

SYNGENTA AG
Form 6-K
July 22, 2010

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of July 2010

Commission File Number: 001-15152

SYNGENTA AG
(Translation of registrant's name into English)

Schwarzwaldallee 215
4058 Basel
Switzerland
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No ☒

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Edgar Filing: SYNGENTA AG - Form 6-K

Yes

No

X

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Re: SYNGENTA AG

Press Release: “Syngenta 2010 Half Year Results”

Herewith we furnish a press release related to Syngenta AG. The full text of the press release is the following:

#

Syngenta International AG

Media contact:

Analyst/Investor contacts:

Media Office
CH-4002 Basel
Switzerland

Tel: +41 61 323 23 23

Fax: +41 61 323 24 24

www.syngenta.com

Médard Schoenmaeckers
Switzerland +41 61 323 2323

Jennifer Gough
Switzerland +41 61 323 5059
USA +1 202 737 6521

John Hudson
Switzerland +41 61 323 6793
USA +1 202 737 6520

Basel, Switzerland, July 22, 2010

2010 Half Year Results

Volume upturn in Q2; strong emerging market performance

- Sales up 1 percent at \$6.7 billion: 3 percent lower at constant exchange rates(1)
- Q2: volume growth offsetting lower Crop Protection prices, notably NAFTA
- Seeds growth accelerating, increased margin
- Investments driving emerging market growth: sales up 15 percent(1)
- Earnings per share(2) \$13.95, 9 percent lower
- Earnings per share \$13.39 after restructuring and impairment, 10 percent lower

	Reported Financial Highlights			Excluding Restructuring, Impairment			
	H1 2010 \$m	H1 2009 \$m	Actual %	H1 2010 \$m	H1 2009 \$m	Actual %	CER(1) %
Sales	6,740	6,655	+ 1	6,740	6,655	+ 1	- 3
Crop Protection	4,996	5,000	-	4,996	5,000	-	- 4
Seeds	1,763	1,676	+ 5	1,763	1,676	+ 5	+ 2
Operating Income	1,558	1,783	- 13	1,652	1,833	- 10	
Net Income(3)	1,254	1,402	- 11	1,307	1,440	- 9	
Earnings per share	\$13.39	\$14.96	- 10	\$13.95	\$15.36	- 9	

Mike Mack, Chief Executive Officer, said:

“After a slow first quarter start, demand for our products has increased significantly in 2010, following a 2009 season characterized by low pest pressure and credit constraint. This is evidenced by solid volume growth in the second quarter, leading to a reduction in the high level of channel inventories which resulted in a competitive pricing environment in developed markets, notably North America. In the emerging markets we saw a strong performance throughout the first half, particularly in Latin America, as growers continued to invest in new technology. Our

longstanding focus on operational efficiency is enabling us to confront a challenging short term environment while continuing to expand our platforms for future growth.

“The first half of 2010 saw many successes for our business. Sales of new Crop Protection products increased by 14 percent with two pipeline products being launched this year. We opened new capacity for the fungicide AMISTAR® in May and are seeing immediate demand for the increased output. The profitability of our Seeds business improved with excellent grower response to our expanded triple stack offer. We will build on our growing corn seed franchise with the launch of AGRISURE VIPTERA™ in the fall, and we will also be the first company bringing to market a water optimization solution in corn.”

-
- (1) Growth at constant exchange rates, see Appendix A.
 - (2) EPS on a fully-diluted basis, excluding restructuring and impairment.
 - (3) Net income to shareholders of Syngenta AG.

Financial Performance 1st Half 2010

Sales \$6.7 billion

Reported sales were up one percent reflecting a positive contribution from exchange rates. At constant exchange rates, sales were three percent lower. Crop Protection sales* were four percent lower, with three percent volume growth partly offsetting lower prices. Seeds sales were two percent higher, driven by volume growth of three percent.

