



About C&C Group

C&C Group is a brand-led drinks business which owns, manufactures, markets and distributes a broad range of branded alcoholic and non-alcoholic drinks.

C&C Group's brands include: Bulmers, the leading Irish cider brand; Tennent's, the leading Scottish beer brand; Magners, the premium international cider brand; as well as a range of super-premium and craft ciders and beers.

C&C is also a leading drinks wholesaler in the UK and Ireland, where it operates under the Matthew Clark, Bibendum, Tennent's and C&C Gleeson brands.

C&C Group is headquartered in Dublin and its manufacturing operations are based in Co. Tipperary, Ireland; Glasgow, Scotland; and Vermont, US. As well as operating in its home markets of the UK and Ireland, the Company exports its key brands to over 60 countries globally. C&C Group plc is listed on the Irish and London Stock Exchanges.

This report includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C Group believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on pages 24 to 27 that could cause actual results to differ materially from those anticipated.

Contents

| | |
|-----|---|
| 04 | Our Markets |
| 06 | Brand Portfolio |
| 14 | Chairman's Statement |
| 18 | Strategic Report – Business Model |
| 20 | Strategic Report – Our Strategy |
| 23 | Strategic Report – Key Performance Indicators |
| 24 | Strategic Report – Principal Risks and Uncertainties |
| 28 | Chief Executive's Review |
| 46 | Group Chief Financial Officer's Review |
| 53 | Corporate Responsibility |
| 64 | Board of Directors |
| 66 | Directors' Report |
| 71 | Directors' Statement of Corporate Governance |
| 84 | Report of the Remuneration Committee on Directors' Remuneration |
| 108 | Statement of Directors' Responsibilities |
| 110 | Independent Auditor's Report |
| 120 | Consolidated Income Statement |
| 121 | Consolidated Statement of Comprehensive Income |
| 122 | Consolidated Balance Sheet |
| 123 | Consolidated Cash Flow Statement |
| 124 | Consolidated Statement of Changes in Equity |
| 125 | Company Balance Sheet |
| 126 | Company Statement of Changes In Equity |
| 127 | Statement of Accounting Policies |
| 141 | Notes Forming Part of the Financial Statements |
| 205 | Financial Definitions |
| 207 | Shareholder and Other Information |

Business & Strategy

Governance

Financial Statements



View this report online
candcgroupplc.com or
candc.annualreport18.com

Financial Highlights

PROFITABILITY

Net Revenue

€548.2m

decreased by 4.9%¹

Operating Profit

€86.1m

before exceptional items down 7.0%¹

Operating Margin

15.7%

before exceptional items down 0.4 ppts¹

Adjusted Diluted Earnings Per Share

22.0 cent

per share down 5.2%¹

CASH

Free Cash Flow Conversion

70.5%

before exceptional items

SHAREHOLDER RETURN

Proposed Final Dividend

9.37 cent

per share delivering 1.7% growth in the full year dividend to 14.58 cent per share

1. Financial highlights percentage movement versus last year are stated on a constant currency basis (FY2017 translated at FY2018 F/X rates as outlined on page 51).



Read more in the *Group Chief Financial Officer's Review* on page 46

in this section

| | |
|----|--|
| 04 | Our Markets |
| 06 | Brand Portfolio |
| 14 | Chairman's Statement |
| 18 | Strategic Report – Business Model |
| 20 | Strategic Report – Our Strategy |
| 23 | Strategic Report – Key Performance Indicators |
| 24 | Strategic Report – Principal Risks and Uncertainties |
| 28 | Chief Executive's Review |
| 46 | Group Chief Financial Officer's Review |
| 53 | Corporate Responsibility |

Business & Strategy

Our commitment to you last year, in a challenging wider operating environment, was to continue to advance our strategy to build a sustainable, international, cider-led, multi-beverage business through a combination of organic growth and selective acquisitions. The results of the last 12 months demonstrate the merits of that approach. While our headline numbers reflect a relatively static financial performance, the further development of our heritage brands, craft offering and customer reach is particularly encouraging.








Read more in the *Chairman's Statement* on page 14

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



Read more in the *Chief Executive's Review* on page 28

Strong Positions in Home Markets...

| | Ireland | United Kingdom | |
|--------------|--|--|--|
| Brands | <p>No.1 cider brand in Ireland</p>  | <p>No.1 drink by sales in Scotland</p>  | <p>No. 2 apple cider brand in UK</p>  |
| Distribution | <p>No.1 drinks distribution business in Ireland</p>  | <p>No.1 drinks distributor Scotland</p>  | <p>No. 1 drinks distributor in the UK</p>  |



Read more: Core Brands on page 8

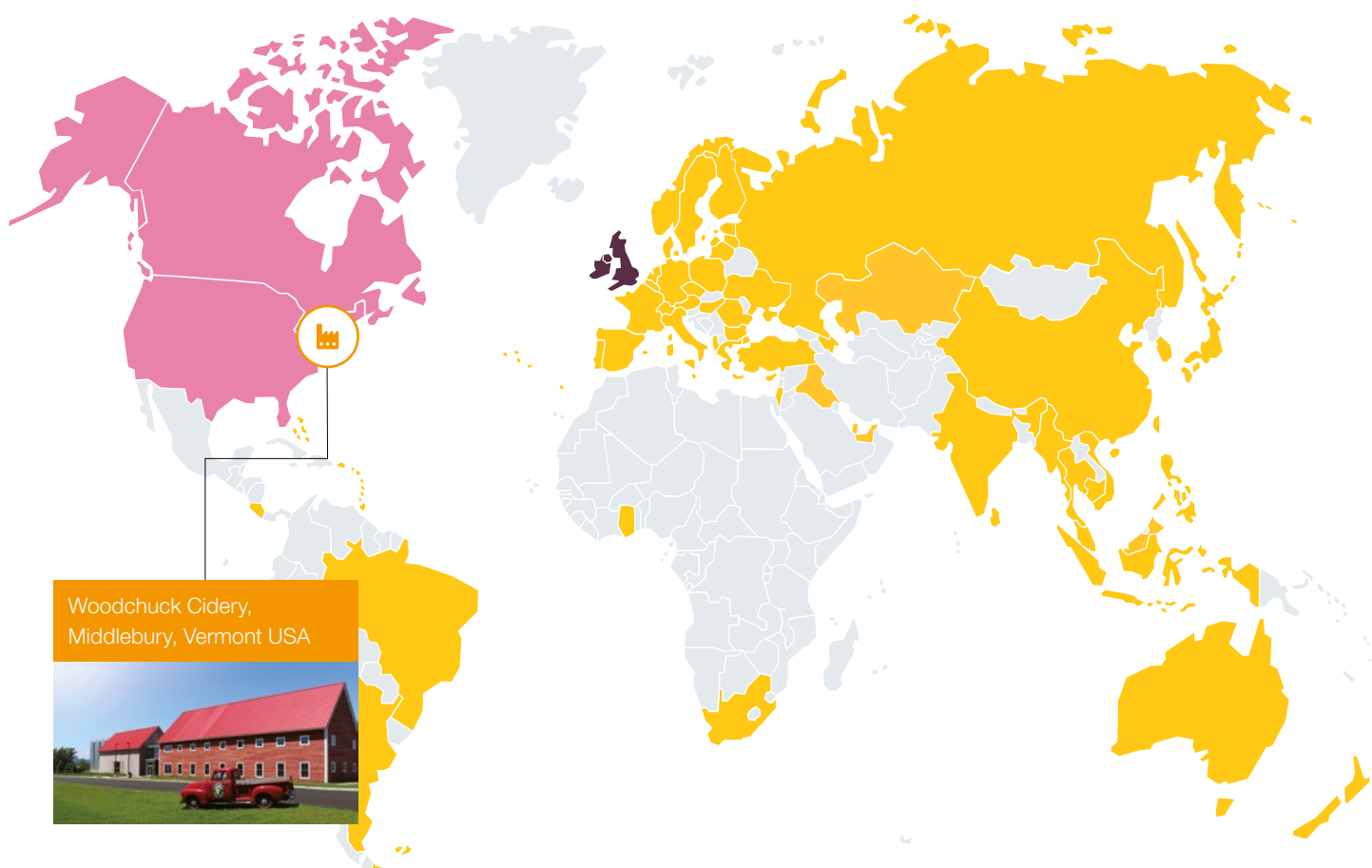


...Global Opportunity

Exporting to over 60 markets globally


| | | | | | |
|------------------------|----------------|------------|-------------|--------------|-------------------|
| Albania | Cambodia | Ghana | Latvia | Qatar | Taiwan |
| Andorra | Canada | Gibraltar | Lithuania | Romania | Thailand |
| Argentina | Cayman Islands | Greece | Malaysia | Russia | Trinidad & Tobago |
| Australia | China | Hong Kong | Malta | Singapore | Turkey |
| Austria | Costa Rica | Hungary | Myanmar | South Africa | UAE |
| Azerbaijan | Cyprus | India | Netherlands | South Korea | Ukraine |
| Bahamas | Czech Republic | Indonesia | New Zealand | Spain | US |
| Belgium | Denmark | Iraq | Norway | Sri Lanka | US Virgin Islands |
| Bermuda | Estonia | Israel | Philippines | St. Lucia | Vietnam |
| Brazil | Finland | Italy | Poland | St. Maarten | |
| Bulgaria | France | Japan | Portugal | Sweden | |
| British Virgin Islands | Germany | Kazakhstan | Puerto Rico | Switzerland | |

● Home markets
 ● North America
 ● Countries we export to




Brand Portfolio Highlights

Ireland

 Read more: page 34

Great Britain


 Read more: page 30

Core Brands

 Read more: page 8



Super-Premium Brands and Craft

 Read more: page 10



Local Brands

 Read more: page 12




Drinks Distribution

 Read more: page 13



* Including distribution rights for certain AB InBev beer brands such as Stella Artois, Beck's, Corona, Budweiser.

International

 Read more: page 38


LEGEND

Geographical

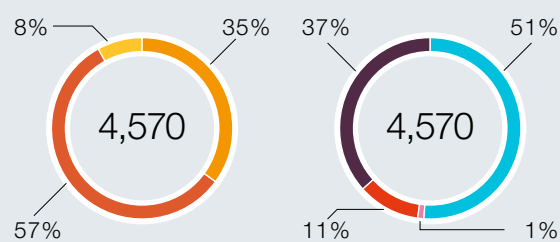
- Ireland
- Great Britain
- International

Brands

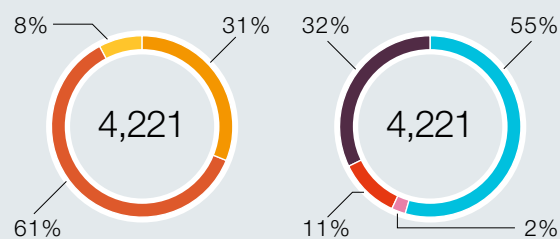
- Core Brands
- Super-Premium Brands
- Local Brands
- Drinks Distribution

Volumes (kHl)

FY2017

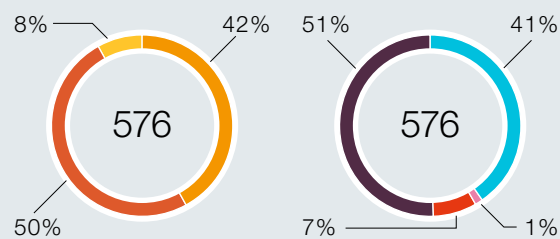


FY2018

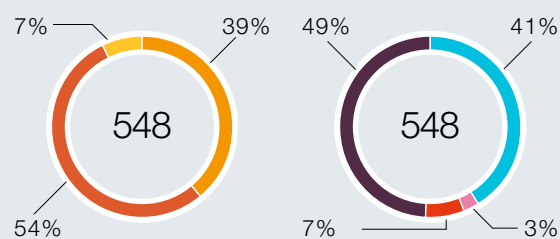


Net Sales Revenues (€m)

FY2017



FY2018



Brand Portfolio

Core Brands

Magners

Magners is a premium, traditional blend of Irish cider with a crisp, refreshing flavour and a natural authentic character. Also in the range is *Magners Dark Fruit* which offers cider drinkers a fruitier alternative to draught apple. The 4% ABV fruit cider has notes of jammy berries and sharp blackcurrants.



Transformed
cider in the UK
in 2005



No. 2 apple
cider brand in
GB market



Now exported
to over 50
countries
worldwide



Tennent's

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

Tennent's Black T is a premium lager using the finest natural ingredients, including 100% Scottish barley. It is a golden lager with a well-rounded flavour and a distinct smooth maltiness.



No.1 drink
by sales in
Scotland



On the bar in 8
out of 10 pubs



Almost 2 in
every 3 pints
of lager sold in
Scotland



Highest rate of
sale of any beer
brand in the UK



Bulmers

Bulmers Original is a premium, traditional blend of Irish cider with an authentic clean and refreshing taste.

Outcider by *Bulmers* launched March 2017 is a new sweet cider with plenty of edge and just the right balance of bitter and sweet Irish apples.



No.1 cider brand in Ireland



Available in 95% of Irish pubs



80 years of heritage and provenance



No. 3 LAD brand in ROI



Brand Portfolio

Super-Premium and Craft

Our growing portfolio of Super-Premium and Craft Beers and Ciders serves the consumer's increasing demand for diversity, newness and taste.

These are premium products commanding premium prices and support our key brand propositions.

We are targeting that Super-Premium and Craft represent 5% of branded volumes over the medium-term (FY2018: 4%) through a combination of in-house innovation and partnership with International and local craft brands.

In-house Innovation

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

Chaplin & Cork's is an award winning range of exquisite ciders made using pure juice from the finest English cider apples. The range includes *Somerset Gold* and *Somerset Reserve*.



International Agency

Menabrea is from Northern Italy and is matured gently in the perfect temperature of cave cellars for a taste of superior clarity. This pale lager is well balanced between citrus, bitter tones and floral, fruity undertones giving a consistent and refined flavour. It has a complicated malty, hoppy taste with an exceptional head retention due to the quality of our ingredients and maturation process.

Pabst Blue Ribbon is brewed in the finest traditions of an American Premium Lager dating back to 1844.



Local Craft

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

The Five Lamps Dublin Brewery was originally set up in early 2012 beside Dublin's iconic Five Lamps. Its first beer, *Five Lamps Dublin Lager*, was launched in September 2012. The range now includes *Liberties Pale Ale*, *Monto Red Ale* and *Blackpitts Stout*.

Drygate is the UK's first experiential Craft Brewery and is situated beside the Wellpark Brewery in Glasgow. The core Drygate range includes *Bearface Lager*, *Outaspace Apple Ale*, *Gladeye IPA*, *Ax Man Rye IPA* and the recently launched gluten-free *Drygate Pilsner*, as well as a regular series of unique and experimental brews.



Brand Portfolio

Local Brands

Ireland Beer Brands

Roundstone Irish Ale is a fine ale in the Irish tradition, brewed from 100% malted barley and a blend of three types of hops to deliver a gentle yet distinctive caramelly maltiness.

Clonmel 1650, named after one of the most historic events in the town of Clonmel, is a fine example of a pilsner style lager with a slightly fruity estery nose and a subtle hoppy character.



Scottish Beer Brands

Caledonia Best is a modern, distinctive ale that is balanced, sweet and smooth, with a malty roast flavour and a pleasant hoppy bitterness.

Caledonia Premium Bottled ales are a range of ales designed to meet a variety of drinking occasions. By combining the Highland water of Loch Katrine with the finest Scottish malted barley, hops and yeast we have created a family of beers that are unmistakably Scottish.



American Cider Brands

Woodchuck Hard Cider is a premium hard cider handcrafted in Vermont from the highest quality ingredients while offering an innovative range of ciders. *Gumption* pairs the fresh juice of common eating apples with dry European bittersweet cider apples, to bring consumers a bold and unique drinking experience.

Wyder's Hard Cider was formulated in 1987 by cider master Ian Wyder and is now available throughout the central and western United States.



English Cider Brands

Blackthorn is a West Country legend and one of the country's best known and widely drunk ciders due to its secret blend of bittersweet English cider apples. The range includes *Blackthorn Gold*, *Blackthorn Dry* and *Black 'n' Black*.

K cider is a full strength, premium cider expertly pressed with a unique blend of English cider apples to deliver a full bodied flavour and rich golden colour.

Ye Olde English is a traditional medium dry cider made using a unique blend of dessert and cider apples to deliver a deliciously refreshing taste.

Addlestones is a naturally cloudy premium cider that is twice fermented but never filtered to deliver its unique, smooth taste.

Gaymers is a clean, crisp, easy drinking medium cider made using the finest English apples.

Other English cider brands include *Natch*, *Special VAT* and *Taunton Traditional*.



Ireland Soft Drinks

Tipperary Pure Irish Water is proudly bottled at source in Tipperary.

Finches is a range of premium soft drinks in orange and other flavours produced in Ireland with pure natural spring water.

JWV+ is made from natural mineral water. It contains a range of health intrinsic and is targeted at consumers looking for tasty refreshing alternatives to the traditional soft drink and bottled water offering.



Brand Portfolio

Drinks Distribution

The Group complements its branded business with third-party drinks wholesaling and distribution in its key domestic markets of Ireland and the UK.

This drinks wholesale activity supports our branded businesses by broadening the portfolio of drinks we can offer to our on-trade customers and increases the visibility of our brands across the hospitality sector. Wholesale and agency also leverage the Group's existing procurement, sales, marketing and distribution infrastructure to deliver unparalleled range, value and service to our customers.

Our principal agency business is the AB InBev beer portfolio which we distribute in Ireland and Scotland (excluding Budweiser in the Republic of Ireland). The Group also distributes a number of wine brands in the Republic of Ireland including *Santa Rita* and *Castella*.

On 4th April 2018, we announced the acquisition of Matthew Clark and Bibendum, the UK's largest independent drinks wholesaler to the hospitality industry. These businesses serve over 24,000 outlets from national prestige hotel chains to independent pubs, clubs and restaurants. These businesses have unrivalled scale and reach into the UK on-trade, delivering value, range, insight and expertise for customers. Not least in wine, where Bibendum carries 4,500 wines with a particular strength in the Old World.

C&C Group also has a strategic investment in Admiral Taverns, an award-winning tenanted pub company with circa 850 pubs across Great Britain.



Matthew Clark Bibendum Distribution

Matthew Clark

National drinks wholesaler with over 200 years experience.

BIBENDUM

Premium-positioned wine expert with global sourcing capabilities and over 300 exclusive wine suppliers.

catalyst plb

Catalyst PLB is the UK's leading independent brand agency, developing and growing premium lifestyle brands across all drinks categories.

peppermint
A NAT EVENT SOLUTIONS BUSINESS

Event and festival bar solutions provider.

elastic

Field and outlet solutions business, providing activation and brand building expertise.

Chairman's Statement

OPERATING RESULTS

Our commitment to you last year, in a challenging wider operating environment, was to continue to advance our strategy to build a sustainable, international, cider-led, multi-beverage business through a combination of organic growth and selective acquisitions. The results of the last 12 months demonstrate the merits of that approach. While our headline numbers reflect a relatively static financial performance, the further development of our heritage brands, craft offering and customer reach is particularly encouraging. We have also utilised our balance sheet strength and cash generation capability to return capital to shareholders; and, to make a number of key strategic investments, which broaden our platform and will drive value for shareholders.



Sir Brian Stewart
Group Chairman

The incursions of the major brewers into the traditional cider category space has been significantly blunted in spite of their distribution leverage and marketing spend. Consumers continue to recognise both the provenance and value of our core brands, while our new product offerings continue to grow strongly. We have to accept that this has been at some short term cost but the increasing momentum in the business is readily evident. This is particularly evident in our partnership with AB InBev in the UK where there was undoubtedly some short term cost to us but now we are beginning to see the longer term benefits.

Social responsibility has historically been at the heart of traditional drinks companies. There has always been an appreciation that we are integral to our communities. Globalisation has stressed that relationship, certainly in wider consumer terms, including the drinks industry. Our approach to minimum unit pricing is well known and reflects our belief in the importance of acting in community interests. It has not always been easy for the executives concerned to pursue this course but it is certainly in our and society's long-term interest. Governments, in approaching market restrictions, must also take on board when looking at any legislation, the impact on locally focused businesses such as ourselves compared to the more generic multinationals and their capacities.

ECONOMIC AND INDUSTRY BACKGROUND

The past year has seen considerable political and economic volatility. One has to question whether 12 months on, there is any less prospect of stability. It is obviously our obligation to put the Group in the most resilient position to face these challenges and with certainty, the Group is better positioned than it was 12 months ago.

Brexit continues to be a significant issue for us, particularly in Ireland. Given this is ultimately outside our control, all we can do – and which we are acutely focused on – is ensuring our business is operating as effectively and efficiently as possible for whatever outcome may come.

It is perhaps presumptuous given our scale but the risk of wider trade wars, sanctions, tariffs and general restrictions in trade should equally be protested. We are intent on increasing our exports and the wider value to Ireland and Scotland cannot be ignored. We are very much a long-term business investing in brands, communities, assets and our people and instability is obviously a hindrance, indeed a barrier.

CAPITAL ALLOCATION

Our investment philosophy, which we have clearly and consistently communicated, has been to seek investment opportunities which will enhance the return for our shareholders and build upon the strength of the Group. If such opportunities are not available then our commitment has been to use surplus capital to buy back shares, particularly if the price is attractive. During the past year we have spent €33.1 million buying back shares at an average price of €3.44 contributing to a 1% reduction in our weighted average number of shares. We also paid a further €40.6 million to shareholders in dividends.

In this context, the strength of the Group can be supplemented by brand acquisitions or extending our capacity through associated distribution channels. During the past year we have seen:

- the strategic investment in Admiral Taverns, creating an enhanced shop window for our brands and developing our distribution infrastructure; and
- the acquisition, subsequent to the year end, of Matthew Clark Bibendum giving us an unparalleled distribution capacity throughout the UK.

Our reputation as a trusted, long-term company undoubtedly enhanced our progress in these transactions.

While, in the short term, our recent acquisition will obviously raise our debt level, our strong cash generation from our existing and this new business will reduce our debt relatively quickly. Our medium term guidance for leverage of two times net debt to EBITDA remains intact although of course it will take us a little time to return to this level.

Chairman's Statement

(continued)

Recognising our financial strength and strong cash generation, we propose to pay a final dividend of 9.37 cent per share subject to shareholder approval. This will bring the Group's full year dividend to 14.58 cent, an increase year on year of 1.7%.

PEOPLE

Our employees have been hugely supportive through a period of transformation for the Group, recognising the need for us to remain steadfast and competitive in the face of considerable challenges. The Board fully recognises their efforts and that of the Management Team in the pursuit of business success and the creation of shareholder value.

The new employees brought into the Group with our recent acquisition have experienced a period of traumatic uncertainty and our team are fully committed to restoring the momentum in that business. This will equally provide the more stable platform necessary to serve our customers but also providing greater security for our employees.

MANAGEMENT & GOVERNANCE

A statement of our governance, principles and practice is as usual provided on pages 71 to 83 and we are in any case committed to maintaining the highest standards.

An important aspect of good governance is having appropriate succession planning in place to ensure that we are fully prepared for changes in the Board and departures from key positions. In this context, the Nomination Committee continuously reviews succession plans for the Board, the Management Team and other key roles within the organisation.

The past year has seen considerable evolution in the management of the Group with Kenny Neison stepping down as Finance Director and the appointment of Jonathan Solesbury as his successor. Jonathan brings considerable international financial experience to the role. Andrea Pozzi was appointed to the Board in June 2017 after several years in a progression of operational roles. His appointment emphasises the growing strength of the Management team.

Board refreshment and renewal is a continuous process and during the year Geoffrey Hemphill was appointed. Geoffrey's background is both legal, financial and wealth management. Our intention is always to have a wide and divergent skill set applied to Board decisions. Unfortunately Breege O'Donoghue felt it was time to step down from the Board. Over her 13 years serving on the Board, Breege's insights and perspectives were always progressive and I would like to take this opportunity to express both my own, and the Board's appreciation for her inimitable contribution.

CONCLUSION

Over the past year, we have built a larger, more diverse and ultimately stronger business. It will take time to integrate and capitalise on the benefits of recent investments but we are confident in our outlook. While we remain cautious on the consumer environment in our key markets of the UK and Ireland, as currency and political volatility remain challenging for companies and consumers, we look forward to the future with renewed optimism, confident that our portfolio of heritage brands, our growing craft offering and increased distribution strength – both through partners and direct to market – will sustain growth in the period ahead and create value for all shareholders.

Sir Brian Stewart
Chairman



Business Model

Our ambition is to be the pre-eminent brand-led wholesale drinks supplier to the licensed on and off-trade across the UK and Ireland. Our existing and recently acquired platforms provide: an unrivalled range of brands; enhanced customer service; and comprehensive geographic coverage. We firmly believe this is the right model to meet the needs of both customers and consumers, who are increasingly demanding authentic, differentiated local brands as well as premium and global reach.

Meeting customer needs



Revenue Generation and Earnings Growth

- In our core geographies of Ireland and UK, we seek revenue generation through a full-service, brand-led wholesale model focused on our own range of brands and drinks wholesaling to the hospitality sector. Internationally, we focus on volume and value growth in established markets and seeding new markets in Asia and Africa.
- We seek to make brand innovations and investments at low cost and exploit niche and premium markets.
- We seek earnings growth through revenue generation, cost control and margin improvement.

Cash Generation

- Our core branded businesses are strongly cash generative. We therefore focus on cash. We critically review the value for money of all brand and capital investment. Our current emphasis is on investment in brands, innovation and route-to-market to drive revenue and market share. Group management relentlessly drive to reduce costs – in production, distribution and commercial overheads.

Engagement

- We engage with our workforce and incentivise them to ensure alignment with shareholders.
- Local management are incentivised with financial targets relevant to their local business unit.
- Where necessary, we are prepared to buy in expertise on a margin-sharing basis.

Strategic Capital

- We seek local expansion in our core territories. Potential acquisitions must complement our business and meet our strategic objectives.
- We are prepared to make larger transformational acquisitions, and we are ready to seize opportunities as they arise due to the strength of our Balance Sheet.
- We will make disposals where they will enhance shareholder value.
- In the absence of capital investment opportunities we will return surplus cash to our shareholders.

Social Responsibility

- Throughout the Group we seek to operate compliantly with the law and as good corporate citizens.
-

Group Strategy

Our long-term strategy is to build a sustainable brand-led multi-beverage drinks business through a combination of organic growth and selective acquisitions.

Strategic pillars

Medium term strategic goals

Financial characteristics



Enhance value of key brands

Brand and product investment to build value of key brands over the long-term



Grow Super-Premium and Craft portfolio

Leverage key brand strength and market position to grow our portfolio of Premium and Craft brands



Brand-led drinks wholesaler in key markets

Deliver unrivalled portfolio strength, value and service to the UK and Irish hospitality sectors



Rigorous focus on costs and efficiencies

Ongoing commitment to delivering operational efficiencies and cost control



International growth

Grow international volumes of our key brands through strategic alliances



Capital allocation to enhance growth and shareholder returns

Selective acquisitions to fuel sustainable, profitable growth and/or cash returns to shareholders

Cash generation and Balance Sheet strength


EPS growth


Achievements during FY2018


- FY2018 saw a resilient performance across our branded portfolio in the UK and Ireland, with total C&C branded volumes +0.3%; revenues +0.8%, outperforming the wider beer and cider sectors. 
- The Tennent's brand has had a very strong year, benefitting from continued investment in social media, sponsorship and new fount roll-out programme. Net sales revenues for the Tennent's brand for the period were up 5.3% in GB. After a slow start, Magners volumes have gathered momentum through the second half +9% (H1 2018: -6%).
- During the year, we significantly increased our investment behind the Bulmers brand. This included the launch of Outcider by Bulmers, and a new marketing campaign for Bulmers Original under the tag-line "100% Irish". Brand affinity and brand salience scores for Bulmers increased with our key target demographic of 18-24 years olds by 8ppts on each measure, to 40% and 54%, respectively.

- Operational and financial performance at our Tennent's wholesale distribution business in Scotland strengthened throughout the year. Customer numbers are up +2% year-on-year, volumes were up 3% for the year (H1 2018: +1%), with revenues further ahead. 
- Success has been driven by leveraging the Group's procurement scale to deliver value to customers, excellence in service levels, including a streamlined ordering process with on-line ordering.
- The performance of our C&C Gleeson wholesaling business improved through the year, with a strengthened management team leveraging off the procurement synergies of the C&C Group, for the ultimate benefit of customers.
- Our wine businesses in Scotland and Ireland performed strongly with volumes up +4% and +3%, respectively. Both businesses benefitting from good performance at our own label and distribution brands such as Santa Rita and Castella.

- We made good progress in the year transitioning our brands in certain key target markets to higher quality and proven international partners, such as AB InBev, Coca Cola Amatil and Carlsberg. 
- Our Export markets (excluding North America) grew volumes in aggregate for the year by +2%. However, excluding discontinued/suspended activity in India and Africa, these markets were in growth by 10%, in line with our long-term growth targets for this part of the business.
- In the US our cider brands continued to be negatively impacted by declines in the overall cider market. In February 2018, we announced that we were resuming full responsibility for the sales and marketing of our brands in the US and terminating our distribution arrangements with Pabst Brewing Company.

- Strong organic growth in super-premium and craft with volumes +41% across our portfolio. Our super-premium and craft portfolio now contributes 108kHL of volumes and revenues of €15.7m. 
- In Ireland, we increased our financial investment in the Five Lamps brewery in Dublin. To complement the Five Lamps range of craft lagers we launched our Dowd's Lane range of traditional craft Ales, Stouts and Cider.
- In the UK, Menabrea increased volumes by +55% to 18kHL, achieving good growth across national on and off-trade accounts, casual dining as well as the Scottish IFT. Heverlee was +33% and Drygate, our Scottish craft joint venture, almost doubled. Off-trade distribution points for our UK premium and craft portfolio has grown from 350 in March 2017 to 5,691 now.
- We strengthened our craft portfolio completing the purchase of Orchard Pig during the year. Orchard Pig is a fast-growing craft cider brand based in Somerset which has built a strong consumer franchise and an impressive distribution footprint across the on and off-trade.

- The Group completed its major site rationalisation programme during 2016 and operated smoothly from its two principal manufacturing facilities at Wellpark and Clonmel. Utilisation rate across our plants were in line with expectations and capex requirements have returned to more normalised levels. 
- Our new distribution partnership with AB InBev on cider in the UK enabled us to make some synergy savings in sales and marketing overheads in Great Britain. The AB InBev partnership also enables us to streamline our divisional management and reporting structure.
- Capex for the full year includes c.€3m of investment in IT infrastructure in Ireland that will facilitate more consolidation across our back office functions and supports our slimmed down divisional structure.

- The Group delivered strong free cash flow of €71m in the year and cash conversion of 71% of Adjusted EBITDA. 
- This was a year of strategic investment: €42 million investment in Admiral Taverns, €11 million on our craft brand portfolio and a further €78 million returned to shareholders through a combination of share buybacks and dividends, taking net debt/EBITDA at February 2018 of 2.37x.
- Strong Balance Sheet and cash conversion profile enabled the acquisition post year end of Matthew Clark Bibendum for £135 million, in addition to funding on-going working capital requirements.

Group Strategy

(continued)

Strategic priorities for FY2019

Core Objective

Our core strategic objective is to deliver earnings growth.

Strategic Priorities

EXISTING BUSINESSES

- to strengthen and grow core brands and develop a portfolio of differentiated premium brands to capitalise on niche, craft and specialist opportunities
- to leverage integrated brand-led wholesale platforms in Ireland and Scotland to drive revenue growth and operational efficiencies
- stabilise the recently acquired Matthew Clark Bibendum acquisition and return stock, working capital and customer service levels to normalised positions
- leverage the revenue and procurement synergies available from our Admiral Taverns investment
- to grow international volumes and earnings through distribution partnerships

CAPITAL ALLOCATION

- maintain the strong cash conversion characteristics of the business
- after increased investment in FY2018 and Matthew Clark Bibendum post year end we will start to de-gear towards target leverage of 2x Net Debt/EBITDA

CORPORATE RESPONSIBILITY

- targeting further sustainability improvements across the Group
- focusing our social responsibility agenda on engagement in the community
- achieving a continuous improvement in workforce health and safety

Key Performance Indicators

| Strategic Priority | KPI | Definition (see also financial definitions on pages 205 and 206) | FY2018 performance | FY2018 Focus | Links to other Disclosures |
|--|---|---|---|--|---|
| To enhance earnings growth | Operating Profit | Operating profit (before exceptional items) | FY16 €103.2m FY17 €95.0m FY18 €86.1m | To seek continuing growth, through revenue enhancement, acquisition synergies and cost control | Group CFO Review page 46 |
| | Operating Margin | Operating profit (before exceptional items), as a percentage of net revenue | FY16 14.5% FY17 15.9% FY18 15.7% | | |
| To enhance earnings growth | Adjusted diluted earnings per share | Attributable earnings before exceptional items divided by the average number of shares in issue as adjusted for the dilutive impact of equity share awards | FY16 24.2c FY17 23.8c FY18 22.0c | To achieve adjusted diluted EPS growth in real terms | Group CFO Review page 46 |
| To generate strong cash flows | Free Cash Flow | Free Cash Flow is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities | FY16 €113.4m FY17 €54.3m FY18 €66.0m | To generate improved operating cash flows | Group CFO Review page 49 |
| | Free Cash Flow Conversion Ratio | The conversion ratio is the ratio of free cash flow as a percentage of EBITDA before exceptional items | FY16 103.1% FY17 53.0% FY18 70.5% | | |
| To ensure the appropriate level of financial gearing and profits to service debt | Net debt: EBITDA | The ratio of net debt (Net debt comprises borrowings (net of issue costs) less cash) to Adjusted EBITDA | FY16 1.33x FY17 1.55x FY18 2.37x | Move towards medium term target of 2.0 times Net Debt/EBITDA | Group CFO Review page 48 |
| To deliver sustainable shareholder returns | Progressive dividend/return to shareholders | Total dividend per share paid and proposed in respect of the financial year in question | FY16 13.65c FY17 14.33c FY18 14.58c | The Group will continue to seek to enhance shareholder returns | Chairman's Statement page 14 |
| | Dividend Payout Ratio | Dividend cover is Dividend/ Adjusted diluted EPS | FY16 56.4% FY17 60.2% FY18 66.3% | | |
| To achieve the highest standards of environmental management | Reduction in CO ² emissions | Tonnes of CO ² emissions ¹ | FY16 45,071t FY17 41,228t FY18 31,612t | To achieve best practice across the Group, including acquired businesses | Corporate Responsibility Report page 59 |
| To achieve the highest standards of environmental management | Waste recycling | Tonnes of waste sent to landfill ² | FY16 24t FY17 16t FY18 0t | To achieve best practice across the Group, including acquired businesses | |
| To ensure safe and healthy working conditions | Workplace safety accident rate | The number of injuries that resulted in lost-work days, per 100,000 hours working time in production facilities ² | FY16 0.42 FY17 0.56 FY18 0.54 | To achieve best practice across the Group, including acquired businesses | Corporate Responsibility Report page 61 |

1. Clonmel, Wellpark and Vermont in FY2016. FY2017 and FY2018 includes the Gleeson and Wallaces Express businesses.

2. Clonmel and Wellpark in FY2018. FY 2016 and FY2017 includes Shepton Mallet.

Principal Risks and Uncertainties

The principal risks and uncertainties which have the potential to have a material impact upon the Group's long-term performance and achievement of strategy are set out below.

These represent the Board's view of the principal risks at this point in time. There may be other matters that are not currently known to the Board or are currently considered of low likelihood which could arise and give rise to material consequences.

Risks and Uncertainties

Mitigation

Risks And Uncertainties Relating To Strategic Goals

The Group's strategy is to focus upon earnings growth through organic growth, acquisitions and joint ventures and entry into new markets. The Group is prepared to take measured risks to acquire new assets, talent, brands and innovation. These opportunities may not materialise or deliver the benefits or synergies expected and may present new management risks and social and compliance risks.

The Group seeks to mitigate these risks through proactively monitoring the market to identify suitable acquisition targets, due diligence, careful investment and continuing monitoring and management post-acquisition.

Only acquisitions that the Board believe will add value and are a strategic fit are considered.

As the Group grows through acquisition, it is necessary to adjust to change and assimilate new business cultures. The breadth and pace of change can present strategic and operational challenges. Business integration and change that are not managed effectively could result in unrealised synergies, poor project delivery, increased staff turnover, erosion of value and failure to deliver growth.

Significant acquisitions have formal leadership and project management teams to deliver integration. Regular Group communications ensure effective information, engagement and feedback flow to support cultural change.

The executive management team oversees change management and integration risks through regular people, planning and products meetings.

Risks And Uncertainties Relating To Revenue And Profits

Consumers may shift away from larger brands towards more localised, premium and niche products.

Through diversification, innovation and strategic partnerships, we are developing our product portfolio to enhance our offering of niche and premium products to satisfy changing consumer requirements.

Seasonal fluctuations in demand, especially an unseasonably bad summer in Ireland could materially affect demand for the Group's cider products.

The Group seeks to mitigate this risk through geographical and brand diversification.

Consumer preference may change in our core geographies, new competing brands may be launched and competitors may increase their marketing or change their pricing policies.

The Group has a programme of brand investment, innovation and product diversification to maintain and enhance the relevance of its products in the market. For instance, as part of this programme, Tennent's launched the Caledonia range and the Group also acquired Orchard Pig, a craft cider brand, in FY2018. The Group also operates a brand-led model in our core geographies with a comprehensive range to meet consumer needs.

Risks and Uncertainties**Mitigation**

The off-trade and increasingly the on-trade in Great Britain continues to be highly competitive, driven by consumer pressure, customer buying power, consolidation and vertical integration of distribution channels and the launch of heavily-invested competing products.

The Group seeks to mitigate the impact on volumes and margins through developing a focused portfolio approach, innovation, strategic partnerships and acquisitions, such as the distribution arrangement that the Group has entered into with AB InBev, the strategic investment in Admiral Taverns, the acquisitions of the drinks distribution businesses, Matthew Clark and Bibendum, and the craft cider Orchard Pig, the introduction of brand propositions that are in tune with shifting consumer and customer needs and through seeking cost efficiencies.

Customers, particularly in the on-trade where the Group has exposure through advances to customers, may experience financial difficulties.

The Group monitors the level of its exposure carefully.

The Group is reliant on the performance of its distribution partners for the distribution of its products in international markets and the UK.

The Group mitigates these risks by continuously monitoring the performance of its distribution partners and having agreements with appropriate protections in place in relation to inadequate performance.

Key strategic partnerships may not be renewed or may be renewed on less favourable terms.

The Group seeks to mitigate this risk by managing its relationship with its key strategic partners and by putting long-term arrangements in place in relation to termination and renewal.

Risks and Uncertainties Relating to Costs, Systems and Operations

Input costs may be subject to volatility and inflation and the continuity of supply of raw materials may be affected by the weather and other factors.

The Group seeks to mitigate some of these risks through long-term or fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.

Circumstances such as the loss of a production or storage facility or disruptions to its supply chains or critical IT systems may interrupt the supply of the Group's products.

The Group seeks to mitigate the operational impact of such an event through business continuity plans, which are tested regularly to ensure that interruptions to the business are prevented or minimised and that data is protected from unauthorised access, contingency planning, including involving the utilisation of third party sites and the adoption of fire safety standards and disaster recovery protocols. The Group seeks to mitigate the financial impact of such an event through business interruption and other insurances.

Increased levels of cybercrime represent a threat to the Group's businesses and may lead to business disruption or loss of data. The Group is exposed to the risk of external parties gaining access to Group systems to deliberately disrupt business, steal information or commit fraud. Theft of data relating to employees, business partners or customers may result in a regulatory breach and impact the reputation of the Group.

The Group has a number of IT security controls in place including gateway firewalls, intrusion prevention systems, security incident monitoring and virus scanning. The Group's approach is one of ongoing enhancement of controls as threats evolve with the target being to align controls, and in particular to implement any new services or changes to the environment, with reference to the ISO 27001 international standard. The Group also has a suite of information security policies in place.

Principal Risks and Uncertainties

(continued)

Risks and Uncertainties

Mitigation

Financial Risks and Uncertainties

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

The Group seeks to mitigate currency risks, where appropriate, through hedging and structured financial contracts to hedge a portion of its foreign currency transaction exposure. It has not entered into structured financial contracts to hedge its translation exposure on its foreign acquisitions.

The solvency of the Group's defined benefit pension schemes may be affected by a fall in the value of their investments, market and interest rate volatility and other economic and demographic factors. Each of these factors may require the Group to increase its contribution levels.

The Group seeks to mitigate this risk by continuous monitoring, taking professional advice on the optimisation of asset returns within agreed acceptable risk tolerances and implementing liability-management initiatives such as an enhanced transfer value exercise which the Group conducted in FY2016 and FY2017 in relation to its Irish defined benefit pension schemes.

Fiscal, Regulatory and Political Risks and Uncertainties

The Group may be adversely affected by changes in excise duty or taxation on cider and beer in Ireland, the UK, the US and other territories.

The Group seeks to mitigate this risk by playing an active role in industry bodies and engaging with governmental tax and regulatory authorities. In Ireland, we engage with the Government in relation to excise duty reductions in support of domestic producers. In the UK, the Group is a board member of the National Association of Cider Makers and a steering committee member of the all-party Parliamentary beer group. In the US, we are active in the United States Association of Cider Makers.

The Group may be adversely affected by changes in government regulations affecting alcohol pricing, sponsorship or advertising, and product types.

Within the context of supporting responsible drinking initiatives, the Group supports the work of its trade associations to present the industry's case to government.

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

The Board and management will continue to consider the impact on the Group's businesses, monitor developments and play a role in influencing the UK, Irish and Scottish Governments to help ensure a manageable outcome for our businesses. We are working closely with the Food and Drink Federation in Ireland and the European Cider Association in relation to the implications of the UK vote for our businesses. Our manufacturing capability in Scotland may also provide opportunities for the Group arising from Brexit. On an ongoing basis, we seek, where appropriate, to mitigate currency risk through hedging and structured financial contracts and take appropriate action to help mitigate the consequences of any decline in demand in its markets.

Risks and Uncertainties

Mitigation

Liability-Related Risks and Uncertainties

The Group's operations are subject to extensive regulation, including stringent environmental, health and safety and food safety laws and regulations and competition law. Legislative non-compliance or adverse ethical practices could lead to prosecutions and damage to the reputation of the Group and its brands.

The Group has in place a permanent legal and compliance monitoring and training function and an extensive programme of corporate responsibility.

The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in a recall of the Group's products, damage to brand image and civil or criminal liability.

The Group has established protocols and procedures for incident management and product recall and mitigates the financial impact by appropriate insurance cover.

Fraud, corruption and theft against the Group whether by employees, business partners or third parties are risks, particularly as the Group develops internationally.

The Group maintains appropriate internal controls and procedures to guard against economic crime and imposes appropriate monitoring and controls on subsidiary management.

Employment-Related Risks and Uncertainties

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

The Group seeks to mitigate this risk through appropriate remuneration policies and succession planning.

Whilst relations with employees are generally good, work stoppages or other industrial action could have a material adverse effect on the Group.

The Group seeks to ensure good employee relations through engagement and dialogue.

Chief Executive's Review

OVERVIEW

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

Stephen Glancy
Group Chief Executive Officer



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

The expansion of our distribution agreement with AB InBev for our cider portfolio in the UK gained momentum, through its first year. Incremental on-trade and wholesale distribution points for Magners yielded positive results in H2 2018. Our investment in Admiral Taverns further enhances our route-to-market across the UK. We completed the investment in December 2017 and trading to date is in line with our expectations.

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

FY2018 saw another year of strong performance for our craft and super-premium brand portfolio, with Menabrea increasing volumes by +55% and Heverlee by +33%. We strengthened our portfolio increasing our investments in the Dublin craft brewery – Five Lamps and the Somerset craft cider brand – Orchard Pig.^(viii)

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

With Net Debt^(vi)/EBITDA⁽ⁱⁱ⁾ of 2.37x at 28 February 2018, leverage at year end remained low. This enabled us to move quickly and opportunistically for Matthew Clark Bibendum, which we acquired post year end out of the administration of Conviviality Plc. Matthew Clark Bibendum is the largest independent distributor to the UK on-trade. With unparalleled on-trade market access, a wide range of supplier relationships, and supported by a skilled and loyal employee base, this is a business we know well.

A strategically important acquisition for the Group, this greatly enhances our route-to-market in the UK on-trade. Significant progress has already been made in stabilising the business. We look forward to working with our new colleagues in restoring the group's position as one of the leading and most respected drinks suppliers in the UK hospitality sector.

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

STRATEGY UPDATE

The Group is well placed to benefit from the evolving trends in our sector and our strategy in domestic and international markets remains unchanged.

In Scotland and Ireland, we combine leading local brands with unrivalled production and distribution capabilities. These strong brand/geographic combinations provide the platform from which we can deliver long term value from our key brand assets as well as build out our portfolio through targeted brand investment, product innovation, agency wins and acquisitions.

In the year, we made significant strategic progress in replicating this model across the UK through our investment in Admiral Taverns (December 2017) and post year-end the acquisition of Matthew Clark Bibendum (April 2018). These investments significantly strengthened the route-to-market for our brands across the UK on-trade hospitality sector. In addition, our expanded distribution agreement with AB InBev, gathered momentum during the year gaining new off-trade, wholesale and draught distribution points across the UK for Magners and our English cider brands.

Internationally, given our size and scale, our model is to partner with local brewers and distributors. In Magners we have one of the truly international cider assets currently sold in over 50 countries and growing in territories as diverse as Russia, Germany and Thailand. The export potential of Magners and Tennent's is based on solid domestic foundations.

Chief Executive's Review

Operational Review

Great Britain

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



MARKET INSIGHT

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

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

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

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

Chief Executive's Review

Operational Review

(continued)

OPERATIONAL PERFORMANCE

Tennent's

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

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

Wholesale distribution

Operational and financial performance at our Tennent's wholesale distribution business in Scotland strengthened throughout the year. Customer numbers are up +2% year-on-year, together with some larger account wins. Volumes were up 3.0% for the year (H1 2018: +1%), with revenues ahead by more, reflecting improved mix and price inflation across third party brands. Success has been driven by leveraging the Group's procurement scale to deliver value to customers, excellence in service levels, including a streamlined ordering process with on-line ordering now accounting for 24% of volumes (FY2017: 14%).

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

Magners and UK cider portfolio

In April 2017, Magners and our portfolio of English cider brands transitioned to new distribution arrangements with AB InBev. After a slow start, Magners volumes have gathered momentum through the second half +9% (H1 2018: -6%). Overall Magners volumes are flat for FY2018, a good performance in a year of transition and against some very strong comparatives (FY2017: +12.8%).

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

Craft and super-premium

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

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



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

Admiral Taverns

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

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

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

FINANCIAL PERFORMANCE

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

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

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

Chief Executive's Review

Operational Review

(continued)

Ireland

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

* Underlying FY2017 comparatives adjusted for: (i) constant currency⁽ⁱ⁾ (FY2017: revenues €3.5 million; net revenues €2.9 million; operating profit €0.6 million); (ii) the impact of certain AB InBev beer volumes in Ireland in the comparative period which transferred to direct supply under the terms of our revised distribution arrangements with AB InBev (FY2017: volumes 194kHL; revenues €14.9 million; net revenues €14.9 million; operating profit €5.0 million).



MARKET INSIGHT

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

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

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

Chief Executive's Review

Operational Review

(continued)

OPERATING PERFORMANCE

Cider – ROI

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

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

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

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

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

Craft and super-premium

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





Heverlee, our premium Belgian lager, had another strong performance with volumes +17.7%

FINANCIAL PERFORMANCE

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

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

On an underlying basis the performance of the division was primarily impacted by Bulmers, where the volume decline of 6% resulted in reduced revenues and profits, with rate and margin also softening as a result of adverse channel mix. In addition, there were negative performances in our lower margin own label and Gleeson's drinks distribution businesses. Divisional margins were down 20bps at 18.7% on an underlying basis (down 110bps on a constant currency reported basis) due to increased brand investment and negative channel mix impact in Bulmers, mitigated by overhead cost reductions and improved business mix away from own label and third party distribution.

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

Tennent's NI

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

Wholesale

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

Chief Executive's Review

Operational Review

(continued)

International

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

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



MARKET INSIGHT

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

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

OPERATING PERFORMANCE

Export markets

In line with our strategy to consolidate and enhance our international distributor network, we made good progress in the year transitioning our brands in certain key target markets to higher quality and proven international partners. AB InBev are now distributing Tennent's for us in Italy and trialling distribution of Magners in China; Coca Cola Amatil have had a good first year as our Magners distributor in Australia (volumes +32%), having performed strongly for us in recent years in New Zealand. In addition, significant growth (+35%) was achieved in Germany where Karlsberg (our successful partner in France) took over the distributorship this year.

Chief Executive's Review

Operational Review

(continued)

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

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

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

Core brand export performance: Magners and Tennent's

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

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



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

North America

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

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

FINANCIAL PERFORMANCE

Operating profits for the International division were broadly flat on prior year at €6.5m, despite upfront investment from entering and developing new markets and slower growth in high margin European markets. Continued volume and revenue declines in our US brands, have been mitigated by further cost efficiencies and contract manufacturing and packaging wins. NSV rate/HL in other export markets declined due to country and brand mix, as developing markets in Asia grew volumes more strongly than higher value markets in Europe. This also impacted on margin in Export, despite some marketing and overhead savings.

UPDATE ON MATTHEW CLARK BIBENDUM ACQUISITION

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

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

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

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

PEOPLE

At C&C the model that we operate is that the Board allocates resources and assesses performance of the business divisions with the support of a head office of not more than 20 people, whilst each business division is equipped with the relevant people assets to ensure that we operate effectively in the market. Accordingly, each of our businesses has a local MD who has the associated capability to implement the agreed strategy and make day to day operational decisions for that business. In areas like procurement, planning and manufacturing, we seek to optimise our capability and run on a functional basis.

Our remuneration philosophy focuses on stakeholder participation through equity participation, to align employee interests with those of shareholders. Management remain largely incentivised through equity and we have employee-wide schemes in Ireland and the UK with significant participation levels amongst eligible employees. Bonus arrangements for managers and employees focus on local objectives that are relevant for the creation of long term sustainable shareholder value. All employees have the opportunity of participating in performance related bonus schemes.

This year was the first year businesses in GB were required to report on their Gender Pay Gap. We welcome this initiative and our full report is available on the Tennent's website. Our report reveals that the

Chief Executive's Review

(continued)



gender pay gap across our GB business is broadly in line with the ONS figures for the UK. Our gender bonus gap reflects the higher proportion of male employees in senior management roles with senior roles receiving a higher bonus. We continuously strive for consistency and fairness across employee pay arrangements and ensure that colleagues receive the same career development opportunities. We will monitor our gender pay gap and look to improve the gender balance across our business.

We recently acquired the Matthew Clark and Bibendum wholesale businesses in GB. We are very much looking forward to welcoming the 2,000 or so employees and we are pleased to have ended a difficult period of disruption and uncertainty for them as well as for customers, suppliers and for the industry in GB more generally.

A focus area in FY2018 has been around employee engagement. A survey was completed across Ireland and GB and I am pleased that participation was high with 73% of employees completing the survey, sharing their thoughts and feedback.

A focus area in FY2018 has been around employee engagement. A survey was completed across Ireland and GB and I am pleased that participation was high with 73% of employees completing the survey, sharing their thoughts and feedback. Each department has identified areas they would like to see improvement in and work continues in relation to this. One of the key themes that came out of the survey was around communications and this will be a focus going forward.

CORPORATE RESPONSIBILITY

Taking an active lead on Corporate Social Responsibility (CSR) matters and working with our communities and stakeholders is essential to our business. Over the last 12 months we have continued to develop our CSR agenda.

After the Scottish Government initially passed legislation to introduce a minimum price for alcohol in 2012, following a series of legal challenges, its introduction was finally approved by a UK Supreme Court decision in November 2017 and came into effect in Scotland in May 2018. We were supportive of this initiative from the start and believe that minimum unit pricing is an important step in tackling irresponsible consumption of alcohol. We are also supportive of the Governments' plans to introduce this important initiative in the Republic of Ireland and Northern Ireland.

We have always believed that consumers should be given sufficient information about what they are consuming to help to ensure a sustainable relationship between ourselves, our products and our communities.

In line with that belief, we voluntarily display calorie information on our packaging in the UK and Ireland. Our products are relatively low in sugar content with our leading cider brands containing less sugar than their key competitors and with Tennent's lager only containing trace levels of sugar. In the UK, we also include the Chief Medical Officer's latest responsible drinking guidelines on packaging.

We focus our CSR efforts on activities that benefit our local areas and work hard to ensure we have a positive impact on the communities in which we operate. A significant part of this is our approach to charitable activities where we support a wide range of charities, particularly those that have a local impact in relation to our operating facilities.

