand. So, Greg, you mentioned about the Chinese UCO. And yeah, it seems like that arb is closed, and also you have soybean oil that seems to be trading at an unusually--just out of whack relative to historical values relative to palm oil and canola and the animal fat. So, just wondering if you think there's an opportunity for soy to price itself back into food rations, or will that take a longer period?

Greg Heckman
I think one of the things that we have seen from our food customers is, as prices have come back, the programs we're working on with them are really driven around driving volume now, whether

it's new products or product enhancements. So, whereas we saw when we had kind of the inflationary, all the projects were really focused around cost reduction, they're now looking at driving volume.

The other thing is, with the profitability on the animal side, we may see more fat come back into the feed rations as well. So, we think we could--the one thing historically we know, lower prices are generally good for demand. I think you're on the right track. It's how quickly we will see it kick in. But I think we'll get some support from both the food and the feed markets.

Heather Jones
Okay. And then I have a two-part question. So, I was just wondering how y'all are thinking about the full year. And like you noted, there is little visibility beyond three months. But when you're thinking about the full year, how are you thinking about the magnitude of Argentine crush for the year? And I ask because you mentioned that you think U.S. crush margins should be okay. And just wondering what you think--with Argentina coming to the market with increased meal flows and then several new plants coming on in the next few months, just wondering do you think that those margins are going to be lifted by the oil side and just how you're thinking about how those all--the interplay there.

Greg Heckman
Yeah, I think there'll be a little bit of a balance, right? Of course, we've put all this in our outlook currently, some of what we talked earlier with animal profitability, a little bit of an uptake on the meal demand side from some expansion on the animal side. And then we've got, on the oil side when we talk about palm situation from a tightness, some demand growth on feed and food side from the lower price, and then RD continuing to come on.

And then the other is seeing whether these other low CI feedstocks, at what pace they can continue to be competitive. We don't know if some of that was where their stock's being pulled down and they really can compete at the same pace. Or the other thing is, remember the big picture is that everyone's trying to take carbon out of their liquid fuels supply chain globally.

There are projects going on kind of around globally, so some of the low CI feedstocks that have been moving around the globe as projects get developed, then demand develops in-country or in-continent. So, these flows are constantly changing. So, we do expect it to be--continue to be pretty dynamic on the oil side, and we're really glad we're operating from a global footprint, both on meal and oil.

Heather Jones
Right. All right. Thank you so much. I appreciate it.

Greg Heckman
Thank you.

Operator
The next question comes from Ben Theurer with Barclays. Please go ahead.

Ben Theurer
Yeah. Good morning, Greg, John. Thanks for taking my question. Just wanted to follow up on just other capital allocation. I mean, obviously we have the Viterra pending, but I know you have a bunch of other projects pending in terms of growth investments, productivity increase, etc. Can

you update us as to, for the CapEx for this year, which still seems obviously somewhat elevated, what are some of the projects you have out there, and when do you think they're going to be playing a relevant role as to contribution to the current results? So, just around that framework, that would be my first question. Thank you.

John Neppl
Sure. Yeah. And so, Ben, as you know, we've got a number of projects, obviously, going on globally. Greg mentioned the Krishna plant, which is a relatively small one that was commissioned here recently.

But in addition to the Destrehan plant expansion that we announced the groundbreaking finally on that a few weeks ago, we've got the other ones that we've mentioned, Morristown SPC plant in Morristown, Indiana underway, of course our greenfield specialty oils plant in the Netherlands that's in Rotterdam--or in Amsterdam specifically that's underway, and the barge unloading expansion in the port in Destrehan that's going to complement the expansion at Destrehan at the facility. And then, of course, recently we had the Avondale plant acquisition, and we're also working on an expansion project there.

So, those are some of the bigger things on the CapEx side. Because all those are really underway other than the completion of--now, the rest of those really are in process. And Avondale expansion will probably come online a little sooner, but the rest of those are really--we're talking really 2026 before those are commissioned. Those are all multiyear builds. And so, we're still very optimistic about the progress there. They're all on track and things are looking good. But it is going to be probably late '26 before those are up and running.

And then, of course, we have CJ Selecta sitting out there on the M&A side that we announced previously that we're hoping to close later this year. Whether that happens before or after the Viterra deal is yet to be seen, but that's progressing as well.

