2017

Full year results
Glanbia plc

Delivering better nutrition for every step of life's journey

Wednesday, 21 February 2018

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION IN THE PARAGRAPH TITLED DIVIDEND AND TOTAL SHAREHOLDER RETURN

Glanbia delivers eighth year of double-digit earnings growth

21 February 2018 - Glanbia plc ("Glanbia", the "Group", the "plc"), the global nutrition group, announces its results for the financial year ended 30 December 2017.

Results highlights for the full year 2017

- On a pro-forma[1] basis adjusted Earnings Per Share[1] from continuing operations was 87.11 cent, up 10.2% on prior year, constant currency (up 8.3% reported);
- Reported profit after tax of €329.4 million up €117.3 million on prior year driven by underlying performance and the profit arising on the disposal of 60% of the Dairy Ireland segment;
- Wholly owned revenue from continuing operations of €2,387.1 million (2016: €2,231.7 million) up 9.2% on prior year, constant currency (up 7.0% reported)
- Wholly owned EBITA from continuing operations of €283.2 million (2016: €273.3 million) up 5.8% on prior year, constant currency (up 3.6% reported)
- Glanbia Performance Nutrition delivered revenue growth of 13.7% constant currency (up 11.3% reported) with like-for-like branded sales growth of 6.3% and EBITA of €169.7 million, a 7.0% increase on prior year, constant currency (up 4.8% reported);
- Glanbia Nutritionals delivered revenue growth of 5.4% constant currency (3.4% reported) and EBITA of €113.5 million, a 4.1% increase on prior year, constant currency (up 2.0% reported) driven by a good performance from Nutritional Solutions;
- Strong result for the year from Joint Ventures with share of profits pre-exceptionals of €42.8 million up €16.8 million (up 64.6% reported) primarily driven by higher dairy markets and volume growth;
- Completion of the disposal of 60% of the Dairy Ireland segment and creation of a new joint venture, Glanbia Ireland;
- Net debt reduced by €69.8 million to €367.7 million at year end 2017, net debt to EBITDA ratio of 1.07 times; and
- Recommended final dividend of 16.09 cent per share. 2017 full year dividend of 22.00 cent per share an increase of 65% on prior year with revised dividend policy in place targeting an on-going dividend pay-out ratio of 25% to 35% of adjusted earnings per share.

Commenting today Siobhán Talbot, Group Managing Director, said:

"I am delighted to announce Glanbia's eighth year of double-digit earnings growth in 2017. On a pro-forma basis from continuing operations adjusted Earnings Per Share[1] was up 10.2%, constant currency, and wholly owned revenue was up 9.2%, constant currency. Growth was broad based across Glanbia Performance Nutrition ("GPN"), Glanbia Nutritionals ("GN") and Joint Ventures ("JVs") with good volume growth across all segments.

The strategic evolution of the Group portfolio continued in 2017 with the acquisition of two highly complementary businesses to the GPN portfolio, Amazing Grass and Body & Fit as well as the disposal of 60% of Dairy Ireland and the subsequent creation of the Glanbia Ireland JV. These initiatives demonstrate the ambition of the Group to build on its existing strengths, drive future sustainable growth and deliver on our vision to be one of the world's top performing nutrition companies. Our focus in 2018 will be on volume driven revenue growth across our wholly owned growth platforms of GPN and GN. The outlook for 2018 is positive and I expect Glanbia will deliver between 5% to 8% growth in pro-forma[1] adjusted Earnings Per Share on a constant currency basis. We expect growth to be delivered in the second half of 2018 as comparative dairy dynamics and planned investments will adversely affect performance in the first half of 2018.

Finally, recognising the strength of the Group's balance sheet and growth prospects, Glanbia has materially increased its 2017 dividend and revised its ongoing target dividend pay-out ratio to between 25% and 35% of annual adjusted Earnings Per Share."

2017 full year income statement highlights

2017 full year results €m	FY 2017	Reported FY 2016	Change	Constant Currency Change[2]
Wholly-owned business (continuing operations)				
Revenue	2,387.1	2,231.7	+ 7.0%	+ 9.2%
EBITA[3]	283.2	273.3	+ 3.6%	+ 5.8%
EBITA margin	11.9%	12.2%	- 30 bps	- 30bps
JVs (continuing operations)				
Share of profit after tax (pre-exceptional items)	42.8	26.0	+64.6%	
Discontinued operations (Dairy Ireland & related assets)				
Profit including exceptional items	92.2	24.4	+277.9%	
Total reported Group profit	329.4	212.1	+55.3%	
Reported Basic Earnings Per Share	111.65c	71.77c	+ 55.6%	
Adjusted Earnings Per Share (reported)[4]	89.17c	86.02c	+ 3.7%	+ 5.3%
		Pro - Forma		
Pro-forma Adjusted Earnings Per Share[1]	87.11c	80.40c	+ 8.3%	+ 10.2%

1. Pro-forma Adjusted Earnings Per Share for the continuing Group calculation assumes the Dairy Ireland segment and related assets were disposed of at the beginning of the 2016 financial year. A reconciliation is set out on pages 39 and 40.
2. To arrive at the Constant Currency Change, the average FX rate for the current period is applied to the relevant reported result from the same period in the prior year. The average Euro US Dollar FX rate for 2017 was €1 = $1.1295 (FY 2016: €1 = $1.1068).
3. EBITA is defined as earnings before interest, tax and amortisation and is stated before exceptional items.
4. Adjusted Earnings Per Share (reported) has been amended to exclude the cost of software amortisation within the earnings calculation and also includes the contribution from the Dairy Ireland segment and related assets.

This release contains certain alternative performance measures. A detailed glossary of the key performance indicators and non-IFRS performance measures can be found on pages 35 to 46.

2017 full-year overview

Following the disposal of 60% of the Dairy Ireland segment and related assets ("Dairy Ireland") the results of Dairy Ireland have been classified as discontinued operations for 2017 and 2016 comparatives. Wholly owned continuing operations includes the GPN and GN segments.

Glanbia delivered a good performance in 2017. Wholly owned revenue from continuing operations was €2,387.1 million, an increase of 7.0% reported (up 9.2% constant currency). The drivers of this revenue growth were a 5.3% improvement in volume, a 0.2% increase in price and a 3.7% contribution from acquisitions. Wholly owned EBITA from continuing operations was €283.2 million, up 3.6% reported (up 5.8% constant currency). Wholly owned EBITA margin from continuing operations was 11.9%, down 30 basis points reported and constant currency.

Glanbia's share of profit after tax from JVs increased by €16.8 million to €42.8 million in 2017. Glanbia's profit, including exceptional items, from discontinued operations was €92.2 million an increase of 277.9% on prior year. This includes the profit on the disposal of 60% of Dairy Ireland.

Total Group profit (after discontinued activities and exceptional items) in 2017 was €329.4 million up €117.3 million versus prior year driven by a good underlying performance from GPN and GN, the profit arising on the disposal of 60% of Dairy Ireland and a strong performance from JVs.

On a pro-forma basis, assuming the disposal of 60% of Dairy Ireland had occurred at the beginning of FY 2016, adjusted Earnings Per Share from continuing operations was 87.11 cent. On this basis this was an increase on prior year of 8.3% on a reported basis (up 10.2% constant currency). Group EBITA, on the same pro-forma basis, including Glanbia's share of EBITA from JVs was €351.0 million up €21.4 million versus prior year.

Including the contribution from discontinued operations which were owned by Glanbia up to 2 July 2017, adjusted Earnings Per Share for the year was 89.17 cent representing a reported increase of 3.7% (up 5.3% constant currency).

Dividend and total shareholder return

The Board has reviewed the Group's dividend policy and has put in place a target annual dividend pay-out of between 25% and 35% of adjusted Earnings Per Share. This is a material increase from recent years and reflective of the strength of the Group's balance sheet and cash flow. The Board will continue to assess the dividend policy on an on-going basis with the aim of balancing investment in growth opportunities for the Group with a return of cash to shareholders. As a result of this, the Board is recommending a final dividend of 16.09 cent per share which brings the total dividend for the year to 22.00 cent per share, a 65% increase on prior year. This total dividend represents a return of €65 million to shareholders from 2017 earnings and a pay-out of 25% of 2017 pro-forma adjusted Earnings Per Share. The final dividend will be paid on 27 April 2018 to shareholders on the share register on 16 March 2018. Glanbia's total shareholder return ("TSR") in 2017 was a negative 4.8%; TSR for the 3 years to the end of 2017 was 18.9%.

Board changes

The following nominees to the Glanbia plc Board from Glanbia Co-operative Society Limited (the "Society Nominees") retired in 2017; Jim Gilsenan and Matthew Merrick retired on 26 April 2017. Jer Doheny retired on 2 June 2017. They were replaced by Tom Grant, Eamon Power and Brendan Hayes on 2 June 2017. On the same day, John Murphy was appointed Vice Chairman replacing Patrick Murphy. On 20 February 2018 Michael Keane, a Society Nominee, announced his intention to retire from the Board at the 2018 Glanbia plc AGM on 25 April 2018. It is expected that he will be replaced by a Society Nominee by 30 June 2018.

Capital investment

In 2017 total capital expenditure amounted to €72.5 million consisting of €48.7 million strategic capital expenditure which was focused on both GPN and GN. Key strategic projects completed in 2017 were a new innovation centre in GPN in the US and various plant and IT system upgrades in GPN and GN.

Strategic initiatives

In 2017 Glanbia made progress on a number of key strategic initiatives. Delivery of these initiatives is consistent with the ambition of the Group to build on its existing strengths and drive future sustainable growth.

Acquisitions of Amazing Grass and Body & Fit

On 6 January 2017, Glanbia acquired Grass Advantage LLC ("Amazing Grass") in the US. Amazing Grass has a portfolio of organic and non-GMO plant-based nutrition brands. On 31 March 2017 Glanbia acquired B&F Vastgoed B.V. ("Body & Fit") in the Netherlands, a leading direct-to-consumer online branded business focused on performance nutrition. The combined consideration for both acquisitions was €168.2 million. The acquisitions delivered €79.6 million of revenue in 2017. Both acquisitions have a strong strategic fit and are enabling GPN to extend its reach to new consumers.

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

On 2 July 2017, Glanbia completed the disposal of 60% of the Dairy Ireland segment and related assets ("Dairy Ireland") to Glanbia Co-operative Society Limited (the "Society"). The disposal generated net cash proceeds of €208.8 million of which €112.0 million represents the disposal of the 60% equity stake in Dairy Ireland and the balance equal to 100% of the working capital in Dairy Ireland based on the final completion accounts. Following completion, the businesses of Glanbia Ingredients Ireland DAC and Dairy Ireland were combined to create a new joint venture called Glanbia Ireland DAC. This JV is owned 60% by the Society and 40% by Glanbia plc. In creating Glanbia Ireland the shareholders have created a strong organisation with the ambition to leverage the benefits of the significant growth plans of the Irish dairy supply base and an ownership structure more aligned to the needs of that supply base. Glanbia Ireland has plans in place for strategic investment of €250 million to €300 million between 2018 and 2020 to increase processing capacity and capability to produce value-added products. This investment is largely being funded by debt facilities sourced directly by Glanbia Ireland.

Southwest Cheese ("SwC")

The $140 million investment to expand production capacity at SwC by 25% is on track with commissioning expected to be completed by the third quarter of 2018. This project has been funded directly by SwC.

Michigan Joint Venture

Glanbia's project to create a new JV to build a large scale cheese and whey plant in the State of Michigan, USA remains on track with commissioning expected in 2020. Glanbia will own 50% of this new JV with US based partners owning the other 50% share.

2018 Outlook

In 2017 Glanbia refreshed its strategy; reaffirming better nutrition at its core and restating the ambition to drive long term sustainable growth. In 2018 the focus will be on volume-driven revenue growth. To achieve this Glanbia will invest further in building the consumer brand franchise in GPN, the solutions capability in GN and across the Group will continue to support innovation, talent development and systems infrastructure recognising the need for new skills and capabilities in an increasingly digital age.

For 2018 Glanbia is targeting mid-to-high single digit like-for-like volume growth in both the branded portfolio in GPN and the Nutritional Solutions component of GN. Overall margins in both GPN and GN are expected to be broadly in line with 2017 levels. JVs are expected to deliver a reduced profit in 2018 versus prior year as a result of more challenging dairy markets. On a pro-forma[1] basis Glanbia expects adjusted Earnings Per Share of the continuing Group to grow between 5% to 8%, constant currency in 2018. Growth is expected to be delivered in the second half of 2018 as comparative dairy dynamics and planned investments will adversely affect performance in the first half of 2018.

Glanbia generates over 80% of its earnings in US Dollar and reports in Euro. If the Euro US Dollar foreign exchange rate remains at current levels Glanbia expects an approximate 8% translational headwind to constant currency results when reporting in Euro.

1. Pro-forma Adjusted Earnings Per Share for the continuing Group calculation assumes the Dairy Ireland segment and related assets were disposed of at the beginning of the 2016 financial year. A reconciliation is set out on pages 39 and 40. On this basis FY 2016 and FY 2017 pro-forma adjusted Earnings Per Share from continuing operations was 80.40 cent and 87.11 cent respectively.

Operations review

		FY 2017			Re-presented *FY 2016	
€m	**Revenue**	**EBITA**	**EBITA %**	**Revenue**	**EBITA***	**EBITA %**
Glanbia Performance Nutrition	1,121.1	169.7	15.1%	1,007.5	162.0	16.1%
Glanbia Nutritionals	1,266.0	113.5	9.0%	1,224.2	111.3	9.1%
Total continuing operations	2,387.1	283.2	11.9%	2,231.7	273.3	12.2%

* 2016 EBITA numbers for the segments have been adjusted down by €0.5 million each due to a reallocation of certain central overheads following the reclassification of Dairy Ireland and related investments in Associated Companies as discontinued operations to ensure a like-for-like comparison with current year. Overall EBITA for the Group is unchanged.

Glanbia Performance Nutrition

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

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

Commentary is on a constant currency basis throughout

GPN delivered a good performance in 2017 with an overall increase in revenue of 13.7%. Volume increased by 7.1% as a result of branded revenue growth. The acquisitions of Amazing Grass and Body & Fit drove revenue growth of 8.1% with net price declining 1.5% due to investment in brand development and innovation launches. Like-for-like branded revenue growth versus prior year was 6.3% and like-for-like branded volume growth was 8.0%. Branded revenue growth was driven by the continued expansion of the online, food, drug, mass and club channels in North America and strong in-market execution and share gains in EMEA and LAPAC. GPN EBITA in 2017 was €169.7 million which was a 7.0% increase on the prior year with EBITA margin of 15.1%, down 100 basis points largely due to the net impact of higher year-on-year input costs and increased brand investment.

All geographic regions increased volume during the year with a strong performance in EMEA and LAPAC. As expected momentum improved in the North American market in quarter four 2017 driven by improved seasonal uplift relative to prior year. Innovation was also a key element of branded growth with the recent launches of ON Cake Bites and thinkThin plant-based bars both performing well. As a result of recent investments in geographic development, innovation and acquisitions, GPN has navigated the channel shift that has occurred in the category and has in place a portfolio of brands and product formats to serve performance and lifestyle consumer occasions across all channels on a global basis.