We are extremely proud of the work of the Tennent's Training Academy, which has now provided over 40,000 training courses, having a very positive impact on the quality and expertise within the Scottish hospitality trade. This includes working with Glasgow's Special and Behavioural needs schools to develop pupils' experience across the hospitality industry and to promote healthy lifestyles for young people; our Yes Chef programme, which is aimed at rehabilitating young adult males recently released from prison; and the Magners Employability Scheme, which sees Magners partner with the Celtic FC Foundation and the Tennent's Training Academy to teach new skills to adults who are registered as long-term unemployed.

We support a wide range of charitable causes across the Group, big and small. These range from activities such as Tipperary Water partnering with the Irish national child protection charity, the ISPCC; to lower profile but equally important charitable activity such as our support for KidsOut, our partnership with Inner City Enterprise, a charity which advises and assists unemployed people in Dublin's inner city to set up their own businesses and our support for Scotland's first social enterprise pub group, Harry's, which aims to help young people who need it most by offering bespoke training in the hospitality sector.

The Tennent's Visitor Experience has seen continued growth, with plans to develop the Tennent's visitor experience well underway, with a significant investment in a brand new state of the art tour that will combine cutting edge digital animation and bespoke interactive display features with never before seen Tennent's historical exhibits, creating a truly one of a kind brewery experience.

Chief Executive's Review

(continued)

We also support a diverse range of sporting events through our sponsorship of the Tipperary hurling and football championships, our partnership with the Irish Football Association in Northern Ireland and of course our partnership with Glasgow Celtic FC. We also support a wide range of live music events and festivals such as the Bulmers Forbidden Fruit festival and Body & Soul in the Republic of Ireland and Belsonic, Vital and CHSQ in Northern Ireland

The Group has also delivered a great range of environmental initiatives. During the last year, we reduced electricity consumption at our manufacturing sites by 13% per hectolitre and Scope 1 and Scope 2 CO2 emissions across our sites fell by 23%. Our manufacturing sites in the UK and Ireland also sent no waste to landfill.

Our commitment to the environment is central to our business. We are a producer that relies on high-quality agricultural products. We pressed 80,000 tonnes of fruit last year across our manufacturing sites and we continue to source all of our malt used in our Wellpark Brewery from Scottish farmers.

I am personally very proud of the work undertaken by employees to ensure that we nurture our environment and the communities in which we operate.

Stephen Glancey

Group Chief Executive Officer

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

- (i) FY2017 comparative adjusted for constant currency (FY2017 translated at FY2018 F/X rates) as outlined on page 51.
- (ii) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, share of equity accounted investment profit after tax, depreciation and amortisation charges. A reconciliation of the Group's operating profit to Adjusted EBITDA is set out on page 48.
- (iii) Before exceptional items of €7.0m on a before tax basis.
- (iv) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 9 of the financial statements.
- (v) Free Cash Flow ('FCF') is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows/(inflows) which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. A reconciliation of FCF to Net Movement in Cash & Cash Equivalents per the Group's Cash Flow Statement is set out on page 49.
- (vi) Net debt comprises borrowings (net of issue costs) less cash & cash equivalents.
- (vii) Nielsen Ireland Databases – ROI total cider category volumes as at February 2018
- (viii) Orchard Pig was acquired in April 2017 and contributed volumes of 33HL in FY2018.
- (ix) Ireland FY2017 comparatives adjusted for: (i) constant currency (FY2017: net revenues €2.9m; operating profit €0.6m); (ii) the impact of certain AB InBev beer volumes in Ireland in the comparative period which transferred to direct supply under the terms of our revised distribution arrangements with AB InBev (FY2017: volumes 194kHl; revenue €14.9m; net revenues €14.9m; operating profit €5.0m).
- (x) Nielsen Scantrack 52wks to end February 2018; on-trade: CGA OPMS MAT end February 2018 for GB – beer and cider categories
- (xi) Based RoS performance (in 2 months post-installation) of all stocklists receiving new fonts by 10th June 2017.
- (xii) YouGov BrandIndex – Purchase Intent scores FY2017 (Scotland)
- (xiii) Company commissioned market research conducted by Ipsos MRBI (2015) and Behaviour & Attitudes (2017)
- (xiv) Per IRI-Canada
- (xv) TTB Industry Update Cider Domestic & Import Volumes – May 2017



Group Chief Financial Officer's Review

RESULTS FOR THE YEAR

C&C is reporting net revenue of €548.2 million, operating profit⁽ⁱ⁾ of €86.1 million, adjusted diluted EPS⁽ⁱⁱⁱ⁾ of 22.0 cent and FCF^(vi) of 70.5%. On a constant currency basis net revenue decreased 4.9% and operating profit⁽ⁱ⁾ decreased 7.0%.



Jonathan Solesbury
Group Chief Financial Officer

The Group revenue decline of 4.9%^(m) was largely attributable to the discontinuation of certain wholesale accounts in Ireland under the terms of our new revised distribution arrangements with AB InBev. These accounts had generated €15 million of revenues in FY2017, accounting for approximately half of the year-on-year revenue decline. The balance of the decline was due to a loss of distribution points in the draught on-trade in Ireland and reduced lower margin own-label and agency volumes. In contrast, the performance of our branded and wholesale businesses in Great Britain were markedly positive.

Operating profit^(o) for the Group at €86.1 million was down 7.0% on a constant currency basis. This was due to the commercial factors noted above, in addition to a 40bps decline in operating margin as result of negative channel and packaging mix, as well as increased marketing investment in Ireland.

Adjusted diluted EPS^(m) of 22.0c was down 5.2%^(m) on FY2017. Adjusted diluted EPS also reflected the impact of the share buyback activity in both this and the prior financial year.

The key financial performance indicators are set out on page 23.

ACCOUNTING POLICIES

As required by European Union (EU) law, the Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC); applicable Irish law and the Listing Rules of the Irish Stock Exchange and the UK Listing Authority. Details of the basis of preparation and the significant accounting policies are outlined on pages 127 to 139.

Prior year reclassification

In anticipation of the implementation of IFRS 15 *Revenue from Contracts with Customers* from 1 March 2018, management has begun examining the accounting for revenue for certain arrangements. In respect of certain of the Group's arrangements with third parties entered into in order to utilise excess capacity, management has determined that income from such arrangements, previously netted from operating costs, should more appropriately be recorded gross, as revenue.

Accordingly, management have changed the classification of such income in the Income Statement for the year ended 28 February 2018. In the current year, the amount recorded that would have been netted from operating costs was €36.5m and accordingly, in the prior year Income Statement line items have been restated as follows: gross revenue has increased by €42.7m, excise duties have increased by €5.7m, and net sales revenue and operating costs have increased by €37.0m. Applicable notes have accordingly also been adjusted. The restatement has no impact on net income or net assets for the prior year.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

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

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

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

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

Group Chief Financial Officer's Review

(continued)

In addition to increased dividends, we invested €33.1 million (including commission and related costs) in market share buybacks, purchasing 9.49 million of our own shares at an average price of €3.44. Our stockbrokers, Investec and Davy, conducted the share buyback programme. All shares acquired during the current financial year were subsequently cancelled.

Exceptional items

Costs of €7.0 million on a before tax basis were charged in FY2018 which, due to their nature and materiality, were classified as exceptional items for reporting purposes. In the opinion of the Board, this presentation provides a more useful analysis of the underlying performance of the Group.

The main items which were classified as exceptional include:-

(a) Restructuring costs

Restructuring costs of €1.9m were incurred in the current financial year (FY2017: €12.7m) primarily relating to severance costs of €1.5m arising from the change in the distribution arrangements with AB InBev in England and Wales, as well as other restructuring initiatives in our strategy and export divisions within the Group. Other costs of €0.4m primarily relate to the closure of a warehousing facility.

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

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

(c) Acquisition related expenditure

In the current financial year, the Group incurred professional fees of €0.1 million (FY2017: €0.9 million) associated with the assessment and consideration of strategic opportunities by the Group during the year.

BALANCE SHEET STRENGTH, DEBT MANAGEMENT AND CASH FLOW GENERATION

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

The Group has a €450 million multi-currency five year syndicated revolving loan facility. The facility agreement provides for a further €100 million in the form of an uncommitted accordion facility and permits the Group to have additional indebtedness to a maximum of €150 million, giving the Group debt capacity of €700 million.

The debt facility matures on 22 December 2019. The Group is currently in the process of conducting an exercise to renew the existing facility in advance of this date.

At 28 February 2018 net debt^(iv) was €237.6 million, representing a net debt^(iv):EBITDA^(v) ratio of 2.37:1, well within our bank covenants of 3.5:1.

Cash generation

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

The Group's performance during the year resulted in an EBITDA^(v) to Free Cash Flow^(vi) conversion ratio pre-exceptional costs of 70.5%. A reconciliation of EBITDA^(v) to operating profit/(loss) is set out below.

A summary cash flow statement is set out in Table 2 on page 49.

Table 1 – Reconciliation of EBITDA^(v) to Operating profit/(loss)⁽ⁱⁱ⁾

| | 2018 €m | 2017 €m |
|---|------------|------------|
| Operating profit/(loss) | 79.1 | (55.1) |
| Exceptional items | 7.0 | 150.1 |
| Operating profit before exceptional items | 86.1 | 95.0 |
| Amortisation and depreciation charge | 14.3 | 15.0 |
| Adjusted EBITDA ^(v) | 100.4 | 110.0 |

Table 2–Cash flow summary

| | 2018 €m | 2017 €m |
|--|---------------|------------|
| Adjusted EBITDA^(vi) | 100.4 | 110.0 |
| Working capital | (8.3) | 0.6 |
| Advances to customers | 0.6 | (12.4) |
| Net finance costs | (6.4) | (6.5) |
| Tax paid | (5.9) | (6.9) |
| Pension contributions paid | (1.2) | (3.4) |
| Capital expenditure | (14.0) | (22.7) |
| Disposal proceeds property plant & equipment | 3.7 | 6.9 |
| Exceptional disposal proceeds property plant & equipment | - | 18.7 |
| Exceptional items paid | (4.8) | (22.7) |
| Other* | 1.9 | (7.3) |
| Free cash flow ^(vi) | 66.0 | 54.3 |
| Free cash flow conversion ratio | 65.7% | 49.4% |
| Free cash flow^(vi) | 66.0 | 54.3 |
| — Exceptional cash outflow | 4.8 | 22.7 |
| — Exceptional cash inflows | - | (18.7) |
| — Exceptional cash net outflow | 4.8 | 4.0 |
| Free cash flow excluding exceptional cash outflow | 70.8 | 58.3 |
| Free cash flow conversion ratio excluding exceptional cash outflow | 70.5% | 53.0% |
| Reconciliation to Group Condensed Cash Flow Statement | | |
| Free cash flow^(vi) | 66.0 | 54.3 |
| Net proceeds from exercise of share options/equity Interests | 2.0 | 0.8 |
| Shares purchased under share buyback programme | (33.1) | (23.2) |
| Drawdown of debt | 86.8 | 138.7 |
| Repayment of debt | (61.2) | (134.0) |
| Acquisition of business | (10.3) | - |
| Net cash outflow re acquisition of equity accounted investments | (44.2) | (1.5) |
| Dividends paid | (40.6) | (34.9) |
| Net increase in cash | (34.6) | 0.2 |

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

Notes to the Group Chief Financial Officer's Review

- (i) Before exceptional items of €7.0m on a before tax basis.
- (ii) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 9 of the financial statements.
- (iii) FY2017 comparative adjusted for constant currency (FY2017 translated at FY2018 F/X rates) as outlined on page 51.
- (iv) Net debt comprises borrowings (net of issue costs) less cash.
- (v) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investments' profit after tax. A reconciliation of the Group's operating (loss)/ profit to EBITDA is set out on page 48.
- (vi) Free Cash Flow ('FCF') is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out above.

Group Chief Financial Officer's Review

(continued)

RETIREMENT BENEFITS

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

We previously finalised the actuarial valuations of the defined benefit schemes in FY2016. As a result of these updated valuations, new funding arrangements were put in place. For the staff defined benefit pension scheme, these arrangements committed the Group to funding contributions at 22% of pensionable salaries per annum to meet the cost of future service benefits for active members in addition to a lump sum deficit funding contribution of €1.2 million per annum until the next valuation date. There is no funding requirement with respect to the Group's Executive defined benefit pension scheme in 2018. The 2014 actuarial valuation of the NI defined benefit pension scheme confirmed it was in surplus and the scheme remains in surplus. The funding requirement will be reviewed again as part of the next triennial valuation which is currently ongoing.

There are 4 active members in the NI scheme and 57 active members (less than 10% of total membership) in the ROI schemes.

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

The movement in the deficit is as follows:

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

The decrease in the deficit from €17.8 million to a surplus of €1.0 million is primarily driven by the actuarial gain of €16.8 million, there are two main reasons being:

1) a reduction in the future improvement assumption rates in line with the latest findings of the research arm of the Institute and Faculty of Actuaries, the Continuous Mortality Investigation (CMI), and; 2) a gain due to the change in financial assumptions resulting from higher discount rates as set by corporate bond yields, which is marginally offset by an increase in future inflation expectations. All other significant assumptions applied in the measurement of pension obligations at 28 February 2018 are broadly consistent with those as applied at 28 February 2017.

FINANCIAL RISK MANAGEMENT

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

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

Currency risk management

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

Currency transaction exposures primarily arise on the Sterling, US, Canadian and Australian Dollar denominated sales of our Euro subsidiaries. We seek to minimise this exposure, when economically viable to do so, by maximising the value of subsidiary foreign currency input costs and creating a natural hedge. When the remaining net exposure is material, we manage it by hedging an appropriate portion for

a period of up to two years ahead. Forward foreign currency contracts may be used to manage this risk in a non-speculative manner when the Group's net exposure exceeds certain limits as set out in the Group's treasury policy. There were no outstanding forward foreign currency contracts as at the year end date.

The average rate for the translation of results from Sterling currency operations was €1:£0.881 (year ended 28 February 2017: €1:£0.8342) and from US Dollar operations was €1:\$1.1567 (year ended 28 February 2017: €1:\$1.1011).

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

Applying the realised FY2018 foreign currency rates to the reported FY2017 revenue, net revenue and operating profit are shown below.

Table 3—Constant currency comparatives

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

Group Chief Financial Officer's Review

(continued)

COMMODITY PRICE AND OTHER RISK MANAGEMENT

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

The Group seeks to mitigate risks in relation to the continuity of supply of key raw materials and ingredients by developing trade relationships with key suppliers. We have over 60 long-term apple supply contracts with farmers in the west of England and have an agreement with malt farmers in Scotland for the supply of barley.

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

Jonathan Solesbury

Group Chief Financial Officer

Corporate Responsibility

HIGHLIGHTS

We are supporting the implementation of minimum unit pricing in Scotland, the Republic of Ireland and Northern Ireland.

The recent acquisition of Matthew Clark and Bibendum has ensured security for pubs and suppliers across the UK and safeguarded 2,000 jobs.

We display calorie information on our packaging in the UK and Ireland and were the first drinks company in the UK to communicate the Chief Medical Officer's new responsible drinking guidelines on packaging.

We are working with Governmental bodies, Drinkaware, Best Bar None and the police forces to promote the responsible consumption of alcohol and on initiatives to improve the safety and enjoyment of the night time economy.

The Tennent's Training Academy provides high quality hospitality industry training, now having trained over 40,000 people.

We have made significant charitable contributions at local and national level.

Efficiencies at our manufacturing sites have meant that our energy consumption per hectolitre fell by 13% (electricity) and 6% (gas).

Scope 1 and Scope 2 CO₂ emissions at our sites fell by 23%.

Our two production sites in the UK and Ireland sent zero waste to landfill.

Health and Safety programmes have delivered a significant reduction in the number of injuries resulting in lost-work days.

Our commitment to the environment and agriculture is extremely high. During the last 12 months we pressed 80,000 tonnes of fruit.

We pay the appropriate and required level of tax in the different countries we operate in and remit substantial amounts of alcohol duty.

Corporate Responsibility

(continued)

INTRODUCTION

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

COMMUNITY ENGAGEMENT

It is important to us that we operate as good citizens in our communities. We focus our efforts on activities that benefit our local areas. We work hard to ensure we have a positive impact on the communities in which we operate. A significant part of this is our approach to charitable activities where we support a wide range of charities particularly those that have a local impact in relation to our operating facilities.

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

IRELAND

We support a diverse range of sporting and live music events as well as charities and community projects across Ireland.

Our partnerships with sporting events include horse racing and endurance events and we continue to sponsor the Tipperary hurling and football championships, covering all adult grades.

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

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

In the Republic of Ireland, we continue to use our brands to raise money for local charities. Tipperary Kidz water has partnered with the ISPCC (the Irish Society for the Prevention of Cruelty to Children), Ireland's national child protection charity. Tipperary Kidz water is providing a crucial platform for the ISPCC, putting the ISPCC Childline phone number into the hands of children by incorporating it on our Tipperary Kidz water bottles. We will donate €20,000 to the charity this year to support their freephone number, text number, online chat system, school outreach programme and their campaigning for children's rights, all run by professionally trained ISPCC staff and volunteers.

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



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

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

SCOTLAND

Our diverse range of Tennent's Training Academy courses and classes have seen continued growth with over 40,000 students having passed through our doors. The award-winning Training Academy continues our work in supporting charities and schools with a programme of training and learning sessions across a range of hospitality sectors. This includes working with Glasgow's Special and Behavioural needs schools to develop pupils' experience across the hospitality industry and to promote healthy lifestyles for young

people in collaboration with UTD sports. The success of our Yes Chef programme, aimed at rehabilitating young adult males recently released from prison, has seen 50% of participants gain full time employment in established kitchens.

In May 2017, Magners launched a limited edition Lisbon Lions pack to mark the 50th anniversary of Celtic's historic European Cup victory. Under the Magners Employability Scheme, a donation of £10 was made from the first 1,967 packs sold to the Celtic FC Foundation. The Magners Employability Scheme sees Magners partner with the Celtic FC Foundation and the Tennent's Training Academy to teach new skills to adults who are registered as long-term unemployed. This intensive twelve week project, which was first launched in 2015, has now seen over 29 graduates move into work across Glasgow. In November 2017, 13 trainee chefs graduated from this year's programme and have secured employment in some of Glasgow's top kitchens.

Corporate Responsibility (continued)

We support a broad range of charitable activities including KidsOut Scotland, where our annual dinner event for 250 guests raised £50,000 to support disadvantaged children in Scotland. We raised a further £10,000 for KidsOut from a team of Tennent's employees completing the Glasgow Half Marathon in October.

In October 2017, Tennent's supported Scotland's first social enterprise pub group, Harry's, the on-trade wing of the Beer for Good Community Interest Company, founded in August 2015. Following a six-figure investment package from Tennent's, Harry's extended its presence in Edinburgh and added to its growing portfolio with the purchase of "Harry's Southside". Aiming to support young people aged 18-25 requiring

raffle in January, offering winners a once-in-a-lifetime match day experience for the games against France and the Calcutta Cup clash against England. The raffle raised almost £15,000 with proceeds being split between the Scottish drinks industry charity, The BEN, and the My Name's Doddie Foundation together with The Murrayfield Injured Players Foundation.

The Tennent's Visitor Experience has seen continued growth, with over 22,000 guests attending our brewery tours in 2017, up 15% on the previous year. Plans to develop the Tennent's visitor experience are well underway, with a £1.2 million investment in 'The Tennent's Story'. Launching in Autumn 2018, the brand new state of the art tour will combine cutting edge digital animation and bespoke interactive display features with

never before seen Tennent's historical exhibits, creating a truly one of a kind brewery experience. This brand new tour experience will showcase the heritage of the Tennent's business as well as further establishing Tennent's as a truly global brand.

NORTH AMERICA

Vermont Hard Cider Company has a passion for producing the highest quality products with a commitment to our employees and our community, ensuring we are socially, ethically, and environmentally responsible. In FY2018, we continued our commitment to our local orchard

partners as well as to our allied industry associations. We voluntarily serve on the board of directors for the Vermont Tree Fruit Growers Association, the Vermont Cider Makers Association and the United States Association of Cider Makers. We host annual meetings for the University of Vermont's outreach to apple growers, and provide in-kind donations of marketing materials, digital marketing, consumer education and technical expertise to promote overall cider awareness.

assistance, Harry's offers bespoke training in the hospitality industry. These trainees are given the opportunity to gain invaluable experience and receive industry-wide recognised qualifications to help them in their future careers.

To mark Tennent's Lager becoming the Official Beer of Scottish Rugby, the brand launched a charity raffle to win the 'Best Seat in the House' at Scotland's Home Six Nations internationals. Scottish Rugby icon, Doddie Weir and Chris Gardner of The BEN launched the charity



We have a long term commitment to sourcing local apples. This year we concluded a three year study to promote the sustainable growth of cider specific apples in Vermont by using less inputs and sprays on the orchard and paying a fair price to farmers to grow cider specific apples. The study involves 40 acres of orchard that are managed using cider specific techniques. We have provided funding for this initiative through \$200,000 in payments per year for these specialty cider apples and through a \$200,000 loan to the orchard to purchase additional cider acreage.

BUSINESS SUPPORT

When it comes to obtaining finance as a licensed trade operator, going through the traditional avenues of banks and building societies is becoming increasingly difficult. Nurturing and maintaining the on-trade is a key priority in particular for our business and we offer a range of financial supports in this regard. We can provide everything from small loans for repairs all the way up to larger sums for major refurbishments or to purchase new premises. Over the last seven years, we have invested over £51m into the Scottish on-trade and over £35m into the on-trade in Northern Ireland.

MATTHEW CLARK

The recent acquisition of the Matthew Clark and Bibendum wholesale businesses in GB safeguarded 2,000 jobs and put an end to a period of disruption and uncertainty for its employees, customers and suppliers and for the industry in GB more generally.

HEVERLEE

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

RESPONSIBLE DRINKING

Public Policy Leadership

For a relatively small drinks company, we punch well above our weight in terms of leading public policy on responsible drinking. We have influenced at a local, national and international level in relation to minimum unit pricing. We were the first drinks organisation to carry the UK Chief Medical Officer's new responsible drinking guidelines on our packaging in the UK. We also offer zero alcohol alternatives to all our main brands in the UK. The need to ensure that communities are well educated and protected in terms of their relationship with our products is central to our business.

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

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

Nutrition

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

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

Corporate Responsibility (continued)

These pioneering initiatives are further proof of our commitment to ensuring a sustainable relationship between ourselves, our products and our communities.

Drinkaware

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

Best Bar None

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

Minimum Unit Pricing

The Scottish Government initially passed legislation to introduce minimum pricing for alcohol in 2012. Implementation of the legislation was delayed following a series of legal challenges, however, in November 2017, following a decision of the UK Supreme Court, its introduction was finally approved. We continued to support the Scottish Government, retailers and consumers in the lead up to the implementation of Minimum Unit Pricing on 1 May 2018.

We are also supporting the Republic of Ireland and Northern Ireland Governments in their plans to implement minimum unit pricing.

Brexit

Over the next couple of years, we will continue to play a role in influencing UK, Irish and Scottish Governments and the EU to help ensure a manageable outcome for our businesses resulting from Brexit and are working closely with the Food and Drink Federation in Ireland and the European Cider Association in relation to the implications of Brexit for our businesses.



ENVIRONMENTAL IMPACT & ENERGY

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

Our operations teams in each of the Group's manufacturing facilities continue to actively work on reducing our impact on the environment. Their focus is on a reduction in the consumption of energy, water and other raw materials as well as waste going to landfill and greenhouse gas (GHG) emissions. We also actively continue to review mechanisms whereby we can increase transportation efficiency.

FY2018 was a year of consolidation, following the structural change to the manufacturing footprint made in FY2017. Increased volumes at both the Wellpark and Clonmel facilities resulted in an overall increase in the use of gas, electricity and water although energy efficiencies were closely monitored throughout. The electricity used in FY2018 for Clonmel was from 100% renewable energy.

Compared with FY2017, electricity used per hectolitre of product produced in our manufacturing sites reduced by 13%. This was due to an improvement in line efficiencies, higher line utilisation and more efficient operation of assets, like our refrigeration and lighting systems. In support of the increased activity in both

sites, we commenced a lean manufacturing programme in Clonmel and introduced a number of continuous improvement projects at Wellpark. These are focussed on sustainable performance improvement.

Overall gas (heat) efficiency reduced by 6% in the same period, which can be attributed to the larger proportion of beer being brewed compared to other liquid types, as brewing is a more energy intensive process.

In FY2019, we are undertaking a number of new projects to improve our heat usage. These include a waste to value project, which will generate biogas, an upgrade to the canning pasteurisation temperature control and modifications to the internal steam network.

Our manufacturing site at Clonmel continues to be accredited with the Environmental Management Standard ISO 14001 and is accredited to the Irish Energy Management Standard IS EN 16001:2009. It works closely with the Sustainable Energy Authority of Ireland (SEAI). Our Clonmel site was reaccredited to the ISO 50001:2011 Energy Management Standard. Our environmental management systems at Wellpark are aligned with Clonmel. In the UK, we continue to avail of the Government's small emitters opt out scheme.

In the US, our Middlebury cidery was built with energy efficiency in mind, and we work closely with groups such as Efficiency Vermont to reduce our environmental footprint and improve production efficiencies. In 2017, we replaced all the lights in our offsite 130,000 square foot warehouse with automatic LED lights. We source 15% of our energy from local solar power and send all of our fermentation solids to a local dairy owned methane digester, affectionately known as "cow power".

CARBON CONSUMPTION

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

The Group has participated in the Carbon Disclosure Project (CDP) Supply Chain Programme for a number of years, and CO2 emissions for the Group are evaluated annually. The Group has historically scored highly in the CDP Ireland Report, showing disclosure scores which are amongst the best in its sector. Compared to FY2017, Scope 1 and 2 CO2 emissions fell by 23% in FY2018 and are broken down across our sites as follows:

| | |
|-----------|---------------|
| Clonmel: | 10,248 tonnes |
| Wellpark: | 16,877 tonnes |
| Vermont: | 2,854 tonnes |
| Others: | 1,633 tonnes |

WASTE

We have systems in place across all our manufacturing sites working towards maximising the recycling of waste we produce and hence minimise what we send to landfill.

In FY2018, both Clonmel and Wellpark sent zero process waste to landfill, which means this was the first year we have achieved this in the UK and Ireland. We also introduced composting of brewing materials which were previously being handled as waste. In FY2019, we will improve the handling of our aluminium waste from our Wellpark canning facility to reduce associated vehicle traffic by 75%.

In FY2019, we are making a multi-million pound investment in Wellpark to reduce the loading of wastewater from the site by 80%. This will improve the quality of the wastewater we discharge to the municipal treatment plant and have associated environmental benefits. As a result of the technology employed, we will also generate a biogas which will be used to support the heated processes in the brewery, reducing the consumption of national grid supplied gas.

Corporate Responsibility (continued)

In FY2018, both Clonmel and Wellpark sent zero process waste to landfill, which means this was the first year we have achieved this in the UK and Ireland.



WATER

At all the Group's manufacturing sites, water preservation and management is an important business consideration and we continue to monitor the usage of water per hectolitre of finished product from each manufacturing facility and across our supply chain.

In FY2018, our total water usage for the Group reduced as consolidation took effect. Overall, this is equivalent to 3 hectolitres of water used per hectolitre (hl/hl) of product produced, which is significantly better than the recognised industry benchmark of 4 hl/hl.

Our aquifer protection programme in Clonmel has resulted in us retaining our successful accreditation to the Irish IS 432:2005 standard.

PROCUREMENT

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

for new suppliers. This also allows us to develop a consistent approach to relationship management and supplier segmentation on supplier diversity, with an open dialogue encouraging best practice sharing and innovation that can be applied more widely.

We do not condone and will not knowingly participate in any form of human exploitation, including slavery and people trafficking. We refuse to work with any suppliers or service providers who knowingly participate in such practices or who cannot demonstrate to us sufficient controls to ensure that such practices are not taking place in their supply chains. Our approach is reflected in our Sustainable and Ethical Procurement Policy, which we circulate to suppliers. We also carry out diligence audits and checks on our suppliers to ensure that they have in place and adhere to appropriate ethical policies.

We work with our growers to ensure that appropriate methods are used to harvest apples. Annualised desktop audits of our contracted growers are carried out to ensure standards are being applied.

We seek to support suppliers of our key raw materials such as barley and wheat through entering into long-term supply arrangements with them. We take account of broader outputs such as the impact on sustainability, profit, cash flow, reputation, environmental and social impacts in order to create shared value across the supply chain.

We also leverage the expertise and capabilities of our suppliers to ensure C&C optimises the materials we use and reduces our impact on the environment.

GREEN PRODUCTION

In Ireland and the UK, through our commitment to rural development, we support orchard growers who manage over 1,500 hectares of orchards for apples used directly in the production of our cider.

During the year, we processed 77,350 tonnes of apples and 2,300 tonnes of pears in our milling operations across the Group.



We encourage sustainable agricultural practices and the preservation of biodiversity. In the UK, we are actively involved in the NACM, which takes the lead in adopting and working to sustainable principles both in the physical and social environment and carries out annual climate change assessments. The NACM is the first drinks trade body to work with Business in the Community (BITC) to address sustainability, and we have worked with the pomology and technical experts in the NACM to develop our sustainability agenda.

At our cider mill in Vermont we take part in “cow power” which means that we pay a premium on the electricity used and this premium is used to help dairy farmers install methane digesters turning manure into power. We also use a “solar orchard” which is a 26 array solar project providing sustainable electricity and diversification for local farmers. Both of these projects are good examples of how we are working in an innovative manner to safeguard energy supply.

EMPLOYEES

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

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

sexual orientation. The policy also requires our staff to treat customers, suppliers and the wider community in accordance with these principles as well.

HEALTH AND WELLBEING OF EMPLOYEES

In comparison to FY2017, the total number of lost time accidents reduced by 40%, with both Clonmel and Wellpark maintaining low accident rates.

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

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

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

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

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

Corporate Responsibility (continued)



DEVELOPMENT

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

A key focus in FY2018 has been the development of our managers and future leaders. Through the introduction of various management development programmes with a focus on supporting managers in key areas, we have successfully cultivated a high performance culture across our business.

Training continues across the business on specialised skills such as Green Belt Certification (Lean), customs regulations, certification with the Institute of Brewing and Distilling and of course many training hours are invested in remaining compliant in areas such as food safety, HACCP, manual handling, forklift driving and chemical handling.

We continue to support individuals in their professional development with employees participating in various college or university programmes or professional qualifications where appropriate.

WELLBEING

We encourage employees to manage their wellbeing and make available advice on how to improve their health and wellbeing generally. Health checks are available in some areas and this is something we intend to continue to improve upon.

ENGAGEMENT

An employee engagement survey was undertaken across Ireland and GB in FY2018. Participation was high with 73% of employees completing the survey, sharing their thoughts and feedback. Each department has identified areas they would like to see improvement in and work continues in relation to this. One of the key themes that came out of the survey was around communications and this will be a focus going forward.

In Ireland, the employee communications forum that was established last year continues to meet quarterly and feedback continues to be positive. This forum facilitates two way communication and dialogue on key messages, strategy and performance as well as creating an opportunity for ideas and suggestions from employees to be heard. A similar initiative is now being put in place in our depot network in GB.

In our manufacturing and commercial areas in GB, employees have an opportunity to meet with one of our business leaders on a regular basis in a very informal communications forum where they hear a business update, have an opportunity to ask questions and give whatever feedback they would like.

New this year is the publication of two monthly newsletters. Beverage Buzz (Ireland) and HR Hub (GB) both of which offer employees an opportunity to keep up to date in an informal way with news and developments across the business.

Corporate Governance

in this section

| | |
|-----|---|
| 64 | Board of Directors |
| 66 | Directors' Report |
| 71 | Directors' Statement of Corporate Governance |
| 84 | Report of the Remuneration Committee on Directors' Remuneration |
| 108 | Statement of Directors' Responsibilities |

We believe that effective governance is the foundation of a successful and sustainable organisation and should be based upon an appropriate level of oversight, clear communication and a commitment to transparency. Governance is the framework within which we focus on the health and growth of the business.



Read more in the *Directors' Statement of Corporate Governance* on page 71

Board of Directors



BOARD COMMITTEES

- Audit Committee**
Emer Finnan (Chairman)
Vincent Crowley
Geoffrey Hemphill
- Nomination Committee**
Sir Brian Stewart (Chairman)
Stewart Gilliland
Richard Holroyd

- Remuneration Committee**
Stewart Gilliland (Chairman)
Vincent Crowley
Richard Holroyd
- Senior Independent Director**
Richard Holroyd

1. SIR BRIAN STEWART*

Chairman

Brian Stewart (73) was appointed as a non-executive Director of the Group and as a member of the Nomination Committee in March 2010. He was appointed as Chairman of the Group in August 2010. He is a former Chairman of Standard Life plc and of Miller Group plc and a former Chairman and former Chief Executive of Scottish & Newcastle plc.

2. STEPHEN GLANCEY

Group Chief Executive Officer

Stephen Glancey (57) was appointed Group Chief Executive Officer in 2012. Prior to that, he was appointed Chief Operating Officer in November 2008 and Group Finance Director in May 2009. He qualified as a chartered accountant and was previously the Group Operations Director of Scottish & Newcastle plc.

3. JONATHAN SOLESBURY

Group Chief Financial Officer

Jonathan Solesbury (52) was appointed Group Chief Financial Officer in November 2017. A former SABMiller plc Director of Group Finance, Jonathan held a number of senior roles during his 22 year tenure with the global drinks company. He oversaw the acquisition and subsequent integration of SABMiller's Colombian business and transformation programme in Latin America and served as an executive Director on many boards across multiple jurisdictions and as Chief Financial Officer for the Latin American and Asian regions. He has extensive international and emerging market experience and played a prominent role in building SABMiller plc into one of the world's largest and most successful beverage companies.

4. JORIS BRAMS

Managing Director, International division

Joris Brams (49) was appointed as Managing Director of the Group's International division in 2012 and was appointed to the Board in October 2012. He was previously Group Operations Director at Puratos Group, a Belgian company supplying the bakery, patisserie and chocolate sectors in more than 100 countries. He previously served as Group Technical and Development Director

at Scottish & Newcastle plc and, prior to that, he held a number of commercial roles at Alken-Maes Breweries. He brings significant experience of international transactions as well as having production, supply-chain management and procurement expertise. He is a non-executive director of Democo NV, a Belgian construction company.

5. ANDREA POZZI

Group Chief Operating Officer

Andrea Pozzi (46) is the Group's Chief Operating Officer with responsibility for the Group's manufacturing, logistics, procurement and IT functions as well as leading the Group's businesses in Great Britain. He joined C&C in 2010 and has had a number of roles within the Group, including Group Manufacturing Director and Managing Director International (EMEA). Before joining C&C, Andrea held various management positions with the Carlsberg Group, Brasseries Kronenbourg and Masterfoods.

6. JIM CLERKIN*

Jim Clerkin (63) was appointed as a non-executive Director of the Company in April 2017. Jim has over 30 years' experience in the beer, wine and spirits industries and is the President and Chief Executive of Moët Hennessy North America. Jim joined Moët Hennessy in 2008 as Executive Vice President and Chief Operating Officer USA. Prior to joining Moët Hennessy, Jim held roles in Guinness and Diageo, including terms as Managing Director of Gilbeys of Ireland, President of Diageo North America's Western Division, and President of Allied Domecq North America. Jim's career began in Ireland where he progressed through the ranks at Guinness to become Executive Sales Director and a member of the Board of Directors. Jim brings a wealth of experience and knowledge of the global drinks industry to the Board.

7. VINCENT CROWLEY*

Vincent Crowley (63) was appointed as a non-executive Director of the Company in January 2016 and is a member of the Audit Committee and the Remuneration Committee. He was previously both COO and CEO of Independent News and Media plc, a leading media company which, during his tenure, had operations and investments in Australia, India, Ireland, New Zealand, South Africa and the UK. He also served as CEO and subsequently

as a non-executive Director of APN News & Media, a media company listed in Australia and New Zealand. He initially worked with KPMG in Ireland. He is currently Chairman of Altas Investments plc, Chairman of Newsbrands Ireland and a non-executive Director of Grafton Group plc and Inner City Enterprise. Vincent brings considerable domestic and international business experience across a number of sectors to the Board.

8. EMER FINNAN*

Emer Finnan (49) was appointed as a non-executive Director of the Company in May 2014 and became Chairman of the Audit Committee in July 2015. She is a Partner and Senior Managing Director of Kildare Partners, a private equity firm based in London and Dublin, where she is responsible for investment origination. After qualifying as a chartered accountant with KPMG, she worked in investment banking at Citibank and ABN AMRO in London and then NCB Stockbrokers in Dublin. In 2005 she joined EBS Building Society in Ireland, becoming its Finance Director in early 2010. In September 2012, Emer re-joined NCB Stockbrokers to lead a financial services team in Ireland. She joined Kildare Partners in 2013. She brings considerable financial expertise to the Board.

9. STEWART GILLILAND*

Stewart Gilliland (61) was appointed as a non-executive Director of the Company and is Chairman of the Remuneration Committee and a member of the Nomination Committee. From 2006 to 2010 he was Chief Executive Officer of Müller Dairy (UK) Ltd. Prior to that, he held positions at Whitbread Beer Company and at Interbrew SA in markets including the UK and Ireland, Europe and Canada. He is currently Chairman of Curious Drinks Limited, Senior Independent Director of Mitchells & Butlers plc and a Director of Tesco plc and Nature's Way Foods Limited. He brings significant experience of the long alcohol drinks sector in international markets.

10. RICHARD HOLROYD*

Richard Holroyd (71) was appointed as a non-executive Director of the Company in 2004 and is a member of the Remuneration Committee and the Nomination Committee. He was previously the managing director of Colman's of Norwich and head of the global marketing futures department of Shell International. He has served as non-executive

Director of several companies in the UK and continental Europe and was a member of the UK Competition Commission from September 2001 to April 2010. Richard Holroyd has many years' experience in the fast moving consumer goods sector.

11. GEOFFREY HEMPHILL*

Geoffrey Hemphill (44) was appointed as a non-executive Director of the Company in May 2017 and is a member of the Audit Committee. Geoffrey previously worked with private family offices in London. Prior to that, he was a director in UBS. Geoffrey is a qualified Solicitor and has worked with the international law firms Slaughter and May and Skadden, Arps, Slate, Meagher & Flom. Geoffrey brings considerable legal, financial and wealth management expertise to the Board.

For information on independence of the Directors, please see Directors' Statement of Corporate Governance on pages 71 to 83.

* Non-executive Director



DAVID JOHNSTON

Company Secretary

David Johnston joined the Group in November 2014 as Company Secretary. Prior to that, he was Group General Counsel and Company Secretary for Paddy Power plc. After qualifying as a solicitor, David worked initially for McCann FitzGerald, one of Ireland's leading law firms and subsequently for O2 Ireland, where he was Chief Legal Counsel and Company Secretary.

Directors' Report

The Directors present the annual report and audited consolidated financial statements of the Group for the year ended 28 February 2018.

PRINCIPAL ACTIVITIES

The Group's principal trading activity is the production, marketing and selling of cider and beer, wine, soft drinks and bottled water.

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

RESULTS

For the year ended 28 February 2018, Group Revenue was €813.5 million (2017: €860.8 million) and Net Revenue of €548.2 million (2017: €596.5 million). Operating profit before exceptional items amounted to €86.1 million (2017: €95 million).

The financial results for the year ended 28 February 2018 are set out in the Consolidated Income Statement on page 120. Comprehensive reviews of the financial and operating performance of the Group are set out in the Group Chief Executive Officer's Review on pages 28 to 45.

DIVIDENDS

An interim dividend of 5.21 cent per share for the year ended 28 February 2018 was paid on 15 December 2017. Subject to approval at the Annual General Meeting, it is proposed to pay a final ordinary dividend of 9.37 cent per share for the year ended 28 February 2018 to shareholders who are registered at close of business on 25 May 2018.

BOARD OF DIRECTORS

The names, functions and date of appointment of the current Directors, who give the responsibility statement on page 108, are as follows:

| Director | Function | Appointment |
|--------------------|-------------------------------|-------------|
| Sir Brian Stewart | Chairman | 2010 |
| Stephen Glancey | Group Chief Executive Officer | 2008 |
| Jonathan Solesbury | Group Chief Financial Officer | 2017 |
| Joris Brams | Executive Director | 2012 |
| Andrea Pozzi | Chief Operating Officer | 2017 |
| Jim Clerkin | Non-executive Director | 2017 |
| Vincent Crowley | Non-executive Director | 2016 |
| Emer Finnan | Non-executive Director | 2014 |
| Stewart Gilliland | Non-executive Director | 2012 |
| Geoffrey Hemphill | Non-executive Director | 2017 |
| Richard Holroyd | Non-executive Director | 2004 |

Breege O'Donoghue and Kenny Neison were directors of the Company until 31 December 2017 and 22 June 2017 respectively. Jim Clerkin was appointed as a director on 1 April 2017, Geoffrey Hemphill was appointed as a Director on 19 May 2017, Andrea Pozzi was appointed as a Director on 1 June 2017 and Jonathan Solesbury was appointed as a Director on 8 November 2017.

INTERESTS OF DIRECTORS AND COMPANY SECRETARY

Information in relation to the beneficial and non-beneficial interests in the share capital of Group companies held by the Directors and Company Secretary who held office at 28 February 2018 is contained within the Report of the Remuneration Committee on Directors' Remuneration on page 103.

RESEARCH AND DEVELOPMENT

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

FURTHER INFORMATION ON THE GROUP

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

1. the review of the development and performance of the business and future developments is set out in the Group Chief Executive Officer's Review on pages 28 to 45 and the Strategic Report on pages 18 to 27;
2. the principal risks and uncertainties which the Company and the Group faces are set out in the Strategic Report on pages 24 to 27;
3. the key performance indicators relevant to the business of the Group, including environmental and employee matters, are set out in the Strategic Report on page 23 and in the Group Chief Financial Officer's Review on pages 46 to 52; and further information in respect of environmental and employee matters is set out in the Report on Corporate Responsibility on pages 53 to 62;
4. the financial risk management objectives and policies of the Company and the Group, including the exposure of the Company and the Group to financial risk, are set out in the Group Chief Financial Officer's Review on pages 46 to 52 and note 22 to the financial statements.

The Group's Viability Statement is contained in the Directors' Statement on Corporate Governance on page 83.

ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the requirements of Sections 281 to 285 of the Companies Act, 2014 with regard to the keeping of adequate accounting records are to employ accounting personnel with appropriate qualifications, experience and expertise and to provide adequate resources to

the finance function. The books of account of the Company are maintained at Group offices in Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702.

POLITICAL DONATIONS

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

CORPORATE GOVERNANCE

In accordance with Section 1373 of the Companies Act 2014, the corporate governance statement of the Company for the year, including the main features of the internal control and risk management systems of the Group, is contained in the Directors' Statement on Corporate Governance on pages 71 to 83.

AUDIT COMMITTEE

In accordance with Section 167 of the Companies Act 2014, the Company has an established Audit Committee. Further information on the Audit Committee, is contained in the Directors' Statement on Corporate Governance on pages 76 to 79.

DIRECTORS' REMUNERATION

The Report of the Remuneration Committee on Directors' Remuneration, including the Company's policy on Directors' remuneration, is set out on pages 84 to 107.

SUBSTANTIAL HOLDINGS

As at 28 February 2018 and 16 May 2018, details of interests over 3% in the ordinary share capital carrying voting rights which have been notified to the Company are:

| | No. of ordinary shares held as notified at 28 February 2018 | % at 28 February 2018 | No. of ordinary shares held as notified at 16 May 2018 | % at 16 May 2018 |
|--|---|--------------------------|--|---------------------|
| Southeastern Asset Management, Inc. | 51,078,382 | 16.54% | 51,078,382 | 16.54% |
| Brandes Investment Partners, L.P. | 36,568,739 | 11.84% | 33,939,244 | 10.99% |
| FMR LLC | 20,473,430 | 6.63% | 18,779,157 | 6.08% |
| Silchester International Investors LLP | 15,443,245 | 5.00% | 18,880,895 | 6.11% |
| Investec Asset Management Limited | 15,391,039 | 4.98% | 15,391,039 | 4.98% |
| Setanta Asset Management Limited | 15,056,875 | 4.88% | 14,950,462 | 4.84% |
| Wellington Management Company, LLP | 12,424,508 | 4.02% | 12,424,508 | 4.02% |
| Franklin Templeton Institutional, LLC | 12,304,580 | 3.98% | 7,181,772 | Less than 3% |

As far as the Company is aware, other than as stated in the table above, no other person or company had at 28 February 2018 or 16 May 2018 an interest in 3% or more of the Company's share capital carrying voting rights.

Directors' Report

(continued)

SHARE PRICE

The price of the Company's ordinary shares as quoted on the Irish Stock Exchange at the close of business on 28 February 2018 was €2.89 (28 February 2017: €3.87). The price of the Company's ordinary shares ranged between €2.77 and €3.90 during the year.

AUDITOR

In FY2017, following a formal external audit tender process, EY were appointed as the external auditor for the Group and, in accordance with Section 383(2) of the Companies Act 2014, will continue in office.

ISSUE OF SHARES AND PURCHASE OF OWN SHARES

At the Annual General Meeting held on 6 July 2017, the Directors received a general authority to allot shares. A limited authority was also granted to Directors to allot shares for cash otherwise than in accordance with statutory pre-emption rights. Resolutions will be proposed at the Annual General Meeting to be held on 5 July 2018 to allot shares to a nominal amount which is equal to approximately one-third of the issued ordinary share capital of the Company. In addition, resolutions will also be proposed to allow the Directors allot shares for cash otherwise than in accordance with statutory pre-emption rights up to an aggregate nominal value which is equal to approximately 5% of the nominal value of the issued share capital of the Company, and in the event of a rights issue, and a further 5% of the nominal value of the issued share capital of the Company for the purposes of an acquisition or a specified capital investment. If granted, these authorities will expire at the conclusion of the Annual General Meeting in 2019 and the date 18 months after the passing of the resolution, whichever is the earlier.

The Directors have currently no intention to issue shares pursuant to these authorities except for issues of ordinary shares under the Company's share option plans and the Company's scrip dividend scheme. At the Annual General Meeting held on 6 July 2017 authority was granted to purchase up to 10% of the Company's Ordinary Shares (the "Repurchase Authority"). As at the date of this Report, the Group has purchased 0.38% of the Company's Ordinary Shares pursuant to the Repurchase Authority.

The Group spent €33.1m (2017: €23.2m) (including commission and related costs) in the year under review in purchasing 9,492,500 of the Company's Ordinary Shares.

Special resolutions will be proposed at the Annual General Meeting to be held on 5 July 2018 to renew the authority of the Company, or any of its subsidiaries, to purchase up to 10% of the Company's Ordinary Shares in issue at the date of the Annual General Meeting

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

As at the date of this report, options to subscribe for a total of 2,637,752 Ordinary Shares are outstanding, representing 0.85% of the Company's total voting rights. If the authority to purchase Ordinary Shares were used in full, the options would represent 0.95% of the Company's total voting rights.

DILUTION LIMITS AND TIME LIMITS

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

In the ten year period up to the date of this report, commitments to issue new shares or re-issue treasury shares under discretionary share schemes amounted to 2.41% of the Company's issued ordinary share capital as at the date of this report. No additional commitments to issue shares have been made under non-discretionary schemes.

THE EUROPEAN COMMUNITIES (TAKEOVER BIDS (DIRECTIVE 2004/25/EC)) REGULATIONS 2006

Structure of the Company's share capital

At 16 May 2018 the Company has an issued share capital of 317,876,001 ordinary shares of €0.01 each and an authorised share capital of 800,000,000 ordinary shares of €0.01 each.

At 28 February 2018, the trustee of the C&C Employee Trust held 1,973,191 ordinary shares of €0.01 each in the capital of the Company. Shares held by the trustee of the C&C Employee Trust are accounted for as if they were treasury shares. These shares are, however, included in the calculation of Total Voting Rights for the purposes of Regulation 20 of the Transparency (Directive 2004/109/EC) Regulations 2007 ("TVR Calculation").

As at 28 February 2018, a subsidiary of the Group held 9,025,000 shares in the Company, which were acquired under the authority granted to the Company and its subsidiaries to purchase up to 10% of the Company's ordinary shares approved at the 2016 Annual General Meeting. These shares are not included in the TVR Calculation and are accounted for as treasury shares.

Details of employee share schemes, and the rights attaching to shares held in these schemes, can be found in note 4 (Share-Based Payments) to the financial statements and the Report of the Remuneration Committee on Directors' Remuneration on pages 84 to 107. Details of the rights attaching to shares issued under the Joint Share Ownership Plan are set out in note 4 (Share-Based Payments) to the financial statements.

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

Details of persons with a significant holding of securities in the Company are set out on page 67.

Rights and obligations attaching to the Ordinary Shares

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

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

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

Holding and transfer of Ordinary Shares

The Ordinary Shares may be held in either certificated or uncertificated form (through CREST). Save as set out below, there

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

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

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

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

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

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

Powers of Directors

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

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

Directors' Report

(continued)

POST BALANCE SHEET EVENTS

On 4th April 2018, the Group acquired the entire issued share capital of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited and their subsidiary businesses, Catalyst, Peppermint, Elastic and Walker & Wodehouse. See note 28 (Post Balance Sheet Events) to the financial statements for further information.

DIRECTORS COMPLIANCE STATEMENT (MADE IN ACCORDANCE WITH SECTION 225 OF THE COMPANIES ACT, 2014)

The Directors acknowledge that they are responsible for securing compliance by the Company with its relevant obligations as are defined in the Companies Act, 2014 (the 'Relevant Obligations'). The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company with respect to compliance by the Company with its relevant obligations. The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its relevant obligations including reliance on the advice of persons employed by the Company and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during the financial year to which this report relates.

RELEVANT AUDIT INFORMATION

In accordance with Section 330 of the Companies Act, 2014, the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

MISCELLANEOUS

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

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

ANNUAL GENERAL MEETING

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

Signed
On behalf of the Board

Sir Brian Stewart
Chairman

Stephen Glancey
Group Chief Executive Officer

16 May 2018

Directors' Statement of Corporate Governance



Dear Shareholder

We, as a Board, and a Company, aim to adhere to the highest standards of corporate governance. Strong governance depends on good and effective leadership and a healthy corporate culture. In this area, we believe that effective governance is the foundation of a successful and sustainable organisation and should be based upon an appropriate level of oversight, clear communication and a commitment to transparency. Governance is the framework within which we focus on the health and growth of the business.

In this report, we provide an overview of our corporate governance practices, describing how the main principles of the UK Corporate Governance Code and Irish Annex are applied throughout the year. Information is given about the Board, its members and committees, and their work. An overview of the Company's internal controls is also given.

During the past year, there has been continued focus on corporate governance at UK and Irish listed companies, with the Financial Reporting Council currently developing a revised UK Corporate Governance Code. As a Board, we recognise that our ability to create value for our stakeholders is heavily linked to our commitment to high standards of corporate governance. The Board and I feel we have the right balance of skills, experience and backgrounds to oversee the execution of our strategy and, when necessary, challenge the management team. In 2018, the Board will also engage an external effectiveness evaluation. The Board will focus on the outcome of that evaluation to ensure it continues to evolve in line with our business needs and the expectations of our stakeholders.

Succession planning is an important element of good governance, ensuring that we are fully prepared for planned or sudden departures from key positions. During the past year, led by the Nomination Committee, the Board confirmed the appointment of a Chief Operating Officer in May 2017 and a permanent Chief Financial Officer in November 2017. The Nomination Committee continues to review succession plans for the Board, the Management Team and other key roles within the organisation.

We are complying again this year with the edition of the UK Corporate Governance Code published by the Financial Reporting Council in September 2016 (the 'UK Code') and the Irish Corporate Governance Annex (the 'Irish Annex'). The UK Code is publicly available from the Financial Reporting Council's website, www.frc.co.uk.

Sir Brian Stewart

Chairman

16 May 2018

COMPLIANCE STATEMENT

C&C Group plc is incorporated and resident in Ireland and is subject to Irish company law. It has a primary listing on the Irish Stock Exchange ('ISE') and a listing in the Premium Listing segment of the Official List of the United Kingdom Listing Authority ('UKLA') and its shares are quoted on the ISE and the London Stock Exchange ('LSE'). C&C Group plc also has a Level 1 American Depository Receipt (ADR) programme.

The Directors are committed to maintaining high standards of corporate governance and to reviewing governance best-practice on a continuing basis to ensure that we adapt and evolve in what is an environment of constant change.

The Group has complied with the provisions of the UK Code and Irish Annex throughout the period under review. This Corporate Governance statement describes the Group's policy on corporate governance during the financial year ended 28 February 2018.

