



*your*  
**GLANBIA**  
*strong & supportive*

Glanbia Co-operative Society  
Annual Review 2018





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Pictured on the front cover: Ger Waters with his son John on their farm at Crookstown, Ballytore, Athy, Co. Kildare.



# 2018 Highlights

**€43**  
Million

Total payments to Co-op  
Members in 2018

**5.1%**  
Milk growth

in Glanbia Ireland

**39**  
Cent

per Co-op share  
in total dividends

**€20**  
Million

Extended Credit Scheme

**grow  
together**

**€50**  
Per tonne

support on April  
feed purchases

**€37**  
Million

dividend income received  
by Glanbia Co-op in 2018

**5,900**  
Members

participated in the 2018  
Trading Bonus Scheme

**0.73**  
Million

Co-op shares exchanged  
in voluntary share  
trading programme



# Chairman's Statement



Dear Member,

As farmers we are accustomed to working through challenging weather but 2018 was a year of unprecedented weather extremes. In the first half of the year we endured a rare weather combination of Storm Emma and the Siberian wind, the “Beast from the East”, which hit the Glanbia catchment area particularly hard. In the second half of the year, a severe drought added further pressure on our Members, with poor grass and crop growth.

I want to acknowledge your great efforts during this tough period. It was an amazing achievement that, despite all of the extremes that Mother Nature threw at us, 2018 milk supply was 5.1% ahead of the previous year and, while yields were below average, very high quality grain crops were delivered to Glanbia Ireland (GI). I would also like to pay tribute to our staff in a range of areas who worked through these challenges to ensure that milk was collected, processed, sold, farm inputs were manufactured and sold and our Members were supported with relevant good advice when needed. The technical staff did great work supporting farmers with animal nutrition advice, branch clinics and fodder meetings – over 1,000 farmers attended our series of fodder meetings during the drought.

#### The Glanbia Model

The Glanbia model is unique and transparent and with your support as suppliers and customers, we made significant progress in 2018, namely:

- A strong KPMG milk price position;
- A number of innovative farmer Member schemes;
- The continued growth of our strong competitive businesses in both the plc and Glanbia Ireland; and
- Capital and dividend growth.

The best independent measure of milk price in Ireland is the annual KPMG / Irish Farmers Journal Milk Price Review, where processors are assessed on the actual price paid for manufacturing milk over the full calendar year. The 2017 KPMG result published in July 2018 consolidated the position of the overall Glanbia organisation as a strong, competitive payer for milk in Ireland. In 2018 we introduced a number of innovative schemes and mechanisms to support your businesses and reward your trade with us. It is expected that the average milk price paid by Glanbia for manufacturing milk during 2018 will once again compare favourably with peers in the 2018 KPMG Milk Price Review which will be published in mid-2019. Since 2013 the business has invested €460 million in capital expenditure and has consistently paid the second highest price in the Republic of Ireland to its milk suppliers.

### Member Supports

In 2018, we continued to be fortunate that we are Members of a Co-op that goes from strength to strength. The Co-op was proactive in bringing forward a range of financial supports which assisted our Members in coping with those challenges. In a timely response to the severe weather conditions of March 2018 the Co-op provided a range of supports including the payment of 3 cent per litre (cpl) on all milk supplied in March together with a very well received €50 per tonne rebate on April 2018 feed purchases. The Co-op continued to pay milk supports during 2018 in response to both market and weather related challenges. At harvest, €2 per tonne was paid to Members who supplied grain. The total value of supports paid to Members during 2018 in respect of milk and grain supply as well as feed purchases was €29.6 million and was funded from the €30 million support fund approved by Members at our SGM in Punchestown in May 2017.

In addition to direct cash support the Co-op in conjunction with GI continued to develop innovative schemes for Members as outlined on pages 8-9. The Co-op made €30 million available to fund a well-supported Extended Credit Scheme. €20 million of this fund was drawn down which proved very positive in enabling Members cope with the funding of an increased level of feed costs.

### Dividends

Total dividends during 2018 amounted to 39 cent per share. This consisted of €4.8 million (13 cent per share) in share interest (dividend) following Member approval at the Annual General Meeting held on 30 May 2018 and a further Special Dividend to Members of €10 million (26 cent per share) based on the approvals obtained at the Special General Meeting held on 18 May 2017. At our forthcoming Annual General Meeting scheduled for 29 May 2019, Members will be asked to approve a dividend of 15 cent per share.

