

Bunge Global SA

First Quarter 2025 Earnings Release and Conference Call Global SA

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CORPORATE PARTICIPANTS

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PRESENTATION

Operator

Good day, and welcome to the Bunge Global SA First Quarter 2025 Earnings Release and Conference Call. Today, all participants will be in a listen-only mode. Should you need assistance during today's call, please signal a conference specialist by pressing the "*" key followed by "0." After today's presentation, there will be an opportunity to ask your questions. To ask a question, you may press "*" and then "1" on your telephone keypad. To withdraw your question, you may press "*" and then "2." Please note that today's event is being recorded. I would now like to turn the conference over to Ruth Ann Wisener. Please go ahead, madam.

Ruth 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 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.

Gregory Heckman

Thank you, Ruth Ann, and good morning, everyone. I want to start by thanking our team for their hard work and adaptability in what has already been a highly dynamic 2025. Their continued focus and great execution delivered a strong start to the year. It demonstrated once again that we can navigate market environments, agility and speed, harnessing a truly global platform and strength in our core markets.

We continue to believe in the strategic merits of our planned combination with Viterro and expect to close the transaction in the near term. While the timing of regulatory approvals has not been what we anticipated, we've engaged in constructive conversations with the relevant authorities prepared to close in very short order once received.

We recently chose to execute our rights to terminate the definitive share purchase agreement with CJ Selecta pursuant to its terms. However, the protein concentrate for feed remains an attractive market with promising growth prospects that nicely complements our soy origination crushing capabilities in Brazil.

At the same time, we made great progress in other key areas, further sharpening our portfolio, strengthening our business, and positioning Bunge for the future. We recently announced the sale of our European margarines business and our North American corn milling business. Both of these transactions allow us to further align around our global value chains.

We also closed our previously announced partnership with Repsol and announced a key milestone with the incorporation of intermediate novel crops in the production of renewable fuels

in Europe. This alliance furthers our long-term strategy to create alternative path towards meeting our customers' demand to lower carbon agricultural and oil supply chains.

Shifting to operating results. First quarter exceeded our expectations, driven in part by some pull forward of activity from Q2 into Q1. Later in the quarter, shifts in trade dynamics, including growth in regulatory uncertainty, opted some farmers and consumers to act ahead of potential changes.

Looking ahead, we're reaffirming our full year 2025 adjusted EPS guidance, approximately \$7.75 and remain confident in our ability to continue to execute, despite the current market environment. As we mentioned last quarter, we expect to provide an outlook for the combined company once we've closed the Viterra transaction. With that, I'll turn it over to John for a deeper look at our financials and outlook. John?

John Neppi

Thanks, Greg. Good morning, everyone. Let's turn to the earnings highlights on slide five. As Greg mentioned, the first quarter exceeded our expectations. As tariff and regulatory uncertainty increased during the quarter, some farmers and customers moved ahead of potential changes which pulled earnings from Q2 into Q1.

Our reported first quarter earnings per share was \$1.48 compared to \$1.68 in the first quarter of 2024. The reported results included an unfavorable mark-to-market timing difference of \$0.08 per share to a negative impact of \$0.25 per share, notable items related to the transaction integration costs associated with Viterra. Adjusted EPS was \$1.81 in the first quarter versus \$3.04 in the prior year. Adjusted segment earnings before interest and taxes or EBIT was \$406 million in the quarter versus \$719 million last year.

In Processing, higher results in the Brazil, Europe, and Asia story crush value chains more than offset by lower results in North America, Argentina, and European softseeds. Merchandising improved performance in global grains financial services business more than offset by lower results in ocean freight. With the exception of Asia, Refined and Specialty Oils results were down in all regions, reflecting a more balanced global supply and demand environment, driven in part by the uncertainty in U.S. biofuel policy.

In Milling, slightly higher results in North America has been offset by lower results in South America. Milling margins were pressured by a more competitive mixing environment. In corporate and other, the decrease in corporate expenses was primarily driven by lower performance-based compensation. Prior year, other results included \$24 million from the sugar and bioenergy joint venture that we divested in the fourth quarter of last year.

Net interest expense of \$45 million is down in the quarter compared to last year due to increased capitalized interest, higher interest income on investments in interest-bearing instruments, and interest received on Brazilian tax refunds. The increase income tax expense for the quarter was primarily due to lower pretax income in 2025, the prior year unfavorable adjustments related to foreign currency fluctuations in South America.