BOARD OF DIRECTORS

Role

The Board is responsible for the oversight, leadership and control of the Group and its long-term success. There is a formal schedule of matters reserved to the Board for decision. This includes approval of Group strategic plans, annual budgets, financial statements, significant contracts and capital expenditure items, major acquisitions and disposals, changes to capital structure, circulars, Board appointments, and the review of the Group's corporate governance arrangements and system of internal control, and

Directors' Statement of Corporate Governance

(continued)

approval of policies including corporate responsibility and health and safety. The Board is also responsible for instilling the appropriate culture, values and behaviour throughout the Group. The Directors acknowledge that they are responsible for the proper stewardship of the Group's affairs, both on an individual and collective basis. The matters and agenda reserved for Board consideration reflect this responsibility.

The roles of the Chairman and the Group Chief Executive Officer are separate with a clear division of responsibility between them, which is set out in writing and which has been approved by the Board. The Chairman has responsibility for the management of the Board, the performance of Directors and their induction, development and performance evaluation, ensuring there are effective relations with shareholders and for the AGM. The Chief Executive is responsible, within the authority limits delegated by the Board, for business strategy and management, investment and financing, risk management and controls, timely reporting, making recommendations on remuneration policy and on the appointment of executive directors, setting Group HR policies and leading the communications programme with shareholders.

The Board delegates responsibility for the management of the Group through the Group Chief Executive Officer to executive management. The Board also delegates some of its responsibilities to Board Committees, details of which are set out below. The responsibilities of the Chairman are covered in detail below.

The Chief Executive has full day-to-day operational and profit responsibility for the Group and is accountable to the Board for all authority delegated to executive management. His overall brief is to execute agreed strategy, to co-ordinate and maintain the continued profitability of the Group and to oversee senior management responsible for the day-to-day running of the business.

Non-executive Directors are expected to constructively challenge management proposals and to examine and review management performance in meeting agreed objectives and targets. In addition, they are expected to draw on their own specific experience and knowledge in respect of any challenges facing the Group and in relation to the development of proposals on strategy.

Individual Directors may seek independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors.

The Group has a policy in place which indemnifies the Directors in respect of certain legal actions taken against them.

Board Composition, Membership and Renewal

The primary purpose of the Board is to help create and maintain the conditions which promote the long term success of the business for the benefit of both shareholders and the wider stakeholder base. In order to do so effectively, the Board requires members with a broad range of skills and experience and the ability to both support and challenge the executive management.

The Board believes that the current Directors bring the necessary range of skills, knowledge and experience so as to provide leadership, control and oversight of management while contributing to the development and implementation of the Group's strategy. The biographical details of the current Directors are set out on pages 64 and 65. The Board regards the number of non-executive Directors currently appointed to the Board as sufficient to ensure effective oversight of the Group's management and to enable its Committees to operate without undue reliance on individual non-executive Directors.

While the Board's current composition includes a strong balance of skills and experience, the Board recognises the positive impact new appointments can bring to the Group. As such, the Board is committed to an ongoing programme for Board refreshment and renewal, with a particular focus on diversity and industry experience. In pursuing its programme for Board refreshment, the Nomination Committee is cognisant that finding and recruiting Directors with the skills and experience needed to challenge the breadth of the Group's business can require a longer lead time.

Over the past two years, consistent with that commitment to Board refreshment, we have appointed three new non-executive Directors – Jim Clerkin and Geoffrey Hemphill during 2017 and Vincent Crowley during 2016 – to the Board with diverse backgrounds and experience. This serves to bring fresh thinking to the Board yet preserves a proportion of the membership with an in-depth understanding of the challenges and opportunities facing the business, all of which provides the platform for fruitful discussions with the management team. The average tenure of the non-executive Directors on the Board is currently five years (based on the date of their first election to the Board).

Board Independence

In line with the UK Code, it is Board policy that at least half the Board, excluding the Chairman, shall consist of independent non-executive Directors. The Board has reviewed its composition and has determined that of the Directors as at the date of this report, Emer Finnan, Richard Holroyd, Geoffrey Hemphill, Stewart Gilliland, Jim Clerkin and Vincent Crowley are independent.

The independence of Board members is considered annually. In determining the independence of non-executive Directors, the Board considered the principles relating to independence contained in the UK Code and the guidance provided by a number of shareholder voting agencies. Those principles and guidance address a number of factors that might appear to affect the independence of Directors, including former service as an executive of the Group, extended service to the Board and cross-directorships. However, they also make 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 a Director's character and judgment. The Board considers that each of the non-executive Directors brings independent judgment to bear.

Given his length of service, the Board conducted a particularly thorough review of the continued independence of Richard Holroyd. Subsequent to that assessment, the Board is satisfied that Richard's independence has not been compromised by his length of service. As part of this assessment, the Board considered his concurrent tenure with the executive Directors, as well as his continuing performance in scrutinising management decisions. The Board also recognises that his professional experience and long-term perspective on the Group's business is hugely valuable to the work of the Board.

At the date of the 2018 AGM, Richard will have served on the Board concurrently with the Group's Chief Executive Officer, the longest serving executive Director, for nine years (since his first election to the Board). The Board recognises the principles of the UK Code and guidelines on tenure but is satisfied that the objectivity, judgment and independence of each of the Directors, and the Board as a whole, is not compromised by any individual's tenure on the Board. As part of that review, the Board considered – among other factors – the staggered refreshment and orderly succession of the Board, as it serves to ensure diverse and fresh perspectives are brought to the Board while preserving continuity and the knowledge and understanding of the business as a whole.

Chairman

Sir Brian Stewart has been Chairman of the Group since August 2010. The Chairman is responsible for the efficient and effective working of the Board. He is responsible for ensuring that the Board considers the key strategic issues facing the Group and that the Directors receive accurate, timely, relevant and clear information. He also ensures that there is effective communication with shareholders and that the Board is apprised of the views of the Group's shareholders. As part of this process, the Chairman partakes annually in a series of meetings, focused solely on corporate governance, with a number of the Group's largest institutional shareholders.

Senior Independent Director

Richard Holroyd is the Group's Senior Independent Director. He is available to shareholders who have concerns for which contact through the normal channels of Chairman, Group Chief Executive Officer or Group Chief Financial Officer has failed to resolve or for which such contact is inappropriate. He is also available to meet shareholders on request.

Audit Committee Financial Expert

The Audit Committee has determined that Emer Finnan, who also chairs the Committee, is the Audit Committee financial expert. Emer is a qualified chartered accountant and has recent and relevant financial expertise.

Company Secretary

David Johnston is the Company Secretary. All Directors have access to the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter for the Board.

Appointment, Retirement and Re-election

The non-executive Directors are engaged under the terms of letters of appointment, details of which are set out in the Report of the Remuneration Committee on Directors' Remuneration. Copies of the letters of appointment are available on request from the Company Secretary.

The Company's Articles of Association require that at least one-third of the Directors subject to rotation shall retire by rotation at the Annual General Meeting in every year. Directors appointed by the Board must also submit themselves for election at the first annual general meeting following their appointment. However, in accordance with the recommendations of the UK Code, the Directors have resolved that they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting this year.

Induction and Development

A comprehensive tailored induction programme is arranged for each new Director. The aim of the programme is to provide the Director with a detailed insight into the Group. The programme involves meeting with the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Operating Officer, Company Secretary and key senior executives. It covers areas such as strategy and development, organisation structure, succession planning, financing, corporate responsibility and compliance, investor relations and risk management. The Board receives regular updates from its external legal and other advisers in relation to regulatory and accounting developments. Throughout the year, Directors meet with key executives and meet with local management

Directors' Statement of Corporate Governance

(continued)

teams, and a site visit for all Board Directors to one of the Group's operations facilities is normally scheduled annually.

Newly-appointed members of the Audit Committee will meet with the key members of the external audit, internal audit and finance teams. New members of the Remuneration Committee will meet with the Committee's remuneration consultants in the year of their appointment to the Committee.

External non-executive directorships

The Board recognises that there may be clear benefits if executive Directors accept a non-executive directorship with other companies to broaden their skills, knowledge and experience. Joris Brams is currently a non-executive director at Democo NV, a Belgian construction company.

Apart from him, currently none of the executive Directors has such an appointment. The Remuneration Committee determines whether Directors should be permitted to retain any fees paid in respect of such appointments. The Remuneration Committee has determined that Joris Brams is permitted to retain fees from his appointment.

Meetings

During the period under review there were 8 scheduled meetings of the Board and a further 2 short notice meetings. Details of Directors' attendance at these meetings are set out in the table on page 80. Several ad hoc meetings were held during the year for administrative matters in accordance with the Board procedures. In addition, the members of the Board met without the executive Directors present to provide an opportunity for non-executive Directors and the Chairman to assess their performance, and a further meeting of the non-executive Directors led by the Senior Independent Director was held without the Chairman being present to assess the Chairman's performance.

The Chairman sets the agenda for each meeting in consultation with the Group Chief Executive Officer and the Company Secretary. The agenda and Board papers, which provide the Directors with relevant information to enable them to fully consider the agenda items in advance, are circulated prior to each meeting. Directors are encouraged to participate in debate and constructive challenge. While Directors are expected to attend all scheduled meetings, in the event a Director is unable to attend a meeting, his or her view on all agenda items is sought and conveyed to the Chairman in advance of the meeting. In addition, following the meeting, matters discussed and decisions made at the meeting are conveyed to the Director.

Performance evaluation

The Board recognises the importance of a formal and rigorous evaluation of the performance of the Board and its Committees. The Chairman conducts an annual review of corporate governance and the operation and performance of the Board and its Committees. In the year under review, the Chairman has reviewed the performance of individual Directors and, within the remit of the Nomination Committee, succession planning, identifying in this process the experience and qualities required by the Group for the future implementation of its strategy.

The Chairman conducts one to one discussions each year with each Director to assess his or her individual performance. Performance is assessed against a number of criteria, including his or her contribution to Board and Committee meetings; time commitments; contribution to strategic developments; and relationships with other Directors and management.

The Senior Independent Director and the other non-executive Directors review the Chairman's performance and the Board's performance each year, the results being reported back to the Chairman with any recommendations.

In 2015, the Board also engaged an external advisor to complete an independent evaluation of the performance and effectiveness of the Board and each of the Committees. This evaluation is in line with the recommendations of the UK Code which requires an external Board evaluation to be conducted at least once every three years. The company engaged to perform the evaluation has no business connection or relationship with the Group, its directors or senior management. The next independent evaluation is due to be held in 2018. As there have been a number of recent changes to the Board, it was felt that it would be more appropriate to wait until later in 2018 to conduct the external evaluation and it will therefore be held towards the end of the year.

Accountability

The Board is committed to providing a fair, balanced and understandable assessment of the Company's position and prospects.

Responsibility for reviewing the Group's internal financial control, financial risk management systems and risk evaluation procedures and monitoring the integrity of the Group's financial statements has been delegated by the Board to the Audit Committee. Details of how these responsibilities were discharged is set out in the Audit Committee Report on pages 76 to 79

The Board receives regular updates from the Chair of the Audit Committee.

Remuneration

Details of remuneration paid to Directors (executive and non-executive) are set out in the Report of the Remuneration Committee on Directors' Remuneration on pages 84 to 107.

Non-executive Directors are remunerated by way of a Director's fee. Additional fees are also payable to the Chairman of the Audit Committee, Chairman of the Remuneration Committee and to the Senior Independent Director. Non-executive Directors' fees and additional fees payable to Committee Chairmen and the Senior Independent Director have not been increased since 2008.

It is Board policy that non-executive Director remuneration does not comprise any performance-related element and, therefore, non-executive Directors are not eligible to participate in the Group's bonus schemes, option plans or share award schemes. Non-executive Directors' fees are not pensionable and non-executive Directors are not eligible to join any Group pension plans. Executive Directors' remuneration is inclusive of any Director's fee.

The current limit under the Articles on Directors' ordinary remuneration (i.e. directors' fees, not including executive remuneration) is €1,000,000, pursuant to a resolution passed at the 2013 Annual General Meeting.

The report of the Remuneration Committee and the Policy on Directors' Remuneration will be presented to shareholders for the purposes of a non-binding advisory vote at the Annual General Meeting on 5 July 2018. While there is no legal obligation for the Group to put such a resolution to a vote of shareholders at the Annual General Meeting, the Board recognises that such resolutions are now considered good governance practice.

Share ownership and dealing

The Company has share ownership guidelines for the executive Directors to ensure the interests of executive Directors are aligned with those of shareholders. In summary, the guidelines are that the current market value of shares in the Company held by the relevant Director should be at least two times salary for the Group Chief Executive Officer and one times salary for other executive Directors. If share ownership guidelines are not met, then individuals must retain up to 50% of vested share awards (net of tax). Further information including details of Directors' shareholdings is set out on page 103.

The Group has a policy on dealing in shares that applies to all Directors. Under this policy, Directors are required to obtain clearance from the Chairman (or in the case of the Chairman himself, from the Senior Independent Director) before dealing. Directors are prohibited from dealing in the Company's shares during closed periods and at any other time when the individual is in possession of inside information.

COMMITTEES

The Board has established three permanent committees to assist in the execution of its responsibilities. These are the Audit Committee, the Nomination Committee and the Remuneration Committee. The current membership of each committee is set out on page 64. Attendance at meetings held is set out in the table on page 80.

Each of the permanent Board Committees has terms of reference under which authority is delegated to them by the Board. These terms of reference are available on the Company's website www.candcgroupplc.com. Minutes of all Committee meetings are circulated to the entire Board.

The Chairman of each Committee attends the Annual General Meeting and is available to answer questions from shareholders.

The Board has also established a Disclosure Committee comprising the Chairman, the Group Chief Executive Officer, the Group Chief Financial Officer and the Company Secretary. The Head of Investor Relations may also participate where required. The main responsibilities of the Disclosure Committee include:

- determining whether information constitutes inside information;
- determining if information requires immediate disclosure or if disclosure can be legitimately delayed;
- determining a consistent approach and policy to disclosure;
- reviewing and approving material announcements;
- monitoring leaks, rumours, speculation and market expectations, and taking appropriate action;
- monitoring the materiality of any variance between the Group's performance and its own forecasts.

Ad hoc committees are formed from time to time to deal with other specific matters.

Directors' Statement of Corporate Governance

(continued)



THE AUDIT COMMITTEE

Message from the Chairman of the Audit Committee

Dear Shareholder

On behalf of the Board, I am pleased to report on the work of the Audit Committee for the financial year ended 28 February 2018.

In 2017, Ernst & Young (EY) were appointed, following a tender process, as the Group's external auditor from FY2018 onwards and this is the first occasion that they have performed the Group's annual external audit.

During the year, the Committee received and reviewed a number of internal audit reports, reviewed and approved reports in relation to the Group's financial performance and engaged with the external auditor. One of our principal duties is to review the report of the external auditor on the year end audit and to consider and approve key accounting treatments together with underlying financial judgments and assumptions. Full details are included later in this report.

The members of the Committee, all independent non-executive Directors, each contribute their own financial experience to the Committee's work. We are glad to record the full and continuing co-operation of the executive team in support of the Committee's work. During the year, Richard Holroyd stepped down as a member of the Audit Committee. I would personally like to thank Richard for his outstanding contribution to the Committee over many years.

Yours sincerely

Emer Finnan
Chairman of the Audit Committee

Composition and Meetings

The constitution of the Audit Committee requires that its membership shall consist only of independent, non-executive Directors. The members are Emer Finnan (Chairman), Geoffrey Hemphill and Vincent Crowley. As set out on page 73, the Audit Committee has determined that Emer Finnan, who also chairs the Committee, is the Audit Committee financial expert; and the Board is satisfied that the Committee – as a whole – has relevant sector experience.

The Committee meets a minimum of four times a year. During the period under review it met six times. Attendance at meetings held is set out in the table on page 80.

The Group Chief Financial Officer attends Audit Committee meetings as appropriate, while the internal auditor and the external auditor attend as required and have direct access to the Audit Committee Chairman. The Group Director of Statutory Accounting and Tax is the secretary of the Audit Committee.

Constitution and terms of reference

The role, responsibilities, authority and duties of the Audit Committee are set out in written terms of reference. The current terms of reference are available under the Board Committees section of the Group's website at www.candcgroupplc.com.

The Audit Committee's responsibilities include:

- monitoring the integrity, truth and fairness of the financial statements of the Group, including the Annual Report, interim report, interim management statements, preliminary results and other formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgements contained in them;
- ensuring that the information presented in the financial statements of the Group and other announcements is fair, balanced and understandable and provides the information necessary for the Company's shareholders to assess the Group's performance, business model and strategy and advising the Board accordingly;
- monitoring the statutory audit of the annual and consolidated accounts;
- reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management systems;
- reviewing the effectiveness of the Group's internal audit function;
- reviewing the adequacy and security of the Group's arrangements for its employees raising concerns, its procedures for detecting fraud, the Group's systems and controls for the prevention of bribery, and the Group's whistleblowing arrangements;
- making recommendations to the Board in relation to the appointment and removal of the Group's external auditor, their remuneration and terms of engagement;
- evaluating the performance of the external auditor including their independence and objectivity;

- reviewing the annual internal and external audit plans and reviewing the effectiveness and findings of the external audit with the external auditor;
- ensuring compliance with the Group's policy on the provision of non-audit services by the external auditor and
- reporting to the Board on how it has discharged its responsibilities.

The Committee undertakes, in conjunction with the Chairman of the Board, an annual assessment of its performance and a review of the Committee's constitution and terms of reference.

The activities undertaken by the Committee in fulfilling its key responsibilities in respect of the year ended 28 February 2018 are set out below.

Financial Statements

In respect of the year ended 28 February 2018 the Audit Committee reviewed:

- the Trading Update issued in July 2017;
- the Financial Report for the six months ended 31 August 2017;
- the trading update for the twelve months to 28 February 2018, issued in March 2018;
- the preliminary results announcement and the Annual Report and financial statements for the year ended 28 February 2018.

In particular the Committee addressed the going concern status of the Company and the matters referred to in the Financial Review contained in the 2018 Annual Report. It reviewed the audit plan and post-audit report from the external auditor identifying any accounting or judgemental issues requiring its attention.

In carrying out these reviews, the Committee considered:

- the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Group;
- whether the Group had applied appropriate accounting policies and practices and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies.

The significant issues considered by the Committee in relation to the accounts for the year to 28 February 2018 and how these were addressed are outlined below. Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the Committee.

Prior year reclassification

In anticipation of the implementation of IFRS 15 Revenue from Contracts with Customers from 1 March 2018, the Committee examined the accounting for revenue for certain contract brewing and contract bottling arrangements and determined that income from such arrangements, previously netted from operating costs, should more appropriately be recorded as revenue on a gross basis.

Goodwill & intangible assets impairment testing

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

Valuation of property, plant & equipment

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

In assessing the reasonableness of the external and internal valuations, the Committee reviewed the key assumptions and judgments underlying the valuations, in particular, focus was given to the impact of gross replacement cost price movements, depreciation rates reflecting age of asset and physical and functional obsolescence and forecast utilisation levels across the Group's production sites included in the valuation. The Committee is satisfied that the carrying values are appropriate.

Accounting for acquisitions and investments

During the year, the Group acquired 100% of the issued share

Directors' Statement of Corporate Governance

(continued)

capital in The Orchard Pig Limited and Badaboom Limited for €11.5m. The Group also acquired a minority investment in Admiral Taverns for £37m (€42m) in December 2017. The Committee considered the appropriateness of fair value adjustments, including amounts assigned to any separately identifiable intangible assets, the extent to which any fair value was considered provisional, and any related tax adjustments arising on acquisition.

Internal control and risk management systems

The Group's system of internal control and risk management is described below.

The terms of reference of the Audit Committee require it to conduct an annual assessment of internal financial controls and financial risk management systems. The risks facing the Group are reviewed regularly by the Audit Committee with executive management. Specific annual reviews of the risks and fundamental controls of each business unit are undertaken. The results and recommendations are reported to and analysed by the Audit Committee and a programme for action agreed with the business units. In carrying out these responsibilities during the year, the Committee reviewed reports issued by both the internal audit function and the external auditor. The Committee held regular discussions with the Head of Internal Audit and representatives of the external auditor. The Committee also reviewed the outcome of an assessment of the Group's internal financial controls which had been coordinated by the internal audit function.

Internal Audit

The Committee is responsible for monitoring and reviewing the operation and effectiveness of the internal audit function including its focus, plans, activities and resources.

The Group's internal audit function reports to the Audit Committee and the Audit Committee has approved its terms of reference. The Group's internal auditor is engaged on a programme of work, which includes, inter alia, maintaining the Group's risk register and examining the fundamental controls of the Group. During the year, the Committee reviewed and approved the internal audit plan for the year.

The Committee received regular reports from the Head of Internal Audit summarising findings of the team's work and the responses from management to deal with the findings. The Committee monitors progress on the implementation of the action plans on significant findings to ensure these are completed satisfactorily.

External Auditor

The Committee manages the relationship with the Group's external auditors on behalf of the Board. The Committee carries out an annual assessment of the external auditor including a review of the

external auditor's internal policies and procedures for maintaining independence and objectivity and consideration of their approach to audit quality. With the appointment of new auditors in FY2018, the audit partner will not be required to be rotated until FY2022.

External audit process

The Committee also reviewed and approved the external audit plan as presented by the external auditor and assessed the qualifications and expertise of their resources. The Committee also reviewed the external auditor's engagement letter and recommended the level of remuneration of the external auditor to the Board having reviewed the scope and nature of the work to be performed. The Committee assessed the effectiveness of the external audit process by monitoring performance against the agreed audit plan and noting the results of post-audit interviews with management and the Audit Committee Chairman.

Length of service of auditors

KPMG had been the external auditor of the Company and the Group since the Company's formation and flotation in 2004. In line with guidance within the UK Code and the EU Directive in respect of audit reforms and audit tendering, the Group conducted a formal tender process in FY2017. As a result of the transition rules under the EU Directive, KPMG's length of tenure prevented them from acting as auditors beyond the year ended 28 February 2017. The Board, following a recommendation from the Committee, therefore decided to appoint a new audit firm to complete the Group audit for the financial year ended 28 February 2018. The tender process concluded with a recommendation by the Committee to the Board to appoint EY as the Group's external auditor from FY2018 onwards. This recommendation was accepted by the Board. The appointment of EY as the Group's external auditor was approved by shareholders at the Group's AGM in July 2017.

Hiring of former employees of auditor

In order to ensure the independence and objectivity of the external auditor, the prior approval of the Audit Committee is required before any individual is appointed to a senior managerial position in the Group, if such individual has within three years prior to such proposed appointment been employed by the external auditor.

Non-Audit Services by auditor

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

Under this policy the auditor is prohibited from providing non-audit services if the auditor:

- may, as a result, be required to audit its own firm's work;
- would participate in activities that would normally be undertaken

by management;

- would be remunerated through a “success fee” structure or have some other mutual financial interest with the Group;
- would be acting in an advocacy role for the Group.

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

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

During the year, EY did not provide any non-audit advisory services. Details of the amounts paid to EY during the year for audit and other services are set out in note 2 to the financial statements.

Whistle-blowing procedures

In line with best practice, the Group supports an independent and confidential whistle-blowing service which allows all employees to raise any concerns about business practice in a confidential manner.

THE NOMINATION COMMITTEE

Composition and Meetings

The Nomination Committee is chaired by the Group Chairman and its constitution requires it to consist of a majority of independent, non-executive Directors. The members are Sir Brian Stewart (Chairman), Vincent Crowley and Richard Holroyd.

The Committee meets a minimum of twice a year and met five times in the year ended 28 February 2018. Attendance at meetings held is set out in the table on page 80. In addition, several ad hoc meetings were held to progress initiatives.

Constitution and terms of reference

The Nomination Committee’s current terms of reference are available under the Board Committees section of the Group’s

website at www.candcgroupplc.com. The Nomination Committee’s responsibilities include:

- reviewing the structure, size and composition of the Board (including the balance of skills, experience, independence, knowledge and diversity (including gender)) and making recommendations regarding any changes;
- overseeing succession planning for the Board and senior management and the leadership needs of the organisation;
- responsibility for the identification of suitable candidates for appointment to the Board;
- making recommendations to the Board on membership of Board Committees;
- where necessary, the Committee uses the services of external advisors to assist in the search for new appointments to the Board and they are provided with a brief which takes into consideration the skills, experience and diversity, including gender, required at the time to give balance to the Board. When suitable candidates have been identified some Committee members will meet with them and if a candidate is agreed upon, the Committee will then recommend the candidate to the Board. All appointments to the Board are approved by the Board as a whole.

Main activities during the year

During the period under review the Nomination Committee considered:

- potential candidates for recruitment as non-executive Directors and recommended the appointment of Jim Clerkin and Geoffrey Hemphill to the Board;
- longer-term succession planning for non-executive Directors, recognising the need for ongoing Board refreshment and renewal and the need for independence and diversity on the Board;
- succession plans for executive Directors and senior management.

Diversity

The Nomination Committee and the Board recognise the importance of ensuring diversity, including gender, and the key role that a diverse Board plays in ensuring effectiveness. Suitable candidates are selected on the basis of their relevant experience, employment background, skills, knowledge and insight, having due regard for the benefits of diversity to the Board.

The Committee and the Board further realise that diversity extends beyond the Board and in this regard seeks to ensure that all recruitment decisions are fair and non-discriminatory.

Independent consultants

The Nomination Committee is empowered to use the services of independent consultants to facilitate the search for suitable candidates for appointment as non-executive Directors.

Directors' Statement of Corporate Governance

(continued)

During FY2018, Spencer Stuart, an independent executive search firm, assisted in the search process for non-executive Director candidates with relevant experience and skills and provided assistance in relation to the appointment of Jim Clerkin and Geoffrey Hemphill. Spencer Stuart has no other connection with the Group.

THE REMUNERATION COMMITTEE

The Remuneration Committee comprises solely of independent, non-executive Directors. The Chairman is Stewart Gilliland, and the other members are Richard Holroyd and Vincent Crowley.

The Remuneration Committee meets at least twice a year. During the period under review the Remuneration Committee met five times. Attendance at meetings held is set out in the table below.

The Remuneration Committee's terms of reference, which are available on the C&C website www.candcgroupplc.com, include:

- determining and agreeing with the Board the framework or broad policy for the remuneration packages of the Chairman, Group Chief Executive Officer and other executive Directors, the Company Secretary and any other designated members of the executive management.
- within the terms of the agreed policy and in consultation with the Chairman and/or Group Chief Executive Officer, as appropriate, determining the total individual remuneration package of each of the above persons, including bonuses, incentive payments and share options or other share awards;
- reviewing and having regard to the remuneration trends across the Group;

- approving the design of, and determining targets for, any performance related pay schemes and the total annual payments made under such schemes;
- reviewing the design of all share incentive plans and the performance targets to be used;
- ensuring that contractual terms on termination, and any payments made, are fair, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- overseeing any major changes in employee benefits structures throughout the Group.

ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES

Attendance at Board meetings and Board committee meetings during the year was as set out in the table below.

In the attendance table below the numerator in each fraction represents the number of meetings actually attended by each Director in respect of the Board and each Board committee of which he or she was a member, whilst the denominator represents the number of such meetings that the Director was scheduled to attend.

In addition, the non-executive Directors including the Chairman met to evaluate the performance of the executive Directors, and the non-executive Directors, led by the Senior Independent Director, without the Chairman present, met to evaluate the performance of the Chairman. Several ad hoc meetings were held during the year for administrative matters in accordance with the Board's procedures.

| | Scheduled Board Meetings | Short Notice Board Meetings | Audit Committee Meetings | Nomination Committee Meetings | Remuneration Committee Meetings |
|--------------------|--------------------------|-----------------------------|--------------------------|-------------------------------|---------------------------------|
| Sir Brian Stewart | 8/8 | 2/2 | | 5/5 | |
| Joris Brams | 8/8 | 2/2 | | | |
| Andrea Pozzi | 5/5 | 2/2 | | | |
| Jonathan Solesbury | 3/3 | 0/0 | | | |
| Jim Clerkin | 5/6 | 2/2 | | | |
| Vincent Crowley | 8/8 | 2/2 | 6/6 | | 1/1 |
| Emer Finnan | 8/8 | 2/2 | 6/6 | | |
| Stewart Gilliland | 8/8 | 2/2 | | 3/3 | 5/5 |
| Stephen Glancey | 8/8 | 2/2 | | | |
| Geoffrey Hemphill | 5/5 | 2/2 | | | |
| Richard Holroyd | 8/8 | 2/2 | 6/6 | 5/5 | 5/5 |
| Kenny Neison | 2/3 | 0/0 | | | |
| Breege O'Donoghue | 7/8 | 2/2 | | 5/5 | 4/4 |

COMMUNICATIONS WITH SHAREHOLDERS

The Group attaches considerable importance to shareholder communications and has an established investor relations programme.

There is regular dialogue with institutional investors with presentations given to investors at the time of the release of the Group's first half and full year financial results and when other significant announcements are made. Trading updates were issued in July 2017 and in March 2018. The Board is briefed regularly on the views and concerns of institutional shareholders. The Chairman has recently completed a series of meetings, focused solely on corporate governance, with a number of the Group's largest institutional shareholders.

The Group's website, www.candcgroupplc.com, provides the full text of the Annual Report and financial statements, the Interim Report and other releases. News releases are also made available immediately after release to the Stock Exchange. Presentations given to investors and at conferences are also made available on the Company's website.

General Meetings

The Companies Act, 2014 provides for two types of shareholder meetings: the Annual General Meeting ('AGM') with all other meetings being called extraordinary general meetings ('EGM').

The Company must hold a general meeting in each year as its AGM in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one AGM and the next. An AGM was held on 6 July 2017, and this year's AGM will be held on 5 July 2018. The Directors may at any time call an EGM. EGMs may also be convened on the requisition of members holding not less than five per cent of the voting share capital of the Company.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote shall be a quorum.

Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting.

Resolutions of the general meeting must be passed by the majority of votes cast (ordinary resolution) unless the Companies Act, 2014 or the Company's Articles of Association provide for 75% majority of votes cast (special resolution). The Company's Articles of Association provide that the Chairman has a casting vote in the event of a tie.

Any shareholder who is entitled to attend, speak and vote at a general meeting is entitled to appoint a proxy to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company.

At meetings, unless a poll is demanded, all resolutions are determined on a show of hands, with every shareholder who is present in person or by proxy having one vote. On a poll every shareholder who is present in person or by proxy shall have one vote for each share of which he/she is the holder. A shareholder need not cast all votes in the same way. At the meeting, after each resolution has been dealt with, details are given of the level of proxy votes lodged for and against that resolution and also the level of votes withheld on that resolution.

The Company's AGM gives shareholders the opportunity to question the Directors. The Company must answer any question a member asks relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the general meeting or the confidentiality and business interests of the Company, or the answer has already been given on a website in the form of an answer to a question, or it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

The business of the Company is managed by the Directors who may exercise all the powers of the Company unless they are required to be exercised by the Company in general meeting. Matters reserved to shareholders in general meeting include the election of Directors; the payment of dividends; the appointment of the external auditor; amendments to the Articles of Association; measures to increase or reduce the share capital; and the authority to issue shares.

Directors' Statement of Corporate Governance (continued)

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's Memorandum of Association sets out the objects and powers of the Company. The Articles of Association detail the rights attaching to each share class; the method by which the Company's shares can be purchased or reissued; the provisions which apply to the holding of and voting at general meetings; and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers. Any amendment of the Company's Articles of Association requires the passing of a special resolution.

Further details in relation to the purchase of the Company's own shares are included in the Directors' Report.

CORPORATE RESPONSIBILITY

As part of its overall remit of ensuring that effective risk management policies and systems are in place, the Board examines the significance of environmental, social and governance (ESG) matters to the Group's business and it has ensured that the Group has in place effective systems for managing and mitigating ESG risks. It also examines the impact that such risks may have on the Group's short and long term value, as well as the opportunities that ESG issues present to enhance value. The Board receives the necessary information to make this assessment in regular reports from the executive management.

Corporate responsibility is embedded throughout the Group. Group policies and activities are summarised on pages 53 to 62 and the Group's corporate responsibility report is available on the Group's website www.candcgroupplc.com.

INTERNAL CONTROL

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

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

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

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

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

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

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

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

The Directors also confirm that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. A description of the Principal Risks and Uncertainties faced by the Group and how these risks are being managed and mitigated is set out on pages 24 to 27.

VIABILITY STATEMENT

For the purposes of assessing the future prospects of the Group, the Directors have selected a three year timeframe and have carried out a forward looking assessment of the Group's viability based on this timeframe. The assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's Principal Risks and Uncertainties and how these are identified, managed and mitigated.

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

In making this assessment, the Directors have considered the resilience of the Group, taking account of its current position and the Group's Principal Risks and Uncertainties and the Group's ability to manage those risks. The risks have been identified using a top down and bottom up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk. The Directors also noted that borrowings under the five year syndicated revolving loan facility will fall due for repayment in December 2019 and that the Group is currently in the process of conducting an exercise to renew the existing facility in advance of this date.

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

GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group Chief Financial Officer's Review on pages 46 to 52. A description of the business of the Group is set out in the Group Chief Executive Officer's Review on pages 28 to 45. The principal risks and uncertainties facing the Group are set out on pages 24 to 27.

An explanation of the basis on which the Group generates and preserves value over the longer term (the business model) and the strategy for delivering its objectives are set out in the Group Chief Executive Officer's Review on pages 28 to 45. A statement of the Group's strategy is set out on pages 20 and 22. The Group's long-term strategy is to build a sustainable cider-led multi-beverage business through a combination of organic growth and selective acquisitions. The Group's business model seeks growth through brand/market combination combining brand investment with a focus on local markets.

The Group has significant revenues, a large number of customers and suppliers across different geographies, and considerable financial resources. For these reasons, the Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of approval of the financial statements. Consequently they continue to adopt the going concern basis in preparing the financial statements.

Report of the Remuneration Committee on Directors' Remuneration



Dear Shareholder

On behalf of the Board, I am pleased to present the Report on Directors' remuneration for the financial year ended 28 February 2018. This is my first Report as Chairman of the Remuneration Committee having taken over from Breege O'Donoghue following her retirement from the Board in December 2017. I would like to thank Breege for her strong leadership and wise support in the role and for leaving a legacy of fair and transparent reward decisions.

We will be submitting both the Remuneration Policy and the Annual Report on Remuneration to shareholders for an advisory vote at the Company's 2018 AGM. Last year, the Annual Report on Remuneration received the support of over 99% of the votes cast. We hope that shareholders will demonstrate their support again this year.

NEW REMUNERATION POLICY

During 2017, the Committee reviewed the Policy approved by shareholders at the 2015 AGM. In the Committee's view, this Policy continues to support the execution of the Group's strategy and, accordingly, a radical overhaul of it is not proposed, and there is no change in the variable pay quanta of the current policy. Instead the Committee is seeking to simplify the variable pay structure and is also proposing a number of minor changes to reflect the latest corporate governance best practice and market developments.

Currently, the Group operates two share based incentive plans at senior management (including executive Director) levels in the Group; the Long Term Incentive Plan adopted in 2015 ("LTIP 2015") and the Executive Share Option Scheme which was adopted in 2015 ("ESOS 2015"). The LTIP 2015 is a performance share plan and the ESOS 2015 is a market value share option plan. Both plans were essentially renewals of our earlier LTIP and ESOS plans, which have formed part of our share based reward programme for some time – historically these plans have been used to support our culture of value creation and to encourage share ownership throughout the Group.

As the business has developed, the ESOS has become less relevant and we have not been using it more broadly within the business; the emphasis has been on the LTIP particularly on recruitment of senior hires. The LTIP has three performance conditions (EPS, ROCE and Cash Flow) and the Committee is of the view that these continue to be the most appropriate metrics. We have therefore decided to no longer grant awards under the ESOS after the current financial year. From FY2020 we will only make awards under the LTIP 2015 at executive level.

Key changes under the new Policy are therefore as follows:

- Awards will be granted to the executive Directors in FY2019 under both the existing long term incentive plans. After FY2019 long term incentive awards will be made under one plan only.
- No change to quantum under the variable pay arrangements.
- Deferral will be applied to any element of the bonus earned in excess of 80% of salary.
- For long term incentive awards after FY2019 a two year holding period will apply.
- The shareholding guideline has been included in the policy.
- The maximum pension provision has been reduced from 30% to 25%.

EXECUTIVE DIRECTOR CHANGES DURING FY2018

During the year there were a number of changes to the executive Directors. Kenny Neison resigned from the Board as Group Chief Financial Officer in June 2017 and Jonathan Solesbury was appointed to the role in November 2017. Jonathan's salary was set with reference to his experience and previous role and is £425,000, which was in line with the salary for the exiting Group Chief Financial Officer. Andrea Pozzi was an internal promotion to the Board as our Chief Operating Officer in June 2017, which was a new Board role. His salary was set at £290,000 on appointment. This was set at a level which reflected Andrea's internal promotion into a new Board role. At the time, the Committee decided to review the appropriateness of the salary in due course, once Andrea had been in role for a period of time to ensure that it recognised

his experience, scope of responsibilities and performance. The Committee may elect to undertake this review in FY2019 and, if so, details will be provided in the Annual Report on Remuneration next year. All elements of Jonathan's and Andrea's remuneration are in line with our policy and there were no buy-out or recruitment awards made.

FY2018 KEY DECISIONS AND INCENTIVE OUT-TURN

Salaries for the executive Directors were increased by 1% for FY2018.

The executive Directors' incentive remuneration opportunities for FY2018 were determined in accordance with the policy adopted at the 2015 AGM as follows:

| | Opportunity | Performance Measures | Out-turn |
|---|---|---|--|
| Annual Bonus | 80% of salary (compared to a maximum under the policy of 100%) | When setting the bonus targets for FY2018, as set out on page 98, the Committee included two targets, stretching adjusted operating profit (75% of the opportunity) and cash conversion (25% of the opportunity). This is in line with the previous year and continues to recognise the importance of cash generation, which provides us with the flexibility to make appropriate investments for growth, to maintain our progressive dividend policy and to return cash to shareholders. | The cash conversion element of the bonus was achieved at slightly above the threshold level of performance and a bonus of 14.4% of salary is therefore payable in relation to this element. The threshold level of performance for the adjusted operating profit element of the bonus was not achieved and no bonus is therefore payable in relation to this element. Further details are included on page 98. |
| Long-Term Incentives awarded in the year | LTIP: 100% of salary | As set out on page 104: <ul style="list-style-type: none"> • EPS growth (33% of the opportunity) • Free Cash Flow Conversion (33% of the opportunity) • Return on Capital Employed (33% of the opportunity) | Performance will be assessed over the three year period ending with FY2020. |
| | ESOS: 150% of salary | As set out on page 104, EPS growth. | |
| Long term incentives vesting in respect of performance in FY2018 | LTIP (Part 1): 100% of salary for Stephen Glancey and Joris Brams | As set out on page 102 and note 4 to the financial statements, 25% based on relative TSR and 75% on EPS growth. | The performance measures for the awards granted in July 2015 were not met and the awards did not vest. |
| | ESOS: 150% of salary | As set out on page 102 and note 4 to the financial statements, EPS growth. | |

Report of the Remuneration Committee on Directors' Remuneration

(continued)

FY2019 ARRANGEMENTS

We have set out below a summary of our remuneration arrangements for FY2019. Further detail is included in the implementation section on pages 98 to 100.

At a glance summary of our executive Director remuneration arrangements for FY2019

| Salary | Benefits and Pensions | Bonus |
|---|---|--|
| The executive Directors' salaries have not been increased for FY2019. As stated on page 85, the Committee may however review Andrea Pozzi's salary later in FY2019. | No changes are proposed to the type of benefits provided. No changes will be made to the level of pension provision. | The maximum bonus opportunity will be 80% of salary, compared to a policy maximum of 100%. Vesting will be based on stretching performance conditions based on adjusted operating profit (75%) and cash conversion (25%). See page 98. |

Long term incentives

Awards will be granted in the form of LTIP (100% of salary) and ESOS (150% of salary).

Vesting will be subject to performance measures based on EPS, ROCE and cash conversion, and subject to an additional performance underpin. Targets are set by reference to challenging internal budgets and external forecasts.

A vesting schedule will continue to apply to the ESOS awards.

See page 99.

I hope you will find this directors' remuneration report clear in showing our responsible approach to executive remuneration and the way in which it reflects our overall strategy and that you will support our two advisory votes on remuneration at the forthcoming AGM.

Yours sincerely

Stewart Gilliland

Chairman of the Remuneration Committee

Introduction

COMMITTEE AND ADVISERS

Composition

The Committee of the Board consists solely of independent non-executive Directors.

During the year ended 28 February 2018, the Chairman of the Committee was Breege O'Donoghue until Breege retired from the Board in December 2017. Stewart Gilliland became Chairman on Breege's retirement. Other members of the Committee are Richard Holroyd and Vincent Crowley.

Terms of reference of Committee

The Committee's terms of reference are available on the Company's website www.candcgroupplc.com and are summarised on page 80.

Advice and Consultation

The Chairman of the Board and the Group Chief Executive Officer are fully consulted on remuneration proposals but neither is present when his own remuneration is discussed.

The Committee has access to external advice from remuneration consultants on compensation when necessary. During the year ended 28 February 2018, the Committee obtained advice from Deloitte LLP who were appointed by the Committee. Deloitte's fees for this advice amounted to £18,800 charged on a time or fixed fee basis.

Deloitte is a member of the UK Remuneration Consultants Group and, as such, voluntarily operates under its code of conduct. To safeguard objectivity, protocols are established to cover the basis for contact with executive management and to avoid potential conflict arising from other client relationships. The Committee is satisfied that the remuneration advice provided by Deloitte is objective and independent. During the year, Deloitte also provided share scheme advice and transaction services.

The Committee has also obtained advice from:

- David Johnston, Company Secretary
- Sarah Riley, Group Director of Human Resources.

SHAREHOLDERS' VIEWS

The Committee is committed to open and transparent dialogue with shareholders and consults with shareholders and governance bodies on proposals relating to remuneration structures.

Directors' Remuneration Policy

This part of the report sets out the Group's policy on Directors' remuneration. The policy has been determined by the Committee of the Board of Directors (the "Committee"). The Directors' remuneration policy will be subject to an advisory vote at the 2018 AGM and will take effect from that date.

The Company's Directors' remuneration policy set out in the 2015 Annual Report was approved by shareholders under an advisory vote at the 2015 AGM and took effect from the close of that meeting. As an Irish incorporated company, C&C is not required to comply with the UK regulations on remuneration disclosure, however, in keeping with the approach adopted in prior years, the Group is continuing to adopt the regulations on a voluntary basis. Accordingly, the Group is seeking approval, under an advisory vote, for a new Directors' remuneration policy at the 2018 AGM. In the Committee's view, that policy continues to support the execution of the Group's strategy and, accordingly, a radical overhaul of it is not proposed, although the Committee is seeking to simplify the variable pay structure. Summary changes to the policy are as follows:

- Awards will be granted to the executive Directors in FY2019 under the LTIP 2015 and the ESOS 2015. After FY2019, no further awards will be made under the ESOS 2015.
- The maximum awards under the variable pay plans which were included in the 2015 Policy are unchanged.
- Deferral will be applied to any element of the bonus earned in excess of 80% of salary, such that amounts in excess of this will be paid in shares and deferred for two years.
- A holding period has been introduced into the LTIP 2015 so that the vesting of shares earned are deferred for a further two years. This will apply to awards made after FY2019.
- The shareholding guideline has been included in the policy (formerly it was in the Annual Report on Remuneration). The shareholding guideline has been maintained at 200% of salary for the CEO and 100% for the other executive Directors.
- The maximum pension provision has been reduced from 30% to 25% in line with other pension arrangements across the Group.

GENERAL STATEMENT OF POLICY

The main aim of the Group's policy on Directors' remuneration is to attract, retain and motivate Directors of the calibre required to promote the long-term success of the Group. The Committee therefore seeks to ensure that Directors are properly, but not excessively, remunerated and motivated to perform in the best interests of shareholders, commensurate with ensuring shareholder value.

Report of the Remuneration Committee on Directors' Remuneration

(continued)

The Committee seeks to ensure that executive Directors' remuneration is aligned with shareholders' interests and the Group's strategy. Share awards are therefore seen as the principal method of long-term incentivisation. Similar principles are applied for senior management, several of whom have material equity holdings in the Company.

Annual performance-related rewards aligned with the Group's key financial, operational and strategic goals and based on stretching targets are a further component of the total executive remuneration package. For senior management, mechanisms are tailored to local requirements.

The Group seeks to bring transparency to executive Directors' reward structures through the use of cash allowances in place of benefits in kind. In setting executive Directors' remuneration, the Committee has regard to pay levels and conditions applicable to other employees across the Group. Pension benefits under the policy are in line with senior management policy and reflect the investment in pension provision which has been made across the Company over recent years.

Future Policy Table

Executive Directors' remuneration

| Element | Salary |
|-------------------------------------|--|
| Purpose and link to strategy | Purpose is to attract, recruit and retain Directors of the necessary calibre. |
| Operation | <p>Salary levels are determined by the Committee taking into account factors including, but not limited to:</p> <ul style="list-style-type: none"> • scope and responsibilities of the role; • experience and individual performance; • overall business performance; • prevailing market conditions; • pay in comparable companies, principally in the global beverage sector; and • overall risk of non-retention. |
| Opportunity | <p>Executive Directors are entitled to an annual review of their salary, but there is no entitlement to receive any increase.</p> <p>The Committee may award salary increases to take account of individual circumstances such as:</p> <ul style="list-style-type: none"> • increases or changes in scope and responsibility; • to reflect the executive Director's development and performance in the role; or • alignment to market level. <p>In awarding increases, the Committee will have regard to the outcome of pay reviews for employees as a whole.</p> |
| Performance metrics | While no formal performance conditions apply, an individual's performance in role is taken into account in determining any salary increase. |

| Element | Benefits/cash allowance in lieu |
|------------------------------|---|
| Purpose and link to strategy | Purpose is to attract, recruit, and retain Directors of the necessary calibre. |
| Operation | The Group seeks to bring transparency to Directors' reward structures through the use of cash allowances in place of benefits in kind. The cash allowance can be applied to benefits such as a company car and health benefits. Group benefits such as death in service insurance are also made available. Other benefits may be provided based on individual circumstances including housing or relocation allowances, travel allowance or other expatriate benefits. Benefits and allowances are reviewed alongside salary. |
| Opportunity | The Committee has not set an absolute maximum on the levels of benefits that may be awarded since this will depend upon the circumstances applicable to the relevant Director as well as the cost of any third party suppliers. The value of the cash allowance/benefit is set at a level which the Committee considers appropriate against the market and relative to internal benefit provision in the Group and which provides sufficient level of benefit based on individual circumstances. |
| Performance metrics | Not applicable. |
| Element | Pension/cash allowance in lieu |
| Purpose and link to strategy | Purpose is to attract, recruit, and retain Directors of the necessary calibre. |
| Operation | The Group seeks to bring transparency to Directors' reward structures through the use of cash allowances in place of pension scheme participation, the allowance being either paid direct or into a personal pension plan. No executive Director accrues any benefits under a defined benefit pension scheme. All cash allowances are reviewed alongside salary. |
| Opportunity | Maximum cash allowance is up to 25% of salary. The value awarded is set at a level which the Committee considers appropriate against the market and relative to internal pension provision and which provides sufficient level of benefit based on individual circumstances. |
| Performance metrics | Not applicable. |

Report of the Remuneration Committee on Directors' Remuneration

(continued)

| Element | Annual bonus |
|------------------------------|--|
| Purpose and link to strategy | Rewards performance against annual financial, operational and strategic business targets which support the strategic direction of the Company and align the interests of executives with shareholders. |
| Operation | <p>A discretionary scheme under which executive Directors are entitled to receive a variable reward contingent upon the achievement of performance targets.</p> <p>The structure and value of the bonus scheme and the applicable performance measures are subject to annual approval by the Committee. Any pay-out is determined by the Committee after the year end, based on performance against the relevant targets.</p> <p>The Committee has discretion to vary the bonus pay out should any formulaic output not reflect the Committee's assessment of overall business performance.</p> <p>The Committee has discretion to apply deferral to any bonus earned in excess of 80% of salary in the year and for such amount to be deferred into shares for a period of up to two years. Dividend equivalents may be attached to the deferred shares over the deferral period and may be delivered in cash or shares.</p> <p>Malus and clawback provisions will apply to the annual bonus. See the "Malus and clawback" section below for more details.</p> <p>The Committee reserves the right to vary, amend, replace or discontinue the bonus scheme at any time depending on business needs and/or financial viability or as appropriate by reference to any changes in corporate structure during the financial year.</p> |
| Opportunity | Maximum opportunity is 100% of base salary. |
| Performance metrics | <p>Measures and targets are set annually reflecting the Company's strategy and aligned with key financial, operational, strategic and/or individual objectives.</p> <p>Targets, whilst stretching, do not encourage inappropriate business risks to be taken.</p> <p>The relevant measures and the respective weightings may vary each year based upon the Company's priorities. There is no minimum payment at threshold performance. Up to 60% of the maximum potential will be paid for on-target performance and all of the maximum will be paid for maximum performance. For performance between on-target and maximum, payments will usually be determined on a straight line basis.</p> <p>If applicable, as the bonus is subject to performance measures, any deferred bonus is not subject to further performance conditions.</p> |

| Element | LTIP 2015 |
|------------------------------|--|
| Purpose and link to strategy | To incentivise executive Directors to execute the Group's business strategy over the longer term and align their interests with those of shareholders to achieve a sustained increase in shareholder value. |
| Operation | <p>Under the LTIP 2015, awards of conditional shares, restricted stock or nil cost or nominal cost options (or similar cash equivalent) can be made.</p> <p>The vesting of awards is subject to meeting specific performance targets set by the Committee and measured over a period of typically three years. Awards made in respect of years after FY2019 will usually be subject to a two-year holding period following vesting. This will operate on the basis that either: (1) following the vesting of an award, the vested shares cannot be acquired until the end of that period; or (2) shares can be acquired following vesting but that, other than as regards sales of shares to cover relevant tax liabilities, shares cannot be disposed of until the end of that period and shares will typically not be released until the end of the holding period.</p> <p>The Committee may decide that a participant has a right to 'dividend equivalents' whereby the participant receives additional value equivalent to that which accrues to shareholders by way of dividends that would have been paid on the underlying shares during the period to release. This value can be paid as cash or shares.</p> <p>Early or pro-rata vesting may be available for certain qualifying leavers. See policy on payment for loss of office on pages 96 to 98 for more details.</p> <p>Awards vest early on a change of control (or other relevant event) taking into account the performance conditions and pro-rating for time, although the Committee has discretion not to apply time pro-rating. Awards may be adjusted in the event of a variation of share capital in accordance with the scheme rules.</p> |
| Opportunity | <p>The maximum LTIP 2015 award is 150% of base salary in respect of any financial year</p> <p>In exceptional circumstances the maximum award is 300% of salary in respect of any financial year.</p> |
| Performance metrics | Performance conditions will be attached to the LTIP 2015 awards by taking into account the business priorities prevailing at the time of grant and the Company's strategy. Such conditions may include, but are not limited to, EPS growth and cash conversion and return on capital. For the achievement of threshold growth performance in respect of a financial measure, no more than 25% of the award will vest and 100% of the award will vest for maximum performance; below threshold performance, none of the award will vest. For performance between threshold and maximum, payments will usually be determined on a straight line basis. |
| Element | Share-based rewards – all-employee plans |
| Purpose and link to strategy | To align the interests of eligible employees with those of shareholders through share ownership. |
| Operation | (See share plans described below) |
| Opportunity | For tax-advantaged plans the maximum opportunity set by the rules or adopted by the Committee will be in line with or below the statutory limits. |
| Performance metrics | No performance conditions would usually be required in tax-advantaged plans. |

Report of the Remuneration Committee on Directors' Remuneration

(continued)

| Element | Irish APSS/ UK SIP |
|------------------------------|--|
| Purpose and link to strategy | To align the interests of eligible employees with those of shareholders through share ownership. |
| Operation | <p>The C&C Profit Sharing Scheme is an all-employee share scheme and has two parts. Part A relates to employees in ROI and has been approved by the Irish Revenue Commissioners (the Irish APSS). Part B relates to employees in the UK and is a HMRC qualifying plan of free, partnership, matching or dividend shares (or cash dividends) with a minimum three year vesting period for matching shares (the UK SIP). UK resident executive Directors are eligible to participate in Part B only.</p> <p>There is currently no equivalent plan for Directors resident outside of Ireland or the UK.</p> |
| Opportunity | Under the Company's UK SIP the current maximum subscription is £750 per annum with entitlement to matching shares of £750 per annum. However, the Committee reserves the right to increase the maximum to the statutory limits. Under the Company's Irish APSS, the maximum value of shares that may be allocated each year is as permitted in accordance with the relevant tax legislation (currently €12,700, which is the combined value for the employer funded and employee foregone elements) |
| Performance metrics | No performance conditions are attached to awards under the Irish APSS or the UK SIP. |

Non-executive Directors' remuneration

| Element | Non-executive Director fees |
|------------------------------|---|
| Purpose and link to strategy | Sole element of non-executive Director remuneration is set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience. |
| Operation | <p>Fees paid to non-executive Directors are determined and approved by the Board as a whole. The Committee recommends the remuneration of the Chairman to the Board.</p> <p>Fees are reviewed from time to time and adjusted to reflect market positioning and any change in responsibilities.</p> <p>Non-executive Directors receive a basic fee and an additional fee for further duties (for example chairmanship of a committee or senior independent Director responsibilities).</p> <p>Non-executive Directors are not eligible to participate in the annual bonus plan or share-based schemes and do not receive any benefits (including pension) other than fees in respect of their services to the Company.</p> <p>Non-executive Directors may be eligible to receive certain benefits as appropriate such as the use of secretarial support, travel costs or other benefits that may be appropriate.</p> |
| Opportunity | <p>Fees are based on the level of fees paid to non-executive Directors serving on Boards of similar-sized Irish and UK-listed companies and the time commitment and contribution expected for the role.</p> <p>The Articles of Association provide that the ordinary remuneration of Directors (i.e. Directors' fees, not including executive remuneration) shall not exceed a fixed amount or such other amount as determined by an ordinary resolution of the Company. The current limit was set at the Annual General Meeting held in 2013, when it was increased to €1.0 million in aggregate.</p> |
| Performance metrics | Not applicable. |

Malus and clawback

In line with the UK Corporate Governance Code, malus and clawback provisions apply to all elements of performance-based variable remuneration (i.e. annual bonus, ESOS 2015 and LTIP 2015) for the executive Directors with effect from 1 March 2016. The circumstances in which malus and clawback will be applied are if there has been in the opinion of the Committee a material mis-statement of the Group's published accounts; or the Committee reasonably determines that a participant has been guilty of gross misconduct. The clawback provisions will apply for a period of two years following the end of the performance period; in the case of any deferred bonus award or LTIP 2015 award which is not released until the end of a holding period, clawback may be implemented by cancelling the award before it vests/is released.