Glanbia acquired Amazing Grass and Body & Fit in the first quarter of 2017. Amazing Grass participates in the fast growing plant-based nutrition, "Greens" and "Super food" categories in North America. Body & Fit, an online Direct-to-Consumer ("DTC") brand, is a market leader in the Benelux region in Europe. Both plant based nutrition and overall DTC are in line with consumer trends and Glanbia will be investing further in 2018 in order to build on the existing brand strengths and broaden the current capabilities to develop platforms for future growth. Glanbia will be leveraging its broad channel presence and innovation capability to drive Amazing Grass in the North American market and has plans to grow the Body & Fit brand with investment focused on systems and organisational infrastructure to support this expansion.

Glanbia Nutritionals

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

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

Commentary is on a constant currency basis throughout

GN delivered a good performance in 2017. Total GN revenues increased versus the prior year by 5.4% to €1,266.0 million, driven by volume growth of 3.9% and pricing growth of 1.5%. Both volume and pricing growth was largely driven by Nutritional Solutions. GN's EBITA in 2017 was €113.5 million, a 4.1% improvement versus prior year as strong Nutritional Solutions performance was offset by challenging US cheese dynamics. GN EBITA margin in 2017 was 9.0%, broadly in line with prior year.

Nutritional Solutions

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

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

In 2017, 61% of the revenue in NS was from non-dairy products such as vitamin & mineral blends, functional beverages, plant-based solutions and flavours. The remaining 39% of NS revenue was from dairy solutions including advanced-technology whey and specialist dairy ingredients. Typical examples of the end products which NS supports are protein bars & snacks, value added beverages, performance nutrition, infant & clinical nutrition and supplements.

US Cheese

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

Joint Ventures (Glanbia Share)

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

* Share of JVs revenue is calculated as the share of revenue attributed to Glanbia based on Glanbia's percentage ownership in the JV.

Commentary is on a constant currency basis throughout

JVs delivered a strong performance in 2017. Glanbia's share of profit after tax ("PAT") from JVs, pre-exceptional, increased by €16.8 million to €42.8 million in 2017. Glanbia's share of JVs' revenues increased by 35.7% versus the prior year. This was driven by a price increase of 17.1%, as a result of the positive dairy market environment during 2017, and volume growth of 4.3% versus prior year driven by the Glanbia Ireland and Glanbia Cheese UK JVs. The Dairy Ireland transaction grew JVs' revenue by 14.3% in 2017. Glanbia's share of JVs' EBITA in 2017 was €63.4 million, an increase of 50.2% year-on-year. This was primarily as a result of volume growth and relatively strong year on year dairy markets.

Glanbia Ireland

The Glanbia Ireland JV ("GI") was created on 2 July 2017 following the acquisition of 60% of Dairy Ireland from Glanbia plc by the Society whereby the businesses of Glanbia Ingredients Ireland and Dairy Ireland were combined to create GI. GI is owned 60% by the Society and 40% by the plc. GI is the largest milk processor in Ireland producing a range of value added dairy ingredients and consumer products. In addition GI is a large scale seller of animal feed and fertiliser as well as having a chain of agricultural retail outlets in Ireland.

GI delivered a good performance in 2017 driven by volume and price improvements as a result of relatively higher global dairy markets. Milk volumes processed increased by 9% to a total GI milk pool of 2.6 billion litres. GI has a strategy in place to leverage the benefits of the significant growth plans of the Irish dairy supply base with plans for strategic investment of €250 million to €300 million between 2018 and 2020 to increase processing capacity and capability to produce value added products. This investment is largely being funded by debt facilities sourced directly by GI.

Southwest Cheese (SwC)

SwC is a large scale producer of American-style cheddar cheese and whey ingredients in the US with a production facility located in the State of New Mexico. SwC is 50% owned by Glanbia plc with US based dairy Co-operatives owning the other 50% share. SwC works closely with Glanbia Nutritionals as a route to market for all of its cheese and whey ingredients production. SwC delivered a reduced performance in 2017 versus prior year as a result of adverse dairy product pricing dynamics.

Glanbia Cheese UK

Glanbia Cheese UK is a large scale mozzarella cheese producer with two production facilities in the United Kingdom. Glanbia Cheese UK primarily supplies customers in the pizza industry across Europe. It is owned 51% by Glanbia plc and 49% by a global mozzarella producer. Glanbia Cheese UK delivered an excellent performance in 2017 with strong revenue and earnings growth. This was mainly driven by higher volumes and relatively higher dairy product pricing versus prior year.

Discontinued operations

€m	FY 2017	Re-presented* FY 2016
Revenue	357.9	616.2
EBITA	10.6	31.7
EBITA margin	3.0%	5.1%

* EBITA for Discontinued operations for 2016 have been adjusted up by €1.0m reflecting on going corporate costs previously allocated to the Dairy Ireland segment but which will be allocated to GPN and GN going forward. This is to ensure a like-for-like comparison and reflective of the allocations received in 2017 and going forward.

The disposal of 60% of Dairy Ireland was completed on 2 July 2017 and the segment has been classified as discontinued operations. Note in the table above, discontinued operations for FY 2016 reflect the ownership of Dairy Ireland for the full 2016 financial year whereas FY 2017 reported numbers reflect Dairy Ireland ownership for half of the 2017 financial year.

Capital markets day 2018

Glanbia will hold a capital markets day on Wednesday, 23 May 2018 in Chicago, USA. The day will focus on the overall Group and provide an opportunity to tour Glanbia facilities. For those interested in attending please email: investorday@glanbia.com. Further details will be available on the Investor Relations section of the Glanbia.com website.

2017 Finance review

2017 Group income statement

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

Dairy Ireland transaction and presentation of income statement

The disposal of 60% of Dairy Ireland and the creation of the Glanbia Ireland JV was completed on 2 July 2017. As a consequence, the results of Dairy Ireland have been classified as a discontinued operation up to the date of the transaction with prior year comparatives also adjusted accordingly. Total net cash proceeds from the transaction amounted to €208.8 million which represents €112 million cash payment relating to the disposal of the 60% equity stake in Dairy Ireland and the balance equal to 100% of the working capital in Dairy Ireland based on the final completion accounts. The operations of Dairy Ireland were combined with Glanbia Ingredients Ireland DAC, creating a new joint venture called Glanbia Ireland DAC. Glanbia Ireland is classified as a joint venture with 60% owned by the Society Limited and 40% owned by Glanbia plc. The profit arising on the disposal of 60% of Dairy Ireland, and the related costs incurred in respect of the transaction, have been presented as exceptional items in the period as discussed further below.

Commentary below, unless otherwise stated, refers to the continuing business. Any references to pro-forma assumes the Dairy Ireland transaction was completed at the beginning of the 2016 financial year.

Income statement

Revenue

Wholly owned revenue from continuing operations increased by 9.2% constant currency (7.0% reported) in 2017 to €2,387.1 million. Sales volumes accounted for 5.3% of the increase primarily driven by like-for-like branded growth within GPN and Nutritional Solutions within GN. Pricing benefit accounted for 0.2% of the growth in the year driven primarily by higher dairy markets offset partially by brand investment and innovation support within GPN. Acquisitions, which include the results of Amazing Grass and Body & Fit, accounted for a 3.7% increase in revenue.

Profit

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

Net finance costs

Net financing costs pre-exceptional items increased by €0.2 million to €23.0 million (2016: €22.8 million) primarily driven by the higher costs in the first half of the year as a result of the acquisitions of Amazing Grass and Body & Fit, which was completed in the first quarter of 2017. On 15 December 2017 the Group repaid $169 million out of a total of $325 million outstanding private placement debt due in June 2021, and consequently was required to pay additional interest of €14.0 million reflecting make-whole interest due to holders of this private placement debt. Total net finance costs in 2017 include this additional interest cost as an exceptional item. The early repayment of the private placement debt appropriately restructured the Group's debt facilities following the disposal of 60% of Dairy Ireland and accordingly will beneficially impact finance costs over financial periods to June 2021. The Group's average interest rate in 2017 was 6.3% (3.9% excluding the additional exceptional interest on private placement debt) (2016: 3.8%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 85% of projected 2018 debt currently contracted at fixed rates.

Equity accounted investees

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

Income taxes

The 2017 pre-exceptional tax charge decreased by €1.0 million to €38.3 million (2016: €39.3 million). This represents an effective tax rate, excluding JVs, of 17.6% (2016: 18.4%). The overall tax charge for the year includes an exceptional deferred tax credit of €38.7 million arising from a reduction in the US federal corporate tax rate from 35% to 21% under the Tax Cuts and Jobs Act signed into US law on 22 December 2017. This reduction in the US federal corporate tax rate is expected to drive a reduction in the Group's effective tax rate, however there are certain provisions within the US legislation to be evaluated further during 2018 to confirm this. As a result, Glanbia currently expects the Group effective tax rate in 2018 to be between 16.0% and 17.5%.

Earnings per share ("EPS")

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

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

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

Exceptional items

	2017 Continuing operations €'m	2017 Discontinued operations €'m	2017 Total €'m	2016 Continuing operations €'m	2016 Discontinued operations €'m	2016 Total €'m
Intangible asset amortisation (note 1)	(19.4)	-	(19.4)	-	-	-
Rationalisation costs (note 2)	(5.4)	-	(5.4)	-	(3.0)	(3.0)
Debt restructuring (note 3)	(0.1)	-	(0.1)	-	-	-
Organisation redesign costs (note 4)	-	-	-	(11.3)	-	(11.3)
Acquisition integration costs (note 5)	-	-	-	(3.1)	-	(3.1)
Profit on disposal of 60% of Dairy Ireland (note 6)	-	83.3	83.3	-	-	-
Total exceptional operating (loss)/profit	**(24.9)**	**83.3**	**58.4**	**(14.4)**	**(3.0)**	**(17.4)**
Finance costs (note 3)	(14.0)	-	(14.0)	-	-	-
Share of results of Equity accounted investees – deferred tax credit due to US tax reform (note 7)	8.7	-	8.7	-	-	-
Total exceptional (loss)/profit before tax	**(30.2)**	**83.3**	**53.1**	**(14.4)**	**(3.0)**	**(17.4)**
Deferred tax credit due to US tax reform (note 7)	38.7	-	38.7	-	-	-
Tax credit/(charge) on exceptional items	7.1	(0.9)	6.2	2.3	0.3	2.6
Total exceptional profit/(loss)	**15.6**	**82.4**	**98.0**	**(12.1)**	**(2.7)**	**(14.8)**

Details of the exceptional items are as follows:

1. Intangible asset amortisation - Following a review of the useful life of capitalised development costs in respect of newly developed products across the Group, it was decided to reduce the estimate of the useful life from 6 to 3 years to reflect the dynamic environment for new product launches in their early development stage. The once-off additional amortisation from this change in estimate amounted to €19.4 million.
2. Rationalisation costs in the current year relate to employee redundancies arising from the elimination of certain positions following a Group-wide organisational review. This review is on-going to ensure that the Group structure is appropriate to support the future growth of Glanbia post the disposal of 60% of Dairy Ireland. Discontinued costs in 2016 primarily relate to the redundancy and rationalisation programme in the Dairy Ireland segment.
3. Debt restructuring costs - Following the disposal of 60% of Dairy Ireland a review of existing debt facilities was undertaken to ensure they were appropriate to meet the needs of the new Group structure. As a result the Group repaid $169 million out of $325 million private placement debt resulting in €14.1 million of once-off interest costs and fees reflecting make-whole interest due to holders of this private placement debt arising on early settlement.
4. Organisation redesign costs relate to GN's programme announced in 2015 to fundamentally reorganise the business and leverage future market opportunities. This was largely complete in 2016. There were no material organisation redesign related costs in 2017.
5. Acquisition integration costs comprise of costs relating to the integration, restructuring and redesign of route to market capabilities within acquired businesses in the GPN segment. This was completed in 2016. There were no material acquisition related costs in 2017.
6. On 2 July 2017 the Group completed the disposal of 60% of Dairy Ireland to Glanbia Co-operative Society Limited. The profit arising on disposal amounted to €83.3 million which was net of transaction related costs of €13.0 million. These costs include impairment of tangible fixed assets, professional fees, EGM meeting costs, employee benefit expenses and other related costs.
7. On 22 December 2017 the Tax Cuts and Jobs Act was signed into law in the United States which reduced the federal corporate tax rate from 35% to 21%. Included in the exceptional tax credit is a deferred tax credit of €38.7 million arising from the reduction in the US federal corporation tax rate. The impact from this reduced tax rate on Glanbia's share of PAT from the Southwest Cheese JV amounted to €8.7 million.

Cash flow

The commentary below relates to the Group Statement of Cash flows as set out on page 21 of the financial statements.

Operating activities:

Net cash inflow from operating activities in the year amounted to €91.1 million which was a decrease of €231.7 million compared to prior year. The key drivers of the decrease in operational cash inflow on prior year are negative working capital movements of €180.7 million and the additional interest on private placement debt of €14.0 million, as previously discussed within net finance costs. Negative working capital movements are driven primarily by €76.5 million of negative receivable movements from the continuing business, due to increased business activity, and negative working capital movements from Dairy Ireland in the first half of 2017, amounting to €47.5 million,.

Investing activities

Net cash outflow from investing activities in the year amounted to €14.0 million which was a decrease of €90.0 million compared to prior year. The key drivers of the outflow in the year were the acquisitions of Amazing Grass and Body & Fit for a combined cost of €168.2 million and capital expenditure of €72.5 million being partially offset by net proceeds from the disposal of Dairy Ireland. Total capital expenditure in the year relates to tangible and intangible asset investments across GN and GPN. This is discussed further in the investing for growth section below. Total net proceeds from the Dairy Ireland transaction amounted to €208.8 million which represents cash proceeds of €112.0 million with the balance relating to settlement of working capital balances at the completion date.

Financing activities

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

Cash flow KPIs

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

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

* Pro-forma excludes Dairy Ireland cash flows

On a pro-forma basis (excluding Dairy Ireland cash flows) OCF was €185.0 million which includes an adverse working capital movement of €123.3 million. The adverse working capital movement was largely driven by negative receivables movement of €76.5 million due to increased sales activity in the latter part of the year. The pro-forma OCF of €185.0 million represents a cash conversion on EBITDA of 56.4% compared to a prior year pro-forma cash conversion of 101.5%. The OCF conversion target for 2018 is 80%. Despite the reduced OCF in the year, overall net debt was reduced in the year by €69.8 million driven by an overall net positive cash flow of €19.9 million and a positive foreign exchange movement of €49.9 million. This is discussed further below.

Group Net debt

	2017	2016
Net debt	367.7m	437.5m

Financing Key Performance Indicators		
Net debt: adjusted EBITDA	1.07 times	1.19 times
Adjusted EBIT: net finance cost	7.0 times	11.5 times

The Group's financial position continues to be strong. Net debt at the end of 2017 was €367.7 million. This is a decrease of €69.8 million from the prior year net debt of €437.5 million and can be primarily attributed to the proceeds received from the disposal of 60% of Dairy Ireland and positive foreign exchange gains offset partially by the cost from the investment in working capital and the Amazing Grass and Body & Fit acquisitions. Net debt to adjusted EBITDA was 1.07 times and interest cover was 7.0 times, both metrics remaining well within financing covenants. The reduction in the interest cover was driven by the exceptional €14.0 million interest cost in the year following the early repayment of part of the private placement debt. Excluding this once-off cost the cover would be 11.2 times. At year end 2017 Glanbia had available facilities of €844 million. Glanbia's capital structure has considerable capacity to finance future investments.

