



c&c group plc

Annual Report 2019

About C&C Group

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 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 over 800 pubs across England & Wales.

C&C Group plc is headquartered in Dublin and is listed on the Irish and London Stock Exchanges.

View this report online
candcgroupplc.com or
candc.annualreport19.com

Financial Highlights

Profitability

Net Revenue

€1,574.9m

Increased by +188.1%[1], organic net revenue growth +3.2%[1]

Operating Profit

€104.5m

before exceptional items up 21.5%[1], organic operating profit growth +3.3%[1]

Adjusted Diluted Earnings Per Share

26.6 cent

per share up 20.9% before exceptional items

Cash

Free Cash Flow Conversion

80.8%

before exceptional items

Shareholder Return

Proposed Final Dividend

9.98 cent

per share delivering 5.0% growth in the full year dividend to 15.31 cent per share

1. Financial highlights percentage movement versus last year are stated on a constant currency basis (FY2018 translated at FY2019 F/X rates as outlined on page 32).

Business & Strategy

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C&C at a Glance

Brands

Route-to-Market

Scale

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 and Orchard Pig.

C&C is the No.1 drinks distributor to the UK and Ireland hospitality sectors and is a key route-to-market partner for all major local and international beverage brand owners.

C&C supplies 12,000 SKUs to over 35,000 pubs, bars, restaurants and hotels across the UK and Ireland and exports its brands to over 60 countries internationally.

Divisional Structure

Ireland

C&C's Ireland division includes the sale of the Group's own branded products across the Island of Ireland, principally Bulmers, Magners, Tennent's, Five Lamps, Clonmel 1650, Heverlee, Dowd's Lane, Roundstone Irish Ale, Finches and Tipperary Water.

The Group also operates the C&C Gleeson's drinks distribution business, a leading distributor of third party drinks to the licensed on and off trade in Ireland. The Group also distributes San Miguel, Tsingtao and selected AB InBev beer brands across the Island of Ireland.

Our primary manufacturing plant is located in Clonmel, Co. Tipperary, with major distribution and administration centres in Dublin and Belfast.

Matthew Clark and Bibendum

The Group also operates as a separate division, the recently acquired drinks distribution businesses - Matthew Clark and Bibendum across the UK and Ireland.

Great Britain

C&C's GB division includes the sale of the Group's own branded products in Scotland, with Tennent's, Caledonia Best, Heverlee and Magners the principal brands.

This division includes the sale of the Group's portfolio of owned cider brands across the rest of GB, including Magners, Orchard Pig, K Cider, and Blackthorn which are distributed in partnership with AB InBev. In addition, the division includes the Tennent's drinks distribution business in Scotland. The Group also distributes selected AB InBev brands in Scotland and the Tsingtao, Pabst and Menabrea international beer brands across the UK.

Our primary manufacturing plant and administration centre is located at the Wellpark Brewery in Glasgow.

International

C&C's International division manages the sale and distribution of the Group's own branded products, principally Magners and Tennent's outside of the UK and Ireland. The Group exports to over 60 countries globally, notably in continental Europe, Asia and Australia.

The Group operates mainly through local distributors in these markets and regions.

This division includes the sale of the Group's cider and beer products in the US and Canada. The Vermont Hard Cider Company manufactures the Woodchuck and Wyder's brands at its cidery in Middlebury, Vermont.

Chairman's Statement

Operating Results

In this my first year as non-executive Chairman, I am delighted to report on a period of significant strategic, operational and financial progress at your Company. The acquisitions of Matthew Clark and Bibendum in April 2018 transformed C&C into the largest last mile drinks distribution business across the UK and Ireland to complement our unique brand portfolio. These acquisitions and their subsequent operational recovery have helped propel the Group's financial performance with adjusted diluted earnings per share up 20.9% year-on-year. Basic earnings per share was down 9.3% on the prior year as the prior year benefitted from the recognition of €13.3m negative goodwill relating to the finalisation of the acquisition accounting of Admiral Taverns. Equally pleasing has been the strong performance of our branded portfolio and our brand-led distribution models in Scotland and Ireland. Overall total organic net revenues and operating profits for the Group were up 3.2% and 3.3% respectively.

The consumer continues to recognise both the provenance and value of our core brands while our super-premium and craft offerings continue to grow strongly. The drinks distribution platform we have now created across the UK and Ireland gives us unrivalled access into the on-trade drinks channel. Already our combination of scale, efficiency and product expertise is delivering service excellence and growing revenues and profitability for our on-trade customers and C&C alike. The momentum in our business and the multiple growth levers within our integrated model, underpin our updated medium term targets and give us the confidence to increase our final dividend by 6.5% to 9.98c, taking the total dividend for the year to 15.31c (FY2018: 14.58c).

People and Culture

The new Matthew Clark and Bibendum employees brought into the Group had experienced a period of significant uncertainty ahead of the acquisition. It is to their immense credit and through their hard work and professionalism that we have been able to make such significant progress in restoring those businesses to operational and financial health. In this they have been most ably led by the management teams brought in shortly after acquisition, supplemented by a highly talented and energetic project team from C&C.

The project is indicative of the strong corporate culture within C&C that sets us apart from our larger international peers. We are a local business at heart, imbedded in the local communities we serve. Our size and proximity to customers and markets allows us to spot opportunities (commercial and strategic) and move quickly and professionally to secure them. We look after our people, our suppliers and our customers and ultimately our broader stakeholder community. We have also striven hard through the year to ensure that the diversity and reward structures of our senior management teams are fully aligned to the interests of shareholders and our other stakeholders.

The health and wellbeing of employees is paramount. During the year, we undertook a number of programmes at our sites to raise employee awareness and engagement and encourage safety interventions by all staff. An Employee Assistance Programme (EAP) and health checks are now available in many areas and this is something we intend to continue to improve upon in FY2020.

The Board greatly appreciates the contribution of all our C&C colleagues in the significant strides we have made this year in improving both business performance and our workplace environment; and ultimately the creation of long term shareholder value.

Social Responsibility

Social responsibility has historically been at the heart of traditional drinks companies. There has always been an appreciation that we are integral to the local communities we serve. Our long term support for minimum unit pricing is indicative of our belief in the importance of acting responsibly in society's long term interests. We are equally passionate in our commitment to reduce the impact on the environment from our activities. During the year, our water usage reduced by 2.8% and CO_2 emissions fell by 4.3%. 100% of our products are sold in containers that can be recycled and 28% is already in returnable units. Our intention is to eliminate single-use plastic packaging from our beer and cider portfolio by March 2022.

Brexit continues to be a significant issue for us, particularly in Ireland and for our wine businesses in the UK. However, our contingency plans are well advanced and the scale and flexibility of our warehouse infrastructure and capital resources mean we can provide the surety of supply to our on-trade customers not afforded by our smaller distribution competitors. Our geographic spread of assets, businesses and markets gives us the flexibility to ensure that your business will not suffer material, long term operational costs whatever the outcome of the current political impasse.

Capital Allocation

The acquisitions of Matthew Clark and Bibendum in the year fulfilled our long held strategic ambition to strengthen our route-to-market capability across the UK. With positive working capital inflows from these businesses in the second half and the benefit of our receivables financing programme, the net cash cost to the Group of these acquisitions as at February 2019 was £76 million. Accordingly, our gearing levels are rapidly returning towards our medium term guidance of two times net debt to EBITDA.

Future capital allocation will be on building sustainable growth within our current operational span or in the absence of such opportunities to enhance shareholder returns through capital returns. During the past year we have spent €1.9 million buying back shares at an average price of €3.18 in line with our policy to minimise the dilutive impact of scrip dividends.

Board

A statement of our governance, principles and practice is provided on pages 52 to 54 and we are in any case committed to maintaining the highest standards.

The past year has seen considerable evolution in the Board of the Company reflecting the on-going strategic development of the business. On 5 July 2018, I succeeded Sir Brian Stewart as Non-executive Chairman of your Company. Sir Brian was an outstanding Non-executive Chairman, who guided the Company through challenging times, but always with a view to the longer term. We will all miss his unparalleled knowledge of international drinks, indeed, he is a hard act to follow.

Board refreshment and renewal is a continuous process to ensure we have the right balance of skills, knowledge, experience and diversity (including gender), particularly in light of the strategically important acquisition of Matthew Clark and Bibendum. During the year Joris Brams, Geoffrey Hemphill and Richard Holroyd stepped down as directors of the Company. I would like to take this opportunity to express my and the Board's appreciation for their inimitable contribution. Their perspectives were always invaluable. Following a detailed search, Jill Caseberry and Helen Pitcher were appointed as directors on 7 February 2019, and Jim Thompson was appointed as a Director on 1 March 2019.

During the year I led a thorough evaluation of the performance of the Board, its members and its principal committees. The evaluation process has led to a programme of regular training sessions for Directors and Board effectiveness will continue to be kept under review in accordance with corporate governance best practice.

Conclusion

This has been a transformational year for your Company, both in terms of strategic development and strong operational performance. The new financial year has started well and we look forward to the future with confidence.

Stewart Gilliland
Chairman

Strategic Report - Business Model

Brands

Core Brands

Our three core brands: Tennent's, Bulmers and Magners hold a special place in the hearts of regional, national and global drinkers. Tennent's is Scotland's favourite beer, Bulmers is Ireland's No.1 cider and Magners is the No.2 apple cider in the UK and is one of the few truly global apple cider brands.

No.1 beer in Scotland

Tennent's Lager is brewed to the highest standards using only local Scottish ingredients to create a lager with a crisp taste and refreshingly clean finish. Tennent's has been made with pride in the heart of Glasgow since 1885, but is famous far beyond its home city. Tennent's Lager is Scotland's best-selling lager.

No.1 cider in ROI

Bulmers Original is a premium, traditional blend of *100%* Irish cider with an authentic clean and refreshing taste. Only ever made with the finest Irish apples in Clonmel, Co. Tipperary.

Exported to over 60 countries

Magners is a premium, traditional blend of Irish cider with a crisp, refreshing flavour and a natural authentic character. Also in the range is Magners Dark Fruit which offers cider drinkers a fruitier alternative to draught apple.

C&C's core brands have resilient revenues, high margins and are strongly cash generative.

Super-premium and craft brands

Our growing portfolio of super-premium and craft beers and ciders serves the consumer's increasing demand for diversity, newness and taste. These are premium products commanding premium prices and support our core brand propositions. We are targeting that super-premium and craft will represent over 10% of branded revenue in the medium-term through a combination of in-house innovation, international agency and investment in leading craft brands.

Belgian beer
+19%*

Heverlee is a premium Belgian Beer, which is endorsed by the Abbey of the order of Prémontré, in the town of Heverlee in Leuven.

Dublin Lager
+35%*

The Five Lamps Dublin Brewery was originally set up in early 2012 beside Dublin's iconic Five Lamps. Its first beer, Five Lamps Dublin Lager, was launched in September 2012.

Italian lager
+27%*

Menabrea is from Northern Italy and is matured gently in the perfect temperature of cave cellars for a taste of superior clarity. This pale lager is well balanced between citrus, bitter tones and floral, fruity undertones giving a consistent and refined flavour.

Craft cider
+26%*

Orchard Pig craft ciders are full of Somerset character and scrumptious tanins found in West Country cider apples.

C&C's super-premium and craft brands are growing quickly, help premiumise our portfolio and generate high returns on invested capital.

* Volume growth in the 12 months to 28 February 2019

Strategic Report - Business Model
(continued)

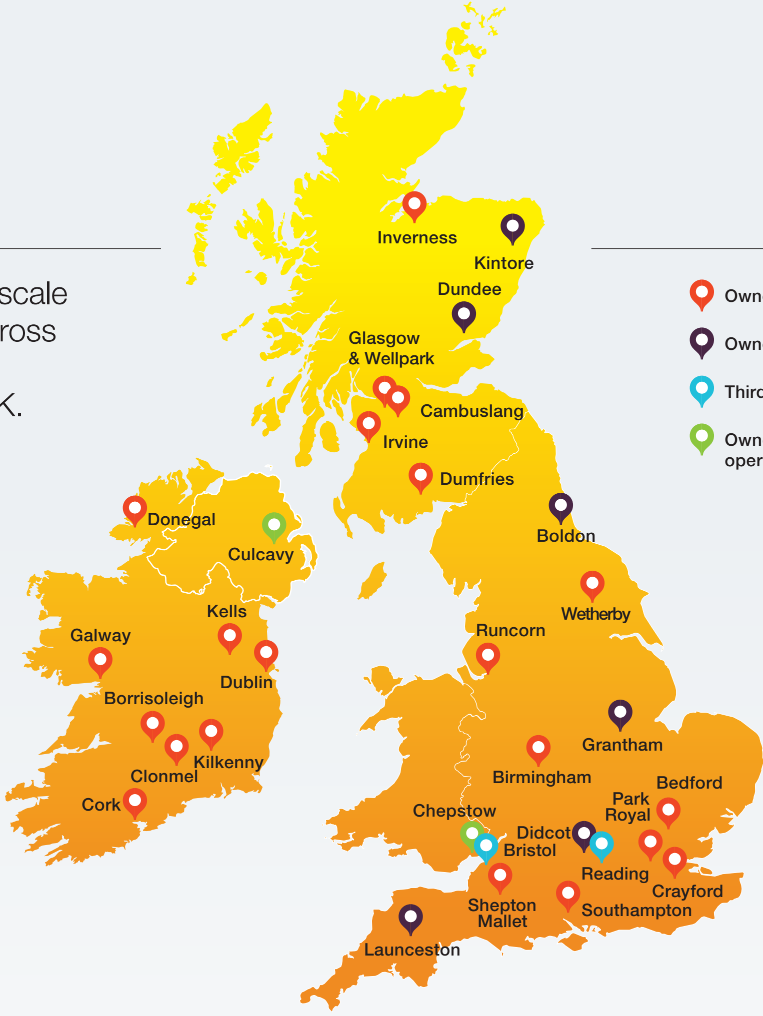
Route-to-market

C&C's route-to-market platforms are an integral part of the UK and Ireland hospitality sector.

Benefits for Customers	Benefits for C&C	Benefits for Suppliers
C&C gives its on-trade customers access to an unrivalled portfolio of local, premium and third-party brands combined with intimate product expertise and insight into evolving consumer tastes.	Route-to-market ownership broadens C&C into a multi-beverage business.	C&C provides a unique route-to-market platform for local and international brand owners, with unrivalled market access to over 35,000 licensed premises across the UK and Ireland.
With over 12,000 SKUs, C&C's distribution platform provides a comprehensive "one stop shop" for licensed premises owners.	Ensuring the Group participates in evolving consumer trends across multiple drinks categories.	C&C allies intimate knowledge of local and regional markets, with national coverage and economies of scale.
Our national distribution network and economies of scale provide unparalleled coverage, service and value to the benefit of our customers.	C&C's distribution platforms enhance market access and visibility for its brands.	C&C takes over 730,000 orders per year across 12,000 SKUs generating unrivalled insight and data for brand-owners on the ever evolving consumer and customer trends.
C&C's balance sheet strength ensures stability, certainty of supply and access to credit.	Route-to-market complements C&C's portfolio of local champion brands.	C&C provides an open-access, stable platform to all brand-owners – large and small.

Scale

C&C has unrivalled size, scale and distribution reach across attractive on-trade drinks markets in Ireland and UK.



Owned, stocked

Owned, not stocked

Third party

Owned, third party operated

C&C GLEESON BRANDS THAT DELIVER

gilbeys with BIBENDUM

TENNENT'S

Matthew Clark

BIBENDUM

No.1 Drinks distributor on Island of Ireland

No.1 Drinks distributor in Scotland and GB

Ireland Market Value: €5.4bn
(ROI alcoholic drinks)

2018 growth +1.0%

10k licensed premises in Ireland

UK Market Value: £52.2bn

2018 growth +4.1%

119k licensed premises in GB
(of which 11k in Scotland)

Strategic Report - Group Strategy

Our ambition is to be the pre-eminent integrated brands and drinks distribution business serving the UK and Ireland hospitality industry. Our brand and distribution assets provide: an unrivalled range of 'fabric', premium and third-party brands; enhanced customer service; market insight, value and national coverage.

Strategic pillars	Medium term strategic goals	Financial characteristics
Invest and grow our portfolio of leading local, super-premium and craft beer and cider brands.	Brand and product investment to build value of key brands over the long-term. Leverage key brand strength and market position to grow our portfolio of super-premium and craft brands.	Cash generation Balance Sheet strength EPS growth
Strengthen our position as the No.1 drinks distribution business in the British Isles.	Margin expansion at Matthew Clark and Bibendum through simplification and optimisation programmes. Deliver unrivalled portfolio strength, value and service to the UK and Irish hospitality sectors.	
Capital allocation to enhance growth and shareholder returns.	Maintain medium term balance sheet leverage of circa 2.0x Net Debt/EBITDA. Selective acquisitions to fuel sustainable, profitable growth and/or cash returns to shareholders.	

Achievements during FY2019

FY2019 saw a strong performance across our branded portfolio in the UK and Ireland, with total C&C branded revenues +4.4%, outperforming the wider beer and cider sectors.

Our three core brands of Tennent's, Bulmers and Magners performed well, benefitting from the warm summer and continued investment in social media, sponsorship and product innovation. Organic net sales revenues for our three core brands were up 5.5% in the UK and Ireland in the period growing our share in a number of key markets.

We saw strong organic growth in our super-premium and craft portfolio with volumes +15%. Our super-premium and craft portfolio now contributes 157kHL of volumes (7.9% of Group branded revenues) and revenues of €23.1m. We strengthen our portfolio of premium international agency brands, securing the exclusive distribution rights on Tsingtao, China's leading beer brand, across the UK and Ireland.

In April 2018, we completed the acquisition of Matthew Clark and Bibendum, two of the UK's largest independent drinks distribution businesses. They had been operating under severe financial and operational stress for an extended period and stock availability, customer service levels, supplier relations and financial controls were in our view significantly below the appropriate level. During FY2019 our management teams at Matthew Clark and Bibendum have made excellent progress in stabilising these businesses, with operational performance and customer service now fully restored.

Our drinks distribution and wine businesses in Scotland and Ireland also performed strongly in the year, bouyed by the enhanced scale and expertise brought to the Group by the acquisitions of Matthew Clark and Bibendum. Revenues at these businesses were up +6.9% in the year.

The Group delivered strong free cash flow of €96.9m in the year and cash conversion of 80.8% of Adjusted EBITDA (before exceptional items), assisted by an improving working capital performance at Matthew Clark and Bibendum in the second half and the inclusion of Matthew Clark and Bibendum debtor book in the C&C Group receivables purchase programme.

Consideration paid for Matthew Clark and Bibendum was a nominal sum, plus the assumption of £102 million of third-party bank debt and the on-going working capital funding requirements of the Group. As at 28 February 2019 the net cash deployment by the C&C Group in respect of these acquisitions (taking into account the working capital improvements, trading and other cashflows in the second half and the debtor securitisation programme) was £76 million.

Strategic priorities for FY2020

Our core strategic objective is to deliver earnings growth.

EXISTING BUSINESSES

- to strengthen and grow our portfolios of core, super-premium and craft brands through select brand investment, innovation and leveraging our route-to-market platforms across the UK and Ireland;
- continue the operational and financial recovery at Matthew Clark and Bibendum through our simplification and optimisation programmes.

CAPITAL ALLOCATION

- maintain the strong cash conversion characteristics of the business;
- after increased investment in FY2019 we will continue to de-gear towards target leverage of 2x Net Debt/EBITDA.

CORPORATE RESPONSIBILITY

- targeting further sustainability improvements across the Group;
- focusing our social responsibility agenda and engagement in the community;
- continue to support minimum unit pricing legislation in Scotland and Ireland;
- achieving a continuous improvement in workforce health and safety.

Strategic Report - Key Performance Indicators

Strategic Priority	KPI	Definition (see also financial definitions on pages 175 and 176)	FY2019 performance	FY2019 Focus	Links to other Disclosures
To enhance earnings growth	Operating Profit	Operating profit (before exceptional items)	FY17 €95.0m FY18 €86.1m FY19 €104.5m	To seek continuing growth, through revenue enhancement, acquisition synergies and cost control	Group CFO Review page 28
	Operating Margin	Operating profit (before exceptional items), as a percentage of net revenue	FY17 15.9% FY18 15.7% FY19 6.6%		
To enhance earnings growth	Adjusted diluted earnings per share[1]	Attributable earnings before exceptional items divided by the average number of shares in issue as adjusted for the dilutive impact of equity share awards	FY17 23.8c FY18 22.0c FY19 26.6c	To achieve adjusted diluted EPS growth in real terms	Group CFO Review page 28
To generate strong cash flows	Free Cash Flow	Free Cash Flow is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities	FY17 €54.3m FY18 €66.0m FY19 €91.0m	To generate improved operating cash flows	Group CFO Review page 30
	Free Cash Flow Conversion Ratio	The conversion ratio is the ratio of free cash flow as a percentage of EBITDA before exceptional items	FY17 53.0% FY18 70.5% FY19 80.8%		
To ensure the appropriate level of financial gearing and profits to service debt	Net debt: EBITDA	The ratio of net debt (Net debt comprises borrowings (net of issue costs) less cash) to Adjusted EBITDA	FY17 1.55x FY18 2.37x FY19 2.51x	Move towards medium term target of 2.0 times Net Debt/EBITDA	Group CFO Review Page 29
To deliver sustainable shareholder returns	Progressive dividend/return to shareholders	Total dividend per share paid and proposed in respect of the financial year in question	FY17 14.33c FY18 14.58c FY19 15.31c	The Group will continue to seek to enhance shareholder returns	Chairman's Statement page 4
	Dividend Payout Ratio	Dividend cover is Dividend/ Adjusted diluted EPS	FY17 60.2% FY18 66.3% FY19 57.6%		
To achieve the highest standards of environmental management	Reduction in CO_2 emissions	Tonnes of CO_2 emissions	FY17 41,228t FY18 31,612t FY19 30,241t	To achieve best practice across the Group, including acquired businesses	Corporate Responsibility Report page 35
To achieve the highest standards of environmental management	Waste recycling	Tonnes of waste sent to landfill	FY17 16t FY18 0t FY19 0t	To achieve best practice across the Group, including acquired businesses	
To ensure safe and healthy working conditions	Workplace safety accident rate	The number of injuries that resulted in lost-work days, per 100,000 hours working time in production facilities	FY17 0.56 FY18 0.54 FY19 1.02	To achieve best practice across the Group, including acquired businesses	Corporate Responsibility Report page 41

1. Basic earnings per share for FY2019 was 23.4 cent (2018: 25.8 cent).

Strategic Report - Management of Risks and Uncertainties

Internal Controls and risk management

The Board has overall responsibility for the Group's system of internal control, for reviewing its effectiveness and for confirming that there is a process for identifying, evaluating and managing the principal risks affecting the achievement of the Group's strategic objectives. The process which has been in place for the entire period and up to the date the financial statements were approved accords with the FRC Guidance published in September 2014 and involves the Board considering the following:

- the nature and extent of the principal risks facing the Group;
- the likelihood of these risks occurring;
- the impact on the Group should these risks occur; and
- the actions being taken to manage these risks to the desired level.

The key elements of the internal control system currently in operation are as follows:

- clearly defined organisation structures and lines of authority;
- corporate policies for financial reporting, treasury and financial risk management, information technology and security, project appraisal and corporate governance;
- annual budgets for all business units, identifying key risks and opportunities;
- monitoring of performance against budgets on a weekly basis and reporting thereon to the Board on a periodic basis;
- an internal audit function which reviews key business processes and controls; and
- an audit committee which approves plans and deals with significant control issues raised by internal or external audit.

This system of internal control can only provide reasonable and not absolute, assurance against material misstatement or loss. The terms of reference of the Audit Committee require it to monitor the adequacy and effectiveness of the Group's internal financial controls and risk management systems and at least annually carry out a review of the effectiveness of these systems. The risks facing the Group are reviewed regularly by the Audit Committee with the executive management team. Specific annual reviews of the risks and fundamental controls of each business unit are undertaken on an ongoing basis, the results and recommendations of which are reported to and analysed by the Audit Committee with a programme for action agreed by the business units.

The preparation and issue of financial reports, including consolidated annual financial statements is managed by the Group Finance function with oversight from the Audit Committee. The key features of the Group's internal control procedures with regard to the preparation of consolidated financial statements are as follows:

- the review of each operating division's period end reporting package by the Group Finance function;
- the challenge and review of the financial results of each operating division with the management of that division by the Group Chief Financial Officer;
- the review of any internal control weaknesses highlighted by the external auditor by the Group Chief Financial Officer, Head of Internal Audit and the Audit Committee; and
- the follow up of any critical weaknesses to ensure issues highlighted are addressed.

The Directors confirm that, in addition to the monitoring carried out by the Audit Committee under its terms of reference, they have reviewed the effectiveness of the Group's risk management and internal control systems up to and including the date of approval of the financial statements. This review had regard to all material controls, including financial, operational and compliance controls that could affect the Group's business. The Directors considered the outcome of this review and found the systems satisfactory.

Principal Risks and Uncertainties

During the year, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and uncertainties are set out on pages 14 to 17 represent the principal uncertainties that the Board believes may impact the Group's ability to deliver effectively its strategy in the future. The list does not include all risks that the Group faces and it does not list the risks in any order of priority.

Strategic Report - Management of Risks and Uncertainties
(continued)

Risks and Uncertainties	Mitigation
Risks And Uncertainties Relating To Strategic Goals	
The Group's strategy is to focus upon earnings growth through organic growth, acquisitions, associates and joint ventures and entry into new markets. The Group is prepared to take measured risks to acquire new assets, talent, brands and innovation. These opportunities may not materialise or deliver the benefits or synergies expected and may present new management risks and social and compliance risks.	The Group seeks to mitigate these risks through proactively monitoring the market to identify suitable acquisition targets, due diligence, careful investment and integration planning and continuing monitoring and management post-acquisition. Only acquisitions that the Board believe will add value and are a strategic fit are considered.
As the Group grows through acquisition, it is necessary to adjust to change and assimilate new business cultures. The breadth and pace of change can present strategic and operational challenges. Business integration and change that are not managed effectively could result in unrealised synergies, poor project delivery, increased staff turnover, erosion of value and failure to deliver growth.	Significant acquisitions have formal leadership and project management teams to deliver integration. Regular Group communications ensure effective information, engagement and feedback flow to support cultural change. The executive management team oversees change management and integration risks through regular people, planning and product meetings.
Risks And Uncertainties Relating To Revenue And Profits	
Consumers may shift away from larger brands towards more localised, premium and niche products.	Through diversification, innovation and strategic partnerships, we are developing our product portfolio to enhance our offering of niche and premium products to satisfy changing consumer requirements.
Seasonal fluctuations in demand, especially an unseasonably bad summer in Ireland could materially affect demand for the Group's cider products.	The Group seeks to mitigate this risk through geographical and brand diversification.
Consumer preference may change in our core geographies, new competing brands may be launched and competitors may increase their marketing or change their pricing policies.	The Group has a programme of brand investment, innovation and product diversification to maintain and enhance the relevance of its products in the market. The Group also operates a brand-led model in our core geographies with a comprehensive range to meet consumer needs.
The off-trade and increasingly the on-trade in Great Britain continues to be highly competitive, driven by consumer pressure, customer buying power, consolidation and vertical integration of distribution channels and the launch of heavily-invested competing products.	The Group seeks to mitigate the impact on volumes and margins through developing a focused portfolio approach, innovation, strategic partnerships and acquisitions, the introduction of brand propositions that are in tune with shifting consumer and customer needs and through seeking cost efficiencies.
Customers, particularly in the on-trade where the Group has exposure through advances to customers, may experience financial difficulties.	The Group monitors the level of its exposure continuously.
The Group is reliant on the performance of its distribution partners for the distribution of its products in international markets and the UK.	The Group mitigates these risks by continuously monitoring the performance of its distribution partners and having agreements with appropriate protections in place in relation to inadequate performance.
Key strategic partnerships may not be renewed or may be renewed on less favourable terms.	The Group seeks to mitigate this risk by managing its relationship with its key strategic partners and by putting long-term arrangements in place in relation to termination and renewal.

Risks and Uncertainties	Mitigation
Risks and Uncertainties Relating to Costs, Systems and Operations	
Input costs may be subject to volatility and inflation and the continuity of supply of raw materials may be affected by the weather and other factors.	The Group seeks to mitigate some of these risks through long-term or fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.
Circumstances such as the loss of a production or storage facility or disruptions to its supply chains or critical IT systems may interrupt the supply of the Group's products.	The Group seeks to mitigate the operational impact of such an event through business continuity plans, which are tested regularly to ensure that interruptions to the business are prevented or minimised and that data is protected from unauthorised access, contingency planning, including involving the utilisation of third party sites and the adoption of fire safety standards and disaster recovery protocols. The Group seeks to mitigate the financial impact of such an event through business interruption and other insurances.
Increased levels of cybercrime represent a threat to the Group's businesses and may lead to business disruption or loss of data. The Group is exposed to the risk of external parties gaining access to Group systems to deliberately disrupt business, steal information or commit fraud. Theft of data relating to employees, business partners or customers may result in a regulatory breach and impact the reputation of the Group.	The Group has a number of IT security controls in place including gateway firewalls, intrusion prevention systems, security incident monitoring and virus scanning. The Group's approach is one of ongoing enhancement of controls as threats evolve with the target being to align controls, and in particular to implement any new services or changes to the environment, with reference to the ISO 27001 international standard. The Group also has a suite of information security policies in place.
Financial Risks and Uncertainties	
The Group's reporting currency is the Euro but it transacts in foreign currencies and consolidates the results of non-Euro reporting foreign operations. Fluctuations in value between the Euro and these currencies may affect the Group's revenues, costs and operating profits.	The Group seeks to mitigate currency risks, where appropriate, through hedging and structured financial contracts to hedge a portion of its foreign currency transaction exposure.
The solvency of the Group's defined benefit pension schemes may be affected by a fall in the value of their investments, market and interest rate volatility and other economic and demographic factors. Each of these factors may require the Group to increase its contribution levels.	The Group seeks to mitigate this risk by continuous monitoring, taking professional advice on the optimisation of asset returns within agreed acceptable risk tolerances and implementing liability-management initiatives such as an enhanced transfer value exercise which the Group conducted in FY2016 and FY2017 in relation to its Irish defined benefit pension schemes.

Strategic Report - Management of Risks and Uncertainties
(continued)

Risks and Uncertainties	Mitigation
Fiscal, Regulatory and Political Risks and Uncertainties	
The Group may be adversely affected by changes in excise duty or taxation on alcoholic products in Ireland, the UK, the US and other territories.	The Group seeks to mitigate this risk by playing an active role in industry bodies and engaging with governmental tax and regulatory authorities. In Ireland, we engage with the Government in relation to excise duty reductions in support of domestic producers. In the UK, the Group is a board member of the National Association of Cider Makers, a steering committee member of the all-party Parliamentary beer group and a member of the British Beer and Pub Association. The Group is a member of the Wine & Spirits Trade Association ("WSTA") in the UK. In the US, we are active in the United States Association of Cider Makers.
The Group may be adversely affected by changes in government regulations affecting alcohol pricing, sponsorship or advertising and product types.	Within the context of supporting responsible drinking initiatives, the Group supports the work of its trade associations to present the industry's case to government.
The UK vote to leave the European Union has created significant uncertainty about the near term outlook and prospects for the UK, Ireland and European Union economies. While the economic effect of the UK leaving the European Union is uncertain, it could have the effect of negatively impacting the UK, Irish and European Union economies and currencies and the financial performance of the Group, reducing demand in the Group's markets and increasing business and regulatory costs including through the application of additional tariffs and transaction taxes on the Group's products and raw materials. While recent developments in relation to the transition period have brought greater clarity for that period and there have potentially been positive developments in relation to a free trade agreement after that period, were WTO tariffs to be applied to our exports from Ireland to the UK or were there to be a hard border in relation to the movement of people and goods within the Island of Ireland, it would negatively impact the Group. With our reporting currency as the Euro, the Group is exposed to the translation impact of a weaker Sterling.	The Board and executive management team will continue to consider the impact on the Group's businesses, monitor developments and play a role in influencing the UK, Irish and Scottish Governments to help ensure a manageable outcome for our businesses. We are working closely with the Food and Drink Federation in Ireland and the European Cider Association in relation to the implications of the UK vote for our businesses. Our manufacturing capability in Scotland may also provide opportunities for the Group arising from Brexit. On an ongoing basis, we seek, where appropriate, to mitigate currency risk through hedging and structured financial contracts and take appropriate action to help mitigate the consequences of any decline in demand in our markets.
Liability-Related Risks and Uncertainties	
The Group's operations are subject to extensive regulation, including stringent environmental, health and safety and food safety laws and regulations and competition law. Legislative non-compliance or adverse ethical practices could lead to prosecutions and damage to the reputation of the Group and its brands.	The Group has in place a permanent legal and compliance monitoring and training function and an extensive programme of corporate responsibility.
The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in a recall of the Group's products, damage to brand image and civil or criminal liability.	The Group has established protocols and procedures for incident management and product recall and mitigates the financial impact by appropriate insurance cover.
Fraud, corruption and theft against the Group whether by employees, business partners or third parties are risks, particularly as the Group develops internationally.	The Group maintains appropriate internal controls and procedures to guard against economic crime and imposes appropriate monitoring and controls on subsidiary management.

Risks and Uncertainties	Mitigation
Employment-Related Risks and Uncertainties	
The Group's continued success is dependent on the skills and experience of its Executive Directors and other high-performing personnel, including those in newly acquired businesses and could be affected by their loss or the inability to recruit or retain them.	The Group seeks to mitigate this risk through appropriate remuneration policies and succession planning.
Whilst relations with employees are generally good, work stoppages or other industrial action could have a material adverse effect on the Group.	The Group seeks to ensure good employee relations through engagement and dialogue.

Assessment of the Group's Prospects

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Group's and Company's financial statements. Further information in relation to the Directors' assessment of going concern is contained in note 23 to the financial statements.

Viability Statement

For the purposes of assessing the future prospects of the Group, the Directors have selected a three year timeframe and have carried out a forward looking assessment of the Group's viability based on this timeframe.

This period has been considered for the following reasons:

- The business model can be evolved for significant changes in market structure or government policy over the three year period;
- For major investment projects three years is considered by the Board to be a reasonable time horizon for an assessment of the outcome; and
- The Group's strategic planning cycle covers a three year period.

The assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's Principal Risks and Uncertainties as set out above and how these are identified, managed and mitigated.

This assessment is based on a number of cautious assumptions concerning macro growth and stability in our key markets particularly in the context of forecasted volume growth and margins. It will be reviewed regularly by the Board through presentations from senior management on the performance of the respective business units, the assessment of market opportunities and the consideration by the Board of its ability to fund its strategic ambitions.

In making this assessment, the Directors have considered the resilience of the Group, taking account of its current position and the Group's Principal Risks and Uncertainties and the Group's ability to manage those risks. The risks have been identified using a top down and bottom up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk. The Directors also noted that borrowings under the Group's five year syndicated revolving loan facility have been refinanced during the period under review, in addition to taking out a new three year term loan.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Strategic Report Approval

The Strategic Report, outlined on pages 1 to 43, (including the assessment of the Group's prospects as set out above) incorporates the Highlights, the Business Profile and Key Performance Indicators, the Chairman's Statement, the Group Chief Executive Officer's Review, the Group Chief Financial Officer's report, the Corporate Social Responsibility Report and the Management of Risks and Uncertainties section of this document.

This report was approved by the Board of Directors on 22 May 2019.

Mark Chilton
Company Secretary

Group Chief Executive's Review

Financial Performance

Reported net revenue in the year of €1,575 million has increased against previous years by the acquisition in April 2018 of Matthew Clark and Bibendum. Excluding the impact of these acquisitions our net revenue on an organic basis[(i)] rose 3.2% from €547 million to €564 million.

In the previous two years we have had quite a negative decline on reported revenue through currency movements, this year there was no significant impact.

Costs were well controlled although we experienced modest year-on-year input inflation on the raw materials used in the production of beer and elsewhere on packaging. The inherent strength of our key brands allowed for moderate price enhancement and accordingly operating margins on the branded side of our business increased by 20bps[(ii)].

Our reported operating profit in the year is €104.5 million[(ii)] and our overall earnings before interest, tax depreciation and amortisation was €120.0 million[(ii)]. The FY2019 performance represents a 20.9% increase year-on-year in adjusted diluted earnings per share and 19.6% increase in EBITDA[(iii)]. Basic EPS was down 9.3% year-on-year as the prior year benefitted from the recognition of €13.3m negative goodwill relating to the finalisation of the acquisition accounting for Admiral Taverns.

To ensure appropriate funding for the acquisition of Matthew Clark and Bibendum we refinanced our external debt and are very pleased with the support provided once again by your Company's bankers. The new arrangement gives surety for the next 4 years and the interest margin at +1.60-1.80% is very competitive. In addition we were given modest support by an international brewer with no linked operational conditions.

In the event our year end net debt of €301.6 million was only €64.0 million higher than last year and represents 2.51x our trailing twelve months EBITDA. Again, cash conversion (pre-exceptional items) at 80.8%[(iv)] was extremely strong and broadly in line with our ten year average at circa 75%.

The Company has strong inherent cash generative capability and this has allowed us to increase your dividend year on year by 5% while paying down debt arising as a consequence of the acquisitions. We collected and paid over €418 million of duty to the relevant country exchequer and €8.6 million of cash was paid in tax on profit. Our effective tax rate[(v)] in FY2019 is 12.1% reflective of the proportion of profits arising in the UK and Ireland and certain tax provision releases in the current year (normalised FY2019 ETR: 14.3%)[(v)].

Net financing costs have increased from €8.1 million to €15.6 million. There are a number of factors at play here. While the margin grid remained broadly flat, the new funding arrangement is marginally more expensive reflecting changes in reference base rates. In addition, debt levels were higher than previous years and this of course costs more in utilisation fees and interest.

Finally, we extended our receivables purchase programme to pass over a significant proportion of customer sales ledger risk at Matthew Clark and Bibendum. This improves our working capital efficiency and insulates the Company from major customer failure but comes at a cost of additional interest. In the medium term as we normalise customer and supplier payment terms and reduce stock holding this dependency will diminish. Adjusted diluted earnings per share increased on the previous year by 20.9% (Basic EPS (9.3%)) and dividend cover is now 1.7 times versus 1.5 times last year.[(i)]

Capital Allocations

Our capital allocation strategy remains focused on investment behind the long term development of your business in a safe and sustainable manner. We broadly target investment returns on capital deployment at above 15%.

The major capital deployment during the period was the acquisition of Matthew Clark and Bibendum on 4 April 2018. Both companies had been acquired by Conviviality plc in the preceding three years for a combined consideration of £262m but a range of factors triggered the administration of the parent company.

We ultimately acquired both assets as going concerns for the nominal amount of £1 and assumed all assets and liabilities. As at the end of the first eleven months of ownership, including the benefit of our extended receivables purchase programme, our net cash deployment is in the region of £76 million consequently we believe overall returns are well within our capital allocation target.

1. Adjusted diluted earnings per share divided by dividend per share.

In the year our cash capital expenditure spend was slightly elevated at €22.1 million as we invested in a range of projects to improve operational performance or support the sustainability of our core business activity.

IT upgrades totalled €3.4 million, including the implementation of a new enterprise wide IT system in Ireland with only minimal business disruption. This is broadly the same platform operated in the UK and has the potential to significantly enhance our digital and customer service proposition. In time we also believe that there will be good efficiencies in back office activity.

In Scotland, at the Wellpark Brewery, we spent €2.3 million in the year (out of a total €4.5 million project spend) on a new water treatment facility that will materially improve the quality of the water we put into the public drainage system with a very positive environmental impact. The system will also reduce forward effluent charges and the biogas by-product will be utilised within our heating system again reducing cost and energy use.

Five years ago we opened a small visitors centre at the Tennent's brewery and each year visitor numbers have increased. Consequently, this year we invested €1.9 million in a new interactive visitor attraction targeting 50,000 visitors annually. This was opened in November.

In both Scotland and Northern Ireland we lend on a secured basis to the independent free trade to help our customers grow their business. In some instances this is to help refurbish existing facilities, in other cases to assist in the acquisition of new premises. In return customers commit to buying our product for their outlets. Our long term support for trade customers is normally recognised through increased customer loyalty and the lifetime value is higher than for those customers that trade without a tie.

Our total loan book at the year-end stood at €51 million and we invested gross funds of €11 million (net: €0.9 million investment) in the year supporting customer's business development. We apply hurdle rates in line with our capital allocation return criteria adjusted for risk.

We also invested in a new warehouse management system as we took the Scottish logistics operation fully in house, this will support enhanced customer service and pick efficiency.

The only other cash deployment of significance was to buy back Company shares in line with our policy to minimise the dilutive impact of scrip dividends. In the year, we spent €1.9m buying back 576,716 shares at an average price of €3.18.

Our Brands

Consumers today are driven towards authentic natural product with local provenance. They rightly want to know where things are made and exactly what ingredients are used.

We are lucky to be owners of authentic local brands cherished by consumers with visibility on point of origin. Bulmers in Ireland is only ever made in Clonmel and we buy only Irish apples to create a liquid famed for its refreshment and for being 100% Irish.

The sun shone in Ireland last summer and when it did consumers returned to the country's most loved cider brand. Net revenues for our cider brands on the Island at €70.8 million increased by 3.8% year-on-year and volumes were up 1.9%. While we can't always rely on the sun to shine the resilience of the performance against newer competitors is testament to the inherent strength of the Bulmers and our other Irish brands.

Tennent's Lager was first brewed at Wellpark Brewery, Glasgow in 1885 from the finest Scottish barley using locally sourced water. Little has changed in the intervening 124 years and Tennent's Lager remains the biggest and most popular alcohol brand in Scotland.

This year we faced the challenge of the introduction of minimum unit pricing in Scotland designed to reduce dangerous alcohol consumption. However, a warm summer and the underlying strength of Tennent's drove brand revenue growth of 7.6% in Scotland as sales revenue increased from €80.5 million to €86.6 million. We grew share in the important independent free trade channel and in grocery our share of lager increased from 24% to 26%[vi] over the course of the year. So while total volume was flat given the context this is an exceptional performance.

Magners like Bulmers is 100% Irish and is only made at our cider mill in Clonmel, Co. Tipperary. We export to over 60 countries but by far the most important is the UK which accounts for 82% of brand volume. This year we benefitted from an exceptionally warm summer and the football World Cup. UK Magners sales revenue at €50.7 million was up 5.3% year-on-year and volumes grew by 4.2%.

The international performance for Magners was disappointing with sales revenue down from €20.6m to €19.8m, a drop of 4.0%. This was mainly driven by poor sales in Spain and Asia.

Consumers are of course gravitating towards authentic world beers and locally produced craft alternatives. Our strategy over the last few years has been a combination of investing or partnering in the growth of this premium category.

Five Lamps in Dublin, Drygate in Scotland and Orchard Pig cider in the UK are examples of working with others to create brands for tomorrow. In Menabrea, Heverlee and Tsingtao we also have exclusive distribution rights for these authentic premium products. Growth in volumes for our super premium and craft portfolio was 46.2% (organic: +15.0%). They now account for 5.6% of branded volumes and at 7.9% of NSV, we are moving towards our medium term target of 10%.

Group Chief Executive's Review
(continued)

Marketing

We have aligned our Brand strategies for Bulmers and Magners under the 100% Irish slogan and refreshed the packaging in Ireland to a more traditional look. The multi-year sponsorship of the Cheltenham Gold Cup is a unique partnership that has huge consumer and customer appeal on both sides of the Irish Sea. We invested heavily around the activation with ´The Road to Gold´ campaign and this included above the line investment on television in Ireland as well as integrated social media and PR activity.

In Scotland Tennent's completed the roll out of the new fount and launched a multi-channel campaign themed ´Bring It On´. This highlights the link between Scotland's rather rainy climate and the fact that we have been turning rain into beer since 1885.

The brand is the official beer sponsor to Scottish Rugby and the Scottish national football team. The new visitors centre is an important investment behind experiential marketing and provides many Instagram and Snapchat opportunities for visitors. The centre was opened in November and has hosted a number of celebrity visits including Martin Compston.

The Tennent's brand also benefits from a highly active social media presence and has its own independent fan club on Facebook ´the big juicy´ with over 18,000 followers.

Our super-premium and craft brands mainly utilise local sponsorship, social media and targeted PR to support growth and discovery. Much of this by necessity is around on premise activation and we have two in house businesses supporting this critical activity. In Scotland we own Badaboom and in the UK we have Elastic which is London based. These direct marketing organisations employ 54 colleagues and provide services not only to our own brands but to partner and supplier brands.

Focused brand investment combined with a strong social media, digital and trade marketing presence improved brand health scores on all of our key brands.

Distribution

In Ireland and in Scotland our route to market proposition is underpinned by distribution businesses as part of a multi beverage offer to our on-trade customers. This covers everything from wines and spirits, our distribution arrangements with AB InBev in respect of their beer portfolio, to soft drinks and coffee. The rationale is to provide a one-stop shop solution to customers seeking a wide range of product at competitive pricing. In Ireland we trade as Gleeson and in Scotland under the Tennent's umbrella.

In the year total wholesale distribution revenues in Ireland and Scotland at €168 million grew 6.9% on the previous year with blended operating margins at 3.7%. The procurement scale now available through Matthew Clark and Bibendum will in time improve our capability to further service this channel. Utilising our digital capability we are now capturing 37% of sales in Scotland on line up from 23.9% in the year prior. Our new investment in systems in Ireland provides the foundation for sharing this capability in the Irish market.

Operations

It was a challenging year for colleagues in operations as they faced a significant spike in demand driven by the warm summer and a European wide shortage of CO_2. The gas is produced naturally through the fermentation process of both beer and cider. Fortunately, at our cider facility in Clonmel, we have a system for capturing CO_2 but this is not in place at Wellpark in Glasgow. Through judicious management of production we managed to get through the summer without any customer impact and this coming year we intend to invest in a matching capability at the Tennent's Brewery.

In the year we brewed and packaged 4.3mhl of beer, cider and soft drinks level with the previous year.

30.7% of our production volume is contract work for other brewers and private label product for customers. Contract production and packaging revenue in the year was €48.4 million an increase from 1.2% year-on-year. We have secured new contract business on a multi-year basis and our recognised technical brewing and packaging capability is proving to be attractive to other market participants.

In our logistics operation we took the decision to bring in house the outsourced distribution operation in Scotland. This has been operated by a third party provider for three decades, but post the Wallace's acquisition management believe that we can operate both more economically and with enhanced service. The transfer of assets and employees was extremely smooth and without customer impact. We have invested in a new warehouse IT system to integrate into our own wider enterprise wide network and this is now operational. In the medium term our scale multi beverage distribution system will have real geographic competitive advantage and the capability of moving into other channels. In Ireland our logistics system is mainly in house and the new IT infrastructure provides the same benchmark capability as we have in Scotland.

Operating Review

Ireland

We operate broadly decentralised business units in relevant geographies and mainly seek to share back office, IT and procurement efficiencies. While not necessarily as efficient as our international competitors we believe that the proximity to customers and consumers inherent in the model provides over the long term competitive advantage.

It also allows the Company to attract more entrepreneurial talent. We aim to minimise our head office structure and ensure that within a controlled environment the decision making is as close to our customer as possible. Our key operational geographies are marked by strong free trade customer penetration and this fragmentation requires investment in sales and distribution infrastructure. It also supports our philosophy of a one-stop shop model underpinned by ´local hero´ brands such as Bulmers and Tennent's.

€m Ireland Constant currency[iii]	FY19	FY18	Change %
Net revenue[vii]	**219.2**	214.8	+2.0%
- Price / mix impact			(0.6%)
- Volume impact			+2.6%
Operating profit [ii],[iii]	**40.3**	40.1	+0.5%
Operating margin	**18.4%**	18.7%	(30bps)
Volume – (kHL)	**1,359**	1,324	+2.6%
- of which Bulmers	**392**	386	+1.6%

In Ireland we operate a full multi beverage model with Gleeson being the largest last mile distribution business on the Island. It sells a range of owned brands such as Tipperary Water, Finches soft drinks and of course our beer and cider brands. In Gilbey we have the largest independent wine business shipping 878k cases annually. Divisional sales in the year increased from €214.8m to €219.2m, representing revenue growth of 2.0%.

In support of the critical on trade market we switched investment from above the line brand spend to enhanced in pub activation and created a separate Bulmers branded sales team, we also up-scaled our investment in Five Lamps. Year-on-year we saw growth of 34.5% in Five Lamps and Bulmers grew by 1.6%, we also increased the proportion of pint bottles sold directly from 38% to 45%.

Over the last few years there has been huge competitive pressure on Bulmers draught taps from scale players and we ceded distribution. However, this last year this decline has stabilised and we are seeing the benefit of our dedicated sales infrastructure. On trade value was reasonable through a combination of brand strength and market pricing dynamics.

We seek to provide route to market access for as wide a possible range of craft beers, ciders and spirits and actively encourage market participation responding to both consumer and customer demand. Gleeson stock more than 368 beer and cider SKUs as well as a wide range of premium wine.

In grocery, Bulmers grew its share of total cider from 45.4% to 49.2% in a highly competitive market while maintaining a price premium over standard lager at 10%. The channel saw some further price deflation on mainstream categories.

We have exclusive distribution rights for a range of beers including San Miguel and certain AB InBev brands. Franchise arrangements provide scale and enhanced customer reach and in the last year we have taken Corona to the number one spot in packaged beer.

Customer service is of course a vital component of our proposition and in a declining pub market we maintained our reach into circa 4,250 customers in the year.

Group Chief Executive's Review

Operating Review (continued)

Great Britain

Core Brands

€m Great Britain Constant currency[iii]	GB Division*	FY2019 MCB adj.*	Group Reported	FY18	Change % Like-for-like
Net revenue[vii]	**310.0**	**(3.7)**	**306.3**	291.7	+6.3%
- Price / mix impact					+3.5%
- Volume impact					+2.8%
Operating profit[ii]	**42.1**		**42.1**	39.4	+6.9%
Operating margin[ii]	**13.6%**		**13.7%**	13.5%	+10bps
Volume – (kHL)	**2,648**	**(20)**	**2,628**	2,576	+2.8%
- of which Tennent's	**1,015**	**(11)**	**1,004**	1,017	(0.2%)
- of which Magners	**543**	**-**	**543**	520	+4.4%

*In FY2019 our GB division made intercompany sales to the value of €3.7m (20kHL) to Matthew Clark which were removed from GB net revenues/volumes on consolidation. These principally comprised Tennent's €1.9m (11kHL) and Menabrea €1.4m (7kHL). GB division sales of Magners and the Group's other cider brands through MCB in the current financial year (FY2019) were conducted via our distribution arrangements with AB InBev and are therefore accounted for as third-party sales in both divisions. MCB had net revenues of €3.9m (18kHL) from Magners and €0.8m (4kHL) from other C&C ciders in FY2019.

In Scotland there is no exclusivity on other beers or ciders, but the strength of our system means that we are a natural partner for other brand owners. Our distribution business grew net revenues by 10.0% and we expanded our customer base through increased distribution points from 3,644 to 3,882. The Tennent's brand increased penetration in the critical independent free trade and we saw value expansion matching consumer sentiment towards the Tennent's portfolio.

Again, the focus on premium beers and ciders helped enhance value with volume growth of our premium portfolio at 58.4%. On average the margin on these products is higher than the blended average for mainstream brands. The move to an in house system for logistics will lower future costs and the transition was extremely smooth from a customer perspective.

The big change this year in Scotland was the introduction on the 1 May 2018 of minimum unit pricing a policy we have unequivocally supported since it was first mooted nearly ten years ago. Trading patterns were of course disrupted somewhat by consumer behaviour in buying ahead of the introduction and then through the World Cup and warm summer. In the event our volumes in the year were flat and we gained significant share as weaker brands and private label lost ground. We had planned ahead and sourced consumer insight on likely behavioural change. This ensured that our pack sizing and linked commercial strategy delivered both value and significant share gain. We have always maintained a price premium for Tennent's over other competitor standard lagers reflecting the strength of the brand. At price parity under MUP this strength was ultimately confirmed.

The Tennent's business has a strong wine and multi beverage proposition stocking over 800 wine SKUs. Again, we saw revenue growth in this business and new account gains with volume up 18% year on year.

In the UK, AB InBev provide route to market access for our cider portfolio and we are pleased that after the initial bedding in period that Magners experienced a second year of growth with volumes growing by 4.4% ahead of the market at 2.7%. Again, at retail we maintained a price premium over the market leading apple cider brand.

International

Core Brands

€m International Constant currency(ii)	FY19	FY18	Change %
Net revenue(vii)	**38.9**	40.2	(3.2%)
- Price / mix impact			+18.0%
- Volume impact			(21.2%)
Operating profit(ii),(iii)	**6.4**	6.5	(1.5%)
Operating margin	**16.5%**	16.2%	+30bps
Volume – (kHL)	**253**	321	(21.2%)

After a period of significant geographic expansion, this year has been one of consolidation within our International division, but also some disappointment as volumes were down 21.2% and revenues fell 3.2%. Profit at €6.4m was only marginally behind the previous year reflecting loss of lower profit business and cost reduction. We experienced disruption through a distributor switch in Italy and exited a number of low volume export markets. In the US we repatriated the sales operation from Pabst and as the year progressed slowly re-established control of the distributor network. Total volumes were down 17.5% but profits were broadly stable year-on-year.

Group Chief Executive's Review

Operating Review (continued)

Matthew Clark and Bibendum

Matthew Clark and Bibendum Constant currency[iii]	Matthew Clark and Bibendum €m
Net revenue[vii]	1,010.5
Adjusted EBITDA[viii]	18.3
Adjusted EBITDA margin	1.8%
Operating profit[ii],[iii]	15.7
Operating margin	1.6%
Volume – (kHL)	2,639

Matthew Clark was established in 1810 as an importer of cognac in London. Through different phases on ownership it grew to be the largest composite distributor of product to the licensed trade in the UK. With a customer base of over 190,000 outlets, the business sells an extensive range of wines, ciders, beers, spirits and soft drinks through a network of 12 warehouses. It specialises in high service, last mile delivery supported by a digital platform and a direct field sales force of 120.

