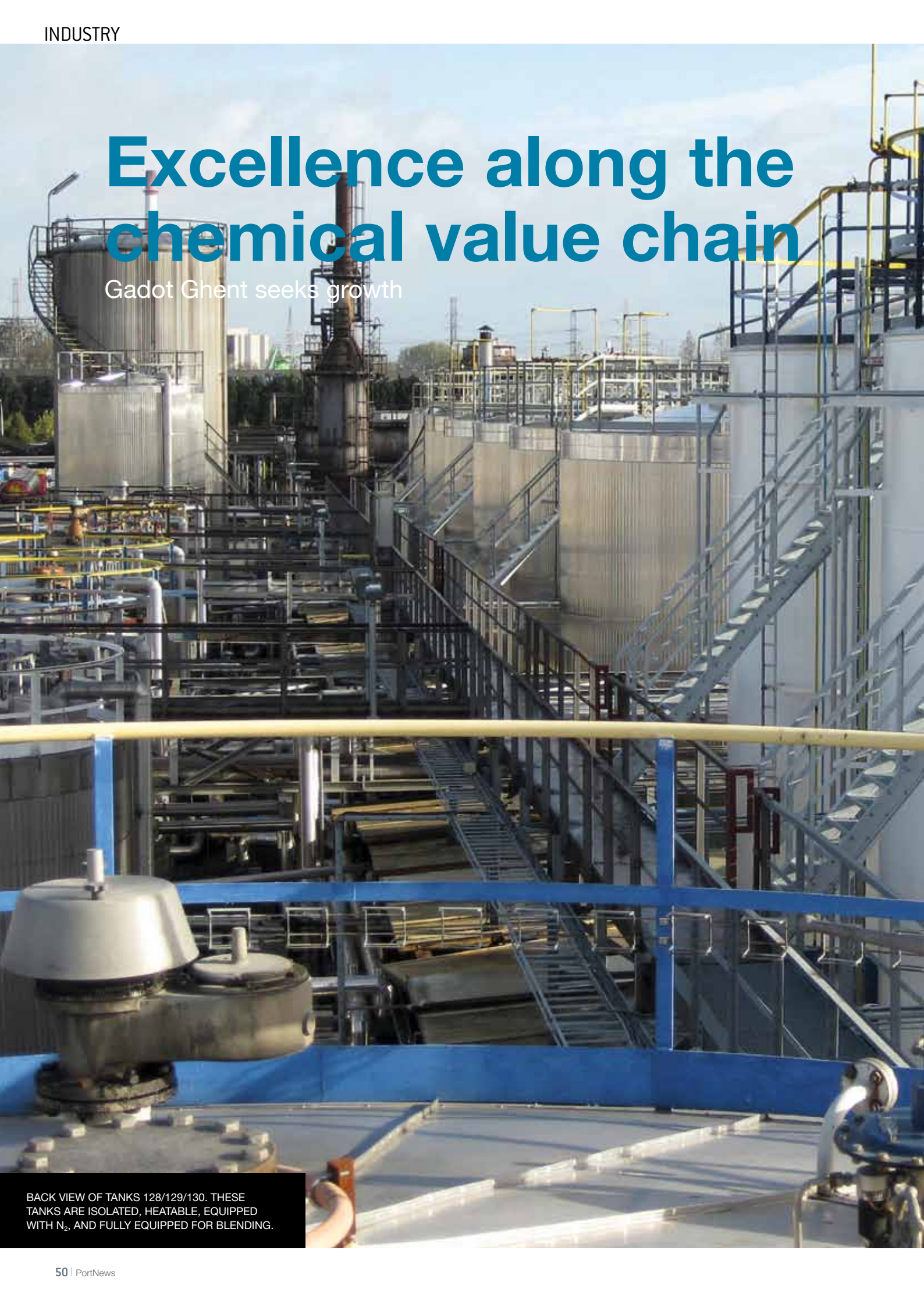


# Excellence along the chemical value chain

Gadot Ghent seeks growth



BACK VIEW OF TANKS 128/129/130. THESE TANKS ARE ISOLATED, HEATABLE, EQUIPPED WITH N<sub>2</sub>, AND FULLY EQUIPPED FOR BLENDING.





All photos courtesy of Gadot Ghent.

A lot is happening at Gadot Belgium, formerly known as VLS-Group Ghent. Apart from the recent name change – as part of a larger rebranding and restructuring of the Gadot Group’s setup of facilities and activities in Europe – a new management team was installed in July 2019, led by newly appointed CEO Wim De Windt.

Let us start off by refreshing the collective memory. Back in 1999, Vopak Logistics Services (VLS) Group was Vopak’s logistical branch. A management buy-out took place in 2003, as Vopak wanted to shift its worldwide focus to tank storage and divest its logistics activities.

Meanwhile, Israeli chemical distributor Gadot was looking for growth in Europe. In 2007, the company bought VLS-Group, with logistical entities such as those in the Netherlands, Belgium and Germany. Under the Gadot umbrella, VLS-Group kept its own name.

