

# Field Trip

# Animal Nutrition

Building strong customer  
relations through value  
propositions

**Dr. Alfred Petri**  
**Senior Vice President Sales &**  
**Marketing Services Animal Nutrition**  
Antwerp, 1 October, 2015



**EVONIK**  
INDUSTRIES

# Agenda

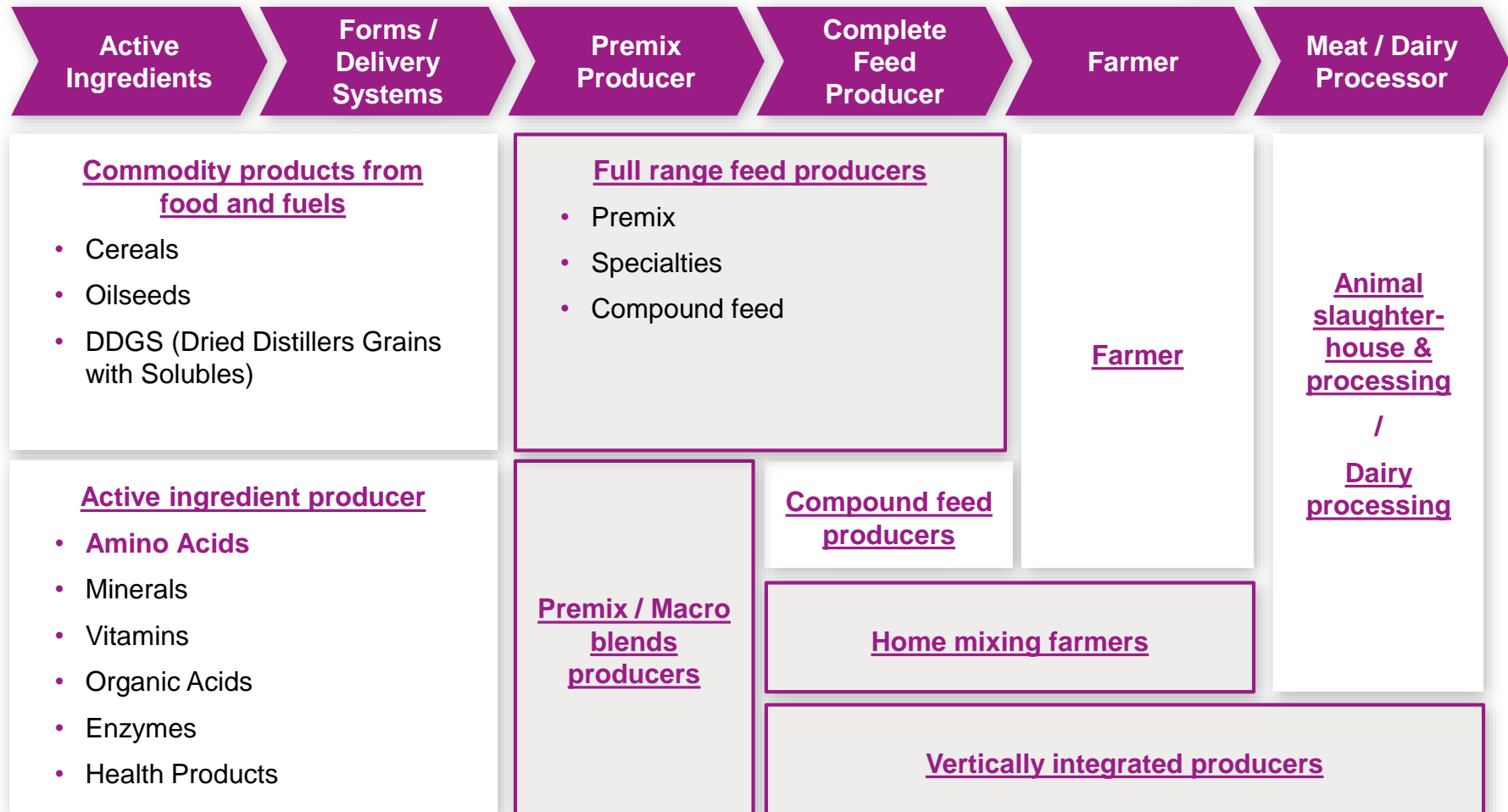


1	<b>Our markets and customers</b>
2	Our value proposition
3	Value selling features
4	Value pricing
5	Summary & Outlook

