Bunge Global SA

Third Quarter 2024 Earnings Release Conference Call

Wednesday, October 30, 2024, 8:00 AM Eastern

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 the Bunge Global SA Third Quarter 2024 Earnings Release and Conference Call. All participants will be 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, you may press star then one on your telephone keypad. To withdraw your question, please press star then two. Please also 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 third quarter earnings call. Before we get started, I want to let you know that we have slides to accompany our discussion. These can be found at the Investor Center on our website at Bunge.com under Events and Presentations. Reconciliations of our 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. Our team delivered a strong third quarter thanks to their ability to react quickly to shifting market dynamics to capture opportunities as they emerge. Our focused approach to leveraging our global platform enabled us to serve our customers at both ends of the value chain, farmers and end consumers.

We're making great progress on integration planning for our announced combination with Viterra. The teams are working well together, confirming our confidence that we will be a more complete one combined company. Their commitment will ensure that we can effectively serve our customers from day one.

We also continue to engage with the relevant authorities as we work toward gaining the few remaining regulatory approvals. Since our last call, we received conditional clearance from the European Commission, and we're well into the process of meeting the conditions. Conversations in the other jurisdictions are constructive. We do not see any issues that would materially impact the economics of the deal. We expect to close the transaction later this year or early 2025.

In addition to progressing on the Viterra transaction, we also completed other strategic priorities, including closing the sale of our interest in our non-core sugar and bioenergy joint venture in Brazil to our partner BP.

Turning to our results, we've delivered another quarter of solid adjusted EBIT. We exceeded our expectations for the quarter. Great execution by the team led to stronger results in our core segments. Similar to the second quarter, we saw shifting margin environments across the globe, with improved margins in some regions offsetting more muted conditions in others.

Since we reported the second quarter, we repurchased $200 million of Bunge shares, making progress against the repurchase plan we outlined following the announcement of the Viterra transaction.

Looking ahead, many of the same market dynamics remain in place, which we expect to continue for the rest of the year. Based on what we see in the markets and the forward curves today, we now expect full-year adjusted EPS to be at least $9.25.

And with that, I'll turn it over to John for a deeper look at our financials and outlook. John?

John Neppl
Thanks, Greg, and good morning, everyone. Let's turn to the earnings highlights on slide five. Reported third quarter earnings per share was $1.56 compared to $2.47 in the third quarter of 2023. Reported results included an unfavorable mark-to-market timing difference of $0.16 per share and a negative impact of $0.57 per share, primarily related to transaction and integration costs associated with our announced business combination with Viterra. Adjusted EPS was $2.29 in the third quarter versus $2.99 in the prior year.

Adjusted core segment earnings before interest and taxes, or EBIT, was $561 million in the quarter versus $735 million last year. In Agribusiness, processing results of $291 million in the quarter were down from last year, as higher results in South America and European soy crush were more than offset by lower results in North America, European soft seeds, and Asia.

In merchandising, higher results were driven by improved performance in our financial services, ocean freight, and global oils businesses, more than offsetting lower results in global grains. Refined and Specialty oils performed well but down from the strong prior year, as higher results in Asia were more than offset by lower results in North and South America. Results in Europe were in line with last year.

In Milling, slightly higher results in North America were more than offset by lower results in South America, where higher raw material costs pressured margins. Corporate and other improved from last year. The decrease in corporate expenses was primarily driven by lower performance-based compensation. Higher other results were largely related to Bunge Ventures and our captive insurance program.

In our non-core sugar and bioenergy joint venture, higher sugar and ethanol volumes were more than offset by higher operating costs and lower ethanol prices. Lower results also reflected foreign exchange translation losses on US dollar-denominated debt in the quarter compared to translation gains in the prior year.

The first nine months of the year reported income tax expense was $236 million compared to $495 million in the prior year. The decrease was primarily due to lower pre-tax income. Net interest expense of $94 million in the quarter was in line with last year.

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 over the period reflects a combination of favorable market environment and excellent execution by our team. The recent trend reflects more balanced and less volatile markets translating into lower earnings.

Slide seven details our capital allocation. Year to date, we generated approximately $1.3 billion of adjusted funds from operations. After allocating $295 million to sustaining CapEx, which includes maintenance, environmental health, and safety, we have $988 million in discretionary cash flow available.

