

Bunge Global SA

Fourth Quarter 2024 Earnings Release and Conference Call

Wednesday, February 5, 2025, 8:00 AM ET

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 Fourth Quarter 2024 Earnings Release and Conference Call. Today, all participants will be in listen-only mode. Should you need assistance during today's call, please signal for a conference specialist by pressing the star key followed by zero.

After today's presentation, there will be an opportunity to ask your questions. To ask a question, you may press star, then one on your telephone keypad. To withdraw your question, you may press star and then two. 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.

Ruth Ann Wisener

Thank you, operator, and thank you for joining us this morning for our fourth 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 2 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 Nepl, 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 their continued hard work and commitment in 2024. We made good progress on a number of significant growth projects while also advancing our work to build an even stronger Bunge.

Our team is prepared for the close of our business combination with Viterra. Teams at both companies have put in countless hours of planning to ensure a smooth integration so that our customers at both ends of the value chain, both farmers and consumers, see good continuing of service. And we expect to close the transaction soon.

You likely heard we received regulatory approval from the Canadian government last month. We continue to engage in constructive conversations with the regulatory authorities in China while we work through the final stages of the asset divestment process in Europe.

We're also in the late stage of the regulatory process for our acquisition of CJ Selecta, a leading manufacturer and exporter of soy protein concentrate in Brazil. We expect that transaction to close in the near future.

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In the coming weeks, we expect to close our announced partnership with Repsol to develop new opportunities to help meet the growing demand for lower carbon intensity feedstocks for the production of renewable fuels. This alliance is the first of its kind in Europe and furthers our long term strategy to create alternative paths towards the decarbonization of agriculture and the role we can play in the liquid fuel supply chain.

In October, we announce the completion of the sale of our sugar and bio energy joint venture in Brazil to BP. As we've discussed, this streamlines our business and allowed us to expand our stock repurchases authorization.

Planning for these large initiatives takes teamwork and cross functional collaboration. The team's done a great job of running our day-to-day business while also working on these strategic growth initiatives.

In addition, we continue to return capital to shareholders through our share repurchases and our regular dividend. We've repurchased a total of \$1.1 billion of shares in 2024, and share buybacks will continue to be an important part of our capital allocation strategy.

Shifting to our operating results, we didn't close the year as expected. In particular, operating conditions have been challenging in South America, and they continue to be in the fourth quarter. Fortunately, we're seeing things stabilize and expect to see significant improvement in the region in 2025.

After the Vitara transaction closes, we expect to provide an outlook for the combined company. In the meantime, we are providing an outlook for the current Bunge business. Forward visibility is limited, particularly at this point given the increased geopolitical uncertainty. Based on what we see in the markets and the forward curve today, we currently expect full year adjusted EPS of approximately \$7.75.

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. As Greg mentioned, the fourth quarter came in below our expectations. This was particularly true in South America where the market environment has been challenging all year, impacting industry margins throughout the oil, seed and grain value chains to include those of our joint ventures. We also felt the impact of a declining margin environment in North America from biofuel rate uncertainty.

Now let's turn to the earnings highlights on slide 5. Our reported fourth quarter earnings per share was \$4.36 compared to \$4.18 in the fourth quarter of 2023. Reported results included a favorable mark to market timing difference of \$1.25 per share and a net positive impact of \$0.98 per share from notable items primarily related to the gain on the sale of our sugar and bioenergy joint venture, partially offset by transaction and integration costs associated with Vitara.

Adjusted EPS was \$2.13 in the fourth quarter versus \$3.70 in the prior year. Adjusted core segment earnings before interest and taxes, or EBIT, was \$548 million in the quarter, inclusive of a Ukraine business interruption insurance recovery of \$52 million versus EBIT of \$881 million last year.

In processing, higher soy crush results in Europe and Asia were more than offset by lower results in North America and South America as well as in European softseeds. Higher Merchandising

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results were driven by improved performance in financial services, ocean freight and global grains more than offsetting lower results in global grains.

Refined and Specialty oils, lower results in North America were primarily due to the combination of a more balanced supply and demand environment and certainly related to US biofuel policy. Results in Europe, South America and Asia were also down due to lower margins. The variances were much narrower.

In Milling, higher results in North America were more than offset by lower results in South America. In corporate and other, the increase in corporate expenses was primarily driven by lower performance based compensation and various project related expenses in the prior year. Lower other results related to our captive insurance and securitization programs Bunge Ventures. Lower results in non-core reflect only one month of income from the sugar joint venture due to the recent close on the sale.

Net interest expense of \$62 million was down in the quarter compared to last year, reflecting lower net debt levels and interest rates. The decrease in income tax expense for both the quarter and full year was primarily due to lower pretax income and earnings mix. Adjusting for notable items in mark to market timing differences, full year adjusted effective income tax rate was approximately 23% for both the current and prior year.

