# 2015

## Glanbia full year results

Delivering better nutrition for every step of life's journey

Wednesday, 24 February 2016

# Glanbia delivers sixth consecutive year of double digit earnings growth

24 February 2016 - Glanbia plc ("Glanbia", the "Group", the "plc"), the global nutrition group, announces its results for the year ended 2 January 2016.

## Full Year 2015 Results highlights

- Adjusted earnings per share 79.14 cent, up 10.6% constant currency (up 29.4% reported);
- EBITA in the wholly owned business €271.0 million, up 10.5%, constant currency (up 29.9% reported);
- EBITA margins in the wholly owned business 9.8%, up 130 basis points, constant currency (up 160 basis points reported);
- Strong result from Glanbia Performance Nutrition with EBITA of €135.6 million a 28.3% increase, constant currency (up 52.0% reported);
- Global Ingredients delivered a resilient result in difficult dairy markets with EBITA of €106.6 million an 11.6 % decrease, constant currency (up 6.2% reported);
- Dairy Ireland EBITA of €28.8 million as margins recovered to 4.5%;
- Joint Ventures & Associates performed in line with expectations;
- Operating cash flow improved by €75.2 million to €281.4 million; and
- Recommended full year dividend of 12.1 cent per share, an increase of 10%.

## Commenting today Siobhán Talbot, Group Managing Director, said:

"I am pleased to announce the sixth consecutive year of double digit growth for Glanbia in 2015 with a 10.6% increase in adjusted earnings per share, constant currency. On a reported basis earnings per share grew by 29.4% reflecting the translation effect of a strong US dollar. The results demonstrate the resilience and diversification of the Glanbia model during a difficult year for dairy markets. Glanbia Performance Nutrition was the main driver of earnings growth supported by Dairy Ireland which saw a recovery in performance in 2015. The outlook for 2016 is positive and we are guiding 8% to 10% growth in adjusted earnings per share, constant currency."

| **2015 full year results** | | Reported | | Constant currency |
|---|---|---|---|---|
| €m | FY 2015 | FY 2014 | Change | Change[1] |
| **Wholly-owned business** | | | | |
| Revenue | 2,774.3 | 2,538.3 | +9.3% | -3.6% |
| EBITA[2] | 271.0 | 208.6 | +29.9% | +10.5% |
| EBITA margin | 9.8% | 8.2% | +160 bps | +130 bps |
| **Share of Joint Ventures & Associates** | | | | |
| Revenue | 893.1 | 984.0 | -9.2% | -17.3% |
| EBITA | 39.7 | 36.4 | +9.1% | - |
| EBITA margin | 4.4% | 3.7% | +70bps | +70bps |
| **Total Group[3]** | | | | |
| Revenue | 3,667.4 | 3,522.3 | +4.1% | -7.4% |
| EBITA | 310.7 | 245.0 | +26.8% | +9.0% |
| EBITA margin | 8.5% | 7.0% | +150bps | +130bps |
| **Adjusted earnings per share[4]** | 79.14c | 61.16c | +29.4% | +10.6% |

1. 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 2015 was €1 = $1.109 (FY 2014: €1 = $1.327).
2. EBITA is defined as earnings before interest, tax and amortisation and is stated before exceptional items.
3. Total Group includes Glanbia's share of Joint Ventures & Associates results.
4. Adjusted earnings per share is reconciled in note 6 of the financial statements.

## 2015 overview and 2016 outlook

Glanbia delivered a strong performance in 2015. Total Group revenue including the Group's share of Joint Ventures & Associates was €3,667.4 million (2014: €3,522.3 million), down 7.4% constant currency (up 4.1% reported). Total Group EBITA was €310.7 million (2014: €245.0 million), up 9.0% constant currency (up 26.8 % reported). Total Group EBITA margin was 8.5% (2014: 7.0%), up 130 basis points constant currency (up 150 basis points reported). Adjusted earnings per share was 79.14 cent (2014: 61.16 cent), up 10.6% constant currency (up 29.4% reported).

### Capital investment and corporate development

Glanbia's investment programme to underpin the development of its nutrition strategy continued in 2015. Total capital expenditure investment was €123.6 million in 2015, of which €86.2 million was strategic investment in support of the organic growth potential of the business. This primarily included the commissioning of a new high-end whey production facility by Global Ingredients in Idaho and the construction of additional packing capability in the Glanbia Performance Nutrition plant in Chicago.

In April 2015, the Group disposed of its investment in a Nigerian based company, Nutricima, to its joint venture partner PZ Cussons plc for cash consideration of £21 million (€28.5 million). The impact of this disposal on 2015 Group earnings was immaterial.

In December 2015, the Group completed the acquisition of thinkThin, LLC ("thinkThin") for a total acquisition cost of €202.4 million. thinkThin is a leading lifestyle nutrition brand in the US operating in the rapidly expanding protein enriched nutrition bar and snacks category.

### Balance sheet and financing

At year end the Group had a net debt position of €584.2 million compared to €510.4 million in 2014. The increase in net debt was mainly due to funding the thinkThin acquisition completed during the year and the foreign exchange impact on the translation of US dollar denominated debt to Euro at year end. This was offset by strong cash conversion with the Group delivering €281.4 million in operating cash flow during 2015, a 16.6%, constant currency improvement year on year (up 36.5% reported). The result was a net debt to adjusted EBITDA* ratio at year end 2015 of 1.75 times (2014: 1.97 times) and interest cover of 10.8 times (2014: 8.9 times). Overall, the Group's financial position remains strong with significant available headroom in banking facilities to finance future investment.

### Dividend and TSR

The Board is recommending a final dividend of 7.22 cent per share, bringing the total dividend for the year to 12.10 cent per share, representing an increase of 10% and returning over €35 million to shareholders. In 2015, the share price increased 32.3% from €12.81 to €16.95. Total Shareholder Return (TSR) in 2015 was 33.2% outperforming the Stoxx 600 Food and Beverage Index by 12.1% for the year.

### Board changes

On 12 June 2015, Henry Corbally was appointed Group Chairman replacing Liam Herlihy who retired at the AGM. Mr Corbally previously served as Vice Chairman for four years. Patrick Murphy was appointed Vice Chairman on the same date having served as a non-executive director for the past four years. During the year four new non-executive directors were appointed as nominees of Glanbia Co-operative Society Limited; Patsy Ahern, Jim Gilsenan, Patrick Hogan and Tom Grant replacing Liam Herlihy, David Farrell, Patrick Gleeson and William Carroll who retired from the Board.
In 2016, Glanbia Co-operative Society's representation on the plc Board will reduce by four Directors as part of the agreement in place to reduce its representation to seven Directors by 2020.

### 2016 outlook

The Group expects to achieve an 8% to 10% increase in adjusted earnings per share in 2016, constant currency. Glanbia Performance Nutrition is expected to be the main driver of Group performance as it continues to drive branded revenue growth from increased channel penetration and innovation. Global Ingredients is expected to grow earnings as a result of improved product mix following capital investment in 2015 and continued development of higher value nutritional systems business with customers. Dairy Ireland and Joint Ventures & Associates are expected to be broadly in line with 2015 performance. While there are challenges in the global economic and dairy market landscape, Glanbia's market leading positions and strong execution skills will sustain growth in 2016.

* Definition of adjusted EBITDA per Glanbia's financing agreements and includes dividends from Joint Ventures & Associates.

## 2015 operations review

### Segmental analysis (as reported)

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| €m | Revenue | EBITA | EBITA % | Revenue | EBITA | EBITA % |
| Glanbia Performance Nutrition | 923.1 | 135.6 | 14.7% | 746.2 | 89.2 | 12.0% |
| Global Ingredients | 1,218.0 | 106.6 | 8.8% | 1,175.4 | 100.4 | 8.5% |
| Dairy Ireland | 633.2 | 28.8 | 4.5% | 616.7 | 19.0 | 3.1% |
| Total wholly-owned businesses | 2,774.3 | 271.0 | 9.8% | 2,538.3 | 208.6 | 8.2% |
| Joint Ventures & Associates | 893.1 | 39.7 | 4.4% | 984.0 | 36.4 | 3.7% |
| Total Group | 3,667.4 | 310.7 | 8.5% | 3,522.3 | 245.0 | 7.0% |

### Glanbia Performance Nutrition

| | Reported | | | Constant Currency |
|---|---|---|---|---|
| €m | 2015 | 2014 | Change | Change |
| Revenue | 923.1 | 746.2 | +23.7% | +6.7% |
| EBITA | 135.6 | 89.2 | +52.0% | +28.3% |
| EBITA margin | 14.7% | 12.0% | +270bps | +250bps |

*Commentary is on a constant currency basis throughout*

Glanbia Performance Nutrition (GPN) delivered a strong performance in 2015. Revenues increased 6.7% to €923.1 million reflecting volume growth of 1.5%, the impact of acquisitions of 7.8% and a net pricing decline of 2.6%. EBITA increased 28.3% in the period and EBITA margins increased 250 basis points to 14.7%. The improvement in margins was driven by operating leverage, improved branded product mix and raw material price deflation.

