

Bunge LTD
Form 10-Q
November 09, 2010

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, 2010

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)

Bermuda
(State or other jurisdiction of incorporation or
organization)

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

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

10606
(Zip Code)

Edgar Filing: Bunge LTD - Form 10-Q

(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 November 2, 2010 the number of common shares issued of the registrant was:

Common shares, par value \$.01: 144,889,321

BUNGE LIMITED

TABLE OF CONTENTS

	Page
<u>PART I FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>Financial Statements</u>
	<u>Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2010 and 2009</u>
	1
	<u>Condensed Consolidated Balance Sheets at September 30, 2010 and December 31, 2009</u>
	2
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2010 and 2009</u>
	3
	<u>Condensed Consolidated Statements of Shareholders' Equity for the Nine Months Ended September 30, 2010 and 2009</u>
	4
	<u>Notes to the Condensed Consolidated Financial Statements</u>
	6
	<u>Cautionary Statement Regarding Forward Looking Statements</u>
	32
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	32
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>
	53
<u>Item 4.</u>	<u>Controls and Procedures</u>
	56
<u>PART II INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>
	56
<u>Item 1A.</u>	<u>Risk Factors</u>
	57
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	58
<u>Item 3.</u>	<u>Defaults upon Senior Securities</u>
	59
<u>Item 4.</u>	<u>[Reserved]</u>
	59
<u>Item 5.</u>	<u>Other Information</u>
	59
<u>Item 6.</u>	<u>Exhibits</u>
	59
<u>Signatures</u>	60
<u>Exhibit Index</u>	61

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,	
	2010	2009	2010	2009
Net sales	\$ 11,662	\$ 11,298	\$ 32,981	\$ 31,490
Cost of goods sold	(10,950)	(10,955)	(31,299)	(30,600)
Gross profit	712	343	1,682	890
Selling, general and administrative expenses	(357)	(349)	(1,119)	(952)
Gain on sale of fertilizer nutrients assets	-	-	2,440	-
Interest income	20	20	62	96
Interest expense	(62)	(79)	(241)	(212)
Loss on extinguishment of debt	(90)	-	(90)	-
Foreign exchange gains (losses)	77	169	(22)	470
Other income (expense) net	(5)	(4)	(8)	(12)
Income before income tax and equity in earnings of affiliates	295	100	2,704	280
Income tax (expense) benefit	(97)	97	(648)	52
Equity in earnings of affiliates	8	-	17	11
Net income	206	197	2,073	343
Net loss (income) attributable to noncontrolling interest	6	35	(20)	7
Net income attributable to Bunge	212	232	2,053	350
Convertible preference share dividends	(19)	-	(58)	(39)
Net income available to Bunge common shareholders	\$ 193	\$ 232	\$ 1,995	\$ 311
Earnings per common share basic (Note 19)				
Earnings to Bunge common shareholders	\$ 1.38	\$ 1.82	\$ 14.12	\$ 2.51

Edgar Filing: Bunge LTD - Form 10-Q

Earnings per common share diluted (Note 19)

Earnings to Bunge common shareholders	\$ 1.36	\$ 1.62	\$ 13.09	\$ 2.48
Dividends per common share	\$ 0.23	\$ -	\$ 0.67	\$ 0.40

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

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

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

	September 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 350	\$ 553
Trade accounts receivable (less allowance of \$181 and \$192)	3,003	2,363
Inventories (Note 5)	5,568	4,862
Deferred income taxes	143	506
Other current assets (Note 6)	4,262	3,499
Total current assets	13,326	11,783
Property, plant and equipment, net	4,992	5,347
Goodwill (Note 7)	950	427
Other intangible assets, net (Note 8)	196	170
Investments in affiliates	599	622
Deferred income taxes	1,060	979
Other non-current assets	1,978	1,958
Total assets	\$ 23,101	\$ 21,286
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Short-term debt	\$ 483	\$ 166
Current portion of long-term debt	489	31
Trade accounts payable	3,856	3,275
Deferred income taxes	72	100
Other current liabilities (Note 10)	2,765	2,635
Total current liabilities	7,665	6,207
Long-term debt	2,378	3,618
Deferred income taxes	120	183
Other non-current liabilities	803	913
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Mandatory convertible preference shares, par value \$.01; authorized 862,500; issued and outstanding: 2010 and 2009 862,455 shares (liquidation preference \$1,000 per share)	863	863
Convertible perpetual preference shares, par value \$.01; authorized issued and outstanding: 2010 and 2009 6,900,000 shares (liquidation preference \$100 per share)	690	690
Common shares, par value \$.01; authorized 400,000,000 shares; issued: 2010 144,885,786 shares, 2009 134,096,906 shares	1	1
Additional paid-in capital	4,270	3,625
Retained earnings	5,895	3,996
Accumulated other comprehensive income	465	319
Treasury shares, at cost (2010 6,714,573)	(354)	-
Total Bunge shareholders' equity	11,830	9,494
Noncontrolling interest	305	871
Total equity	12,135	10,365
Total liabilities and shareholders' equity	\$ 23,101	\$ 21,286

