First Quarter 2016 Results TRANSCRIPT

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Corporate participants

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Syngenta – Head of Investor and Media Relations

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Syngenta – Chief Executive Officer

Presentation

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Syngenta Q1 2016 sales trading statement. (Operator Instructions). I must advise the conference is being recorded today, Wednesday, April 20, 2016.

I'd now like to hand over to your first speaker today, Jennifer Gough, Head Investor and Media Relations. Please go ahead.

Jennifer Gough

Thank you. Good morning and welcome to the call. Today's call is hosted by John Ramsay, CEO. The slides that accompany the presentation are available on our website.

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

And let me now hand you over to John, to begin the presentation, on slide 2.

John Ramsay

Thank you Jennifer. Good morning and thank for joining the call.

The sales we announced this morning reflect the resilience of our performance in a context of continued low commodity prices. At constant exchange rates group sales were unchanged. Reported sales were down 7 percent as a result of further currency headwinds, albeit of a lesser magnitude than last year.

Integrated sales at constant exchange rates were also unchanged, reflecting price increases in several territories including the CIS, where we have continued to compensate for currency depreciation. Excluding the CIS, prices were up 1 percent. The price increases offset a 2 percent volume decline in the quarter. In Europe, volume growth was achieved despite subdued grower sentiment. Conversely, we saw volume declines in other regions, particularly in Latin America where market conditions remain difficult. I will provide more detail on Latin America in a moment. However – and this is essentially the case for our business - we see continued demand for new technology, underpinning the success of our new products.

Please turn to slide 3 for an overview of the regional sales performance in the first quarter.

Sales in North America were down 2 percent reflecting lower crop protection sales, partly due to glyphosate. Seeds sales growth was primarily driven by higher licensing revenue from our corn trait portfolio. In Crop Protection we saw strong volume growth of fungicides and insecticides, with a significant contribution from our new products ACURON, SOLATENOL and ORONDIS.

Europe, Africa and the Middle East recorded a robust sales performance with growth of 6 percent, driven by strong demand for sunflower seeds and growth across the Crop Protection portfolio. In the CIS, significant price increases were achieved with volumes also higher overall.

Sales in Asia Pacific were 10 percent lower. Adverse weather conditions continued through the first quarter, resulting in low pest pressure. In Vietnam, a second year of severe drought did affect sales. In Thailand, we saw lower sales as a result of reduced government support to rice growers and the drawdown of inventories. While ASEAN countries have had a difficult two years, there are indications that disruption to supply will have a positive impact on rice prices.

Sales in Latin America were 12 percent lower. This is mainly driven by the negative impact from the change in sales terms, which pulled first quarter sales into 2015, and by lower glyphosate revenue. Excluding these factors, sales were 1 percent lower, a resilient performance in the current environment, which I will now explain on slide 4.

The chart top right provides an update on the crop protection market evolution in Brazil over the current 2015-2016 season. Although market conditions are challenging, with a reduction in value by as much as 20 percent, we see product demand driven by the adoption of new technology. This is illustrated by the strong performance of our fungicide ELATUS in Brazil.

On the other hand, the market value is being reduced by a continuing decline in glyphosate prices. For Syngenta, the lower sales prices reflect the pass-through of lower purchasing costs.

Demand for insecticides remains low as a result of channel inventory consumption and low insect pressure, in addition to the impact of the INTACTA™ soybean trait.

Now shifting to Latin America North, on the lower left hand side. We are dealing with difficult conditions in key markets such as Venezuela, where we focus on carefully managing our credit risk and delaying sales in accordance with the receipt of receivables.

Market conditions in the south of Latin America are improving, particularly in Argentina where farmers will benefit from the reform of export tariffs and a boost to profitability from the peso depreciation.

Let me give you an update on the start of the season in the northern hemisphere on slide 5. First Europe, Africa and the Middle East.

We saw strong and broad-based volume growth in the CIS, with a particularly strong performance in Sunflower, reflecting the quality of our leading portfolio. We also maintained our pricing discipline to offset the impact of currency devaluation. With the exception of France, where grower sentiment is subdued, other territories' sales remained largely unchanged. Bear in mind however that the main season is still to come.