Investing for growth

In 2017 capital expenditure amounted to €72.5 million which includes €23.8 million of sustaining capital expenditure and €48.7 million of strategic capital expenditure, which was focused on GPN and GN. Key strategic capital investment projects completed in 2017 were a new innovation centre in GPN in the US, various plant and IT system upgrades in GPN and GN.

In the first quarter of 2017 Glanbia acquired Amazing Grass and Body & Fit for a combined cost of €168.2 million. Amazing Grass and Body & Fit are two key platforms for GPN in the strategically important plant-nutrition category and the DTC online channel respectively. The combined revenues of these two businesses in 2017 was approximately €79.6 million. Increasing capability in the DTC channel, initially through Body & Fit, is a key strategic objective for Glanbia and in addition to the investment made in 2017 Glanbia expects this investment will continue in 2018 to drive future top line growth. Acquisitions will continue to be an important part of the growth strategy of Glanbia, and as outlined below, the Group has the capacity to make acquisitions should opportunities arise that are in line with its strategic and financial objectives.

Return on capital employed ("ROCE")

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

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

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

Foreign exchange

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

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

Euro US dollar foreign exchange rates

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

Dividend per share

Recognising the strength of the Group's balance sheet and growth prospects, the Board has reviewed the Group's dividend policy and has now set a target annual dividend pay-out ratio of between 25% and 35% of annual adjusted Earnings Per Share. This is a material increase from recent years .The Board will continue to assess the dividend policy on an on-going basis with the aim of balancing investment in growth opportunities for the Group with a return of cash to shareholders. As a result of this change the recommended final dividend will be 16.09 cent per share (2016: final dividend 7.94 cent per share) and brings the total dividend for the year to 22.00 cent per share (2016: 13.31 cent per share). This represents a 65% increase in the total dividend payment for 2017 versus prior year and represents a return of €65.1 million to shareholders from 2017 earnings.

Pension

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

Total shareholders returns

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

Principal risks and uncertainties

The Board of Glanbia plc has the ultimate responsibility for the Group's systems of risk management and internal control. The Directors of Glanbia have carried out a robust assessment of the principal risks facing the Group, including those that may threaten the business model, future performance, solvency or liquidity. In 2018 the principal risks and uncertainties affecting the Group's performance are:

- Economic, industry and political risk - macroeconomic and global trade uncertainty continues to increase, partly as a result of the geo-political climate and the continued uncertainty in relation to Brexit (the United Kingdom (UK) electorate voteg to leave the European Union). From a Group perspective this has increased raw material pricing and currency volatility which together with other economic measures will require continued focus to limit the impact to Glanbia's strategic growth objectives;
- Market risk – The overall impact on margins of movements in dairy pricing;
- Tax risk – while the impacts of the US tax reform legislation enacted on 22 December 2017 will continue to be considered in detail by the Group, it is possible that further legislative change in other jurisdictions may follow which will require careful monitoring by the Group's in-house tax team and external advisors to assess any potential impacts to Glanbia's tax strategy and investment decisions; and
- Customer concentration – while from a strategic perspective the Group aims to build strong customer relationships with major customers, it can expose Glanbia to credit exposure and other balance sheet risks. The Board and management will be focused on utilising available mitigation to limit such exposures in 2018 while recognising that they cannot be fully eliminated.

The Group's approach to financial risks, including currency risk, interest rate risk, liquidity and cash flow risk, price risk and credit risk is to centrally manage these risks against comprehensive policy guidelines, details of which are outlined further in the 2017 Annual Report.

Financial strategy

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

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

Investor relations

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

Annual General Meeting (AGM)

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

Cautionary statement

This announcement contains forward-looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The Directors undertake no obligation to update any forward-looking statements contained in this announcement, whether as a result of new information, future events, or otherwise.

On behalf of the Board

Siobhán Talbot	Mark Garvey
Group Managing Director	Group Finance Director

21 February 2018

Results webcast and dial-in details

There will be a webcast and presentation to accompany this results announcement at 8.30 a.m. BST today. Please access the webcast from the Glanbia website at http://www.glanbia.com/investors/results-centre, where the presentation can also be viewed or downloaded. In addition, a dial-in facility is available using the following numbers:

Ireland:	01 246 5621
UK / International:	+44 330 336 9411
USA:	+323 794 2093

The access code for all participants is: 3159858
A replay of the call will be available for 30 days approximately two hours after the call ends.

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Group Income Statement
for the financial year ended 30 December 2017

	Notes	2017 Pre–exceptional €'m	2017 Exceptional €'m (note 3)	2017 Total €'m	Re–presented* 2016 Pre–exceptional €'m	Re–presented* 2016 Exceptional €'m (note 3)	Re–presented* 2016 Total €'m
Continuing operations							
Revenue		**2,387.1**	**-**	**2,387.1**	2,231.7	-	2,231.7
Earnings before interest, tax and amortisation (EBITA)		**283.2**	**(5.5)**	**277.7**	273.3	(14.4)	258.9
Intangible asset amortisation		**(43.1)**	**(19.4)**	**(62.5)**	(37.4)	-	(37.4)
Operating profit		**240.1**	**(24.9)**	**215.2**	235.9	(14.4)	221.5
Finance income	5	**3.0**	**-**	**3.0**	2.4	-	2.4
Finance costs	5	**(26.0)**	**(14.0)**	**(40.0)**	(25.2)	-	(25.2)
Share of results of Equity accounted investees		**42.8**	**8.7**	**51.5**	26.0	-	26.0
Profit before taxation		**259.9**	**(30.2)**	**229.7**	239.1	(14.4)	224.7
Income taxes	6	**(38.3)**	**45.8**	**7.5**	(39.3)	2.3	(37.0)
Profit from continuing operations		**221.6**	**15.6**	**237.2**	199.8	(12.1)	187.7
Discontinued operations							
Profit from discontinued operations	4	**9.8**	**82.4**	**92.2**	27.1	(2.7)	24.4
Profit for the year		**231.4**	**98.0**	**329.4**	226.9	(14.8)	212.1
Attributable to:							
Equity holders of the Company – Continuing operations				**237.2**			187.7
Equity holders of the Company – Discontinued operations				**92.2**			24.1
Non–controlling interests – Discontinued operations				**-**			0.3
				329.4			212.1
Earnings Per Share from continuing and discontinued operations attributable to the equity holders of the Company							
Basic Earnings Per Share (cent)	7						
Continuing operations				**80.40**			63.59
Discontinued operations				**31.25**			8.17
				111.65			71.76
Diluted Earnings Per Share (cent)	7						
Continuing operations				**80.19**			63.38
Discontinued operations				**31.17**			8.14
				111.36			71.52

*As re–presented to reflect the impact of discontinued operations. See note 4 for further information.

Group Statement of Comprehensive Income
for the financial year ended 30 December 2017

	Notes	2017 €'m	Re–presented* 2016 €'m
Profit for the year		**329.4**	212.1
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements – defined benefit schemes			
– Continuing operations		**7.1**	(22.8)
– Discontinued operations		**12.0**	(9.0)
Deferred tax on remeasurements			
– Continuing operations		**(0.3)**	0.7
– Discontinued operations		**(1.5)**	1.1
Share of remeasurements – defined benefit plans – Equity accounted investees – net of deferred tax			
– Continuing operations		**(0.6)**	(6.0)
– Discontinued operations		**1.9**	-
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences			
– Continuing operations		**(149.8)**	27.4
– Discontinued operations		**-**	(0.3)
Reclassification of foreign currency differences on disposal of Dairy Ireland	4	**(0.2)**	-
Net investment hedge		**11.3**	(2.9)
Revaluation of available for sale financial assets		**1.6**	(1.3)
Deferred tax on revaluation of available for sale financial assets		**(0.7)**	0.4
Net fair value movements on cash flow hedges		**(0.6)**	0.8
Deferred tax on cash flow hedges		**-**	(0.2)
Net fair value movements on cash flow hedges – Equity accounted investees		**2.9**	2.3
Deferred tax on cash flow hedges – Equity accounted investees		**(0.1)**	(1.3)
Other comprehensive expense for the year, net of tax		**(117.0)**	(11.1)
Total comprehensive income for the year		**212.4**	201.0
Total comprehensive income attributable to:			
Equity holders of the Company – Continuing operations		**108.0**	184.8
Equity holders of the Company – Discontinued operations		**104.5**	15.9
Non–controlling interests – Discontinued operations		**(0.1)**	0.3
Total comprehensive income for the year		**212.4**	201.0

*As re–presented to reflect the impact of discontinued operations. See note 4 for further information.

Group Balance Sheet
as at 30 December 2017

	Notes	**30 December 2017 €'m**	31 December 2016 €'m
ASSETS			
Non–current assets			
Property, plant and equipment		**442.2**	628.2
Intangible assets		**959.8**	966.2
Equity accounted investees		**266.9**	166.3
Available for sale financial assets		**11.1**	9.9
Trade and other receivables		**-**	14.7
Deferred tax assets		**1.6**	1.8
Retirement benefit assets		**1.7**	2.6
		1,683.3	1,789.7
Current assets			
Current tax assets		**11.3**	5.3
Inventories		**321.6**	366.5
Trade and other receivables		**302.4**	327.1
Derivative financial instruments		**2.2**	1.2
Cash and cash equivalents	9	**162.2**	218.9
		799.7	919.0
Total assets		**2,483.0**	2,708.7
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	10	**105.4**	105.4
Other reserves		**190.0**	331.6
Retained earnings		**1,086.3**	779.0
		1,381.7	1,216.0
Non–controlling interests		**-**	11.1
Total equity		**1,381.7**	1,227.1
LIABILITIES			
Non–current liabilities			
Financial liabilities	9	**499.6**	624.2
Deferred tax liabilities		**125.6**	158.2
Retirement benefit obligations		**43.6**	113.0
Provisions	11	**24.0**	15.6
Capital grants		**0.1**	3.0
Other payables		**10.1**	11.6
		703.0	925.6
Current liabilities			
Trade and other payables		**307.9**	448.7
Current tax liabilities		**52.0**	54.1
Financial liabilities	9	**30.3**	32.2
Derivative financial instruments		**0.3**	1.2
Provisions	11	**7.8**	19.5
Capital grants		**-**	0.3
		398.3	556.0
Total liabilities		**1,101.3**	1,481.6
Total equity and liabilities		**2,483.0**	2,708.7

On behalf of the Board

H Corbally **S Talbot** **M Garvey**
Directors

Group Statement of Changes in Equity
for the financial year ended 30 December 2017

	Attributable to equity holders of the Company					
	Share capital and share premium €'m (note 10)	Other reserves €'m	Retained earnings €'m	Total €'m	Non–controlling interests €'m	Total €'m
Balance at 31 December 2016	105.4	331.6	779.0	1,216.0	11.1	1,227.1
Profit for the year	-	-	329.4	329.4	-	329.4
Other comprehensive income/(expense)						
Remeasurements – defined benefit plans	-	-	19.2	19.2	(0.1)	19.1
Deferred tax on remeasurements – defined benefit plans	-	-	(1.8)	(1.8)	-	(1.8)
Share of remeasurements – defined benefit plans – Equity accounted investees – net of deferred tax	-	-	1.3	1.3	-	1.3
Currency translation differences	-	(149.8)	-	(149.8)	-	(149.8)
Reclassification of foreign currency differences on disposal of Dairy Ireland	-	(0.2)	-	(0.2)	-	(0.2)
Net investment hedge	-	11.3	-	11.3	-	11.3
Fair value movements	-	3.9	-	3.9	-	3.9
Deferred tax on fair value movements	-	(0.8)	-	(0.8)	-	(0.8)
Total comprehensive (expense)/income for the year	-	(135.6)	348.1	212.5	(0.1)	212.4
Transactions with equity holders of the Company						
Contributions and distributions						
Dividends	-	-	(40.9)	(40.9)	-	(40.9)
Sale of shares held by a subsidiary	-	-	2.4	2.4	-	2.4
Cost of share–based payments	-	7.8	-	7.8	-	7.8
Transfer on exercise, vesting or expiry of share–based payments	-	2.4	(2.4)	-	-	-
Deferred tax on share–based payments	-	-	0.1	0.1	-	0.1
Purchase of own shares	-	(16.2)	-	(16.2)	-	(16.2)
Total contributions and distributions	-	(6.0)	(40.8)	(46.8)	-	(46.8)
Changes in ownership interests						
Disposal of non–controlling interest	-	-	-	-	(11.0)	(11.0)
Balance at 30 December 2017	105.4	190.0	1,086.3	1,381.7	-	1,381.7

Group Statement of Changes in Equity continued
for the financial year ended 30 December 2017

	Attributable to equity holders of the Company					
	Share capital and share premium €'m (note 10)	Other reserves €'m	Retained earnings €'m	Total €'m	Non–controlling interests €'m	Total €'m
Balance at 2 January 2016	105.4	306.4	642.8	1,054.6	8.5	1,063.1
Profit for the year	-	-	211.8	211.8	0.3	212.1
Other comprehensive income/(expense)						
Remeasurements – defined benefit plans	-	-	(31.8)	(31.8)	-	(31.8)
Deferred tax on remeasurements – defined benefit plans	-	-	1.8	1.8	-	1.8
Share of remeasurements – defined benefit plans – Equity accounted investees - net of deferred tax	-	-	(6.0)	(6.0)	-	(6.0)
Currency translation differences	-	27.1	-	27.1	-	27.1
Net investment hedge	-	(2.9)	-	(2.9)	-	(2.9)
Fair value movements	-	1.8	-	1.8	-	1.8
Deferred tax on fair value movements	-	(1.1)	-	(1.1)	-	(1.1)
Total comprehensive income for the year	-	24.9	175.8	200.7	0.3	201.0
Transactions with equity holders of the Company						
Contributions and distributions						
Dividends	-	-	(36.8)	(36.8)	(0.9)	(37.7)
Cost of share–based payments	-	7.7	-	7.7	-	7.7
Transfer on exercise, vesting or expiry of share–based payments	-	3.0	(3.0)	-	-	-
Deferred tax on share–based payments	-	-	0.2	0.2	-	0.2
Purchase of own shares	-	(10.4)	-	(10.4)	-	(10.4)
Total contributions and distributions	-	0.3	(39.6)	(39.3)	(0.9)	(40.2)
Changes in ownership interests						
Non–controlling interests arising on gain in control	-	-	-	-	3.2	3.2
Balance at 31 December 2016	105.4	331.6	779.0	1,216.0	11.1	1,227.1