Branded revenue growth, excluding the impact of acquisitions, was 5.6% in 2015. This was led by the US market where branded revenue growth was ahead of market growth rates. Growth was broad based as GPN experienced growth in branded sell-through in specialty, internet and club channels. In non-US markets performance was mixed as growth in certain regions was offset by country specific challenges, particularly in Brazil and Russia as a result of a strong US dollar, geopolitical and macro-economic events. Contract sales declined in 2015 and for the year represented less than 15% of 2015 GPN revenues (22% of 2014 GPN revenues).

Isopure, which was acquired in Q4 2014, was successfully integrated and performed well in 2015.

The acquisition in December 2015 of thinkThin, a leading lifestyle nutrition brand of protein enriched bars and snacks, has strengthened GPN's position in the rapidly expanding nutrition bar segment which is currently valued at $2.8 billion in US retail channels. thinkThin is distributed primarily in food, natural and mass retail channels in the US and provides a platform for GPN to enter the "better for you" snack products category as well as augment the GPN brand portfolio in its existing channels. Net sales for thinkThin in the twelve months to the end of December 2015 were $87 million.

In Q4 2015 GPN launched a new brand, trusource, aimed at lifestyle consumers in a US mass retailer. An investment programme to support the brand will continue through 2016 as the brand is at the early stages of launch.

## Global Ingredients

| | Reported | | | Constant Currency |
|---|---|---|---|---|
| €m | 2015 | 2014 | Change | Change |
| Revenue | 1,218.0 | 1,175.4 | +3.6% | -12.8% |
| EBITA | 106.6 | 100.4 | +6.2% | -11.6% |
| EBITA margin | 8.8% | 8.5% | +30bps | +20bps |

*Commentary is on a constant currency basis throughout*

Global Ingredients (GI) had a reduced performance in 2015 as a result of difficult dairy markets which impacted US Cheese and Ingredient Technologies. Revenues decreased 12.8% to €1,218.0 million reflecting market related price decreases of 17.8% which were partially offset by a volume increase of 5.0%. As a result EBITA decreased 11.6% to €106.6 million.

### US Cheese

US Cheese revenues decreased in 2015 due to market related pricing declines. On average, cheese pricing in the US was down 25% year on year. Volumes improved in 2015 as cheese plants operated at close to full capacity throughout the year. Although the US Cheese business model has a robust mechanism to manage dairy price volatility it did not provide full protection from dairy markets due to the scale of price declines year on year which resulted in a decreased financial performance.

### Ingredient Technologies

The market environment for Ingredient Technologies was challenging in 2015 due to deteriorating dairy markets throughout the year. This impacted overall pricing with market prices down substantially across the portfolio. Volumes also declined and this led to a reduction in performance year on year.

Production capacity to increase the volume of high-end whey ingredients produced in Idaho was commissioned successfully in Q4 2015. This will improve the product mix of whey based ingredients produced by GI. Good progress was made on the development of the value added ingredients based business. Functional systems in particular had a strong performance in 2015 reflecting GI's capability to help customers reliably incorporate dairy protein into everyday nutrition products.

### Customised Solutions

Customised Solutions delivered a good performance in 2015 due to volume growth with pricing marginally down. Sales of high quality micro nutrient premixes continued to grow during the year reflecting growth in customer end markets.

### Global Ingredients reorganisation

The project to create one integrated GI organisation is progressing to plan. Over the next 12 months the business structure will be fully reorganised into a single commercial team focused on GI's nutritional ingredient portfolio. This will be supported by centres of excellence across areas such as product supply, innovation and strategy. These changes will enable GI to be a more agile, integrated and consumer insight driven organisation delivering to customers the full suite of Glanbia's capability. The total cost of this project will be approximately €15 million to €20 million.

## Dairy Ireland

| €m | 2015 | Reported 2014 | Change |
|---|---|---|---|
| Revenue | 633.2 | 616.7 | +2.7% |
| EBITA | 28.8 | 19.0 | +51.6% |
| EBITA margin | 4.5% | 3.1% | +140bps |

Dairy Ireland delivered a good performance in 2015 driven primarily by Consumer Products. Revenues increased 2.7% reflecting a 1.8% increase in volumes and a 0.5% decline in pricing. Bolt on acquisitions in Consumer Products contributed 1.4%. EBITA margins recovered by 140 basis points to 4.5%.

### Consumer Products

Consumer Products delivered a good performance in 2015. The investment in operational efficiencies, mix improvement and some reduction in input costs enabled a recovery in margins. Revenue growth was driven by increases in value added milk and cream sales plus bolt on acquisitions. Glanbia will continue to innovate and invest in its brand portfolio both domestically and internationally.

### Agribusiness

Agribusiness' performance in 2015 was broadly in line with prior year. Returns from fertiliser and feed sales declined as a result of reduced demand for fertiliser and reduced margins in feed. This was offset by an increase in sales of food grade oats as customer demand for this high quality consumer product continues to expand.

## Joint Ventures & Associates (Glanbia Share)

| €m | 2015 | Reported 2014 | Change | Constant Currency Change |
|---|---|---|---|---|
| Revenue | 893.1 | 984.0 | -9.2% | -17.3% |
| EBITA | 39.7 | 36.4 | +9.1% | - |
| EBITA margin | 4.4% | 3.7% | +70bps | +70bps |

*Commentary is on a constant currency basis throughout*

Revenues from Glanbia's share of Joint Ventures & Associates decreased 17.3% in 2015. The main drivers of this were the decline in global dairy market prices during the year which led to a price reduction of 19.7% and the disposal of the Group's interest in Nutricima which resulted in a 2.5% decrease. This was offset by a volume increase of 4.9% largely driven by increased throughput in Glanbia Ingredients Ireland following the abolition of EU milk quotas in April 2015. EBITA of €39.7 million was similar to prior year with margins improving by 70 basis points.

### Glanbia Ingredients Ireland (GII)

GII performance in 2015 was slightly ahead on the prior year. A challenging dairy market environment reduced margins in the business and this was offset by higher volumes and cost reduction. GII milk suppliers responded to the abolition of EU milk quotas in April 2015 with an increase in production in 2015 by 18.1% versus the prior year.

During the year GII completed the construction of a new dairy nutrition plant in Belview, Co. Kilkenny, Ireland to produce a range of value added ingredients. This plant processed over 300 million litres of milk in 2015 and has additional available capacity to support the growth ambitions of the business and its supply base.

GII also recently announced plans for the expansion of cheddar cheese capacity at its plant in Wexford, Ireland at a cost of €35 million. This facility is expected to be commissioned in 2017.

### Southwest Cheese (SWC)

Performance in SWC was broadly in line with prior year. Raw material price reductions and improved ingredient yields offset a significant reduction in price as a result of US cheese market price declines. Cheese volumes were flat as the plant continued to operate at close to full capacity throughout the year.

In Q3 2015 Glanbia announced it was in advanced discussions with its SWC joint venture partner to expand cheese and whey production capacity by 25% at its plant in New Mexico, US. It is expected that the total project cost of approximately $140 million will be independently financed by SWC. The project is expected to be commissioned by 2018.

### Glanbia Cheese

Glanbia Cheese performance declined marginally year on year due to a significant reduction in European mozzarella prices. While production volumes increased as a result of good underlying demand in the sector this was not enough to offset the decline in pricing.

### Nutricima

In Q2 2015, the Group disposed of its investment in Nutricima to PZ Cussons plc for a cash consideration of £21 million (€28.5 million). The impact of this disposal on 2015 Group earnings was immaterial. As part of the transaction GII has entered into a long term agreement with Nutricima for the sale of dairy ingredients thereby maintaining a route to market in West Africa.

## Capital markets day 2016

Glanbia will hold a capital markets day on Wednesday, 18 May 2016 in London. The day will focus on Glanbia Performance Nutrition and provide an opportunity to get a detailed perspective on this segment. 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.

## 2015 finance review

| 2015 results summary (pre-exceptional)<br>€m | 2015 | 2014 | Change | Constant Currency Change |
|---|---|---|---|---|
| **Revenue (wholly owned)** | **2,774.3** | **2,538.3** | **+9.3%** | **-3.6%** |
| EBITA | 271.0 | 208.6 | +29.9% | +10.5% |
| *EBITA margin* | *9.8%* | *8.2%* | +160bps | +130bps |
| - Intangible asset amortisation | (31.1) | (22.5) | | |
| - Net finance costs | (21.1) | (20.3) | | |
| - Share of results of JVs & Associates | 26.3 | 23.7 | | |
| - Income taxes | (37.3) | (28.3) | | |
| **Profit for the year (pre-exceptional)** | **207.8** | **161.2** | | |

### Income statement

In 2015, wholly owned revenue declined 3.6% constant currency (9.3% reported increase) to €2.8 billion (2014: €2.5 billion). EBITA grew by 10.5% constant currency (29.9% reported) to €271.0 million (2014: €208.6 million). EBITA margin increased by 130 basis points constant currency (160 basis points reported) to 9.8%.