EBITDA margin 28.6 percent

EBITDA was nine percent lower (CER) at \$1.9 billion. Gross margin was maintained despite lower prices due to the favorable evolution of raw material costs and to portfolio enhancement in Seeds. The Seeds EBITDA margin increased, while in Crop Protection profitability reflected lower prices and higher operating expenses linked to investments in emerging markets and in R&D. Currency movements including hedging made a positive contribution of \$57 million to EBITDA.

Earnings per share \$13.95

Earnings per share excluding restructuring and impairment were nine percent lower. After charges for restructuring and impairment, earnings per share were \$13.39 (2009: \$14.96).

Business Highlights

Crop Protection

A slow start to the northern hemisphere season due to cold weather was followed by significant volume growth in the second quarter. High channel inventories, built up in the course of 2009, were progressively drawn down in the second quarter but resulted in a competitive first half price environment, notably in NAFTA. As a consequence some of the price gains implemented by Syngenta in the first half of 2009 were reversed. Emerging markets saw a generally robust performance with limited impact from price.

In Europe, Africa and the Middle East grower sentiment was affected by the lower wheat price, particularly in France, where the business was also affected by high channel inventory, government credit reforms and the phasing of oilseed rape herbicide sales. In Eastern Europe, our customers began to resume investment in high value inputs and we were able to ease credit constraints in an improved economic environment. In NAFTA, the season progressed well leading to a rapid recovery in consumption in the second quarter, although price competition remained intense in certain segments, notably glyphosate and fungicides. Sales in Latin America surpassed the record level of 2008, with higher soybean acreage in both Brazil and Argentina and increased disease pressure. We reinforced our market-leading position notably for fungicides. Growth in Asia Pacific was strong in the emerging markets, particularly China and Vietnam, more than offsetting a decline in the largest market Japan.

Selective herbicide sales were lower with declines concentrated in older products. Sales of corn and soybean herbicides showed good growth notably in the USA, where their importance in dealing with glyphosate-resistant weeds is increasingly being recognized. A significant reduction in Non-selective herbicides mainly reflected developments in the glyphosate market, with US prices coming down sharply from mid-2009. Fungicide sales increased by six percent, with the lead product AMISTAR® up 17 percent despite lower US pricing in the second quarter. Two other major fungicides, RIDOMIL GOLD® and SCORE®, also showed double digit growth with stable pricing. Insecticide sales were unchanged with strong growth in newer products offsetting declines in older chemistries. Seed care sales were lower owing largely to high inventories of treated seed in the USA.

* Crop Protection sales include \$24 million of inter-segment sales.

Syngenta - July 22, 2010/Page 2 of 41

Professional products benefited from signs of recovery in consumer markets, notably in the Garden & Ornamentals area.

New products: Sales of new products (defined as those launched since 2006) increased by 14 percent (CER) to \$295 million. Sales of the nematicide seed treatment AVICTA® doubled following its launch on corn in the USA. The cereal herbicide AXIAL® showed strong growth in Eastern Europe and further expansion in its largest market Canada. The insecticide DURIVO® grew rapidly on rice and vegetables across Asia. The fungicide REVUS®, used on vegetables and vines, expanded outside Europe and is now sold in all regions. Isopyrazam, a broad spectrum fungicide with a new mode of action, was launched on barley in the UK.

Capacity expansion: New capacity for AMISTAR® was opened at Grangemouth, UK in May. The opening will result in a production increase of approximately 20 percent in 2010, with immediate demand for the increased output.

R&D pipeline: The combined peak sales potential of our Crop Protection pipeline is in excess of \$2 billion. An initial launch in granular form of INVINSA™, a unique product for crop stress protection in field crops, is scheduled for later this year. The late development pipeline also includes sedaxane, a seed treatment fungicide; bicycloporyne, a corn and sugar cane herbicide; and an insecticide cyantraniliprole.

EBITDA was 13 percent lower (CER) at \$1.6 billion with a margin (CER) of 31.8 percent (2009: 35.2 percent).

