



Final Transcript



 InterCall<sup>®</sup>

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

# Contents

Corporate Participants	3
Presentation	3
Question and Answer	13

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

## Corporate Participants

**Jennifer Gough**

*Syngenta*

**Mike Mack**

*Syngenta - CEO*

**John Ramsey**

*Syngenta - CFO*

## Presentation

**Operator**

Thank you for standing by and welcome to Syngenta Half Year 2012 Results Conference Call. At this time all participants 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 \*1 on your telephone keypad. I must advise you that the conference is being recorded today, Thursday 26<sup>th</sup> July, 2012. I would now like to hand the conference over to your speaker today, Jennifer Gough. Please go ahead.

---

**Jennifer Gough**

Yes, good morning and welcome to the call. The slides to accompany this call are available on our website. And before we start, I will just briefly read our cautionary statement. This presentation contains forward looking statements which may be subject to risks and uncertainties that could cause the actual results to differ materially from these statements. We refer you to Syngenta's publicly available filings with the US SEC for information about these and other risks.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

The call is going to be presented by Mike Mack, CEO, and John Ramsey, CFO, and I'll now hand you directly over to Mike, who will start on slide number three.

---

**Mike Mack – Syngenta - CEO**

Thank you, Jennifer, and good morning, ladies and gentlemen. First, I'm pleased to report today on a really strong first half performance where sales were up 10% at constant exchange rates. The focus in the first half is in the main northern hemisphere season where we saw strong volume growth and price increases in line with our targets. In Europe, sales were up 9% despite the prevailing economic uncertainty here and persistent rain in the second quarter. In North America, drought is leading to what is now an extremely challenging situation in the Midwest, and I shall come onto this later in the presentation. That said, it has not affecting our performance in the first half as shown by a growth rate of 24%. This reflected the strength of our portfolio, particularly for insect and weed resistance management and also additional royalty income demonstrating the attractiveness to third parties of our proprietary corn [traits]. EBITDA for the period was up 15% showing the benefit of volume growth and price increases.

Please turn now to slide four for an update on the business by region, starting with Europe, Africa and Middle East in the top right hand corner. Conditions have been challenging for growers, particularly in the east, where extreme cold at the start of the year resulted in 7 million hectares of lost crop. This caused a rapid shift to spring crops toward the end of the first quarter, which thankfully our portfolio was well-placed to serve. And we saw broad based growth in both the CIS and Southeast Europe. Similarly in France, corn and sunflower plantings were up versus cereals and we also saw good growth in fungicides, contributing to overall growth in the first half of 20%. These performances easily offset some weakness in Iberia resulting from the Eurozone crisis, which John Ramsey will touch upon shortly.

In Asia Pacific reported sales were slightly lower, however, excluding the impact of range rationalisation in Japan and India, sales were up 3%. Cold, wet weather in Australia was a drag on performance, but we saw further strong growth in China and Southeast Asia. In Latin America, the beginning of the year was penalised by drought in Argentina and southern Brazil, which particularly impacted consumption of fungicide. On the other hand, there was strong second season for corn in Brazil, which proved to be a great opportunity for our enhanced corn seed portfolio.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Finally, North America, where the season got off to an early start with record corn plantings of 96 million acres. This year further signs of resistance to a competitor corn rootworm trait have been widely acknowledged and this is leading to a broader understanding of the tools necessary to manage insect resistance. The need for a broad portfolio of herbicides to deal with glyphosates resistant weeds has been apparent for some time now and continues to drive our growth in sales.

Please turn now to slide five, which summarises the ways in which our integrated strategy is gaining momentum. Commercial teams are now fully integrated in all 19 territories and their ability to offer a complete portfolio to our channel and grower customers has been met with an enthusiastic response. An integrated R&D structure bringing together our expertise in chemistry and genetics is focused on delivery of our crop-based pipelines. The teams for each our [eight T] crops have been fully developed and resources have been allocated to enable them to drive implementation globally. And finally the centralisation of support functions through Syngenta business services is already realising efficiency gains.

Let me now hand over to John Ramsey, who will comment in more detail on the results and on the performance by region. John.

---

**John Ramsey** - CFO - Syngenta

Well, thank you, Mike, and good morning. Before I begin, let me remind you that we have adapted our financial reporting to take account of the strategy and the new management structure. Today's announcement therefore includes integrated sales and operating income by region, for which we published the pro formas in June.

Please turn now to the financial highlights on slide seven. Following a record year of financial performance in 2011, I am pleased to report further strong financial results in the first half of 2012. Reported sales are up 7% at \$8.3 billion, a 10% increase at constant exchange rates was made up of 6% volume and 4% price. EBITDA at constant exchange rates was up 15% at \$2.3 billion and the increase in profitability reflected higher royalty income but also operational leverage from top line growth and productivity gains arising from our operational efficiency programme.

Offsetting some of this, we are as previously announced facing a significant headwind from currencies this year. Including raw materials, the total impact on EBITDA was \$252 million in the first half. Net income, taking account of the currency effect and including restructuring and

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

impairment, was up 5% at \$1.5 billion. Earnings per share, which excludes restructuring and impairment, were 10% higher.

Slide eight shows you the detail of the sales growth. I'm pleased to report that volume growth increase sales by almost half \$1 billion dollars. As you can see in the light green shaded area, this reflects strong performances in both Europe and North America. The volume growth was coupled with the achievement of targeted price increases in both regions with a total contribution from price of over \$300 million. Currency has had a negative impact on the top line of 227 million due to the appreciation of the dollar against most currencies.

Slide nine gives the progression of operating income. There are quite a number of moving parts, so in the interest of transparency, I have broken this down in some detail to take you through the different components. Volume, which includes royalty income and mix together with price, made substantial contributions to increased operating income. In addition, we achieved cost savings mainly from the integrated strategy savings programme totally \$85 million. Increases in the cost of goods sold includes higher raw material costs in crop protection due to the oil price and the higher cost of seed production. The \$75 million in cost inflation represents an increase of around 3% on the total cost base including fixed production costs. Total cost increases were more than offset by the higher prices.

Investments in growing the business totalled \$60 million and the one of charge of 80 million net of provisions related to the settlement of the actions in litigation in the US announced in May. As anticipated, currency had a significant impact on operating income of around \$200 million. The operating margin increased to 25.4% at constant exchange rates and was 23.7% after currency.

Let us look now at operating profitability by region, starting with the northern hemisphere on slide ten. The margins on these charts are at reported exchange rates and hence include the negative currency impact just mentioned. We realise our highest margins in Europe reflecting the sophistication of Western European markets and the relatively large proportion of our sales in high margin product lines, notably fungicides. The numbers also reflect our expansion in Eastern Europe over recent years, which has attracted profitability. The good volume and price development across the region in the first half virtually offset the impact on margin from currency.

In North America, sales growth was driven by the breadth of the portfolio, notably for resistance management, augmented by corn trait royalty income, which was around \$200 million higher than in the first half of 2011. And this together with operational leverage resulted in a significant

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

increase in operating margin, partly offset by the atrazine settlement and the higher seed production costs.

