



Sugar & Bioenergy

Ben Percy

*Managing Director, Sugar & Bioenergy and
Chief Development Officer, Bunge Limited*

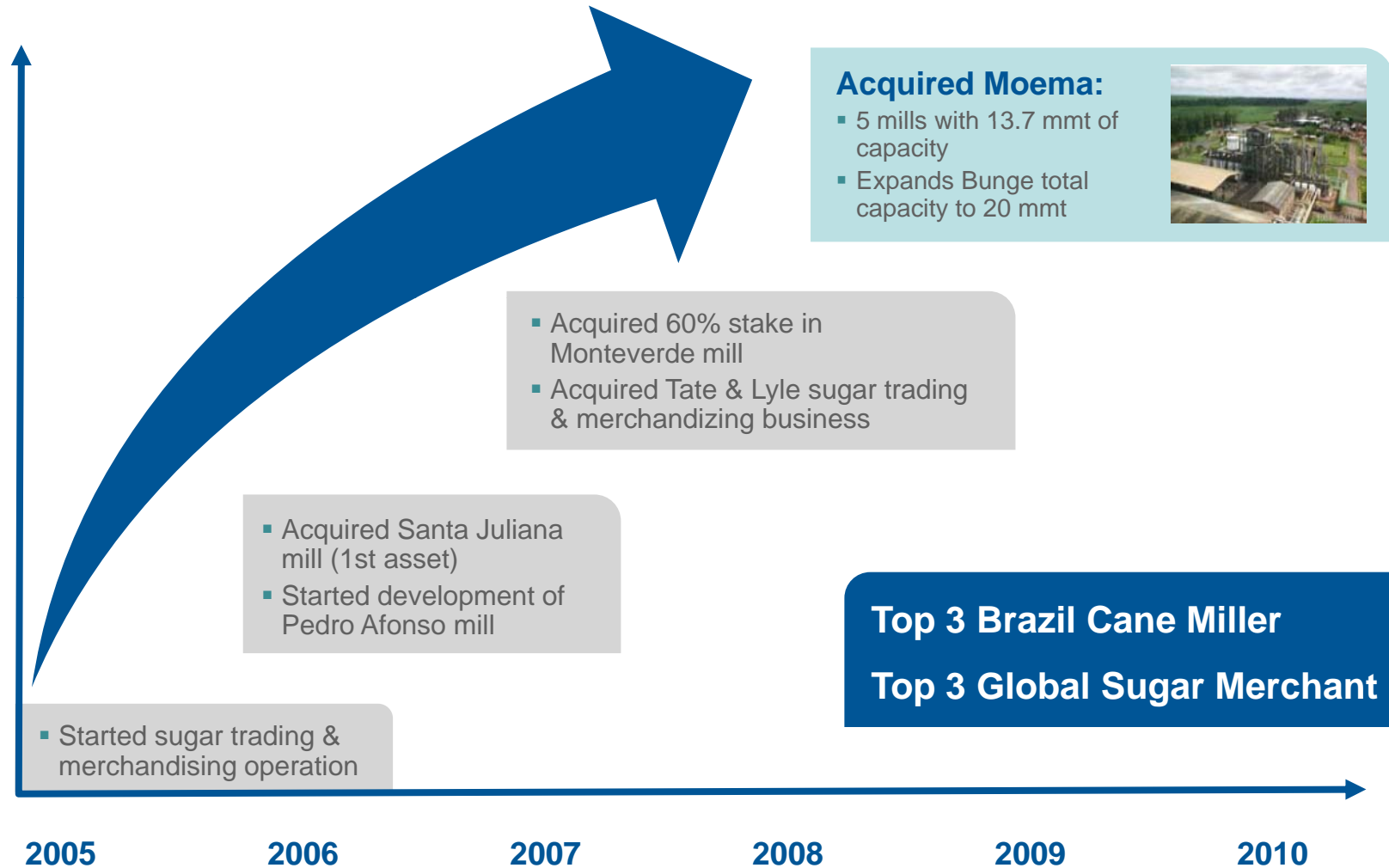
September 23, 2010

Bunge Investor Day

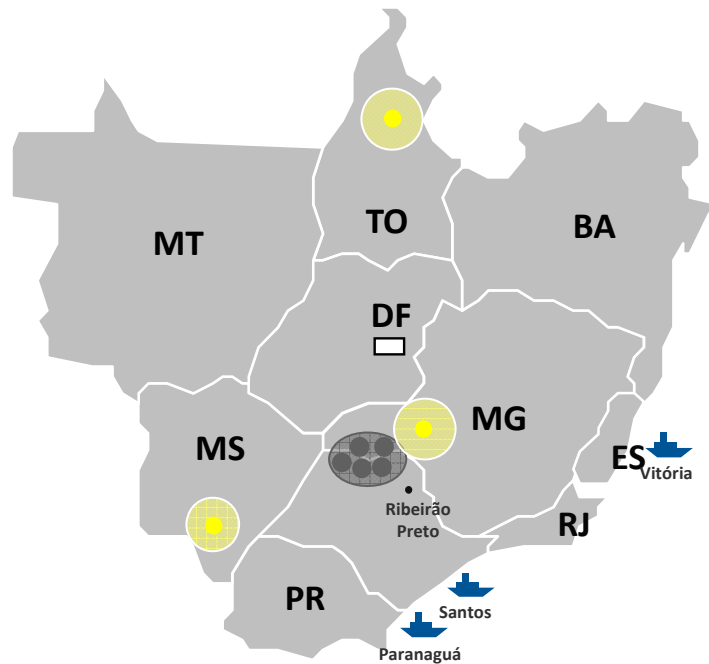
Profile



We are building the business through a combination of greenfield investment and acquisition



Bunge has established a strong production base in Brazil with modern, flexible and efficient mills



- Moema mills
- Bunge mills (existing or under construction)

Original Bunge Mills



Pedro Afonso (TO)



Santa Juliana (MG)



Monte Verde (MS)

Additional Mills from Moema Group



Moema (SP)



Frutal (MG)



Ouroeste (SP)



Itapagipe (MG)

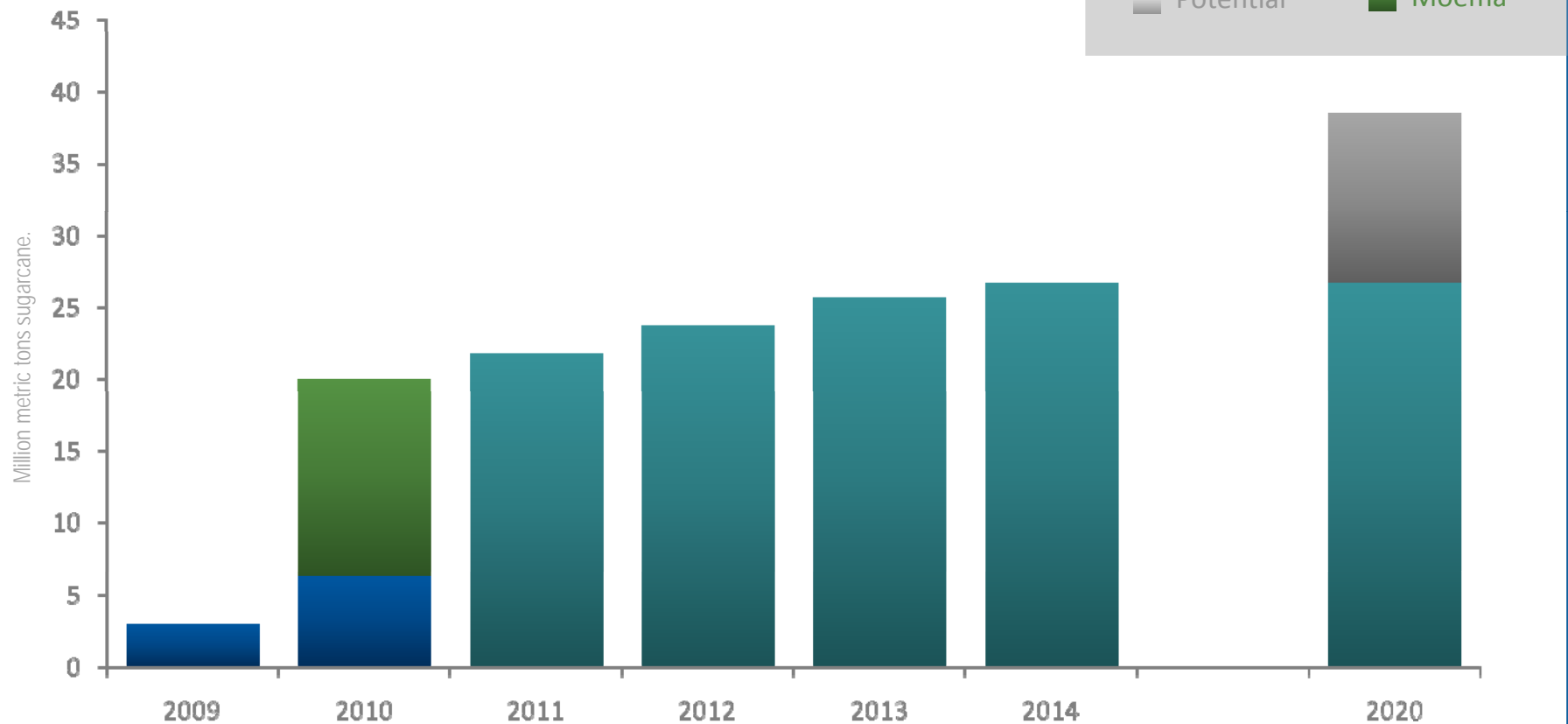


Guariroba (SP)

Note: Map not drawn to scale.

