SYNGENTA AG
Form 6-K
August 12, 2004

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of July 2004

Commission File Number: 001-15152

SYNGENTA AG
(Translation of registrant's name into English)

Schwarzwaldallee 215
4058 Basel
Switzerland
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F _X_ Form 40-F ___

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ___ No _X_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ___ No _X_

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ___ No _X_

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Re: SYNGENTA AG
Press Release: Half Year Results 2004

Filed herewith is a press release related to Syngenta AG. The full text of the press release follows:

# # #

Item 1

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Media Release

Half Year Results 2004

Basel, Switzerland, 29 July 2004

Sales growth drives significant increase in profit

- **Sales up 12 percent to $4.6 billion, +6% CER[(1)]**
- **EBITDA[(2)] up 17 percent to $1367 million, +13% CER**
- **Earnings per share[(3)] up 49 percent to $7.70**
- **Free cash flow[(4)] $676 million**

Financial Highlights (unaudited)

	Excluding Restructuring and Impairment(5)				Including Restructuring and Impairment [(5)]	
	1stHalf 2004	1st Half 2003	Actual %	CER %	**1st Half 2004**	1st Half 2003

	$m	$m			**$m**	$m
Sales	**4588**	4105	+12	+6	**4588**	4105
Net Income	**964**	527	+83	n/a	**792**	468
Earnings per Share	**$ 9.05**	$ 5.18	+75	n/a	**$ 7.44**	$ 4.60
EBITDA(2)	**1367**	1165	+17	+13		
Earnings per Share *before one-off tax credit(3)*	**$ 7.70**	$ 5.18	+49	n/a	**$ 6.09**	$ 4.60

Michael Pragnell, Chief Executive Officer, said:

"In the first half of 2004 the strength of our business and market leading products has enabled us to take full advantage of a recovery in agricultural markets. This has resulted in robust sales growth across both Crop Protection and Seeds. Professional Products and our consumer-driven Seeds businesses, Vegetables and Flowers, have again registered significant growth. With the recently announced acquisitions in Seeds we have reinforced our position in US corn and soybean. Improved product mix driven by higher sales of new products coupled with the further streamlining of the cost base has led to a significant improvement in profit; combined with a lower tax rate, this has contributed to strong growth in earnings per share."

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(1) *For a definition of constant exchange rates, see Appendix A.*

(2) *EBITDA before restructuring and impairment is a non-GAAP measure in regular use as a measure of operating performance, see Appendix D.*

(3) *EPS on a fully-diluted basis before restructuring and impairment, see Note 4, and before a one-off tax credit associated with the crystallization of previously unrecognized tax losses.*

(4) *For a definition of free cash flow, see Appendix C.*

(5) *The amounts including restructuring and impairment are reported in accordance with International Financial Reporting Standards (IFRS). The impact of restructuring and impairment in 2004 is $172m (2003: $59m) on net income and $1.61 (2003: $0.58) on earnings per share.*

Highlights for first half 2004

Sales at constant exchange rates (CER) increased by six percent. Crop Protection sales were six percent higher; excluding the impact of range rationalization they were seven percent higher. Seeds sales rose by eight percent.

EBITDA improved by 13 percent (CER) benefiting from the growth in sales and an improved product mix.

Earnings per share, excluding restructuring and impairment, were $9.05. Excluding a one-off tax benefit earnings per share were up 49 percent to $7.70; after charges for restructuring and impairment earnings per share were $6.09 (2003: $4.60). In addition to the improvement in operating income, the increase reflects lower net financial expense as well as a lower underlying tax rate.

Currency: Sales were positively impacted by six percent due to the weakness of the US dollar, notably against the Euro. At the EBITDA level this positive impact was partly offset by the strength of the Swiss franc and sterling, which increased costs reported in dollars.

Crop Protection: Sales increased across all regions benefiting, in particular, from continuing buoyancy in Latin America and strong demand in Europe. Increased disease pressure in both regions contributed to a significant increase in fungicide sales. The further roll-out of new products and technologies drove double-digit growth in Insecticides. Professional Products continued its record of top line growth driven by the expansion of seed treatment. Total sales of new products grew by $107 million (CER) to reach $465 million reflecting, in particular, the continuing success of the CALLISTO® range ($235 million, CER) and of ACTARA®/CRUISER® ($153 million, CER). The range rationalization program, to be completed in 2004, reduced sales by $32 million (CER); the cumulative impact of this program to date is $288 million (CER). Sales growth combined with improving product mix resulted in an increase in gross margin to 54.7 percent (2003: 53.4 percent). EBITDA rose by 14 percent (CER) to $1246 million.

