

YEALD NEAWS

YEALD BUSINESS NEAWS UPDATE 2022.1



Consolidation in horticulture continues, acceleration noted particularly regarding platforms

We proudly look back on a dynamic 2021 and are pleased to present something new in 2022: Yeald Neaws. For the horticultural sector, 2021 was a dynamic year with some well-known challenges but also many new opportunities. Consolidation in the sector continued, and platforms were set up or developed quickly. This will continue in 2022 and be the trend in the coming years.

For Yeald, last year was characterised by growth and development. We expanded our team and our range of services and moved into a stunning new office building. As a team, we support our business partners in strategic development, mergers, acquisitions, real estate transactions and finance. This makes us very proud. We are also pleased to realise that we work in a sector that is doing relatively well despite the world's current challenges.

Forecast for 2022

But that's enough of looking back; it's time to look for-

ward. The horticultural sector is perfectly positioned to remain a growing and profitable sector in the long term. In the short term, there are some major challenges like energy, but we are working in a sector that has great potential to grow. Seizing the rising opportunities requires professionalisation and consolidation. This leads to the creation of platforms or partnerships, which often end up taking on a leadership role in a particular segment. We predict that this development will accelerate in the coming years, offering opportunities for all players in this field.

At Yeald, we are all set for 2022. We will continue to expand, not only in our number of business partners but also within our company and in the horticultural sector. The creation of Yeald Neaws is the first step in this direction. We are closely following the trends in this sector. In this first edition of Neaws, we present you with a number of examples: trends that impact the value chain for pot plants/floriculture, and the start of future platforms via consolidation and partnership with external investors. Interviews were held with Wouter Kuiper (KUBO), John Grootsholten (JoGrow/Plant World) and Casper Companjen (Synergia).

We hope that you will enjoy reading our first edition of Neaws and wish you a fantastic 2022! We are ready to help you, with the enthusiasm and quality that you have come to expect from our team.

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We rely on our own strength

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John Grootsholten (JoGrow) and Casper Companjen (Synergia Capital Partners) about merging in Plant World and their joint ambition.

“WE RELY ON OUR OWN STRENGTH”

WOUTER KUIPER (CEO OF KUBO) ABOUT THE PARTNERSHIP WITH NPM CAPITAL

For many people, it was an unexpected move. In September 2021, high-tech greenhouse builder KUBO sold a minority interest to investment company NPM Capital. But anyone who knows the sector well realises that such steps are inevitable if the Netherlands wants to remain the market leader in the field of high-tech horticulture. Wouter Kuiper, CEO of KUBO, talks about the decision, the process and the lessons he learned.



WOUTER KUIPER, CEO VAN KUBO

“As a Board of Directors, we are always asking what is best for KUBO,” explains Wouter. “A few times a year we have sessions in which we look at the company from a fresh perspective. Feet on the table, the atmosphere relaxed, we take our time to think about our strategy and the sector. Where do we want to go as a company?”

Trends in the horticultural sector

“We see two major trends in the horticultural sector. First, there is the increasing global demand for high-quality horticultural technology. The Netherlands is the market leader, and now a second trend is emerging. There is a drive towards consolidation. Our sector has matured in the past few years, and investment firms are starting to take an interest in our companies.” In the past 15 years, KUBO has grown a lot. The company operates internationally, has brought innovative products to the market, and has seen its revenue increase significantly. It is a strong company. “That is why we rely on our own strength,” explains Wouter. “We truly believe in our potential and want to accelerate our growth in the coming five years. That means operating on a whole new level. So we looked for external expertise, to realise this growth together.”

Do your homework

“When you develop such a strategy, you need to list your goals clearly, what fits and what does not,” confirmed Wouter. “We talked a lot with Yeald. They are experts, accurate and kept challenging us until we had created the best proposition possible.” KUBO did not want to sell a majority interest, that much was clear. And the new partner had to be prepared to facilitate growth. KUBO was looking for a sustainable long-term relationship, with a partner who respects the KUBO culture.

Do you have a connection?

“Only when you know what you want, should you approach the market,” continues Wouter. “NPM Capital was on the shortlist we had prepared. I already knew them; they sponsor the Hillenraad. At that time, I shouted from the stage, jokingly, that KUBO was not for sale, and look where we are now. You need to have the impression that the other party can really help you progress, purely businesswise, but there also has to be a personal connection. The way they answered our questions and the questions they asked us convinced us that they were the partner we were looking for. They had previously invested in com- >>



FOTO: EIGEN ARCHIEF KUBO

panies like Mammoet and Van Oord, which are strong companies that grew while keeping their own culture. That was what we were looking for.”

A different world

“It took longer than I expected,” admits Wouter about the process. “But on the other hand, that was fine. This is a major decision, with many consequences. You have to process emotions, talk with family members and your team. It is truly a change process, and that takes time. And you also need that time to get to know the financial world. That is a very different world, with different types of stakeholders around the table. Taking time and receiving advice from parties like Yeald is very valuable.”

