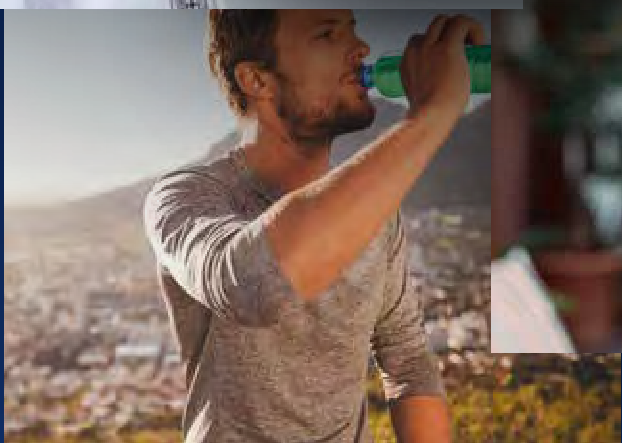
glanbia

Focused on Nutrition

Investing for Growth



Glanbia plc | Annual Report and Financial Statements 2017

Glanbia plc is a global nutrition group, dedicated to delivering better nutrition for every step of life's journey.

Our vision is to be one of the top performing nutrition companies, trusted to enrich lives every day.

Highlights of 2017

Eighth year of double-digit earnings growth	Creation of Glanbia Ireland and acquisitions of Amazing Grass and Body & Fit	Strong top line revenue growth at +9.2% (constant currency)

Contents

Highlights of 2017

Pro-forma adjusted Earnings Per Share	Revenue from continuing operations	EBITA
87.11c	€2.4bn	€283.2m
+8.3%[1]	+7.0%[1]	+3.6%[1]
+10.2%[2]	+9.2%[2]	+5.8%[2]

EBITA margin	Net debt	Dividend payout ratio
11.9%	€367.7m	25.3%
-30bps[1]	Reduction of €69.8 million versus prior year	of pro-forma adjusted EPS
-30bps[2]		+65% in total dividend

1. Reported
2. Constant currency

For definitions and more information on constant currency and other performance measures see the glossary on pages 212 to 222.

Forward-looking statements

Glanbia plc ('the Group') has made forward-looking statements in this Annual Report that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include, but are not limited to, information concerning the Group's possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words 'believe,' 'develop,' 'ensure,' 'arrive,' 'achieve,' 'anticipate,' 'maintain,' 'grow,' 'aim,' 'deliver,' 'sustain,' 'should' or the negative of these terms or similar expressions. Forward-looking statements involve risks, uncertainties and assumptions.

Actual results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any forward-looking statements. The risk factors included at pages 48 to 51 of this Annual Report could cause the Group's results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. These forward-looking statements are made as of the date of this Annual Report. The Group expressly disclaims any obligation to update these forward-looking statements other than as required by law.

The forward-looking statements in this Annual Report do not constitute reports or statements published in compliance with any of Regulations 4 to 9 and 26 of the Transparency (Directive 2004/109/EC) Regulations 2007.

As an Irish incorporated group, the Strategic report does not constitute a Strategic report for the purposes of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and the Remuneration Committee report does not constitute a remuneration report for the purposes of the UK Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations.

Strategic Report

Directors' Report

Financial Statements

Other Information

Glanbia at a Glance

Glanbia participates in the world of nutrition through an innovative business model. Glanbia Performance Nutrition and Glanbia Nutritionals are high-margin segments focused on branded performance nutrition and lifestyle consumer products, and nutritional ingredients. These wholly-owned businesses are complemented by three key strategic Joint Ventures focused on primary dairy processing. Our shares are listed on the Irish and London Stock Exchanges (symbol:GLB).

Glanbia Performance Nutrition

Glanbia Performance Nutrition is the global leader in the performance nutrition business. It has a portfolio of eight brands ranging in appeal from consumers looking for performance nutrition to those seeking on-the-go snacks and beverages to support a healthy lifestyle.

Read more on page 20

Glanbia Nutritionals

Glanbia Nutritionals is a global provider of innovative nutritional and functional solutions. Through its extensive portfolio of ingredients and capabilities, it provides a wide range of science-led solutions to its global customers. It is also the #1 producer and marketer of American-style cheddar cheese.

Read more on page 24

Strategic Joint Ventures

Glanbia Ireland

Glanbia Ireland is the largest Irish-based integrated dairy, agri-food and nutrition business. Established in July 2017, Glanbia Ireland is a 40:60 joint venture between Glanbia plc and Glanbia Co-operative Society Limited.

Glanbia Cheese

Glanbia Cheese is the largest mozzarella producer in Europe and is a 51:49 joint venture between Glanbia plc and Leprino Foods Company, a US company.

Southwest Cheese

Southwest Cheese, based in the US, is a 50:50 cheese and whey manufacturing joint venture, between Glanbia plc and the Greater Southwest Agency.

Read more on page 28 and 29

Core capabilities

Market-led, technology driven innovation

The focus of the Group's innovation agenda is customer led, science-backed innovation that produces better solutions, better products and better outcomes for our customers and consumers.

Talent development

We know that the development of our people is key to our future success. We achieve this through an integrated approach to talent management and career development.

Glanbia employs 6,600 people across 32 locations and our products are sold in over 130 countries world-wide. Our major production facilities are located in Ireland, the US, the UK, Germany and China. Our relentless focus on the needs of our customers' and consumers' places us at the heart of major global market trends in food and nutrition.

Products sold in over
130
countries

World's #1
Global performance nutrition brand portfolio

6,600*
Employees globally

€2.4bn
Revenue

4
Global R&D Innovation centres

27
production facilities including Joint Ventures

6.7bn*
Litres of milk processed

#1
Global whey protein, nutritional solutions

Global Footprint: Presence in
32
countries

* Includes JV's.

Operational excellence

We are dedicated to achieving high-quality products to meet customer food safety and quality standards and we are focused on regulatory compliance and good environmental stewardship.

Disciplined capital management

We have a strong track record of efficient capital allocation and portfolio management. We deploy a variety of structures including joint ventures which have been, and remain, critical to sustainable long-term growth.

Relationship focused

We work as a proactive and long-term business partner with our customers: delivering nutritional solutions based on market foresight and contributing to better business for our customers.

Strategic Report

Strategic Report

FOCUSED ON NUTRITION
A GROWING MARKET

80%

OVER 80% OF SPORTS NUTRITION COMES FROM PROTEIN-BASED PRODUCTS. THE HIGH-PROTEIN DIET TREND PROMOTING HEALTH AND FITNESS WILL ENSURE SPORTS PROTEIN PRODUCTS WILL CONTINUE TO LEAD THE INDUSTRY.

Source: International Euromonitor

Read more on pages 20 to 30

64%

OF ASIAN CONSUMERS BELIEVE THAT SUPERFOODS PROVIDE A NATURAL WAY TO PREVENT ILLNESS.

Source: Nielsen

Group Chairman's Statement

FOCUSED ON NUTRITION

Highlights of 2017

Good 2017 earnings growth;

Strategic evolution of the Group portfolio with the creation of Glanbia Ireland and acquisitions of Amazing Grass and Body & Fit; and

Increase of total dividend payout ratio to 25.3%.

Dear shareholder,

2017 has been a busy and successful year for Glanbia, with all divisions of the Group delivering growth. Group revenue from continuing operations was €2.4 billion, wholly-owned EBITA increased 3.6% to €283.2 million (5.8% constant currency) and growth in pro-forma adjusted Earnings Per Share was 8.3% (10.2% growth constant currency).

Strategic roadmap

We strive to meet the fast-changing expectations of our customers and consumers by pursuing a growth and investment agenda in line with our strategic roadmap. In 2017 we evolved the Group portfolio further through the strategic acquisitions of Amazing Grass and Body & Fit and further advanced discussions to form a new Joint Venture in the US to build a large-scale cheese and whey facility. In addition, we are particularly pleased with the creation of Glanbia Ireland – a Joint Venture that now encompasses all of Glanbia's primary dairy and agribusiness activities in Ireland. These actions support our vision of *becoming one of the world's top performing nutrition companies trusted to enrich lives every day.*

Progressive dividend policy

Our strategy of capital optimisation, strategic investment and driving operational performance continues to create sustainable long-term value for our shareholders. Glanbia is committed to a progressive dividend policy and following a review of the Group's dividend policy, the Board decided to increase the dividend payout ratio to between 25% and 35%. The payout ratio is the percentage of annual pro-forma adjusted Earnings Per Share paid in dividends. To bring the policy in line with 2017 earnings the Board has approved the payment of a final dividend of 16.09 cent per share bringing total annual dividend to 22.0 cent per share. This represents an increase of over 65% in the 2017 dividend payment versus prior year.

The Annual General Meeting (AGM) will be held on 25 April 2018 in the Lyrath Estate Hotel, Old Dublin Road, Kilkenny, Ireland. Subject to approval at the AGM, dividends will be paid on 27 April 2018 to shareholders on the register of members as of 16 March 2018. Irish withholding tax will be deducted at the standard rate where appropriate.

Governance and Board changes

We had a number of changes to the Board in 2017. We welcomed Tom Grant, Brendan Hayes and Eamon Power to the Board. John Murphy was also appointed as one of two Vice-Chairs of Glanbia plc in place of Patrick Murphy who remains as a Non-Executive Director. In addition, Jim Gilsenan, Matthew Merrick and Jer Doheny retired as Non-Executive Directors. On 20 February 2018, Michael Keane informed the Board that he will retire at the Company's AGM in April 2018. His replacement will be appointed by 30 June 2018. I would like to take this opportunity to thank them for their contribution and commitment over the last number of years. Good corporate governance underpinned by an open and strong culture remains fundamental to our success and ability to generate long-term sustainable growth.

> "We take the Board's role in establishing the culture and values of the organisation very seriously and see it as a key attribute to our success."

Henry Corbally
Group Chairman

As in prior years we continued in 2017 to consult with our key shareholders and I would like to acknowledge their significant support. Following this consultation, the Board has increased certain disclosures in relation to the remuneration of our Executive Directors. The Board also undertook an internal evaluation on the overall effectiveness of the Board and the Committees, following which it was agreed to reconstitute the membership of the Nomination and Governance, Remuneration, and Audit Committees to comprise only Independent Non-Executive Directors.

For more details please see the Nomination and Governance Report on pages 76 to 79 and the Remuneration Report on pages 80 to 105.

Glanbia Ireland

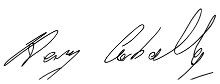
On 2 July 2017, the Company's largest shareholder Glanbia Co-operative Society Limited (the 'Society') acquired 60% of the Dairy Ireland business and related assets (Dairy Ireland). Glanbia plc retained a 40% interest and as a result of the transaction Dairy Ireland was integrated with Glanbia Ingredients Ireland and the combined new Joint Venture was renamed Glanbia Ireland DAC. Post the transaction the Society's shareholding in Glanbia plc reduced to 31.5%. Consistent with Board governance changes agreed by shareholders in 2012, the Society's representation on the plc Board was scheduled to reduce to eight nominees by 2018 and seven by 2020. Arising from the creation of Glanbia Ireland, the number of Society's nominees will reduce to six nominees by 2022.

Our people

Our values define how we operate. We have a diverse, engaged and energetic group of employees, and on behalf of the Board, I would like to offer all our employees my gratitude for their hard work and dedication that delivered another successful year for the Group in 2017.

Conclusion

Being *Focused on Nutrition* means continuing to invest in our people, our assets, our capabilities and our product offerings based on sound strategic rationale. To further unlock the Group's growth potential we plan to further step-up investment and strengthen our capabilities to support the growing market for our brands and ingredients and thereby create sustainable long-term value for all our shareholders.



Henry Corbally
Group Chairman

Strategic acquisitions

Glanbia has an active acquisition and development pipeline focused on enhancing our portfolios across Glanbia Performance Nutrition and Glanbia Nutritionals. In Q1 2017 in line with our growth strategy, Glanbia acquired Amazing Grass and Body & Fit. Amazing Grass has a portfolio of organic and non-GMO plant-based nutrition brands. Amazing Grass participates in the fast growing plant-based nutrition, 'Greens' and 'Super food' categories in North America. Body & Fit provides GPN with a presence in the European Direct-To-Consumer (DTC) online channel. Both acquisitions are a strong strategic fit, extending the reach of GPN brands to new consumers and channels.

$5bn

The plant food category in the US is estimated to be worth $5bn. In 2017 Glanbia acquired Amazing Grass which offers a wide range of plant-based protein products.

Source: US Plant-based food association

Glanbia's Core Values

Our core values guide how we act, make decisions and interact with all our stakeholders.

- **THE CUSTOMERS' CHAMPION**
- **PERFORMANCE MATTERS**
- **FIND A BETTER WAY**
- **WINNING TOGETHER**
- **SHOWING RESPECT**

Group Managing Director's Review

INVESTING FOR GROWTH

Highlights of 2017

Eighth year of double-digit earnings growth;

Good top line volume growth across all business segments;

Successfully added Amazing Grass and Body & Fit to our Glanbia Performance Nutrition portfolio;

Reshaped the Group portfolio in Ireland through the creation of the Glanbia Ireland Joint Venture; and

Supported more than 1,000 executives, managers and team leaders participation in our 'Leading the Glanbia Way' development programme.

How did Glanbia perform in 2017?

We are pleased that our growth momentum continued in 2017 delivering an eighth year of double-digit earnings growth. 2017 also marked a further evolution of our strategic journey with a reshaping of the organisation in Ireland and the exciting acquisitions to the portfolio in Europe and North America. As a Group with great people, strong financial capability and strong ambition to continue to deliver better nutrition to our customers and consumers, we are well placed for future growth.

Where do you see Glanbia currently in its strategic journey?

Over recent years we have restructured and reshaped the organisation into a global nutritional business which is well positioned to benefit from the consumer megatrends around health and wellbeing. We are now an organisation with leading nutritional market positions, market leading performance nutrition brands, global reach and a strong balance sheet. We continue to focus on growth and have set out a refreshed three-year strategy that reaffirms 'better nutrition' at our core. Our refreshed strategy focuses on our three strategic pillars: protecting and growing our core; selectively build and scale beyond the core; and embed enablers across the business. We have translated these strategic pillars into strategic priorities, leveraging our current strengths with a deliberate emphasis on investment to drive top line volume momentum in Glanbia Performance Nutrition (GPN) and Glanbia Nutritionals (GN) augmented by selective M&A.

We aim to win in our markets by having an in depth understanding of evolving consumer trends, by setting the industry bar for innovation and by solving key consumer nutrition needs across our ingredient and branded portfolios.

Further details of our strategy are on pages 14 to 17 of this report.

What were the main drivers of growth in 2017?

Growth was seen across the entire Glanbia portfolio in 2017. The fundamental drivers of growth were good volume growth across our consumer branded platforms and key nutritional ingredient solutions, and volume and margin expansion in our Joint Ventures. Innovation was an overarching theme, driving volume growth in GPN and in the Nutritional Solutions component of GN in 2017. In GPN a strategic decision taken in prior years to invest in extending the geographic reach of our branded portfolio delivered strongly for the organisation with strong growth in geographies such as EMEA, Asia and Oceania. In Nutritional Solutions we continued to deepen our customer relationships and expand our product offerings in both dairy and non-dairy nutrition products. Our Joint Ventures achieved strong growth in 2017 supported by relatively strong dairy markets. We continue to develop both our existing and new customer propositions.

What are the current trends for Performance Nutrition?

GPN had another good year in 2017. For GPN, the overall story was one of driving top line volume growth through innovation. Overall branded revenue grew 15.2% for the year. Like-for-like branded revenue growth was 6.3% with like-for-like volume growth of 8.0%. Having invested in recent years to build the position of our brands and in-market capability outside North America, we were particularly pleased with the strong revenue growth in 2017 across key geographies such as EMEA, Asia and Oceania.

The market dynamics in North America were undoubtedly more challenging as we are not completely insulated from the disruption being experienced by some of our retail partners, particularly in the specialty channel. We are responding very robustly to these challenges to support our growth agenda. With the support of our retail partners and consumers, our focus on innovation and extending our reach to new formats, channels and consumers, we will drive continued growth momentum in the GPN business.

Can you tell me about the acquisitions of Amazing Grass and Body & Fit?

We evaluated a number of opportunities in the plant-based proteins and super foods category and in the Direct-to-Consumer (DTC) space. We are very excited about the acquisitions of Amazing Grass and Body & Fit as they are a strong fit with our growth strategy. Amazing Grass is a strong brand in the high-growth, on-trend food category of organic green superfoods. It is a growing brand which complements our overall portfolio, helping us to broaden our appeal to the health-conscious lifestyle consumer seeking plant-based nutrition. Similar to thinkThin, Amazing Grass is available across all channels in the US and we will be investing behind it for future growth.

Body & Fit is more of a step-out acquisition for us and it brings a whole new digital capability to the GPN organisation. Consumers of performance nutrition have embraced the online channel in a number of our markets and Body & Fit is a strong brand in that space in its heartland of Benelux. Body & Fit is very complementary to our portfolio and we intend to invest behind it going forward. By building our people and system capabilities and using the brand experience, we can leverage the platform to increase reach and deepen consumer engagement across our entire brand portfolio.

How did Glanbia Nutritionals perform in 2017?

Overall GN had a good year driven by strong momentum in the Nutritional Solutions component of the business. Cheese performance was somewhat challenged by the dynamics in the US market, notably around some supply and demand imbalances in particular cheese formats. Our strong customer relationships helped mitigate the impact of these challenges.

The Nutritional Solutions component continued to perform well, with increased pricing and volumes and we had growth in both our dairy and non-dairy based nutrition systems. A number of our customers are expanding globally and we are very pleased to partner with them on this journey. Our focus is on innovation and being a partner of choice for our customers.

> "Our future growth journey will leverage our current strengths with a deliberate emphasis on investment to drive top line volume momentum in the two key growth pillars of Glanbia Performance Nutrition and Glanbia Nutritionals augmented by selective M&A."

Siobhán Talbot
Group Managing Director

Group Managing Director's Review continued

Leading with purpose

'Leading the Glanbia Way' is our global leadership development programme, which was created in response to feedback from our employee engagement survey. Built upon our purpose, vision and values, the programme focuses on leadership, impact, performance management, personal effectiveness, change management and supporting customer excellence. It aims to equip managers across the organisation with leadership skills and insights and to offer a tangible commitment to the personal development of Glanbia's people. An executive programme in tandem is aimed at the Group's leadership. More than 1,000 executives, managers and team leaders globally have participated in the programme in 2017, which runs over five distinct modules. Participants are also encouraged to run values exploration workshops within their teams to take the learnings from the programme back into the workplace. Feedback on the programme has been excellent so far. Coming together in cross-functional groupings allows participants to gather practical learnings from right across the organisation, fosters collaboration and sparks valuable conversations on the nature of leadership, performance management, personal impact and managing change. By fostering talent in a structured way across Glanbia, our people are empowered to lead with confidence and to deliver on our vision of being a top performing global nutrition group.

Meadhbh Broderick, HR Associate and Dave Colgan, Transport Manager participate in a 'Leading the Glanbia Way' session in Dublin, Ireland.

"The execution of our strategy has resulted in a stronger and more focused portfolio and footprint, which we will invest behind to deliver long-term sustainable growth."

Glanbia opened a new R&D innovation centre in 2017. Can you describe the Group's approach to innovation?

We approach innovation through a number of lenses and our innovation has always been collaborative, entrepreneurial and agile.

We opened a new GPN R&D Innovation Centre in Chicago in early 2017. The Chicago innovation centre brings our total number of global R&D innovation centres to four, greatly enhancing our ability to develop, commercialise, and scale-up new products with speed and effectiveness. In 2017 we prioritised our focus on innovation and we were particularly pleased with our developments in the Ready-to-Eat (RTE) platform. The launch of Cake Bites under the Optimum Nutrition and thinkThin brands exceeded expectations against the planned metrics. We also continued to innovate around price points and formats to meet consumer demand for a high quality product at an affordable price point. We will focus on driving innovation both in the North American market and regionally across key geographies.

In GN our product and innovation team have a long history of collaboration with customers to develop innovative cheese and ingredient solutions. Our customers rely on our R&D teams to provide a sophisticated portfolio of ingredients that match the current market trends and meet consumer demand for nutrition, taste, texture and flavour. GN's innovation continues to provide an advantage for our customers since many of the technologies and ingredients used are unique to Glanbia. For example, in 2017 we built upon our current offerings by developing intellectual property around clean label cheese, increasing shelf-life stability of nutritional ingredients and new innovations around protein delivery in nutritional bars.

Not only do we provide one of the best global ingredient portfolios, we also show our customers how to use ingredients in developing innovative food products. Our customers visit our Glanbia Nutritionals research centres for rapid prototyping. The ability to go from concept to prototype in a few days is considered a significant benefit in accelerating the product development cycle and responding to market trends and opportunities. We specialise in innovative products for use in healthy snacks such as nutritional bars, Ready-To-Mix (RTM), Ready-To-Drink (RTD), flavours, smoothies, protein cookies, bakery items, pre-mix formulations and other formats.

It has been a significant year for the Joint Ventures. How did they perform?

Our Joint Ventures are at the forefront of global dairy markets and therefore performance improves when global dairy markets are relatively stronger, as they were in 2017. This improved performance was broad based across the Joint Ventures. Glanbia Cheese has a very strong commercial position in mozzarella cheese in Europe and continued to grow its relevance in that space. Southwest Cheese is closely aligned to our US Cheese and whey strategy in GN and the business continued to develop strongly with the 25% capacity expansion, on schedule and on budget, for delivery in 2018. As we have announced previously, our discussions in relation to a further Joint Venture in Michigan are progressing well. We continue to plan with our partners for this new cheese and whey facility to be commissioned in 2020.

And of course, Glanbia Ireland is a new Joint Venture for the organisation and we are very excited about its future opportunities. We believe that Glanbia Ireland which is a combination of Dairy Ireland and Glanbia Ingredients Ireland is strategically well placed to execute growth that will benefit of all stakeholders.

The overall shape of the organisation positions us very well for 2018. A significant element of our primary dairy activity is now conducted with very good partners in the Joint Venture operations. Our model of wholly-owned businesses across the ingredient solutions and branded performance nutrition space complemented by strong Joint Ventures in primary dairy processing is a model that we believe will continue to deliver for our shareholders.

Glanbia's values are very important to you. How effective are they in driving strategy?

We are a values-led organisation. Our purpose, vision, and values provide focus and direction for the organisation, and guide us every day in our business interactions. They have informed our refreshed strategy and underpinned our performance.

Our people and their contribution and commitment drive our success as a business. We take great pride in the depth of their commitment. 6,600 people, across 32 countries work in Glanbia and I would like to thank them all for their contribution in 2017. Their dedication delivered another strong year for Glanbia and ensures that we are well positioned for the future.

What are the priorities for 2018 and beyond?

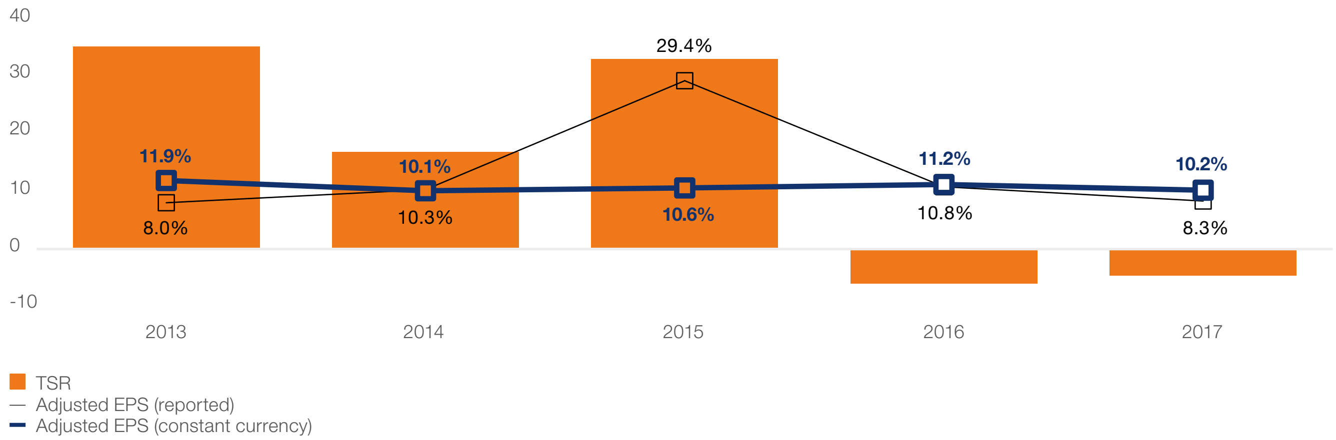
The execution of our strategy to-date has resulted in a stronger and more focused product portfolio and geographic footprint, which we will invest behind to deliver long-term sustainable growth. In 2017 Glanbia refreshed its strategy; reaffirming better nutrition at its core and restating the ambition to drive long-term sustainable growth.

In 2018 the focus will be on volume-driven revenue growth. To achieve this Glanbia will invest in further building the consumer brand franchise in GPN, the solutions capability in GN and across the Group will continue to support innovation, talent development and systems infrastructure recognising the need for new skills and capabilities in an increasingly digital age.

For 2018 Glanbia is targeting mid-to-high single digit like-for-like volume growth in both the branded portfolio in GPN and the Nutritional Solutions component of GN. Overall margins in both GPN and GN are expected to be broadly in line with 2017 levels. Joint Ventures are expected to deliver a reduced profit in 2018 versus prior year as a result of more challenging dairy markets. On a pro-forma basis Glanbia expects adjusted Earnings Per Share of the continuing Group to grow between 5% to 8%, constant currency in 2018. Growth is expected to be delivered in the second half of 2018 as comparative dairy dynamics and planned investments will adversely affect performance in the first half of 2018.

Siobhán Talbot
Group Managing Director

Glanbia generates a significant portion of its earnings in US Dollar and reports in Euro. We set our targets and monitor our annual and strategic performance on the basis of local currencies. We therefore guide the market on the basis of constant currency recognising that the reported result will vary dependent largely on the translation rate between the US Dollar and the Euro.



Business Model

We have built a resilient business model that enables the business to prosper and grow.

We leverage our strategic assets and distinctive capabilities to create world-leading performance and lifestyle nutrition brands and innovative nutritional and functional ingredients. We benefit from the diversity of our end-users, broad product range and our wide geographic spread. We strive to create sustainable value for all our stakeholders: our shareholders, our employees, our consumers, our customers and the communities where we operate.

Our vision is to be one of the world's top performing nutrition companies, trusted to enrich lives every day.

IIRC Capitals

This key provides a mapping to the 'capitals' of the International Integrated Reporting Councils (IIRC) framework.

- F Financial
- H Human
- M Manufactured
- I Intellectual
- S Social
- N Natural

You can find out more at: www.theiirc.org

Related information

Our strategy

The main elements of our strategy are outlined on pages 14-17.

Our principal risks

Our approach to risk management and our principal risks are described on pages 47-51.

Governance

How we govern the group is described from pages 57-63.

Inputs

Disciplined capital management F

We display a strong track record of efficient capital allocation and portfolio management. We deploy a variety of structures including **Joint Ventures** which have been, and remain, critical to sustainable long-term growth.

Talent development H

People lie at the heart of the business. With **6,600** employees, we aim to attract, retain and develop high-quality employees through an integrated approach to talent management and career development.

Operational excellence M

We have a proven ability, demonstrated over decades, of running large-scale manufacturing facilities. We have **27** production facilities including our joint ventures.

Innovation I

With **four R&D** innovation centres world-wide, we focus on customer-led, science-backed innovation that produces better solutions, better products and better outcomes for our customers and consumers.

Relationship focused S

We work as a proactive and long-term business **partner** with our customers: delivering nutritional solutions based on market foresight and contributing to better business for our customers.

Natural resources N

We source clean, traceable ingredients. We are dedicated to achieving high-quality products to meet customer **food safety** and quality standards. We are focused on regulatory compliance and good environmental stewardship.

Develop

We apply our deep sector knowledge, collaborative approach and innovative thinking to turn raw ingredients into branded consumer products and high-quality functional ingredients and products for our customers and consumers worldwide. Our innovative mindset and strong relationships foster a culture of co-creation for mutual benefit.

How we do it

Business-to-Consumer (B2C)

Innovation sits at the heart of our business as we continuously develop new performance and lifestyle nutrition products. Our brands include a range of formats such as powders, drinks, capsules, tablets and bars. We manufacture substantially all of our own brands.

Business-to-Business (B2B)

Our Nutritional Solutions business is a leading marketer of advanced-technology whey protein, specialist vitamin and mineral blends, plant-based ingredients and functional beverages. We are the leading manufacturer and marketer of American-style cheddar cheese in the US.

Direct-to-Consumer (D2C)

The acquisition of Body & Fit will enable us to build a platform for our online capability and develop powerful e-commerce and digital tools to support our performance nutrition brands.

THE CUSTOMERS' CHAMPION

PERFORMANCE MATTERS

Deliver

We source clean ingredients, such as milk and grains, from the primary producers. In addition we source inputs from other food manufacturers across the globe. This requires an in-depth understanding of our raw ingredients markets and the development of long-term, mutually beneficial relationships with producers to secure supply.

How we do it

Solid supply chains

Through worldwide facilities that meet the most stringent standards and our supplier partnerships around the globe, we ensure flexibility, responsiveness and solid sustainable supply chains.

Innovation

Supported by our four state-of-the-art R&D innovation centres, we create greater value from our pool of raw materials through collaborative long-term partnerships, customer focused innovation and investment in consumer-facing products and brands in high-growth markets. This enables us to drive our portfolio towards added value, and more complex and higher margin brands and ingredients.

Grow

We are the global leader in the performance nutrition industry with a portfolio of eight leading consumer brands. As a nutritional solutions provider in the B2B arena, we commercialise specialty nutritional and functional ingredients and precision premixes to meet our customer needs.

How we do it

B2C

Each of our performance nutrition brands has its own consumer appeal. We are in the top three performance nutrition brands in over 20 countries.

B2B

Our portfolio of both nutritional ingredients and cheese gives us strong market reach and customer relevance. We work hand-in-hand with our customers to develop products that exceed their expectations.

D2C

Our new digital platform will enhance engagement with our consumers at multiple touch points throughout their purchasing decision journey. Through our brands we will continue to strive to connect with consumers through creative excellence and new digital layers of services.

Outputs

Communities

We partner with a number of charities and encourage our people to engage in volunteer work. Our operations also create opportunities for local businesses.

Committed people

We attract and retain talented employees through management training and development programmes.

Loyal customers and consumers

We deliver high quality brands and nutritional ingredients for our customers and consumers which enable them to achieve their performance goals.

Engaged shareholders

We have a progressive dividend policy and have in 2017 increased the total dividend payment by over 65% when compared with the previous year.

Environmental awareness

As a global nutrition company we are conscious of the impact of our organisation on the broader community. In 2017 we completed a 'Carbon Trust' review of our sustainability strategy.

Underpinned by our values

FIND A BETTER WAY

WINNING TOGETHER

SHOWING RESPECT

Our Strategy

SHAPING A PLATFORM FOR STRATEGIC GROWTH

Aligned to our purpose and vision, our three strategic pillars set the broad roadway for our future growth agenda. We have further refined these pillars into strategic priorities and identified enablers as we drive forward to harness Glanbia's global growth potential.

Related information

Read more about our Business Model on page 12

Read more about our Strategy in Action – GPN thinkThin case study on page 22

Read more about our Strategy in Action – GN Innovation in Healthy Snacking on page 26

Read more about our Principal Risks on pages 47-51

Our purpose:

Our vision:

Global Macro Trend

Evolving consumer whose expectations are focused on health, nutritional requirements, immediacy and transparency.

Strategic Enablers

We are a growth company and will win in the market place by using our strengths as strategic enablers.

Consumer needs-driven ingredient and brand innovator

Every ingredient needed to fuel better nutrition.

To deliver better nutrition for every step of life's journey

To be one of world's top performing nutrition companies trusted to enrich lives every day

Health and wellness	On-the-go food and beverages	Digitally connected	Clean labelling

Have a differentiated understanding of evolving consumer trends

Leverage Glanbia's insight and scale in consumer performance nutrition and value-added ingredients to develop products which delight our consumers and customers

Build technical know-how on a secure supply base

Rigorous cost management to fuel and fund growth

Attract, develop, and retain the best talent to address the identified growth opportunities

Strategic pillars

Protect and grow the core

Growth will be an intentional journey

Concentrate our focus in growing markets where we have market leading capability and right to win

Invest in capability to capture market opportunities

Selectively build and scale beyond the core

Invest in innovation, digital capability and selective M&A or partnerships to drive growth

Build scale internationally

Capture efficient growth by leveraging shared assets where feasible

Embed enablers across the business

Invest further in insights, technology, and innovation to create and capture growth opportunities

Engage the consumer online

Invest in our ability to have a personal link to our consumers

Strategic priorities

- Maintain and grow our global leadership in performance nutrition
- Sustain current, and drive further ingredient market leadership in nutritional ingredients
- Grow through organic investment programme and acquisition/partner with complementary businesses
- Develop talent, culture and values in line with our growing global scale

Our Strategy continued

CREATING SUSTAINABLE LONG-TERM VALUE

STRATEGIC PILLARS

Protect and grow the core

Strategic priority

Maintain and grow our global leadership in performance nutrition

2017 progress

- GPN EBITA growth 7.0% (constant currency);
- GPN branded revenue growth 15.2%, like-for-like revenue growth 6.3% like-for-like volume growth 8.0% (all constant currency);
- Strong growth in key international geographies;
- Acquired Amazing Grass and Body & Fit brands extending GPN's consumer and channel reach; and
- Commissioned GPN R&D innovation centre to enhance our product offering and capabilities and drive further growth.

Strategic priority

Sustain current and drive further ingredient market leadership in nutritional ingredients

2017 progress

- GN EBITA growth 4.1% (constant currency);
- GN volume growth in Nutritional Solutions 7.2%;
- Deepened our relationships with key customers as a partner of choice for a comprehensive range of dairy and plant-based solutions across a broad range of categories; and
- Informed by market, customer and consumer insight, continued to innovate in the solutions space to exceed the expectations of our customers.

Selectively build and scale beyond the core

Strategic priority

Grow through organic investment programme and acquisition/partner with complementary businesses

2017 progress

- Created Glanbia Ireland as a new 40:60 Joint Venture with Glanbia Co-operative Society Limited integrating all of the primary dairy and agri-business of Glanbia in Ireland;
- Acquired Amazing Grass and Body & Fit brands to complement the GPN performance and lifestyle portfolio;
- Progressed plans to build a large-scale cheese and whey plant in the State of Michigan, US through a new Joint Venture with GN; and
- Completed capital spend of €72.5 million.

Embed enablers across the business

Strategic priority

Develop talent, culture and values in line with our growing global scale

2017 progress

- Continued to embed employee focused purpose, vision and values across all levels of the Group, with an employee centric approach;
- Commenced a HR transformation programme focusing on talent acquisition; and
- Deepened linkages between career pathways, values performance and reward across the Group.

Looking forward
- Drive branded volume and revenue growth in key geographies;
- Commercialise innovation across consumer usage occasions, brands, formats, channels and geographies;
- Deepen consumer franchise: and
- Develop DTC platform capabilities.

Key risks
- A deterioration in economic growth or consumer confidence;
- High competitor promotional activity resulting in additional margin pressure;
- Channel shifts by consumers; and
- Potential pace of change in consumer behaviour relative to business capability.

Link to remuneration
- Linked to short and long-term incentive plans for GPN Executive Director and management team.

Key metrics:
- EBITA growth
- Operating Cash Flow
- Return on Capital Employed
- Branded like-for-like revenue growth
- Innovation rate
- Talent development

Looking forward
- Drive innovation agenda across all platforms;
- Further develop and support customer growth globally; and
- Continue to explore opportunities to grow value-added cheese and nutritional solutions through organic growth acquisition and joint venture investments.

Key risks
- A failure to adapt to new market challenges or innovate at a faster pace than our competitors;
- The loss or significant deterioration in commercial terms with one of our key customers; and
- Competitor activity.

Link to remuneration
- Linked to short and long-term incentive plans for GN Executive Director and management team.

Key metrics:
- EBITA growth
- Operating Cash Flow
- Return on Capital Employed
- Volume growth in Nutritional Solutions
- Talent development

Looking forward
- Commission and commercialise the 25% capacity expansion of Southwest Cheese in New Mexico, US;
- Finalise Joint Venture plans to build a large-scale cheese and whey plant in Michigan, US; and
- Continue to evaluate strategic M&A and alliances across all activities of the Group.

Key risks
- The Group may fail to identify suitable acquisition targets or conduct effective due diligence;
- Management's attention may be diverted to acquisition integration efforts with a resulting impact on organic growth objectives; and
- Joint Venture expansion agreements may be more difficult to complete or implement than anticipated.

Link to remuneration
- Linked to short and long-term incentive plans for all Executive Directors and members of the Group Operating Executive.

Key metrics:
- Group adjusted Earnings Per Share growth
- Group Return on Capital Employed
- Group Operating Cash Flow
- Total Shareholder Return

Looking forward
- Accelerate focus on talent, succession and leadership development across the organisation;
- Invest in hiring new skills and capability to underpin growth ambitions; and
- Continued focus on embedding our values across the Group.

Key risks
- Competitive dynamics potentially impacting ability to recruit key new talent in areas such as DTC; and
- Any failure to invest in developing or retaining our people will impact the delivery of our strategic objectives.

Link to remuneration
- Linked to short-term incentive plan for all Executive Directors and members of the Group Operating Executive.

Key objectives:
- Leadership and talent development plans
- Succession plans for key roles
- Recruitment and retention plans

Key Performance Indicators

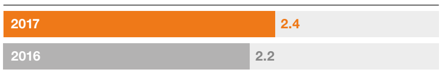
FOCUSED ON RESULTS

The Group has a range of key performance indicators (KPIs) which are used to monitor Group performance, operations and measure progress against the key strategic objectives. The KPIs set out below are also a key element of the remuneration arrangements of our Executive Directors and senior executives. In 2017 two new KPIs were added: Dividend payout ratio and Environmental Health and Safety. In addition to the primary KPIs identified below, the Group and Business Units have a range of KPIs which assist in monitoring our performance with customers, supplier performance, environmental targets and employee engagement. Further details on a number of these KPIs are set out on pages 36 to 43.

Definitions of KPIs are contained in the glossary on pages 212 to 222.

REVENUE FROM CONTINUING OPERATIONS

€2.4bn (2016: €2.2bn)



Strategic relevance

Revenue growth is a key indicator of how Glanbia is succeeding in developing the Group through its ongoing investment and acquisitions programme.

In addition to the overall revenue for the Group there are a number of key components of Group revenue which are actively monitored to provide greater insight into markets, opportunities and performance of the Business Units.

Performance

In 2017, revenue from continuing operations was €2.4 billion (2016: €2.2 billion), up 7.0% reported, and 9.2% constant currency on 2016. Revenue growth on prior year was driven by volume increases of 5.3% driven by Nutritionals Solutions within GN and branded revenue growth within GPN, price benefit of 0.2% primarily driven by higher dairy markets and 3.7% benefit from acquisitions of Amazing Grass and Body & Fit within the GPN segment.

EBITA[1,2]

€283.2m (2016: €273.3m)

Strategic relevance

EBITA from continuing operations pre-exceptional items is a measure of the trading profitability of the wholly-owned businesses within the Group, excluding intangible asset amortisation. The exclusion of intangible asset amortisation aids comparability between our segments that have grown organically and those that have grown by acquisition.

Performance

EBITA was €283.2 million in 2017, up 3.6% reported and up 5.8% constant currency on 2016.

EBITA MARGIN

11.9% (2016: 12.2%)

Strategic relevance

The Group has a portfolio of businesses with a range of EBITA margins. Long-term improvement in EBITA margin demonstrates how the Group's strategy to focus on higher growth, higher margin products and segments is being successfully implemented.

Performance

EBITA margin in 2017, was 11.9%, down 30 basis points on 2016. 2017 saw a slight contraction in EBITA margins which was driven primarily by a rise in input costs.

PRO-FORMA ADJUSTED EARNINGS PER SHARE[1,2]

87.11c (2016: 80.40c)

Strategic relevance

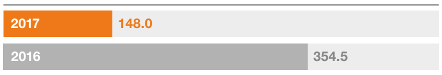
Pro-forma adjusted Earnings Per Share (EPS) is an important measure of the profitability of the Group as it represents the underlying profit of the Group per equity share in issue. Following the disposal of the Dairy Ireland segment in the year the Group adopted a pro-forma EPS calculation to ensure a like-for-like comparison of the continuing operations, accounting for Dairy Ireland as part of the Glanbia Ireland Joint Venture in current and prior year comparatives.

Performance

Pro-forma adjusted EPS was 87.11 cent, up 8.3% reported, 10.2% constant currency on 2016.

OPERATING CASH FLOW[1]

€148.0m (2016: €354.5m)



Strategic relevance

Operating Cash Flow (OCF) measures the cash generated from operations before interest and tax payments and before strategic capital expenditure. It is a measure of the ability of the Group to convert trading profits to cash, which is then available for strategic investments and dividend payments.

Performance

OCF was €148.0 million in 2017 which represents a decrease of €206.5 million on 2016. The adverse performance compared to last year is primarily driven by negative working capital movements of €170.8 million in the year. Negative working capital movements are largely due to negative receivables movements of €149.9 million, of which €73.4 million relates to Dairy Ireland in the first half of the year.

RETURN ON CAPITAL EMPLOYED[2]

13.4% (2016: 13.9%*)

Strategic relevance

Return on Capital Employed (ROCE) measures the efficiency of the Group's organic and acquisition investment programmes as well as the utilisation of its assets.

Performance

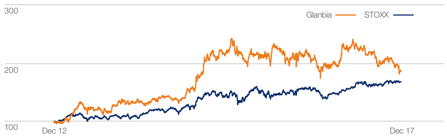
The ROCE in 2017 decreased by 50 basis points to 13.4% (2016: 13.9%). This was primarily due to the growth in reported EBITA, which was more than offset by the near-term dilutive effect of recent acquisitions and investment in working capital.

* Prior year number restated to account for impact of deferred tax. Prior year reported number was 12.9%.

TOTAL SHAREHOLDER RETURN[2]

-4.8% one year

(+18.9% three years)



Strategic relevance

Total Shareholder Return (TSR) reflects the value delivered to shareholders arising from the ownership of Glanbia's shares plus dividends reinvested. Relative TSR, compared to a specific peer group or market index, is an important measure of how successful the Group has been in terms of shareholder value creation, compared with its peers over the same time period.

Performance

Glanbia's TSR in 2017 was a negative 4.8%. TSR over the three-year period of 2015 to 2017 was 18.9% and five-year TSR was 88.2%. Glanbia's share price at the end of the financial year was €14.90 (2016: €15.78). The STOXX Europe 600 Food and Beverage Index, which is a key benchmark for remuneration purposes, increased by 10.4% in 2017.

DIVIDEND PAYOUT RATIO

25.3% (2016: 16.6%)

65% increase in total dividends

Strategic relevance

Dividend payout ratio reflects shareholder return via dividends as a percentage of pro-forma adjusted EPS in the period. The revised dividend policy aims for a dividend payout ratio of between 25% and 35% of pro-forma adjusted EPS.

Performance

Based on a final dividend of 16.09c per share, total dividends for the year amount to 22.0 cent per share which equates to a 25.3% dividend payout ratio of pro-forma adjusted EPS. This represents a 65% increase in total dividend versus 2016 and a return of €65.1 million to shareholders from 2017 earnings.

ENVIRONMENTAL HEALTH AND SAFETY

Objective

Maintain the highest possible global safety standards using sites with no Lost Time Case (LTC) as the key benchmark.

See pages 44-51 for more information on Environmental Health and Safety.

Strategic relevance

The health and safety of our employees is inherent in our Glanbia values and is reflected in our organisational goal of 'Zero Harm'. LTC frequency rate is an established global measure of safety performance and Glanbia has a goal of zero LTC.

Performance

In 2017, 50% of our global sites achieved our target of zero LTC reported. 30% of our sites celebrated two or more continuous years without a recorded LTC. An analysis of the specific drivers behind LTCs reported was performed, leading to the development and the implementation of a number of improvement measures.

GLANBIA RISK MANAGEMENT SYSTEM (GRMS)

Objective

Generate heightened operational risk awareness to help protect the safety of our people, the wider community and the environment.

See pages 44-51 for more information on Risk Management.

Strategic relevance

Risk management is a key focus point for the Group. GRMS is the operational risk management system in place across the Group. It covers a number of key risk areas with assessment and ranking levels based on international risk management standards. The annual on-site assessments are conducted by an independent third party to help drive a continuous improvement culture across our sites with each individual site awarded a Level 1 to Level 5 overall score.

Performance

All locations maintained or improved their individual site rating from the prior year. In addition, recommendations were developed by the independent assessor to address the key improvement opportunities and management progress against these recommendations will be centrally monitored.

1. Performance condition of Glanbia's Annual Incentive Scheme.
2. Performance condition of Glanbia's Long Term Incentive Plan.

Operations Review
Glanbia Performance Nutrition

INVESTING IN A WORLD LEADING BRANDED PORTFOLIO

€169.7 million
EBITA

€1.1 billion
Revenue

Glanbia Performance Nutrition is the global leader in the performance nutrition industry. The brand portfolio is comprised of Optimum Nutrition (ON), BSN, ABB, Isopure, Nutramino, thinkThin, Amazing Grass and Body & Fit and each brand has its own brand essence.

Our mission is to inspire people everywhere to achieve their performance and healthy lifestyle goals. We produce the full range of performance nutrition products with broad consumer appeal; from hardcore fitness enthusiasts to those seeking a healthier lifestyle. We are the market leader in innovation and new product development.

FOCUSED ON NUTRITION
INVESTING IN OUR BRANDS

Hugh McGuire
CEO Glanbia Performance Nutrition

REVENUE

€1.1 billion
+13.7% constant currency

Glanbia Performance Nutrition

€m	FY 2017	Re-presented FY 2016*	Change	Constant Currency Change
Revenue	**1,121.1**	**1,007.5**	+11.3%	+13.7%
EBITA	**169.7**	**162.0**	+4.8%	+7.0%
EBITA margin	**15.1%**	**16.1%**	-100bps	-100bps

* EBITA for GPN and GN for 2016 have been adjusted down by €0.5m reflecting ongoing corporate costs previously allocated to the Dairy Ireland segment but which will be allocated to GPN and GN going forward. This is to ensure a like-for-like comparison and reflective of the allocations received in 2017 and going forward.

All commentary is on a constant currency basis.

Business Performance

Glanbia Performance Nutrition (GPN) delivered a good performance in 2017 with an overall increase in revenue of 13.7%. Volume increased by 7.1% as a result of good branded growth. The acquisitions of Amazing Grass and Body & Fit drove revenue growth of 8.1% and there was a net price decline of 1.5% due to investment in brand development and innovation launches. Like-for-like branded revenue growth versus prior year was 6.3% and like-for-like branded volume growth was 8%. GPN EBITA in 2017 was €169.7 million which was a 7.0% increase on the prior year with EBITA margin of 15.1%, down 100 basis points largely due to the net impact of higher year-on-year input costs and increased brand investment. Branded revenue growth was driven by the continued expansion of the online, food, drug, mass and club channels in North America and strong in-market execution and share gains in EMEA and LAPAC. As expected momentum improved in the North American market in quarter four 2017, driven by improved seasonal uplift relative to the prior year. Innovation was also a key element of branded growth with the recent launches of ON Cake Bites and thinkThin plant-based bars both performing well. As a result of recent investments in geographic development, innovation and acquisition, GPN has navigated a channel shift that has occurred in the category and has in place a portfolio of brands and product formats to serve performance and lifestyle consumer occasions across all channels on a global basis.

OUR BRANDS

Glanbia Performance Nutrition's portfolio is comprised of eight brands – Optimum Nutrition (ON), BSN, Isopure, Nutramino, ABB, thinkThin, Amazing Grass and Body & Fit. Our products are sold in over 100 countries and we are in the top three performance nutrition brands in over 20 countries.

Operations Review continued
Glanbia Performance Nutrition

Global Market Trends

Our markets continue to evolve as today's busy consumers want to stay fit and healthy. Underlying this in many markets across the globe, is a growing focus on active lifestyles as consumers become more educated about the benefits of a health and fitness lifestyle and governments play an increasingly active role in encouraging and sponsoring healthy living initiatives among their populations, especially in emerging markets. To fuel the demands of their on-the-go lifestyle, consumers are also looking for functional foods and beverages that are high in protein, sustainable, good-tasting and in an easy-to-use format. The shift from traditional three-meals a day lifestyle continues apace, with snacking and convenience playing a critical role in everyday routines. There is also greater awareness of the benefits of good nutrition across ages and genders. As people live longer they are looking to understand specific nutritional and fitness plans to support their lifestyles whatever their age.

Finally, digital consumerism has heightened expectations for individualised nutrition and fitness plans. The demand for digital engagement offers significant opportunities in the performance nutrition market.

Our Consumers

Driven by these macro trends we are seeing three broad groups of consumers who are active in the performance and lifestyle nutrition category. The expectations of these consumers are holistic, multi-dimensional and intertwined. The first group is the core sports-nutrition consumer, whose main motivation is building muscle mass. They are likely to visit the gym more than five times per week. This group is highly influential in providing advice for those less knowledgeable in performance nutrition. The second group are active lifestyle consumers, for whom exercise is an important lifestyle choice that they take part in three or four times per week. This group is most interested in improving their sports performance and building lean muscle. The third group are more relaxed 'keep-fitters', a large cohort which is growing in numbers, they are aspiring to a healthier lifestyle especially through nutrition and new on-the-go convenient formats like bars and drinks.

Channel Mix

GPN has expanded rapidly in the past decade through innovation and acquisitions. This has resulted in a diversified channel mix oriented around the full spectrum of performance-orientated to lifestyle consumers. In 2017 total revenues for GPN were €1,121 million. Of this 30% reached our consumers via distributors. We work closely with distributors as key partners in many countries including where the category is less mature or the route-to-market is complex. As a consequence GPN's products are distributed to and sold in over 100 countries and we have a direct presence in 22 countries worldwide. Online was one of GPN's fastest growing channels in 2017 and is a key driver of category growth. The online channel represented 26% of GPN 2017 revenues. We have invested in developing our digital marketing capability and also acquired Body & Fit, a Direct-to-Consumer (DTC) brand, in 2017. This further augments GPN's presence online. Food, Drug, Mass and Club retailers (FDMC) represented 16% of GPN's 2017 revenues. This has become an important channel for the Nutramino, thinkThin and Amazing Grass brands. GPN products in this channel are typically in ready-to-consume formats such as bars, snacks and drinks. FDMC is also predominantly where lifestyle consumers purchase GPN brands.

Finally the Specialty channel accounted for 28% of GPN's 2017 revenues. Specialty retail remains a key channel for performance-oriented consumers and in many cases consumers rely on store expertise to assist in product selection. As a result Specialty is an important channel for innovation where new products are typically trialled by consumers.

Strategy In Action

thinkThin

Innovating in the nutrition and food space means having to constantly evaluate ingredient and food sources. With growing numbers of flexitarians and consumers actively incorporating plant-based foods in their meal, the US plant foods industry is now estimated to be worth $5bn. In 2017, thinkThin, a leader in creating nutritious, protein rich foods, launched a range of plant-based protein products spanning from high protein bars to protein powders.

thinkThin's unique understanding of the best taste combinations of plant-based sources means we deliver category leading nutritionals and the indulgent flavours consumers expect and enjoy.

In 2017 thinkThin launched:

- a plant-based Sea Salt Almond Chocolate High Protein Bar; and
- a plant-based Chocolate Mint High Protein Bar.

In addition to delivering on both elevated flavour and nutritional profiles, each of the company's new plant-based high protein bars and protein and probiotic powder mixes are also crafted with no soy ingredients, are GMO-free, gluten free and vegan-friendly.

94% OF AMERICAN CONSUMERS SNACK ONCE A DAY

Source: Mintel

GPN 2017 Revenue

GPN by Channel

GPN by region

Regional Distribution

A core part of GPNs strategy is to grow its business beyond North America. Significant progress has been made on this strategy and in 2017 38% of total revenues were outside North America. Key countries where GPN experienced strong growth included the UK, Australia, India, Brazil, China and France. Through innovation and digital development we plan to further harness the strong growth potential outside North America. We will continue to develop new products which are regionally relevant while utilising the brand equity and heritage of the GPN portfolio. In 2017 GPN acquired the Body & Fit brand in Europe, an exciting addition to the portfolio and we also continue to work with other global online platforms to participate in the fast growing online channel.

Education – Fit India and Fit Malaysia

As Governments increasingly regulate foods and beverages regarded as unhealthy, they are creating a favourable environment for nutrition that is focused on health and wellbeing. GPN has partnered with the Indian and Malaysian governments offering Fit India and Fit Malaysia initiatives which are designed to help consumers in both countries understand the benefits of a healthy lifestyle. Through the Optimum Nutrition brand, GPN provides detailed classroom education programmes to retailers and consumers which are then supported by in-market sampling, education and workout programmes that come alive through a mobile vehicle tour.

Focused on Growth

GPN remains focused on growth and in 2018 we will be investing in our brands, innovation, systems and organisational infrastructure to maintain our momentum.

Hugh McGuire
CEO Glanbia Performance Nutrition

26%
THE ONLINE CHANNEL PERCENTAGE OF GPN'S REVENUES IN 2017

BODY & FIT

The acquisition of Body & Fit in March 2017 brings a new capability to GPN by expanding our offering with powerful digital connectivity and capabilities. Today's consumers are using a variety of platforms to monitor, maintain and improve their health and wellbeing. Consumer connectivity and demand for better assortment, value and engagement through an omnichannel experience are some of the drivers behind this acquisition. Body & Fit already has a strong presence in the Benelux region and building on this position, we aim to establish a truly global platform for consumer engagement, education and GPN branded products.

ON Cake Bites

In 2017 Optimum Nutrition Cake Bites disrupted the sports nutrition Ready-to-Eat (RTE) category with our unique combination of indulgent taste, macronutrient profile and snackable format. These cake bites are packed with 20 grams of protein, limited sugar, minimal fat and unique format per serving of three cakes. Targeted at calorie counting athletes or an anytime snack for active adults interested in new and delicious ways to get protein. Cake Bites are now available in six different flavours and in 2018 will expand beyond the US market.

Operations Review continued
Glanbia Nutritionals

STRONG GROWTH IN GLOBAL NUTRITIONAL SOLUTIONS

€1.3 billion
Revenue

About Glanbia Nutritionals
Glanbia Nutritionals is a global provider of innovative nutritional and functional solutions. Through its extensive portfolio of ingredients and capabilities, it provides a wide range of science-led solutions to global customers. It is also a large-scale cheese manufacturer and marketer.

Nutritional Solutions
Nutritional Solutions is a provider of customised nutrient premixes, advanced-technology dairy and plant protein solutions, functional beverages and flavours.

Cheese
GN is the #1 producer and marketer of American-style cheddar cheese in the US.

FOCUSED ON NUTRITION
VOLUME GROWTH

JUST ADD GLANBIA.

€113.5 million
EBITA

Brian Phelan
CEO Glanbia Nutritionals

REVENUE
€1.3 billion
+5.4% constant currency

Glanbia Nutritionals

€m Revenue	FY 2017	Re-presented FY 2016*	Change	Constant Currency Change
Nutritional Solutions	531.9	488.3	+8.9%	+10.9%
US Cheese	734.1	735.9	-0.2%	+1.8%
Total GN	1,266.0	1,224.2	+3.4%	+5.4%
GN EBITA	113.5	111.3	+2.0%	+4.1%
GN EBITA margin	9.0%	9.1%	-10bps	-10bps

* EBITA for GPN and GN for 2016 have been adjusted down by €0.5m reflecting ongoing corporate costs previously allocated to the Dairy Ireland segment but which will be allocated to GPN and GN going forward. This is to ensure a like-for-like comparison and reflective of the allocations received in 2017 and going forward.

All commentary is on a constant currency basis.

Business Performance

Glanbia Nutritionals (GN) is comprised of two divisions Nutritional Solutions and US Cheese. GN delivered a good performance in 2017. Revenues increased versus the prior year by 5.4% to €1.3 billion driven by volume growth of 3.9% and pricing growth of 1.5%. Both volume and pricing growth was largely driven by Nutritional Solutions. GN's EBITA in 2017 was €113.5 million, a 4.1% improvement versus prior year, as a strong Nutritional Solutions performance was somewhat offset by challenging US Cheese dynamics. Overall EBITA margins at 9.0% are down 10 bps compared to prior year on a constant currency basis.

Nutritional Solutions

Nutritional Solutions at 42% of total GN revenues, is a provider of customised nutrient premixes, advanced-technology dairy and plant protein solutions, functional beverages and flavours. Nutritional Solutions has a diverse product portfolio and supports its customers on both a global and regional basis, supplying solutions that improve product functionality and nutritional profile.

UNIQUE INSIGHTS AND PARTNERSHIPS

We provide unique insights and partnerships in exploring the optimal application of, not only a variety of dairy and plant proteins available, but also other ingredients in our portfolio such as premixes and flavours.

Operations Review continued
Glanbia Nutritionals

Nutritional Solutions (continued)

We delivered a good performance in 2017 with revenue of €531.9 million, an increase of 10.9% on the prior year. Volume growth of 7.2% was broadly based across customers, geographies and categories, driven by the ever-increasing trend of consumers seeking nutritional products with added protein, convenience and functionality. Pricing was also positive with growth of 3.7% mainly reflecting relatively stronger dairy markets in 2017 versus the prior year.

In 2017, 61% of the revenue in Nutritional Solutions was from non-dairy products such as vitamin & mineral blends, functional beverages, plant-based solutions and flavours. The remaining 39% of revenue was from dairy solutions including advanced-technology whey and specialist dairy ingredients.

US Cheese

US Cheese is a leading producer of American-style cheddar cheese in the US supplying leading retail brand owners and other leading food service organisations. US Cheese delivered a satisfactory performance in 2017 with revenue of €734.1 million, an increase of 1.8% versus 2016. This was driven by volume growth of 1.7% and price increase of 0.1%. Volume growth was achieved through an increase in milk processed and improved yields year-on-year. Pricing was broadly flat as a result of reduced prices in the cheese barrel format offsetting improved prices for the cheese block format.

Glanbia Nutritionals Revenue 2017

Revenue from US Cheese and Nutritional Solutions

Nutritional Solutions – Dairy and Non-Dairy revenues

Nutritional Solutions – End Categories

Sports nutrition
Supplements
Mainstream Food & Beverage
Clinical Nutrition
Infant Nutrition

Strategy In Action

Driving innovation in healthy snacking

With production facilities in Europe, Asia and North America, GN has built a diverse business with state-of-the-art technologies servicing a range of end markets.

In 2017 we launched a number of exciting new innovations that set us apart in the marketplace. In the popular healthy snacking category, we have developed ingredient solutions to address a variety of snack bar challenges. We have functional proteins that can address bars that might be too sticky, too brittle or lose shape. We have proteins that address shelf-life, can be used with less sugar, and we have developed optimised blends of dairy and plant-based proteins. We take a holistic view of how functional ingredients can best perform in the core, coatings and layers of bars. With access to an extensive portfolio of ingredients from dairy and non-dairy sources, we ensure the maximum nutritional value without a compromise to taste, texture or format.

Similarly, in the growing beverage category, GN has developed ingredient solutions to cater for the growing number of consumers interested in convenient healthy beverages. For example, GN's drink concept, High Protein and Bone Health Chocolate Ready-to-Mix (RTM) beverage, contains Prolibra®. This allows consumers to benefit from a convenient and unique combination of protein and vitamins in one drink. Muscle Mocha is another example of a prototype RTM hot coffee beverage containing natural caffeine, as well as protein from ProTherma™, the heat stable hydrolysed whey protein and Micelle XL®, a slow release milk protein. Together, these ingredients provide convenient sources of energy and protein.

Caption: Nhu My, Flavour Technician, Jody Emmel, Senior Flavour Chemist Manager, Liliane El Debs, Flavour Chemist in Training, work on developing new flavours for applications in Corona, CA, USA.

Global Market Trends

Today's busy consumers want to be in control of their health and are increasingly seeking products with clean, healthy ingredients and added functional benefits. Consumers are also looking for on-the-go snacks that are tailored to individual needs and fit a busy but healthy lifestyle. Furthermore, the Millennial generation and Generation Z are increasingly connected and demanding personalised nutrition, while an ever-increasing lifespan coupled with globally low birth rates also combine to form an ageing population with changing nutritional needs.

These global macro trends have resulted in significant changes in how consumers meet their nutritional requirements and in turn has led to a proliferation of products and formats across the food and beverage sector. Nutrition is at the core of our business. As a large-scale global provider of ingredient and functional solutions and one of the biggest cheese manufacturers in the world, GN is perfectly positioned to benefit from these global trends. GN innovation and capabilities in the fast-growing Ready-to-Eat (RTE), Ready-to-Mix (RTM) and Ready-to-Drink (RTD) categories is ideally positioned to benefit from the consumer demand for convenience in consumption.

Our protein solutions have transformed the bar and beverage categories over several years. Our aim is to ensure that GN continues to leverage both its dairy and plant-based protein capabilities to meet the ever evolving demands of customers and consumers across the globe.

Glanbia Nutritionals Categories

From newborns, to professional bodybuilders to grandparents GN serves a wide range of consumers and categories. Functional food and beverages is in the broadest sense our key category. GN has the unique capability to support beverage makers through every step of the production process and has made considerable progress in recent years in producing advanced-technology protein and grain systems for healthy snacks and beverages. The life stage nutrition which includes infant formula and clinical nutrition customers has been an area of focus for many years and we continue to leverage our strong tradition in the sports nutrition category and are the partner of choice for a number of key customers in this category.

Award Winning Innovation

The International Food and Technology Association recognised GN with a 2017 Innovation Award for their BevEdge™ technology that is utilised in Ready-to-Mix (RTM) and Ready-to-Drink (RTD) applications for easier processing and a cleaner label.

Just add Glanbia.

At GN we combine our deep understanding of consumers, category trends and end-to-end product development to help our customers consistently bring winning products to market. Whatever is needed to make our customers product more nutritious and successful, from smarter, more functional ingredients to custom formulations, we can help. Just add Glanbia.

For further details on our categories and ingredients visit: www.glanbianutritionals.com

Brian Phelan
CEO Glanbia Nutritionals

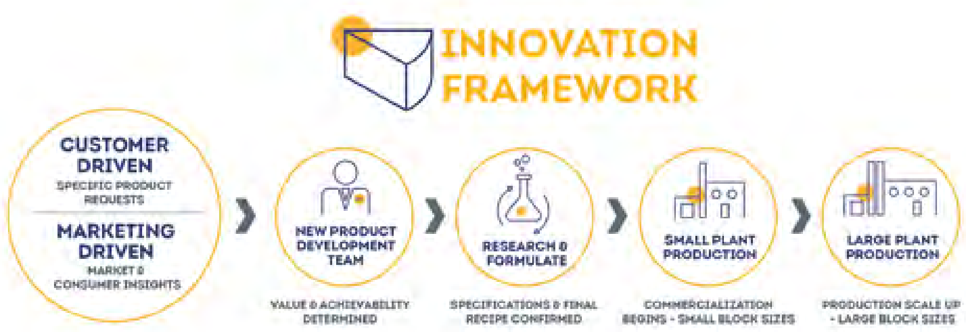
Setting the standard for cheese production worldwide

US Cheese

At Glanbia we think of the US cheese business through the lens of our customers. We produce a natural product in a range of formats: 40lb blocks, 640lbs blocks and 500lb barrels. We deliver these solutions to our customers through an innovative partnership model consisting of our wholly-owned business in Idaho and our Southwest Cheese (SwC) Joint Venture in Clovis, New Mexico. Glanbia is recognised globally as an excellent technical, operational and commercial partner with best-in-class practices and key relationships with customers.

We are a partner in innovation, proactively analysing trends and developing new formulations. Built in 2013, our GN Cheese R&D Innovation Centre brings new cheese concepts to life quickly and efficiently. By focusing on the customers' needs we deliver new global cheese styles, unique flavours and innovative inclusions.

Building on the success of our SwC Joint Venture, Glanbia was the natural partner of choice when the dairy farmers in Michigan began exploring capacity expansion in the State. The Michigan Joint Venture will be a 50:50 partnership between a milk supply group and Glanbia. We expect the new cheese and whey facility to be commissioned in 2020.



Operations Review continued

Strategic Joint Ventures

A YEAR OF TRANSFORMATION

Joint Venture Business Performance

Glanbia's Joint Ventures (JVs) consist of investments in Glanbia Ireland (previously Glanbia Ingredients Ireland – see details below), Glanbia Cheese and Southwest Cheese. JVs delivered a strong performance in 2017 as Glanbia's share of results in JVs pre-exceptionals increased by €16.8 million to €42.8 million. This increase was driven primarily by strong dairy markets and in particular a strong performance from Glanbia Cheese. Glanbia's share of JVs' revenues[1] increased by 35.7% versus the prior year. This was driven by a price increase of 17.1%, as a result of the positive dairy market environment during 2017, and volume growth of 4.3% versus prior year driven by the Glanbia Ireland and Glanbia Cheese JVs. The Dairy Ireland transaction grew JVs' revenue by 14.3% in 2017. Glanbia's share of JVs' EBITA in 2017 was €63.4 million, an increase of 50.2% year-on-year. This was primarily as a result of volume growth and relatively strong year on year dairy markets.

Full details on the performance of all Joint Ventures, and details of share of assets and liabilities are set out in note 18 to the financial statements.

Glanbia Ireland

The Glanbia Ireland (GI) JV was created on 2 July 2017. Following the acquisition of 60% of Dairy Ireland and related assets (Dairy Ireland) from Glanbia plc by Glanbia Co-operative Society Limited (the 'Society') the businesses of Glanbia Ingredients Ireland and Dairy Ireland were combined to create GI. This JV is owned 60% by the Society and 40% by Glanbia plc. The process to complete the integration of GI is on track and is expected to be completed by the end of 2018. GI delivered a good performance in 2017 with milk volumes increasing by 9% to a total milk pool of 2.6 billion litres. GI has a strategy in place to support the significant growth plans of the Irish dairy supply base and has plans for strategic investment of €250-€300 million between 2018 and 2020 to increase processing capacity and capability to produce value-added ingredients. This investment will largely be funded by debt facilities sourced directly by GI. GI is the largest milk processor in Ireland producing a range of value-added dairy ingredients and consumer products. In addition GI is a large-scale seller of animal feed and fertiliser as well as having a chain of agricultural retail outlets in Ireland. It owns leading consumer and agri brands such as Avonmore, GAIN Feeds, Kilmeaden Cheese, Premier Milk, mymilkman.ie and Wexford Cheese. This new JV has significant strengths and capabilities building on a strong sustainable supply chain in Ireland that enables it to bring high-quality Irish output to a global market.

1. Share of JVs revenue is calculated as the share of revenue attributed to Glanbia based on Glanbia's percentage ownership in the JV. See glossary for further details.

Joint Ventures (JVs) (Glanbia Share)

€m	Reported FY 2017	FY 2016	Change	Constant Currency Change
Revenue	**1,093.4**	820.8	+33.2%	+35.7%
EBITA	**63.4**	42.9	+47.8%	+50.2%
EBITA margin	**5.8%**	5.2%	+60bps	+60bps
Share of JVs' Profit after tax pre-exceptional items	**42.8**	26.0	+64.6%	+67.0%

Glanbia Ireland locations

Operations Review continued
Strategic Joint Ventures

CAPACITY EXPANSION AND STRONG BUSINESS PERFORMANCE

Southwest Cheese (SwC)

SwC is a large-scale producer of American-style cheddar cheese and whey ingredients in the US with a production facility located in the State of New Mexico, US. SwC is 50% owned by Glanbia plc and 50% owned by US based dairy co-operative organisations. SwC delivered a reduced performance in 2017 versus prior year due to the impact of certain US dairy market dynamics on milk costs. The project to expand production capacity at SwC by 25% is on track with commissioning expected to be completed in the third quarter of 2018.

SwC works closely with Glanbia Nutritionals as the operating partner of the plant and as a route to market for all of its cheese and dairy ingredients production. GN is the #1 American-style cheddar cheese manufacturer and marketer in the US and the leader in advanced-technology whey proteins. During 2017 GN marketed a total of 422,000 metric tonnes of cheese and 25,500 metric tonnes of whey proteins, as high-end whey products, systems and solutions.

Glanbia's innovative partnership model with SwC underpins GN's leadership positions in American-style cheddar cheese and advanced-technology whey operations and continues to support its growth ambitions in these categories. We meet the needs of our customers through a co-ordinated approach across our wholly-owned facilities in Idaho and our Joint Venture operations.

Within the joint venture structure through a shared control model, GN provides the operational, technical and commercial expertise while its partner producer organisations provide a long-term secure milk supply.

As previously announced, Glanbia is in advanced discussions on a proposed new JV in Michigan, USA to construct a new large-scale cheese and whey plant which is expected to be commissioned in 2020. This proposed facility would produce 140,000 metric tonnes of cheese and 9,300 metric tonnes of advanced-technology whey protein at full capacity. The total project cost will be $400-$450 million with the majority of the costs expected to be financed through debt facilities within the Joint Venture.

Glanbia Cheese

Glanbia Cheese is a large-scale Mozzarella producer which provides custom cheese solutions to companies in over 20 countries around the world. With corporate headquarters in Northwich, Cheshire, England, Glanbia Cheese also has two state-of-the-art mozzarella manufacturing facilities: one in Llangefni, North West Wales and one in Magheralin, Northern Ireland. The locations provide access to a solid supply base to source high quality milk which is used to make mozzarella cheese for pizza and other food products. Glanbia Cheese is a joint venture 51% owned by Glanbia plc and 49% owned by a global specialist mozzarella producer, Leprino Foods Company, a US company.

Glanbia Cheese delivered an excellent performance in 2017 with strong revenue and profit growth. The improvement in performance over the prior year was driven by improved pricing, in relatively stronger dairy markets, and sales volume increases.

Creating one of the world's largest cheese plants

Glanbia established its first cheese and whey JV in 2005 when it formed a joint venture with the Greater Southwest Agency, made up of a number of national and local milk co-operatives in New Mexico, US. The SwC JV, which began processing six million lbs of milk per day in 2006 has gone from strength to strength and following further expansion in 2010, processes 11 million lbs of milk per day. A new expansion phase set to be commissioned in Q2 2018 will increase the size of the facility by 25%, processing in excess of 14 million lbs of milk per day, thereby making it one of the largest cheese plants in the world. Post commissioning of the new expansion SwC will produce 250,000 tonnes of cheese and 16,000 tonnes of whey ingredients. The SwC JV is widely recognised in the industry as an innovative model of a successful collaboration between dairy farmers and a world-class processor.

Group Finance Director's Review

STRONG YEAR OF RESULTS

"A good performance from GPN and GN and a strong performance from our strategic Joint Ventures delivered our eighth year of double-digit growth."

Mark Garvey
Group Finance Director

Full year 2017 results highlights

10.2% growth, on a constant currency basis, in pro-forma adjusted Earnings Per Share at 87.11 cent (up 8.3% reported);

Disposal of 60% of the Dairy Ireland segment and related assets completed on 2 July 2017 creating a new Joint Venture called Glanbia Ireland;

Implementing a revised dividend policy and recommending a final full year dividend of 16.09 cent per share which represents an increase in total dividends of 65% on prior year and a dividend payout ratio of 25.3% on 2017 pro-forma adjusted Earnings Per Share. A total return of €65.1 million to our shareholders from 2017 earnings;

Acquisitions of Amazing Grass and Body & Fit within our GPN segment for a combined cost of €168.2 million;

Wholly-owned Group revenues from continuing operations of €2.4 billion (2016: €2.2 billion) up 7.0% on prior year (9.2% constant currency);

Wholly-owned EBITA from continuing operations before exceptional items of €283.2 million (2016:€273.3 million) up 3.6% on prior year (5.8% constant currency);

Reported profit after tax of €329.4 million up €117.3 million on prior year driven primarily by strong underlying results and the profit arising on the disposal of 60% of the Dairy Ireland segment and related assets;

Basic Earnings Per Share from continuing operations 80.40 cent, up 26.4% (28.8% constant currency); and

€69.8 million reduction in net debt and significant capacity to support future investments.

Strong performance

In what was a significant year for the Group with the disposal of 60% of the Dairy Ireland segment and related assets (Dairy Ireland), we are pleased to report basic Earnings Per Share (EPS) from continuing operations of 80.40 cent and pro-forma adjusted EPS of 87.11 cent, the latter representing an increase of 10.2% on a constant currency basis. We achieved good growth in both our Glanbia Performance Nutrition (GPN) and Glanbia Nutritionals (GN) segments with EBITA growth of 7.0% and 4.1% respectively on a constant currency basis. GPN delivered good organic growth with like-for-like branded revenues increasing 6.3%. In addition GPN completed two acquisitions with Amazing Grass, an expansion into the plant-based nutrition category in North America and Body & Fit, an EMEA Direct-to-Consumer (DTC) brand. GN also had a good year with strong sales volume and profit growth delivered by the Nutritional Solutions business.

Our share of results of Equity accounted investees pre-exceptionals grew by 64.6% on a reported basis to €42.8 million (27.2% on a pro-forma basis) as a result of strong dairy markets, particularly in the first half of the year. The pro-forma number assumes Dairy Ireland as a 40% joint venture in both 2017 and 2016.

These results enabled us to meet our core strategic financial targets as we achieved pro-forma adjusted EPS growth of 10.2% on a constant currency basis and a Return on Capital Employed of 13.4%. Along with our strong financial results, following a review of our dividend policy, we are also pleased to increase our final dividend to 16.09 cent per share bringing the total 2017 dividend to 22.0 cent per share, representing a return of €65.1 million to our shareholders from 2017 earnings and an annual dividend payout ratio of 25.3% of pro-forma adjusted Earnings Per Share.

Disposal of 60% of Dairy Ireland and creation of Glanbia Ireland

The disposal of 60% of Dairy Ireland was completed on 2 July 2017. As a consequence, the results of Dairy Ireland have been classified as a discontinued operation up to the date of disposal with prior year comparatives also adjusted accordingly. Total net cash proceeds from the transaction amounted to €208.8 million of which €112.0 million represents the disposal of the 60% equity stake in Dairy Ireland and the balance of the cash proceeds relate to the value of working capital in Dairy Ireland at the transaction date.

The operations of Dairy Ireland were integrated with Glanbia Ingredients Ireland DAC, creating a new joint venture called Glanbia Ireland DAC (Glanbia Ireland). Glanbia Ireland is classified as a joint venture with 60% owned by Glanbia Co-operative Society Limited (Society) and 40% owned by Glanbia plc. The profit arising on the disposal of 60% of Dairy Ireland, and the related costs incurred in respect of the transaction, have been presented as exceptional items in the period as discussed further below.

See page 35 for further details on the Dairy Ireland transaction.

2017 Group Income Statement

	2017			2016[1]		
€m	**Pre-exceptional**	**Exceptional**	**Total**	Pre-exceptional	Exceptional	Total
Revenue	**2,387.1**	**–**	**2,387.1**	2,231.7	–	2,231.7
Earnings before interest, tax and amortisation (EBITA)	**283.2**	**(5.5)**	**277.7**	273.3	(14.4)	258.9
EBITA margin	**11.9%**		**11.6%**	12.2%		11.6%
Intangible asset amortisation	**(43.1)**	**(19.4)**	**(62.5)**	(37.4)	–	(37.4)
Operating profit	**240.1**	**(24.9)**	**215.2**	235.9	(14.4)	221.5
Finance income	**3.0**	**–**	**3.0**	2.4	–	2.4
Finance costs	**(26.0)**	**(14.0)**	**(40.0)**	(25.2)	–	(25.2)
Share of results of equity accounted investees	**42.8**	**8.7**	**51.5**	26.0	–	26.0
Profit before taxation	**259.9**	**(30.2)**	**229.7**	239.1	(14.4)	224.7
Income taxes	**(38.3)**	**45.8**	**7.5**	(39.3)	2.3	(37.0)
Profit for the year – continuing operations	**221.6**	**15.6**	**237.2**	199.8	(12.1)	187.7
Profit/(loss) – discontinued operations	**9.8**	**82.4**	**92.2**	27.1	(2.7)	24.4
Profit for the year – Group	**231.4**	**98.0**	**329.4**	226.9	(14.8)	212.1

Revenue and EBITA are key financial metrics used to monitor the performance of the Group and segments. Details of current and prior year performance are set out below:

Segmental analysis

	2017			2016[1]		
€m	**Revenue**	**EBITA**	**EBITA %**	Revenue	EBITA[2]	EBITA %
Glanbia Performance Nutrition	**1,121.1**	**169.7**	**15.1%**	1,007.5	162.0	16.1%
Glanbia Nutritionals	**1,266.0**	**113.5**	**9.0%**	1,224.2	111.3	9.1%
Total wholly-owned businesses	**2,387.1**	**283.2**	**11.9%**	2,231.7	273.3	12.2%

For definitions and more information on constant currency and other performance measures see the glossary on pages 212 to 222.

1. As represented to reflect impact of discontinued operations.
2. Prior year EBITA for GPN and GN have each been adjusted down by €0.5 million respectively as a result of reallocations of ongoing central overhead costs following the disposal of 60% of Dairy Ireland to ensure a like-for-like comparison.

Group Finance Director's Review continued

Income statement

Revenue

Wholly-owned revenue from continuing operations increased by 7.0% (9.2% constant currency) in 2017 to €2.4 billion. Sales volumes accounted for 5.3% of the increase primarily driven by branded revenue growth within GPN and Nutritional Solutions within GN. Pricing benefit accounted for 0.2% of the growth in the year driven primarily by higher dairy markets offset partially by brand investment and innovation support within GPN. Acquisitions, which include the results of Amazing Grass and Body & Fit, accounted for a 3.7% increase in revenue.

Profit

Profit for the year from continuing activities amounted to €237.2 million which represents an increase of €49.5 million on prior year. This increase is driven by profit growth in GPN and GN, an increase in the share of Joint Venture profits and one off net exceptional gains versus prior year. Wholly-owned EBITA from continuing activities before exceptional items grew by 5.8% constant currency (up 3.6% reported) to €283.2 million (2016: €273.3 million). Increased EBITA was reported from each wholly-owned segment as a result of branded sales growth in GPN and good performance from Nutritional Solutions within GN. Overall wholly-owned EBITA margins have increased from 10.7% reported in prior year to 11.9% as a result of the Dairy Ireland transaction. On a like-for-like comparison, wholly-owned EBITA margins from continuing activities decreased by 30 basis points to 11.9% driven primarily by higher input costs.

Net finance costs

Net financing costs pre-exceptional items increased by €0.2 million to €23.0 million (2016: €22.8 million) primarily driven by the higher costs in the first half of the year as a result of the acquisitions of Amazing Grass and Body & Fit, which were completed in the first quarter of 2017. On 15 December 2017 post a review of Group financing structures, the Group repaid $169 million of outstanding private placement debt of $325 million, due in June 2021 and consequently paid additional interest of €14 million reflecting make-whole interest due to holders of this private placement debt. Overall net finance costs in 2017 include this additional interest cost as an exceptional item. The early repayment of the private placement debt appropriately re-structured the Group's debt facilities following the disposal of 60% of Dairy Ireland and accordingly will beneficially impact finance costs over financial periods to June 2021. The Group's average interest rate in 2017 was 6.3% (3.9% excluding the additional interest on private placement debt) (2016: 3.8%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 85% of projected 2018 debt currently contracted at fixed rates.

Equity accounted investees (Joint Ventures)

The Group's share of equity accounted investees profits increased by €16.8 million to €42.8 million (2016: €26.0 million) in the year driven by sales volume growth and strong dairy markets. The share of equity accounted investees profits includes the impact of 40% of Dairy Ireland from 2 July following the disposal of 60% of Dairy Ireland to the Society. The results of Dairy Ireland up to the date of disposal have been included within discontinued operations. The share of results of equity accounted investees is after tax and interest.

