



**syngenta**

# Third Quarter 2016 Results TRANSCRIPT

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# Corporate participants

## **Jennifer Gough**

Syngenta – Head of Investor and Media Relations

## **Erik Fyrwald**

Syngenta – Chief Executive Officer

## **Mark Patrick**

Syngenta – Chief Financial Officer

# Presentation

## Operator

This is conference # 77543804.

## Operator

Good morning ladies and gentlemen and thank you for standing by. Welcome to the Syngenta 2016 third quarter trading statement. At this time all participants in are in a listen only mode. There will be a presentation followed by a question and answer session at which time if you wish to ask a question you will need to press star then one on your telephone and wait for your name to be announced. I must advise you that this conference is being recorded today, Tuesday October 25, 2016. I would now like to hand the conference over to your speaker today, Jennifer Gough. Please go ahead.

## Jennifer Gough

Good morning and welcome to the call. Today's call is hosted by Erik Fyrwald, CEO and Mark Patrick, CFO. Slides that accompany the presentation are available on our website.

Let me draw your attention to the Safe Harbor statement on slide 1. This presentation contains forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from these statements. We refer you to Syngenta's publicly available filings with US SEC for details about these and other risks and uncertainties.

And let me now hand you over to Erik to begin the presentation on slide number 3.

## Erik Fyrwald

Good morning. While this is a challenging year for the industry, our business is holding up well, supported by new products and the strength of our sales teams worldwide. Looking at the highlights, third quarter sales were up 2 percent at constant exchange rates excluding the sales terms change in Brazil. The currency impact on reported sales was neutral, after seven consecutive quarters of negative impact. We saw solid growth in the northern hemisphere while a decline in LATAM was due to the change in terms and to weak sales in Brazil.

On the right of the slide you can see the growth rates for the quarter and for the first nine months. Robust pricing continued into the third quarter and was largely, although not exclusively, currency-related.

Turning now to more detail on the performance by region – slide 4.

North America has had a record year for corn production but farm incomes remain under pressure. In this context we were pleased to see sales growth of 11 percent despite the final impact from the deliberate reduction in solo glyphosate, which negatively impacted global sales growth by 2 percent. This reflects the success of our weed management solutions led by the new corn herbicide ACURON.

In Europe, Africa and the Middle East, growth of 8 percent reflected a strong crop protection performance on specialty crops such as grapes. In addition there was also late season demand for fungicides on cereals, following a difficult second quarter when the weather prevented applications. In the CIS, we continued to raise prices to offset the impact of currency depreciation and were still able to sustain good volume growth in crop protection.

As anticipated when we last spoke, Asia Pacific saw a strong rebound as El Nino receded. There was broad-based growth in crop protection and good demand for corn seed in ASEAN and South Asia.

In Latin America, sales excluding the Brazil sales terms impact were 10 percent lower. We were able to raise prices in Brazil to compensate for last year's depreciation of the Real. However, the insecticides market continued to be weak and the previous season's drought affected sales of fungicides. On the seeds side, we delivered a strong corn performance in both Brazil and Argentina.

Slide 5 gives a little more color on the performance and outlook in Latin America. In the north, we have seen strong growth in Mexico, notably in vegetables, where grower profitability is benefiting from buoyant export markets. Sales in Venezuela continue to be suspended with our existing exposure largely provisioned.

In Brazil, the credit situation remains tight in the Cerrados region where, on top of the economic crisis, farm incomes have been affected by the drought. In the fourth quarter, which is the peak season, we will no longer have headwinds from either the sales terms or

from glyphosate. In addition, our performance will benefit from the currency stability and from a low base of comparison in 2015.

In Latin America South, demand in Argentina has picked up in response to the lifting of export taxes and therefore field crop acreage is expanding. Our portfolio is performing well and we look forward to the launch of our new fungicide ADEPIDYN before the year end.

Turning now to slide 6, I'd like to say a few words about how pleased I am with our business in Europe, Africa and the Middle East. Sales for the first nine months are up 3 percent, after a first half which saw adverse weather in Western Europe. This led to delayed applications and a contraction of the crop protection market.