Shareholding guidelines

The Group CEO will be required to maintain a personal shareholding of at least two times' salary. For the other executive Directors this will be set at one time's salary. Executive Directors are required to retain 50% of the after tax value of vested share awards until the shareholding guideline is met. Shares subject to awards which have vested but which remain unexercised, shares subject to LTIP 2015 awards which have vested but not been released (i.e. which are in a holding period) and shares subject to deferred bonus awards count towards the shareholding requirement on a net of assumed tax basis.

DISCRETION TO DEPART FROM POLICY

Share schemes and other incentives

The Committee recognises the importance of ensuring that the outcomes of the Group's executive pay arrangements properly reflect the Group's overall performance over the performance period. It is the Committee's intention that the mechanistic application of performance conditions relating to awards will routinely be reviewed to avoid outcomes which could be seen as contrary to shareholders' expectations.

To the extent provided for in accordance with any relevant amendment power under the rules of the share plans or in the terms of any performance condition, the Committee may alter the performance conditions relating to an award or option already granted if an event occurs (such as a material acquisition or divestment or unexpected event) which the Committee reasonably considers means that the performance conditions would not, without alteration, achieve their original purpose. The Committee will act fairly and reasonably in making the alteration so that the performance conditions achieve their original purpose and the thresholds remain as challenging as originally imposed. The Committee will explain and disclose any such alteration in the next remuneration report.

Legacy payments

The Committee reserves the right to make any remuneration payment or any payment for loss of office without the need to consult with shareholders or seek their approval, notwithstanding that it is not in line with the policy set out above, where the terms of the payment were agreed either:

- before the policy came into effect (provided that, in the case of any payment agreed after the Company's 2015 Annual General Meeting, it is in line with the policy approved at that meeting); or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes: the term 'payment' includes any award of variable remuneration; in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

The Company intends to make a final award under the ESOS 2015 plan before the AGM in May 2018. This award would be made under the policy which was approved by shareholders at the 2015 AGM. No further awards will be made to executive Directors under the ESOS 2015. If however, the final ESOS 2015 award is delayed beyond the 2018 AGM it will be granted in accordance with the terms of the policy approved at the 2015 AGM.

Minor changes

The Committee may, without the need to consult with shareholders or seek their approval, make minor changes to this Policy to aid in its operation or implementation taking into account the interests of shareholders.

COMPARISON WITH REMUNERATION POLICY FOR EMPLOYEES GENERALLY

Remuneration packages for executive Directors and for employees as a whole reflect the same general remuneration principle that individuals should be rewarded on their contribution to the Group and its success, and the reward they receive should be competitive in the market in which they operate without paying more than is necessary to recruit and retain them.

The remuneration package for executive Directors reflects their role of leading the strategic development of the Group. Accordingly there is a strong alignment with shareholders' interests, through long term performance-based share rewards. Senior management are similarly rewarded.

Report of the Remuneration Committee on Directors' Remuneration

(continued)

These rewards are not appropriate for all employees but it is the Committee's policy that employees in general should be afforded an opportunity to participate in the Group's success through holding shares in the Company through all-employee schemes.

Executive Directors are incentivised through an annual cash bonus to achieve shorter term objectives and all employees are similarly incentivised.

For executive Directors the remuneration package reflects the demands of a global market. For employees generally, remuneration and reward are tailored to the local market in which they work. It is the Committee's policy that all employees should share in the success of the business divisions towards whose success they have contributed.

CONSIDERATION OF EMPLOYMENT CONDITIONS GENERALLY AND CONSULTATION WITH EMPLOYEES

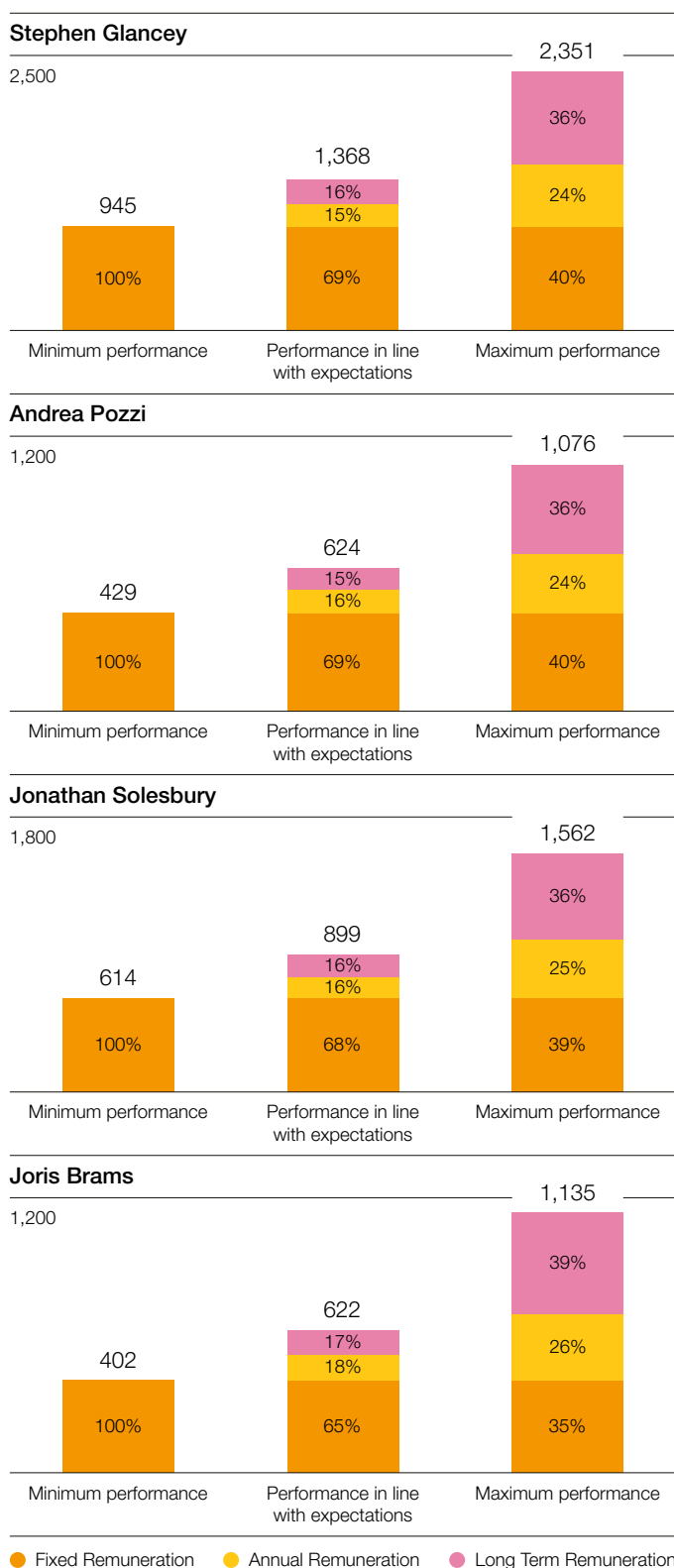
As described above, when setting the policy for executive Directors' remuneration, the Committee applies the same core principle as applied for the pay and employment conditions of other Group employees. When reviewing Directors' remuneration, the Committee has regard to the outcome of pay reviews for employees as a whole.

The Committee did not directly consult with employees when formulating the Directors' remuneration policy set out in this report and no remuneration comparison measurements comparing executive Directors' remuneration with employees generally were used.

The Group has regular contact with employee representatives on matters of pay and remuneration for employees covered by collective bargaining or consultation arrangements.

ILLUSTRATION OF REMUNERATION POLICY

The following charts show the level of remuneration and the relative split of remuneration between fixed pay (base salary, benefits and cash allowance in lieu of pension) and variable pay (annual bonus, ESOS and LTIP) for each executive Director on the basis of minimum remuneration, remuneration receivable for performance in line with the Company's expectations and maximum remuneration (not allowing for any share price appreciation).



Bases and Assumptions

For the purposes of the above charts, the following assumptions have been made:

- Base salary is the latest known salary as at 1 March 2018.
- Benefits as disclosed in the single figure table on page 101 for the year ended 28 February 2018.
- Cash allowance in lieu of pension for executive Directors other than Joris Brams equal to 25% of base salary (based on salary as at 1 March 2018).
- The Long Term Remuneration element is based on the FY18 awards – i.e. an ESOS 2015 award equal to 150% of salary and an LTIP 2015 award of 100% of salary.
- The chart for Joris Brams excludes the fee that Joris Brams BBVA receives under its service contract for brand development services.

The average exchange rate for FY2018 has been used for ease of comparison.

In illustrating the potential reward the following assumptions have been made:

| Element | Minimum performance | Performance in line with expectations | Maximum performance |
|--------------|--|--|--|
| Fixed pay | Fixed elements of remuneration (base salary, benefits allowance and pension allowance) | Fixed elements of remuneration (base salary, benefits allowance and pension allowance) | Fixed elements of remuneration (base salary, benefits allowance and pension allowance) |
| Annual bonus | No bonus | 30% of salary delivered for achieving target performance | 80% of salary delivered for achieving maximum performance |
| LTIP 2015 | No vesting | 25% of the award (25% of salary) for achieving threshold performance | 100% of salary for achieving maximum performance |
| ESOS 2015 | No vesting | 25% of the award (37.5% of salary) for achieving threshold performance | 150% of salary for achieving maximum performance |

The charts are based on the application of policy in FY2019. As noted above there will be no ESOS awards in FY2020 and LTIP awards will be at 150% of salary. An updated illustration of policy will therefore be disclosed next year.

RECRUITMENT REMUNERATION POLICY

When recruiting a new executive Director, the Committee will typically seek to use the Policy detailed in the table above to determine the appropriate remuneration package to be offered. To facilitate the hiring of candidates of the appropriate calibre required to implement the Group's strategy, the Committee retains the discretion to make payments or awards which are outside the Policy subject to the principles and limits set out below.

In determining appropriate remuneration, the Committee will take into consideration all relevant factors (including the quantum and nature of remuneration) to ensure the arrangements are in the best interests of the Group and its shareholders. This may, for example, include (but is not limited to) the following circumstances:

- an interim appointment is made to fill an executive Director role on a short-term basis;
- exceptional circumstances require that the Chairman or a non-executive Director takes on an executive function on a short-term basis;
- an executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis;
- the executive Director received benefits at his previous employer which the Committee considers it appropriate to offer.

Report of the Remuneration Committee on Directors' Remuneration

(continued)

The Committee may also alter the performance measures, performance period, vesting period, deferral period and holding period of the annual bonus or long-term incentive if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained.

The Committee may make an award to compensate the prospective employee for remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors regarding the forfeited arrangements which may include the form of any forfeited awards (e.g. cash or shares), any performance conditions attached to those awards (and the likelihood of meeting those conditions) and the time over which they would have vested. These awards or payments are excluded from the maximum level of variable remuneration referred to below; however, the Committee's intention is that the value awarded or paid would be no higher than the expected value of the forfeited arrangements.

Any share awards referred to in this section will be granted as far as possible under the Group's existing share plans. If necessary, and subject to the limits referred to below, recruitment awards may be granted outside of these plans.

Recruitment awards will normally be liable to forfeiture or "clawback" on early departure (i.e. within the first 12 months of employment).

It would be the Committee's policy that a significant portion of the remuneration package (including any introductory awards) would be variable and linked to stretching performance targets and continued employment. The maximum level of variable remuneration that may be granted to new Directors (excluding buy-out arrangements) is 4 times' base salary.

Where a position is filled internally, any pre-appointment remuneration entitlements or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees payable to a newly-appointed Chairman or non-executive Director will be in line with the fee policy in place at the time of appointment.

POLICY ON PAYMENT FOR LOSS OF OFFICE

Executive Directors

Service Contracts

Each of the executive Directors is employed on a service contract. Details of the service contracts of the executive Directors in office during the year are as follows:

| Name | Contract date | Notice period | Unexpired term of contract |
|--------------------|--|---------------|----------------------------|
| Stephen Glancey | 9 November 2008, amended 28 February 2012 | 12 months | n/a |
| Jonathan Solesbury | 7 November 2017 | 12 months | n/a |
| Andrea Pozzi | 31 May 2017 | 12 months | n/a |
| Joris Brams | 1 September 2012, amended as of 1 April 2014 | 12 months | n/a |

C&C IP Sàrl ('CCIP') entered into a contract for services effective as of 1 April 2014 with Joris Brams BVBA ('JBB'), (a company wholly owned by Joris Brams and family), under which JBB agreed to provide to CCIP brand development services in relation to Belgian products and CCIP agreed to pay fees totaling €91,550 on an annual basis.

Compensation on Termination

The service contracts of the executive Directors do not contain any pre-determined compensation payments in the event of termination of office or employment other than payment in lieu of notice.

The principles on which the compensation for loss of office would be approached are summarised below:

Policy

| | |
|---|--|
| Notice period | None of the executive Directors has a service contract with a notice period in excess of one year. Service contracts for new directors will generally be limited to 12 months' notice by the Company. The contract for services between CCIP and JBB (a company wholly owned by Joris Brams and family) is terminable by either party on 12 months' notice. |
| Termination payment/payment in lieu of notice | The Company has retained the right to make payment to the executive Director of 12 months' fixed remuneration in lieu of the notice period. Discretionary benefits may also include, but are not limited to, outplacement and legal fees. |
| Annual bonus | Payment of the annual bonus would be at the discretion of the Committee on an individual basis and would be dependent upon the circumstances of their departure and their contribution to the business during the bonus period in question. A departing Director may be eligible, depending on the circumstances and subject to performance, for payment of a bonus pro-rata to the period of employment during the year, to be payable at the usual time. |
| Share based awards | The vesting of share based awards is governed by the rules of the relevant incentive plan. |
| LTIP 2015 Unvested awards | <p>Under the LTIP 2015, 'good leavers' typically include leavers due to death, injury, ill-health, disability, redundancy, retirement with the consent of the Company or business disposal or any other reason as determined by the Committee.</p> <p>Under the LTIP 2015, the provisions for 'good leavers' provide that awards will vest at the normal vesting point and taking account of the performance over the period and subject to pro-rating for time. The Committee has the discretion to accelerate vesting to the date of cessation of employment and to waive pro-rating for time.</p> |
| LTIP 2015 Vested but unreleased awards | Under the LTIP 2015, if a participant ceases employment during a holding period, his award will continue unless he is summarily dismissed, in which case his award will lapse. Awards which are retained will typically be released at the originally anticipated release date. However, the Committee has discretion to release the award at the date of cessation. |
| Deferred bonus awards | For any deferred annual bonus, the deferred bonus share award would be released as soon as practicable following termination (unless the participant is summarily dismissed, in which case his award will lapse). |
| Mitigation | Executive Directors' service contracts contain no contractual provision for reduction in payments for mitigation or for early payment, and accordingly any payment during the notice period will not be reduced by any amount earned in that period from alternative employment obtained as a result of being released from employment with the Group before the end of the contractual notice period. |
| Other payments | <p>Payments may be made under the Company's all employee share plans which are governed by the Irish Revenue Commissioners and HMRC tax-advantaged plan rules and which cover leaver provisions. There is no discretionary treatment of leavers under these plans.</p> <p>Where on recruitment a buy-out award had been made outside the LTIP 2015, then the applicable leaver provisions would be specified at the time of the award.</p> |

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. In doing so, the Committee will recognise and balance the interests of shareholders and the departing executive Director, as well as the interests of the remaining Directors. Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure.

Report of the Remuneration Committee on Directors' Remuneration

(continued)

and performance.

Non-executive Directors

Letters of appointment

Each of the non-executive Directors in office during the financial year was appointed by way of a letter of appointment. Each appointment was for an initial term of three years, renewable by agreement (but now subject to annual re-election by the members in General Meeting). The letters of appointment are dated as follows:

| Non-executive Director | Date of letter of appointment |
|------------------------|-------------------------------|
| Sir Brian Stewart | 10 February 2010 |
| Jim Clerkin | 1 April 2017 |
| Vincent Crowley | 23 November 2015 |
| Emer Finnan | 4 April 2014 |
| Stewart Gilliland | 17 April 2012 |
| Geoffrey Hemphill | 19 May 2017 |
| Richard Holroyd | 26 April 2004 |

The letters of appointment are each agreed to be terminable by either party on one month's notice and do not contain any pre-determined compensation payments in the event of termination of office or employment.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 28 FEBRUARY 2019

Information on how the Company intends to implement the policy for the financial year ending 28 February 2019 is set out below.

Executive Directors

Structure

The fundamental structure of the remuneration of Stephen Glancey, Joris Brams, Andrea Pozzi and Jonathan Solesbury remains unchanged from the previous year. There are no changes to the maximum rate of the annual bonus, the ESOS and LTIP opportunity or the rate of the cash allowance in lieu of pension or benefits in kind.

Base salaries

The Company's approach on base salary continues to be to provide a fixed remuneration component which reflects the experience and capabilities of the individual in the role, the demonstrated performance of the individual in the role, and which is competitive in the markets in which the Company operates.

Under their service contracts, the base salaries of Stephen Glancey, Andrea Pozzi and Jonathan Solesbury are expressed and payable

in pounds Sterling. The base salary of Joris Brams is expressed and payable in Euro.

The salary levels of executive Directors are normally reviewed together with those of senior management annually. The salary levels were reviewed in respect of FY2018 and no increase of was awarded. As stated on page 85, the Committee may however review Andrea Pozzi's salary later in FY2019.

The base salaries are as follows:

| Year ended February | 2018 | 2019 |
|---------------------|----------------------|----------------------|
| Stephen Glancey | £596,759 (£677,365*) | £596,759 (£677,365*) |
| Joris Brams | €373,520 | €373,520 |
| Andrea Pozzi | £290,000 (£329,171)* | £290,000 (£329,171)* |
| Jonathan Solesbury | £425,000 (€482,406)* | £425,000 (€482,406)* |

* Salaries disclosed in Euro at the average exchange rate in FY2018.

Benefits

The executive Directors receive a cash allowance of 7.5% of base salary in lieu of benefits such as a company car. The Group provides death-in-service cover of four times' annual base salary and permanent health insurance (or reimbursement of premiums paid into a personal policy). Directors may also benefit from medical insurance under a Group policy (or the Group will reimburse premiums).

Annual bonus

The Committee has reviewed the performance measures and targets for the annual bonus to ensure that they remain appropriately stretching in the current environment and continue to be aligned with the business strategy.

For FY2019, the Committee has approved a bonus scheme for executive Directors by reference to Group adjusted operating profit (75% of the overall opportunity) and cash conversion (25% of the overall opportunity), under which executive Directors will be entitled to a bonus of 30% of salary for on target performance, and a further bonus on a tapering basis in respect of performance above this level up to a maximum of 80% of base salary.

The Company is not disclosing the actual Group bonus profit and cash conversion targets prospectively as, in the opinion of the Board, these targets are commercially sensitive. The Board believes that disclosure of this commercially sensitive information could adversely impact the Company's competitive position by providing competitors with insight into the Company's business plans and expectations. However, the Company will disclose how the bonus pay out delivered relates to performance against targets on a retrospective basis if a bonus is earned by reference to the target, as shown on page 102 in relation to the FY2018 annual bonus.

Long Term Incentives

Long term incentive awards for FY2019, will be granted on the following basis.

| Element | Quantum | Performance Measure* | Performance Targets | |
|---------|---------------------|--|--|---------|
| ESOS | 150% of base salary | Compound Annual Growth in Underlying EPS over the three year performance period FY2019, FY2020 and FY2021 | Compound Annual Growth in Underlying EPS | Vesting |
| | | | 2% per annum | 25% |
| | | | 6% per annum | 100% |
| LTIP | 100% of base salary | Compound Annual Growth in Underlying EPS over the three year performance period FY2019, FY2020 and FY2021 (33% of the award) | Compound Annual Growth in Underlying EPS | Vesting |
| | | | 3% per annum | 25% |
| | | | 8% per annum | 100% |
| | | Free Cash Flow Conversion (33% of the award) | Free Cash Flow Conversion | Vesting |
| | | | 65% | 25% |
| | | | 75% | 100% |
| | | Return On Capital Employed (33% of the award) | ROCE | Vesting |
| | | | 9.3% | 25% |
| | | | 10% | 100% |

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

For the purposes of these performance conditions, the measures will be determined as follows.

| | |
|-----------------------------------|---|
| Underlying EPS | Adjusted earnings per share as disclosed in the Company's annual report and accounts. |
| Free Cash Flow Conversion | Free Cash Flow: cash from operating activities net of capital investment cash outflows which form part of investing activities. |
| | Free Cash Flow Conversion: Free Cash Flow / EBITDA excluding exceptional items. Measured as an average over the three years. |
| Return On Capital Employed | Operating Profit / Asset Base |
| | Asset Base: Net assets (total assets less total liabilities) excluding debt (based on an average of the start of the financial year and end of the financial year figures). Based on achievement in the final year of the performance period. |

Report of the Remuneration Committee on Directors' Remuneration

(continued)

Pensions

No executive Director accrues any benefits under a defined benefit pension scheme. Under their service contracts executive Directors other than Joris Brams will receive a cash payment of 25% of base salary, in order to provide their own pension benefits. Joris Brams receives no pension provision.

Non-Executive Directors

The fees paid to non-executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group. The annual fees for the non-executive Directors including additional fees for the Senior Independent Director and Committee Chairmen, all of which are unchanged from FY2018, are as follows:

| | Year ending 28 February 2019 |
|--|---------------------------------|
| Chairman | €230,000 |
| Non-executive Director | €65,000 |
| Senior Independent Director | €10,000 |
| Chairman of the Audit Committee | €25,000 |
| Chairman of the Remuneration Committee | €20,000 |

Annual report on remuneration for the year ended 28 February 2018

The following parts of the Remuneration Report are subject to audit and have been audited.

DIRECTORS' REMUNERATION

Details of the remuneration for each Director who served during the year ended 28 February 2018 are given below. The comparative figures included for last year have been presented on a consistent basis with the current year.

The valuation methodologies used in this report are those required by the 2013 UK Regulations on remuneration disclosure, which we have chosen to apply on a voluntary basis, and are different from those applied within the financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Further details on the valuation methodologies applied are set out in the notes relating to columns (a) to (g) below. Details of the overall Directors' remuneration charged to the Group income statement are shown in notes 3 and 26 to the financial statements.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below reports the total remuneration receivable in respect of qualifying services by each Director during the year ended 28 February 2018 and the prior year.

| Year ended February | Salary/fees (a) | | Further Amount (b) | | Taxable benefits (c) | | Annual Bonus (d) | | Long term incentives (e) | | Pension related benefits (f) | | Termination Payments (g) | | Total | |
|---|--------------------|---------------|-----------------------|---------------|-------------------------|---------------|---------------------|---------------|-----------------------------|---------------|---------------------------------|---------------|--------------------------------|---------------|---------------|---------------|
| | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 |
| Executive Directors | | | | | | | | | | | | | | | | |
| Joris Brams | 374 | 370 | - | - | 28 | 28 | 54 | - | - | - | - | - | - | - | 456 | 398 |
| Stephen Glancey | 677 | 708 | - | 111 | 51 | 56 | 97 | - | - | - | 169 | 177 | - | - | 994 | 1,052 |
| Kenny Neilson* | 192 | 509 | - | 83 | 14 | 40 | - | - | - | - | 48 | 127 | 227 | - | 481 | 759 |
| Andrea Pozzi** | 246 | - | - | - | 18 | - | 36 | - | - | - | 62 | - | - | - | 362 | - |
| Jonathan Solesbury*** | 148 | - | - | - | 30 | - | 21 | - | - | - | 37 | - | - | - | 236 | - |
| Sub-total | 1,637 | 1,587 | - | 194 | 141 | 124 | 208 | - | - | - | 316 | 304 | 227 | - | 2,529 | 2,209 |
| The remuneration for Stephen Glancey, Kenny Neilson, Jonathan Solesbury and Andrea Pozzi was translated from Sterling using the average exchange rate for the relevant year. For executive Directors who joined or left in the year, salary, taxable benefits, annual bonus and pension relates to the period in which they served as an executive Director | | | | | | | | | | | | | | | | |
| * While on sick leave, Kenny Neilson tendered his resignation in June 2017 and a sum of £200,000 (£227,000) was paid to him in relation to his employment termination. This amount is commensurate with what Mr Neilson would have received under the Group's sick leave policy. | | | | | | | | | | | | | | | | |
| ** Andrea Pozzi was appointed as a director in June 2017. His remuneration reflects his appointment as a Director from that date. | | | | | | | | | | | | | | | | |
| *** Jonathan Solesbury was appointed as a director in November 2017. His remuneration reflects his appointment as a Director from that date. | | | | | | | | | | | | | | | | |
| Non-executive Directors | | | | | | | | | | | | | | | | |
| Jim Clerkin* | 60 | - | - | - | - | - | - | - | - | - | - | - | - | - | 60 | - |
| Vincent Crowley | 65 | 65 | - | - | - | - | - | - | - | - | - | - | - | - | 65 | 65 |
| Emer Finnan | 90 | 90 | - | - | - | - | - | - | - | - | - | - | - | - | 90 | 90 |
| Stewart Gilliland** | 68 | 65 | - | - | - | - | - | - | - | - | - | - | - | - | 68 | 65 |
| Geoffrey Hemphill* | 51 | - | - | - | - | - | - | - | - | - | - | - | - | - | 51 | - |
| Richard Holroyd | 75 | 75 | - | - | - | - | - | - | - | - | - | - | - | - | 75 | 75 |
| Rory Macnamara*** | - | 54 | - | - | - | - | - | - | - | - | - | - | - | - | - | 54 |
| Breege O'Donoghue**** | 71 | 85 | - | - | - | - | - | - | - | - | - | - | - | - | 71 | 85 |
| Anthony Smurfit*** | - | 4 | - | - | - | - | - | - | - | - | - | - | - | - | - | 4 |
| Sir Brian Stewart | 230 | 230 | - | - | - | - | - | - | - | - | - | - | - | - | 230 | 230 |
| Sub-total | 710 | 668 | - | - | - | - | - | - | - | - | - | - | - | - | 710 | 668 |
| Total | 2,347 | 2,255 | - | 194 | 141 | 124 | 208 | - | - | - | 316 | 304 | 227 | - | 3,239 | 2,877 |

* Jim Clerkin was appointed as a director in April 2017 and Geoffrey Hemphill was appointed as a director in May 2017

** The fees paid to Stewart Gilliland for the year ending 28 February reflect his appointment as Chairman of the Remuneration Committee from January 2018.

*** Rory Macnamara was a director until December 2016 and Anthony Smurfit was a director until March 2016.

**** Breege O'Donoghue retired as a director and Chairman of the Remuneration Committee in December 2017.

Report of the Remuneration Committee on Directors' Remuneration

(continued)

Notes to the Remuneration Table

Column (a) Salaries and fees

- (1) The amounts shown are the amounts earned in respect of the financial year.
- (2) In addition to the amounts shown above, pursuant to a contract for services effective as of 1 April 2014 between C&C IP Sàrl ('CCIP') and Joris Brams BVBA ('JBB'), (a company wholly owned by Joris Brams and family), CCIP paid fees in FY2017 of €91,550 to JBB in respect of brand development services provided by JBB to CCIP in relation to Belgian products.

Column (b) Further Amount

Column (b) relates to the Joint Share Ownership Plan ("JSOP") which crystallised in FY2017 and no further amounts will arise in connection with the JSOP.

Column (c) Benefits

- (1) The executive Directors received a cash allowance of 7.5% of base salary. The Group provided death-in-service cover of four times annual base salary and permanent health insurance (or reimbursement of premiums paid into a personal policy). Stephen Glancey and Kenny Neison also availed of medical insurance under a Group policy. The Group also provided Jonathan Solesbury with a temporary monthly relocation allowance of 12.5% of base salary which is payable up to May 2018.

Column (d) Annual Bonus

- (1) The amounts shown are the total bonus earned under the annual bonus scheme in respect of the financial year.
- (2) For the year ended 28 February 2018, the annual bonus for executive Directors was based on performance against a Group adjusted operating profit target (75%) and a cash conversion target (25%). The maximum bonus opportunity was 80% of salary. Target bonus was 30% of salary (37.5% of the maximum opportunity). Further details of how the bonuses earned relate to performance are provided in the table below. As the adjusted operating profits targets are considered to be commercially sensitive, and recognising that no bonus was earned in respect of that element, the Company has not disclosed details of these targets. However, in future if a bonus is earned by reference to the adjusted operating profit measure, the Company will disclose details of the targets on a retrospective basis.

| Measure | Performance Targets | | Actual Performance | Bonuses earned (percentage of salary) |
|---------------------------------|---------------------|----------------|--------------------|---|
| | 'Target'* | 'Maximum' | | |
| Adjusted Operating Profit (75%) | Budget | 110% of Budget | Below Target | The Operating Profit element of the bonus is not payable as the target has not been achieved |
| Cash Conversion (25%) | 65% | 75% | 70.5% | The Cash Conversion element of the bonus has been achieved at a level between target and maximum resulting in a bonus of 14.4% of salary. |

* Threshold performance is also Target performance i.e. there is no payment for below Target performance.

Column (e) Long term incentives

- (1) The amounts shown in respect of long term incentives are the values of awards where final vesting is determined as a result of the achievement of performance measures or targets relating to the financial year and is not subject to achievement of further measures or targets in future financial years.
- (2) For the year ended 28 February 2018, no amounts will vest in respect of the LTIP (Part I) and ESOS awards granted in July 2015 to Stephen Glancey and Joris Brams. The performance conditions for these awards are detailed in note 4 (Share-Based Payments) and the Remuneration Committee has determined that threshold performance has not been met under any of the measures and accordingly the awards have lapsed.

Column (f) Pensions related benefits

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

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

Shareholding guidelines

The Company has introduced a shareholding guideline for the current executive Directors. The Group Chief Executive Officer is expected to maintain a personal shareholding of at least two times' salary. For the other executive Directors, this has been set at one times' salary. Executive Directors are expected to retain 50% of the after tax value of vested share awards until at least the shareholding guideline has been met.

Directors' Interests in Share Capital of the Company (Audited)

The interests of the Directors and the Company Secretary in office at 28 February 2018 in the share capital of Group companies at the beginning of the year (or date of appointment if later) and the end of the year were:

| | 28 February 2018 Total | 1 March 2017 (or date of appointment if later) Total |
|--------------------------|---------------------------|---|
| Directors | | |
| Joris Brams | 91,477 | 91,477 |
| Jim Clerkin | - | - |
| Vincent Crowley | 10,000 | 10,000 |
| Emer Finnan | 5,000 | - |
| Stephen Glancey | 4,193,586 | 4,170,603 |
| Stewart Gilliland | 12,000 | 12,000 |
| Geoffrey Hemphill | - | - |
| Richard Holroyd | 51,921 | 50,093 |
| Andrea Pozzi | 66,436 | 66,436 |
| Jonathan Solesbury | - | - |
| Sir Brian Stewart | 200,000 | 200,000 |
| Total | 4,630,420 | 4,600,609 |
| Company Secretary | | |
| David Johnston | - | - |

There was no movement in the Directors' or the Company Secretary's interests in C&C Group plc ordinary shares between 28 February 2018 and 16 May 2018.

SHARE INCENTIVE SCHEME INTERESTS AWARDED DURING YEAR

The table below sets out the scheme interests awarded to executive Directors' and the Company Secretary during the year ended 28 February 2018, each of which is subject to performance conditions as set out below measured over a performance period from 1 March 2017 to 28 February 2020.

Report of the Remuneration Committee on Directors' Remuneration

(continued)

| Executive Director | Type of award | Maximum opportunity | Number of shares | Face value (at date of grant) ³ | % of maximum opportunity vesting at threshold |
|--------------------|-------------------|---------------------|------------------|---|---|
| Stephen Glancey | ESOS ¹ | 150% of base salary | 302,152 | 1,016,439 | N/A ¹ |
| Stephen Glancey | LTIP ² | 100% of base salary | 201,434 | 677,623 | 25% |
| Joris Brams | ESOS ¹ | 150% of base salary | 164,788 | 554,346 | N/A ¹ |
| Joris Brams | LTIP ² | 100% of base salary | 109,858 | 369,562 | 25% |
| Andrea Pozzi | ESOS ¹ | 150% of base salary | 146,833 | 493,946 | N/A ¹ |
| Andrea Pozzi | LTIP ² | 100% of base salary | 97,888 | 329,295 | 25% |
| Jonathan Solesbury | ESOS ¹ | 150% of base salary | 246,211 | 709,087 | N/A ¹ |
| Jonathan Solesbury | LTIP ² | 100% of base salary | 164,140 | 472,723 | 25% |

(1) The ESOS awards were granted in the form of market value share options over €0.01 ordinary shares in C&C Group plc. The ESOS awards have an exercise price of €3.40 per share for Stephen Glancey, Joris Brams and Andrea Pozzi and €2.93 per share for Jonathan Solesbury being the closing price on the dealing day before the date of grant and are subject to the following performance condition.

| Performance condition | Performance target | % of element vesting |
|---|--------------------|----------------------|
| Compound annual growth in Underlying EPS over the three year performance period FY2018, FY2019 and FY2020 | | |
| Threshold | 2% | 25% |
| Maximum | 6% | 100% |

(2) The LTIP awards were granted in the form of nil cost options over €0.01 ordinary shares in C&C Group plc. The LTIP awards are subject to the following three performance conditions:

| Performance condition | Weighting | Performance target | % of element vesting |
|---|-----------|--------------------|----------------------|
| Compound annual growth in Underlying EPS over the three year performance period FY2018, FY2019 and FY2020 | 33% | | |
| Threshold | | 3% | 25% |
| Maximum | | 8% | 100% |
| Free cash flow Conversion | 33% | | |
| Threshold | | 65% | 25% |
| Maximum | | 75% | 100% |
| Return on Capital Employed | 33% | | |
| Threshold | | 9.3% | 25% |
| Maximum | | 10% | 100% |

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

Definitions are in line with those provided on page 99.

(3) The face value of awards is based on the number of shares under award multiplied by the closing share price on the date of grant being €3.364 for Stephen Glancey, Andrea Pozzi and Joris Brams and €2.88 for Jonathan Solesbury.

DIRECTORS' INTERESTS IN OPTIONS (AUDITED)

Interests in options over ordinary shares of €0.01 each in C&C Group plc

| | Date of grant | Exercise price | Scheme | Exercise period | Total at 1 March 2017 (or date of appointment if later) | Awarded in year | Exercised in year | Lapsed in year | Total at 28 February 2018 |
|------------------|---------------|----------------|---------------|------------------|---|-----------------|-------------------|------------------|---------------------------|
| Directors | | | | | | | | | |
| Joris | 2/7/15 | €0.00 | LTIP (Part I) | 2/7/18–1/7/21 | 105,127 | | | (105,127) | Nil |
| Brams | 2/7/15 | €3.483 | ESOS | 2/7/18–1/7/22 | 157,691 | | | (157,691) | Nil |
| | 12/5/16 | €0.00 | LTIP | 12/5/19–11/5/26 | 88,474 | | | | 88,474 |
| | 12/5/16 | €4.18 | ESOS | 12/5/19–11/5/26 | 132,711 | | | | 132,711 |
| | 1/6/17 | €0.00 | LTIP | 1/6/20–31/5/27 | Nil | 109,858 | | | 109,858 |
| | 1/6/17 | €3.40 | ESOS | 01/6/20–31/5/27 | Nil | 164,788 | | | 164,788 |
| | Total | | | | 484,003 | 274,646 | | (262,818) | 495,831 |
| Stephen | 26/5/10 | €3.205 | ESOS | 26/5/13–25/5/17 | 234,100 | | (234,100)* | | Nil |
| Glancey | 29/2/12 | €0.00 | LTIP (Part I) | 1/3/15–28/2/18 | 28,773 | | (28,773)** | | Nil |
| | 2/7/15 | €0.00 | LTIP (Part I) | 2/7/18–1/7/21 | 237,028 | | | (237,028) | Nil |
| | 2/7/15 | €3.483 | ESOS | 2/7/18–1/7/22 | 355,543 | | | (355,543) | Nil |
| | 12/5/16 | €0.00 | LTIP | 12/5/19–11/5/26 | 178,891 | | | | 178,891 |
| | 12/5/16 | €4.18 | ESOS | 12/5/19–11/5/26 | 268,337 | | | | 268,337 |
| | 1/6/17 | €0.00 | LTIP | 1/6/20–31/5/27 | Nil | 201,434 | | | 201,434 |
| | 1/6/17 | €3.40 | ESOS | 1/6/20–31/5/27 | Nil | 302,152 | | | 302,152 |
| | Total | | | | 1,302,672 | 503,586 | (262,873) | (592,571) | 950,814 |
| Andrea | 21/5/14 | €0.00 | R&R | 21/5/17–20/5/21 | 4,360 | | | | 4,360 |
| Pozzi | 29/10/15 | €0.00 | R&R | 17/5/17–28/10/22 | 7,128 | | | | 7,128 |
| | 1/6/17 | €0.00 | LTIP | 1/6/20–31/5/27 | | 97,888 | | | 97,888 |
| | 1/6/17 | €3.40 | ESOS | 1/6/20–31/5/27 | | 146,833 | | | 146,833 |
| | Total | | | | 11,488 | 244,721 | | | 256,209 |
| Jonathan | 13/11/17 | €0.00 | LTIP | 13/6/20–12/6/27 | Nil | 164,140 | | | 164,140 |
| Solesbury | 13/11/17 | €2.93 | ESOS | 13/6/20–12/6/27 | Nil | 246,211 | | | 246,211 |
| | Total | | | | Nil | 410,351 | | | 410,351 |
| David | 2/7/15 | €0.00 | LTIP (Part I) | 2/7/18–1/7/21 | 45,937 | | | (45,937) | Nil |
| Johnston | 1/8/17 | €0.00 | LTIP | 1/8/20–31/7/24 | Nil | 26,928 | | | 26,928 |
| | Total | | | | 45,937 | 26,928 | | (45,937) | 26,928 |

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

* The market price at the date of exercise of Stephen Glancey's shares was €3.43. The exercise price was €3.205.

** The market price at the date of exercise of Stephen Glancey's shares was €2.86. The exercise price was Nil.

No price was paid for any award of options. The price of the Company's ordinary shares as quoted on the Irish Stock Exchange at the close of business on 28 February 2018 was €2.89 (28 February 2017 €3.87). The price of the Company's ordinary shares ranged between €2.77 and €3.90 during the year.

Report of the Remuneration Committee on Directors' Remuneration

(continued)

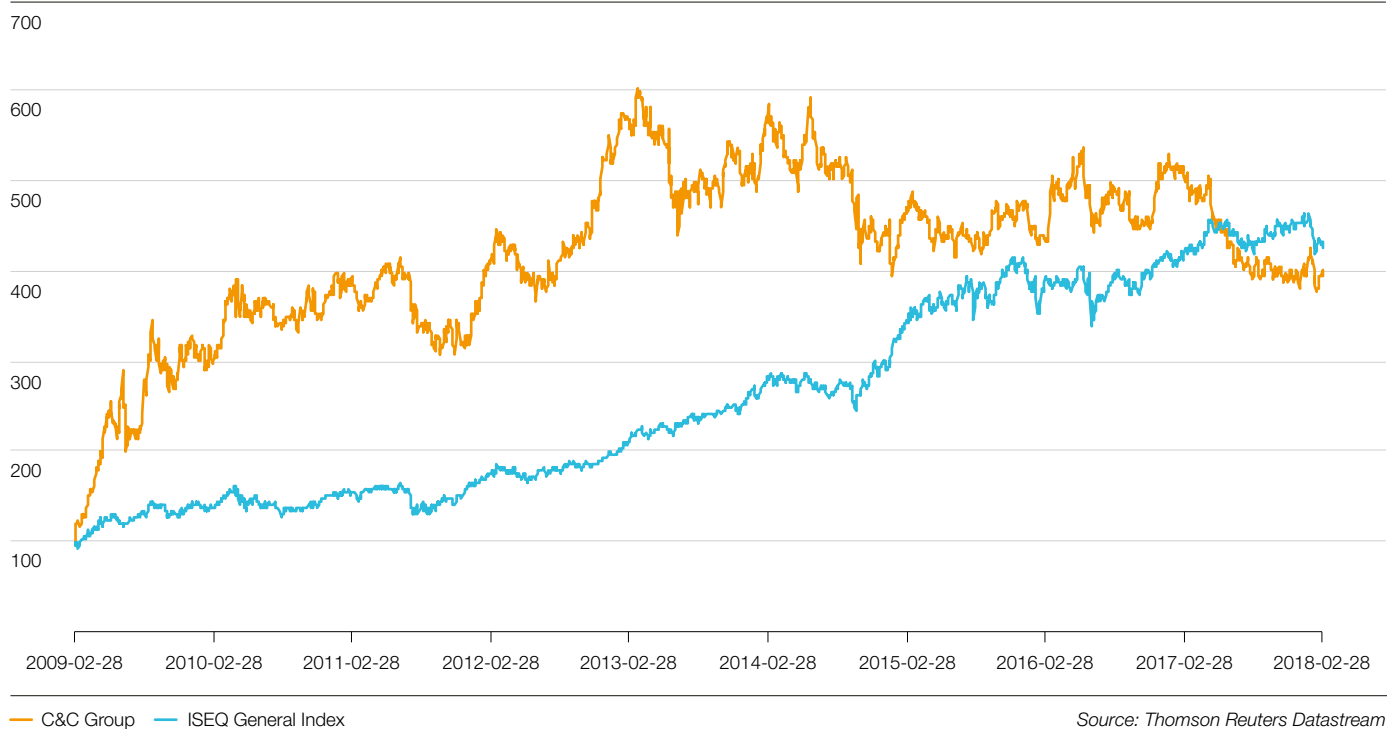
There was no movement in the interests of the Directors in options over C&C Group plc ordinary shares between 28 February 2018 and 16 May 2018.

The following sections of the Remuneration Report are not subject to audit.

PERFORMANCE GRAPH AND TABLE

This graph shows the value, at 28 February 2018, of €100 invested in the Company on 28 February 2009 compared to the value of €100 invested in the ISEQ General Index. The relevant index has been selected as a comparator because the Company is a member of that index.

Total shareholder return



CHIEF EXECUTIVE OFFICER

Nine Year Record

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

| | | Total Remuneration €'000 | Annual Bonus (as % of maximum opportunity) | Long term incentives vesting (as % of maximum number of shares) |
|--------|-------------------------------|-----------------------------|--|---|
| FY2010 | John Dunsmore (note) | 5,525 | Nil | 100% |
| FY2011 | John Dunsmore | 989 | Nil | 100% |
| FY2012 | John Dunsmore (to 31/12/11) | 1,126 | 75% | 100% |
| FY2012 | Stephen Glancey (from 1/1/12) | 956 | 75% | 100% |
| FY2013 | Stephen Glancey | 1,321 | Nil | 100% |
| FY2014 | Stephen Glancey | 1,152 | 18.75% | 7% |
| FY2015 | Stephen Glancey | 980 | Nil | Nil |
| FY2016 | Stephen Glancey | 1,230 | 25% | Nil |
| FY2017 | Stephen Glancey | 1,052 | Nil | Nil |
| FY2018 | Stephen Glancey | 994 | 18% | Nil |

The amounts set out in the above table were translated from Sterling based on the average exchange rate for the relevant year
Note: FY2010 includes vesting of awards over a number of years

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

Change in CEO's remuneration

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage change in remuneration for the Chief Executive Officer for the financial year ended 28 February 2018 compared with the previous financial year.

| | Change in Total Remuneration | Change in Base Salary | Change in Taxable Benefits | Change in Annual Bonus |
|-------------------------|---------------------------------|--------------------------|----------------------------|------------------------|
| Chief Executive Officer | 13% | Nil | Nil | See note* |

* The Chief Executive received a bonus of 14.4% of salary in FY2018 and no bonus in FY2017

Employees' Pay Comparison

Information on employee remuneration is given in note 3 to the financial statements. The ratio of the average remuneration of executive Directors to the average remuneration of the employees of the Group (excluding Directors) was 17:1 (FY2017: 16:1).

External appointments

The Board released Joris Brams to serve on the Board of Democo as a non-executive Director. He received and retained an annual fee of €5,000 in FY2018 in respect of this role.

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

Stewart Gilliland

Chairman of the Remuneration Committee

16 May 2018

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU, and have elected to prepare the Company financial statements in accordance with the requirements of the Companies Act 2014 and Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'), issued by the Financial Reporting Council in the UK.

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Group financial statements comply with IFRS as adopted by the EU and as regards the Company, comply with FRS 101 together with the requirements of the Companies Act 2014; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 (the Transparency Regulations) to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company, and which will enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS as adopted by the European Union and comply with the provisions of the Companies Act 2014, and, as regards to the Group financial statements, Article 4 of the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005 (the 'IAS Regulation'). They are also responsible for safeguarding the assets of the Company and the Group, and

hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

RESPONSIBILITY STATEMENT AS REQUIRED BY THE TRANSPARENCY DIRECTIVE AND UK CORPORATE GOVERNANCE CODE

Each of the Directors, whose names and functions are listed on pages 64 and 65 of this Annual Report, confirm 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 FRS 101 give a true and fair view of the assets, liabilities, financial position of the Group and Company at 28 February 2018 and of the profit or loss of the Group for the year then ended;
- The Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Signed
On behalf of the Board

Sir Brian Stewart
Chairman

Stephen Glancey
Group Chief Executive Officer

16 May 2018

Financial Statements

in this section

| | |
|-----|--|
| 110 | Independent Auditor's Report |
| 120 | Consolidated Income Statement |
| 121 | Consolidated Statement of Comprehensive Income |
| 122 | Consolidated Balance Sheet |
| 123 | Consolidated Cash Flow Statement |
| 124 | Consolidated Statement of Changes in Equity |
| 125 | Company Balance Sheet |
| 126 | Company Statement of Changes in Equity |
| 127 | Statement of Accounting Policies |
| 141 | Notes Forming Part of the Financial Statements |
| 205 | Financial Definitions |
| 207 | Shareholder and Other Information |

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

OPINION

We have audited the financial statements of C&C Group plc ('the Company') and its subsidiaries ('the Group') for the year ended 28 February 2018, which comprise:

- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Balance Sheet and the Company Balance Sheet as at 28 February 2018;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and
- the notes forming part of the financial statements, including the Statement of Accounting Policies set out on pages 127 to 139.