Income taxes

The 2017 pre-exceptional tax charge decreased by €1.0 million to €38.3 million (2016: €39.3 million). This represents an effective tax rate, excluding Joint Ventures & Associates, of 17.6% (2016: 18.4%). The overall tax charge for the year includes an exceptional item of €38.7 million relating to a deferred tax credit arising from a change in US corporate tax rate from 35% to 21% under the Tax Cuts and Jobs Act which was signed into US law on 22 December 2017.

The reduction in the US corporate tax rate is expected to drive a reduction in the Group's effective tax rate, however there are certain provisions within the legislation to be evaluated further during 2018 to confirm this. As a result, we expect that the Group effective tax rate in 2018 will be between 16.0% and 17.5%.

Earnings Per Share

	2017	2016	Change	Constant Currency Change
Basic (continuing activities)	**80.40c**	63.59c	26.4%	28.8%
Adjusted pro-forma	**87.11c**	80.40c	8.3%	10.2%

Basic EPS from continuing activities grew by 28.8% constant currency (26.4% reported) in the year driven by strong results in the year.

Pro-forma adjusted EPS grew 10.2% constant currency (8.3% reported). Pro-forma adjusted EPS has been presented as it is more reflective of the revised structure of the Group following the disposal of 60% of Dairy Ireland. Pro-forma adjusted EPS assumes the Dairy Ireland disposal was completed at the beginning of the 2016 financial year and is calculated based on the net profit attributable to equity holders of the parent from continuing activities plus 40% of the share of profits after tax for Dairy Ireland, before exceptional items and amortisation of intangible assets (excluding software amortisation net of tax), net of related tax.

Exceptional items

€m	**2017**	2016
Rationalisation costs (note 1)	**(5.4)**	–
Debt restructuring costs (note 2)	**(14.1)**	–
Intangible asset amortisation (note 3)	**(19.4)**	–
Organisation redesign costs (note 4)	**–**	(11.3)
Acquisition integration costs (note 5)	**–**	(3.1)
Share of result of Joint Venture – deferred tax credit due to US tax reform (note 6)	**8.7**	–
Exceptional loss before tax – continuing operations	**(30.2)**	(14.4)
Deferred tax credit due to US tax reform (note 6)	**38.7**	–
Tax credit on exceptional items – continuing operations	**7.1**	2.3
Exceptional profit/(loss) after tax – continuing operations	**15.6**	(12.1)
Dairy Ireland – profit on disposal net of transaction costs (note 7)	**83.3**	–
Rationalisation costs (note 1)	**–**	(3.0)
Exceptional profit/(loss) before tax – discontinued operations	**83.3**	(3.0)
Exceptional tax (charge)/credit – discontinued operations	**(0.9)**	0.3
Exceptional profit/(loss) after tax – discontinued operations	**82.4**	(2.7)
Total exceptional profit/(loss) after tax	**98.0**	(14.8)

The total net cash inflow during the year in respect of exceptional items was €177.5 million (2016: outflow of €19.4 million) of which outflow of €9.9 million (2016: €9.1 million) was in respect of prior year exceptional charges.

Details of the exceptional items are as follows:

1. Rationalisation costs in the current year relate to redundancies arising from the elimination of certain positions following a Group-wide organisational review. This review is ongoing to ensure that the structure is appropriate to support the future growth of the Group post the disposal of 60% of Dairy Ireland. Discontinued costs in 2016 primarily relate to the redundancy and rationalisation programme in the Dairy Ireland segment.

2. Debt restructuring costs: Following the disposal of 60% of Dairy Ireland a review of existing debt facilities was undertaken to ensure they were appropriate to meet the needs of the new Group structure. As a result the Group repaid $169 million of the $325 million private placement debt resulting in €14.1 million of one off interest costs and fees reflecting make-whole interest due to holders of this private placement debt arising on early settlement.

3. Intangible asset amortisation: Following a review of the useful life of capitalised development costs in respect of newly developed products across the Group, it was decided to reduce the estimate of the useful life from 6 to 3 years to reflect the dynamic environment for new product launches in their early development stage. The once-off additional amortisation from this change in estimate amounted to €19.4 million.

4. Organisation redesign costs in 2016 relate to GN's programme to fundamentally reorganise the business and leverage future market opportunities.

5. Acquisition integration costs in 2016 relate to the costs of integration, restructuring and redesign of route-to-market capabilities within acquired businesses in GPN.

6. The overall tax charge for the year includes an exceptional deferred tax credit of €38.7 million arising from a reduction in the US federal corporate tax rate from 35% to 21% under the Tax Cuts and Jobs Act signed into law on 22 December 2017. The impact from the reduced tax rate on the Group's share of results from the Southwest Cheese Joint Venture amounted to €8.7 million.

7. On 2 July 2017 the Group completed the disposal of 60% of Dairy Ireland to Glanbia Co-operative Society Limited. The profit arising on disposal amounted to €83.3 million which was net of transaction related costs of €13 million. These costs include impairment of tangible fixed assets, professional fees, EGM meeting costs, employee benefit expenses and other related costs.

Cash flow

The commentary below relates to the Group Statement of Cash Flows as set out on page 128 of the financial statements.

Operating activities

Net cash inflow from operating activities in the year amounted to €91.1 million which was a decrease of €231.7 million compared to prior year. The key drivers of the decrease in operational cash inflow on prior year are negative working capital movements of €180.7 million and the additional interest on private placement debt of €14 million, as previously discussed within net finance costs. Negative working capital movements are driven primarily by €76.5 million of negative receivable movements from the continuing business, due to increased business activity and negative working capital movements from Dairy Ireland in the first half of 2017, amounting to €47.5 million. Working capital will continue to be a key focus of the Group in the coming year.

Investing activities

Net cash outflow from investing activities in the year amounted to €14 million which was a decrease of €90 million compared to prior year. The key drivers of the outflow in the year was the acquisitions of Amazing Grass and Body & Fit for a combined cost of €168.2 million and capital expenditure of €72.5 million being partially offset by net proceeds from the disposal of 60% of Dairy Ireland. Total capital expenditure in the year relates to tangible and intangible asset investments across GN and GPN. This is discussed further in the investing for growth section below. Total net proceeds from the Dairy Ireland transaction amounted to €208.8 million which represents cash proceeds of €112 million and the balance relating to settlement of working capital balances at the completion date.

Financing activities

Net cash outflow from financing activities amounted to €120.1 million which represents a decrease of €83.2 million. The outflow in the current year is driven by repayment of part of the US private placement debt and dividends to shareholders.

Cash flow KPIs

Key cash flow KPIs of the Group and Business Units are Operating Cash Flow (OCF) and Free Cash Flow (FCF). OCF represents EBITDA of the wholly-owned businesses net of business sustaining capital expenditure and working capital movements, excluding exceptional cash flows. FCF is calculated as the net cash flow in the year before the following items: strategic capital expenditure, acquisition spend, proceeds received on disposal, loans to joint ventures, equity dividends, exceptional costs paid and foreign exchange movements. These metrics are used to monitor cash conversion performance of the Group and Business Units and identify available cash for strategic spend. OCF is a key element of executive and senior management remuneration. OCF and FCF results for the Group are outlined below:

€m	Pro-forma* 2017	2017	2016
EBITDA pre-exceptional	**328.2**	**342.6**	355.0
Movement in working capital (pre-exceptional)	**(123.3)**	**(170.8)**	31.9
Business sustaining capital expenditure	**(19.9)**	**(23.8)**	(32.4)
Operating cash flow	**185.0**	**148.0**	354.5
Net interest and tax paid	**(58.4)**	**(57.9)**	(52.9)
Dividends from Joint Ventures	**15.8**	**15.8**	13.8
Other outflows	**(5.5)**	**(5.5)**	(4.4)
Free cash flow	**136.9**	**100.4**	311.0
Strategic capital expenditure		**(48.7)**	(57.1)
Equity dividends		**(41.0)**	(37.2)
Acquisitions		**(168.2)**	(14.6)
Disposals		**208.8**	0.3
Exceptional items paid		**(31.4)**	(19.4)
Loans to Associates		**–**	(12.8)
Cash flow pre-exchange translation/other adjustments		**19.9**	170.2
Exchange translation/other adjustments		**49.9**	(20.9)
Net debt movement		**69.8**	149.3
Net debt at beginning of the year		**(437.5)**	(584.2)
Net debt acquired on acquisition			(0.8)
New finance leases			(1.8)
Closing net debt		**(367.7)**	(437.5)

* Pro-forma excludes Dairy Ireland cash flows.

On a pro-forma basis (excluding Dairy Ireland cash flows) OCF was €185.0 million which includes an adverse working capital movement of €123.3 million. The adverse working capital movement was largely driven by negative receivables movement of €76.5 million due to increased sales activity in the latter part of the year. The pro-forma OCF of €185.0 million represents a cash conversion on EBITDA of 56.4% compared to a prior year pro-forma cash conversion of 101.5%. The OCF conversion target for 2018 is 80%.

Group Finance Director's Review continued

Despite the reduced OCF in the year, overall net debt was reduced in the year by €69.8 million driven by an overall net positive cash flow of €19.9 million and a positive foreign exchange movement of €49.9 million. This is discussed further below.

Group net debt

Financing key performance indicators	2017	2016
Net debt	€367.7m	€437.5m
Net debt: adjusted EBITDA	1.07 times	1.19 times
Adjusted EBIT: net finance cost	7.0 times	11.5 times

The Group's financial position continues to be strong. Net debt at the end of 2017 was €367.7 million. This is a decrease of €69.8 million from the prior year net debt of €437.5 million and can be primarily attributed to the proceeds received from the disposal of 60% of Dairy Ireland and positive foreign exchange gains offset partially by the cost from the investment in working capital and the Amazing Grass and Body & Fit acquisitions. Net debt to adjusted EBITDA was 1.07 times and interest cover was 7.0 times, both metrics remaining well within financing covenants. The reduction in the interest cover was driven by the exceptional €14 million interest cost in the year following the early repayment of part of the private placement debt. Excluding this once-off cost the cover would be 11.2 times. At year end 2017 Glanbia had available facilities of €844 million. Glanbia's capital structure has considerable capacity to finance future investments.

Dividend per share

Glanbia is committed to a progressive dividend policy. Following a detailed review of the Group dividend payout ratio, the Board is recommending increasing the annual dividend payout ratio to between 25% and 35% of pro-forma adjusted EPS. As a result of this change the recommended final dividend will be 16.09 cent per share (2016: final dividend 7.94 cent per share) and brings the total dividend for the year to 22.0 cent per share (2016: 13.31 cent per share). This represents a 65% increase in the total dividend payment versus prior year and represents a return of €65.1 million to shareholders from 2017 earnings. Going forward the Board intends to maintain the dividend payout ratio between 25% and 35%.

Investing for growth

In 2017 capital expenditure amounted to €72.5 million which includes €23.8 million of sustaining capital expenditure and €48.7 million of strategic capital expenditure, which was focused on GPN and GN. The majority of the capital spend during the year related to enhancing our innovation assets, system enhancements to improve reporting capabilities and improved process alignment and controls across the Glanbia group and completion of the GPN R&D Innovation Centre in Chicago, US.

In the first quarter of 2017 the Group acquired Amazing Grass and Body & Fit for a combined cost of €168.2 million. Amazing Grass and Body & Fit are two key platforms for GPN in the strategically important plant-nutrition category and the Direct-to-Consumer (DTC) online channel respectively. The combined revenues of these two businesses in 2017 was €79.6 million. The DTC channel, initially through Body & Fit, is a key strategic objective for Glanbia and in addition to the investment made in 2017 we expect that this investment will continue in 2018 to drive top line growth. Work has also continued in respect of the proposed Joint Venture in Michigan. The new facility is expected to be commissioned in 2020. Acquisitions will continue to be an important part of the growth strategy of Glanbia, and as outlined above, the Group has capacity to make acquisitions should an opportunity arise that is in line within the strategic and financial objectives of the Group.

Return on Capital Employed (ROCE)

	2017	2016*	Change
Return on Capital Employed	13.4%	13.9%	(50) bps

* Restated for the impact of deferred tax (prior year reported was 12.9%).

Following a review and peer benchmark of the ROCE metric, the methodology used to calculate ROCE was amended in 2017 to include the impact of net deferred taxes within capital employed. On a like-for-like comparison using the restated ROCE of 13.9%, ROCE decreased in 2017 by 50 basis points to 13.4%. This was driven primarily by the growth in reported EBITA, being more than offset by the near-term dilutive effect of recent acquisitions. The Group has a strategic target to maintain a minimum ROCE of 12%.

Foreign exchange

Glanbia generates over 80% of its earnings in US Dollar and has significant assets and liabilities denominated in US Dollar. As a result, and as Glanbia has a Euro reporting currency, there can be a significant impact to reported numbers arising from currency movements year-on-year and on translation of US Dollar non-monetary assets and liabilities in the preparation of the Consolidated Financial Statements. Within the income statement commentary has been provided on a constant currency basis to provide a better reflection of the underlying operating results in the year as this removes the translational currency impact. To arrive at the constant currency change, the average foreign exchange rate for the current period is applied to the relevant reported result from the same period in the prior year.

At the balance sheet date, due to the weakening of the US Dollar compared to prior year, there was a significant translation loss arising on the translation of US assets and liabilities into Euro. The gain or loss on translation of non-monetary assets and liabilities from US Dollar to Euro is presented within other comprehensive income and amounted to a charge of €149.8 million in the year. The retranslation of US Dollar denominated debt resulted in a gain of €49.9 million within the cash flow statement. Year-end and average rates were as follows:

	Average		Year end	
	2017	2016	2017	2016
1 Euro converted into US Dollar	1.1295	1.1068	1.1993	1.0541

Pension

The Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, decreased in 2017 by €68.5 million to €41.9 million (2016: €110.4 million). The decrease was driven by the transfer to Glanbia Ireland of €44.2 million relating to the liability attributed to Dairy Ireland pension members following the completion of the disposal of 60% of Dairy Ireland.

Shareholder returns

Total Shareholder Return (TSR) for the year was a negative 4.8%. Despite the decline in 2017, over a three and five-year period the TSR has performed strongly. TSR over the three-year period 2015 to 2017 was 18.9% and five-year TSR to 2017 was 88.2%. Glanbia's share price at the end of the financial year was €14.90 compared to €15.78 at the 2016 year end. The STOXX Europe 600 Food & Beverage Index, which is a key benchmark for the Group, increased by 10.4% in 2017.

Financial strategy

Glanbia's financial strategy is very much aligned with its overall strategy of ensuring the Group delivers on our key financial goals. Specific financial goals to enable this strategy include:

- Assessing both external and organic investment opportunities against a minimum benchmark of 12% return after tax by end of year three;
- Focusing the organisation on cash conversion through improved working capital management and disciplined business sustaining capital expenditure;
- Leveraging the Group's activities to enable improved cost structures utilising shared services, procurement, IT, and a continuous improvement mind-set;
- Maintaining the capital structure of the Group within an implicit investment-grade credit profile; and
- Dividend policy.

Investor relations

Glanbia continued its active investor relations initiatives in 2017. During the year, representatives from Glanbia presented at 18 investor conferences globally and held over 300 meetings with institutional investors. Glanbia is focused on ensuring that a broad geographic base of institutional investors is reached via our investor relations programme. To do this Glanbia senior management increased the level of investor meetings in the US and for the first time completed two investor roadshows in Asia covering five financial centers in the region. Finally, during 2017 Glanbia met with its largest institutional shareholders as well as key independent proxy advisors to get perspectives on the Group's Remuneration Policy. This was led by the Chairman of the Remuneration Committee with all stakeholders viewing this as a proactive approach by the Company in gathering external feedback on the Remuneration Policy. As part of our ongoing communication with investors Glanbia will hold a Capital Market's Day in Chicago on Wednesday, 23 May 2018.

Annual General Meeting (AGM)

Glanbia plc's AGM will be held on Wednesday, 25 April 2018, in the Lyrath Estate Hotel, Old Dublin Road, Kilkenny, Ireland.

Mark Garvey
Group Finance Director

** Pro-forma adjusted EPS in respect of the 2018 outlook assumes 40% of the results of Dairy Ireland as part of Glanbia Ireland Joint Venture for full year 2017 and 2018.

Accounting for the Dairy Ireland transaction

Dairy Ireland is comprised of two Business Units, Glanbia Consumer Foods Ireland and Glanbia Agribusiness. On 2 July 2017 the disposal of 60% of Dairy Ireland was completed. In consideration for the Society acquiring the 60% interest, Glanbia plc received net cash proceeds of €208.8 million, of which, €112 million represents the disposal of the 60% equity stake in Dairy Ireland, and the balance relates to an amount equal to 100% of the working capital in Dairy Ireland based on the final completion accounts.

Costs incurred in relation to this transaction include impairment of tangible assets of €8.1 million, consultancy costs of €3.6 million, extraordinary general meetings costs of €0.6 million, employee benefit expense of €0.5 million and other operating costs of €0.2 million.

The relevant accounting standards require that in a transaction of this nature, where Glanbia plc no longer has control of the entity, that Glanbia plc Financial Statements record the transaction as a 100% disposal of Dairy Ireland in consideration for the cash payments outlined above and a 40% investment in Dairy Ireland.

The profit arising on the disposal of 60% of Dairy Ireland and the related costs outlined above have been included within the 2017 exceptional items. See note 6 on page 152 of the Financial Statements for more details.

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the Dairy Ireland activities up until the date of disposal (2 July 2017) have been disclosed as discontinued operations in the Group Income Statement and Group Statement of Comprehensive Income and the comparative information has been re-presented to show the discontinued operations separately from continuing operations. From 2 July 2017, Dairy Ireland has been treated as a joint venture of the Group (now part of Glanbia Ireland) and 40% of the results from that date have been included in share of results of equity accounted investees. In addition as required by IFRS 5, the historical allocation of central corporate costs to Dairy Ireland have been revised to exclude costs that will continue to be incurred by the Group, with the result that the 2016 EBITA of Glanbia Performance Nutrition and Glanbia Nutritionals segments have been each reduced by €0.5 million (costs previously allocated to Dairy Ireland).

Pro-forma adjustments

To better reflect the structure of the Group going forward, the financial commentary in this Annual Report and Financial Statements is based where indicated, on pro-forma results. Pro-forma results are prepared on the basis that Dairy Ireland has been part of Glanbia Ireland since the beginning of the 2016 period with 40% of the results incorporated within Share of results of Equity accounted investees. Key pro-forma metrics referred to within the financial statements are set out in the table below:

	2017		2016	
	Reported	Pro-forma	Reported	Pro-forma
Adjusted Earnings Per Share*	89.17	87.11	86.02	80.40
Profit from continuing activities	237.2	225.5	187.7	210.7
Share of Joint Venture profits	42.8	46.7	26.0	36.7

* From continuing activities.

For definitions and further detail see the glossary on pages 212 to 222.

Our People, Our World, Our Communities

SHAPING A SUSTAINABLE FUTURE

6,600* people

Purpose-led, performance driven

In 2017, we continued to work on building our culture of shared values and behaviours across the Group.

Our culture underpins our focus on embedding sustainability and corporate responsibility in our strategy, creating shared value for all our stakeholders.

* Includes JV's.

FOCUSED ON DELIVERING BETTER NUTRITION

32 COUNTRIES

Michael Patten
Group Human Resources & Corporate Affairs Director

Markos Joannides, Treasury Manager and Kathleen Jelew, HR Associate in Glanbia House, Kilkenny, Ireland.

2017 People Highlights

Focused on embedding our purpose, vision and values including the integration of our values into performance management processes;

More than 1,000 executives, managers and team leaders participated in our 'Leading the Glanbia Way' development programme in 2017;

Accelerated the rollout of our Organisation and Talent Strategy;

Rolled out phase 1 of our HR systems renewal programme, focusing initially on the launch of a new global talent acquisition platform;

Focused on accelerating wider talent agenda and people development while leveraging our Organisation and People Review; and

Completed a three-year Remuneration Policy review.

"Our people bring our values to life and enable us to fulfil our purpose of delivering better nutrition for every step of life's journey. Their talent, commitment and pride in Glanbia are fundamental to our long-term success."

Michael Patten
Group Human Resources & Corporate Affairs Director

Our People

Performing with purpose – our global HR agenda

2017 was a year in which we made further solid, tangible progress towards achieving our vision of becoming a top performing global nutrition company.

During the year we accelerated the rollout of our Organisation and Talent Strategy (OTS) under four key pillars: Talent, Leadership, Organisational Effectiveness and Culture & Engagement. Our OTS is delivered through our new HR operating model. The goal of the HR operating model is to build on existing strengths to develop a world class HR function, providing strategic business partnering, appropriate expertise, efficient and cost effective service delivery and a seamless employee experience.

We continued to focus on embedding our purpose, vision and values across the Group. In order to support and reinforce the connection between values and behaviours for employees, 2017 saw the integration of values based behaviours into Performance Development Plans (PDP) for employees. The overall PDP process and enabling systems and toolkits were reviewed and simplified to become fit for purpose and aligned with employees' and managers' needs. These changes, which have been very well received, represent a positive move from a process driven activity towards a more active and ongoing dialogue with performance and talent development at its core.

The process of renewing our HR systems commenced in earnest with the launch of 'MyCareer', a new talent acquisition platform and an exciting new stage in the rollout of our OTS. Work in 2018 will continue to build on these areas whilst also implementing further actions from our 2016 'Your Voice' Employee Pulse Survey.

Global employee base

In 2017 total Group employees, including Joint Ventures & Associates, increased by 388 people to 6,600 people based in 32 countries. Glanbia Performance Nutrition (GPN) employee numbers rose by 249 to 2,027 in 2017, including the addition of 202 new employees from Amazing Grass and Body & Fit, who joined the Group in early 2017. Glanbia Nutritionals (GN) increased its workforce by 73 people to 1,948 employees.

Following the establishment of Glanbia Ireland, 1,931 employees transferred from Dairy Ireland and Glanbia Ingredients Ireland, to the newly established Joint Venture, Glanbia Ireland. Our Joint Ventures & Associates had a total of 2,625 employees in 2017.

Talent agenda

Glanbia's talent agenda is focused on acquiring, developing and retaining critical talent. In 2017 the Group launched 'MyCareer', an exciting new, best-in-class, talent acquisition solution from SAP SuccessFactors. 'MyCareer' is designed to support Glanbia's future success by acquiring, retaining and developing the right people, in the right place, at the right time.

The new platform will enhance how we recruit and will deliver a significantly enhanced candidate experience. It provides a global, fully integrated system for collaboration and rapid decision-making around all aspects of recruitment including: a single careers website for all of Glanbia, a recruitment management system for all recruitment activities and a comprehensive onboarding experience for new hires. A comprehensive new external careers website is available at www.Glanbia.com/careers

Fostering purpose-led leadership

We are focused on building strong leaders at all levels in the business through common purpose, identification and the development of key talent and inspiring excellence and innovation. In 2017, a number of key initiatives focused on developing a culture of purpose-led leadership across the Group.

Leading the Glanbia Way – manager programme

Our Leadership Development Programme (LDP) 'Leading the Glanbia Way' continued its rollout across the Group in 2017. Built upon our purpose, vision and values, the programme focuses on leadership, impact, performance management, personal effectiveness, change management and supporting customer excellence. It aims to equip our people managers with a best practice set of leadership skills and insights and to offer a tangible commitment to the personal development of Glanbia's people while contributing to our leadership capability across the organisation. Over the course of 2017, more than 1,000 executives, managers and team leaders globally participated in the programme which runs over five distinct modules. A number of senior leaders across the business also completed the Executive component of the programme.

Advanced Leadership and Senior Leadership Development Programmes

As an additional element of our wider talent agenda, two new leadership development programmes were devised in 2017, to be rolled out in 2018. The Advanced Leadership Development Programme and the Senior Leadership Development Programme focus on the further development of our leadership teams across the Group.

Our Values

THE CUSTOMERS' CHAMPION	PERFORMANCE MATTERS	FIND A BETTER WAY	WINNING TOGETHER	SHOWING RESPECT
Our Behaviours				
Customer advocate and Company ambassador	Committed to quality, safety and performance	Curious, innovative and eager to learn	Developing ourselves and collaborating with others	Role model for integrity and valuing the ideas and contribution of others

Business Unit learning and development initiatives

In addition to the Group development programmes, there are significant learning and development initiatives undertaken within each of our Business Units.

Glanbia Nutritionals undertook several key learning and development initiatives in 2017, including a significant refresh of the graduate and intern talent development programmes, developmental 360 degree assessment for all senior leaders, a full rollout of online harassment prevention training and the implementation of a new document control and training tracking system in the Idaho sites. A further specific initiative in 2017 was the comprehensive rollout of the 'Leading the Glanbia Way' programme across all GN sites.

In Glanbia Performance Nutrition, 2017 saw the graduation of the first participants in the GPN LDP, an in-depth nine month development opportunity for selected mid-level leaders to gain insights into their leadership style and learn new skills to effectively lead people and teams. Approximately 100 manufacturing leads and supervisors also attended several training modules which provided participants a foundation for building skills required to be an effective supervisor. In addition to this training, GPN developed an Individual Development Planning (IDP) tool to enable employees to identify their development opportunities and plan their careers.

Pure Ambition Graduate Programme

Glanbia's Pure Ambition Graduate Programme plays a key role in selecting and developing talent and leaders at all levels for Glanbia globally. Graduates have the opportunity to develop their careers across a wide range of disciplines and in 2017 we welcomed 58 new graduates onto our programme. The Pure Ambition Graduate Programme has been recognised at the 2016 and 2017 'GradIreland Awards', winning the Gold Award for Best Training and Development Programme in the Business/Management category. Learn more at www.glanbia.com/graduates.

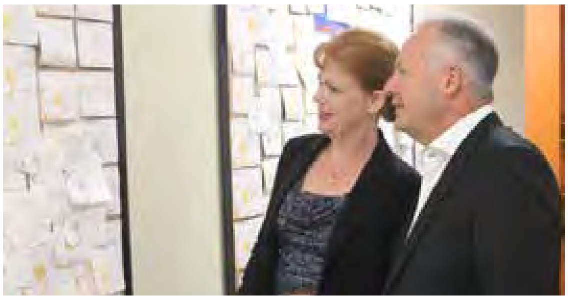
Employee engagement

The 2017 'Our Glanbia' roadshow saw our Group Managing Director Siobhán Talbot and members of the Executive visit 18 sites across the US, Ireland and Asia, conducting 24 townhall meetings and interacting directly with more than 2,200 employees across the Group.

Recognition Case Study

Glanbia Nutritionals Carlsbad

When employee survey results identified recognition as a development area for the Carlsbad site, a cross-functional committee was formed to deliver a solution. The result was a peer-to-peer recognition programme called Glanbia Gratitude. The committee created recognition cards that employees can present to each other for the special achievements they make in support of our company values. Completed cards are displayed onsite on a dedicated 'Recognition Wall'. Site leadership also committed to spending more time engaging with and recognising employees. The programme inspired other sites within GN to also accelerate recognition as a powerful tool to inspire our people and create an atmosphere of positivity and engagement. In addition, Carlsbad also recorded a significant improvement in its site safety record during this time.



Michael Patten, Group Director of HR and Corporate Affairs and Noreen Hobayan, Director of Regulatory Affairs visit the Glanbia Nutritionals 'Recognition Wall' in Carlsbad, CA.

EU Non-Financial Reporting Directive

The EU Non-Financial Reporting Directive (2014/95) requires large companies to report a wide range of non-financial information in their annual reports. Under the directive companies are required to set out their policy position and performance in relation to environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. In 2017 Glanbia undertook a complete and comprehensive review and refreshed its current approach to non-financial reporting and performance measurement against the provisions set out in the directive. Our Board Diversity Policy is explained on page 59. Many of our polices can be viewed on www.glanbia.com.

Group considerations in respect of new non-financial reporting regulations

'Matters'	Policy	2018 Focus areas
Environmental	Yes	1. Progress against KPIs of water, waste, energy 2. Develop carbon foot printing with Carbon Trust 3. Embed Corporate Responsibility Council (CRC) and quarterly reporting 4. Evolve Carbon Disclosure Project disclosure
Social and Employee	Yes	1. Recognition awards 2. Employee engagement survey 3. Employee engagement executive roadshow 4. Training and development 5. Rollout of values champions
H&S and Food Safety/QLT	Yes	1. Embed CRC and quarterly reporting 2. Establish HSLT, program, process, and priorities, and Group-wide reporting of KPI's 3. Address two high risk areas in development and launch of new global Glanbia standards
Anti-Bribery & Corruption	Yes	1. Effective communication of our recently updated Anti-Bribery & Corruption Policy 2. Conduct fraud risk assessments across Business Units to highlight potential risk focus areas
Diversity Report	Yes	1. Review evolving legalisation and potential Group impact

Our World

Focused on sustainable value

2017 Key Achievements

Progress on Key Performance Indicators against targets;

Completed Carbon Trust review of our sustainability strategy;

Completed Group-wide reporting to Carbon Disclosure Project;

Established Group Corporate Responsibility Council; and

Received the 2017 US Outstanding Dairy Processing and Manufacturing Sustainability award.

Governance

Our sustainability strategy is to advance our purpose, vision and values through a phased programme that delivers economic, environmental and social value. In living our commitment to sustainability we drive continuous improvement as 'One Glanbia' under the areas of environment, food safety and quality, health and safety and community support. Corporate responsibility is governed by the Group Operating Executive. In Q2 2017, with the ambition of strengthening our internal governance, we convened the Glanbia Corporate Responsibility Council (CRC) comprising of representatives from all Group operations. The CRC brings leadership visibility to progress strategic priorities and programme direction, and sign-off half yearly on the broad agenda of sustainability reporting. Leadership teams on Sustainability, H&S and Food Safety & Quality, drive the agenda, develop the content, and provide a forum for sharing best practice and experience delivering resource efficiency. These global networks are co-ordinated by the Group Director of Sustainability and the Group Director of Quality and Food Safety. The sustainability, health and safety, and quality leadership team programs will be reviewed bi-annually by the CRC.

Sustainability

In 2017 Glanbia sought to embed the common Group wide approach to sustainability which we reported for the first time in 2016. We aligned the Sustainability Leadership team with the newly established Health and Safety Leadership Team. The Global Reporting Initiative (GRI) G4 guidelines continue to determine our focus on key material aspects, boundaries and measures. The collection, analysis and oversight of group wide data across all our operations enables us to meet international reporting standards and demonstrate continuous improvement. Our phased sustainability strategy follows the measure, target and action approach. In 2017 we continued to measure our environmental impacts as a group across water, energy, waste as well as progress on International Standard (ISO) certification.

Health and Safety

Our Health and Safety Leadership Team (HSLT) creates and embeds Group-wide standards and reporting requirements to safeguard the health and safety of our employees, our customers and our communities, as is inherent in our 'Showing Respect' value.

In pursuing our ambition of 'Zero Harm', we have set a five-year mission to eliminate accidents recorded as Lost Time Cases (LTC) globally and to reduce all Total Recordable Incident Rates (TRIR) to 1.5 incidences/ 200,000 hours worked, representing a 30% reduction on the 2017 reported TRIR across Glanbia. Action plans are in place, working locally and globally, to tackle the most frequent and significant risks to employee Health and Safety (H&S) to achieve the LTC and TRIR targets.

A Glanbia Health and Safety (H&S) dashboard will be deployed in 2018 to measure our progress and track performance against industry relevant standards and will be aligned with the current sustainability reporting. Furthermore, we will implement revisions to our Glanbia Risk Management System (GRMS) tool and process in 2018 and implement wider internal auditing to ensure H&S risks are identified, prioritised, and effectively mitigated.

Food safety and quality

Glanbia has strengthened its commitment to becoming a recognised global leader in food safety and quality through our Quality Leadership Team (QLT). This team drives the agenda on food safety and quality excellence, by leveraging best practice and implementing global standards in priority topics for food safety risk management. In addition, the QLT has established governance, benchmarking and measurement processes to ensure that Glanbia is tracking to global standards, surfacing the top business risks, and ensuring proficiency to meet or exceed Glanbia Quality System (GQS) requirements. An external food safety expert annually reviews and benchmarks Glanbia's programme based on industry best practices. Key metrics for this programme include: compliance to global food safety certifications (actual vs. target), implementation of our GQS standards (site proficiency vs. target) and critical case review and 'lessons learned' (actual vs. target).

Jina Kepler, Laboratory Technician and Emily Stout, R&D Scientist in our Cheese R&D Innovation Center in Twin Falls, Idaho where our award winning cheese solutions are developed to the highest quality.

Progress on our journey in 2017

In our 2016 Annual Report, we presented our ambition on energy, water use, waste reduction and the adoption of ISO 14001 as a common standard. In 2017, we demonstrated solid progress across these targets and, through the CRC, have established a similar target-led focus for Health and Safety.

- Our five-year target is to reduce water usage by 8%. In 2017, we recorded a 20% reduction over the baseline of 2015. The target, now having been exceeded ahead of schedule, will be revisited in 2018.
- GPN has targeted 100% zero landfill across all its sites by 2018. In 2017, clear progress was made with 93% of all GPN waste material diverted from landfill.
- Our sustainability programmes are being aligned to relevant international standards (ISO 14001 and OHSAS 18001/ISO 45001). In 2017, eight Glanbia sites were confirmed certified accredited to ISO 14001 and two sites are certified to OHSAS 18001/ISO 45001.
- Our 2017 data shows that 50% (25 sites) of our reporting sites have one or more years of no LTC. 14 sites have two or more continuous years of no LTC, establishing the baseline for continuous improvement.
- We established the baseline for TRIR at 2.2 incidences/200,000 hours worked. Our target is to reduce this by 30% in five years.

Programmes	Our vision	Baseline	Our targets	2017 progress
Energy	To ensure responsible stewardship of the environment and reduce emissions at all our facilities and corporate offices	0.61 kwh/kg	Continuous improvement	0.56 kwh/kg (-7.6%)
Water	To improve water efficiency in our facilities and focus on the re-use of our 'polished' or 'cow' water	4.88 lts/kg	Reduce water use by 8% by 2020	3.93 lts/kg (-19.84%)
Waste	Our ultimate aim is to reduce all waste being generated across the Group. In the medium-term our ambition is to divert waste away from landfill	Waste to landfill 0.01kg/kg	Zero landfill where feasible	GPN 93% of waste diverted from landfill
Environmental Management Systems	To grow without compromising resources for future generations	Eight sites accredited	Adopt ISO 14001 as a common standard across facilities	Eight sites confirmed accredited
H&S	Our aim is to safeguard the health and safety of our employees, our customers, and our community	Two sites accredited 25 sites have one or more years of no LTC TRIR 2.2/200,000 hrs	Adopt OHSAS 18001/ISO 450001 or equivalent in a Glanbia EHS Management System. Eliminate LTA by 2022. Reduce by 30% by 2022	Baselines established

Case Study

GPN – The journey to zero landfill

Glanbia Performance Nutrition (GPN) made a commitment to achieve Zero Landfill at all GPN manufacturing and warehouses by 2018. We have worked to identify robust recycling routes for key materials such as Intermediate Bulk Containers, metal, cardboard and plastic. Educating our workforce is a key element of the programme. All sites have completed comprehensive waste surveys and established reduction plans to ensure the 2018 goal is met. The GPN Middlesbrough UK manufacturing site has set the bar for all GPN sites by achieving Zero Landfill status in 2015.

GPN zero landfill: Team members in Walterboro, SC engaged in the drive towards 'Zero Landfill' across GPN.

Case Study

Glanbia Nutritionals wins 2017 Outstanding Dairy Processing and Manufacturing Sustainability award

In June 2017, Glanbia Nutritionals (GN) was awarded the prestigious 2017 Outstanding Dairy Processing and Manufacturing Sustainability award by the Innovation Centre for US Dairy. This award recognises dairy farms, businesses and partnerships whose practices improve the wellbeing of people, animals and the planet. Judges evaluated nominations based on their economic, environmental and community impact and the independent judging panel, including experts working with and throughout the dairy community, also considered learning, innovation, scalability and replicability. For Glanbia, the award highlighted several years of work within GN to benchmark, measure and align sustainability goals among our cheese and whey plants in the US.

INNOVATION CENTER FOR U.S. DAIRY

Our World continued

Peer review and reporting

In 2017 we engaged the Carbon Trust to review our approach to-date to sustainability in order to inform and guide our 2025 strategy.

"As the world takes action on climate change and we are seeing significant progress from many industrial sectors, the impact of dairy is coming under increasing scrutiny. In this context, Glanbia recognises the importance of becoming ever more efficient and taking every available opportunity to reduce emissions."

Tom Cumberlege, Associate Director, Carbon Trust

Key findings

The Carbon Trust reported the following recommendations:

- Develop reporting in line with international standards;
- Implement a robust footprint measurement of environmental impacts;
- The long-term objective should include science-based target setting;
- Focus on development of programmes to work with suppliers; and
- Engage on multi-stakeholder programmes to tackle important pre-competitive issues.

The Carbon Trust's findings were presented to the Group Operating Executive in August 2017.

International climate change reporting

Based on the key recommendation of the Carbon Trust, in 2017 we submitted our first Group-wide response to the Carbon Disclosure Project (CDP) climate change questionnaire. Our engagement with CDP allows us benchmark our performance and to measure and manage our environmental impacts. In 2017 we were assessed on our supply chain submission. As a first Group-wide submission, our CDP score is ranked above the CDP respondent industry average. It is our intention to evolve our reporting in 2018 as part of our drive for continuous improvement and best practice.

CDP
DISCLOSURE INSIGHT ACTION

CDP 2017 climate change and water scores

	Supply chain	Water	Supplier engagement rating
Glanbia plc score	**C-**	**C**	**B**
CDP Food and Beverage Industry average	D	D	C

Sustainable sourcing

At Glanbia, we continue to focus on sustainably sourcing our ingredients. Our Group supplier qualifications protocols are used to advance this goal. Given the materiality of milk to our business, a significant focus has been made in building partnerships that drive sustainable progress on farms. Our farm relations teams work with producers for the betterment of the environment and their productivity.

In addition, Glanbia plays a key role in national and international groups focused on sustainable improvement including Bord Bia, Global Dairy Platform, the Sustainable Agriculture Initiative, the Innovation Center for US Dairy, Dairy Sustainability Framework and the programmes associated with those organisations. Our supply chain protocols are reinforced by best-in-class food safety and quality control as enforced by the QLT.

2017 Sustainable sourcing highlights

- 94% of our Irish milk suppliers are now certified to Origin Green, an increase from 85% in 2016.
- Glanbia takes every precaution to ensure antibiotics do not enter the food chain. Every load of milk either collected or delivered to Glanbia is tested for antibiotic residues before unloading. Loads that contain residues are rejected and discarded safely. Furthermore, monetary fines placed on the milk supplier identified as the source act as economic deterrents to ensure responsible use.
- Glanbia Nutritionals also introduced 'Navigating Natural' to clarify and simplify frequently used terminology in the US dairy sector. It explains production systems, antibiotic use on farms, feeding regimes, as well as natural cheese.
- As part of our Navigating Natural approach we made the decision to remove recombinant Bovine Somatotrophin (rBST) from our supply chain in the US and have committed to achieving this in 2018.
- In Idaho, our certified evaluators work with our producers to drive continuous improvement on the implementation of the Farmers Acting In a Responsible Manner (FARM) animal welfare programme.
- Supported the rollout of the FARM Environment Stewardship module geared at addressing on-farm sustainability.
- Supported the efforts of the Idaho Dairymen's Association in building a farm worker safety training module.
- Launch in Ireland of Truly Grass Fed™, a range of certified grass fed dairy ingredients from cows fed 95% grass and on pasture for up to 300 days a year. The programme is underpinned by independent scientific research and third party verification (including Non-GMO Project Verified™).

Our communities

2017 Highlights

Inspired by our purpose, we continued to rollout health and wellness programmes for employees across the Group;

Health and wellness is the theme for all community partnerships; and

More than one million euro total contribution to community and charitable causes.

Throughout the year, Glanbia continued to focus on rolling out standardised health and wellness programmes for all employees. These included:

- Onsite health and wellness facilities available to employees;
- Health and wellness education delivered through GPN Scientific Affairs and Education team and GPN's Sports Nutrition School's global education programme;
- Glanbia Nutritionals held its Annual Wellness Week in Twin Falls, Idaho as part of wider programmes of activity to mark National Nutrition Month in the US and National Workplace Wellbeing Day (NWWD) in Ireland; and
- Employee Assistance Programme (Ireland and US) – a confidential counselling service available to employees providing professional support and information on a wide range of topics.

GPN Sports Nutrition School

In 2017 over 15,000 customers, consumers and employees attended GPN's Sports Nutrition School across more than 150 global education sessions. The school is an industry leading programme designed to educate participants on the benefits of combining exercise, good nutrition and supplementation. 2017 was an evolutionary year for GPN global education with the introduction of an advanced level 200 Sports Nutrition School commencing in North America and the launch of regional education franchising with new GPN educators in countries reaching across South and Central America, Europe, Asia and Australia, all actively extending the reach of GPN education into new markets.

Breast Cancer Ireland partnership

Glanbia continued its association with Breast Cancer Ireland (BCI) in 2017, sponsoring the annual Great Pink Run which was extended to a second event in Kilkenny. Around 300 Glanbia employees participated in the events. In October 2017, more than 100 Glanbia employees took on the Two Peaks Challenge for BCI, climbing Mount Brandon and Carrauntoohil, raising an additional €55,000. Glanbia Agribusiness also supported BCI with its #PinkBales campaign which included the sale of a special limited edition pink silage wrap through Glanbia Agribusiness branches.

Breast cancer awareness initiatives also took place in Glanbia Performance Nutrition Chicago to raise funds for a local charity, the Lynn Sage Cancer Research Foundation.

Warming up for the Great Pink Run in aid of Breast Cancer Ireland in Kilkenny.

Glanbia 300 Cycle

This year BCI, as well as local charities involved in mental health, were the main beneficiaries of the annual Glanbia 300 Cycle. The 32 cyclists completed a 300km round trip cycle to Galway, raising €32,400 for the chosen charities.

GN charity golf

Glanbia Nutritionals Annual Charity Golf Challenge raised $175,000 for a number of local charity causes in the Twin Falls, Idaho community.

GPN 'Fill the Backpacks' initiative

Glanbia Performance Nutrition partnered with the Humanitarian Service Project, 'Fill the Backpacks' to lend a helping hand to children in need in Illinois. Glanbia donations made it possible to provide over 3,000 children with school supplies for the 2017-2018 school year.

Community based sponsorships

Glanbia continues to maintain its long-standing association with a number of sporting and cultural initiatives in the regions in which we operate. In Ireland, Glanbia's support for the Kilkenny, Waterford and Wexford GAA teams continues to resonate strongly with local communities. Our support for local cultural initiatives continues through our commitment to the world famous Kilkenny Arts Festival as well as food festivals Savour Kilkenny and the Waterford Food Festival.

Colleagues in Twin Falls take part in the Annual 'Glanbia Ryder Cup' golf tournament, a special tradition pitting teams from Europe and the US against one another.

Risk Management

BUILDING RISK RESILIENCE

The Board has ultimate responsibility for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board's aim is to anticipate and address changes to the Group's business and risk environment that may impact the delivery of the Group's strategic objectives. This is achieved by working to ensure that a robust risk management culture exists throughout the organisation.

While risk management is a regular agenda item at Board meetings, the Board also conducts a detailed consideration of the impact of the Group's principal risks during the annual Group strategy process. This is designed to ensure that the Board understands both the key risks existing within the business and newly emerging risks together with the methods by which these risks are managed. Overall, the Board is satisfied that its risk management and internal control processes are robust however, as with all practices, continuous improvement and a fresh challenge are required to remain effective. The Board also considered its obligations in relation to providing both the annual Going Concern and Long-term Viability Statements. Its review and conclusions in this regard are outlined below.

Going Concern

Glanbia's business activities, together with the main factors likely to affect its future development and performance, are described in the Strategic Report on pages 1 to 51.

After making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements. The Group therefore continues to adopt the going concern basis in preparing its Financial Statements.

In reaching this conclusion the Directors have had due regard to:

- Available cash resources, cash generation from operations, committed bank facilities and their maturities which taken together provide confidence that Glanbia will be able to meet its obligations as they fall due. Further information on its bank facilities is provided in note 26 to the Financial Statements; and
- Glanbia's financial risk management policies which are described in the Financial Statements, the nature of its business activities and the factors likely to impact our operating performance and future growth.

Long-term Viability Statement

Assessment of Prospects

In accordance with the UK Corporate Governance Code (2016) ('the Code'), the Directors have assessed the prospects of the Group taking into account its current position and principal risks. The Directors have assessed the viability of the Group and its ability to meet its liabilities as they fall due, taking into account the Group's current financial position and the potential impact arising from the principal risks and uncertainties detailed on pages 47 to 51. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are outlined in the Group Finance Director's Review on pages 30 to 35.

Assessment of Viability

The Directors' assessment of the Group's viability has been made with reference to the principal risks and uncertainties facing the Group and how these are managed within the Board's risk appetite, together with a robust assessment of the consolidated financial forecast for the current year and financial projections for future years during the most recent two day strategy and budget review session in December 2017.

The Board reviewed the process and assessment of the Group's prospects made by management, including:

- the development of a rigorous planning process, outputs of which comprises of a strategic plan, a consolidated financial forecast for the current year and financial projections for future years;
- a comprehensive review of the strategic plan as part of their annual strategy review, with regular monitoring regarding the achievement of strategic objectives taking place at each Board meeting. Assumptions are built at both Group and Business Unit levels and are subject to detailed examination, challenge and sensitivity analysis by management and the Directors; and
- considering the strategic plan for sensitivity arising from a number of specific scenarios occurring including, the risk of a significant deterioration in economic growth, consumer confidence or other key drivers of revenue, profit and cash flow particularly due to the economic, industry, political and tax risk factors outlined on pages 48 and 49. The Group considers it will be able to renegotiate banking facilities in advance of expiry dates.

Having considered these elements, 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 the assessment. This time period has been chosen for the purpose of this viability statement, in line with the Group's three-year strategic plan to 2020. The Group has sufficient distributable reserves to pay dividends for a number of years which has been fully considered as part of the Board's recent policy considerations. The Board assesses the Group's key financial metrics, liquidity position and projected cash flows before declaring interim and proposing final dividends.

Our risk management framework

Our risk management framework outlines the key stakeholder risk management responsibilities. It is designed to ensure that there is input across all levels of the business to the management of risk. A combination of a top-down and bottom-up approach allows us to identify and remain responsive to the ever changing environment in which we operate.

Top-Down

Oversight, identification, assessment and mitigation of risk at Group level

The Board

- Develops the Group's purpose, vision, values and strategic direction
- Defines the organisational Code of Conduct and culture
- Sets risk appetite and tolerance
- Monitors the nature and extent of the Group's principal risk exposures versus the defined risk appetite

Group Operating Executive

Develops and implements the Groups strategic pillars and priorities.

Determines the Group operating model and organisational structure.

Monitors performance, risk exposure, mitigation and internal controls.

Supports and develops the Group Senior Leadership team and overall talent development agenda.

Audit Committee

Reviews the design and implementation of the Group's risk management and internal control systems.

Supports the Board in monitoring risk exposure versus risk appetite.

Group Internal Audit

Supports the Audit Committee in reviewing the effectiveness of the Group risk management and internal control systems.

Makes recommendations and monitors actions taken by management.

Reports regularly to the Audit Committee.

Group Senior Leadership team

Risk ownership
Identifies, measures and assigns risk management roles and responsibilities at operational level

Risk awareness
Ensures risk management processes and internal control systems are embedded within each Business Unit

Risk monitoring
Monitors business performance and uses risk management to support decision making

Risk reporting
Encourages open communication on risk matters and reports to the Group Operating Executive, Audit Committee and the Board

Bottom-Up

Oversight, identification, assessment and mitigation of risk at Business Unit level and across key Group functional areas

Risk Management continued

Our risk management process

Our risk management process aims to support the delivery of the Group's strategy by managing the risk of failing to achieve business objectives. By focusing our risk management system on the early identification of key risks, it enables us to conduct a detailed consideration of the existing level of mitigation and the management actions required to either reduce or remove the risk. Where the reduction or removal of the risk is not possible, the Group formulates a management action plan to respond to the risk should the risk materialise. All of our principal risks and uncertainties have been linked to our strategic priorities for ease of reference.

The Board and management use the same process to assess and manage risks within our material Joint Ventures & Associates as it does for the wholly-owned areas of the Group. This includes being:
- Subject to a detailed annual strategy and budget review where key risks are considered; and
- Fully assessed through our Group-wide risk register, operational site risk and food safety and quality processes. We also hold Board positions in all such entities where key risk matters are fully considered.

Group Senior Leadership Team

Each segment management team and functional lead is required to maintain a risk register on an ongoing basis. New or emerging risks are added to the risk register as they are identified. The register ensures consistency of approach in reporting of risks and requires management to:
- Identify and classify each risk as financial, operational, strategic or regulatory;
- Assess the inherent risk impact, likelihood and the velocity at which the impact of the risk could materialise;
- Identify mitigation measures;
- Generate a management action plan if required to address the residual risk;
- Allocate an owner who has responsibility for the timely implementation of the agreed action plan; and
- Monitor the implementation of strategies to address risk exposures.

Consolidation and review of the Group key risk summary

Internal Audit prepares regular Group risk summary reports based on information submitted by management throughout the year. These reports include:
- An analysis of the key Group risks in terms of impact (assessed over the following 12 months within defined monetary terms), likelihood of occurrence (assessed based on defined probabilities of occurrence) and velocity (the speed at which the impact of the risk could materialise);
- A summary of the key movements in the identified risks;
- Management action plans to help manage the key residual risk exposures; and
- An overview of the broader organisational and business risks.

The Group Operating Executive reviews this report regularly during the year. The Audit Committee and the Board perform a bi-annual review, with interim updates from management on significant issues.

Board oversight

The Board regularly monitors the risk management and internal control systems. The focus of the Board during such reviews is to ensure that the Group residual risk position is within their risk appetite. The Group Operating Executive and the Audit Committee, supported by Internal Audit, are entrusted with ensuring that appropriate measures are in place to validate the strength of internal controls and risk mitigation.

The Audit Committee further developed its level of oversight of certain principal risks in 2017 through receiving presentations from management and Group functional leads. Presentations were received from the following function leads:
- Group Head of Glanbia Business Services and IT;
- Group Head of Food Quality and Safety;
- Group Finance Director; and
- Group Secretary and Group Head of Health and Safety.

Ongoing monitoring

The quality and consistency of risk reporting is supported through a number of other monitoring and reporting processes including:
- Annual Group strategy process and Board presentations;
- Bi-annual control self-assessment and management representation letter processes;
- Regular business reviews of key financial and operational performance;
- Monthly detailed finance reviews;
- Risk focused Internal Audit plan; and
- The externally assessed Glanbia Risk Management System (GRMS) reviews.

Senior management is also required, when presenting a business update to the Board or Audit Committee, to outline their key risks and planned management actions.

Principal risks and uncertainties

The Directors have carried out a robust assessment of the principal risks facing the Group, including those that may threaten our business model, future performance, solvency or liquidity. Key risks are identified based on the likelihood of occurrence and potential impact on the Group using the process outlined on page 46. Risks are reported on a residual risk basis and represent a snapshot of the Group's current principal risk profile. This is not an exhaustive list of all of the risks faced by the Group, there may be other risks and uncertainties that are not yet considered material or not yet known to us and this list will change if these risks assume greater importance in the future. Likewise some of the current risks will drop off the key risks schedule as management actions are implemented or changes in the operating environment occur. In 2017 we combined Strategy risk with Economic, Industry and Political risk due to their overlap but no new principal risks were identified. The current risk profile is summarised in the diagram below:

Strategic and Commercial	Financial	Operational and Regulatory
Economic, Industry and Political risk	Tax risk	Supplier risk
Market risk		Talent Management risk
Customer Concentration risk		IT, Data Protection and Cyber Security risks
Acquisition risk		Site Compliance risk and Environmental, Health and Safety regulation risk
		Product Safety and Compliance risk

In 2018 the principal risks and uncertainties affecting the Group's performance are:

- Economic, Industry and Political risk – Macroeconomic and global trade uncertainty continues to increase, partly as a result of the geo-political climate and the continued uncertainty in relation to Brexit (the United Kingdom (UK) electorate vote to leave the European Union). From a Group perspective this has increased raw material pricing and currency volatility which together with other economic measures will require continued focus to limit the impact to our strategic growth objectives;
- Market risk – The overall impact on margins of movements in dairy pricing;
- Tax risk – While the impacts of the recent US tax reform legislation will continue to be considered in detail by the Group, it is possible that further legislative change in other jurisdictions may follow which will require careful monitoring by our in-house tax team and external advisors to assess any potential impacts to our tax strategy and investment decisions; and
- Customer Concentration – While from a strategic perspective the Group aims to build strong customer relationships with major customers, it can expose us to credit exposure and other balance sheet risks. The Board and management will be focused on utilising available mitigation to limit such exposures while recognising that they cannot be fully eliminated.

The Group's approach to financial risks, including currency risk, interest rate risk, liquidity and cash flow risk, price risk and credit risk is to centrally manage these risks against comprehensive policy guidelines, details of which are outlined in note 31 'Derivative financial instruments and financial risk management'. The Board regularly reviews these policies. The Group's use of financial instruments is also described in note 31.

Principal Risks and Uncertainties

Link to Strategic Priorities

Grow performance nutrition | Sustain and drive nutritional solutions | Organic and acquisitional growth | Develop talent, culture and values

Risk	Link	Potential Impact	Mitigation
Strategic and Commercial risks			
Economic, Industry and Political risk Our performance is influenced by global economic conditions, consumer confidence and the stability of the markets in which we operate. Failing to recognise or obtain accurate and relevant competitive and environmental intelligence may result in the adoption of incorrect business strategies.	Grow performance nutrition; Sustain and drive nutritional solutions; Organic and acquisitional growth	Deterioration in economic growth or consumer confidence, significant currency movements, political instability or civil disturbances may impact performance and the achievement of growth targets.	The Board regularly assesses key market trends and the implications for Group performance and strategic objectives. Corrective actions are identified and implemented as required. Our strategy is aimed at the continued expansion of our geographic spread, focusing on key customer relationships and investment in new product development which will help to shelter the Group from short-term economic fluctuations. As an established international business, the Group already operates in many countries with differing, and in some cases potentially fast-changing, competitive, economic, social and political conditions. Detailed market knowledge is assembled using a team of internal and external experts and potential risk exposures are assessed in advance of establishing operations.
Market risk Increasing competition across certain channels through high promotional activity, competitor product innovation and channel shifts provides an ongoing challenge.	Grow performance nutrition; Sustain and drive nutritional solutions; Organic and acquisitional growth	Potential adverse effect on the Group's financial performance if we fail to adapt successfully where and when required to meet market challenges.	We limit the impact of prolonged competitor challenges through continued channel and international expansion including a broadening of the portfolio through targeted acquisitions. We protect our market positions by actively monitoring the major trends impacting our businesses. We invest in research and development expenditure focused on value-added and customer-specific solutions and invest in promotional activities where required.
Customer Concentration risk The Group benefits from close commercial relationships with a number of key customers.	Grow performance nutrition; Sustain and drive nutritional solutions; Organic and acquisitional growth	The loss of one or more of these customers, or a significant deterioration in commercial terms, could have a material impact on Group profitability.	The Group has developed strong relationships with major customers by focusing on superior customer service, product innovation, quality assurance and cost competitiveness. The Board regularly reviews its exposure to individual customers and considers the impact of acquisitions where relevant. Credit exposure is actively reviewed and managed including the use of credit insurance where possible.
Acquisition risk The anticipated benefits of acquisitions may not be achieved if the Group fails to conduct full and proper due diligence, raise the required funds, complete the transaction or properly integrate the operations of the acquired businesses.	Grow performance nutrition; Sustain and drive nutritional solutions; Organic and acquisitional growth	Below expected performance of the acquired business and the diversion of management attention to integration efforts could result in significant value destruction, impacting the Group's profitability and growth objectives.	The Group has acquisition integration processes in place to monitor the performance of acquired businesses and to implement corrective actions. The Board approves business case and funding requirements for all significant investments. Mandatory post-acquisition completion reviews are conducted, with regular Audit Committee updates. Acquired entity management teams are typically strengthened by the transfer of experienced Glanbia managers, which assists in increasing the efficiency of integration efforts.
Financial risk			
Tax risk The Group's tax strategy may be impacted by legislative changes to local or international tax rules.	Grow performance nutrition; Sustain and drive nutritional solutions; Organic and acquisitional growth	The Group may be exposed to additional tax liabilities.	The Group employs a team of tax professionals to support the Group in ensuring compliance with legislative requirements globally. We constructively engage with tax authorities where appropriate and we engage advisors to clarify tax legislation to ensure we achieve compliance with relevant tax law across the jurisdictions in which we operate.

Risk Trend

↑ Increasing → Stable ↓ Decreasing

Risk Trend	Developments in 2017	2018 Focus Areas
↑	Macroeconomic and global trade uncertainty continues to increase, partly as a result of the geo-political climate and the continued uncertainty in relation to Brexit. A Brexit Committee was formed to assess risks and develop action plans in this area. Across the organisation we continue to expand our portfolio into new areas of operation and new geographies to balance macroeconomic risk.	From a Group perspective the evolving economic landscape has increased raw material and currency volatility which will require continued focus to limit the impact to our strategic growth objectives. We invest in developing in-house capabilities to assess trends in key market areas ensuring accurate and relevant data is available to the Board and management teams to support key decision making.
↑	The performance nutrition landscape continues to be fast moving and competitive, with changes in consumer channel preferences and aggressive promotional activity. The market dynamics in North America were particularly challenging in the specialty channel in 2017 but overall GPN continued to drive organic branded volume growth both in North America and key geographies across EMEA and LAPAC underpinned by a focus on innovation. The acquisitions of Amazing Grass and Body & Fit are a strong strategic fit and have allowed GPN to extend its reach to new customers and channels. In GN we continued to innovate and be the partner of choice for nutritional and functional solutions in cheese and whey. This focus differentiates our capabilities from the competitive set.	We continually focus on developing consumer insights and trends in all areas of the business and matching these to our innovation capabilities will be integral to our growth ambitions. We focus on serving our customers and consumers across multiple geographies. We pursue targeted acquisitions to further expand our product, customer and channel reach.
→	The restructuring of the GN segment during 2016 and 2017 enabled us to further grow as an innovative agile insight-led organisation, aligned to customer requirements and consumer trends. We continually assess the potential impact of channel shifts by consumers and the financial strength of our customer base.	Our innovation pipeline in GN and GPN is led by consumer insights. Closely monitor our customer credit exposures and balance sheet risks and utilise available mitigation to limit the risks where possible.
→	Management continually monitors the marketplace to identify potential acquisitions which fit with our Group portfolios. Successfully added Amazing Grass and Body & Fit into our GPN brand portfolio. The Group Finance Director presented to the Audit Committee on the output of post-acquisition completion reviews conducted in 2017. In 2017 we reshaped the Group portfolio by the disposal of 60% of Dairy Ireland to Glanbia Co-operative Society establishing a strong Joint Venture of Glanbia's Irish businesses 'Glanbia Ireland' with a robust business model.	Acquisition decisions are focused on the achievement of our strategic priorities. We will further develop and execute the investment plans to optimise the growth potential of Amazing Grass and Body & Fit. Support the development of the strategic plan for Glanbia Ireland.
→	US tax reform legislation was enacted on 22 December 2017. There remains some uncertainties on certain provisions within the legislation that will be worked through over the coming months. Continued focus to address the Base Erosion and Profit Shifting project (including Country by Country Reporting) requirements.	Monitoring potential further developments in international tax legislation. Ensuring compliance with the new legislative requirements.

Principal Risks and Uncertainties continued

Link to Strategic Priorities

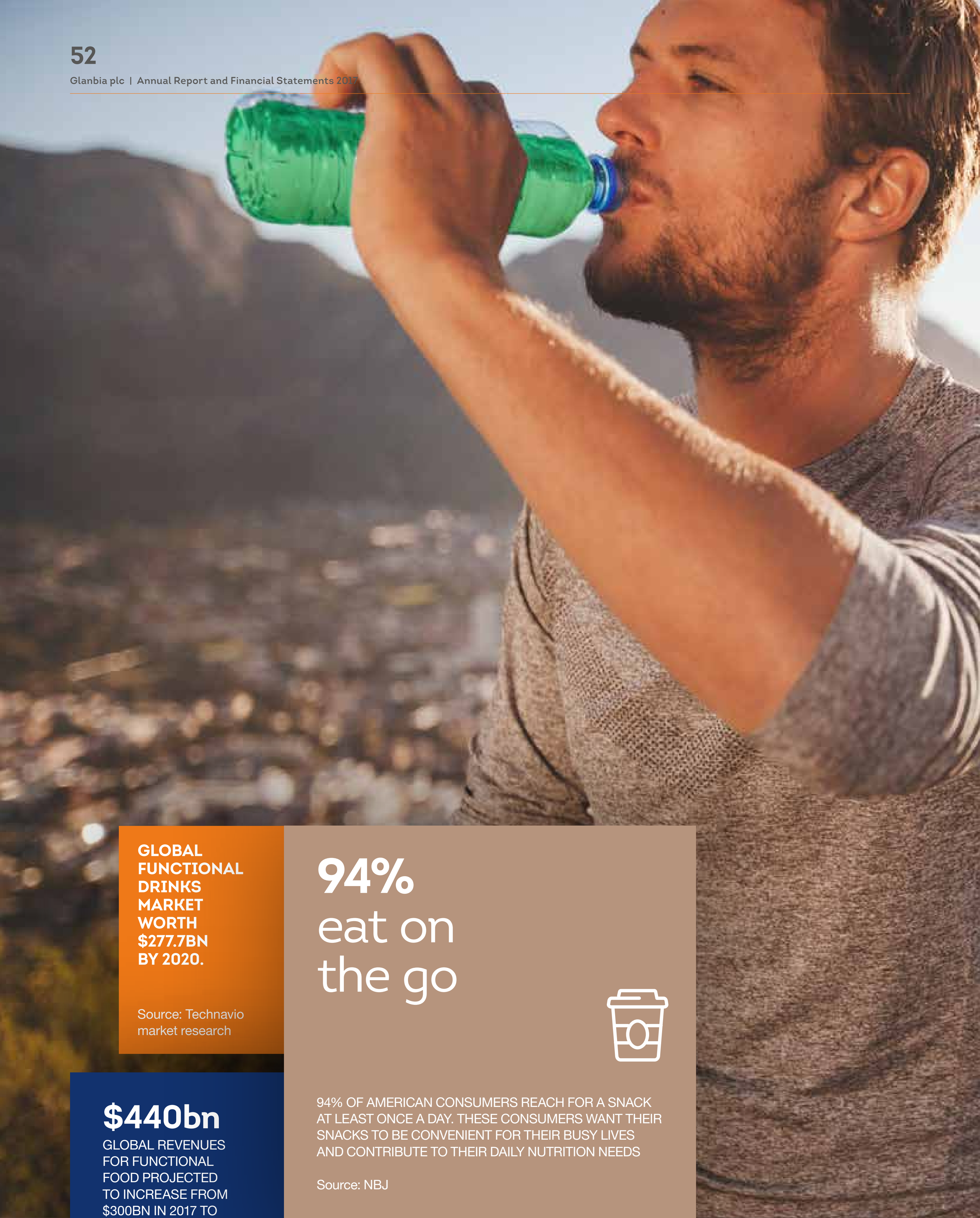
Grow performance nutrition | Sustain and drive nutritional solutions | Organic and acquisitional growth | Develop talent, culture and values

Risk	Link	Potential Impact	Mitigation
Operational and Regulatory risks			
Supplier risk **The principal Group ingredient supply risk relates to the risk of not achieving an appropriate balance between sustainable milk supply and cost. Milk availability and pricing can vary from quarter-to-quarter and year-to-year with resulting impacts on plant production levels and input costs.**		Structurally in many areas of our business our models for the purchase of milk are significantly aligned with our end product pricing. However, that protection is not absolute. In particular, the relative pricing dynamic between base and high-end whey can also have a significant impact, when our ability to pass pricing volatility back to suppliers is constrained by competitive pressures.	Market pricing is continually evolving and the market environment can change quickly. As a result, our milk procurement strategy teams work to ensure the business remains competitive in its supplier offerings ensuring the sustainability of our supply base. We work to ensure that the focus is not solely on pricing but also on non-pricing value-added initiatives. We have developed a number of risk management tools across our business to protect from dairy market volatility.
Talent Management risk **The Group is dependent upon our global talent to deliver best in class portfolio management, brand management, operational excellence, science-based innovation and strong customer relationships.**		A failure to retain, attract and/or develop key talent will impact on our ability to create sustainable value for all our stakeholders.	The Group has implemented strong recruitment processes, effective HR policies and procedures, short and long-term incentives, robust succession management planning and a range of talent management initiatives including a focused graduate recruitment programme and a range of Group management development programmes.
IT, Data Protection and Cyber Security risks **The Group is dependent on robust IT systems and infrastructure for most of our principal business processes.**		A successful cyber-attack on our IT infrastructure may result in significant disruption to our operating performance. There is also a risk of reputational damage due to the potential loss of sensitive financial, personal and commercial information.	The Group maintains a global system for the control and reporting of access to our critical IT systems. This is supported by ongoing testing of access controls, which include data leakage/loss risk assessments. We have policies in place regarding the protection of both business and personal information, as well as the use of IT systems and applications by our employees. We have systems in place (including ongoing audit activities) to monitor compliance with relevant privacy laws and regulations.
Site Compliance risk and Environmental, Health and Safety regulation risk **The risk of non-compliance with regulations pertaining to building and fire codes and/or zoning restrictions resulting in a loss of capacity or closure at a major site or a breach of environment or Health and Safety regulations.**		Health and Safety risks, reputational damage, regulatory penalties and an inability to service customer requirements due to capacity restrictions or plant closure.	The Group monitors overall safety and loss prevention performance through the independently assessed Glanbia Risk Management System (GRMS). The results are presented to and considered by the Audit Committee on an annual basis. The Group continues to invest in energy efficiency advancements, carbon reduction and emission management programmes.
Product Safety and Compliance risk **A breakdown in control processes may result in contamination of products and/or raw materials resulting in a breach of existing food safety legislation and potential consumer or employee illness.**		Reputational damage, regulatory penalties or restrictions, product recall costs, compensation payments, lost revenues and reduced growth potential. The sudden introduction of more stringent regulations such as additional labelling requirements may also cause operational difficulties.	The Quality Leadership Team (QLT) drives the agenda on Quality and Food Safety excellence by: • Leveraging best practice and implementing global standards in priority topics; and • Employing suitably qualified and experienced staff. The Group also ensures appropriate product liability insurance is maintained.

Risk Trend

Increasing Stable Decreasing

Risk Trend	Developments in 2017	2018 Focus Areas
Stable	GN has continued to engage proactively with the patron supplier base on milk procurement policy and milk price to underpin long-term sustainable supply. With the creation of Glanbia Ireland the partners have established a robust business model to manage this risk by establishing an annual minimum level of profitability in the business.	Ongoing engagement with our supply base in Ireland and the US to ensure sustainability of supply at a level of pricing that is both commercial and competitive.
Stable	Agreed updated Remuneration Policy with clear links to our strategic objectives. Continued to implement appropriate responses to our employee engagement Pulse Survey. Introduced a new talent acquisition system to attract and retain global talent.	Continue to embed our purpose, vision and values across all levels of the Group. Accelerated focus on talent, succession and leadership development. Further develop the HR operating model across the Group.
Increasing	The risk of coordinated cyber-attacks increased in 2017 with a number of major organisations falling victim to such attacks. The regulatory environment supporting data protection continues to be a focus area. Dedicated Group IT Security team in place to limit IT risks. Detailed Internal Audit IT audit programme to identify operational IT weaknesses.	Continue to review our data protection obligations in advance of the regulatory environment changing in 2018 particularly in relation to the EU General Data Protection Regulation (GDPR) requirements. Continued investment in IT platforms to support a reshaped GN organisation. Enhancing our integration of IT systems post acquisitions and Group monitoring controls. Enhancement of IT platform within Body & Fit to support the online DTC growth strategy.
Stable	Launch of the Glanbia Corporate Responsibility Council to streamline reporting across sustainability, food safety and quality, environmental, health and safety and community support. Clear Group vision established of Zero Harm.	Monitoring evolving regulatory requirements. Enhancement of our Health and Safety training programmes and Group level governance. Development of environmental, health and safety dashboard to measure progress and track performance against industry standards. Five-year roadmap established to eliminate lost time accidents globally.
Stable	The QLT has established governance, benchmarking and KPI measurement processes to ensure the Group is tracking to global standards and best practice. The Group Head of Quality and Food Safety has implemented a lessons learned tool to push key learnings across critical quality and food safety cases.	The QLT is focused on ensuring that the team is fully trained and informed on new regulatory requirements particularly in some of the emerging markets the Group has targeted for growth.



GLOBAL FUNCTIONAL DRINKS MARKET WORTH $277.7BN BY 2020.

Source: Technavio market research

94% eat on the go

94% OF AMERICAN CONSUMERS REACH FOR A SNACK AT LEAST ONCE A DAY. THESE CONSUMERS WANT THEIR SNACKS TO BE CONVENIENT FOR THEIR BUSY LIVES AND CONTRIBUTE TO THEIR DAILY NUTRITION NEEDS

Source: NBJ

Read more on pages 20-29

$440bn

GLOBAL REVENUES FOR FUNCTIONAL FOOD PROJECTED TO INCREASE FROM $300BN IN 2017 TO OVER $440BN IN 2022.

Source: Statistica

Directors' Report

Directors' Report

COMMITTED TO STRONG GOVERNANCE AND ETHICAL STANDARDS ALIGNED WITH OUR CORE VALUES OF EXCELLENCE AND INTEGRITY

"One of my key responsibilities as Group Chairman is to ensure that high standards of corporate governance exist at all levels of Glanbia plc. Good governance is integral to ensuring that we remain a successful and viable company achieving our strategic objectives and continuing to deliver sustainable value creation for shareholders."

Dear shareholder,

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended 30 December 2017 which highlights the Board's continued commitment to maintaining excellent corporate governance and the highest ethical standards in everything we do.

The Board recognises that our success is dependent on cultivating a working environment in which the highest standards of corporate governance and behaviour are established, demonstrated and maintained in all our activities.

Board and Committee composition

There were a number of changes to the composition of the Board and its Committees during the year which are discussed in detail in the Nomination and Governance Report on page 76.

Board evaluation and Board effectiveness

The annual Board evaluation process is an important element in ensuring the effective and efficient operation of the Board. Following a comprehensive external evaluation in 2016, the Board undertook an internal evaluation in 2017. This evaluation focused on the overall effectiveness of the Board and its Committees, and the progress the Board has made in addressing the outcomes of the 2016 evaluation.
Key areas of focus for 2018 remain as follows:

- Continued evolution of risk reporting; and
- Continued emphasis on medium-term succession planning.

Further details on the Board evaluation are set out on page 60.

Creation of Glanbia Ireland

As I outlined in my statement on page 7, one of the most significant developments for the Group during 2017 was the disposal by the Group to Glanbia Co-operative Society Limited (the 'Society') of 60% of its interest in the Group's Dairy Ireland business. Glanbia plc retained a 40% interest and as a result Dairy Ireland was integrated with Glanbia Ingredients Ireland, and the combined business has been renamed Glanbia Ireland.

This transaction required the highest level of corporate governance oversight and conduct to ensure that the interests of all stakeholders were taken into account in the decision making process. Both parties retained independent advisers for the duration of the transaction.

Remuneration and reporting

Executive Remuneration Policy and design is reviewed by the Remuneration Committee on a three-year basis and 2017 signified the end of the current three-year period. Following a comprehensive tendering process during the year, the Group retained Willis Towers Watson Remuneration Advisers to provide an independent external review of our Remuneration Policy for the period 2018-2020. The 2018-2020 Remuneration Policy (details of which are set out on pages 85 to 90 of the Remuneration Committee Report), which is largely unchanged to the 2015-2017 Remuneration Policy, will be presented to shareholders for consideration at the 2018 Annual General Meeting (AGM).

Compliance with the Codes

The Group is subject to the Irish Corporate Governance Annex (2010) and the UK Corporate Governance Code (2016), collectively known as (the 'Codes'). A fundamental part of the way the Board conducts its business is embedding the main principles of the Codes and embracing best practice across all parts of our organisation. Details of where the Codes can be accessed are included on page 63. I am happy to confirm that the Group has complied with C.3.1 (Composition of the Audit Committee) of the UK Corporate Governance Code (2016)since 9 August 2017 and the other detailed provisions of the Codes throughout 2017, with the exception of B.1 (Composition of the Board of Directors) of the UK Corporate Governance Code (2016). On 9 August 2017, the Group Chairman and Vice-Chairmen retired as Committee members, strengthening the independence of the Audit Committee. Between 2012 and 2017, the Society and the Board agreed on a number of changes impacting the composition and size of the Board over the period 2016-2022 which will reduce the number of Directors nominated by the Society from the current level of 10 (previously 14) to six (details of which is set out in the Nomination and Governance Committee Report on page 78). The Board will continue to work closely with the representatives of the Society to further the interests of the Group. The Board is satisfied that the composition and size of the Board (which has received shareholder approval) is justified in our particular circumstances.
A detailed description of how we have applied the principles of the Codes is set out in the following pages including the Audit, Nomination and Governance and Remuneration Committee Reports.

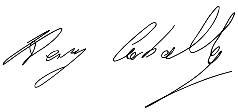
Re-election of Directors

In accordance with the UK Corporate Governance Code (2016), all of the Directors are subject to annual re-election by shareholders. Accordingly, each of the Directors will seek re-election at the 2018 AGM with the exception of Michael Keane who has indicated his intention to retire at the conclusion of the 2018 AGM. Additionally, Patrick Coveney, Donard Gaynor, Paul Haran and Dan O'Connor will each seek re-election at the 2018 AGM by separate resolution of the independent shareholders (i.e. all of the shareholders save the Society and its subsidiary companies and related parties). All Directors have indicated that they will abstain from voting on these separate resolutions.

Looking ahead

Details of the major areas of the Board's stewardship and governance actions during 2017 are given in the Corporate Governance and Committee Reports which follow. The Board welcomes open, meaningful discussion with all of our shareholders and I look forward to meeting shareholders at our 2018 AGM, which will be held on 25 April 2018 at 11.00 am in the Lyrath Estate Hotel, Old Dublin Road, Kilkenny, Ireland. Input from our shareholders is valued by Glanbia and I welcome questions or comments from shareholders either via our website www.glanbia.com, or in person at the AGM.

Finally, I would like to thank my colleagues on the Board for their continued support, commitment, challenge and passion for our business.



Henry Corbally
Group Chairman

See pages 1 to 52 for more information on the Strategic Report.

See pages 56 to 68 for more information on Board of Directors and Senior Management.

See page 56 for more information on Board activity.

See pages 70 to 75 for more information on the Audit Committee Report.

See pages 76 to 79 for more information on the Nomination and Governance Committee Report.

See pages 80 to 105 for more information on the Remuneration Committee Report.

Corporate Governance Report
Board Highlights

LIVING OUR VALUES THROUGH OUR ACTIVITIES

- **The Customers' Champion:** Re-design of the business performance management structure to support the newly reshaped and rebranded Glanbia Nutritionals and provide an enhanced customer experience
- **Performance Matters:** Commissioned an externally facilitated Group-wide strategic review
- **Find a Better Way:** Opened a new state-of-the-art Glanbia Performance Nutrition R&D Innovation Centre in Downers Grove, Illinois, US
- **Winning Together:** Approved the integration of Dairy Ireland with Glanbia Ingredients Ireland creating the strategic Joint Venture Glanbia Ireland
- **Showing Respect:** Adopted a new health and wellness theme for all our community initiatives

THE CUSTOMERS' CHAMPION

PERFORMANCE MATTERS

FIND A BETTER WAY

WINNING TOGETHER

SHOWING RESPECT

Strategy and corporate development

- Conducted a detailed strategic review of the themes and key drivers of each of the Group's business segments for the 2018 strategic plan;
- Approved the three-year strategic plan (2018-2020); and
- Received regular updates on Group corporate development opportunities from the Group Corporate Development Director. This included regular reviews of the merger and acquisition strategy/pipeline.

Operational and financial performance

- Received regular reports from the Group Managing Director;
- Received regular updates from the Group Finance Director and other Executive Directors on business performance, business priorities and operations of the Group;
- Approved the Group's Annual Report, half-yearly report and interim management statements;
- Recommended the 2016 final dividend and approved the 2017 interim dividend; and
- Approved the Group budget for the 2018 financial year.

Risk

- Conducted an annual review of the material financial and non-financial risks facing the Group;
- Considered the Group's principal risks and uncertainties and how they are managed within our risk appetite when assessing the Group's longer term viability;
- Debated risk appetite and the refreshment of the risk appetite statements against the Group Risk Register;
- Received reports from the Group Committee Chairmen and core Group Risk Functional owners; and
- Conducted a review of the Group's material compliance arrangements and structures for the purpose of the Compliance Statement.

Investor relations

- Presented at 18 investor conferences globally and regularly engaged with key shareholders;
- Management updated the market regularly on performance via the AGM, full and half-yearly results and interim management statements;
- Published a circular and held an Extraordinary General Meeting in relation to the creation of the Glanbia Ireland Joint Venture;
- Consulted with larger institutional shareholders and key independent proxy advisers in relation to the Group's Executive Remuneration Policy and the reconstitution of the Committees; and
- Consulted regularly with the representative structure of our largest shareholder.

Governance

- Undertook an internal Board evaluation;
- Confirmed Directors' independence;
- Appointed a new Chairman of the Nomination and Governance Committee;
- Reconstituted the membership of the Audit, Nomination and Governance and Remuneration Committees to comprise only Independent (of the Society) Non-Executive Directors;
- Amended and restated the Relationship Agreement with the Society to reduce the Society's representation on the Board to six by 2022;
- Received reports from the Committee Chairmen; and
- Reviewed updates on corporate regulatory matters.

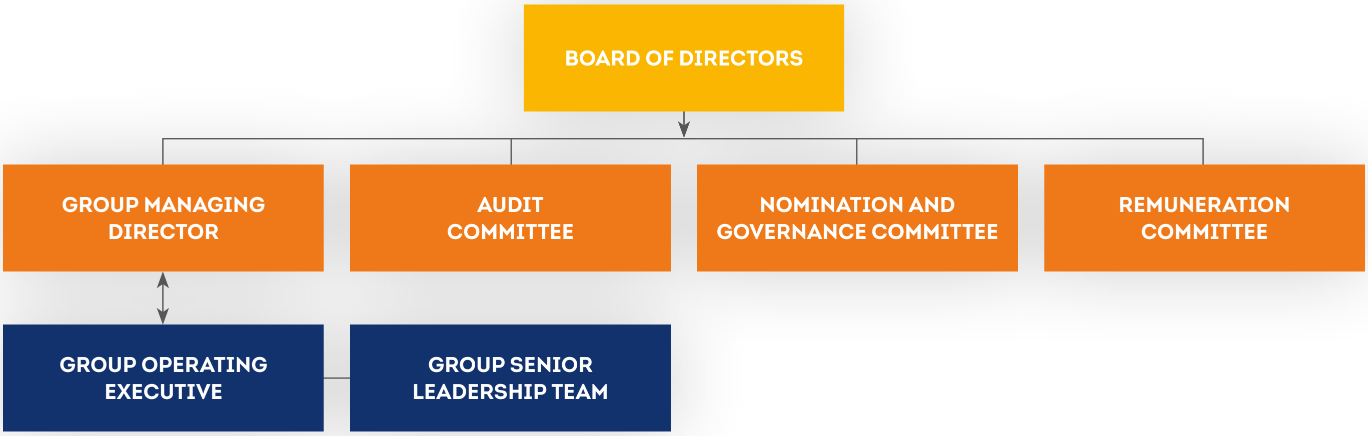
People

- Undertook a Remuneration Policy review;
- Reviewed progress of values and behaviours implementation across the Group;
- Implemented actions arising from the employee engagement Pulse Survey results;
- Received updates on and considered senior succession planning and talent management;
- Renewed focus on career planning, launch of 'MyCareer', an end to end new recruitment Global talent acquisition platform;
- Reviewed and approved the HR strategy focusing on leadership, talent, culture and operational effectiveness; and
- Oversaw Group-wide performance and reward processes and target setting.

