



**LAND AT WATERSWALLOWS LANE, BUXTON  
NEW BOTTLING PLANT AND WAREHOUSING  
ECONOMIC AND BUSINESS CASE**

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## 1 Current Business

The town of Buxton and its natural spring water have been part of the nation's natural and historical landscape for thousands of years. Rainfall from over 5,000 years ago is forced up through 1,500 metres of British bedrock to emerge crisp and delicious at source at St Ann's Spring, making Buxton Natural Mineral Water one of the purest natural mineral waters in Europe.

We have signed a 100 year agreement for the Buxton Natural Mineral water source with the High Peak Borough Council, which shows the commitment Nestlé want to make to Buxton Natural Mineral Water. The source is owned by the council. This agreement also facilitates the development of the Crescent Project and the abstraction licence now allows for the Crescent to take the necessary water they need to run the Spa Hotel, which is such an important project for the town of Buxton.

With the development of the Crescent, the town of Buxton and the Buxton Natural Mineral Water, will only become more popular.

We want to be involved in the development of Buxton and support local events through sponsorship of the Buxton Festival, Buxton in Bloom and the Buxton Cricket Club.

We have recently opened 28 recycle stations in the town with the High Peak Borough Council and Recoup (the charity promoting PET recycling).

The introduction of the initiative will make it much easier for people to recycle their waste whilst they are out and about, away from home, including plastic bottles, cans and other recyclable waste. Buxton Natural Mineral Water takes its commitment to the environment very seriously and through this initiative, we will help to reduce the amount of waste going to landfill.

## 2 Current Market Place

Buxton Natural Mineral Water is the fastest growing brand of natural mineral waters in the UK and continues to see strong sales. Our strong brand is important to Buxton as a town and through this development we see a real opportunity to push further.

We bottle two brands of water in Buxton, clearly Buxton Natural Mineral Water which rises naturally from the source under the Crescent building, and our fast growing Nestlé Pure Life brand which is drawn from the Lightwood source.

The current bottled water market has returned to growth after the very poor summers of 2007 and 2008. Bottled water is a healthy alternative to sugary drinks, and a lot of our recent growth has been driven by on the go formats (small bottles consumed when out of the home).

However, 2009 has seen a return to growth, notably in the second half of the year. Zenith estimate the total market volume grew by +5.5% in 2009 and by 4.5% year to date in 2010. Key reasons for the recovery include

- A 'normal' summer in 2009 and a good summer in 2010 to date – consumers resumed the bottled water habit as a thirst response thus increasing penetration and consumption levels.
- Increased media coverage and government led education about the 'obesity crisis' and the role of drinks in combating this.

Nestle Waters clearly had the most success in 2009 with growth of +24.5% in volume terms according to Zenith (+28.5% Total Grocery IRI in the year to Dec 26 '09).

Nestle Waters UK local brands, Buxton and Nestle Pure Life, have clearly and relevantly targeted themselves to the needs of different types of bottled water consumer. Buxton consumers view local sourcing and real provenance as indicative of quality, shopping local stores and farmers markets as well as quality retailers; whilst Nestle Pure Life consumers are the newer, lighter users looking for accessible and

healthy alternatives to soft drinks for their family. As the bottled water habit is instilled with these newer users, their consumption levels and thus weight of purchase will increase, fuelling future growth. The continued success of our dual brand strategy lies in ensuring the two local brands have distinct roles, images, price points in order to optimize appeal and meet the needs of distinct consumer and shopper groups.

### **3 The Business Rationale (and Business Imperative) for a New Facility**

For over 20 years, Nestlé Waters has sourced and bottled from our current site in the centre of Buxton. With the continued success of Buxton and Nestlé Pure Life natural waters, we have found it necessary to review our current production and warehousing capabilities.

Through this process, we have found a solution that allows the current site to revert to retail development, whilst ensuring our local bottling facilities become best in class.

The site we have chosen, Waterswallows, is outside of Buxton town centre and has main road access. It has been selected as the best option due to accessibility, site levels and ease of delivery.

At Waterswallows, Nestlé Waters will invest in a state of the art production and warehousing facility, which will encompass the highest standards of sustainable UK production.

The investment will ensure Buxton remains the home for our bottling facilities and will allow us to remain competitive. The new facility will create one of the most innovative and efficient bottling lines available in the world.

The new bottling lines will allow Nestlé Waters to significantly reduce its total energy output, as well as the packaging used in its bottles.

We are currently in the pre-application stage for planning approvals. If the planning application is successful we would be looking at being on site by Spring or Summer 2011, with construction likely to take roughly 12 months.

### **4 Employment Consolidation and the Potential for New Job Opportunities**

Buxton is now the most popular British water in the UK and the business has grown accordingly. This year alone we have increased our staff numbers at the factory by 19 per cent taking us to 86 permanent employees. We also recently agreed on a new licence with High Peak Borough Council which extends our commitment to Buxton for another 100 years. But, the reality is that the current facility is too old and too limited for our needs and we need a new plant in order for us to remain competitive.

### **5 Regional and Local Supply Chain Opportunities**

With the new on site warehouse we would see the additional capacity bring increased sales, and therefore opportunities within the local haulage businesses, that are currently used by us (F.R.Somersets in Chapel en le Frith), to increase the workload.

### **6 Project Programme**

November 2010 - Consultation

December 2010 – Apply for planning permission

February 2010 – Determination of the application from High Peak Planning Authority

April 2011 – Construction commences

April 2011 – Lay new pipe to new site

December 2011 – Installation of new production lines

January 2012 – commissioning of the new lines

March 2012 – New lines go live

August 2012 – move existing lines to new factory

December 2012 – Exit existing factory fully.

## **7 Project Investment Profile**

The investment in the new facility will be the largest investment in Nestlé Waters Europe in 2011 / 2012..