In the third quarter, performance was robust across the region, as high summer disease pressure triggered late stage spraying. In addition to higher fungicide sales, our seedcare products and sunflower genetics performed well.

We expect a continuation of the improved market conditions in the fourth quarter as the run-up to the next season begins. In addition we expect continuing momentum in the CIS, where our ongoing success is illustrated by sales growth of 29 percent in the first nine months.

Let me now hand you over to Mark, who will cover the product lines in more detail as well as the full year outlook.

### **Mark Patrick**

Good morning. It is my pleasure to speak with you for the first time as CFO of Syngenta, having taken over the role on the first of October.

Please turn to slide 8.

Sales in crop protection were down 6 percent at constant exchange rates. Excluding the change in sales terms, crop protection sales were unchanged.

Sales of selective herbicides were up 12 percent. This was largely driven by growth in North America, where we saw continued adoption of ACURON on Corn. I shall come back to this in more detail in the next slide.

The decline in non-selective herbicide sales reflects the deliberate reduction of solo glyphosate volumes in North America, which will be completed by end of the year. This was partially offset by higher sales of GRAMOXONE in the Southern hemisphere. Overall, pricing was down, reflecting the decline of agchemicals commodity prices.

In fungicides, we saw strong growth in ASEAN, where the end of El Niño led to normal disease pressure. In the USA, we continue to see significant interest in TRIVAPRO, a newly launched product using the SOLATENOL technology. The lower reported sales in Brazil are

in part caused by the change in sales terms and by the inventory carry-over from the previous season's drought.

Sales of insecticides were down 16 percent, driven by low pest pressure in Brazil and by higher penetration of INTACTA soybean seeds. Demand in South Asia was up strongly, with the return of a normal monsoon.

Finally, Seedcare exceeded a strong third quarter in 2015, with sales up 4 percent. Growers in Asia and South East Europe continued to adopt our technology, notably CRUISER.

Let me now give you an update on two of our new crop protection products, starting with ACURON, on slide 9.

Managing increased levels of weed resistance is one of the key challenges faced by growers. For example, one third of the US crop area is affected by glyphosate resistant weeds and we anticipate that by 2025 three quarters of all US field crops will be affected. To be clear, resistance is a natural phenomenon which requires the crop protection industry to constantly bring new innovation to farmers.

ACURON equips growers with a game-changing solution that also preserves soil and water resources, both of which are key building blocks of our Good Growth Plan. ACURON uses three modes of action for superior weed control and protects against rapid resistance development. Its long-lasting residual activity means fewer in-season applications and protection of the field in preparation for the following crop.

Sales of ACURON almost tripled in the quarter and exceeded 200 million dollars in the first nine months. ACURON has peak sales potential of more than 500 million dollars by 2020.

Please turn to slide 10, for an update on SOLATENOL.

Following on from Brazil in 2014 and North America earlier this year, we are now launching a SOLATENOL-based fungicide in Europe with the introduction of ELATUS Plus in France. France is the first European country to approve the registration of SOLATENOL. Pending registration, we will be launching ELATUS Plus in several European markets in the coming months. ELATUS Plus has seen strong interest from key customers and sales orders are now being taken, in time for the 2016-17 season.

ELATUS Plus provides cereal growers with outstanding efficacy against all key foliar diseases, together with long lasting control. In more than 70 percent of the trials, ELATUS Plus delivered better yields than the existing market standard. The combination of ELATUS Plus with Syngenta's existing product portfolio provides growers with sustainable solutions to manage disease resistance.

Earlier this month, we announced the completion of production capacity expansion projects to support the growth of several products, including ELATUS and ACURON. These investments demonstrate our confidence in their long-term potential.

Please turn now to slide 11 for an overview of the seeds performance.

Seeds performance in the quarter was strong, with sales up 13 percent, at constant exchange rates.