Our governance framework

Our framework

The role of our Board of Directors includes setting the strategic direction of the Group, providing strong leadership and challenge to the Group Operating Executive and reporting to the shareholders on its stewardship of the Group. The Board has a clear governance framework with defined responsibilities and accountabilities. Our governance framework ensures that policies and procedures set at Board level are effectively communicated across the whole business. These are designed to safeguard long-term shareholder value through strategic execution and business performance delivery. Our governance framework supports integrated decision making and risk management. Our internal control and risk management arrangements are described on pages 44 to 51 and 73.



Board Committees

Audit Committee

Key activities: Review of Annual Report and Financial Statements and statutory Auditors' independence and fees, internal controls, risk management systems, post-acquisition reviews and the effectiveness of the Group Internal Audit and Finance functions.

Nomination and Governance Committee

Key activities: Making recommendations on appointments to the Board (including the Group Chairman and Vice-Chairmen), Senior Management succession planning, review of the independence and time commitment of Non-Executive Directors and keeping under review corporate governance developments to ensure Group governance practices are in line with best practice.

Remuneration Committee

Key activities: Review of Executive Directors' salaries and benefits, approval of Annual Incentive targets, Long Term Incentive share awards, review of Non-Executive Directors' fees and compliance with the relevant codes.

Group management

Group Operating Executive

This group is comprised of the four Executive Directors, the Group Secretary, the Group Human Resources & Corporate Affairs Director, the Group Corporate Development Director and the CEO of Glanbia Ireland. Key activities: Monitoring performance and making strategic recommendations to the Board. This forum is also the Group Risk Committee.

Group Senior Leadership Team

This team includes the Group Operating Executive and the Group's senior business and functional leaders. Key activities: To create alignment and drive delivery of the Group's business plans.

Corporate Governance Report continued
Leadership

Board structure
The Board comprises 18 Directors: Four Executive Directors and 14 Non-Executive Directors (of whom 10 are nominated by the Society).

Avonmore Foods plc and Waterford Foods plc merged in 1997 to form Glanbia plc. At the same time, their respective major shareholders also merged to form the Society. The Society retains a major shareholding in the Company and nominates from its Board of Directors up to 10 (previously 14) Non-Executive Directors for appointment to the Board of the Company. This will reduce to six Non-Executive Directors in 2022, more details of which are set out on page 78 of the Nomination and Governance Committee Report. Our Directors come from a diversity of backgrounds, ranging from public service, accountancy and banking to industry (dairy, construction, fast moving consumer goods and production).

The Group Chairman ensures that the skills, expertise and experience of the Board are harnessed to best effect in addressing significant issues facing the Group by ensuring that:
(i) Directors are properly informed on all matters;
(ii) agendas are aligned to the Group's strategic objectives;
(iii) discussions foster constructive challenge and debate; and
(iv) adequate time is provided for discussions so that the view of each Director is presented and considered.

We involve all Directors in formulating our strategic business plan (which is the route map which guides us to meet our objectives and provides a vital framework within which the Group operates) and in all key decision making.

Details of our strategic priorities are set out on pages 16 and 17.

Board responsibilities
The following are the key matters reserved for the Board:
- Approval of the Group's strategic plan, oversight of the Group's operations and review of performance in light of the Group's strategy, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken;
- Ultimate oversight of risk, including determining the Group's risk profile and risk appetite;
- Culture and succession planning;
- Acquisitions, disposals and other transactions outside delegated limits;
- Financial reporting and controls, including approval of the half-year results, interim management statements and full-year results, approval of the Annual Report and Financial Statements, approval of any significant changes in accounting policies or practices, and ensuring maintenance of appropriate internal control and risk management systems;
- Ensuring the Annual Report and Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects;
- Assessment of the Group's viability and ability to continue as a going concern;
- Capital expenditure, including the annual approval of the capital expenditure budgets and any material changes to them in line with the Group-wide policy on capital expenditure;
- Dividend policy, including the annual review of the dividend policy and declaration of the interim dividend and recommendation of the final dividend;
- Appointment of Directors;
- Shareholder documentation, including approval of resolutions and corresponding documentation to be put to the shareholders and approval of all press releases concerning matters decided by the Board; and
- Key business policies, including approval of the remuneration and treasury policies.

Division of responsibilities

The Group Chairman
Henry Corbally's responsibility as Group Chairman is the efficient and effective working of the Board. His role is to lead and manage the business of the Board, promoting the highest standards of corporate governance and ensuring accurate, timely and clear information is provided to the Board. He facilitates active engagement and challenge by the Board to the Group Operating Executive and conducts the annual Board evaluation. The Group Chairman has a strong working relationship with the Group Managing Director, Siobhán Talbot. Read biography on page 64.

The Group Managing Director
Siobhán Talbot, Group Managing Director, is responsible for all aspects of the operation and management of the Group. She leads the corporate strategic decision making process and develops the Group strategy for Board approval. She ensures that Group policies and procedures are followed and that the business complies with relevant legislation and regulation. Read biography on page 67.

The Senior Independent Director
Paul Haran is the Board's Senior Independent Director and his primary role is to support the Group Chairman on all governance related matters. In addition, he conducts the annual appraisal of the Group Chairman's performance, acts as an intermediary for other Directors and ensures that the views of the Non-Executive Directors are heard. He is also Chairman of the Nomination and Governance Committee. He is available to shareholders should they wish to raise any matter directly. Read biography on page 65.

Appointments to the Board, policy, diversity and succession planning

During the year, the Board adopted a Board Diversity Policy which recognises the benefits of diversity. Having regard to the right of the Society to nominate 10 of the 18 Directors, the Nomination and Governance Committee keeps the Board's balance of skills, knowledge, experience and the tenure of Directors under constant review. In this regard, the Company has not set any specific quota. In respect of succession planning and maintaining the skill set of the Board, there is an established procedure for the appointment of new Directors and Senior Executives. The Committee identifies the set of skills and experience required. Individuals are then selected on the basis of required competencies, irrespective of gender, age, nationality or other personal characteristics. External search agencies are engaged to assist where appropriate. The Company also has a formal policy with respect to the appointment of new Independent Non-Executive Directors (other than those nominated by the Society). The policy provides that any new Independent Non-Executive Directors will be appointed for an initial three-year term, subject to re-appointment by shareholders at each AGM and should expect to serve no more than three successive three-year terms i.e. a maximum of nine years. All new Independent Non-Executive Directors, and any re-appointments, will be subject to a rigorous review by the Committee after the initial three-year term and annually after six years.

Board attendance

The Board had seven meetings in 2017 with Board member meeting attendance as follows:

2017 Board meeting attendance

Director	Appointed	Number of full years on the Board	2017 meeting attendance
H Corbally	9-Jun-99	18	7/7
Mn Keane	24-May-06	11	7/7
J Murphy	29-Jun-10	7	7/7
S Talbot	1-Jul-09	8	7/7
P Ahern	12-Jun-15	2	7/7
P Coveney	30-May-14	3	7/7
J Doheny[1]	29-May-12	5	2/2
M Garvey[2]	12-Nov-13	4	6/7
D Gaynor	12-Mar-13	4	7/7
J Gilsenan[3]	12-Jun-15	13	2/2
V Gorman	27-Jun-13	4	7/7
T Grant[4]	2 Jun-17	1	4/4
P Haran	9-Jun-05	12	7/7
B Hayes[5]	2 Jun-17	5	4/4
Ml Keane[6]	29-Jun-10	9	7/7
H McGuire	1-Jun-13	4	7/7
M Merrick[3]	9-Jun-05	11	2/2
P Murphy	26-May-11	6	7/7
D O'Connor	1-Dec-14	3	7/7
B Phelan	1-Jan-13	5	7/7
E Power[7]	2-Jun-17	14	4/4

1. J Doheny retired on 2 June 2017.
2. M Garvey was unable to attend one of the scheduled Board meetings due to a family bereavement.
3. J Gilsenan and M Merrick retired on 26 April 2017.
4. T Grant was re-appointed to the Board on 2 June 2017 having previously served five months on the Board.
5. B Hayes was re-appointed to the Board on 2 June 2017 having previously served four full years on the Board.
6. Ml Keane was re-appointed to the Board on 29 June 2010 having previously served two full years on the Board.
7. E Power was re-appointed to the Board on 2 June 2017 having previously served 13 full years on the Board.

The Group Secretary

Michael Horan, Group Secretary, assists the Group Chairman in promoting the highest standards of corporate governance. He supports the Group Chairman in ensuring Directors receive timely and clear information so that the Directors are properly equipped for robust debate and informed decision making. He is a central source of guidance and advice on policy, procedure, governance and ethics. He co-ordinates, when necessary, access to independent professional advice for Directors. He ensures compliance with all legal and regulatory requirements. In addition, he has responsibility for providing a high quality service on all shareholder-related matters. Read biography on page 68.

Executive Directors

The Executive Directors are collectively responsible for the day-to-day running of the business and developing the Group's strategy and budget for Board approval. They monitor the financial and operational performance of the Group and review the Group Risk Register, allocating resources across the Group within parameters agreed by the Board. The Executive Directors are also responsible for developing leadership and future talent programmes and securing strong succession planning for the Group. Read biographies on page 67.

Non-Executive Directors

The Non-Executive Directors promote the highest standards of integrity, probity and corporate governance throughout the Group, particularly at Board level. They constructively challenge and develop proposals on strategy, scrutinising the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. They review the integrity of financial information, and ensure that financial controls and systems of risk management are robust and defensible. They also determine the three-year Remuneration Policy for Executive Directors and have a prime role in appointing and, if necessary, removing Executive Directors, and in succession planning. Read biographies on pages 64 to 66.

Corporate Governance Report continued
Effectiveness

Induction and Board development
The Company puts full, formal and tailored induction programmes in place for all its new Directors. While Directors' backgrounds and experience are taken into account, the induction is aimed to be a broad introduction to the Group's businesses and its areas of significant risk. Key elements are meeting the Executive Directors and Senior Management as well as visiting the Group's major sites in order to be briefed on Group strategy and on individual businesses.

The Group Chairman regularly encourages the Non-Executive Directors to update their skills, expertise and knowledge of the Group in order to competently carry out their responsibilities. This is achieved by regular presentations at Board meetings from Senior Management on matters of significance. Examples during the year included presentations from Senior Management of our wholly owned business segments: Glanbia Performance Nutrition, Glanbia Nutritionals and from our Joint Venture partners. The Board also received presentations from the Group Corporate Development Director and the Group Human Resources & Corporate Affairs Director.

In addition to the induction programme that all Directors undertake on joining the Board, an ongoing programme of Director development and Group awareness has been developed. For example, as part of the annual programme of Board meetings, Directors will typically visit some of the Group's principal operations to meet employees and gain an understanding of the Group's products and services. These visits provide Directors with an in-depth understanding of the business and how it works and helps the Directors to set the tone for how business is conducted.

The Directors are also regularly provided with updates on the Group's business as well as updates on corporate governance, legislative and regulatory issues. Updates are by way of written briefings and presentations from the Group Secretary, management and external advisers. During the year under review, updates included a presentation from the Group Secretary on the current whistleblowing arrangements in place, an investor relations update presentation from the Group Finance Director and further updates on the Companies Act 2014 (enacted 1 June 2015).

As part of their annual performance evaluation, Directors are given the opportunity to discuss their own training and development needs.

Information for the Board
The Group Chairman, with the assistance of the Group Managing Director and the Group Secretary, is responsible for ensuring that Directors are supplied with information in a timely manner and that it is in a form and of an appropriate quality that enables them to discharge their duties. In the normal course of business, such information is provided by the Group Managing Director in a regular report to the Board that includes information on operational matters, strategic developments, financial performance relative to the business plan, business development, corporate responsibility and investor relations.

At each scheduled Board meeting, the Executive Directors provide operational and financial updates. Depending on the nature of the proposal to be considered, other Senior Executives are invited to make presentations or participate in Board discussions to ensure that Board decisions are supported by a full analysis of each proposal.

All Directors have access to the advice and services of the Group Secretary, who is responsible for advising the Board on all governance matters. The Directors also have access to independent professional advice, if required, at the expense of the Group. This is co-ordinated through the Group Secretary.

Board evaluation
The annual Board evaluation process is an important element in ensuring the effective and efficient operation of the Board. The Group has established a formal process for the annual evaluation of the performance of the Board and its principal Committees. This includes a triennial external evaluation. During 2016, we commissioned an independently facilitated Board evaluation which was undertaken by Leaders' Mores, who had no connections with the Group. The 2016 external Board evaluation report highlighted some improvement opportunities for the Board to consider, including the introduction of some refinements to the annual strategic planning process and ensuring an enhanced focus on succession planning and risk reporting.

The 2017 internal evaluation focused on the progress made in these three areas, the outcome of which was shared at the December Board meeting. The Board noted that there had been good progress against the agreed areas of focus as set out below:
- **Strategy:** The strategy-setting process has been enhanced through the establishment of a Strategy Review Committee (see page 78) in order to harness the experience of individual Directors to facilitate deeper discussion and focus on selected items of a strategic nature where appropriate;
- **Succession and talent development:** The Nomination and Governance Committee increased its focus on succession planning for the broader executive team and enhanced development plans to identify short-to-medium-term successors. This included opportunities for the Senior Leaders to meet the Non-Executive Directors, as part of Board visits to the business and other presentations to, and interactions with, the Board; and
- **Risk reporting:** This was further enhanced in 2017 by establishing a revised risk framework within which risk appetite has context and can be operationalised through both quantitative and qualitative statements where appropriate.

As part of the Board evaluation process, detailed discussions were undertaken with the new Directors (which included the completion by them of detailed questionnaires) and individual discussions with other Directors led by the Group Chairman. The discussions were informal and encouraged active participation. Each Committee evaluated their own performance, further details of which are available in their respective reports that follow in this report.

Following the discussions, the Group Chairman met with the Group Secretary to analyse the findings and prepare the report to the Board on the outcome of the evaluation and to identify the areas for renewed focus for 2018 for the Board to consider.

The performance of the Group Chairman was included in this process. The Group Chairman's evaluation was managed by the Senior Independent Director. As part of the Group Chairman's evaluation, the Non-Executive Directors met separately under the Chairmanship of the Senior Independent Director.

Independence

The Board and Nomination and Governance Committee believe that all Non-Executive Directors demonstrate the essential characteristics of independence and bring independent challenge and deliberations to the Board. A detailed description of how independence was determined is set out in the Nomination and Governance Committee Report on page 79. However, while the Company continues to regard the Directors nominated by the Society (the 'Society Nominee Directors') as meeting the criteria for independence specified in the UK Corporate Governance Code (2016), the Society Nominee Directors are not being designated as Independent Directors for the purpose only of Listing Rule 6.2.2 A of the Irish Stock Exchange (ISE)/Listing Rule 9.2.2 AD of the United Kingdom Listing Authority (UKLA). This is to ensure consistency with the agreement reached at the Extraordinary General Meeting held on the 22 May 2017 updating the previously agreed position with regard to the composition and size of the Board and allowing for the planned reduction of the Society's representation on the Board as described in the circular which was sent by the Company to shareholders on 28 April 2017 and is set out on page 78 of this Annual Report and is available to view at www.glanbia.com (Society representation on the Board).

In compliance with Listing Rule 6.2.2 A of the ISE/Listing Rule 9.2.2 AD of the UKLA, the Company has entered into a written legally binding agreement (the 'Relationship Agreement') with the Society, the only controlling shareholder, which is intended to ensure that the Society complies with the independence provisions/undertakings set out in Listing Rule 3.3.7 A of the ISE and 6.5.4 R of the UKLA (the 'Independence Provisions'). This Relationship Agreement also provides that the governance arrangements referred to above will apply with respect to the composition and size of the Board.

During 2017, the Company has complied with the Independence Provisions in the Relationship Agreement and, in so far as the Company is aware, the Society has also complied with the Independence Provisions. The Company's Constitution allows the election and re-election of Independent Directors for the purpose of Listing Rule 6.2.2 A of the ISE/Listing Rule 9.2.2 AD of the UKLA, to be conducted in accordance with the election provisions for such Directors in the ISE/UKLA Listing Rules.

Composition of the Board

- Non-Executive Chairman nominated by Glanbia Co-operative Society Limited
- Non-Executive Directors nominated by Glanbia Co-operative Society Limited
- Other Non-Executive Directors
- Executive Directors

Directors' tenure on the Board

- Less than 3 years
- Between 3 and 6 years
- Between 6 and 9 years
- Over 9 years

Corporate Governance Report continued
Accountability

Risk management and internal control
Effective risk management underpins our operating, financial and governance activities. The Board continues to place particular emphasis on monitoring risk and regularly monitors the risk management framework to ensure risks are being appropriately mitigated and new risks identified.

While the Board has ultimate responsibility for determining the Group's risk profile and risk appetite, the Board has delegated responsibility for reviewing the design and implementation of the Group's management and internal control systems to the Audit Committee. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatement or loss. During the year, the Board considered the Group key risk reports and received updates from the Audit Committee Chairman on the programme of risk presentations from key risk managers across the Group. The Board also received presentations from core Group Risk Functional owners. This work provided a deeper insight into how key risk exposures are managed and better informs the Board in its evaluation of progress against strategic objectives of the business.

The Board and management are satisfied that appropriate risk management and internal control systems are in place throughout the Group. The Risk Management section is contained on pages 44 to 51.

Going Concern
Glanbia's business activities, together with the main factors likely to affect its future development and performance, are described in the Strategic Report on pages 1 to 51.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Annual Report and Financial Statements. The Group therefore continues to adopt the going concern basis in preparing its Annual Report and Financial Statements. The full Going Concern Statement is contained on page 44.

Long-term Viability Statement
In accordance with the UK Corporate Governance Code (2016), the Directors have assessed the viability of the Group and its ability to meet its liabilities as they fall due, taking into account the Group's current financial position and the potential impact arising from the principal risks and uncertainties detailed on pages 44 to 51.

Having considered these elements, 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 the assessment. The full Viability Statement is contained on page 44.

Fair, balanced and understandable
The Directors have concluded that the Annual Report and Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects. This assessment was completed by the Audit Committee as outlined in their report on pages 72 and 73.

Remuneration

Our aim is to ensure that our remuneration policies and practices remain competitive within our industry to attract, retain and motivate high quality and committed people who are critical to the future development and growth of the Group, further details can be obtained on pages 80 to 105.

Relations with shareholders
Glanbia continued its active investor relations initiatives in 2017. During the year, representatives from Glanbia presented at 18 investor conferences globally and held over 300 meetings with institutional investors. Glanbia also engages regularly with the representative structure of the largest shareholder, the Society. Glanbia is focused on ensuring that a broad geographic base of institutional investors is reached via our investor relations programme. To achieve this, Glanbia Senior Management increased the level of investor meetings in the US West Coast, and for the first time completed two investor roadshows in Asia covering five financial centres in the region. We update the market regularly on our performance via our AGM, our full and half-year results as well as our interim management statements. Additionally in 2017, Glanbia published a circular and held an Extraordinary General Meeting (EGM) for independent shareholders to vote on the Dairy Ireland integration. Shareholders were invited to ask questions during the meeting and had an opportunity to meet with the Directors following the conclusion of the meeting. Finally during 2017, Glanbia met with its largest institutional shareholders as well as key independent proxy advisers to consult on the Group's Executive Remuneration Policy. This was led by the Chairman of the Remuneration Committee with all stakeholders viewing this as a proactive approach by the Company at gathering external feedback on the Remuneration Policy.

Compliance Statements

Corporate Governance Statement

The Group is subject to the Irish Corporate Governance Annex (2010) and the UK Corporate Governance Code (2016) (the 'Codes'). The Group has complied with C.3.1 (Composition of the Audit Committee) of the UK Corporate Governance Code (2016) since 9 August 2017 (on which date the Group Chairman and Vice-Chairmen retired as Audit Committee members) and the other detailed provisions of the Codes throughout 2017 with the exception of B.1 (Composition of the Board) of the UK Corporate Governance Code (2016). The rationale for this departure is explained on page 54. The Codes are not a rigid set of rules and they recognise that an alternative to following a provision may be justified in particular circumstances where good governance is still achieved.

The Irish Corporate Governance Annex published in December 2010 by the Irish Stock Exchange is publicly available on the Irish Stock Exchange website: www.ise.ie/Products-Services/Sponsors-and-Advisors/Irish-Corporate-Governance-Annex.pdf (the 'ISE Annex'). The UK Corporate Governance Code is publicly available on www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code.

Our approach to corporate governance and how we apply the principles of the Codes is set out in this Corporate Governance Report, the Board of Directors and Senior Management section and the Risk Management section (all of which are deemed to be incorporated in this Corporate Governance Statement). The Reports from the Chairmen of the Audit, Nomination and Governance and Remuneration Committees highlight the key areas of focus for, and the background to the principal decisions taken by, those Committees, which form an integral part of our governance structure. A fair, balanced and understandable assessment of the Group's position and prospects is set out in the Strategic Report on pages 1 to 51. Other Statutory Information contains certain other information required to be incorporated into this Corporate Governance Statement. All of these statements are deemed to be incorporated in this Corporate Governance Statement.

ISE Annex		UK Corporate Governance Code	
Board Composition	Pages 57 to 67	Leadership	Pages 57 to 58
Board Appointments	Pages 59 and 76 to 79	Effectiveness	Pages 60 to 61
Board Evaluation	Page 54 and 60	Accountability	Page 62
Board Re-election	Page 79	Remuneration	Pages 80 to 105
Audit Committee	Pages 70 to 75	Relations with shareholders	Page 62
Remuneration	Pages 80 to 105		

Section 1373 Companies Act 2014			
Applicable codes	Page 63	Takeover regulations	Pages 106 to 110
Departures from the codes	Page 54 and 63	Shareholder information	Pages 106 to 110
Risk management and Internal control	Pages 44 to 51 and 73	Board and Committees	Pages 57 to 105

Directors' Compliance Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors have drawn up a compliance policy statement as defined in section 225(3)(a) of the Companies Act 2014. Arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations. These arrangements and structures were reviewed by the Company during the financial year. As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under section 225, the Directors relied on the advice of third parties whom the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Board of Directors and Senior Management
Group Chairman, Vice-Chairmen, Non-Executive Directors

Henry Corbally
Group Chairman and Non-Executive Director

Age: 63

Martin Keane
Vice-Chairman and Non-Executive Director

Age: 62

John Murphy
Vice-Chairman and Non-Executive Director

Age: 55

Experience

Henry Corbally was appointed Group Chairman on 12 June 2015. Henry was nominated for appointment by Glanbia Co-operative Society Limited. Henry farms at Kilmainhamwood, Kells, Co. Meath and holds a certificate of merit in Corporate Governance from University College Cork. He is a former Vice-Chairman of the National Dairy Council.

Martin Keane was appointed Vice-Chairman on 29 June 2010. Martin was nominated for appointment by Glanbia Co-operative Society Limited. Martin farms at Errill, Portlaoise, Co. Laois and has completed the ICOS Co-operative Leadership Programme. Martin is President of Irish Co-operative Organisation Society Limited and a Director of Ornua Co-operative Limited.

John Murphy was appointed as Vice-Chairman on 2 June 2017. John was nominated for appointment by Glanbia Co-operative Society Limited. John farms at Ballinacoola, Craanford, Gorey, Co. Wexford. John is Vice-Chairman of the National Dairy Council and has completed the University College Cork Diploma in Corporate Direction.

Term of office

Henry Corbally: Date of Appointment: 9 June 1999
Tenure: 18 full years

Martin Keane: Date of Appointment: 24 May 2006
Tenure: 11 full years

John Murphy: Date of Appointment: 29 June 2010
Tenure: Seven full years

Board of Directors and Senior Management
Senior Independent Director, Non-Executive Directors

Paul Haran
Senior Independent Director and Non-Executive Director

Age: 60

Patrick Coveney
Non-Executive Director

Age: 47

Donard Gaynor
Non-Executive Director

Age: 61

Dan O'Connor
Non-Executive Director

Age: 58

Experience

Paul Haran is a Director of a number of companies including the Mater Private Hospital and Insurance Ireland. He also chairs Edward Dillon & Co. Previously he was Secretary General of the Department of Enterprise and Employment, Principal of the University College Dublin College of Business and Law and a Director of Bank of Ireland, the Road Safety Authority, the Institute of Public Administration and chaired the Qualifications Authority of Ireland. He graduated from Trinity College Dublin with a B.Sc. in Computer Science and an M.Sc. in Public Sector Analysis. He was awarded Honorary Doctorates from both Trinity College Dublin and University College Dublin.

Patrick Coveney is Chief Executive Officer (CEO) of Greencore Group plc, the leading convenience foods manufacturer. Prior to becoming CEO of Greencore, Patrick served as the Group's Chief Financial Officer for over two years. Before he joined Greencore, Patrick was Managing Partner of McKinsey & Company in Ireland. Patrick is also Non-Executive Chairman of Core Media Group. He holds an M.Phil and D. Phil from New College Oxford University, where he was a Rhodes Scholar. He also holds a Bachelor of Commerce degree (First Class) from University College Cork, where he was overall graduate of the year in 1992. Patrick served as President of the Dublin Chamber of Commerce in 2012, having been a Council member since 2003.

Donard Gaynor retired in December 2012 as Senior Vice President of Strategy and Corporate Development of Beam, Inc., the premium spirits company previously listed on the New York Stock Exchange, based in Chicago, Illinois. A Fellow of Chartered Accountants Ireland and the American Institute of Certified Public Accountants, he joined Beam Inc. in 2003 as Senior Vice President and Managing Director – International. Prior to this, he served in a variety of senior executive leadership roles with The Seagram Spirits & Wine Group in New York and was also Audit Client Services Partner with the New York office of PricewaterhouseCoopers. In November 2016 Donard was appointed Chairman of Hazelwood Demesne Limited 'The Lough Gill Distillery' Company.

Dan O'Connor is currently Chairman of Activate Capital Limited and International Personal Finance plc. He is a former Non-Executive Director of CRH plc. Dan is a former President and CEO of GE Consumer Finance Europe and a former Senior Vice-President of GE. He was Executive Chairman of Allied Irish Banks plc from November 2009 until October 2010. A fellow of Chartered Accountants Ireland, Dan graduated from University College Dublin with a Bachelor of Commerce and Diploma in Professional Accounting.

Term of office

Paul Haran: Date of Appointment: 9 June 2005
Tenure: 12 full years

Patrick Coveney: Date of Appointment: 30 May 2014
Tenure: Three full years

Donard Gaynor: Date of Appointment: 12 March 2013
Tenure: Four full years

Dan O'Connor: Date of Appointment: 1 December 2014
Tenure: Three full years

Committee Membership

Paul Haran: Nomination and Governance Committee (Chair)
Audit Committee/Remuneration Committee (Member)

Patrick Coveney: Audit Committee/Nomination and Governance Committee (Member)

Donard Gaynor: Remuneration Committee (Chair)
Audit Committee/Nomination and Governance Committee (Member)

Dan O'Connor: Audit Committee (Chair)
Nomination and Governance/Remuneration Committee (Member)

Board of Directors and Senior Management
Non-Executive Directors nominated by Glanbia Co-operative Society Limited

All of the Directors nominated by Glanbia Co-operative Society Limited are full time farmers who have significant experience of the dairy and agricultural industry.

Patsy Ahern
Age: 60

Vincent Gorman
Age: 61

Tom Grant
Age: 63

Experience

Patsy Ahern was appointed to the Board on 12 June 2015 and has served two full years on the Board.

Vincent Gorman was appointed to the Board on 27 June 2013 and has served four full years on the Board.

Tom Grant was re-appointed to the Board on 2 June 2017. He has served one full year on the Board over each of his terms.

Brendan Hayes
Age: 57

Michael Keane
Age: 65

Patrick Murphy
Age: 59

Eamon Power
Age: 63

Experience

Brendan Hayes was re-appointed to the Board on 2 June 2017. He has served five full years on the Board over each of his terms. He has completed the University College Cork Diploma in Corporate Direction.

Michael Keane was re-appointed to the Board on 29 June 2010 and has served nine full years on the Board over each of his terms.

Patrick Murphy was appointed to the Board on 26 May 2011 and has served six full years on the Board. Patrick is a Director of Farmer Business Developments plc.

Eamon Power was re-appointed to the Board on 2 June 2017. He has served 14 full years on the Board over each of his terms. He has completed the University College Cork Diploma in Corporate Direction.

Board of Directors and Senior Management
Group Operating Executive

Siobhán Talbot
Group Managing Director and Executive Director

Age: 54

Mark Garvey
Group Finance Director and Executive Director

Age: 53

Hugh McGuire
CEO Glanbia Performance Nutrition and Executive Director

Age: 47

Brian Phelan
CEO Glanbia Nutritionals and Executive Director

Age: 51

Experience

Siobhán Talbot was appointed Group Managing Director on 12 November 2013, having been appointed Group Managing Director Designate on 1 June 2013. She was previously Group Finance Director and her role encompassed responsibility for Group strategic planning. She has been a member of the Group Operating Executive since 2000 and the Board since 2009 and has held a number of senior positions since she joined the Group in 1992. She is also a Director of the Irish Business Employers Confederation (IBEC). Prior to joining Glanbia, she worked with PricewaterhouseCoopers in Dublin and Sydney. A fellow of Chartered Accountants Ireland, Siobhán graduated from University College Dublin with a Bachelor of Commerce and Diploma in Professional Accounting.

Mark Garvey was appointed as Group Finance Director on 12 November 2013. Prior to joining Glanbia he held the position of Executive Vice President and Chief Financial Officer until 2012 with Sara Lee Corporation, a leading global food and beverage company. Mark also held a number of senior finance roles in the Sara Lee Corporation in the US and Europe and prior to that he worked with Arthur Andersen in Ireland and the US. A fellow of Chartered Accountants Ireland and the American Institute of Certified Public Accountants, Mark graduated from University College Dublin with a Bachelor of Commerce and Diploma in Professional Accounting and has an Executive MBA from Northwestern University, Illinois.

Hugh McGuire was appointed to the Board on 1 June 2013 as an Executive Director with responsibility for Glanbia Performance Nutrition. Hugh joined the Group in 2003 and has been CEO of Glanbia Performance Nutrition since 2008. Prior to that he held a number of senior management roles in the Group. He previously worked for McKinsey & Company as a consultant across a range of industry sectors. Prior to this he worked in the consumer products industry with Nestlé and Leaf. Hugh graduated from University College Dublin with an M.Sc. in Food Science. He has a Diploma in Finance from the Association of Chartered Certified Accountants Ireland.

Brian Phelan was appointed as CEO of Glanbia Nutritionals on 1 June 2013. He was appointed to the Board on 1 January 2013 as Group Development and Global Cheese Director. Brian was previously Group Human Resources & Operations Development Director. He is the Chairman of Glanbia Cheese Limited. Since joining the Group in 1993, he has held a number of senior management positions. Prior to this he worked with KPMG. He graduated from University College Cork with a Bachelor of Commerce and is a fellow of Chartered Accountants Ireland.

Term of Office

Siobhán Talbot — Date of Appointment: 1 July 2009
Tenure: Eight full years

Mark Garvey — Date of Appointment: 12 November 2013
Tenure: Four full years

Hugh McGuire — Date of Appointment: 1 June 2013
Tenure: Four full years

Brian Phelan — Date of Appointment: 1 January 2013
Tenure: Five full years

Senior Management
Group Operating Executive

Jim Bergin
CEO Glanbia Ireland

Age: 55

Michael Horan
Group Secretary

Age: 53

Michael Patten
Group Human Resources & Corporate Affairs Director

Age: 55

Tom Tench
Group Corporate Development Director

Age: 47

Experience

Jim Bergin (B.Comm., M.Sc. Management Practice) is CEO of Glanbia Ireland, a Joint Venture of the Group. He was appointed to this role in 2012 having previously been CEO of Dairy Ingredients Ireland. He worked for the Group between 1984 and 2012 and held a number of senior positions during that time. Jim is also a Director of Ornua Co-operative Limited.

Michael Horan was appointed as Group Secretary on 9 June 2005, having previously held the position of Group Financial Controller since June 2002. He joined the Group in 1998 as Financial Controller of the Fresh Pork business in Ireland. Michael previously worked with Almarai Company Limited in Saudi Arabia and BDO Simpson Xavier. A fellow of Chartered Accountants Ireland, Michael graduated from the National University of Ireland, Galway with a Bachelor of Commerce.

Michael Patten is Group Human Resources & Corporate Affairs Director and has responsibility for Group Human Resources, strategic leadership of the Group's global reputation, public affairs and sustainability agenda. Prior to joining the Group, Michael was Global Public Affairs Director with Diageo plc. He previously served with the Group as Director of Communications. Michael holds a BA in Communication Studies from Dublin City University and is an Honorary Life Fellow of the Public Relations Institute of Ireland.

Tom Tench is the Group Corporate Development Director. Tom joined the Group in 2004 with responsibility for strategy and development for Glanbia's US Cheese and Global Nutritionals businesses. Prior to joining the Group, Tom worked in the investment banking and investment management industry. Tom also served for 10 years as an officer in the US military.

Corporate Governance Report
Committee Highlights

LIVING OUR VALUES THROUGH OUR ACTIVITIES

- **The Customers' Champion** – Review and refreshment of the Annual Report.
- **Performance Matters** – Review of the Executive Remuneration Policy.
- **Find a Better Way** – Enhanced risk reporting.
- **Winning Together** – Successful completion of the statutory audit transition process.
- **Showing Respect** – Adoption of a Board Diversity Policy.

FIND A BETTER WAY

THE CUSTOMERS' CHAMPION

WINNING TOGETHER

PERFORMANCE MATTERS

SHOWING RESPECT

Audit Committee

- Review of the effectiveness of the statutory audit process;
- Strengthened risk management oversight;
- Approval of updated Anti-bribery and Corruption Policy;
- Recommendation of the Going Concern and Viability Statements for approval to the Board; and
- Reconstitution of the membership of the Audit Committee.

Nomination and Governance Committee

- Appointment of a new Chairman of the Nomination and Governance Committee;
- Reconstitution of the membership of the Committees;
- Reduction in the Society's representation on the Board;
- Internal Board evaluation; and
- Succession planning.

Remuneration Committee

- Review of Executive Remuneration Policy;
- Shareholder consultation regarding Remuneration Policy review;
- Review of Non-Executive Director fees; and
- Reconstitution of the membership of the Remuneration Committee.

Audit Committee Report

ENSURING EFFECTIVE GOVERNANCE AND FINANCIAL REPORTING

"The Board and the Audit Committee are committed to the continuous strengthening of the Group's systems of risk management, internal control and financial reporting."

Dan O'Connor
Audit Committee Chairman

2017 Committee members and meeting attendance

Member	Appointed	Number of full years on the Committee	2017 meeting attendance
D O'Connor	1-Dec-14	3	6/6
P Haran	9-Jun-05	12	6/6
P Coveney	30-Sep-14	3	6/6
D Gaynor	24-Feb-15	2	6/6
H Corbally[1]	7-Jul-05	11	4/4
Mn Keane[1]	29-Jun-10	6	4/4
J Murphy[1, 2]	2-Jun-17	0	2/2
P Murphy[2]	12-Jun-15	1	2/2

1. H Corbally, Mn Keane and J Murphy retired on 9 August 2017.
2. P Murphy retired from the Committee on 2 June 2017 with J Murphy being appointed on the same date.

See page 65 for more information on current Audit Committee members.

Key responsibilities

Monitor the integrity of the Group's Financial Statements;

Review the appropriateness of accounting policies and significant financial reporting issues or judgements;

Advise the Board in relation to its responsibilities in regard to monitoring of the Group's systems of risk management and internal control;

Assist the Board in its responsibilities with regard to the assessment of the going concern and viability statements;

Provide input on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable;

Oversee the relationship with the statutory Auditors, including approving the terms of engagement and assessing the effectiveness of the process;

Ensure that the Group's Auditors' Relationship and Independence Policy is enforced including conducting an audit tender at least every 10 years;

Review the operation and effectiveness of the Internal Audit function;

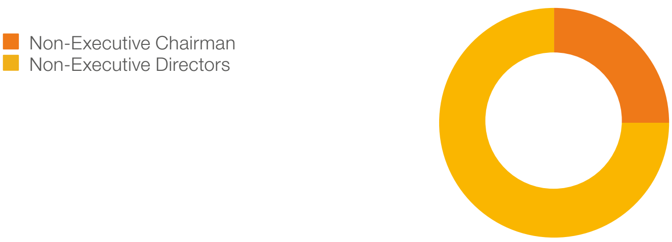
Assess the Group's procedures for fraud prevention and detection; and

Review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting and other matters.

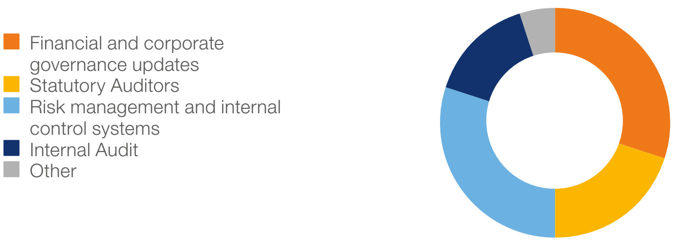
Terms of reference

The full terms of reference of the Audit Committee can be found on the Group's website: www.glanbia.com or can be obtained from the Group Secretary.

Composition of the Committee



Allocation of time



Dear shareholder,

As Chairman of the Audit Committee, I am pleased to present the Audit Committee Report for the year ended 30 December 2017.

This report sets out the Audit Committee's primary activities during the year, as well as the Committee's priorities for the year ending 29 December 2018. The Committee continues to devote significant time to fulfilling its key oversight responsibilities which involved engaging regularly with management, Internal Audit and the statutory Auditor to ensure the Committee receives timely and accurate information.

The Committee is responsible for monitoring the integrity of the Group's Financial Statements which involves conducting a detailed review of both the financial and non-financial information contained in the Group's Annual Report and Financial Statements. In 2017, this included the Committee considering the additional reporting requirements of the EU Non-Financial Disclosure Directive. The Committee also assists the Board in determining that the Annual Report and Financial Statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's strategy, business model and performance. Included in this report, on page 74, is a summary of the 2017 significant financial judgements and disclosures and the steps taken by the Committee to address these matters, including the disposal of the Group's controlling interest in Dairy Ireland. To assist in the process of supporting the fair, balanced and understandable statement, management prepared a report for the Committee setting out the key considerations in arriving at the statement including the documented processes for the preparation of the Annual Report and Financial Statements. The work done in this regard is set out on page 72.

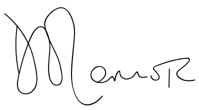
The Committee is responsible for assisting the Board by taking delegated responsibility for the ongoing monitoring of the effectiveness of the Group's systems of risk management and internal control and for conducting a robust assessment of the principal risks, including those that would threaten the Group's business model, future performance, solvency and liquidity. The Committee strengthened this oversight in 2017 by formalising its approach to developing risk appetite statements. The Committee will build on this further in 2018 to ensure effective risk management processes are implemented across the Group. This enables the Board to fully consider these risks as part of our three-year Group strategy review process. As a result we are well positioned to confirm that both the Committee and the Board consider it appropriate to adopt the going concern basis of accounting with no material uncertainties as to our ability to continue to do so. The work performed in this regard is set out on pages 62 and 73.

The Audit Committee considered the requirements of the Irish Companies Act 2014 in relation to the Directors' Compliance Statement and is satisfied that appropriate steps have been undertaken to ensure that Glanbia is fully compliant with these requirements.

Following the completion of Deloitte's first annual audit of the Group, the Committee conducted a detailed review of the key areas of the audit process and the role that management has contributed to ensure an effective process. Group Internal Audit supported the Committee in this review which concluded that the external audit process was conducted to a high standard in accordance with requirements. The improvement opportunities identified were implemented in 2017 and the Committee is satisfied that the auditor transition process was effective. Our engagement with the statutory Auditor and with the Group Internal Audit function is detailed on pages 75 and 73, respectively, of this report.

Our priorities for 2018 will include building risk resilience by further strengthening controls across core areas such as, IT security, food safety and quality, health and safety, financial reporting, tax and business continuity strategies. Ensuring effective risk management and internal control systems in such areas will help protect our people, business and reputation.

On behalf of the Audit Committee



Dan O'Connor
Audit Committee Chairman

Audit Committee Report continued

Governance

The Committee was in place throughout 2017. The Audit Committee comprises four Independent Non-Executive Directors, Dan O'Connor (Chairman), Paul Haran (Senior Independent Director), Patrick Coveney and Donard Gaynor, of whom three members constitute a quorum. The Group Secretary acts as secretary to the Committee. Membership of the Committee is reviewed annually by the Chairman of the Committee and the Group Chairman who recommend new appointments to the Nomination and Governance Committee for consideration and onward recommendation to the Board. On 9 August 2017, following a review of the membership of the Audit, Remuneration and Nomination and Governance Committees of the Board, the Group Chairman (Henry Corbally) and Group Vice-Chairmen (Martin Keane and John Murphy) retired as Committee members in line with best practice. Patrick Murphy also retired as a member of the Committee on 2 June 2017.

The Board is satisfied that Dan O'Connor, Patrick Coveney and Donard Gaynor have recent and relevant financial experience, as set out in the UK Corporate Governance Code (2016). The Board is also satisfied that the Audit Committee, as a whole, have competence relevant to the sector in which the Group operates including a wide range of skills, expertise and experience arising from the senior positions they hold or held in other organisations. The Chairman of the Audit Committee reports to the Board as necessary on the activities of the Committee and attends the AGM to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Meetings

The Committee met six times during the year ended 30 December 2017 and there was full attendance by all members of the Committee. The Group Managing Director, Group Finance Director, Group Secretary, Group Head of Internal Audit, Group Financial Controller and representatives of the statutory Auditors are typically invited to attend all meetings of the Committee with additional members of the Group Senior Leadership Team invited to attend as deemed necessary.

Audit Committee key activities

Financial reporting and significant financial judgements

At our meetings during 2017 and to date in 2018, the Committee reviewed both the Group's half-year results, Interim Management Statement (IMS) updates and the 2017 full-year Annual Report and Financial Statements by considering and challenging (where appropriate) the Group's accounting policies and key judgement areas. The Committee reviewed reports from the Group Finance team on accounting, financial reporting, treasury and taxation issues in making these assessments which were discussed with the statutory Auditor, Deloitte.

The Committee paid particular attention to matters it deemed to be important by virtue of their impact on the Group's results and particularly those items which involved a higher level of estimation or judgement. The table on page 74 sets out the 2017 significant financial statement reporting judgements and disclosures and how the Audit Committee addressed these matters. The Committee also reviewed the Group's policy of highlighting significant items within the Group's results as exceptional items including the items classified as exceptional in 2017 and deemed the classification and disclosures in Note 6 to the Financial Statements to be appropriate. The Committee reviewed the status of the various legal claims and disputes the Group is party to, including management's calculations and assumptions, and concluded that the provisions held are adequate and appropriate. The Committee considered the Directors' Responsibility Statement and the principal risks and uncertainties of the Group within the 2017 Annual Report and Financial Statements and the half-year results and received a presentation from the Group Finance Director on key financial risk exposures. The Committee were satisfied with the adequacy of the disclosures in the Financial Statements.

Fair, balanced and understandable

The UK Corporate Governance Code (2016) requires the Board to present a fair, balanced and understandable assessment of the Company's position and prospects and specifically that the Annual Report and Financial Statements when taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's strategy, business model and performance. The Committee is responsible for assisting the Board in considering whether the 2017 Annual Report and Financial Statements met these requirements. In doing so the Committee reviewed a report from the Group Head of Internal Audit on the key considerations supporting our fair, balanced and understandable statement including a detailed overview of the established process for the planning, preparation and review of the 2017 Annual Report and Financial Statements. In particular the Committee considered the effectiveness of the following features of internal control and financial reporting outlined by the Group Head of Internal Audit in preparing the Financial Statements:

- Well-resourced Finance function to facilitate segregation of duties;
- Board approval of the annual business and strategic plans following Group and Business Unit strategy plan reviews;
- Monitoring of performance against the annual plan through monthly Board reports detailing actual versus budgeted results, analysis of material variances, review of Key Performance Indicators and reforecasting where required;
- Monthly reporting by all Business Units and review by Group Finance;
- The Group Finance Director ensures that a reporting timetable for the development of the Annual Report and Financial Statements has been established and communicated to key stakeholders on a timely basis with a dedicated project manager in place to drive adherence to deadlines, reporting standards and consistency;
- The Group Finance team prepare the draft Annual Report and Financial Statements which are subject to detailed review by senior members of the Group Finance team, the Group Finance Director and the Group Operating Executive;
- The Audit Committee review the Annual Report and Financial Statements including review and approval of any significant changes in accounting policies or practices and a detailed consideration of the significant financial judgements and disclosures;
- The Group Finance Director and Controller prepare a paper which highlights these key issues to the Audit Committee along with a draft of the Annual Report and Financial Statements;
- These documents are provided to the Audit Committee well in advance of the formal approval meeting to allow the Committee sufficient time to input into the process and challenge management on any areas where they feel the report may not be fair, balanced and understandable;
- The Audit Committee review is focused on ensuring that the key messages are clearly called out throughout the document and that consistency exists between the front and back sections of the report; and
- The Board review and approval of the Annual Report and Financial Statements including approval of any significant changes in accounting policies or practices and key judgment areas as highlighted by the Audit Committee Chairman. The Board review ensures that the overall message and tone is appropriate and that a clear framework for identifying key themes has been established and implemented.

- The Board makes the final determination that the Annual Report and Financial Statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's strategy, business model and performance.

The Committee also considered the formal process undertaken by the Auditor and the regular updates the Committee receives from Deloitte.

Regulators and our financial reporting

The Committee is committed to improving the effectiveness and precision of the Group's reporting and management are encouraged to consider, and adopt where appropriate, initiatives by regulatory bodies such as the Financial Reporting Council (FRC) Lab projects, and guidance issued by the Irish Auditing and Accounting Supervisory Authority (IAASA). During the year the Group received correspondence from IAASA in respect of the Annual Report and Financial Statements for the year ended 31 December 2016. IAASA acknowledged the co-operation received from the Directors and management in responding to the queries raised and the Committee is strongly of the view that this external review process serves to enhance the consistent application of financial reporting standards and the transparency of Financial Statement disclosures.

Risk management and internal control systems

The Committee is responsible for assisting the Board by taking delegated responsibility for the ongoing monitoring of the effectiveness of the Group's systems of risk management and internal control. The Risk Management Report on pages 44 to 47 sets out the detailed steps in this regard. The Group maintains a risk register, which contains the key risks faced by the Group, including their likelihood, impact and velocity as well as the controls and procedures implemented to mitigate these risks. The Committee receive regular Group key risk summary reports, prepared by the Internal Audit team, tracking residual risk exposures which allows the Committee to assess the appropriateness of management's action plans to ensure the Board's risk appetite is not exceeded.

In 2017, the Committee continued its practice of evaluating key areas of risk such as, IT security, food safety and quality, health and safety, financial reporting, tax, and business continuity strategies by receiving direct presentations from management and Group functional heads. One of our main priorities for 2018 is to build risk resilience by further strengthening controls across these core areas. For example the Group Head of IT will present on progress made on major IT projects, managing cyber-security risks, preparations for the introduction of the new EU General Data Protection Regulation (GDPR), and progress in addressing improvement opportunities identified during the Internal Audit IT reviews. The Committee also received a number of presentations from the Group Finance Director on tax risks, tax provisions, the impact of the recent US tax reform legislation and potential further legislative changes. Ensuring effective risk management in these core areas, within the Board's risk appetite, will help protect and enhance shareholder value.

The Audit Committee considered the current risk management process during the year and deemed it effective in relation to identifying, assessing and monitoring Group risks. The Committee strengthened this oversight in 2017 by formalising its approach to developing risk appetite statements. In 2018, the Committee will build on this strategy through direct management presentations. These direct reviews are important to the role of the Committee as they allow us to meet the business leaders responsible for these areas of risk and provide a robust challenge to their activities. The Board has also reviewed the effectiveness of the current systems of risk management and internal control specifically for the purpose of this statement and is satisfied that these systems have been operating throughout 2017 and to the date of this report.

Going Concern and Viability Statements

The Audit Committee reviewed the Going Concern and Viability Statements prior to recommending them for approval by the Board. These statements are included in the Risk Management Report on page 44. This review included assessing the effectiveness of the process undertaken by the Directors to evaluate going concern, including the analysis supporting the going concern statement and disclosures in the Financial Statements. The Committee and the Board consider it appropriate to adopt the going concern basis of accounting with no material uncertainties as to the Group's ability to continue to do so. The Committee also reviewed the Directors' Viability Statement which covers the next three financial years (2018-2020). This statement is supported by the work conducted in the two day strategy and budget review session in December 2017, the Board's strategy discussions at the October Board meeting and the Board's ongoing review of monthly and year-to-date business performance versus budget and forecast. Further detail is given within the Viability Statement on page 44.

Internal Audit

The Committee approves the annual work programme of the Internal Audit function and regularly receives presentations covering team development, progress against the audit plan, the status of management action plans to address control weaknesses identified, best practice risk management and whistleblowing procedures. The Committee is satisfied that the Internal Audit team is adequately resourced with a strong mix of skills and expertise capable of conducting effective internal audits, IT audits and special investigations. The team is utilising a market leading audit management system and appropriate data analytics tools to further improve the effectiveness of the Internal Audit processes across the organisation. The Committee hold private review meetings with the Group Head of Internal Audit as required.

Whistleblowing and fraud

During 2017 the Committee considered the Group's arrangements for its employees to raise concerns, in confidence, about possible wrong doings in financial reporting and other matters, which included a review of the Group's Safecall Speak-up service and the Group Code of Conduct. The Committee also considered the Group's procedures for fraud prevention and detection to ensure that these arrangements allow for the proportionate and independent investigation of such matters and appropriate follow up action. The Committee noted the organisational benefits of using our shared services facilities to enhance fraud prevention controls, improve data analytic capabilities and drive consistency in our internal control processes. The Committee also reviewed and approved our updated Anti-bribery and Corruption Policy and concluded that the Group's whistleblowing and fraud prevention procedures are adequate.

Review of Audit Committee performance

The Committee's performance and its members independence, recent and relevant financial experience were assessed and deemed appropriate.

Audit Committee Report continued

2017 significant financial reporting judgements and disclosures

The Audit Committee assessed whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements in the preparation of the 2017 Financial Statements. As part of this exercise the Committee reviewed accounting papers prepared by management which provide the supporting detail for the key areas of financial judgement.

The primary areas of financial reporting judgement and disclosure which were considered by the Committee in relation to the 2017 Financial Statements and how these were addressed are outlined in the following table.

Key financial judgement and disclosures	How the Audit Committee addressed these matters
Impairment review of goodwill and intangibles	• Goodwill and intangible asset impairment reviews involve a range of judgemental decisions largely related to the assumptions used to assess the value-in-use of the assets being tested. These assumptions typically include long-term business and macroeconomic projections, cash flow forecasts and associated discount rates; • Management provided the Committee with detailed reports to support the recoverable value of the balances included in Note 17 to the Financial Statements. The Committee examined the methodology applied including ensuring the discount rates used were appropriate; and • The Committee constructively challenged assumptions used to support short and long-term projections, with consideration of different scenarios and key assumptions used within the respective reviews. Following these discussions, the Committee is satisfied that the impairment review approach, disclosed in Note 17, key assumptions made and conclusions reached are appropriate.
Disposal of 60% of Dairy Ireland and related assets to a related party and subsequent creation of Glanbia Ireland joint venture	• A significant exercise was conducted to extract the discontinued operations from Group operations during the year. This included the correct identification of all assets and liabilities, including the liabilities associated with the defined benefit pension schemes, relating to the discontinued operations. The Committee is satisfied that as this was largely related to the Dairy Ireland segment, the required information was clearly identifiable and a significant level of judgement or estimates was not required to complete this exercise; and • The Committee reviewed a paper, prepared by management, outlining the presentation changes in the Financial Statements to ensure the disclosures made are in line with Group accounting policy, IFRS 5 and IAS 24 related party transactions disclosure requirements. Following these discussions, the Committee is satisfied that the transaction has been correctly accounted for, that the assumptions used by management in calculating the gain on disposal are reasonable and that the fair value of the 40% investment in Glanbia Ireland and the classification of Glanbia Ireland as a Joint Venture in the current year are appropriate.
Acquisition Accounting and Valuation of intangibles on acquisition	• The Group acquired two businesses in 2017, Amazing Grass for a consideration of €124.5m and B&F Vastgoed B.V. for €43.7m. Both acquisitions included intangible assets and goodwill. Intangible assets included customer relationships and brands; • The Committee recognises that valuing these intangible assets is a subjective process requiring a level of estimation and judgement around areas such as cash flow projections and discounts rates; and • The Group Finance Director outlined the advice received from the Group's external valuation experts to the Committee, with regard to the purchase price allocations and key assumptions utilised in the acquisition model. Following this review the Committee is satisfied that the accounting treatment applied for the acquisition under IFRS 3, the purchase price allocations performed by management and the assumptions utilised are reasonable.
Revenue recognition	• The Committee considered the extent of rebate, discount, deduction and allowance claims across the Group where the amounts payable can vary depending on the arrangements made with individual customers and the volume of trade; and • This review included understanding the basis behind any significant year-end provisions to ensure they were adequate and appropriate. Following these discussions and a review of a number of Internal Audit reports focused on our controls over the Group's rebate, discount, deduction and allowance claim processes across the Group, the Committee is satisfied that the basis behind the year-end rebate provisions within the Financial Statements are appropriate.
Tax provisions	• The Committee received a number of presentations from the Group Finance Director on various tax matters including legislative changes, tax structures and controls; • The Committee considered in detail the impact of the changes, particularly the US tax reform legislation enacted on 22 December 2017 on the Group, the potential for further legislative changes and the associated increasing compliance requirements; • The Committee received an analysis of movements in the year-end tax provisions and obtained an update from management on the outcome of any tax authority reviews conducted during the financial period; and • The Committee reviewed the key judgements in relation to the calculation of the tax provisions, the external professional advice obtained to support the provisions and the Financial Statement disclosure requirements. Following these enquiries, the Committee is satisfied that the key assumptions governing the calculation of tax provisions and their disclosure within the Financial Statements are appropriate.

Review of statutory Auditors

The Committee oversees the relationship with the statutory Auditor, including approving the external Auditor's fee proposals and ensuring that the statutory audit contract is put out to tender at least every 10 years. Deloitte were appointed as the Group's statutory Auditors in 2016 following a formal tender process.

At the Committee's October 2017 meeting it reviewed the approach and scope of the annual audit work to be undertaken by the statutory Auditors, which included planned levels of materiality, key risks to the accounts including fraud risks, the proposed audit fee, the Group's processes for disclosing information to the Auditors and the approval of the terms of engagement for the audit. The Committee also discussed recent corporate governance updates, such as the revised FRC guidance, the EU Non-Financial Disclosure Directive, regulator commentary and correspondence and the preparations for the implementation of IFRS 9, IFRS 15 and IFRS 16 together with other planned IFRS reporting developments. The Committee also received updates from the Auditors at its meetings in December 2017 and February 2018.

The Committee ensured that the statutory Auditors had direct access to the Chairman of the Committee and the Group Chairman. It is standard practice for the statutory Auditors to meet privately with the Audit Committee on at least an annual basis without any members of management or the Executive Directors being present. This meeting was held in February 2018 following the completion of the 2017 audit to review the findings from the audit of the Group Financial Statements. Management's progress on control improvement opportunities identified by Deloitte will be maintained under review by the Committee during 2018.

Independence of the statutory Auditors

In order to ensure the independence and objectivity of the statutory Auditors, the Committee maintains and regularly reviews the Group's Auditors' Relationship and Independence Policy. The policy provides clear definitions of services that the statutory Auditors cannot provide, such as financial information systems design and implementation, Internal Audit services or legal services. For services that may be undertaken by the statutory Auditors appropriate approval thresholds are in place to ensure the provision of these services do not impair the Auditors' independence.

The Committee also considers the performance of the statutory Auditors each year, including Audit Partner rotation requirements, and assesses their independence on an ongoing basis. In line with regulatory requirements for listed companies, the statutory Auditors are required to rotate the Audit Partner responsible for the Group audit every five years. The current audit engagement partner was appointed as lead engagement partner for the Group in 2016 which was the first year of audit for Deloitte as statutory Auditors following the 2016 audit tender. The Committee is supportive of such rotation requirements as it helps ensure a fresh review without sacrificing industry knowledge.

As part of the independence review process, the statutory Auditors are requested to formally confirm their independence in writing to the Committee. This confirmation process also provides examples of safeguards that may, either individually or in combination, reduce any independence threat to an acceptable level. While their appropriateness depends on the specific circumstances involved in the provision of the service they will always include ensuring:
- that the statutory Auditors do not play any part in the management or decision-making of Glanbia; and
- the individuals involved in providing the non-audit service are not members of the audit engagement team.

Non-audit services

Our revised Audit Relationship and Independence Policy includes a clearly defined pre-approval process for audit and other services, including a requirement for the business to submit a formal template setting out the details of the services requested, the likely fee level, the rationale for requiring the work to be carried out by Deloitte rather than another service provider and a confirmation that the service requested is not a prohibited service. The policy requires each request to be reviewed and where appropriate challenged by the Group Financial Controller, Group Finance Director, Group Secretary and Audit Committee Chairman (subject to a defined monetary threshold). The provision of all non-audit services which are not prohibited and approved in line with our policy must be ratified by the Audit Committee at the following meeting of the Committee, who also ensure that the total fees for non-audit services will not exceed the defined thresholds. Fees paid to Deloitte for audit related and non-audit related services are analysed in Note 5 to the Financial Statements. The Committee will continue to monitor the type and level of services provided to prevent any perceived or actual impact on the Auditors' independence.

Effectiveness

As outlined in the prior year Annual Report and Financial Statements following the completion of Deloitte's first annual audit of the Group, the Committee conducted a detailed review of the key areas of the audit process as well as the role that management has contributed to an effective process. The purpose of this exercise was to:
- ensure that year one audit learning's were captured;
- confirm that the quality of management's papers is maintained at a consistently high standard;
- ensure the audit process is fully respected; and
- progress the overall efficiency and effectiveness of the statutory audit process in future years.

Internal Audit supported the Audit Committee in this process through developing a tailored assessment framework utilising appropriate guidance material including the 2015 FRC 'Audit Quality Practice Aid for Audit Committees' and reported back to the Committee at its June 2017 meeting. The questionnaire was shared with a broad range of relevant stakeholders both at Group and Business Unit level with a focus on the following key topics:
- Independence and objectivity;
- Skills, character and knowledge;
- Communications; and
- Quality control – Quality of services and sufficiency of resources provided by the auditor.

Constructive feedback was obtained both through the survey itself and through follow-up discussions where required with the respondents. The observations were shared with the statutory Auditors to ensure learning's have been openly discussed and the Committee is satisfied that the audit process was further enhanced in 2017 through the implementation, by both the management team and Auditors, of many of the observations noted. The review concluded that the external audit process was conducted to a high standard. This partly reflected the significant up-front investment made by Deloitte and the management teams in the audit planning process including onsite visits to all our key operating locations and a significant level of senior management interaction.

The Committee remains satisfied with the effectiveness of the statutory Auditors based on the improvements implemented following the year one statutory audit process review, the quality of the presentations received, management commentary on the robustness of the challenge provided, their technical insight and their demonstration of a clear understanding of the Group's business and its key risks.

Nomination and Governance Committee Report

FOCUSING ON LEADERSHIP AND ENSURING THE BOARD HAS THE REQUISITE SKILLS AND EXPERIENCE TO MEET THE GROUP'S STRATEGIC OBJECTIVES

"The Committee ensures the Board and Group Operating Executive comprises of individuals with the appropriate skills, knowledge, and diversity of experience to ensure the effective management of the Group's businesses and delivery of its strategic objectives."

Paul Haran
Nomination and Governance Committee Chairman

2017 Committee members and meeting attendance

Member	Appointed	Number of full years on the Committee	2017 meeting attendance
P Haran	9-Jun-05	12	6/6
H Corbally[1]	12-Jun-15	2	3/3
P Coveney	23-Feb-16	1	6/6
D Gaynor	12-Dec-14	3	6/6
D O'Connor	12-Dec-14	3	6/6

1. H Corbally retired from the Committee on 9 August 2017.

See page 65 for more information on current Nomination and Governance Committee members.

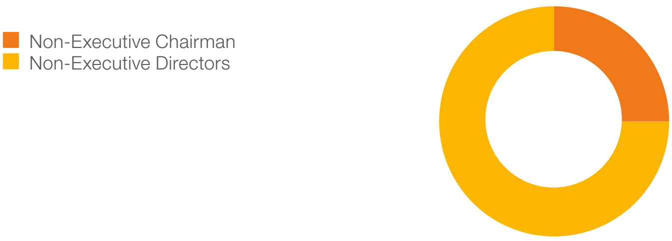
Key responsibilities

- Making recommendations to the Board on the appointment and re-appointment of Directors;
- Planning for the orderly succession of new Directors to the Board and of Senior Management;
- Keeping under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the market place;
- Recommending to the Board the membership and chairmanship of the Audit and Remuneration Committees respectively;
- Keeping the extent of Directors' other interests under review to ensure that the effectiveness of the Board is not compromised;
- Keeping under review corporate governance developments with the aim of ensuring that the Group's governance policies and practices continue to be in line with best practice;
- Ensuring that the principles and provisions set out in the Irish Corporate Governance Annex and the UK Corporate Governance Code (and any other governance code that applies to the Company) are observed where appropriate; and
- Reviewing the disclosures and statements made in the Directors' Report to the shareholders.

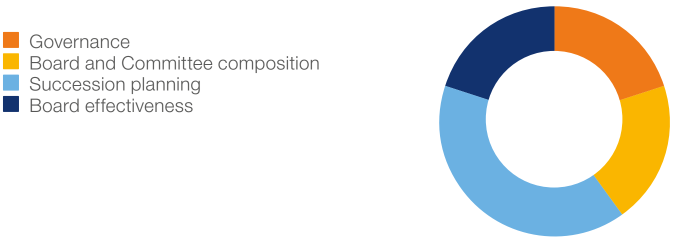
Terms of reference

The full terms of reference of the Nomination and Governance Committee can be found on the Group's website: www.glanbia.com or can be obtained from the Group Secretary.

Composition of the Committee



Allocation of time



Nomination and Governance Committee Report continued

Dear shareholder,

Having succeeded Henry Corbally as Chairman of the Nomination and Governance Committee, I am pleased to present to you the Nomination and Governance Committee Report for the year ended 30 December 2017 which outlines the work performed by the Committee during the year.

2017 was another year of significant change for the Board and its Committees.

At the conclusion of the 2017 Annual General Meeting (AGM) on 26 April 2017, Jim Gilsenan and Matthew Merrick retired as Non-Executive Directors. On 2 June 2017, Jeremiah Doheny retired from the Board as a Non-Executive Director, having served on the Board for five years. On the same day, three new Non-Executive Directors, Tom Grant, Brendan Hayes and Eamon Power were nominated by Glanbia Co-operative Society Limited (the 'Society') to join the Board of the Company in line with the amended and restated Relationship Agreement dated 2 July 2017 between the Company and the Society. Also on the same day, John Murphy was appointed as one of two Vice-Chairmen in place of Patrick Murphy who remains on the Board as a Non-Executive Director.

As part of the integration of Dairy Ireland into Glanbia Ireland, the Board looked at the composition of the Board and agreed, with shareholder approval, a further planned reduction in the Society's representation on the Board, details of which are set out on page 78.

Reflecting on feedback from shareholders, the Board agreed that the Group Chairman and Group Vice-Chairmen would retire as Committee members, where appropriate, ensuring that the membership of the Audit, Nomination and Governance and Remuneration Committees comprise only Independent (of the Society) Non-Executive Directors. These changes took effect on 9 August 2017. Paul Haran was also appointed Chairman of the Nomination and Governance Committee on 9 August 2017 in place of Henry Corbally. These changes were raised with Institutional shareholders and the Society as part of the consultation relating to the Remuneration Policy review.

Recognising the ability of the Society to nominate up to 10 of our 14 Non-Executive Directors, the succession of Non-Executive Directors remained a key focus for the Committee during 2017. Succession planning and talent management formed a significant proportion of the work undertaken by the Committee in 2017. In 2018 the number of Directors nominated by the Society (the 'Society Nominee Directors') on the Board will reduce from 10 to eight.

The following pages provide further details on the roles and responsibilities of the Committee and our highlights and achievements during 2017. I am available at any time to discuss any matters that any shareholder may wish to raise.

On behalf of the Nomination and Governance Committee

Paul Haran
Nomination and Governance Committee Chairman

Our 2017 highlights

- Appointed Paul Haran as Chairman of the Nomination and Governance Committee;
- Reconstituted the membership of the Audit, Nomination and Governance and Remuneration Committees to comprise only Independent (of the Society) Non-Executive Directors;
- Agreed to reduce the Society's representation on the Board to six by 2022;
- Considered the composition and balance of the Board;
- Progressed Senior Management succession planning;
- Considered the outcome of the evaluation of the Board when discussing the effectiveness of the Non-Executive Directors seeking re-election at the 2018 AGM; and
- Oversaw governance aspects of the Board and its Committees.

Governance

The Committee was in place throughout 2017 and Paul Haran, Senior Independent Director is Chairman of the Committee. The Committee comprises four Independent Non-Executive Directors, of whom two members constitute a quorum. The Group Secretary acts as secretary to the Committee.

Nomination and Governance Committee Report continued

Glanbia Co-operative Society Limited – right to nominate 10 of the Company's Non-Executive Directors

The current composition and size of the Board reflects the historical shareholding and relationship of the Company with the Society and is documented in the amended and restated Relationship Agreement dated 2 July 2017.

The Society currently owns 31.5% of the issued share capital of the Company. Between 2012 and 2017, the Society and the Board agreed the following changes, which will impact the composition and size of the Board in the coming years:

- In 2018 the number of Society Nominee Directors will reduce from 10 to eight, which number of Society Nominee Directors will also apply in 2019;
- In 2020 the number of Society Nominee Directors will reduce from eight to seven, which number of Society Nominee Directors will also apply in 2021; and
- In 2022 the number of Society Nominee Directors will reduce from seven to six, which number of Society Nominee Directors will also apply each subsequent year thereafter.

It is the intention that the Society would continue to nominate a Society Nominee as Chairman of the Board until no later than 30 June 2020.

Up to eight of the Directors on the Board will be made up of Executives and Independent (of the Society) Non-Executive Directors. The parties will co-operate to ensure (as far as practicable) that the Independent Non-Executive Directors will be appointed on the recommendation of the Nomination and Governance Committee. If the number of non-Society Nominee Directors on the Board changes, the number of Society Nominee Directors set out above will change pro rata.

Where a reduction is required to take effect in the number of Society Nominee Directors in respect of a particular year it shall take effect on the earlier of the conclusion of the first board meeting of the Society immediately following the AGM of the Society which takes place in that year or 30 June (or such earlier date as the Society shall agree with Glanbia plc) in that year. Further, if the Society's shareholding in the Company falls below 28% of the issued share capital, discussions will take place regarding a further reduction in the size of the Society's representation on the Board.

Nomination and Governance Committee key activities

The principal activities undertaken by the Committee in 2017 were as follows:

Board changes

There were a number changes to the composition of the Board during the year which are discussed on page 77. The Nomination and Governance Committee did not use either an external search consultancy or open advertising for these appointments as the Directors were nominated by the Society. A description of our Diversity Policy with respect to the appointment of Directors is contained on page 59.

Committee changes and governance

On 9 August 2017, the Group Chairman and Vice-Chairmen retired as Committee members ensuring that the membership of the Audit, Nomination and Governance and Remuneration Committees comprise only Independent (of the Society) Non-Executive Directors.

Strategy Review Committee

The Nomination and Governance Committee continues to work with the Board to enhance the corporate governance processes. As part of our commitment to continuous improvement the Board established a Strategy Review Committee in 2017.

The Strategy Review Committee was formed to harness the experience of individual directors to facilitate deeper dives and focus on selected items of a strategic nature where appropriate.

The Strategy Review Committee is comprised of the Group Chairman and two Vice-Chairmen, four Independent (of the Society) Non-Executive Directors, the Group Managing Director, the Group Finance Director, the Group Head of Corporate Development and other Executive Directors and senior business leaders as needed. The Senior Independent Director is the Chairman of the Strategy Review Committee and reports to the Board after each meeting.

Disclosure Committee

The Disclosure Committee remains in place and continues to oversee the timely and accurate disclosure of all information required to be so disclosed by the Group to meet the legal and regulatory obligations required by its Stock Exchange listings and continues to assist in the design, implementation and periodic evaluation of disclosure controls and procedures.

Succession Planning

In addition to leading the process for Board appointments and making recommendations to the Board in relation to new appointments, the Committee also contributes towards the development of the Board and the Senior Leadership team taking into account the Group's strategy and the opportunities and challenges facing the Group.

Following a comprehensive executive succession and talent management update received from the Group Managing Director and Group Human Resources and Corporate Affairs Director, the Committee continued to keep the robustness of succession planning arrangements for the Group Operating Executive and Senior Leadership team under review.

Glanbia's culture, articulated through our purpose, vision and values, is a major factor in our ongoing development. Continuing to embed a positive culture across the Group will ensure the delivery of long term success for our stakeholders. The Nomination and Governance Committee has a key role to play in this process by ensuring that our succession planning and appointment process identifies candidates who are exemplars of our purpose, vision and values. The Committee promotes these values in all our Directors and Senior Leaders through induction and training programmes, and through the annual performance evaluation process.

Relationship Agreement

The Company and the Society have entered into a Relationship Agreement in accordance with the Irish Stock Exchange Listing Rules and the Listing Rules applicable to premium listed companies in the UK. The Relationship Agreement reiterated the commitment of both parties to reduce the size of the Board. The Relationship Agreement (originally signed in 2014) was amended and restated in 2015 and again in 2017 to reflect the agreement between the Company and the Society to further reduce the Society's representation on the Board, details of which are set out on page 78.

Regular matters

A number of regular matters were considered by the Committee in accordance with its terms of reference, details of which are set out below:

Review of Non-Executive Directors' independence in accordance with the guidance in the Irish Corporate Governance Annex and the UK Corporate Governance Code (2016) (the 'Codes')

The Board evaluation and review process considered the independence of each of the Non-Executive Directors, taking into account their integrity, their objectivity and their contribution to the Board and its Committees.

The Board is of the view that the following behaviours are essential for a Non-Executive Director to be considered independent:

- Provides an objective, robust and consistent challenge to the assumptions, beliefs and views of Senior Management and the other Directors;
- Questions intelligently, debates constructively and challenges rigorously and dispassionately;
- Acts at all times in the best interests of the Company and its shareholders; and
- Has a detailed and extensive knowledge of the Company and the Group's business and of the market as a whole which provides a solid background with which they can consider the strategy of the Company and the Group objectively and help the Executive Directors develop proposals on strategy.

The Board and Committee believe that all Non-Executive Directors demonstrated the essential characteristics of independence and brought independent challenge and deliberations to the Board.

The reviews took into consideration the fact that Paul Haran has served on the Board for more than 12 years (eight and a half years of which coincide with the Group Managing Director's tenure, the longest coterminous period with a current Executive Director) and that 10 of the Non-Executive Directors are nominated by the Society, both of which the Codes state could be relevant to the determination of a Non-Executive Director's independence. However, the Codes also make it clear that a director may be considered independent notwithstanding the presence of one or more of these factors. This reflects the Board's view that independence is determined by the Director's character as set out above. The Committee concluded that both Paul Haran and the Society Nominee Directors continue to demonstrate the essential characteristics of independence and brought independent challenge and deliberations to the Board through their character and objectivity; however notwithstanding this, the Society Nominee Directors are not being designated as Independent Directors for the purpose only of Listing Rule 6.2.2 A of the ISE/ Listing Rule 9.2.2 AD of the UKLA. Paul Haran was considered to be independent. This conclusion was presented to and agreed by the Board.

The Board concluded that Paul Haran should remain on the Board as he continues to make a vital contribution to the Board through his input into Board decisions and his leadership of the Nomination and Governance Committee. This decision was again subject to a rigorous review in line with the Company's policy on the appointment of Independent (of the Society) Non-Executive Directors adopted in 2014. The above views were supported by both the external Board evaluation in 2016 and the internal Board evaluation in 2017.

Re-election of Directors

The Committee continues to be of the view that, in line with best practice, all Directors should be re-elected to the Board at the Company's AGM. All Directors who sought re-election at the 2017 AGM were re-elected.

All Directors are seeking re-election at the 2018 AGM with the exception of Michael Keane who has indicated his intention to retire at the conclusion of the 2018 AGM. The Committee is satisfied that the backgrounds, skills, experience and knowledge of the Company and the Group of the continuing Directors collectively enables the Board and its Committees to discharge their respective duties and responsibilities effectively. This was supported by the formal external performance evaluation of the Board conducted in 2016 and the internal evaluation conducted in 2017.

Additionally in 2018 (as in 2017), Patrick Coveney, Donard Gaynor, Paul Haran and Dan O'Connor will each seek re-election at the 2018 AGM by separate resolution of the independent shareholders (i.e. all of the shareholders save the Society and its subsidiary companies). We believe that sufficient biographical and other information on those Directors seeking re-election is provided in this Annual Report and the circular accompanying the Notice of the 2018 AGM to be published to enable shareholders to make an informed decision.

Review of the time required from a Non-Executive Director

The Committee assessed the time dedicated to the Company and the Group by each Non-Executive Director. This review also considered the extent of the Non-Executive Directors' other interests to ensure that the effectiveness of the Board is not compromised by such interests. The Board and Committee are satisfied that the Group Chairman and each of the Non-Executive Directors commit sufficient time to the fulfilment of their duties. The Group Chairman farms at Kilmainhamwood, Kells, Co. Meath, but the Committee and the Board consider that this does not interfere with the discharge of his duties to the Group.

Review of Nomination and Governance Committee performance

The Committee assessed its performance covering its terms of reference, composition, procedures, contribution and effectiveness. As a result of that assessment, the Board and Committee are satisfied that the Committee is functioning effectively and continues to meet its terms of reference.

Remuneration Committee Report

DELIVERING SUPERIOR EARNINGS GROWTH AND SUSTAINABLE VALUE CREATION FOR OUR SHAREHOLDERS

"Our remuneration policy focuses on incentivising the successful implementation of our corporate strategy, consistent with our risk management framework. This policy aims to support and reward the delivery of sustainable, superior earnings growth, return on capital and total shareholder return for our shareholders over the long-term. It does so by attracting, retaining and motivating high-quality and committed people who are critical to the future development and growth of the Group."

Donard Gaynor
Remuneration Committee Chairman

2017 Committee members and meeting attendance

Member	Appointed	Number of full years on the Committee	2017 meeting attendance
D Gaynor	13-May-14	3	6/6
H Corbally[1]	26-Jul-11	6	3/3
P Haran	9-Jun-05	12	6/6
Mn Keane[1]	29-Jun-10	6	3/3
D O'Connor	1-Dec-14	3	6/6
J Murphy[1,2]	2-Jun-17	0	0/0
P Murphy[2]	12-Jun-15	1	3/3

1. H Corbally, Mn Keane and J Murphy retired from the Committee on 9 August 2017.
2. P Murphy retired from the Committee on 2 June 2017 with J Murphy being appointed on the same date.

See page 65 for more information on current Remuneration Committee members.

Key responsibilities of the Committee

Determine and agree with the Board the framework and broad policy for remuneration of the Executive Directors, Non-Executive Directors and other Senior Executives as required.

Oversee remuneration design and target setting to ensure comprehensive linkages between performance and reward and incentivise delivery of Group strategy.

Determine, within the agreed policy, individual total compensation packages for the Executive Directors, Non-Executive Directors, and other Senior Executives as required.

Recommend to the Board any employee share-based incentive schemes and any performance conditions to be used for such schemes.

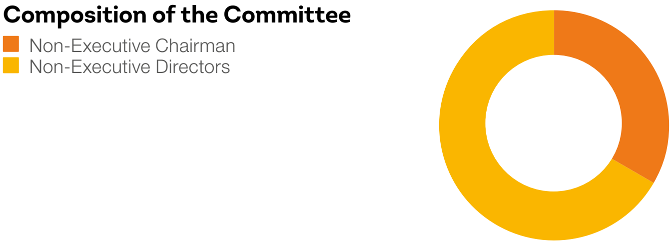
Consider and approve Executive Directors' and other Senior Executives' total compensation arrangements annually.

Determine the achievement of performance conditions for vesting of Annual and Long Term Incentive Plans.

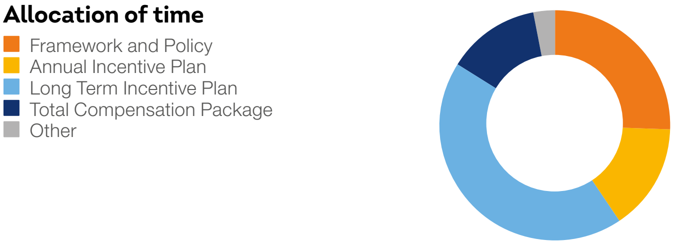
Terms of reference

The full terms of the reference of the Remuneration Committee can be found on the Group's website www.glanbia.com or can be obtained from the Group Secretary.

Composition of the Committee



Allocation of time



Dear shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee Report for year ended 30 December 2017.

Business performance 2017

The Group delivered its eighth year of double-digit earnings growth, with pro-forma adjusted Earnings Per Share (EPS) from continuing operations up 10.2% constant currency for the year. On a reported basis pro-forma adjusted EPS was up 8.3%, reflecting a weakening of the US Dollar versus the Euro during the year. Return on Capital Employed (ROCE) was 13.4% for 2017. The Balance Sheet was also further strengthened. Net debt was reduced by €69.8 million and the net debt to Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) ratio is now 1.07 times. Pro-forma operating cash flow was €185.0 million for the year.

Strategically, 2017 was a pivotal year for the Group with the disposal in July 2017 of 60% of Dairy Ireland to Glanbia Co-operative Society Limited (the 'Society'), in turn creating a new Joint Venture business – Glanbia Ireland, which now encompasses Glanbia Ingredients Ireland, Consumer Foods Ireland and Agribusiness – which is 40% owned by Glanbia plc. The Group is now focused on its two main growth platforms: Glanbia Nutritionals and Glanbia Performance Nutrition, and a clear strategy is in place to further develop the Group as an international nutrition player. In the three-year performance period of the 2015 share award, 2015 to 2017, performance delivery was evaluated as if the Dairy Ireland segment has continued as part of the Group (as 30 of the 36 month performance period had elapsed at date of disposal). This saw adjusted EPS compound annual growth rate (CAGR) on a reported basis grow by 13.54%, exceeding the maximum target of 12% growth, and average ROCE of 13.10% for the period. During 2017 the Remuneration Committee completed a Remuneration Policy review to ensure that delivery of an ambitious Group strategy is appropriately incentivised while maintaining focus on strong financial discipline. Details of that review and implications for the 2018-2020 Remuneration Policy are set out below.

Remuneration in respect of 2017

Annual Incentive

The proposed 2017 Annual Incentive reflects the satisfactory business performance during the year and the Remuneration Committee considers that the 2017 Annual Incentive fairly recognises the performance of the Executive Directors. The 2017 Annual Incentive is based on a combination of business (80% weighting) and personal (20% weighting) objectives. See page 93 and 94 for 2017 performance conditions.

2008 Long Term Incentive Plan (LTIP)

Similarly, the Committee believes the percentage levels of the 2015 share award to vest will reflect a sustained delivery over the three-year performance period, 2015 to 2017 inclusive. Under the 2008 Long Term Incentive Plan (2008 LTIP) the 2015 share award is the first share award which incorporates business segment as well as Group performance conditions for relevant Executive Directors. See page 95 to 97 for 2017 Group and business segment performance conditions.

Under the 2008 LTIP, the 2015 share award granted to Executive Directors will vest no earlier than 18 May 2018, the third anniversary of their grant. The final vesting of the 2015 share award will be subject to a post vesting holding period of two years and will be subject to malus and clawback provisions during the holding period to the extent deemed appropriate by the Remuneration Committee in line with the rule amendments approved by shareholders at the 2015 Annual General Meeting (AGM). The Remuneration Committee considers that the 2015 share award expected to vest fairly recognises the performance of the Executive Directors over the three-year period.