Seeds: Sales increased across all businesses: Field Crops, Vegetables and Flowers. EBITDA increased by five percent to $206 million reflecting the expansion of higher margin businesses and higher prices, partially offset by increased expenditure associated with new growth opportunities.

The Field Crops business in North America will be significantly strengthened through four acquisitions announced in the first half of 2004. These comprise corn breeding material acquired from CHS Research; the Garst corn and soybean business acquired from Advanta; the Golden Harvest group of companies; and GA21 herbicide tolerant technology. At completion, which is expected in the third quarter, the Garst and Golden Harvest acquisitions will increase Syngenta's US market share in corn from six percent to 15 percent and in soybean from five percent to 13 percent, providing an enhanced platform for the launch of a complete range of biotech traits in corn from 2005.

Plant Science: The range of traits currently under development includes traits to control insect pests which reduce yield in corn and cotton as well as the ingress of GA21 herbicide tolerance in corn germplasm. The recently announced Seeds acquisitions offer significant potential for leveraging these traits in corn. In enzymes, QUANTUM™ microbial phytase has made its first sales in Mexico and is awaiting US registration.

Operational efficiency: Total restructuring and impairment charges during the period were $264 million (cash: $144m; non-cash: $120m) of which the majority related to the program to streamline global operations, announced in February. The total cost of the program is expected to be around $850 million over five years including a non-cash charge of $350 million, with peak savings of $300 million expected by 2008. Cumulative savings from the merger synergy program, now completed, amount to $646 million.

Cash flow and balance sheet: Free cash flow of $676 million (2003: $695 million) reflected the increase in EBITDA and the reduction in net financial expense. This strong cash generation was achieved after a $455 million increase in trade working capital, largely accounts receivable, associated with higher sales. Tight inventory management ensured that the ratio of trade working capital as a percentage of sales at period end was maintained at 44 percent. Fixed capital expenditure of $70 million was below depreciation of $130 million.

At period end net debt was $590 million (2003: $1063 million) representing a gearing ratio of 11 percent (2003: 22 percent). In the second half, gearing is expected to increase due to the cash outflow associated with the acquisitions announced during the second quarter.

Cash return to shareholders: On 27 April 2004 the Annual General Meeting approved a doubling of the dividend for 2003 to CHF 1.70 per share which was paid on 16 July. In May the company commenced a share repurchase program; by 30 June 866,326 shares had been repurchased at an average price of CHF 101.5 which equates to $68 million.

Taxation: The underlying tax rate for the first half was 25 percent (2003: 37 percent). This significant reduction was due to the earlier-than-expected completion of the tax structure optimization. The ongoing tax rate is expected to remain in the mid-twenties for the foreseeable future.

The reported tax rate for the first half was 12 percent. This reduction of 13 percentage points was due to a one-off credit associated with the crystallization of previously unrecognized tax losses. This one-off credit results in an expected cash benefit of $120 million to be spread over three years.

Outlook

Michael Pragnell, Chief Executive Officer, said:

As we take advantage of all opportunities in a more stable agricultural environment notably in Europe, and of continued expansion in Latin America, we expect growth in earnings per share* for the full year 2004 to be broadly in line with that achieved in the first half. We have made good progress in implementing our strategy and this is reflected in top-line growth; we look forward to completing the acquisitions of Garst and Golden Harvest during the third quarter and creating an integrated US corn and soybean business in this important market. Building on our expected strong performance in 2004 we remain committed to our target of annual growth in earnings per share* in the high teens in 2005 and 2006. Furthermore, as announced earlier this year, we plan to return more than $800 million to shareholders over the next three years through the combination of a progressive dividend policy and share repurchase program.

***Safe Harbor**: This document contains forward-looking statements, which can be identified by terminology such as expect, would, will, potential, plans, prospects, estimated, aiming, on track and similar expressions. Such statements may be subject to risks and uncertainties that could cause the actual results to differ materially from these statements. We refer you to Syngenta's publicly available filings with the U.S. Securities and Exchange Commission for information about these and other risks and uncertainties. Syngenta assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors. This document does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer, to purchase or subscribe for any ordinary shares in Syngenta AG, or Syngenta ADSs, nor shall it form the basis of, or be relied on in connection with, any contract therefore.*

** Fully diluted, before restructuring and impairment and one-off tax credit.*

Crop Protection

Except where stated, all narrative in this section refers to the half year. For a definition of constant exchanges rates and of range rationalization, see Appendix A and Appendix B respectively.

