

20-F 1 a2128888z20-f.htm 20-F

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS TO THE OPERATING AND FINANCIAL REVIEW AND PROSPECTS](#)

[INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS](#)

[AVENTIS GROUP INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS](#)

[Item 19. Exhibits](#)

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2003
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 1-18378

Aventis

(Exact name of Registrant as specified in its charter)

Not applicable
(Translation of Registrant's name into English)

Republic of France
(Jurisdiction of incorporation or organization)

67917 Strasbourg cedex 9
France
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered
American Depositary Shares, each representing one Ordinary Share nominal value € 3.82 per share	New York Stock Exchange
Ordinary Shares, nominal value € 3.82 per share*	New York Stock Exchange
Guarantee of 8 ¹ / ₈ % Cumulative Preference Shares of Aventis Overseas Ltd	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

American Depositary Shares, each representing one quarter of a Participating Share Series A par value € 70.89 per share.**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

(*) Listed not for trading or quotation purposes, but only in connection with the registration of the American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

(**) The American Depositary Shares representing Participating Shares Series A were removed from listing and registration on the New York Stock Exchange effective July 31, 1995.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary Shares, nominal value € 3.82 per Share: 802,292,807

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17

Item 18

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Since January 1, 1999, we have published our consolidated financial statements in euros. For periods prior to January 1, 1999, our consolidated financial statements were originally prepared in French francs and subsequently translated into euro amounts at the fixed legal rate of € 1.00 = FF 6.55957. Our business combination partner Hoechst has also published its consolidated financial statements in euros since January 1, 1999. For periods prior to January 1, 1999, Hoechst's consolidated financial statements were originally prepared in German marks and subsequently translated into euro amounts at the fixed legal rate of € 1.00 = DM 1.95583. Solely for the convenience of the reader, this Annual Report contains translations of certain French franc, German mark and euro amounts into U.S. dollars at specified rates. We do not represent that the converted amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rate. You should also not construe such translations to mean that translated euro amounts relating to the respective financial statements of Aventis and Hoechst for periods prior to January 1, 1999 are directly comparable.

Unless otherwise stated, the translations into dollars have been made at the rate of € 1.00 = \$ 1.2597, the Noon Buying Rate in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") on December 31, 2003. See "Exchange Rate Information" for information regarding the French franc/U.S. dollar exchange rate from January 1, 1998, to December 31, 1998, and the euro/U.S. dollar exchange rate since January 1, 1999.

Unless otherwise indicated, the financial information relating to Aventis contained in this Annual Report has been prepared in accordance with accounting principles generally accepted in France (commonly known as French GAAP), which differs in certain significant respects from accounting principles generally accepted in the United States (commonly known as U.S. GAAP). See Note 34 to the Aventis Consolidated Financial Statements in this Annual Report for the years ended December 31, 2003, 2002 and 2001 included as part of Item 18 of this Annual Report for a description of the principal differences between French GAAP and U.S. GAAP as they relate to Aventis and its consolidated subsidiaries as well as a reconciliation to U.S. GAAP of net income and stockholders' equity.

Unless the context requires otherwise (i) "Aventis" or "We" refers, for period prior to December 15, 1999, to Rhône-Poulenc and to Aventis and its consolidated subsidiaries for all periods beginning or subsequent to December 15, 1999, (ii) all references to Hoechst include Hoechst AG and its consolidated subsidiaries as of the relevant date, (iii) all references to "United States" or "U.S." are to the United States of America, references to "dollars" or "\$" are to the currency of the United States. References to "France" are to the Republic of France and references to "French francs," "francs" or "FF" are to the currency of France prior to January 1, 1999. References to "euros" and "€" are to the currency of the 11 European Union member states (including France and Germany) participating in European Monetary Union.

Social and environmental information included in the Management Board report to be presented to the 2004 Annual General Meeting, in accordance with French Commercial Law, are presented in the Aventis Sustainability Report for 2003, which we have

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements in this Annual Report regarding management's expectations, targets or intentions or to the future performance or circumstances of Aventis, including among other things, statements containing projections or estimates of revenues, income, earnings per share, capital expenditures, capital structure, or other financial items; plans and objectives relating to future operations, products, or services; future economic performance; or assumptions underlying or relating to any such statements, are forward-looking statements that are based on the current expectations and estimates of Aventis management, and are subject to risks and uncertainties. Actual results may differ materially depending on factors that may include, but are not limited to, any of the following:

- failure to achieve sales goals due to competition or market acceptance of our products;
- successful introduction of generic competitors to any of our strategic brands;
- unexpected negative results from research and development or clinical trials of current product candidates;
- failure to obtain, or unexpected delays in obtaining, new product and therapeutic indication regulatory approvals;

i

-
- unfavorable exchange rate movements, particularly between the U.S. dollar and the euro;
 - delay in, or failure to achieve expected levels of net proceeds from, sales of assets;
 - introduction of new or revised regulations or requirements pertaining to product approval, product safety, environmental protection or manufacturing processes;
 - regulatory actions that are either unexpected or inopportunedly timed;
 - attempts by third parties to obtain ownership or control of Aventis without the support of Aventis management;
 - patent protection that proves ineffective;
 - unexpected litigation costs or liabilities; and
 - other risks and uncertainties that are difficult to predict.

See "Item 3. Key Information — Risk Factors" for further information regarding risks and uncertainties that could cause actual results to differ materially from these forward-looking statements.