Edgar Filing: Bunge LTD - Form 10-Q

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

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(U.S. dollars in millions)

	Nine Months Ended September 30,	
	2010	2009
OPERATING ACTIVITIES		
Net income	\$ 2,073	\$ 343
Adjustments to reconcile net income to cash used for operating activities:		
Foreign exchange loss (gain) on debt	53	(594)
Gain on sale of fertilizer nutrients assets	(2,440)	-
Impairment of assets	61	-
Bad debt expense	23	41
Depreciation, depletion and amortization	326	319
Stock-based compensation expense	47	16
Recoverable taxes provision	3	41
Gain on sale of property, plant and equipment	(6)	-
Deferred income taxes	213	(163)
Equity in earnings of affiliates	(17)	(11)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(1,068)	152
Inventories	(872)	1,619
Prepaid commodity purchase contracts	(370)	19
Secured advances to suppliers	71	220
Trade accounts payable	961	(1,544)
Advances on sales	102	23
Unrealized net gain/loss on derivative contracts	(413)	(145)
Margin deposits	(228)	(348)
Accrued liabilities	177	4
Other net	(316)	(539)
Cash used for operating activities	(1,620)	(547)
INVESTING ACTIVITIES		
Payments made for capital expenditures	(754)	(596)
Acquisitions of businesses (net of cash acquired)	(138)	(22)
Proceeds from sales of fertilizer nutrients assets	3,914	-
Cash disposed in sale of fertilizer nutrients assets	(106)	-
Related party loans	(17)	(19)
Proceeds from investments	50	92
Proceeds from disposal of property, plant and equipment	5	39
Investments in affiliates	(2)	(6)
Cash provided by (used for) investing activities	2,952	(512)
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	467	(198)
Proceeds from short-term debt with maturities greater than 90 days	396	986
Repayments of short-term debt with maturities greater than 90 days	(920)	(891)
Proceeds from long-term debt	168	2,885
Repayment of long-term debt	(1,156)	(2,359)
Proceeds from sale of common shares	4	762
Repurchase of common shares	(354)	-
Dividends paid to preference shareholders	(58)	(58)
Dividends paid to common shareholders	(92)	(74)

Edgar Filing: Bunge LTD - Form 10-Q

Dividends paid to noncontrolling interest	(7)	(8)
Other	36	24
Cash (used for) provided by financing activities	(1,516)	1,069
Effect of exchange rate changes on cash and cash equivalents	(19)	87
Net (decrease) increase in cash and cash equivalents	(203)	97
Cash and cash equivalents, beginning of period	553	1,004
Cash and cash equivalents, end of period	\$ 350	\$ 1,101

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

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(Unaudited)

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

	Convertible		Accumulated								
	Preference		Additional			Other		Non -			
	Shares	Common Shares	Paid-in	Retained	Comprehensive	Treasury	Controlling	Total	Comprehensive		
<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>	<u>Income (Loss)</u>	<u>Shares</u>	<u>Interest</u>	<u>Equity</u>	<u>Income (Loss)</u>	
Balance, January 1, 2009	7,762,455	\$ 1,553	121,632,456	\$ 1	\$ 2,849	\$ 3,844	\$ (811)	\$ -	\$ 692	\$ 8,128	
Comprehensive income (loss) 2009:											
Net income (loss)	-	-	-	-	-	350	-	-	(7)	343	\$ 343
Other comprehensive income (loss):											
Foreign exchange translation adjustment, net of tax expense of \$0	-	-	-	-	-	-	996	-	169	1,165	1,165
Unrealized gains on commodity futures and foreign exchange contracts, net of tax expense of \$11	-	-	-	-	-	-	30	-	-	30	30
Unrealized investment gains, net of tax expense of \$1	-	-	-	-	-	-	2	-	-	2	2
Reclassification of realized net losses, net of tax benefit of \$30 to net income	-	-	-	-	-	-	56	-	-	56	56