2013

Full year results

Leading global performance nutrition and ingredients group

Wednesday, 12 March 2014

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glanbia

12% growth in adjusted earnings per share, constant currency
8% to 10% annual organic earnings growth target to 2018

12 March 2014 - Glanbia plc ("Glanbia", the "Group", the "plc"), the global performance nutrition and ingredients group, announces its results for the year ended 4 January 2014.

Results highlights

- A good operating and financial performance delivered, on a constant currency basis, Total Group revenue growth of 10.5%, Total Group EBITA growth of 9.2% and adjusted earnings per share growth of 11.9%. On a reported basis Total Group revenue increased 8.0%, Total Group EBITA increased by 5.6% and adjusted earnings per share grew by 8.0%;
- Results underpinned by a strong performance by Global Performance Nutrition as over 20% branded revenue growth drove a 100 basis point margin expansion and an EBITA increase of 27.9% on a constant currency basis;
- Global Ingredients delivered a good performance. On a constant currency basis, revenues increased 11.5% and EBITA increased 8.1% while margins were down by 30 basis points;
- Dairy Ireland's results declined significantly due to the performance of Consumer Products while Joint Ventures & Associates delivered a positive performance overall;
- €112 million organic investment programme in 2013; bolt-on acquisition of a leading Scandinavian sports nutrition business in January 2014; and
- 10% dividend increase for the fourth consecutive year.

2013 results		Reported		Constant currency
€m	2013	2012[2]	Change	Change[1]
Wholly-owned businesses				
Revenue	2,382.1	2,211.8	+7.7%	+10.3%
EBITA	187.7	176.7	+6.2%	+10.0%
EBITA margin	7.9%	8.0%	- 10 bps	No change
Joint Ventures and Associates[4]				
Revenue	900.5	826.3	+9.0%	+11.2%
EBITA	39.0	37.9	+2.9%	+5.3%
EBITA margin	4.3%	4.6%	-30bps	-30bps
Total Group[4]				
Revenue	3,282.6	3,038.1	+8.0%	+10.5%
EBITA	226.7	214.6	+5.6%	+9.2%
EBITA margin	6.9%	7.1%	-20bps	- 10bps
Adjusted earnings per share[3]	55.46c	51.34c	+8.0%	+11.9%

Commenting today Siobhán Talbot, Group Managing Director, said:

"Glanbia had another year of double digit earnings growth in 2013 as the Group delivered a 12% increase in adjusted earnings per share. Our two global growth platforms performed well, particularly Global Performance Nutrition where strong momentum in branded revenue growth and international expansion delivered a 28% increase in profitability, on a constant currency basis. We expect 2014 to be another positive year for the Group. We will benefit from our ongoing organic investment programme, good prospects for Global Ingredients and Global Performance Nutrition and an expected improvement in Dairy Ireland. We are guiding 8% to 10% growth in adjusted earnings per share for the full year 2014, on a constant currency basis. Our ambition is to continue to deliver a similar annual organic growth rate through to 2018, while seeking to sustain a return on capital employed in excess of 12%."

1. A significant portion of our earnings are denominated in US dollar. The average exchange rate for 2013 was €1 = $1.328 (2012: €1 = $1.285).
2. 2012 results have been restated to reflect the adoption of the revised IAS 19 pension accounting standard (see Note 11).
3. 2012 adjusted earnings per share relate to continuing operations.
4. Total Group includes Glanbia's share of Joint Ventures & Associates.

2013 overview and 2014 outlook

Glanbia delivered a good performance in 2013 driven by the two growth platforms, Global Performance Nutrition and Global Ingredients. Total Group revenues including the Group's share of Joint Ventures & Associates were €3.3 billion, up 8.0% (10.5% constant currency). Total Group EBITA was €226.7 million, up 5.6% (9.2% constant currency). Total Group EBITA margin was 6.9%, reflecting a 7.9% margin in the wholly owned businesses, down 10 basis points and 4.3% in Joint Ventures & Associates, down 30 basis points. Adjusted earnings per share was 55.46 cents, up 8.0%. This equates to 11.9% growth on a constant currency basis, ahead of our previously issued guidance.

Capital investment and acquisitions

Glanbia continued to invest significantly in the business over the course of 2013 with total capital expenditure of €112 million. This spend demonstrates the Board's continued confidence in the organic growth potential of the business. The key projects undertaken in 2013 include capacity expansion in Global Performance Nutrition, Ingredient Technologies' new state-of-the-art specialty grain processing facility in South Dakota and the new Cheese Innovation Centre in US Cheese. The return on capital employed achieved by the Group in 2013 increased by 10 basis points to 14.2%, a good result in the context of a substantial ongoing capital investment programme. The acquisition of Nutramino Holding ApS ("Nutramino"), a leading Scandinavian sports nutrition business with operations in Denmark, Sweden and Norway, in January 2014 is aligned with the growth strategy of Global Performance Nutrition. Nutramino focuses primarily on branded, ready-to-consume products sold through the gym and convenience channels. The acquisition gives us a strong foothold in the Scandinavian market and offers the potential to leverage Nutramino capability in the convenience sector in other markets. The business was acquired for a total consideration of approximately €25.5 million, a portion of which is contingent on future earnings.

Balance sheet and financial ratios

The Group's financial position remains strong. Net debt to adjusted EBITDA at year end was 1.7 times (2012: 1.7 times) and interest cover was 7.8 times (2012: 8.1 times). With the exception of €39.1 million of preference shares due to mature in July 2014, the Group's remaining debt facilities mature in 2018 (€466.6 million) and 2021 (€238.4 million).

Dividend and TSR

The Board is recommending a final dividend of 5.97 cents per share, bringing the total dividend for the year to 10.00 cents per share, representing an increase of 10%. In 2013, the share price increased 34.1% from €8.24 to €11.05. Total Shareholder Return (TSR) for the year was 35.4%.

Board and management changes

Siobhán Talbot, who has been with the Group for over 20 years and most recently held the position of Group Finance Director, was appointed Group Managing Director following the retirement of John Moloney. Mark Garvey, previously Executive Vice President & Chief Financial Officer of Sara Lee Corporation, replaced Siobhán as Group Finance Director and also joined the Board. Hugh McGuire was appointed to the Board as an Executive Director with responsibility for Global Performance Nutrition while Brian Phelan was appointed Chief Executive Officer of Global Ingredients, having been appointed to the Board on 1 January 2013. Donard Gaynor and Vincent Gorman joined the Board as Non-Executive Directors while Billy Murphy, Robert Prendergast and Brendan Hayes, all previously Non-Executive Directors, retired from the Board during the year.

2014 outlook

Overall, the outlook for the Group for 2014 is positive. While Global Performance Nutrition is expected to be the main driver of growth, we expect solid performance across all segments. On this basis, we are guiding 8% to 10% growth in adjusted earnings per share on a constant currency basis for 2014. A detailed outlook by business segment is on page 6 of this statement.

Strategy update

Following a detailed strategic review, the Board and Executive have defined Glanbia's growth ambitions for the next five years on two levels. We believe that the Group can achieve annual organic growth of at least 8% to 10% in adjusted earnings per share, on a constant currency basis while aiming to sustain a return on capital employed in excess of 12%. The Group's ambition stretches beyond this and we will be actively pursuing opportunities to add further scale to Glanbia through acquisitions and strategic joint ventures and alliances, as we seek to deliver higher levels of growth.

2013 operations review

Segmental analysis (as reported)

	2013			2012[1]		
€m	Revenue	EBITA	EBITA %	Revenue	EBITA	EBITA %
Global Performance Nutrition	655.3	70.6	10.8%	585.9	57.3	9.8%
Global Ingredients	1,074.6	102.0	9.5%	994.9	98.1	9.9%
Dairy Ireland	652.2	15.1	2.3%	631.0	21.3	3.4%
Total wholly-owned businesses	2,382.1	187.7	7.9%	2,211.8	176.7	8.0%
Joint Ventures & Associates[2]	900.5	39.0	4.3%	826.3	37.9	4.6%
Total Group	3,282.6	226.7	6.9%	3,038.1	214.6	7.1%

1. 2012 results have been restated to reflect the adoption of the revised IAS 19 pension accounting standard (see Note 11).
2. Glanbia disposed of a 60% interest in Glanbia Ingredients Ireland Limited ("GIIL") in November 2012. GIIL is now a 40% associate of the Group. To aid comparability, 2012 results have been restated to show GIIL as an associate for the full year.