In North America farmer profitability remains low, although lower input and financing costs are providing some relief. Planting decisions are made on the basis of maximizing return on investment which means that US farmers are still adopting new technology. Although the pricing environment in seeds is competitive, corn acres are expected to increase, and our corn sales showed a slight underlying increase on top of the Q1 licensing income. The US planting season is now underway and has begun earlier than in previous years, which should favor our business.

Please turn now to slide 6.

Crop protection sales were down 2 percent on a constant exchange rate basis.

Selective herbicides sales were unchanged on the quarter, with price and volume growth in the CIS offsetting lower sales in North America and in Asia Pacific.

Non-selective herbicides were down 18 percent as a consequence of lower glyphosate sales and dry weather conditions in South East Asia affecting the volumes of GRAMOXONE.

Fungicides sales declined by 1 percent. Growth in North America was driven by the launches of SOLATENOL and ORONDIS. Sales also increased in Europe, Africa and the Middle East, partly offsetting declines in Latin America and Asia Pacific.

The 4 percent decline in Insecticides reflects low insect pressure and inventory consumption in Latin America and in Asia Pacific, which more than offset growth in the northern hemisphere.

Finally, Seedcare sales were up 3 percent, owing to broad-based growth in three out of four regions driven by the success of new products VIBRANCE and FORTENZA.

Please turn to slide 7 for an overview of the seeds performance.

First quarter sales were up 4 percent, at constant exchange rates.

Corn and Soybean sales were 2 percent lower. Corn performed strongly in the US, largely driven by higher licensing revenue. Soybean sales were down, reflecting an expected acreage shift to corn and a competitive environment. Corn acreage was reduced in Europe, and corn sales also declined in ASEAN, owing to the very dry conditions.

Diverse field crops performed well with sales up 18 percent, driven by strong momentum in Sunflower, particularly in the CIS countries. Sugarbeet sales were also up in the CIS and Northern Europe.

Finally, Vegetables sales were up 1 percent, with double digit growth in Latin America and continued momentum in South Asia more than offsetting lower sales in Europe.

Please turn now to slide 8 for an overview of the performance of our new crop protection products.

We see continued demand for new technology, illustrated by growth of 43 percent at constant exchange rates in the first quarter. This performance reflects the success of several product launches we made in North America over the past six months. This has enabled us to further strengthen our crop protection offer. We saw continued momentum for our new herbicide ACURON. New fungicide products ORONDIS and SOLATENOL were also successfully introduced in North America. In Seedcare, FORTENZA and VIBRANCE have performed well in both Asia Pacific and North America.

Slide 9. The chart shows currency movements versus the US dollar since 2013, and for 2016 the chart is based on monthly data and shows the start of a weakening of the US dollar versus major currencies. But in the first quarter, the dollar is still stronger than a year ago.

Consequently, the adverse impact of currencies on first quarter sales was 0.3 billion. On the basis of current exchange rates, I expect the full year sales currency impact to be an adverse 0.6 billion. Our EBITDA, however, has some protection through hedged positions and we will be making compensating price increases. I can therefore confirm an unchanged outlook of 75 million dollars adverse impact on full year EBITDA, after CIS price increases.

Now turning to the full year outlook on slide 10.

Let me remind you of the guidance we showed at our full year results in February.

As we expected, crop prices remain low and, given the economic uncertainty and political instability in many emerging markets, we are assuming broadly flat sales at constant exchange rates. We will however pursue determined pricing actions supported by the quality of our products and technology.

Our focus on cost control and the delivery of the Accelerating Operational Leverage program is paramount to our efforts and I look forward to updating you on our progress at the half year results. We confirm our full year guidance for a further improvement of the EBITDA margin and free cash flow in excess of 1 billion.

And now, on slide 13, just a brief word on the process with regard to the ChemChina offer, which is on track and consistent with the original timetable.

The Swiss and US public tender offers opened on 23 March. Shareholders who have tendered their shares are still entitled to vote at the AGM and will receive the ordinary dividend paid at the beginning of May. The Swiss offer runs for an initial period of 40 working days – until 23 May – but subsequent renewals are expected. The US and Swiss offer timelines are aligned.

The transaction is expected to complete by the end of the year following receipt of all regulatory approvals.

Bridge financing is committed and irrevocable and syndication has been completed. A re-financing strategy is now being implemented.

