

**S&P Global**

Commodity Insights

# M&A and Multinationals' Investments

A catalyst for growth and innovation in the biocontrol industry

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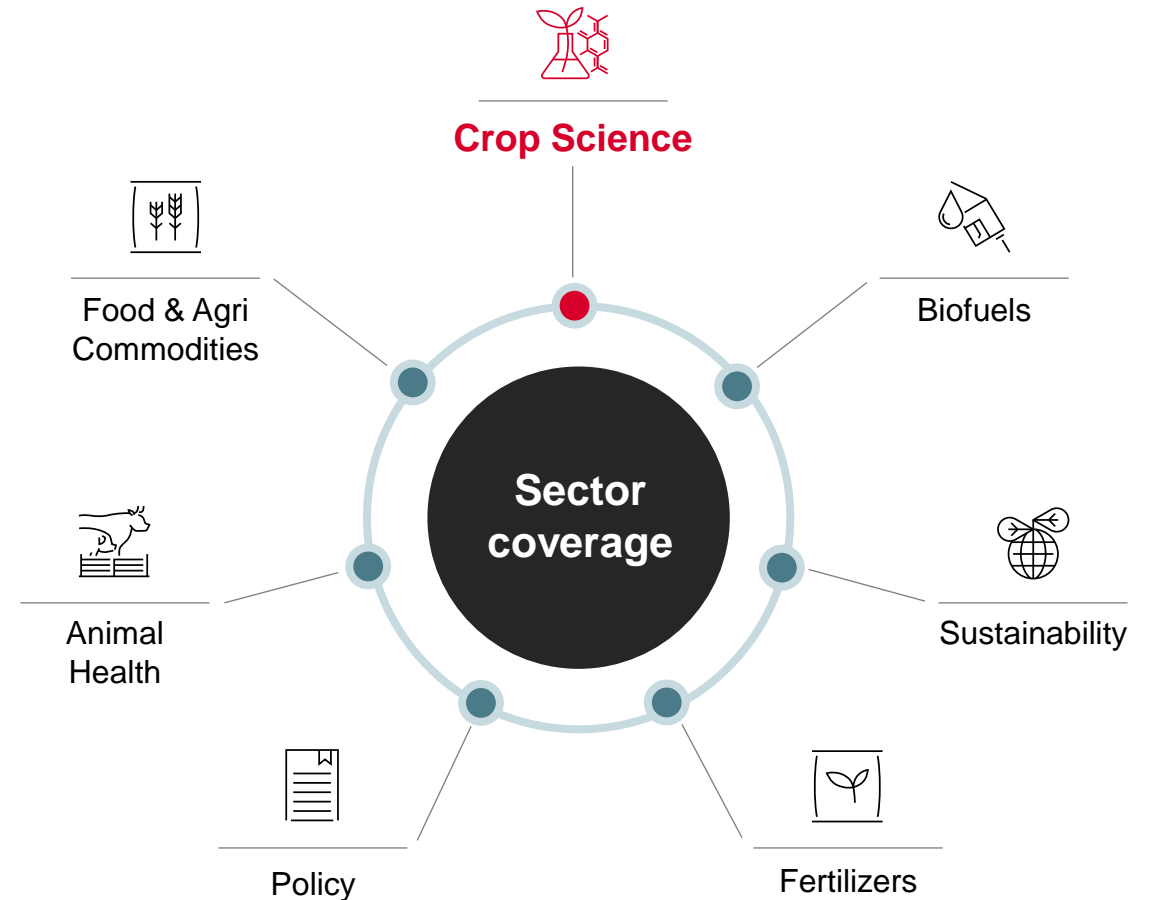
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In today's interconnected world of global supply chains and markets, companies need more than just data to make timely, informed decisions:

- **S&P Global Commodity Insights Agribusiness** provides customers with business intelligence across the **full agribusiness value chain**, as well as an interconnected view of the industries and policies that influence it.
- Our analysts are **experts** in their respective fields and guide our clients in reducing risk, optimizing investments and better understanding supply, demand and price dynamics.
- The **unique insights** we provide empower our clients to make **informed strategic decisions** to benefit their business today, tomorrow and for years to come.



