

Syngenta Group Consolidated Supplementary Financial Information 2018

The following supplementary financial information includes non-GAAP measures. Syngenta uses non-GAAP measures where they are regarded by management as important for the investor to fully understand Syngenta's performance. Non-GAAP measures do not present a complete picture of financial performance and these measures should be seen only as supplementary financial information.

Financial summary

For the year ended December 31, (\$m)	Excluding restructuring and impairment ¹		Restructuring and impairment		As reported under IFRS	
	2018	2017	2018	2017	2018	2017
Sales	13,523	12,649	-	-	13,523	12,649
Gross profit	6,268	6,167	(33)	(9)	6,235	6,158
Marketing and distribution	(2,190)	(2,166)	-	(31)	(2,190)	(2,197)
Research and development	(1,300)	(1,261)	-	(12)	(1,300)	(1,273)
General and administrative	(761)	(2,233)	84	(401)	(677)	(2,634)
Operating income	2,017	507	51	(453)	2,068	54
Income before taxes	1,666	337	51	(453)	1,717	(116)
Income tax (expense)/benefit	(287)	(72)	12	92	(275)	20
Net income	1,379	265	63	(361)	1,442	(96)
Attributable to non-controlling interests	(4)	(2)	-	-	(4)	(2)
Attributable to Syngenta AG shareholders	1,375	263	63	(361)	1,438	(98)
			2018	2017	2018 CER²	
EBITDA³			2,613	1,053		
EBITDA margin			19.3%	8.3%		20.7%
Tax rate on results excluding restructuring and impairment			17%	21%		
Free cash flow⁴			(144)	1,219		
Debt/equity gearing⁵			151%	20%		
Net debt⁵			6,326	1,621		

1 Net income excluding restructuring and impairment are provided as additional information and not as an alternative to net income determined in accordance with IFRS.

In 2018, restructuring and impairment presented above includes \$365 million of divestments gains recognized on mandated product divestments as part of the anti-trust clearance of the ChemChina acquisition of Syngenta.

In 2017, restructuring and impairment presented above includes \$98 million, which was the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer.

2 For a description of CER, see Appendix A.

3 EBITDA is defined in Appendix B.

4 For a description of free cash flow, see Appendix C.

5 For a description of net debt and the calculation of debt/equity gearing, see Appendix D.

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Appendix A: Constant exchange rates (CER)

Results in this report from one period to another period are, where appropriate, compared using constant exchange rates (CER). To present that information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than at the exchange rates for the current year. CER margin percentages for gross profit and EBITDA are calculated by the ratio of these measures to sales after restating the measures and sales at prior period exchange rates. The CER presentation indicates the underlying business performance before taking into account currency exchange fluctuations.

Appendix B: Reconciliation of EBITDA to net income

EBITDA is defined as earnings before interest, tax, non-controlling interests, depreciation, amortization, restructuring and impairment. Information concerning EBITDA has been included as it is used by management and by investors as a supplementary measure of operating performance. Management excludes restructuring and impairment from EBITDA in order to focus on results excluding items affecting comparability from one period to the next. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measures used by Syngenta may not be comparable to other similarly titled measures of other companies. EBITDA should not be construed as an alternative to operating income or cash flow as determined in accordance with generally accepted accounting principles.

For the year ended December 31,

(\$m)	2018	2017
Net income/(loss) attributable to Syngenta AG shareholders	1,438	(98)
Non-controlling interests	4	2
Income tax expense	275	(20)
Financial expense, net	353	178
Restructuring and impairment	(51)	453
Depreciation, amortization and other impairment	594	538
EBITDA	2,613	1,053

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Appendix C: Free cash flow

Free cash flow comprises cash flow from operating and investing activities:

- excluding investments in and proceeds from marketable securities, which are included in investing activities;
- excluding cash flows from and used for foreign exchange movements and settlement of related hedges on inter-company loans, which are included in operating activities; and
- including cash flows from acquisitions of non-controlling interests, which are included in financing activities.

Free cash flow is not a measure of financial performance under generally accepted accounting principles and the free cash flow measure used by Syngenta may not be identical to similarly titled measures in other companies. Free cash flow has been included as many investors consider it to be a useful supplementary measure of cash generation.

For the years ended December 31,

(\$m)	2018	2017
Cash flow from operating activities	1,367	1,839
Cash flow used for investing activities	(1,641)	(577)
Cash flow used for/(from) marketable securities	207	(48)
Cash flow (from)/used for foreign exchange movements and settlement of hedges of inter-company loans	(77)	5
Free cash flow	(144)	1,219

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Appendix D: Net debt reconciliation

Net debt comprises total debt net of cash and cash equivalents and marketable securities. Net debt is not a measure of financial position under generally accepted accounting principles and the net debt measure used by Syngenta may not be comparable to the similarly titled measure of other companies. Net debt has been included as many investors consider it to be a useful measure of financial position and risk. The following table provides a reconciliation of movements in net debt during the period:

For the years ended December 31,

(\$m)	2018	2017
Opening balance at January 1	1,621	2,281
Other non-cash items	28	(2)
Cash paid on financing-related derivatives	-	49
Cash (received)/paid under CSAs, net	(26)	(247)
Foreign exchange effect on net debt	(148)	313
Sale of treasury shares, net	-	(24)
Dividends paid	4,707	470
Free cash flow	144	(1,219)
Closing balance at December 31	6,326	1,621
Components of closing balance:		
Cash and cash equivalents	(1,563)	(2,253)
Marketable securities ¹	(214)	(8)
Current financial debt ²	925	1,022
Non-current financial debt ³	7,178	2,860
Closing balance at December 31	6,326	1,621

1 Long-term marketable securities are included in Financial and other non-current assets. Short-term marketable securities are included in Derivative and other financial assets.

2 Included in Current financial debt and other financial liabilities.

3 Included in Financial debt and other non-current liabilities.

The following table presents the derivation of the debt/equity gearing ratio at December 31, 2018 and 2017:

(\$m)	2018	2017
Net debt	6,326	1,621
Shareholders' equity	4,176	7,976
Debt/Equity gearing ratio (%)	151	20