Group Statement of Cash Flows
for the financial year ended 30 December 2017

	Notes	2017 €'m	2016 €'m
Cash flows from operating activities			
Cash generated from operating activities	12	**162.2**	374.2
Interest received		**3.1**	2.4
Interest paid		**(39.5)**	(24.8)
Tax paid		**(34.7)**	(29.0)
Net cash inflow from operating activities		**91.1**	322.8
Cash flows from investing activities			
Acquisition of subsidiaries – purchase consideration	13	**(162.2)**	(15.7)
Acquisition of subsidiaries – liabilities settled at completion	13	**(7.6)**	-
Acquisition of subsidiaries – cash and cash equivalents acquired	13	**1.6**	1.1
Capital grants received		**-**	0.6
Purchase of property, plant and equipment		**(38.0)**	(65.4)
Purchase of intangible assets		**(34.5)**	(24.1)
Interest paid in relation to property, plant and equipment		**(0.8)**	(1.5)
Dividends received from Equity accounted investees		**15.8**	13.8
Loans advanced to Equity accounted investees		**-**	(12.8)
Net redemption, disposal and additions in available for sale financial assets		**0.4**	(0.4)
Disposal of undertaking and investment in Equity accounted investee (net of cash disposed)		**208.8**	-
Proceeds from property, plant and equipment		**0.1**	0.4
Sale of shares held by a subsidiary		**2.4**	-
Net cash outflow from investing activities		**(14.0)**	(104.0)
Cash flows from financing activities			
Purchase of own shares		**(16.2)**	(10.4)
Decrease in borrowings		**(60.7)**	(154.5)
Finance lease payments		**(2.2)**	(0.3)
Dividends paid to Company shareholders		**(41.0)**	(37.2)
Dividends paid to non–controlling interests		**-**	(0.9)
Net cash outflow from financing activities		**(120.1)**	(203.3)
Net (decrease)/increase in cash and cash equivalents		**(43.0)**	15.5
Cash and cash equivalents at the beginning of the year		**187.3**	169.1
Effects of exchange rate changes on cash and cash equivalents		**(12.2)**	2.7
Cash and cash equivalents at the end of the year	9	**132.1**	187.3

Reconciliation of net cash flow to movement in net debt		2017 €'m	2016 €'m
Net (decrease)/increase in cash and cash equivalents		**(43.0)**	15.5
Cash movements from debt financing		**62.9**	154.8
New finance leases		**-**	(1.8)
Debt acquired on acquisition		**-**	(0.8)
		19.9	167.7
Exchange translation adjustment on net debt		**49.9**	(21.0)
Movement in net debt in the year		**69.8**	146.7
Net debt at the beginning of the year		**(437.5)**	(584.2)
Net debt at the end of the year	9	**(367.7)**	(437.5)

Notes to the Financial Statements
for the financial year ended 30 December 2017

1. Basis of preparation

The financial information set out in this document does not constitute full statutory Financial Statements but has been derived from the Group Financial Statements for the year ended 30 December 2017 (referred to as the 2017 Financial Statements). The Group Financial Statements are prepared under EU adopted International Financial Reporting Standards (IFRS). The 2017 Financial Statements have been audited and have received an unqualified audit report. Amounts are stated in euro millions (€'m) unless otherwise stated. The financial information is prepared for a 52 week period ended on 30 December 2017. Comparatives are for the 52 week period ending on 31 December 2016. The balance sheets for 2017 and 2016 have been drawn up as at 30 December 2017 and 31 December 2016 respectively. After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group Financial Statements.

The financial information has been prepared under the historical cost convention as modified by use of fair values for available for sale financial assets, share based payments, derivative financial instruments and retirement benefit obligations. The Group's accounting policies which will be included in the 2017 Financial Statements are broadly consistent with those as set out in the 2016 Financial Statements. The adaptation of new standards and interpretations (as set out in the 2016 Annual Report) that become effective for the Group's Financial Statements for the year ended 30 December 2017 did not have any significant impact on the Group Preliminary Full Year Results Statement.

Re–presentation

Certain comparative amounts in the balance sheet have been reclassified or re–presented, to achieve a more appropriate presentation. This includes the reclassification of lease incentives, the presentation of Interests in Associates and Interests in Joint Ventures as Equity accounted investees. Following the disposal of 60% of Dairy Ireland and related assets, and in accordance with the requirements of IFRS 5 'Non–current assets held for sale and discontinued operations', the results of Dairy Ireland to the date of disposal have been presented within profit from discontinued operations in the Group income statement with the prior year comparatives re–presented accordingly.

The Financial Statements were approved by the Board of Directors on 20 February 2018 and signed on its behalf by H Corbally, S Talbot, and M Garvey.

2. Segment information

On 2 July 2017 the Group completed the disposal of Dairy Ireland and related assets. The Group has treated these operations as discontinued operations in accordance with IFRS 5 'Non–current assets held for sale and discontinued operations' and details of the disposal are included in note 4. Following this change the structure of the internal reporting to the Chief Operating Decision Maker was reviewed as required by IFRS 8 'Operating segments'. As a result, the Group has revised its operating segments, and, comparative segment amounts for 2016 have been restated.

The Group, including its Joint Venture Glanbia Ireland, now reports across the following segments: Glanbia Performance Nutrition, Glanbia Nutritionals and Glanbia Ireland. These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker assesses performance and allocates the Group's resources. Each segment is reviewed in its totality by the Chief Operating Decision Maker. The Glanbia Operating Executive assesses the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items (EBITA).

Each segment derives its revenue as follows; Glanbia Performance Nutrition earns its revenue from the manufacture and sale of performance nutrition products, Glanbia Nutritionals earns its revenue from the manufacture and sale of cheese, dairy and non–dairy nutritional ingredients, and Glanbia Ireland earns its revenue from the manufacture and sale of cheese and dairy ingredients, and the manufacture and sale of a range of consumer products and farm inputs. Glanbia Ireland is an Equity accounted investee and the amounts stated represent the Group's share. All other segments and unallocated include both the results of other Equity accounted investees who manufacture and sell cheese and dairy ingredients and unallocated corporate costs. These investees did not meet the quantitative thresholds for reportable segments in 2017 or 2016.

Amounts stated for Equity accounted investees represents the Group's share.

The segment results for continuing operations are as follows:

2017	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total Group €'m**
Total gross segment revenue	**1,121.1**	**1,304.7**	-	**2,425.8**	-	**2,425.8**
Inter–segment revenue	-	**(38.7)**	-	**(38.7)**	-	**(38.7)**
Revenue	**1,121.1**	**1,266.0**	-	**2,387.1**	-	**2,387.1**
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	**169.7**	**113.5**	-	**283.2**	-	**283.2**
Shares of results of Equity accounted investees (pre-exceptional)	-	-	**16.4**	**16.4**	**26.4**	**42.8**

2016 (Re–presented)**	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Total gross segment revenue	1,007.5	1,250.4	-	2,257.9	-	2,257.9
Inter–segment revenue	-	(26.2)	-	(26.2)	-	(26.2)
Revenue	1,007.5	1,224.2	-	2,231.7	-	2,231.7
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	162.0	111.3	-	273.3	-	273.3
Share of results of Equity accounted investees (pre-exceptional)	-	-	13.3	13.3	12.7	26.0

**Re–presented to reflect the realignment of operating segments

Included in external revenue are related party sales between Glanbia Nutritionals and Joint Ventures of €14.1 million (2016: €13.5 million).
Inter–segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax for continuing operations as follows:

	Notes	**2017 €'m**	2016 €'m
Earnings before interest, tax, amortisation and exceptional items – Continuing operations		**283.2**	273.3
Amortisation – pre–exceptional		**(43.1)**	(37.4)
Exceptional items	3	**(30.2)**	(14.4)
Share of results of Equity accounted investees		**42.8**	26.0
Finance income	5	**3.0**	2.4
Finance costs	5	**(26.0)**	(25.2)
Reported profit before taxation – Continuing operations		**229.7**	224.7
Income taxes	6	**7.5**	(37.0)
Reported profit for the year – Continuing operations		**237.2**	187.7

Other segment information (pre-exceptional) for continuing operations are as follows:

2017	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total Group €'m**
Depreciation and impairment of PPE	**14.8**	**30.3**	-	**45.1**	**2.7**	**47.8**
Amortisation and impairment of intangibles	**33.2**	**9.9**	-	**43.1**	-	**43.1**
Capital expenditure – additions	**32.8**	**29.4**	-	**62.2**	**10.5**	**72.7**
Capital expenditure – business combinations	**166.9**	-	-	**166.9**	-	**166.9**

2016 (Re–presented)**	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Depreciation and impairment of PPE	13.9	27.8	-	41.7	-	41.7
Amortisation and impairment of intangibles	28.1	9.8	-	37.9	-	37.9
Capital expenditure – additions	24.7	40.1	-	64.8	7.7	72.5
Capital expenditure – business combinations	3.0	-	-	3.0	-	3.0

The segment assets and liabilities are as follows:

2017	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total Group €'m**
Segment assets	**1,331.5**	**759.7**	**187.1**	**2,278.3**	**204.7**	**2,483.0**
Segment liabilities	**232.2**	**181.0**	**-**	**413.2**	**688.1**	**1,101.3**

2016 (Re–presented)**	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Segment assets	1,157.2	772.6	95.6	2,025.4	683.3	2,708.7
Segment liabilities	264.6	212.4	-	477.0	1,004.6	1,481.6

**Re–presented to reflect the realignment of operating segments.

Unallocated assets and liabilities comprise primarily taxation, cash and cash equivalents, borrowings, available for sale financial assets, derivatives, retirement benefit obligations and the carrying value of remaining Equity accounted investees.

Geographical information

The following represents a geographical analysis of the segment information in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non–current assets. The analysis of revenue represents revenue from continuing operations.

	2017 €'m	Re–presented* 2016 €'m
US	**1,723.8**	1,731.7
Ireland	**23.4**	22.3
UK	**72.1**	62.8
Australia	**53.2**	31.3
Rest of Europe	**217.1**	154.0
Other	**297.5**	229.6
Total	**2,387.1**	2,231.7

*As re–presented to reflect the impact of discontinued operations. See note 4 for further information.

Revenue of approximately €312.5 million (2016: €332.5 million) is derived from a single external customer within the Glanbia Nutritionals segment.

The total of non–current assets, other than financial instruments and deferred tax assets, located in Ireland is €821.3 million (2016: €857.4 million) and located in other countries, mainly the US, is €849.3 million (2016: €920.6 million).

3. Exceptional items

		2017			Re-presented* 2016		
	Notes	**Continuing operations €'m**	**Discontinued operations €'m**	**Total €'m**	Continuing operations €'m	Discontinued operations €'m	Total €'m
Intangible asset amortisation	(a)	**(19.4)**	**-**	**(19.4)**	-	-	-
Rationalisation costs	(b)	**(5.4)**	**-**	**(5.4)**	-	(3.0)	(3.0)
Debt restructuring	(c)	**(0.1)**	**-**	**(0.1)**	-	-	-
Organisation redesign costs	(f)	**-**	**-**	**-**	(11.3)	-	(11.3)
Acquisition integration costs	(g)	**-**	**-**	**-**	(3.1)	-	(3.1)
Profit on disposal of 60% of Dairy Ireland	(e)	**-**	**83.3**	**83.3**	-	-	-
Total exceptional operating (loss)/profit		**(24.9)**	**83.3**	**58.4**	(14.4)	(3.0)	(17.4)
Finance costs	(c)/5	**(14.0)**	**-**	**(14.0)**	-	-	-
Share of results of Equity accounted investees – deferred tax credit due to US tax reform	(d)	**8.7**	**-**	**8.7**	-	-	-
Total exceptional (loss)/profit before tax		**(30.2)**	**83.3**	**53.1**	(14.4)	(3.0)	(17.4)
Deferred tax credit due to US tax reform	(d)/6	**38.7**	**-**	**38.7**	-	-	-
Tax credit/(charge) on exceptional items	6	**7.1**	**(0.9)**	**6.2**	2.3	0.3	2.6
Total exceptional profit/(loss)		**15.6**	**82.4**	**98.0**	(12.1)	(2.7)	(14.8)

The nature of the total exceptional operating (loss)/profit is as follows:

		2017			Re-presented* 2016		
	Notes	**Continuing operations €'m**	**Discontinued operations €'m**	**Total €'m**	Continuing operations €'m	Discontinued operations €'m	Total €'m
Amortisation of development costs	(a)	**(19.4)**	-	**(19.4)**	-	-	-
Employee benefit expense		**(3.9)**	**(0.5)**	**(4.4)**	(7.1)	(3.0)	(10.1)
Professional fees		**(1.2)**	**(3.6)**	**(4.8)**	(3.6)	-	(3.6)
Other operating costs		**(0.4)**	**(0.2)**	**(0.6)**	(3.7)	-	(3.7)
Profit on disposal of Dairy Ireland		-	**96.3**	**96.3**	-	-	-
Impairment of tangible asset		-	**(8.1)**	**(8.1)**	-	-	-
Extraordinary general meeting costs		-	**(0.6)**	**(0.6)**	-	-	-
Total exceptional operating (loss)/profit		**(24.9)**	**83.3**	**58.4**	(14.4)	(3.0)	(17.4)

*As re–presented to reflect the impact of discontinued operations. See note 4 for further information.

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

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

(b) Rationalisation costs in the current year relate mainly to redundancies arising from the elimination of certain positions following a Group–wide organisational review. This review is on–going to ensure that the structure is appropriate to support the future growth of the Group following the disposal of 60% of the Dairy Ireland segment and related assets ('Dairy Ireland'). Costs of €5.4 million include employee benefit expense of €3.9 million, professional fees of €1.1 million and other costs of €0.4 million. Rationalisation costs in 2016 primarily relate to the redundancy and rationalisation programme in the Dairy Ireland segment, now presented as discontinued operations (note 4). In 2016 costs of €3.0 million related to redundancy.

(c) Debt restructuring costs: Following the disposal of 60% of Dairy Ireland a review of existing debt facilities was undertaken to ensure they were appropriate for the revised Group structure. As a result the Group repaid $169.0 million of the $325.0 million private debt placement resulting in €14.0 million of once-off interest costs reflecting make–whole interest due to note holders arising on early settlement and €0.1 million of professional fees.

(d) On 22 December 2017 the Tax Cuts and Jobs Act was signed into law in the United States which reduced the federal corporate tax rate from 35% to 21%. As a result of the reduced federal corporate tax rate the Group recognised a deferred tax credit of €38.7 million within wholly owned subsidiaries and a deferred tax credit of €8.7 million within Equity accounted investees.

(e) On 2 July 2017 the Group completed the disposal of 60% of Dairy Ireland to Glanbia Co–operative Society Limited. The profit arising on disposal amounted to €83.3 million which was net of related costs of €13.0 million. These costs include impairment of tangible fixed assets of €8.1 million, professional fees of €3.6 million, Extraordinary General Meeting costs of €0.6 million, employee benefit expense of €0.5 million and other related costs of €0.2 million.

(f) Organisation redesign costs relate to the Glanbia Nutritionals programme, announced in 2015, to fundamentally reorganise the business and leverage future market opportunities. This was largely completed in 2016. In 2016 costs of €11.3 million include consultancy of €2.9 million, employee benefit expense of €5.0 million, of which redundancy was €1.4 million, travel and expenses of €1.7 million, impairment of development costs and product lines of €1.6 million and other costs of €0.1 million. There were no material organisation redesign related costs in 2017.

(g) Acquisition integration costs comprise costs relating to the integration, restructuring and redesign of route to market capabilities within acquired businesses in the Glanbia Performance Nutrition segment. This was completed in 2016. 2016 costs of €3.1 million include consultancy of €0.7 million, employee benefit expense comprising redundancy of €2.1 million and other costs of €0.3 million. There were no material acquisition related costs in 2017.