Net financing costs increased by €0.8 million to €21.1 million (2014: €20.3 million). This was driven by the adverse impact of foreign exchange on translation of US dollar denominated debt and increased debt due to the net impact of acquisitions offset somewhat by the repayment of €39 million cumulative redeemable preference shares in 2014. The Group's average interest rate in 2015 was 4.0% (2014: 4.4%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 70% of projected 2016 debt currently contracted at fixed rates.

The 2015 pre-exceptional tax charge increased by €9.0 million to €37.3 million (2014: €28.3 million). This represents an effective tax rate, excluding Joint Ventures & Associates, of 17.1% (2014: 17.0%). The Group anticipates an effective tax rate in 2016 of between 17% and 18%.

The Group's share of results of Joint Ventures & Associates increased by €2.6 million to €26.3 million (2014: €23.7 million). Share of results of Joint Ventures & Associates is an after tax and interest amount.

| Joint Ventures & Associates - Reconciliation of EBITA to share of results<br>€m | 2015 | 2014 |
|---|---|---|
| EBITA of Joint Ventures & Associates | 39.7 | 36.4 |
| Amortisation | (0.5) | (0.4) |
| Finance costs | (5.0) | (5.3) |
| Income tax | (7.9) | (7.0) |
| Share of results as reported in the Income Statement | 26.3 | 23.7 |

### Adjusted earnings per share

| | 2015 | 2014 | Change | Constant Currency Change |
|---|---|---|---|---|
| Adjusted earnings per share | 79.14c | 61.16c | +29.4% | +10.6% |

Total adjusted earnings per share grew 10.6% constant currency (29.4% reported), driven by growth in EBITA. 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.

## Exceptional items

| €m | 2015 | 2014 |
|---|---|---|
| 1. Organisational redesign costs | (7.0) | - |
| 2. Acquisition integration costs | (2.9) | - |
| 3. Rationalisation costs | (7.8) | (6.4) |
| 4. Group pension scheme costs | (5.0) | |
| 5. Disposal of interest in Joint Venture | (3.6) | - |
| Transaction related costs | - | (9.6) |
| Exceptional charge pre-tax | (26.3) | (16.0) |
| Taxation credit | 2.5 | 1.9 |
| Total exceptional charge | (23.8) | (14.1) |

The total cash outflow during the year in respect of exceptional charges was €15.1 million (2014: €16.4 million) of which €7.1 million (2014: €10.8 million) was in respect of prior year exceptional charges. Details of the exceptional items are as follows:

1. Organisational redesign costs relate to the project to create one integrated Global Ingredients (GI) organisation as described in page 4 in the GI operations review The project will continue for 12 months at a total cost of approximately €15 million to €20 million.
2. Acquisition integration costs comprise costs incurred by Glanbia Performance Nutrition relating to restructuring and the redesign of route to market capabilities in acquired businesses.
3. Rationalisation costs primarily relate to the completion of the restructuring programme in the Dairy Ireland segment. There was no related write down of tangible assets in 2015 (2014: €3.2 million).
4. The Group undertook a review of its pension arrangements in 2015 and agreed with the pension trustees to wind up three of its smaller Irish defined benefit pension schemes. This transaction resulted in an exceptional charge in the year of €5.0 million. This charge relates to net losses on settlement of €4.3 million, in accordance with IAS19, and professional fees of €0.7 million in relation to the transaction. This settlement reduced the gross retirement benefit obligations by €60.2 million.
5. On 01 April 2015 the Group disposed of its investment in Milk Ventures (UK) Limited, which is the parent company of Nutricima Limited, a Joint Venture business involved in the supply and distribution of evaporated and powdered milk, based in Nigeria. The disposal of the Group's interest resulted in a loss of €3.6 million.

## Dividend per share

The Board is recommending a final dividend of 7.22 cent per share (2014: final dividend 6.57 cent per share). This represents an increase of 10% in the year and brings the total dividend for the year to 12.10 cent per share (2014: 11.00 cent per share) and a return of over €35 million to shareholders.

## Cash flow

| €m | 2015 | 2014 |
|---|---|---|
| EBITDA pre-exceptional | **313.9** | **240.6** |
| Movement in working capital (pre-exceptional) | 4.9 | 8.2 |
| Business sustaining capital expenditure | (37.4) | (42.6) |
| **Operating cash flow** | **281.4** | **206.2** |
| Net interest and tax paid | (33.6) | (57.1) |
| Dividends from Joint Ventures & Associates | 14.9 | 12.6 |
| Other outflows | (6.7) | (9.1) |
| **Free cash flow** | **256.0** | **152.6** |
| Strategic capital expenditure | (86.2) | (72.9) |
| Acquisitions | (196.8) | (142.0) |
| Disposals | 29.0 | 3.2 |
| Equity dividends | (33.9) | (30.8) |
| Exceptional costs paid | (15.1) | (16.4) |
| **Cash flow pre currency exchange/fair value adjustments** | **(47.0)** | **(106.3)** |
| Exchange translation adjustments | (33.8) | (31.1) |
| **Net debt movement** | **(80.8)** | **(137.4)** |
| Net debt at the beginning of the year | (510.4) | (374.4) |
| **Net cash acquired on acquisition of subsidiary** | **7.0** | **1.4** |
| **Net debt at the end of the year** | **(584.2)** | **(510.4)** |

Overall free cash flow was €256.0 million in 2015, a strong increase from €152.6 million in 2014. Operating cash flow increased from €206.2 million to €281.4 million representing an increase of 16.6% when the impact of currency is excluded. Corporation tax payments in 2015 were €24.4 million lower than the previous year, primarily due to the availability of accelerated capital allowances on capital expenditure in the US.

## Operating working capital

| €m | 2015 | 2014 |
|---|---|---|
| Inventories | 344.4 | 336.8 |
| Trade and other receivables | 350.0 | 305.0 |
| Trade and other payables | (442.7) | (390.4) |
| Net operating working capital | 251.7 | 251.4 |

During 2015 Glanbia continued to focus on working capital management and has implemented a number of initiatives focusing on payables, receivables and inventory. Total operating working capital at the end of 2015 was €251.7 million, an increase of €0.3 million compared to the previous year. Excluding the impact of currency movements, acquisitions and other non-operational movements this represents a decrease in year on year operating working capital of €8.9 million.

## Investing for growth

In 2015 Glanbia continued its programme of organic and external investments to drive growth, investing €283.0 million in acquisitions and strategic capital expenditure programmes.

In December 2015, Glanbia acquired thinkThin, a leading range of protein enriched bars and snacks targeted at lifestyle consumers in the US for a total acquisition cost of €202.4 million, including liabilities assumed/settled on completion, of which €195.2 million was paid immediately and the balance is payable in 2016. The organic investment programme continued with a €123.6 million investment in capital expenditure during 2015. This included €86.2 million of strategic capital expenditure, primarily the completion of a high-end whey production facility by Global Ingredients in Idaho and the construction of additional packing capability in Glanbia Performance Nutrition's plant in Chicago. Total capital expenditure investment is expected to be between €115 million and €125 million in 2016.

## Group financing

| Financing key performance indicators | 2015 | 2014 |
|---|---|---|
| Net debt : adjusted EBITDA[1] | 1.75 times | 1.97 times |
| Adjusted EBIT[1] : net finance cost | 10.8 times | 8.9 times |

1. Definition of adjusted EBITDA and adjusted EBIT are as per Glanbia's financing agreements and include dividends from Joint Ventures & Associates.

The Group's financial position continues to be strong. Net debt at the end of 2015 was €584.2 million. This is an increase from €510.4 million in 2014 and can be primarily attributed to funding the thinkThin acquisition completed during the year as well as the impact of a stronger dollar at year end on translation of US dollar debt. Net debt to adjusted EBITDA was 1.75 times and interest cover was 10.8 times, both metrics remaining well within financing covenants. At year end 2015 Glanbia had available bank facilities of €721 million which will mature in January 2020 and private placement debt of $325 million which will mature in June 2021.

Glanbia's capital structure has considerable capacity to finance future investments.

## Return on capital employed

| | 2015 | 2014 | Change |
|---|---|---|---|
| Return on capital employed[2] | 13.9% | 13.4% | +50bps |

2. 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 total assets less current liabilities excluding all borrowings, cash and deferred tax balances plus cumulative intangible asset amortisation.

The return on capital employed in 2015 increased by 50 basis points to 13.9% (2014: 13.4%). This was driven primarily by the growth in reported EBITA, including the impact of currency, somewhat offset by the dilutive effect of recent acquisitions. The Group has a strategic target to maintain a minimum return on capital employed of 12%.

## Pension

The Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, decreased in 2015 by €27.5 million to €87.3 million (2014: €114.8 million). A significant driver of this decrease was the increase in the discount rate used in valuing the net pension obligation, from 2.1% at the end of 2014 to 2.25% at end of 2015, reflecting the rise in AA Corporate Bond yields during the year.

