c&c group plc

RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

Dublin, London, 17 May 2017: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded cider, beer, wine, soft drinks and bottled water announces results for the year ended 28 February 2017 ("FY2017").

FY2017 Financial Highlights €m except per share items	**FY2017 Pre-exceptionals**	**FY2016 Adj. for F/X and US(i)**	**% Change(i)**	**FY2016 Reported**
Net Revenue	559.5	600.7	(6.9%)	662.6
EBITDA(ii)	110.0	113.5	(3.1%)	122.6
Operating profit(iii)	95.0	95.4	(0.4%)	103.2
Adjusted diluted EPS(iv) (cent)	23.8	21.9	+8.7%	24.2
Dividend per share (cent)	14.33	13.65	+5.0%	13.65
Free cash flow (excl. exceptionals)(v)	58.3			126.4
Free cash flow(v)/EBITDA(ii) (% conversion)	53.0%			103.1%
Net debt(vi)	170.6			163.0

Financial Highlights

- Volume growth in core brands (Bulmers, Magners, Tennent's) of +2.6%. Premium and Craft portfolio growing rapidly up +60%.

- Operating Profit(iii) of €95.0 million in line with the prior year(i) and growing in the second half on a constant currency basis.

- Significant increase in brand investment up +12% across our core brands, including "Hold True" campaign for Magners, new fount programme for Tennent's, Outcider launch and "100% Irish" campaign in Bulmers.

- Operating margin improvement of 1.1ppts(i) to 17.0% following completion of rationalisation and efficiency programme.

- Group Net Revenue of €559.5 million declined 6.9%(i) on prior year primarily due to declines in wholesale, own label and US revenues. Net revenues from core brands (Bulmers, Magners & Tennent's) was more resilient (-2.1%) year-on-year and the trend moving in the right direction.

- Adjusted diluted EPS(iv) increased 8.7%(i) to 23.8 cent per share demonstrating benefits of cost reduction and share buyback programmes.

- Free cash flow(v) of €58.3 million reflecting increase in capital investment including €17 million on a new PET line at Clonmel and a €12 million expansion in trade loan book.

- Capital return of €66 million to shareholders through dividends and share buybacks in FY2017.

- Proposed final dividend increase of 5% to 9.37 cent per share. Full year dividend growth of 5% and dividend cover of 1.7x.

- Non-cash impairment charge of €129 million against the carrying value of the US business, as indicated in March trading update.

Operating and Strategic Highlights

- New AB InBev Partnership arrangement with potential to drive volume and value in Magners.
- Completion of €17 million investment programme at Clonmel facility and production rationalisation programme delivered the €15 million of cost savings with minimal disruption.
- Sustained product innovation with Outcider, the Caledonia Premium Ales range and Magners Dark Fruit all launched in early 2017.
- Export division continued to grow – with total volumes up +3.9%, and Tennent's the stand-out performer delivering +17% growth.

Stephen Glancey, C&C Group CEO, commented:

"FY2017 has been a period of significant activity for the Group. While trading remained tough, we invested in and delivered volume growth across our core brands; completed a major rationalisation of our production foot print; drove efficiencies across the business; continued to grow our Premium portfolio and Export business; and secured an important new long-term distribution arrangement with AB InBev. After this year of consolidation, we are in materially better shape to meet the ongoing challenges and opportunities within our industry.

The impact of the devaluation of sterling following the Brexit vote had a material (€8 million) negative impact on the Group's reported numbers. However, on a constant currency basis, the Group returned to operating profit[iii] growth in the second half and was flat year-on-year at €95 million. The results reflect the increased investment behind our core brands, which returned to volume growth of 2.6% and the €15 million efficiency benefits arising from our production rationalisation programme.

The double-digit volume momentum behind the Magners brand in the UK provided the right foundation to extend our distribution partnership with AB InBev. The rationale for expanding the relationship is compelling for both parties, allowing each other to play to our route to market strengths, backed by a combined high quality beer & cider portfolio. This partnership has the potential to drive volume and value in Magners for years to come as the category rationalises and distribution synergies are delivered.

We made further progress during the year in growing and developing our portfolio of Premium and Craft beers and ciders. Heverlee, our authentic Belgian lager, grew +41% to over 20kHL and is now the fastest growing World beer in Scotland and the No.#1 import lager in Northern Ireland[vii]. We launched Pabst into the Millennial market in GB and Menabrea, our authentic Italian imported lager, secured UK-wide listings with major supermarket and casual dining groups. Our investment partnerships with some of the most exciting craft breweries across the UK and Ireland, such as Five Lamps in Dublin, Whitewater in Northern Ireland and Drygate in Glasgow, all had a good year.

FY2018 has started in line with expectations but we do remain cautious given the outlook for the consumer across our markets. Political uncertainty continues into the current year making forward predictions on trading patterns and consumer behaviour particularly challenging. However, our core brands of Bulmers, Magners and Tennent's are well positioned to convert their volume momentum in FY2017 into revenue and value growth in FY2018. Our increase of €4 million in investment behind the Bulmers brand and NPD in Ireland is on-track. We have commenced our planning for Brexit, particularly in respect of trading on both sides and across the border in Ireland. A lot of uncertainties remain, but we are encouraged by the initial determination on both sides to minimise the potential economic and political friction of a hard land border on the Island of Ireland.

C&C is a resilient business with strong local brands that have stood the test of time and a growing Premium and Craft portfolio. We are confident that the combination of our strong market positions, well-invested brands, flexible low cost production assets and expanded partnership arrangements will deliver value for shareholders over the longer term. Our balance sheet remains strong at 1.55x Net Debt[vi]/EBITDA[ii] and we anticipate moving towards our medium term target of 2.0x during FY2018 through a combination of acquisitions and/or share buybacks."

Summary notes to preliminary results are set out below. A full set of notes is contained in the Finance Review.

(i) FY2016 comparative adjusted for constant currency (FY2016 translated at FY2017 F/X rates) and North America revenues to be on a like for like basis with the current financial year (as though the Pabst arrangement had also been in operation for the whole of FY2016).

(ii) EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investees' loss after tax. A reconciliation of the Group's operating (loss)/profit to EBITDA is set out on page 18.

(iii) Operating profit and profit/finance expense for the year attributable to equity shareholders is before exceptional items.

(iv) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 8 of the condensed 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 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 18 and 19.

(vi) Net debt comprises borrowings (net of issue costs) less cash & cash equivalents.

Conference Call Details | Analysts & Institutional Investors

C&C Group plc will announce FY2017 Preliminary Results on Wednesday, 17 May 2017 at 07:00 BST. The C&C management team will host a live conference call and webcast, at 08:30 BST (03:30 ET). Dial in details are outlined below:

Ireland:	+353 1 696 8154
Europe:	+44 203 139 4830
USA:	+1 718 873 9077

Passcode: 86503287#

The live webcast will also be available on the home page of the C&C Group website at: http://www.candcgroupplc.com/

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

About C&C Group plc

C&C Group plc is a premium drinks company which owns, manufactures, markets and distributes branded beer, cider, wine, soft drinks and bottled water. C&C Group brands include: Bulmers the leading Irish cider brand; Tennent's, the leading Scottish beer brand; Magners the premium international cider brand; Tipperary Water; Finches soft drinks, as well as a range of niche, premium and craft ciders and beers. C&C Group also owns and manufactures Woodchuck, a leading craft cider brand in the United States and manufactures and distributes a number of 3rd party international beer brands in Scotland and Ireland. C&C is also a leading drinks wholesaler in Scotland and Ireland, where it operates under the Tennent's and C&C Gleeson brands respectively. C&C Group is headquartered in Dublin with manufacturing operations in Co. Tipperary, Ireland; Glasgow, Scotland; and Vermont, USA. C&C Group plc is listed on the Irish and London Stock Exchanges.

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on page 22 of this the Group's FY2017 Preliminary Results Announcement that could cause actual results to differ materially from those anticipated.

Contacts

C&C Group plc

Stephen Glancey, Chief Executive
Kenny Neison, Chief Financial Officer
Joe Thompson, Investor Relations
Tel. + 44 7980 844 580

Investors, Analysts and Irish media

Mark Kenny / Jonathan Neilan | FTI Consulting
Tel: +353 1 663 3686
Email: CandCGroup@fticonsulting.com

UK & International Media

Tim Robertson / Toby Andrews | Novella Communications
Tel: +44 203 151 7008
Email: TimR@novella-comms.com

Group financial performance

After a challenging FY2016, the Group's key markets and trading performance was stable over the course of this year. We returned our three key brands to volume growth of +2.6% (FY2016: -6.4%), successfully completed a major rationalisation programme and continued to grow our Premium portfolio and Export business. Revenue from our key brands was €242 million (FY2016: €247 million(i)) with the benefit of volume growth offset by competitive pricing and mix pressures, particularly for Magners. Total revenue for the Group was €559m down –6.9%(i) reflecting weakness in our wholesale, own label and US activity.

The Group returned to operating profit growth in the second half of the year on a constant currency basis, benefitting from an improving trading performance and the cost savings arising from our site rationalisation programme. Full year Group operating profits(iii) of €95 million (FY2016: €95 million(i)) were flat year-on-year on a constant currency basis. The devaluation of sterling following the UK's vote to leave the European Union had a negative (€7.8m) impact on reported Group operating profits year-on-year. Adjusted diluted earnings per share(iv) was 23.8c (FY2016: 21.9c(i)) up 8.7%.

We continued to invest in our brands and our manufacturing capabilities, with an up-weighted marketing campaign for Magners and a new PET line at our cidery in Clonmel. Even with these investments, the balance sheet remains strong, ending the year at 1.55x Net Debt(vi)/EBITDA(ii). Our preference remains to invest in the business and adjacent assets but in the absence of value accretive deals during the year, we returned €66 million capital to shareholders through share buybacks and increased dividend. The buyback activity reduced our weighted average number of shares by 6.9% during the year.

Strategy

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.

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, Spain and Thailand.

Key brands

During the year, we up-weighted investment in our key brand assets of Magners, Bulmers and Tennent's, returning them to volume growth in their key markets. Direct brand marketing across these three key brands rose to 9.5% (FY2016: 8.4%) of net sales value, with a further 4.0% (FY2016: 3.4%) invested in new founts.

Magners
In Spring/Summer 2016 we re-launched and re-positioned the Magners Original brand in the UK with new packaging and a comprehensive marketing campaign under the "Hold True" tag line. Our activity spanned across TV, Radio, Social Media and Experiential. Brand volumes responded positively, up 11% in the UK for the year in a cider market that was (0.5%)(vii) lower.

