RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2019

C&C Group plc ('C&C' or the 'Group'), a leading, vertically integrated premium drinks company which manufactures, markets and distributes branded beer, cider, wine, spirits and soft drinks across the UK and Ireland announces unaudited results for the six months ended 31 August 2019 ("H1'20").

H1'20 Financial highlights

€m except per share items	H1'20(i)	Growth %	H1'20 Including IFRS16	Growth %
Net revenue(ii)	874.9	13.5%	874.9	13.5%
Adjusted EBITDA(iii)	71.5	8.0%	80.4	21.5%
Operating profit(iv)	63.8	9.2%	64.9	11.1%
Operating margin	7.3%	(0.3%)	7.4%	(0.2%)
Basic EPS	15.7	7.5%	15.5	6.2%
Adjusted diluted EPS(v)	16.3	5.8%	16.0	3.9%
Dividend per share	5.5c	3.2%	5.5c	3.2%
Free cash flow(vi)	80.6		90.9	
Free cash flow/Adjusted EBITDA(iii)(% conversion)	112.7%		113.1%	
Net Debt(vii)	255.4		343.6	

FINANCIAL (excluding IFRS16)

- Net revenue(ii) up +13.5% and operating profit(iv) +9.2%.
- Like-for-like adjusted diluted EPS(v) growth of +5.8%. Basic EPS growth +7.5%.
- Strong free cash flow(vi) of €80.6m representing 112.7% of adjusted EBITDA(iii).
- Net debt(vii) / Adjusted EBITDA(iii) reduced to 2.04x from 2.51x at FY19 year end.
- Interim dividend of 5.50c representing an increase of 3.2%.
- Application for listing in FTSE.
- Adoption of IFRS16 *Leases* from 1 March 2019.

OPERATIONAL HIGHLIGHTS

- OTIF at Matthew Clark remains over 96% against 64% at acquisition with Availability at 98% (42% Apr 18).
- Operating margins of 2.7% at Matthew Clark and -0.8% at Bibendum.
- Resilient brand performance for Tennent's, Magners and Bulmers.
- Super premium craft organic revenue growth of +21%, now 8.5% of branded revenue.
- Magners share gain in GB(viii).
- Innovation across markets with Bulmers 0%, Rose, Dark Fruit and Drygate extensions and sponsorship of Cheltenham Gold Cup.

STRATEGIC HIGHLIGHTS

- Continued optimisation of the brand led distribution model.
- Admiral Taverns acquires 150 pubs.
- Sustainability pledges delivered with associated investment.

Stephen Glancey, C&C Group CEO, commented:

"We are pleased with the progress of the business over the first half of the financial year with revenue growth of +13.5% and operating profits ahead by +9.2%.

Last year was exceptional with a World Cup and a hot summer boosting demand. Despite challenging year-on-year comparatives we have delivered a resilient revenue performance in our core brands. Cash generation is excellent with conversion at 112.7% and our Net Debt/EBITDA stood at 2.04x at the end of August, ahead of forecast.

Despite the economic uncertainties linked to macro and political issues, current trading is in line with expectations. Accordingly, we remain on track to deliver double digit EPS growth in FY2020 and on our steady state forward earnings targets. We have significant balance sheet strength to support our targeted growth range. C&C is committed to effective capital allocation and progressive capital returns. In the first half of the year, we have invested €3.5m in a range of business return projects. We have also bought back three million shares and are proposing an interim dividend of 5.50c representing an increase of 3.2%".

ENDS

OPERATING REVIEW

Matthew Clark and Bibendum

€m Constant currency[ix]	H1'20 *6 months*	H1'20 *5 months*	H1'19 *5 months*	LFL Change %	Reported Change %
Net revenue[ii]	565.2	483.0	461.0	+4.8%	+22.6%
- Price / mix impact				*+5.5%*	*+5.7%*
- Volume impact				*(0.7%)*	*+16.9%*
Operating profit[iv]	11.0	11.1	6.1	+82.0%	+80.3%
Operating margin	*2.0%*	*2.3%*	*1.3%*	*+100bps*	*+70bps*
Including IFRS16					
Operating profit[iv]	11.6	11.7	6.1	+91.8%	+90.2%
Operating margin	*2.1%*	*2.4%*	*1.3%*	*+110bps*	*+80bps*
Volume - (Cases k 9L)[x]	16,008	13,598	13,690	(0.7%)	+16.9%

In aggregate, Matthew Clark and Bibendum form the UK's No.1 drinks distribution business to the UK licensed on-trade. Matthew Clark is the leading independent composite drinks distributor with unrivalled product breadth across all categories and serving a customer base of over 20,000 outlets from a national network of 12 warehouses. Bibendum is the leading premium wine and spirits specialist with an enviable reputation for product expertise and long-standing, trusted relationships with the UK's premium bars, restaurants and hotels. Together they serve the large, attractive and robust UK drinks market valued at €52 billion which grew at 4.1% by value last year[xi].

Customers
Customer service and satisfaction levels remain high, with On Time in Full deliveries (OTIF) as at end August 2019 in excess of 96% (August 2018: 92%). Net Promoter Scores were strong with half year scores of 48.4 at Matthew Clark and 45.1 at Bibendum.

Suppliers
The supplier base has been broadly supportive of the recovery programme, underpinning the importance of route-to-market partners for both major brand owners and craft producers.

Cash and working capital
Further working capital improvements, ahead of expectations, have been delivered in Matthew Clark and Bibendum.

Financial control
Since acquisition, we have focused on establishing a robust financial control and reporting environment. We continue with a rigorous programme of reviews, reconciliations and cash forecasting and are pleased with progress.

Financial performance
First half financial performance is in line with expectations. Trade is stable and operating margins are 2.7% at Matthew Clark and -0.8% at Bibendum. This blends to 2% which is already within the full year margin target.

Revenue is up +22.6%, benefiting from better brand and customer mix, cost reduction measures and an additional month. Operating profit of €11.0m is €4.9m higher than last year. Bibendum was loss making in line with historic phasing. We expect H2 to bring the business to break-even.

We remain confident of achieving a steady state operating margin of 3.0%+ across the combined businesses.

Our focus in the second half is maintaining customer service, further optimisation of logistics and investment in digital capability.

Great Britain

€m Constant currency[ix]	H1'20	H1'19	Change %
Net revenue	167.8	163.4	+2.7%
- Price / mix impact			*+6.8%*
- Volume impact			*(4.1%)*
Operating profit[iv]	24.1	23.4	+3.0%
Operating margin	*14.4%*	*14.3%*	*+10bps*
Including IFRS16			
Operating profit[iv]	24.7	23.4	+5.6%
Operating margin	*14.7%*	*14.3%*	*+40bps*
Volume – (kHL)	1,365	1,424	(4.1%)
- of which Tennent's	*499*	*531*	*(6.0%)*
- of which Magners	*304*	*313*	*(2.9%)*

Market insight
The combined beer and cider markets in GB fell by 3.5% in the six months to 10 August 2019[xii.a]. This was driven by challenging previous year comparators. Total cider volumes were -9.2%[xii.a], with off-trade cider -12.3%[xii.c] and the on-trade -3.7%. C&C cider increased share by 0.3pp to 9.4% during the period. In the on-trade, draught Magners distribution grew by 10.2%[xii.c] with volumes up 8.7%[xii.c]. In Scotland, beer volumes declined by -4.6% with price/mix inflation of 5.3%[xii.b] driven by minimum unit pricing.

Operational performance
Tennent's
Tennent's volumes remained resilient against tough comparatives and an extra 2 months of minimum unit pricing. Volumes for the brand in Scotland were -4.9% however net revenues were +2.5% as a result of optimising pricing yields as well as a more favourable volume mix. This includes sales of Tennent's in Scotland through Matthew Clark. Tennent's volumes through the GB segment were -6.0% on prior period. The brand health scores remain at all-time highs and we have momentum on customer recruitment in the critical independent free-trade. We have also launched our direct to store distribution business and are making good progress.

Magners and GB cider portfolio
Magners volumes were -2.9% in GB, outperforming the overall cider category and gaining share across both the on & off-trade channels. The reporting period was highlighted by the commencement of the multi-year brand sponsorship of the Cheltenham Gold Cup for Magners and Bulmers which provided brand exposure at one of the UK and Ireland's highest profile sporting and social events. We are pleased with the progress of Dark Fruits and Rose.

Super-premium and Craft
Our super-premium and craft portfolio now constitutes 9.7% of our branded net revenue, up from 9.3% H1'19.

Wholesale distribution and wine
Volumes have declined -1.4% following disruption from a new warehouse management system implementation at our Cambuslang depot. Whilst we did not lose customers, the overall yield per customer fell as they sourced some products elsewhere.

Financial performance
Revenues for the GB division increased 2.7% in the period with pricing and mix benefits offsetting volume declines. Operating profit was +3.0% with margins increasing by 10 basis points vs last year.

In Scotland, pricing and mix management delivered +4.2% improvement to net revenue despite volume declines on Tennent's.

In England and Wales, net revenue was broadly flat with volume declines being offset by improved pricing.

Ireland

€m Constant currency[ix]	H1'20	H1'19	Change %
Net revenue	120.6	124.5	(3.1%)
- Price / mix impact			*(2.2%)*
- Volume impact			*(0.9%)*
Operating profit[iv]	25.9	26.1	(0.8%)
Operating margin	*21.5%*	*21.0%*	*+50bps*
Including IFRS16			
Operating profit[iv]	25.8	26.1	(1.1%)
Operating margin	*21.4%*	*21.0%*	*+40bps*
Volume – (kHL)	749	756	(0.9%)
- of which Bulmers	*209*	*229*	*(8.7%)*

Market insight
Long alcoholic drink (LAD) volumes in the Republic of Ireland were -3.8%[xiii.a] in the six months to 31 August 2019. The decline was led by the off-trade -5.2% [xiii.b], with on-trade volumes less subdued at -2.3% [xiii.c]. Cider's share of LAD fell to 13.0% (H1'18: 13.8%) [xiii.d]. Weather and the World Cup were the key drivers.

Competition remains intense with significant new product launches by major international brewers across beer and cider. Despite this increased competition, our volume share of total cider held firm at 65%[xiii.e] over the period.

The number of on-trade licensed premises in urban areas rose 2.2% in the year, with a 5.7% increase in on-trade wine licenses.

Legislation on minimum unit pricing in Ireland was passed by the Irish parliament in 2018 and is expected to be implemented over the next 12-18 months.

Operating performance
Cider

Our latest brand health scores confirm Bulmers is consistently ranked the No.1 cider brand in Ireland across all measures and the No.3 brand in LAD[xiv].

Bulmers largely performed as expected in H1, with share returning to FY18 levels following last year's above average summer. Revenue for Bulmers was down -4.2% reflecting the channel mix performance. We launched Bulmers Rose and Bulmers 0% reflecting changing consumer trends.

Super-premium and Craft

Our super-premium and craft portfolio had another strong year in Ireland. Five Lamps, our Dublin craft brewery increased volumes by 33.1%. Investment in a Five Lamps' visitor centre on Dublin's Camden Street is testament to the brand's growth and it's potential.

Wholesale distribution and wine

C&C Gleeson, together with our wine business, saw significant momentum into H1 with total revenue growth of 8%.

Financial performance
The net revenue performance of the division of -3.1% was mainly driven by channel and brand mix.

Operating profit was marginally down for the period, with revenue declines offset by good cost management.

International

€m Constant currency(ix)	H1'20	H1'19	Change %
Net revenue	21.3	21.8	(2.3%)
- Price / mix impact			*+2.7%*
- Volume impact			*(5.0%)*
Operating profit(iv)	2.8	2.8	0.0%
Operating margin	*13.1%*	*12.8%*	*+30bps*
Volume – (kHL)	134	141	(5.0%)

Operating performance
We have focused activity on core brands in more established markets where there is the greatest opportunity to build meaningful, long term brand value. Whilst volumes declined overall in the period, the rate of decline has slowed significantly.

