

Financial Statements of Syngenta AG 2018



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Income Statement

(for the years ended December 31, 2018 and 2017)

(CHF million)	Notes	2018	2017
Income:			
Dividend income	2	533	509
Other financial income	2	63	57
Total income		596	566
Expenses:			
Financial expenses		(26)	(48)
Operating expenses		(11)	(72)
Direct taxes		(3)	(3)
Total expenses		(40)	(123)
Net income		556	443

Balance Sheet

(at December 31, 2018 and 2017)

(CHF million)	Notes	2018	2017
Assets			
Current assets:			
Cash		-	1
Short-term loans to subsidiaries	2	774	4,645
Prepayments and accrued income		1	-
Total current assets		775	4,646
Non-current assets:			
Investments in subsidiaries	3	4,284	4,004
Total non-current assets		4,284	4,004
Total assets		5,059	8,650
Liabilities and shareholders' equity:			
Short-term liabilities:			
Short-term interest bearing loans from subsidiaries	2	(630)	-
Short-term liabilities to subsidiaries		(4)	(56)
Accrued expenses and deferred income		(10)	(6)
Total short-term liabilities		(644)	(62)
Equity			
Share capital	4, 5	(9)	(9)
Legal reserves:			
Legal reserves from capital contributions	4	(27)	(27)
Legal reserves from retained earnings	4	(2)	(2)
Voluntary retained earnings:			
Other reserves	4	(1,628)	(1,628)
Retained earnings	4	(2,257)	(6,543)
Net income		(556)	(443)
Treasury shares	4, 6	64	64
Total shareholders' equity		(4,415)	(8,588)
Total liabilities and shareholders' equity		(5,059)	(8,650)

1. Accounting policies

General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations) (the "Law"). The significant accounting and valuation principles applied that are not prescribed by the Law are described below.

Ownership

Syngenta AG is a fully owned subsidiary of CNAC Saturn (NL) B.V., a subsidiary of China National Chemical Corporation ("ChemChina").

Syngenta AG ordinary shares were delisted from the SIX Swiss Exchange on January 8, 2018, and Syngenta AG ADSs were delisted from the New York Stock Exchange on January 18, 2018. On January 19, 2018, Syngenta terminated its registration with the U.S. Securities and Exchange Commission of the securities issued by Syngenta AG and Syngenta Finance N.V. under Section 12(g) of The Securities Exchange Act of 1934 ('the Act').

Exchange rate differences

Except for investments in subsidiaries, associates and joint ventures, which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using year-end rates of exchange. Realized exchange gains and losses arising from these as well as those from business transactions denominated in foreign currencies are recorded in the income statement. Net unrealized exchange losses are recorded in the income statement; net unrealized gains, however, are deferred within accrued liabilities.

Investments in subsidiaries

Investments are recorded at acquisition cost less any impairment loss.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition.

Foregoing a cash flow statement and additional disclosures in the notes

In accordance with the Law, Syngenta AG has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes, as well as a cash flow statement, because it has prepared its consolidated financial statements in accordance with a recognized accounting standard (International Financial Reporting Standards as issued by the International Accounting Standards Board).

2. Information on income statement and balance sheet items

Dividend income

Dividend income in the current year consists entirely of dividends received for the previous business year.

Other financial income

Other financial income consists mainly of guarantee and other fees received from subsidiaries as well as currency translation gains generated from the dividend distribution to ChemChina.

Short-term interest bearing loans to/from subsidiaries

Syngenta AG receives loans from group companies and provides loans to group companies.

Notes to the Financial Statements of Syngenta AG

3. Investments in subsidiaries

The following are the significant legal entities in the Syngenta group of companies (the "Group"). The disclosure criteria are as follows:

- Companies directly owned by Syngenta AG
- Companies indirectly owned by Syngenta AG with sales in excess of USD 100 million or equivalent or total assets in excess of one percent of total Group assets
- Companies with a financing function

None of the legal entities are listed.

