

Polish feed industry boosted by investments



Overview of the new feed plant launched by Tasomix on June, 7th

Polish compound feed production grew more than 10% from 2006 to 2007. Reason enough for foreign investors to eye this country. Feed Tech spoke with leaders of this fast growing market.

By Philippe Caldier |

Since 2005, Poland has seen strong and balanced economic growth, according to a survey published last January from the French Embassy in Poland. With a 6.5% growth of GDP in 2007 and a forecast of another 5.5% increase in 2008, Poland is harvesting its fruits from joining the European Union three years ago. However, Poland is still the poorest country of the EU-25, with an average GDP/inhabitant half that of its fellow EU member states.

7.1 million tonnes feed in 2008

According to the statistics of the Polish association of Feed Producers (PZPP), Polish compound feed production is forecast to hit 7.15 million tonnes in 2008, almost 2 million tonnes more than 2005 (Table 1). This rising trend over recent years (+20% from 2005 to 2006, +10% from 2006 to 2007) is followed by a lower

growth in 2008, which is forecast at +2.4% compared to 2007. Poultry feed represents more than half of the total production (56% in 2007), followed by pig feed (30%) and cattle feed (8.5%). The good forecasts of this year are linked to the dynamics of the poultry

Table 1 - production of compound feed in Poland (1,000 t)

	2003	2004	2005	2006	2007	2008*
Total livestock feed	5,596	5,464	5,278	6,341	6,980	7,150
Poultry feed	3,450	3,667	3,474	3,815	3,910	4,175
Pig feed	1,352	1,167	1,082	1,653	2,100	1,980
Cattle feed	327	365	421	551	600	620
Total petfood	181	208	225	254	260	268
Dog food	98	112	126	140	143	147
Cat food	78	89	97	112	114	117

*forecasts

sector whose feed production is expected to grow by 7%, meanwhile pig feed production is expected to drop by 6% compared to 2007, due to a severe crisis in the sector (the number of pigs on farms decreased to 15.6 million pigs, 13% lower than last season). Cattle feed is also expected to grow in 2008 to 620,000 t, almost twice the amount of 2003. Pet food production is also growing rapidly, with a production level of 181,000 t in 2003 to a forecast level of 268,000 t in 2008.

But feed production is still very important on farms in Poland. According to the PZPP, more than 13.6 million tonnes of grains have been used directly by Polish farmers, who mix it on-farm with concentrates and other ingredients.

The IERIGZ agricultural Polish Institute reported that the financial situation and economic condition of feed mixers in 2007 was very good. The ratio of current liquidity was relatively high. The value of working capital increased in real terms, and was accompanied with high level profits and investments. The main threats for the branch in 2008 seem to be the high price of raw materials, volatility of prices on the poultry market and the forecast decline of production in the swine sector. In the 2007/08 season, the import of feed components (2.8 million t) is expected to be 35% down on the previous season. The import of high protein feed components will total 2.2 million tonnes including 2.0 million tonnes of soy meal. The import of cereal-based feeds is expected to decline to 0.7 million tonnes.

Provimi-Rolimpex ahead

Poland can count 117 industrial feed companies employing around 9,500 people. This blooming industry is mainly dominated by international companies (Provimi, De Heus, Cargill, etc) that are located in livestock areas such as Greater Poland, Cujavia-Pomerania and Mazovian. Provimi-Rolimpex, a company 100% owned by the Provimi Group, is one of the producers in the Polish market with 1.3 million tonnes of feed produced in 2007. The first acquisition of Provimi in Central and Eastern Europe was realised in

A new plant for Tasomix

Located around 100 km South of Poznan, Tasomix is a leading independent Polish feed company and produces 240,000 t/year. In June 2008, the company opened its new feed plant. With a total investment of 30 million zlotys (€10 million), the new plant has been equipped by Bühler and started its production in November 2007. With a capacity of 300,000 t of feed per year, the new plant will steadily increase its production to reach 20,000 t/month by the end of 2008. "Thanks to this new investment, we were able to start to producing turkey feed in January", says Waldemar Drymel, director of Tasomix whose aim is also to increase the production of pig feed.

Further work in the old plant will be done in 2009 and will enable Tasomix to increase its total production. Due to European financing of the new plant being 50% of the total investment, Tasomix is now obliged to find all its raw materials within Europe, including the soya. The company buys its full fat soya in Hungary (500t/month), in spite of more expensive prices than in Brazil. The rest of the soya is purchased in Italy (200 t/month) and in Hamburg.

Poland in 1990 when Provimi created its joint-venture in Osnowo, still one of seven feed plants owned today by Provimi-Rolimpex (which also owns a premix unit in Wroclaw). The sales realised by Provimi in Poland increased from €347million to €405.3 million between 2006 and 2007. This turn-over represents 21% of the total turn-over of the group in 2007. What are the reasons of this success? "The Polish feed industry is driven by the poultry sector, which had the largest growth in 2007", says Marcel Luttkhuis, technical director of Provimi-Rolimpex. He adds: "2006 and part of 2007 were years with lower grain production which consequently resulted in sales of more complete feed and less concentrates, because a lot of farmers did not have enough of their own grain". In terms of



Overview of Brzozowo plant, one of the seven feed plants owned by Provimi-Rolimpex in Poland.

