c&c group plc

RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2016

Dublin, London, 11 May 2016: C&C Group plc ('C&C' or the 'Group'), the premium drinks company, announces results for the 12 months to 29 February 2016 ("FY2016").

FY2016 Financial Highlights

	FY2016	% change
Net Revenue	€662.6m	(3.1%)
EBITDA(v)	€122.6m	(12.4%)
Operating profit(ii)	€103.2m	(10.3%)
Free cash flow(vi)	€126.4m	47.5%
Free cash flow/EBITDA (% conversion)	103.1%	
Basic Earnings per Share (EPS)	14.4 cent	
Adjusted diluted EPS(viii)	24.2 cent	(11.0%)
Dividend per share	13.65 cent	18.7%
Net debt(vii)	€163.0m	3.3%

FY2016 Summary

- Earnings declined 10% to €103.2 million (FY2015: €115.0 million) as guided in the Trading Update issued on 10 March 2016.
- Marketing investment increased by 5.5% to €34.6 million. This despite short term pressure on earnings.
- Free Cash Flow of €126.4 million representing an EBITDA conversion pre-exceptional costs of 103% (FY2015: 61%).
- €115.2 million returned to shareholders through ongoing share buyback (€75.6 million) and dividends (€39.6 million).
- Strong balance sheet with Net Debt of €163.0 million (FY2015: €157.8 million), representing Net Debt/EBITDA of 1.3x at the year end, having accommodated significant capital returns in the period.
- A recommended final dividend increase of 27.4% to 8.92 cent per share. Full year dividend growth of 18.7% and a pay-out ratio of 56.4%, highlighting confidence in both earnings and cash generation.

Performance Overview and Outlook for FY2017

- ***Magners Momentum:*** Magners Original is back in volume and market share growth in the UK. Magners in draught enjoyed year on year growth in the second half of FY2016. Declines in Magners fruit will be less relevant in FY2017 and increased brand investment should further fuel momentum.
- ***Scotland Post Drink Driving Legislation:*** Since lapping the first anniversary of tightened drink driving legislation in December 2015, year on year market trends have returned to normalised run rates. The Tennent's brand is in good health, having delivered a number of innovative digital marketing successes in FY2016.
- ***Improving Cider Retail Data in Ireland:*** In the last quarter of FY2016, cider was resilient within the Irish LAD category. Bulmers rate of sale per point of distribution, the acid test of a brand's strength and durability, remains compelling versus any other competitor cider.
- ***Core Market Business Model Stability:*** After a challenging few years, our brand-led wholesale models in Ireland and Scotland achieved operating stability in FY2016 and start FY2017 focused solely on front end commercial performance.

- ***Developing Success in 'Premium':*** The rise of consumer interest in brand provenance, authenticity and quality is creating incremental value opportunities across all of our markets. In seeking to meet this consumer need, we have delivered a number of successes in FY2016:

    - Heverlee is now the No. 1 Premium Lager in Northern Ireland and pouring in 500 accounts in Scotland.
    - Menabrea, a premium Italian beer, trebled volumes in FY2016 with notable gains from more established Italian beers.
    - Chaplin & Cork's, our boutique Somerset cider, surpassed €1 million in revenues and continues to grow.
    - Growth at Drygate, our craft beer joint venture with Williams Bros. in Glasgow, means we are already at plant capacity.
    - In the Republic of Ireland, Corona delivered underlying growth of over 30% to 80kHL in its first year of distribution under C&C.

- ***Investment for growth:*** C&C remains on track to deliver €15 million of cost savings, the initial benefits of which will start to flow through in FY2017. This cost reduction provides scope for increased marketing investment to drive top-line growth while protecting Group operating margins.

- ***Acceleration of Export:*** Our branded volume grew in double-digits in each of our main export regions in FY2016: Europe, Asia and Australia. The development of the cider category is now attracting the interest of brewers and drinks companies alike. The Group signed new distribution deals with San Miguel (Thailand), Coca Cola Amatil (New Zealand), B2C and ABV (both in South Africa). The partnership with Bacardi in Australia has been extended and Magners Blonde performed well in its first summer 'down under'. More recent deals include a contract with Mahou San Miguel in India for in-market brewing and distribution of Tennent's, including the launch of a 'local' Tennent's IPA. Organic growth and increased distribution are set to accelerate export volume and earnings in FY2017 and beyond.

- ***Partnership With Pabst Brewing Company:*** The last few years have been challenging for our business in Vermont. We are confident that the sales and marketing agreement entered into with Pabst will deliver a return to long-term sustainable growth in the US. The addition of the Pabst brands to our UK and Ireland portfolios will strengthen our consumer and customer offering.

Stephen Glancey, Group CEO, commented:
"Cider is now penetrating deeper into international markets as consumers are attracted to the sweet natural taste. Magners is the original premium apple cider and we are pleased to report growth not only in the UK but across our Export business, where cider grew by 15% over the past 12 months and with momentum sustaining into the current year.

While cider exports support jobs and agriculture in Ireland we recognise that the performance of Tennent's in International markets does the same for Scotland. Our beer business also continues to capitalise on the opportunity in international markets and our Tennent's brand grew last year by 34% as we opened new territories in Asia and Africa. In recent months we have finalised a number of new distribution deals and this will again sustain growth in the current financial year. Around 9% of our own brand volume is now sold internationally, underpinned by growth of 22% per cent in our Export segment in the last year.

In the United States we have entered an exciting new relationship with Pabst Brewing Company, providing deeper sales, marketing and distribution capability and a strong authentic beer portfolio to wrap around Woodchuck and Magners. The US is the home of Craft and in the longer term we believe the quality and authenticity of our hand crafted real ciders combined with Pabst will prove to be compelling for consumers and distributors.

In our domestic businesses in Ireland and Scotland we faced a range of challenges including poor weather, increased competitor dynamics and of course the impact in Scotland of the changes to drink driving regulations. Integration of Gleeson's and Wallace's is now complete and we have a stronger customer focused platform which provides us with a competitive advantage as we build on the relative strengths of our local heroes, Bulmers and Tennent's.

In the wider UK market, Magners Original has delivered both volume and share growth. We have a new marketing campaign this summer and this upweighted investment will support growth. The C&C brands

business has also developed a number of speciality beers and ciders. Volume of Menabrea our Italian beer more than trebled and Heverlee, our Belgium Pilsner, grew by 34%.

We retain a strong balance sheet and our commitment is to deploy capital where we believe it will drive greatest value for shareholders. We returned €115 million to shareholders in FY2016 and our intention is to increase this to over €130 million by mid calendar 2016 under our current share buyback plan. We have also increased our dividend for FY2016 in line with our progressive dividend policy, providing certainty of value for shareholders. While we have returned substantial capital to shareholders during the year, leverage on our balance sheet remains conservative providing financial flexibility within the business. We are positioned to deliver earnings growth and strong cash generation in FY2017."

Conference Call Details | Analysts & Institutional Investors

C&C Group plc will host a live conference call and webcast, for analysts and institutional investors, today, 11 May 2016, at 8.30am BST (3.30am ET). Dial in details are below for the conference call. The webcast can be accessed on the Group's website: www.candcgroupplc.ie

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Pin Code: 33168538#

For all conference call replay numbers, please contact FTI Consulting.

About C&C Group plc

C&C Group plc is a manufacturer, marketer and distributor of branded cider, beer, wine and soft drinks. The Group manufactures Bulmers, the leading Irish cider brand, Magners, the premium international cider brand, Gaymers cider and the Shepton Mallet Cider Mill range of English ciders and the Tennent's beer brand. C&C Group also owns Woodchuck and Hornsby's, two of the leading craft cider brands in the United States. The Group's Irish wholesaling subsidiary, Gleeson Group, owns and manufactures Tipperary Water and Finches soft drinks. The Group distributes a number of beer brands in Scotland, Ireland and Northern Ireland, primarily for Anheuser-Busch Inbev, and owns Wallaces Express, a Scottish drinks wholesaler.

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on pages 17 to 18 that could cause actual results to differ materially from those anticipated.

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Operations Review

IRELAND

Constant Currency[i]	FY2016 €m	FY2015 €m	Change %
Revenue	358.1	409.7	(12.6%)
Net revenue	261.6	292.2	(10.5%)
- Price /mix impact			*(4.3%)*
- Volume impact			*(6.2%)*
Operating profit[ii]	49.0	59.3	(17.4%)
Operating margin (Net revenue)	18.7%	20.3%	(1.6ppt)
Volume – (kHL) Including Gleeson	1,711	1,824	(6.2%)

MARKET INSIGHT

- **Positive consumer sentiment and an improving macroeconomic outlook:** In the 12 months to February 2016, the Republic of Ireland LAD market grew by 0.7% in volume with on-trade decline of 0.5% and off-trade growth of 2.4%. Off-trade value declined by 0.5% as mainstream lager brands sought to drive share gains through pricing[iii].

- **Differentiation:** The emergence of new entrants across the LAD market and the growth of craft brands suggests a consumer now more willing to experiment and try something different. There is no doubt that innovation, authenticity and heritage are more relevant to LAD now than they were two or three years ago, although craft brands appear to command more share of media voice and presence than volume at this stage.

- **Weather:** Through the key summer trading months, the weather was very poor across Ireland with record lows in average temperature. This resulted in big challenges for brands that benefit from 'refreshment' and a tailwind for products with a heavier taste profile. The cider category has been particularly affected with no natural catalyst to switch on consumption throughout the summer. This lack of catalyst had an impact spanning beyond the summer trading months.

C&C PERFORMANCE

The second half of the year showed some modest improvement as the impact of poor weather eased. The absence this year of a trade stock build in the last quarter masks improving underlying trends that point towards a stronger core performance in FY2017. There are some positives to be highlighted in the Northern Ireland results, the emergence of Heverlee and Clonmel 1650 and the success of Corona. Nonetheless, FY2016 was a disappointing year for our Irish team. Own brand LAD volume in the Island of Ireland was down 11.0% with declines in both on and off-trade channels due to the combination of adverse weather and greater competitive intensity. Non-alcohol beverage was down 14.1% with the loss of a number of private label contracts. Third party volume was up 3.9% year on year with the first year of Corona distribution proving to be a success. Overall, the combination of lower volume, a negative mix shift between own and third party brands and stiffer price competition in the off-trade channel meant a decline in net revenue of 10.5%. Savings in distribution and overhead costs were reinvested back into core brands with a 20% increase in investment relative to FY2015. Operating profit[ii] decreased to €49 million and operating margin dropped 1.6ppt to 18.7%.