Country	Domicile	Capital and voting rights owned by Syngenta ¹
Argentina		
Syngenta Agro S.A.	Buenos Aires	100%
Nidera Seeds Argentina SAU ¹	Buenos Aires	100%
Australia		
Syngenta Australia Pty Limited	North Ryde	100%
Bangladesh		
Syngenta Bangladesh Limited	Dhaka (BGD)	60%
Brazil		
Syngenta Proteção de Cultivos Ltda.	São Paulo	100%
Nidera Seeds Brasil Ltda. ¹	São Paulo	100%
Canada		
Syngenta Canada Inc.	Guelph	100%
China		
Syngenta (China) Investment Company Limited	Shanghai	100%
France		
Syngenta France S.A.S.	Saint-Sauveur	100%
Syngenta Holding France SA	Guyancourt	100%
Germany		
Syngenta Agro GmbH	Maintal	100%
Hungary		
Syngenta Hungary Kft.	Budapest	100%
India		
Syngenta India Limited	Pune	96%
Indonesia		
PT Syngenta Indonesia	Jakarta	100%
Italy		
Syngenta Italia S.p.A.	Milano	100%
Japan		
Syngenta Japan K.K.	Tokyo	100%
Mexico		
Syngenta Agro, S.A. de C.V.	México City, D.F.	100%
Netherlands		
Syngenta Seeds B.V.	Enkhuizen	100%
Syngenta Finance N.V.	Enkhuizen	100%
Syngenta Treasury N.V.	Enkhuizen	100%

3. Investments in subsidiaries (continued)

Country	Domicile	Capital and voting rights owned by Syngenta ¹
Panama		
Syngenta Crop Protection S.A.	Panama City	100%
Poland		
Syngenta Polska Sp.z.o.o.	Warsaw	100%
Russian Federation		
OOO Syngenta	Moscow	100%
Spain		
Syngenta España S.A.	Madrid	100%
Switzerland		
Syngenta Crop Protection AG ²	Basel	100%
Syngenta Crop Protection Monthey SA ²	Monthey	100%
Syngenta Agro AG	Dielsdorf	100%
Syngenta Agroservices Asia AG ²	Basel	100%
Syngenta Finance AG ²	Basel	100%
Syngenta International AG ²	Basel	100%
Syngenta Participations AG ²	Basel	100%
Syngenta South Asia AG ²	Basel	100%
Ukraine		
Syngenta Limited Liability Company	Kiev	100%
United Kingdom		
Syngenta Limited	Bracknell	100%
Syngenta UK Limited	Fulbourn	100%
USA		
Syngenta Crop Protection, LLC	Wilmington	100%
Syngenta Seeds, LLC	Wilmington	100%
Syngenta Corporation	Wilmington	100%
GreenLeaf Genetics, LLC	Minnetonka	100%
Vietnam		
Syngenta Vietnam Ltd.	Bien Hoa City	100%

¹ Except for the newly acquired entities Nidera Seeds Argentina SAU and Nidera Seeds Brasil Ltda. the capital and voting rights in 2018 have not changed compared to 2017

² Direct holding of Syngenta AG

Notes to the Financial Statements of Syngenta AG

4. Equity

(CHF million)	Legal reserves			Voluntary retained earnings			Treasury shares	Total
	Share capital	From capital contribution	From retained earnings	Other reserves	Retained earnings	Net income		
Balance at December 31, 2016	9	27	2	1,628	3,407	3,598	(116)	8,555
Appropriation of available earnings	-	-	-	-	3,598	(3,598)	-	-
Sale of treasury shares	-	-	-	-	-	-	52	52
Dividend payment	-	-	-	-	(462)	-	-	(462)
Net income of the period	-	-	-	-	-	443	-	443
Balance at December 31, 2017	9	27	2	1,628	6,543	443	(64)	8,588
Appropriation of available earnings	-	-	-	-	443	(443)	-	-
Dividend payment ¹	-	-	-	-	(4,729)	-	-	(4,729)
Net income of the period	-	-	-	-	-	556	-	556
Balance at December 31, 2018	9	27	2	1,628	2,257	556	(64)	4,415

¹ On May 7, 2018, a dividend of \$4,707 million was paid to Syngenta AG's parent company, CNAC Saturn (NL) B.V.