Europe and Africa

The transition of Tennent's to distribution by AB InBev in Italy continues to adversely impact volumes in what was the brand's largest export market. Increased competitor activity in Spain and reduced British tourist numbers impacted the performance of Magners. In addition, planned withdrawals from low value markets in Africa and the travel retail channel also had a significant impact on volumes, albeit with limited impact on profit. Overall, EMEA volumes were 66kHL, -7%.

Asia Pacific

Volumes were up in Australia following last year's transition to Coca-Cola Amatil (CCA) in Australia. Overall volumes were 15kHL, +4%.

North America

Volumes, including contract packing, were +2% in the period. Branded volume was -5.0% . Innovation led growth in both shipments and depletions of Woodchuck.

Financial performance
Operating profits for the International division were flat versus the same period last year at €2.8m, with reduced cost infrastructure across both our North America and Export businesses offsetting the volume declines.

Notes to Operating Review are set out below.

(i) H1'20 reported numbers excluding the impact of adoption by the Group of IFRS 16 *Leases*. Growth calculations based on H1'20 reported numbers, excluding the impact of IFRS 16 compared to H1'19 reported numbers which included Matthew Clark and Bibendum businesses from date of acquisition by the Group, on 4 April 2018.

(ii) Prior period net revenue number has been restated with respect to Matthew Clark and Bibendum to deduct the duty element as outlined further in note 16 of the Condensed Consolidated Interim Financial Statements.

(iii) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, share of equity accounted investments' profit after tax, tax, depreciation and amortisation charges. A reconciliation of the Group's operating profit to adjusted EBITDA is set out on page 11.

(iv) Excluding exceptional items.

(v) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Refer to note 5 of the Condensed Consolidated Interim Financial Statements.

(vi) Free Cash Flow that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €159.9m (31 August 2018: €161.1m) to closing cash. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 11.

(vii) Net debt comprises borrowings (net of issue costs) less cash. Net debt, including the impact of IFRS 16, comprises borrowings (net of issue costs), lease liabilities capitalised less cash. Refer to note 10 of the Condensed Consolidated Interim Financial Statements.

(viii) up +0.2% to 5.0% in on-trade (*Source: CGA OPMS, 22 w/e 13th Jul 19*), up +0.1% to 6.5% in off-trade (wider portfolio up +0.3% to 9.4%) (*Source: Nielsen Scantrack, 26 w/e 10th Aug 19*)

(ix) H1'19 comparative adjusted for constant currency (H1'19 translated at H1'20 F/X rates) as outlined on page 13.

(x) Volume for Matthew Clark and Bibendum has been restated in prior period.

(xi) OUTLET on-trade Market model (GB on-trade); AC Nielsen Total Business Report to 09.03.19 (GB off-trade); CACI NI Weekly OA Expenditure and Social Scene Profile 2018 (NI on-trade); internal calculations (NI off-trade). GBP to EUR conversion at 1.16482 (rate at 15:24 02/05/19).

(xii)

a. Combined CGA OPMS and Nielsen Scantrack, 26 w/e 10.08.19
b. Nielsen Scantrack, 26 w/e 10th Aug-19
c. CGA OPMS, 22 w/e 13th Jul-19

(xiii)

a. AC Nielsen, Total Trade Volume, Mar-Aug '19 vs. Mar-Aug '18
b. AC Nielsen, off-trade Volume, Mar-Aug '19 vs. Mar-Aug '18
c. AC Nielsen, on-trade Volume, Mar-Aug '19 vs. Mar-Aug '18
d. AC Nielsen, Cider Total Trade Volume % of LAD, Mar-Aug '19 vs. Mar-Aug 18
e. AC Nielsen, Total Trade C&C Gleeson Cider Volume % share of LAD, 6 months to August/Internal analysis

(xiv) YouGov, Brand Health Scores, Total Population, 01.05.2019-31.09.2019.

Conference call details | Analysts & Institutional Investors

C&C Group plc will host a live conference call and webcast, for analysts and institutional investors, today, 24 October 2019, at 08:15 BST (03:15 ET). Dial in details are below for the conference call. The webcast can be accessed on the Group's website: www.candcgroupplc.com.

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

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About C&C Group plc

C&C Group plc is a leading, vertically integrated premium drinks company which manufactures, markets and distributes branded beer, cider, wine, spirits, and soft drinks across the UK and Ireland.

- C&C Group's portfolio of owned/exclusive 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 fast-growing, super-premium and craft ciders and beers, such as Heverlee, Menabrea, Five Lamps and Orchard Pig. C&C exports its Magners and Tennent's brands to over 60 countries worldwide.
- C&C Group has owned brand and contract manufacturing/packing operations in Co.Tipperary, Ireland; Glasgow, Scotland; and Vermont, US, where it manufactures Woodchuck, a leading craft cider brand in the United States.
- C&C is the No.1 drinks distributor to the UK and Ireland hospitality sectors. Operating under the Matthew Clark, Bibendum, Tennent's and C&C Gleeson brands, the Group supplies over 35,000 pubs, bars, restaurants and hotels, and is a key route-to-market for major international beverage companies.
- C&C Group also has an investment in the Admiral Taverns tenanted pub group, which owns c. 950 pubs across England & Wales following the recent acquisition of 150 pubs.

C&C Group is headquartered in Dublin and is listed on the London Stock Exchange.

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

Financial review

A summary of results for the six months ended 31 August 2019 is set out in the table below.

	Period ended 31 August 2019[(i)]	**Period ended 31 August excl. IFRS16 2019[(i)]**	Period ended 31 August 2018 as restated[(i)(ii)]	CC[(iii)] Period ended 31 August 2018	Change	Change excl. IFRS 16	CC[(iii)] Change
	€m	**€m**	€m	€m	%	%	%
Net revenue	**874.9**	**874.9**	770.6	770.7	13.5%	13.5%	13.5%
Operating profit	**64.9**	**63.8**	58.4	58.4	11.1%	9.2%	11.1%
Net finance costs	**(10.2)**	**(8.3)**	(5.0)				
Share of equity accounted investments' profit after tax	**1.9**	**1.9**	2.5				
Profit before tax	**56.6**	**57.4**	55.9		1.3%	2.7%	
Income tax expense	**(6.7)**	**(6.7)**	(8.4)				
Effective tax rate[(iv)]	**12.2%**	**12.1%**	15.7%				
Profit for the financial year	**49.9**	**50.7**	47.5				
Basic EPS	**15.5 cent**	**15.7 cent**	14.6 cent		6.2%	7.5%	
Adjusted diluted EPS[(v)]	**16.0 cent**	**16.3 cent**	15.4 cent		3.9%	5.8%	

C&C is reporting net revenue of €874.9m, operating profit[(i)] of €64.9m, basic EPS of 15.5 cent and adjusted diluted EPS[(v)] of 16.0 cent. On a constant currency[(iii)] basis, net revenue for existing C&C increased by 13.5% while operating profit[(i)] increased by 11.1%.

As outlined in the table above, the Group's results in the current financial period have been impacted by the adoption of IFRS 16 *Leases* from 1 March 2019. Excluding the impact of IFRS 16 operating profit of the Group would be €63.8m, finance costs would be €8.3m, basic EPS would be 15.7 cent and adjusted diluted EPS[(v)] would be 16.3 cent. Further details of the impact of adoption, by the Group, of IFRS 16 *Leases* are outlined in note 1 of the Group's Condensed Consolidated Interim Financial Statements.

Finance costs, income tax and shareholder returns

Net finance charges of €10.2m (31 August 2018: €5.0m) were incurred in the period. Finance charges, excluding the impact of IFRS 16 *Leases*, were €8.3m. The increase on the prior period was due to higher levels of borrowings on average during the period and the funding margin being marginally more expensive than our previous facility reflecting changes in reference base rates.

The income tax charge for the period was €6.7m[(i)] (31 August 2018: €8.4m). This excludes the tax credit of €1.0m relating to exceptional items. In line with IAS 34 *Interim Financial Reporting* this represents an effective tax rate of 12.2%[(iv)]. The effective tax rate of 12.2% takes into account the release of a specific tax provision which is no longer required. This forecasted effective tax rate reflects the fact that the Group is established in Ireland and as a result it benefits from the 12.5% tax rate on profits generated in Ireland.

The Board declared a final dividend of 9.98 cent per share for the financial year ended 28 February 2019 resulting in a full year dividend for that financial year of 15.31 cent per share and representing a pay-out of 57.6% (FY2018: 66.3%) of the full year reported (FY2019) adjusted diluted EPS[(v)]. The dividend was paid to shareholders on 19 July 2019 and was settled €18.3m in cash and €12.5m by way of a scrip alternative.

The Board has declared an interim dividend of 5.50 cent per share for the financial year ending 28 February 2020. This represents growth of 3.2% over the FY2019 interim dividend of 5.33c. Payment will be on 13 December 2019 to shareholders registered at the close of business on 1 November 2019. A scrip alternative will be offered to shareholders.

In addition to increased dividends, we invested €11.3m (including commission and related costs) in on-market share buybacks, to minimise the dilutive impact of the scrip dividends, purchasing 3,000,000 of our own shares at an average price of €3.71. Our stockbrokers, Davy, conducted the share buyback programme. All shares acquired during the current financial period were subsequently cancelled.

During the period, the Group took the decision to seek admission to the FTSE UK Index Series. This was deemed the most appropriate action based on a number of factors. Following the acquisition of Matthew Clark and Bibendum in 2018 the majority of the Group's revenues, earnings and activities are now derived in and from the United Kingdom ("UK"). The continued evolution of our shareholder base now results in the majority of the Group's shares being held by shareholders based in the UK and North America and the Group believes that over time the change in listing will increase awareness of the Group among the investor community. The move entailed cancelling the Group's listing on the Official List of Euronext Dublin on 7 October 2019. From that date, C&C shares are traded solely on the London Stock Exchange in Sterling.

Exceptional items

The Group has incurred exceptional costs on a before tax basis of €5.6m in the current financial period. This primarily comprised of costs associated with the termination of a number of the Group's long term apple contracts amounting to €4.3m and restructuring costs of €1.1m.

These exceptional costs were offset by an exceptional gain of €2.6m with respect to the profit from the sale of the Group's Canadian equity accounted investment. Further details are provided in note 4 of the Condensed Consolidated Interim Financial Statements.

Cash flow generation

Management reviews the Group's cash generating performance by measuring the conversion of adjusted EBITDA[(vi)] to Free Cash Flow[(vii).] The Group generated Free Cash Flow[(vii)] pre-exceptional items of €90.9m in the period representing 113.1% (31 August 2018: 147.9%) of adjusted EBITDA[(vi)]. Excluding the impact of IFRS 16 *Leases* the Free Cash Flow conversion[(vii)] pre-exceptional items in the period would have been 112.7% of adjusted EBITDA[(vi)]. The Group's year end cash position benefited from the Group's receivables purchase programme which contributed €159.9m to the period end cash (31 August 2018: €161.1m).

The Group ended the period in a net debt[(viii)] (excluding capitalised leases) position of €255.4m (31 August 2018: €278.9m). The net debt of the Group, including lease liabilities capitalised under IFRS 16 was €343.6m.

Summary cash flow for the six months ended 31 August 2019 is set out in the table below.

