

Bunge LTD
Form 10-Q
November 06, 2015
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended September 30, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-16625

BUNGE LIMITED

(Exact name of registrant as specified in its charter)

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Bermuda
(State or other jurisdiction of incorporation or organization)

98-0231912
(I.R.S. Employer Identification No.)

50 Main Street, White Plains, New York
(Address of principal executive offices)

10606
(Zip Code)

(914) 684-2800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of October 30, 2015 the number of shares issued of the registrant was:

Common shares, par value \$.01 per share: 142,458,656

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BUNGE LIMITED

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)****(U.S. dollars in millions, except per share data)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 10,762	\$ 13,676	\$ 32,350	\$ 43,930
Cost of goods sold	(10,017)	(12,957)	(30,360)	(42,004)
Gross profit	745	719	1,990	1,926
Selling, general and administrative expenses	(358)	(403)	(1,050)	(1,161)
Interest income	18	19	42	71
Interest expense	(77)	(70)	(187)	(225)
Foreign exchange gains (losses)	(24)	23	(15)	59
Other income (expense) net	2	(2)	(6)	5
Gain on sale of Canadian grain assets	47		47	
Income from continuing operations before income tax	353	286	821	675
Income tax (expense) benefit	(140)	(9)	(270)	(150)
Income from continuing operations, net of tax	213	277	551	525
Income from discontinued operations, net of tax	21	27	36	37
Net income	234	304	587	562
Net loss (income) attributable to noncontrolling interests	5	(10)	1	7
Net income attributable to Bunge	239	294	588	569
Convertible preference share dividends and other obligations	(10)	(10)	(38)	(40)
Net income available to Bunge common shareholders	\$ 229	\$ 284	\$ 550	\$ 529
Earnings per common share basic (Note 16)				
Net income (loss) from continuing operations	\$ 1.45	\$ 1.77	\$ 3.57	\$ 3.36
Net income (loss) from discontinued operations	0.14	\$ 0.19	\$ 0.25	\$ 0.25

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Net income (loss) attributable to Bunge common shareholders	\$	1.59	\$	1.96	\$	3.82	\$	3.61
Earnings per common share diluted (Note 16)								
Net income (loss) from continuing operations	\$	1.42	\$	1.73	\$	3.53	\$	3.34
Net income (loss) from discontinued operations		0.14	\$	0.17	\$	0.24	\$	0.24
Net income (loss) attributable to Bunge common shareholders	\$	1.56	\$	1.90	\$	3.77	\$	3.58
Dividends declared per common share	\$	0.38	\$	0.34	\$	1.10	\$	0.98

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(Unaudited)****(U.S. dollars in millions)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$ 234	\$ 304	\$ 587	\$ 562
Other comprehensive income (loss):				
Foreign exchange translation adjustment	(1,248)	(1,025)	(2,360)	(667)
Unrealized gains (losses) on designated cash flow and net investment hedges, net of tax (expense) benefit of nil and nil in 2015, nil and nil in 2014	166	29	146	13
Unrealized gains (losses) on investment, net of tax (expense) benefit of nil and nil in 2015, \$1 and \$1 in 2014		(2)		(2)
Reclassification of realized net losses (gains) to net income, net of tax expense (benefit) of nil and nil in 2015, nil and nil in 2014	33	(7)	51	(11)
Pension adjustment, net of tax (expense) benefit of nil and nil in 2015, nil and nil in 2014	1		5	(1)
Total other comprehensive income (loss)	(1,048)	(1,005)	(2,158)	(668)
Total comprehensive income (loss)	(814)	(701)	(1,571)	(106)
Less: comprehensive (income) loss attributable to noncontrolling interest	8	5	5	3
Total comprehensive income (loss) attributable to Bunge	\$ (806)	\$ (696)	\$ (1,566)	\$ (103)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(U.S. dollars in millions, except share data)**

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 303	\$ 362
Time deposits under trade structured finance program (Note 4)	296	1,343
Trade accounts receivable (less allowances of \$119 and \$121) (Note 12)	1,908	1,840
Inventories (Note 5)	5,013	5,554
Deferred income taxes	120	177
Other current assets (Note 6)	3,866	3,805
Total current assets	11,506	13,081
Property, plant and equipment, net	4,616	5,626
Goodwill	296	349
Other intangible assets, net	228	256
Investments in affiliates	411	294
Deferred income taxes	454	565
Other non-current assets (Note 7)	928	1,261
Total assets	\$ 18,439	\$ 21,432
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 832	\$ 594
Current portion of long-term debt (Note 11)	519	408
Letter of credit obligations under trade structured finance program (Note 4)	296	1,343
Trade accounts payable	3,465	3,248
Deferred income taxes	54	42
Other current liabilities (Note 9)	3,004	3,069
Total current liabilities	8,170	8,704
Long-term debt (Note 11)	2,583	2,855
Deferred income taxes	136	177
Other non-current liabilities	851	969
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	38	37
Equity (Note 15):		
Convertible perpetual preference shares, par value \$.01; authorized, issued and outstanding: 2015 and 2014 6,900,000 shares (liquidation preference \$100 per share)	690	690
Common shares, par value \$.01; authorized 400,000,000 shares; issued and outstanding: 2015 142,453,910 shares, 2014 145,703,198 shares	1	1
Additional paid-in capital	5,102	5,053
Retained earnings	7,585	7,180
Accumulated other comprehensive income (loss) (Note 15)	(6,212)	(4,058)

