IHS Markit approach

1. The first phase determined the acquisition drivers for the client and the government’s criteria.

2. IHS Markit then identified 21 relevant targets, including a long list of over 250 companies, and then narrowed the list to a top 50 using company strategies and research.

3. Additional information was gathered to develop deeper profiles of the top 50 targets, including “fast track” targets which were known to be available.

4. IHS Markit performed a competitive assessment, valuation and availability screening analysis providing the client with a comprehensive set of targets as they have been increasingly focused towards specialty products with high levels of technology and product IP.

5. Further listing of recommendations validated IHS Markit’s approach and led to the acquisition of a European Specialty Chemicals company as part of ChemChina’s strategy.

Impact

China became the largest market in the world for specialty chemicals in 2017, surpassing North America for the first time. The market value of its consumption reached $136 billion out of a global market of $560 billion. Demand growth for specialty chemicals in China is expected to continue powering annual average growth of 6 -7 percent during the next five years.

China or imported. China’s chemical companies are generally small, lack investment in R&D and the quality of their product is generally lower. Specialty-content products are made by foreign firms in China.

China is expected to continue powering annual average growth of 6 -7 percent during the next five years.

The Chinese Government is promoting a shift in domestic manufacturing products from in-house databases – Directory of Chemical Producers, Specialty Chemicals Update Program, Chemical Economics Handbook, Global Trade Information Services and ChemicalWeek’s 2018 World Top 50 companies. The ultimate goal is to foster a higher-value, higher-bargaining-power domestic specialty chemical industry and to increase China’s added value and gross value added.

Specialty product sectors

Agricultural Solutions, Krauss Mafei, Pirelli amongst others. High profile examples include acquisitions including Syngenta, Adama, and Acacia (Innova). Acquisitions have been directed overseas. Acquisitions and much of Chinese M&A activity has been involved in M&A activity, a dozen of the top 50 companies profiled.

IHS Markit delivered a comprehensive screening analysis providing the client with a comprehensive set of targets as they have been increasingly focused towards specialty products with high levels of technology and product IP.

The new silk road, a case study on strategic European M&A targets in specialty chemicals

Silk road view

Initial situation

The Chinese Government’s “Made in China 2025” and “One Belt and One Road” initiatives have been geared towards building an advanced industrial base and fostering innovation. "Made in China 2025" aims to make China a manufacturing and innovation powerhouse.

Specialty product sectors identified

The Chinese Government is promoting a shift in domestic manufacturing products from foreign firms to domestic firms. China is expected to continue powering annual average growth of 6 -7 percent during the next five years. Chinese chemical companies are generally small, lack investment in R&D and the quality of their product is generally lower. Specialty-content products are made by foreign firms in China.

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