c&c group plc

C&C Group plc
RESULTS FOR THE 12 MONTHS ENDED 28 FEBRUARY 2018

Dublin, London, 16 May 2018: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded cider, beer, wine, soft drinks and bottled water announces results for the 12 months ended 28 February 2018 ("FY2018").

FY2018 Financial highlights €m except per share items	FY2018 Pre-exceptionals	FY2017 Constant f/x(i) as restated(ii)	Change(i) %	FY2017 Reported as restated(ii)
Net revenue	**548.2**	576.2	(4.9%)	596.5
Adjusted EBITDA(iii)	**100.4**	107.2	(6.3%)	110.0
Operating profit(iv)	**86.1**	92.6	(7.0%)	95.0
Operating margin	***15.7%***	*16.1%*	*(40bps)*	*15.9%*
Adjusted diluted EPS(v) (cent)	**22.0**	23.2	(5.2%)	23.8
Dividend per share (cent)	**14.58**		+1.7%	14.33
Free cash flow (excl. exceptionals)(vi)	**70.8**			58.3
Free cash flow(vi)/Adjusted EBITDA(iii) (% conversion)	**70.5%**			53.0%
Net debt(vii)	**237.6**			170.6

Financial overview

- Results in line with analyst expectations, despite weather disruption across the sector.
    - Strong performance from Tennent's, Magners, premium and wholesale businesses in Great Britain (GB).
    - Competitive pressure in Ireland, one-off AB InBev impacts and currency (€2.4 million) negatively impacting the Group's reported revenue and profit performance in the year.
- Comparable operating margins decreased 40bps(i) to 15.7% driven by brand investment and business mix.
- Strong free cash flow(vi) of €70.8 million and cash conversion 70.5% of Adjusted EBITDA(iii).
- Exceptional items before tax were €7.0 million (FY2017: €150.1 million) and the Group's pension schemes returned to a surplus of €1.0 million (FY2017: €17.8 million deficit).
- Strong balance sheet with Net debt(vii)/EBITDA(iii) at February 2018 of 2.37x, after a year of strategic investment.
    - €42 million investment in Admiral Taverns and a further €11 million on craft brands.
    - Returned €78 million to shareholders through a combination of share buybacks and dividends.
- Following the acquisition of Matthew Clark the focus will be to de-lever the Group to the medium term target of 2x Net Debt(vii)/EBITDA(iii).
- Final dividend of 9.37c per share, taking total dividend for the year to 14.58c, an increase of 1.7%.

- Current trading in line with expectations.

Strategic overview

- Significantly strengthened route-to-market access across the UK through Admiral Taverns investment (December 2017) and Matthew Clark Bibendum acquisition (April 2018).

- Good momentum through first year of AB InBev cider distribution agreement.

- Strengthened craft portfolio with the acquisition of Orchard Pig cider in the UK and a further investment in the Five Lamps brewery in Dublin.

Operational overview

- Resilient performance across our branded portfolio in GB and Ireland.
    - Total C&C branded volumes +0.3%; revenues +0.8%[viii] .
    - Branded beer portfolio outperforming the market: volumes +1.3%; revenues +6.5%.

- Strong performance in our GB businesses.
    - Investment behind Tennent's is driving share growth and revenues +5%, on flat volumes.
    - Wholesale is growing customers +2%, volumes +3% and revenues also up, wine volumes particularly strong +4%. Share of sales captured online 23.9% (FY2017: 14.3%)
    - Magners +9% in second half (H1'18: -6%) driven by new listings in impulse, wholesale and draught channels.

- Strong organic growth in super-premium and craft with volumes +41% across our portfolio.
    - Super-premium and craft portfolio now contributes 108kHL of volumes, revenues of €15.7m and 5,691 off-trade distribution points across UK (March 17: 350).

- In Ireland, the new marketing campaign for Bulmers Original under the tag-line "100% Irish" increased brand affinity and brand salience scores for Bulmers by 8ppts[x] .
    - C&C's share of off-trade cider increased to 57% (February 2017 MAT: 56%)[ix]
    - Bulmers brand family (including Outcider) share in on-trade packaged remains robust at 85% (MAT February 2018)[ix], but Bulmers overall brand volumes were -6%, reflecting reduced draught distribution.
    - Good year in craft and super-premium: Five Lamps doubled volumes, launch of Dowd's Lane.

- Growth in International volumes +2% (ex. US), from increasing distribution through proven international partners.
    - In the US, volumes in double-digit decline, but signs of sector stabilisation. Resumed full responsibility for our US brands from Pabst from 1 April 2018.

- Admiral Taverns trading in line with expectations.
    - Comparable EBITDA +0.8% in three months to February 2018; contributing €1.1m of after tax associate income since acquisition.

Stephen Glancey, C&C Group CEO, commented:

"FY2018 was a significant year of progress for the Group, both in terms of strategic development as well as improved underlying performance. While the trading environment in our key markets of the UK and Ireland remained challenging, our branded portfolio returned to volume and revenue growth, outperforming the broader LAD market.

Our Scottish businesses excelled this year, with Tennent's driving share growth and revenues of +5%, benefiting from continued investment in social media, sponsorship and new fount roll-out programme. Our Tennent's wholesale distribution business in Scotland also performed strongly. Customer numbers, volumes and revenues were all up, driven by the Group's procurement scale helping deliver value to customers and excellent service levels.

The expansion of our distribution agreement with AB InBev for our cider portfolio in the UK gained momentum, through its first year. Incremental on-trade and wholesale distribution points for Magners yielded positive results in H2'18. Our investment in Admiral Taverns further enhances our route-to-market across the UK. We completed the investment in December 2017 and trading to date is in line with our expectations.

In Ireland, Bulmers brand investment helped boost our brand health scores with our key target demographic of 18-24 year olds as well as grow share in the off-trade and hold share in packaged on-trade, but competitive pressures remain in draught[x]*.*

FY2018 saw another year of strong performance for our craft and super-premium brand portfolio, with Menabrea increasing volumes by +53% and Heverlee by +35%. We strengthened our portfolio increasing our investments in the Dublin craft brewery – Five Lamps and the Somerset craft cider brand – Orchard Pig.

These craft investments, together with Admiral totalled €53 million. We also returned €78 million to shareholders through a combination of share buybacks and dividends.

With Net Debt[vii]*/EBITDA*[iii] *of 2.37x at 28 February 2018, leverage at year end remained low. This enabled us to move quickly and opportunistically for Matthew Clark Bibendum, which we acquired post year end out of the administration of Conviviality Plc. Matthew Clark Bibendum, is the largest independent distributor to the UK on-trade. With unparalleled on-trade market access, a wide range of supplier relationships, and supported by a skilled and loyal employee base, this is a business we know well. A strategically important acquisition for C&C, this greatly enhances our route-to-market in the UK on-trade. Significant progress has already been made in stabilising the business. We look forward to working with our new colleagues in restoring the Group's position as one of the leading and most respected drinks suppliers in the UK hospitality sector.*

In terms of outlook, trading in March and April for C&C Group has been in line with expectations, and we are confident in our outlook".

Summary notes to highlights pages and Operational Review are set out below.

(i) FY2017 comparative adjusted for constant currency (FY2017 translated at FY2018 F/X rates) as outlined on page 18.

(ii) In anticipation of the implementation of IFRS 15 *Revenue from Contracts with Customers* from 1 March 2018, management has examined the accounting for revenue on contract manufacturing activities. Management has determined that income from such arrangements, previously netted from operating costs, should more appropriately be recorded gross, as revenue. Accordingly, management have changed the classification of such income in the Income Statement for the year ended 28 February 2018. In the current year, the amount recorded that would have been netted from operating costs was €36.5m and accordingly, in the prior year Income Statement line items have been restated as follows: gross revenue has increased by €42.7m, excise duties have increase by €5.7m, and net sales revenue and operating costs have increased by €37.0m. Further details are provided in Note 13 to these preliminary results. The restatement has no impact on net income or net assets for the prior year.

(iii) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation and amortisation charges. A reconciliation of the Group's operating profit to Adjusted EBITDA is set out on page 17.

(iv) Before exceptional items of €7.0m on a before tax basis.

(v) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 6 of the condensed financial statements.

(vi) Free Cash Flow ('FCF') is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows/(inflows) which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. A reconciliation of FCF to Net Movement in Cash per the Group's Cash Flow Statement is set out on page 17.

(vii) Net debt comprises borrowings (net of issue costs) less cash.

(viii) Includes first year benefit of Orchard Pig acquisition in April 2017, which contributed volumes of 32.7kHL and net revenues of €4.1.

(ix) Nielsen Ireland Databases – ROI total cider category volumes as at February 2018.

(x) Company commissioned market research conducted by Ipsos MRBI (2015) and Behaviour & Attitudes in 2017

Conference call details | Analysts & Institutional Investors
C&C Group plc will host a live conference call and webcast, for analysts and institutional investors, today, 16 May 2018, 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.

Ireland:	+ 353 1 431 1252
Europe:	+ 44 333 300 0804
USA:	+ 1 631 913 1422
Passcode:	**79170102#**

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

About C&C Group plc

C&C Group plc is a premium drinks company which owns, manufactures, markets and distributes branded beer, cider, wine, soft drinks and bottled water. C&C Group brands include: Bulmers the leading Irish cider brand; Tennent's, the leading Scottish beer brand; Magners the premium international cider brand; as well as a range of super-premium and craft ciders and beers. C&C Group also owns and manufactures Woodchuck, a leading craft cider brand in the United States and manufactures and distributes a number of 3rd party international beer brands in Scotland and Ireland. C&C is also a leading drinks wholesaler in the UK and Ireland, where it operates under the Matthew Clark, Bibendum, Tennent's and C&C Gleeson brands. C&C Group has a minority investment in the Admiral Taverns tenanted pub group, which owns over 850 pubs across England & Wales. C&C Group is headquartered in Dublin with manufacturing operations in Co.Tipperary, Ireland; Glasgow, Scotland; and Vermont, US. C&C Group plc is listed on the Irish and London Stock Exchanges.