The regional performance in Latin America and Asia Pacific is shown on slide 11. The Latin American differential compared with the previous slide are exaggerated by seasonality. The Northern Hemisphere regions have higher margins in the first half than in the second. And for Latin America, it is the other way around. The lower margin in Latin America compared with the first half of 2011 reflects a drop in fungicide sales in the first quarter due to the drought. In addition, Latin America is seeing a relatively high level of growth investments, notably in relation to the launch of the Plene sugar cane offer. For the full year, I expect an increase in operating margin, which in 2011 was 26.4%, excluding restructuring and impairment.

As Mike mentioned, sales growth in Asia Pacific in the first half was driven by the emerging markets of Southeast Asia and China. Local production in China and in India ensures our cost competitiveness in the region. And profitability is also supported by low operating costs. On a full year basis, margins are comparable to those achieved in North America, which attests to the strength of our position in markets which until now have been dominated by generics.

Lawn and garden, combining our professional products and flower seed business is now reported as a separate segment, as shown on slide 12. In the first half, overall sales were lower owing to the impact of economic downturn, particularly on the flowers distribution business. This business has relatively low margins compared with the chemical products, sulphur, turf and landscape and consumer uses. The divestment of the Fafard peat business in June will reduce second half sales by \$36 million but will have a positive impact on the profitability.

To further advance our lawn and garden strategy of focusing on high valued genetics and chemicals, we are now embarking upon a programme of portfolio rationalisation and this, together with the strategic focus on high value segments and operational efficiency, will drive EBITDA margin to a target of 20% in 2015. And this compares with 12.5% for the full year 2011.

We continue to report sales by product line for both crop protection and seeds. So, starting with crop protection of slide 13, note that the size of the bars is affected by currency in the year, while the percentage changes are at constant currency. The first half evolution for crop protection was driven in particular by selected herbicide growth in both North America and Europe. Non-selected herbicide sales also increased reflecting higher volumes and prices for our glyphosate product Touch Down. Fungicide performance was positive, despite the combined impacts of first quarter

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

drought in Latin America and in Europe of the effect from the level of winter cereals lost to frost and of the heavy rain in the second quarter which prevented some applications.

Insecticide sales were up 5%, but excluding the impact of range rationalisation, sales were up 8%. A mild winter in the US created heavy insect pressure and in addition US sales of Force were up by almost 70% as grower awareness of corn rootworm resistance increased. [Seed care] sales were up 15% led by Cruiser, which continued to expand in all regions.

Slide 14. The progression of our new crop protection products is one illustration of how we are able to sustain our leadership in crop protection. Sales of these products were up by 33% in the first half and the compound annual growth rate is 36%. And I will give you just a few of the first half highlights. Sales of the herbicide Axial doubled in the key Canadian cereals market. The nematocide C treatment Avicta saw sales on cotton and soybean quadruple in Latin America. And the roll out of Durivo, the Durivo family, on rice and vegetables, particularly in Asia, continues.

The most recent launches, the fungicide Seguris and the seed treatment Vibrance as yet barely figure on this chart, but both have significant potential. Seguris, or isopyrazam, is not registered in 19 countries with seven new registrations received this year alone. We've just received US registrations for Vibrance on cereals, soybean and canola, with corn expected to follow next year.

We're equally pleased with the growth we're achieving from our seeds portfolio, shown on slide 15. Let me start with corn. Including an increase in trait royalty income, corn seed sales were up by 47% at constant exchange rates. And this demonstrates the success of our corn technology investments in generating growth in branded sales and in licensing revenue. Specifically, the increase in royalty income reflects the fact that in the first half of 2012, all milestones under the mere 604 corn root worm trait licensing agreement with Pioneer were reached. As a consequence, the second quarter we recognised approximately \$200 million as the net present value of the remaining guaranteed royalties due under the agreement. Excluding this amount, corn sales were up by 19% for which I shall provide more detail in a moment. Soybean sales were lower due to this year's transition to round up ready two technology. Sales of sunflower continued their growth trajectory, notably in Eastern Europe. And vegetable seeds were slightly lower, primarily owing to the difficult economic environment in many markets, although sales in the US increased with a recovery in the processing segment.

Slide 16 expands on the strong underlying growth in corn sales, which was driven by global expansion of the portfolio. In North America, we are capturing increasing value through the

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

incorporation of traits into high performing germplasm. The average number of traits per bag is now three, which is the highest industry and we are able to offer up to five traits combined. Our offer will be further expanded with the launch of Refuge in a Bag for the coming season.

In Latin America, we are at the forefront of [GM] acreage expansion with our (unclear) terra trait recognised for its exceptional control of above ground pests. In the first half of this year we received registration for a quadruple stack in Argentina and we have just announced the construction of a new corn processing plant to meet growing demand. Growth in Asia Pacific reflects our success in breeding tropical germplasm adapted to local market needs. And finally in Europe we had a strong first half in France and also in Eastern Europe where we are piloting integrated offers including agronomic and financial solutions alongside (unclear) seed care and weed control.

Moving on now to currencies, on slide 17 the chart shows you the period of currency volatility since 2007, which by the end of this year will have had a cumulative negative impact on our earnings of around \$500 million. Despite this, we have increased profitability significantly over this period. First and foremost, you can see the appreciation of the Swiss franc against the dollar, which has increased our Swiss franc cost base reported in dollars. The depreciation of the euro and of the emerging market currencies where we have long positions has had a negative translation effect. In the first half of 2012, the impact of currencies was \$202 million primarily due to the previous year's Swiss franc hedges rolling off. In addition, raw material costs were some 50 million higher in the first half. For the full year, amidst on-going volatility, I maintain my estimate of a combined currency, a raw material impact of between 300 and \$350 million, which will be more than offset by price increases and cost savings.

And the next slide gives you some more detail on the cost savings. We are on track to deliver cumulative cost savings of \$650 million in 2015. The 2012 full year cumulative target of \$300 million is also unchanged with more than half coming from SGNA, in particular, the commercial integration. In coming years, the emphasis will increasingly be on the supply chain and global procurement efficiencies. The total cost of the programme is estimated at \$400 million and after an estimated charge to the income statement for this year of 176 million, around 75 million remains to be charged in following years.

Slide 19 gives the evolution of earnings between operating income and net income. Reported operating income of \$1.96 billion before restructuring and impairment rose by 6%. Net financial expense was somewhat higher at \$84 million reflecting an increase in the cost of balance sheet hedging. And this was more than offset by a reduction in the tax rate to 16% and for the full year I

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

expect a rate of 17 to 18%. After a net restructuring charge of \$79 million, net income reached \$1.5 billion, an increase of 5%. Earnings per share increased by 10% to \$17.17.