	Six months ended 31 August 2019 Reported (including IFRS 16)	**Six months ended 31 August 2019 – excluding IFRS 16**	Six months ended 31 August 2018
	€m	**€m**	€m
Operating profit	**59.3**	**58.2**	55.3
Exceptional items	**5.6**	**5.6**	3.1
Operating profit before exceptional items	**64.9**	**63.8**	58.4
Amortisation and depreciation charge	**15.5**	**7.7**	7.8
Adjusted EBITDA(vi)	**80.4**	**71.5**	66.2
Cash flow summary			
Adjusted EBITDA	**80.4**	**71.5**	66.2
Tangible / intangible net expenditure	**(7.4)**	**(7.4)**	(7.9)
Advances to customers	**(1.0)**	**(1.0)**	0.5
Working capital movement	**24.1**	**22.7**	44.8
Income taxes paid	**(1.2)**	**(1.2)**	(3.7)
Exceptional items paid	**(7.1)**	**(7.1)**	(2.9)
Net finance costs	**(5.2)**	**(5.2)**	(3.1)
Pension contributions paid	**(0.2)**	**(0.2)**	-
Other*	**1.4**	**1.4**	1.1
Free Cash Flow(vii) (FCF)	**83.8**	**73.5**	95.0
FCF conversion ratio	***104.2%***	***102.8%***	*143.5%*
Free Cash Flow	***83.8***	***73.5***	*95.0*
FCF exceptional cash outflow	***7.1***	***7.1***	*2.9*
FCF excluding exceptional cash outflow	**90.9**	**80.6**	97.9
FCF conversion ratio excluding exceptional cash outflow	***113.1%***	***112.7%***	*147.9%*
Reconciliation to Condensed Consolidated Cash Flow Statement			
Free Cash Flow	***83.8***	***73.5***	*95.0*
Cash outflow re acquisition of equity accounted investments	***(0.5)***	***(0.5)***	-
Proceeds from sale of equity accounted investment	***6.1***	***6.1***	-
Shares purchased to satisfy share option entitlements	***(0.4)***	***(0.4)***	*(0.1)*
Proceeds from exercise of share options/equity interests	***0.4***	***0.4***	-
Shares purchased under share buyback programme	***(11.3)***	***(11.3)***	-
Payment of issue costs	***(0.5)***	***(0.5)***	*(5.0)*
Dividends paid	***(18.3)***	***(18.3)***	*(21.5)*
Payment of lease liabilities	***(10.3)***	**-**	-
Drawdown of debt	***133.4***	***133.4***	*268.1*
Repayment of debt	***(88.0)***	***(88.0)***	*(238.6)*
Net increase in cash	***94.4***	***94.4***	*97.9*

* Other primarily relates to the add back of share options, pensions debited to operating profit and net profit on disposal of property, plant and equipment.

Pensions

In compliance with IFRS, the net assets and actuarial liabilities of the various defined benefit pension schemes operated by Group companies, computed in accordance with IAS 19(R) *Employee Benefits,* are included on the Condensed Consolidated Balance Sheet as retirement benefits.

At 31 August 2019, the Group is reporting a net retirement benefit deficit of €14.9m (31 August 2018 surplus: €4.0m, 28 February 2019 deficit: €3.2m). All schemes are closed to new entrants. There are 3 active members in the Northern Ireland ('NI') scheme and 56 active members (less than 10% of total membership) in the Republic of Ireland ('ROI') schemes. The Group has an approved funding plan in place, the details of which are disclosed in note 12 of the Condensed Consolidated Interim Financial Statements. Arising from the formal actuarial valuations of the main schemes the Group has committed to contributions of 27.5% of pensionable salaries. In the short term deficit contributions are not required 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 or the Group's NI defined benefit pension scheme, both of which are in surplus. The funding requirement will be reviewed again as part of the next triennial valuation in January 2021.

The key factors influencing the change in valuation of the Group's defined benefit pension scheme obligations are as outlined below:-

	€m
Net deficit at 1 March 2019	**(3.2)**
Employer contributions paid	**0.2**
Experience gains and losses on scheme liabilities	**0.4**
Effect of changes in financial assumptions	**(31.9)**
Actual return less Interest income on scheme assets	**20.3**
Current service cost	**(0.4)**
Translation adjustment	**(0.3)**
Net pension deficit at 31 August 2019	**(14.9)**

The increase in the deficit of the Group's defined benefit pension schemes, since 28 February 2019, as computed in accordance with IAS 19(R) *Employee Benefits* is primarily due to a decrease in the discount rate over the six month period, reflecting the reduction in corporate bond yields over the same period. This has been marginally offset by the lower than expected benefit inflation assumption.

Foreign currency and comparative reporting

		Six month period ended 31 August 2019	Six month period ended 31 August 2018
Translation exposure	Euro:Stg£	**£0.884**	£0.883
	Euro:US$	**$1.123**	$1.188

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 period at current period effective rates.

The impact of restating currency exchange rates on the results for the period ended 31 August 2018 is as follows:-

	Period ended 31 August 2018 as restated[ii] €m	**FX Transaction €m**	**FX Translation €m**	**Period ended 31 August 2018 as restated[ii] Constant currency comparative €m**
Revenue				
Ireland	172.0	-	-	**172.0**
Great Britain	257.6	-	(0.2)	**257.4**
International	21.6	-	0.6	**22.2**
Matthew Clark and Bibendum	529.5	-	(0.4)	**529.1**
Total	**980.7**	**-**	**-**	**980.7**
Net revenue				
Ireland	124.5	-	-	**124.5**
Great Britain	163.5	-	(0.1)	**163.4**
International	21.2	-	0.6	**21.8**
Matthew Clark and Bibendum	461.4	-	(0.4)	**461.0**
Total	**770.6**	**-**	**0.1**	**770.7**
Operating profit[i]				
Ireland	26.1	-	-	26.1
Great Britain	23.4	-	-	23.4
International	2.8	-	-	2.8
Matthew Clark and Bibendum	6.1	-	-	6.1
Total	**58.4**	**-**	**-**	**58.4**

Notes to the Finance Review are set out below.

(i) Before exceptional items.
(ii) Prior period net revenue number has been restated with respect to Matthew Clark and Bibendum to deduct the duty element as outlined further in note 16 of the Condensed Consolidated Interim Financial Statements.
(iii) H1'19 comparative adjusted for constant currency (H1'19 translated at H1'20 F/X rates) as outlined on page 13.
(iv) Effective tax rate is calculated on the Group's profit before tax, excluding exceptional items and excluding the share of equity accounted investments' profit after tax.
(v) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Refer to note 5 of the Condensed Consolidated Interim Financial Statements.
(vi) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, share of equity accounted investments' profit after tax, tax, depreciation and amortisation charges. A reconciliation of the Group's operating profit to EBITDA is set out on page 11.
(vii) Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €159.9m (31 August 2018: €161.1m) to closing cash. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 11.
(viii) Net debt comprises borrowings (net of issue costs) less cash. Net debt, including the impact of IFRS 16, comprises borrowings (net of issue costs), lease liabilities capitalised less cash. Refer to note 10 of the Condensed Consolidated Interim Financial Statements.

Principal risks and uncertainties

We have an established risk management process to identify, assess and monitor the principal risks that we face as a business. We have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year remain substantially the same as those stated on pages 13 to 17 of the Group's annual financial statements for the year ended 28 February 2019, which are available on our website, http://www.candcgroupplc.com.

Since publication of the 2019 Annual Report, negotiations have continued between the EU and the UK in relation to the UK's departure from the EU. It is currently unclear as to the terms of departure and we are therefore taking the appropriate steps to put contingency plans in place to prepare the Group for the possibility of a 'no deal' scenario and the potential for an abrupt departure from the EU.

We have undertaken a detailed analysis of the risks and operational challenges to our business from a no-deal Brexit and their potential impact on the business and have contingency planning in place to mitigate these risks and challenges.

Directors' responsibility statement in respect of the half-yearly financial report for the six months ended 31 August 2019

We confirm our responsibility for the half-yearly financial report in accordance with the Transparency Directive (2004/109/EC) Regulations 2007 and the interim Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34 *Interim Financial Reporting* as adopted by the EU, and that to the best of our knowledge:

- the condensed set of financial statements comprising the Group Condensed Income Statement, the Group Condensed Statement of Comprehensive Income, the Group Condensed Balance Sheet, the Group Condensed Cash Flow Statement, the Group Condensed Statement of Changes in Equity and the related notes have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

- the interim management report includes a fair review of the information required by:

  (a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007,

    - being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and,
    - a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007,

    - being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and,
    - any changes in the related party transactions described in the last Annual Report that could do so.

The Group's auditor has not audited or reviewed the Condensed Consolidated Interim Financial Statements or the remainder of the half-yearly financial report.

On behalf of the Board

S. Gilliland
Chairman

S. Glancey
Group Chief Executive Officer

23 October 2019

Condensed Consolidated Income Statement
for the six months ended 31 August 2019

		Six months ended 31 August 2019 (unaudited)			Six months ended 31 August 2018 as restated (unaudited)		
	Notes	**Before exceptional items €m**	**Exceptional items (note 4) €m**	**Total €m**	Before exceptional items as restated €m	Exceptional Items (note 4) €m	Total as restated €m
Revenue	2	**1,093.1**	**-**	**1,093.1**	980.7	-	980.7
Excise duties		**(218.2)**	**-**	**(218.2)**	(210.1)	-	(210.1)
Net revenue	2	**874.9**	**-**	**874.9**	770.6	-	770.6
Operating costs		**(810.0)**	**(5.6)**	**(815.6)**	(712.2)	(3.1)	(715.3)
Group operating profit/(loss)	2	**64.9**	**(5.6)**	**59.3**	58.4	(3.1)	55.3
Profit on disposal	4	**-**	**2.6**	**2.6**	-	-	-
Finance income		**0.5**	**-**	**0.5**	-	-	-
Finance expense		**(10.7)**	**-**	**(10.7)**	(5.0)	-	(5.0)
Share of equity accounted investments' profit after tax		**1.9**	**-**	**1.9**	2.5	-	2.5
Profit/(loss) before tax		**56.6**	**(3.0)**	**53.6**	55.9	(3.1)	52.8
Income tax (expense)/credit	3	**(6.7)**	**1.0**	**(5.7)**	(8.4)	0.4	(8.0)
Group profit/(loss) for the financial period		**49.9**	**(2.0)**	**47.9**	47.5	(2.7)	44.8
Attributable to:							
Equity holders of the parent		**49.8**	**(2.0)**	**47.8**	47.5	(2.7)	44.8
Non-controlling interests		**0.1**	**-**	**0.1**	-	-	-
Group profit/(loss) for the financial period		**49.9**	**(2.0)**	**47.9**	47.5	(2.7)	44.8
Basic earnings per share (cent)	**5**			**15.5c**			14.6c
Diluted earnings per share (cent)	**5**			**15.4c**			14.5c

All of the results are related to continuing operations.

Condensed Consolidated Statement of Comprehensive Income
for the six months ended 31 August 2019

	Notes	**Six months ended 31 August 2019 (unaudited) €m**	Six months ended 31 August 2018 (unaudited) €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		**(24.0)**	(3.3)
Gain/(loss) relating to cash flow hedges		**2.2**	(0.2)
Deferred tax liability relating to cash flow hedges		**(0.4)**	-
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial (loss)/gain on retirement benefits	12	**(11.2)**	3.4
Deferred tax credit/(charge) on actuarial gain on retirement benefits		**1.3**	(0.5)
Net loss recognised directly within Other Comprehensive Income		**(32.1)**	(0.6)
Group profit for the financial period		**47.9**	44.8
Comprehensive income for the financial period		**15.8**	44.2
Attributable to:			
Equity holders of the parent		**15.7**	44.2
Non-controlling interests		**0.1**	-
Comprehensive income for the financial period		**15.8**	44.2

Condensed Consolidated Balance Sheet
as at 31 August 2019

	Notes	As at 31 August 2019 (unaudited) €m	As at 31 August 2018 as restated-note 16 (unaudited) €m	As at 28 February 2019 (audited) €m
ASSETS				
Non-current assets				
Property, plant & equipment*	6	**210.2**	139.2	144.5
Goodwill & intangible assets	8	**669.9**	661.4	683.7
Equity accounted investments		**66.7**	63.5	71.4
Retirement benefits	12	**8.5**	5.6	9.0
Deferred income tax assets		**5.1**	3.0	4.0
Trade & other receivables		**26.8**	46.3	25.7
		987.2	919.0	938.3
Current assets				
Inventories		**154.3**	175.2	184.1
Trade & other receivables		**197.3**	281.0	162.6
Derivative financial asset		**0.3**	-	-
Cash		**230.5**	242.4	144.4
		582.4	698.6	491.1
TOTAL ASSETS		**1,569.6**	1,617.6	1,429.4
EQUITY				
Equity share capital		**3.2**	3.2	3.2
Share premium		**165.1**	150.7	152.6
Other reserves		**75.1**	79.9	96.4
Treasury shares		**(36.7)**	(37.3)	(37.1)
Retained income		**369.8**	374.1	383.7
Equity attributable to equity holders of the parent		**576.5**	570.6	598.8
Non-controlling interests		**(0.7)**	-	(0.8)
Total Equity		**575.8**	570.6	598.0
LIABILITIES				
Non-current liabilities				
Lease liabilities	6	**69.2**	-	-
Interest bearing loans & borrowings	9	**431.0**	494.7	390.8
Retirement benefits	12	**23.4**	1.6	12.2
Provisions		**3.1**	7.4	11.1
Deferred income tax liabilities		**16.3**	11.4	16.9
		543.0	515.1	431.0
Current liabilities				
Lease liabilities	6	**19.0**	-	-
Derivative financial liabilities		**-**	0.2	2.0
Trade & other payables		**367.3**	485.1	336.3
Interest bearing loans & borrowings	9	**54.9**	28.1	55.2
Provisions		**2.9**	3.8	4.6
Current income tax liabilities		**6.7**	14.7	2.3
		450.8	531.9	400.4
Total liabilities		**993.8**	1,047.0	831.4
TOTAL EQUITY & LIABILITIES		**1,569.6**	1,617.6	1,429.4

* Includes leased right-of-use assets with net carrying amount of €69.9m (see note 6).

