

Bayer pushes bid for Monsanto closer to \$56 billion

September 6 2016, by Jim Suhr



This Aug. 31, 2015, file photo, shows the Monsanto logo on display at the Farm Progress Show in Decatur, Ill. German pharmaceutical giant Bayer AG says it's increasing its bid for American seed company Monsanto Co. The Leverkusen-based drug and chemicals company said in a statement early Tuesday Sept. 6, 2016 it was offering US \$127.50 per Monsanto share, up from the previous US \$125 a share offer. Excluding debt of about US \$9 billion, that values Monsanto at US \$55.8 billion, about US \$1 billion more than the previous offer. (AP Photo/Seth Perlman, File)

The German pharmaceutical giant Bayer AG sweetened its bid for Monsanto Tuesday, saying that its latest offer, now worth almost \$56 billion reflects, "constructive negotiations" in its quest to build a global chemical and seed company.

Bayer is offering \$127.50 per Monsanto share, up from \$125 in July, a bid that the St. Louis seed company had called inadequate. Excluding debt of about \$9 billion, the latest proposal values Monsanto at \$55.8 billion, about \$1 billion more than it had offered less than two months ago.

Monsanto confirmed the latest bid, also calling its ongoing negotiations with Bayer "constructive."

"Monsanto is continuing these conversations as it evaluates this proposal, as well as proposals from other parties and other strategic alternatives," it said in a company release.

A combination of the two businesses would create a giant seed and farm chemical company with a strong presence in the U.S., Europe and Asia. Both are familiar brands on farms around the globe.

Bayer's farm business produces seeds as well as compounds to kill weeds, bugs and fungus. Monsanto produces seeds for fruits, vegetables and other crops including corn, soybeans and cotton, as well as the ubiquitous weed-killer Roundup.

In June, Monsanto reported a 37 percent plunge in profit with farmers under increasing financial pressure due to falling commodity prices. The company's revenue tumbled 8.5 percent to \$4.19 billion, disappointing investors.



In this May 23, 2016 file picture the Bayer AG corporate logo is displayed on a building of the German drug and chemicals company in Berlin, Germany. German pharmaceutical giant Bayer AG says it's increasing its bid for American seed company Monsanto Co. The Leverkusen-based drug and chemicals company said in a statement early Tuesday Sept. 6, 2016 it was offering US \$127.50 per Monsanto share, up from the previous US \$125 a share offer. Excluding debt of about US \$9 billion, that values Monsanto at US \$55.8 billion, about US \$1 billion more than the previous offer. (AP Photo/Markus Schreiber)

Monsanto Co. earlier this year announced that it had agreed to pay an \$80 million penalty under a settlement to resolve Securities and Exchange Commission allegations that it had not properly accounted for millions of dollars paid to distributors as Roundup rebates. That had the effect of distorting the company's earnings reports for 2009, 2010 and 2011.

The improper accounting occurred at a time when Monsanto was losing

market share to competitors who sold generic herbicides for prices lower than Monsanto sold Roundup, the SEC has said.

Shares of Monsanto slipped less than 1 percent in midday trading.

© 2016 The Associated Press. All rights reserved.

Citation: Bayer pushes bid for Monsanto closer to \$56 billion (2016, September 6) retrieved 20 September 2024 from <https://phys.org/news/2016-09-germany-bayer-monsanto.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.