Of this amount, we paid $287 million in dividends, invested $592 million in growth and productivity related CapEx, about two-thirds of which relates to our large multiyear greenfield investments, and repurchased $600 million of Bunge shares. This resulted in the use of $491 million of previously retained cash flow. Based on our current progress on our greenfield projects, we now expect that we will end the year toward the higher end CapEx range of $1.2 to $1.4 billion or slightly above.

Moving to slide eight, at quarter end readily marketable inventories, or RMI, exceeded our net debt by approximately $2.8 billion. Our adjusted leverage ratio, which reflects our adjusted net debt to adjusted EBITDA, was 0.5 times at the end of the quarter.

Slide nine highlights our liquidity position. At quarter end, we had committed credit facilities of approximately $8.7 billion, all of which was unused at the end of the quarter, providing us ample liquidity to manage our ongoing capital needs. In addition, we had a cash balance of $2.8 billion, accumulated in large part as a result of $2 billion in cash proceeds from the US public debt offering that we closed in September. These amounts, in addition to $6 billion of term loan commitments that we had secured last year, will be used to fund the Viterra transaction.

Please turn to slide 10. The trailing 12 months adjusted ROIC was 13.8%, well above our RMI adjusted weighted average cost of capital of 7.7%. ROIC was 11.3%. While returns have declined from recent highs, they remain 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 $1.4 billion and a cash flow yield of 12.3% compared to our cost of equity of 8.2%.

Please turn to slide 12 and our 2024 outlook. As Greg mentioned in his remarks, taking into account year-to-date results, the current margin environment and forward curves, and the loss of income due to the sale of our ownership in the sugar JV, we now expect full year 2024 adjusted EPS to be at least $9.25.

In Agribusiness, full-year results are forecasted to be up from our previous outlook, reflecting the better than expected third quarter, but down compared to last year. Refined and Specialty oils full-year results are expected to be up from our previous outlook but down compared to last year's record performance.

In Milling, full year results are expected to be down from our previous outlook, reflecting the lower than expected third quarter but up from last year. In corporate and other, full-year results are expected to be similar to our previous outlook.

In non-core, full-year results are expected to be down considerably from our previous outlook due to the lower than expected third quarter and the loss of income from the sale of our ownership in the sugar JV, which closed on October 1st.

Additionally, the company currently expects the following for 2024: an adjusted annual effective tax rate in the range of 22% to 24%; net interest expense in the range of $285 million to $305 million; capital expenditures in the upper end of 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. So, before turning to Q&A, I wanted to offer a few closing thoughts. Looking ahead, what impresses me most is our team's commitment to day-to-day execution along with continuous improvement. We've done a lot of hard work to strengthen our business and operations so that we can continue to provide quality products and services to our customers at both ends of the value chain.

We're always looking for additional opportunities to get better. We've spent significant capital improving the facilities and operations across our outstanding global footprint, and our team is making sure those investments pay off in improved efficiency and reliability. For instance, our US plants had their best soy crush performance for a crop year ever, and we continue to run at high utilization rates. We also reached year-to-date record volumes in global rapeseed crushing and refining.

In the quarter, we broke ground on the expansion of our palm and specialty oils facility in Avondale, Louisiana that we purchased last year. This facility, which has multi-oil capabilities, builds on our ability to provide specialty oils to our food customers in North America and is already exceeding our initial performance expectations. We're excited to further grow our operations in this location that have significantly improved our reach across North America.

In today's often complicated global environment, strengthening all areas of our business is more important than ever. Our combination with Viterra will further accelerate our diversification across assets, geographies and crops, providing us with more optionality to help address the world's food security needs. While we always look for opportunities to improve, we are well-positioned to deliver on our critical mission of connecting farmers to consumers to deliver essential food, feed, and fuel to the world.

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

QUESTION AND ANSWER

Operator
Thank you. We will now begin the question and answer session. To ask a question, you may press star then one on your telephone keypad. 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.

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

Andrew Strelzik
Hey, good morning. Thanks for taking the questions. I guess I wanted to start on--.

Greg Heckman
--Morning.