# We provide products and services to the complete value chain of animal feed producers



Evonik Customer



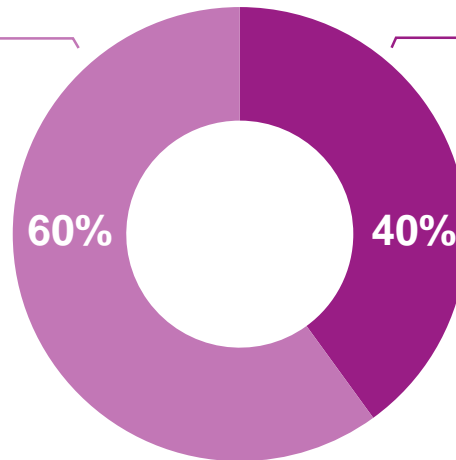
**We are serving globally the needs of  
end markets with high growth dynamic**



## **Evonik Animal Nutrition Sales Split 2014**

### **Emerging Countries**

- **Volume growth of 7-8% p.a.\***
- Sales evenly distributed between regions Asia North, Asia South and Latin America
- Highest growth rates in region Middle East / Africa



### **Developed Countries**

- **Volume growth of 4-5% p.a.\***
- Strong sales volumes in Europe and North America

- **Global customer reach – only producer with significant sales and technical resources in Europe, US, Asia and Latin America**
- **Strong growth of more than 6% p.a.\* globally**
- **>90% direct sales to end customers**

\* Average Annual Volume Growth 2010 – 2014

**Our asset footprint and supply chain enables us to deliver in a reliable and timely manner globally**

## Global production and warehouse footprint



- 5 production sites on three continents
- 12 regional hubs
- 60 warehouses in 20 countries
- Strong logistic teams in all regions
- >70,000 deliveries / ~35,000 container loads shipped to ~2,000 end customers in 115 countries

- **Global production footprint – only producer with production site on three continents**
- **Warehouse and R&D network offer high flexibility and reliability to serve our customers**
- **Global supply chain management**

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# Our value proposition is tailor-made to customer needs - we call it “Value Selling”

## Value Selling

### Meaning

Providing products and services according to customer needs. That is what customers value and honor.