5. Share capital

	December 31, 2018	Movement in period	December 31, 2017
Total Syngenta AG registered shares	92,578,149	-	92,578,149
Nominal value per share (CHF)	0.10	-	0.10
Total share capital (CHF million)	9.26	-	9.26

6. Treasury shares

The number of treasury shares held by Syngenta AG and their movements are as follows:

	2018	2017
Total treasury registered shares held by Syngenta AG at January 1	195,676	357,658
Sold in the year under various Employee/Management Share Plans ¹	-	(161,982)
Average sale price per share, CHF ¹	-	429.79
Total treasury registered shares held by Syngenta AG at December 31	195,676	195,676
Average purchase price per share, CHF	325.42	325.42

¹ Following the acquisition of Syngenta AG by CNAC Saturn (NL) B.V. all share plans were cancelled

7. Contingent liabilities

(CHF million)	Maximum amount December 31,		Amount in effect at December 31,	
	2018	2017	2018	2017
External borrowing activities:				
Euro medium-term notes	1,877	1,918	1,877	1,918
US bonds ¹	5,413	731	5,413	731
Private placement notes	102	101	102	101
Commercial paper	2,461	2,438	79	461
Credit facilities	2,953	2,925	148	195
Group treasury lending, borrowing and hedging activities	21,559	22,552	12,855	12,089
Total	34,365	30,665	20,474	15,495

¹ Consists of Rule 144/Regulation S under the U.S. Securities Act of 1933 notes

External borrowing activities

Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by Syngenta Finance N.V., which is an indirect wholly-owned finance subsidiary, and Syngenta Finance AG, which is a direct, wholly-owned finance subsidiary. The guarantees rank equally with all other unsecured and unsubordinated debt of the group. No other subsidiary of Syngenta AG guarantees such debt securities.

Treasury - intercompany lending, borrowing and hedging activities

At the request of the Dutch authorities, Syngenta AG guarantees credit risk arising on lending, borrowing and hedging activities between Syngenta Treasury N.V. (a limited liability company organized under the laws of the Netherlands and an indirectly wholly-owned finance subsidiary) and other group companies, subject to a threshold of EUR 250 million.

External hedging activities – financial instruments

External hedging activities refer to financial instruments where Syngenta Treasury N.V. is the contractual party hedging exposures arising in the Syngenta Group with external counterparties.

These financial instruments are transacted under International Swap and Derivative Association (ISDA) contracts. In addition, for certain financial instruments positions, Credit Support Annex (CSA) contracts are in place under which cash is exchanged as collateral.

Syngenta AG guarantees the financial instruments transactions entered into under these ISDA contracts. The contingent liabilities related to these financial instruments are significantly limited by the credit risk mitigation measures applicable under the ISDA and the CSA contracts and amount to CHF 5.1 million at December 31, 2018 (2017: CHF 3.5 million).

Litigation matters

Since September 12, 2014, several thousand lawsuits were filed against various Syngenta legal entities, among them Syngenta AG, in state and federal courts in the United States by plaintiffs seeking damages from Syngenta for commercializing its Agrisure Viptera® (MIR162) and Duracade™ corn seeds in the U.S. without having obtained import approval from China for those products. In September 2017, a pending settlement of USD 1.5 billion to resolve all claims on behalf of U.S. non-Viptera and Viptera producers as well as grain elevators and ethanol plants was reached. The settlement amount, which will be paid by Syngenta entities in the US and in Switzerland, was included in the net result 2017 of the Syngenta Group. Final approval for the pending settlement was granted by court order dated December 7, 2018 (but is still subject to appeal). As of December 31, 2018 Syngenta entities have approximately USD 1.1 billion of remaining settlement payments due, which are to be paid in 2019. The settlement does not cover claims of certain exporter plaintiffs (such as Cargill and Louis Dreyfus), and there are 16 producers and one ethanol plant who opted out from the settlement. Syngenta is continuing to defend against claims of exporters and plaintiffs who opted out from the settlement. It strongly believes that they are without merit and will vigorously defend the lawsuits.

Putative class actions similar to those in the U.S. were filed in Ontario and Quebec, Canada, against Syngenta Canada Inc. and Syngenta AG in December 2015 and February 2017, respectively. In the Ontario action, the judge granted Syngenta's motion to strike and, by decision dated November 28, 2018, dismissed the action in its entirety; that decision is currently subject to appeal. The Quebec action is at a very early stage. The Canadian actions are not covered by the settlement in the U.S. Syngenta is continuing to vigorously defend against the Canadian actions and strongly believes that they are without merit.