Andrew Strelzik
Morning. I guess I wanted to start on crush margins. There's been a lot of concern in the market throughout this year on what would happen with crush margins, but the curve has only strengthened, at least for the US, for the rest of this year and also 2025. So, I guess the question is, how are you thinking about crush margins from here in terms of durability and the ability to capture that margin strength? I don't know if there are offsets in other reasons--in other regions, excuse me.

And then the press release says that you passed through the 3Q processing strength to the guidance, but I didn't know if you made any changes to your assumptions for the fourth quarter.

Greg Heckman
Yeah. Let me start and John can fill in. I'd say that the headline has been demand is good. So, we've got--livestock economics have been good really everywhere except China, where chicken's been good but pork is bigger, has been the laggard. And so, very supportive on meal demand. And then soy oils is competitive globally. And some of the support there, of course, is palm but just overall good demand.

And so, we've seen Europe, good demand, and part of that's lower soybean meal shipments out of South America. Brazil, you've seen a little bit of slower spot farmer selling and more concern--some of the logistical commitments down there. Argentina's been margin challenged. But the margins have been good enough to cover fixed costs, so we've seen Argentina crushing even with farmers continuing to retain their ownership, kind of waiting for the next round of policy incentives.

And then the US continued to improve on strong soybean meal demand. And part of that has been less flows out of Argentina, but it's been our own big soy crop. And then I touched on China, which the margin has been very volatile there, really driven by softer and weak demand.

So, that's what we've seen carry in. And I don't think the--as usual, we don't see a lot of visibility beyond the first half. But right now, demand feels pretty good for meal and oil.

John Neppl
Yeah. And Andrew, maybe just to touch on the outlook for Q4 and whether we've had any changes, I think really the only--couple of things I'd mention there. One is, when we looked at--if you look at the over performance in our core business in Q3, we think we probably pulled a little bit of earnings out of Q4 just given the market and customers and uncertainty around EU DR. We think maybe we pulled maybe $0.15 out of Q4 into Q3. And then the other one, of course, was with the sale of sugar. We probably--we took about $0.15 of earnings out of our Q4 forecast.

Andrew Strelzik
Got it. Okay, that's helpful. And then I guess if I zoom out, and I know you're not giving '25 guidance at this point, and obviously a lot of work to do around acquisitions and buybacks going forward as well, but if I just look at the base business, at current levels, I guess, crush appears to be above the baseline. You've seen the refined continues to hold in better. So, I guess, just from a high level, how would you frame the set up into 2025, I guess, relative to maybe a normal type of year for Bunge? Thanks.

Greg Heckman
And I was kind of specifically speaking to soy. I probably should mention soft is probably the one area that, from what we've seen the last few years on the soft seed side, we've got a lot of weather impacting the Black Sea and European sun and rape production. So, that's not only hurt margins, but you've got a farmer who's going to be very spot there with the smaller crop.

Now, in Canada, we also are seeing canola margins continue to be good, but they're off from the higher margins we enjoyed in the past. And some of that's due to a smaller crop. So, our soft seed crushing is a smaller business, but that's definitely softer than what we've seen the last few years. So, that would be part of the offset to the positive environment we're seeing in soy.

John Neppl
Yeah. And I think, Andrew, in terms of the baseline, how we think about that in '25, I would say we've been--Refined and Specialty oil's been pretty resilient and I think, probably logically, will perform a little better thanbaseline in '25. And crush, we'll see. We're off to a good start in--crush margins are pretty resilient in the first half of the year, so we'll see how that progresses. Probably some opportunity there.

But merchandising has been--continues to be a little--performing below baseline. So, that one, we'll see what kind of volatility we get in the markets and opportunity. And then of course, we're taking sugar now out of our baseline. But with what we expect to do on share buybacks relative to sugar, that should be net neutral to slightly positive.

Andrew Strelzik
Great. Thank you very much.

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

Salvatore Tiano
Yes. Thank you very much. I want to ask a little bit about your customers on the fuel side. And specifically, firstly, there was article earlier this week on Bloomberg about how you and some other big crushers are actually slowing down soybean purchases and crushing volumes because you're going to see less purchases from your fuel customers. So, if you have any comments on that and your strategy there, what you're seeing in terms of demand in Q4 and perhaps in Q1 as the tax credit plans get changes.

And also, what other feedback you have, I guess, on the other hand, one of the major customers on the fuel side has mentioned that they're using higher CI score feedstocks right now before they make a more major switch in Q1 to lower CI feedstock. So, what are you seeing there? What are your thoughts on this and the risk exposed for next year?