CIDER

Cider net revenue in the Island of Ireland decreased by 16.0% of which volume accounted for 13.3% and price/mix 2.7%. A very poor summer and increased competition in LAD in the Republic of Ireland resulted in cider performing below the wider LAD market. In addition, a new cider competitor entered the market in the Republic of Ireland. Bulmers brand volume, as a percentage of LAD, slipped from 8.8% last year to 7.9%[iii]. However, we believe the position of the brand remains strong and defendable. The most recent retail data highlights both an improvement in the cider category performance and where the strength of the Bulmers brand rests. The key consumer metric of rate of sale per point of distribution is significantly stronger than any other cider brand and the gap is widening. The Bulmers brand was heavily supported in FY2016 with the 'Not a Moment Too Soon' campaign. Investment will continue in FY2017 with greater emphasis on visibility at the point of purchase and digital media.

BEER

Beer volumes were positive in the year. The recently acquired Corona agency was particularly successful with volume in excess of 80kHL in the first year. The Heverlee brand continued to deliver outstanding results especially in Northern Ireland where volume grew by 67%. The brand has only been in the market three years and is already the number one premium lager. Clonmel 1650 consolidated its position with a solid performance in the Island of Ireland. The Group is focussed on developing a range of niche and premium brands in order to meet evolving consumer tastes and the pipeline of activity for FY2017 is in good shape.

BRAND-LED WHOLESALE

The final elements of transition to a brand-led wholesale model completed during the year. This included further distribution network reconfiguration to improve efficiency. The unified customer services centre is now set up, operational and supporting the Island of Ireland salesforce. The senior management team was refreshed during the year and the impact of distribution contract losses are now largely behind us. The business enters FY2017 with an unrivalled brand portfolio, customer reach and conviction that the brand led wholesale model is the optimum model to meet customer and consumer needs.

For note references to the Operations Review please see page 16.

SCOTLAND

Constant Currency[i]	FY2016 €m	FY2015 €m	Change %
Revenue	339.8	362.6	(6.3%)
Net revenue	227.4	244.1	(6.8%)
- Price /mix impact			*(0.8%)*
- Volume impact			*(6.0%)*
Operating profit[ii]	37.9	42.7	(11.2%)
Operating margin (Net revenue)	16.7%	17.5%	(0.8ppt)
Volume – (kHL)	1,414	1,504	(6.0%)

MARKET INSIGHT

During the financial year, beer volume in Scotland declined by 2%. The on-trade was down 4% while the off-trade decreased by 1%[iii]. The year on year decline in overall consumption is attributable to two factors that should prove short-term in nature:

- **Legislative change:** The tightening of drink driving legislation in December 2014 impacted consumption in the on-trade. The out-of-town, rural, community and sports club sectors appear to have suffered the

impact more than most. Industry data suggests a reduction in consumption of 6% during the first year of the new legislation. Since the anniversary of implementation, on-trade trends have improved and are now back in line with long-term normalised rates.

- **Weather:** Like Ireland, Scotland endured a poor summer through to the end of August with unseasonably cold and wet conditions.

Despite the short-term dip, the fundamentals in Scotland remain as they were from the perspective of Tennent's. There have been no material shifts in customer, competitor or consumer dynamics and the region remains, from an economic perspective, one of the most attractive LAD geographies in Western Europe.

C&C PERFORMANCE

Operating profits[ii] in Scotland declined by 11.2% to €37.9 million. This is a consequence of a reduction in volume of 6.0% and a corresponding decline in Net Revenue of 6.8%.

The main factor in our top line contraction was the implementation of the new drink drive legislation in Scotland and the resulting 6% market impact in the on-trade. Broadly, our Scottish business trended with the market. Our channel mix performance was weaker than in recent years. Historically, we have enjoyed a good run in developing market share within the Independent Free Trade channel. However, the consolidation of the Wallaces Express business during FY2016 caused some disruption to commercial focus and performance in this channel in the first half of the year.

Leaving aside the market and operational headwinds, the health scores on the Tennent's brand are stronger than they have been for many years. The Group increased brand investment on Tennent's in the year and enjoyed resounding success in digital media with the "Wellpark" campaign and T5 five-a-side football platform.

We have worked hard on developing our range of niche and premium products to offer genuine choice to customers and consumers. Heverlee, our authentic hand-crafted premium Belgian lager, continues to make great progress in Scotland with volume growth of 21.3% in the financial year. Menabrea, our premium Italian lager, was seeded in key outlets this year, laying the foundations for future growth.

Integrating the wider Tennent's Caledonian Brewery and Wallaces Express proved to be more time consuming and complex than originally anticipated. But it is now complete and focus is now very much on commercial execution. As with Ireland, the brand-led wholesale model in Scotland offers an outstanding service proposition with unparalleled range, customer reach, order flexibility, sales contact and delivery capability. Backed by a renewed focus on trade lending, there is a lot to be optimistic about in FY2017.

For note references to the Operations Review please see page 16.

C&C BRANDS

Constant Currency[i]	FY2016 €m	FY2015 €m	Change %
Revenue	177.0	198.7	(10.9%)
Net revenue	103.8	116.8	(11.1%)
- Price /mix impact			*0.2%*
- Volume impact			*(11.3%)*
Operating profit[ii]	10.5	10.5	0.0%
Operating margin (Net revenue)	10.1%	9.0%	1.1ppt
Volume – (kHL)	1,273	1,435	(11.3%)

MARKET INSIGHT

Both the beer and cider markets in the UK remain challenging from a brand owner perspective. The seasonality of cider means that it is more weighted to summer and in a poor summer like 2015, cider will suffer more than beer. Volume for the category was down 2% in FY2016 with the off-trade off 3%. Overall value dropped 2%[iii]. The proliferation of LAD brands, excess supply capacity and retailer power inevitably means a low margin environment for big brand owners.

However, over the last 12 months, there have been some changes to these dynamics with the emergence of retailer driven rationalisation in the multiple grocers. This has led to a contraction in ranges, creating a challenge for the later entrants to the category. In this environment, the stronger brands that can drive footfall or command premiums should prevail. At the same time, consumers are generating incremental value opportunities through the increasing desire to trade up via craft, boutique or differentiated products. Whilst the headwinds for mainstream nationally distributed LAD brands will remain challenging, the UK remains a very attractive market for authentic cider brand owners and increasingly for those who have the patience and willingness to invest into the emerging premiumisation trend.

C&C PERFORMANCE

After several years of declining profits as new entrants took share in the cider category and pricing suffered, our core objective in FY2016 was to stabilise C&C Brands. This has been successfully achieved. Operating profits[ii] of €10.5 million for the year are in line with FY2015. The earnings profile is as guided at the start of the year with savings in commercial and distribution costs partially reinvested in price to stabilise Magners brand share performance.

The Magners equity is not quite holding share yet but the core of the proposition, Magners Original, is back in share growth with volume up 1% for the year. The drag effect of draught and fruit will have significantly less impact in FY2017. A number of excellent national account wins contributed to a return to growth for Magners in draught in the second half of the year and the scale of Magners flavours is becoming less relevant to the equity. The brand has good momentum going into the new financial year.

Across the rest of the portfolio there were some positives and negatives. K Cider recovered with volumes up 35% as a more balanced route to market profile helped to rebuild distribution. We are making good progress in niche speciality. Menabrea picked up a number of distribution wins, displacing more established premium Italian Brands in the process. Chaplin & Cork's continues to grow and revenues exceeded €1m in the year. Across other Shepton Mallet brands, performance was more challenging with price deflation on branded products and own label squeezing the space for tertiary brands.

Towards the end of the year the Group announced an agreement with Pabst Brewing Company to distribute their portfolio across the UK and Ireland. We believe the nature of the brands within the Pabst portfolio to be very relevant to emerging retailer and consumer trends in the UK and Ireland. Both parties are excited by the opportunity. Pabst brands should prove to be a great addition to the developing premium C&C portfolio across our domestic markets that now encompasses Corona, Heverlee, Menabrea, Clonmel 1650, Drygate, Chaplin & Cork's as well as the core domestic trio of Magners, Bulmers and Tennent's(iv).

For note references to the Operations Review please see page 16.

NORTH AMERICA

Constant Currency(i)	FY2016 €m	FY2015 €m	Change %
Revenue	47.5	55.8	(14.9%)
Net revenue	45.3	53.2	(14.8%)
- Price /mix impact			*3.2%*
- Volume impact			*(18.0%)*
Operating profit(ii)	0.6	1.7	(64.7%)
Operating margin (Net revenue)	1.3%	3.2%	1.9ppt
Volume – (kHL)	265	323	(18.0%)

MARKET INSIGHT

The cider category was broadly flat in the year with growth in the first half offset by decline in the second half of the year(iii). The key shift in dynamic within the category appears to be a loss of momentum from the commercial cider brands and the emergence of regional and local craft ciders. Directionally, this is a trend that should further premiumise the category. Retailers, distributors and regional/authentic brand owners should benefit via pricing and underlying sustainable category volume growth.

During the year a new category of Alcoholic Root Beer was created in the US which has impacted development of the cider category. Explosive growth delivered retail value slightly below the cider category. The proposition is sweeter than cider. Time will tell whether the phenomenon has any permanence. There is no doubt that it has created a distraction for the commercial cider brand owners as they switch focus onto Alcoholic Root Beer and it is probable that cider consumers are experimenting with the new products.

Anecdotally, the view from the trade appears to be that the stalling of cider growth is temporary in nature and cider will continue to build share of LAD over the long-term. Craft, authenticity, naturalness are all attributes that cider carries and these should eventually prevail over the latest disruptive 'sweetness' fad.

C&C PERFORMANCE

The Group's cider brands have had a challenging year with the portfolio squeezed by slowdown in the category, the greater sales and marketing power of the major international brewers and the impact of a growing number of local craft producers. As a consequence, our share of the category has come under pressure and Woodchuck brand depletions were down 19%.