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

In our opinion:

- the Group's financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 28 February 2018 and of the Group's profit for the year then ended;
- the Company Balance Sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 28 February 2018;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with Irish Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework; and
- the Group financial statements and the Company financial statements have been prepared in accordance with the requirements of the Companies Act 2014, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

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

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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: 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.

| Key Audit Matter | Our response to the key audit matter | Key observations communicated to the Audit Committee |
|---|---|---|
| <p>Impairment assessment of goodwill & intangible brand assets (€538.3m)</p> <p>Refer to the Audit Committee Report (page 76); Accounting policies (pages 127 to 139); and note 12 of the Consolidated Financial Statements (pages 165 to 169).</p> <p>The Group holds significant amounts of goodwill & intangible brand assets on the balance sheet. The impairment assessment of these assets is considered to be a risk area due to the size of the balance as well as the fact that it involves significant judgement by management. Judgemental aspects include CGU determination for goodwill purposes, assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, all of which may be subject to management override.</p> <p>An impairment of intangible brand assets in the US amounting to €106.6m was recognised in 2017.</p> | <p>Our specialist valuations team performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates, principally risk-free rates, country risk premium and inflation rates.</p> <p>We challenged the determination of the Group's 5 cash-generating units ('CGUs'), and flexed our audit approach relative to our risk assessment and the level of excess of value-in-use over carrying amount in each CGU for goodwill purposes and in each model for the impairment assessment for intangible brand assets. For all models, we corroborated key assumptions and benchmarked growth assumptions to external economic forecasts.</p> <p>We challenged management's sensitivity analyses and performed our own sensitivity calculations to assess the level of excess of value-in-use over the goodwill and intangible brand carrying amount.</p> <p>We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.</p> <p>The above procedures were performed by the Group audit team.</p> | <p>We completed our planned audit procedures with no exceptions noted.</p> <p>Our observations included the headroom level by CGU and intangible brand model, where within the acceptable range the discount rate lay for each CGU and intangible brand model, the results of our sensitivity analysis, and analysis of the 5 year forecast EBIT growth rate when viewed against the prior year intangible brand impairment model and the current year actual growth.</p> |

Independent Auditor's Report

to the Members of C&C Group plc (continued)

| Key Audit Matter | Our response to the key audit matter | Key observations communicated to the Audit Committee |
|--|---|---|
| <p>Assessment of the valuation of property, plant and equipment (PP&E) (€135.2m)</p> <p>Refer to the Audit Committee Report (page 76); Accounting policies (pages 127 to 139); and note 11 of the Consolidated Financial Statements (pages 160 to 164).</p> <p>The Group carries its land and buildings at estimated fair value, its plant and machinery using a depreciated replacement cost approach and motor vehicles and other equipment at cost less accumulated depreciation and impairment losses.</p> <p>During the year, all land and buildings and plant and machinery (except for assets located in the US which were externally valued in 2017 and internally valued in 2018) were subject to independent expert valuations.</p> <p>We considered the valuation of these assets to be a risk area due to the size of the balances and the lack of comparable market data and observable inputs such as market based assumptions, plant replacement costs and plant utilisation levels due to the specialised nature of the Group's assets. The valuation of PP&E involves significant judgement and therefore is susceptible to management override.</p> | <p>We inspected the independent expert valuation reports in order to assess the integrity of the data and key assumptions underpinning the valuations. Our specialist valuation team performed independent assessment on the reasonableness of the key assumptions and judgements underlying the valuations.</p> <p>We corroborated the key assumptions and considered consistency to market data and observable inputs.</p> <p>We also challenged the independence and qualification of the external valuer.</p> <p>We considered the adequacy of management's disclosures in respect of the valuation and whether the disclosures appropriately communicate the underlying sensitivities.</p> <p>The above procedures were performed predominantly by the Group audit team.</p> | <p>Our observations included an overview of the risk, outline of the procedures performed, the judgements we focused on and the results of our testing.</p> <p>We communicated to the Audit Committee our review of the expert valuations, the split on revaluation adjustments between the income statement and other comprehensive income and the disclosures made.</p> <p>We also communicated to the Audit Committee our views on the reassessment of residual useful lives for plant and machinery consequent to completion of the independent expert valuation, and the application of revised useful lives in calculating and applying depreciation in periods intervening the independent valuations.</p> |

| Key Audit Matter | Our response to the key audit matter | Key observations communicated to the Audit Committee |
|---|--|---|
| <p>Revenue recognition (€548.2m)</p> <p>Refer to the Audit Committee Report (page 76); Accounting policies (pages 127 to 139); and note 1 of the Consolidated Financial Statements (pages 141 to 144).</p> <p>The Group generates revenue from a variety of geographies and across a large number of separate legal entities spread across the Group's three business segments.</p> <p>The Group's revenue particularly on supply, complex and non-standard customer contracts and partnership agreements may not have been accounted for correctly. In this regard we focused our risk on revenue generated in connection with the AB InBev and Pabst arrangements and certain of the Group's arrangements with third parties entered into in order to utilise excess capacity.</p> <p>Revenue is an important element of how the Group measures its performance, and revenue recognition is therefore inherently susceptible to the risk of management override.</p> | <p>We considered the appropriateness of the Group's revenue recognition accounting policies; in particular, those related to supply, complex and non-standard customer contracts and partnership agreements.</p> <p>In relation to this risk, we have also performed detailed review of all agreements in place with AB InBev, Pabst and certain of the Group's arrangements with third parties entered into in order to utilise excess capacity. We tested that revenue has been recognised in accordance with the requirements of IAS 18.</p> <p>We held discussions with employees outside of the finance function to determine existence of side agreements or other non-standard arrangements.</p> <p>We performed review procedures to understand terms, conditions and resulting auditing and accounting implications and assess the appropriateness of revenue to be recorded.</p> <p>We assessed whether there are additional commitments, obligations or onerous contracts.</p> <p>We further assessed the adequacy of the revenue disclosures contained in note 1: Segment Reporting.</p> | <p>Our observations included an overview of the risk, outline of the procedures performed, the judgements we focused on and the results of our testing.</p> <p>We communicated to the Audit Committee our assessment of the accounting for the AB InBev and Pabst arrangements in accordance with IAS 18 Revenue. We assessed management's conclusion around the existence of other commitments, obligations or onerous contracts arising from these arrangements.</p> <p>We discussed with the Audit Committee management's accounting for certain of the Group's arrangements with third parties entered into in order to utilise excess capacity during 2018 and the restatement of the comparative amounts in 2017.</p> |

Independent Auditor's Report

to the Members of C&C Group plc (continued)

| Key Audit Matter | Our response to the key audit matter | Key observations communicated to the Audit Committee |
|--|---|---|
| <p>Accounting for Acquisitions and Investments</p> <p>Refer to the Audit Committee Report (page 76); Accounting policies (pages 127 to 139); and notes 10 and 13 of the Consolidated Financial Statements (pages 158 to 159 and 170 to 171 respectively).</p> <p>During the year, the Group acquired 100% of the issued share capital in Orchard Pig Limited and Badaboom Limited for €11.5m. The Group also acquired a 49.9% interest in Brady P&C Limited for €42.4m in December 2017 and €1.8m for an additional 10.7% interest in a Canadian Investment, representing a significant increase over the prior year when only 1 acquisition was completed at a cost of €0.1m and 2 investments in Associates were completed at a cost of €2m.</p> <p>As a result of this significant increase in activity, the accounting for acquisitions and investments made by the Group was an area where we allocated significant resources in directing the efforts of the engagement team.</p> | <p>We have read and understood the underlying legal agreements entered into by the Group in relation to the acquisitions and investments made. We tested the consideration paid and the identification and valuation of the identified net tangible and intangible assets acquired. We have tested that the accounting treatment is in line with IFRS 3 Business Combinations and IAS 28 Investment in Associates and Joint Ventures.</p> <p>We tested and challenged the valuation models prepared by the Group for the separately identified intangible assets by: comparing the key assumptions against available market data; and testing key data inputs to source records. We also engaged our internal specialists where necessary.</p> <p>We have evaluated the appropriateness of the disclosures included within the Group financial statements relating to the acquisitions and investments completed during the year.</p> | <p>Our observations included an overview of the risk, outline of the procedures performed, the judgements we focused on and the results of our testing.</p> <p>We communicated to the Audit Committee the appropriateness of the valuation methodologies applied, our assessment of management's conclusion in relation to the intangible assets identified in accordance with IAS 38 and the accounting for investments in accordance with IAS 28.</p> <p>We also highlighted our assessment of the Group's financial statement disclosures in relation to business combinations and equity accounted investments and their appropriateness.</p> |

| Key Audit Matter | Our response to the key audit matter | Key observations communicated to the Audit Committee |
|--|--|---|
| <p>First year audit transition</p> <p>In our first year as auditor we have to:</p> <p>Build on our knowledge of C&C by understanding the Group's specific risks, controls, policies and processes. This enables us to clearly identify the risks of material misstatement within the financial statements and to determine the scope of our audit.</p> <p>Establish the appropriateness of corresponding amounts and account balances at the beginning of the period being audit.</p> <p>Understand accounting policies applied by C&C to ensure that these are consistently applied between periods.</p> | <p>The principal procedures performed included:</p> <p>Attending the final audit committee meeting for the audit of the 2017 financial statements. This provided us with insights on key issues and KPMG's audit approach.</p> <p>Reviewing key elements of KPMG's 2017 audit files at the Group and local component levels at the key operating units.</p> <p>Engaged with management at a Group and local component level in order to obtain a detailed understanding of C&C, including its processes and internal controls.</p> <p>Understanding accounting policies and historic accounting judgements.</p> <p>Held a Group-wide audit planning meeting in December 2017, and a post interim audit meeting in March 2018, which senior members of our group audit team and audit component teams from Belfast and Glasgow attended.</p> <p>Direct review of the Belfast component by the Group audit partner, along with site visit to, and review of the audit files of, the Glasgow component.</p> | <p>In our audit planning report to the Audit Committee in October 2017, we communicated the procedures that we had carried out in order to establish our audit base. We also presented our initial risks of material misstatement, the procedures we planned to undertake in response thereto, our proposed audit scope, and our initial views on the appropriateness of corresponding amounts and account balances at the beginning of the period being audited.</p> <p>We presented our updated views on risks and scoping to the December 2017 meeting of the Audit Committee.</p> <p>We formally discussed with the Audit Committee in May 2018 the restatement of comparative amounts in 2017 for revenue and operating costs arising in respect of certain of the Group's arrangements with third parties entered into in order to utilise excess capacity. We also discussed the Group's historic accounting in the areas of accruals, inventory, depreciation of property, plant and equipment and deferred taxation.</p> |

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

Our application of materiality

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

Materiality

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

We determined materiality for the Group to be €3.5 million which is approximately 5% of Profit before tax. In their prior year audit, KPMG adopted a materiality of €4.0 million based on approximately 5% of Profit before Tax from continuing operations. We believe that profit before tax provides us with the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the stakeholders of the Group.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely €1.75m. We have set performance materiality at this percentage based on our assessment of the risk of misstatements, both corrected and uncorrected, with the current year being our first year as auditor.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

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

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

AN OVERVIEW OF THE SCOPE OF OUR AUDIT REPORT

The scope of our audit

Tailoring the scope

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

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

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

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

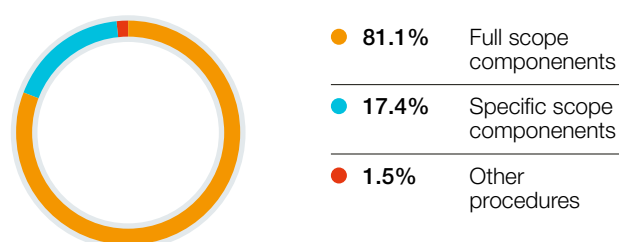
The reporting components where we performed audit procedures accounted for 98.5% of the Group's Profit before tax, 98.7% of the Group's Revenue and 99.5% of the Group's Total Assets.

For the current year, the full scope components contributed 81.1% of the Group's Profit before tax, 96.5% of the Group's Revenue and 96.2% of the Group's Total Assets. The specific scope components contributed 17.4% of the Group's Profit before tax, 2.2% of the Group's Revenue and 3.3% of the Group's Total Assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant risks tested for the Group.

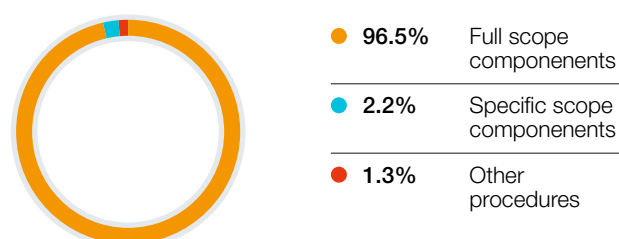
Of the remaining components, which together represent 1.5% of the Group's Profit before tax, none are individually greater than 5% of the Group's Profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations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

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

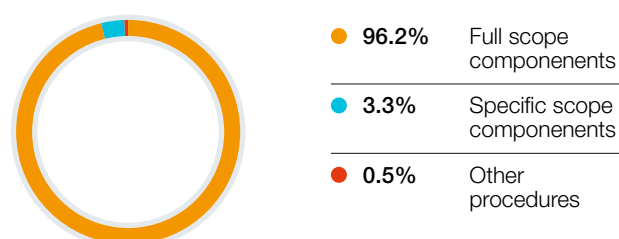
Profit before tax



Revenue



Total Assets



Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit team.

Conclusions relating to principal risks, going concern and viability statement

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

- the disclosures in the Annual Report (set out on pages 24 to 27) that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation (set out on page 83) in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group and the parent company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement (set out on page 83) in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 6.8.3(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation (set out on page 83) in the Annual Report as to how they have assessed the prospects of the Group and the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report

to the Members of C&C Group plc (continued)

Other information

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable (set out on page 74) – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting (set out on pages 76 to 79) – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee is materially inconsistent with our knowledge obtained in the audit; or

Directors' statement of compliance with the UK Corporate Governance Code (set out on page 71) – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 6.8.6 do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014

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

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

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

The Listing Rules of the Irish Stock Exchange require us to review:

- the Directors' statement, set out on page 83, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 71 to 83 relating to the Company's compliance with the provisions of the UK Corporate Governance specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors on Directors' remuneration.

Respective responsibilities

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 108, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach was as follows:

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

fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any noncompliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of internal general counsel and management.

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

Other matters which we are required to address

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

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

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

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

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

Pat O'Neill

for and on behalf of

Ernst & Young

Chartered Accountants and Statutory Audit Firm

Dublin

16 May 2018

Consolidated Income Statement

For the financial year ended 28 February 2018

| | | Year ended 28 February 2018 | | | Year ended 28 February 2017 | | |
|---|----|--------------------------------|-------------------------------------|--------------|--|-------------------------------------|----------------------------|
| | | Before exceptional items €m | Exceptional items (note 5) €m | Total €m | Before exceptional items as restated €m | Exceptional items (note 5) €m | Total as restated €m |
| Notes | | | | | | | |
| Revenue | 1 | 813.5 | - | 813.5 | 860.8 | - | 860.8 |
| Excise duties | | (265.3) | - | (265.3) | (264.3) | - | (264.3) |
| Net revenue | 1 | 548.2 | - | 548.2 | 596.5 | - | 596.5 |
| Operating costs | 2 | (462.1) | (7.0) | (469.1) | (501.5) | (150.1) | (651.6) |
| Group operating profit/(loss) | 1 | 86.1 | (7.0) | 79.1 | 95.0 | (150.1) | (55.1) |
| Finance income | 6 | 0.1 | - | 0.1 | 0.1 | - | 0.1 |
| Finance expense | 6 | (8.2) | - | (8.2) | (7.9) | - | (7.9) |
| Share of equity accounted investments' profit after tax | 13 | 1.2 | - | 1.2 | - | - | - |
| Profit/(loss) before tax | | 79.2 | (7.0) | 72.2 | 87.2 | (150.1) | (62.9) |
| Income tax (expense)/credit | 7 | (11.3) | 5.4 | (5.9) | (13.0) | 3.0 | (10.0) |
| Group profit/(loss) for the financial year attributable to equity shareholders | | 67.9 | (1.6) | 66.3 | 74.2 | (147.1) | (72.9) |
| Basic earnings per share (cent) | 9 | | | 21.5 | | | (23.5) |
| Diluted earnings per share (cent) | 9 | | | 21.5 | | | (23.5) |

All of the results are related to continuing operations.

Consolidated Statement of Comprehensive Income

For the financial year ended 28 February 2018

| | Notes | 2018 €m | 2017 €m |
|--|-------|--------------|---------------|
| Other Comprehensive Income: | | | |
| Items that may be reclassified to Income Statement in subsequent years: | | | |
| Foreign currency translation differences arising on the net investment in foreign operations | 6 | (17.7) | (17.8) |
| Reversal of previously recognised gain on revaluation of property, plant and equipment | 11 | - | (2.1) |
| Gain on revaluation of property, plant & equipment | 11 | 3.4 | - |
| Items that will not be reclassified to Income Statement in subsequent years: | | | |
| Actuarial gain on retirement benefits | 21 | 16.8 | 3.6 |
| Deferred tax charge on actuarial gain on retirement benefits | 20 | (2.8) | (0.4) |
| Net loss recognised directly within Other Comprehensive Income | | (0.3) | (16.7) |
| Group profit/(loss) for the financial year attributable to equity shareholders | | 66.3 | (72.9) |
| Comprehensive income/(expense) for the financial year attributable to equity shareholders | | 66.0 | (89.6) |

Consolidated Balance Sheet

As at 28 February 2018

| | Notes | 2018 €m | 2017 €m |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant & equipment | 11 | 135.2 | 144.5 |
| Goodwill & intangible assets | 12 | 541.1 | 530.3 |
| Equity accounted investments | 13 | 48.4 | 2.4 |
| Retirement benefits | 21 | 4.8 | 4.5 |
| Deferred income tax assets | 20 | 1.7 | 3.2 |
| Trade & other receivables | 15 | 40.4 | 49.6 |
| | | 771.6 | 734.5 |
| Current assets | | | |
| Assets held for resale | 11 | - | 1.7 |
| Inventories | 14 | 88.1 | 85.8 |
| Trade & other receivables | 15 | 79.9 | 78.5 |
| Cash | | 145.5 | 187.6 |
| | | 313.5 | 353.6 |
| TOTAL ASSETS | | 1,085.1 | 1,088.1 |
| EQUITY | | | |
| Capital and reserves attributable to the equity holders of the company | | | |
| Equity share capital | 23 | 3.2 | 3.3 |
| Share premium | 23 | 143.4 | 136.9 |
| Treasury shares | 23 | (37.3) | (38.0) |
| Other reserves | 23 | 82.6 | 99.1 |
| Retained income | | 341.7 | 337.1 |
| Total equity | | 533.6 | 538.4 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Interest bearing loans & borrowings | 18 | 383.5 | 358.6 |
| Retirement benefits | 21 | 3.8 | 22.3 |
| Provisions | 17 | 7.8 | 7.7 |
| Deferred income tax liabilities | 20 | 11.2 | 6.0 |
| | | 406.3 | 394.6 |
| Current liabilities | | | |
| Trade & other payables | 16 | 132.7 | 144.1 |
| Provisions | 17 | 3.6 | 6.5 |
| Current income tax liabilities | | 8.9 | 4.5 |
| | | 145.2 | 155.1 |
| Total liabilities | | 551.5 | 549.7 |
| TOTAL EQUITY & LIABILITIES | | 1,085.1 | 1,088.1 |

On behalf of the Board

Sir B Stewart
Chairman Group

S Glancey
Chief Executive Officer

16 May 2018

Consolidated Cash Flow Statement

For the financial year ended 28 February 2018

| | Notes | 2018 €m | 2017 €m |
|---|-------|---------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Group profit/(loss) for the year attributable to equity shareholders | | 66.3 | (72.9) |
| Finance income | 6 | (0.1) | (0.1) |
| Finance expense | 6 | 8.2 | 7.9 |
| Income tax expense | 7 | 5.9 | 10.0 |
| Profit on share of equity accounted investment | 13 | (1.2) | - |
| Revaluation/impairment of property, plant & equipment | | 5.0 | 25.8 |
| Recovery of previously impaired investment in equity accounted investment | | - | (0.5) |
| Impairment of intangible assets | 12 | - | 106.6 |
| Depreciation of property, plant & equipment | 11 | 14.0 | 14.7 |
| Amortisation of intangible assets | 12 | 0.3 | 0.3 |
| Net profit on disposal of property, plant & equipment | | (0.8) | (3.9) |
| Charge for equity settled share-based payments | 4 | 0.9 | 0.7 |
| Pension contributions paid plus amount credited to Income Statement | | (2.2) | (7.0) |
| | | 96.3 | 81.6 |
| Increase in inventories | | (3.5) | (2.9) |
| Decrease in trade & other receivables | | 5.2 | 4.0 |
| Decrease in trade & other payables | | (6.8) | (13.3) |
| Decrease in provisions | | (2.6) | (4.6) |
| | | 88.6 | 64.8 |
| Interest received | | 0.1 | 0.1 |
| Interest and similar costs paid | | (6.5) | (6.6) |
| Income taxes paid | | (5.9) | (6.9) |
| Net cash inflow from operating activities | | 76.3 | 51.4 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant & equipment | | (14.0) | (22.7) |
| Net proceeds on disposal of property, plant & equipment | | 3.7 | 25.6 |
| Acquisition of subsidiaries (net of cash acquired) | 10 | (10.3) | - |
| Cash outflow re acquisition of equity accounted investments | 13 | (44.2) | (1.5) |
| Net cash (outflow)/inflow from investing activities | | (64.8) | 1.4 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from exercise of share options/equity Interests | | 2.1 | 1.0 |
| Drawdown of debt | | 86.8 | 138.7 |
| Repayment of debt | | (61.2) | (134.0) |
| Shares purchased to satisfy share option entitlements | | (0.1) | (0.2) |
| Shares purchased under share buyback programme | | (33.1) | (23.2) |
| Dividends paid | 8 | (40.6) | (34.9) |
| Net cash outflow from financing activities | | (46.1) | (52.6) |
| (Decrease)/increase in cash | | (34.6) | 0.2 |
| Reconciliation of opening to closing cash | | | |
| Cash at beginning of year | | 187.6 | 197.3 |
| Translation adjustment | | (7.5) | (9.9) |
| Net (decrease)/increase in cash | | (34.6) | 0.2 |
| Cash at end of financial year | | 145.5 | 187.6 |

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

Consolidated Statement of Changes in Equity

For the financial year ended 28 February 2018

| | Equity share capital €m | Share premium €m | Other undenominated reserve €m | Capital reserve €m | Share- based payments reserve €m | Currency translation reserve €m | Revaluation reserve €m | Treasury shares €m | Retained income €m | Total €m |
|---|----------------------------------|------------------------|---|--------------------------|--|--|------------------------------|--------------------------|--------------------------|---------------|
| At 29 February 2016 | 3.3 | 127.8 | 0.7 | 24.9 | 6.4 | 79.9 | 9.1 | (39.2) | 471.8 | 684.7 |
| Loss for the year attributable to equity shareholders | - | - | - | - | - | - | - | - | (72.9) | (72.9) |
| Other comprehensive expense | - | - | - | - | - | (17.8) | (2.1) | - | 3.2 | (16.7) |
| Total comprehensive (expense)/income | - | - | - | - | - | (17.8) | (2.1) | - | (69.7) | (89.6) |
| Dividends on ordinary shares | - | 8.1 | - | - | - | - | - | - | (43.0) | (34.9) |
| Exercised share options | - | 0.8 | - | - | - | - | - | - | - | 0.8 |
| Reclassification of share-based payments reserve | - | - | - | - | (2.0) | - | - | - | 2.0 | - |
| Joint Share Ownership Plan | - | 0.2 | - | - | (0.7) | - | - | 1.2 | (0.8) | (0.1) |
| Shares purchased under share buyback programme and subsequently cancelled | - | - | - | - | - | - | - | - | (23.2) | (23.2) |
| Equity settled share-based payments | - | - | - | - | 0.7 | - | - | - | - | 0.7 |
| Total transactions with owners | - | 9.1 | - | - | (2.0) | - | - | 1.2 | (65.0) | (56.7) |
| At 28 February 2017 | 3.3 | 136.9 | 0.7 | 24.9 | 4.4 | 62.1 | 7.0 | (38.0) | 337.1 | 538.4 |
| Profit for the year attributable to equity shareholders | - | - | - | - | - | - | - | - | 66.3 | 66.3 |
| Other comprehensive (expense)/income | - | - | - | - | - | (17.7) | 3.4 | - | 14.0 | (0.3) |
| Total comprehensive (expense)/income | - | - | - | - | - | (17.7) | 3.4 | - | 80.3 | 66.0 |
| Dividends on ordinary shares | - | 4.4 | - | - | - | - | - | - | (45.0) | (40.6) |
| Exercised share options | - | 1.4 | - | - | - | - | - | - | - | 1.4 |
| Reclassification of share-based payments reserve | - | - | - | - | (3.0) | - | - | - | 3.0 | - |
| Joint Share Ownership Plan | - | 0.7 | - | - | (0.2) | - | - | 0.7 | (0.6) | 0.6 |
| Shares purchased under share buyback programme and subsequently cancelled | (0.1) | - | 0.1 | - | - | - | - | - | (33.1) | (33.1) |
| Equity settled share-based payments | - | - | - | - | 0.9 | - | - | - | - | 0.9 |
| Total transactions with owners | (0.1) | 6.5 | 0.1 | - | (2.3) | - | - | 0.7 | (75.7) | (70.8) |
| At 28 February 2018 | 3.2 | 143.4 | 0.8 | 24.9 | 2.1 | 44.4 | 10.4 | (37.3) | 341.7 | 533.6 |

Company Balance Sheet

As at 28 February 2018

| | Notes | 2018 €m | 2017 €m |
|---------------------------------------|-------|----------------|------------|
| ASSETS | | | |
| Non-current assets | | | |
| Financial assets | 13 | 980.2 | 979.3 |
| Trade & other receivables | 15 | 0.3 | 0.7 |
| | | 980.5 | 980.0 |
| Current assets | | | |
| Trade & other receivables | 15 | 356.1 | 335.5 |
| Cash | | - | - |
| | | 356.1 | 335.5 |
| TOTAL ASSETS | | 1,336.6 | 1,315.5 |
| EQUITY | | | |
| Equity share capital | 23 | 3.2 | 3.3 |
| Share premium | 23 | 844.4 | 838.6 |
| Other reserves | 23 | 1.8 | 3.8 |
| Retained income | | 169.5 | 188.4 |
| Total equity | | 1,018.9 | 1,034.1 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade & other payables | 16 | 317.7 | 281.4 |
| Total liabilities | | 317.7 | 281.4 |
| TOTAL EQUITY & LIABILITIES | | 1,336.6 | 1,315.5 |

As permitted by section 304 of the Companies Act 2014, the company is availing of the exemption from presenting its separate Income Statement in the Financial Statements and from filing it with the Registrar of Companies. The Company's profit for the financial year is €56.2m (2017: €146.0m). This includes dividends received from subsidiaries of €60.0m (2017: €149.0m).

On behalf of the Board

Sir B Stewart
Chairman Group

S Glancey
Chief Executive Officer

16 May 2018

Company Statement of Changes in Equity

For the financial year ended 28 February 2018

| | Equity share capital €m | Share premium €m | Other undesignated reserve €m | Share-based payments reserve €m | Retained income €m | Total €m |
|--|-------------------------------|---------------------|--|---------------------------------------|-----------------------|----------------|
| Company | | | | | | |
| At 29 February 2016 | 3.3 | 829.7 | 0.7 | 5.5 | 105.5 | 944.7 |
| Profit for the year attributable to equity shareholders | - | - | - | - | 146.0 | 146.0 |
| Total | - | - | - | - | 146.0 | 146.0 |
| Dividend on ordinary shares | - | 8.1 | - | - | (43.0) | (34.9) |
| Exercised share options | - | 0.8 | - | - | - | 0.8 |
| Shares purchased under share buyback programme and subsequently cancelled | - | - | - | - | (23.2) | (23.2) |
| Reclassification of share-based payments reserve | - | - | - | (3.1) | 3.1 | - |
| Equity settled share-based payments | - | - | - | 0.7 | - | 0.7 |
| Total | - | 8.9 | - | (2.4) | (63.1) | (56.6) |
| At 28 February 2017 | 3.3 | 838.6 | 0.7 | 3.1 | 188.4 | 1,034.1 |
| Profit for the year attributable to equity shareholders | - | - | - | - | 56.2 | 56.2 |
| Total | - | - | - | - | 56.2 | 56.2 |
| Dividend on ordinary shares | - | 4.4 | - | - | (45.0) | (40.6) |
| Exercised share options | - | 1.4 | - | - | - | 1.4 |
| Shares purchased under share buyback programme and subsequently cancelled | (0.1) | - | 0.1 | - | (33.1) | (33.1) |
| Reclassification of share-based payments reserve | - | - | - | (3.0) | 3.0 | - |
| Equity settled share-based payments | - | - | - | 0.9 | - | 0.9 |
| Total | (0.1) | 5.8 | 0.1 | (2.1) | (75.1) | (71.4) |
| At 28 February 2018 | 3.2 | 844.4 | 0.8 | 1.0 | 169.5 | 1,018.9 |

Statement of Accounting Policies

For the year ended 28 February 2018

SIGNIFICANT ACCOUNTING POLICIES

C&C Group plc (the 'Company') is a company incorporated and tax resident in Ireland. The Group's financial statements for the year ended 28 February 2018 consolidate the individual financial statements of the Company and all subsidiary undertakings (together referred to as "the Group") together with the Group's share of the results and net assets of equity accounted investments for the year ended 28 February 2018.

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 16 May 2018.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2018 are set out below. These have been applied consistently for all periods presented in these financial statements and by all Group entities.

STATEMENT OF COMPLIANCE

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

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

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

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

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

- Certain disclosures required by IAS 36 *Impairment of Assets* in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company.

Changes in accounting policies and disclosures

IFRSs as adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 28 February 2018. The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 28 February 2018:

- Annual Improvements to IFRSs 2014-2016 cycle
- IAS 7: *Statement of Cash flows* – Disclosure initiative
- IAS 12: *Income Taxes* – Recognition of deferred tax assets for unrealised losses

The adoption of the above and interpretations and amendments did not have a significant impact on the Group's consolidated financial statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2018, and have not been applied in preparing these consolidated financial statements.

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

Accounting standard/interpretation (Effective date)

(a) Not expected to have a material impact on the consolidated financial statements:

- Annual Improvements to IFRSs 2015-2017 cycle* (effective for the Group's 2020 consolidated financial statements)
- IFRS 2: Classification and measurement of share based payments (effective for the Group's 2019 consolidated financial statements)

(b) Subject to ongoing assessment by the Group:

The Group has formed a number of project teams to evaluate and implement the following standards:

Statement of Accounting Policies

For the year ended 28 February 2018 (continued)

IFRS 9, Financial Instruments (effective for the Group's 2019 consolidated financial statements)

IFRS 9 *Financial Instruments* introduces new classification and measurement criteria, along with a new impairment model and changes to the hedge accounting model. The Group will adopt IFRS 9 on 1 March 2018 in accordance with the transition provisions of the standard for disclosure in the 31 August 2018 (half-yearly) Report. Overall, the Group expects no material impact on the consolidated financial statements. The new standard also introduces expanded disclosure requirements and changes in presentation i.e. changes in classification of financial assets. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the first year of adoption of the new standard.

IFRS 15, Revenue from Contracts with Customers (effective for the Group's 2019 consolidated financial statements)

IFRS 15 *Revenue from Contracts with Customers* will replace all of the current revenue standards and interpretations in IFRS including IAS 18 *Revenue* and IAS 11 *Construction Contracts*. The Group will adopt IFRS 15 on 1 March 2018. IFRS 15 introduces a five step model, a number of new concepts and requirements and also provides guidance and clarification on existing practice. C&C Group plc will adopt IFRS 15 by applying the modified retrospective approach and will avail of the practical expedient for contract modifications.

Throughout FY2018, the Group performed a preliminary assessment of IFRS 15, as a result of this review management has determined that income from third parties entered into in order to utilise excess capacity which has previously been netted from operating costs, should more appropriately be recorded gross, as revenue. Accordingly, management have changed the classification of such income in the Income Statement for the year ended 28 February 2018. The Group will perform further detailed analysis, including a review of contracts and sales arrangements which will be completed in early FY2019 in line with the timeline of the Group's transition project. This assessment is on-going and any material impact, if there is any, will be quantified in the 31 August 2018 (half-yearly) Report. The Group will continue the testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

The Group's transition project has the following focus areas:

Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises

revenue at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception and updated thereafter. A material impact on the recognition of such variable consideration under IFRS 15 is not anticipated.

Bundling and unbundling of contracts to determine performance obligations

The Group enters into contracts for the sale of alcoholic and soft drinks where revenue is recognised at a point in time when delivery of the goods has been performed. This is typically on delivery to the customer's premises except in the case of international customers where it is normally deemed to occur on dispatch. Under IFRS 15 there will now be a focus on performance obligations or promises within a contract. The Group is currently assessing promises within contracts to determine whether they represent a single or multiple performance obligations, and the resulting impact on current revenue recognition. It is anticipated that the vast majority of contracts will contain just one performance obligation, and therefore adoption of IFRS 15 is not expected to have a material impact on the recognition of revenue.

Principal versus agent considerations

Consideration has been given as to whether any revenue might be deemed to be more appropriately recorded on an agency or net basis, such as the sale of third party brands as permitted under the terms of a distribution agreement with AB InBev, rather than on a gross basis, as required by IFRS 15. This is not expected to materially impact the Group's financial statements on the basis of the Group's current accounting treatment.

Presentation and disclosure requirements

Many of the disclosure requirements in IFRS 15 are new and the Group expects that the notes to the financial statements will be expanded.

As required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

Other impacts

In addition to the disclosures described above, on adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them,

profit or loss after tax for the year from discontinued operations, investments in associate and joint ventures, as well as share of profit of an associate and a joint venture, may be affected and adjusted as necessary. Furthermore, exchange differences on translation of foreign operations could also be adjusted.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Group.

IFRS 16 Leases (effective for the Group's 2020 consolidated financial statements)

IFRS 16 *Leases* was issued in January 2016 and replaces IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 – *Operating Leases – Incentives* and SIC-27 – *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Group will adopt IFRS 16 on 1 March 2019 and is currently considering applying the modified retrospective approach on transition. The process of reviewing the Group's leases has commenced in accordance with the timetable of the Group's transition project. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard during FY2019 and any material impact, if any, will be quantified in the 31 August 2019 (half-yearly) report.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for the majority of leases under a single on-balance sheet model, similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees which will be availed of by the Group – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a term of 12 months or less). It also includes an election which permits a lessee not to separate non-lease components (e.g. maintenance) from lease components and instead capitalise both the lease cost and associated non-lease cost.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Under IFRS 16 lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in lease term or a change in future lease payments resulting from a change in an index

or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. C&C has entered into operating leases for a range of assets, principally relating to trade assets and land and buildings. The Group also leases plant and machinery, vehicles and equipment under operating leases.

The adoption of the new standard will have a material impact on the Group's consolidated financial statements, as follows:

Income Statement

Operating expenses will decrease, as the Group currently recognises operating lease expenses in operating costs. The Group's lease expense for FY2018 was €14.1 million (FY2017 €14.3 million) and is disclosed in note 2 to the consolidated financial statements.

Depreciation and finance costs as currently reported in the Group's Income Statement will increase, as under the new standard the right-of-use asset will be capitalised and depreciated over the term of the lease with an associated finance cost applied to the lease liability.

Balance Sheet

At transition date, the Group will determine the lease payments outstanding at that date and apply the appropriate discount rate to calculate the present value of the lease payments.

The Group's commitments outstanding on all leases as at 28 February 2018 is €50.0 million (FY2017: €54.3 million) (see note 24 to the consolidated financial statements). The Group has been assessing the impact of the new standard since it was issued in January 2016; the exact financial impact of the standard is as yet unknown.

The Group's commitment as at 28 February 2018 provides an indication of the scale of leases held and how significant leases currently are to C&C's business.

In addition to the impacts above, there will also be significantly increased disclosures when the Group adopts IFRS 16.

IFRSs as adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 28 February 2018. The accounting policies adopted are consistent with those of the previous year except for the new and amended IFRS and IFRIC interpretations adopted by the Group and Company in these financial statements.

Statement of Accounting Policies

For the year ended 28 February 2018 (continued)

BASIS OF PREPARATION

The Group and the individual financial statements of the Company are prepared on the going concern and historical cost basis except for the measurement at fair value of intangible assets acquired on the acquisition of a company or business, retirement benefits, the revaluation of certain items of property, plant & equipment, share based payments at date of grant and derivative financial instruments. The accounting policies have been applied consistently by Group entities and for all periods presented.

The financial statements are presented in Euro millions to one decimal place.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Group and Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements relate primarily to:

- the determination of the fair value and the useful economic life of assets & liabilities, and intangible assets acquired on the acquisition of a company or business (note 10),
- the determination of carrying value of land (note 11),
- the determination of carrying value or depreciated replacement cost, useful economic life and residual values in respect of the Group's buildings, plant & machinery (note 11),
- the assessment of goodwill and intangible assets for impairment (note 12), and
- accounting for retirement benefits (note 21).

These are discussed in more detail in the accounting policies and/or notes to the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Prior year reclassification

In anticipation of the implementation of IFRS 15 Revenue from Contracts with Customers from 1 March 2018, management has begun examining the accounting for revenue for certain arrangements. In respect of certain of the Group's arrangements with third parties entered into in order to utilise excess capacity, management has determined that income from such arrangements, previously netted from operating costs, should more appropriately

be recorded gross, as revenue. Accordingly, management have changed the classification of such income in the Income Statement for the year ended 28 February 2018. In the current year, the amount recorded that would have been netted from operating costs was €36.5m and accordingly, in the prior year Income Statement line items have been restated as follows: gross revenue has increased by €42.7m, excise duties have increase by €5.7m, and net sales revenue and operating costs have increased by €37.0m. Applicable notes have accordingly also been adjusted. The restatement has no impact on net income or net assets for the prior year.

BASIS OF CONSOLIDATION

The Group's financial statements consolidate the financial statements of the Company and all subsidiary undertakings together with the Group's share of the results and net assets of equity accounted investments for the year ended 28 February 2018.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

On 30 April 2004, the Group, previously headed by C&C Group International Holdings Limited, underwent a re-organisation by virtue of which C&C Group International Holdings Limited's shareholders in their entirety exchanged their shares for shares in C&C Group plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group except that the capital structure shown is that of the legal parent.

(ii) Investments in associates and jointly controlled entities (equity accounted investments)

The Group's interests in equity accounted investments comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other

Comprehensive Income of equity accounted investments, until the date on which significant influence or joint control ceases.

(iii) Transactions eliminated on consolidation

All intercompany balances and transactions, including unrealised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains except to the extent that they provide evidence of impairment.

(iv) Company Financial Statements

Investments in subsidiaries are carried at cost less provision for impairment. Dividend income is recognised when the right to receive payment is established.

REVENUE RECOGNITION

Revenue comprises the fair value of goods supplied to external customers exclusive of intercompany sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives. Provision is made for returns where appropriate. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, that it can be reliably measured, and that the significant risks and rewards of ownership of the goods have passed to the buyer. This is normally deemed to occur on delivery except in the case of international customers where it is normally deemed to occur on dispatch.

EXCISE DUTY

Excise duty is levied at the point of production in the case of the Group's manufactured products and at the point of importation in the case of imported products in the relevant jurisdictions in which the Group operates. As the Group's manufacturing and warehousing facilities are revenue approved and registered excise facilities, the excise duty liability generally crystallises on transfer of product from duty in suspense to duty paid status which normally coincides with the point of sale.

NET REVENUE

Net revenue is defined by the Group as revenue less excise duty. Excise duties, which represent a significant proportion of revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer, consequently the Directors consider that the disclosure of Net Revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance.

EXCEPTIONAL ITEMS

The Group has adopted an accounting policy and Income Statement format that seeks to highlight significant items of income and expense within the Group results for the year. The Directors believe that this presentation provides a more useful analysis. Such items may include significant restructuring and integration costs, profits or losses on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets, acquisition related costs and unforeseen gains/losses arising on derivative financial instruments. The Directors use judgement in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Income Statement and related notes as exceptional items.

FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in the Income Statement. Interest income is recognised as it accrues in the Income Statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest expense on sale of trade receivables, bank guarantee fees, amortisation of borrowing issue costs, changes in the fair value of financial assets or liabilities which are accounted for at fair value through the Income Statement, losses on hedging instruments that are recognised in the Income Statement, gains or losses relating to the effective portion of interest rate swaps hedging variable rate borrowings, ineffective portion of changes in the fair value of cash flow hedges, impairment losses recognised on financial assets and unwinding the discount on provisions. All borrowing costs are recognised in the Income Statement using the effective interest method.

RESEARCH AND DEVELOPMENT

Expenditure on research that is not related to specific product development is recognised in the Income Statement as incurred.

Expenditure on the development of new or substantially improved products or processes is capitalised if the product or process is technically feasible and commercially viable.

GOVERNMENT GRANTS

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with.

Statement of Accounting Policies

For the year ended 28 February 2018 (continued)

Capital grants received and receivable by the Group are credited to government grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which; represents a separate major line of business or geographic area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative Income Statement and Other Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal organisational and management structure of the Group and the internal financial information provided to the Chief Operating Decision-Maker, the executive Directors, who are responsible for the allocation of resources and the monitoring and assessment of performance of each of the operating segments. The Group has determined that it has three reportable operating segments.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads that are allocated on a reasonable basis to those segments in internal financial reporting packages.

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the presentation currency of the Group and both the presentation and functional currency of the Company.

Transactions in foreign currencies are translated into the functional currency of each entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange movements arising on translation are recognised in the Income Statement with the exception of all monetary items designated as a hedge of a net investment in a foreign operation, which are recognised in the consolidated financial statements in Other Comprehensive Income until the disposal of the net investment, at which time they are recognised in the Income Statement for the year.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Euro at the average exchange rate for the financial period where that represents a reasonable approximation of actual rates. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long-term intra-group loans for which settlement is neither planned nor likely to happen in the foreseeable future and as a consequence are deemed quasi equity in nature, are recognised directly in Other Comprehensive Income in the consolidated financial statements in the foreign currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings or derivatives used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments, is recognised directly in Other Comprehensive Income to the extent that they are determined to be effective. The ineffective portion is recognised immediately in the Income Statement for the year.

Any movements that have arisen since 1 March 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the Income Statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS as adopted by the EU in respect of all non-Euro denominated operations are not presented separately.

BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or more frequently if there is an indication that the carrying amount may not be recoverable. Any gain on a bargain purchase is recognised in the Income Statement

immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Income Statement.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the Income Statement.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the Income Statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the Group's interest in the investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

GOODWILL

Goodwill is the excess of the fair value of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities in a business combination and relates to the future economic benefits arising from assets that are not capable of being individually identified and separately recognised.

As at the date of acquisition any goodwill acquired is allocated to each cash generating unit (CGU) (which may comprise more than one cash generating unit) expected to benefit from the combination's synergies. Impairment is determined by assessing the

recoverable amount of the CGU to which the goodwill relates. These CGU's represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the business segment retained.

INTANGIBLE ASSETS (OTHER THAN GOODWILL) ARISING ON BUSINESS COMBINATIONS

An intangible asset, which is a non-monetary asset without a physical substance, is capitalised separately from goodwill as part of a business combination at cost (fair value at date of acquisition) to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its fair value can be reliably measured. Acquired brands and other intangible assets are deemed to be identifiable and recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets considered to have an indefinite useful economic life are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

The amortisation charge on intangible assets considered to have finite lives is calculated to write-off the book value of the asset over its useful life on a straight-line basis on the assumption of zero residual value. The useful lives of the Group's intangible assets are as follows:

- | | |
|--|----------|
| • ABI Distribution rights | 20 years |
| • Trade relationship re Wallaces acquisition | 10 years |
| • Trade relationship re Gleeson acquisition | 15 years |

Statement of Accounting Policies

For the year ended 28 February 2018 (continued)

PROPERTY, PLANT & EQUIPMENT

Property (comprising land and buildings) is recognised at estimated fair value with the changes in the value of the property reflected in Other Comprehensive Income, to the extent it does not reverse previously recognised losses, or as an impairment loss in the Income Statement to the extent it does not reverse previously recognised revaluation gains. The fair value is based on estimated market value at the valuation date, being the estimated amount for which a property could be exchanged in an arm's length transaction, to the extent that an active market exists. Such valuations are determined based on benchmarking against comparable transactions for similar properties in similar locations as those of the Group or on the use of valuation techniques including the use of market yields on comparable properties. If no active market exists or there are no other observable comparative transactions, the fair value may be determined using a valuation technique known as a Depreciated Replacement Cost approach.

Plant & machinery is carried at its revalued amount. In view of the specialised nature of the Group's plant & machinery and the lack of comparable market-based evidence of similar plant sold, upon which to base a market approach of fair value, the Group uses a Depreciated Replacement Cost approach to determine a fair value for such assets.

Depreciated Replacement Cost is assessed, firstly, by the identification of the gross replacement cost for each class of plant & machinery. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each class of plant & machinery as a function of total available production capacity, is applied to determine the Depreciated Replacement Cost.

Motor vehicles & other equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

Property, plant & equipment, other than freehold land and assets under construction, which are not depreciated, were depreciated using the following rates which are calculated to write-off the value of the asset, less the estimated residual value, over its expected useful life:

Land and Buildings

| | |
|---|------------------|
| Land | n/a |
| Buildings – ROI, US, Portugal, Wallaces Express | 2% straight-line |
| Buildings – UK (excluding Wallaces Express) | 2% straight-line |

Plant and Machinery

| | |
|-------------------------|-------------------------|
| Storage tanks | 10% reducing balance |
| Other plant & machinery | 15-30% reducing balance |

Motor vehicles and other equipment

| | |
|---|---------------------|
| Motor vehicles | 15% straight-line |
| Other equipment incl returnable bottles, cases and kegs | 5-25% straight-line |

The residual value and useful lives of property, plant & equipment are reviewed and adjusted if appropriate at each reporting date to take account of any changes that could affect prospective depreciation charges and asset carrying values. When determining useful economic lives, the principal factors the Group takes into account are the intensity at which the assets are expected to be used, expected requirements for the equipment and technological developments.

On disposal of property, plant & equipment the cost or valuation and related accumulated depreciation and impairments are removed from the Balance Sheet and the net amount, less any proceeds, is taken to the Income Statement and any amounts included within the revaluation reserve transferred to the retained income reserve.

The carrying amounts of the Group's property, plant & equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying amount of an asset or its cash generation unit exceeds its recoverable amount (being the greater of fair value less costs to sell and value in use). Impairment losses are debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve account in respect of that asset with the remaining balance recognised in the Income Statement.

A revaluation surplus is credited directly to Other Comprehensive Income and accumulated in equity under the heading of revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the Income Statement to the extent of the previous write down.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition and is based on the first-in first-out principle.

In the case of finished goods and work in progress, cost includes direct production costs and the appropriate share of production overheads plus excise duties, where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to complete the sale.

Provision is made for slow-moving or obsolete stock where appropriate.

PROVISIONS

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value at an appropriate rate if the effect of the time value of money is deemed material. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount. The increase in the provision due to the passage of time is recognised in the Income Statement within finance expense.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable. Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

Due to the inherent uncertainty with respect to such matters, the value of each provision is based on the best information available at the time, including advice obtained from third party experts, and is reviewed by the Directors on a periodic basis with the potential

financial exposure reassessed. Revisions to the valuation of a provision are recognised in the period in which such a determination is made and such revisions could have a material impact on the financial performance of the Group.

LEASES

Where the Group has entered into lease arrangements on land & buildings the lease payments are allocated between land & buildings and each component is assessed separately to determine whether it is a finance or operating lease.

Finance leases, which transfer to the Group substantially all the risks and rewards of ownership of the leased asset, are recognised in property, plant & equipment at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Income Statement as part of finance expense.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

RETIREMENT BENEFITS

The Group operates a number of defined contribution and defined benefit pension schemes.

Obligations to the defined contribution pension schemes are recognised as an expense in the Income Statement as the related employee service is received. Under these schemes, the Group has no obligation, either legal or constructive, to pay further contributions in the event that the fund does not hold sufficient assets to meet its benefit commitments.

The liabilities and costs associated with the Group's defined benefit pension schemes, all of which are funded and administered under trusts which are separate from the Group, are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields, at the reporting date, on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations.

Statement of Accounting Policies

For the year ended 28 February 2018 (continued)

The fair value of scheme assets is based on market price information, measured at bid value for publicly quoted securities.

The resultant defined benefit pension net surplus or deficit is shown within either non-current assets or non-current liabilities on the face of the Balance Sheet and comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The assumptions (disclosed in note 21) underlying these valuations are updated at each reporting period date based on current economic conditions and expectations (discount rates, salary inflation and mortality rates) and reflect any changes to the terms and conditions of the post retirement pension plans. The deferred tax liabilities and assets arising on pension scheme surpluses and deficits are disclosed separately within deferred tax assets or liabilities, as appropriate.

When the benefits of a defined benefit scheme are improved, the portion of the increased benefit relating to the past service of employees is recognised as an expense immediately in the Income Statement.

The expected increase in the present value of scheme liabilities arising from employee service in the current period is recognised in arriving at operating profit or loss together with the net interest expense/(income) on the net defined benefit liability/(asset). Differences between the actual return on plan assets and the interest income, experience gains and losses on scheme liabilities, together with the effect of changes in the current or prior assumptions underlying the liabilities are recognised in Other Comprehensive Income. The amounts recognised in the Income Statement and Statement of Other Comprehensive Income and the valuation of the defined benefit pension net surplus or deficit are sensitive to the assumptions used. While management believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the valuation of retirement benefits and expenses recognised in future accounting periods.

Company

The Company has no direct employees and is not the sponsoring employer for any of the Group's defined benefit pension schemes. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

SHARE-BASED PAYMENTS

The Group operates a number of Share Option Schemes, Performance Share Plans and cash settled award schemes, listed below:-

- Executive Share Option Scheme (the 'ESOS'),
- Long-Term Incentive Plan (Part I) (the 'LTIP (Part I)'),
- Joint Share Ownership Plan (the 'JSOP'),
- Restricted Share Award Scheme,
- Recruitment and Retention Plan,
- Long-term Incentive Plan (Part II) (the 'LTIP (Part II)'), and
- Partnership and Matching Share Schemes.

Equity settled share-based payment transactions

Group share schemes allow certain employees to acquire shares in the Company. The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity, while the cost of acquiring shares on the open market to satisfy the Group's obligations under the Partnership and Matching Share Schemes is recognised in the Income Statement as incurred.

To date, share options granted by the Company under the ESOS and share entitlements (represented by nominal cost options) granted under the LTIP (Part II) are subject to non-market vesting conditions only.

An element of the share entitlements (represented by nominal-cost options) granted by the Company under the LTIP (Part I), the Recruitment and Retention Plan and the Restricted Share Award Scheme and some of the Interests granted under the Joint Share Ownership Plan are subject to market vesting conditions with or without non-market vesting conditions whilst the remainder are subject to non-market vesting conditions only, the details of which are set out in note 4. Market conditions are incorporated into the calculation of fair value of share/Interest entitlements as at the grant date. Non-market vesting conditions are not taken into account when estimating such fair value.

The expense for the share entitlements shown in the Income Statement is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight-line basis over the vesting period. The cumulative charge to the Income Statement at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. It is reversed only where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Group before the end of the vesting period and forfeits those options in

consequence. Awards with market based performance conditions are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. No reversal is recorded for failure to vest as a result of market conditions not being met.

The proceeds received by the Company net of any directly attributable transaction costs on the vesting of share entitlements met by the issue of new shares are credited to share capital and share premium when the share entitlements are exercised. Amounts included in the share-based payments reserve are transferred to retained income when vested options are exercised, forfeited post vesting or lapse.

The dilutive effect of outstanding options, to the extent that they are to be settled by the issue of new shares and to the extent that the vesting conditions would have been satisfied if the end of the reporting period was the end of the contingency period, is reflected as additional share dilution in the determination of diluted earnings per share.

Cash settled share-based payment transactions

The fair value of the amount payable to employees in respect of share appreciation rights that are settled in cash is recognised as an expense in the Income Statement with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to the payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes are recognised as an employee benefit expense in the Income Statement.

INCOME TAX

Current tax expense represents the expected tax amount to be paid in respect of taxable income for the current year and is based on reported profit and the expected statutory tax rates, reliefs and allowances applicable in the jurisdictions in which the Group operates. Current tax for the current and prior years, to the extent that it is unpaid, is recognised as a liability in the Balance Sheet.

Deferred tax is provided on the basis of the Balance Sheet liability method on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are recognised for all temporary differences except where they arise from:-

- the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit or loss nor the taxable profit or loss at the time of the transaction, or,
- temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference is subject to the Group's control and it is probable that a reversal will not be recognised in the foreseeable future.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction. The carrying amounts of deferred tax assets are subject to review at each reporting date and are reduced to the extent that future taxable profits are considered to be insufficient to allow all or part of the deferred tax asset to be utilised.

Deferred tax and current tax are recognised as a component of the tax expense in the Income Statement except to the extent that they relate to items recognised directly in Other Comprehensive Income or equity (for example, certain derivative financial instruments and actuarial gains and losses on defined benefit pension schemes), in which case the related tax is also recognised in Other Comprehensive Income or equity.

The Group is subject to income tax in a number of jurisdictions, and judgement is required in determining the worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business, for which the ultimate tax determination is uncertain and the complexity of the tax treatment may be such that the final tax charge may not be determined until a formal resolution has been reached with the relevant tax authority which may take extended time periods to conclude. The ultimate tax charge may, therefore be different from that which initially is reflected in the Group's consolidated tax charge and provision and any such differences could have a material impact on the Group's income tax charge and consequently financial performance. The determination of the provision for income tax is based on management's understanding of the relevant tax law and judgement as to the appropriate tax charge, and management believe that all assumptions and estimates used are reasonable and reflective of the tax legislation in jurisdictions in which the Group operates.

Statement of Accounting Policies

For the year ended 28 February 2018 (continued)

Where the final tax charge is different from the amounts that were initially recorded, such differences are recognised in the income tax provision in the period in which such determination is made.

FINANCIAL INSTRUMENTS

Trade & other receivables

Trade receivables are initially recognised at fair value (which usually equals the original invoice value) and are subsequently measured at amortised cost. A provision for impairment of trade 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. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. Movements in provisions are recognised in the Income Statement. Bad debts are written-off against the provision when no further prospect of collection exists.

Cash

Cash in the Balance Sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash for the purpose of the statement of cash flows.

Advances to customers

Advances to customers, which can be categorised as either an advance of discount or a repayment/annuity loan conditional on the achievement of contractual sales targets, are initially recognised at fair value, amortised to the Income Statement (and classified within sales discounts as a reduction in revenue) over the relevant period to which the customer commitment is made, and subsequently carried at amortised cost less an impairment allowance. Where there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue. A provision for impairment 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 agreement with the customer. The amount of the provision is determined by the difference between the asset's carrying amount and the present value of the estimated future cash flows or recognition of the estimated amortisation of advances.

Trade & other payables

Trade & other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Interest-bearing loans & borrowings

Interest-bearing loans & borrowings are recognised initially at fair value less attributable transaction costs and are subsequently

measured at amortised cost with any difference between the amount originally recognised and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis. Where the early refinancing of a loan results in a significant change in the present value of the expected cash flows, the original loan is de-recognised and the replacement loan is recognised at fair value.

Derivative financial instruments

Where deemed appropriate, the Group uses derivative financial instruments (principally interest rate swaps and forward foreign exchange contracts) to hedge its exposure to interest rate and foreign exchange risks arising from operational and financing activities. The Group does not enter into speculative transactions.

Derivative financial instruments are measured at fair value at each reporting date. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current market interest and currency exchange rates where relevant and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity and credit profiles and equates to the market price at the balance sheet date.

Gains or losses on re-measurement to fair value are recognised immediately in the Income Statement except where derivatives are designated and qualify for cash flow hedge accounting in which case recognition of any resultant gain or loss is recognised through Other Comprehensive Income.

Derivative financial instruments entered into by the Group are for the purposes of hedge accounting classified as cash flow hedges which hedge exposure to fluctuations in future cash flows derived from a particular risk associated with a recognised asset, liability, a firm commitment or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument

is recognised as a separate component of Other Comprehensive Income with the ineffective portion being reported in the Income Statement. The associated gains or losses that had previously been recognised in Other Comprehensive Income are transferred to the Income Statement contemporaneously with the materialisation of the hedged transaction, except when a firm commitment or forecast transaction results in the recognition of a non-financial asset or a non-financial liability, in which case the cumulative gain or loss is removed from Other Comprehensive Income and included in the initial measurement of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or no longer qualifies for hedge accounting. For situations where the hedging instrument no longer qualifies for hedge accounting, the cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective shall remain separately recognised in equity until the expected forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Other Comprehensive Income is transferred to the Income Statement in the period.

Net investment hedging

Any gain or loss on the effective portion of a hedge of a net investment in a foreign operation using a foreign currency denominated monetary liability is recognised in Other Comprehensive Income while the gain or loss on the ineffective portion is recognised immediately in the Income Statement. Cumulative gains and losses remain in Other Comprehensive Income until disposal of the net investment in the foreign operation at which point the related differences are transferred to the Income Statement as part of the overall gain or loss on disposal.

SHARE CAPITAL/PREMIUM

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the gross proceeds.

Treasury shares

Equity share capital issued under its Joint Share Ownership Plan, which is held in trust by an Employee Trust is classified as treasury shares on consolidation until such time as the Interests vest and the participants acquire the shares from the Trust or the Interests lapse and the shares are cancelled or disposed of by the Trust.

