

## CLIENT NOTE

23.04.2025

### **Bunge Global SA (BG US) – Global Reach And Favorable M&A Clouded By Weak Track Record And Subdued Commodity Prices**

**Conclusive Summary:** We recommend adding BG around the \$70 level, where the stock appears to have established technical support and favorable risk/reward.

The upcoming closure of the \$8.2B Viterra acquisition, along with the strategic purchase of CJ Selecta, will almost double Bunge's revenues but increase its debt burden and decrease its overall margins. With extensive origination and processing assets in Brazil and Argentina, **Bunge can capture demand displaced from U.S. suppliers** due to the U.S.-China trade tensions. At the same time, its global footprint and logistics network enable it to source and sell across **arbitrage opportunities in disrupted markets**. On the other hand, **the company has suffered from overly aggressive hedging during similar trade war escalations in 2018**. A weaker U.S. dollar could enhance its export competitiveness and support stronger crush margins. Although theoretically Bunge has the capabilities to manage or even profit from the ongoing tariff war, **we remain neutral on BG, as potential benefits from a weak USD, higher crushing margins, global reach and improved market share through M&A are offset by a weak track record under similar circumstances and potentially lower revenues due to subdued commodity prices**.

**Competitive Position:** Competes in the global agribusiness and food ingredients industry alongside peers like ADM, Cargill and Louis Dreyfus. The sector is marked by thin margins, geopolitical exposure, and growing ESG pressures. Bunge's competitive edge lies in its leading soy crushing and origination footprint in Latin America, supported by deep infrastructure and improved capital efficiency following a strategic restructuring. While ADM offers greater exposure to value-added nutrition and Cargill benefits from unmatched diversification, Bunge is closing the gap through its pending Viterra acquisition, which would significantly enhance its global grain origination and logistics scale.

**Valuation:** Using a combination of multiple and DCF valuations, **we reach a blended target price (TP) of \$103, representing a +31% upside** from current prices. BG stock is trading at a 20-35% multiple discount to peers, and about 1 standard deviation below its 5-year mean multiples (on average), demonstrating room for upside if the company manages to capitalize on the trade war escalation and increased volatility in commodity markets. **We suggest adding BG around \$70**.

Ticker: BG US

Previous day close price: \$80.09

Price range (52w.): \$67.40 - \$114.92

Reason for note: Potential Trade War Beneficiary

Target price: \$105 (+31% Upside)

Recommendation: **Buy @ \$70**

**Description:** Bunge Limited (NYSE: BG) is a global agribusiness and food company with a vertically integrated model spanning the agricultural value chain—from origination to end products. Bunge operates across more than 40 countries and generates revenue through three core segments:

- **Agribusiness:** Sources oilseeds (soybeans, canola, sunflower) and grains (corn, wheat), processes them into protein meals and vegetable oils, and sells to feed manufacturers, food companies, and biofuel producers. Additional revenue comes from commodity trading, risk management, farmer financing, and biodiesel production (73% of Sales).
- **Refined and Specialty Oils:** Converts crude vegetable oils and sells to food processors, retailers, and renewable fuel companies (24%).
- **Milling:** Processes wheat and corn into flours, cornmeal, and baking mixes for food manufacturers, bakeries, and institutional buyers (3%).

Bunge divested its Sugar and Bioenergy unit in October 2024 and is pursuing the acquisition of Viterra to strengthen its global origination and logistics capabilities.

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Target Multiple Next 12 Months		Financial Metric	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/Sales	0.32	57,375	20,081	3,324	16,757	133.96	\$112.24
EV/EBITDA	7.50	2,493	18,700	3,324	15,376	133.96	\$114.78
P/E	11.00	8.06			10,798	133.96	\$88.67
Avg. Multiple Price							\$105.23
Avg. DCF Price							\$104.29
Avg. Multiple & DCF Price							<b>\$104.76</b>

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### Quarterly Earnings Preview:

BG	Expected Report Date		Next FY End	Preview Date
BUNGE GLOBAL SA	5/7/2025	Bef-mkt	12/31/2025	4/23/2025
Targets	DPRG	103	Street	86.00
Current Price/ Upside	80.09	28.6%		7.4%
<b>Quarterly Preview</b>				
Last Close	Estimate	Last Q Report		
80.09	Q1	2/5/2025		
		2024 Q4		Year Ago
			% Surprise	
Sales, \$ mil.	13,400	13,542	-0.44%	13,417
growth	qoq	-1.1%	yoy	-0.1%
EBITDA, \$ mil.	443	388	-4.44%	626
growth	qoq	14.0%	yoy	-29.3%
Net Income, \$ mil.	187	299	-5.07%	441
growth	qoq	-37.4%	yoy	-57.6%
EPS, \$	1.36	2.16	-5.04%	3.03
growth	qoq	-37.3%	yoy	-55.3%
EPS GAAP, \$	1.36	4.36	95.17%	1.68
growth	qoq	-68.9%	yoy	-19.2%
<b>Valuation</b>	Current	-1STD	Average 2Y	+1STD
EV to Forward 12M Sales	0.26	0.28	0.32	0.35
EV to Forward 12M EBITDA	6.05	6.02	6.61	7.21
Price to Forward 12M EPS	9.93	8.53	9.50	10.46
EV/Sales	Underpriced			
EV/EBITDA	Slightly Underpriced			
PE	Fairly Priced			
<b>Total Rating on Valuation</b>	Slightly Underpriced			

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