Please refer to the Glossary on page 34 for further information on exceptional items (non–IFRS information).

4. Discontinued operations

On 2 July 2017, the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co–operative Society Limited (the Society), its ultimate parent, creating a new joint venture, together with Glanbia Ingredients Ireland DAC, called Glanbia Ireland. Dairy Ireland is comprised of two business units, Glanbia Consumer Foods Ireland and Glanbia Agribusiness.

The disposal was approved by Society members at a Special General Meeting (SGM) on 18 May 2017 and by Group shareholders at an Extraordinary General Meeting (EGM) on 22 May 2017.

In consideration for the Society acquiring the 60% interest, Glanbia plc received €112.0 million and an amount of €96.8 million which equalled 100% of the net working capital in Dairy Ireland at completion.

The transaction is accounted for as a 100% disposal of Dairy Ireland in consideration for the cash payments outlined above and a 40% investment in Glanbia Ireland. Since 2 July 2017 the 40% investment in Glanbia Ireland is treated as a Joint Venture of the Group.

Results of discontinued operations

The following table details the results of discontinued operations included within the Group income statement:

	2017 €'m	2016 €'m
Revenue	**358.4**	616.8
Cost of goods sold	**(284.9)**	(469.6)
Gross profit	**73.5**	147.2
Selling and distribution expenses	**(42.3)**	(83.4)
Administration expenses	**(20.6)**	(32.1)
Earnings before interest tax and amortisation (EBITA)	**10.6**	31.7
Intangible asset amortisation	**(0.7)**	(2.3)
Operating profit	**9.9**	29.4
Finance costs	**(0.1)**	-
Share of results of Equity accounted investees	**0.3**	1.6
Exceptional items	**(13.0)**	(3.0)
(Loss)/profit from operating activities before tax	**(2.9)**	28.0
Income tax credit/(charge) on discontinued operations	**2.2**	(3.6)
(Loss)/profit from operating activities for the year, net of tax	**(0.7)**	24.4
Profit on disposal of discontinued operations	**96.3**	-
Income tax on profit on disposal of discontinued operations	**(3.4)**	-
Profit from discontinued operations for the year, net of tax	**92.2**	24.4
Exceptional items from discontinued operations for the year, net of tax	**82.4**	(2.7)
Profit from discontinued operations for the year, net of tax attributable to:		
Equity holders of the Company	**92.2**	24.1
Non–controlling interests	-	0.3
	92.2	24.4

The operating profit for discontinued operations pre-exceptional is stated after (charging)/crediting:

	2017 €'m	2016 €'m
Raw materials and consumables used	**(252.1)**	(407.9)
Depreciation of property, plant and equipment	**(4.0)**	(9.2)
Impairment of property, plant and equipment	**(8.1)**	-
Amortisation of intangible assets	**(0.7)**	(2.3)
Amortisation of capital grants	**0.2**	0.2
Employee benefit expense	**(32.3)**	(78.3)
Research and development costs	**(0.1)**	(1.1)
Net foreign exchange loss	-	(0.1)
Operating lease expense	**(3.1)**	(6.4)

Notes to the Financial Statements continued
for the financial year ended 30 December 2017

The aggregate payroll cost of employees in discontinued operations was:

	Notes	**2017 €'m**	2016 €'m
Wages and salaries		**26.1**	65.1
Social security costs		**2.9**	7.1
Pension costs – defined contribution plans		**0.4**	0.6
Pension costs – defined benefit plans		**2.5**	4.5
Other compensation costs:			
Cost of share–based payments		**0.3**	0.6
Company car allowance		**0.1**	0.3
Private health insurance		**-**	0.1
		32.3	78.3
Exceptional items	3	**0.5**	3.0
		32.8	81.3

The average number of employees in discontinued operations in 2017 was 1,070 (2016: 1,142).

The net cash flows of the Group's discontinued operations are as follows:

	2017 €'m	2016 €'m
Operating net cash (outflow)/inflow	**(32.1)**	22.6
Investing net cash inflow/(outflow)	**149.4**	(11.4)
Financing cash outflow	**(1.4)**	(0.9)
Cash generated during the year	**115.9**	10.3

The following table details the effect of the disposal on the financial position of the Group:

	Notes	**2017 €'m**
Property, plant and equipment		**113.2**
Intangible assets		**16.5**
Investments in Equity accounted investees		**12.3**
Available for sale financial assets		**0.4**
Retirement benefit asset		**0.4**
Inventories		**42.1**
Trade and other receivables		**171.8**
Cash and cash equivalents	(a)	**168.6**
Trade and other payables	(a)	**(243.8)**
Accruals and sundry creditors		**(23.0)**
Financial liabilities		**(3.5)**
Retirement benefit obligations		**(44.6)**
Other amounts due to Glanbia plc entities		**(107.7)**
Qualifying working capital amounts with Glanbia plc entities		**(1.1)**
Net assets and liabilities		**101.6**
Attributable to owners of the Company		**90.6**
Attributable to non–controlling interest		**11.0**
		101.6

The following table details the profit on disposal of discontinued operations before tax:

	2017 €'m
Consideration received, satisfied in cash	112.0
Fair value of investment in Glanbia Ireland	74.7
	186.7
Reclassification of foreign currency differences on disposal of Dairy Ireland	0.2
Net assets and liabilities attributable to owners of the Company	(90.6)
Profit on disposal of discontinued operations before tax	**96.3**

The following table details the proceeds, net of cash and cash equivalents, as recognised in the Group statement of cash flows:

	Notes	2017 €'m
Consideration received, satisfied in cash		112.0
Working capital - received at completion		107.7
Cash and cash equivalents disposed of	(a)	(14.4)
Financial liabilities disposed of		3.5
		208.8

(a) Included in cash and cash equivalents and trade and other payables is an amount of €154.2 million. This amount relates to the redemption of ordinary shares in Glanbia Foods Ireland Limited by Glanbia plc which occurred on the date of the transaction, 2 July 2017.

5. Finance income and costs – Continuing operations

	2017			Re–presented* 2016		
	Pre–exceptional €'m	**Exceptional (note 3) €'m**	**Total €'m**	Pre–exceptional €'m	Exceptional (note 3) €'m	Total €'m
Finance income						
Interest income	3.0	-	3.0	2.4	-	2.4
Total finance income	3.0	-	3.0	2.4	-	2.4
Finance costs						
Bank borrowing costs	(7.3)	-	(7.3)	(6.1)	-	(6.1)
Facility fees including cost amortisation	(2.6)	(0.1)	(2.7)	(2.7)	-	(2.7)
Unwinding of discounts	(0.1)	-	(0.1)	(0.3)	-	(0.3)
Finance lease costs	(0.1)	-	(0.1)	-	-	-
Net interest expense on currency swaps	(1.2)	-	(1.2)	(0.1)	-	(0.1)
Finance cost of private debt placement	(14.7)	(13.9)	(28.6)	(16.0)	-	(16.0)
Total finance costs	(26.0)	(14.0)	(40.0)	(25.2)	-	(25.2)
Net finance costs	(23.0)	(14.0)	(37.0)	(22.8)	-	(22.8)

*As re–presented to reflect the impact of discontinued operations. See note 4 for further information.

Net finance costs do not include bank borrowing costs of €0.8 million (2016: €1.3 million) attributable to the acquisition, construction or production of a qualifying asset, which have been capitalised. Interest is capitalised at the Group's average interest rate (excluding exceptional items) for the period of 3.9% (2016: 3.8%). Where relevant, tax deduction for capitalised interest was taken in accordance with Section 81(3), TCA 1997. Interest income includes interest on loans to related parties of €0.7 million (2016: €0.7 million).

6. Income taxes

	Notes	2017 Continuing operations €'m	2017 Discontinued operations €'m	2017 Total €'m	Re-presented* 2016 Continuing operations €'m	Re-presented* 2016 Discontinued operations €'m	Re-presented* 2016 Total €'m
Current tax							
Irish current tax		**(12.3)**	**(0.9)**	**(13.2)**	(11.8)	(2.7)	(14.5)
Adjustments in respect of prior years		**0.5**	**0.1**	**0.6**	0.3	-	0.3
Irish current tax for the year		**(11.8)**	**(0.8)**	**(12.6)**	(11.5)	(2.7)	(14.2)
Foreign current tax		**(12.4)**	-	**(12.4)**	(37.3)	(0.1)	(37.4)
Adjustments in respect of prior years		**3.2**	-	**3.2**	(1.3)	-	(1.3)
Foreign current tax for the year		**(9.2)**	-	**(9.2)**	(38.6)	(0.1)	(38.7)
Total current tax		**(21.0)**	**(0.8)**	**(21.8)**	(50.1)	(2.8)	(52.9)
Deferred tax							
Deferred tax – current year		**28.2**	**(0.6)**	**27.6**	12.2	(0.8)	11.4
Adjustments in respect of prior years		**0.3**	**0.2**	**0.5**	0.9	-	0.9
Total deferred tax		**28.5**	**(0.4)**	**28.1**	13.1	(0.8)	12.3
Tax credit/(charge)	12	**7.5**	**(1.2)**	**6.3**	(37.0)	(3.6)	(40.6)

*As re–presented to reflect the impact of discontinued operations. See note 4 for further information.

The tax credit on exceptional items and the exceptional deferred tax credit included in the above amounts is as follows:

	Notes	2017 Continuing operations €'m	2017 Discontinued operations €'m	2017 Total €'m	Re–presented* 2016 Continuing operations €'m	Re–presented* 2016 Discontinued operations €'m	Re–presented* 2016 Total €'m
Current tax credit/(charge) on exceptional items		**4.8**	**(0.7)**	**4.1**	2.1	0.3	2.4
Deferred tax credit/(charge) on exceptional items		**2.3**	**(0.2)**	**2.1**	0.2	-	0.2
Deferred tax credit due to US tax reform		**38.7**	-	**38.7**	-	-	-
Total tax credit/(charge) on exceptional items and exceptional deferred tax credit for the year	3	**45.8**	**(0.9)**	**44.9**	2.3	0.3	2.6

The net tax credit on exceptional items in 2017 and 2016 has been disclosed separately above as it relates to costs and income which have been presented as exceptional.

The tax on the Group's profit before tax for continuing operations differs from the theoretical amount that would arise applying the corporation tax rate in Ireland, as follows:

	2017 €'m	Re–presented* 2016 €'m
Profit before tax – Continuing operations	**229.7**	224.7
Income tax calculated at Irish rate of 12.5% (2016: 12.5%)	**(28.7)**	(28.1)
Earnings at higher Irish rates	**(2.5)**	-
Difference due to overseas tax rates	**(6.7)**	(13.2)
Reduction in US tax rate	**38.7**	-
Adjustment to tax charge in respect of previous periods	**4.0**	(0.1)
Tax on share of results of Equity accounted investees included in profit before tax	**5.4**	3.5
Other reconciling differences	**(2.7)**	0.9
Total tax credit/(charge) – Continuing operations	**7.5**	(37.0)

*As re–presented to reflect the impact of discontinued operations. See note 4 for further information.

Factors that may affect future tax charges and other disclosure requirements

The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation, including amendments impacting on the excess of tax depreciation over accounting depreciation and clarification on certain application matters in relation to the recently enacted Tax Cuts and Jobs Act in the US. The total tax charge of the Group may also be influenced by the effects of corporate development activity and the resolution of uncertain tax positions where the final outcome of those matters is different than the amounts recorded using the probability weighted expected value approach.

7. Earnings Per Share

Basic

Basic Earnings Per Share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares.

The weighted average number of ordinary shares in issue used in the calculation of basic earnings per share is 295,010,462 (2016: 295,130,809).

	2017			Re–presented* 2016		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit after tax attributable to equity holders of the Company (€'m)	**237.2**	**92.2**	**329.4**	187.7	24.1	211.8
Basic Earnings Per Share (cent)	**80.40**	**31.25**	**111.65**	63.59	8.17	71.76

Diluted

Diluted Earnings Per Share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Share options and share awards are the Company's only potential dilutive ordinary shares.

The share awards, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions, as well as the passage of time. Contingently issuable shares are included in the calculation of diluted Earnings Per Share to the extent that conditions governing exercisability have been satisfied, as if the end of the reporting period were the end of the vesting period.

	2017	Re–presented* 2016
Weighted average number of ordinary shares in issue	**295,010,462**	295,130,809
Shares deemed to be issued for no consideration in respect of:		
Share awards	**759,074**	955,421
Share options	**29,639**	33,896
Weighted average number of shares used in the calculation of Diluted Earnings Per Share	**295,799,175**	296,120,126

	2017			Re–presented* 2016		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Diluted Earnings Per Share (cent)	**80.19**	**31.17**	**111.36**	63.38	8.14	71.52

*As re–presented to reflect the impact of discontinued operations. See note 4 for further information.

Adjusted Earnings Per Share (Non–IFRS information)

Adjusted Earnings Per Share is a non–IFRS performance measure and is calculated on the profit after tax attributable to equity holders of the Company, before net exceptional items and intangible asset amortisation (excluding software amortisation) net of related tax. Adjusted Earnings Per Share is considered to be more reflective of the Group's overall underlying performance, and reflects the metrics used by the Group to measure profitability and financial performance. Refer to Glossary of KPIs and non– IFRS performance measures.

Pro–forma Adjusted Earnings Per Share (Non–IFRS information)

Pro–forma Adjusted Earnings Per Share is a non–IFRS performance measure. Pro–forma calculation of Adjusted Earnings Per Share from continuing operations has been provided as it represents the revised and on–going structure of the Group following the disposal of 60% of Dairy Ireland and related assets. Pro–forma Adjusted Earnings Per Share assumes the Dairy Ireland disposal was completed at the beginning of financial year 2016 and is calculated based on the profit attributable to equity holders of the Company from continuing operations plus the Group's share (40%) of the profits after tax for Dairy Ireland and related assets before exceptional items and amortisation of intangible assets (excluding software amortisation) net of related tax. Refer to Glossary of KPIs and non–IFRS performance measures.

8. Dividends

	2017 €'Cent	2016 €'Cent
Dividends recommended per ordinary share are as follows:		
Final dividend recommended for the year ended 30 December 2017	**16.09**	
Final dividend recommended for the year ended 31 December 2016		7.94
Interim dividend for the year ended 30 December 2017	**5.91**	
Interim dividend for the year ended 31 December 2016		5.37
	22.00	13.31

On 6 October 2017 an interim dividend for the year ended 30 December 2017 of 5.91 cent per share (total €17.5 million) was paid. On 7 October 2016 an interim dividend for the year ended 31 December 2016 of 5.37 cent per share (total €15.9 million) was paid.

On 28 April 2017 a final dividend for the year ended 31 December 2016 of 7.94 cent per share (total €23.5 million) was paid. On 29 April 2016 a final dividend for the year ended 2 January 2016 of 7.22 cent per share (total €21.3 million) was paid.

Cash payments in relation to dividends of €41.0 million (2016: €37.2 million) in the year does not equate to the amount deducted from equity due to timing of waived dividends.

The Directors have recommended the payment of a final dividend of 16.09 cent per share on the ordinary shares which amounts to €65.1 million for the full year. Subject to shareholder approval, this dividend will be paid on 27 April 2018 to shareholders on the register of members at 16 March 2018, the record date. These Financial Statements do not reflect this final dividend. There is no income tax consequences for the Company in respect of dividends proposed prior to issuance of the Financial Statements.