Greg Heckman
Sure. Yeah. Let me divide that into a couple pieces. Let me talk first about the Bloomberg article. We did see that, and that is not accurate. We continue to have our purchases from farmers be very strong. In fact, if you compare this marketing year, it's higher than the last several years. So, that just wasn't accurate.

As far as the fuel demand and the customers, yeah, we do have some uncertainty here in the US. And I might start at a high level and finish with the US. But while we've had a lot of lack of clarity around US policy, globally things feel better, right? You've got Brazil talking--they put in the law on the fuel of the future, so we're seeing them move from B14 here in '24 to B15 in '25 and moving towards B20 in 2030. So, they'll go up 1% annually.

You've got Indonesia that just went from B35 and committed to go to B40. And then in Europe, there's some support put in place now for SAF and maritime fuels. And so, those have UCO caps, which will then lead to veg oils as well. So, I think it feels better overall.

Now, back to the US, with our policy uncertainty and the switch from a blenders credit to a producers credit and uncertain RVO, what we've got out there, we've got billions of dollars of assets that are proven technology in the ground on traditional biodiesel, renewable diesel, and even some SAF that's running at really low capacity utilization because we haven't got all the policy and the incentives right yet.

And we remain positive that that'll get worked out, right, because one of the things that the policymakers said they wanted to see is to make sure that we could have the supply there. And I think what the market has shown, it's done its work and we've shown that we do have the supply. Capacity's been added. The market works, and we've been able to provide for that industry. So, we remain positive that that will get worked out over the next year, and that'll be positive for demand from the fuel sector, from the renewable feedstocks here in the US.

Salvatore Tiano
Perfect. And if I may just follow up, I guess technically with the new credit landscape, if someone can only use lower CI feedstocks, they would fully go away from soybean oil, but the main issue is obviously logistical and supply challenges. So, do you have any views on the supply and the supply restrictions and limitations for tallow and used cooking oil, and how much, essentially, of the feedstock mix this could be next year or the new few years?

Greg Heckman
I think I would start again with, if you look over the last few years, the market works. And so, we've seen the low CI feedstocks as well as the vegetable oils. And as policy shifts, it finds its place to the right demand on the globe. So, there is more demand coming than any one feedstock can address.

John Neppl
Salvatore, this is John. When you look at 45Z, of course we were hoping that would get finalized this year. It may spill into Q1. A big part of that now is push from agricultural groups in the US, particularly farmers, to even the playing field and maybe provide either preference for US-based supply or restrict the import of UCO and tallow and other feedstocks.

That could have a pretty big impact on the farm economy depending on the decision that's made. And obviously, we just want the US farmer to have an even playing field, and we think that's important to get that right in the upcoming finalization of 45Z. But that'll certainly drive how much foreign feedstocks come into the US. And it could be similar to last year. I don't know if that it'll--it's hard to predict whether it'd be more than last year. But certainly, if the changes come that I think the farming groups are hoping for and I think we think is fair, it'll certainly provide some tailwind for the products that we supply the industry.

Salvatore Tiano
Thank you very much.

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

Tom Palmer
Good morning and thanks for the question. I wanted to just ask on Viterra, and thanks for the update on expected timing. Just on the business's recent results, does it affect at all how you look at the longer-term earnings power for the business, or should we look at kind of the details you laid out last summer as still largely holding? Thank you.

Greg Heckman
I would say absolutely not. We still have the confidence in this combination. It's a great fit. They are not in the same places we are. As we've had a chance to work on some of the integration planning, seeing that great team that they've got and seeing how these teams are working together, and they are as excited, I think, as all of us are to get this deal closed so we can all work together, because there's just so much that we can't do at this point in the process.

So, we're excited about what it means for the long term. This is going to give us a lot of alternatives and ways to grow and to continue to serve our customers in a very differentiated way. And that's customers at both ends of the value chain.

John Neppl
And Tom, I'd maybe just add, while we're a little disappointed that things have taken this long to close, it has given us time to continue--we haven't stopped and just sat and waited. We've been continuing to fine-tune our planning, doing some things now that we would have maybe done after close around readiness, around transition, around organizational design and integration, of course synergy capture. We're focused on the things we can control around this transaction, and we're very excited about that.