Ben Theurer
Okay, perfect. Very clear. And then my second question, within Agribusiness - Merchandising, how do you think about the cadence of Merchandising? Because it feels like it was a little softer into the back half of last year and kind of stabilized now into 1Q, actually improved sequentially. So, as we think about it and the onset within your guidance of Agribusiness being down, and you said predominantly driven by the processing side, is it fair to assume that the annual kind of cadence and what you have in like 1Q that would nicely get you to more or less the same levels of last year within merchandizing? Is that a good way to think about it, as just more stable now, or what are the puts and takes to that business?

John Neppl
Yeah, that's always a tough one. But right now, I'd say we're expecting to be fairly on track with where we were a year ago in merchandising in total. We were off to, as you pointed out, a sequentially good start versus Q3, Q4 of last year. Right now, we've pulled some of that forward from Q2, so we still called the first half I'll say relatively modest, but a good start. And we'll see. We've got a couple months here to go, so there's always opportunity.

And then the second half of the year, we feel like there should be some opportunity out there. I don't think we're at all overly aggressive in our view for the year. Like I said, it's pretty consistent with a year ago. It's just going to be timing quarter to quarter.

Ben Theurer
Okay. Thank you very much.

Operator
The next question comes from Andrew Strelzik with BMO. Please go ahead.

Andrew Strelzik
Hey, good morning. Thanks for taking the questions. I know we've talked a lot about the soybean oil side, but I just wanted to go back to that one more time. And I guess I'm just trying to think about outlets from a demand perspective, given the market seems to be--investors seem to be a little bit concerned about inclusion and renewable diesel as a feedstock moving forward.

So, I guess my question is more on the export side. Do you see the opportunity for the U.S. to become a more meaningful soybean oil exporter later this year? You talked about the tightness on vegetable oils globally outside the U.S. So, do you view that as an opportunity as South America comes more online, or any other outlets from a demand perspective globally as we think about soybean oil supply-demand?

Greg Heckman
Yeah. The U.S. does have the ability to switch quickly. I mean, if you think about it, prior to RD, we held the residual stocks for the world and were there to export as the world needed it and called on oil from the U.S. And then as we were building capacity on the crush side as well as building capacity to import other oils and other low CI feedstocks, right, we pulled stocks down and then drove imports into North America.

So, I think when you think about the U.S., it will continue to be probably the most dynamic on the oil side to help balance things globally. So, again, glad we're operating from a global platform and are able to see those different shifts and be able to respond to help serve our customers and balance our crush margins depending on where we're going to run to maximize those. But it should be a pretty dynamic year. And then of course, we continue to see strong demand in India. I don't think I mentioned that, but that's one of the other keys on the oil side as well.

Andrew Strelzik
Got it. Okay, that's helpful. And then I guess I just wanted to ask about the crush capacity expansions that have been announced over the last several years. Obviously, when those announcements were made, for a number of players the margin environment was much stronger. So, I guess do you see the risk that some of those plants don't get built as the margin environment has gotten a little bit more compressed? Not so much for folks like yourself that have the end market demand built in, but I guess I'm just curious if you're hearing that, or if you think there is a risk that some of those--that capacity doesn't ever come online.

Greg Heckman
When I look at it through our lens, I mean, things definitely got more expensive to build for a period of time. And that's why we slowed down our Destrehan project, did the work and were patient to get the cost down before we did build that.

Now, we're building a switch plant. We're building it at a port to help drive export economics on the meal side. We're at a port and in a location where we can receive domestic oil seeds. Whether that's going to be--and being a switch plant, whether that's going to be soy or whether that's going

to be winter canola or whether that's going to be a cover crop as we develop things like CoverCress, or if it makes sense to import seed, we're at the port and have the abilities to do that.

We're also doing it at a brownfield site, so we have lower costs. And we're plugging it into our global network. Now, I will tell you we are really glad that we're doing that. So, personally wouldn't want to be a standalone plant or building a standalone plant today just as an investor. We like where our position is. And I guess that's what we're doing, is being very thoughtful where we put capital in the ground that's going to exist for decades, is that we're putting it in a place that continues to improve our global footprint for our cost position for the long-term.

John Neppl
Andrew, maybe I'd just add there that, as you could imagine, we watch this fairly closely. And those projects that were well underway are going to continue and get completed. But really, anything that was proposed or early stages, we've seen a number of those put-on hold at least for now. And I think the expectation on our part would be that, with where we are today and margin environment, that those things would probably not get done unless things change.

Andrew Strelzik
Great. Thank you very much.

Operator
This concludes our question-and-answer session. I would like to turn the conference back over to Greg Heckman for any closing remarks.

CONCLUSION

Greg Heckman
Just like to thank everyone for joining us today and for your interest in Bunge. We look forward to speaking with you again soon. So, have a great day.

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