The clear momentum behind the Magners brand in the UK, provided the right foundations for entering into a new distribution partnership with AB InBev. The cider relationship with AB InBev covers our portfolio in Great Britain as of 1 March 2017. Whilst it is still early days in the expanded relationship, we are confident that Magners will continue to grow volume and value within their strong beer portfolio and distribution infrastructure.

Internationally, Magners saw continued strong growth in Europe (+12%), opened new markets in Africa and Asia and returned to growth toward the end of the fourth quarter in the US.

Bulmers
Bulmers returned to volume growth in Ireland, +3% for the year (FY2016: -13%) in a LAD market that grew +2%(viii). Cider is experiencing growth well ahead of the overall market with volumes +6%(viii), boosted by better summer weather and product innovation. Against this market backdrop, we are investing in both new product development and a re-enforcement of the core brand equity. In March 2017, we launched Outcider from Bulmers, a new sweeter tasting cider targeting a more youthful audience. We also are up-weighting our marketing investment behind the Bulmers brand with the new "100% Irish" advertising campaign, supported by refreshed livery and packaging. Competitor activity continues to target Bulmers taps in high volume city centre bars with a resultant loss of share in the smaller draught segment, but Bulmers remains in a very positive position, enjoying a 62% share of the category (FY2016: 65%)(viii). The incremental investment this year gives us reason to be confident in the brand taking its fair share of the resurgent interest in cider.

Tennent's
In Scotland, the trends in LAD improved following the prior year difficulties when tighter drink-driving legislation reduced on-trade consumption. Scottish beer volumes were flat(vii) versus a GB beer market that was -1%(vii). Global Tennent's volumes were level year-on-year and up +0.4% in the Independent Free Trade (IFT) channel in Scotland. Our margin in Tennent's improved through the year after a weak start and a more inflationary environment provides opportunity for further progress in FY2018. Tennent's also enjoyed double-digit volume growth in our export markets and is becoming an increasingly important contributor to our international story.

Growing Premium and Craft portfolio

The Group made further progress during the year in growing and developing our portfolio of Premium and Craft beers and ciders. The portfolio (which includes Chaplin & Cork's, Heverlee, Menabrea and Pabst as well as our local craft businesses Five Lamps, Dowds Lane, Drygate and Whitewater) grew volume by 60%. Premium now accounts for 2% of our own brand volume and is starting to make a meaningful contribution to bottom line given the premium price points and attractive margins. Our ambition is to grow this portfolio to 5% of Group branded volumes over the medium term through a combination of in-house product development, new agency wins and partnering with leading local craft brewers.

International growth

The Group enjoyed another year of progress in its international business, albeit enforced distributor changes in Australia and India held back overall export volume growth to +3.9% in the year (FY2016: +14.8%).

The Tennent's brand performed well in export, increasing volume by +17%. It now accounts for c.30% of the Group's international division. The performance reflects sustained growth in established territories such as Italy and South Korea and a promising first year for South Africa.

Operational efficiency and cost reduction

We made important changes to our production and distribution footprint during the year as part of our ongoing commitment to operational efficiency. We closed our plant at Borrisoleigh in Ireland and sold our cidery and bottling operations at Shepton Mallet in England for €19 million. These changes were essential for the Group, improving our utilisation rates at our key sites to mid 70's percent and ensuring the cost competitiveness of our products. Manufactured volumes per head are up 24% in the year.

Together with the Group-wide overhead reduction activity the site rationalisation savings helped to successfully deliver the €15 million of cost reductions announced in March 2016. The cost savings facilitated incremental investment in marketing and price support to further strengthen our core brand domestic positions.

Wholesale distribution and agency

Trading in our wholesale and own-label businesses was disappointing during the year, particularly in the first half. Wholesaling is highly competitive, price sensitive and in both Ireland and Scotland we lost both volume and accounts. Wholesale and own-label volume was down 194kHL (or 14%) in the year and revenue declined by €23 million (or 10%). Approximately half the drop is due to the loss of some very low margin own-label contracts in Ireland and in the UK, following on from the closure of Shepton Mallet. We are working through the challenges and complexities of running fully integrated brand-led wholesale businesses and the increased focus improved performance in the second half of the year.

The AB InBev beers performed well for C&C during the year with Corona once again proving to be the star performer. The extended AB InBev distribution partnership signed in December 2016 reaffirms our long-term distribution rights to their current and future beer portfolio. As part of this agreement, we traded some of the value we derive from distributing their beer brands in Ireland and Scotland for value we will derive from AB InBev distributing our cider brands in the UK. The five year extension of brewing arrangements for AB InBev brands in our Glasgow site further cements the relationship.

Strong balance sheet and capital allocation

Our balance sheet remains in robust health with a net debt[vi] to EBITDA[ii] ratio of 1.55x at the year end. The Group finished the year with a net debt[vi] position of €171 million (FY2016: €163 million) marginally ahead of last year. This is after returning €66 million in dividends and share buybacks, net capex (excluding exceptionals) of €16 million (including €17 million on the new PET line at Clonmel) and investing an additional €12 million in our trade lending books in Northern Ireland.

With trade lending and capex at such elevated levels during the year, free cash flow[v] conversion (pre-exceptionals) at 53% (FY2016: 103%) of EBITDA[ii] was below our recent trends. With these items returning to more normalised levels next year we expect a swift return to our long-term guidance range of 60-70%.

Looking forward, our production facilities are well-invested and we do not anticipate annual capex requirements beyond €10-15 million. Our guidance is medium term target leverage of 2x Net Debt[vi]/EBITDA[ii]. We anticipate we will move towards this level during the course of FY2018 through a combination of our progressive dividend policy, acquisitions and/or share buybacks. Since the year end we have made an acquisition of a small craft cider business and spent €18.7m on share buybacks.

Review by Operating Segment

Ireland

Constant Currency[i]	FY2017 €m	FY2016 €m	Change
Revenue	338.9	347.3	(2.4%)
Net revenue	242.3	252.5	(4.0%)
— Price /mix impact			2.5%
— Volume impact			(6.5%)
Operating profit[iii]	48.6	46.9	3.6%
Operating profit margin	20.1%	18.6%	1.5ppts
Volume (kHL)	1,599	1,711	(6.5%)
— of which Bulmers	409	398	2.8%

From a macro perspective, key economic measurements continued to improve in Ireland during the year.

After a strong start, growth in both the overall LAD market and the cider category in Ireland slowed in the second half of the financial year. LAD volume for the full year was +2% (H1: +5%) and the cider category saw volume grow by +6% (H1: +9%). The performance of cider was buoyed by better summer weather, as well as new product development helping to expand the category and bring in new millennial consumers. Cider is now ahead of where it was two years ago both in absolute scale and as a percentage of LAD consumption. Pricing was reasonably stable across both on and off-trade channels.

Undoubtedly, the trade enjoyed a strong early summer as both the Northern Ireland and Republic of Ireland football teams progressed from the group stages of the European Championships.

By contrast, July was poor across the industry. Volumes improved again in August, helped by some better weather. The second half was impacted by the absence of the Rugby World Cup, which was in last year's comparatives and trading was more volatile through the key Christmas trading period.

Operating performance

After a challenging FY2016, our priorities in Ireland for FY2017 were to stabilise trading and return our key brands to volume growth. With Bulmers recording positive volume growth of +2.8% and operating profits[iii] for the Ireland segment up 3.6% in the period, we succeeded in creating a stable platform from which to launch our Brand and New Product Development plans in FY2018.

The positive Bulmers volume performance reflected category growth and was principally driven by a strong performance in packaged, especially pint bottle (+14%) in the on-trade. The market share trends of recent periods continued through this year with Bulmers broadly holding share in packaged in the on-trade and off-trade but ceding some share in draught. On-trade share is now at 85% (MAT- Feb16: 91%) and overall Bulmers share is 62% (MAT – Feb16: 65%)[viii].

In the year, we completed an extensive review of the Bulmers brand and the competitive threat it is facing from new entrants in Ireland. The results have given us confidence in the underlying strength of the brand and informed the investment we are now making in both the Bulmers brand equity and new product development. Our key focus for FY2018 is to take advantage of the growing popularity of cider and re-build share, particularly amongst the new generation of consumers entering the category. Accordingly, in March 2017, we launched Outcider from Bulmers, a new sweeter-tasting cider targeting a more youthful audience. Our distribution network enabled us to quickly reach 90%+ distribution in the off-trade and we are rolling out in the on-trade. We are also up-weighting our marketing investment behind the Bulmers brand with the new "100% Irish" advertising campaign and refreshed its branding and packaging from March 2017.

The Group's premium portfolio made further progress in Ireland with Heverlee volumes up strongly (+44%) to over 10kHL, the brand doing particularly well in Northern Ireland where it consolidated its position as the No.1 import lager[vii] and benefitted from our increased trade lending activity. Our craft offerings within the Group (Five Lamps and Whitewater) also continued to make good progress.

Our premium mainstream Tennent's and Magners brands grew by +3% and +4% respectively, cementing their positions as the No.2 lager and No.1 cider brands, in Northern Ireland[viii]. Our Irish beers Clonmel 1650 and Roundstone Irish Ale also grew strongly (+21%), again driven predominantly by take-up in the North of Ireland, where the benefits of expanded trade lending are evident across the portfolio.

Wholesale volume was down 3.5% on a like-for-like basis (excluding the impact of two discontinued contracts). As discussed above, this reflects the price competitiveness in the market and a reduction in active customer numbers during the year. This masks a strong performance in our wine distribution business which grew by 8.9%, driven primarily by the off-trade channel.

Financial performance

Year-on-year volume and revenue performance in Ireland was adversely impacted by discontinuation of two low margin distribution and own label contracts in FY2016. In aggregate, these two contracts accounted for c. 100kHl of volume and €10.6 million of revenue in FY2016 but with a limited contribution to operating profits. Excluding these discontinued contracts, the Irish segment total volume would have been -1% and revenue flat year-on-year. Bulmers revenue was up year-on-year as a consequence of the volume growth but unfavourable pack and channel mix towards the off-trade limited the margin benefit.

Overall operating profits[iii] in Ireland were up 3.6% reflecting improved weighting in favour of branded activity and cost savings coming through in the second half of the year enhancing margins.

