

SUCCESS STORIES

How BNP Leasing Solutions financed a 2,96 mio € LED installation at the tomato farm Tomato Masters. What lessons can we learn? How does this success align with our strategy? Read the interview with Tom Vlaemyck, the owner of Tomato Masters, Jonathan Barton, Director Growth Lighting of the vendor Plessey Semiconductors and Jack Van Zantvliet, Senior Account Manager BNP Paribas Leasing Solutions

BPLS: TELL US MORE ABOUT YOUR BUSINESS.

Tom Vlaemyck: Tomato Masters is a family-owned 3rd generation tomato farm that was founded in 1966 in Nevele by my grandfather. We started with a greenhouse of 5000m² and have systematically expanded. Early 2010 the region has been developed as a glasshouse horticultural zone and at that moment we immediately submitted a project proposal that allowed us to build in 2012. Now we have a total of 19,5 hectares on 2 locations (16.5 hectares in this greenhouse + 3 hectares in the greenhouse at my home). Today, my 3 brothers and I run the business together.

BPLS: TO GET AN IDEA ON THE SIZE OF YOUR BUSINESS, CAN YOU TELL ME MORE ABOUT YOUR PRODUCTION IN TERMS OF VOLUME AND THE NUMBER OF PEOPLE YOU EMPLOY?

Tom Vlaemyck: We now produce 12,000 tons of tomatoes per year on this surface. We can add another 5 hectares and then the land will be completely cultivated. We mainly supply tomatoes to large supermarket chains like Carrefour and Delhaize and export a certain percentage of our production. In winter we employ 75 people, in the planting season up to 115 people.

BPLS: WHY DID YOU CHOOSE TO INVEST IN A LED INSTALLATION?

Tom Vlaemyck: We have installed the LED-installation to have year-round harvesting. I always wanted to plant in summer. But if you plant in the summer, you have an old plant during the lightning season (winter). And if you burn the plants with normal T-lamps, the plants will burn away. The LED-lights produce less heat, the plants suffer less and the quality of the tomatoes should be better in the winter with those lamps. I had also noticed that in recent years the price for tomatoes has started to improve in August. If you plant like most farmers in October, it means in summer you produce a lot of tomatoes that are sold cheaply. I wanted to focus on those more expensive kilos by planting in the summer. In the illuminated greenhouse we now produce from August to June. In June and July we don't have any tomatoes. In August the quality of the regular tomatoes is often a bit less and then I'm able to offer better quality tomatoes. In order to develop this strategy, my crop advisor and myself came up with the LED-lightning solution.



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BPLS: CAN YOU SEE MORE ADVANTAGES USING THIS SYSTEM?

Tom Vlaemyck: The disadvantage of a T-lamp is that if you hang 5 T-lamps, they give you so much heat that you actually have to air them away which leads to a lot of energy loss and also makes the plant suffer more. Let me explain. If you turn on a T-lamp in a certain greenhouse and you don't change your settings, that greenhouse heats up 7 degrees.

With LED-lightning that's only 1,5 degrees. So you can expose much more under warm conditions without the plant giving up.

BPLS: JONATHAN, CAN YOU GIVE US SOME BACKGROUND ON THE USE OF LED-LIGHTNING IN THESE TYPES OF MARKETS?

Jonathan Barton: Well, the risk takers, the early adopters, they are our real target. Let me explain. For a grower lightning is extremely important. The current technologies used are T-lightning and HPS. However most people accept that the future is going to be LED. Early adopters are risk-takers, people with a vision. When those people make an investment in a new greenhouse, they don't ask: "Am I going to use LED?" but decide: "I'm going to build a new greenhouse. How do I want to light it?"

People don't see farming as very high-tech or renewable, environmental friendly, and a lot of what is going on in that market is driven by cost and the attractiveness of their product to the customer. That is why the early adopters always try to find something to differentiate themselves.

BPLS: CAN YOU TELL ME A BIT MORE ABOUT PLESSEY?