Turning now to cash flow on slide 20, the first half typically sees a build-up of working capital linked to the timing of Northern Hemisphere season. The 1.85 billion shown on the chart reflects this seasonality effect and you should also bear in mind that last year inventories reached exceptionally low levels. Capital expenditure was \$239 million and for the full year is expected to be between 650 and 700 million. In the second half, there will of course be strong inflows of cash as receivables are paid and for the full year, we again do expect... we again expect to generate free cash flow approaching \$1 billion.

Slide 21 puts the increase in working capital in context. At the top of the chart, you can see that the ratio of average trade working capital to sales has improved. And this is the result of careful inventory and receivables management. Our experience and proactivity in managing risk are borne out by the collection ratios during the period in the lower part of the chart. The euro crisis in the first half has resulted in tightening credit in southern European countries, but despite the deterioration in economic fundamentals, the level of collections in Europe is stable and in the higher risk [GIPS] and CIS areas, it has actually improved. Our strong record on working capital has contributed to the strength of the balance sheet, enabling us to plan as previously announced the total cash return to shareholders this year of around \$1 billion.

So, let me conclude with the outlook on slide 22. With the significant expansion of our emerging market sales, the second half has become increasingly important to us in terms of both sales and profitability. And we expect further growth in earnings in the second half of 2012 driven by positive fundamentals in Latin America where the current soybean price represents a major opportunity for exporters. And to illustrate the scale, let me remind you that last year around 70% of Latin American sales were made in the second half. The impact of currencies and raw materials will be less than in the first half at between 50 and \$100 million and should be fully offset by cost savings. For the full year, we expect to achieve an increase in the EBITDA margin at constant exchange rates and substantial free cash flow.

And with that, let me hand back to Mike.

---

**Mike Mack** – *Syngenta* - CEO

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Thank you, John. Please turn now to slide 24. When we laid out our strategy 18 months ago now, we outlined some of the challenges facing growers. None of those challenges has since abated. As we speak today, weather and commodity price volatility are again at centre stage. Recent developments particularly in the US are causing renewed global concern over food security and with the recollection of 2008 food shortages still fresh in our collective minds.

The role of technology in agriculture in this environment is clear. But technology needs to be used in new ways if productivity is to increase despite a wide range of agronomic and climatic challenges. Our broad and balanced portfolio is enabling large scale integration to achieve new effects and better results. The following slides will give you just a few brief examples.

Slide 25, let me start with the drought crisis which continues to unfold in the US. These two maps show just how much the situation has deteriorated over the last three months. The orange, red and brown shaded areas indicate severe to exceptional drought. For non-irrigated fields, the impact is clearly substantial. But even growers with irrigation are experiencing depleted wells with capacities only 25% of what they were a decade ago, thus pumping costs are up as a consequence and farmers are often under quotas obliging them to stop irrigating many of their fields.

The photos on slide 26 show you the performance of our new artesian native trait in Audrain County, Missouri, where rainfall in the period April to June was less than half the ten-year average. Moreover, the average temperature has been over 92 degrees, which is seven degrees higher than the ten-year average. And this is significant as heat can damage the crop independent of moisture levels. The benefits of the artesian trait in these challenging conditions are clear. Starting with the left hand photos taken on July 5<sup>th</sup>, in the upper part of the photo at the top of the stalks you can see the pale brown tassels from which pollen will be released. In the lower part of the photo, you see the good progression of the silks which receive the pollen. The Dekalb Hybrid, on the other hand, which was planted on precisely the same date and received exactly the same treatments, has not developed to the tasseling stage. The silks have either not emerged or are desiccated. The consequence can be seen in the comparison of the ears in the photo on the right taken on July 20<sup>th</sup>, which shows very different outcomes as you can clearly see.

Slide 27 shows one of our customers in Kansas in a county experiencing exceptional drought. And it shows that even in the absence of artesian, our integrated approach has significant advantages. The field, although receiving less irrigation than neighbouring fields, benefited from a complete programme of Syngenta germplasm and traits accompanied by weed, disease and

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

insect control as well as crop enhancement all delivered through an integrated irrigation system. By the end of June, the condition of this field was so much better than neighbouring fields which were planted with competitor products, that the grower was able to continue with minimum irrigation while the other fields had to be abandoned. The result you can see on the photo: a healthy field of corn at the tasseling stage and this shows the importance of an integrated approach in addressing grower problems, in this case, drought stress, through a combination of genetics, traits and chemistry.

Slide 28 shows a few more examples of integration around the world. In June this year, we officially opened our Itopolis facility in Sao Paulo state to produce [Plene], our breakthrough sugar cane planting technology. The facility is purpose built to grow high quality, disease free sugar cane in our bio factory, the biggest of its kind in the world, and to cut, treat and bag the Plene. In the meantime, we've seen strong growth in sales of our crop protection products for sugar cane as grower awareness of our portfolio has increased. Also in Latin America our leading herbicide and fungicides formed the basis of our corn and soybean offer. This will be further refreshed with the upcoming launch of [Salatenol], the third new fungicide in the same chemical class as Vibrance and Seguris. In addition, we've a wide range of traits which we can confine to address drought and disease challenges, and these have contributed to significant gains in corn seed market share in both Brazil and Latin American south.

Finally, cereals in Europe where our seeds footprint is expanding, notably through our unique hybrid barley programme which has sales potential in excess of half \$1billion. More broadly our ability to supply full crop protocols capable of meeting complex value chain needs enables us to build downstream partnerships with millers and brewers alike.

Slide 29, we've established pipelines now for each of our key crops with a combined sales target in excess of \$22 billion post 2015. In May we held the first of our two crop updates covering cereals and corn and the pipeline for these two crops alone is valued at nearly \$8 billion and the progress we described reinforces our confidence in their contribution to the overall pipeline target. The next crop update on rice and vegetables will take place in India in September.

Please turn now to the last slide, slide 30. Our strategy objectives are framed in delivering the pipeline target. In doing so we aim to outpace an expanding market and in 2012 we again expect to gain market share. We're also targeting an increase in profitability and, as John said, we expect to continue our record of strong cashflow generation, enabling increased returns to shareholders.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

That concludes our presentation this morning and I shall now like to hand over to the operator for your questions. Operator.

## Questions and Answers

### **Andrew Benson** – *Citi*

Thanks very much. Can you just talk a little bit about the volumes in South America or the absence of them? The Atrazine thing, presumably that's a one-off, there's no further costs. You talk, thirdly, you talk about rootworm resistance or corn rootworm, resistance to. Can you explain what you mean by that?

And also the soybean transition, to round up really too, can you explain that and why the volumes were down there and what you hope to do about it? Thanks.

---

### **Mike Mack**

Morning, Andrew. I'll take the rootworm and the soybean questions. John, maybe you can just give a little more colour on the South American volumes.

You know, first, we know that virtually all technologies, whether they're chemical technologies or trait technologies, when used over time are going to be subject to resistance. And the incident of some corn rootworm resistance was reported last year and what we have seen – and my remark was that it's widely acknowledged that the resistance to corn rootworm in traits is increasing. And all you need to do is to talk around the US corn belt to see that.