Scotland

Constant Currency[i]	FY2017 €m	FY2016 €m	Change
Revenue	285.0	296.6	(3.9%)
Net revenue	186.6	198.5	(6.0%)
- Price /mix impact			(4.6%)
- Volume impact			(1.4%)
Operating profit[iii]	32.6	33.3	(2.1%)
Operating profit margin	17.5%	16.8%	0.7ppts
Volume – (kHL)	1,394	1,414	(1.4%)
- of which Tennent's	1,019	1,032	(1.3%)

The Scottish economy is lagging the rest of the UK, with Scottish GDP contracting in Q4 2016 and flat for the full year compared to +1.8% growth in the UK as a whole.

Unemployment is rising, partly due to challenges in the oil sector, and consumer confidence is more subdued than in our other domestic businesses. Beer volume was flat in Scotland for the financial year, having been +1% in the first half. This follows the prior year's high single digit decline in on-trade consumption linked to the tightening of drink-driving legislation.

Operational performance

After a positive first half, Tennent's brand volume performance softened during the second half of the year, in line with the broader trade. In the Independent Free Trade in Scotland, Tennent's was up 0.4% in the year (H1: +2%) and still gaining share. Including off-trade and national accounts, overall volume for Tennent's in the Scotland segment was -1.3% year-on-year (H1: Flat).

Rate performance in Tennent's, however, improved significantly in the second half reflecting a moderation in the competitive pricing pressures as the volatility caused by the drink-driving legislation annualised and pricing firmed. We have continued this momentum on rate in Tennent's into the new financial year.

Brand affinity scores for Tennent's were up again over the course of the year to 57% (MAT Feb16: 56%), some 13%[ix] ahead of the nearest rival. We continued to invest in the brand through our digital media "Wellpark" campaign, T5 five-a-side football and our various sports sponsorship platforms. Brand salience scores, particularly amongst the 18-24 age group, have responded encouragingly. The broad appeal of Tennent's is underscored by its success and enduring popularity even in Scotland's high-end 'Platinum' outlets, where it has outsold by a 2:1 ratio Craft and World lagers combined[vii].

To address consumers growing appetite for a range of high-quality and distinctive ale flavours we launched a range of 'Caledonia' premium bottled beers, including Outpost IPA, Double Hop and Hopscotch. Each of the great tasting 5% ABV brews has its own unique flavour profile and is available in 500ml bottles across the UK and export markets.

In Premium, Heverlee and Menabrea had another year of strong volume growth and both brands are achieving real traction in the Scottish on-trade. We launched Pabst into the Scottish trade, targeted at the Millennials market. Drygate, our joint venture with local craft brewers Williams Bros Brewing, achieved 10kHL and is now exceeding original brewery capacity.

As in Ireland, our Scottish wholesale business lost some ground during the year and was responsible for 9.3kHL and €5.5 million (£4.6 million) respectively, of the volume and revenue declines experienced across the Scotland segment. In the year, we looked to rationalise the tail of our smaller, uneconomic customers. Accordingly, overall customer numbers reduced over the year, but had stabilised and started to increase by year end. Rate of sale remained steady year–on-year. Several product and pricing initiatives are underway which, together with some major account wins towards the end of the year, should stabilise volume and value performance in FY2018.

Financial performance

Net revenue was down 6.0% to €186.6 million reflecting our weaker rate performance in Tennent's in H1 and wholesale volume and value tracking below last year. Operating margin was up 2.3ppts in the second half as the benefit of cost savings flowed through. Margin for the year was 17.5%, delivering operating profit[iii] of €32.6m, 2.1% down on last year.

C&C Brands

Constant Currency[i]	FY2017 €m	FY2016 €m	Change
Revenue	145.9	154.5	(5.6%)
Net revenue	83.8	90.6	(7.5%)
- Price /mix impact			(3.0%)
- Volume impact			(4.5%)
Operating profit[iii]	7.3	9.3	(21.5%)
Operating margin	8.7%	10.3%	(1.6ppts)
Volume – (kHL)	1,216	1,273	(4.5%)
- of which Magners	485	430	12.8%

The macroeconomic backdrop in the United Kingdom was broadly positive during the year with consumer confidence and spending remaining robust despite the uncertainty caused by the European Union referendum result.

More recently this picture has started to change. The return of inflation has not been matched by wage growth and is expected to put a squeeze on disposable incomes over the next 12-18 months. Retail spending fell in Q1-2017 for the first time since 2013. The overall cider category was down in the period with volume -0.5%[x]. The on-trade was in moderate growth, buoyed by city-centres and growth in casual dining.

The GB cider market remains the largest in the world, with London a key opinion forming city from a global perspective. The continued success of Magners in the UK is therefore important not just to our domestic business, but our international ambitions for the brand.

Operational performance

Over the past five years, the Magners brand has demonstrated its consumer resilience through a period of significant and disruptive competitor brand launches. The more recent backdrop is one of retailer led range rationalisation in LAD and a lessening of competitor activity in cider. Against this backdrop, we took the decision to up-weight our investment behind Magners in FY2017 to build positive momentum in volume and share. The market response to the Magners "Hold True" campaign has been impressive with brand family volume +12.8% within the C&C Brands segment and +11% across the UK as a whole. Our share of cider is up 59bpts at 6.4% for the full year (MAT Feb16: 5.8%)[xi]. Magners Original consolidated its position as the No.2 brand in apple[vii], gaining share alongside other local brands at the expense of the market leader and the international brewers. Our brand health check data suggests that our marketing investment this year has put the brand back on the radar of our target audience and instilled our core message of Magners' authenticity. Our key brand awareness score is now up to 87%, compared to 60% in 2015.

The momentum behind Magners was helpful in our discussions with AB InBev regarding distribution rights for the C&C cider portfolio in the UK. This agreement was concluded and announced in December 2016 and marks an exciting next stage in the development of the Magners brand. Magners and our other cider brands will benefit greatly from AB InBev's best-in-class distribution capabilities in the UK off-trade and from being marketed alongside AB InBev's leading portfolio of beers. The ongoing consolidation activity currently taking place across retailers in the on and off-trade further reinforces the strategic rationale for the AB InBev partnership.

Our premium propositions in cider and beer (Chaplin & Cork's, Menabrea and Heverlee) increased volume by over 60% in the year. Menabrea made good progress in the licensed restaurant trade and secured its first grocery multiple listing. This should help underpin brand awareness and volume growth going forward.

The performance of our portfolio of local English cider brands was more challenging with price deflation and retailer-led range rationalisation impacting more heavily on these secondary and tertiary brands. The transfer of cider production from Shepton Mallet to Clonmel also resulted in the discontinuation of certain low margin, own-label contracts. Taken together, these two issues account for 120kHl of lost volume and €6 million (£5 million) of lost revenue within the C&C Brands division.

Financial performance

The brand re-positioning of Magners through the 'Hold True' campaign successfully delivered volume and share gains. However, the associated investment in price support and shift in pack mix, as we came more in line with the competitive set having previously over-indexed in glass, had a negative impact on yield and margin. Together with the incremental investment in marketing, this meant the strong volume performance in Magners did not translate through to revenue or profit growth in the year under review. Net revenue and operating profit[iii] were down in the period, at €83.8 million and €7.3 million respectively. Looking forward, with continued volume momentum, pack mix more inline with consumption trends, marketing spend returning to normalised levels and the benefits of the AB InBev partnership, we are confident in stronger profit conversion in FY2018.

North America

Constant Currency and adjusted for the Pabst transaction[i]	FY2017 €m	FY2016 €m	Change
Revenue	24.5	36.9	(33.6%)
Net revenue	23.1	34.7	(33.4%)
— Price /mix impact			0.2%
— Volume impact			(33.6%)
Operating profit[iii]	0.7	0.6	16.7%
Operating margin	3.0%	1.7%	1.3ppts
Volume (kHL)	176	265	(33.6%)

After a period of explosive growth and competitor activity between 2010-2015 (CAGR: +44%), the cider category in the US started to reverse in mid-2015[xii].

The negative trend continued through the current financial year with cider volume down -17.6%[xii] over calendar year 2016. More recent data suggests the negative run-rate has moderated to c.10-11% and cider is maintaining its share of the overall beer category at c.1.3%[xii]. It is clear that the focus for many consumers, retailers and distributors has switched into new adjacent categories of alcoholic soft drinks, flavoured malt beverages and fruit beer. The sweetness of these propositions has no doubt taken some consumers, temporarily at least, out of the cider category. Another feature of the market is the relative success of imports and local/regional brands over national US brands.

Operating performance

The long-term distribution partnership between our US subsidiary, the re-named - Green Mountain Beverages ("GMB") and the Pabst Brewing Company ("PBC") took effect from 1 March 2016. Focus in the first six months was on transitioning GMB's sales and marketing operations into the Pabst distribution platform and integrating our domestic US and import cider brands into their broader portfolio. We also jointly developed a new regional, super premium brand - Vermont Cider Co. for the New England market and introduced new branding and packaging for existing brands in the portfolio. We are satisfied that we now have the partner and infrastructure in place to deliver long-term market share recovery, but FY2017 was a period of transition for C&C against a backdrop of negative category trends. Those trends are unlikely to change in the short term and visibility on recovery of the category is low at this point.

Operationally, we are focussed on building our pipeline of contract manufacturing and packaging opportunities to improve utilisation rates and reduce manufacturing variances.

Financial performance

Total volume was down 33.6% in the year reflecting the overall declines in the US cider market and the inevitable disruption from moving to the new partnership arrangements with PBC. Despite the decline in volume and revenue in the period, reported operating profit[iii] was broadly flat at €0.7m (FY2016: €0.6m), with PBC sharing in the downsides from reduced activity. The near term volatility in the category pushes out the prospects of Pabst being able to deliver a meaningful recovery in the short to medium term. While there is no loss of belief or enthusiasm for the long-term prospects of cider in the US or in the quality of the Vermont assets, we have prudently decided to review the carrying values of our US business. As a result of this review, an impairment charge of €129.4 million was taken with respect of the Group's tangible and intangible assets in the US. Following this impairment, the carrying value of our Vermont business is €45 million.

It has been a challenging period for the category and our business but it is not unreasonable to believe that once the category is through these short term cyclical challenges, it will resume its long-term growth trend. Past experiences in both the UK and the US suggests that the 'sweet' fads will run their course and the attributes that draw consumers to cider – natural, authentic, fruit based, craft – will ensure a return to positive territory.

Export

Constant Currency (i)	FY2017 €m	FY2016 €m	Change
Revenue	23.8	24.4	(2.5%)
Net revenue	23.7	24.4	(2.9%)
— Price /mix impact			(6.8%)
— Volume impact			3.9%
Operating profit(iii)	5.8	5.3	9.4%
Operating profit margin	24.5%	21.7%	2.8ppts
Volume (kHL)	185	178	3.9%
— of which Magners	100	99	1.0%
— of which Tennent's	54	46	17.4%

Export markets for C&C are all markets outside of the Ireland, Great Britain and North America.