Bibendum was set up in 1982 by Michael Saunders and a group of friends. It has a more premium wine and spirit proposition and greater customer concentration in London. The Company has an enviable reputation in the industry and last year, despite the disruption, was awarded Wine Merchant of the Year. The Bibendum brand is highly regarded by customers and suppliers alike.

Last April we acquired both Matthew Clark and Bibendum from the administrators of Conviviality Group. The consideration was a nominal amount (£1) and we assumed the assets and liabilities of both businesses and a small number of associated companies.

While the acquisition was opportunistic in nature, management were reasonably familiar with both businesses through previous sale processes.

Our ability to move at speed with support from our banks, suppliers and customers differentiated our offer in a very competitive sale process. It is worth acknowledging the outstanding efforts of our small deal team in delivering this outcome for the business and shareholders in what was a highly compressed environment and of course the calm support of Board colleagues.

At the date of purchase we assumed a portion of outstanding bank debt (€116.5m) and assumed collection risk on €196.2m of customer and other debts and €274.3m of supplier and other liability, including an outstanding tax liability of €35m to the UK Exchequer. The nature of distribution operations means that most assets are leased but we took ownership of €61.2m of stock and €4.3m of other associated tangible assets.

The underlying operation of each of the companies remained fairly intact but there had been quite significant disruption to customer service and many key suppliers had put deliveries on stop. Plainly, the very public demise of Conviviality had placed huge strain on many of our 2,000 new colleagues and it is testament to their commitment and loyalty that they maintained a relentless focus on servicing customers even as fuel ran out.

The potential failure of these companies presented a material existential risk to the UK hospitality industry with many small suppliers and customers facing supply and cash flow risk. Our immediate focus was on restoring service through increasing stock availability and settling debt with small suppliers. Again, in seeking to do the right thing we received welcome support from a small number of our large customers and key suppliers - this is something that everyone in our industry should welcome

and acknowledge. Equally, the UK tax authorities recognised the contribution we had made to saving jobs and provided space on a repayment plan.

By Christmas all outstanding debt to suppliers had been settled and the historic tax bill paid. We also collected the vast majority of money owed by customers and had restored stock availability to enhanced levels.

The immediate challenge on acquisition from an operational perspective was to restore confidence with employees, customers and of course our partner suppliers. In pursuit of this agenda we were very fortunate to secure the services of Steve Thomson the former CEO of Matthew Clark and Michael Saunders the founder of Bibendum. Each has a wealth of industry experience and huge knowledge of their respective organisations. In turn they have recruited management resources tasked with leading the companies forward.

The last twelve months has been very intense for all involved. From a reputation and value perspective it was critical that we minimised customer losses and delivered on the peak trading period of Christmas. Independently of this there had been a complete breakdown in financial control triggered by a flawed IT integration project. The most basic accounting reconciliations had not been performed for some time. We also had to agree repayment plans with thousands of suppliers and ensure that cash flow controls were restored.

A cross business project team was established and activity was divided into three quite distinct phases. The first through to Christmas was stabilisation of service control and supply. The second which we entered this calendar year is seeking to simplify the organisations to somewhere near where they used to be. The final phase is themed around optimisation which will seek to secure synergies both in revenue and cost. A key part of our medium term thinking is to separate Bibendum and Matthew Clark and retain each as independent operations.

Through the hard work and efforts of many colleagues progress over the last year has been as good as we might have hoped. Service at Christmas was excellent, stock availability is at the right level and we have seen strong improvement in customer service metrics for each company. Historic audits on previous year accounts were concluded and rigorous management of cash flow and other financial controls reinstated. We believe that the control environment is now at the appropriate level for businesses of this scale and they are now compliant with C&C reporting cycles and review procedures.

Plainly, for distribution companies support from suppliers and customers is paramount to maintaining the ethos of the business model. Our long term intention is to retain Matthew Clark as a composite distributor providing brand owners access to the UK market and similarly with Bibendum but predominantly in wine.

We believe in this, that we have the support of critical suppliers and throughout the disruption customers remained remarkably loyal. Matthew Clark lost sales of low margin product mainly on national business with some brand owners going direct. Otherwise, average distribution points year on year fell by only 3.6%. Initially, Bibendum was more exposed to customer loss driven by much greater customer disruption and poor stock availability. Equally, a very small number of partners took the opportunity to exercise contractual change of control options. Consequently, in the early part of the year we lost customers and linked revenue.

However, in the latter part of the year there are welcome signs of modest momentum in high quality customer recruitment. A real issue for many market participants is the availability and cost of credit insurance for product sold to UK retail. A number of high profile business failures has somewhat restricted credit availability particularly for those with high leverage. The strength of the C&C group balance sheet and our cash generative capability we believe will give real longer term competitive advantage.

Net revenues for the combined Group since the acquisition were €1,010.5m and we are reporting net operating profits for the 11 months of €15.7m. Cash performance was strong in the second half with the business turning free cashflow positive in that period. We have also fair valued assets acquired and properly recognised in accordance with our own accounting policies.

In aggregate, we anticipate that our simplification and optimisation programmes should deliver a ‘steady-state’ operating margin of 3.0% across the combined businesses.

Group Chief Executive's Review

Operating Review (continued)

Admiral

We invested in the Admiral Pub estate in December 2017, a collection of circa 800 tenanted units mainly located in the middle and north of England. This is an equity investment in partnership with a property fund. Linked non-recourse debt is held within the entity. Wet led pubs have experienced a renaissance over the last few years and the performance of Admiral has been strong and in line with the business plan at the point of investment. Asset prices have risen linked to sector performance and we are confident in the underpinning asset value of this deployment of your capital.

We have made excellent progress on brand distribution of our own product throughout the estate and the acquisition of Matthew Clark provides optionality on wines and spirits.

Admiral is treated as an equity accounted investment and our consolidated earnings for the year were €3.8m before exceptionals.

People

The numbers employed within the Group increased from 1,185 to 3,244 during the period under review. Plainly, this represents a rather significant increase and was entirely driven by the combined acquisitions. All employees within the core C&C business are entitled to participate in a bonus scheme aligned to key financial targets. In the year gone by circa 1,000 of our colleagues received a pay-out in recognition of their contribution to the business performance. Bonus payments for local business units are aligned to their own achievement and a combination of earnings and cash. The small number of Group employees are rewarded on total profit and cash conversion.

We encourage senior management to ensure alignment with shareholder interests by owning stock in the Company. In support of this we have put in place stretch schemes for each of the key management teams over a three year horizon. This allows a portion of bonus payments to be deferred and invested in Company equity with a matching component. Given the challenges at Matthew Clark and Bibendum bonus payments for management and sales incentives were mainly unachieved. However, colleagues in distribution did receive an element of additional reward linked to service delivery. New incentive arrangements are in place for the coming year.

Climate Change

We are acutely aware and sensitive to the risks of climate change and the impact for all our stakeholders. Beer and cider are entirely reliant on the availability of high quality pure water and the output from agricultural land - protecting both for future generations is key to the long term sustainability of our commercial activity. For wine the terroir is of course hugely connected to the quality of produce sold by Bibendum and Mathew Clark.

Although we are a small company and lacking the scale of our international competitors we are as passionate as anyone in the industry on the sustainability of all our activities.

Our use of water in the manufacturing process has been reduced over the last five years by 11%. We use 3 litres of water for every litre produced which benchmarks well against the average of 3.3, for the top four global brewers.

We have a state of the art water treatment facility at our manufacturing plant in Clonmel which ensures all contaminates are eliminated from our waste water and this year we invested a further €2m on improved drainage at the site. In Glasgow at the Wellpark Brewery we will commission in April a water treatment plant at a cost of £4m and this will ensure we match exacting effluent standards. In addition the technology will draw out methane gas supporting 5% of our energy needs. On energy we have reduced consumption over five years by 9% per litre produced and in Ireland 100% of electricity consumed is generated from renewable sources. By 2025 our target is to source all energy from renewables.

In C&C manufacturing we produce 29k tonnes of carbon emissions and this has been reduced by 10% since 2014, on a per HL produced basis and by 33% at an absolute level. Given our sourcing of apples from orchards across the British Isles, the offset in carbon absorption means that the plant in Clonmel is effectively carbon neutral. At Wellpark Brewery we intend to invest this year in CO_2 capture capability and are investigating ground source energy options. We expect to be carbon neutral within three years. Again our sourcing of Scottish barley provides a degree of offset on carbon emissions.

100% of our packaging sold is in containers that can be recycled and 28% is already in returnable units, this includes keg volume and returnable bottles in Ireland. In the UK, it is estimated that 72% of cans are recycled through existing systems and 70% of glass. Our intention is to eliminate plastic packaging from our beer and cider portfolio within three years.

Distribution systems are optimised to focus on proximity to customer demand through last mile logistics, eliminating unnecessary journeys and fuel consumption. All our vehicles meet exacting European emissions standards and we are trialling catalytic converters designed to further reduce emissions. In Dublin, Five Lamps is testing electric delivery vehicles for urban customers.

In Mathew Clark we recognise the need to raise our environmental commitments with all our partner suppliers.

This year we are the headline sponsor at the inaugural Food & Beverage sustainability awards. This is aimed at sharing best practise and recognising outstanding industry achievements in support of sustainability.

Our brands are local, sourcing water and agricultural ingredients from the farms and lochs that have supported us for over 100 years. Our aim at C&C is to ensure that this can continue for many generations ahead.

Longer Term Outlook

FY2019 was a transformational year for the Company. Despite strong multi beverage brand led positions in Ireland and Scotland, access to the wider UK on-trade had always been a challenge. The acquisition of Matthew Clark and Bibendum changes this dynamic.

We are now the largest final mile distributor to the on-trade of alcohol and other drinks in the British Isles with unparalleled access to this profitable market channel. In the longer term this will provide the platform for developing our high-premium speciality beers and ciders. It will also make C&C the natural partner for others seeking a gateway through to 60 million high value consumers. As our customers seek channel differentiation and their customers look for choice as well as local authentic product, we are uniquely placed to provide the market solution.

At the heart of the business the Bulmers, Magners and Tennent's brand remain remarkably strong and relevant to today's consumers. We will continue to invest behind the long term health of these brands and innovate to ensure that we adapt to changing consumer requirements and needs. Minimum unit pricing in Scotland demonstrated the value of strong local brands against price led competitors. We are confident that the introduction of similar regulations in Ireland will be equally relevant to Bulmers.

Our super-premium and craft range has delivered stellar growth on volume and value. We will continue to nurture and grow distribution for these authentic products protecting long term equity value. The Matthew Clark and Bibendum networks, of course, will help us achieve this ambition.

In the acquired business our plan is to steadily restore the equity value rather than chase short term growth or synergy. Value and earnings from a low cost base will take priority and our focus will be on low risk, high value product and customers.

Everyone associated with Matthew Clark and Bibendum from employees through to suppliers and customers has had a pretty difficult year or so. We are very grateful for all the support we received from key stakeholders, from customers through to suppliers and of course, our colleagues. The key to restoring long term confidence is in the skill set of our managers and their colleagues, this will require shareholder support and patience.

Our capital allocation strategy will remain set at the return criteria previously described. In principle we seek to invest primarily in our existing business infrastructure and thereafter only in assets aligned to the current operation span. We aim to keep leverage contained to maintain balance sheet flexibility. Thereafter, where appropriate, we will return surplus cash to shareholders.

2019 was of course an exceptional year for trading and the weather impact is not something we can necessarily hope to repeat. There remains uncertainty ranging from the impact of geo-political events to the, as yet, unclear Brexit process. Any such event could, of course, impact upon the economic environment within our key markets and consumer confidence. This includes currency risk and the ability to trade freely across borders. Naturally, we have taken all necessary steps to plan for the worst while hoping for the most rationale outcome.

Set against this backdrop, earnings predictability is a challenge. However, we have continuing momentum across our business. The recovery and performance of Matthew Clark & Bibendum since acquisition is particularly pleasing. These factors contributed to earnings growth of 20% in FY19. Reflecting the inherent strength of our business today, we are targeting continued, double digit EPS growth in the current financial year. Thereafter, assuming 'steady state' market conditions, we will target EPS growth in a mid to high single digit range. C&C is highly cash generative and has inherent balance sheet strength to support our targeted growth range.

Stephen Glancey
Group Chief Executive Officer

Summary notes to Chief Executive's Review are set out below.

i. Organic growth (adjusting for constant currency) of the businesses owned by Group in both the period 1 March 2017 to 28 February 2018 and 1 March 2018 to 28 February 2019.
ii. Before exceptional items
iii. FY2018 comparative adjusted for constant currency (FY2018 translated at FY2019 F/X rates).
iv. Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows 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 €152.6m (2018:€63.5) to year end 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 30.
v. 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.
vi. Scotland: off-trade Nielsen scantrack week: 23 February 2019. Tennent's average share 24% in the 12 months ahead of MUP introduction; 26% as at February 2019.
vii. Net revenue is defined by the Group as revenue less excise duty paid by the Group. The duty number disclosed represents the cash cost of duty paid on the Group's products. Where goods are bought duty paid and subsequently sold, the duty element is not included in the duty line but within the cost of goods sold.
viii. 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 30.

Group Chief Financial Officer's Review

Results For The Year

C&C is reporting net revenue of €1,574.9 million, operating profit(i) of €104.5 million, adjusted diluted EPS(ii) of 26.6 cent and FCF(iii) of 80.8%(i).

The Group's net revenue of €1,574.9 million has substantially increased due to the acquisition of Matthew Clark and Bibendum in April 2018. Excluding Matthew Clark and Bibendum, and on a constant currency(iv) basis, net revenue was up 3.2% on prior year at €564.4million (2018: €546.7million).

Operating profit(i) for the Group at €104.5 million was up 21.5% on a constant currency(iv) basis, again impacted by the acquisition of Matthew Clark and Bibendum. On a like for like comparative basis, operating profit was up 3.3%(iv).

Adjusted diluted EPS(ii) of 26.6 cent was up 20.9% on FY2018. Basic EPS was 23.4 cent down 9.3% on the prior year as the prior year benefitted from the recognition of €13.3m negative goodwill re the finalisation of the acquisition accounting re Admiral Taverns as noted below.

The key financial performance indicators are set out on page 12.

Accounting Policies

As required by European Union (EU) law, the Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC); applicable Irish law and the Listing Rules of the Irish Stock Exchange and the UK Listing Authority. Details of the basis of preparation and the significant accounting policies are outlined on pages 93 to 105. The Group has adopted IFRS 9 and IFRS 15 in the current financial year. There was no material impact on the Group's results as a result of transitioning to IFRS 9 and IFRS 15. In accordance with the requirements of IFRS 15, new disclosures outlining the disaggregation of revenue by primary geographic markets and principal activities are included in note 1 to the Consolidated Financial Statements. The Group will adopt IFRS 16 from 1 March 2019 and the expected impact from same is disclosed on page 95.

Finance Costs, Income Tax and Shareholder Returns

Net finance cost was €15.6 million for the year (FY2018: €8.1 million). The increase on the prior year was due to higher levels of borrowings on average during the year, following the acquisition of Matthew Clark and Bibendum; the new funding margin being marginally more expensive than our previous facility reflecting changes in reference base rates and increased interest expense on the receivables purchase programme following the inclusion of the Matthew Clark and Bibendum receivables into the Group's programme. Net finance costs also included €0.3m with respect to the ineffective portion of cash flow hedges (FY2018: €nil) and the unwinding of a discount on provisions charge of €0.3 million (FY2018: €0.3 million).

The income tax charge in the year was €10.8 million. This excludes the credit in relation to exceptional items and the share of equity accounted investments' tax charge and represents an effective tax rate of 12.1%(v) reflecting a decrease of 2.4 percentage points on the prior year, primarily as a result of the release of a historic provision in respect of a potential exposure that was concluded during the year with no outlay. Excluding the impact of the provision release, the Group's effective tax rate would have been 14.3%(v). The Group is established in Ireland and as a result it benefits from the 12.5% corporate tax rate on profits generated in Ireland. Excluding the impact of the current year provision release, the effective tax rate is higher than the standard corporate tax rate of 12.5% for the Group mainly as a result of a higher proportion of profits subject to taxation coming from outside of Ireland. The Group's effective tax rate is subject to a number of factors, such as local and international tax reform including the OECD's Base Erosion and Project Shifting project "BEPS", EU directives and initiatives and the consequences of Brexit. In any given financial year the effective tax rate reflects a variety of factors that may not be present in subsequent financial years and may be affected by changes in profit mix, challenges brought by tax authorities, amendments in tax law, guidance and related interpretations.

Subject to shareholder approval, the proposed final dividend of 9.98 cent per share will be paid on 19 July 2019 to ordinary shareholders registered at the close of business on 31 May 2019. The Group's full year dividend will therefore amount to 15.31 cent per share, a 5% increase on the previous year. The proposed full year dividend per share will represent a pay-out of 57.6% (FY2018: 66.3%) of the full year reported adjusted diluted earnings per share[ii]. The return to mid-single digit growth in dividend is a signal of our confidence in the continued earnings momentum, our underlying cash flow performance and our ability to meet our de-leveraging targets.

A scrip dividend alternative will be available. Total dividends to ordinary shareholders in FY2019 amounted to €45.5 million, of which €36.0 million was paid in cash, €9.2 million or 20.2% (FY2018: 9.8%) was settled by the issue of new shares and €0.3million (FY 2018: €nil) was accrued with respect to LTIP 2015 dividend entitlements.

In addition to increased dividends, we invested €1.9 million (including commission and related costs) in market share buybacks, to minimise the dilutive impact of scrip dividends, purchasing 576,716 of our own shares at an average price of €3.18. Our stockbrokers, Davy, conducted the share buyback programme. All shares acquired during the current financial year were subsequently cancelled.

Exceptional items

Exceptional items of €11.1 million on a before tax basis were charged in FY2019 which, due to their nature and materiality, were classified as exceptional items for reporting purposes. In the opinion of the Board, this presentation provides a more useful analysis of the underlying performance of the Group.

(a) Restructuring costs

Restructuring costs of €5.3 million were incurred in the current financial year (2018: €1.9 million) primarily relating to severance costs arising from the acquisition and subsequent integration of Matthew Clark and Bibendum and the previously acquired Orchard Pig into the Group, of €3.4 million and €0.5 million respectively. Other restructuring initiatives across the Group in the current financial year resulted in a further charge of €1.4 million.

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

In the current financial year the Group took the decision to impair an element of its IT system of €0.4 million, which had become redundant following a system upgrade.

(c) Acquisition related expenditure

The Group incurred €2.1m of acquisition and integration related costs, primarily with respect to professional fees associated with the acquisition and subsequent integration of Matthew Clark and Bibendum into the Group.

(d) Share of equity accounted investments exceptional items

Property within Admiral Taverns are valued at fair value on the Balance Sheet, the result of the fair value exercise at 28 February 2019 resulted in a revaluation loss (the Group's share of this loss equated to €3.3 million) accounted for in the Income statement and a gain (the Group's share of this gain equated to €7.1 million) accounted for within Other Comprehensive Income.

Finalisation of the Group's share of assets acquired following the December 2017 investment in Admiral Taverns resulted in the recognition of an increased investment of €13.3 million and the recognition of negative goodwill. This measurement period adjustment was reflected in the prior period in line with accounting standards.

Balance Sheet Strength, Debt Management and Cashflow Generation

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

In July 2018, the Group amended and updated its committed €450 million multi-currency five year syndicated revolving loan facility and executed a three year Euro term loan. The Euro term loan and multi-currency revolving facilities agreement provides for a further €100 million 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 €200 million, 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 €900 million. The Group had total debt of €450.6 million drawn at 28 February 2019, including £25.0 million of non-bank borrowings.

At 28 February 2019 net debt[vi] was €301.6 million, representing a net debt[vi]:EBITDA[vii] ratio of 2.51x. Net debt[v] to EBITDA[vii] as defined under our banking covenants was 2.55x, well within our bank covenant of 3.75x.

Cash generation

Management reviews the Group's cash generating performance by measuring the conversion of EBITDA[vii] to Free Cash Flow[iii] as we consider that this metric best highlights the underlying cash generating performance of the continuing business.

The Group's performance during the year, resulted in an EBITDA[vii] to Free Cash Flow[iii] conversion ratio pre-exceptional costs of 80.8%. The Group's year end cash position benefited from the Group's receivables purchase programme which contributed €152.6 million (2018:€63.5 million) to year end cash. A reconciliation of EBITDA[vii] to operating profit[i] is set out below.

A summary cash flow statement is set out in Table 2 on page 30.

Group Chief Financial Officer's Review
(continued)

Table 1 – Reconciliation of EBITDA(vii) to Operating profit (i)

	2019 €m	2018 €m
Operating profit	**96.7**	79.1
Exceptional items	**7.8**	7.0
Operating profit before exceptional items	**104.5**	86.1
Amortisation and depreciation charge	**15.5**	14.3
Adjusted EBITDA(vii)	**120.0**	100.4

Table 2 – Cash flow summary

	2019 €m	2018 €m
Adjusted EBITDA(vii)	**120.0**	100.4
Working capital	**19.9**	(8.3)
Advances to customers	**(0.9)**	0.6
Net finance costs	**(12.5)**	(6.4)
Tax paid	**(8.6)**	(5.9)
Pension contributions paid	**(0.2)**	(1.2)
Tangible/intangible IT expenditure	**(22.1)**	(14.0)
Disposal proceeds property plant & equipment	**0.1**	3.7
Exceptional items paid	**(5.9)**	(4.8)
Other*	**1.2**	1.9
Free cash flow(iii)	**91.0**	66.0
Free cash flow conversion ratio	**75.8%**	65.7%
Free cash flow(iii)	**91.0**	66.0
Exceptional cash outflow	**5.9**	4.8
Free cash flow excluding exceptional cash outflow	**96.9**	70.8
Free cash flow conversion ratio excluding exceptional cash outflow	**80.8%**	70.5%
Reconciliation to Group Condensed Cash Flow Statement		
Free cash flow(iii)	**91.0**	66.0
Net proceeds from exercise of share options/equity Interests	**-**	2.0
Shares purchased under share buyback programme	**(1.9)**	(33.1)
Drawdown of debt	**736.0**	86.8
Repayment of debt	**(786.2)**	(61.2)
Prepaid issue costs	**(5.0)**	-
Acquisition of subsidiaries	**-**	(10.3)
Cash outflow re acquisition of equity accounted investments	**-**	(44.2)
Dividends paid	**(36.0)**	(40.6)
Net decrease in cash	**(2.1)**	(34.6)

* Other relates to share options add back, exceptional items non-cash add back pensions debited to operating profit and net profit on disposal of property, plant & equipment.

Retirement Benefits

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

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. As a result of these updated valuations the Group has committed to contributions of 27.5% of pensionable salaries for the Group's staff defined benefit 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 Group has an unconditional right to these surpluses when the scheme concludes.

There are 3 active members in the NI scheme and 57 active members (less than 10% of total membership) in the ROI staff defined benefit pension scheme and no active members in the executive defined benefit pension scheme.

At 28 February 2019, the retirement benefits computed in accordance with IAS 19(R) *Employee Benefits* amounted to a net deficit of €3.2 million gross of deferred tax (€12.2 million deficit with respect to the Group's staff defined benefit pension scheme, €3.5 million surplus with respect to the Group's Executive defined benefit pension scheme and a €5.5 million surplus with respect to the Group's NI defined benefit pension scheme) and a net deficit of €4.1 million net of deferred tax (FY2018: net surplus of €1.0 million gross and net deficit of €0.1 million net of deferred tax).

The movement from an opening net surplus to a closing net deficit gross of deferred tax is as follows:

	€m
Net surplus at 1 March 2018	1.0
Employer contributions paid	0.2
Charge to Other Comprehensive Income	(3.6)
Charge to the Income Statement	(0.9)
FX adjustment on retranslation	0.1
Net deficit at 28 February 2019	(3.2)

The decrease in the surplus of €1.0 million to a deficit of €3.2 million is primarily due to an actuarial loss of €3.6 million. The actuarial loss was driven by the reduction in the discount rates used to value the pension benefit obligation. The impact of the reduction in discount rates was partially offset by other actuarial gains such as the lower than expected benefit inflation experienced over the year and, to a lesser extent, changes to assumptions regarding future pensionable salary growth (ROI Staff) and future rates of mortality improvements (NI). All other assumptions used to value the pension benefit obligation are consistent with those used as at 28 February 2018.

Financial Risk Management

The main financial market risks facing the Group continue to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and creditworthiness risk in relation to its counterparties.

The Board of Directors set the treasury policies and objectives of the Group, the implementation of which are monitored by the Audit Committee. There has been no significant change during the financial year to the Board's approach to the management of these risks. Details of both the policies and control procedures adopted to manage these financial risks are set out in detail in note 22 to the Consolidated Financial Statements.

Currency risk management

The reporting currency and the currency used for all planning and budgetary purposes is Euro. However, as the Group transacts in foreign currencies and consolidates the results of non-Euro reporting foreign operations, it is exposed to both transaction and translation currency risk.

Currency transaction exposures primarily arise on the Sterling, US, Canadian and Australian Dollar denominated sales of our Euro subsidiaries and Euro purchases in our newly acquired Matthew Clark and Bibendum business. We seek to minimise this exposure, when economically viable to do so, by maximising the value of subsidiary foreign currency input costs to offset our sales exposure and by maximising the value of subsidiary foreign currency revenue to offset our payables exposure, creating a natural hedge. When the remaining net exposure is material, we manage it by hedging an appropriate portion for a period of up to two years ahead. Forward foreign currency contracts are used to manage this risk in a non-speculative manner when the Group's net exposure exceeds certain limits as set out in the Group's treasury policy. In the current financial year, the Group hedged a portion its Euro payables exposure in Matthew Clark and Bibendum. At 28 February 2019 the Group has hedges to the value of €48.7 million in place at an average exchange rate of 1.115 GBP/EUR. The hedges are based on forecasted exposures and meet the requirements of IFRS 9 *Financial Instruments*. The fair value

Group Chief Financial Officer's Review
(continued)

of outstanding hedges, as calculated by reference to the current market value resulted in a net liability at 28 February 2019 of €2.0 million. A degree of ineffectiveness in our hedged position at year end, due to changes in our forecasted exposure, resulted in the recognition of €0.3 million in the Income Statement, within Finance costs.

The average rate for the translation of results from Sterling currency operations was €1:£0.8841 (year ended 28 February 2018: €1:£0.881) and from US Dollar operations was €1:$1.1664 (year ended 28 February 2018: €1:$1.1567).

Comparisons for revenue, net revenue and operating profit for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's Sterling and US Dollar denominated subsidiaries by restating the prior year at current year average rates.

Applying the realised FY2019 foreign currency rates to the reported FY2018 revenue, net revenue and operating profit[(i)(iv)] as shown below.

Table 3 – Constant currency comparatives

	Year ended 28 February 2018 €m	FX transaction €m	FX translation €m	Year ended 28 February 2018 €m
Revenue				
Ireland	312.1	-	(0.2)	311.9
Great Britain	459.8	-	(1.6)	458.2
International	41.6	(0.1)	(0.2)	41.3
Total	**813.5**	**(0.1)**	**(2.0)**	**811.4**
Net revenue				
Ireland	215.0	-	(0.2)	214.8
Great Britain	292.7	-	(1.0)	291.7
International	40.5	(0.1)	(0.2)	40.2
Total	**548.2**	**(0.1)**	**(1.4)**	**546.7**
Operating profit				
Ireland	40.1	-	-	40.1
Great Britain	39.5	-	(0.1)	39.4
International	6.5	-	-	6.5
Total	**86.1**	**-**	**(0.1)**	**86.0**

Notes to the Group Chief Financial Officer's Review

(i) Before exceptional items on a before tax and equity accounted investments' exceptional items basis.
(ii) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 9 of the financial statements.
(iii) Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows 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 €152.6m (2018:€63.5m) inflow in the period. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out above.
(iv) FY2018 comparative adjusted for constant currency (FY2018 translated at FY2019 F/X rates).
(v) 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.
(vi) Net debt comprises borrowings (net of issue costs) less cash.
(vii) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investments' profit after tax. A reconciliation of the Group's operating profit to EBITDA is set out on page 30.

Commodity Price and Other Risk Management

The Group is exposed to commodity price fluctuations, and manages this risk, where economically viable, by entering into fixed price supply contracts with suppliers. We do not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. Our policy is to fix the cost of a certain level of energy requirement through fixed price contractual arrangements directly with its energy suppliers.

The Group seeks to mitigate risks in relation to the continuity of supply of key raw materials and ingredients by developing trade relationships with key suppliers. We have long-term apple supply contracts with farmers in the west of England and have an agreement with malt farmers in Scotland for the supply of barley.

In addition, the Group enters into insurance arrangements to cover certain insurable risks where external insurance is considered by management to be an economic means of mitigating these risks.

Jonathan Solesbury
Group Chief Financial Officer

Corporate Social Responsibility

Introduction

The Group operates a corporate responsibility and sustainability policy which is designed to meet the demands of its stakeholders in as economically, environmentally and socially responsible way as possible in line with the key values of our organisation.

C&C is an alcohol beverages company and we place significant emphasis on responsible alcohol consumption. We are long-standing advocates of minimum unit pricing of alcohol which has now been introduced in Scotland. We also support its introduction in other markets. We believe that such support is a hallmark of our view on playing a long-term role as a responsible corporate citizen.

C&C also recognises the role companies must increasingly play to protect our environment. We rely on farmers to supply our key raw materials and respect that there are complex ecological systems at play which require our respect and care. We also know that we must continue to reduce our emissions, our water use and, now most pointedly, reduce our plastic waste.

We are making substantial progress. We expect our products to be free of single use-plastic by 2021. We have significantly reduced our carbon emissions, CO_2 consumption and aluminium consumption. We are now zero process waste to landfill from our primary manufacturing sites.

Our role as a good corporate citizen also extends to our communities – where we work to support our local areas and causes – and our employees. We are making significant efforts year-on-year to support the health and wellbeing of our employees; and to support a positive and diverse environment in which to work.

Sustainability

Our objective at C&C Group is to operate as efficiently and sustainably as possible. We endeavour to maximise our use of renewable resources and conserve our use of valuable resources such as water. We work to continually reduce our waste and our use of single-use plastics and other non-biodegradable materials. Finally, we have an objective to continue to reduce emissions and ultimately to work towards a position as a carbon neutral company by 2025.

Our environmental and sustainability efforts are built on six pillars:
- Conservation of Energy & Water Usage;
- Carbon Emissions in Manufacturing;
- Waste Reduction;
- Sustainable Packaging;
- Sustainable Partnerships; and
- Sustainable Transport.

Conservation of Energy & Water Usage

The Group has a long-standing water & energy management and conservation programme. This programme is built on a combination of advanced usage monitoring and continuous improvement projects. Principally focused on our two primary manufacturing sites, the Group has achieved significant improvements in water and energy usage over the past five years.

Water

Water is a key raw material in the production of both cider and beer, so the continued supply of clean water is key to the sustainability of our long-term commercial activities. C&C continues to be proactive in conserving water usage while also protecting the aquifers and sources at both manufacturing sites.

Water usage is metered and monitored on a real-time basis at all facilities, with numerous conservation and re-use projects delivered. In Clonmel, equipment rinse time optimisation, a new canning pasteuriser programme and reduction in RO water usage will reduce water usage by 14 million

Corporate Social Responsibility
(continued)

litres, which is 2.3% of annual usage. At Wellpark Brewery, redundant tanks have been converted to water storage tanks, which are now storing hot liquor from the brewing process which is then recycled for use, reducing annual water usage by 24.3 million litres, a 3% reduction versus FY2018 total usage.

In FY2019, total water usage for the Group improved by 2.8% to 3 hectolitres of water per hectolitre (hl/hl) of product produced, which is significantly better than the average of the large global brewers at 3.3.

As part of our groundwater protection programme, the Clonmel site commenced a 3-year programme in 2018 to upgrade the site drainage and wastewater network. This programme will ensure our operations continue to achieve the best environmental performance standards and protect the water sources of the surrounding Tipperary countryside.

Both the Clonmel and Wellpark sites continue to be accredited to ISO14001, which is the international standard which specifies the requirements for an effective environmental management system.

In Q1 of FY2020, Wellpark Brewery will commission a state of the art wastewater treatment facility utilising Anaerobic Digestion technology at a cost of €4.5 million. This development will reduce the loading of wastewater emitted from the site by 80%. We are working closely with the Scottish Environmental Protection Agency on this project, as the onsite treatment will increase the quality of the wastewater discharges to the municipal plant and have associated environmental benefits through not requiring further treatment.

Water conservation and protection of groundwater sources will continue to a strategic focus of C&C operations, with a 3-year target to achieve a water usage below 2.5 hectolitres of water per hectolitre; a further reduction of at least 17%.

Energy

Wellpark Brewery

At Wellpark Brewery, electricity usage per hectolitre produced has improved by 15% over a five year period. Over the same period, total electricity usage has reduced 4%, despite production volumes increasing by 18%. Similarly, total gas usage per hectolitre produced has improved by 9% over that five years. Key components of the improvements have been through:

- the optimisation of our chilling systems;
- canning pasteuriser temperature control upgrades; and
- efficiency improvements in the operation of the natural gas boilers.

Clonmel Cider Facility

At Clonmel, electricity and gas usage per hectolitre produced have improved by 3% and 1% respectively, over the past five years. This has been over a period of significant operational change at the facility, during which a new brewery & plastic bottle packaging line have been added. FY2019 saw an overall increase in energy usage at the site due to increased volume output. But a key initiative has been the installation of the “Clarity” energy monitoring system in partnership with Carbon Crowley, which provides the ability to find, measure and verify any energy savings on the site. Energy conservation is a key part of the lean manufacturing programme which is in its second year of running. Additionally all electricity consumed at Clonmel site is derived wholly from renewable energy sources.

Vermont Cidery

At our cidery in Vermont, USA, the Group supports “cow power” which means that we pay a premium on electricity consumed with the premium used to help local dairy farmers install methane digesters turning their manure into power. We also use a “solar orchard” which is a 26 array solar project providing sustainable electricity and revenue diversification for local farmers.

FY2020 and Beyond

The Group is undertaking a number of new projects to continue to reduce water & energy usage.

As part of the installation of an Anaerobic Digestion plant at Wellpark Brewery, biogas will be generated for re-use at the site. This biogas will reduce the natural gas currently imported from the national grid by between 5% and 7%. Biogas production and usage is already in place at the Clonmel manufacturing facility.

In addition, an evaluation for the use of a “Ground Source Heat Pump System” at Wellpark Brewery is underway. This system would have the potential to reduce carbon emissions at the site by up to 20%. The brewing process requires extensive heating and cooling applications, but not simultaneously. Rather than dissipating waste heat to the atmosphere, this project would propose to use the ground as a heat store for re-use when required.

During the course of calendar year 2019, a CO_2 recovery system will be installed at Wellpark Brewery, similar to that already in place at the Clonmel site. As well as ensuring security of supply of a key raw material, this installation will capture the 4,200 tonnes of CO_2 gas annually, which is currently being dissipated to atmosphere from fermentations.

Carbon Consumption

The Group continuously monitors the impact of its operations on the climate and we look to reduce our greenhouse gas emissions. We assess and manage climate change related risks and opportunities, including the impact on the availability and security of our sources of raw materials, such as aquifers, orchards and maltings.

The Group has participated in the Carbon Disclosure Project (CDP) Supply Chain Programme for a number of years, and CO_2 emissions for the Group are evaluated annually. The Group has historically scored highly in the CDP Ireland Report, showing disclosure scores which are among the best in the sector. Compared to FY2018, Scope 1 and 2 CO_2 emissions fell by 4.3% in FY2019 and are broken down across our sites as follows:

Site	FY2019	FY2018	Reduction
Clonmel:	10,792 tonnes	10,248 tonnes	(5%)
Wellpark:	15,408 tonnes	16,877 tonnes	9%
Vermont:	2,505 tonnes	2,854 tonnes	12%
Others:	1,536 tonnes	1,633 tonnes	6%
Total	30,241 tonnes	31,612 tonnes	4.3%

FY2020 & Beyond

During FY2020, CO_2 recovery systems will be operational at both Clonmel and Wellpark Brewery. In addition to security of supply for a key raw material, it will represent another meaningful reduction in the Group's CO_2 emissions for FY2020 & beyond. The Group continues to assess projects and initiatives which can further reduce the Group's greenhouse gas emissions, through both generation & usage of renewable energy and continued focus on energy efficiency.

The Group's long-term ambition is to be a fully carbon neutral company by 2025.

Waste Reduction

The Group's long-term objective is to be a zero waste to landfill company. Systems are in place across all operational sites working towards maximising the recycling of waste and minimising what is sent to landfill.

In FY2019, both Clonmel and Wellpark sent zero process waste to landfill, which means this was the first year we have achieved this in the UK and Ireland. All by-products from the production of beer & cider, such as apple pomace and spent grains are further utilised in the animal feed chain. In FY2019, a new scheme was introduced, whereby spent yeast from the brewing process is being used as highly valuable & organic compost material.

FY2020 and Beyond

In FY2020, the Group will continue to drive waste reduction initiatives. The Group is introducing an improved handling of aluminium waste from the canning facility at Wellpark, which will reduce the associated vehicle traffic by 75%.

In addition, the installation of the Anaerobic Digestion facility at Wellpark, will reduce the loading of wastewater emitted from the site by 80%. This will improve the quality of the wastewater we discharge to the municipal treatment plant and have associated environmental benefits through not requiring further treatment.

Sustainable Packaging

The Group is committed to utilising packaging which continues to reduce the environmental impact and ecological footprint of our products. In FY2019, 28% of the total volume produced by C&C was in 100% returnable & reusable packaging formats, those being returnable steel kegs, returnable glass bottles & returnable water cooler drums.

Additionally, the Clonmel site has the technology to produce PET bottles directly onto reusable trays which are transported directly to the retailers shop-floors. This negates the requirement for any secondary packaging and preventing this unnecessary packaging waste being placed on the environment.

In FY2019, 70% of the "one-trip" products manufactured by the Group was in aluminium cans format, a format which achieved 72% recycling rates in the UK in 2018. 13% of that one-trip volume is in non-returnable glass format, of which recycling rates were 70% in 2018.

Plastic pollution is a growing concern globally and we recognise that our commitment to sustainable packaging must be built on a move away from non-biodegradable plastic. As a first step, the Group is replacing plastic rings and plastic shrink packaging with cardboard or alternative biodegradable solutions. The Group is actively working with a number of suppliers to investigate alternative packaging technologies with the target of being single-use plastic free by the end of calendar 2021 and a further ambition to be completely plastic free by 2025. We are well on the way to achieving this objective, which will require significant investment in new packaging technology and innovative product design, which C&C management are committed to delivering.

Corporate Social Responsibility
(continued)

The Group is a producer of PET drinks products at the Clonmel manufacturing site. In FY2019, we partnered with our PET supplier to introduce a lighter PET bottle and in FY2020, we will be introducing a 25% recycled plastic material into the PET bottles used for both ciders, soft drinks and bottles water. As more recycled material becomes available, we will continue to increase the portion of recycled material in our products.

In FY2019, the Group worked with our can supplier, Crown, to reduce the quantity of aluminium used in cans whilst maintaining overall can integrity. This has resulted in a 3.4% reduction in annual aluminium usage, equating to 184,000 tonnes. In addition to the reduction in use of aluminium, it also reduces the 'embedded energy' in our products whilst also reducing the product miles through greater efficiency for transportation.

Sustainable Partnerships

Our procurement and technical services teams actively review and assess our suppliers' track record in environmental management, health and safety, sustainability, diversity and overall corporate social responsibility through our tendering processes and ongoing supplier reviews. This ensures that corporate social responsibility is part of our sourcing decisions and sourcing strategies for new suppliers.

A fundamental part of our supply chain is the long-term supply relationships with our crop and fruit growers. The nature of these supply contracts necessitate long-term partnerships. Sustainable agricultural practices and the preservation of biodiversity are at the cornerstone of those relationships.

All apples crushed at the Clonmel site for the production of Bulmers and Magners cider are sourced from the island of Ireland, which helps the "product miles". Therefore, the health and sustainability of the Irish apple growing sector are central to the overall Group strategy. As well as having 150 acres of our own orchards in Co. Tipperary, there are over 50 partner growers on the Island, whom we work closely with.

Apple orcharding, in itself, is an environmentally friendly activity in comparison to other agricultural land uses. A 2012 study conducted by the University of Limerick, Ireland, demonstrated that an acre of apple orchards will absorb as much greenhouse gas as an acre of beef farming will release. The orchards the Group either own or support via direct contracts with growers are a valuable means of sequestering carbon. Based on the same 2012 study at the University of Limerick which estimated the average tonnes of CO_2 sequestered by apple orchards, C&C directly supports the sequestering of 11.4k tonnes of CO_2 per year. For comparison, this carbon offset is higher than the 2018 carbon emissions due to fuel and energy usage of the Clonmel manufacturing facility.

The Group is also committed to working with our growers to ensure the most sustainable farming practices are utilised, including Integrated Pest Management Practices. This ensures growers are aware of the complex ecology of inhabitants within their orchards and are managing these to best effect, growing crops while preserving the stability of that ecologically complex system.

A key aspect of apple orcharding, which is intertwined with ecological sustainability, is the health of the population of bees and other pollinating insects. With the ever-intensifying nature of grass production in Ireland for livestock and dairy farming the natural habitat and key food sources are being dramatically reduced. The Group and our growers are keenly aware of the importance of the 100 species of bees in Ireland to their businesses and are very focused on protecting this biodiversity. As part of this C&C are patrons of the South Tipperary Bee-Keepers Association who carry out much activity on the protection & promotion of the species.

Similarly in Scotland, Tennent's lager is produced using 100% Scottish malt. We seek to support the growers of our key raw materials such as barley and wheat through entering into long-term supply arrangements. As part of this, we take account of broader outputs such as the impact on sustainability, environmental and social impacts. Malting barley is only purchased from farms with current and up-to-date, independently audited farm assurance schemes. Those schemes are the Scottish Quality Crops (SQC) or the Red Tractor assurance schemes, which ensure the best environmental practices are adhered to.

In the UK, C&C is an active member of the National Association of Cider Makers (NACM), with representation on the both the NACM Council and Technical Committees. The NACM takes the lead in adopting and working to sustainable principles both in the physical and social environment and carries out annual climate change assessments. The NACM is the first drinks trade body to work with Business in the Community (BITC) to address sustainability, and we have worked with the pomology and technical experts in the NACM to develop our sustainability agenda.

As outlined, in Vermont, we play a role with local farmers through "cow power" to help dairy farmers install methane digesters turning manure into power. Our 26 array "solar orchard" also provides sustainable electricity and revenue diversification for local farmers.

Sustainable Transport

Following the acquisition of Matthew Clark and Bibendum in 2018, drinks distribution and transport have become an increased portion of the Group's overall carbon footprint. The Group now has an internal transport fleet of approximately 320 vehicles in the UK & Ireland, carrying out over 1 million customers deliveries per year. Accordingly, the impact of transportation activities requires increased focus and collaboration with suppliers & customers.

The Group's sustainable transport initiative has two overall areas of focus:

1. Reduce the total number of deliveries and total miles covered to reduce emissions and ensure that the product miles for C&C products are as low as possible with the minimum impact on the environment. This is achieved through a number of activities executed by our logistics teams to optimise transport efficiency including:

- The direct delivery of orders from manufacturing sites to customer premises. In FY2019, 66% of deliveries from Clonmel to UK customers went directly from the site, thus eliminating the need for secondary loads.
- Collaboration with customers including Tesco & ASDA to utilise their primary transport for the collection of orders deliveries from Wellpark Brewery.
- Collaboration with raw material & third part drinks suppliers to ensure vehicles delivering to C&C operational sites are backloaded with outbound customer deliveries, thus reducing empty running and unnecessary mileage.
- In our secondary networks, transport planning software & telematics technology, provided by Microlise, is utilised to ensure route planning is optimised, delivering fleet efficiency and reduced emissions.
- The logistics teams are continuously monitoring & targeting vehicle loadfill on customer deliveries. FY2019 saw a 1.4% year-on-year improvement in loadfill on deliveries to Scottish retail customers.

2. Ensuring the Group is utilising the most efficient vehicles available for both its inbound & outbound distribution.

- All new vehicles leased or purchased must meet the EURO 6 standard of emissions of NOx and other pollutants.
- All transport suppliers contracted to deliver for the Group must demonstrate that they are utilising the most efficient vehicles.
- The Group is currently evaluating the possibility of wider utilisation of electric vehicles for deliveries in urban areas which large vehicles find difficult to access. While the weight of deliveries present a challenge for heavy goods vehicles, the technology in this area is progressing rapidly and we are engaged with our transport fleet partners, Ryder. An electric-powered van fleet is currently being utilised for small-volume deliveries of Dublin craft beer, Five Lamps to city centre outlets. We expect to expand in this area over the next two years across all geographic footprints.

Matthew Clark & Bibendum

As part of overall commitment to sustainability in the food & Beverage sector, Matthew Clark is the headline sponsor of the Inaugural Food & Beverage Sustainability awards. This event is aimed at sharing best practice and recognising outstanding industry achievement in support of sustainability.

The 'Bibendum Vivid Charter' promotes sustainable supply chain practices, aiming to reduce our environmental impact. The sourcing team regularly audit our producers' sustainable practices in the vineyard and winery, as well as reviewing how we package, ship and transport wine.

Over 18% of our wine is bottled in the UK, helping product miles, and also using a lightweight 356g bottle with an average recycled content of 85% for green glass and 35% for clear glass.

Bibendum has been awarded an ISO 140001 certification for office maintenance, one of the only businesses in the drinks industry to achieve this.

Corporate Social Responsibility
(continued)

Social and Employee Matters

As an owner, manufacturer and distributor of alcoholic beverages, the Group acknowledges the duty it has to encourage and promote moderate and responsible alcohol consumption in our society. The Group has long been a vocal advocate - locally, nationally and internationally – of Minimum Unit Pricing, as a responsible legislative measure to help eradicate the misuse of alcohol in our society.

Responsible consumption of alcohol in society

Public Policy Leadership

We are a sector leader in promoting enhanced public policy on responsible drinking. We have influenced at a local, national and international level in relation to Minimum Unit Pricing of alcohol. We were the first drinks organisation to carry the UK Chief Medical Officer's new responsible drinking guidelines on our packaging in the UK. We also offer zero alcohol alternatives to all our main brands in the UK. The need to ensure that communities are well educated and protected in terms of their relationship with our products is central to our business.

We are members of the National Association of Cider Makers (NACM), which works closely with apple growers and the agricultural communities in cider regions in the UK, and we have a seat on the board of the organisation. This working relationship puts us at the heart of many UK Government discussions relating to the responsible use of alcohol. The NACM is also engaged with tax and regulatory departments and opinion-forming bodies having an interest in cider and alcohol generally.

Within Europe, we are corporate members and key influencers within the European Cider and Fruit Wine Association (AICV). Working with these and other organisations enables us to press for consistency in cider definitions across the world, which is important for our global expansion aspirations.

Nutrition

Stemming from our belief that consumers should be given information about what they are consuming in order to make their own informed choices, we voluntarily display calorie information on our packaging in the UK and Ireland.

Our products are relatively low in sugar content with our leading cider brands containing less sugar than their key competitors and with Tennent's lager only containing trace levels of sugar. In Australia, Magners Blonde, a low carb version of Magners, has 85% lower carbohydrates than other ciders and no added sugar.

These initiatives reflect our commitment to ensuring a sustainable relationship between ourselves, our products and our communities.

Drinkaware

We are funders of Drinkaware, which performs the valuable role of equipping consumers with information about alcohol consumption. We also promote Drinkaware on our packaging and advertising materials. We are members of Drinkaware's Sports Working Group and we use our partnerships with Celtic FC, Scottish Rugby and the Scottish FA to drive awareness of Drinkaware's Have a Little Less, Feel a lot Better campaign for mid-life sports fans.

Best Bar None

As part of our strategy of focusing on local customers and consumers with responsible drinking messages and activity, we are a member of the Best Bar None scheme. The aim of this scheme is to improve the night time economy of many high streets in England and Scotland, making them safer and more enjoyable places to be.

Minimum Unit Pricing

The Scottish Government implemented introduce minimum pricing for alcohol in May 2018, having been delayed following a series of legal challenges. We continued to support the Scottish Government, retailers and consumers in the lead up to the implementation of Minimum Unit Pricing and are also supporting the Republic of Ireland and Northern Ireland Governments in their plans to implement Minimum Unit Pricing.

Community and Social Responsibility

The Group is committed to the communities in which it operates and undertakes a range of initiatives that benefit our local areas. We work hard to ensure we have a positive impact on our local communities; in particular to support charitable activities.

Our commitment to corporate social responsibility – and to the health and well-being of our employees – is set out below.

Ireland

C&C supports a diverse range of sporting, charitable and community projects across Ireland. We also support a range of live music events. While live music events are associated with commercial activity, we believe that it is equally important to support events which play an important role in culture and entertainment across the towns and cities of Ireland.

In the Republic of Ireland, during FY2019, we donated €20,000 to the ISPCC (the Irish Society for the Prevention of Cruelty to Children), Ireland's national child protection charity to support their freephone number, text number, online chat system, school outreach programme and their campaigning for children's rights, all run by professionally trained ISPCC staff and volunteers.

We have also established a partnership with Inner City Enterprise (ICE) in Dublin. ICE is a charity which advises and assists unemployed people in Dublin's inner city to set up their own businesses. We have provided ICE with funding to support their initiatives and a number of our staff have joined their panel of business advisors to support the entrepreneurs that they work with.

We are extremely proud to support the Tony O'Brien scholarship in honour of our late Chairman, Tony O'Brien. This scholarship helps young people from Tony's home county of Kilkenny to attend the Quinn School of Business in University College Dublin with a total of ten sponsorships having been awarded to date.

We support a number of local schools by providing student work experience opportunities at our Clonmel production site for students in technical and manufacturing subjects as well as places in our marketing and customer service departments in Dublin and Belfast.

C&C also supports others charities in the Republic and Northern Ireland including the Children's Heartbeat Trust. Funds were raised through a number of corporate and employee led initiatives including food appeals and 'Cake Off' competitions.

Our partnerships with sporting events include horse racing and endurance events and we continue to sponsor the Tipperary hurling and football championships, covering all adult grades. Our Five Lamps craft beer also supports Liffey Wanderers, a Dublin inner city football team.

In the Republic of Ireland, our presence at music festivals is widespread including the Bulmers Forbidden Fruit Festival, Body & Soul and Metropolis along with more local events such as Beatyard, the Kilkenny Trad Festival, the Busking Festival in Clonmel and Bulmers Live at Leopardstown.

In Northern Ireland, Tennent's continues to partner with the Irish Football Association in Northern Ireland supporting football at both a national and local level. We also support a number of live music events including Belsonic, Vital and CHSQ which is Northern Ireland's biggest music festival. The annual sponsorship of this and other live music events helps bring world-class musicians to Northern Ireland.

Scotland

The Group also supports a diverse range of sporting, charitable and community projects across Scotland and has also endeavoured to use its support of sports to generate opportunities for community engagement and fundraising. In addition, the Tennent's Training Academy also continues to provide a range of training courses to the local community.

In February 2018, as Official Beer of the Scotland Rugby, Tennent's Lager ran a "Best Seat in the House" Charity Raffle, allowing fans to opportunity to watch a match in a pitch side dugout with friends and a former player at Murrayfield Natwest6Nations fixtures. The initiative raised £18,000, with proceeds being split between the Scottish drinks industry charity, The BEN and Scottish Rugby charities - My Name'5 Doddie Foundation and the Murrayfield Injured Players Foundation.

In June 2018, the Group through Magners Cider donated £10,000 in memory of Simon Eyles, to a "Race to the Tower" event which

Corporate Social Responsibility
(continued)

saw over 30 of the team at Admiral Taverns taking part in an ultra-marathon, a run/walk of 53 miles across the Cotswolds.

In September 2018, Tennent's Lager launched a new limited-edition gift pack in support of its sponsorship of Scottish Rugby. The packs included two 568ml pint cans and a commemorative glass. 25p from each pack was donated to the My Name'5 Doddie Foundation. The charity was set up by Scottish rugby legend Doddie Weir - who revealed he had been diagnosed with Motor Neurone Disease (MND) - to raise funds to aid research into the causes of MND and investigate potential cures.

Another hugely successful Question of Sport dinner was held at the Old Fruitmarket, Glasgow in November 2018, in aid of The Kids Out Charity, whose aims are to support and benefit disadvantaged kids across Scotland. The dinner was attended by over 300 guests, raising approx. £60,000 from table sales, auction and raffles together with sponsorship monies donated by Tennent Caledonian staff who participated in the Glasgow Half Marathon.

Tennent's Training Academy

The award-winning Tennent's Training Academy – situated on the Wellpark Brewery site - continues its work in supporting charities and schools with a programme of training and learning sessions across a range of hospitality sectors. Our diverse range of courses and classes have seen continued growth with over 45,000 students now having passed through our doors.

For the past five years the Tennent's Training Academy have been working closely with Glasgow City Council Education Services to provide alternative provision for pupils who are attending Assisted support needs and Social, Emotional behavioural needs schools.

The successful Yes Chef programme, aimed at rehabilitating young adult males recently released from prison, has seen sponsorship of six students who will train over three months before cooking and serving a seven-course meal for 200 delegates at the Glasgow Hilton.

The Magners Employability Scheme sees the continued partnership between Magners, the Celtic FC Foundation and the Tennent's Training Academy to teach new skills to adults who are registered as long-term unemployed. This intensive ten-week project has helped 37 participants gain employment in the hospitality sector or move into further education since it began in 2015. This year one student has secured a role at the new Tennent's Visitor Centre.