Details of both the 2017 Annual Incentive and 2015 share award for Executive Directors are included on pages 93 to 97.

Remuneration Policy

The Group's Remuneration Policy promotes performance, while sustaining the underlying strong financial health of the business. Emphasising the global nature of the Group, the Remuneration Policy aims to ensure sound decision making for growth and success, with clear linkage of Executive Director remuneration to Group performance, benefiting all its stakeholders.

As I highlighted in last year's Remuneration Committee Report, the Group's current 2015-2017 Remuneration Policy was last reviewed in 2014. As part of the three-year cycle, a review of the Remuneration Policy was conducted in 2017 and a new policy will be put to shareholders for consideration, in respect of the 2018-2020 period, at the 2018 AGM. As part of this Remuneration Policy review, the Remuneration Committee reviewed the existing policy and the application of the short and long term incentive plans to Senior Executives below the Board. This review was discussed by the Committee and supported, as appropriate, by its outside advisers and Board during 2017 to ensure that the policy and remuneration programmes continue to appropriately reward business performance and maintain the underlying strong financial health of the business. Full details of 2018-2020 Remuneration Policy are on pages 85 to 90.

Outcome of the Remuneration Policy review

Overall the Committee found that the 2015-2017 Remuneration Policy remains appropriate in respect of base salary, benefits, annual incentive and LTIP (i.e. quantum and structure) at Executive Director levels and therefore should be retained with no major changes in the policy framework.

As part of the review process, a key input of the review process was the feedback and engagement from key shareholders, representing 51.2% of the total shareholding, as well as key proxy advisers. Our proposal is to continue the existing remuneration framework in the 2018-2020 Remuneration Policy, whilst implementing an increased weighting and focus on ROCE in the long term incentive plan, was well received during the consultation process. During the engagement process we received some suggestions to provide enhanced disclosure around personal objectives in the Remuneration Committee Report which the Committee has incorporated into our 2017 Report. Some shareholders also raised the practice of adjusting ROCE and EPS to neutralise the effect of acquisitions and disposals which were not planned for at the time of the grant of share awards and therefore not in the original targets. Having considered that feedback, it is the intention of the Board that in implementing future LTIP share awards, any calibration of performance targets set at the outset of the three-year performance period will not be amended under normal circumstances for a subsequent acquisition or disposal.

Remuneration Committee Report continued

In addition, since the integration of the Dairy Ireland businesses to the Glanbia Ireland Joint Venture, which completed in July 2017, the Group's revenues, EBITA and adjusted EPS are now, in all cases, over 80% US Dollar generated, albeit the Group reports in Euro. The Annual Incentive is already evaluated on a constant currency basis. In this context, to ensure the LTIP more accurately reflects underlying earnings performance by Executive Directors and senior management, the Remuneration Committee is considering whether the LTIP EPS performance condition should be evaluated on a constant currency basis rather than on a reported basis. This would remove a distortionary effect of currency volatility and more directly link reward to actual performance. The Committee is consulting shareholders and will make a final decision on this issue, as an implementation matter, in the coming weeks and will disclose the outcome in the 2018 AGM Circular.

The Committee is satisfied based on the business strategy, the policy review findings and feedback from our key shareholders, that the proposed 2018-2020 Remuneration Policy is appropriate both for the market context within which the Group operates and allows the Group to continue to attract, retain and motivate a highly effective management team who contribute significantly towards achieving the Group's growth ambition.

Remuneration in respect of 2018

Executive Director base salary and benefits (2017-2018)

As part of the Remuneration Policy review process, the Remuneration Committee undertook a detailed benchmarking exercise of total pay for the Executive Directors. The review clearly showed that for a number of our executive roles, given the growth of the Group, as well as their performance and significantly increased scope of the roles and responsibilities, the Group had fallen below the mid-level of the market and for the Group Managing Director in some cases below the market lower quartile. In the context of this market data, the expansion of the roles, high performance of the team and criticality of the executive team for continued business growth the Remuneration Committee recommended that base salaries be increased over 2017 and 2018 to reflect a fairer compensation for these roles. The recommendations increased the base salaries of the Group Managing Director, Group Finance Director and CEO Glanbia Nutritionals by 6% to €811,000, €477,000 and €421,700 respectively, effective 1 January 2017. The base salary of the CEO Glanbia Performance Nutrition was reviewed during 2016 in the context of his relocation to Ireland, resulting in a base salary of €500,000 effective 1 January 2017.

Further, the Committee has also confirmed 6% base salary increases for the Group Managing Director, Group Finance Director and CEO Glanbia Nutritionals and a 2.5% increase for the CEO Glanbia Performance Nutrition, all effective 1 January 2018. Together with the actions taken in 2017, this brings the base salaries of our Executive Directors to a level that the Committee deem appropriate for the scope of the roles and responsibilities and is reasonably competitive versus the market. Other salaries across the Group will also increase to varying degrees in response to role adjustments, however average salaries will adjust for inflation by 2.5%-3.5% during 2018 depending on geographic location.

Non-Executive Director remuneration 2018

Non-Executive Director fees had not been changed since 2014. The fees are reviewed in conjunction with the triennial Remuneration Policy review having regard to the Company's size, structure and complexity; fees paid to Non-Executive Directors of a range of companies in the principal markets where we operate; and the steps taken by the Company to improve overall governance in light of structural changes and the contribution of Non-Executive Directors to such efforts. As a result, fees were increased by €15,000 for Independent Non-Executive Directors and by €7,500 for the Society Nominated Non-Executive Directors. These proposed changes are effective from 1 January 2018. The current fees paid to Non-Executive Directors for 2017 and proposed for 2018 are outlined on page 89.

2018 Long Term Incentive Plan

In line with best practice, the Glanbia 2008 Long Term Incentive Plan has a ten year life and will expire on 4 March 2018. A new long term incentive plan containing rules mostly similar to the 2008 plan will be put to shareholders for approval at the 2018 AGM.

We have taken the opportunity in presenting the new LTIP to review the existing plan rules and have updated the new rules where necessary to reflect current market practice and guidance and to enhance its retention impact below Board level. The rules are essentially the same as the existing 2008 LTIP rules which were updated regularly over its ten year cycle. The long term incentive is a critical part of the total remuneration framework in that it enables us to deliver shares awarded under the plan to the Executives who have earned those rewards. It also aligns the senior team below the Board with the interests of shareholders, focusing senior management on long-term value delivery. It is also a critical retention part of our total remuneration package. A summary of the rules of the new 2018 LTIP will be set out in detail in the Circular accompanying the Notice of the 2018 AGM.

Voting

At our AGM on 25 April 2018 we will be asking shareholders to vote on three resolutions relating to remuneration:

- Directors' Remuneration Report 2017 – this non-binding resolution is a voluntary advisory vote for our shareholders to confirm their support for the implementation of the Remuneration Policy – in particular section B of this report, 'Directors Remuneration Implementation Report';
- Remuneration Policy for 2018-2020 – this non-binding resolution is a voluntary advisory vote for our shareholders to confirm their support to the Remuneration Policy proposed for 2018-2020 – section A of this report; and
- 2018 LTIP – (binding vote) – this is a binding resolution on the establishment by the Company of a new 2018 Long Term Incentive Plan.

I would like again to thank the shareholders and other stakeholders who took part in the consultation process on our Remuneration Policy and we encourage all our shareholders to support the resolutions at the forthcoming AGM.

Donard Gaynor
Remuneration Committee Chairman

Governance of the Remuneration Committee during 2017

Governance

The Remuneration Committee comprises three Non-Executive Directors, of whom three members constitute a quorum.

Remuneration Best Practices

The Remuneration Committee complies with all relevant reporting and legislative requirements applicable to an Irish incorporated company with a primary listing on the Irish Stock Exchange. With a secondary listing on the London Stock Exchange, the Remuneration Committee has also resolved on a voluntary basis to align, to the extent possible under Irish law, the Company's Remuneration Policy with UK remuneration best practices. Additionally, the Remuneration Committee is giving increasing regard to remuneration practices in the major overseas countries in which the Group operates which are relevant in attracting, retaining and motivating senior talent in relevant markets, particularly below Board.

The Remuneration Committee receives independent external advice on executive remuneration from Willis Towers Watson who were first appointed as Remuneration Advisers in 2011 and were re-appointed following a competitive selection process in 2016. Willis Towers Watson provide advice to the Remuneration Committee which enables robust and sound decision making. Willis Towers Watson fees for advising the Remuneration Committee during 2017 were €468,556. Willis Towers Watson received additional fees in 2017 for the provision of pension related and other services.

The Remuneration Committee continues to actively listen and incorporate, as far as possible, the views of the shareholders when determining the Remuneration Policy and making remuneration decisions. This was an important part of the Remuneration Policy review during 2017 and the feedback from shareholders was presented to the Remuneration Committee with many changes to the Remuneration Report disclosures made as a result of such feedback. Additionally the Remuneration Committee, through the advice of the independent Remuneration Advisers, monitors and incorporates, as appropriate, best practice developments for remuneration policies.

Remuneration Committee Governance

The three Society Nominated Non-Executive Directors retired from the Remuneration Committee in August 2017. Consequently, the Remuneration Committee which was previously comprised of six Non-Executive Directors, is now comprised of three Independent (of the Society) Non-Executive Directors.

The Group Managing Director and the Group Human Resources & Corporate Affairs Director attend Committee meetings by invitation only. They absent themselves when their remuneration is discussed and no Director is involved in considering his/her own remuneration. The Group Secretary acts as secretary to the Remuneration Committee.

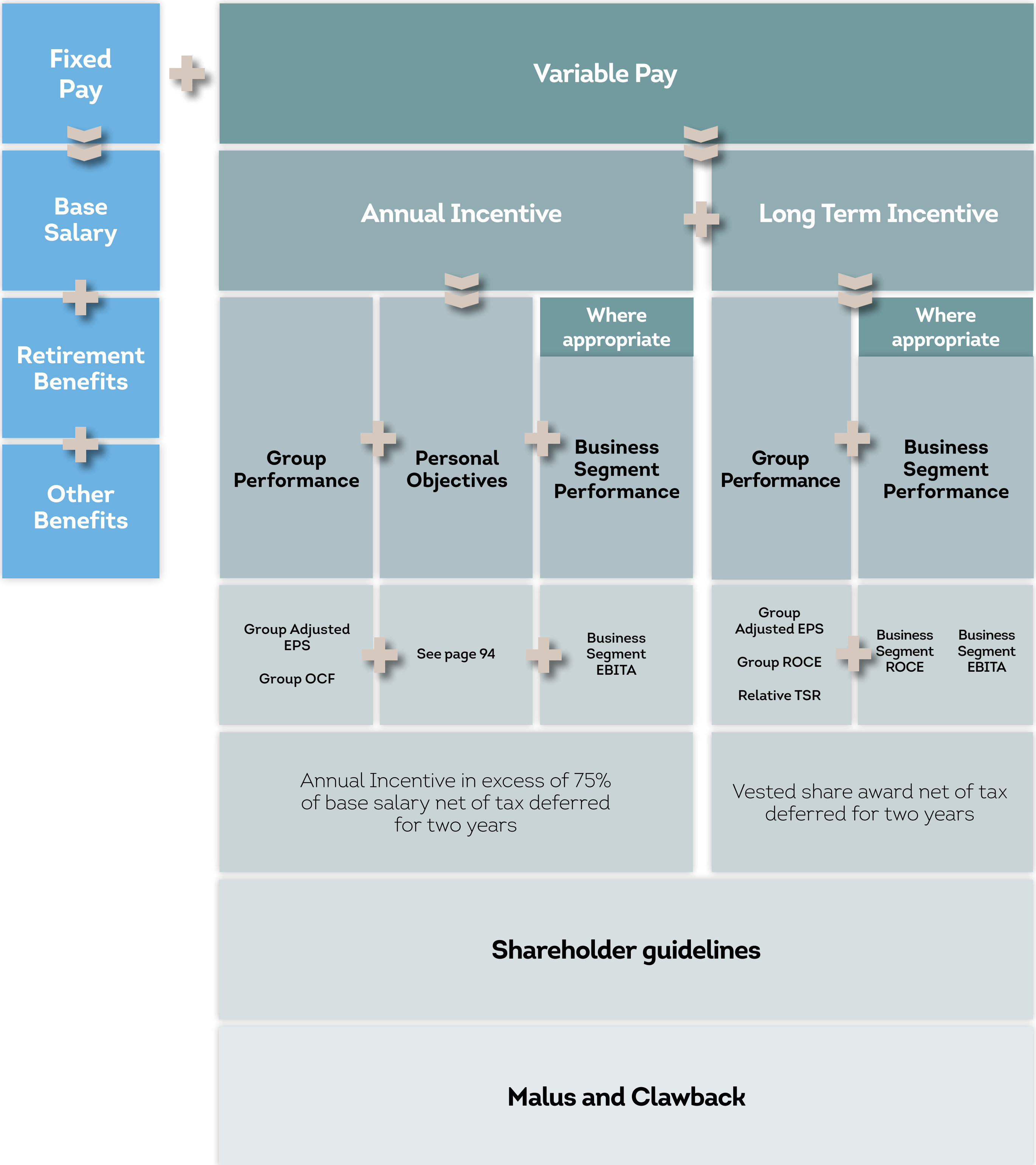
Remuneration Committee Key Activities

- 2016 Annual Incentive scheme – reviewed the outcomes of Group and personal performance conditions for the Group Operating Executive and the Business Unit CEOs and approved the payment of such Annual Incentives including the level of deferral into shares. Considered Group Operating Executive performance in the context of overall Group performance and market environment.
- 2014 share award – reviewed and approved the vesting level for share awards granted in 2014 under the 2008 LTIP.
- 2017 Annual Incentive scheme – reviewed and approved the Group and personal performance conditions and targets for the Group Operating Executive and the Business Unit CEOs.
- 2017 share award – reviewed and approved the performance conditions, targets and total value of share awards granted in 2017 under the 2008 LTIP Scheme.
- Personal Objectives – reviewed progress against personal objectives for Executive Directors and Senior Executives on an ongoing basis throughout the year.
- Remuneration Policy for 2018-2020 – conducted a review of the Remuneration Policy including a comprehensive consultation process with key shareholders. Recommended the 2018-2020 policy for adoption by the Board.
- 2017 Remuneration Report – reflected the feedback from shareholders on improving Remuneration Report clarity and transparency which was received through the Remuneration Policy consultation process.

Remuneration Committee Report continued

Governance of the Remuneration Committee during 2017 continued

2017 Executive remuneration at Glanbia



Section A: Directors' Remuneration Policy 2018-2020

The 2018-2020 Remuneration Policy will apply to the four current Executive Directors and is subject to non-binding approval as a voluntary advisory vote at the Group's AGM in April 2018. No material changes are proposed in the 2018-2020 Remuneration Policy. The previous 2015-2017 Remuneration Policy received 97.6% shareholder approval at the 2015 AGM.

Remuneration strategy, policy and purpose

The Group's Remuneration Policy is based on attracting, retaining and motivating executives to ensure that they perform in the best interests of the Group and its shareholders by growing and developing the business over the long-term. Performance related elements of remuneration are designed to form an appropriate portion of the overall remuneration package of Executive Directors and link remuneration to Group performance and individual performance, while aligning the interests of Executive Directors with those of shareholders.

Our Remuneration Policy focuses on incentivising the successful implementation of our corporate strategy, consistent with our risk management framework. This strategy aims to deliver sustainable, superior earnings growth, solid financial stewardship and total shareholder return (TSR) performance for our shareholders over the long-term through the strong performance of high-quality and committed leadership who are critical to the future development of the Group.

We seek to:
- Create a consistent global approach to remuneration for all senior executives, by applying our strategy and policy as appropriate having regard to the markets where we compete for superior talent;
- Provide a competitive benefits package; and
- Provide an appropriate balance between fixed and variable remuneration, the payment of which is linked to the achievement of stretching Group and individual performance measures.

The Group Key Performance Indicators (KPIs), which are detailed on pages 18 and 19, underpin the selection of performance criteria used within the incentive arrangements. We have provided specifics in summary form on the individual elements of the remuneration packages for Executive Directors including personal objectives on the following pages.

Individual elements of the remuneration for Executive Directors

The Remuneration Committee has proposed, and the Board has agreed, that there are no significant changes to the policy that has operated from 2015-2017 for the three years commencing 2018.
The following table details the proposed 2018-2020 Remuneration Policy for the Executive Directors. The Remuneration Policy is subject to shareholder non-binding approval at the April 2018 AGM.

Description	Objective	Description and maximum value	Performance measures
Base salary (fixed)			
Annual fixed pay.	Provide competitive base pay which reflects market value of role, job size, responsibility and individual skills and experience.	Set by reference to the relevant market median of Europe and US based on an external independent evaluation of the role against appropriate peer companies. Reviewed annually by the Remuneration Committee. Any reviews, unless reflecting a change in role, usually take effect from the commencement of the relevant financial year.	Individual performance, with targets and assessment determined annually.
Short Term Performance Related Incentive (variable)			
Annual Incentive payment only earned if agreed target performance is achieved.	Incentivise Executive Directors to achieve specific performance goals which are linked to the Group's business plans and personal performance objectives during a one-year period. Ensure greater linkage of remuneration to performance. Ensure greater linkage to long-term sustainability and alignment to Group Risk Management Policy. Alignment with shareholders and/or share value growth.	The Annual Incentive scheme rewards achievement of specific short-term annual performance metrics. Group Executive Directors can earn 75% of base salary at target performance and up to 150% for maximum performance. The proportion of the Annual Incentive earned in excess of 75% of base salary is deferred and once the appropriate taxation and social security deductions have been made, invested in shares in the Company and delivered to the Executive Directors two years following this investment. Deferred incentives are subject to malus and clawback (for a period of two years following this investment) to the extent determined by the Remuneration Committee as outlined in Note 1 on page 87.	Based on growth in annual Group adjusted EPS on a constant currency basis, Group Operating Cash flow, business segment EBITA (where appropriate) and individual performance objectives. All performance metrics and calibration of targets are determined by the Remuneration Committee annually.

Remuneration Committee Report continued

Section A: Directors' Remuneration Policy 2018-2020 continued

Description	Objective	Description and maximum value	Performance measures
Long Term Performance Related Incentive (variable)			
Long Term Incentive Plan under which shares are granted in the form of a provisional allocation of shares for which no exercise price is payable	To align the interests of Executive Directors and shareholders through a long-term share-based incentive linked to share ownership and holding requirements. To focus on greater alignment with shareholders, long-term retention and reward for sustainable performance.	Long Term Incentive individual annual share award level of a maximum of 250% of base salary. The level of share award is dependent on the level of job responsibilities and with reference to companies of similar size and complexity in Europe and US. For all performance metrics, 25% vests at threshold performance and 100% vests at maximum with straight line vesting in between these levels. The extent of vesting shall be dependent on the level of achievement of the relevant performance conditions which may include the Group's adjusted EPS, Group ROCE and relative TSR performance conditions as appropriate, and in addition where relevant, business segment EBITA and ROCE. The Remuneration Committee has the discretion to change the performance criteria (including the measures, their weighting and calibration) where deemed appropriate. Any changes to these performance conditions will be disclosed in the Remuneration Committee Report which will be subject to a general shareholder non-binding advisory vote. A share award shall not vest unless the Remuneration Committee is satisfied that the Group's underlying financial performance has shown a sustained improvement in the period since the date of grant. LTIP share awards granted from 2015 will be subject to malus and clawback (for a two-year holding period following vesting), to the extent determined by the Remuneration Committee as outlined in Note 1 on page 87. Executive Directors will be required to hold shares received pursuant to the vesting of LTIP share awards for a minimum period of two years post vesting.	For the Group Managing Director, the award level will be a maximum of 250%. For all other Executive Directors, the award level will be a maximum of 200%. The Remuneration Committee annually reviews and determines the financial metrics. In 2017, the Committee increased the weighting for ROCE and reduced the weighting for EPS. It is intended that these will be the weighting metrics to be applied for the 2018 share awards. The 2018 share award is to be determined by reference to three performance metrics for the Group Managing Director and Group Finance Director: • 40% based on Group adjusted EPS; • 40% based on Group ROCE; and • 20% based on relative TSR against the STOXX Europe 600 Food and Beverage Index. For business segment Executive Directors, the weighting of the 2018 share award is to be: • 30% based on Group adjusted EPS; • 25% based on Group ROCE; • 15% based on relative TSR against the STOXX Europe 600 Food and Beverage Index; • 20% based on business segment EBITA and; • 10% based on business segment ROCE. Performance is measured over a three-year period. Straight line pro-rata vesting between threshold and maximum for each of the performance conditions. Calibration details for business segment EBITA and business segment ROCE are considered to be commercially sensitive, but will include significant stretch and targets will be based on a mix of market and budget expectations. Quality of earnings review/underpin will continue to be exercised at the discretion of the Remuneration Committee.
Pension (fixed)			
Retirement Benefit.	Provide competitive, affordable and sustainable retirement benefits.	Determined as a percentage of base salary.	

Description	Objective	Description and maximum value	Performance measures
Other Benefits (fixed)			
Car or equivalent payment, benefit in lieu of personal future service pension benefit, suitable medical insurance, tax equalisation payments, relocation expenses/payments (if applicable) and overseas allowance where appropriate.	Provide competitive benefits which recognise market value of role, job size and responsibility.	Determined in consideration of the level of responsibilities and local market practice.	
Shareholding Requirement			
Minimum share ownership requirements to be built up over a five-year period.	Ensure a greater alignment with shareholders' interests.	The Group Managing Director is required to build and maintain a shareholding of 250% of base salary over a maximum of five years. Other Executive Directors are required to build up and maintain a shareholding of 150% of base salary over a maximum of five years. Executive Directors are expected to build a shareholding through the vesting of shares under the Group's schemes. Existing shareholdings and shares acquired in the market are also taken into account, and although share ownership guidelines are not contractually binding, the Remuneration Committee retains the discretion to withhold future grants under the 2018 LTIP if Executive Directors do not comply with the guidelines.	

Note 1: Malus and clawback – The Committee may, at any time within two years of an LTIP share award or Annual Deferred Incentive vesting, determine that malus and clawback shall apply if the Committee determines that there was a material misstatement of the financial statements of the Company upon which the performance targets were assessed or an erroneous calculation was made in assessing the extent to which performance targets were met. Additionally, the Committee can determine at any time within two years of an LTIP share award or Annual Deferred Incentive vesting that malus and clawback will apply if an award holder is found guilty, or pleads guilty, to a crime which causes reputational damage; or an award holder is guilty of serious misconduct or gross negligence which causes loss or reputational damage.

Remuneration Committee Report continued

Section A: Directors' Remuneration Policy 2018-2020 continued

Elements of remuneration across the Group

The Group's remuneration principles and policy underpin remuneration practice across the Group. Below the level of the Executive Directors, similar principles, and policy framework as outlined in the preceding pages, cascade as far as possible, taking account of seniority and local market practice.

Following the Remuneration Policy review in 2017, and given the geographic diversity of our markets and need for talent it was determined that in order to retain and recruit exceptional key employees, the LTIP would need to be refined for participants other than Executive Directors through the following measures:

- Introduction of a formal restricted stock programme through re-allocating part of the annual LTIP share award (i.e. not increasing the overall annual quantum). Restricted stock is based on service and individual performance over the performance period. This proportion of restricted stock is not available to any Executive Directors. Given the international breadth of the business, the share award of restricted stock aligns with local market practice and is appropriate to allow the Group to attract and retain talent.
- Re-balance of Group and business unit metrics.
- Closer consideration of job responsibilities when granting LTIP share awards.

Description	Objective	Details
Annual Incentive	Focus on business responsibilities for individuals and ensure an appropriate deferral percentage based on position and role.	The Annual Incentive potential is based on appropriate and specific Business Unit measures, as determined by the Remuneration Committee. For designated senior executives, deferral of the proportion of the Annual Incentive earned in excess of 50% of base salary which, once the appropriate taxation and social security deductions have been made, will be invested in shares in the Company and delivered two years following this investment.
Long Term Incentive	Ability to offer increased level of share awards in markets where there are high levels of long-term incentives. Ensure line of sight to Business Unit metrics.	In addition to key Group financial metrics and TSR, the Long Term Incentive level is focused on appropriate and specific Business Unit measures, as determined by the Remuneration Committee, with a greater emphasis on business unit conditions. Formal restricted stock program, conditional on service and individual performance over the performance period. LTIP share awards granted from 2015 onwards are subject to malus and clawback provisions during the holding period to the extent determined by the Remuneration Committee as outlined in Note 1 on page 87. The holding period for participants below the Group Operating Executive is one year.

Elements of remuneration for Non-Executive Directors

The remuneration for the Group Chairman and Non-Executive Directors was considered during the Remuneration Policy review in 2017. The findings and conclusion from the review were that, to reflect the demands of the Board and Committee roles undertaken by the different members of the Board, the fee for each of the four Independent (of the Society) Non-Executive Directors would be increased by €15,000 effective from 1 January 2018. The fee for the Society Nominated Non-Executive Directors would be increased by €7,500 effective from 1 January 2018.

The Remuneration Policy for the Group Chairman and Non-Executive Directors is summarised below:

Element	Description	Objective	Details
Fees	Annual fees.	Recognise market value of role, job size, responsibility and reflects individual skills and experience.	Set by reference to the relevant market median based on an external independent evaluation of comparator companies of a similar scale and complexity. Reflects a fee for the role of Non-Executive Director and additional fees reflecting responsibilities for chairmanship of a committee of the Board. Reviewed from time to time by the Remuneration Committee and the Board. Any reviews usually take effect from 1 January in the relevant year.
Benefits and expenses	No additional benefits are provided other than direct expenses relating to the role.	Reimburse role based expenses incurred during performance of the duties of the role.	Such expenses may include travel in the course of the role for the Group.

Non-Executive Director fees

Role	2018 €	2017 €
Group Chairman	**112,500**	105,000
Vice-Chairmen	**60,000**	52,500
Senior Independent Director	**95,000**	80,000
Audit Committee Chairman	**95,000**	80,000
Remuneration Committee Chairman	**95,000**	80,000
Non-Executive Director	**85,000**	70,000
Society Nominated Non-Executive Director	**42,500**	35,000

The Non-Executive Directors do not have service contracts, but have letters of appointment detailing the basis of their appointment. The terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM of the Company.

The Non-Executive Directors do not have periods of notice and the Group has no obligation to pay compensation when their appointment terminates in accordance with their letters of appointment. They are subject to annual re-election at the AGM of the Company.

Recruitment policy

When recruiting new Executive Directors, the Group's policy is to pay what is necessary to attract individuals with the skills and experience appropriate to the role to be filled, taking into account remuneration across the Group, including other senior executives, and that offered by other international food and nutritional companies and other companies of similar size and complexity. New Executive Directors will generally be appointed on remuneration packages with the same structure and pay elements as described in the table on pages 85 to 87. Each element of remuneration to be included in the package offered to a new Executive Director would be considered.

On appointment to the Board for either an external or internal candidate:

- **Base salary** – base salary levels will be set in consideration of the skills, experience and expected contribution to the new role, the current salaries of other Executive Directors in the Group and current market levels for the role;
- **Pension** – will be considered in light of the retirement arrangements which are in place for the other Executive Directors with a contribution level considered by the Remuneration Committee to be appropriate in light of the new recruit's package as a whole, market practice at the time and internal equities;
- **Other benefits** – will be considered in light of the provisions in place for the other Executive Directors;
- **Variable Pay** – the maximum level of variable remuneration which may be granted to a new recruit is 400% (i.e. 150% maximum Annual Incentive plus 250% maximum LTIP share award) excluding any buyout share awards that might arise.
  - **Annual Incentive** – the Remuneration Committee will consider whether it is appropriate for the new recruit to participate in the same Annual Incentive plan applicable to the current Executive Directors. If this is considered appropriate, the same financial measures, weighting, payout scale and target and maximum incentive opportunity (as a percentage of base salary) which apply to the existing Executive Directors will generally apply to the new recruit; and
  - **Long Term Incentives** – the award of long-term incentives will depend on the timing of the appointment and where this fits into the typical annual grant cycles;

For exceptional senior external appointments, the Remuneration Committee reserves the right to offer additional cash and/or share-based payments on recruitment, when it considers this to be in the best interests of the Group and its shareholders. Such payments may take into account remuneration relinquished when leaving the former employer and would reflect the nature, time horizons and performance requirements attached to that remuneration. The Remuneration Committee may also grant share awards on hiring an external candidate to buy out awards which will be forfeited on leaving the previous employer.

The Remuneration Committee's approach to this matter is to carry out a detailed review of the awards which the individual will lose and calculate the estimated value of them. In doing so, the Remuneration Committee will consider the vesting period; the award exercise period if applicable, whether the awards are cash or share-based; performance related or not; the former employer's recent performance and pay out levels and any other factors the Remuneration Committee considers appropriate. If a buyout share award is to be made, the structure and level will be carefully designed and will generally reflect and replicate the previous awards as accurately as possible. The award will be made subject to appropriate clawback provisions in the event that the individual resigns or is terminated within a certain time frame.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any ongoing remuneration obligations existing prior to appointment (which are inconsistent with the policy as disclosed herein) may continue, provided they are disclosed to the Remuneration Committee. Although there are no plans to offer additional cash and/or share-based payments on an internal promotion, the Remuneration Committee reserves the right to do so when it considers this to be in the best interests of the Group and its shareholders.

Remuneration Committee Report continued

Section A: Directors' Remuneration Policy 2018-2020 continued

Exit pay policy

Employment contracts for Executive Directors do not provide for any compensation for loss of office beyond payments in lieu of notice and therefore, except as may otherwise be required by Irish law, the amount payable upon termination is limited to a maximum of 12 months remuneration.

In the event an Executive Director leaves for reasons of injury, disability, redundancy or retirement by agreement with the Group, which the Remuneration Committee in its absolute discretion permits, any outstanding share awards issued under the 2018 LTIP will be pro-rated for time and performance and will vest at the end of the period subject to compliance with any separation agreement or protective covenants in force at that time. In the event of death or other exceptional circumstances, the Remuneration Committee has absolute discretion to allow all or part of outstanding share awards to vest.

In addition, in the event of a takeover, merger, scheme of arrangement or other similar event involving a change of control of the Company or a demerger of a substantial part of the Group, or a special dividend, or which has the effect of materially changing the Group's business, or an Executive Director's employment with the Group terminates by reason of a transfer of his/her employment to an entity outside the Group or other similar event that affects the Group's shares to a material extent, share awards under the 2018 LTIP will vest early, subject to normal restrictions on sale and the pro-rating of the share awards to reflect the reduced period of time between the commencement of the performance period and the early vesting. The Remuneration Committee can decide not to apply restrictions on sale or pro-rate a share award if it regards it as inappropriate to do so in the particular circumstances.

In all other circumstances, outstanding share awards under the 2018 LTIP will lapse.

Any outstanding share awards under the 2008 LTIP will vest in accordance with the 2015-2017 Remuneration Policy details of which are contained on page 77 of Glanbia's 2016 Annual Report and Accounts.

Details of Executive Directors' service contracts

The Executive Directors are employed under contracts of employment with the Company (or one of its subsidiary companies). No Executive Director currently has a service contract with a notice period in excess of 12 months or with provisions for pre-determined compensation on termination which exceed 12 months' salary and benefits-in-kind and accordingly there are no service contracts which are required to be made available for inspection.

Policy on external Board appointments

The long-standing policy of allowing Executive Directors to hold external Non-Executive Directorships with the prior approval of the Remuneration Committee will continue. The Remuneration Committee considers that external directorships provide the Group's Executive Directors with valuable experience that is of benefit to Glanbia. The Remuneration Committee believes that it is reasonable for the individual Executive Director to retain any fees received from such appointments given the additional personal responsibility that this entails. During the year ended 30 December 2017, other than Siobhán Talbot's position on the IBEC board, for which she does not receive any fee, the Executive Directors have no external directorships and no other fees earned.

Consideration of employment conditions elsewhere in the Group

The Remuneration Committee considers all employees across the Group when establishing and implementing policy for Executive Directors. Senior and high performing individuals within the organisation are invited to participate in both annual and long-term incentive arrangements. Similar to the Executive Directors, incentives are calibrated to provide appropriate rewards only on the achievement of superior performance. In addition, senior executives below Board level may be eligible to participate in restricted stock awards as part of the annual LTIP grant, as a retention measure.

The Remuneration Committee does not consult directly with employees when formulating Executive Director pay policy. However, it does solicit and take into account information provided by the Group Human Resources function and the independent external advice from Willis Towers Watson, Remuneration Advisers.

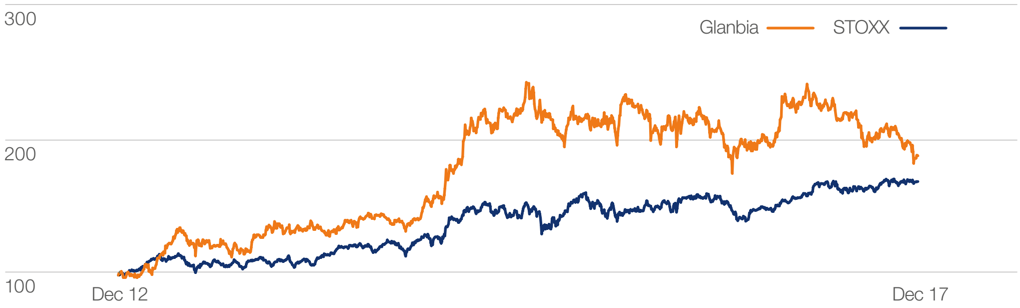
Section B: Directors' Remuneration Implementation Report

This section of the report explains how the Group's Remuneration Policy was implemented during 2017.

Comparison of overall performance and pay

The graph below illustrates the value over the last five years of €100 invested in Glanbia plc compares with that of €100 invested in the STOXX Europe 600 Food and Beverage Index. The return from the hypothetical €100 invested in Glanbia shares over the five years is €188.22. (inclusive of the original investment) versus the Index of €169.23.

TSR



— Glanbia
— STOXX Europe 600 Food and Beverage Index

Executive Directors' remuneration 2017

	Fixed			Variable	
Full Year 2017	Base salary €'000	Pension Contribution[1] €'000	Other Benefits[2] €'000	Annual Incentive (paid in cash)[3] €'000	Annual Incentive (deferred into shares)[4] €'000
Executive Directors					
S Talbot	811	-	267	608	263
M Garvey	477	119	29	358	154
H McGuire	500	-	626[2]	375	119
B Phelan	422	-	141	316	92

1. Mark Garvey participates in the Glanbia defined contribution plan with a contribution in 2017 of €119,250.
2. Other benefits includes taxable payments made to Siobhán Talbot of €214,915 (26.5% of base salary) and €111,750 (26.5% of base salary) to Brian Phelan in lieu of personal future service pension benefit. Both Siobhán Talbot and Brian Phelan are deferred members of the Glanbia defined benefit scheme. Hugh McGuire received a taxable non-pensionable allowance of €125,000 (25% of base salary) in lieu of a pension contribution to the Group defined contribution pension plan following his relocation to Ireland. Other benefits also include car, healthcare, permanent health insurance and life assurance benefits. In the case of Hugh McGuire €456,000 relates to tax equalisation and relocation payments incurred in connection with his relocation to Ireland. On 5 July 2017 Hugh McGuire's 2014 share award of 53,250 shares vested at 81.06% resulting in a vested share award of 43,168 shares. During the vest period, 2014 to 2017 inclusive, Hugh McGuire worked mainly in the US as well as in Ireland, therefore in line with the applicable tax regulations in the two jurisdictions the share awards were subject to US tax on a time apportioned basis in addition to Irish tax and social security on vesting for the entire three-year period. The impact of the Irish and US tax treatment meant a double tax for Hugh McGuire in respect of certain taxes which were not creditable against each other, accordingly the Remuneration Committee agreed to make an equalisation payment to him of €48,189 for the elements which could not be offset against each other. Hugh paid tax at the higher of the US and Irish tax rates. Additionally towards the end of 2016 and into 2017, Hugh incurred certain non-tax exempt relocation costs which were reimbursed by the Company amounting to €407,734 in 2017. As this was a reimbursement, it did not result in any increase in Hugh McGuire's post tax income.
3. This reflects the proportion of the Annual Incentive payable to Executive Directors in respect of performance for the year 2017 (which amount to 75% of base salary), which will be paid through salary in 2018.
4. This reflects the proportion of the gross Annual Incentive (over 75% of base salary) which once the appropriate taxation and social security deductions have been made will be invested in shares in the Company in 2018 and delivered to Executive Directors two years following this investment (2020).

Remuneration Committee Report continued

Section B: Directors' Remuneration Implementation Report continued

Executive Directors' remuneration 2016

	Fixed			Variable	
Full Year 2016	Base salary €'000	Pension Contribution €'000	Other Benefits €'000	Annual Incentive (paid in cash) €'000	Annual Incentive (deferred into shares) €'000
Executive Directors					
S Talbot	761	–	229	574	465
M Garvey	438	99	21	338	278
H McGuire	494	74	353	370	285
B Phelan	396	–	121	298	165

Details of Directors' 2008 LTIP share awards granted in 2015 expected to vest in respect of performance to 30 December 2017 are set out on page 97. Further explanatory notes relating to each remuneration element follow.

Base salary (fixed) 2017

The Remuneration Committee evaluated the base salary and total level of compensation of the Executive Directors in the context of the scope and accountabilities of each role and compared it to external market benchmark data for European and US equivalent positions to understand the range and scope of pay for comparators. The pay positioning was reviewed against market data from at least four different peer groups based on geography, listing, business competitors and size, to understand the total potential pay market and assess the fairness of levels of pay at the Executive Director level against similar roles and competitors. For a number of our executive roles given the performance and scope we had fallen behind the mid-level of the market and for the Group Managing Director in some cases below the lower quartile. In the context of this market data, the growth of the business, the expansion of the roles, high performance of the team and criticality of the executive team for continued business growth, the Remuneration Committee resolved to increase the base salaries over 2017 and 2018 to reflect a fairer positioning of these roles.

The Group Managing Director, Group Finance Director and CEO Glanbia Nutritionals increased by 6% to €811,000, €477,000 and €421,700 respectively, effective 1 January 2017. The base salary of CEO Glanbia Performance Nutrition was reviewed during 2016 in the context of his relocation to Ireland, resulting in a base salary of €500,000 effective 1 January 2017. The base salary increase for the broader employee population for 2017 was between 1.75% to 3%.

Base salaries for the Executive Directors are determined by the Remuneration Committee, set by reference to the relevant market median of Europe and US based on an external independent evaluation of the role against appropriate peer companies. The following table sets out the closing 2017 base salary for each of the Executive Directors.

Executive Directors	Closing 2017 Base salary
S Talbot	€811,000
M Garvey	€477,000
H McGuire	€500,000
B Phelan	€421,700

Base salary (fixed) 2018

As a consequence of the Remuneration Policy review undertaken by the Committee, as outlined above, the balance of the recommended adjustment occurred on 1 January 2108 to bring relevant Executive Director salaries up to our targeted remuneration level, which are appropriate for the roles and are reasonably market competitive. Base salaries of the Group Managing Director, Group Finance Director and CEO Glanbia Nutritionals were increased by 6% to €859,660, €505,620 and €447,000 respectively. The base salary of CEO Glanbia Performance Nutrition increased by 2.5% to €512,500. All increases are effective 1 January 2018.

Pension (fixed) 2017

Mark Garvey participates in a defined contribution retirement plan, to which contributions are made at an agreed rate of 25% since 1 January 2017.

Other benefits (fixed) 2017

This includes employment related benefits such as the use of company car or equivalent, payment in lieu of personal future service pension benefit, medical/life assurance, tax equalisation payments and relocation or other business related allowances where appropriate. All benefits are subject to normal deductions per the relevant regulations.

Siobhán Talbot and Brian Phelan are no longer accruing personal pension benefits from the Glanbia defined benefit pension schemes, effective 1 January 2012 and 4 January 2015 respectively. As a result of the cap on pension benefits introduced in the Irish Finance Act 2006, and subsequently amended in December 2010 and in December 2013, the Remuneration Committee reviewed the pension arrangements for Executive Directors and agreed to offer the option to receive a taxable payment (26.5% of base salary), in lieu of the personal future service pension benefit. As agreed by the Remuneration Committee, Hugh McGuire received a taxable non-pensionable allowance of 25% of base salary in lieu of a pension contribution to the Glanbia defined contribution retirement plan following his relocation to Ireland.

Annual incentive (variable) 2017

The Group's Executive Directors participate in a performance related Annual Incentive scheme, which aims to reward achievement of specific short-term performance metrics determined by the Remuneration Committee annually and reviewed periodically during the year. Other senior executives below the Group's Executive Directors also participate in this scheme, albeit at different participation levels. The performance metrics consider collective business performance and individual performance. The Committee believes that this method of performance measurement and assessment is objective, transparent, rigorous and balanced, and provides an appropriate means to evaluate annual performance. It also ensures that all senior management in the Group are aligned to the same annual goals in the best interest of the Group and the shareholders.

The table outlines the 2017 Annual Incentive design for each Executive Director and respective weightings. It also details the full year 2017 actual incentive outcome as a percentage of salary.

	Annual Incentive Weighting						
Executive Directors	Adjusted EPS	Group OCF	Personal Objectives	Business segment EBITA	Total	Annual Incentive Opportunity	2017 Actual Incentive Outcome as a % of Salary
S Talbot	56%	24%	20%	–	100%	0% – 150%	107.4%
M Garvey	56%	24%	20%	–	100%	0% – 150%	107.4%
H McGuire	40%	20%	20%	20%	100%	0% – 150%	98.9%
B Phelan	40%	20%	20%	20%	100%	0% – 150%	96.7%

For the annual period to 30 December 2017, each Executive Director could earn up to 150% of base salary for maximum performance measured against growth in adjusted EPS on a constant currency basis, Operating Cash flow (OCF) on a constant currency basis, individual performance objectives and where relevant business segment EBITA for Executive Directors with Business Unit responsibility. The mix of weightings for all objectives reflected 15% of base salary for personal objectives and 60% of base salary for business objectives (EPS, OCF and business segment EBITA where relevant) at target performance, 30% of base salary for personal objectives and 120% of base salary for business objectives at maximum performance. Both personal and business objectives are specific and measurable, determined and communicated at the start of the financial year. The mix and weighting of objectives recognises each individual's contribution to the Group. Personal objectives are aligned with the Group strategy reflecting personal contribution to the achievement of both medium and long-term strategic objectives all relating to: organisational effectiveness, the execution of the strategy growth plan, driving innovation capability and embedding the organisation purpose, vision and values. Progress was made on all fronts and is reflected in the personal objectives achievement included in the 2017 Annual Incentive outcomes.

Key Business Objectives 2017

The table below summarises the achieved performance in 2017 in respect of the primary measures used in the determination of Annual Incentive, together with an indication of actual performance relative to target.

Performance Assessment in 2017	Actual Performance	Below Target	Target	Above Target	Maximum
Adjusted EPS Growth[1]	10.2%			✔	
Group OCF (€m)[2]	148.0	✔			

1. Adjusted EPS growth is measured on a constant currency basis to reflect the underlying performance of the Group. For 2017 the Executive Directors targeted constant currency adjusted EPS growth of 7% with a maximum incentive achieved at 11%. The 2017 outcome is 10.2% growth in adjusted EPS.
2. OCF is defined as EBITDA plus or minus the movement in Working Capital less Business Sustaining Capital Expenditure. Similar to Adjusted EPS, OCF is measured on a constant currency basis. For 2017 the Executive Directors targeted constant currency OCF of €300 million with a maximum incentive achieved at €324.6 million. The 2017 outcome was €148.0 million adjusted to €185.0 million when the impact of acquisitions and divestiture during the year are excluded.

Key Personal Objectives 2017

Personal objectives are aligned with the Group strategy reflecting personal contribution to organisational effectiveness, the execution of the strategic growth plan, driving innovation capability and embedding the organisation purpose, vision and values. The Group Managing Director set the personal performance objectives for each of the other Executive Directors, with the Group Managing Director's personal objectives set by the Chairman in conjunction with the Remuneration Committee. All personal objectives are then agreed with the Remuneration Committee who monitored their progress throughout the year.

Remuneration Committee Report continued

Section B: Directors' Remuneration Implementation Report continued

Group Managing Director, Siobhán Talbot

2017 personal objectives at maximum: 30%
2017 full year performance: 28%

Organisation Effectiveness	• Drive, with business segment CEOs, global footprint, commercial channels and product portfolios. • Embed, with the Group Operating Executive, the purpose, vision and values system across the organisation.
Strategic Growth Plan	• Continue to evolve the growth strategy through internal opportunities and merger and acquisition activity. • Continue to work with the Group Operating Executive to build a high performing team ensuring capability development and succession plans are in place for key roles across the Group. • Lead the creation of a new Joint Venture Glanbia Ireland encompassing the three Irish based businesses.
Driving Innovation Capability	• Continue to progress and evolve innovation strategy to align such strategy with revenue ambitions.

Group Finance Director, Mark Garvey

2017 personal objectives at maximum: 30%
2017 full year performance: 28%

Organisation Effectiveness	• Sustain focus on cash and working capital management. • Focus on cost optimisation across the Group. • Reporting to the Audit Committee, ensure compliance and risk mitigation. • Enable the creation of a new Joint Venture Glanbia Ireland encompassing the three Irish-based businesses.
Strategic Growth Plan	• Support Group Operating Executive in exploring, and delivering on, acquisition/development opportunities.

CEO Glanbia Performance Nutrition, Hugh McGuire

2017 personal objectives at maximum: 30%
2017 full year performance: 30%

Organisation Effectiveness	• Focus on cost management and efficiency. • Evolve business operating model continuing to develop the required high performing team, skills and capabilities.
Strategic Growth Plan	• Grow branded portfolio. • Maintain and grow commercial strategy for North America driven by customer/consumer insights. • Develop and grow portfolio in key international markets driven by customer/consumer insights. • Develop digital commercialisation strategy.
Driving Innovation Capability	• Continue to progress and evolve innovation strategy to align such strategy with revenue ambitions.

CEO Glanbia Nutritionals, Brian Phelan

2017 personal objectives at maximum: 30%
2017 full year performance: 25%

Organisation Effectiveness	• Focus on cost management and operational efficiency across all platforms. • Continue with implementation of revised business operating model focusing on developing the required high performing team, skills and capabilities.
Strategic Growth Plan	• Drive growth in key value adding portfolios. • Maintain and develop key customers relationships expanding on global activity. • Develop strategic partnerships in key areas including Joint Venture activities.
Driving Innovation Capability	• Determine opportunities, internal and external, to build innovation capability.

2008 LTIP (share awards with performance periods ending in the year)

The Group operates a 2008 LTIP for Executive Directors. The 2008 LTIP was approved by shareholders and was subsequently amended in 2012 with shareholder approval to include a post vesting holding period of one-year. The 2008 LTIP was further amended in 2015 with shareholder approval to extend the post vesting holding period to two years as well as the addition of malus and clawback provisions.

The Remuneration Committee approves the terms, conditions and allocation of share awards under the 2008 LTIP to Executive Directors and senior management. Based on the best practice reviews, the Committee believe that the combination of the short-term Annual Incentive Plan and the 2008 LTIP provide an appropriate balance to incentivise and reward performance which supports shareholder value creation and aligns to the key strategic imperatives of long-term sustainable performance.

2008 LTIP (share awards over the performance period 2015 to 2017)

The 2008 LTIP share awards granted on 18 May 2015 had a three-year performance period which ended on 30 December 2017. Under the 2008 LTIP the 2015 share award is the first share award which incorporates business segment performance conditions as well as Group performance conditions. Both the Group and business segment performance conditions for the 2015 share awards are measured in respect of performance in the three-year period to 30 December 2017 and independently verified by external advisers on behalf of the Remuneration Committee.

The Remuneration Committee has agreed that, in implementing the policy for 2015-2017, in the event of a material acquisition or disposal which was unforeseen at the time of setting LTIP metrics, the calibration of the performance conditions for the Group and Business Unit may be adjusted by the Committee for the impact of the acquisition or disposal during the performance period. The principle for such review is that the impact of any transaction on the LTIP should not influence decision making to the detriment of the long-term strategy of the business; that the true underlying performance of the business is factored into any LTIP performance achievement; and that there is a balanced perception of appropriate reward levels and value creation by LTIP participants and shareholders over the long-term. However, as the disposal of 60% of Dairy Ireland occurred in July 2017, with 30 of the 36 months of the performance period elapsed, the Remuneration Committee resolved that the 2015 share award would be evaluated as if 100% of Dairy Ireland remained part of the Group for the full performance period.

For the Group Managing Director and Group Finance Director the performance conditions were: growth in annual adjusted EPS on a reported basis, Group ROCE and the Group's relative TSR measured against a peer group of STOXX Europe 600 Food & Beverage Index. The CEO Glanbia Nutritionals and CEO Glanbia Performance Nutrition are also incentivised through these Group performance conditions as well as business segment ROCE and business segment EBITA. The table below outlines the relative weighting of the 2015 share award performance conditions for each of the Executive Directors.

	2008 Long Term Incentive Plan 2015 share award				
Executive Directors	Adjusted EPS Growth	Group ROCE	TSR Ranking In The Comparator Group	Business segment EBITA	Business segment ROCE
S Talbot	50%	30%	20%	–	–
M Garvey	50%	30%	20%	–	–
H McGuire	40%	15%	15%	20%	10%
B Phelan	40%	15%	15%	20%	10%

During the performance period the Group has made a number of acquisitions and disposals to develop Glanbia's business portfolio. The Remuneration Committee has reflected on the changes to the business structure and their impact on the incentive targets set during the period, to ensure the target continues to reflect a fair incentive to perform as well as sustain the overall value and health of the underlying business. Relative TSR reflects the relative health of the business. The Remuneration Committee considered this metric and determined that no adjustment was required. The Remuneration Committee also reviewed EPS and ROCE in detail for this performance cycle and made an adjustment to the ROCE metric range as stated on page 96. No adjustment was made for EPS as the metric target had been exceeded and the vesting percentage would not be altered by any adjustment. In all cases no adjustment has been made for the Dairy Ireland transaction.

1. EPS performance condition

The Group's CAGR of reported adjusted EPS over the three-year performance period was a key LTIP metric for each Executive Director's 2015 share award, representing 50% weighting for the Group Managing Director and Group Finance Director and a 40% weighting for business segment Directors. Adjusted EPS is calculated as the profit attributable to the equity holders of the Group before exceptional items and intangible asset amortisation (net of related tax), divided by the weighted average number of ordinary shares in issue during the year.

Investors consider adjusted EPS to be a key indicator of long-term financial performance and value creation of a public limited company. Therefore adjusted EPS is a key metric to incentivise long-term sustainable business performance.

Group EPS vesting conditions	EPS element vesting
Threshold performance (Three-year adjusted EPS growth equal to 6% CAGR)	25%
Maximum performance (Three-year adjusted EPS growth equal to or greater than 12% CAGR)	100%
Actual performance (Three-year adjusted EPS growth equal to 13.54% CAGR)	100%

The table below shows the Group's reported adjusted EPS over the performance period from continuing operations.

2014	61.16c
2017	89.17c

Remuneration Committee Report continued

Section B: Directors' Remuneration Implementation Report continued

2. Group ROCE performance condition

Group ROCE over the three-year performance period represented a 30% weighting for the Group Managing Director and Group Finance Director and a 15% weighting for business segment Directors for the 2015 share award. ROCE is calculated as Group earnings before interest and amortisation (net of related tax) plus Glanbia's share of results of Joint Ventures & Associates after interest and tax divided by Capital Employed. Capital Employed is calculated as the sum of the Group's total assets plus cumulative intangible asset amortisation less current liabilities less deferred tax liability, excluding all financial liabilities, retirement benefit assets and cash. Following a review and peer benchmark of the ROCE metric, the metric was amended in 2017 to include the impact of net deferred taxes within capital employed. The ROCE for all three years of the 2015 share award was calculated using the method applicable to the 2015 and 2016 Group ROCE metric. As a result there was no adjustment to capital employed for net deferred tax balances.

The Committee amended the 2015 ROCE performance condition threshold and maximum by (-0.61%) maintaining the performance metric range to take account of the impacts of strategic acquisitions and disposals during 2015, 2016, 2017 in line with the implementation approach agreed by the Committee for the 2015-2017 period.

Group ROCE vesting conditions	ROCE element vesting
Threshold performance (Three-year simple ROCE average equal to 11.39%)	25%
Maximum performance (Three-year simple ROCE average equal to 13.39%)	100%
Actual performance (Three-year simple ROCE average 13.10%)	89.3%

3. TSR performance condition

The Group's TSR ranking relative to an agreed peer group of STOXX Europe 600 Food & Beverage Index represents the change in the capital value of a listed/quoted company over a period, plus dividends reinvested, expressed as a plus or minus percentage of the opening value.

Investors regard TSR as an important indication of both earnings and capital growth relative to other major companies in the same sector as well as ensuring that share awards only vest if there has been a clear improvement in the Group's relative performance over the relevant period. Therefore TSR is a key metric to incentivise long-term sustainable business performance.

The methodology on which TSR is calculated for LTIP purposes differs from the TSR calculation on page 91 due mainly to the use of a 30 day average base and final share price in the LTIP calculation.

Group TSR vesting conditions	TSR element vesting
Threshold performance (Ranked at the median)	25%
Maximum performance (Ranked in the top quartile)	100%
Actual performance (Ranked below median)	0%

4. Business segment Return On Capital Employed

Business segment Executive Directors have a 10% weighting associated with business segment ROCE over the three-year performance period for the 2015 share award. ROCE is calculated as business segment earnings before interest and amortisation (net of related tax) plus the share of results of Joint Ventures & Associates after interest and tax divided by Capital Employed.

Capital employed is calculated as the sum of the business segment's total assets less current liabilities, excluding all borrowings, cash and deferred tax balances plus cumulative intangible asset amortisation.

Glanbia Performance Nutrition ROCE vesting conditions	ROCE element vesting
Threshold performance (Three-year simple ROCE average equal to the defined target %*)	25%
Maximum performance (Three-year simple ROCE average equal to the defined maximum %*)	100%
Actual performance	100%

* Commercially sensitive information.

The Committee amended the 2015 Glanbia Performance Nutrition business segment ROCE performance condition threshold and maximum maintaining the performance metric range to take account of the impacts of strategic acquisitions and disposals during 2015, 2016, 2017 as set out above.

Glanbia Nutritionals ROCE vesting conditions	ROCE element vesting
Threshold performance (Three-year simple ROCE average equal to the defined target %*)	25%
Maximum performance (Three-year simple ROCE average equal to the defined maximum %*)	100%
Actual performance	0%

* Commercially sensitive information.

5. Business segment EBITA

Business segment EBITA is calculated as business segment compounded growth over Base EBITA for the three-year performance period. This metric attracts a 20% weighting for business segment Executive Directors.

Glanbia Performance Nutrition EBITA vesting conditions	EBITA element vesting
Threshold performance (Growth over Base EBITA average equal to the defined target %)	25%
Maximum performance (Growth over Base EBITA average equal to the defined maximum %)	100%
Actual performance (Growth over Base EBITA)	60.3%

The Committee reduced the Glanbia Performance Nutrition EBITA performance outcome to take account of the impact of strategic acquisitions during 2015, 2016 and 2017 as per the approach set out earlier.

Glanbia Nutritionals EBITA vesting conditions	EBITA element vesting
Threshold performance (Growth over Base EBITA equal to the defined target %)	25%
Maximum performance (Growth over Base EBITA average equal to the defined maximum %)	100%
Actual performance (Growth over Base EBITA)	0%

2008 LTIP – 2015 share award vesting

It is expected that share awards granted to Executive Directors in 2015, under the 2008 LTIP scheme, for the three-year performance period 2015-2017, will vest in May 2018 as follows:

Executive Directors	Full share award	Percentage outcome %	Number of shares awarded expected to vest in 2018	Estimated market value[1]
S Talbot	109,450	76.8	84,047	€1,252,300
M Garvey	46,700	76.8	35,861	€534,329
H McGuire	46,700	75.5	35,239	€525,061
B Phelan	45,500	53.4	24,295	€361,996

1. This reflects the value of 2008 LTIP share awards expected to vest in 2018 with a three-year performance period ended in 2017. The market values have been estimated using the official closing price of a Glanbia plc share on 29 December 2017 (being the last day of trading of the Irish Stock Exchange in 2017) of €14.90.

Remuneration Committee Report continued

Section B: Directors' Remuneration Implementation Report continued

Performance targets for outstanding share awards

The performance targets for all outstanding 2008 share awards are set out in the following tables:

Adjusted EPS Growth		Vesting Level 0%	Vesting Level 25% (Threshold)*	Vesting Level 100% (Maximum)*
2016 Share awards	50% of share award for Group Managing Director and Group Finance Director. 40% of share award for business segment Executive Directors.	Three-year adjusted EPS growth less than 6% CAGR.	Three-year adjusted EPS growth equal to 6% CAGR.	Three-year adjusted EPS growth equal to or greater than 12% CAGR.
2017 Share awards	40% of share award for Group Managing Director and Group Finance Director. 30% of share award for business segment Executive Directors.	Three-year adjusted EPS growth less than 5% CAGR.	Three-year adjusted EPS growth equal to 5% CAGR.	Three-year adjusted EPS growth equal to or greater than 12% CAGR.
TSR Ranking in the Comparator Group		**Vesting Level 0%**	**Vesting Level 25% (Threshold)***	**Vesting Level 100% (Maximum)***
2016 Share awards 2017 Share awards	20% of share award for Group Managing Director and Group Finance Director. 15% of share award for business segment Executive Directors.	Ranked below the median. Peer group is the STOXX Europe 600 Food and Beverage Index.	Ranked at the median. Peer group is the STOXX Europe 600 Food and Beverage Index.	Ranked in the top quartile. Peer group is the STOXX Europe 600 Food and Beverage Index.
Group Return on Capital Employed		**Vesting Level 0%**	**Vesting Level 25% (Threshold)***	**Vesting Level 100% (Maximum)***
2016 Share awards	30% of share award for Group Managing Director and Group Finance Director. 15% of share award for business segment Executive Directors.	Less than 12.0%.	Equal to 12.0%.	Equal to or greater than 14%.
2017 Share awards	40% of share award for Group Managing Director and Group Finance Director. 25% of share award for business segment Executive Directors.	Less than 12.0%.	Equal to 12.0%.	Equal to or greater than 14%.
Business segment Return on Capital Employed**		**Vesting Level 0%**	**Vesting Level 25% (Threshold)***	**Vesting Level 100% (Maximum)***
2016 Share awards 2017 Share awards	10% of share award for business segment Executive Directors based on Average Business Segment ROCE.	Below target.	At target.	At Maximum.
Business segment EBITA**		**Vesting Level 0%**	**Vesting Level 25% (Threshold)***	**Vesting Level 100% (Maximum)***
2016 Share awards 2017 Share awards	20% of share award for business segment Executive Directors.	Growth over Base EBITA is less than the defined % per annum compounded.	Growth over Base EBITA is equal to the defined % per annum compounded.	Growth over Base EBITA is equal to or greater than the defined % per annum compounded.

* Straight line vesting between threshold performance and maximum performance.

** Commercially sensitive information.

2008 LTIP (share awards made in the financial year 2017)

2008 LTIP share awards were made to the Executive Directors on 23 February 2017 and will vest no earlier than 23 February 2020, subject to the achievement of TSR, EPS and ROCE performance conditions. For business segment Executive Directors, their long-term incentive weightings also include business segment EBITA and business segment ROCE as outlined in the table 'Individual elements of the remuneration for Executive Directors' on page 85.

These share awards were made in line with the Remuneration Policy agreed at the AGM in May 2015. Performance is measured over a three-year period. The performance period will end on 4 January 2020. The shares are subject to a two-year holding period from date of vesting.

Executive Directors	Share awards granted February 2017	Market value €[1]	Share award as a % of base salary at 30/12/2017
S Talbot	112,451	2,027,492	250%
M Garvey	52,911	953,985	200%
H McGuire	55,463	999,998	200%
B Phelan	46,777	843,389	200%

1. These have been valued at the mean between the highest and lowest sale prices of a Glanbia plc share on 22 February 2017 (€18.03) the dealing day immediately preceding the date of grant.

Directors' shareholdings

As at 30 December 2017 the Executive Directors' share ownership against the guidelines was as follows:

Executive Directors	Shares held as at 30 December 2017	% of base salary based on market value as at 30 December 2017	Shareholding guidance
S Talbot	255,175	469%	250%
M Garvey[1]	38,429	120%	150%
H McGuire	100,606	300%	150%
B Phelan	153,059	541%	150%

1. Mark Garvey joined the Group on 12 November 2013 and has until 12 November 2018 to build up his shareholding in the Company to 150% of his base salary.

Dilution

The Company offers Executive Directors and employees the opportunity to participate in share-based schemes as part of the Group's Remuneration Policy.

Share awards granted under the 2008 LTIP and the Annual Deferred Incentive are satisfied through the funding of employee benefit trusts which acquire shares in the market. The employee benefit trusts held 1,127,066 shares at 30 December 2017.

The exercise of share options under the 2002 LTIP (which expired in 2012) is satisfied by the allotment of newly issued shares. At 30 December 2017 the total number of shares which could be allotted under this scheme was 40,000 shares which represent significantly less than one percent of the issued share capital of the Company.

The Group Chairman and Non-Executive Directors

Henry Corbally was appointed Group Chairman on 12 June 2015. His appointment is subject to annual re-appointment by the shareholders at the AGM of the Company. His appointment as Group Chairman will automatically terminate if he ceases to be a Director of the Company or a Director of Glanbia Co-operative Society Limited.

The Group Chairman's fee is set by the Remuneration Committee and for 2017 was €105,000 per annum (2016: €105,000). This fee reflects the level of commitment and responsibility of the role and is set by reference to the relevant market median based on an external independent evaluation conducted by Willis Towers Watson, Remuneration Advisers.

Implementation of policy in 2018

The base salaries of Executive Directors as of the date of this report are set out on page 92. As outlined on pages 82 and 92 following a review by the Remuneration Committee the base salaries of the Group Managing Director, Group Finance Director and CEO Glanbia Nutritionals increased by 6% effective 1 January 2018, to reflect the growth of the Group scope of responsibilities and to retain reasonable competitiveness with the market. The base salary of CEO Glanbia Performance Nutrition increased by 2.5% effective 1 January 2018 in line with other employees.

Annual Incentive opportunity for Executive Directors and Senior Executives in 2018 will remain unchanged following the Remuneration Policy review in 2017. Annual Incentive will be contingent on meeting targets relating to EPS, Group Operating Cash flow and individual performance objectives, with financial performance metrics tailored to business segment where relevant. The Committee intends that the financial targets will include significant stretch and will be based on a mix of market expectations and budget expectations.

Remuneration Committee Report continued

Section B: Directors' Remuneration Implementation Report continued

Implementation of policy in 2018 continued

2018 share awards will continue to operate in line with the Remuneration Policy as outlined on pages 85 to 90, reflecting increased weighting on Group and business segment ROCE as appropriate. Proportional weighting will apply to Group adjusted EPS, Group ROCE and relative TSR against the STOXX Europe 600 Food and Beverage Index, extended to include business segment EBITA and business segment ROCE for business segment Executive Directors. The Committee intends that the performance measures and targets will continue to include significant stretch to reflect the Group's and external expectations of performance.

All pension and other benefits will remain unchanged.

Review of Committee performance

The Committee reviewed its performance covering its terms of reference, composition, procedures, contribution and effectiveness. As a result of that assessment, the Board and Committee is satisfied that it is functioning effectively and it has met its terms of reference.

Directors' remuneration and interests in shares in Glanbia plc

Tables A to G give details of the Directors remuneration and interests in shares, etc. The tables give details of the Directors' remuneration and interests in shares in Glanbia plc held by Directors and the Group Secretary and their connected persons as at 30 December 2017. There have been no changes in the interests listed in Tables B to G between 30 December 2017 and 20 February 2018.

The market price of the ordinary shares as at 30 December 2017 was €14.90 and the range during the year was €19.21 to €14.46. The average price for the year was €16.91.

Results 2016 – Resolution to receive and consider the Remuneration Committee report for the year ended 31 December 2016 excluding the part containing the Directors Remuneration Policy

For	%	Against	%	Total excluding withheld	%	Withheld	%	Total including withheld	%
188,674,128	97.43%	4,986,103	2.57%	193,660,231	100.00%	4,740,659	2.39%	198,400,890	100.00%

Table A: 2017 Directors Remuneration

The salary, fees and other benefits pursuant to the remuneration package of each Director during the year were:

	Date of appointment/resignation, if applicable	Salary €'000	Fees €'000	Pension contribution[1] €'000	Other benefits[2] €'000	Annual Incentive paid in cash[3] €'000	Annual Incentive deferred into shares[4] €'000	2017 Total €'000	2016 Total €'000
Executive Directors									
S Talbot		811	–	–	267	608	263	1,949	2,029
M Garvey		477	–	119	29	358	154	1,137	1,174
H McGuire		500	–	–	626[2]	375	119	1,620	1,576
B Phelan		422	–	–	141	316	92	971	980
2017		**2,210**	**–**	**119**	**1,063**	**1,657**	**628**	**5,677**	
2016		2,089	–	480	417	1,580	1,193		5,759
Non-Executive Directors									
H Corbally		–	105	–	–	–	–	105	105
Mn Keane		–	53	–	–	–	–	53	53
J Murphy		–	45	–	–	–	–	45	35
P Ahern		–	35	–	–	–	–	35	35
P Coveney		–	70	–	–	–	–	70	70
J Doheny	Ret. 2 June 2017	–	15	–	–	–	–	15	35
D Gaynor		–	80	–	–	–	–	80	80
J Gilsenan	Ret. 26 April 2017	–	11	–	–	–	–	11	35
V Gorman		–	35	–	–	–	–	35	35
T Grant	Ret. 9 May 2016 and Reapp 2 June 2017	–	20	–	–	–	–	20	12
P Haran		–	80	–	–	–	–	80	80
B Hayes	Ret. 9 May 2016 and Reapp 2 June 2017	–	20	–	–	–	–	20	12
P Hogan	Ret. 9 May 2016	–	–	–	–	–	–	–	12
Ml Keane		–	35	–	–	–	–	35	35
M Merrick	Ret. 26 April 2017	–	11	–	–	–	–	11	35
P Murphy		–	42	–	–	–	–	42	53
D O'Connor		–	80	–	–	–	–	80	80
E Power	Ret. 9 May 2016 and Reapp 2 June 2017	–	20	–	–	–	–	20	12
2017		**–**	**757**	**–**	**–**	**–**	**–**	**757**	
2016		–	814	–	–	–	–		814
Total 2017		**2,210**	**757**	**119**	**1,063**	**1,657**	**628**	**6,434**	
Total 2016		2,089	814	480	417	1,580	1,193		6,573

1. Mark Garvey participates in the Glanbia defined contribution plan with a contribution in 2017 of €119,250.
2. Other benefits includes taxable payments made to Siobhán Talbot of €214,915 (26.5% of base salary) and €111,750 (26.5% of base salary) to Brian Phelan in lieu of personal future service pension benefit. Both Siobhán Talbot and Brian Phelan are deferred members of the Glanbia defined benefit scheme. Hugh McGuire received a taxable non-pensionable allowance of €125,000 (25% of base salary) in lieu of a pension contribution to the Group defined contribution pension plan following his relocation to Ireland. Other benefits also include car, healthcare, permanent health insurance and life assurance benefits. In the case of Hugh McGuire €456,000 relates to tax equalisation and relocation payments incurred in connection with his relocation to Ireland. On 5 July 2017 Hugh McGuire's 2014 LTIP share award of 53,250 shares vested at 81.06% resulting in a vested share award of 43,168 shares. During the vest period, 2014 to 2017 inclusive, Hugh McGuire worked mainly in the US as well as in Ireland, therefore in line with the applicable tax regulations in the two jurisdictions the share awards were subject to US tax on a time apportioned basis in addition to Irish tax and social security on vesting for the entire three-year period. The impact of the Irish and US tax treatment meant a double tax for Hugh McGuire in respect of certain taxes which were not creditable against each other, accordingly the Remuneration Committee agreed to make an equalisation payment to him of €48,189 for the elements which could not be offset against each other. Hugh paid tax at the higher of the US and Irish tax rates. Additionally towards the end of 2016 and into 2017, Hugh incurred certain non-tax exempt relocation costs which were reimbursed by the Company amounting to €407,734 in 2017. As this was a reimbursement, it did not result in any increase in Hugh McGuire's post tax income.
3. This reflects the proportion of the Annual Incentive payable to Executive Directors in respect of performance for the year 2017 (which amount to 75% of base salary), which will be paid through salary in 2018.
4. This reflects the proportion of the gross Annual Incentive (over 75% of base salary) which is deferred and, once the appropriate taxation and social security deductions have been made, invested in shares in the Company and delivered to the Executive Directors two years following the investment.

Details of Directors' long-term share awards expected to vest in respect of performance to 30 December 2017 are set out on page 105.

Remuneration Committee Report continued

Section B: Directors' Remuneration Implementation Report continued

The pension benefits of each of the Executive Directors during the year were as follows:

	Transfer value of increase in accrued pension €'000	Annual pension accrued in 2017 in excess of inflation €'000	Total annual accrued pension at 30 December 2017 €'000
S Talbot	–	–	159
B Phelan	–	–	103
2017	**–**	**–**	**262**
2016	–	–	261

Siobhán Talbot and Brian Phelan are no longer accruing personal pension benefits from the Glanbia defined benefit pension schemes, effective 1 January 2012 and 4 January 2015 respectively. As a result of the cap on pension benefits introduced in the Irish Finance Act 2006, and subsequently amended in December 2010 and in December 2013, the Remuneration Committee reviewed the pension arrangements for Executive Directors and agreed to offer the option to receive taxable payment (26.5% of base salary), in lieu of the personal future service pension benefit.

The cost of death in service and dependant's pensions in not included in the figures quoted above.

Table B: Directors' and Secretary's interests in ordinary shares in Glanbia plc

	As at 30 December 2017 Ordinary Shares	As at 1 January 2017 Ordinary Shares *
Directors		
H Corbally	**14,855**	13,991
Mn Keane	**25,742**	24,664
J Murphy	**7,283**	8,000
S Talbot[1]	**255,175**	233,567
P Ahern	**10,091**	7,720
P Coveney	**3,900**	3,900
M Garvey[1]	**38,429**	8,356
D Gaynor	**10,000**	10,000
V Gorman	**5,033**	4,173
T Grant[2]	**7,251**	6,236
P Haran	**7,462**	7,462
B Hayes[2]	**32,346**	30,074
Ml Keane	**38,990**	35,927
H McGuire[1]	**100,606**	110,945
P Murphy	**33,198**	31,105
D O'Connor	**7,680**	7,680
B Phelan[1]	**153,059**	141,845
E Power[2]	**58,693**	55,322
Secretary		
M Horan	**27,162**	57,878

1. Executive Director.
2. Appointed 2 June 2017.

* or at date of appointment if later.

Note: The ordinary shares held in trust for the Directors and Secretary disclosed in Table C on page 103 are included in the total number of ordinary shares held by the Directors and Secretary above.

Table C: Directors' and Secretary's interests in ordinary shares in Glanbia plc subject to restriction

	2008 LTIP[2]	2015 Annual Deferred Incentive[3]	2016 Annual Deferred Incentive[4]	Total[1]
Executive Directors				
S Talbot	32,769	10,417	13,839	57,025
M Garvey	21,812	5,912	8,261	35,985
H McGuire	20,390	7,436	10,928	38,754
B Phelan	21,300	2,674	4,914	28,888
Secretary				
M Horan	11,469	2,354	4,284	18,107

1. The above ordinary shares are held on trust for the Directors and Secretary by the Glanbia plc Section 128D Employee Benefit Trust and are included in the total number of ordinary shares held by the Directors and Secretary disclosed in Table B.
2. Subject to restriction on sale until 5 July 2018.
3. Subject to restriction on sale until 29 March 2018.
4. Subject to restriction on sale until 28 March 2019.

Table D: Summary of Directors' and Secretary's interests in Glanbia plc 2008 LTIP

	As at 30 December 2017 2008 LTIP share awards	As at 1 January 2017 2008 LTIP share awards
Directors		
S Talbot	325,691	293,240
M Garvey	143,891	144,230
H McGuire	156,203	153,990
B Phelan	135,457	140,680
Secretary		
M Horan	65,512	69,810

Remuneration Committee Report continued

Section B: Directors' Remuneration Implementation Report continued

Table E: Directors' and Secretary's interests in 2008 LTIP

	Date of Grant	01-Jan-17	Granted during the year	Vested during the year	Lapsed during the year	30-Dec-17	Market price at date of award €	Earliest date for vesting	Expiry date	Notes
Directors										
S Talbot										
	02-Jul-14	80,000	–	64,853	15,147	–	11.51	02-Jul-17	05-Jul-17	1,2,3
	18-May-15	109,450	–	–	–	109,450	17.53	18-May-18	18-May-19	4
	25-Feb-16	103,790	–	–	–	103,790	18.47	25-Feb-19	25-Feb-20	5
	23-Feb-17	–	112,451	–	–	112,451	18.05	23-Feb-20	23-Feb-21	5
Total:		**293,240**	**112,451**	**64,853**	**15,147**	**325,691**				
M Garvey										
	02-Jul-14	53,250	–	43,168	10,082	–	11.51	02-Jul-17	05-Jul-17	1,2,3
	18-May-15	46,700	–	–	–	46,700	17.53	18-May-18	18-May-19	4
	25-Feb-16	44,280	–	–	–	44,280	18.47	25-Feb-19	25-Feb-20	5
	23-Feb-17	–	52,911	–	–	52,911	18.05	23-Feb-20	23-Feb-21	5
Total:		**144,230**	**52,911**	**43,168**	**10,082**	**143,891**				
H McGuire										
	02-Jul-14	53,250	–	43,168	10,082	–	11.51	02-Jul-17	05-Jul-17	1,2,3
	18-May-15	46,700	–	–	–	46,700	17.53	18-May-18	18-May-19	4
	25-Feb-16	54,040	–	–	–	54,040	18.47	25-Feb-19	25-Feb-20	5
	23-Feb-17	–	55,463	–	–	55,463	18.05	23-Feb-20	23-Feb-21	5
Total:		**153,990**	**55,463**	**43,168**	**10,082**	**156,203**				
B Phelan										
	02-Jul-14	52,000	–	42,155	9,845	–	11.51	02-Jul-17	05-Jul-17	1,2,3
	18-May-15	45,500	–	–	–	45,500	17.53	18-May-18	18-May-19	4
	25-Feb-16	43,180	–	–	–	43,180	18.47	25-Feb-19	25-Feb-20	5
	23-Feb-17	–	46,777	–	–	46,777	18.05	23-Feb-20	23-Feb-21	5
Total:		**140,680**	**46,777**	**42,155**	**9,845**	**135,457**				
Secretary										
M Horan										
	02-Jul-14	28,000	–	22,699	5,301	–	11.51	02-Jul-17	05-Jul-17	1,2,3
	18-May-15	21,450	–	–	–	21,450	17.53	18-May-18	18-May-19	4
	25-Feb-16	20,360	–	–	–	20,360	18.47	25-Feb-19	25-Feb-20	5
	23-Feb-17	–	23,702	–	–	23,702	18.05	23-Feb-20	23-Feb-21	5
Total:		**69,810**	**23,702**	**22,699**	**5,301**	**65,512**				

Notes

1. Share awards granted on 2 July 2014 were subject to performance conditions measured over the three financial years ended 31 December 2016. The outcome of these performance conditions was such that 81.06% of the share awards vested. The vesting date was 5 July 2017.
2. Directors were permitted to sell sufficient shares to satisfy any tax or social security deductions arising on the acquisition of the shares. The balance of the shares is restricted from sale for one year and are held on trust for them by the trustee of the Glanbia plc Section 128D Employee Benefit Trust.
3. The total number of shares subject to restriction is included in the total number of ordinary shares disclosed in Table B on page 102.
4. Share awards granted on 18 May 2015 were subject to performance conditions measured over the three financial years ended 30 December 2017. The outcome of these performance conditions and the number of share awards expected to vest during 2018 are set out on pages 95 to 97. The vested share award, net of relevant tax, will be restricted from sale for two years and will be held on trust for them by the trustee of the Glanbia plc section 128D Employee Benefit Trust.
5. The performance periods in respect of the 2008 LTIP share awards made in 2016 and 2017 are the three financial years ending 2018 and 2019 respectively. The performance conditions attached to the share awards are detailed in the section entitled 'Performance Targets for Outstanding Share Awards' on page 98.

Table F: Directors' and Secretary's Annual Deferred Incentive

	Value of Annual Incentive converted into shares €[1]	Date of conversion/ acquisition of shares	Acquisition price per share at date of conversion	Number of shares acquired
Directors				
S Talbot				
2015 Annual Deferred Incentive	€351,000	29-Mar-16	€18.05	19,446
2016 Annual Deferred Incentive	€465,000	28-Mar-17	€18.00	25,834
M Garvey				
2015 Annual Deferred Incentive	€199,000	29-Mar-16	€18.05	11,037
2016 Annual Deferred Incentive	€278,000	28-Mar-17	€18.00	15,422
H McGuire				
2015 Annual Deferred Incentive	€253,000	29-Mar-16	€18.05	14,011
2016 Annual Deferred Incentive	€290,000	28-Mar-17	€18.00	16,120
B Phelan				
2015 Annual Deferred Incentive	€90,000	29-Mar-16	€18.05	4,992
2016 Annual Deferred Incentive	€165,000	28-Mar-17	€18.00	9,173
Secretary				
M Horan				
2015 Annual Deferred Incentive	€79,000	29-Mar-16	€18.05	4,396
2016 Annual Deferred Incentive	€144,000	28-Mar-17	€18.00	7,998

1. Numbers are rounded to the nearest thousand.
2. Directors were permitted to sell sufficient shares to satisfy any tax or social security deductions arising on the acquisition of the shares. The balance of the shares is restricted from sale for two years and are held on trust for them by the trustee of the Glanbia plc Section 128D Employee Benefit Trust.
3. The total number of shares subject to restriction is included in the total number of ordinary shares disclosed in Table B on page 102.

Table G: Value of 2008 LTIP share awards expected to vest in 2018 and LTIP share awards vested in 2017

	Number of shares awarded expected to vest in 2018	Estimated market value €[1]	Number of shares vested in 2017	Market value €[2]
Executive Directors				
S Talbot	84,047	1,252,300	64,853	1,115,472
M Garvey	35,861	534,329	43,168	742,490
H McGuire	35,239	525,061	43,168	742,490
B Phelan	24,295	361,996	42,155	725,066

1. This reflects the value of long term incentive share awards expected to vest in 2018 with a three-year performance period ended in 2017. The market values have been estimated using the official closing price of a Glanbia plc share on 29 December 2017 (being the last day of trading of the Irish Stock Exchange in 2017) of €14.90.
2. This reflects the value of long term incentive share awards vested in 2017 with a three-year performance period ended in 2016. These have been valued at the market value of the shares on the date of vesting €17.20 per share (official opening price).

Other Statutory Information

Principal activities, strategy and business model

Glanbia plc is a global nutrition group, headquartered in Ireland, with operations in 32 countries worldwide.

The Group's business model and strategy are summarised in the Strategic Report on pages 12 to 17.

The Group Chairman's statement on pages 6 and 7, the Group Managing Director's review on pages 8 to 11, the Operations review on pages 20 to 29 and the Group Finance Director's review on pages 30 to 35 contain a review of the development and performance of the Group's business during the year, of the state of affairs of the business at 30 December 2017, of recent events and of likely future developments. Information in respect of events since the year end is included in these sections and in Note 38 to the Financial Statements.

As set out in the Group Income Statement on page 123, the Group reported a profit for the period of €329.4 million. Comprehensive reviews of the financial and operating performance of the Group during 2017 are set out in the Group Finance Director's review on pages 30 to 35 and in the Operations review on pages 20 to 29. Key Performance Indicators are set out on pages 18 and 19. The treasury policy and the financial risk management objectives of the Group are set out in detail in Note 31 to the Financial Statements. Our approach to our people and sustainability is discussed on pages 36 to 39.

