

J&A Sell-Side M&A Report

Natural Agrochemical Biotech Transactions and Valuations

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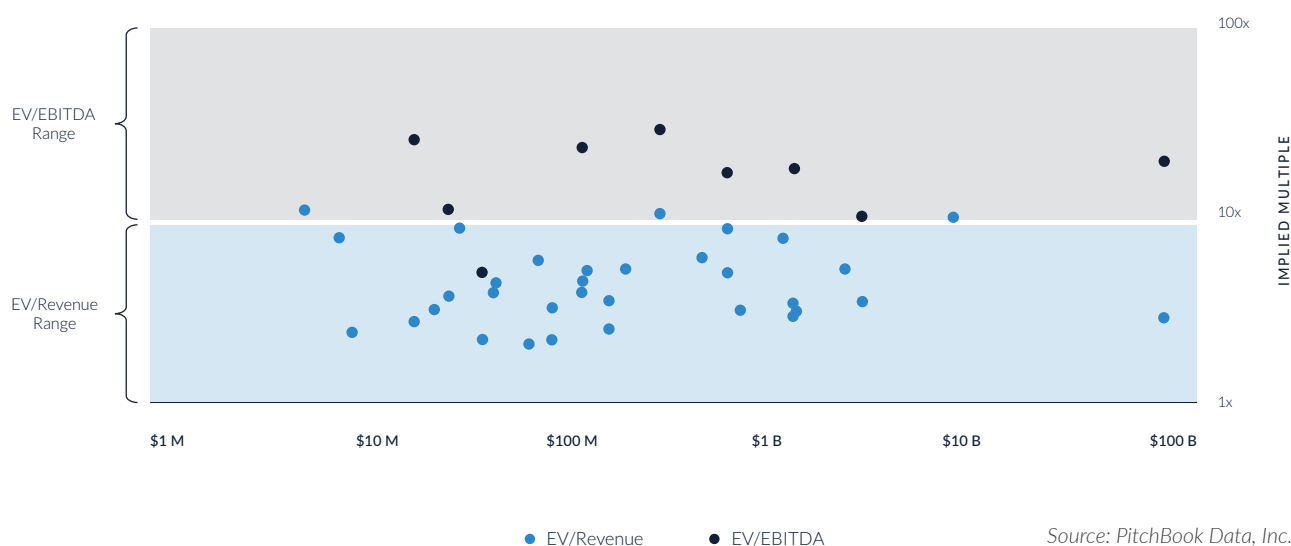
Between Q1 2020 and Q3 2024, roughly \$102 billion flowed into 1,326 M&A transactions within the natural agrochemical biotech sector. This specialized field is at the forefront of agricultural innovation, focusing on bio-based solutions that reduce the use of synthetic chemicals and enhance crop and soil health. Natural agrochemicals and biological agents are leading alternatives, helping farmers manage pests and promote growth without the environmental toll of traditional agrochemicals. Natural fertilizers, developed through advanced biotechnological processes, further aid in maintaining soil health, fostering sustainable productivity.

New delivery methods, such as micronization and nano-encapsulation, are also transforming natural agrochemical biotech. These advanced techniques increase the efficacy of bio-based inputs, enabling precise application and reducing environmental impact. The preservation of soil biome health is a priority in these innovations, reflecting a shift toward creating products that sustain soil ecosystems while enhancing crop yields.

The rising investment in this field highlights a global drive to optimize food production with fewer resources. As arable land becomes scarce and populations grow, sustainable agricultural solutions from the natural agrochemical biotech sector are essential. The momentum in M&A activity reflects an ongoing push for consolidation, technological acquisition, and a broader reach in sustainable agriculture.



Natural Agrochemical Biotech Transactions Valuation Multiple Analysis (Q1 2020 – Q3 2024)