Our strategy is to build volume through our portfolio of authentic British and Irish cider and beer brands across Europe, Asia/Pacific and Africa. The model is to partner with local distributors, to position the brands as premium/import and retain all production in our domestic manufacturing facilities, utilising surplus capacity and reducing capital employed.

We enjoyed another strong year in EMEA, our largest and most established sales territory. The region delivers c.82% of the division's volume which was up +14% with good performances from more established markets such as Spain and France where Magners was +5% and +21% respectively, and Tennent's was up +43% and +105%. Tennent's continues to perform well in Italy as a speciality/premium lager (32kHL). New territories also performed well with Eastern Europe now over 10kHl, including Magners as the first draft cider available in the nascent but fast growing Russian cider market. We continued to seed selected African markets, reaching 12kHL in only our second year with Tennent's quickly gaining traction in South Africa.

In Asia/Pacific, our new agreements with ThaiBev in Singapore, San Miguel in Thailand and Taiwan and San Miguel Mahou in India are bedding in and are delivering growth. These are still nascent cider markets and the contribution to Group volume and revenue remains small. However, our partners are sizeable, high quality regional players, with a demonstrable interest and understanding of the category. Our opportunity and focus rests in extending these arrangements to other fast growth markets in the region. Distributor disruption in Australia and with a previous distributor in India resulted in the loss of 13.1kHL (7.1%) of cider volumes, dragging back volume, revenue and profit performance for the region and the Export division.

Our Export volume is now 185kHL. We distribute to 60 markets around the world delivering an operating margin of 24.5%. We see opportunities for growth in all regions through building on our existing relationships and establishing a presence in new territories. We have seen real traction in both the Magners and Tennent's brands in a broad range of overseas markets. Both brands have the key attributes of heritage, provenance and quality and carry excellent export potential as premium import propositions.

Current Trading and Outlook

The current financial year has started satisfactorily. The outlook for consumer spending is moderating across all our territories but the return of inflation is presenting a firmer pricing opportunity. We believe the enduring nature of our brands and products, plus the quality and efficiency of our operations ensure we can trade successfully in this environment. Each of our three key brands has had its challenges in recent years, but through continued investment and hard work they have weathered these storms. We believe they are now in a position to build on the robust volume performance of last year to deliver revenue and value growth in FY2018.

It is early days in the launch of Outcider in Ireland and the Bulmers brand re-fresh, but we are pleased with the market reception to both campaigns so far. We have had a positive reaction from the off-trade and are in roll-out to the on-trade, before the next phase of marketing focused on outdoor, social media and activation. Subject to satisfactory weather through Spring/Summer we expect another good year for the cider category in Ireland and our additional €4 million investment behind Bulmers is a margin investment in the current year to build further momentum and an improved share performance for the brand.

In Scotland, we are cautious on overall consumption and anticipate volume in the IFT will remain in modest decline for the year. Our opportunity in FY2018 is to continue to deliver an improved value performance in Tennent's and further grow our premium portfolio. We have made a solid start on both fronts with new client wins and the new Tennent's founts having an impact.

In C&C Brands, our cider brands transferred to AB InBev in two tranches on 1st February and 1st March, with minimal disruption. Initial feedback from the market is positive and the strategic logic for the combination is stronger than ever. Collectively, we have set ourselves ambitious targets for the partnership – but are confident the Magners brand can continue the volume momentum achieved last year. The amended terms of our distribution agreement for AB InBev's beers in Scotland and Ireland came into effect from 1st January 2017. These will inevitably take some of our AB InBev's agency volume and associated revenue and margin out of Scotland and Ireland in FY2018, but will be compensated by an improving contribution from cider in C&C Brands. We have chosen to delay the full transfer of physical distribution until the end of this year, which will push some of the synergistic benefits of the partnership into FY2019.

In North America, the Magners brand is showing signs of recovery but the continued declines in the overall cider category will limit the progress we can expect from the Pabst partnership in the near term. The business is stable and the increased focus on contract opportunities will help cover overheads. The brighter spots within the US cider market are Import and Regional and our portfolio is well placed to take advantage of these. We remain convinced of the strength and commercial logic of our combined PBC/GMB platform and its ability to recover share and volume when the category stabilises.

Export has made a satisfactory start to the year. We are nearing completion of the switch of Australian distributor to Coca-Cola Amatil (our existing New Zealand distributor). We are seeing good category development progress in Asia Pacific, Europe and Africa and it is clear we have a brand portfolio that resonates with international audiences. The long-term prospects therefore remain very positive. Our priorities will be to consolidate our distribution network on larger high quality regional players that can help us reduce volatility and drive sustainable growth in volumes across multiple territories.

FINANCE REVIEW

	Year ended 28 February 2017 €m	Year ended 29 February 2016 €m	Adjusted 29 February 2016(i) €m	Change %	Adjusted Change %
Net revenue	**559.5**	662.6	600.7	*(15.6%)*	*(6.9%)*
Operating profit(iii)	**95.0**	103.2	95.4	*(7.9%)*	*(0.4%)*
Net finance costs	**(7.8)**	(8.6)			
Profit before tax	**87.2**	94.6			
Income tax expense	**(13.0)**	(13.8)			
Effective tax rate	***14.9%***	*14.6%*			
Profit for the year attributable to equity shareholders(iii)	**74.2**	80.8			
Adjusted diluted EPS(iv)	**23.8 cent**	24.2 cent		*(1.7%)*	
Dividend per Share	**14.33 cent**	13.65 cent		*5.0%*	
Dividend payout ratio	**60.2%**	56.4%			

C&C is reporting net revenue of €559.5 million, operating profit(iii) of €95.0 million and adjusted diluted EPS(iv) of 23.8 cent. On a constant currency(i) basis and after adjusting our North America prior year results to be on a like for like basis with the current financial year (as though the Pabst arrangement had been operational in FY2016), net revenue decreased 6.9% and operating profit(iii) decreased 0.4%.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance cost was €7.8 million for the year (FY2016: €8.6 million). The finance cost benefited from favourable interest rates and the pricing structure of the existing multi-currency debt facility. Net finance costs included the unwind of a discount on provisions charge of €0.8 million (FY2016: €0.8 million).

The income tax charge in the year was €13.0 million. This excludes the credit in relation to exceptional items and represents an effective tax rate of 14.9%, an increase of 0.3 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 increase in the effective tax rate was as a result of a greater proportion of overall profits subject to taxation coming from outside of Ireland in FY2017.

Subject to shareholder approval, the proposed final dividend of 9.37 cent per share will be paid on 14 July 2017 to ordinary shareholders registered at the close of business on 26 May 2017. The Group's full year dividend will therefore amount to 14.33 cent per share, a 5.0% increase on the previous year. The proposed full year dividend per share will represent a payout of 60.2% (FY2016: 56.4%) of the full year reported adjusted diluted earnings per share (iv). 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 to ordinary shareholders in FY2017 amounted to €43.0 million, of which €34.9 million was paid in cash and €8.1 million or 18.8% (FY2016: 12.1%) was settled by the issue of new shares.

In addition to increased dividends, we invested €23.2 million (including commission and related costs) in market share buybacks, purchasing 6.14 million of our own shares at an average price of €3.73. Our stockbrokers, Investec, conducted the share buyback programme. All shares acquired during the current financial year were subsequently cancelled.

EXCEPTIONAL ITEMS

Costs of €150.1 million were charged in FY2017 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 helpful analysis of the underlying performance of the Group.

The main items which were classified as exceptional include:-

(a) Impairment of intangible assets
To ensure that goodwill and brands considered to have an indefinite useful economic life are not carried at a value above their recoverable amount, impairment reviews are performed annually or more frequently if there is an indication that their carrying amount(s) may not be recoverable. The reviews compare the carrying value of the assets with their recoverable amount using value-in-use computations. In the current financial year, the review resulted in an impairment of €106.6 million in the value of our intangible assets with respect to the North American business segment. In the US, the cider category remains in double digit decline and the Group's US cider brands are lagging behind the category. Whilst we believe that the category will recover in the long-term and we remain committed to being part of the recovery story, recent performance has been disappointing. In the short to medium term the outlook is negative with a lack of visibility on when momentum will return. As a consequence, we have rebased our profit expectations and terminal growth rate for the US business, leading to the impairment charge in the current financial year. All other segments had sufficient headroom in their carrying values.

(b) Restructuring costs
Restructuring costs of €12.7 million were incurred in the year. This comprised of severance costs of €7.2 million and other costs of €5.5 million. Severance costs primarily arose from the reduction in headcount as a consequence of the rationalisation of the Group's manufacturing footprint and other smaller reorganisation programmes. Other costs of €5.5 million are directly associated with the restructure of the Group's production sites and include site closure costs and other costs directly associated with the closures.

(c) Revaluation/impairment of property, plant & equipment
In the current financial year we engaged external valuers to value our properties in Vermont, resulting in a revaluation loss of €17.7 million with respect to the land and buildings and a revaluation loss of €5.1 million with respect to the plant and machinery which were accounted for in the Income Statement. In addition we took the decision to market value some of our assets in Borrisoleigh, Ireland (€1.5 million) that were deemed surplus to requirements and impair an element of the Group's IT system (€1.5 million) post the closure of Shepton Mallet.

(d) Onerous lease
A review was completed of the carrying value of our onerous lease obligations during the year. The onerous lease provisions carried forward relate to two leases for warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010. The review took into account updated discount rates and the latest estimate of remaining associated costs less economic value. This resulted in an increase in the provision of €6.8 million. The relevant leases will expire in 2017 and 2026. A further onerous lease provision of €0.2 million was created in the current financial year in relation to our US business. This lease will expire in 2018.

(e) Acquisition related expenditure
We incurred costs of €0.9 million associated with the assessment and consideration of strategic opportunities during the year.

(f) Net profit on disposal of property, plant & equipment
Disposal of land & buildings and plant & machinery realised a net profit of €2.9 million during the year. The disposals related to assets that were surplus to requirement post the site rationalisation and consolidation programme.

BALANCE SHEET STRENGTH, DEBT MANAGEMENT AND CASHFLOW GENERATION

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

The Group has a €450 million multi-currency five year syndicated revolving loan facility. The facility agreement provides for a further €100 million in the form of an uncommitted accordion facility and permits the Group to have additional indebtedness to a maximum of €150 million, giving the Group debt capacity of €700 million. The debt facility matures on 22 December 2019.

