Bunge Global SA

September 08, 2026
3:00 PM EDT

Benjamin Theurer: All right. Perfect. So welcome back next on stage. We're pleased to have Bunge's management team with us after missing out for a couple of years given the Viterra transaction in the past. Now with us today are Greg Heckman, the company's CEO; as well as John Neppl, Bunge's CFO. And with no further ado, let's get into it on the questions.

Now, maybe starting with the broader landscape, obviously, ongoing conflict Middle East and the Black Sea regions, we're seeing shift in global trade dynamics as well as weather concerns, which might be drought in Europe, the super El Nino. There's a lot of uncertainty, which seems to be the new normal. Now how does the addition of Viterra make Bunge better positioned to navigate such volatility and actually continue to deliver for customers and shareholders?

Gregory Heckman: Thanks for having us today. Great to be here again. Great to be on stage again with you. It really has helped us in every way. I think there's been no better capabilities added for our risk management for our customers, both the farmers and consumers of feed, food and fuel than the diversification that we got with the merger, with the combination of Viterra and Bunge because we are now in every key producing region. We touch more farmers directly than anyone else. This gave us not only the diversification across geography, but we now have diversification across grains and oilseeds that we need to serve our customers. So, whether it's the challenge that you mentioned on whether it's trade war, the actual wars, weather issues. We just have more origins, more destinations, a better, more complete team in order to be able to solve those problems.

Benjamin Theurer: Okay. So as we take down and maybe look into the second half and your adjusted EPS outlook, which was slightly raised during the second quarter call, what gave you the confidence in terms of the EPS uptick? And where do you see the biggest factors that could drive maybe reaching the higher end of it? And what are the risks for you would say this could be then in the lower end?

Gregory Heckman: Do you want to start?

John Neppl: Yes, I can start. Sure. So look, we had -- as we got through Q2, and we looked at the balance of the year. Number one is we felt very good about where we performed up through the first half. And so I think we felt like we had some good momentum in the business. We looked ahead at the balance of the year, and we saw good S&D drivers. Ultimately, RVO clarity hadn't been totally resolved yet, but we felt like the industry was ramping up and there was good demand for soybean oil. There was good demand for meal. We saw improving results in various places in the world and I think the resilience of our team and how they looked at the balance of the year, even though maybe a little bit less clarity and visibility into Q4, we felt like Q3 was largely locked at that point and saw a path to get to the number we gave, the $9.25, $9.75 range. And so yes, I think really, I think a lot of it had to do with what we felt like the range of likely outcomes for the balance of the year, we felt pretty good about where we were.

Gregory Heckman: I think it's also worth noting. We just passed a year in July since closing the transaction and while it took a couple of years to get through regulatory, which was very helpful for the integration planning, and I think it's helped the integration go so smooth. But remember, the commercial teams couldn't start to work on commercial synergies, start thinking about optimizing the footprint, making sure that we have the right people in the right roles until we close the transaction. So we've been doing that work for the last year. And so also, as we've gotten some of the reps together with the team, in a challenging environment. Also, you remember Viterra was private, and so forecasting not as important as for a public company. So as we brought the teams together and the systems and processes and begin to do that work, that's also been helpful in giving us visibility and confidence in going forward.

Benjamin Theurer: Okay. So sticking to that and obviously, a big driver of results right now is a fairly strong setup in soybean processing. So you've laid out earlier in the year that $45, $47 crush margin as a mid-cycle assumption. How sensitive is actually that level for like biofuel policy and versus just underlying food, fuel demand without policy? And where would you say we're shaking out right now compared to that baseline assumption?

John Neppl: Yes, I can start, Greg.

Gregory Heckman: Sure.

John Neppl: Yes, it was somewhat of a -- the first thing is a $45 to $47 sort of a framework that we built thinking about history. We look back 5 years what were the dynamics. We saw highs and lows in a 5-year period. So we looked at averages and said, okay, in all the regions we operate globally, what were the dynamics during that 5-year period? And what do we feel like probably was as best we can figure out kind of a normalized level of margin. And then looking forward, what did we expect structurally? Was there an inherent change in a given geography that might drive a structural change going forward?