England

Following the acquisition of Bibendum, the business reformed its Social Cru which plans and implements social and charitable events. During FY2019, the business raised funds through a number of initiatives for its nominated charities The Benevolent and Save the Children. Further initiatives are planned for FY2020

North America

C&C's North American Cider business is committed to social, ethical, and environmental responsibility. In FY2019, the Vermont business continued its commitment to local orchard partners as well as to its allied industry associations. The team voluntarily serves on the board of directors for the Vermont Tree Fruit Growers Association, the Vermont Cider Makers Association, and the United States Association of Cider Makers. The Vermont business also hosts annual meetings for the University of Vermont's outreach to apple growers and provide in-kind donations of marketing materials, digital marketing, consumer education and technical expertise to promote overall cider awareness.

Supporting Local Businesses

When it comes to obtaining finance as a licensed trade operator, going through the traditional avenues of banks and building societies is becoming increasingly difficult. Nurturing and maintaining the on-trade is a key priority in particular for our business and we offer a range of financial supports in this regard. We can provide everything from small loans for repairs all the way up to larger sums for major refurbishments or to purchase new premises. Over the last eight years, we have invested over £56m into the Scottish on-trade and over £38m into the on-trade in Northern Ireland.

Heverlee

Heverlee is created in association with the Abbey of the Order of Premontre (known as Park Abbey) and is inspired by the beers first brewed by the monks in medieval times. The Abbey lies just outside Leuven and is the largest of its kind in Belgium, founded in 1129. Today, every pint of Heverlee sold supports the major multi-million Euro restoration of Park Abbey ensuring Heverlee is as bound to the Abbey's future as we are indebted to its past.

Employees

Developing, engaging and rewarding employees fairly is fundamental to the success of our business and also to the relationships that we have with the local communities in which we work.

We are an equal opportunities employer. We aim to create a working environment in which all individuals are able to make the best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. We have a formal equal opportunities policy that commits us to promoting equality of opportunity for all our staff and job applicants. For our operations in Northern Ireland this includes adherence to the MacBride Principles. Our policy states that we do not discriminate on the basis of age, disability, marital status, ethnicity, creed, sex or sexual orientation. The policy also requires our staff to treat customers, suppliers and the wider community in accordance with these principles as well.

Health and Wellbeing of Employees

The health and wellbeing of employees is paramount. As with any manufacturing business, a key objective is to minimise and ultimately eliminate accidents. The Group maintains low accident rates at its sites and time lost to accidents.

As part of the programme to enhance safety, during FY2019, a major transport review was conducted at the Clonmel facility resulting in changes to vehicle routes in order to improve pedestrian segregation and lessen risk of collision. A safety behaviour programme was also re-launched to encourage safety interventions and involvement by all staff in the resolution of safety issues. This has resulted in an overall increase in safety interventions across the Group.

A Health and Safety day also took place in Clonmel in April 2018 with over 100 staff across the site taking part in workshops on food safety, safety culture, fire safety, first aid, chemical awareness and dignity in the workplace.

This increased level of engagement is also resulting in many more hazards being identified and remedied within the workplace, which helps with longer term performance improvements.

During FY2019, Wellpark Brewery embarked on a programme of site fabric improvement in order to improve the environment that staff work in. This involved major improvements to lighting ambience and intensity, improved drainage in wet working areas and replacing flooring with new resin materials in the bottling hall.

The continuation of the Health and Safety days at Wellpark has had a significant impact regarding the engagement of employees. Presentations and training have been tailored to particular risks for groups of staff, including the Executive and operations management teams, with engineers receiving specialist training in the use of handling equipment and lockout-tagout techniques for safe isolation of equipment for repair. Operations staff also received presentations on fire safety, energy utilisation, food hygiene and a presentation on safety behaviours by a leading psychologist. A number of similar training programmes are planned at Matthew Clark during FY2020.

The Group encourages employees to manage their wellbeing and make available advice on how to improve their health and wellbeing generally. Where

Corporate Social Responsibility
(continued)

possible we avail of facilities local to our sites to enhance opportunities for the improvement of health and fitness. This year there has been an increased focus on mental health with initiatives run in various parts of the business. In Bibendum a 'Healthy Wine Minds' session was facilitated over the summer looking at a positive approach to managing mental health while in Tennent's there are regular "Mentally Healthy Workplace" workshops to encourage positive discussions around mental health and ensure employees can access the support they need. Tennent's has also recently launched their first Mental Health first aiders at all sites. An Employee Assistance Programme (EAP) and Health checks are available in many areas and this is something we intend to continue to improve upon in FY2020.

Development

We continually strive to support our employees in achieving their full potential and have created a variety of development opportunities this year.

We launched "Raising the Bar", a comprehensive training and development programme aimed at ensuring Tennent's employees have the skills, confidence and knowledge to deliver, developing them personally and professionally. Starting with our Field Sales teams in FY2019 "Raising the Bar" will be rolled out to Distribution and Operations employees during FY2020.

Investment in young talent was an area of focus in FY2019 and in Tennent's we supported apprenticeships and graduates across a range of careers including Commercial, Digital Marketing, Logistics, Engineering and Operations. We are proud to be working with the National Skills Academy for Food & Drink and the SQA, along with a number of other brewers, to develop Scotland's first Brewing Apprenticeship which launched in calendar 2019.

We continue to support professional development across the business and this year have supported employees through further education and professional exams including SVQ's in Management, CIMA qualifications.

Further emphasis was placed this year in delivering a comprehensive range of skills training including line management and recruitment training, and we have a tailored suite of development options for high potential employees.

We continue to invest many training hours in specialised and compliance training, where appropriate, such as food safety, HACCP, manual handling, forklift driving, chemical handling, wine appreciation, brewing, first aid and fire safety.

Diversity

We are committed to increasing diversity in our business through access, opportunities and training. During FY2019 we brought in diversity monitoring through recruitment. In November 2018 we trained 50+ managers at all levels across the business in Unconscious Bias in partnership with ENEI.

An analysis of Directors, senior managers and other employees by gender as at 28 February 2019 is as follows:-

	Male Number	Female Number	% Female of Total
Directors	9	3	25%
Senior Managers	74	30	29%
Other employees	2,263	786	26%

Engagement

Employee communication forums continue to be a key platform in many areas of the business to facilitate two way communication and dialogue on key messages, strategy and performance as well as creating an opportunity for ideas and suggestions from employees to be heard. These forums operate in a variety of ways depending on what is appropriate in the various areas of the business. Due to the success of this model similar forums have been launched or refreshed in additional areas such as Bulmers, Matthew Clark and Bibendum.

Newsletters are published regularly in some areas of the business as a means of sharing internal and operational news. Additionally, employees in some areas of the business have an opportunity to meet with one of our business leaders on a regular basis in a very informal communications forum where they hear a business update, have an opportunity to ask questions and give whatever feedback they would like.

An employee engagement survey was undertaken across many areas of the business in FY2019. This is a great opportunity for employees to share their thoughts and feedback with the business. Participation, while good at 59%, was down on the prior year's high level of 73% and a focus will be placed on higher participation in FY2020. Following the survey each department has identified areas they would like to see improvement in and work continues in relation to this.

Human Rights

We do not condone and will not knowingly participate in any form of human exploitation, including slavery and people trafficking. We refuse to work with any suppliers or service providers who knowingly participate in such practices or who cannot demonstrate to us sufficient controls to ensure that such practices are not taking place in their supply chains. Our approach is reflected in our Sustainable and Ethical Procurement Policy, which we circulate to suppliers. We also carry out diligence audits and checks on our suppliers to ensure that they have in place and adhere to appropriate ethical policies including our Sustainable Ethical Procurement Policy, with KPI's for those areas where we believe the potential impact on the Group is material. A process is in place internally to address and remediate any instances of non-conformance with our Sustainable and Ethical Procurement Policy.

A copy of our Anti-Modern Slavery Statement is available on our website.

Anti-Bribery and Corruption

We have re-launched our Anti-bribery Policy with its accompanying training and communication following the acquisition of Matthew Clark and Bibendum.

The Policy and the accompanying training materials are designed to be straightforward and direct so that it is clear to all employees what they may or may not do as part of normal business transactions. The Policy applies to everyone in the Group equally. It is written to ensure that legitimate and honest business transactions can be distinguished from improper and dishonest transactions. This Policy and the accompanying training will be tracked as part of the internal audit monitoring process to monitor understanding and adherence to the Policy. KPI's have been established for those areas where we believe the potential impact on the Group is material. In 2018, no incidences of bribery or corruption were uncovered across the Group.

Tax

The Group takes its responsibilities as a corporate citizen seriously. This includes respecting and complying with local tax laws and paying the required and appropriate levels of tax in the different countries where we operate. We claim the allowances and deductions that we are properly entitled to, for instance, on the investment and employment that we bring to our communities. We benefit from having always been an Irish company, established in the Republic of Ireland's corporate tax environment, with our major cider production unit located in Clonmel and the Group headquartered in Dublin. The majority of the Group's profits are earned in the Republic of Ireland and the UK, which both have competitive corporation tax rates compared with the European average. In the Republic of Ireland and the UK, we remit substantial amounts of duty on alcohol production.

Directors' Report

The Directors present the Annual Report and audited Consolidated Financial Statements of the Group for the year ended 28 February 2019.

Principal Activities

The Group's principal trading activity is the production, marketing and distribution of cider and beer, wine, soft drinks and bottled water. On 4 April 2018, the Group acquired Matthew Clark, the leading independent distributor to the UK pub trade, and the wine business, Bibendum.

There has been no material change in the nature of the business of the Group since that date.

Non-Financial Reporting Statement

In compliance with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, the table below is designed to help stakeholders navigate to the relevant sections in this Annual Report to understand the Group's approach to these non-financial matters:

Reporting Requirements	Our Policies	Section in Annual Report or Page References	Risks
Environmental matters	Environmental Sustainability	Corporate Social Responsibility	Although the risks associated with environmental matters are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Social and Employee matters	• Diversity, Equality and Inclusion • Health and Safety • Whistleblowing • Conflicts of Interest	Corporate Social Responsibility Confidential Reporting Procedures – page 58	For employee matters, retention and recruitment of staff is one of our principal risks. Please refer to page 17 for more details.
Human Rights	Anti-Modern Slavery	Corporate Social Responsibility	Although the risks associated with human rights abuses are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Anti-bribery and Corruption	• Code of Conduct • Compliance • Anti-Bribery	Corporate Social Responsibility	Although the risks associated with bribery and corruption are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Description of the business model		Please refer to pages 6 to 9	
Non-Financial key performance indicators		Please refer to page 12	

Dividends

An interim dividend of 5.33 cent per share for the year ended 28 February 2019 was paid on 14 December 2018. Subject to approval at the Annual General Meeting, it is proposed to pay a final ordinary dividend of 9.98 cent per share for the year ended 28 February 2019 to shareholders who are registered at close of business on 31 May 2019.

Board of Directors

The names, functions and date of appointment of the current Directors are as follows:

Director	Function	Appointment
Stewart Gilliland	Non-executive Director (Chairman	2012 2018)
Stephen Glancey	Group Chief Executive Officer	2008
Jonathan Solesbury	Group Chief Financial Officer	2017
Andrea Pozzi	Chief Operating Officer	2017
Jill Caseberry	Non-executive Director	2019
Jim Clerkin	Non-executive Director	2017
Vincent Crowley	Non-executive Director	2016
Emer Finnan	Non-executive Director	2014
Richard Holroyd	Senior Independent non-executive Director	2004
Helen Pitcher	Non-executive Director	2019
Jim Thompson	Non-executive Director	2019

Sir Brian Stewart, Joris Brams and Geoffrey Hemphill were directors of the Company until 5 July 2018, 28 February 2019 and 1 May 2019 respectively. Jill Caseberry and Helen Pitcher were appointed as Directors on 7 February 2019, and Jim Thompson was appointed as a Director on 1 March 2019.

Richard Holroyd is due to retire as a Director on 31 May 2019.

Research and Development

Certain Group undertakings are engaged in ongoing research and development aimed at improving processes and expanding product ranges.

Share Price

The price of the Company's ordinary shares as quoted on Euronext Dublin at the close of business on 28 February 2019 was €3.06 (28 February 2018: €2.89). The price of the Company's ordinary shares ranged between €2.60 and €3.57 during the year.

Further Information on the Group

The information required by section 327 of the Companies Act, 2014 to be included in this report with respect to:

1. the review of the development and performance of the business and future developments is set out in the Group Chief Executive Officer's Review on pages 18 to 27 and the Strategic Report on pages 1 to 17;

2. the principal risks and uncertainties which the Company and the Group faces are set out in the Strategic Report on pages 13 to 17;

3. the key performance indicators relevant to the business of the Group, including environmental and employee matters, are set out in the Strategic Report on page 12 and in the Group Chief Financial Officer's Review on pages 28 to 32; and further information in respect of environmental and employee matters is set out in the Corporate Social Responsibility Report on pages 33 to 43;

4. the financial risk management objectives and policies of the Company and the Group, including the exposure of the Company and the Group to financial risk, are set out in the Group Chief Financial Officer's Review on pages 28 to 32 and note 22 to the financial statements.

The Group's Viability Statement is contained in the Strategic Report on page 17.

Corporate Governance

In accordance with Section 1373 of the Companies Act 2014, the corporate governance statement of the Company for the year, including the main features of the internal control and risk management systems of the Group, is contained in the Strategic Report and the Corporate Governance Report on pages 52 to 54.

Directors' Report
(continued)

Substantial Interests

As at 28 February 2019 and 22 May 2019, details of interests over 3% in the ordinary share capital carrying voting rights which have been notified to the Company are:

	No. of ordinary shares held as notified at 28 February 2019	% at 28 February 2019	No. of ordinary shares held as notified at 22 May 2019	% at 22 May 2019
FIL Limited	28,792,280	9.25%	28,792,280	9.28%
Brandes Investment Partners, L.P.	27,780,465	8.92%	24,723,620	7.97%
Southeastern Asset Management, Inc.	26,066,002	8.37%	17,703,604	5.71%
FMR LLC	25,094,486	8.06%	25,094,486	8.09%
Silchester International Investors LLP	15,443,245	4.96%	18,880,895	6.09%
Investec Asset Management Limited	15,391,039	4.94%	15,391,039	4.96%
Wellington Management Company, LLP	12,653,115	4.06%	12,653,115	4.08%
Artemis Investment Management LLP	-	0.00%	12,634,964	4.07%
JNE Partners LLP	-	0.00%	9,361,588	3.02%

As far as the Company is aware, other than as stated in the table above, no other person or company had at 28 February 2019 or 22 May 2019 an interest in 3% or more of the Company's share capital carrying voting rights.

Issue of Shares and Purchase of Own Shares

At the Annual General Meeting held on 5 July 2018, the Directors received a general authority to allot shares. A limited authority was also granted to Directors to allot shares for cash otherwise than in accordance with statutory pre-emption rights. Resolutions will be proposed at the Annual General Meeting to be held on 4 July 2019 to allot shares to a nominal amount which is equal to approximately one-third of the issued ordinary share capital of the Company. In addition, resolutions will also be proposed to allow the Directors to allot shares for cash otherwise than in accordance with statutory pre-emption rights up to an aggregate nominal value which is equal to approximately 5% of the nominal value of the issued share capital of the Company, and in the event of a rights issue, and a further 5% of the nominal value of the issued share capital of the Company for the purposes of an acquisition or a specified capital investment. If granted, these authorities will expire at the conclusion of the Annual General Meeting in 2020 and the date 18 months after the passing of the resolution, whichever is the earlier.

The Directors have currently no intention to issue shares pursuant to these authorities except for issues of ordinary shares under the Company's share option plans and the Company's scrip dividend scheme. At the Annual General Meeting held on 5 July 2018 authority was granted to purchase up to 10% of the Company's ordinary shares (the "Repurchase Authority"). As at the date of this Report, the Group has purchased 0.53% of the Company's ordinary shares pursuant to the Repurchase Authority.

The Group spent €1.9m (2018: €33.1m) (including commission and related costs) in the year under review in purchasing 576,716 (2018: 9,492,500) of the Company's ordinary shares.

Special resolutions will be proposed at the Annual General Meeting to be held on 4 July 2019 to renew the authority of the Company, or any of its subsidiaries, to purchase up to 10% of the Company's ordinary shares in issue at the date of the Annual General Meeting and in relation to the maximum and minimum prices at which treasury shares (effectively shares purchased and not cancelled) may be re-issued off-market by the Company. If granted, the authorities will expire on the earlier of the date of the Annual General Meeting in 2020 and the date 18 months after the passing of the resolution. The minimum price which may be paid for shares purchased by the Company shall not be less than the nominal value of the shares and the maximum price will be 105% of the average market price of such shares over the preceding five days. The Directors will only exercise the power to purchase shares if they consider it to be in the best interests of the Company and its shareholders.

As at the date of this report, options to subscribe for a total of 4,889,863 ordinary shares (excluding Recruitment and Retention Awards) are outstanding, representing 1.58% of the Company's total voting rights. If the authority to purchase ordinary shares were used in full, the options would represent 1.76% of the Company's total voting rights.

Dilution Limits and Time Limits

All employee share plans contain the share dilution limits recommended in institutional guidance, namely that no awards shall be granted which would cause the number of Shares issued or issuable pursuant to awards granted in the ten years ending with the date of grant (a) under any discretionary or executive share scheme adopted by the Company to exceed 5%, and (b) under any employees' share scheme adopted by the Company to exceed 10%, of the ordinary share capital of the Company in issue at that time.

The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

Structure of the Company's share capital

At 22 May 2019 the Company has an issued share capital of 319,244,042 ordinary shares of €0.01 each and an authorised share capital of 800,000,000 ordinary shares of €0.01 each.

At 28 February 2019, the trustee of the C&C Employee Trust held 1,908,746 ordinary shares of €0.01 each in the capital of the Company. Shares held by the trustee of the C&C Employee Trust are accounted for as if they were treasury shares. These shares are, however, included in the calculation of Total Voting Rights for the purposes of Regulation 20 of the Transparency (Directive 2004/109/EC) Regulations 2007 ("TVR Calculation").

As at 28 February 2019, a subsidiary of the Group held 9,025,000 shares in the Company, which were acquired under the authority granted to the Company. These shares are not included in the TVR Calculation and are accounted for as treasury shares.

Details of employee share schemes, and the rights attaching to shares held in these schemes, can be found in note 4 (Share-Based Payments) to the financial statements and the Report of the Remuneration Committee on Directors' Remuneration on pages 63 to 74.

The Company has no securities in issue conferring special rights with regard to control of the Company.

Details of persons with a significant holding of securities in the Company are set out on page 46.

Rights and obligations attaching to the Ordinary Shares

All ordinary shares rank pari passu, and the rights attaching to the ordinary shares (including as to voting and transfer) are as set out in the Company's Articles of Association ("Articles"). A copy of the Articles may be obtained on request to the Company Secretary.

Holders of ordinary shares are entitled to receive duly declared dividends in cash or, when offered, additional Ordinary Shares. In the event of any surplus arising on the occasion of the liquidation of the Company, shareholders would be entitled to a share in that surplus pro rata to their holdings of ordinary shares.

Holders of ordinary shares are entitled to receive notice of and to attend, speak and vote in person or by proxy, at general meetings having, on a show of hands, one vote, and, on a poll, one vote for each Ordinary Share held. Procedures and deadlines for entitlement to exercise, and exercise of, voting rights are specified in the notice convening the general meeting in question. There are no restrictions on voting rights except in the circumstances where a "Specified Event" (as defined in the Articles) shall have occurred and the Directors have served a restriction notice on the shareholder. Upon the service of such restriction notice, no holder of the shares specified in the notice shall, for so long as such notice shall remain in force, be entitled to attend or vote at any general meeting, either personally or by proxy.

Holding and transfer of Ordinary Shares

The ordinary shares may be held in either certificated or uncertificated form (through CREST). Save as set out below, there is no requirement to obtain the approval of the Company, or of other shareholders, for a transfer of ordinary shares. The Directors may decline to register (a) any transfer of a partly-paid share to a person of whom they do not approve, (b) any transfer of a share to more than four joint holders, and (c) any transfer of a certificated share unless accompanied by the share certificate and such other evidence of title as may reasonably be required. The registration of transfers of shares may be suspended at such times and for such periods (not exceeding 30 days in each year) as the Directors may determine.

Transfer instruments for certificated shares are executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. Transfers of uncertificated shares may be effected by means of a relevant system in the manner provided for in the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (the "CREST Regulations") and the rules of the relevant system. The Directors may refuse to register a transfer of uncertificated shares only in such circumstances as may be permitted or required by the CREST Regulations.

Directors' Report
(continued)

Rules concerning the appointment and replacement of the Directors and amendment of the Company's Articles

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two or more than 14. Subject to that limit, the shareholders in general meeting may appoint any person to be a Director either to fill a vacancy or as an additional Director. The Directors also have the power to co-opt additional persons as Directors, but any Director so co-opted is under the Articles required to be submitted to shareholders for re-election at the first Annual General Meeting following his or her co-option.

The Articles require that at each Annual General Meeting of the Company one-third of the Directors retire by rotation. However, in accordance with the recommendations of the UK Corporate Governance Code, the Directors have resolved they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting to be held this year.

The Company's Articles may be amended by special resolution (75% majority of votes cast) passed at general meeting.

Powers of Directors

Under its Articles, the business of the Company shall be managed by the Directors, who exercise all powers of the Company as are not, by the Companies Acts or the Articles, required to be exercised by the Company in general meeting.

The powers of Directors in relation to issuing or buying back by the Company of its shares are set out above under "Issue of Shares and Purchase of Own Shares".

Change of control and related matters

Certain of the Group's borrowing facilities include provisions that, in the event of a change of control of the Company, could oblige the Group to repay the facilities. Certain of the Company's customer and supplier contracts and joint venture arrangements also contain provisions that would allow the counterparty to terminate the agreement in the event of a change of control of the Company. The Company's Executive Share Option Scheme and Long-Term Incentive Plan each contain change of control provisions which allow for the acceleration of the exercise of share options/awards in the event of a change of control of the Company.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid in excess of their normal contractual entitlement.

Political Donations

No political donations were made by the Group during the year that require disclosure in accordance with the Electoral Acts, 1997 to 2002.

Accounting Records

The measures taken by the Directors to secure compliance with the requirements of Sections 281 to 285 of the Companies Act, 2014 with regard to the keeping of adequate accounting records are to employ accounting personnel with appropriate qualifications, experience and expertise and to provide adequate resources to the finance function. The books of account of the Company are maintained at the Group's office in Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702.

Auditor

In accordance with Section 383(2) of the Companies Act, 2014, the auditors, Ernst & Young, Chartered Accountants, will continue in office.

Disclosure of Information to the Auditor

In accordance with Section 330 of the Companies Act, 2014, the Directors confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the Company's auditor is unaware. Having made enquiries with fellow Directors and the Company's auditor, each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors Compliance Statement (Made In Accordance With Section 225 of the Companies Act, 2014)

The Directors acknowledge that they are responsible for securing compliance by the Company with its relevant obligations as are defined in the Companies Act, 2014 (the '**Relevant Obligations**').

The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company with respect to compliance by the Company with its relevant obligations.

The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its relevant obligations including reliance on the advice of persons employed by the Company and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during the financial year to which this report relates.

Financial Instruments

In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk, and credit risk. The Company's financial risk objectives and policies are set out in Note 22 of the financial statements.

Post Balance Sheet Events

There was no post balance sheet events.   See note 28 (Post Balance Sheet Events) to the financial statements for further information.

Annual General Meeting

Your attention is drawn to the letter to shareholders and the notice of meeting accompanying this report which set out details of the matters which will be considered at the Annual General Meeting.

Other Information

Other information relevant to the Director's Report may be found in the following sections of the Annual Report:

Information	Location in the Annual Report
Results	Financial Statements – pages 76 to 178.
Directors' remuneration, including the interests of the directors and secretary in the share capital of the Company	Directors' Remuneration Report – pages 63 to 74.
Long-Term Incentive Plan, share options and equity settled incentive schemes	Directors' Remuneration Report – pages 63 to 74.
Significant subsidiary undertakings	Financial Statements – Note 27.

The Directors' Report for the year ended 28 February 2019 comprises these pages and the sections of the Annual Report referred to under 'Other information' above, which are incorporated into the Directors' Report by reference.

Signed
On behalf of the Board

Stewart Gilliland
Chairman
22 May 2019

Stephen Glancey
Group Chief Executive Officer

Directors and Officers

Stewart Gilliland

Non-executive Chairman & Director

Stewart Gilliland (62) was appointed a Director of the Company in April 2012 and Chairman in July 2018 and is also Chairman of the Nomination Committee. He was appointed as a non-executive Director of the Company in April 2012. From 2006 to 2010 he was Chief Executive Officer of Müller Dairy (UK) Ltd. Prior to that, he held positions at Whitbread Beer Company and at Interbrew SA in markets including the UK, Ireland, Europe and Canada. He is currently Chairman of Curious Drinks Limited, a non-executive Director and member of the Audit Committee and Nomination Committee at Tesco plc and a non-executive Director and Chairman of the Remuneration Committee at Natures Way Foods Limited. He is a former non-executive Director of Booker Group plc, Mitchells & Butlers plc, Sutton & East Surrey Water plc, Vianet Group plc and Tulip Limited.

Stephen Glancey

Group Chief Executive Officer

Stephen Glancey (58) was appointed Group Chief Executive Officer in 2012. Prior to that, he was appointed Chief Operating Officer in November 2008 and Group Finance Director in May 2009. He qualified as a chartered accountant and was previously the Group Operations Director of Scottish & Newcastle plc.

Jonathan Solesbury

Group Chief Financial Officer

Jonathan Solesbury (53) was appointed Group Chief Financial Officer in November 2017. A former SABMiller plc Director of Group Finance, Jonathan held a number of senior roles during his 22 year tenure with the global drinks company. He oversaw the acquisition and subsequent integration of SABMiller's Colombian business and transformation programme in Latin America and served as an executive Director on many boards across multiple jurisdictions and as Chief Financial Officer for the Latin American and Asian regions. He has extensive international and emerging market experience and played a prominent role in building SABMiller plc into one of the world's largest and most successful beverage companies.

Andrea Pozzi

Group Chief Operating Officer

Andrea Pozzi (47) is the Group's Chief Operating Officer with responsibility for the Group's manufacturing, logistics, procurement and IT functions as well as leading the Group's businesses in Great Britain. He joined C&C in 2010 and has had a number of roles within the Group, including Group Manufacturing Director and Managing Director International (EMEA). Before joining C&C, Andrea held various management positions with the Carlsberg Group, Brasseries Kronenbourg and Masterfoods.

Jill Caseberry

Non-executive Director

Jill Caseberry (54) was appointed a non-executive Director of the Company in February 2019 and a member of the Remuneration Committee in March 2019. Jill has extensive sales, marketing and general management experience across a number of blue chip companies including Mars, PepsiCo and Premier Foods. Jill is a non-executive Director, Chair of the Remuneration Committee and a member of the Audit Committee and Nomination Committee at Northgate plc. Jill is also a non-executive Director, Chair of the Remuneration Committee and member of the Audit and Nomination Committee at Bellway plc, a non-executive Director and member of the Audit, Nomination and Remuneration Committees of St. Austell Brewery Company Limited and additionally a non-executive Director and Chair of the Remuneration Committee of Halfords Group plc. Jill brings considerable experience of brand management and marketing to the Board.

Jim Clerkin

Non-executive Director

Jim Clerkin (64) was appointed as a non-executive Director of the Company in April 2017. Jim has over 30 years' experience in the beer, wine and spirits industries and is the President and Chief Executive Officer of Moët Hennessy USA, inc. Jim joined Moët Hennessy in 2008 as Executive Vice President and Chief Operating Officer USA. Prior to joining Moët Hennessy, Jim held roles in Guinness and Diageo, including terms as Managing Director of Gilbeys of Ireland, President of Diageo North America's Western Division, and President of Allied Domecq North America. Jim's career began in Ireland where he progressed through the ranks at Guinness to become Executive Sales Director and a member of the Board of Directors. Jim brings a wealth of experience and knowledge of the global drinks industry to the Board.

Board Committees

Audit Committee
Emer Finnan (Chairman)
Vincent Crowley
Jim Thompson

Nomination Committee
Stewart Gilliland (Chairman)
Emer Finnan
Richard Holroyd

Remuneration Committee
Helen Pitcher (Chairman)
Jill Caseberry
Vincent Crowley

Senior Independent Director
Richard Holroyd

Vincent Crowley

Non-executive Director

Vincent Crowley (64) was appointed as a non-executive Director of the Company in January 2016 and is a member of the Audit Committee and the Remuneration Committee. He was previously both Chief Operating Officer and Chief Executive Officer of Independent News and Media plc, a leading media company which, during his tenure, had operations and investments in Australia, India, Ireland, New Zealand, South Africa and the UK. He also served as Chief Executive Officer and subsequently as a non-executive Director of APN News & Media, a media company listed in Australia and New Zealand. He initially worked with KPMG in Ireland. He is currently Chairman of Altas Investments plc, Chairman of Newsbrands Ireland and a non-executive Director of Grafton Group plc and Inner City Enterprise. Vincent brings considerable domestic and international business experience across a number of sectors to the Board.

Emer Finnan

Non-executive Director

Emer Finnan (50) was appointed as a non-executive Director of the Company in May 2014 and became Chairman of the Audit Committee in July 2015 and is a member of the Nomination Committee. She is a Partner and Senior Managing Director of Kildare Partners, a private equity firm based in London and Dublin, where she is responsible for investment origination. After qualifying as a chartered accountant with KPMG, she worked in investment banking at Citibank and ABN AMRO in London and then NCB Stockbrokers in Dublin. In 2005 she joined EBS Building Society in Ireland, becoming its Finance Director in early 2010. In September 2012, Emer re-joined NCB Stockbrokers to lead a financial services team in Ireland. She joined Kildare Partners in 2013. She brings considerable financial expertise to the Board.

Richard Holroyd

Non-executive Director

Richard Holroyd (72) was appointed as a non-executive Director of the Company in 2004 and is a member of the Nomination Committee. He was previously the managing director of Colman's of Norwich and head of the global marketing futures department of Shell International. He has served as non-executive Director of several companies in the UK and continental Europe and was a member of the UK Competition Commission from September 2001 to April 2010. Richard Holroyd has many years' experience in the fast moving consumer goods sector.

Helen Pitcher OBE

Non-executive Director

Helen Pitcher (61) was appointed a non-executive Director of the Company in February 2019 and Chairman of the Remuneration Committee in March 2019. Helen is currently Chair of the Advisory Board and Chair of the Remuneration Committee of Pladis Global, a non-executive Director of a subsidiary, United Biscuits, Chair of leading board effectiveness consultancy Advanced Boardroom Excellence Ltd, Chair of the UK Criminal Cases Review Commission and President of KidsOut, a national UK charity for disadvantaged children. She is a board member of the CIPD (Chartered Institute of Personal Development) which promotes better work and working lives, and is President of the INSEAD Global Directors Network. In 2015 Helen Pitcher was awarded an OBE for services to business. Helen bring a wealth of experience and knowledge of governance and board effectiveness in a variety of sectors, including the drinks industry, to the Board.

Jim Thompson

Non-executive Director

Jim Thompson (58) was appointed a non-executive Director of the Company and a member of the Audit Committee in March 2019. Jim is currently Managing Principal at Kingfisher Single Family Office and serves on the board of Directors of Millicom International Cellular SA. He has been a Guest Lecturer at the MBA Programmes at the University of Virginia, Columbia University and George Washington University. He holds an MBA from the Darden School at the University of Virginia where he received the Faculty Award for academic excellence. He has previously worked at Southeastern Asset Management, Mackenzie Cundill and Bryant Asset Management. Jim bring substantial international investment management experience to the Company.

Mark Chilton

Company Secretary & Group General Counsel

Mark Chilton (56) joined the Group in January 2019 as Company Secretary and Group General Counsel. Mark was Company Secretary and General Counsel of Booker Group plc from 2006 until 2018. Mark qualified as a solicitor in 1987.

For information on independence of the Directors, please see Directors' Statement of Corporate Governance on pages 52 to 54.

Corporate Governance Report

Compliance with the UK Corporate Governance Code and Irish Corporate Governance Annex

Throughout the year ended 28 February 2019 and to the date of this document, the Company complied with the provisions and applied the Main Principles of the UK Corporate Governance Code 2016 (the 'UK Code') and the Irish Corporate Governance Annex (the 'Irish Annex') (together the 'Code'). The UK Code is publicly available from the Financial Reporting Council's website, www.frc.co.uk.

This Corporate Governance Report, which incorporates by reference the Corporate Social Responsibility Report, the Audit Committee Report, the Nomination Committee Report (which contains the Diversity Report) and the Remuneration Report, describes how the Company has complied with the provisions of the UK Code and the Irish Annex.

The Role of the Board and its Committees

The Company is led and controlled by the Board of Directors (the 'Board') chaired by Stewart Gilliland.

The Board currently consists of three Executive Directors and eight Independent non-executive Directors. All the non-executive Directors are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the Code. The independence of non-executive Directors is considered at least annually and is based on the criteria suggested in the Code. The non-executive Directors provide constructive challenge and bring independence to the Board and its decision making process.

The Board believes that it is appropriate to have a Senior Independent non-executive Director and Richard Holroyd has fulfilled this role and will continue to do so until he retires on 31 May 2019, when he will be succeeded by Vincent Crowley. The Senior Independent non-executive Director is available to shareholders where concerns have not been resolved through the normal channels and for when such contact would be inappropriate.

The Board believes that it has sufficient members to contain a balance of skills and experience, but it is not so large as to be unwieldy. The Board contains a balance of executive and non-executive Directors such that no individual, or group of individuals can dominate the Board's decision making. No one individual has unfettered powers to make decisions.

Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 50 and 51.

The Board meets regularly on at least eight scheduled occasions during each year and more frequently, if necessary. There were 11 Board meetings, 5 Audit Committee meetings, 3 Nomination Committee meetings and 6 Remuneration Committee meetings held in the year under review.

Attendance at Board meetings during the year is shown below:

Director	Number of Meetings Attended*	Maximum Possible Meetings	% of Meetings Attended
Executive			
Stephen Glancey	11	11	100
Jonathan Solesbury	11	11	100
Joris Brams (Retired 28 February 2019)*	9	11	82
Andrea Pozzi**	10	11	91
Non-executive			
Stewart Gilliland	11	11	100
Sir Brian Stewart (Retired 5 July 2018)***	7	7	100
Jill Caseberry****	1	1	100
Jim Clerkin*****	10	11	91
Vincent Crowley	11	11	100
Emer Finnan	11	11	100
Geoffrey Hemphill	11	11	100
Richard Holroyd*****	10	11	91
Helen Pitcher****	1	1	100

* Joris Brams was unable to attend one meeting due to a bereavement and a second due to a prior travel commitment.
** Andrea Pozzi was unable to attend one meeting due to a family bereavement.
*** Meetings attended by Sir Brian Stewart until date of resignation.
**** Jill Caseberry and Helen Pitcher each joined the Board in February 2019.
***** Jim Clerkin and Richard Holroyd were unable to attend one unscheduled meeting during the acquisition of Mathew Clark and Bibendum due to the meeting being called at short notice and their inability to re-arrange their schedule.

The Board is responsible to shareholders for ensuring that the Group is appropriately managed and that it achieves its objectives. The Board has adopted a formal schedule of matters specifically reserved for decision by it, thus ensuring that it exercises control over appropriate strategic, financial, operational and regulatory issues (a copy of the schedule of reserved matters is available on our website). At its meetings, the Board reviews trading performance, ensures adequate financing, monitors strategy, examines investment and acquisition opportunities and discusses reports to shareholders. Matters not specifically reserved for the Board and its Committees under its schedule of matters and the Committees' terms of reference, or for shareholders in general meeting, are delegated to members of the Executive Committee.

It is the Company's policy that the roles of the Chairman and Group Chief Executive Officer are separate, with their roles and responsibilities clearly divided and set out in writing (available on our website). The Chairman's main responsibility is the leadership and management of the Board and its governance. The Chairman's commitment to the Company is usually 50 days per annum. His other significant commitments are disclosed in his biography on page 50. The Board considers that these commitments do not hinder his ability to discharge his responsibilities to the Company effectively.

The Group Chief Executive Officer, Stephen Glancey, is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval in addition to executing the approved strategy.

Recommendations for appointments to the Board are made by the Nomination Committee. The Committee follows Board approved procedures (available on our website together with a copy of the terms of reference for the Nomination Committee) which provide a framework for the different types of Board appointments on which the Committee may be expected to make recommendations. Appointments are made on merit and against objective criteria with due regard to diversity (including skills, knowledge, experience and gender). Non-Executive appointees are also required to demonstrate that they have sufficient time to devote to the role.

Information and Professional Development

Directors are continually updated on the Group's businesses, the markets in which they operate and changes to the competitive and regulatory environment through briefings to the Board and meetings with senior executives. Board visits to Group business locations enable the Directors to meet with local management and employees and to update and maintain their knowledge and familiarity with the Group's operations.

Non-executive Directors are also encouraged to visit Group operations throughout their tenure to increase their exposure to the business.

The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information. The provision of information to the Board was reviewed during the year as part of the performance evaluation exercise referred to below. To ensure that adequate time is available for Board discussion and to enable informed decision making, briefing papers are prepared and circulated to Directors in the week prior to scheduled Board meetings. All non-executive Directors are encouraged to make further enquiries as they feel appropriate of the Executive Directors and other executives. In addition, Board Committees are provided with sufficient resources and the power to co-opt such additional support as they may require from time to time, to undertake their duties.

All Directors are entitled to receive independent professional advice at the Company's expense and have access to the services of a professionally qualified and experienced Company Secretary, who is responsible for information flows to the Board and advising the Board on corporate governance matters. This ensures compliance with Board procedures and applicable laws and regulation. The Board has responsibility for the appointment and removal of the Company Secretary.

On appointment, a comprehensive tailored induction programme is arranged for each new Director. The aim of the programme is to provide the Director with a detailed insight into the Group. The programme involves meetings with the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Operating Officer, Company Secretary and key senior executives as appropriate. It covers areas such as:

- the business of the Group;
- their legal and regulatory responsibilities as Directors of the Company;
- briefings and presentations from Executive Directors and other senior executives; and
- opportunities to visit business operations.

Performance Evaluation

During the year, the Board conducted an evaluation of its own performance and that of its three principal committees – the Audit Committee, the Nomination Committee and the Remuneration Committee. The individual performance of each of the non-executive Directors was also evaluated through one to one interviews with the Chairman. In March 2019, each Director completed a questionnaire prepared by the Chairman and Company Secretary to evaluate the collective performance of the Board and its committees. The Company Secretary collated the evaluation results and the Chairman then reviewed an unattributed executive summary, highlighting key outcomes. A report of the findings was then presented to and discussed by the Board. The evaluation process confirmed that the Board is operating effectively and has led to a programme of regular training sessions being formalised for Directors. No other actions were considered necessary as a result of these evaluations and the Chairman confirms that each Director continues to make a valuable contribution to the Board and, where relevant, its committees and devotes sufficient time to his/her role. The effectiveness of the Board and its committees will be kept under review in accordance with corporate governance best practice.

As reported in the 2018 Annual Report and Accounts, the Board undertook an externally facilitated evaluation in 2015. The next independent evaluation was due to have been held in 2018, however, as there had been a significant number of changes to the Board, it was decided that it would be more appropriate to wait until later in 2018 to conduct the external evaluation. In light of the further changes announced in the Board composition during the course of the year, it was considered appropriate to delay the independent evaluation until the end of this financial year. The results of the external evaluation will be detailed in the 2020 Annual Report and Accounts.

Corporate Governance Report
(continued)

During the year, the Chairman and the non-executive Directors met without the Executive Directors being present. There was also one meeting of the non-executive Directors chaired by the Senior Independent non-executive Director at which the Chairman was not present in order to appraise the Chairman's performance. The Senior Independent Director provided feedback to the Chairman based on this review.

Board Committees

The Board has established an Audit Committee, a Nomination Committee and a Remuneration Committee to oversee and debate relevant issues and policies outside main Board meetings. Throughout the year, the Chairman of each committee provided the Board with a summary of key issues considered at the committee meetings. Board committees are authorised to make enquiries of the Executive Directors and other executives across the Group as they feel appropriate and to engage the services of external advisers as they deem necessary in the furtherance of their duties at the Company's expense.

The Audit Committee Report is on pages 55 to 58, the Nomination Committee Report is on pages 59 to 62 and the Remuneration Report is on pages 63 to 74.

Re-election of Directors

All Directors are required by the Company's Articles of Association to submit themselves to shareholders for re-election at the first Annual General Meeting after their appointment and thereafter by rotation at least once every three years. In accordance with the Code, all Directors will, however, stand for re-election annually.

Relations with Shareholders

In fulfilling their responsibilities, the Directors believe that they govern the Group in the best interests of shareholders, whilst having due regard to the interests of other stakeholders in the Group including customers, employees and suppliers.

The Code encourages a dialogue with institutional shareholders with a view to ensuring a mutual understanding of objectives. The Executive Directors have regular and ongoing communication with major shareholders throughout the year, by participating in investor roadshows and presentations to shareholders. Feedback from these visits is reported to the Board. The Executive Directors also have regular contact with analysts and brokers. The Chairman, Senior Independent non-executive Director and other non-executive Directors receive feedback on matters raised at the meetings with shareholders and are offered the opportunity to attend meetings with major shareholders. As a result of these procedures, the non-executive Directors believe that they are aware of shareholders' views. In addition, Vincent Crowley, the Senior Independent non-executive Director, from 1 June 2019, will be available to meet with major shareholders.

Arrangements can also be made through the Company Secretary for major shareholders to meet with newly appointed Directors.

The Group maintains a website at www.candcgroup.com which is regularly updated and contains information about the Group.

The Code encourages boards to use the Annual General Meeting to communicate with investors and to encourage their participation. In compliance with the Code, the Board welcomes as many shareholders as possible to attend the Annual General Meeting to discuss any interest or concern, including performance, governance or strategy, with the Directors.

All Directors are expected to attend the Annual General Meeting. The Chairs of the Audit, Nomination and Remuneration Committees are available at the Annual General Meeting to answer shareholder questions, through the Chairman of the Board, on the responsibilities and activities of their Committees. Shareholders also have the opportunity to meet with the Directors following the conclusion of the formal part of the meeting.

In compliance with the Code, at the Annual General Meeting, the Chairman will announce the level of proxies lodged on each resolution, the balance for and against and abstentions, and such details will be placed on the Group's website following the meeting. A separate resolution will be proposed at the Annual General Meeting in respect of each substantially separate issue.

Directors' Conflicts of Interest

In accordance with the Company's Articles of Association and section 231 of the Companies Act 2014, formal procedures for the notification and authorisation of potential and actual conflicts of interest have been approved by the Board.

These procedures, which enable the Directors to impose limits or conditions when giving or reviewing any such authorisation, ensure that only Directors who have no interest in the matter being considered can authorise conflicts, and require the Board to review the register of Directors' conflicts annually and on an ad-hoc basis when necessary. Any potential conflicts of interest in relation to newly appointed Directors are considered by the Board prior to appointment. These procedures have operated effectively throughout the current financial period.

This report was approved by the Board of Directors on 22 May 2019.

Mark Chilton
Company Secretary

Audit Committee Report

Chairman's Introduction to the Audit Committee Report

I am pleased to report on the activities of the Committee for the year ended 28 February 2019.

This report sets out the Committee's findings and recommendations, including those in relation to the areas highlighted in the Code, particularly in:

- Monitoring the integrity of the financial statements and reviewing judgements relating thereto;
- Reviewing the adequacy and effectiveness of internal financial controls, of internal audit and of internal control and risk management systems;
- Safeguarding the objectivity and independence of the external audit and monitoring its effectiveness; and
- Recommending appointment of the external auditor and determining their remuneration.

I will be available to shareholders at the forthcoming AGM to answer any questions relating to the role of the Committee.

On behalf of the Board.

Emer Finnan
Chairman of the Audit Committee
22 May 2019

Role and Responsibilities of the Committee

The Committee supports the Board in fulfilling its responsibilities in relation to financial reporting, monitoring the integrity of the financial statements and other announcements of financial results published by the Group; and reviewing and challenging any significant financial reporting issues, judgements and actions of management in relation to the financial statements. The Committee reviews the effectiveness of the Group's internal financial control and internal control and risk management systems and the effectiveness of the Group's Internal Audit function. On behalf of the Board, the Committee manages the appointment and remuneration of the External Auditor and monitors its performance and independence. The Group supports an independent and confidential whistleblowing procedure and the Committee monitors the operation of this facility.

In accordance with the Code, the Board requested that the Committee advise it whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Committee's Terms of Reference reflect this requirement and can be found in the Investor Centre section of the Group's website. A copy may be obtained from the Company Secretary.

Membership and Meeting Attendance

The following non-executive Directors served on the Committee during the year:

Member	Member Since	Number of Meetings Attended	Maximum Possible Meetings	% of Meetings Attended
Emer Finnan (Chairman)	2 July 2014	5	5	100
Geoffrey Hemphill	13 December 2017	5	5	100
Vincent Crowley	22 March 2016	5	5	100

All members of the Committee are, and were considered by the Board to be throughout the year under review, independent.

The Committee members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the Committee's duties and responsibilities. As a qualified chartered accountant, I am considered by the Board to have recent and relevant financial experience, as required by the Code. The Committee is considered by the Board as a whole to have competence relevant to the sector in which the Group operates. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 50 and 51 of the Annual Report and Accounts.

The Committee has access to the Group's finance team, to its Internal Audit function and to its External Auditor and can seek further professional training and advice, at the Group's cost, as appropriate.

The quorum necessary for the transaction of business by the Committee is two, each of whom must be a non-executive Director. Only members of the Committee have the right to attend Committee meetings, however, during the year, Sir Brian Stewart, as a non-executive Director (and in his capacity as Chairman until 5 July 2018), Stewart Gilliland, as a non-executive Director (and in his capacity as Chairman from 5 July 2018), Stephen Glancey, Group Chief Executive Officer, Jonathan Solesbury, Group Chief Financial Officer, Richard Holroyd and Jim Clerkin, non-executive Directors, the Head of Internal Audit, Group Finance Director, Group Strategy and Finance Director and representatives from Ernst & Young ("EY"), the External Auditor, were invited to attend meetings. The Committee also meets separately with the Head of Internal Audit and the External Auditor without management being present.

The Company Secretary is Secretary to the Committee.

Audit Committee Report
(continued)

Meeting Frequency and Main Activities in the Year

The Committee met on five scheduled occasions during the year ended 28 February 2019. In addition there was one meeting by conference call to review a trading statement for recommendation to the Board. All members of the Committee attended every meeting.

During the year ended 28 February 2019, the Committee reviewed and made recommendations to the Board on the Preliminary Results Announcement for the period to 28 February 2018, the 2018 Annual Report and Accounts, the Interim Results Announcement for the period to 31 August 2018, and the trading update for the four months to 31 December 2018.

Since 28 February 2019, the Committee has met twice to review and make recommendations to the Board on the pre-close trading update for the period to 28 February 2019, the Preliminary Results Announcement for the period to 28 February 2019, the 2019 Annual Report and Accounts and updating the Committee's Terms of Reference.

In carrying out its reviews during the year, the Committee considered:

- whether the Group had applied appropriate accounting policies and practices both on a year on year basis and across the Group;
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies set out on pages 93 to 105 of the Annual Report and Accounts;
- the paper prepared to support the going concern and viability statement referred to on page 17 of the Annual Report and Accounts;
- reports from the Group Chief Financial Officer and the External Auditor;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- whether the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Committee also:

- approved the Internal Audit and agrees the External Auditor's work plans for the Group;
- considered regular reports from the Head of Internal Audit on their findings;
- recommended revisions to the Board to the Committee's Terms of Reference; and
- reviewed the External Auditor's independence and objectivity, the effectiveness of the audit process, the re-appointment of the External Auditor and approved the External Auditor's remuneration.

Significant Judgemental Areas

The significant areas of judgement considered by the Committee in relation to the accounts for the year ended 28 February 2019 and how these were addressed are outlined below. Each of these areas received particular focus from the External Auditor, who provided detailed analysis and assessment of the matters in their report to the Committee.

Acquisitions

The acquisition of Matthew Clark & Bibendum ("MCB") was completed on 4 April 2018 and MCB was then consolidated in the Group's results from that date. We are required to fair value MCB's assets and liabilities at the date of consolidation. There is an exercise of judgement involved in identifying and valuing the assets acquired in such a business combination. In that regard, the Committee examined the methodology and outcomes of external valuations and confirmed that they were independent of the Group. The Committee assessed the processes used in the identification and valuation of acquired assets and liabilities, including the reasonableness of assumptions used. The Committee also assessed the allocation of consideration between goodwill and identified intangible assets. Following this review, we were satisfied that the judgements exercised were appropriate.

The control environment of MCB was also a point of consideration for the Committee, given the circumstances leading to the collapse of the former company and the subsequent acquisition, together with the Group's initial assessment of the control environment. The Committee is satisfied that significant progress was achieved since acquisition in this area. The Committee has regularly reviewed management progress on the status and activities in this regard, and have reviewed the external auditors' year-end report.

Finalisation of the Group's accounting for the December 2017 joint venture arrangement for Admiral Taverns was concluded during the current financial year. The final determination of the Group's share of assets acquired resulted, in line with IFRS 3 *Business Combinations,* in a measurement period adjustment being reflected in the prior year to reflect the Group's total share of assets acquired on investment. This resulted in the recognition of negative goodwill which was recognised as an exceptional credit in the prior year numbers. The Committee assessed the process used in the finalisation of the acquired assets and liabilities and are satisfied that the accounting treatment is appropriate.

Valuation of property, plant and equipment

The Group values its land and buildings and plant and machinery at market value/depreciated replacement cost (DCR) and consequently carries out an annual valuation. The Group engages external valuers to value the Group's property, plant and machinery at a minimum every three years or as at the date of acquisition for assets acquired as part of a business combination. The Group completed an external valuation in the prior financial year for its Irish and UK assets. An internal assessment was completed for all assets in the current financial year.

In assessing the reasonableness of the internal valuations, the Committee reviewed the key assumptions and judgements underlying the valuations, in particular, focus was given to the impact of changes in the forecasted utilisation levels across the Group's production sites and changes in the property market in the relevant geographies. The Committee is satisfied that the carrying values are appropriate.

Goodwill and intangible assets impairment testing

The Committee considered the carrying value of goodwill and intangible assets as at the year end date to assess whether or not it exceeded the expected recoverable amounts for these assets. In particular, the Committee considered the value-in-use financial models, including sensitivity analysis, used to support the valuation and the key assumptions and judgements used by management underlying these models. The key assumptions used in the financial models and consequently the key focus areas for the Committee relate to future volume, net revenue and operating profit, the growth rate in perpetuity and the discount rate applied to the resulting cash flows. The Committee considered the outcome of the financial models and found the methodology to be robust, and in all instances concluded that the outcome was appropriate.

Revenue recognition

The Committee considered the Group's revenue recognition in light of its adoption of IFRS 15 *Revenue from Contracts with Customers*. The Committee in particular examined the accounting treatment for revenue recognition for an element of the Group's contract brewing and bottling arrangements. While not material, the Committee deemed, that under the new guidance in IFRS 15 *Revenue from Contracts with Customers*, where the Group produces products for customers that have no alternative use and for which there is an enforceable right to payment for performance completed to date, the Group is required to recognise the revenue over time as contractual performance obligations are satisfied.

Following discussions with the External Auditor, and the deliberations set out above, we were satisfied that the financial statements dealt appropriately with each of the areas of significant judgement.

The External Auditor also reported to the Committee on any misstatements that they had found in the course of their work. The Committee noted their work and were satisfied that no material amounts required adjustment.

Fair, Balanced and Understandable Assessment

One of the key compliance requirements of a group's financial statements is for the Annual Report and Accounts to be fair, balanced and understandable. The coordination and review of Group wide contributions into the Annual Report and Accounts follows a well established and documented process, which is performed in parallel with the formal process undertaken by the External Auditor.

The Committee received a summary of the approach taken by management in the preparation of the 2019 Annual Report and Accounts to ensure that it met the requirements of the Code. This, and our own scrutiny of the document, enabled the Committee, and then the Board, to confirm that the 2019 Annual Report and Accounts taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Internal Controls and Risk Management Systems

The Committee is responsible, on behalf of the Board, for reviewing the effectiveness of the Group's internal controls and risk management systems, including financial, operational and compliance controls.

In order to keep the Committee abreast with latest developments, the Head of Internal Audit reported to each meeting on developments and emerging risks to internal control systems and on the evolution of major risks. In addition, the Committee reviewed reports issued by both Internal Audit and the External Auditor and held regular discussions with the Group Chief Financial Officer, the Head of Internal Audit and representatives of the External Auditor. During the course of these reviews, the Committee has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

Internal Audit

The Committee is responsible for monitoring and reviewing the operation and effectiveness of the Internal Audit function including its focus, work plan, activities and resources.

At the beginning of the financial year, the Committee reviewed and approved the Internal Audit plan for the year having considered the principal areas of risk in the business and the adequacy of staffing levels and expertise within the function. During the year, the Committee received regular verbal and written reports from the Head of Internal Audit summarising findings from the work of Internal Audit and the responses from management to deal with the findings.

The Committee monitors progress on the implementation of any action plans arising on significant findings to ensure these are completed satisfactorily and meets with the Head of Internal Audit in the absence of management.

External Audit

It is the responsibility of the Committee to monitor the performance, objectivity and independence of EY, the External Auditor. In December 2018, we met with EY to agree the audit plan for the year end, highlighting the key financial statement and audit risks, to ensure that the audit was appropriately focused. In addition, EY's letter of engagement and independence was reviewed by the Committee in advance of the audit.

Audit Committee Report
(continued)

In May 2019, in advance of the finalisation of the financial statements, we received a report from EY on their key audit findings, which included the key areas of risk and significant judgements referred to above, and discussed the issues with them in order for the Committee to form a judgement on the financial statements. In addition, we considered the Letter of Representation that the External Auditor requires from the Board.

