

# Innovative solutions for livestock health & high feed prices

Having leveraged half a century of raising livestock performance into a successful merger, Perstorp Performance Additives is preparing to expand into new, fast growing markets.

by Gemma C. DELMO

Given today's high feed grain prices and recurring supply shortfalls, getting the most from scarce feed is becoming an important priority for feed millers and livestock industries alike. Consequently, now more than ever, livestock producers are seeking high-value, yet economical feed supplies. The ability to productively use and preserve feed grains is particularly important, as they constitute at least 80 percent of livestock's total cost of production. Hence, prolonging the storage life of the scant corn and soy becomes more vital and Perstorp Performance Additives knows this. The company's objective is to maximise the value and utility of feed.

From the viewpoint of science, this can be done in several ways including feed preservation and optimising protein digestion through feed acidification while inhibiting pathogenic microbes such as salmonella, E. coli and clostridium.

"Performance additives like our corn and soy enzymes will help to make better use of the raw materials fed to the animals; this will reduce feed costs," says Dick Roele, the company's senior business development manager. "Organic acids will help to reduce pathogens in the gut of the animals, thus reducing

medicine costs and producing meat without the use of AMGP's (antimicrobial growth promoters). Our mycotoxin binders and mould inhibitors will reduce losses of mould-related problems by preserving the quality of raw materials and feed, and cancelling out the effects [of mycotoxins] on performance by the use of our immune-stimulants and mycotoxin binders."

The science is a given but from a customer perspective, to deliver these benefits to livestock end-users, Perstorp's 2005 merger with Franklin Products International created new synergies. Once merely used to raise productivity, today's high feed costs and livestock disease outbreaks are making Perstorp's products an innovative solution to these challenges.

## A long history & recent merger

Indeed, while Perstorp is now adapting to the early 21st century's feed market's unique circumstances, the company has a long, venerable history of answering the demand of feed millers and livestock producers. Perstorp Performance Additives is a division of the 125-year old Swedish chemical conglomerate, Perstorp Group. This division has already been producing live-



stock feed supplements for fifty years. In the 1960s, Perstorp was one of the first companies to introduce acid-based silage additives to the market.

While Perstorp was making a name for itself, during the 1980s, Franklin Products International – now integrated with Perstorp – was pioneering the use of lactic acid in formulas for acidifiers and antibacterials in the European market. Roele recalls that, "Franklin was always a company that aimed to add value. A lot was invested to get the know-how needed to add value. Research and development resulted in a lot of knowledge on the efficacy of products and recipes." Today, Perstorp employs almost 2,000 workers and is internationally recognised as one of the leaders in the specialty chemical market. Its operations extend across the globe.

Sensing a good fit, the April 2005 merger of Perstorp Business Unit Food and Feed with Franklin Products made the combined company more prominent in the agriculture sector. Each side brought various strengths in fields such as acidifiers that complimented one another with little overlap.

## A wide product range

Now renamed Perstorp Performance Additives, this new subsidiary



Perstorp's Formic Acid Plant in Perstorp, Sweden.

accounts for six percent of Perstorp Corporation's total sales. To rationalise and bring forward the best strengths of both Franklin and Perstorp, feed additive product ranges were combined, along with research data and knowledge about product properties and customer demand. "This has clearly improved the market position of Perstorp Performance Additives. Work on improving the brand recognition is in full progress at the moment," Roele says.

Having successfully digested its merger with Franklin, Perstorp Performance Additives now boasts five product groups, with brands divided according to their application areas: ProSid for mould inhibitors, toxin binders and immune stimulants; ProMyr for silage additives, ProPhorce for acidifiers, antibacterials and feed preservatives; ProFare for enzymes that facilitate easier feed digestion; and ProTain for antioxidants that stabilise feed ingredients.

As competition intensifies in the feed additive market, Perstorp continues stay ahead by producing high quality organic acidifiers including propionic acid, formic acid, calcium propionate, sodium formate and sodium propionate. What differentiates Perstorp from its rivals is research and development which focuses on optimising acidifiers' antibacterial properties by combining them

with essential oils. "Other companies who produce feed additives often focus more on the nutritional advantage of additives and not on the antibacterial possibilities," says Roele.

While its sales and brand reputation are consistently strong around the world, Perstorp's largest market segment for feed additives is the swine sector, accounting for 60 percent of its sales. Another twenty five percent of its additives go to poultry producers while fifteen percent of revenue is derived from ruminants.

### Ready to expand into emerging markets

While Perstorp has numerous successful lines including alcohol and plasticizers, organic acids, polyols and bioproducts, Roele says feed additives remain the most successful line in terms of growth. "Within the feed additives market, we are globally among the top five. Growth plans are formulated to become second or third," says Roele. He adds that while stiff competition poses a large, unavoidable challenge, Perstorp enjoys a long history of meeting livestock's ever-changing needs by offering flexible and innovative products. "We sell solutions.

Customers deserve the best of service so it is a high priority to reliably deliver it."

At this time, eighty percent of the company's turnover comes from Europe but Roele says Perstorp's strategy is to focus on fast growing developing country markets, particularly Asia and South America. But while fast growing emerging markets are a vast opportunity, they can also be difficult to penetrate.

Such markets are neither familiar with Perstorp's reputation nor are they wholly familiar with products such as acidifiers. Roele explains that, "Important challenges lie in strengthening our brand and building it in areas where recognition is lower such as in Asia and South America. In the next few years, we hope to be a much stronger name in

the industry in these regions."

With respect to the latter, Roele adds that, "Product management and research will become more important tools in distinguishing ourselves as an innovative company. We have created our Business Unit Performance Additives last year. This is where project strategies are formulated for the coming years concerning marketing, research and development," tells Roele.

In addition to competition from rivals and brand recognition, Roele sees some challenges not entirely in Perstorp's control: high feed grain prices. A double-edged sword, on one hand, high grain prices create demand for Perstorp's products, as they increase the efficiency of scarce feeds. On the other hand, with high feed prices inflating livestock production costs, it must continually educate customers that Perstorp's products are an investment in efficiency with a rapid payback, not an expense per se.

Towards this end, Roele always informs customers that the company's livestock performance claims are acknowledged by independent research institutes and universities. He concludes that, "I believe our growth rate is higher than that of our competitors not only in terms of sales but also in presentation and R&D."

Indeed, having successfully acquired Franklin and achieved strong post-merger revenue growth, Perstorp

Performance Additives was recently given a vote of confidence not only by the market but also by its investors: The parent corporation is now earmarking significant new investments to further increase production capacity, R&D, and productivity.

Roele concludes that, "Through research we intend to find new ways to optimise the process from raw materials to end product even further for our customer." Having transformed two strong competitors into one strong company, Perstorp appears set to leverage its ongoing innovations and conquer new markets. 🌱



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