Let's turn to slide 6, where you can see our adjusted EPS and EBIT trends over the past 4 years, along with the trailing 12 months. Throughout this period, our team has excelled in navigating the complexities of dynamic markets while simultaneously executing various internal initiatives. Recent trend indicates a more balanced supply and demand environment and the impact of trade and biofuel uncertainty, translating into less volatility and lower risk.

Slide seven details our capital allocation. For the first quarter, we generated \$392 million of adjusted funds from operations. After allocating \$54 million to sustaining CapEx, which includes maintenance, environmental health, and safety, we had \$338 million of discretionary cash flow available. Of this amount, we paid \$91 million in dividends, invested \$256 million in growth and productivity related CapEx. We also received \$306 million of cash proceeds related to the sale of an interest in our soy crush footprint in Spain to Repsol as part of our newly formed joint venture and a final payment for the sale of our interest in the sugar and bioenergy joint venture. This resulted in approximately \$300 million of retained cash flow.

Moving to slide eight, at quarter end, readily marketable inventories, or RMI, exceeded our net debt by approximately \$3 billion. Adjusted leverage ratio, which reflects our adjusted net debt to adjusted EBITDA was 0.6x 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 were unused, providing ample liquidity to maintain ongoing capital needs. In addition, we had a cash balance of approximately \$3.2 billion, accumulated in large part from the U.S. public debt offering that we closed last September in support of the Viterro transaction. There were no amounts outstanding under \$2 billion commercial paper program.

Please turn to slide 10. The trailing 12 months adjusted ROIC was 9.4% and ROIC was 8.2%. Adjusting for construction in progress on our large multiyear projects not yet operating and the excess cash on our balance sheet in the Viterro closing, adjusted ROIC would increase by 1.5 percentage points and ROIC by approximately 1 percentage point. While returns have declined from recent highs, they remain above our adjusted weighted average cost of capital of 7.7%.

Moving to slide 11. In trailing 12 months, we produced discretionary cash flow of approximately \$1.2 billion and a cash flow yield of 10.2% compared to our cost of equity of 8.2%.

Please turn to slide 12 and our 2025 outlook. As Greg mentioned in his remarks, taking into account Q1 results, the current margin and macro environment and forward curves, we continue to expect full year 2025 adjusted EPS of approximately \$7.75. This forecast excludes the impact of announced acquisitions and divestitures that are expected to close during the year.

In Agribusiness, full year results are forecasted to be slightly lower than our previous outlook and down from last year, primarily due to lower results in processing. Refined and Specialty Oils, full year results are expected to be similar to our previous outlook and down from the prior year, primarily driven by a more balanced supply and demand environment in North America. In Milling, full year results are expected to be similar to previous outlook and up from last year.

In Corporate and Other, full year results are expected to be more favorable than our previous outlook and the prior year. Additionally, the company expects the following for 2025: adjusted annual effective tax rate in the range of 21% to 25%; net interest expense in the range of \$220 million to \$250 million, which is down from our previous expected range of \$250 million to \$280 million; capital expenditures in the range of \$1.5 billion to \$1.7 billion; and depreciation and amortization of approximately \$490 million. With that, I'll turn things back over to Greg for some closing comments.

Gregory Heckman

Thanks, John. Before turning to Q&A, I want to offer a few closing thoughts. In today's uncertain global environment, we can be certain of the strength of our team, global footprint, and our

operating model. Our purpose of connecting farmers to consumers to deliver essential food, feed, and fuel is something the world depends on regardless of external circumstances.

For the last few years, our team has consistently risen to the challenge, navigating an ever-changing world, exceeding expectations in the face with global pandemic, trade wars, and geopolitical uncertainty. I'm confident that the same focus, discipline and ability to execute continue to drive our success.

Our business is built on a resilient global infrastructure that ensures an efficient supply, staple crops, and food and feed products that has proven its ability to withstand volatility. We have the right systems and strategies in place to manage risk, adapt to external challenges, and remain focused on what truly matters.

The planned combination with Viterra will only enhance our diversification across assets, geographies, and crops, providing us with more optionality to help address the world's food security needs. Its core business is resilient. Our track record proves this. I have no doubt that we'll continue to deliver value for customers at both ends of the value chain. With that, let's turn to Q&A.