Let's turn to slide 6 where you can see our adjusted EPS and EBIT trends past five years. The strong performance period reflects a combination of favorable market environment and excellent execution by our team. The recent trend indicates more balanced supply and demand, translating into less volatility and lower earnings.

Slide 7 details our capital allocation. For the full year, we generated approximately \$1.7 billion of adjusted funds from operations. After allocating \$451 million to sustaining CapEx, which includes maintenance, environmental health and safety, we had approximately \$1.2 billion of discretionary cash flow available. Of this amount, we paid \$378 million in dividends, invested \$925 million in growth and productivity related CapEx, about two-thirds of which related to our growth pipeline of large multiyear investments, and repurchased \$1.1 billion in Bunge shares. \$500 million of those repurchases were from the \$728 million of cash proceeds received to date for the sale of our sugar JV. This resulted in the use of \$444 million of previously retained cash flow.

Moving to slide 8, we finished 2024 with total CapEx spend of approximately \$1.4 billion, which was in line with our last forecast. Looking ahead to 2025, we expect CapEx of \$1.5 billion to \$1.7 billion, reflecting the continued investment in our ongoing multiyear Greenfield projects. This range is down from the preliminary estimate of \$1.92 billion we provided you previously, reflecting our decision to not pursue some projects as well as timing changes related to existing projects. We continue to expect returning to baseline run rate on CapEx level during the second half of 2026.

Moving to slide 9, at year-end, readily marketable inventories, or RMI, exceeded our net debt by approximately \$2.3 billion. Our adjusted leverage ratio, which reflects our adjusted net debt to adjusted EBITDA, was .6 times at the end of the fourth quarter.

Slide 10 highlights our liquidity position. At year-end, we had committed credit facilities of approximately \$8.7 billion, all of which were unused at the end of the year, providing us ample liquidity to manage our ongoing capital needs. In addition, we had a cash balance of approximately \$3.3 billion accumulated in large part as a result of the \$2 billion of cash proceeds

from the US public debt offering that we closed in September. The bond proceeds will be used to fund the cash portion of the Vitara transaction.

In addition, the \$6 billion term loan commitment secured last year was used to refinance Vitara's outstanding bank debt on close of the transaction.

Please turn to slide 11. For the year, adjusted ROIC was 11.4%; ROIC was 7%. Adjusting for construction in progress on our large multiyear projects not yet operating and the excess cash on our balance sheet for the Vitara closing, our adjusted ROIC would increase by approximately 2 percentage points and ROIC by approximately 1 percentage point.

While returns have declined from recent highs, they remain well above our adjusted weighted average cost of capital of 7.7%.

Moving to slide 12, in the year, we produced discretionary cash flow of approximately \$1.2 billion to cash flow yield of 11.1% compared to our cost of equity of 8.2%.

Please turn to slide 13 for 2025 outlook. Greg mentioned in his remarks, taking into account the current and macro environment and forward curves, we expect full year 2025 adjusted EPS to be approximately \$7.75. The forecast excludes the impact of announced acquisitions expected to be closed during the year.

In Agribusiness, full year results are forecasted to be down from last year [inaudible] results in processing where improved performance in South America is expected to be more than offset by North America and European softseeds. Results in Merchandising are forecasted to be down slightly from last year.

Refined and Specialty oils full year results are expected to be down from last year, purely driven by a more balanced supply and demand environment in North America.

Corporate and other full year results are expected to be up from last year. Additionally, the company expects the following for 2025. Adjusted annual effective tax rate of 21% to 25%, net interest expense in the range of \$250 to \$280 million, capital expenditures in the range of \$1.5 billion to \$1.7 billion, depreciation and amortization of approximately \$490 million.

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

Greg Heckman

Thanks, John. So before we go to Q&A, I just wanted to offer a few closing thoughts. In today's, complicated global environment, we're confident that the work we've done and continue to do to improve our business and operations positions us well to deliver on our critical mission, connecting farmers to consumers to deliver essential food, feed and fuel to the world.

We continue to see the benefits of our global operating model, our portfolio optimization work, and our financial discipline as we navigate the cycles inherent in our industry. With our culture of continuous improvement, our team continues to strengthen the business both with the M&A work we talked about at the beginning of the call and our ongoing growth initiatives.

Construction is going well on our large scale projects that will not only bring us new capabilities but will also allow us to more efficiently and sustainably serve our customers.

Improved productivity is at the heart of investments at dozens of our existing facilities around the world. The strategic use of capital along with the implementation of the Bunge Production System is enabling our teams to set new performance records each quarter.

We're also pleased with our performance on our sustainability priorities. We took a major step forward in November when we became the first global commodity exporter capable of 100% traceability and monitoring at both our direct and indirect soy purchases in Brazil's priority regions. We're proud to reach this major milestone in our 10 year journey to achieve traceable and verifiable supply chains.