Seeds

Growth in Seeds was broad-based with a noticeable acceleration in the second quarter.

Corn & Soybean saw growth of eight percent after adjusting for a one off change in US sales terms, which brought sales forward from the first quarter of 2010 to the fourth quarter of 2009. Sales of our proprietary triple stack corn in the US market expanded significantly to represent around 60 percent of total, approaching market penetration rates. Sales grew rapidly in Latin America and Eastern Europe.

Diverse Field Crops showed solid internal growth supplemented by the acquisition of the Monsanto sunflower business in August 2009. The main driver was Eastern Europe, where sales increased by more than 30 percent as growers resumed investment in high quality hybrids and varieties.

Growth in Vegetables accelerated, led by NAFTA where sales of watermelon and sweet corn, for which capacity has recently been expanded, grew strongly. Sales in Latin America and the emerging markets of Asia Pacific also grew strongly.

Flowers sales were slightly lower owing to weakness in the US market, although in Europe sales showed a significant upturn reflecting an enhanced portfolio and more favorable consumer sentiment.

R&D pipeline: Our broad spectrum lepidoptera trait AGRISURE VIPTERA™ received approval from the U.S. Department of Agriculture and from the Japanese regulatory authorities in the first half of the year. The trait will be launched in the USA as part of a multi-stack offer in the fourth quarter and will provide growers with a new standard for pest control and yield performance. Also this year Syngenta will bring to market AGRISURE ARTESIAN™, the industry's first water optimization solution, based on native traits. Over the next two years a complete range of refuge reduction options in corn will be launched, including AGRISURE E-Z REFUGE™ (refuge in a bag).

EBITDA of \$352 million was up seven percent (CER), driven by gross margin expansion. The EBITDA margin (CER) reached 20.1 percent (2009: 19.1 percent) and remains on track to reach the full year target of 15 percent in 2011.

Net financial expense

Net financial expense at \$55 million was slightly higher compared with the first half of 2009 (\$46 million).

Taxation

The underlying tax rate for the period was 19 percent, unchanged compared with the first half of 2009. In the second half of the year the tax rate is likely to be higher than in the same period last year; over the medium term a tax rate in the low to mid-twenties is expected.

Cash flow

Free cash flow was \$74 million (2009: \$79 million). Fixed capital expenditure of \$266 million (2009: \$364 million) reflected the concluding phase of capacity expansion projects for key active ingredients. Average trade working capital as a percentage of sales was 43 percent (2009: 40 percent) reflecting an increase in inventories in the second half of 2009. We continue to target a reduction in trade working capital as a percentage of sales as continued volume growth reduces inventories.

Dividend and share repurchase

A dividend of CHF 6.00 per share (2009: CHF 6.00) was paid in the second quarter, representing a total payout of \$524 million. In line with Syngenta's objective of returning around \$750 million to shareholders in 2010, 288,700 shares were repurchased in the first half at a total cost of \$67 million. The total cash return to shareholders in the first half was \$591 million.

Outlook

Mike Mack, Chief Executive Officer, said:

“In the second half of 2010 we expect positive volume momentum to continue. As we approach the main season in Latin America, we are assuming that the current favorable fundamentals will support further growth in our business there. This, coupled with careful control of costs and increasing profitability in Seeds, should allow us to achieve full year operating income around last year's level. As indicated earlier in the year, the evolution of earnings per share* will reflect increased net financial expense and a higher tax rate.

“Looking ahead, our focus will be on achieving further market share gains in developed markets while building on our track record of operational efficiency. This will enable us to continue investing in emerging markets, which represent the main growth driver for our business and where we have established leadership positions. We remain firmly committed to our investments in R&D, which will accelerate new product launches and build on our ability to deliver integrated solutions to growers worldwide.”

* Fully diluted, excluding restructuring and impairment

Crop Protection

For a definition of constant exchange rates, see Appendix A.