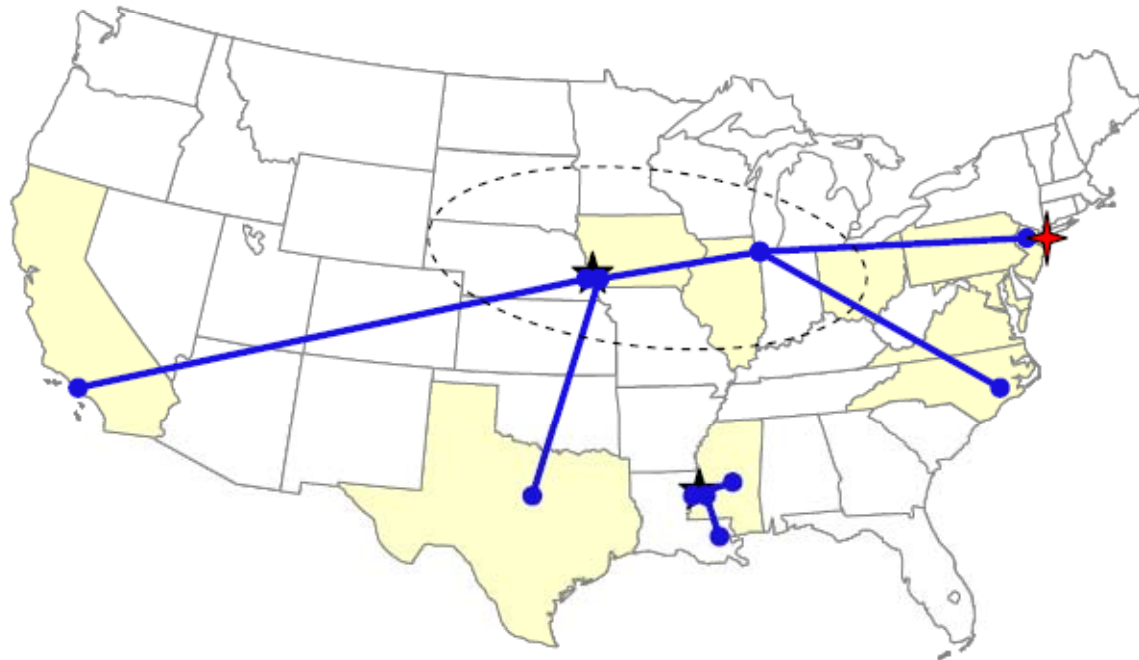
Bunge has the capability to double capacity using only existing mills

Expected Evolution of Bunge Sugarcane Milling Capacity



Includes forecast capacity at Bunge's Sta. Juliana, Monteverde and Pedro Afonso mills, as well as Moema's share of capacity.

Bunge has investments in two U.S. corn ethanol plants, with strong distribution networks



- ★ Ethanol Plant
- ✦ Throughput facility

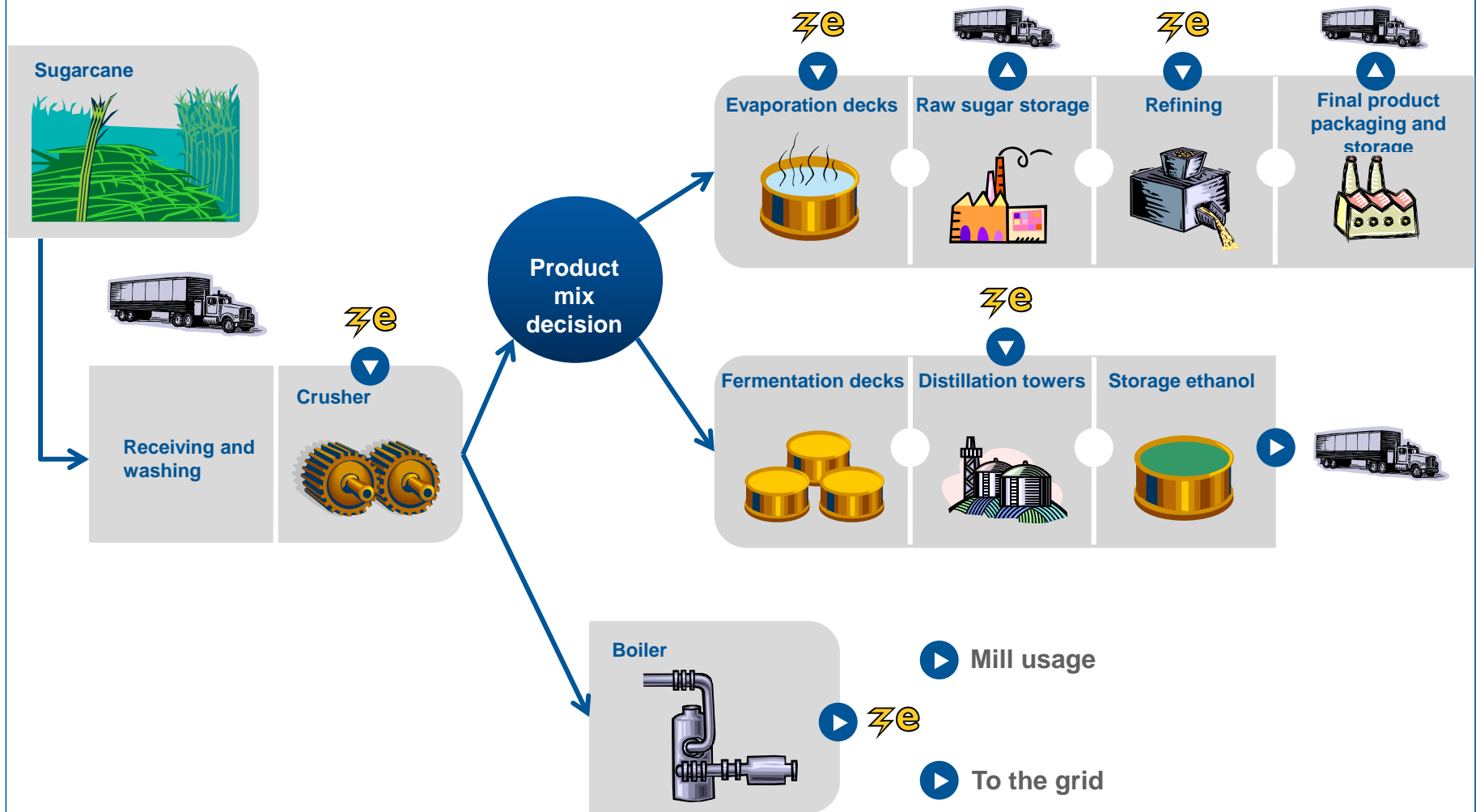
**Bunge produces
480m liters of
ethanol in the US**



