

19 November 2009



### **Highland Spring agrees to acquire Greencore Water**

Highland Spring Ltd today (19 November 2009) announced it has agreed to buy the bottled water division of Dublin-based Greencore Group plc for £17.5 million. The move will establish the Scottish company as the largest bottled water supplier in the UK.

As a result of acquiring Campsie Spring in Lennoxton and Blaen Twyni in Wales, Highland Spring will become Britain's biggest bottled water company with some 400 employees, five bottling plants and 12 production lines with a capacity of 700 million litres a year.

Greencore Group, one of Europe's leading convenience food producers, is selling its water company to focus on its core businesses. The deal includes the transfer of its entire workforce of 124.

Greencore Water produces own label bottled water for a range of multiple grocers and food service clients.

The acquisition also creates a strong platform for Perthshire based Highland Spring to expand its portfolio of British brands with Greencore Water's existing private label customers. As a result of the deal:

- Highland Spring will become the UK's largest supplier of bottled water, with an estimated combined sales volume in excess of 350 million litres a year, edging significantly closer to its ambition of becoming a £100 million turnover business in the medium term.
- The Greencore Water business, workforce and customers will benefit from Highland Spring's increased investment, operational and technical expertise as well as water resource management, environmental best practice and sales and marketing experience.
- The business has the ability to double its existing sales volume and has a long-term investment programme to support this strategy

Les Montgomery, chief executive of Highland Spring which is celebrating its 30<sup>th</sup> anniversary this year said: "This acquisition will mark a major milestone in the history of Highland Spring and complements our expansion strategy perfectly.

"The deal will allow us to continue to service the strong customer base that Greencore has built over recent years and develop the distribution of our flagship brand, Highland Spring. We bring more than 30 years of experience to the table and firmly believe that sustained investment and our expertise will allow us to achieve our goal of becoming a £100 million turnover business in the medium term."

Di Walker, chief executive of Greencore Convenience Foods UK, said: "Having decided to switch our focus to our core businesses, this is an excellent outcome for the future of our production centres, our staff and customers. Highland Spring is already a great success story and their undoubted expertise in the bottled water market will allow them to take Campsie Spring and Blaen Twyni to the next level."

## **Notes to editors**

### **1 Greencore Water**

Was formed in 1987 and comprises the water assets of Hazlewood Grocery Ltd and Campsie Spring Scotland Ltd. It currently bottles 134m litres of own label bottled water from two sources:

- **Campsie Spring**

Founded in 1984 and acquired by Greencore Group in 2001, the water is sourced from a protected 1000 acre catchment area on the Campsie Fells north of Lennoxton (near Glasgow). The Glorat estate has been owned by the Stirling family since 1508. The plant has a workforce of 108 and produced 129m litres of own label for some of the UK's largest grocery retailers and food service clients.

- **Blaen Twyni**

Established in 1991 by Benham Water Ltd and acquired by Greencore Group in 2007, Blaen Twyni employs 16 employees and produces five million litres a year. Located on a 40 acre site, the water is drawn from a protected source in the Brecon Beacons National Park, Wales. The site produces a range of natural waters for wholesalers, foodservice customers and supermarkets.

### **2 Highland Spring Ltd**

Highland Spring was formed in 1979 in Blackford, Perthshire and employs nearly 300 staff. In 2009 it will have produced 232m litres of bottled water across its range of products.

Turnover in 2009 is anticipated to reach £54m with estimated profits of £3.5m.

Highland Spring is already the UK's leading produced brand of bottled water, No 2 still brand after Evian, No 1 sparkling, No 1 kids, No 1 in cash & carries and the leading producer in the on trade.

Consumers recently named Highland Spring as the most trusted bottled water brand in the UK (NOP Oct 2009).

Owned by the Dubai based Al Tajir family, nearly £60 million has been invested in Highland Spring over the last three decades.

In 2001 it acquired The Gleneagles Spring Water Company in Blackford. In March this year it rescued Speyside Glenlivet Water Company from administration.

### **3 Bottled Water Market**

- Half of the UK population (24.6m adults) drink bottled water (TGI 2009).

- The market is worth £1.497 billion annually with 2,055m litres consumed in the UK in 2008 (Zenith International).
- While poor summers in 2007/2008 resulted in a slight decline in UK sales of packaged water (down 4.5% in 2008), Highland Spring's performance in 2008 was ahead of the market. 2009 has witnessed a return to growth with Zenith forecasting 3.8% market growth by the end of this year.
- Highland Spring looks set to end 2009 with its highest ever brand share of total bottled water at 8.8%
- The own label market was 509.5 million litres in 2008, nearly a quarter of total bottled water sales.
- 285m litres of flavoured bottled water was produced in 2008.

#### **4 Photography/Press Kit**

- Interviews are available on request
- Photography of Les Montgomery and a full Highland Spring press kit is available from 3x1 Public Relations.

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