



CARGILL BECOMES THE GLOBAL MARKET LEADER IN PHYTOGENICS WITH DELACON

Gilles Houdart, Global Additives Business Director at Cargill

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Phytogetic feed additives respond both to farmers' expectations for animal performance and health, and to consumers' demands for natural animal food. Therefore, they have high growth potential as a component of healthy animal feed and constitute an extremely attractive area for investment.

For all these reasons, the world's leading agricultural company Cargill acquired Delacon, one of

the global leaders in plant-based phytogetic additives last year.

We asked Gilles Houdart, Cargill's Global Additives Business Director, for details on this strategic investment in the feed additives industry, how both companies are serving their customers after this acquisition, the importance of phytogetic feed additives, and market prospects. Houdart explains the details.

Mr. Houdart, Cargill recently made a remarkable investment by acquiring Delacon, a feed additives company. What was Cargill's purpose and target when making this investment?

After a successful five-year partnership, Cargill and Delacon will build upon their combined deep history and long-term commitment to scientifically driven, sustainable customer solutions focused on animal health, feed efficiency, and performance.

The acquisition combines Cargill's global network and deep expertise in animal nutrition technologies with Delacon's pioneering knowledge and market experience in phytogetic feed additives, a category that uses a broad range of herbs, plants and their extracts, such as essential oils, to improve livestock and aquaculture performance and promote animal health.

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Delacon is known for its natural and plant-based feed additives. What does this additive group, which Delacon calls phytogetics, mean for Cargill?

The term phytogetics was coined by Delacon's founders in the 1980s. Phytogetics are standardized, specific and science-based combinations of bioactive compounds found in plants with proven efficacy and a sustainable impact on animals, people and/or the environment. They can have a positive effect on nutrient digestibility, performance, support resilience, and at the same time contribute to minimizing the excretion of nutrients into the environment.

Delacon's library of phytogetic ingredients, databases and innovation engine, coupled with Cargill's innovation engine and knowledge in pre-, pro- and postbiotics provide a good combination of skills and capabilities to solve the bigger animal health challenges.

Our customers face increased complexity as they balance animal health and welfare, performance, and business economics while reducing their environmental footprint. By taking Delacon's phytogetic feed additives expertise and leveraging Cargill resources, capabilities, and geographical footprint, we are making phytogetic feed additives more available globally and have expanded our toolbox to provide customers with tailored products and solutions to maximize animal productivity through nutrition and digestive health and science-based feed additives.

As you mentioned earlier, you had a partnership with Delacon before the acquisition process began. Can you tell us about this partnership process? What was the scope of the partnership and what did you do together in this period? How did this process evolve into purchasing?

Initially announced in July 2017, the collaboration with Delacon included a minority equity investment from Cargill to advance the market presence of natural, plant-based feed additives on a global scale, and meet changing consumer preferences of what animals are fed and how food is produced. The





outcome has been very positive in terms of joint phytogenics commercial growth opportunities and innovation project developments.

The acquisition is the reflection of the successful five-year partnership between Cargill and Delacon that combined Cargill's global network and expertise in animal nutrition technologies with Delacon's knowledge and market experience in phytogenic feed additives. The acquisition was the logical progression of what needed to happen to continue the growth trajectory both companies have been able to enjoy together.

How will the process work from now on? How will Delacon continue on its way within Cargill? What areas will it focus on and what capabilities will it serve its customers?

With the Delacon acquisition, Cargill added to its already strong global additives and phytogenics business nearly 150 talented people in more than 25 countries around the world thus forming the global market leader in phytogenics. Cargill's global phytogenics research & development hub will be in Engerwitzdorf, Austria, and will leverage distribution teams around the world.

Operating as one global additives business, Delacon and Cargill will focus on continued innovation

taking phytogenic expertise to the next level and making phytogenic feed additives more available globally through Cargill's go-to-market channels. Firewalls will be established and reinforced between Delacon customers who may be competitors in the nutrition space with Cargill Animal Nutrition. Phytogenics will play a strategic role in Cargill's growing feed additives portfolio, targeting slightly different applications than other technologies.

This year marks the 35th anniversary of the Delacon brand. As we invest to expand our leadership and expertise in phytogenics, we look forward to many more years as the leading expert for plant-derived solutions for the poultry, swine, ruminant and aquaculture industry.

What is the importance of phytogenic feed additives for animal nutrition and health? What features do you attribute to the appreciation of this additive group in recent years and its being the subject of more research?

We believe in delivering the right feed for the right animal at the right time. As a user and trusted partner, Cargill Animal Nutrition's business and expertise is rooted in nutritional science. Combine this with the additive capabilities of our acquired

businesses and partnerships, along with our innovative focus on molecules, immune function and digestive health, Cargill Animal Nutrition has the leading products and technical capabilities and offers the largest portfolio of feed additives in the world, bringing postbiotics and phytochemicals together to meet changing consumer needs and help customers improve the well-being of their animals and the safety of the food supply.

For example, we are seeing tremendous opportunities of synergistic new product development, combining phytochemicals with other Cargill technologies like Diamond V postbiotics. While they have different modes of action, if we select the right specific phytochemicals with the right specific postbiotics, they can reinforce each other for greater end results. Cargill recently launched the first product of this type for poultry broilers - Dia-V MB Pro (Intella Dual in Europe) - and are very excited about this innovation pipeline.

Finally, could you please share your foresights with us about the future of the phytochemical feed additives market? What do you think about the current situation and future potential of this market?

The phytochemical feed additives market continues to be driven by growing trends such as the replacement of antibiotic growth promoters, feed and production efficiency, animal welfare and the challenge of sustainability and climate change, as well as consumers wanting to better understand what they eat.

Phytochemicals, if specific, standardized and science-based, can address many of these challenges, and we continue to see new compounds or new applications that can be used in the future. Continuing to educate the animal nutrition industry and consumers on the science-based nature of phytochemicals and the benefits they can provide to animals and farmer livelihoods is key to the potential of this market.

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