At 28 February 2017 net debt(vi) was €170.6 million, representing a net debt(vi):EBITDA(ii) ratio of 1.55:1.

CASH GENERATION

Management reviews the Group's cash generating performance by measuring the conversion of EBITDA(ii) to Free Cash Flow(v) 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(ii) to Free Cash Flow(v) conversion ratio pre exceptional costs of 53%. A reconciliation of EBITDA(ii) to operating (loss)/profit(iii) is set out below.

RECONCILIATION OF EBITDA(II) TO OPERATING (LOSS)/PROFIT	**2017**	2016	2016 Adj(i)
	€m	€m	€m
Operating (loss)/profit	**(55.1)**	64.8	
Exceptional items	**150.1**	38.4	
Operating profit before exceptional items	**95.0**	103.2	95.4
Amortisation/depreciation	**15.0**	19.4	18.1
EBITDA (ii)	**110.0**	122.6	113.5

CASH FLOW SUMMARY	**2017**	2016
	€m	€m
EBITDA (ii)	**110.0**	122.6
Working capital	**0.6**	50.1
Advances to customers	**(12.4)**	(1.1)
Net finance costs	**(6.5)**	(5.7)
Tax paid	**(6.9)**	(10.2)
Pension contributions paid	**(3.4)**	(6.5)
Capital expenditure	**(22.7)**	(9.7)
Disposal proceeds property, plant & equipment	**6.9**	0.5
Exceptional disposal proceeds property, plant & equipment	**18.7**	-
Exceptional items paid	**(22.7)**	(13.0)
Other*	**(7.3)**	(13.6)
Free cash flow(v)	**54.3**	113.4
Free cash flow conversion ratio	**49.4%**	92.5%
- Exceptional cash outflow	***22.7***	*13.0*
- Exceptional cash inflows	***(18.7)***	-
- Exceptional cash net outflow	***4.0***	*13.0*
- Free cash flow excluding exceptional cash outflow	***58.3***	*126.4*
- Free cash flow conversion ratio excluding exceptional cash outflow	**53.0%**	103.1%

Reconciliation to Group Condensed Cash Flow Statement

Free cash flow[v]	**54.3**	113.4
Net proceeds from exercise of share options/equity Interests	**0.8**	0.5
Shares purchased under share buyback programme	**(23.2)**	(76.6)
Drawdown of debt	**138.7**	25.0
Repayment of debt	**(134.0)**	(0.1)
Acquisition of business/deferred consideration paid	**-**	(3.3)
Net cash outflows re acquisition of equity accounted investees	**(1.5)**	-
Dividends paid	**(34.9)**	(34.8)
Net increase in cash & cash equivalents	**0.2**	24.1

*Other relates to share options add back, pensions credited to operating profit, net profit on disposal of property, plant & equipment and recovery of previously impaired investment in equity accounted investee.

FOREIGN CURRENCY AND COMPARATIVE REPORTING

		2017	2016
Translation exposure	Euro: Sterling (£)	£0.834	£0.728
	Euro: US Dollars ($)	$1.101	$1.102

As shown above, the effective rate for the translation of results from Sterling currency operations was €1:£0.834 (year ended 29 February 2016: €1:£0.728) and from US Dollar operations was €1:$1.101 (year ended 29 February 2016: €1:$1.102).

ADJUSTMENT RE: NORTH AMERICA AND CONSTANT CURRENCY CALCULATION FOR YEAR ENDED 28 FEBRUARY 2017 – COMPARATIVE REPORTING

Comparisons for revenue, net revenue and operating profit(iii) for each of the Group's reporting segments are shown adjusted 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 FY2017 effective rates.

We have also restated our FY2016 North America prior year results to be on a like for like basis with the current financial year (as though the Pabst arrangement had been operational in FY2016). The Pabst arrangement changes fundamentally the revenue and net revenue of the North America segment and therefore for transparency we are restating FY2016 on a like for like basis.

Applying the realised FY2017 foreign currency rates to the reported FY2016 revenue, net revenue and operating profit(iii) and restating North America's FY2016 revenue and net revenue figures as outlined above rebases the comparatives as shown below.

	Year ended 29 February 2016 €m	FX transaction €m	FX translation €m	Adjustment re North America €m	Year ended 29 February 2016 adjusted comparative €m
Revenue					
Ireland	358.1	-	(10.8)	-	**347.3**
Scotland	339.8	-	(43.2)	-	**296.6**
C&C Brands	177.0	-	(22.5)	-	**154.5**
North America	47.5	-	-	(10.6)	**36.9**
Export	24.5	(0.1)	-	-	**24.4**
Total	**946.9**	**(0.1)**	**(76.5)**	**(10.6)**	**859.7**
Net revenue					
Ireland	261.6	-	(9.1)	-	**252.5**
Scotland	227.4	-	(28.9)	-	**198.5**
C&C Brands	103.8	-	(13.2)	-	**90.6**
North America	45.3	-	-	(10.6)	**34.7**
Export	24.5	(0.1)	-	-	**24.4**
Total	**662.6**	**(0.1)**	**(51.2)**	**(10.6)**	**600.7**

Operating profit(iii)					
Ireland	49.0	0.5	(2.6)	-	**46.9**
Scotland	37.9	0.2	(4.8)	-	**33.3**
C&C Brands	10.5	0.1	(1.3)	-	**9.3**
North America	0.6	-	-	-	**0.6**
Export	5.2	0.1	-	-	**5.3**
Total	**103.2**	**0.9**	**(8.7)**	-	**95.4**

NOTES TO PRELIMINARY ANNOUNCEMENT

(i) FY2016 comparative adjusted for constant currency (FY2016 translated at FY2017 F/X rates) and North America revenues to be on a like for like basis with the current financial year (as though the Pabst arrangement had also been in operation for the whole of FY2016). The like-for-like adjustment on North American revenues is arising from Pabst partnership: Under the terms of the trading arrangement with Pabst Brewing company ("PBC") which came into effect on 1st March 2016, C&C's reported revenues now comprise Cost of Goods Sold at production cost plus a royalty payment representing one-third of the gross profit of the partnership. C&C contributes one-third of marketing spend. All sales costs are borne by PBC. The like-for-like adjustment for our US revenues would have the effect of reducing our reported revenues for the comparative period (FY2016) by €10.6m had the partnership been in effect from 1st March 2015. See table above.

(ii) EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investees' loss after tax. A reconciliation of the Group's operating (loss)/ profit to EBITDA is set out on page 18.

(iii) Operating profit and profit/finance expense for the year attributable to equity shareholders is before exceptional items.

(iv) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 8 of the condensed 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 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 18 and 19.

(vi) Net debt comprises borrowings (net of issue costs) less cash & cash equivalents.

(vii) Off-trade: Nielsen Scantrack 52wks to 27.02.17; on-trade: CGA OPMS MAT to 20.02.17.

(viii) Nielsen Ireland databases to End Feb17 .

(ix) Rolling MAT February 2017 Brand Affinity Scores ("Drunk by people like me" – Total sample).

(x) GB Total Cider Off-trade: Nielsen Scantrack 52wks to 27.02.17; on-trade: CGA OPMS MAT to 20.02.17.

(xi) UK apple cider market by volume – MAT to Feb17 (Nielsen Scantrack 52wks to 27.02.17; on-trade: CGA OPMS MAT to 20.02.17).

(xii) The Beer Institute Quarterly Cider Domestic & Import Volumes – calendar 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance over the remainder of the year remain substantially the same as those stated on pages 24 to 26 of the Group's annual financial statements for the year ended 29 February 2016, which are available on our website, http://www.candcgroupplc.com.

Since publication of the 2016 Annual Report, the UK vote to leave the European Union has created significant uncertainty about the near term outlook and prospects for the UK, Irish 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 costs including through the application of additional tariffs and transaction taxes on the Group’s products and raw materials. 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. In FY2017, we contributed to a House of Lords study on the implications of the UK vote to leave the European Union on UK and Irish relations and are also 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. On an ongoing basis, we seek, where appropriate, to mitigate currency risk through hedging and structured financial contracts and take appropriate action to help mitigate the consequences of any decline in demand in our markets.

The Group anticipates a number of significant changes in customer dynamics if recently publicised merger activity in both the on and off-trade channels in the UK materialises. The changing customer dynamics could result in the Group's options for route to market access reducing, and an increase in customer influence in terms of pricing and scale. The Board and management will continue to monitor market activity closely and take relevant actions to minimise the impact of such activity, by continuing to seek new routes to market where possible, building brand equity of the Group's core brands and enhancing existing relationships with key partners and customers to continue to drive growth.

The Group entered into a new distribution agreement with AB InBev in December 2016, giving them responsibility for the sale and trade marketing of the Group's cider portfolio in England, Wales, the Channel Islands and the Isle of Man and the majority of national account customers in the UK. This significantly increases the Group's reliance on third party distribution partners. The Board and management will continuously monitor performance of the agreement in terms of profitability, brand perception and other identified key metrics to ensure this change in operating model is successful.