The Gumption brand proved a success in its first year with volume accounting for 14% of the total Woodchuck range. The style continued to gain listings throughout the year and the business is confident of further growth in FY2017.

Shipments of Magners declined 6% due to our two largest clients in the North East region merging, causing

some operational disruption. Brand performance stabilised in the second half and we ended the year on a more positive note for Magners.

The big US news for C&C in the year was entering into a partnership agreement with Pabst. Under the new arrangements, we retain ownership of the US and import cider brands whilst Pabst take on the sales and marketing of the portfolio. Ownership of the cidery in Vermont stays with us and the brands will continue to be made there. Pabst have an option to acquire the Group's business in the US (excluding any import brand rights) for a price based on a predetermined mechanic.

Both parties are excited by the partnership and confident in the opportunity it presents. Pabst are adding quality, premium, authentic domestic and import ciders to their growing portfolio. C&C are tapping into a significantly upweighted sales and marketing capability.

The partnership arrangement is live from March 2016.

For note references to the Operations Review please see page 16.

EXPORT

Constant Currency(i)	FY2016 €m	FY2015 €m	Change %
Revenue	24.5	21.8	12.4%
Net revenue	24.5	21.3	15.0%
- Price /mix impact			*0.2%*
- Volume impact			*14.8%*
Operating profit(ii)	5.2	4.7	10.6%
Operating margin (Net revenue)	21.2%	22.1%	(0.9ppt)
Volume – (kHL)	178	155	14.8%

MARKET INSIGHT

It is difficult to collate data on worldwide cider trends. The independent view suggests growth of 8%. Given the UK and Ireland are approximately half the world's cider sales and not growing at the moment, this points to export markets for C&C expanding anywhere between 15% and 20% per annum. We are seeing good category development progress in Asia Pacific, Europe and Africa and there are no reasons why the underlying growth trends are likely to change in the near to medium term. Consumers are drawn to cider because of its sweetness, refreshment and authenticity. These attributes should continue to deliver growth via increased penetration and new markets. At this stage, the European and Asian brewers would appear to have more interest in the emerging cider categories than the other major brewers have.

The export market for Scottish alcohol is understandably dominated by a focus on whisky. From what we are learning, the desire for authentic high quality Scottish brands travels across the alcohol space and we are seeing increased potential for the Tennent's brand in new markets.

C&C PERFORMANCE

Export includes all markets outside of the UK, Ireland and North America. FY2016 was a good year for C&C with volume growth of 22% on own brands translating into an operating profit of €5.2m, an uplift of €0.5m relative to last year. Operating margins at 21% are both solid and sustainable. Our export model utilises surplus capacity in efficient plants based in Clonmel and Glasgow, meaning a low cost model that allows for brand investment ahead of the growth curve. 16% of net revenues were reinvested in marketing in FY2016 to drive future growth.

Double digit volume growth was achieved on own brands in all regions.

In Europe, the key markets of Italy and Spain delivered 10% volume growth. Smaller western European cider markets such as France and Portugal accelerated during the year. Our footprint in Eastern Europe stepped up through a new distributor arrangement with Stock Spirits covering Poland and potentially the Czech Republic.

In Asia, volume grew 66% driven by good results coming from Tennent's Charger Lager in India. A contract has now been signed with Mahou San Miguel to brew Tennent's Charger, Tennent's Whisky Beer and a local Tennent's India Pale Ale in India. Towards the end of the year, a new agreement was entered into with San Miguel Brewing Inc for Magners in Thailand. This should significantly increase distribution reach for the brand. Further deals covering a number of Asian countries are in the pipeline for FY2017.

Performance in Australia significantly improved in FY2016 and the relationship with Bacardi has recently been renewed for another three years. The Magners brand grew 39% in volume terms relative to last year. Magners Blonde, a low carbohydrate variant, was launched during the year and shows promising early signs of traction with the Australian consumer. We also concluded a long-term agreement with Coca Cola Amatil, the leading drinks distributor in New Zealand for distribution of Magners and Tennent's brands.

In Africa, two new distributor arrangements were agreed with B2C and ABV covering South Africa. B2C will take on Tennent's whilst ABV will focus on developing our ciders. Early volume performance in Tennent's is ahead of expectations. Distribution options in other African countries are quite narrow and selective at this stage.

The authenticity and provenance of our Irish, English and Scottish cider and beer brands fit well with the consumer opportunities emerging in many markets. Our low cost export model is already delivering decent growth from Magners and Tennent's internationally. The current strengthening of distribution alliances across a number of countries should position us to accelerate the growth and scale of Export within C&C.

For note references to the Operations Review please see page 16.

FINANCE REVIEW

	Year ended 29 February 2016 €m	Year ended 28 February 2015 €m	CC[i] Year ended 28 February 2015 €m	Change %	CC - Change %
Net revenue	**662.6**	683.9	727.6	*(3.1%)*	*(8.9%)*
Operating profit[ii]	**103.2**	115.0	118.9	*(10.3%)*	*(13.2%)*
Net finance costs	**(8.6)**	(8.8)			
Share of equity accounted investees' (loss) after tax	**-**	(0.1)			
Profit before tax	**94.6**	106.1			
Income tax expense	**(13.8)**	(14.6)			
*Effective tax rate**	***14.6%***	*13.7%*			
Profit for the year attributable to equity shareholders[ii]	**80.8**	91.5			
Adjusted diluted EPS[viii]	**24.2 cent**	27.2 cent		*(11.0%)*	
Dividend per Share	**13.65 cent**	11.5 cent		*18.7%*	
Dividend payout ratio	**56.4%**	*42.3%*			

* the effective tax rate is calculated based on the profit before tax excluding the Group's share of equity accounted investees' (loss) after tax.

C&C is reporting net revenue of €662.6 million, operating profit[ii] of €103.2 million and adjusted diluted EPS[viii] of 24.2 cent. On a constant currency[i] basis, net revenue decreased 8.9% and operating profit[ii] decreased 13.2%.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance costs decreased to €8.6 million (2015: €8.8 million)[ii]. While the Group's average drawn debt for the year increased on the prior year the Group benefited from a reduction in interest rates post the negotiation of the Group's 2014 multi-currency facility. In addition, drawn debt during the current financial year was predominately drawn in Euro at more favourable interest rates than those payable in the prior financial year when the drawn debt was predominately denominated in US Dollars.

Net finance costs are also inclusive of an unwind of discount on provisions charge of €0.8 million (2015: €0.9 million).

The income tax charge in the year excluding the credit in relation to exceptional items and equity accounted investees amounted to €13.8 million. This represents an effective tax rate of 14.6%, an increase of 0.9 percentage points on the prior year. The Group is established in Ireland and as a result it benefits from the 12.5% tax rate on profits generated in Ireland. The main reason for the increase in the effective tax rate year on year is due to the fact that the Group had a greater proportion of its overall profits subject to taxation outside of Ireland than in the prior financial year.

Subject to shareholder approval, the proposed final dividend of 8.92 cent per share will be paid on 13 July 2016 to ordinary shareholders registered at the close of business on 20 May 2016. The Group's full year dividend will therefore amount to 13.65 cent per share, an 18.7% increase on the previous year. The proposed full year dividend per share will represent a payout of 56.4% (FY2015: 42.3%) of the full year reported adjusted diluted earnings per share. This increase in both the dividend per share and payout ratio reflects confidence in the stability of earnings and cash generation capability of the core business.

A scrip dividend alternative will be available. Total dividends paid to ordinary shareholders in FY2016 amounted to €39.6 million, of which €34.8 million was paid in cash and €4.8 million or 12.1% (FY2015: 16.2%) was settled by the issue of new shares.

As part of our capital allocation approach the Group undertook share buybacks in FY2016. We invested €76.6 million (including commission and related costs) in on market share buybacks, purchasing 20.85 million shares at an average price of €3.63. Our stockbrokers, Investec and Davy, conducted the share buyback programme. All shares acquired during the current financial year were subsequently cancelled.

EXCEPTIONAL ITEMS

Significant restructuring took place during the year as we moved toward a leaner operating platform in order to improve competitiveness. Costs of €38.4 million were charged in FY2016 which, due to their nature and materiality, were classified as exceptional items for reporting purposes. In the opinion of the Board, this presentation provides a more helpful analysis of the underlying performance of the Group.

The main items which were classified as exceptional include:-

(a) Restructuring costs: Restructuring costs of €18.2 million comprising severance costs of €14.5 million and other costs of €3.7 million. Severance costs primarily arose from the reduction in headcount as a consequence of the recently announced rationalisation of the Group's manufacturing footprint and other smaller reorganisation programmes. Other costs of €3.7 million are directly associated with the restructure of the Group's production sites and provide for anticipated closure costs at Borrisoleigh and Shepton Mallet.

(b) Revaluation of property, plant and equipment: As a consequence of our announced manufacturing rationalisation, the Group engaged external valuers to value the surplus properties in both locations in the current financial year. These valuations resulted in an impairment of €16.0 million accounted for in the Income Statement.

(c) Integration costs: During the current financial year we incurred costs of €3.0 millon primarily in relation to the integration of the previously acquired Wallaces Express with our existing Scottish business.

(d) Acquisition related expenditure: We incurred costs of €0.7 million in assessment and consideration of strategic opportunities during the year.

BALANCE SHEET STRENGTH, DEBT MANAGEMENT AND CASHFLOW GENERATION

Balance sheet strength provides the Group with the financial flexibility to pursue its strategic objectives. It is our policy to ensure that a medium/long-term debt funding structure is in place to provide us with the financial capacity to promote the future development of the business and to achieve its strategic objectives.

The Group has a €450 million multi-currency five year syndicated revolving loan facility, which was negotiated during the prior financial year. The facility agreement provides for a further €100 million in the form of an uncommitted accordion facility and permits the Group to have additional indebtedness to a maximum of €150 million, giving the Group debt capacity of €700 million. The debt facility matures on 22 December 2019. At 29 February 2016 net debt[(vii)] was €163.0 million representing a net debt:EBITDA[(v)] ratio of 1.3:1.

