

Bunge LTD
Form 10-Q
August 09, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended June 30, 2011

OR

- o 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

98-0231912

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(State or other jurisdiction of incorporation or organization)

(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 August 2, 2011 the number of shares outstanding of the registrant was:

Common Stock, par value \$.01 per share: 147,437,072

BUNGE LIMITED

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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,	
	2011	2010	2011	2010
Net sales	\$ 14,488	\$ 10,974	\$ 26,682	\$ 21,319
Cost of goods sold	(13,841)	(10,549)	(25,396)	(20,349)
Gross profit	647	425	1,286	970
Selling, general and administrative expenses	(383)	(415)	(727)	(762)
Gain on sale of fertilizer nutrients assets		2,440		2,440
Interest income	23	23	44	42
Interest expense	(70)	(101)	(142)	(179)
Foreign exchange gains (losses)	77	(49)	119	(99)
Other income (expense) net	(3)	(3)	(11)	(3)
Income from operations before income tax	291	2,320	569	2,409
Income tax expense	(20)	(542)	(63)	(551)
Equity in earnings of affiliates	41	9	41	9
Net income	312	1,787	547	1,867
Net loss (income) attributable to noncontrolling interest	4	(9)	1	(26)
Net income attributable to Bunge	316	1,778	548	1,841
Convertible preference share dividends	(9)	(20)	(17)	(39)
Net income available to Bunge common shareholders	\$ 307	\$ 1,758	\$ 531	\$ 1,802
Earnings per common share basic (Note 20)				
Earnings to Bunge common shareholders	\$ 2.08	\$ 12.21	\$ 3.61	\$ 12.68
Earnings per common share diluted (Note 20)				
Earnings to Bunge common shareholders	\$ 2.02	\$ 11.15	\$ 3.51	\$ 11.67

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Dividends per common share	\$	0.25	\$	0.23	\$	0.48	\$	0.44
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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)

	June 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 470	\$ 578
Trade accounts receivable (less allowance of \$184 and \$177) (Note 12)	3,037	2,901
Inventories (Note 5)	6,974	6,635
Deferred income taxes	169	233
Other current assets (Note 6)	4,986	5,468
Total current assets	15,636	15,815
Property, plant and equipment, net	5,840	5,312
Goodwill (Note 7)	1,021	934
Other intangible assets, net	217	186
Investments in affiliates (Note 8)	602	609
Deferred income taxes	1,297	1,200
Other non-current assets (Note 9)	1,895	1,945
Total assets	\$ 26,508	\$ 26,001
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 906	\$ 1,718
Current portion of long-term debt (Note 13)	614	612
Trade accounts payable	3,404	3,637
Deferred income taxes	150	262
Other current liabilities (Note 10)	3,275	3,775
Total current liabilities	8,349	10,004
Long-term debt (Note 13)	3,504	2,551
Deferred income taxes	79	84
Other non-current liabilities	825	808
Commitments and contingencies (Note 16)		
Equity: (Note 17)		
Convertible perpetual preference shares, par value \$.01; authorized, issued and outstanding:		
2011 and 2010 6,900,000 shares (liquidation preference \$100 per share)	690	690
Common shares, par value \$.01; authorized 400,000,000 shares; issued:		
2011 147,344,609 shares, 2010 146,635,083 shares	1	1
Additional paid-in capital	4,831	4,793
Retained earnings	6,613	6,153
Accumulated other comprehensive income (Note 18)	1,224	583
Total Bunge shareholders' equity	13,359	12,220

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Noncontrolling interest (Note 19)		392		334
Total equity		13,751		12,554
Total liabilities and equity	\$	26,508	\$	26,001

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)

	Six Months Ended June 30,	
	2011	2010
OPERATING ACTIVITIES		
Net income	\$ 547	\$ 1,867
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Foreign exchange loss (gain) on debt	(78)	225
Gain on sale of fertilizer nutrients assets		(2,440)
Impairment of assets		12
Bad debt expense	9	16
Depreciation, depletion and amortization	247	215
Stock-based compensation expense	26	34
Gain on sale of property, plant and equipment	(3)	
Deferred income taxes	(136)	202
Equity in earnings of affiliates	(41)	(9)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(64)	(645)
Inventories	(86)	(80)
Prepaid commodity purchase contracts	(285)	(126)
Secured advances to suppliers	46	67
Trade accounts payable	(353)	522
Advances on sales	144	20
Unrealized net gain/loss on derivative contracts	129	15
Margin deposits	390	153
Accrued liabilities	(78)	179
Other net	(150)	(386)
Cash provided by (used for) operating activities	264	(159)
INVESTING ACTIVITIES		
Payments made for capital expenditures	(454)	(547)
Acquisitions of businesses (net of cash acquired)	(83)	(133)
Proceeds from sales of fertilizer nutrients assets		3,886
Cash disposed in sale of fertilizer nutrients assets		(106)
Related party loans	7	(7)
Proceeds from investments	75	28
Payments for investments	(22)	
Proceeds from disposal of property, plant and equipment	47	3
Investments in affiliates	(10)	(2)
Cash provided by (used for) investing activities	(440)	3,122
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	(294)	219
Proceeds from short-term debt with maturities greater than 90 days	439	267
Repayments of short-term debt with maturities greater than 90 days	(983)	(852)
Proceeds from long-term debt	1,377	132

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Repayments of long-term debt	(440)		(306)
Proceeds from sale of common shares	16		2
Repurchase of common shares			(86)
Dividends paid to preference shareholders	(17)		(39)
Dividends paid to common shareholders	(68)		(60)
Dividends paid to noncontrolling interest	(9)		1
Capital contributions from noncontrolling interest	53		27
Financing related fees	(20)		
Other	4		(6)
Cash provided by (used for) financing activities	58		(701)
Effect of exchange rate changes on cash and cash equivalents	10		(44)
Net increase in cash and cash equivalents	(108)		2,218
Cash and cash equivalents, beginning of period	578		553
Cash and cash equivalents, end of period		\$	470
		\$	2,771

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

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

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

	Convertible Preference		Common Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non - Controlling Interest	Total Equity	Comprehensive Income (Loss)
	Shares	Amount	Shares	Amount							
Balance, January 1, 2010	7,762,455	\$ 1,553	134,096,906	\$ 1	\$ 3,625	\$ 3,996	\$ 319	\$	\$ 871	\$ 10,365	
Comprehensive income (loss) 2010:											
Net income						1,841			26	1,867	\$ 1,867
Other comprehensive income (loss):											
Foreign exchange translation adjustment, net of tax expense of \$0							(346)		(45)	(391)	(391)
Unrealized gains on commodity futures and foreign exchange contracts, net of tax expense of \$0										1	1
Unrealized investment gains, net of tax expense of \$0										(1)	(1)
Other postretirement healthcare subsidy tax deduction adjustment										2	2
Total comprehensive income (loss)						1,841	(344)		(19)	\$	1,478
Dividends on common shares						(64)					(64)
Dividends on preference shares						(39)					