



Precision agriculture

As the world's population grows, so does the demand for food, animal feed, fiber and energy.

Without chemical fertilizer, meeting those demands would be impossible.

Koch Fertilizer, one of Koch Industries' fastest-growing companies, is a major player in global fertilizer markets. But that wasn't always the case.

"We were a pretty traditional commodity-based producer for many years," said Steve Packebush, president of Koch Fertilizer. "And modestly sized, too."

All that began to change eight years ago, when Koch Nitrogen purchased Farmland's nitrogen fertilizer business in the U.S. and then began acquiring international assets.

Today, Koch Fertilizer is the world's third-largest maker and marketer of nitrogen fertilizer and has expanded its reach to Africa, Asia, Europe and North and South America.

"What changed," Packebush said, "was our vision, which enabled us to see greater opportunities."

Investments

In Enid, Okla., home of Koch Nitrogen's largest U.S. fertilizer plant, employment is up by 20 percent following a multi-million dollar modernization project.

That project is part of a North American growth effort involving more than \$250 million in investments since 2005. Such investments have generated more than 100 new jobs at Koch facilities.

Many of these investments also benefit the environment. Advanced technology in Enid, for example, reduces energy and water use while increasing operational reliability.

But as big as it is, Koch Fertilizer wants to create even more value.

"What we're doing," explained Packebush, "is evolving beyond a typical fertilizer producer and wholesaler."

"We certainly want to optimize and grow our existing fertilizer business, but we also want to broaden our distribution channels and develop or acquire enhanced-value products."

"We want to research and develop the tools and technologies that will lead to better products for our global customers."

"Our head of agronomy, Dr. Greg Schwab, calls that a 'precision agriculture' strategy."

Agronomic services

To help accomplish all this, Koch Fertilizer has created a new subsidiary: Koch Agronomic Services, LLC.

It has already completed two significant acquisitions this year.

The first, which closed on April 20, was the purchase of Nitamin® and Nitamin Nfusion® slow-release fertilizers from Georgia-Pacific Chemicals.

The second was the Sept. 30 acquisition of Agrotain International, a St. Louis-based fertilizer maker. Agrotain is the world's largest producer of Stabilized-Nitrogen™ fertilizers.

Both Nitamin® and AGROTAIN® products reduce nitrogen losses and extend the amount of nitrogen available for healthier plants and higher yields.

"Agrotain International is an outstanding company with a long history of providing value-added products," Packebush said. "It also has a very dedicated, customer-focused workforce."

Packebush believes the combination of Agrotain International with Koch Fertilizer's assets, research capabilities and global footprint "lends itself to significant growth opportunities in the enhanced-efficiency fertilizer market."

Outlook

Given the rapid growth in global fertilizer markets, Packebush sees several areas of opportunity in 2012, including hiring.

"To expand our business the way we want, we'll need to hire a lot of new employees next year," Packebush said.

"We need that talent to continue developing our step-out concepts, such as Koch Agronomic Services and a new business called Koch Methanol."

Packebush knows that rapid growth can create its own set of challenges.

"It's so easy to forget about watching your costs, but we've got to maintain efficiency."

"And when you're successful, it's easy to lose your humility."

"That's why Charles Koch is always reminding us to never confuse brains with a bull market."