The Group settled the liabilities of three Irish defined benefit pension schemes in 2015, resulting in an exceptional charge of €5.0 million. This settlement reduced the gross retirement benefit obligations by €60.2 million.

## Delivering returns to shareholders

The past year was another strong year for shareholder returns. Total shareholder return for the year was 33.2% following 16.9% in 2014 and 35.4% in 2013. The Glanbia share price at the end of the financial year was €16.95 compared to €12.81 at the 2014 year end. The share price outperformed the STOXX Europe 600 Food & Beverage Index by 12.1% in 2015.

## Principal risks and uncertainties

The performance of the Group is influenced by global economic conditions and consumer confidence in the markets in which it operates. In 2016 the principal risks and uncertainties affecting the Group's performance continue to be:

- The competitive landscape for Glanbia Performance Nutrition, recognising the impact of a stronger US dollar on the purchasing power of consumers in certain non-US markets;
- The overall impact on margins from movements in dairy market pricing; and
- The potential impact of geopolitical unrest and macro-economic uncertainty on Glanbia's international growth strategy.

The Board has the ultimate responsibility for risk management and principal risks and uncertainties will be outlined in detail in the 2015 Annual Report.

## Financial strategy

Glanbia's financial strategy is very much aligned with the Group's overall strategy of ensuring the Group delivers on its key financial goals to 2018 of adjusted EPS growth on a constant currency basis of 8% to 10% while maintaining a minimum return on capital employed of 12%.

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 year three;
- Focusing the organisation on cash conversion through improved working capital management and moderate business sustaining capital expenditure;
- Leveraging the Group's activities to enable improved cost structures utilising shared services, procurement, IT, and a continuous improvement mindset; and
- Maintaining the capital structure of the Group within an implicit investment grade credit profile.

## Investor Relations

The Group Managing Director, Group Finance Director, Executive Directors and Head of Investor Relations presented at 13 investor conferences globally and conducted over 400 meetings with the investor community in 2015. Glanbia's dedicated investor relations team engages with investors on a daily basis outside of closed periods and travel to various financial centres around the world to meet with shareholders and potential shareholders alike. Glanbia is now covered by equity analysts from 10 leading stockbroking firms who regularly publish detailed independent research reports on Glanbia for their clients. Glanbia will hold a capital markets day in London on 18 May 2016 focusing on the Glanbia Performance Nutrition business.

## Annual General Meeting (AGM)

The Glanbia plc AGM will be held on Wednesday, 27 April 2016, 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 results announcement. 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. GMT today. Please access the webcast from the Glanbia website at:
https://www.glanbia.com/investors/results-centre

In addition, a dial-in facility is available using the following numbers:

| | |
|---|---|
| Ireland | +353 1 246 5605 |
| UK / Europe | +44(0)203 427 1927 |
| USA: | +(646) 254 3375 |

The access code for all participants is: 4238856

A replay of the call will be available for 30 days approximately two hours after the call ends.

## For further information contact

Glanbia plc +353 56 777 2200
Siobhán Talbot, Group Managing Director
Mark Garvey, Group Finance Director
Liam Hennigan, Head of Investor Relations +353 86 046 8375
Martha Kavanagh, Head of Media Relations +353 87 646 2006

**Group income statement**
for the financial year ended 02 January 2016

| | Notes | Pre-exceptional 2015 €'000 | Exceptional 2015 €'000 (note 3) | Total 2015 €'000 | Pre-exceptional 2014 €'000 | Exceptional 2014 €'000 (note 3) | Total 2014 €'000 |
|---|---|---|---|---|---|---|---|
| **Revenue** | 2 | **2,774,326** | **–** | **2,774,326** | 2,538,368 | – | 2,538,368 |
| **Earnings before interest, tax and amortisation (EBITA)** | | **271,003** | **(26,342)** | **244,661** | 208,634 | (15,949) | 192,685 |
| Intangible asset amortisation | | **(31,125)** | **–** | **(31,125)** | (22,512) | – | (22,512) |
| **Operating profit** | | **239,878** | **(26,342)** | **213,536** | 186,122 | (15,949) | 170,173 |
| Finance income | 4 | **1,706** | **–** | **1,706** | 1,725 | – | 1,725 |
| Finance costs | 4 | **(22,816)** | **–** | **(22,816)** | (22,050) | – | (22,050) |
| Share of results of Joint Ventures & Associates | | **26,270** | **–** | **26,270** | 23,729 | – | 23,729 |
| **Profit before taxation** | | **245,038** | **(26,342)** | **218,696** | 189,526 | (15,949) | 173,577 |
| Income taxes | 5 | **(37,322)** | **2,543** | **(34,779)** | (28,252) | 1,870 | (26,382) |
| **Profit for the year** | | **207,716** | **(23,799)** | **183,917** | 161,274 | (14,079) | 147,195 |
| **Attributable to:** | | | | | | | |
| Equity holders of the Parent | | | | **183,271** | | | 146,313 |
| Non-controlling interests | | | | **646** | | | 882 |
| | | | | **183,917** | | | 147,195 |
| **Earnings per share attributable to the equity holders of the Parent** | | | | | | | |
| Basic earnings per share (cent) | 6 | | | **62.08** | | | 49.60 |
| Diluted earnings per share (cent) | 6 | | | **61.87** | | | 49.32 |

**Group statement of comprehensive income**
for the financial year ended 02 January 2016

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| **Profit for the year** | | **183,917** | 147,195 |
| | | | |
| **Other comprehensive income** | | | |
| **Items that are not reclassified subsequently to the Group income statement:** | | | |
| Remeasurements – defined benefit schemes | 9 | **20,856** | (42,369) |
| Deferred tax (charge)/credit on remeasurements | 9 | **(2,334)** | 4,868 |
| Share of remeasurements – Joint Ventures & Associates | 9 | **4,254** | (8,900) |
| Deferred tax (charge)/credit on remeasurements – Joint Ventures & Associates | 9 | **(612)** | 1,120 |
| | | | |
| **Items that may be reclassified subsequently to the Group income statement:** | | | |
| Currency translation differences | | **91,102** | 97,805 |
| Net investment hedge | | **(8,684)** | (9,544) |
| Revaluation of available for sale financial assets | | **1,273** | 1,457 |
| Fair value movements on cash flow hedges | | **145** | 507 |
| Recycle of currency reserve to the Group income statement on disposal of Investment in Joint Venture | | **5,037** | – |
| Deferred tax on cash flow hedges and revaluation of available for sale financial assets | | **(480)** | (140) |
| **Other comprehensive income for the year, net of tax** | | **110,557** | 44,804 |
| | | | |
| **Total comprehensive income for the year** | | **294,474** | 191,999 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Parent | | **293,828** | 191,117 |
| Non-controlling interests | | **646** | 882 |
| | | | |
| **Total comprehensive income for the year** | | **294,474** | 191,999 |

## Group balance sheet
as at 02 January 2016

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **586,190** | 490,180 |
| Intangible assets | | **951,527** | 662,169 |
| Investments in Associates | | **97,897** | 81,365 |
| Investments in Joint Ventures | | **60,585** | 69,945 |
| Trade and other receivables | | **1,850** | 9,863 |
| Deferred tax assets | | **36,474** | 28,503 |
| Available for sale financial assets | | **10,754** | 10,621 |
| | | **1,745,277** | 1,352,646 |
| **Current assets** | | | |
| Inventories | | **344,353** | 336,802 |
| Trade and other receivables | | **350,020** | 305,027 |
| Derivative financial instruments | | **414** | 1,279 |
| Cash and cash equivalents | 8 | **210,889** | 110,370 |
| | | **905,676** | 753,478 |
| **Total assets** | | **2,650,953** | 2,106,124 |
| **EQUITY** | | | |
| **Issued capital and reserves attributable to equity holders of the Parent** | | | |
| Share capital and share premium | | **105,370** | 104,728 |
| Other reserves | | **306,425** | 218,581 |
| Retained earnings | 9 | **642,763** | 473,573 |
| | | **1,054,558** | 796,882 |
| Non-controlling interests | | **8,515** | 7,896 |
| **Total equity** | | **1,063,073** | 804,778 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 8 | **752,963** | 620,317 |
| Derivative financial instruments | | **47** | – |
| Deferred tax liabilities | | **201,646** | 128,002 |
| Retirement benefit obligations | | **87,288** | 114,808 |
| Provisions | | **18,984** | 18,569 |
| Capital grants | | **2,787** | 2,214 |
| | | **1,063,715** | 883,910 |
| **Current liabilities** | | | |
| Trade and other payables | | **442,713** | 390,350 |
| Current tax liabilities | | **18,969** | 3,115 |
| Borrowings | 8 | **42,169** | 416 |
| Derivative financial instruments | | **902** | 574 |
| Provisions | | **19,128** | 22,981 |
| Capital grants | | **284** | – |
| | | **524,165** | 417,436 |
| **Total liabilities** | | **1,587,880** | 1,301,346 |
| **Total equity and liabilities** | | **2,650,953** | 2,106,124 |

