

INTERVIEW: Vitalac's Recipe for Growth in French and International Mineral Premix Markets

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14 December 2015 - In November, Vitalac – a French producer of minerals feeds, premixes and nutritional products for pigs, cattle and poultry - started a EUR 11-12 million expansion project at its Carnoët facility in Brittany.

According to Vitalac, the expansion was deemed necessary as demand for its products has risen and the company has been enjoying organic growth of 15% in the past five years. Vitalac today has a production output of 60,000 tons, a turnover of EUR 40 million, and 80 employees.

Feedinfo News Service spoke to Vitalac's founder, Gilbert Le Calvez, to find out what his company's objectives are and how an operation the size of Vitalac fares in today's highly-competitive market – be it in France or in internationally.

[Feedinfo News Service] Mr. Le Calvez, what are your company's main species markets and regional markets in France?

[Gilbert Le Calvez] Vitalac offers nutritional solutions particularly for pigs, bovines and poultry, but also, to a lesser extent, for small ruminants. Historically, Vitalac's activity was focusing on pigs and especially piglet feed. About 10 years ago, the bovine/dairy activity started. Today, it represents the most important part of Vitalac's turnover. Vitalac distributes its products over all France. Our sales force is also strengthened by the fact that we have direct presence on the breeding farms in Brittany. Regarding the poultry sector, most of the volumes are exported, especially in emerging countries.

[Feedinfo News Service] Can you tell us more about your expanded facility in Carnoët?

[Gilbert Le Calvez] For the past 5 years, Vitalac has recorded significant growth and our facility is now feeling very narrow in terms of space and production capacity. The works will involve a 6.000m² extension storage and working area, doubling the surface, thus increasing our production capacity from 60,000 tons today to 100,000 tons at the end of the works. The expansion will be over in about a year's time and will allow an improvement of the raw material/finished products storage area and the integration of part of the technical product lines (specific powders, liquids, etc.). There will be another round of works later on, increasing our production capacities with a new production line. Work expenditure will amount to about EUR 8 million at the end of the first round, plus EUR 3 or 4 million for the new production line.

[Feedinfo News Service] What is your view of the premix market in France today? What are the main challenges?

[Gilbert Le Calvez] In France today, the animal nutrition sector is technically frozen by the integration of its markets via the cooperative and agro-industrial system, specifically in the pig and poultry sectors. It is therefore important to be able to differentiate



Gilbert Le Calvez
Founder and General Manager
Vitalac

ourselves and offer breeders not just basic products but complete solutions, adaptable and affordable. Tomorrow's breeder wants to be the master of his system although accompanied in his project. He must be able to make a rational choice facing several advanced solutions. Vitalac brings a global vision of breeding with real technical and economical feedbacks.

[Feedinfo News Service] Vitalac has been enjoying organic growth of 15% in the past five years. How can this be explained given the market context?

[Gilbert Le Calvez] As mentioned, the animal nutrition sector is technically frozen by the integration of its markets. So Vitalac had to adapt and offer complete solutions. The approach changed from a "product-point of view" to a "technique-point of view". All of Vitalac's sales are carried out with a full global diagnosis of the breeding system, which includes advice and an adapted solution. Therefore, the breeder becomes a company leader, free to make his own decisions and the sales person becomes a technical adviser. Moreover, Vitalac has always been able to innovate and adapt its needs to its customers through quality products.

[Feedinfo News Service] InVivo NSA explains that its growth in France was made possible thanks to the creation of numerous strategic industrial and commercial alliances at a regional level. Has Vitalac forged any alliances, or is your strategy different?

[Gilbert Le Calvez] We do not fully share this vision. The mix of 'direct-breeders' and our distributors network is critical to us especially in order to give credibility to our approach from industrial/distributors. Part of our products is sold by distributors in France. This allows us to reach more distant locations while keeping the technical aspect. Even if we have a technical-commercial team which covers uniformly the territory, our vocation is not to flood the territory with sellers. We scrupulously respect the network between distributors and 'direct breeders'. Breeders appreciate having a distributor close to them, who knows them well and can act quickly.

[Feedinfo News Service] Can you provide us with an overview of your growth in export markets? Which Vitalac products sell best abroad?

[Gilbert Le Calvez] The opening to global markets is also a key element that allowed Vitalac to develop. Indeed, Vitalac managed to export its know-how to the Asian and African continents but also in the Middle East and Eastern Europe. We have technical offices and sales persons in Vietnam, China, the Maghreb and Western Africa. Some products are highly appreciated in the Export markets. For instance, acidifiers are widely used in Asia as a result of the drop in effectiveness noticed with some drug products used there. We are also seeing some success with Glycoline which allows a better management of the calving period and the limitation of Ketosis troubles, among others. Also, most of our poultry products are exported. Our main goal is to build the Nutrition Expertise of Vitalac on all species at a global level.

[Feedinfo News Service] Today, what percentage of your sales is generated in France and what percentage is generated by your export markets? How have sales evolved compared with let's say 5 years ago?

[Gilbert Le Calvez] Today, 55% of the sales are generated in France and 45% in international markets. Over the last 5 years, the Export activity went from 32% to 45%. However, these figures have to be treated with some caution because we have recorded growth in both the national and international markets, and the growth curve is bigger outside our borders. Our image in France is a 'springboard' for international activities, especially since we are based in the heart of Brittany which is an internationally-known breeding area. Our specific knowhow is exporting well, rooted in our breeding network. Vitalac is a pragmatic and scientific company with strong services and products.

[Feedinfo News Service] How does a premixer such as Vitalac compete on a long term basis with the larger European multi-nationals who have premix plants in several geographies and significant purchasing power?

[Gilbert Le Calvez] For three main reasons: technical expertise, adaptability and also the 'human' size of the company. Indeed, through its size and policy, Vitalac has a strong responsiveness and is capable of offering solutions very quickly. Moreover, these solutions are almost 'custom-made' as shown with some of our products such as Vitacarte, for example, which is a mineral "à la carte" (which means that can be adapted according to the needs). These products are of good quality and are supported by a technical expertise through human interaction.



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