And as well, we looked at RVO policy and everything else, and we kind of came up with what we felt like in each region was ultimately a likely ongoing average margin also to where would it need to be to provide the right return on assets to incent expansion if it was needed at some point. So we look at all these factors, a little bit of art, a little bit of science. We plugged that into the model and then obviously, a big piece of that or a portion that can impact that is certainly the policy around RVO, biofuel policy in general globally.

I think today, we look at it in the U.S. and what's come out recently has been -- is certainly performing above what we consider kind of that average baseline. We're above that in the U.S. and Canada, for example, but there's parts of the world where we're below it. So today, on weighted average, we feel pretty good about kind of we're there in total, just the pieces are a little bit different than maybe how we modeled it. But again, those are going to change, continue to change. But I think we feel like that's a pretty good guideline for how we think about it going forward.

Gregory Heckman: Probably one of the other important things when we were modeling going forward and what was different. I mean when you think about Bunge, pre-Viterra, we were the largest global oilseed crusher but we were really underrepresented in Argentina. In Viterra, they had the largest, lowest cost soy crushing facility sitting in Argentina, Renova, but they were running at really on kind of an island. We were able to plug that into our global system. And now as we do our analysis and we're looking at where we commit crush and we're running our global soy crush origination, processing, refining and distribution system we're able to run our value chains end-to-end with Argentina in there. And of course, as we all know, the business environment and the direction that the farmer has gotten, Argentina has continued to improve overall. And now with bringing balance to our overall global soy system, it's been great.

Benjamin Theurer: Just real quick following up on -- you've mentioned it early on with the RVOs and clearly, that kind of like is a different environment now because we just got the biofuel clarity, which is very much necessary. We saw recently just about a week ago, the SRE changes. So maybe help us understand a little bit what the exemptions mean in general and how it impacts the biofuel policy for this year and next year, just broadly industry but also for you guys in more particular.

John Neppl: Well, certainly, as an industry and as I'll say, a partner of the farmer because we spent a lot of time working with the farm groups and our industry groups. Together, we didn't want to see any more SREs in what were assumed to be like to be granted back when EPA first modeled this. But ultimately, so we lobby hard against increased SREs because we didn't feel like they were good for the farmer. And really in the spirit of what -- where we were headed. But ultimately, they were granted, but through a lot of work and conversation and with our industry groups with the right representatives that we have and the farmer groups, we were able to get all those reallocated. The administration agreed to reallocate those to '26 and '27, which, in effect, kind of undoes a lot of SREs that were granted.

So for us and for the farmers and for our industry, it gives certainty that there's still a commitment there to the policy, and it keeps these levels at where the industry is now operating at full capacity and allows us with certainty, not only us, but the renewable diesel producers to go ahead and operate run hard. So it's pretty critical, and we're very pleased with where we are today. Now we got to get it finalized and then it's on to '27 or '28 and '29 and set 3. So work never stops.

Benjamin Theurer: Got it. So switching from soybeans to the softseed part of the equation, which obviously has also done fairly well in recent quarters and you have pretty solid expectations for the second half. How much is here really structural changes and just global oil demand versus maybe what are temporary factors like still disruption in the Black Sea, those relatively tight sunflower supplies and just geopolitical issues all over? Would you- what is like structural? What's more temporal?

Gregory Heckman: I'd start by again talking about the combination it's -- a lot of this is structural because while we had a good softseed crushing platform at Bunge, Viterra had a real nice softseed crushing, but their softseed origination is excellent. And so as we were able to bring both the canola rapeseed and the sunseed crushing together, it gave us not only the diversification of having sunseed in Argentina, and the Black Sea and being able to serve those customers year-round and deal with any disruptions. It gave us more balance on canola and rapeseed but the origination capabilities, now we have the full chain much more, I would say, much more similar to in soy, where we have the full scale of the origination to not only serve our crushing facilities and then being prepared for the refining and the distribution, but also being able to serve the industry. And in a world where it is very complex, that's been really key to our soft crush.

Benjamin Theurer: Okay. So you've also talked about it recently that there might be some trade normalization between China, Australia as well as just global canola flows might be changing. So how should investors think about the earnings opportunity created by that fully integrated origination processing footprint that you now bring within it Canada, Australia, Europe, when these trade patterns shift. So what does that -- how does the Bunge platform leverage that?