In August 2013, a personal injury complaint relating to atrazine was filed under seal in St. Clair County, Illinois, State Court on behalf of an unnamed minor and his parents against Syngenta Crop Protection LLC, Syngenta AG and certain dealers and distributors. The Court granted the

Notes to the Financial Statements of Syngenta AG

minor permission to proceed in the public record under the fictitious name “James Doe” - and for his parents to use the names “Jane Doe” and “John Doe”. The lawsuit alleges that James Doe’s congenital birth defect, hypospadias, was caused by his mother consuming atrazine-contaminated drinking water while she was pregnant. The complaint alleges public nuisance, strict liability, and negligence and seeks unspecified damages together with the costs of suit. Fact discovery in the litigation started in early 2014 and is continuing. Syngenta strongly believes that the claims are without merit and is vigorously defending against the action.

In September 2017, an (amended) complaint was filed in St. Clair County, Illinois, State Court on behalf of twelve plaintiffs (seven men who are said to have been diagnosed with Parkinson’s disease and five of their wives) against Syngenta Crop Protection LLC, Syngenta AG and certain dealers and distributors. The complaint alleges that the seven men suffer from Parkinson’s disease due to chronic exposure to Paraquat and states the following counts: (1) Strict Liability – Design Defect; (2) Strict Liability – Failure to Warn; (3) Negligence; (4) Public Nuisance; (5) Consumer Fraud & Deceptive Business Practices Act; and (6) Breach of Implied Warranty of Merchantability. Syngenta’s motion to dismiss was denied by court order dated July 31, 2018, and the case is now at the discovery stage. In December 2018, Syngenta learned of two additional Paraquat lawsuits that were filed in St. Clair County on behalf of two plaintiffs each. Syngenta strongly believes that these complaints are without merit and will vigorously defend the lawsuits.

Other

In a Deed of Guarantee dated December 6, 2017, Syngenta AG guaranteed to Syngenta Pensions Trustee Limited (the “Fund”), that if Syngenta Limited, or other Syngenta affiliates (“Employers”), which participate in the Fund, do not pay punctually amounts they owe to the Fund, then Syngenta AG will pay that amount instead of the Employers. This replaced the letter addressed to Syngenta Pensions Trustee Limited, dated July 2, 2013, and subsequently updated on January 24, 2014, in which Syngenta AG confirmed that it would ensure that Syngenta Limited would honor its obligation to guarantee the solvency and due payment of benefits of the Syngenta UK Pension Fund.

Syngenta AG is part of a group of Swiss entities of Syngenta which are jointly and severally liable for the whole Swiss VAT amount due to the Swiss Tax authorities by this group.

8. Full-time equivalents

Syngenta AG does not have any employees.

Appropriation of Available Earnings of Syngenta AG

(CHF million)	2018	2017
Available earnings:		
Balance brought forward from previous year	2,257	6,543
Net profit of the year	556	443
Total available earnings	2,813	6,986
Appropriation of available earnings:		
Payment of a cash dividend proposed to the AGM ¹	(945)	(4,729)
Payment of an in kind dividend proposed to the AGM ²	(64)	-
Total available earnings after appropriation	1,804	2,257

¹2017: On May 7, 2018, a dividend of \$4,707 million was paid to Syngenta's parent company, CNAC Saturn (NL) B.V., which was equivalent to CHF 4,729 million, which was CHF 271 million below the maximum dividend proposed.

2018: The proposed cash dividend payment is USD 900 million, but not exceeding CHF 945 million. At the time of the General Meeting's resolution, the maximum of CHF 945 million will be translated to USD using the applicable exchange rate at that date. The distribution amount will be the lower of USD 900 million and the USD translated equivalent of CHF 945 million. It is intended that 50 percent of the distribution amount will be paid out in May 2019 and the other 50 percent in November 2019.

²The in kind dividend payment to the company's shareholder consists of 195'676 treasury shares.



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Report of the Statutory Auditor to the General Meeting of Shareholders of
Syngenta AG, Basel

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Syngenta AG, which comprise the income statement, balance sheet and notes for the year ended December 31, 2018.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2018 comply with Swiss law and the Company's articles of incorporation.



*Syngenta AG, Basel
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders*

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Michael Blume
*Licensed Audit Expert
Auditor in Charge*

Artem Chumakov
Director

Basel, February 14, 2019

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