Global Performance Nutrition

	Reported			Constant Currency
€m	2013	2012	Change	Change
Revenue	655.3	585.9	+11.8%	+15.7%
EBITA	70.6	57.3	+23.2%	+27.9%
EBITA margin	10.8%	9.8%	+100bps	+100bps

Global Performance Nutrition delivered a strong performance in 2013. Revenues increased 11.8% (15.7% constant currency) to €655.3 million driven almost entirely by volume growth as prices were largely unchanged in the period. Branded revenue growth was in excess of 20%. EBITA increased 23.2% (27.9% constant currency) during 2013 while margins increased 100 basis points to 10.8%. The increase in margins reflects a combination of improved revenue mix and somewhat lower input costs while we continued to invest in people and infrastructure to support future growth of the business.

Global Performance Nutrition continued to outpace the overall market growth during 2013 and we further increased our share within the USA. This performance was in the face of significant competition and reflects the strong appeal of our brands, our track record of delivering new and innovative products and our continued investment in building the business. We also benefited from our focus on the specialty and internet sports nutrition market sub-segments which remain the largest and among the fastest growing segments in the market.

International revenues also performed well during 2013 and we continue to make good progress in respect of our international growth strategy. The acquisition of Nutramino combined with a successful organic roll-out programme in 2013, brings our total in-market sales presence to 19 countries worldwide and further cements our position as the global leader in sports nutrition.

Capital investment during 2013 was significant. The implementation of SAP was successfully completed in October. The new €34 million production facility in Chicago, designed to allow further capacity additions on a modular basis, is due to be commissioned in the second quarter of 2014. We have already commenced the second phase of capacity expansion in this plant, reflecting recent demand trends and the continued positive growth outlook for the business. On completion, the total investment in the new facility will be approximately €50 million.

Global Ingredients

	Reported			Constant Currency
€m	2013	2012	Change	Change
Revenue	1,074.6	994.9	+8.0%	+11.5%
EBITA	102.0	98.1	+4.0%	+8.1%
EBITA margin	9.5%	9.9%	-40bps	-30bps

Global Ingredients delivered a good performance in 2013. Revenues increased 8.0% (11.5% constant currency) to €1,074.6 million. This growth in revenue is attributable to underlying organic volume growth of 6.2%, higher pricing and an enhanced product mix of 1.3% and the impact of acquisitions of 4.0%. Acquisitions comprised of Aseptic Solutions in July 2012 and a small specialist cheese plant in Blackfoot, Idaho in March 2013. EBITA increased 4.0% (8.1% constant currency) in the period as positive performances in US Cheese and Customised Solutions offset a slightly weaker performance in Ingredient Technologies. The 40 basis point (30 basis point constant currency) decline in EBITA margins to 9.5% was driven primarily by lower whey market prices in Ingredient Technologies.

US Cheese

Cheese prices within the USA remained relatively firm throughout 2013 underpinned by strong global dairy prices. Market demand growth was positive with retail, foodservice and exports all performing ahead of the prior year. Against this backdrop, US Cheese delivered a solid performance in 2013. Revenues increased driven primarily by the Blackfoot acquisition and the impact of higher market pricing. This growth in revenues combined with a modest increase in margins resulted in a positive EBITA performance for the year.

US Cheese commissioned its €8 million Cheese Innovation Centre during 2013. Based in Twin Falls, Idaho, this facility together with the more flexible production capabilities of the Blackfoot plant significantly strengthens our innovation and new product development capabilities.

Ingredient Technologies

Market prices for most of Ingredient Technologies' dairy related products declined in 2013. Lactose experienced quite significant declines with more modest reductions for other whey related products. These declines were driven primarily by increased supply as demand across almost all products categories remained firm. Demand continues to be underpinned by favourable trends across the relevant end markets including sports nutrition, nutritional bars and beverages, infant formula and confectionary.

In the context of declining market prices, Ingredient Technologies delivered a good performance in 2013. Revenue growth was positive as higher volumes more than offset the pricing impact. Volume growth reflected the full year impact of the Aseptic Solutions acquisition in July 2012 as well as higher throughput of certain whey products. Overall EBITA was behind prior year as the impact of lower pricing on margins more than offset the volume growth.

Ingredient Technologies continues to focus on maximising the value of its ingredient pool and in particular the development of science-led nutritional solutions and systems. This relates not only to dairy-based ingredients but also to specialty grains where the recent commissioning of its €22 million state-of-the-art specialty grain processing facility in South Dakota significantly enhances our capabilities. Also in 2013, we expanded our production capabilities for lactoferrin and dairy calcium, two of our specialty dairy products used in a range of food and other applications.

Customised Solutions

The key users of premix solutions include the beverage, breakfast cereal, infant formula, supplement and nutrition bar segments. These markets continue to exhibit positive growth while premix providers are also benefiting from the ongoing trend towards food fortification and the increasing desire of large multi-national food companies to simplify their manufacturing processes and supply chains.

Customised Solutions continues to benefit from these trends and performed well in 2013. Revenue growth was positive while margins were slightly ahead of the prior year reflecting favourable sales mix.

We continued to invest in the business in 2013 aimed at growing our presence in new markets, including sales teams in India, Russia, South Africa and Indonesia. This is consistent with aligning the business with key growth customers with a particular focus on emerging markets.

Dairy Ireland

	Reported			Constant Currency
€m	2013	2012[1]	Change	Change
Revenue	652.2	631.0	+3.4%	+3.4%
EBITA	15.1	21.3	-29.1%	-29.1%
EBITA margin	2.3%	3.4%	-110bps	-110bps

1. Glanbia disposed of a 60% interest in Glanbia Ingredients Ireland Limited ("GIIL") in November 2012. GIIL is now a 40% associate of the Group. To aid comparability, 2012 results have been restated to show GIIL as an associate for the full year.

Dairy Ireland had a difficult year in 2013 as underperformance in Consumer Products outweighed a solid performance in Agribusiness. Revenues increased 3.4% to €652.2 million reflecting 2.5% organic volume growth and 2.6% pricing growth offset by the Yoplait franchise disposal in 2012 which had a 1.7% negative impact on revenues. EBITA decreased by 29.1% to €15.1 million with a 110 basis point decline in margins.

Consumer Products

In line with trends in global dairy markets, the average milk cost for Consumer Products in 2013 was significantly ahead of the prior year as Irish milk prices hit record levels by historical standards. This resulted in margin pressures as our ability to pass through these input cost increases in a difficult Irish retail environment was limited. Overall volumes declined modestly in the year but growth in private label business relative to branded business resulted in an adverse mix effect. This, combined with lower margins, resulted in a significant decline in EBITA.

To counteract the challenges facing the business, Consumer Products recently announced a further phase of rationalisation to improve its competitiveness in the domestic market. This includes a reduction in the overall cost base through the redesign of its supply network and restructuring of head-office functions. We also announced plans to build a new €15 million UHT (Ultra-Heat-Treated) facility to produce long-life liquid milk and cream suitable for export to markets such as China, Europe and the Middle East. The new facility is expected to be operational in the second quarter of 2014.

Agribusiness

On an overall basis, Agribusiness delivered a solid performance in 2013. Demand for feed and fertilizer was positive in the first half of the year, driven to a large extent by poor weather conditions. While the demand trend weakened in the second half of the year, particularly for feed, overall revenue growth for the year was positive. Margins for the period were broadly in line with 2012 levels resulting in a positive EBITA performance overall.

The state-of-the-art oats milling facility in Portlaoise was successfully commissioned in late 2013. The plant was developed to supply milled oats for use in the premium US oatmeal brand, McCann's Irish Oatmeal, owned by Sturm Foods. In addition, Agribusiness recently commenced a restructuring programme, the aim of which is to increase efficiency and optimise both its existing business potential and future growth opportunities.

Joint Ventures & Associates (Glanbia Share)

	Reported			Constant Currency
€m	2013	2012[1]	Change	Change
Revenue	900.5	826.3	+9.0%	+11.2%
EBITA	39.0	37.9	+2.9%	+5.3%
EBITA margin	4.3%	4.6%	-30bps	-30bps

1. Glanbia disposed of a 60% interest in Glanbia Ingredients Ireland Limited ("GIIL") in November 2012. GIIL is now a 40% associate of the Group. To aid comparability, 2012 results have been restated to show GIIL as an associate for the full year.

Joint Ventures & Associates delivered a steady performance in the year. Revenues increased 9.0% (11.2% constant currency) to €900.5 million reflecting 2.1% organic volume growth and 9.1% pricing growth. EBITA increased 2.9% (5.3% constant currency) as positive revenue growth more than offset the 30 basis point decline in margins.

Glanbia Ingredients Ireland (GIIL)

Global dairy markets increased significantly in 2013 as supply failed to keep pace with the continued strong demand from China and emerging markets. In addition to strong price growth, GIIL also saw an increase in volumes in the period driven by favourable milk supply. Milk prices broadly reflected the increase in global dairy market prices and EBITA was largely unchanged in the year as a result. The positive trends in milk supply in 2013 are an early indication of the strong uplift in milk volumes expected following the removal of milk quotas in 2015. In this context, the €150 million processing facility under construction in Belview, Co. Kilkenny is progressing well and is expected to commence commissioning in late 2014.