Gregory Heckman: Yes, when the canola seed couldn't go to China out of Canada. We -- some of that, we then move to Europe. Of course, we crushed as hard as we could in country. As you see that shift, and we're able to move Australia to China again, having that destination open to both origins, we can then drive that off of the economics. But again, where Australia serves it, if that seed needs to stay home in Canada, then our crushing is there to not only take advantage of that, but then it opens our ports up to handle more wheat or barley.

So I think it's just the diversification, again, among the footprint between what needs to stay at home in each of these markets to be consumed versus what needs to be exported. And that's the granularity and capillarity that we now have globally at origin and at destination to be able to get the farmer to market when they want to get to market and to be able to hedge those end consumers when they want to hedge.

Benjamin Theurer: Okay. So if you look at your soybean and your softseed processing businesses, are there areas where you see still opportunities to further invest to further grow the business? And what would be like kind of like return criteria if you would to deploy capital just to continue leverage what you have there? Are there missing- are there some blank spots still that you would like to explore? Or do you think you're at the sweet spot already?

Gregory Heckman: Look, we've got the critical mass and the balance we needed. That being said, and I'll let John talk to the return standards. That being said, we'll continue to look where an asset or a small business may make sense and we can bolt it on because we've got, frankly, network synergies that others may not be able to make the same returns that we can. We'll want to go ahead and protect their most valuable franchises in some of those areas where we think we could be stronger, we'll be looking to expand those. The first thing we always want to do is acquisition and not add capacity, and we'll continue to debottleneck where it makes sense. That's our cheapest investment per dollar of capacity. So that's the highest returning but we'll continue to be optimistic but disciplined and targeted.

John Neppl: Yes. And well, maybe just to touch on the one big expansion project that we did put in the crush side was in Destrehan in partnership with Chevron for a very specific purpose. And that's ultimately to build switch capability to process novel seeds ultimately, we'll start with soy, but ultimately, process novel seeds for input into the renewable diesel production. So that was a very specific reason why we expanded there. And as Greg said, going forward, I think we would look opportunistically at capacity consolidation kind of thing. I don't necessarily see another big mega project like that down the road, not -- certainly not in the near future. But ultimately, when we look at returns, it's got to be a double-digit return for us, is kind of our minimum standard. So the opportunity has to be there and then it has to make economic sense for us to do it.

Gregory Heckman: And I think that's a great example of flexing the network, right? It made sense to really basically double Destrehan on the crush side and to do it with a partner, a great partner like Chevron, and we want to be the partner of choice, whether it's feed, food, fuel or the farmer. But that also gave us the opportunity on the 100% Bunge to increase our barge unloading capability not only to serve the plant, whether we're going to crush soy or winter canola or as John said, novel seeds eventually, but also to export the meal. But that capacity, if it's needed then for grains, whether it's corn or wheat or barley, whatever -- what are the other grains, we've got that additional capacity in the Gulf, and it was essentially done on a site that already had the infrastructure there. So from a cost really, really makes sense.

Benjamin Theurer: Okay. Got it. Leaving that part behind and moving on and to grain merchandising and milling because that's obviously something back earlier in the year, you've called out $800 million as normalized earnings levels, so kind of like a mid-cycle here. But there seems to be a little bit of an oversupply in the segment. So what would you say needs to change to kind of like get the earnings up to what is mid-cycle? Where are the missing pieces? Where is the opportunity?

Gregory Heckman: The merch business, if you think that was Viterra had a much bigger footprint than we did at Bunge, especially in wheat and in the feed grains wheat, barley, corn. So again, the teams couldn't work on that until close. So as we've been bringing the teams together, bringing the assets together, there's definitely not only optimizing the flows that we have but then looking at the customer set and where we may have had someone that we were the primary meal supplier, but didn't have the ability of Bunge to serve them on the feed grains. We're now able to have completely different conversations with that customer, be very strategic and grow with some of the fastest-growing global customers and really change that dialogue, whether we're helping them with budgeting, helping them manage logistics or inventories or if we're doing things on the supply chain to provide them deforestation-free soy, if they want regenerative ag on the feed grain side and then to track that all the way through the value chain.

So we're able to wrap that with some services as well. So the complete package will partially be running it better the same way, but also then growing with customers and adding some services.