The Committee meets with the External Auditor privately at least once a year to discuss any matters they may wish to raise without management being present.

Assessment of Effectiveness of External Audit

The Committee obtained feedback on the effectiveness and efficiency of the external audit process from completion of a short questionnaire by each member of the Committee, the Group Chief Financial Officer, the Director of Group Finance, the Group Strategy and Finance Director and applicable senior finance executives across the business. The results were reviewed by the Committee and the Committee concluded that the external audit process had been effective, with areas identified for improvement communicated to EY for action.

Audit Tender

The current External Auditor was first appointed for the year ended 28 February 2018 and the external audit had not been tendered since then.

There are no contractual obligations restricting the Company's choice of External Auditor. The Committee will continue to review the auditor appointment and the need to tender the audit, ensuring the Group's compliance with the Code and any related regulations.

Non-Audit Services

The Group has a policy in place governing the provision of non-audit services by the External Auditor in order to ensure that the External Auditor's objectivity and independence is safeguarded.

Under this policy the auditor is prohibited from providing non-audit services if the auditor:
- may, as a result, be required to audit its own firm's work;
- would participate in activities that would normally be undertaken by management;
- would be remunerated through a "success fee" structure or have some other mutual financial interest with the Group; and
- would be acting in an advocacy role for the Group.

Other than above, the Company does not impose an automatic ban on the External Auditor providing non-audit services. However, the External Auditor is only permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence and objectivity, if it has the skill, competence and integrity to carry out the work and it is considered by the Audit Committee to be the most appropriate to undertake such work in the best interests of the Group. The engagement of the External Auditor to provide non-audit services must be approved in advance by the Audit Committee or entered into pursuant to pre-approved policies and procedures established by the Audit Committee and approved by the Board.

The nature, extent and scope of non-audit services provided to the Group by the External Auditor and the economic importance of the Group to the External Auditor are also monitored to ensure that the external auditor's independence and objectivity is not impaired. The Audit Committee has adopted a policy that, except in exceptional circumstances with the prior approval of the Audit Committee, non-audit fees paid to the Group's auditor should not exceed 100% of audit fees in any one financial year.

Details of the amounts paid to Ernst & Young during the year for audit and other services are set out in note 2 to the financial statements.

Whistleblowing Programme

The Group has a whistleblowing programme in all of its operations whereby employees can, in confidence, report on matters where they feel a malpractice has taken or is taking place, or if health and safety standards have been or are being compromised. Additional areas that are addressed by this procedure include criminal activities, improper or unethical behaviour and risks to the environment.

The programme allows employees to raise their concerns with their line manager or, if that is inappropriate, to raise them on a confidential basis. An externally facilitated confidential helpline and confidential email facility are provided to protect the identity of employees in these circumstances. Any concerns are investigated on a confidential basis by the Human Resources Department and/or the Company Secretary and feedback is given to the person making the complaint as appropriate via the confidential email facility. An official written record is kept of each stage of the procedure and results are summarised for the Committee.

The Audit Committee is also responsible for ensuring that arrangements are in place for the proportionate independent investigation and appropriate follow up of any concerns which might be raised. In FY2019, no incidences of concern were uncovered.

Committee Effectiveness

The effectiveness of the Committee is reviewed on an annual basis by both the Board and the Committee itself and results are summarised for the Committee. Following this year's annual review it was concluded the Committee was operating effectively.

This report was approved by the Board of Directors on 22 May 2019.

Emer Finnan
Chairman of the Audit Committee

Nomination Committee Report

I am pleased to present the Report of the Nomination Committee for 2019. This Report provides shareholders with an overview of the activities carried out by the Committee during the year.

On 5 July 2018 I succeeded Sir Brian Stewart as Chairman of the Committee. Sir Brian was an outstanding Chairman, who guided the Company through challenging times, but always with a view to the longer term. We will all miss his unparalleled knowledge of international drinks, indeed, he is a hard act to follow. We wish him the very best in the future.

Following a review of the composition of the Board to ensure we had the right balance of skills, knowledge, experience and diversity (including gender) in light of the strategically important acquisition of Matthew Clark and Bibendum in April 2018, we determined that the International Division, represented by Joris Brams, would no longer be represented on the Board. Separately, Richard Holroyd having been a non-executive Director since 2004 and having overseen the smooth transition of Chairman informed the Board of his wish to step down and leave the Board. Geoffrey Hemphill also informed us of his intention to stand down from the Board to concentrate on other business interests. We announced those changes in Board composition on 25 October 2018. We are very grateful to Richard, Geoffrey and Joris for the individual contributions each of them has made to the Group's long-term development. Joris laid the foundation for our export business through his international knowledge, experience and network. I should like to say a special thank you to Richard, who has made an outstanding contribution to the Board, particularly during his time as Senior Independent Director. He has been invaluable, as a source of challenge and wise counsel. In the last year, Richard has played a key role in the transition to the new Board structure. We wish him all the very best in the future.

A detailed search then followed for new non-executive Directors with the appropriate skills, knowledge, independence and experience, and having regard to the benefits of diversity (including gender) to join the Board. This resulted in the announcement of the appointment on 7 February 2019 of Jill Caseberry and Helen Pitcher and on 1 March 2019 of Jim Thompson, as independent non-executive Directors, following a recommendation by the Committee of the Board.

Looking forward, the Committee will continue to review long term succession plans for the Board, with the aim of ensuring that an appropriate balance of skills, knowledge, experience and diversity is maintained.

I will be available to shareholders at the forthcoming AGM to answer any questions relating to the role of the Committee.

On behalf of the Board

Stewart Gilliland
Chairman of the Nomination Committee
22 May 2019

Roles and Responsibilities of the Committee

The Committee has defined Terms of Reference which can be found in the Investor Centre section of the Group's website at www.candcgroupplc.com.

Membership and Meeting Attendance

The following non-executive Directors served on the Committee during the year.

Member	Member Since	Number of Meetings Attended	Maximum Possible Meetings	% of Meetings Attended
Stewart Gilliland (Chairman)	24 October 2017	3	3	100
Sir Brian Stewart (Retired 5 July 2018)	10 February 2011	1	1	100
Richard Holroyd	28 October 2013	3	3	100
Emer Finnan	5 July 2018	2	2	100

All members of the Committee are and were, throughout the year under review, considered by the Board to be independent.

No member of the Committee nor any other Director participates in discussions concerning or votes on his or her own re-election or evaluation of his own performance. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 50 and 51. Their remuneration is set out in the Remuneration Report.

The quorum necessary for the transaction of business by the Committee is two, each of whom must be a non-executive Director. Only members of the Committee have the right to attend Committee meetings, however, during the year, Stephen Glancey (Chief Executive) and Vincent Crowley, non-executive Director were invited to attend meetings.

The Company Secretary is Secretary to the Committee.

Nomination Committee Report
(continued)

Meeting Frequency and Main Activities during the year

The Committee met on three occasions during the year ended 28 February 2019 and subsequent to 28 February 2019 on two occasions. All members of the Committee attended each meeting.

During the year ended 28 February 2019, the Committee:
- reviewed the size, structure and composition of the Board;
- commenced the search, led by the Senior independent Director, Richard Holroyd, for a candidate to succeed Sir Brian Stewart as Chairman of the Company and following a detailed search process, recommended to the Board that Stewart Gilliland be appointed as Chairman of the Company from the conclusion of the AGM on 5 July 2018; and
- commenced the search for new non-executive Directors with appropriate skills and experience, having regard to the benefits of diversity (including, but not limited to, experience, ethnicity, gender and social backgrounds), to join the Board. Following a detailed search process, the Committee recommended to the Board that Jill Caseberry and Helen Pitcher be appointed as non-executive Directors with effect from 7 February 2019 and that Jim Thompson be appointed as a non-executive Director with effect from 1 March 2019. Helen Pitcher was additionally appointed as Chairman of the Remuneration Committee from 1 March 2019.

Since 28 February 2019, the Committee met on two occasions to:
- recommend to the Board that all of the Directors who have indicated their willingness to stand for re-election be proposed for re-election as Directors at the forthcoming AGM;
- review the Committee's report within the 2019 Annual Report and Accounts and recommend its approval to the Board;
- recommended revisions to the Board to the Committee's Terms of Reference;
- approved the Board Diversity Policy; and
- recommend to the Board that Vincent Crowley be appointed as the Senior Independent Director from 1 June 2019.

Board Composition/Succession Planning

The Board plans for its own succession, with the support of the Committee. The Committee remains focused, on behalf of the Board, on Board succession planning for both Executive and non-executive Directors.

The Committee aims to ensure that:
- the succession pipeline for senior executive and business critical roles in the organisation is strong and diverse;
- processes are in place to identify potential successors and manage succession actively;
- there is a structured approach to developing and preparing possible successors; and
- processes are in place to identify "at risk" posts.

On at least an annual basis each Director's intentions are discussed with regard to continued service on the Board and their succession is considered in the context of the composition of the overall Board and the corporate governance guidance on non-executive tenure. This transparency allows for an open discussion about succession for each individual, both for short term emergency absences as well as longer terms plans.

As in previous years, we conducted an analysis of the balance of experience, skills, gender and diversity on the Board as a whole, taking account of the future needs of the business in the light of the business strategy, the Board changes set out above, and the knowledge, experience, length of service and performance of the Directors, including their ability to continue to contribute effectively to the Board. In accordance with our policy, we also had regard to the requirement to achieve a diversity of characters, backgrounds, experience and gender amongst Board members.

Summary of Board Changes

- May 2018 – Sir Brian Stewart announced his intention to retire and that Stewart Gilliland was to succeed Sir Brian Stewart as Chairman at the conclusion of the AGM on 5 July 2018;
- July 2018 – Sir Brian Stewart retired as Chairman and was succeeded by Stewart Gilliland;
- October 2018 – Geoffrey Hemphill announced his intention to resign as a non-executive Director, Richard Holroyd announced his intention to resign as Senior Independent Director and non-executive Director and Joris Brams announced his intention to resign as a Director;
- February 2019 – Joris Brams resigned as a Director;
- February 2019 – Jill Caseberry and Helen Pitcher joined the Board as non-executive Directors, with Helen Pitcher succeeding Vincent Crowley as Chairman of the Remuneration Committee from 1 March 2019;
- March 2019 - Jim Thompson joined the Board as a non-executive Director.

Chairman Succession

Mindful that he was entering his ninth year as Chairman of the Company, in accordance with corporate governance best practice, Sir Brian Stewart advised on 24 May 2018 that he would be stepping down as Chairman at the AGM on 5 July 2018.

In preparing the job specification, assessing the time commitment expected and agreeing the skills and experience desired for a potential successor Chairman, considerable emphasis was placed on identifying a candidate with considerable and recent experience of the drinks industry and the ability to work closely and effectively with the Chief Executive in delivering the Company's strategy whilst providing the necessary degree of independence and challenge. The Board agreed this outline specification and appointed the Senior Independent Director, Richard Holroyd, to lead the Committee in identifying and interviewing potential candidates and making a recommendation to the Board.

The Company appointed an external agency, Russell Reynolds Associates, to assist the Committee in that search. Russell Reynolds did not and does not have any connection to the Company other than in respect of provision of these services. A detailed search and selection process then followed, culminating with the announcement on 24 May 2018, following a recommendation by the Committee to the Board, that Stewart Gilliland had been appointed as Chairman with effect from the close of the AGM on 5 July 2018, subject to approval by shareholders. Stewart Gilliland's considerable experience in the drinks industry was considered invaluable, as was his thoughtful challenge and insight to Board and various Committee discussions since his appointment to the Board in April 2012.

Non-Executive Director Search

To assist it in the search for new non-executive Directors, the Committee again engaged Russell Reynolds. Russell Reynolds was provided with a detailed brief of the desired candidate profiles based on merit and against objective criteria (including an assessment of the time commitment expected). The Committee considered in all instances a list of potential candidates with the skills, knowledge and independence and offering diversity in its widest sense (gender, nationality, age, experience, ethnicity and social backgrounds) which would benefit the Company.

The Company did not use open advertising to search for suitable candidates for the roles of Chairman or non-executive Directors, as we believe that the optimal way of recruiting for these positions is generally to use targeted recruitment based on the skills and experience required.

A detailed search, adopting the same process as with the Chairman, resulted in the appointment on 7 February 2019, following a recommendation by the Committee to the Board, of Jill Caseberry, who brings considerable experience in brand management and marketing and Helen Pitcher, who brings a wealth of experience and knowledge of governance and board effectiveness. We also announced on 7 February 2019 the appointment of Jim Thompson, who has considerable experience in value investment, with effect from 1 March 2019.

On the question of independence, the Committee and the Board were particularly mindful of the need to assess whether any non-executive Director is independent. As regards Jim Thompson, whilst he had worked for Southeastern Asset Management ('South Eastern'), one of the Company's shareholders, the Committee reached that view, having regard to the period of time since his departure, his lack of involvement/continued relationship with South Eastern since departure from that Company in 2017 and the fact we have no relationship with South Eastern other than in their capacity as a shareholder, he was and is independent.

The Committee additionally made an assessment of the time commitment expected of/required from the non-executive Directors. The Committee were very conscious of Jill Caseberry's other commitments, particularly her two other roles as Chair of the Remuneration Committees of listed companies and the fact that she was shortly to be announced as Chair of a third, namely, Halfords plc. In all cases, the Committee were of the view that each candidate had sufficient time to devote to the role.

Jill Caseberry and Helen Pitcher also joined the Remuneration Committee, with Helen Pitcher succeeding Vincent Crowley as Chairman of the Remuneration Committee from 1 March 2019. Helen is Chairman of Remuneration Committees of Pladis Global and CIPD and as such, whilst those companies were not listed, the Committee considered that Helen was ideally suited to take over the Chairmanship of the Remuneration Committee.

Skills Balance and Directors' Performance Evaluation

During the year, the Committee also considered the composition of the Board and each of its Committees. The Committee continues to actively review the long term succession planning process for Directors to ensure the structure, size and composition (including the balance of skills, experience, independence, knowledge and diversity (including gender, ethnic and social backgrounds)) of the Board and its Committees continues to be effective, thus ensuring appropriate levels of corporate governance and best practice and support for the Company as it pursues its strategy.

As part of its review, the Committee considered the performance and independence of Stewart Gilliland, Jim Clerkin, Vincent Crowley and Emer Finnan, each of them having confirmed their willingness to stand for re-election at the forthcoming AGM.

Having undertaken a performance evaluation, the Committee considered that the performance of each of the non-executive Directors proposed for re-election, being Stewart Gilliland, Jim Clerkin, Vincent Crowley and Emer Finnan, was effective and that they had each demonstrated a strong commitment to their role. The Committee had also undertaken a review of each of

Nomination Committee Report
(continued)

the non-executive Directors' other interests and external time commitments, such review being particularly rigorous in the case of Stewart Gilliland as he has served seven years on the Board, and has concluded that each of them is independent in character and judgement and that there are no relationships or circumstances likely to affect (or which appear to affect) his or her judgement. The Committee is also satisfied that each of them continues to be able to devote sufficient time to their role. Stewart Gilliland and Emer Finnan did not participate in the evaluation of his/her own performance or time commitments.

The Committee were satisfied that each of the Directors proposed for re-election had the appropriate balance of skills, experience, independence and knowledge of the Company to enable him or her to discharge the duties and responsibilities of a Director effectively. Accordingly, the Committee recommended to the Board that they each be proposed for re-election as a Director at the forthcoming AGM.

Diversity Policy

The Board recognises the benefits of diversity. Our Directors come from different backgrounds, nationalities, a wide range of professions and each brings unique capabilities and perspectives to our Board discussions.

We are committed to maintaining a diverse Board. Appointments to the Board and throughout the Company will continue to be made on merit and overall suitability for the role against objective criteria with due regard to the benefits of diversity (including, but not limited to, ethnicity, experience, gender, nationality, age and educational and social backgrounds as well as individual characteristics such as broad life experience).

When recruiting, we require any search agency to have signed up to the "Voluntary Code of Conduct for Executive Search Firms" developed in response to the Davies Report covering Board appointments.

The Board monitors progress against this policy. In terms of Board diversity, an analysis of Directors by gender as at 28 February 2019 is as follows:

	Male Number/Percentage	Female Number/Percentage
Director	9/75%	3/25%

Any future appointments will continue to be made to the Board on merit and with the aim of recruiting Directors who offer the right skills and who can complement the rest of the Board with a view to achieve effective diversity, in its widest sense.

The Committee and the Board further realise that diversity extends beyond the Board and in this regard seeks to ensure that all recruitment decisions are fair and non-discriminatory and that all employees get an equal opportunity to achieve their full potential.

Statistical gender diversity employment data for the Company can be found in the Corporate Social Responsibility Report on page 42.

Committee Performance and Effectiveness

The Board additionally undertook an annual review of the Committee's performance and effectiveness and concluded that the Committee operated effectively.

This report was approved by the Board of Directors on 22 May 2019.

Stewart Gilliland
Chairman of the Nomination Committee

Directors' Remuneration Committee Report

Dear Shareholder

I am pleased to present, on behalf of the Board, my inaugural Directors' Remuneration Report ('Report') for the year ended 28 February 2019.

The Company is an Irish incorporated company and is therefore not subject to the UK company law requirement to submit its Directors' Remuneration Policy ('Policy') to a binding vote. At the AGM in July 2018, our revised Policy (which simplified the variable pay structure and made a number of changes to reflect the latest corporate governance best practice and market developments) was approved by our shareholders by an advisory vote. These changes included a reduction in pension entitlements for Executives from 30% to 25% of base salary. As no changes to the Policy are proposed this year, the Policy will not be subject to a vote at the 2019 AGM. In the interests of succinct reporting the Policy is not reproduced in this Report but can be found on our website and in our 2018 Annual Report.

We will be submitting our Report to shareholders for an advisory vote at the Company's 2019 AGM. Last year, the Report received the support of over 99% of the votes cast. We hope that shareholders will demonstrate their support again this year.

Business Performance

FY2019 was a transformational year for the company. Following the acquisition of Matthew Clark and Bibendum, we are now the largest final mile distributor to the on trade of alcohol and other drinks across the British Isles with unparalleled access to this profitable market channel. Our core C&C businesses have performed strongly, growing both revenues and operating profits by just over 3% on a like-for-like basis. At the heart of this performance the Bulmers, Magners and Tennent's brands were all in revenue growth in their key markets and remain remarkably strong and relevant to today's consumers.

In part driven by the 11 months contribution from Matthew Clark and Bibendum, revenue, on a constant currency basis, was up 188% year-on-year and adjusted diluted earnings per share at 26.6 cent is up 21%. Basic earnings per share was 23.4 cent down 9.3% on the prior year as the prior year benefitted from the recognition of €13.3m negative goodwill relating to the finalisation of the acquisition accounting relating to Admiral Taverns. We continue to be a highly cash generative business, with free cashflow conversion, excluding exceptional costs, of 81% of EBITDA during the year.

Executive Remuneration for FY2019

In light of strong growth across the business, Executive Directors received maximum payouts under the bonus scheme. Under the LTIP and ESOS, the awards granted in May 2016 vested at 62.4% and 65.4%, respectively. In accordance with the Policy approved at the 2018 AGM, the executive Directors' remuneration framework for FY2019 was as follows:

	Opportunity	Performance Measures	Out-turn
Annual Bonus	80% of salary (compared to a maximum under the policy of 100%)	The annual bonus plan during FY2019 was based on two performance measures, adjusted operating profit (75% of the opportunity) and cash conversion (25% of the opportunity). This was in line with the previous year (having regard to the impact of the acquisition of Matthew Clark and Bibendum) and continues to balance the importance of growth and cash generation, which provides us with the flexibility to make appropriate investments for growth, to maintain our progressive dividend policy and to return cash to shareholders.	The cash conversion element of the bonus was achieved at 24% above the threshold level of performance and a bonus of 20% of salary was therefore payable in relation to this element. The adjusted operating profit element of the bonus was achieved at 19.7% above the threshold level of performance and a bonus of 60% was therefore payable in relation to this element.

Directors' Remuneration Committee Report
(continued)

	Opportunity	Performance Measures	Out-turn
Long-Term Incentives awarded in the year (Additional share award for the CEO under our Long Term Incentive Plan).	LTIP: 100% of salary	As set out below: • EPS growth (33% of the opportunity) • Free Cash Flow Conversion (33% of the opportunity) • Return on Capital Employed (33% of the opportunity)	Performance will be assessed over the three year period ending with FY2021.
	ESOS: 150% of salary	As set out below, EPS growth.	

ESOS Performance Conditions

Performance condition	Performance target	% of element vesting
Compound annual growth in Underlying EPS over the three year performance period FY2019, FY2020 and FY2021		
Threshold	2%	25%
Maximum	6%	100%

LTIP Performance Conditions

Performance condition	Weighting	Performance target	% of element vesting
Compound annual growth in Underlying EPS over the three year performance period FY2019, FY2020 and FY2021	33%		
Threshold		3%	25%
Maximum		8%	100%
Free cash flow Conversion – average over the three year period	33%		
Threshold		65%	25%
Maximum		75%	100%
Return on Capital Employed	33%		
Threshold		9.3%	25%
Maximum		10%	100%

	Opportunity	Performance Measures	Out-turn
Long term incentives vesting in respect of performance in FY2019	LTIP: 100% of salary for Stephen Glancey and Joris Brams	As set out below: • EPS growth (33% of the opportunity) • Free Cash Flow Conversion (33% of the opportunity) • Return on Capital Employed (33% of the opportunity)	The performance measures for the awards granted in May 2016 were met and the awards vested between threshold and maximum as set out below:- • EPS growth achieved – 38.9% Award Vested – 13%; • FCF Conversion achieved – 48.3% Award Vested – 16.1%; • ROCE achieved – 100% - Award Vested – 33.3% - Total Vested 62.4%.
	ESOS: 150% of salary	As set out below and note 4 to the financial statements, EPS growth.	The performance measures for the awards granted in May 2016 were met and the awards vested between threshold and maximum as set out below:- EPS growth achieved – 3.92% Award Vested – 65.4%

ESOS Performance Conditions

Performance condition	Performance target	% of element vesting
Compound annual growth in Underlying EPS over the three year performance period FY2017, FY2018 and FY2019		
Threshold	3%	50%
Maximum	6%	100%

LTIP Performance Conditions

Performance condition	Weighting	Performance target	% of element vesting
Compound annual growth in Underlying EPS over the three year performance period FY2017, FY2018 and FY2019	33%		
Threshold		3%	25%
Maximum		8%	100%
Free cash flow Conversion – average over the three year period	33%		
Threshold		65%	25%
Maximum		75%	100%
Return on Capital Employed	33%		
Threshold		9.3%	25%
Maximum		10%	100%

Notwithstanding the extent to which the performance targets set out above are satisfied, an award or option will only vest to the extent the Committee is satisfied that the improvement in the underlying financial performance of the Company over the performance period warrants the degree of vesting.

Definitions are in line with those provided on page 74 of the 2017 Annual Report.

Directors' Remuneration Committee Report
(continued)

During FY2019, Andrea Pozzi received a salary increase. In line with best practice, Andrea Pozzi was appointed as Chief Operating Officer, which was a new Board role, in June 2017 on a below-market salary of £290,000, with the expectation that his salary would increase over time as he developed in the role. At the time, the Committee determined that it would review his salary once he had been in role for a period of time to ensure that it recognised his experience, scope of responsibilities and performance.

Taking into account his excellent growth in the role and his contribution to business performance since his appointment, the Committee concluded that his salary should be increased. As a reference point, the Committee also carefully considered his salary and overall package compared to companies of a similar size and complexity. Following this review, his salary was increased to £315,000 from October 2018.

There were no increases for the other Executive Directors and salaries for the general workforce rose by 2%.

Additional Share Award

Our approach to remuneration is grounded in ensuring any remuneration is fully aligned with shareholders' interests, and payouts are only generated in the event of strong performance. In recent years, remuneration levels have remained restrained, including examples of our executives waiving bonuses and foregoing salary increases.

During FY2019, the Committee determined that it was appropriate to recognise the Group Chief Executive Officer's ("CEO") contribution to the business in identifying and delivering the acquisitions of Matthew Clark and Bibendum. In doing so, the Committee sought to recognise the CEO's significant contribution and the entrepreneurial value add which he brings, and to incentivise and reward him if the potential synergistic opportunities and trading upside are delivered to shareholders. The opportunity for these acquisitions arose quickly and the CEO negotiated and managed the transaction in very short order. Since acquisition, the CEO has taken a leading role in stabilising the businesses, with EBIT improvement and new management teams in place. These businesses offer considerable potential to the Group. The next three years are a critical period for driving performance and the Committee believes that this additional award best supports the integration of the acquired businesses over the next three-year period and the role the CEO will play in leading management in unlocking shareholder value from these opportunities.

By preference we would have made the grant to the CEO at the same time as those made in May 2018. However the transaction accelerated rapidly, with the opportunity arising unexpectedly and the Board therefore moving swiftly to deliver a successful conclusion. The Committee did not have time to reflect on what was the correct action to take to acknowledge the acquisition and create something which both recognised the delivery of the transaction but more importantly was linked to future value. Over subsequent months, the Committee reflected on the most appropriate way to reward and further incentivise the CEO – hence the additional LTIP award.

A cornerstone of the Committee's considerations was also ensuring that shareholders had the opportunity to provide input into the most appropriate way to recognise the CEO's contribution to the acquisition of Matthew Clark and Bibendum. Following an extensive process of consultation with shareholders representing over 60% of issued share capital, the Committee made an additional grant of shares under the LTIP equal to 100% of salary to the CEO in January 2019.

This additional share award is subject to the same performance conditions as the awards granted in May 2018, and is linked to long term performance and sustained shareholder value delivered from the acquisitions. Following feedback from shareholders, we introduced a two year holding period for this additional award which will also apply to all awards from FY2020. We have also included an under-pin, linked to the business performance of Matthew Clark and Bibendum. Delivering this award in shares which will vest in three years, and remain subject to a holding period for a further two years, ensures that the CEO will be rewarded for delivering what we hope to be value added synergies and revenue opportunities via an increase in the share price. If those do not materialise and share price is not maintained then the value of the LTIP award will fall accordingly.

Under our Policy we can make awards under our Executive Share Option Scheme ("ESOS") of 150% of salary and under our Long Term Incentive Plan ("LTIP") of 100% of salary. There is also an overall limit of 500% of salary across both plans for awards to be made in exceptional circumstances.

Awards of 150% of salary (ESOS) and 100% (LTIP) of salary were made to our executive Directors on 31 May 2018. Performance conditions which apply to these are set out on page 64. As set out in the 2018 Report, we will no longer grant awards under the ESOS.

Executive remuneration for FY2020

We have set out below a summary of our remuneration arrangements for FY2020.

At a glance summary of our Executive Director remuneration arrangements for FY2020

Salary	Benefits and Pensions	Bonus*
As at the date of this Report, the Committee has not reviewed the salaries for the Executive Directors' for FY2020.	No changes are proposed to the type of benefits provided. No changes will be made to the level of pension provision.	The maximum bonus opportunity will be 100% of salary, with all bonus earned in excess of 80% of salary deferred into shares for a period of up to 2 years. Bonus payouts will be based on stretching performance conditions based on adjusted operating profit (75%) and cash conversion (25%).

* The Company is not disclosing the actual Group bonus profit and cash conversion targets prospectively as, in the opinion of the Board, these targets are commercially sensitive. The Board believes that disclosure of this commercially sensitive information could adversely impact the Company's competitive position by providing competitors with insight into the Company's business plans and expectations. However, the Company will disclose how the bonus pay out delivered relates to performance against targets on a retrospective basis if a bonus is earned by reference to the target.

Long term incentives

Awards will be granted in the form of LTIP (150% of base salary).

LTIP Performance Conditions

Performance condition	Weighting	Performance target	% of element vesting
Compound annual growth in Underlying EPS over the three year performance period FY2020, FY2021 and FY2022	33%		
Threshold		3%	25%
Maximum		8%	100%
Free cash flow Conversion – average over the three year period	33%		
Threshold		65%	25%
Maximum		75%	100%
Return on Capital Employed	33%		
Threshold		9.3%	25%
Maximum		10%	100%

Notwithstanding the extent to which the performance targets set out above are satisfied, an award or option will only vest to the extent the Committee is satisfied that the improvement in the underlying financial performance of the Company over the performance period warrants the degree of vesting.

Vesting will be subject to performance measures based on EPS, ROCE and cash conversion, and subject to an additional performance underpin. All awards will be subject to a two-year holding period after vesting.

Targets are set by reference to challenging internal budgets and external forecasts.

Director Changes During FY2019

During the year, and in line with our consistent programme of Board refreshment, there were a number of changes to the Board. Sir Brian Stewart stepped down from his role as Non–Executive Chairman and was replaced by Stewart Gilliland. Joris Brams resigned from the Board as Managing Director of our International division. I, together with Jill Caseberry joined the Board during the year, with a third new non-executive Director, Jim Thompson joining in March 2019. Since then Geoffrey Hemphill resigned as a non-executive Director, with effect from 1 May 2019. Finally, after many years of dedicated service, Richard Holroyd will resign as Senior Independent Director on 31 May 2019.

Following appointments to the Board, I, together with Jill Caseberry joined the Committee. I was appointed as Chair of the Committee and believe I have extensive experience to bring as both a member and Chair of the remuneration committee of Pladis Global. Vincent Crowley is the third member of the Committee.

Conclusion

On behalf of the Board, I would like to thank shareholders and proxy advisory institutions who gave their time to engage with us during the course of our shareholder consultation. We believe that the implementation of our remuneration policy in FY2019 was fair and balanced, align the interests of shareholders and executives and promote the long-term sustainable success of C&C. We hope to receive your support at the 2019 AGM.

Helen Pitcher OBE
Chairman of the Remuneration Committee

Directors' Remuneration Committee Report
(continued)

Annual report on remuneration for the year ended 28 February 2019

Directors' Remuneration (Audited)

The following table sets out the total remuneration for directors for the year ended 28 February 2019 and the prior year.

Single Total Figure of Remuneration (Audited)

The table below reports the total remuneration receivable in respect of qualifying services by each Director during the year ended 28 February 2019 and the prior year.

	Salary/fees (a)		Taxable benefits (b)		Annual Bonus (c)		Long term incentives (d)		Pension related benefits (e)		Termination Payments (f)		Total	
Year ended February	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors														
Joris Brams*	374	374	28	28	338	54	169	-	-	-	474	-	1,393	456
Stephen Glancey	675	677	51	51	540	97	342	-	169	169	-	-	1,777	994
Kenny Neison**	-	192	-	14	-	-	-	-	-	48	-	227	-	481
Andrea Pozzi***	340	246	26	18	262	36	-	-	85	62	-	-	713	362
Jonathan Solesbury****	481	148	96	30	385	21	-	-	120	37	-	-	1,082	236
Sub-total	1,870	1,637	201	141	1,525	208	511	-	374	316	474	227	4,965	2,529

The remuneration for Stephen Glancey, Kenny Neison, Jonathan Solesbury and Andrea Pozzi was translated from Sterling using the average exchange rate for the relevant year. For Executive Directors who joined or left in the year, salary, taxable benefits, annual bonus, long term Incentives and pension relates to the period in which they served as an Executive Director

* Joris Brams left the Group on 28 February 2019 and was paid €72,000 in redundancy and €401,534 in lieu of his notice period.
** Kenny Neison tendered his resignation in June 2017 and a sum of £200,000 (€227,000) was paid to him in relation to his employment termination.
*** During FY2019, Andrea Pozzi received a salary increase of 8.6%. In line with best practice,as detailed on page 66.
**** Jonathan Solesbury was appointed as a director in November 2017. His remuneration reflects his appointment as a director from that date.

	Salary/fees (a)		Taxable benefits (b)		Annual Bonus (c)		Long term incentives (d)		Pension related benefits (e)		Termination Payments (f)		Total	
Non-Executive Directors														
Jill Caseberry*	4	-	-	-	-	-	-	-	-	-	-	-	4	-
Jim Clerkin	65	60	-	-	-	-	-	-	-	-	-	-	65	60
Vincent Crowley**	78	65	-	-	-	-	-	-	-	-	-	-	78	65
Emer Finnan	90	90	-	-	-	-	-	-	-	-	-	-	90	90
Stewart Gilliland***	179	68	-	-	-	-	-	-	-	-	-	-	179	68
Geoffrey Hemphill	65	51	-	-	-	-	-	-	-	-	-	-	65	51
Richard Holroyd	75	75	-	-	-	-	-	-	-	-	-	-	75	75
Breege O'Donoghue****	-	71	-	-	-	-	-	-	-	-	-	-	-	71
Helen Pitcher*	4	-	-	-	-	-	-	-	-	-	-	-	4	-
Sir Brian Stewart*****	80	230	-	-	-	-	-	-	-	-	-	-	80	230
Sub-total	640	710	-	-	-	-	-	-	-	-	-	-	640	710
Total	2,510	2,347	201	141	1,525	208	511	-	374	316	474	227	5,605	3,239

* Jill Caseberry and Helen Pitcher were appointed non-executive Directors on 7 February 2019.
** Vincent Crowley was Chairman of the Remuneration Committee from 5 July 2018 to 28 February 2019.
*** The fees paid to Stewart Gilliland for the year ending 28 February 2019 reflect his appointment as Chairman from July 2018 and his retirement as Chairman of the Remuneration Committee from that date.
**** Breege O'Donoghue retired as a Director and Chairman of the Remuneration Committee in December 2017.
***** Sir Brian Stewart retired as Chairman on 5 July 2018.

Details on the valuation methodologies applied are set out in Notes (a) to (f) below. The valuation methodologies are as required by the Regulations and are different from those applied within the financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Notes to Directors' Remuneration Table

(a) Salaries and fees

1. The amounts shown are the amounts earned in respect of the financial year.
2. In addition to the amounts shown above, 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 in both FY2018 and FY2019 of €91,550 to JBB in respect of brand development services provided by JBB to CCIP in relation to Belgian products. As part of Joris Brams termination agreement a further €91,550 was paid to JBB.

(b) Benefits

1. The Executive Directors received a cash allowance of 7.5% of base salary. The Group provided death-in-service cover of four times annual base salary and permanent health insurance (or reimbursement of premiums paid into a personal policy). Stephen Glancey and Kenny Neison also availed of medical insurance under a Group policy. The Group also provided Jonathan Solesbury with a temporary monthly relocation allowance of 12.5% of base salary which was payable up to February 2019.

(c) Annual Bonus

1. The amounts shown are the total bonus earned under the annual bonus scheme in respect of the financial year under review.
2. For the year ended 28 February 2019, the annual bonus for Executive Directors was based on performance against a Group adjusted operating profit target (75%) and a cash conversion target (25%). The maximum bonus opportunity was 80% of salary.

   Target bonus was 30% of salary (37.5% of the maximum opportunity) below which there are no payouts. Further details of how the bonuses earned relate to performance are provided in the table below.

(d) Long term incentives

1. The amounts shown in respect of long term incentives are the values of awards where final vesting is determined as a result of the achievement of performance measures or targets relating to the financial year and is not subject to achievement of further measures or targets in future financial years.
2. In respect of these awards granted in July 2016 to Stephen Glancey and Joris Brams in respect of the LTIP (Part I) and ESOS, the performance conditions for these awards are detailed in note 4 (Share-Based Payments). Details of the extent to which the performance measures were met are set out below.

LTIP

The performance measures for the measures granted in May 2016 were met and the awards vested between threshold and maximum as set out below:-

- EPS growth achieved – 38.9% Award Vested – 13%;
- FCF Conversion achieved – 48.3% Award Vested – 16.1%;
- ROCE achieved – 100% - Award Vested – 33.3% - Total Vested – 62.4%.

ESOS

The performance measures for the measures granted in May 2016 were met and the awards vested between threshold and maximum as set out below:-

- EPS growth achieved – 3.92% Award Vested – 65.4%;

(e) Pensions related benefits

No Executive Director accrued any benefits under a defined benefit pension scheme. Under their service contracts, Executive Directors, other than Joris Brams, received a cash payment of 25% of base salary in order to provide their own pension benefits as disclosed in column (e) of the table.

(f) Termination Payments

Joris Brams stepped down as Managing Director, International Division with effect from 28 February 2019 and both his employment and appointment as a Director terminated on that date. Details of payments made to Joris Brams in connection with the termination of his employment are set on pages 68 and 70.

Measure	Performance Targets 'Target'* (37.5% outturn)	'Maximum'(100% outturn)	Actual Performance	Bonuses outturn	Bonuses earned (percentage of salary)
Adjusted Operating Profit (75%)	€85-€88 million	10% above target	19.7% above target	Full pay-out	For FY 2019, Adjusted Operating Profit exceeded the maximum target resulting in a bonus of 60% of salary (75% of the maximum opportunity).
Cash Conversion (25%)	65%	75%	81%	Full pay-out	For FY 2019, cash conversion element of the bonus exceeded the maximum target resulting in a bonus of 20% of salary (25% of the maximum opportunity).

Directors' Remuneration Committee Report
(continued)

Additional Information

Fees from external appointments
The Board released Joris Brams to serve on the board of Democo as a non-executive Director. He received and retained an annual fee of €5,000 in FY2019 in respect of this role.

Payments to Former Directors
Save as set out in this section, there were no payments to former Directors during the year.

Payments for Loss of Office
Sir Brian Stewart retired from the Board after the AGM on 5 July 2018. He was paid his fee to date of departure, and did not receive any payment for loss of office.

Joris Brams stepped down as Managing Director, International Division with effect from 28 February 2019 and both his employment and appointment as a Director of the Company terminated on that date. Joris Brams' remuneration for 2019 is disclosed in the Single Total Figure of Remuneration table on page 68 and below.

As he was employed for the entirety of FY2019, Joris Brams was entitled to receive a bonus in respect of the year ending 28 February 2019, calculated by reference to the performance targets that applied to the 2019 bonus plan. This bonus will be paid in the normal way in June 2019. Having been made redundant, Joris Brams was treated as a good leaver and retained awards granted to him under the ESOS and LTIP 2015 (Part 1) under the terms of the respective schemes. These awards will vest on the normal vesting date, to the extent the performance conditions are met, and will be pro-rated to reflect the proportion of the vesting period which has elapsed on the date his employment terminated.

The arrangements made in respect of Sir Brian Stewart's retirement from the Board and the termination of Joris Brams' employment are in line with the Remuneration Policy approved by shareholders at the 2018 AGM.

Directors' Shareholdings and Share Interests

Shareholding guidelines
Executive Directors are required to build up (and maintain) a minimum holding of shares in the Company. The CEO is expected to maintain a personal shareholding of at least two times' salary. For the other Executive Directors, this has been set at one times' salary. Executive Directors are expected to retain 50% of the after tax value of vested share awards until at least the shareholding guideline has been met.

Directors' Interests in Share Capital of the Company (Audited)
The beneficial interests, including family interests, of the Directors and the Company Secretary in office at 28 February 2019 in the share capital of the Company are detailed below:

	28 February 2019 Total	1 March 2018 (or date of appointment if later) Total
Directors		
Joris Brams	91,477	91,477
Jill Caseberry	-	-
Jim Clerkin	33,000	-
Vincent Crowley	10,000	10,000
Emer Finnan	5,191	5,000
Stephen Glancey	4,223,586	4,193,586
Stewart Gilliland	57,000	12,000
Geoffrey Hemphill	-	-
Richard Holroyd	68,241	51,921
Helen Pitcher	-	-
Andrea Pozzi	66,460	66,436
Jonathan Solesbury	50,000	-
Total	4,604,955	4,430,420

Jim Thompson joined the Board as a non-executive Director on 1 March 2019. Jim Thompson Holds 136,780 ordinary shares in the Company.

Company Secretary		
Mark Chilton*	-	-

*On the 7 and 8 March 2019 Mark Chilton purchased 17,587 ordinary shares in the Company.

There were no other changes in the above Directors' or the Company Secretary's interests between 28 February 2019 and 22 May 2019.

The Directors and Company Secretary have no beneficial interests in any Group subsidiary or joint venture undertakings.

Share incentive scheme interests awarded during year

The table below sets out the scheme interests awarded to Executive Directors' and the Company Secretary during the year ended 28 February 2019, each of which is subject to performance conditions as set out below measured over a performance period from 1 March 2018 to 28 February 2021.

Executive Director	Type of award	Maximum opportunity	Number of shares	Face value (at date of grant)3	% of maximum opportunity vesting at threshold
Stephen Glancey	ESOS[1]	150% of base salary	342,145	1,023,014	N/A[1]
Stephen Glancey	LTIP[2]	100% of base salary	207,991	683,250	25%
Stephen Glancey	LTIP[2]	100% of base salary	228,097	682,010	25%
Joris Brams	ESOS[1]	150% of base salary	187,384	560,278	N/A[1]
Joris Brams	LTIP[2]	100% of base salary	124,923	373,520	25%
Andrea Pozzi	ESOS[1]	150% of base salary	166,268	497,141	N/A[1]
Andrea Pozzi	LTIP[2]	100% of base salary	110,845	331,427	25%
Jonathan Solesbury	ESOS[1]	150% of base salary	243,669	728,570	N/A[1]
Jonathan Solesbury	LTIP[2]	100% of base salary	162,446	485,714	25%

(1) The ESOS awards were granted in the form of market value share options over €0.01 ordinary shares in the Company. The ESOS awards have an exercise price of €2.99 per share being the closing price on the dealing day before the date of grant and are subject to the following performance condition.

(2) The LTIP awards were granted in the form of nil cost options over €0.01 ordinary shares in the Company.

(3) The face value of awards is based on the number of shares under award multiplied by the closing share price on the date of grant being €2.99 for Andrea Pozzi, Joris Brams and Jonathan Solesbury. Stephan Glancey was awarded LTIP awards in May 2018 and January 2019. The face value of these awards is based on the closing share price on both days being €2.99 and €3.285.

Directors' Interests in Options (Audited)

Interests in options over ordinary shares of €0.01 each in the Company

	Date of grant	Exercise price	Scheme	Exercise period	Total at 1 March 2018 (or date of appointment if later)	Awarded in year	Exercised in year	Lapsed in year	Total at 28 February 2019
Directors									
Joris Brams	12/5/16	€0.00	LTIP	12/5/19–11/5/26	88,474				88,474
	12/5/16	€4.18	ESOS	12/5/19–11/5/26	132,711				132,711
	1/6/17	€0.00	LTIP	1/6/20–31/5/27	109,858				109,858
	1/6/17	€3.40	ESOS	01/6/20–31/5/27	164,788				164,788
	31/5/18	€0.00	LTIP	31/5/21–30/5/28	NIL	124,923			124,923
	31/5/18	€2.99	ESOS	31/5/21–30/5/28	NIL	187,384			187,384
				Total	**495,831**	**312,307**			**808,138**
Stephen Glancey	12/5/16	€0.00	LTIP	12/5/19–11/5/26	178,891				178,891
	12/5/16	€4.18	ESOS	12/5/19–11/5/26	268,337				268,337
	1/6/17	€0.00	LTIP	1/6/20–31/5/27	201,434				201,434
	1/6/17	€3.40	ESOS	1/6/20–31/5/27	302,152				302,152
	31/5/18	€0.00	LTIP	31/5/21–30/5/28	NIL	228,097			228,097
	31/5/18	€2.99	ESOS	31/5/21–30/5/28	NIL	342,145			342,145
	31/1/19	€3.285	LTIP	31/1/24–30/1/29	NIL	207,991			207,991
				Total	**950,814**	**778,233**			**1,729,047**
Andrea Pozzi	21/5/14	€0.00	R&R	21/5/17–20/5/21	4,360				4,360
	29/10/15	€0.00	R&R	17/5/17–28/10/22	7,128				7,128
	1/6/17	€0.00	LTIP	1/6/20–31/5/27	97,888				97,888
	1/6/17	€3.40	ESOS	1/6/20–31/5/27	146,833				146,833
	31/5/18	€0.00	LTIP	31/5/21–30/5/28	NIL	110,845			110,845
	31/5/18	€2.99	ESOS	31/5/21–30/5/28	NIL	166,268			166,268
				Total	**256,209**	**277,113**			**533,322**
Jonathan Solesbury	13/11/17	€0.00	LTIP	13/6/20–12/6/27	164,140				164,140
	13/11/17	€2.93	ESOS	13/6/20–12/6/27	246,211				246,211
	31/5/18	€2.99	ESOS	31/5/21–30/5/28	NIL	243,669			243,669
	31/5/18	€0.00	LTIP	31/5/21–30/5/28	NIL	162,446			162,446
				Total	**410,351**	**406,115**			**816,466**
Mark Chilton	11/2/19	€0.00	LTIP	11/2/24–10/2/29	Nil	86,334			86,334
				Total	**NIL**	**86,334**			**86,334**

Key: ESOS – Executive Share Option Scheme; LTIP – Long Term Incentive Plan approved in 2015

Directors' Remuneration Committee Report
(continued)

Nominal price was paid for any award of options. The price of the Company's ordinary shares as quoted on the Irish Stock Exchange at the close of business on 28 February 2019 was €3.06 (28 February 2018 €2.89). The price of the Company's ordinary shares ranged between €2.60 and €3.565 during the year.

There was no movement in the interests of the Directors in options over the Company ordinary shares between 28 February 2019 and 22 May 2019.

Statement of Shareholder Voting

The Company is committed to ongoing shareholder dialogue and takes shareholder views into consideration when formulating remuneration policy and practice. To the extent there are substantial numbers of votes against resolutions in relation to directors' remuneration, the Company will seek to understand the reasons for any such vote and will provide details of any actions in response to such a vote.

The following table sets out the votes at our most recent AGMs in respect of the Report and the votes at the 2018 AGM in relation to the Policy.

Directors' Remuneration Report

AGM	For	against	withheld
2018	230,075,635	521,561	557,974

Directors' Remuneration Policy

AGM	FOR	Against	Withheld
2018	230,550,915	46,281	557,974

Governance

The Committee has defined Terms of Reference which can be found in the Investor Centre section of the Group's website. A copy may be obtained from the Company Secretary.

Remuneration Committee Membership and Meeting Attendance

The following non-executive Directors served on the Committee during the year:

Member	Member since	Number of Meetings Attended	Maximum Possible Meetings	% of Meetings Attended
Stewart Gilliland (Chairman) (retired 5 July 2018)	14 May 2012	2	2	100
Vincent Crowley* (Chairman)	21 March 2018	6	6	100
Richard Holroyd	13 January 2005	6	6	100
Emer Finnan	5 July 2018	4	4	100

* Vincent Crowley was Chairman of the Committee from 5 July 2018 to 28 February 2019. Helen Pitcher was appointed Chairman of the Committee from 1 March 2019.

All members of the Committee are and were considered by the Board to be independent.

Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 50 and 51. Their remuneration is set out earlier in this Report. The quorum necessary for the transaction of business is two, each of whom must be a non-executive Director. Only members of the Committee have the right to attend committee meetings, however, during the year, Sir Brian Stewart (the then Chairman), Stewart Gilliland (Chairman), Jill Caseberry (non-executive Director), Helen Pitcher (non-executive Director), Stephen Glancey (CEO) and the Group Director of Human Resources were invited to attend meetings (although never during the discussion of any item affecting their own remuneration or employment).

The Company Secretary is Secretary to the Committee.

Meeting Frequency and Main Activities in the Year

The Committee met six times during the year ended 28 February 2019 to:

- Approve the 2018 bonus;
- Approve the Report for the financial year ended 28 February 2018;
- Approve the Policy for the financial year ended 28 February 2018;
- Approve the 2018/19 Pay Award Strategy;
- Approve the 2018/19 bonus scheme;
- Approve the terms of Managing Director, International Division, Joris Bram's departure;
- Review achievement of the target set for the 2019 bonus;
- Review the Report for the 2019 financial year;
- Consider the 2019/20 Pay Award Strategy;
- Review Executive Directors' and other executives' remuneration packages;
- Approve the terms of the Chairman, Stewart Gilliland's appointment;
- Approve salary increases for the Executive Directors;
- Approve the size of LTIP and ESOS awards to Executive Directors;
- Consider, approve and adopt the performance conditions for 2018/21 and future PSP awards;
- Provide an update upon the Committee Chairman's meetings and conference calls with shareholders; and,
- Consider the bonus scheme for 2019/20.

Since 28 February 2019, the Remuneration Committee met on two occasions to:

- Approve the 2019 bonus;
- Approve the Report for the financial year ended 28 February 2019;
- Approve the 2019/20 Pay Award Strategy;
- Approve the 2019/20 bonus scheme; and,
- Recommend to the Board revisions to the Committee's Terms of Reference

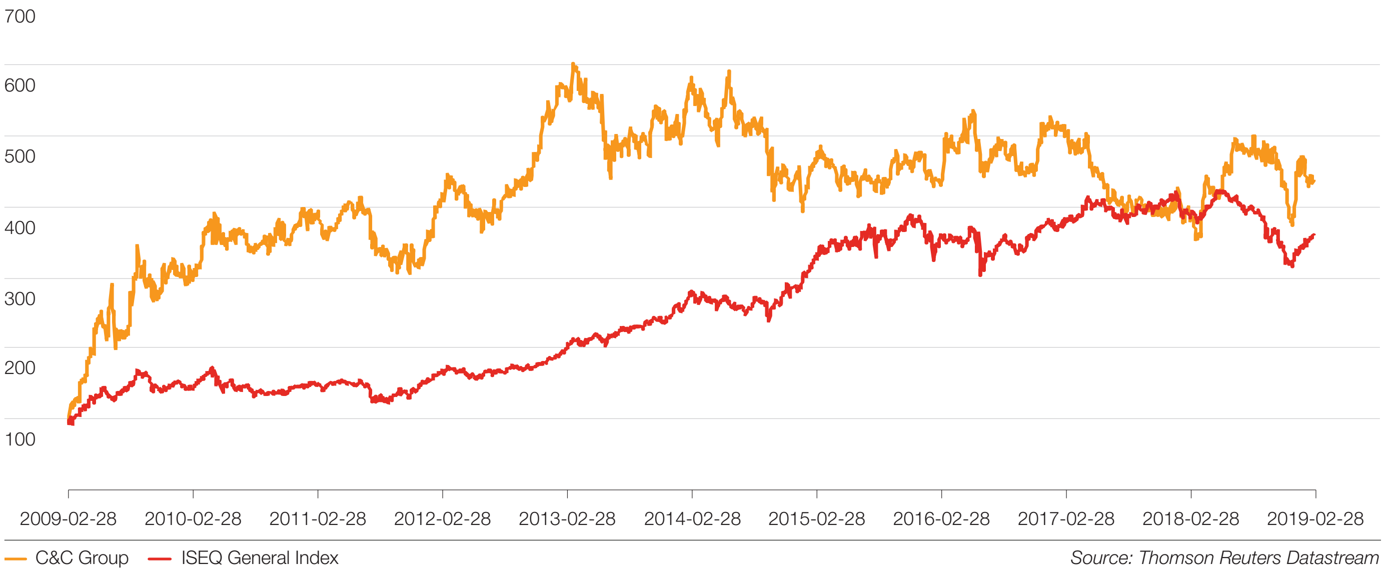
External Advisers

The Committee seeks and considers advice from independent remuneration advisers where appropriate. During the year ended 28 February 2019, the Committee obtained advice from Deloitte LLP. Deloitte's fees for this advice amounted to £11,850 charged on a time or fixed fee basis. Deloitte is one of the founding members of the Remuneration Consultants' Code of Conduct and adheres to this Code in its dealings. The Committee is satisfied that the advice provided by Deloitte is objective and independent. The Committee is comfortable that the Deloitte engagement team that provide remuneration advice to the Committee do not have connections with the Company that may impair their independence.

Performance graph and table (Unaudited)

This graph shows the value, at 28 February 2019, of €100 invested in the Company on 28 February 2009 compared to the value of €100 invested in the ISEQ All-Share Index. The relevant index has been selected as a comparator because the Company is a member of that index.

Total shareholder return



Source: Thomson Reuters Datastream

Directors' Remuneration Committee Report
(continued)

Chief Executive Officer

The following table sets out information on the remuneration of the Chief Executive Officer for the ten years to 28 February 2018:

		Total Remuneration €'000	Annual Bonus (as % of maximum opportunity)	Long term incentives vesting (as % of maximum number of shares)
FY2011	John Dunsmore	989	Nil	100%
FY2012	John Dunsmore (to 31/12/11)	1,126	75%	100%
FY2012	Stephen Glancey (from 1/1/12)	956	75%	100%
FY2013	Stephen Glancey	1,321	Nil	100%
FY2014	Stephen Glancey	1,152	18.75%	7%
FY2015	Stephen Glancey	980	Nil	Nil
FY2016	Stephen Glancey	1,230	25%	Nil
FY2017	Stephen Glancey	1,052	Nil	Nil
FY2018	Stephen Glancey	994	18%	Nil
FY2019	Stephen Glancey	1,777	100%	Nil

The amounts set out in the above table were translated from Sterling based on the average exchange rate for the relevant year.

John Dunsmore retired as Chief Executive Officer on 31 December 2011 and Stephen Glancey was appointed with effect from 1 January 2012, having previously been Chief Operating Officer. The salary, taxable benefits, annual bonus, long term incentives and pension figures are calculated for the period in office.

Change in CEO's remuneration

The table below sets out in relation to salary, taxable benefits, annual bonus, long term incentives and pension figures, the percentage change in remuneration for the Chief Executive Officer for the financial year ended 28 February 2019 compared with the previous financial year.

	Change in Total Remuneration	Change in Base Salary	Change in Taxable Benefits	Change in Annual Bonus
Chief Executive Officer	79%	Nil	Nil	See note*

*The Chief Executive received a bonus of 80% of salary in FY2019 and a bonus of 14.4% in FY2018.

Employees' Pay Comparison

Information on employee remuneration is given in note 3 to the financial statements. The ratio of the average remuneration of executive Directors to the average remuneration of the employees of the Group (excluding Directors) was 26:1 (FY2018 17:1).