Brand values and goodwill are assessed for impairment on an annual basis by comparing the carrying value of the assets with their recoverable amounts using value-in-use computations. All business segments had sufficient headroom. No reasonable movement in any of the underlying assumptions would result in an impairment in any of the Group's business segments.

CASH GENERATION

Management reviews the Group’s cash generating performance by measuring the conversion of EBITDA[(v)] to Free Cash Flow[(vi)] as we consider that this metric best highlights the underlying cash generating performance of the continuing business.

The Group's performance during the year resulted in an EBITDA[(v)] to Free Cash Flow[(vi)] conversion ratio pre exceptional costs of 103.1% (FY2015: 61.3%). Including exceptional costs, the Free Cash Flow conversion ratio is still exceptionally strong at 92.5% (FY2015: 58.8%). A reconciliation of EBITDA to operating profit/(loss) and a summary cash flow statement is set out below:

RECONCILIATION OF EBITDA[V] TO OPERATING PROFIT/(LOSS)	**2016**	2015	2015 CC[i]
	€m	€m	€m
Operating profit/(loss)	**64.8**	(58.4)	
Exceptional items	**38.4**	173.4	
Operating profit before exceptional items	**103.2**	115.0	118.9
Amortisation/depreciation	**19.4**	24.9	23.0
EBITDA [v]	**122.6**	139.9	141.9

CASH FLOW SUMMARY	**2016**	**2015**
	€m	**€m**
EBITDA [v]	**122.6**	139.9
Working capital	**50.1**	(8.4)
Advances to customers	**(1.1)**	(3.1)
Capital expenditure	**(9.7)**	(21.9)
Disposal proceeds	**0.5**	17.8
Net finance costs	**(5.7)**	(9.1)
Tax paid	**(10.2)**	(12.8)
Exceptional items paid	**(13.0)**	(3.4)
Pension contributions paid	**(6.5)**	(6.4)
Other*	**(13.6)**	(10.3)
Free cash flow[vi]	**113.4**	82.3
Free cash flow conversion ratio	**92.5%**	58.8%
- Exceptional cash outflow	***13.0***	*3.4*
- Free cash flow excluding exceptional cash outflow	***126.4***	*85.7*
- Free cash flow conversion ratio excluding exceptional cash outflow	**103.1%**	61.3%

Reconciliation to Group Condensed Cash Flow Statement

	2016	2015
Free cash flow[vi]	**113.4**	82.3
Proceeds from exercise of share options	**0.5**	1.0
Shares purchased under share buyback programme	**(76.6)**	(30.0)
Drawdown of debt	**25.0**	335.8
Repayment of debt	**(0.1)**	(337.6)
Payment of issue costs	**-**	(2.0)
Acquisition of business/deferred consideration paid	**(3.3)**	(13.6)
Acquisition of equity accounted investees	**-**	(0.5)
Dividends paid	**(34.8)**	(29.5)
Net increase in cash & cash equivalents	**24.1**	5.9

*Other relates to share options add back, pensions charged to operating profit before exceptional items and net profit on disposal of PP&E.

FOREIGN CURRENCY AND COMPARATIVE REPORTING

		FY2016	FY2015
Translation exposure	Euro: Sterling (£)	£0.728	£0.795
	Euro: US Dollars ($)	$1.102	$1.295

As shown above, the effective rate for the translation of results from Sterling currency operations was €1:£0.728 (year ended 28 February 2015: €1:£0.795) and from US Dollar operations was €1:$1.102 (year ended 28 February 2015: €1:$1.295).

CONSTANT CURRENCY CALCULATION FOR YEAR ENDED 29 FEBRUARY 2016 – COMPARATIVE REPORTING

Comparisons for revenue, net revenue and operating profit for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's Sterling and US Dollar denominated subsidiaries by restating the prior year at FY2016 effective rates. Applying the realised FY2016 foreign currency rates to the reported FY2015 revenue, net revenue and operating profit rebases the comparatives as shown below.

	Year ended 28 February 2015	FX Transaction	FX Translation	Year ended 28 February 2015 Constant currency comparative
	€m	€m	€m	€m
Revenue				
Ireland	403.2	-	6.5	409.7
Scotland	332.2	-	30.4	362.6
C&C Brands	182.0	0.3	16.4	198.7
North America	47.5	-	8.3	55.8
Export	21.6	0.2	-	21.8
Total	**986.5**	**0.5**	**61.6**	**1,048.6**
Net revenue				
Ireland	286.9	-	5.3	292.2
Scotland	223.6	-	20.5	244.1
C&C Brands	107.0	0.3	9.5	116.8
North America	45.3	-	7.9	53.2
Export	21.1	0.2	-	21.3
Total	**683.9**	**0.5**	**43.2**	**727.6**

Operating profit[ii]				
Ireland	59.1	(1.0)	1.2	59.3
Scotland	39.2	(0.1)	3.6	42.7
C&C Brands	10.4	(1.0)	1.1	10.5
North America	1.5	(0.1)	0.3	1.7
Export	4.8	(0.1)	-	4.7
Total	**115.0**	**(2.3)**	**6.2**	**118.9**

NOTES TO PRELIMINARY ANNOUNCEMENT

[i] On a constant currency basis; constant currency calculation is set out above.
[ii] Operating profit and profit/finance expense for the year attributable to equity shareholders is before exceptional items.
[iii] Per Nielsen/CGA/IRI data.
[iv] Brands where the Group has sales and marketing responsibility in a domestic operating segment.
[v] EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investees' (loss) after tax. A reconciliation of the Group's operating profit/(loss) to EBITDA is set out on page 14.
[vi] Free Cash Flow ('FCF') is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. FCF highlights the underlying cash generating performance of the on-going business. A reconciliation of FCF to Net Movement in Cash & Cash Equivalents per the Group's Cash Flow Statement is set out on page 14.
[vii] Net debt comprises borrowings (net of issue costs) less cash & cash equivalents.
[viii] Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 8 of the condensed financial statements on page 31.

PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish company law (Statutory Instrument 116/2005 European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the Group and the Company are required to give a description of the principal risks and uncertainties which they face.

The principal risks and uncertainties faced by the Group are set out below. The Group considers that currently the most significant risks to its results and operations over the short term are (a) strategic failures, (b) the potential for consumer preferences to change in our core geographies and (c) failure to attract and retain high-performing employees.

RISKS AND UNCERTAINTIES RELATING TO STRATEGIC GOALS

The Group's strategy is to focus upon earnings growth through organic growth, acquisitions and joint ventures and entry into new markets. These opportunities may not materialise or deliver the benefits or synergies expected and may present new management risks and social and compliance risks. The Group seeks to mitigate these risks through due diligence, careful investment and continuing monitoring and management post-acquisition.

RISKS AND UNCERTAINTIES RELATING TO REVENUE AND PROFITS

Consumers may shift away from larger brands towards more localised, premium and niche products. Through diversification, innovation and strategic partnerships, we are developing our product portfolio to enhance our offering of niche and premium products to satisfy changing consumer requirements.

Seasonal fluctuations in demand, especially an unseasonably bad summer in Ireland could materially affect demand for the Group's cider products. The Group seeks to mitigate this risk through geographical and brand diversification.

Consumer preference may change in our core geographies, new competing brands may be launched and competitors may increase their marketing or change their pricing policies. The Group has a programme of brand investment, innovation and product diversification to maintain and enhance the relevance of its products in the market. The Group also operates a brand-led wholesale model in both geographies with a comprehensive range to meet consumer needs.

The GB off-trade and increasingly the GB on-trade continues to be highly competitive, driven by consumer pressure, customer buying power and the launch of heavily-invested competing products. The Group seeks to mitigate the impact on volumes and margins through developing a focused portfolio approach, innovation, strategic partnerships, the introduction of brand propositions that are in tune with shifting consumer and customer needs and through seeking cost efficiencies.

Customers, particularly in the on-trade where the Group has exposure through advances to customers, may experience financial difficulties. The Group monitors the level of its exposure carefully.

RISKS AND UNCERTAINTIES RELATING TO COSTS AND PRODUCTION

Input costs may be subject to volatility and inflation and the continuity of supply of raw materials may be affected by the weather and other factors. The Group seeks to mitigate some of these risks through long-term or fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.

Circumstances such as the loss of a production or storage facility or disruptions to its supply chains or critical IT systems may interrupt the supply of the Group's products. The Group seeks to mitigate the operational impact of such an event by the availability of multiple production facilities, fire safety standards and disaster recovery protocols, and the financial impact of such an event through business interruption and other insurances.

FINANCIAL RISKS AND UNCERTAINTIES

The Group's reporting currency is the Euro but it transacts in foreign currencies and consolidates the results of non-Euro reporting foreign operations. Fluctuations in value between the Euro and these currencies including, in the case of Sterling, resulting from the heightened risk of the UK leaving the European Union, may affect the Group's revenues, costs and operating profits. The Group seeks to mitigate currency risks, where appropriate,

through hedging and structured financial contracts to hedge a portion of its foreign currency transaction exposure. It has not entered into structured financial contracts to hedge its translation exposure on its foreign acquisitions.

The solvency of the Group's defined benefit pension schemes may be affected by a fall in the value of their investments, market and interest rate volatility and other economic and demographic factors. Each of these factors may require the Group to increase its contribution levels. The Group seeks to mitigate this risk by continuous monitoring, taking professional advice on the optimisation of asset returns within agreed acceptable risk tolerances and implementing liability-management initiatives such as an enhanced transfer value exercise which the Group conducted in FY2016 in relation to its Irish defined benefit pension schemes.

FISCAL, REGULATORY AND POLITICAL RISKS AND UNCERTAINTIES

The Group may be adversely affected by changes in excise duty or taxation on cider and beer in Ireland, the UK, the US and other territories. The Group seeks to mitigate this risk by playing an active role in industry bodies and engaging with governmental tax and regulatory authorities. In Ireland, we engage with the Government in relation to excise duty reductions in support of domestic producers. In the UK, the Group is a board member of the National Association of Cider Makers and a steering committee member of the all-party Parliamentary beer group. In the US, we are active in the United States Association of Cider Makers, which recently has worked to have legislation passed in Washington that implements a revised definition for cider in the US allowing higher carbonation more aligned to European levels.