And as we've mentioned before, we weren't totally surprised with Viterra's first half performance, given kind of the broader market. But to Greg's point, this is about a long-term opportunity, and we feel very good together about the things we can control. And ultimately, the market'll be what--the market environment will be what it is as we move forward. But in the long run, this is a--we think this is a hit.

Tom Palmer
Okay. Thank you for that. And then just one topic that had come up in previous quarters, and you did touch on it earlier, was just the lack of farmer selling in South America, I think, and how that's maybe--there's offsets that maybe hurts margin in South America, but does seem to be helping soy crush margins as we look at Europe and North America. Just any thoughts on the pace of farmer selling, is there a point where that should really pick up as we move towards maybe this new harvest in the first half of '25? Thanks.

Greg Heckman
Yeah. We think that you probably are right. It'll be in the first half of '25. One, as the South American farmer gets a better idea in Argentina of how policy will shake out, even if something's communicated here in '24, there's not much of the year left to probably make much of a difference here. So, I think first half 2025 will be key on that.

And then in Brazil, where we've got some good rains and planting is really accelerating down there, I think we feel like we'll see another big crop there in South America. And I think that'll give some confidence to the producer.

And then here in the US, of course, we're harvesting a real big bean crop right now. And so, as we get to the end of that, we'll see how the producer--they never like lower prices than prior year, but ultimately you've got to make some decisions and manage some risk. And we'll see that, I think, start to move here in the first half of next year.

Tom Palmer
Right. Thank you.

Operator
The next question comes from Manav Gupta with UBS. Please go ahead.

Manav Gupta
Good morning. My question is on your growth CapEx. You're obviously spending on your growth projects. Help us understand what's the progress over there. When are the key start-up dates for these growth projects? When do they--when do you expect them to come online and start making a material contribution to the EBITDA?

John Neppl
Yeah. So, we have four key large projects underway today. And I think that 2025 will really be the biggest year in terms of spending CapEx on those as those projects move toward finalization. I think realistically on those projects, we're looking at late '24--or I'm sorry, late '25 commissioning to early '26. So, not probably a lot of impact on '25 results, just given the fact that you've got to work through commissioning and bugs as you get these plants up and going.

So, I think really we'll start to look for first half of '26 for these to start contributing, and expect all of them to be kind of running by second half. And so, second half of '26 is really how I'd see the addition to earnings from those projects from a run rate perspective. And then, of course, once we complete those projects toward the end of '25, early '26, then we'll start to see a more normalized CapEx level the back half of '26 and beyond.

Manav Gupta
Perfect. My follow-up here is a little bit--you've also mentioned this, that although the deal has been delayed a little, it's given you more time to plan. So, help us understand now, when Viterra does close, do we expect some of those synergies to be realized earlier than expected? How has the time line of moving the deal allowed you to plan better as you close on it?

John Neppl
Yeah, it's really been around the--I'll say the organizational design and getting things ready and right for day one with no disruption. Unfortunately, despite the extended time frame, we still cannot get together commercially. And so, we have not been able to accelerate any of the commercial planning and the commercial roles.

But what we--the commercial--our role in the market together, that unfortunately we have to wait til close. But we have been able to spend more time with the teams, make sure we're getting the right people in the right roles going forward. And I think we feel like a lot of the uncertainty sometimes that can happen right after close, we're addressing that stuff now so that people have focus and confidence the day we close the transaction and lower our risk of any kind of disruption in the day-to-day. But again, unfortunately we have not been able to accelerate the commercial planning side, which is really where we think the long-term opportunity is.

Manav Gupta
Thank you so much.

Greg Heckman
You bet.

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

Heather Jones
Good morning. Thanks for the question.

Greg Heckman
Morning, Heather.

Heather Jones
I had a question on--good morning. I had a question on bean oil and meal. But starting with bean oil, so given the biofuel policy uncertainty we've got in the US, demand for bean oil could be very depressed in late Q4 and Q1. And I was just curious if you think the export demand could be strong enough to offset that, given soybean oil's attractive price relative to palm and rape. And also, do you see any potential logistical constraints to the US handling that magnitude of exports?