This report was approved by the Board and signed on its behalf by

Helen Pitcher OBE
Chairman of the Remuneration Committee
22 May 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU, and have elected to prepare the Company financial statements in accordance with Irish Law and accounting standards issued by the Financial Reporting Council (Irish Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

Under Irish Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the group and parent company as at the end of the financial year, and the profit or loss for the Group for the financial year, and otherwise comply with Companies Act 2014.

In preparing each of the Group and Company financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Group financial statements comply with IFRS as adopted by the EU and as regards the Company, comply with FRS 101 together with the requirements of Irish Company Law; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/EC0) Regulations 2007 and the Transparency rules of the Central Bank of Ireland to include a management report containing a fair review of the business and the position of the Group and the parent Company and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company, and which will enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS as adopted by the European Union and comply with the provisions of Irish Company Law, and, as regards to the Group financial statements, Article 4 of the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005 (the 'IAS Regulation'). They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have appointed appropriate accounting personnel, including a professionally qualified Finance Director, in order to ensure that those requirements are met.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website ('www.candcgroupplc.com'). Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement As Required By The Transparency Directive And UK Corporate Governance Code

Each of the Directors, whose names and functions are listed on pages 50 and 51 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- So far as they are aware, there is no relevant audit information of which the company's statutory auditors are unaware;
- They have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.
- The Group Financial Statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with FRS 101 give a true and fair view of the assets, liabilities, financial position of the Group and Company at 28 February 2019 and of the profit or loss of the Group for the year then ended;
- The Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Signed
On behalf of the Board

Stewart Gilliland
Chairman
22 May 2019

Stephen Glancey
Group Chief Executive Officer

Independent Auditor's Report
to the Members of C&C Group Plc

Opinion

We have audited the financial statements of C&C Group plc ('the Company') and its subsidiaries ('the Group') for the year ended 28 February 2019, which comprise

- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Balance Sheet and the Company Balance Sheet as at 28 February 2019;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and
- the notes forming part of the financial statements, including the Statement of Accounting Policies set out on pages 93 to 105.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements as applied in accordance with the provisions of the Companies Act 2014 and Accounting Standards including FRS 101 Reduced Disclosure Framework (Irish Generally Accepted Accounting Practice).

In our opinion:

- the Group's financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 28 February 2019 and of the Group's profit for the year then ended;
- the Company Balance Sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 28 February 2019;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with Irish Generally Accepted Accounting Practice; and
- the Group financial statements and the Company financial statements have been prepared in accordance with the requirements of the Companies Act 2014, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview of our audit approach

Key audit matters	• Impairment assessment of goodwill and intangible brand assets • Assessment of the valuation of property, plant and equipment (PP&E) • Revenue recognition • In relation to the current year acquisition of Matthew Clark and Bibendum ("MCB") the appropriateness and completeness of the purchase price allocation; and in relation to the prior year acquisition of the interest in Brady P&C (trading as "Admiral Taverns") the appropriateness of the finalisation of the 2018 provisional purchase price allocation • MCB's internal controls in respect of supplier statement reconciliations, in particular in respect of the opening book value of trade payables assumed at acquisition
Audit scope	• We performed an audit of the complete financial information of 9 components and performed audit procedures on specific balances for a further 11 components • We performed specified procedures at a further 2 components that were determined by the Group audit team in response to specific risk factors • The components where we performed either full or specific audit procedures accounted for 98.5% of the Group's Profit before tax from continuing operations, 97.7% of the Group's Revenue and 98.9% of the Group's Total Assets • 'Components' represent business units across the Group considered for audit scoping purposes.
Materiality	• Overall Group materiality was assessed to be €4.5m million which represents approximately 5% of the Group's Profit before tax from continuing operations.

What has changed?	• In the current year, our auditor's report includes new key audit matters in relation to:
	  ◦ the purchase price allocation in connection with the current year MCB acquisition and the prior year acquisition of the interest in Admiral Taverns; and
	  ◦ MCB's internal controls over supplier statement reconciliations, principally at the date of acquisition.
	• In the prior year, our auditor's report included a key audit matter in relation to first year audit transition, which is no longer applicable in the current year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: our overall audit strategy, the allocation of resources in the audit and directing of the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our response to the key audit matter	Key observations communicated to the Audit Committee
Impairment assessment of goodwill & intangible brand assets (2019: €683.7m, 2018: €541.1m) The Group holds significant amounts of goodwill & intangible brand assets on the balance sheet. The annual impairment testing was significant to our audit because of the financial quantum of the assets it supports as well as the fact that the testing relies on a number of critical judgements, estimates and assumptions by management. Judgemental aspects include CGU determination for goodwill purposes, assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, all of which may be subject to management override. Refer to the Audit Committee Report (page 55); Accounting policies (page 93 to 105); and note 12 of the Consolidated Financial Statements (pages 131 to 136).	Valuations specialists within our team performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates, principally risk-free rates, country risk premia and inflation rates. We challenged the determination of the Group's 6 cash-generating units ('CGUs'), and flexed our audit approach relative to our risk assessment and the level of excess of value-in-use over carrying amount in each CGU for goodwill purposes and in each model for the impairment assessment for intangible brand assets. For all models, we assessed the historical accuracy of management's estimates, corroborated key assumptions and benchmarked growth assumptions to external economic forecasts. We challenged management's sensitivity analyses and performed our own sensitivity calculations to assess the level of excess of value-in-use over the goodwill and intangible brand carrying amount and whether a reasonable possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities. The above procedures were performed by the Group audit team.	We completed our planned audit procedures and communicated our observations which included, for each CGU and intangible brand model: • where the discount rate lay within an acceptable range • the headroom level • analysis of the 5 year forecast EBIT growth rate when viewed against the prior year and current year actual growth • the results of our sensitivity analysis.

Independent Auditor's Report
to the Members of C&C Group plc (continued)

Key Audit Matter	Our response to the key audit matter	Key observations communicated to the Audit Committee
Assessment of the valuation of property, plant and equipment (PP&E) (2019: €144.5m, 2018: €135.2m) The Group carries its land and buildings at estimated fair value, its plant and machinery using a depreciated replacement cost approach and motor vehicles and other equipment at cost less accumulated depreciation and impairment losses. During the year, all land and buildings and plant and machinery were internally valued by the Directors. In the prior year, all such assets except those in the US (subject to an internal valuation) were subject to independent expert valuations. We considered the valuation of these assets to be a risk area due to the size of the balances and the lack of comparable market data and observable inputs such as market based assumptions, plant replacement costs and plant utilisation levels due to the specialised nature of the Group's assets. The valuation of PP&E involves significant judgement and therefore is susceptible to management override. Refer to the Audit Committee Report (page 55); Accounting policies (pages 93 to 105); and note 11 of the Consolidated Financial Statements (pages 126 to 130).	We inspected the internally prepared reports in order to assess the integrity of the data and key assumptions underpinning the valuations. Our specialist valuation team performed an independent assessment on the reasonableness of the key assumptions and judgements underlying the valuations. We corroborated the key assumptions and considered consistency to market data and observable inputs. We considered the adequacy of management's disclosures in respect of the valuation and whether the disclosures appropriately communicate the underlying sensitivities. The above procedures were performed predominantly by the Group audit team.	Our observations included an overview of the risk, outline of the procedures performed, the judgements we focused on and the results of our testing. We communicated to the Audit Committee our observations on the independent desktop valuation of PP&E. Consistent with the previous year, we also communicated to the Audit Committee our views on the reassessment of residual useful lives for plant and machinery and specifically, the need to improve application of revised useful lives in calculating and applying depreciation in periods intervening the independent valuations to ensure the valuation of PP&E does not become materially misstated in future periods.

Key Audit Matter	Our response to the key audit matter	Key observations communicated to the Audit Committee
Revenue recognition (2019: €1,574.9m, 2018: €548.2m) The Group generates revenue from a variety of geographies and across a large number of separate legal entities spread across the Group's four business segments. The Group's revenue particularly on supply, complex and non-standard customer contracts agreements may not have been accounted for correctly. In this regard we focused our risk on revenue generated in connection with certain of the Group's arrangements with third parties entered into in order to utilise excess capacity and other material complex arrangements with customers. In addition, we also focused procedures on MCB (acquired on 4 April 2018) which is a distribution and wholesale business that has a significant number of transactions and contracts with customers which are relatively complex with discounts and agreements with marketing contributions Revenue is an important element of how the Group measures its performance, and revenue recognition is therefore inherently susceptible to the risk of management override. Refer to the Audit Committee Report (page 55); Accounting policies (pages 93 to 105); and note 1 of the Consolidated Financial Statements (pages 106 to 109).	We considered the appropriateness of the Group's revenue recognition accounting policies; in particular, those related to supply, complex and non-standard customer contracts. For the purpose of our audit, the procedures we carried out included the following: • We have evaluated the systems and key controls, designed and implemented by Management, related to revenue recognition • We considered the appropriateness of the Group's revenue recognition policy and assessed Managements documentation for the effect of implementing IFRS 15 *Revenue from Contracts with Customers* • We discussed with Management the key assumptions, estimates and judgements related to recognition, measurement and classification of revenue • In addition, we performed substantive procedures. We have discussed and tested significant and complex customer contracts, discount calculations and the treatment of marketing contribution to determine whether accounting policies are applied correctly. We performed procedures to assess the existence of other commitments, obligations or onerous contracts arising from these arrangements • We performed journal entry testing of revenue transactions and verification of proper cut-off at year-end • We assessed the adequacy of the disaggregated revenue disclosures contained in Note 1: Segment Reporting.	Our observations included an overview of the risk, outline of the procedures performed, the judgements we focused on and the results of our testing. We communicated to the Audit Committee our assessment of the accounting for complex arrangements in accordance with IFRS 15 *Revenue from Contracts with Customers*. We assessed management's conclusion around the existence of other commitments, obligations or onerous contracts arising from these arrangements. We commented on our procedures conducted on IFRS 15 implementation, including the adjustment identified by management whereby revenue is recognised under IFRS 15 where all performance obligations have been met and the Group has an enforceable right to payment. The adjustment resulted in an additional €2.4m in revenue being recognised in 2019 in respect of certain contract brewing and bottling arrangements. As a broadly similar amount was recognised as cost of sales, the impact on the Group operating profit was immaterial.

Independent Auditor's Report
to the Members of C&C Group plc (continued)

Key Audit Matter	Our response to the key audit matter	Key observations communicated to the Audit Committee
In relation to the current year acquisition of MCB the appropriateness and completeness of the purchase price allocation; and in relation to the prior year acquisition of the interest in Brady P&C (trading as "Admiral Taverns") the appropriateness of the finalisation of the 2018 provisional purchase price allocation During the year, the Group acquired 100% of the issued share capital in MCB for £1. This acquisition including the required purchase price allocation has a significant impact on the consolidated financial statements for 2019. In addition, during the year the provisional accounting for C&C's investment in Admiral Taverns was finalised within the measurement period. The purchase price allocations for these acquisitions are based on a number of management assumptions and estimates related to the measurement of all acquired assets and liabilities at fair value. Refer to the Audit Committee Report (page 55); Accounting policies (pages 93 to 105); and notes 10 and 13 of the Consolidated Financial Statements (pages 121 to 125 and 137 to 138 respectively).	For the purpose of our audit, the procedures we carried out included the following in respect of the MCB acquisition: • We corroborated the purchase price allocations made including assessing whether the assumptions and estimates made by management are reasonable and documented • We have assessed the fair value of the consideration paid and that the accounting treatment is in line with IFRS *3 Business Combinations* • We have reconciled the purchase price allocation to supporting documentation including share purchase agreements, calculations of fair value of brands and other intangibles, and opening balances from the acquired group • In assessing the assumptions and estimates as well as the fair value calculations, we have involved our internal valuation specialists. We tested and challenged the valuation models prepared by the Group for the separately identified intangible assets by: comparing the key assumptions against available market data; and testing key data inputs to source records. In respect of the investment in Admiral Taverns, we performed the following procedure: • discussions and review of the adjustments made with Group Finance and our component team in respect of the pertinent information connected with the finalisation of the purchase price allocation • In addition, we have evaluated the appropriateness of the disclosures included within the Group financial statements relating to the acquisitions completed during the year and the finalisation of the fair value accounting within the 12 month measurement period for investments completed during the prior year.	Our observations included an overview of the risk, outline of the procedures performed, the judgements we focused on and the results of our testing. We communicated to the Audit Committee the appropriateness of the valuation methodologies applied and our assessment of management's conclusion in relation to the intangible assets identified in accordance with IAS 38. We also highlighted our assessment of the Group's financial statement disclosures in relation to business combinations and their appropriateness. We communicated the outcome of our work on the finalisation of the provisional purchase price allocation in respect of the acquisition of the interest in Admiral Taverns and the adequacy of the Group's disclosures in Note 13.

Key Audit Matter	Our response to the key audit matter	Key observations communicated to the Audit Committee
MCB's internal controls in respect of supplier statement reconciliations, in particular in respect of the opening book value of trade payables assumed at acquisition We identified that MCB's internal controls over the supplier statement reconciliation process in respect of purchases of stock from suppliers as an area of focus, as we consider internal controls over suppliers as a basis for designing our procedures over this area of audit focus. In instances where accounting procedures, associated IT and process level controls are not designed and/or operating effectively, there are risks associated with completeness and existence of supplier balances to which we need to tailor and extend our audit procedures.	Our component team performed audit procedures on the locally established process level controls of MCB, including the diverse information technology landscape. Our component team performed the following procedures on both the opening balance sheet at the date of acquisition and at 28 February 2019: • walkthrough of the purchase process to gain an understanding of the process and to identify relevant controls • based on our risk assessment, we substantively selected a sample of suppliers for reconciliation and traced reconciling items to supporting documentation while also assessing MCB's treatment of the reconciling items.	We communicated our observations on internal controls over supplier statement reconciliations to the Group's Audit Committee. Where deemed necessary, we mitigated the effect of internal control observations by testing alternative controls or by extending our substantive audit procedures, in particular in respect of such balances at the date of acquisition. Overall, we obtained sufficient and appropriate evidence in response to the related supplier statement reconciliation risk.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be €4.5 million (2018: €3.5 million) which is approximately 5% of Profit before tax (2018: 5% of Profit before tax) from continuing operations. We believe that Profit before tax provides us with the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Company to be €4.5 million (2018: €3.5 million), which is approximately 5% (2018: 5%) of Group profit before tax.

During the course of our audit, we reassessed initial materiality and considered that no further changes to materiality were necessary.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality (2018: 50% of our planning materiality) namely €2.25 million (2018: €1.75 million). We have set performance materiality at this percentage based on our assessment of the risk of misstatements, both corrected and uncorrected, consistent with the prior year.

Independent Auditor's Report
to the Members of C&C Group plc (continued)

Reporting threshold

The reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €0.225 million (2018: €0.175 million), which is set at 5% of planning materiality (2018: 5% of planning materiality), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Consolidated Financial Statements.

In determining those components in the Group to which we perform audit procedures, we utilised size and risk criteria when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 20 (2018: 18) components covering entities across Ireland, UK and the US which represent the principal business units within the Group.

Of the 20 (2018: 18) components selected, we performed an audit of the complete financial information of 9 (2018: 8) components ('full scope components') which were selected based on their size or risk characteristics. For the remaining 11 (2018: 10) components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

In addition to the 20 components discussed above, we selected a further 2 (2018: 0) components where we performed procedures at the component level that were specified by the Group audit team in response to specific risk factors.

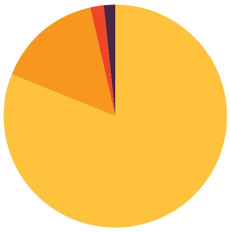
The reporting components where we performed audit procedures accounted for 98.5% (2018: 98.5%) of the Group's Profit before tax, 97.7% (2018: 98.7%) of the Group's Revenue and 98.9% (2018: 99.5%) of the Group's Total Assets.

For the current year, the full scope components contributed 81.3% (2018: 81.1%) of the Group's Profit before tax, 90.7% (2018: 96.5%) of the Group's Revenue and 89.6% (2018: 96.2%) of the Group's Total Assets. The specific scope components contributed 15.3% (2018: 17.4%) of the Group's Profit before tax, 5.6% (2018: 2.2%) of the Group's Revenue and 3.1% (2018: 3.3%) of the Group's Total Assets. The components where we performed specified procedures that were determined by the Group audit team in response to specific risk factors contributed 1.9% (2018: 0%) of the Group's Profit before tax, 1.4% (2018: 0%) of the Group's Revenue and 6.2% (2018: 0%) of the Group's Total Assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant risks tested for the Group.

Of the remaining components, which together represent 1.5% (2018: 1.5%) of the Group's Profit before tax, none are individually greater than 5% (2018: 5%) of the Group's Profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Consolidated Financial Statements.

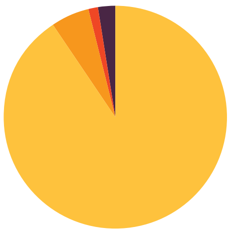
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax



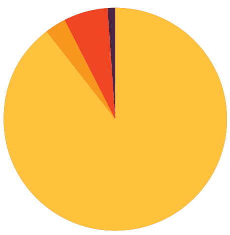
81.3%	Full scope components
15.3%	Specific scope components
1.9%	Specified procedures
1.5%	Other procedures

Revenue



90.7%	Full scope components
5.6%	Specific scope components
1.4%	Specified procedures
2.3%	Other procedures

Total Assets



89.6%	Full scope components
3.1%	Specific scope components
6.2%	Specified procedures
1.1%	Other procedures

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY network firms operating under our instruction. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (Ireland) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report (set out on page 13 to 17) that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation (set out on page 17) in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group and the parent company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement (set out on page 17) in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 6.8.3(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation (set out on page 17) in the Annual Report as to how they have assessed the prospects of the Group and the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report
to the Members of C&C Group plc (continued)

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:
- *Fair, balanced and understandable* (set out on page 57) – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* (set out on pages 55 to 58) - the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee is materially inconsistent with our knowledge obtained in the audit; or
- *Directors' statement of compliance with the UK Corporate Governance Code* (set out on page 52) – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 6.8.6 do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:
- in our opinion, the information given in the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, is consistent with the financial statements; and
- in our opinion, the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, has been prepared in accordance with the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company Balance Sheet is in agreement with the accounting records.

Matters on which we are required to report by exception
Based on the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

The Listing Rules of the Irish Stock Exchange require us to review:
- the Directors' statement, set out on page 17, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 52 to 54relating to the Company's compliance with the provisions of the UK Corporate Governance specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors on Directors' remuneration.

Respective responsibilities
Responsibilities of Directors for the financial statements
As explained more fully in the Directors' Responsibilities Statement set out on page 75, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group across the various jurisdictions globally in which the Group operates. We determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance.
- We understood how the Group is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of the Group's Compliance Policy, board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any noncompliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of internal general counsel and management.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit Committee following the AGM held on 6 July 2017 to audit the financial statements for the year ending 28 February 2018 and subsequent financial periods.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

Our audit opinion is consistent with our report to the Audit Committee.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Pat O'Neill
for and on behalf of
Ernst & Young
Chartered Accountants and Statutory Audit Firm
Dublin

22 May 2019

Consolidated Income Statement
For the financial year ended 28 February 2019

	Notes	Year ended 28 February 2019 Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Year ended 28 February 2018 Before exceptional items €m	Exceptional items as restated (note 5) €m	Total as restated €m
Revenue	1	**1,997.3**	**-**	**1,997.3**	813.5	-	813.5
Excise duties		**(422.4)**	**-**	**(422.4)**	(265.3)	-	(265.3)
Net revenue	1	**1,574.9**	**-**	**1,574.9**	548.2	-	548.2
Operating costs	2	**(1,470.4)**	**(7.8)**	**(1,478.2)**	(462.1)	(7.0)	(469.1)
Group operating profit/(loss)	1	**104.5**	**(7.8)**	**96.7**	86.1	(7.0)	79.1
Finance income	6	**0.1**	**-**	**0.1**	0.1	-	0.1
Finance expense	6	**(15.7)**	**-**	**(15.7)**	(8.2)	-	(8.2)
Share of equity accounted investments' profit/(loss) after tax	13	**4.0**	**(3.3)**	**0.7**	1.2	13.3	14.5
Profit/(loss) before tax		**92.9**	**(11.1)**	**81.8**	79.2	6.3	85.5
Income tax (expense)/credit	7	**(10.8)**	**1.1**	**(9.7)**	(11.3)	5.4	(5.9)
Group profit/(loss) for the financial year		**82.1**	**(10.0)**	**72.1**	67.9	11.7	79.6
Attributable to:							
Equity holders of the parent		**82.3**	**(10.0)**	**72.3**	67.9	11.7	79.6
Non-controlling interests		**(0.2)**	**-**	**(0.2)**	-	-	-
Group profit/(loss) for the financial year		**82.1**	**(10.0)**	**72.1**	67.9	11.7	79.6
Basic earnings per share (cent)	9			**23.4**			25.8
Diluted earnings per share (cent)	9			**23.4**			25.8

All of the results are related to continuing operations.

Consolidated Statement of Comprehensive Income

For the financial year ended 28 February 2019

	Notes	2019 €m	2018 as restated €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	6	**13.2**	(17.7)
Losses relating to cash flow hedges	22	**(1.8)**	-
Deferred tax asset relating to cash flow hedges	20	**0.3**	-
Share of equity accounted investments' Other Comprehensive Income	13	**7.1**	-
Gain on revaluation of property, plant & equipment	11	**-**	3.4
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial (loss)/gain on retirement benefits	21	**(3.6)**	16.8
Deferred tax credit/(charge) on actuarial (loss)/gain on retirement benefits	20	**0.3**	(2.8)
Gains transferred to inventory purchased during the year	22	**0.4**	-
Net profit/(loss) recognised directly within Other Comprehensive Income		**15.9**	(0.3)
Group profit for the financial year		**72.1**	79.6
Comprehensive income for the financial year		**88.0**	79.3
Attributable to:			
Equity holders of the parent		**88.2**	79.3
Non-controlling interests		**(0.2)**	-
Comprehensive income for the financial year		**88.0**	79.3

Consolidated Balance Sheet
As at 28 February 2019

ASSETS	Notes	2019 €m	2018 as restated €m
Non-current assets			
Property, plant & equipment	11	**144.5**	135.2
Goodwill & intangible assets	12	**683.7**	541.1
Equity accounted investments	13	**71.4**	61.7
Retirement benefits	21	**9.0**	4.8
Deferred income tax assets	20	**4.0**	1.7
Trade & other receivables	15	**25.7**	40.4
		938.3	784.9
Current assets			
Inventories	14	**184.1**	88.1
Trade & other receivables	15	**162.6**	79.9
Cash		**144.4**	145.5
		491.1	313.5
TOTAL ASSETS		**1,429.4**	1,098.4
EQUITY			
Capital and reserves			
Equity share capital	23	**3.2**	3.2
Share premium	23	**152.6**	143.4
Treasury shares	23	**(37.1)**	(37.3)
Other reserves	23	**96.4**	82.6
Retained income		**383.7**	355.0
Equity attributable to equity holders of the parent		**598.8**	546.9
Non-controlling interests		**(0.8)**	-
Total Equity		**598.0**	546.9
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	18	**390.8**	383.5
Retirement benefits	21	**12.2**	3.8
Provisions	17	**11.1**	7.8
Deferred income tax liabilities	20	**16.9**	11.2
		431.0	406.3
Current liabilities			
Derivative financial liabilities	22	**2.0**	-
Trade & other payables	16	**336.3**	132.7
Interest bearing loans & borrowings	18	**55.2**	-
Provisions	17	**4.6**	3.6
Current income tax liabilities		**2.3**	8.9
		400.4	145.2
Total liabilities		**831.4**	551.5
TOTAL EQUITY & LIABILITIES		**1,429.4**	1,098.4

On behalf of the Board

S Gilliland
Chairman Group

S Glancey
Chief Executive Officer

22 May 2019

Consolidated Cash Flow Statement

For the financial year ended 28 February 2019

	Notes	2019 €m	2018 as restated €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Group profit for the year		**72.1**	79.6
Finance income	6	**(0.1)**	(0.1)
Finance expense	6	**15.7**	8.2
Income tax expense	7	**9.7**	5.9
Profit on share of equity accounted investments	13	**(0.7)**	(14.5)
Impairment of property, plant & equipment		**0.4**	5.0
Depreciation of property, plant & equipment	11	**13.1**	14.0
Amortisation of intangible assets	12	**2.4**	0.3
Net profit on disposal of property, plant & equipment		**(0.1)**	(0.8)
Charge for equity settled share-based payments	4	**1.9**	0.9
Pension contributions paid plus amount credited to Income Statement	21	**0.7**	(2.2)
		115.1	96.3
Increase in inventories		**(34.2)**	(3.5)
Decrease in trade & other receivables		**137.2**	5.2
Decrease in trade & other payables		**(81.8)**	(6.8)
Decrease in provisions		**(2.2)**	(2.6)
		134.1	88.6
Interest received		**0.1**	0.1
Interest and similar costs paid		**(12.6)**	(6.5)
Income taxes paid		**(8.6)**	(5.9)
Net cash inflow from operating activities		**113.0**	76.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(19.0)**	(14.0)
Purchase of intangible assets		**(3.1)**	-
Net proceeds on disposal of property, plant & equipment		**0.1**	3.7
Acquisition of subsidiaries (net of cash acquired)	10	**-**	(10.3)
Cash outflow re acquisition of equity accounted investments	13	**-**	(44.2)
Net cash outflow from investing activities		**(22.0)**	(64.8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options/equity Interests		**0.2**	2.1
Drawdown of debt		**736.0**	86.8
Repayment of debt		**(786.2)**	(61.2)
Payment of issue costs		**(5.0)**	-
Shares purchased to satisfy share option entitlements		**(0.2)**	(0.1)
Shares purchased under share buyback programme		**(1.9)**	(33.1)
Dividends paid	8	**(36.0)**	(40.6)
Net cash outflow from financing activities		**(93.1)**	(46.1)
Decrease in cash		**(2.1)**	(34.6)
Reconciliation of opening to closing cash			
Cash at beginning of year		**145.5**	187.6
Translation adjustment		**1.0**	(7.5)
Net decrease in cash		**(2.1)**	(34.6)
Cash at end of financial year		**144.4**	145.5

A reconciliation of cash to net debt is presented in note 19 to the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 28 February 2019

	Equity share capital	Share premium	Other undenominated reserve	Cash flow hedge reserve	Capital 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	€m
At 28 February 2017	3.3	136.9	0.7	-	24.9	4.4	62.1	7.0	(38.0)	337.1	538.4	-	538.4
Profit for the financial year	-	-	-	-	-	-	-	-	-	79.6	79.6	-	79.6
Other comprehensive (expense)/income	-	-	-	-	-	-	(17.7)	3.4	-	14.0	(0.3)	-	(0.3)
Total comprehensive (expense)/ income	-	-	-	-	-	-	(17.7)	3.4	-	93.6	79.3	-	79.3
Dividends on ordinary shares (note 8)	-	4.4	-	-	-	-	-	-	-	(45.0)	(40.6)	-	(40.6)
Exercised share options (note 23)	-	1.4	-	-	-	-	-	-	-	-	1.4	-	1.4
Reclassification of share-based payments reserve	-	-	-	-	-	(3.0)	-	-	-	3.0	-	-	-
Joint Share Ownership Plan	-	0.7	-	-	-	(0.2)	-	-	0.7	(0.6)	0.6	-	0.6
Shares purchased under share buyback programme and subsequently cancelled (note 23)	(0.1)	-	0.1	-	-	-	-	-	-	(33.1)	(33.1)	-	(33.1)
Equity settled share-based payments (note 4)	-	-	-	-	-	0.9	-	-	-	-	0.9	-	0.9
Total transactions with owners	(0.1)	6.5	0.1	-	-	(2.3)	-	-	0.7	(75.7)	(70.8)	-	(70.8)
At 28 February 2018	**3.2**	**143.4**	**0.8**	**-**	**24.9**	**2.1**	**44.4**	**10.4**	**(37.3)**	**355.0**	**546.9**	**-**	**546.9**
Profit/(loss) for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**72.3**	**72.3**	**(0.2)**	**72.1**
Other comprehensive (expense)/income	**-**	**-**	**-**	**(1.1)**	**-**	**-**	**13.2**	**-**	**-**	**3.8**	**15.9**	**-**	**15.9**
Total comprehensive (expense)/ income	**-**	**-**	**-**	**(1.1)**	**-**	**-**	**13.2**	**-**	**-**	**76.1**	**88.2**	**(0.2)**	**88.0**
Dividends on ordinary shares (note 8)	**-**	**9.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(45.5)**	**(36.3)**	**-**	**(36.3)**
Reclassification of share-based payments reserve	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**-**	**-**	**-**	**0.2**	**-**	**-**	**-**
Sale of treasury shares/purchase of shares to satisfy employee share entitlements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**(0.2)**	**-**	**-**	**-**
Shares purchased under share buyback programme and subsequently cancelled (note 23)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.9)**	**(1.9)**	**-**	**(1.9)**
Non-controlling interests arising on acquisition (note 10)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**
Equity settled share-based payments (note 4)	**-**	**-**	**-**	**-**	**-**	**1.9**	**-**	**-**	**-**	**-**	**1.9**	**-**	**1.9**
Total transactions with owners	**-**	**9.2**	**-**	**-**	**-**	**1.7**	**-**	**-**	**0.2**	**(47.4)**	**(36.3)**	**(0.6)**	**(36.9)**
At 28 February 2019	**3.2**	**152.6**	**0.8**	**(1.1)**	**24.9**	**3.8**	**57.6**	**10.4**	**(37.1)**	**383.7**	**598.8**	**(0.8)**	**598.0**

Company Balance Sheet
As at 28 February 2019

	Notes	2019 €m	2018 €m
ASSETS			
Non-current assets			
Financial assets	13	**982.1**	980.2
Trade & other receivables	15	**-**	0.3
		982.1	980.5
Current assets			
Trade & other receivables	15	**346.2**	356.1
		346.2	356.1
TOTAL ASSETS		**1,328.3**	1,336.6
EQUITY			
Equity share capital	23	**3.2**	3.2
Share premium	23	**853.6**	844.4
Other reserves	23	**3.5**	1.8
Retained income		**116.6**	169.5
Total equity		**976.9**	1,018.9
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	18	**14.3**	-
		14.3	-
Current liabilities			
Interest bearing loans & borrowings	18	**10.2**	-
Trade & other payables	16	**326.9**	317.7
		337.1	317.7
Total liabilities		**351.4**	317.7
TOTAL EQUITY & LIABILITIES		**1,328.3**	1,336.6

As permitted by section 304 of the Companies Act 2014, the company is availing of the exemption from presenting its separate Income Statement in the Financial Statements and from filing it with the Registrar of Companies. The Company's loss for the financial year is €5.7m (2018: profit €56.2m). This includes dividends received from subsidiaries of €nil (2018: €60.0m).

On behalf of the Board

S Gilliland
Chairman Group

S Glancey
Chief Executive Officer

22 May 2019

Company Statement of Changes in Equity
For the financial year ended 28 February 2019

	Equity share capital €m	Share premium €m	Other undenominated reserve €m	Share-based payments reserve €m	Retained income €m	Total €m
Company						
At 28 February 2017	3.3	838.6	0.7	3.1	188.4	1,034.1
Profit for the year attributable to equity shareholders	-	-	-	-	56.2	56.2
Total	-	-	-	-	56.2	56.2
Dividend on ordinary shares (note 8)	-	4.4	-	-	(45.0)	(40.6)
Exercised share options (note 23)	-	1.4	-	-	-	1.4
Shares purchased under share buyback programme and subsequently cancelled (note 23)	(0.1)	-	0.1	-	(33.1)	(33.1)
Reclassification of share-based payments reserve	-	-	-	(3.0)	3.0	-
Equity settled share-based payments (note 4)	-	-	-	0.9	-	0.9
Total	(0.1)	5.8	0.1	(2.1)	(75.1)	(71.4)
At 28 February 2018	**3.2**	**844.4**	**0.8**	**1.0**	**169.5**	**1,018.9**
Loss for the year attributable to equity shareholders	**-**	**-**	**-**	**-**	**(5.7)**	**(5.7)**
Total	**-**	**-**	**-**	**-**	**(5.7)**	**(5.7)**
Dividend on ordinary shares (note 8)	**-**	**9.2**	**-**	**-**	**(45.5)**	**(36.3)**
Shares purchased under share buyback programme and subsequently cancelled (note 23)	**-**	**-**	**-**	**-**	**(1.9)**	**(1.9)**
Reclassification of share-based payments reserve	**-**	**-**	**-**	**(0.2)**	**0.2**	**-**
Equity settled share-based payments (note 4)	**-**	**-**	**-**	**1.9**	**-**	**1.9**
Total	**-**	**9.2**	**-**	**1.7**	**(47.2)**	**(36.3)**
At 28 February 2019	**3.2**	**853.6**	**0.8**	**2.7**	**116.6**	**976.9**

Statement of Accounting Policies

For the year ended 28 February 2019

Significant accounting policies

C&C Group plc (the 'Company') is a company incorporated and tax resident in Ireland. The Group's financial statements for the year ended 28 February 2019 consolidate the individual financial statements of the Company and all subsidiary undertakings (together referred to as "the Group") together with the Group's share of the results and net assets of equity accounted investments for the year ended 28 February 2019.

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 22 May 2019.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2019 are set out below. These have been applied consistently for all periods presented in these financial statements and by all Group entities.

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), as adopted by the EU and as applied in accordance with Companies Acts 2014. The individual financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101"). In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of Key Management Personnel.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 'Share-Based Payments' in respect of Group settled share-based payments.

Changes in accounting policies and disclosures

IFRSs as adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 28 February 2019. The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 28 February 2019:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*
- IFRIC 22 *Foreign Currency Transactions and Advanced Consideration*
- Amendments to IFRS 2 *Share-based Payments*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures*

While the new standards, interpretations and standard amendments did not result in a material impact on the Group's results, the nature and effect of the changes required by IFRS 9 and IFRS 15 are described below.

IFRS 9, Financial Instruments

IFRS 9 *Financial Instruments* introduces new classification and measurement criteria, along with a new expected credit loss model for calculating impairment of financial assets and new general hedge accounting requirements. The standard replaces existing guidance in *IAS 39 Financial Instruments: Recognition and Measurement.* The Group and Company implemented IFRS 9 on 1 March 2018

Financial asset classification

The new classification and measurement principles criteria introduces three classification categories: 'measured at amortised cost', 'fair value through Other Comprehensive Income' (FVOCI) and 'fair value through profit and loss' (FVPL), which replace the IAS 39 categories: 'loans and receivables', 'held to maturity', 'fair value through profit and loss' and 'available-for-sale'.

For the Group and Company, the classification requirements under IFRS 9 did not impact the measurement or carrying amount of financial assets, all financial assets will continue to be measured at amortised cost.

The Group and Company measures financial assets at amortised costs if both of the following conditions are met:

- The financial asset is held within a business model with the objective to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised costs includes trade receivables, advances to customers, cash and cash equivalents.

Statement of Accounting Policies
For the year ended 28 February 2018 (continued)

The Company's financial assets at amortised costs includes Intercompany receivables and cash and cash equivalents.

For advances to customers, the difference between the present value and the nominal amount at inception is treated as an advance of discount prepaid to customer, and is recognised in the Income Statement in accordance with the terms of the agreement. The discount rate used is based on the risk-free rate plus a margin, which takes into account the risk profile of the customer.

Hedge Accounting
At the date of adoption of IFRS 9, the Group did not have any open derivative contracts. During the financial year, the Group entered into derivative contracts in the form of a cash flow hedge and as such the Group accounted for the derivatives in line with IFRS 9.

Impairment of financial assets
IFRS 9 introduces a forward-looking expected credit losses model rather than the incurred loss model of IAS 39. For trade receivables, the Group and Company applies the simplified approach permitted by IFRS 9 *'Financial Instruments'*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Loss rates are determined based on grouping of trade receivables of similar credit risk characteristics or past due days.

For advances to customers, the Group applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition.

On each reporting date, the Group determines the impairment of advances to customers by assessing historical loss rates which estimates the credit losses over twelve months. Only cases where a significant increase in credit risk occurs, (e.g. a significant adverse change to payment pattern and/or customer ordering activities, change in credit rating, payment delays in other receivables from the customer) the credit losses over the lifetime of the asset are incurred.

The Group has concluded the impact of expected loss model on trade receivables and advances to customers is immaterial.

IFRS 15, Revenue from Contracts with Customers
The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Under IFRS 15, the Group recognises revenue in the amount of the price expected to be received for goods and services supplied at a point in time or over time, as contractual performance obligations are fulfilled and control of goods and services passes to the customer. Where revenue is earned over time as contractual performance obligations are satisfied, the percentage-of-completion method remains the primary method by which revenue recognition is measured.

The Group has adopted IFRS 15 from 1 March 2018, using the modified retrospective approach and has not restated the prior year comparatives on adoption. At the date of adoption, the Group assessed the impact on its Consolidated Financial Statements resulting from the application of IFRS 15.

The assessment resulted in an immaterial change for certain contract brewing and contract bottling arrangements, the performance obligation in such arrangements does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment (cost plus a margin) for performance completed to date. In these circumstances, revenue is recorded over time rather than at a point in time.

There was no material impact on the Group's revenue recognition as a result of transitioning to IFRS 15. In accordance with the requirements of IFRS 15, new disclosures outlining the disaggregation of revenue by primary geographic markets and principal activities are included in note 1 to the Consolidated Financial Statements.

IFRS and IFRIC interpretations being adopted in subsequent years
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2019, and have not been applied in preparing these consolidated financial statements.

These following new standards, amendments and interpretations are either not expected to have a material impact on the consolidated financial statements once applied or are still under assessment by the Group.

Accounting standard/interpretation (Effective date)
(a) Not expected to have a material impact on the consolidated financial statements:
- IFRIC 23 Uncertainty over Income Tax Treatments (1 January 2019)
- IAS 19 Employee Benefits (1 January 2019)
- IFRS 3 Business Combinations (1 January 2020)
- Disclosure initiative – Definition of Material (Amendments to IAS 1 and IAS 8) (1 January 2020)
- IFRS 17 Insurance Contracts (1 January 2022)

(b) Subject to ongoing assessment by the Group:
The Group has formed a number of project teams to evaluate and implement the following standards:

IFRS 16 Leases (effective for the Group's FY2020 consolidated financial statements)

IFRS 16 - Leases (effective for the year ending 28 February 2020) sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, it eliminates the classification of leases as either operating leases or finance leases individually, as currently required under IAS 17 and introduces a single lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months and to recognise depreciation of lease assets separately from interest on lease liabilities in the Income Statement.

All individually material leases will be recognised on the balance sheet as right of use assets and depreciated on a straight line basis over the lease term. The liability, will be measured at the present value of discounted lease payments and any interest will be charged to finance charges in the Income Statement. Therefore, the charge to the Income Statement for the operating lease payment will be replaced with depreciation on the right of use asset and the interest charge inherent in the lease liability.

The Group will implement IFRS 16 from 1 March 2019 by applying the modified retrospective method in which the right of use asset is measured at an amount equal to the lease liability, meaning that the comparative figures in the financial statements for the year ending 28 February 2020 will not be restated to show the impact of IFRS 16. No net cash flow impact is expected on application of IFRS 16, although the classification of cash flows will be affected as operating lease payments under IAS 17 are presented as operating cash flows, whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

The operating leases which will be recorded on the balance sheet following implementation of IFRS 16 are principally in respect of warehouses, office buildings, plant and machinery, cars and distribution vehicles. The group has decided to reduce the complexity of implementation to take advantage of a number of practical expedients on transition on 1 March 2019 namely:

(i) to apply the short term and low value recognition exemptions
(ii) to treat, wherever possible, non-lease components provided as an Income Statement item and only capitalise the lease payment amounts in respect of the asset.

As set out in note 24 – financial commitments of the Group had operating lease commitments totalling €116.0m at 28 February 2019.

On adoption of IFRS 16, assets and liabilities will be grossed up for the present value of the outstanding operating lease liabilities excluding low value assets and short term leases. The discounted value of outstanding operating lease liabilities will give rise to a right to use asset and associated lease liability which is estimated to be in the range of €90m - €102m as at 1 March 2019.

Basis of preparation

The Group and the individual financial statements of the Company are prepared on the going concern and historical cost basis, except for, retirement benefits, the revaluation of certain items of property, plant & equipment, share based payments at date of grant and derivative financial instruments. The accounting policies have been applied consistently by Group entities and for all periods presented.

The financial statements are presented in Euro millions to one decimal place.

Key accounting policies which involve estimates, assumptions and judgements

The preparation of the Consolidated Financial Statements in conformity with IFRSs as adopted by the EU requires management to make certain estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The critical accounting policies which involve significant estimates, assumptions or judgements, the actual outcome of which could have a material impact on the Group's results and financial position outlined below, are as follows:

Business combinations (note 10)

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Any goodwill that arises is tested annually for impairment or more frequently if there is an indication that the carrying amount may not be recoverable. Any gain on a bargain purchase is recognised in the Income Statement immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Income Statement.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the Income Statement.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements

Statement of Accounting Policies
For the year ended 28 February 2018 (continued)

from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the Income Statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the Group's interest in the investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Assumptions

The Group has made assumptions and estimates to determine the purchase price of businesses acquired as well as its allocation to acquired assets and liabilities. The Group is required to determine the acquisition date and fair value of the identifiable assets acquired, including intangible assets such as brands, customer relationships and liabilities assumed. The Group is also required to determine control and whether the business acquired is a subsidiary, joint venture or associate. The assumptions and estimates made by the Group have an impact on the assets and liability amounts recorded in the Consolidated Financial Statements. In addition, the estimated useful lives of the acquired amortisable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Group's future profit or loss.

Property, plant and equipment (note 11)

Property (comprising land and buildings) is recognised at estimated fair value with the changes in the value of the property reflected in Other Comprehensive Income, to the extent it does not reverse previously recognised losses, or as an impairment loss in the Income Statement to the extent it does not reverse previously recognised revaluation gains. The fair value is based on estimated market value at the valuation date, being the estimated amount for which a property could be exchanged in an arm's length transaction, to the extent that an active market exists. Such valuations are determined based on benchmarking against comparable transactions for similar properties in similar locations as those of the Group or on the use of valuation techniques including the use of market yields on comparable properties. If no active market exists or there are no other observable comparative transactions, the fair value may be determined using a valuation technique known as a Depreciated Replacement Cost approach.

Plant & machinery is carried at its revalued amount. In view of the specialised nature of the Group's plant & machinery and the lack of comparable market-based evidence of similar plant sold, upon which to base a market approach of fair value, the Group uses a Depreciated Replacement Cost approach to determine a fair value for such assets.

Depreciated Replacement Cost is assessed, firstly, by the identification of the gross replacement cost for each class of plant & machinery. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each class of plant & machinery as a function of total available production capacity, is applied to determine the Depreciated Replacement Cost.

Motor vehicles & other equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

Property, plant & equipment, other than freehold land and assets under construction, which are not depreciated, were depreciated using the following rates which are calculated to write-off the value of the asset, less the estimated residual value of 5%, over its expected useful life:

Land and Buildings	
Land	n/a
Buildings – ROI, US, Portugal, Wallaces Express	2% straight-line
Buildings – UK (excluding Wallaces Express)	2% straight-line

Plant and Machinery	
Storage tanks	10% reducing balance
Other plant & machinery	15-30% reducing balance

Motor vehicles and other equipment	
Motor vehicles	15% straight-line
Other equipment incl returnable bottles, cases and kegs	5-25% straight-line

The residual value and useful lives of property, plant & equipment are reviewed and adjusted if appropriate at each reporting date to take account of any changes that could affect prospective depreciation charges and asset carrying values. When determining useful economic lives, the principal factors the Group takes into account are the intensity at which the assets are expected to be used, expected requirements for the equipment and technological developments.

On disposal of property, plant & equipment the cost or valuation and related accumulated depreciation and impairments are removed from the Balance Sheet and the net amount, less any proceeds, is taken to the Income Statement and any amounts included within the revaluation reserve transferred to the retained income reserve.

The carrying amounts of the Group's property, plant & equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying amount of an asset or its cash generation unit exceeds its recoverable amount (being the greater of fair value less costs to sell and value in use). Impairment losses are debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve account in respect of that asset with the remaining balance recognised in the Income Statement.

A revaluation surplus is credited directly to Other Comprehensive Income and accumulated in equity under the heading of 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 previous write down.

Management are required to make significant judgements and estimates regarding the market fluctuations of land and industrial property prices, fluctuations driven by market commodity prices, of the gross replacement cost of property, plant and equipment, projected asset utilisation rates, changes to functional and physical obsolescence of plant and machinery and continued appropriateness of the assumed useful lives of property, plant and machinery. The assumptions and conditions involve inherent uncertainties and as a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

Assumptions

- Market fluctions of land and industrial property prices.
- Fluctuations driven by market commodity prices, of the gross replacement cost of property, plant and equipment.
- Projected asset utilisation rates based on budgeted/forecasted production volumes.
- Changes to functional and physical obsolescence of plant and machinery beyond that which would normally be expected, and continued appropriateness of the assumed useful lives of property, plant and equipment.

Impairment of goodwill and intangible assets (note 12)

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. In the year in which a business combination is effected and where some or all of the goodwill allocated to a particular cash-generating unit arose in respect of that combination, the cash-generating unit is tested for impairment prior to the end of the relevant annual period. Where the carrying value exceeds the estimated recoverable amount (being the greater of the fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down goodwill to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The recoverable amount of goodwill is determined by reference to the cash-generating unit to which the goodwill has been allocated. Impairment losses arising in respect of goodwill are not reversed once recognised.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets considered to have an indefinite useful economic life are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

Assumptions

The impairment testing process requires management to make significant judgements and estimates regarding the future cash flows expected to be generated by cash-generating units to which goodwill has been allocated. Future cash flows relating to the eventual disposal of these cash-generating units and other factors may also be relevant to determine the fair value of goodwill. Management periodically evaluates and updates the estimates based on the conditions which influence these variables. The assumptions and conditions for determining impairments of goodwill reflect management's best assumptions and estimates (discount rates, terminal growth rates, forecasted volume, net revenue, operating profit, useful economic life of an asset or that an asset has an indefinite life and determination of the cash generating units), but these items involve inherent uncertainties described above, many of which are not under management's control. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

Retirement benefit obligations (note 21)

The Group operates a number of defined contribution and defined benefit pension schemes.

Statement of Accounting Policies
For the year ended 28 February 2018 (continued)

Obligations to the defined contribution pension schemes are recognised as an expense in the Income Statement as the related employee service is received. Under these schemes, the Group has no obligation, either legal or constructive, to pay further contributions in the event that the fund does not hold sufficient assets to meet its benefit commitments.

The liabilities and costs associated with the Group's defined benefit pension schemes, all of which are funded and administered under trusts which are separate from the Group, are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields, at the reporting date, on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The fair value of scheme assets is based on market price information, measured at bid value for publicly quoted securities.

The resultant defined benefit pension net surplus or deficit is shown within either non-current assets or non-current liabilities on the face of the Consolidated Balance Sheet and comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The assumptions (disclosed in note 21) underlying these valuations are updated at each reporting period date based on current economic conditions and expectations (discount rates, salary inflation and mortality rates) and reflect any changes to the terms and conditions of the post retirement pension plans. The deferred tax liabilities and assets arising on pension scheme surpluses and deficits are disclosed separately within deferred tax assets or liabilities, as appropriate.

When the benefits of a defined benefit scheme are improved, the portion of the increased benefit relating to the past service of employees is recognised as an expense immediately in the Income Statement.

The expected increase in the present value of scheme liabilities arising from employee service in the current period is recognised in arriving at operating profit or loss together with the net interest expense/(income) on the net defined benefit liability/(asset). Differences between the actual return on plan assets and the interest income, experience gains and losses on scheme liabilities, together with the effect of changes in the current or prior assumptions underlying the liabilities are recognised in Other Comprehensive Income. The amounts recognised in the Income Statement and Statement of Other Comprehensive Income and the valuation of the defined benefit pension net surplus or deficit are sensitive to the assumptions used.

Assumptions

The assumptions underlying the actuarial valuations (including discount rates, rates of increase in future compensation levels, mortality rates, salary and pension increases, future inflation rates and healthcare cost trends), from which the amounts recognised in the Consolidated Financial Statements are determined, are updated annually based on current economic conditions and for any relevant changes to the terms and conditions of the pension and post-retirement plans. These assumptions can be affected by (i) for the discount rate, changes in the rates of return on high-quality corporate bonds; (ii) for future compensation levels, future labour market conditions and (iii) for healthcare cost trend rates, the rate of medical cost inflation in the relevant regions. The weighted average actuarial assumptions used and sensitivity analysis in relation to the significant assumptions employed in the determination of pension and other post-retirement liabilities are contained in note 21 to the Consolidated Financial Statements.

Whilst management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the obligations and expenses recognised in future accounting periods. The assets and liabilities of defined benefit pension schemes may exhibit significant period-on-period volatility attributable primarily to changes in bond yields and longevity. In addition to future service contributions, significant cash contributions may be required to remediate past service deficits. A sensitivity analysis of the change in these assumptions is provided in note 21.

Company

The Company has no direct employees and is not the sponsoring employer for any of the Group's defined benefit pension schemes. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

Income tax (note 7 and note 20)

Current tax expense represents the expected tax amount to be paid in respect of taxable income for the current year and is based on reported profit and the expected statutory tax rates, reliefs and allowances applicable in the jurisdictions in which the Group operates. Current tax for the current and prior years, to the extent that it is unpaid, is recognised as a liability in the Balance Sheet.

Deferred tax is provided on the basis of the Balance Sheet liability method on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are recognised for all temporary differences except where they arise from:-

- the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit or loss nor the taxable profit or loss at the time of the transaction, or,
- temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference is subject to the Group's control and it is probable that a reversal will not be recognised in the foreseeable future.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction. The carrying amounts of deferred tax assets are subject to review at each reporting date and are reduced to the extent that future taxable profits are considered to be insufficient to allow all or part of the deferred tax asset to be utilised.

Deferred tax and current tax are recognised as a component of the tax expense in the Income Statement except to the extent that they relate to items recognised directly in Other Comprehensive Income or equity (for example, certain derivative financial instruments and actuarial gains and losses on defined benefit pension schemes), in which case the related tax is also recognised in Other Comprehensive Income or equity.

Assumptions

The Group is subject to income tax in a number of jurisdictions, and judgement is required in determining the worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business, for which the ultimate tax determination is uncertain and the complexity of the tax treatment may be such that the final tax charge may not be determined until a formal resolution has been reached with the relevant tax authority which may take extended time periods to conclude. The ultimate tax charge may, therefore be different from that which initially is reflected in the Group's consolidated tax charge and provision and any such differences could have a material impact on the Group's income tax charge and consequently financial performance. The determination of the provision for income tax is based on management's understanding of the relevant tax law and judgement as to the appropriate tax charge, and management believe that all assumptions and estimates used are reasonable and reflective of the tax legislation in jurisdictions in which the Group operates. Where the final tax charge is different from the amounts that were initially recorded, such differences are recognised in the income tax provision in the period in which such determination is made.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction.

Company financial assets

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a financial asset in the Company's accounts, which relates to the fair value at that date of its investment in subsidiaries. Financial assets are reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Share options granted to employees of subsidiary companies are accounted for as an increase in the carrying value of the investment in subsidiaries and the share-based payment reserve.

Other significant accounting policies

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all subsidiary undertakings together with the Group's share of the results and net assets of equity accounted investments for the year ended 28 February 2019.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

On 30 April 2004, the Group, previously headed by C&C Group International Holdings Limited, underwent a re-organisation by virtue of which C&C Group International Holdings Limited's shareholders in their entirety exchanged their shares for shares in C&C Group plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a

Statement of Accounting Policies
For the year ended 28 February 2018 (continued)

reverse acquisition and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group except that the capital structure shown is that of the legal parent.

Non-controlling interests represents the portion of the equity of a subsidiary not attributable either directly or indirectly to the Parent Company and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Balance Sheet distinguished from Parent Company shareholders' equity.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. If the Group loses control over a subsidiary, it derecognises the related assets (including Goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(ii) Investments in associates and jointly controlled entities (equity accounted investments)

The Group's interests in equity accounted investments comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investments in its joint ventures are accounted for using the equity method from the date joint control is deemed to arise until the date on which joint control ceases to exist or when the interest becomes classified as an asset held for sale. The consolidated Income Statement reflects the Group's share of profit after tax of the related joint ventures. Investments in joint ventures are carried in the Consolidated Balance Sheet at cost, adjusted in respect of post-acquisition changes in the Group's share of net assets, less any impairment in value. If necessary, impairment losses on the carrying amount of an investment are reported within the Group's share of equity accounted investments results in the Consolidated Income Statement.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income of associates, until the date on which significant influence ceases. Dividends from equity accounted investments are recognised as revenue in the Consolidated Income Statement when the right of payment has been established.

(iii) Transactions eliminated on consolidation

All intercompany balances and transactions, including unrealised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains except to the extent that they provide evidence of impairment.

(iv) Company Financial Statements

Investments in subsidiaries are carried at cost less provision for impairment. Dividend income is recognised when the right to receive payment is established.

Revenue recognition

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue comprises an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer, these are exclusive of value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives. Provision is made for returns where appropriate. The Group recognises revenue in the amount of the price expected to be received for goods and services supplied at a point in time or over time, as contractual performance obligations are fulfilled and control of goods and services passes to the customer. Where revenue is earned over time as contractual performance obligations are satisfied, the percentage-of-completion method remains the primary method by which revenue recognition is measured.

The Group manufactures and distributes branded cider, beer, wine, spirits and soft drinks in which revenue is recognised at a point in time when control is deemed to pass to the customer upon leaving the Group's premises or upon delivery to a customer depending on the terms of sale. Contracts do not contain multiple performance obligations (as defined by IFRS 15).