As I have previously reported, over recent months we have been taking stock of our integrated strategy in the light of the last few years' experience. Slide 15 shows you some of the key metrics we have used for the analysis. We have been successful in moving from simply selling products to addressing grower needs more holistically. Integrated offers such as ENOGEN, GROMORE and HYVIDO have played a role in this. But more importantly our intimate understanding of grower needs has been enhanced substantially across the organization; as has the broadening of our competencies to address those needs.

This has led to clear commercial benefits in the emerging markets. Performance in the developed markets has been more mixed, with bigger differences in the size of our seeds and crop protection businesses, and variable levels of channel support. This has notably been the case for corn and soybean seeds in the US, and here we have already adapted the strategy accordingly.

Scalability challenges and technological complexity have limited the number of fully integrated solutions that we have been able to bring to the market. There is still further potential here but we will be selective in the number of such opportunities that we pursue.

The strategy has brought many benefits in terms of operating model. The implementation of global standardized processes has contributed to an ongoing improvement in our cost structure. However, the integrated model has meant insufficient focus on the profitability of seeds as a business, and this is something that we are now addressing.

It is clear that a combination of market downturn, currency headwinds and emerging market volatility has meant that both gross profit and EBITDA have lagged our initial expectations. However, the Accelerating Operational Leverage program resulted in significant margin improvement in 2015 and will continue to drive further profitability improvements.

Slide 16 shows you how the original concept of the integrated strategy, shown on the left, has evolved. The grower remains central, but there is now a greater focus on profitability. We have introduced two new pillars – Differentiate and Leverage – which I shall explain on the next few slides. In the interest of time on this trading update call, I will go through these slides quite quickly.

Slide 17. Keeping the grower central to our business means thinking like a grower. This challenge is already familiar to our entire global sales and marketing teams, and over the last five years we have equipped them to achieve it.   Of course our portfolio is designed to create value for growers – but we need also to enhance the value capture for Syngenta and for our channel partners.

Slide 18. Innovation has always been core to our strategy and we have the broadest innovation spectrum in the industry. We will continue to bring new products to market in crop protection, seeds and traits with, as I already mentioned, the pursuit of selected opportunities for integrated solutions.

Slide 19. The breadth of our portfolio is already a differentiating factor versus our competitors. We can deliver a superior offer not only through our products but also in the way we bring them to market, with tailored local solutions.

A further element of differentiation lies in redefining the value we bring to society. Ours is a complex and often mis-represented industry. Securing our long term freedom to operate means engaging with a broad stakeholder base and increasing awareness of the importance of our business for global food security. Sustainability has always been inherent in what we do. This is becoming more visible through The Good Growth Plan, which is unique in measuring our contribution to productivity, biodiversity and people; particularly smallholders.

We believe that as Syngenta, we are already benefiting from the enhanced reputation coming from the Good Growth Plan and by formally incorporating it into our strategy it will be a key differentiator.

Slide 20. Leverage has become a familiar part of our vocabulary over the last three years. We are proud of what we have already achieved under the AOL program and we will continue to drive operational excellence. In addition, we will leverage partnerships and outsourcing opportunities to maximize the value of our own assets.

Slide 21. A common goal that unites our organization is that of growing market share. As I showed you in February, in crop protection we have done so in all but two of the last 10 years. With our current rate of innovation and our outstanding pipeline, I am confident that the next 10 years will be at least as successful.

In addition to market share, we will focus on increasing profitability and cash conversion, which will be paramount when we judge our outperformance.

Please turn now to slide 22. The role of our seeds business has been a key element of the strategy review. I'll now run through the key attributes, starting top left and reading horizontally.

We remain convinced that seeds are central to grower decision-making and to productivity improvement. They are a technology enabler for new planting systems and farmer practices.

Syngenta has a competitive and sustainable position in most crops and we see substantial value creation potential over the next few years. Part of this lies in the value potential of integrating seeds and crop protection, which has certainly been recognized in the recent round of industry consolidation. In other cases such as Vegetables, we will realize value through the establishment of a standalone business and through enhanced growth prospects in China

Taking these factors into account, we have decided to maintain a full seeds portfolio but to consider selected joint ventures, acquisitions and divestments. Decisions will be taken in the light of our target of a sustainable seeds gross profit margin of above 50 percent.