Own shares acquired under share buyback programme

The cost of ordinary shares purchased by a subsidiary of the Group on the open market is recorded as a deduction from equity on the

face of the Group Balance Sheet. When these shares are cancelled, an amount equal to the nominal value of any shares cancelled is included within other undenominated capital fund and the cost is deducted from retained earnings.

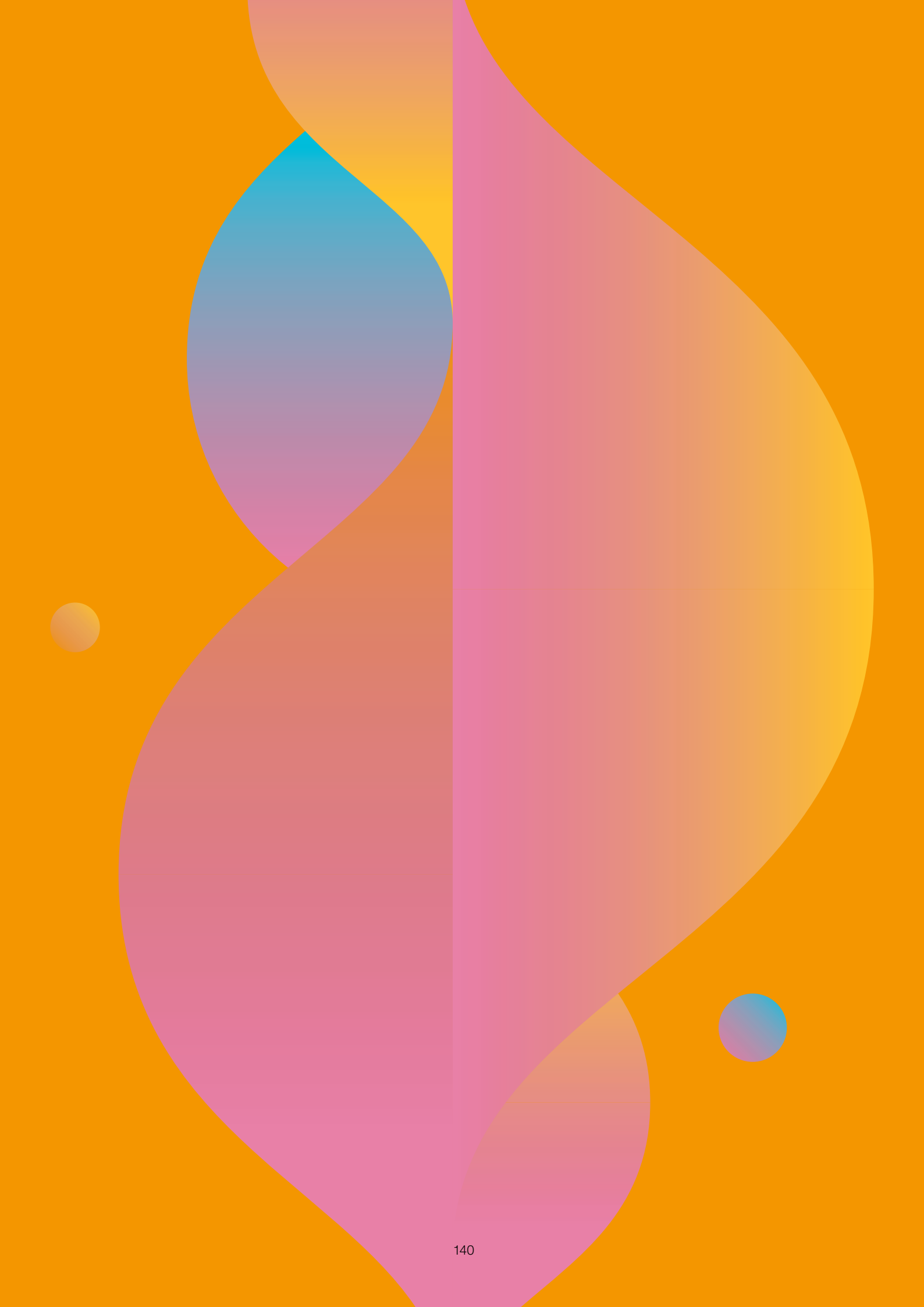
Dividends

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

COMPANY FINANCIAL ASSETS

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a financial asset in the Company's accounts, which relates to the fair value at that date of its investment in subsidiaries. Financial assets are reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Share options granted to employees of subsidiary companies are accounted for as an increase in the carrying value of the investment in subsidiaries and the share-based payment reserve.



Notes forming part of the financial statements

1. SEGMENTAL REPORTING

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

The Group continually reviews and updates the manner in which it monitors and controls its financial operations resulting in changes in the manner in which information is classified and reported to the Chief Operating Decision Maker ("CODM"). The CODM, identified as the executive Directors, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources. Due to a consolidation in the management of the business, the Group has changed its basis of segmentation in the current financial year. The previous segments of Scotland and C&C Brands are now managed by one Managing Director and are supported by the one management team. The Group has therefore now combined both, to form the new segment Great Britain. The previous segments of Export and North America are also now controlled by one Managing Director and the one management team and have therefore also been combined into the new International segment. The current basis of segmentation reflects the new business model and in all instances the changes were deemed necessary to better enable the CODM to evaluate the results of the business in the context of the economic environment in which the business operates, to make appropriate strategic decisions and to more accurately reflect the business model under which the Group now operates in these territories. All comparative amounts have been restated to reflect the new basis of segmentation. The reclassification had no impact on revenue, net revenue or operating profit reported by the Group.

The identified business segments are as follows:-

(i) Ireland

This segment includes the financial results from sale of own branded products on the Island of Ireland, principally Bulmers, Outcider, Tennent's, Magners, Clonmel 1650, Five Lamps, Heverlee, Roundstone Irish Ale, Dowd's Lane traditional craft ales, Finches and Tipperary Water. It also includes the financial results from beer, wines and spirits distribution, wholesaling, following the acquisition of Gleeson, the results from sale of third party brands as permitted under the terms of a distribution agreement with AB InBev and production of third party products.

(ii) Great Britain

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

(iii) International

This segment includes the results from sale of the Group's cider and beer products, principally Magners, Gaymers, Woodchuck, Wyders, Blackthorn, Hornsby's and Tennent's in all territories outside of Ireland and Great Britain. It also includes the production, sale and distribution of some private label and third party brands.

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

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

Notes forming part of the financial statements (continued)

1. SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by reporting segment

| | 2018 | | | 2017 | | |
|---|---------------|-------------------|------------------------|-------------------------------|-----------------------------------|------------------------|
| | Revenue €m | Net revenue €m | Operating profit €m | Revenue as restated* €m | Net revenue as restated* €m | Operating profit €m |
| Ireland | 312.1 | 215.0 | 40.1 | 345.0 | 245.4 | 48.6 |
| Great Britain | 459.8 | 292.7 | 39.5 | 465.4 | 302.3 | 39.9 |
| International | 41.6 | 40.5 | 6.5 | 50.4 | 48.8 | 6.5 |
| Total before exceptional items | 813.5 | 548.2 | 86.1 | 860.8 | 596.5 | 95.0 |
| Exceptional items (note 5) | - | - | (7.0) | - | - | (150.1) |
| Finance income | - | - | 0.1 | - | - | 0.1 |
| Finance expense | - | - | (8.2) | - | - | (7.9) |
| Share of equity accounted investments' profit after tax | - | - | 1.2 | - | - | - |
| Total | 813.5 | 548.2 | 72.2 | 860.8 | 596.5 | (62.9) |

* See note 29 prior year reclassification for further details.

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

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

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

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

* See note 29 prior year reclassification for further details.

1. SEGMENTAL REPORTING (CONTINUED)

(b) Other operating segment information

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

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

** Capital expenditure in the prior year for North America was €2.8m and for Export was €0.6m, depreciation/amortisation/impairment was €108.4m for North America and €0.6m for Export.

(c) Geographical analysis of revenue and net revenue

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

* See note 29 prior year reclassification for further details.

** England and Wales is included in the Great Britain segment.

*** US and Canada is included in the International segment.

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

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

Notes forming part of the financial statements (continued)

1. SEGMENTAL REPORTING (CONTINUED)

(d) Geographical analysis of non-current assets

| | Ireland €m | Scotland €m | England and Wales* €m | US and Canada** €m | Other*** €m | Total €m |
|------------------------------|---------------|----------------|-----------------------------|-----------------------|----------------|--------------|
| 28 February 2018 | | | | | | |
| Property, plant & equipment | 68.9 | 52.5 | - | 8.4 | 5.4 | 135.2 |
| Goodwill & intangible assets | 155.9 | 132.5 | 196.8 | 39.8 | 16.1 | 541.1 |
| Equity accounted investments | 0.3 | 0.2 | 44.6 | 3.3 | - | 48.4 |
| Retirement benefits | 4.8 | - | - | - | - | 4.8 |
| Deferred income tax assets | 1.7 | - | - | - | - | 1.7 |
| Trade & other receivables | 18.5 | 21.9 | - | - | - | 40.4 |
| Total | 250.1 | 207.1 | 241.4 | 51.5 | 21.5 | 771.6 |
| | | | | | | |
| | Ireland €m | Scotland €m | England and Wales* €m | US and Canada** €m | Other*** €m | Total €m |
| 28 February 2017 | | | | | | |
| Property, plant & equipment | 70.3 | 58.0 | 0.3 | 9.9 | 6.0 | 144.5 |
| Goodwill & intangible assets | 156.1 | 126.4 | 187.2 | 44.6 | 16.0 | 530.3 |
| Equity accounted investments | 0.3 | 0.3 | - | 1.8 | - | 2.4 |
| Retirement benefits | 4.5 | - | - | - | - | 4.5 |
| Deferred income tax assets | 3.2 | - | - | - | - | 3.2 |
| Trade & other receivables | 20.6 | 25.6 | 1.2 | 1.8 | 0.4 | 49.6 |
| Total | 255.0 | 210.3 | 188.7 | 58.1 | 22.4 | 734.5 |

* England and Wales is included in the Great Britain segment.

** US and Canada is included in the International segment.

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

The geographical analysis of non-current assets, with the exception of goodwill & intangible assets, is based on the geographical location of the assets. The geographical analysis of goodwill & intangible assets is allocated based on the country of destination of sales at the date of acquisition.

2. OPERATING COSTS

| | 2018 | | | 2017 | | |
|---|--------------------------------|-------------------------------------|--------------|---|-------------------------------------|--------------------------|
| | Before exceptional items €m | Exceptional items (note 5) €m | Total €m | Before exceptional items as restated* €m | Exceptional items (note 5) €m | Total as restated* €m |
| Raw material cost of goods sold/bought in finished goods | 250.4 | - | 250.4 | 274.4 | - | 274.4 |
| Inventory write-down/(recovered) (note 14) | 1.2 | - | 1.2 | 2.9 | - | 2.9 |
| Employee remuneration (note 3) | 60.3 | 1.5 | 61.8 | 65.7 | 7.2 | 72.9 |
| Direct brand marketing | 21.6 | - | 21.6 | 28.2 | - | 28.2 |
| Other operating, selling and administration costs | 100.1 | 0.5 | 100.6 | 100.5 | 13.4 | 113.9 |
| Foreign exchange | 0.4 | - | 0.4 | 0.5 | - | 0.5 |
| Depreciation (note 11) | 14.0 | - | 14.0 | 14.7 | - | 14.7 |
| Amortisation (note 12) | 0.3 | - | 0.3 | 0.3 | - | 0.3 |
| Net profit on disposal of property, plant & equipment | (0.8) | - | (0.8) | (1.0) | (2.9) | (3.9) |
| Research and development costs | - | - | - | 0.1 | - | 0.1 |
| Auditors remuneration | 0.5 | - | 0.5 | 0.9 | - | 0.9 |
| Impairment of intangible assets (note 12) | - | - | - | - | 106.6 | 106.6 |
| Revaluation/impairment of property, plant & machinery (note 11) | - | 5.0 | 5.0 | - | 25.8 | 25.8 |
| Operating lease rentals: | | | | | | |
| – land & buildings | 3.7 | - | 3.7 | 5.2 | - | 5.2 |
| – plant & machinery | 2.6 | - | 2.6 | 1.1 | - | 1.1 |
| – other | 7.8 | - | 7.8 | 8.0 | - | 8.0 |
| Total operating expenses | 462.1 | 7.0 | 469.1 | 501.5 | 150.1 | 651.6 |

* See note 29 prior year reclassification for further details.

(a) Auditor remuneration: In the current year, the remuneration of the Group's statutory auditor, being the Irish firm of the principal auditor of the Group, Ernst & Young, Chartered Accountants is as follows:-

| | 2018 €m |
|---|------------|
| Audit of the Group financial statements | 0.5 |
| Total | 0.5 |

The audit fee for the audit of the financial statements of the Company was less than €0.1m in the current financial year. Amounts to other Ernst & Young offices in relation to subsidiary undertakings in the current financial year was €0.2m.

(b) Auditor remuneration: In the prior year, the remuneration of the Group's statutory auditor, being the Irish firm of the principal auditor of the Group, KPMG, Chartered Accountants is as follows:-

| | 2017 €m |
|---|------------|
| Audit of the Group financial statements | 0.4 |
| Tax advisory services | 0.3 |
| Total | 0.7 |

The audit fee for the audit of the financial statements of the Company was less than €0.1m in the prior financial year. Amounts to other KPMG offices in relation to subsidiary undertakings in the prior financial year was €0.2m.

Notes forming part of the financial statements (continued)

3. EMPLOYEE NUMBERS & REMUNERATION COSTS

The average number of persons employed by the Group (including executive Directors) during the year, analysed by category, was as follows:-

| | 2018 Number | 2017 Number |
|---------------------------|----------------|----------------|
| Sales & marketing | 197 | 238 |
| Production & distribution | 625 | 848 |
| Administration | 363 | 239 |
| Total | 1,185 | 1,325 |

The actual number of persons employed by the Group as at 28 February 2018 was 1,176 (28 February 2017: 1,201).

The aggregate remuneration costs of these employees can be analysed as follows:-

| | 2018 €m | 2017 €m |
|--|-------------|-------------|
| Wages, salaries and other short-term employee benefits | 51.6 | 59.4 |
| Restructuring costs (note 5) | 1.5 | 7.2 |
| Social welfare costs | 5.9 | 6.4 |
| Retirement benefits – defined benefit schemes (note 21) | (1.0) | (3.6) |
| Retirement benefits – defined contribution schemes, including pension related expenses | 2.8 | 2.7 |
| Equity settled share-based payments (note 4) | 0.9 | 0.7 |
| Cash settled share-based payments (note 4) | - | - |
| Partnership & matching share schemes (note 4) | 0.1 | 0.1 |
| Charged to the Income Statement | 61.8 | 72.9 |
| Actuarial gain on retirement benefits recognised in Other Comprehensive Income (note 21) | (16.8) | (3.6) |
| Total employee benefits | 45.0 | 69.3 |

Directors' remuneration

| | 2018 €'m | 2017 €'m |
|-----------------------------------|-------------|-------------|
| Directors' remuneration (note 26) | 4.1 | 3.6 |

In addition to the amounts disclosed above, during the year, a Group subsidiary paid fees for services to Joris Brams BVBA (a company wholly owned by Joris Brams and family) see further details disclosed in note 26 Related Party Transactions.

4. SHARE-BASED PAYMENTS

Equity settled awards

In April 2004, the Group established an equity settled **Executive Share Option Scheme (ESOS 2004)** under which options to purchase shares in C&C Group plc are granted to certain executive Directors and members of management. Under the terms of the scheme, the options were exercisable at the market price prevailing at the date of the grant of the option. Options have been granted under this scheme in each year between 2004 and 2015. A number of options granted under the scheme in FY2011 have now vested or lapsed. In the current financial year, options awarded in June 2015 were deemed to be not capable of achieving their performance targets and consequently they were deemed to have lapsed in accordance with IFRS 2 Share-Based Payment. In addition to continued employment, the options

4. SHARE-BASED PAYMENTS (CONTINUED)

are subject to meeting a specific performance target relating to growth in earnings per share (EPS). EPS is calculated using earnings per share before exceptional items, as disclosed in the financial statements of the Group, subject to any further adjustments approved by the Remuneration Committee. If adjusted EPS growth is 3% per annum over the performance period, 50% of the awards vest and if adjusted EPS growth is 6% per annum or more over the performance period (i.e. 3 years from date of grant), the award vests in full. There will be straight-line vesting between both points and no reward for below threshold performance. If after the relevant three year period (i.e. 3 years from date of grant) the performance target is not met, the options lapse.

In July 2015 a **new Executive Share Option Scheme (ESOS 2015)** was adopted following shareholder approval at the AGM. Options were granted in May 2016 under this new scheme. Options granted in May 2016 will be exercisable in May 2019. The vesting of the May 2016 awards, in addition to continuous employment, is based on compound annual growth in underlying EPS over the three year performance period FY2017-FY2019. If compound annual growth in underlying EPS over the performance period is 3% per annum then 50% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 6% per annum then 100% of the awards vest. There is straight-line vesting between both points and no reward for below threshold performance. Options were granted in June 2017 and November 2017 under this scheme. The vesting of the June 2017 and November 2017 awards, in addition to continuous employment, is based on compound annual growth in underlying EPS over the three year performance period FY2018-FY2020. If compound annual growth in underlying EPS over the performance period is 2% per annum then 25% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 6% per annum then 100% of the awards vest. There is straight-line vesting between both points and no reward for below threshold performance.

In April 2004, the Group established a **Long-Term Incentive Plan (Part I) (LTIP 2004 (Part I))** under the terms of which options to purchase shares in C&C Group plc are granted at nominal cost to certain executive Directors and members of management. Options granted in July 2015 are subject to the following performance conditions:

- With regard to 25% of the award, a performance condition relating to total shareholder return ("TSR") applies and achievement of a financial underpin as mentioned below. 30% of this part of the award vests if the Group's TSR over a three year period equals the median TSR of a comparator group; 100% of this part of the award vests if the Group's TSR over a three year period equals or exceeds the TSR of the upper quartile of the comparator group; for performance between the median and the upper quartile there is straight-line pro-rating between 30% and 100%. None of this part of the award vests if the Group's TSR over a three year period is less than the median TSR of a comparator group. In respect of the TSR condition, a financial underpin applies; the growth in the Group's earnings per share (EPS) over the three year period must be 4% or more per annum over the same period; alternatively the Remuneration Committee must be satisfied that the Group's underlying financial performance warrants that level of vesting; otherwise the award lapses. EPS is calculated using earnings per share before exceptional items, as disclosed in the financial statements of the Group, subject to any further adjustments approved by the Remuneration Committee.
- With regard to the remaining 75% of the award, a performance condition relating to growth in EPS applies. 30% of this part of the award vests if the Group's aggregate EPS in a three year period achieves 4% per annum compound growth. 100% of this part of the award vests if the Group's aggregate EPS in a three year period achieves 10% per annum compound growth. There is straight-line pro-rating between 30% and 100% vesting for performance between 4% and 10% per annum compound growth. None of this part of the award vests if the growth in the Group's aggregate EPS in a three year period is less than 4% per annum.

In July 2015 a new **Long-Term Incentive Plan (Part I) (LTIP 2015 (Part I))** was adopted following shareholder approval at the AGM. Options were granted in May 2016 and October 2016 under this new scheme. The awards are subject to the following three performance conditions:

- 33% of the award is subject to the performance condition that the average annual EPS growth is 3% in which case 25% of this element of the award would vest. If the average annual EPS growth is 8% then 100% of this element of the award would vest.
- 33% of the award is subject to the performance condition that the Free Cash Flow Conversion ratio ('FCF') of the Group (excluding the impact of exceptional items) would be 65% conversion at which case 25% of this element of the award would vest. If the FCF was 75% then 100% of this element of the award would vest.
- 33% of the award is subject to a Return on Capital Employed ('ROCE') target. If the ROCE is 9.3% then 25% of this element of the award would vest. If the ROCE was 10% then 100% of this element of the award would vest.

Notes forming part of the financial statements (continued)

4. SHARE-BASED PAYMENTS (CONTINUED)

In the current year, options were granted in June 2017, August 2017 and November 2017 under this scheme. The awards are subject to the following three performance conditions:

- 33% of the award is subject to the performance condition that the average annual EPS growth is 3% in which case 25% of this element of the award would vest. If the average annual EPS growth is 8% then 100% of this element of the award would vest.
- 33% of the award is subject to the performance condition that the Free Cash Flow Conversion ratio ('FCF') of the Group (excluding the impact of exceptional items) would be 65% conversion at which case 25% of this element of the award would vest. If the FCF was 75% then 100% of this element of the award would vest.
- 33% of the award is subject to a Return on Capital Employed ('ROCE') target. If the ROCE is 9.3% then 25% of this element of the award would vest. If the ROCE was 10% then 100% of this element of the award would vest.

In all three components of the awards above there is straight-line vesting between both points and no reward for below threshold performance.

If awards are made under both the ESOS 2015 and the LTIP 2015 (Part I) in respect of the same financial year the overall maximum award, other than in exceptional circumstances, will be capped at 250% of salary. In exceptional circumstances the maximum combined ESOS 2015 and LTIP 2015 (Part I) award in respect of any financial year is 500% of salary.

In December 2008, the Group established a **Joint Share Ownership Plan (JSOP)** whereby certain executive Directors and members of management were eligible to participate in the Plan at the discretion of the Remuneration Committee. Under this plan, Interests in the form of a restricted Interest in ordinary shares in the Company were awarded to executive Directors and key members of senior management on payment upfront to the Company of an amount equal to 10% of the initial issue price of the shares on the acquisition of the Interest. The participants are also required to pay a further amount if the tax value of their Interest exceeds the price paid. When the further amount is paid, the Company compensates the participant for the obligation to pay this further amount by paying him an equivalent amount, which is, however, subject to income tax in the hands of the participant.

The vesting of Interests granted were subject to the following conditions. All of the Interests were subject to a time and service vesting condition with one-third of the Interest in the shares vesting on each of the first, second and third anniversary of acquisition, subject to continued employment only. In addition, half of the Interests in the shares were subject to a pre-vesting share price target. In order to benefit from those Interests the Company's share price must have been greater than €2.50 for 13,800,000 of the Interests initially awarded, and €4.00 for an additional 2,200,000 of the Interests initially awarded, for at least 20 days out of 40 consecutive dealing days during the five-year period commencing on the date of acquisition of the Interest. All the Interests have now vested or lapsed.

When an Interest vests, the trustees may, at the request of the participant and on payment of the further amount, if relevant, transfer shares to the participant of equal value to the participant's Interest or the shares may be sold by the trustees, who will account to the participant for the difference between the sale proceeds (less expenses) and the Hurdle Value (balancing 90% of the acquisition price on the acquisition of the Interest).

In June 2010, the Group established a **Recruitment and Retention Plan** under the terms of which options to purchase shares in C&C Group plc at nominal cost are granted to certain members of management, excluding executive Directors.

The performance conditions and/or other terms and conditions for awards granted under this plan are specifically approved by the Board of Directors at the time of each individual award, following a recommendation by the Remuneration Committee.

In May 2012, awards of 1,036,255 were granted under the Recruitment and Retention Plan subject to continuous employment and the performance condition that the Company's TSR must grow by not less than 25% between 17 May 2012 and 16 May 2014. Awards would have vested in full if the growth in TSR was at least 50% over that period and the Remuneration Committee were satisfied that the extent to which the award vested was appropriate given the general financial performance of the Group over the performance period. Where TSR growth was between 25% and 50% the percentage of the award that vested was calculated on a straight-line basis between 25% and 100%.

4. SHARE-BASED PAYMENTS (CONTINUED)

Options awarded in May 2012 were deemed to have only partially achieved their performance conditions and consequently 65% of the outstanding awards lapsed.

In May 2014 awards of 823,233 were granted under the Recruitment and Retention Plan subject to continuous employment. Of these awards, 547,382 are subject to continued employment and the achievement of annual performance targets related to the business unit to which each recipient is aligned to. Options have now vested or lapsed. Also in May 2014, an award of 92,111 and 183,740 was made subject to continued employment only and these awards have now vested or lapsed.

In July 2015, 74,956 awards were granted and 490,387 awards were granted in October 2015 under the Recruitment and Retention plan. Of the October 2015 awards, all are subject to continued employment and the achievement of specific performance targets related to the business unit to which each recipient is aligned to and also specific performance targets related to the specific role of each recipient. Each award has its own vesting period ranging from May 2016 to October 2018.

In the prior financial year, 193,817 awards were granted in May 2016 under the Recruitment and Retention plan. All of these awards are subject to continued employment and the achievement of performance targets relating to the business unit to which each recipient is aligned to. Each award has its own vesting period ranging from October 2017 to October 2018. In the current financial year, 64,469 awards were granted in August 2017 under the Recruitment and Retention plan. All of these awards are subject to continued employment and the achievement of performance targets relating to the business unit to which each recipient is aligned to and will vest in May 2019.

Obligations arising under the Recruitment and Retention Plan will be satisfied by the purchase of existing shares on the open market. On settlement, any difference between the amount included in the Share-based payment reserve account and the cash paid to purchase the shares is recognised in retained income via the Statement of Changes in Equity.

In November 2011, the Group set up **Partnership and Matching Share Schemes** for all ROI and UK based employees of the Group under the approved profit sharing schemes referred to below. Under these schemes, employees can invest in shares in C&C Group plc (partnership shares) that will be matched on a 1:1 basis by the Company ("matching shares") subject to Revenue approved limits. Both the partnership and matching shares are held on behalf of the employee by the Scheme trustee, Link Group Limited (previously Capita Corporate Trustees Limited). The shares are purchased on the open market on a monthly basis at the market price prevailing at the date of purchase with any remaining cash amounts carried forward and used in the next share purchase. The shares are held in trust for the participating employee, who has full voting rights and dividend entitlements on both partnership and matching shares. Matching shares may be forfeited and/or tax penalties may apply if the employee leaves the Group or removes their partnership shares within the Revenue-stipulated vesting period. The Revenue stipulated vesting period for matching shares awarded under the ROI scheme is three years and under the UK scheme is five years.

The Group held 240,985 matching shares (481,970 partnership and matching) in trust at 28 February 2018 (2017: 227,275 matching shares (454,550 partnership and matching shares held)).

Cash-settled awards

In May 2014, the Group granted 16,723 cash-settled awards on terms equivalent to the rules of the Recruitment and Retention Plan. The awards are subject to continued employment and performance conditions linked to the achievement of performance targets with respect to the business unit to which the participant is aligned to. These awards vested in May 2017.

Award valuation

The fair values assigned to the ESOS options granted were computed in accordance with a Black Scholes valuation methodology; the fair value of options awarded under the LTIP (Part I) and Recruitment and Retention Plan were computed in accordance with the stochastic model for the TSR element and the Black Scholes model for the EPS element; and the fair value of the Interests awarded under the JSOP and the Restricted Share Award Plan were computed using a Monte Carlo simulation model.

Notes forming part of the financial statements (continued)

4. SHARE-BASED PAYMENTS (CONTINUED)

As per IFRS 2 Share-based Payment, market based vesting conditions, such as the LTIP (Part I) and Recruitment and Retention Plan TSR condition and the share price target conditions in the JSOP and the Restricted Share Award Plan, have been taken into account in establishing the fair value of equity instruments granted. Non-market or performance related conditions were not taken into account in establishing the fair value of equity instruments granted, instead these non-market vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately the amount recognised for time and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest, unless the failure to vest is due to failure to meet a market condition.

The main assumptions used in the valuations for equity settled share-based payment awards were as follows:-

| | ESOS options granted Jun 2017 | ESOS options granted Nov 2017 | LTIP (Part I) options granted Jun 2017 | LTIP (Part I) options granted Nov 2017 | LTIP (Part I) options granted Aug 2017 | Recruitment & Retention Plan Aug 2017 | LTIP (Part I) options granted Oct 2016 | Recruitment & Retention Plan May 2016 | LTIP (Part I) options granted May 2016 | ESOS options granted May 2016 |
|------------------------------|--|--|---|---|---|--|---|---|---|-------------------------------------|
| Fair value at date of grant | €0.328 | €0.219 | €3.364 | €2.88 | €3.069 | €2.8172 | €3.48 | €3.71 – €3.84 | €4.041 | €0.4245 |
| Exercise price | €3.40 | €2.93 | - | - | - | - | - | - | - | €4.18 |
| Risk free interest rate | 0.16% | 0.59% | - | - | - | 0.20% | - | 0.33% – 0.44% | - | 0.5% |
| Expected volatility | 23.56% | 21.14% | - | - | - | 21.64% | - | 21.53% – 23.5% | - | 23.68% |
| Expected term until exercise | 3 years | 3 years | 3 years | 3 years | 3 years | 1.8 years | 3 years | 1.5 – 2.5 years | 3 years | 3 years |
| Dividend yield | 4.26% | 5.06% | - | - | - | 4.67% | - | 3.38% | - | 3.38% |

Expected volatility is calculated by reference to historic share price movements prior to the date of grant over a period of time commensurate with the expected term until exercise. The dividends which would be paid on a share reduces the fair value of an award since, in not owning the underlying shares, a recipient does not receive the dividend income on these shares. For LTIP (Part I) awards, the participants are entitled to receive dividends, and therefore the dividend yield has been set to zero to reflect this.

The main assumptions used in the valuations of cash-settled share-based payment awards were as follows:-

| | |
|--|------------------------|
| | Granted May 2014 |
| Fair value at date of grant | €4.04 |
| Exercise price | - |
| Main assumptions used in determining the fair value at date of grant: | |
| Expected term until exercise | 3 years |
| Dividend yield | 2.31% |

4. SHARE-BASED PAYMENTS (CONTINUED)

Details of the share entitlements and share options granted under these schemes together with the share option expense are as follows:-

| Grant date | Vesting period | Number of options/ equity interests granted | Number outstanding at 28 February 2018 | Grant price € | Market value at date of grant € | Fair value at date of grant € | Expense / (income) in Income Statement 2018 €m | 2017 €m |
|--|----------------|---|--|---------------|---------------------------------|-------------------------------|--|---------|
| Executive Share Option Scheme (ESOS 2004) | | | | | | | | |
| 27 June 2014 | 3 years | 527,151 | - | 4.621 | 4.56 | 1.01 | - | - |
| 2 July 2015 | 3 years | 768,495 | - | 3.48 | 3.48 | 0.4904 | - | (0.1) |
| Executive Share Option Scheme (ESOS 2015) | | | | | | | | |
| 12 May 2016 | 3 years | 593,700 | 401,048 | 4.18 | 4.041 | 0.4245 | - | 0.1 |
| 1 June 2017 | 3 years | 830,702 | 613,773 | 3.40 | 3.364 | 0.328 | 0.1 | - |
| 13 November 2017 | 3 years | 246,211 | 246,211 | 2.93 | 2.880 | 0.219 | - | - |
| Long-Term Incentive Plan 2004 (Part I) | | | | | | | | |
| 29 February 2012 | 3 years | 328,448 | - | - | 3.61 | 1.84–3.46 | - | - |
| 27 June 2014 | 3 years | 539,894 | - | - | 4.56 | 2.53–4.56 | - | - |
| 2 July 2015 | 3 years | 558,266 | 388,092 | - | 3.48 | 1.71–3.44 | - | (0.4) |
| Long-Term Incentive Plan 2015 (Part I) | | | | | | | | |
| 12 May 2016 | 3 years | 395,800 | 267,365 | - | 4.041 | 4.041 | 0.2 | 0.4 |
| 28 Oct 2016 | 3 years | 41,389 | 41,389 | - | 3.48 | 3.48 | 0.1 | - |
| 1 June 2017 | 3 years | 553,799 | 409,180 | - | 3.364 | 3.364 | 0.3 | - |
| 1 August 2017 | 3 years | 494,646 | 494,646 | - | 3.069 | 3.069 | 0.3 | - |
| 13 November 2017 | 3 years | 164,140 | 164,140 | - | 2.880 | 2.880 | 0.1 | - |
| Joint Share Ownership Plan (JSOP) | | | | | | | | |
| 18 December 2008 | 1–3 years | 12,800,000 | - | 1.15 | 1.315 | 0.16–0.21 | - | - |
| 03 June 2009 | 1–3 years | 1,000,000 | - | 1.15 | 2.32 | 1.01–1.09 | - | - |
| 17 December 2009 | 1–3 years | 2,200,000 | - | 2.47 | 2.76 | 0.11–0.16 | - | - |
| Recruitment & Retention Plan | | | | | | | | |
| 17 May 2012 | 2–3 years | 1,036,255 | 49,953 | - | 3.525 | 0.58–0.59 | - | - |
| 16 May 2013 | 2–3 years | 252,672 | - | - | 4.76 | 0.96 | - | - |
| 21 May 2014 | 1–3 years | 823,233 | 45,151 | - | 4.34 | 1.91–4.19 | - | - |
| 2 July 2015 | 0.6–3 years | 74,956 | - | - | 3.435 | 3.16 | - | 0.1 |
| 30 October 2015 | 2 years | 490,387 | 56,789 | - | 3.60 | 3.27–3.53 | - | 0.2 |
| | 1.5–2.5 years | | | | | | | |
| 12 May 2016 | years | 193,817 | 38,970 | - | 4.041 | 3.71–3.84 | (0.2) | 0.4 |
| 1 August 2017 | 1.8 years | 64,469 | 33,880 | - | 2.8172 | 2.8172 | - | - |
| | | 24,978,430 | 3,250,587 | | | | 0.9 | 0.7 |
| Cash-settled awards | | | | | | | | |
| 21 May 2014 | 3 years | 16,723 | - | - | 4.34 | 4.04 | - | - |
| | | 16,723 | - | | | | - | - |
| Partnership and Matching Share Schemes | | | | | | | | |
| | | 481,970* | | | | | 0.1 | 0.1 |

* Includes both partnership and matching shares.

Notes forming part of the financial statements (continued)

4. SHARE-BASED PAYMENTS (CONTINUED)

The amount charged to the Income Statement includes a credit of €0.4m (2017: €0.8m), being the reversal of previously expensed charges on equity settled option schemes where the non-market performance conditions were deemed no longer likely to be achieved.

A summary of activity under the Group's equity settled share option schemes and JSOP together with the weighted average exercise price of the share options is as follows:-

| | 2018 | | 2017 | |
|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | Number of options/ equity Interests | Weighted average exercise price € | Number of options/ equity Interests | Weighted average exercise price € |
| Outstanding at beginning of year | 6,030,227 | 1.93 | 12,110,887 | 1.38 |
| Granted | 2,353,967 | 1.51 | 1,224,706 | 2.03 |
| Exercised | (1,850,989) | 1.60 | (6,499,177) | 1.07 |
| Forfeited/lapsed | (3,282,618) | 2.35 | (806,189) | 0.76 |
| Outstanding at end of year | 3,250,587 | 1.39 | 6,030,227 | 1.93 |

The aggregate number of share options/equity Interests exercisable at 28 February 2018 was 151,893 (2017: 2,093,685).

The unvested share options/equity Interests outstanding at 28 February 2018 have a weighted average vesting period outstanding of 1.8 years (2017: 1.2 years). The weighted average contractual life of vested and unvested share options/equity Interests is 3.8 years (2017: 2.7 years).

The weighted average market share price at date of exercise of all share options/equity Interests exercised during the year was €3.55 (2017: €3.73); the average share price for the year was €3.18 (2017: €3.76); and the market share price as at 28 February 2018 was €2.89 (28 February 2017: €3.87).

5. EXCEPTIONAL ITEMS

| | 2018 Total €m | 2017 Total €m |
|---|---------------------|---------------------|
| Operating costs | | |
| Restructuring costs | 1.9 | 12.7 |
| Revaluation/impairment of property, plant & equipment | 5.0 | 25.8 |
| Acquisition related expenditure | 0.1 | 0.9 |
| Onerous lease | - | 7.0 |
| Impairment of intangible asset (note 12) | - | 106.6 |
| Net profit on disposal of property, plant & equipment | - | (2.9) |
| Total loss before tax | 7.0 | 150.1 |
| Income tax credit | (5.4) | (3.0) |
| Total loss after tax | 1.6 | 147.1 |

(a) Restructuring costs

Restructuring costs of €1.9m were incurred in the current financial year (2017: €12.7m) primarily relating to severance costs of €1.5m arising from the change in the distribution arrangements with AB InBev in England and Wales, as well as other restructuring initiatives in our strategy and export divisions within the Group. Other costs of €0.4m primarily relate to the closure of a warehousing facility. The restructuring costs in the prior year of €12.7m comprised of severance costs of €7.2m and other costs of €5.5m primarily due to the consolidation of the Group's manufacturing sites.

5. EXCEPTIONAL ITEMS (CONTINUED)

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

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

During the current financial year, as outlined in detail in note 11, the Group engaged external valuers to value the land and buildings and plant and machinery at the Group's Clonmel (Tipperary) and Wellpark (Glasgow) sites, along with depots in Dublin, Cork and Galway. Using the valuation methodologies, this resulted in a net revaluation loss of €5.0m accounted for in the Income Statement and a gain of €3.4m accounted for within Other Comprehensive Income.

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

(c) Acquisition related expenditure

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

(d) Income tax credit

Of the total amount of €5.4m, €4.4m related to the reassessment of the calculation of deferred income tax balances arising on historical business combinations. See note 20 Recognised Deferred Income Tax Assets and Liabilities for further details.

(e) Onerous lease

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

(f) Impairment of intangible asset

To ensure that goodwill and brands considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment reviews are performed annually or more frequently if there is an indication that their carrying amount may not be recoverable, comparing the carrying value of the assets with their recoverable amount using value-in-use computations. In the prior financial year, as a result of such a review, the Group impaired the value of its intangible assets with respect to the Group's North American business by €106.6m as outlined in more detail in note 12.

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

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

Notes forming part of the financial statements (continued)

6. FINANCE INCOME AND EXPENSE

| | 2018 €m | 2017 €m |
|--|-------------|-------------|
| Recognised in Income Statement | | |
| Finance income: | | |
| Interest income | (0.1) | (0.1) |
| Total finance income | (0.1) | (0.1) |
| Finance expense: | | |
| Interest expense | 7.2 | 6.5 |
| Other finance expense | 0.7 | 0.6 |
| Unwinding of discount on provisions | 0.3 | 0.8 |
| Total finance expense | 8.2 | 7.9 |
| Net finance expense | 8.1 | 7.8 |
| | 2018 €m | 2017 €m |
| Recognised directly in Other Comprehensive Income | | |
| Foreign currency translation differences arising on the net investment in foreign operations | 17.7 | 17.8 |
| Net expense recognised directly in Other Comprehensive Income | 17.7 | 17.8 |

7. INCOME TAX

(a) Analysis of charge in year recognised in the Income Statement

| | 2018 €m | 2017 €m |
|--|--------------|-------------|
| Current tax: | | |
| Irish corporation tax | 4.3 | 3.2 |
| Foreign corporation tax | 6.9 | 6.1 |
| Adjustment in respect of previous years | (0.4) | (0.9) |
| | 10.8 | 8.4 |
| Deferred income tax: | | |
| Irish | (0.3) | 0.5 |
| Foreign | (0.3) | 0.5 |
| Adjustment in respect of previous years | (4.3) | 0.6 |
| | (4.9) | 1.6 |
| Total income tax expense recognised in Income Statement | 5.9 | 10.0 |
| Relating to continuing operations | | |
| – continuing operations before exceptional items | 11.3 | 13.0 |
| – continuing operations exceptional items | (5.4) | (3.0) |
| Total | 5.9 | 10.0 |

7. INCOME TAX (CONTINUED)

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the Republic of Ireland, as explained below.

| | 2018 €m | 2017 €m |
|---|------------|-------------|
| Profit before tax | 72.2 | (62.9) |
| Less: Group's share of equity accounted investments' profit after tax | (1.2) | - |
| Adjusted profit/(loss) before tax | 71.0 | (62.9) |
| Tax at standard rate of corporation tax in the Republic of Ireland of 12.5% | 8.9 | (7.9) |
| Actual tax charge is affected by the following: | | |
| Expenses not deductible for tax purposes | 2.1 | 16.7 |
| Adjustments in respect of prior years | (4.7) | (0.3) |
| Income taxed at rates other than the standard rate of tax | (1.0) | (0.5) |
| Other differences | (0.8) | 1.0 |
| Non-recognition of deferred income tax assets | 1.4 | 1.0 |
| Total income tax | 5.9 | 10.0 |

(b) Deferred income tax recognised directly in Other Comprehensive Income

| | 2018 €m | 2017 €m |
|--|------------|------------|
| Deferred income tax arising on movement in retirement benefits | 2.8 | 0.4 |

(c) Factors that may affect future charges

Future income tax charges may be impacted by changes to the corporation tax rates and/or changes to corporation tax legislation in force in the jurisdictions in which the Group operates.

Notes forming part of the financial statements (continued)

8. DIVIDENDS

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

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

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

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

9. EARNINGS PER ORDINARY SHARE

Denominator computations

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

* Excludes 11.0m treasury shares (2017: 11.9m).

9. EARNINGS PER ORDINARY SHARE (CONTINUED)

Profit attributable to ordinary shareholders

| | 2018 €m | 2017 €m |
|--|------------|------------|
| Earnings as reported | 66.3 | (72.9) |
| Adjustment for exceptional items, net of tax (note 5) | 1.6 | 147.1 |
| Earnings as adjusted for exceptional items, net of tax | 67.9 | 74.2 |

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

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

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (at 28 February 2018: 11.0m shares; at 28 February 2017: 11.9m shares).

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

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares (note 4)), which are performance-based are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time and continuous employment. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period (1,649,124 at 28 February 2018 and 3,424,695 at 28 February 2017). If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period.

Notes forming part of the financial statements (continued)

10. BUSINESS COMBINATIONS

Acquisition of businesses

In the current financial year, on 19 April 2017, the Group acquired 100% equity share capital of Orchard Pig for a cash consideration of €10.8m (£9.0m). Also on the 2 May 2017, the Group acquired 100% equity share capital of Badaboom for a cash consideration of €0.7m (£0.6m).

The book values of the assets and liabilities acquired, together with the fair value adjustments made to those carrying values, were as follows:-

Orchard Pig – year ended 28 February 2018

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

| | 2018 €m |
|---|------------|
| Property, plant & equipment | 0.1 |
| Brands & other intangible assets | 4.9 |
| Cash | 1.2 |
| Inventories | 0.7 |
| Trade & other receivables | 1.3 |
| Trade & other payables | (3.6) |
| Net identifiable assets and liabilities acquired | 4.6 |
| Goodwill arising on acquisition | 6.2 |
| Satisfied by: | |
| Cash consideration (paid in current financial year) | 10.8 |

Badaboom – year ended 28 February 2018

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

| | 2018 €m |
|---|------------|
| Trade & other receivables | 0.1 |
| Trade & other payables | (0.1) |
| Net identifiable assets and liabilities acquired | - |
| Goodwill arising on acquisition | 0.7 |
| Satisfied by: | |
| Cash consideration (paid in current financial year) | 0.7 |

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €1.4m. The fair value of these receivables is €1.4m, all of which is expected to be recoverable.

The principle factor contributing to the recognition of goodwill on acquisition entered into by the Group is the realisation of cost savings and other synergies with existing entities in the Group, which do not qualify for separate recognition as intangible assets.

10. BUSINESS COMBINATIONS (CONTINUED)

Net cash outflow arising on acquisitions of Orchard Pig and Badaboom

| | 2018 €m |
|--|-------------|
| Cash consideration | 11.5 |
| Less: cash acquired | (1.2) |
| Total outflow in the Consolidated Cash Flow Statement | 10.3 |

Post-acquisition impact

The post-acquisition impact of acquisitions completed during the current financial year on Group operating profit was as follows:-

| | 2018 €m |
|--------------------------------------|------------|
| Revenue | 6.0 |
| Excise duties | (1.5) |
| Net revenue | 4.5 |
| Operating costs | (4.2) |
| Operating profit | 0.3 |
| Finance expense | - |
| Profit before tax | 0.3 |
| Income tax expense | - |
| Result from acquired business | 0.3 |

The Orchard Pig and Badaboom businesses were acquired on 19 April 2017 and 2 May 2017 respectively and are included in the Great Britain operating segment. The businesses made a profit of €0.3m in the period since acquisition to 28 February 2018. The revenue, net revenue and operating profit of the Group for the financial year ended 28 February 2018 determined in accordance with IFRS as though the acquisitions effected during that year had been at the beginning of that year would therefore not have been materially different from that reported.

Post year end the Group acquired the entire issued share capital of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited and their subsidiary businesses, Catalyst, Peppermint, Elastic and Walker & Wodehouse (together "Matthew Clark Bibendum"), please refer to note 28 for further details.

All intra-group balances, transactions, income and expenses are eliminated on consolidation in accordance with IFRS 10 *Consolidated Financial Statements*.

Acquisition of equity accounted investments

Details of the Group's investments in the current and prior financial year are outlined in note 13.

Notes forming part of the financial statements (continued)

11. PROPERTY, PLANT & EQUIPMENT

| | Freehold land & buildings €m | Plant & machinery €m | Motor vehicles & other equipment €m | Total €m |
|---|------------------------------------|-------------------------|---|--------------|
| Group | | | | |
| Cost or valuation | | | | |
| At 1 March 2016 | 115.4 | 200.4 | 71.6 | 387.4 |
| Translation adjustment | (3.0) | (5.1) | (3.8) | (11.9) |
| Additions | 0.1 | 19.3 | 6.4 | 25.8 |
| Disposals | (11.5) | (22.5) | (2.0) | (36.0) |
| Revaluation/impairment of property, plant & equipment | (18.2) | (6.1) | (1.5) | (25.8) |
| At 28 February 2017 | 82.8 | 186.0 | 70.7 | 339.5 |
| Translation adjustment | (1.9) | (2.3) | (1.5) | (5.7) |
| Additions | 4.1 | 0.9 | 5.7 | 10.7 |
| Disposals | (1.7) | (0.7) | (2.2) | (4.6) |
| Revaluation/impairment of property, plant & equipment | 3.1 | (4.7) | - | (1.6) |
| Acquisition of Orchard Pig & Badaboom (note 10) | 0.1 | - | - | 0.1 |
| At 28 February 2018 | 86.5 | 179.2 | 72.7 | 338.4 |
| Depreciation | | | | |
| At 1 March 2016 | 14.4 | 129.1 | 53.6 | 197.1 |
| Translation adjustment | (0.6) | (2.7) | (3.0) | (6.3) |
| Disposals | (2.7) | (8.1) | (1.4) | (12.2) |
| Charge for the year | 1.6 | 7.5 | 5.6 | 14.7 |
| At 28 February 2017 | 12.7 | 125.8 | 54.8 | 193.3 |
| Translation adjustment | (0.2) | (0.9) | (1.3) | (2.4) |
| Disposals | - | (0.1) | (1.6) | (1.7) |
| Charge for the year | 1.3 | 7.3 | 5.4 | 14.0 |
| At 28 February 2018 | 13.8 | 132.1 | 57.3 | 203.2 |
| Net book value | | | | |
| At 28 February 2018 | 72.7 | 47.1 | 15.4 | 135.2 |
| At 28 February 2017 | 70.1 | 60.2 | 15.9 | 146.2 |
| Classified within: | | | | |
| | | | 2018 | 2017 |
| Non-current assets: Property, plant and equipment | | | 135.2 | 144.5 |
| Current assets: Assets held for resale | | | - | 1.7 |
| | | | 135.2 | 146.2 |

No depreciation is charged on freehold land which had a book value of €12.8m at 28 February 2018 (28 February 2017: €12.9m).

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Valuation of freehold land, buildings and plant & machinery – 28 February 2018

In the current financial year, the Group engaged the following external valuers to value the Group's land & buildings and plant & machinery at the Groups facilities in Clonmel (Tipperary) and Wellpark (Glasgow) sites, along with the Group's depots in Dublin, Cork and Galway;

- Shane O'Beirne, RICS Registered Valuer (VRS), BSc (Surv) DIP AVEA MSCSI MRICS, Divisional Director and Paddy Farrelly MSc (Real Estate), in Lisney to value its freehold properties at the Group's Clonmel site; The portfolio report was prepared under the direction of Brian Gilson, BSc (Surv) MSCSI MRICS, FCI Arb, Director.
- David Fawcett, FRICS, IRRV (Hons) RICS Registered Valuer, RICS Registered Expert Witness, Partner, Asset Advisory, Machinery & Business Assets in Sanderson Weatherall to value its plant & machinery at the Group's Clonmel site. The portfolio report was prepared under the direction of Brian Gilson, BSc (Surv) MSCSI MRICS, FCI Arb, Director.
- Shane O'Beirne, RICS Registered Valuer (VRS), BSc (Surv) DIP AVEA MSCSI MRICS, Divisional Director with the assistance of Paddy Farrelly MSc (Real Estate) and Edwards Hanafin RICS Registered Valuer (VRS) BSc Surv (Hons) MRICS MSCSI, Director with the assistance of Nicholas O'Connell RICS Registered Valuer (VRS) BSc Surv (Hons) MRICS MSCSI all under the direction of Brian Gilson, BSc (Surv) MSCSI MRICS, FCI Arb, Director in Lisney to value its freehold properties at the Group's Dublin, Cork and Galway Depots.
- Timothy Smith BSc MRICS RICS Registered Valuer and Martin Clarkson BSc MRICS RICS Registered Valuer in Gerald Eve LLP to value its freehold properties at the Wellpark Brewery site.
- Finlo Corrin MRICS RICS Registered Valuer of Elston Sutton Industrial Appraisal Limited together with the assistance of Derek Elston, FRICS to value the plant & equipment at the Wellpark Brewery site.

The Wellpark valuations were prepared in accordance with the requirements of the RICS Valuation – Global Standards 2017 and undertaken on a Fair Value basis adopting the Cost Approach, using the Depreciated Replacement Cost method.

Gerald Eve LLP and Elston Sutton Industrial Appraisal Limited have previously provided valuation advice in respect of Wellpark Brewery and have valuer rotation policies in place.

Lisney and Sanderson Weatherall have also previously provided valuation advice in respect of Clonmel and have valuer rotation policies in place.

The result of these external valuations, as at 28 February 2018, was an increase in the value of land of €2.8m of which €2.8m was credited to the revaluation reserve. The value of buildings increased by a net of €0.4m as a result of this valuation with €1.3m being credited to the revaluation reserve with respect to an increase in the value of an element of the Group's buildings, €0.7m being offset against a previously recognised revaluation gain on the same asset and €0.3m expensed to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset. The value of plant & machinery was written down by a cumulative €4.7m which was expensed to the income statement as there was no previously recognised gain in the revaluation reserve against which to offset.

For all other freehold land & buildings and plant & machinery assets held by the Group an internal valuation was completed by the Directors as at 28 February 2018. As part of their valuation assessment, the Directors considered the following factors and their impact in determining year end valuation of the Group's property, plant & equipment:-

- market fluctuations of land and industrial property prices since the date of the last external valuation,
- fluctuations driven by market commodity prices, of the gross replacement cost of property, plant & machinery,
- projected asset utilisation rates based on FY2019 budgeted/forecasted production volumes,
- changes to functional and physical obsolescence of plant & machinery beyond that which would normally be expected, and continued appropriateness of the assumed useful lives of property, plant & machinery.

Having considered the above variables, the Directors estimated that the changes arising from market fluctuations and anticipated utilisation rates would not result in a material change to the valuation of the carrying value of these items of property, plant & equipment and hence no adjustment to their carrying value was deemed necessary.

Notes forming part of the financial statements (continued)

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Valuation of freehold land, buildings and plant & machinery – 28 February 2017

In the prior financial year, the Group engaged the following external valuers to value the Group's land & buildings and plant & machinery at Exchange Street, Middlebury, Vermont, U.S.A.;

- Lawrence K. Martin, MAI, Certified General Real Estate Appraiser – Martin Appraisal Services, Inc. to value the land and buildings, and;
- John Coto, Certified Machinery/Equipment Appraiser, Alliance Machinery & Equipment Appraisals, to value the Plant & Machinery.

The "Appraisal" reports were completed in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP).

The result of the external valuations as at 28 February 2017, was a revaluation loss with respect to the Group's land and buildings of €17.7m and a revaluation loss with respect to the Group's plant and machinery of €5.1m. Both were recognised as an expense to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset.

In addition the Group impaired an element of its IT equipment that became redundant as a consequence of the rationalisation of the Group's manufacturing footprint resulting in an impairment of €1.5m and the Group also took the decision to market value some of our assets in Ireland resulting in an impairment of €1.5m.

For all other freehold land & buildings and plant & machinery assets held by the Group an internal valuation was completed by the Directors as at 28 February 2017. As part of their valuation assessment, the Directors considered the following factors and their impact in determining year end valuation of the Group's property, plant & equipment:-

- market fluctuations of land and industrial property prices since the date of the last external valuation,
- fluctuations driven by market commodity prices, of the gross replacement cost of property, plant & machinery,
- projected asset utilisation rates based on FY2018 budgeted/forecasted production volumes,
- changes to functional and physical obsolescence of plant & machinery beyond that which would normally be expected, and continued appropriateness of the assumed useful lives of property, plant & machinery.