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Treasury shares, at cost - 2015 - 9,586,083 and 2014 - 5,714,273 shares	(720)	(420)
Total Bunge shareholders' equity	6,446	8,446
Noncontrolling interests	215	244
Total equity	6,661	8,690
Total liabilities and equity	\$ 18,439	\$ 21,432

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(U.S. dollars in millions)**

	Nine Months Ended September 30,	
	2015	2014
OPERATING ACTIVITIES		
Net income	\$ 587	\$ 562
Adjustments to reconcile net income (loss) to cash provided by (used for) operating activities:		
Gain on sale of Canadian grain assets	(47)	
Impairment charges	24	4
Foreign exchange loss (gain) on debt	(227)	(61)
Bad debt expense	20	22
Depreciation, depletion and amortization	403	448
Stock-based compensation expense	38	36
Deferred income tax expense (benefit)	(13)	(17)
Other, net	(40)	(86)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(330)	(424)
Inventories	(114)	590
Secured advances to suppliers	(382)	(4)
Trade accounts payable and accrued liabilities	722	439
Advances on sales	(104)	(109)
Net unrealized gain/loss on derivative contracts	7	(296)
Margin deposits	(32)	86
Other, net	121	(74)
Cash provided by (used for) operating activities	633	1,116
INVESTING ACTIVITIES		
Payments made for capital expenditures	(365)	(515)
Acquisitions of businesses (net of cash acquired)	(54)	(14)
Proceeds from the sale of Canadian grain assets	90	
Proceeds from investments	269	261
Payments for investments	(203)	(140)
Payments for investments in affiliates	(158)	(40)
Other, net	4	(5)
Cash provided by (used for) investing activities	(417)	(453)
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	31	(58)
Proceeds from short-term debt with maturities greater than 90 days	562	802
Repayments of short-term debt with maturities greater than 90 days	(303)	(630)
Proceeds from long-term debt	5,781	7,492
Repayments of long-term debt	(5,792)	(8,191)
Proceeds from sale of common shares	24	34
Repurchases of common shares	(300)	(300)
Dividends paid	(178)	(162)
Other, net	(10)	(18)

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Cash provided by (used for) financing activities	(185)	(1,031)
Effect of exchange rate changes on cash and cash equivalents	(90)	(17)
Net increase (decrease) in cash and cash equivalents	(59)	(385)
Cash and cash equivalents, beginning of period	362	742
Cash and cash equivalents, end of period	\$ 303	\$ 357

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS**

(Unaudited)

(U.S. dollars in millions, except share data)

	Redeemable Non- Controlling Interests	Convertible Preference Shares	Amount	Common Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non- Controlling Interests	Total Equity
Balance, January 1, 2015	\$ 37	6,900,000	\$ 690	145,703,198	\$ 1	\$ 5,053	\$ 7,180	\$ (4,058)	\$ (420)	\$ 244	\$ 8,690
Net income (loss)	(9)						588			(1)	587
Accretion of noncontrolling interests	13					(13)					(13)
Other comprehensive income (loss)	(3)							(2,154)		(4)	(2,158)
Dividends on common shares							(158)				(158)
Dividends on preference shares							(25)				(25)
Dividends to noncontrolling interests on subsidiary common stock										(7)	(7)
Return of capital to noncontrolling interests										(17)	(17)
Stock-based compensation expense						38					38
Repurchase of common shares				(3,871,810)					(300)		(300)
Issuance of common shares				622,522		24					24
Balance, September 30, 2015	\$ 38	6,900,000	\$ 690	142,453,910	\$ 1	\$ 5,102	\$ 7,585	\$ (6,212)	\$ (720)	\$ 215	\$ 6,661
	Redeemable Non- Controlling Interests	Convertible Preference Shares	Amount	Common Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non- Controlling Interests	Total Equity
Balance, January 1, 2014	\$ 37	6,900,000	\$ 690	147,796,784	\$ 1	\$ 4,967	\$ 6,891	\$ (2,572)	\$ (120)	\$ 231	\$ 10,088
Net income (loss)	(11)						569			(7)	562
Accretion of noncontrolling interest	15					(15)					(15)
Other comprehensive income (loss)	(3)							(672)		4	(668)

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Dividends on common shares	(143)	(143)
Dividends on preference shares	(25)	(25)