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 page 20 that could cause actual results to differ materially from those anticipated.

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OPERATING REVIEW

Great Britain

€m			Great Britain						
Constant currency(i)	FY2018			FY2017			Change %		
	Scotland	C&C Brands	GB	Scotland	C&C Brands	GB	Scotland	C&C Brands	GB
Revenue	307.5	152.3	**459.8**	294.9	145.8	**440.7**	+4.3%	+4.5%	**+4.3%**
Net Revenue	211.5	81.2	**292.7**	201.7	84.6	**286.3**	+4.9%	(4.0%)	**+2.2%**
- Price / mix impact							*+6.0%*	*(2.6%)*	**+3.5%**
- Volume impact							*(1.1%)*	*(1.4%)*	**(1.3%)**
Operating profit(ii)	32.6	6.9	**39.5**	31.0	7.0	**38.0**	+5.2%	(1.4%)	**+3.9%**
Operating margin	*15.4%*	*8.5%*	***13.5%***	*15.4%*	*8.3%*	***13.3%***	*0bps*	*+20bps*	***+20bps***
Volume – (kHL)	1,378	1,198	**2,576**	1,394	1,216	**2,610**	(1.1%)	(1.5%)	**(1.3%)**
- of which Tennent's			**1,017**			**1,019**			**(0.2%)**
- of which Magners			**520**			**518**			**+0.4%**

Market insight

UK economic growth slowed during the calendar year 2017, as rising inflation and negative real wage growth dampened consumer spending and impacted broad swathes of the consumer and retail sectors. LAD markets demonstrated their resilience with volumes flat for GB cider and -1% for lager, but value up 2-3% across each category as firmer pricing and premiumisation trends continued across the sector(iii).

Within this, premium and speciality categories outperformed standard and the off-trade outperformed the on-trade(iii). Off-trade volumes were broadly flat, but on-trade was negative(iii) driven by adverse weather and the growth seen in previous periods, particularly in city centre and food-led pubs, reversing.

In Scotland, the final legal challenges against the introduction of minimum unit pricing legislation were dismissed in November 2017 and the Scottish Government enacted the legislation for 1st May 2018 implementation. C&C has been supportive of this legislation since inception and believes it is an important step in tackling the social and human cost of problem drinking, particularly amongst Scotland's poorest and most vulnerable communities.

In the UK, the cider category remains competitive. However, some rationalisation is occurring within the category as major international brewing groups switch their focus from developing their own cider brands towards greater collaboration with established players.

Operational performance

Tennent's

The Tennent's brand has had a very strong year, benefitting from continued investment in social media, product innovation, sponsorship and new fount roll-out programme. Brand volumes were flat, outperforming a total beer market that was down -2%(iii) despite several periods of highly disruptive winter weather. In the important independent free trade in Scotland we grew customers, share and value. Off-trade volumes were up +3% again taking share. Brand investment and innovation in pack design also helped drive a strong net sales rate performance, reflecting premiumisation and a marked price/mix improvement. Accordingly, net sales revenues for the Tennent's brand for the period were up 5.3% in GB(iii).

We completed the roll-out of over 5,000 new Tennent's founts across the Scottish on-trade. The new founting produced increased rate of sale in a sample of participating stockists of 2.8%[iv] and helped drive outperformance against peers and the market. Our social media activity in Tennent's continues to win both share of mind with Scottish consumers and industry awards. Tennent's retained its No.1 ranking in Scotland in the YouGov purchase intent index, improving 2.1 points over 2017[v].

Wholesale distribution

Operational and financial performance at our Tennent's wholesale distribution business in Scotland strengthened throughout the year. Customer numbers are up +2% year-on-year, together with some larger account wins. Volumes were up 3.0% for the year (H1'18: +1%), with revenues ahead by more, reflecting improved mix and price inflation across third party brands. Success has been driven by leveraging the Group's procurement scale to deliver value to customers, excellence in service levels, including a streamlined ordering process with on-line ordering now accounting for 24% of volumes (FY2017: 14%).

This positive performance includes another strong year from our specialist wine business in Scotland which was up +4% in the year, led by our on-trade, own label business.

Magners and UK cider portfolio

In April 2017, Magners and our portfolio of English cider brands transitioned to new distribution arrangements with AB InBev. After a slow start, Magners volumes have gathered momentum through the second half +9% (H1'18: -6%). Overall Magners volumes are flat for FY2018, a good performance in a year of transition and against some very strong comparatives (FY2017: +12.8%).

It is still early days but there is already clear evidence of the long-term opportunity for our brands under this new distribution partnership. Magners SKUs performed well in range reviews in the year with the major supermarket groups. Moreover, new distribution listings have been achieved in the convenience channel (Magners is +12% in Nielsen MATs to February 18 for Impulse), amongst wholesalers and in draught (Magners Original draught volumes are +20% year-on-year).

Craft and super-premium

Our craft and super-premium brands had another strong year of both organic and acquisitive growth in Scotland and across the rest of Great Britain. We launched Heverlee, our Belgian lager, in the Scottish off-trade in August in 660ml bottle and 330ml can. The brand was the fastest growing new launch in Tesco in that period and distribution has already been extended to the rest of the UK. The success demonstrates the value of the C&C model where our core brand strength and distribution network enables us to build brand momentum in the on-trade, before launching successfully into the off-trade.

Menabrea increased volumes by +55% to 18kHL in GB, achieving good growth across national on and off-trade accounts, casual dining as well as the Scottish IFT. Heverlee was +33% and Drygate our Scottish craft joint venture, was +74%. Off-trade distribution across the UK has increased dramatically with four of our super-premium brands (Heverlee, Menabrea, Pabst and Caledonia Ales) now securing 5,691 off-trade distribution points between them, up from just 350 in March 2017.

We strengthened our craft portfolio in the period completing the purchase of Orchard Pig in April 2017, having originally invested in the business in 2012. Orchard Pig is a fast-growing craft cider brand based in Somerset which has built a strong consumer franchise and an impressive distribution footprint across the on and off-trade, particularly in London and the Southeast of England. Orchard Pig contributed 33kHL in the 10 months to February 2018 and grew comparable volumes at +41% over the last 12 months. The brand's super-premium and craft credentials complement C&C Group's existing international and regional cider brand portfolio. From March 2018, we brought Orchard Pig within our distribution agreement for UK cider with AB InBev to further enhance its footprint.

Admiral Taverns

On 4th September 2017, we announced a joint venture investment in Admiral Taverns, an award-winning leading tenanted pub company, with c. 850 pubs across England and Wales. The investment was £37 million (€42 million) for a 47% equity stake in the business in partnership with a private equity firm Proprium Capital and Admiral management. The investment completed on 6 December 2017, simultaneously with an acquisition by Admiral Taverns of a further 17 pubs from Heineken's Star Pubs & Bars Division.

Against a backdrop of an increasingly challenging market and softening consumer confidence trading at Admiral's predominantly wet-led pubs has been resilient and in line with plan. Comparable EBITDA(x) for the three months to February 2018 is up 0.8%. EBITDA(x) for the 12 months ended 28 February 2018 was £23.7m (February 2017: £24.4m), including the known impact of a new distribution agreement with KNDL signed in 2017. Admiral is accounted for as an associate of C&C and it contributed €1.1m of after tax associate income to the Group profits in the three months from completion to end February 2018.

We are working closely with the management team at Admiral to identify appropriate opportunities for our brands.

Financial performance

The strong divisional revenue and profit uplift were driven by our Scottish business, in particular the improvement in Tennent's rate, a positive volume and price/mix in wholesale and continued high growth and margins at our craft and super-premium portfolio.

Our total branded volumes in Great Britain were up 1.9%, including the part-period contribution from Orchard Pig, a strong organic performance from our super-premium and craft portfolio and stable volumes at our core UK brands of Magners and Tennent's. Margins at our Scottish businesses remained broadly flat given increased investment in Tennent's founts and investment in price within our wholesale business.

The volume and revenue performance in our Great Britain division was also impacted in the year by the withdrawal from certain own-label contracts following the sale of Shepton in 2016 and a weaker performance by AB InBev beer brands. Own label and AB InBev beer volumes and revenues were down in aggregate 72kHL of volume; £5.6m (€6.3m) of net revenue in the period.

Ireland

€m Constant currency[i]	FY2018	Ireland FY2017 Underlying*	Change %	FY2017 CC[i]
Revenue	**312.1**	326.6	(4.4%)	341.5
Net revenue	**215.0**	227.6	(5.5%)	242.5
- Price / mix impact			*+0.3%*	
- Volume impact			*(5.8%)*	
Operating profit[ii]	**40.1**	43.0	(6.7%)	48.0
Operating margin (Net revenue)	***18.7%***	*18.9%*	(20bps)	19.8%
Total volume – (kHL)	**1,324**	1,405	(5.8%)	1,599
- of which Bulmers – (kHL)	***386***	*409*	*(5.6%)*	*409*

** Underlying FY17 comparatives adjusted for: (i) constant currency[i] (FY2017: revenues €3.5 million, net revenues €2.9 million; operating profit €0.7 million); (ii) the impact of certain AB InBev beer volumes in Ireland in the comparative period which transferred to direct supply under the terms of our revised distribution arrangements with AB InBev (FY17: volumes 194kHl; revenues €14.9 million; net revenues €14.9 million; operating profit €5.0 million).*

Market insight

Macro-economic indicators continued to strengthen through the year in the Republic of Ireland, despite the uncertainty surrounding Brexit. However, economic expansion remains concentrated in the major urban areas, with consumer spending in rural areas more subdued. Against strong comparatives buoyed by the European Championships and better weather, the LAD market was down -1.2%[iii] (MAT at February 2018), with cider faring slightly better at -0.5%[iii]. These weaker volumes were most keenly felt in the on-trade, with the both LAD and cider categories down c.-3%[iii], in part due to increased competition from other drinks categories, particularly premium spirits. On-trade LAD volume declines were mitigated by growth in off-trade and a firmer pricing environment.