EV / REVENUE

MEAN
10 X

MEDIAN
5 X

MINIMUM
2 X

MAXIMUM
11 X

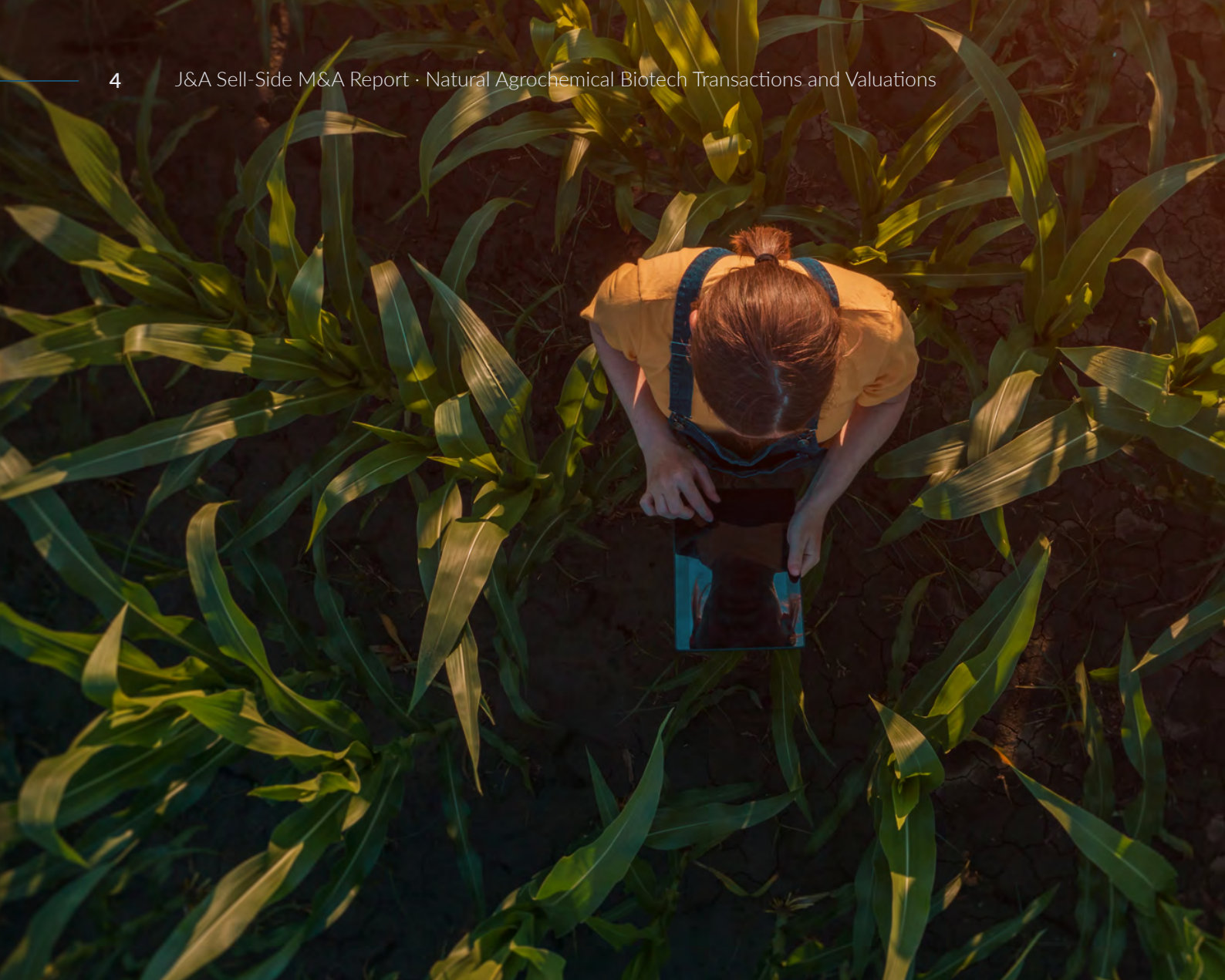
EV / EBITDA

MEAN
23 X

MEDIAN
20 X

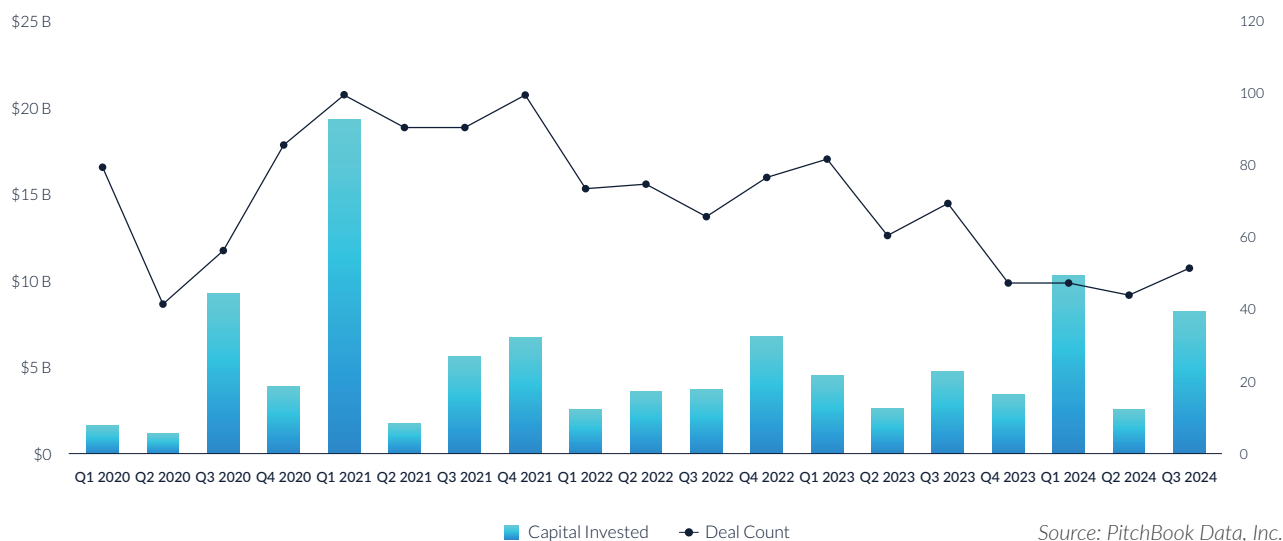
MINIMUM
5 X

MAXIMUM
29 X



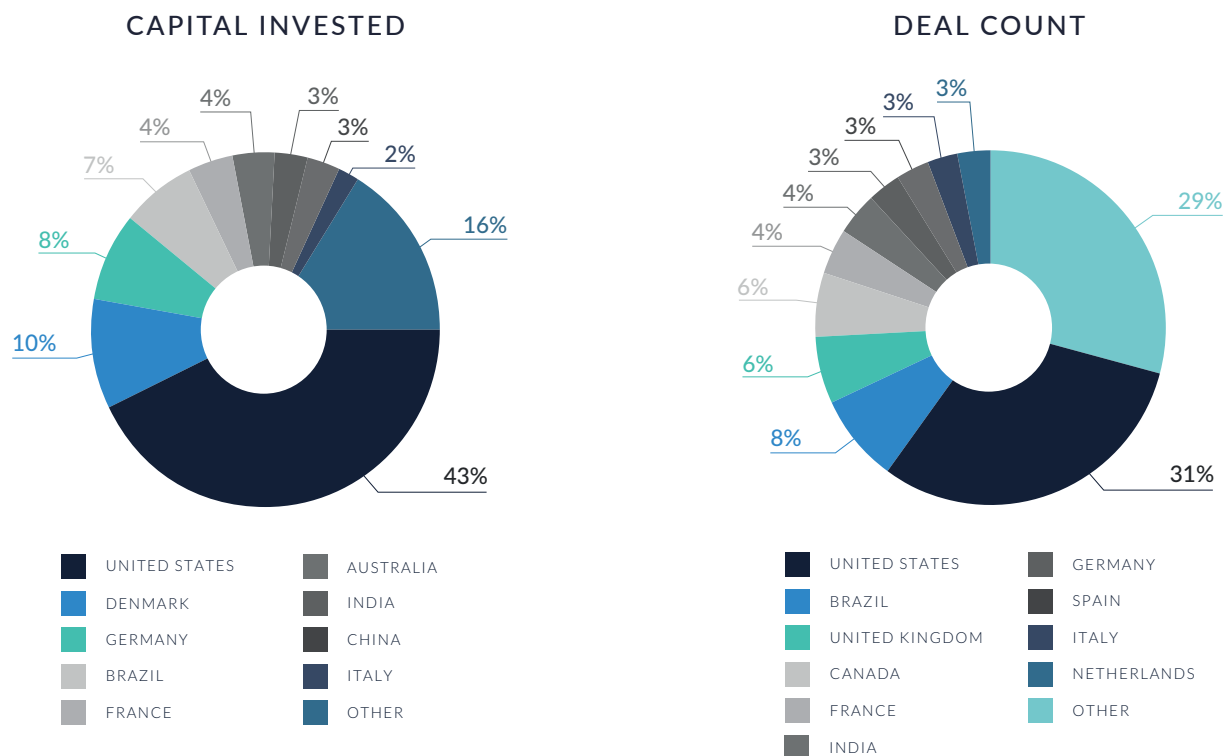
- The valuation multiples for agricultural biotechnology companies (Q1 2020 – Q3 2024) show an average EV/revenue multiple of 10x and an EV/EBITDA multiple of 23x. These figures suggest that companies in this sector command relatively high valuations, indicative of strong growth potential and strategic importance within the industry.
- The EV/revenue multiples range from a minimum of 2x to a maximum of 11x, with a median of 5x. The distribution indicates that many transactions occur within a reasonable valuation band, with higher multiples likely driven by companies with unique intellectual property, technological innovation, or strong growth prospects that justify a premium.
- EV/EBITDA multiples range from 5x to 29x, with a median of 20x. This high median suggests that acquirers are willing to pay significant premiums for companies with positive EBITDA, reflecting expectations of substantial future earnings growth and strategic value. The upper end of this range is likely attributed to acquisitions of companies with established market positions or transformative technologies.