Across the Group, goods are often sold with discounts or rebates based on cumulative sales over a period. The variable consideration is only recognised when it is highly probable that it will not be subsequently reversed and is recognised using the most likely amount or expected value methods, depending on the individual contract terms. In the application of appropriate revenue recognition, judgement is exercised by management in the determination of the likelihood and quantum of such items based on experience and historical trading patterns.

The Group is deemed to be a principal to an arrangement when it controls a promised good or service before transferring them to a customer; and accordingly recognises the revenue on a gross basis. The Group is determined to be an agent to a transaction, in circumstances where the Group arranges for the provision of goods or services by another third party, based on principal of control; the net amount retained after the deduction of any costs to the principal is recognised as revenue.

Excise duty

Excise duty is levied at the point of production in the case of the Group's manufactured products and at the point of importation in the case of imported products in the relevant jurisdictions in which the Group operates. As the Group's manufacturing and warehousing facilities are revenue approved and registered excise facilities, the excise duty liability generally crystallises on transfer of product from duty in suspense to duty paid status which normally coincides with the point of sale. The duty number disclosed represents the cash cost of duty paid on the Group's products. Where goods are bought duty paid, and subsequently sold, the duty element is not included in the duty line within Net revenue but is included within the cost of goods sold.

Net revenue

Net revenue is defined by the Group as revenue less excise duty paid by the Group.

Exceptional items

The Group has adopted an accounting policy and Income Statement format that seeks to highlight significant items of income and expense within the Group results for the year. The Directors believe that this presentation provides a more useful analysis. Such items may include significant restructuring and integration costs, profits or losses on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets, acquisition related costs and unforeseen gains/losses arising on derivative financial instruments. The Directors use judgement in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Income Statement and related notes as exceptional items.

Finance income and expenses

Finance income comprises interest income on funds invested and any gains on hedging instruments that are recognised in the Income Statement. Interest income is recognised as it accrues in the Income Statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest expense on sale of trade receivables, bank guarantee fees, amortisation of borrowing issue costs, losses on hedging instruments that are recognised in the Income Statement, ineffective portion of changes in the fair value of cash flow hedges and unwinding the discount on provisions. All borrowing costs are recognised in the Income Statement using the effective interest method.

Research and development

Expenditure on research that is not related to specific product development is recognised in the Income Statement as incurred.

Expenditure on the development of new or substantially improved products or processes is capitalised if the product or process is technically feasible and commercially viable.

Government grants

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with.

Capital grants received and receivable by the Group are credited to government grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which; represents a separate major line of business or geographic area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative Income Statement and Other Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

Segmental reporting

Operating segments are reported in a manner consistent with the internal organisational and management structure of the Group and the internal financial information provided to the Chief Operating Decision-Maker, the executive Directors, who are responsible for the allocation of resources and the monitoring and assessment of performance of each of the operating segments. Following the acquisition by the Group of Matthew Clark and Bibendum in the

Statement of Accounting Policies
For the year ended 28 February 2018 (continued)

current financial year, the Group has determined that it has now four reportable operating segments.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads that are allocated on a reasonable basis to those segments in internal financial reporting packages.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the presentation currency of the Group and both the presentation and functional currency of the Company.

Transactions in foreign currencies are translated into the functional currency of each entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange movements arising on translation are recognised in the Income Statement with the exception of all monetary items designated as a hedge of a net investment in a foreign operation, which are recognised in the consolidated financial statements in Other Comprehensive Income until the disposal of the net investment, at which time they are recognised in the Income Statement for the year.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Euro at the average exchange rate for the financial period where that represents a reasonable approximation of actual rates. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on 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, are recognised directly in Other Comprehensive Income in the consolidated financial statements in the foreign currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings or derivatives used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments, is recognised directly in Other Comprehensive Income to the extent that they are determined to be effective. The ineffective portion is recognised immediately in the Income Statement for the year.

Any movements that have arisen since 1 March 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the Income Statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS as adopted by the EU in respect of all non-Euro denominated operations are not presented separately.

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill relating to associates and joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Where indicators of impairment of an investment arise in accordance with the requirements of IFRS 9, the carrying amount is tested for impairment by comparing its recoverable amount with its carrying amount.

As at the date of acquisition any goodwill acquired is allocated to each cash generating unit (CGU) (which may comprise more than one cash generating unit) expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. These CGU's represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the business segment retained.

Intangible assets (other than goodwill) arising on business combinations

An intangible asset, which is a non-monetary asset without a physical substance, is capitalised separately from goodwill as part of a business combination at cost (fair value at date of acquisition) to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its fair value can be reliably measured. Acquired brands and other intangible assets are deemed to be identifiable and recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets considered to have an indefinite useful economic life are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

Software costs incurred with respect to new systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the development side of the project.

The amortisation charge on intangible assets considered to have finite lives is calculated to write-off the book value of the asset over its useful life on a straight-line basis on the assumption of zero residual value. The useful lives of the Group's intangible assets are as follows:

ABI Distribution rights	20 years
Trade relationship re Wallaces acquisition	10 years
Trade relationship re Gleeson acquisition	15 years
Trade relationship re Matthew Clark and Bibendum acquisition	15 years
Software and licence costs	5 - 8 years

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition and is based on the first-in first-out principle.

In the case of finished goods and work in progress, cost includes direct production costs and the appropriate share of production overheads plus excise duties, where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to complete the sale.

Provision is made for slow-moving or obsolete stock where appropriate.

Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value at an appropriate rate if the effect of the time value of money is deemed material. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount. The increase in the provision due to the passage of time is recognised in the Income Statement within finance expense.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable. Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

Due to the inherent uncertainty with respect to such matters, the value of each provision is based on the best information available at the time, including advice obtained from third party experts, and is reviewed by the Directors on a periodic basis with the potential financial exposure reassessed. Revisions to the valuation of a provision are recognised in the period in which such a determination is made and such revisions could have a material impact on the financial performance of the Group.

Leases

Where the Group has entered into lease arrangements on land & buildings the lease payments are allocated between land & buildings and each component is assessed separately to determine whether it is a finance or operating lease.

Finance leases, which transfer to the Group substantially all the risks and rewards of ownership of the leased asset, are recognised in property, plant & equipment at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Income Statement as part of finance expense.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

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For the year ended 28 February 2018 (continued)

Share-based payments

The Group operates a number of Share Option Schemes, Performance Share Plans and cash settled award schemes, listed below:-

- Executive Share Option Scheme 2015 (the 'ESOS 2015'),
- Long-Term Incentive Plan 2015 (Part I) (the 'LTIP 2015 (Part I)'),
- Recruitment and Retention Plan,
- Partnership and Matching Share Schemes.

Equity settled share-based payment transactions

Group share schemes allow certain employees to acquire shares in the Company. The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity, while the cost of acquiring shares on the open market to satisfy the Group's obligations under the Partnership and Matching Share Schemes is recognised in the Income Statement as incurred.

All awards are subject to non-market vesting conditions only, the details of which are set out in note 4.

The expense for the share entitlements shown in the Income Statement is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight-line basis over the vesting period. The cumulative charge to the Income Statement at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. It is reversed only where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Group before the end of the vesting period and forfeits those options in consequence.

The proceeds received by the Company net of any directly attributable transaction costs on the vesting of share entitlements met by the issue of new shares are credited to share capital and share premium when the share entitlements are exercised. Amounts included in the share-based payments reserve are transferred to retained income when vested options are exercised, forfeited post vesting or lapse.

The dilutive effect of outstanding options, to the extent that they are to be settled by the issue of new shares and to the extent that the vesting conditions would have been satisfied if the end of the reporting period was the end of the contingency period, is reflected as additional share dilution in the determination of diluted earnings per share.

Financial instruments

Trade & other receivables

Trade receivables are initially recognised at fair value (which usually equals the original invoice value) and are subsequently measured at amortised cost less loss allowance or impairment losses. The Group applies the simplified approach permitted by IFRS 9 '*Financial Instruments*' to measure expected credit losses for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The carrying amount of these receivables approximates their fair value as these are short term in nature; hence, the maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

Cash

Cash in the Balance Sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash for the purpose of the statement of cash flows.

Advances to customers

Advances to customers, which can be categorised as either an advance of discount or a repayment/annuity loan conditional on the achievement of contractual sales targets, are initially recognised at fair value, amortised to the Income Statement (and classified within sales discounts as a reduction in revenue) over the relevant period to which the customer commitment is made, and subsequently carried at amortised cost less an impairment allowance. Where there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue. Regarding advances to customers, the Group applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition.

Trade & other payables

Trade & other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Interest-bearing loans & borrowings

Interest-bearing loans & borrowings are recognised initially at fair value less attributable transaction costs and are subsequently measured at amortised cost with any difference between the amount originally recognised and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis. Where the early refinancing of a loan results in a significant change in the present value of the expected cash flows, the original loan is de-recognised and the replacement loan is recognised at fair value. The difference between the original loan and the fair value of the replacement loan is recognised in finance costs in the year.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date that a derivative contract is entered into, and they are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). The gains or losses related to derivatives not used as effective hedging instruments are recognised in the Income Statement.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 22. Movements in the hedging reserve in shareholders' equity are shown in note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The Group only trades derivatives for hedging activities. The Company documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement as finance expenses.

The Group uses forward contracts to hedge forecast transactions, the Group generally designates the full change in fair value of the forward contract, i.e. the forward rate including forward points, as the hedging instrument. Gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss, since the hedged item affects profit or loss (for example, through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to profit or loss.

Cash flow hedge reserve

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 22. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

Net investment hedging

Any gain or loss on the effective portion of a hedge of a net investment in a foreign operation using a foreign currency denominated monetary liability is recognised in Other Comprehensive Income while the gain or loss on the ineffective portion is recognised immediately in the Income Statement. Cumulative gains and losses remain in Other Comprehensive Income until disposal of the net investment in the foreign operation at which point the related differences are transferred to the Income Statement as part of the overall gain or loss on disposal.

Share capital/premium

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the gross proceeds.

Treasury shares

Equity share capital issued under its Joint Share Ownership Plan, which is held in trust by an Employee Trust is classified as treasury shares on consolidation until such time as the Interests vest and the participants acquire the shares from the Trust or the Interests lapse and the shares are cancelled or disposed of by the Trust.

Own shares acquired under share buyback programme

The cost of ordinary shares purchased by a subsidiary of the Group on the open market is recorded as a deduction from equity on the face of the Group Balance Sheet. When these shares are cancelled, an amount equal to the nominal value of any shares cancelled is included within other undenominated capital fund and the cost is deducted from retained earnings.

Dividends

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

Notes forming part of the financial statements

1. SEGMENTAL REPORTING

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

The Group continually reviews and updates the manner in which it monitors and controls its financial operations resulting in changes in the manner in which information is classified and reported to the Chief Operating Decision Maker ("CODM"). The CODM, identified as the executive Directors, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources. Due to the acquisition of MCB on 4 April 2018, an additional operating segment has been identified in the current financial year. MCB is run independently with its own Management team and its results are reviewed by the CODM independently of any other element of the Group's business.

In the prior financial year, due to a consolidation in the management of the business in that year, the Group had changed its basis of segmentation. The previous segments of Scotland and C&C Brands are now managed by one Managing Director and are supported by the one management team. The Group therefore combined both, in the prior financial year, to form the new segment Great Britain. The previous segments of Export and North America are also now controlled by one Managing Director and the one management team and were therefore also combined into the new International segment in the prior financial year. There has been no change to this structure in the current financial year and hence this basis of segmentation remains appropriate.

The current basis of segmentation reflects the business model and in all instances is aligned with how the CODM evaluates the results of the business.

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 being the principal brands. It also includes the financial results from AB InBev beer distribution in Scotland, third party brand distribution and wholesaling in Scotland, following the acquisition of the TCB Wholesale business (formerly Wallaces Express), 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
This segment includes the results from the newly acquired Matthew Clark and Bibendum business. 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.

1. SEGMENTAL REPORTING (continued)

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

	2019			2018		
	Revenue €m	Net revenue €m	Operating profit €m	Revenue €m	Net revenue €m	Operating profit as restated €m
Ireland	**318.3**	**219.2**	**40.3**	312.1	215.0	40.1
Great Britain	**482.7**	**306.3**	**42.1**	459.8	292.7	39.5
International	**39.7**	**38.9**	**6.4**	41.6	40.5	6.5
Matthew Clark and Bibendum (MCB)	**1,156.6**	**1,010.5**	**15.7**	-	-	-
Total before exceptional items	**1,997.3**	**1,574.9**	**104.5**	813.5	548.2	86.1
Exceptional items (note 5)	**-**	**-**	**(7.8)**	-	-	(7.0)
Group operating profit	**-**	**-**	**96.7**	-	-	79.1
Finance income (note 6)	**-**	**-**	**0.1**	-	-	0.1
Finance expense (note 6)	**-**	**-**	**(15.7)**	-	-	(8.2)
Share of equity accounted investments' profit after tax before exceptional items (note 13)	**-**	**-**	**4.0**	-	-	1.2
Share of equity accounted investments' exceptional items (note 5)	**-**	**-**	**(3.3)**	-	-	13.3
Total	**1,997.3**	**1,574.9**	**81.8**	813.5	548.2	85.5

Of the exceptional items in the current year of €7.8m on a before tax basis, €0.8m relates to Ireland, €1.1m relates to Great Britain, €5.2m relates to MCB, €0.2m relates to International and €0.5m is unallocated as it does not relate to any particular segment. The exceptional loss with respect to equity accounted investments of €3.3m related to Great Britain. Of the exceptional loss in the prior year of €7.0m on a before tax basis, €4.6m related to Ireland, €1.9m related to Great Britain and €0.5m did not relate to any particular segment. The exceptional gain in the prior year, with respect to the equity accounted investments of €13.3m, related to Great Britain.

Of the share of equity accounted investments' profit after tax before exceptional items of €4.0m in the current financial year, €3.9m relates to Great Britain with €0.1m relating to International. In the prior financial year the share of equity accounted investments' profit after tax of €1.2m related to Great Britain €1.1m and International €0.1m.

Total assets for the year ended 28 February 2019 amounted to €1,429.4m (2018: €1,098.4m).

(b) Other operating segment information

	2019		2018	
	Tangible and intangible expenditure €m	Depreciation /amortisation / impairment €m	Tangible and intangible expenditure €m	Depreciation / amortisation / impairment €m
Ireland	**6.0**	**7.6**	8.6	12.3
Great Britain	**10.2**	**4.4**	1.5	5.6
International	**1.8**	**1.3**	0.6	1.4
Matthew Clark and Bibendum	**4.1**	**2.6**	-	-
Total	**22.1**	**15.9**	10.7	19.3

Notes forming part of the financial statements
(continued)

1. SEGMENTAL REPORTING (continued)

(c) Geographical analysis of revenue and net revenue

	Revenue		Net revenue	
	2019 €m	2018 €m	2019 €m	2018 €m
Ireland	**318.3**	312.1	**219.2**	215.0
Great Britain*	**1,639.3**	459.8	**1,316.8**	292.7
International*	**39.7**	41.6	**38.9**	40.5
Total	**1,997.3**	813.5	**1,574.9**	548.2

* The comparatives have been amended to be consistent with current year presentation, the current year 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 revenue and net revenue is based on the location of the third party customers.

(d) Geographical analysis of non-current assets

	Ireland €m	Great Britain €m	International €m	Total €m
28 February 2019				
Property, plant & equipment	**64.2**	**65.5**	**14.8**	**144.5**
Goodwill & intangible assets	**159.2**	**466.4**	**58.1**	**683.7**
Equity accounted investments	**0.3**	**67.6**	**3.5**	**71.4**
Total	**223.7**	**599.5**	**76.4**	**899.6**

	Ireland €m	Great Britain as restated* €m	International* €m	Total as restated €m
28 February 2018				
Property, plant & equipment	68.9	52.5	13.8	135.2
Goodwill & intangible assets	155.9	329.3	55.9	541.1
Equity accounted investments	0.3	58.1	3.3	61.7
Total	225.1	439.9	73.0	738.0

* The comparatives have been amended to be consistent with current year presentation, the current year 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 the date of acquisition.

(e) 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	2019			
Net revenue	Ireland €m	Great Britain €m	International €m	Total €m
Own brand alcohol	**90.6**	**155.5**	**35.7**	**281.8**
Matthew Clark and Bibendum	**-**	**1,010.5**	**-**	**1,010.5**
Other sources*	**128.6**	**150.8**	**3.2**	**282.6**
Total Group from continuing operations	**219.2**	**1,316.8**	**38.9**	**1,574.9**

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

1. SEGMENTAL REPORTING (continued)

Principal activities and products Net revenue	2018 Ireland €m	Great Britain* €m	International €m	Total €m
Own brand alcohol	87.1	153.6	38.3	279.0
Other sources*	127.9	139.1	2.2	269.2
Total Group from continuing operations	215.0	292.7	40.5	548.2

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

2. OPERATING COSTS

	2019			2018		
	Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Raw material cost of goods sold/bought in finished goods	**1,065.0**	**-**	**1,065.0**	250.4	-	250.4
Inventory write-down/(recovered) (note 14)	**3.2**	**-**	**3.2**	1.2	-	1.2
Employee remuneration (note 3)	**143.4**	**5.3**	**148.7**	60.3	1.5	61.8
Direct brand marketing	**18.0**	**-**	**18.0**	21.6	-	21.6
Other operating, selling and administration costs	**201.9**	**2.1**	**204.0**	100.1	0.5	100.6
Foreign exchange	**(0.9)**	**-**	**(0.9)**	0.4	-	0.4
Depreciation (note 11)	**13.1**	**-**	**13.1**	14.0	-	14.0
Amortisation (note 12)	**2.4**	**-**	**2.4**	0.3	-	0.3
Net profit on disposal of property, plant & equipment	**(0.1)**	**-**	**(0.1)**	(0.8)	-	(0.8)
Auditors remuneration	**1.2**	**-**	**1.2**	0.5	-	0.5
Revaluation/impairment of property, plant & machinery (note 11)	**-**	**0.4**	**0.4**	-	5.0	5.0
Operating lease rentals:						
– land & buildings	**8.5**	**-**	**8.5**	3.7	-	3.7
– plant & machinery	**1.0**	**-**	**1.0**	2.6	-	2.6
– other	**13.7**	**-**	**13.7**	7.8	-	7.8
Total operating expenses	**1,470.4**	**7.8**	**1,478.2**	462.1	7.0	469.1

(a) Auditor remuneration: In the current year, the remuneration of the Group's statutory auditor, being the Irish firm of the principal auditor of the Group, Ernst & Young, Chartered Accountants is as follows:-

	2019 €m	2018 €m
Audit of the Group financial statements	**1.2**	0.5
Total	**1.2**	0.5

The audit fee for the audit of the financial statements of the Company was less than €0.1m in the current and prior financial year. There were no non-audit fees paid to Ernst & Young during the current or prior financial year. Included in the amount above are amounts paid to other Ernst & Young offices in relation to subsidiary undertakings of €0.6m (2018: €0.2m).

Notes forming part of the financial statements
(continued)

3. EMPLOYEE NUMBERS & REMUNERATION COSTS

The average number of persons employed by the Group (including executive Directors) during the year, analysed by category, was as follows:-

	2019 Number	2018 Number
Sales & marketing	**800**	197
Production & distribution	**1,867**	625
Administration	**577**	363
Total	**3,244**	1,185

The actual number of persons employed by the Group as at 28 February 2019 was 3,153 (28 February 2018: 1,176).

The aggregate remuneration costs of these employees can be analysed as follows:-

	2019 €m	2018 €m
Wages, salaries and other short-term employee benefits	**123.1**	51.6
Restructuring costs (note 5)	**5.3**	1.5
Social welfare costs	**12.6**	5.9
Retirement benefits – defined benefit schemes (note 21)	**0.9**	(1.0)
Retirement benefits – defined contribution schemes, including pension related expenses	**4.7**	2.8
Equity settled share-based payments (note 4)	**1.9**	0.9
Partnership & matching share schemes (note 4)	**0.2**	0.1
Charged to the Income Statement	**148.7**	61.8
Actuarial loss/(gain) on retirement benefits recognised in Other Comprehensive Income (note 21)	**3.6**	(16.8)
Total employee benefits	**152.3**	45.0

Directors' remuneration

	2019 €'m	2018 €'m
Directors' remuneration (note 26)	**6.4**	4.1

In addition to the amounts disclosed above, during the year, a Group subsidiary paid fees for services to Joris Brams BVBA (a company wholly owned by Joris Brams and family) see further details disclosed in note 26 Related Party Transactions.

4. SHARE-BASED PAYMENTS

Equity settled awards

In July 2015 the Group established an equity settled **Executive Share Option Scheme (ESOS 2015)** under which options to purchase shares in C&C Group plc are granted to certain executive Directors and members of management. Under the terms of the scheme, the options are exercisable at the market price prevailing at the date of the grant of the option.

Options granted in May 2016 will be exercisable in May 2019 subject to achieving their performance targets. The vesting of the May 2016 awards is based on compound annual growth in underlying EPS over the three year performance period FY2017-FY2019. If compound annual growth in underlying EPS over the performance period is 3% per annum then 50% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 6% per annum then 100% of the awards vest. There is straight-line vesting between both points and no reward for below threshold performance.

Options were also granted in June 2017, November 2017 and May 2018 under this scheme. The vesting of these awards is based on compound annual growth in underlying EPS over the three year performance period (FY2018-FY2020 for the June 2017 and November 2017 awards and FY2019-FY2021 for the May 2018 awards). If compound annual growth in underlying EPS over the performance period is 2% per annum then 25% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 6% per annum then 100% of the awards vest. There is straight-line vesting between both points and no reward for below threshold performance.

In July 2015, the Group established a **Long-Term Incentive Plan (Part I) (LTIP 2015 (Part I))** under the terms of which options to purchase shares in C&C Group plc are granted at nominal cost to certain executive Directors and members of management. Options have been granted under this scheme since May 2016. All such awards granted are subject to the following three performance conditions:

- 33% of the award is subject to compound annual growth in underlying EPS over the three year performance period FY2017-FY2019. If compound annual growth in underlying EPS over the performance period is 3% per annum then 25% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 8% per annum then 100% of the awards vest.
- 33% of the award is subject to the performance condition that the Free Cash Flow Conversion ratio ('FCF') of the Group (excluding the impact of exceptional items) would be 65% conversion, over the three year performance period FY 2017-FY 2019, at which case 25% of this element of the award would vest. If the FCF was 75% then 100% of this element of the award would vest.
- 33% of the award is subject to a Return on Capital Employed ('ROCE') target. If the ROCE is 9.3% then 25% of this element of the award would vest. If the ROCE was 10% then 100% of this element of the award would vest.

In all three components of the performance conditions of the LTIP 2015 (Part I) there is straight-line vesting between both points and no reward for below threshold performance.

With respect to the January 2019 LTIP 2015 (Part I) award, a two year holding period was introduced in addition to an upder-pin, linked to the business performance of the recently acquired Matthew Clark and Bibendum business. This award will therefore vest in three years and remain subject to a holding period for a further two years.

If awards are made to an individual under both the ESOS 2015 and the LTIP 2015 (Part I) in respect of the same financial year the overall maximum award, other than in exceptional circumstances, will be capped at 250% of salary. In exceptional circumstances the maximum combined ESOS 2015 and LTIP 2015 (Part I) award in respect of any financial year is 500% of salary.

In June 2010, the Group established a **Recruitment and Retention Plan ("R&R")** under the terms of which options to purchase shares in C&C Group plc at nominal cost are granted to certain members of management, excluding executive Directors.

The performance conditions and/or other terms and conditions for awards granted under this plan are specifically approved by the Board of Directors at the time of each individual award, following a recommendation by the Remuneration Committee.

Notes forming part of the financial statements
(continued)

4. SHARE-BASED PAYMENTS (continued)

In May 2012, awards of 1,036,255 were granted under the R&R subject to the performance condition that the Company's TSR must have grown by not less than 25% between 17 May 2012 and 16 May 2014. Awards would have vested in full if the growth in TSR was at least 50% over that period and the Remuneration Committee were satisfied that the extent to which the award vested was appropriate given the general financial performance of the Group over the performance period. Where TSR growth was between 25% and 50% the percentage of the award that vested was calculated on a straight-line basis between 25% and 100%. Options awarded in May 2012 were deemed to have only partially achieved their performance conditions and consequently 65% of the outstanding awards lapsed.

In May 2014 awards of 823,233 were granted under the R&R. 275,851 of the awards were subject to continuous employment while 547,382 of the awards had the performance condition linked to the achievement of annual performance targets related to the business unit to which each recipient is aligned to. Options have now vested or lapsed.

In October 2015, 490,387 awards were granted under the R&R. All such awards were subject to the achievement of specific performance targets related to the business unit to which each recipient is aligned to and also specific performance targets related to the specific role of each recipient and these awards have now vested or lapsed.

In May 2016 and August 2017, 193,817 and 64,469 awards respectively were granted under the R&R. All of these awards were subject to the achievement of performance targets relating to the business unit to which each recipient is aligned to and these awards have now vested or lapsed.

In the current financial year, 7,552 awards were granted in June 2018 and 448,936 awards were granted in February 2019 under the R&R. The June 2018 and 19,143 of the February 2019 awards are subject to a continuous employment performance condition only, and if achieved, will vest in June 2019 and February 2021 respectively. 30,029 of the February 2019 awards are subject to the recipient having a personal shareholding of the Company stock at the end of a two year period post grant and 399,764 awards are subject to the achievement of performance targets relating to the business unit in which each recipient is aligned to.

Obligations arising under the Recruitment and Retention Plan will be satisfied by the purchase of existing shares on the open market. On settlement, any difference between the amount included in the Share-based payment reserve account and the cash paid to purchase the shares is recognised in retained income via the Statement of Changes in Equity.

In November 2011, the Group set up **Partnership and Matching Share Schemes** for all ROI and UK based employees of the Group under the approved profit sharing schemes referred to below. Under these schemes, employees can invest in shares in C&C Group plc (partnership shares) that will be matched on a 1:1 basis by the Company ("matching shares") subject to Revenue approved limits. Both the partnership and matching shares are held on behalf of the employee by the Scheme trustee, Link Group Limited (previously Capita Corporate Trustees Limited). The shares are purchased on the open market on a monthly basis at the market price prevailing at the date of purchase with any remaining cash amounts carried forward and used in the next share purchase. The shares are held in trust for the participating employee, who has full voting rights and dividend entitlements on both partnership and matching shares. Matching shares may be forfeited and/or tax penalties may apply if the employee leaves the Group or removes their partnership shares within the Revenue-stipulated vesting period. The Revenue stipulated vesting period for matching shares awarded under the ROI scheme is three years and under the UK scheme is five years.

The Group held 266,632 matching shares (533,264 partnership and matching) in trust at 28 February 2019 (2018: 240,985 matching shares (481,970 partnership and matching shares held)).

4. SHARE-BASED PAYMENTS (continued)

Award valuation

The fair values assigned to the equity settled awards granted were computed in accordance with a Black Scholes valuation methodology.

As per IFRS 2 *Share-based Payment*, non-market or performance related conditions were not taken into account in establishing the fair value of equity instruments granted, instead these non-market vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately the amount recognised for time and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest, unless the failure to vest is due to failure to meet a market condition.

The main assumptions used in the valuations for equity settled share-based payment awards granted in the current and prior financial years were as follows:-

	R&R options granted Feb 19	R&R options granted Feb 19	R&R options granted June 18	LTIP options granted Feb 19	LTIP options granted Jan19	LTIP options granted May 18	ESOS options granted May 18	ESOS options granted Jun 2017	ESOS options granted Nov 2017	LTIP options granted Jun 2017	LTIP options granted Nov 2017	LTIP options granted Aug 2017	R & R options granted Aug 2017
Fair value at date of grant	€2.64	€2.77	€2.908	€3.05	€3.30	€2.99	€0.255	€0.328	€0.219	€3.364	€2.88	€3.069	€2.8172
Exercise price	-	-	-	-	-	-	€2.99	€3.40	€2.93	-	-	-	-
Risk free interest rate	0.78%	0.76%	0.51%	-	-	-	0.65%	0.16%	0.59%	-	-	-	0.20%
Expected volatility	23.15%	22.89%	21.77%	-	-	-	21.44%	23.56%	21.14%	-	-	-	21.64%
Expected term until exercise –years	3	2	1	3	5	3	3	3	3	3	3	3	1.8
Dividend yield	4.82%	4.82%	4.78%	-	-	-	4.88%	4.26%	5.06%	-	-	-	4.67%

Expected volatility is calculated by reference to historic share price movements prior to the date of grant over a period of time commensurate with the expected term until exercise. The dividends which would be paid on a share reduces the fair value of an award since, in not owning the underlying shares, a recipient does not receive the dividend income on these shares. For LTIP 2015 (Part I) awards, the participants are entitled to receive dividends, and therefore the dividend yield has been set to zero to reflect this.

Notes forming part of the financial statements
(continued)

4. SHARE-BASED PAYMENTS (continued)

Details of the share entitlements and share options granted under these schemes together with the share option expense are as follows:-

Grant date	Vesting period	Number of options/ equity Interests granted	Number outstanding at 28 February 2019	Grant price €	Market value at date of grant €	Fair value at date of grant €	Expense / (income) in Income Statement 2019 €m	2018 €m
Executive Share Option Scheme (ESOS 2015)								
12 May 2016	3 years	593,700	401,048	4.18	4.041	0.4245	**-**	-
1 June 2017	3 years	830,702	613,773	3.40	3.364	0.328	**0.1**	0.1
13 November 2017	3 years	246,211	246,211	2.93	2.880	0.219	**-**	-
31 May 2018	3 years	939,466	939,466	2.99	2.99	0.255	**0.1**	-
Long-Term Incentive Plan 2015 (Part I)								
12 May 2016	3 years	395,800	267,365	-	4.041	4.041	**0.1**	0.2
28 Oct 2016	3 years	41,389	41,389	-	3.48	3.48	**-**	0.1
1 June 2017	3 years	553,799	409,180	-	3.364	3.364	**0.4**	0.3
1 August 2017	3 years	494,646	494,646	-	3.069	3.069	**0.5**	0.3
13 November 2017	3 years	164,140	164,140	-	2.880	2.880	**0.2**	0.1
31 May 2018	3 years	626,311	626,311	-	2.990	2.990	**0.5**	-
31 January 2019	3 years	207,991	207,991	-	3.30	3.30	**-**	-
11 February 2019	3 years	478,343	478,343	-	3.05	3.05	**-**	-
Recruitment & Retention Plan								
17 May 2012	2–3 years	1,036,255	44,679	-	3.525	0.58–0.59	**-**	-
21 May 2014	1–3 years	823,233	15,391	-	4.34	1.91–4.19	**-**	-
30 October 2015	2 years	490,387	44,710	-	3.60	3.27–3.53	**-**	-
12 May 2016	1.5–2.5 years	193,817	8,265	-	4.041	3.71–3.84	**-**	(0.2)
1 August 2017	1.8 years	64,469	31,802	-	2.8172	2.8172	**-**	-
5 June 2018	1 year	7,552	7,552	-	3.05	2.908	**-**	-
11 February 2019	2 – 3 years	448,936	448,936	-	3.05	2.64 – 2.77	**-**	-
		8,637,147	**5,491,198**				**1.9**	0.9
Partnership and Matching Share Schemes		533,264*					**0.2**	0.1

* Includes both partnership and matching shares.

The amount charged to the Income Statement includes a credit of €nil (2018: €0.4m), being the reversal of previously expensed charges on equity settled option schemes where the non-market performance conditions were deemed no longer likely to be achieved.

4. SHARE-BASED PAYMENTS (continued)

A summary of activity under the Group's equity settled share option schemes with the weighted average exercise price of the share options is as follows:-

	2019		2018	
	Number of options/ equity Interests	Weighted average exercise price €	Number of options/ equity Interests	Weighted average exercise price €
Outstanding at beginning of year	**3,250,587**	**1.39**	6,030,227	1.93
Granted	**2,708,599**	**1.04**	2,353,967	1.51
Exercised	**(64,445)**	**-**	(1,850,989)	1.60
Forfeited/lapsed	**(403,543)**	**-**	(3,282,618)	2.35
Outstanding at end of year	**5,491,198**	**1.33**	3,250,587	1.39

The aggregate number of share options/equity Interests exercisable at 28 February 2019 was 113,045 (2018: 151,893).

The unvested share options/equity Interests outstanding at 28 February 2019 have a weighted average vesting period outstanding of 1.8 years (2018: 1.8 years). The weighted average contractual life outstanding of vested and unvested share options/equity Interests is 7.5 years.

The weighted average market share price at date of exercise of all share options/equity Interests exercised during the year was €3.11 (2018: €3.55); the average share price for the year was €3.17 (2018: €3.18); and the market share price as at 28 February 2019 was €3.06 (28 February 2018: €2.89).

5. EXCEPTIONAL ITEMS

	2019 €m	2018 as restated €m
Operating costs		
Restructuring costs	**(5.3)**	(1.9)
Impairment of property, plant & equipment	**(0.4)**	(5.0)
Acquisition related expenditure	**(2.1)**	(0.1)
	(7.8)	(7.0)
Share of equity accounted investments' exceptional items	**(3.3)**	13.3
Total (loss)/profit before tax	**(11.1)**	6.3
Income tax credit	**1.1**	5.4
Total (loss)/profit after tax	**(10.0)**	11.7

(a) Restructuring costs

Restructuring costs of €5.3m were incurred in the current financial year primarily relating to severance costs arising from the acquisition and subsequent integration of Matthew Clark and Bibendum and the previously acquired Orchard Pig into the Group, of €3.4m and €0.5m respectively. Other restructuring initiatives across the Group in the current financial year resulted in a further charge of €1.4m.

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

Notes forming part of the financial statements
(continued)

5. EXCEPTIONAL ITEMS (continued)

(b) Impairment of property, plant & equipment
In the current financial year, the Group took the decision to impair an element of its IT system at a cost of €0.4m which had become redundant following a system upgrade.

Property (comprising land and buildings) and plant & machinery are valued at fair value on the Balance Sheet and reviewed for impairment on an annual basis. The Group engages external valuation teams triennially and during the intervening years management undertake a valuation assessment internally. During the prior financial year, as outlined in detail in note 11, the Group engaged external valuers to value the land and buildings and plant and machinery at the Group's Clonmel (Tipperary) and Wellpark (Glasgow) sites, along with depots in Dublin, Cork and Galway. Using the valuation methodologies, this resulted in a net revaluation loss of €5.0m accounted for in the Income Statement and a gain of €3.4m accounted for within Other Comprehensive Income. The valuations in the current financial year did not result in an adjustment.

(c) Acquisition related expenditure
During the current financial year, the Group incurred €2.1m of acquisition and integration related costs, primarily with respect to professional fees associated with the acquisition and subsequent integration of Matthew Clark and Bibendum into the Group.

In the prior financial year, the Group incurred professional fees of €0.1m associated with the assessment and consideration of strategic opportunities by the Group during that financial year.

(d) Share of equity accounted investments' exceptional items
Property within Admiral Taverns are valued at fair value on the Balance Sheet, the result of the fair value exercise at 28 February 2019 resulted in a revaluation loss (the Group's share of this loss equated to €3.3m) accounted for in the Income Statement and a gain (the Group's share of this gain equated to €7.1m) accounted for within Other Comprehensive Income.

On 6 December 2017, the Group entered into a joint venture arrangement for a 49.9% share in Brady P&C Limited ("Admiral Taverns"), a UK incorporate entity with Proprium Capital Partners (50.1%). Brady P&C Limited subsequently incorporated a UK company, Brady Midco Limited where Admiral management acquired 6.5% of the shares. Brady Midco Limited incorporated Brady Bidco Limited which acted as the acquisition vehicle to acquire the entire share capital of AT Brit Holdings Limited (trading as Admiral Taverns) on the 6 December 2017. The equity investment by the Group was £37.4m (€42.4 euro equivalent on date of investment) representing 46.65% of the issued share capital of Admiral Taverns. In the prior financial year, the Group recognised its provisional estimate of assets acquired. In the current financial year, the Group completed its final determination 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 of all other assets and liabilities on acquisition including deferred tax balances. The final determination of assets acquired resulted in a measurement period adjustment of £11.7m (€13.3m euro equivalent) which has been recognised in the prior period in line with IFRS 3 *Business Combinations*. This necessitated the restatement of the prior year equity investment (note 13) balance on the prior year balance sheet and the recognition of negative goodwill which was booked as an exceptional credit in the prior year.

(e) Income tax credit
The tax credit in the current financial year with respect to exceptional items amounted to €1.1m.

Of the total tax credit of €5.4m in the prior financial year, €4.4m related to the reassessment of the calculation of deferred income tax balances arising on historical business combinations. See note 20 Recognised Deferred Income Tax Assets and Liabilities for further details.

6. FINANCE INCOME AND EXPENSE

	2019 €m	2018 €m
Recognised in Income Statement		
Finance income:		
Interest income	**0.1**	0.1
Total finance income	**0.1**	0.1
Finance expense:		
Interest expense	**(12.4)**	(7.2)
Other finance expense	**(2.7)**	(0.7)
Ineffective proportion of cash flow hedge	**(0.3)**	-
Unwinding of discount on provisions	**(0.3)**	(0.3)
Total finance expense	**(15.7)**	(8.2)
Net finance expense	**(15.6)**	(8.1)

	2019 €m	2018 €m
Recognised directly in Other Comprehensive Income		
Foreign currency translation differences arising on the net investment in foreign operations	**13.2**	(17.7)
Net income/(expense) recognised directly in Other Comprehensive Income	**13.2**	(17.7)

Notes forming part of the financial statements
(continued)

7. INCOME TAX

(a) Analysis of charge in year recognised in the Income Statement

	2019 €m	2018 €m
Current tax:		
Irish corporation tax	**3.7**	4.3
Foreign corporation tax	**5.5**	6.9
Adjustment in respect of previous years	**(1.1)**	(0.4)
	8.1	10.8
Deferred income tax:		
Irish	**0.3**	(0.3)
Foreign	**1.4**	(0.3)
Adjustment in respect of previous years	**(0.1)**	(4.3)
	1.6	(4.9)
Total income tax expense recognised in Income Statement	**9.7**	5.9
Relating to continuing operations		
– continuing operations before exceptional items	**10.8**	11.3
– continuing operations exceptional items	**(1.1)**	(5.4)
Total	**9.7**	5.9

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the Republic of Ireland, as explained below.

	2019 €m	2018 as restated €m
Profit before tax	**81.8**	85.5
Less: Group's share of equity accounted investments' profit after tax	**(0.7)**	(14.5)
Adjusted profit before tax	**81.1**	71.0
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	**10.1**	8.9
Actual tax charge is affected by the following:		
Expenses not deductible for tax purposes	**1.6**	2.1
Adjustments in respect of prior years	**(1.2)**	(4.7)
Income taxed at rates other than the standard rate of tax	**0.1**	(1.0)
Other differences	**(2.7)**	(0.8)
Non-recognition of deferred income tax assets	**1.8**	1.4
Total income tax	**9.7**	5.9

7. INCOME TAX (continued)

(b) Deferred income tax recognised directly in Other Comprehensive Income

	2019 €m	2018 €m
Deferred tax arising on movement of derivatives designated as cash flow hedges	**(0.3)**	-
Deferred income tax arising on movement in retirement benefits	**(0.3)**	2.8
Total	**(0.6)**	2.8

(c) Factors that may affect future charges

Future income tax charges may be impacted by changes to the corporation tax rates and/or changes to corporation tax legislation in force in the jurisdictions in which the Group operates.

8. DIVIDENDS

	2019 €m	2018 €m
Dividends paid:		
Final: paid 9.37c per ordinary share in July 2018 (2018: 9.37c paid in July 2017)	**28.8**	29.0
Interim: paid 5.33c per ordinary share in December 2018 (2018: 5.21c paid in December 2017)	**16.7**	16.0
Total equity dividends	**45.5**	45.0
Settled as follows:		
Paid in cash	**36.0**	40.6
Scrip dividend	**9.2**	4.4
Accrued with respect to LTIP 2015 (Part 1) dividend entitlements	**0.3**	-
	45.5	45.0

In order to achieve better alignment of the interest of share based remuneration award recipients with the interests of shareholders, shareholder approval was given at the 2012 AGM to a proposal that awards made and that vest under the LTIP 2015 (Part I) incentive programme should reflect the equivalent value to that which accrues to shareholders by way of dividends during the vesting period. An amount of €0.3m (2018: €nil) was accrued during the current financial year in this regard.

The Directors have proposed a final dividend of 9.98 cent per share (2018: 9.37 cent), to ordinary shareholders registered at the close of business on 31 May 2019, which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 15.31 cent per share (2018: 14.58 cent). Using the number of shares in issue at 28 February 2019 (excluding those shares for which it is assumed that the right to dividend will be waived) and including an accrual for dividends with respect to LTIP 2015 (Part 1) entitlements, this would equate to a distribution of €31.1m.

Total dividends of 14.70 cent per ordinary share were recognised as a deduction from the retained income reserve in the year ended 28 February 2019 (2018: 14.58 cent).

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

Notes forming part of the financial statements
(continued)

9. EARNINGS PER ORDINARY SHARE

Denominator computations

	2019 Number '000	2018 Number '000
Number of shares at beginning of year	**317,876**	325,546
Shares issued in lieu of dividend	**3,055**	1,368
Shares issued in respect of options exercised	**-**	454
Share repurchased and subsequently cancelled	**(577)**	(9,492)
Number of shares at end of year	**320,354**	317,876
Weighted average number of ordinary shares (basic)*	**308,460**	308,164
Adjustment for the effect of conversion of options	**1,075**	249
Weighted average number of ordinary shares, including options (diluted)	**309,535**	308,413

* Excludes 10.9m treasury shares (2018: 11.0m).

Profit attributable to ordinary shareholders

	2019 €m	2018 as restated €m
Group profit for the financial year	**72.1**	79.6
Loss attributable to non-controlling interest	**0.2**	-
Profit attributable to equity holders of the company	**72.3**	79.6
Adjustment for exceptional items, net of tax (note 5)	**10.0**	(11.7)
Earnings as adjusted for exceptional items, net of tax and non-controlling interest	**82.3**	67.9

	Cent	Cent
Basic earnings per share		
Basic earnings per share	**23.4**	25.8
Adjusted basic earnings per share	**26.7**	22.0
Diluted earnings per share		
Diluted earnings per share	**23.4**	25.8
Adjusted diluted earnings per share	**26.6**	22.0

9. EARNINGS PER ORDINARY SHARE (continued)

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 year, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (at 28 February 2019: 10.9m shares; at 28 February 2018: 11.0m shares).

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

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares (note 4)), 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 as at the end of the reporting period (1,222,812 at 28 February 2019 and 1,649,124 at 28 February 2018). 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.

10. BUSINESS COMBINATIONS and non-controlling interests

Acquisition of businesses

Year ended 28 February 2019

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.

Notes forming part of the financial statements
(continued)

10. BUSINESS COMBINATIONS (continued)

Matthew Clark and Bibendum

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

	Initial value assigned €m	Adjustment to initial fair value €m	Revised final fair value €m
ASSETS			
Non-current assets			
Goodwill (note 12)	-	103.5*	103.5
Property, plant & equipment (note 11)	4.3	-	4.3
Brands (note 12)	-	16.9	16.9
Intangible assets (note 12)	2.2	8.1	10.3
Deferred income tax assets (note 20)	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 asset	6.3	-	6.3
Current assets	**263.7**	**-**	**263.7**
LIABILITIES			
Trade & other payables	(274.3)	-	(274.3)
Borrowings (note 19)	(116.5)	-	(116.5)
Provisions (note 17)	(5.9)	-	(5.9)
Deferred income tax liabilities (note 20)	-	(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	**-**	**-**	**-**

Analysis of cash flows on acquisition

Transaction costs of the acquisition (included in cash flows from operating activities)	**0.8**

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

10. BUSINESS COMBINATIONS (continued)

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 current financial year on Group operating profit was as follows:

	2019 €m
Revenue	1,156.6
Operating profit	15.7

The acquisition was completed on 4 April 2018, Operating profit of the Group for the financial year determined in accordance with IFRS as though the acquisition effected during the period had been at the beginning of the period would not have been materially different. The revenue of the Group for the financial year determined in accordance with IFRS as though the acquisition effected during the period had been at the beginning of the period would have been as follows:

	FY2019 acquisitions €m	C&C Group excluding FY2019 acquisitions €m	Pro-forma consolidated Group €m
Revenue	1,287.2	840.7	2,127.9

The gross contractual value of trade and other receivables as at the date of acquisition amounted to €196.2m. The fair value of these receivables is €196.2m, all of which is expected to be recoverable.

Year ended 28 February 2018

In the prior financial year, on 19 April 2017, the Group acquired 100% equity share capital of Orchard Pig for a cash consideration of €10.8m (£9.0m). Also on the 2 May 2017, the Group acquired 100% equity share capital of Badaboom for a cash consideration of €0.7m (£0.6m).

Notes forming part of the financial statements
(continued)

10. BUSINESS COMBINATIONS (continued)

The book values of the assets and liabilities acquired, together with the fair value adjustments made to those carrying values, were as follows:-

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

	2018 €m
Property, plant & equipment	0.1
Brands & other intangible assets	4.9
Cash	1.2
Inventories	0.7
Trade & other receivables	1.3
Trade & other payables	(3.6)
Net identifiable assets and liabilities acquired	4.6
Goodwill arising on acquisition	6.2
Satisfied by:	
Cash consideration	10.8

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

	2018 €m
Trade & other receivables	0.1
Trade & other payables	(0.1)
Net identifiable assets and liabilities acquired	-
Goodwill arising on acquisition	0.7
Satisfied by:	
Cash consideration	0.7

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €1.4m. The fair value of these receivables is €1.4m, all of which is expected to be recoverable.

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 quality for separate recognition as intangible assets.

Net cash outflow arising on acquisitions of Orchard Pig and Badaboom in the prior financial year

	2018 €m
Cash consideration	11.5
Less: cash acquired	(1.2)
Total outflow in the Consolidated Cash Flow Statement	10.3

10. BUSINESS COMBINATIONS (continued)

Post-acquisition impact

The post-acquisition impact of acquisitions completed during the prior financial year on Group operating profit for the prior financial year was as follows:-

	2018 €m
Revenue	6.0
Excise duties	(1.5)
Net revenue	4.5
Operating costs	(4.2)
Operating profit	0.3
Finance expense	-
Profit before tax	0.3
Income tax expense	-
Result from acquired business	0.3

The Orchard Pig and Badaboom businesses were acquired on 19 April 2017 and 2 May 2017 respectively and are included in the Great Britain operating segment. The businesses made a profit of €0.3m in the period since acquisition to 28 February 2018. The revenue, net revenue and operating profit of the Group for the financial year ended 28 February 2018 determined in accordance with IFRS as though the acquisitions effected during that year had been at the beginning of that year would therefore not have been materially different from that reported.

All intra-group balances, transactions, income and expenses are eliminated on consolidation in accordance with IFRS 10 *Consolidated Financial Statements*.

Acquisition of equity accounted investments

Details of the Group's investments in the current and prior financial year are outlined in note 13.

Notes forming part of the financial statements
(continued)

11. PROPERTY, PLANT & EQUIPMENT

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Group				
Cost or valuation				
At 1 March 2017	82.8	186.0	70.7	339.5
Translation adjustment	(1.9)	(2.3)	(1.5)	(5.7)
Additions	4.1	0.9	5.7	10.7
Disposals	(1.7)	(0.7)	(2.2)	(4.6)
Revaluation/impairment of property, plant & equipment	3.1	(4.7)	-	(1.6)
Acquisition of Orchard Pig & Badaboom (note 10)	0.1	-	-	0.1
At 28 February 2018	86.5	179.2	72.7	338.4
Translation adjustment	**1.5**	**1.9**	**1.4**	**4.8**
Additions	**1.4**	**12.5**	**5.1**	**19.0**
Impairment of property, plant and equipment	**-**	**-**	**(0.4)**	**(0.4)**
Disposals	**(0.5)**	**-**	**(0.1)**	**(0.6)**
Reclassification to intangible assets (note 12)	**-**	**(2.9)**	**(13.7)**	**(16.6)**
Acquisition of Matthew Clark and Bibendum (note 10)	**1.4**	**0.7**	**2.2**	**4.3**
At 28 February 2019	**90.3**	**191.4**	**67.2**	**348.9**
Depreciation				
At 1 March 2017	12.7	125.8	54.8	193.3
Translation adjustment	(0.2)	(0.9)	(1.3)	(2.4)
Disposals	-	(0.1)	(1.6)	(1.7)
Charge for the year	1.3	7.3	5.4	14.0
At 28 February 2018	13.8	132.1	57.3	203.2
Translation adjustment	**0.1**	**1.0**	**1.2**	**2.3**
Disposals	**(0.5)**	**-**	**(0.1)**	**(0.6)**
Reclassification to intangible assets (note 12)	**-**	**(1.1)**	**(12.5)**	**(13.6)**
Charge for the year	**1.6**	**6.4**	**5.1**	**13.1**
At 28 February 2019	**15.0**	**138.4**	**51.0**	**204.4**
Net book value				
At 28 February 2019	**75.3**	**53.0**	**16.2**	**144.5**
At 28 February 2018	72.7	47.1	15.4	135.2

No depreciation is charged on freehold land which had a book value of €13.0m at 28 February 2019 (28 February 2018: €12.8m).

11. PROPERTY, PLANT & EQUIPMENT (continued)

Valuation of freehold land, buildings and plant & machinery - 28 February 2019

In the current financial year, for all freehold land & buildings and plant & machinery, an internal valuation was completed by the Directors as at 28 February 2019. As part of their valuation assessment, the Directors considered the following factors and their impact in determining year end valuation of the Group's property, plant & equipment:-

- market fluctuations of land and industrial property prices since the date of the last external valuation,
- fluctuations driven by market commodity prices, of the gross replacement cost of property, plant & machinery,
- projected asset utilisation rates based on FY2020 budgeted/forecasted production volumes,
- changes to functional and physical obsolescence of plant & machinery beyond that which would normally be expected, and continued appropriateness of the assumed useful lives of property, plant & machinery.

Having considered the above variables, the Directors estimate that the changes arising from market fluctuations and anticipated utilisation rates would not result in a material change to the valuation of the carrying value of these items of property, plant & equipment and hence no adjustment to their carrying value was deemed necessary.

Valuation of freehold land, buildings and plant & machinery – 28 February 2018

In the prior financial year, the Group engaged the following external valuers to value the Group's land & buildings and plant & machinery at the Groups facilities in Clonmel (Tipperary) and Wellpark (Glasgow) sites, along with the Group's depots in Dublin, Cork and Galway;

- Shane O'Beirne , RICS Registered Valuer (VRS), BSc (Surv) DIP AVEA MSCSI MRICS, Divisional Director and Paddy Farrelly MSc (Real Estate), in Lisney to value its freehold properties at the Group's Clonmel site. The portfolio report was prepared under the direction of Brian Gilson, BSc (Surv) MSCSI MRICS, FCI Arb, Director.
- David Fawcett, FRICS, IRRV (Hons) RICS Registered Valuer, RICS Registered Expert Witness, Partner, Asset Advisory, Machinery & Business Assets in Sanderson Weatherall to value its plant & machinery at the Group's Clonmel site. The portfolio report was prepared under the direction of Brian Gilson, BSc (Surv) MSCSI MRICS, FCI Arb, Director.
- Shane O'Beirne, RICS Registered Valuer (VRS), BSc (Surv) DIP AVEA MSCSI MRICS, Divisional Director with the assistance of Paddy Farrelly MSc (Real Estate) and Edwards Hanafin RICS Registered Valuer (VRS) BSc Surv (Hons) MRICS MSCSI, Director with the assistance of Nicholas O'Connell RICS Registered Valuer (VRS) BSc Surv (Hons) MRICS MSCSI all under the direction of Brian Gilson, BSc (Surv) MSCSI MRICS, FCI Arb, Director in Lisney to value its freehold properties at the Group's Dublin, Cork and Galway Depots.
- Timothy Smith BSc MRICS RICS Registered Valuer and Martin Clarkson BSc MRICS RICS Registered Valuer in Gerald Eve LLP to value its freehold properties at the Wellpark Brewery site.
- Finlo Corrin MRICS RICS Registered Valuer of Elston Sutton Industrial Appraisal Limited together with the assistance of Derek Elston, FRICS to value the plant & equipment at the Wellpark Brewery site.

The Wellpark valuations were prepared in accordance with the requirements of the RICS Valuation – Global Standards 2017 and undertaken on a Fair Value basis adopting the Cost Approach, using the Depreciated Replacement Cost method.

Gerald Eve LLP and Elston Sutton Industrial Appraisal Limited have previously provided valuation advice in respect of Wellpark Brewery and have valuer rotation policies in place.

Lisney and Sanderson Weatherall have also previously provided valuation advice in respect of Clonmel and have valuer rotation policies in place.

The result of these external valuations, as at 28 February 2018, was an increase in the value of land of €2.8m of which €2.8m was credited to the revaluation reserve. The value of buildings increased by a net of €0.4m as a result of this valuation with €1.3m being credited to the revaluation reserve with respect to an increase in the value of an element of the Group's buildings, €0.7m being offset against a previously recognised revaluation gain on the same asset and €0.3m expensed to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset. The value of plant & machinery was written down by a cumulative €4.7m which was expensed to the income statement as there was no previously recognised gain in the revaluation reserve against which to offset.