Condensed Consolidated Cash Flow Statement
for the six months ended 31 August 2019

	Notes	Six months ended 31 August 2019 (unaudited) €m	Six months ended 31 August 2018 (unaudited) €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Group profit for the financial period		**47.9**	44.8
Finance income		**(0.5)**	-
Finance expense		**10.7**	5.0
Income tax expense	**3**	**5.7**	8.0
Profit on share of equity accounted investment		**(1.9)**	(2.5)
Depreciation of property, plant & equipment	**6**	**14.3**	7.0
Amortisation of intangible assets	**8**	**1.2**	0.8
Profit on disposal of equity accounted investment	**4**	**(2.6)**	-
Net profit on disposal of property, plant & equipment	**6**	**(0.2)**	(0.1)
Charge for equity settled share-based payments	**13**	**1.2**	1.0
Pension charged to Income Statement less contributions paid	**12**	**0.2**	0.4
		76.0	64.4
Decrease/(increase) in inventories		**23.6**	(28.5)
(Increase)/decrease in trade & other receivables		**(43.3)**	60.0
Increase in trade & other payables		**42.8**	14.0
Decrease in provisions		**(1.5)**	(0.2)
		97.6	109.7
Interest received		**0.5**	-
Interest and similar costs paid		**(5.7)**	(3.1)
Income taxes paid		**(1.2)**	(3.7)
Net cash inflow from operating activities		**91.2**	102.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment	**6**	**(6.8)**	(8.0)
Purchase of intangible assets	**8**	**(0.8)**	-
Net proceeds on disposal of property, plant & equipment	**6**	**0.2**	0.1
Proceeds from sale of equity accounted investment	**4**	**6.1**	-
Cash outflow re acquisition of equity accounted investments	**15**	**(0.5)**	-
Net cash outflow from investing activities		**(1.8)**	(7.9)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options/equity Interests		**0.4**	-
Drawdown of debt		**133.4**	268.1
Repayment of debt		**(88.0)**	(238.6)
Payment of lease liabilities	**6**	**(10.3)**	-
Payment of issue costs		**(0.5)**	(5.0)
Shares purchased to satisfy share options entitlement		**(0.4)**	(0.1)
Shares purchased under share buyback programme	**13**	**(11.3)**	-
Dividends paid	**14**	**(18.3)**	(21.5)
Net cash inflow from financing activities		**5.0**	2.9
Net increase in cash		**94.4**	97.9
Reconciliation of opening to closing cash			
Cash at beginning of year		**144.4**	145.5
Translation adjustments		**(8.3)**	(1.0)
Net increase in cash		**94.4**	97.9
Cash at end of period		**230.5**	242.4

A reconciliation of cash to net debt is presented in note 10.

Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 August 2019

	Equity share capital	Share premium	Other capital reserves*	Cash flow hedge reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained Income as restated	Total as restated	Non-controlling interest	Total as restated
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 28 February 2019	3.2	152.6	25.7	(1.1)	3.8	57.6	10.4	(37.1)	383.7	598.8	(0.8)	598.0
Adjustment on initial application of IFRS 16, (note 1)	-	-	-	-	-	-	-	-	(9.6)	(9.6)	-	(9.6)
At 1 March 2019	3.2	152.6	25.7	(1.1)	3.8	57.6	10.4	(37.1)	374.1	589.2	(0.8)	588.4
Profit for the financial period	-	-	-	-	-	-	-	-	47.8	47.8	0.1	47.9
Other comprehensive income/(expense)	-	-	-	1.8	-	(24.0)	-	-	(9.9)	(32.1)	-	(32.1)
Total comprehensive income/(expense)	-	-	-	1.8	-	(24.0)	-	-	37.9	15.7	0.1	15.8
Dividend on ordinary shares	-	12.5	-	-	-	-	-	-	(30.8)	(18.3)	-	(18.3)
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.4	(0.4)	-	-	-
Shares purchased under share buyback programme and subsequently cancelled	-	-	-	-	-	-	-	-	(11.3)	(11.3)	-	(11.3)
Reclassification of share-based payments reserve	-	-	-	-	(0.3)	-	-	-	0.3	-	-	-
Equity settled share-based payments	-	-	-	-	1.2	-	-	-	-	1.2	-	1.2
Total transactions with owners	-	12.5	-	-	0.9	-	-	0.4	(42.2)	(28.4)	-	(28.4)
At 31 August 2019	3.2	165.1	25.7	0.7	4.7	33.6	10.4	(36.7)	369.8	576.5	(0.7)	575.8

* Other capital reserve includes the Other undenominated reserve of €0.8m and the Capital reserve of €24.9m.

Condensed Consolidated Statement of Changes in Equity - continued
for the financial year ended 28 February 2019

	Equity share capital	Share premium	Other capital reserves*	Cash flow hedge reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained Income as restated (note 16)	Total as restated	Non-controlling interest	Total as restated
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 March 2018	3.2	143.4	25.7	-	2.1	44.4	10.4	(37.3)	355.0	546.9	-	546.9
Profit for the financial period	-	-	-	-	-	-	-	-	44.8	44.8	-	44.8
Other comprehensive (expense)/income	-	-	-	(0.2)	-	(3.3)	-	-	2.9	(0.6)	-	(0.6)
Total comprehensive (expense)/income	-	-	-	(0.2)	-	(3.3)	-	-	47.7	44.2	-	44.2
Dividend on ordinary shares	-	7.3	-	-	-	-	-	-	(28.8)	(21.5)	-	(21.5)
Reclassification of share-based payments reserve	-	-	-	-	(0.2)	-	-	-	0.2	-	-	-
Equity settled share-based payments	-	-	-	-	1.0	-	-	-	-	1.0	-	1.0
Total transactions with owners	-	7.3	-	-	0.8	-	-	-	(28.6)	(20.5)	-	(20.5)
At 31 August 2018	3.2	150.7	25.7	(0.2)	2.9	41.1	10.4	(37.3)	374.1	570.6	-	570.6
Profit for the financial period	-	-	-	-	-	-	-	-	27.5	27.5	(0.2)	27.3
Other comprehensive income	-	-	-	(0.9)	-	16.5	-	-	0.9	16.5	-	16.5
Total comprehensive income	-	-	-	(0.9)	-	16.5	-	-	28.4	44.0	(0.2)	43.8
Dividend on ordinary shares	-	1.9	-	-	-	-	-	-	(16.7)	(14.8)	-	(14.8)
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.2	(0.2)	-	-	-
Shares purchased under share buyback programme and subsequently cancelled	-	-	-	-	-	-	-	-	(1.9)	(1.9)	-	(1.9)
Non-controlling interests arising on acquisition	-	-	-	-	-	-	-	-	-	-	(0.6)	(0.6)
Equity settled share-based payments	-	-	-	-	0.9	-		-	-	0.9	-	0.9
Total transactions with owners	-	1.9	-	-	0.9	-	-	0.2	(18.8)	(15.8)	(0.6)	(16.4)
At 28 February 2019	**3.2**	**152.6**	**25.7**	**(1.1)**	**3.8**	**57.6**	**10.4**	**(37.1)**	**383.7**	**598.8**	**(0.8)**	**598.0**

* Other capital reserve includes the Other undenominated reserve of €0.8m and the Capital reserve of €24.9m.

Notes to the Condensed Consolidated Interim Financial Statements
for the six months ended 31 August 2019

1. Basis of preparation and Accounting policies

The interim financial information presented in this report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The accounting policies and methods of computation adopted in preparation of the Condensed Consolidated Interim Financial Statements are consistent with recognition and measurement requirements of IFRSs as endorsed by the EU Commission and those set out in the Consolidated Financial Statements for the year ended 28 February 2019 and as described in those Financial Statements on pages 93 to 105, except for the adoption of new standards, interpretations and standard amendments effective as of 1 March 2019.

Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) Interpretations

The following new standards, interpretations and standard amendments became effective for the Group as of 1 March 2019:

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 *Financial Instruments*
- Amendments to IAS 19 *Employee Benefits*
- Amendments to IAS 18 *Investments in Associates and Joint Ventures*
- Annual Improvements to IFRSs: 2015 – 2017 Cycle – Amendments to IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*

The new standards, interpretations and standard amendments did not result in a material impact on the Group's results, with the exception of IFRS 16 *Leases* which is detailed below.

IFRS 16 *Leases*
IFRS 16 *Leases* replaces IAS 17 *Leases.* The Group adopted IFRS 16 from 1 March 2019 by applying the modified retrospective approach. Under this method, the impact of the standard is calculated retrospectively, however, the cumulative effect arising from the new leasing rules is recognised in the opening balance sheet at the date of initial application. Accordingly, the comparative information presented for 2018 has not been restated. As part of the initial application of IFRS 16, the Group chooses to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application. The Group recognises the right-of-use asset at the date of initial application at its carrying amount as if the Standard has been applied since the lease commencement date, but discounted using the incremental borrowing rate at the date of initial application, for the top twenty-five largest leases by lease liability value. The remaining leases recognise the right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Consolidated Balance Sheet immediately before the date of initial application. The Group applied the recognition exemption for both short-term leases and leases of low value assets.

The adoption of IFRS 16 *Leases* had a material impact on the Condensed Consolidated Interim Financial Statements and certain key financial metrics, which is quantified in the table below:

Primary statement line item / financial metric / alternative performance measure		
		Six months ended 31 August 2019
		€m
Condensed Consolidated Income Statement	EBITDA*	+8.9
	Depreciation	+7.8
	Operating profit	+1.1
	Finance costs	+1.9
	Profit before tax; Group profit for the financial period	-0.8
	Basic EPS (cent)	-0.2c
	Adjusted diluted EPS (cent)	-0.3c
		As at 1 March 2019
		€m
Condensed Consolidated Balance Sheet	Property, plant & equipment	+79.8
	Lease liabilities; net debt	+99.3
	Provisions (onerous leases)	-8.5
	Retained earnings	-9.6
	Accruals	-1.9
	Prepayments	-0.5
		Six months ended 31 August 2019
		€m
Condensed Consolidated Statement of Cash Flows	Operating cash flow	+8.9
	Cash flows from financing activities	-10.3
	Free cash flow*	+10.3
	Free cash flow* conversion ratio	+1.4%
	Free cash flow* conversion ratio excluding exceptional cash outflow	+0.4%

* Alternative performance measures defined on page 45.

Income Statement
Cost of sales and operating costs (excluding depreciation) have decreased by €8.9m, as the Group previously recognised operating lease expenses in either cost of sales or operating costs (depending on the nature of the relevant operations and of the lease). Depreciation has increased due to the capitalisation of a right-of-use asset which is depreciated over the term of the lease and finance costs have increased due to associated finance costs applied annually to the lease liability.

Certain lease payments which do not meet the criteria for capitalisation continue to be recorded as an expense within cost of sales and operating costs. The amount recognised within cost of sales and operating costs was €2.8m for the six months ended 31 August 2019.