# Agenda

1. S&P Global
2. Biologicals market introduction
3. Market aspects and multinationals' attributes
4. Multinationals in the Biologicals market
5. Conclusions



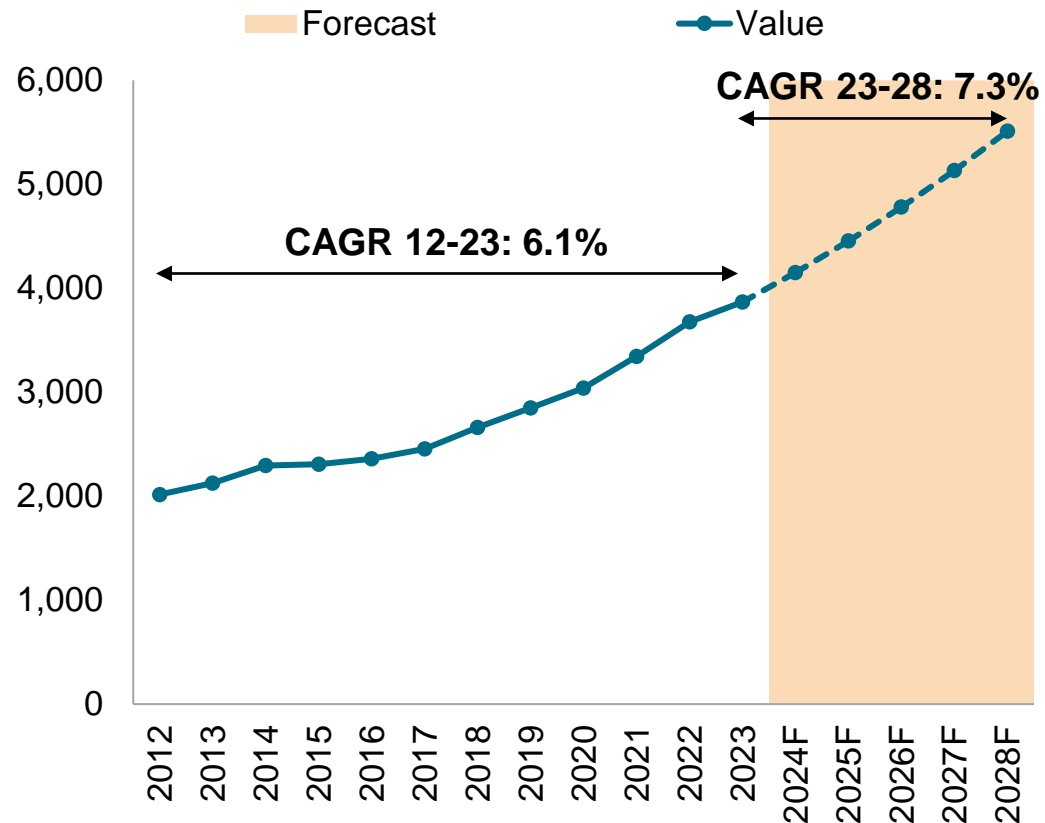
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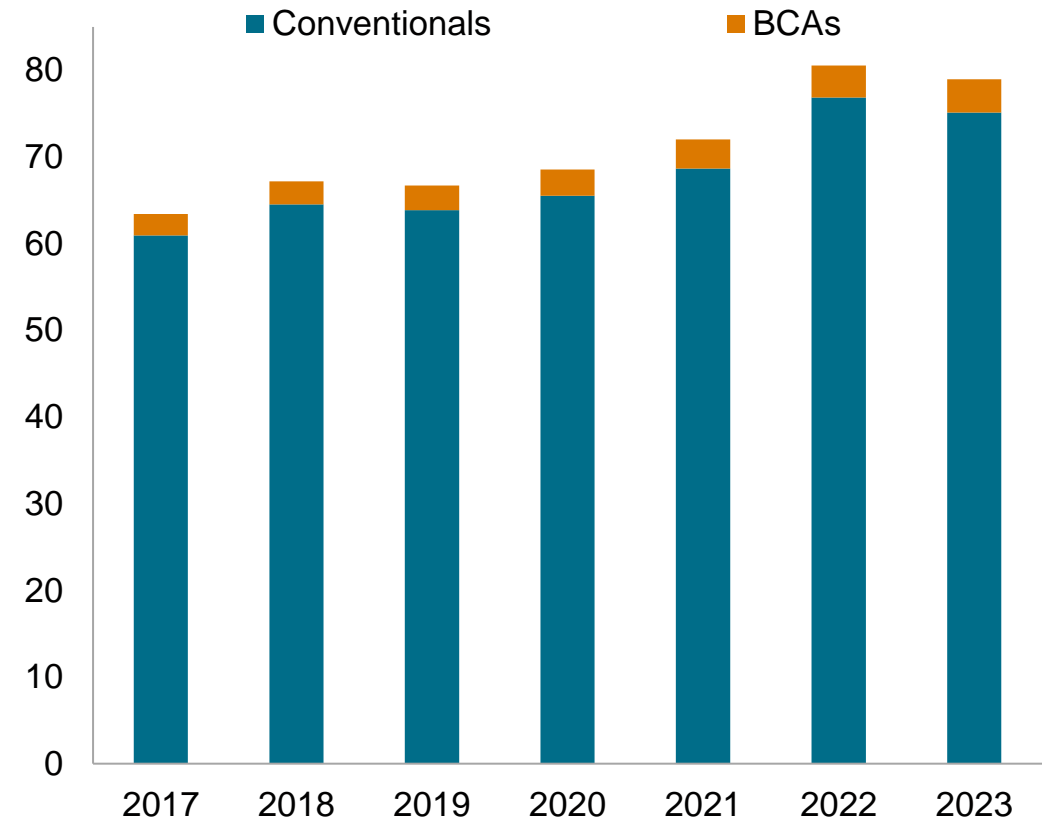
# Biologicals: Market performance