9. Net debt

	2017 €'m	2016 €'m
Non–current		
Bank borrowings	**369.4**	314.0
Private debt placement	**130.1**	308.3
Finance lease liabilities	**0.1**	1.9
	499.6	624.2
Current		
Bank overdrafts	**30.1**	31.6
Finance lease liabilities	**0.2**	0.6
	30.3	32.2
Total financial liabilities	**529.9**	656.4
Less: Cash and cash equivalents	**(162.2)**	(218.9)
Net debt	**367.7**	437.5

Financial liabilities include the following for the purposes of the Group statement of cash flows at the reporting date:

	2017 €'m	2016 €'
Total financial liabilities	**529.9**	656.4
Bank overdraft included as part of cash and cash equivalents	**(30.1)**	(31.6)
	499.8	624.8

Cash and cash equivalents include the following for the purpose of the Group statement of cash flows at the reporting date:

	2017 €'m	2016 €'m
Cash and cash equivalents in the Group balance sheet	**162.2**	218.9
Bank overdrafts used for cash management purposes	**(30.1)**	(31.6)
Cash and cash equivalents in the Group statement of cashflows	**132.1**	187.3

10. Share capital and share premium

	Number of shares (thousands)	Ordinary shares €'m	Share premium €'m	Total €'m
At 31 December 2016	**296,041**	**17.8**	**87.6**	**105.4**
Shares issued	**5**	-	-	-
At 30 December 2017	**296,046**	**17.8**	**87.6**	**105.4**

The total authorised number of ordinary shares is 350 million shares (2016: 350 million shares) with a par value of €0.06 per share (2016: €0.06 per share). All issued shares are fully paid, carry one vote per share and a right to dividends.

During the year ended 30 December 2017 5,000 (2016: 10,000) of the 2002 LTIP shares were exercised with exercise proceeds of €0.011 million (2016: €0.023 million). The related weighted average exercise price was €2.29 (2016: €2.29) per share.

11. Provisions

	Notes	Restructuring €'m note (b)	Legal claims €'m note (c)	Property and lease commitments €'m note (d)	Operational €'m note (e)	Regulatory and related provisions €'m note (f)	Total €'m
At 31 December 2016		**5.5**	**7.5**	**5.1**	**17.0**	-	**35.1**
Reclassification	(a)	-	-	-	**(15.6)**	**15.6**	-
Net amount provided for in the year		**5.4**	**1.9**	**0.3**	**0.6**	**4.9**	**13.1**
Utilised in the year		**(6.0)**	-	-	**(0.3)**	-	**(6.3)**
Liabilities disposed of in the year		**(1.5)**	**(0.5)**	**(1.1)**	-	-	**(3.1)**
Unused amounts reversed in the year		-	**(5.9)**	-	-	-	**(5.9)**
Exchange differences		**(0.2)**	**(0.5)**	-	**(0.3)**	-	**(1.0)**
Unwinding of discounts		-	-	**(0.1)**	-	-	**(0.1)**
At 30 December 2017		**3.2**	**2.5**	**4.2**	**1.4**	**20.5**	**31.8**
Non–current		-	-	**4.2**	-	**19.8**	**24.0**
Current		**3.2**	**2.5**	-	**1.4**	**0.7**	**7.8**
		3.2	**2.5**	**4.2**	**1.4**	**20.5**	**31.8**

(a) Certain reclassifications have taken place in the period to better reflect the nature of the provisions.

(b) The restructuring provision relates mainly to the Group wide review of the operating model that was undertaken during the year to ensure that the structure and resources of the Group were appropriate. The provision is expected to be fully utilised in 2018. The amount provided for is recognised as an exceptional item in the Group income statement (note 3).

(c) The legal claims provision represents legal claims brought against the Group. The balance at 30 December 2017 is expected to be utilised in 2018. In the opinion of the Directors, after taking appropriate legal advice, the outcome of these legal claims is not expected to give rise to any significant loss beyond the amounts provided for at 30 December 2017.

(d) The property and lease commitments provision relates to property remediation works and is based on the estimated cost of re–instating a property to its original condition. Due to the nature of the remediation works there is some uncertainty around the amount and timing of payments.

(e) The operational provision represents provisions relating to certain insurance claims, product returns, and other items. Due to the nature of these items, there is some uncertainty around the amount and timing of payments.

(f) The regulatory and related provision represents provisions relating to the interest and penalties element of uncertain tax positions and the UK pension provision. Due to the nature of these items, there is some uncertainty around the amount and timing of payments, however there is not expected to be a material change within the next 12 months.

12. Cash generated from operations

	Notes	Group 2017 €'m	Group 2016 €'m
Profit after taxation		**329.4**	212.1
Income taxes	6	**(6.3)**	40.6
Net write–down of inventories		**0.5**	2.5
Impairment of tangible assets		**10.8**	0.5
Impairment of intangible assets		**-**	0.5
Non–cash element of exceptional charge		**3.0**	7.1
Share of results of Equity accounted investees		**(51.8)**	(27.6)
Depreciation		**49.1**	50.4
Amortisation		**63.2**	39.7
Cost of share–based payments		**7.8**	7.7
Difference between pension charge and cash contributions		**(4.2)**	(6.0)
Loss/(profit) on disposal of property, plant and equipment		**0.9**	(0.3)
Insurance proceeds		**-**	1.9
Finance income	5	**(3.0)**	(2.4)
Finance expense	4/5	**40.1**	25.2
Amortisation of government grants received		**(0.3)**	(0.4)
Profit on disposal of discontinued operations	4	**(96.3)**	-
Cash generated before changes in working capital		**342.9**	351.5
Change in net working capital:			
– (Increase)/decrease in inventory		**(14.6)**	(23.8)
– (Increase)/decrease in short-term receivables		**(149.9)**	(4.3)
– (Decrease)/increase in short-term liabilities		**(13.9)**	55.1
– (Decrease)/increase in provisions		**(2.3)**	(4.3)
Cash generated from operating activities		**162.2**	374.2

13. Business Combinations

Acquisitions in 2017

On 6 January 2017, the Group acquired 100% of the equity of Grass Advantage LLC (Amazing Grass). Amazing Grass offers plant–based organic, GMO free products to lifestyle consumers in the natural, online, food, drug and mass channels in North America. The brand complements the product portfolio of Glanbia Performance Nutrition and offers a strong position in the plant–based nutrition market. The goodwill reflects the expectation that the business will continue to generate new customers and new products over time. Goodwill of €40.1 million is not deductible for tax purposes.

On 31 March 2017, the Group acquired 100% of the equity of B&F Vastgoed B.V. (Body & Fit). Body & Fit is a leading European direct to consumer online branded business focused on performance nutrition. This acquisition offers Glanbia Performance Nutrition a direct presence in the rapidly growing direct to consumer channel and the goodwill attributable to this acquisition is reflective of this. Goodwill of €28.0 million is not deductible for tax purposes.

On 2 July 2017 the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co–operative Society Limited (note 4). This transaction is accounted for as a 100% disposal and a 40% investment in Glanbia Ireland. The investment in Glanbia Ireland has been recognised at fair value in line with IFRS 10 'Consolidated Financial Statements'.

Details of the net assets acquired and goodwill arising from the acquisition are as follows:

	Amazing Grass €'m	Body & Fit €'m	Total €'m
Purchase consideration	**124.5**	**43.7**	**168.2**
Less: Fair value of assets acquired	**(84.4)**	**(15.7)**	**(100.1)**
Goodwill	**40.1**	**28.0**	**68.1**

	Amazing Grass €'m	Body & Fit €'m	Total €'m
Purchase consideration – cash paid	**125.1**	**44.7**	**169.8**
Refund due from vendor	**(0.6)**	**(1.0)**	**(1.6)**
Purchase consideration	**124.5**	**43.7**	**168.2**

The fair value of assets and liabilities arising from the acquisition are as follows:

	Amazing Grass €'m	Body & Fit €'m	Total €'m
Property, plant and equipment	0.2	7.3	7.5
Intangible assets	-	0.6	0.6
Intangible assets – customer relationships	38.7	1.2	39.9
Intangible assets – brands	38.7	12.1	50.8
Inventories	7.5	11.0	18.5
Trade and other receivables	6.4	1.0	7.4
Trade and other payables	(3.9)	(6.7)	(10.6)
Liabilities settled at completion	-	(7.6)	(7.6)
Cash and cash equivalents	1.6	-	1.6
Deferred tax liability	(4.8)	(3.2)	(8.0)
Fair value of assets acquired	84.4	15.7	100.1

The contingent consideration arrangement in the Body & Fit acquisition requires the Group to pay the former owners of Body & Fit an earn out if the actual 2017 earnings before interest, tax, depreciation and amortisation (EBITDA) exceeds a minimum agreed amount. The fair value of the Group's estimated contingent consideration at acquisition was €nil.

The fair value of Amazing Grass's trade and other receivables at the acquisition date amounted to €6.4 million. The gross contractual amount for trade receivables due is €6.6 million.

The fair value of Body & Fit's trade and other receivables at the acquisition date amounted to €1.0 million which equates to the gross contractual amount.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis. Any amendments to these fair values within the 12 month timeframe from the date of acquisition will be disclosed in the 2018 Annual Report as stipulated by IFRS 3 'Business Combinations'.

Combined impact of acquisitions

The revenue and profit (net of transaction costs) of the Group including the impact of acquisitions completed during the financial year ended 30 December 2017 were as follows:

	2017 Acquisitions €'m	Group excluding acquisitions €'m	Consolidated group including acquisitions €'m
Revenue	79.6	2,307.5	2,387.1
Profit before taxation and exceptional items	1.3	258.6	259.9

The revenue and profit (net transaction costs) of the Group for the financial year ended 30 December 2017 determined in accordance with IFRS 3 as though the acquisition date for all business combinations effected during the year had been at the beginning of the year would be as follows:

	2017 Acquisitions €'m	Group excluding acquisitions €'m	Pro–forma consolidated group €'m
Revenue	96.9	2,307.5	2,404.4
Profit before taxation and exceptional items	1.8	258.6	260.4

Acquisitions in 2016 – EMI Nutrition Distributors Pty Limited

On 29 February 2016, the Group acquired 100% of the business and operating assets of EMI Nutrition Distributors Pty Limited (EMI). EMI's principal activity is the distribution and marketing of performance nutrition products. No amendments were noted in relation to the fair values assigned at initial recognition.

Acquisitions in 2016 – South Eastern Cattle Breeding Society Limited

On 22 December 2016 the Group gained control of South Eastern Cattle Breeding Society Limited (SECB). The Group's interest in SECB had been accounted for under the equity method of accounting as an interest in Associate. On 2 July 2017 the Group disposed of its investment in SECB as part of the Dairy Ireland transaction (note 4).

14. Events after the reporting period

See note 8 for the final dividend, recommended by the Directors, to be paid on 27 April 2018.

There were no significant events, outside the ordinary course of business, which affected the Group since 30 December 2017.

15. Statutory financial statements

The financial information in this preliminary announcement does not constitute the full statutory Financial Statements of the Company, a copy of which is required to be annexed to the Company's annual return filed with the Companies Registration Office and will be published on www.glanbia.com in the coming day. A copy of the full statutory Financial Statements in respect of the financial year ended 30 December 2017 will be annexed to the Company's annual return for 2018. The auditors of the Company have made a report, without any qualification, on their audit of the Financial Statements of the Group and Company in respect of the financial year ended 30 December 2017, which were approved by the Directors on 20 February 2017. A copy of the Financial Statements of the Group in respect of the year ended 31 December 2016 has been annexed to the Company's annual return for 2017 and filed with the Companies Registration Office.

GLOSSARY

Key Performance Indicators and non–IFRS performance measures

NOT COVERED BY INDEPENDENT AUDITORS' REPORT

Non– IFRS performance measures

The Group reports certain performance measures that are not defined under IFRS but which represent additional measures used by the Board of Directors and the Glanbia Operating Executive in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these non–IFRS performance measures provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these non–IFRS performance measures should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The principal non–IFRS performance measures used by the Group are:

G 1. Constant currency
G 2. Total Group
G 3. Revenue
G 4. EBITA
G 5. EBITA margin
G 6. EBITDA
G 7. Adjusted Earnings Per Share
G 8. Pro–forma Adjusted Earnings Per Share
G 9. Financing Key Performance Indicators
G 10. Exceptional Items
G 11. Volume and pricing growth/decline
G 12. Like for like branded revenue growth/decline
G 13. Effective tax rate
G 14. Average Interest Rate
G 15. Capital expenditure – Business sustaining and strategic
G 16. Operating working capital
G 17. Operating cash flow and free cash flow
G 18. Return on capital employed
G 19. Total Shareholder Return
G 20. Dividend pay–out ratio

These principal non–IFRS performance measures are defined below with a reconciliation of these measures to IFRS measures where applicable.

G 1. Constant currency

While the Group reports its results in euro, it generates a significant proportion of its earnings in currencies other than euro, in particular US dollar. Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency year–on–year change, the results for the prior year are retranslated using the average exchange rates for the current year and compared to the current year reported numbers.

The principal average exchange rates used to translate results for 2017 and 2016 were as follows:

Euro 1 =	**2017**	2016
US dollar	**1.1295**	1.1068
Pound sterling	**0.8764**	0.8194
Australian dollar	**1.4734**	1.4884

G 2. Total Group

The Group has a number of strategically important Equity accounted investees (Joint Ventures & Associates) which when combined with the Group's wholly owned businesses give an important indication of the scale and reach of the Group's operations. Total Group is used to describe certain financial metrics such as Revenue and EBITA when they include both the wholly owned businesses and the Group's share of Equity accounted investees.

G 3. Revenue

Revenue comprises sales of goods and services of the wholly owned businesses to external customers net of value added tax, rebates and discounts. Revenue is one of the Group's Key Performance Indicators and is an IFRS performance measure.

GLOSSARY continued

Key Performance Indicators and non–IFRS performance measures

G 3.1 Reconciliation of the Group's constant currency revenue growth:

	Reference to the Financial Statements/Glossary	2016 Reported €'m	2016 Retranslated €'m	2017 Actual €'m	Constant currency growth €'m
Glanbia Performance Nutrition revenue	Note 2	1,007.5	986.3	1,121.1	**13.7%**
Glanbia Nutritionals revenue	Note 2	1,224.2	1,200.6	1,266.0	**5.4%**
Continuing operations revenue		**2,231.7**	**2,186.9**	**2,387.1**	**9.2%**
Equity accounted investees revenue	G 3.2	**820.8**	**805.8**	**1,093.4**	**35.7%**
Discontinued operations revenue*		616.2	615.8	357.9	**(41.9%)**
Discontinued operations Equity accounted investees revenue		28.3	28.3	28.6	**1.1%**
Total Discontinued operations revenue		**644.5**	**644.1**	**386.5**	**(40.0%)**
Total Group revenue		**3,697.0**	**3,636.8**	**3,867.0**	**6.3%**

* Excludes inter-segment revenue in 2017 of €0.5m (2016: €0.6m). Gross segment revenue for discontinued operations is presented in Note 4.