	Half Year		Growth			2nd Quarter		Growth		
Product line	2004 $m	2003 $m	Actual %	CER %	Ex RR (CER) %	2004 $m	2003 $m	Actual %	CER %	Ex RR (CER) %
Selective herbicides	1290	1187	+8	+3	+4	673	622	+8	+4	+6
Non-selective herbicides	376	364	+4	-	-	205	218	-4	-6	-6

Fungicides	1048	898	+17	+10	+10	549	474	+16	+11	+11
Insecticides	597	506	+19	+14	+14	319	288	+13	+9	+9
Professional products	370	328	+11	+7	+11	173	159	+7	+4	+9
Others*	61	87	-31	-36	-36	29	39	-27	-33	-33
Total	3742	3370	+11	+6	+7	1948	1800	+8	+5	+6

** Includes industrial sales of intermediates largely in Europe.*

Selective Herbicides: major brands BICEP® MAGNUM, CALLISTO® /LUMAX®, DUAL® MAGNUM, ENVOKE®, FUSILADE® MAX, TOPIK®

Sales of selective herbicides were driven by CALLISTO®, which confirmed its post-emergence leadership in US corn and expanded in European markets. The combination product LUMAX® gained share in pre-emergent control in US corn, to an extent replacing sales of DUAL® /BICEP® MAGNUM. ENVOKE® was successfully launched on cotton and sugar cane in the USA and Brazil. TOPIK® registered strong growth in Europe and Asia more than offsetting lower sales in Canada.

Non-selective Herbicides: major brands GRAMOXONE®, TOUCHDOWN®

GRAMOXONE® sales increased in all regions; the main driver was China following planned channel inventory reduction in 2003. A decline in TOUCHDOWN® reflected marked price reductions in the US glyphosate market. Sales of TOUCHDOWN® grew in Latin America and in Europe.

Fungicides: major brands ACANTO®, AMISTAR®, BRAVO®, RIDOMIL GOLD®, SCORE®, TILT®, UNIX®

Fungicides registered strong growth across all regions. AMISTAR® registered double digit growth driven by: higher disease pressure in Europe, notably France; treatment of soybean rust in Brazil; and increased demand on soybean and rice in the USA. RIDOMIL GOLD® also grew sales in all regions.

Insecticides: major brands ACTARA®, FORCE®, KARATE®, PROCLAIM®, VERTIMEC®

ACTARA® continued its broad-based increase in market penetration. Sales doubled in Brazil and grew strongly in the USA and Japan, where a new combination product was launched on rice. KARATE® also registered broad-based growth following the withdrawal of organophosphates in several markets. VERTIMEC® grew in the USA due to increased pest pressure. Sales of FORCE® were lower compared with a particularly strong first half in 2003.

Professional Products: major brands CRUISER®, DIVIDEND®, HERITAGE®, ICON®, MAXIM®

The main driver was Seed Treatment with the continuing success of CRUISER® and MAXIM® . In addition, the roll-out of insecticide/fungicide combinations offers growers complete early protection, leading to higher yield. Turf sales improved with better weather conditions in the US golf market. Home and Garden sales were impacted by the continuing phase-out of the insecticide diazinon in the USA.

	Half Year	Growth	2nd Quarter	Growth

Regional	2004 $m	2003 $m	Actual %	CER %	Ex RR (CER) %	2004 $m	2003 $m	Actual %	CER %	Ex RR (CER) %
Europe, Africa & Middle East	1539	1335	+15	+5	+5	751	665	+13	+6	+7
NAFTA	1380	1345	+3	+2	+4	823	783	+5	+5	+7
Latin America	337	243	+39	+39	+39	147	133	+11	+11	+11
Asia Pacific	486	447	+9	+1	+1	227	219	+3	-3	-3
Total	3742	3370	+11	+6	+7	1948	1800	+8	+5	+6

Growth in **Europe, Africa and the Middle East** reflected more normal weather conditions than in 2003. In France sales growth was particularly strong, benefiting from the closer alignment of sales with consumption. Demand in Central and Eastern Europe increased strongly as the Company□s presence in the region expanded. Excluding industrial sales Europe, Africa and the Middle East showed CER growth of seven percent.