We expect that to continue. Now, some of that, some of the means to address that rootworm resistance is going to be to come up with new traits, traits that can be combined, the stacking of corn rootworm, for which our portfolio already has a new trait in the pipeline. And so it's here, resistance is here. It will probably grow. There are things we can do to combat it genetically in the traits but more importantly, this is a bit like Back to the Future.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

The use of Force insecticide, our leading insecticide, is up and we expect that to continue now, to increase so that's still in front of us.

Soybeans; we've now for some time been knowing that we're going to be transitioning to the round-up-ready two technology in the agreement that we announced some years ago and our portfolio in 2012 was not completely transitioned and we're in the process now of completing that.

But, you know, a couple of years ago it was unclear the speed and progression rate from round-up-ready one technology to round-up-ready two. We've been a round-up licensee now for many years and so we're hard at work getting that completed. John, a bit more colour on the South American...

---

**Andrew Benson – Citi**

Sorry, so just before you do that, can I just...? Does the resistance relate to your trait specifically or all traits? In other words, is there a change in the competitive landscape as a consequence of resistance developing?

---

**Mike Mack**

Sure. All, what I can tell you is, we have seen no incidence of resistance to our trait so, but that is falling short of saying it couldn't ever happen. I'm just saying, the incident of trait, of resistance to corn rootworm trait is increasing. It doesn't appear to be a factor for us. What we have and what we've had now for a couple of years is one of the important proprietary rootworm traits, as evidenced by the trait royalty income that was, that we reported today.

So we would expect that the possibilities for MIR604 are going to continue to grow and, of course, we've got a second-generation corn rootworm product in the pipeline so, you know, watch this space. John.

---

**John Ramsay**

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Yes, Andrew, on South America volumes, as you know, in Latin America it's a smaller season. Last year there was about 70% of our sales in the second half but nevertheless, the first half, which is the end of the season there, was affected by dry conditions. So volumes of fungicides were down substantially, somewhere approaching, you know, 20% so, but on the other hand, we did get some increases in herbicides so it's a bit of a mixed effect there.

Importantly, that's, important to understand, as we look forward into Latin America in the second half, we do expect weather conditions there, which have got moisture, will result in more application of fungicide so we'll get a sort of mix reversal in the second half, improving the profitability. But that's the story so far as Latin America's concerned.

You asked also about Atrazine. Yes, this is subject to final court approval but suffice to say, this is the full amount, this is it, this is the deal done.

---

**Andrew Benson** – *Citi*

All right, thanks.

---

**Mike Mack**

Good. Next question.

---

**Bettina Edmondston** – *Kepler Capital Markets*

Yes, good morning, just a few questions. In terms of market share gains, you talked about corn seed up in Brazil – sorry. Can you also talk a little bit about North America and what your market shares look like in soybeans?

And just on the rationalisation in Japan and India, can you quantify or can you talk a little bit about further negative impact in the second half from this?

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

And then in terms of seed production, obviously it was affected coming into this season by low seed production in North America. Can you already give an outlook for seed production for 2013 with the current trend in North America, how that will affect the seed production? Thank you.

---

**Mike Mack**

Sure. Well, good morning, Bettina. The, I'll take first of all the corn and soybean market share. John may want to comment on the mixes in Asia Pacific but, look, I mean, this time of year we're always very reticent to call the market share evolution in North America corn and soybean, precisely because we don't know the total number of acres and, on the USDA, [United's] been, you know, has surprised.

But on the basis of 96 million acres, if that's what it turns out to be, that was a bigger corn crop that we had planned for so though we were very pleased with the evolution of our corn seed sales this year, I'm not today calling for market share increase on the back of a market that was that big. But I think the quality of our portfolio and the recognition of this trade royalty talks to the quality of the offer. So the, you know, I would broadly call the corn evolution at this point in time to be stable.

On the soybeans side of the house, as I said, this, the transition to round-up-ready two has our sales down somewhat. I wouldn't want to speculate today on the market share but, you know, call it, you know, single basis, single share point but that's not anything we're particularly concerned about.

John, two questions, then. One is the Asia Pacific but then also you might want to comment on the seed production costs year on year.

---

**John Ramsay**

Yes, thanks, Mike. Yes, just, Bettina, on the Asia question; there's been, you could say, the impact there – if we take out the effect of the phase-outs and the Korea – we're still waiting for registration on our product in Korea. But overall, those effects total about four percentage points on the growth in Asia so we're recording a reported number of minus one. It would have been 3% had it not been for those effects.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

To answer your question on the second half, those effects are behind us. We don't expect a second-half impact.

So far as your last question's concerned in terms of the production costs, clearly, the situation in North America is an evolving one and we are some weeks away from being able to determine yields and be able to do the sums, etc, and then there'll be some winter production in South America. So we're still some way away from it but, you know, the situation, as you'll remember, last year in terms of this year's production costs were also hit, as you can see on the operating income chart that I drew in the presentation.

We also had high costs in 2012 associated with the, you know, the drought and the storm conditions that we had last year. I mean, it does look, given the conditions in North America, that we're headed for another high-cost year, unfortunately. But, you know, our irrigation is higher than last year and we've made improvements in the supply chain.

But as I say, we have to wait to determine exactly what the impact is but we don't expect it to be materially higher than the costs that we bore in 2012 at this stage.

---

**Bettina Edmondston** – *Kepler Capital Markets*

And sorry, just to follow up, in terms of this year, I know that the quality of seed might have not been as high as it used to be in the past. Going to 2013, do you think you'll be able to support or provide the high-quality seeds and actually the amount asked for?

---

**John Ramsay**

As I say, it's too early to be fully () what our portfolio's going to be and we have to look at the yields in terms of our different production areas but, you know, there's no reason to think that we can't continue to improve the quality, as we have been in terms of the advancement in germplasm at this stage.

---

**Bettina Edmondston** – *Kepler Capital Markets*

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Right, okay, thank you.

---

**John Ramsay**

I mean, the other important point in this respect, Bettina, of course, is as we saw in 2012, you know, we saw prices rise. Typically, the industry puts prices up to cover the incremental costs of production. That happened in 2012. You can see that in our presentation and we'd expect that to happen again in 2013.

---

**Bettina Edmondston – Kepler Capital Markets**

Okay, clear, thank you.

---

**Thomas Gilbert – UBS**

Good morning, three questions, if I can. Starting with technology, the [Novozant] collaboration, jump start, at the time when the press release was out, was looking at the market opportunity that you were providing us with. I think, I can't recall. It was around about \$100 million.

Now, do I understand correctly that this product somehow replaces the need for phosphate fertilisers? And obviously, that market is huge. Can you just talk to what the product exactly does, and does it require less uptake or less need for phosphate fertilisers, and how does the accounting work? That is the first question.

The second question's just if you can help us model lawn and garden. You know, you kindly gave the EBITDA margin guidance. How should we look at sales growth? Should we take out – like we have to do for, or like we're doing for [Farfa] – sort of 30 to \$50 million of sales each and every year as you rationalise the portfolio, just looking sort of at a compound annual sales growth idea for the business?