USE OF BRAND NAMES IN THIS REPORT

Brand names appearing in italics throughout this Annual Report are trademarks of Aventis and/or its affiliates, with the exception of:

- trademarks used or that may be used under license by Aventis and /or its affiliates, such as *Actonel*, a trademark of the Group Procter & Gamble Pharmaceuticals, *Alvesco*, a trademark of the Group Altana Pharma AG, *Campto*, a trademark of the Group Kabushiki Kaisha Yakult Honsha, *Copaxone*, a trademark of the Group Teva Pharmaceutical Industries, *DiaPep277*, a trademark of Peptor Ltd, *Exubera*, a trademark of the Group Pfizer Products Inc., *Genasense*, a trademark of Genta Inc in the USA, *Tavanic*, a trademark of the Group Daiichi Pharmaceutical Co. Ltd., *Mutagrip*, a trademark of Institut Pasteur, *Vasten*, a trademark of the Group E.R. Squibb & Sons, Inc.
- trademarks sold by Aventis and/or its affiliates, such as *Ansiolin*, a trademark of the Group Almirall Prodesfarma S.p.A., *Cardizem*, a trademark of the Group Biovail only in the USA, *Carafate*, *Sulcrate*, *Bentyl*, *Bentylol* and *Proctosedyl* (only in the U.S. and Canada), and *Delursan*, trademarks of the Group Axcan Pharma Inc., *Colchimax*,

trademark of the Group Chugai Pharmaceutical Co.Ltd, *Synercid*, a trademark of King Pharmaceuticals.

- *Arixtra*, a trademark of the Group Sanofi-Synthélabo, *Cipro* in the U.S., a trademark of Bayer AG, *Claritin*, a trademark of the Group Schering Corporation, *Ivomec*, *Eprinex*, *Frontline*, trademarks of Merial and *Hexavac*, a trademark of Aventis Pasteur MSD.

ii

TABLE OF CONTENTS

Items^(*)

Item 3	Key Information
	Selected Financial Data
	Exchange Rate Information
	Risk Factors
Item 4	Information on the Company
	Profile and Strategy
	Products
	Research and Development
	Property, Plant and Equipment
	Markets
	Non-Core Business
Item 5	Operating and Financial Review and Prospects
	Results of Operations: 2003 compared to 2002
	Results of Operations: 2002 compared to 2001
Item 6	Directors, Senior Management and Employees
Item 7	Major Shareholders and Related-Party Transactions
Item 8	Financial Information
Item 9	The Offer and Listing
	Markets
	Trading Practices and Procedures
Item 10	Additional Information
	Share Capital and By-Laws
	Taxation
Item 11	Quantitative and Qualitative Disclosure about Market Risk
Item 15	Controls and Procedures
Item 16A	Audit Committee Financial Expert
Item 16B	Code of Ethics
Item 16C	Accountants' Fees and Services
Item 18	Consolidated Financial Statements
Item 19	Exhibits

(*) Items 1, 2, 12 and 17 are not required for this annual report on Form 20-F. Items 13 and 14 are not applicable to Aventis for the period covered by this report.

iii

iv

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

1

2

Item 3. Key Information

Selected Financial Data

The tables below set forth selected consolidated financial data for Aventis for each of the five years during the period ended December 31, 2003, prepared in accordance with generally accepted accounting principles in France. These financial data are derived from the Aventis Consolidated Financial Statements, which have been audited by PricewaterhouseCoopers, independent auditors. The selected consolidated financial data for 2001, 2002 and 2003 should be read in conjunction with the Aventis Consolidated Financial Statements and the related notes included elsewhere in this Annual Report. See "Item 18. Consolidated Financial Statements" for further information.

The generally accepted accounting principles in France (known as French GAAP) as applied by Aventis differ in significant respects from generally accepted accounting principles in the United States (U.S. GAAP). For a discussion of the principal differences as they relate to Aventis, and a reconciliation of net income and total stockholders' equity for the three years ended December 31, 2003, 2002 and 2001 to U.S. GAAP, see Note 34 to the Aventis Consolidated Financial Statements included in this Annual Report at Item 18.

Aventis Selected Consolidated Financial Data

For the year ended and as of December 31,

	2003 ⁽¹⁾	2003	2002	2001	2000	1999 ⁽²⁾
	\$	€	€	€	€	€
(in millions, except for the number of ordinary shares, which is in thousands, and the per share data)						
Income statement data:						
Net sales	22,442	17,815	20,622	22,941	22,304	12,598
Operating income (loss)	4,623	3,670	2,830	3,639	617	(544)
Income (loss) before taxes and minority interests	3,667	2,911	3,692	2,886	(25)	(823)
Provision for income taxes	(1,170)	(929)	(1,430)	(1,111)	(60)	42
Minority interests	(37)	(29)	(86)	(142)	(85)	(70)
Net income (loss) before preferred remuneration	(2,460)	1,953	2,176	1,633	(29)	(851)
Preferred remuneration ⁽³⁾	(66)	(52)	(85)	(128)	(118)	(119)
Net income available for distribution to common shareholders or (loss) ⁽⁴⁾	(2,395)	1,901	2,091	1,505	(147)	(970)
Basic earnings (loss) per ordinary share	3.05	2.42	2.64	1.91	(0.19)	(2.49)
Diluted earnings (loss) per ordinary share	3.04	2.41	2.61	1.89	(0.19)	(2.49)
Dividend per ordinary share ⁽⁵⁾			0.70	0.58	0.50	0.45
Average number of ordinary shares outstanding	785,906	785,906	793,412	787,554	780,546	390,148

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.