

Financing of the transaction for the acquisition of Monsanto by Bayer

Author(s): Растителна защита
Date: 13.10.2016 *Issue:* 10/2016



27 banks will share the obligations for financing the deal for the acquisition of the American company Monsanto by the German conglomerate Bayer. The bridge loan, in the amount of 56.9 billion US dollars (51.6 billion euros), has a term of 1 year.

27 banks will share the financing of the deal for the acquisition of Monsanto by Bayer, which was concluded recently and the two parties shook hands on the colossal amount of 66 billion US dollars. In the history of the German company, the purchase of the American enterprise is considered the largest transaction so far. From the very beginning of the negotiations on the acquisition of Monsanto, the Germans announced that they would also participate with their own equity capital in the amount of 19 billion US dollars, which they intend to raise through the use of

various financial instruments such as convertible corporate debt securities and hybrid bonds. An increase in the company's capital is also envisaged.

The bridge loan, in the amount of 56.9 billion US dollars, is granted for one year at a high interest rate to cover the borrower's current liabilities. The organizers of this loan are the most influential global financial companies such as the investment banks Bank of America, Credit Suisse, Goldman Sachs, HSBC and JPMorgan Chase, the chemical giant Bayer announced on Wednesday. The terms under which the smaller banks will participate, as well as their names, have not yet been officially announced.

More on the topic:

The German conglomerate Bayer is now the largest producer in the agrochemical sector