Markets

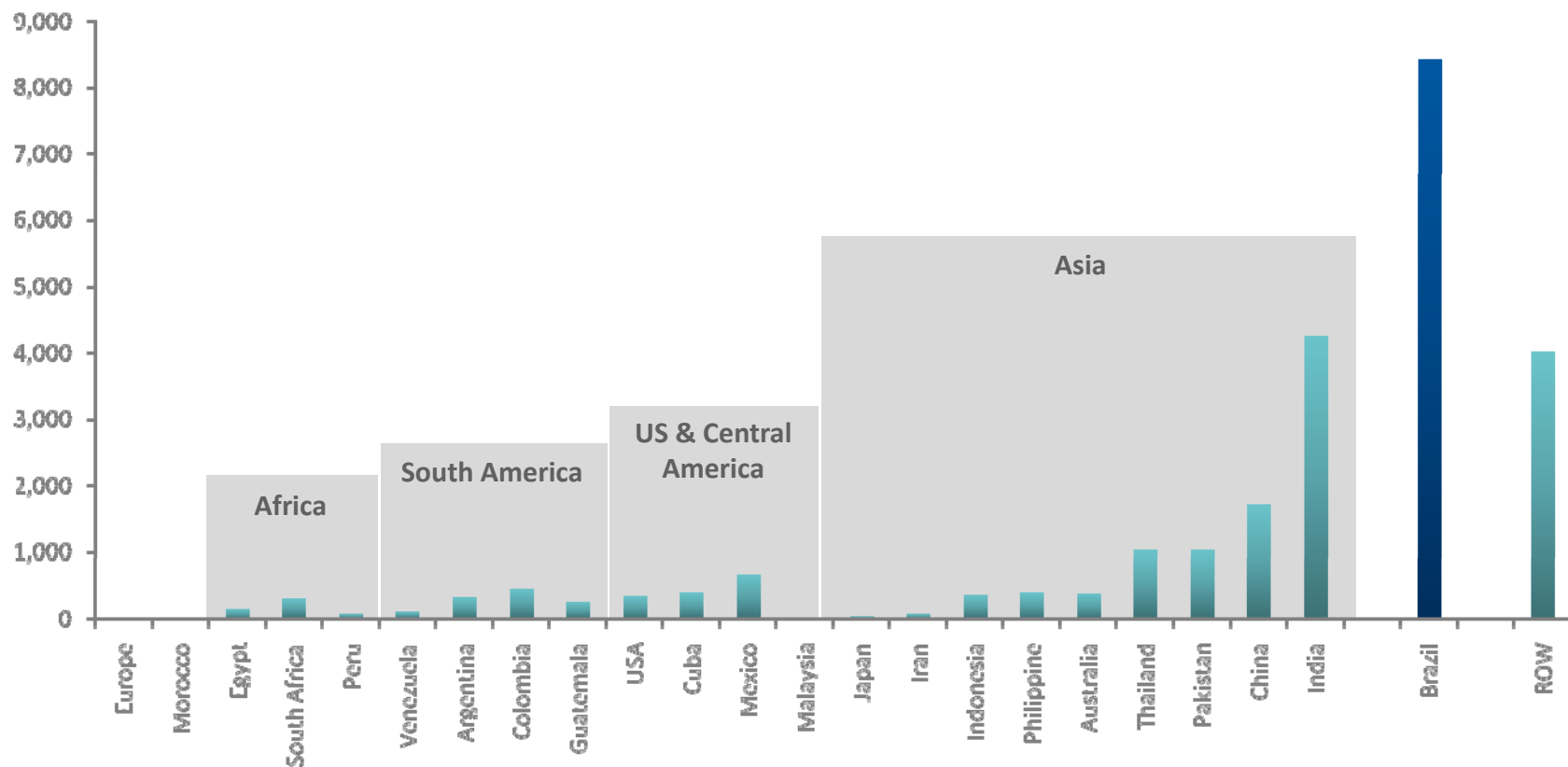


Sugarcane milling generates not just sugar, but three principal outputs: **sugar, ethanol, and power**



As a result, Brazil has become the dominant global sugarcane producer

Sugarcane planted area – Harvest 09/10*
(‘000 ha)



Source: FAPRI 2010 Agronomical Outlook

*Areas projected for this harvest

Sugarcane industry has solid fundamental demand and potentially significant longer-term upside as a renewable energy source

Today

Market: Brazilian power (cogeneration)

- Strong demand and attractive pricing

Market: Brazilian ethanol (flex-fuel)

- Very strong mid-term growth trends (8%+ pa)

Market: International Sugar

- Strong underlying growth trends
- Brazil the low-cost supplier
- Expanding global trade

Potential

Market: Industrial biotech

- Biomaterials (e.g. PET...)
- Significant new demand for Brazilian cane
- Timeframe: Beyond 2012

Market: Advanced fuels

- Biodiesel (EU), kerosene, butanol...
- Significant new demand for Brazilian cane
- Timeframe: Beyond 2012

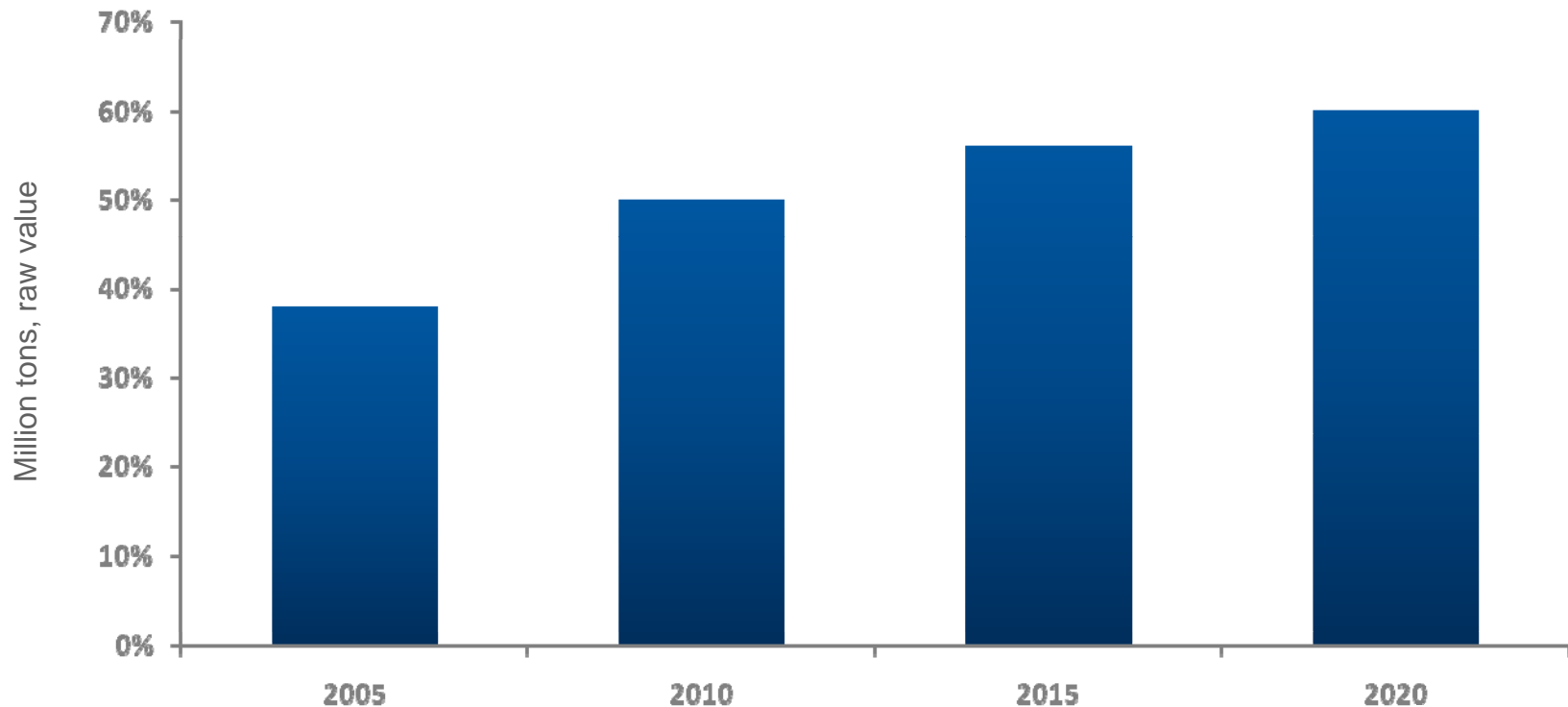
Market: International ethanol

- E.g., US RFS (Renewable Fuel Standard)
- Significant new demand for Brazilian ethanol
- Timeframe: Beyond 2012



Brazil is the leading exporter of sugar and is expected to increase its share as global demand grows

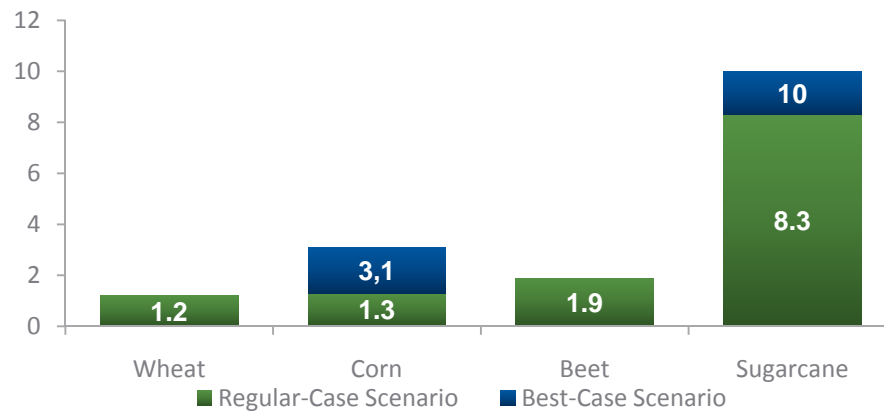
Brazil Sugar Exports as a Percentage of Global Trade



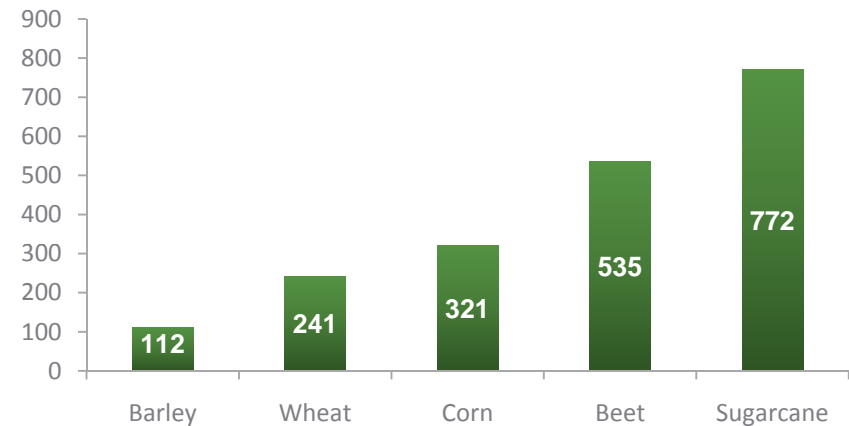
Brazil produces about 20% of world's sugar, but accounts for close to 50% of exports today. This is forecast to increase to 60% by 2020.