Southwest Cheese (SWC)

While average cheese prices for 2013 were slightly ahead of the prior year, whey prices on average were somewhat behind. With SWC operating largely to capacity from a volume perspective, the net effect for SWC was a modest increase in revenues and EBITA was broadly in line with the prior year.

Glanbia Cheese

The European mozzarella cheese market performed well in 2013 with demand continuing to be driven by both the fresh and frozen pizza markets. Market prices were also stronger reflecting demand growth and the general increase in global dairy prices. In this context, Glanbia Cheese delivered a good revenue performance in 2013 and, while milk costs also increased in the period, EBITA growth was positive.

Nutricima

While market conditions remain challenging in the Nigerian market, there were some signs of improvement in demand in 2013 and overall volume growth was positive for the year. However, this benefit was largely offset by significantly higher input costs driven in turn by higher global dairy prices. EBITA was largely unchanged in the period as a result.

2014 Group outlook

Growth in Global Performance Nutrition continues to be underpinned by our brand strength, our ongoing investment in the business and our focus on the large and growing specialty and internet sports nutrition market sub-segments. We continue to strengthen our many in-market commercial teams and expect our international businesses to continue to deliver strong growth. Overall we expect Global Performance Nutrition to deliver a good performance for the year.

Overall, Global Ingredients is expected to have a solid performance in 2014. Our Idaho-based US Cheese business is currently facing challenges related to increased competition for milk. This is expected to lead to higher milk costs and some year-on-year volume declines in both US Cheese and Ingredient Technologies relative to a strong volume performance in 2013. While the situation continues to evolve, we are managing the overall impact with our suppliers and customers and, combined with a good performance in Customised Solutions, we expect Global Ingredients to deliver a positive performance for the year.

Against the backdrop of an exceptionally difficult 2013, we expect some improvement in performance in Dairy Ireland in 2014. This will be driven by Consumer Products primarily reflecting the benefits of the rationalisation measures taken in recent months. Joint Ventures & Associates are expected to perform broadly in line with 2013.

Overall, the outlook for the Group for 2014 is positive. While Global Performance Nutrition is expected to be the main driver of growth, we expect solid performance across all segments. On this basis, we are guiding 8% to 10% growth in adjusted earnings per share on a constant currency basis for 2014.

2013 finance review

2013 results summary pre exceptional €m	2013	2012[2]	Change	Constant Currency Change
Revenue	**2,382.1**	**2,211.8**	**+7.7%**	**+10.3%**
EBITA	187.7	176.7	+6.2%	+10.0%
EBITA margin	*7.9%*	*8.0%*	-10bps	No change
- Amortisation of intangible assets	(21.0)	(19.9)		
- Net finance costs	(23.0)	(20.4)		
- Share of results of Joint Ventures & Associates	26.5	12.1		
- Income tax	(24.7)	(25.5)		
Profit for the year[1]	**145.5**	**123.0**		

1. 2012 profits relate to continuing operations only and so exclude Glanbia Ingredients Ireland Limited ("GIIL") for the period up to 25 November 2012. GIIL is included for one month (December) in 2012 as an Associate and 2013 numbers include GIIL as an Associate for the full year.
2. 2012 results have been restated to reflect the adoption of the revised IAS 19 pension accounting standard (see note 11).

Revenue
Revenue grew by 7.7% to €2.4 billion (2012: €2.2 billion) (10.3% constant currency) reflecting continued strong organic growth in both Global Performance Nutrition and Global Ingredients.

EBITA & EBITA margin
EBITA grew by 6.2% to €187.7 million (2012: €176.7 million) (10.0% constant currency). EBITA margin decreased by 10 basis points to 7.9% (2012: 8.0%), with margin growth of 100 basis points in Global Performance Nutrition offset by reduced margins in the other segments.

Net finance costs
Net finance costs increased by €2.6 million to €23.0 million (2012: €20.4 million) due primarily to the renegotiation of the Group's banking facilities in November 2012 (previously renegotiated in May 2008). The Group's average interest rate for the full year was 5.1% (2012: 4.6%).

Share of results of Joint Ventures & Associates
The Group's share of the results of Joint Ventures & Associates increased by €14.4 million to €26.5 million (2012: €12.1 million) primarily due to the inclusion of 12 months of the Group's share of Glanbia Ingredients Ireland Ltd ("GIIL") compared to one month in 2012. 60% of GIIL was disposed of to Glanbia Co-operative Society Ltd on 25 November 2012. To assist comparability, our segmental analysis on page 5 shows the revenue and EBITA of our Joint Ventures & Associates on a pro-forma basis as if GIIL had been an associate for all of 2012. The table below reconciles the pro-forma EBITA to the share of results as shown in the Income Statement.

Joint Ventures & Associates - Reconciliation of EBITA to share of results €m	2013	2012
EBITA of Joint Ventures & Associates	39.0	37.9
Reversal of pro-forma adjustment for GIIL	-	(14.8)
Reported EBITA	39.0	23.1
Amortisation	(0.3)	-
Finance costs	(4.2)	(5.3)
Income tax	(8.0)	(5.7)
Share of results as reported in the Income Statement	26.5	12.1

Taxation

The 2013 tax charge decreased to €24.7 million (2012: €25.5 million) which represents an effective rate, excluding Joint Ventures & Associates, of 17.2% (2012: 18.8%). The decrease in the effective rate is driven by the change in mix and geographic locations in which profits are earned.

Adjusted earnings per share

	2013	2012[1]	Change	Constant Currency Change
Adjusted earnings per share	55.46c	51.34c	+8.0%	+11.9%

1. 2012 adjusted earnings per share has been restated to reflect the adoption of the revised IAS 19 pension accounting standard and relates to continuing operations.

Total adjusted earnings per share grew 8.0% (11.9% constant currency), driven by growth in EBITA combined with a lower effective tax rate. Adjusted earnings per share is believed to be more reflective of the Group's underlying performance than basic earnings per share and is calculated based on the net profit attributable to equity holders of the parent before exceptional items and amortisation of intangible assets, net of related tax.

2013 exceptional items

	€m
1. Revision to Group pension schemes	13.8
2. Rationalisation costs	(8.0)
3. Taxation charge	(0.3)
Total exceptional credit	5.5

2013 exceptional items resulted in an exceptional credit of €5.5 million. Details of the 2013 exceptional items are as follows:

1. Revisions to two of the Group's smaller defined benefit pension schemes resulted in a reduction in pension liabilities and a consequent exceptional credit of €13.8 million. These revisions represent the final phase of the strategic review of the Group's pension arrangements which has been carried out over the last number of years.
2. Rationalisation costs amounting to €8.0 million were incurred in Dairy Ireland during the year. Consumer Products announced a further phase of rationalisation to improve its competitiveness in the domestic market, including a reduction in its central cost base and a redesign of its supply network. Agribusiness also announced a programme to deliver cost base savings while positioning the business appropriately to take advantage of growth opportunities. These programmes will continue through 2014 when we expect to incur further exceptional costs of approximately €11 million.
3. The tax charge applicable to exceptional items 1 and 2 above amounted to €0.3 million.

Dividend per share

The Board is recommending a final dividend of 5.97 cents per share (2012: final dividend 5.43 cents per share). This represents an increase of 10% in the year and brings the total dividend for the year to 10.00 cents per share (2012: 9.09 cents per share).

Cash flow

€m	2013	2012
EBITDA	214.6	201.5
Dividends from Joint Ventures & Associates	10.9	13.8
Working capital movement	(39.9)	(59.1)
Net interest and tax paid	(55.8)	(48.1)
Business sustaining capital expenditure	(35.7)	(30.1)
Other outflows	(6.5)	(13.2)
Free cash flow from continuing operations	**87.6**	**64.8**
Loans repaid by / (to) Joint Ventures & Associates	7.2	(3.3)
Strategic capital expenditure / acquisitions	(76.5)	(89.2)
Disposals	8.5	26.6
Restructuring costs	(3.0)	(6.5)
Equity dividends	(27.9)	(25.3)
Net cash flow from continuing operations	**(4.1)**	**(32.9)**
Cash flow from discontinued operations	-	122.8
Cash flow pre currency exchange/ fair value adjustments	**(4.1)**	**89.9**
Currency exchange / fair value adjustments	6.3	13.8
Cash flow for the year	**2.2**	**103.7**
Net debt at the beginning of the year	(376.6)	(480.3)
Net debt at the end of the year	**(374.4)**	**(376.6)**

Free cash flow is after charging working capital movements and business sustaining capital expenditure, but before strategic investments or divestments and equity dividends.