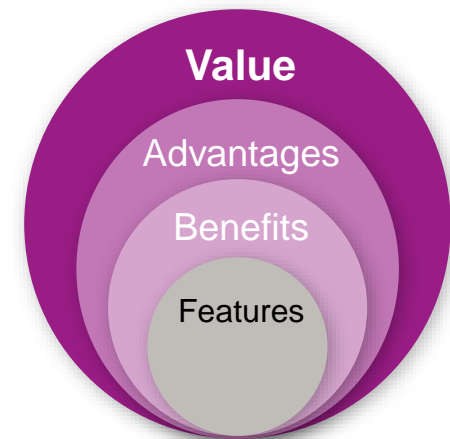
### Mission

**Giving the right value to the right customer at the right time**

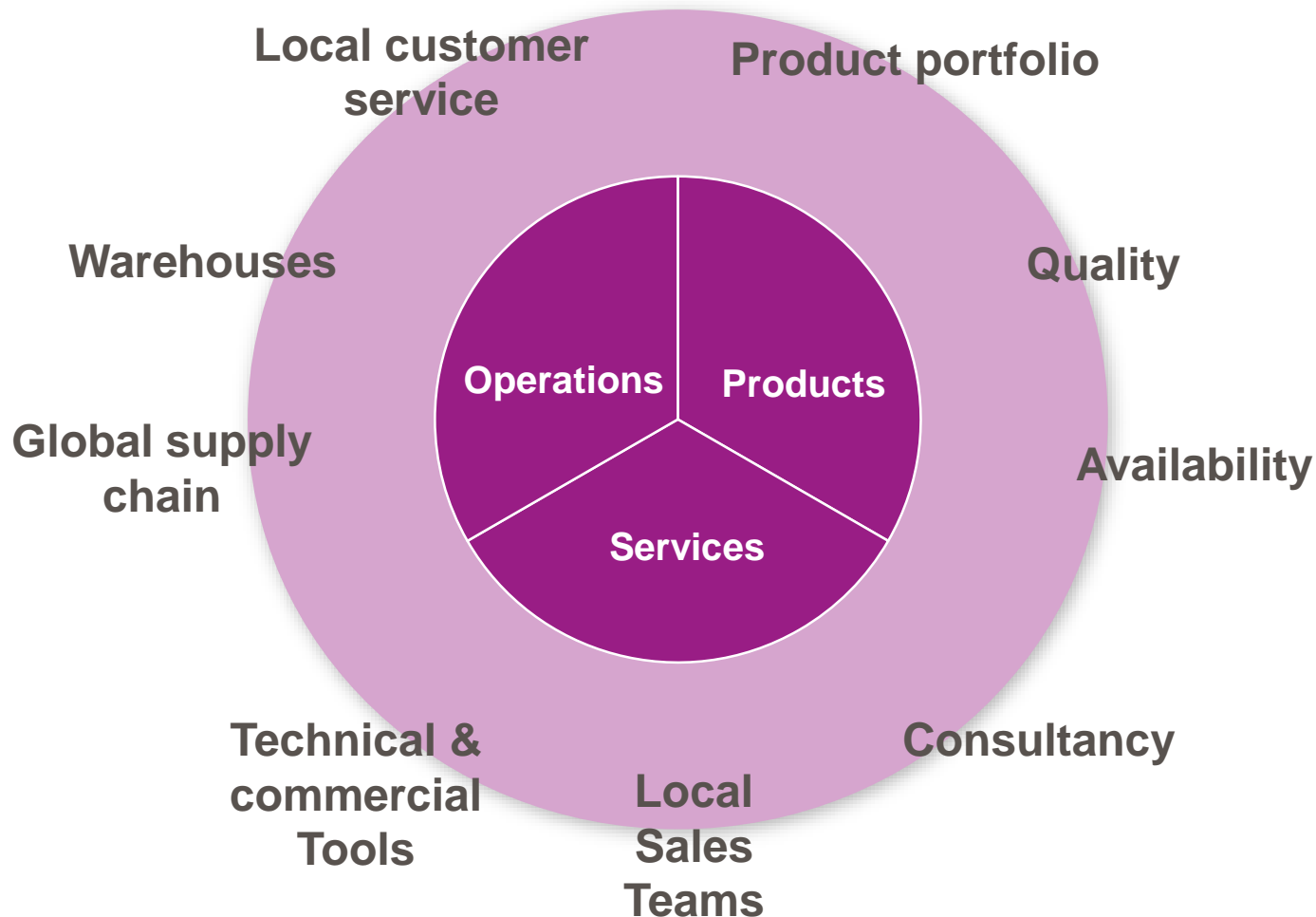
### Vision

Being first choice value provider for our customers

## Elements of value selling



**“Value Selling” is not a one-dimensional,  
but a holistic approach towards customer needs**