In Northern Ireland, the squeeze on consumer spending from falling real wage growth was felt across the hospitality industry, with on-trade LAD volumes down significantly year-on-year[iii].

The competitive landscape across the Island of Ireland remains intense with significant new product launches by major international brewers across beer and cider, heightening competition for bar space and consumer attention.

Operating performance

Cider – ROI

During the year we significantly increased our investment behind the Bulmers brand. This included the launch of *Outcider* by Bulmers, and a new marketing campaign for Bulmers Original under the tag-line "*100% Irish*". Both have been well received by Irish consumers and customers. Brand affinity and brand salience scores for Bulmers increased with our key target demographic of 18-24 year olds by 8ppts on each measure, to 40% and 54%[vi], respectively. Prompted awareness is now 98% [vi]. *Outcider* has taken a 2% share of cider in the off-trade in its first 12 months[iii].

C&C grew its share of off-trade cider to 57% MAT February 2018 (February 2017: 56% MAT)[iii]. Within this, Bulmers family (including Outcider) held its share of off-trade at 47%[iii]. The off-trade channel accounts for 61% of cider volumes in the Republic of Ireland and 35% by value[iii].

In the on-trade Bulmers still enjoys a significant distribution and rate of sale advantage over all competitors. Bulmers on-trade market share[iii] in packaged remains solid at 85% MAT February 2018 (February 2017: 88%)[iii], while share in draught softened as a result of reduced distribution to 69% MAT February 2018 (February 2017: 77%)[iii]. On-trade packaged accounts for 28% of cider volumes and 47% by value[iii]. On-trade draught 11% of volumes and 17% by value[iii].

Overall, on and off-trade volumes for the Bulmers brand family were 6% down on last year, but should be considered against a strong brand performance in the comparative period +3% and the reduction in the on-trade cider category of -3%[iii].

We invested an additional €3 million in ATL activity on the Bulmers brand in the year. The marketing focus will now progress onto more in-pub activation and a further refinement of the pint bottle livery to enhance standout. In addition, we improved our trading strategies in the on-trade, creating a focussed key brands sales team for the Dublin area and targeting marquee lost accounts.

Craft and super-premium

Our craft and super-premium portfolio had another good year in Ireland. We increased our financial investment in the Five Lamps brewery in Dublin. The brand is now in 303 pubs across Ireland (+86% year-on-year), with a further 250 installs targeted for FY2019. To complement the Five Lamps range of craft lagers we launched our Dowd's Lane range of traditional craft Ales, Stouts and Cider. The combined Five Lamps/Dowd's Lane business is among the largest craft businesses in Ireland. Heverlee, our premium Belgian lager, had another strong performance with volumes +17.7% including the successful launch of a 660ml bottle for the off-trade.

Tennent's NI

Despite particularly poor summer weather, and a more challenging consumer backdrop, our core Northern Irish business performed satisfactorily with volumes and revenues ahead of last year and outperforming the broader LAD market.

Wholesale

The performance of our C&C Gleeson wholesaling business improved through the year, with a strengthened management team leveraging off the procurement synergies of the C&C Group, for the ultimate benefit of customers. Volume losses in the first half moderated to a flat year-on-year performance in Q4. Our wine business, was up 3% in the year at over 80kHL, benefitting from our distribution rights in Ireland for Blossom Hill, Santa Rita and Castella.

Financial performance

The financial performance of the Ireland division was principally impacted by the revised terms of our distribution agreement with AB InBev for their beer portfolio in Ireland, as well as reduced volume and margin performance in Bulmers.

As anticipated, the new distribution terms on AB InBev beer resulted in the loss of a number of wholesaler accounts in Ireland which reverted to direct supply. These accounts had contributed volumes, revenues and profits of 194kHL, €14.9 million and €5.0 million respectively in the prior period and therefore accounts for a significant part of the division's reported volume, revenue and operating profit declines in the period.

On an underlying basis the performance of the division was primarily impacted by Bulmers, where the volume decline of 6% resulted in reduced revenues and profits, with rate and margin also softening as a

result of adverse channel mix. In addition, there were negative performances in our lower margin own label and Gleeson's drinks distribution businesses. Divisional margins were down 20bps at 18.7% on an underlying basis (down 110bps on a constant currency reported basis) due to increased brand investment in and negative channel mix impact in Bulmers, mitigated by overhead cost reductions and improved business mix away from own label and third party distribution.

While the timing of Christmas provided a modest boost to the trade, several days trading were lost in the second half due to disruptive winter weather.

International

€m	International								
Constant currency[i]	FY2018			FY2017			Change %		
	Export	North America	Int'l	Export	North America	Int'l	Export	North America	Int'l
Revenue	22.0	19.6	**41.6**	23.6	25.3	**48.9**	(6.8%)	(22.5%)	**(14.9%)**
Net Revenue	21.9	18.6	**40.5**	23.5	23.9	**47.4**	(6.8%)	(22.2%)	**(14.6%)**
- Price / mix							*(9.0%)*	*(2.8%)*	***(3.5%)***
- Volume							*+2.2%*	*(25.0%)*	***(11.1%)***
Operating profit[ii]	5.1	1.4	**6.5**	5.9	0.7	**6.6**	(13.6%)	+100.0%	**(1.5%)**
Operating margin	*23.3%*	*7.5%*	***16.0%***	*25.1%*	*2.9%*	***13.9%***	*(180bps)*	*+460bps*	***+210bps***
Volume – (kHL)	189	132	**321**	185	176	**361**	+2.2%	(25.0%)	**(11.1%)**

Our International division now comprises all export markets for C&C outside of the UK and Ireland. Our strategy is to capitalise on the global growth trajectory of cider and premium beer with our portfolio of authentic British and Irish brands through partnership arrangements with local and international brewers and distributors.

Market insight[viii]

The cider category (ex.UK and Ireland) continues to expand at an estimated 3%[xiii] per annum. The category is growing faster than beer, driven by both the recruitment of new drinkers in established cider countries as well as the steady evolution of new cider markets. Consumers across the globe are attracted by cider's sweeter proposition, its refreshing taste and natural, gluten-free and female-friendly credentials. In Europe, cider is building on its established position in Western Europe and by increasing its share of LAD in the more traditional beer markets of Central and Eastern Europe. Asian cider markets continued to develop quickly, albeit from a low base led by China, Hong Kong, Singapore and Taiwan.

After the period of rapid expansion in 2012-2015[vii], the US cider market continues to experience significant volume declines. Consumer interest has switched to adjacent categories and cider has lost both shelf space with retailers and brand investment from the major brewers. However, signs of stabilisation are emerging across the category with import brands and fruit ciders returning to modest growth, but big national brands are continuing to cede share to local and craft producers. Accordingly, volumes for the cider category as a whole are running at mid-single digit declines.

Operating performance

Export markets

In line with our strategy to consolidate and enhance our international distributor network, we made good progress in the year transitioning our brands in certain key target markets to higher quality and proven

international partners. AB InBev are now distributing Tennent's for us in Italy and trialling distribution of Magners in China; Coca Cola Amatil have had a good first year as our Magners distributor in Australia (volumes +32%), having performed strongly for us in recent years in New Zealand. In addition, significant growth (+35%) was achieved in Germany where Karlsberg (our successful partner in France) took over the distributorship this year.

In aggregate, European volumes of 143kHl in the year were up 3% year-on-year (FY2017: +14%). We saw good growth in Germany due to an expanding category and a change of distributor. Elsewhere, performance was more subdued against strong comparatives, particularly in France which hosted the European Championships in FY2017. In addition, margins and volumes were under pressure in certain European markets such as Portugal and Spain as the devaluation of sterling has led to an increase in parallel imports of Magners from the UK. This is likely to remain a feature of our business in the near term and we have adjusted pricing accordingly, which will negatively impact on revenues and margins in FY2019.

Our nascent African business (FY2017: 12.5kHL) suffered significant supply chain disruptions, with only 4.1kHL shipped in FY2018. Shipments have recommenced in April 2018.

In Asia Pacific our brands performed strongly in the period with volumes up 24% to 40kHl. This was a result of a good recovery in Magners in Australia under our new distributor, as well as good progress in a number of other markets across beer and cider including China, New Zealand and South Korea. This positive performance outweighed the impact of discontinued business in India (FY2017: 4.8kHL).

Core brand export performance: Magners and Tennent's

Magners volumes were flat at 100kHL in our Export markets as strong growth in Australia and New Zealand was held back by a more muted performance in Europe and travel retail. We launched Magners *Juicy Apple* in the year across our Asian markets. This slightly sweeter product extension will help expand the brand's appeal with younger, local consumers.

The Tennent's brand continues to make good progress in international markets. We now export to 35 countries globally and volumes were 52kHl in the year. Despite the impact of discontinued low-value business, volumes were up +2%. Growth came predominantly from Asia, with encouraging contributions from China and South Korea.

Our Export markets (excluding North America) grew volumes in aggregate for the year by +2%. However, excluding discontinued/suspended activity in India and Africa these markets were in growth by 10%, in line with our long term growth targets for this part of the business.

North America

In the US our cider brands continued to be negatively impacted by declines in the overall cider market. Our branded portfolio was down 25%, due primarily to the poor performance of our national cider brands Woodchuck and Gumption. However, volumes of Magners and our other English cider brands stabilised during the year. Together with Wyders, our US fruit-styled cider brand, these import brands now account for 50% of our branded portfolio in the US and have returned to modest growth.