As a reminder, slide 23 shows the pro-forma profitability of our seeds business which we presented in February, with an overall gross margin of 49 percent. Excluding the licensing income of 200 million dollars realized in Q4 2015, the underlying profitability is 45 percent. Our operational measures will improve this further.

Soybean in Latin America and sugar beet are examples of assets where we will explore external options in order to improve profitability. With regard to the investments in long term growth – hybrid cereals, rice and GM traits – these are for returns in the 2020s but represent major technology opportunities.

Slide 24 is a reminder of what I informed you about in February. We have established clarity within the organization with regard to a value creation framework which is supported by our strategy. We create value by a combination of the rate of cash generation, represented by the operating margin, and the efficiency of our asset investments including R&D. We will be driving asset efficiency and will improve the operating margin essentially through the AOL program and through the specific actions on Seeds.

If you turn to slide 25, you can see that we are already making good progress in terms of profitability. Syngenta was the only major company to improve operating margin in 2015. This reflects our focus on pricing discipline as well as on operational leverage. Our EBIT margin is now close to the sector peer average. But, as I have said, I believe that we have in place the essential components for industry outperformance through a reset strategy, a robust value creation framework and specific operational leverage projects underway.

Please turn now to the final slide 26.

Our first quarter performance has demonstrated sales resilience in tough market conditions. We continue to manage emerging market risks effectively and to sustain our leading positions in these markets. Innovation is driving growth globally with technology adoption continuing despite the currently adverse environment.

In this environment, our early implementation of the AOL program is standing us in good stead. We continue to target further margin improvement for the full year 2016.

The ChemChina transaction does not change any of the objectives we have discussed today. On the contrary – it will enable the long term strategy implementation which is consistent with the long term fundamentals and promise of our industry.

That concludes our presentation today and I should now like to open up the call for questions. Operator?

Questions and Answers

Operator

(Operator instructions) Our first question comes from Patrick Lambert from Raymond James. Please go ahead.

Patrick Lambert – Raymond James

Hi. Good morning. Two questions please. Can you put some granularity on the corn seed business, the trend that you see in the relicensing and the pricing development especially in North America of course, first question.

And the second question concerns the ChemChina transaction as expected. Any update on the CFIUS process itself? I think you've submitted. If you could comment, when do you expect the window of investigation by the CFIUS to close. Thanks.

John Ramsay

Okay. Well, good to hear you, Patrick. Thanks for the two questions. Let me perhaps deal with the ChemChina one first of all at the outset and perhaps maybe set expectations for other questions.

But let me say very clearly that the process of regulatory approval, both antitrust and CFIUS approval is very much on track in accordance with the timetable that we set out when we announced the transaction. And there really is nothing more to report other than to confirm very clearly that we are still on track and we are still very much anticipating the completion of the transaction and therefore all the regulatory approvals by the end of the year.

So far as granularity on corn is concerned, I think broadly what's going on, Patrick, is the following. The first thing to say of course is it is early in the season. I mentioned in my prepared remarks that the weather conditions are reasonably favorable compared to previous seasons. So what I think is happening is that growers are looking at early planting perhaps, although it's still ahead of us, but they're looking at the potential for early planting. And that favors corn because of the stages of the planting. In addition, I think the calculations of profitability are in favor of corn at current prices compared to soybean.

So what we're seeing in our business is the likelihood of acreage being up a bit. And we are seeing slightly higher corn volumes on a base business. And we are seeing some price pressure. But we're also seeing increased royalty income. And that broadly, at this stage, is about all we can say given the early part of the season.

Patrick Lambert – Raymond James

You can't quantify a bit the price pressure that you're seeing? What kind of magnitude are you seeing?

John Ramsay

Well, I think it is low single digits in the round. It varies by region. But as a broad base across the corn business, I'd say low single digits price pressure.

Patrick Lambert – Raymond James

Great. Thanks.

Operator

Christian Faitz, Kepler Cheuvreux.

Christian Faitz – Kepler Cheuvreux

Yes. Good morning, gentlemen. Good morning, Jennifer. Thanks for taking my three questions. First of all, a segment less in focus, Lawn and Garden. Can you please let us know how you achieved a 10% sales improvement?