In **NAFTA,** US sales improved in the second quarter with strong growth in new products and AMISTAR® more than offsetting further price decline in glyphosate. Strong growth continued in Canada and Mexico.

Latin America: Sales expanded across the portfolio in Brazil and Argentina as the organization capitalized on buoyant conditions, its broad product offer and marketing strength. Soybean and cotton acreage in Brazil increased significantly and sales of fungicides grew strongly with the spread of soybean rust.

In **Asia Pacific** sales grew in Japan and India, and in China where sales of GRAMOXONE® have recovered following channel de-stocking. These more than offset lower sales in Thailand and Australia, the latter due to dry weather conditions.

Seeds

Except where stated, all narrative in this section refers to the half year. For a definition of constant exchanges rates, see Appendix A.

	Half Year		Growth			2nd Quarter		Growth		
Product line	2004 $m	2003 $m	Actual %	CER %	Ex RR (CER) %	2004 $m	2003 $m	Actual %	CER %	Ex RR (CER) %
Field Crops	485	430	+13	+6	+6	156	156	-	-4	-4
Vegetables & Flowers	361	305	+18	+11	+11	177	150	+18	+13	+13
Total	846	735	+15	+8	+8	333	306	+9	+4	+4

Field Crops: major brands NK® corn, NK® oilseeds, HILLESHÖG® sugar beet

Sales of NK® soybean grew strongly and NK® corn benefited from increased demand for new offers incorporating seed treatment solutions. Sunflowers registered strong growth in Eastern Europe. HILLESHÖG® sugar beet sales improved with a notable increase in Eastern Europe.

Sales of GM products accounted for 18 percent of total Seeds sales and for three percent of total group sales.

Vegetables and Flowers: major brands S&G® vegetables, ROGERS® vegetables, S&G® flowers

Sales of vegetables grew in all regions and continued to benefit from strong consumer demand for fresh produce. Sales of DULCINEA products in the USA progressed particularly well with the successful launch of a cantaloupe melon and continued growth of PUREHEART seedless watermelons.

Sales of S&G® flowers increased reflecting the rapid introduction of new varieties and effective supply chain management.

	Half Year		Growth			2nd Quarter		Growth		
	2004	2003	Actual	CER	Ex RR (CER)	2004	2003	Actual	CER	Ex RR (CER)
Regional	$m	$m	%	%	%	$m	$m	%	%	%
Europe, Africa & Middle East	461	394	+17	+5	+5	158	150	+5	-2	-2
NAFTA	318	286	+11	+10	+10	131	115	+14	+13	+13
Latin America	27	25	+7	+7	+7	20	23	-16	-16	-16
Asia Pacific	40	30	+34	+24	+24	24	18	+39	+30	+30
Total	846	735	+15	+8	+8	333	306	+9	+4	+4

Sales in **Europe, Africa and the Middle East** grew strongly in oilseeds, vegetables and flowers. Demand for Field Crops, in particular sunflower and sugarbeet, continues to grow in Central and Eastern Europe.

NAFTA performance was driven by strong demand for corn and soybean and the ongoing expansion of DULCINEA, now fully consolidated.

Low season sales in **Latin America** benefited from an increase in corn sales in Argentina and some smaller Latin American countries.

In **Asia Pacific** all product lines increased sales. Corn continued to perform well in India and the Philippines. In Japan the consolidation of Dia-Engei, acquired in February, contributed to an increase in Flower sales.

Syngenta is a world-leading agribusiness committed to sustainable agriculture through innovative research and technology. The company is a leader in crop protection, and ranks third in the high-value commercial seeds market. Sales in 2003 were approximately $6.6 billion. Syngenta employs some 19,000 people in over 90 countries. Syngenta is listed on the Swiss stock exchange (SYNN) and in New York (SYT). Further information is available at www.syngenta.com.

