

Bunge Limited (BG) – Long PT: \$114.31



Today's Price: \$86.60
 Dividend Yield: 2.4%
 Market Cap: \$12.17B
 Industry: Agribusiness
 Headquarters: Bowling Green, OH

A growing company with an economic moat – working for long term growth through strategy and diversification.

Business Overview

Bunge LTD is an American agribusiness and food company. Engaging in the supply and transportation of agricultural commodities. Bunge operates through the following segments: agribusiness, edible oil products, milling products, sugar, bioenergy, and fertilizer.

Revenue Segmentation: 71.4% Agribusiness, 23.2% Edible Oil, 4% Milling, 1.2% Fertilizer. 2020 Total revenue: \$41.4B

Thesis Points

- Variety of Diverse Business Segments and Customers:** The company is working toward established diverse segments. They are also starting to make correct go-time decisions within growing industries because they are feasible. The source of income yearly is all coming in from different sources. Most importantly, Bunge is creating a growing an International Customer Base within more and more developing countries.
- Strategic Growth & Restructuring:** BG is moving from a local restructuring model to a global one, which streamlines decision-making. They are also increasing risk management policies to make better decisions. With management changing soon, there will be operating structure and portfolio simplification. In terms of strategy, they are optimizing asset portfolio by assuring it lining up with core values. By focusing on scalable opportunities, they are creating more and more returns.
- Macro trends for agriculture and bioenergy industry:** Agribusiness makes up majority of revenue, and events are leading it to grow more. Crop prices are growing in the long term as there is a higher demand and lower supply. This means farmers are willing to sell their commodities to the business more. The global demand for vegan protein is also increasing. The settling of US-China trade war will also indicate more international exports to China. Specialty oils volumes and the sugar business will return to pre-pandemic levels. Renewables are on track from Biden Administration, which propels vegetable oil demand.



Industry Overview

Bunge is a large player in the Agribusiness and Edible Oil products industries. The agribusiness industry is comprised of agricultural chemicals, crop production, aquaculture, forestry and logging, and livestock. This industry is the supply side of economy, and its drivers include trade-weighted index, agricultural price index, threat of natural disaster, and population. There is a lot of foreign direct investment, most prominently from Germany. There is also strong international support and global industry. For the food processing segment, companies convert agriculture products or raw material into direct consumable food. USA accounts for 37.5% of all sales with large markets in Western Europe and Asia, which means lots of international trades. Innovation in technology, increasing demand for processed food, and rising investment in R&D will drive future growth. For both food processing and agribusiness, foreign exports plays a large role for revenue.

ESG

MSCI AAA

ESG RATINGS

CCC	B	BB	BBB	A	AA	AAA
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Bunge is a leader among 86 companies in the food products industry.



Additional Commentary – Valuation/Risks/News

Valuation: Revenue grew tremendously over the course of the 2021 year. It will slow down as crop yields will go down but eventually go back yo again. Profit margin is low solely due to it being affected by the industry. If cost goes up, revenue goes up. Analysts project BG as a buy with a target price of \$106. I think this industry is growing and company is doing well in terms of the fluidity of operations. It is a buy with selloff going on right now.

News Recently partnered with Chevron for green energy initiatives. Blackrock hedge fund owns 5% share of Bunge Limited. President of Global Operations is changing in 2022 as current person is stepping down.