In February 2018, we announced that we were resuming full responsibility for the sales and marketing of our brands in the US and terminating our distribution arrangements with Pabst Brewing Company. The transfer was effective 1st April 2018, with all transferees and new hires now in post. Current trading is ahead of plan. Our sales and marketing strategy going forward will be more focussed around the key markets for our US and import brands.

Financial performance

Operating profits for the International division were broadly flat on prior year at €6.5m, despite upfront investment from entering and developing new markets and slower growth in high margin European

markets. Continued volume and revenue declines in our US brands, have been mitigated by further cost efficiencies and contract manufacturing and packaging wins. NSV rate/HL in other export markets declined due to country and brand mix, as developing markets in Asia grew volumes more strongly than higher value markets in Europe. This also impacted on margin in Export, despite some marketing and overhead savings.

Update on Matthew Clark Bibendum acquisition

On 4 April 2018, we announced the acquisition of Matthew Clark Bibendum (MCB) for nominal consideration out of the administration of certain subsidiaries of Conviviality Group Plc. While still operational, the business had clearly been operating under financial stress for some weeks and stock and service levels were significantly below normal. Since that time, through the incredible hard work of all MCB and selected senior C&C staff and the significant support of its customers and suppliers, we have made great strides in getting this high quality business back on its feet.

There is still much more work to do, but stock levels are now returning to normalised levels. The support we have received from all stakeholders demonstrates the unique and valued position this business occupies within the UK hospitality sector.

We are pleased to announce the appointment of David Philips as Managing Director of Matthew Clark. David was Finance Director of Matthew Clark between April 2007 and November 2015 and brings a wealth of knowledge and experience which will be invaluable in re-establishing a robust control environment and moving the business forward to best meet suppliers and customer expectations.

Our initial review of the opening working capital balances as at 4th April 2018, show stock of £56.3m; trade and other receivables of £184.9m (of which trade receivables (including retros) were £163.8m); and trade and other payables were £247.1m (of which trade creditors (including goods received not invoiced) were £166.3m and excise duty, VAT and other taxes were £51.5m). These balances remain subject to audit and final fair value review. We expect to give a more detailed update on the current trading and prospects of the Matthew Clark business in our half-year pre-close trading update in September 2018.

FINANCE REVIEW

	Year ended 28 February 2018 €m	Year ended 28 February 2017 as restated €m	CC[i] 28 February 2017 as restated €m	Change %	CC[i] Change %
Net revenue	**548.2**	596.5	576.2	*(8.1%)*	*(4.9%)*
Operating profit[ii]	**86.1**	95.0	92.6	*(9.4%)*	*(7.0%)*
Net finance costs	**(8.1)**	(7.8)			
Share of equity accounted investments' profit after tax	**1.2**	-			
Profit before tax	**79.2**	87.2			
Income tax expense[ii]	**(11.3)**	(13.0)			
*Effective tax rate**	***14.3%***	*14.9%*			
Profit for the year attributable to equity shareholders[ii]	**67.9**	74.2			
Adjusted diluted EPS[viii]	**22.0 cent**	23.8 cent		*(7.6%)*	
Dividend per Share	**14.58 cent**	14.33 cent		*+1.7%*	
Dividend payout ratio	**66.3%**	60.2%			

* The effective tax rate is calculated based on profit before tax excluding exceptional items.

C&C is reporting net revenue of €548.2 million, operating profit[ii] of €86.1 million and adjusted diluted EPS[viii] of 22.0 cent and FCF[xi] of 70.5%. On a constant currency[i] basis net revenue decreased 4.9% and operating profit[ii] decreased 7.0%.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance cost was €8.1 million for the year (FY2017: €7.8 million), increase on prior year due to the higher utilisation of the banking facilities. Net finance costs also included the unwinding of a discount on provisions charge of €0.3 million (FY2017: €0.8 million).

The income tax charge in the year was €11.3 million. This excludes the credit in relation to exceptional items and represents an effective tax rate of 14.3%, representing a decrease of 0.6 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 effective tax rate is higher than the standard corporate tax rate of 12.5% for the Group as a result of a higher proportion of profits subject to taxation coming from outside of Ireland.

Subject to shareholder approval, the proposed final dividend of 9.37 cent per share will be paid on 13 July 2018 to ordinary shareholders registered at the close of business on 25 May 2018. The Group's full year dividend will therefore amount to 14.58 cent per share, a 1.7% increase on the previous year. The proposed full year dividend per share will represent a pay-out of 66.3% (FY2017: 60.2%) of the full year reported adjusted diluted earnings per share[viii]. This increase in both the dividend per share and payout ratio reflects our confidence in the cash generation capability of the business and the underlying stability of core earnings.

A scrip dividend alternative will be available. Total dividends paid to ordinary shareholders in FY2018 amounted to €45.0 million, of which €40.6 million was paid in cash and €4.4 million or 9.8% (FY2017: 18.8%) was settled by the issue of new shares.

In addition to increased dividends, we invested €33.1 million (including commission and related costs) in market share buybacks, purchasing 9.49 million of our own shares at an average price of €3.44. Our

stockbrokers, Investec and Davy, conducted the share buyback programme. All shares acquired during the current financial year were subsequently cancelled.

EXCEPTIONAL ITEMS

Costs of €7.0 million on a before tax basis were charged in FY2018 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 useful analysis of the underlying performance of the Group.

The main items which were classified as exceptional include:-

(a) Restructuring costs
Restructuring costs of €1.9m were incurred in the current financial year (2017: €12.7m) primarily relating to severance costs of €1.5m arising from the change in the distribution arrangements with AB InBev in England and Wales, as well as other restructuring initiatives in our strategy and export divisions within the Group. Other costs of €0.4m primarily relate to the closure of a warehousing facility.

(b) Revaluation/impairment of property, plant & equipment
In the current financial year, as part of our accounting policy where we externally revalue fixed assets on a triennial basis, we engaged external valuation experts to value the land and buildings and plant and machinery at the Group's Clonmel (Tipperary) and Wellpark (Glasgow) sites, along with depots in Dublin, Cork and Galway. Using the valuation methodologies, this resulted, in a net revaluation loss of €5.0 million accounted for in the Income Statement and a gain of €3.4 million accounted for within Other Comprehensive Income.

(c) Acquisition related expenditure
In the current financial year the Group incurred professional fees of €0.1 million (2017: €0.9 million) associated with the assessment and consideration of strategic opportunities by the Group 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. 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. The Group is currently in the process of conducting an exercise to renew the existing facility in advance of this date.

At 28 February 2018 net debt[ix] was €237.6 million, representing a net debt[ix]:EBITDA[x] ratio of 2.37:1, well within our bank covenants of 3.5:1.

CASH GENERATION

Management reviews the Group's cash generating performance by measuring the conversion of EBITDA[x] to Free Cash Flow[xi] 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 adjusted EBITDA[x] to Free Cash Flow[xi] conversion ratio pre-exceptional costs of 70.5%. A reconciliation of adjusted EBITDA[x] to operating profit/(loss)[ii] is set out below.

RECONCILIATION OF EBITDA[X] TO OPERATING PROFIT/(LOSS)[II]	**2018**	2017
	€m	€m
Operating profit/(loss)	**79.1**	(55.1)
Exceptional items	**7.0**	150.1
Operating profit before exceptional items	**86.1**	95.0
Amortisation and depreciation charge	**14.3**	15.0
Adjusted EBITDA [x]	**100.4**	110.0

CASH FLOW SUMMARY	**2018**	2017
	€m	€m
Adjusted EBITDA [x]	**100.4**	110.0
Working capital	**(8.3)**	0.6
Advances to customers	**0.6**	(12.4)
Net finance costs	**(6.4)**	(6.5)
Tax paid	**(5.9)**	(6.9)
Pension contributions paid	**(1.2)**	(3.4)
Capital expenditure	**(14.0)**	(22.7)
Disposal proceeds property, plant & equipment	**3.7**	6.9
Exceptional disposal proceeds property, plant & equipment	**-**	18.7
Exceptional items paid	**(4.8)**	(22.7)
Other*	**1.9**	(7.3)
Free cash flow[xi]	**66.0**	54.3
Free cash flow conversion ratio	**65.7%**	49.4%
Free cash flow[xi]	***66.0***	54.3
- Exceptional cash outflow	***4.8***	*22.7*
- Exceptional cash inflows	**-**	*(18.7)*
- Exceptional cash net outflow	***4.8***	*4.0*
- Free cash flow excluding exceptional cash outflow	***70.8***	*58.3*
- Free cash flow conversion ratio excluding exceptional cash outflow	**70.5%**	*53.0%*

<u>Reconciliation to Group Condensed Cash Flow Statement</u>

Free cash flow[xi]	**66.0**	54.3
Net proceeds from exercise of share options/equity Interests	**2.0**	0.8
Shares purchased under share buyback programme	**(33.1)**	(23.2)
Drawdown of debt	**86.8**	138.7
Repayment of debt	**(61.2)**	(134.0)
Acquisition of business	**(10.3)**	-
Net cash outflows re acquisition of equity accounted investments	**(44.2)**	(1.5)
Dividends paid	**(40.6)**	(34.9)
Net increase in cash	**(34.6)**	0.2

*Other relates to share options add back, pensions credited to operating profit, net profit on disposal of property, plant & equipment.

FOREIGN CURRENCY AND COMPARATIVE REPORTING

		2018	2017
Translation exposure	Euro: Sterling (£)	£0.881	£0.834
	Euro: US Dollars ($)	$1.157	$1.101

As shown above, the average rate for the translation of results from sterling currency operations was €1:£0.881 (year ended 28 February 2017: €1:£0.834) and from US Dollar operations was €1:$1.157 (year ended 28 February 2017: €1:$1.101). Comparisons for revenue, net revenue and operating profit before exceptional items 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 current year average rates.