And then ultimately, it will be about environment and seeing the environment improve. We had heavy supply and demand balance for quite a while in the feed grains. That looks like that's starting to change, some of that on yield, some of that were the challenges on nutrients because of the Gulf war where you saw some shift in what the farmer planted. And then we've got now some of the supply trapped in Russia and Ukraine, as some of those ports and ships have been targeted. We're seeing less shipping availability there than since the beginning of the war. And that's going to call on some of the other origins around the world, Australia and Canada and some of that to serve those end users. So we're seeing things start to tighten up and then, of course, El Nino and watching how that may develop is also going to be key to watch. So one is the things we can control and then being prepared for those that we can't.

Benjamin Theurer: Okay. Within that, I think you currently source a little over half directly, grains from farmers, but you target more like 2/3 little bit over time. What would be the advantages of achieving that target? How does that improve the financials of the business?

Gregory Heckman: Yes. Number one is helping the farmer be successful. We need the farmers to be profitable. We need them to be expanding. We need those communities to be healthy. So the more that we can acquire directly from the farmer, the more that we can send the signals all the way from when they make the planting decision to when they want a market that works for them to manage their risk, the better we can do on touching being the first touch that then whether we're going to end up processing that or shipping it to a certain market, it hasn't been blended down by someone else touching it.

So from -- we have more optionality, if you will, on the decisions of where that can go to manage the quality. And a lot of the focus, if you think about as we brought Viterra together, they were originating to serve a marketplace. Well, when you look at Viterra and Bunge together, you want to start with your highest margin, most important processing assets and make sure that you've expanded that drawing arc, and you're using all the assets there and to source directly and get the highest share of the origination that you should be to serve your assets. So it's very important to us, and we want to have those relationships. As we say, the land doesn't move. The origination assets don't move, the processing assets don't move. So you want to have that relationship and make sure that you're connecting those value chains where you should.

Benjamin Theurer: Okay. Wrapping up on the sectors, tropical oils, specialty ingredients. You've highlighted the new Amsterdam Tropical Oils refinery and the fractionation facility is a major project that's going to come online in 2027. So what portion of the earnings uplift comes from volume growth mix versus like operational efficiencies from that as we move into next year? Because if I remember right, you had like a little bit of like in-flight projects, and this is one of them. So maybe give us a little bit of a direction how to think about this for 2027?

John Neppl: Yes. Look, I think the project was really done for 2 reasons. One is to be able to provide additional offerings and capability that we didn't have previously. And the second one is get to become a low-cost producer in Europe. We are consolidating 2 plants into that operation effectively, one, even transitioning as we speak. And as soon as we're up and running and throughout '27, we'll be transitioning the activity from another plant.

So it's really about driving customer offerings and becoming more efficient. And so we're pretty excited about it. It's been a long time coming, but the fact that we're running oil through the pipes today is a good sign and the team is excited. Customers have been coming to visit. And I think a lot of it now from this point forward is going to be customer qualification and getting them up to speed on the capability. But we see that as a flagship asset for us going forward in Europe.

Gregory Heckman: And John said it, but I think it's worth saying again, we end up running 1 facility instead of 2. We've got more capabilities, a lower cost footprint, and it's serving high-value customers with our lowest carbon footprint of any facility.

Benjamin Theurer: Within that segment, you also have the combination of the Morristown soy protein concentrate facility in the IFF protein business, which was acquired. So what are the milestones you're monitoring here to determine like just return rates and growth? And how is that combination coming along?

Gregory Heckman: Of course, the integration, bringing the teams together, the onboarding, bringing the customer focus together. So we've got some ongoing customer business. But then as we commercialize that plant, going through all the approvals, it takes a little longer with the food customers. But as we qualify them at the new plant and bringing up our capacity utilization over time. And then these are customers that a lot of them were selling a lot of our specialty fats and oils to as well. So we, again, want to continue to cross-sell and grow on both categories. But very, very excited that another great new facility with great capabilities to sort of the high-value area, but with a very good cost position.

John Neppl: Yes. I think a couple of other things. One is market share. We're really focused on gaining market share. And I think given the offerings that we're going to have and some of the unique products we're going to be able to produce, we feel like we're going to be in a good position for that. And if you look forward, I mean, you're seeing protein in Pop-Tarts and just about everything now, donuts. And I mean they're putting protein and everything. And the profile of some of the products we're offering fit really well into that with neutral taste and texture, which is really critical for some of those food opportunities. And we're pretty excited about the timing of this plant coming online. When you think about GLP-1s and the focus on protein intake, it's going to be -- it's going to create some real opportunity.

