

Mergers and Acquisitions in Chinese Pesticide Industry in 2018–2019

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Contents

Executive summary	1
Methodology	2
1 Background analysis of M&A in Chinese pesticide industry	3
1.1 Background of M&A in Chinese pesticide industry.....	3
2 Increasing concentration of Chinese pesticide industry	5
2.1 Changes in the number of Chinese pesticide manufacturers.....	5
2.2 Changes in the share of Chinese leading pesticide enterprises (by sales amount)	6
3 M&A of Chinese pesticide industry	8
3.1 Mergers in Chinese pesticide industry, 2018–2019.....	8
3.2 Business transfer and acquisition of Chinese pesticide industry, 2018–2019.....	11
4 Conclusion	16

LIST OF TABLES

Table 2.2-1 Sales of top 5, top 20 and top 100 pesticide enterprises in China, 2010–2018
Table 3.1-1 Merger of Chinese pesticide enterprises in 2018
Table 3.1-2 Restructuring of Chinese pesticide enterprises in 2018
Table 3.1-3 Merger of Chinese pesticide enterprises in 2019
Table 3.1-4 Restructuring of Chinese pesticide enterprises in 2019
Table 3.2-1 Transfer and acquisition of Chinese pesticide enterprises in 2018
Table 3.2-2 Transfer and acquisition of Chinese pesticide enterprises in 2019

LIST OF FIGURES

Figure 2.1-1 The number of Chinese pesticide enterprises
Figure 2.1-2 The number of Chinese pesticide enterprises with a sales amount of ≥RMB5 billion or ≥RMB2 billion, 2014–2018
Figure 5.2-1 Share of the sales amount of Chinese pesticide manufacturers, 2010–2018

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&As has also become one of the key words in Chinese pesticide industry. As the deadline of China's 13th Five-year Plan period (2016–2020) is coming, it's likely that China will see more M&A activities.

M&A is companies' normal response when they suffered market depression. It is also a requirement of Chinese pesticide industry due to the industry's own structure. M&As have been a developing trend to eliminate inefficient capacities and to improve industry concentration with the adjustment of national macro policies. It is believed that more and more outmoded enterprises will be eliminated or be acquired by the superior ones, with strict government control, increasing entry thresholds and increased production concentration.

The year 2018 and 2019 is a period of drastic changes in the pesticide industry. International and domestic agrochemical enterprises' mergers and restructurings are becoming faster, thus forming a new industry giant pattern in which the resources and advantages are more concentrated and the strong will be stronger. 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:

- ✓ Background of M&A
- ✓ Changes in the number of manufacturers
- ✓ Share of the sales amount of manufacturers
- ✓ M&A of the industry

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

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.

The USD/CNY exchange rate in this report is USD1.00=CNY7.0262 on 2 Dec., 2019, sourced from the People's Bank of China.

3 Executive summary

Guided by the *12th Five-year Plan for Pesticide Industry Development (2010–2015)* and the *13th Five-year Plan for Pesticide Industry Development (2016–2020)*, China's pesticide industry witnessed huge reform within the industry and more frequent mergers and acquisitions in recent years. The trends see no stop in the near future.

The number of Chinese pesticide manufacturers fell from more than XXX in 2010 to XXX in 2019, down by XXX%.

According to the sales situation of China's leading pesticide enterprises, market shares of the top 5 enterprises, top 20 enterprises and top 100 enterprises in 2017–2018 were all higher than the corresponding figures in 2010–2016. However, pesticide production in China is not concentrated enough. The 13th Five-year Plan proposes that sales of the top 20 pesticide enterprises should account for more than XXX% of the total sales in China. Yet the latest share lags far behind.

Cases of merger and restructuring among Chinese pesticide manufacturers was XXX in 2018 and XXX in 2019, with a year-on-year growth rate of XXX%. Specifically, in 2018, there were XXX mergers and XXX restructurings; in 2019, the number of mergers came to XXX and that of restructuring doubled. Such kinds of move are on the rise among domestic pesticide enterprises, and gaining momentum still.

In 2018–2019, business transfer and acquisition in China's pesticide industry continued. Equity transfer and acquisition can improve industry structure, accelerate extension of industrial chain in the pesticide industry, optimise product structure, expand sales, increase profitability and enhance competitiveness of leading enterprises.