Then second of all, in Latin America, is there any improvement in terms of economic conditions for the farmers in sight? What are your salespeople in the field saying? That would be helpful to know just to get some direct feedback there.

And then just coming back to CFIUS, can you please remind us of the timelines of the CFIUS filings, i.e. when has ChemChina filed? That would be helpful to know. Thank you very much.

(Technical difficulty)

Operator

Ladies and gentlemen, please hold. The call will resume shortly.

John Ramsay

Christian, I think I got your question. I don't know if you got my answer on CFIUS.

Christian Faitz – Kepler Cheuvreux

No. Nothing.

John Ramsay

You didn't? Okay. Sorry. Okay. Well, let me start again then. Sorry about that. Basically in terms of CFIUS, let me answer it in the spirit of how I answered Patrick's question insofar as anything to do with the China transaction is concerned. I can confirm that we are very much on track with all the regulatory approvals in accordance with the original timetable that we spoke about and planned for when we announced the transaction. And that is to have all the regulatory approvals completed in time for the transaction to be complete by the end of the year.

We did say specifically on CFIUS that we were not going to get into filing dates and exactly where we are at any one point in time just for the sheer fact that it creates a lot of expectation. But what I can confirm is that CFIUS, along with the other regulatory approvals, is very much on track and in line with our timetable that we set out at the beginning, when we announced the transaction.

So far as Lawn and Garden is concerned, the business is generally doing well. We acquired, you may recall -- a year or so ago we acquired some products from DuPont, and we've been able to leverage our marketing footprint in Lawn and Garden to be able to get increased volumes of those products that we acquired. And we've also had some increase in our tender business in Africa.

Insofar as Latin America is concerned, look I think Brazil, economically is still challenged. There's no doubt about that. But helpful to us, of course, is the fact that the political moves have been, I think, encouraging to international markets. And we've seen a strengthening of the real from the levels that we saw were in at the end of last year. Depending on stability of the real, then that should be reasonably favorable. But a lot depends on what happens between now and August/September time when the seasons really start.

Within Brazil itself, you've still got quite a dichotomy between the north and the south. In many ways, the south has continued through this period, with continued growth and the region doing very well. It's in the north where, in the past, you've had the large expansions of land and expansion of distributors' business, and perhaps, in many cases, over-commitment by many parts of the industry there. And it's there that they've suffered the most in terms of the withdrawal of credit that we saw big time in 2015.

I don't think we can see any signs of that fundamental credit position alleviating. And it's very much a case now so far as the industry is concerned of collections opposite the decisions we made in terms of extending credit at the back end - or in the fourth quarter of 2015.

On a more positive side -- but I'm sorry, before I leave Brazil, do refer to the slide that we put in the pack because it does try and break down this absorption of inventories and the glyphosate pricing and the currency in a way that actually, if you pull those elements out, the fundamental consumption in the market is still up in terms of chemistry, and particularly for products. And we're still growing, for example, our ELATUS business there.

On a more positive side perhaps is Argentina. I think the reforms there and in new government in particular, the opening up now potentially of the capital markets associated with a holdout settlement is going to be positive. And the tariff reductions that have occurred have already increased the positive sentiment of growers there. So still a bit of a mixed picture. A lot now will depend on the environment as we go into the second half of the year, of course.

Christian Faitz – Kepler Cheuvreux

Very helpful. Thanks.

Operator

Sophie Jourdier, Liberum.

Sophie Jourdier – Liberum

Morning. Thank you. I've just got two quick questions. I think you mentioned actually in the end of the call but I missed it, could you just re-mention which seeds parts that you're looking for, JVs, divestments, acquisitions, and why those parts?

And second, a quick question. Just could you remind me the raw material benefits you're expecting this year and what sort of level of royalty income you're expecting this year? Thanks.

John Ramsay

Thanks, Sophie. First of all, just on the royalty income, I think we should be just a bit above $200m for the royalty income.

On the raw material benefit, I think it's about $100m incremental benefit in COGS compared to 2015.

