



Forward thinking dairy gets set to double production capabilities

The story in brief:

- BV Dairy selected us as their capex partner through a competitive tender process
- We arranged a £1.1m credit line, which to date they have drawn against for investment in Solar PV panels and a new bottling plant
- Over the next 20 years, the solar panel investment is expected to generate £444,000 profit for the business through payments from the government's Feed-in Tariff
- The new bottling line has enabled them to secure their first contract packaging customer in the cultured milk drink sector
- Asset finance has also been agreed for the acquisition of six new blast chillers

Get in touch, visit lombard.co.uk
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Lines are open 9am to 5pm Monday to Friday. Calls may be recorded.

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Fact file:

Sector: Dairy

Locations: North Dorset

Turnover: £25m – £50m

Purpose: Investment in new refrigeration and production facilities to enable the business to meet increased demand

Solution: £1.1m asset finance credit line from Lombard

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The crème de la crème

You might not know the name BV Dairy but it's more than likely that you've enjoyed several of its award-winning products. In fact, you may even have some in your fridge right now.

For nearly 60 years, this Dorset-based business has been supplying premium dairy products to manufacturers, caterers and food retailers nationwide. Having begun by producing traditional clotted cream, today their extensive product range encompasses soft cheeses, crème fraîche, buttermilk and several types of yogurt. The company, run by the third generation of the Highnam family, has a strong relationship with the local farming community. All the milk it uses is sourced from Red Tractor accredited farms within a 25-mile radius.

Tradition meets ambition

The company blends its traditional values of integrity, trustworthiness and openness with a commitment to continuous improvement and innovation. Forward looking and ambitious, they recently made their first move into contract packaging. This important advance has been enabled by significant investment in their plant and production facilities, facilitated by a £1.1m credit line from Lombard.

Sustainable development

The business has a strong focus on reducing environmental impact and encouraging sustainability. In 2011, they installed an Anaerobic Digester to convert waste and by-products from their production processes into energy. They are intent on expanding their sustainable practices and so when planning their new 13,860 sq. ft chill store, its roofline was specifically designed

to optimise solar panel performance. Seeking asset finance for the solar panel installation, they invited us to tender in competition with two other providers.

"Our lending policy for solar investments aligns payments on the panels with the expected payback generated through the government's Feed-in Tariff (FIT)," explains Reeve Hicks, Lombard Senior Relationship Manager. "In this case, we worked with a well-established solar supplier to create a spreadsheet showing the income BV Dairy could expect to generate from the 20-year tariff payments, and the potential savings on their energy spend. We then drew up a Hire Purchase proposal aligned to these figures, spreading the required £200,000 asset finance investment over a seven-year term."

At the end of the seven years the panels will be paid for and the business will have a further 13 years of FIT income to look forward to. Overall, it's anticipated the installation will generate around £444,000 profit over the 20-year timespan. "Lombard's offering was, quite simply, the most competitive," says Vaughan Heard, Financial Director at BV Dairy, "and we were happy to choose them as our capex partner going forward."

The 220kW of solar PV panels cover the entire roof space of the chill store and generate around 1500kWh of electricity each day. Some of this power is used to charge and power the hybrid and electric cars in the company fleet too.

A photograph showing several large, stainless steel industrial vats or tanks in a dairy processing plant. The tanks are filled with a white liquid, likely milk or cream, and are equipped with various mechanical components like pipes and handles. The background is slightly blurred, focusing attention on the equipment.

"Lombard are fantastically responsive. It's great to know that the finance is there when we need it."

Vaughan Heard,
Financial Director,
BV Dairy



Expansion into contract packaging

The company's vision has also led them to use a further £200,000 of asset finance to install a new bottling plant. The funding will be drawn from the agreed credit line and repaid over a five-year term. "We have a long history of producing specialist dairy products for the manufacturing, food and hospitality sectors," says Vaughan, "So when our research showed an increasing appetite for cultured drinking products, it was a natural step to extend our capabilities in this area."



The Filmatic bottling line is capable of filling 16.2 million cultured milk drinks and Kefir per year. (Kefir is the fermented milk drink that has taken the market by storm). Currently offering 250ml, 500ml and 1litre fills, the line can be adjusted to run any size and at a rate in excess of one bottle per second. The business has already secured one significant bottling contract and is enthused by the level of interest amongst other prospective customers.

And their use of asset finance doesn't stop there. Next on the list are six blast chillers which will not only increase production and storage capacity but will also be more energy efficient than their existing provision. £300,000 of asset finance will be drawn down against the credit line to fund the new chillers.

Looking ahead

"As a family-owned business we can take a long-term view and are prepared to invest in the future, not just the here and now," comments Vaughan, "and that's an added value for our customers. The new chill store and bottling plant are significant investments", he continues, "but they are part of a much bigger plan that will ultimately see us construct a completely automated, energy efficient process plant to facilitate our continued expansion. We're also using this opportunity to upskill our workforce by increasing the number of engineering and leadership apprentices in the business."

We're delighted to be able to help the company realise its ambitions – both short and longer term. "Lombard are fantastically responsive and supportive of our plans," confirms Vaughan, "and it's great to know that they – and the finance – are there when we need them."



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