The Group may be adversely affected by changes in government regulations affecting alcohol pricing, sponsorship or advertising, and product types. Within the context of supporting responsible drinking initiatives, the Group supports the work of its trade associations to present the industry's case to government.

In June 2016 a referendum on UK membership of the European Union is to be held. At the date of this report the outcome cannot be predicted. The economic implications for the Group of a vote in favour of the UK leaving the European Union cannot yet be quantified, but are likely to be mixed. A lengthy period of uncertainty would be unhelpful for forward investment. The Group is carefully monitoring the debate on relevant issues and will monitor its strategy accordingly.

LIABILITY-RELATED RISKS AND UNCERTAINTIES

The Group's operations are subject to extensive regulation, including stringent environmental, health and safety and food safety laws and regulations and competition law. Legislative non-compliance or adverse ethical practices could lead to prosecutions and damage to the reputation of the Group and its brands. The Group has in place a permanent legal and compliance monitoring and training function and an extensive programme of corporate responsibility.

The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in a recall of the Group's products, damage to brand image and civil or criminal liability. The Group has established protocols and procedures for incident management and product recall and mitigates the financial impact by appropriate insurance cover.

Fraud, corruption and theft against the Group whether by employees, business partners or third parties are risks, particularly as the Group develops internationally. The Group maintains appropriate internal controls and procedures to guard against economic crime and imposes appropriate monitoring and controls on subsidiary management.

EMPLOYMENT-RELATED RISKS AND UNCERTAINTIES

The Group's continued success is dependent on the skills and experience of its executive Directors and other high-performing personnel, including those in newly acquired businesses, and could be affected by their loss or the inability to recruit or retain them. The Group seeks to mitigate this risk through appropriate remuneration policies and succession planning.

Whilst relations with employees are generally good, work stoppages or other industrial action could have a material adverse effect on the Group. The Group seeks to ensure good employee relations through engagement and dialogue.

GROUP CONDENSED INCOME STATEMENT

FOR THE YEAR ENDED 29 FEBRUARY 2016

		Year ended 29 February 2016			Year ended 28 February 2015		
		Before exceptional items	**Exceptional items (note 6)**	**Total**	Before exceptional items	Exceptional items (note 6)	Total
	Notes	**€m**	**€m**	**€m**	€m	€m	€m
Revenue	4	**946.9**	**-**	**946.9**	986.5	-	986.5
Excise duties		**(284.3)**	**-**	**(284.3)**	(302.6)	-	(302.6)
Net revenue	4	**662.6**	**-**	**662.6**	683.9	-	683.9
Operating costs		**(559.4)**	**(38.4)**	**(597.8)**	(568.9)	(173.4)	(742.3)
Operating profit/(loss)	4	**103.2**	**(38.4)**	**64.8**	115.0	(173.4)	(58.4)
Finance income		**0.2**	**-**	**0.2**	0.2	-	0.2
Finance expense		**(8.8)**	**-**	**(8.8)**	(9.0)	(0.6)	(9.6)
Share of equity accounted investees' profit/(loss) after tax		**-**	**0.1**	**0.1**	(0.1)	0.1	-
Profit/(loss) before tax		**94.6**	**(38.3)**	**56.3**	106.1	(173.9)	(67.8)
Income tax (expense)/credit		**(13.8)**	**4.9**	**(8.9)**	(14.6)	1.4	(13.2)
Profit/(loss) for the year attributable to equity shareholders		**80.8**	**(33.4)**	**47.4**	91.5	(172.5)	(81.0)
Basic earnings per share (cent)	8			**14.4**			(24.5)
Diluted earnings per share (cent)	8			**14.2**			(24.5)

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Notes	**2016** €m	2015 €m
Other comprehensive income:			
Items that may be reclassified to Income Statement in subsequent years:			
Foreign currency translation differences arising on the net investment in foreign operations		**(20.9)**	76.4
Foreign currency reserve recycled to Income Statement on deemed disposal of equity accounted investee		**(0.1)**	(0.1)
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges		**-**	(3.0)
Gain on revaluation of property, plant & equipment		**-**	5.3
Deferred tax on gain on revaluation of property, plant & equipment		**-**	(0.2)
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial loss on retirement benefit obligations	10	**(5.1)**	(20.7)
Deferred tax on actuarial loss on retirement benefit obligations		**0.6**	2.6
Net (loss)/profit recognised directly within other comprehensive income		**(25.5)**	60.3
Profit/(loss) for the year attributable to equity shareholders		**47.4**	(81.0)
Comprehensive income/(expense) for the year attributable to equity shareholders		**21.9**	(20.7)

GROUP CONDENSED BALANCE SHEET
AS AT 29 FEBRUARY 2016

	Notes	2016 €m	2015 €m
ASSETS			
Non-current assets			
Property, plant & equipment		**180.0**	218.9
Goodwill & intangible assets		**644.1**	652.2
Equity accounted investees		**0.3**	0.9
Retirement benefit obligations	10	**4.7**	3.7
Deferred tax assets		**4.4**	5.0
Trade & other receivables		**46.0**	46.2
		879.5	926.9
Current assets			
Assets held for resale		**10.3**	-
Inventories		**85.9**	93.5
Trade & other receivables		**94.1**	148.2
Cash & cash equivalents		**197.3**	181.9
		387.6	423.6
TOTAL ASSETS		**1,267.1**	1,350.5
EQUITY			
Equity share capital		**3.3**	3.5
Share premium		**127.8**	122.5
Other reserves		**121.0**	141.8
Treasury shares		**(39.2)**	(39.8)
Retained income		**471.8**	545.2
Total equity		**684.7**	773.2
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings		**361.1**	339.7
Derivative financial instruments		**-**	0.2
Retirement benefit obligations	10	**22.7**	37.3
Provisions		**6.3**	8.4
Deferred tax liabilities		**5.5**	6.7
		395.6	392.3
Current liabilities			
Interest bearing loans & borrowings		**0.2**	-
Retirement benefit obligations		**10.0**	-
Trade & other payables		**160.9**	176.1
Provisions		**12.6**	3.8
Current tax liabilities		**3.1**	5.1
		186.8	185.0
Total liabilities		**582.4**	577.3
TOTAL EQUITY & LIABILITIES		**1,267.1**	1,350.5

GROUP CONDENSED CASHFLOW STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016	2015
	€m	€m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year attributable to equity shareholders	**47.4**	(81.0)
Finance income	**(0.2)**	(0.2)
Finance expense	**8.8**	9.6
Income tax expense	**8.9**	13.2
Impairment of intangible assets	**-**	150.0
Profit on share of equity accounted investee	**(0.1)**	-
Revaluation/impairment of property, plant & equipment	**16.0**	13.8
Impairment of investment in equity accounted investee	**-**	2.0
Depreciation of property, plant & equipment	**19.1**	24.6
Amortisation of intangible assets	**0.3**	0.3
Net (profit) on disposal of property, plant & equipment	**(0.2)**	(4.4)
Charge for equity settled share-based payments	**0.5**	0.2
Pension contributions paid less amount charged to Income Statement	**(11.0)**	(8.3)
	89.5	119.8
Decrease/(increase) in inventories	**4.3**	(6.3)
Decrease in trade & other receivables	**45.9**	11.9
Decrease in trade & other payables	**(8.2)**	(15.6)
Increase/(decrease) in provisions	**7.0**	(1.5)
	138.5	108.3
Interest received	**0.2**	0.2
Interest and similar costs paid	**(5.9)**	(9.3)
Income taxes paid	**(10.2)**	(12.8)
Net cash inflow from operating activities	**122.6**	86.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(9.7)**	(21.9)
Net proceeds on disposal of property, plant & equipment	**0.5**	17.8
Acquisition of business	**(3.3)**	(13.6)
Acquisition of equity accounted investee(s)	**-**	(0.5)
Net cash outflow from investing activities	**(12.5)**	(18.2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**0.5**	1.0
Drawdown of debt	**25.0**	335.8
Repayment of debt	**(0.1)**	(337.6)
Payment of issue costs	**-**	(2.0)
Shares purchased under share buyback programme	**(76.6)**	(30.0)
Dividends paid	**(34.8)**	(29.5)
Net cash outflow from financing activities	**(86.0)**	(62.3)

Net increase in cash & cash equivalents	**24.1**	5.9
Cash & cash equivalents at beginning of year	**181.9**	162.8
Translation adjustment	**(8.7)**	13.2
Cash & cash equivalents at end of year	**197.3**	181.9

A reconciliation of cash & cash equivalents to net debt is presented in note 9.

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Equity share capital	Share premium	Capital redemption reserve	Capital reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained income	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 28 February 2014	3.5	115.8	0.5	24.9	7.1	27.6	3.8	(10.3)	679.2	852.1
Loss for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	(81.0)	(81.0)
Other comprehensive income/(expense)	-	-	-	-	-	73.3	5.3	-	(18.3)	60.3
Total comprehensive income/(expense)	-	-	-	-	-	73.3	5.3	-	(99.3)	(20.7)
Dividend on ordinary shares	-	5.7	-	-	-	-	-	-	(35.1)	(29.4)
Exercised share options	-	1.0	-	-	-	-	-	-	-	1.0
Reclassification of share-based payments reserve	-	-	-	-	(0.9)	-	-	-	0.9	-
Joint Share Ownership Plan	-	-	-	-	-	-	-	0.5	(0.5)	-
Shares purchased under share buyback programme	-	-	-	-	-	-	-	(30.0)	-	(30.0)
Equity settled share-based payments	-	-	-	-	0.2	-	-	-	-	0.2
Total transactions with owners	-	6.7	-	-	(0.7)	-	-	(29.5)	(34.7)	(58.2)
At 28 February 2015	3.5	122.5	0.5	24.9	6.4	100.9	9.1	(39.8)	545.2	773.2
Profit for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	47.4	**47.4**
Other comprehensive (expense)	-	-	-	-	-	(21.0)	-	-	(4.5)	**(25.5)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**-**	**-**	**(21.0)**	**-**	**-**	**42.9**	**21.9**
Dividend on ordinary shares	-	4.8	-	-	-	-	-	-	(39.6)	**(34.8)**
Exercised share options	-	0.5	-	-	-	-	-	-	-	**0.5**
Reclassification of share-based payments reserve	-	-	-	-	(0.5)	-	-	-	0.5	**-**
Joint Share Ownership Plan	-	-	-	-	-	-	-	0.6	(0.6)	**-**
Shares purchased under share buyback programme and subsequently cancelled	(0.2)	-	0.2	-	-	-	-	-	(76.6)	**(76.6)**
Equity settled share-based payments	-	-	-	-	0.5	-	-	-	-	**0.5**
Total transactions with owners	**(0.2)**	**5.3**	**0.2**	**-**	**-**	**-**	**-**	**0.6**	**(116.3)**	**(110.4)**
At 29 February 2016	**3.3**	**127.8**	**0.7**	**24.9**	**6.4**	**79.9**	**9.1**	**(39.2)**	**471.8**	**684.7**

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. BASIS OF PREPARATION

The financial information presented in this report has been prepared in accordance with the Listing Rules of the Irish Stock Exchange and the UK Listing Authority and the accounting policies that the Group has adopted under International Financial Reporting Standards (IFRS) as approved by the European Union and issued by the International Accounting Standards Board (IASB) for the financial year ended 29 February 2016.

