

Directors' Report

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

PRINCIPAL ACTIVITIES

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

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

RESULTS

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

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

DIVIDENDS

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

BOARD OF DIRECTORS

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

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

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

INTERESTS OF DIRECTORS AND COMPANY SECRETARY

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

RESEARCH AND DEVELOPMENT

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

FURTHER INFORMATION ON THE GROUP

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

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

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

ACCOUNTING RECORDS

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

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

POLITICAL DONATIONS

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

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

DIRECTORS' REMUNERATION

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

SUBSTANTIAL HOLDINGS

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

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

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

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SHARE PRICE

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

AUDITOR

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

ISSUE OF SHARES AND PURCHASE OF OWN SHARES

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

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

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

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

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

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

DILUTION LIMITS AND TIME LIMITS

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

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

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

Structure of the Company's share capital

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

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

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

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

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

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

Rights and obligations attaching to the Ordinary Shares

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

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

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

Holding and transfer of Ordinary Shares

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

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

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

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

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

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

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

Powers of Directors

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

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

Directors' Report

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POST BALANCE SHEET EVENTS

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

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

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

RELEVANT AUDIT INFORMATION

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

MISCELLANEOUS

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

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

ANNUAL GENERAL MEETING

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

Signed
On behalf of the Board

Sir Brian Stewart
Chairman

Stephen Glancey
Group Chief Executive Officer

16 May 2018