### Revolving Share Plan

Following receipt of Member approval at a Special General Meeting held on 30 May 2018, all remaining monies payable from the 2015 Revolving Share Plan were paid out during the year. This payment amounted to €15.8 million, representing a 15% uplift on monies invested.

### 2018 Trading Bonus Scheme

On the establishment of GI, Members overwhelmingly voted that the dividends from GI would be ring-fenced within the Co-op for active farmer Members. Consistent with the fundamentals of the Co-op ethos we launched in 2018 our new Trading Bonus Scheme as a mechanism for paying the dividend from GI back to active Members. Based on the level of trade with GI and its associates during 2018, a total of €14 million was paid out to Members early this year. This Scheme represents an important step for the Society in that it rewards Members on the basis of the level of trade they undertake with the business that we majority own. For milk supplier Members of Glanbia Co-op, the 2018 Trading Bonus was potentially worth up to 0.75 cpl excluding VAT on all milk delivered in 2018, depending on the level of purchases from GI relative to milk volume supplied. Consistent with the loyalty of many of our Members to our Co-op, two thirds of the recipients of this element of the bonus achieved the top rate of payment based on their purchase levels.

For grain growers, a Trading Bonus of up to €10 per tonne of grain supplied was available for 2018, again dependent on the level of purchases from GI relative to grain supplied. Ninety-eight percent of the grain growers who qualified for this bonus achieved the top rate of payment of €10 per tonne based on their purchases of qualifying grain inputs. Beef, sheep and pig farmer customers of GI that are Co-op Members also qualified for a Feed Bonus as part of the Scheme.

In light of the positive feedback from Members to this Scheme the Board has launched a 2019 Trading Bonus scheme which is broadly similar to the 2018 Scheme. I would encourage all Members to trade with GI as much as possible.



Glanbia Group Chairman, Martin Keane; Glanbia Group Managing Director, Siobhán Talbot; Minister for Justice and Equality, Charlie Flanagan TD; Julie Sinnamon, CEO Enterprise Ireland and Paul Vernon, CEO Glanbia Cheese announcing plans to build a new €130 million mozzarella manufacturing plant in Portlaoise. Glanbia Cheese is a joint venture between Glanbia plc and Leprino Foods. The new Glanbia Cheese facility will source the majority of its key raw materials from Glanbia Ireland, with the resulting mozzarella set to supply pizza companies and restaurants across Europe.

**New Members**

Recognising the merits of membership of Glanbia Co-op, 121 eligible grain growers availed of an invitation to take up Society membership during 2018. 22 milk suppliers who commenced milk production during 2017 also became Members during 2018. The Society's on-going commitment to making membership available to active farmers is reflected in the fact that in 2018 97% of milk and 77% of grain that was supplied to GI was provided by Society Members.

**Board Responsibility and Composition**

The Society is strongly represented on the Boards of the three key group entities; the Society itself, Glanbia plc and GI. The Society Board has overall responsibility for the strategic direction and management of the Society and is comprised of 15 Members; the Group Managing Director and 14 Members appointed through the representative structure. All 14 Member-nominated directors also serve on the Board of GI together with six nominees from Glanbia plc and Members of the executive team of GI. Under current agreements the composition of the Board of Glanbia plc reduced from 10 nominees from the Society to eight in 2018. It will reduce to seven in 2020 and six nominees in 2022. This reflects the reduction in the Society's shareholding in Glanbia plc from 54.4% in 2012 to a current level of 31.5%.

**Representative Structure**

The Members of our Representative Structure play a vital role in the on-going direction and development of the Society. They form a key point of contact between Society Members and management and the Board of the Society and its subsidiaries. Committee Members continue to promote the Glanbia business in their communities and have been pivotal in the development and communication of various far reaching proposals that have been approved by Society Members in recent years. Participation in Area and Regional Committees also serves as a training forum for potential Council and Board Members. As the organisation evolves and grows in geographic reach and complexity. I am particularly pleased with the development in 2018, in partnership with ICOS, of an intensive six day training programme which was provided to Committee Members. **(See page 20 for more details on the Co-op Representative Structure).**