QUESTION AND ANSWER

Operator

The first question from the phone comes from Salvator Tiano with Bank of America. Please go ahead.

Salvator Tiano

Yes. Thank you very much. Firstly, I wanted to ask -- to follow up a little bit on acquisitions. So, with Viterra, you make it very clear that it seems it's -- the approval is very, very imminent. But obviously, China seems to be the holdup here and there's always limited visibility in what they do. So how confident are you that actually they will approve the transaction soon?

And if actually there is a chance that this may not happen, what is your backup plan there? And also, CJ Selecta, can you provide a little bit more commentary on why the transaction didn't go through? And it seems to indicate that you chose to terminate it, but at least by our math, it was a pretty nice, very accretive transaction. So why would you make this -- why did you make this decision?

Gregory Heckman

Let me start with Viterra. Of course, number one, look, the strategic merits of this transaction remain in place, and it accelerates everything that we're doing strategically. We've had very constructive interaction with the authorities as we've submitted additional information as needed. They've done a really excellent job engaging with all the parties and advancing the process. So, we're confident the traction is going to be improved. When you look at the merits, it's very, very clear. We are purpose-built to create a resilient supply chain, and that's to serve China and the rest of the key demand markets globally.

So, in times of some of the extreme market disruptions that we've seen and one like we're experiencing now, the reliability that comes from a company like ourselves that's operating in every major origin is even more important. So timing, we don't know, but the process moves and we feel very good about the ultimate destination.

And then as far as CJ, look, we went through the long stop date. We passed that. And we just kind of looked at the circumstances of currently where things were at with the business, and it just made sense at this point to terminate the transaction. So now as I said in the comments, look, the market for CSPC on the feed market, that continues to be attractive, and it really fits well with our Brazilian business. So, we'll continue to look for the right opportunity to expand in that market.

John Neppi

Maybe just to clarify, Salvator, on CJ. Going through the end date was a result of not having all the regulatory approvals. And at that point, you could have chose to extend it if we felt it was appropriate. But as Greg mentioned, we just felt at that time the right thing to do is terminate the agreement.

Salvator Tiano

Great. Thank you. And I also want to ask you about your processing business and, specifically, can you break down your margins for U.S. soy and Canadian canola versus the margins you have in the rest of the world? How were they -- how do they trend in Q1 versus Q4? And also, how are they on an absolute basis? Because I guess U.S. soybean historically has been a much stronger performer, but may not necessarily be the case in Q1.

Gregory Heckman

Yeah. Look, I'll just hit the high spots here quickly. We definitely saw -- if you look the fact on soy that we're holding the year, you've kind of got to look down into the quarter. So Q1 was better. That caused the overperformance, but unfortunately, things have gotten softer here on the curves as we've gone into Q2 and some of that definitely is on open capacity. So, crush will be, in soy will be lower in Q2. And then with the crop coming off, the curve are telling us it should be better again in Q4.

The net of that is the year will be flat, but as often happens in this business, when you've got 2 crops a year coming off and you look at the 12-month cycle, the timing can move around a little bit. And really in soy, the spot crush margins are pretty good or better everywhere. And then the outlook is definitely tougher in the curves except for North America where we see it getting better with crop.

Now on the softseeds North America, canola in Canada, much the same. We had a tighter crop there and the curves get better as we look out to Sept-Dec for new crop. And then in softseeds in Europe and the Black Sea, both sunseed and rapeseed production was tighter last year. So, we got slow farmer selling and then, of course, with soybean oil being very competitive globally, that has been tough on softseed crush margins. So again, we look to new crop in the Sept-Dec period for that to improve.

John Neppi

And maybe to put a finer point on that. You know, looking at Q1 versus a year ago. The U.S., the soy crush margins weren't dramatically different than they were a year ago for Q1, a little bit lower. The big impact in North America was softseed margins were much lower in Q1 versus last year.

And then in terms of soy kind of globally, as Greg mentioned, stronger, probably strongest in Europe in Q1. And then U.S. is number two, and then we had really weak margins in Argentina in Q1. And of course, that -- we're seeing improvement there in the spot in Q2, given farmer activity in Argentina, so we're running harder down there now.

Salvator Tiano

Perfect. Thank you very much.

