CCM Data & Business Intelligence

Mergers and Acquisitions in Chinese Pesticide Industry in 2022–H1 2023

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1. Introduction

In recent years, establishing large business groups by mergers and acquisitions (M&As) to expand production scale of enterprises has been one main guideline of the Chinese government for the pesticide industry. M&A has also become one of the key words in Chinese pesticide industry.

In an attempt to transform the small-and-scattered landscape of pesticide industry, China has been working on industrial structure optimisation by encouraging investment, merger and acquisition of pesticide enterprises to concentrate industrial resources to the top players and advance their collective, branding and international development with a whole-chain layout for production, meanwhile weeding out those of small scale and with weak competitiveness through raising the entry threshold.

The year 2022 and H1 2023 is a period of drastic changes in the pesticide industry. International and domestic agrochemical enterprises' business transfers and acquisitions are becoming more frequent, thus forming a new industry giant pattern in which the resources and advantages are more concentrated and the strong will be stronger. In the 14th Five-year Plan period (2021–2025), a number of new pesticide policies and the environmental protection requirements have increased the environmental protection & safety pressure of pesticide production. A group of scattered, disorderly and small enterprises are eliminated. The survival of the fittest competition intensifies.

In this report, CCM will do analysis mergers and acquisitions in Chinese pesticide industry from the following aspects:

- √ China's pesticide industry landscape
- √ Changes in the number of manufacturers
- √ Company dynamics of major public pesticide enterprises
- √ M&A of the industry

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2. Methodology

The report is drafted by diverse methods as follows:

- Desk research

The sources of desk research are various, including published magazines, journals, government websites and statistics, industrial statistics, association seminars as well as information from the Internet. A lot of work has gone into the compilation and analysis of the obtained information.

- Internet

CCM visited government websites and contacted with players in the domestic agrochemical industry through B2B websites and software as well as obtained registration information on the internet.

- Data processing and presentation

The data collected and compiled are sourced from:
● CCM's database
● Published articles in periodicals, magazines, journals and third-party databases
● Statistics from governments and international institutes
● Telephone interviews with domestic producers, joint ventures, service suppliers and governments
● Third-party data providers
● Comments from industrial experts
● Professional databases from other sources
● Information from the internet

In this issue, the USD/CNY, USD/NZD and USD/EUR exchange rate used is USD1.00=CNY7.2157, USD1.00=NZD1.6245 and USD1.00=EUR0.9135 sourced from the People's Bank of China on 3 July, 2023. Unless otherwise specified, all the prices mentioned in this newsletter will include the VAT. The data from various sources have been combined and cross-checked to make this report as precise and scientific as possible. Throughout the process, a series of internal discussions were held in order to analyse the data and draw the conclusions.

3. Executive summary

China's pesticide industry witnesses stable growths, but it still faces with problems of low industrial concentration and unreasonable resource allocation. As of XXX, the number of Chinese pesticide enterprises saw some decreases, down by XXX compared with that in XXX.

During XXX-XXX, XXX selected public pesticide companies have engaged in XXX asset restructuring deals composed of XXX M&As, XXX capital increases and XXX subsidiary establishments. Meanwhile, Jiangsu Province was the top investment destination of the domestic pesticide companies' restructurings, followed by Shandong and Guangdong provinces. China's outbound investment of the pesticide industry amounted to XXX during the period.

In XXX, XXX restructuring deals (M&A, subsidiary establishment and capital increase) took place in China, participated by listed companies in pesticides. The number is expected to climb up in XXX on the XXX quarter.

4. What’s in this report

Note: Key data/information in this sample page is hidden, while in the report it is not.

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1 China's pesticide industry landscape

1.1 Essential problems of China's pesticide industry

In recent years, China's pesticide industry experiences stable growths in production capacity to the world's leading scale, coupling with emerging issues of low concentration and unreasonable resource allocation, which have led to immediate concerns over such as disordered market competition, excessive installed production capacity of certain products, product homogeneity, tardy transformation and upgrades of pesticide production at home.

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Figure 1.1-1 Revenue of China's top 100 pesticide enterprises and changes of CR10, 2016–2022, million RMB

Source: CCPIA and CCM

1.2 Declining number of Chinese pesticide manufacturers

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1.3 Policy factors in pesticide industry

In an attempt to transform the patchy landscape of pesticide industry, China has been working on industrial structure optimisation by encouraging corporate investments and M&As, corporate grouping, branding and internationalisation, to weed out those of small scale and with weak competitiveness and concentrate resources throughout industrial chains.

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2 Company dynamics of major public pesticide enterprises

This report provides a summary of XXX asset restructuring deals led by XXX selected public companies in China's pesticide industry during XXX–XXXX, composed of XXX M&As, XXX capital increases and XXX subsidiary establishments. It is worth mentioning that all these M&As proposed or completed during the period were in the form of business transfer and acquisition and none merges with other enterprises being found.

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Table 2-2 24 Selected public pesticide companies in China, as of XXXX

No.	Company name (EN)	Company name (CN)	Stock code	Abbreviation	Location	Date of establishment	Number of cases	Ranking in 2023 List
1	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
2	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
4	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
5	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
6	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
…	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
…	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

Source: CCM

Table 2-3 Top XX pesticide companies ranked by gross value of restructuring deals in XXX

No.	Name of listed company	Ranked in 2023 List	Location	M&A fund, million USD	Number of M&A cases
1	XXXX	XXXX	XXXX	XXXX	XXXX
2	XXXX	XXXX	XXXX	XXXX	XXXX
3	XXXX	XXXX	XXXX	XXXX	XXXX
4	XXXX	XXXX	XXXX	XXXX	XXXX
5	XXXX	XXXX	XXXX	XXXX	XXXX
6	XXXX	XXXX	XXXX	XXXX	XXXX

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2.1 M&As of major public pesticide enterprises

According CCM's research, there were XXX M&As proposed or completed in China's pesticide industry in XXX, all of which were business transfers and acquisitions, involving operations in pesticide technical, formulation, bio-pesticide, etc.

-Major deal in pesticide formulation

In XXXX, Jiangsu Flag Chemical Industry Co., Ltd. completed transfer of XXX equity shares of XXX Co., Ltd. to its wholly-owned subsidiary Jiangsu Flagchem Crop Protection Technology Co., Ltd. at the value of XXX.

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-Major deals in bio-pesticide

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-Major M&As of top XX pesticide players

In XXX, ADAMA New Zealand Ltd., a wholly-owned subsidiary of ADAMA Ltd., signed a Share Purchase Agreement on acquiring 100% stake of XXX, who mainly engaged in the R&D,

production and sale of crop protection products, plant growth regulators, biological solutions and plant nutrients for gardening market. The transaction laid the ground for the company to crack the New Zealand market in the realm of highly complementary products, enriched the product mix and would help to open up a key segment market in local.

2.2 Subsidiary investments led by pesticide players

In China, XX selected public companies have engaged in asset restructuring of subsidiary establishment and/or capital increase of subsidiaries.

No.	Parent	Ranking in the 2023 list*	Shareholder	New establishment of subsidiary	Date	Funds for registration, million USD	Status	Remark
1	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
2	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
4	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
5	XXXX XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
6		XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
7	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
8	XXXX XXXX	XXXX XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
9			XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

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4 Summary and outlook

According to CCM's research, XXX restructuring deals (M&A, subsidiary establishment and capital increase) took place in China from XXX to XXXX, participated by listed pesticide companies, valued to over XXXX in total; that means more than XXXX value of transactions were progressing or completed each month during the period.

Purposes of restructurings:

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