Having considered the above variables, the Directors estimate that the changes arising from market fluctuations and anticipated utilisation rates would not result in a material change to the valuation of the carrying value of these items of property, plant & equipment and hence no adjustment to their carrying value was deemed necessary.

Also in the prior financial year, the Group disposed of assets which had a previously recognised revaluation gain in the revaluation reserve of €2.1m. The loss on disposal in the prior financial year was offset in the first instance against this previously recognised revaluation gain and the remaining loss was booked in operating profit.

Useful Lives

The following useful lives were attributed to the assets:-

| Asset category | Useful life |
|--------------------------------|-------------|
| Tanks | 30–35 years |
| Process equipment | 20 years |
| Bottling & packaging equipment | 15–20 years |
| Process automation | 10 years |
| Buildings | 50 years |

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

| | Land & buildings €m | Plant & machinery €m | Motor vehicles & other equipment €m | Total €m |
|---|------------------------|-------------------------|---|-------------|
| Net book value | | | | |
| Carrying value at 28 February 2018 post revaluation | 72.7 | 47.1 | 15.4 | 135.2 |
| Carrying value at 28 February 2018 pre revaluation | 69.6 | 51.8 | 15.4 | 136.8 |
| Gain/(loss) on revaluation | 3.1 | (4.7) | - | (1.6) |
| Classified within: | | | | |
| Income Statement (note 2) | (0.3) | (4.7) | - | (5.0) |
| Other Comprehensive Income | 3.4 | - | - | 3.4 |

| | Land & buildings €m | Plant & machinery €m | Motor vehicles & other equipment €m | Total €m |
|---|------------------------|-------------------------|---|-------------|
| Net book value | | | | |
| Carrying value at 28 February 2017 post revaluation | 70.1 | 60.2 | 15.9 | 146.2 |
| Carrying value at 28 February 2017 pre revaluation | 88.3 | 66.3 | 17.4 | 172.0 |
| Loss on revaluation | (18.2) | (6.1) | (1.5) | (25.8) |
| Classified within: | | | | |
| Income Statement | (18.2) | (6.1) | (1.5) | (25.8) |

Fair value hierarchy

The valuations of land & buildings and plant & machinery are derived using data from sources which are not widely available to the public and involve a degree of judgement. For these reasons, the valuations of the Group's land & buildings and plant & machinery are classified as 'Level 3' as defined by IFRS 13 *Fair Value Measurement*, and as illustrated below:

| | Carrying amount €m | Quoted prices Level 1 €m | Significant observable Level 2 €m | Significant unobservable Level 3 €m |
|--|-----------------------|--------------------------------|---|--|
| Recurring measurements | | | | |
| Freehold land & buildings measured at market value | 44.2 | - | - | 44.2 |
| Freehold land & buildings measured at depreciated replacement cost | 28.5 | - | - | 28.5 |
| Plant & machinery measured at depreciated replacement cost | 47.1 | - | - | 47.1 |
| At 28 February 2018 | 119.8 | - | - | 119.8 |

Measurement techniques

The Group used the following techniques to determine the fair value measurements categorised in Level 3:

- Land & buildings in Ireland, US, Wallaces Express and Portugal and plant & machinery located in Portugal and Borrisoleigh, and all assets held for resale, are valued using a market value approach. The market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- Land & buildings and plant & machinery in the UK, and plant & machinery located in Ireland and the US have been valued using the depreciated replacement cost approach. Depreciated replacement cost is assessed, firstly, by the identification of the gross replacement cost for each class of asset at each of the Group's plants. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each plant and machinery asset, at each of the Group's plants, as a function of total available production capacity, is applied to determine the depreciated replacement cost.

Notes forming part of the financial statements (continued)

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Unobservable inputs

The significant unobservable inputs used in the market value measurement of land and buildings is as follows:

| Valuation technique | Significant unobservable inputs | Range of unobservable inputs – Land ('000) | Range of unobservable inputs – Buildings | Relationship of unobservable inputs to fair value |
|--------------------------------|---------------------------------|--|--|---|
| Comparable market transactions | Price per square foot/acre | | | The higher the price per square foot/acre, the higher the fair value. |
| | Republic of Ireland | €13–€29 per hectare | €47–€257 per square meter | |
| | United States | \$25–\$70 per acre | \$7–\$50 per square foot | |
| | United Kingdom | £100 per acre | £0 to £169 per square foot | |

The significant unobservable inputs used in the depreciated cost measurement of land & buildings and plant & machinery are as follows:-

| | |
|--|---|
| Gross replacement cost adjustment | Increase in gross replacement cost of plant and machinery of 0% (2017: 0%), based on management's judgment supported by discussions with valuers |
| Economic obsolescence adjustment factor | Economic obsolescence, considered on an asset by asset basis, for each plant, ranging from 0% to 100% (2017: 0% to 100%). The weighted average obsolescence factor by site is as follows: Cidery, Ireland – 59%; Brewery Scotland – 73% and Cidery, United States – 54% |
| Physical and functional obsolescence adjustment factor | Adjustment for changes to physical and functional obsolescence – nil (2017: nil) |

The carrying value of plant & machinery in the Group which is valued on the depreciated replacement cost basis, would increase/(decrease) by €2.4m if the economic obsolescence adjustment factor was increased/(decreased) by 5%. If the gross replacement cost was increased/(decreased) by 2% the carrying value of the Group's plant & machinery would increase/(decrease) by €0.9m.

The carrying value of freehold land & buildings which is valued on the depreciated replacement cost basis, would increase/(decrease) by €1.3m if the economic obsolescence adjustment factor was increased/(decreased) by 5%. The estimated carrying value of the same land & buildings would increase/(decrease) by €0.5m if the gross replacement cost was increased/(decreased) by 2%.

The carrying value of freehold land & buildings located in Ireland, the US, Wallaces Express and Portugal would increase/(decrease) by €2.2m if the comparable open market value increased/(decreased) by 5%.

Assets held for resale

As at 28 February 2018, the Group holds property, plant and equipment of €nil as assets held for resale (FY2017: €1.7m).

Company

The Company has no property, plant & equipment.

12. GOODWILL & INTANGIBLE ASSETS

| | Goodwill €m | Brands €m | Other intangible assets €m | Total €m |
|---|----------------|--------------|----------------------------------|--------------|
| Cost | | | | |
| At 29 February 2016 | 483.7 | 306.7 | 4.8 | 795.2 |
| Translation adjustment | (3.3) | (3.4) | (0.2) | (6.9) |
| At 28 February 2017 | 480.4 | 303.3 | 4.6 | 788.3 |
| Acquisition of Orchard Pig | 6.2 | 4.9 | - | 11.1 |
| Acquisition of Badaboom | 0.7 | - | - | 0.7 |
| Adjustment for previous business combination* | 9.0 | - | - | 9.0 |
| Translation adjustment | (1.6) | (8.0) | (0.1) | (9.7) |
| At 28 February 2018 | 494.7 | 300.2 | 4.5 | 799.4 |
| Amortisation and impairment | | | | |
| At 29 February 2016 | 76.2 | 73.8 | 1.1 | 151.1 |
| Amortisation charge for the year | - | - | 0.3 | 0.3 |
| Impairment charge for the year | - | 106.6 | - | 106.6 |
| At 28 February 2017 | 76.2 | 180.4 | 1.4 | 258.0 |
| Amortisation charge for the year | - | - | 0.3 | 0.3 |
| At 28 February 2018 | 76.2 | 180.4 | 1.7 | 258.3 |
| Net book value | | | | |
| At 28 February 2018 | 418.5 | 119.8 | 2.8 | 541.1 |
| At 28 February 2017 | 404.2 | 122.9 | 3.2 | 530.3 |

* See note 20 Recognised Deferred Income Tax Assets and Liabilities.

Goodwill

Goodwill has been attributed to cash generating units (as identified under IAS 36 *Impairment of Assets*) as follows:-

| | Ireland €m | Scotland €m | C&C Brands €m | North America €m | Export €m | Total €m |
|---|---------------|----------------|------------------|---------------------|--------------|--------------|
| Cost | | | | | | |
| At 29 February 2016 | 154.5 | 52.2 | 175.6 | 9.2 | 16.0 | 407.5 |
| Translation adjustment | - | (2.4) | (0.9) | - | - | (3.3) |
| At 28 February 2017 | 154.5 | 49.8 | 174.7 | 9.2 | 16.0 | 404.2 |
| Acquisition of Orchard Pig (note 10) | - | - | 6.2 | - | - | 6.2 |
| Acquisition of Badaboom (note 10) | - | 0.7 | - | - | - | 0.7 |
| Adjustment for previous business combination* | - | 9.0 | - | - | - | 9.0 |
| Translation adjustment | - | (1.0) | (0.6) | - | - | (1.6) |
| At 28 February 2018 | 154.5 | 58.5 | 180.3 | 9.2 | 16.0 | 418.5 |

* See note 20 Recognised Deferred Income Tax Assets and Liabilities.

Notes forming part of the financial statements (continued)

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

Goodwill consists both of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost and goodwill that arose on the acquisition of businesses since that date which was capitalised at cost and subsequently at fair value and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of acquired products.

In line with IAS 36 *Impairment of Assets* goodwill is allocated to each cash generating unit (which may comprise more than one cash generating unit) which is expected to benefit from the combination synergies. These CGU's represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to annual impairment testing.

Brands

Brands are expected to generate positive cash flows for as long as the Group owns the brands and have been assigned indefinite lives.

Capitalised brands include the Tennent's beer brands and the Gaymers cider brands acquired during the financial year ended 28 February 2010 and the Vermont Hard Cider Company cider brands and Waverley wine brands acquired during the financial year ended 28 February 2013.

The Tennent's, Gaymers and Vermont Hard Cider Company brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2008) *Business Combinations* by independent professional valuers. The Waverley wine brands were valued at cost.

The carrying amount of brands with indefinite lives are allocated to operating segments as follows:-

| | Great Britain €m | International €m | Total €m |
|--------------------------------------|---------------------|---------------------|--------------|
| At 29 February 2016 | 95.0 | 137.9 | 232.9 |
| Translation adjustment | (7.5) | 4.1 | (3.4) |
| Impairment charge for the year | - | (106.6) | (106.6) |
| At 28 February 2017 | 87.5 | 35.4 | 122.9 |
| Acquisition of Orchard Pig (note 10) | 4.9 | - | 4.9 |
| Translation adjustment | (3.3) | (4.7) | (8.0) |
| At 28 February 2018 | 89.1 | 30.7 | 119.8 |

In the current financial year, the Group completed the acquisition of Orchard Pig which included the acquisition of the Orchard Pig brand (note 10).

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

No intangible assets were acquired by way of government grant, there is no title restriction on any of the capitalised intangible assets and no intangible assets are pledged as security. There are no contractual commitments in relation to the acquisition of intangible assets at year end.

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

Other intangible assets

Other intangible assets have been attributed to operating segments (as identified under IFRS 8 *Operating Segments*) as follows:-

| | Ireland €m | Great Britain €m | Total €m |
|----------------------------------|---------------|---------------------|-------------|
| Cost | | | |
| At 29 February 2016 | 2.0 | 2.8 | 4.8 |
| Translation adjustment | - | (0.2) | (0.2) |
| At 28 February 2017 | 2.0 | 2.6 | 4.6 |
| Translation adjustment | - | (0.1) | (0.1) |
| At 28 February 2018 | 2.0 | 2.5 | 4.5 |
| Amortisation | | | |
| At 29 February 2016 | 0.3 | 0.8 | 1.1 |
| Amortisation charge for the year | 0.1 | 0.2 | 0.3 |
| At 28 February 2017 | 0.4 | 1.0 | 1.4 |
| Amortisation charge for the year | 0.1 | 0.2 | 0.3 |
| At 28 February 2018 | 0.5 | 1.2 | 1.7 |
| Net book value | | | |
| At 28 February 2018 | 1.5 | 1.3 | 2.8 |
| At 28 February 2017 | 1.6 | 1.6 | 3.2 |

Other intangible assets comprise the fair value of trade relationships acquired as part of the acquisition of Wallaces Express during FY2015, the Gleeson trade relationships acquired during FY2014 and 20 year distribution rights for third party beer products acquired as part of the acquisition of the Tennent's business during FY2010. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2008) *Business Combinations* by independent professional valuers. The intangible assets have a finite life and are subject to amortisation on a straight-line basis. The amortisation charge for the year ended 28 February 2018 with respect to intangible assets was €0.3m (2017: €0.3m).

Impairment testing

To ensure that goodwill and brands that are considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment testing is performed comparing the carrying value of the assets with their recoverable amount using value-in-use computations. Impairment testing is performed annually or more frequently if there is an indication that the carrying amount may not be recoverable. Where the value-in-use exceeds the carrying value of the asset, the asset is not impaired.

As permitted by IAS 36 *Impairment of Assets*, the value of the Group's goodwill has been allocated to groups of cash generating units, which are not larger than an operating segment determined in accordance with IFRS 8 *Operating Segments*. These business segments represent the lowest levels within the Group at which the associated goodwill is monitored for management purposes.

The recoverable amount is calculated using value-in-use computations based on estimated future cash flows discounted to present value using a discount rate appropriate to each cash generating unit and brand. Terminal values are calculated on the assumption that cash flows continue in perpetuity.

Notes forming part of the financial statements (continued)

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

The key assumptions used in the value-in-use computations using level 3 inputs in accordance with fair value hierarchy are:-

- Expected volume, net revenue and operating profit growth rates – cash flows for each CGU and brand are based on detailed financial budgets and plans;
- Long-term growth rate – cash flows after the first five years were extrapolated using a long-term growth rate, on the assumption that cash flows for the first five years will increase at a nominal growth rate in perpetuity;
- Discount rate.

The key assumptions were based on management assessment of anticipated market conditions for each CGU. A terminal growth rate of 0%-1.75% (2017: 0%-1.75%) in perpetuity was assumed based on an assessment of the likely long-term growth prospects for the sectors and geographies in which the Group operates. The resulting cash flows were discounted to present value using a range of discount rates between 5.6%-8.5% (2017: 6.1%-8.5%); these rates are in line with the Group's estimated pre-tax weighted average cost of capital for the three main geographies in which the Group operates (Ireland, Great Britain and North America), arrived at using the Capital Asset Pricing Model as adjusted for asset and country specific factors.

In formulating the budget the Group takes into account historical experience, an appreciation of its core strengths and weaknesses in the markets in which it operates and external factors such as macro-economic factors, inflation expectations by geography, regulation and expected changes in regulation (such as expected changes to duty rates and minimum pricing), market growth rates, sales price trend, competitor activity, market share targets and strategic plans and initiatives.

The Group has performed the detailed impairment testing calculations by cash generating unit's with the following discount rates being applied:

| Market | Discount rate 2018 | Discount rate 2017 | Terminal growth rate 2018 | Terminal growth rate 2017 |
|---------------|-----------------------|-----------------------|------------------------------|------------------------------|
| Ireland | 8.5% | 8.5% | 1.25% | 1.25% |
| Scotland | 6.0% | 6.5% | 1.25% | 1.25% |
| C&C Brands | 6.0% | 6.1% | 1.25% | 1.25% |
| North America | 5.6% | 6.7% | 0.00% | 0.00% |
| Export | 6.0% | 6.7% | 1.75% | 1.75% |

The impairment testing carried out at 28 February 2018 identified headroom in the recoverable amount of all of the Group's goodwill & intangible assets. The impairment testing carried out at 28 February 2017 identified headroom in the recoverable amount of all of the Group's goodwill & intangible assets excluding North America.

In the prior financial year, the impairment testing carried out by the Group on its North America brand led to an impairment charge of €106.6m.

In the prior financial year the Group commenced a long-term partnership agreement in the US with Pabst Brewing Company ("Pabst") for the sale and distribution of the Group's cider brands within the US. Under the terms of the partnership, Pabst had an option to acquire C&C Group's US Cider Brands and related assets, subject to any shareholder and regulatory approval. During the year, this agreement was terminated.

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

Significant goodwill amounts

The goodwill allocated to Ireland and C&C Brands CGU's amount to 38% and 43% of the total carrying amount of goodwill respectively.

| | Ireland | | C&C Brands | |
|--|--------------|-------|--------------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Goodwill allocated to the cash-generating unit at balance sheet date | 154.5 | 154.5 | 180.3 | 174.7 |
| Discount rate applied to the cash flow projections (real pre-tax) | 8.5% | 8.5% | 6.0% | 6.5% |

Sensitivity analysis

In the current financial year, the impairment testing carried out as at 28 February 2018 identified headroom in the recoverable amount of the brands and goodwill compared to their carrying values.

The key sensitivities for the impairment testing are net revenue and operating profit assumptions, discount rates applied to the resulting cash flows and the expected long-term growth rates.

The value-in-use calculations indicate significant headroom in respect of the Ireland, Scotland and Export's cash generating units. In the case of the C&C Brands, the level of headroom is in excess of €77m.

The table below identifies the impact of a movement in the key inputs of C&C Brands:

| | Movement % | Increase/ (decrease) on the headroom €m |
|---------------------------------------|---------------|--|
| Increase/decrease in operating profit | 2.5/(2.5) | 11.0/(11.0) |
| Increase in discount rate | 0.25 | (14.0) |
| Decrease in discount rate | (0.25) | 15.5 |
| Increase in terminal growth rate | 0.25 | 12.7 |
| Decrease in terminal growth rate | (0.25) | (11.4) |

The table below identifies the impact of a movement in the key inputs of the brand in North America:

| | Movement % | Increase/ (decrease) on the headroom €m |
|---------------------------------------|---------------|--|
| Increase/decrease in operating profit | 2.5/(2.5) | 1.2/(1.2) |
| Increase in discount rate | 0.25 | (2.5) |
| Decrease in discount rate | (0.25) | 2.8 |
| Increase in terminal growth rate | 0.25 | 2.4 |
| Decrease in terminal growth rate | (0.25) | (2.1) |

The Group concludes that no reasonable movement in any of the underlying assumptions would result in a material impairment in any of the Group's cash generating units or brands.

Notes forming part of the financial statements (continued)

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS

(a) Equity accounted investments – Group

| | Joint ventures | | Associates | | Total €m |
|---|--|-----------------------|------------------------------|--|-------------|
| | Drygate Brewing Company Limited €m | Admiral Taverns €m | Canadian Investment €m | Whitewater Brewing Company Limited €m | |
| Investment in equity accounted investments | | | | | |
| Carrying amount at 1 March 2016 | 0.3 | - | - | - | 0.3 |
| Purchase price paid | - | - | 1.7 | 0.3 | 2.0 |
| Translation adjustment | - | - | 0.1 | - | 0.1 |
| Carrying amount at 28 February 2017 | 0.3 | - | 1.8 | 0.3 | 2.4 |
| Purchase price paid | - | 42.4 | 1.8 | - | 44.2 |
| Acquisition costs | - | 1.1 | - | - | 1.1 |
| Share of profit after tax | - | 1.1 | 0.1 | - | 1.2 |
| Translation adjustment | (0.1) | - | (0.4) | - | (0.5) |
| Carrying amount at 28 February 2018 | 0.2 | 44.6 | 3.3 | 0.3 | 48.4 |

Summarised financial information for the Group's investment in joint ventures and associates which are accounted for using the equity method is as follows:

| | Joint ventures 2018 €m | Associates 2018 €m |
|---------------------------|------------------------------|--------------------------|
| Non-current assets | 268.2 | 8.5 |
| Current assets | 23.4 | 1.9 |
| Non-current liabilities | (175.3) | (8.7) |
| Current liabilities | (22.5) | (1.9) |
| Net assets | 93.8 | (0.2) |
| Revenue | 9.7 | 16.1 |
| Profit & loss before tax | 1.0 | 0.7 |

A listing of the equity accounted investments is contained in note 27.

Admiral Taverns

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

The initial assignment of fair value to identifiable net assets (most significantly, property) acquired has been performed on a provisional basis in respect of Admiral Taverns; any amendments to these fair values made during the subsequent reporting window (within the measurement period imposed by IFRS 3 *Business Combinations*) will be subject to subsequent disclosure.

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (CONTINUED)

Canadian Investment

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

Drygate Brewing Company Limited

In 2015, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery. The financial result for the current financial year attributable to the Group was less than €0.1m (2017: loss of €0.1m).

Whitewater Brewing Company Limited

In the prior financial year, on 20 December 2016, the Group acquired 25% of the equity share capital of Whitewater Brewing Company Limited, an Irish Craft brewer for £0.3m (€0.3m). The financial result for the current financial year attributable to the Group was less than €0.1m (2017: less than €0.1m).

Other

The Group also has an equity investment in Shanter Inns Limited, Beck & Scott (Services) Limited (Northern Ireland) and The Irish Brewing Company Limited (Ireland). The value of these investments is less than €0.1m in the current and prior financial year.

(b) Financial Assets – Company

| | 2018 €m | 2017 €m |
|--|--------------|--------------|
| Equity investment in subsidiary undertakings at cost | | |
| At beginning of year | 979.3 | 978.6 |
| Capital contribution in respect of share options granted to employees of subsidiary undertakings | 0.9 | 0.7 |
| At end of year | 980.2 | 979.3 |

The total expense of €0.9m (2017: €0.7m) attributable to equity settled awards granted to employees of subsidiary undertakings has been included as a capital contribution in financial assets.

In the opinion of the Directors, the shares in the subsidiary undertakings are worth at least the amounts at which they are stated in the Balance Sheet. Details of subsidiary undertakings are set out in note 27.

14. INVENTORIES

| | 2018 €m | 2017 €m |
|--|-------------|-------------|
| Group | | |
| Raw materials & consumables | 43.0 | 39.7 |
| Finished goods & goods for resale | 45.1 | 46.1 |
| Total inventories at lower of cost and net realisable value | 88.1 | 85.8 |

Inventory write-down recognised as an expense within operating costs amounted to €1.2m (2017: €2.9m). The level of inventory write-down in the current financial year is primarily as a result of the distribution partnership with AB InBev and the closure of a warehouse facility in Great Britain resulting in obsolete stock. The inventory write-down in the prior financial year, is primarily as a result of the write off of raw materials and packaging stocks that became obsolete in the process of consolidating the Group's production sites.

Notes forming part of the financial statements (continued)

15. TRADE & OTHER RECEIVABLES

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2018 €m | 2017 €m | 2018 €m | 2017 €m |
| Amounts falling due within one year: | | | | |
| Trade receivables | 48.5 | 49.4 | - | - |
| Amounts due from Group undertakings | - | - | 355.7 | 335.1 |
| Advances to customers | 10.2 | 9.1 | - | - |
| Prepayments and other receivables | 21.2 | 20.0 | 0.4 | 0.4 |
| | 79.9 | 78.5 | 356.1 | 335.5 |
| Amounts falling due after one year: | | | | |
| Advances to customers | 40.0 | 49.2 | - | - |
| Prepayments and other receivables | 0.4 | 0.4 | 0.3 | 0.7 |
| | 40.4 | 49.6 | 0.3 | 0.7 |
| Total | 120.3 | 128.1 | 356.4 | 336.2 |

Amounts due from Group undertakings includes a combination of interest free and interest bearing loans and receivables are all repayable on demand.

The aged analysis of trade receivables and advances to customers analysed between amounts that were neither past due nor impaired and amounts past due at 28 February 2018 and 28 February 2017 were as follows:-

| | Gross 2018 €m | Impairment 2018 €m | Gross 2017 €m | Impairment 2017 €m |
|-------------------------------|---------------------|--------------------------|---------------------|--------------------------|
| Group | | | | |
| Neither past due nor impaired | 80.5 | - | 95.0 | - |
| Past due:- | | | | |
| Past due 0-30 days | 7.3 | (0.1) | 5.5 | (0.1) |
| Past due 31-120 days | 8.4 | (0.4) | 6.3 | (0.1) |
| Past due 121-365 days | 4.5 | (1.5) | 5.2 | (4.1) |
| Past due more than one year | 11.3 | (11.3) | 11.4 | (11.4) |
| Total | 112.0 | (13.3) | 123.4 | (15.7) |

All trade & other receivables and advances to customers are monitored on an on-going basis for evidence of impairment and assessments are undertaken for individual accounts. A provision for impairment with respect to trade and other receivables is created where the Group expects it may not be able to collect all amounts due in accordance with the original terms of the agreement with the customer. An impairment provision is created in relation to advances to customers considered receivable in a period outside that originally contracted. Balances included in the impairment provision are generally written off when there is no expectation of recovery.

Trade receivables are on average receivable within 25 days (2017: 26 days) of the balance sheet date, are unsecured and are not interest bearing.

15. TRADE & OTHER RECEIVABLES (CONTINUED)

The movement in the allowance for impairment in respect of trade receivables and advances to customers during the year was as follows:-

| | 2018 €m | 2017 €m |
|-----------------------------|-------------|-------------|
| Group | | |
| At beginning of year | 15.7 | 13.9 |
| Recovered during the year | (1.2) | (1.6) |
| Provided during the year | 1.0 | 5.6 |
| Written off during the year | (2.1) | (1.6) |
| Translation adjustment | (0.1) | (0.6) |
| At end of year | 13.3 | 15.7 |

16. TRADE & OTHER PAYABLES

| | Group | | Company | |
|-----------------------------------|--------------|--------------|--------------|--------------|
| | 2018 €m | 2017 €m | 2018 €m | 2017 €m |
| Trade payables | 62.5 | 61.9 | - | - |
| Payroll taxes & social security | 2.0 | 4.0 | - | - |
| VAT | 7.1 | 6.3 | - | - |
| Excise duty | 18.8 | 16.0 | - | - |
| Accruals | 42.3 | 55.9 | 0.6 | 0.3 |
| Amounts due to Group undertakings | - | - | 317.1 | 281.1 |
| Total | 132.7 | 144.1 | 317.7 | 281.4 |

Amounts due to Group undertakings include a combination of interest free and interest bearing loans and are payable on demand.

The Group's exposure to currency and liquidity risk related to trade & other payables is disclosed in note 22.

Company

The Company has entered into financial guarantee contracts to guarantee the indebtedness of the liabilities of certain of its subsidiary undertakings. As at 28 February 2018, the Directors consider these to be in the nature of insurance contracts and do not consider it probable that the Company will have to make a payment under these guarantees and as such discloses them as a contingent liability as detailed in note 25.

Notes forming part of the financial statements (continued)

17. PROVISIONS

| | Restructuring 2018 €m | Onerous lease 2018 €m | Other 2018 €m | Total 2018 €m | Total 2017 €m |
|----------------------------------|-----------------------------|-----------------------------|---------------------|---------------------|---------------------|
| At beginning of year | 1.5 | 12.4 | 0.3 | 14.2 | 18.9 |
| Translation adjustment | - | (0.5) | - | (0.5) | (0.7) |
| Charged during the year | 1.9 | 1.8 | 0.3 | 4.0 | 19.8 |
| Unwind of discount on provisions | - | 0.3 | - | 0.3 | 0.8 |
| Utilised during the year | (3.4) | (3.0) | (0.2) | (6.6) | (24.6) |
| At end of year | - | 11.0 | 0.4 | 11.4 | 14.2 |
| Classified within: | | | | | |
| Current liabilities | | | | 3.6 | 6.5 |
| Non-current liabilities | | | | 7.8 | 7.7 |
| | | | | 11.4 | 14.2 |

Restructuring

The restructuring provision utilised and charged during the current financial year primarily relating to severance costs arising from the change in the distribution arrangements with AB InBev in England and Wales, as well as other restructuring initiatives in our strategy and export divisions within the Group.

Onerous leases

In Great Britain, the Group leases its dispense equipment and in the current year, an additional lease was rolled-out for the new Tennent's Lager fount. This precipitated the creation of an onerous lease provision during the year of €1.6m in respect of the old leased brands dispense equipment from which the Group is deriving no economic benefit. The leases affected all expire in 2024, and the provision will be unwound over the course of 2018 to 2024.

Additionally, the Group reviewed the carrying value of its pre-existing onerous lease provisions in respect of leases for warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010, and increased the provision by €0.2m to account for the latest estimate of associated costs less economic value. One of these leases has now expired and final settlement of the related dilapidations is expected to take place during FY2019 and the other will expire in 2026. This was partially offset by €0.4m in relation to a lease termination agreement in the Group's US business which expired in the current year.

Other

Other provisions relate to a provision for the Group's exposure to employee and third party insurance claims. Under the terms of employer and public liability insurance policies, the Group bears a portion of the cost of each claim up to the specified excess. The provision is calculated based on the expected portion of settlement costs to be borne by the Group in respect of specific claims arising before the Balance Sheet date.

18. INTEREST BEARING LOANS & BORROWINGS

Group

| | 2018 €m | 2017 €m |
|---|--------------|--------------|
| Current assets | | |
| Unsecured bank loans repayable by one repayment on maturity | (0.4) | (0.4) |
| Non-current liabilities | | |
| Unsecured bank loans repayable by one repayment on maturity | 383.5 | 358.6 |
| Total borrowings | 383.1 | 358.2 |

Outstanding non-current unsecured bank loans are net of unamortised issue costs which are being amortised to the Income Statement over the remaining life of the Group's multi-currency facility. The value of unamortised issue costs at 28 February 2018 was €0.7m (2017: €1.1m) of which €0.3m is netted against non-current unsecured liabilities (2017: €0.7m) and €0.4m is shown as a current asset on the Balance Sheet (2017: €0.4m).

Terms and debt repayment schedule

| | Currency | Nominal rates of interest | Year of maturity | 2018 Carrying value €m | 2017 Carrying value €m |
|---|----------|---------------------------|------------------|------------------------------|------------------------------|
| Unsecured bank loans repayable by one repayment on maturity | Multi | Euribor/Libor + 1.4% | 2019 | 383.8 | 359.3 |
| | | | | 383.8 | 359.3 |

Borrowing facilities

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

In December 2014, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility with seven banks, namely Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank, and Ulster Bank, repayable in a single instalment on 22 December 2019. The facility agreement provides for a further €100m in the form of an uncommitted accordion facility and permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150m, subject to agreeing the terms and conditions with the lenders. Consequently the Group is permitted under the terms of the agreement, to have debt capacity of €700m of which €383.8m was drawn at 28 February 2018 (2017: €359.3m). The Group is currently in the process of conducting an exercise to renew the existing facility in advance of this date.

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

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

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

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

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

Further information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 22.

Notes forming part of the financial statements (continued)

19. ANALYSIS OF NET DEBT

| | 1 March 2017 €m | Translation adjustment €m | Cash Flow, net €m | Non-cash changes €m | 28 February 2018 €m |
|-------------------------------------|--------------------|---------------------------------|----------------------|---------------------------|------------------------|
| Group | | | | | |
| Interest bearing loans & borrowings | 358.2 | (1.1) | 25.6 | 0.4 | 383.1* |
| Cash | (187.6) | 7.5 | 34.6 | - | (145.5) |
| | 170.6 | 6.4 | 60.2 | 0.4 | 237.6 |

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

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

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

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

| | 1 March 2017 €m | Cash Flow €m | Non-cash changes €m | 28 February 2018 €m |
|---------------------|--------------------|-----------------|---------------------------|------------------------|
| Company | | | | |
| Prepaid issue costs | (1.1) | - | 0.4 | (0.7)* |
| Cash | - | - | - | - |
| | (1.1) | - | 0.4 | (0.7) |

* Prepaid issue costs at 28 February 2018 amounted to €0.7m of which €0.4m is classified as a current asset on the balance sheet.

| | 1 March 2016 €m | Cash Flow €m | Non-cash changes €m | 28 February 2017 €m |
|---------------------|--------------------|-----------------|---------------------------|------------------------|
| Company | | | | |
| Prepaid issue costs | (1.6) | - | 0.5 | (1.1)* |
| Cash | - | - | - | - |
| | (1.6) | - | 0.5 | (1.1) |

* Prepaid issue costs at 28 February 2017 amounted to €1.1m of which €0.4m is classified as a current asset on the balance sheet.

The Company is an original borrower under the terms of the Group's revolving credit facility but is not a borrower in relation to the Group's drawn debt as at 28 February 2018 or 28 February 2017. As outlined in further detail in note 25, the Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of debt drawn by the Group under the terms of the Group's revolving credit facility agreement. The Company's prepaid issue costs relate to issue costs with respect to the Group's 2014 revolving credit facility; the amortisation of such issue costs was €0.4m in the current financial year (2017: €0.5m).

20. RECOGNISED DEFERRED INCOME TAX ASSETS AND LIABILITIES

| | 2018 | | | 2017 | | |
|------------------------------|--------------|-------------------|------------------------------------|--------------|-------------------|------------------------------------|
| | Assets €m | Liabilities €m | Net assets/ (liabilities) €m | Assets €m | Liabilities €m | Net assets/ (liabilities) €m |
| Group | | | | | | |
| Property, plant & equipment | 0.3 | (6.9) | (6.6) | - | (2.2) | (2.2) |
| Intangible assets | - | (2.7) | (2.7) | - | (3.0) | (3.0) |
| Retirement benefits | 0.5 | (1.6) | (1.1) | 2.7 | (0.8) | 1.9 |
| Trade related items & losses | 0.9 | - | 0.9 | 0.5 | - | 0.5 |
| | 1.7 | (11.2) | (9.5) | 3.2 | (6.0) | (2.8) |

During 2018, the Group re-assessed the basis of calculating the deferred income tax arising on fair valued historic business combinations, and specifically the expected manner of recovery of the acquired land & buildings. This reassessment has increased goodwill by €9.0m per note 12, a deferred income tax liability of €4.6m and a deferred income tax liability release of €4.4m (principally arising on the intervening reductions in the UK tax rate) included in the deferred income tax movement in note 7.

The Group has not recognised deferred income tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and the realisation of these temporary differences and it is unlikely that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences applicable to investments in subsidiaries and equity accounted investments in respect of which deferred income tax liabilities have not been recognised is immaterial on the basis that the participation exemptions and foreign tax credits should be available such that no material temporary differences arise. There are no other unrecognised deferred income tax liabilities.

In addition, no deferred income tax asset has been recognised in respect of certain tax losses incurred by the Group on the basis that the recovery is considered unlikely in the foreseeable future. The cumulative value of such tax losses is €27.3m. In the event that sufficient taxable profits arise in the relevant jurisdictions in future years, these losses may be utilised. The vast majority of these losses are due to expire in 2035.

Company

The company had no deferred income tax assets or liabilities at 28 February 2018 or at 28 February 2017.

Notes forming part of the financial statements (continued)

20. RECOGNISED DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

Analysis of movement in net deferred income tax assets/(liabilities)

| Group | 1 March 2017 €m | Recognised in Income Statement €m | Recognised in Other Comprehensive Income €m | Arising on historical business combinations €m | Translation adjustment €m | 28 February 2018 €m |
|--------------------------------------|--------------------|---|---|---|---------------------------------|------------------------|
| Property, plant & equipment: ROI | (0.3) | 0.6 | - | - | - | 0.3 |
| Property, plant and equipment: other | (1.9) | 3.8 | - | (9.0) | 0.2 | (6.9) |
| Provision for trade related items | 0.5 | 0.4 | - | - | - | 0.9 |
| Intangible assets | (3.0) | 0.3 | - | - | - | (2.7) |
| Retirement benefits | 1.9 | (0.2) | (2.8) | - | - | (1.1) |
| | (2.8) | 4.9 | (2.8) | (9.0) | 0.2 | (9.5) |

| Group | 1 March 2016 €m | Recognised in Income Statement €m | Recognised in Other Comprehensive Income €m | Translation adjustment €m | 28 February 2017 €m |
|--------------------------------------|--------------------|---|---|---------------------------------|------------------------|
| Property, plant & equipment: ROI | (0.6) | 0.3 | - | - | (0.3) |
| Property, plant and equipment: other | (0.7) | (1.3) | - | 0.1 | (1.9) |
| Provision for trade related items | 0.4 | 0.1 | - | - | 0.5 |
| Intangible assets | (3.3) | 0.1 | - | 0.2 | (3.0) |
| Retirement benefits | 3.1 | (0.8) | (0.4) | - | 1.9 |
| | (1.1) | (1.6) | (0.4) | 0.3 | (2.8) |

21. RETIREMENT BENEFITS

The Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in March 2006 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the Income Statement.

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

There are no active members remaining in the executive defined benefit pension scheme (2017: no active members). There are 57 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (2017: 62 active members) and 4 active members in the NI defined benefit pension scheme (2017: 4 active members). The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2015 and thereafter for all future pension increases to be awarded on a discretionary basis.

21. RETIREMENT BENEFITS (CONTINUED)

Actuarial valuations – funding requirements

Independent actuarial valuations of the defined benefit pension schemes are carried out on a triennial basis using the attained age method. The most recent actuarial valuations of the ROI defined benefit pension schemes were carried out with an effective date of 1 January 2015 while the date of the most recent actuarial valuation of the NI defined benefit pension scheme was 31 December 2014. The triennial valuation is currently ongoing and at the date of this Annual Report have not yet been finalised. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The funding requirements in relation to the Group's ROI defined benefit pension schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. Arising from the formal actuarial valuations of the main schemes the Group has committed to contributions of 22% of pensionable salaries along with a deficit contribution of €1.2m per annum until the next valuation date for the Group's Staff defined benefit pension scheme. There is no funding requirement with respect to the Group's Executive defined benefit pension scheme in 2018. The funding requirement will be reviewed again as part of the triennial valuation which is currently ongoing. The 2014 actuarial valuation of the NI defined benefit pension scheme confirmed it was in surplus and the scheme remains in surplus.

The Group is exposed to a number of risks in relation to the funding position of these schemes, namely:-

Asset volatility: It is the Group's intention to pursue a long-term investment policy that emphasises investment in secure monetary assets to provide for the contractual benefits payable to members. The investment portfolio has exposure to equities, other growth assets and fixed interest investments, the returns from which are uncertain and may fluctuate significantly in line with market movements. Assets held are valued at fair value using bid prices where relevant.

Discount rate: The discount rate is the rate of interest used to discount post-employment benefit obligations and is determined by reference to market yields at the balance sheet date on high quality corporate bonds with a currency and term consistent with the currency and estimated term of the Group's post employment benefit obligations. Movements in discount rates have a significant impact on the value of the schemes' liabilities. During the year, there was a change in financial assumptions due to higher discount rates as set by corporate bond yields.

Longevity: The value of the defined benefit obligations is influenced by demographic factors such as mortality experience and retirement patterns. Changes to life expectancy have a significant impact on the value of the schemes' liabilities. During the year, there was a reduction in the future improvement assumption rates in line with the latest findings of the research arm of the institute and Faculty of Actuaries, the Continuous Mortality Investigation (CMI).

Method and assumptions

The schemes' independent actuary, Mercer (Ireland) Limited, has employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost.

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and the rate of inflation/salary increase. These and other assumptions used to determine the retirement benefits and current service cost under IAS19(R) *Employee Benefits* are set out below.

Mortality rates also have a significant impact on the actuarial valuations, as the number of deaths within the scheme have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality, the rates used have been based on the most up-to-date mortality tables, (the S2PMA CMI 2016 (males) and S2PFA CMI 2016 (females) for the ROI schemes and SPA07M year of birth tables with CMI 2014 projections for the NI scheme) with age ratings and loading factors to allow for future mortality improvements. These tables conform to best practice. The growing trend for people to live longer and the expectation that this will continue has been reflected in the mortality assumptions used for this valuation as indicated below. This assumption will continue to be monitored in light of general trends in mortality experience. Based on these tables, the assumed life expectations on retirement are:-

Notes forming part of the financial statements (continued)

21. RETIREMENT BENEFITS (CONTINUED)

| | | ROI | | NI | |
|--|--------|----------------------|----------------------|----------------------|----------------------|
| | | 2018 No. of years | 2017 No. of years | 2018 No. of years | 2017 No. of years |
| Future life expectations at age 65 | | | | | |
| Current retirees – no allowance for future improvements | Male | 22.4 | 23.8 | 23.0 | 22.9 |
| | Female | 24.3 | 25.8 | 25.1 | 25.0 |
| Future retirees – with allowance for future improvements | Male | 23.2 | 25.0 | 25.1 | 25.0 |
| | Female | 25.2 | 27.1 | 27.4 | 27.3 |

Scheme liabilities:-

The average age of active members is 48 and 53 years for the ROI Staff and the NI defined benefit pension schemes respectively (the executive defined benefit pension scheme has no active members), while the average duration of liabilities ranges from 14 to 21 years.

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 28 February 2018 and 28 February 2017 are as follows:-

| | 2018 | | 2017 | |
|----------------------------------|-----------|------|-------------|------|
| | ROI | NI | ROI | NI |
| Salary increases | 0.0%-2.5% | 3.6% | 0.00%-2.5% | 3.7% |
| Increases to pensions in payment | 1.5% | 1.7% | 1.5% | 1.8% |
| Discount rate | 1.9%-2.2% | 2.7% | 1.70%-1.95% | 2.6% |
| Inflation rate | 1.5% | 3.2% | 1.5% | 3.3% |

A reduction in discount rate used to value the schemes' liabilities by 0.25% would increase the valuation of liabilities by €9.2m while an increase in inflation/salary increase expectations of 0.25% would increase the valuation of liabilities by €8.1m. The sensitivity is calculated by changing the individual assumption while holding all other assumptions constant.

The pension assets and liabilities on the following pages have been prepared in accordance with IAS19(R) *Employee Benefits*.

(a) Impact on Group Income Statement

| | 2018 | | | 2017 | | |
|---|-----------|----------|-------------|-----------|----------|-------------|
| | ROI €m | NI €m | Total €m | ROI €m | NI €m | Total €m |
| Analysis of defined benefit pension expense: | | | | | | |
| Current service cost | 1.2 | 0.1 | 1.3 | 1.1 | - | 1.1 |
| Past service gain | (2.6) | - | (2.6) | - | - | - |
| Gain on settlement | - | - | - | (5.1) | - | (5.1) |
| Interest cost on scheme liabilities | 3.7 | 0.2 | 3.9 | 4.0 | 0.2 | 4.2 |
| Interest income on scheme assets | (3.3) | (0.3) | (3.6) | (3.4) | (0.4) | (3.8) |
| Total income recognised in Income Statement | (1.0) | - | (1.0) | (3.4) | (0.2) | (3.6) |

21. RETIREMENT BENEFITS (CONTINUED)

In the current financial year, the income recognised in the Income Statement of €1.0m includes a past service gain of €2.6m in respect of the pension levy adjustments applied to deferred members' benefits. In the prior financial year, the income recognised in the income statement included €5.1m of a gain relating to an offer made to the deferred members of the two ROI defined benefit pension schemes to transfer out of the scheme, of which 119 members availed of the offer.

Analysis of amount recognised in Other Comprehensive Income:

| | 2018 | | | 2017 | | |
|--|---------------|--------------|---------------|---------------|------------|---------------|
| | ROI €m | NI €m | Total €m | ROI €m | NI €m | Total €m |
| Actual return on scheme assets | (4.0) | (0.5) | (4.5) | (13.2) | (2.3) | (15.5) |
| Expected interest income on scheme assets | 3.3 | 0.3 | 3.6 | 3.4 | 0.4 | 3.8 |
| Experience gains and losses on scheme liabilities | (2.0) | - | (2.0) | (1.8) | - | (1.8) |
| Effect of changes in assumptions on scheme liabilities | (13.6) | (0.3) | (13.9) | 7.7 | 2.2 | 9.9 |
| Total (income)/expense | (16.3) | (0.5) | (16.8) | (3.9) | 0.3 | (3.6) |
| Scheme assets | 175.6 | 11.8 | 187.4 | 176.7 | 11.8 | 188.5 |
| Scheme liabilities | (179.4) | (7.0) | (186.4) | (199.0) | (7.3) | (206.3) |
| Deficit in scheme | (3.8) | - | (3.8) | (22.3) | - | (22.3) |
| Surplus in scheme | - | 4.8 | 4.8 | - | 4.5 | 4.5 |

(b) Impact on Group Balance Sheet

The retirement benefits (deficit)/surplus at 28 February 2018 and 28 February 2017 is analysed as follows:-

Analysis of net pension deficit:

| | 2018 | | | 2017 | | |
|---|--------------|------------|--------------|---------------|------------|---------------|
| | ROI €m | NI €m | Total €m | ROI €m | NI €m | Total €m |
| Bid value of assets at end of year: | | | | | | |
| Equity* | 35.3 | 5.9 | 41.2 | 49.4 | 5.9 | 55.3 |
| Bonds | 100.7 | 5.9 | 106.6 | 86.5 | 5.9 | 92.4 |
| Property | 12.3 | - | 12.3 | 11.5 | - | 11.5 |
| Cash | 0.5 | - | 0.5 | 0.5 | - | 0.5 |
| Alternatives | 26.8 | - | 26.8 | 28.8 | - | 28.8 |
| | 175.6 | 11.8 | 187.4 | 176.7 | 11.8 | 188.5 |
| Actuarial value of scheme liabilities | (179.4) | (7.0) | (186.4) | (199.0) | (7.3) | (206.3) |
| (Deficit)/surplus in the scheme | (3.8) | 4.8 | 1.0 | (22.3) | 4.5 | (17.8) |
| Related deferred income tax asset/(liability) | 0.5 | (1.6) | (1.1) | 2.7 | (0.8) | 1.9 |
| Net pension (deficit)/surplus | (3.3) | 3.2 | (0.1) | (19.6) | 3.7 | (15.9) |

* The defined benefit pension schemes have a passive self investment in C&C Group plc of €nil (2017: €nil).

Notes forming part of the financial statements (continued)

21. RETIREMENT BENEFITS (CONTINUED)

The alternative investment category includes investments in various asset classes including equities, commodities, currencies and funds. The investments are managed by fund managers.

Reconciliation of scheme assets

| | 2018 | | | 2017 | | |
|---|--------------|-------------|--------------|--------------|-------------|--------------|
| | ROI €m | NI €m | Total €m | ROI €m | NI €m | Total €m |
| Assets at beginning of year | 176.7 | 11.8 | 188.5 | 184.8 | 10.3 | 195.1 |
| Movement in year: | | | | | | |
| Translation adjustment | - | (0.4) | (0.4) | - | (0.9) | (0.9) |
| Expected interest income on scheme assets, net of pension levy | 3.3 | 0.3 | 3.6 | 3.4 | 0.4 | 3.8 |
| Actual return less interest income on scheme assets | 0.7 | 0.2 | 0.9 | 9.8 | 1.9 | 11.7 |
| Employer contributions | 1.2 | - | 1.2 | 3.1 | 0.3 | 3.4 |
| Member contributions | 0.2 | - | 0.2 | 0.2 | - | 0.2 |
| Benefit payments | (6.5) | (0.1) | (6.6) | (24.6) | (0.2) | (24.8) |
| Assets at end of year | 175.6 | 11.8 | 187.4 | 176.7 | 11.8 | 188.5 |

The expected employer contributions to fund defined benefit scheme obligations for year ending 28 February 2019 is €1.2m.

The scheme assets had the following investment profile at the year end:-

| | 2018 | | 2017 | |
|--------------|-------------|-------------|-------------|-------------|
| | ROI | NI | ROI | NI |
| Equities | 20% | 50% | 28% | 50% |
| Bonds | 58% | 50% | 49% | 50% |
| Property | 7% | - | 7% | - |
| Cash | - | - | - | - |
| Alternatives | 15% | - | 16% | - |
| | 100% | 100% | 100% | 100% |

21. RETIREMENT BENEFITS (CONTINUED)

Reconciliation of actuarial value of scheme liabilities

| | 2018 | | | 2017 | | |
|--|--------------|------------|--------------|--------------|------------|--------------|
| | ROI €m | NI €m | Total €m | ROI €m | NI €m | Total €m |
| Liabilities at beginning of year | 199.0 | 7.3 | 206.3 | 217.5 | 5.6 | 223.1 |
| Movement in year: | | | | | | |
| Translation adjustment | - | (0.2) | (0.2) | - | (0.5) | (0.5) |
| Current service cost | 1.2 | 0.1 | 1.3 | 1.1 | - | 1.1 |
| Past service gain | (2.6) | - | (2.6) | - | - | - |
| Gain on settlement | - | - | - | (5.1) | - | (5.1) |
| Interest cost on scheme liabilities | 3.7 | 0.2 | 3.9 | 4.0 | 0.2 | 4.2 |
| Member contributions | 0.2 | - | 0.2 | 0.2 | - | 0.2 |
| Actuarial (gain)/loss immediately recognised in equity | (15.6) | (0.3) | (15.9) | 5.9 | 2.2 | 8.1 |
| Benefit payments | (6.5) | (0.1) | (6.6) | (24.6) | (0.2) | (24.8) |
| Liabilities at end of year | 179.4 | 7.0 | 186.4 | 199.0 | 7.3 | 206.3 |

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's multinational operations expose it to various financial risks in the ordinary course of business that include credit risk, liquidity risk, commodity price risk, currency risk and interest rate risk. This note discusses the Group's exposure to each of these financial risks and summarises the risk management strategy for managing these risks. The note is presented as follows:-

- (a) Overview of the Group's risk exposures and management strategy
- (b) Financial assets and liabilities as at 28 February 2018/28 February 2017 and determination of fair value
- (c) Market risk
- (d) Credit risk
- (e) Liquidity risk

(a) Overview of the Group's risk exposures and management strategy

The main financial market risks that the Group is exposed to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and financial counterparty creditworthiness. The UK vote to leave the European Union continues to create significant uncertainty. The Board continues to monitor and manage this and all other financial risks faced by the Group very closely.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This is executed through various committees to which the Board has delegated appropriate levels of authority. An essential part of this framework is the role undertaken by the Audit Committee, supported by the internal audit function, and the Group Chief Financial Officer. The Board, through its Committees, has reviewed the internal control environment and the risk management systems and process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers them to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

Notes forming part of the financial statements (continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's risk management programme seeks to minimise the potential adverse effects, arising from fluctuations in financial markets, on the Group's financial performance in a non speculative manner at a reasonable cost when economically viable to do so. The Group achieves the management of these risks in part, where appropriate, through the use of derivative financial instruments. All derivative financial contracts entered into in this regard are in liquid markets with credit rated parties. Treasury activities are performed within strict terms of reference that have been approved by the Board. The Board had no derivative financial instruments in the current or prior financial years.

(b) Financial assets and liabilities

The carrying and fair values of financial assets and liabilities by measurement category were as follows:-

| | Other financial assets €m | Other financial liabilities €m | Carrying value €m | Fair value €m |
|-------------------------------------|---------------------------------|--------------------------------------|----------------------|------------------|
| Group | | | | |
| 28 February 2018 | | | | |
| Financial assets: | | | | |
| Cash | 145.5 | - | 145.5 | 145.5 |
| Trade receivables | 48.5 | - | 48.5 | 48.5 |
| Advances to customers | 50.2 | - | 50.2 | 50.2 |
| Financial liabilities: | | | | |
| Interest bearing loans & borrowings | - | (383.1) | (383.1) | (383.8) |
| Trade & other payables | - | (132.7) | (132.7) | (132.7) |
| Provisions | - | (11.4) | (11.4) | (11.4) |
| | 244.2 | (527.2) | (283.0) | (283.7) |

| | Other financial assets €m | Other financial liabilities €m | Carrying value €m | Fair value €m |
|-------------------------------------|---------------------------------|--------------------------------------|----------------------|------------------|
| Group | | | | |
| 28 February 2017 | | | | |
| Financial assets: | | | | |
| Cash | 187.6 | - | 187.6 | 187.6 |
| Trade receivables | 49.4 | - | 49.4 | 49.4 |
| Advances to customers | 58.3 | - | 58.3 | 58.3 |
| Financial liabilities: | | | | |
| Interest bearing loans & borrowings | - | (358.2) | (358.2) | (359.3) |
| Trade & other payables | - | (144.1) | (144.1) | (144.1) |
| Provisions | - | (14.2) | (14.2) | (14.2) |
| | 295.3 | (516.5) | (221.2) | (222.3) |

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

| | Other financial assets €m | Other financial liabilities €m | Carrying value €m | Fair value €m |
|-------------------------------------|---------------------------------|--------------------------------------|----------------------|------------------|
| Company | | | | |
| 28 February 2018 | | | | |
| Financial assets: | | | | |
| Amounts due from Group undertakings | 355.7 | - | 355.7 | 355.7 |
| Financial liabilities: | | | | |
| Amounts due to Group undertakings | - | (317.1) | (317.1) | (317.1) |
| Trade & other payables | - | (0.6) | (0.6) | (0.6) |
| | 355.7 | (317.7) | 38.0 | 38.0 |
| <hr/> | | | | |
| | Other financial assets €m | Other financial liabilities €m | Carrying value €m | Fair value €m |
| Company | | | | |
| 28 February 2017 | | | | |
| Financial assets: | | | | |
| Amounts due from Group undertakings | 335.1 | - | 335.1 | 335.1 |
| Financial liabilities: | | | | |
| Amounts due to Group undertakings | - | (281.1) | (281.1) | (281.1) |
| Trade & other payables | - | (0.3) | (0.3) | (0.3) |
| | 335.1 | (281.4) | 53.7 | 53.7 |

Determination of Fair Value

Set out below are the main methods and assumptions used in estimating the fair values of the Group's financial assets and liabilities. There is no material difference between the fair value of financial assets and liabilities falling due within one year and their carrying amount as due to the short-term maturity of these financial assets and liabilities their carrying amount is deemed to approximate fair value.