Notes forming part of the financial statements
(continued)

11. PROPERTY, PLANT & EQUIPMENT (continued)

Useful Lives
The following useful lives were attributed to the assets:

Asset category	Useful life
Tanks	30–35 years
Process equipment	20 years
Bottling & packaging equipment	15–20 years
Process automation	10 years
Buildings	50 years

	Land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Net book value				
Carrying value at 28 February 2019 post revaluation	**75.3**	**53.0**	**16.2**	**144.5**
Carrying value at 28 February 2019 pre revaluation	**75.3**	**53.0**	**16.2**	**144.5**
Gain/(loss) on revaluation	**-**	**-**	**-**	**-**

	Land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Net book value				
Carrying value at 28 February 2018 post revaluation	72.7	47.1	15.4	135.2
Carrying value at 28 February 2018 pre revaluation	69.6	51.8	15.4	136.8
Gain/(loss) on revaluation	3.1	(4.7)	-	(1.6)
28 February 2018 classified within:				
Income Statement	(0.3)	(4.7)	-	(5.0)
Other Comprehensive Income	3.4	-	-	3.4

11. PROPERTY, PLANT & EQUIPMENT (continued)

Fair value hierarchy

The valuations of land & buildings and plant & machinery are derived using data from sources which are not widely available to the public and involve a degree of judgement. For these reasons, the valuations of the Group's land & buildings and plant & machinery are classified as 'Level 3' as defined by IFRS *13 Fair Value Measurement*, and as illustrated below:

	Carrying amount	Quoted prices Level 1	Significant observable Level 2	Significant unobservable Level 3
	€m	€m	€m	€m
Recurring measurements				
Freehold land & buildings measured at market value	**45.5**	**-**	**-**	**45.5**
Freehold land & buildings measured at depreciated replacement cost	**29.8**	**-**	**-**	**29.8**
Plant & machinery measured at depreciated replacement cost	**53.0**	**-**	**-**	**53.0**
At 28 February 2019	**128.3**	**-**	**-**	**128.3**

	Carrying amount	Quoted prices Level 1	Significant observable Level 2	Significant unobservable Level 3
	€m	€m	€m	€m
Recurring measurements				
Freehold land & buildings measured at market value	44.2	-	-	44.2
Freehold land & buildings measured at depreciated replacement cost	28.5	-	-	28.5
Plant & machinery measured at depreciated replacement cost	47.1	-	-	47.1
At 28 February 2018	119.8	-	-	119.8

Measurement techniques

The Group used the following techniques to determine the fair value measurements categorised in Level 3:

- Land & buildings in Ireland, US, TCB Wholesale and Portugal and plant & machinery located in Portugal and Borrisoleigh are valued using a market value approach. The market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- Land & buildings and plant & machinery in the UK, and plant & machinery located in Ireland and the US have been valued using the depreciated replacement cost approach. Depreciated replacement cost is assessed, firstly, by the identification of the gross replacement cost for each class of asset at each of the Group's plants. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each plant and machinery asset, at each of the Group's plants, as a function of total available production capacity, is applied to determine the depreciated replacement cost.

Notes forming part of the financial statements
(continued)

11. PROPERTY, PLANT & EQUIPMENT (continued)

Unobservable inputs

The significant unobservable inputs used in the market value measurement of land and buildings is as follows:

Valuation technique	Significant unobservable inputs	Range of unobservable inputs – Land ('000)	Range of unobservable inputs – Buildings	Relationship of unobservable inputs to fair value
Comparable market transactions	Price per square foot/ acre			The higher the price per square foot/acre, the higher the fair value.
	Republic of Ireland	€13–€29 per hectare	€47–€257 per square meter	
	United States	$25–$70 per acre	$7–$50 per square foot	
	United Kingdom	£100 per acre	£0 to £169 per square foot	

The significant unobservable inputs used in the depreciated cost measurement of land & buildings and plant & machinery are as follows:-

Gross replacement cost adjustment	Increase in gross replacement cost of plant and machinery of 0% (2018: 0%), based on management's judgment supported by discussions with valuers
Economic obsolescence adjustment factor	Economic obsolescence, considered on an asset by asset basis, for each plant, ranging from 0% to 100% (2018: 0% to 100%). The weighted average obsolescence factor by site is as follows: Cidery, Ireland – 59%; Brewery Scotland – 73% and Cidery, United States – 54%
Physical and functional obsolescence adjustment factor	Adjustment for changes to physical and functional obsolescence – nil (2018: nil)

The carrying value of plant & machinery in the Group which is valued on the depreciated replacement cost basis, would increase/(decrease) by €2.7m if the economic obsolescence adjustment factor was increased/(decreased) by 5%. If the gross replacement cost was increased/(decreased) by 2% the carrying value of the Group's plant & machinery would increase/(decrease) by €1.1m.

The carrying value of freehold land & buildings which is valued on the depreciated replacement cost basis, would increase/(decrease) by €1.4m if the economic obsolescence adjustment factor was increased/(decreased) by 5%. The estimated carrying value of the same land & buildings would increase/(decrease) by €0.6m if the gross replacement cost was increased/(decreased) by 2%.

The carrying value of freehold land & buildings located in Ireland, the US, TCB Wholesale and Portugal would increase/(decrease) by €2.3m if the comparable open market value increased/(decreased) by 5%.

Company

The Company has no property, plant & equipment.

12. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2017	480.4	303.3	4.6	788.3
Acquisition of Orchard Pig	6.2	4.9	-	11.1
Acquisition of Badaboom	0.7	-	-	0.7
Adjustment for previous business combination (note 20)	9.0	-	-	9.0
Translation adjustment	(1.6)	(8.0)	(0.1)	(9.7)
At 28 February 2018	494.7	300.2	4.5	799.4
Acquisition of Matthew Clark and Bibendum (note 10)	**102.9**	**16.9**	**10.3**	**130.1**
Additions	**-**	**-**	**3.1**	**3.1**
Reclassification from property, plant & equipment (note 11)	**-**	**-**	**16.6**	**16.6**
Translation adjustment	**3.6**	**5.0**	**0.2**	**8.8**
At 28 February 2019	**601.2**	**322.1**	**34.7**	**958.0**
Amortisation and impairment				
At 1 March 2017	76.2	180.4	1.4	258.0
Amortisation charge for the year	-	-	0.3	0.3
At 28 February 2018	76.2	180.4	1.7	258.3
Reclassification from property, plant & equipment (note 11)	**-**	**-**	**13.6**	**13.6**
Amortisation charge for the year	**-**	**-**	**2.4**	**2.4**
At 28 February 2019	**76.2**	**180.4**	**17.7**	**274.3**
Net book value				
At 28 February 2019	**525.0**	**141.7**	**17.0**	**683.7**
At 28 February 2018	418.5	119.8	2.8	541.1

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (continued)

Goodwill

Goodwill has been attributed to cash generating units (as identified under IAS 36 *Impairment of Assets*) as follows:

	Ireland €m	Scotland €m	C&C Brands €m	North America €m	Export €m	MCB €m	Total €m
At 1 March 2017	154.5	49.8	174.7	9.2	16.0	-	404.2
Acquisition of Orchard Pig (note 10)	-	-	6.2	-	-	-	6.2
Acquisition of Badaboom (note 10)	-	0.7	-	-	-	-	0.7
Adjustment for previous business combination (note 20)	-	9.0	-	-	-	-	9.0
Translation adjustment	-	(1.0)	(0.6)	-	-	-	(1.6)
At 28 February 2018	154.5	58.5	180.3	9.2	16.0	-	418.5
Acquisition of Matthew Clark and Bibendum (note 10)	**-**	**-**	**-**	**-**	**-**	**102.9**	**102.9**
Translation adjustment	**-**	**1.0**	**0.5**	**-**	**-**	**2.1**	**3.6**
At 28 February 2019	**154.5**	**59.5**	**180.8**	**9.2**	**16.0**	**105.0**	**525.0**

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.

In line with IAS 36 *Impairment of Assets* goodwill is allocated to each cash generating unit (which may comprise more than one cash generating unit) which is expected to benefit from the combination synergies. These CGU's represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to annual impairment testing.

Brands

Brands are expected to generate positive cash flows for as long as the Group owns the brands and have been assigned indefinite lives.

Capitalised brands include the Tennent's beer brands and the Gaymers cider brands acquired during the financial year ended 28 February 2010 and the Vermont Hard Cider Company cider brands and Waverley wine brands acquired during the financial year ended 28 February 2013.

The Tennent's, Gaymers and Vermont Hard Cider Company brands 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 Waverley wine brands were valued at cost.

The carrying value of the Tennent's beer brand as at 28 February 2019 amounted to €74.6m (2018: €72.4m) and has an indefinite life which is subject to annual impairment testing. The movement is due to currency exchange.

12. GOODWILL & INTANGIBLE ASSETS (continued)

In the current financial year, as a result of the acquisition of Matthew Clark and Bibendum the Group acquired brands which 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 predominantly the Matthew Clark and Bibendum brand. The brands have an indefinite life and are subject to annual impairment testing.

In the prior financial year, the Group completed the acquisition of Orchard Pig which included the acquisition of the Orchard Pig brand (note 10).

The carrying amount of brands with indefinite lives are allocated to operating segments as follows:-

	Great Britain	International	MCB	Total
	€m	€m	€m	€m
At 28 February 2017	87.5	35.4	-	122.9
Acquisition of Orchard Pig (note 10)	4.9	-	-	4.9
Translation adjustment	(3.3)	(4.7)	-	(8.0)
At 28 February 2018	89.1	30.7	-	119.8
Acquisition of Matthew Clark and Bibendum (note 10)	**-**	**-**	**16.9**	**16.9**
Translation adjustment	**2.6**	**2.1**	**0.3**	**5.0**
At 28 February 2019	**91.7**	**32.8**	**17.2**	**141.7**

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.

No intangible assets were acquired by way of government grant, there is no title restriction on any of the capitalised intangible assets and no intangible assets are pledged as security. There are no contractual commitments in relation to the acquisition of intangible assets at year end.

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (continued)

Other intangible assets

Other intangible assets have been attributed to operating segments (as identified under IFRS 8 *Operating Segments*) as follows:

	Ireland €m	Great Britain €m	International €m	MCB €m	Total €m
Cost					
At 1 March 2017	2.0	2.6	-	-	4.6
Translation adjustment	-	(0.1)	-	-	(0.1)
At 28 February 2018	2.0	2.5	-	-	4.5
Additions	**1.7**	**-**	**-**	**1.4**	**3.1**
Arising on acquisition of Matthew Clark and Bibendum (note 10)	**-**	**-**	**-**	**10.3**	**10.3**
Reclassification from property, plant & equipment (note 11)	**3.1**	**13.2**	**0.3**	**-**	**16.6**
Translation adjustment	**-**	**0.1**	**-**	**0.1**	**0.2**
At 28 February 2019	**6.8**	**15.8**	**0.3**	**11.8**	**34.7**
Amortisation					
At 1 March 2017	0.4	1.0	-	-	1.4
Amortisation charge for the year	0.1	0.2	-	-	0.3
At 28 February 2018	0.5	1.2	-	-	1.7
Reclassification from property, plant & equipment (note 11)	**1.1**	**12.3**	**0.2**	**-**	**13.6**
Amortisation charge for the year	**0.5**	**0.7**	**-**	**1.2**	**2.4**
At 28 February 2019	**2.1**	**14.2**	**0.2**	**1.2**	**17.7**
Net book value					
At 28 February 2019	**4.7**	**1.6**	**0.1**	**10.6**	**17.0**
At 28 February 2018	1.5	1.3	-	-	2.8

In the current year, due to the acquisition of Matthew Clark and Bibendum, the Group acquired trade relationships which were valued at fair value at the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* by independent professional valuers. These trade relationships have a finite life and are subject to amortisation on a straight-line basis.

Other intangible assets also comprise the fair value of trade relationships acquired as part of the acquisition of TCB Wholesale (formerly Wallaces Express) during FY2015, the Gleeson trade relationships acquired during 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 current financial year, the Group reclassified assets from property, plant & equipment which were deemed to be more appropriately classified as intangible assets. This assets primarily related to software and licences.

The amortisation charge for the year ended 28 February 2019 with respect to intangible assets was €2.4m (2018: €0.3m).

12. GOODWILL & INTANGIBLE ASSETS (continued)

Impairment testing

To ensure that goodwill and brands that are considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment testing is performed comparing the carrying value of the assets with their recoverable amount using value-in-use computations. Impairment testing is performed annually or more frequently if there is an indication that the carrying amount may not be recoverable. Where the value-in-use exceeds the carrying value of the asset, the asset is not impaired.

As permitted by IAS 36 *Impairment of Assets*, the value of the Group's goodwill has been allocated to groups of cash generating units, which are not larger than an operating segment determined in accordance with IFRS 8 *Operating Segments*. These business segments represent the lowest levels within the Group at which the associated goodwill is monitored for management purposes.

The recoverable amount is calculated using value-in-use computations based on estimated future cash flows discounted to present value using a discount rate appropriate to each cash generating unit and brand. Terminal values are calculated on the assumption that cash flows continue in perpetuity.

The key assumptions used in the value-in-use computations using level 3 inputs in accordance with fair value hierarchy are:-
Expected volume, net revenue and operating profit growth rates – cash flows for each CGU and brand are based on detailed financial budgets and plans;

- Long-term growth rate – cash flows after the first five years were extrapolated using a long-term growth rate, on the assumption that cash flows for the first five years will increase at a nominal growth rate in perpetuity;
- Discount rate.

The key assumptions were based on management assessment of anticipated market conditions for each CGU. A terminal growth rate of 1.75%-2.00% (2018: 0%-1.75%) in perpetuity was assumed based on an assessment of the likely long-term growth prospects for the sectors and geographies in which the Group operates. The resulting cash flows were discounted to present value using a range of discount rates between 6.0%-8.3% (2018: 5.6%-8.5%); these rates are in line with the Group's estimated pre-tax weighted average cost of capital for the three main geographies in which the Group operates (Ireland, Great Britain and North America), arrived at using the Capital Asset Pricing Model as adjusted for asset and country specific factors.

In formulating the budget the Group takes into account historical experience, an appreciation of its core strengths and weaknesses in the markets in which it operates and external factors such as macro-economic factors, inflation expectations by geography, regulation and expected changes in regulation (such as expected changes to duty rates and minimum pricing), market growth rates, sales price trend, competitor activity, market share targets and strategic plans and initiatives.

The Group has performed the detailed impairment testing calculations by cash generating unit's with the following discount rates being applied:

Market	Discount rate 2019	Discount rate 2018	Terminal growth rate 2019	Terminal growth rate 2018
Ireland	**8.3%**	8.5%	**2.00%**	1.25%
Scotland	**6.2%**	6.0%	**2.00%**	1.25%
C&C Brands	**6.2%**	6.0%	**2.00%**	1.25%
North America	**6.0%**	5.6%	**1.75%**	0.00%
Export	**6.2%**	6.0%	**2.00%**	1.75%
Matthew Clark Bibendum	**6.2%**	N/A	**2.00%**	N/A

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (continued)

The impairment testing carried out at 28 February 2019 and 28 February 2018 identified headroom in the recoverable amount of all of the Group's goodwill & intangible assets.

Significant goodwill amounts

The goodwill allocated to Ireland, C&C Brands and MCB CGU's amount to 29% (2018: 38%), 34% (2018: 43%) and 20% (2018: nil) of the total carrying amount of goodwill respectively.

	Ireland		C&C Brands		MCB	
	2019	2018	2019	2018	2019	2018
Goodwill allocated to the cash-generating unit at balance sheet date	**154.5**	154.5	**180.8**	180.3	**105.0**	-
Discount rate applied to the cash flow projections (real pre-tax)	**8.3%**	8.5%	**6.2%**	6.0%	**6.2%**	-

Sensitivity analysis

In the current financial year, the impairment testing carried out as at 28 February 2019 identified headroom in the recoverable amount of the brands and goodwill compared to their carrying values.

The key sensitivities for the impairment testing are net revenue and operating profit assumptions, discount rates applied to the resulting cash flows and the expected long-term growth rates.

The value-in-use calculations indicate significant headroom in respect of all the cash generating units. The cash generating unit with the least headroom is North America. The table below identifies the impact of a movement in the key inputs of the brand in North America:

	2019		2018	
	Movement %	Increase/ (decrease on headroom €m	Movement %	Increase/ (decrease) on headroom €m
Increase/decrease in operating profit	**2.5/(2.5)**	**1.0/(1.0)**	2.5/(2.5)	1.2/(1.2)
Increase in discount rate	**0.25**	**(2.9)**	0.25	(2.5)
Decrease in discount rate	**(0.25)**	**3.2**	(0.25)	2.8
Increase in terminal growth rate	**0.25**	**2.7**	0.25	2.4
Decrease in terminal growth rate	**(0.25)**	**(2.4)**	(0.25)	(2.1)

The Group concludes that no reasonable movement in any of the underlying assumptions would result in a material impairment in any of the Group's cash generating units or brands.

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS

(a) Equity accounted investments – Group

	Joint ventures		Associates		
	Admiral Taverns as restated €m	Drygate Brewing Company Limited €m	Canadian Investment €m	Whitewater Brewing Company Limited €m	Total as restated €m
Investment in equity accounted investments					
Carrying amount at 1 March 2017	-	0.3	1.8	0.3	2.4
Purchase price paid	42.4	-	1.8	-	44.2
Acquisition costs	1.1	-	-	-	1.1
Share of profit after tax	1.1	-	0.1	-	1.2
Finalisation of value of investment previously recognised – exceptional gain (note 5)	13.3	-	-	-	13.3
Translation adjustment	-	(0.1)	(0.4)	-	(0.5)
Carrying amount at 28 February 2018	57.9	0.2	3.3	0.3	61.7
Share of profit after tax	**3.8**	**0.1**	**0.1**	**-**	**4.0**
Share of exceptional loss after tax (note 5)	**(3.3)**	**-**	**-**	**-**	**(3.3)**
Share of Other Comprehensive Income	**7.1**	**-**	**-**	**-**	**7.1**
Translation adjustment	**1.8**	**-**	**0.1**	**-**	**1.9**
Carrying amount at 28 February 2019	**67.3**	**0.3**	**3.5**	**0.3**	**71.4**

Summarised financial information for the Group's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Admiral Taverns* 2019 €m	Joint ventures 2019 €m	Associates 2019 €m	Joint ventures 2018 €m	Associates 2018 €m
Non-current assets	**303.2**	**2.8**	**7.7**	268.2	8.5
Current assets	**37.0**	**1.0**	**4.5**	23.4	1.9
Non-current liabilities	**(168.5)**	**(2.0)**	**(6.5)**	(175.3)	(8.7)
Current liabilities	**(27.4)**	**(1.2)**	**(3.8)**	(22.5)	(1.9)
Net assets	**144.3****	**0.6**	**1.9**	93.8	(0.2)
Revenue	**77.4**	**4.8**	**17.4**	9.7	16.1
Profit & loss before tax	**8.5**	**0.1**	**1.0**	1.0	0.7
Other Comprehensive Income	**7.1**	**-**	**-**	-	-

* Included in current assets for Admiral Taverns is cash and cash equivalents of €22.2m (2018: €6.6m). Admiral Taverns also had depreciation and amortisation of €6.7m (2018 from date of acquisition: €1.5m) and net interest costs of €10.9m (2018: from date of acquisition €2.6m).
** Net assets of €144.3m by the Group's share in equity of 46.65% amounts to €67.3m which equates to the carrying amount in Admiral Taverns.

A listing of the Group's equity accounted investments is contained in note 27.

Admiral Taverns

On 6 December 2017, the Group entered into a joint venture arrangement for a 49.9% share in Brady P&C Limited ("Admiral Taverns"), a UK incorporate entity with Proprium Capital Partners (50.1%). Brady P&C Limited subsequently incorporated a UK company, Brady Midco Limited where Admiral management acquired 6.5% of the shares. Brady Midco Limited incorporated Brady Bidco Limited which acted as the acquisition vehicle to acquire the entire share capital of AT Brit Holdings Limited (trading as Admiral Taverns) on the 6 December 2017. The equity investment by the Group was £37.4m (€42.4 euro equivalent on date of investment) representing 46.65% of the issued share capital of Admiral Taverns. The Group has 50% representation on the board and no decision can be made without 100% agreement by all Directors. The Group determined that Admiral Taverns was to be accounted for as a Joint Venture. In the prior financial year the

Notes forming part of the financial statements
(continued)

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (continued)

Group recognised its provisional estimate of assets acquired. In the current financial year the Group completed its final determination 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 of all other assets and liabilities on acquisition including deferred tax balances. The final determination of assets acquired resulted in a measurement period adjustment of £11.7m (€13.3m euro equivalent) which has been recognised in the prior period in line with IFRS 3 Business Combinations. This necessitated the restatement of the prior year equity Investment balance on the prior year balance sheet and the recognition of an exceptional credit in the prior year (note 5).

The financial result of Admiral Taverns attributable to the Group for the financial year ended 28 February 2019 included a share of profit before exceptional items of €3.8m; €3.3m exceptional loss in the Income Statement and a €7.1m revaluation gain recognised in Other Comprehensive Income.

Drygate Brewing Company Limited
In 2015, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery. The financial result for the current financial year attributable to the Group was €0.1m (2018: less than €0.1m).

Canadian Investment
In the prior financial year, on 28 July 2017, the Group acquired 10.7% of the equity share capital of a Canadian Company for CAD$2.5m (€1.8m euro equivalent on date of investment,). This followed an earlier investment, on 11 May 2016, when the Group acquired 14% of the equity share capital for CAD$2.5m. The financial result for the current financial year attributable to the Group with respect to this investment was €0.1m (2018: €0.1m).

Whitewater Brewing Company 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). The financial result for the current and prior financial year attributable to the Group was less than €0.1m.

Other
In the current financial year the Group made a 33.3% investment in a Belgium entity CVBA Braxatorium Parcensis for less than €0.1m. This entity did not trade during the current financial year. The Group also assumed an equity investment in European Wine Partnerships LLP following its acquisition of Matthew Clark and Bibendum. This was a dormant entity which has subsequently been dissolved. The Group also has an equity investment in Shanter Inns Limited, Beck & Scott (Services) Limited (Northern Ireland) and The Irish Brewing Company Limited (Ireland). The value of each of these investments is less than €0.1m in the current and prior financial year.

(b) Financial Assets – Company

	2019 €m	2018 €m
Equity investment in subsidiary undertakings at cost		
At beginning of year	**980.2**	979.3
Capital contribution in respect of share options granted to employees of subsidiary undertakings	**1.9**	0.9
At end of year	**982.1**	980.2

The total expense of €1.9m (2018: €0.9m) attributable to equity settled awards granted to employees of subsidiary undertakings has been included as a capital contribution in financial assets.

In the opinion of the Directors, the shares in the subsidiary undertakings are worth at least the amounts at which they are stated in the Balance Sheet. Details of subsidiary undertakings are set out in note 27.

14. INVENTORIES

	2019 €m	2018 €m
Group		
Raw materials & consumables	**47.2**	43.0
Finished goods & goods for resale	**136.9**	45.1
Total inventories at lower of cost and net realisable value	**184.1**	88.1

An analysis of the Group's cost of sale expense is provided in Note 2 to the financial statements. Inventory write-down recognised as an expense within operating costs amounted to €3.2m (2018: €1.2m). The inventory write-down in the current financial year of €3.2m is primarily due to the write-down of obsolete stock of €1.7m as a result of a change in a distribution company and the write-down of obsolete stock in our newly acquired distribution business of €1.5m due to a discontinued product. The level of inventory write-down in the prior financial year is primarily as a result of the distribution partnership with AB InBev and the closure of a warehouse facility in Great Britain resulting in obsolete stock.

15. TRADE & OTHER RECEIVABLES

	Group		Company	
	2019 €m	2018 €m	2019 €m	2018 €m
Amounts falling due within one year:				
Trade receivables	**90.0**	48.5	**-**	-
Amounts due from Group undertakings	**-**	-	**346.0**	355.7
Advances to customers	**27.7**	10.2	**-**	-
Prepayments and other receivables	**44.9**	21.2	**0.2**	0.4
	162.6	79.9	**346.2**	356.1
Amounts falling due after one year:				
Advances to customers	**23.7**	40.0	**-**	-
Prepayments and other receivables	**2.0**	0.4	**-**	0.3
	25.7	40.4	**-**	0.3
Total	**188.3**	120.3	**346.2**	356.4

Amounts due from Group undertakings includes a combination of interest free and interest bearing loans and receivables and are all repayable on demand.

The Group manages credit risk through the use of a receivables purchase arrangement, for an element of its trade receivables. Under the terms of this arrangement, the Group transfers the credit risk, late payment risk and control of the receivables sold. This arrangement contributed €152.6m to Group cash (2018: €63.5m) at 28 February 2019. The Group's debtors would therefore have been €152.6m higher (2018:€63.5m) had the programme not being in place The Group's trade receivables programme is not recognised on the balance sheet as it meets the de-recognition criteria under IFRS 9.

Notes forming part of the financial statements
(continued)

15. TRADE & OTHER RECEIVABLES (continued)

The aged analysis of trade receivables and advances to customers analysed between amounts that were neither past due nor impaired and amounts past due at 28 February 2019 and 28 February 2018 were as follows:-

	Trade receivables		Advance to customers			Total		Total
	Gross 2019 €m	Impairment 2019 €m	Gross 2019 €m	Impairment 2019 €m	Gross 2019 €m	Impairment 2019 €m	Gross 2018 €m	Impairment 2018 €m
Group								
Neither past due nor impaired	**60.0**	**-**	**52.7**	**(1.4)**	**112.7**	**(1.4)**	80.5	-
Past due:-								
Past due 0-30 days	**7.7**	**-**	**0.1**	**-**	**7.8**	**-**	7.3	(0.1)
Past due 31-120 days	**11.2**	**(0.6)**	**0.1**	**(0.1)**	**11.3**	**(0.7)**	8.4	(0.4)
Past due 121-365 days	**13.7**	**(2.0)**	**1.4**	**(1.4)**	**15.1**	**(3.4)**	4.5	(1.5)
Past due more than one year	**8.9**	**(8.9)**	**2.8**	**(2.8)**	**11.7**	**(11.7)**	11.3	(11.3)
Total	**101.5**	**(11.5)**	**57.1**	**(5.7)**	**158.6**	**(17.2)**	112.0	(13.3)

Trade receivables, advances to customers and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance or impairment losses.

Specifically for advances to customers, any difference between the present value and the nominal amount at inception is treated as an advance of discount prepaid to the customer, and is recognised in the Income Statement in accordance with the terms of the agreement. The discount rate calculated by the Group is at least based on the risk-free rate plus a margin, which takes into account the risk profile of the customer. At 28 February 2019, the Group recognised an advance of discount prepaid of €4.6m.

The Group applies the simplified approach permitted by IFRS 9 ***Financial Instruments*** to measure expected credit losses for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables are assessed collectively in groups that share similar credit risk characteristics, such as customer segments, historical information on payment patterns, terms of payment and days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward-looking information on customer specific and macroeconomic factors, which affect the ability of customers to settle receivables.

Regarding advances to customers, the Group applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition. The Group assesses the expected credit losses for advances to customers based on historical information on payment patterns, monitoring customer ordering activities, concentration maturity, and information about the current or forecasted general economic conditions, which affect the ability of customers to settle advances. The credit risk on advances to customers can be reduced through the value of security and/or collateral given.

Trade receivables are on average receivable within 18 days (2018: 25 days) of the balance sheet date, are unsecured and are not interest bearing. For more information on the Group's credit risk exposure refer to note 22.

The movement in the allowance for impairment in respect of trade receivables and advances to customers during the year was as follows:

15. TRADE & OTHER RECEIVABLES (continued)

	Trade receivables 2019 €m	Advance to customers 2019 €m	Total 2019 €m	Total 2018 €m
Group				
At beginning of year	**7.5**	**5.8**	**13.3**	15.7
Arising on acquisition	**6.9**	**-**	**6.9**	-
Recovered during the year	**(6.4)**	**(0.1)**	**(6.5)**	(1.2)
Provided during the year	**6.3**	**-**	**6.3**	1.0
Written off during the year	**(2.7)**	**-**	**(2.7)**	(2.1)
Translation adjustment	**(0.1)**	**-**	**(0.1)**	(0.1)
At end of year	**11.5**	**5.7**	**17.2**	13.3

At 28 February 2019, regarding the impact of the expected loss model on trade receivables and advances to customers, the Group has provided for expected credit losses over the next twelve months of €1.4m and expected lifetime losses of €15.8m.

16. TRADE & OTHER PAYABLES

	Group		Company	
	2019 €m	2018 €m	2019 €m	2018 €m
Trade payables	**225.7**	62.5	**-**	-
Payroll taxes & social security	**3.6**	2.0	**-**	-
VAT	**16.3**	7.1	**-**	-
Excise duty	**23.0**	18.8	**-**	-
Accruals	**67.7**	42.3	**0.6**	0.6
Amounts due to Group undertakings	**-**	-	**326.3**	317.1
Total	**336.3**	132.7	**326.9**	317.7

Amounts due to Group undertakings include a combination of interest free and interest bearing loans and are payable on demand.

The Group's exposure to currency and liquidity risk related to trade & other payables is disclosed in note 22.

Company

The Company has entered into financial guarantee contracts to guarantee the indebtedness of the liabilities of certain of its subsidiary undertakings. As at 28 February 2019, the Directors consider these to be in the nature of insurance contracts and do not consider it probable that the Company will have to make a payment under these guarantees and as such discloses them as a contingent liability as detailed in note 25.

17. PROVISIONS

	Onerous lease 2019 €m	Dilapidation 2019 €m	Other 2019 €m	Total 2019 €m	Total 2018 €m
At beginning of year	**11.0**	**-**	**0.4**	**11.4**	14.2
Translation adjustment	**0.3**	**-**	**-**	**0.3**	(0.5)
Arising on acquisition	**-**	**4.1**	**1.8**	**5.9**	-
Charged during the year	**0.2**	**0.1**	**0.1**	**0.4**	4.0
Unwind of discount on provisions	**0.3**	**-**	**-**	**0.3**	0.3
Utilised during the year	**(1.5)**	**(0.4)**	**(0.7)**	**(2.6)**	(6.6)
At end of year	**10.3**	**3.8**	**1.6**	**15.7**	11.4

	Total 2019 €m	Total 2018 €m
Classified within:		
Current liabilities	**4.6**	3.6
Non-current liabilities	**11.1**	7.8
	15.7	11.4

Notes forming part of the financial statements
(continued)

17. PROVISIONS (continued)

Onerous leases
The onerous lease provision relates to two onerous leases in relation to warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010. One of these leases has now expired and final settlement of the related dilapidations is expected to take place during FY2020 and the other will expire in 2026. Also included in the provision is an onerous lease with respect to the Tennent's Lager founts which was created in the prior financial year. In Great Britain, the Group leases its dispense equipment and in the prior financial year an additional lease was rolled out for the new Tennent's Lager fount. This necessitated the creation of an onerous lease provision in respect of the old leased brands dispense equipment for which the Group was deriving no economic benefit. The leases affected all expire in 2024, and the provision will be unwound over the course of 2018 to 2024.

Dilapidation
In the current financial year, following the acquisition by the Group of Matthew Clark and Bibendum, the Group has a dilapidation provision of €4.1m arising on acquisition (€3.8m at year end). The provision as at 28 February 2019, is for dilapidation costs with respect to leased depots of €3.5m and leased fleet of €0.3m.

Other
Other provisions carried forward from the prior financial year relate to a provision for the Group's exposure to employee and third party insurance claims. Under the terms of employer and public liability insurance policies, the Group bears a portion of the cost of each claim up to the specified excess. The provision is calculated based on the expected portion of settlement costs to be borne by the Group in respect of specific claims arising before the Balance Sheet date.

In the current financial year, following the acquisition of Matthew Clark and Bibendum, the Group recognised a provision of €1.8m, on acquisition, with respect to various legal claims; of this €0.7m was utilised during the period.

18. INTEREST BEARING LOANS & BORROWINGS

	Group		Company	
	2019 €m	2018 €m	2019 €m	2018 €m
Current assets				
Unsecured loans repayable by one repayment on maturity	**-**	0.4	**-**	0.4
	-	0.4	**-**	0.4
Non-current assets				
Unsecured loans repayable by one repayment on maturity	**-**	-	**-**	0.3
	-	-	**-**	0.3
Current liabilities				
Unsecured loans repayable by one repayment on maturity	**1.2**	-	**1.2**	-
Unsecured loans repayable by instalment	**(56.4)**	-	**(11.4)**	-
	(55.2)	-	**(10.2)**	-
Non-current liabilities				
Unsecured loans repayable by one repayment on maturity	**(268.6)**	(383.5)	**2.9**	-
Unsecured loans repayable by instalment	**(122.2)**	-	**(17.2)**	-
	(390.8)	(383.5)	**(14.3)**	-
Total borrowings	**(446.0)**	(383.1)	**(24.5)**	0.7

18. INTEREST BEARING LOANS & BORROWINGS (continued)

Group

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 28 February 2019 was €4.6m of which €1.4m is netted against current liabilities and €3.2m is netted against non-current liabilities. In the prior financial year, the value of unamortised issue costs was €0.7m with respect to the Group's 2014 multi-currency revolving loan facility of which €0.3m was netted against non-current liabilities and €0.4m was shown as a current asset on the Balance Sheet.

Company

Outstanding borrowings of the Company 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 28 February 2019 was €4.6m of which €1.4m is netted against current liabilities and €3.2m is netted against non-current liabilities. In the prior financial year, the value of unamortised issue costs was €0.7m with respect to the Group's 2014 multi-currency revolving loan facility of which €0.3m was netted against non-current assets in the Company balance sheet and €0.4m was shown as a current asset on the Company Balance Sheet.

Terms and debt repayment schedule

Group	Currency	Nominal rates of interest	Year of maturity	2019 Carrying value €m	2018 Carrying value €m
Unsecured loans repayable by one repayment on maturity	Multi	Euribor/Libor + 1.4%	2019	-	383.8
Unsecured loans repayable by one repayment on maturity	Multi	Euribor/Libor + 1.6%	2023	**271.5**	-
Unsecured loans repayable by instalment	Euro	Euribor + 1.7%	2021	**150.0**	-
Unsecured loans repayable by instalment	GBP	Libor + 2.0%	2021	**29.1**	-
				450.6	383.8

Company	Currency	Nominal rates of interest	Year of maturity	2019 Carrying value €m	2018 Carrying value €m
Unsecured loans repayable by instalment	GBP	Libor + 2.0%	2021	**29.1**	-
				29.1	-

Borrowing facilities

Group

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

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. The multi-currency facility agreement is repayable in a single instalment on 12 July 2023 while the Euro term loan is repayable in instalments, with the last instalment payable on 12 July 2021.

Notes forming part of the financial statements
(continued)

18. INTEREST BEARING LOANS & BORROWINGS (continued)

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, three or six months.

The Group has further financial indebtedness of €29.1m at 28 February 2019, 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 €450.6m was drawn at 28 February 2019. In the prior financial year, the Group had €383.8m of drawn debt under the Group's 2014 multi-currency revolving loan facility.

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 28 February 2019 are repayable in full on change of control of the Group.

Company

The Company is an original borrower under the terms of the Group's Euro term loan and multi-currency revolving credit facility which was negotiated in the current financial year but is not a borrower in relation to the Group's drawn debt at 28 February 2019.

The Company is however a borrower with respect to the Group's non-bank debt of €29.1m at 28 February 2019. This debt is repayable by instalment with the last instalment payable on 3 April 2021. The Company pays variable interest on these drawn amounts based on a variable Libor interest rate plus a margin of 2%. This debt is repayable in full on change of control of the Group.

Covenants

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 Company and 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 Company and the Group complied with all covenants at each reporting date in the current and prior financial year.

Further information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 22.

19. ANALYSIS OF NET DEBT

	1 March 2018 €m	Translation adjustment €m	Arising on acquisition (note 10) €m	Cash Flow, net €m	Non-cash changes €m	28 February 2019 €m
Group						
Interest bearing loans & borrowings	**(383.1)**	**(0.5)**	**(116.5)**	**55.2**	**(1.1)**	**(446.0)***
Cash	**145.5**	**1.0**	**-**	**(2.1)**	**-**	**144.4**
	(237.6)	**0.5**	**(116.5)**	**53.1**	**(1.1)**	**(301.6)**

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

	1 March 2017 €m	Translation adjustment €m	Arising on acquisition €m	Cash Flow, net €m	Non-cash changes €m	28 February 2018 €m
Group						
Interest bearing loans & borrowings	(358.2)	1.1	-	(25.6)	(0.4)	(383.1)*
Cash	187.6	(7.5)	-	(34.6)	-	145.5
	(170.6)	(6.4)	-	(60.2)	(0.4)	(237.6)

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

	1 March 2018 €m	Translation adjustment €m	Arising on acquisition (note 10) €m	Cash Flow, net €m	Non-cash changes €m	28 February 2019 €m
Company						
Interest bearing loans & borrowings	**0.7**	**(0.5)**	**-**	**(23.6)**	**(1.1)**	**(24.5)**
Cash	**-**	**-**	**-**	**-**	**-**	**-**
	0.7	**(0.5)**	**-**	**(23.6)**	**(1.1)**	**(24.5)**

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

	1 March 2017 €m	Translation adjustment €m	Arising on acquisition (note 10) €m	Cash Flow €m	Non-cash changes €m	28 February 2018 €m
Company						
Prepaid issue costs	1.1	-	-	-	(0.4)	0.7*
Cash	-	-	-	-	-	-
	1.1	-	-	-	(0.4)	0.7

* Prepaid issue costs at 28 February 2018 were €0.7m of which €0.4m was classified on the balance sheet as a current asset and €0.3m was classified as a non-current asset.

The non-cash change to the Company and Group's interest bearing loans and borrowings in the current financial year relates to the amortisation of issue costs of €1.1m. The non-cash change to the Company and Group's interest bearing loans and borrowings in the prior financial year relate to the amortisation of issue costs of €0.4m.

Notes forming part of the financial statements
(continued)

19. ANALYSIS OF NET DEBT (continued)

The Company is an original borrower under the terms of the Group's Euro term loan and multi-currency revolving credit facility which was negotiated in the current financial year but is not a borrower in relation to the Group's drawn debt with respect to these facilities as at 28 February 2019. The Company is a borrower with respect to the Company and Group's non-bank borrowings at 28 February 2019. In the prior financial year the Company was an original borrower under the terms of the Group's 2014 multi-currency revolving loan facility but was not a borrower in relation to the Group's drawn debt at 28 February 2018.

As outlined in further detail in note 25, the Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of all debt drawn by the Company and Group at 28 February 2019. In the prior financial year the Company, together with a number of its subsidiaries, also gave a letter of guarantee to secure its obligations in respect of the Group's 2014 multi-currency revolving loan facility.

20. RECOGNISED DEFERRED INCOME TAX ASSETS AND LIABILITIES

	2019			2018		
	Assets €m	Liabilities €m	Net assets/ (liabilities) €m	Assets €m	Liabilities €m	Net assets/ (liabilities) €m
Group						
Property, plant & equipment	**1.2**	**(7.3)**	**(6.1)**	0.3	(6.9)	(6.6)
Intangible assets	**-**	**(7.2)**	**(7.2)**	-	(2.7)	(2.7)
Retirement benefits	**1.5**	**(2.4)**	**(0.9)**	0.5	(1.6)	(1.1)
Trade related items & losses	**1.3**	**-**	**1.3**	0.9	-	0.9
	4.0	**(16.9)**	**(12.9)**	1.7	(11.2)	(9.5)

The Group has not recognised deferred income tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and the realisation of these temporary differences and it is unlikely that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences applicable to investments in subsidiaries and equity accounted investments in respect of which deferred income tax liabilities have not been recognised is immaterial on the basis that the participation exemptions and foreign tax credits should be available such that no material temporary differences arise. There are no other unrecognised deferred income tax liabilities.

In addition, no deferred income tax asset has been recognised in respect of certain tax losses incurred by the Group on the basis that the recovery is considered unlikely in the foreseeable future or due to the complexity and uncertainty of the tax treatment in connection with certain items giving rise to some of the losses a deferred income tax asset has not been recognised. The cumulative value of such tax losses is €35.3m (2018: €27.3m). In the event that sufficient taxable profits arise or the tax treatment becomes sufficiently certain in the relevant jurisdictions in future years, these losses may be utilised. The majority of these losses are due to expire in 2035.

During 2018, the Group re-assessed the basis of calculating the deferred income tax arising on fair valued historic business combinations, and specifically the expected manner of recovery of the acquired land & buildings. This reassessment, in the prior financial year, increased goodwill by €9.0m per note 12, created a deferred income tax liability of €4.6m and a deferred income tax liability release of €4.4m (principally arising on the intervening reductions in the UK tax rate) included in the deferred income tax movement in note 7.

Company

The company had no deferred income tax assets or liabilities at 28 February 2019 or at 28 February 2018.

20. RECOGNISED DEFERRED INCOME TAX ASSETS AND LIABILITIES (continued)

Analysis of movement in net deferred income tax (liabilities)/assets

	1 March 2018 €m	Recognised in Income Statement €m	Recognised in Other Comprehensive Income €m	Arising on acquisition (note 10) €m	Translation adjustment €m	28 February 2019 €m
Group						
Property, plant & equipment:	**0.3**	**(0.2)**	**-**	**1.1**	**-**	**1.2**
Property, plant and equipment: other	**(6.9)**	**(0.1)**	**-**	**-**	**(0.3)**	**(7.3)**
Provision for trade related items	**0.9**	**(1.1)**	**0.3**	**1.2**	**-**	**1.3**
Intangible assets	**(2.7)**	**(0.1)**	**-**	**(4.3)**	**(0.1)**	**(7.2)**
Retirement benefits	**(1.1)**	**(0.1)**	**0.3**	**-**	**-**	**(0.9)**
	(9.5)	**(1.6)**	**0.6**	**(2.0)**	**(0.4)**	**(12.9)**

	1 March 2017 €m	Recognised in Income Statement €m	Recognised in Other Comprehensive Income €m	Arising on historical business combinations €m	Translation adjustment €m	28 February 2018 €m
Group						
Property, plant & equipment:	(0.3)	0.6	-	-	-	0.3
Property, plant and equipment: other	(1.9)	3.8	-	(9.0)	0.2	(6.9)
Provision for trade related items	0.5	0.4	-	-	-	0.9
Intangible assets	(3.0)	0.3	-	-	-	(2.7)
Retirement benefits	1.9	(0.2)	(2.8)	-	-	(1.1)
	(2.8)	4.9	(2.8)	(9.0)	0.2	(9.5)

21. RETIREMENT BENEFITS

The Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in March 2006 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the Income Statement.

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

There are no active members remaining in the executive defined benefit pension scheme (2018: no active members). There are 57 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (2018: 57 active members) and 3 active members in the NI defined benefit pension scheme (2018: 4 active members). The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2015 and thereafter for all future pension increases to be awarded on a discretionary basis.

Notes forming part of the financial statements
(continued)

21. RETIREMENT BENEFITS (CONTINUED)

Actuarial valuations – funding requirements
Independent actuarial valuations of the defined benefit pension schemes are carried out on a triennial basis using the attained age method. The most recent actuarial valuations of the ROI defined benefit pension schemes were carried out with an effective date of 1 January 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 staff 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 Group is exposed to a number of risks in relation to the funding position of these schemes, namely:-

Asset volatility: It is the Group's intention to pursue a long-term investment policy that emphasises investment in secure monetary assets to provide for the contractual benefits payable to members. The investment portfolio has exposure to equities, other growth assets and fixed interest investments, the returns from which are uncertain and may fluctuate significantly in line with market movements. Assets held are valued at fair value using bid prices where relevant.

Discount rate: The discount rate is the rate of interest used to discount post-employment benefit obligations and is determined by reference to market yields at the balance sheet date on high quality corporate bonds with a currency and term consistent with the currency and estimated term of the Group's post employment benefit obligations. Movements in discount rates have a significant impact on the value of the schemes' liabilities.

Longevity: The value of the defined benefit obligations is influenced by demographic factors such as mortality experience and retirement patterns. Changes to life expectancy have a significant impact on the value of the schemes' liabilities.

Method and assumptions
The schemes' independent actuary, Mercer (Ireland) Limited, has employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost.

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and the rate of inflation/salary increase. These and other assumptions used to determine the retirement benefits and current service cost under IAS19(R) *Employee Benefits* are set out below.

21. RETIREMENT BENEFITS (CONTINUED)

Mortality rates also have a significant impact on the actuarial valuations, as the number of deaths within the scheme have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality, the rates used have been based on the most up-to-date mortality tables, (the S2PMA CMI 2016 (males) and S2PFA CMI 2016 (females) for the ROI schemes and SPA07M year of birth tables with CMI 2014 projections for the NI scheme) with age ratings and loading factors to allow for future mortality improvements. These tables conform to best practice. The growing trend for people to live longer and the expectation that this will continue has been reflected in the mortality assumptions used for this valuation as indicated below. This assumption will continue to be monitored in light of general trends in mortality experience. Based on these tables, the assumed life expectations on retirement are:-

		ROI		NI	
		2019	2018	2019	2018
Future life expectations at age 65		No. of years	No. of years	No. of years	No. of years
Current retirees – no allowance for future improvements	Male	**22.5-23.3**	22.4	**22.4**	23.0
	Female	**24.4-25.2**	24.3	**24.3**	25.1
Future retirees – with allowance for future improvements	Male	**23.3-24.2**	23.2	**24.2**	25.1
	Female	**25.3-26.2**	25.2	**26.1**	27.4

Scheme liabilities:-

The average age of active members is 48 and 53 years (2018: 48 and 53 years) for the ROI Staff and the NI defined benefit pension schemes respectively (the executive defined benefit pension scheme has no active members), while the average duration of liabilities ranges from 14 to 25 years (2018: 14 to 21 years).

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 28 February 2019 and 28 February 2018 are as follows:-

	2019		2018	
	ROI	NI	ROI	NI
Salary increases	**0.0%-2.5%**	**3.6%**	0.0%-2.5%	3.6%
Increases to pensions in payment	**1.6%-1.7%**	**1.7%**	1.5%	1.7%
Discount rate	**1.8%-2.1%**	**2.8%**	1.9%-2.2%	2.7%
Inflation rate	**1.6%-1.7%**	**3.2%**	1.5%	3.2%

A reduction in discount rate used to value the schemes' liabilities by 0.25% would increase the valuation of liabilities by €9.4m while an increase in inflation/salary increase expectations of 0.25% would increase the valuation of liabilities by €9.2m. The sensitivity is calculated by changing the individual assumption while holding all other assumptions constant.

The pension assets and liabilities on the following pages have been prepared in accordance with IAS19(R) Employee Benefits.

Notes forming part of the financial statements
(continued)

21. RETIREMENT BENEFITS (CONTINUED)

(a) Impact on Group Income Statement

	2019			2018		
	ROI €m	NI €m	Total €m	ROI €m	NI €m	Total €m
Analysis of defined benefit pension expense:						
Current service cost	**(0.9)**	**-**	**(0.9)**	(1.2)	(0.1)	(1.3)
Past service gain	**0.1**	**(0.1)**	**-**	2.6	-	2.6
Interest cost on scheme liabilities	**(3.9)**	**(0.2)**	**(4.1)**	(3.7)	(0.2)	(3.9)
Interest income on scheme assets	**3.8**	**0.3**	**4.1**	3.3	0.3	3.6
Total (expense)/income recognised in Income Statement	**(0.9)**	**-**	**(0.9)**	1.0	-	1.0

In the prior financial year, the income recognised in the Income Statement of €1.0m included a past service gain of €2.6m in respect of the pension levy adjustments applied to deferred members' benefits.

Analysis of amount recognised in Other Comprehensive Income:

	2019			2018		
	ROI €m	NI €m	Total €m	ROI as restated* €m	NI as restated* €m	Total as restated* €m
Actual return on scheme assets	**4.3**	**0.3**	**4.6**	4.0	0.5	4.5
Expected interest income on scheme assets	**(3.8)**	**(0.3)**	**(4.1)**	(3.3)	(0.3)	(3.6)
Experience gains and losses on scheme liabilities	**2.9**	**0.3**	**3.2**	2.0	-	2.0
Effect on changes in financial assumptions	**(7.6)**	**0.1**	**(7.5)**	6.0	0.3	6.3
Effect of changes in demographic assumptions	**-**	**0.2**	**0.2**	7.6	-	7.6
Total (expense)/income	**(4.2)**	**0.6**	**(3.6)**	16.3	0.5	16.8
Scheme assets	**173.5**	**12.3**	**185.8**	175.6	11.8	187.4
Scheme liabilities	**(182.2)**	**(6.8)**	**(189.0)**	(179.4)	(7.0)	(186.4)
Deficit in scheme	**(12.2)**	**-**	**(12.2)**	(3.8)	-	(3.8)
Surplus in scheme	**3.5**	**5.5**	**9.0**	-	4.8	4.8

* The comparatives have been amended to be consistent with current year presentation as this provides more appropriate information to the users of the financial statements.

In the prior year, the ROI defined benefit pension schemes (executive and staff which had an asset and liability respectively) were netted. In the current year, the amounts disclosed are gross. The comparative period was not restated as it was not material and had no cash, profit or tax impact.

21. RETIREMENT BENEFITS (CONTINUED)

(b) Impact on Group Balance Sheet

The retirement benefits (deficit)/surplus at 28 February 2019 and 28 February 2018 is analysed as follows:-

Analysis of net pension deficit:

	2019			2018		
	ROI €m	NI €m	Total €m	ROI €m	NI €m	Total €m
Investments quoted in active markets						
Bid value of assets at end of year:						
Equity*	**33.9**	**2.5**	**36.4**	35.3	5.9	41.2
Bonds	**102.1**	**9.8**	**111.9**	100.7	5.9	106.6
Alternatives	**24.2**	**-**	**24.2**	26.8	-	26.8
Cash	**0.5**	**-**	**0.5**	0.5	-	0.5
Investments unquoted						
Property	**12.8**	**-**	**12.8**	12.3	-	12.3
	173.5	**12.3**	**185.8**	175.6	11.8	187.4
Actuarial value of scheme liabilities	**(182.2)**	**(6.8)**	**(189.0)**	(179.4)	(7.0)	(186.4)
Deficit in the scheme	**(12.2)**	**-**	**(12.2)**	(3.8)	-	(3.8)
Surplus in the scheme	**3.5**	**5.5**	**9.0**	-	4.8	4.8
(Deficit)/surplus in the scheme	**(8.7)**	**5.5**	**(3.2)**	(3.8)	4.8	1.0
Related deferred income tax asset	**1.5**	**-**	**1.5**	0.5	-	0.5
Related deferred income tax liability	**(0.4)**	**(2.0)**	**(2.4)**	-	(1.6)	(1.6)
Net pension (deficit)/surplus	**(7.6)**	**3.5**	**(4.1)**	(3.3)	3.2	(0.1)

* The defined benefit pension schemes have a passive self investment in C&C Group plc of €nil (2018: €nil).

The alternative investment category includes investments in various asset classes including equities, commodities, currencies and funds. The investments are managed by fund managers.

Reconciliation of scheme assets

	2019			2018		
	ROI €m	NI €m	Total €m	ROI €m	NI €m	Total €m
Assets at beginning of year	**175.6**	**11.8**	**187.4**	176.7	11.8	188.5
Movement in year:						
Translation adjustment	**-**	**0.3**	**0.3**	-	(0.4)	(0.4)
Expected interest income on scheme assets, net of pension levy	**3.8**	**0.3**	**4.1**	3.3	0.3	3.6
Actual return less interest income on scheme assets	**0.5**	**-**	**0.5**	0.7	0.2	0.9
Employer contributions	**0.2**	**-**	**0.2**	1.2	-	1.2
Member contributions	**0.2**	**-**	**0.2**	0.2	-	0.2
Benefit payments	**(6.8)**	**(0.1)**	**(6.9)**	(6.5)	(0.1)	(6.6)
Assets at end of year	**173.5**	**12.3**	**185.8**	175.6	11.8	187.4

The expected employer contributions to fund defined benefit scheme obligations for year ending 28 February 2020 is €0.3m.

Notes forming part of the financial statements
(continued)

21. RETIREMENT BENEFITS (CONTINUED)

The scheme assets had the following investment profile at the year end:-

	2019		2018	
	ROI	NI	ROI	NI
Quoted in active markets				
Equities	**20%**	**20%**	20%	50%
Bonds	**59%**	**80%**	58%	50%
Alternatives	**14%**	**-**	15%	-
Cash	**-**	**-**	-	-
Unquoted				
Property	**7%**	**-**	7%	-
	100%	**100%**	100%	100%

Reconciliation of actuarial value of scheme liabilities

	2019			2018		
	ROI €m	NI €m	Total €m	ROI €m	NI €m	Total €m
Liabilities at beginning of year	**179.4**	**7.0**	**186.4**	199.0	7.3	206.3
Movement in year:						
Translation adjustment	**-**	**0.2**	**0.2**	-	(0.2)	(0.2)
Current service cost	**0.9**	**-**	**0.9**	1.2	0.1	1.3
Past service gain	**(0.1)**	**0.1**	**-**	(2.6)	-	(2.6)
Interest cost on scheme liabilities	**3.9**	**0.2**	**4.1**	3.7	0.2	3.9
Member contributions	**0.2**	**-**	**0.2**	0.2	-	0.2
Actuarial loss/(gain) immediately recognised in equity	**4.7**	**(0.6)**	**4.1**	(15.6)	(0.3)	(15.9)
Benefit payments	**(6.8)**	**(0.1)**	**(6.9)**	(6.5)	(0.1)	(6.6)
Liabilities at end of year	**182.2**	**6.8**	**189.0**	179.4	7.0	186.4

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's multinational operations expose it to various financial risks in the ordinary course of business that include credit risk, liquidity risk, commodity price risk, currency risk and interest rate risk. This note discusses the Group's exposure to each of these financial risks and summarises the risk management strategy for managing these risks. The note is presented as follows:-

(a) Overview of the Group's risk exposures and management strategy
(b) Financial assets and liabilities as at 28 February 2019/28 February 2018 and determination of fair value
(c) Market risk
(d) Credit risk
(e) Liquidity risk

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Overview of the Group's risk exposures and management strategy

The main financial market risks that the Group is exposed to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and financial counterparty creditworthiness. The UK vote to leave the European Union continues to create significant uncertainty. The Board continues to monitor and manage this and all other financial risks faced by the Group very closely.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This is executed through various committees to which the Board has delegated appropriate levels of authority. An essential part of this framework is the role undertaken by the Audit Committee, supported by the internal audit function, and the Group Chief Financial Officer. The Board, through its Committees, has reviewed the internal control environment and the risk management systems and process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers them to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

The Group's risk management programme seeks to minimise the potential adverse effects, arising from fluctuations in financial markets, on the Group's financial performance in a non-speculative manner at a reasonable cost when economically viable to do so. The Group achieves the management of these risks in part, where appropriate, through the use of derivative financial instruments. All derivative financial contracts entered into in this regard are in liquid markets with credit rated parties. Treasury activities are performed within strict terms of reference that have been approved by the Board. See currency risk section for further details.