Corn and Soybean sales were up 28 percent. We continue to see broad success of our Corn traits in Latin America, where sales increased by 67 percent, also supported by acreage expansion in Argentina. In Asia, our Corn seeds performed strongly in India and the Philippines. Soybean sales were lower, as we continue to focus on profitability.

Within Diverse Field Crops, sunflower seeds continued to perform strongly, closing a very successful season in Europe. We also saw a solid start to the season in Argentina, where growers are benefiting from good weather conditions and from the lifting of export tariffs.

Sales of Vegetables seeds were up 5 percent. Notably, Mexico continued to perform strongly, as local growers took advantage of favorable exchange rates to expand their export business.

Please turn to slide 12 for an overview of the currency developments.

As mentioned by Erik in the introduction, the impact of currencies on sales has been neutral in the quarter. This is due to the US dollar remaining stable versus most of our major selling currencies, and actually depreciating against the Real.

The Brexit vote led to a further weakening of sterling against the dollar and other European currencies. As we have a significant cost base in the UK with relatively small sales, I expect a small positive EBITDA impact in 2016 from the non-hedged portion of the sterling exposure.

For the full year, I continue to expect a 75 to 100 million dollar negative EBITDA impact after CIS price increases.

Let me conclude now with the full year guidance on slide 13, which is essentially unchanged.

Sales at constant exchange rates are expected to be slightly lower, with a mid-single digit decline in reported terms. The 239 million headwind from Brazil sales terms was registered in the first nine months with no further impact going forward. We expect to sustain a strong performance in both APAC and EAME in the fourth quarter.

Raw material costs savings are estimated at 100 million dollars and we are on track to deliver AOL savings of 300 million dollars. Restructuring charges will be slightly lower than anticipated, at 300 million.

The EBITDA margin is expected to be around last year's level, in spite of the non-recurrence of the 200 million royalty income recorded in Q4 2015. We remain on track to deliver free cash flow of over 1 billion dollars.

Let me now hand you back to Erik.

## **Erik Fyrwald**

Thank you Mark. Please turn now to slide 17 for an update on the ChemChina offer. Although we have made considerable progress on the regulatory front since we last spoke in July, it is now unlikely that the transaction will close by year end. The current Swiss and US Public Tender Offers, which run until 8 November, will therefore be further extended.

Let me outline the key developments.

We have achieved national security clearance from CFIUS in the US and anti-trust clearance from a total of 11 regulatory authorities. The key outstanding anti-trust approvals are the EU, for which we filed on 23rd September, and the US, where we are ready to file subject to updated feedback from the FTC, which is expected in the coming days. In the current context of industry consolidation, and notably the announcement on 14th September of the Bayer/Monsanto transaction, the regulators have requested a large amount of additional information. In the EU, this means that the review is likely to enter Phase 2 and the regulatory process will extend into the first quarter of 2017. ChemChina and Syngenta remain fully committed to the transaction and we are confident of its closure.

Let me now conclude the presentation on slide 18.

There have been several changes in the Syngenta Executive team over the summer and the current members are shown on the slide. I am confident that we now have the right leadership in place to pursue our key priorities, starting with our drive to profitably grow market share. We will strengthen our leading position in Crop Protection by maximizing the impact of new products in the market. In Seeds, we will be focused on making our performance match the quality of our technology. Throughout the organization we will continue the focus to deliver productivity which has been successfully embedded through the AOL program. And finally Syngenta is committed to maintaining grower choice and to driving broad-based innovation globally.

That concludes our presentation today. I'd now like to open up the call for questions. Operator.

# Questions and Answers

## Operator

Thank you very much. Ladies and gentlemen we will now begin the question and answer session, if you would like to ask a question press star one on your telephone keypad. If you would like to withdraw your question press the hash key. Our first question comes from the line of Paul Walsh from Morgan Stanley. Please go ahead.

## Paul Walsh – Morgan Stanley

Yes, good morning guys. Morning Jennifer. Thanks a lot for taking my questions. I'll just do two, if that's okay? On the business itself can you just quantify for me the change to the sales terms in Latin America and how much you think that cost you in the third quarter?