The overall impact of the implementation of IFRS 16 will be neutral on the Income Statement over the life of the lease, with a higher charge in the earlier years and a lower charge in later years. Adopting IFRS 16 does not change the overall cashflows or the economic effect of the leases.

Balance sheet
The Group has identified the minimum lease payments outstanding (including payments for renewal options which are reasonably certain to be exercised) and has applied the appropriate discount rate to calculate the present value of the lease liability and right-of-use asset recognised on the Condensed Consolidated Balance Sheet. The discount rates applied were arrived at using a methodology to calculate the incremental borrowing rates across the

Group. The weighted average incremental borrowing rate applied to lease liabilities on the Condensed Consolidated Balance Sheet was 4.07% at 1 March 2019.

There is no effect on the Group's existing banking covenants as a result of implementing IFRS 16 which are calculated on a pre-adoption basis.

A reconciliation of the operating lease commitment previously reported under IAS 17 to the discounted liability as at 1 March 2019 under IFRS 16 *Leases* is as follows:

	As at 1 March 2019
	€m
Operating lease commitment under IAS 17	**116.0**
Lease extensions beyond break date	**0.4**
Other lease payments not included in discounted lease liability under IFRS 16*	**(2.8)**
Undiscounted lease liability under IFRS 16	**113.6**
Less impact of discounting	**(14.3)**
Discounted lease liability under IFRS 16	**99.3**

* Other lease payments not included in discounted lease liability under IFRS 16 include payments related to short-term leases which were included in operating lease commitment under IAS 17 but are exempt from capitalisation under IFRS 16.

Lease accounting policy – Note 6
The Group enters into leases for a range of assets, principally relating to freehold land & buildings, plant & machinery and motor vehicles & other equipment. These leases have varying terms, renewal rights and escalation clauses.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception. A right-of-use asset and lease liability are recognised at the commencement date for contracts containing a lease, with the exception of leases with a term of 12 months or less and leases where the underlying asset is of low value. The commencement date is the date at which the asset is made available for use by the Group.

In accordance with IFRS 16 the Group has applied the Modified "A" transition approach to the top twenty-five leases and the Modified "B" transition approach (simplified approach) to the remaining lease portfolio. The Modified "A" transition approach calculates the lease liability in the same way as the Modified "B" approach, but differs with the calculation of the right-of-use assets. Under Modified "A", the right-of-use asset is calculated at its carrying amount as if IFRS 16 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. This will create a lower value right-of-use asset upon transition for older assets that would have been significantly depreciated. The difference between the lease liability and the lower right-of-use assets is posted as a reserves adjustment on transition. The simplified Modified "B" approach assumes that the right-of-use assets equals the lease liability on transition.

The lease liability is initially measured at the present value of the future minimum lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is readily determinable, over the remaining lease term. Lease payments include fixed payments, variable payments that are dependent on a rate or index known at the commencement date, payments for an optional renewal period and purchase and termination option payments, if the Group is reasonable certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised.

Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future minimum lease payments or when the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset.

The right-of-use asset is initially measured at cost, which comprises the lease liability adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term or, where a purchase option is reasonably certain to be exercised, over the useful economic life of the asset in line with depreciation rates for owned property, plant and equipment. The right-of-use asset is tested periodically for impairment if any impairment indicator is considered to exist.

Non-lease components in a contract such as maintenance and other service charges are separated from minimum lease payments and are expensed as incurred.

Basis of preparation

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Report for the year ended 28 February 2019 as they do not include all the information and disclosures required by International Financial Reporting Standards (IFRSs). The accounting policies and methods of computation and presentation adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those described and applied in the Annual Report for the financial year ended 28 February 2019 with the exception of IFRS 16 *Leases* as noted above.

The interim financial information for both the six months ended 31 August 2019 and the comparative six months ended 31 August 2018 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 28 February 2019 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

The financial information is presented in Euro millions, rounded to one decimal place. The exchange rates used in translating Balance Sheet and Income Statement amounts were as follows:-

	Six months to 31 August 2019	Six months to 31 August 2018	Year ended 28 February 2019
Balance Sheet (Euro : Sterling closing rate)	**0.906**	0.897	0.858
Income Statement (Euro : Sterling average rate)	**0.884**	0.883	0.884
Balance Sheet (Euro : USD closing rate)	**1.104**	1.165	1.142
Income Statement (Euro : USD average rate)	**1.123**	1.188	1.166

Going concern

The Group has considerable financial resources and a large number of customers and suppliers across different geographic areas and industries.

Having assessed the relevant business risks, the Directors believe that the Group is well placed to manage these risks successfully and they have a reasonable expectation that C&C Group plc, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future with no material uncertainties. For this reason, the Directors continue to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

2. Segmental analysis

The Group's business activity is the manufacturing, marketing and distribution of branded beer, cider, wine, spirits, soft drinks and bottled water. Four operating segments have been identified in the current and prior financial period; Ireland, Great Britain, International and Matthew Clark and Bibendum ("MCB").

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.

The identified business segments are as follows:-

(i) Ireland

This segment includes the financial results from sale of own branded products on 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, 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 third 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, Orchard Pig and K Cider the principle 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 TCB Wholesale business, the distribution of the Italian lager Menabrea, the American lager Pabst, the Chinese beer Tsingtao 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.

(iv) Matthew Clark and Bibendum ("MCB")

This segment includes the results from the Matthew Clark and Bibendum businesses. Matthew Clark is the largest independent distributor to the UK on-trade drinks sector. It offers a range of over 4,000 products, including beers, wines, spirits, cider and soft drinks. Matthew Clark also has a number of exclusive distribution agreements for third party products (mainly wines) into the UK market and also has a limited range of own brand wines. It has a nationwide distribution network serving the independent free trade and national accounts. Bibendum is one of the largest wine, spirits and craft beer distributors and wholesalers to the UK on-trade and off-trade, with a particular focus on wine.

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

	Six months to 31 August 2019			Six months to 31 August 2018		
	Revenue	**Net revenue**	**Operating profit**	Revenue	Net revenue as restated (note 16)	Operating profit
	€m	**€m**	**€m**	€m	€m	€m
Ireland	**172.6**	**120.6**	**25.8**	172.0	124.5	26.1
Great Britain	**263.2**	**167.8**	**24.7**	257.6	163.5	23.4
International	**21.8**	**21.3**	**2.8**	21.6	21.2	2.8
Matthew Clark and Bibendum (MCB)	**635.5**	**565.2**	**11.6**	529.5	461.4	6.1
Total before exceptional items	**1,093.1**	**874.9**	**64.9**	980.7	770.6	58.4
Exceptional items (note 4)	**-**	**-**	**(5.6)**	-	-	(3.1)
Group operating profit	**-**	**-**	**59.3**	-	-	55.3
Profit on disposal	-	-	**2.6**	-	-	-
Finance income	-	-	**0.5**	-	-	-
Finance expense	-	-	**(10.7)**	-	-	(5.0)
Share of equity accounted investments' profit after tax before exceptional items	-	-	**1.9**	-	-	2.5
	1,093.1	**874.9**	**53.6**	980.7	770.6	52.8

Of the exceptional items in the current period, €4.6m loss relates to Great Britain, €0.9m loss relates to MCB and €0.1m loss is unallocated. The profit on disposal of €2.6m relates to International. Of the exceptional items in the prior period, €0.1m related to Ireland, €0.8m related to Great Britain and €2.2m related to MCB. Of the share of equity accounted investments' profit after tax in the current period, €1.9m relates to Great Britain. Of the share of equity accounted investments' profit after tax in the prior period, €2.4m related to Great Britain and €0.1m related to International.

Total assets for the period ended 31 August 2019 amounted to €1,569.6m (31 August 2018: €1,617.6m, 28 February 2019: €1,429.4m).

(b) Geographical analysis of non-current assets

	Ireland	**Great Britain**	**International**	**Total**
	€m	**€m**	**€m**	**€m**
31 August 2019				
Property, plant & equipment*	**68.4**	**124.7**	**17.1**	**210.2**
Goodwill & intangible assets	**158.7**	**452.0**	**59.2**	**669.9**
Equity accounted investments	**0.3**	**66.2**	**0.2**	**66.7**
Total	**227.4**	**642.9**	**76.5**	**946.8**

	Ireland	**Great Britain as restated (note 16)****	**International****	**Total as restated**
	€m	**€m**	**€m**	**€m**
31 August 2018				
Property, plant & equipment	67.9	57.1	14.2	139.2
Goodwill & intangible assets	155.6	448.5	57.3	661.4
Equity accounted investments	0.3	59.8	3.4	63.5
Total	223.8	565.4	74.9	864.1

* Includes IFRS 16 *Leases*
**The comparatives have been amended to be consistent with current period presentation, the current period presentation is aligned with segmental reporting. Scotland, England and Wales have been included in Great Britain and US, Canada and Other have been included in International.

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.

(c) Disaggregated net revenue
In the following table, net revenue is disaggregated by primary geographic market and by principal activities and products. Geography is the primary basis on which management reviews its businesses across the Group.

Principal activities and products – Net revenue

	Ireland	**Great Britain**	**International**	**Total**
31 August 2019	**€m**	**€m**	**€m**	**€m**
Own brand alcohol	**48.4**	**83.6**	**19.2**	**151.2**
Matthew Clark and Bibendum	**-**	**565.2**	**-**	**565.2**
Other sources*	**72.2**	**84.2**	**2.1**	**158.5**
Total Group from continuing operations	**120.6**	**733.0**	**21.3**	**874.9**

* Other sources include Wholesale (excluding MCB), own label, contracts and non-alcoholic beverages (NABs) revenues.

31 August 2018	Ireland	Great Britain as restated (note 16)	International	Total as restated
	€m	€m	€m	€m
Own brand alcohol	51.0	87.2	19.5	157.7
Matthew Clark and Bibendum	-	461.4	-	461.4
Other sources*	73.5	76.3	1.7	151.5
Total Group from continuing operations	124.5	624.9	21.2	770.6

* Other sources include Wholesale (excluding MCB), own label, contracts and non-alcoholic beverages (NABs) revenues.

Cyclicality of interim results

C&C (excluding Matthew Clark and Bibendum) brands within our portfolio, particularly our cider brands, tend to have higher consumption during the summer months, which fall within the first half of our financial year. In addition, external factors such as weather and 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.

For Matthew Clark and Bibendum, the most important trading period in terms of sales, profitability and cash flow has been the Christmas season, in which case the second half of the year will have a greater impact on our distribution business.

3. Income tax charge

Income tax charge for the period amounted to €5.7m (31 August 2018: €8.0m), comprising a €6.7m charge on profits before exceptional items and an income tax credit of €1.0m with respect to exceptional items (31 August 2018: €8.4m charge before exceptional items and a credit of €0.4m with respect to exceptional items). The interim period tax charge before exceptional items and excluding share of equity accounted investments' profit after tax is 12.2%.

4. Exceptional items

	Six months to 31 August 2019 €m	Six months to 31 August 2018 €m
Operating costs		
Contract termination	**(4.3)**	-
Restructuring costs	**(1.1)**	(0.9)
Acquisition related expenditure	**(0.2)**	(2.2)
Operating profit exceptional items	**(5.6)**	(3.1)
Profit on disposal	**2.6**	-
Loss before tax	**(3.0)**	(3.1)
Income tax credit	**1.0**	0.4
Total loss after tax	**(2.0)**	(2.7)

(a) Contract termination
During the current financial period, the Group terminated a number of its long term apple contracts incurring a cost of €4.3m.

(b) Restructuring costs
Restructuring costs of €1.1m were incurred in the current financial period. These costs primarily related to severance costs following the acquisition of Matthew Clark and Bibendum of €0.9m. Other restructuring initiatives across the Group in the current period resulted in a further charge of €0.2m.

The restructuring costs in the prior financial period of €0.9m related to severance costs and other initiatives primarily arising from the acquisition and subsequent integration of Matthew Clark and Bibendum and other acquired businesses in Great Britain.

(c) Acquisition & integration costs
During the current financial period, the Group incurred €0.2m of acquisition related costs. In the prior financial period, the Group incurred €2.2m of acquisition and integration related costs, primarily with respect to professional fees associated with the acquisition and integration of Matthew Clark and Bibendum.