Sugarcane has favourable characteristics as a renewable energy source

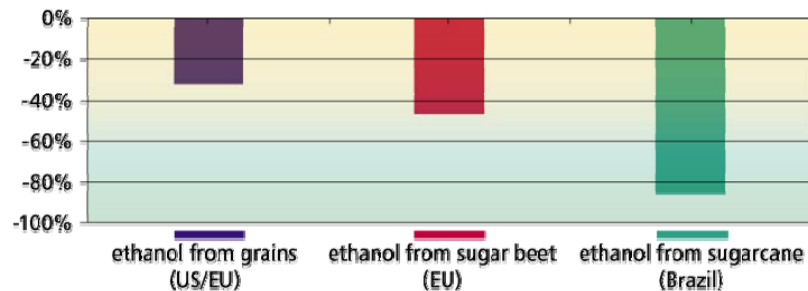
Energetic Return – (Input – Output)



Ethanol Production (10x liters/ ha)



Greenhouse Gas Balance on Life Cycle Basis

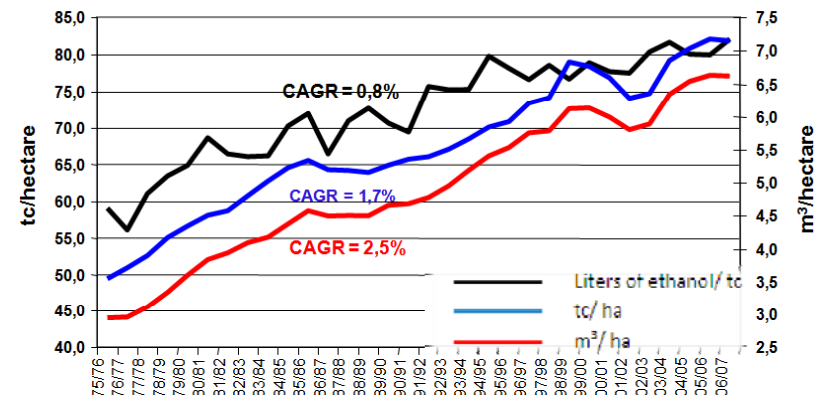


Note: Reductions in well-to-wheel CO₂-equivalent GHG emissions per km, from bioethanol compared to gasoline, calculated on a life-cycle basis.

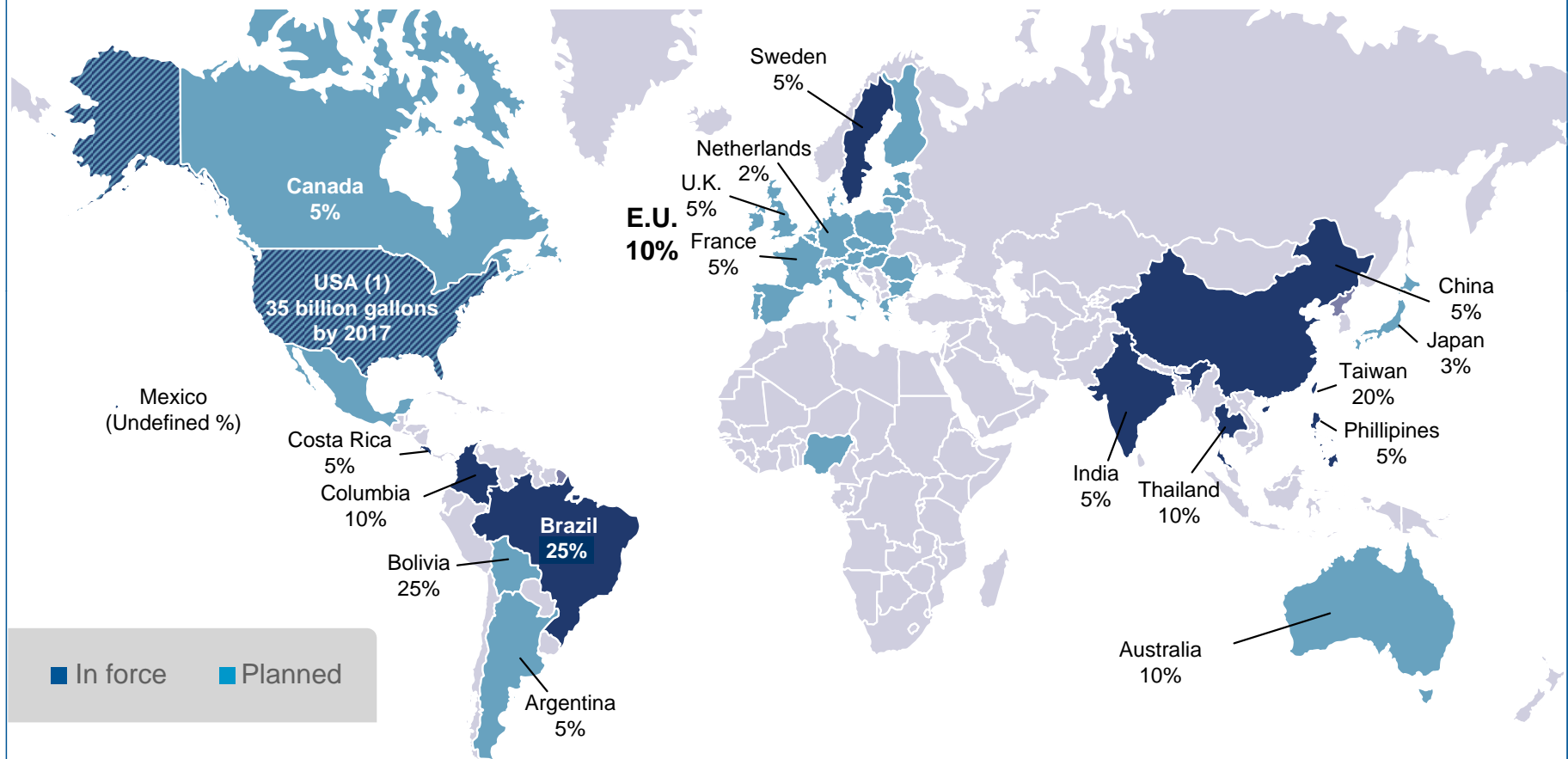
Source: IEA – International Energy Agency (2004).

Data compiled: by Icone and Unica.