**Board Retirements**

I wish to pay tribute to my predecessor Henry Corbally, who retired in June 2018. Under his Chairmanship, both Glanbia Co-op and Glanbia plc have grown significantly and Henry's depth of experience and knowledge provided strong and focused leadership. One of the key strategic highlights under his Chairmanship was the formation of GI in 2017 which continues to yield significant benefits to the Society and its Members. I would like to sincerely thank Henry for this valued contribution to both Glanbia plc and Glanbia Co-op and wish him and his wife Edel and family all the best for the future. The Board vacancy arising from his retirement was filled by Diarmuid Lally. During the year Michael Keane also stepped down from the Board. I would like to thank Michael for his hard work and commitment to the Board and wish him and his family the best for the future. Ger O'Brien filled the Board vacancy arising from Michael's retirement.

At our forthcoming Society AGM scheduled for 29 May, Tom Grant (South Tipperary) will retire as a Director from the Board of the Society. I would like to thank Tom for the energy and commitment he brought to his role as a Director. The Board vacancy arising will be filled by Bill Carroll, and I would like to wish Bill every success in his new role.

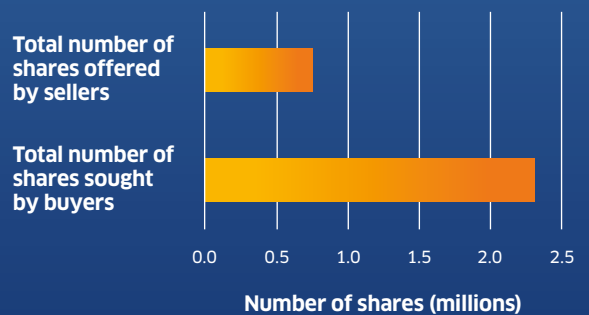
**Share Ownership**

In recent years the Society has conducted various voluntary programmes to encourage share ownership among currently active farmers while offering retired Members an opportunity to realise value from their shareholding. These programmes have included share trading, share cancellation and the issue of new shares to farmers satisfying the relevant Member admission criteria. In the past ten years the total number of Society Members has reduced from 19,300 to 11,600 as a result of these various voluntary programmes.

The Board conducted a voluntary share trading programme during 2018 at which shares transferred from retired Members to active farmers at a fixed price of €5 per share. A total of 0.73 million shares were traded which reflects the number of shares that were offered for sale. Demand for shares was strong with a total of 2.3 million sought by potential buyers. In allocating shares to buyers, priority was firstly afforded to Members with holdings of less than 2,000 shares. On an on-going basis the Society facilitates a process of private share transfers among persons who satisfy the relevant criteria.

All transactions in Society shares require the approval of the Society Council. Shares can only be issued or transferred to eligible persons who are actively farming in the Glanbia catchment area and trade milk, grain or farm inputs with the Society or its subsidiaries.

Transferring shares to the next generation of farmers is essential if we are to maintain a vibrant Co-op. The Board is considering this issue as part of its current review of the criteria for admission to Society membership.





### Society Resources

Members will be pleased to note from the financial summary on pages 32 to 35 that the Society remains in a healthy financial position. At the end of 2018, the Society had cash and related balances of €131.1 million (see page 33).

### Outlook and Conclusion

Glanbia Co-op is a vibrant and ambitious organisation with significant investments in two organisations focused on harnessing global opportunities in nutrition. The achievements of GI and Glanbia plc have grown the value of our Co-op providing the fuel for us to support our Members when conditions are challenging. The support provided by Glanbia to its Members during the severe challenges of 2018 epitomises the Co-op ethos and, I believe, helped bring Glanbia and its farmer suppliers closer together. We will continue to support your business, as I am passionately of the view that we are “stronger together”.

At the time of writing, Brexit is causing significant uncertainty in dairy markets and business generally and there will inevitably be further challenges to navigate in the year ahead. As a strong Co-op the Board has the financial resources to respond promptly and appropriately to the needs of our Members.

I believe that Glanbia is now ideally structured to meet the needs of all Members, with GI well placed to invest and develop in line with the ambitions of our active farmer Members. We have the resources to match our ambition to be strong and supportive for all Glanbia Co-op Members in 2019 and beyond.



**Martin Keane**  
Glanbia Group Chairman

### Working Together

Difficult weather conditions in 2018 led to all areas of the business working together to ease the pressure on our farmer suppliers.