(d) Profit on disposal
During the current financial period, the Group disposed of its equity accounted investment in a Canadian company for cash proceeds of €6.1m, realising a profit of €2.6m on disposal.

(e) Income tax credit
The tax credit in the current financial period with respect to exceptional items was €1.0m (31 August 2019: €0.4m).

5. Earnings per ordinary share

Denominator computations

	31 August 2019 Number '000	31 August 2018 Number '000
Number of shares at beginning of period	**320,354**	317,876
Shares issued in lieu of dividend	**3,377**	2,478
Share buyback and subsequent cancellation	**(3,000)**	-
Number of shares at end of period	**320,731**	320,354

Weighted average number of ordinary shares, excluding treasury shares (basic)	**308,949**	307,538
Adjustment for the effect of conversion of options	**1,529**	686
Weighted average number of ordinary shares, including options (diluted)	**310,478**	308,224

Profit for the period attributable to ordinary shareholders

	Six months to 31 August 2019 €m	Six months to 31 August 2018 €m
Group profit for the financial period	**47.9**	44.8
Profit attributable to non-controlling interest	**(0.1)**	-
Profit attributable to equity holders of the parent	**47.8**	44.8
Adjustments for exceptional items, net of tax (note 4)	**2.0**	2.7
Earnings as adjusted for exceptional items, net of tax and non-controlling interest	**49.8**	47.5

Basic earnings per share	**Cent**	Cent
Basic earnings per share	**15.5**	14.6
Adjusted basic earnings per share	**16.1**	15.4
Diluted earnings per share		
Diluted earnings per share	**15.4**	14.5
Adjusted diluted earnings per share	**16.0**	15.4

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (31 August 2019: 10.8m shares; 31 August 2018: 11.0m shares, 28 February 2019: 10.9m shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all 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. 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 at the end of the reporting period. 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. Contingently issuable shares excluded from the calculation of diluted earnings per share totalled 262,285 at 31 August 2019 (1,014,821: 31 August 2018).

6. Property, plant & equipment

Acquisitions and disposals

During the current financial period, the Group acquired assets of €5.6m (31 August 2018 total additions: €7.6m). Total cash outflow in the period in relation to the purchase of property, plant & equipment amounted to €6.8m (31 August 2018 total cash outflow: €8.0m) as a result of a reduction in capital accruals.

The Group disposed of assets with a net book value of nil and realised a profit of €0.2m during the period (31 August 2018: net book value of nil and realised a profit of €0.1m).

The Group's depreciation charge for six months to 31 August 2019 amounted to €14.3m (31 August 2018: €7.0m). Depreciation excluding the impact of IFRS 16 *Leases* was €6.5m.

Impairment

The carrying value of items of land & buildings and plant & machinery are reviewed and tested for impairment at each financial year end date or more frequently if events or changes in circumstances indicate that their carrying value may not be recoverable. There was no impairment of fixed assets during the current period.

Leases

The Group adopted IFRS 16 *Leases* from 1 March 2019. As outlined in further detail in note 1, this resulted in the recognition of leased right-of-use assets and lease liabilities as outlined in the table below.

	Freehold land & buildings	Plant & machinery	Motor vehicles & other equipment	Total
	€m	€m	€m	€m
Leased right-of-use assets				
At 1 March 2019, net carrying amount	**41.1**	**1.7**	**37.0**	**79.8**
Translation adjustment	**(2.3)**	**(0.1)**	**(1.6)**	**(4.0)**
Additions to cost	**1.1**	**-**	**0.8**	**1.9**
Depreciation charge for period	**(2.9)**	**(0.2)**	**(4.7)**	**(7.8)**
At 31 August 2019, net carrying amount (unaudited)	**37.0**	**1.4**	**31.5**	**69.9**
Lease liabilities				
At 1 March 2019	**(58.4)**	**(1.8)**	**(39.1)**	**(99.3)**
Translation adjustment	**2.8**	**0.1**	**1.7**	**4.6**
Addition to lease liability	**(1.1)**	**-**	**(0.8)**	**(1.9)**
Payments	**4.6**	**0.3**	**5.4**	**10.3**
Discount unwinding	**(1.2)**	**-**	**(0.7)**	**(1.9)**
At 31 August 2019 (unaudited)	**(53.3)**	**(1.4)**	**(33.5)**	**(88.2)**
Lease liabilities classified within:				
Current liabilities				**(19.0)**
Non-current liabilities				**(69.2)**
				(88.2)

Undiscounted lease liability	**As at 31 August 2019**
	€m
Within one year	**21.7**
Between one and two years	**19.1**
Between two and three years	**17.1**
Between three and four years	**11.2**
Between four and five years	**7.6**
After five years	**28.5**
Total	**105.2**

The Group avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. Variable lease payments directly linked to sales or usage are also expensed as incurred. The following lease costs have been charged to the Condensed Consolidated Income Statement as incurred:

	Six months ended 31 August 2019
	€m
Short-term leases	**2.8**
Variable lease payments not included in the lease liability	**-**
Total	**2.8**

7. Business combinations

In the prior period, on 4 April 2018, the Group acquired the entire share capital of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited and their subsidiary businesses, Catalyst, Peppermint (61% holding), Elastic and Walker & Wodehouse (together "Matthew Clark and Bibendum") for cash consideration of £1. Matthew Clark is the largest independent distributor to the UK on-trade drinks sector. It offers a range of over 4,000 products, including beers, wines, spirits, cider and soft drinks. Matthew Clark also has a number of exclusive distribution agreements for third party products (mainly wines) into the UK market and also has a limited range of own brand wines. It has a nationwide distribution network serving the independent free trade and national accounts. Bibendum is one of the largest wine, spirits and craft beer distributors and wholesalers to the UK on-trade and off-trade, with a particular focus on wine.

The Group has a non-controlling interest with respect to Peppermint, in which it has a 61% holding. As outlined in the table below, the Group has recognised the non-controlling interest's proportionate share of net assets acquired, in which the carrying value approximates fair value.

Matthew Clark and Bibendum

The identifiable net assets acquired, including adjustments to final fair values were as follows:

	Initial value assigned	Adjustment to initial fair value	Revised final fair value
ASSETS	€m	€m	€m
Non-current assets			
Goodwill*	-	103.5	103.5
Property, plant & equipment	4.3	-	4.3
Brands	-	16.9	16.9
Intangible assets	2.2	8.1	10.3
Deferred income tax assets	2.3	-	2.3
Total non-current assets	**8.8**	**128.5**	**137.3**
Current assets			
Cash	-	-	-
Inventories	61.2	-	61.2
Trade & other receivables	196.2	-	196.2
Current income tax assets	6.3	-	6.3
Current assets	**263.7**	**-**	**263.7**
LIABILITIES			
Trade & other payables	(274.3)	-	(274.3)
Borrowings	(116.5)	-	(116.5)
Provisions	(5.9)	-	(5.9)
Deferred income tax liabilities	-	(4.3)	(4.3)
Total liabilities	**(396.7)**	**(4.3)**	**(401.0)**
Net identifiable (liabilities)/assets acquired	**(124.2)**	**124.2**	**-**
Non-controlling interest/adjustment to goodwill*	0.6	(0.6)*	-
Equity holder of the parent (liabilities)/assets acquired	(124.8)	124.8	-
Total	**(124.2)**	**124.2**	**-**
Satisfied by:			
Cash consideration	-	-	-

* Total goodwill attributable to the equity holders of the parent on acquisition was €102.9m (€103.5m gross less non-controlling interest of €0.6m)

The principle factor contributing to the recognition of goodwill on acquisition entered into by the Group is the realisation of cost savings and other synergies with existing entities in the Group, which do not qualify for separate recognition as intangible assets. The acquired brands, were valued at fair value on the date of acquisition in accordance with IFRS 3 *Business Combinations* by independent professional valuers. The brands identified as part of the acquisition were predominately the Matthew Clark and Bibendum brands. The deferred tax adjustment is recognised with respect to these intangible assets.

Post-acquisition impact
The post-acquisition impact of acquisitions completed during the prior period on the Group's prior period results was as follows:

	31 August 2018
	€m
Revenue	**529.5**
Operating profit before exceptional items	**6.1**
Profit before tax for the financial period	**4.7**

8. Goodwill & intangible assets

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2018	494.7	300.2	4.5	799.4
Acquisition of Matthew Clark and Bibendum	122.1	-	2.2	124.3
Additions	-	-	0.3	0.3
Translation adjustment	(3.5)	-	-	(3.5)
At 31 August 2018	613.3	300.2	7.0	920.5
Acquisition of Matthew Clark and Bibendum	(19.2)*	16.9	8.1	5.8
Additions	-	-	2.8	2.8
Reclassification from property, plant & equipment	-	-	16.6	16.6
Translation adjustment	7.1	5.0	0.2	12.3
At 28 February 2019	601.2	322.1	34.7	958.0
Additions	**-**	**-**	**0.8**	**0.8**
Translation adjustment	**(8.2)**	**(4.6)**	**(0.6)**	**(13.4)**
At 31 August 2019	**593.0**	**317.5**	**34.9**	**945.4**
Amortisation and impairment				
At 1 March 2018	(76.2)	(180.4)	(1.7)	(258.3)
Charge for the period ended 31 August 2018	-	-	(0.8)	(0.8)
At 31 August 2018	(76.2)	(180.4)	(2.5)	(259.1)
Reclassification from property, plant & equipment	-	-	(13.6)	(13.6)
Charge for the period ended 28 February 2019	-	-	(1.6)	(1.6)
At 28 February 2019	(76.2)	(180.4)	(17.7)	(274.3)
Charge for the period ended 31 August 2019	**-**	**-**	**(1.2)**	**(1.2)**
At 31 August 2019	**(76.2)**	**(180.4)**	**(18.9)**	**(275.5)**
Net Book Value at 31 August 2019	**516.8**	**137.1**	**16.0**	**669.9**
Net Book Value at 28 February 2019	525.0	141.7	17.0	683.7
Net Book Value at 31 August 2018	537.1	119.8	4.5	661.4

* Goodwill addition was negative in the second period of FY2019 due to the completion of the purchase price allocation and the recognition of brands and other intangibles.

In the prior period, on 4 April 2018, the Group acquired the entire share capital of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited and their subsidiary businesses, Catalyst, Peppermint (61% holding), Elastic and Walker & Wodehouse (together "Matthew Clark and Bibendum"). This resulted in the recognition of final goodwill of €102.9m (€103.5m less non-controlling interest of €0.6m), brands of €16.9m and other intangible assets of €10.3m at date of acquisition.

Goodwill consists both of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost and goodwill that arose on the acquisition of businesses since that date which was capitalised at cost and subsequently at fair value and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of acquired products. All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to annual impairment testing.

Capitalised brands are regarded as having indefinite useful economic lives and therefore have not been amortised. The brands are protected by trademarks, which are renewable indefinitely in all major markets where they are sold and it is the Group's policy to support them with the appropriate level of brand advertising. In addition, there are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of these brands. Accordingly, the Directors believe that it is appropriate that the brands be treated as having indefinite lives for accounting purposes.

Other intangible assets comprise the fair value of trade relationships acquired as part of the acquisition of Matthew Clark and Bibendum in FY2019, TCB Wholesale in FY2015, Gleeson trade relationships acquired in FY2014 and 20 year distribution rights for third party beer products acquired as part of the acquisition of the Tennent's business during FY2010. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2008) *Business Combinations* by independent professional valuers. The intangible assets have a finite life and are subject to amortisation on a straight line basis.

During the financial year ended 28 February 2019, the Group reclassified assets from property, plant & equipment which were deemed to be more appropriately classified as intangible assets. These assets primarily related to software and licences.

Other intangible asset additions for the period was €0.8m (31 August 2018: €0.3m) and the amortisation charge for the period ended 31 August 2019 was €1.2m (31 August 2018: €0.8m).

Brands and goodwill assets considered to have an indefinite life, are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicated that the carrying values may not be recoverable and impairment testing is required earlier. The value of brands and goodwill considered to have an indefinite life were assessed for impairment at 28 February 2019 and given no changes in circumstances since that date, they will be formally assessed again at 28 February 2020.