On behalf of the Board

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

**Group statement of changes in equity**
for the financial year ended 02 January 2016

| | 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 04 January 2014** | 103,997 | 126,600 | 405,289 | 635,886 | 7,634 | 643,520 |
| Profit for the year | – | – | 146,313 | 146,313 | 882 | 147,195 |
| **Other comprehensive income/(expense)** | | | | | | |
| Remeasurements – defined benefit schemes | – | – | (42,369) | (42,369) | – | (42,369) |
| Deferred tax on remeasurements | – | – | 4,868 | 4,868 | – | 4,868 |
| Share of remeasurements – Joint Ventures & Associates (net of deferred tax) | – | – | (7,780) | (7,780) | – | (7,780) |
| Fair value movements | – | 1,964 | – | 1,964 | – | 1,964 |
| Deferred tax on fair value movements | – | (140) | – | (140) | – | (140) |
| Currency translation differences | – | 97,805 | – | 97,805 | – | 97,805 |
| Net investment hedge | – | (9,544) | – | (9,544) | – | (9,544) |
| **Total comprehensive income for the year** | – | 90,085 | 101,032 | 191,117 | 882 | 191,999 |
| Dividends paid during the year | – | – | (30,751) | (30,751) | (620) | (31,371) |
| Cost of share based payments | – | 5,516 | – | 5,516 | – | 5,516 |
| Transfer on exercise, vesting or expiry of share based payments | – | 4,361 | (4,361) | – | – | – |
| Deferred tax on share based payments | – | – | 272 | 272 | – | 272 |
| Sale of shares held by subsidiary | – | – | 2,092 | 2,092 | – | 2,092 |
| Shares issued | 14 | – | – | 14 | – | 14 |
| Premium on shares issued | 717 | – | – | 717 | – | 717 |
| Purchase of own shares | – | (7,981) | – | (7,981) | – | (7,981) |
| **Balance at 03 January 2015** | 104,728 | 218,581 | 473,573 | 796,882 | 7,896 | 804,778 |
| Profit for the year | **–** | **–** | **183,271** | **183,271** | **646** | **183,917** |
| **Other comprehensive income/(expense)** | | | | | | |
| Remeasurements – defined benefit schemes | **–** | **–** | **20,856** | **20,856** | **–** | **20,856** |
| Deferred tax on remeasurements | **–** | **–** | **(2,334)** | **(2,334)** | **–** | **(2,334)** |
| Share of remeasurements – Joint Ventures & Associates (net of deferred tax) | **–** | **–** | **3,642** | **3,642** | **–** | **3,642** |
| Fair value movements | **–** | **1,418** | **–** | **1,418** | **–** | **1,418** |
| Deferred tax on fair value movements | **–** | **(480)** | **–** | **(480)** | **–** | **(480)** |
| Currency translation differences | **–** | **91,102** | **–** | **91,102** | **–** | **91,102** |
| Recycle of currency reserve to the Group income statement on disposal of Investment in Joint Venture | **–** | **5,037** | **–** | **5,037** | **–** | **5,037** |
| Net investment hedge | **–** | **(8,684)** | **–** | **(8,684)** | **–** | **(8,684)** |
| **Total comprehensive income for the year** | **–** | **88,393** | **205,435** | **293,828** | **646** | **294,474** |
| Dividends paid during the year | **–** | **–** | **(33,895)** | **(33,895)** | **(427)** | **(34,322)** |
| Cost of share based payments | **–** | **8,724** | **–** | **8,724** | **–** | **8,724** |
| Transfer on exercise, vesting or expiry of share based payments | **–** | **4,078** | **(4,078)** | **–** | **–** | **–** |
| Deferred tax on share based payments | **–** | **–** | **1,728** | **1,728** | **–** | **1,728** |
| Shares issued | **9** | **–** | **–** | **9** | **–** | **9** |
| Premium on shares issued | **633** | **–** | **–** | **633** | **–** | **633** |
| Purchase of own shares | **–** | **(13,351)** | **–** | **(13,351)** | **–** | **(13,351)** |
| Additions during the year | **–** | **–** | **–** | **–** | **400** | **400** |
| **Balance at 02 January 2016** | **105,370** | **306,425** | **642,763** | **1,054,558** | **8,515** | **1,063,073** |

## Group statement of cash flows
for the financial year ended 02 January 2016

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operating activities | 10 | **307,865** | 230,716 |
| Interest received | | **1,773** | 1,683 |
| Interest paid | | **(22,939)** | (22,361) |
| Tax paid | | **(9,987)** | (34,393) |
| **Net cash inflow from operating activities** | | **276,712** | 175,645 |
| **Cash flows from investing activities** | | | |
| Acquisition of subsidiaries - purchase consideration | 11 | **(195,579)** | (125,812) |
| Acquisition of subsidiaries - liabilities settled at completion | 11 | **(1,296)** | (16,138) |
| Acquisition of subsidiaries - cash and cash equivalents acquired | 11 | **6,991** | 2,768 |
| Disposal of investment in Joint Venture | | **28,516** | – |
| Capital grants received | | **1,132** | – |
| Insurance proceeds | | **–** | 1,035 |
| Purchase of property, plant and equipment | | **(103,792)** | (101,953) |
| Purchase of intangible assets | | **(19,798)** | (13,532) |
| Interest paid in relation to property, plant and equipment | | **(2,403)** | (1,997) |
| Dividends received from Joint Ventures & Associates | | **14,924** | 12,648 |
| Net redemption and additions in available for sale financial assets | | **1,140** | 334 |
| Proceeds from property, plant and equipment | | **428** | 63 |
| **Net cash outflow from investing activities** | | **(269,737)** | (242,584) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of Ordinary Shares | | **642** | 731 |
| Sale of shares held by subsidiary | | **–** | 2,092 |
| Purchase of own shares | | **(13,351)** | (7,981) |
| Increase in borrowings | | **91,577** | 138,242 |
| Redemption of preference shares | | **–** | (39,062) |
| Finance lease payments | | **(468)** | (313) |
| Dividends paid to Company shareholders | 7 | **(33,895)** | (30,751) |
| Dividends paid to non-controlling interests | | **(427)** | (620) |
| **Net cash inflow from financing activities** | | **44,078** | 62,338 |
| **Net increase/(decrease) in cash and cash equivalents** | | **51,053** | (4,601) |
| Cash and cash equivalents at the beginning of the year | | **110,370** | 106,259 |
| Effects of exchange rate changes on cash and cash equivalents | | **7,702** | 8,712 |
| **Cash and cash equivalents at the end of the year** | | **169,125** | 110,370 |

| **Reconciliation of net cash flow to movement in net debt** | | **2015 €'000** | 2014 €'000 |
|---|---|---|---|
| **Net increase/(decrease) in cash and cash equivalents** | | **51,053** | (4,601) |
| Cash movements from debt financing | | **(91,109)** | (98,867) |
| Acquisition of subsidiaries - debt acquired | | **–** | (1,401) |
| | | **(40,056)** | (104,869) |
| Exchange translation adjustment on currency swaps | | **1,108** | (453) |
| Exchange translation adjustment on net debt | | **(34,932)** | (30,597) |
| **Movement in net debt in the year** | | **(73,880)** | (135,919) |
| Net debt at the beginning of the year | | **(510,363)** | (374,444) |
| **Net debt at the end of the year** | | **(584,243)** | (510,363) |
| | | | |
| **Net debt comprises:** | | | |
| Borrowings | | **(753,368)** | (620,733) |
| Cash and cash equivalents | | **169,125** | 110,370 |
| | 8 | **(584,243)** | (510,363) |

**Notes to the financial statements**
for the financial year ended 02 January 2016

## 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 02 January 2016 (referred to as the 2015 Financial Statements). The Group Financial Statements are prepared under International Financial Reporting Standards (IFRS) as adopted by the EU. The 2015 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 52 week period ending on 02 January 2016. Comparatives are for the 52 week period ending on 03 January 2015. The balance sheets for 2015 and 2014 have been drawn up as at 02 January 2016 and 03 January 2015 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, derivative financial instruments and retirement benefit obligations. The Group's accounting policies which will be included in the 2015 Financial Statements are broadly consistent with those as set out in the 2014 Financial Statements.

The Financial Statements were approved by the Board of Directors on 23 February 2016 and signed on its behalf by H Corbally, S Talbot, and M Garvey.

## 2. Segment information

In accordance with IFRS 8 'Operating Segments', the Group has four segments as follows: Glanbia 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 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 which acts as the Chief Operating Decision Maker for the Group.

Each segment derives its revenues as follows: Glanbia Performance Nutrition earns its revenue from performance nutrition products; Global Ingredients earns its revenue from the manufacture and sale of cheese, dairy and non-dairy nutritional ingredients and vitamin and mineral premixes; 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 and dairy ingredients.