	Year ended 28 February 2017 As restated	FX transaction	FX translation	Year ended 28 February 2017 adjusted comparative As restated
	€m	€m	€m	€m
Revenue				
Ireland	345.0	-	(3.5)	**341.5**
Great Britain	465.4	-	(24.7)	**440.7**
- Previously Scotland	*311.4*	*-*	*(16.5)*	*294.9*
- Previously C&C Brands	*154.0*	*-*	*(8.2)*	*145.8*
International	50.4	(0.2)	(1.3)	**48.9**
- Previously North America	*26.6*	*-*	*(1.3)*	*25.3*
- Previously Export	*23.8*	*(0.2)*	*-*	*23.6*
Total	**860.8**	**(0.2)**	**(29.5)**	**831.1**
Net revenue				
Ireland	245.4	-	(2.9)	**242.5**
Great Britain	302.3	-	(16.0)	**286.3**
- Previously Scotland	*213.0*	*-*	*(11.3)*	*201.7*
- Previously C&C Brands	*89.3*	*-*	*(4.7)*	*84.6*
International	48.8	(0.2)	(1.2)	**47.4**
- Previously North America	*25.1*	*-*	*(1.2)*	*23.9*
- Previously Export	*23.7*	*(0.2)*	*-*	*23.5*
Total	**596.5**	**(0.2)**	**(20.1)**	**576.2**
Operating profit(iii)				
Ireland	48.6	0.1	(0.7)	**48.0**
Great Britain	39.9	0.2	(2.1)	**38.0**
- Previously Scotland	32.6	0.1	(1.7)	31.0
- Previously C&C Brands	7.3	0.1	(0.4)	7.0
International	6.5	0.1	-	**6.6**
- Previously North America	0.7	-	-	0.7
- Previously Export	5.8	0.1	-	5.9
Total	**95.0**	**0.4**	**(2.8)**	**92.6**

NOTES TO FINANCE REVIEW

(i) FY2017 comparative adjusted for constant currency (FY2017 translated at FY2018 F/X rates) as outlined on page 18.

(ii) Before exceptional items of €7.0m on a before tax basis.

(iii) Nielsen Ireland Databases – February 2018; GB on-trade CGA; GB off-trade Neilsen Scantrack 52wks to end February 2018.

(iv) Based RoS performance (in 2 months post-installation) of all stocklists receiving new fonts by 10th June 2017.

(v) YouGov BrandIndex – Purchase Intent scores FY2017 (Scotland).

(vi) Company commissioned market research conducted by Ipsos MRBI (2015) and Behaviour & Attitudes in 2017.

(vii) TTB Industry Cider Domestic & Import Volumes – May 2017.

(viii) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 6 of the condensed financial statements.

(ix) Net debt comprises borrowings (net of issue costs) less cash.

(x) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation and amortisation charges. A reconciliation of the Group's operating profit to Adjusted EBITDA is set out on page 17.

(xi) Free Cash Flow ('FCF') is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows/(inflows) which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. A reconciliation of FCF to Net Movement in Cash per the Group's Cash Flow Statement is set out on page 17.

(xii) Net debt comprises borrowings (net of issue costs) less cash.

(xiii) Per IRI-Canadean.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance over the remainder of the year remain substantially the same as those stated on pages 19 to 21 of the Group's annual financial statements for the year ended 28 February 2017, which are available on our website, http://www.candcgroupplc.com.

The UK vote to leave the European Union continues to create significant uncertainty about the near term outlook and prospects for the UK, Irish and European Union economies and, while the economic effect of the UK leaving the European Union is uncertain, it could have the effect of negatively impacting the UK, Irish and European Union economies and currencies and the financial performance of the Group, reducing demand in the Group's markets and increasing business costs including through the application of additional tariffs and transaction taxes on the Group's products and raw materials. While recent developments in relation to the transition period have brought greater clarity for that period and there have potentially been positive developments in relation to a free trade agreement after that period, were WTO tariffs to be applied to our exports from Ireland to the UK or were there to be a hard border in relation to the movement of people and goods within the Island of Ireland, it would negatively impact the Group. With our reporting currency as the Euro, the Group is also exposed to the translation impact of a weaker sterling.

The Board and management continue to consider the impact on the Group's businesses, monitor developments and play a role in influencing the UK, Irish and Scottish Governments to help ensure a manageable outcome for our businesses. On an ongoing basis, we seek, where appropriate, to mitigate currency risk through hedging and structured financial contracts and take appropriate action to help mitigate the consequences of any decline in demand in our markets. Our having manufacturing capability in Scotland may also provide opportunities for the Group arising from Brexit.

On 4 April 2018, we acquired the Matthew Clark and Bibendum wholesale businesses out of the administration of certain subsidiaries of Conviviality Group Plc. While the businesses present significant strategic opportunities for the Group, there is potential supplier and customer risk while we stabilise the businesses. There is also a risk that the expected benefits, synergies and opportunities will not materialise and that the businesses may present new management and compliance risks.

CONSOLIDATED CONDENSED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2018

		Year ended 28 February 2018			Year ended 28 February 2017		
		Before exceptional items	**Exceptional items (note 6)**	**Total**	Before exceptional items	Exceptional items (note 6)	Total
					as restated		as restated
	Notes	**€m**	**€m**	**€m**	€m	€m	€m
Revenue	4	**813.5**	**-**	**813.5**	860.8	-	860.8
Excise duties		**(265.3)**	**-**	**(265.3)**	(264.3)	-	(264.3)
Net revenue	4	**548.2**	**-**	**548.2**	596.5	-	596.5
Operating costs		**(462.1)**	**(7.0)**	**(469.1)**	(501.5)	(150.1)	(651.6)
Group operating profit/(loss)	4	**86.1**	**(7.0)**	**79.1**	95.0	(150.1)	(55.1)
Finance income		**0.1**	**-**	**0.1**	0.1	-	0.1
Finance expense		**(8.2)**	**-**	**(8.2)**	(7.9)	-	(7.9)
Share of equity accounted investments' profit after tax		**1.2**	**-**	**1.2**	-	-	-
Profit/(loss) before tax		**79.2**	**(7.0)**	**72.2**	87.2	(150.1)	(62.9)
Income tax (expense)/credit		**(11.3)**	**5.4**	**(5.9)**	(13.0)	3.0	(10.0)
Group profit/(loss) for the financial year attributable to equity shareholders		**67.9**	**(1.6)**	**66.3**	74.2	(147.1)	(72.9)
Basic earnings per share (cent)	8			**21.5**			(23.5)
Diluted earnings per share (cent)	8			**21.5**			(23.5)

All of the results are related to continuing operations.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Notes	**2018** €m	2017 €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		**(17.7)**	(17.8)
Reversal of previously recognised gain on revaluation of property, plant and equipment		**-**	(2.1)
Gain on revaluation of property, plant & equipment		**3.4**	-
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial gain on retirement benefits	10	**16.8**	3.6
Deferred income tax charge on actuarial gain on retirement benefits		**(2.8)**	(0.4)
Net loss recognised directly within Other Comprehensive Income		**(0.3)**	(16.7)
Profit/(loss) for the year attributable to equity shareholders		**66.3**	(72.9)
Comprehensive income/(expense) for the financial year attributable to equity shareholders		**66.0**	(89.6)

CONSOLIDATED CONDENSED BALANCE SHEET
AS AT 28 FEBRUARY 2018

	Notes	2018 €m	2017 €m
ASSETS			
Non-current assets			
Property, plant & equipment		**135.2**	[illegible]
Goodwill & intangible assets		**541.1**	[illegible]
Equity accounted investments		**48.4**	[illegible]
Retirement benefits	10	**4.8**	[illegible]
Deferred income tax assets		**1.7**	[illegible]
Trade & other receivables		**40.4**	[illegible]
		771.6	[illegible]
Current assets			
Assets held for resale		**-**	[illegible]
Inventories		**88.1**	[illegible]
Trade & other receivables		**79.9**	[illegible]
Cash		**145.5**	[illegible]
		313.5	[illegible]
TOTAL ASSETS		**1085.1**	[illegible]
EQUITY			
Capital and reserves attributable to the equity holders of the company			
Equity share capital		**3.2**	3
Share premium		**143.4**	[illegible]
Treasury shares		**(37.3)**	[illegible]
Other reserves		**82.6**	[illegible]
Retained income		**341.7**	[illegible]
Total equity		**533.6**	[illegible]
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings		**383.5**	[illegible]
Retirement benefits	10	**3.8**	[illegible]
Provisions		**7.8**	[illegible]
Deferred income tax liabilities		**11.2**	[illegible]
		406.3	[illegible]
Current liabilities			
Trade & other payables		**132.7**	[illegible]
Provisions		**3.6**	[illegible]
Current income tax liabilities		**8.9**	[illegible]
		145.2	[illegible]
Total liabilities		**551.5**	[illegible]
TOTAL EQUITY & LIABILITIES		**1085.1**	[illegible]

CONSOLIDATED CONDENSED CASHFLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2018