2023 biologicals market split, and BCAs forecast

## BCAs market trend and forecast (\$ million)



## CP market – Conventional vs. BCAs (\$ billion)



As of Apr. 12, 2024.  
 CAGR = Compound annual growth rate; F = Forecast.  
 Source: S&P Global Commodity Insights.

# Market characteristics and key factors

## Overview

- Still a **niche** sector
- **Fragmented**
- Cheaper vs. conventional to develop and **register**
- Lots of **new companies** entering the market
- Lots of **new R&D companies** appearing
- Regulatory rules or definitions **not harmonized**
- Farmers still approach with “**doubt**”
- **Difficult** route to market and not quick to reach full potential



Compiled October 2024.  
Source: S&P Global Commodity Insights.

# Global footprint

- Global BCA's market is valued at \$3.9 billion of which:
  - Europe, Middle East and Africa represents 36.0%
  - North America represents 29.4%
  - Asia-Pacific represents 20.8%
  - Latin America represents 13.8%
- Helping **start-ups** or **early stages** companies and some **established companies**:
  - Improve route to market
  - Reach new geographies
  - Leverage an established distribution network

Compiled October 2024.  
Source: S&P Global Commodity Insights.



# Local expertise

- Local expertise is crucial for several reasons:
  - Knowledge of local **agricultural practices**
  - Awareness of **local regulations**
  - **Stakeholder** engagement
  - Development of **tailored solutions**
- Education, training and stewardship are particularly important for biologicals and **IPM strategies**



Compiled October 2024.  
Source: S&P Global Commodity Insights.

