

Compass navigates complex cross-border transactions

From 2009-2011, Compass served as exclusive financial advisor to the China National Chemical Corporation (“ChemChina”) in its acquisition of a 60% controlling stake in Israel’s Makhteshim Agan Industries (“MAI”).

- ◆ At an enterprise value of \$3.4 billion, this transaction was one of the largest ever in the agrochemicals sector, the largest cross-border acquisition of an Israeli company, and one of the largest cross-border acquisitions by a Chinese state-owned enterprise (“SOE”)
- ◆ Following the transaction, MAI became a private company owned 60% by ChemChina and 40% by Koor Industries of the IDB Group

Stakeholders



CHEMCHINA

中国化工集团公司
China National Chemical Corporation

MAKHTESHIM
A G A N



Koor Industries Ltd.

Context

- ◆ MAI was the world’s largest generic agrochemical company and 7th largest agrochemical manufacturer overall
- ◆ As China’s 2nd largest chemical enterprise, ChemChina sought strategic acquisitions that would expand its business globally and further China’s quest for agricultural security
- ◆ At least two other global investment banks had previously urged ChemChina to buy MAI, but neither bank could get the two sides to agree on price and other key terms

Execution

- ◆ From the outset, Compass focused on building relationships between the two parties and emphasizing the deal’s strategic sense rather than only focusing on price
 - Compass recognized that the key driver in getting to a deal was building a foundation of trust and shared interest
- ◆ Compass implemented this effort through a series of high-level meetings between President Ren of ChemChina, Nochi Dankner of Koor Industries, and MAI senior management
 - In these sessions, Compass helped ChemChina establish a close relationship with MAI and its key stakeholders; Compass also convinced MAI senior management of the merits of visiting China.
 - These meetings created a robust working relationship, enabling Compass to get the deal done when others could not
- ◆ Compass worked tirelessly to vet the deal through numerous Chinese State agencies like the Ministry of Commerce, the National Development and Reform Commission, the Export-Import Bank, and the State Administration of Foreign Exchange
- ◆ The complex nature of the transaction meant the Compass team had to maintain focus and absolute discretion for two years, far longer than most global investment banks are usually willing to dedicate to a deal

Outcomes

- ◆ ChemChina was transformed into the world’s largest generic agrochemical player and 6th largest agrochemical manufacturer overall
- ◆ MAI (renamed ADAMA Agricultural Solutions), has reported record growth in both sales and EBITDA in its business around the world. Several MAI executives assumed senior roles in the new company
- ◆ Compass demonstrated its capabilities as an independent strategic advisory firm specializing in creative solutions for highly complex cross-border transactions



The ChemChina / MAI deal received the following press recognition:

- The New York Times Deal Professor’s 2011 “Top of the Class in Deal-Making”
- The New York Times: “When Competing with Big Banks, Smaller Can Be Better”