GROUP CONDENSED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017

		Year ended 28 February 2017			Year ended 29 February 2016		
		Before exceptional items	**Exceptional items (note 6)**	**Total**	Before exceptional items	Exceptional items (note 6)	Total
	Notes	**€m**	**€m**	**€m**	€m	€m	€m
Revenue	4	**818.1**	**-**	**818.1**	946.9	-	946.9
Excise duties		**(258.6)**	**-**	**(258.6)**	(284.3)	-	(284.3)
Net revenue	4	**559.5**	**-**	**559.5**	662.6	-	662.6
Operating costs		**(464.5)**	**(150.1)**	**(614.6)**	(559.4)	(38.4)	(597.8)
Operating profit/(loss)	4	**95.0**	**(150.1)**	**(55.1)**	103.2	(38.4)	64.8
Finance income		**0.1**	**-**	**0.1**	0.2	-	0.2
Finance expense		**(7.9)**	**-**	**(7.9)**	(8.8)	-	(8.8)
Share of equity accounted investees' profit after tax		**-**	**-**	**-**	-	0.1	0.1
Profit/(loss) before tax		**87.2**	**(150.1)**	**(62.9)**	94.6	(38.3)	56.3
Income tax (expense)/credit		**(13.0)**	**3.0**	**(10.0)**	(13.8)	4.9	(8.9)
Profit/(loss) for the year attributable to equity shareholders		**74.2**	**(147.1)**	**(72.9)**	80.8	(33.4)	47.4
Basic earnings per share (cent)	8			**(23.5)**			14.4
Diluted earnings per share (cent)	8			**(23.5)**			14.2

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	**2017** €m	2016 €m
Other Comprehensive Income:			
Items that may be reclassified to Income Statement in subsequent years:			
Foreign currency translation differences arising on the net investment in foreign operations		**(17.8)**	(20.9)
Foreign currency reserve recycled to Income Statement on deemed disposal of equity accounted investee		**-**	(0.1)
Reversal of previously recognised gain on revaluation of property, plant and equipment		**(2.1)**	-
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial gain/(loss) on retirement benefits	10	**3.6**	(5.1)
Deferred tax (charge)/credit on actuarial gain/(loss) on retirement benefits		**(0.4)**	0.6
Net loss recognised directly within Other Comprehensive Income		**(16.7)**	(25.5)
(Loss)/profit for the year attributable to equity shareholders		**(72.9)**	47.4
Comprehensive (expense)/income for the year attributable to equity shareholders		**(89.6)**	21.9

GROUP CONDENSED BALANCE SHEET
AS AT 28 FEBRUARY 2017

	Notes	2017 €m	2016 €m
ASSETS			
Non-current assets			
Property, plant & equipment		**144.5**	180.0
Goodwill & intangible assets		**530.3**	644.1
Equity accounted investees		**2.4**	0.3
Retirement benefits	10	**4.5**	4.7
Deferred tax assets		**3.2**	4.4
Trade & other receivables		**49.6**	46.0
		734.5	879.5
Current assets			
Assets held for resale		**1.7**	10.3
Inventories		**85.8**	85.9
Trade & other receivables		**78.5**	94.1
Cash & cash equivalents		**187.6**	197.3
		353.6	387.6
TOTAL ASSETS		**1,088.1**	1,267.1
EQUITY			
Equity share capital		**3.3**	3.3
Share premium		**136.9**	127.8
Other reserves		**99.1**	121.0
Treasury shares		**(38.0)**	(39.2)
Retained income		**337.1**	471.8
Total equity		**538.4**	684.7
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings		**358.6**	361.1
Retirement benefits	10	**22.3**	22.7
Provisions		**7.7**	6.3
Deferred tax liabilities		**6.0**	5.5
		394.6	395.6
Current liabilities			
Interest bearing loans & borrowings		**-**	0.2
Retirement benefits		**-**	10.0
Trade & other payables		**144.1**	160.9
Provisions		**6.5**	12.6
Current tax liabilities		**4.5**	3.1
		155.1	186.8
Total liabilities		**549.7**	582.4
TOTAL EQUITY & LIABILITIES		**1,088.1**	1,267.1

GROUP CONDENSED CASHFLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017	2016
	€m	**€m**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the year attributable to equity shareholders	**(72.9)**	47.4
Finance income	**(0.1)**	(0.2)
Finance expense	**7.9**	8.8
Income tax expense	**10.0**	8.9
Profit on share of equity accounted investee	**-**	(0.1)
Revaluation/impairment of property, plant & equipment	**25.8**	16.0
Recovery of previously impaired investment in equity accounted investee	**(0.5)**	-
Impairment of intangible assets	**106.6**	-
Depreciation of property, plant & equipment	**14.7**	19.1
Amortisation of intangible assets	**0.3**	0.3
Net profit on disposal of property, plant & equipment	**(3.9)**	(0.2)
Charge for equity settled share-based payments	**0.7**	0.5
Pension contributions paid plus amount credited to Income Statement	**(7.0)**	(11.0)
	81.6	89.5
(Increase)/decrease in inventories	**(2.9)**	4.3
Decrease in trade & other receivables	**4.0**	45.9
Decrease in trade & other payables	**(13.3)**	(8.2)
(Decrease)/increase in provisions	**(4.6)**	7.0
	64.8	138.5
Interest received	**0.1**	0.2
Interest and similar costs paid	**(6.6)**	(5.9)
Income taxes paid	**(6.9)**	(10.2)
Net cash inflow from operating activities	**51.4**	122.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(22.7)**	(9.7)
Net proceeds on disposal of property, plant & equipment	**25.6**	0.5
Acquisition of business	**-**	(3.3)
Net cash outflow re acquisition of equity accounted investees	**(1.5)**	-
Net cash inflow/(outflow) from investing activities	**1.4**	(12.5)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**1.0**	0.5
Drawdown of debt	**138.7**	25.0
Repayment of debt	**(134.0)**	(0.1)
Shares purchased to satisfy share option entitlements	**(0.2)**	-
Shares purchased under share buyback programme	**(23.2)**	(76.6)

Dividends paid	**(34.9)**	(34.8)
Net cash outflow from financing activities	**(52.6)**	(86.0)
Net increase in cash & cash equivalents	**0.2**	24.1
Cash & cash equivalents at beginning of year	**197.3**	181.9
Translation adjustment	**(9.9)**	(8.7)
Cash & cash equivalents at end of year	**187.6**	197.3

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

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2017

	Equity share capital	Share premium	Other undenominated reserve	Capital reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained income	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 28 February 2015	3.5	122.5	0.5	24.9	6.4	100.9	9.1	(39.8)	545.2	773.2
Profit for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	47.4	47.4
Other comprehensive expense	-	-	-	-	-	(21.0)	-	-	(4.5)	(25.5)
Total comprehensive (expense)/income	-	-	-	-	-	(21.0)	-	-	42.9	21.9
Dividend on ordinary shares	-	4.8	-	-	-	-	-	-	(39.6)	(34.8)
Exercised share options	-	0.5	-	-	-	-	-	-	-	0.5
Reclassification of share-based payments reserve	-	-	-	-	(0.5)	-	-	-	0.5	-
Joint Share Ownership Plan	-	-	-	-	-	-	-	0.6	(0.6)	-
Shares purchased under share buyback programme and subsequently cancelled	(0.2)	-	0.2	-	-	-	-	-	(76.6)	(76.6)
Equity settled share-based payments	-	-	-	-	0.5	-	-	-	-	0.5
Total transactions with owners	(0.2)	5.3	0.2	-	-	-	-	0.6	(116.3)	(110.4)
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)/income	-	-	-	-	-	(17.8)	(2.1)	-	3.2	**(16.7)**
Total comprehensive expense	-	-	-	-	-	(17.8)	(2.1)	-	(69.7)	**(89.6)**
Dividend on ordinary shares	-	8.1	-	-	-	-	-	-	(43.0)	**(34.9)**
Exercised share options	-	0.8	-	-	-	-	-	-	-	**0.8**
Reclassification of share-based payments reserve	-	-	-	-	(2.0)	-	-	-	2.0	**-**
Joint Share Ownership Plan	-	0.2	-	-	(0.7)	-	-	1.2	(0.8)	**(0.1)**
Shares purchased under share buyback programme and subsequently cancelled	-	-	-	-	-	-	-	-	(23.2)	**(23.2)**
Equity settled share-based payments	-	-	-	-	0.7	-	-	-	-	**0.7**
Total transactions with owners	**-**	**9.1**	**-**	**-**	**(2.0)**	**-**	**-**	**1.2**	**(65.0)**	**(56.7)**
At 28 February 2017	**3.3**	**136.9**	**0.7**	**24.9**	**4.4**	**62.1**	**7.0**	**(38.0)**	**337.1**	**538.4**

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. BASIS OF PREPARATION

The financial information presented in this report has been prepared in accordance with the Listing Rules of the Irish Stock Exchange and the UK Listing Authority and the accounting policies that the Group has adopted under International Financial Reporting Standards (IFRS) as approved by the European Union and issued by the International Accounting Standards Board (IASB) for the financial year ended 28 February 2017.

2. STATUTORY ACCOUNTS

The financial information prepared in accordance with IFRS as adopted by the European Union included in this report does not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations. Full statutory accounts for the year ended 28 February 2017 prepared in accordance with IFRS, upon which the auditors have given an unqualified report, have not yet been filed with the Registrar of Companies. Full accounts for the year ended 29 February 2016, prepared in accordance with IFRS and containing an unqualified audit report have been delivered to the Registrar of Companies.

The information included has been extracted from the Group's financial statements, which have been approved by the Board of Directors on 17 May 2017.

3. REPORTING CURRENCY

The Group's financial statements are presented in Euro millions to one decimal place. The results of the Group's subsidiaries with non-Euro functional currencies have been translated into Euro at average exchange rates for the year with the related balance sheets consolidated using the closing rate at the balance sheet date. Foreign currency movements arising on restatement of the results and opening net assets of non-Euro functional currency companies at closing rates are recognised in the Currency Translation Reserve via the Statement of Comprehensive Income, together with currency movements arising on foreign currency borrowings designated as net investment hedges and currency movements arising on retranslation of the Group's long-term Sterling and US Dollar intra group loans which are considered quasi equity in nature and part of the Group's net investment in its foreign operations.

The exchange rates used in translating Sterling and US Dollar balance sheet and income statement amounts were as follows:-

		2017	2016
Balance Sheet (closing rate):	Euro: Sterling (£)	**£0.853**	£0.786
Income Statement (average rate):	Euro: Sterling (£)	**£0.834**	£0.728
Balance Sheet (closing rate):	Euro: US Dollars ($)	**$1.060**	$1.091
Income Statement (average rate):	Euro: US Dollars ($)	**$1.101**	$1.102

4. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of alcoholic and soft drinks. Five operating segments have been identified in the current and prior financial periods; Ireland, Scotland, C&C Brands, North America and Export.

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 comprising Stephen Glancey, Kenny Neison and Joris Brams, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources.

The identified business segments are as follows:-

(i) Ireland
This segment includes the financial results from sale of own branded products in the Island of Ireland, principally Bulmers, Tennent's, Magners, Clonmel 1650, Heverlee, Roundstone Irish Ale, Finches and Tipperary Water. It also includes the financial results from beer and wines and spirits distribution and wholesaling following the acquisition of Gleeson, and the results from sale of third party brands as permitted under the terms of a distribution agreement with AB InBev.

(ii) Scotland
This segment includes the results from sale of the Group's own branded products in Scotland, with Tennent's, Heverlee, Caledonia Premium Bottled Ales, Caledonia Best and Magners the principal brands. It also includes the financial results from third party brand distribution and wholesaling in Scotland following the acquisition of the Wallaces Express wholesale business.

(iii) C&C Brands
This segment includes the results from sale of the Group's own branded products in England & Wales, principally Magners, Tennent's, Chaplin & Cork's and K Cider. It also includes the distribution of the Italian lager Menabrea and the production and distribution of private label cider products.