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.

Amounts stated below for Joint Ventures & Associates represents the Group's share.

**2.1 The segment results for the year ended 02 January 2016 are as follows:**

| | | Glanbia Performance Nutrition €'000 | Global Ingredients €'000 | Dairy Ireland €'000 | JVs & Associates €'000 | Group including JVs & Associates €'000 |
|---|---|---|---|---|---|---|
| Total gross segment revenue | (a) | **924,165** | **1,272,795** | **633,787** | **893,089** | **3,723,836** |
| Inter-segment revenue | | **(1,050)** | **(54,814)** | **(557)** | **–** | **(56,421)** |
| **Total Group Revenue** | | **923,115** | **1,217,981** | **633,230** | **893,089** | **3,667,415** |
| **Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)** | (b) | **135,610** | **106,642** | **28,751** | **39,690** | **310,693** |

Included in external revenue are related party sales between Global Ingredients and Joint Ventures & Associates of €15.3 million and related party sales between Dairy Ireland and Joint Ventures & Associates of €17.0 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) Segment revenue is reconciled to reported external revenue as follows:**

| | 2015 €'000 |
|---|---|
| **Total gross segment revenue** | **3,723,836** |
| Inter-segment revenue | (56,421) |
| Joint Ventures & Associates revenue | (893,089) |
| **Reported external revenue** | **2,774,326** |

**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:**

| | Notes | 2015 €'000 |
|---|---|---|
| **Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)** | | **310,693** |
| Amortisation | | **(31,125)** |
| Exceptional items | | **(26,342)** |
| Joint Ventures & Associates interest, tax and amortisation | | **(13,420)** |
| Finance income | 4 | **1,706** |
| Finance costs | 4 | **(22,816)** |
| **Reported profit before tax** | | **218,696** |
| Income taxes | 5 | **(34,779)** |
| **Reported profit after tax** | | **183,917** |

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 02 January 2016 are as follows:**

| | Glanbia Performance Nutrition €'000 | Global Ingredients €'000 | Dairy Ireland €'000 | JVs & Associates €'000 | Group including JVs & Associates €'000 |
|---|---|---|---|---|---|
| Depreciation of property, plant and equipment | **10,352** | **23,777** | **9,008** | **14,863** | **58,000** |
| Amortisation of intangibles | **19,471** | **9,209** | **2,445** | **476** | **31,601** |
| Capital grants released to income statement | **(17)** | **(38)** | **(227)** | **(1,212)** | **(1,494)** |

**The segment assets and liabilities at 02 January 2016 and segment capital expenditure and acquisitions for the year then ended are as follows:**

| | | Glanbia Performance Nutrition €'000 | Global Ingredients €'000 | Dairy Ireland €'000 | JVs & Associates €'000 | Group including JVs & Associates €'000 |
|---|---|---|---|---|---|---|
| Segment assets | (c) | **1,150,637** | **794,155** | **302,000** | **160,332** | **2,407,124** |
| Segment liabilities | (d) | **257,148** | **237,853** | **181,146** | **–** | **676,147** |
| Capital expenditure - additions | (e) | **34,437** | **64,399** | **13,484** | **35,522** | **147,842** |
| Capital expenditure - business combinations | (e) | **235,359** | **–** | **1,109** | **–** | **236,468** |

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

| | 2015 €'000 |
|---|---|
| Segment assets | **2,407,124** |
| Unallocated assets | **243,829** |
| **Reported assets** | **2,650,953** |

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

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

| | 2015 €'000 |
|---|---|
| Segment liabilities | **676,147** |
| Unallocated liabilities | **911,733** |
| **Reported liabilities** | **1,587,880** |

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

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

| | 2015 €'000 |
|---|---|
| Capital expenditure - additions | **147,842** |
| Capital expenditure - business combinations | **236,468** |
| Joint Ventures & Associates capital expenditure | **(35,522)** |
| Unallocated capital expenditure | **8,086** |
| **Reported capital expenditure and acquisitions** | **356,874** |

**2.2 The segment results for the year ended 03 January 2015 are as follows:**

| | | Glanbia Performance Nutrition €'000 | Global Ingredients €'000 | Dairy Ireland €'000 | JVs & Associates €'000 | Group including JVs & Associates €'000 |
|---|---|---|---|---|---|---|
| Total gross segment revenue | (a) | 746,381 | 1,210,376 | 616,744 | 984,016 | 3,557,517 |
| Inter-segment revenue | | (154) | (34,979) | – | – | (35,133) |
| **Total Group Revenue** | | 746,227 | 1,175,397 | 616,744 | 984,016 | 3,522,384 |
| **Total Group earnings before interest, tax, amortisation and exceptional items** | (b) | 89,188 | 100,426 | 19,020 | 36,427 | 245,061 |

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €21.2 million, and related party sales between Global Ingredients and Joint Ventures & Associates of €18.2 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:**

| | 2014 €'000 |
|---|---|
| **Total gross segment revenue** | 3,557,517 |
| Inter-segment revenue | (35,133) |
| Joint Ventures & Associates revenue | (984,016) |
| **Reported external revenue** | 2,538,368 |

**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:**

| | 2014 €'000 |
|---|---|
| **Total Group earnings before interest, tax, amortisation and exceptional items** | 245,061 |
| Amortisation | (22,512) |
| Exceptional items | (15,949) |
| Joint Ventures & Associates interest, tax and amortisation | (12,698) |
| Finance income | 1,725 |
| Finance costs | (22,050) |
| **Reported profit before tax** | 173,577 |
| Income taxes | (26,382) |
| **Reported profit after tax** | 147,195 |

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 03 January 2015 are as follows:**

| | Glanbia Performance Nutrition €'000 | Global Ingredients €'000 | Dairy Ireland €'000 | JVs & Associates €'000 | Group including JVs & Associates €'000 |
|---|---|---|---|---|---|
| Depreciation of property, plant and equipment | 5,609 | 18,359 | 8,262 | 14,394 | 46,624 |
| Amortisation of intangibles | 12,727 | 7,416 | 2,369 | 394 | 22,906 |
| Capital grants released to the income statement | (15) | (53) | (196) | (1,142) | (1,406) |

**The segment assets and liabilities at 03 January 2015 and segment capital expenditure and acquisitions for the year then ended are as follows:**

| | | Glanbia Performance Nutrition €'000 | Global Ingredients €'000 | Dairy Ireland €'000 | JVs & Associates €'000 | Group including JVs & Associates €'000 |
|---|---|---|---|---|---|---|
| Segment assets | (c) | 801,572 | 709,810 | 293,186 | 161,173 | 1,965,741 |
| Segment liabilities | (d) | 160,139 | 230,678 | 197,583 | – | 588,400 |
| Capital expenditure - additions | (e) | 27,933 | 64,439 | 29,367 | 56,469 | 178,208 |
| Capital expenditure - business combinations | (e) | 158,767 | – | – | – | 158,767 |

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

| | 2014 €'000 |
|---|---|
| Segment assets | 1,965,741 |
| Unallocated assets | 140,383 |
| **Reported assets** | 2,106,124 |

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:**

| | 2014 €'000 |
|---|---|
| Segment liabilities | 588,400 |
| Unallocated liabilities | 712,946 |
| **Reported liabilities** | 1,301,346 |

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:**

| | 2014 €'000 |
|---|---|
| Capital expenditure - additions | 178,208 |
| Capital expenditure - business combinations | 158,767 |
| Joint Ventures & Associates capital expenditure | (56,469) |
| Unallocated capital expenditure | 3,119 |
| **Reported capital expenditure and acquisitions** | 283,625 |

**2.3 Entity wide disclosures**

Revenue from external customers in the Glanbia Performance Nutrition, Global Ingredients, Dairy Ireland and Joint Ventures & Associates segments is outlined in section 2.1(a) and 2.2(a) 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:

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| USA | **2,008,164** | 1,823,565 |
| Ireland | **746,215** | 745,524 |
| UK | **227,268** | 212,774 |
| Rest of Europe | **291,194** | 312,492 |
| Other | **394,574** | 428,029 |
| | **3,667,415** | 3,522,384 |

Revenue of approximately €291.4 million (2014: €350.3 million) is derived from a single external customer within the Global Ingredients segment.

The total of non-current assets, other than the financial instruments and deferred tax assets, located in Ireland is €828.3 million (2014: €767.5 million) and located in other countries, mainly the USA, is €880.5 million (2014: €556.7 million).