Jonathan Barton: Plessey is a research- and development company that is pioneering with what is possible with LEDs. The factory is basically a semi-conductor factory (microchips). In 2010 we converted a lot of that into the technology that is required to grow LEDs. So Plessey switched to making LEDs and bought some technology from Cambridge University which allowed them to build LEDs in a unique way, namely on a substrate of silicon. The potential of silicon is great: it's a much more common substance, it's the basic material for all printed circuit boards in electronics and it's cheap. It should allow us to reduce costs of LEDs and be much more flexible in how we make them.

We discovered that it allows us not only to make very big powerful LEDs which is why we started to look at grow lighting but also to make tiny LEDs. Plessey is probably the leading manufacturer of micro LED displays. It's the component that would go in a virtual reality headset to project the images, or if you are wearing smart glasses you need a very small powerful light source which has a battery and lasts a long time. All of the application for that are very efficient, from a small light source. Plessey is now the pioneer on those components. We have currently lots of projects going on with very big companies like Apple, Google, Huawei, etc.

BPLS: WHAT MAKES THE LED LIGHTS SO SPECIAL?

Jonathan Barton: Most LED fixtures are complete, you can't break them down or repair or service them. So if they break, they have to be thrown away. So our philosophy was to do something different, to make long-lasting LEDs. We had this very solid, heavy heatcircuit which is the platform and on that platform you have the driver, you have the fan and those can be easily changed which is also the case with the printed board of all the LEDs.



So if you wish you can change them. It's still half the cost of the fixture but certainly more cost-effective than a whole new light. This is a strong argument and is the main difference between us and other manufacturers. Although we are actually making a product, it is a service. It's not a light but lighting as a service.

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WHO IS PLESSEY?

- A WORLD-CLASS BRITISH HIGH-TECH COMPANY
- OPERATES IN THE FIELD OF COMPOUND SEMICONDUCTORS USING THEIR PROPRIETARY GAN ON SILICON PLATFORM
- DEVELOP AWARD WINNING INNOVATIVE TECHNOLOGY ACROSS A RANGE OF ELECTRONIC PRODUCTS
- MANUFACTURES GROUND BREAKING MICRO LEDS FOR AR/MR APPLICATIONS

BPLS: HOW DID YOU BOTH GET IN TOUCH WITH EACH OTHER?

Tom Vlaemynck: Via the cultivation adviser. All the growers have advisors.

Jonathan Barton: It's a very small world where networking is probably the most effective marketing technique. The lights are designed for these types of Greenhouses like Tom's. We just recently started with it and last year we did 3 big projects: Tomato Masters, one tomato greenhouse in the UK and 1 with a lettuce grower in the North of Holland. The businesscase for LED is well-proven for tomatoes. You really need to have the right conditions to make that investment and you need to have a crop that has enough value and that can offer a big return if you grow more of it at a certain time of the year. You also need to have high energy costs. The bigger your costs, the bigger you energy-save by using LED.

BPLS: HAVE YOU LOOKED FOR ALTERNATIVE SOLUTIONS?

Tom Vlaemynck: We also looked at Philips that uses Rabobank and DLL as their finance providers. However, we chose Plessey because it was slightly cheaper in price. And because of the simplicity of the installation. It's the same as T-lamps, just hanging on a lattice and if someone says within 5 years that I need to get a totally different spectrum, you take out the PCB (printer board), and simply insert a new one to continue. The aluminium block doesn't break and the lifecycle of the lamps can be extended.

BPLS: WHICH FINANCIAL SOLUTION DID YOU CHOOSE AND WHY?

Tom Vlaemynck: We opted for operational leasing (renting). Since the greenhouse was already financed, we couldn't borrow from the bank. We had to look for an off balance solution. Thanks to BNP Paribas Leasing Solutions, it is not on the balance sheet now.

Even now that the interest rate of the leasing is a little bit higher than my loan I don't complain. It's calculated, it's budgeted, I am happy with it. I'm glad the lamps are hanging there. And I can immediately start to earn back.



BPLS: WHAT IS YOUR OPINION ABOUT THE COOPERATION WITH LEASING SOLUTIONS?