# Reliability

- Resistors that are limiting the expansion of biologicals include:
  - Poor reputation
  - Lack of convincing evidence
  - Concerns around product composition (“snake oil”/“bath-tub brew”)
- Multinational's reliability can support overcoming this suspicion in farmers:
  - Product quality
  - Product efficacy
  - Consistent product performance
  - Customer support and training



Compiled October 2024.  
Source: S&P Global Commodity Insights.



# Market penetration and differentiated portfolio

- Multinationals can leverage their **established distribution network** and **brand recognition** to enhance the visibility and accessibility of biocontrol products:
  - This helps in building **trust** with consumers and stakeholders, essential for gaining market share in the competitive biocontrol sector
- Usually BCAs are not “standalone” products but, on the contrary, must be used in **strategies**
- Multinationals' broad portfolio can be **complementary** to the biologicals offering, helping to build **comprehensive strategies**



Compiled October 2024.  
Source: S&P Global Commodity Insights.

# Financial resources and structured R&D department

- Estimated **cost** to develop a BCA is 10% of a conventional CP
- Average **time** to develop a BCA is 10–12 years
- Majors are investing on average 5% of their revenue in R&D
- **Structured** R&D, marketing, technical support and sales department
- On top of these R&D costs also launch costs must be considered



Compiled October 2024.  
Source: S&P Global Commodity Insights.

# Regulatory capabilities

- Navigating the **complex regulatory landscape** is critical for the success of biocontrol products.
- Multinationals have **dedicated regulatory teams** with the **expertise** to ensure compliance with local, national and international regulations.
  - This capability accelerates the approval process and reduces time-to-market for new products
- Key role of international associations



Compiled October 2024.  
Source: S&P Global Commodity Insights.

# Production and supply chain capabilities

- Ability to **scale up** production and **optimize supply chains** further enable to respond quickly to market needs
- Efficient production and supply chain capabilities ensure that biocontrol products are manufactured at scale and **delivered** to markets in a **timely** manner
- Multinationals can leverage their advanced manufacturing facilities and logistics networks to maintain a steady supply of high-quality products
  - Vital for market penetration and customer satisfaction



Compiled October 2024.  
Source: S&P Global Commodity Insights.

# Multinationals in the Biologicals market

Company	2023 Crop protection sales (\$ billion)	2023 Biologicals sales (\$ million)	VC arm (Yes/No)	Acquisitions (number)	Collaborations (number)	Comments
Syngenta	15.4	387	Yes (16*+6**)	1	16	Valagro acquisition significantly boosted sales
Bayer	13.2	225	Yes (17*+4**)	-	18	The company is expecting a 17% CAGR until 2035
BASF	8.8	251	Yes (14*)	1	6	The “quietest” multinational in the top 6
Corteva	7.8	668	Yes (2*)	3	23	Stoller acquisition significantly boosted sales
UPL	4.8	479	No	1	13	Built a strong position thanks to several collaborations
FMC	4.5	151	Yes (8*)	1	5	Acquisition of BioPhero expected to boost future sales

As of Sept. 27, 2024.

Acquisition and collaboration over the last 6 years.

\*Total number of companies in the portfolio; \*\*Number of companies exited.

Source: S&P Global Commodity Insights.



# Conclusion

- Future **consolidation** will continue
- There will be an **increasing number of collaborations** and partnership
  - In the last five years, we have tracked more than 100 acquisitions, more than 100 R&D collaborations, more than 50 venture capital fundings
- All majors now have their **venture capital** arm and will continue to invest:
  - Scouting for **new companies** and **technologies**
  - Not only products but also:
    - **Formulations**
    - **Application methods + digital agriculture**
    - Speed up and streamline R&D processes

There is a lot of potential in R&D companies for new products and solutions to tackle the CP market, but products need to find their way to the farmers!

Unlocking market potential requires strategic management of time and financial resources.  
Collaboration can pave the way!