G 3.2 Group's share of revenue of Equity accounted investees – continuing operations:

2017	Reference to the Financial Statements/Glossary	Glanbia Ireland DAC €'m	Southwest Cheese Company, LLC €'m	Glanbia Cheese Limited €'m	Total €'m
Equity accounted investees revenue (100%)		**1,407.1**	**738.0**	**316.7**	**2,461.8**
% of ownership interest		**40%**	**50%**	**51%**	
Group's share of revenue of Equity accounted investees		**562.9**	**369.0**	**161.5**	**1,093.4**

2016					
Equity accounted investees revenue (100%)		833.5	739.7	230.5	1,803.7
% of ownership interest		40%	50%	51%	
Group's share of revenue of Equity accounted investees		333.4	369.9	117.5	820.8

G 3.3 Reconciliation of Glanbia Nutritionals (GN) constant currency revenue growth:

	Reference to the Financial Statements/Glossary	2016 Reported €'m	2016 Retranslated €'m	2017 Actual €'m	Constant currency growth €'m
US Cheese revenue		735.9	721.1	734.1	**1.8%**
Nutritional Solutions revenue		488.3	479.5	531.9	**10.9%**
Glanbia Nutritionals revenue	G 3.1	**1,224.2**	**1,200.6**	**1,266.0**	**5.4%**

G 4. EBITA

EBITA is defined as earnings before interest, tax and amortisation. EBITA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated. EBITA is one of the Group's Key Performance Indicators. Business Segment EBITA growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan for Executive Directors with Business Unit responsibility.

GLOSSARY continued

Key Performance Indicators and non–IFRS performance measures

G 4.1 Reconciliation of the Group's constant currency EBITA growth:

	Reference to the Financial Statements/Glossary	2016 Reported* €'m	2016 Retranslated €'m	2017 Actual €'m	Constant currency growth €'m
GPN EBITA	Note 2	162.0	158.6	169.7	**7.0%**
GN EBTA	Note 2	111.3	109.0	113.5	**4.1%**
Continuing operations EBITA		**273.3**	**267.6**	**283.2**	**5.8%**
Equity accounted investees revenue	G 4.2	**42.9**	**42.2**	**63.4**	**50.2%**
Discontinued operations EBITA	Note 4	31.7	31.7	10.6	**(66.6%)**
Discontinued operations Equity accounted investees EBITA		1.8	1.8	0.5	**(72.2%)**
Total Discontinued operations EBITA		**33.5**	**33.5**	**11.1**	**(66.9%)**
Total Group EBITA		**349.7**	**343.3**	**357.7**	**4.2%**

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

G 4.2 Reconciliation of the Group's share of Equity accounted investees EBITA to the share of results of Equity accounted investees per the Group income statement is as follows:

	2017 €'m	2016 €'m
EBITA of Equity accounted investees	**63.4**	42.9
Adjustment in respect of unrealised profit on sales to the Group	**(0.2)**	-
Amortisation	**(1.7)**	(0.6)
Finance costs	**(7.1)**	(6.5)
Income Tax	**(3.1)**	(9.8)
Share of results of Equity accounted investees	**0.4**	-
Non–controlling interest	**(0.2)**	-
Share of results of Equity accounted investees per the Group income statement	**51.5**	26.0

G 4.3 Total Group Pro-forma EBITA:

	Reference to the Financial Statements/Glossary	2016 Reported €'m	2016 Retranslated €'m	2017 Actual €'m	Constant currency growth €'m
Continuing operations	G 4.1	273.3	267.6	283.2	**5.8%**
Equity accounted investees	G 4.1	42.9	42.2	63.4	**50.2%**
40% share of Discontinued operations		13.4	13.4	4.4	**(67.2%)**
Total Group Pro-forma EBITA		**329.6**	**323.2**	**351.0**	**8.6%**

G 5. EBITA margin

EBITA margin is defined as EBITA as a percentage of revenue. Total Group EBITA margin is defined as Total Group EBITA as a percentage of Total Group revenue. EBITA margin references throughout the annual report are on a pre-exceptional basis unless otherwise indicated.

G 5.1 2017 EBITA margin

2017 Actual	Reference to the Financial Statements/ Glossary	GPN €'m	GN €'m	Continuing operations – wholly owned €'m	Continuing operations – Equity accounted investees €'m	Discontinued operations €'m	Total Group €'m
2017 EBITA	G 4.1	169.7	113.5	**283.2**	63.4	11.1	**357.7**
2017 Revenue	G 3.1	1,121.1	1,266.0	**2,387.1**	1,093.4	386.5	**3,867.0**
EBITA margin		15.1%	9.0%	**11.9%**	5.8%	2.9%	**9.3%**

Key Performance Indicators and non–IFRS performance measures

G 5.2 2017 EBITA margin growth on constant currency basis

2016 vs 2017	Reference to the Financial Statements/ Glossary	GPN €'m	GN €'m	Continuing operations – wholly owned €'m	Continuing operations – Equity accounted investees €'m	Discontinued operations €'m	Total Group €'m
2016 EBITA– retranslated	G 4.1	158.6	109.0	**267.6**	42.2	33.5	**343.3**
2016 Revenue – retranslated	G 3.1	986.3	1,200.6	**2,186.9**	805.8	644.1	**3,636.8**
EBITA margin		16.1%	9.1%	**12.2%**	5.2%	5.2%	**9.4%**
2017 Actual	G 5.1	15.1%	9.0%	**11.9%**	5.8%	2.9%	**9.3%**
Constant currency growth		-100 bps	-10 bps	**-30 bps**	+60 bps	-230 bps	**-10 bps**

G 6. EBITDA

EBITDA is defined as earnings before interest, tax, depreciation (net of grant amortisation) and amortisation. EBITDA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated.

G 6.1 EBITDA – Continuing operations

	Reference to the Financial Statements/ Glossary	2017 €'m	2016 €'m
Earnings before interest, tax and amortisation (pre–exceptional EBITA)	Group income statement	**283.2**	273.3
Depreciation		**45.1**	41.2
Grant amortisation		**(0.1)**	(0.2)
Earnings before interest, tax, depreciation and amortisation (pre–exceptional EBITDA) – continuing operations		**328.2**	314.3

G 6.2 EBITDA – Discontinued operations

	Reference to the Financial Statements/ Glossary	2017 €'m	2016 €'m
Earnings before interest, tax and amortisation (pre–exceptional EBITA)	Note 4	**10.6**	31.7
Depreciation	Note 4	**4.0**	9.2
Grant amortisation	Note 4	**(0.2)**	(0.2)
Earnings before interest, tax, depreciation and amortisation (pre–exceptional EBITDA) – discontinued operations		**14.4**	40.7

G 6.3 2017 EBITDA – Continuing and discontinued operations

	Reference to the Financial Statements/ Glossary	Continuing operations €'m	Discontinued operations €'m	Continuing and Discontinued operations €'m
Earnings before interest, tax and amortisation (pre–exceptional EBITA)	G 6.1 / G 6.2	283.2	10.6	**293.8**
Depreciation	G 6.1 / G 6.2	45.1	4.0	**49.1**
Grant amortisation	G 6.1 / G 6.2	(0.1)	(0.2)	**(0.3)**
Earnings before interest, tax, depreciation and amortisation (pre–exceptional EBITDA) – 2017 continuing and discontinued		328.2	14.4	**342.6**

G 6.4 2016 EBITDA – Continuing and discontinued operations

	Reference to the Financial Statements/ Glossary	Continuing operations €'m	Discontinued operations €'m	Continuing and Discontinued operations €'m
Earnings before interest, tax and amortisation (pre–exceptional EBITA)	G 6.1 / G 6.2	273.3	31.7	**305.0**
Depreciation	G 6.1 / G 6.2	41.2	9.2	**50.4**
Grant amortisation	G 6.1 / G 6.2	(0.2)	(0.2)	**(0.4)**
Earnings before interest, tax, depreciation and amortisation (pre–exceptional EBITDA) – 2016 continuing and discontinued		314.3	40.7	**355.0**

Key Performance Indicators and non–IFRS performance measures

G 7. Adjusted Earnings Per Share (EPS)

Adjusted EPS is defined as the net profit attributable to the equity holders of Glanbia plc, before exceptional items and intangible asset amortisation (excluding amortisation of software costs), net of related tax, divided by the weighted average number of ordinary shares in issue during the year. During the current year the calculation of Adjusted Earnings Per Share was amended to exclude the cost of software amortisation within the earnings calculation. The Group believes that adjusted EPS is a better measure of underlying performance than Basic EPS as it excludes exceptional items (net of related tax) that are not related to on–going operational performance and intangible asset amortisation, which allows better comparability of companies that grow by acquisition to those that grow organically.

Adjusted EPS is one of the Group's Key Performance Indicators. Adjusted EPS growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan. Adjusted EPS growth on a reported basis is one of the performance conditions in Glanbia's Long–term Incentive Plan.

			Re–presented *	
Continuing and Discontinued operations	Reference to the Financial Statements/Glossary	**2017 €'m**	Constant currency 2016 €'m	Year 2016 €'m
Profit attributable to equity holders of the Company	Group income statement	**329.4**	208.6	211.8
Amortisation and impairment of intangible assets (excluding software amortisation net of related tax) of €7.5 million (2016: €7.3 million)		**31.7**	26.7	27.3
Exceptional items (net of related tax)	Note 3	**(98.0)**	14.5	14.8
Adjusted net income		**263.1**	249.8	253.9
Weighted average number of ordinary shares in issue		**295,010.5**	295,130.8	295,130.8
Adjusted Earnings Per Share (cent)		**89.17**	84.66	86.02
Constant currency growth		**5.3%**		

* As represented to reflect the impact of discontinued operations (Note 4) and the exclusion of software amortisation net of related tax.

G 8. Pro–forma Adjusted Earnings Per Share

Pro–forma Adjusted Earnings Per Share is defined as the net profit from continuing operations attributable to the equity holders of Glanbia plc, before exceptional items and intangible asset amortisation net of related tax (excluding amortisation of software costs) plus the Group's share (40%) of the profits after tax of Dairy Ireland and related assets, before exceptional items and intangible asset amortisation net of related tax (excluding amortisation of software costs).

The Group believes that pro–forma Adjusted Earnings Per Share is more reflective of the revised structure of the Group following the disposal of 60% of Dairy Ireland and related assets.

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Key Performance Indicators and non–IFRS performance measures

G 8.1 Reconciliation of prior year Adjusted Earnings Per Share to pro–forma Adjusted Earnings Per Share

Adjusted EPS on a pro-forma basis has been calculated to set out the EPS on the basis that the Dairy Ireland transaction had taken place on 3 January 2016 reflecting the revised structure of the Group following the sale of Dairy Ireland.

	Reference to the Financial Statements/Glossary	Constant Currency Pro–forma 2016 €'m	Pro–forma 2016 €'m	Restated 2016 €'m	Reported 2016 €'m
Profit attributable to equity holders of the Parent	Group income statement	208.6	211.8	211.8	211.8
Amortisation of intangible assets (net of related tax)		31.1	31.6	31.6	31.6
Amortisation of Equity accounted investees (net of related tax)		0.5	0.5	0.5	0.5
Exceptional items (net of related tax)	Group income statement	14.5	14.8	14.8	14.8
Adjusted net income		**254.7**	**258.7**	**258.7**	**258.7**
(a) Software amortisation (net of related tax)		(4.8)	(4.8)	(4.8)	-
(b) Discontinued operations adjusted net income (100%)		(27.6)	(27.6)	-	-
(c) 40% share of discontinued operations adjusted net income		11.1	11.1	-	-
Adjusted net income (pro–forma)		**233.4**	237.4	253.9	258.7
Weighted average number of ordinary shares in issue		295,130.8	295,130.8	295,130.8	295,130.8
Adjusted Earnings Per Share (cent)		**79.05**	80.40	86.02	87.66

(a) Amortisation in respect of software no longer being added back when calculating earnings. Adjustment reflects the reduction for the software element of amortisation net of related tax added back in prior year.

(b) Discontinued activities – removal of 100% of the profit after tax before exceptional items and intangible asset amortisation (excluding amortisation of software costs) net of related tax from discontinued activities. The ongoing retained element of Dairy Ireland (40%) is added back as part of adjustment (c) below.

(c) Add back of the 40% of Dairy Ireland profit after tax before exceptional items and intangible asset amortisation (excluding amortisation of software costs) net of related tax (reflecting Dairy Ireland as a Joint Venture from 3 January 2016).

G 8.2 Pro–forma Adjusted Earnings Per Share

	Reference to the Financial Statements/Glossary	**Pro–forma 2017 €'m**	Constant currency Pro–forma 2016 €'m	Pro–forma 2016 €'m
Adjusted net income		**262.9**	249.9	253.9
Discontinued operations adjusted net income (100%)		**(9.8)**	(27.6)	(27.6)
40% of Discontinued operations adjusted net income		**3.9**	11.1	11.1
Adjusted net income (pro–forma)		**257.0**	233.4	237.4
Weighted average number of ordinary shares in issue		**295,010.5**	295,130.8	295,130.8
Adjusted Earnings Per Share (cent) pro–forma		**87.11**	79.05	80.40
Constant currency growth		**10.2%**		

G 9. Financing Key Performance Indicators

The following are the financing key performance indicators defined as per the Group's financing agreements.

Key Performance Indicators and non–IFRS performance measures

G 9.1 Net debt: adjusted EBITDA

Net debt: adjusted EBITDA is calculated as net debt at the end of the period divided by adjusted EBITDA. Net debt is calculated as total financial liabilities less cash and cash equivalents. Adjusted EBITDA is calculated as EBITDA for the wholly owned businesses plus dividends received from Equity accounted investees, and in the event of an acquisition in the year, includes pro–forma EBITDA as though the acquisition date had been at the beginning of the year. Adjusted EBITDA is a rolling 12 month measure.

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Financial liabilities	Note 9	**529.9**	656.4
Cash and cash equivalents	Note 9	**(162.2)**	(218.9)
Net debt	Group statement of cash flows	**367.7**	437.5
EBITDA	G 6.1 / G 6.4	**328.2**	355.0
Dividends received from Equity accounted investees	Group statement of cash flows	**15.8**	13.8
Adjusted EBITDA		**344.0**	368.8
Net debt: adjusted EBITDA		**1.07**	1.19

G 9.2 Adjusted EBIT: Net finance cost

Adjusted EBIT: net finance cost is calculated as earnings before interest and tax plus dividends received from Equity accounted investees divided by net finance cost. Net finance cost comprises finance costs less finance income per the Group income statement plus capitalised borrowing costs.

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Operating profit – pre–exceptional (continuing and discontinued operations)	G 9.2.1	**250.0**	265.3
Dividends received from Equity accounted investees	Group statement of cash flows	**15.8**	13.8
Adjusted EBIT		**265.8**	279.1
Finance costs	G 9.2.2	**40.1**	25.2
Finance income	Note 5	**(3.0)**	(2.4)
Capitalised borrowing costs	Note 5	**0.8**	1.5
Net finance costs		**37.9**	24.3
Adjusted EBIT: net finance cost		**7.0**	11.5

The Adjusted EBIT: net finance cost calculation includes a once-off finance cost of €14 million recognised as an exceptional item in 2017 (see note 6). Excluding this once off cost the Adjusted EBIT: net finance cost would be 11.2 times.