(b) Financial assets and liabilities

The carrying and fair values of financial assets and liabilities by measurement category were as follows:-

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group				
28 February 2019				
Financial assets:				
Cash	144.4	-	144.4	144.4
Trade receivables	90.0	-	90.0	90.0
Advances to customers	51.4	-	51.4	51.4
Financial liabilities:				
Interest bearing loans & borrowings	-	(446.0)	(446.0)	(450.6)
Derivative contracts	-	(2.0)	(2.0)	(2.0)
Trade & other payables	-	(336.3)	(336.3)	(336.3)
Provisions	-	(15.7)	(15.7)	(15.7)
	285.8	(800.0)	(514.2)	(518.8)

Notes forming part of the financial statements
(continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group				
28 February 2018				
Financial assets:				
Cash	145.5	-	145.5	145.5
Trade receivables	48.5	-	48.5	48.5
Advances to customers	50.2	-	50.2	50.2
Financial liabilities:				
Interest bearing loans & borrowings	-	(383.1)	(383.1)	(383.8)
Trade & other payables	-	(132.7)	(132.7)	(132.7)
Provisions	-	(11.4)	(11.4)	(11.4)
	244.2	(527.2)	(283.0)	(283.7)

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
28 February 2019				
Financial assets:				
Amounts due from Group undertakings	**346.0**	**-**	**346.0**	**346.0**
Financial liabilities:				
Interest bearing loans & borrowings	**-**	**(24.5)**	**(24.5)**	**(29.1)**
Amounts due to Group undertakings	**-**	**(326.3)**	**(326.3)**	**(326.3)**
Trade & other payables	**-**	**(0.6)**	**(0.6)**	**(0.6)**
	346.0	**(351.4)**	**(5.4)**	**(10.0)**

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
28 February 2018				
Financial assets:				
Amounts due from Group undertakings	355.7	-	355.7	355.7
Financial liabilities:				
Amounts due to Group undertakings	-	(317.1)	(317.1)	(317.1)
Trade & other payables	-	(0.6)	(0.6)	(0.6)
	355.7	(317.7)	38.0	38.0

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Determination of Fair Value

Set out below are the main methods and assumptions used in estimating the fair values of the Group's financial assets and liabilities. There is no material difference between the fair value of financial assets and liabilities falling due within one year and their carrying amount as due to the short-term maturity of these financial assets and liabilities their carrying amount is deemed to approximate fair value.

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.

Advances to customers

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

Trade & other receivables/payables

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

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Commodity price risk

The Group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as apples, glass, barley, aluminium, polymer, wheat and sugar/glucose. Commodity price risk is managed, where economically viable, through fixed price contracts with suppliers incorporating appropriate commodity hedging and pricing mechanisms. The Group does not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. It is Group policy to fix the cost of a certain level of its energy requirement through fixed price contractual arrangements directly with its energy suppliers.

Currency risk

The Company's functional and reporting currency and that of its share capital is Euro. The Euro is also the Group's reporting currency and the currency used for all planning and budgetary purposes. The Group is exposed to currency risk in relation to sales and purchase transactions by Group companies in currencies other than their functional currency (transaction risk), and fluctuations in the Euro value of the Group's net investment in foreign currency (primarily Sterling and US Dollar) denominated subsidiary undertakings (translation risk). Currency exposures for the entire Group are managed and controlled centrally. The Group seeks to minimise its foreign currency transaction exposure when economically viable by maximising the value of its foreign currency input costs and creating a natural hedge. Where there is a net currency exposure the Group enters into foreign currency forward contracts to mitigate and protect against adverse movements in currency risk and remove uncertainty over the foreign currency equivalent cash flows. The Group hedges a proportion of this net risk exposure, forecasting out for up to 2 years, in line with our risk management strategy. At 28 February 2019 the Group has forward foreign currency cash-flow hedges outstanding to the value of €48.7 million, which are disclosed as a derivative financial instrument on the Group's Balance sheet, at an average exchange rate of 1.115 GBP/EUR.

Notes forming part of the financial statements
(continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

In addition, the Group has a number of long-term intra-group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence of which are deemed quasi equity in nature and are therefore part of the Group's net investment in its foreign operations. The Group does not hedge the translation exposure arising on the translation of the profits of foreign currency subsidiaries.

The net currency gains and losses on transactional currency exposures are recognised in the Income Statement and the changes arising from fluctuations in the Euro value of the Group's net investment in foreign operations are reported separately within Other Comprehensive Income.

Derivatives	2019 €m	2018 €m
Cash flow hedges – currency forwards	**(1.9)**	-
Not designated as hedges (held for trading) – currency forwards	**(0.1)**	-
Total	**(2.0)**	-

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as "held for trading" for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Hedging reserves	2019 €m	2018 €m
Opening balance 1 March	**-**	-
Change in fair value of hedging recognised in OCI for the year	**(1.8)**	-
Reclassified to the cost of inventory – not recognised in OCI	**0.4**	-
Deferred tax on cash flow hedges	**0.3**	-
Closing balance 28 February – continuing hedges	**(1.1)**	-

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item, such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. The change in fair value of the hedged item used to determine hedge effectiveness is €1.7m.

In hedges of foreign currency purchases, ineffectiveness might arise if the timing of the forecast transaction changes from what was originally estimated, or if a degree of forecast purchases are no longer highly probable to occur. The hedging ratio is 1:1 as the quantity of purchases designated matches the notional amount of the hedging instrument.

Ineffectiveness of €0.3m was recognised in the Income Statement in the period within Finance Costs.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2019 is as :-

Group	Euro €m	Sterling €m	USD €m	CAD/AUD €m	NZD €m	SGD €m	ZAR €m	Not at risk €m	Total €m
Cash	17.4	0.6	9.6	1.9	0.7	0.7	0.9	112.6	144.4
Trade receivables	3.5	0.5	0.8	0.6	-	-	0.3	84.3	90.0
Advances to customers	-	-	-	-	-	-	-	51.4	51.4
Interest bearing loans & borrowings	-	(29.4)	-	-	-	-	-	(416.6)	(446.0)
Trade & other payables	(8.6)	(3.4)	(1.8)	(0.1)	(0.2)	-	-	(322.2)	(336.3)
Provisions	-	-	-	-	-	-	-	(15.7)	(15.7)
Gross currency exposure	12.3	(31.7)	8.6	2.4	0.5	0.7	1.2	(506.2)	(512.2)

Company	Sterling €m	Not at risk €m	Total €m
Interest bearing loans & borrowings	(29.1)	4.6	(24.5)
Net amounts due to Group undertakings	(22.4)	42.1	19.7
Accruals	-	(0.6)	(0.6)
Total	(51.5)	46.1	(5.4)

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2018 is as follows:-

Group	Euro €m	Sterling €m	USD €m	CAD/AUD €m	Not at risk €m	Total €m
Cash	0.6	4.2	0.7	0.7	139.3	145.5
Trade & other receivables	0.1	0.3	0.2	0.8	47.1	48.5
Advances to customers	-	-	-	-	50.2	50.2
Interest bearing loans & borrowings	-	-	-	-	(383.1)	(383.1)
Trade & other payables	(0.8)	(5.9)	-	(0.1)	(125.9)	(132.7)
Provisions	-	-	-	-	(11.4)	(11.4)
Gross currency exposure	(0.1)	(1.4)	0.9	1.4	(283.8)	(283.0)

Company	Sterling €m	Not at risk €m	Total €m
Net amounts due to Group undertakings	(19.5)	58.1	38.6
Accruals	-	(0.6)	(0.6)
Total	(19.5)	57.5	38.0

A 10% strengthening in the Euro against Sterling and the Australian, Canadian and US Dollars, based on outstanding financial assets and liabilities at 28 February 2019, would have a €0.6m negative impact on the Income Statement. A 10% weakening in the Euro against Sterling, and the Australian, Canadian and US Dollars would have a €0.7m positive effect on the Income Statement. This analysis assumes that all other variables, in particular interest rates, remain constant.

Notes forming part of the financial statements
(continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The interest rate profile of the Group and Company's interest-bearing financial instruments at the reporting date is summarised as follows:-

	Group		Company	
	2019	2018	2019	2018
	€m	€m	€m	€m
Variable rate instruments				
Interest bearing loans & borrowings	**(450.6)**	(383.8)	**(29.1)**	-
Cash	**144.4**	145.5	**-**	-
	(306.2)	(238.3)	**(29.1)**	-

The Group exposure to interest rate risk arises principally from its long-term debt obligations. A 0.25% increase/decrease in Euribor and Libor rates, would have a €0.1m impact on the Income Statement.

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, its cash advances to customers, cash including deposits with banks and derivative financial instruments contracted with banks. The Group has an indirect exposure to European Sovereigns via its defined benefit pension scheme investment portfolio. In the context of the Group's operations, credit risk is mainly influenced by the individual characteristics of individual counterparties and is not considered particularly concentrated as it primarily arises from a wide and varied customer base; there are no material dependencies or concentrations of individual customers which would warrant disclosure under IFRS 8 *Operating Segments*.

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables and advances to customers based on experience, customer track records and historic default rates and forward looking information, such as concentration maturity and the macroeconomic circumstances within the Group's primary trading markets. Generally, individual 'risk limits' are set by customer and risk is only accepted above such limits in defined circumstances. A strict credit assessment is made of all new applicants who request credit-trading terms. The utilisation and revision, where appropriate, of credit limits is regularly monitored. Impairment provision accounts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and is written off directly against the trade receivable/advance to customer. The Group also manages credit risk through the use of a receivables purchase arrangement, for an element of its trade receivables. Under the terms of this arrangement, the Group transfers the credit risk, late payment risk and control of the receivables sold. As at 28 February 2019, the Group's year end cash had benefited by €152.6m (2018: €63.5m) with respect to this purchase arrangement. The Group's trade receivables purchase arrangement is not recognised on the balance sheet as it meets the de-recognition criteria under IFRS 9.

Advances to customers are generally secured by, amongst others, rights over property or intangible assets, such as the right to take possession of the premises of the customer. During the year, the Group did not exercise their right to take possession of any material collateral that would require disclosure. At 28 February 2019, the Group held collateral of €4.3m on financial assets that are credit impaired and recognised no expected credit loss on financial assets of €1.3m due to collateral.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rates calculated on repayment/annuity advances are generally based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given. The Group establishes an allowance for impairment of customer's advances that represents its estimate of potential future losses.

From time to time, the Group holds significant cash balances, which are invested on a short-term basis and disclosed under cash in the Balance Sheet. Risk of counterparty default arising on short-term cash deposits is controlled within a framework of dealing primarily with banks who are members of the Group's banking syndicate, and by limiting the credit exposure to any one of these banks or institutions. Management does not expect any counterparty to fail to meet its obligations.

The Company also bears credit risk in relation to amounts owed by Group undertakings and from guarantees provided in respect of the liabilities of wholly owned subsidiaries as disclosed in note 25.

The carrying amount of financial assets, net of impairment provisions represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:-

	Group		Company	
	2019 €m	2018 €m	2019 €m	2018 €m
Trade receivables	**90.0**	48.5	**-**	-
Advances to customers	**51.4**	50.2	**-**	-
Amounts due from Group undertakings	**-**	-	**346.0**	355.7
Cash	**144.4**	145.5	**-**	-
	285.8	244.2	**346.0**	355.7

The ageing of trade receivables and advances to customers together with an analysis of movement in the Group impairment provisions against these receivables are disclosed in note 15. The Group does not have any significant concentrations of risk.

(e) Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. Liquid resources are defined as the total of cash. The Group finances its operations through cash generated by the business and medium term bank credit facilities; the Group does not use off-balance sheet special purpose entities as a source of liquidity or financing.

The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or committed bank facilities to meet all debt obligations as they fall due. To achieve this, the Group (a) maintains adequate cash balances; (b) prepares detailed 3 year cash projections; and (c) keeps refinancing options under review. In addition, the Group maintains an overdraft facility that is unsecured.

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

Notes forming part of the financial statements
(continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Barclays Bank, HSBC, Rabobank, and Ulster Bank. The multi-currency facility agreement is repayable in a single instalment on 12 July 2023 while 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, three or six months.

The Company and Group has further financial indebtedness of €29.1m at 28 February 2019, which is repayable by instalment 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 €450.6m was drawn at 28 February 2019. In the prior financial year, the Group had €383.8m of drawn debt under the Group's 2014 multi-currency revolving loan facility.

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 Company and Group at 28 February 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 Company and 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

Compliance with these debt covenants is monitored continuously.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

At the year end, the Group had net debt, net of unamortised issue costs, of €301.6m (28 February 2018: €237.6m), with a Net debt/EBITDA ratio of 2.51:1 (2018: 2.37:1).

The following are the contractual maturities of financial liabilities, including interest payments-

Group	Carrying amount €m	Contractual cash flows €m	6 months or less €m	6–12 months €m	1–2 years €m	Greater than 2 years €m
2019						
Interest bearing loans & borrowings	**446.0**	**471.0**	**33.0**	**33.0**	**64.9**	**340.1**
Trade & other payables	**336.3**	**336.3**	**336.3**	**-**	**-**	**-**
Provisions	**15.7**	**16.5**	**3.1**	**1.7**	**1.3**	**10.4**
Total contracted outflows	**798.0**	**823.8**	**372.4**	**34.7**	**66.2**	**350.5**
2018						
Interest bearing loans & borrowings	(383.1)	(396.1)	(3.4)	(3.4)	(389.3)	-
Trade & other payables	(132.7)	(132.7)	(132.7)	-	-	-
Provisions	(11.4)	(11.5)	(3.0)	(0.6)	(1.2)	(6.7)
Total contracted outflows	(527.2)	(540.3)	(139.1)	(4.0)	(390.5)	(6.7)

Company						
2019						
Interest bearing loans & borrowings	**(24.5)**	**(30.2)**	**(6.2)**	**(6.2)**	**(12.0)**	**(5.8)**
Amounts due to Group undertakings	**(326.3)**	**(326.3)**	**(326.3)**	**-**	**-**	**-**
Trade & other payables	**(0.6)**	**(0.6)**	**(0.6)**	**-**	**-**	**-**
Total contracted outflows	**(351.4)**	**(357.1)**	**(333.1)**	**(6.2)**	**(12.0)**	**(5.8)**
2018						
Amounts due to Group undertakings	(317.1)	(317.1)	(317.1)	-	-	-
Trade & other payables	(0.6)	(0.6)	(0.6)	-	-	-
Total contracted outflows	(317.7)	(317.7)	(317.7)	-	-	-

Notes forming part of the financial statements
(continued)

23. SHARE CAPITAL AND RESERVES

	Authorised Number	Allotted and called up Number	Authorised €m	Allotted and called up €m
At 28 February 2019				
Ordinary shares of €0.01 each	**800,000,000**	**320,354,042***	**8.0**	**3.2**
At 28 February 2018				
Ordinary shares of €0.01 each	800,000,000	317,876,001**	8.0	3.2
At 28 February 2017				
Ordinary shares of €0.01 each	800,000,000	325,546,201***	8.0	3.3

* Inclusive of 10.9m treasury shares.
** Inclusive of 11.0m treasury shares.
*** Inclusive of 11.9m treasury shares.

All shares in issue carry equal voting and dividend rights.

Following shareholder approval at the Annual General Meeting on 27 June 2012, where Interests under the Joint Share Ownership Plan have vested and if the participant is a continuing employee and so agrees, the participant is entitled to dividends on the relevant Plan Shares in proportion to his economic interest. The Trustees of the Employee Trust are entitled to the dividends otherwise but have waived their entitlement. All Interests under the Joint Share Ownership Plan have now been exercised and accordingly there were no dividends paid to plan participants in the current financial year. In the year to 28 February 2018, dividends of less than €0.1m were paid to Plan participants.

Reserves

Group

	Allotted and called up Ordinary Shares		Ordinary Shares held by the Trustee of the Employee Trust	
	2019 '000	2018 '000	2019 '000	2018 '000
As at 1 March	**317,876**	325,546	**1,973**	2,912
Shares issued in lieu of dividend	**3,055**	1,368	**-**	-
Shares issued in respect of options exercised	**-**	454	**-**	-
Shares cancelled following share buyback programme	**(577)**	(9,492)	**-**	-
Shares disposed of or transferred to Participants	**-**	-	**(64)**	(939)
As at 28 February	**320,354***	317,876*	**1,909**	1,973

* Includes 9.025m shares bought by the Group during the financial year ended 28 February 2015 which continue to be held as Treasury shares.

Movements in the year ended 28 February 2019

In July 2018, 2,478,035 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €2.9486 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 28 February 2018. In December 2018, 576,722 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.36464 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 28 February 2019.

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2019 continue to be included in the treasury share reserve. During the financial year, 64,445 shares were sold by the Trustees and are no longer accounted for as treasury shares.

23. SHARE CAPITAL AND RESERVES (CONTINUED)

Also during the current financial year, as part of the Group's capital management strategy, the Group invested €1.9m in an on-market share buyback programme (inclusive of commission and related costs) in which it repurchased and subsequently cancelled 576,716 of the Group's shares. This was in accordance with shareholder authority granted at the Group's AGM, to make market purchases of up to 10% of its own shares.

Movements in the year ended 28 February 2018

In July 2017, 886,334 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.40312 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 28 February 2017. In December 2017, 481,793 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €2.94136 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 28 February 2018. During the prior financial year 454,173 ordinary shares were issued on the exercise of share options for a net consideration of €1.4m.

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2018 continued to be included in the treasury share reserve. During the prior financial year, 146,816 shares were sold by the Trustees and were no longer accounted for as treasury shares and 791,438 shares were transferred to participants on exercise of their entitlements under the Group's Joint Share Ownership Plan and therefore were also no longer accounted for as treasury shares.

Also during the prior financial year, as part of the Group's capital management strategy, the Group invested €33.1m in an on-market share buyback programme (inclusive of commission and related costs) in which it repurchased and subsequently cancelled 9,492,500 of the Group's shares. This was in accordance with shareholder authority granted at the Group's AGM, to make market purchases of up to 10% of its own shares.

Share premium – Group

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a reverse acquisition reserve debit of €703.9m, which, for presentation purposes in the Group financial statements, has been netted against the share premium in the Consolidated Balance Sheet.

Share premium – Company

The share premium, as stated in the Company Balance Sheet, represents the premium recognised on shares issued and amounts to €853.6m as at 28 February 2019 (2018: €844.4m). The current financial year movement relates to the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend. The prior financial year movement relates to the exercise of share options, and the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend.

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. The prior financial year movement relates to the on-market share buyback programme undertaken by the Group during that period as outlined in further detail below.

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*, less reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and Interests, as set out in note 4.

Notes forming part of the financial statements (continued)

23. SHARE CAPITAL AND RESERVES (CONTINUED)

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.

There were no adjustments posted with respect of valuations for the year ended 28 February 2019. As a result of the valuation in the prior financial year, the carrying value of land and buildings increased by a net €3.1m; of which €0.3m was debited directly to the Income Statement and €3.4m was credited to the revaluation reserve. In addition the value of the Group's plant & machinery decreased by €4.7m, all of which was recognised in the Income Statement.

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 year movement in the reserve relates to the sale of excess shares by the Trust to satisfy other share entitlements. The prior year movement relates to Interests under the Joint Share Ownership Plan being acquired by participants from the Trust and the sale of excess shares by the Trust to satisfy other share entitlements.

Capital management

The Board's policy is to maintain a strong capital base so as to safeguard the Group's ability: to continue as a going concern for the benefit of shareholders and stakeholders; to maintain investor, creditor and market confidence; and, to sustain the future development of the business through the optimisation of the value of its debt and equity shareholding balance.

The Board considers capital to comprise long-term debt and equity. There are no externally imposed requirements with respect to capital with the exception of a financial covenant in the Group's Euro Term loan and multi-currency debt facilities which limits the Net debt: EBITDA ratio to a maximum of 3.75 times. A similar financial covenant exists in the Company and Group's non-bank borrowings at year end which limits the Net debt: EBITDA ratio to a maximum of 3.5 times. All financial covenants were complied with throughout the current and prior financial years.

23. SHARE CAPITAL AND RESERVES (CONTINUED)

The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board approves any material adjustments to the capital structure in terms of the relative proportions of debt and equity. In order to maintain or adjust the capital structure, the Group may issue new shares, dispose of assets to reduce debt, alter dividend policy by increasing or reducing the dividend paid to shareholders, return capital to shareholders and/or buyback shares. In respect of the financial year ended 28 February 2019, the Company paid an interim dividend on ordinary shares of 5.33c per share (2018: 5.21c per share) and the Directors propose, subject to shareholder approval, that a final dividend of 9.98c per share (2018: 9.37c per share) be paid, bringing the total dividend for the year to 15.31c per share (2018: 14.58c per share).

In addition, as part of the Group's capital management strategy, the Group participated in a share buyback programme during the current and prior financial year. At the AGM held on 7 July 2016, shareholders granted the Group authority to make market purchases of up to 10% of its own shares.

The Group invested €1.8m (€1.9m including commission and related fees) as part of this on-market buyback programme, purchasing 576,716 of the Company's shares at an average price of €3.18. 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. In the prior financial year, the Group invested €32.7m (€33.1m including commission and related fees) as part of this on-market share buyback programme, purchasing 9,492,500 of the Company's shares at an average price of €3.44. All shares acquired were subsequently cancelled by the Group. In the financial year ended 28 February 2015, a subsidiary of the Group invested €30.0m as part of an on-market share buyback programme, purchasing 9,025,000 of the Company's shares at an average price of €3.29. All shares acquired as part of this share buyback programme are held as Treasury shares.

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. The multi-currency facility agreement is repayable in a single instalment on 12 July 2023 while the term loan is repayable in a single instalment on 12 July 2021.

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. The total borrowings of the Group at 28 February 2019 was €450.6m (2018:€383.8m of drawn debt under the Group's 2014 multi-currency facility).

Company Income Statement

In accordance with Section 304 of the Companies Act 2014, the Income Statement of the Company has not been presented separately in these consolidated financial statements. A loss of €5.7m (2018: profit of €56.2m) was recognised in the individual Company Income Statement of C&C Group plc.

Notes forming part of the financial statements
(continued)

24. COMMITMENTS

(a) Capital commitments

At the year end, the following capital commitments authorised by the Board had not been provided for in the financial statements:-

	2019 €m	2018 €m
Contracted	**3.8**	4.3
Not contracted	**15.7**	13.7
	19.5	18.0

The contracted capital commitments at 28 February 2019 primarily relate to a waste water treatment plant in Wellpark of €2.1m (2018: €3.3m), a number of projects at Wellpark brewery of €0.8m and an improved drainage system and waste water treatment plant in Clonmel amounting to €0.7m. Also included in the prior year was improvements to the Wellpark buildings of €1.0m.

(b) Commitments under operating leases

Future minimum rentals payable under non-cancellable operating leases at the year end are as follows:-

	2019				2018			
	Land & buildings €m	Plant & machinery €m	Other €m	Total €m	Land & buildings €m	Plant & machinery €m	Other €m	Total €m
Payable in less than one year	**9.5**	**0.9**	**13.3**	**23.7**	1.9	0.5	9.4	11.8
Payable between 1 and 5 years	**30.8**	**2.2**	**32.9**	**65.9**	7.0	1.6	22.3	30.9
Payable greater than 5 years	**23.1**	**-**	**3.3**	**26.4**	5.7	-	1.6	7.3
	63.4	**3.1**	**49.5**	**116.0**	14.6	2.1	33.3	50.0

The land & buildings operating lease commitments as at 28 February 2019 primarily relate to leases of warehousing facilities in the UK acquired as part of the acquisition of MCB during the year and the Gaymers cider business in 2010. The other operating lease commitments primarily relate to on trade assets across the Group.

(c) Other commitments

At the year end, the value of contracts placed for future expenditure was:-

	2019										
	Apples €m	Glass €m	Marketing €m	Barley €m	Aluminium €m	Polymer €m	Wheat €m	Sugar/ glucose €m	Natural gas	Electricity	Total* €m
Payable in less than one year	**7.6**	**3.0**	**4.2**	**7.8**	**0.6**	**0.2**	**0.9**	**7.9**	**-**	**0.7**	**32.9**
Payable between 1 and 5 years	**11.7**	**-**	**3.4**	**17.9**	**-**	**-**	**-**	**-**	**-**	**-**	**33.0**
Payable greater than 5 years	**23.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23.0**
	42.3	**3.0**	**7.6**	**25.7**	**0.6**	**0.2**	**0.9**	**7.9**	**-**	**0.7**	**88.9**

* Commitment obligations range from between 1 year to 26 years.

	2018										
	Apples €m	Glass €m	Marketing €m	Barley €m	Aluminium €m	Polymer €m	Wheat €m	Sugar/ glucose €m	Natural gas	Electricity	Total* €m
Payable in less than one year	-	3.7	3.0	6.6	-	-	-	8.4	0.4	0.5	22.6
Payable between 1 and 5 years	-	-	2.7	6.6	-	-	-	1.2	-	-	10.5
	-	3.7	5.7	13.2	-	-	-	9.6	0.4	0.5	33.1

* Commitment obligations range from between 1 month to 58 months.

25. GUARANTEES, COMMITMENTS AND CONTINGENCIES

Where the Group or subsidiaries enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Group/subsidiaries considers these to be insurance arrangements and accounts for them as such. The Group/subsidiary treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

As outlined in note 18, the Group has a Euro term loan and a multi-currency revolving facility in place at year end, which it re-negotiated in July 2018. The Company and the Group also had some non-bank borrowings in place at year end. The Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of all borrowings as at 28 February 2019. The actual loans outstanding at 28 February 2019 amounted to €450.6m (2018: €383.8m outstanding under the Group's 2014 multi-currency facility).

During the financial year ended 28 February 2015, a subsidiary of the Group entered into guarantees in favour of HSBC Bank plc, HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited whereby it guaranteed drawn debt plus interest charges by Drygate Brewing Company Limited to HSBC Bank PLC of up to £540,000 and to HSBC Asset Finance (UK) and HSBC Equipment Finance Limited of up to £225,000 in aggregate. The guarantees reduce on a pound for pound basis to the extent of capital repayments in respect of the drawn debt and any amounts realised by the bank pursuant to any security provided in respect of the debt. The Guarantee with respect to HSBC Bank plc expires on the earlier of eleven years and three months from the date on which the guarantee became effective, the secured liabilities are repaid, or by mutual agreement with HSBC Bank plc. The Guarantees with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited expire after the secured liabilities are repaid, or by mutual agreement with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited respectively.

During the 2014 financial year, a subsidiary of the Group entered into a guarantee in favour of Bank of Scotland plc whereby it guaranteed repayment of a five year term loan facility of up to €1,000,000 made by Bank of Scotland plc to a customer of a subsidiary of C&C Group plc, together with interest and other charges due under the facility and account charges. This guarantee has now expired.

During the 2011 financial year, a subsidiary of the Group entered into a guarantee with Clydesdale Bank plc whereby it guaranteed £250,000 plus interest and charges of the drawn debt of one of its customers. The guarantee expires on the earlier of: 10 years from the date on which the guarantee becomes effective; or the secured liabilities are repaid; or by mutual agreement with Clydesdale Bank plc.

Invest Northern Ireland funding, in the form of an employment grant of €0.2m was received during the 2015 financial year. Enterprise Ireland funding of €1.0m has previously been received towards the costs of implementing developmental projects. All of these funds are fully repayable should the recipient subsidiary of the Group at any time during the term of the agreements be in breach of the terms and conditions of the agreements. The agreements terminate five years from date of the last receipt of funding which in the case of Invest Northern Ireland funding is September 2019 and Enterprise Ireland funding was March 2018.

Under the terms of the Sale and Purchase Agreement with respect to disposal of the Group's Northern Ireland wholesaling business in the year ended 29 February 2012, the Group had a maximum aggregate exposure of £4.3m in relation to warranties. The time limit for notification of all claims with respect to these warranties expired in the current financial year.

Pursuant to the provisions of Section 357 of the Companies Act 2014, the Company has guaranteed commitments entered into and liabilities of certain of its subsidiary undertakings incorporated in the Republic of Ireland for the financial year to 28 February 2019 and as a result such subsidiaries are exempt from certain filing provisions.

Notes forming part of the financial statements
(continued)

26. RELATED PARTY TRANSACTIONS

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

(a) Group

Transactions

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

Subsidiary undertakings

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries. A listing of all subsidiaries is provided in note 27. Sales to and purchases from subsidiary undertakings, together with outstanding payables and receivables, are eliminated in the preparation of the Consolidated Financial Statements in accordance with IFRS 10 *Consolidated Financial Statements*.

Equity accounted investments

In the current financial year the Group made a 33.3% investment in a Belgium entity CVBA Braxatorium Parcensis for less than €0.1m. The entity did not trade during the financial year. The Group also assumed an equity investment in European Wine Partnerships LLP following the acquisition of Matthew Clark and Bibendum. This was a dormant entity which has subsequently been dissolved, accordingly the Group had no transactions with European Wine Partnerships LLP during the year.

In the prior financial year, on 6 December 2017, the Group entered into a joint venture arrangement for a 49.9% share in Brady P&C Limited, a UK incorporate entity with Proprium Capital Partners (50.1%). Brady P&C Limited subsequently incorporated a UK company, Brady Midco Limited where Admiral management acquired 6.5% of the shares. Brady Midco Limited incorporated Brady Bidco Limited which acted as the acquisition vehicle to acquire the entire share capital of AT Brit Holdings Limited (trading as Admiral Taverns). 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.

On 28 July 2017, the Group acquired 10.7% of the equity share capital of a Canadian Company for CAD$2.5m (€1.8m euro equivalent on date of investment). This followed a previous investment, on 11 May 2016, when the Group acquired 14% of the equity share capital of the same entity.

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

During the financial year ended 28 February 2015, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery.

The Group also holds a 50% investment in Beck & Scott (Services) Limited (Northern Ireland) and a 45.61% investment in The Irish Brewing Company Limited (Ireland) following its acquisition of Gleeson. Transactions between the Group and Beck & Scott (Services) Limited (Northern Ireland) are disclosed below. The Group had no transactions with The Irish Brewing Company Limited (Ireland) which is a non-trading entity.

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

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 (note 15).

26. RELATED PARTY TRANSACTIONS (continued)

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

	Joint ventures		Associates	
	2019 €m	2018 €m	2019 €m	2018 €m
Net revenue	**0.9**	0.5	**0.6**	0.3
Debtors	**0.2**	0.2	**-**	-
Purchases	**0.6**	0.3	**0.1**	0.3
Creditors	**-**	0.2	**-**	-
Loans	**1.6**	1.7	**3.0**	2.7

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

Key management personnel

For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term 'key management personnel', as its executive and non-executive Directors. Executive Directors participate in the Group's equity share award schemes (note 4), permanent health insurance (or reimbursement of premiums paid into a personal policy) and death in service insurance programme. Executive Directors may also benefit from medical insurance under a Group policy (or the Group will reimburse premiums). No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments nor post employment benefits.

Details of key management remuneration are as follows:-

	2019 Number	2018 Number
Number of individuals	**11**	12

	€m	€m
Salaries and other short-term employee benefits	**4.2**	2.9
Post employment benefits	**0.4**	0.3
Equity settled share-based payments	**1.3**	0.7
Termination payment	**0.5**	0.2
Total	**6.4**	4.1

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

For the purposes of the Section 305 of the Companies Act 2014, the aggregate gains by Directors on the exercise of share options during FY2019 was €nil (FY2018 €166,576).

Notes forming part of the financial statements
(continued)

26. RELATED PARTY TRANSACTIONS (continued)

(b) Company

The Company has a related party relationship with its subsidiary undertakings. Details of the transactions in the year between the Company and its subsidiary undertakings are as follows:-

	2019 €m	2018 €m
Dividend income	**-**	60.0
Expenses paid on behalf of and recharged by subsidiary undertakings to the Company	**(3.4)**	(2.0)
Equity settled share-based payments for employees of subsidiary undertakings	**1.9**	0.9
Drawdown of cash funding and other cash movements with subsidiary undertakings	**18.9**	15.4

27. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS

	Notes	Nature of business	Class of shares held as at 28 February 2019 (100% unless stated)
Trading subsidiaries			
Incorporated and registered in Republic of Ireland			
Bulmers Limited	(a) (p)	Cider	Ordinary
C&C Financing DAC	(b) (p) (q)	Financing company	Ordinary
C&C Group International Holdings Limited	(a) (p) (q)	Holding company	Ordinary & Convertible
C&C Group Irish Holdings Limited	(a) (p)	Holding company	Ordinary
C&C Group Sterling Holdings Limited	(b) (p)	Holding company	Ordinary
C&C (Holdings) Limited	(a) (p)	Holding company	Ordinary
C&C Management Services Limited	(a) (p)	Provision of management services	6% Cumulative Preference, 5% Second Non-Cumulative Preference & Ordinary Stock
Cantrell & Cochrane Limited	(a) (p)	Holding company	Ordinary
Latin American Holdings Limited	(b) (p)	Holding company	Ordinary
M&J Gleeson & Co Unlimited Company	(b) (p)	Wholesale of drinks	Ordinary
Tennent's Beer Limited	(a) (p)	Beer	Ordinary
The Annerville Financing Company Unlimited Company	(a) (p)	Financing company	Ordinary
The Five Lamps Dublin Beer Company Limited	(b) (p)	Beer	Ordinary
Tipperary Pure Irish Water (Sales) Unlimited Company	(b) (p)	Water	Ordinary
Wm. Magner Limited	(a) (p)	Cider	Ordinary
Wm. Magner (Trading) Limited	(a) (p)	Financing company	Ordinary
Incorporated and registered in Northern Ireland			
C&C Holdings (NI) Limited	(c)	Holding company	Ordinary
Gleeson N.I. Limited	(c)	Wholesale of drinks	Ordinary
Tennent's NI Limited	(c)	Cider and beer	Ordinary & 3.25% Cumulative Preference

27. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 28 February 2019 (100% unless stated)
Incorporated and registered in England and Wales			
Bibendum PLB Group Limited	(n)	Holding company	Ordinary
Bibendum PLB (Topco) Limited	(n)	Holding company	Ordinary
C&C Management Services (UK) Limited	(e)	Provision of management services	Ordinary
Elastic Productions Limited	(n)	Marketing	Ordinary
Magners GB Limited	(e)	Cider and beer	Ordinary
Matthew Clark Bibendum (Holdings) Limited (formerly Matthew Clark (Holdings) Limited)	(n)	Holding company	Ordinary
Matthew Clark Bibendum Limited (formerly Conviviality Group Limited)	(n)	Wholesale of drinks	Ordinary
Peppermint Events Limited	(n) (s)	Event management	Ordinary
PLB Group Limited	(n)	Wholesale of drinks	Ordinary & Participating Preference
The Orchard Pig Limited	(k)	Cider	Ordinary
Walker & Wodehouse Wines Limited	(n)	Wine	Ordinary
Incorporated and registered in Scotland			
Badaboom Limited	(m)	Marketing	Ordinary
Macrocom (1018) Limited	(g)	Investment	Ordinary
Tennent Caledonian Breweries UK Limited	(f)	Beer and cider	Ordinary
Tennent Caledonian Breweries Wholesale Limited	(g)	Wholesale of drinks	Ordinary
Wallaces Express Limited	(g)	Holding company	Ordinary
Wellpark Financing Limited	(f)	Financing company	Ordinary
Incorporated and registered in Luxembourg			
C&C IP Sàrl	(h)	Licensing activity	Class A to J Units
C&C IP (No. 2) Sàrl	(h)	Licensing activity	Class A to J Units
C&C Luxembourg Sàrl	(h)	Holding and financing company	Class A to J Units
Incorporated and registered Portugal			
Frutíssima - Concentrados de Frutos da Cova da Beira, Lda (formerly Biofun – Produtos Biológicos Do Fundão Limitada)	(i)	Ingredients	Ordinary
Frontierlicious Limitada	(i)	Orchard management	Ordinary
Incredible Prosperity Limitada	(i)	Orchard management	Ordinary
Incorporated and registered in Delaware, US			
Green Mountain Beverage Management Corporation, Inc	(j)	Licensing activity	Common Stock
Vermont Hard Cider Company Holdings, Inc.	(j)	Holding company	Common Stock
Vermont Hard Cider Company, LLC	(j)	Cider	Membership Units
Wm. Magner, Inc.	(j)	Cider	Common Stock
Incorporated and registered in Singapore			
C&C International (Asia) Pte. Ltd.	(l)	Sales & Marketing	Ordinary

Notes forming part of the financial statements
(continued)

27. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 28 February 2019 (100% unless stated)
Non-trading subsidiaries			
Incorporated and registered in Republic of Ireland			
Bibendum Wine Ireland Limited	(b)	Non-trading	Ordinary
C&C Agencies Limited	(a) (p) (r)	Dissolved	Ordinary
C&C Brands Limited	(a) (p)	Non-trading	Ordinary
C&C Gleeson Group Pension Trust Limited	(b) (p)	Non-trading	Ordinary
C&C Group Pension Trust Limited	(a) (p)	Non-trading	Ordinary
C&C Group Pension Trust (No. 2) Limited	(a) (p)	Non-trading	Ordinary
C&C Profit Sharing Trustee Limited	(a) (p)	Non-trading	Ordinary
Ciscan Net Limited	(a) (p)	Non-trading	Ordinary & A Ordinary
Cooney & Co. Unlimited Company	(b) (p)	Non-trading	Ordinary
Cravenby Limited	(a) (p)	Non-trading	Ordinary
Crystal Springs Water Company Limited	(b) (p)	Non-trading	Ordinary
Dowd's Lane Brewing Company Limited	(a) (p)	Non-trading	Ordinary
Edward and John Burke (1968) Limited	(a) (p)	Non-trading	Ordinary & A Ordinary
Findlater (Wine Merchants) Limited	(a) (p)	Non-trading	Ordinary & A Ordinary
Fruit of the Vine Limited	(a) (p)	Non-trading	Ordinary
Gleeson Logistic Services Limited	(b) (p)	Non-trading	Ordinary
Gleeson Management Services Unlimited Company	(b) (p) (r)	Dissolved	Ordinary
Gleeson Wines & Spirits Limited	(b) (p)	Non-trading	Ordinary
Greensleeves Confectionery Limited	(b) (p)	Non-trading	Ordinary, 12% Cumulative Convertible Redeemable Preference & 3% Cumulative Redeemable Convertible Preference
J.L. O'Brien Clonmel u.c.	(b) (p) (r)	Dissolved	Ordinary
M.& J. Gleeson (Investments) Limited	(b) (p)	Non-trading	Ordinary
M&J Gleeson Nominees Limited	(b) (p)	Non-trading	Ordinary & Preference
M. and J. Gleeson (Manufacturing) Company u.c.	(b) (p)	Non-trading	Ordinary
M and J Gleeson (Manufacturing) Company Holdings Limited	(b) (p)	Non-trading	Ordinary & Non-Voting Ordinary
M and J Gleeson and Company Holdings Limited	(b) (p)	Non-trading	Ordinary
M & J Gleeson Property Development Limited	(b) (p)	Non-trading	Ordinary
Magners Irish Cider Limited	(a) (p)	Non-trading	Ordinary
Sceptis Limited	(a) (p)	Non-trading	Ordinary
Showerings (Ireland) Limited	(a) (p)	Non-trading	Ordinary
Tennmel Limited	(b) (p)	Non-trading	Ordinary & A-E Non-Voting
Thwaites Limited	(a) (p)	Non-trading	A & B Ordinary
Tipperary Natural Mineral Water Company Holdings Limited	(b) (p)	Non-trading	Ordinary
Tipperary Natural Mineral Water (Sales) Holdings Limited	(b) (p)	Non-trading	Ordinary
Tipperary Pure Irish Water Unlimited Company	(a) (p)	Non-trading	Ordinary
Vandamin Limited	(a) (p)	Non-trading	A & B Ordinary

27. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 28 February 2019 (100% unless stated)
Incorporated and registered in Northern Ireland			
C&C 2011 (NI) Limited	(c)	Non-trading	Ordinary
C&C Profit Sharing Trustee (NI) Limited	(c)	Non-trading	Ordinary
Incorporated and registered in England and Wales			
A2 Contractors Limited	(n)	Non-trading	Ordinary
Bibendum Limited	(n)	Non-trading	Ordinary
Bibendum Wine Limited	(n)	Non-trading	Ordinary
Catalyst-PLB Brands Limited	(n)	Non-trading	Ordinary
Chalk Farm Wines Limited	(n)	Non-trading	Ordinary
Gaymer Cider Company Limited	(e)	Non-trading	Ordinary
Instil Drinks Limited	(n)	Non-trading	Ordinary
Matthew Clark and Sons Limited	(n)	Non-trading	Ordinary
Matthew Clark Limited	(n)	Non-trading	Ordinary
Matthew Clark (Scotland) Limited	(n)	Non-trading	Ordinary
Matthew Clark Wholesale Bond Limited	(n)	Non-trading	Ordinary
Mixbury Drinks Limited	(n)	Non-trading	Ordinary
Odyssey Intelligence Limited	(n)	Non-trading	Ordinary
PLB Wines Limited	(n)	Non-trading	Ordinary
The Real Rose Company Limited	(n)	Non-trading	Ordinary
The Wine Studio Limited	(n)	Non-trading	Ordinary
The Wondering Wine Company Limited	(n)	Non-trading	Ordinary
The Yorkshire Fine Wines Company Limited	(n)	Non-trading	Ordinary
West Country Beverages Limited	(o)	Non-trading	Ordinary
Vivas Wine Limited	(n) (t)	Dissolved	Ordinary

Notes
(a) – (p)
The address of the registered office of each of the above companies is as follows:
(a) Annerville, Clonmel, Co. Tipperary, E91 NY79, Ireland.
(b) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.
(c) 15 Dargan Road, Belfast, BT3 9LS, Northern Ireland.
(d) Argyll House, Quarrywood Court, Livington, West Lothian, EH54 6AX, Scotland.
(e) Ashford House, Grenadier Road, Exeter, Devon EX1 3LH, England.
(f) Wellpark Brewery, 161 Duke Street, Glasgow, G31 1JD, Scotland.
(g) Crompton Way, North Newmoor Industrial Estate, Irvine, Strathclyde, KA11 4HU, Scotland.
(h) L-2132 Luxembourg, 18 Avenue Marie-Therese, Luxembourg.
(i) Quinta Da Ferreira De Baxio, Castelo Branco, Fundão Parish, 6230 610 Salgueiro, Portugal.
(j) 2711 Centerville Road, Suite 400., Wilmington, Delaware 19808, US.
(k) West Bradley Orchards, West Bradley, Glastonbury, Somerset, BA6 8LT.
(l) 143, Cecil Street, #03-01, GB Building, Singapore – 069542.
(m) 15 Cleveden Road, Glasgow, Scotland, G12 0PQ.
(n) Whitchurch Lane, Bristol, BS14 0JZ.
(o) C/O Tlt, 1 Redcliff Street, Bristol, United Kingdom, BS1 6TP.
(p) Companies covered by Section 357, Companies Act 2014 guarantees (note 25).
(q) Immediate subsidiary of C&C Group plc.
(r) Dissolved on 2 January 2019.
(s) 61% owned by C&C.
(t) Dissolved on 16 April 2019.

Notes forming part of the financial statements
(continued)

27. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

Equity accounted investments

	Notes	Nature of business	Class of shares held as at 28 February 2019 (100% unless stated)
Joint venture			
Beck & Scott (Services) Limited (Northern Ireland)	(a)	Wholesale of drinks	Ordinary, 50%
Brady P&C Limited (England)	(b)	Holding Company	Ordinary, 49.9%
Drygate Brewing Company Limited (Scotland)	(c)	Brewing	B Ordinary, 49%
European Wine Partnerships LLP	(i) (j)	Dissolved	50%
The Irish Brewing Company Limited (Ireland)	(d)	Non-trading	Ordinary, 45.61%
Associate			
Canadian Investment (Canada)	(e)	Brewing	24.7%
CVBA Braxatorium Parcensis	(f)	Brewing	33.33%
Shanter Inns Limited (Scotland)	(g)	Public houses	Ordinary, 33%
Whitewater Brewing Co. Limited (Northern Ireland)	(h)	Brewing	25%

Notes:
(a) – (j)
The address of the registered office of each of the above equity accounted investments is as follows:
(a) Unit 1, Ravenhill Business Park, Ravenhill Road, Belfast, BT6 8AW, Northern Ireland.
(b) 49 Berkeley Square, 2nd Floor, London W1J 5AZ.
(c) 85 Drygate, Glasgow, G4 0UT, Scotland.
(d) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.
(e) 207 Burlington Street, East Hamilton, Ontario, Canada.
(f) 3001 Leuven-Heverlee, Abdij van Park 7, Belgium.
(g) 230 High Street, Ayr, KA7 1RQ, Scotland.
(h) Lakeside Brae, Castlewellan, Northern Ireland, BT31 9RH.
(i) Whitchurch Lane, Bristol, BS14 0JZ.
(j) Dissolved on 30 April 2019.

28. POST BALANCE SHEET EVENTS

No significant events affecting the Group have occurred since the year end which would require disclosure or amendment of the financial statements.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 22 May 2019.

Financial Definitions

Adjusted earnings	Profit for the year attributable to equity shareholders as adjusted for exceptional items
Company	C&C Group plc
Constant Currency	Prior year revenue, net revenue and operating profit for each of the Group's reporting segments is restated to 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 revaluing the prior year figures using the current year average foreign currency rates
DWT	Dividend Withholding Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation charges excluding the Group's share of equity accounted investments' profit/(loss) after tax
Adjusted EBITDA	EBITDA as adjusted for exceptional items
EBIT	Earnings before Interest and Tax
Adjusted EBIT	EBIT as adjusted for exceptional items
Effective tax rate (%)	Income and deferred tax charges relating to continuing activities before the tax impact of exceptional items calculated as a percentage of Profit before tax for continuing activities before exceptional items and excluding the Group's share of equity accounted investments' profit/(loss) after tax
EPS	Earnings per share
EU	European Union
Exceptional	Significant items of income and expense within the Group results for the year 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 is a measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the ongoing business
GB	Great Britain (i.e. England, Wales and Scotland)
Group	C&C Group plc and its subsidiaries
HL	Hectolitre (100 Litres)
	kHL = kilo hectolitre (100,000 litres)
	mHL = millions of hectolitres (100 million litres)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards as adopted by the EU
Interest cover	Calculated by dividing the Group's EBITDA excluding exceptional items and discontinued activities by the Group's interest expense, excluding issue cost write-offs, fair value movements with respect to derivative financial instruments and unwind of discounts on provisions, of the same period
Export	Sales in territories outside of Ireland, Great Britain and North America
LAD	Long Alcoholic Drinks

Financial Definitions
(continued)

Net debt/(cash)	Net debt/(cash) comprises cash and borrowings net of unamortised issue costs
Net debt/EBITDA	A measurement of leverage, calculated as the Group's interest-bearing debt less cash & cash equivalents, divided by its EBITDA excluding exceptional items and discontinued activities. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for the Group to pay back its debt if net debt and EBITDA are held constant
Net revenue	Net revenue is defined by the Group as revenue less excise duty. The duty number disclosed represents the cash cost of duty paid on the Group's products. Where goods are bought duty paid and subsequently sold, the duty element is not included in the duty line but within the cost of goods sold. Net revenue therefore excludes duty relating to the brewing and packaging of certain products. 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.
NI	Northern Ireland
Non-controlling interest	Non-controlling interest is the share of ownership in a subsidiary entity that is not owned by the Group
Off-trade	All venues where drinks are sold for off-premise consumption including shops, supermarkets and cash & carry outlets selling alcohol for consumption off the premises
On-trade	All venues where drinks are sold at retail for on-premise consumption including pubs, hotels and clubs selling alcohol for consumption on the premises
Operating profit	Profit earned from the Group's core business operations before net financing and income tax costs and excluding the Group's share of equity accounted investments' profit/(loss) after tax. In line with the Group's accounting policies certain items of income and expense are separately classified as exceptional items on the face of the Income Statement
PPE	Property, plant & equipment
Revenue	Revenue comprises the fair value of goods supplied to external customers exclusive of intercompany sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives
ROI	Republic of Ireland
TSR	Total Shareholder Return
UK	United Kingdom (Great Britain and Northern Ireland)
US	United States of America

Shareholder and Other Information

C&C Group plc is an Irish registered company. Its ordinary shares are quoted on the Irish and London Stock Exchanges (ISIN: IE00B010DT83 SEDOL: B010DT8).

C&C Group plc also has a Level 1 American Depository Receipts (ADR) programme for which Deutsche Bank acts as depository (symbol CCGGY). Each ADR share represents three C&C Group plc ordinary shares.

The authorised share capital of the Company at 28 February 2019 was ordinary 800,000,000 ordinary shares at €0.01 each. The issued share capital at 28 February 2019 was 320,354,042 ordinary shares of €0.01 each.

CREST

C&C Group plc is a member of the CREST share settlement system. Therefore transfers of the Company's shares takes place through the CREST settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates. Shareholders should consult their stockbroker if they wish to hold their shares in electronic form.

SHARE PRICE DATA	2019	2018
Share price at 28 February	€3.06	€2.890

	Number	Number
No of Shares in issue at 28 February	320,354,042	317,876,001
Market capitalization	€980m	€919m

Share price movement during the financial year		
– high	€3.565	€3.900
– low	€2.60	€2.770

Dividend Payments

The Company may, by ordinary resolution declare dividends in accordance with the respective rights of shareholders, but no dividend shall exceed the amount recommended by the Directors. The Directors may also declare and pay interim dividends if they believe they are justified by the profits of the Company available for distribution.

An interim dividend of 5.33 cent per share was paid in respect of ordinary shares on 14 December 2018.

A final dividend of 9.98 cent, if approved by shareholders at the 2019 Annual General Meeting, will be paid in respect of ordinary shares on 19 July 2019 to shareholders on the record on 31 May 2019. A scrip alternative will be offered to shareholders.

Dividend Withholding Tax ('DWT') must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars. DWT applies to dividends paid by way of cash or by way of shares under a scrip dividend scheme and is deducted at the standard rate of income tax (currently 20%). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings, companies resident in any member state of the European Union and charities may be entitled to claim exemption from DWT. DWT exemption forms may be obtained from the Irish Revenue Commissioners website: http://www.revenue.ie/en/tax/dwt/forms/index.html. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed exemption form has not been received by the relevant record date. Shareholders who wish to have their dividend paid direct to a bank account, by electronic funds transfer, should contact Capita Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

CREST members

Shareholders who hold their shares via CREST will automatically receive dividends in Euro unless they elect otherwise.

Non-CREST members

Shareholders who hold their shares in certificate form will automatically receive dividends in Euro with the following exceptions:

- Shareholders with an address in the United Kingdom (UK) will automatically receive dividends in Sterling,
- Shareholders who had previously elected to receive dividends in a particular currency will continue to receive dividends in that currency.

Shareholders who wish to receive dividends in a currency other than that which will be automatically used should contact the Company's Registrars.

Shareholder and Other Information
(continued)

Electronic Communications

Following the introduction of the Transparency Regulations 2007, and in order to promote a more cost effective and environmentally friendly approach, the Company provides the Annual Report electronically to shareholders via the Group's website and only sends a printed copy to those who specifically request one. Shareholders who wish to alter the method by which they receive communications should contact the Company's registrar. All shareholders will continue to receive printed proxy forms, dividend documentation, shareholder circulars, and, where the Company deems it appropriate, other documentation by post.

Financial Calendar	Date
Annual General Meeting	4 July 2019
Ex-dividend date	30 May 2019
Record date for dividend	31 May 2019
Latest date for receipt of elections and mandates	2 July 2019
Payment date for final dividend	19 July 2019
Interim results announcement	October 2019
Interim dividend payment	December 2019
Financial year end	29 February 2020

Company Secretary And Registered Office

Mark Chilton, C&C Group plc
Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702
Tel: +353 1 506 3900

Registrars

Shareholders with queries concerning their holdings, dividend information or administrative matters should contact the Company's registrars:
Link Registrars Limited (trading as Link Assets Services)
P.O. Box 7117, Dublin 2, Ireland
Tel: +353 1 553 0050
Fax: +353 1 224 0700
Email: enquiries@capita.ie
Website: www.linkassetservices.com

American Depositary Receipts (Adr)

Shareholder with queries concerning their ADR holdings should contact:
Deutsche Bank Trust Company Americas
C/o American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219.
Tel: Toll free +1 866 249 2593
International +1 718 921 8137
Email: db@astfinancial.com

Investor Relations

FTI Consulting
10 Merrion Square, Dublin 2, D02 DW94

Principal Bankers

ABN Amro Bank
Allied Irish Bank
Bank of Ireland
Bank of Scotland
Barclays Bank
HSBC
Rabobank
Ulster Bank

Solicitors

McCann FitzGerald
Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576

Stockbrokers

Davy
49 Dawson Street, Dublin 2, D02 PY05

Investec Bank plc
2 Gresham Street, London, EC2V 7QP

Auditor

Ernst & Young
Chartered Accountants
Harcourt Building,
Harcourt Street,
Dublin 2.

Website

Further information on C&C Group plc is available at
www.candcgroupplc.com

Notes

Notes

sourcedesign.ie

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c&c group plc

Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702.
www.candcgroupplc.com