



AGROCHEMICALS
SECTOR UPDATE AND M&A TRENDS
Q4 2022

ALMA.advisors

Slowing demand and high raw material prices are hurting top and bottom-line results

Q4 market and sector overview

Macroeconomic developments

- The European Central Bank has **increased interest rates to 2.5%** after two consecutive rate hikes of 75bps and 50bps, respectively in Q4
- **EU inflation for December 2022 edged lower to 9.2%**, with ECB expected to continue hiking rates to a more restrictive territory, ensuring a timely return to the 2% target
- European economic activity in the quarter continues to be sluggish amid the **ongoing energy crisis, weaker global economic activity and tighter financial conditions** → creating an explosive business environment
- The sustained rally of the US dollar compared to the Euro appeared to have come to an end, with the **Euro appreciating by 9.4% in Q4** alleviating some input costs for EU manufacturers

Greek agrochemicals sector trends

High input costs

- Despite the drop in raw material prices particularly for urea and ammonium in Q4, **raw material prices continue to be high**
- Agrochemical companies continue to sell products at elevated prices as most of them have **stocked raw material inventories** at much higher prices back in September

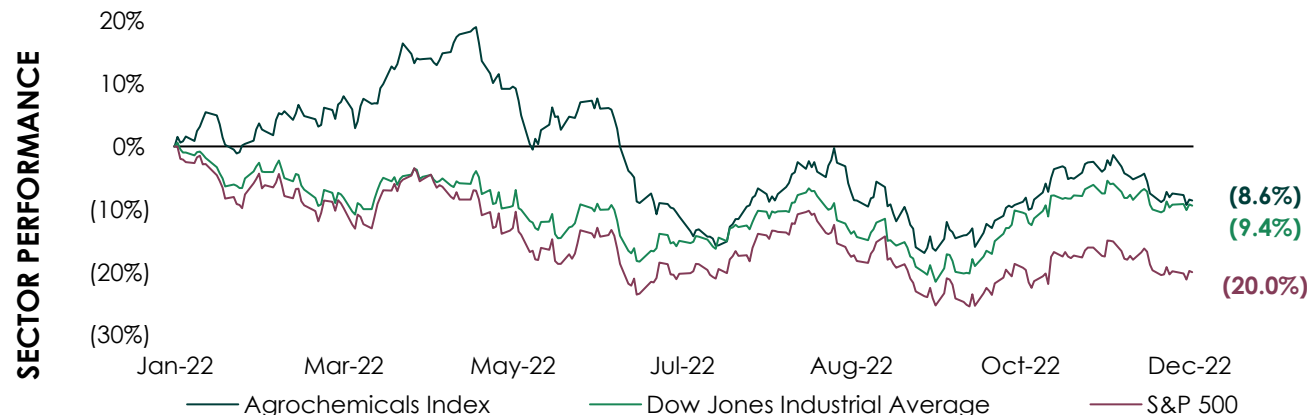
Demand is taking a hit

- **Agrochemical sales are slowing down** due to high prices → fertilizer prices have doubled since Russia's invasion on Ukraine
- Fear that farmers might use predominantly nitrogen fertilizers, **cutting the use of other plant nutrients to reduce costs**

Bio solutions on the forefront




- **Demand for bio pesticides and bio stimulants continues to rise** → European market is expected to grow at 12-13% CAGR
- Global players are **utilizing transactions to enter** the bio pesticides and bio stimulants market

Agrochemicals index vs the S&P 500 and Dow Jones



Greek agrochemical companies are investing to combat rising energy costs and strengthen production capabilities