And my second question, just to come to the ChemChina proposed acquisition delays, I think you guys are insinuating that the Bayer Monsanto engagement has led to delays. Do you worry that that changes fundamentally the way that they are looking at these agricultural transactions globally? I.e., this is not just a simple case of market shares, but if the Bayer and Monsanto engagement is delaying the process for you guys, does that insinuate they're looking at this from a much bigger perspective, where market share's become less important, and just the industry consolidation becomes more important? I'll leave it at those two, please.

## Mark Patrick

Thanks for the question, Paul. To your first question on the Latin America sales term change, the impact was \$139 million in the discrete quarter three and \$239 million for the nine months. And no, it is not anticipated to see any further impact from now on.

## Paul Walsh – Morgan Stanley

That's great. Thank you.

## Erik Fyrwald

And then Paul, on the second question around the EU, what I would say is that on September 14, when the Bayer Monsanto deal was announced, after that there was a

significant escalation on data and information requests from the regulators. I think that's very understandable, given that there's three big deals on the table.

And I think the regulators are absolutely doing their job by asking more questions and getting more detail about the markets. Much more detail and much more questions than we've had in the past. But, however, we have not had anything in our regulatory discussions that give us any concern about our ability to get our deal done.

Now, as you can imagine, with us, with our deal, there is very little competitive overlap and very little, if any, impact on competitive dynamics with the ChemChina Syngenta deal. We expect that the regulators will see that as they go through the data and that we'll be able to close our deal.

### **Paul Walsh – Morgan Stanley**

Did they not have that data prior to the Monsanto Bayer engagement? I.e., I'm just trying to think what's changed, apart from other deals have come into the pipes.

### **Erik Fyrwald**

They have significant amount of data, but since the Bayer Monsanto deal was announced they've asked a lot more -- for a lot more detail about breakdowns, around more micro geographies, specific crops, specific products on specific crops -- much more detail than they've ever asked before. We welcome that. We think it's very important for the regulators to do their job to ensure appropriate competition remains and appropriate new innovation remains.

But as we look at our deal, we don't see anything that we've heard back from any feedback so far and we don't see that the competitive overlap gives us any concern about our deal getting closed. We are very confident that our deal will get closed.

### **Paul Walsh – Morgan Stanley**

Understood. Understood guys. Thanks very much.

## **Operator**

Our next question comes from the line of Patrick Lambert with Raymond James. Please go ahead.

## **Patrick Lambert – Raymond James**

Hi. Good morning everybody. Two questions on my side.

The first one is the minus 10 percent in LATAM underlying growth. Can you give a bit more flavor on the different business lines? The fungicides in particular: how Solatenol has been doing, how do you see that into Q3, Q4 this year? I think you have \$400 plus million, \$450 million of sales year to date; where do you think that you can end up the year with? And the same thing for insecticides; where do you see the bottom of insecticides in LATAM? That's the first question.

And the second question is again on the closure of the transaction with ChemChina. Is it fair to say that you have not yet submitted to the US authorities? And do you expect the same level of scrutiny in the US compared to European regulators or do you think that process would be a bit faster in the US?

## **Mark Patrick**

OK, thanks for the questions, Patrick. If I take the first one around Brazil, the underlying business in the quarter, as you say, was down 10 percent. I think there are three distinct pieces here. Latin America south as Erik mentioned, and Argentina particularly was up 18 percent in the quarter. Latin America north, driven predominantly by Mexico, despite Venezuela, was up 4 percent. So this is very much around Brazil.

And here, as Erik mentioned, the two major impacts that we've seen are the drought impact on the fungicides with the carryover from last season, number one. And the continued adoption of the INTACTA trait in soybean which has obviously impacted on the insecticide space.

The second area is around the growers in the Cerrados region who have been impacted by this drought, it's materially impacted obviously on their profitability and liquidity. And this is something that, as we've always done, we're very measured in our release of new credit.