Process for appointment/retirement of Directors

In addition to the Companies Acts, the Constitution of the Company contains provisions regarding the appointment and retirement of Directors. At each Annual General Meeting (AGM) the Constitution provides that each Director who has been in office at the conclusion of each of the three preceding AGMs, and who has not been appointed or re-appointed at either of the two most recently held of those three meetings, shall retire from office; however in accordance with the UK Corporate Governance Code (2016), all Directors, with the exception of Michael Keane who has indicated his intention to retire at the conclusion of the 2018 AGM, will retire at the 2018 AGM and, being eligible, offer themselves for re-appointment. The Constitution also allows the election and re-election of Independent Directors to be conducted in accordance with the election provisions for Independent Non-Executive Directors in the Irish Stock Exchange (ISE) Listing Rules and the United Kingdom Listing Authority (UKLA) Listing Rules.

No person, other than a Director retiring by rotation, shall be appointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment. If a Director is also a Director of Glanbia Co-operative Society Limited (the 'Society'), the Constitution provides that his or her appointment as a Director shall terminate automatically in the event of his or her ceasing to be a Director of the Society.

The Constitution also contains provisions regarding the automatic retirement of a Director in certain other limited circumstances.

Annual General Meeting

The Company's 2018 AGM will be held on 25 April 2018. Full details of the 2018 AGM, together with explanations of the resolutions to be proposed, will be contained in the Notice of the 2018 AGM. The record date for the 2018 AGM is 5pm on 23 April 2018.

Powers of the Directors

The Directors are responsible for the management of the business of the Company and the Group and may exercise all powers of the Company subject to applicable legislation and regulation and the Constitution. At the 2017 AGM, the Directors were given the power to issue new shares up to a nominal amount of €3,237,258.96. This power will expire on the earlier of the close of business on the date of the 2018 AGM or 25 July 2018. Accordingly, a resolution will be proposed at the 2018 AGM to renew the Company's authority to issue new shares.

At the 2017 AGM, the Directors were also given the power to:

(i) dis-apply the strict statutory pre-emption provisions in the event of a rights issue or other pre-emptive issue or in any other issue up to an aggregate amount equal to 5% of the nominal value of the Company's issued share capital. This 5% limit includes any treasury shares re-issued by the Company while this authority remains operable; and

(ii) dis-apply the strict statutory pre-emption provisions for an additional 5% for specific transactions. The resolution gave the Directors an additional power to allot shares on a non-pre-emptive basis and for cash up to a further 5% of the issued share capital in connection with an acquisition or a specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue. The 5% limit includes any treasury shares reissued by the Company while this authority remains operable.

These powers will expire on the date of the 2018 AGM or 25 July 2018, whichever is earlier. Accordingly, resolutions will be proposed at the 2018 AGM to renew these authorities.

Compliance with Pre-emption Guidelines

It is the Directors' intention to follow the provisions of the Pre-emption Principles regarding cumulative usage of authorities within a rolling three-year period. These principles provide that companies should consult shareholders prior to issuing, other than to existing shareholders, shares for cash representing in excess of 7.5% of the Company's issued share capital in any rolling three-year period.

Research and development

The Group is fully committed to ongoing technological innovation in all sectors of its business, providing integrated customer-focused product development by leveraging our global technology capabilities and expertise. Expenditure on research and development amounted to € 9.0 million in 2017 (2016: €7.7 million) as disclosed in Note 5 to the Financial Statements.

Dividends
An interim dividend of 5.91 cent per share was paid on 6 October 2017 (an aggregate of €17.5 million) to shareholders on the share register at the close of business on 25 August 2017. The Directors propose a final dividend of 16.09 cent per share. Subject to shareholder approval, the final dividend will be paid on 27 April 2018 to shareholders on the share register on 16 March 2018.

Following approval by shareholders at the AGM in 2010, all dividend payments will be made by direct credit transfer into a nominated bank or financial institution. If a shareholder has not provided his/her account details prior to the payment of the dividend, a shareholder will be sent the normal tax voucher advising a shareholder of the amount of his/her dividend and that the amount is being held because his/her direct credit transfer instructions had not been received in time.

A shareholder's dividends will not accrue interest while they are held. Payment will be transferred to a shareholder's account as soon as possible on receipt of his/her direct credit transfer instructions. Additionally, if a shareholder's registered address is in the UK and a shareholder has not previously provided the Company with a mandate form for a Euro account, a shareholder's dividend will default to a Sterling payment. All other shareholder's dividends will default to a Euro payment.

Political donations
The Electoral Act, 1997 as amended requires companies to disclose all political donations over €200 in aggregate made during the financial year. The Directors, on enquiry, have satisfied themselves that no payment or other donations in excess of this amount have been made by the Group.

Issued share capital
At 30 December 2017 the authorised share capital of the Company was 350,000,000 ordinary shares of €0.06 each and the issued share capital was 296,045,684 (2016: 296,040,684) ordinary shares of €0.06 each, of which 31.5% was held by the Society. All the Company's shares are fully paid up and quoted on the Irish and London Stock Exchanges. During the year 5,000 ordinary shares of €0.06 each were allotted, upon the exercise of outstanding share options under the 2002 LTIP.

Details of the Company's share capital and shares under option or share award at 30 December 2017 are given in Notes 23 and 24, respectively, to the Financial Statements.

Rights and obligations of ordinary shares
On a show of hands at a general meeting, every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote. On a poll, every shareholder present in person or by proxy, shall have one vote for every ordinary share held. In accordance with the provisions of the Constitution, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. On a return of capital on a winding up, holders of ordinary shares are entitled to participate.

Restrictions on transfer of shares/votes
With the exception of restrictions on transfer of shares under the Company's share schemes, while the shares are subject to the schemes, there are no restrictions on the voting rights attaching to the Company's ordinary shares (except as outlined below) or the transfer of securities in the Company.

Article 2 of the Constitution provides that any ordinary shares acquired by any person who is/was an employee of the Group or any associate or joint venture (provided he is neither a Director of the Company nor a Director of the Society) shall be non-voting shares if such acquisition would, if not for this restriction on voting rights, cause such person to be deemed to have acquired indirect control of the Company or to have to make an offer under Rule 9 of the Irish Takeover Panel Act 1997, Takeover Rules 2013.

Under the Constitution of the Company, the Directors have the power to impose restrictions on the exercise of rights attaching to share(s) where the holder of the share(s) fails to disclose the identity of any person who may have an interest in those shares. No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

Exercise of rights of shares in employee share schemes
As detailed in Note 24 to the Financial Statements at 30 December 2017, 1,127,066 ordinary shares were held in employee benefit trusts for the purpose of the Group's employee share schemes.

The employee benefit trusts have waived dividends due to them in respect of unallocated shares save a nominal amount.

The Trustees of the employee trusts do not seek to exercise voting rights on shares held in the employee trusts other than on the direction of the underlying beneficiaries. No voting rights are exercised in relation to shares unallocated to individual beneficiaries.

Rights under the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009
Shareholder(s) have the right to ask questions related to items on the agenda of a general meeting and to receive answers, subject to certain qualifications. Shareholder(s) holding 3% of the issued share capital of the Company, representing at least 3% of its total voting rights, have the right to put items on the agenda and to table draft resolutions at AGMs. The request must be received by the Company at least 42 days before the relevant meeting. Further details of shareholders' rights under the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009 will be contained in the Notice of the 2018 AGM.

Other Statutory Information continued

Restrictions on voting deadlines
The notice of any general meeting shall specify the deadline for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be proposed at the general meeting. The number of proxy votes for, against or withheld in respect of each resolution is published on the Group's website after the meeting.

Constitution
The Company's Constitution details the rights attaching to the shares; the method by which the Company may purchase or reissue its shares, the provisions which apply to the holding of shares and voting at general meetings and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers. A copy of the Constitution can be obtained from the Group's website: www.glanbia.com.

Unless expressly specified to the contrary in the Constitution of the Company, the Company's Constitution may be amended by special resolution of the Company's shareholders.

Change of control provisions
The Group has certain debt facilities which may require repayment in the event that a change in control occurs with respect to the Group.

There are also a number of agreements that take effect, alter or terminate upon a change of control of the Group, which include the Group's Glanbia Cheese Joint Venture with Leprino Foods Company. If a third party were to acquire control of the Group, Leprino Foods Company could elect to terminate its Joint Venture with the Group and, if this were to occur, the Group could then be required to sell its shareholding in the Joint Venture to Leprino Foods Company at a price equal to its fair value.

The Board is satisfied that no change of control provisions has occurred in respect of these agreements.

In addition, the Company's employee share plans contain change of control provisions which can allow for the acceleration of the exercisability of share options and the vesting of share awards in the event of a change of control.

Substantial interests
The Company has been advised of the following notifiable interests in its ordinary share capital:

Shareholder	No of ordinary shares as at 30/12/2017	% of issued share capital as at 30/12/2017	No of ordinary shares as at 20/02/2018	% of issued share capital as at 20/02/2018
Glanbia Co-operative Society Limited	93,276,241	31.5%	93,276,241	31.5%
The Capital Group Companies, Inc./Capital Research and Mgt. Company*	19,562,747	6.6%	19,562,747	6.6%
Standard Life Investments (Holdings) Limited**	10,488,025	3.5%	10,488,025	3.5%
Mawer Investment Management Limited	8,900,549	3.0%	12,004,534	4.1%
Standard Life Aberdeen plc affiliated investment management entities***	8,895,151	3.0%	8,895,151	3.0%

* The Capital Group Companies, Inc. (CGC) is the parent company of Capital Research and Management Company (CRMC). CRMC is a US based investment management company that manages the American Funds family of mutual funds. CRMC manages equity assets for various investment companies through three divisions, Capital Research Global Investors, Capital International Investors and Capital World Investors. CRMC in turn is the parent company of Capital Group International, Inc. (CGII), which in turn is the parent company of five investment management companies ('CGII management companies'): Capital Guardian Trust Company, Capital International, Inc., Capital International Limited, Capital International Sàrl and Capital International K.K. The CGII management companies primarily serve as investment managers to institutional clients.

Neither CGC nor any of its affiliates own shares in the Company for their own account. Rather, the shares reported are owned by accounts under the discretionary investment management of one or more of the investment management companies described above. The Growth Fund of America (GFA) is a mutual fund registered in the US under the Investment Company Act of 1940. GFA is the legal owner of 13,668,044 shares (4.617% of the outstanding shares). GFA has granted proxy voting authority to its investment adviser CRMC.

** An interest of 3.22% held by Standard Life Investments Limited is included in the holding of Standard Life Investments (Holdings) Limited.

*** An interest of 2.63% held by Standard Life Investments Limited is included in the holding of Aggregate of Standard Life Aberdeen plc affiliated investment management entities.

Contracts of significance for the purpose of LR 6.8.1, ISE Listing Rules/LR 9.8.4 R, UKLA Listing Rules
In connection with the expansion of the strategic Joint Venture Glanbia Ireland (GI) the following agreements were entered into by Glanbia plc and the Society:
- Shareholders' Agreement dated 2 July 2017 (replacing the shareholders' agreement dated 25 November 2012);
- Share Subscription and Redemption Agreement the principal terms and conditions of which were included in the circular sent to shareholders on 28 April 2017 in respect of the Extraordinary General Meeting held on 22 May 2017 and is available to view on www.glanbia.com.
- Amended and Restated Relationship Agreement as also described in the circular sent to shareholders on 28 April 2017.

The key terms of the Shareholders' Agreement dated 2 July 2017 are as set out below.

The board of directors of GI
The board of directors of GI will comprise 14 directors appointed by the Society, six directors appointed by Glanbia plc (the 'PLC Appointees') and up to three executive directors. The PLC Appointees are appointed from the Directors of Glanbia plc, the Independent (of the Society) Non-Executive Directors of Glanbia plc and such other persons as may be approved by the Nomination and Governance Committee of the Board of Glanbia plc. Each of the PLC Appointees has 1.5 votes at any meeting of the board of directors of GI. All of the other directors of GI have one vote each. The chairman of the board of GI shall not be entitled to a casting vote. The chairman of GI shall be appointed by the Society so long as it holds more than 50% of the entire issued share capital of GI.

Consent of Glanbia plc and the Society
The prior written consent of Glanbia plc and the Society will be required for certain matters relating to GI, including:
- changes to the business being carried on by GI;
- agreeing the annual budget and the three-year rolling business plan;
- Value Added Projects (as defined below) approval and changes to the related dividend policy;
- altering the distribution policy or any material decision which is likely to result in GI failing to meet its minimum profitability level specified in the business plan;
- incurring any capital expenditure in excess of that provided for in the budget;
- acquisitions and disposals with a consideration in excess of €4 million;
- entering into any contract or transaction except in the ordinary course of the business of GI and on an arm's length basis with a value in excess of €2 million; and
- incurring any new debt facilities in excess of €4 million which is not included in the business plan or which does not arise in the ordinary course of trading.

Future capital contributions
Future capital contributions will be considered by the shareholders of GI on a case by case basis (without any binding commitment).

Profit and distribution policies
Profit retention
A new minimum profit policy for the enlarged business that sets an expectation for the profitability of GI by reference to a minimum profit after tax equivalent to not less than 3.2% of net revenue of the combined businesses of GI (the 'Minimum Net Profit'). Net revenue for this purpose will be adjusted for revenue arising from Value Added Projects (as defined below) in respect of which there is to be a separate profit retention policy (see below).

In any year where the Minimum Net Profit will be exceeded, the first €5 million of incremental net profit in excess of the Minimum Net Profit will be set aside as a Volatility Fund in the business to support milk suppliers, grain suppliers, suppliers of other farm outputs and customers purchasing agricultural inputs, to be paid out at the discretion of the GI board (the terms of distribution of each Volatility Fund and the time limit on payout will be determined by the board of GI before the close of the audit of the financial statements for GI for the year in which the Volatility Fund was created).

The new minimum profit policy replaces the existing profit policy in operation at GI. The new minimum profit policy was effective from the beginning of the 2018 financial year.

Value Added Projects – target profit policy
A separate target profit policy will apply to Value Added Projects. Projects undertaken as Value Added Projects shall be subject to a target profit after tax which shall be agreed by the board of GI on a project-by-project basis for each financial year based upon the investment business case of each such Value Added Project. For such projects, 30% of the profit after tax for each Value Added Project shall be retained by GI and 70% shall be distributed to GI's shareholders pro rata.

Dividend policy
Subject to compliance with its applicable banking covenants and the availability of sufficient distributable reserves, GI will operate an annual dividend payout comprised of the aggregate of 70% of the profit after tax attributable to Value Added Projects as described above, and 50% of profit after tax attributable to the remaining business activities.

Call Option
Under the Shareholders' Agreement dated 2 July 2017, the Society will continue to have a call option (the 'Call Option') to acquire Glanbia plc's 40% interest in GI. This Call Option will be exercisable for a one year period commencing on completion of a change of control event in relation to Glanbia plc. A reduction of the Society's representation on the Glanbia plc Board or its shareholding in Glanbia plc below 30% shall not constitute a change of control for the purposes of the commencement of the Call Option (unless there is an associated acquisition by an unaffiliated third party of a controlling interest in Glanbia plc). The price payable by the Society on completion of the Call Option shall be an amount equal to 40% of the fair value of GI as between a willing buyer and willing seller (and no discount in respect of Glanbia plc being a minority shareholder in GI will apply). The fair value of GI shall be agreed by Glanbia plc and the Society or, in the absence of agreement, the fair value shall be the midpoint between the valuations as determined for the fair value by two suitably qualified independent valuers.

If following the exercise of the Call Option by the Society, GI and/or Glanbia Foods Ireland Limited continues to be a participating employer in the Glanbia defined benefit pension schemes and Glanbia plc continues to be the principal employer, the Society will guarantee to Glanbia plc the due performance of the obligations of these companies under the schemes for so long as each individual company remains as a participating employer.

For a period of three years from completion, Glanbia plc shall not, directly or indirectly, without the Society's prior written consent, transfer or dispose of any interest in GI, or enter into any agreement, arrangement or understanding (whether legally binding or not) or do or omit to do any act as a result of which any third party may acquire such interest. This restriction shall not apply to transfers by Glanbia plc to subsidiaries of Glanbia plc provided that the transferee does not cease to be a subsidiary of Glanbia plc.

Other Statutory Information continued

Contracts of significance for the purpose of LR 6.8.1, ISE Listing Rules/LR 9.8.4 R, UKLA Listing Rules continued

Effect of termination of the Joint Venture

If Glanbia plc ceases to have any shareholding in GI:

- GI and, if applicable, each of its subsidiaries will change its name to a new name which does not include the name 'Glanbia' and Glanbia will pay to GI 50% of the vouched reasonable costs of such rebranding up to a maximum liability for Glanbia plc of €1,500,000 (i.e. 50% of €3 million); and
- the Society will propose (and recommend to its members for approval) a resolution at the next annual general meeting of the Society following the date on which Glanbia plc ceases to have any shareholding in GI to change its corporate name to a name which does not include the name 'Glanbia'. The Society will not be required to convene a general meeting of members solely to consider a proposed change of name. The Society will not use the 'Glanbia' name for any trading or business purpose.

The shareholders' agreement entered into by Glanbia plc, the Society and GI on 25 November 2012, details of which are contained in our 2016 Annual Report and Accounts, was terminated on 2 July 2017.

Information required to be disclosed by LR 6.8.1, ISE Listing Rules/LR 9.8.4 R, UKLA Listing Rules

For the purposes of LR 6.8.1/LR 9.8.4 R, the information required to be disclosed by LR 6.8.1/LR 9.8.4 R can be found in the following locations:

Section	Topic	Location
(1)	Interest capitalised and related tax relief	Financial Statements, Note 12
(2)	Publication of unaudited financial information	Not applicable
(3)	Small related party transactions	Not applicable
(4)	Details of long-term incentive schemes	Remuneration Committee report
(5)	Waiver of emoluments by a director	Not applicable
(6)	Waiver of future emoluments by a director	Not applicable
(7)	Non-pre-emptive issues of equity for cash	Not applicable
(8)	Item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Other Statutory Information
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Other Statutory Information
(13)	Shareholder waivers of future dividends	Other Statutory Information
(14)	Agreement with controlling shareholders and independence provisions/undertakings	Page 61

All the information cross-referenced above is hereby incorporated by reference into this Directors' Report.

Subsidiary and associated undertakings

A list of the principal subsidiary and associated undertakings and their activities is included in Note 39 to the Financial Statements.

Adequate accounting records

The Directors are responsible for keeping adequate accounting records that are sufficient to correctly record and explain the transactions of the Company or enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable the Directors to ensure that the Financial Statements comply with the Companies Act 2014, and, as regards the Group Financial Statements, Article 4 of the IAS Regulation, and enable those Financial Statements to be audited.

The Directors, through the use of appropriate procedures and systems, have also ensured that measures are in place to secure compliance with the Company's and the Group's obligation to keep adequate accounting records. These accounting records are kept at the registered office of the Company.

Accountability and audit

Directors' responsibilities for preparing the Financial Statements for the Company and the Group are detailed on page 111.

The Independent Auditors' report details the respective responsibilities of Directors and statutory Auditors.

Statutory Auditors

The statutory Auditors, Deloitte, have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Disclosure of information to statutory Auditors

In accordance with the provisions of section 330 of the Companies Act 2014, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2014) of which the statutory Auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to ensure that the statutory Auditor is aware of such information.

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the Group and Company Financial Statements in accordance with applicable law and regulations. Irish company law requires the Directors to prepare 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 (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and elected to prepare the Company Financial Statements in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014. Under Irish law the Directors shall not approve the Group and Company 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 Company respectively, as at the end of the financial year and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing these Group and Company Financial Statements the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Financial Statements comply with IFRS as adopted by the European Union and ensure the Financial Statements contain the information required by the Companies Act 2014 and as regards the Company Financial Statements as applied in accordance with the provision of the Companies Act 2014; and
- prepare the Financial Statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are also required by the Transparency Directive (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland, the Companies Act 2014 and the Listing Rules issued by the Irish Stock Exchange to prepare a Directors' Report and reports relating to Directors' remuneration and corporate governance and the Directors are required to include a management report containing, amongst other things, a fair review of the development and performance of the Group's business and of its position and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records that are sufficient to:
- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy;
- enable the Directors to ensure that the Group and Company Financial Statements and the Directors Report comply with the Companies Act 2014, and as regards the Group Financial Statements Article 4 of the IAS Regulation; and
- enable the Group and Company Financial Statements to be audited.

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

Each of the Directors, whose names and functions are listed on pages 64 to 67 ('Current Directors') confirms that he/she considers that 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 position, performance, business model and strategy of the Company and the undertakings included in the consolidation taken as whole. Each of the Current Directors also confirms that to the best of each person's knowledge and belief:
- the Group Financial Statements prepared in accordance with IFRS as adopted by the European Union and the Company Financial Statements prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provision of the Companies Act 2014 give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- 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 Company and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they face.

The Directors' Report for the purpose of the Transparency Directive (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland, the Companies Act 2014 and the Listing Rules issued by the Irish Stock Exchange consists of pages 1 to 111.

Directors' Report
On behalf of the Board

Henry Corbally **Siobhán Talbot** **Mark Garvey**
Directors
20 February 2018

Financial Statements

Financial Statements

91% OF CONSUMERS WANT PROTEIN WITH RECOGNISABLE INGREDIENTS

Source: McKinsey Research

93%

OF U.S. HOUSEHOLDS HAVE PURCHASED A CLEAN LABEL PRODUCT

Source: Nielsen

Read more on pages 20-29

THE MOST HEALTH FOCUSED HOUSEHOLDS ARE ALSO THE MOST LIKELY TO BE ENGAGING WITH ONLINE GROCERY SHOPPING.

Nielsen 2017

Independent Auditors' Report to the Members of Glanbia plc

Opinion on financial statements of Glanbia plc

In our opinion, the Group and Company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and the Company as at 30 December 2017 and of the Group's profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting frameworks and in particular, with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements we have audited comprise:

The Group financial statements:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group balance sheet;
- the Group statement of changes in equity;
- the Group statement of cash flows; and
- the related notes 1 to 39, including a summary of significant accounting policies as set out in note 2.

The Company financial statements:

- the Company balance sheet;
- the Company statement of changes in equity;
- the Company statement of comprehensive income; and statement of cash flows;
- the related notes 1 to 39, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in the preparation of the Group financial statements is the Companies Act 2014, International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRSs as adopted by the EU) and IFRSs as issued by the International Accounting Standards Board (IASB) ("relevant financial reporting framework").

The relevant financial reporting framework that has been applied in the preparation of the Company financial statements is the Companies Act 2014 and IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 2014 ("relevant financial reporting framework").

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 described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to public interest entities, 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.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: Event Driven: • Acquisition accounting & valuation of intangible assets on acquisitions; • Disposal of controlling interest in Dairy Ireland to a related party & subsequent reorganisation of investment in Glanbia Ireland; Recurring: • Risk of potential impairment to the carrying value of goodwill & intangible assets; • Appropriateness of taxation provisions; and • Revenue recognition.
Materiality	The materiality that we used in the current year was €13.8m which was determined on the basis of profit before tax and exceptional items.
Scoping	We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide internal financial controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in 43 components. 13 of these were subject to a full audit, whilst the remaining 30 were subject to specified audit procedures where the extent of our testing was based on our assessment of the associated risks of material misstatement and of the materiality of the Group's operations in those components.
Significant changes in our approach	Key audit matters: We have included two new key audit matters in the current year arising from changes in Glanbia's business relating to the disposal of Dairy Ireland and the acquisition of subsidiaries Amazing Grass and Body and Fit by Glanbia Performance Nutrition. We have removed Retirement Benefit Obligations from being a key audit matter as it is no longer considered significant due to the reduction in retirement benefit liabilities held by Glanbia plc following the disposal of the controlling interest in Dairy Ireland. Materiality & Scoping: Our materiality and scoping were affected in the current year due to the disposal of the Dairy Ireland segment. Materiality has reduced due to the changes in the Group's business resulting in a number of additional international components being included in our audit scope.

Conclusions relating to principle 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 ISAs (Ireland) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures on pages 47 to 51 to the annual report that describe those risks and explain how they are being managed or mitigated;
- the Directors' confirmation in the annual report on page 47 that they have carried out a robust assessment of the principal risks facing the Group and the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement on page 132 in the financial statements about whether the Directors consider 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 on page 62 in the annual report as to how they have assessed the prospects of the Group and 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 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement we identified (whether or not due to fraud), including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing 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.

Independent Auditors' Report to the Members of Glanbia plc continued

Disposal of controlling interest in Dairy Ireland to a related party & subsequent reorganisation of investment in Glanbia Ireland

Key audit matter description	On 2 July 2017, the Group completed the disposal of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co-operative Society Limited, its ultimate parent. This transaction resulted in the creation of a new joint venture, together with Glanbia Ingredients Ireland DAC, called Glanbia Ireland. On completion the Group received €112m consideration in respect of its 60% equity stake and a 40% interest in the resulting Glanbia Ireland joint venture. These transactions were accounted for as a single transaction under IFRS 10 Consolidated Financial Statements. The trade of the Dairy Ireland business up to 1 July 2017 is disclosed as discontinued operations in line with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Since 2 July 2017 the 40% investment in Glanbia Ireland is treated as a joint venture of the Group. We identified the following risks arising from this transaction: (a) The accounting for the disposal and acquisition element of the transaction is not in accordance with IFRS 3 Business Combinations; (b) Disclosures in relation to the discontinued operations are not presented in accordance with IFRS 5 and IAS 24 Related Party Transactions. Refer also to page 74 (Audit Committee Report), pages 132, 133 and 134 (basis of preparation, basis of consolidation, and discontinued operations and non-current assets held for sale accounting policies) and notes 6, 10 and 18 to the financial statements.
How the scope of our audit responded to the key audit matter	We gained an understanding of the transaction and reviewed the legal agreements supporting the transaction. We evaluated the design and determined the implementation of the controls which the Directors have in place regarding the disposal and reorganisation process. We have assessed if the treatment of the transaction is in compliance with IFRS 5 and IFRS 3 including assessing the point in time at which the disposal group was classified as held for sale and whether the discontinued operations profit after tax was correctly included in the financial statements. We agreed that the assets and liabilities being transferred were in line with the legal agreements. Where judgement was made by the Directors in splitting the assets and liabilities between the disposal and continuing groups we tested the assumptions for reasonableness. We have evaluated the completeness and accuracy of the disclosures made in accordance with IFRS 5 and IAS 24. We have challenged the assumptions used by the Directors in calculating the profit from discontinued operations and also in calculating the profit on disposal recognised. We have tested the fair value of the 40% investment in Glanbia Ireland and the classification of Glanbia Ireland as a joint venture in the current year.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to the transaction.

Acquisition accounting and valuation of intangible assets on acquisitions

Key audit matter description	The Group acquired 100% of the equity of Grass Advantage LLC (Amazing Grass) on 6 January 2017 for consideration of $132m and 100% of the equity of B&F Vastgoed B.V. (Body & Fit) on 31 March 2017 for consideration of €43.7m. Both acquisitions include intangible assets and goodwill. Intangible assets recognised by the Group include customer relationships or lists, and intellectual property and brand names. Valuing these intangible assets is a subjective process requiring a high level of estimation and judgement by the Directors. Both acquisitions required the Group to allocate the excess of purchase price over the fair value of the net assets acquired, firstly to intangible assets and the residual to goodwill. The treatment as goodwill or intangible assets has a significant impact on the subsequent amortisation or impairment policy applied. Therefore there is a risk that the allocation between intangible assets and goodwill is incorrect. Refer also to page 74 (Audit Committee Report), page 133 (business combinations accounting policy), note 3 (Critical accounting estimates and judgements) and notes 17 and 36 to the financial statements.
How the scope of our audit responded to the key audit matter	We evaluated the design and determined the implementation of key controls in place in relation to the valuation process. We, in conjunction with our valuation specialists, reviewed the purchase price allocation and challenged the key assumptions utilised in the acquisition model to value the split between goodwill and other intangible assets. We assessed whether all assets had been appropriately identified and evaluated if appropriate methodologies were used in the valuation of the assets. We also tested the accounting treatment of acquisitions for compliance with IFRS 3. Based on our procedures completed we assessed if the purchase price allocations performed by the Directors are reasonable. We also evaluated the completeness and accuracy of the disclosures.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to acquisition accounting and valuation of intangible assets on acquisitions.

Taxation Provisions

Key audit matter description	The Group operates across numerous multinational jurisdictions, the most significant of which are Ireland and the USA. The Directors apply significant judgement in assessing current and deferred tax risks and exposures in relation to the interpretation of local and international tax laws, rates and treaties relating to worldwide provisions for uncertain tax positions. In addition, on 22 December 2017, the US signed into law the Tax Cuts and Jobs Act ("The US Tax Act"). This enactment introduces significant changes to the US tax code including a reduction of the US corporate income tax rate from 35% to 21%. The US Tax Act is an extensive legislative change which requires interpretation and judgement, most notably in relation to deferred tax, the impact on US state taxes, and uncertain tax positions. There is a risk that tax authorities could have different interpretations to those of the Directors resulting in potential misstatement of tax provisions. Refer also to page 74 (Audit Committee Report), Page 141 (Income taxes accounting policy), note 3 (Critical accounting estimates and judgements) and notes 13 and 27 to the financial statements.
How the scope of our audit responded to the key audit matter	To obtain evidence over the appropriateness of the Directors' assumptions in determining provisions for uncertain tax positions, we obtained an understanding of the Group's tax strategy, tax operating models and the Directors' assessment of related tax risks and exposures across the Group. We engaged our Irish and Deloitte International tax specialists as part of our audit team, including US tax specialists to analyse and challenge the appropriateness of the assumptions made by the Directors in determining adjustments to current and deferred tax provisions, including provisions for uncertain tax positions as a result of the US Tax Act. We challenged and evaluated Directors' assumptions and estimates, including external advice obtained, in respect of tax risks and related provisions. We focussed particularly on the Directors' judgements made in relation to transfer pricing risks and interpretations of relevant tax laws, and the Directors' assessment of likely outcomes for uncertain tax positions in key jurisdictions where the Group has significant trading operations. We inspected relevant correspondence between the Group and relevant tax authorities. We evaluated the completeness and accuracy of current and deferred tax disclosures for compliance with the relevant accounting standards, including the treatment of tax credits arising as a result of the US Tax Act, as an exceptional item in the Group income statement.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to the taxation provisions.

Independent Auditors' Report to the Members of Glanbia plc continued

Risk of potential impairment to the carrying value of goodwill & intangible assets

Key audit matter description	The Group's goodwill and intangible assets of €960m, which is held across twelve individual Cash Generating Units (CGUs), represents approximately 39% of the Group's total assets at year end. The Performance Nutrition business accounts for 88% of total goodwill and intangible assets as it has been the fastest growing and most acquisitive division of the Group over recent years. There is a risk that incorrect inputs or inappropriate assumptions could be included in the Group's impairment assessment model leading to an impairment charge that has not been included in the Group's financial statements. When a review for impairment is carried out, the recoverable amount of each CGU is compared to its carrying value. The recoverable amount is determined based on value in use calculations which rely on Director's assumptions and estimates of future trading performance. The key assumptions utilised by the Directors in the impairment reviews are discount rates and growth rates. Refer also to page 74 (Audit Committee Report), pages 136 and 137 (Intangible assets accounting policy), note 3 (Critical accounting estimates and judgements) and note 17 to the financial statements.
How the scope of our audit responded to the key audit matter	We evaluated the methodology applied by the Directors in preparing the value in use calculations and the judgements applied in determining the CGUs. In addition, we evaluated the design and determined the implementation of controls in respect of the impairment review process and the budgeting process upon which the Group's discounted cash flow model is based. We performed a retrospective review of assumptions used in prior year value in use calculations and compared these to actual outturn. We challenged the underlying key assumptions within the Group's impairment model by developing an independent view of the Group discount rate where we benchmarked the rates used by the Directors against market data and comparable organisations. We challenged cash flow projections by comparing them to historic rates and Group strategic plans. We challenged the Group's forecasts with reference to recent performance and trend analysis including historic growth rates. We assessed the reasonableness of related assumptions used in determining terminal values. We evaluated the completeness and accuracy of the disclosures in relation to goodwill and intangible assets for compliance with the relevant accounting standards.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to carrying value of goodwill and intangible assets.

Revenue Recognition

Key audit matter description	The Group sells products to customers under a variety of contractual terms. Revenue is recognised net of discounts, rebates and other promotional arrangements where they apply to sales contracts. Significant judgement is required to determine the level of accruals required to settle these arrangements with customers post year end, which impacts the amount of revenue recognised in the period. There is a risk that year end accruals relating to selling arrangements, and therefore revenue could be misstated either intentionally to achieve performance targets, or as a result of error. Due to the level of different contractual terms with customers across the Group there is a risk that different revenue cut-off arrangements are not captured and recorded correctly. Refer also to page 74 (Audit Committee Report), and page 142 (Revenue recognition accounting policy).
How the scope of our audit responded to the key audit matter	We obtained an understanding of the various selling contracts and arrangements in place with customers across all divisions of the Group, and of the internal controls and IT systems in place over the revenue processes to determine if revenue was appropriately recognised to reflect the terms of contracts with customers and to ensure that the appropriate cut-off procedures are applied and revenue at year end is not misstated. We evaluated the design and determined the implementation of controls in respect of revenue recognition. We tested year end accruals for settlement of rebates and other selling arrangements and assessed whether there was any evidence of management bias in key judgements made by management. We also tested year end cut-off procedures and reviewed goods in transit at the year end date to ensure transactions were recorded in the correct period. We tested manual journal entries posted to revenue for any unusual items. We tested higher risk transactions including consignment sales and agency arrangements and assessed if these transactions were appropriately accounted for in accordance with the relevant accounting standards. In addition, we tested post year end credit notes and rebate payments to identify any invalid sales transactions recorded in the period.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to revenue recognised.

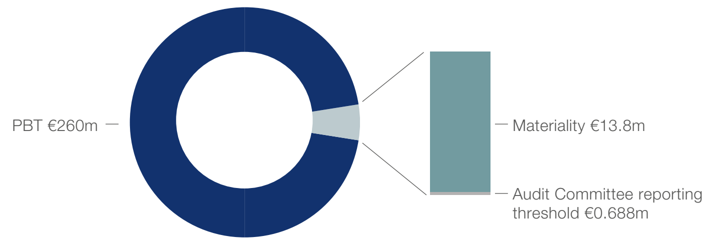
Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Independent Auditors' Report to the Members of Glanbia plc continued

Our application of materiality
We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be €13.8m, which is approximately 5% of profit before tax and exceptional items, and 1% of consolidated shareholders' equity. We have considered the profit before tax and exceptionals to be the appropriate benchmark for determining materiality because it is the most important measure for users of the Group's financial statements. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the Group and reliability of the control environment.

PBT
Materiality



We agreed with the Audit Committee that we would report to them all audit differences in excess of €0.688m as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

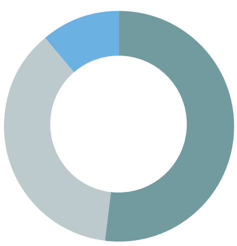
An overview of the scope of our audit
We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in 43 components. 13 of these were subject to a full audit, whilst the remaining 30 were subject to specified audit procedures where the extent of our testing was based on our assessment of the associated risks of material misstatement and of the materiality of the Group's operations in those components.

These components were selected based on coverage achieved and to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the 43 components was executed at levels of materiality applicable to each individual unit which were lower than Group materiality and ranged from €0.75m to €9.6m.

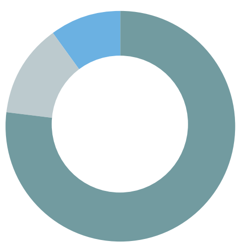
At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full audit.

The levels of coverage of key financial aspects of the Group by type of audit procedures are as set out below:

Net Assets % Tested
Full audit
Specified Audit Balances
Analytical Procedures



External Revenue % Tested



	Net Assets	Revenue
Full audit	52%	77%
Specified Audit Balances	37%	13%
Analytical Procedures	11%	10%

The Group audit team attended planning meetings at a number of significant component locations, including Ireland and the USA, during the year and participated in audit meetings with other significant components and a number of non significant components.

In addition to our planning meetings, we sent detailed instructions to our component audit teams, included them in our team briefings, discussed their risk assessment, attended closing meetings, and reviewed their audit working papers.

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 with 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 – 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 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex – the parts of the Directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex containing provisions specified for review by the auditor in accordance with Listing Rule 6.8.3(7) and Listing Rule 6.8.3(9) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code or the Irish Corporate Governance Annex.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the Directors 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the Group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the Group financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This 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.

Independent Auditors' Report to the Members of Glanbia plc continued

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- 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;
- The Company balance sheet is in agreement with the accounting records; and
- In our opinion the information given in the Directors' Report is consistent with the financial statements and the Directors' Report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement on pages 54 to 63 that, in our opinion the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 Companies Act 2014 is consistent with the company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with section 1373 of the Companies Act 2014.

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

The Listing Rules of the Irish Stock Exchange require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee. We have nothing to report in this regard.

Other matters which we are required to address

We were appointed by Glanbia plc on 27 April 2016 to audit the financial statements for the financial year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years, covering the years ending 31 December 2016 and 30 December 2017.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

Kevin Sheehan
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

20 February 2018

Group Income Statement
for the financial year ended 30 December 2017

		2017			Re-presented* 2016		
	Notes	Pre-exceptional €'m	Exceptional €'m (note 6)	Total €'m	Pre-exceptional €'m	Exceptional €'m (note 6)	Total €'m
Continuing operations							
Revenue	5	**2,387.1**	**–**	**2,387.1**	2,231.7	–	2,231.7
Earnings before interest, tax and amortisation (EBITA)	5	**283.2**	**(5.5)**	**277.7**	273.3	(14.4)	258.9
Intangible asset amortisation	17	**(43.1)**	**(19.4)**	**(62.5)**	(37.4)	–	(37.4)
Operating profit	5	**240.1**	**(24.9)**	**215.2**	235.9	(14.4)	221.5
Finance income	12	**3.0**	**–**	**3.0**	2.4	–	2.4
Finance costs	12	**(26.0)**	**(14.0)**	**(40.0)**	(25.2)	–	(25.2)
Share of results of Equity accounted investees	18	**42.8**	**8.7**	**51.5**	26.0	–	26.0
Profit before taxation		**259.9**	**(30.2)**	**229.7**	239.1	(14.4)	224.7
Income taxes	13	**(38.3)**	**45.8**	**7.5**	(39.3)	2.3	(37.0)
Profit from continuing operations		**221.6**	**15.6**	**237.2**	199.8	(12.1)	187.7
Discontinued operations							
Profit from discontinued operations	10	**9.8**	**82.4**	**92.2**	27.1	(2.7)	24.4
Profit for the year		**231.4**	**98.0**	**329.4**	226.9	(14.8)	212.1
Attributable to:							
Equity holders of the Company – Continuing operations				**237.2**			187.7
Equity holders of the Company – Discontinued operations				**92.2**			24.1
Non-controlling interests – Discontinued operations	25			**–**			0.3
				329.4			212.1
Earnings Per Share from continuing and discontinued operations attributable to the equity holders of the Company							
Basic Earnings Per Share (cent)							
Continuing operations	14			**80.40**			63.59
Discontinued operations	14			**31.25**			8.17
				111.65			71.76
Diluted Earnings Per Share (cent)							
Continuing operations	14			**80.19**			63.38
Discontinued operations	14			**31.17**			8.14
				111.36			71.52

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Group Statement of Comprehensive Income
for the financial year ended 30 December 2017

	Notes	2017 €'m	Re-presented* 2016 €'m
Profit for the year		**329.4**	212.1
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements – defined benefit schemes			
– Continuing operations	9	**7.1**	(22.8)
– Discontinued operations	9	**12.0**	(9.0)
Deferred tax on remeasurements			
– Continuing operations	27	**(0.3)**	0.7
– Discontinued operations	27	**(1.5)**	1.1
Share of remeasurements – defined benefit plans – Equity accounted investees – net of deferred tax			
– Continuing operations	18	**(0.6)**	(6.0)
– Discontinued operations	18	**1.9**	–
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences			
– Continuing operations	24	**(149.8)**	27.4
– Discontinued operations	24	**–**	(0.3)
Reclassification of foreign currency differences on disposal of Dairy Ireland	10/24	**(0.2)**	–
Net investment hedge	24	**11.3**	(2.9)
Revaluation of available for sale financial assets	24	**1.6**	(1.3)
Deferred tax on revaluation of available for sale financial assets	24	**(0.7)**	0.4
Net fair value movements on cash flow hedges		**(0.6)**	0.8
Deferred tax on cash flow hedges		**–**	(0.2)
Net fair value movements on cash flow hedges – Equity accounted investees		**2.9**	2.3
Deferred tax on cash flow hedges – Equity accounted investees		**(0.1)**	(1.3)
Other comprehensive expense for the year, net of tax		**(117.0)**	(11.1)
Total comprehensive income for the year		**212.4**	201.0
Total comprehensive income attributable to:			
Equity holders of the Company – Continuing operations		**108.0**	184.8
Equity holders of the Company – Discontinued operations		**104.5**	15.9
Non-controlling interests – Discontinued operations	25	**(0.1)**	0.3
Total comprehensive income for the year		**212.4**	201.0

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Group Balance Sheet
as at 30 December 2017

	Notes	30 December 2017 €'m	31 December 2016 €'m
ASSETS			
Non-current assets			
Property, plant and equipment	16	**442.2**	628.2
Intangible assets	17	**959.8**	966.2
Equity accounted investees	18	**266.9**	166.3
Available for sale financial assets	19(a)	**11.1**	9.9
Trade and other receivables	20	**–**	14.7
Deferred tax assets	27	**1.6**	1.8
Retirement benefit assets	9	**1.7**	2.6
		1,683.3	1,789.7
Current assets			
Current tax assets		**11.3**	5.3
Inventories	21	**321.6**	366.5
Trade and other receivables	20	**302.4**	327.1
Derivative financial instruments	31	**2.2**	1.2
Cash and cash equivalents	22	**162.2**	218.9
		799.7	919.0
Total assets		**2,483.0**	2,708.7
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	23	**105.4**	105.4
Other reserves	24	**190.0**	331.6
Retained earnings		**1,086.3**	779.0
		1,381.7	1,216.0
Non-controlling interests	25	**–**	11.1
Total equity		**1,381.7**	1,227.1
LIABILITIES			
Non-current liabilities			
Financial liabilities	26	**499.6**	624.2
Deferred tax liabilities	27	**125.6**	158.2
Retirement benefit obligations	9	**43.6**	113.0
Provisions	28	**24.0**	15.6
Capital grants	29	**0.1**	3.0
Other payables	30	**10.1**	11.6
		703.0	925.6
Current liabilities			
Trade and other payables	30	**307.9**	448.7
Current tax liabilities		**52.0**	54.1
Financial liabilities	26	**30.3**	32.2
Derivative financial instruments	31	**0.3**	1.2
Provisions	28	**7.8**	19.5
Capital grants	29	**–**	0.3
		398.3	556.0
Total liabilities		**1,101.3**	1,481.6
Total equity and liabilities		**2,483.0**	2,708.7

On behalf of the Board

Henry Corbally　Siobhán Talbot　Mark Garvey

H Corbally　**S Talbot**　**M Garvey**

Directors

Group Statement of Changes in Equity
for the financial year ended 30 December 2017

	Attributable to equity holders of the Company					
	Share capital and share premium €'m (note 23)	Other reserves €'m (note 24)	Retained earnings €'m	Total €'m	Non-controlling interests €'m (note 25)	Total €'m
Balance at 31 December 2016	105.4	331.6	779.0	1,216.0	11.1	1,227.1
Profit for the year	–	–	329.4	329.4	–	329.4
Other comprehensive income/(expense)						
Remeasurements – defined benefit plans	–	–	19.2	19.2	(0.1)	19.1
Deferred tax on remeasurements – defined benefit plans	–	–	(1.8)	(1.8)	–	(1.8)
Share of remeasurements – defined benefit plans – Equity accounted investees – net of deferred tax	–	–	1.3	1.3	–	1.3
Currency translation differences	–	(149.8)	–	(149.8)	–	(149.8)
Reclassification of foreign currency differences on disposal of Dairy Ireland	–	(0.2)	–	(0.2)	–	(0.2)
Net investment hedge	–	11.3	–	11.3	–	11.3
Fair value movements	–	3.9	–	3.9	–	3.9
Deferred tax on fair value movements	–	(0.8)	–	(0.8)	–	(0.8)
Total comprehensive (expense)/income for the year	–	(135.6)	348.1	212.5	(0.1)	212.4
Transactions with equity holders of the Company						
Contributions and distributions						
Dividends	–	–	(40.9)	(40.9)	–	(40.9)
Sale of shares held by a subsidiary	–	–	2.4	2.4	–	2.4
Cost of share-based payments	–	7.8	–	7.8	–	7.8
Transfer on exercise, vesting or expiry of share-based payments	–	2.4	(2.4)	–	–	–
Deferred tax on share-based payments	–	–	0.1	0.1	–	0.1
Purchase of own shares	–	(16.2)	–	(16.2)	–	(16.2)
Total contributions and distributions	–	(6.0)	(40.8)	(46.8)	–	(46.8)
Changes in ownership interests						
Disposal of non-controlling interest	–	–	–	–	(11.0)	(11.0)
Balance at 30 December 2017	105.4	190.0	1,086.3	1,381.7	–	1,381.7

Group Statement of Changes in Equity continued
for the financial year ended 30 December 2017

	Attributable to equity holders of the Company					
	Share capital and share premium €'m (note 23)	Other reserves €'m (note 24)	Retained earnings €'m	Total €'m	Non-controlling interests €'m (note 25)	Total €'m
Balance at 2 January 2016	105.4	306.4	642.8	1,054.6	8.5	1,063.1
Profit for the year	–	–	211.8	211.8	0.3	212.1
Other comprehensive income/(expense)						
Remeasurements – defined benefit plans	–	–	(31.8)	(31.8)	–	(31.8)
Deferred tax on remeasurements – defined benefit plans	–	–	1.8	1.8	–	1.8
Share of remeasurements – defined benefit plans – Equity accounted investees – net of deferred tax	–	–	(6.0)	(6.0)	–	(6.0)
Currency translation differences	–	27.1	–	27.1	–	27.1
Net investment hedge	–	(2.9)	–	(2.9)	–	(2.9)
Fair value movements	–	1.8	–	1.8	–	1.8
Deferred tax on fair value movements	–	(1.1)	–	(1.1)	–	(1.1)
Total comprehensive income for the year	–	24.9	175.8	200.7	0.3	201.0
Transactions with equity holders of the Company						
Contributions and distributions						
Dividends	–	–	(36.8)	(36.8)	(0.9)	(37.7)
Cost of share-based payments	–	7.7	–	7.7	–	7.7
Transfer on exercise, vesting or expiry of share-based payments	–	3.0	(3.0)	–	–	–
Deferred tax on share-based payments	–	–	0.2	0.2	–	0.2
Purchase of own shares	–	(10.4)	–	(10.4)	–	(10.4)
Total contributions and distributions	–	0.3	(39.6)	(39.3)	(0.9)	(40.2)
Changes in ownership interests						
Non-controlling interests arising on gain in control	–	–	–	–	3.2	3.2
Balance at 31 December 2016	105.4	331.6	779.0	1,216.0	11.1	1,227.1

Group Statement of Cash Flows
for the financial year ended 30 December 2017

	Notes	2017 €'m	2016 €'m
Cash flows from operating activities			
Cash generated from operating activities	34	**162.2**	374.2
Interest received		**3.1**	2.4
Interest paid		**(39.5)**	(24.8)
Tax paid		**(34.7)**	(29.0)
Net cash inflow from operating activities		**91.1**	322.8
Cash flows from investing activities			
Acquisition of subsidiaries – purchase consideration	36	**(162.2)**	(15.7)
Acquisition of subsidiaries – liabilities settled at completion	36	**(7.6)**	–
Acquisition of subsidiaries – cash and cash equivalents acquired	36	**1.6**	1.1
Capital grants received	29	**–**	0.6
Purchase of property, plant and equipment		**(38.0)**	(65.4)
Purchase of intangible assets		**(34.5)**	(24.1)
Interest paid in relation to property, plant and equipment	12	**(0.8)**	(1.5)
Dividends received from Equity accounted investees	18	**15.8**	13.8
Loans advanced to Equity accounted investees	37	**–**	(12.8)
Net redemption, disposal and additions in available for sale financial assets	19(a)	**0.4**	(0.4)
Disposal of undertaking and investment in Equity accounted investee (net of cash disposed)	10	**208.8**	–
Proceeds from property, plant and equipment		**0.1**	0.4
Sale of shares held by a subsidiary		**2.4**	–
Net cash outflow from investing activities		**(14.0)**	(104.0)
Cash flows from financing activities			
Purchase of own shares	24	**(16.2)**	(10.4)
Decrease in borrowings	26	**(60.7)**	(154.5)
Finance lease payments	26	**(2.2)**	(0.3)
Dividends paid to Company shareholders	15	**(41.0)**	(37.2)
Dividends paid to non-controlling interests	25	**–**	(0.9)
Net cash outflow from financing activities		**(120.1)**	(203.3)
Net (decrease)/increase in cash and cash equivalents		**(43.0)**	15.5
Cash and cash equivalents at the beginning of the year		**187.3**	169.1
Effects of exchange rate changes on cash and cash equivalents		**(12.2)**	2.7
Cash and cash equivalents at the end of the year	22	**132.1**	187.3

Reconciliation of net cash flow to movement in net debt		2017 €'m	2016 €'m
Net (decrease)/increase in cash and cash equivalents		**(43.0)**	15.5
Cash movements from debt financing		**62.9**	154.8
New finance leases		**–**	(1.8)
Debt acquired on acquisition		**–**	(0.8)
		19.9	167.7
Exchange translation adjustment on net debt	26	**49.9**	(21.0)
Movement in net debt in the year		**69.8**	146.7
Net debt at the beginning of the year		**(437.5)**	(584.2)
Net debt at the end of the year	26	**(367.7)**	(437.5)

Company Balance Sheet
as at 30 December 2017

	Notes	30 December 2017 €'m	31 December 2016 €'m
ASSETS			
Non-current assets			
Equity accounted investees	18	**95.4**	22.1
Investment in subsidiaries	19(b)	**467.4**	605.9
Available for sale financial assets	19(a)	**10.8**	6.2
Deferred tax assets	27	**0.3**	0.6
		573.9	634.8
Current assets			
Trade and other receivables	20	**318.2**	355.4
Cash and cash equivalents	22	**6.0**	11.3
		324.2	366.7
Total assets		**898.1**	1,001.5
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	23	**460.7**	460.7
Other reserves		**3.4**	8.0
Retained earnings		**212.1**	148.2
Total equity		**676.2**	616.9
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	27	**1.7**	1.0
		1.7	1.0
Current liabilities			
Provisions		**0.6**	–
Trade and other payables	30	**219.6**	383.6
		220.2	383.6
Total liabilities		**221.9**	384.6
Total equity and liabilities		**898.1**	1,001.5

As permitted by section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its separate income statement in these Financial Statements and from filing it with the Registrar of Companies. The profit for the year dealt with in the Financial Statements of the Company amounts to €107.2 million (2016: €40.5 million).

On behalf of the Board

H Corbally
Directors

S Talbot

M Garvey

Company Statement of Changes in Equity
for the financial year ended 30 December 2017

		Other reserves					
	Share capital and share premium €'m (note 23)	Capital reserve €'m (note 24 (a))	Own shares €'m (note 24 (f))	Share-based payment reserve €'m (note 11)	Available for sale financial asset reserve €'m (note 19)	Retained earnings €'m	Total €'m
Balance at 31 December 2016	**460.7**	**4.2**	**(15.2)**	**17.0**	**2.0**	**148.2**	**616.9**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**107.2**	**107.2**
Other comprehensive income/(expense)							
Fair value movements	**–**	**–**	**–**	**–**	**2.1**	**–**	**2.1**
Deferred tax on fair value movements	**–**	**–**	**–**	**–**	**(0.7)**	**–**	**(0.7)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1.4**	**107.2**	**108.6**
Transactions with equity holders of the Company							
Contributions and distributions							
Dividends	**–**	**–**	**–**	**–**	**–**	**(40.9)**	**(40.9)**
Cost of share-based payments	**–**	**–**	**–**	**7.8**	**–**	**–**	**7.8**
Transfer on exercise, vesting or expiry of share-based payments	**–**	**–**	**12.3**	**(9.9)**	**–**	**(2.4)**	**–**
Purchase of own shares	**–**	**–**	**(16.2)**	**–**	**–**	**–**	**(16.2)**
Total contributions and distributions	**–**	**–**	**(3.9)**	**(2.1)**	**–**	**(43.3)**	**(49.3)**
Balance at 30 December 2017	**460.7**	**4.2**	**(19.1)**	**14.9**	**3.4**	**212.1**	**676.2**
Balance at 2 January 2016	460.7	4.2	(13.2)	14.7	2.9	147.5	616.8
Profit for the year	–	–	–	–	–	40.5	40.5
Other comprehensive income/(expense)							
Fair value movements	–	–	–	–	(1.3)	–	(1.3)
Deferred tax on fair value movements	–	–	–	–	0.4	–	0.4
Total comprehensive income/(expense) for the year	–	–	–	–	(0.9)	40.5	39.6
Transactions with equity holders of the Company							
Contributions and distributions							
Dividends	–	–	–	–	–	(36.8)	(36.8)
Cost of share-based payments	–	–	–	7.7	–	–	7.7
Transfer on exercise, vesting or expiry of share-based payments	–	–	8.4	(5.4)	–	(3.0)	–
Purchase of own shares	–	–	(10.4)	–	–	–	(10.4)
Total contributions and distributions	–	–	(2.0)	2.3	–	(39.8)	(39.5)
Balance at 31 December 2016	460.7	4.2	(15.2)	17.0	2.0	148.2	616.9

Company Statement of Comprehensive Income and Statement of Cash Flows
for the financial year ended 30 December 2017

Company statement of comprehensive income	Notes	2017 €'m	2016 €'m
Profit for the year after tax		**107.2**	40.5
Other comprehensive income/(expense)			
Revaluation of available for sale financial assets	19(a)	**2.1**	(1.3)
Deferred tax on revaluation of available for sale financial assets	27	**(0.7)**	0.4
Other comprehensive income/(expense) for the year, net of tax		**1.4**	(0.9)
Total comprehensive income for the year		**108.6**	39.6

Company statement of cash flows	Notes	2017 €'m	2016 €'m
Cash flows from operating activities			
Cash generated from operating activities	34	**71.8**	42.2
Dividend income received from Group companies		**(51.0)**	(43.0)
External dividend income received		**–**	–
Net cash inflow/(outflow) from operating activities		**20.8**	(0.8)
Cash flows from investing activities			
Disposal of investment in subsidiary		**(49.3)**	3.4
Net redemption, disposal and additions of available for sale financial assets	19(a)	**(2.5)**	(1.7)
Net cash (outflow)/inflow from investing activities		**(51.8)**	1.7
Cash flows from financing activities			
Dividends paid to Company shareholders	15	**(41.0)**	(37.2)
Purchase of own shares	24	**(16.2)**	(10.4)
Dividend income received from other Group companies		**51.0**	43.0
Dividend income received from related party		**31.9**	–
Net cash inflow/(outflow) from financing activities		**25.7**	(4.6)
Net decrease in cash and cash equivalents		**(5.3)**	(3.7)
Cash and cash equivalents at the beginning of the year		**11.3**	15.0
Cash and cash equivalents at the end of the year	22	**6.0**	11.3

Notes to the Financial Statements
for the financial year ended 30 December 2017

1. General information
Glanbia plc (the 'Company') and its subsidiaries (together the 'Group') is a leading global nutrition group with its main operations in Europe, US, Middle East, Asia Pacific and Latin America. See note 4.

The Company is a public limited company incorporated and domiciled in Ireland, the number under which it is registered is 129933. The address of its registered office is Glanbia House, Kilkenny, Ireland. Glanbia Co-operative Society Limited, (the 'Society'), together with its subsidiaries, holds 31.5% of the issued share capital of the Company. The Board of Directors for the year ended 30 December 2017 is comprised of 18 members, of which up to 10 are nominated by the Society. In accordance with IFRS 10 'Consolidated Financial Statements', the Society controls the Group and is the ultimate parent of the Group.

The Company's shares are quoted on the Irish and London Stock Exchanges.

The Company and consolidated Financial Statements were approved and authorised for issue by the Board of Directors on 20 February 2018.

2. Summary of significant accounting policies
New accounting standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted by the Group and Company during the year ended 30 December 2017 are dealt with in section (ab) below. The adoption of these standards and interpretations had no significant impact on the results or financial position of the Group and Company during the year.

The principal accounting policies adopted in the preparation of the Financial Statements are set out below.

These policies have been consistently applied to all years presented by the Company, its subsidiaries and Equity accounted investees unless otherwise stated.

(a) Basis of preparation
The consolidated Financial Statements have been prepared in accordance with EU adopted International Financial Reporting Standards (IFRS), IFRIC interpretations and those parts of the Companies Act 2014, applicable to companies reporting under IFRS.

IFRS as adopted by the European Union (EU) comprise standards and interpretations approved by the International Accounting Standards Board (IASB). The consolidated Financial Statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

The Company Financial Statements are prepared using accounting policies consistent with the accounting policies applied by the Group to the consolidated Financial Statements, as applied in accordance with the Companies Act 2014.

The consolidated Financial Statements have been prepared under the historical cost convention as modified by use of fair values for available for sale financial assets, derivative financial instruments, share-based payments and retirement benefit obligations. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The preparation of the consolidated Financial Statements in conformity with IFRS requires the use of estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. See note 3.

Amounts are stated in euro millions (€'m) unless otherwise stated. These Financial Statements are prepared for the 52-week period ended 30 December 2017. Comparatives are for the 52-week period ended 31 December 2016. The balance sheets for 2017 and 2016 have been drawn up as at 30 December 2017 and 31 December 2016 respectively.

Re-presentation
Certain comparative amounts in the balance sheet have been reclassified or re-presented, to achieve a more appropriate presentation. This includes the reclassification of lease incentives, the presentation of Interests in Associates and Interests in Joint Ventures as Equity accounted investees (note 18) and the offset of certain receivables and payables in the Company. Following the disposal of 60% of Dairy Ireland and related assets, and in accordance with the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations' and note (b) (vi) below, the results of Dairy Ireland to the date of disposal have been presented within profit from discontinued operations in the Group income statement with the prior year comparatives re-presented accordingly.

Going concern
After making enquiries the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated Financial Statements. Further details can be found in the Going Concern statement on page 44.

(b) Basis of consolidation

(i) Subsidiaries

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by it (its subsidiaries). Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses, unless they provide an indicator of impairment, between Group companies are eliminated.

(ii) Joint Ventures

The Group applies IFRS 11 'Joint Arrangements' to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be Joint Ventures. Investments in Joint Ventures are accounted for using the equity method of accounting.

(iii) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not the ability to control or jointly control those policies. Investments in Associates are accounted for using the equity method of accounting.

(iv) Equity method of accounting – Joint Ventures & Associates

Under the equity method of accounting, interests in Joint Ventures & Associates are initially recognised at cost.

The Group's share of Joint Ventures & Associates post acquisition profits or losses after tax are recognised in the 'Share of results of Equity accounted investees' in the Group income statement.

The Group's share of Joint Ventures & Associates post acquisition movement in reserves is recognised in other comprehensive income.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment less any impairment in value. Where indicators of impairment arise, the carrying amount of the Joint Venture or Associate is tested for impairment by comparing its recoverable amount against its carrying value.

Unrealised gains arising from transactions with Joint Ventures & Associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are similarly eliminated to the extent that they do not provide evidence of impairment.

When the Group's share of losses in a Joint Venture or Associate equals or exceeds its interest in the Joint Venture or Associate the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the Joint Venture or Associate.

When the Group ceases to have joint control or significant influence, any retained interest in the entity is re-measured to its fair value at the date when joint control or significant influence is lost with the change in carrying amount recognised in the income statement. The Group also reclassifies any movements previously recognised in other comprehensive income to the income statement.

(v) Business combinations

The Group uses the acquisition method of accounting to account for business combinations.

The acquisition date is deemed to be the date the Group gained control of the entity.

The cost of the acquisition is measured at the aggregate of the fair value of the consideration given.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration will be recognised in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' in the income statement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date except for deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS 19 'Employee Benefits' respectively.

The fair value of the assets and liabilities are based on valuations using assumptions deemed by management to be appropriate. Professional valuers are engaged when it is deemed appropriate to do so.

Upon acquisition, the Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

2. Summary of significant accounting policies continued

Acquisition-related costs are expensed as incurred in the income statement.

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.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets and liabilities acquired is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

(vi) Discontinued operations and non-current assets held for sale

Discontinued operations and non-current assets held for sale are defined as follows: a component of an entity that either has been disposed of, abandoned or is classified as held for sale and:

- represents a separate major line of business or geographical area of operation; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal, abandonment or when the operations meet the criteria to be classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying value and the fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than continued use. This condition is regarded as satisfied only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification. Property, plant and equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an Equity accounted investee or financial asset.

In addition, any movements previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

In determining the amount to be presented as discontinued operations, all intercompany items are eliminated on consolidation. These items are eliminated against continuing operations when an arrangement will not continue and are eliminated against discontinued operations where an arrangement will continue.

(vii) Non-controlling interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Company and are presented separately in the income statement and within equity in the balance sheet, distinguished from shareholders' equity attributable to owners of the Company.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements of each of the Group's subsidiaries, Joint Ventures & Associates 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 Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or net investment hedges.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Currency translation differences on monetary assets and liabilities are taken to the income statement, except when deferred in equity in the currency translation reserve as (i) qualifying cash flow hedges or (ii) exchange gains or losses on long-term intra-group loans and on net investment hedges.

Net investment hedges are foreign currency borrowings used to finance or provide a hedge against Group equity investments in non-euro denominated operations to the extent that they are neither planned nor expected to be repaid in the foreseeable future or are expected to provide an effective hedge of the net investment. When long-term intra-group loans are repaid the related cumulative currency translation recognised in the currency reserve is not reclassified to the income statement unless the entity is disposed of.

(iii) Subsidiaries, Joint Ventures & Associates

The income statement and balance sheet of subsidiaries, Joint Ventures & Associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at each reporting date are translated at the closing rate at the reporting date of the balance sheet;
- income and expenses in the income statement and statement of comprehensive income are translated at average exchange rates for the year. Average exchange rates are only permissible if they approximate actual. The average exchange rates are a reasonable approximation of the cumulative effect of the rates on transaction dates; and
- all resulting exchange differences are recognised in other comprehensive income.

Resulting exchange differences are taken to a separate currency reserve within equity. When a foreign entity is disposed outside the Group, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

The principal exchange rates used for the translation of results and balance sheets into euro are as follows:

	Average		Year-end	
Euro 1=	2017	2016	2017	2016
US dollar	**1.1295**	1.1068	**1.1993**	1.0541
Pound sterling	**0.8764**	0.8194	**0.8872**	0.8562
Australian dollar	**1.4734**	1.4884	**1.5346**	1.4596

(iv) Business combinations

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are expressed as functional currency assets and liabilities of the foreign entity and are recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

(d) Property, plant and equipment

(i) Cost

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs, for example the costs of major renovation, are included in the 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 and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is de-recognised when replaced.

All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of the assets.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

2. Summary of significant accounting policies continued

(ii) Depreciation

Depreciation is calculated on the straight-line method to write off the cost (less residual value) of each asset over its estimated useful life at the following rates:

	%
Land	Nil
Buildings	2.5 – 5
Plant and equipment	4 – 33
Motor vehicles	20 – 25

Land is not depreciated.

Residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

(iii) Impairment

In accordance with IAS 36 'Impairment of Assets', the carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value over the remaining useful life.

(e) Intangible assets

(i) Goodwill

Goodwill is initially recognised at cost being the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, Joint Venture or Associate at the date of acquisition.

Goodwill on acquisition of subsidiaries is included within intangible assets.

Goodwill associated with the acquisition of Joint Ventures & Associates is included within the interest in Joint Ventures & Associates under the equity method of accounting.

Following initial recognition goodwill is carried at cost less accumulated impairment losses, if applicable. Goodwill impairments are not reversed.

Goodwill is not amortised but 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; the annual goodwill impairment tests are undertaken at a consistent time in each annual period.

Goodwill is allocated to cash generating units (CGU) for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which the goodwill arose.

The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In accordance with IFRS 1 'First time Adoption of International Financial Reporting Standards', goodwill written off to reserves prior to date of transition to IFRS remains written off. In respect of goodwill capitalised and amortised at transition date, its carrying value at date of transition to IFRS remains unchanged.

(ii) Research and development costs

Research expenditure is recognised as an expense in the income statement as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering, its commercial and technological feasibility and costs can be measured reliably.

Development costs are amortised using the straight line method over their estimated useful lives. During the year the estimated useful life was changed from six years to three years.

(iii) Brands, customer relationships and other intangibles

Brands, customer relationships and other intangibles acquired as part of a business combination are stated at their fair value at the date control is achieved.

Indefinite life brands are carried at cost less accumulated impairment losses, if applicable. Indefinite life brands are not amortised on an annual basis but are tested annually for impairment. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of the brands as indefinite is assessed annually.

Definite life brands, customer relationships and other intangibles are amortised using the straight-line method over their useful life as follows:

	Yrs
Brands	10 – 40
Customer relationships	5 – 15
Other intangibles	2 – 15

The useful life used to amortise definite life brands, customer relationships and other intangibles relates to the future performance of the assets acquired and management's judgement of the period over which the economic benefit will be derived from the assets.

The carrying values of definite life brands, customer relationships and other intangibles are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or circumstances indicate that the carrying values may not be recoverable.

(iv) Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses.

Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes for internal use, if they meet the recognition criteria of IAS 38 'Intangible Assets'.

Computer software costs recognised as assets are amortised using the straight-line method over their estimated useful lives, which is normally between five and 10 years.

(v) Impairment of intangible assets

All intangible assets are reviewed for impairment annually or more frequently if indicators of impairment exist.

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs).

An impairment loss is recognised in the income statement for the amount by which the carrying value of the CGU exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is determined as the discounted future cash flows of the CGU.

(f) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are classified as non-current assets unless management intends to dispose of the available for sale financial asset within 12 months of the reporting date.

They are initially recognised at fair value plus transaction costs and are subsequently adjusted to fair value at each reporting date. Unrealised gains and losses arising from changes in the fair value of the available for sale financial assets are recognised in other comprehensive income.

When such available for sale assets are disposed or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from available for sale financial assets.

The fair values of quoted financial assets are based on current bid prices (Level 1 within the fair value hierarchy). If the market for a financial asset is not active, (unquoted), the Group establishes fair value using valuation techniques. Where the range of reasonable fair values is significant and the probability of various estimates cannot be reasonably assessed, the Group measures the investment at cost.

Dividends on available for sale financial assets are recognised in the income statement.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

2. Summary of significant accounting policies continued

Impairment

A significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists, the cumulative loss is measured as the difference between the acquisition cost and the current fair value. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(g) Inventories

Inventories are stated at the lower of cost or net realisable value.

Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition.

Cost is determined by the first-in, first-out (FIFO) method or by weighted average cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal capacity).

Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges which relate to purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision is made, where necessary, for aged, slow moving, obsolete and defective inventories.

(h) Trade and loan receivables

Trade and loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

These are classified as non-current assets except for those maturing within 12 months of the reporting date.

Impairment

An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Objective evidence includes significant financial difficulties of the trade/loan receivable, probability that the trade/loan receivable will enter bankruptcy or financial reorganisation and default or delinquency in payments.

If collectability appears unlikely compared with the original terms of the receivable, the Group will determine the appropriate allowance based on the available evidence at that time.

The amount of the allowance is the difference between the asset's carrying value and the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. When a receivable is uncollectable it is written off against an allowance account for receivables.

Subsequent recoveries of amounts previously written off are credited to the income statement. Where risks associated with receivables are transferred out of the Group under debt purchase agreements such receivables are recognised in the balance sheet to the extent of the Group's continued involvement and retained risk. The Group has not entered into any debt purchase arrangement.

(i) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost which approximates to fair value given the short dated nature of these liabilities.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid.

The amounts are unsecured and are usually paid within 30-60 days of recognition depending on the terms negotiated with suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(j) Provisions, contingent assets, contingent liabilities

Provisions are recognised on the balance sheet when the Group has a constructive or legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured using management's best estimate of the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a Pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognised as an interest expense.

Provisions arising on business combinations are only recognised to the extent that they have qualified for recognition in the Financial Statements of the acquiree prior to acquisition.

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.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the Group statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above net of bank overdrafts.

(l) Financial liabilities

Financial liabilities are recognised initially at fair value. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the financial liabilities using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterpart.

(m) Employee benefits

(i) Pension obligations

The Group operates various pension plans. The plans are funded through payments to trustee-administered funds. The Group has both defined benefit and defined contribution plans.

Defined contribution pension

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as an employee benefit expense in the income statement when they are due.

Defined benefit pension obligation

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The fair value of plan assets is based on market price information and in the case of quoted securities in active markets it is the published bid price.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the income statement in subsequent periods.

A curtailment arises when the Group significantly reduces the number of employees or employee entitlements covered by a plan. A past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases).

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions).

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

2. Summary of significant accounting policies continued

The gain or loss on a settlement is the difference between:
(a) the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
(b) the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

The deferred tax impact of pension plan obligations is disclosed separately within deferred tax assets.

(ii) Share-based payments

The Group operates a number of equity settled share-based compensation plans which include share option and share award schemes which are open to Executive Directors and certain senior managers.

The charge to the income statement in respect of share-based payments is based on the fair value of the equity instruments granted and is spread over the performance period.

Options under the 2002 Long-term incentive plan

The fair value of the instruments awarded were calculated using the binomial model.

The proceeds received are credited to share capital (nominal value) and share premium when the options are exercised.

The market vesting condition is Total Shareholder Return (TSR) and the awards contain both market and non-market vesting conditions.

Awards under the 2008 Long-term incentive plan

The fair value of the awards is calculated using a Monte Carlo simulation technique. The awards contain both market and non-market vesting conditions. The market vesting condition is Total Shareholder Return (TSR) and, accordingly, the fair value assigned to the related equity instruments is adjusted so as to reflect the anticipated likelihood at the grant date of achieving the market-based vesting condition. There are no revisions to the fair value at subsequent reporting dates for changes in TSR estimates.

Non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At each reporting date, the Group revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

The non-market based charge to the income statement is reversed where awards do not vest because non-market performance conditions have not been met or where, subject to the rules of the scheme, an employee in receipt of share awards leaves service before the end of the vesting period.

Awards under the Annual incentive deferred into shares scheme

The fair value of shares awarded is determined in line with the Group's Annual Incentive Scheme rules and equates with the cash value of the portion of the annual incentive that will be settled by way of shares. The expense is recognised immediately in the income statement with a corresponding entry to equity.

(n) Derivative financial instruments

The activities of the Group expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group uses foreign currency, interest rate and commodity derivative financial instruments to hedge these exposures.

Derivatives are initially recorded at fair value and subsequently remeasured at their fair value at the reporting date. Other than for 'regular way' contracts for which settlement date accounting is applied, derivative contracts are recognised on the date the contract is entered into.

The fair value of any foreign currency contracts or any commodities contract is estimated by discounting the difference between the contractual forward price and the current forward price, using the market interest rate at the measurement date, for a time period equal to the residual maturity of the contract.

The fair value of any interest rate swap is estimated by discounting future cash flows under the swap, using the market interest rates, at the measurement date, for time periods equal to the residual maturity of the contracted cash flows.

The method of recognising the resulting gain or loss 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 either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and every six months, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 31. Movements on the cash flow hedging reserve in equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The recycled gain or loss relating to the effective portion of interest rate swaps hedging variable interest rates on borrowings is recognised in the income statement within 'finance costs'. The recycled gain or loss relating to the effective portion of foreign exchange contracts is recognised in the income statement.

When a hedging instrument expires or is sold or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting
Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised in the income statement.

(iv) Financial guarantee contracts
Financial guarantee contracts are issued to banking institutions by the Group and Company on behalf of certain of its subsidiaries. These subsidiaries engage in ongoing financing arrangements with these banking institutions. Under the terms of IAS 39 'Financial Instruments: Recognition and Measurement', financial guarantee contracts are required to be recognised at fair value at inception and subsequently measured as a provision under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', on the Company balance sheet. Guarantees provided by the Company over the payment of employer contributions in respect of the UK defined benefit pension plans are treated as insurance contracts (note 31).

(o) Income taxes
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax
Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Group balance sheet date in countries where the Group operates and generates taxable income, taking into account adjustments relating to prior years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks and the tax uncertainties have been measured using a probability weighted expected value approach. We recognise interest and penalties related to tax uncertainties within administration expenses in the income statement and within provisions on the balance sheet. Further detail on estimates and judgements are set out in note 3.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax
Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

The carrying amount of a deferred tax asset or liability may change for reasons other than a change in the temporary difference itself. Such changes might arise as a result of a change in tax rates or laws, a reassessment of the recoverability of a deferred tax asset or a change in the expected manner of recovery of an asset or the expected manner of a settlement of a liability. The impact of these changes is recognised in the income statement or in other comprehensive income depending on where the original deferred tax balance was recognised.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

2. Summary of significant accounting policies continued

Deferred tax is provided on temporary differences arising on investments in subsidiaries, Joint Ventures & Associates except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(p) Government grants

Grants from government authorities are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Revenue grants are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in current and non-current liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Research and development taxation credits are recognised at their fair value in the income statement where there is reasonable assurance that the credit will be received.

(q) Share capital

(i) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(ii) Own shares

Where the Employee Share Trust and/or the Employee Share Scheme Trust (on behalf of the Company) purchases the Company's equity share capital, under the 2008 Long-term incentive plan and the Annual Incentive Deferred into Shares Scheme, the consideration paid is deducted from total equity and classified as own shares until they are re-issued. Where such shares are re-issued, they are re-issued on a first in, first out basis and the amount re-issued is transferred from own shares to retained earnings.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received/receivable for the sale of goods to external customers net of value added tax, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefit will flow to the entity and when specific criteria have been met for each of the Group's activities.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. This generally arises on delivery or in accordance with specific terms and conditions agreed with customers.

Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience. Rebates and discounts are recorded in the same period as the original revenue.

Interest income is recognised using the effective interest rate method.

Dividends are recognised when the right to receive payment is established.

Revenue from the sale of property is recognised when there is an unconditional and irrevocable contract for sale.

If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of commission made by the Group. Management considers the following factors to determine whether the Group acts as an agent or principal: (a) whether the Group takes title to or is exposed to inventory risk related to the goods, or has no significant responsibility in respect of the goods sold; (b) although the Group collects the revenue from the final customer, all credit risk is borne by the supplier of the goods; and (c) the ability of the Group to vary the selling prices set by the supplier by more than a small percentage.

The timing of recognition of service revenue equals the timing of when the services were rendered.

(s) Segment reporting

In identifying the Group's operating segments, management considered the following factors:

- how financial information is reported to the Chief Operating Decision Maker (CODM)
- existence of managers responsible for the components
- the nature of the component business activities
- the nature of products and services
- the nature of the production processes
- the type or class of customer
- the methods used to distribute the products.

The Group has identified three segments based on a revised review completed in the year following the disposal of 60% of the Dairy Ireland segment and related assets. These are as follows:

Glanbia Performance Nutrition

Glanbia Performance Nutrition earns its revenue from performance nutrition products. Its products are sold through a variety of channels including specialty retail, the internet, FDMC (food, drug, mass and club), and gyms in a variety of formats, including powders, ready-to-eat (bars and snacking foods) and ready-to-drink beverages.

Glanbia Nutritionals

Glanbia Nutritionals manufactures and sells cheese, dairy and non-dairy nutritional ingredients and vitamin and mineral premixes targeting the increased market focus on health and nutrition.

Glanbia Ireland

The Glanbia Ireland Joint Venture was created on 2 July 2017 following the disposal of 60% of Dairy Ireland and related assets to Glanbia Co-operative Society Limited. Glanbia Ireland is the largest milk processor in Ireland producing a range of value added dairy ingredients and consumer products. Glanbia Ireland is also a large scale seller of animal feed and fertilizer as well as having a chain of agricultural retail outlets in Ireland.

Other segments

Other non-reportable segments include Equity accounted investees which do not meet the segment criteria, individually or on an aggregate basis, as outlined in IFRS 8 'Operating Segments'.

These segments align with the Group's internal reporting system and the way in which the Chief Operating Decision Maker (Glanbia Operating Executive) assesses performance and allocates the Group's resources.

Finance income, finance costs and income taxes are not allocated to segments, as this type of activity is driven by central treasury and taxation functions which manage the cash and tax position of the Group. Unallocated assets and liabilities primarily include tax, cash and cash equivalents, available for sale financial assets, financial liabilities and derivatives. Inter-segment revenue is determined on an arms-length basis. Where a material dependency or concentration on an individual customer would warrant disclosure, this is disclosed in the operating segments note under IFRS 8 'Operating Segments'.

(t) Dividends

Dividends on ordinary shares to the Company's shareholders are recognised as a liability of the Company when approved by the Company's shareholders.

Proposed dividends that are approved after the balance sheet date are not recognised as a liability but are disclosed in the dividends note.

(u) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the income statement, facility fees and the unwinding of discounts on provisions. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

General and specific finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other finance costs are expensed in the income statement in the period in which they are incurred.

(v) Finance income

Finance income is recognised in the income statement as it accrues using the effective interest rate method and includes net gains on hedging instruments that are recognised in the income statement.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

2. Summary of significant accounting policies continued
(w) Earnings Per Share
Earnings Per Share represents the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the period excluding own shares.

Adjusted Earnings Per Share is calculated on the net profit attributable to the owners of the Company before exceptional items and intangible asset amortisation excluding software amortisation (net of related tax) divided by the weighted average number of ordinary shares in issue during the period excluding own shares.

Pro-forma Adjusted Earnings Per Share from continuing operations has been provided as it represents the revised and on-going structure of the Group following the disposal of 60% of the Dairy Ireland segment and related assets. Pro-forma Adjusted Earnings Per Share is calculated based on the net profit attributable to equity holders of the parent from continuing activities plus 40% of the share of profits of Dairy Ireland and related assets, before exceptional items and amortisation of intangible assets (excluding software amortisation), net of related tax. Prior year comparatives are also adjusted accordingly.

Both Adjusted and Pro-forma Adjusted Earnings Per Share are non-IFRS metrics. Full details on the calculation and reconciliation to IFRS reported numbers are included in the Glossary on pages 212 to 222.

Diluted Earnings Per Share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(x) Leases
(i) Finance leases

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are operating leases.

A determination is also made as to whether the substance of an arrangement could equate to a finance lease.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance cost. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

The corresponding rental obligation, net of finance charges is included in financial liabilities and split between current and non-current, as appropriate.

(ii) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(y) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

(z) Income statement format
(i) Exceptional items

The Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year. Such items may include restructuring, impairment of assets, including material adjustments arising from the re-assessment of asset lives, adjustments to contingent consideration, material acquisition integration costs, restructuring costs, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring and profit or loss on disposal of investments. Judgement is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and notes as exceptional items.

(ii) Earnings before interest, tax and amortisation (EBITA)

The Group believes that EBITA is a relevant performance measure and has therefore disclosed this amount in the Group income statement. EBITA is stated before considering the share of results of Equity accounted investees.

(aa) Financial assets – Company
Investments in subsidiaries and associates held by the Company are carried at cost.

(ab) New accounting standards and IFRIC interpretations
The following standards and interpretations, issued by the IASB and IFRIC are effective for the Group for the first time in the year ended 30 December 2017 and have been adopted by the Group:
- Amendments to IAS 12 'Income Taxes' on the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 'Statement of Cash Flows' under its disclosure initiative
- Annual Improvements to IFRS 2014-2016 Cycle – Amendments to IFRS 12

None of the above, have had a significant impact on the results or the financial position of the Group during the year ended 30 December 2017.

