

Bunge LTD
Form 10-Q
July 31, 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 June 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 Smaller reporting company

(Do not check if a 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 July 24, 2015 the number of shares issued of the registrant was:

Common shares, par value \$.01 per share: 143,848,618

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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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	\$ 10,782	\$ 16,793	\$ 21,588	\$ 30,254
Cost of goods sold	(10,247)	(16,000)	(20,343)	(29,047)
Gross profit	535	793	1,245	1,207
Selling, general and administrative expenses	(361)	(392)	(692)	(758)
Interest income	13	33	24	52
Interest expense	(57)	(76)	(110)	(155)
Foreign exchange gains (losses)	16	14	9	36
Other income (expense) net	(9)	1	(8)	7
Income from continuing operations before income tax	137	373	468	389
Income tax (expense) benefit	(45)	(111)	(130)	(141)
Income from continuing operations	92	262	338	248
Income from discontinued operations, net of tax	1	15	15	10
Net income	93	277	353	258
Net loss (income) attributable to noncontrolling interests	(7)	11	(4)	17
Net income attributable to Bunge	86	288	349	275
Convertible preference share dividends and other obligations	(14)	(16)	(28)	(30)
Net income available to Bunge common shareholders	\$ 72	\$ 272	\$ 321	\$ 245
Earnings per common share basic (Note 16)				

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Net income (loss) from continuing operations	\$	0.50	\$	1.75	\$	2.12	\$	1.59
Net income (loss) from discontinued operations		0.01		0.10		0.11		0.07
Net income (loss) attributable to Bunge common shareholders	\$	0.51	\$	1.85	\$	2.23	\$	1.66
Earnings per common share diluted (Note 16)								
Net income (loss) from continuing operations	\$	0.50	\$	1.71	\$	2.11	\$	1.58
Net income (loss) from discontinued operations				0.10		0.10		0.07
Net income (loss) attributable to Bunge common shareholders	\$	0.50	\$	1.81	\$	2.21	\$	1.65
Dividends declared per common share	\$	0.38	\$	0.34	\$	0.72	\$	0.64

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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 93	\$ 277	\$ 353	\$ 258
Other comprehensive income (loss):				
Foreign exchange translation adjustment	227	227	(1,112)	358
Unrealized gains (losses) on designated cash flow and net investment hedges, net of tax (expense) benefit of nil and nil in 2015, \$7 and nil in 2014	(62)	(3)	(20)	(16)
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	5	(5)	18	(4)
Pension adjustment, net of tax (expense) benefit of nil and nil in 2015, nil and nil in 2014	1	(1)	4	(1)
Total other comprehensive income (loss)	171	218	(1,110)	337
Total comprehensive income (loss)	264	495	(757)	595
Less: comprehensive (income) loss attributable to noncontrolling interest	(13)		(3)	(2)
Total comprehensive income (loss) attributable to Bunge	\$ 251	\$ 495	\$ (760)	\$ 593

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)**

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 426	\$ 362
Time deposits under trade structured finance program (Note 4)	241	1,343
Trade accounts receivable (less allowances of \$112 and \$121) (Note 12)	1,933	1,840
Inventories (Note 5)	5,443	5,554
Deferred income taxes	71	177
Other current assets (Note 6)	3,704	3,805
Total current assets	11,818	13,081
Property, plant and equipment, net	5,134	5,626
Goodwill	330	349
Other intangible assets, net	247	256
Investments in affiliates	284	294
Deferred income taxes	545	565
Other non-current assets (Note 7)	1,071	1,261
Total assets	\$ 19,429	\$ 21,432
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 1,201	\$ 594
Current portion of long-term debt (Note 11)	908	408
Letter of credit obligations under trade structured finance program (Note 4)	241	1,343
Trade accounts payable	3,384	3,248
Deferred income taxes	66	42
Other current liabilities (Note 9)	2,421	3,069
Total current liabilities	8,221	8,704
Long-term debt (Note 11)	2,496	2,855
Deferred income taxes	155	177
Other non-current liabilities	891	969
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	36	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 143,843,805 shares, 2014 145,703,198 shares	1	1
Additional paid-in capital	5,092	5,053
Retained earnings	7,408	7,180
Accumulated other comprehensive income (loss) (Note 15)	(5,167)	(4,058)

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Treasury shares, at cost - 2015 - 8,174,873 and 2014 - 5,714,273 shares	(620)	(420)
Total Bunge shareholders' equity	7,404	8,446
Noncontrolling interests	226	244
Total equity	7,630	8,690
Total liabilities and equity	\$ 19,429	\$ 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)**

	Six Months Ended June 30,	
	2015	2014
OPERATING ACTIVITIES		
Net income	\$ 353	\$ 258
Adjustments to reconcile net income (loss) to cash provided by (used for) operating activities:		
Impairment charges	21	4
Foreign exchange loss (gain) on debt	(182)	62
Bad debt expense	8	8
Depreciation, depletion and amortization	267	286
Stock-based compensation expense	25	28
Deferred income tax expense (benefit)	60	(5)
Other, net	(15)	(49)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(192)	(835)
Inventories	(125)	(298)
Secured advances to suppliers	(118)	68
Trade accounts payable and accrued liabilities	215	(219)
Advances on sales	(143)	(94)
Net unrealized gain/loss on derivative contracts	(198)	(9)
Margin deposits	(118)	73
Other, net	(158)	(69)
Cash provided by (used for) operating activities	(300)	(791)
INVESTING ACTIVITIES		
Payments made for capital expenditures	(222)	(351)
Acquisitions of businesses (net of cash acquired)	(52)	(12)
Proceeds from investments	199	225
Payments for investments	(134)	(112)
Payments for investments in affiliates	(17)	(28)
Other, net		24
Cash provided by (used for) investing activities	(226)	(254)
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	660	492
Proceeds from short-term debt with maturities greater than 90 days	311	677
Repayments of short-term debt with maturities greater than 90 days	(319)	(442)
Proceeds from long-term debt	3,083	5,524
Repayments of long-term debt	(2,776)	(5,116)
Proceeds from sale of common shares	25	13
Repurchases of common shares	(200)	(200)
Dividends paid	(116)	(105)
Other, net	(17)	(17)
Cash provided by (used for) financing activities	651	826

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Effect of exchange rate changes on cash and cash equivalents	(61)	
Net increase (decrease) in cash and cash equivalents	64	(219)
Cash and cash equivalents, beginning of period	362	742
Cash and cash equivalents, end of period	\$ 426	\$ 523

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

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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	Convertible Shares Amount	Common Shares	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)	(8)										