But having said that, prospects for Q4 do look more promising. We do anticipate an improved performance in Brazil, particularly in the Cerrados, as we work with the channel and growers to ensure the mitigation of the inventory and releasing new credit as appropriate. So I think we are, after a very difficult Q4 last year, in a much better position to sustain some sort of growth in Q4 this year.

**Patrick Lambert – Raymond James**

Do you have a target for Solatenol for this year?

**Mark Patrick**

No, we don't have a specific target.

**Patrick Lambert – Raymond James**

Not an absolute one.

**Mark Patrick**

Not an absolute one. As you've probably seen, there's a number of registrations that are coming forward particularly in France as I mentioned, but there's a lot of uncertainty depending on how the market evolves in Brazil over the coming months

**Erik Fyrwald**

And to your second question Patrick, in regard to the US regulatory process, like the EU after the September 14 announcement of the Bayer Monsanto deal, we've gotten lots more questions and requests for information, as you would logically expect.

And we've been working hard and constructively interacting with the US regulators, specifically the FTC. We are awaiting some additional feedback from them which we expect any day now and we are ready to file immediately after that. But based on our conversations, we again don't see any reason why our deal won't get done. And we're ready to proactively discuss any potential concerns they might have, make sure that they're resolved and get our deal closed.

**Patrick Lambert – Raymond James**

Thank you.

## **Erik Fyrwald**

Next question.

## **Operator**

Your next question comes from the line of Andrew Benson with Citi. Please go ahead.

## **Andrew Benson – Citi**

Yes, thanks very much. I just wondered if you'd given any consideration to paying shareholders a full year 2016 dividend, given the delays. And perhaps have you got any feedback from ChemChina on the potential of that?

I'm just wondering given that it took you six, seven months to make the first filing in the EU, and you only filed at the beginning of September and the Monsanto - Bayer situation was only announced a week or so later, how can you be confident that it wasn't just a request for more information that would ordinarily have happened?

And what do you think it was in the data you've submitted that required significant further information to be provided? And perhaps if you could, as best as you can or in the detail you can, explain the difference between the data you'd provided and the subsequent data that was requested.

And thirdly, the newswires have reported Sinochem has been given some sort of authority by the Chinese government to at least explore the takeover of ChemChina. And I did speak with your IR team on that at the time and they said that, at the time of the initial announcement, no one at Syngenta was aware of this situation. I wondered if you could give us an update on your understanding of that situation now and how it might impact the takeover of your company by ChemChina. Thanks.

## **Mark Patrick**

Thanks Andrew for the questions. Just on your first question around the 2016 dividend, it's too soon to answer that. It's somewhat dependent on the timing of how events unfold over the course of the next couple of months.

## **Erik Fyrwald**

So on your second question, after the September 14 Bayer Monsanto announcement there was a substantial increase in the level of detail asked for. In regards to geographies, instead

of countries, it was micro-geographies. Instead of groups of crops, there were single crops. And instead of pesticides use by crop for example, it was specific active ingredient use by crop. So a much, much greater level of detail than we'd ever had requested before and greater than was requested before September 14.

We think that's a normal course for regulators given that the fact that in addition to the two large deals already announced, the colossal size deal between Bayer and Monsanto of two of the top agriculture companies coming together and the concerns about competitive dynamics and innovation coming to the marketplace, it made a lot of sense for there to be these requests for a lot more data.

So we've been providing that data. There's been a lot of it. And we continue to interact constructively with the regulators in the EU and the US. And we are fully confident based on the feedback that we've had so far and the process going forward that we will be able to close our deal.

On your third question in regards to Sinochem rumors, as you can imagine we have a lot of interaction with ChemChina for a number of reasons, and they have repeatedly assured us, including very recently, that they are not in any discussions about merging with Sinochem. So we do not see that as an issue in our regulatory process.

### **Andrew Benson – Citi**

Thanks.

### **Erik Fyrwald**

Next question.

### **Operator**

Your next question comes from Jeremy Redenius with Bernstein. Please go ahead.

