

Monsanto reaps record profits

Record quarter
helps raise outlook

Strong sales of GM
corn seeds reported

By Hal Weitzman in Chicago

Monsanto, the world's biggest seedmaker by revenue, raised its outlook for the year as it reported record profits in the three months to the end of February, on strong sales of its genetically modified corn seeds in the US and Latin America.

The St Louis company's fiscal second quarter – which captures the start of the planting season in North America – is critical to its overall performance, accounting for more than half of the seedmaker's annual profits.

Monsanto earned a net income of \$1.2bn or \$2.24 per share in the quarter, up from \$1bn or \$1.88 per share in the same period last year, and ahead of analysts' average expectations of about \$2.12 per share. On an ongoing basis – excluding restructuring charges and income from discontinued operations – Monsanto earned \$2.28 per share.

The results prompted Monsanto to raise its fiscal full-year forecast range to \$3.45-\$3.50 per share, up from the outlook it gave in January of \$3.39-\$3.44 per share. Excluding one-off costs and revenues, the company said it would earn \$3.49-\$3.54 per share for 2012, up from the \$2.96 per share it earned last year.

Hugh Grant, chief executive, highlighted the growing strength of demand for Monsanto's seeds among US farmers, following a year in which the company sought to re-establish itself after a disastrous 2010, when revenues from Roundup, its glyphosate herbicide, collapsed in the face of low-cost competition and field trials of its new corn seeds disappointed.

"It's very clear that the US is delivering again this year," Mr Grant said. "If you pair the strong first half with the really great year that we had in 2011, you see back-to-back per-

formance that says: 'We believe we have our momentum back'."

As well as the US, the company's performance reflects the growing importance of South America to the revenue base. Demand growth in Brazil and Argentina drove the company's first-quarter results and Mr Grant said the region was "an important strategic driver" of growth.

The company reiterated its plan to expand its decade-old joint venture with Sinochem in China. Monsanto said last month that Beijing had become more open about encouraging foreign companies to work with Chinese seed producers on raising crop yields.

Net sales in Monsanto's fiscal second quarter were \$4.75bn, up from \$4.13bn in the same period last year and ahead of Wall Street forecasts of about \$4.53bn. Sales in the company's corn unit led the way, with revenues from seeds and traits of \$2.8bn in the quarter, up from \$2.4bn last year.

US farmers will plant a record corn crop this year, the Department of Agriculture said last week.

Monsanto shares rose in early trading before falling back in line with the market, trading down 1.1 per cent at \$80.92 by early afternoon in New York.