And then finally, probably for John, coming back to the discussion we had on royalties on the first quarter call; again, just to be clear, can you just quantify the royalty income for the group in the

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

first half? You said \$200 million. Was that for corn only or was that from pioneer only and what the split between lump sum and ongoing royalty payment is so we can model this out for the outer years. Thank you very much.

---

**Mike Mack**

Thank you, good morning, Thomas. I'll take the Novozant one, John can get the lawn and garden and royalty.

The seed treatment application that is going on here, Thomas, is principally designed to help facilitate the efficiency of the uptake of the phosphate, which means that the grower is going to get a yield response. So it'll be more value on the amount of phosphate that is applied and as a consequence, it will, they'll find their way into the yield equation, as opposed to opening up the opportunity to eliminate, for example, the use of phosphate.

And you ask about the counting of that; this is a value-sharing arrangement with Novozant. We've done other of these value-sharing arrangements before and we're looking forward to getting underway. It's important and exciting technology so we're glad to be part of that and partnering with them on it.

John, lawn and garden and then the royalties that will come in?

---

**John Ramsay**

Yes, thanks for your question, Thomas, on lawn and garden. I'm afraid the answer isn't going to be too easy because you could see, you know, substantial changes in the top line but nevertheless, you know, improvement on the bottom line. I suggest this business, on an underlying basis, given the level of innovation we can bring to the key segments, is somewhere around low to mid single digits, say about 3% per annum.

If you wanted to model something, I would be doing something like doubling that to get a bottom line growth but to work it through on the EBITDA margin target that I've given, it could be quite difficult because of, you know, changes in the top line, which are difficult to guide to at this point in time. So hopefully that's helpful.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

---

**Thomas Gilbert – UBS**

Maybe I can ask, if you look at it, Mike and John, and you look at the tail end of this portfolio, what percentage of the portfolio are you not happy with, what do you classify as tail end of lawn and garden?

---

**Mike Mack**

I think there's, you know, there's two dimensions of this. First, we are, you saw the announcement of the divestiture of [FAFAR]. We're very comfortable with the main things in the offer that we're really good at; controls, you know, crop protection chemistries; and we're very comfortable with our expertise in flower genetics.

Our current model had us with owning the [piece] that was associated with that and we're also involved in the distribution business of young plants. And these are – even though ours is very efficient, it tends to be a lower-margin part of the activity. So we're just going to be taking a real sharp look at that portfolio, looking to see whether or not there aren't some partnerships we can do to be sure that the things that we do best are able to be front and foremost on the P&L.

---

**Thomas Gilbert – UBS**

Thank you.

---

**Mike Mack**

Thank you.

---

**John Ramsay**

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Thomas, your final question was on the royalties. Let me try and give you a bit of colour on this. The royalty in the first half of this year, 2012, was about 330 million. That compares with about 115 in the first half of 2011. Of that 330, about 200 is what I referred to in the text in respect of recognising on a net present value basis the royalty under the [Mere] 604 agreement with Pioneer.

And that essentially is an MPV figure of future cashflows. That agreement is running at around \$50 million receipt in cash terms per annum and will increase above that associated with volumes in the future.

In the second half last year we had royalty income of about 60, six zero, million dollars, taking the total for 2011 to 175. At this stage I expect royalty income in the second half to be at least equal to that, possibly higher.

---

**Thomas Gilbert – UBS**

Okay, and just to be clear, the 200 is basically a, you are now, () you're now recognising this as a one-off entity lump sum effect in the P&L that is not recurring?

---

**John Ramsay**

Yes. Specifically, I wouldn't describe it as a one-off. The thing about royalty income; because when we're negotiating we like to get certain guarantees, so what's happened here is the trait has received full registration in the first half for the licensee in the first half of 2012. The registrations were approved and that then means that the milestones opposite the guaranteed income in the future are, you know, can be recognised and have to be recognised under the accounting, so that's what we've done.

The cash for that will come in in future years and will, there'll also be additional income associated with volume because some is guaranteed, some is volume-related. That's essentially what's happened there and we should – we have to get used to this, I'm afraid. I know it's not going to be easy always to give guidance on it but the royalty income, as we get into future agreements, is always going to be a bit lumpy and we're just going to have to get used to it as part of our normal operations.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

---

**Thomas Gilbert** – *UBS*

Much appreciated, thank you.

---

**Andrew Stott** – *Bank of America*

Yes, good morning, thanks for taking the question. It was actually on the slide on corn seed, just trying to get a bit more detail on that, really. So I guess, very, very strong performances outside of the US but corn seed sales in the US, I think, plus 13 which, given price increases in the region, would suggest stable market share. I just wanted to assume that that's a deduction you'd agree with. So that's the first question; you know, are we looking at stable market share in US corn seed?

The second question is, the comments you're making on Brazil, on market share going to 14%, I think – but this is what I wanted to check – you were at 13% last year so can you just clarify that. And then when you look into – sorry, and just on the comment again on the 14%, is that a reference for the whole of the sort of 2012/13 season or is that a reference to year-on-year so far? Thank you.

---

**Mike Mack**

Say one more time your question about the 14%, Andrew. Good morning.

---

**Andrew Stott** – *Bank of America*

Yes, is that a forward-looking comment? So in other words, is that what you expect out of the forthcoming season or is that where you're already at?

---

**John Ramsay**

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

I don't know where you – no, that's in respect of the season ended and...

---

**Andrew Stott** – *Bank of America*

Right, that's the season ended, fine.

---

**John Ramsay**

That's the season ended and the figures we have that we're coming from a last year share of 11 to 14 in Brazil, yes.

---

**Andrew Stott** – *Bank of America*

11, okay, thank you.

---

**Mike Mack**

And the answer to the North America is, yes, you've deduced properly that we're calling for broadly stable corn share in North America. I just wanted to remind folks that we don't know precisely what the acres will have all totted up to in the end.

---

**Andrew Stott** – *Bank of America*

Okay, thank you.

---

**Mike Mack**

Thank you.

---

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

**Virginie Boucher-Ferte** – *Deutsche Bank*

Yes, good morning. Thank you very much. I've got a few questions. First of all, as far as LatAm is concerned, for H2, given the drought in Q1 and last season, could you please talk about channel inventories at the start of this season, especially with regard to fungicides?

My second question's regards the US, also in crop protection and it's similar to the first question because of the drought. I mean, should we expect any impact in Q3? And if you could comment on channel inventories as well.

Thirdly, could you please comment on Enogen? I seem to remember that you were supposed to update on the potential for this product maybe at the half-year so if you could make some comments, that would be great. Thank you.

---

**Mike Mack**

Sure. First on the US, Virginie, the, you know, the thing that we tended to focus on in Q3 is going to be fungicide growth to corn and this, as a segment, as you know, continues to grow and the adoption of it continues to grow. And what we do know is that even in the presence of drought, the use of fungicide is beneficial and it has a yield response and so growers who are going to bring their crop to market are still actively using and considering the use of our fungicide on corn.