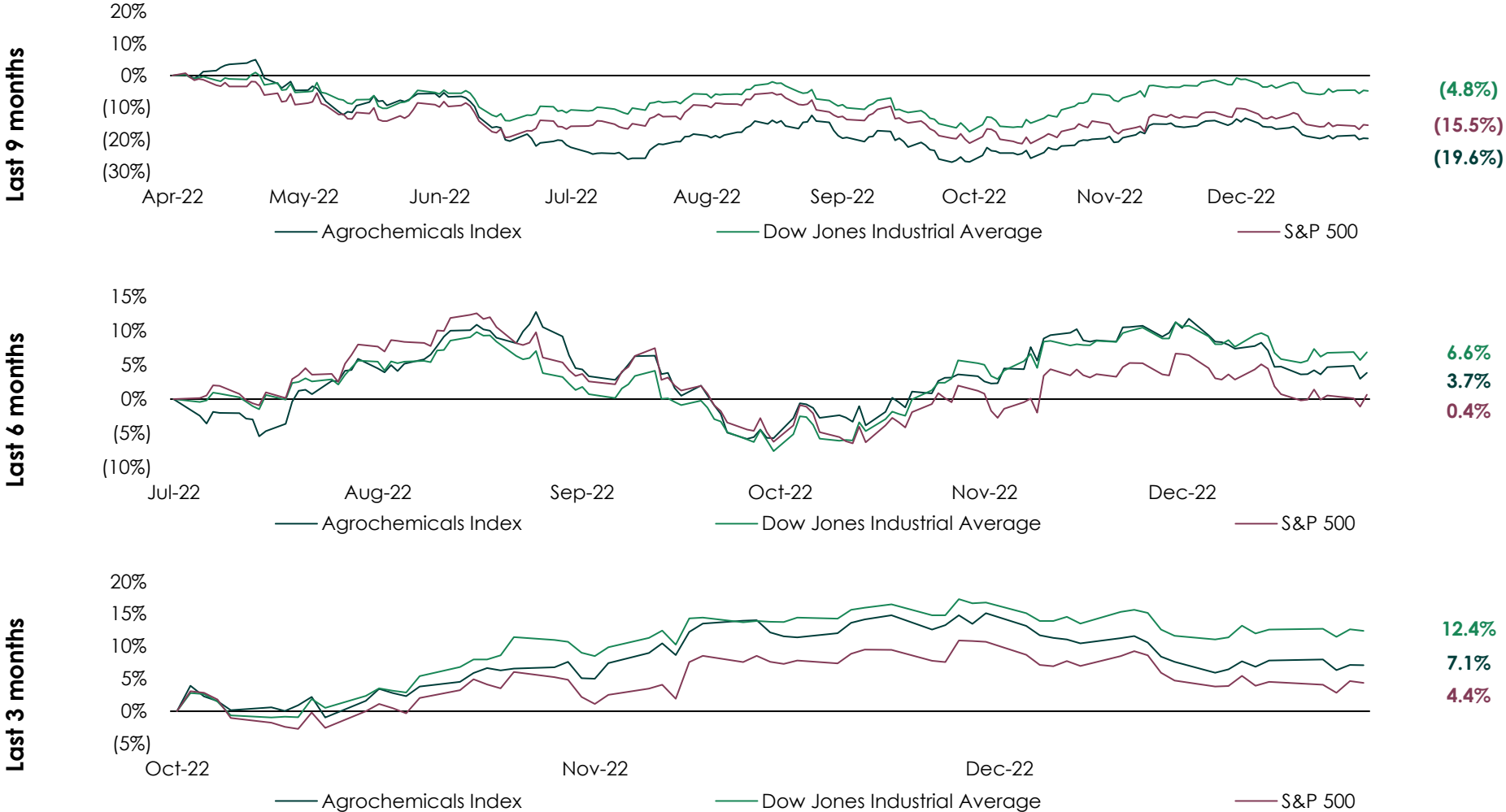
Greek agrochemical companies' key updates

| Company | Key updates |
|---|--|
|  We create chemistry | <ul style="list-style-type: none">BASF Hellas is considering investments in 'green hydrogen' in response to challenges created by the increase in energy prices |
|  | <ul style="list-style-type: none">COMPO EXPERT Hellas acquired a manufacturing plant in Patra to strengthen its manufacturing capacity and further support growth in Greek, Balkan and Middle East markets |
|  | <ul style="list-style-type: none">ELTON Chemicals is looking to make an acquisition in Central Europe to develop its operations in markets such as Austria and Hungary |

| Key takeaways |
|---|
| <p>Speed up investment plans to realise cost synergies and increase capacity</p> <ul style="list-style-type: none">Greek based agrochemical companies are investing to combat high energy prices and strengthen their manufacturing capabilities |
| <p>Expand their geographic footprint through M&A activity</p> <ul style="list-style-type: none">Well-established players are exploring the possibility of an acquisition to expand activities in new markets |