Historical Productivity Increase



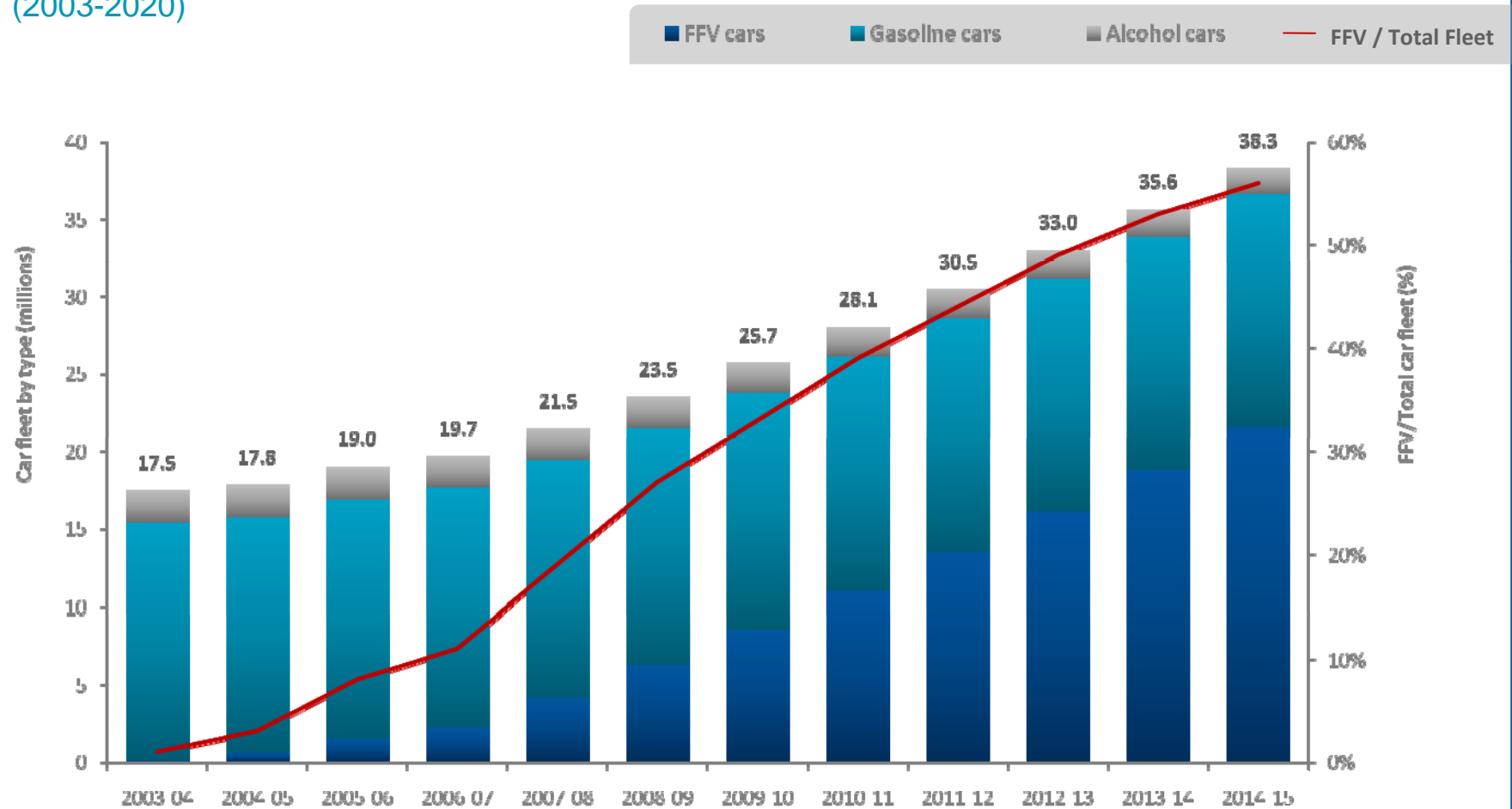
Ethanol markets are largely domestic today; however, growth in exports could become a future opportunity



Countries representing approximately 80% of global petroleum demand are introducing blending targets

The Brazilian flex-fuel fleet has gained critical mass faster than expected

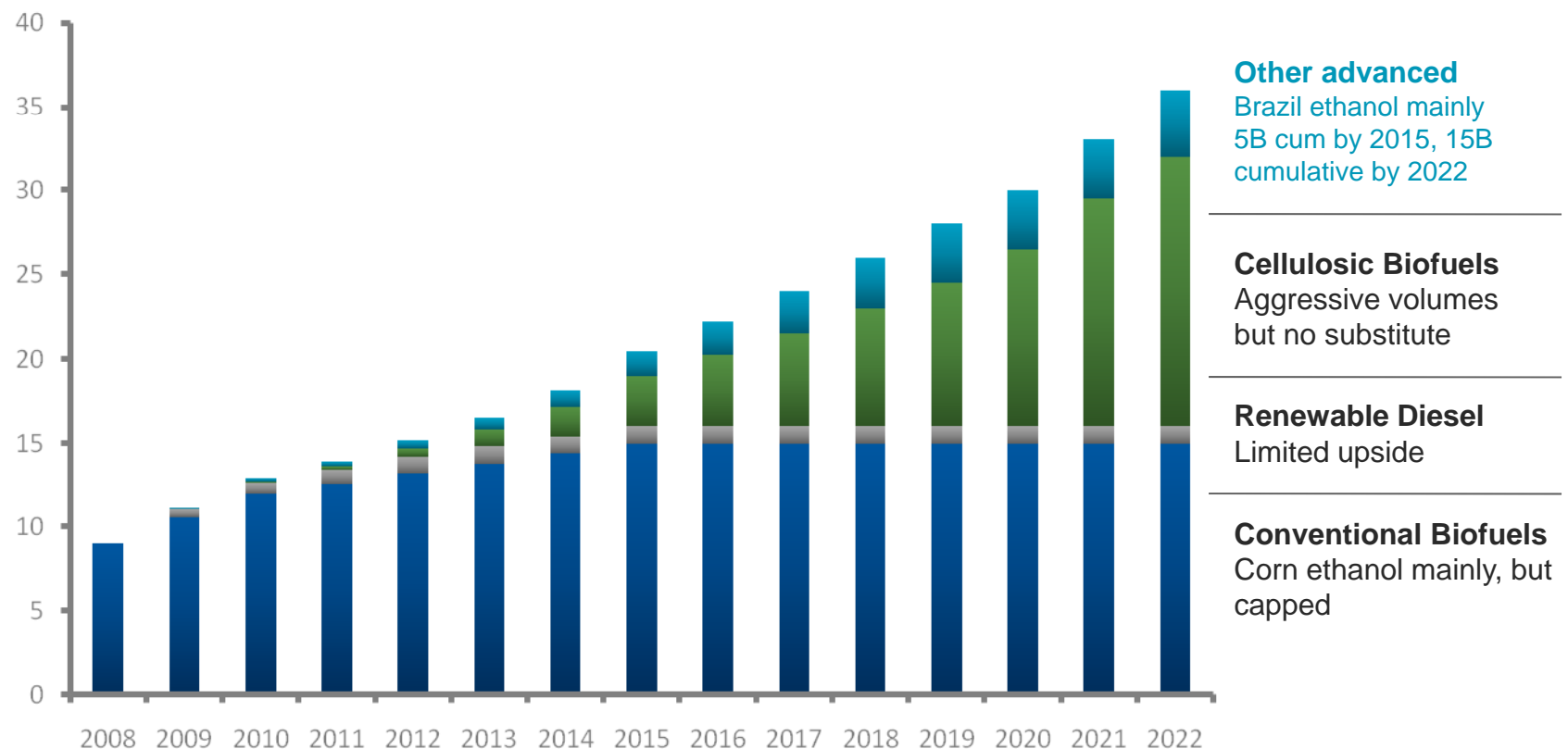
Brazilian vehicle fleet projections by fuel type
(2003-2020)



Source : Bunge

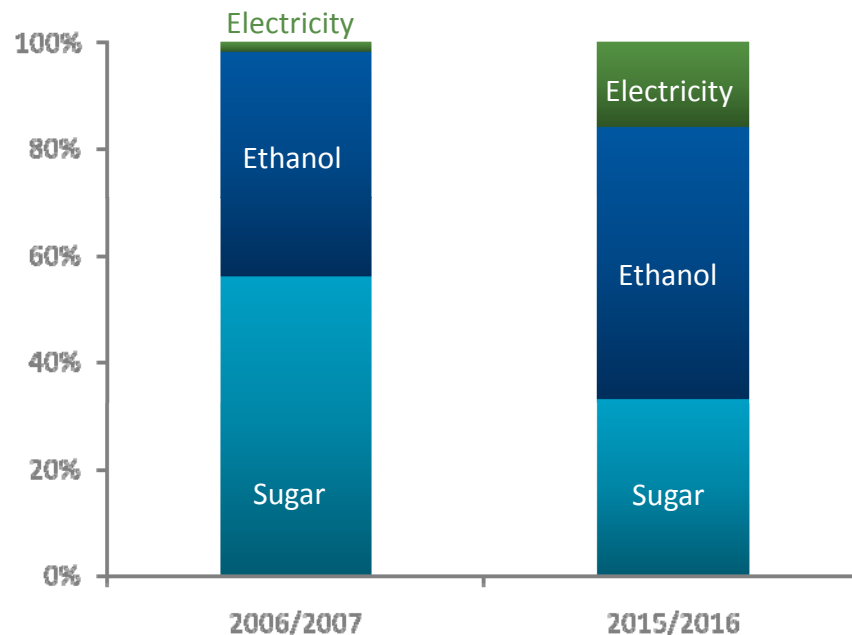
Based on today's commercial options, ethanol from sugarcane is well positioned to fulfil US RFS2 advanced fuel mandate

US Renewable Fuels Standards 2 (Billions of Gallons)



Co-generation is expected to become an important source of revenues for millers

Revenue mix of average sugar mill



- Mills provide electricity during dry season when reservoirs from hydropower plants are low
- Energy is sold directly to large customers or at auctions to power companies
- Provides cash flow stability
 - EBITDA margins in 80-90% range
 - Over time could provide between 15-20% revenue contribution
- High initial capital cost to install generation equipment and transmission lines to grid

