

# Bayer's Monsanto takeover less lucrative than expected

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Werner Baumann, chairman of German pharmaceutical and chemicals giant Bayer tells the company's annual general meeting that the savings from the planned takeover of Monsanto will be less than expected

German pharma and chemicals giant Bayer said Friday that savings from its hoped-for takeover of US seeds and pesticides behemoth Monsanto

will be smaller than previously thought.

The company expects the savings from splicing the two businesses together will amount to \$1.2 billion (1.03 billion euros) per year from 2022 onwards.

That's short of the \$1.5 billion trumpeted by executives when the merger plans were inked in September 2016.

Nevertheless, "I'm convinced that this acquisition has very great potential for creating value," chief executive Werner Baumann told investors at the group's annual general meeting in Bonn.

Bayer has been forced by competition authorities including the European Commission to sacrifice existing activities in seeds and pesticides worth 7.6 billion euros to home-grown rival BASF in exchange for approval of the Monsanto deal.

That means there will be less overlap and fewer savings when Bayer assumes the US firm's product range of genetically-modified seeds and compatible pesticides.

The German firm needs to find some 44 billion euros in new cash—from borrowing and issuing new shares—to fund the \$62.5-billion Monsanto takeover, German business daily Handelsblatt calculated Friday.



A protester wears a bee mask and holds a weed sprayer at a demonstration against the takeover of US seeds and pesticides maker Monsanto by Bayer

Lower savings from the merger will then mean less funds available to pay off the new debts.

"Bayer will indebt itself massively over Monsanto. But it's manageable if the agrochemical division plus Monsanto turns into the promised cash machine," Handelsblatt judged.

Executives hope the one remaining major green light will come from the US Department of Justice before a June 14 deadline, after which Monsanto could withdraw from the deal if the needed approvals have not

been secured.

"We anticipate being able to close the acquisition of Monsanto in the near future," Baumann insisted.

Some 200 people demonstrated against the Bayer-Monsanto merger outside the AGM Friday, including a woman wearing a wedding dress and a skull mask holding a sign warning of a "deadly wedding" between the two firms.

"We can't allow gigantic companies to have control over our food system," said Christian Rollmann of protest group "Wir haben es satt" (We're fed up).

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