Operator

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

Thomas Palmer

Hi, and thanks for the question. Maybe just to follow up on the last question on cadence of earnings. You did indicate the pull forward and kind of the 1Q, 2Q dynamics and then how maybe, especially in North America, ramps up a bit to close out the year. But you provided some specificity last quarter talking about 40% of annual earnings coming in the first half of the year. I guess, just any updated thoughts on thinking about the cadence of earnings as we move through this year, just given the 1Q dynamics?

John Neppi

Tom, I think -- this is John. The look at the year, 40-60 really hasn't changed, first half, second half. What we saw was really a flip between Q1 and Q2. Instead of 40-60, it came out more -- it looks to be more 60-40. So, we pulled the earnings forward from Q2 and expect a little bit of softness in Q2 from our prior forecast. About half of that overperformance in Q1 was pulled forward in Q2. The other half, we're seeing. We had some other things go well in Q1, but we see a little bit of softness in Q2. So, we're looking at 60 -- maybe 62-38, if I want to put a really fine point on it from Q1 to Q2, but the broader first half, second half is the same outlook as we had last year -- last quarter.

Thomas Palmer

All right. Thank you. And then just on the assumptions embedded in guidance, you did not kind of new crop better crush margins late in the year is normal. I wondered about kind of what you're embedding for other items such as U.S. biofuels policy and potential clarity on the RVO for next year. And then just any what you're embedding for U.S. kind of China trade relations and how that might impact you as the year progresses. Thanks.

Gregory Heckman

Yeah. So just as a reminder, we don't have any M&A or share repurchases factored in, and we only assume what's kind of -- we can see in the current tariff situation and the forward curves. So, to the point, what the market believes about RVO in kind of the current trade tensions is reflected in the curves. It's in our forecast and outlook. We're not making any calls that are different from what the market is telling us.

Thomas Palmer

All right. Thank you for that.

John Neppi

Thanks, Tom.

Operator

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

Manav Gupta

Good morning. I just wanted to focus a little bit on this development with Repsol. It looks like you're moving forward with it. Help us understand the benefits and why does it make strategic sense to move ahead with Repsol on this kind of JV?

Gregory Heckman

We're really excited. Repsol is a great partner. They're making investments in their infrastructure as they're moving to lower carbon fuels, and we're excited to form the joint venture to be able to help that, not only with the soy processing assets that went into the JV, but in the origination of the lower carbon intensity feedstocks. And of course, some of that is the announcement we made at the same time to bring novel crops to be part of that solution of lower carbon intensity oils to then go into their global diesel and SAF process.

So, we're at the front end of that, but we're excited. We really want to be the partner of choice in every space that we operate, and that includes working with the fuel industries as they look to put lower carbon fuels into their portfolios.

John Neppi

And Manav, I might just add that while there's a lot of discussion around uncertainty in U.S. biofuel policy, there's a lot more certainty than that in Europe and other places. So, it's -- Europe seems very committed to it and Repsol is part of that commitment. And we wanted to be, as Greg pointed out, partnered with someone that we think is in great position to take advantage of the growing fuels opportunity in Europe.

Manav Gupta

Perfect. My quick follow-up is, I understand it's not in your guidance, but there's a lot of chatter that in the next two or three weeks, you could get a much higher revised RVO with a stronger biomass diesel volumes. So, in the event you do get a higher RVO, which is significantly better, how is Bunge going to benefit from it, probably in the second half or in 2026? If you could provide some thoughts on that?

Gregory Heckman

Yeah. That would definitely strengthen the oil leg of the crush here in North America. And North America as an exporter of oil, of course, that would help the oil leg globally. So that would be good for crush margins.

John Neppi

I would -- we're not very covered -- we're not very locked for Q3 and Q4. So, to the extent the second half margin environment improves, we should be well positioned to take advantage of that. And right now, energy customers are relatively lower percentage of our refine oil volumes. So, any demand there will be certainly good for our outlook.

Manav Gupta

Thank you so much.

Operator

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

Heather Jones

Hey. Thanks for the question.

Gregory Heckman

Morning, Heather.

Heather Jones

I wanted to stick with the RVO. So, I have recently -- and this was from a conference as well as other things. Recently, I've heard from some industry watchers that the 5.25 billion gallon D4 headline number that's been in media reports, et cetera, that it may not be that high, that it may be more in the mid-4s with the backfill opportunity taking you into the 5s.