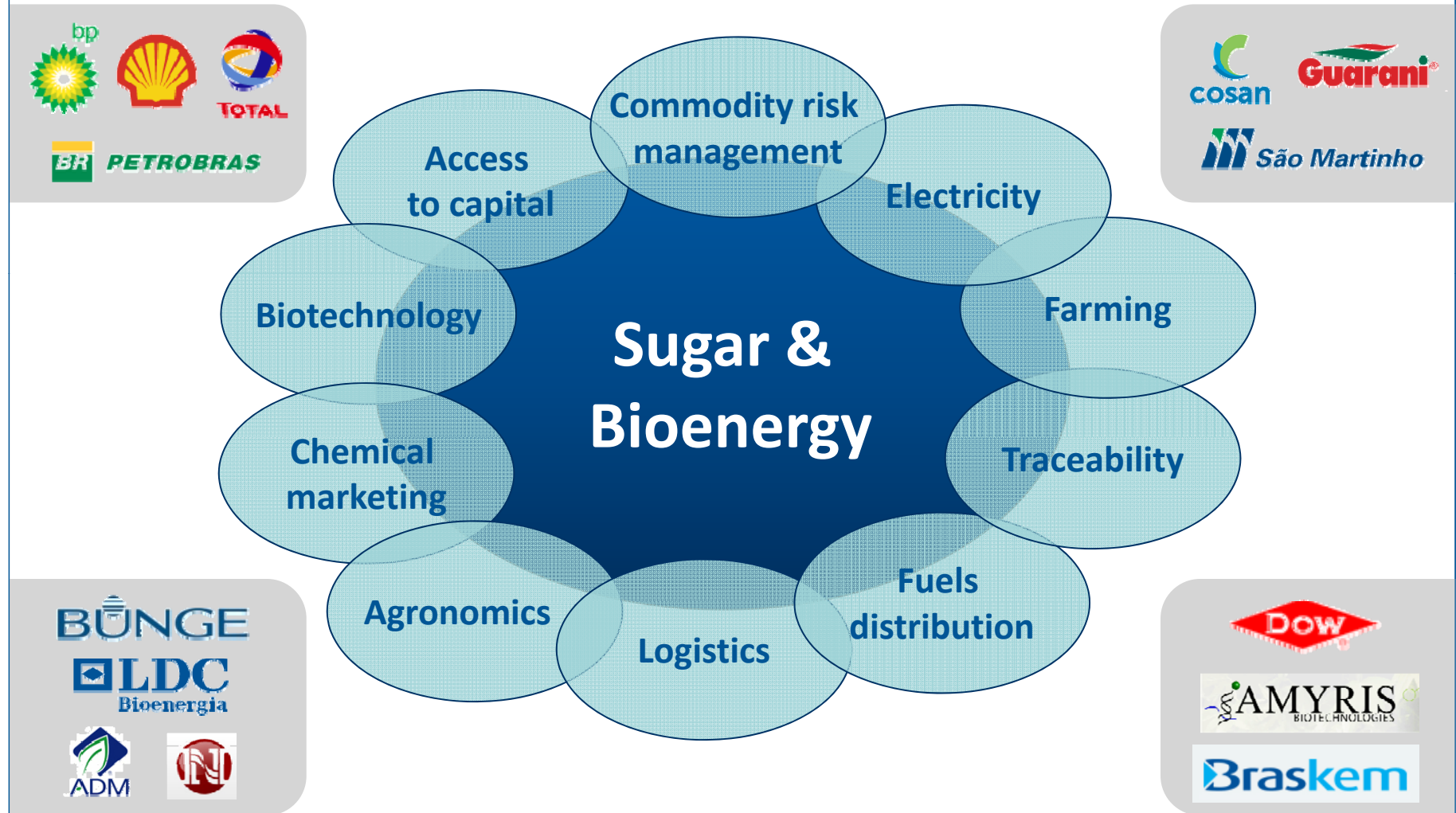
Milling 4 mmt of cane can produce electricity equivalent to consumption of a Brazilian city of 300,000 inhabitants

Note: Consumption figures assumes Brazilian parameters and 200 day crush season
Source: UNICA

Industry experts expect a strong combined pull for Brazilian sugarcane in the next decade

| Forecast | UNICA (Apr 2010) | | |
|---|---------------------|---------------|---------------|
| | 2009/10 | 2015/16 | 2020/21 |
| Sugarcane production (million t) | 598 | 829 | 1,038 |
| Sugar (million t) | 33 | 41 | 45 |
| Domestic Market and Stocks | 9 | 11 | 12 |
| Surplus Export | 24 | 30 | 33 |
| Ethanol (billion l) | 26 | 47 | 65 |
| Domestic Market and Stocks | 22 | 35 | 50 |
| Surplus Export | 3 | 12 | 16 |
| Cogeneration (MW avg) | 1,800 | 11,500 | 14,400 |

Accelerating interest in cane from a wide range of industries and players

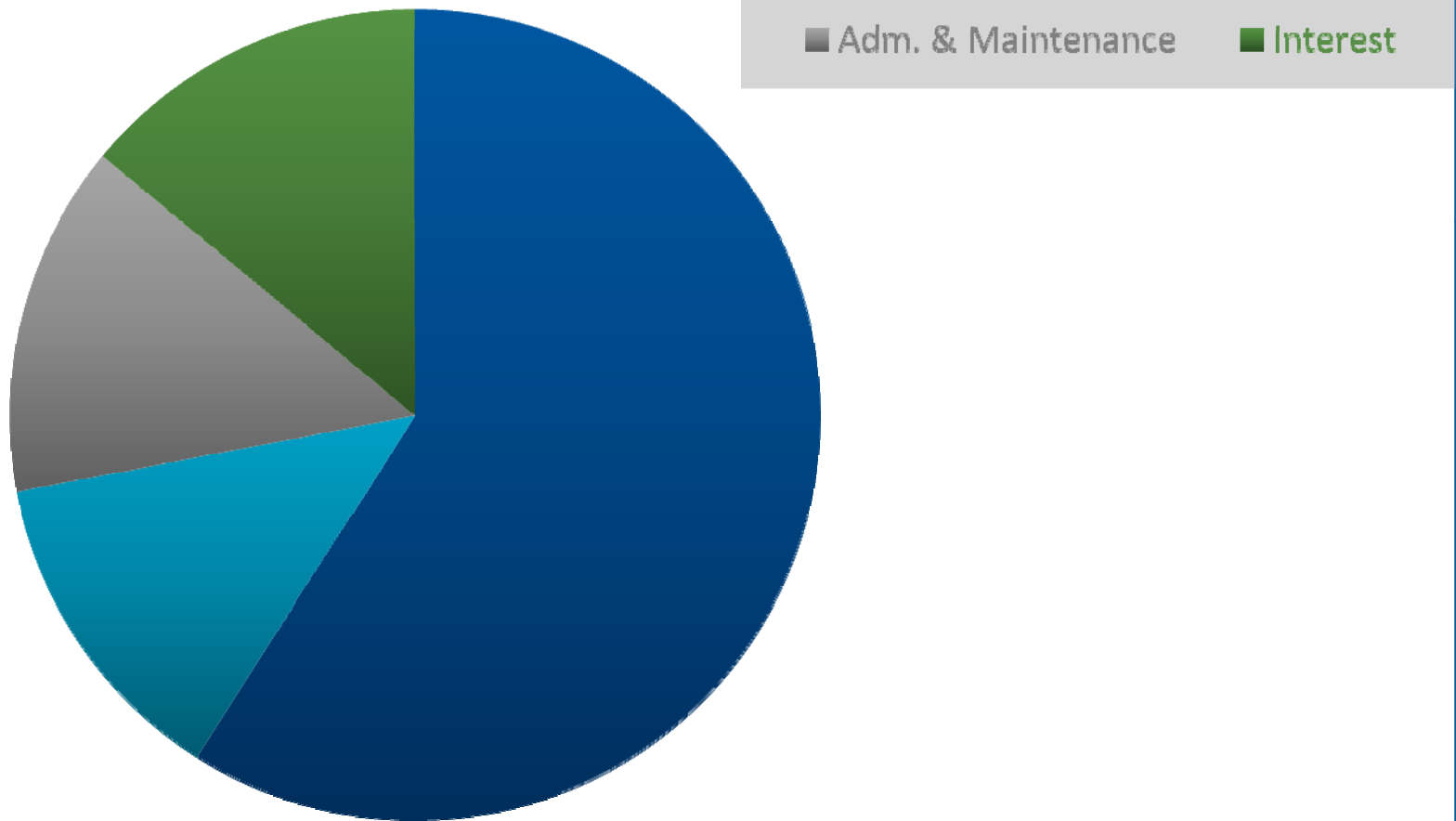


Key Success Factors



Agricultural operations represent the largest part of a Brazilian millers costs

Standard cost of sugar cane mill in Brazil



Sourcing decision: own cane versus third party

Third Party Cane

Pros

- Consecana pricing provides hedge against lower prices
- Lower capital employed in agriculture
- Lower operational complexity