During the year the Group generated free cash flow of €87.6 million (2012: €64.8 million) an increase of €22.8 million year-on-year. Higher EBITDA in 2013 of €214.6 million (2012: €201.5 million) and lower working capital investment in the year were offset by increased business sustaining capital expenditure. The working capital outflow of €39.9 million reflects the increased working capital requirements in Global Performance Nutrition and Global Ingredients due to strategic investment in inventories and business growth.

Capital Expenditure

Total capital expenditure during the year amounted to €112.2 million including €76.5 million of strategic spend. Major projects completed during the year include the Cheese Innovation Centre in US Cheese, the specialty grains plant in Ingredient Technologies and the oats milling facility in Agribusiness. In addition, the final phase of SAP implementation was completed within Global Performance Nutrition resulting in core SAP functionality across the entire Group. Expansion of production capacity within Global Performance Nutrition commenced in 2013 with expected completion of phase one in the second quarter of 2014. Our 2014 plans include capital expenditure in the region of €120 million, of which approximately €80 million will be spent on strategic capital projects.

Group Financing

Financing key performance indicators	2013	2012
Net debt[1] : adjusted EBITDA[2]	1.7 times	1.7 times
Adjusted EBIT[2] : net finance cost	7.8 times	8.1 times

1. Includes cumulative redeemable preference shares
2. The definition of adjusted EBITDA and adjusted EBIT are as per our financing agreements and include dividends from Joint Ventures & Associates.

The Group delivered a year end net debt: adjusted EBITDA leverage ratio of 1.7 times (2012: 1.7 times) compared to the Group's banking covenant of a maximum of 3.5 times. In 2013, adjusted EBIT to net finance costs ratio was 7.8 times (2012: 8.1 times). The Group's banking covenant is a minimum of 3.5 times interest cover.

The Group currently has three sources of committed debt finance totalling €744.1 million;

- A $325 million (€238.4 million) private placement of senior loan notes, due June 2021;
- Bilateral multicurrency revolving loan facilities totaling €466.6 million with eight banks, all maturing January 2018, which were renewed during 2012 on common terms and conditions; and
- Cumulative redeemable preference shares of €39.1 million due for redemption July 2014.

Return on capital employed

	2013	2012	Change
Return on capital employed[1]	14.2%	14.1%	+10bps

1. Return on capital employed (ROCE) is calculated as Group earnings before interest and amortisation, net of tax plus Group's share of results of Joint Ventures & Associates after interest and tax, over capital employed. Capital employed is defined as the Group's non-current assets plus working capital. ROCE for 2012 is on a pro-forma basis as if GIIL had been an associate for all of 2012.

The return on capital employed has improved by 10 basis points to 14.2% (2012: 14.1%), a good performance given the Group's organic investment programme which has seen approximately €120 million in strategic capital expenditure (excluding acquisitions) over the past two years. The Group operates to an internal hurdle rate of return on investment decisions of 12% post tax, by year three, and monitors investment spend against this metric.

Pension

At 4 January 2014 the Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, reduced by €20.1 million to €78.0 million (2012: €98.1 million). This decrease in the Group's deficit reflected a €13.8 million credit associated with revisions to two of the Group's smaller defined benefit pension schemes, employer contributions of €16.2 million offset by scheme charges of €8.8 million and a small negative movement in actuarial assumptions of €1.5 million.

Total shareholder return

2013 was another strong year for our shareholders. Total Shareholder Return (TSR) for the year was 35.4% following a TSR for 2012 of 80.6%. Glanbia plc share price increased from €8.24 to €11.05. The share price outperformed the FTSE E300 index by 18.0% and the FTSE E300 Food Producers Index by 26.3%. The strong shareholders return reflects the growth in our core growth platforms of Global Performance Nutrition and Global Ingredients which now represent over 76% of our earnings.

Investor Relations

We remain strongly committed to open and transparent dialogue with the investor community and 2013 was a very successful year for the Group from an investor relations perspective. We participated in more than 150 investor meetings in 2013 in Ireland, the UK, mainland Europe and North America as well as a number of capital market conferences. In addition to these, we held our first capital markets day since 2010 in May of last year. The event, which was held in the London Stock Exchange, was very well attended and represented a good opportunity for investors to learn more about the business and meet our senior management team in person.

Annual General Meeting (AGM)

The Group's AGM will be held on Tuesday, 13 May 2014, in the Lyrath Estate Hotel, Dublin Road, Kilkenny, Co. Kilkenny.

Principal risks and uncertainties affecting the Group's performance in 2014

The Board of Glanbia plc has the ultimate responsibility for risk management. The performance of the Group is influenced by global economic growth and consumer confidence in the markets in which it operates. In 2014, the principal risks affecting the Group's performance are:

- Milk availability in our US Cheese business and the potential impact on cheese and commodity whey volumes and milk costs;
- The ongoing challenges in Consumer Products in terms of milk input costs and the continued difficult Irish retail environment; and
- The effective execution of our growth strategy in Global Ingredients and Global Performance Nutrition.

The principal risks and uncertainties will be outlined in detail in the 2013 Annual Report.

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.

Results webcast and dial-in details

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

Ireland: 01 246 5601
UK: +44 203 427 1906
Europe: +44 203 427 1906
USA: +1 646 254 3388
Passcode: 8087235

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Group income statement

for the financial year ended 04 January 2014

	Notes	Pre-exceptional 2013 €'000	Exceptional 2013 €'000 (note 3)	Total 2013 €'000	Pre-exceptional 2012* €'000	Exceptional 2012* €'000 (note 3)	Total 2012* €'000
Continuing operations							
Revenue	2	**2,382,133**	**–**	**2,382,133**	**2,211,757**	**–**	**2,211,757**
Earnings before interest, tax and amortisation (EBITA)		**187,665**	**5,804**	**193,469**	**176,730**	**1,610**	**178,340**
Intangible asset amortisation		(21,011)	–	(21,011)	(19,864)	–	(19,864)
Operating profit		**166,654**	**5,804**	**172,458**	**156,866**	**1,610**	**158,476**
Finance income	4	2,168	–	2,168	2,942	–	2,942
Finance costs	4	(25,110)	–	(25,110)	(23,370)	–	(23,370)
Share of results of Joint Ventures & Associates		26,488	–	26,488	12,147	–	12,147
Profit before taxation		**170,200**	**5,804**	**176,004**	**148,585**	**1,610**	**150,195**
Income taxes	5	(24,692)	(316)	(25,008)	(25,611)	1,440	(24,171)
Profit for the year from continuing operations		**145,508**	**5,488**	**150,996**	**122,974**	**3,050**	**126,024**
Discontinued operations							
Profit for the year from discontinued operations, net of tax	3	–	–	–	27,133	(7,761)	19,372
Profit for the year		**145,508**	**5,488**	**150,996**	**150,107**	**(4,711)**	**145,396**
Attributable to:							
Equity holders of the Parent				150,330			144,956
Non-controlling interests				666			440
				150,996			**145,396**

Earnings per share from continuing and discontinued operations attributable to the equity holders of the Parent

	Notes	2013	2012*
Basic earnings per share (cents)	6		
From continuing operations		51.01	42.71
From discontinued operations		–	6.59
		51.01	**49.30**
Diluted earnings per share (cents)	6		
From continuing operations		50.66	42.33
From discontinued operations		–	6.53
		50.66	**48.86**

*As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefits

On behalf of the Board

L Herlihy S Talbot M Garvey

Directors

Group statement of comprehensive income
for the financial year ended 04 January 2014

	2013 €'000	2012* €'000
Profit for the year	**150,996**	**145,396**
Other comprehensive income/(expense)		
Items that are not reclassified subsequently to the Group income statement:		
Remeasurements – defined benefit schemes	(1,546)	(100,095)
Deferred tax (charge)/credit on remeasurements	(166)	10,801
Share of remeasurements – Joint Ventures & Associates	(1,149)	(1,227)
Deferred tax credit on remeasurements – Joint Ventures & Associates	220	169
Items that may be reclassified subsequently to the Group income statement:		
Currency translation differences	(24,592)	(8,071)
Net investment hedge	2,472	1,409
Revaluation of available for sale financial assets	1,425	(971)
Fair value movements on cash flow hedges	898	3,445
Deferred tax on cash flow hedges and revaluation of available for sale financial assets	(541)	(172)
Other comprehensive (expense) for the year, net of tax	**(22,979)**	**(94,712)**
Total comprehensive income for the year	**128,017**	**50,684**
Total comprehensive income attributable to:		
Equity holders of the Parent	127,351	50,244
Non-controlling interests	666	440
Total comprehensive income for the year	**128,017**	**50,684**

*As re-presented to reflect the adoption of IAS19 (revised) - Employee Benefits

Group statement of changes in equity
for the financial year ended 04 January 2014