“This strategy is giving us a lot of energy”

The partnership is now public knowledge. Currently, KUBO and NPM Capital are detailing their partnership. “I expect to start reaping the benefits of this intensive process by the middle of 2022,” acknowledged Wouter. “This strategy is giving us a lot of energy. We have a strong partner with NPM Capital. They will work together with us to expand the international footprint of KUBO and facilitate growth. That is precisely why we initiated this process one and a half years ago. And that is good for KUBO.”

03

Three lessons learned by KUBO

01. Think about what you need – based on your own strengths, make a list of what you need. What do you want, what not? What is your goal on the horizon? You will only find the answers to these questions if you do your homework well.

02. Take your time – if you promote as a football team, you operate at a higher level. There the pace is higher, you encounter players of another level, and strategies are more complex. This calls for an adaptation period, both in practical and emotional terms, for yourself as well as your stakeholders. Take your time.

03. Use external expertise – you do not have to do everything yourself. There are companies with experience in these sorts of processes who can support you. They help you to see what you do not yet see yourself and prevent you from making unnecessary mistakes.



FLORICULTURE - POT PLANTS: FROM FOLLOWERS TO MARKET LEADERS

MARKET TRENDS IN FLORICULTURE AND HOW GROWERS CAN REMAIN RELEVANT



The value chain in the glass horticultural sector is going through a structural transition. At every step in the value chain, we see increased collaboration and consolidation. At the same time, a revolution is happening in consumer behaviour, combined with a number of positive market developments for growers. This provides opportunities for decisive growers, who can guide market developments through collaboration in the value chain. They no longer follow changes; they guide the transition of horticulture.

Consolidation at the ends of the value chain

Looking at the horticultural value chain, considerable consolidation has been going on at the ends of the chain for a number of years. In plant breeding, large companies like Syngenta, Dümme Orange and Ball have been acquiring smaller companies, giving them access to new markets and new varieties. This leads to fewer but larger breeders. At the same time, retail and traders are also consolidating. This creates increasingly large platforms, such as Dutch Plant Group and FleuraMetz. These are organisations that prefer buying from other large parties, and as a result they draw closer together and stimulate more collaboration. In this way, consumer trends can be translated more quickly into new products, and the value

chain gets shorter and more transparent. Also, logistics changes because retail sells more and more directly, often through online channels.

More demand, higher expectations

Apart from consolidation, consumer behaviour is also changing. One positive trend is the demand for “green”. Green is healthy and thus trending. This offers opportunities for marketing through branded products, which can generate a higher margin for both the grower and their customers. The consumer wants “convenience” and this can be met, for example, in a nicely pre-packaged product, or a product that can be used immediately, like a plant that comes with a pot. Besides, the interest in





sustainable products is growing with consumers, the government and investors. This sustainability agenda drives the need for transparency and information to trace plant origin, use of crop protection agents, water and energy. Consumers and market parties require more information about the product. In other words, more demand, but also higher expectations.

The role of the grower

How can a decisive grower develop from being a follower to becoming a market leader? First of all, retail wants to do business with large parties, and growers must have enough scale to be seen as a professional party in the chain. There is also the need for a certain size to allow for an organisation (production and operation, and the level of (middle) management) that is able to deal with the dynamics and complexity of the market. Second, there must be a clear view and strategy on added value in the chain and how to grow it. This includes, for example, market positioning and branding, but also being capable of adjusting the product portfolio to respond to market trends or including “convenience” in the product or packaging. Third, the grower must be able to invest in technological developments. For example, process automation, more data-driven cultivation, making purchase and sales channels transparent. This is the only way to make sustainable growing possible while demonstrating it, and keeping a cost focus. Finally, there is the succession challenge. In the next decade, successful

growers will retire, creating a need for successors. Retail prefers continuity of business operation; a grower who has enough scale for a professional management team can ensure continuity and provide added value.

The potential from consolidation

Growers who expand, collaborate and consolidate are more decisive and can become market leaders instead of followers. They operate on a larger base, creating an economy of scale with regard to purchasing, sales, investment capacity and staff services like HR. Through extensive specialisation, knowledge is gained. In addition, consolidation gives access to external investment companies, more power towards customers and breeders and offers opportunities to take a leading role to develop the sector. In this respect, it is essential to have a clear view on the strategic direction for growth, collaboration or consolidation. This will be different for each grower, and there are several possibilities. For example, a high-end specialist platform (1 in the figure) or a budget pluriform floricultural platform (2 in the figure) could be formed. Or a platform that serves both the high-end and the budget market (3 in the figure) with a single product, but then with different brands. Choices will have to be made, and you need to be clear about what the platform stands for and where you want to go with it, starting from the same culture and vision, to maximise the chances of success and recognition in the market.