2. STATUTORY ACCOUNTS

The financial information prepared in accordance with IFRSs as adopted by the European Union included in this report does not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations. Full statutory accounts for the year ended 29 February 2016 prepared in accordance with IFRS, upon which the auditors have given an unqualified report, have not yet been filed with the Registrar of Companies. Full accounts for the year ended 28 February 2015, prepared in accordance with IFRS and containing an unqualified audit report have been delivered to the Registrar of Companies.

The information included has been extracted from the Group's financial statements, which have been approved by the Board of Directors on 11 May 2016.

3. REPORTING CURRENCY

The Group's financial statements are presented in Euro millions to one decimal place. The results of the Group's subsidiaries with non-Euro functional currencies have been translated into Euro at average exchange rates for the year with the related balance sheets consolidated using the closing rate at the balance sheet date. Foreign currency movements arising on restatement of the results and opening net assets of non-Euro functional currency companies at closing rates are recognised in the Currency Translation Reserve via the Statement of Comprehensive Income, together with currency movements arising on foreign currency borrowings designated as net investment hedges and currency movements arising on retranslation of the Group's long-term Sterling and US Dollar intra group loans which are considered quasi equity in nature and part of the Group's net investment in its foreign operations.

The exchange rates used in translating Sterling and US Dollar balance sheet and income statement amounts were as follows:-

		2016	2015
Balance Sheet (closing rate):	Euro: Sterling (£)	**£0.786**	£0.726
Income Statement (average rate):	Euro: Sterling (£)	**£0.728**	£0.795
Balance Sheet (closing rate):	Euro: US Dollars ($)	**$1.091**	$1.121
Income Statement (average rate):	Euro: US Dollars ($)	**$1.102**	$1.295

4. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of alcoholic and soft drinks and five operating segments have been identified in the current period; Ireland, Scotland, C&C Brands, North America and Export.

The Group continually reviews and updates the manner in which it monitors and controls its financial operations resulting in changes in the manner in which information is classified and reported to the Chief Operating Decision Maker ("CODM"). The CODM, identified as the executive directors comprising Stephen Glancey, Kenny Neison and Joris Brams, assesses and monitors the operating results of segments separately via internal management

reports in order to effectively manage the business and allocate resources. The identified reporting segments are as follows:-

(i) Ireland
This segment includes the financial results from sale of own branded products in the Island of Ireland, principally Bulmers, Tennent's, Magners, Clonmel 1650, Heverlee, Caledonia Smooth, Roundstone Irish Ale, Finches and Tipperary Water. It also includes the financial results from beer and wines & spirits distribution and wholesaling following the acquisition of Gleeson, and the results from sale of third party brands as permitted under the terms of a distribution agreement with AB InBev.

(ii) Scotland
This segment includes the results from sale of the Group's own branded beer brands in Scotland, with Tennent's, Heverlee, Caledonia Best and Magners the principal brands. It also includes the financial results from third party brand distribution and wholesaling in Scotland following the acquisition of the Wallaces Express wholesale business.

(iii) C&C Brands
This segment includes the results from sale of the Group's own branded products in England & Wales, principally Magners, Tennent's, Chaplin & Cork's and K Cider. It also includes the distribution of the Italian lager Menabrea and the production and distribution of private label cider products in England & Wales.

(iv) North America
This segment includes the results from sale of the Group's cider and beer products, principally Woodchuck, Magners, Blackthorn, Hornsby's and Tennent's in the United States of America and Canada.

(v) Export
This segment includes the sale and distribution of the Group's own branded products, principally Magners, Gaymers, Blackthorn, Hornsby's and Tennent's outside of Ireland, Scotland, England & Wales and North America. It also includes the sale of some third party brands.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads, which are allocated on a reasonable basis in presenting information to the CODM.

Inter-segmental revenue is not material and thus not subject to separate disclosure.

(a) Reporting segment disclosures

		2016			2015	
	Revenue	**Net revenue**	**Operating profit**	Revenue	Net revenue	Operating profit
	€m	**€m**	**€m**	€m	€m	€m
Ireland	**358.1**	**261.6**	**49.0**	403.2	286.9	59.1
Scotland	**339.8**	**227.4**	**37.9**	332.2	223.6	39.2
C&C Brands	**177.0**	**103.8**	**10.5**	182.0	107.0	10.4
North America	**47.5**	**45.3**	**0.6**	47.5	45.3	1.5
Export	**24.5**	**24.5**	**5.2**	21.6	21.1	4.8
Total before exceptional items	**946.9**	**662.6**	**103.2**	986.5	683.9	115.0
Exceptional items (note 6)	**-**	**-**	**(38.4)***	-	-	(173.4)**
Total	**946.9**	**662.6**	**64.8**	986.5	683.9	(58.4)

* Of the exceptional loss in the current year, €12.9m relates to Ireland, €4.5m relates to Scotland, €19.7m relates to C&C Brands, €1.1m relates to North America and €0.2m relates to Export.
** Of the exceptional loss in the prior year, €1.7m relates to Ireland, €5.8m relates to Scotland, €13.3m relates to C&C Brands, €151.7m relates to North America and €0.9m remains unallocated.

Total assets for the period ended 29 February 2016 amounted to €1,267.1m (2015: €1,350.5m).

(b) Other operating segment information

	2016		2015	
	Capital expenditure €m	**Depreciation/ amortisation/ impairment €m**	Capital expenditure €m	Depreciation/ amortisation/ impairment €m
Ireland	**6.0**	**7.5**	5.3	7.7
Scotland	**1.7**	**6.7**	7.5	9.5
C&C Brands	**0.2**	**2.7**	2.4	9.2
North America	**0.4**	**2.0**	6.6	151.3
Export	**0.5**	**0.5**	0.7	0.5
Total	**8.8**	**19.4**	22.5	178.2

(c) Geographical analysis of revenue and net revenue

	Revenue		**Net revenue**	
	2016 €m	2015 €m	**2016 €m**	2015 €m
Ireland	**358.1**	403.2	**261.6**	286.9
Scotland	**339.8**	332.2	**227.4**	223.6
England and Wales*	**177.0**	182.0	**103.8**	107.0
US and Canada**	**47.5**	47.5	**45.3**	45.3
Other***	**24.5**	21.6	**24.5**	21.1
Total	**946.9**	986.5	**662.6**	683.9

* England and Wales reflects the C&C Brands segment.
** US and Canada reflects the North America segment.
***Other reflects the Export segment, being all other geographical locations excluding Ireland, Scotland, England, Wales, the US and Canada.

The geographical analysis of revenue and net revenue is based on the location of the third party customers.

(d) Geographical analysis of non-current assets

	Ireland €m	**Scotland €m**	**England and Wales* €m**	**US and Canada** €m**	**Other*** €m**	**Total €m**
29 February 2016						
Property, plant & equipment	60.3	67.1	16.1	30.8	5.7	**180.0**
Goodwill & intangible assets	156.2	135.6	189.2	147.1	16.0	**644.1**
Equity accounted investees	-	0.3	-	-	-	**0.3**
Retirement benefit obligations	4.7	-	-	-	-	**4.7**
Deferred tax assets	4.4	-	-	-	-	**4.4**
Trade & other receivables	15.0	29.7	1.3	-	-	**46.0**
Total	**240.6**	**232.7**	**206.6**	**177.9**	**21.7**	**879.5**

	Ireland €m	Scotland €m	England and Wales* €m	US and Canada** €m	Other*** €m	Total €m
28 February 2015						
Property, plant & equipment	64.8	77.4	39.3	31.6	5.8	218.9
Goodwill & intangible assets	156.3	145.1	191.3	143.5	16.0	652.2
Equity accounted investees	-	0.9	-	-	-	0.9
Retirement benefit obligations	3.7	-	-	-	-	3.7
Deferred tax assets	5.0	-	-	-	-	5.0
Trade & other receivables	14.9	29.9	1.4	-	-	46.2
Total	244.7	253.3	232.0	175.1	21.8	926.9

* England and Wales reflects the C&C Brands segment.
** US and Canada reflects the North America segment.
***Other reflects the Export segment, being all other geographical locations excluding Ireland, Scotland, England, Wales, the US and Canada.

The geographical analysis of non-current assets, with the exception of Goodwill & intangible assets, is based on the geographical location of the assets. The geographical analysis of Goodwill & intangible assets is allocated based on the country of destination of sales at date of application of IFRS 8 *Operating Segments* or date of acquisition, if later.

5. CYCLICALITY OF OPERATIONS

Operating profit performance in the drinks industry is not characterised by significant cyclicality. Operating profit before exceptional items for the financial year ended 29 February 2016 was split H1: 61% and H2: 39%.