If we think about our business in 2025 and beyond, regardless of how the macro environment evolves, we're confident that our team has the experience, skills and agility to navigate the changes that drive performance. With the addition of Vitera, we'll be an even stronger Bunge, with further diversification of assets, geographies and crops, providing us with even more capabilities and optionality to help address the world's food security needs.

With that, we'll turn to Q&A.

QUESTION AND ANSWER

Operator

Thank you. We will now begin the question and answer session. As a reminder, to ask a question, you may press start then one on your telephone keypad. If you are using a speaker phone, please pick up your handset before pressing the keys. If you would like to withdraw your question, please press * then 2. At this time, we will pause momentarily to assemble our roster.

And today's first question comes from Manav Gupta with UBS. Please proceed.

Manav Gupta

Morning, Greg. Morning, John. My first question relates to the 2025 guidance. What are the puts and takes if you could get a little more details? And the reason for the question is that, historically, you start at a number, and as the execution is better than expected, the number rises. I'm trying to understand what kind of conservatism is built into the guidance?

And my follow up, I'll ask it upfront, also, is how are you accounting for the fact that there is policy uncertainty of 45Z, so how are you accounting for that in your annual guidance? Thank you.

Greg Heckman

Okay. Well, let me start, and John can follow up. So, as we look at '25, we definitely are in an environment that has less visibility than normal with the trade disruptions and some of the uncertainty around U.S. biofuels. But what we did factor in is that, really, global oil supply and demand is pretty constructive, right? We've got less palm oil and less softseed competing with soy. So, soy is very competitive right now, and it's taking a bigger share of global flows.

And we are seeing more global biofuel demand when you look at it in total outside the U.S. Soybean meal demand has been very good, and that's driven, of course, by the profitability in the animal protein. There's also less wheat with a little bit tighter supply and demand, so less wheat competing with soybean meal and less competition from the mid proteins.

And then in South America, we really expect improvement in Brazil. The industry in '24 fought the logistical commitments and take-or-pay, which really create a lot of demand on supply, which kind

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of hurt margins across the platform for the industry, those are exited in '24 and won't be fighting that in '25.

And then of course, Argentina, we've seen the export tax reductions in that economy continues to stabilize. So that should drive a change in farmer behavior and farmer selling. Now we do expect lower margins in North America and Europe. And of course, as I believe John said, Viterro, CJ Selecta and share repurchases are not factored into '25.

John Neppi

And Manav, I might just add there that, relative to 45Z and uncertainty around policy, we've got - we're making the assumption today that U.S. crush margins lower, as Greg mentioned, but also expect refining premiums to be more challenged. In '25, obviously, if we get more clarity around policy and get the right demand for soybean oil relative to renewable fuels, that should be helpful for refining premiums, but we're making assumptions, they'll be down considerably.

Manav Gupta

Thank you for the detailed response. I'll turn it over.

Operator

The next question comes from Heather Jones with Heather Jones Research. Please proceed.

Heather Jones

Thanks for the question. Just start with [inaudible]. So, given the fact you -- South America should be better next year as far as on take-or-pay and Argentina, just wondering what is the offset that y'all are expecting that to be softer in '25?

Greg Heckman

You were breaking up a little bit during the beginning, Heather. If I got the question right, it was as we see South America better, what are the offsets globally?

Heather Jones

Yes, in Merchandising specifically.

Greg Heckman

Oh, in Merchandising specifically? Yeah, I think if you look -- and John can -- even versus the model, Merchandising is in -- pretty conservative. And I think it reflects what we're seeing is a more balanced supply and demand situation globally really across grains and oil seeds. And as we've talked about, that is always the toughest to be able to predict from a timing and size of the magnitude of the opportunities.

It would be hard to imagine that the situation will be more complex than we're dealing with right now, and we expect things to kind of get more clear in the second half. The watch out on Merchandising versus the opportunity really is it does make it tougher for our suppliers, the farmers as well as the consumers to plan in these uncertain times. So, they may draw back and be a little bit more spot here in the first quarter, first couple of quarters.

John Neppi

I'd maybe just add, Heather, our biggest delta year-over-year right now is in ocean freight and really driven primarily by lower flat price now versus a year ago, but those markets can get very dynamic, depending on trade flows. As government policy gets more clear and trade flows could be impacted, that certainly may provide us some opportunity on the ocean freight side.

Greg Heckman

The one supply and demand probably is -- that's most to be watched probably is corn. That one's probably the tightest. And so, if we did have some weather problems in corn production, that's one of the ones that could contribute to Merchandising as we need to work to solve some problems globally.

Heather Jones

Okay. And then I don't know how much y'all can speak to this, but I just wanted to ask broadly, your thinking on the Viterra acquisition and all, given the 45 -- the GREET model makes canola basically uncompetitive coming into the U.S. or at least not eligible at this time for credit, and just the potential for export tax -- and tariffs on Canada, just like broadly, how are you thinking about the acquisition now versus maybe a year ago? And are you maybe able to offset some of those new negatives with greater synergies or greater share repo, or just how are y'all thinking about those puts and takes?