The agrochemicals-based index has outperformed the S&P 500 over the last quarter

Sector performance

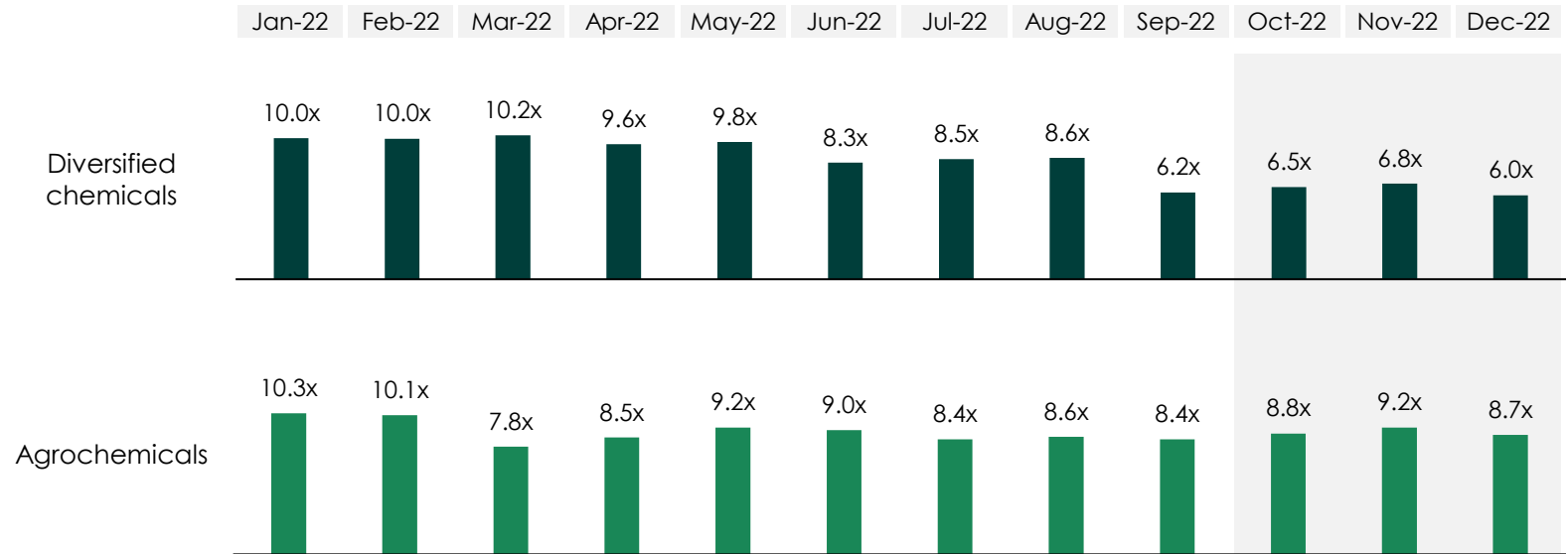


Notes: Data as of 31/12/2022; Index constituents can be found on page 7
Sources: FactSet