6. EXCEPTIONAL ITEMS

	2016 €m	2015 €m
Operating costs		
Impairment of intangible assets	**-**	150.0
Restructuring costs	**18.2**	2.8
Acquisition related expenditure	**0.7**	3.7
Revaluation/impairment of property, plant & equipment	**16.0**	13.8
Impairment of investment in equity accounted investee	**-**	2.0
Integration costs	**3.0**	2.2
Profit on disposal of property, plant & equipment	**-**	(0.8)
Other	**0.5**	(0.3)
	38.4	173.4
Finance expense – impairment of derivative financial instruments re investment in equity accounted investee	**-**	0.6
Foreign currency reclassified on deemed disposal of equity accounted investee	**(0.1)**	(0.1)
Total loss before tax	**38.3**	173.9
Income tax credit	**(4.9)**	(1.4)

Total loss after tax	**33.4**	172.5

(a) Impairment of intangible assets
To ensure that goodwill and brands considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment reviews are performed annually or more frequently if there is an indication that their carrying amount(s) may not be recoverable, comparing the carrying value of the assets with their recoverable amount using value-in-use computations. In the prior financial year, as a result of such a review, the Group impaired the value of its intangible assets with respect to the US business by €150.0m.

(b) Restructuring costs
Restructuring costs of €18.2m were incurred in the current financial year. These restructuring costs comprised of severance costs of €14.5m primarily arising from the Group's announced consolidation of its production sites in Borrisoleigh and Shepton Mallet into the Group's manufacturing site in Clonmel and the consequential reduction in staff numbers as a result of programmes during the year across the Group and other reorganisation programmes. Other costs of €3.7m are directly associated with the restructure of the Group's production sites and provide for anticipated closure costs at Borrisoleigh and Shepton Mallet. In the prior financial year the restructuring costs of €2.8m comprised of severance and other initiatives related to the Group's reorganisation programme in England & Wales.

(c) Acquisition related expenditure
In the current financial year the Group incurred professional fees of €0.7m associated with the assessment and consideration of strategic opportunities by the Group during the year. In the prior financial year the Group completed the acquisition of Green Light Brands Ltd., Monuriki Drinks Ltd., and Monuriki Sales and Marketing Ltd., (collectively referred to as "Green Light Brands"), on 19 January 2015, for €3.2m. Also during the prior financial year, the Group incurred €0.5m of costs directly attributable to the preliminary approach of the Spirit Pub Group.

(d) Revaluation of property, plant & equipment
As a consequence of the Group's announced consolidation of its production sites in Borrisoleigh and Shepton Mallet into the Group's manufacturing site in Clonmel as outlined above the Group engaged external valuers to value the surplus properties in both locations in the current financial year. These valuations resulted in an impairment of €16.0m accounted for in the Income Statement.

(e) Integration costs
During the current financial year the Group incurred costs of €3.0m primarily in relation to the continued integration of the previously acquired Wallaces Express with the Group's existing Scottish business. During the prior financial year, the Group incurred external consultancy fees and other costs of €2.2m directly attributable to the integration of Wallaces Express and Gleeson with the Group's existing businesses.

(f) Impairment of investment in equity accounted investee
During the prior financial year, the Group impaired its investment in the Maclay Group plc as a result of the Maclay Group plc entering administration proceedings during the prior financial year. This resulted in the impairment in the Group's investment of €2.0m and the impairment of derivative financial instruments of €0.6m which were accounted for within finance expense.

(g) Profit on disposal of property, plant & equipment
In the prior financial year the Group disposed of land & buildings which were surplus to requirements realising a profit of €0.8m.

(h) Other
During the current financial year the Group incurred costs of €0.5m in relation to a one-off shortage in a key process gas. The business was forced to limit production for a period and incur additional costs in sourcing gas due to a plant failure at a key supplier.

During the financial year ended 28 February 2009, the Group's stock holding of apple juice at circa 36 months of

forecasted future sales was deemed excessive in light of anticipated future needs, forward purchase commitments and useful life of the stock on hand. Accordingly the Group recorded an impairment charge in relation to excess apple juice stocks. During the prior financial year, some of the previously impaired juice stocks were recovered and used by the Group. As a result this stock was written back to operating profit at its recoverable value resulting in a gain of €0.3m.

(i) Foreign currency reclassified on deemed disposal of equity accounted investee
In the current financial year, on 3 August 2015, the Group acquired the remaining equity share capital of Thistle Pub Company Limited. This purchase followed the acquisition of an initial stake in the business in November 2012. Under IAS 28 *Investments in Associates and Joint Ventures* this necessitated the deemed disposal of the Group's initial investment which was classified as an equity accounted investee and the recognition of the acquisition of control of the business under IFRS 3 *Business Combinations*. The Group recognised a cumulative gain of €0.1m in the foreign currency reserve from date of initial investment which was recycled to the Income Statement following the deemed disposal.

In the prior financial year, on 18 March 2014, the Group announced the acquisition of the remaining 50% equity share capital of Wallaces Express Limited. Under IAS 28 *Investments in Associates and Joint Ventures*, this necessitated the deemed disposal of the Group's initial 50% investment which was classified as an equity accounted investee and the recognition of the acquisition of control of the business under IFRS 3 *Business Combinations*. The Group had recognised €0.1m in the foreign currency reserve which was recycled to the Income Statement in the prior financial year following this deemed disposal.

7. DIVIDENDS

	2016 €m	2015 €m
Dividends paid:		
Final: paid 7.0c per ordinary share in July 2015 (2015: 5.7c paid in July 2014)	**23.6**	19.6
Interim: paid 4.73c per ordinary share in December 2015 (2015: 4.5c paid in December 2014)	**16.0**	15.5
Total equity dividends	**39.6**	35.1
Settled as follows:		
Paid in cash	**34.8**	29.5
Accrued with respect to LTIP (Part I) dividend entitlements	**-**	(0.1)
Scrip dividend	**4.8**	5.7
	39.6	35.1

The Directors have proposed a final dividend of 8.92 cent per share (2015: 7.0 cent), to ordinary shareholders registered at the close of business on 20 May 2016, which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 13.65 cent per share (2015: 11.5 cent). Using the number of shares in issue at 29 February 2016 and excluding those shares for which it is assumed that the right to dividend will be waived, this would equate to a distribution of €28.0m (2015: €23.6m).

In order to achieve better alignment of the interest of share-based remuneration award recipients with the interests of shareholders, shareholder approval was given at the 2012 AGM to a proposal that awards made in or after 2012 and that vest under the LTIP (Part I) incentive programme should reflect the equivalent value to that which accrues to shareholders by way of dividends during the vesting period. The current year charge for dividends of €39.6m is net of the release of an accrual of less than €0.1m (2015: release of €0.1m) with respect to LTIP (Part I) dividend entitlements which were accrued in previous years but for which the related LTIP (Part I) award was deemed to have lapsed in the current financial year and hence the related dividend entitlement lapsed.

Total dividends of 11.73 cent per ordinary share were recognised as a deduction from the retained income

reserve in the year ended 29 February 2016 (2015: 10.2 cent).

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at an Annual General Meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

8. EARNINGS PER SHARE

	2016 Number '000	2015 Number '000
Denominator computations		
Number of shares at beginning of year	**348,547**	346,840
Shares issued in lieu of dividend	**1,312**	1,381
Shares issued in respect of options exercised	**146**	326
Shares repurchased and subsequently cancelled	**(20,847)**	-
Number of shares at end of year	**329,158**	348,547
Weighted average number of ordinary shares (basic)*	**329,044**	331,075
Adjustment for the effect of conversion of options	**5,316**	5,731
Weighted average number of ordinary shares, including options (diluted)	**334,360**	336,806

* excludes 16.4m treasury shares (2015: 16.5m)

Profit attributable to ordinary shareholders	**2016 €m**	**2015 €m**
Earnings as reported	**47.4**	(81.0)
Adjustment for exceptional items, net of tax (note 6)	**33.4**	172.5
Earnings as adjusted for exceptional items, net of tax	**80.8**	91.5
Basic earnings per share	**Cent**	**Cent**
Basic earnings per share	**14.4**	(24.5)
Adjusted basic earnings per share	**24.6**	27.6
Diluted earnings per share		
Diluted earnings per share	**14.2**	(24.0)
Adjusted diluted earnings per share	**24.2**	27.2

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (at 29 February 2016: 16.4m shares; at 28 February 2015: 16.5m shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period of the year that the options were outstanding.

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares), which are performance-based are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time and continuous employment. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period (2,244,908 at 29 February 2016 and 2,164,448 at 28 February 2015). If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period.

9. ANALYSIS OF NET DEBT

	1 March 2015	Translation adjustment	Debt arising on acquisition	Cash flow	Non-cash changes	29 February 2016
	€m	€m	€m	€m	€m	€m
Group						
Interest bearing loans & borrowings	**339.7**	**(7.7)**	**2.4**	**24.9**	**1.0**	**360.3***
Cash & cash equivalents	**(181.9)**	**8.7**	**-**	**(24.1)**	**-**	**(197.3)**
	157.8	**1.0**	**2.4**	**0.8**	**1.0**	**163.0**

*Interest bearing loans & borrowings at 29 February 2016 are net of unamortised issue costs of €2.1m of which €1.0m is classified on the balance sheet as a current asset.

	1 March 2014	Translation adjustment	Debt arising on acquisition	Cash flow	Non-cash changes	28 February 2015
	€m	€m	€m	€m	€m	€m
Group						
Interest bearing loans & borrowings	308.0	34.9	-	(3.8)	0.6	339.7
Cash & cash equivalents	(162.8)	(13.2)	-	(5.9)	-	(181.9)
	145.2	21.7	-	(9.7)	0.6	157.8

The non-cash change to the Group's interest bearing loans and borrowings relate to the amortisation of issue costs of €1.0m (2015: €0.6m).

Borrowing facilities

The Group manages its borrowing requirements by entering into committed loan facility agreements.

In December 2014, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility with seven banks, namely Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank, and Ulster Bank, repayable in a single instalment on 22 December 2019. The facility agreement provides for a further €100m in the form of an uncommitted accordion facility and permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150m, subject to agreeing the terms and conditions with the lenders. Consequently the Group is permitted under the terms of the agreement, to have debt capacity of €700m of which €360.4m was drawn at 29 February 2016 (2015: €342.8m).

Under the terms of the agreement, the Group must pay a commitment fee based on 40% of the applicable margin on undrawn committed amounts and variable interest on drawn amounts based on variable Euribor/Libor interest rates plus a margin, the level of which is dependent on the net debt:EBITDA ratio, plus a utilisation fee, the level of which is dependent on percentage utilisation. The Group may select an interest period of one, two,

three or six months.