Of course, if a grower doesn't bring the crop to market and abandons the field then clearly, the addressable market for that goes down but as John said, this is unfolding a bit and as attractive as this growing fungicide market is in the US, it's still a small market in the biggest Syngenta scheme of things. But the, that's still in front of us. I wouldn't want to guess what, if any, impact that's going to have in 2012, the third quarter, because that's still in front of us but...

And then Enogen, I mean, Enogen, we are trialling in a number of plants right now. Anecdotally, when Enogen goes into the mill and they switch over to it, one customer told us that they got a call from the electrical facility that supplies the plant power, wondering what had happened over there, whether there was a problem. So, I mean, the fact of the matter is, this is a value-creating trait. We've known that and we're sharpening the value proposition to these mills.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

And, of course, with corn prices where it is, these ethanol plants are facing a whole series of challenges themselves, for which Enogen could surely be a help. John, over to you on the situation with the inventory in LatAm.

---

**John Ramsay**

Yes, again, I suppose the question would revolve around fungicides and perhaps a link with North America, just to put it in context; fungicide sales in Latin America, typically over three times the size of North America, even though it's an expanding crop enhancement segment in North America, it's still relatively small in the context of our numbers.

But specifically on Latin America, Virginie, I think the, you know, the important point for us in terms of start of the season is that we sell to consumption so we don't have any issues ourselves in Syngenta on channel inventories. And, you know, I'm not sure that the inventories are that high. There were some reports of some higher inventories in distribution from competitor products but I rather suspect, given the prospects for the season, this is not going to be an issue.

I think, you know, the season's going to start very strongly and whatever inventories that are there will move very quickly if current prospects hold out.

---

**Virginie Boucher-Ferte** – *Deutsche Bank*

Okay, thank you very much. And can I just ask a follow-up questions on pricing, crop protection pricing? I mean, given where crop prices are today, I guess you would want to capture some of this increase in your product pricing so if you could talk about the outlook for next year, pricing in crop protection, that would be great. Thank you.

---

**Mike Mack**

Yes, look, I mean, we experienced this in 2007 and 2008, didn't we, where the advent of rising commodity prices does, by virtue of the size of the increase in the crop price, mean that the value equation for traditional crop protection pricing is there. Of course, we can't, I should, it's not

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

mirrored step-by-step but were pleased, as you might appreciate, to have raised our prices this past year and we're on track to achieve that and we're going to raise prices again next year.

I don't want to get committed today to what that's going to look like but rest assured that we're already underway with putting our prices up in our products around the world to reflect some of the opportunity through the action of these chemistries and the higher value equation from the commodity prices.

---

**Virginie Boucher-Ferte** – *Deutsche Bank*

Okay, thank you very much,

---

**Mike Mack**

Thank you, Virginie.

---

**Amy Walker** – *Morgan Stanley*

Good morning, Mike and John. Just a couple of quick ones from me, please. I noticed this morning that BASF saw 14% volume growth in its ag business versus your 6% volume uplift. I wondered whether you're concerned that you might be losing some market share overall to other players who are being a bit more aggressive on pricing, particularly as it sounds like a lot of your price growth is at risk of being offset by more cost increases into next year.

Second question; you've mentioned that you're taking steps to manage credit risk in Southern Europe. Can you elaborate a bit on this? Is this likely to impact your actual top-line sales in the region or is it literally just around collections and collection efficiency?

And then the last one, if I may, this issue of round-up-ready two shift in North America, when do you think the impact of that is going to revert on your sales? Will we be back to full steam ahead into next year or will there still be a bit of residual impact into next season? Thanks very much.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

**Mike Mack**

Sure. Good morning, Amy. The, first, the round-up-ready two shift. This past year, we had, some 30% or so of our portfolio was in round-up-ready two, 70 in round-up-ready one. This next year we're expecting just north of 60% of our portfolio into round-up-ready two so our ability to adapt our portfolio's now going rather quickly so yes, I expect us to be very much more competitive with the technology in 2000, in the upcoming season.

BASF, I mean, look, I have been busy, as you can appreciate, this morning; took a quick look at the numbers myself and we don't look... because the Northern hemisphere's the big thing, as we've always said, and farmers don't necessarily appreciate the difference between March 31<sup>st</sup> and April 1<sup>st</sup>. When I look at the H1 numbers, which is the important thing to look at – and I did a quick cut on the euro versus the dollar – it looks like we're bang on the same numbers, we're on 9%, if memory serves, the H1 performance.

So no, there's nothing that I was able to see on a quick calculation about having lost any step versus BASF but, you know, they had good performance as well. I guess that's testimony to the vibrancy now of the market. John, a question about credit, particularly in Southern Europe.

---

**John Ramsay**

Yes. Can I just use the opportunity to maybe just pick up something Amy said in passing on cost, just to be clear about it? The, you know, the numbers are distorted by currency and whilst we've got something like 300 million of price increases, not all of that is being absorbed by cost increases. A portion of it is but we're still getting the prices dropping to the bottom line.

The important point – and this is important insofar as understanding the numbers – is taking out currency and taking out Atroazine, we've achieved 130 basis points' improvement in the function expense productivity. Now, you'll recall, as we went through 2009/2010, where the top line was a bit challenged because of the conditions in those years, we continued to invest in growth investments and we weren't getting the expense productivity.

But since the half of 2011, going into the first half of 2012, we are now getting, I think, the benefits of those growth lines coming through and we're getting 130 basis points in the first half in expense productivity, just in case there's any confusion about that.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Going on to the question of credit risk, yes, I mean, clearly, the situation in Southern Europe and in some other countries like Ukraine and others, they are, we're finding tightening credit. That means industry, and including our industry, is finding it more and more difficult to get credit. Of course, we act as major suppliers of credit in these markets so what we have been doing for some time is making sure that we're managing this and we're, you know, managing...

John Atkin and myself actually work, we chair a committee with the teams in the countries, you know, making sure that they're putting the effort into credit management. And I must say, the effort they've put in and the achievements that they've made have been really, really impressive. They've put a lot of effort into getting down to fundamentals about credit control, making sure we're choosing our customers well, getting the balance between pricing and rebates and incentivisation.

And, you know, we're committed strategically to these countries but we do want to make sure we're not exposing ourselves to undue risk. But there has been an impact of the crisis there. Sales have been impacted by that to some extent, a small amount in Italy, and a larger amount in Iberia, although Iberia was partly affected by drought but Iberia's down about 10% and a portion of that is to do with credit.

But it's, you know, it's a price we want to pay because we do believe we've got a very secure position in respect of the money that's on the street at this moment.

---

**Amy Walker** – *Morgan Stanley*

Okay, that's very clear. Thank you.