The following standards, amendments and interpretations have been published. The Group will apply the relevant standards from their effective dates. The standards are mandatory for future accounting periods but are not yet effective for the Group and have not been early adopted by the Group.

IFRS 9 'Financial Instruments' (EU effective date: on or after 1 January 2018)
This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.

The Group's evaluation of the effect of adoption of IFRS 9 is on-going and the Group's initial findings are detailed as follows:

The Group's review has indicated that, on transition to the new standard, equity securities previously accounted for in accordance with IAS 39 as available for sale financial assets will be elected on initial recognition at fair value through other comprehensive income. On adoption of IFRS 9 any gains or losses arising on de-recognition of such assets will remain in equity and will not be recycled to the income statement. No other impact relating to the changes in classification have been identified that are likely to have a material effect on the Group's results.

IFRS 9 introduces a forward-looking expected credit losses model, rather than the current incurred loss model, when assessing impairment of financial assets in the scope of IFRS 9. The standard provides a simplified approach as a practical expedient. The Group will adopt this approach on transition and it is not expected that any significant adjustments will be made to results already reported on transition.

No impact to the Group's results has been identified from the Group's assessment of the requirements of the hedge accounting section of IFRS 9.

IFRS 15 'Revenue from Contracts with Customers' (EU effective date: on or after 1 January 2018)
This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.

The Group's evaluation of the effect of adoption of IFRS 15 is on-going and the Group's initial findings are detailed as follows:

The Group's assessment of the existing contracts with customers under the principal versus agent relationship may result in the Group transitioning from an agent to a principal relationship in the case of certain contracts. This assessment is on-going and any material impact, if there is any, will be quantified in the 2018 half year results. Any changes would result in a gross up of the revenue and costs of sales in lieu of the commission currently recognised for certain customers, with no expected impact to profit.

With the exception of the matter set out above, the Group has not identified any other material issues arising on the transition to the new standard.

IFRS 16 'Leases' (IASB effective date: on or after 1 January 2019)
This standard will be effective for and will be adopted by the Group for the 2020 financial year beginning 6 January 2020.

The Group's evaluation of the effect of adoption of IFRS 16 is on-going and the Group's initial findings are detailed as follows:

The Group expects to adopt the modified retrospective approach to transition permitted by the standard in which the cumulative effect of initially applying the standard is recognised in opening retained earnings at the date of initial application.

The Group expects that the adoption of IFRS 16 will have a material impact on the financial statements, significantly increasing the Group's recognised assets and liabilities. The Group has approximately 540 operating leases for a range of assets principally relating to property, equipment and vehicles. The fair values of these leases are currently being evaluated. As a result of the transition to IFRS 16, the fair value of these leases representing the present value of the lease payments over the expected lease contract period will be recognised as a Right of Use Asset with a corresponding value recognised as a lease liability. Information on the Group's leases currently classified as operating leases is provided in note 33.

Amendments to IFRS 2 'Classification and Measurement of Share-based payment Transactions' (IASB effective date: on or after 1 January 2018 – not yet endorsed)
These amendments clarify that only market and non-vesting conditions are taken into account in the measurement of the fair value of the liability in a cash-settled share-based payment transaction. Vesting conditions (other than market conditions) are considered when estimating the number of awards expected to vest.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

2. Summary of significant accounting policies continued

Annual Improvements to IFRSs 2014-2016 Cycle (IASB effective date: on or after 1 January 2018)
A number of small amendments to IAS 28 'Investments in Associates and Joint Ventures'.

Amendments to IAS 40 'Transfers of Investment Property' (IASB effective date: on or after 1 January 2018 – not yet endorsed)
This amendment provides guidance on transfers to, or from, investment properties.

Amendments to IAS 28 'Long-term Interests in Associates and Joint Ventures' (IASB effective date: on or after 1 January 2019 – not yet endorsed)
The amendments clarify that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an Associate or Joint Venture that form part of the net investment in the Associate or Joint Venture but to which the equity method is not applied.

Amendments to IFRS 9 'Financial Instruments' (IASB effective date: on or after 1 January 2019)
The amendments address concerns about how IFRS 9 'Financial Instruments' classifies particular pre-payable financial assets. In addition, the IASB has clarified an aspect of the accounting for financial liabilities following a modification.

Amendments to IAS 19 'Employee Benefits' (IASB effective date: on or after 1 January 2019 – not yet endorsed)
The amendments clarify the effect of a plan amendment curtailment or settlement on the requirements regarding the asset ceiling. It also clarifies that if a plan amendment, curtailment or settlement occur, that it is mandatory that the current service cost and the net investment for the period after the re-measurement are determined using the assumptions used for the re-measurement.

IFRIC Interpretation 22 'Foreign Currency Translation and Advance Consideration' (IASB effective date: on or after 1 January 2018 – not yet endorsed)
IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

Annual Improvements to IFRSs 2015-2017 Cycle (IASB effective date: on or after 1 January 2019 – not yet endorsed)
A number of small amendments to IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS12 'Income Taxes' and IAS 23 'Borrowing Costs'.

IFRIC 23 'Uncertainty over Income Tax treatments' – (IASB effective date 1 January 2019 – not yet endorsed)
The interpretation sets out how to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12 Income taxes.

IFRS 17 'Insurance Contracts' (IASB effective date on or after 1 January 2021 – not yet endorsed)
This standard replaces the guidance in IFRS 4 'Insurance Contracts'. It requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle based accounting for insurance contracts.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to estimates are recognised prospectively. Significant judgements and estimates made in the preparation of these Financial Statements are set out below. With the exception of retirement benefit obligations, which are subject to market conditions, it is not expected that there will be a material adjustment to the carrying value of the asset and liabilities of the other areas outlined below.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated Financial Statements is included in the following notes:
- Note 2(r) – commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;
- Note 17 – amortisation of intangible assets: estimation of useful life of development assets;
- Note 6 – exceptional items: assessing particular items which by virtue of their scale and nature should be disclosed in the income statement and noted as exceptional items;
- Note 18 – interests in Joint Ventures: whether the Group has joint control over an investee;
- Note 26 – financial liabilities: whether an arrangement contains a lease; and
- Note 2(x) – lease classification.

Estimates

(a) Impairment reviews of goodwill and indefinite life intangibles

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(e). The recoverable amounts of CGUs have been determined based on value in use calculations. These calculations require the use of estimates.

The intangible assets of Glanbia Nutritionals, Glanbia Performance Nutrition and within the investment in Glanbia Ireland, including goodwill arising on acquisition is tested for impairment using projected cash flows over a three year period. In cases where management have strategic plans beyond three years these numbers are also used in the projections. A terminal value assuming 2% growth into perpetuity is also applied. A reduction in projected EBITDA of 10% or a terminal value assuming zero growth or an increase in the discount factor used by 1% would not result in an impairment of the assets. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of intangible assets as indefinite is reviewed annually.

Additional information in relation to impairment reviews is disclosed in note 17.

(b) Income taxes

The Group is subject to income tax in numerous jurisdictions. Significant estimation is required in determining the worldwide provision for income taxes. There are many transactions during the ordinary course of business for which the ultimate tax determination is uncertain and the applicable tax legislation is open to differing interpretations. The Group takes external professional advice to help minimise this risk. It recognises liabilities for anticipated tax authority reviews based on estimates of whether additional taxes will be due, having regard to all information available on the tax matter. The Group engages with local tax experts to support the judgements made where there is significant uncertainty about the position taken. In determining any liability for amounts expected to be paid to tax authorities, the Group has regard to the tax status of the entities involved, the external professional advice received, the status of negotiations and correspondence with the relevant tax authorities, assessments of a probability weighted expected value, past practices of the tax authorities and any precedents in the relevant jurisdiction. Where the final outcome of these tax matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits may be utilised. The Group estimates the most probable amount of future taxable profits using assumptions consistent with those employed in impairment calculations and taking into consideration applicable tax legislation in the relevant jurisdiction.

On 22 December 2017, the Tax Cuts and Jobs Act was signed into law in the United States which reduced the federal corporation tax rate from 35% to 21%. The impact of the reduction in the US tax rate has been factored into the calculation of the 2017 US tax liabilities, particularly impacting deferred tax (note 6 and note 27). As all provisions and interpretations of the new legislation have not yet been clarified, certain assumptions have been made in the calculation of income taxes. It is not expected that there will be a material adjustment, within the next financial year, to the carrying amounts of tax assets and liabilities as at 30 December 2017 as a result of the assumptions made.

(c) Retirement benefit obligations

The Group operates a number of defined benefit pension plans both in Ireland and the UK. The rates of contributions payable, the pension cost and the Group's total obligation in respect of defined benefit plans is calculated and determined by independent qualified actuaries and updated at least annually. The Irish plans have plan assets totalling €103.3 million (2016: €285.3 million) and plan liabilities of €122.7 million (2016: €364.5 million) giving a net pension deficit of €19.4 million (2016: €79.2 million). The UK plans have plan assets totalling €82.4 million (2016: €81.5 million) and plan liabilities of €104.9 million (2016: €112.7 million) giving a net pension deficit of €22.5 million (2016: €31.2 million).

The size of the obligation and cost of the benefits are sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions including price inflation, benefit and salary increases together with the discount rate used. As a result of the UK referendum on EU membership, and the on-going Brexit negotiations, the Group's UK defined benefit pension plan assumptions are subject to increased volatility and risk. The Group disclose the UK defined benefit pension plan details separate from the Irish plans to identify the impact of a change in UK assumptions on the Group's defined benefit pension plans.

The Group has reviewed the impact of a change in the discount rate used and concluded that based on the pension deficit at 30 December 2017, an increase/decrease in the discount rate applied of 0.25% would have the impact of decreasing/increasing the Irish pension plan deficit by approximately €5.3 million to €5.6 million (2016: €16 million to €16.8 million) and the UK pension plan deficit by approximately €4.2 million to €4.5 million (2016: €4.8 million to €5.1 million). Additional information in relation to retirement benefit obligations is disclosed in note 9.

(d) Business combinations

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition. For intangible assets acquired the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates, revenue forecasts, estimated customer attrition and royalty savings as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

3. Critical accounting estimates and judgements continued

(e) Provisions

The amounts recognised as a provision are management's best estimate of the expenditure required to settle present obligations at the balance sheet date. The outcome depends on future events which are by their nature uncertain. In assessing the likely outcome, management bases its assessment on historical experience and other factors that are believed to be reasonable in the circumstances. Provisions are disclosed in note 28.

4. Segment information

On 2 July 2017 the Group completed the disposal of Dairy Ireland and related assets. The Group has treated these operations as discontinued operations in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations' and details of the disposal are included in note 10. Following this change the structure of the internal reporting to the Chief Operating Decision Maker was reviewed as required by IFRS 8 'Operating segments'. As a result, the Group has revised its operating segments, and, comparative segment amounts for 2016 have been restated.

The Group, including its Joint Venture Glanbia Ireland, now reports across the following segments: Glanbia Performance Nutrition, Glanbia Nutritionals and Glanbia Ireland. These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker assesses performance and allocates the Group's resources. Each segment is reviewed in its totality by the Chief Operating Decision Maker. The Glanbia Operating Executive assesses the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items (EBITA).

Each segment derives its revenue as follows; Glanbia Performance Nutrition earns its revenue from the manufacture and sale of performance nutrition products, Glanbia Nutritionals earns its revenue from the manufacture and sale of cheese, dairy and non-dairy nutritional ingredients, and Glanbia Ireland earns its revenue from the manufacture and sale of cheese and dairy ingredients, and the manufacture and sale of a range of consumer products and farm inputs. Glanbia Ireland is an Equity accounted investee and the amounts stated represent the Group's share (note 18). All other segments and unallocated include both the results of other Equity accounted investees who manufacture and sell cheese and dairy ingredients and unallocated corporate costs. These investees did not meet the quantitative thresholds for reportable segments in 2017 or 2016.

Amounts stated for Equity accounted investees represents the Group's share.

The segment results for continuing operations are as follows:

2017	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Total gross segment revenue	**1,121.1**	**1,304.7**	**–**	**2,425.8**	**–**	**2,425.8**
Inter-segment revenue	**–**	**(38.7)**	**–**	**(38.7)**	**–**	**(38.7)**
Revenue	**1,121.1**	**1,266.0**	**–**	**2,387.1**	**–**	**2,387.1**
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	**169.7**	**113.5**	**–**	**283.2**	**–**	**283.2**
Shares of results of Equity accounted investees (pre-exceptional)	**–**	**–**	**16.4**	**16.4**	**26.4**	**42.8**

2016 (Re-presented)**	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Total gross segment revenue	1,007.5	1,250.4	–	2,257.9	–	2,257.9
Inter-segment revenue	–	(26.2)	–	(26.2)	–	(26.2)
Revenue	1,007.5	1,224.2	–	2,231.7	–	2,231.7
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	162.0	111.3	–	273.3	–	273.3
Share of results of Equity accounted investees (pre-exceptional)	–	–	13.3	13.3	12.7	26.0

** Re-presented to reflect the realignment of operating segments.

Included in external revenue are related party sales between Glanbia Nutritionals and Joint Ventures of €14.1 million (2016: €13.5 million). Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax for continuing operations as follows:

	Notes	2017 €'m	2016 €'m
Earnings before interest, tax, amortisation and exceptional items – Continuing operations		**283.2**	273.3
Amortisation – pre-exceptional	17	**(43.1)**	(37.4)
Exceptional items	6	**(30.2)**	(14.4)
Share of results of Equity accounted investees		**42.8**	26.0
Finance income	12	**3.0**	2.4
Finance costs	12	**(26.0)**	(25.2)
Reported profit before taxation – Continuing operations		**229.7**	224.7
Income taxes	13	**7.5**	(37.0)
Reported profit for the year – Continuing operations		**237.2**	187.7

Other segment information (pre-exceptional) for continuing operations are as follows:

2017	Notes	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Depreciation and impairment of PPE	16	**14.8**	**30.3**	**–**	**45.1**	**2.7**	**47.8**
Amortisation and impairment of intangibles	17	**33.2**	**9.9**	**–**	**43.1**	**–**	**43.1**
Capital expenditure – additions		**32.8**	**29.4**	**–**	**62.2**	**10.5**	**72.7**
Capital expenditure – business combinations		**166.9**	**–**	**–**	**166.9**	**–**	**166.9**

2016 (Re-presented)**	Notes	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Depreciation and impairment of PPE	16	13.9	27.8	–	41.7	–	41.7
Amortisation and impairment of intangibles	17	28.1	9.8	–	37.9	–	37.9
Capital expenditure – additions		24.7	40.1	–	64.8	7.7	72.5
Capital expenditure – business combinations		3.0	–	–	3.0	–	3.0

The segment assets and liabilities are as follows:

2017	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland (note 18) €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Segment assets	**1,331.5**	**759.7**	**187.1**	**2,278.3**	**204.7**	**2,483.0**
Segment liabilities	**232.2**	**181.0**	**–**	**413.2**	**688.1**	**1,101.3**

2016 (Re-presented)**	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland (note 18) €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Segment assets	1,157.2	772.6	95.6	2,025.4	683.3	2,708.7
Segment liabilities	264.6	212.4	–	477.0	1,004.6	1,481.6

** Re-presented to reflect the realignment of operating segments.

Unallocated assets and liabilities comprise primarily taxation, cash and cash equivalents, borrowings, available for sale financial assets, derivatives, retirement benefit obligations and the carrying value of remaining Equity accounted investees.

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4. Segment information continued
Geographical information
The following represents a geographical analysis of the segment information in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets. The analysis of revenue represents revenue from continuing operations.

	2017 €'m	Re-presented* 2016 €'m
US	**1,723.8**	1,731.7
Ireland	**23.4**	22.3
UK	**72.1**	62.8
Australia	**53.2**	31.3
Rest of Europe	**217.1**	154.0
Other	**297.5**	229.6
Total	**2,387.1**	2,231.7

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Revenue of approximately €312.5 million (2016: €332.5 million) is derived from a single external customer within the Glanbia Nutritionals segment.

The total of non-current assets, other than financial instruments and deferred tax assets, located in Ireland is €821.3 million (2016: €857.4 million) and located in other countries, mainly the US, is €849.3 million (2016: €920.6 million).

5. Operating profit – Continuing operations

		2017			Re-presented* 2016		
	Notes	Pre-exceptional €'m	Exceptional (note 6) €'m	Total €'m	Pre-exceptional €'m	Exceptional (note 6) €'m	Total €'m
Revenue		**2,387.1**	**–**	**2,387.1**	2,231.7	–	2,231.7
Cost of goods sold		**(1,742.4)**	**–**	**(1,742.4)**	(1,596.6)	(1.0)	(1,597.6)
Gross profit		**644.7**	**–**	**644.7**	635.1	(1.0)	634.1
Selling and distribution expenses		**(212.3)**	**–**	**(212.3)**	(198.2)	–	(198.2)
Administration expenses		**(149.2)**	**(5.5)**	**(154.7)**	(163.6)	(13.4)	(177.0)
Earnings before interest tax and amortisation (EBITA)		**283.2**	**(5.5)**	**277.7**	273.3	(14.4)	258.9
Intangible asset amortisation	17	**(43.1)**	**(19.4)**	**(62.5)**	(37.4)	–	(37.4)
Operating profit		**240.1**	**(24.9)**	**215.2**	235.9	(14.4)	221.5

		2017			Re-presented* 2016		
Operating profit – Continuing operations is stated after (charging)/crediting:	Notes	Pre-exceptional €'m	Exceptional (note 6) €'m	Total €'m	Pre-exceptional €'m	Exceptional (note 6) €'m	Total €'m
Raw materials and consumables used	21	**(1,468.2)**	**–**	**(1,468.2)**	(1,337.4)	(1.0)	(1,338.4)
Depreciation of property, plant and equipment	16	**(45.1)**	**–**	**(45.1)**	(41.2)	–	(41.2)
Impairment of property, plant and equipment	16	**(2.7)**	**–**	**(2.7)**	(0.5)	–	(0.5)
Amortisation of intangible assets	17	**(43.1)**	**(19.4)**	**(62.5)**	(37.4)	–	(37.4)
Impairment of intangible assets	17	**–**	**–**	**–**	(0.5)	(0.6)	(1.1)
Amortisation of capital grants received	29	**0.1**	**–**	**0.1**	0.2	–	0.2
Employee benefit expense	7	**(309.8)**	**(3.9)**	**(313.7)**	(284.1)	(7.1)	(291.2)
Auditor's remuneration		**(1.2)**	**–**	**(1.2)**	(1.8)	–	(1.8)
Research and development costs		**(9.0)**	**–**	**(9.0)**	(7.7)	–	(7.7)
Net foreign exchange gain		**0.4**	**–**	**0.4**	0.9	–	0.9
(Loss)/profit on disposal of property, plant and equipment	34	**(0.9)**	**–**	**(0.9)**	0.3	–	0.3
Operating lease expense		**(20.1)**	**–**	**(20.1)**	(17.7)	–	(17.7)

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

The following tables disclose the fees paid or payable to Deloitte Ireland, the Group and Company auditor, and to other statutory audit firms in the Deloitte network.

Current auditor	2017 €'m	2016 €'m
Statutory auditor		
– Statutory audit of Group companies**	0.5	0.4
– Other assurance services	–	–
– Tax advisory services	–	0.1
– Other non-audit services	–	0.1
	0.5	0.6

Current auditor	2017 €'m	2016 €'m
Other statutory auditor network firms		
– Statutory audit of Group companies	0.7	0.6
– Other assurance services	–	–
– Tax advisory services	–	–
– Other non-audit services	–	–
	0.7	0.6

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

** The audit fee for the Company is €35,700 (2016: €35,000) and is payable to Deloitte Ireland, the statutory auditor.

In addition to the above, Deloitte and its member firms received fees of €0.2 million (2016: €0.2 million) in respect of the audit of the Group's Equity accounted investees.

6. Exceptional items

		2017			Re-presented* 2016		
	Notes	Continuing operations €'m	Discontinued operations €'m	Total €'m	Continuing operations €'m	Discontinued operations €'m	Total €'m
Intangible asset amortisation	(a)/17	(19.4)	–	(19.4)	–	–	–
Rationalisation costs	(b)	(5.4)	–	(5.4)	–	(3.0)	(3.0)
Debt restructuring	(c)	(0.1)	–	(0.1)	–	–	–
Organisation redesign costs	(f)	–	–	–	(11.3)	–	(11.3)
Acquisition integration costs	(g)	–	–	–	(3.1)	–	(3.1)
Profit on disposal of 60% of Dairy Ireland	(e)	–	83.3	83.3	–	–	–
Total exceptional operating (loss)/profit		(24.9)	83.3	58.4	(14.4)	(3.0)	(17.4)
Finance costs	(c)/12	(14.0)	–	(14.0)	–	–	–
Share of results of Equity accounted investees – deferred tax credit due to US tax reform	(d)/18	8.7	–	8.7	–	–	–
Total exceptional (loss)/profit before tax	4	(30.2)	83.3	53.1	(14.4)	(3.0)	(17.4)
Deferred tax credit due to US tax reform	(d)/27	38.7	–	38.7	–	–	–
Tax credit/(charge) on exceptional items	13	7.1	(0.9)	6.2	2.3	0.3	2.6
Total exceptional profit/(loss) for the year		15.6	82.4	98.0	(12.1)	(2.7)	(14.8)

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6. Exceptional items continued
The nature of the total exceptional operating (loss)/profit is as follows:

	Notes	2017 Continuing operations €'m	2017 Discontinued operations €'m	2017 Total €'m	Re-presented* 2016 Continuing operations €'m	Re-presented* 2016 Discontinued operations €'m	Re-presented* 2016 Total €'m
Amortisation of development costs	(a)	**(19.4)**	**–**	**(19.4)**	–	–	–
Employee benefit expense	7	**(3.9)**	**(0.5)**	**(4.4)**	(7.1)	(3.0)	(10.1)
Professional fees		**(1.2)**	**(3.6)**	**(4.8)**	(3.6)	–	(3.6)
Other operating costs		**(0.4)**	**(0.2)**	**(0.6)**	(3.7)	–	(3.7)
Profit on disposal of Dairy Ireland	10	**–**	**96.3**	**96.3**	–	–	–
Impairment of tangible asset	16	**–**	**(8.1)**	**(8.1)**	–	–	–
Extraordinary general meeting costs		**–**	**(0.6)**	**(0.6)**	–	–	–
Total exceptional operating (loss)/profit		**(24.9)**	**83.3**	**58.4**	(14.4)	(3.0)	(17.4)

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

The net cash inflow during the year in respect of exceptional charges was €177.5 million (2016: net cash outflow €19.4 million) of which a cash outflow of €9.9 million (2016: cash outflow of €9.1 million) was in respect of prior year exceptional charges.

(a) Intangible asset amortisation: Following a review of the useful life of capitalised development costs in respect of newly developed products across the Group, it was decided to reduce the estimate of the useful life from 6 to 3 years to reflect the dynamic environment for new product launches in their early development stage. The once-off additional amortisation from this change in estimate amounted to €19.4 million.

(b) Rationalisation costs in the current year relate mainly to redundancies arising from the elimination of certain positions following a Group-wide organisational review. This review is on-going to ensure that the structure is appropriate to support the future growth of the Group following the disposal of 60% of the Dairy Ireland segment and related assets (Dairy Ireland). Costs of €5.4 million include employee benefit expense of €3.9 million, professional fees of €1.1 million and other costs of €0.4 million. Rationalisation costs in 2016 primarily relate to the redundancy and rationalisation programme in the Dairy Ireland segment, now presented as discontinued operations (note 10). In 2016 costs of €3.0 million related to redundancy.

(c) Debt restructuring costs: Following the disposal of 60% of Dairy Ireland a review of existing debt facilities was undertaken to ensure they were appropriate for the revised Group structure. As a result the Group repaid $169.0 million of the $325.0 million private placement debt resulting in €14.0 million of once-off interest costs reflecting make-whole interest due to note holders arising on early settlement and €0.1 million of professional fees.

(d) On 22 December 2017 the Tax Cuts and Jobs Act was signed into law in the United States which reduced the federal corporate tax rate from 35% to 21%. As a result of the reduced federal corporate tax rate the Group recognised a deferred tax credit of €38.7 million within wholly owned subsidiaries and a deferred tax credit of €8.7 million within Equity accounted investees (note 18).

(e) On 2 July 2017 the Group completed the disposal of 60% of Dairy Ireland to Glanbia Co-operative Society Limited. The profit arising on disposal amounted to €83.3 million which was net of related costs of €13.0 million. These costs include impairment of tangible fixed assets of €8.1 million, professional fees of €3.6 million, Extraordinary General Meeting costs of €0.6 million, employee benefit expense of €0.5 million and other related costs of €0.2 million.

(f) Organisation redesign costs relate to the Glanbia Nutritionals programme, announced in 2015, to fundamentally reorganise the business and leverage future market opportunities. This was largely completed in 2016. In 2016 costs of €11.3 million include consultancy of €2.9 million, employee benefit expense of €5.0 million, of which redundancy was €1.4 million, travel and expenses of €1.7 million, impairment of development costs and product line of €1.6 million and other costs of €0.1 million. There were no material organisation redesign related costs in 2017.

(g) Acquisition integration costs comprise costs relating to the integration, restructuring and redesign of route to market capabilities within acquired businesses in the Glanbia Performance Nutrition segment. This was completed in 2016. 2016 costs of €3.1 million include consultancy of €0.7 million, employee benefit expense comprising redundancy of €2.1 million and other costs of €0.3 million. There were no material acquisition related costs in 2017.

Please refer to the Glossary on page 218 for further information on exceptional items (non-IFRS information).

7. Employee benefit expense – Continuing operations

The aggregate payroll costs of employees (including Executive Directors) in the Group were:

	Notes	2017 €'m	Re-presented* 2016 €'m
Wages and salaries		**250.3**	230.3
Social security costs		**22.0**	19.5
Pension costs – defined contribution plans	9	**9.7**	9.2
Pension costs – defined benefit plans	9	**2.8**	2.8
Other compensation costs:			
Cost of share-based payments	11	**7.5**	7.1
Company car allowance		**1.4**	1.3
Private health insurance		**16.1**	13.9
	5	**309.8**	284.1
Exceptional items	5/6	**3.9**	7.1
	5	**313.7**	291.2

Exceptional items includes redundancy of €3.9 million (2016: €3.5 million) and wages and salaries of €nil (2016: €3.6 million). Capitalised labour costs of €21.2 million (2016: €12.3 million) are included within the aggregate payroll costs above. See note 16 and note 17.

The average number of employees in continuing operations, excluding the Group's Equity accounted investees, is analysed into the following categories:

	2017	Re-presented* 2016
Glanbia Performance Nutrition	**2,027**	1,778
Glanbia Nutritionals	**1,948**	1,875
	3,975	3,653

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

The aggregate payroll cost of employees in the Company is €nil (2016: €nil).

8. Directors' remuneration

The Directors' remuneration information is shown on tables A to G on pages 101 to 105 in the Remuneration Committee report.

9. Retirement benefit obligations

The Group operates defined benefit and defined contribution pension plans.

Defined contribution plans

The Group has a number of defined contribution pension plans in operation.

The following amounts have been recognised in the Group income statement in relation to the defined contribution pension plan expense:

	2017			Re-presented* 2016		
	Continuing operations (note 7) €'m	Discontinued operations (note 10) €'m	Total €'m	Continuing operations (note 7) €'m	Discontinued operations (note 10) €'m	Total €'m
Defined contribution pension plan expense	**9.7**	**0.4**	**10.1**	9.2	0.6	9.8

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

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9. Retirement benefit obligations continued

Defined benefit pension plans

The Group operates two defined benefit pension plans in the Republic of Ireland and two defined benefit pension plans in the United Kingdom (UK).

The defined benefit pension plans in Ireland and the UK are administered by Boards of Trustees through separate trustee controlled funds. These Boards are responsible for the management and governance of the plans including compliance with all relevant laws and regulations. Each of the Group's plans operates under their respective regulatory frameworks and minimum funding requirements. All of the plans are closed to new entrants and the UK plans comprise solely pensioners and deferred pensioners.

The defined benefit pension plans provide retirement and death benefits for the Group's employees. The majority of the defined benefit pension plans are career average pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their average salary over their period of employment.

The contributions paid to the defined benefit pension plans are in accordance with the schedule of contributions agreed between the Group and the Trustees of the relevant plans as recommended in the actuarial valuation reports or in subsequent actuarial advice. The contributions are partly funded by the employees, where they are required to contribute a fixed percentage of pensionable salary, and partly by the Group. The latest actuarial valuation reports for these plans, which are not available for public inspection, are dated between 1 January 2015 and 5 April 2017.

Principal risks in the defined benefit pension plans

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment risk

The pension plans hold investments in asset classes such as equities, which have volatile market values. While these assets are expected to provide higher returns than other asset classes over the long-term, the short-term volatility could cause an increase in the deficit at any particular point in time. When assets return less than the discount rate, this will lead to an increase in the net defined benefit obligation. The Trustees conduct investment reviews to take advice on asset allocation, taking into account asset valuations, liability durations, funding measurements and an achievement of an appropriate return on assets.

(b) Interest rate risk

The pension liabilities are assessed using market yields on high-quality corporate bonds to discount the liabilities. As the pension plans hold other assets such as equities, the value of the assets and liabilities may not move in the same way. A change in the defined benefit obligation as a result of changes in the discount rate leads to volatility in the Group balance sheet, Group income statement and Group statement of comprehensive income. It also impacts the funding requirements for the plans.

(c) Inflation risk

A significant proportion of the benefits under the plans are linked to inflation, be it consumer price inflation or retail price inflation, which in most cases are subject to a cap on annual increases. Although there are caps in force on inflation increases and the plans' assets are expected to provide a good hedge against inflation over the long-term, higher inflation will lead to higher liabilities.

(d) Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the life expectancy of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

Principal assumptions used in the defined benefit pension plans

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2017 ROI	**2017 UK**	2016 ROI	2016 UK
Discount rate	**1.80%**	**2.35%**	1.80%	2.50%
Inflation rate	**1.50%-1.60%**	**2.15%-3.15%**	1.40%-1.50%	2.20%-3.20%
Future salary increases*	**2.60%**	**0.00%**	2.50%	0.00%
Future pension increases	**0.00%**	**2.25%-2.95%**	0.00%	2.25%-2.95%

* The ROI defined benefit pension plans are on a career average structure therefore this assumption does not have a material impact. The UK defined benefit pension plans comprise solely pensioners and deferred pensioners.

Mortality rates

	2017 ROI mortality rates Years	**2017 UK mortality rates Years**	2016 ROI mortality rates Years	2016 UK mortality rates Years
Male – reaching 65 years of age in 20 years' time	**23.0**	**22.7**	23.0	23.1
Female – reaching 65 years of age in 20 years' time	**25.4**	**25.0**	25.4	25.7
Male – currently aged 65 years old	**20.6**	**21.2**	20.6	21.4
Female – currently aged 65 years old	**23.2**	**23.5**	23.2	23.8

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Recognition in the Group income statement and in the Group statement of comprehensive income

The following amounts have been recognised in the Group income statement and Group statement of comprehensive income in relation to defined benefit pension plans:

Recognition in the Group income statement:

	2017			2016		
	Continuing operations €'m	Discontinued operations (note 10) €'m	Total €'m	Continuing operations €'m	Discontinued operations (note 10) €'m	Total €'m
Current service cost	**(1.7)**	**(2.0)**	**(3.7)**	(2.0)	(3.3)	(5.3)
Net interest cost	**(1.1)**	**(0.5)**	**(1.6)**	(0.8)	(1.2)	(2.0)
Total expense recognised in the Group income statement in employee benefit expense	**(2.8)**	**(2.5)**	**(5.3)**	(2.8)	(4.5)	(7.3)

Recognition in the Group statement of comprehensive income:

	2017			2016		
	Continuing operations €'m	Discontinued operations €'m	Total €'m	Continuing operations €'m	Discontinued operations €'m	Total €'m
Return of plan assets in excess of interest income	**(2.3)**	**(0.9)**	**(3.2)**	11.8	5.9	17.7
Actuarial gain arising from experience adjustments	**2.9**	**–**	**2.9**	0.9	2.6	3.5
Actuarial gain/(loss) arising from changes in demographic assumptions	**1.3**	**–**	**1.3**	(1.6)	–	(1.6)
Actuarial gain/(loss) arising from changes in financial assumptions	**5.2**	**12.9**	**18.1**	(33.9)	(17.5)	(51.4)
Total income/(expense) recognised in the Group statement of comprehensive income	**7.1**	**12.0**	**19.1**	(22.8)	(9.0)	(31.8)

Recognition in the Group balance sheet:

	2017 €'m	2016 €'m
Present value of funded obligations	**(227.6)**	(477.2)
Fair value of plan assets	**185.7**	366.8
Net defined benefit pension plan liability	**(41.9)**	(110.4)

Reconciliation of net defined benefit pension plan liability to the amounts recognised in the Group balance sheet:

	2017 €'m	2016 €'m
Non-current assets		
Surplus on defined benefit pension plan	**1.7**	2.6
Non-current liabilities		
Deficit on defined benefit pension plan	**(43.6)**	(113.0)
Net defined benefit pension plan liability	**(41.9)**	(110.4)

The net liability disclosed above relates to funded plans.

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9. Retirement benefit obligations continued

The movement in the net retirement benefit liability recognised in the Group balance sheet is as follows:

	Notes	2017 €'m	2016 €'m
At the beginning of the year		(110.4)	(87.3)
Exchange differences		1.0	2.7
Service cost and net interest cost		(5.3)	(7.2)
Remeasurements – defined benefit plans		19.1	(31.8)
Contributions paid/payable by employer		9.5	13.2
Disposal of discontinued operations	10	44.2	–
At the end of the year		(41.9)	(110.4)

The movement in obligations during the year is as follows:

		2017			2016		
	Notes	ROI €'m	UK €'m	Total €'m	ROI €'m	UK €'m	Total €'m
At the beginning of the year		(364.5)	(112.7)	(477.2)	(334.0)	(106.1)	(440.1)
Exchange differences		–	3.8	3.8	–	15.1	15.1
Current service costs		(3.7)	–	(3.7)	(5.3)	–	(5.3)
Interest costs		(4.2)	(2.8)	(7.0)	(7.4)	(3.4)	(10.8)
Remeasurements:							
– Experience gain		0.1	2.8	2.9	3.5	–	3.5
– Gain/(loss) from changes in demographic assumptions		–	1.3	1.3	–	(1.6)	(1.6)
– Gain/(loss) from changes in financial assumptions		20.3	(2.2)	18.1	(30.7)	(20.7)	(51.4)
Contributions by plan participants		(0.9)	–	(0.9)	(1.4)	–	(1.4)
Payments from plans:							
– Benefit payments		6.8	4.9	11.7	10.8	4.0	14.8
Disposal of discontinued operations	10	223.4	–	223.4	–	–	–
At the end of the year		(122.7)	(104.9)	(227.6)	(364.5)	(112.7)	(477.2)

The movement in the fair value of plan assets during the year is as follows:

		2017			2016		
	Notes	ROI €'m	UK €'m	Total €'m	ROI €'m	UK €'m	Total €'m
At the beginning of the year		285.3	81.5	366.8	267.3	85.5	352.8
Exchange differences		–	(2.8)	(2.8)	–	(12.4)	(12.4)
Interest income		3.4	2.0	5.4	6.1	2.8	8.9
Remeasurements:							
– Return on plan assets excluding amounts included in interest (expense)/income		(5.8)	2.6	(3.2)	12.1	5.6	17.7
Contributions by plan participants		0.9	–	0.9	1.4	–	1.4
Contributions paid/payable by employer		5.5	4.0	9.5	9.2	4.0	13.2
Payments from plans:							
– Benefit payments		(6.8)	(4.9)	(11.7)	(10.8)	(4.0)	(14.8)
Disposal of discontinued operations	10	(179.2)	–	(179.2)	–	–	–
At the end of the year		103.3	82.4	185.7	285.3	81.5	366.8

The fair value of plan assets at the end of the reporting period are as follows:

	2017				2016			
	Quoted €'m	Unquoted €'m	Total €'m	%	Quoted €'m	Unquoted €'m	Total €'m	%
Equities:								
– Consumer	**6.3**	**–**	**6.3**	**4**	13.9	–	13.9	4
– Energy	**2.0**	**–**	**2.0**	**1**	6.1	–	6.1	2
– Financials	**6.2**	**–**	**6.2**	**4**	18.0	–	18.0	5
– Healthcare	**3.0**	**–**	**3.0**	**2**	8.9	–	8.9	2
– Industrials	**3.3**	**–**	**3.3**	**2**	9.0	–	9.0	2
– Information technology	**4.3**	**–**	**4.3**	**2**	11.0	–	11.0	3
– Materials	**1.6**	**–**	**1.6**	**1**	4.0	–	4.0	1
– Telecommunication services	**0.8**	**–**	**0.8**	**–**	2.9	–	2.9	1
– Utilities	**0.7**	**–**	**0.7**	**–**	2.7	–	2.7	1
– Other	**2.0**	**–**	**2.0**	**1**	6.9	1.0	7.9	2
Corporate bonds:								
– Investment grade	**11.5**	**–**	**11.5**	**6**	27.9	6.7	34.6	9
– Non-investment grade	**1.7**	**–**	**1.7**	**1**	3.5	0.9	4.4	1
Government bonds and gilts	**36.2**	**–**	**36.2**	**19**	70.7	11.5	82.2	22
Property:								
– UK	**–**	**–**	**–**	**–**	–	3.1	3.1	1
– Ireland	**0.6**	**0.1**	**0.7**	**–**	1.4	1.1	2.5	1
– Europe	**–**	**1.8**	**1.8**	**1**	–	6.3	6.3	2
Cash	**6.2**	**–**	**6.2**	**4**	1.2	9.1	10.3	3
Investment funds	**–**	**81.8**	**81.8**	**44**	–	119.6	119.6	33
Other	**0.1**	**15.5**	**15.6**	**8**	0.4	19.0	19.4	5
	86.5	**99.2**	**185.7**	**100**	188.5	178.3	366.8	100

The plan assets at the end of the reporting period do not include any equities held in the Group, nor does the Group use or occupy any of the plan assets.

Sensitivity analysis for principal assumptions used to measure plan liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension plans. The following table analyses, for the Group's pension plans, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, with all other assumptions remaining constant.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated. The impact on the plan liabilities has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised on the Group balance sheet.

There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

		ROI plans		UK plans	
2017 Assumption	**Change in assumption**	**Increase €'m**	**Decrease €'m**	**Increase €'m**	**Decrease €'m**
Discount rate	0.25% movement	**(5.3)**	**5.6**	**(4.2)**	**4.5**
Price inflation	0.25% movement	**1.8**	**(1.9)**	**3.3**	**(3.4)**
Longevity	1 year movement	**3.6**	**(3.5)**	**4.2**	**(4.5)**
Future salary increases*					
Future pension increases**					

		ROI plans		UK plans	
2016 Assumption	Change in assumption	Increase €'m	Decrease €'m	Increase €'m	Decrease €'m
Discount rate	0.25% movement	(16.0)	16.8	(4.8)	5.1
Price inflation	0.25% movement	5.5	(5.4)	3.5	(3.4)
Longevity	1 year movement	10.7	(10.4)	4.3	(4.3)
Future salary increases*					
Future pension increases**					

* The majority of the defined benefit plans are career average plans. As a result, future salary increases will not have a material impact on the plan liabilities.

** There are no future pension increases agreed in the material defined benefit pension plans.

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9. Retirement benefit obligations continued

	ROI plans €'m	UK plans €'m
Expected contributions to the defined benefit pension plans for the coming year	**2.2**	**3.9**

	ROI plans Years	UK plans Years
Weighted average duration of the defined benefit plans	**18**	**16**

10. Discontinued operations

On 2 July 2017, the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co-operative Society Limited (the Society), its ultimate parent, creating a new joint venture, together with Glanbia Ingredients Ireland DAC, called Glanbia Ireland. Dairy Ireland is comprised of two business units, Glanbia Consumer Foods Ireland and Glanbia Agribusiness.

The disposal was approved by Society members at a Special General Meeting (SGM) on 18 May 2017 and by Group shareholders at an Extraordinary General Meeting (EGM) on 22 May 2017.

In consideration for the Society acquiring the 60% interest, Glanbia plc received €112.0 million and an amount of €96.8 million which equalled 100% of the net working capital in Dairy Ireland at completion.

The transaction is accounted for as a 100% disposal of Dairy Ireland in consideration for the cash payments outlined above and a 40% investment in Glanbia Ireland. Since 2 July 2017 the 40% investment in Glanbia Ireland is treated as a Joint Venture of the Group (note 18).

Results of discontinued operations

The following table details the results of discontinued operations included within the Group income statement:

	Notes	2017 €'m	2016 €'m
Revenue		**358.4**	616.8
Cost of goods sold		**(284.9)**	(469.6)
Gross profit		**73.5**	147.2
Selling and distribution expenses		**(42.3)**	(83.4)
Administration expenses		**(20.6)**	(32.1)
Earnings before interest tax and amortisation (EBITA)		**10.6**	31.7
Intangible asset amortisation	17	**(0.7)**	(2.3)
Operating profit		**9.9**	29.4
Finance costs		**(0.1)**	–
Share of results of Equity accounted investees	18	**0.3**	1.6
Exceptional items		**(13.0)**	(3.0)
(Loss)/profit from operating activities before tax		**(2.9)**	28.0
Income tax credit/(charge) on discontinued operations		**2.2**	(3.6)
(Loss)/profit from operating activities for the year, net of tax		**(0.7)**	24.4
Profit on disposal of discontinued operations		**96.3**	–
Income tax on profit on disposal of discontinued operations		**(3.4)**	–
Profit from discontinued operations for the year, net of tax		**92.2**	24.4
Exceptional items from discontinued operations for the year, net of tax		**82.4**	(2.7)
Profit from discontinued operations for the year, net of tax, attributable to:			
Equity holders of the Company		**92.2**	24.1
Non-controlling interests	25	**–**	0.3
		92.2	24.4

The operating profit for discontinued operations pre-exceptional is stated after (charging)/crediting:

	Notes	2017 €'m	2016 €'m
Raw materials and consumables used	21	**(252.1)**	(407.9)
Depreciation of property, plant and equipment	16	**(4.0)**	(9.2)
Impairment of property, plant and equipment	16	**(8.1)**	–
Amortisation of intangible assets	17	**(0.7)**	(2.3)
Amortisation of capital grants	29	**0.2**	0.2
Employee benefit expense		**(32.3)**	(78.3)
Research and development costs		**(0.1)**	(1.1)
Net foreign exchange loss		**–**	(0.1)
Operating lease expense	16	**(3.1)**	(6.4)

The aggregate payroll cost of employees in discontinued operations was:

	Notes	2017 €'m	2016 €'m
Wages and salaries		**26.1**	65.1
Social security costs		**2.9**	7.1
Pension costs – defined contribution plans	9	**0.4**	0.6
Pension costs – defined benefit plans	9	**2.5**	4.5
Other compensation costs:			
Cost of share-based payments	11	**0.3**	0.6
Company car allowance		**0.1**	0.3
Private health insurance		**–**	0.1
		32.3	78.3
Exceptional items	6	**0.5**	3.0
		32.8	81.3

The average number of employees in discontinued operations in 2017 was 1,070 (2016: 1,142).

The net cash flows of the Group's discontinued operations are as follows:

	2017 €'m	2016 €'m
Operating net cash (outflow)/inflow	**(32.1)**	22.6
Investing net cash inflow/(outflow)	**149.4**	(11.4)
Financing cash outflow	**(1.4)**	(0.9)
Cash generated during the year	**115.9**	10.3

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for the financial year ended 30 December 2017

10. Discontinued operations continued

The following table details the effect of the disposal on the financial position of the Group:

	Notes	2017 €'m
Property, plant and equipment	16	**113.2**
Intangible assets	17	**16.5**
Investments in Equity accounted investees	18	**12.3**
Available for sale financial assets		**0.4**
Retirement benefit asset	9	**0.4**
Inventories	35	**42.1**
Trade and other receivables	35	**171.8**
Cash and cash equivalents	(a)	**168.6**
Trade and other payables	(a)	**(243.8)**
Accruals and sundry creditors		**(23.0)**
Financial liabilities		**(3.5)**
Retirement benefit obligations	9	**(44.6)**
Other amounts due to Glanbia plc entities		**(107.7)**
Qualifying working capital amounts with Glanbia plc entities		**(1.1)**
Net assets and liabilities		**101.6**
Attributable to owners of the Company		**90.6**
Attributable to non-controlling interest	25	**11.0**
		101.6

The following table details the profit on disposal of discontinued operations before tax:

	Notes	2017 €'m
Consideration received, satisfied in cash		**112.0**
Fair value of investment in Glanbia Ireland	18	**74.7**
		186.7
Reclassification of foreign currency differences on disposal of Dairy Ireland	24	**0.2**
Net assets and liabilities attributable to owners of the Company		**(90.6)**
Profit on disposal of discontinued operations before tax		**96.3**

The following table details the proceeds, net of cash and cash equivalents, as recognised in the Group statement of cash flows:

	Notes	2017 €'m
Consideration received, satisfied in cash		**112.0**
Working capital – received at completion		**107.7**
Cash and cash equivalents disposed of	(a)	**(14.4)**
Financial liabilities disposed of		**3.5**
		208.8

(a) Included in cash and cash equivalents and trade and other payables is an amount of €154.2 million. This amount relates to the redemption of ordinary shares in Glanbia Foods Ireland Limited by Glanbia plc which occurred on the date of the transaction, 2 July 2017.

11. Share-based payment expense

The Group operates the following equity settled share-based payment arrangements as defined in IFRS 2 'Share-based Payment'. The arrangements include both share option and share award schemes open to both Executive Directors and certain senior management.

- 2002 Long-term incentive plan (the 2002 LTIP)
- 2008 Long-term incentive plan (the 2008 LTIP)
- The annual incentive deferred into shares scheme (the AIDIS Scheme)

Further details of the plans are available in the Remuneration Committee report on pages 80 to 105.

The share-based payment reserve reflects charges relating to granting of both share options and awards under the 2002 LTIP, the 2008 LTIP and the AIDIS Scheme, net of transfers on vesting or expiry of share-based payments.

The movement in the share-based payment reserve recognised in the Group and Company balance sheet is as follows:

		Group		Company	
	Notes	**2017 €'m**	2016 €'m	**2017 €'m**	2016 €'m
At the beginning of the year	24	**17.0**	14.7	**17.0**	14.7
Transfer on exercise, vesting or expiry of share-based payments	24	**(9.9)**	(5.4)	**(9.9)**	(5.4)
Cost of share-based payments	24	**7.8**	7.7	**7.8**	7.7
At the end of the year	24	**14.9**	17.0	**14.9**	17.0

The total cost recognised in the Group income statement is analysed as follows:

	2017			Re-presented* 2016		
	Continuing operations (note 7) €'m	**Discontinued operations (note 10) €'m**	**Total €'m**	Continuing operations (note 7) €'m	Discontinued operations (note 10) €'m	Total €'m
The 2008 LTIP	**6.8**	**0.3**	**7.1**	5.2	0.6	5.8
The AIDIS Scheme	**0.7**	**–**	**0.7**	1.9	–	1.9
	7.5	**0.3**	**7.8**	7.1	0.6	7.7

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

2002 Long-term incentive plan

This plan closed to further grants in 2012, the last share options were granted in 2011.

Under the 2002 LTIP, options could not be exercised before the expiration of three-years from the date of grant and could only be exercised if a pre-determined performance criterion for the Group had been achieved. The performance criterion required an increase in the adjusted Earnings Per Share (EPS) of the Group of at least the Consumer Price Index plus 5% over a three-year period.

When the options are exercised, the Company issues new shares and the fair value of the awards exercised is reclassified from the share-based payment reserve to retained earnings.

In accordance with the terms of the 2002 LTIP, certain executives to whom options were granted in 2004 were eligible to receive share awards related to the number of ordinary shares which they held on the second anniversary of the exercise of the option up to a maximum of 1,450 ordinary shares. There are no share awards outstanding as at the end of the year (2016: nil).

Movement in the number of options outstanding under 2002 LTIP is as follows:

	Notes	**2017 Weighted average exercise price per share €**	**2017 Number of options**	2016 Weighted average exercise price per share €	2016 Number of options
At the beginning of the year		**4.15**	**45,000**	3.81	55,000
Exercised during the year	23	**(2.29)**	**(5,000)**	(2.29)	(10,000)
At the end of the year		**4.38**	**40,000**	4.15	45,000

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for the financial year ended 30 December 2017

11. Share-based payment expense continued

Expiry dates of share options outstanding and exercisable at 30 December 2017 and 31 December 2016 are as follows:

Expiry date	Exercise price €	**2017 Number of options**	2016 Number of options
2019	2.29	**–**	5,000
2021	4.38	**40,000**	40,000
		40,000	45,000

Total options of 40,000 (2016: 45,000) ordinary shares were outstanding at 30 December 2017 under the 2002 LTIP at a price of €4.38. The cost of the 2002 LTIP charged in the Group income statement was €nil (2016: €nil). The fair value of the share options was calculated using the Binomial Model.

Options over 40,000 (2016: 45,000) ordinary shares were exercisable at 30 December 2017. The share price at the date of exercise for share options exercised was €18.47 (2016: €18.39). The weighted average life for share options outstanding is four years.

2008 Long-term incentive plan

This is a long-term share incentive plan, which was introduced in 2008 following approval by the shareholders, under which share awards are granted to Executive Directors and certain senior managers in the form of a provisional allocation of shares for which no exercise price is payable.

Awards outstanding under the 2008 LTIP as at 30 December 2017 amounted to 2,203,668 (2016: 2,294,783). These are scheduled to vest in periods up to April 2020, to the extent that there is sustained improvement in the underlying financial performance over a three-year period and that the service condition is fulfilled as determined by the Remuneration Committee. The maximum annual award level is 250% (for awards granted before 2016 the maximum was 250%) of Base Salary. Vesting is determined on a straight line basis between threshold and maximum. Further details are included within the Remuneration Committee report.

The extent of vesting for awards granted before 2015 is determined by growth in EPS, Total Shareholder Return performance (TSR) and Return on Capital Employed (ROCE), with each of EPS, TSR and ROCE conditions representing one third of the maximum vesting level. A service condition also applies. There is a requirement to hold shares received pursuant to the vesting of LTIP awards for a minimum period of one year post-vesting.

The extent of vesting for an award granted from 2015 onwards is determined based on the performance category of each individual and consists of a combination of the following performance metrics, a service condition and in certain circumstances a personal objective.

The award is determined by reference to three performance metrics for the Group Managing Director and the Group Finance Director:

Performance measure	Group adjusted EPS	Group ROCE	Relative TSR against the STOXX Europe 600 Food & Beverage index
2015 & 2016 Awards	50%	30%	20%
2017 Awards	40%	40%	20%

For business segment Executive Directors, the award is determined by reference to the following performance metrics:

Performance measure	Business Segment EBITA	Business Segment ROCE	Group adjusted EPS	Group ROCE	Relative TSR against the STOXX Europe 600 Food & Beverage index
2015 & 2016 Awards	20%	10%	40%	15%	15%
2017 Awards	20%	10%	30%	25%	15%

From 2015 onwards the required period to hold shares received post vesting of LTIP award has increased to two years for members of the Group Operating Executive.

IFRS 2 requires that a recognised valuation methodology be employed to determine the fair value of shares awarded and stipulates that this methodology should be consistent with methodologies used for pricing of financial instruments. The expense of €7.1 million (2016: €5.8 million) charged in the Group income statement has been arrived at through applying a Monte Carlo simulation technique to model the combination of market and non-market based performance conditions of the plan.

The assumptions used in the valuation were as follows:

	Granted in 2017	Granted in 2016	Granted in 2015	Granted in 2014
Risk-free interest rate	**(0.63%)**	(0.50%)	0.04%	0.10%
Expected volatility	**25.00%**	22.30%	22.00%	26.10%
Dividend yield	**0.79%**	0.66%	0.81%	0.94%

Expected volatility was determined by calculating the historical volatility of the Company's share price over a period equivalent to the expected life of the award.

At each reporting date the Group revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions and the service condition. A share award may lapse if a participant ceases to be employed within the Group before the date of vest.

When the awards are exercised the Company re-issues shares from own shares and the fair value of the awards exercised is reclassified from the share-based payment reserve to retained earnings.

Movement in the number of awards in the 2008 LTIP for the year ended 30 December 2017 and 31 December 2016 is as follows:

	2017 Number of awards	2016 Number of awards
At the beginning of the year	**2,294,783**	2,060,605
Granted	**874,641**	851,305
Vested	**(644,620)**	(457,852)
Lapsed	**(321,136)**	(159,275)
At the end of the year	**2,203,668**	2,294,783

Expiry dates of share awards outstanding at 30 December 2017 and 31 December 2016:

	2017 Number of Awards	2016 Number of Awards
Expiry date in		
2017	**–**	4,000
2018	**–**	710,103
2019	**673,337**	751,865
2020	**706,990**	828,815
2021	**823,341**	–
At the end of the year	**2,203,668**	2,294,783

The total expense recognised in the Group income statement is analysed as follows:

	Share price at date of award €	Year of earliest vesting date	Number of shares	Fair value – TSR component €	Fair value – non-market performance components €	Total weighted average fair value €	Expense in Group income statement 2017 €'m	Expense in Group income statement 2016 €'m
Granted in 2014								
2008 Long-term Incentive Plan	11.51	2017	841,000	5.75	11.19	9.38	**–**	2.4
Granted in 2015								
2008 Long-term Incentive Plan	17.53	2018	844,490	13.16	17.10	16.55	**1.9**	2.5
Granted in 2016								
2008 Long-term Incentive Plan	18.47	2019	851,305	11.19	18.11	17.15	**2.2**	0.9
Granted in 2017								
2008 Long-term Incentive Plan	18.05	2020	874,641	9.00	17.62	16.57	**3.0**	–
Total expense recognised in Group income statement							**7.1**	5.8

On 23 March 2017, 26 June 2017, 29 June 2017, 2 July 2017, 5 July 2017, 27 October 2017 and 10 November 2017, 10,074, 4,864, 131,348, 464,633, 16,143, 5,031 and 9,526 respectively, of the share awards granted in 2014 vested and 199,381 lapsed. On 5 July 2017 3,001 of the share awards granted in 2013 were vested.

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11. Share-based payment expense continued

Annual incentive deferred into shares scheme

This scheme is an annual performance related incentive scheme for Executive Directors and other senior management. The fair value of the annual incentive deferred into shares scheme was calculated as €0.7 million in 2017 (2016: €1.9 million) and equates to the cash value of the portion of the annual incentive that will be settled by way of shares. The number of shares received is determined by the share price on the date of allocation. The incentive will be invested in shares in the Company and delivered to the Executive Directors and senior management two years following this investment. Please refer to the Remuneration Committee report on pages 80 to 105 for further information.

12. Finance income and costs – Continuing operations

	Notes	2017 Pre-exceptional €'m	2017 Exceptional (note 6) €'m	2017 Total €'m	Re-presented* 2016 Pre-exceptional €'m	Re-presented* 2016 Exceptional (note 6) €'m	Re-presented* 2016 Total €'m
Finance income							
Interest income		3.0	–	3.0	2.4	–	2.4
Total finance income		3.0	–	3.0	2.4	–	2.4
Finance costs							
Bank borrowing costs		(7.3)	–	(7.3)	(6.1)	–	(6.1)
Facility fees including cost amortisation		(2.6)	(0.1)	(2.7)	(2.7)	–	(2.7)
Unwinding of discounts	28	(0.1)	–	(0.1)	(0.3)	–	(0.3)
Finance lease costs		(0.1)	–	(0.1)	–	–	–
Net interest expense on currency swaps		(1.2)	–	(1.2)	(0.1)	–	(0.1)
Finance cost of private debt placement		(14.7)	(13.9)	(28.6)	(16.0)	–	(16.0)
Total finance costs		(26.0)	(14.0)	(40.0)	(25.2)	–	(25.2)
Net finance costs		(23.0)	(14.0)	(37.0)	(22.8)	–	(22.8)

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Net finance costs do not include bank borrowing costs of €0.8 million (2016: €1.3 million) attributable to the acquisition, construction or production of a qualifying asset, which have been capitalised, as disclosed in note 16. Interest is capitalised at the Group's average interest rate (excluding exceptional items) for the period of 3.9% (2016: 3.8%). Where relevant, tax deduction for capitalised interest was taken in accordance with Sec 81(3), TCA 1997. Interest income includes interest on loans to related parties of €0.7 million (2016: €0.7 million) (note 37).

13. Income taxes

	Notes	2017 Continuing operations €'m	2017 Discontinued operations €'m	2017 Total €'m	Re-presented* 2016 Continuing operations €'m	Re-presented* 2016 Discontinued operations €'m	Re-presented* 2016 Total €'m
Current tax							
Irish current tax		(12.3)	(0.9)	(13.2)	(11.8)	(2.7)	(14.5)
Adjustments in respect of prior years		0.5	0.1	0.6	0.3	–	0.3
Irish current tax for the year		(11.8)	(0.8)	(12.6)	(11.5)	(2.7)	(14.2)
Foreign current tax		(12.4)	–	(12.4)	(37.3)	(0.1)	(37.4)
Adjustments in respect of prior years		3.2	–	3.2	(1.3)	–	(1.3)
Foreign current tax for the year		(9.2)	–	(9.2)	(38.6)	(0.1)	(38.7)
Total current tax		(21.0)	(0.8)	(21.8)	(50.1)	(2.8)	(52.9)
Deferred tax							
Deferred tax – current year		28.2	(0.6)	27.6	12.2	(0.8)	11.4
Adjustments in respect of prior years		0.3	0.2	0.5	0.9	–	0.9
Total deferred tax	27	28.5	(0.4)	28.1	13.1	(0.8)	12.3
Tax credit/(charge)	34	7.5	(1.2)	6.3	(37.0)	(3.6)	(40.6)

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

The tax credit on exceptional items and the exceptional deferred tax credit included in the above amounts is as follows:

		2017			Re-presented* 2016		
	Notes	Continuing operations €'m	Discontinued operations €'m	Total €'m	Continuing operations €'m	Discontinued operations €'m	Total €'m
Current tax credit/(charge) on exceptional items		**4.8**	**(0.7)**	**4.1**	2.1	0.3	2.4
Deferred tax credit/(charge) on exceptional items		**2.3**	**(0.2)**	**2.1**	0.2	–	0.2
Deferred tax credit due to US tax reform	27	**38.7**	**–**	**38.7**	–	–	–
Total tax credit/(charge) on exceptional items and exceptional deferred tax credit for the year	6	**45.8**	**(0.9)**	**44.9**	2.3	0.3	2.6

The net tax credit on exceptional items in 2017 and 2016 has been disclosed separately above as it relates to costs and income which have been presented as exceptional.

The tax on the Group's profit before tax for continuing operations differs from the theoretical amount that would arise applying the corporation tax rate in Ireland, as follows:

	2017 €'m	Re-presented* 2016 €'m
Profit before tax – Continuing operations	**229.7**	224.7
Income tax calculated at Irish rate of 12.5% (2016: 12.5%)	**(28.7)**	(28.1)
Earnings at higher Irish rates	**(2.5)**	–
Difference due to overseas tax rates	**(6.7)**	(13.2)
Reduction in US tax rate	**38.7**	–
Adjustment to tax charge in respect of previous periods	**4.0**	(0.1)
Tax on share of results of Equity accounted investees included in profit before tax	**5.4**	3.5
Other reconciling differences	**(2.7)**	0.9
Total tax credit/(charge) – Continuing operations	**7.5**	(37.0)

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Details of deferred tax charged or credited directly to other comprehensive income during the year are outlined in note 27.

Factors that may affect future tax charges and other disclosure requirements

The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation, including amendments impacting on the excess of tax depreciation over accounting depreciation and clarification on certain application matters in relation to the recently enacted Tax Cuts and Jobs Act in the US. The total tax charge of the Group may also be influenced by the effects of corporate development activity and the resolution of uncertain tax positions where the final outcome of those matters is different than the amounts recorded using the probability weighted expected value approach.

14. Earnings Per Share

Basic

Basic Earnings Per Share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares (note 24).

The weighted average number of ordinary shares in issue used in the calculation of basic earnings per share is 295,010,462 (2016: 295,130,809).

	2017			Re-presented* 2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit after tax attributable to equity holders of the Company (€'m)	**237.2**	**92.2**	**329.4**	187.7	24.1	211.8
Basic Earnings Per Share (cent)	**80.40**	**31.25**	**111.65**	63.59	8.17	71.76

Diluted

Diluted Earnings Per Share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Share options and share awards are the Company's only potential dilutive ordinary shares.

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for the financial year ended 30 December 2017

14. Earnings Per Share continued

The share awards, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions, as well as the passage of time. Contingently issuable shares are included in the calculation of diluted Earnings Per Share to the extent that conditions governing exercisability have been satisfied, as if the end of the reporting period were the end of the vesting period.

	2017	Re-presented* 2016
Weighted average number of ordinary shares in issue	**295,010,462**	295,130,809
Shares deemed to be issued for no consideration in respect of:		
Share awards	**759,074**	955,421
Share options	**29,639**	33,896
Weighted average number of shares used in the calculation of Diluted Earnings Per Share	**295,799,175**	296,120,126

	2017			Re-presented* 2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Diluted Earnings Per Share (cent)	**80.19**	**31.17**	**111.36**	63.38	8.14	71.52

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Adjusted Earnings Per Share (Non-IFRS information)

Adjusted Earnings Per Share is a non-IFRS performance measure and is calculated on the profit after tax attributable to equity holders of the Company, before net exceptional items and intangible asset amortisation (excluding software amortisation) net of related tax. Adjusted Earnings Per Share is considered to be more reflective of the Group's overall underlying performance, and reflects the metrics used by the Group to measure profitability and financial performance. Refer to Glossary of KPIs and non-IFRS performance measures.

Pro-forma Adjusted Earnings Per Share (Non-IFRS information)

Pro-forma Adjusted Earnings Per Share is a non-IFRS performance measure. Pro-forma calculation of Adjusted Earnings Per Share from continuing operations has been provided as it represents the revised and on-going structure of the Group following the disposal of 60% of Dairy Ireland and related assets. Pro-forma Adjusted Earnings Per Share assumes the Dairy Ireland disposal was completed at the beginning of financial year 2016 and is calculated based on the profit attributable to equity holders of the Company from continuing operations plus the Group's share (40%) of the profits after tax for Dairy Ireland and related assets before exceptional items and amortisation of intangible assets (excluding software amortisation) net of related tax. Refer to Glossary of KPIs and non-IFRS performance measures.

15. Dividends

	2017 €'Cent	2016 €'Cent
Dividends recommended per ordinary share are as follows:		
Final dividend recommended for the year ended 30 December 2017	**16.09**	
Final dividend recommended for the year ended 31 December 2016		7.94
Interim dividend for the year ended 30 December 2017	**5.91**	
Interim dividend for the year ended 31 December 2016		5.37
	22.0	13.31

On 6 October 2017 an interim dividend for the year ended 30 December 2017 of 5.91 cent per share (total €17.5 million) was paid. On 7 October 2016 an interim dividend for the year ended 31 December 2016 of 5.37 cent per share (total €15.9 million) was paid.

On 28 April 2017 a final dividend for the year ended 31 December 2016 of 7.94 cent per share (total €23.5 million) was paid. On 29 April 2016 a final dividend for the year ended 2 January 2016 of 7.22 cent per share (total €21.3 million) was paid.

Cash payments in relation to dividends of €41.0 million (2016: €37.2 million) in the year does not equate to the amount deducted from equity due to timing of waived dividends (note 24 (f)).

The Directors have recommended the payment of a final dividend of 16.09 cent per share on the ordinary shares which amounts to €47.6 million. Subject to shareholder approval, this dividend will be paid on 27 April 2018 to shareholders on the register of members at 16 March 2018, the record date. These Financial Statements do not reflect this final dividend. There is no income tax consequences for the Company in respect of dividends proposed prior to issuance of the Financial Statements.

16. Property, plant and equipment

	Notes	Land and buildings €'m	Plant and equipment €'m	Motor vehicles €'m	Total €'m
Year ended 30 December 2017					
Opening carrying amount		**270.9**	**355.5**	**1.8**	**628.2**
Exchange differences		**(21.1)**	**(33.1)**	**(0.1)**	**(54.3)**
Acquisitions	36	**5.6**	**1.9**	**–**	**7.5**
Additions		**5.1**	**35.6**	**0.4**	**41.1**
Disposal of assets		**(5.7)**	**(0.9)**	**(0.6)**	**(7.2)**
Disposal of discontinued operations	10	**(54.2)**	**(58.7)**	**(0.3)**	**(113.2)**
Impairments		**(8.8)**	**(2.0)**	**–**	**(10.8)**
Depreciation charge		**(9.7)**	**(39.0)**	**(0.4)**	**(49.1)**
Closing carrying amount		**182.1**	**259.3**	**0.8**	**442.2**
At 30 December 2017					
Cost		**242.0**	**495.4**	**2.7**	**740.1**
Accumulated depreciation and impairment		**(59.9)**	**(236.1)**	**(1.9)**	**(297.9)**
Carrying amount		**182.1**	**259.3**	**0.8**	**442.2**
Year ended 31 December 2016					
Opening carrying amount		244.0	341.3	0.9	586.2
Exchange differences		5.4	6.0	0.6	12.0
Acquisitions		6.9	0.6	0.6	8.1
Additions		25.5	48.7	0.5	74.7
Disposal of assets		(0.3)	(1.4)	(0.2)	(1.9)
Impairments		(0.5)	–	–	(0.5)
Depreciation charge		(10.1)	(39.7)	(0.6)	(50.4)
Closing carrying amount		270.9	355.5	1.8	628.2
At 31 December 2016					
Cost		356.9	694.5	11.1	1,062.5
Accumulated depreciation and impairment		(86.0)	(339.0)	(9.3)	(434.3)
Carrying amount		270.9	355.5	1.8	628.2

The amounts charged to the Group income statement during the year are as follows:

	2017			Re-presented* 2016		
	Continuing operations (note 5/12) €'m	**Discontinued operations (note 10) €'m**	**Total €'m**	Continuing operations (note 5/12) €'m	Discontinued operations (note 10) €'m	Total €'m
Depreciation	**45.1**	**4.0**	**49.1**	41.2	9.2	50.4
Impairment	**2.7**	**8.1**	**10.8**	0.5	–	0.5
Capitalised borrowing costs on qualifying assets	**0.8**	**–**	**0.8**	1.3	0.2	1.5
Operating lease rentals	**20.1**	**3.1**	**23.2**	17.7	6.4	24.1

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Included in the closing cost at 30 December 2017 is an amount of €11.9 million (2016: €24.3 million) incurred in respect of assets under construction. Included in the cost of additions for 2017 is €0.6 million (2016: €1.8 million) incurred in respect of staff costs capitalised into assets.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

16. Property, plant and equipment continued

Assets held under finance leases:

The net carrying amount in respect of assets held under finance leases and accordingly capitalised in property, plant and equipment is as follows:

	2017 €'m	2016 €'m
Carrying amount at the beginning of the year	2.7	1.2
Additions	–	1.8
Disposals of discontinued operations	(2.2)	–
Depreciation charge	(0.4)	(0.3)
Carrying amount at the end of the year	0.1	2.7
At the end of the year		
Cost	1.4	6.0
Accumulated depreciation	(1.3)	(3.3)
Carrying amount	0.1	2.7

17. Intangible assets

	Notes	Goodwill €'m	Brands and other intangibles €'m	Software costs €'m	Development costs €'m	Total €'m
Year ended 30 December 2017						
Opening carrying amount		386.9	513.2	32.6	33.5	966.2
Exchange differences		(48.0)	(67.1)	(2.3)	(3.2)	(120.6)
Acquisitions	36	68.1	91.3	–	–	159.4
Additions		–	0.8	20.2	13.5	34.5
Disposal of discontinued operations	10	(10.8)	(4.1)	(1.6)	–	(16.5)
Amortisation		–	(30.2)	(5.5)	(27.5)	(63.2)
Closing carrying amount		396.2	503.9	43.4	16.3	959.8
At 30 December 2017						
Cost		396.2	659.4	76.4	70.9	1,202.9
Accumulated amortisation and impairment		–	(155.5)	(33.0)	(54.6)	(243.1)
Carrying amount		396.2	503.9	43.4	16.3	959.8
Year ended 31 December 2016						
Opening carrying amount		374.1	523.7	25.5	28.3	951.6
Exchange differences		11.5	15.4	0.6	1.1	28.6
Acquisitions		1.3	1.5	–	–	2.8
Additions		–	0.1	12.2	11.8	24.1
Disposals		–	–	(0.1)	–	(0.1)
Impairment		–	–	–	(1.1)	(1.1)
Amortisation		–	(27.5)	(5.6)	(6.6)	(39.7)
Closing carrying amount		386.9	513.2	32.6	33.5	966.2
At 31 December 2016						
Cost		386.9	665.4	89.5	66.2	1,208.0
Accumulated amortisation and impairment		–	(152.2)	(56.9)	(32.7)	(241.8)
Carrying amount		386.9	513.2	32.6	33.5	966.2

The amounts charged to the Group income statement during the year are as follows:

	2017			Re-presented* 2016		
	Continuing operations (note 5) €'m	**Discontinued operations (note 10) €'m**	**Total €'m**	Continuing operations (note 5) €'m	Discontinued operations (note 10) €'m	Total €'m
Amortisation – pre-exceptional	**43.1**	**0.7**	**43.8**	37.4	2.3	39.7
Amortisation – exceptional	**19.4**	**–**	**19.4**	–	–	–
Impairment of development costs – pre-exceptional	**–**	**–**	**–**	0.5	–	0.5
Impairment of development costs – exceptional	**–**	**–**	**–**	0.6	–	0.6

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Impairment of development costs of €1.1 million was recognised in 2016. €0.6 million was charged to exceptional items relating to the Glanbia Nutritionals segment. This impairment was driven by a change in product portfolio focus following the re-organisation of the business structure. €0.5 million was charged to administration expenses relating to the Glanbia Performance Nutrition segment. This impairment was due to uncertainty that these products would reach commercialisation.

The average remaining amortisation period for software costs is 4.6 years (2016: 7 years) and development costs is 3 years (2016: 4 years).

Approximately €13.6 million of software additions during the year (2016: €6.8 million) were internally generated which included €12.3 million (2016: €6.0 million) of staff costs capitalised. Approximately €13.2 million of development cost additions during the year (2016: €10.6 million) were internally generated which included €8.3 million (2016: €4.5 million) of staff costs capitalised.

During the year the estimated useful life of development assets was reduced from 6 years to 3 years. This change was made following a review of the useful life of capitalised development costs in respect of newly developed products across the Group to reflect the dynamic environment for new product launches in their early development stage. The additional amortisation in the year due to the change in estimated useful life amounted to €19.4 million and is included in exceptional items (note 6).

The amortisation that will be charged in the Group income statement in 2018 is estimated at €12.2 million.

Brands and other intangibles

	Notes	**Brands €'m**	**Customer relationships €'m**	**Other €'m**	**Total brands and other intangibles €'m**
Year ended 30 December 2017					
Opening carrying amount		**339.7**	**172.1**	**1.4**	**513.2**
Exchange differences		**(43.5)**	**(23.6)**	**–**	**(67.1)**
Acquisitions	36	**50.8**	**39.9**	**0.6**	**91.3**
Additions		**–**	**–**	**0.8**	**0.8**
Disposal of discontinued operations		**(3.8)**	**(0.3)**	**–**	**(4.1)**
Amortisation		**(8.0)**	**(21.7)**	**(0.5)**	**(30.2)**
Closing carrying amount		**335.2**	**166.4**	**2.3**	**503.9**
At 30 December 2017					
Cost		**370.1**	**285.0**	**4.3**	**659.4**
Accumulated amortisation and impairment		**(34.9)**	**(118.6)**	**(2.0)**	**(155.5)**
Carrying amount		**335.2**	**166.4**	**2.3**	**503.9**
Year ended 31 December 2016					
Opening carrying amount		336.9	185.2	1.6	523.7
Exchange differences		10.2	5.2	–	15.4
Acquisitions		–	1.5	–	1.5
Additions		–	–	0.1	0.1
Amortisation		(7.4)	(19.8)	(0.3)	(27.5)
Closing carrying amount		339.7	172.1	1.4	513.2
At 31 December 2016					
Cost		376.5	286.0	2.9	665.4
Accumulated amortisation and impairment		(36.8)	(113.9)	(1.5)	(152.2)
Carrying amount		339.7	172.1	1.4	513.2

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for the financial year ended 30 December 2017

17. Intangible assets continued
Individually material intangible assets with definite useful lives:

	Carrying amount 2017 €'m	Average remaining amortisation period 2017 Years	Carrying amount 2016 €'m	Average remaining amortisation period 2016 Years
Brands				
Glanbia Performance Nutrition – BSN	43.9	33	51.5	34
Glanbia Performance Nutrition – Isopure	55.4	37	64.8	38
Glanbia Performance Nutrition – thinkThin	68.0	38	79.4	39
Glanbia Performance Nutrition – Amazing Grass	33.3	39	–	–
Glanbia Performance Nutrition – Body & Fit	11.9	39	–	–
Customer Relationships				
Glanbia Performance Nutrition – Optimum Nutrition	28.5	5	39.6	6
Glanbia Performance Nutrition – BSN	20.8	8	27.0	9
Glanbia Performance Nutrition – Isopure	21.0	10	26.4	11
Glanbia Performance Nutrition – thinkThin	54.4	11	67.8	12
Glanbia Performance Nutrition – Amazing Grass	32.0	14	–	–

Management reviewed the amortisation period and amortisation method for the intangible assets with definite useful lives at the reporting date. Management noted no difference in the expected useful life of the brands and customer relationship assets from the original estimates and noted no change in the expected pattern of consumption of the future economic benefits of the assets.

Individually material indefinite life intangible assets

	Carrying amount 2017 €'m	Useful life 2017 Years	Carrying amount 2016 €'m	Useful life 2016 Years
Brands				
Glanbia Performance Nutrition – Optimum Nutrition	102.3	Indefinite	116.4	Indefinite

As at the reporting date management reviewed the events and circumstances supporting the indefinite useful life assessment. The brand is long established, continues to have a strong market presence with high customer recognition and there are no material legal, contractual or other factors that limit its useful life. In addition, the likelihood that market based factors could truncate the brand's life is relatively remote because of the size, diversification and market share of the brand in question. It was determined that this asset will continue to contribute indefinitely to the cash flows of the Group.

Impairment tests for goodwill and indefinite life intangibles

Goodwill acquired in business combinations is allocated to the Group's cash generating units (CGUs) that are expected to benefit from the business acquisition, rather than where the asset is owned. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 'Operating Segments'.

A summary of the carrying value of goodwill and indefinite life intangibles together with the number of CGUs is analysed between the operating segments in the Group as follows:

	2017			Re-presented** 2016		
	Goodwill €'m	Indefinite life intangibles €'m	Number of CGUs	Goodwill €'m	Indefinite life intangibles €'m	Number of CGUs
Glanbia Performance Nutrition	297.9	102.3	8	265.8	116.4	6
Glanbia Nutritionals	98.3	–	4	110.3	–	4
	396.2	102.3	12	376.1	116.4	10

** Re-presented to reflect the realignment of operating segments

The Group revised its operating segments in the current year and the comparative amounts for 2016 have been re-presented (note 4).

In accordance with IAS 36 'Impairment of Assets', the CGUs to which significant amounts of goodwill and indefinite life intangibles have been allocated and the discount rates used are as follows:

	2017			2016		
	Goodwill €'m	Indefinite life intangibles €'m	Discount rate	Goodwill €'m	Indefinite life intangibles €'m	Discount rate
Glanbia Performance Nutrition – thinkThin	77.6	–	7.08%	88.3	–	7.5%
Glanbia Performance Nutrition – Optimum Nutrition	72.9	102.3	7.76%	82.9	116.4	7.9%
Glanbia Performance Nutrition – Isopure	52.9	–	7.08%	60.2	–	7.6%
Glanbia Performance Nutrition – Amazing Grass	35.4	–	7.08%	–	–	–
Glanbia Performance Nutrition – Body & Fit	28.0	–	7.47%	–	–	–
Glanbia Nutritionals – Customised Solutions	67.1	–	7.08%	76.3	–	7.5%
Other CGUs without individually significant goodwill	62.3	–	6.18%-8.65%	79.2	–	6.4%-9.2%
	396.2	102.3		386.9	116.4	

Impairment testing methodology, inputs, assumptions and results:
Goodwill and indefinite life intangibles are subject to impairment testing on an annual basis or more frequently if there are indications that they might be impaired. The recoverable amount of goodwill and indefinite life intangibles allocated to a CGU is determined based on a value in use computation.

The cash flow projections are based on the 2018 budget formally approved by, and the strategic plan for 2019 and 2020 as presented to, the Board of Directors. In cases where management have strategic plans beyond 2020 these numbers are also used in the projections. In preparing the 2018 budget and strategic plan, management considered the Group's history of earnings, past experience and cash flow generation. Management also considered external sources of information pertaining to estimated growth of the relevant market, customer and consumer behaviours, competitor activity and developing trends in the industry in which the CGU operates in. Business sustaining capital expenditure and working capital requirements are estimated by assigning values to the investment required to support the estimated future profitability taking into account historic investment patterns and past experience. The cash flow projections exclude the impact of future development and acquisition activity.

A terminal value assuming 2% growth into perpetuity was used. This growth rate does not exceed the long-term average growth rate for the industries in which each CGU operates. The application of the terminal value has taken account of the Group's strong financial position, its established history of earnings growth and cash flow generation and its proven ability to integrate value enhancing acquisitions.

The present value of future cash flows is calculated using pre-tax discount rates which are the Group's weighted average cost of capital, calculated using the Capital Asset Pricing Model adjusted for the Group's specific beta coefficient together with a country risk premium, adjusted to reflect risks associated with the CGU.

No impairments arose in either 2017 or 2016.

Sensitivity analysis
The following sensitivities have been performed across the CGUs:
- estimated future profitability 10% lower than managements estimates;
- terminal value assuming zero growth; and
- pre-tax discount rate 1% higher than managements estimates.

Applying these assumptions would not have required the Group to recognise any impairment against goodwill or indefinite life intangibles. Management believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

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18. Equity accounted investees

At 31 December 2016 the Group disclosed its investment in Equity accounted investees in two notes to the financial statements, Interests in Joint Ventures and Interests in Associates. On 2 July 2017 the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co-operative Society Limited (the Society), its ultimate parent. The related assets included the Groups shareholding in certain Joint Ventures and Associates (note (c)). The nature of the transaction resulted in Glanbia Ireland DAC (formerly known as Glanbia Ingredients Ireland DAC) being recognised as an Associate up to 2 July 2017 and as a Joint Venture from 3 July 2017. The Group has no Interests in Associates as at 30 December 2017. For the purposes of presentation the Group has included the disclosures for both Interests in Joint Ventures and Interests in Associates within this note, Equity accounted investees.

The Groups nature of interests in Equity accounted investees at the end of the reporting period is as follows:

	Group		Company	
	2017 €'m	2016 €'m	**2017 €'m**	2016 €'m
Interest in Joint Venture	**266.9**	68.1	**95.4**	–
Interest in Associate	**–**	98.2	**–**	22.1
At the end of the year	**266.9**	166.3	**95.4**	22.1

The Group holds an interest in the following entities:

Name of entity	Place of business/ country of incorporation	Notes	**2017 % of ownership interest**	2016 % of ownership interest	Primary activity
Southwest Cheese Company, LLC	Clovis, New Mexico, US	(a)	**50%**	50%	Cheese and nutritional ingredients
Glanbia Cheese Limited	Magheralin and Llangefni, UK	(b)	**51%**	51%	Cheese products
Glanbia Ireland DAC (formerly known as Glanbia Ingredients Ireland DAC)*	Kilkenny, Ireland	(c)	**40%**	40%	Milk products, consumer goods and agri trading
Malting Company of Ireland Limited	Togher, Co Cork, Ireland	(c)	**–**	50%	Malting
South East Port Services Limited	Kilkenny, Ireland	(c)	**–**	49%	Port services
Co-Operative Animal Health Limited*	Tullow, Co Carlow, Ireland	(c)	**–**	50%	Agri chemicals

* The Groups interests in Glanbia Ireland DAC (formerly known as Glanbia Ingredients Ireland DAC) and Co-Operative Animal Health Limited were recognised as an Interest in Associate as at 31 December 2016. As at 31 December 2016 the Groups interests in all other entities were recognised as an Interest in Joint Ventures. As at 30 December 2017 the Group has no Interests in Associates (note (c)).