Tom Vlaemyneck: I can't complain even if it took some time. But I understand that's because it's the first time you've funded an asset like this. The only reason why there are now only 4 lamps hanging instead of 5 was because the first proposal did not include a down payment. Suddenly I had to make a down payment of 800,000 euros and that was not possible. We just talked openly about it with Jack and then we solved it together. I am very happy about my collaboration with Jack Van Zantvliet (Senior Account Manager BNP) who has done everything to find a goodworking solution.

BPLS: DOES IT MEAN THAT YOU WILL EXPAND IN THE FUTURE?

Tom Vlaemyneck: Normally I would like the 5th LED-lights hanging in September/ October, we are now preparing the installation. It means we will even invest half a million Euro more..

"I AM GENERALLY SATISFIED , EVERYTHING IS HANDLED AS WE DISCUSSED INCLUDING THE PAYMENT. I HAVE A GOOD RELATIONSHIP OF TRUST WITH JACK VAN ZANTVLIET"

BPLS: ANY OTHER POSITIVE THINGS ABOUT BNP PARIBAS LEASING SOLUTIONS?

Tom Vlaemyneck: I am generally satisfied, everything is going well and everything is handled as we discussed, including the payment. I have a good relationship of trust with you. We have looked for a solution together. Because the supplier had to have his money fast. It is the most expensive investment I have ever made. And I have already made money from it. The payback period is 2.5 years. This LED installation consumes 40% less electricity and therefore, in the recent month, it was lucrative to sell. Because the more expensive the power, the more expensive I can sell it.

BPLS: WHY DID PLESSEY CHOOSE FOR BNP?

Jonathan Barton: We didn't know BNP offered this service. Everybody knows Rabobank and DLL because they have been until now the only players in this market and they work closely with Philips. We had approached DLL but they were interested until they heard that we were against Philips and they decided they didn't want to work with us. We were then searching for another bank and one of my fellow directors came across an advert/ corporate website in France. And then fortunately Jack came along and saved the day.



BPLS: HOW IS YOUR COLLABORATION WITH BNP GOING?

Jonathan Barton: Because it was a new partnership and a completely new asset, it took a bit longer than expected. We build up a relationship through several visits to the client. Now finance is part of our proposition. One of the key benefits of working with us is the access to finance and through our relationship with BNP Paribas Leasing Solutions, we have made this possible. Compared to Philips, I'm a small competitor, therefore I'm very pleased to be able to offer a different finance solution than Philips (Rabobank, DLL). I will stay with BNP. We just need to find solutions for our customers. Tom was putting a lot of trust in us because we kept promising him we could get a solution. And you know, that the trust of a customer is rare but in return he's getting a big service from us and BNP is very flexible with him. We managed to do the deal with 4 lamps instead of 5. The fact that BNP Paribas Leasing Solutions has offered on Tom's project is the best PR you can wish for. People will start talking about it and it will go around.

"ONE OF THE KEY BENEFITS OF WORKING WITH US IS THE ACCESS TO FINANCE AND THROUGH OUR RELATIONSHIP WITH BNP THIS IS POSSIBLE"



TOMATO MASTERS AT BNP PARIBAS LEASING SOLUTIONS

- 3 CURRENT CONTRACTS
- 2.967.887,60 EUROS
- FINANCIAL RENT OF 61 - 64 MONTHS
- TOTAL FIRST AUGMENTED INVOICE OF 500.400 EUROS
- CO-DEBITIES FROM HET GROENE HUIS BVBA, STOKSTORM BVBA AND STOKSTORMPROJECT

JONATHAN BARTON

- PLESSEY
- DIRECTOR GROW LIGHTING
- SEMICONDUCTORS
- PLYMOUTH (UK)



TOM VLAEMYNCK

- TOMATO MASTERS
- OWNER
- AGRICULTURE
- DEINZE (BELGIUM)



JACK VAN ZANTVLIET

- BNP PARIBAS LEASING SOLUTIONS
- TECHNOLOGY SOLUTIONS
- SENIOR ACCOUNT MANAGER



How does BNP Paribas Leasing Solutions Strategy reflect on this?

- new asset (LED)
- new vendor (Plessey)
- new market (tomatofarmers)
- support the growth of our partners and clients
- help customers grow in a sustainable way
- finance "as a service" model