Greg Heckman

I'd say that one, it hasn't all played out exactly what -- how the biofuels policy is going to work out. But remember, canola is very favored by the food industry as well as the canola meal has been very favored by the dairy industry. So that market will continue to go to a lot of the traditional demand.

John Neppi:

As you can imagine, obviously, we're watching what happens between the U.S. and Canada, because that will -- that feedback canola flow in the near term. But nothing lasts forever, and this is a long term. And so, clearly, we'll be poised to deal with whatever we need to deal with in the near term. But I think long term, as policy gets more clear, one thing is the market will adjust to that. And I think, with the combination with Viterra, we should be in a better position globally to deal with whatever disruption might be created from government policy or trade flow changes.

Heather Jones

Okay, perfect. Thank you so much.

Greg Heckman

Thank you.

Operator

And our next question comes from Tom Palmer with Citi. Please proceed.

Tom Palmer

Good morning, and thanks for the question. I wanted to maybe just start off kind of framing the earnings guidance for '25 relative to the \$8.50 mid-cycle outlook. I know it's a few years; laid out in '22. I appreciate interest expense is higher, but share count is lower. So I guess, just looking at like the segment profit pieces, could we maybe walk through expectations relative to that mid-cycle outlook?

John Neppi

Sure, Tom. I'll take that. And, Greg, you can jump in if any other thoughts. But just a reminder, we put that together -- our most recent refresh was in middle of 2022, which of course seems like an eternity from now.

But overall, how we're thinking about it, on the processing side, margins are pretty steady versus what we had assumed back in the mid-cycle, but volume is down based on our original model, really driven by three factors. One is Ukraine has obviously been impacted with the war, and so creating much lower volume levels there than really anticipated. We sold our Russia business since that point in time, and then we're doing less tolling in South America. So, volume is down in processing, but margins fairly steady.

On the Merchandising side, really assume lower volatility going forward. We had modeled about \$100 million a quarter in our baseline. And looking at next year, we're thinking somewhere in the \$50 million to \$75 million per quarter range. So obviously, that can change pretty quickly depending on what happens in the markets, but that's how we have it in.

Net interest expense higher and really driven by interest rates and more debt, and I'll get to the offsets in a second.

And then on the sugar side, of course, we sold sugar; we had that built into the model. But offsetting the higher interest and sugar impact is more share buybacks. And we originally in the model just assumed that pay down with any excess cash, but of course, we've allocated a lot of that to share repurchases. So, the repurchases have principally offset the loss of sugar earnings and the higher interest cost.

And then we do have some higher costs than what we had anticipated at the time, really driven by growth initiatives and adding some capability, investing some money in technology really to drive efficiency in the future. And frankly, inflation over the last couple of years is higher than what we expected in our original model.

And then, finally, on the favorable side to all that is, on RSO, Refined and Specialty Oils side, margins have been better than what we would have modeled in terms of at the time assuming more of a baseline. On the specialty side, we performed better, but also refining premiums have stayed say better than what we had anticipated in the mid-cycle. That kind of raps up the overall.

Greg Heckman

Probably just for mentioning the calendarization of '25 right now. So first half, second half at 40%, 60%, and then Q1 versus Q2 on the first half would be 40%, 60%.

Tom Palmer

Thank you. That was actually my next question. Maybe I'll just sneak one in quickly. Just on Viterra, I guess what's kind of the plan once it closes in terms of communication? Is the idea to update guidance just on the next earnings cycle? Would it be more proactive than that? And just any kind of initial thoughts on how we might maybe think about Viterra swinging earnings? Thanks.

John Neppi

Yeah, I think, Tom, our plan right now is to update on the Q1 call. Obviously, it depends on timing of close because we have a lot of work to do in the commercial teams together and looking at the future. We've focused all of our time and attention on integration and getting to regulatory. And of course, given the fact that we're not one company, the commercial teams are limited in the communication, really limited to integration discussions and not what can we do together going forward.

So, we're looking forward to getting those teams together to talk about the future, what we can do together. And clearly, our first order of business will be taking a recast of how we feel about the balance of '25 post-close, and then we'll share that as soon as we can.

In the meantime, we're excited about it. We know we're in a very cyclical business. The environment is different than it was when we signed a deal, but this is about the long term. And we're just as excited today as the day we signed the deal and -- knowing in the long run, as we've had a chance to spend more time with their teams, feel really excited about what we can do together. Especially in a world that seems to be more geopolitically uncertain and weather volatility and all the things that should play well into our model, it's going to give us that much more ability to manage.

Tom Palmer

Great. Thanks for such detailed answers, guys.

Greg Heckman

Yeah, you bet.