Greg Heckman
Yeah, I think you've got that right, that soy oil is competitive globally right now against palm and some of the soft oils, and we've now seen the US be competitive again. I do think we can handle those logistics, because the US was always holding the residual stocks prior to some of the biofuels demand the last few years. We held the residual stocks for the world, and we did export as it was needed. So, as the market's calling for that, I think we're in good position to do that. And that's one of the things that we feel good about on the oil demand side globally.

Heather Jones
Okay. Thank you. And then on meal, so that demand has been much stronger than expected this year. And it seems to be because of a big step-up in feed ration inclusion, because animal numbers globally just aren't up that much. So, when we look to '25, I was wondering if you think there is room for additional sizable increases in ration inclusion, assuming that pricing's relatively attractive.

Greg Heckman
Yeah. Soybean meal demand has been very good. And it's--you've got less mid proteins around. You've got a wheat crop that's not as competitive for feeding on the wheat side. And you've got the other--if you look historically, when meal gets cheaper, people like to feed it.

They like feeding meal. And when they can--when the numbers work and the animal profitability is up, which is the situation we're in right now, we see the inclusion rates go up. And I think that's the demand that we have seen this year in the US and globally. So, we kind of expect that to continue there into '25. We can't see much past the first half, but that's what we see right now.

John Neppl
And Heather, I would just add that I think one of our strengths on the commercial side is our ability to market meal globally, and we actually market today more meal that we produce ourselves. So, we've got a team that's very steeped in the experience of marketing meal globally. And as things change and as market demand ebbs and flows, I think our team is usually right on top of that.

Heather Jones
And if I could sneak in a clarifying question, so you guys probably have as good a visibility as anyone into feed profiles globally. I mean, could we see a situation in '25 where we have an increase in inclusion rates as much as we did this year? Like, I mean, I don't know if we're near a cap, or could we see another sizable step-up?

Greg Heckman
I think you've got to continue to watch how it sets up versus the competing. And what we do know right now is less wheat feeding, less mid proteins, got some smaller seed crops, you don't make as much meal in the soft crush but you've got Europe and Black Sea with some smaller seed crops, so some less meal there. So, yeah, it's all part of the factors that are setting up the current situation we've got, which has been constructive. And we've all seen it in the numbers.

Heather Jones
Okay. Thank you so much.

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

Steven Haynes
Hey, good morning. I maybe just wanted to ask a kind of follow-up question on the refined side of things. I think there was a comment before to an earlier question about it being resilient and better than baseline in 2025. I think you're still kind of quite a bit above baseline where we are right now. So, can you kind of help frame, I guess, what a bit better looks like and how we should be thinking about it next year?

John Neppl
Yeah, I'll start and Greg can jump in if he--look, I think we certainly are seeing as expected. And what we contemplated in our long-term baseline was that refining premiums would moderate and that demand would go back more toward crude veg oil for--especially for the energy side.
I think what we've seen is a very strong and somewhat of a resilient market on the food side that's been very good. We had about a $400 million baseline for that business. And as you pointed out, we've been performing above that.

And I think, just given our increased capability in our portfolio and what we've seen on the food side, plus probably a little bit more resilient demand on energy, I think we feel like we're set. It's hard today to predict what that above baseline number's going to be. I think we have to get a better handle on where things are headed from a policy standpoint. These things around 45Z and RVO and things like that could have an impact, certainly on even the refining versus crude piece of it.

But ultimately, we feel pretty good about that business being on probably more solid footing than it's ever been in total when you look at the specialty side and the refined piece. Obviously, the refining--again, the energy piece of that we did expect to moderate, but we've been very pleased with the food demand.

Steven Haynes
Got it. Thank you for the color. And then just on the meal side of things, there's been a bunch of capacity that's going to come on in the US this year. Our understanding is that it's not kind of fully running yet and it takes some time to kind of hit that run rate. Is the market kind of feeling the impact of this yet, or how should we think about it as even more supply is expected to come on in '25? And there's some projects slated for '26, yourself included. So, how should we be thinking about the market's ability to, I guess, absorb the excess meal going forward?

Greg Heckman
Yeah. The thing about meal, it's a very global market. I think John mentioned we market more than we produce. We continue to make the investments. We've made investments in our P&W asset to be able to handle meal here in the US and get it to export. So, I think the investments will continue to be made to connect the supply to the demand globally.