G 9.2.1 Operating profit – pre-exceptional (continuing and discontinued operations)

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Continuing operations	Group income statement	**240.1**	235.9
Discontinued operations	Note 4	**9.9**	29.4
Operating profit – pre-exceptional (continuing and discontinued operations)		**250.0**	265.3

G 9.2.2 Finance costs (continuing and discontinued operations)

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Continuing operations	Group income statement	**40.0**	25.2
Discontinued operations	Note 4	**0.1**	-
Finance costs (continuing and discontinued operations)		**40.1**	25.2

Key Performance Indicators and non–IFRS performance measures

G 10. Exceptional items

The Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year. Such items may include restructuring, impairment of assets, adjustments to contingent consideration, material acquisition integration costs, restructuring costs, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring and profit or loss on disposal of investments. Judgement is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and notes as exceptional items. Refer to note 3 for an analysis of exceptional items recognised in 2017 and 2016.

G 11. Volume and pricing increase/(decrease)

Volume increase/(decrease) represents the impact of sales volumes within the revenue movement year on year, excluding volume from acquisitions, on a constant currency basis.

Pricing increase/(decrease) represents the impact of sales pricing within the revenue movement year on year, excluding acquisitions, on a constant currency basis.

G 11.1. Reconciliation of volume and pricing increase/(decrease) to constant currency revenue growth

	Reference to the Financial Statements/Glossary	**Volume increase/ (decrease) %**	**Pricing increase/ (decrease) %**	**Acquisitions/ Disposals %**	**Revenue increase/ (decrease) %**
Glanbia Performance Nutrition (GPN)	G 3.1	7.1%	(1.5%)	8.1%	**13.7%**
Glanbia Nutritionals (GN)	G 3.1	3.9%	1.5%	0.0%	**5.4%**
2017 growth/(decline) % – continuing operations revenue	G 3.1	**5.3%**	**0.2%**	**3.7%**	**9.2%**
2017 growth/(decline) % – Equity accounted investees	G 3.1	**4.3%**	**17.1%**	**14.3%**	**35.7%**

G 11.2. Reconciliation of volume and pricing increase/(decrease) to constant currency revenue growth – Glanbia Nutritionals

	Reference to the Financial Statements/Glossary	**Volume increase/ (decrease) %**	**Pricing increase/ (decrease) %**	**Acquisitions/ Disposals %**	**Revenue increase/ (decrease) %**
US Cheese	G 3.3	1.7%	0.1%	0.0%	**1.8%**
Nutritional Solutions	G 3.3	7.2%	3.7%	0.0%	**10.9%**
2017 growth/(decline) % – Glanbia Nutritionals revenue	G 3.3	**3.9%**	**1.5%**	**0.0%**	**5.4%**

G 12. Like for like branded revenue growth/ (decline)

This represents the sales growth/ (decline) year on year on branded sales, excluding acquisitions, on a constant currency basis.

G 13. Effective tax rate

The effective tax rate is defined as the pre–exceptional income tax charge divided by the profit before tax less share of results of Equity accounted investees.

	Reference to the Financial Statements/Glossary	**2017 €'m**	Restated 2016 €'m
Profit before tax	Group income statement	**259.9**	239.1
Less share of results of Equity accounted investees	Group income statement	**(42.8)**	(26.0)
		217.1	213.1
Income tax (pre–exceptional)	Group income statement	**38.3**	39.3
Effective tax rate		**17.6%**	18.4%

G 14. Average interest rate

The average interest rate is defined as the annualised net finance costs (pre–capitalised borrowing costs) divided by the average net debt as at the reporting period.

Key Performance Indicators and non–IFRS performance measures

G 15. Capital expenditure

	Reference to the Financial Statements/Glossary	**2017 €'m**	2016 €'m
Business sustaining capital expenditure		**23.8**	32.4
Strategic capital expenditure		**48.7**	57.1
Total capital expenditure		**72.5**	89.5
Capital expenditure reconciled to the Group statement of cash flows:			
Purchase of property, plant and equipment	Group statement of cash flows	**38.0**	65.4
Purchase of intangible assets	Group statement of cash flows	**34.5**	24.1
Total capital expenditure per the Group statement of cash flows		**72.5**	89.5

Business sustaining capital expenditure

The Group defines business sustaining capital expenditure as the expenditure required to maintain/replace existing assets with a high proportion of expired useful life. This expenditure does not attract new customers or create the capacity for a bigger business. It enables the Group to keep running at current throughput rates but also keep pace with regulatory and environmental changes as well as complying with new requirements from existing customers.

Strategic capital expenditure

The Group defines strategic capital expenditure as the expenditure required to facilitate growth and generate additional returns for the Group. This is generally expansionary expenditure beyond what is necessary to maintain the Group's current competitive position.

G 16. Operating working capital

Operating working capital is defined as inventories plus trade and other receivables less trade and other payables. The year on year movement on operating working capital, excluding the impact of currency translation, acquisitions, disposals and other non–operating items is a measure of the success of the Group's working capital management programme.

	Reference to the Financial Statements/ Glossary	**2017 €'m**	2016 €'m
Inventories	Group balance sheet	**321.6**	366.5
Trade and other receivables	Group balance sheet	**302.4**	327.1
Trade and other payables		**(318.0)**	(460.3)
Net operating working capital		**306.0**	233.3

G 17. Operating cash flow and free cash flow

Operating cash flow is defined as pre–exceptional EBITDA of the wholly owned businesses net of business sustaining capital expenditure and working capital movements, excluding exceptional cash flows.

Operating cash flow is one of the Group's Key Performance Indicators. Operating cash flow is one of the performance conditions in Glanbia's Annual Incentive Plan.

Free cash flow is calculated as the net cash flow in the year before the following items: strategic capital expenditure, acquisition spend, proceeds received on disposals, loans to Equity accounted investees, equity dividends paid, exceptional costs paid and currency translation movements.

	Reference to the Financial Statements/ Glossary	**2017 €'m**	2016 €'m
Earnings before interest, tax, depreciation and amortisation (pre–exceptional EBITDA)	G 6.3 / G 6.4	**342.6**	355.0
Movement in working capital (pre–exceptional)	G 17.3	**(170.8)**	31.9
Business sustaining capital expenditure	G 15	**(23.8)**	(32.4)
Operating cash flow		**148.0**	354.5
Net interest and tax paid	G 17.4	**(57.9)**	(52.9)
Dividends from Equity accounted investees	Group statement of cash flows	**15.8**	13.8
Other outflows	G 17.5	**(5.5)**	(4.4)
Free cash flow		**100.4**	311.0

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Key Performance Indicators and non–IFRS performance measures

G 17.1 Reconciliation of free cash flow and operating cash flow to the Group statement of cash flows in the Financial Statements:

	Reference to the Financial Statements/ Glossary	**2017 €'m**	2016 €'m
Cash generated from operating activities	Note 12	**162.2**	374.2
Add back exceptional cash flow in the year	G 17.2	**17.3**	19.5
Less business sustaining capital expenditure	G 15	**(23.8)**	(32.4)
Non–cash items not adjusted in computing operating cash flow:			
Impairment of tangible assets (excluding exceptional items 2017: €8.1m)	Note 12	**(2.7)**	(0.5)
Write down of inventories	Note 12	**(0.5)**	(2.5)
Insurance proceeds	Note 12	-	(1.9)
Impairment of intangible assets	Note 12	-	(0.5)
Cost of share options	Note 12	**(7.8)**	(7.7)
Difference between pension charge and cash contributions	Note 12	**4.2**	6.0
Profit/(loss) on disposal of property, plant and equipment	Note 12	**(0.9)**	0.3
Operating cash flow		**148.0**	354.5
Net interest and tax paid	G 17.4	**(57.9)**	(52.9)
Dividends from Equity accounted investees	Group statement of cash flows	**15.8**	13.8
Other outflows	G 17.5	**(5.5)**	(4.4)
Free cash flow		**100.4**	311.0

G 17.2 Exceptional cash flow in the year:	Reference to the Financial Statements/ Glossary	**2017 €'m**	2016 €'m
Pre–tax exceptional profit/(loss) for year	Note 3	**53.1**	(17.5)
Intangible asset amortisation	Note 3	**19.4**	-
Finance costs	Note 3	**14.0**	-
Deferred tax	Note 3	**(8.7)**	-
Profit on disposal of Dairy Ireland	Note 3	**(96.3)**	-
Impairment of tangible asset	Note 3	**8.1**	-
Non–cash element of exceptional charge	Note 12	**3.0**	7.1
Current year exceptional items paid in the year		**(7.4)**	(10.4)
Prior year exceptional items paid in the year	Note 3	**(9.9)**	(9.1)
Exceptional cash inflow/(outflow) in the year – included in operating cash flow		**(17.3)**	(19.5)
Interest paid	Note 3	**(14.0)**	-
Disposal of undertaking and investment in Equity accounted investees	Group statement of cash flows	**208.8**	-
Total exceptional cash inflow/(outflow) in the year		**177.5**	(19.5)

G 17.3 Movement in working capital:	Reference to the Financial Statements/ Glossary	**2017 €'m**	2016 €'m
Movement in working capital (pre–exceptional)		**(170.8)**	31.9
Prior year exceptional costs paid in the year	Note 3	**(9.9)**	(9.1)
Change in net working capital		**(180.7)**	22.8

G 17.4 Net interest and tax paid:	Reference to the Financial Statements/ Glossary	**2017 €'m**	2016 €'m
Interest received	Group statement of cash flows	**3.1**	2.4
Interest paid	Group statement of cash flows	**(39.5)**	(24.8)
Tax paid	Group statement of cash flows	**(34.7)**	(29.0)
Interest paid in relation to property, plant and equipment	Group statement of cash flows	**(0.8)**	(1.5)
Interest paid – exceptional item	G17.2	**14.0**	-
Net interest and tax paid		**(57.9)**	(52.9)

Key Performance Indicators and non–IFRS performance measures

G 17.5 Other outflows	Reference to the Financial Statements/ Glossary	2017 €'m	2016 €'m
Cost of share based payments	Note 12	**(7.8)**	(7.7)
Difference between pension charge and cash contributions	Note 12	**4.2**	6.0
(Profit)/loss on disposal of property, plant and equipment	Note 12	**(0.9)**	0.3
Net redemption and additions in available for sale financial assets	Group statement of cash flows	**(0.5)**	0.5
Purchase of own shares	Group statement of cash flows	**16.2**	10.4
Sale of shares held by subsidiary	Group statement of cash flows	**(2.4)**	-
Impairment of tangible assets (excluding exceptional items 2017: €8.1m)	Note 12	**(2.7)**	(0.5)
Write down of inventories	Note 12	**(0.5)**	(2.5)
Proceeds from property, plant and equipment	Group statement of cash flows	**(0.1)**	-
Impairment of intangible assets	Note 12	-	(0.5)
Insurance proceeds	Note 12	-	(1.9)
Dividends paid to non–controlling interests	Group statement of cash flows	-	0.9
Capital grants received	Group statement of cash flows	-	(0.6)
		5.5	4.4

G 17.6 Reconciliation of free cash flow and operating cash flow to pro-forma free cash flow and operating cash flow:

	Reference to the Financial Statements/ Glossary	2017 €'m
Operating cash flow	G 17	**148.0**
Adjustments for discontinued operations:		
EBITDA – discontinued operations	G 6.2	**(14.4)**
Working capital – discontinued operations		**47.5**
Business sustaining capital expenditure – discontinued operations		**3.9**
Pro-forma operating cash flow		**185.0**
Net interest and tax paid		**(58.4)**
Dividends from Equity accounted investees	Group statement of cash flows	**15.8**
Other outflows	G 17.5	**(5.5)**
Pro-forma free cash flow		**(136.9)**

G 18. Return on capital employed (ROCE)

ROCE is defined as the Group's earnings before interest, and amortisation (net of related tax) plus the Group's share of the results of Equity accounted investees after interest and tax divided by capital employed. Capital employed comprises the sum of the Group's total assets plus cumulative intangible asset amortisation less current liabilities less deferred tax liabilities excluding all financial liabilities, retirement benefit assets and cash. It is calculated by taking the average of the relevant opening and closing balance sheet amounts.

In years where the Group makes significant acquisitions or disposals, the ROCE calculation is adjusted appropriately, to ensure the acquisition or disposal are equally time apportioned in the numerator and the denominator.

ROCE is one of the Group's Key Performance Indicators. ROCE is one of the performance conditions in Glanbia's Long Term Incentive Plan.

	Reference to the Financial Statements/ Glossary	2017 €'m	2016 €'m
Operating profit – pre–exceptional	Group income statement	**240.1**	265.4
Tax on operating profit		**(42.3)**	(47.4)
Amortisation and impairment of intangible assets (net of related tax)		**33.7**	31.6
Share of results of Equity accounted investees	Group income statement	**42.8**	27.6
Adjustment for discontinued operations	G 18.1	**9.6**	-
Return		**283.9**	277.2
Total assets	Group balance sheet	**2,483.0**	2,708.7
Current liabilities	Group balance sheet	**(398.3)**	(567.6)
Deferred tax liabilities	Group balance sheet	**(125.6)**	(158.2)
Less cash and cash equivalents	Group balance sheet	**(162.2)**	(218.9)
Less current financial liabilities	Group balance sheet	**30.3**	32.2
Less retirement benefit assets	Group balance sheet	**(1.7)**	(2.6)
Plus accumulated amortisation		**243.1**	241.8
Capital employed before acquisition adjustment		**2,068.6**	2,035.4

Key Performance Indicators and non–IFRS performance measures

Adjustment for acquisitions	G 18.2	**147.2**	-
Capital employed		**2,215.8**	2,035.4
Average capital employed		**2,125.6**	1,994.0
Return on capital employed		**13.4%**	13.9%

G 18.1 Adjustment for discontinued operations (Dairy Ireland):	Reference to the Financial Statements/ Glossary	**2017 €'m**	2016 €'m
Operating profit – discontinued operations	Note 4	**9.9**	-
Amortisation net of tax		**0.6**	-
Tax on EBIT		**(1.2)**	-
Share of results of Equity accounted for investees		**0.3**	-
Total adjustment for discontinued operations		**9.6**	-

G 18.2. Adjustment for acquisitions

This adjustment is required to ensure the capital employed of the acquisitions Amazing Grass and Body & Fit are appropriately time apportioned in the denominator.

G 19. Total Shareholder Return (TSR)

TSR represents the change in the capital value of a listed quoted company over a period, plus dividends reinvested, expressed as a plus or minus percentage of the opening value.

TSR is one of the Group's Key Performance Indicators and is one of the performance conditions in Glanbia's Long Term Incentive Plan.

G 20. Dividend Pay–out Ratio

Dividend pay–out ratio is defined as the annual dividend per ordinary share divided by the pro–forma Adjusted Earnings Per Share. The dividend pay–out ratio provides an indication of the value returned to shareholders relative to the Group's total earnings.

	Reference to the Financial Statements/ Glossary	**2017 €'Cent**	**2016 €'Cent**
Pro–forma adjusted Earnings Per Share (cent)	G. 8.2	**87.11**	80.40
Dividend recommended/paid per ordinary share (cent)	Note 8	**22.00**	13.31
Dividend pay–out %		**25.3%**	16.6%