Cons

- Risk of raw material shortage
- Limits upside at times of high prices
- Constrains forward hedging as supply cost not known
- Growers prefer to deliver at peak TRS slot (July-Sep)

Own Cane

Pros

- Guaranteed supply
- Allows forward hedge at time of high prices
- Yield improvement and mechanization
- Optimizes mill utilization by integrated planning

Cons

- Higher capital employed
- Agricultural operational risk
- Higher exposure to low product prices



In 2011, Bunge expects to source about **35% third party cane** and **65% own cane**

In Brazil, scale is a key source of advantage at the cluster and industry level

Benefits of Scale in Clusters

Lower Cane cost

- Optimization of cane sourcing across multiple mills

Fixed costs savings

- Main mill has shared service center

Lower capital costs

- Shared sugar and ethanol storage and transmission lines

Benefits of Scale in industry

Logistics network efficiency

- Road/rail transshipment
- Pipelines
- Port facilities

Marketing leverage as a reliable supplier

Input purchases

- Fertilizer
- Equipment

Technology alliances

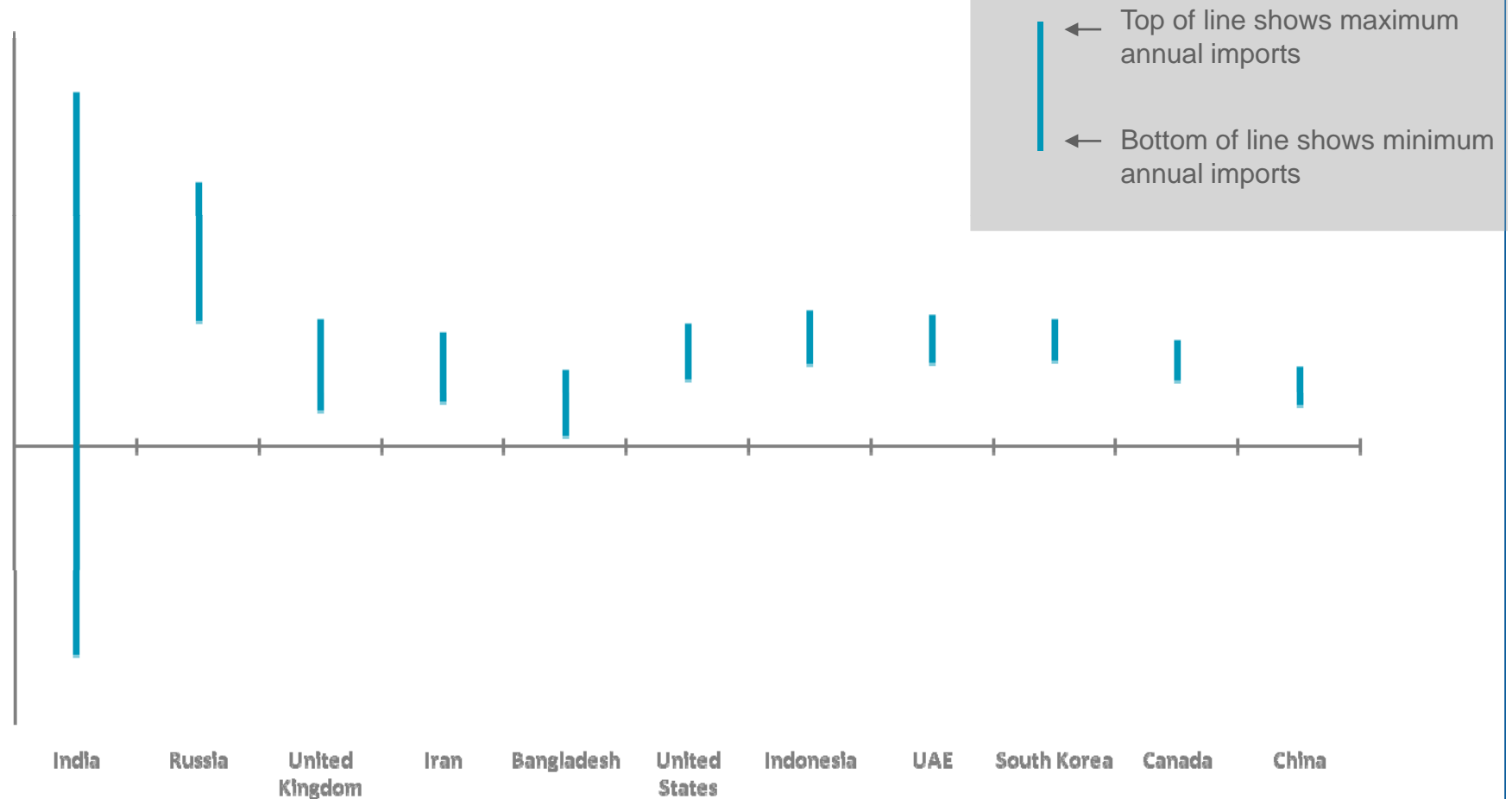
Product marketing and risk management

| | Marketing | Risk Management |
|-------------|---|---|
| Sugar | <ul style="list-style-type: none"> • VHP* raw sugar for export typically sold FOB to trade houses under frame contracts • Crystal sugar sold to domestic food manufacturers under frame contracts | <ul style="list-style-type: none"> • Future sales can be hedged via NY#11 market • Brazil a delivery point for NY#11 • Trade houses also provide forward pricing tools |
| Ethanol | <ul style="list-style-type: none"> • Ethanol sold ex-mill to fuel distributors on monthly basis under frame contracts • Exports sold FOB to trade houses on opportunistic basis | <ul style="list-style-type: none"> • Mostly spot pricing linked to local ESALQ index • Emerging futures market in Sao Paulo • Storage used to capture intercrop premiums |
| Electricity | <ul style="list-style-type: none"> • Electricity sold under very long-term contracts • Government auctions for “new energy” with 10 year timeframe • Surplus sold spot | <ul style="list-style-type: none"> • Long-term contracts at inflation adjusted price in R\$ • Spot market very volatile |

Sugar demand is relatively stable; swings in supply typically drive price

Maximum and Minimum Raw Sugar Imports

(05/06 – 09/10)

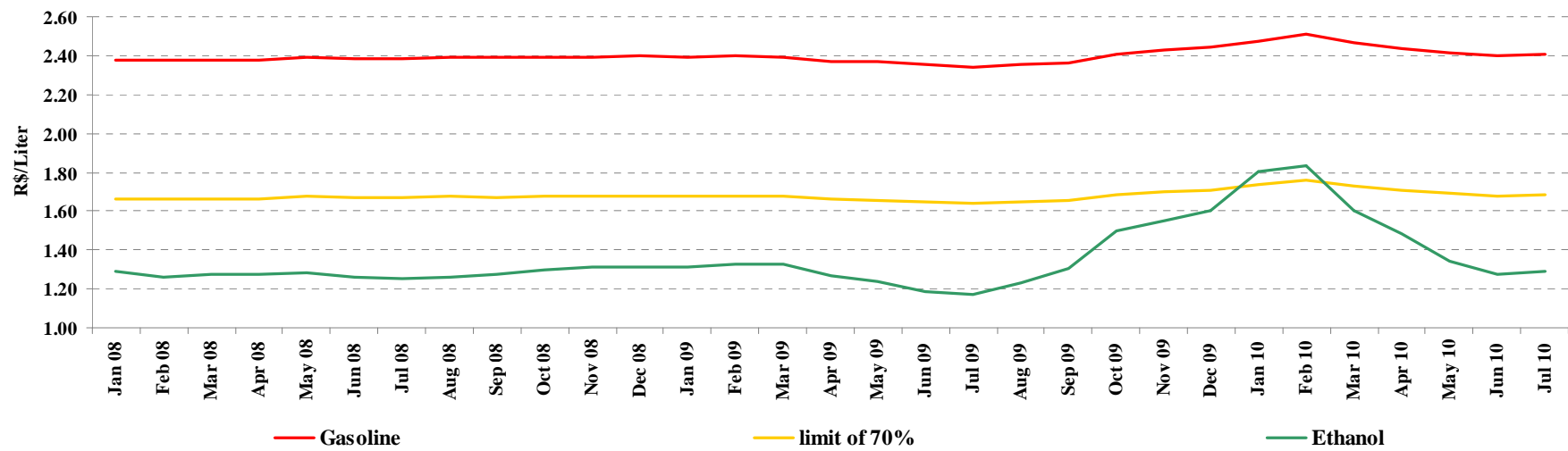


Source: LMC: Bunge analysis

Domestic ethanol trades basis gasoline prices at the pump in Brazil

- The Brazilian government has held gasoline prices stable in local currency since September 2005 despite volatility in global prices
- Ethanol has 70% of the energy content of gasoline
- Ethanol must be priced below 70% to attract demand
- Actual ethanol price reflects balance of capacity and demand
- Growing flex-fuel demand base likely to move ethanol closer to 70% level over time

