

Media Release

Monday, 31 October 2011

Connacht Gold Purchases Milk and Retail Store Businesses from Donegal Creameries plc

Connacht Gold Co-op has announced that it has acquired the milk and retail store businesses of Donegal Creameries plc. The acquisition involves the Donegal Creameries 120m litres milk pool, the liquid milk processing facility at Killygordon and 11 retail stores - nine in Donegal and two in Northern Ireland.

The acquired businesses had a turnover of circa €69m for the year ended 31 December 2010. The consideration will be funded from Connacht Gold's own resources and bank facilities.

Connacht Gold Chairman, Padraig Gibbons said the deal is of major strategic importance and is a big step towards consolidating the co-op's consumer foods, dairy ingredients and retail stores businesses.

"As a result of this acquisition, Connacht Gold will have a total milk pool of 370m litres and will be the leading specialist producer in the Irish market. The acquisition also increases the number of Connacht Gold retail and agri-business stores to 41 across eight counties in the Republic as well as Fermanagh and Tyrone in Northern Ireland," said Mr. Gibbons.

Connacht Gold Chief Executive, Aaron Forde, said the acquisition forms part of the co-op's strategic plan to grow the consumer foods, dairy ingredients and retail businesses. It follows internal investment of €70m in recent years, which has led to new markets, products and customers.

"We believe the new acquisitions will generate significant synergies which will enable us to become a stronger, more relevant player in the consumer foods, dairy ingredients, agri-business and retail markets to the benefit of our suppliers, customers and shareholders," he said.

The businesses being acquired from Donegal Creameries involve 280 milk suppliers. Aaron Forde said Connacht Gold is committed to integrating the new acquisitions into the co-op as smoothly as possible. The deal is subject to regulatory approval from the Competition Authority which is expected to take a month.

Connacht Gold was advised by AIB Corporate Finance and McCann Fitzgerald solicitors.

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Note to Editors:

Connacht Gold Co-Op, which has its headquarters in Tubbercurry, Co. Sligo, is a large, multi-purpose co-operative. Its activities include dairy processing, consumer foods, feed milling, retail stores, livestock marketing, and timber sawmilling.

It has 30 retail stores throughout Connacht, Leinster and Donegal and four livestock marts in Mayo, Sligo and Leitrim. It had a turnover of €300m in 2010 and pre-tax profit of €5m. The co-op has over 14,000 farmer shareholders.

Connacht Gold is one of the biggest employers in the West. In addition to employing 560 people directly, it supports another 650 through indirect employment, which includes milk agents and contractors.