Operator

The next question is from Steven Haynes with Morgan Stanley. Please proceed.

Steven Haynes

Hey, good morning. Thanks for taking my questions. I wanted to ask on the Viterro regulatory process, you mentioned some constructive comments with Chinese regulators. I was hoping that maybe you could provide a bit more color here on those discussions? And then is it also I guess fair to assume that any back and forth between the U.S. and China on tariffs hasn't changed anything with those discussions? Thank you.

Greg Heckman

Yeah, we -- no, I'd say we've had very productive discussions with the Chinese authorities, and we continue to respond to the questions and work through the process, and we feel we're getting to the later stages of that.

And then as far as some of the external factors that are going on in the world, the one thing, Bunge with our global footprint as well as Viterro with their global footprint, we've both had very good relationships with the China market, with our counterparties in China, with the regulatory authorities. And then these are decade-long relationships. And it's very important, right, to be able to connect that important demand in China with the farmers, right? And that's what we do. That's vitally important to help farmers be successful and to be profitable and continue to grow as well as it's important to China for their growing demand that we can connect them to all the different origins around the world.

So those are long-term relationships and trust that's been built, and we'll just work through the process. We've seen a lot of different cycles and a lot of different situations in the world and relationships over those decades and expect to in the coming decades, which is why we're so excited about putting these two companies together.

Steven Haynes

Understood. Thank you very much.

Operator

The next question comes from Salvator Tiano with Bank of America. Please proceed.

Salvator Tiano

Thank you very much. Firstly, I want to talk a little bit in more detail about the financial implications of the acquisitions that you're close to completing. So firstly, on Viterra, previously, you had said that it most likely would be dilutive on year one. And I want to see if you can put a finer, point given that, at this point, we're close to the completion. And also, if we have line-of-sight to year two or year three, whether this will be at this point dilutive or accretive? And on CJ Selecta, I think numbers that have been floated previously, we're talking about perhaps \$60 million EBIT contribution, which would be \$0.30 EPS accretion on a full-year basis. Is this still the case?

John Neppi

Yeah, I'll start with Viterra. We -- out-of-the gate, it was going to be neutral to slightly positive on a pro-forma basis after taking into consideration capturing first year synergies and share buybacks. Of course, we've done a good bit of the share buybacks. We have \$800 million remaining on that program. But I think, look, even -- it's difficult to assess exactly how it will have an impact first year because we haven't gotten together to put a forecast together for '25. But again, we will provide that clarity as soon as we can on '25, and then really an outlook beyond there, we're have to spend some time together and understand sort of how the businesses will work together and where -- how quickly we can capture the commercial synergies.

I think on the cost synergy side, we feel very good about the cadence that we have, but it'll take time to get through the commercial side. So more to come on that. I think it's just going to -- it's a big company. It's a lot of work, but we will provide that clarity as soon as we can.

With respect to CJ Selecta, our original assumptions are largely intact on that. It's about a \$600 million acquisition, and we expect mid-teen returns on that business. And so, if that there holds long-term, certainly, we believe that's a great acquisition. And while, any given quarter or year, S&Ds can drive margins, we definitely believe that it's going to be a very good acquisition over the long-term.

Salvatore Tiano

Perfect. Thank you very much. And also, I wanted to check a little bit on the capital allocation. So obviously, you are being more aggressive with buybacks and offsetting the dilution from the sale of -- with the Sugar JV. How should we think a little bit about that for this year? And on CapEx, I think, previously, you had mentioned around \$2 billion for 2025. So clearly, it's trending lower. And is this just finding efficiencies, taking off some projects off the books or just being pushed back to 2026?

John Neppi

Yeah, so with respect to share buyback, as I mentioned, we have \$800 million left on our commitment relative to Viterra. The original commitment was doing that within 18 months of close, and certainly, that can come sooner if it makes sense. And as we look at other sources and uses of cash, we're always looking at buybacks as an option for any excess cash that we're generating.

With respect to the CapEx estimate, originally

\$1.9 billion to \$2 billion and now we're down \$1.5 billion to \$1.7 billion, driven really by kind of 50-50 between some timing pushing into early '26 and our decision to forgo some projects that we had on the slate that we decided not to pursue, so kind of a mix between the two. So overall,

I think \$1.5 million to \$1.7 we feel like a pretty good estimate for next year, down \$200 million to \$300 million from our original forecast.

Salvatore Tiano

Great. Thank you very much.

Operator

And the next question is from Pooran Sharma with Stephens. Please proceed.

Pooran Sharma

Thanks for the question. Just wanted to hop on and get a sense of the take or pay; just want to get some granularity here. I know you said you're expecting better results out of South America because you won't see as much of an impact. I'm just wondering, in 2024, did you see -- was the impact kind of centered around the first half or the second half, or was it split evenly throughout the year?