Short-term bank deposits and cash

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

Advances to customers

The nominal amount of all advances to customers, after provision for impairment, is considered to reflect fair value.

Trade & other receivables/payables

The nominal amount of all trade & other receivables/payables after provision for impairment is deemed to reflect fair value at the balance sheet date with the exception of provisions and amounts due from Group undertakings after more than one year which are discounted to fair value.

Interest bearing loans & borrowings

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

Notes forming part of the financial statements (continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group enters into derivative financial contracts, when deemed economically viable to do so, to mitigate risks arising in the ordinary course of business from foreign exchange rate and interest rate movements, and also incurs financial liabilities, in order to manage these market risks. The Group carries out all such transactions within the Treasury policy as set down by the Board of Directors. The Group had no derivative financial instruments in the current or prior financial periods.

Commodity price risk

The Group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as apple concentrate, glass, barley, aluminium, polymer, wheat and sugar/glucose. Commodity price risk is managed, where economically viable, through fixed price contracts with suppliers incorporating appropriate commodity hedging and pricing mechanisms. The Group does not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. It is Group policy to fix the cost of a certain level of its energy requirement through fixed price contractual arrangements directly with its energy suppliers.

Currency risk

The Company's functional and reporting currency and that of its share capital is Euro. The Euro is also the Group's reporting currency and the currency used for all planning and budgetary purposes. The Group is exposed to currency risk in relation to sales and purchase transactions by Group companies in currencies other than their functional currency (transaction risk), and fluctuations in the Euro value of the Group's net investment in foreign currency (primarily Sterling and US Dollar) denominated subsidiary undertakings (translation risk). Currency exposures for the entire Group are managed and controlled centrally. The Group seeks to minimise its foreign currency transaction exposure when economically viable by maximising the value of its foreign currency input costs and creating a natural hedge.

In addition, the Group has a number of long-term intra-group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence of which are deemed quasi equity in nature and are therefore part of the Group's net investment in its foreign operations. The Group does not hedge the translation exposure arising on the translation of the profits of foreign currency subsidiaries.

The net currency gains and losses on transactional currency exposures are recognised in the Income Statement and the changes arising from fluctuations in the Euro value of the Group's net investment in foreign operations are reported separately within Other Comprehensive Income.

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2018 is as follows:-

| Group | Euro €m | Sterling €m | USD €m | CAD/AUD €m | Not at risk €m | Total €m |
|-------------------------------------|--------------|----------------|------------|---------------|-------------------|----------------|
| Cash | 0.6 | 4.2 | 0.7 | 0.7 | 139.3 | 145.5 |
| Trade receivables | 0.1 | 0.3 | 0.2 | 0.8 | 47.1 | 48.5 |
| Advances to customers | - | - | - | - | 50.2 | 50.2 |
| Interest bearing loans & borrowings | - | - | - | - | (383.1) | (383.1) |
| Trade & other payables | (0.8) | (5.9) | - | (0.1) | (125.9) | (132.7) |
| Provisions | - | - | - | - | (11.4) | (11.4) |
| Gross currency exposure | (0.1) | (1.4) | 0.9 | 1.4 | (283.8) | (283.0) |

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group had no outstanding forward foreign currency contracts in place at 28 February 2018 (2017: €nil).

| Company | Sterling €m | Not at risk €m | Total €m |
|---------------------------------------|----------------|-------------------|-------------|
| Net amounts due to Group undertakings | (19.5) | 58.1 | 38.6 |
| Accruals | - | (0.6) | (0.6) |
| Total | (19.5) | 57.5 | 38.0 |

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2017 is as follows:-

| Group | Euro €m | Sterling €m | USD €m | CAD/AUD €m | Not at risk €m | Total €m |
|-------------------------------------|------------|----------------|------------|---------------|-------------------|----------------|
| Cash | 1.1 | 3.9 | 1.0 | 0.6 | 181.0 | 187.6 |
| Trade & other receivables | - | 0.8 | 0.2 | 0.5 | 47.9 | 49.4 |
| Advances to customers | - | - | - | - | 58.3 | 58.3 |
| Interest bearing loans & borrowings | - | - | - | - | (358.2) | (358.2) |
| Trade & other payables | (0.4) | (4.5) | (0.1) | - | (139.1) | (144.1) |
| Provisions | - | - | - | - | (14.2) | (14.2) |
| Gross currency exposure | 0.7 | 0.2 | 1.1 | 1.1 | (224.3) | (221.2) |

| Company | Sterling €m | Not at risk €m | Total €m |
|---------------------------------------|----------------|-------------------|-------------|
| Net amounts due to Group undertakings | (20.4) | 74.4 | 54.0 |
| Accruals | - | (0.3) | (0.3) |
| Total | (20.4) | 74.1 | 53.7 |

A 10% strengthening in the Euro against Sterling and the Australian, Canadian and US Dollars, based on outstanding financial assets and liabilities at 28 February 2018, would have a €0.1m negative impact on the Income Statement. A 10% weakening in the Euro against Sterling, and the Australian, Canadian and US Dollars would have a €0.1m positive effect on the Income Statement. This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

The interest rate profile of the Group and Company's interest-bearing financial instruments at the reporting date is summarised as follows:-

| | Group | | Company | |
|-------------------------------------|----------------|----------------|------------|------------|
| | 2018 €m | 2017 €m | 2018 €m | 2017 €m |
| Variable rate instruments | | | | |
| Interest bearing loans & borrowings | (383.8) | (359.3) | - | - |
| Cash | 145.5 | 187.6 | - | - |
| | (238.3) | (171.7) | - | - |

Notes forming part of the financial statements (continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group exposure to interest rate risk arises principally from its long-term debt obligations. A 0.25% increase/decrease in Euribor and Libor rates, would have a €1.7m impact on the Income Statement.

Financial instruments: Cash flow hedges

The Group had no outstanding cash flow hedges as at 28 February 2018 or 28 February 2017.

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, its cash advances to customers, cash including deposits with banks and derivative financial instruments contracted with banks. The Group has an indirect exposure to European Sovereigns via its defined benefit pension scheme investment portfolio. In the context of the Group's operations, credit risk is mainly influenced by the individual characteristics of individual counterparties and is not considered particularly concentrated as it primarily arises from a wide and varied customer base; there are no material dependencies or concentrations of individual customers which would warrant disclosure under IFRS 8 *Operating Segments*.

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables and advances to customers based on experience, customer track records and historic default rates. Generally, individual 'risk limits' are set by customer and risk is only accepted above such limits in defined circumstances. A strict credit assessment is made of all new applicants who request credit-trading terms. The utilisation and revision, where appropriate, of credit limits is regularly monitored. Impairment provision accounts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and is written off directly against the trade receivable/advance to customer. The Group also manages credit risk through the use of a receivables purchase arrangement, for an element of its trade receivables. Under the terms of this arrangement, the Group transfers the credit risk, late payment risk and control of the receivables sold. The total receivables sold at 28 February 2018 was €63.5m.

Advances to customers are generally secured by, amongst others, rights over property or intangible assets, such as the right to take possession of the premises of the customer. Interest rates calculated on repayment/annuity advances are generally based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given. The Group establishes an allowance for impairment of customer's advances that represents its estimate of potential future losses.

From time to time, the Group holds significant cash balances, which are invested on a short-term basis and disclosed under cash in the Balance Sheet. Risk of counterparty default arising on short-term cash deposits is controlled within a framework of dealing primarily with banks who are members of the Group's banking syndicate, and by limiting the credit exposure to any one of these banks or institutions. Management does not expect any counterparty to fail to meet its obligations.

The Company also bears credit risk in relation to amounts owed by Group undertakings and from guarantees provided in respect of the liabilities of wholly owned subsidiaries as disclosed in note 25.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The carrying amount of financial assets, net of impairment provisions represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:-

| | Group | | Company | |
|-------------------------------------|--------------|------------|--------------|------------|
| | 2018 €m | 2017 €m | 2018 €m | 2017 €m |
| Trade receivables | 48.5 | 49.4 | - | - |
| Advances to customers | 50.2 | 58.3 | - | - |
| Amounts due from Group undertakings | - | - | 355.7 | 335.1 |
| Cash | 145.5 | 187.6 | - | - |
| | 244.2 | 295.3 | 355.7 | 335.1 |

The ageing of trade receivables and advances to customers together with an analysis of movement in the Group impairment provisions against these receivables are disclosed in note 15. The Group does not have any significant concentrations of risk.

(e) Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. Liquid resources are defined as the total of cash. The Group finances its operations through cash generated by the business and medium term bank credit facilities; the Group does not use off-balance sheet special purpose entities as a source of liquidity or financing.

The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or committed bank facilities to meet all debt obligations as they fall due. To achieve this, the Group (a) maintains adequate cash balances; (b) prepares detailed 3 year cash projections; and (c) keeps refinancing options under review. In addition, the Group maintains an overdraft facility that is unsecured.

In December 2014, the Group updated and amended its committed €450m multi-currency five year syndicated revolving loan facility with seven banks, namely Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank, and Ulster Bank, repayable in a single instalment on 22 December 2019. The facility agreement provides for a further €100m in the form of an uncommitted accordion facility and permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150m, subject to agreeing the terms and conditions with the lenders. Consequently the Group is permitted under the terms of the agreement, to have debt capacity of €700m of which €383.8m was drawn at 28 February 2018 (2017: €359.3m). The Group is currently in the process of conducting an exercise to renew the existing facility in advance of this date.

The Group's debt facility incorporates two financial covenants:

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

Compliance with these debt covenants is monitored continuously.

The Group's main liquidity risk relates to maturing debt, however this risk is considered low at year end given the current facility extends to December 2019 as outlined above.

At the year end, the Group had net debt, net of unamortised issue costs, of €237.6m (28 February 2017: €170.6m), with a Net debt/EBITDA ratio of 2.37:1.

Notes forming part of the financial statements (continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The following are the contractual maturities of financial liabilities, including interest payments-

| Group | Carrying amount €m | Contractual cash flows €m | 6 months or less €m | 6–12 months €m | 1–2 years €m | Greater than 2 years €m |
|-------------------------------------|-----------------------|---------------------------------|------------------------|-------------------|-----------------|-------------------------------|
| 2018 | | | | | | |
| Interest bearing loans & borrowings | (383.1) | (396.1) | (3.4) | (3.4) | (389.3) | - |
| Trade & other payables | (132.7) | (132.7) | (132.7) | - | - | - |
| Provisions | (11.4) | (11.5) | (3.0) | (0.6) | (1.2) | (6.7) |
| Total contracted outflows | (527.2) | (540.3) | (139.1) | (4.0) | (390.5) | (6.7) |
| 2017 | | | | | | |
| Interest bearing loans & borrowings | (358.2) | (374.3) | (2.7) | (2.7) | (5.3) | (363.6) |
| Trade & other payables | (144.1) | (144.1) | (144.1) | - | - | - |
| Provisions | (14.2) | (15.4) | (3.8) | (2.8) | (0.9) | (7.9) |
| Total contracted outflows | (516.5) | (533.8) | (150.6) | (5.5) | (6.2) | (371.5) |
| Company | | | | | | |
| 2018 | | | | | | |
| Amounts due to Group undertakings | (317.1) | (317.1) | (317.1) | - | - | - |
| Trade & other payables | (0.6) | (0.6) | (0.6) | - | - | - |
| Total contracted outflows | (317.7) | (317.7) | (317.7) | - | - | - |
| 2017 | | | | | | |
| Amounts due to Group undertakings | (281.1) | (281.1) | (281.1) | - | - | - |
| Trade & other payables | (0.3) | (0.3) | (0.3) | - | - | - |
| Total contracted outflows | (281.4) | (281.4) | (281.4) | - | - | - |

23. SHARE CAPITAL AND RESERVES

| | Authorised Number | Allotted and called up Number | Authorised €m | Allotted and called up €m |
|--------------------------------------|----------------------|-------------------------------------|------------------|---------------------------------|
| At 28 February 2018 | | | | |
| Ordinary shares of €0.01 each | 800,000,000 | 317,876,001* | 8.0 | 3.2 |
| At 28 February 2017 | | | | |
| Ordinary shares of €0.01 each | 800,000,000 | 325,546,201** | 8.0 | 3.3 |
| At 29 February 2016 | | | | |
| Ordinary shares of €0.01 each | 800,000,000 | 329,157,714*** | 8.0 | 3.3 |

* Inclusive of 11.0m treasury shares.

** Inclusive of 11.9m treasury shares.

*** Inclusive of 16.4m treasury shares.

All shares in issue carry equal voting and dividend rights.

Following shareholder approval at the Annual General Meeting on 27 June 2012, where Interests under the Joint Share Ownership Plan have vested and if the participant is a continuing employee and so agrees, the participant is entitled to dividends on the relevant Plan Shares in proportion to his economic interest. The Trustees of the Employee Trust are entitled to the dividends otherwise but have waived their entitlement. In the year to 28 February 2018, dividends of less than €0.1m were paid to Plan participants (2017: €0.1m).

Reserves Group

| | Allotted and called up Ordinary Shares | | Ordinary Shares held by the Trustee of the Employee Trust* | |
|--|---|--------------|---|--------------|
| | 2018 '000 | 2017 '000 | 2018 '000 | 2017 '000 |
| As at 1 March | 325,546 | 329,158 | 2,912 | 7,354 |
| Shares issued in lieu of dividend | 1,368 | 2,209 | - | - |
| Shares issued in respect of options exercised | 454 | 318 | - | - |
| Shares cancelled following share buyback programme | (9,492) | (6,139) | - | - |
| Shares disposed of or transferred to Participants | - | - | (939) | (4,442) |
| As at 28 February | 317,876** | 325,546** | 1,973 | 2,912 |

* 2.0m shares are held in the sole name of the Trustee of the Employee Trust (2017: 1.7m).

** Includes 9.025m shares bought by the Group during the financial year ended 28 February 2015 which continue to be held as Treasury shares.

Movements in the year ended 28 February 2018

In July 2017, 886,334 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.40312 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 28 February 2017. In December 2017, 481,793 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €2.94136 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 28 February 2018. During the current financial year 454,173 ordinary shares were issued on the exercise of share options for a net consideration of €1.4m.

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2018 continue to be included in the treasury share reserve. During the financial year, 146,816 shares were sold by the Trustees and are no longer accounted for as treasury shares and 791,438 shares were transferred to participants on exercise of their entitlements under the Group's Joint Share Ownership Plan and therefore are also no longer accounted for as treasury shares.

Notes forming part of the financial statements (continued)

23. SHARE CAPITAL AND RESERVES SHARE CAPITAL (CONTINUED)

Also during the current financial year, as part of the Group's capital management strategy, the Group invested €33.1m in an on-market share buyback programme (inclusive of commission and related costs) in which it repurchased and subsequently cancelled 9,492,500 of the Group's shares. This was in accordance with shareholder authority granted at the Group's AGM, in July 2016, to make market purchases of up to 10% of its own shares.

Movements in the year ended 28 February 2017

In July 2016, 1,067,162 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.95476 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 29 February 2016. In December 2016, 1,142,613 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.44324 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 28 February 2017. During the prior financial year, 318,150 ordinary shares were issued on the exercise of share options for a net consideration of €0.8m.

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2017 continue to be included in the treasury share reserve. During the prior financial year, 130,513 shares were sold by the Trustees and are no longer accounted for as treasury shares and 4,311,889 shares were transferred to participants on exercise of their entitlements under the Group's Joint Share Ownership Plan and therefore are also no longer accounted for as treasury shares.

Also during the prior financial year, as part of the Group's capital management strategy, the Group invested €23.2m in an on-market share buyback programme (inclusive of commission and related costs) in which it repurchased and subsequently cancelled 6,139,438 of the Group's shares. This was in accordance with shareholder authority granted at the Group's AGM, in July 2016, to make market purchases of up to 10% of its own shares.

Share premium – Group

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a reverse acquisition reserve debit of €703.9m, which, for presentation purposes in the Group financial statements, has been netted against the share premium in the Consolidated Balance Sheet.

Share premium – Company

The share premium, as stated in the Company Balance Sheet, represents the premium recognised on shares issued and amounts to €844.4m as at 28 February 2018 (2017: €838.6m). The current financial year movement relates to the exercise of share options, and the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend.

Other undenominated reserve and capital reserve

These reserves initially arose on the conversion of preference shares into share capital of the Company and other changes and reorganisations of the Group's capital structure. The current and prior financial year movement relates to the on-market share buyback programme undertaken by the Group during both periods as outlined in further detail below.

Share-based payment reserve

The reserve relates to amounts expensed in the Income Statement in connection with share option grants falling within the scope of IFRS 2 *Share-Based Payment*, plus amounts received from participants on award of Interests under the Group's Joint Share Ownership Plan, less reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and Interests, as set out in note 4.

Currency translation reserve

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

23. SHARE CAPITAL AND RESERVES SHARE CAPITAL (CONTINUED)

Revaluation reserve

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

As a result of the valuation in the current financial year, the carrying value of land and buildings increased by a net €3.1m; of which €0.3m was debited directly to the Income Statement and €3.4m was credited to the revaluation reserve. In addition the value of the Group's plant & machinery decreased by €4.7m, all of which was recognised in the Income Statement.

Treasury shares

Included in this reserve is where the Company issues equity share capital under its Joint Share Ownership Plan, which is held in trust by the Group's Employee Trust. The consideration paid, 90% by a Group company and 10% by the participants, in respect of these shares is deducted from total shareholders' equity and classified as treasury shares on consolidation until such time as the Interests vest and the participant acquires the shares from the Trust or the Interests lapse and the shares are cancelled or disposed of by the Trust. Also included in the reserve is the purchase of 9,025,000 of the Company's own shares in the financial year ended 28 February 2015 at an average price of €3.29 per share under the Group's share buyback programme.

The current year movement in the reserve relates to Interests under the Joint Share Ownership Plan being acquired by participants from the Trust and the sale of excess shares by the Trust to satisfy other share entitlements.

Capital management

The Board's policy is to maintain a strong capital base so as to safeguard the Group's ability: to continue as a going concern for the benefit of shareholders and stakeholders; to maintain investor, creditor and market confidence; and, to sustain the future development of the business through the optimisation of the value of its debt and equity shareholding balance.

The Board considers capital to comprise long-term debt and equity. There are no externally imposed requirements with respect to capital with the exception of a financial covenant in the Group's debt facilities which limits the Net debt:EBITDA ratio to a maximum of 3.5 times. This financial covenant was complied with throughout the year.

The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board approves any material adjustments to the capital structure in terms of the relative proportions of debt and equity. In order to maintain or adjust the capital structure, the Group may issue new shares, dispose of assets to reduce debt, alter dividend policy by increasing or reducing the dividend paid to shareholders, return capital to shareholders and/or buyback shares. In respect of the financial year ended 28 February 2018, the Company paid an interim dividend on ordinary shares of 5.21c per share (2017: 4.96c per share) and the Directors propose, subject to shareholder approval, that a final dividend of 9.37c per share (2017: 9.37c per share) be paid, bringing the total dividend for the year to 14.58c per share (2017: 14.33c per share).

In addition, as part of the Group's capital management strategy, the Group participated in a share buyback programme during the financial year. At the AGM held on 7 July 2016, shareholders granted the Group authority to make market purchases of up to 10% of its own shares.

The Group invested €32.7m (€33.1m including commission and related fees) as part of this on-market buyback programme, purchasing 9,492,500 of the Company's shares at an average price of €3.44. The Group's stockbrokers, Investec and Davy, conducted the share buyback programme. All shares acquired as part of the share buyback programme in the current financial year were subsequently cancelled by the Group. In the prior financial year, the Group invested €22.9m (€23.2m including commission and related fees) as part of this on-market share buyback programme, purchasing 6,139,438 of the Company's shares at an average price of €3.73. All shares acquired were subsequently cancelled by the Group. In the financial year ended 28 February 2015, a subsidiary of the Group invested €30.0m as part of an

Notes forming part of the financial statements (continued)

23. SHARE CAPITAL AND RESERVES SHARE CAPITAL (CONTINUED)

on-market share buyback programme, purchasing 9,025,000 of the Company's shares at an average price of €3.29. All shares acquired as part of this share buyback programme are held as Treasury shares.

The Group monitors debt capital on the basis of interest cover and by the ratio of Net debt:EBITDA before exceptional items. In December 2014, the Group updated and amended its committed €450m multi-currency five year syndicated revolving facility with 7 banks which is repayable in a single instalment on 22 December 2019. The Group is currently in the process of conducting an exercise to renew the existing facility in advance of this date.

Company Income Statement

In accordance with Section 304 of the Companies Act 2014, the Income Statement of the Company has not been presented separately in these consolidated financial statements. A profit of €56.2m (2017: €146.0) was recognised in the individual Company Income Statement of C&C Group plc.

24. COMMITMENTS

(a) Capital commitments

At the year end, the following capital commitments authorised by the Board had not been provided for in the financial statements:-

| | 2018 €m | 2017 €m |
|----------------|-------------|------------|
| Contracted | 4.3 | 0.3 |
| Not contracted | 13.7 | 12.9 |
| | 18.0 | 13.2 |

The contracted capital commitments at 28 February 2018 primarily relates to a waste water treatment plant in Wellpark of €3.3m and improvements to the Wellpark buildings of €1.0m. Commitments at 28 February 2017 related to improvements to the Wellpark visitor centre.

(b) Commitments under operating leases

Future minimum rentals payable under non-cancellable operating leases at the year end are as follows:-

| | 2018 | | | | 2017 | | | |
|-------------------------------|------------------------|-------------------------|-------------|-------------|------------------------|-------------------------|-------------|-------------|
| | Land & buildings €m | Plant & machinery €m | Other €m | Total €m | Land & buildings €m | Plant & machinery €m | Other €m | Total €m |
| Payable in less than one year | 1.9 | 0.5 | 9.4 | 11.8 | 3.9 | 0.6 | 10.0 | 14.5 |
| Payable between 1 and 5 years | 7.0 | 1.6 | 22.3 | 30.9 | 7.0 | 1.2 | 22.7 | 30.9 |
| Payable greater than 5 years | 5.7 | - | 1.6 | 7.3 | 7.6 | - | 1.3 | 8.9 |
| | 14.6 | 2.1 | 33.3 | 50.0 | 18.5 | 1.8 | 34.0 | 54.3 |

The land & buildings operating lease commitments primarily relate to leases of warehousing facilities in the UK acquired as part of the acquisition of the Gaymers cider business in 2010. The other operating lease commitments primarily relate to on trade assets across the Group.

24. COMMITMENTS (CONTINUED)

(c) Other commitments

At the year end, the value of contracts placed for future expenditure was:-

| | 2018 | | | | | | | | | |
|-------------------------------|-------------------|-------|-----------|--------|----------|---------|-------|----------------|-------------|-------------|
| | Apple concentrate | Glass | Marketing | Barley | Aluminum | Polymer | Wheat | Sugar/ glucose | Natural gas | Electricity |
| | €m | €m | €m | €m | €m | €m | €m | €m | | |
| Payable in less than one year | - | 3.7 | 3.0 | 6.6 | - | - | - | 8.4 | 0.4 | 0.5 |
| Payable between 1 and 5 years | - | - | 2.7 | 6.6 | - | - | - | 1.2 | - | - |
| | - | 3.7 | 5.7 | 13.2 | - | - | - | 9.6 | 0.4 | 0.5 |

* Commitment obligations range from between 1 month to 58 months.

| | 2017 | | | | | | | | | |
|-------------------------------|-------------------|-------|-----------|--------|----------|---------|-------|----------------|-------------|-------|
| | Apple concentrate | Glass | Marketing | Barley | Aluminum | Polymer | Wheat | Sugar/ glucose | Natural gas | Total |
| | €m | €m | €m | €m | €m | €m | €m | €m | €m | €m |
| Payable in less than one year | 0.7 | 4.5 | 2.2 | 6.9 | 1.6 | 0.3 | 0.7 | 10.2 | 0.8 | 27.9 |
| Payable between 1 and 5 years | - | - | 3.5 | 13.2 | - | - | - | - | - | 16.7 |
| | 0.7 | 4.5 | 5.7 | 20.1 | 1.6 | 0.3 | 0.7 | 10.2 | 0.8 | 44.6 |

25. GUARANTEES, COMMITMENTS AND CONTINGENCIES

Where the Group or subsidiaries enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Group/subsidiaries considers these to be insurance arrangements and accounts for them as such. The Group/subsidiary treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

As outlined in note 18, the Group has a multi-currency loan facility in place at year end, which it re-negotiated in December 2014. The Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of these loans. The actual loans outstanding at 28 February 2018 amounted to €383.8m (2017: €359.3m). The Group is currently in the process of conducting an exercise to renew the existing facility in advance of this date.

During the financial year ended 28 February 2015, a subsidiary of the Group entered into guarantees in favour of HSBC Bank plc, HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited whereby it guaranteed drawn debt plus interest charges by Drygate Brewing Company Limited to HSBC Bank PLC of up to £540,000 and to HSBC Asset Finance (UK) and HSBC Equipment Finance Limited of up to £225,000 in aggregate. The guarantees reduce on a pound for pound basis to the extent of capital repayments in respect of the drawn debt and any amounts realised by the bank pursuant to any security provided in respect of the debt. The Guarantee with respect to HSBC Bank plc expires on the earlier of eleven years and three months from the date on which the guarantee became effective, the secured liabilities are repaid, or by mutual agreement with HSBC Bank plc. The Guarantees with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited expire after the secured liabilities are repaid, or by mutual agreement with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited respectively.

Notes forming part of the financial statements (continued)

25. GUARANTEES, COMMITMENTS AND CONTINGENCIES (CONTINUED)

During the 2014 financial year, a subsidiary of the Group entered into a guarantee in favour of Bank of Scotland plc whereby it guaranteed repayment of a five year term loan facility of up to €1,000,000 made by Bank of Scotland plc to a customer of a subsidiary of C&C Group plc, together with interest and other charges due under the facility and account charges.

During the 2011 financial year, a subsidiary of the Group entered into a guarantee with Clydesdale Bank plc whereby it guaranteed £250,000 plus interest and charges of the drawn debt of one of its customers. The guarantee expires on the earlier of: 10 years from the date on which the guarantee becomes effective; or the secured liabilities are repaid; or by mutual agreement with Clydesdale Bank plc.

Invest Northern Ireland funding, in the form of an employment grant of €0.2m was received during the 2015 financial year. Enterprise Ireland funding of €1.0m has previously been received towards the costs of implementing developmental projects. Scottish Enterprise Board funding of €0.3m had previously been received under the terms of its Regional Selective Assistance Scotland Scheme. All of these funds are fully repayable should the recipient subsidiary of the Group at any time during the term of the agreements be in breach of the terms and conditions of the agreements. The agreements terminate five years from date of the last receipt of funding which in the case of Invest Northern Ireland funding is September 2019 and Enterprise Ireland funding was March 2018. The Scottish Enterprise Board funding terms and conditions expired in July 2016.

Under the terms of the Sale and Purchase Agreement with respect to disposal of the Group's Northern Ireland wholesaling business in the year ended 29 February 2012, the Group has a maximum aggregate exposure of £4.3m in relation to warranties. The time limit for notification of all claims with respect to these warranties expired on 3 February 2013, with the exception of any claim relating to tax where the time limit is seven years from the transaction date and is due to expire on 3 August 2018.

Pursuant to the provisions of Section 357 of the Companies Act 2014, the Company has guaranteed commitments entered into and liabilities of certain of its subsidiary undertakings incorporated in the Republic of Ireland for the financial year to 28 February 2018 and as a result such subsidiaries are exempt from certain filing provisions.

26. RELATED PARTY TRANSACTIONS

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

(a) Group Transactions

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

Subsidiary undertakings

The consolidated financial statements include the financial statements of the Company and its subsidiaries. A listing of all subsidiaries is provided in note 27. Sales to and purchases from subsidiary undertakings, together with outstanding payables and receivables, are eliminated in the preparation of the consolidated financial statements in accordance with IFRS 10 *Consolidated Financial Statements*.

Equity accounted investments

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

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

During the financial year ended 28 February 2015, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery. Details of transactions during the current and prior financial year and outstanding year end balances are disclosed below.

The Group also holds a 50% investment in Beck & Scott (Services) Limited (Northern Ireland) and a 45.61% investment in The Irish Brewing Company Limited (Ireland) following its acquisition of Gleeson. Transactions between the Group and Beck & Scott (Services) Limited (Northern Ireland) are disclosed below. The Group had no transactions with The Irish Brewing Company Limited (Ireland) which is a non-trading entity.

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

Loans extended by the Group to equity accounted investments are considered trading in nature and are included within advances to customers in Trade & other receivables (note 15).

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

| | Net revenue | | Balance outstanding | |
|--|-------------|------------|---------------------|------------|
| | 2018 €m | 2017 €m | 2018 €m | 2017 €m |
| Sale of goods to equity accounted investments: | | | | |
| Beck & Scott (Services) Limited (Northern Ireland) | 0.2 | 0.2 | - | - |
| Drygate Brewing Company Limited | 0.3 | 0.2 | 0.2 | 0.1 |
| Shanter Inns Limited | 0.3 | - | - | - |
| | 0.8 | 0.4 | 0.2 | 0.1 |
| | | | | |
| | | | Balance outstanding | |
| | | | 2018 €m | 2017 €m |
| Loans to equity accounted investments: | | | | |
| Canadian Investment | | | 1.9 | 1.8 |
| Whitewater Brewing Company Limited | | | 0.6 | 0.7 |
| Drygate Brewing Company Limited | | | 1.7 | 0.7 |
| Shanter Inns Limited | | | 0.2 | - |
| | | | 4.4 | 3.2 |

Notes forming part of the financial statements (continued)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

Key management personnel

For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term 'key management personnel', as its executive and non-executive Directors. Executive Directors participate in the Group's equity share award schemes (note 4), permanent health insurance (or reimbursement of premiums paid into a personal policy) and death in service insurance programme. Executive Directors may also benefit from medical insurance under a Group policy (or the Group will reimburse premiums). No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments nor post employment benefits.

Details of key management remuneration are as follows:-

| | 2018 Number | 2017 Number |
|--|----------------|----------------|
| Number of individuals | 12 | 10 |
| | €m | €m |
| Salaries and other short-term employee benefits | 2.9 | 2.4 |
| Post employment benefits | 0.3 | 0.3 |
| Equity settled share-based payments | 0.7 | 0.1 |
| Termination payment | 0.2 | - |
| Further amount re exercise of JSOP Interests | - | 0.2 |
| Dividend equivalent payment with respect to JSOP Interests | - | 0.6 |
| Total | 4.1 | 3.6 |

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

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

26. RELATED PARTY TRANSACTIONS (CONTINUED)

Two of the Group's executive Directors were awarded Interests under the Group's Joint Share Ownership Plan (JSOP). When an award is granted to an executive under the Group's JSOP, its value is assessed for tax purposes with the resulting value being deemed to fall due for payment on the date of grant. Under the terms of the Plan, the executive must pay the Entry Price at the date of grant and, if the tax value exceeds the Entry Price, they must pay a further amount, equating to the amount of such excess, before an exercise/sale of the awarded Interests. The deferral of the payment of the further amount was considered to be an interest-free loan by the Company to the executive and a taxable benefit-in-kind arose, charged at the Revenue stipulated rates (Ireland 13.5% from 1 January 2013 and UK 3.25% to 5 April 2015 and 3.0% from 6 April 2015). In the prior financial year the Group's executive Directors exercised their JSOP Interests and paid the further amount on exercise. Under the terms of the Plan, when the further amount is paid, the Company compensates the executive for the obligation to pay this further amount by paying him an equivalent amount, which is however, subject to income tax and social security in the hands of the executive. This compensation is disclosed in the table above under further amount.

(b) Company

The Company has a related party relationship with its subsidiary undertakings. Details of the transactions in the year between the Company and its subsidiary undertakings are as follows:-

| | 2018 €m | 2017 €m |
|--|------------|------------|
| Dividend income | 60.0 | 149.0 |
| Expenses paid on behalf of and recharged by subsidiary undertakings to the Company | (2.0) | (3.1) |
| Equity settled share-based payments for employees of subsidiary undertakings | 0.9 | 0.7 |
| Drawdown of cash funding and other cash movements with subsidiary undertakings | 15.4 | (89.1) |

Notes forming part of the financial statements (continued)

27. SUBSIDIARY UNDERTAKINGS

| | Notes | Nature of business | Class of shares held as at 28 February 2018 (100% unless stated) |
|---|-------------|----------------------------------|--|
| Trading subsidiaries | | | |
| Incorporated and registered in Republic of Ireland | | | |
| Bulmers Limited | (a) (n) | Cider | Ordinary |
| C&C Financing DAC | (b) (n) (o) | Financing company | Ordinary |
| C&C Group International Holdings Limited | (a) (n) (o) | Holding company | Ordinary & Convertible |
| C&C Group Irish Holdings Limited | (a) (n) | Holding company | Ordinary |
| C&C Group Sterling Holdings Limited | (b) (n) | Holding company | Ordinary |
| C&C (Holdings) Limited | (a) (n) | Holding company | Ordinary |
| C&C Management Services Limited | (a) (n) | Provision of management services | 6% Cumulative Preference, 5% Second Non-Cumulative Preference & Ordinary Stock |
| Cantrell & Cochrane Limited | (a) (n) | Holding company | Ordinary |
| Latin American Holdings Limited | (b) (n) | Holding company | Ordinary |
| M&J Gleeson & Co Unlimited Company | (b) (n) | Wholesale of drinks | Ordinary |
| Tennent's Beer Limited | (a) (n) | Beer | Ordinary |
| The Annerville Financing Company Unlimited Company | (a) (n) | Financing company | Ordinary |
| The Five Lamps Dublin Beer Company Limited | (b) (n) | Beer | Ordinary |
| Tipperary Pure Irish Water (Sales) Unlimited Company | (b) (n) | Water | Ordinary |
| Wm. Magner Limited | (a) (n) | Cider | Ordinary |
| Wm. Magner (Trading) Limited | (a) (n) | Financing company | Ordinary |
| Incorporated and registered in Northern Ireland | | | |
| C&C Holdings (NI) Limited | (c) | Holding company | Ordinary |
| Gleeson N.I. Limited | (c) | Wholesale of drinks | Ordinary |
| Tennent's NI Limited | (c) | Cider and beer | Ordinary & 3.25% Cumulative Preference |
| Incorporated and registered in England and Wales | | | |
| C&C Management Services (UK) Limited | (e) | Provision of management services | Ordinary |
| Magners GB Limited | (e) | Cider and beer | Ordinary |
| The Orchard Pig Limited | (k) | Cider | Ordinary |
| Incorporated and registered in Scotland | | | |
| Badaboom Limited | (m) | Marketing | Ordinary |
| Macrocom (1018) Limited | (g) | Investment | Ordinary |
| Tennent Caledonian Breweries UK Limited | (f) | Beer and cider | Ordinary |
| Tennent Caledonian Breweries Wholesale Limited | (g) | Wholesale of drinks | Ordinary |
| Wallaces Express Limited | (g) | Holding company | Ordinary |
| Wellpark Financing Limited | (f) | Financing company | Ordinary |
| Incorporated and registered in Luxembourg | | | |
| C&C IP Sàrl | (h) | Licensing activity | Class A to J Units |
| C&C IP (No. 2) Sàrl | (h) | Licensing activity | Class A to J Units |
| C&C Luxembourg Sàrl | (h) | Holding and financing company | Class A to J Units |

27. SUBSIDIARY UNDERTAKINGS (CONTINUED)

| | Notes | Nature of business | Class of shares held as at 28 February 2018 (100% unless stated) |
|---|---------|--------------------|--|
| Incorporated and registered Portugal | | | |
| Biofun – Produtos Biológicos Do Fundão Limitada | (i) | Ingredients | Ordinary |
| Frontierlicious Limitada | (i) | Orchard management | Ordinary |
| Incredible Prosperity Limitada | (i) | Orchard management | Ordinary |
| Incorporated and registered in Delaware, US | | | |
| Green Mountain Beverages Management Corporation, Inc | (j) | Licensing activity | Common Stock |
| Vermont Hard Cider Company Holdings, Inc. | (j) | Holding company | Common Stock |
| Vermont Hard Cider Company, LLC | (j) | Cider | Membership Units |
| Wm. Magner, Inc. | (j) | Cider | Common Stock |
| Incorporated and registered in Singapore | | | |
| C&C International (Asia) Pte. Ltd. | (l) | Sales & Marketing | Ordinary |
| Non-trading subsidiaries | | | |
| Incorporated and registered in Republic of Ireland | | | |
| C&C Agencies Limited | (a) (n) | Non-trading | Ordinary |
| C&C Brands Limited | (a) (n) | Non-trading | Ordinary |
| C&C Gleeson Group Pension Trust Limited | (b)(n) | Non-trading | Ordinary |
| C&C Group Pension Trust Limited | (a) (n) | Non-trading | Ordinary |
| C&C Group Pension Trust (No. 2) Limited | (a) (n) | Non-trading | Ordinary |
| C&C Profit Sharing Trustee Limited | (a) (n) | Non-trading | Ordinary |
| Ciscan Net Limited | (a) (n) | Non-trading | Ordinary & A Ordinary |
| Cooney & Co. Unlimited Company | (b) (n) | Non-trading | Ordinary |
| Cravenby Limited | (a) (n) | Non-trading | Ordinary |
| Crystal Springs Water Company Limited | (b) (n) | Non-trading | Ordinary |
| Dowd's Lane Brewing Company Limited | (a) (n) | Non-trading | Ordinary |
| Edward and John Burke (1968) Limited | (a) (n) | Non-trading | Ordinary & A Ordinary |
| Findlater (Wine Merchants) Limited | (a) (n) | Non-trading | Ordinary & A Ordinary |
| Fruit of the Vine Limited | (a) (n) | Non-trading | Ordinary |
| Gleeson Logistic Services Limited | (b) (n) | Non-trading | Ordinary |
| Gleeson Management Services Unlimited Company | (b) (n) | Non-trading | Ordinary |
| Gleeson Wines & Spirits Limited | (b) (n) | Non-trading | Ordinary |
| Greensleeves Confectionery Limited | (b) (n) | Non-trading | Ordinary, 12% Cumulative Convertible Redeemable Preference & 3% Cumulative Redeemable Convertible Preference |
| J.L. O'Brien Clonmel u.c. | (b) (n) | Non-trading | Ordinary |
| M. & J. Gleeson (Investments) Limited | (b) (n) | Non-trading | Ordinary |
| M&J Gleeson Nominees Limited | (b) (n) | Non-trading | Ordinary & Preference |
| M. and J. Gleeson (Manufacturing) Company u.c. | (b) (n) | Non-trading | Ordinary |
| M and J Gleeson (Manufacturing) Company Holdings Limited | (b) (n) | Non-trading | Ordinary & Non-Voting Ordinary |
| M and J Gleeson and Company Holdings Limited | (b) (n) | Non-trading | Ordinary |
| M & J Gleeson Property Development Limited | (b) (n) | Non-trading | Ordinary |
| Magners Irish Cider Limited | (a) (n) | Non-trading | Ordinary |

Notes forming part of the financial statements (continued)

27. SUBSIDIARY UNDERTAKINGS (CONTINUED)

| | Notes | Nature of business | Class of shares held as at 28 February 2018 (100% unless stated) |
|--|---------|--------------------|---|
| Sceptis Limited | (a) (n) | Non-trading | Ordinary |
| Showerings (Ireland) Limited | (a) (n) | Non-trading | Ordinary |
| Tennmel Limited | (b) (n) | Non-trading | Ordinary & A-E Non-Voting |
| Thwaites Limited | (a) (n) | Non-trading | A & B Ordinary |
| Tipperary Natural Mineral Water Company Holdings Limited | (b) (n) | Non-trading | Ordinary |
| Tipperary Natural Mineral Water (Sales) Holdings Limited | (b) (n) | Non-trading | Ordinary |
| Tipperary Pure Irish Water Unlimited Company | (a) (n) | Non-trading | Ordinary |
| Vandamin Limited | (a) (n) | Non-trading | A & B Ordinary |
| Incorporated and registered in Northern Ireland | | | |
| C&C 2011 (NI) Limited | (c) | Non-trading | Ordinary |
| C&C Profit Sharing Trustee (NI) Limited | (c) | Non-trading | Ordinary |
| Incorporated and registered in Scotland | | | |
| Thistle Pub Company Limited | (d) (p) | Dissolved | Ordinary |
| Incorporated and registered in England and Wales | | | |
| Gaymer Cider Company Limited | (e) | Non-trading | Ordinary |

Notes

(a) – (p)

The address of the registered office of each of the above companies is as follows:

- (a) Annerville, Clonmel, Co. Tipperary, E91 NY79, Ireland.
- (b) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.
- (c) 15 Dargan Road, Belfast, BT3 9LS, Northern Ireland.
- (d) Argyll House, Quarrywood Court, Livingston, West Lothian, EH54 6AX, Scotland.
- (e) Ashford House, Grenadier Road, Exeter, Devon EX1 3LH, England.
- (f) Wellpark Brewery, 161 Duke St, Glasgow, G31 1JD, Scotland.
- (g) Crompton Way, North Newmoor Industrial Estate, Irvine, Strathclyde, KA11 4HU, Scotland.
- (h) L-2132 Luxembourg, 18 Avenue Marie-Therese, Luxembourg.
- (i) Quinta Da Ferreira De Baxio, Castelo Branco, Fundão Parish, 6230 610 Salgueiro, Portugal.
- (j) 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, US.
- (k) West Bradley Orchards, West Bradley, Glastonbury, Somerset, BA6 8LT.
- (l) 143, Cecil Street, #03-01, GB Building, Singapore – 069542.
- (m) 15 Clevedon Road, Glasgow, Scotland, G12 0PQ.
- (n) Companies covered by Section 357, Companies Act 2014 guarantees (note 25).
- (o) Immediate subsidiary of C&C Group plc.
- (p) Dissolved on 23 January 2018.

27. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Equity accounted investments

| | Notes | Nature of business | Class of shares held as at 28 February 2018 (100% unless stated) |
|--|---------|---------------------|---|
| Joint venture | | | |
| Beck & Scott (Services) Limited (Northern Ireland) | (a) | Wholesale of drinks | Ordinary, 50% |
| Brady P&C Limited (England) | (b) | Holding Company | Ordinary, 49.9% |
| Drygate Brewing Company Limited (Scotland) | (c) | Brewing | B Ordinary, 49% |
| The Irish Brewing Company Limited (Ireland) | (d) | Non-trading | Ordinary, 45.61% |
| Associate | | | |
| Canadian Investment (Canada) | (e) | Brewing | 24.7% |
| Maclay Group plc (Scotland) | (f) (i) | Dissolved | B Ordinary & B Preference, 25% |
| Shanter Inns Limited (Scotland) | (g) | Public houses | Ordinary, 33% |
| Whitewater Brewing Co. Limited (Northern Ireland) | (h) | Brewing | 25% |

Notes:

(a) – (i)

The address of the registered office of each of the above equity accounted investments is as follows:

(a) Unit 1, Ravenhill Business Park, Ravenhill Road, Belfast, BT6 8AW, Northern Ireland.

(b) 49 Berkeley Square, 2nd Floor, London W1J 5AZ.

(c) 85 Drygate, Glasgow, G4 0UT, Scotland.

(d) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.

(e) 207 Burlington Street, East Hamilton, Ontario, Canada.

(f) G1 Building, 5 George Square, Glasgow, G2 1DY, Scotland.

(g) 230 High Street, Ayr, KA7 1RQ, Scotland.

(h) Lakeside Brae, Castlewellan, Northern Ireland, BT31 9RH.

(i) Dissolved on 15 April 2018.

28. POST BALANCE SHEET EVENTS

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

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

Notes forming part of the financial statements (continued)

29. PRIOR YEAR RECLASSIFICATION

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

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

30. APPROVAL OF FINANCIAL STATEMENTS

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

Financial Definitions

| | |
|-------------------------------|--|
| Adjusted earnings | Profit for the year attributable to equity shareholders as adjusted for exceptional items |
| Company | C&C Group plc |
| Constant Currency | Prior year revenue, net revenue and operating profit for each of the Group's reporting segments is restated to constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's non-Euro denominated subsidiaries by revaluing the prior year figures using the current year average foreign currency rates |
| DWT | Dividend Withholding Tax |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation charges excluding the Group's share of equity accounted investments' profit/(loss) after tax |
| Adjusted EBITDA | EBITDA as adjusted for exceptional items |
| EBIT | Earnings before Interest and Tax |
| Adjusted EBIT | EBIT as adjusted for exceptional items |
| Effective tax rate (%) | Income and deferred tax charges relating to continuing activities before the tax impact of exceptional items calculated as a percentage of Profit before tax for continuing activities before exceptional items and excluding the Group's share of equity accounted investments' profit/(loss) after tax |
| EPS | Earnings per share |
| EU | European Union |
| Exceptional | Significant items of income and expense within the Group results for the year which by virtue of their scale and nature are disclosed in the Income Statement and related notes as exceptional items |
| Free Cash Flow | Free Cash Flow is a non-GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the ongoing business |
| GB | Great Britain (i.e. England, Wales and Scotland) |
| Group | C&C Group plc and its subsidiaries |
| HL | Hectolitre (100 Litres) |
| | kHL = kilo hectolitre (100,000 litres) |
| | mHL = millions of hectolitres (100 million litres) |
| IAS | International Accounting Standards |
| IASB | International Accounting Standards Board |
| IFRIC | International Financial Reporting Interpretations Committee |
| IFRS | International Financial Reporting Standards as adopted by the EU |
| Interest cover | Calculated by dividing the Group's EBITDA excluding exceptional items and discontinued activities by the Group's interest expense, excluding issue cost write-offs, fair value movements with respect to derivative financial instruments and unwind of discounts on provisions, of the same period |
| Export | Sales in territories outside of Ireland, Great Britain and North America |
| LAD | Long Alcoholic Drinks |

Financial Definitions

(continued)

| | |
|-------------------------|---|
| Net debt/(cash) | Net debt/(cash) comprises cash and borrowings net of unamortised issue costs |
| Net debt/EBITDA | A measurement of leverage, calculated as the Group's interest-bearing debt less cash & cash equivalents, divided by its EBITDA excluding exceptional items and discontinued activities. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for the Group to pay back its debt if net debt and EBITDA are held constant |
| Net revenue | Net Revenue is defined by the Group as Revenue less Excise duty. Excise duties, which represent a significant proportion of Revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer, consequently the Directors consider that the disclosure of Net Revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance |
| NI | Northern Ireland |
| Off-trade | All venues where drinks are sold for off-premise consumption including shops, supermarkets and cash & carry outlets selling alcohol for consumption off the premises |
| On-trade | All venues where drinks are sold at retail for on-premise consumption including pubs, hotels and clubs selling alcohol for consumption on the premises |
| Operating profit | Profit earned from the Group's core business operations before net financing and income tax costs and excluding the Group's share of equity accounted investments' profit/(loss) after tax. In line with the Group's accounting policies certain items of income and expense are separately classified as exceptional items on the face of the Income Statement |
| PPE | Property, plant & equipment |
| Revenue | Revenue comprises the fair value of goods supplied to external customers exclusive of intercompany sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives |
| ROI | Republic of Ireland |
| TSR | Total Shareholder Return |
| UK | United Kingdom (Great Britain and Northern Ireland) |
| US | United States of America |

Shareholder and Other Information

C&C Group plc is an Irish registered company. Its ordinary shares are quoted on the Irish and London Stock Exchanges (ISIN: IE00B010DT83 SEDOL: B010DT8).

C&C Group plc also has a Level 1 American Depository Receipts (ADR) programme for which Deutsche Bank acts as depository (symbol CCGGY). Each ADR share represents three C&C Group plc ordinary shares.

The authorised share capital of the Company at 28 February 2018 was ordinary 800,000,000 ordinary shares at €0.01 each. The issued share capital at 28 February 2018 was 317,876,001 ordinary shares of €0.01 each.

CREST

C&C Group plc is a member of the CREST share settlement system. Therefore transfers of the Company's shares takes place through the CREST settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates. Shareholders should consult their stockbroker if they wish to hold their shares in electronic form.

| SHARE PRICE DATA | 2018 | 2017 |
|----------------------------|--------|--------|
| Share price at 28 February | €2.890 | €3.870 |

| | Number | Number |
|--------------------------------------|-------------|-------------|
| No of Shares in issue at 28 February | 317,876,001 | 325,546,201 |
| Market capitalization | €919m | €1,225m |

| | | |
|--|--------|--------|
| Share price movement during the financial year | | |
| – high | €3.900 | €4.180 |
| – low | €2.770 | €3.415 |

DIVIDEND PAYMENTS

The Company may, by ordinary resolution declare dividends in accordance with the respective rights of shareholders, but no dividend shall exceed the amount recommended by the Directors. The Directors may also declare and pay interim dividends if they believe they are justified by the profits of the Company available for distribution.

An interim dividend of 5.21 cent per share was paid in respect of ordinary shares on 15 December 2017.

A final dividend of 9.37 cent, if approved by shareholders at the 2018 Annual General Meeting, will be paid in respect of ordinary shares on 13 July 2018 to shareholders on the record on 25 May 2018. A scrip alternative will be offered to shareholders.

Dividend Withholding Tax ('DWT') must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars. DWT applies to dividends paid by way of cash or by way of shares under a scrip dividend scheme and is deducted at the standard rate of income tax (currently 20%). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings, companies resident in any member state of the European Union and charities may be entitled to claim exemption from DWT. DWT exemption forms may be obtained from the Irish Revenue Commissioners website: <http://www.revenue.ie/en/tax/dwt/forms/index.html>. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed exemption form has not been received by the relevant record date. Shareholders who wish to have their dividend paid direct to a bank account, by electronic funds transfer, should contact Capita Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

CREST members

Shareholders who hold their shares via CREST will automatically receive dividends in Euro unless they elect otherwise.

Non-CREST members

Shareholders who hold their shares in certificate form will automatically receive dividends in Euro with the following exceptions:

- Shareholders with an address in the United Kingdom (UK) will automatically receive dividends in Sterling,
- Shareholders who had previously elected to receive dividends in a particular currency will continue to receive dividends in that currency.

Shareholders who wish to receive dividends in a currency other than that which will be automatically used should contact the Company's Registrars.

Shareholder and Other Information

(continued)

ELECTRONIC COMMUNICATIONS

Following the introduction of the Transparency Regulations 2007, and in order to promote a more cost effective and environmentally friendly approach, the Company provides the Annual Report electronically to shareholders via the Group's website and only sends a printed copy to those who specifically request one. Shareholders who wish to alter the method by which they receive communications should contact the Company's registrar. All shareholders will continue to receive printed proxy forms, dividend documentation, shareholder circulars, and, where the Company deems it appropriate, other documentation by post.

| Financial Calendar | Date |
|---|------------------|
| Annual General Meeting | 5 July 2018 |
| Ex-dividend date | 24 May 2018 |
| Record date for dividend | 25 May 2018 |
| Latest date for receipt of elections and mandates | 27 June 2018 |
| Payment date for final dividend | 13 July 2018 |
| Interim results announcement | October 2018 |
| Interim dividend payment | December 2018 |
| Financial year end | 28 February 2019 |

COMPANY SECRETARY AND REGISTERED OFFICE

David Johnston, C&C Group plc
Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702
Tel: +353 1 506 3900

REGISTRARS

Shareholders with queries concerning their holdings, dividend information or administrative matters should contact the Company's registrars:

Link Registrars Limited (trading as Link Assets Services)
P.O. Box 7117, Dublin 2, Ireland
Tel: +353 1 553 0050
Fax: +353 1 224 0700
Email: enquiries@capita.ie
Website: www.linkassetsservices.com

AMERICAN DEPOSITARY RECEIPTS (ADR)

Shareholder with queries concerning their ADR holdings should contact:
Deutsche Bank Trust Company Americas
C/o American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219.
Tel: Toll free +1 866 706 8374
International +1 718 921 8137
Email: DB@amstock.com

INVESTOR RELATIONS

FTI Consulting
10 Merrion Square, Dublin 2, D02 DW94

PRINCIPAL BANKERS

Bank of Ireland
Bank of Scotland
Barclays Bank
Danske Bank
HSBC
Rabobank
Ulster Bank

SOLICITORS

McCann FitzGerald
Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576

STOCKBROKERS

Davy
49 Dawson Street, Dublin 2, D02 PY05

Investec Bank plc
2 Gresham Street, London, EC2V 7QP

AUDITOR

Ernst & Young
Chartered Accountants
Harcourt Building,
Harcourt Street,
Dublin 2.

WEBSITE

Further information on C&C Group plc is available at www.candcgroupplc.com