(iv) North America
This segment includes the results from sale of the Group's cider and beer products, principally Woodchuck, Wyders, Magners, Blackthorn, Hornsby's and Tennent's in the United States and Canada.

(v) Export
This segment includes the sale and distribution of the Group's own branded products, principally Magners, Gaymers, Blackthorn, Hornsby's and Tennent's outside of Ireland, Great Britain and North America. It also includes the sale of some third party brands.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads, which are allocated on a reasonable basis in presenting information to the CODM.

Inter-segmental revenue is not material and thus not subject to separate disclosure.

(a) Reporting segment disclosures

		2017			2016	
		Net	**Operating**		Net	Operating
	Revenue	**revenue**	**profit**	Revenue	revenue	profit
	€m	**€m**	**€m**	€m	€m	€m
Ireland	**338.9**	**242.3**	**48.6**	358.1	261.6	49.0
Scotland	**285.0**	**186.6**	**32.6**	339.8	227.4	37.9
C&C Brands	**145.9**	**83.8**	**7.3**	177.0	103.8	10.5
North America	**24.5**	**23.1**	**0.7**	47.5	45.3	0.6
Export	**23.8**	**23.7**	**5.8**	24.5	24.5	5.2
Total before exceptional items	**818.1**	**559.5**	**95.0**	946.9	662.6	103.2
Exceptional items (note 6)	**-**	**-**	**(150.1)***	-	-	(38.4)**

Total	**818.1**	**559.5**	**(55.1)**	946.9	662.6	64.8

* Of the exceptional net loss in the current year, €10.3m relates to Ireland, €1.2m relates to Scotland, €7.9m relates to C&C Brands, €129.8m relates to North America and €0.9m remains unallocated.
** Of the exceptional loss in the prior year, €12.9m relates to Ireland, €4.5m relates to Scotland, €19.7m relates to C&C Brands, €1.1m relates to North America and €0.2m relates to Export.

Total assets for the period ended 28 February 2017 amounted to €1,088.1m (2016: €1,267.1m).

(b) Other operating segment information

	2017		2016	
	Capital expenditure €m	**Depreciation/ amortisation/ impairment €m**	Capital expenditure €m	Depreciation/ amortisation/ impairment €m
Ireland	**20.3**	**8.1**	6.0	7.5
Scotland	**2.1**	**5.3**	1.7	6.7
C&C Brands	**-**	**2.2**	0.2	2.7
North America	**2.8**	**108.4**	0.4	2.0
Export	**0.6**	**0.6**	0.5	0.5
Total	**25.8**	**124.6**	8.8	19.4

(c) Geographical analysis of revenue and net revenue

	Revenue		**Net revenue**	
	2017 €m	2016 €m	**2017 €m**	2016 €m
Ireland	**338.9**	358.1	**242.3**	261.6
Scotland	**285.0**	339.8	**186.6**	227.4
England and Wales*	**145.9**	177.0	**83.8**	103.8
US and Canada**	**24.5**	47.5	**23.1**	45.3
Other***	**23.8**	24.5	**23.7**	24.5
Total	**818.1**	946.9	**559.5**	662.6

* England and Wales reflects the C&C Brands segment.
** US and Canada reflects the North America segment.
***Other reflects the Export segment, being all other geographical locations excluding Ireland, Great Britain, the US and Canada.

The geographical analysis of revenue and net revenue is based on the location of the third party customers.

(d) Geographical analysis of non-current assets

	Ireland €m	**Scotland €m**	**England and Wales* €m**	**US and Canada**€m**	**Other*** €m**	**Total €m**
28 February 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 investees	0.3	0.3	-	1.8	-	**2.4**
Retirement benefits	4.5	-	-	-	-	**4.5**
Deferred 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**

	Ireland €m	Scotland €m	England and Wales* €m	US and Canada** €m	Other*** €m	Total €m
29 February 2016						
Property, plant & equipment	60.3	67.1	16.1	30.8	5.7	180.0
Goodwill & intangible assets	156.2	135.6	189.2	147.1	16.0	644.1
Equity accounted investees	-	0.3	-	-	-	0.3
Retirement benefits	4.7	-	-	-	-	4.7
Deferred tax assets	4.4	-	-	-	-	4.4
Trade & other receivables	15.0	29.7	1.3	-	-	46.0
Total	240.6	232.7	206.6	177.9	21.7	879.5

* England and Wales reflects the C&C Brands segment.
** US and Canada reflects the North America segment.
***Other reflects the Export segment, being all other geographical locations excluding Ireland, Great Britain, the US and Canada.

The geographical analysis of non-current assets, with the exception of Goodwill & intangible assets, is based on the geographical location of the assets. The geographical analysis of Goodwill & intangible assets is allocated based on the country of destination of sales at date of application of IFRS 8 *Operating Segments* or date of acquisition, if later.

5. CYCLICALITY OF OPERATIONS

Operating profit performance in the drinks industry is not characterised by significant cyclicality. Operating profit before exceptional items for the financial year ended 28 February 2017 was split H1: 58% and H2: 42%.

6. EXCEPTIONAL ITEMS

	2017 €m	2016 €m
Operating costs		
Impairment of intangible asset	**106.6**	-
Restructuring costs	**12.7**	18.2
Revaluation/impairment of property, plant & equipment	**25.8**	16.0
Onerous lease	**7.0**	-
Acquisition related expenditure	**0.9**	0.7
Net profit on disposal of property, plant & equipment	**(2.9)**	-
Integration costs	**-**	3.0

Other	**-**	0.5
	150.1	38.4
Foreign currency reclassified on deemed disposal of equity accounted investee	**-**	(0.1)
Total loss before tax	**150.1**	38.3
Income tax credit	**(3.0)**	(4.9)
Total loss after tax	**147.1**	33.4

(a) 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(s) may not be recoverable, comparing the carrying value of the assets with their recoverable amount using value-in-use computations. In the current financial year, as a result of such a review, the Group impaired the value of its intangible asset with respect to the Group's North American business segment by €106.6m.

(b) Restructuring costs

Restructuring costs of €12.7m were incurred in the current financial year (2016: €18.2m). These restructuring costs comprised of severance costs of €7.2m (2016: €14.5m) primarily arising from the Group's previously announced consolidation of its production sites in Borrisoleigh and Shepton Mallet into the Group's manufacturing site in Clonmel and the consequential reduction in staff numbers as a result of this consolidation and other smaller reorganisation programmes during the year across the Group. Other costs of €5.5m (2016: €3.7m) are directly associated with the restructure of the Group's production sites and included costs from the closure of the Group's operations in Borrisoleigh and Shepton Mallet until their final disposal and other costs directly associated with the closures.

(c) 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.

During the current financial year, the Group engaged external valuers, Lawrence K. Martin, MAI, Certified General Real Estate Appraiser - Martin Appraisal Services, Inc. to value the land and buildings at the Group's Vermont site and John Coto, Certified Machine & Equipment Appraiser, Alliance Machinery & Equipment Appraisals to value the plant and machinery at the Group's Vermont site. 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 current 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.

During the prior financial year, the Group engaged external valuers Timothy Smith, BSc MRICS, RICS Registered Valuer and Daniel Tompkinson BSc MRICS RICS Registered Valuer - Gerald Eve LLP to value the land and buildings at the Shepton Mallet site; Derek Elston FRCIS RICS Registered Valuer - Elston Sutton Industrial Appraisal Limited to value the plant and equipment at the Shepton Mallet site; Ronan Diamond RICS Registered Valuer (VRS) BSc (Hons) Dip MSCSI MRICS and Brian Gilson RICS Registered Valuer (VRS) Dip Prop Inv MSCSI MRICS FCI Arb - Lisney to value the freehold property at the Borrisoleigh site; and Don Meghen - Lisney to value the plant & machinery at Borrisoleigh. This resulted in a revaluation loss of €16.0m accounted for in the Income Statement.

(d) Onerous lease

During the current 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. 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. These onerous leases will expire in 2017 and 2026 respectively.

The Group also recognised an onerous lease with regard to a surplus facility at its US business of €0.2m in the current financial year. This lease will expire in 2018.

(e) Acquisition related expenditure

In the current financial year the Group incurred professional fees of €0.9m (2016:€0.7m) associated with the assessment and consideration of strategic opportunities by the Group during the year.

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

In the current 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.

(g) Integration costs

During the prior financial year the Group incurred costs of €3.0m primarily in relation to the continued integration of the previously acquired Wallaces Express with the Group's existing Scottish business.

(h) Other

During the prior financial year the Group incurred costs of €0.5m in relation to a one-off shortage in a key process gas. The business was forced to limit production for a period and incur additional costs in sourcing gas due to a plant failure at its key supplier.

(i) Foreign currency reclassified on deemed disposal of equity accounted investee

In the prior financial year, on 3 August 2015, the Group acquired the remaining equity share capital of Thistle Pub Company Limited. This purchase followed the acquisition of an initial stake in the business in November 2012. Under IAS 28 *Investments in Associates and Joint Ventures* this necessitated the deemed disposal of the Group's initial investment which was classified as an equity accounted investee and the recognition of the acquisition of control of the business under IFRS 3 *Business Combinations*. The Group recognised a cumulative gain of €0.1m in the foreign currency reserve from date of initial investment which was recycled to the Income Statement following the deemed disposal.

7. DIVIDENDS

	2017 €m	2016 €m
Dividends paid:		
Final: paid 8.92c per ordinary share in July 2016 (2016: 7.0c paid in July 2015)	**27.7**	23.6
Interim: paid 4.96c per ordinary share in December 2016 (2016: 4.73c paid in December 2015)	**15.3**	16.0
Total equity dividends	**43.0**	39.6
Settled as follows:		
Paid in cash	**34.9**	34.8
Scrip dividend	**8.1**	4.8
	43.0	39.6

The Directors have proposed a final dividend of 9.37 cent per share (2016: 8.92 cent), to ordinary shareholders registered at the close of business on 26 May 2017, which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 14.33 cent per share (2016: 13.65 cent). Using the number of shares in issue at 28 February 2017 and excluding those shares for which it is assumed that the right to dividend will be waived, this would equate to a distribution of €29.5m.

Total dividends of 13.88 cent per ordinary share were recognised as a deduction from the retained income reserve in the year ended 28 February 2017 (2016: 11.73 cent).