### 3. Exceptional items

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| Organisation redesign costs | (a) | **(6,945)** | – |
| Acquisition integration costs | (b) | **(2,919)** | – |
| Rationalisation costs | (c) | **(7,841)** | (6,379) |
| Irish defined benefit pension schemes | (d) | **(5,006)** | – |
| Disposal of Joint Venture | (e) | **(3,631)** | – |
| Transaction related costs | (f) | **–** | (9,570) |
| **Total exceptional charge before tax** | | **(26,342)** | (15,949) |
| Exceptional tax credit | | **2,543** | 1,870 |
| **Total exceptional charge** | | **(23,799)** | (14,079) |

The nature of the total exceptional charge before tax is as follows:

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Employee benefit expense | **(7,416)** | (1,678) |
| Defined benefit pension scheme settlement loss | **(4,306)** | – |
| Other operating costs | **(14,620)** | (14,271) |
| **Total exceptional charge before tax** | **(26,342)** | (15,949) |

The total cash outflow during the year in respect of exceptional charges was €15.1 million (2014: €16.4 million) of which €7.1 million (2014: €10.8 million) was in respect of prior year exceptional charges.

(a) The project to create one integrated Global Ingredients (GI) organisation is progressing to plan. Over the next 12 months the business structure will be fundamentally reorganised into a single commercial team focused on GI's nutritional ingredient portfolio. This will be supported by centres of excellence across areas such as product supply, innovation and strategy. These changes will enable GI to be a more agile integrated consumer insight driven organisation delivering to customers the full suite of Glanbia's capability. Costs of €6.9 million include consultancy of €4.9 million, employee benefit expense of €0.6 million and other costs of €1.4 million. The total cost of this project will be approximately €15 million to €20 million.

(b) Acquisition integration costs of €2.9 million comprise costs incurred by Glanbia Performance Nutrition relating to restructuring and the redesign of route to market capabilities in acquired businesses. Costs of €2.9 million include consultancy of €1.6 million, employee benefit expense of €0.8 million and other costs of €0.5 million.

(c) Rationalisation costs primarily relate to the completion of the restructuring programme in the Dairy Ireland segment. Costs of €7.8 million include employee benefit expense of €5.9 million and other costs of €1.9 million. There were no related impairments of tangible assets in 2015 (2014: €3.2 million).

(d) The Group undertook a review of its pension arrangements in 2015 and agreed with the pension trustees to wind up three of its smaller Irish defined benefit pension schemes. This transaction resulted in an exceptional charge in the year of €5.0 million. This charge relates to gains and losses on settlement of €4.3 million, in accordance with IAS 19 'Employee Benefits', and professional fees of €0.7 million in relation to the transaction. This settlement reduced the gross retirement benefit obligation by €60.2 million.

(e) On 01 April 2015, the Group disposed of its investment in Milk Ventures (UK) Limited which is the parent company of Nutricima Limited, a non-core Joint Venture business involved in the supply and distribution of evaporated and powered milk, based in Nigeria. PZ Cussons plc, Glanbia's partner in the Joint Venture Nutricima, acquired Glanbia's 50% stake for cash consideration of £21 million (€28.5 million). In line with IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations', the disposal of the Group's interest resulted in a non-cash loss of €3.6 million. This comprised a profit on disposal of €1.4 million (cash consideration of €28.5 million less carrying value €27.1 million including loan to Joint Venture) offset by the recycle of €5.0 million cumulative foreign currency translation losses previously recognised in equity. Milk Ventures (UK) Limited was previously included in the Joint Ventures & Associates segment.

(f) Transaction related costs in 2014 comprised of costs relating to acquisition activities that did not come to fruition and additional contingent consideration relating to the acquisition of Nutramino Holding ApS, in excess of its fair value at date of acquisition.

### 4. Finance income and costs

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| **Finance income** | | |
| Interest income | **1,706** | 1,725 |
| **Total finance income** | **1,706** | 1,725 |
| **Finance costs** | | |
| Bank borrowing costs | **(4,109)** | (4,767) |
| Facility fees | **(2,761)** | (2,045) |
| Unwinding of discounts | **(142)** | (165) |
| Finance lease costs | **(127)** | (70) |
| Finance cost of private debt placement | **(15,677)** | (13,442) |
| Finance cost of preference shares | **–** | (1,561) |
| **Total finance costs** | **(22,816)** | (22,050) |
| **Net finance costs** | **(21,110)** | (20,325) |

Net finance costs do not include borrowing costs of €2.4 million (2014: €2.0 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 for the period of 4.0% (2014: 4.4%).

## 5. Income taxes

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Current tax** | | |
| Irish current tax | **16,388** | 14,124 |
| Adjustments in respect of prior years | **489** | 787 |
| Irish current tax for the year | **16,877** | 14,911 |
| Foreign current tax | **14,282** | 16,332 |
| Adjustments in respect of prior years | **(5,488)** | 1,925 |
| Foreign current tax for the year | **8,794** | 18,257 |
| **Total current tax** | **25,671** | 33,168 |
| **Deferred tax** | | |
| Deferred tax – current year | **5,898** | (3,681) |
| Adjustments in respect of prior years | **5,753** | (1,235) |
| **Total deferred tax** | **11,651** | (4,916) |
| **Pre-exceptional tax charge** | **37,322** | 28,252 |
| **Exceptional tax credit** | | |
| Current tax | **(2,302)** | (1,469) |
| Deferred tax | **(241)** | (401) |
| **Total tax charge for the year** | **34,779** | 26,382 |

Notes on exceptional tax credit:

(a) The Group incurred exceptional costs in the Global Ingredients and Glanbia Performance Nutrition segments during 2015 relating to restructuring projects aimed at redesigning the businesses to meet future market needs. These costs resulted in an exceptional current tax credit of €1.29 million (2014: nil).

(b) The rationalisation costs in the Dairy Ireland segment resulted in an exceptional current tax credit of €0.95 million (2014: €0.40 million) and an exceptional deferred tax credit of €0.03 million (2014: €0.40 million).

(c) In 2015, there was an exceptional current tax credit of €0.06 million (2014: nil) and exceptional deferred tax credit of €0.21 million (2014: nil) relating to revisions to the Group's Irish pension arrangements.

(d) During 2015, the Group disposed of its investment in Milk Ventures (UK) Limited which is the parent company of Nutricima Limited, a non-core Joint Venture business involved in the supply and distribution of evaporated and powdered milk, based in Nigeria. While this transaction gave rise to an exceptional loss of €3.6 million in the Financial Statements, there is no current tax or deferred tax impact arising.

(e) In 2014, the Group incurred transaction costs relating to acquisition activities that did not come to fruition, which resulted in an exceptional current tax credit of €1.1 million.

The exceptional net tax credit in 2015 and 2014 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 differs from the theoretical amount that would arise applying the corporation tax rate in Ireland, as follows:**

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Profit before tax** | **218,696** | 173,577 |
| Income tax calculated at Irish rate of 12.5% (2014: 12.5%) | **27,337** | 21,697 |
| Earnings at higher Irish rates | **24** | 2 |
| Difference due to overseas tax rates | **10,632** | 7,305 |
| Adjustment to tax charge in respect of previous periods | **754** | 1,477 |
| Tax on post tax profits of Joint Ventures & Associates included in profit before tax | **(3,284)** | (2,966) |
| Other reconciling differences | **(684)** | (1,133) |
| **Total tax charge** | **34,779** | 26,382 |

**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.

| | 2015 | 2014 |
|---|---|---|
| Profit attributable to equity holders of the Parent (€'000) | **183,271** | 146,313 |
| Weighted average number of Ordinary Shares in issue | **295,196,003** | 295,011,089 |
| **Basic earnings per share (cent per share)** | **62.08** | 49.60 |

**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. In respect of share options and share awards, a calculation is performed to determine the number of shares that could have been acquired at market price (determined as the average annual market price of the Company's shares) and the fair value (determined as the fair value at the date of grant) attached to outstanding share options and awards. 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 and awards.

| | 2015 | 2014 |
|---|---|---|
| Weighted average number of Ordinary Shares in issue | **295,196,003** | 295,011,089 |
| Adjustments for share awards | **1,002,678** | 1,510,550 |
| Adjustments for share options | **42,617** | 134,881 |
| **Adjusted weighted average number of Ordinary Shares** | **296,241,298** | 296,656,520 |
| **Diluted earnings per share (cent per share)** | **61.87** | 49.32 |

**Adjusted**

Adjusted earnings per share is calculated on the net profit attributable to equity holders of the Parent, before exceptional items (net of related tax) 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 and reflects the metrics used by the Group to measure profitability and financial performance.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Profit attributable to equity holders of the Parent | **183,271** | 146,313 |
| Amortisation of intangible assets (net of related tax) | **26,126** | 19,698 |
| Amortisation of Joint Ventures & Associates intangible assets (net of related tax) | **417** | 345 |
| Exceptional items (net of related tax) | **23,799** | 14,079 |
| **Adjusted net income** | **233,613** | 180,435 |
| **Adjusted earnings per share (cent per share)** | **79.14** | 61.16 |
| **Diluted adjusted earnings per share (cent per share)** | **78.86** | 60.82 |

## 7. Dividends

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Dividends paid per Ordinary Share are as follows:** | | |
| Final dividend for the year ended 03 January 2015 of 6.57 cent per share paid on 15 May 2015 | **19,449** | |
| Final dividend for the year ended 04 January 2014 of 5.97 cent per share paid on 16 May 2014 | | 17,650 |
| Interim dividend for the year ended 02 January 2016 of 4.88 cent per share paid on 16 October 2015 | **14,446** | |
| Interim dividend for the year ended 03 January 2015 of 4.43 cent per share paid on 10 October 2014 | | 13,101 |
| | **33,895** | 30,751 |

The Directors have recommended the payment of a final dividend of 7.22 cent per share on the Ordinary Shares which amounts to €21.4 million. Subject to shareholder approval, this dividend will be paid on 29 April 2016 to shareholders on the register of members at 18 March 2016, the record date. These Financial Statements do not reflect this final dividend. There are no income tax consequences for the Company in respect of dividends proposed prior to issuance of the Financial Statements.