	2018	2017
	€m	€m
CASH FLOWS FROM OPERATING ACTIVITIES		
Group profit/(loss) for the year attributable to equity shareholders	**66.3**	(72.9)
Finance income	**(0.1)**	(0.1)
Finance expense	**8.2**	7.9
Income tax expense	**5.9**	10.0
Profit on share of equity accounted investments	**(1.2)**	-
Revaluation/impairment of property, plant & equipment	**5.0**	25.8
Recovery of previously impaired investment in equity accounted investment	**-**	(0.5)
Impairment of intangible assets	**-**	106.6
Depreciation of property, plant & equipment	**14.0**	14.7
Amortisation of intangible assets	**0.3**	0.3
Net profit on disposal of property, plant & equipment	**(0.8)**	(3.9)
Charge for equity settled share-based payments	**0.9**	0.7
Pension contributions paid plus amount credited to Income Statement	**(2.2)**	(7.0)
	96.3	81.6
Increase in inventories	**(3.5)**	(2.9)
Decrease in trade & other receivables	**5.2**	4.0
Decrease in trade & other payables	**(6.8)**	(13.3)
Decrease in provisions	**(2.6)**	(4.6)
	88.6	64.8
Interest received	**0.1**	0.1
Interest and similar costs paid	**(6.5)**	(6.6)
Income taxes paid	**(5.9)**	(6.9)
Net cash inflow from operating activities	**76.3**	51.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(14.0)**	(22.7)
Net proceeds on disposal of property, plant & equipment	**3.7**	25.6
Acquisition of subsidiaries (net of cash acquired)	**(10.3)**	-
Net cash outflow re acquisition of equity accounted investments	**(44.2)**	(1.5)
Net cash (outflow)/inflow from investing activities	**(64.8)**	1.4
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options/equity interests	**2.1**	1.0
Drawdown of debt	**86.8**	138.7
Repayment of debt	**(61.2)**	(134.0)
Shares purchased to satisfy share option entitlements	**(0.1)**	(0.2)
Shares purchased under share buyback programme	**(33.1)**	(23.2)
Dividends paid	**(40.6)**	(34.9)
Net cash outflow from financing activities	**(46.1)**	(52.6)
(Decrease)/increase in cash	**(34.6)**	0.2
Reconciliation of opening to closing cash		
Cash at beginning of year	**187.6**	197.3
Translation adjustment	**(7.5)**	(9.9)
Net (decrease)/increase in cash	**(34.6)**	0.2
Cash at end of financial year	**145.5**	187.6

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

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2018	Equity share capital	Share premium	Other undemoninated 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 2016	3.3	127.8	0.7	24.9	6.4	79.9	9.1	(39.2)	471.8	684.7
Loss for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	(72.9)	(72.9)
Other comprehensive expense	-	-	-	-	-	(17.8)	(2.1)	-	3.2	(16.7)
Total comprehensive (expense)/income	-	-	-	-	-	(17.8)	(2.1)	-	(69.7)	(89.6)
Dividend on ordinary shares	-	8.1	-	-	-	-	-	-	(43.0)	(34.9)
Exercised share options	-	0.8	-	-	-	-	-	-	-	0.8
Reclassification of share-based payments reserve	-	-	-	-	(2.0)	-	-	-	2.0	-
Joint Share Ownership Plan	-	0.2	-	-	(0.7)	-	-	1.2	(0.8)	(0.1)
Shares purchased under share buyback programme and subsequently cancelled	-	-	-	-	-	-	-	-	(23.2)	(23.2)
Equity settled share-based payments	-	-	-	-	0.7	-	-	-	-	0.7
Total transactions with owners	-	9.1	-	-	(2.0)	-	-	1.2	(65.0)	(56.7)
At 28 February 2017	3.3	136.9	0.7	24.9	4.4	62.1	7.0	(38.0)	337.1	538.4
Profit for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	66.3	**66.3**
Other comprehensive (expense)/income	-	-	-	-	-	(17.7)	3.4	-	14.0	**(0.3)**
Total comprehensive (expense)/income	-	-	-	-	-	(17.7)	3.4	-	80.3	**66.0**
Dividend on ordinary shares	-	4.4	-	-	-	-	-	-	(45.0)	**(40.6)**
Exercised share options	-	1.4	-	-	-	-	-	-	-	**1.4**
Reclassification of share-based payments reserve	-	-	-	-	(3.0)	-	-	-	3.0	**-**
Joint Share Ownership Plan	-	0.7	-	-	(0.2)	-	-	0.7	(0.6)	**0.6**
Shares purchased under share buyback programme and subsequently cancelled	(0.1)	-	0.1	-	-	-	-	-	(33.1)	**(33.1)**
Equity settled share-based payments	-	-	-	-	0.9	-	-	-	-	**0.9**
Total transactions with owners	**(0.1)**	**6.5**	**0.1**	**-**	**(2.3)**	**-**	**-**	**0.7**	**(75.7)**	**(70.8)**
At 28 February 2018	**3.2**	**143.4**	**0.8**	**24.9**	**2.1**	**44.4**	**10.4**	**(37.3)**	**341.7**	**533.6**

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 28 February 2018.

2. STATUTORY ACCOUNTS

The financial information prepared in accordance with IFRS as adopted by the European Union included in this report does not constitute the statutory financial statements for the purposes of Chapter 4 of Part 6 of the Companies Act 2014. Full statutory accounts for the year ended 28 February 2018 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 2017, 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 16 May 2018.

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:-

		2018	2017
Balance Sheet (closing rate):	Euro: Sterling (£)	**£0.884**	£0.853
Income Statement (average rate):	Euro: Sterling (£)	**£0.881**	£0.834
Balance Sheet (closing rate):	Euro: US Dollars ($)	**$1.221**	$1.060
Income Statement (average rate):	Euro: US Dollars ($)	**$1.157**	$1.101

4. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of branded beer, cider, wine, soft drinks and bottled water. Three operating segments have been identified in the current financial years; Ireland, Great Britain and International.

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, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources. Due to a consolidation in the management of the business, the Group has changed its basis of segmentation in the current financial year. The previous

segments of Scotland and C&C Brands are now managed by one Managing Director and are supported by the one management team. The Group has therefore now combined both, to form the new segment Great Britain. The previous segments of Export and North America are also now controlled by one Managing Director and the one management team and have therefore also been combined into the new International segment. The current basis of segmentation reflects the new business model and in all instances the changes were deemed necessary to better enable the CODM to evaluate the results of the business in the context of the economic environment in which the business operates, to make appropriate strategic decisions and to more accurately reflect the business model under which the Group now operates in these territories. All comparative amounts have been restated to reflect the new basis of segmentation. The reclassification had no impact on revenue, net revenue or operating profit reported by the Group.

The identified business 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, Outcider, Tennent's, Magners, Clonmel 1650, Five Lamps, Heverlee, Roundstone Irish Ale, Dowd's Lane traditional craft ales, Finches and Tipperary Water. It also includes the financial results from beer, wines and spirits distribution and wholesaling, following the acquisition of Gleeson, the results from sale of third party brands as permitted under the terms of a distribution agreement with AB InBev and production of 3rd party products.

(ii) Great Britain
This segment includes the results from sale of the Group's own branded products in Scotland, England and Wales, with Tennent's, Magners, Heverlee, Caledonia Best, Blackthorn, Olde English, Chaplin & Cork's and K Cider the principal brands. It also includes the financial results from AB InBev beer distribution in Scotland, third party brand distribution and wholesaling in Scotland, following the acquisition of the Wallaces Express wholesale business, the distribution of the Italian lager Menabrea and the production and distribution of private label products.

(iii) International
This segment includes the results from sale of the Group's cider and beer products, principally Magners, Gaymers, Woodchuck, Wyders, Blackthorn, Hornsby's and Tennent's in all territories outside of Ireland and Great Britain. It also includes the production, sale and distribution of some private label and 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) Analysis by reporting segment

	2018			2017		
	Revenue	**Net revenue**	**Operating profit**	Revenue as restated*	Net revenue as restated*	Operating profit
	€m	**€m**	**€m**	€m	€m	€m
Ireland	**312.1**	**215.0**	**40.1**	345.0	245.4	48.6
Great Britain	**459.8**	**292.7**	**39.5**	465.4	302.3	39.9
International	**41.6**	**40.5**	**6.5**	50.4	48.8	6.5
Total before exceptional items	**813.5**	**548.2**	**86.1**	860.8	596.5	95.0
Exceptional items (note 6)	**-**	**-**	**(7.0)**	-	-	(150.1)
Finance income	**-**	**-**	**0.1**	-	-	0.1
Finance expense	**-**	**-**	**(8.2)**	-	-	(7.9)
Share of equity accounted investments' after tax	**-**	**-**	**1.2**	-	-	-
Total	**813.5**	**548.2**	**72.2**	860.8	596.5	(62.9)

* See note 13 prior year reclassification for further details.

Of the exceptional loss in the current year of €7.0m on a before tax basis, €4.6m relates to Ireland, €1.9m relates to Great Britain and €0.5m does not relate to any particular segment. Of the exceptional loss in the prior year €150.1m, €10.3m relates to Ireland, €9.1m relates to Great Britain, €129.8m relates to International and €0.9m does not relate to any particular segment. Of the share of equity accounted investments' profit after tax, €1.1m relates to Admiral Taverns which is included in the Great Britain segment and €0.1m relates to our Canadian investment which is included in the International segment.

Total assets for the period ended 28 February 2018 amounted to €1,085.1m (2017: €1,088.1m).

The impact of the reclassification to three operating segments as previously described, along with current year like for like comparatives, is outlined below. This reclassification has no impact on the revenue, net revenue and operating profit reported by the Group.

	2018			2017		
	Revenue	**Net revenue**	**Operating profit**	**Revenue as restated***	**Net revenue as restated***	**Operating profit**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**
Previously Scotland	**307.5**	**211.5**	**32.6**	311.4	213.0	32.6
Previously C&C Brands	**152.3**	**81.2**	**6.9**	154.0	89.3	7.3
New segment – Great Britain	**459.8**	**292.7**	**39.5**	465.4	302.3	39.9
Previously North America	**19.6**	**18.6**	**1.4**	26.6	25.1	0.7
Previously Export	**22.0**	**21.9**	**5.1**	23.8	23.7	5.8
New segment - International	**41.6**	**40.5**	**6.5**	50.4	48.8	6.5

* See note 13 prior year reclassification for further details.

