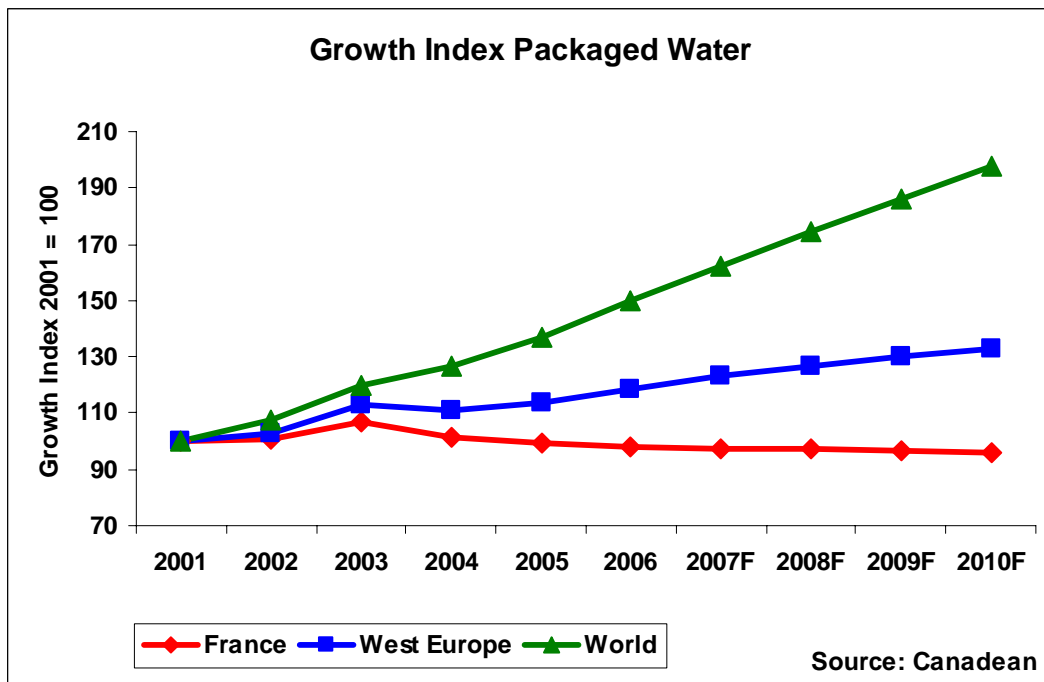


NEWS from Canadean

Water Cooling in West Europe

Canadean’s recently released Global Bottled Water report will make good reading for many in the bottled water industry. With sales poised to reach the 150 billion litre milestone in the next year, 2006 saw the global per capita figure cross the 20 litre mark. With a Compound Annual Growth Rate (CAGR) averaging just over 8% since 2001, the bottle seems very much half full. There are many more positives than negatives in the report, however what will be of concern to the bottled water industry is the slowdown in the world’s bottled water heartland, the home to seven of the top ten global per capita countries - West Europe.



Canadean predict that in West Europe, CAGR will slip from 3.5% between 2001 and 2007 to 2.5% between 2008 and 2010. The region’s share of the global market will drop from a third to under 29% during this period. It is anticipated that East Europe will add more

volume sales than West Europe in these three years. What will be of concern to stakeholders in the bottled water industry is the fact that the average price per litre in West Europe is significantly higher than in the developing markets driving future growth.

Part of the slowdown can be attributed to the big four water markets, France, Germany, Italy and Spain, who between them account for more than 8 in every 10 litres sold in the region and more than a quarter of world sales. The second biggest global water market, Germany, will slow from a CAGR of 5.5% between 2001 and 2007 to 3.3%; the Spanish market from 6 to 4.5% and the Italian market from 2.5% to 1.9%. The rest of the world may be drinking more French water, but the French are not. The market looks to have peaked during the scorching summer of 2003 and Canadean expect domestic sales to slip still further. This downturn can be partly attributed to publicity campaigns by the water utility companies in the last two years, with further campaigns underway in 2007.

It is not just the well established water hotspots in the region that will see demand for waters decrease, only the Netherlands and Austria are expected to see acceleration in sales. One of the most pronounced slowdowns will be in the Swedish market, where the debate on the relationship between the environment and packaged water has been a feature of 2007. In neighbouring Denmark, green thinking has prompted legislation which will make PET still water bottles liable to a deposit by mid 2008. If the environmental debate spreads to the rest of West Europe there could be further repercussions for water sales.

It is easy to be cautious and the pace of growth may decelerate, but long term growth still looks to be assured and the long term opportunities remain good in West Europe. With the per capita levels in the region varying so dramatically from 19 in Finland to 202 in Italy, considerable opportunities remain. With such a bullish performance in recent years and such a reliance on four markets, a cooling in demand was probably inevitable.



Canadean's "2007 Global Bottled Water Report" is part of a series of global soft drinks reports on eight separate categories. The reports are compiled using Canadean's extensive global soft drinks databases. For further information contact please contact Debra Richards on Tel: +44 (0) 1256 394227, email: debra.richards@canadean.com or visit www.canadean.com.

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