Horticultural seed business of Syngenta, for sale

September 11

The multinational Syngenta announced that its horticultural seed business, one of the most important activities of the company, is for sale. In a note published on September 3, the company announced "its intention to divest its global vegetable seed business. This leading business in the sector with high margins and has a significant global footprint and a wide range of excellent varieties. And as such, it is expected to attract the interest of third parties. "

Mike Mack, Syngenta CEO, said in remarks to the Financial Times the reasons for sale. He said that the business of flower and vegetable seeds Syngenta has high profit margins. But it is not part of the "comprehensive strategy" of the Swiss group, which consists of selling seeds and pesticides together. This is because the seeds are used to cultivate plants and crops in greenhouses, with little need for chemicals.

Message of reassurance for shareholders

The operation comes after several months in which Syngenta has rejected offers from Monsanto, which sought to gain the whole company. In its latest proposal, the US company offered 47.000 million. Syngenta refused all offers. His reasons: "fundamentally undervalues ??the prospects of Syngenta and underestimates the significant execution risks, including regulatory and public scrutiny at various levels in many countries."

Mack said that the sale of seed business had been considered before Monsanto did their offers. But the truth is that the note issued by Syngenta, the company sends a message of reassurance to its shareholders, who for months have witnessed the rejection of purchasing managers by Monsanto although the latter rose in each offer the amount offered. In addition to the sale of the seed unit, Syngenta promises its shareholders "reimbursement of major capital levels (...) through a share buyback program. The initial program of more than 2 billion dollars will start in the coming weeks. " The aim is: "The board and management have been proposed to accelerate the creation of shareholder value and our actions today will support our commitment to do".

According to data collected by The New York Times, the unity of vegetable seeds represented 663 million euros in sales in 2014. The seed business in general, covering corn, soybeans and other field crops, recorded a sales of 3.16 billion last year.