(b) Other operating segment information

	2018		2017	
	Capital expenditure €m	**Depreciation/ amortisation/ impairment €m**	Capital expenditure €m	Depreciation/ amortisation/ impairment €m
Ireland	**8.6**	**12.3**	20.3	8.1
Great Britain	**1.5**	**5.6**	2.1*	7.5*
International	**0.6**	**1.4**	3.4**	109.0**
Total	**10.7**	**19.3**	25.8	124.6

* Capital expenditure in the prior year for Scotland was €2.1m, depreciation/amortisation/impairment was €5.3m for Scotland and €2.2m for C&C Brands.
** Capital expenditure in the prior year for North America was €2.8m and for Export was €0.6m, depreciation, amortisation, impairment was €108.4m for North America and €0.6m for Export.

(c) Geographical analysis of revenue and net revenue

	Revenue		**Net revenue**	
	2018 €m	2017 €m	**2018 €m**	2017 €m
		As restated*		As restated*
Ireland	**312.1**	345.0	**215.0**	245.4
Scotland	**307.5**	311.4	**211.5**	213.0
England and Wales**	**152.3**	154.0	**81.2**	89.3
US and Canada***	**19.6**	26.6	**18.6**	25.1
Other****	**22.0**	23.8	**21.9**	23.7
Total	**813.5**	860.8	**548.2**	596.5

* See note 13 prior year reclassification for further details.
**England and Wales is included in the Great Britain segment.
*** US and Canada is included in the International segment.
****Other is included in the International segment, being all other geographical locations excluding Ireland, Great Britain, 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**
28 February 2018						
Property, plant & equipment	**68.9**	**52.5**	**-**	**8.4**	**5.4**	**135.2**
Goodwill & intangible assets	**155.9**	**132.5**	**196.8**	**39.8**	**16.1**	**541.1**
Equity accounted investments	**0.3**	**0.2**	**44.6**	**3.3**	**-**	**48.4**
Retirement benefits	**4.8**	**-**	**-**	**-**	**-**	**4.8**
Deferred income tax assets	**1.7**	**-**	**-**	**-**	**-**	**1.7**
Trade & other receivables	**18.5**	**21.9**	**-**	**-**	**-**	**40.4**
Total	**250.1**	**207.1**	**241.4**	**51.5**	**21.5**	**771.6**

	Ireland €m	Scotland €m	England and Wales* €m	US and Canada** €m	Other*** €m	Total €m
29 February 2017						
Property, plant & equipment	70.3	58.0	0.3	9.9	6.0	144.5
Goodwill & intangible assets	156.1	126.4	187.2	44.6	16.0	530.3
Equity accounted investments	0.3	0.3	-	1.8	-	2.4
Retirement benefits	4.5	-	-	-	-	4.5
Deferred income tax assets	3.2	-	-	-	-	3.2
Trade & other receivables	20.6	25.6	1.2	1.8	0.4	49.6
Total	255.0	210.3	188.7	58.1	22.4	734.5

* England and Wales is included in the Great Britain segment.
** US and Canada is included in the International segment.
***Other is included in the International segment, being all other geographical locations excluding Ireland, Great Britain, 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 acquisition.

5. CYCLICALITY OF OPERATIONS

Certain brands within our portfolio, particularly our cider brands, tend to have higher consumption during the summer months that fall within the first half of our financial year. In addition, external forces such as weather & significant sporting events (which traditionally take place in the summer months) will have a greater impact on our first half trading. Accordingly, trading profit is usually higher in the first half than in the second. Operating profit before exceptional items for the financial year ended 28 February 2018 was split H1: 59% and H2: 41%.

6. EXCEPTIONAL ITEMS

	2018 €m	2017 €m
Operating costs		
Restructuring Costs	**1.9**	12.7
Revaluation/impairment of property, plant & equipment	**5.0**	25.8
Acquisition related expenditure	**0.1**	0.9
Onerous Lease	**-**	7.0
Impairment of intangible asset	**-**	106.6
Net profit on disposal of property, plant & equipment	**-**	(2.9)
Total loss before tax	**7.0**	150.1
Income tax credit	**(5.4)**	(3.0)
Total loss after tax	**1.6**	147.1

(a) Restructuring costs

Restructuring costs of €1.9m were incurred in the current financial year (FY2017: €12.7m) primarily relating to severance costs of €1.5m arising from the change in the distribution arrangements with AB InBev in England and Wales, as well as other restructuring initiatives in our strategy and export divisions

within the Group. Other costs of €0.4m primarily relate to the closure of a warehousing facility. The restructuring costs in the prior year of €12.7m comprised of severance costs of €7.2m and other costs of €5.5m primarily due to the consolidation of the Group's manufacturing sites.

(b) Revaluation/impairment of property, plant & equipment

Property (comprising land and buildings) and plant & machinery are valued at fair value on the Balance Sheet and reviewed for impairment on an annual basis. The Group engages external valuation teams triennially and during the intervening year's management undertake a valuation assessment internally.

During the current financial year, the Group engaged external valuers to value the land and buildings and plant and machinery at the Group's Clonmel, Tipperary and Wellpark (Glasgow) sites, along with depots in Dublin, Cork and Galway. Using the valuation methodologies, this resulted in a net revaluation loss of €5.0m accounted for in the Income Statement and a gain of €3.4m accounted for within Other Comprehensive Income.

During the prior financial year, the Group engaged external valuers to value the land and buildings and plant and machinery at the Group's Vermont site. Using the valuation methodologies, this resulted in a revaluation loss of €17.7m with respect to the land and buildings and a revaluation loss of €5.1m with respect to the plant and machinery which was accounted for in the Income Statement. Also during the prior financial year the Group took the decision to market value some of our assets at Borrisoleigh, Ireland, which resulted in the booking of an impairment charge of €1.5m and we took a decision to impair an element of the Group's IT system by €1.5m post the closure of Shepton Mallet.

(c) Acquisition related expenditure

In the current financial year the Group incurred professional fees of €0.1m (2017:€0.9m) associated with the assessment and consideration of strategic opportunities by the Group during the year.

(d) Income tax credit

Of the total amount of €5.4m, €4.4m related to the reassessment of the calculation of deferred income tax balances arising on historical business combinations.

(e) Onerous lease

During the prior financial year, the Group reviewed the carrying value of its onerous lease provision to take into account the latest estimate of associated costs less economic value with regard to the two pre-existing onerous leases up until their final disposal. The discount rate applied to the liability was also re-assessed. In the prior year, this resulted in an increase in the provision of €6.8m. This element of the onerous lease provision relates to two onerous leases in relation to warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010. One of the onerous leases expired in 2017 and the other is due to expire in 2026. In the prior year, an onerous lease with regard to a surplus facility at its US business of €0.2m has since expired.

(f) Impairment of intangible asset

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 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 Group's North American business by €106.6m.

(g) Net profit on disposal of property, plant & equipment

In the prior financial year, the Group disposed of land & buildings and plant & machinery which were surplus to requirements arising from the Group's consolidation of its production facilities realizing a net profit of €2.9m.

7. DIVIDENDS

	2018 €m	2017 €m
Dividends paid:		
Final: paid 9.37c per ordinary share in July 2017 (2017: 8.92c paid in July 2016)	**29.0**	27.7
Interim: paid 5.21c per ordinary share in December 2017 (2017: 4.96c paid in December 2016)	**16.0**	15.3
Total equity dividends	**45.0**	43.0
Settled as follows:		
Paid in cash	**40.6**	34.9
Scrip dividend	**4.4**	8.1
	45.0	43.0

The Directors have proposed a final dividend of 9.37 cent per share (2017: 9.37 cent), to ordinary shareholders registered at the close of business on 25 May 2018, which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 14.58 cent per share (2017: 14.33 cent). Using the number of shares in issue at 28 February 2018 and excluding those shares for which it is assumed that the right to dividend will be waived, this would equate to a distribution of €30.3m.

Total dividends of 14.58 cent per ordinary share were recognised as a deduction from the retained income reserve in the year ended 28 February 2018 (2017: 13.88 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

	2018 Number '000	2017 Number '000
Denominator computations		
Number of shares at beginning of year	**325,546**	329,158
Shares issued in lieu of dividend	**1,368**	2,209
Shares issued in respect of options exercised	**454**	318
Shares repurchased and subsequently cancelled	**(9,492)**	(6,139)
Number of shares at end of year	**317,876**	325,546
Weighted average number of ordinary shares (basic)*	**308,164**	310,431
Adjustment for the effect of conversion of options	**249**	995
Weighted average number of ordinary shares, including options (diluted)	**308,413**	311,426

* excludes 11.0m treasury shares (2017: 11.9m)

Profit attributable to ordinary shareholders	**2018 €m**	2017 €m

Earnings as reported	**66.3**	(72.9)
Adjustment for exceptional items, net of tax (note 6)	**1.6**	147.1
Earnings as adjusted for exceptional items, net of tax	**67.9**	74.2

Basic earnings per share	**Cent**	**Cent**
Basic earnings per share	**21.5**	(23.5)*
Adjusted basic earnings per share	**22.0**	23.9
Diluted earnings per share		
Diluted earnings per share	**21.5**	(23.5)*
Adjusted diluted earnings per share	**22.0**	23.8

* In the prior year, due to the reported loss for the year the basic and diluted earnings per share are the same.

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 28 February 2018: 11.0m shares; at 28 February 2017: 11.9m 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 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 (1,649,124 at 28 February 2018 and 3,424,695 at 28 February 2017). 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 2017	**Translation adjustment**	**Cash flow, net**	**Non-cash changes**	**28 February 2018**
	€m	**€m**	**€m**	**€m**	**€m**
Group					
Interest bearing loans & borrowings	**358.2***	**(1.1)**	**25.6**	**0.4**	**383.1**
Cash	**(187.6)**	**7.5**	**34.6**	**-**	**(145.5)**
	170.6	**6.4**	**60.2**	**0.4**	**237.6**

*Interest bearing loans & borrowings at 28 February 2018 are net of unamortised issue costs of €0.7m of which €0.4m is classified on the balance sheet as a current asset.