Greg Heckman

Yean, first, I'd say it was a total industry impact that fortunately affected margins, not only in origination and crush, but on our exporting, as well, and it was really something the industry struggled with all year.

Pooran Sharma

Okay.

Greg Heckman

And then have accelerated a little in Q4 as the end of the year definitely approached, and we felt it across our system in beans and corn, but definitely in our global corn business, as well.

Pooran Sharma

Got it. Appreciate the color there. I guess on the follow up, just want to get a sense of potential trade scenarios. I know the situation is fluid now, but just looking at past history, last time around, Bunge South America business, at least the fundamentals were much better because it looks like flows shifted over from China to South America. So just want to get your sense on the setup this time around. If you do get tariffs in place, do you expect to see as much of a benefit in your South America business? If you could just help me understand the puts and takes there.

Greg Heckman

Yeah, one thing that I would point out as you think about it versus the challenges in the trade war in 2018, Bunge is a very different company. The way we operate, the global platform and the way that we've changed our operating model, I think we're much better positioned to react more quickly to the challenges and/or opportunities. And we've made some improvements in the platform, right, in our asset platform. So, we've got more capabilities from that standpoint, as well.

So that's the differentiation I would draw from '18 to today and what we'll be dealing with here in 2025. And the other, we're a little bit battle tested when you think about some of the things that we've been challenged with, whether it's African swine fever or geopolitical regional situations, COVID, so -- and the teams performed very well through all of those. So, I think we're in much better position from a capabilities and from a platform for the challenges that are in front of us.

John Neppi

Yeah, I might just add that, obviously, we're used to supplying China out of both North and South America depending on the time of year. So, harvest in the US, we supply a lot of beans out of the US, and then that shifts to Brazil or South America later in the year. And so, it's very much a dynamic that we're used to. And so, if trade policy affects trade flows, we'll be able to adjust to that accordingly, given our experience and obviously workin China, as Greg pointed out earlier for decades[inaudible].

Greg Heckman

So, look, our goal ultimately, right, is to connect those demand markets with the farmers and send the appropriate signals, right, for planting decisions that the farmers are making to be able to have the right crops and drive their profitability.

Pooran Sharma

Got it. Appreciate the color, guys.

Operator

The next question comes from Ben Theurer with Barclays. Please proceed.

Ben Theurer

Good morning, Greg, John.

Greg Heckman

Morning

Ben Theurer

So just wanted to follow up on one of the questions that's related to what Tom had in terms of like the baseline and kind of like tie that back into -- from what obviously you've shared already during the call. But I remember back roughly two and a half years ago, you also presented some of the impact that you're expecting from, A, growth CapEx, and B, M&A versus share repurchases. So, I think we've discussed the M&A and share repurchase piece around it, but could you maybe also elaborate, just given the increased CapEx that you've been seeing and what you've been putting out already last year for this year and then that probably even going to carry-over into first half 2026 of what do you expect from that in terms of contribution as to your let's just assume it's still the same baseline, what would that be? What's that incremental earnings that you think that can come out of that CapEx as you roll over into then the second half of '26 and then beyond into 2027 in a more normalized CapEx cycle, but with those assets being produced?

John Neppi

Sure. So, our baseline assumption as we built our go-forward model was really built around CapEx and M&A, small amount of M&A, mostly large CapEx. And those projects are largely on track. Timing has been a little affected by weather and labor availability on a couple of them, but largely in tact with our long term game plan. And obviously, what the environment is like when those projects finish will impact maybe the near term economics of those projects. But -- and then CJ Selecta, for example, is one of those projects that we had on our radar screen back when we built the model, and that hopefully will close here soon.

So, I feel like we're largely on track on the growth side with what we modeled. And we had anticipated that impacting about \$2.50. So, we were expecting about \$11 baseline. All else being equal, we'd grow our baseline from \$8.50 to \$11. Now obviously, what the environment is going to be like at the end of 2026, when we largely expect these projects to be wrapped up, anyone's

guess at this point. But assuming a mid-cycle or relatively mid-cycle environment at that point, that's what we would expect our baseline to have reset to.

Ben Theurer

Okay, perfect. And then just real quick, as it relates to like the cadence, how to think about share buybacks. I mean, obviously, you've done about \$1.1 billion now as of December. So that means there's still around about \$900 million missing, which is within the Viterro deal. Is that still more likely now to happen post-transaction close, or would you continue to buy shares even ahead of it just given the liquidity you have right now post the Sugar closure?

John Neppi

Yeah, so we have \$800 million left. And while we haven't made any specific decision on when, but certainly, it will be opportunistic; we'll get it done. But the teams haven't really settled on when, but certainly, we will -- if it makes sense to do it sooner, we'll do it sooner. But hopefully, if we have other reasons not to do it right away, we at least will consider that, but we'll get it done for sure.

Ben Theurer

Okay. Perfect. Thank you. I'll leave it here.