Capital Invested and Deal Count of Natural Agrochemical Biotech M&A Transactions (Q1 2020 – Q3 2024)



- Between Q1 2020 and Q3 2024, approximately \$102 billion was deployed across 1,326 M&A transactions in the agricultural biotechnology sector. The significant capital market activity indicates robust interest and growth in the sector, with an average deal size of around \$128 million.
- Q1 2021 saw the highest capital investment at \$19 billion, accompanied by 99 transactions, marking it as a particularly active quarter in terms of both deal count and investment. This surge likely involved multiple significant transactions in the sector, showcasing a period of expansion where investors saw strong potential in natural agrochemical biotechnology advancements.
- Q4 2021 also recorded 99 transactions but with a more moderate capital investment of \$7 billion. This high transaction volume with lower capital investment per deal suggests that many of these acquisitions were smaller-scale, as investors likely focused on acquiring innovative early stage or mid-sized companies to bolster their portfolios.
- Overall, the deal count has shown stability, generally ranging from 40 to 90 transactions per quarter. Capital investment, however, has fluctuated more significantly, demonstrating that while the frequency of deals remains consistent, the value of individual transactions can vary widely depending on high-profile acquisitions like the SABIC deal.

Breakdown of Announced Natural Agrochemical Biotech M&A Transactions Conducted by Country Invested In (Q1 2020 – Q3 2024)



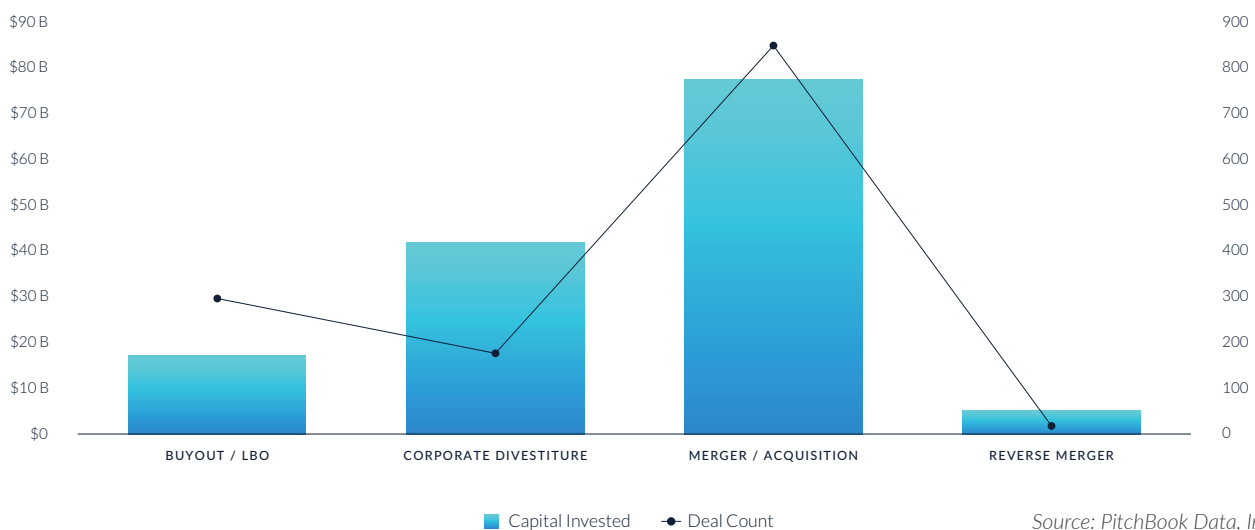
Source: PitchBook Data, Inc.