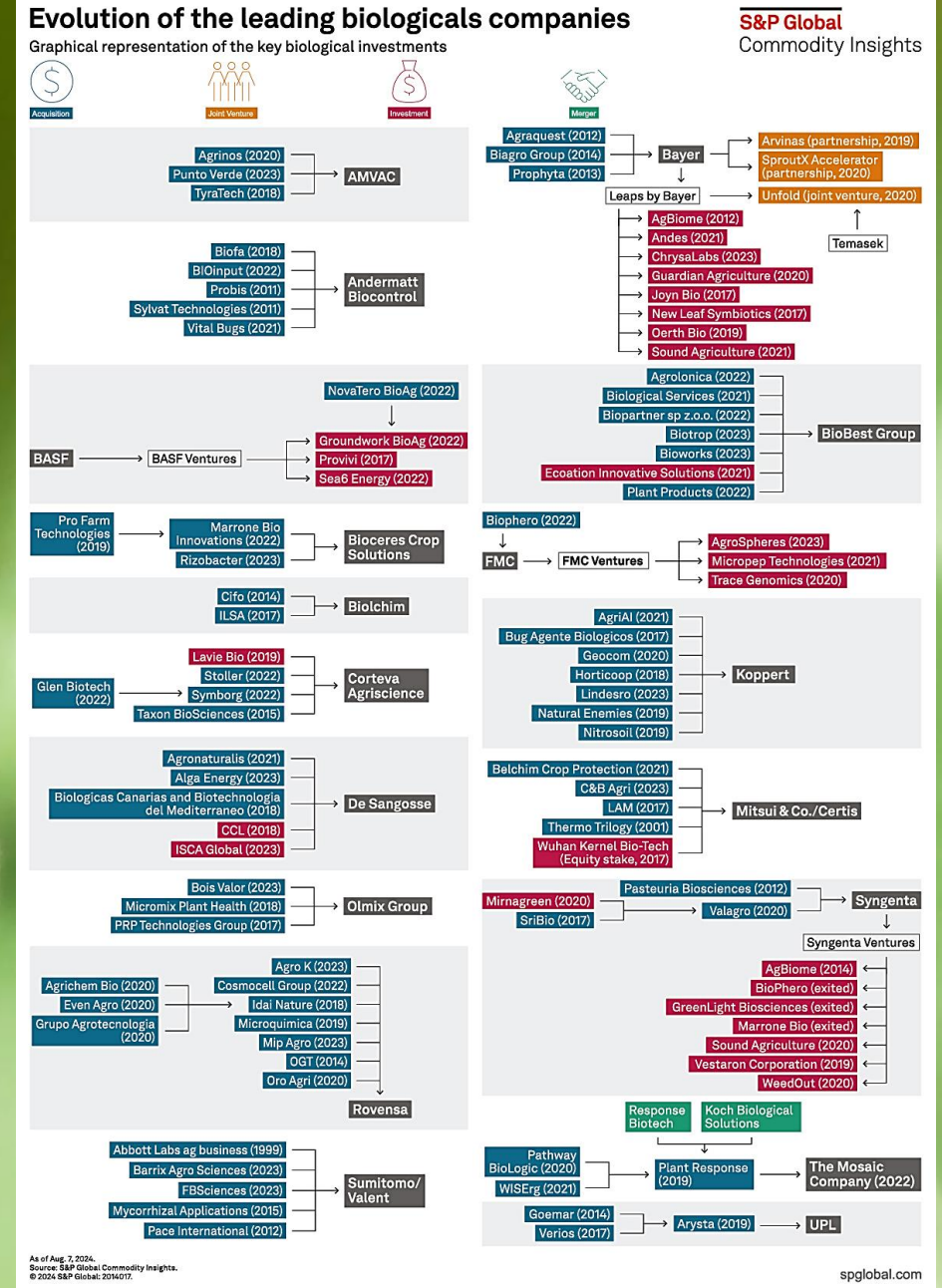
# Thank you!

The S&P Global team would be pleased to welcome you at **Stand 161** where you can also get a copy of our poster 'Evolution of the leading biologicals companies'



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Source: Getty Images.



As of Aug. 7, 2024.  
Source: S&P Global Commodity Insights.  
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