The entities listed above have share capital, consisting solely of ordinary shares, membership interests or membership units and preference shares.

(a) Southwest Cheese Company, LLC (SWC) is a large scale manufacturer of premium quality block cheese and whey protein ingredients for consumer foods and beverage markets internationally. The Group acts as an agent on behalf of SWC and earns commission on the sale of whey protein products and cheese.

(b) Glanbia Cheese Limited is a leading European mozzarella producer. Its customers include most of the leading pizza and pasta chains, food service operators, industrial food manufacturers, wholesalers and retailers across Europe and internationally. The two plants (Magheralin and Llangefni) are strategically located in productive agricultural heartland which helps to ensure a secure and consistent supply of high-quality milk. The Group holds 51% of the share capital of Glanbia Cheese Limited but this entity is considered to be a Joint Venture as the Group does not have control of the company as it has equal representation on the Board of Directors, along with its Joint Venture partner Leprino Foods Company who directs the relevant activities of the business. The Group controls only 50% of the voting rights and is entitled to appoint only 50% of the total number of Directors to the Board.

(c) The Group disposed of its shareholding in Malting Company of Ireland Limited (Joint Venture), South East Port Services Limited (Joint Venture) and Co-Operative Animal Health Limited (Associate) as part of the Dairy Ireland transaction (note 10). Malting Company of Ireland Limited provides Irish malted barley products to the brewing and distilling industry, South East Port Services Limited is engaged in the provision of storage, stevedoring and shipping agency services and Co-Operative Animal Health Limited provides nutrition and veterinary solutions to the agricultural sector in Ireland. In the prior year, Glanbia Ingredients Ireland DAC was an Associate of the Group. The transaction created a new Joint Venture together with Glanbia Ingredients Ireland DAC called Glanbia Ireland (note 10). Glanbia Ireland is the largest dairy and Agribusiness in Ireland. It owns leading consumer and Agri brands such as Avonmore, GAIN Feeds, Kilmeaden cheese, Premier Milk, mymilkman.ie and Wexford cheese. The Group holds 40% of the ordinary share capital of Glanbia Ireland DAC. However this entity is considered to be a Joint Venture of the Group as the business plan, which directs the relevant activities of the business, requires the unanimous approval of both the Group and the Society (60% shareholding). Both parties also have rights to a share of the net assets of the arrangement.

The movement in the Equity accounted investees recognised in the Group balance sheet is as follows:

	Notes	Group 2017 €'m	Group 2016 €'m	Company 2017 €'m	Company 2016 €'m
At the beginning of the year		166.3	158.5	22.1	22.9
Share of profit after tax (post exceptional)	34	51.8	27.6	–	–
Remeasurements – defined benefit plan – net of deferred tax		1.3	(6.0)	–	–
Fair value movement on cash flow hedges – net of deferred tax		2.8	1.0	–	–
Dividend received	37	(15.8)	(13.8)	–	–
Income tax movement		4.3	6.9	–	–
Exchange differences		(6.2)	(2.3)	–	–
Transfer to investment in subsidiary	19(b)	–	(5.6)	–	(0.8)
Fair value of investment in Glanbia Ireland DAC**	10	74.7	–	74.7	–
Disposal of discontinued operations	10	(12.3)	–	(1.4)	–
At the end of the year		266.9	166.3	95.4	22.1

** The fair value of the investment in Glanbia Ireland DAC includes net assets of €35.1 million, intangible assets of €27.7 million and goodwill of €11.9 million.

Recognition in the Group income statement and in the Group statement of comprehensive income

The following amounts have been recognised in the Group income statement and in the Group statement of comprehensive income in relation to results from Equity accounted investees:

Recognition in the Group income statement:

	2017 Continuing operations €'m	2017 Discontinued operations (note 10) €'m	2017 Total €'m	Re-presented* 2016 Continuing operations €'m	Re-presented* 2016 Discontinued operations (note 10) €'m	Re-presented* 2016 Total €'m
Share of profit after tax (post exceptional)	51.5	0.3	51.8	26.0	1.6	27.6

Recognition in the Group statement of comprehensive income:

	2017 Continuing operations €'m	2017 Discontinued operations €'m	2017 Total €'m	Re-presented* 2016 Continuing operations €'m	Re-presented* 2016 Discontinued operations €'m	Re-presented* 2016 Total €'m
Remeasurements – defined benefit plans – net of deferred tax	(0.6)	1.9	1.3	(6.0)	–	(6.0)
Fair value movement on cash flow hedges – net of deferred tax	2.8	–	2.8	1.0	–	1.0

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

18. Equity accounted investees continued
Summarised financial information for Equity accounted investees

Set out below is the summarised financial information for the Group's Equity accounted investees (EAI), which are accounted for using the equity method. The information below reflects the amounts presented in the Financial Statements of the Equity accounted investees reconciled to carrying value of the Group's interest in Equity accounted investees.

2017	Notes	Glanbia Ireland DAC Joint Venture (note c) €'m	Glanbia Cheese Limited Joint Venture €'m	Southwest Cheese Company, LLC Joint Venture €'m	Dairy Ireland EAI (note c) €'m	Total €'m
Equity accounted investees (100%):						
Non-current assets		591.1	41.8	308.6	–	941.5
Current assets						
Cash and cash equivalents		46.5	27.2	–	–	73.7
Other current assets		487.8	47.7	91.6	–	627.1
		534.3	74.9	91.6	–	700.8
Non-current liabilities						
Financial liabilities		(220.5)	–	(215.6)	–	(436.1)
Other non-current liabilities		(128.7)	(12.3)	–	–	(141.0)
		(349.2)	(12.3)	(215.6)	–	(577.1)
Current liabilities						
Bank overdrafts and loans		–	–	(9.9)	–	(9.9)
Other current liabilities		(390.1)	(40.4)	(84.8)	–	(515.3)
		(390.1)	(40.4)	(94.7)	–	(525.2)
Net assets (100%)		386.1	64.0	89.9	–	540.0
Net assets attributable to equity holders of the Company		375.1	64.0	89.9	–	529.0
Reconciliation of the carrying value of the Group's interest in Equity accounted investees:						
Group's equity interest		40%	51%	50%	–	–
Group's share of net assets		150.0	32.6	45.0	–	227.6
Adjustment in respect of unrealised profit on sales to the Group		(1.7)	–	–	–	(1.7)
Fair value adjustments on investment in Glanbia Ireland DAC		38.8	–	–	–	38.8
Dividend income receivable		–	2.2	–	–	2.2
Carrying value of Group's interest in Equity accounted investees		187.1	34.8	45.0	–	266.9
Equity accounted investees income statement (100%):						
Revenue		1,407.1	316.7	738.0	59.8	2,521.6
Depreciation		(22.8)	(5.0)	(12.0)	0.5	(39.3)
Interest expense		(11.1)	–	(5.3)	(0.2)	(16.6)
Profit before tax		50.3	40.2	25.8	0.9	117.2
Tax		(6.6)	(8.0)	(10.3)	(0.1)	(25.0)
Exceptional tax credit	6	–	–	17.4	–	17.4
Profit after tax		43.7	32.2	32.9	0.8	109.6
Other comprehensive income		1.5	2.1	1.5	3.7	8.8
Total comprehensive income		45.2	34.3	34.4	4.5	118.4
Profit after tax attributable to equity holders of the Company		43.2	32.2	32.9	0.8	109.1
Total comprehensive income attributable to equity holders of the Company		44.7	34.3	34.4	4.5	117.9
Reconciliation to the Group's share of total comprehensive income:						
Group's equity interest		40%	51%	50%	–	–
Group's share of total comprehensive income		17.7	17.5	17.2	2.2	54.6
Adjustment in respect of unrealised profit on sales to the Group		(0.1)	–	–	–	(0.1)
Amortisation of intangible assets recognised on the fair value adjustments		(0.8)	–	–	–	(0.8)
Dividends receivable by the Group		–	2.2	–	–	2.2
Group's share of total comprehensive income		16.8	19.7	17.2	2.2	55.9
Equity accounted investees other movements:						
Dividends received by Group		–	(4.7)	(11.1)	–	(15.8)
Exchange differences arising on consolidation		–	(0.8)	(5.4)	–	(6.2)
Income tax movement		–	–	4.3	–	4.3
Investment in Joint Venture		74.7	–	–	–	74.7

2016	Glanbia Ingredients Ireland DAC Associate (note c) €'m	Glanbia Cheese Limited Joint Venture €'m	Southwest Cheese Company, LLC Joint Venture €'m	Dairy Ireland EAI (note c) €'m	Total €'m
Equity accounted investees (100%):					
Non-current assets	375.1	41.6	288.3	28.0	733.0
Current assets					
Cash and cash equivalents	7.3	36.8	–	1.2	45.3
Other current assets	259.2	11.1	102.8	19.2	392.3
	266.5	47.9	102.8	20.4	437.6
Non-current liabilities					
Financial liabilities	(195.9)	–	(157.6)	(1.8)	(355.3)
Other non-current liabilities	(88.3)	(16.1)	–	(8.4)	(112.8)
	(284.2)	(16.1)	(157.6)	(10.2)	(468.1)
Current liabilities					
Bank overdrafts and loans	(14.7)	–	(12.0)	(3.1)	(29.8)
Other current liabilities	(99.8)	(36.1)	(141.5)	(14.7)	(292.1)
	(114.5)	(36.1)	(153.5)	(17.8)	(321.9)
Net assets (100%)	242.9	37.3	80.0	20.4	380.6
Reconciliation of the carrying value of the Group's interest in Equity accounted investees:					
Group's equity interest	40%	51%	50%	–	–
Group's share of net assets	97.2	19.0	40.0	10.1	166.3
Adjustment in respect of unrealised profit on sales to the Group	(1.6)	–	–	–	(1.6)
Dividend income receivable	–	1.6	–	–	1.6
Carrying value of Group's interest in Equity accounted investees	95.6	20.6	40.0	10.1	166.3
Equity accounted investees income statement (100%):					
Revenue	833.5	230.5	739.7	55.4	1,859.1
Depreciation	(16.0)	(4.3)	(12.0)	(0.9)	(33.2)
Interest (expense)/income	(9.6)	0.1	(5.2)	(0.3)	(15.0)
Profit before tax	37.8	4.2	31.3	2.7	76.0
Tax	(5.2)	(0.9)	(12.5)	(0.3)	(18.9)
Profit after tax	32.6	3.3	18.8	2.4	57.1
Other comprehensive (expense)/income	(10.0)	(6.3)	4.4	0.1	(11.8)
Total comprehensive income/(expense) attributable to equity holders of the Company	22.6	(3.0)	23.2	2.5	45.3
Reconciliation to the Group's share of total comprehensive income:					
Group's equity interest	40%	51%	50%	–	–
Group's share of total comprehensive income/(expense)	9.0	(1.5)	11.6	1.3	20.4
Adjustment in respect of unrealised profit on sales to the Group	0.3	–	–	–	0.3
Group adjustment due to change in voting rights	–	–	–	0.3	0.3
Dividends receivable by the Group	–	1.6	–	–	1.6
Group's share of total comprehensive income	9.3	0.1	11.6	1.6	22.6
Equity accounted investees other movements:					
Dividends received by Group	–	(2.1)	(11.3)	(0.4)	(13.8)
Exchange differences arising on consolidation	–	(3.6)	1.3	–	(2.3)
Income tax movement	–	–	6.9	–	6.9
Transfers to investment in subsidiary	–	–	–	(5.6)	(5.6)

Commitments and contingent liabilities in respect of Equity accounted investees

There are no contingent liabilities or commitments relating to the Group's interest in its Equity accounted investees.

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for the financial year ended 30 December 2017

19. Investments
(a) Available for sale financial assets

	Group 2017 €'m	Group 2016 €'m	Company 2017 €'m	Company 2016 €'m
At the beginning of the year	**9.9**	10.8	**6.2**	5.8
Disposals/redemption	**(2.4)**	(1.3)	**(2.0)**	–
Fair value adjustment	**1.6**	(1.3)	**2.1**	(1.3)
Additions	**2.0**	1.7	**4.5**	1.7
At the end of the year	**11.1**	9.9	**10.8**	6.2

Available for sale financial assets at the reporting date include the following:

	Notes	Level	Group 2017 €'m	Group 2016 €'m	Company 2017 €'m	Company 2016 €'m
Listed securities						
Equity securities – eurozone countries	31.2	1	**0.2**	0.2	**0.2**	0.2
Unlisted securities						
IPL Plastics plc (formerly One51 plc)	31.2	2	**6.0**	4.0	**6.0**	4.0
Ornua Co-Operative Limited	31.2	2	**1.9**	3.0	**1.9**	–
The BDO Development Capital Fund	31.2	2	**2.7**	2.0	**2.7**	2.0
Other available for sale financial assets			**0.3**	0.7	**–**	–
			11.1	9.9	**10.8**	6.2

Available for sale financial assets with a carrying value of €0.3 million (2016: €0.7 million) are included at cost. The fair value of these shares cannot be reliably measured as they are not actively traded or there is not a readily available market for such instruments. The Group has no plans to dispose of these financial assets in the foreseeable future.

Available for sale financial assets are classified as non-current assets, unless they are expected to be realised within 12 months of the reporting date or unless they will need to be sold to raise operating capital. All available for sale financial assets are euro denominated.

The additions during the year primarily related to the increase in the Company's investment in the BDO Development Capital Fund.

(b) Investments in subsidiaries

	Notes	2017 Company €'m	2016 Company €'m
At the beginning of the year		**605.9**	609.5
Disposals		**(138.5)**	(3.4)
Impairment		**–**	(1.0)
Transfer from Interest in Associate	18	**–**	0.8
At the end of the year		**467.4**	605.9

The Company's principal subsidiaries and Equity accounted investees are disclosed in note 39. On 2 July 2017 the Company disposed of its investments in subsidiary undertakings within the Dairy Ireland segment to Glanbia Co-operative Society Limited, its ultimate parent (note 10). In 2016 the Company disposed of an investment in a subsidiary undertaking to another Group company and the Company recorded an impairment charge which related predominantly to subsidiary undertakings that are no longer trading. On 22 December 2016 control was gained over South Eastern Cattle Breeding Society Limited which was previously recognised as an Associate (note 18).

20. Trade and other receivables

		Group		Company	
	Notes	2017 €'m	2016 €'m	2017 €'m	2016 €'m
Trade receivables		**256.5**	297.4	**–**	–
Less allowance for impairment of receivables		**(4.0)**	(9.1)	**–**	–
Trade receivables – net	31.2	**252.5**	288.3	**–**	–
Prepayments		**15.3**	18.8	**–**	0.2
Receivables from Equity accounted investees	31.2/37	**14.4**	7.2	**0.1**	0.1
Receivables from other related parties	37	**1.1**	0.4	**0.7**	–
Loans to Equity accounted investees	31.2/37	**13.1**	14.7	**–**	–
Value added tax		**0.5**	2.5	**–**	–
Other receivables		**5.5**	9.9	**–**	–
Amounts due from other Group companies		**–**	–	**317.4**	355.1
Total		**302.4**	341.8	**318.2**	355.4
Non-current – loans to Equity accounted investees		**–**	14.7	**–**	–
Current		**302.4**	327.1	**318.2**	355.4
		302.4	341.8	**318.2**	355.4

See note 35 for analysis of the movement in trade and other receivables. Information in relation to the Group's credit risk and fair value estimation process is included in note 31.

The carrying amounts of the Group's trade and other receivables at the reporting date by currency are as follows:

	Group		Company	
	2017 €'m	2016 €'m	2017 €'m	2016 €'m
Euro	**48.9**	133.3	**318.2**	355.4
US dollar	**221.3**	182.0	**–**	–
Pound sterling	**19.9**	11.9	**–**	–
Australian dollar	**3.3**	4.3	**–**	–
Other	**9.0**	10.3	**–**	–
	302.4	341.8	**318.2**	355.4

At 30 December 2017, Group trade receivables of €27.0 million (2016: €63.5 million) were past due:

	2017 €'m	2016 €'m
Past due:		
Less than 30 days	**16.7**	20.5
1 to 3 months	**4.8**	19.4
4 to 6 months	**1.2**	14.2
Over 6 months	**4.3**	9.4
	27.0	63.5
Less allowance for impairment of receivables	**(4.0)**	(9.1)
	23.0	54.4

Where the Group expects that those balances that are past due are not collectible in full the Group establishes an allowance for impairment that represents the difference between the carrying value of the trade and other receivable and the estimated future cash flows, see note 2(h). At 30 December 2017 the allowance for impairment of trade receivables was €4.0 million (2016: €9.1 million).

Notes to the Financial Statements continued
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20. Trade and other receivables continued

The movement in the allowance for impairment of Group trade receivables is as follows:

	2017 €'m	2016 €'m
At the beginning of the year	**9.1**	8.9
Exchange differences	**(0.2)**	–
Allowance for impairment recognised in the year	**2.3**	1.9
Receivables written off during the year as uncollectible	**(0.2)**	(0.3)
Unused amounts reversed	**(1.9)**	(1.4)
Disposal of discontinued operations	**(5.1)**	–
At the end of the year	**4.0**	9.1

The net movement in the allowance for impairment of receivables has been included within the Group income statement.

21. Inventories

	2017 €'m	2016 €'m
Raw materials	**99.2**	114.8
Work in progress	**8.4**	16.6
Finished goods	**182.0**	199.3
Consumables	**32.0**	35.8
	321.6	366.5

Included above are inventories carried at net realisable value amounting to €18.6 million (2016: €35.9 million).

Recognition in the Group income statement:

	2017			Re-presented* 2016		
	Continuing operations (note 5) €'m	Discontinued operations (note 10) €'m	Total €'m	Continuing operations (note 5) €'m	Discontinued operations (note 10) €'m	Total €'m
Cost of inventories recognised as an expense in Cost of Goods Sold	**1,468.2**	**252.1**	**1,720.3**	1,338.4	407.9	1,746.3
Net write down of inventory to net realisable value and reversal of such write downs**	**0.5**	**0.2**	**0.7**	2.5	–	2.5

* As re-presented to reflect the impact of discontinued operations. See note 10 for further information.

** Previous write downs have been reversed as a result of increased sales prices in certain markets.

22. Cash and cash equivalents

		Group		Company	
	Notes	2017 €'m	2016 €'m	2017 €'m	2016 €'m
Cash at bank and in hand		**153.6**	209.7	**6.0**	11.3
Short term bank deposits		**8.6**	9.2	**–**	–
Cash and cash equivalents in the Group and Company balance sheet	31.3	**162.2**	218.9	**6.0**	11.3
Bank overdrafts used for cash management purposes	26	**(30.1)**	(31.6)	**–**	–
Cash and cash equivalents in the Group and Company statement of cash flows		**132.1**	187.3	**6.0**	11.3

23. Share capital and share premium

Group	Number of shares (thousands)	Ordinary shares €'m	Share premium €'m	Total €'m
At 31 December 2016	**296,041**	**17.8**	**87.6**	**105.4**
Shares issued	**5**	**–**	**–**	**–**
At 30 December 2017	**296,046**	**17.8**	**87.6**	**105.4**
At 2 January 2016	296,031	17.8	87.6	105.4
Shares issued	10	–	–	–
At 31 December 2016	296,041	17.8	87.6	105.4

Company	Number of shares (thousands)	Ordinary shares €'m	Share premium €'m	Total €'m
At 31 December 2016	**296,041**	**17.8**	**442.9**	**460.7**
Shares issued	**5**	**–**	**–**	**–**
At 30 December 2017	**296,046**	**17.8**	**442.9**	**460.7**
At 2 January 2016	296,031	17.8	442.9	460.7
Shares issued	10	–	–	–
At 31 December 2016	296,041	17.8	442.9	460.7

The total authorised number of ordinary shares is 350 million shares (2016: 350 million shares) with a par value of €0.06 per share (2016: €0.06 per share). All issued shares are fully paid, carry one vote per share and a right to dividends.

During the year ended 30 December 2017 5,000 (2016: 10,000) of the 2002 LTIP shares were exercised with exercise proceeds of €0.011 million (2016: €0.023 million). The related weighted average exercise price was €2.29 (2016: €2.29) per share.

The rights and obligations of the ordinary shares and the restrictions on the transfer of shares and voting rights are provided on page 108.

Details of share options and awards granted under the Long-term and Annual Incentive Schemes are provided in note 11 and also in the Remuneration Committee report on page 80 to 105.

The difference between the Company and Group share premium is due to the merger of Waterford Foods plc now named Waterford Foods DAC and Avonmore Foods plc now named Glanbia plc in 1997. See note 24(b).

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24. Other reserves

	Capital reserve €'m note (a)	Merger reserve €'m note (b)	Currency reserve €'m note (c)	Hedging reserve €'m note (d)	Available for sale financial asset reserve €'m note (e)	Own shares €'m note (f)	Share-based payment reserve €'m note (g)	Total €'m
Balance at 31 December 2016	**2.8**	**113.1**	**210.4**	**1.0**	**2.5**	**(15.2)**	**17.0**	**331.6**
Currency translation differences	**–**	**–**	**(149.8)**	**–**	**–**	**–**	**–**	**(149.8)**
Net investment hedge	**–**	**–**	**11.3**	**–**	**–**	**–**	**–**	**11.3**
Reclassification of foreign currency differences on disposal of Dairy Ireland	**–**	**–**	**(0.2)**	**–**	**–**	**–**	**–**	**(0.2)**
Transfers to income statement:								
– Foreign exchange contracts – loss in year	**–**	**–**	**–**	**0.5**	**–**	**–**	**–**	**0.5**
Revaluation of forward commodity contracts – gain in year	**–**	**–**	**–**	**1.3**	**–**	**–**	**–**	**1.3**
Revaluation of Interest rate swaps – gain in year	**–**	**–**	**–**	**0.5**	**–**	**–**	**–**	**0.5**
Revaluation of available for sale financial assets – gain in year	**–**	**–**	**–**	**–**	**1.6**	**–**	**–**	**1.6**
Deferred tax on fair value movements	**–**	**–**	**–**	**(0.1)**	**(0.7)**	**–**	**–**	**(0.8)**
Cost of share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**7.8**	**7.8**
Transfer on exercise, vesting or expiry of share-based payments	**–**	**–**	**–**	**–**	**–**	**12.3**	**(9.9)**	**2.4**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(16.2)**	**–**	**(16.2)**
Balance at 30 December 2017	**2.8**	**113.1**	**71.7**	**3.2**	**3.4**	**(19.1)**	**14.9**	**190.0**
Balance at 2 January 2016	2.8	113.1	186.2	(0.6)	3.4	(13.2)	14.7	306.4
Currency translation differences	–	–	27.1	–	–	–	–	27.1
Net investment hedge	–	–	(2.9)	–	–	–	–	(2.9)
Revaluation of interest rate swaps – gain in year	–	–	–	3.3	–	–	–	3.3
Foreign exchange contracts – loss in year	–	–	–	(0.5)	–	–	–	(0.5)
Transfers to income statement:								
– Foreign exchange contracts – loss in year	–	–	–	0.1	–	–	–	0.1
– Forward commodity contracts – loss in year	–	–	–	0.4	–	–	–	0.4
Revaluation of forward commodity contracts – loss in year	–	–	–	(0.2)	–	–	–	(0.2)
Revaluation of available for sale financial assets – loss in year	–	–	–	–	(1.3)	–	–	(1.3)
Deferred tax on fair value movements	–	–	–	(1.5)	0.4	–	–	(1.1)
Cost of share-based payments	–	–	–	–	–	–	7.7	7.7
Transfer on exercise, vesting or expiry of share-based payments	–	–	–	–	–	8.4	(5.4)	3.0
Purchase of own shares	–	–	–	–	–	(10.4)	–	(10.4)
Balance at 31 December 2016	2.8	113.1	210.4	1.0	2.5	(15.2)	17.0	331.6

(a) Capital reserve
The capital reserve comprises of a capital redemption reserve and a capital reserve which arose on the re-nominalisation of the Company's share capital on conversion to the euro.

	Group		Company	
	2017 €'m	2016 €'m	**2017 €'m**	2016 €'m
At the beginning and the end of the year	**2.8**	2.8	**4.2**	4.2

(b) Merger reserve

The merger reserve arose on the merger of Waterford Foods plc now named Waterford Foods DAC and Avonmore Foods plc now named Glanbia plc in 1997. The merger reserve adjustment represents the difference between the nominal value of the issued share capital of Waterford Foods DAC and the fair value of the shares issued by Glanbia plc.

	2017 €'m	2016 €'m
Share premium representing excess of fair value over nominal value of ordinary shares issued in connection with the merger of Avonmore Foods plc and Waterford Foods plc	**355.3**	355.3
Merger reserve adjustment	**(327.2)**	(327.2)
Share premium and other reserves relating to nominal value of shares in Waterford Foods plc	**85.0**	85.0
At the beginning and end of the year	**113.1**	113.1

(c) Currency reserve

The currency reserve reflects the foreign exchange gains and losses arising from the translation of the net investment in foreign operations and on borrowings designated as hedges of the net investment which are taken to equity. The movement in USD foreign exchange rates from 1.0541 as at 31 December 2016 to 1.1993 as at 30 December 2017 is the primary driver of the movement in the currency reserve in the year. See note 31.1 for further details. When an entity is sold the accumulated foreign currency gains and losses are recycled to the income statement (note 10).

(d) Hedging reserve

The hedging reserve reflects the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. Amounts accumulated in the hedging reserve are recycled to the income statement in the periods when the hedged item affects income or expense. The hedging reserve also reflects the Group's share of the effective portion of changes in the fair value of derivatives that are entered into by the Group's Equity accounted investees (note 31.1).

The movements on the hedging reserve for the years ended 30 December 2017 and 31 December 2016 are as follows:

	Equity accounted investees €'m	Group €'m	Total hedging reserve €'m
Balance at 31 December 2016	**0.5**	**0.5**	**1.0**
Foreign exchange contracts gain/(loss) in year	**0.1**	**(0.1)**	**–**
Transfer to income statement			
– Foreign exchange contracts – loss/(gain) in year	**0.9**	**(0.4)**	**0.5**
– Revaluation of interest rate swaps – loss in year	**0.5**	**–**	**0.5**
– Forward commodity contracts – loss/(gain) in year	**0.1**	**(0.1)**	**–**
Revaluation of forward commodity contracts – gain in year	**1.3**	**–**	**1.3**
Deferred tax on fair value movements	**(0.1)**	**–**	**(0.1)**
Balance at 30 December 2017	**3.3**	**(0.1)**	**3.2**
Balance at 2 January 2016	(0.5)	(0.1)	(0.6)
Revaluation of interest rate swaps – gain in year	3.3	–	3.3
Foreign exchange contracts (loss)/gain in year	(0.9)	0.4	(0.5)
Transfer to income statement			
– Foreign exchange contracts – loss in year	0.1	–	0.1
– Forward commodity contracts – loss in year	0.1	0.3	0.4
Revaluation of forward commodity contracts – (loss)/gain in year	(0.3)	0.1	(0.2)
Deferred tax on fair value movements	(1.3)	(0.2)	(1.5)
Balance at 31 December 2016	0.5	0.5	1.0

(e) Available for sale financial asset reserve

Unrealised gains and losses arising from changes in the fair value of available for sale financial assets are recognised in the available for sale financial asset reserve. When such available for sale financial assets are sold or impaired, the accumulated fair value adjustments are recycled to the income statement.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

24. Other reserves continued
(f) Own shares
The own shares reserve reflects the ordinary shares of Glanbia plc which are held in trust.

The movement in own shares for the year ended 30 December 2017 and 31 December 2016 are as follows:

	2017			2016		
	Value €'m	Nominal value €'m	Number of Shares	Value €'m	Nominal value €'m	Number of Shares
At the beginning of the year	**15.2**	**0.1**	**934,860**	13.2	0.1	859,933
Purchased	**16.2**	**0.1**	**938,590**	10.4	–	609,845
Allocated	**(12.3)**	**–**	**(746,384)**	(8.4)	–	(534,918)
At the end of the year	**19.1**	**0.2**	**1,127,066**	15.2	0.1	934,860

The shares held in trust are allocated to employees under the 2008 LTIP plan and the AIDIS scheme.

An Employee Share Trust was established in May 2002 to operate initially in connection with the Company's Saving Related Share Option Scheme (Sharesave Scheme) and subsequently for the vesting of shares under the 2008 LTIP. The Trustee of the Employee Share Trust is Computershare Trustees (Jersey) Limited, a Jersey based trustee services company. The dividend rights in respect of these shares have been waived, save 0.001 pence per share.

An Employee Share Scheme Trust was established in April 2013 to operate in connection with the Company's AIDIS scheme. The Trustee of the Employee Share Scheme Trust is Glanbia Management Services Limited. The dividend rights in respect of shares which have not vested have been waived.

Shares purchased for the 2008 LTIP scheme and the Company's AIDIS scheme are deemed to be own shares in accordance with IAS 32 'Financial Instruments'. The shares included in the Employee Share Trust and the Employee Share Scheme Trust at 30 December 2017 cost €19.1 million (2016: €15.2 million) and had a market value of €16.8 million (2016: €14.8 million). During the year ended 30 December 2017 746,384 (2016: 534,918) shares were allocated of which 644,620 (2016: 457,852) were allocated under the 2008 LTIP and 101,764 (2016: 77,066) were allocated under the AIDIS scheme. See note 37 for details of own shares acquired during the year from related parties.

(g) Share-based payment reserve
The share-based payment reserve reflects the equity settled share-based payment plans in operation by the Group (note 11).
Other reserves in the Company are detailed in the Company statement of changes in equity on page 130.

25. Non-controlling interests

	Notes	2017 €'m	2016 €'m
At the beginning of the year		**11.1**	8.5
Share of profit for the year		**–**	0.3
Dividends to non-controlling interests		**–**	(0.9)
Non-controlling interests arising on gain in control		**–**	3.2
Remeasurement – defined benefit plan		**(0.1)**	–
Disposal of non-controlling interest	10	**(11.0)**	–
At the end of the year		**–**	11.1

On 2 July 2017, the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co-operative Society Limited (the Society), its ultimate parent. As a result of the transaction the Group disposed of the entities in which there was a non-controlling interest.
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26. Financial liabilities

	Notes	2017 €'m	2016 €'m
Non-current			
Bank borrowings		**369.4**	314.0
Private debt placement		**130.1**	308.3
Finance lease liabilities*		**0.1**	1.9
	31.3	**499.6**	624.2
Current			
Bank overdrafts	22	**30.1**	31.6
Finance lease liabilities*		**0.2**	0.6
	31.3	**30.3**	32.2
Total financial liabilities		**529.9**	656.4

* Secured on specific plant and equipment.

Bank borrowings
The Group's bank borrowings are primarily denominated in euro, US dollar and Australian dollar and are borrowed at floating interest rates. Interest is set at commercial rates based on a margin over EURIBOR, US dollar LIBOR and Australian dollar LIBOR for periods of up to six months. At 30 December 2017, the Group had undrawn uncommitted bank overdraft facilities of €10.6 million (2016: €10.8 million).

Private debt placement
In August 2011, Private Placement notes of $325.0 million were issued at a fixed rate of 5.4% and mature in June 2021. On 15 December 2017 the Group repaid $169.0 million of the $325.0 million Private Placement notes. The additional interest payable on early repayment amounted to €14.0 million and has been included as an exceptional item (note 6). At 30 December 2017, the Group had undrawn uncommitted Private Placement facilities of €83.4 million (2016: €94.9 million).

Debt issue costs
Included within the carrying value of borrowings are deferred debt issue costs of €0.4 million (2016: €1.0 million), all of which will be recognised in finance costs in the Group income statement using the effective interest rate method over the remaining life of the borrowings.

Guarantees
Financial liabilities are secured by cross-guarantees from Glanbia plc and certain principal subsidiaries. The Group has complied with the financial covenants of its borrowing facilities during 2017 and 2016 (note 31.3).

Financial liabilities include the following for the purposes of the Group statement of cash flows at the reporting date:

	Notes	2017 €'m	2016 €'m
Total financial liabilities		**529.9**	656.4
Bank overdraft included as part of cash and cash equivalents	22	**(30.1)**	(31.6)
		499.8	624.8

The maturity profile of financial liabilities and undrawn committed facilities is as follows:

	2017		2016	
	Loans and borrowings €'m	**Undrawn committed facilities €'m**	Loans and borrowings €'m	Undrawn committed facilities €'m
12 months or less	**30.2**	**–**	32.2	–
Between 1 and 2 years	**0.2**	**–**	0.3	–
Between 2 and 5 years	**499.5**	**344.1**	622.7	405.9
More than 5 years	**–**	**–**	1.2	–
	529.9	**344.1**	656.4	405.9

Undrawn uncommitted facilities expiring within one year are €94.0 million (2016: €105.7 million).

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

26. Financial liabilities continued

The exposure of the Group's total financial liabilities to interest rate changes, taking account of contractual repricing dates, at the reporting date is as follows:

	2017 €'m	2016 €'m
12 months or less	**399.6**	346.2
Between 1 and 2 years	**0.2**	0.3
Between 2 and 5 years	**130.1**	308.7
More than 5 years	**–**	1.2
	529.9	656.4

Details of the Group's exposure to risks arising from current and non-current financial liabilities are set out in note 31.

The terms and conditions of outstanding loans are as follows:

2017	Currency	Nominal interest rate	Year of maturity	Carrying amount €'m
Private debt placement	**USD**	**5.40%**	**2021**	**130.1**
Committed unsecured bank facility loan	**EUR**	**0.98%**	**2021**	**140.9**
Other committed unsecured bank facility loans	**Various**	**0.68%-3.25%**	**2020**	**228.5**
Finance lease liabilities	**Various**	**6.00%-7.00%**	**2018/2019**	**0.3**
Bank overdrafts	**Various**	**0.69%-2.50%**	**2018**	**30.1**
Total interest bearing liabilities				**529.9**

Various represents financial liabilities denominated in the following currencies – euro, pound sterling, US dollar, Australian dollar, New Zealand dollar, Danish krone, Swedish krone and Norwegian krone.

2016	Currency	Nominal interest rate	Year of maturity	Carrying amount €'m
Private debt placement	USD	5.40%	2021	308.3
Committed unsecured bank facility loan	EUR	1.14%	2020	190.0
Other committed unsecured bank facility loans	Various	0.82%-3.23%	2020	124.0
Finance lease liabilities	Various	3.57%-7.00%	2017/2035	2.5
Bank overdrafts	Various	0.83%-2.50%	2017	31.6
Total interest bearing liabilities				656.4

Various represents financial liabilities denominated in the following currencies – euro, pound sterling, US dollar, Australian dollar, New Zealand dollar, Danish krone, Swedish krone and Norwegian krone.

The carrying amounts of the Group's total financial liabilities are denominated in the following currencies at 30 December 2017:

	Euro €'m	US dollar €'m	Pound sterling €'m	Australian dollar €'m	Various €'m	Total €'m
Bank overdrafts	**24.2**	**–**	**5.6**	**–**	**0.3**	**30.1**
Bank borrowings	**195.2**	**163.5**	**–**	**9.8**	**0.9**	**369.4**
Private debt placement	**–**	**130.1**	**–**	**–**	**–**	**130.1**
Finance lease liabilities	**–**	**–**	**–**	**–**	**0.3**	**0.3**
	219.4	**293.6**	**5.6**	**9.8**	**1.5**	**529.9**

Various represents financial liabilities denominated in the following currencies – New Zealand dollar, Danish krone, Swedish krone and Norwegian krone, none of which are individually material.

The carrying amounts of the Group's total financial liabilities are denominated in the following currencies at 31 December 2016:

	Euro €'m	US dollar €'m	Pound sterling €'m	Australian dollar €'m	Various €'m	Total €'m
Bank overdrafts	17.5	–	10.3	–	3.8	31.6
Bank borrowings	211.6	91.4	–	10.6	0.4	314.0
Private debt placement	–	308.3	–	–	–	308.3
Finance lease liabilities	1.9	–	–	–	0.6	2.5
	231.0	399.7	10.3	10.6	4.8	656.4

Various represents financial liabilities denominated in the following currencies – New Zealand dollar, Danish krone, Swedish krone and Norwegian krone, none of which are individually material.

Finance lease liabilities – minimum lease payments at the reporting date:

	Future minimum lease payments		Interest		Present value of minimum lease payment	
	2017 €'m	2016 €'m	**2017 €'m**	2016 €'m	**2017 €'m**	2016 €'m
12 months or less	**0.3**	0.7	**(0.1)**	(0.1)	**0.2**	0.6
Between 1 and 2 years	**0.1**	0.3	**–**	–	**0.1**	0.3
Between 2 and 5 years	**–**	0.4	**–**	(0.1)	**–**	0.3
Greater than 5 years	**–**	1.9	**–**	(0.6)	**–**	1.3
	0.4	3.3	**(0.1)**	(0.8)	**0.3**	2.5

For the purposes of the Group statement of cash flows net debt is comprised of the following:

Net debt at the end of the year comprises:	Notes	**2017 €'m**	2016 €'m
Borrowings		**499.8**	624.8
Cash and cash equivalents net of bank overdrafts	22	**(132.1)**	(187.3)
		367.7	437.5

The movement in net debt is as follows:

2017	**Cash and short-term bank deposits (note 22) €'m**	**Overdrafts €'m**	**Finance leases €'m**	**Bank borrowings €'m**	**Private debt placement €'m**	**Total €'m**
At 31 December 2016	**(218.9)**	**31.6**	**2.5**	**314.0**	**308.3**	**437.5**
Cash flows	**44.1**	**(1.1)**	**(2.2)**	**101.3**	**(162.0)**	**(19.9)**
Exchange differences	**12.6**	**(0.4)**	**–**	**(45.9)**	**(16.2)**	**(49.9)**
At 30 December 2017	**(162.2)**	**30.1**	**0.3**	**369.4**	**130.1**	**367.7**

2016	Cash and short-term bank deposits (note 22) €'m	Overdrafts €'m	Finance leases €'m	Bank borrowings €'m	Private debt placement €'m	Total €'m
At 2 January 2016	(210.9)	41.8	0.9	453.9	298.5	584.2
Cash flows	(4.8)	(10.7)	(0.3)	(154.5)	–	(170.3)
New finance leases	–	–	1.8	–	–	1.8
Debt acquired on acquisition	–	–	–	0.8	–	0.8
Exchange differences	(3.2)	0.5	0.1	13.8	9.8	21.0
At 31 December 2016	(218.9)	31.6	2.5	314.0	308.3	437.5

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

27. Deferred taxes

Recognition in the Group balance sheet:

	2017			2016		
	Deferred tax assets €'m	Deferred tax liabilities €'m	Net €'m	Deferred tax assets €'m	Deferred tax liabilities €'m	Net €'m
Deferred tax assets/(liabilities) before set off	**24.6**	**(148.6)**	**(124.0)**	45.7	(202.1)	(156.4)
Set off of deferred tax	**(23.0)**	**23.0**	**–**	(43.9)	43.9	–
Deferred tax assets/(liabilities) after set off	**1.6**	**(125.6)**	**(124.0)**	1.8	(158.2)	(156.4)

The movement in the net deferred tax liability recognised in the Group balance sheet is as follows:

		Group		Company	
	Notes	2017 €'m	2016 €'m	2017 €'m	2016 €'m
At the beginning of the year		**(156.4)**	(165.2)	**(0.4)**	(1.0)
Income statement (charge)/credit	13	**(10.6)**	12.3	**(0.3)**	0.2
Reduction in US tax rate credited to the income statement	6/13	**38.7**	–	**–**	–
Deferred tax (charge)/credit on fair value movements	24	**(0.7)**	0.2	**(0.7)**	0.4
Deferred tax (charge)/credit relating to defined benefit remeasurement		**(1.8)**	1.8	**–**	–
Deferred tax on acquisition of subsidiaries	36	**(8.0)**	(0.6)	**–**	–
Deferred tax on disposal of subsidiaries		**(2.4)**	–	**–**	–
Deferred tax credited on share-based payments		**0.1**	0.2	**–**	–
Exchange differences		**17.1**	(5.1)	**–**	–
At the end of the year		**(124.0)**	(156.4)	**(1.4)**	(0.4)

The movement in deferred tax assets during the year is as follows:

	Retirement benefit obligations €'m	Other employee obligations €'m	Tax losses €'m	Other €'m	Total €'m
At 31 December 2016	**13.3**	**15.9**	**1.6**	**14.9**	**45.7**
Credit/(charge) to income statement	**0.7**	**(3.6)**	**(0.5)**	**2.7**	**(0.7)**
Charged to other comprehensive income	**(1.8)**	**–**	**–**	**–**	**(1.8)**
Credited to equity	**–**	**0.1**	**–**	**–**	**0.1**
Disposal of discontinued operations	**(5.5)**	**(0.2)**	**–**	**(0.5)**	**(6.2)**
Reduction in US tax rate charged to the income statement	**(1.3)**	**(3.1)**	**–**	**(5.1)**	**(9.5)**
Exchange differences	**(0.5)**	**(1.1)**	**(0.1)**	**(1.3)**	**(3.0)**
At 30 December 2017	**4.9**	**8.0**	**1.0**	**10.7**	**24.6**
At 2 January 2016	8.2	18.1	1.0	9.2	36.5
Credit/(charge) to income statement	3.1	(2.7)	0.7	4.8	5.9
Credited to other comprehensive income	1.8	–	–	–	1.8
Credited to equity	–	0.2	–	–	0.2
Acquisitions of subsidiaries and intellectual property	–	(0.1)	–	0.4	0.3
Exchange differences	0.2	0.4	(0.1)	0.5	1.0
At 31 December 2016	13.3	15.9	1.6	14.9	45.7

The movement in deferred tax liabilities during the year is as follows:

	Notes	Accelerated tax depreciation €'m	Fair value gain €'m	Development costs and other intangibles €'m	Other €'m	Total €'m
At 31 December 2016		**(92.7)**	**(1.1)**	**(101.0)**	**(7.3)**	**(202.1)**
(Charge)/credit to income statement		**(5.7)**	**–**	**8.8**	**(13.0)**	**(9.9)**
Charged to other comprehensive income	24	**–**	**(0.7)**	**–**	**–**	**(0.7)**
Acquisition of subsidiaries and intellectual properties	36	**(0.1)**	**–**	**(7.9)**	**–**	**(8.0)**
Disposal of discontinued operations		**3.6**	**–**	**0.2**	**–**	**3.8**
Reduction in US tax rate credited to the income statement		**28.0**	**–**	**19.7**	**0.5**	**48.2**
Exchange differences		**9.0**	**–**	**11.1**	**–**	**20.1**
At 30 December 2017		**(57.9)**	**(1.8)**	**(69.1)**	**(19.8)**	**(148.6)**
At 2 January 2016		(80.1)	(1.3)	(106.5)	(13.8)	(201.7)
(Charge)/credit to income statement		(9.5)	–	9.7	6.2	6.4
Credited to other comprehensive income	24	–	0.2	–	–	0.2
Acquisition of subsidiaries and intellectual properties		(0.1)	–	(1.1)	0.3	(0.9)
Exchange differences		(3.0)	–	(3.1)	–	(6.1)
At 31 December 2016		(92.7)	(1.1)	(101.0)	(7.3)	(202.1)

A deferred tax asset has been recognised on the basis that the realisation of the related tax benefit through future taxable profits is probable. This includes deferred tax assets which are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits are probable.

At the balance sheet date, the Group has unused tax losses of €95.0 million (2016: €117.0 million) available for offset against future profits. A deferred tax asset has been recognised in respect of €2.0 million (2016: €4.0 million) of such losses. No deferred tax asset has been recognised in respect of the remaining €93.0 million (2016: €113.0 million) as it is not considered probable that there will be future taxable profits available. Included in unrecognised tax losses are losses of €6.2 million (2016: €10.7 million) which will expire within the next 4 years. Other tax losses may be carried forward indefinitely. Also included in unrecognised tax losses are €46.4 million (2016: €46.7 million) of capital losses.

No deferred tax liability has been recognised on temporary differences of €25.9 million (2016: €17.7 million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in Equity accounted investees are insignificant.

The deferred income tax (charged)/credited to other comprehensive income during the year is as follows:

	Notes	2017 €'m	2016 €'m
Available for sale financial asset reserve	24	**(0.7)**	0.4
Hedging reserve	24(d)	**–**	(0.2)
Remeasurements – defined benefit schemes		**(1.8)**	1.8
		(2.5)	2.0

Deferred income tax credited to equity:
The deferred income tax credited to equity during the year was €0.1 million (2016: €0.2 million) and relates to tax benefits arising on share-based payments.

The deferred tax assets and liabilities recognised in the Company balance sheet are as follows:

	Company	
	2017 €'m	2016 €'m
Deferred tax assets – other	**0.3**	0.6
Deferred tax liability – available for sale financial assets	**(1.7)**	(1.0)
	(1.4)	(0.4)

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for the financial year ended 30 December 2017

28. Provisions

Group	Notes	Restructuring €'m note (b)	Legal claims €'m note (c)	Property and lease commitments €'m note (d)	Operational €'m note (e)	Regulatory and related provisions €'m note (f)	Total €'m
At 31 December 2016		**5.5**	**7.5**	**5.1**	**17.0**	**–**	**35.1**
Reclassification	(a)	–	–	–	(15.6)	15.6	–
Net amount provided for in the year		5.4	1.9	0.3	0.6	4.9	13.1
Utilised in the year		(6.0)	–	–	(0.3)	–	(6.3)
Liabilities disposed of in the year		(1.5)	(0.5)	(1.1)	–	–	(3.1)
Unused amounts reversed in the year		–	(5.9)	–	–	–	(5.9)
Exchange differences		(0.2)	(0.5)	–	(0.3)	–	(1.0)
Unwinding of discounts	12	–	–	(0.1)	–	–	(0.1)
At 30 December 2017		**3.2**	**2.5**	**4.2**	**1.4**	**20.5**	**31.8**
Non-current		–	–	4.2	–	19.8	24.0
Current		3.2	2.5	–	1.4	0.7	7.8
		3.2	2.5	4.2	1.4	20.5	31.8

(a) Certain reclassifications have taken place in the period to better reflect the nature of the provisions.
(b) The restructuring provision relates mainly to the Group wide review of the operating model that was undertaken during the year to ensure that the structure and resources of the Group were appropriate. The provision is expected to be fully utilised in 2018. The amount provided for is recognised as an exceptional item in the Group income statement (note 6).
(c) The legal claims provision represents legal claims brought against the Group. The balance at 30 December 2017 is expected to be utilised in 2018. In the opinion of the Directors, after taking appropriate legal advice, the outcome of these legal claims is not expected to give rise to any significant loss beyond the amounts provided for at 30 December 2017.
(d) The property and lease commitments provision relates to property remediation works and is based on the estimated cost of re-instating a property to its original condition. Due to the nature of the remediation works there is some uncertainty around the amount and timing of payments.
(e) The operational provision represents provisions relating to certain insurance claims, product returns, and other items. Due to the nature of these items, there is some uncertainty around the amount and timing of payments.
(f) The regulatory and related provision represents provisions relating to the interest and penalties element of uncertain tax positions and the UK pension provision. Due to the nature of these items, there is some uncertainty around the amount and timing of payments, however there is not expected to be a material change within the next 12 months.

Company

Recognised on the Company balance sheet is a provision classified as operational of €0.6 million as at 30 December 2017 (€nil as at 31 December 2016).

29. Capital grants

	2017 €'m	2016 €'m
At the beginning of the year	**3.3**	3.1
Credited to the Group income statement	(0.3)	(0.4)
Additions	–	0.6
Disposals	(2.9)	–
At the end of the year	**0.1**	3.3
Non-current	0.1	3.0
Current	–	0.3
	0.1	3.3

The entities receiving the grants are principal subsidiaries (note 39) and have no going concern issues, therefore, there are no material unfulfilled conditions or other contingencies attaching to any grants received.

Recognition in the Group income statement:

	2017			Re-presented* 2016		
`	**Continuing operations (note 5) €'m**	**Discontinued operations (note 10) €'m**	**Total €'m**	Continuing operations (note 5) €'m	Discontinued operations (note 10) €'m	Total €'m
Capital grants credited to the Group income statement	**(0.1)**	**(0.2)**	**(0.3)**	(0.2)	(0.2)	(0.4)

30. Trade and other payables

		Group		Company	
	Notes	**2017 €'m**	2016 €'m	**2017 €'m**	2016 €'m
Current					
Trade payables		**173.8**	266.8	**–**	0.1
Amounts due to Equity accounted investees	37	**13.3**	8.5	**–**	–
Amounts due to other related parties	37	**–**	0.8	**–**	–
Amounts due to other Group companies	37	**–**	–	**208.8**	373.7
Social security costs		**2.8**	5.2	**–**	–
Accrued expenses		**118.0**	167.4	**10.8**	9.8
		307.9	448.7	**219.6**	383.6
Non-current					
Other payables		**10.1**	11.6	**–**	–
Total		**318.0**	460.3	**219.6**	383.6

See note 35 for analysis of the movement in trade and other payables. See note 31 for information on the Group's fair value estimation process.

31. Derivative financial instruments and financial risk management

31.1 Derivative financial instruments

	Notes	**2017 Assets €'m**	**2017 Liabilities €'m**	2016 Assets €'m	2016 Liabilities €'m
Cross currency swap – fair value through income statement	31.2	**1.7**	**–**	–	(1.1)
Foreign exchange contracts – cash flow hedges	31.2	**–**	**(0.1)**	0.5	(0.1)
Commodity futures – cash flow hedges	31.2	**0.1**	**(0.2)**	0.2	–
Commodity futures – fair value hedges	31.2	**0.4**	**–**	0.5	–
Total		**2.2**	**(0.3)**	1.2	(1.2)
Non-current		**–**	**–**	–	–
Current		**2.2**	**(0.3)**	1.2	(1.2)
	31.5	**2.2**	**(0.3)**	1.2	(1.2)

Derivatives recognised at fair value through income statement
Included in cross currency swaps is a pound sterling US dollar cross currency swap with a notional amount of GBP £31.0 million and US dollar $41.5 million and euro US dollar cross currency swaps with notional amounts of €101.7 million and US dollar $120.3 million accounted for at fair value. The translation gains included in the Group income statement in respect of these swaps is €1.7 million.

The instrument in the prior year refers to a pound sterling US dollar cross currency swap with a notional amount of GBP £31.0 million and US dollar $39.3 million which was settled during 2017. The translation loss included in the Group income statement in respect of this swap is €0.3 million.

Derivative assets and liabilities designated as cash flow hedges
Foreign exchange contracts
The Group uses foreign exchange contracts to hedge its future cash flow risk from movements in foreign exchange rates, such contracts are generally designated as cash flow hedges.

The notional principal amounts of the outstanding foreign exchange contracts at 30 December 2017 were €9.3 million (2016: €12.9 million). All outstanding foreign exchange contracts will mature and be released to the Group income statement within 12 months of the reporting date (2016: within 12 months of the reporting date).

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

31. Derivative financial instruments and financial risk management continued

Commodity futures

The Group uses commodity futures to hedge its future cash flow risk from movement in gas commodity prices. The notional principal amount of the outstanding futures designated as cash flow hedges is €2.1 million (2016: €1.1 million). All outstanding commodity futures mature and will be released to the Group income statement within 12 months of the reporting date (2016: within 12 months of the reporting date).

Amounts recognised in the Group income statement and the Group statement of comprehensive income:

(Losses)/gains recognised in other comprehensive income	Notes	2017 €'m	2016 €'m
Foreign exchange contracts	24(d)	**(0.1)**	0.4
Commodity futures	24(d)	**–**	0.1
		(0.1)	0.5

(Losses)/gains transferred from equity to the Group income statement	Notes	2017 €'m	2016 €'m
Foreign exchange contracts	24(d)	**(0.4)**	–
Commodity futures	24(d)	**(0.1)**	0.3
		(0.5)	0.3

No ineffectiveness has been recognised in respect of the cash flow hedges in 2017 (2016: nil).

The maturity profile of the cash flows of the derivative financial instruments is included in note 31.4(d).

Derivative assets and liabilities designated as fair value hedges

Commodity futures

The Group enters into fixed price purchase and sale contracts for milk and cheese respectively and uses commodity futures to hedge this exposure.

The notional principal amounts of the outstanding commodity (milk and cheese) futures, designated as fair value hedges at 30 December 2017 was €89.1 million (2016: €61.0 million). All outstanding commodity contracts are short positions at 30 December 2017.

Net investment hedge

A portion of the Group's US dollar denominated borrowings amounting to US dollar $98.5 million (2016: US dollar $98.5 million) is designated as a hedge of the net investment in the Group's US dollar net assets.

	Notes	2017 €'m	2016 €'m
Carrying value of net investment hedge		**82.1**	93.4
Gain/(loss) recognised in other comprehensive income	24	**11.3**	(2.9)

There was no ineffectiveness recognised in profit or loss during the year (2016: nil).

Derivative financial instruments entered into by Equity accounted investees

The Group's Equity accounted investees enter into interest rate swaps, commodity futures (gas, oil, butter, whey and skim milk powder) and foreign exchange contracts. The Group's share of the movement in the derivative financial instruments designated as cash flow hedges is recognised in other comprehensive income and against the carrying value of the interest in Equity accounted investees.

The Group has not entered into an interest rate swap, the movement recognised in other comprehensive income on interest rate swaps (note 24) represents the Group's share of the movement in the interest rate swaps entered into by Equity accounted investees. All movements are recognised against the carrying value of the interest in Equity accounted investees until repayment of the related bank borrowings.

Financial guarantee contracts

In accordance with Group accounting policy, management has reviewed the fair values associated with financial guarantee contracts, as defined within IAS 39 'Financial Instruments: Recognition and Measurement', issued in the name of Glanbia plc and has determined that their value is not significant. No adjustment has been made to the Glanbia plc Company balance sheet to reflect fair value of the financial guarantee contracts issued in its name.

31.2 Fair value and fair value estimation

The fair value of financial assets and liabilities together with their carrying amounts are as follows:

	Notes	Cash flow hedges €'m	Fair value through income statement €'m	Financial assets/ (liabilities) held at amortised cost €'m	Financial assets/ (liabilities) held at fair value €'m	Total carrying value €'m	1,2 Fair value €'m
At 30 December 2017							
Trade receivables – net	20	–	–	**252.5**	–	**252.5**	–
Receivables from Equity accounted investees	20	–	–	**14.4**	–	**14.4**	–
Receivables from other related parties	20	–	–	**1.1**	–	**1.1**	–
Loans to Equity accounted investees	20	–	–	**13.1**	–	**13.1**	–
Available for sale financial assets at amortised cost	19	–	–	**0.3**	–	**0.3**	–
Available for sale financial assets at fair value	19	–	–	–	**10.8**	**10.8**	**10.8**
Derivative financial instruments	31.1	**0.1**	**2.1**	–	–	**2.2**	**2.2**
Cash and cash equivalents	22	–	–	**162.2**	–	**162.2**	–
Total financial assets		**0.1**	**2.1**	**443.6**	**10.8**	**456.6**	
Trade payables	30	–	–	**(173.8)**	–	**(173.8)**	–
Amounts due to Equity accounted investees	30	–	–	**(13.3)**	–	**(13.3)**	–
Amounts due to other related parties	30	–	–	–	–	–	–
Financial liabilities – non-current	26	–	–	**(499.6)**	–	**(499.6)**	**(503.6)**
Financial liabilities – current	26	–	–	**(30.3)**	–	**(30.3)**	–
Derivative financial instruments	31.1	**(0.3)**	–	–	–	**(0.3)**	**(0.3)**
Total financial liabilities		**(0.3)**	–	**(717.0)**	–	**(717.3)**	

	Notes	Cash flow hedges €'m	Fair value through income statement €'m	Financial assets/ (liabilities) held at amortised cost €'m	Financial assets/ (liabilities) held at fair value €'m	Total carrying value €'m	1,2 Fair value €'m
At 31 December 2016							
Trade receivables – net	20	–	–	288.3	–	288.3	–
Receivables from Equity accounted investees	20	–	–	7.2	–	7.2	–
Receivables from other related parties	20	–	–	0.4	–	0.4	–
Loans to Equity accounted investees	20	–	–	14.7	–	14.7	–
Available for sale financial assets at amortised cost	19	–	–	0.7	–	0.7	–
Available for sale financial assets at fair value	19	–	–	–	9.2	9.2	9.2
Derivative financial instruments	31.1	0.7	0.5	–	–	1.2	1.2
Cash and cash equivalents	22	–	–	218.9	–	218.9	–
Total financial assets		0.7	0.5	530.2	9.2	540.6	
Trade payables	30	–	–	(266.8)	–	(266.8)	–
Amounts due to Equity accounted investees	30	–	–	(8.5)	–	(8.5)	–
Amounts due to other related parties	30	–	–	(0.8)	–	(0.8)	–
Financial liabilities – non-current	26	–	–	(624.2)	–	(624.2)	(644.2)
Financial liabilities – current	26	–	–	(32.2)	–	(32.2)	–
Derivative financial instruments	31.1	(0.1)	(1.1)	–	–	(1.2)	(1.2)
Total financial liabilities		(0.1)	(1.1)	(932.5)	–	(933.7)	

The Group deemed that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Group Financial Statements approximate their fair value.

1. The Group has not disclosed the fair values for financial instruments such as short-term trade and other receivables and trade and other payables because their carrying amounts are a reasonable approximation of fair value.

2. Loans to Equity accounted investees includes a subordinated fixed interest rate loan of €12.8 million advanced to Glanbia Ireland DAC (GI) formerly known as Glanbia Ingredients Ireland DAC. The interest rate is re-set every 12 months and there has been no change in the credit status of GI, therefore the carrying amount is deemed to approximate to fair value. The Group expects GI to meet its contractual obligations.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

31. Derivative financial instruments and financial risk management continued

Group's fair valuation process

The Group's finance department includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including Level 3 fair values.

The valuation team reports directly to the Group Finance Director who in turn reports to the Audit Committee. Discussions of valuation processes and results are held between the Group Finance Director and the Audit Committee.

Changes in Level 2 and Level 3 fair values are analysed at each reporting date. As part of this discussion, the valuation team presents a report that explains the reasons for fair value movements.

Fair value of financial assets and liabilities carried at fair value

In accordance with IFRS 13 'Fair Value Measurements', the Group has disclosed the fair value of instruments by the following fair value measurement hierarchy:

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

The following table presents the Group's assets and liabilities, which are measured at fair value at 30 December 2017 and 31 December 2016:

	Notes	Fair value hierarchy	**2017 €'m**	2016 €'m
Assets				
Cross currency swap – fair value through income statement	(a)	Level 2	**1.7**	–
Foreign exchange contracts – cash flow hedges	(b)	Level 2	**–**	0.5
Commodity futures – cash flow hedges	(c)	Level 2	**0.1**	0.2
Commodity futures – fair value hedges	(c)	Level 2	**0.4**	0.5
Available for sale financial assets – equity securities – listed	(d)	Level 1	**0.2**	0.2
Available for sale financial assets – equity securities – IPL Plastics Ltd (formerly known as One51 plc)	(e)	Level 2	**6.0**	4.0
Available for sale financial assets – equity securities – The BDO Development Capital Fund	(f)	Level 2	**2.7**	2.0
Available for sale financial assets – Ornua Co-Operative Ltd	(g)	Level 2	**1.9**	3.0
Total assets			**13.0**	10.4

	Notes	Fair value hierarchy	**2017 €'m**	2016 €'m
Liabilities				
Cross currency swap – fair value through income statement	(a)	Level 2	**–**	(1.1)
Foreign exchange contracts – cash flow hedges	(b)	Level 2	**(0.1)**	(0.1)
Commodity futures – cash flow hedges	(c)	Level 2	**(0.2)**	–
Total liabilities			**(0.3)**	(1.2)

(a) Fair value is determined by reference to the current foreign exchange rates at the end of the reporting period.
(b) The fair value is estimated by discounting the difference between the contractual forward exchange rate and the current forward exchange rate (from observable forward exchange rates at the end of the reporting period). The effect of discounting was insignificant in 2017 and 2016.
(c) The fair value is estimated by discounting the difference between the contractual forward commodity price and the current forward commodity price (from observable commodity forward prices at the end of the reporting period) and contract forward prices. The effect of discounting was insignificant in 2017 and 2016.
(d) Fair value is determined by reference to the stock exchange quoted bid prices at the end of the reporting period.
(e) The unlisted equity shares in IPL Plastics Ltd are currently traded on an informal 'grey' market. Fair value is determined by reference to these published prices.
(f) The unlisted investment in the BDO Development Capital Fund is fair valued by reference to the latest quarterly report available to the limited partners.
(g) The fair value is estimated by discounting the expected future cash flows using current interest rates.

There were no transfers in either direction between Level 1 and Level 2 in 2017 and 2016. The Group did not hold any Level 3 financial assets or liabilities at 30 December 2017 or 31 December 2016.

Fair value of financial assets and liabilities carried at amortised cost
With the exception of those financial liabilities outlined below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Group Financial Statements approximate their fair value.

The following table shows the fair value hierarchy of the financial liabilities not measured at fair value in the Group balance sheet but for which fair value disclosures are required:

	Notes	Fair value hierarchy	Carrying amount 2017 €'m	Fair value 2017 €'m	Carrying amount 2016 €'m	Fair value 2016 €'m
Non-current financial liabilities	(a)	Level 2	**499.6**	**503.6**	624.2	644.2

(a) Fair value is estimated by discounting future contractual cash flows using current market interest rates (from observable interest rates at the end of the reporting period) that are available to the Group for similar financial instruments.

31.3 Capital risk management
The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern while maximising the returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital. Total capital is calculated based on equity as shown in the balance sheet and net debt as follows:

	Notes	2017 €'m	2016 €'m
Total equity per the Group balance sheet		**1,381.7**	1,227.1
Cash and cash equivalents	22	**(162.2)**	(218.9)
Non-current financial liabilities	26	**499.6**	624.2
Current financial liabilities	26	**30.3**	32.2
Total capital		**1,749.4**	1,664.6

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to increase or reduce debt or buy back shares. Any material adjustments to the capital structure are approved by the Board of Directors. From time to time, the Group purchases its own shares on the market. These shares are primarily intended to be used for issuing shares under the Group's long-term and short-term incentive plans. Buy decisions are made on a specific transaction basis by the Employee Benefit Trusts. The Group does not have a defined share buy-back plan.

The Group monitors capital using adjusted EBIT: net finance cost and net debt: adjusted EBITDA ratios, as defined within covenants. At 30 December 2017 the Group's adjusted EBIT: net finance cost was 7.0 times (2016: 11.5 times) which is within the Group's financing covenants. The reduction in the interest cover compared to prior year is due to the additional €14.0 million interest paid in respect of the partial repayment of the Private Placement notes. Excluding this once-off cost the interest cover would be 11.2 times. Adjusted EBIT: net finance cost is calculated as earnings before interest and tax plus dividends received from Equity accounted investees divided by net finance cost. Net finance cost comprises finance costs less finance income per the Group income statement plus capitalised borrowing costs.

At 30 December 2017, the Group's net debt: adjusted EBITDA ratio was 1.07 times (2016: 1.19 times), which is deemed by management to be prudent and within the Group's financing covenants. Net debt: adjusted EBITDA is calculated as net debt at the end of the year divided by adjusted EBITDA. Net debt is calculated as total financial liabilities excluding debt issue costs less cash and cash equivalents. Adjusted EBITDA is calculated as EBITDA for the wholly owned businesses plus a dividend received from Equity accounted investees, and, in the event of an acquisition in the year, includes pro-forma EBITDA as though the acquisition date had been at the beginning of the year.

The Group's capital position and information on the capital monitoring ratios are included in the monthly report issued to the Board of Directors.

The Group has no externally imposed capital requirements.

No changes were made in the objectives, policies or processes for capital management during 2017.

31.4 Financial risk management
The conduct of its ordinary business operations necessitates the Group holding financial instruments. The Group has exposure to the following risks arising from financial instruments: currency risk, interest rate risk, price risk, liquidity risk, cash flow risk, and credit risk.

The Group does not enter into any financial instruments that give rise to a speculative position. The Group finances its operations by a mixture of retained profits, medium-term committed borrowings and short-term uncommitted borrowings. The Group borrows in the major global debt markets in a range of currencies at both fixed and floating rates of interest, using derivatives where appropriate to generate the desired effective currency profile and interest rate basis. Risk management, other than credit risk management, is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's business units. The Board of Directors provides written principles for overall risk management, as well as, written policies covering specific areas such as liquidity risk, foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

31. Derivative financial instruments and financial risk management continued
There has been no significant change during the financial year or since the end of the year to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

Market risk

(a) Currency risk

Although the Group is based in Ireland with the euro as the functional currency of Glanbia plc, it has significant geographic investment and operating exposures outside the eurozone, primarily in the US. As a result, currency movements, particularly movements in the euro/US dollar exchange rate, can significantly affect the Group's euro balance sheet and income statement. The Group has transactional currency exposures that arise from sales or purchases by an operating unit in currencies other than the unit's operating functional currency. Group companies are required to manage their foreign exchange risk against their functional currency and to hedge foreign exchange risk exposure through Group Treasury. Group Treasury monitors and manages these currency exposures on a continuous basis, using approved hedging strategies (including net investment hedges) and appropriate currency derivative instruments.

Sensitivity analysis

The following table demonstrates the sensitivity of profit before tax and total equity to movements in the euro/US dollar exchange rate with all other variables held constant.

5% change in euro/US dollar exchange rate	**2017 €'m**	2016 €'m
Impact on profit before tax*	**13.2**	13.0
Impact on total equity**	**70.8**	55.3

* The impact on profit before tax is based on changing the euro/US dollar exchange rate used in calculating profit before tax for the period.

** The impact on total equity is calculated by changing the euro/US dollar exchange rate used in measuring the closing balance sheet.

(b) Interest rate risk

The Group's objective is to minimise the impact of interest rate volatility on interest costs. This is achieved by determining a long-term strategy against a number of policy guidelines, which focus on (a) the amount of floating rate indebtedness anticipated over such a period and (b) the consequent sensitivity of interest costs to interest rate movements on this indebtedness and the resultant impact on reported profitability. The Group borrows at both fixed and floating rates of interest and can use interest rate swaps to manage the Group's resulting exposure to interest rate fluctuations.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain no more than one third of its projected debt exposure on a floating rate basis over any succeeding 12 month period with further minimum guidelines over succeeding 24 and 36 month periods.

The Group, on a continuous basis, monitors the level of fixed rate cover dependent on prevailing fixed market rates, projected debt and market informed interest rate outlook.

Occasionally, the Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under these interest rate swaps, the Group agrees with other parties to exchange at specified intervals, the difference between fixed interest rate amounts and floating interest rate amounts calculated by reference to the agreed notional amounts. Occasionally the Group enters into fixed to floating interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at fixed rates. The Group has not entered into any interest rate swaps in 2017 or 2016.

The following table analyses the financial liabilities at 30 December 2017 and 31 December 2016 between fixed and variable rates. The Group fix a portion of the variable rate financial liabilities for 6 month periods in line with Group policies.

	Notes	**2017 €'m**	2016 €'m
Financial liabilities – fixed rate		**130.1**	310.8
Financial liabilities – variable rate		**399.8**	345.6
Cash and cash equivalents – variable rate	22	**(162.2)**	(218.9)
Net debt		**367.7**	437.5

Sensitivity analysis
The Group doesn't account for any fixed rate financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The following table demonstrates the sensitivity of profit before tax and total equity if market interest rates had been 1% higher with all other variables being constant:

1% increase in market interest rates	2017 €'m	2016 €'m
Impact on profit before tax	**(1.7)**	(2.5)
Impact on total equity	**(1.5)**	(2.2)

(c) Price risk

Equity price risk
The Group's objective is to minimise the price risk the Group is exposed to because of investments held by the Group in listed and unlisted securities. These securities are classified on the Group balance sheet as available for sale financial assets. To manage its price risk arising from investments in listed equity securities, the Group does not maintain a significant balance with any one equity. Diversification of the portfolio must be done in accordance with the limits set by the Group.

Sensitivity analysis
The impact of a 5% increase or decrease in equity indices across the eurozone countries would not have any material impact on Group profit before tax or total equity.

Commodity price risk
The Group's objective is to minimise commodity price risk through entering into commodity future contracts and the use of appropriate hedging strategies.

The Group enters into forward purchase and forward sale agreements in the normal course of business. Certain of these contracts are deemed to be 'own use' in line with IAS 32 'Financial Instruments' as they were entered into in accordance with the Group's expected purchase, sale or usage requirements.

Sensitivity analysis
The impact of a 5% increase or decrease in commodity prices (milk, cheese and gas) would not have any material impact on Group profit before tax or total equity.

(d) Liquidity and cash flow risk

The Group's objective is to ensure that the Group does not encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

In order to preserve the continuity of funding, the Group's policy is that, at a minimum, committed facilities should be available at all times to meet the full extent of its anticipated finance requirements, arising in the ordinary course of business, during the succeeding 12 month period. At the year end, the Group had multi-currency committed term facilities of €843.8 million (2016: €1,032.8 million) of which €344.4 million (2016: €405.9 million) was undrawn. The weighted average maturity of these facilities is 2.2 years (2016: 3.5 years).

When appropriate, surplus funds in the Group are transferred to Group Treasury through different methods including the repayment of borrowings, deposits and dividends. These are then lent to Group companies, contributed as equity to fund Group operations, used to repay external debt or invested externally. The Group does not use off-balance sheet special purpose entities as a source of liquidity or for other financing purposes. The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group. Compliance with the Group's debt covenants is monitored continually based on statutory and management accounts and financial projections. All covenants have been complied with and based on current financial projections it is expected that all covenants will continue to be complied with for the foreseeable future. There is no significant concentration of liquidity risk.

Further analysis of the Group's debt covenants is included in the Group Finance Director's Review on pages 30 to 35.

For further details regarding the Group's borrowing facilities see note 26.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

31. Derivative financial instruments and financial risk management continued
The table below analyses the Group's financial liabilities, all non-derivative financial liabilities and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows, into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial liabilities	Notes	Less than 1 year €'m	Between 1 and 2 years €'m	Between 2 and 5 years €'m	More than 5 years €'m	Total €'m
At 30 December 2017						
Non-derivative financial liabilities						
Financial liabilities (excluding finance lease liabilities)		**(48.5)**	**(18.5)**	**(510.1)**	**–**	**(577.1)**
Finance lease liabilities	26	**(0.3)**	**(0.1)**	**–**	**–**	**(0.4)**
Trade and other payables		**(187.1)**	**–**	**–**	**–**	**(187.1)**
		(235.9)	**(18.6)**	**(510.1)**	**–**	**(764.6)**
Less future finance costs		**18.6**	**18.4**	**10.6**	**–**	**47.6**
		(217.3)	**(0.2)**	**(499.5)**	**–**	**(717.0)**
Derivative financial liabilities						
Commodity futures – gross cash (outflow)	31.1	**(0.2)**	**–**	**–**	**–**	**(0.2)**
Commodity futures – gross cash inflow	31.1	**0.1**	**–**	**–**	**–**	**0.1**
Cross currency swap – gross cash (outflow)	31.1	**(134.9)**	**–**	**–**	**–**	**(134.9)**
Cross currency swap – gross cash inflow	31.1	**136.6**	**–**	**–**	**–**	**136.6**
Foreign exchange contracts – gross cash (outflow)	31.1	**(0.1)**	**–**	**–**	**–**	**(0.1)**
		1.5	**–**	**–**	**–**	**1.5**

Financial liabilities	Notes	Less than 1 year €'m	Between 1 and 2 years €'m	Between 2 and 5 years €'m	More than 5 years €'m	Total €'m
At 31 December 2016						
Non-derivative financial liabilities						
Financial liabilities (excluding finance lease liabilities)		(57.4)	(25.8)	(674.4)	–	(757.6)
Finance lease liabilities	26	(0.7)	(0.3)	(0.4)	(1.9)	(3.3)
Trade and other payables		(276.1)	–	–	–	(276.1)
		(334.2)	(26.1)	(674.8)	(1.9)	(1,037.0)
Less future finance costs		25.9	25.8	49.9	0.7	102.3
		(308.3)	(0.3)	(624.9)	(1.2)	(934.7)
Derivative financial liabilities						
Commodity futures – gross cash inflow	31.1	0.2	–	–	–	0.2
Cross currency swap – gross cash (outflow)	31.1	(37.3)	–	–	–	(37.3)
Cross currency swap – gross cash inflow	31.1	36.2	–	–	–	36.2
Foreign exchange contracts – gross cash (outflow)	31.1	(0.1)	–	–	–	(0.1)
Foreign exchange contracts – gross cash inflow	31.1	0.5	–	–	–	0.5
		(0.5)	–	–	–	(0.5)

The Company had cash at bank of €6.0 million at 30 December 2017 (2016: €11.3 million). The contractual undiscounted cash flows for cash and cash equivalents equal the carrying value at 30 December 2017 and 31 December 2016.

(e) Credit risk
The Group's objective is to minimise credit risk which is managed on a Group basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial transaction fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, derivative financial instruments as well as credit exposures to customers, including outstanding receivables and committed transactions.

In the international movement and placement of funds and execution of financial transactions, the risk of counterparty default is managed by the Group's policies requiring exposure to independently rated parties with long-term credit ratings of at least A3 (Moody's) or A-(Standard & Poor's). In the movement and placement of funds and execution of financial transactions in Ireland, the Group's policies accept exposure to independently rated parties with long-term credit ratings of at least Baa3 (Moody's) or BBB-(Standard & Poor's). The Group held cash and cash equivalents of

€162.2 million (2016: €218.9 million) and derivative financial assets of €2.2 million (2016: €1.2 million) at 30 December 2017, all balances were held within financial institutions which complied with Group policy.

The Group advanced an interest bearing loan of €12.8 million to Glanbia Ireland DAC (formerly known as Glanbia Ingredients Irelands DAC) (an Equity accounted investee of the Group) during the year ended 31 December 2016 for the purposes of funding capital expenditure. The Group expects Glanbia Ireland DAC to meet its obligations. The loan is classified as a current asset as at 30 December 2017.

The Group's credit risk management policy requires that, where possible, all debt is insured with an external credit insurance underwriter. No goods may be dispatched to a customer on credit until the application for credit has been authorised. The Group's authorisation review includes external credit agency reports, the trading and financial history and position of the customer, the business case, the country in which the customer operates and any other available information. The utilisation of credit limits is actively managed and reviewed formally on an annual basis. Where the extension of credit is not appropriate, payment in advance is required. No goods are dispatched on credit until the credit controller has authorised the application confirming all necessary procedures have been complied with.

Goods are sold primarily subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Where required, the Group holds appropriate security or liens in respect of trade and other receivables. The Group does not hold any significant security or liens at the end of the year.

As disclosed in note 4 the Group has one significant external customer within the Glanbia Nutritionals segment. This customer accounted for €44.4 million of the trade and other receivables carrying amount (2016: €51.8 million). The Group is satisfied that it has satisfactory credit control procedures in place in respect of this customer.

The Group does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

For further details regarding the Group's trade and other receivables see note 20.

31.5 Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. The Glanbia Advance Payment (GAP) scheme, which offers advance payments to Society member suppliers in periods where grain and milk prices are weak, commenced in 2016 and was facilitated by the Group through Dairy Ireland on behalf of the Society. At the end of 2016 the Group had a payable balance outstanding to the Society and a receivable balance from the Society member suppliers. No payable balance outstanding to, or receivable balance from, was in place at the end of 2017 as a result of the Dairy Ireland transaction. The ISDA agreements and the GAP agreement do not meet the criteria for offsetting in the Group balance sheet. This is because the Group does not have any current legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on bank loans or other credit events. No collateral is paid or received.

The Group is required to maintain cash on deposit in respect of certain borrowings. Upon maturity the Group and the lender intend to net settle or realise the asset and settle the liability simultaneously. As a result, the Group's borrowings have been presented net of the cash on deposit as the requirements for offsetting have been met.

The following tables set out the carrying amounts of recognised financial instruments that are subject to the above agreements:

31.5 (a) Financial assets

At 30 December 2017	Notes	**Gross amounts of recognised financial assets €'m**	**Gross amounts of recognised financial liabilities set off in the balance sheet €'m**	**Net amounts of financial assets presented in the balance sheet €'m**
Derivative financial assets	31.1	**2.2**	**–**	**2.2**
Cash and cash equivalents	22	**266.4**	**(104.2)**	**162.2**
		268.6	**(104.2)**	**164.4**

At 31 December 2016	Notes	Gross amounts of recognised financial assets €'m	Gross amounts of recognised financial liabilities set off in the balance sheet €'m	Net amounts of financial assets presented in the balance sheet €'m
Derivative financial assets	31.1	1.2	–	1.2
Cash and cash equivalents	22	337.5	(118.6)	218.9
		338.7	(118.6)	220.1

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

31. Derivative financial instruments and financial risk management continued
31.5 (b) Financial liabilities

At 30 December 2017	Notes	Gross amounts of recognised financial liabilities €'m	Gross amounts of recognised financial assets set off in the balance sheet €'m	Net amounts of financial liabilities presented in the balance sheet €'m
Derivative financial liabilities	31.1	**(0.3)**	**–**	**(0.3)**
Bank overdrafts and borrowings	26	**(633.8)**	**104.2**	**(529.6)**
		(634.1)	**104.2**	**(529.9)**

At 31 December 2016	Notes	Gross amounts of recognised financial liabilities €'m	Gross amounts of recognised financial assets set off in the balance sheet €'m	Net amounts of financial liabilities presented in the balance sheet €'m
Derivative financial liabilities	31.1	(1.2)	–	(1.2)
Bank overdrafts and borrowings	26	(772.5)	118.6	(653.9)
		(773.7)	118.6	(655.1)

32. Contingent liabilities
Group

Bank guarantees amounting to €6.7 million (2016: €5.4 million) are outstanding at 30 December 2017. The Group does not expect any material loss to arise from these guarantees.

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from these contingent liabilities other than those provided for.

Company

Any Irish registered wholly-owned subsidiary of the Company may avail of the exemption from filing its statutory financial statements for the year ended 30 December 2017 as permitted by section 357 of the Companies Act 2014 and if an Irish registered wholly-owned subsidiary of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 30 December 2017.

Within the scope of benefitting from the exemption related to the filing of the annual accounts for the financial year ended 30 December 2017 of Glanbia Foods B.V. (note 39), the Company has guaranteed the liabilities ensuing from legal acts performed by this subsidiary from 1 January 2017 in accordance with and to the extent as set out in section 2:403.1(f) of the Dutch Civil Code. Therefore Glanbia Foods B.V. is exempt from the obligation to publish its Financial Statements and its obligations to file Financial Statements has been fulfilled by means of the publication of the declaration of consent and the declaration of liability.

Within the scope of benefitting from the exemption related to the filing of the annual accounts for the financial year ended 31 December 2017 of the three Luxembourg subsidiaries (note 39), the Company has guaranteed the liabilities of these subsidiaries in respect of any losses or liabilities (as provided by Article 70 (c) of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertaking) for the financial year ended on 31 December 2017. These subsidiaries avail of the exemption from filing of their Financial Statements, as permitted by Article 70 of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings.