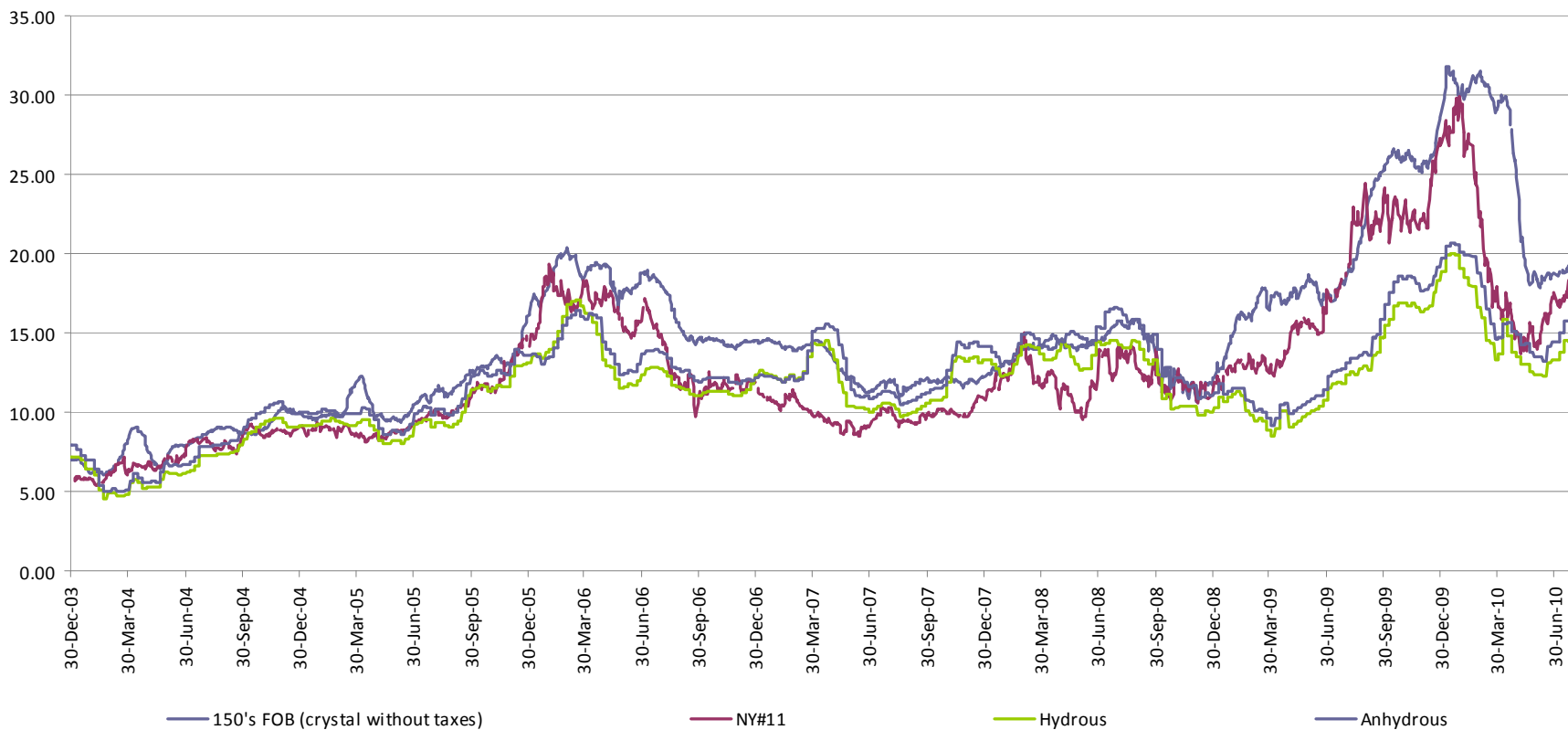
Gasoline and Hydrous Ethanol Price evolution: R\$ per liter at pump in SP State



Sugar and ethanol are correlated but decouple frequently creating opportunities for flexible millers

Sugar and ethanol prices
(2003 – June 2010)

in CUS\$/Lb equivalents



Source: Esalq, Ice and Bunge

Not only do Bunge's mills source significant own cane, they are also flexible, mechanized and have significant co-gen

8 Mills in 4 states with high growth potential

- 3 Mills in Sao Paulo State: Moema, Guariroba, Ouroeste
- 3 Mills in Minas Gerais: Santa Juliana, Frutal, Itapagipe
- Other: Monte Verde in Mato Grosso do Sul; Pedro Afonso in Tocantins
- 2011 Capacity: 21.8M mtpa; Crush: 19M mtpa
- Expansion potential: ~40M mtpa

Secure, efficient cane access

- Own cane: 65% - one of the highest in the industry
- Total cane managed: ~200,000 ha
- Mechanized harvest: ~90%

Flexible product output

- 2011 sugar production ~1M mtpa; Ethanol production ~1M m3
- 2011 anticipated output: ~40% sugar; ~60% ethanol
- Swing capacity: 10% of capacity
- Co-gen capacity: ~60MW; Co-gen sales: ~360,000 MWh

Strategy



Strategic Objectives

Build top 3 position in Brazilian cane milling industry

- Brazilian cane will be the low cost winner
-

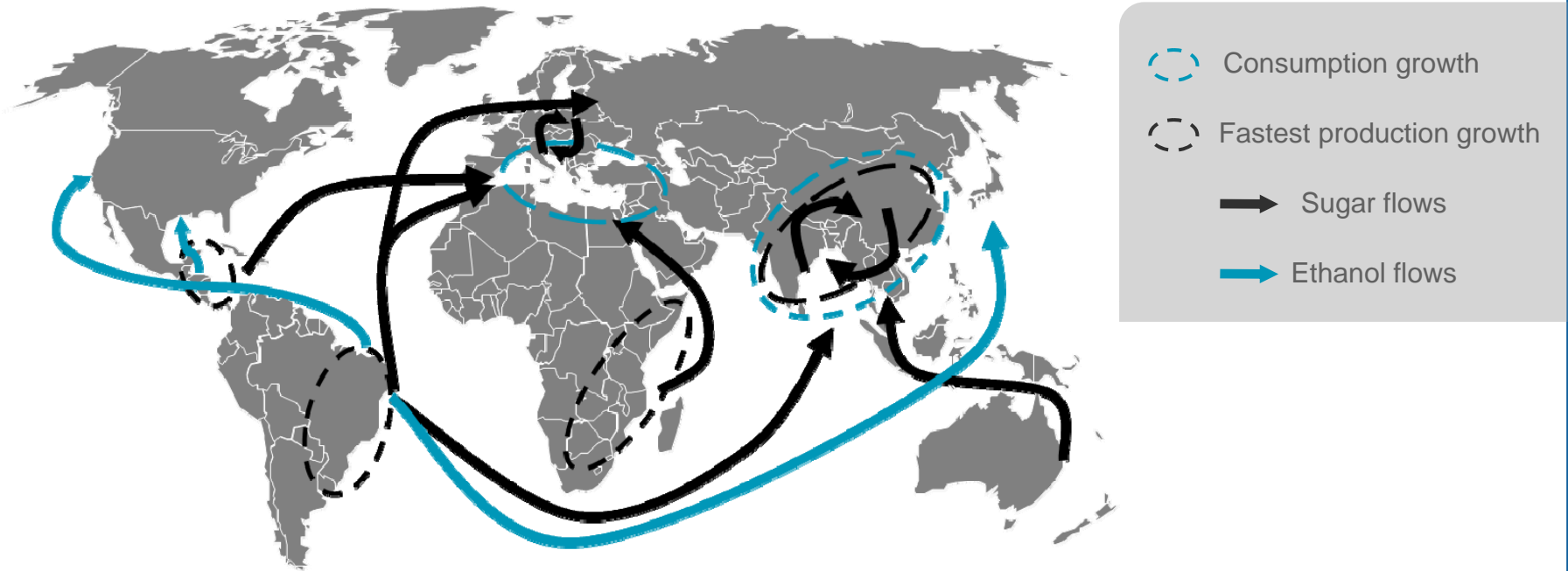
Build top 3 position in global sugar and ethanol trading & merchandising

Develop integrated global value chain supported by selected upstream and downstream investments outside Brazil

- Leverage Bunge's global network
-

Build global relationships with technology providers and fuel/chemical industry

Leading players will be global



Business model of leading sugar player

- Global footprint
- Low cost production assets
- Meaningful share of global trade
- Integrated value chain
- Robust risk management

Conclusion

- This is an industry with extremely strong fundamentals in both growth and upside potential

- Brazil is the clear economic winner in cane production

- Value chain is complex and sophisticated, risk management is essential - plays to Bunge's core skills and allows us to build competitive advantage

- Agriculture is a key value driver and requires new capabilities, which we are developing

- Flex-fuel and the global drive for renewable fuels was an inflexion point in the Brazilian cane industry

- Technology may cause additional inflexion points and players need to be positioned to adapt and leverage new opportunities



Thank you.