9. Interest bearing loans & borrowings

	31 August 2019	31 August 2018	28 February 2019
	€m	€m	€m
Current assets			
Unsecured loans repayable by one repayment on maturity	**-**	1.5	-
Current liabilities			
Unsecured loans repayable by one repayment on maturity	**0.9**	-	1.2
Unsecured loans repayable by instalment	**(55.8)**	(28.1)	(56.4)
	(54.9)	(28.1)	(55.2)
Non-current liabilities			
Unsecured loans repayable by one repayment on maturity	**(337.7)**	(345.4)	(268.6)
Unsecured loans repayable by instalment	**(93.3)**	(149.3)	(122.2)
	(431.0)	(494.7)	(390.8)
Total borrowings	**(485.9)**	(521.3)	(446.0)

Outstanding borrowings of the Group are net of unamortised issue costs which are being amortised to the Income Statement over the remaining life of the Euro term loan and multi-currency revolving facilities agreement and the Group's previous 2014 multi-currency revolving loan facility to which they relate. The value of unamortised issue costs at 31 August 2019 is €4.4m (28 February 2019: €4.6m, 31 August 2018: €5.4m) of which €3.2m is netted against non-current unsecured liabilities (28 February 2019: €3.2m, 31 August 2018: €3.9m) and €1.2m (28 February 2019: €1.4m,) is netted against current liabilities (31 August 2018: €1.5m was shown as a current asset, in trade & other receivables, on the balance sheet).

In July 2018, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility and executed a three year Euro term loan. Both the multi-currency facility and the Euro term loan were negotiated with eight banks, namely ABN Amro Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Barclays Bank, HSBC, Rabobank and Ulster Bank.

During the current financial period, the Group availed of an option within the Group's multi-currency revolving loan facility agreement to extend the tenure for a further 364 days from termination date. The multi-currency facility agreement is therefore now repayable in a single instalment on 11 July 2024. The Euro term loan is repayable in instalments, with the last instalment payable on 12 July 2021.

Under the terms of the multi-currency facility and the Euro term loan, the Group must pay a commitment fee based on 35% of the applicable margin on undrawn committed amounts and variable interest on drawn amounts based on variable Euribor/Libor interest rates plus a margin, the level of which is dependent on the net debt:EBITDA ratio, plus a utilisation fee, the level of which is dependent on percentage utilisation. The Group may select an interest period of one, two, three or six months.

The Group has further financial indebtedness of €22.1m at 31 August 2019 (28 February 2019: €29.1m; 31 August 2018: €27.9m), which is repayable by instalments with the last instalment payable on 3 April 2021. The Group pays variable interest on these drawn amounts based on a variable Libor interest rate plus a margin of 2%.

The Euro term loan and multi-currency revolving facilities 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 €200m, 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 €900m of which €490.3m was drawn at 31 August 2019 (28 February 2019: €450.6m; 31 August 2018: €526.7m).

All bank loans drawn under the Group's Euro term loan and multi-currency revolving loan facility are unsecured and rank pari passu. All borrowings of the Group are guaranteed by a number of the Group's subsidiary undertakings. The Euro term loan and multi-currency facilities agreement allows the early repayment of debt without incurring additional charges or penalties.

All borrowings of the Group at 31 August 2019 are repayable in full on change of control of the Group.

The Group's Euro term loan and multi-currency debt facility incorporates the following 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 falling in August 2018 and February 2019 will not exceed 3.75:1
- 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 falling in August 2019 and thereafter will not exceed 3.5:1

The Group also has covenants with respect to its non-bank financial indebtedness:
- 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 periods. There is no effect on the Group's covenants as a result of implementing IFRS 16 *Leases* in the current financial year as all covenants are calculated on a pre IFRS 16 adoption basis.

10. Analysis of net debt

	1 March 2019 €m	**Translation adjustment €m**	**Additions €m**	**Cash flow, net €m**	**Non-cash changes €m**	**31 August 2019 €m**
Interest bearing loans & borrowings	**(446.0)**	**5.7**	**-**	**(44.9)**	**(0.7)**	**(485.9)***
Cash	**144.4**	**(8.3)**	**-**	**94.4**	**-**	**230.5**
Net debt excluding leases	**(301.6)**	**(2.6)**	**-**	**49.5**	**(0.7)**	**(255.4)**
Lease liabilities**	**(99.3)**	**4.6**	**(1.9)**	**10.3**	**(1.9)**	**(88.2)**
Net debt including leases	**(400.9)**	**2.0**	**(1.9)**	**59.8**	**(2.6)**	**(343.6)**

* *Interest bearing loans & borrowings at 31 August 2019 are net of unamortised issue costs of €4.4m.*
** *All leases capitalised under IFRS 16 have been included as lease liabilities in FY2020.*

	1 September 2018 €m	Translation adjustment €m	Debt arising on acquisition €m	Cash flow, net €m	Non-cash changes €m	28 February 2019 €m
Interest bearing loans & borrowings	(521.3)	(3.6)	-	79.7	(0.8)	(446.0)*
Cash	242.4	2.0	-	(100.0)	-	144.4
	(278.9)	(1.6)	-	(20.3)	(0.8)	(301.6)

**Interest bearing loans & borrowings at 28 February 2019 are net of unamortised issue costs of €4.6m.*

	1 March 2018 €m	Translation adjustment €m	Debt arising on acquisition €m	Cash flow, net €m	Non-cash changes €m	31 August 2018 €m
Interest bearing loans & borrowings	(383.1)	3.1	(116.5)	(24.5)	(0.3)	(521.3)*
Cash	145.5	(1.0)	-	97.9	-	242.4
	(237.6)	2.1	(116.5)	73.4	(0.3)	(278.9)

* *Interest bearing loans & borrowings at 31 August 2018 are net of unamortised issue costs of €5.4m of which €1.5m is classified on the balance sheet as a current asset.*

The non-cash changes for interest bearing loans & borrowings in the current and prior periods relate to the amortisation of issue costs. The non-cash changes for lease liabilities in the current period relate to discount unwinding.

11. Financial assets and liabilities

The carrying and fair values of financial assets and liabilities at 31 August 2019 and 31 August 2018 were as follows:

31 August 2019	**Derivative financial instruments €m**	**Other financial assets €m**	**Other financial liabilities €m**	**Carrying value €m**	**Fair value €m**
Financial assets:					
Cash	**-**	**230.5**	**-**	**230.5**	**230.5**
Trade receivables	**-**	**128.4**	**-**	**128.4**	**128.4**
Advances to customers	**-**	**48.5**	**-**	**48.5**	**48.5**
Derivative contracts	**0.3**	**-**	**-**	**0.3**	**0.3**
Financial liabilities:					
Lease liabilities	**-**	**-**	**(88.2)**	**(88.2)**	**(88.2)**
Interest bearing loans & borrowings	**-**	**-**	**(485.9)**	**(485.9)**	**(490.3)**
Trade & other payables	**-**	**-**	**(367.3)**	**(367.3)**	**(367.3)**
Provisions	**-**	**-**	**(6.0)**	**(6.0)**	**(6.0)**
	0.3	**407.4**	**(947.4)**	**(539.7)**	**(544.1)**

31 August 2018	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Financial assets:					
Cash	-	242.4	-	242.4	242.4
Trade receivables	-	249.5	-	249.5	249.5
Advances to customers	-	50.0	-	50.0	50.0
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(521.3)	(521.3)	(526.7)
Derivative contracts	(0.2)	-	-	(0.2)	(0.2)
Trade & other payables	-	-	(485.1)	(485.1)	(485.1)
Provisions	-	-	(11.2)	(11.2)	(11.2)
	(0.2)	541.9	(1,017.6)	(475.9)	(481.3)

Determination of fair value

The Group’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Condensed Consolidated Interim Financial Statements do not include all financial risk management information and disclosures; they should be read in conjunction with the Group’s Annual Report for its financial year ended 28 February 2019.

Short term bank deposits and cash
The nominal amount of all short-term bank deposits and cash is deemed to reflect fair value at the balance sheet date.

Trade receivables/payables & other payables
The nominal amount of all trade receivables/payables after provision for expected loss is deemed to reflect fair value at the balance sheet date with the exception of provisions which are discounted to fair value.

Advances to customers
Advances to customers, adjusted for advances of discount prepaid, is considered to reflect fair value.

Interest bearing loans & borrowings
The fair value of all interest bearing loans & borrowings has been calculated by discounting all future cash flows to their present value using a market rate reflecting the Group's cost of borrowing at the balance sheet date. All loans bear interest at floating rates.

Derivatives (forward currency contracts)
The fair value of forward currency contracts are based on market price calculations using financial models.

The Group has adopted the following fair value measurement hierarchy for financial instruments that are measured in the balance sheet at fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying values of all forward currency contracts held by the Group at 31 August 2019 were based on fair values arrived at using Level 2 inputs.

12. Retirement benefits

As disclosed in the Annual Report for the year ended 28 February 2019, 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.

There are no active members remaining in the Group's executive defined benefit pension scheme (2018: no active members) while there are 56 active members (2018: 57 active members), representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme and 3 active members in the NI defined benefit pension scheme (2018: 3 active members).

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 2018 while the date of the most recent actuarial valuation of the NI defined benefit pension scheme was 31 December 2017. 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 Group's staff defined benefit pension scheme, the Group has committed to contributions of 27.5% of pensionable salaries. There is no funding requirement with respect to the Group's ROI executive defined benefit pension scheme or the Group's NI defined benefit pension scheme, both of which are in surplus. The Group has an unconditional right to any surplus remaining in these schemes in the event the scheme concludes.

The Balance Sheet valuation of the Group's defined benefit pension schemes' assets and liabilities have been marked-to-market as at 31 August 2019 to reflect movements in the fair value of assets and changes in the assumptions used by the schemes' actuaries to value the liabilities.

The key factors influencing the change in valuation of the Group's defined benefit pension scheme obligations are as outlined below:-

	Period ended 31 August 2019 €m	Period ended 31 August 2018 €m	Year ended 28 February 2019 €m
Retirement benefit deficit at beginning of period (ROI schemes)	**(12.2)**	(3.8)	(3.8)
Retirement benefit surplus at beginning of period (ROI schemes)	**3.5**	-	-
Retirement benefit surplus at beginning of period (NI scheme)	**5.5**	4.8	4.8
Current service cost	**(0.4)**	(0.5)	(0.9)
Past service gain	**-**	0.1	-
Experience gains and losses on scheme liabilities	**0.4**	(0.2)	3.2
Effect of changes in financial assumptions	**(31.9)**	(1.8)	(7.5)
Effect of changes in demographic assumptions	**-**	0.2	0.2
Actual return less Interest income on scheme assets	**20.3**	5.2	0.5
Employer contributions	**0.2**	-	0.2
Translation adjustment	**(0.3)**	-	0.1
Net pension (deficit)/surplus before deferred tax	**(14.9)**	4.0	(3.2)
Retirement benefit deficit at end of period (ROI schemes)	**(23.4)**	(1.6)	(12.2)
Retirement benefit surplus at end of period (ROI schemes)	**2.9**	-	3.5
Retirement benefit surplus at end of period (NI scheme)	**5.6**	5.6	5.5
Related deferred income tax asset	**2.9**	0.2	1.5
Related deferred income tax liability	**(2.3)**	(2.0)	(2.4)
Net pension (deficit)/surplus	**(14.3)**	2.2	(4.1)

The increase in the deficit of the Group's defined benefit pension schemes, since 28 February 2019, as computed in accordance with IAS 19(R) *Employee Benefits* is primarily due to a decrease in the discount rate over the six month period, reflecting the reduction in corporate bond yields over the same period. This has been marginally offset by the lower than expected benefit inflation assumption.

13. Other reserves

Share premium

In July 2019, 3,377,441 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.7071 per share, instead of part or all of the cash element of their final dividend entitlement for the year ended 28 February 2019.

The movement in prior period also related to the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend with respect to their final dividend entitlement for the year ended 28 February 2018.

Other reserves – other undenominated reserve and capital reserve

These reserves initially arose on the conversion of preference shares into share capital of the Company and other changes and reorganisations of the Group's capital structure.