### 8. Net debt

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Borrowings due within one year | **42,169** | 416 |
| Borrowings due after one year | **752,963** | 620,317 |
| Less: | | |
| Cash and cash equivalents | **(210,889)** | (110,370) |
| **Net debt** | **584,243** | 510,363 |

### 9. Retained earnings

| | Group €'000 |
|---|---|
| **Balance at 04 January 2014** | 405,289 |
| Profit for the year | 146,313 |
| **Other comprehensive income/(expense)** | |
| Remeasurements – defined benefit schemes | (42,369) |
| Deferred tax on remeasurements | 4,868 |
| Share of remeasurements – Joint Ventures & Associates | (7,780) |
| **Total comprehensive income for the year** | 101,032 |
| Dividends paid during the year | (30,751) |
| Transfer on exercise, vesting or expiry of share based payments | (4,361) |
| Deferred tax credit on share based payments | 272 |
| Sale of shares held by subsidiary | 2,092 |
| **Balance at 03 January 2015** | 473,573 |
| Profit for the year | **183,271** |
| **Other comprehensive income/(expense)** | |
| Remeasurements – defined benefit schemes | **20,856** |
| Deferred tax on remeasurements | **(2,334)** |
| Share of remeasurements – Joint Ventures & Associates | **3,642** |
| **Total comprehensive income for the year** | **205,435** |
| Dividends paid during the year | **(33,895)** |
| Transfer on exercise, vesting or expiry of share based payments | **(4,078)** |
| Deferred tax credit on share based payments | **1,728** |
| **Balance at 02 January 2016** | **642,763** |

### 10. Cash generated from operations

| | Notes | 2015 Group €'000 | 2014 Group €'000 |
|---|---|---|---|
| **Profit before taxation** | | **218,696** | 173,577 |
| | | | |
| Write-off of intangibles | | **–** | 73 |
| Non-cash element of exceptional charge | | **18,299** | 10,290 |
| Share of results of Joint Ventures & Associates | | **(26,270)** | (23,729) |
| Depreciation | | **43,137** | 32,230 |
| Amortisation | | **31,125** | 22,512 |
| Cost of share based payments | | **8,724** | 5,516 |
| Difference between pension charge and cash contributions | | **(6,027)** | (7,019) |
| Loss/(profit) on disposal of property, plant and equipment | | **209** | (226) |
| Finance income | 4 | **(1,706)** | (1,725) |
| Finance expense | 4 | **22,816** | 22,050 |
| Amortisation of government grants received | | **(282)** | (264) |
| | | | |
| **Cash generated before changes in working capital** | | **308,721** | 233,285 |
| Change in net working capital: | | | |
| – Decrease in inventory | | **20,287** | 15,740 |
| – (Increase)/decrease in short term receivables | | **(12,187)** | (16,264) |
| – (Decrease)/increase in short term liabilities | | **846** | 9,321 |
| – (Decrease) in provisions | | **(9,802)** | (11,366) |
| | | | |
| **Cash generated from operating activities** | | **307,865** | 230,716 |

### 11. Business combinations

The acquisitions completed by the Group during the year were as follows:

- On 28 June 2015, the Group acquired 100% of Cold Chain Food Distributors Limited (Cold Chain). Cold Chain's principal activity is the sale and distribution of dairy products in Ireland. The acquisition will allow the Group to broaden its product range for customers in the growing food service channel and its customer base. Goodwill is attributable to the profitability and development opportunities associated with the extension of the Group's portfolio by complementing and enhancing existing sales and distribution channels. Goodwill is not deductible for tax purposes.
- On 10 December 2015, the Group acquired 100% of PHTT Acquisition, LLC (thinkThin). thinkThin is a US based provider of premium lifestyle nutrition products. The reason for the acquisition was to complement the portfolio of the Group's Glanbia Performance Nutrition business and to further consolidate the Group's market leading position. Goodwill is attributable to the profitability and development opportunities associated with the extension of the Group's portfolio by complementing and enhancing existing performance nutrition capabilities. The goodwill reflects the expectation that the business will continue to generate new customers and new products over time, the acquired workforce (which is not an identifiable asset for financial reporting purposes) and synergies. Goodwill of €12.5 million is deductible for tax purposes.

Acquisition related costs charged to the Group income statement, included within other expenses, during the year ended 02 January 2016 amounted to €0.8 million (2014: €1.1 million).

No contingent liabilities arose as part of the acquisitions.

**Summary of acquisitions**

Details of the net assets acquired and goodwill arising from the acquisitions during the year are as follows:

| | Cold Chain €'000 | thinkThin €'000 | Total €'000 |
|---|---|---|---|
| Purchase consideration | **872** | **193,274** | **194,146** |
| Add/(less): fair value of liabilities acquired/(assets acquired) | **227** | **(108,583)** | **(108,356)** |
| **Goodwill** | **1,099** | **84,691** | **85,790** |

The fair value of assets and liabilities arising from the acquisitions during the year are as follows:

| | Cold Chain €'000 | thinkThin €'000 | Total Fair Value €'000 |
|---|---|---|---|
| Property, plant and equipment | **10** | **795** | **805** |
| Intangible assets - brands | **–** | **78,589** | **78,589** |
| Intangible assets - customer relationships | **–** | **71,278** | **71,278** |
| Intangible assets - software | **–** | **6** | **6** |
| Inventories | **108** | **3,088** | **3,196** |
| Trade and other receivables | **1,374** | **9,367** | **10,741** |
| Trade and other payables | **(1,217)** | **(9,283)** | **(10,500)** |
| Deferred income tax asset/(liabilities) | **22** | **(42,829)** | **(42,807)** |
| Liabilities assumed at completion | **–** | **(8,647)** | **(8,647)** |
| Liabilities settled at completion | **(802)** | **(494)** | **(1,296)** |
| Cash and cash equivalents | **278** | **6,713** | **6,991** |
| **Fair value of (liabilities)/assets acquired** | **(227)** | **108,583** | **108,356** |

The total purchase consideration is as follows:

| | Cold Chain €'000 | thinkThin €'000 | Total €'000 |
|---|---|---|---|
| Purchase consideration - cash paid | **872** | **194,707** | **195,579** |
| Refund of consideration due from vendor | **–** | **(1,433)** | **(1,433)** |
| **Purchase consideration** | **872** | **193,274** | **194,146** |

The fair value of Cold Chain's trade and other receivables at the acquisition date amounted to €1.4 million. The gross contractual amount for trade receivables due is €1.5 million, an amount of €0.1 million is provided for as an allowance for doubtful debts.

The fair value of thinkThin's trade and other receivables at the acquisition date amounted to €9.4 million. The gross contractual amount for trade receivables due is €6.3 million, an amount €0.2 million is provided for as an allowance for doubtful debts. The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the thinkThin business combination given the timing of closure of this transaction. Any amendments to these fair values within the 12 month timeframe from the date of acquisition will be disclosed in the 2016 Annual Report as stipulated by IFRS 3 'Business Combinations'.

For the acquisitions completed in 2014 there were no material revisions of the provisional fair value adjustments since the initial values were established.

**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 02 January 2016 were as follows:

| | 2015 Acquisitions €'000 | Group excluding acquisitions €'000 | Consolidated Group including acquisitions €'000 |
|---|---|---|---|
| Revenue | **9,892** | **2,764,434** | **2,774,326** |
| Profit before taxation and exceptional items | **373** | **244,665** | **245,038** |

The revenue and profit (including transaction costs) of the Group for the financial year ended 02 January 2016 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:

| | 2015 Acquisitions €'000 | Group excluding acquisitions €'000 | Pro Forma Consolidated Group €'000 |
|---|---|---|---|
| Revenue | **86,606** | **2,764,434** | **2,851,040** |
| (Loss)/profit before taxation and exceptional items | **(4,748)** | **244,665** | **239,917** |

### 12 Events after the reporting period

See note 7 for the final dividend, recommended by the Directors, to be paid on 29 April 2016.

### 13. 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 02 January 2016 will be annexed to the Company's annual return for 2016. 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 02 January 2016, which were approved by the Directors on 23 February 2016. A copy of the Financial Statements of the Group in respect of the year ended 03 January 2015 has been annexed to the Company's annual return for 2015 and filed with the Companies Registration Office.