Operator

Our next question comes from Tami Zakaria with JPMorgan. Please proceed.

Tami Zakaria

Hi, good morning. Thank you so much. So, my question is on the disaster aid package for farmers that was -- US farmers that was announced in December. I think they're getting assistance per acre for both corn and soybean. So, do you see any potential benefits of any of this for any of your segments benefiting from this as the year progresses?

Greg Heckman

I think it's a kind of a small impact to us overall. What I think the upside in what's good is that farmers will have a what they need to make the investment in this next crop, in the seed and the inputs to plant the right crops and have the right productivity. So, it's good that they've got that funding, and I think that support is positive, and that should be good for production.

Tami Zakaria

Got it. That's helpful. And I wanted to follow up on that tariff question from earlier. I know it's still fluid, but there is a narrative that increased exports of more ag commodities out of the US into some of the trading partners like China could be a negotiating tactic under the current administration. So given your footprint, how would that impact your outlook if let's say China promises to buy more from the US maybe at the expense of South America.

Greg Heckman

Yeah, one thing, we're very glad that we have a very balanced global footprint. So, whether that's on the merch side or on the crushing, the oilseed processing side, we've been able to balance a number of situations the last few years to continue to perform. It may create regional trade-offs like in the US where that would benefit export, and it may be slightly more challenging to crush, but then we would try to adjust elsewhere in our global system to respond to that.

Tami Zakaria

Got it. Thank you. That's helpful.

Operator

And our next question comes from Derrick Whitfield with Texas Capital. Please proceed.

Derrick Whitfield

Good morning, and thanks for taking my questions. Starting with refining, we've seen the spread between RBD, SBO and crude SBO collapse to historically low levels with the understanding that the majority of refiners are buying crude versus refined. Where should this market settle out once demand returns, as I can't imagine refining costs are less than \$0.02 per pound?

Greg Heckman

I guess I'd start by saying we all along said that, as the pre-treatment got built in renewable diesel, we expected to see some of the margin move from the refined into the crude. We've definitely seen that. So, the crude will carry a bigger piece on the crush. We've got a little bit different footprint with our global specialty oils business. We've got a very good customer base that we've continued to help manage their challenges and grow with. We've got a nice balance between the QSR as well as the CPG and the food at home. So, we -- our account mix has been favorable as we've seen some of the changes with the consumer.

And then some of our specialty business on the oil side have benefited from the tight cocoa butter supply as well as you remember we added a plant at Avondale and as we've ramped that up in our capabilities here in North America on specialty oils. So, kind of all that rolls into when you see what our refined overages are, we probably got a little bit different package or portfolio than what -- someone who might just be a North American player.

John Neppi

Derrick, I'd just add that, while the storyline -- a lot of it's about energy and crude versus refined oil. The energy sector, we supplied less oil this year, not only as a percentage of our total book, but also just in actual volume, we provided less to the energy industry just because demand has been soft with all the uncertainty. So that could be upside in the future if this -- obviously, it would be upside in the future if policy gets clarified. And we think demand for soybean oil, whether refined or crude, is good. Either way, we want demand for that product, but refining premiums have held in there pretty well. To Greg's point, it's been very resilient with the continued demand -- continued inelastic demand from the food industry.

Greg Heckman

And I think it's probably also worth mentioning, right, there is a big biofuel installed base that exists now. It's in place. So, as we work out the RVO and work out 45Z, there's a lot of demand there that could make a difference in a hurry. And we trust that the policy is going to get worked out, right? There's a lot of installed capacity. The money has already been spent. It's available today to run in those facilities, whether it's traditional biodiesel, renewable diesel or SAF. They're underutilized today, and we get those policies right, that's also supportive to agriculture at the farm gate. That's supportive to the farmer. And we think we're going to get -- eventually get those dots connected, and we hope that'll be later here this year. But that installed capacity base is there. And as John said, we've got upside on the amount of oil that we can provide when they're ready to go.

Derrick Whitfield

Great. We definitely agree with that assessment, as well. And then as my follow up, I wanted to touch on 45Z. In your view, is there a merit from a carbon counting perspective for canola to have a materially higher CI than SBO when you evaluate ag and processing practices?

John Neppi

Look, I'm not a scientist, so it's hard to understand all the math that goes into it. Today, it doesn't have a path. Obviously, the one we're watching more closely is winter canola because we have more programs and think that, obviously, the scores there should be considerably different, especially when you think about indirect land use. TBD. The policy did make note that it was spring canola that they had assessed. And so, we're hopeful that they'll be reviewing winter canola and treating that differently. Today, that's flowing to Europe because there is demand in Europe for winter canola seed, and our program here in the US is growing.

But we'll see how things shake out. I mean, there's going to be a lot of conversation certainly. But one thing we do know is that we'll be positioned to support wherever the stuff needs to go, and today, some of it's Europe. Clearly, 45Z came out, it was more favorable to soybean oil, but we do think winter canola has a place as well as some of the other novel crops that we continue to work.