	1st Half		Growth		2nd Quarter		Growth	
	2010	2009	Actual	CER	2010	2009	Actual	CER
Product line	\$m	\$m	%	%	\$m	\$m	%	%
Selective Herbicides	1,620	1,615	-	- 4	877	814	+ 8	+ 5
Non-selective Herbicides	548	691	- 21	- 25	316	362	- 13	- 16
Fungicides	1,488	1,356	+ 10	+ 6	681	634	+ 7	+ 5
Insecticides	700	673	+ 4	-	349	318	+ 10	+ 8
Seed Care	369	392	- 6	- 10	130	135	- 4	- 6
Professional Products	242	225	+ 7	+ 4	122	115	+ 6	+ 4
Others	29	48	- 38	- 39	11	37	-68	- 68
Total	4,996	5,000	-	- 4	2,486	2,415	+ 3	-

Selective Herbicides: major brands AXIAL®, CALLISTO® family, DUAL®/BICEP®
MAGNUM, FUSILADE®MAX, TOPIK®

Sales volume was slightly higher with a substantial increase in Latin America, partially offset by lower volumes in Europe due to the phasing of oilseed rape herbicides in France and Germany, which reduced sales by \$47 million. The decline in total sales (CER) was due to lower prices, mainly in NAFTA, in a more competitive environment. The CALLISTO® range showed growth in a strong pre-emergence corn herbicide market in the USA.

Non-selective Herbicides: major brands GRAMOXONE®, TOUCHDOWN®

In non-selectives, TOUCHDOWN® sales decreased significantly in NAFTA due to lower prices affecting the first half comparison. Volume was also lower reflecting high channel inventories. GRAMOXONE® sales were lower with some related weakness, notably in Latin America and Asia Pacific.

Fungicides: major brands ALTO®, AMISTAR®, BRAVO®, REVUS®, RIDOMIL GOLD®, SCORE®, TILT®, UNIX®

Fungicide sales were six percent higher on strong volume growth in Latin America, NAFTA and Asia Pacific. Volume growth was partially offset by price declines, mainly in NAFTA due to high channel inventory and a competitive environment. AMISTAR® sales increased significantly with volume 31 percent higher, characterized by increased usage intensity and growers' focus on plant performance in key crops including rice and vegetables in Asia Pacific, soybean in Latin America and corn in NAFTA. REVUS® continued to show strong growth, with launches in nine new countries. Our new fungicide, isopyrazam, was introduced in the United Kingdom on barley with first sales in the second quarter. Additional launches in further countries are planned in key cereals and fruit and vegetable markets.

Insecticides: major brands ACTARA®, DURIVO®, FORCE®, KARATE®, PROCLAIM®, VERTIMEC®

Insecticide sales were flat with strong growth in DURIVO® and ACTARA® offset by a more competitive environment in some of the older chemistries. DURIVO® continued to perform strongly in rice and vegetables in Asia Pacific and continued its expansion into new markets, notably with successful launches in Latin America and Japan. ACTARA® sales growth was broad based with strong gains in Latin America and Asia Pacific.

Seed Care: major brands AVICTA®, CRUISER®, DIVIDEND®, MAXIM®

Seed care sales were 10 percent lower owing largely to high inventories of treated seed in the USA. The decline in the USA was partially offset by growth in CRUISER® in Latin America and Asia Pacific.

Professional Products: major brands FAFARD®, HERITAGE®, ICON®

Professional product sales were four percent higher as the consumer-led areas of our Lawn & Garden business showed signs of recovery. Both Western and Eastern Europe showed double digit growth and the emerging Latin America business expanded rapidly.

	1st Half		Growth		2nd Quarter		Growth	
	2010	2009	Actual	CER	2010	2009	Actual	CER
Crop Protection								
by region	\$m	\$m	%	%	\$m	\$m	%	%
Europe, Africa, Mid. East	1,790	1,810	- 1	- 5	831	823	+ 1	-
NAFTA	1,662	1,882	- 12	- 15	942	989	- 5	- 8
Latin America	710							