---

**Sophie Jourdiere** – *Liberum Capital*

Yes, morning. Three questions, please. First, just wanted to clarify something on pricing. Your year-on-year comparables have been a bit tougher for the second half. You've given a lot of confidence about the outlook into the second half in Latin America. Just wanted to clarify the sort of, are you putting prices up for the Latin American season and should we expect sort of positive year-on-year price increases in the second half? That's the first question.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Second, just on the tax rate, actually, full-year guidance, sort of 17 to 18%. If I remember, it was 20% guidance when you reported your full-year numbers. I just wondered what had changed there and is it likely to be long-lived sort of beyond this year?

And then just finally, Asian growth overall, I think, up 3% even if you strip out the range rationalisation in insecticides. It sort of feels a bit weak to me. I wondered whether there's anything sort of behind that and just the outlook, I guess, for the Asian business. Thanks.

---

**John Ramsay**

Okay, Sophie, thanks for your questions. The first one, in terms of pricing; I think the first thing to say is, I think we're quite pleased with where we are in terms of the achievement in the Latin American season last year and in the Northern hemisphere this year. We've essentially achieved the target that we set at this time last year in both Latin America and the Northern hemisphere.

The only place that's been a little bit more difficult has been Asia so the question now is looking essentially at what we do for Latin America for the remainder of this year. And, yes, we will be looking at pushing prices. We haven't got a specific target in mind. What's happened there, of course; you've had a devaluation in the real and whilst we operate in dollars, you've still got to put real prices up so there's a bit of a headwind there. But nevertheless, the environment is very conducive and we should all be looking for opportunity to increase dollar prices.

If you look at the calendar year in terms of where we're likely to end up, of course, the comparison in the second half gets more difficult because of price increases in the second half of 2011. But still say that in an accounting sense, in terms of price year-on-year, we'll be in the two to 3% level for the full year compared to full year 2011.

So far as the tax rate's concerned, you know, this is always difficult. Every year we're always looking for opportunities to minimise our liabilities but, at the same time, you know, the world is getting more difficult. Governments around the world like more taxes so there is always a big challenge here and it's not always easy to predict because of the difficulty in relating to the timing.

I don't think we can work on a 17 to 18% on a sustainable basis. I used to say 20, you know, low to mid 20s. I think that's more around the 20% level, is a sustainable level but nevertheless, we'll look for opportunities every year.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Can I just make sure of one point, to make sure you don't get the figures wrong? When I refer to the 17 to 18%, I'm referring to before restructuring. In actual fact, our net-net tax rate is lower than the 16 because of the offset of the tax that we're getting on the restructuring expense which is quite favourable.

So far as Asia's concerned, yes, you're right, it is a bit weak but it's really down to one market, actually. It's all to do with Australia which has had, you know, very high levels of flooding, very cold, wet conditions and that has been very difficult to go there. So it's down something like 23% and that just, you know, swamps the other numbers.

The important thing in Asia is where we have been targeting growth and that is in South-East Asia and in China and in the first half, both of those markets are up with... I think South-East Asia's up by low to mid teens and China's up by high single digit. So the growth is continuing there but this season just offset by the market in Australia.

---

**Sophie Jourdier** – *Liberum Capital*

Thank you very much, that's great.

---

**Mike Mack**

Thank you, Sophie.

---

**Lucy Watson** – *Jefferies*

Good morning. First, to follow up on inventories, in crop protection, can you quantify where distributor inventories stand versus normalised levels for fungicides, insecticides and herbicides currently? And then for seeds, do you anticipate any bottlenecks in supplying the Southern hemisphere planting season this year?

And then a second question on price; approximately how much price did you achieve in US corn and soy this year? And given current conditions, how much price do you think you could achieve again next year?

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

And just lastly, are there any updates on the importation approval for [Agrisure Victera] from China? Thank you.

---

**John Ramsay**

Well, the inventories; it's very difficult, Lucy, to be able to talk about inventories at this stage in North America. You know, they, so far as the fungicides are concerned, as I say, it's a relatively small portion of the market which has still got some way to go and there's still, you know, potential to apply applications, as Mike described earlier. So we need to give it a bit of time to see where we end up there. We, you know, nobody will have a, you know, much clue as to where that ends up.

Insecticides tend to be very specific opposite infestations and you don't tend to get very high levels of insecticide inventories anyway. Herbicides; frankly, the channel builds up its inventories of herbicides from now to the end of the year and, you know, that will be indicative of, you know, a strong sentiment going into 2013 but, so you can't really read anything into... Basically, they fill their tanks and are ready to go for the new season and that is in inventory at the end of the year.

As far as seeds bottleneck is concerned, I don't see any bottlenecks. I do think there'll be very strong demand and, you know, we will find supplying the market a challenge but, you know, we're geared up ready to go. The seed season will be starting imminently but we do expect, you know, a challenge in satisfying what we expect to be a very strong season.

So far as pricing's concerned in corn and soya, I think soya bean – corn prices in 2012 are up sort of around 10% type of level – varies by different seed. Soybean's up a bit less than that. Very difficult to say what the pricing will be just at this moment. We tend to be rather market followers in price in North American seeds but you'd see certainly in the order of five to 10%. But, you know, it will depend on how the production costs work out for the rest of the season, as I mentioned earlier.

---

**Mike Mack**

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

And your final question, Lucy, on [Vibtera]; we're expecting at this point today a fourth-quarter registration from China but I think the important thing is, you know, it didn't affect our sales in this past season, Vibtera, and we don't expect it to have any impact on our sales this coming season. So the response from growers on the quality of this trait is terrific.

Okay. I guess, I gather we have two, time for two more questions, operator.

---

**Richard Logan – GS**

Okay, good morning, Mike and John. Thanks for taking my questions. Yes, the first one; you may have already covered this. Apologies, I got cut off. But implications of North American drought in terms of next year so, you know, what is it likely to do for demand? You know, clearly crop prices are very high but is there a risk in terms of farmers' income or are we in a situation where the farmers' income is at such a high level from the last few years; how you see that playing out.

And then secondly, the US bioethanol market, you know, clearly under pressure in terms of where the corn price is. So do you see any impacts in terms of corn usage going through into next year with regards to the bioethanol market, you know, having an impact there? Thanks.

---

**Mike Mack**

Sure. I mean, they're obviously related. First, on 2012/13 season, obviously, with the price of corn and what will probably be a diminished corn crop, there's going to be a lot of interest, it seems to me, in the corn crop next year. Mother nature, as always, counts for a lot. I mean, look, part of the strength of our H1 performance in the US was on a consequence of growers being able to get in there early.

And again, there was much widespread optimism this year for corn and we had a lot of very good crop protection chemistry going down by virtue of the weather. So that weather doesn't necessarily respect the corn so I wouldn't want to guess beyond to say that it's probably going to be a big crop. The ability of that crop to be fully supplied will now, in part, turn to the quality of the winter production for a number of seed companies so it looks like it's set to be good.

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

You asked the question about growers' ability, ostensibly, growers' ability to pay. Many of these growers are insured and, I mean, I don't think we have any concern at this point in time that there's going to be some liquidity and at these kind of crop prices, there's going to be plenty of incentive to invest. That's at least the optic that we have right now but, as John has mentioned, it continues to unfold.