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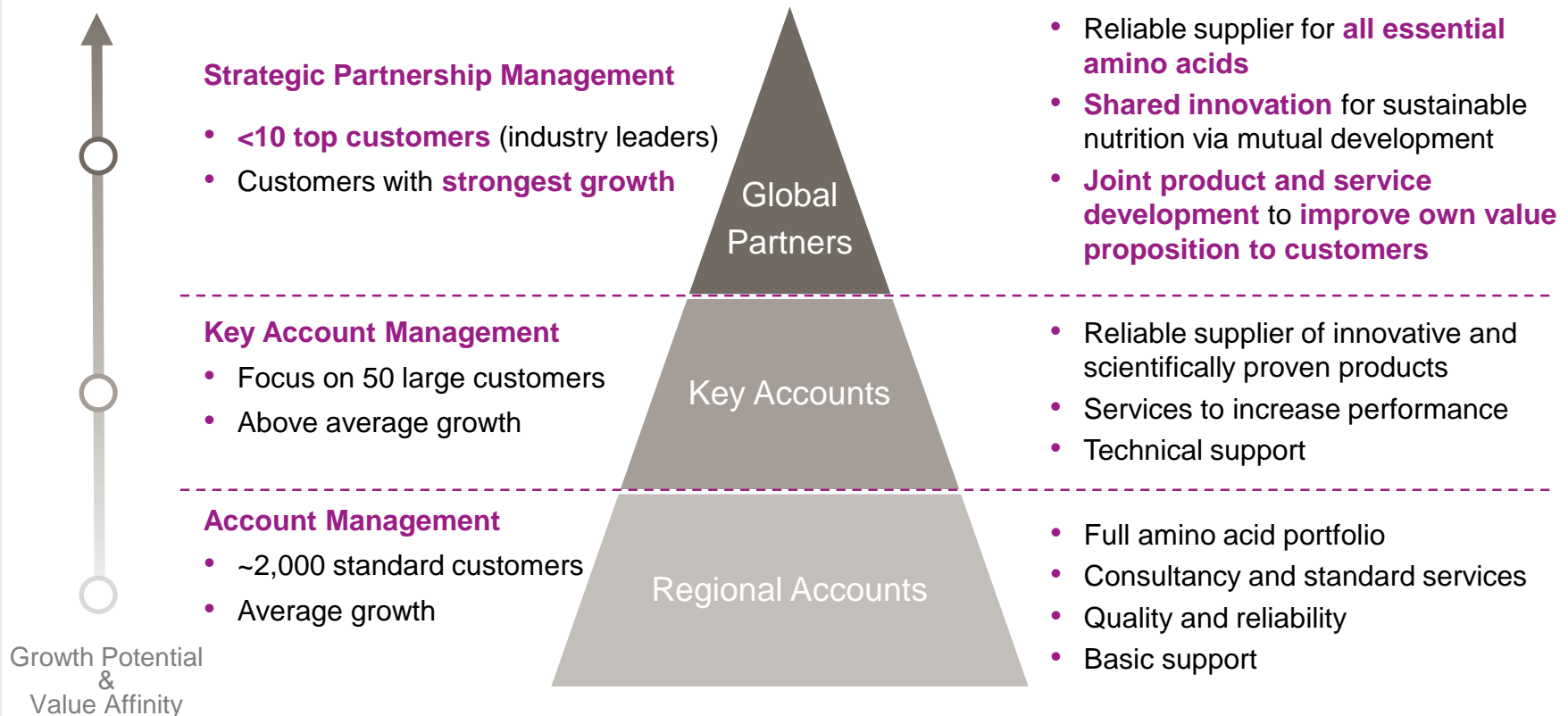


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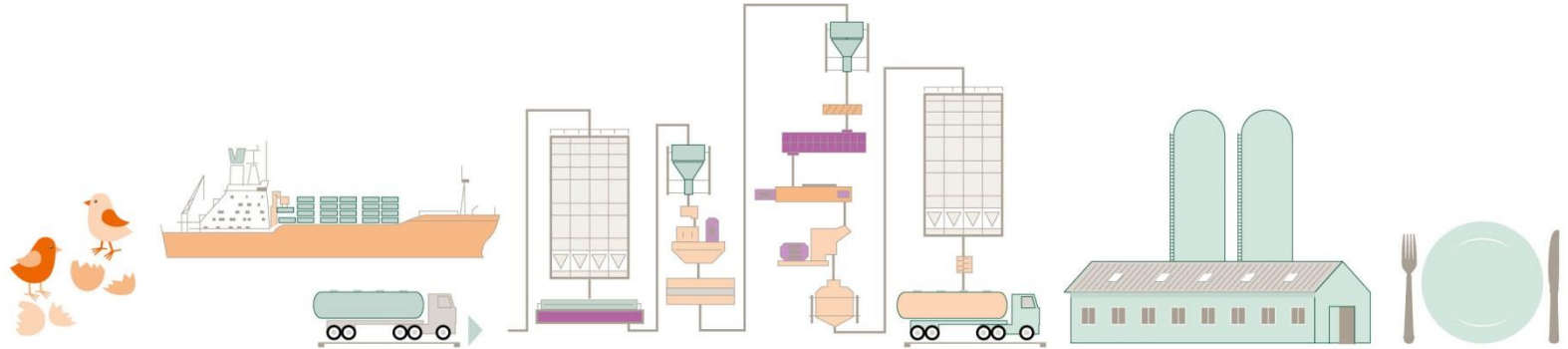
# Segmentation of customers according to their specific service expectation