### **Jeremy Redenius – Bernstein**

Hi. Good morning. It's Jeremy Redenius from Bernstein. Thanks for taking my questions. Firstly, coming back to Brazil, I'm wondering if you've seen any evidence of generic competition there such that you're seeing price competition or discounting within insecticides. And then also within fungicides, are you seeing evidence of price competition or discounting?

And then secondly, just coming back to one of your last comments on your presentation, you'd mentioned the seeds business performance was not matching the quality of the

technology. Could you describe a little bit how you've seen that manifest itself and then what are you doing to address that? Thanks very much.

### **Erik Fyrwald**

Well, I'll start with the Brazil situation and Mark can add. But we don't see any new dynamic in the competitive arena. It's been a very competitive market all along and it will continue to be a very competitive market going forward.

What we have seen change is the INTACTA soybean with insecticide traits built into it which has reduced the demand for insecticides on soy. And we've also seen low insect pressure, but that comes and goes. But overall in Brazil, it's a competitive, tough market. There's been a slowdown in the market itself, but we don't see any change in the competitive dynamic.

### **Mark Patrick**

Yes, the only build I'd make to that is obviously versus this time last year, when we were seeing unprecedented FX volatility. Stabilization has actually helped discipline to come back into the market and we have seen a strong dollar improvement in our underlying pricing. So, it's as we expected and hoped for and the stability has certainly led to that discipline.

### **Erik Fyrwald**

And as far as the seeds business, if you've followed us closely, we've got some very good seed germplasm and we've got some very good traits. And we've got a significant seeds business not only in corn and soy but across veg, sunflower and other areas. So we've got a solid seed business.

But if you look at our performance over the last five to ten years in seed, we've underperformed what our technology has given us the right to go after in the marketplace. So to address that, we've strengthened our seed leadership, we're strengthening our focus on seed, we're strengthening our strategy. And we're going after a stronger commercial capability to take full advantage of our strong technology.

### **Jeremy Redenius – Bernstein**

Great. Sorry, one more question if I will. Any update on the process, the regulatory process in Brazil? We've seen that you filed there. Can you describe how the regulators are looking at it there please?

**Erik Fyrwald**

Yes, we are interacting with the regulators in Brazil and we don't see that in any way slowing down our approval process for the deal.

**Jeremy Redenius – Bernstein**

In the same level of detail as you're seeing in Europe?

**Erik Fyrwald**

No, less detail, less questions. More of the normal process there.

**Jeremy Redenius – Bernstein**

OK, thank you very much.

**Erik Fyrwald**

Next question.

**Operator**

Your next question will come from Laurence Alexander with Jefferies. Please go ahead.

**Erik Fyrwald**

Hello Laurence.

## **Laurence Alexander - Jefferies**

Good morning. Could I ask a question about your thoughts about how the M&A activity is affecting sentiment from farmers in North America? Have you received any early feedback on how the landscape is changing and potential impacts on distribution networks in the US?

And then related to that, can you talk a little bit about how you see the set up for the North American planting season in terms of both share gains on the crop side and also in seeds, particularly for ENOGEN corn?

## **Erik Fyrwald**

Sure. So let me start with the M&A activity and the sentiments of farmers in North America. And I'll talk specifically about our deal and I'll talk a little bit more generically about the broader canvas.

What I would say is upfront there were concerns, some concerns raised by some farmers and I heard them because I was out in the field a lot in the last five months, about China, a Chinese company buying our company and what would that mean to our innovation and our bringing innovation to the American farmers.

But as we talked through with those farmers and explained to them that ChemChina is a long-term investor and their goal is to continue to make sure that we're investing in the technology and innovation for farmers in the US, Canada and around the world, so that it's guaranteeing food security and safety for the Chinese people as their goal. When farmers hear that, and also they understand that China is a very important grain market for US grains, they become relaxed about it. And they become I would say in many cases enthusiastic about ChemChina owning us and continuing to aggressively invest in innovation that will benefit them and also to having a closer link with China which will benefit the grain markets in the world.

Also very interested in making sure that there's access to the grain markets in China, that there's approval for traits. And we can reassure them that with this deal that China will have increased interest in making sure that their regulatory process for biotechnology traits is not only transparent, but also is working well and enabling Syngenta and the other global innovation companies to develop and get traits approved in China.

