



*Lakeland Dairies' Group Chief Executive Michael Hanley and Chairman, Alo Duffy, with William McConnell, Chairman, and Trevor Lockhart, Chief Executive of Fane Valley Co-operative.*

## Lakeland Dairies and Fane Valley Announce Two Strategic Joint Ventures

**Two leading co-operatives will work together in Dairy Processing and Agribusiness**

**Far sighted initiative will enhance overall competitiveness for milk producers and feed customers**

**In a significant and strategic development, Lakeland Dairies and Fane Valley (Banbridge, Co. Down) have announced they will create 2 major new Joint Venture businesses.**

Fane Valley and Lakeland Dairies are neighbouring and friendly societies. Each has a heritage of excellence in co-operative farming spanning well over a century. We also share common business development aims in the interests of our members, producers and rural communities.

This excellent new initiative will enhance economies of scale and overall competitiveness for the farmer members, milk producers and customers of both societies.

Both co-operatives are highly successful agri-food and agribusiness industry players with excellent manufacturing facilities and complementary strengths and advantages in their various markets.

The co-operatives have agreed to a combination of our respective dairy and agribusiness operations for mutual commercial benefit. This will enable us to take advantage of the opportunities presented by the continuing growth and expansion of the agri-food industry, on the island of Ireland and internationally.



Following the approval of the Boards of each society, two specific Joint Venture companies will be established covering two lines of business which will benefit from merged resources.



## Agribusiness Joint Venture

**This Joint Venture is being established by a merger and pooling of both of the societies' feed manufacturing, sales and stores activities into a major agribusiness company to be managed by Fane Valley. Lakeland Dairies will be a partner and shareholder in the Agribusiness Joint Venture and will also be represented on the board of the new company.**

Fane Valley and Lakeland Dairies currently have an annual animal feed manufacturing capacity of 310,000 tonnes and 190,000 tonnes respectively, with a broad range of high performance feed products, sold north and south. The merger of both agribusiness operations will create a business with greater efficiencies, larger scale, buying power and the capability for future growth and service delivery across a larger geographic area. Lakeland Dairies' feed customers will continue to receive excellent products, technical back-up and support as usual. The projected annual revenues of the Agribusiness Joint Venture will be in the order of £125 million / €175 million.

## Dairy Joint Venture

**This Joint Venture is being established by a merger and pooling of both of the societies' dairy processing activities and operations, to be managed by Lakeland Dairies. Fane Valley will be a partner and shareholder in the Dairy Joint Venture.**

In Northern Ireland, Fane Valley and Lakeland Dairies currently procure 250 million litres and 330 million litres of milk respectively each year for processing into a wide range of value added dairy products and food ingredients, all of which are exported worldwide. The projected annual revenues of the Dairy Joint Venture will be in the order of £480 million / €670 million.

The purpose of the Dairy Joint Venture is to create a business of greater scale and efficiency with the capability to grow and to compete even more intensively on a global basis. Combined with the total existing Lakeland Dairies milk pool, the Dairy Joint Venture will process over 1 Billion litres of milk annually. This will enhance the overall capacity of both co-operatives to maximise returns from the markets in the interests of their milk producers.

Fane Valley milk suppliers will receive the same benefits and provisions as Lakeland Dairies milk suppliers and will have a direct representation on the Board of Lakeland Dairies.

Both co-operative societies will otherwise continue to operate on an independent basis and each will support the other in the operation of the Joint Ventures.

It is envisaged that the possibility of a full merger of the two societies will potentially be considered in the future. This would be subject to member approval in each co-operative.



*Lakeland Dairies'  
Global Logistics Centre  
and Foodservice  
manufacturing site,  
Newtownards.*







# Innovative and Far Sighted Development

**Alo Duffy,**  
**Chairman of Lakeland Dairies said,**

“ Fane Valley is a co-operative which we greatly respect and we are very pleased to enter this strategic dairy and agribusiness alliance with them. This is a very welcome development where the joint ventures offer clear prospects for secure growth and greater profitability for our respective farmer owned societies. ”

**Michael Hanley,**  
**Chief Executive, Lakeland Dairies said,**

“ The establishment of these strategic joint ventures will create further value and benefits for the producers and customers of both co-operatives. This development underpins our mutually shared ambition to provide the highest possible milk prices to producers. Through this combination, we are adopting an innovative and strategic approach to maximising our efficiencies and overall strength in addressing the growing worldwide market demand for dairy products and food ingredients. ”

**William McConnell,**  
**Chairman of Fane Valley Co-operative said,**

“ This partnership will strengthen our position as a co-operative society while providing farmers with a firm platform for future sustainable growth and development. We look forward to working with Lakeland Dairies as we work together to exploit the future benefits of this development for our producers ”

**Trevor Lockhart,**  
**Chief Executive of Fane Valley said,**

“ This far sighted agreement represents the strong commitment of Fane Valley and Lakeland Dairies to support our members, milk producers and customers through the development of an even more competitive market position on a joint venture basis. The combined strength and backing of both co-operatives will ensure success for our agribusiness and dairy operations and will underpin the future success of our business. ”

# Co-operatives *Leading the way*



## Fane Valley Co-operative Society Ltd.

Fane Valley Co-operative Society is a progressive and successful agrifood business with interests in dairy processing, red meats, feed compounding, agricultural supplies and animal by-products and fat processing, operating across Europe. The co-operative was formed in 1903 and is farmer owned and farmer controlled.

Fane Valley Dairies, based in Banbridge, Co. Down, is one of Ireland's leading manufacturers of whole and skimmed milk powders with an annual production capacity in excess of 30,000 tonnes. Fane Valley Dairies market a range of powders, butter and butter oils to customers across Africa, South America and Asia. The Mourne Maid brand is widely known across the world.

Fane Valley Feeds is Northern Ireland's second largest feed manufacturer with an annual manufacturing capacity in excess of 310,000 tonnes, for the ruminant, pig and poultry sectors. Fane Valley feed mills produce the highest quality dairy, beef, sheep, pig and poultry rations formulated to meet the needs of individual farmers.

Fane Valley Stores is the largest retail distributor of animal health and farm supplies in Northern Ireland, with thirteen retail stores in Armagh, Altnamachin, Augher, Ballycastle, Ballymena Livestock Mart, Banbridge, Eleven Lane Ends, Lisbane, Markethill Livestock Mart, Omagh, Omagh Livestock Mart, Rathfriland and Portadown.

The new Agribusiness Joint Venture with Lakeland Dairies will have a total potential output of over 500,000 tonnes of animal feeds per annum.



## Lakeland Dairies Co-operative Society Ltd.

With a heritage of excellence in dairying spanning over 117 years, Lakeland Dairies is one of Ireland's largest dairy co-operatives with major processing operations north and south. Farmer owned and controlled Lakeland Dairies currently collects and processes over 800 million litres of milk annually on a cross border basis across 15 counties.

Lakeland markets 170 high quality dairy foodservice and food ingredient products in over 70 countries worldwide, exporting close to 100% of our entire production capacity to global markets. The co-operative manufactures over 90,000 tonnes of milk powders a year. This will rise to 130,000 tonnes on completion of our new £28 million / €36 million milk dryer which is currently being built at Bailieboro, where we also manufacture 25,000 tonnes of butter annually.

The new Dairy Joint Venture with Fane Valley will process over 1 billion litres of milk annually with a total milk powder output of over 160,000 tonnes per annum, in addition to a complete portfolio of value-added dairy foodservice products.

Lakeland Dairies also recently completed a highly automated new £8 million / €10 million Global Logistics Centre at our major dairy foodservice processing site in Newtownards, Co. Down.