And so far as seeds is concerned, it very much refers to the slide 23, I think, which is in the pack in terms of certainly looking at Soybean in Latin America and Sugarbeet. But it's not so much specifically that point I wanted to make; it was more that we are determined that when we had the ICS strategy as such, we were looking at crop protection and seeds very much in the round in terms of profitability. And I think that caused somewhat lack of focus. And whilst we'll still, as I say, integrate offers wherever we can see incremental value, we do want the seeds business to be justifiable in respect of it as a business in itself. So therefore we are looking at the combined business, the total seeds business to be having a gross margin on a sustainable basis of above 50%.

And the crops I just mentioned, the segmentation, high-level segmentation identified on crops on slide 23 is really just to make the point that there are some crops which look to be able to get to the 50% by organic and incremental improvements through AOL, etc. And there's others that look somewhat more challenged by that. And they will have to be looked at with more scrutiny.

Sophie Jourdier – Liberum

Thank you. That's really helpful.

Operator

Tony Jones, Redburn.

Tony Jones – Redburn

Morning, John. Tony Jones, Redburn, London. I just had a couple of questions on the guidance. So it looks like there's a couple of new items in there, the ChemChina transaction costs and then you're also mentioning LATAM sales terms. Could you give some guidance on the impact to EBITDA for the full year, if that's okay? And then also the guidance for

EBITDA margin improvement over the year, could you just clarify whether that's on a constant currency basis? Thanks.

John Ramsay

Yes. I'm not sure the LATAM sales terms is a new point because we were, I think, fairly clear about that at the year end and the number in terms of year-on-year comparison won't change. So I think it's about $240m for the full year at sales level. So that's consistent.

So far as EBITDA margin is concerned, we are targeting to improve that on a reported basis. So that would be after currency and everything else. So it would be on a reported basis that we'd hope to improve the EBITDA margin.

And the ChemChina transaction costs are really a combination of bank fees and the biggest element being the additional costs associated with the acceleration of employee equity plans, which will occur as a consequence of the transaction, whereas otherwise they would be spread over a three-year period. So there will be additional costs associated with that, but that very much depends on the relative share prices and how much is in the pot to go to employees at the time.

Tony Jones – Redburn

Okay. But are you able to give us even a rough idea of the magnitude? Is it $10m or $50 or --?

John Ramsay

No. It's more than that. It'll be something like over $100m.

Tony Jones – Redburn

Okay. And that's just the transaction cost for the fees and the equity plan?

John Ramsay

Yes. It's essentially to do with the transaction. You'll have lawyer fees dealing with antitrust authorities and bank fees. But the biggest component will be this equity component. But it will be significantly over $100m in total.

Tony Jones – Redburn

Thanks very much.

Operator

Jeremy Redenius, Bernstein.

Jeremy Redenius – Bernstein

Hi. Good morning. It's Jeremy Redenius from Bernstein. Thanks for taking a couple of questions. First of all, could you talk about any efforts you're making in Europe to talk to any government officials or national security agencies to preemptively satisfy any concerns here?

And then secondly, you mentioned the financing strategy coming into place. Could you talk about what that would look like with the next level of detail on plans to move beyond the original two bank commitments? Thank you.

John Ramsay

Yes. I don't think so far as Europe's concerned that we're doing anything particularly proactive. We're going through the normal standardized regulatory processes as they are prescribed and talking to the antitrust authorities and getting the data together that they require, basically working through the process there. So nothing particular to report other than just a lot of work, as it was always going to be.

On the financing strategy, I think the first thing to say is that the two banks that you mentioned, so far as HSBC is concerned, they have completed their syndication of that. So they have got other banks now to take a portion of the debt. So the phase now is moving into one of the final, what we see is the post-transaction financing structure which will be a combination of debt and equity. So the teams are basically doing the forward forecasts and looking at the financing component, dividends and interest, to put that together to have a discussion with the rating agencies, which will occur in some weeks' time to get the credit rating. So there's a little bit of a discussion that goes on there to ensure that the levels of equity and debt and the way it's structured across the group would be consistent with the targeted rating.

Jeremy Redenius – Bernstein

And just to follow on both those points really quickly, so in Europe there's no -- I understand you're going through antitrust approvals, but in Europe there's no real CFIUS equivalent. I know different countries handle it very differently, but there's nothing that you're seeing that's creating a need for any other process in Europe in terms of national security?