The Group recognises a defined benefit liability and incurs administration and certain other costs in relation to its UK pension schemes for businesses disposed of in prior years, as outlined in note 9. In addition, the Company has guaranteed the payment of a proportion of employer contributions in respect of these UK pension plans. The Company considers these guarantees to be insurance contracts and accounts for them as such. The amount of the potential liability under the UK pension guarantee is reducing annually by the contributions paid into these plans. The Company treats the guarantee contracts as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

33. Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the Group Financial Statements is as follows:

	2017 €'m	2016 €'m
Property, plant and equipment	**3.2**	7.7

Operating lease commitments – where the Group is the lessee

The Group leases various assets. Generally, operating leases are short-term with no purchase option.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows at the reporting date:

	2017 €'m	2016 €'m
Not later than 1 year	**16.9**	21.6
Later than 1 year and not later than 5 years	**49.8**	61.4
Later than 5 years	**43.3**	58.6
	110.0	141.6

34. Cash generated from operations

		Group		Company	
	Notes	2017 €'m	2016 €'m	2017 €'m	2016 €'m
Profit after taxation		**329.4**	212.1	**107.2**	40.5
Income taxes	13	**(6.3)**	40.6	**0.3**	(0.2)
Net write-down of inventories	21	**0.5**	2.5	**–**	–
Impairment of tangible assets	16	**10.8**	0.5	**–**	–
Impairment of intangible assets	17	**–**	0.5	**–**	–
Non-cash element of exceptional charge		**3.0**	7.1	**–**	–
Share of results of Equity accounted investees	18	**(51.8)**	(27.6)	**–**	–
Depreciation	16	**49.1**	50.4	**–**	–
Amortisation	17	**63.2**	39.7	**–**	–
Cost of share-based payments	11	**7.8**	7.7	**7.8**	–
Difference between pension charge and cash contributions		**(4.2)**	(6.0)	**–**	–
Loss/(profit) on disposal of property, plant and equipment	5	**0.9**	(0.3)	**–**	–
Insurance proceeds		**–**	1.9	**–**	–
Impairment of investments in subsidiaries	19(b)	**–**	–	**–**	1.0
Finance income	12	**(3.0)**	(2.4)	**–**	–
Finance expense	10/12	**40.1**	25.2	**–**	–
Amortisation of government grants received	29	**(0.3)**	(0.4)	**–**	–
Profit on disposal of discontinued operations	10	**(96.3)**	–	**–**	–
Profit on sale of investments to Joint Ventures		**–**	–	**(71.6)**	–
Cash generated before changes in working capital		**342.9**	351.5	**43.7**	41.3
Change in net working capital:					
– (Increase)/decrease in inventory	35	**(14.6)**	(23.8)	**–**	–
– (Increase)/decrease in short-term receivables	35	**(149.9)**	(4.3)	**37.2**	19.1
– (Decrease)/increase in short-term liabilities	35	**(13.9)**	55.1	**(9.7)**	(18.2)
– (Decrease)/increase in provisions	35	**(2.3)**	(4.3)	**0.6**	–
Cash generated from operating activities		**162.2**	374.2	**71.8**	42.2

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

35. Movement in working capital

2017	Notes	Inventories €'m	Trade and other receivables €'m	Trade and other payables €'m	Provisions €'m	Total €'m
At 31 December 2016		366.5	327.1	(460.3)	(35.1)	198.2
Exchange differences		(35.5)	(26.8)	32.9	1.0	(28.4)
Arising on acquisition	36	18.5	7.4	(18.2)	–	7.7
Arising on disposal		(42.1)	(171.8)	109.6	3.0	(101.3)
Exceptional items, interest accruals, capital creditors and other non-operating items		(0.4)	16.6	4.1	(3.0)	17.3
Increase/(decrease) in working capital	34	14.6	149.9	13.9	2.3	180.7
At 30 December 2017		321.6	302.4	(318.0)	(31.8)	274.2

36. Business Combinations

Acquisitions in 2017

On 6 January 2017, the Group acquired 100% of the equity of Grass Advantage LLC (Amazing Grass). Amazing Grass offers plant-based organic, GMO free products to lifestyle consumers in the natural, online, food, drug and mass channels in North America. The brand complements the product portfolio of Glanbia Performance Nutrition and offers a strong position in the plant-based nutrition market. The goodwill reflects the expectation that the business will continue to generate new customers and new products over time. Goodwill of €40.1 million is not deductible for tax purposes.

On 31 March 2017, the Group acquired 100% of the equity of B&F Vastgoed B.V. (Body & Fit). Body & Fit is a leading European direct to consumer online branded business focused on performance nutrition. This acquisition offers Glanbia Performance Nutrition a direct presence in the rapidly growing direct to consumer channel and the goodwill attributable to this acquisition is reflective of this. Goodwill of €28.0 million is not deductible for tax purposes.

On 2 July 2017 the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co-operative Society Limited (note 10). This transaction is accounted for as a 100% disposal and a 40% investment in Glanbia Ireland. The investment in Glanbia Ireland has been recognised at fair value in line with IFRS 10 'Consolidated Financial Statements' (note 18).

Details of the net assets acquired and goodwill arising from the acquisition are as follows:

	Amazing Grass €'m	Body & Fit €'m	Total €'m
Purchase consideration	124.5	43.7	168.2
Less: Fair value of assets acquired	(84.4)	(15.7)	(100.1)
Goodwill	40.1	28.0	68.1

	Amazing Grass €'m	Body & Fit €'m	Total €'m
Purchase consideration – cash paid	125.1	44.7	169.8
Refund due from vendor	(0.6)	(1.0)	(1.6)
Purchase consideration	124.5	43.7	168.2

The fair value of assets and liabilities arising from the acquisition are as follows:

	Notes	Amazing Grass €'m	Body & Fit €'m	Total €'m
Property, plant and equipment	16	0.2	7.3	7.5
Intangible assets	17	–	0.6	0.6
Intangible assets – customer relationships	17	38.7	1.2	39.9
Intangible assets – brands	17	38.7	12.1	50.8
Inventories	35	7.5	11.0	18.5
Trade and other receivables	35	6.4	1.0	7.4
Trade and other payables	35	(3.9)	(6.7)	(10.6)
Liabilities settled at completion	35	–	(7.6)	(7.6)
Cash and cash equivalents		1.6	–	1.6
Deferred tax liability	27	(4.8)	(3.2)	(8.0)
Fair value of assets acquired		84.4	15.7	100.1

The contingent consideration arrangement in the Body & Fit acquisition requires the Group to pay the former owners of Body & Fit an earn out if the actual 2017 earnings before interest, tax, depreciation and amortisation (EBITDA) exceeds a minimum agreed amount. The fair value of the Group's estimated contingent consideration at acquisition was €nil.

The fair value of Amazing Grass's trade and other receivables at the acquisition date amounted to €6.4 million. The gross contractual amount for trade receivables due is €6.6 million.

The fair value of Body & Fit's trade and other receivables at the acquisition date amounted to €1.0 million which equates to the gross contractual amount.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis. Any amendments to these fair values within the 12 month timeframe from the date of acquisition will be disclosed in the 2018 Annual Report as stipulated by IFRS 3 'Business Combinations'.

Combined impact of acquisitions

The revenue and profit (net of transaction costs) of the Group including the impact of acquisitions completed during the financial year ended 30 December 2017 were as follows:

	2017 Acquisitions €'m	Group excluding acquisitions €'m	Consolidated group including acquisitions €'m
Revenue	**79.6**	2,307.5	2,387.1
Profit before taxation and exceptional items	**1.3**	258.6	259.9

The revenue and profit (net of transaction costs) of the Group for the financial year ended 30 December 2017 determined in accordance with IFRS 3 as though the acquisition date for all business combinations effected during the year had been at the beginning of the year would be as follows:

	2017 Acquisitions €'m	Group excluding acquisitions €'m	Pro-forma consolidated group €'m
Revenue	**96.9**	2,307.5	2,404.4
Profit before taxation and exceptional items	**1.8**	258.6	260.4

Acquisitions in 2016 – EMI Nutrition Distributors Pty Limited

On 29 February 2016, the Group acquired 100% of the business and operating assets of EMI Nutrition Distributors Pty Limited (EMI). EMI's principal activity is the distribution and marketing of performance nutrition products. No amendments were noted in relation to the fair values assigned at initial recognition.

Acquisitions in 2016 – South Eastern Cattle Breeding Society Limited

On 22 December 2016 the Group gained control of South Eastern Cattle Breeding Society Limited (SECB). The Group's interest in SECB had been accounted for under the equity method of accounting as an interest in Associate. On 2 July 2017 the Group disposed of its investment in SECB as part of the Dairy Ireland transaction (note 10).

37. Related party transactions

Related parties of the Group and Company include Glanbia Co-operative Society Limited (the Group's ultimate parent), subsidiary undertakings, Equity accounted investees, post-employment benefits, key management personnel and connected parties. A listing of the principal subsidiary and associated undertakings is provided in note 39.

Transactions with Glanbia Co-operative Society Limited

Glanbia Co-operative Society Limited (the Society) holds 31.5% of the issued share capital of the Company. The Society controls the composition of the Board of Directors and is the ultimate parent of the Group. On 2 July 2017 the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to the Society for €208.8 million (note 10). The transaction created a new joint venture, together with Glanbia Ingredients Ireland DAC, called Glanbia Ireland. Up until the date of the disposal, 2 July 2017, Glanbia Ingredients Ireland DAC was recognised as an Associate. As a result of the Dairy Ireland transaction the Society reduced its interest in the issued share capital of the Company by approximately 5%, from 36.5% as at 31 December 2016 to 31.5% as at 31 December 2017. This was effected through a share placement and a spin out to society members. During 2017, dividends of €14.4 million (2016: €13.6 million) were paid to the Society and its wholly owned subsidiaries based on their shareholding in Glanbia plc. Dividends of €0.3 million (2016: €nil) were received during the period from the Society by a subsidiary society of the Group. The Group provides a range of management and administrative services to the Society and is headquartered in a premises owned by the Society.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

37. Related party transactions continued

Transactions with subsidiaries

Glanbia plc is the parent company of the Group. Transactions in the financial year between the Company and its subsidiaries include dividends received of €50.4 million (2016: €43.0 million), payment of management services of €4.0 million (2016: €5.5 million) and other transactions entered into in the normal course of business. The Group operates an annual incentive scheme whereby a portion of the annual incentive will be settled by way of shares and a long-term incentive plan whereby share awards in the Company are granted to Executive Directors and senior management. The Company recharges the costs of these plans to its subsidiaries and the balances are settled in cash 2017: €7.8 million, (2016: €7.7 million) (note 11). Details of balances to/from subsidiaries are provided in the Company balance sheet on page 129, note 20 and note 30.

The Group through Employee Benefit Trusts reacquired Company shares from related parties. The total number acquired during the year was 146,179 ordinary shares at an average price of €16.90 per share.

Sales to and purchases from, together with outstanding payables and receivables to and from subsidiaries, are eliminated in the preparation of the Group Financial Statements in accordance with IFRS 10 'Consolidated Financial Statements'. Financial liabilities are secured by cross-guarantees from Glanbia plc and certain principal subsidiaries.

Transactions with Equity accounted investees

The Group trades in the normal course of business with its Equity accounted investees. The Group has certain agency agreements in place with its Equity accounted investees. The commission income receivable is included in sales of services; (note 37(a)) and the year-end balance receivable is included in note 37(c). The Group provides management and administrative services to its Equity accounted investees, which are settled in cash. Dividends received by the Group from its Equity accounted investees are as follows:

		Notes	2017 €'m	2016 €'m
Southwest Cheese Company, LLC	Joint Venture	18	**11.1**	11.3
Glanbia Cheese Limited	Joint Venture	18	**4.7**	2.1
South East Port Services Limited	Joint Venture	18	**–**	0.4
			15.8	13.8

Dividends receivable from Glanbia Cheese Limited (Joint Venture) of €2.2 million (2016: €1.6 million) were recognised by the Group.

Loans to Equity accounted investees are as follows:

	Group	
	2017 €'m	2016 €'m
Loans receivable		
At the beginning of the year	**14.7**	1.9
Disposal	**(1.9)**	–
Loans advanced during the year	**–**	12.8
At the end of the year	**12.8**	14.7
Interest on loans receivable		
At the beginning of the year	**–**	0.1
Interest charged	**0.7**	0.7
Interest received	**(0.4)**	(0.8)
At the end of the year	**0.3**	–
Total loan and interest receivable at the end of the year	**13.1**	14.7

On 21 January 2016 a subordinated loan of €12.8 million was advanced to Glanbia Ireland DAC (formerly known as Glanbia Ingredients Ireland DAC), a Joint Venture of the Group. This unsecured loan is repayable on 3 July 2018 and an interest rate of 5% applies, which is re-set every 12 months based on commercial terms. An interest bearing unsecured loan of €1.5 million, to South East Port Services Limited, and an interest free unsecured loan of €0.4 million to Malting Company of Ireland Limited were disposed of as part of the Dairy Ireland transaction (note 10).

Key management personnel and connected parties

The Board of Directors and Glanbia Operating Executive are deemed to be key management personnel as they are responsible for planning, directing and controlling the activities of the Group. In the period to 2 July 2017 the Group traded in the normal course of business, within the Dairy Ireland segment, with key management personnel and connected parties who are involved in farming activities.

The following transactions were carried out with related parties:

37 (a) Sales of goods and services

	Group		Company	
	2017 €'m	2016 €'m	2017 €'m	2016 €'m
Sales of goods:				
– Associates	4.1	8.3	–	–
– Joint Ventures	3.7	3.2	–	–
– Key management	0.5	1.0	–	–
	8.3	12.5	–	–
Sales of services:				
– Glanbia Co-operative Society Limited	2.9	2.2	–	–
– Associates	4.9	10.5	–	–
– Joint Ventures	28.6	16.5	–	–
	36.4	29.2	–	–
Sale of property and other assets:				
– Glanbia Co-operative Society Limited	208.8	–	–	–
	208.8	–	–	–

Sales to related parties were carried out under normal commercial terms and conditions.

37 (b) Purchases of goods and services

	Group		Company	
	2017 €'m	2016 €'m	2017 €'m	2016 €'m
Purchases of goods:				
– Associates	40.8	73.1	–	–
– Joint Ventures	27.9	3.5	–	–
– Key management	0.2	0.4	–	–
	68.9	77.0	–	–
Purchases of services:				
– Glanbia Co-operative Society Limited	0.2	1.0	–	–
– Associates	2.1	4.3	–	–
– Joint Ventures	1.6	2.0	–	–
– Subsidiaries	–	–	4.0	5.5
	3.9	7.3	4.0	5.5
Purchases of property and other assets:				
– Subsidiaries	–	–	2.6	–
	–	–	2.6	–

Purchases from related parties were carried out under normal commercial terms and conditions.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

37. Related party transactions continued
37 (c) Year end balances

	Group		Company	
	2017 €'m	2016 €'m	2017 €'m	2016 €'m
Receivables from related parties:				
– Glanbia Co-operative Society Limited	1.1	0.3	0.7	–
– Associates	–	4.8	–	0.1
– Joint Ventures	14.4	2.4	0.1	–
– Key management	–	0.1	–	–
– Subsidiaries	–	–	317.4	355.2
	15.5	7.6	318.2	355.3
Payables to related parties:				
– Glanbia Co-operative Society Limited	–	0.8	–	–
– Associates	–	7.8	–	–
– Joint Ventures	13.3	0.7	–	–
– Key management	–	–	–	–
– Subsidiaries	–	–	208.8	373.7
	13.3	9.3	208.8	373.7

The outstanding balances included in receivables and payables at the balance sheet date in respect of transactions with related parties are unsecured, interest free and settlement arises in cash. No guarantees have been given or received. All outstanding balances are deemed to be fully recoverable by the Group.

37 (d) Contributions to retirement benefit plans
Information in relation to the Group's contributions to retirement benefit plans is disclosed in note 9.

37 (e) Key management compensation
IAS 24 'Related Party Disclosures' requires the disclosure of compensation paid to the Group's key management.

Key management compensation includes the compensation of the Board of Directors (Executive and Non-Executive) and members of the Glanbia Operating Executive, including the Group Secretary. Dividends totalling €0.1 million (2016: €0.1 million) were received by key management personnel during the year, based on their personal shareholdings in Glanbia plc.

In addition to their salaries and short term benefits, the Group contributes to post retirement benefit plans on behalf of key management personnel and these personnel also participate in the Group's Annual incentive scheme and Long-term incentive plan (notes 9 and 11). No loans were made to key management during the year (2016: €nil).

	Group		Company	
	2017 €'m	2016 €'m	2017 €'m	2016 €'m
Salaries and other short-term employee benefits	6.4	5.6	–	–
Post-employment benefits	0.9	0.7	–	–
Share-based payments	4.6	4.7	–	–
Non-Executive Directors fees	0.8	0.8	0.8	0.8
	12.7	11.8	0.8	0.8

Retirement benefits of €0.4 million (2016: €0.3 million) were accrued in the year to four members of key management (2016: three) under a post retirement defined benefit plan. Total retirement benefits accrued to directors under the post retirement defined benefit plan are €5.8 million (2016: €4.1 million).

The Group through Employee Benefit Trusts reacquired Company shares from key management personnel; the total number reacquired was 186,282 ordinary shares at an average price of €16.91 per share.

Details of the Directors compensation including salary, fees and other benefits, together with their interest in Glanbia plc, the Long-term incentive plan and the Annual incentive scheme is disclosed in the Remuneration Committee report on pages 80 to 105.

The following table sets out details of the amounts outstanding on trading accounts by Directors during the period together with amounts owed by the Group to Directors at the end of the year.

Current Directors:

	Balance at 31 December 2016/date of appointment €'000	Sales/ (purchases) with Director during 2017 €'000	(Receipts from)/ payments to Director during 2017 €'000	Interest charged during 2017 €'000	Balance transferred to Glanbia Ireland DAC €'000	Balance at 30 December 2017 €'000	Maximum balance during 2017 €'000
H Corbally							
Sales to Director	3	31	(27)	–	(7)	–	12
Purchases from Director	(7)	(36)	36	–	7	–	(7)
MN Keane							
Sales to Director	5	51	(40)	1	(17)	–	19
Purchases from Director	–	–	–	–	–	–	–
P Murphy							
Sales to Director	7	23	(31)	1	–	–	14
Purchases from Director	–	–	–	–	–	–	–
P Ahern							
Sales to Director	3	86	(75)	–	(14)	–	(21)
Purchases from Director	–	–	–	–	–	–	–
V Gorman							
Sales to Director	–	43	(43)	–	–	–	–
Purchases from Director	(9)	(44)	45	–	8	–	(9)
MI Keane							
Sales to Director	5	15	(17)	–	(3)	–	6
Purchases from Director	–	–	–	–	–	–	–
J Murphy							
Sales to Director	107	72	(113)	2	(68)	–	121
Purchases from Director	(8)	(39)	40	–	7	–	(8)
D O'Connor							
Sales to Director	–	1	(1)	–	–	–	1
Purchases from Director	–	–	–	–	–	–	–
T Grant							
Sales to Director	9	1	(5)	–	(5)	–	6
Purchases from Director	–	–	–	–	–	–	–
E Power							
Sales to Director	6	–	–	–	(6)	–	6
Purchases from Director	–	–	–	–	–	–	–
B Hayes							
Sales to Director	7	3	–	–	(10)	–	10
Purchases from Director	–	–	–	–	–	–	–

Former Directors who were in office during the year:

	Balance at 31 December 2016/date of appointment €'000	Sales/ (purchases) with Director during 2017 €'000	(Receipts from)/ payments to Director during 2017 €'000	Interest charged during 2017 €'000	Balance at date of retirement €'000	Maximum balance during period €'000
J Doheny						
Sales to Director	–	8	–	–	8	8
Purchases from Director	–	–	–	–	–	–
J Gilsenan						
Sales to Director	5	12	(8)	–	9	9
Purchases from Director	(10)	(30)	35	–	(5)	(9)
M Merrick						
Sales to Director	17	45	(35)	–	27	27
Purchases from Director	(13)	(26)	34	–	(5)	(8)

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

37. Related party transactions continued

Connected persons:

The aggregate of credit sales/purchases, transactions to/with connected persons of Directors in office at 30 December 2017, as defined in section 220 of the Companies Act 2014, are as follows (aggregate of 8 persons):

	Balance at 31 December 2016/date of appointment €'000	Sales/ (purchases) with connected persons during 2017 €'000	(Receipts from)/ payments to connected persons during 2017 €'000	Interest charged during 2017 €'000	Balance transferred to Glanbia Ireland DAC €'000	Balance at 30 December 2017 €'000	Maximum balance during 2017 €'000
Sales to connected persons	**(33)**	**154**	**(102)**	**1**	**(20)**	**–**	**52**
Purchases from connected persons	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Directors in office during 2016:

	Balance at 2 January 2016 €'000	Sales/ (purchases) with Director during 2016 €'000	(Receipts from)/ payments to Director during 2016 €'000	Interest charged during 2016 €'000	Balance at 31 December 2016 €'000	Maximum balance during 2016 €'000
H Corbally						
Sales to Director	4	47	(48)	–	3	15
Purchases from Director	(7)	(64)	64	–	(7)	(7)
MN Keane						
Sales to Director	4	61	(62)	2	5	23
Purchases from Director	–	–	–	–	–	–
P Murphy						
Sales to Director	–	43	(37)	1	7	13
Purchases from Director	–	–	–	–	–	–
P Ahern						
Sales to Director	5	94	(96)	–	3	19
Purchases from Director	–	–	–	–	–	–
J Doheny						
Sales to Director	1	9	(10)	–	–	5
Purchases from Director	–	–	–	–	–	–
J Gilsenan						
Sales to Director	4	25	(24)	–	5	11
Purchases from Director	(9)	(75)	74	–	(10)	(10)
V Gorman						
Sales to Director	–	80	(80)	–	–	4
Purchases from Director	(10)	(85)	86	–	(9)	(9)
MI Keane						
Sales to Director	3	61	(60)	1	5	16
Purchases from Director	–	–	–	–	–	–
M Merrick						
Sales to Director	8	108	(100)	1	17	26
Purchases from Director	(8)	(72)	67	–	(13)	(13)
J Murphy						
Sales to Director	90	172	(162)	7	107	168
Purchases from Director	(8)	(74)	74	–	(8)	(8)

Former Directors who were in office during 2016:

	Balance at 2 January 2016 €'000	Sales/ (purchases) with Director during 2016 €'000	(Receipts from)/ payments to Director during 2016 €'000	Interest charged during 2016 €'000	Balance at date of retirement 2016 €'000	Maximum balance during period €'000
T Grant						
Sales to Director	5	19	(8)	1	17	17
Purchases from Director	–	–	–	–	–	–
B Hayes						
Sales to Director	8	23	(17)	–	14	14
Purchases from Director	–	–	–	–	–	–
E Power						
Sales to Director	6	48	(37)	1	18	37
Purchases from Director	–	–	–	–	–	–

Connected persons:

The aggregate of credit sales/purchases, transactions to/with connected persons of Directors in office at 31 December 2016, as defined in section 220 of the Companies Act 2014, are as follows (aggregate of 8 persons):

	Balance at 2 January 2016 €'000	Sales/ (purchases) with connected persons during 2016 €'000	(Receipts from)/ payments to connected persons during 2016 €'000	Interest charged during 2016 €'000	Balance at 31 December 2016 €'000	Maximum balance during 2016 €'000
Sales to connected persons	23	250	(313)	5	(35)	97
Purchases from connected persons	–	–	–	–	–	–

38. Events after the reporting period

See note 15 for the final dividend, recommended by the Directors, to be paid on 27 April 2018.

There were no significant events, outside the ordinary course of business, which affected the Group since 30 December 2017.

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

39. Principal subsidiary and associated undertakings

The information outlined below relates only to the principal undertakings in the Group as at 30 December 2017 and as at 31 December 2016. The Group has availed of the exemption under section 316 of the Companies Act 2014. The information required under section 314 of the Companies Act 2014 including a full listing of subsidiaries, Joint Ventures & Associate undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

All beneficial interests are in ordinary shares, membership interests or membership units.

(a) Subsidiaries

Incorporated and operating in	Registered office	Principal activity	Beneficial % interest 2017	Beneficial % interest 2016
Ireland				
Alanfield Society Limited	Glanbia House, Kilkenny, Co Kilkenny	Holding society	**100**	100
Avonmore Proteins Designated Activity Company	Glanbia House, Kilkenny, Co Kilkenny	Financing	**100**	100
Avonmore Skim Milk Products Limited	Glanbia House, Kilkenny, Co Kilkenny	Financing	**100**	100
Glanbia Cheesip Limited[1]	Glanbia House, Kilkenny, Co Kilkenny	Research and development	**100**	100
Glanbia Estates Limited	Glanbia House, Kilkenny, Co Kilkenny	Property and land dealing	**100**	100
Glanbia Finance Designated Activity Company	Glanbia House, Kilkenny, Co Kilkenny	Financing	**100**	100
Glanbia Financial Services Unlimited Company	Glanbia House, Kilkenny, Co Kilkenny	Financing	**100**	100
Glanbia Investipr Designated Activity Company	Glanbia House, Kilkenny, Co Kilkenny	Management of receivables	**100**	100
Glanbia Holdings (Ireland) Limited	Glanbia House, Kilkenny, Co Kilkenny	Holding company	**100**	100
Glanbia Management Services Limited	Glanbia House, Kilkenny, Co Kilkenny	Management services	**100**	100
Glanbia Nutritionals (Blending) Limited	Glanbia House, Kilkenny, Co Kilkenny	Financing	**100**	100
Glanbia Nutritionals (Europe) Limited	Glanbia House, Kilkenny, Co Kilkenny	Nutritional ingredients	**100**	100
Glanbia Nutritionals (Ireland) Limited	Glanbia House, Kilkenny, Co Kilkenny	Performance nutrition and nutritional ingredients	**100**	100
Glanbia Property Holding Designated Activity Company	Glanbia House, Kilkenny, Co Kilkenny	Holding company	**100**	100
Glanbia Property Rentals Designated Activity Company	Glanbia House, Kilkenny, Co Kilkenny	Property rental company	**100**	100
Glanbia Support Services Limited	Glanbia House, Kilkenny, Co Kilkenny	Business services	**100**	100
Glassonby Unlimited Company	Glanbia House, Kilkenny, Co Kilkenny	Financing	**100**	100
ON Optimum Nutrition Limited	Glanbia House, Kilkenny, Co Kilkenny	Financing	**100**	100
Waterford Foods Designated Activity Company	Glanbia House, Kilkenny, Co Kilkenny	Holding company	**100**	100
United States				
Aseptic Solutions USA Ventures, LLC	3411 Silverside Road Rodney Building 104, Wilmington, New Castle County, DE 19810	Nutritional ingredients	**100**	100
Glanbia (Delaware), Inc.	3411 Silverside Road Rodney Building 104, Wilmington, New Castle County, DE 19810	Holding company	**100**	100
Glanbia, Inc.	3411 Silverside Road Rodney Building 104, Wilmington, New Castle County, DE 19810	Holding company	**100**	100
Glanbia Business Services, Inc.	3411 Silverside Road Rodney Building 104, Wilmington, New Castle County, DE 19810	Business services	**100**	100
Glanbia Foods, Inc.	Corporate Creations Network Inc., 950 W.Bannock Street 1100, Boise, ID83702, Ada County	Cheese and nutritional ingredients	**100**	100
Glanbia (Michigan), Inc.	3411 Silverside Road Tatnall Building 104, Wilmington, New Castle County, DE 19810	Holding company	**100**	–
Glanbia Nutritionals (NA), Inc.	3411 Silverside Road Rodney Building 104, Wilmington, New Castle County, DE 19810	Nutritional ingredients	**100**	100
Glanbia Nutritionals, Inc.	3411 Silverside Road Rodney Building 104, Wilmington, New Castle County, DE 19810	Nutritional ingredients	**100**	100

Incorporated and operating in	Registered office	Principal activity	Beneficial % interest 2017	Beneficial % interest 2016
United States				
Glanbia Performance Nutrition, Inc.	11380 Prosperity Farms Rd 221E, Palm Beach Gardens FL 33410	Performance nutrition	**100**	100
GPN Commercial, LLC (formerly known as The Isopure Company, LLC)	3411 Silverside Road Rodney Building 104, Wilmington, New Castle County, DE 19810	Performance nutrition	**100**	100
Grass Advantage, LLC	2711 Centerville Road, Suite 400, Wilmington, New Castle County DE 19808	Performance nutrition	**100**	–
Britain and Northern Ireland				
Glanbia Holdings Limited	One Victoria Square, Birmingham, B1 1BD	Financing	**100**	100
Glanbia Investments (UK) Limited	One Victoria Square, Birmingham, B1 1BD	Holding company	**100**	100
Glanbia Milk Limited	One Victoria Square, Birmingham, B1 1BD	Management services	**100**	100
Glanbia Performance Nutrition (UK) Limited	Unit 3 Romaldkirk Rd, Middlesbrough, TS2 1XA	Performance nutrition	**100**	100
Glanbia Performance Nutrition (UK Sales Division) Limited	One Victoria Square, Birmingham, B1 1BD	Performance nutrition	**100**	–
Glanbia (UK) Limited	One Victoria Square, Birmingham, B1 1BD	Holding company	**100**	100
Waterford Foods International Limited	One Victoria Square, Birmingham, B1 1BD	Holding company	**100**	100
Australia				
Glanbia Performance Nutrition Pty Limited	Unit 4, 14 Lionel Road Mount Waverley VIC 3149	Performance nutrition	**100**	100
Brazil				
Glanbia Marketing de Produtos de Nutricao e Performance do Brasil Ltda	Alameda Gabriel Monteiro da Silva, No. 2892, Jardim America, na Cidade de Sao Paulo, São Paulo	Performance nutrition	**100**	100
Canada				
Glanbia Nutritionals (Canada) Inc.	c/o Thompson Dorfman Sweatman LLP, 201 Portage Avenue, Suite 2200, Winnipeg MB R3B 3L3	Nutritional ingredients	**100**	100
Glanbia Performance Nutrition Canada Inc.	c/o Thompson Dorfman Sweatman LLP, 201 Portage Avenue, Suite 2200, Winnipeg MB R3B 3L3	Performance nutrition	**100**	100
China				
Glanbia Nutritionals (Suzhou) Co. Limited	No. 128 Fangzong Street SIP, Suzhou, Jiangsu Province, PRC 215025, China	Nutritional ingredients	**100**	100
Glanbia Performance Nutrition Trading (Shanghai) Co., Ltd.	Room 908, World Trade Tower, Guangdong Road 500, Huangpu District, Shanghai, 200001	Performance nutrition	**100**	100
Glanbia (Shanghai) International Trading Co. Limited	Room 432, No.473 Fute Xiyi Road, Waigaoqiao Free Trade Zone, Shanghai, China	Nutritional ingredients	**100**	100
Denmark				
Nutramino Holding ApS	Frederikssundsvej 62 B 1, 2400 København NV	Holding company	**100**	100
Nutramino Int. ApS	Frederikssundsvej 62 B 1, 2400 København NV	Performance nutrition	**100**	100
France				
Glanbia Performance Nutrition France SAS	8, Avenue Hoche, 75008, Paris	Performance nutrition	**100**	100
Germany				
Glanbia Nutritionals Deutschland GmbH	Gewerbestrasse 3, 78359 Orsingen – Nenzingen	Nutritional ingredients	**100**	100
Body & Fit Nutrition GmbH	Hohenstaufenring 62, 50674, Köln	Performance nutrition	**100**	–
Glanbia Performance Nutrition GmbH	Köpenicker Strasse 10, 10997, Berlin	Performance nutrition	**100**	100

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

39. Principal subsidiary and associated undertakings continued

Incorporated and operating in	Registered office	Principal activity	Beneficial % interest 2017	Beneficial % interest 2016
India				
Glanbia India Private Limited[2]	43/61, "Srinidhi", Surveyor's Street, Basavangudi, Bangalore 560004	Nutritional ingredients	**100**	100
Glanbia Performance Nutrition (India) Private Limited	234, 3rd Floor, Shivani CGHS Ltd., Plot No. 18, Sector 12, Dwarka, New Delhi, West Delhi, Delhi-DL, 110078	Performance nutrition	**100**	100
Japan				
Glanbia Japan K.K	Level 18 Yebisu Garden Place, Tower 4-20-3, Ebisu Shibuya-ku, Tokyo	Nutritional ingredients	**100**	–
Luxembourg				
Glanbia Luxembourg SA[3]	5, Rue Guillaume Kroll, L-1882	Financing	**100**	100
Glanbia Luxfin SA[3]	5, Rue Guillaume Kroll, L-1882	Financing	**100**	100
Glanbia Luxinvest SA[3]	5, Rue Guillaume Kroll, L-1882	Financing	**100**	100
Mexico				
Glanbia, S.A. de CV	Av. Prolongación Paseo de la Reforma No. 115-1006, Col. Paseo de las Lomas, C.P. 01330	Nutritional ingredients	**100**	100
Netherlands				
B&F Vastgoed B.V.	Mars 10, 8448CP, Heerenveen	Holding company	**100**	–
Body & Fit Sportsnutrition B.V.	Mars 10, 8448CP, Heerenveen	Performance nutrition	**100**	–
Glanbia Foods B.V.	Atrium Building 8th Floor, Strawinskylaan 3127, 1077 ZX, Amsterdam	Holding company	**100**	100
New Zealand				
Glanbia Performance Nutrition (New Zealand) Limited	C/-Martelli Mckegg, Level 20, PwC Tower, 188 Quay Street, Auckland, 1010	Performance nutrition	**100**	100
Norway				
Nutramino NO AS	Fillpstad brygge 1, 0252, Oslo	Performance nutrition	**100**	100
Portugal				
Glanbia Nutritionals (Portugal) – Sociedade Unipessoal, Lda.	Miraflores, Torre de Mansanto, Rua Afonso Praça, 30-7o e 8o piso, 1495-061 Miraflores	Performance nutrition	**100**	100
Russian Federation				
LLC Glanbia	Office 1934, 10 Testovskaya Street, 123317, Moscow	Nutritional ingredients	**100**	100
Singapore				
Glanbia Nutritionals Singapore Pte Limited	70 Bendemeer Road, 06-01, 339940	Nutritional ingredients	**100**	100
Glanbia Performance Nutrition Singapore Pte Ltd	70 Bendemeer Road, 06-01, 339940	Performance nutrition	**100**	–
South Africa				
Glanbia (Pty) Limited	Stand 893, 7 Forbes Street, Midstream Estate – Windsor Gare, Brakfontein Road, Guateng, South Africa, 2192	Nutritional ingredients	**100**	100
Sweden				
Nutramino AB	Ostermalinstorg.1, 4 tr, 114 42, Stockholm	Performance nutrition	**100**	100
Turkey				
Glanbia Besin Ürünleri Pazarlama ve Ticaret Limited Sirketi	Kocatepe Mah., Lamartin Cad. No:5, Ofis Lamartine Kat:6, Taksim, Beyoglu, Istanbul, 34437	Performance nutrition	**100**	100
Uruguay				
Glanbia (Uruguay Exports) SA	Copacabana Street, Block 26 – S 12, Médanos de Solymar City, Canelones	Nutritional ingredients	**100**	100

1. Glanbia Cheesip Limited has a branch at 1 rue Hildegard von Bingen L-1282 Luxembourg, with a statutory year fixed at 31 December each year in order to comply with statutory requirements.
2. The statutory year end of this subsidiary is 31 March 2017, which coincides with the tax year in India.
3. The statutory year end of these subsidiaries is fixed at 31 December each year in order to comply with statutory requirements.

The Group has no significant restrictions in relation to the Group's ability to access or use the assets and settle the liabilities of the Group.

(b) Joint Ventures

Incorporated and operating in	Joint Venture/ Associate	Date to which results are included	Registered office	Principal activity	Beneficial %interest 2017	Beneficial % interest 2016
Ireland						
Glanbia Ireland Designated Activity Company (formerly known as Glanbia Ingredients Ireland Designated Activity Company)	Joint Venture	30/12/2017	Glanbia House, Kilkenny, Co Kilkenny	Milk products, consumer goods and agri trading	**40**	40
United States						
Southwest Cheese Company, LLC	Joint Venture	30/12/2017	1209 Orange Street, Wilmington New Castle County, DE 19801	Cheese and nutritional ingredients	**50**	50
Britain and Northern Ireland						
Glanbia Cheese Limited	Joint Venture	30/12/2017	4 Royal Mews, Gadbrook Park, Rudheath, Northwich, Cheshire, CW9 7VD	Cheese products	**51**	51

The Groups interests in Joint Ventures are subject to certain restrictions however these are not material.

(b)(i) Glanbia Ireland

On 2 July 2017 the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co-operative Society Limited (the Society), its ultimate parent. The transaction created a new joint venture, together with Glanbia Ingredients Ireland DAC, called Glanbia Ireland. Dairy Ireland is comprised of the principal subsidiaries, Joint Ventures & Associates as outlined below.

Principal subsidiaries

Incorporated and operating in	Registered office	Principal activity	Beneficial % interest 2016
Ireland			
Cold Chain Food Distributors Limited	Glanbia House, Kilkenny, Co Kilkenny	Inactive	100
D. Walsh & Sons Limited	Palmerstown, Co Kilkenny	Grain and fertilisers	60
Eilish Oils Limited	Glanbia House, Kilkenny, Co Kilkenny	Inactive	80
Glanbia Consumer Foods Limited	Glanbia House, Kilkenny, Co Kilkenny	Chilled consumer foods	100
Glanbia Feeds Limited	Glanbia House, Kilkenny, Co Kilkenny	Manufacture of animal feed	100
Glanbia Foods Ireland Limited	Glanbia House, Kilkenny, Co Kilkenny	Consumer foods, agri trading and business services	100
Grassland Fertilizers (Kilkenny) Limited	Palmerstown, Co Kilkenny	Fertilisers	73
South Eastern Cattle Breeding Society Limited	Dovea, Thurles, Co Tipperary	Cattle breeding	61
Britain and Northern Ireland			
Glanbia Feedstuffs Limited	One Victoria Square, Birmingham, B1 1BD	Animal feed distribution	100
Glanbia Foods (NI) Limited	202 City Business Park, Dunmurry, BT17 9HY	Consumer food distribution	100

Joint Ventures & Associates

Incorporated and operating in	Joint Venture/ Associate	Registered office	Principal activity	Beneficial % interest 2016
Ireland				
Co-Operative Animal Health Limited	Associate	Tullow, Co Carlow	Agri chemicals	50
Malting Company of Ireland Limited	Joint Venture	The Maltings, South Link, Togher, Co Cork	Malting	50
South East Port Services Limited	Joint Venture	Palmerstown, Co Kilkenny	Port services	49

Glossary
Key Performance Indicators and non-IFRS performance measures

NOT COVERED BY INDEPENDENT AUDITORS' REPORT

Non-IFRS performance measures
The Group reports certain performance measures that are not defined under IFRS but which represent additional measures used by the Board of Directors and the Glanbia Operating Executive in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these non-IFRS performance measures provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these non-IFRS performance measures should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The principal non-IFRS performance measures used by the Group are:
G 1. Constant currency
G 2. Total Group
G 3. Revenue
G 4. EBITA
G 5. EBITA margin
G 6. EBITDA
G 7. Adjusted Earnings Per Share
G 8. Pro-forma Adjusted Earnings Per Share
G 9. Financing Key Performance Indicators
G 10. Exceptional Items
G 11. Volume and pricing growth/decline
G 12. Like for like branded revenue growth/decline
G 13. Effective tax rate
G 14. Average Interest Rate
G 15. Capital expenditure – Business sustaining and strategic
G 16. Operating working capital
G 17. Operating cash flow and free cash flow
G 18. Return on capital employed
G 19. Total Shareholder Return
G 20. Dividend pay-out ratio

These principal non-IFRS performance measures are defined below with a reconciliation of these measures to IFRS measures where applicable.

G 1. Constant currency
While the Group reports its results in euro, it generates a significant proportion of its earnings in currencies other than euro, in particular US dollar. Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency year-on-year change, the results for the prior year are retranslated using the average exchange rates for the current year and compared to the current year reported numbers.

The principal average exchange rates used to translate results for 2017 and 2016 were as follows:

Euro 1 =	2017	2016
US dollar	**1.1295**	1.1068
Pound sterling	**0.8764**	0.8194
Australian dollar	**1.4734**	1.4884

G 2. Total Group
The Group has a number of strategically important Equity accounted investees (Joint Ventures & Associates) which when combined with the Group's wholly owned businesses give an important indication of the scale and reach of the Group's operations. Total Group is used to describe certain financial metrics such as Revenue and EBITA when they include both the wholly owned businesses and the Group's share of Equity accounted investees.

G 3. Revenue
Revenue comprises sales of goods and services of the wholly owned businesses to external customers net of value added tax, rebates and discounts. Revenue is one of the Group's Key Performance Indicators and is an IFRS performance measure (see pages 18 to 19).

G 3.1 Reconciliation of the Group's constant currency revenue growth:

	Reference to the Financial Statements/Glossary	2016 Reported €'m	2016 Retranslated €'m	2017 Actual €'m	Constant currency growth €'m
Glanbia Performance Nutrition revenue	Note 4	1,007.5	986.3	1,121.1	**13.7%**
Glanbia Nutritionals revenue	Note 4	1,224.2	1,200.6	1,266.0	**5.4%**
Continuing operations revenue		**2,231.7**	**2,186.9**	**2,387.1**	**9.2%**
Equity accounted investees revenue	G 3.2	**820.8**	**805.8**	**1,093.4**	**35.7%**
Discontinued operations revenue*		616.2	615.8	357.9	**(41.9%)**
Discontinued operations Equity accounted investees revenue		28.3	28.3	28.6	**1.1%**
Total Discontinued operations revenue		**644.5**	**644.1**	**386.5**	**(40.0%)**
Total Group revenue		**3,697.0**	**3,636.8**	**3,867.0**	**6.3%**

* Excludes inter-segment revenue in 2017 of €0.5m (2016: €0.6m). Gross segment revenue for discontinued operations is presented in note 10.

G 3.2 Group's share of revenue of Equity accounted investees – continuing operations:

2017	Reference to the Financial Statements/Glossary	**Glanbia Ireland DAC €'m**	**Southwest Cheese Company, LLC €'m**	**Glanbia Cheese Limited €'m**	**Total €'m**
Equity accounted investees revenue (100%)	Note 18	**1,407.1**	**738.0**	**316.7**	**2,461.8**
% of ownership interest		**40%**	**50%**	**51%**	
Group's share of revenue of Equity accounted investees		**562.9**	**369.0**	**161.5**	**1,093.4**
2016					
Equity accounted investees revenue (100%)	Note 18	833.5	739.7	230.5	1,803.7
% of ownership interest		40%	50%	51%	
Group's share of revenue of Equity accounted investees		333.4	369.9	117.5	820.8

G 3.3 Reconciliation of Glanbia Nutritionals (GN) constant currency revenue growth:

	Reference to the Financial Statements/Glossary	2016 Reported €'m	2016 Retranslated €'m	2017 Actual €'m	Constant currency growth €'m
US Cheese revenue		735.9	721.1	734.1	**1.8%**
Nutritional Solutions revenue		488.3	479.5	531.9	**10.9%**
Glanbia Nutritionals revenue	G 3.1	**1,224.2**	**1,200.6**	**1,266.0**	**5.4%**

G 4. EBITA

EBITA is defined as earnings before interest, tax and amortisation. EBITA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated. EBITA is one of the Group's Key Performance Indicators. Business Segment EBITA growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan for Executive Directors with Business Unit responsibility. Refer to note 5 to the financial statements for the reconciliation of continuing operations EBITA.

Glossary
Key Performance Indicators and non-IFRS performance measures continued

G 4. EBITA continued
G 4.1 Reconciliation of the Group's constant currency EBITA growth:

	Reference to the Financial Statements/Glossary	2016 Reported* €'m	2016 Retranslated €'m	2017 Actual €'m	Constant currency growth €'m
GPN EBITA	Note 4	162.0	158.6	169.7	**7.0%**
GN EBTA	Note 4	111.3	109.0	113.5	**4.1%**
Continuing operations EBITA		**273.3**	**267.6**	**283.2**	**5.8%**
Equity accounted investees revenue	G 4.2	**42.9**	**42.2**	**63.4**	**50.2%**
Discontinued operations EBITA	Note 10	31.7	31.7	10.6	**(66.6%)**
Discontinued operations Equity accounted investees EBITA		1.8	1.8	0.5	**(72.2%)**
Total Discontinued operations EBITA		**33.5**	**33.5**	**11.1**	**(66.9%)**
Total Group EBITA		**349.7**	**343.3**	**357.7**	**4.2%**

* EBITA for GPN and GN for 2016 have been adjusted by €0.5m reflecting on going corporate costs previously allocated to the Dairy Ireland segment but which will be allocated to GPN and GN going forward. This is to ensure a like for like comparison and reflective of the allocations received in 2017 and going forward.

G 4.2 Reconciliation of the Group's share of Equity accounted investees EBITA to the share of results of Equity accounted investees per the Group income statement is as follows:

	2017 €'m	2016 €'m
EBITA of Equity accounted investees	**63.4**	42.9
Adjustment in respect of unrealised profit on sales to the Group	**(0.2)**	–
Amortisation	**(1.7)**	(0.6)
Finance costs	**(7.1)**	(6.5)
Income Tax	**(3.1)**	(9.8)
Share of results of Equity accounted investees	**0.4**	–
Non-controlling interest	**(0.2)**	–
Share of results of Equity accounted investees per the Group income statement	**51.5**	26.0

G 4.3 Total Group Pro-forma EBITA:

	Reference to the Financial Statements/Glossary	2016 Reported €'m	2016 Retranslated €'m	2017 Actual €'m	Constant currency growth €'m
Continuing operations	G 4.1	273.3	267.6	283.2	**5.8%**
Equity accounted investees	G 4.1	42.9	42.2	63.4	**50.2%**
40% share of Discontinued operations		13.4	13.4	4.4	**(67.2%)**
Total Group Pro-forma EBITA		**329.6**	**323.2**	**351.0**	**8.6%**

G 5. EBITA margin
EBITA margin is defined as EBITA as a percentage of revenue. Total Group EBITA margin is defined as Total Group EBITA as a percentage of Total Group revenue. EBITA margin references throughout the annual report are on a pre-exceptional basis unless otherwise indicated.

G 5.1 2017 EBITA margin

2017 Actual	Reference to the Financial Statements/Glossary	GPN €'m	GN €'m	Continuing operations – wholly owned €'m	Continuing operations – Equity accounted investees €'m	Discontinued operations €'m	Total Group €'m
2017 EBITA	G 4.1	169.7	113.5	**283.2**	63.4	11.1	**357.7**
2017 Revenue	G 3.1	1,121.1	1,266.0	**2,387.1**	1,093.4	386.5	**3,867.0**
EBITA margin		15.1%	9.0%	**11.9%**	5.8%	2.9%	**9.3%**

G 5.2 2017 EBITA margin growth on constant currency basis

2016 vs 2017	Reference to the Financial Statements/Glossary	GPN €'m	GN €'m	Continuing operations – wholly owned €'m	Continuing operations – Equity accounted investees €'m	Discontinued operations €'m	Total Group €'m
2016 EBITA-retranslated	G 4.1	158.6	109.0	**267.6**	42.2	33.5	**343.3**
2016 Revenue-retranslated	G 3.1	986.3	1,200.6	**2,186.9**	805.8	644.1	**3,636.8**
EBITA margin		16.1%	9.1%	**12.2%**	5.2%	5.2%	**9.4%**
2017 Actual	G 5.1	15.1%	9.0%	**11.9%**	5.8%	2.9%	**9.3%**
Constant currency growth		-100 bps	-10 bps	**-30 bps**	+60 bps	-230 bps	**-10 bps**

G 6. EBITDA

EBITDA is defined as earnings before interest, tax, depreciation (net of grant amortisation) and amortisation. EBITDA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated.

G 6.1 EBITDA – Continuing operations

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Earnings before interest, tax and amortisation (pre-exceptional EBITA)	Group income statement	**283.2**	273.3
Depreciation	Note 5	**45.1**	41.2
Grant amortisation	Note 5	**(0.1)**	(0.2)
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA) – continuing operations		**328.2**	314.3

G 6.2 EBITDA – Discontinued operations

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Earnings before interest, tax and amortisation (pre-exceptional EBITA)	Note 10	**10.6**	31.7
Depreciation	Note 10	**4.0**	9.2
Grant amortisation	Note 10	**(0.2)**	(0.2)
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA) – discontinued operations		**14.4**	40.7

G 6.3 2017 EBITDA – Continuing and discontinued operations

	Reference to the Financial Statements/Glossary	Continuing Operations €'m	Discontinued Operations €'m	Continuing and Discontinued Operations €'m
Earnings before interest, tax and amortisation (pre-exceptional EBITA)	G 6.1/G 6.2	283.2	10.6	**293.8**
Depreciation	G 6.1/G 6.2	45.1	4.0	**49.1**
Grant amortisation	G 6.1/G 6.2	(0.1)	(0.2)	**(0.3)**
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA) – 2017 continuing and discontinued		328.2	14.4	**342.6**

G 6.4 2016 EBITDA – Continuing and discontinued operations

	Reference to the Financial Statements/Glossary	Continuing Operations €'m	Discontinued Operations €'m	Continuing and Discontinued Operations €'m
Earnings before interest, tax and amortisation (pre-exceptional EBITA)	G 6.1/G 6.2	273.3	31.7	**305.0**
Depreciation	G 6.1/G 6.2	41.2	9.2	**50.4**
Grant amortisation	G 6.1/G 6.2	(0.2)	(0.2)	**(0.4)**
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA) – 2016 continuing and discontinued		314.3	40.7	**355.0**

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G 7. Adjusted Earnings Per Share (EPS)

Adjusted EPS is defined as the net profit attributable to the equity holders of Glanbia plc, before exceptional items and intangible asset amortisation (excluding amortisation of software costs), net of related tax, divided by the weighted average number of ordinary shares in issue during the year. During the current year the calculation of Adjusted Earnings Per Share was amended to exclude the cost of software amortisation within the earnings calculation. The Group believes that adjusted EPS is a better measure of underlying performance than Basic EPS as it excludes exceptional items (net of related tax) that are not related to on-going operational performance and intangible asset amortisation, which allows better comparability of companies that grow by acquisition to those that grow organically.

Adjusted EPS is one of the Group's Key Performance Indicators. Adjusted EPS growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan. Adjusted EPS growth on a reported basis is one of the performance conditions in Glanbia's Long-term Incentive Plan.

Continuing and Discontinued operations	Reference to the Financial Statements/Glossary	2017 €'m	Re-presented * Constant currency 2016 €'m	Re-presented * Year 2016 €'m
Profit attributable to equity holders of the Company	Group income statement	**329.4**	208.6	211.8
Amortisation and impairment of intangible assets (excluding software amortisation net of related tax) of €7.5 million (2016: €7.3 million)		**31.7**	26.7	27.3
Exceptional items (net of related tax)	Note 6	**(98.0)**	14.5	14.8
Adjusted net income		**263.1**	249.8	253.9
Weighted average number of ordinary shares in issue	Note 14	**295,010.5**	295,130.8	295,130.8
Adjusted Earnings Per Share (cent)		**89.17**	84.66	86.02
Constant currency growth		**5.3%**		

* As represented to reflect the impact of discontinued operations (note 10) and the exclusion of software amortisation net of related tax.

G 8. Pro-forma Adjusted Earnings Per Share

Pro-forma Adjusted Earnings Per Share is defined as the net profit from continuing operations attributable to the equity holders of Glanbia plc, before exceptional items and intangible asset amortisation net of related tax (excluding amortisation of software costs) plus the Group's share (40%) of the profits after tax of Dairy Ireland and related assets, before exceptional items and intangible asset amortisation net of related tax (excluding amortisation of software costs).

The Group believes that pro-forma Adjusted Earnings Per Share is more reflective of the revised structure of the Group following the disposal of 60% of Dairy Ireland and related assets.

G 8.1 Reconciliation of prior year Adjusted Earnings Per Share to pro-forma Adjusted Earnings Per Share

Adjusted EPS on a pro-forma basis has been calculated to set out the EPS on the basis that the Dairy Ireland transaction had taken place on 3 January 2016 reflecting the revised structure of the Group following the sale of Dairy Ireland.

	Notes	Reference to the Financial Statements/Glossary	Constant Currency Pro-forma 2016 €'m	Pro-forma 2016 €'m	Restated 2016 €'m	Reported 2016 €'m
Profit attributable to equity holders of the Parent		Group income statement	208.6	211.8	211.8	211.8
Amortisation of intangible assets (net of related tax)			31.1	31.6	31.6	31.6
Amortisation of Equity accounted investees (net of related tax)			0.5	0.5	0.5	0.5
Exceptional items (net of related tax)		Group income statement	14.5	14.8	14.8	14.8
Adjusted net income			**254.7**	**258.7**	**258.7**	**258.7**
Software amortisation (net of related tax)	(a)		(4.8)	(4.8)	(4.8)	–
Discontinued operations adjusted net income (100%)	(b)		(27.6)	(27.6)	–	–
40% share of discontinued operations adjusted net income	(c)		11.1	11.1	–	–
Adjusted net income (pro-forma)			**233.4**	237.4	253.9	258.7
Weighted average number of ordinary shares in issue		Note 14	295,130.8	295,130.8	295,130.8	295,130.8
Adjusted Earnings Per Share (cent)			**79.05**	80.40	86.02	87.66

(a) Amortisation in respect of software is no longer being added back when calculating earnings. Adjustment reflects the reduction for the software element of amortisation net of related tax added back in prior year.

(b) Discontinued activities – removal of 100% of the profit after tax before exceptional items and intangible asset amortisation (excluding amortisation of software costs) net of related tax from discontinued activities. The ongoing retained element of Dairy Ireland (40%) is added back as part of adjustment (c) below.

(c) Add back of the 40% of Dairy Ireland profit after tax before exceptional items and intangible asset amortisation (excluding amortisation of software costs) net of related tax (reflecting Dairy Ireland as a Joint Venture from 3 January 2016).

G 8.2 Pro-forma Adjusted Earnings Per Share

	Reference to the Financial Statements/Glossary	**Pro-forma 2017 €'m**	Constant currency Pro-forma 2016 €'m	Pro-forma 2016 €'m
Adjusted net income	G 7	**263.1**	249.8	253.9
Discontinued operations adjusted net income (100%)		**(10.1)**	(27.6)	(27.6)
40% of Discontinued operations adjusted net income		**4.0**	11.1	11.1
Adjusted net income (pro-forma)		**257.0**	233.3	237.4
Weighted average number of ordinary shares in issue	Note 14	**295,010.5**	295,130.8	295,130.8
Adjusted Earnings Per Share (cent) pro-forma		**87.11**	79.05	80.40
Constant currency growth		**10.2%**		

G 9. Financing Key Performance Indicators

The following are the financing key performance indicators defined as per the Group's financing agreements.

G 9.1 Net debt: adjusted EBITDA

Net debt: adjusted EBITDA is calculated as net debt at the end of the period divided by adjusted EBITDA. Net debt is calculated as total financial liabilities less cash and cash equivalents. Adjusted EBITDA is calculated as EBITDA for the wholly owned businesses plus dividends received from Equity accounted investees, and in the event of an acquisition in the year, includes pro-forma EBITDA as though the acquisition date had been at the beginning of the year. Adjusted EBITDA is a rolling 12 month measure.

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Financial liabilities	Note 26	**529.9**	656.4
Cash and cash equivalents	Note 22	**(162.2)**	(218.9)
Net debt	Group statement of cash flows/Note 31	**367.7**	437.5
EBITDA	G 6.1/6.4	**328.2**	355.0
Dividends received from Equity accounted investees	Group statement of cash flows	**15.8**	13.8
Adjusted EBITDA		**344.0**	368.8
Net debt: adjusted EBITDA		**1.07**	1.19

G 9.2 Adjusted EBIT: Net finance cost

Adjusted EBIT: net finance cost is calculated as earnings before interest and tax plus dividends received from Equity accounted investees divided by net finance cost. Net finance cost comprises finance costs less finance income per the Group income statement plus capitalised borrowing costs.

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Operating profit – pre-exceptional (continuing and discontinued operations)	G 9.2.1	**250.0**	265.3
Dividends received from Equity accounted investees	Group statement of cash flows	**15.8**	13.8
Adjusted EBIT		**265.8**	279.1
Finance costs	G 9.2.2	**40.1**	25.2
Finance income	Note 12	**(3.0)**	(2.4)
Capitalised borrowing costs	Note 12	**0.8**	1.5
Net finance costs		**37.9**	24.3
Adjusted EBIT: net finance cost		**7.0**	11.5

The Adjusted EBIT: net finance cost calculation includes a once-off finance cost of €14 million recognised as an exceptional item in 2017 (see note 6). Excluding this once off cost the Adjusted EBIT: net finance cost would be 11.2 times.

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G 9. Financing Key Performance Indicators continued
G 9.2 Adjusted EBIT: Net finance cost continued
G 9.2.1 Operating profit – pre-exceptional (continuing and discontinued operations)

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Continuing operations	Group income statement	**240.1**	235.9
Discontinued operations	Note 10	**9.9**	29.4
Operating profit – pre-exceptional (continuing and discontinued operations)		**250.0**	265.3

G 9.2.2 Finance costs (continuing and discontinued operations)

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Continuing operations	Group income statement	**40.0**	25.2
Discontinued operations	Note 10	**0.1**	–
Finance costs (continuing and discontinued operations)		**40.1**	25.2

G 10. Exceptional items
The Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year. Such items may include restructuring, impairment of assets, adjustments to contingent consideration, material acquisition integration costs, restructuring costs, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring and profit or loss on disposal of investments. Judgement is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and notes as exceptional items. Refer to note 6 of the financial statements for an analysis of exceptional items recognised in 2017 and 2016.

G 11. Volume and pricing increase/(decrease)
Volume increase/(decrease) represents the impact of sales volumes within the revenue movement year on year, excluding volume from acquisitions, on a constant currency basis.

Pricing increase/(decrease) represents the impact of sales pricing within the revenue movement year on year, excluding acquisitions, on a constant currency basis.

G 11.1. Reconciliation of volume and pricing increase/(decrease) to constant currency revenue growth

	Reference to the Financial Statements/Glossary	Volume increase/ (decrease) %	Pricing increase/ (decrease) %	Acquisitions/ Disposals %	Revenue increase/ (decrease) %
Glanbia Performance Nutrition (GPN)	G 3.1	7.1%	(1.5%)	8.1%	**13.7%**
Glanbia Nutritionals (GN)	G 3.1	3.9%	1.5%	0.0%	**5.4%**
2017 growth/(decline) % – continuing operations revenue	G 3.1	**5.3%**	**0.2%**	**3.7%**	**9.2%**
2017 growth/(decline) % – Equity accounted investees	G 3.1	**4.3%**	**17.1%**	**14.3%**	**35.7%**

G 11.2. Reconciliation of volume and pricing increase/(decrease) to constant currency revenue growth – Glanbia Nutritionals

	Reference to the Financial Statements/Glossary	Volume increase/ (decrease) %	Pricing increase/ (decrease) %	Acquisitions/ Disposals %	Revenue increase/ (decrease) %
US Cheese	G 3.3	1.7%	0.1%	0.0%	**1.8%**
Nutritional Solutions	G 3.3	7.2%	3.7%	0.0%	**10.9%**
2017 growth/(decline) % – Glanbia Nutritionals revenue	G 3.3	**3.9%**	**1.5%**	**0.0%**	**5.4%**

G 12. Like for like branded revenue growth/(decline)
This represents the sales growth/(decline) year on year on branded sales, excluding acquisitions, on a constant currency basis.

G 13. Effective tax rate

The effective tax rate is defined as the pre-exceptional income tax charge divided by the profit before tax less share of results of Equity accounted investees.

	Reference to the Financial Statements/Glossary	2017 €'m	Restated 2016 €'m
Profit before tax	Group income statement	**259.9**	239.1
Less share of results of Equity accounted investees	Group income statement	**(42.8)**	(26.0)
		217.1	213.1
Income tax (pre-exceptional)	Group income statement	**38.3**	39.3
Effective tax rate		**17.6%**	18.4%

G 14. Average interest rate

The average interest rate is defined as the annualised net finance costs (pre-capitalised borrowing costs) divided by the average net debt during the reporting period.

G 15. Capital expenditure

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Business sustaining capital expenditure		**23.8**	32.4
Strategic capital expenditure		**48.7**	57.1
Total capital expenditure		**72.5**	89.5

Capital expenditure reconciled to the Group statement of cash flows:

Purchase of property, plant and equipment	Group statement of cash flows	**38.0**	65.4
Purchase of intangible assets	Group statement of cash flows	**34.5**	24.1
Total capital expenditure per the Group statement of cash flows		**72.5**	89.5

Business sustaining capital expenditure

The Group defines business sustaining capital expenditure as the expenditure required to maintain/replace existing assets with a high proportion of expired useful life. This expenditure does not attract new customers or create the capacity for a bigger business. It enables the Group to keep running at current throughput rates but also keep pace with regulatory and environmental changes as well as complying with new requirements from existing customers.

Strategic capital expenditure

The Group defines strategic capital expenditure as the expenditure required to facilitate growth and generate additional returns for the Group. This is generally expansionary expenditure beyond what is necessary to maintain the Group's current competitive position.

G 16. Operating working capital

Operating working capital is defined as inventories plus trade and other receivables less trade and other payables. The year on year movement on operating working capital, excluding the impact of currency translation, acquisitions, disposals and other non-operating items (note 35) is a measure of the success of the Group's working capital management programme.

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Inventories	Group balance sheet	**321.6**	366.5
Trade and other receivables	Group balance sheet	**302.4**	327.1
Trade and other payables	Note 30	**(318.0)**	(460.3)
Net operating working capital		**306.0**	233.3

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G 17. Operating cash flow and free cash flow
Operating cash flow is defined as pre-exceptional EBITDA of the wholly owned businesses net of business sustaining capital expenditure and working capital movements, excluding exceptional cash flows.

Operating cash flow is one of the Group's Key Performance Indicators (see pages 18 to 19). Operating cash flow is one of the performance conditions in Glanbia's Annual Incentive Plan. See Remuneration Committee report on pages 80 to 105 for more information.

Free cash flow is calculated as the net cash flow in the year before the following items: strategic capital expenditure, acquisition spend, proceeds received on disposals, loans to Equity accounted investees, equity dividends paid, exceptional costs paid and currency translation movements.

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 6.3/6.4	**342.6**	355.0
Movement in working capital (pre-exceptional)	G 17.3	**(170.8)**	31.9
Business sustaining capital expenditure	G 15	**(23.8)**	(32.4)
Operating cash flow		**148.0**	354.5
Net interest and tax paid	G 17.4	**(57.9)**	(52.9)
Dividends from Equity accounted investees	Group statement of cash flows	**15.8**	13.8
Other outflows	G 17.5	**(5.5)**	(4.4)
Free cash flow		**100.4**	311.0

G 17.1 Reconciliation of free cash flow and operating cash flow to the Group statement of cash flows in the Financial Statements:

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Cash generated from operating activities	Note 34	**162.2**	374.2
Add back exceptional cash flow in the year	G 17.2	**17.3**	19.5
Less business sustaining capital expenditure	G 15	**(23.8)**	(32.4)
Non-cash items not adjusted in computing operating cash flow:			
Impairment of tangible assets (excluding exceptional items 2017: €8.1m)	Note 34	**(2.7)**	(0.5)
Write down of inventories	Note 34	**(0.5)**	(2.5)
Insurance proceeds	Note 34	**–**	(1.9)
Impairment of intangible assets	Note 34	**–**	(0.5)
Cost of share options	Note 34	**(7.8)**	(7.7)
Difference between pension charge and cash contributions	Note 34	**4.2**	6.0
Profit/(loss) on disposal of property, plant and equipment	Note 34	**(0.9)**	0.3
Operating cash flow		**148.0**	354.5
Net interest and tax paid	G 17.4	**(57.9)**	(52.9)
Dividends from Equity accounted investees	Group statement of cash flows	**15.8**	13.8
Other outflows	G 17.5	**(5.5)**	(4.4)
Free cash flow		**100.4**	311.0

G 17.2 Exceptional cash flow in the year:

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Pre-tax exceptional profit/(loss) for year	Note 6	**53.1**	(17.5)
Intangible asset amortisation	Note 6	**19.4**	–
Finance costs	Note 6	**14.0**	–
Deferred tax	Note 6	**(8.7)**	–
Profit on disposal of Dairy Ireland	Note 6	**(96.3)**	–
Impairment of tangible asset	Note 6	**8.1**	–
Non-cash element of exceptional charge	Note 34	**3.0**	7.1
Current year exceptional items paid in the year		**(7.4)**	(10.4)
Prior year exceptional items paid in the year	Note 6	**(9.9)**	(9.1)
Exceptional cash inflow/(outflow) in the year – included in operating cash flow		**(17.3)**	(19.5)
Interest paid	Note 6	**(14.0)**	–
Disposal of undertaking an Investment in Equity accounted investees	Group statement of cash flows	**208.8**	–
Total exceptional cash inflow/(outflow) paid in the year		**177.5**	(19.5)

G 17.3 Movement in working capital:

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Movement in working capital (pre-exceptional)		**(170.8)**	31.9
Prior year exceptional costs paid in the year	Note 6	**(9.9)**	(9.1)
Change in net working capital	Note 35	**(180.7)**	22.6

G 17.4 Net interest and tax paid:

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Interest received	Group statement of cash flows	**3.1**	2.4
Interest paid	Group statement of cash flows	**(39.5)**	(24.8)
Tax paid	Group statement of cash flows	**(34.7)**	(29.0)
Interest paid in relation to property, plant and equipment	Group statement of cash flows	**(0.8)**	(1.5)
Interest paid – exceptional item	G17.2	**14.0**	–
Net interest and tax paid		**(57.9)**	(52.9)

G 17.5 Other outflows

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Cost of share based payments	Note 34	**(7.8)**	(7.7)
Difference between pension charge and cash contributions	Note 34	**4.2**	6.0
(Profit)/loss on disposal of property, plant and equipment	Note 34	**(0.9)**	0.3
Net redemption and additions in available for sale financial assets	Group statement of cash flows	**(0.5)**	0.5
Purchase of own shares	Group statement of cash flows	**16.2**	10.4
Sale of shares held by subsidiary	Group statement of cash flows	**(2.4)**	–
Impairment of tangible assets (excluding exceptional items 2017: €8.1m)	Note 34	**(2.7)**	(0.5)
Write down of inventories	Note 34	**(0.5)**	(2.5)
Proceeds from property, plant and equipment	Group statement of cash flows	**(0.1)**	–
Impairment of intangible assets	Note 34	**–**	(0.5)
Insurance proceeds	Note 34	**–**	(1.9)
Dividends paid to non–controlling interests	Group statement of cash flows	**–**	0.9
Capital grants received	Group statement of cash flows	**–**	(0.6)
		5.5	4.4

G 17.6 Reconciliation of free cash flow and operating cash flow to pro-forma free cash flow and operating cash flow:

	Reference to the Financial Statements/Glossary	2017 €'m
Operating cash flow	G 17	**148.0**
Adjustments for discontinued operations:		
EBITDA – discontinued operations	G 6.2	**(14.4)**
Working capital – discontinued operations		**47.5**
Business sustaining capital expenditure – discontinued operations		**3.9**
Pro-forma operating cash flow		**185.0**
Net interest and tax paid		**(58.4)**
Dividends from Equity accounted investees	Group statement of cash flows	**15.8**
Other outflows	G 17.5	**(5.5)**
Pro-forma free cash flow		**(136.9)**

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G 18. Return on capital employed (ROCE)
ROCE is defined as the Group's earnings before interest, and amortisation (net of related tax) plus the Group's share of the results of Equity accounted investees after interest and tax divided by capital employed. Capital employed comprises the sum of the Group's total assets plus cumulative intangible asset amortisation less current liabilities less deferred tax liabilities excluding all financial liabilities, retirement benefit assets and cash. It is calculated by taking the average of the relevant opening and closing balance sheet amounts.

In years where the Group makes significant acquisitions or disposals, the ROCE calculation is adjusted appropriately, to ensure the acquisition or disposal are equally time apportioned in the numerator and the denominator.

ROCE is one of the Group's Key Performance Indicators (see pages 18 to 19). ROCE is one of the performance conditions in Glanbia's Long Term Incentive Plan. See Remuneration Committee report on pages 80 to 105 for more information.

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Operating profit – pre-exceptional	Group income statement	240.1	265.4
Tax on operating profit		(42.3)	(47.4)
Amortisation and impairment of intangible assets (net of related tax)		33.7	31.6
Share of results of Equity accounted investees	Group income statement	42.8	27.6
Adjustment for discontinued operations	G 18.1	9.6	–
Return		283.9	277.2
Total assets	Group balance sheet	2,483.0	2,708.7
Current liabilities	Group balance sheet	(398.3)	(567.6)
Deferred tax liabilities	Group balance sheet	(125.6)	(158.2)
Less cash and cash equivalents	Group balance sheet	(162.2)	(218.9)
Less current financial liabilities	Group balance sheet	30.3	32.2
Less retirement benefit assets	Group balance sheet	(1.7)	(2.6)
Plus accumulated amortisation	Note 17	243.1	241.8
Capital employed before acquisition adjustment		2,068.6	2,035.4
Adjustment for acquisitions	G 18.2	147.2	–
Capital employed		2,215.8	2,035.4
Average capital employed		2,125.6	1,994.0
Return on capital employed		13.4%	13.9%

G 18.1 Adjustment for discounted operations (Dairy Ireland):

	Reference to the Financial Statements/Glossary	2017 €'m	2016 €'m
Operating profit – discontinued operations	Note 10	9.9	–
Amortisation net of tax		0.6	–
Tax on EBIT		(1.2)	–
Share of results of Equity accounted for investees		0.3	–
Total adjustment for discontinued operations		9.6	–

G 18.2. Adjustment for acquisitions
This adjustment is required to ensure the capital employed of the acquisitions Amazing Grass and Body & Fit are appropriately time apportioned in the denominator.

G 19. Total Shareholder Return (TSR)
TSR represents the change in the capital value of a listed quoted company over a period, plus dividends reinvested, expressed as a plus or minus percentage of the opening value.

TSR is one of the Group's Key Performance Indicators (see pages 18 to 19). TSR is one of the performance conditions in Glanbia's Long Term Incentive Plan. See Remuneration Committee report on pages 80 to 105 for more information.

G 20. Dividend Pay-out Ratio
Dividend pay-out ratio is defined as the annual dividend per ordinary share divided by the pro-forma Adjusted Earnings Per Share. The dividend pay-out ratio provides an indication of the value returned to shareholders relative to the Group's total earnings.

	Reference to the Financial Statements/Glossary	2017 € cent	2016 € cent
Pro-forma adjusted Earnings Per Share (cent)	G. 8.2	87.11	80.40
Dividend recommended/paid per ordinary share (cent)	Note 15	22.00	13.31
Dividend pay-out %		25.3%	16.6%

Shareholder Information

Stock exchange listings

The Company's shares are listed on the main market of the Irish Stock Exchange as well as having a premium listing on the main market of the London Stock Exchange.

Managing your shareholding

Computershare Investor Services (Ireland) Limited (Computershare) maintains the Company's register of members. Should a shareholder have any queries in respect of their shareholding, they should contact Computershare directly using the contact details provided below:
Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

Contact details:
Telephone number

Within Ireland	01 247 5349
Outside Ireland	+353 1 247 5349

or by logging on to: www.investorcentre.com/ie/contactus

Share price data	2017 €	2016 €
Share price as at financial year end	**14.90**	15.78
Market capitalisation	**4,411m**	4,671m
Share price movements during the year:		
– high	**19.21**	18.75
– low	**14.46**	14.00

The current share price of Glanbia plc ordinary shares can be accessed at: http://www.glanbia.com/prices-delayed

Shareholder analysis

Geographic Location*	Number of shares held	% of Total
Institutional		
North America	42,368,132	14.3
UK	41,390,693	14.0
Rest of world	40,866,751	13.8
Retail	78,143,867	26.4
Glanbia Co–op Society Ltd	93,276,241	31.5

Shareholder analysis

- North America
- UK
- Rest of the World
- Retail
- Glanbia Co-op Society Ltd

Share capital

The authorised share capital of the Company at 30 December 2017 was 350,000,000 ordinary shares at €0.06 each. The issued share capital at 30 December 2017 was 296,045,684 ordinary shares of €0.06 each.

Shareholder Information continued

Substantial shareholdings

The table below details the significant holding (3% or more) in the Company's ordinary share capital that has been disclosed to the Company at 30 December 2017 and 20 February 2018 in accordance with the requirements of Rule 7 of the Transparency Rules issued by the Central Bank under section 22 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2006.

Shareholder	No. of ordinary shares as at 30 December 2017	% of issued share capital as at 30 December 2017
Glanbia Co-operative Society Limited	93,276,241	31.5
The Capital Group Companies, Inc/Capital Research and Management Company	19,562,747	6.6
Standard Life Investments (Holdings) Limited	10,488,025	3.5
Mawer Investment Management Limited	8,900,549	3.0
Standard Life Aberdeen plc affiliated investment management entities	8,895,151	3.0

Shareholder	No. of ordinary shares as at 20 February 2018	% of issued share capital as at 20 February 2018
Glanbia Co-operative Society Limited	93,276,241	31.5
The Capital Group of Companies, Inc/Capital Research and Management Company	19,562,747	6.6
Standard Life Investments (Holdings) Limited	10,488,025	3.5
Mawer Investment Management Limited	12,004,534	4.1
Standard Life Aberdeen plc affiliated investment management entities	8,895,151	3.0

Employee share schemes

The Company operates a number of employee share schemes. At 30 December 2017 1,127,066 ordinary shares were held in employee benefit trusts for the purpose of the Group's employee share schemes. While any shares in the Company are held by the Trustees, the Trustees shall refrain from exercising any voting rights which may attach to the shares save that if the beneficial interest in any share has been vested in any beneficiary the Trustees shall seek and comply with any direction from such beneficiary as to the exercise of voting rights attaching to such shares.

Dividend payments direct to your bank account

An interim dividend of 5.91 cents per share was paid in respect of ordinary shares on 6 October 2017.

Subject to shareholders' approval, a final dividend of 16.09 cents per share will be paid in respect of ordinary shares on 27 April 2018 to shareholders on the register of members on 16 March 2018. If a shareholder's registered address is in the UK and a shareholder has not previously provided the Company with a mandate form for an Irish euro account, the payment will be in GBP. All other payments will be in euro.

Dividend Withholding Tax (DWT) is deductible from dividends paid by an Irish resident company unless the shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrar, Computershare. DWT applies to dividends paid by way of cash and is deducted at the standard rate of income tax (currently 20%). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings and charities may be entitled to claim exemption from DWT and are thereby required to send the relevant form to Computershare. Copies of this form may be obtained from Computershare.

In order to continue to improve the security of dividend payments to shareholders and reduce costs, the Company proposes to pay future dividend payments on its ordinary shares only by credit transfer into a nominated bank or building society account.

Shareholders will continue to receive tax vouchers in respect of dividend payments. The Company takes data security issues very seriously. Bank account details supplied to the Company and its Registrar will be used only for dividend distribution and the information will not be used for any other purpose or supplied to any third party.

Shareholders may visit: www.glanbia.com/shareholder-centre for up-to-date investor information. Electronic copies of current and past annual and half-yearly reports can be downloaded from the website. Current and historic share prices, news, updates and presentations may also be obtained. Shareholders may also register to receive future shareholder communications electronically.

Electronic communications

The Transparency (Directive 2004/109/EC) Regulations 2007 recognises the growing importance of electronic communications. The Group therefore provides documentation and communications to all shareholders via our website unless a shareholder has specifically elected to receive a hard copy.

Using electronic communications enables fast receipt of documents, helps the environment by significantly reducing the amount of paper used to communicate with shareholders and reduces associated printing, mailing and distribution costs.

Shareholders can also vote online for the next Annual General Meeting ("AGM"). This is a quick and easy option, using the proxy voting service provided by Computershare. Shareholders may use this facility by visiting: www.eproxyappointment.com.

Financial calendar

Announcement of final results for 2017	21 February 2018
Ex-dividend date	15 March 2018
Record date for dividend	16 March 2018
Date for receipt of proxy forms	23 April 2018
Record date for AGM	23 April 2018
AGM	25 April 2018
Dividend payment date	27 April 2018

AGM

The AGM will be held on 25 April 2018. The notice of meeting, together with details of the business to be conducted at the meeting will be available 20 business days before the meeting on: www.glanbia.com/agm

The voting results for the 2018 AGM, including proxy votes and votes withheld will be available on our website shortly after the meeting at the following address: www.glanbia.com/agm

Conditions for participating in a meeting

Every shareholder, irrespective of how many Glanbia plc shares they hold, has the right to attend, speak, ask questions and vote at the AGM. Completion of a proxy form will not affect a shareholder's right to attend, speak, ask questions and vote at the meeting in person.

The quorum for a general meeting of the Company is constituted by three persons entitled to vote upon the business of the meeting, each being a shareholder or a proxy or corporate representative for a shareholder.

The right to participate in the AGM is subject to the registration of the shares prior to the date of the meeting (the record date). For the 2018 AGM the record date is 5:00 pm on 23 April 2018 (or in the case of an adjournment 5:00 pm, on the day prior to the day before the time fixed for the adjourned meeting).

Appointment of proxy

Where a shareholder is unable to attend the AGM in person, a proxy (or proxies) may be appointed to attend, speak, ask questions and vote on their behalf. For this purpose a form of proxy is posted to all shareholders. Copies of these documents may be requested by telephoning the Company's Registrar on 01 247 5349 (within Ireland), 00353 1 247 5349 (outside Ireland), or by logging on to www.investorcentre.com/ie/contactus or by writing to the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland.

Alternatively, a shareholder may appoint a proxy electronically, by visiting: www.eproxyappointment.com and submitting their proxy details. They will be asked to enter the Control Number, the Shareholder Reference Number ("SRN") and PIN and agree to certain terms and conditions. The Control Number, the SRN and the PIN can be found on the top of the form of proxy.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST manual.

How to exercise shareholders rights

Shareholders have several ways to exercise their right to vote:
- by attending the AGM in person;
- by appointing the Chairman or another person as a proxy to vote on their behalf;
- by visiting www.ieproxyappointment.com and submitting their proxy details; or
- by appointing a proxy via the CREST system.

The passing of resolutions at a meeting of the Company, other than special resolutions, requires a simple majority. To be passed, a special resolution requires at least 75% of the votes cast to be in favour of the resolution.

Tabling agenda items

A shareholder, or a group of shareholders acting together, who hold at least 3% of the issued share capital of the Company, has the right to put an item on the agenda of the AGM. In order to exercise this right, written details of the item to be included on the 2018 AGM agenda together with a written explanation why the item is to be included on the agenda and evidence of the shareholding must be received by the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie /info@glanbia.ie no later than 15 March 2018 (i.e. 42 days before the AGM).

An item cannot be included on the AGM agenda unless it is accompanied by the written explanation and received at either of these addresses by this deadline.

Shareholder Information continued

Tabling draft resolutions

A shareholder, or a group of shareholders acting together, who hold at least 3% of the issued share capital of the Company, has the right to table a draft resolution for inclusion on the agenda of the 2018 AGM subject to any contrary provision in company law.

In order to exercise this right, the text of the draft resolution and evidence of shareholding must be received no later than 15 March 2018 (i.e. 42 days before the AGM) by post to the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie /info@glanbia.ie. A resolution cannot be included on the 2018 AGM agenda unless it is received at either of these addresses by this deadline. Furthermore, shareholders are reminded that there are provisions in company law which impose other conditions on the right of shareholders to propose resolutions at the general meeting of a company.

How to ask a question before or at the meeting

The AGM is an opportunity for shareholders to put a question to the Chairman during the question and answer session. Before the 2018 AGM, a shareholder may also submit a question in writing by sending a letter and evidence of shareholding at least four business days before the 2018 AGM (i.e. 20 April 2018) to the Group Secretary, Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie /info@glanbia.ie.

Dividend rights

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 it appears to them that the interim dividends are justified by the profits of the Company available for distribution.

Distribution on winding up

If the Company shall be wound up and the assets available for distribution among shareholders shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by shareholders in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the shares held by them respectively. Further if, in a winding up, the assets available for distribution among shareholders shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among shareholders in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said shares held by them respectively.

Notes

Notes

Contacts

Group Secretary and Registered Office
Michael Horan,
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The Governor and Company of the Bank of Ireland
BNP Paribas S.A.
Barclays Bank Ireland plc
Citibank N.A.
Danske Bank A/S
HSBC Bank plc
Rabobank International
Ulster Bank Ireland Limited

Registrar
Computershare Investor Services (Ireland) Limited,
Heron House,
Corrig Road,
Sandyford Industrial Estate,
Dublin 18,
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