Greg Heckman

And I'd say what's encouraging is that we're seeing the players along the value chain work together with the policymakers to try to get the same set of facts for everyone to work together. So, whether it's the energy industry, the processing industry, the farm groups, we are seeing everyone try to engage on the facts, and we believe that will be productive over the long term.

Derrick Whitfield

Perfect. Thanks for your time.

Operator

The next question is from Andrew Strelzik with BMO. Please proceed.

Andrew Strelzik

Hey, good morning. Thanks for taking the questions. I had two questions - the first one, about some of the near-term uncertainties that you've been discussing, and you have a cash crush that looks pretty poor versus a crush curve that gets better throughout the year. What's your degree of confidence or how do you weigh the risk that maybe some of these uncertainties kind of linger beyond the first quarter? Is there a degree of confidence that this will be more confined for the quarter, or how do you balance those two in your outlook?

Greg Heckman

I'd say when you look at the calendarization that we put together with -- delivering the \$7.75, right, we talked about that's approximately. So, we see scenarios where that's got risk and upside, right? We look at where we're at right now in the cycles of harvest. We've got kind of second quarter -- first quarter is going to be pretty tough. Second quarter, we'll start to see some benefits from South America and then as we get in the second half of the year, of course, from North America crops.

So, I think that's reflected in that, expecting 40% of our earnings in the first half and is even more reflected when you think about, in the first half, we're only expecting, of that 40% -- for 40% of that to be in the first quarter. So that calendarization kind of shows what we expect to roll out.

And the caveat around that being, look, tariffs and possible retaliatory measures, to the point they'll benefit one region and we'll have to manage that from another region, the one thing that does, it makes planning tougher and it may drive not only farmers, but consumers more into the spot that could make things delay a little bit more. So that will be one of the I think factors to watch in '25.

John Neppi

I might just to add that, I know we've talked a lot about renewables, but some additional certainty around where things are going to shake out from a renewable standpoint, it could have a significant impact on demand for soybean oil. Greg pointed out, the assets are there, the capacity is there to produce. And these plants are significantly -- they're significant, and they're able to take a significant amount of volume soybean oil when they're running and running hard. So that could change the dynamics pretty quickly. But again, policy uncertainty, people are very reluctant to book forward, and I think that's reflective in the cash markets is a lot of hand to mouth right now on that side because people aren't -- don't have enough conviction to book forward[inaudible].

Greg Heckman

The other, of course, is watch the weather. Right now, looks favorable for Brazil and how the harvest should develop there. We're watching. It's a little dry in Argentina, so we want to watch that closely. And then, remember, meat economics are very good, and the animal numbers are out there. Soybean meal priced very well, less competition from wheat and from the mid-pros. And so, we're at high inclusion rates on the meal side.

And then John spoke to the fact about there's a lot of biocapacity out there and the regulatory clarity is on the way, we hope there in the second half. And then don't forget, globally, right, we've got a lot of uncertainty in the US, right? Brazil's got fuel of the future. They'll be moving up to B15 on their way to B20. Indonesia has talked about going from B35 and on their way to B40. And then Europe has put some more favorable regulation policy in place for SAF and starting to move towards maritime. So, there's a lot happening globally on the biofuels continuing to kind of quietly develop demand and investments continue to move forward.

Andrew Strelzik

Okay, that's super helpful color. I appreciate that. And my other question, I guess I'm -- I appreciate we just got the 2025 guidance, but I'm trying to think about the earnings trajectory of this business over the next, I don't know, two or three years, next several years. And obviously, this year has a lot of disruption, a lot of kind of rebalancing. And then you have -- everyone can make their own assumption on kind of the pro forma numbers with Viterro and CJ Selecta, but then you have synergies and you have returns on these capital projects and maybe less a lack of visibility going forward. I mean, do you see 2025 as an earnings base maybe on a pro forma basis that you should grow from over the next several years or kind of like a troughish type of number? And maybe help us with, if there's any of the building blocks that I left out, kind of how you think about the trajectory of the business over the next couple of years? Thanks.

Greg Heckman

Yeah, let me start. The one thing would be yes, and that's because think about we're excited about bringing Viterro and Bunge together. But I'll tell you who's really excited are the teams, right? They're engaged, and they're anxious. We continue to be competitors. And so, the

commercial teams have not been able to do that planning. But we're excited about the commercial synergies when we're able to get those teams together and start to do the work as one Bunge here into the future. So, from that, that's part of where we are building off of. And then that will also provide the cash for us to continue to invest as we go forward.

Andrew Strelzik

Great. Thank you very much.

CONCLUSION

Operator

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

Greg Heckman

Thank you very much for joining us today. We appreciate your interest in Bunge, and we look forward to speaking to you again soon. Have a great day.

Operator

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