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 Background analysis of M&A in Chinese pesticide industry

1.1 Background of M&A in Chinese pesticide industry

Guided by the 12th Five-year Plan for Pesticide Industry Development (2010–2015) and the 13th Five-year Plan for Pesticide Industry Development (2016–2020), China's pesticide industry witnessed huge reform within the industry and more frequent mergers and acquisitions in recent years. The trends see no stop in the near future.

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2 Increasing concentration of Chinese pesticide industry

2.1 Changes in the number of Chinese pesticide manufacturers

The number of Chinese pesticide manufacturers fell from more than XXX in 2010 to XXX in 2019, down by XXX%. Reasons for such a decline are as follows.

- XXX
- XXX
- XXX
- XXX
- XXX

Among them, merger and acquisition is the major factor. Driven by the government's policies and the pesticide enterprises' wishes, merger and acquisition is conducted actively in China's pesticide industry, which will help form large and powerful pesticide enterprises rapidly.

As of August 2019, there were XXX valid pesticide enterprises approved by the Ministry of Industry and Information Technology of the People's Republic of China (MIIT), including XXX enterprises of technicals, XXX of formulations, and XXX of hygienic drugs. By the same time, there were XXX enterprises with valid pesticide registration certificates granted by the Ministry of Agriculture and Rural Affairs of the People's Republic of China. Among them, XXX enterprises held registrations for technicals, XXX for formulations and XXX for hygienic formulations.

According to the 2019 ranking list of pesticide producers by sales in China, XXX enterprises achieved sale volume exceeding USDXXX billion (RMBXXX billion) and XXX enterprises

achieved more than USD0.29billion (RMB2 billion) sales, which has not yet met the proposed number in the 13th Five-Year Plan.

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2.2 Changes in the share of Chinese leading pesticide enterprises (by sales amount)

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Table 2.2-1 Sales of top 5, top 20 and top 100 pesticide enterprises in China, 2010–2018

Year	Top 5			Top 20			Top 100			Total sales, billion USD	Total sales, hundred million RMB
	Sales, billion USD	Sales, hundred million RMB	Share	Sales, billion USD	Sales, hundred million RMB	Share	Sales, billion USD	Sales, hundred million RMB	Share		
2010	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX
2011	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX
2012	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX
2013	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX
2014	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX
2015	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX
2016	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX
2017	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX
2018	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX	XXX%	XXX	XXX

Source: CCM

3 M&A of Chinese pesticide industry

3.1 Mergers in Chinese pesticide industry, 2018–2019

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Table 3.1-1 Merger of Chinese pesticide enterprises in 2018

No.	Month of change	Company	Company after the merger
1	XXX	XXX	XXX
2	XXX	XXX	XXX
3	XXX	XXX	XXX
4	XXX	XXX	XXX
...
30	XXX	XXX	XXX
31	XXX	XXX	XXX

Source: CCM

Table 3.1-2 Restructuring of Chinese pesticide enterprises in 2018

No.	Month of change	Companies involved	Note
1	XXX	XXX	XXX
2	XXX	XXX	XXX
3	XXX	XXX	XXX
...
10	XXX	XXX	XXX

Source: CCM

Table 3.1-3 Merger of Chinese pesticide enterprises in 2019

No.	Month of change	Company	Company after the merger
1	XXX	XXX	XXX
2	XXX	XXX	XXX
3	XXX	XXX	XXX
...
55	XXX	XXX	XXX

Source: CCM

Table 3.1-4 Restructuring of Chinese pesticide enterprises in 2019

No.	Month of change	Companies involved
1	XXX	XXX
2	XXX	XXX
...
20	XXX	XXX

Source: CCM

3.2 Business transfer and acquisition of Chinese pesticide industry, 2018–2019

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Table 3.2-1 Transfer and acquisition of Chinese pesticide enterprises in 2018

No.	Date	Companies involved	Events
1	XXX	XXX	XXX
2	XXX	XXX	XXX
...
10	XXX	XXX	XXX

Source: CCM

Table 3.2-2 Transfer and acquisition of Chinese pesticide enterprises in 2019

No.	Date	Companies involved	Events
1	XXX	XXX	XXX
2	XXX	XXX	XXX
...
11	XXX	XXX	XXX

Source: CCM

4 Conclusion

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If you want more information, please feel free to contact us

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