All non-current bank loans are guaranteed by a number of the Group's subsidiary undertakings. The facility agreement allows the early repayment of debt without incurring additional charges or penalties. All non-current bank loans are repayable in full on change of control of the Group.

The Group's multi-currency debt facility incorporates two financial covenants:

- Interest cover: The ratio of EBITDA to net interest for a period of 12 months ending on each half year date will not be less than 3.5:1

- Net debt/EBITDA: The ratio of net debt on each half year date to EBITDA for a period of 12 months ending on a half year date will not exceed 3.5:1

The Group complied with both covenants throughout the current and prior financial year.

In addition during the current financial year the Group acquired debt following the acquisition of Thistle Pub Company Limited of £1.7m (€2.4m euro equivalent at date of acquisition) of which £1.6m (€2.0m euro equivalent at year end rate) remains outstanding at 29 February 2016 however this outstanding balance was repaid in full post year end.

10. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in April 2007 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the Income Statement.

The defined benefit pension scheme assets are held in separate trustee administered funds to meet long-term pension liabilities to past and present employees. The trustees of the funds are required to act in the best interest of the funds' beneficiaries. The appointment of trustees to the funds is determined by the schemes' trust documentation. The Group has a policy in relation to its principal staff pension fund that members of the fund should nominate half of all fund trustees.

There are no active members remaining in the Executive defined benefit pension scheme (2015: no active members). There are 63 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (2015: 73 active members) and 4 active members in the NI scheme (2015: 4 active members). The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2015 and thereafter for all future pension increases to be awarded on a discretionary basis.

In the current financial year the Group offered deferred members of its two ROI defined benefit schemes an opportunity to transfer out of the schemes, giving the deferred member greater control and flexibility over their pension arrangements. The closing liability of the two ROI defined benefit schemes as at 29 February 2016 is a deficit of €32.7 million and this includes an obligation to pay €10.0 million to deferred members who opted to transfer out of the schemes. This €10.0 million liability is classified as a current liability in the financial statements of the Group as at 29 February 2016. The NI defined benefit pension scheme is reporting a surplus of €4.7 million as at 29 February 2016.

Actuarial valuations – funding requirements

Independent actuarial valuations of the defined benefit pension schemes are carried out on a triennial basis using the attained age method. The most recent actuarial valuations of the ROI schemes were carried out with an effective date of 1 January 2015 while the date of the most recent actuarial valuation of the NI scheme was 31

December 2014. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The funding requirements in relation to the Group's ROI defined benefit pension schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. Arising from the formal actuarial valuations of the main schemes the Group has committed to contributions of 22.2% of pensionable salaries along with a deficit contribution of €3.1m per annum until the next valuation date for the Group's Staff defined benefit pension scheme. Assessment of funding requirements for the Group's Executive defined benefit pension scheme is still ongoing.

The 2014 actuarial valuation of the NI defined benefit pension scheme confirmed it was in surplus. As a result of this valuation the Group has committed to paying £0.1m per annum until the next valuation date. The Directors believe will enable the scheme to meet the Statutory Funding Objective going forward.

The schemes' independent actuary, Mercer (Ireland) Limited, has employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost.
At 29 February 2016, the retirement benefit obligations computed in accordance with IAS19 (R) *Employee Benefits* amounted to a net deficit of €28.0m gross of deferred tax (€32.7m deficit with respect to the ROI schemes and a €4.7m surplus with respect to the NI scheme) and €24.9m net of deferred tax (2015: €33.6m gross and €29.7m net of deferred tax).

The movement in the net deficit is as follows:-

	€m
Deficit at 1 March 2015	33.6
Employer contributions paid	(6.5)
Actuarial loss	5.1
Credit to the income statement	(4.5)
FX adjustment on retranslation	0.3
Net deficit at 29 February 2016	**28.0**

Comprising:	
ROI scheme retirement benefit deficit	32.7
NI scheme retirement benefit surplus	(4.7)
Net deficit at 29 February 2016	**28.0**

The decrease in the deficit from €33.6 million to €28.0 million is primarily driven by the employer contributions of €6.5 million and a gain in the Income Statement of €4.5 million which primarily arises from a settlement gain with respect to deferred members who opted to transfer out of the defined benefit schemes.

All other significant assumptions applied in the measurement of pension obligations at 29 February 2016 are broadly consistent with those as applied at 28 February 2015.

11. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 *Related Party Disclosures* pertain to the existence of subsidiary undertakings and equity accounted investees, transactions entered into by the Group with these subsidiary undertakings and equity accounted investees and the identification and compensation of, and transactions with, key management personnel.

Group Transactions

Transactions between the Group and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

Subsidiary undertakings
The consolidated financial statements include the financial statements of the Company and its subsidiaries. Sales to and purchases from subsidiary undertakings, together with outstanding payables and receivables, are eliminated in the preparation of the consolidated financial statements in accordance with IFRS 10 *Consolidated Financial Statements*.

Equity accounted investees
On 28 November 2012 the group acquired an equity investment in Thistle Pub Company Limited, a joint venture with Maclay Group plc. The Group subsequently acquired the remaining equity share capital of Thistle Pub Company Limited business on 3 August 2015. The Group accounts for Thistle Pub Company Limited as a related party from date of the initial investment, on 28 November 2012, to date of deemed disposal of this initial investment and subsequent acquisition of 100% Thistle Pub Company Limited on 3 August 2015.

On 22 March 2013, the Group acquired 50% of the equity share capital of Wallaces Express Limited, a wholesaler of beverages in Scotland. The Group subsequently acquired the remaining 50% equity share capital of Wallaces Express Limited on 18 March 2014. The Group accounted for Wallaces Express Limited as a related party in the prior financial year from date of the initial 50% investment, on 22 March 2013, to date of deemed disposal of this investment and subsequent acquisition of Wallaces Express Limited on 18 March 2014.

A subsidiary of the Group holds a 33% investment in Shanter Inns Limited with which the Group trades. Transactions between the Group and Shanter Inns are disclosed below.

On 21 March 2012, the Group acquired a 25% equity investment in Maclay Group plc. The Maclay Group plc went into administration during the prior financial year and the Group consequently impaired its investment in this entity, however the Group continues to trade with Maclay Inns Limited (in administration), a 100% owned subsidiary of the Maclay Group plc (in administration) and continues to account for it as a related party.

During the prior financial year, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery.

The Group also holds a 50% investment in Beck & Scott (Services) Limited (Northern Ireland) and a 45.61% investment in The Irish Brewing Company Limited (Ireland) following its acquisition of Gleeson. The Group had no transactions with Beck & Scott (Services) Limited (Northern Ireland) during the financial year, nor had it any transactions with The Irish Brewing Company Limited (Ireland) which is a non-trading entity.

Loans extended by the Group to equity accounted investees are considered trading in nature and are included within advances to customers in Trade & other receivables.

Details of transactions with equity accounted investees during the year and related outstanding balances at the year end are as follows:-

	Net revenue		Balance outstanding	
	2016	2015	**2016**	2015
	€m	€m	**€m**	€m
Sale of Goods to Equity accounted investees:				
Wallaces Express Limited	**n/a**	0.4	**n/a**	n/a
Maclay Group plc	**0.8**	2.2	**-**	0.1
Thistle Pub Company Limited	**0.4**	0.5	**n/a**	0.1
Shanter Inns Limited	**0.3**	0.1	**-**	-
Drygate Brewing Company Limited	**0.3**	-	**0.1**	-
Beck & Scott (Services) Limited	**-**	0.2	**-**	-

	1.8	3.4	**0.1**	0.2

	Balance outstanding	
	2016	2015
	€m	€m
Loans to Equity accounted investees:		
Thistle Pub Company	**n/a**	2.6
Drygate Brewing Company Limited	**2.1**	1.0
Shanter Inns Limited	**0.1**	-

	Purchases		Balance outstanding	
	2016	2015	**2016**	2015
	€m	€m	**€m**	€m
Purchase of Goods from Equity accounted investees:				
Wallaces Express Limited	**-**	0.2	**n/a**	n/a
Drygate Brewing Company Limited	**0.1**	-	**0.1**	-

All outstanding balances with equity accounted investees, which arose from arm's length transactions, are to be settled in cash within one month of the reporting date.

Key management personnel

For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term 'key management personnel', as its executive and non-executive Directors. Executive Directors participate in the Group's equity share award schemes and death in service insurance programme and in the case of UK resident executive Directors are covered under the Group's permanent health insurance programme. The Group also provides private medical insurance for UK resident executive Directors. No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments or post employment benefits.

Details of key management remuneration are as follows:-

	2016	2015
	Number	Number
Number of individuals	**10**	10
	€m	€m
Salaries and other short term employee benefits	**2.9**	2.4
Post employment benefits	**0.3**	0.3
Equity settled share-based payments	**-**	(0.6)
Dividend income with respect of JSOP Interests	**0.4**	0.5
Total	**3.6**	2.6

The relevant disclosure of Directors remuneration as required under the Companies Act, 2014 is as outlined above.

Two of the Group's executive Directors were awarded Interests under the Group's Joint Share Ownership Plan (JSOP). When an award is granted to an executive under the Group's JSOP, its value is assessed for tax purposes with the resulting value being deemed to fall due for payment on the date of grant. Under the terms of the Plan, the executive must pay the Entry Price at the date of grant and, if the tax value exceeds the Entry Price, he must pay a further amount, equating to the amount of such excess, before a sale of the awarded Interests. The deferral of the payment of the further amount is considered to be an interest-free loan by the Company to the executive and a taxable benefit-in-kind arises, charged at the Revenue stipulated rates (Ireland 13.5% from 1 January 2013 and UK 3.25% to 5 April 2015 and 3.0% from 6 April 2015). The balances of the loans outstanding to the executive Directors in the context of the above as at 29 February 2016 and 28 February 2015 are as follows:

	29 February 2016	28 February 2015
	€'000	€'000
Stephen Glancey	**111**	111
Kenny Neison	**83**	83
Total	**194**	194

The loans fall due for repayment prior to the sale of their awarded Interests.