	Attributable to equity holders of the Parent					
	Share capital and share premium €'000	Other reserves €'000	Retained earnings* €'000 (note 9)	Total €'000	Non-controlling interests €'000	Total €'000
Balance at 31 December 2011	**100,962**	**153,544**	**261,308**	**515,814**	**7,135**	**522,949**
Profit for the year	–	–	144,956	144,956	440	145,396
Other comprehensive income/(expense)						
Remeasurements – defined benefit schemes	–	–	(100,095)	(100,095)	–	(100,095)
Deferred tax on remeasurements	–	–	10,801	10,801	–	10,801
Share of remeasurements – Joint Ventures & Associates	–	–	(1,058)	(1,058)	–	(1,058)
Fair value movements	–	2,474	–	2,474	–	2,474
Deferred tax on fair value movements	–	(172)	–	(172)	–	(172)
Currency translation differences	–	(8,071)	–	(8,071)	–	(8,071)
Net investment hedge	–	1,409	–	1,409	–	1,409
Total comprehensive (expense)/income for the year	**–**	**(4,360)**	**54,604**	**50,244**	**440**	**50,684**
Dividends paid during the year	–	–	(25,327)	(25,327)	(300)	(25,627)
Cost of share based payments	–	3,209	–	3,209	–	3,209
Transfer on exercise, vesting or expiry of share based payments	–	588	(588)	–	–	–
Shares issued	25	–	–	25	–	25
Premium on shares issued	1,108	–	–	1,108	–	1,108
Purchase of own shares	–	(7,692)	–	(7,692)	–	(7,692)
Balance at 29 December 2012	**102,095**	**145,289**	**289,997**	**537,381**	**7,275**	**544,656**
Profit for the year	–	–	150,330	150,330	666	150,996
Other comprehensive income/(expense)						
Remeasurements – defined benefit schemes	–	–	(1,546)	(1,546)	–	(1,546)
Deferred tax on remeasurements	–	–	(166)	(166)	–	(166)
Share of remeasurements – Joint Ventures & Associates	–	–	(929)	(929)	–	(929)
Fair value movements	–	2,323	–	2,323	–	2,323
Deferred tax on fair value movements	–	(541)	–	(541)	–	(541)
Currency translation differences	–	(24,592)	–	(24,592)	–	(24,592)
Net investment hedge	–	2,472	–	2,472	–	2,472
Total comprehensive (expense)/income for the year	–	**(20,338)**	**147,689**	**127,351**	**666**	**128,017**
Dividends paid during the year	–	–	(27,929)	(27,929)	(307)	(28,236)
Cost of share based payments	–	4,568	–	4,568	–	4,568
Transfer on exercise, vesting or expiry of share based payments	–	4,468	(4,468)	–	–	–
Shares issued	41	–	–	41	–	41
Premium on shares issued	1,861	–	–	1,861	–	1,861
Purchase of own shares	–	(7,387)	–	(7,387)	–	(7,387)
Balance at 04 January 2014	**103,997**	**126,600**	**405,289**	**635,886**	**7,634**	**643,520**

*As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefits

Group balance sheet
as at 04 January 2014

	Notes	2013 €'000	2012 €'000
ASSETS			
Non-current assets			
Property, plant and equipment		373,972	309,496
Intangible assets		454,486	473,016
Investments in associates		80,492	67,586
Investments in joint ventures		62,894	58,482
Trade and other receivables		9,376	16,835
Deferred tax assets		22,464	19,963
Available for sale financial assets		9,498	9,144
		1,013,182	**954,522**
Current assets			
Inventories		314,481	282,028
Trade and other receivables		257,216	271,589
Derivative financial instruments		1,750	1,457
Cash and cash equivalents	8	106,259	275,572
		679,706	**830,646**
Total assets		**1,692,888**	**1,785,168**
EQUITY			
Issued capital and reserves attributable to equity holders of the Parent			
Share capital and share premium		103,997	102,095
Other reserves		126,600	145,289
Retained earnings	9	405,289	289,997
		635,886	**537,381**
Non-controlling interests		7,634	7,275
Total equity		**643,520**	**544,656**
LIABILITIES			
Non-current liabilities			
Borrowings	8	441,641	527,046
Deferred tax liabilities		95,584	91,057
Retirement benefit obligations		78,035	98,133
Provisions for other liabilities and charges		18,492	22,013
Capital grants		2,471	2,636
		636,223	**740,885**
Current liabilities			
Trade and other payables		344,642	345,423
Current tax liabilities		1,415	7,430
Borrowings	8	39,062	125,086
Derivative financial instruments		1,725	938
Provisions for other liabilities and charges		26,301	20,750
		413,145	**499,627**
Total liabilities		**1,049,368**	**1,240,512**
Total equity and liabilities		**1,692,888**	**1,785,168**

On behalf of the Board
L Herlihy S Talbot M Garvey
Directors

Group statement of cash flows
for the financial year ended 04 January 2014

	Notes	2013 €'000	2012 €'000
Cash flows from operating activities			
Cash generated from operating activities	10	163,493	128,817
Interest received		2,253	2,814
Interest paid		(26,409)	(24,240)
Tax paid		(31,600)	(26,688)
Interest and tax paid - discontinued operations		–	(7,657)
Net cash inflow from operating activities		**107,737**	**73,046**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		–	(45,365)
Disposal of undertaking and investment in Associate		–	25,599
Repayment of intercompany balance		–	125,652
Insurance proceeds		7,670	8,132
Disposal of Yoplait franchise		–	18,000
Payment of deferred consideration on acquisition of subsidiaries		–	(1,104)
Purchase of property, plant and equipment		(94,897)	(65,893)
Purchase of intangible assets		(11,543)	(4,119)
Dividends received from Joint Ventures		10,937	13,778
Loans repaid/(advanced) to Joint Ventures & Associates		7,178	(3,275)
Decrease in available for sale financial assets		1,752	523
Proceeds from sale of property, plant and equipment		780	495
Investing cash flows from discontinued operations	3	–	(23,964)
Net cash (outflow)/inflow from investing activities		**(78,123)**	**48,459**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		1,902	1,133
Purchase of own shares		(7,387)	(7,692)
(Decrease) in borrowings		(162,921)	(44,646)
Dividends paid to Company shareholders	7	(27,929)	(25,327)
Dividends paid to non-controlling interests		(307)	(300)
Capital grants received		–	1,584
Financing cash flows from discontinued operations	3	–	(928)
Net cash (outflow) from financing activities		**(196,642)**	**(76,176)**
Net (decrease)/increase in cash and cash equivalents		**(167,028)**	**45,329**
Cash and cash equivalents at the beginning of the year		275,572	231,373
Effects of exchange rate changes on cash and cash equivalents		(2,285)	(1,130)
Cash and cash equivalents at the end of the year	8	**106,259**	**275,572**

Reconciliation of net cash flow to movement in net debt		2013 €'000	2012 €'000
Net (decrease)/increase in cash and cash equivalents		(167,028)	45,329
Cash movements from debt financing		162,921	47,869
		(4,107)	**93,198**
Fair value movement of currency and interest rate swaps		674	2,850
Exchange translation adjustment on net debt		5,549	7,723
Movement in net debt in the year		**2,116**	**103,771**
Net debt at the beginning of the year		(376,560)	(480,331)
Net debt at the end of the year		**(374,444)**	**(376,560)**
Net debt comprises:			
Borrowings		(480,703)	(652,132)
Cash and cash equivalents		106,259	275,572
	8	**(374,444)**	**(376,560)**

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 04 January 2014 (referred to as the 2013 financial statements). The Group financial statements are prepared under International Financial Reporting Standards as adopted by the EU. The 2013 financial statements have been audited and have received an unqualified audit report. Amounts are stated in euro thousands (€'000) unless otherwise stated. The financial information is prepared for a 53 week year ending on 04 January 2014. Comparatives are for the 52 week year ending on 29 December 2012. The balance sheets for 2013 and 2012 have been drawn up as at 04 January 2014 and 29 December 2012 respectively.

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 and derivative financial instruments. The Group's accounting policies which will be included in the 2013 financial statements are consistent with those as set out in the 2012 financial statements with the exception of IAS 19 (revised) – Employee Benefits. Details of the impact of IAS 19 are set out in note 11. Certain prior year comparatives have been restated to reflect the adoption of IAS 19 (revised) – Employee Benefits.

The financial statements were approved by the Board of Directors on 11 March 2014 and signed on its behalf by L Herlihy, S Talbot, and M Garvey.

2. Segment information

During 2013, following an internal management reorganisation and in accordance with IFRS 8 - Operating Segments the Group moved from three to four operating segments. The four segments are as follows: Global Performance Nutrition, Global Ingredients, Dairy Ireland and Joint Ventures & Associates. These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker now assesses performance and allocates the Group's resources. A segment manager is responsible for each segment and is directly accountable for the performance of that segment to the Glanbia Operating Executive Committee which acts as the Chief Operating Decision Maker for the Group.