To further develop its growth strategy in Europe, Gadot went on to buy the ADPO Ghent terminal (originally Texaco Additive Terminal) in 2010. Because Gadot had already acquired several VLS offices in Europe by that time, and the VLS name was better known here, the terminal in Ghent became part of VLS.

Gadot has in recent years strengthened its focus strategy further along the chemical value chain and has divested part of its warehousing activities in the Benelux. The VLS warehousing sites in Belgium and the Netherlands were sold to Broekman Logistics in 2018. The next step in the growth strategy was to expand Gadot’s core focus activities in Europe, including in Ghent, possibly followed by further acquisitions in the future.

### Rebranding of Gadot Ghent

To exude that renewed focus, Gadot announced in June 2019 that it was rebranding the VLS business entities that had remained within the group. The VLS sites in Germany and Belgium would now also carry the name Gadot. As of 1 July 2019, the VLS terminal in Ghent is officially registered as Gadot Ghent.

Simultaneously with the rebranding, the Ghent management was renewed. This was no coincidence, as Gadot wanted to make a clear statement about its ambition to grow and invest in Europe.

PortNews spoke to Wim De Windt, the new CEO of Gadot Belgium and Gadot Germany, about Gadot’s activities, plans, and ambitions within North Sea Port.

#### Q: What made the VLS terminal in Ghent so attractive to Gadot back in 2010?

**A:** Firstly, it has access to all modalities: seagoing vessels, coasters, inland vessels, trucks, isotainers, flexi-bag containers, box containers; in or out, anything is possible.





GADOT'S TERMINAL AT THE MERCATOR DOK IN GHEENT.

Optimising transport is a hot topic for many customers, especially with just-in-time projects or certain lead-times. How quickly a product can reach a tolling site, and be dispatched again, is a major factor. The vicinity of other companies in the port area is a definite strategic surplus. And the port merger has really put North Sea Port on the map.

Secondly, there aren't a lot of sites in Europe that have the expertise and possibilities that Gadot has at the former VLS terminal in Ghent. If you would try and greenfield reconstruct what we have here, you would lack the collective memory, the decades of process knowledge that we have on site. Our long-time experience is what gives us credibility in the market. All those factors together make our terminal in Ghent a unique facility.

And our expertise has evolved. Nowadays, we are mostly contacted for higher added value blends. We take on complex projects, and that is what we are valued for. The same goes for terminalling: we use many of our tanks to facilitate tolling and blending activities. This is very complementary to our terminalling activity.

**Q: How do Gadot and VLS relate to one another, both in activities and in company structure?**

**A:** The VLS terminal in Ghent has a great fit with Gadot's activities in Israel. We have many similar activities. However, Gadot Israel is mainly active in chemical distribution. The (former) VLS sites in Germany, meanwhile, specialise in logistics services and warehousing. One of the reasons why Gadot acquired VLS was because having these different aspects in-house allows for far greater synergies within the group.



Gadot Ghent holds a top-five position as independent producer in the lubricants and additive industry.

**Q: Could you elaborate on the intended goal of the rebranding?**

**A:** The Gadot name was not very well-known in Europe, and the fact that VLS Ghent was part of a larger group was also relatively unknown. By rebranding, Gadot wanted to increase brand awareness in Europe. This was also part of the reason for appointing a new management. Our current team is very open in its cooperation with other Gadot divisions in Germany and Israel. We have joined forces and are working on overarching projects together.

**Q: Have Gadot's activities in Ghent shifted since the rebranding?**

**A:** The focus in Ghent at present remains on tolling, blending, and filling. We do not release our own blends or final products that would compete with customers using our tolling facilities; our expertise is that of an independent service provider.

**Q: What are the main products that you process in Ghent?**

**A:** Our product portfolio mainly includes diesel-fuel additives, lubricants, marine lubricants, coolants, specialty chemicals, and viscosity modifiers. Viscosity modifiers are a unique niche market, for which we have a considerable production capacity in Ghent.

It is a broad range, far broader than just lubricants. We also produce components for motor oils, hydraulic oils, and fuel additives.



Gadot Ghent holds a top-five position as independent producer in the lubricants and additive industry. Our site is equipped with over 200 tanks for stockage and blends, blending cauldrons, and reactors. We do not merely blend, we also let chemical components react. Moreover, we provide the warehouse space required to store both raw materials – whether in tanks or packaged – and intermediate or finished products. Having all these links in-house gives us the flexibility to handle the supply chain and logistical part of the project.

**Q: What does a typical project process look like?**

**A:** All our projects are tailor-made, which makes each project design a lengthy process. In consultation with the customer and experts in the supply chain, we decide what tanks are the best fit in terms of blend size and temperature range, how to optimise the flow in the production process, as well as in logistics. We furthermore offer the possibility to package the final product. Many of our tanks have direct lines to our filling lines, and we utilise our own transport shuttles for the tanks that do not. We operate as a one-stop-shop and strive to fully unburden our customers. We are also open to the possibility of investing on site to enable specific projects. The terminal in Ghent provides us with the necessary space to allow for such investments, either by retrofitting existing facilities or by installing new ones.