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at an Annual General Meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

8. EARNINGS PER SHARE

	2017 Number '000	2016 Number '000
Denominator computations		
Number of shares at beginning of year	**329,158**	348,547
Shares issued in lieu of dividend	**2,209**	1,312
Shares issued in respect of options exercised	**318**	146
Shares repurchased and subsequently cancelled	**(6,139)**	(20,847)
Number of shares at end of year	**325,546**	329,158
Weighted average number of ordinary shares (basic)*	**310,431**	329,044
Adjustment for the effect of conversion of options	**995**	5,316
Weighted average number of ordinary shares, including options (diluted)	**311,426**	334,360

* excludes 11.9m treasury shares (2016: 16.4m)

Profit attributable to ordinary shareholders	**2017 €m**	2016 €m
Earnings as reported	**(72.9)**	47.4
Adjustment for exceptional items, net of tax (note 6)	**147.1**	33.4
Earnings as adjusted for exceptional items, net of tax	**74.2**	80.8
Basic earnings per share	**Cent**	**Cent**
Basic earnings per share	**(23.5)**	14.4
Adjusted basic earnings per share	**23.9**	24.6
Diluted earnings per share		
Diluted earnings per share	**(23.5)***	14.2
Adjusted diluted earnings per share	**23.8**	24.2

* 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 2017: 11.9m shares; at 29 February 2016: 16.4m shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period of the year that the options were outstanding.

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares), which are performance-based are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time and continuous employment. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period (3,424,695 at 28 February 2017 and 2,244,908 at 29 February 2016). If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period.

9. ANALYSIS OF NET DEBT

	1 March 2016	**Translation adjustment**	**Debt arising on acquisition**	**Cash flow, net**	**Non-cash changes**	**28 February 2017**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**
Group						
Interest bearing loans & borrowings	**360.3**	**(7.8)**	**-**	**4.7**	**1.0**	**358.2***
Cash & cash equivalents	**(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.

	1 March 2015	Translation adjustment	Debt arising on acquisition	Cash flow, net	Non-cash changes	29 February 2016
	€m	€m	€m	€m	€m	€m
Group						
Interest bearing loans & borrowings	339.7	(7.7)	2.4	24.9	1.0	360.3*
Cash & cash equivalents	(181.9)	8.7	-	(24.1)	-	(197.3)
	157.8	1.0	2.4	0.8	1.0	163.0

*Interest bearing loans & borrowings at 29 February 2016 are net of unamortised issue costs of €2.1m of which €1.0m is classified on the balance sheet as a current asset.

The non-cash change to the Group's interest bearing loans and borrowings relate to the amortisation of issue costs of €1.0m (2016: €1.0m).

Borrowing facilities

The Group manages its borrowing requirements by entering into committed loan facility agreements.

In December 2014, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility with seven banks, namely Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank, and Ulster Bank, repayable in a single instalment on 22 December 2019. The facility agreement provides for a further €100m in the form of an uncommitted accordion facility and permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150m, subject to agreeing the terms and conditions with the lenders. Consequently the Group is permitted under the terms of the agreement, to have debt capacity of €700m of which €359.3m was drawn at 28 February 2017 (2016: €360.4m).

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, two, three or six months.

All non-current bank loans drawn under the Group's multi-currency revolving loan facility are guaranteed by a number of the Group's subsidiary undertakings. The facility agreement allows the early repayment of debt without incurring additional charges or penalties. All such non-current bank loans under the Group's multi currency revolving loan facility are repayable in full on change of control of the Group.

The Group's multi-currency debt facility incorporates two financial covenants:

- Interest cover: The ratio of EBITDA to net interest for a period of 12 months ending on each half-year date will not be less than 3.5:1
- Net debt/EBITDA: The ratio of net debt on each half-year date to EBITDA for a period of 12 months ending on a half-year date will not exceed 3.5:1

The Group complied with both covenants throughout the current and prior financial year.

10. RETIREMENT BENEFITS

The Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in March 2006 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the Income Statement.

The defined benefit pension scheme assets are held in separate trustee administered funds to meet long-term pension liabilities to past and present employees. The trustees of the funds are required to act in the best interest of the funds' beneficiaries. The appointment of trustees to the funds is determined by the schemes' trust documentation. The Group has a policy in relation to its principal staff pension fund that members of the fund should nominate half of all fund trustees.

There are no active members remaining in the Executive defined benefit pension scheme (2016: no active members). There are 62 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (2016: 63 active members) and 4 active members in the NI defined benefit pension scheme (2016: 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.

In the prior financial year the Group offered deferred members of its two ROI defined benefit pension schemes an opportunity to transfer out of the schemes, giving the deferred member greater control and flexibility over their pension arrangements. This offer concluded in the current financial year. In total 119 deferred members availed of the offer and have transferred out of the scheme. The closing liability of the two ROI defined benefit pension schemes as at 28 February 2017 is a deficit of €22.3m. The NI defined benefit pension scheme is reporting a surplus of €4.5m as at 28 February 2017.

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 schemes were carried out with an effective date of 1 January 2015 while the date of the most recent actuarial valuation of the NI scheme was 31 December 2014. 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 2017. The funding requirement will be reviewed again as part of the next triennial valuation in January 2018. The 2014 actuarial valuation of the NI defined benefit pension scheme confirmed it was in surplus and the scheme remains in surplus.

The schemes' independent actuary, Mercer (Ireland) Limited, has employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost.

At 28 February 2017, the retirement benefits computed in accordance with IAS19 (R) *Employee Benefits* amounted to a net deficit of €17.8m gross of deferred tax (€22.3m deficit with respect to the ROI schemes and a €4.5m surplus with respect to the NI scheme) and €15.9m net of deferred tax (2016: €28.0m gross and €24.9m net of deferred tax).

The movement in the net deficit is as follows:-

	€m
Deficit at 1 March 2016	28.0
Employer contributions paid	(3.4)
Actuarial gain	(3.6)
Credit to the Income Statement	(3.6)
FX adjustment on retranslation	0.4
Net deficit at 28 February 2017	**17.8**

Comprising:	
ROI scheme retirement benefits deficit	22.3
NI scheme retirement benefits surplus	(4.5)
Net deficit at 28 February 2017	**17.8**

The decrease in the deficit from €28.0m to €17.8m is primarily driven by the employer contributions of €3.4m, a credit to the income statement of €3.6m primarily arising from a settlement gain with respect to deferred members who opted to transfer out of the defined benefit schemes, and a €3.6m net gain arising from favourable returns on plan assets partially offset by the negative effects of lower discount rates on liabilities.

All other significant assumptions applied in the measurement of pension obligations at 28 February 2017 are broadly consistent with those as applied at 29 February 2016.

11. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 *Related Party Disclosures* pertain to the existence of subsidiary undertakings and equity accounted investees, transactions entered into by the Group with these subsidiary undertakings and equity accounted investees and the identification and compensation of, and transactions with, key management personnel.

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. 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 investees
In the current financial year, on 20 December 2016, the Group acquired 25% of the equity share capital of Whitewater Brewing Company Limited ("Whitewater"), an Irish Craft brewer for £0.3m (€0.3m euro equivalent at date of transaction). Also in the current 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). Details of transactions between the Group and both Whitewater and the Canadian Company, from date of investment, are disclosed below.

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 between the Group and Drygate Brewing Company Limited 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 Limited are disclosed below.

On 28 November 2012, the Group acquired an equity investment in Thistle Pub Company Limited, a joint venture with Maclay Group plc. The Group subsequently acquired the remaining equity share capital of the Thistle Pub Company Limited business in the prior financial year on 3 August 2015. The Group therefore accounted for Thistle Pub Company Limited as a related party in the prior financial year from date of the initial equity investment, on 28 November 2012, to date of deemed disposal of this initial investment and subsequent acquisition of 100% Thistle Pub Company Limited on 3 August 2015.

On 21 March 2012, the Group acquired a 25% equity investment in Maclay Group plc. The Maclay Group plc went into administration during the financial year ended 28 February 2015 and the Group consequently impaired its investment in this entity. The Group continued to trade with Maclay Inns Limited (in administration), a 100% owned subsidiary of the Maclay Group plc (in administration) in the prior financial year and details of transactions are disclosed below. In the current financial year the Group did not trade with Maclay Inns Limited however it did receive an interim distribution of €0.5m as part of the administration process.

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

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

	Net revenue		Balance outstanding	
	2017	2016	**2017**	2016

	€m	€m	**€m**	€m
Sale of goods to equity accounted investees:				
Beck & Scott (Services) Limited (Northern Ireland)	**0.2**	-	**-**	-
Drygate Brewing Company Limited	**0.2**	0.3	**0.1**	0.1
Maclay Group plc	**-**	0.8	**-**	-
Thistle Pub Company Limited	**n/a**	0.4	**n/a**	-
Shanter Inns Limited	**-**	0.3	**-**	-
	0.4	1.8	**0.1**	0.1

	Balance outstanding	
	2017	2016
	€m	€m
Loans to equity accounted investees:		
Canadian Investment	**1.8**	-
Whitewater Brewing Company Limited	**0.7**	-
Drygate Brewing Company Limited	**0.7**	2.1
Shanter Inns Limited	**-**	0.1
	3.2	2.2

	Purchases		Balance outstanding	
	2017	2016	**2017**	2016
	€m	€m	**€m**	€m
Purchase of goods from equity accounted investees:				
Whitewater Brewing Company Limited	**0.1**	-	**-**	n/a
Drygate Brewing Company Limited	**0.6**	0.1	**0.2**	0.1
	0.7	0.1	**0.2**	0.1

All outstanding trading balances with equity accounted investees, 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 and death in service insurance programme and in the case of UK resident executive Directors are covered under the Group's permanent health insurance programme. The Group also provides private medical insurance for UK resident executive Directors. No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments or post employment benefits.

Details of key management remuneration are as follows:-

	2017	2016
	Number	Number
Number of individuals	**10**	10
	€m	€m
Salaries and other short term employee benefits	**2.4**	2.9
Post employment benefits	**0.3**	0.3
Equity settled share-based payments	**0.1**	-
Further amount paid re exercise of JSOP Interests	**0.2**	-
Dividend equivalent payment with respect to JSOP Interests	**0.6**	-
Dividend income with respect of JSOP Interests	**-**	0.4
Total	**3.6**	3.6

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, he 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 current 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.

The balances of the loans outstanding to the executive Directors in the context of the above as at 28 February 2017 and 29 February 2016 are as follows:-

	28 February 2017 €'000	29 February 2016 €'000
Stephen Glancey	**-**	111
Kenny Neison	**-**	83
Total	**-**	194

The highest amount due during the year, with respect to these loans, were the amounts outstanding as at 29 February 2016.

Also 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.