So, I just wanted to get your thoughts on that. And a follow-up to that is, do you think that would be enough to make the domestic market much tighter given the limitations that we have on feedstock imports and biofuel imports this year that we didn't have previously?

Gregory Heckman

Yeah, the demand is good, but what I'd like to start with is, we are really proud to be part of that first-of-a-kind coalition where we've got farmers, large segment of the petroleum refiners, and the crushing industry, right, driving to consensus and then advocating for an RVO that's aligned with what the U.S. can produce. And when I say the U.S., I mean, think about the investments that have been made that are already in place to help the U.S. achieve energy security and dominance and provide a lot of support for rural communities.

The farmers have invested, right? They've invested in the land, in the machinery, the know-how around the inputs and the crop production, the oil companies have invested in converting their plants to biofuels. The crush industry, we've added production capacity to provide the inputs.

So, the infrastructure is in place in every part of the supply chain. We can serve the demand right now. This is unused capacity. So, this is not aspirational. And that's been the message. So, we remain, I think, encouraged and optimistic that we'll get to the right number. And if it doesn't, right off the bat, the coalition is going to continue to advocate, continue to explain the facts, the impact that the RVO has on rural America and what it really does to drive value at the farm gate and all the way through the local economies by adding that domestic demand.

Heather Jones

Okay. And then I wanted to move on to the tariff situation. And clearly, that's a very dynamic environment and, who knows, it might be very different by next week. But as it sits right now with the tariffs in place with China and the impacts on U.S. beans, et cetera, how are you thinking about how that impacts Brazilian crush margins? And could that potentially, if those dynamics don't shift quickly, could that potentially affect slow down the build-out of crush down there?

Gregory Heckman

Yeah. Look, to start with, the policy is going to work itself out. We like policies that are good for farmers because that's good for the entire Ag value chain. And the markets do work and they send the right signals to farmers and they send the right signal in the industry. One of the things we like about our footprint is that, whether we're going to crush more in the U.S. domestically, if exports are lower. The same would be offset in Brazil. If exports are higher, then we'll crush less.

So, we're going to flex our system, not only by regions globally, but within those regions between crush and export and other domestic demand. So, I think that's what we love about our balanced footprint.

John Neppi

Heather, when you think about it, there are three things we do in any origin: storage, export, and processing. And so, depending on what the global markets are telling us for many of those origins, we can either choose to store it and ultimately process or export it, whatever the market is telling

us to do. So, to Greg's point, we have ultimately good flexibility around whatever the tariff situation ends up being.

Heather Jones

Awesome. Thank you so much.

Operator

The next question comes from Pooran Sharma with Stephens. Please go ahead.

Pooran Sharma

Great. Thanks for the question. Just wanted to ask about South America. Do you expect accelerated farmer selling out of South America in the coming months, out of Argentina in the coming months? What would this mean for kind of global crush margins and your footprint?

Gregory Heckman

Yeah. In Argentina, I think we talked about pretty slow farmer selling there in Q1. Now, we've seen a recent pickup in the farmer selling, and that's been better for margins there in Argentina, and then we've adjusted the global footprint a little bit.

You've got a temporary lower export tax window that closes late June. You got better weather, which is telling the farmers what their beliefs are and they've lifted some of the capital controls. So that's driving the farmer selling today. We'll see how long the duration of that goes and how that will affect.

And then in Brazil, the driver, another record soybean crop, there's no take or pay this year, which should help improve the value chain performance versus '24. And then if you think about it, we've got a big total corn crop coming behind that. So, from the farmer selling of beans, historically, the farmer has been marketed more regularly to get ready for the Safrinha harvest to free up the bin space and to deal with some of any of the logistical timing and coordination that needs to happen.

Pooran Sharma

Great. I appreciate that detail. My follow-up was actually going to be on the take or pay. So, I appreciate you getting ahead of that. I guess I wanted to maybe home in on some of the divestitures you've announced. With the divestiture of corn milling, I just wanted to, A, ask, does this just leave you with wheat milling in your milling business? Is it just wheat milling now? And then, how should we think about that business when it comes to kind of your core operations as you look ahead?

Gregory Heckman

Yeah, correct. We've got a real nice South American wheat milling business there in Brazil. Viterro also has some Brazilian wheat milling. Those footprints fit together very nicely to serve our customers there. We like our position there in Brazil in the wheat milling business because not only the local crop, but we feed that from our Argentine wheat value chain as well as other global wheat markets as they make sense to import into Brazil, which happens quite often. So that business is a good fit, and we think we're in a very competitive position for the long term to serve our customers.