## Focus on growth and safety

**Q: You mentioned earlier that Gadot has a growth strategy in Europe. What does that translate to for the terminal in Ghent?**

**A:** This year and in early 2020, we are investing several million euros in two of our main focuses: safety and growth. There is a concrete multi-year investment plan for safety aspects in the company, such as fall prevention. Apart from that, we are investing in additional tank capacity, as well as in new high-performance filling lines. Five new tanks are being constructed, which should be operational in Q2 2020. Stability testing is currently underway, after which construction will commence. The new tanks are a step towards chemical distribution of certain complementary chemical products in the future.

**Q: What is the added value of these new high-performance filling lines?**

**A:** Before, we mainly used our filling lines as an element within the one-stop-shop deal, to handle third-party filling activities for customers that also used our other facilities. Anything from 11 packaging to 200l drums and even 1,000l IBCs, we can fill it on site in Ghent. There needs to be product compatibility of course, but the high-performance filling lines allow us to approach filling as a focus activity. Our drumming lines have a total capacity of 90,000m<sup>3</sup> per year.

**Q: Will the incorporation of the new filling lines change operations on site?**

**A:** Yes, they will bring several changes at our terminal. The filling lines are integrated into a new warehouse setup, thus strongly reducing forklift traffic. Whenever possible, transfers will be done by conveyor system and a new automated transfer shuttle that is programmed to move drums from one location to another. This robotic transport system has its own data storage that registers what product it is transporting and is linked to our ERP system. The filling lines come with a new palletiser that automatically handles various pallet types. Additional weighing checks will also be installed, as well as a drum turning device and an integrated wrapping system.



A REACTOR WITH DEDICATED EQUIPMENT, HORIZONTALLY POSITIONED. THIS TYPE OF INSTALLATION IS USED TO PERFORM CHEMICAL REACTIONS.



WIM DE WINDT, CEO OF GADOT BELGIUM AND GADOT GERMANY.



FRONT VIEW OF TANKS 128/129/130, WITH THE TANK PARK IN THE BACKGROUND.



FORKLIFT ON ITS WAY TO LOAD A FINISHED PRODUCT ONTO A TRAILER. SEVERAL HUNDREDS OF THOUSANDS OF DRUMS ARE PRODUCED, STORED, AND HANDLED AT GADOT EVERY YEAR.

**Q: When do you expect the filling lines to be ready for operation?**

**A:** By the time this magazine is released, installation will have commenced. The machines were built in Germany, and our operators have been running factory acceptance tests this November. Once the machines are tested and approved, they will be transported to Ghent. In the meantime, we are freeing up the required space at our terminal and training our personnel on how to operate them. The go-live is scheduled for 1 January 2020.

**Land swap deal with North Sea Port**

A new gas station for trucks is currently under construction near the Gadot entrance way. The patch of land next to it has been given to Gadot by North Sea Port, in exchange for a piece of land including a railway connection at the Mercatordok, on the other side of the Gadot site. The land swap comes as part of a large package deal between Gadot, North Sea Port, Volvo, DFDS, SealInvest, and InfraBel.

That railway was the main stake in the land swap, as it has great value for Volvo's strategic rail connection to China. A letter of intent was signed in June 2019, and formalities are now in the final phase.

**Q: The gain for Volvo and strategic partner DFDS in this deal is clear. For North Sea Port, it is a next step in its aspired modal shift. What's in it for Gadot?**

**A:** We lose the direct access to the railway connection, but we will still benefit from the railway functionality. As part of the deal, another letter of intent was signed for the construction of a pipe load rack to connect to the Mercator bundle. That will allow us to pump the contents of isotainers that are loaded and unloaded via DFDS directly into Gadot's tank park, or vice versa through the pipe load rack.

Transport rates of the various modalities are shifting. Transporting by railroad from China is nowadays more profitable than by ship. And like North Sea Port, we are also noticing a modal shift away from road traffic. We need to go along with those dynamics. The load rack option that we have with DFDS, is a trump card that we plan on utilising frequently in the future.

**Q: Do you have any concrete plans for the newly acquired plot of land?**

**A:** The piece of land that we swapped has a strategic location. Over time, we plan to move our entrance gate forward, in front of the truck parking lot. We also want to realise a second entrance on the other side of the terminal, so trucks can also access the site from there. North Sea Port has granted us permission to do so.

Another part of the package deal was an overturn agreement with our neighbours, which allows us to make work of installing a wind turbine on the new plot. That would significantly reduce the terminal's power consumption. The permit application for the turbine's construction has been submitted. If permission is granted, we hope to complete the installation in March 2021.