Each segment derives its revenue as follows: Global Performance Nutrition earns its revenue from sports nutrition solutions; Global Ingredients earns its revenue from the manufacture and sale of cheese, whey proteins and other customised solutions; Dairy Ireland earns its revenue from the manufacture and sale of a range of consumer products and farm inputs and Joint Ventures & Associates revenue arises from the manufacture and sale of cheese, whey proteins and dairy consumer products.

Each segment is reviewed in its totality by the Chief Operating Decision Maker. The Group Operating Executive Committee assesses the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items.

Comparatives for 2012 are restated to reflect the revised segments and the adoption of IAS 19 (revised) - Employee Benefits.

As outlined in note 3, the Group sold 60% of Glanbia Ingredients Ireland Limited in November 2012. 100% of the trade and activities of this business until the date of disposal are shown below under the Discontinued Operations segment.

2.1 The segment results for the year ended 04 January 2014 are as follows:

		Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Total gross segment revenue	(a)	655,289	1,118,526	652,192	900,466	3,326,473
Inter-segment revenue		–	(43,874)	–	–	(43,874)
Segment external revenue		**655,289**	**1,074,652**	**652,192**	**900,466**	**3,282,599**
Segment earnings before interest, tax, amortisation and exceptional items (EBITA)	(b)	**70,545**	**101,982**	**15,138**	**39,026**	**226,691**

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €11.0 million and related party sales between Global Ingredients and Joint Ventures & Associates of €15.8 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.

2.1 (a): Total gross segment revenue is reconciled to reported external revenue as follows:

	2013 €'000
Total gross segment revenue	**3,326,473**
Inter-segment revenue	(43,874)
Joint Ventures & Associates revenue	(900,466)
Reported external revenue	**2,382,133**

2.1 (b): Segment earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax as follows:

	2013 €'000
Segment earnings before interest, tax, amortisation and exceptional items	**226,691**
Amortisation	(21,011)
Exceptional items	5,804
Joint Ventures & Associates interest, tax and amortisation	(12,538)
Finance income	2,168
Finance costs	(25,110)
Reported profit before tax	**176,004**
Income taxes	(25,008)
Reported profit after tax	**150,996**

Finance income, finance costs and income taxes are not allocated to segments, as this type of activity is driven by central treasury and taxation functions which manage the cash and taxation position of the Group.

Other segment items included in the income statement for the year ended 04 January 2014 are as follows:

	Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Depreciation of property, plant and equipment	2,832	16,036	8,335	12,963	40,166
Amortisation of intangibles	10,545	7,459	3,007	254	21,265
Capital grants released to the income statement	(15)	(53)	(151)	(951)	(1,170)
Exceptional items before tax	–	–	(5,804)	–	(5,804)

The segment assets and liabilities at 04 January 2014 and segment capital expenditure and acquisitions for the year then ended are as follows:

		Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Segment assets	(c)	539,849	600,543	273,305	152,762	1,566,459
Segment liabilities	(d)	104,231	222,620	166,059	–	492,910
Segment capital expenditure and acquisitions	(e)	43,060	50,984	20,836	34,117	148,997

2.1 (c): Segment assets are reconciled to reported assets as follows:

	2013 €'000
Segment assets	**1,566,459**
Unallocated assets	126,429
Reported assets	**1,692,888**

Unallocated assets primarily include tax, cash and cash equivalents, available for sale financial assets and derivatives.

2.1 (d): Segment liabilities are reconciled to reported liabilities as follows:

	2013 €'000
Segment liabilities	**492,910**
Unallocated liabilities	556,458
Reported liabilities	**1,049,368**

Unallocated liabilities primarily include items such as tax, borrowings and derivatives.

2.1 (e): Segment capital expenditure and acquisitions are reconciled to reported capital expenditure and acquisitions as follows:

	2013 €'000
Segment capital expenditure and acquisitions	**148,997**
Joint Ventures & Associates capital expenditure	(34,117)
Unallocated capital expenditure	2,413
Reported capital expenditure and acquisitions	**117,293**

2.2 The segment results for the year ended 29 December 2012 are as follows:

		Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Discontinued Operations €'000	Groups including JVs & Associates €'000
Total gross segment revenue	(a)	585,937	1,024,894	630,999	577,002	653,292	3,472,124
Inter-segment revenue		–	(30,030)	(43)	–	(30,096)	(60,169)
Segment external revenue		**585,937**	**994,864**	**630,956**	**577,002**	**623,196**	**3,411,955**
Segment earnings before interest, tax, amortisation and exceptional items	(b)	**57,346**	**98,069**	**21,315**	**23,105**	**37,058**	**236,893**

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €8.1 million, related party sales between Global Ingredients and Joint Ventures & Associates of €15.3 million and related party sales between Discontinued Operations and Joint Ventures & Associates of €62.4 million. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

2.2 (a): Total gross segment revenue is reconciled to reported external revenue as follows:

	2012 €'000
Total gross segment revenue	**3,472,124**
Inter-segment revenue	(60,169)
Joint Ventures & Associates revenue	(577,002)
Revenue from Discontinued Operations	(623,196)
Reported external revenue - continuing operations	**2,211,757**

2.2 (b): Segment earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax as follows:

	2012 €'000
Segment earnings before interest, tax, amortisation and exceptional items	**236,893**
Discontinued Operations - earnings before interest, tax, amortisation and exceptional items	(37,058)
Amortisation	(19,864)
Exceptional items	1,610
Joint Ventures & Associates interest, tax and amortisation	(10,958)
Finance income	2,942
Finance costs	(23,370)
Reported profit before tax - continuing operations	**150,195**
Income taxes	(24,171)
Reported profit after tax - continuing operations	**126,024**

Finance income, finance costs and income taxes are not allocated to segments, as this type of activity is driven by central treasury and taxation functions which manage the cash and taxation position of the Group.

Other segment items included in the income statement for the year ended 29 December 2012 are as follows:

	Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland* €'000	JVs & Associates €'000	Discontinued Operations €'000	Group including JVs & Associates €'000
Depreciation of property, plant and equipment	2,435	13,697	8,880	8,627	10,960	44,599
Amortisation of intangibles	10,183	6,441	3,240	–	489	20,353
Capital grants released to the income statement	(18)	(55)	(174)	(288)	(1,031)	(1,566)
Exceptional items before tax	–	(4,401)	2,791	–	8,095	6,485

* Discontinued Operations were previously included within the Dairy Ireland segment

The segment assets and liabilities at 29 December 2012 and segment capital expenditure and acquisitions for the year then ended are as follows:

		Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Segment assets	(c)	528,600	538,114	288,618	142,903	1,498,235
Segment liabilities	(d)	99,844	202,153	171,628	–	473,625
Segment capital expenditure and acquisitions	(e)	18,373	93,849	30,973	10,721	153,916

2.2 (c): Segment assets are reconciled to reported assets as follows:

	2012 €'000
Segment assets	**1,498,235**
Unallocated assets	286,933
Reported assets	**1,785,168**

Unallocated assets primarily include tax, cash and cash equivalents, available for sale financial assets and derivatives.

2.2 (d): Segment liabilities are reconciled to reported liabilities as follows:

	2012 €'000
Segment liabilities	**473,625**
Unallocated liabilities	766,887
Reported liabilities	**1,240,512**

Unallocated liabilities primarily include items such as tax, borrowings and derivatives.

2.2 (e): Segment capital expenditure and acquisitions are reconciled to reported capital expenditure and acquisitions as follows:

	2012 €'000
Segment capital expenditure and acquisitions	**153,916**
Joint Ventures & Associates capital expenditure	(10,721)
Unallocated capital expenditure	77
Discontinued Operations capital expenditure	(23,964)
Reported capital expenditure and acquisitions - continuing operations	**119,308**

2.3 Entity wide disclosures

Revenue from external customers in the Global Performance Nutrition, Global Ingredients, Dairy Ireland, Discontinued Operations and Joint Ventures & Associates segments is outlined in section 2.1 and 2.2 above.

Geographical information

Revenue by geographical destination is reviewed by the Chief Operating Decision Maker. The breakdown of revenue by geographical destination is as follows:

	2013 €'000	2012 €'000
USA	1,674,398	1,615,686
Ireland	784,985	908,956
UK	196,321	259,811
Rest of Europe	243,939	250,492
Other	426,830	437,179
	3,326,473	**3,472,124**

Revenue of approximately €297.4 million (2012: €341.8 million) is derived from a single external customer.

The total of non-current assets, other than derivative financial instruments and deferred income tax assets, located in Ireland is €204.8 million (2012: €184.0 million) and located in other countries, mainly the USA, is €785.9 million (2012: €750.6 million).