## Our sales approach

## Our value propositions



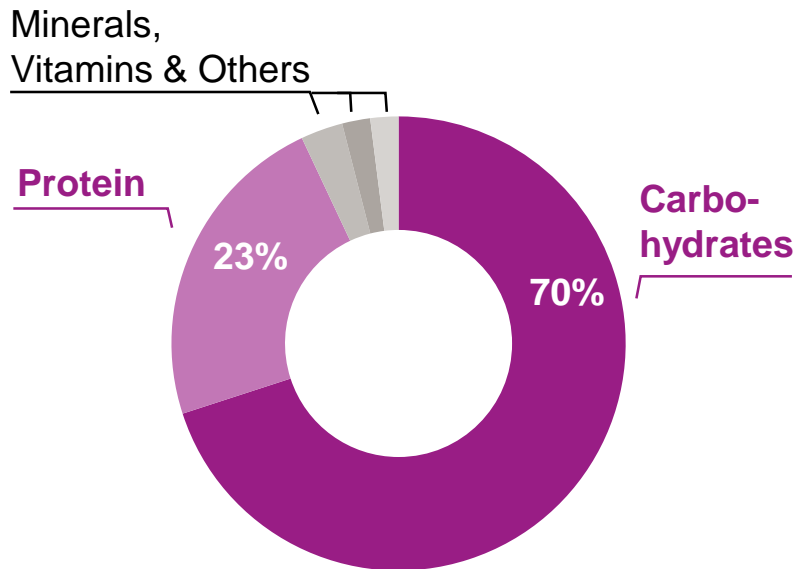
# Our service portfolio is geared towards our customers' value chain




Process	Genetics/ Reproduction		Quality management		Feed manufacturing			Livestock production	Consumption
Departement	Hatchery	Breeding	Purchasing	Quality control	Feed formulation	Feed mill management/ Quality control	Nutrition/ Quality control	Livestock production management	Retail/Consumer
A broad offering of individual solutions and tailor-made services	AMINO <sup>Lab</sup> <sup>®</sup>		AMINO <sup>NIR</sup> <sup>®</sup>		AMINO <sup>Chick</sup> <sup>®</sup>			AMINO <sup>Sys</sup> <sup>®</sup>	
	AMINO <sup>Dat</sup> <sup>®</sup>		AMINO <sup>Prox</sup> <sup>®</sup>		AMINO <sup>Swine</sup> <sup>®</sup>			AMINO <sup>Batch</sup> <sup>®</sup> WPT	
					AMINO <sup>Cow</sup> <sup>®</sup>			AMINO <sup>Batch</sup> <sup>®</sup>	
					AMINO <sup>Carp</sup> <sup>®</sup>			AMINO <sup>News</sup> <sup>®</sup>	
					AMINO <sup>NEC</sup> <sup>™</sup>			AMINO <sup>Q</sup> <sup>®</sup>	
								AMINO <sup>Footprint</sup> <sup>®</sup>	

# Why is analytics of feed ingredients so important for cost efficient animal production?

## Typical variable feed costs split



- Feed makes up **for 2/3 of the variable production cost** in animal production
- **Carbohydrates and proteins** are the most important cost factors in feed

- 
- An **accurate and quick determination of raw material composition** is essential for cost efficient feed
  - **Amino NIR** instantly analyzes energy content and amino acids as protein building blocks

# Evonik NIR Analytics: Quick raw material evaluation for cost-efficient animal production



AMINONIR®

### Analytical Report

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**CMF CHLIM (040110), Chonburi, Thailand**  
 Description: Software used: 04.10.2015  
 Lab index: 2015-000010-001  
 Date of delivery: 22 September 2015  
 Date of analysis: 22 September 2015  
 Customer: CMF CHLIM  
 Sample ID: 47.39  
 Dry matter (% a.s.): 88.50