Agrochemicals multiples have witnessed an increase in Q4 compared to Q3 2022

Median LTM EV/EBITDA multiples

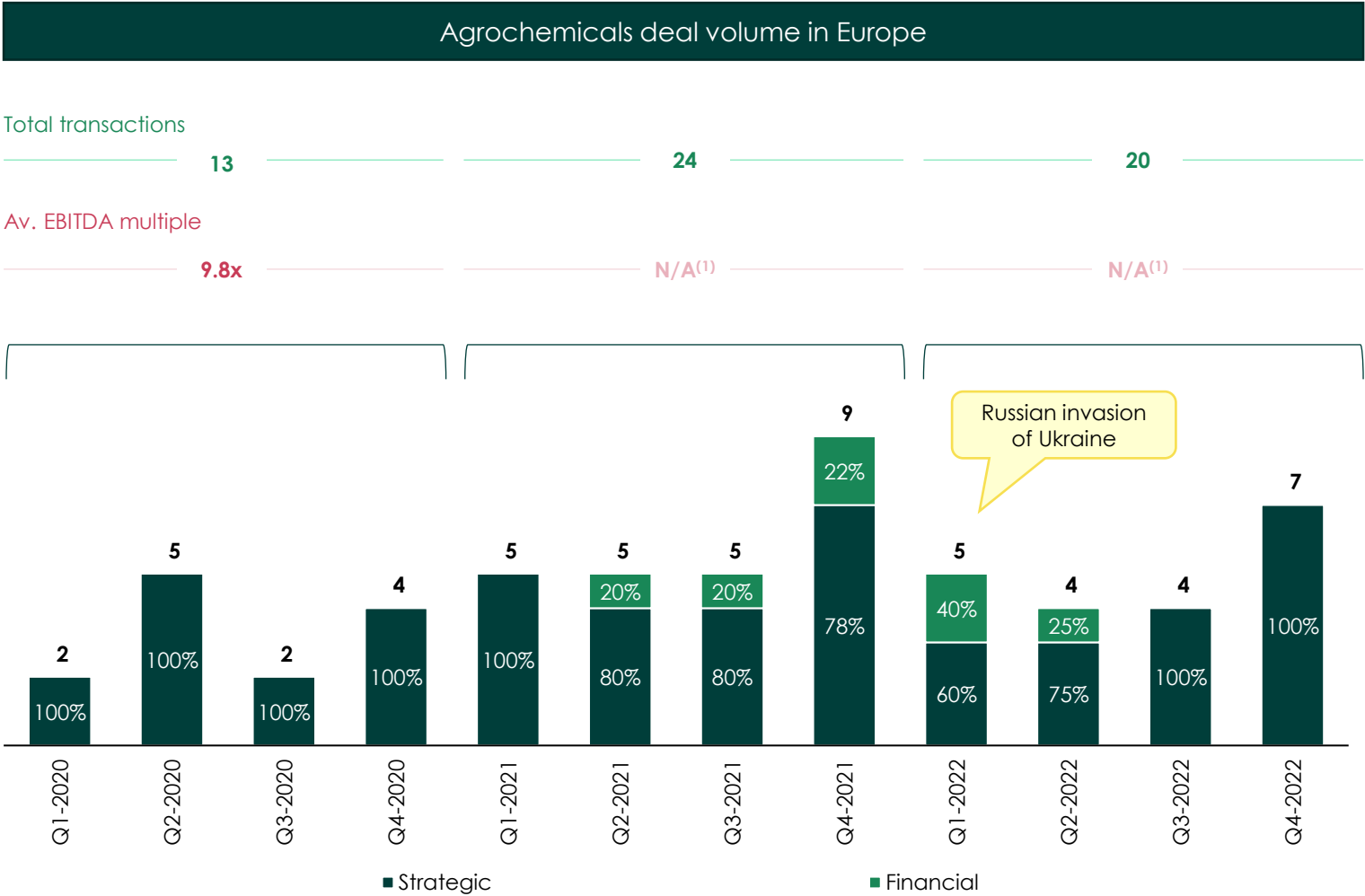
- *Multiples for diversified chemical companies have witnessed a light decrease in Q4 compared to Q3 2022, falling from 6.2x to 6.0x*
- *On the contrary pure agrochemical companies' multiples have increased by 3.5% in Q4 reaching 8.7x, outlining the strong fundamentals of the sector*



European agrochemical M&A activity has picked up during the fourth quarter of 2022

Europe M&A update

- Despite the rising borrowing costs, European deal count has increased to 7 transactions in Q4 compared to 4 transactions in Q3 2022
- Strategic acquirers are consolidating the highly fragmented European agrochemicals industry, expanding in new geographies and enhancing product portfolios



Data as of 31/12/2022
 Note: (1) Limited data on multiples to obtain a reasonable figure
 Sources: FactSet