John Ramsay

Nothing that's causing us any concern at all. No.

Jeremy Redenius – Bernstein

Okay. And then to clarify on the equity part, are you talking now is this ChemChina effectively issuing equity or would this be a new listing for Syngenta in the future?

John Ramsay

It would be really replacing the debt that would be required to purchase the shares from current shareholders with a combination of debt and equity. So effectively it's equity that would be coming from ChemChina. It could well be equity that's come directly. There are a number of sources of equity which ChemChina, I think, spoke at, at the full-year results, I remember. And they'll look at those and basically be looking at what debt-to-equity structure is necessary to get the rating and then just basically be putting that in place.

Jeremy Redenius – Bernstein

Okay. Well, thank you very much.

John Ramsay

Thank you.

Operator

Paul Walsh, Morgan Stanley.

Paul Walsh – Morgan Stanley

Yes. Thanks very much. Morning, John. Morning, Jennifer. Just a couple of quick ones. ELATUS sales are still growing. I wonder if you can give us an idea as to how much growth you're able to report in ELATUS in the first quarter and just in terms of the phasing of ramp up in other regions.

And around pricing, it was up 2% in Q1. Is that a reasonable run rate to use for the balance of this year, do you think?

John Ramsay

Paul, just your second question was on what point, sorry?

Paul Walsh – Morgan Stanley

Sorry, on pricing, up 2% in the first quarter in the Crop Protection business. And I'm just asking if that's an appropriate run rate to use for the full year.

John Ramsay

Yes. So I think it is appropriate to use that. It's got a combination of things in it, the pricing, of course, insofar as it's distorted a little bit by the glyphosate pricing, because without the glyphosate price it would be slightly higher. But I think taking all things into consideration, 2% is a good assumption for the full year.

Insofar as ELATUS is concerned, I think ELATUS is up quite substantially. But in the first quarter, it's going to be mainly North America. You're talking ELATUS. First quarter's going to be about North America for SOLATENOL. Latin America's not going to be very much sales actually. The majority of the sales take place in the fourth quarter. But we're up about, I think, 30% overall for SOLATENOL. And the major component of that is North America because we just launched the product.

Paul Walsh – Morgan Stanley

Absolutely. Okay. Brilliant. Thank you very much.

John Ramsay

Okay. Just time for one more question.

Operator

Andrew Benson, Citi.

Andrew Benson – Citi

Yes. Thanks very much. Just a couple of small issues. My understanding is that there were about $300m of sales pulled forward into 2015, which were going to unwind in the first half of 2016 because of your accounting. So I just wondered if that is actually correct and the extent to which that sales have unwound in the first quarter or how much we should expect in the second.

Secondly, just the impact you expect on glyphosate this year on the business incrementally.

And again, I might be completely wrong here, but it looks like the break fee has changed. Is that correct?

John Ramsay

Yes. Just on the sale terms, you're right but you're not correct with the number. What happened because of the accounting, it basically moved all the sales forward from one quarter to the next. So through 2015 we had sales moving from quarter three into quarter two, quarter four into quarter three, and then we've got quarter one going into quarter four. The impact on the first quarter 2016 as a comparator to the first quarter 2015 is $50m. But for the full year 2016 compared to the full year 2015, the number will be about $240m differential. So those are the numbers.

Glyphosate impact for the full year should be a reduction of about $50m to $100m in terms of our reduction in that business.

And then you're right in terms of the break fee. What we're talking about here is the break fee that would be payable by Syngenta in the event of the transaction not going ahead, subject to all the conditions associated with that, which was reduced by the Swiss takeover board on the basis of their rules when the application for the transaction was submitted. There is no change to the break fee in quantum or in conditions in respect to the break fee that would be payable by ChemChina in respect of a transaction not proceeding, subject to the terms of the agreement.

Andrew Benson – Citi

And that break fee's down to $800m, is that right?

John Ramsay

It's $848m. Yes. Correct.

Andrew Benson – Citi

All right. Brilliant. Thanks very much, John.

John Ramsay

Okay. Thanks, Andrew.
Okay. Well, thanks, everybody, again for your time this morning. And all the best for the rest of the day. Thank you.

Operator

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

Syngenta Crop Protection AG
Corporate Affairs

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