**Results of amino acid analysis**

Protein	Content (%)	AA (%) a.s.	AA (%) a.s.
Alanine	8.816	1.387	8.816
Arginine	0.488	0.488	0.488
Aspartic acid	1.396	2.751	1.396
Glutamic acid	2.742	2.742	2.742
Glutamine	1.389	2.849	1.389
Proline	0.657	1.331	0.657
Serine	1.486	1.486	1.486
Threonine	2.146	4.334	2.146
Valine	2.033	2.413	2.033
Leucine	3.173	6.884	3.173
Isoleucine	1.387	1.387	1.387
Phenylalanine	2.823	6.143	2.823

\* Figures are calculated on a dry matter content of 88.50%  
 AA: Amino acid, CP: Crude protein  
 Values are calculated on a dry matter content of 88.50%  
 Further information: 04.10.2015  
 04.10.2015


**EVONIK**  
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 Evonik Nutrition & Care GmbH | AminoNutrition

# Evonik NIR Analytics: Quick raw material evaluation for cost-efficient animal production

## NIR Analytics offers various benefits for our customers



### Purchasing

- Comparison of contracted vs. analyzed parameters
- Claims for out of spec material

### Quality Control

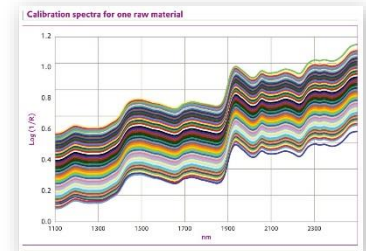
- Form of delivery
- Contamination

### Feed Formulation

- Comparison to matrix values (upper/lower action limit)