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Financial Summary (unaudited)

For the six months to 30 June	Excluding Restructuring and Impairment (1) 2004 $m	2003 $m	CER (2) %	Restructuring and Impairment (1) 2004 $m	2003 $m	Including Restructuring and Impairment(1) 2004 $m	2003 $m
Sales	**4588**	**4105**	**+ 6**	-	-	**4588**	**4105**
Gross profit	**2500**	**2185**	**+ 9**	-	-	**2500**	**2185**
Marketing and distribution	(649)	(602)	- 2	-	-	(649)	(602)
Research and development	(383)	(355)	- 1	-	-	(383)	(355)
General and administrative	(347)	(318)	- 1	-	-	(347)	(318)
Restructuring and impairment	-	-	-	(264)	(81)	(264)	(81)
Operating income	**1121**	**910**	**+ 19**	**(264)**	**(81)**	**857**	**829**
Income before taxes and minority interests	**1095**	**841**	**+ 30**	**(264)**	**(81)**	**831**	**760**
Income tax expense	(130)	(311)	+ 58	82	22	(48)	(289)
Net income	**964**	**527**	**+ 83**	**(172)**	**(59)**	**792**	**468**
Earnings/(loss) per share (3)							
- basic	**9.14**	**$ 5.19**		**$ (1.63)**	**$ (0.58)**	**$ 7.51**	**$ 4.61**
- diluted	**9.05**	**$ 5.18**		**$ (1.61)**	**$ (0.58)**	**$ 7.44**	**$ 4.60**
One-off tax credit	(144)	-	-	-	-	(144)	-
Net income before one-off tax credit	**820**	**527**	**+ 56**	**(172)**	**(59)**	**648**	**468**
Earnings/(loss) per share before one-off tax credit(3) (5)							
- basic	**7.77**	**$ 5.19**		**$ (1.63)**	**$ (0.58)**	**$ 6.14**	**$ 4.61**
- diluted	**7.70**	**$ 5.18**		**$ (1.61)**	**$ (0.58)**	**$ 6.09**	**$ 4.60**

	2004	2003	CER (2)
Gross profit margin	**54.5%**	**53.2%**	**54.7%**
EBITDA margin (4)	**29.8%**	**28.4%**	**30.3%**

EBITDA (4)	**1367**	**1165**
Tax rate (5)	**25%**	**37%**
Free cash flow (6)	**676**	**695**
Trade working capital to sales (7)	**44%**	**44%**
Debt/Equity gearing (8)	**11%**	**22%**
Net debt (8)	**590**	**1063**

(1) *Amounts including restructuring and impairment are in accordance with IFRS. For further analysis of restructuring and impairment charges, see Note 4 on page 16. Net income and earnings per share excluding restructuring and impairment are provided as additional information, and not as an alternative to net income and earnings per share determined in accordance with IFRS.*

(2) *Growth rates are shown at constant exchange rates except for income before taxes, income tax expense and net income which are at actual dollar rates. For a description of CER see Appendix A on page 20.*

(3) *The weighted average number of ordinary shares in issue used to calculate the earnings per share were as follows: for 2004 basic EPS 105,561,791 and diluted EPS 106,511,422; 2003 basic EPS 101,546,327 and diluted EPS 101,730,032.*

(4) *EBITDA is a non-GAAP measure but is in regular use as a measure of operating performance and is defined in Appendix D.*

(5) *Tax rate on results excluding restructuring and impairment and one-off tax credit. For a description of the one-off tax credit, see taxation comment on page 3.*

(6) *Includes restructuring and impairment cash outflows. For a description of free cash flow, see Appendix C on page 20.*

(7) *Period end trade working capital as a percentage of twelve-month sales, see Appendix G on page 22.*

(8) *For a description of net debt and the calculation of debt/equity gearing, see Appendix F on page 22.*

Unaudited Half Year Segmental Results[1]

Syngenta	1st Half 2004 $m	1st Half 2003 $m	CER(2) %
Sales	**4588**	**4105**	**+ 6**
Gross Profit	2500	2185	+ 9
Marketing and distribution	(649)	(602)	- 2
Research and development	(383)	(355)	- 1
General and administrative	(347)	(318)	- 1
Operating income	**1121**	**910**	**+ 19**
EBITDA (3)	**1367**	**1165**	**+ 13**
EBITDA (%)	**29.8**	**28.4**	

Crop Protection	**1st Half 2004 $m**	**1st Half 2003 $m**	**CER(2) %**
Sales	**3742**	**3370**	**+ 6**
Gross Profit	2048	1799	+ 9
Marketing and distribution	(491)	(470)	+ 1
Research and development	(239)	(224)	+ 1
General and administrative	(293)	(274)	+ 2
Operating income	**1025**	**831**	**+ 20**
EBITDA (3)	**1246**	**1060**	