Benjamin Theurer: Are you seeing actually some sort of like consumer weakness in some of these more like specialty segments, specialty oils, et cetera in certain areas, but then others maybe not so much just like the protein piece you've just highlighted. And how do you react to that? Is there anything you can do about or if it's just at the end consumer is weak and there's just not the demand for the raw materials, and you have to live with it?

Gregory Heckman: Yes. Our goal is always to use our creative solution centers and work with our customers. And it can -- what their needs are continues to evaluate based on the consumer. We're seeing kind of 2 things. One, those serving more of the cost-conscious consumer. They're looking where can they reformulate based on things that are happening in the market and taking a cost focus. And then some of those that are serving that consumer that's not as price sensitive and some of the stronger brands, they're continuing to innovate because they want to bring forward new SKUs, new product line extensions.

And so we're working with them on new, which seems really odd that you've got cost-saving projects going as well as new product launch work on innovation at the same time. But that is kind of the market that we're living in today.

Benjamin Theurer: Okay. Got it. Coming back on one of the things around Viterra and obviously, you said it's just a year, synergies are just coming along and is working together, the budgeting like making guidance, et cetera, of that business. Obviously, it's a massive operation. It's large, right? I mean it's 2 big companies that went together. You've laid out earlier in the year, a couple of like opportunities as to what EPS accretion would look like, which was Viterra related. So 6 months into it, where do we stand right now more or less on the Viterra piece? And where do you -- what do you think about the timeline of the Viterra's piece, in particular, as to the baseline moving on EPS accretion?

John Neppl: Yes. Well, I can start, Greg, and then -- so there were really 3 components we laid out related to Viterra. One was cost synergies which- and I'll talk about that in a minute and then commercial and network synergies. And then there was a third piece of kind of capital structure related around debt, debt refinancing, share buyback. We completed the capital- kind of the capital structure portion, it's been largely completed. We finished our share buybacks earlier this year related to Viterra, and then we've done the refinancing of most of their debt and at the lowest credit spreads we ever borrowed in the history of Bunge as a result of getting a credit upgrade at the close. So that part has been executed.

On the cost side, the SG&A synergies we had originally estimated about $250 million over 4 years, we recently, well back at Investor Day increased that to $350 million, and we're trying to accelerate that by a year. And I would say we're well on our way there. We expect about $190 million in '26. We had communicated that earlier in the year. And we feel like a lot of momentum into capturing those 2 pieces. So the things we can control, I think we're doing a really nice job and Greg can certainly comment on the commercial side.

Gregory Heckman: Do you want to talk about where we're on a run rate versus realized?

John Neppl: Yes. Well, yes, by the end of the year, we'll be over $200 million run rate on cost synergies. So we're going to realize in the P&L $190 million this year. And so we'll be very close to our original $250 million target run rate by the end of this year, but we're not stopping. We think we're going to capture another $100-plus million. And then we won't stop, right? I mean, we're going to keep looking for opportunity.

Gregory Heckman: And then if you remember, we talked about the commercial synergies, why we won't report on those. Those will have to be seen- you'll have to see that at the bottom line in the gross margin. Now the teams couldn't work on that until we close. But they've been doing a fantastic job of really thinking through how we're going to grow with the right customers, how we're going to optimize the network on where we're going to put capital in our assets where we do need debottlenecking, which assets we may not run. We may sell a random asset here and there. And those you'll see proven out over time.

But we want to be the partner of choice, not just for the customers but with our providers. If you think about transportation providers, we've taken that focus, whether it's truck, rail, barge, container, ocean-going vessel to make sure that we're using the importance that we have to those providers that we're operating on the best contract that each one of us had and that when we think about how we're negotiating going forward are lowering that cost between the end consumer and the farmer and that benefits both of them.

Benjamin Theurer: Okay. Got it. Picking up on one thing. You said you finished the $2 billion buyback. Obviously, that was part of the transaction in first place. But you've also announced share buyback authorization to basically further return cash to shareholders aside from dividend also through buybacks. And I think you've a pretty sporty target here to really step that up. How should we think about the time line for this? And in terms of kicking in, when are you going to start doing those more accelerated buybacks?