And you said--as you said, those plants, they're not like flipping a light switch. They do come on, and so they kind of get dovetailed into the demand, and price does its work around the inclusion rates. So, we think the market will do its work.

John Neppl
Yeah, and maybe I'd just add one thing, Steven. Greg mentioned the P&W, where we're adding some capacity for export of meal. We're doing the same in the Gulf. So, we have our big project, of course, our expansion with Chevron in the Gulf at Destrehan. Our adjacent export terminal, we're expanding the capacity of that to handle more meal to be exported from the US.

So, we've anticipated this for two or three years. And these projects are well underway, moving along. And we'll be well-positioned, as well-positioned as anybody, to get the stuff out in the market where it needs to go internationally.

Steven Haynes
Okay. Thank you. Appreciate it.

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.

Greg Heckman
Morning.

Ben Theurer
So, just a few things to--clarification. So, I think you said there's a $0.15 impact on the loss that you need to book for the bioenergy, the disposal. Was that something that you expected to

happen in 3Q and now it's just moved into 4Q for that implicit downgrade of that $0.15? So, that would be question number one.

And then just question number two, related to the timing of Viterra and the pending approvals, can you remind us which are the big jurisdictions that are still pending right now?

John Neppl
Yeah, I'll start with sugar and Greg can talk about Viterra timing. So, we didn't--we had a forecast in for the full year for sugar because we really didn't know when this--it was going to actually close. The Q3 was simply underperformance. So, we didn't have a good Q3 in sugar, as we highlighted.

And then Q4, we lost about $0.15 of earnings that was in our prior forecast because of selling and closing on it Oct. 1, but we left that in there until we actually had certainty around close. So, that's just reflective of the lost earnings for Q4. And then, of course as I mentioned, you can see that the results for Q3, that we were well below, not where we expected. Overall, second half probably down $0.35, I would say, between Q3 and Q4 from what we had originally expected.

Ben Theurer
Just sugar?

John Neppl
Just sugar.

Ben Theurer
Okay.

Greg Heckman
The key was the core business stepping up and covering that in the second half. So, it's a better quality of earnings. We like the way it happened.

Ben Theurer
Well said. And then on the pending approvals?

Greg Heckman
And then on the regulatory?

Ben Theurer
Yes.

Greg Heckman
Yeah. On the regulatory, since the last time we were all together, of course, we got the EU conditional approval, where we've got to do some asset sales in Poland and Hungary. So, we're working through that process currently and making good progress.

In Canada, you may have seen there's a new transport minister there. We're engaged with them and making great progress addressing all the questions and closing out the issues. We expect that to be in the relative near term.

And then the other, of course, is in China, and we continue to work with the Chinese authorities. We're having very productive discussions and able to respond to all their questions. So, again, feel that that should be hopefully here in the near term.

And lastly, look forward to getting the regulatory approvals done. As we've said, in no scenario--we don't see anything that would be material to the economics of the transaction. And we just cannot wait to put these two great companies together and get these teams to work. Everybody is excited and feels like we've got our hands tied behind our back here and can't wait to get to the next stage.

Ben Theurer
Okay. And then Argentina, I mean, obviously, that's a post-close approval process. But there was some news just recently about an Argentine soy exporter that you were planning to take over and that kind of blocked out of bankruptcy. Has that any consequences on how you think about the post-close approval process in Argentina?

Greg Heckman
No. No, not at all. Of course, we've been in Argentina a long time. We worked closely with the authorities there. It's an important operation for us. So, the appeal is just part of the process, the legal process down there. We weren't really surprised by it. It's kind of a technical issue. And we'll continue to work through the process. But, no, we've always thought about those processes working in parallel.

Ben Theurer
Okay. Thank you.

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

CONCLUSION

Greg Heckman
Thank you. So, thanks again for joining us today, and we appreciate your interest in Bunge. I want to just close by thanking the team one more time for their dedication. Our performance is a testament to the quality of our people and the culture that we've built here at Bunge, and it's allowed us to execute on our day-to-day business, to maintain a relentless drive for continuous improvement, and to make great progress on the integration planning.

I'm really as excited as ever about the future of Bunge and what we're going to be able to accomplish together with Viterra. So, we look forward to speaking with you again soon, and have a great day.

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