

Monsanto to Report 1Q Results

WASHINGTON (AP) — Monsanto Co. will offer investors an update on its expansion into developing markets and new business ventures, including computer-assisted farming technology, when the agriculture giant reports its fiscal first-quarter results on Wednesday.

WHAT TO WATCH FOR: Updates on Monsanto's recent \$930 million acquisition of the farming software firm, The Climate Corp. The Silicon Valley-based company's technology uses weather forecasting and data analysis to help farmers increase their yield each season.

The purchase is expected to weigh on 2014 earnings by about 14 cents per share, or 3 percent. The company is predicting full-year fiscal 2014 earnings of \$5 to \$5.20 per share. Monsanto, which has dominated the bioengineered-seed business for more than a decade, expects earnings growth in the "mid-teens" for fiscal 2014, based largely on international seed sales in Latin America, Asia and other emerging markets.

WHY IT MATTERS: While the vast majority of Monsanto's business comes from sales of genetically enhanced seeds and herbicide, the company is making investments in computer-based farming tools.

Company executives say Climate Corp. purchase is part of a broader strategy to combine Monsanto's seed biotechnology with the emerging field of agriculture-based information technology.

Analysts say it could be years before Monsanto's investments in the space become profitable.

"Investments in Monsanto's precision farming technologies appear to offer long-term potential, but the business remains small and unprofitable currently, and investments in this area will provide a modest drag to earnings growth," states Edward Jones analyst Matt Arnold, in a recent investment note. Arnold currently has a "Hold" rating on Monsanto, saying "shares are currently appropriately valued to reflect the growth prospects of the company."

WHAT'S EXPECTED: Analysts polled by FactSet expect Monsanto to report earnings of 64 cents per share on revenue of \$3.06 billion.

LAST YEAR'S QUARTER: The St. Louis-based company reported a profit of 63 cents per share on revenue of \$2.9 billion in the first quarter of fiscal 2013.

Monsanto to Report 1Q Results

Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

<http://www.foodmanufacturing.com/news/2014/01/monsanto-report-1q-results>