

chemical week

AgraQuest Eyes 2011 IPO

Biopesticide firm AgraQuest (Davis, CA) is planning to launch an initial public offering (IPO) sometime in 2011, CEO Marcus Meadows-Smith told attendees at CW's CFO Conference in New York on May 25 (p. 13). The company is currently engaged in a pre-IPO funding round, largely to fund growth and working capital needs, Meadows-Smith says. It is expecting revenues to total about \$30 million for this year, and is cash flow positive.

IPO markets in the U.S. were weak from the second half of 2008 into the first half of 2009, but have since strengthened somewhat, AgraQuest CFO Joel Jung told attendees at the conference. The company would like to open with a market cap in the \$200 million-\$300 million range. Such a market cap would be attainable once revenues reach \$50 million, Jung says. Revenues were about \$20 million in 2009, Meadows-Smith says.

Consumer preferences, government support for a reduction in the level of chemicals used in agri-

culture, and regulatory pressure limiting residue levels are all driving growth for biopesticides, and recent acquisitions by big agricultural firms at attractive valuations confirm the sector's potential, the company says. "There's clearly a movement to reduce residues in crops in major agriculture markets," says Ashish Malik, senior v.p./global marketing at AgraQuest. Within the global insecticide and fungicide markets, both valued at about \$20 billion annually. AgraQuest believes low-chemical, residue-sensitive pesticides will emerge as a \$5 billion-\$10 billion subset.

AgraQuest currently has distribution and licensing agreements with BASF and Bayer. Other agreements are in the pipeline. "We're talking to ten companies about different agreements," Meadows-Smith says. The company is owned by private equity and venture capital investors, including TPG Capital (Fort Worth, TX).

—VINCENT VALK
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