- The United States dominated natural agrochemical biotechnology M&A activity, capturing 43% of total capital investment and conducting 31% of the total deal count. This strong position reflects a strategic focus on both domestic and international expansion, with US-based acquisitions targeting key innovations in biopesticides, soil health, and crop technology. The high capital investment highlights the US's commitment to advancing eco-friendly agricultural solutions that enhance productivity while supporting environmental sustainability.
- Denmark and Germany captured 10% and 8% of the total capital invested,

respectively, with a relatively moderate transaction volume. The balance between capital and deal count reflects Europe's focus on impactful, strategic investments in agrochemical biotechnology, supporting sustainable agriculture through targeted acquisitions.

- Brazil holds 7% of the capital and 8% of the total deal count, emerging as a key player in agricultural biotech M&A. Its higher deal count relative to capital share suggests multiple smaller transactions, reflecting Brazil's status as a major agricultural economy seeking scalable biotech innovations to support its large agricultural base.

Breakdown of Announced Natural Agrochemical Biotech Transactions by Deal Type (Q1 2020 – Q3 2024)



- A significant portion of capital, approximately \$77 billion, was allocated to mergers and acquisitions within the natural agrochemical biotechnology sector, encompassing 852 deals. This demonstrates the strategic importance of M&A transactions in this industry, as companies pursue consolidation, technological advancements, and market expansion to address global agricultural challenges.
- Corporate divestitures accounted for \$42 billion across 178 deals, indicating a high average deal value. This suggests that companies in the agrochemical biotechnology space are leveraging divestitures to streamline operations or divest non-core assets, enhancing focus on key growth areas such as sustainable crop solutions and biopesticides.
- Buyouts and leveraged buyouts (LBOs) amounted to \$17 billion across 297 deals, with an average deal size of about \$58 million.

This highlights that buyouts are a preferred transaction structure for financial investors seeking control in natural agricultural biotech companies with strong growth potential and unique IP portfolios.

- Reverse mergers in the sector involved \$5 billion across 21 deals, marking a smaller but strategically important deal type. This approach allows private agricultural technology companies to access public capital markets efficiently, often enabling further R&D investment and scale in their biotechnological innovations.
- When separating the deal types, financial transactions comprised the majority of deal count (e.g., buyouts and LBOs), reflecting investor interest in acquiring high-growth agricultural biotech firms. In contrast, strategic transactions (e.g., M&As and divestitures) accounted for a larger share of capital invested, emphasizing industry efforts toward consolidation and market positioning.



DEAL SPOTLIGHT: **BIOPHERO**



THE COMPANY

BioPhero, a Danish company specializing in pheromone-based biopesticides, develops natural pest control solutions designed to reduce the need for synthetic chemical pesticides.

BioPhero's products are environmentally friendly and focus on preventing pest infestations in an eco-conscious manner, aligning with the global shift toward sustainable agriculture. The company's approach leverages biotechnology to produce pheromones at a competitive cost, making it feasible for large-scale agricultural use.

The acquisition aligns with FMC Corporation's strategy to expand its biological solutions portfolio, responding to the growing demand for sustainable crop protection alternatives.

TRANSACTION TYPE

ACQUISITION

DEAL DATE

JULY 19, 2022

ACQUIRER

FMC

TRANSACTION SIZE

\$200 MILLION



Natural Agrochemical biotechnology companies have commanded high valuation multiples, with EV/revenue multiples ranging from 2x to 11x and EV/EBITDA multiples spanning 5x to 29x. These valuations reflect strong investor confidence in the sector's growth potential, with acquirers willing to pay a premium for companies at the forefront of sustainable and efficient agricultural solutions.

This sector presents substantial opportunities for acquirers, particularly as demand for natural, eco-friendly products continues to rise globally. Strategic acquirers and financial investors should consider the agricultural biotechnology space as a key area for growth, with significant capital and deal flow focused on companies that provide sustainable agricultural technologies. Given the sector's rapid expansion and regulatory tailwinds, stakeholders in agricultural biotech companies should remain vigilant for exit opportunities, as interest in sustainable agriculture solutions is expected to drive continued M&A activity.

JAHANI & ASSOCIATES

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