Trading comps

DIVERSIFIED CHEMICALS

| Company (figures in €m) | Market cap. | EV | Sales 2023E | Sales Growth | | EBITDA 2023E | EBITDA margin 2023E | EV / Sales | | | EV / EBITDA | | |
|----------------------------|-------------|--------|----------------|--------------|-------------|-----------------|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | 2022E | 2023E | | | LTM | 2023E | 2024E | LTM | 2023E | 2024E |
| Bayer | 47,476 | 88,101 | 50,903 | 15% | 0% | 13,236 | 26% | 1.8x | 1.7x | 1.7x | 6.0x | 6.5x | 6.3x |
| BASF | 42,608 | 62,186 | 81,610 | 11% | (7%) | 9,024 | 11% | 0.7x | 0.7x | 0.7x | 5.3x | 6.8x | 6.2x |
| Dow | 33,228 | 44,858 | 46,833 | 13% | (11%) | 6,105 | 14% | 0.8x | 0.9x | 0.9x | 5.8x | 6.7x | 5.8x |
| DuPont de Nemours | 31,946 | 33,183 | 11,855 | 15% | (3%) | 2,963 | 25% | 2.7x | 2.7x | 2.6x | 11.1x | 10.8x | 10.1x |
| Eastman Chemical | 9,156 | 13,693 | 9,706 | 10% | (1%) | 1,693 | 18% | 1.4x | 1.4x | 1.4x | 9.2x | 7.8x | 7.3x |
| Compass Minerals | 1,576 | 2,219 | 1,164 | N.A. | (4%) | 182 | 18% | 1.9x | 1.8x | 1.8x | 14.9x | 10.5x | 9.1x |
| Andersons | 1,098 | 1,845 | 15,801 | 52% | (3%) | 323 | 2% | 0.1x | 0.1x | N.M. | 5.6x | 5.8x | N.M. |
| Average | | | | 19% | (4%) | | | 1.3x | 1.4x | 1.5x | 8.3x | 7.8x | 7.5x |
| Median | | | | 14% | (3%) | | | 1.4x | 1.4x | 1.5x | 6.0x | 6.8x | 6.8x |

AGROCHEMICALS

| Company (figures in €m) | Market cap. | EV | Sales 2023E | Sales Growth | | EBITDA 2023E | EBITDA margin 2023E | EV / Sales | | | EV / EBITDA | | |
|----------------------------|-------------|--------|----------------|--------------|-----------|-----------------|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | 2022E | 2023E | | | LTM | 2023E | 2024E | LTM | 2023E | 2024E |
| Corteva | 39,351 | 37,656 | 17,250 | 20% | 8% | 3,324 | 19% | 2.3x | 2.2x | 2.1x | 12.8x | 11.5x | 10.3x |
| Nutrien | 35,559 | 47,183 | 30,332 | 48% | (13%) | 8,532 | 32% | 1.4x | 1.4x | 1.6x | 4.3x | 4.5x | 6.1x |
| FMC Corporation | 14,730 | 17,266 | 5,768 | 27% | 7% | 1,446 | 25% | 3.2x | 3.0x | 2.9x | 13.1x | 12.0x | 10.9x |
| Mosaic Company | 13,996 | 17,870 | 14,675 | 69% | (17%) | 4,486 | 32% | 1.0x | 1.1x | 1.4x | 2.9x | 3.5x | 4.8x |
| UPL | 6,092 | 10,419 | 6,672 | 15% | 8% | 1,493 | 23% | 1.9x | 1.5x | 1.4x | 8.7x | 6.7x | 6.1x |
| ADAMA | 2,728 | 5,002 | 5,256 | 21% | 7% | 720 | 13% | 1.0x | 0.9x | 0.9x | 7.9x | 7.1x | 6.9x |
| Lier Chemical | 1,938 | 2,342 | 1,468 | 50% | 16% | 446 | 32% | 1.7x | 1.7x | 1.4x | 6.6x | 5.3x | 4.8x |
| Dhanuka Agritech | 374 | 375 | 215 | 12% | 13% | 38 | 18% | 2.3x | 1.7x | 1.5x | 12.3x | 9.8x | 8.5x |
| Insecticides | 252 | 284 | 232 | 16% | 16% | 27 | 13% | 1.7x | 1.3x | 1.1x | 14.7x | 10.3x | 8.0x |
| Average | | | | 31% | 5% | | | 1.8x | 1.7x | 1.6x | 9.2x | 7.8x | 7.4x |
| Median | | | | 21% | 8% | | | 1.7x | 1.5x | 1.4x | 8.7x | 7.1x | 6.9x |