John Neppi

Yeah. And just to clarify, the first part of your question, our South American wheat milling will be the only thing left from a milling perspective once we close the transaction.

Pooran Sharma

Great. Appreciate the details.

Operator

The next question comes from the line of Derrick Whitfield with Texas Capital. Please go ahead.

Derrick Whitfield

Good morning, all, and thanks for taking my questions. I wanted to ask a follow-up on Repsol as my first. Could you speak to the amount of camelina and safflower that could be processed as feedstock for the biorefinery or the mix that they're solving for through this partnership?

Gregory Heckman

Probably too early to give the exact numbers on that. But basically, what we want to do with our energy companies are give them different choices of the lower CI feedstocks and having multiple novel crops and even use the cooking oil and the other things that we're sourcing in our portfolio. We can then give them the choice on what works in their machinery for cost, the quality, and the carbon intensity that works for them.

So, what we want to be able to provide is that optionality of feedstocks and even in these novel crops. Then it becomes building the programs and continuing to build the volumes. And that's like winter canola in the U.S. We got started last year and then we've seen great uptake by the farmers. We've got a lot more acres out there. And so, we'll build these programs in partnership with the demand and with the growers.

John Neppi

Yeah, I'd maybe add just one thing, Derrick. We're not targeting a specific mix of inputs. It's going to be whatever the market tells us is the most economic. It could be, as Greg mentioned, mix of novel seeds, soy oil, soybean oil, UCO, all those things are, as Greg mentioned, are part of the portfolio, and ultimately, the economics are going to drive what the most logical combination of inputs is.

Derrick Whitfield

Great. That makes sense. And for my follow-up, I wanted to stay on biofuels. Do you expect a more favorable assessment for SBO and winter canola based on industry feedback and your interaction with the administration on 45V? There seems to be quite a bit of energy around the inclusion of CSA practices for seed oils.

Gregory Heckman

We're optimistic, and we're engaged in that and trying to bring the facts forward and bringing the economics forward and to do what's good for farmers as well as the entire value chain there.

Derrick Whitfield

Great. Thanks for your time.

Operator

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

Steven Haynes

Hey. Good morning and thanks for taking my question. Just on U.S. industry crush capacity. I think one of your peers has announced the shutdown of the plant. And so really, maybe just kind of two questions, it doesn't sound like it, but is there anything in your portfolio that you'd be looking

to rationalize in the U.S. or in North America more broadly? And then how do you expect the rest of the industry to respond to some of the new capacity that's kind of come online over the last 12 to 18 months? Thank you.

Gregory Heckman

Look, we've been very thoughtful about our portfolio, really everything we've been doing over the last six years, right? It's always continuous improvement. So, where we made our investments, whether it's been debottlenecking or brownfields or greenfields, it's to get our footprint to be the most competitive. So, we're running the assets that we're running now because we plan to.

We'll constantly evaluate that globally, and that's part of having that global system. Our goal, of course, is to have a cost structure and capabilities that are built for any point in the cycle. And yeah, during the cycle, at the tougher parts of the cycle, it sends signals and certain people with cost structures may be shutting down some of these stand-alone plants. They could be different economics than us running it as part of a network here in the U.S. and also as part of our global network. So, we're just focused on having the most competitive footprint and system for really any point in the cycle. That's kind of our responsibility.

Steven Haynes

Okay, thank you.

Operator

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

Andrew Strelzik

Hey. Good morning. Thanks for taking the questions. My first one, you mentioned being open on the majority of your capacity for the back half of the year. And I guess I'm just curious if you're managing or how you're managing your forward book right now in an environment that's relatively soft? It could look a lot different later in the year. So, have you changed that approach at all? I'm just curious how that compares maybe to normal? Any color on that would be great.

Gregory Heckman

Sure. Our team is constantly focusing on our customers on both ends of the value chain and what they're doing to manage their risk. I will tell you, in this environment, we have seen everybody go to more spot, right? So, there is less done on the forward curve as people don't know what to do with some of this uncertainty. And so, they pulled in, the farmers have been more spot sellers, the end consumers, whether it's feed, food, or fuel unless they've got margins, they've been more spot buyers. So that's led to less of a forward book.