And US bioethanol; of course, this is going to get decided on Capitol Hill and by the EPA and the USDA. And from what I gather, they continue to back the existing mandates, which means that the refiners are going to have to continue to incorporate bioethanol into the offer. And unless that changes – and that wouldn't be for us... It's controversial, as you know, and if and when the dust settles on this, I couldn't say.

I noted today in the paper that they're talking about food prices going up quite a bit and certainly, that is going to continue to pressurise that conversation in the US so we'll have to continue to watch the space. But for the moment, it looks like the bioethanol consumption of corn is going to continue unrestricted. Of course, that's subject to change.

---

**Richard Logan – GS**

Okay, great. Would I be able to ask just one quick follow-up?

---

**Mike Mack**

Go ahead.

---

**Richard Logan – GS**

Yes, just on the strategy, you know, you talked about it gaining momentum. I wondered, in terms of the feedback from the market, you know, have there been any concerns on the strategy, has anything not worked out for you as expected?

---

**Mike Mack**

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

No, I mean, it's going really well and the speed with which we've been able to get our teams pasted together around the world and the speed with which we've been able to get some of these crop teams now focused on combined offers has been great. I've, like many of my colleagues in the executive committee, have been out talking with distributors and dealers and they see the opportunity for this combined offer to be incorporated into their business and it's going nicely.

We put, we integrated our crop protection and seeds business in Brazil now three years ago. They were one of the first prototypes for this undertaking and you see some of the market share evolution that we had in both corn and soybean seeds as we've brought some of the strength of the number one leading position in crop protection to bear. So, no, it's, we're in as good a position as we'd hoped to be at this point in time and looking forward to the coming half.

---

**Richard Logan – GS**

Okay, that's (). All right, thanks.

---

**Mike Mack**

Thank you. All right, we have time for one last question next, operator.

---

**Patrick Lambert – Societe Generale**

Hi, good morning, everybody, thanks. Very good results, congratulations. Few questions still on licensing. I think, is the 200 million basically the base of the contract and meaning that the volume, the way you can grow this number going forward will be by volumes? And is it fair to say that the difference between the 330 and the 200 is due to, essentially to 162? That's the first question.

The second question is about Artesian and clearly, in DuPont's numbers a few days ago, they clearly pushed their drought tolerance trait and pushing it next year too. What, how're you going to do it? Can you comment a little bit on prices for those traits and the acreage planted this year

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

and what you expect for next year as...? I know drought is an especial thing and, but still, it could be a good insurance for next year.

And final question, on hedging; have you changed anything into your hedging strategy and can you remind us, what are the big hedges that you're taking, especially on the balance sheet? And taking into account the dollar, maybe you can reduce a little bit your hedging and using the strength of the dollar to help. Thanks.

---

**Mike Mack**

Sure. Well, good morning, Patrick. I'll take the Artesian question and, John, maybe you can pick up again on the accounting for the trade technology and the hedging. First, I mean, Artesian, we were glad to share with you some of the early progress of this and, of course, it was completely unanticipated that we could compare and contrast it against these very stark conditions.

But, look, I think the, what this demonstrates is that we are at the very front end of having a huge amount of progress in this whole area of water and optimisation, heat and drought stress and that this is a big new area of science and that it's not strictly related, for example, to a GM trait and that it's many things. And the benefit of Artesian, of course, is that it demonstrates that this can be done with native trait technology, it can be done in conjunction with the integrated offer of herbicides, insecticides, fungicides, all brought together in a very unique combination of pivot irrigation.

So that's just one such example but there's going to be many more and, of course, this technology is also portable to other crops that can be subjected to heat and drought stress. So I think the big story here is that as weather volatility and climatic challenges continue to rise, the opportunity for us to give growers a whole range of integrated solutions to combat this is something that they're going to be a lot more interested in.

Artesian, of course, is still a small part of our overall offer. We're getting that bulked up as quickly as we can but this is a big offer, I mean, a big market, rather. Today, more than 30% of the whole corn crop is subjected to this and with the news of this year, of course, many more growers are going to be concerned about how they can perhaps get some prophylactic treatments on their farm before they subject it to mother nature during the course of the season.

John, on the hedging and the traits?

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

---

**John Ramsay**

Yes, first of all, Patrick, your question on the licensing income on the Mere 604 agreement, which you're referencing. The answer's very straightforward; future income is dependent on volume. You asked the question, was the other income in respect of 162? Some of it is 162 but it's not exclusively so. It is a whole variety of different royalty agreements, some on germplasm as well as traits.

The question on hedging, of course; I think your question is referencing the fact that, at least recently, the US dollar has been strengthening, particularly against the Swiss franc, if not most currencies, and, you know, certainly Swiss franc to dollar, that should be positive for us. And having had a significant headwind, of course, that is very welcome. I would say, though, if you can guarantee that that continues, I will reduce our hedging.

---

**Patrick Lambert – Societe Generale**

No, I can't.

---

**John Ramsay**

But I suspect you might not be quite that... Look, we have a mechanistic way here. We take views on the proportion of hedges. We're not fully hedged for the ( ) ()...

---

**Patrick Lambert – Societe Generale**

Have you reduced that proportion?

---

**John Ramsay**

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

Well, it diminishes as we get through the year. We take a different view when we start the hedges at the beginning of the year but typically we get up to about 75% of the hedging so we do leave some exposure there and we may vary it around that value according to our value at risk restrictions that we have.

But, look, you know, let's hope this continues because it is getting over our headwind. If we were to look at exchange rates today, I would estimate that in 2013 we'd be at least neutral if not slightly positive opposite the exchange rates. Emerging market currencies continue to be not so favourable but overall, I would estimate that we would be neutral to slightly positive.

But we can't really change our hedging policy too much on speculation about currency rates, I'm afraid.

---

**Patrick Lambert** – *Societe Generale*

But to come back on the 200 million Mere 604 [MPV], this is based on the current volumes that you have going forward or there's upside to that?

---

**Mike Mack**

It's based on the guaranteed minimum number of units under the contract so the expectation is that there is more on this but as John said, you know, our royalty, as you know, can be, it's going to be lumpy, the nature of it, as we bring more traits to market. But remember, we also have royalties that come in through the sale of our corn genetics and this is going to be a global business and a growth business, as we've said.

So, Patrick, thank you.

---

**Patrick Lambert** – *Societe Generale*

Thank you.

---

Date 07/26/2012	Time 07:30 GMT	Name of Conference: Syngenta Half Year 2012 Results, ID 10624694 Duration: 1 hour 20 minutes 34 seconds
--------------------	-------------------	---

**Mike Mack**

And, ladies and gentlemen, thank you for joining us this morning. I hope to see some of you perhaps in our field visit in India in September where again we'll be going over vegetables and rice and, if not, we'll be speaking with you in, on the third quarter trading results.

And in the meantime, of course, if you have any questions, please call Jennifer Gough or Laurence [Oustragar] in investor relations here in Basle. With that, again, thanks for joining us and have a pleasant day.

---