

Bayer books bumper Q3 as Monsanto merger waits in wings

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German chemicals and pharmaceuticals giant Bayer said Thursday it booked a huge windfall gain in the third quarter, but the group is still waiting for approval of its mega-merger with US seeds and pesticides maker Monsanto.

Group net profit stood at 3.9 billion euros (\$4.6 billion) between July and September, more than triple the 1.2 billion euros reported in the same period last year.

But this year's result included a one-off gain of 2.8 billion euros related to the spin-off of Bayer's polymers division, Covestro.

Underlying or operating profit increased by 7.6 percent year-on-year to 1.6 billion euros, while revenues fell by 2.8 percent to 8.0 billion euros, Bayer said in a statement.

"We've made further progress with the planned takeover of Monsanto" in the third quarter, Bayer chief executive Werner Baumann said.

Baumann said the group was "actively addressing the authorities' possible concerns" over the \$66-billion tie-up by agreeing last week to sell a slew of agrochemical activities to home-grown rival BASF for 5.9 billion euros—as long as the bigger deal goes ahead.

Nevertheless, "I can't say if that will be it" regarding sacrifices demanded by competition authorities in exchange for the deal going

ahead, he added.

Politicians and environmental groups on both sides of the Atlantic have opposed the tie-up, fearing it will create a corporate titan with a tight grip on global food chains.

The group still hopes to complete the merger "by early 2018".

US drug sales down

Elsewhere in the business, Bayer's flagship pharmaceuticals division increased revenues 2.3 percent, with particularly strong performance for its stable of recently-developed drugs, including anticoagulant Xarelto and eye medicine Eylea.

Meanwhile, its over-the-counter medicines unit reported a 2.9-percent drop in sales, largely as a result of weaker performances in the US and Russia.

Sales of the division's products have been sapped as more American shoppers buy online rather than visit traditional retail stores, Baumann said.

The agrochemicals division boosted revenues by 2.7 percent, driven by the North America and Asia-Pacific regions, while the group said it had made progress reducing losses in Brazil after a poor harvest season cut sales in the second quarter.

Looking ahead to the full year, Bayer confirmed its forecast of a "low-single-digit percentage increase" in sales to between 35 and 36 billion euros, with operating profit "slightly above" the figure for last year.

Bayer shares had lost 3.1 percent around 1030 GMT to trade at 110.90

euros, making them the worst performer in a DAX index of blue-chip German shares up 0.3 percent.

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