3. Exceptional items

	Notes	2013 €'000	2012 €'000
Exceptional items - continuing operations			
Irish defined benefit pension schemes	(a)	13,833	–
Rationalisation costs	(b)	(8,029)	(3,810)
Sale of Yoplait franchise	(c)	–	6,109
Flax processing facility	(d)	–	4,401
Property write down	(e)	–	(5,090)
Total exceptional credit before tax		**5,804**	**1,610**
Exceptional tax (charge)/credit	5	(316)	1,440
Net exceptional credit - continuing operations		**5,488**	**3,050**
Exceptional items - discontinued operations			
Glanbia Ingredients Ireland Limited - 60% disposal	(f)	–	(8,095)
Total exceptional (charge) - discontinued operations		**–**	**(8,095)**
Exceptional tax credit - discontinued operations	5	–	334
Net exceptional (charge) – discontinued operations		**–**	**(7,761)**
Total exceptional credit/(charge)		**5,488**	**(4,711)**

(a) The Group undertook a review of pension arrangements during 2009 and 2010 across its main Irish defined benefit pension schemes. In 2013, revisions to the Group's pension arrangements for two smaller Irish defined benefit schemes was completed giving rise to an exceptional gain in the year, in accordance with IAS 19, of €13.8 million. This gain relates to negative past service costs, settlement, and curtailment of €8.9 million, €4.0 million and €0.9 million respectively. The curtailment gains and negative past service costs arise following the removal of guaranteed increases to pensions in payment for all members and the provision of benefits for members in employment on a career average basis from a final salary basis.

(b) Rationalisation costs primarily relate to the ongoing redundancy programmes in the Dairy Ireland segment.

(c) During 2012, following a strategic review of its Consumer Products business the Group agreed new terms to its relationship with Yoplait, the owner of the global Yoplait yogurt business. Under the new agreement, Yoplait reacquired the franchise for Ireland from Glanbia plc for €18.0 million. This gain was offset by a related write down in property, plant and equipment and rationalisation costs totalling €11.9 million (€5.7 million of which was a non cash cost).

(d) During 2012, the flax processing facility operated by the Group in Canada suffered fire damage. The exceptional gain of €4.4 million reflects the insurance proceeds receivable less the net book value of assets written down.

(e) The Group reviewed its property portfolio during 2012 which resulted in a write down of €5.1 million.

(f) In November 2012, the Group reached an agreement with Glanbia Co-operative Society Limited (the "Society") whereby the Society acquired a 60% interest in the Irish Dairy Ingredients business, Glanbia Ingredients Ireland Limited. With effect from 25 November 2012 the Group's 40% shareholding in Glanbia Ingredients Ireland Limited has been treated as an associate undertaking and accounted for using the equity method in accordance with IAS 28 - Investment in Associates. In accordance with IFRS 5 - Non Current Assets Held for Sale and Discontinued Operations, the disposal of the Group's interest is considered to be a discontinued operation. In line with IFRS 5, a loss on disposal of €8.1 million was recognised in the income statement. This includes the recycle of €1.0 million cumulative foreign currency translation gains which were previously recognised in equity. The loss on this transaction arose as follows:

Discontinued operations	**2012 €'000**
100% disposal of Glanbia Ingredients Ireland Limited	(84,470)
40% equity interest retained in Glanbia Ingredients Ireland Limited	33,788
Total cash consideration received in respect of 60% disposal	49,289
Disposal related costs	(5,026)
Currency translation gain previously recognised in equity	1,001
	(5,418)
Discontinued finance costs - cancellation of interest rate swaps	(2,677)
Exceptional loss	**(8,095)**

The revenue and results of 100% of the Group's discontinued operations for the eleven months to 24 November 2012 are as follows:

	2012* €'000
Revenue	623,196
Expenses	(586,627)
Operating profit	**36,569**
Net finance costs	(5,100)
Profit before taxation	**31,469**
Income taxes	(4,336)
Profit for the year from discontinued operations	**27,133**

The cash flows of the Group's discontinued operations for the eleven months to 24 November 2012 are as follows:

	2012* €'000
Operating cash flows	
Profit before taxation	31,469
Depreciation	10,960
Amortisation	489
Interest expense	5,100
Amortisation of government grants received	(1,031)
Cash generated from discontinued operations before changes in working capital	**46,987**
Increase in working capital	(42,889)
Operating cash flows generated from discontinued operations	**4,098**
Interest paid**	(5,100)
Tax paid**	(2,557)
Operating net cash (outflow) from discontinued operations	**(3,559)**
Cash flows from investing activities	
Purchase of property, plant and equipment	(23,964)
Investing cash (outflow) from discontinued operations	**(23,964)**
Cash flows from financing activities	
Finance lease principal payments	(928)
Financing cash (outflow) from discontinued operations	**(928)**
Cash (absorbed) for the eleven month period	**(28,451)**

*As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefits
**Estimated allocation of the Group's interest and tax costs to discontinued operations

Notes to the financial statements
for the financial year ended 04 January 2014

4. Finance income and costs

	Notes	2013 €'000	2012 €'000
Finance income			
Interest income		2,168	2,913
Interest income on deferred consideration		–	29
Total finance income		**2,168**	**2,942**
Finance costs			
Bank borrowings repayable within five years		(9,327)	(9,434)
UK pension provision		(118)	(121)
Finance lease costs		–	(131)
Interest rate swaps, transfer from equity		–	(1,059)
Interest rate swaps, fair value hedges		–	1,764
Fair value adjustment to borrowings attributable to interest rate risk		–	(1,764)
Finance cost of private debt placement		(12,989)	(13,376)
Finance cost of preference shares		(2,676)	(4,349)
Total finance costs		**(25,110)**	**(28,470)**
Net finance costs		**(22,942)**	**(25,528)**
From continuing operations		**(22,942)**	**(20,428)**
From discontinued operations	3	**–**	**(5,100)**

5. Income taxes

	Notes	2013 €'000	2012* €'000
Continuing operations			
Current tax			
Irish current tax		10,800	8,557
Adjustments in respect of prior years		858	(1,015)
Irish current tax for the year - continuing operations		11,658	7,542
Foreign current tax		13,403	17,568
Adjustments in respect of prior years		(2,238)	36
Foreign current tax for the year - continuing operations		11,165	17,604
Total current tax - continuing operations		**22,823**	**25,146**
Deferred tax			
Deferred tax - current year		356	1,728
Adjustments in respect of prior years		1,513	(1,263)
Total deferred tax - continuing operations		**1,869**	**465**
Pre exceptional tax charge - continuing operations		**24,692**	**25,611**
Exceptional tax charge/(credit) - continuing operations			
Current tax	(a)	(907)	(236)
Deferred tax	(a)	1,223	(1,204)
Total tax charge - continuing operations		**25,008**	**24,171**
Discontinued operations			
Current tax			
Irish current tax		–	2,557
Adjustments in respect of prior years		–	(11)
Total current tax - discontinued operations		**–**	**2,546**
Deferred tax			
Deferred tax - current year		–	1,790
Total deferred tax - discontinued operations		**–**	**1,790**
Pre-exceptional tax charge - discontinued operations		**–**	**4,336**
Exceptional tax (credit) - discontinued operations			
Current tax	(b)	–	(334)
Total tax charge - discontinued operations		**–**	**4,002**
Total tax charge for the year		**25,008**	**28,173**

* As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefits

(a) Notes on exceptional tax charge/(credit) - continuing operations:

(i) The rationalisation costs in the Dairy Ireland segment resulted in an exceptional current tax credit of €0.9 million (2012: €0.5 million).
(ii) The revisions to the Group's Irish pension arrangements during 2013 resulted in an exceptional deferred tax charge of €1.2 million.
(iii) In 2012, there was an exceptional current tax credit of €0.3 million and an exceptional deferred tax credit of €1.0 million, both relating to the sale of the Yoplait franchise.
(iv) In 2012, the fire damage suffered at the Group's flax processing facility in Canada resulted in an exceptional current tax charge of €0.6 million and an exceptional deferred tax charge of €0.4 million.
(v) In 2012, the impairment in the Group's property portfolio resulted in an exceptional deferred tax credit of €0.6 million.

(b) Note on exceptional tax (credit) - discontinued operations:

In 2012, the disposal of 60% of Glanbia Ingredients Ireland Limited to the Society resulted in an exceptional current tax credit of €0.3 million. There was no deferred tax impact.

The exceptional net tax charge/(credit) in 2013 and 2012 have been disclosed separately above as they relate to costs and income which have been presented as exceptional.

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

	2013 €'000	**2012* €'000**
Profit before tax - continuing operations	**176,004**	**150,195**
Income tax calculated at Irish rate of 12.5% (2012: 12.5%)	22,000	18,774
Earnings at higher/(reduced) Irish rates	29	(1,702)
Difference due to overseas tax rates	9,017	19,396
Adjustment to tax charge in respect of previous periods	133	(2,242)
Tax on post tax profits of Joint Ventures & Associates included in profit before tax	(3,299)	(1,518)
Other reconciling differences	(2,872)	(8,537)
Total tax charge - continuing operations	**25,008**	**24,171**

* As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefit

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. The total tax charge of the Group may also be influenced by the effects of corporate development activity.