	1 March 2016	Translation adjustment	Cash flow, net	Non-cash changes	28 February 2017
	€m	€m	€m	€m	€m
Group					
Interest bearing loans & borrowings	360.3*	(7.8)	4.7	1.0	358.2*
Cash	(197.3)	9.9	(0.2)	-	(187.6)
	163.0	2.1	4.5	1.0	170.6

*Interest bearing loans & borrowings at 28 February 2017 are net of unamortised issue costs of €1.1m of which €0.4m is classified on the balance sheet as a current asset.

The non-cash change to the Group's interest bearing loans and borrowings relate to the amortisation of issue costs of 0.4m (2017: €1.0m).

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 €383.8m was drawn at 28 February 2018 (2017: €359.3m). The Group is currently in the process of conducting an exercise to renew the existing facility in advance of this date.

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, three or six months.

All non-current bank loans drawn under the Group's multi-currency revolving loan facility 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 such non-current bank loans under the Group's multi-currency revolving loan facility 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.

10. RETIREMENT BENEFITS

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 March 2006 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 (2017: no active members). There are 57 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (2017: 62 active members) and 4 active members in the NI defined benefit pension scheme (2017: 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.

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 defined benefit pension schemes were carried out with an effective date of 1 January 2015 while the date of the most recent actuarial valuation of the NI defined benefit pension scheme was 31 December 2014. The triennial valuation is currently ongoing and at the date of this Annual Report have not yet been finalised. 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% of pensionable salaries along with a deficit contribution of €1.2m per annum until the next valuation date for the Group's Staff defined benefit pension scheme. There is no funding requirement with respect to the Group's Executive defined benefit pension scheme in 2018. The funding requirement will be reviewed again as part of the next triennial valuation 2018. The 2014 actuarial valuation of the NI defined benefit pension scheme confirmed it was in surplus and the scheme remains in surplus.

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 28 February 2018, the retirement benefits computed in accordance with IAS 19(R) *Employee Benefits* amounted to a net surplus of €1.0 million gross of deferred income tax (€3.8m deficit with respect to the ROI schemes and a €4.8m surplus with respect to the NI scheme) and a deficit of €0.1 million net of deferred income tax (FY2017: €17.8 million gross and €15.9 million net of deferred income tax).

The movement in the net deficit is as follows:-

	€m
Deficit at 1 March 2018	**17.8**
Employer contributions paid	**(1.2)**
Actuarial gain	**(16.8)**
Credit to the Income Statement	**(1.0)**
FX adjustment on retranslation	**0.2**
Net surplus at 28 February 2018	**(1.0)**

The decrease in the deficit from €17.8 million to a surplus of €1.0 million is primarily driven by the actuarial gain of €16.8 million, there are two main reasons being 1) a reduction in the future improvement assumption rates in line with the latest findings of the research arm of the Institute and Faculty of Actuaries, the Continuous Mortality Investigation (CMI), 2) Gain due to change in financial assumptions due to higher discount rates as set by corporate bond yields, this is marginally offset by an increase in future inflation expectations. All other significant assumptions applied in the measurement of pension obligations at 28 February 2018 are broadly consistent with those as applied at 28 February 2017.

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 investments, transactions entered into by the Group with these subsidiary undertakings and equity accounted investments and the identification and compensation of, and transactions with, key management personnel.

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 investments
In the current financial year, On 6 December 2017, the Group entered into a joint venture arrangement for a 49.9% share in Brady P&C Limited, a UK incorporate entity with Proprium Capital Partners (50.1%). Brady P&C Limited subsequently incorporated a UK company, Brady Midco Limited where Admiral management acquired 6.5% of the shares. Brady Midco Limited incorporated Brady Bidco Limited which acted as the acquisition vehicle to acquire the entire share capital of AT Brit Holdings Limited (trading as Admiral Taverns) on the 6 December 2017. The equity investment by the Group is £37.4m (€42.4 euro equivalent on date of investment) representing 46.65% of the issued share capital of Admiral Taverns. Admiral Taverns currently own and operates over 850 pubs, mainly in England and Wales, with a broad geographic distribution.

On 28 July 2017, the Group acquired 10.7% of the equity share capital of a Canadian Company for CAD$2.5m (€1.8m euro equivalent on date of investment,). In the prior financial year, on 11 May 2016, the Group acquired 14% of the equity share capital of a Canadian Company, for CAD$2.5m (€1.7m euro equivalent on date of investment).

In the prior financial year, on 20 December 2016, the Group acquired 25% of the equity share capital of Whitewater Brewing Company Limited, an Irish Craft brewer for £0.3m (€0.3m).

During the financial year ended 28 February 2015, 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. Details of transactions during the current and prior financial year and outstanding year end balances are disclosed below.

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. Transactions between the Group and Beck & Scott (Services) Limited (Northern Ireland) are disclosed below. The Group had no transactions with The Irish Brewing Company Limited (Ireland) which is a non-trading entity.

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

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

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

	Net revenue		Balance outstanding	
	2018	2017	**2018**	2017
	€m	€m	**€m**	€m
Sale of goods to equity accounted investments:				
Beck & Scott (Services) Limited (Northern Ireland)	**0.2**	0.2	**-**	-
Drygate Brewing Company Limited	**0.3**	0.2	**0.2**	0.1
Shanter Inns Limited	**0.3**	-	**-**	-
	0.8	0.4	**0.2**	0.1

	Balance outstanding	
	2018	2017
	€m	€m
Loans to equity accounted investments:		
Canadian Investment	**1.9**	1.8
Whitewater Brewing Company Limited	**0.6**	0.7
Drygate Brewing Company Limited	**1.7**	0.7
Shanter Inns Limited	**0.2**	-
	4.4	3.2

	Purchases		Balance outstanding	
	2018	2017	**2018**	2017
	€m	€m	**€m**	€m
Purchase of goods from equity accounted investments:				
Whitewater Brewing Company Limited	**0.3**	0.1	**-**	-
Drygate Brewing Company Limited	**0.3**	0.6	**0.2**	0.2
	0.6	0.7	**0.2**	0.2

All outstanding trading balances with equity accounted investments, 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, permanent health insurance (or reimbursement of premiums paid into a personal policy) and death in service insurance programme. Executive Directors may also benefit from medical insurance under a Group policy (or the Group will reimburse premiums). No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments nor post employment benefits.

Details of key management remuneration are as follows:-

	2018 Number	2017 Number
Number of individuals	**12**	10
	€m	€m
Salaries and other short term employee benefits	**2.7**	2.4
Post employment benefits	**0.3**	0.3
Equity settled share-based payments	**0.7**	0.1
Termination payment	**0.2**	-
Further amount paid re exercise of JSOP Interests	**-**	0.2
Dividend equivalent payment with respect to JSOP Interests	**-**	0.6
Total	**3.9**	3.6

During the year and pursuant to a contract for services effective as of 1 April 2014 between C&C IP Sàrl ('CCIP') and Joris Brams BVBA ('JBB'), (a company wholly owned by Joris Brams and family), CCIP paid fees of €91,550 to JBB in respect of brand development services provided by JBB to CCIP in relation to Belgian products.

For the purposes of the Section 305 of the Companies Act, 2014, the aggregate gains by Directors on the exercise of share options during FY2018 was €166,576 (FY2017 €nil).

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, they must pay a further amount, equating to the amount of such excess, before an exercise/sale of the awarded Interests. The deferral of the payment of the further amount was considered to be an interest-free loan by the Company to the executive and a taxable benefit-in-kind arose, 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). In the prior financial year the Group's executive Directors exercised their JSOP Interests and paid the further amount on exercise. Under the terms of the Plan, when the further amount is paid, the Company compensates the executive for the obligation to pay this further amount by paying him an equivalent amount, which is however, subject to income tax and social security in the hands of the executive. This compensation is disclosed in the table above under further amount.

12. POST BALANCE SHEET EVENTS

On 4th April 2018, C&C Group plc acquired the entire issued share capital of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited and their subsidiary businesses, Catalyst, Peppermint, Elastic and Walker & Wodehouse (together "Matthew Clark Bibendum"). Matthew Clark Bibendum enhances the Group's route to market for cider and super-premium brands across the on-trade and off-trade in the UK.

The Group acquired Matthew Clark Bibendum for a nominal sum of £1 and is providing sufficient funds to support the ongoing working capital and other cash requirements of the business. The initial accounting for the acquisition is currently in progress. The Group has commenced a detailed review of the accounting policies applied to ensure consistency with the Group policies and procedures. Given the status of the accounting for this acquisition, the Directors are not in a position to make the necessary disclosures required under IFRS 3 (2008) *Business Combinations* at the date of approval of these financial statements.

13. PRIOR YEAR RECLASSIFICATION

	2017	Restatement	Restated 2017
Revenue	818.1	42.7	860.8
Excise duties	(258.6)	(5.7)	(264.3)
Operating costs before exceptional items	(464.5)	(37.0)	(501.5)
Operating costs after exceptional items	(614.6)	(37.0)	(651.6)

In anticipation of the implementation of IFRS 15 *Revenue from Contracts with Customers* from 1 March 2018, management has begun examining the accounting for revenue for certain arrangements. In respect of certain of the Group's arrangements with third parties entered into in order to utilise excess capacity, management has determined that income from such arrangements, previously netted from operating costs, should more appropriately be recorded gross, as revenue. Accordingly, management have changed the classification of such income in the Income Statement for the year ended 28 February 2018. In the current year, the amount recorded that would have been netted from operating costs was €36.5m and accordingly, in the prior year Income Statement line items have been restated as follows: gross revenue has increased by €42.7m, excise duties have increase by €5.7m, and net sales revenue and operating costs have increased by €37.0m. Applicable notes have accordingly also been adjusted. The restatement has no impact on net income or net assets for the prior year.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 16 May 2018.