Now, we've got different ways to manage our risk, and we're always evaluating what the supply and demand tells us what the outlook looks like and where globally we want to be placing our hedges and locking in margins as they occur versus how we believe they will and as they have versus history based on what the supply and demand numbers are telling us.

But there's less on right now. One, because we're looking at what the curves are telling us and what we believe. And then part of it is driven from customers on both sides. When you get in that close in 30 to 90 days, that's when the logistics really start driving the activity really for all the participants in the market. And of course, that's why you've got more visibility on the front end, get things on the books and maximize those logistics to serve everyone.

Andrew Strelzik

Right. Okay. Okay. That makes sense. And my second question, and I don't know if you'll be able to answer this with any specificity, but I'm just trying to think about the right earnings base for the core business. And obviously, this year has a ton of disruption that maybe is abnormal, right, and depressing numbers this year. Is there any way to frame kind of how much you think that has impacted relative to your \$7.75 kind of outlook? Yeah, is there any way to think about how much that's impacting the year and what may be a more normal earnings base would look like? Thanks.

John Neppl

Yes. Look, I think -- this is John. Certainly, we're in a little bit more challenging environment this year just given all the uncertainty versus where we would expect to be kind of in a mid-cycle. And when we look at that, it's really driven by more challenging merchandising environment. This year is one of the big drivers. And as we look at -- I'll just take us back to our original mid-cycle modeling. At this point in time, a couple of years later, a lot of the projects that we had slated are still under construction. And so those haven't contributed yet.

And we didn't expect those to yet at this point in time. But we've made some divestments along the way in Russia, Ukraine impact. Those things have kind of pulled our results down from the mid-cycle. And then certainly, on margins have largely held in versus kind of how we'd see mid-cycle. Other than the refining side, those have actually been better, more -- longer, but merchandising has been more challenging for us. And on the cost side, we experienced a couple of years of commodity inflation.

So overall, offset to some degree a little bit by some of the actions we've taken around share buybacks and things. But ultimately, it's hard to gauge what the \$7.75 would be without the current environment we're in. Certainly, if things improve during the back half of the year, we'll have a better sense next year of kind of earnings power going forward, excluding Viterra. Of course, that will a big impact on our outlook as we integrate that business.

And then we've got capital projects that are going to be coming online, late '25 and through '26. And in '26, that will have a further impact ongoing. But it's -- as you can imagine, pretty hard to put a fine point on what the \$7.75 would have been had we not had all this volatility this year, and we're going to get every dollar we can.

Andrew Strelzik

Sure. Absolutely appreciate that and appreciate the perspective. Thanks.

Operator

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

Rahi

This is Rahi going on for Ben. I have some questions for -- a timeline question. So, first for the milling business, what do you see as the timeline to close? What regulatory processes are we still waiting on? And do you foresee any risk? And also, for biofuel, thank you so much for the clarity on the call. When do you expect an update on that? Thanks so much.

John Neppl

In terms of corn milling, we're hoping -- it's purely a U.S. business. So, it will just need to go through the domestic regulatory process. But we feel like we've got a chance to get that closed by the end of Q2, latest early Q3 is kind of our view right now. Could you maybe clarify your second question on biofuels?

Rahi

Can you kind of predict when you're going to get an update on the EPA or any other body? But do you -- I mean, you're talking about the volumes that were estimated, do you (inaudible) would kind of expect something from the EPA on volumes with (inaudible)?

John Neppi

On the RVO update?

Rahi

Yeah, RVO update.

John Neppi

Yeah. I mean, it could be any day. We're thinking, by end of May, there's a good chance that we'll hear something. Of course, they're not obligated to come out with anything until later in the year, but they've indicated, as near as we can tell, they could do something as early as sometime in this month, and we'll see.

We're anxiously watching just like everybody else. And ultimately, I think they're being very thoughtful. They're listening. As Greg talked about the coalition that we put together with farmers and the energy companies, the Ag companies, they're listening. And so hopeful that they're formulating the right approach and we'll know more soon.

CONCLUSION

Operator

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

Gregory Heckman

I'd like to thank everyone for joining us today. Thank you for your interest in Bunge. We continue to have great confidence in our team to be able to deliver for our customers, both farmers and consumers, whatever challenging environment that we're in. We look forward to speaking with you again soon. Have a great day.

Operator

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