European agrochemicals M&A transactions (1/2)⁽¹⁾

Over the past 2 years



| <i>(Figures in €m)</i> | | | | | | |
|------------------------|---|-------------------------------|--------|------------|-----------|---|
| Date | Target | Buyer | EV | EV/Revenue | EV/EBITDA | |
| Dec-2022 | Industrias Afrasa | Albaugh Europe | - | - | - | - |
| Dec-2022 | Strategic Minerals Europe / Lithium Project | IberAmerican Lithium | 2.0 | - | - | - |
| Nov-2022 | Exclusivas S Arabia | Shandong Rainbow Agrosciences | 32.0 | 0.2x | - | - |
| Nov-2022 | Petrokemija | Yildirim Holding | - | - | - | - |
| Nov-2022 | Terra Mineralna Gnojiva | Yildirim Holding | - | - | - | - |
| Oct-2022 | Febex | Prayon | - | - | - | - |
| Oct-2022 | Briar Chemicals | ChrysCapital; Safex Chemicals | 83.0 | - | - | - |
| Sep-2022 | ADOB | Nouryon | - | - | - | - |
| Sep-2022 | Rosier | Yilfert Holding | 128.7 | 0.4x | - | - |
| Aug-2022 | Biolchim | J. M. Huber | - | - | - | - |
| Jul-2022 | Trichodex | Fertiberia; Triton Investment | - | - | - | - |
| Jun-2022 | Rosier | Borealis | 70.9 | 0.3x | - | - |
| Jun-2022 | Borealis / Nitrogen Business | Agrofert | 810.0 | - | - | - |
| May-2022 | PhosAgro | Phosagro / Litvinenko | - | - | - | - |
| Apr-2022 | Go Superfoods | Humble Group | 19.1 | - | - | - |
| Mar-2022 | Phosint | Negrinio | - | - | - | - |
| Feb-2022 | Almaz Group | Almaz Group / Management | - | - | - | - |
| Feb-2022 | Borealis / Nitrogen Business | EuroChem Group | 455.0 | - | - | - |
| Jan-2022 | Neochim | Neochim / Gargov | - | - | - | - |
| Jan-2022 | Heinr. Propfe Chemische Fabrik | Duke Street; COMPO | - | - | - | - |
| Dec-2021 | Adidana | Platforma Roca; RDF | - | - | - | - |
| Dec-2021 | Zapi Industrie Chimiche | Fumakilla | - | - | - | - |
| Dec-2021 | KazAzot | Kazakhstan Petrochemicals | - | - | - | - |
| Dec-2021 | Or Brun | SBM Développement | - | - | - | - |
| Nov-2021 | Tolyattiazot | Khimaktivinvest | 1000.1 | - | - | - |
| Nov-2021 | Ginefiv | Kohlberg Kravis Roberts | 400.0 | - | - | - |
| Nov-2021 | Serbios S | Equilybra; Erbios | - | - | - | - |
| Nov-2021 | Petro Consulting | European Lithium | 44.9 | - | - | - |

Notes: (1) Excl. retail and distribution transactions; transactions not only limited to EU countries

Sources: FactSet

European agrochemicals M&A transactions (2/2)⁽¹⁾

Over the past 2 years



(Figures in €m)

| Date | Target | Buyer | EV | EV/Revenue | EV/EBITDA |
|----------|-------------------------------------|----------------------------------|-------|------------|-----------|
| Sep-2021 | World Agri Minerals | CGS International | 11.2 | - | - |
| Sep-2021 | Polcalc | Holcim | - | - | - |
| Sep-2021 | Agronaturalis | De Sangosse | - | - | - |
| Sep-2021 | Ecolan | Yara Suomi | - | - | - |
| Jul-2021 | Sustainable AGro Solutions | Stirling Square Capital Partners | - | - | - |
| May-2021 | Hip-Azotara | Promist | 5.5 | - | - |
| May-2021 | Isagro | Crop Demetra | 48.2 | 0.5x | 17.0x |
| May-2021 | SICIT Group | Valagro | 391.0 | 6.5x | - |
| May-2021 | Bacanora Lithium | Ganfeng International Trading | 292.1 | - | - |
| Apr-2021 | SICIT Group | NB Renaissance Partners | 361.5 | - | 17.6x |
| Mar-2021 | CHEMARK | CHEMIROL | - | - | - |
| Mar-2021 | Helm / UK Fertiliser Business | Glasson Grain | - | - | - |
| Jan-2021 | BioBag International | Novamont | - | - | - |
| Jan-2021 | Theseo | Lanxess | 70.0 | - | - |
| Jan-2021 | Libyan Norwegian Fertiliser Company | National Oil | - | - | - |

Notes: (1) Excl. retail and distribution transactions; transactions not only limited to EU countries

Sources: FactSet

Tailored corporate finance services for the European mid-market

Our firm

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