### Storage

- According to quality average per silo

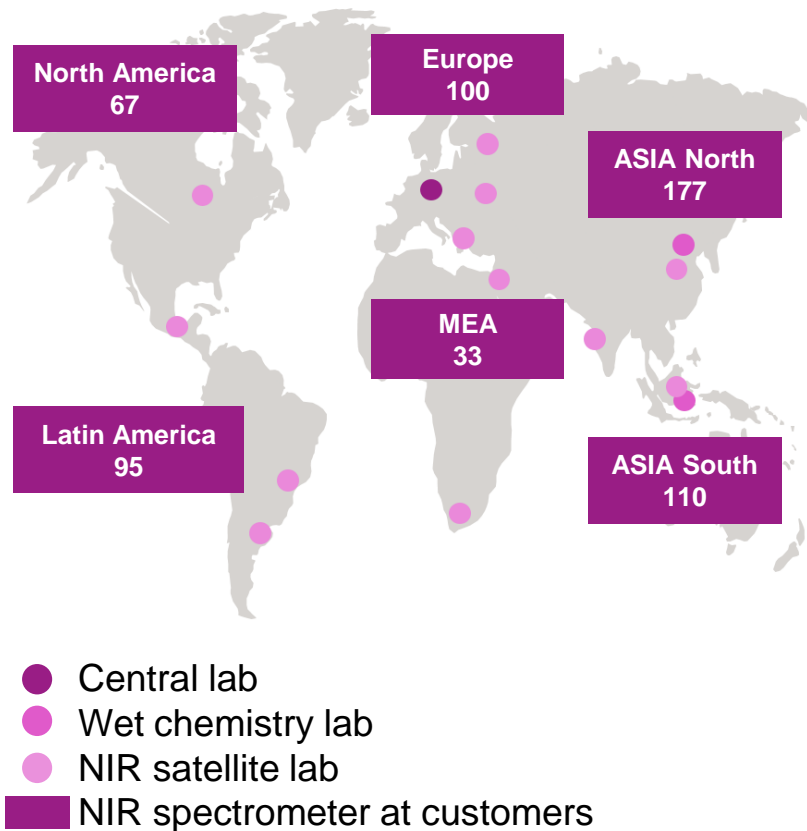


**A powerful customer binding tool with an unparalleled database for feed composition and formulation**

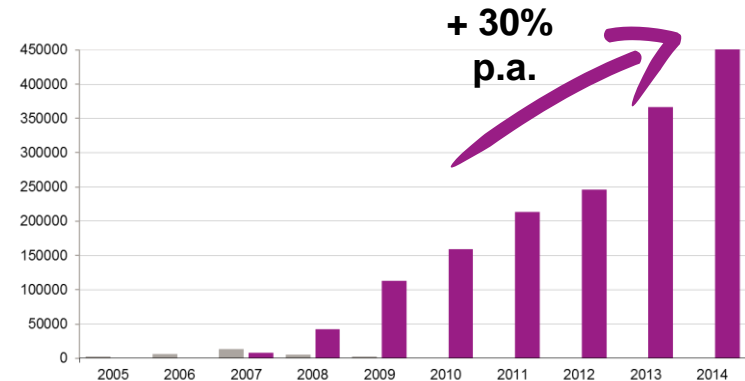


# NIR Analytics: Connection to our customers in a global analytical network on a daily base

## Global laboratory network



## Development of NIR Analytics

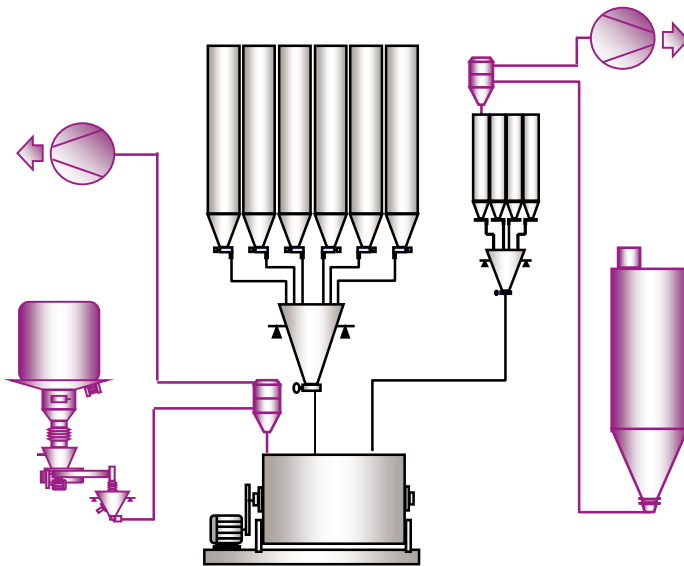


- **>500 NIR spectrometer at customers**
- **>50,000 samples** analyzed in Evonik Labs
- **>500,000 NIR spectrometer datasets** from customers analyzed in Evonik labs

# AMINOSys®: Our solutions for handling supplemental amino acids

## AminoSys®

### Dosing system



### Conveying system

### Cost saving potential

- reduced handling costs and product losses
- lower formulation costs due to accurate dosing

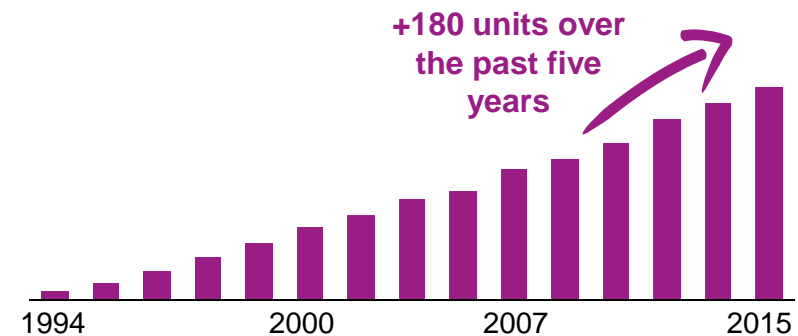
### Improved process quality and flexibility

- optimized mixing time
- more flexibility during the feed process (e.g. batch protocols and QM documentation)

