

Currency headwinds sap Bayer in Q1

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Bayer secured regulatory approval for the tie-up with Monsanto from the European Commission in March

German chemicals firm Bayer said Thursday exchange rate headwinds had undermined revenues and profits in the first quarter, but kept its eyes on a planned takeover of US seeds and pesticides maker Monsanto.

Net profits at the Leverkusen-based group fell 6.2 percent year-on-year, to just under 2.0 billion euros (\$2.4 billion).

Operating, or underlying profits lost 4.8 percent to reach 2.3 billion euros, on the back of revenues down 5.6 percent at 9.1 billion.

Sales fell at all the group's divisions—prescription drugs, over-the-counter medicines, crop science and animal health—although Bayer said that adjusting for currency effects sales of pharmaceuticals and veterinary products had in fact increased.

Meanwhile operating profits were burdened by one-off costs linked to the group's mammoth buyout of Monsanto, one of the largest in German corporate history with a value of around \$62.5 billion.

Chief executive Werner Baumann hailed "major progress with the proposed acquisition" in the first quarter.

Bayer secured regulatory approval for the tie-up from the powerful European Commission in March, trading away large chunks of its existing seeds and pesticides business to rival BASF in exchange.

And the Wall Street Journal reported in April that US authorities would also green-light the deal.

Executives still hope to complete the merger, which some environmentalists and politicians warn would create an over-mighty giant dominating global agriculture, before the end of June.

Looking ahead to the full year, Bayer forecast a "low-single-digit percentage" decrease in sales mainly driven by currency effects, to below 35 billion euros, with a similar decline in underlying profits before special items.

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