John Neppl: Yes. So the way the framework was set up ultimately is what we said is we're going to start with adjusted funds from operations or cash flow. We're going to first take care of maintaining our assets. So we're going to spend call it, $700 million to $800 million a year on capital for maintenance of our existing footprint. Of that remaining amount, which we describe as discretionary cash flow, our target is to allocate 50% of that to shareholder returns that's going to come in the form of dividends and share buyback, which in the long run are going to be roughly about the same number. Over time, dividends will continue to grow, probably at a modest rate. But what we're looking at is by 2030 to roughly be $700 million of dividends, $700 million of share buybacks.

Between now and then, it will kind of steadily ramp toward that number. In '26, we've largely with the finishing our $250 million. We don't anticipate any more allocation to share buyback this year. It doesn't mean it won't happen. But really, our framework was built to start in 2027. May not happen on exactly a straight line, but over time, that's what our plan is. And so if there's an opportunity here or there, we'll see one way or the other. If there's no opportunities for us to deploy capital in a smart way elsewhere, we could accelerate buybacks even in excess of that.

And then ultimately, when we get to 2030, the way we look at the numbers, once we get to that $13 baseline run rate, we're going to have excess cash that we think can drive us to that $15 number that we laid out, which will include additional share buyback over and above the normal framework, just given we believe we'll be generating a significant amount of cash flow by that point.

Benjamin Theurer: And one piece of that, I guess, is also CapEx coming down from roughly $2.6-ish billion this year. I think you guide $1.5 billion to $1.7 billion. You expect that to come down closer to $1 billion, $1.1 billion. But when should we expect that to be the case? Like what's like the phasing of that? And then as CapEx comes down and then obviously frees up cash for buybacks, what's like aside from buybacks, maybe the appetite for M&A?

John Neppl: Yeah, so the trajectory we see -- so we said this year, $1.5 billion to $1.7 billion this year. Next year, we will largely have ramped down all of our mega projects with the exception of our plant in Amsterdam. We'll be finishing up around Q1. So some of that likely to spill into Q2 in terms of CapEx. Second half of '27, we should be much closer to our $1.1 billion run rate, which is about, again, $700 million to $800 million of maintenance and, call it, $300 million to $400 million of growth and productivity CapEx to be defined. We don't necessarily have specific projects today, but we think that generally, that will be about the run rate between improving our existing assets and maybe some opportunistic things. From an M&A standpoint, we'll see if those things come. And if something makes sense, meets our- strategically makes sense, meets our hurdle rates, fills a gap in our footprint or something strategically we want to do, we'll allocate capital that way. But otherwise, it will be primarily share buyback and returns as we focus on really driving EPS ultimately.

Benjamin Theurer: Okay. Greg, in closing, any messages? We haven't touched on anything you would like to get definitely out there.

Gregory Heckman: Yes. Well, I would just say, I couldn't be more proud of the team, the way that we've brought these businesses together the last year, nobody talks about whether they were Bunge and Viterra before, everybody is Bunge the way that we are working with our farmer customers as well as our consuming customers and all of the benefits that we thought that we would get, we're not all the way to bright, but we continue to make great progress. And in this world, whether you want to talk about the fact that we believe it's going to stay complicated, right?

Globalization, which we all enjoyed for decades, made the world an easier place to operate in our business. Every origin open to every destination. That feels like that's done, and that's done for a period of time. And so as we continue to increase yields without- to increase the production to meet the growth in population and the increase in the income, the per capita consumption increases for fats and oils and animal proteins and protein meals, we've got to meet that with the same hectares in the same acres, and that means more production. And we've got a weather cycle that is definitely more violent. So when there is a production problem, it's a bigger issue to serve demand. And as I said, every origin is not open every destination.

And so our capabilities not only help us manage our risk but help our customers manage their risk, and we've just- we've never been in a better position. So it's funny to have a 208-year-old company that feels like a new company and that is really built for the complexity, whether it is the geopolitical or the weather or policy uncertainty. But as biofuels continues to grow, and it becomes complex to serve the customers, we've never been in a better position, and I know we can count on this team to deliver.

Benjamin Theurer: Perfect. Well, that's a wrap on time. Thank you very much. There will be no breakout.