### Long-term customer relationships

- ~550 AMINOSys® installed in total since 1990

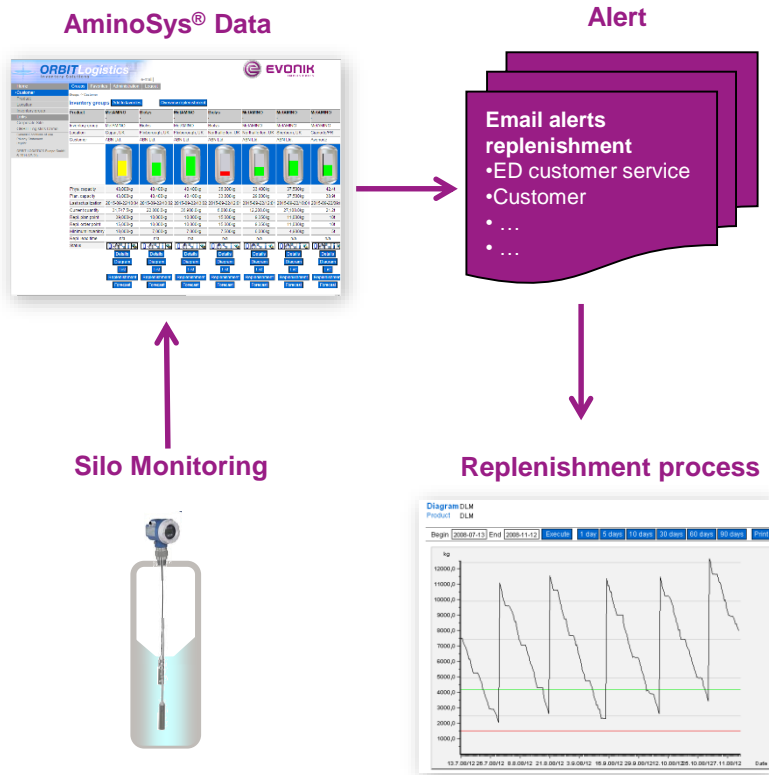
- Crucial hardware and proprietary control software delivered and installed by Evonik





# AMINOTrak®: Automated replenishment planning

## AminoTrak®



- Evonik dosing system (AminoSys®) offer quick analysis of stock levels
- AminoTrak®, the vendor managed inventory system from Evonik ensures on-time replenishment
- Filling levels of silos remotely monitored and alerts are triggered to ensure timely deliveries

► Direct access to customers' stock level as service and binding tool

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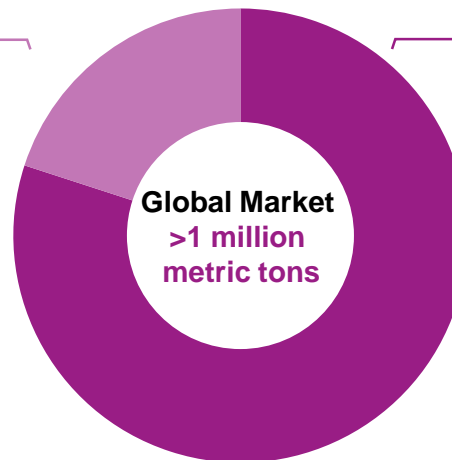
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# Typical purchasing patterns of feed amino acid market

## Contract vs. Spot Pricing

### Spot Business ~20%

- Contract frame 1-7 days
- Longer-term framework contracts which also include service features
- Evonik prices not comparable to publicly quoted spot prices



### Contract Business ~80%

- Contract frame 1-3 months
- MoUs for several years
- Full range of service offerings included
- Normal procedure with strategic partners and key accounts

### Components of price negotiations

- **No benchmark** - negotiated with each customer individually
- **Contract duration** (contract vs. spot) **and volumes**
- **Customer level:** Strategic partnerships vs. regional accounts
- **Specific customer needs** and general market trends
- **Request for additional solutions and services**

# What do published spot prices reflect?

## Publically quoted spot prices

- Publically quoted spot prices mainly represent **“residual volumes”** after contract and consistent spot business is fixed in direct negotiations with customers
- Only very small underlying volumes often representing speculative options of trading channels
- Exact source of information and underlying conditions not transparent (mix of prices amongst distributors, customers and producers)



**Published spot prices are no adequate basis to assess and forecast actual market conditions and are significantly more volatile than contract and spot prices**

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# Value proposition of Evonik Animal Nutrition

## **Our aspiration:**

**Remaining the preferred partner for the development of solutions for sustainable animal nutrition enabling for an improved human food chain**

- Value definition with holistic focus on operations, products and technical as well as commercial services (multi- dimensional)
- Technical and commercial tools in a „continuous learning“ environment
- Highly competent, people-driven approach
- We see us now and in the future as a global, reliable, and highly innovative “Best Value Provider“



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