Cash flow hedging reserve

The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not yet occurred.

Share-based payment reserve

The reserve relates to amounts expensed in the Income Statement in connection with share option grants falling within the scope of IFRS 2 *Share-based Payment,* plus reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and Interests.

Currency translation reserve
The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the Group's net investment in its non-Euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the Balance Sheet date, as adjusted for the translation of foreign currency borrowings designated as net investment hedges and long-term intra group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence are deemed quasi-equity in nature and are therefore part of the Group's net investment in foreign operations.

Revaluation reserve
Since 2009 the Group has completed a number of external and internal valuations on its property, plant and equipment. Gains arising from such revaluations are posted to the Group's revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the Income Statement to the extent of the write down. Any decreases in the value of the Group's property, plant and equipment as a result of external or internal valuations are recognised in the Income Statement except where there had been a previously recognised gain in the revaluation reserve as a result of the same asset, in which case, the gain is eliminated from the revaluation reserve to offset the loss in the first instance.

Treasury shares
Included in this reserve is where the Company issued equity share capital under its Joint Share Ownership Plan, which was held in trust by the Group's Employee Trust. All interests have now vested or lapsed and all vested Interests have now been exercised. Remaining in the Trust are shares that lapsed and shares that were withheld by the Trust in lieu of some, or all, of the consideration due with respect to exercised Interests. Also included in the reserve is the purchase of 9,025,000 of the Company's own shares in the financial year ended 28 February 2015 at an average price of €3.29 per share under the Group's share buyback programme.

The current and prior period movement in the reserve relates to the sale of excess shares by the Trust to satisfy other share entitlements.

Share buyback
The Group invested €11.2m (€11.3m including commission and related fees) as part of this on-market buyback programme, purchasing 3,000,000 of the Company's shares at an average price of €3.71. The Group's stockbroker, Davy, conducted the share buyback programme. All shares acquired as part of the share buyback programme in the current financial year were subsequently cancelled by the Group.

14. Dividend

A final dividend of 9.98 cent per ordinary share (2018: 9.37 cent) was paid to shareholders on 19 July 2019 equating to a distribution of €30.8m (2018: €28.8m), of which €18.3m was paid in cash (2018: €21.5m) and €12.5m as a scrip alternative (2018: €7.3m).

An interim dividend of 5.50 cent per share for payment on 13 December 2019 is proposed to be paid to shareholders registered at the close of business on 1 November 2019. Using the number of shares in issue at 31 August 2019 and excluding those shares for which it is assumed that the right to dividend will be waived this would equate to a distribution of €17.3m.

Dividends declared but unpaid at the date of approval of the financial statements are not recognised as a liability at the balance sheet date with the exception of dividends with respect to LTIP 2015 (Part 1) entitlements which accrue over the vesting period of the awards and only become payable on exercise.

15. Related parties

The principal related party relationships requiring disclosure 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 Condensed Consolidated Interim 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 Condensed Consolidated Interim Financial Statements in accordance with IFRS 10 *Consolidated Financial Statements*.

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 or post-employment benefits.

Compensation with respect to key management personnel, including Income Statement net charge for share-based payments was €2.5m for the six months ended 31 August 2019 (31 August 2018: €2.3m) of which €1.6m pertains to non share-based payment compensation, and €0.9m to share-based payment compensation (31 August 2018: €1.8m pertains to non share-based payment compensation and €0.5m to share-based compensation).

Also during the prior period 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 less than €0.1m to JBB in respect of brand development services provided by JBB to CCIP in relation to Belgian products.

Equity accounted investments

Admiral Taverns
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). The equity investment by the Group is 46.65% of the issued share capital of Admiral Taverns. Admiral Taverns currently own and operate pubs, mainly in England and Wales, with a broad geographic distribution.

Canadian Investment
In the current financial period, the Group disposed of its equity accounted investment in a Canadian company for cash proceeds of €6.1m, realising a profit of €2.6m on disposal.

On 28 July 2017, the Group had acquired 10.7% of the equity share capital of the Canadian Company. This followed a previous investment, on 11 May 2016, when the Group acquired 14% of the equity share capital of the same entity.

Jubel Limited
In the current financial period, on 5 March 2019, the Group made a 10% investment in an English registered entity Jubel Limited, a craft beer producer for €0.3m (£0.3m).

CVBA Braxatorium Parcensis
In the prior financial year, the Group made a 33.3% investment in a Belguim entity CVBA Braxatorium Parcensis for less than €0.1m. In the current financial period, the Group made an additional investment of €0.2m. The entity did not trade during the financial period.

Whitewater Brewing Co. Limited
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).

Drygate Brewing Company Limited
During FY2015, 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.

Shanter Inns Limited
A subsidiary of the Group holds a 33% investment in Shanter Inns Limited with which the Group trades.

Beck & Scott (Services) Limited
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.

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.

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.

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

	Joint ventures		Associates	
	31 August 2019	31 August 2018	**31 August 2019**	31 August 2018
	€m	€m	**€m**	€m
Net revenue	**0.7**	0.2	**0.3**	0.3
Trade & other receivables	**0.3**	-	**0.1**	0.1
Purchases	**0.4**	0.3	**0.3**	0.1
Trade & other creditors	**0.2**	0.3	**0.1**	-
Loans	**1.5**	1.6	**1.1**	3.3

There have been no other related party transactions that could have a material impact on the financial position or performance of the Group for the first six months of the financial year ending 28 February 2020.

16. Prior year reclassification

Net revenue

	H1'19	Restatement	Restated H1'19
Net revenue	838.7	(68.1)	770.6
Net revenue – Matthew Clark and Bibendum segment	529.5	(68.1)	461.4
Excise duties	(142.0)	(68.1)	(210.1)
Operating costs before exceptional items	(780.3)	68.1	(712.2)
Operating costs after exceptional items	(783.4)	68.1	(715.3)

The Group has restated the net revenue number for its Matthew Clark and Bibendum operating segment for the period, six months to 31 August 2018, to deduct the duty element from revenue. For the six month period to 31 August 2018, the net revenue number was deemed to equate to the revenue number in Matthew Clark & Bibendum and no deduction was made for duty, the duty was incorrectly recognised within operating costs. To align Matthew Clark and Bibendum reporting to be consistent with the Group in the prior period, the Group has reclassified the duty cost out of operating costs and it is now presented as a deduction from revenue to give a restated net revenue number as outlined in the table above. The change had no impact on the Group's operating profit in the current or prior financial period.

Equity accounted investment

On 6 December 2017, the Group entered into a joint venture arrangement for a 49.9% share in Brady P&C Limited "Admiral Taverns" and recognised its provisional estimate of assets acquired with respect to the investment. The Group completed its final determination of assets acquired in the six month period to 28 February 2019 and the Group's share of assets acquired was calculated at £50.1m (€56.8m euro equivalent on date of investment). The most significant asset acquired was property and detailed fair value calculations were performed to determine the value of the property assets on acquisition, consideration was also given to the value all other assets and liabilities on acquisition including deferred tax balances. The final determination of assets acquired resulted in a measurement period adjustment of €13.3m which was recognised in the period 28 February 2018 in line with IFRS 3 *Business Combinations*. This necessitated the restatement of the equity accounted investment balance on the balance sheet as at 28 February 2018 and the recognition of an exceptional credit in that period.

Accordingly the Group has restated the equity accounted investment in the period 31 August 2018 by €13.3m and adjusted its opening retained income.

17. Events after the balance sheet date

On 25 September 2019, Admiral Taverns (Brady P&C Limited) announced the acquisition of 150 community pubs from Star Pubs & Bars, the transaction was funded internally by a combination of debt and cash. Admiral Taverns is an equity accounted investment of the Group.

There were no other material events subsequent to the balance sheet date of 31 August 2019 which would require disclosure in this report.

18. Board approval

The Board approved the financial report for the six months ended 31 August 2019 on 23 October 2019.

19. Distribution of interim report

This report and further information on C&C is available on the Group's website (www.candcgroupplc.com). Details of the Scrip Dividend Offer in respect of the interim dividend for the financial year 28 February 2020 will be posted to shareholders on 13 November 2019.

Supplementary financial information

Alternative performance measures

The Directors have adopted various alternative performance measures ("APMs") to provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The key Alternative Performance Measures ("APMs") of the Group are set out below:

- **Operating profit before exceptional items:** Operating profit for the period as adjusted for exceptional items.
- **Adjusted EBITDA or EBITDA:** EBITDA is earnings before exceptional items, finance income, finance expense, share of equity accounted investments' profit after tax, tax, depreciation and amortisation charges.
- **Constant currency:** Prior period revenue, net revenue and operating profit for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's non-Euro denominated subsidiaries by restating the prior period at current period effective rates. Refer to page 13 for constant currency table.
- **Exceptional items:** Significant items of income and expense within the Group results for the period which by virtue of their scale and nature are disclosed in the income statement and related notes as exceptional items.
- **Free Cash flow:** Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €159.9m (31 August 2018: €161.1m) to cash in the period. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 11.
- **Net debt:** Net debt comprises borrowings (net of unamortised issue costs) less cash. Net debt, including the impact of IFRS 16 *Leases*, comprises borrowings (net of issue costs), lease liabilities capitalised less cash. Refer to note 10 of the Condensed Consolidated Interim Financial Statements.
- **Net debt/EBITDA:** A measurement of leverage, calculated as the Group's net debt, divided by its adjusted EBITDA.
- **Net revenue:** Net revenue is defined by the Group as revenue less excise duties. Excise duties, which represent a significant proportion of revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer, consequently the Directors consider that the disclosure of net revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance.
- **Operating margin:** Operating margin is based on operating profit before exceptional items and is calculated as a percentage of net revenue. Refer to operating review for operating margin calculations.

Reconciliation of profit to EBITDA	**H1'20***	**H1'20****	H1'19
	€m	**€m**	€m
Profit after tax	**47.9**	**48.7**	44.8
Income tax expense	**5.7**	**5.7**	8.0
Net finance expense	**10.2**	**8.3**	5.0
Share of equity accounted investments' profit after tax	**(1.9)**	**(1.9)**	(2.5)
Intangible asset amortisation	**1.2**	**1.2**	0.8
Depreciation	**14.3**	**6.5**	7.0
EBITDA	**77.4**	**68.5**	63.1

Net revenue	**H1'20**	H1'19 as restated
	€m	€m
Revenue	**1,093.1**	980.7
Excise duties	**(218.2)**	(210.1)
Net revenue	**874.9**	770.6

	H1'20*	**H1'20****	H1'19
Adjusted EBITDA	**€m**	**€m**	€m
EBITDA	**77.4**	**68.5**	63.1
Exceptional items before tax	**3.0**	**3.0**	3.1
Adjusted EBITDA	**80.4**	**71.5**	66.2

Adjusted profit after tax	**H1'20**	H1'19
	€m	€m
Profit after tax	**47.9**	44.8
Exceptional items after tax	**2.0**	2.7
Adjusted profit after tax	**49.9**	47.5

Net debt	**H1’20***	**H1’20****	H1’19
	€m	**€m**	€m
Interest bearing loans & borrowings	**485.9**	**485.9**	521.3
Lease liabilities	**88.2**	**-**	-
Cash	**(230.5)**	**(230.5)**	(242.4)
Net debt	**343.6**	**255.4**	278.9
Adjusted EBITDA (trailing)***	**144.4**	**125.3**	132.7
Net debt to EBITDA***	**2.38x**	**2.04x**	2.10x

Adjusted profit before tax	**H1’20**	H1’19
	€m	€m
Profit before tax	**53.6**	52.8
Exceptional items before tax	**3.0**	3.1
Adjusted profit before tax	**56.6**	55.9

* As Reported - including the impact of the adoption by the Group of IFRS 16 *Leases*.
** Excluding the impact on the Group of adopting IFRS 16 *Leases* from 1 March 2019.
*** EBITDA for H1’20* (As reported – including the impact of the adoption by the Group of IFRS 16 *Leases*) includes an adjustment to the H2’19 reported number for an estimate of what the impact of IFRS 16 *Leases* would have been in that period, had it been applied.