“RESPECTING EACH OTHER’S KNOWLEDGE IS ESSENTIAL”

JOHN GROOTSCHOLTEN (JOGROW), RENÉ VAN DER AREND (PLANT WORLD) AND CASPER COMPANJEN (SYNERGIA CAPITAL PARTNERS)
ON PLANT WORLD AND ITS AMBITION



RENÉ VAN DER AREND (L) EN JOHN GROOTSCHOLTEN (R)

More and more growers are facing an important decision regarding their business: succession, acquisitions or sell? Partnership and consolidation are ways to ensure a stable future for the business, if it is done properly. Plant World is a great example of consolidation in the glass horticultural sector, in which partners strengthen each other.

JoGrow, owned by John Grootsholten, has merged with Plant World, which is co-owned by the investment firm Synergia Capital Partners, along with René van der Arend. But how did Plant World, JoGrow and Synergia Capital Partners come together? “In the past three years, I have been investigating how to make my company future-proof,” explains John.

“Growing companies around me often have one thing in common: a management board with several people on it. With a family-run company like JoGrow, I am the only director, having succeeded to the position in the footsteps of my father and grandfather. Initially, I felt that there were two options: expand the management team within JoGrow or join forces with a number of other growers. >>



“It is wise to obtain external advice from other growers or parties like Yeald during the process.”

As soon as neither of those two scenarios proved easy to realise, I was called by Casper.”

The first impression

Casper Compañen nods. He is investment manager at Synergia Capital Partners. “At Synergia, we believe that growers become better partners for their customers, can professionalise more efficiently, and innovate and invest smarter when they join forces and use each other’s knowledge and scale,” he adds. “In March, we invested in Van der Arend Tropical Plant Centre, and Plant World was born. We expressed our joint ambition to become the market leader in Western Europe in the higher segment of green plants. To achieve this goal, we started searching for suitable partners and so we turned to JoGrow.”

“The first impression was good,” confirms John. “You know how it goes. First take a walk around, introductory talks, and then start the more serious process. I was looking for support in entrepreneurship and with my ambition to continue expanding. I found that with Plant World and Synergia. I now run the company together with René van der Arend. I took this step because I absolutely believe in full collaboration with a common interest, including sharing the financial side. If you don’t do that, you hold on too much to your own interests, and that always turns out badly in the end.”

From Premier League to Champions League

“Respect for each other’s knowledge is essential,” Casper goes on. “That is why we – as an investment firm – never want to take the entrepreneur’s place; we support them with strategic issues. We feel that we complement each other with our strengths in this collaboration. At Synergia, for example, we have an ecosystem of fifty entrepreneurs, who make their expertise available to our partner companies. The aim is to support the company in growing from the Premier League to the Champions League.”

“We are going to take real steps,” concludes John. “That’s why we want to invite more partners to join Plant World. The important aspect for me was the good feeling I had throughout the entire process. I have been doing business with René for years, and with Synergia I immediately felt that this was right. They could really help me develop. But as a grower, you need to think long and hard about such a move. It is wise to obtain external advice from other growers or parties like Yeald during the process. Thanks to this collaboration, our company can continue to professionalise and expand in the coming years. I am delighted by that.”

“We feel that we complement each other with our strengths in this collaboration.”

A SECTOR GOING THROUGH CHANGE

A selection of the projects in which we have supported our business partners in the areas of Real Estate, Financing and M&A.

M&A



KUBO
FULL SERVICE GROW CONCEPTS

Minority interest acquired by



NPM CAPITAL

Yeald acted as exclusive sell-side M&A advisor

M&A



JoGrow
LOVE FOR PLANTS

Acquired by



PLANT WORLD

Yeald acted as exclusive sell-side M&A advisor

M&A



Advanced Berry Breeding

Acquired by



Planasa
INNOVATION IN PLANT VARIETIES

Yeald acted as exclusive sell-side M&A advisor

REAL ESTATE

WOONING ORCHIDS

Acquired by



Green'05
CREATING PLANTS. GROWING SUCCESS

Yeald acted as buy-side advisor and arranged growth financing

FINANCE



Lans

Yeald arranged growth financing

M&A

Perfect Plants

Breeding and propagation program of Spathiphyllum acquired by



van der voort
POTPLANTEN

Yeald acted as exclusive sell-side M&A advisor

REAL ESTATE



AGROCARE growers

Acquired 9 ha of fully equipped greenhouse from



GREENCO
CO-CREATION. OUR WAY OF GROWING

Yeald acted as buy-side advisor

M&A



Van der Houwen **Gebr. de Groot Kwekerijen**

Acquired by



NOORDHUYTS TOMATOES

Yeald acted as exclusive buy-side M&A advisor and arranged growth financing

FINANCE



HilverdaFlorist

Yeald arranged growth financing

YEALD 

Boswoning 4a
2675 DZ Honselersdijk
+31 174 75 25 00
www.yeald.nl

Rob van Leeuwen
+31 6 51 62 41 08
rl@yeald.nl

Robin Berendse
+31 6 24 20 10 10
rb@yeald.nl

Arthur Vijverberg
+31 6 40 55 04 61
av@yeald.nl

Roger Gerritzen
+31 6 12 52 38 18
rg@yeald.nl