So I'd say that's a positive, from some concerns to turning out to be a very positive thing.

In terms of North America planting, we'll see how the year turns out with the yields. We think that it'll be a very strong year for the North American farmers in terms of yields. There'll be continued challenges in commodity prices, but overall we think it's going to be a decent year next year. And it's setting up well, I think, for Syngenta in terms of our product line. The innovation that we're bringing is well received this year and we believe that that will continue into next year.

**Mark Patrick**

If I could just add one comment on the ENOGEN, we do now have 20 plants signed up to the ENOGEN technology and more in the pipeline.

**Laurence Alexander - Jefferies**

Have any of those plants moved to 100 percent adoption?

**Erik Fyrwald**

Well, ENOGEN is not used 100 percent in any plant. So it's used at a lesser level because you can't use all ENOGEN. So the 20 plants plus that are coming on stream use it at the recommended level of 15 percent ENOGEN.

**Laurence Alexander - Jefferies**

OK. But are you selling the bundle. I'll follow up offline. Thanks.

**Erik Fyrwald**

Yes. Next question.

**Operator**

Your next question comes from the line of Markus Mayer with Baader Helvea. Please go ahead.

**Markus Mayer – Baader Helvea**

Yes, good morning. I have two questions. One is regarding the comment you made on the strong growth expected in the fourth quarter in Western Europe. Where from do you see these improved market conditions come? Is it just some of the late season application or are other kind of applications doing better than expected or stronger than originally expected?

And then secondly, on the refinancing of this takeover, if I remember correctly the statement of February was that Syngenta would not accept - or would have not accepted the offer - if the refinancing or the financing would not have been secured by banks. Now there was also a story on the financing gap of ChemChina. I just want to be sure that your statement of February are still 100 percent in place.

### **Erik Fyrwald**

OK. Starting with the first question Markus, in terms of the European growth we're going to be launching as you know, as we talked about the new Solatenol product in France and that's off to an encouraging start. In the CIS, really strong growth rates in recent years, we see that continuing. So overall we see a positive trend in Europe and are feeling good about that.

In terms of the financing, Mark I'll let you answer that question.

### **Mark Patrick**

Yes, obviously that's been in the press quite a bit recently. I think it's fair to say that the financing to close the deal is fully in place and irrevocable. What we are working on with ChemChina is the post-close financing to ensure the investment grade stays at what was stipulated when the transaction agreement was put in place. But to be clear, to close the deal the full funding is in place and it is irrevocable.

### **Markus Mayer – Baader Helvea**

OK. Perfect, thanks.

### **Erik Fyrwald**

Next question.

### **Operator**

Your next question comes from Luca Favero with Numen Capital. Please go ahead.

## **Operator**

OK, this person has actually retracted their question. Your next question comes from Paul Walsh with Morgan Stanley. Please go ahead.

## **Paul Walsh – Morgan Stanley**

Hi. Sorry, thanks guys. It's a quick follow up. Just thinking about China approval is that by definition going to be the last hurdle? And have you already had sort of feedback from MOFCOM that this being Beijing backed transaction, it won't have any problems around securing Chinese approval? Because I know there's some concern around GMO product adoption there. So just curious to know the latest status with China as well please.

## **Erik Fyrwald**

Yes, we've been in contact with the Chinese authorities and we don't see any issue with the Chinese timing holding us up for approval for the deal.

## **Paul Walsh – Morgan Stanley**

You have submitted for approval.

## **Erik Fyrwald**

Correct. We're on track in China, no problem.

## **Paul Walsh – Morgan Stanley**

Brilliant. Thank you, guys. Thank you.

## **Jennifer Gough**

OK, thank you everybody very much for joining the call. If you do have any further questions, please don't hesitate to contact me or Bastien during the course of the day. Thanks for joining.

## **Operator**

Thank you very much, ladies and gentlemen. That does conclude our conference for today. Thank you for participating. You may all disconnect.

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