Table 2 - Main Polish premix producers (non limitative list)

Company	City	Region	Ownership
LNB (Cargill)	Kiszkowo	Greater Poland	Dutch-polish
Trouw Nutrition	Grodzisk Maz.	Mazovian	Dutch
DSM Nutritional Products Sp.z o.o.	Mszczonów	Mazovian	Dutch
BASF (Trouw Nutrition)	Kutno	Lodz	German
Sano	Sekowo	Greater Poland	German
Evalis Polska	Ilowo	Warmian-Mazurian	French
Provimi-Rolimpex	Wroclaw	Lower Silesian	Dutch

2.5 million farms in 2007

The existence of a large number of small family farms is still a main characteristic of Polish agriculture. "On a total of 2.5 million farms, 30% have less than one hectare and only 68 farms have more than 1,000 ha", says Jaroslav Dudek, sales director of Alltech Poland. "On 1.5 million farms receiving direct payments from the EU, only 500,000 have an economic size with more than 15 ha", adds Nicolas Perrin, agricultural attaché from The French Embassy in Poland. Poland can roughly be divided into two parts: the East with small farms and the West with larger and more competitive farms. Following European payments, land prices increased on average by 30%, and it is very hard for the farmers to find new surfaces and to increase their size. Despite this hard structural handicap, Polish agriculture registered a positive balance of €2.1 billion in 2007 (+30% compared to 2005). 75% of the Polish exports are made with EU countries, mostly with Germany, Great Britain, Czech Republic and The Netherlands.



Witold Obidzinski (general director De Heus Koudijs Hima): "The Polish feed market will go on growing"

recent investments, "we mostly focused on production efficiency and increasing the capacity of our plants", explains Luttkhuis.

Regarding the farmers, 2007 was a bad year for pigs. However, this was a good year for broilers, turkeys, eggs and milk.



Headquarters of De Heus Koudijs Hima in Leczyca

Increased capacity for De Heus

Headquartered in Leczyca in the Lodz region, De Heus Koudijs Hima is the second biggest Polish feed producer. Subsidiary company of the Dutch De Heus International, De Heus Koudijs Hima owns six feed plants in Poland. General Director Witold Obidzinski explains: "We started to import concentrates from the Netherlands and originally belonged to the Dutch Koudijs prior to 1991. We bought our first plant in Poland in 1998, a second one in 2000 which became our headquarters in Leczyca. In 2001, another purchase was made in the Poznan region, followed by two further acquisitions in the West from American company Land O' Lakes. Three years ago we bought the Polish activities of Versele-Lage (two plants, of which one in

the South in Krakow producing 10,000 t of feed per month and one in the North-East producing 6-7,000 t/m. The capacity of these plants has been steadily increasing for years and we plan a total production of 720,000 t of feed in 2008 (+8 to 9% compared to 2007)", explains the Polish director.

The short term aim of De Heus Koudijs Hima is to keep business going at its five plants producing 200,000 t each, plus a small specialties unit. Poultry represents 60% of the volumes produced by the company, followed by dairy cattle (20-25%) and pigs. "Our target is to boost the pig sector which should represent 10% of our sales", adds Mr Obidzinski. The company is planning a 30 million zlotys (€10 million) investment in 2008-2009, mainly to boost the production of the different sites. "This market is composed of six international leaders who can still grow, around ten medium-sized Polish players of which two or three only will stay in the business and 100 small plants which will disappear" states Mr Obidzinski.

More ruminant feed for Evalis

The French company Evalis arrived on the Polish market in 1996 and owns two plants located in Ilowo totalling an annual capacity of 70,000 t. This capacity, including ruminants feed produced by Ilowo plant's premix unit, are distributed among poultry (28% of the total), ruminants (25%), pigs (20%) and others, mainly rabbit feed 15%, mainly rabbit feed. "We arrived in Poland through premix", explains Eric Nojac, general director of Evalis Polska, the subsidiary company of Evalis in Poland. Today, after a reorganisation of the company, two distinct commercial teams promote two main businesses: compound feed under the brand Evalis, and premix under the brand Guyopasz. "The ruminant market has been accelerating for two years in Poland and we have grown more than the market", adds Mr Nojac who likes to classify dairy farms into three groups: the first being farms with 30 to 50 cows having technical needs closed to Western-European farms, secondly very large farms having often more than 1,000 dairy cows, and finally the many small farms (from the 808,000 dairy farms, 560,000 have less than five cows). In order to answer to this specific dairy and pig market, the company works with a network of 400 dealers and selling points in order to contact a maximum of clients. "The technical needs of the farmers will increase and we expect the feed market will go on growing in quality and quantity", asserts the French director. "Our targets for 2011 are to be in the top ten of the Polish feed producers, to market at least 250,000 t of product (feed, concentrate, premix) and to triple the sales of ruminant feed." |



Eric Nojac (director of Evalis Polska): "Our target is to be in the top-10 of the Polish feed producers"