6. Earnings per share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the Parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares.

	2013	2012*
Profit attributable to equity holders of the Parent (€'000)		
From continuing operations	150,330	125,584
From discontinued operations	–	19,372
Weighted average number of ordinary shares in issue	294,712,649	294,022,876
Basic earnings per share (cents per share)		
From continuing operations	51.01	42.71
From discontinued operations	–	6.59
	51.01	49.30

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 are potential dilutive ordinary shares. In respect of share options and share awards, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Parent's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of all share options.

	2013	2012*
Weighted average number of ordinary shares in issue	294,712,649	294,022,876
Adjustments for share options and share awards	2,041,339	2,670,265
Adjusted weighted average number of ordinary shares	296,753,988	296,693,141
Diluted earnings per share (cents per share)		
From continuing operations	50.66	42.33
From discontinued operations	–	6.53
	50.66	48.86

*As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefits

Adjusted

Adjusted earnings per share is calculated on the net profit attributable to equity holders of the Parent, before net exceptional items and intangible asset amortisation (net of related tax). Adjusted earnings per share is considered to be more reflective of the Group's overall underlying performance.

	2013 €'000	2012* €'000
Profit attributable to equity holders of the Parent - continuing operations	150,330	125,584
Amortisation of intangible assets (net of related tax)	18,385	17,381
Amortisation of joint ventures and associates intangible assets (net of related tax)	222	–
Net exceptional items	(5,488)	(3,050)
Adjustment to reflect 40% share of discontinued operations retained by the continuing Group	–	10,853
Adjustment to reflect 40% share of discontinued operations amortisation of intangible assets (net of related tax) retained by the Group	–	171
Adjusted net income - continuing operations	**163,449**	**150,939**
Profit attributable to equity holders of the Parent - discontinued operations	–	19,372
Amortisation of intangible assets (net of related tax)	–	428
Net exceptional items	–	7,761
Adjustment to reflect 40% share of discontinued operations retained by the continuing Group	–	(10,853)
Adjustment to reflect the 40% share of discontinued operations amortisation of intangible assets (net of related tax) retained by the Group	–	(171)
Adjusted net income - discontinued operations	**–**	**16,537**
Adjusted earnings per share (cents per share)		
From continuing operations	55.46	51.34
From discontinued operations	–	5.62
	55.46	56.96
Diluted adjusted earnings per share (cents per share)		
From continuing operations	55.08	50.87
From discontinued operations	–	5.57
	55.08	56.44

*As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefits

7. Dividends

The dividends paid in 2013 and 2012 were €27.9 million (9.46 cents per share) and €25.3 million (8.60 cents per share) respectively. On 11 October 2013 an interim dividend of 4.03 cents per share on the ordinary shares amounting to €11.9 million was paid to shareholders on the register of members at 30 August 2013. The Directors have recommended the payment of a final dividend of 5.97 cents per share on the ordinary shares which amounts to €17.7 million. Subject to shareholders approval, this dividend will be paid on 16 May 2014 to shareholders on the register of members at 04 April 2014, the record date. The 2013 financial statements do not reflect this final dividend.

8. Net debt

	2013 €'000	2012 €'000
Borrowings due within one year	39,062	125,086
Borrowings due after one year	441,641	527,046
Less:		
Cash and cash equivalents	(106,259)	(275,572)
Net debt	**374,444**	**376,560**

Notes to the financial statements
for the financial year ended 04 January 2014

9. Retained earnings

	Group €'000
Balance at 31 December 2011	**261,308**
Profit for the year	144,956
Other comprehensive income/(expense)	
Remeasurements – defined benefit schemes*	(100,095)
Deferred tax on remeasurements*	10,801
Share of remeasurements – Joint Ventures & Associates	(1,058)
Total comprehensive income for the year	**54,604**
Dividends paid during the year	(25,327)
Transfer on exercise, vesting or expiry of share based payments	(588)
Balance at 29 December 2012	**289,997**
Profit for the year	150,330
Other comprehensive income/(expense)	
Remeasurements – defined benefit schemes	(1,546)
Deferred tax on remeasurements	(166)
Share of remeasurements – Joint Ventures & Associates	(929)
Total comprehensive income for the year	**147,689**
Dividends paid during the year	(27,929)
Transfer on exercise, vesting or expiry of share based payments	(4,468)
Balance at 04 January 2014	**405,289**

*As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefits

10. Cash generated from operations

	Notes	2013 €'000	2012* €'000
Profit before taxation - continuing operations		**176,004**	**150,195**
Development costs capitalised		(5,803)	(4,339)
Write-off of intangibles		76	3,996
Exceptional (gain) - continuing operations		(5,804)	(1,610)
Share of results of Joint Ventures & Associates		(26,488)	(12,147)
Depreciation		27,203	25,012
Amortisation		21,011	19,864
Cost of share based payments		4,568	3,209
Difference between pension charge and cash contributions		(7,375)	(13,909)
Loss/(profit) on disposal of property, plant and equipment		206	(146)
Finance income	4	(2,168)	(2,942)
Finance costs	4	25,110	23,370
Amortisation of government grants received		(219)	(247)
Cash generated from continuing operations before changes in working capital		**206,321**	**190,306**
Change in net working capital:			
– (Increase) in inventory		(40,516)	(54,341)
– Decrease/(increase) in short term receivables		2,620	(93,078)
– Increase in short term liabilities		3,340	87,752
– (Decrease) in provisions		(8,272)	(5,920)
Cash generated from continuing operations		**163,493**	**124,719**
Cash generated from discontinued operations	3	**–**	**4,098**
Total cash generated from operations		**163,493**	**128,817**

*As re-presented to reflect the adoption of IAS 19 (revised) - Employee Benefits

11. Prior year restatement

IAS 19 (revised) - Employee Benefits amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard.

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost which is calculated based on the net defined benefit liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. In addition, the government pension levy is now reclassified and recognised in other comprehensive income. As a result the adoption of IAS 19 (revised) - Employee Benefits has resulted in a decrease in the income statement charge for the 12 months ended 29 December 2012. This has no effect on total comprehensive income as the decreased charge in the income statement is offset by an increase in the charge to the statement of other comprehensive income. There is a new term “remeasurements”. This is made up of actuarial gains and losses and the difference between actuarial investment returns and the return implied by the net interest cost. Remeasurements are reflected in the statement of other comprehensive income. The pension deficit, “retirement benefit obligations” as previously reported on the balance sheet has not changed as a result of the above. Had the Group not adopted IAS 19 (revised) – Employee Benefits, profit before tax for the year ended 04 January 2014 would have been €2.1 million higher and remeasurements recognised in the Group statement of comprehensive income would have been €3.6 million. Basic and diluted earnings per share would have been approximately 0.6 cents higher. The effect of the change in accounting policy for the continuing Group on the Group income statement, basic earnings per share and adjusted earnings per share at 29 December 2012 is as follows:

	As reported 2012	**IAS 19 impact 2012**	**Restated 2012**
Earnings before interest, tax and amortisation (€’000)	175,842	888	**176,730**
Income taxes (€’000)	(25,500)	(111)	**(25,611)**
Profit for the year pre exceptional (€’000)	122,197	777	**122,974**
Basic earnings per share (cents per share) – from continuing operations	42.45	0.26	**42.71**
Adjusted earnings per share (cents per share) – from continuing operations	51.02	0.32	**51.34**

The change in accounting policy had no impact on the continuing Group net debt or balance sheet as at 29 December 2012.

12. Business combinations

On 17 January 2014, the Group acquired 100% of Nutramino Holding ApS (“Nutramino”). Nutramino is a leading Scandinavian sports nutrition business with operations in Denmark, Sweden and Norway. The business is being acquired for total consideration of approximately €25.5 million, which includes a portion of consideration contingent on future earnings. The fair value of assets and liabilities arising from the acquisition will be determined during 2014. Property, plant and equipment is estimated to be in the region of €2.2 million, working capital €1.4 million and the balance primarily consists of intangible assets (including goodwill). Acquisition costs relating to Nutramino included in the 2013 Group income statement amounted to €0.5 million.

13. Events after the reporting period

There were no significant events, outside the ordinary course of business other than those described in note 12 - business combinations, that affected the Group since 04 January 2014.

14. Statutory financial statements

The financial information in this preliminary announcement is not the 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. A copy of the financial statements in respect of the financial year ended 04 January 2014 will be annexed to the Company’s annual return for 2014. 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 04 January 2014, which were approved by the Directors on 11 March 2014. A copy of the financial statements of the Group in respect of the year ended 29 December 2012 has been annexed to the Company’s annual return for 2013 and filed with the Companies Registration Office.