### YOUR GLANBIA STRONG & SUPPORTIVE CASE STUDY

## Olwyn Owens, Grangemolvin, Athy, Co. Kildare.

“Glanbia rewards loyalty and that’s something that I really appreciate. Farmers can be quick to chop and change to different suppliers but I think it’s much better to build up a good working relationship with those I do business with. I deal with the Ballytore branch and the staff are excellent there. From Seán Ryan who advises me on my crops to the people working in the branch; they couldn’t do enough for you. At the end of the day, I only buy from Glanbia and it’s nice to be rewarded for that loyalty. Any bonus is good to get as it all helps. Last year, we got the trading bonus which was worth up to €10 per tonne on grain and we also received €2 per tonne harvest support. 2018 was a good year for the harvest and this year is proving to be a good year for sowing, but you can never tell what way it goes. No matter what business you are in, whether it’s Glanbia or ourselves as farmers, we all have a margin we don’t want to go below, therefore it’s great to see Glanbia supporting us and I hope they’ll do the same again this year.”

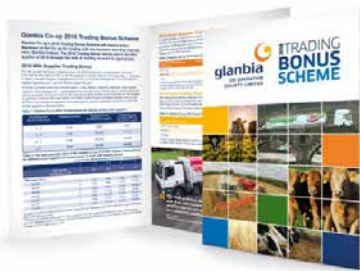


# Glanbia Farmer Initiatives in 2018

In addition to a market-based milk and grain price, the Glanbia organisation delivered a number of significant benefits to our Members and suppliers in 2018.

## Glanbia Co-op announces new Trading Bonus Scheme

Trading Bonus of up to **0.75 cpl** available on milk and **€10 / tonne** on grain.



## Glanbia response to Storm Emma

20 cent per litre paid on lost milk.



## Glanbia Advance Payment (GAP) Scheme 2018 announced

Interest free cashflow support on milk.



JAN

FEB

MAR

APR

MAY

## Glanbia Loyalty Scheme

This five-year Scheme commenced on 1 January 2018 and pays a Loyalty Bonus of **€30 per tonne** on all dairy feed purchased by participants.



## €50 per tonne support on April feed purchases



## Glanbia Co-op Dividends

Glanbia Co-op Share Interest (dividends) amounted to **€14.8 million**. This equates to **39 cent per share** and was worth approximately **€1,600**, on average, to milk supplying shareholders.





Total value of payments

€43m



### Autumn Calving Scheme

A new five-year Autumn Calving Scheme (ACS) pays an ACS premium of 8.5cpl (VAT Inclusive) for qualifying milk volumes from November to February each year.



### Drought support

Glanbia Ireland technical team held 10 nutrition clinics to help support farmers through the drought.

### Fixed Milk Price Scheme (Phase 12)

This Scheme is paying a base price of 31 cpl (including VAT) for 18 months - from June 2018 to November 2019.



### Milk supply at year end +5.1%

Despite the challenging year, milk supply was +5.1% on previous year.

### New FundEquip scheme for purchase of equipment

Innovative scheme to give Glanbia Ireland milk suppliers the option to spread cost of critical infrastructure over 3-5 years.



€30 million cashflow support through Glanbia Extended Credit (EC) Scheme

## FundEquip



### Liquid Milk Supply Agreement (LMSA)

A new five-year liquid milk supply agreement was launched giving liquid milk suppliers a guaranteed premium and the option to expand supply by up to 23%.



# Group Managing Director's Statement

## Dear Member

2018 was a hugely challenging year for Members of Glanbia Co-operative Society, with extreme weather events in both spring and summer. It was also the year in which the Glanbia organisation demonstrated its strength and capability to support our Members to navigate those challenges.

## Value Creation

Your Co-op is in a healthy position, paying out €43.2 million through payments and dividends in a range of ways as highlighted throughout this Annual Report. To fulfil its objectives and deliver on its strategy, a co-operative needs to be well resourced. We are very pleased that Glanbia Co-op now has two very healthy dividend income streams; both from Glanbia plc and from Glanbia Ireland (GI) totalling €37 million in 2018 with ambition for this to grow annually. These income streams give the Board options in how to best distribute value and support our active Members in challenging times.

In addition your Co-op grew in capital value in 2018 to €1.8 billion with value appreciation in both Glanbia plc and GI totalling €150 million during the year (see page 32).

## Glanbia Model

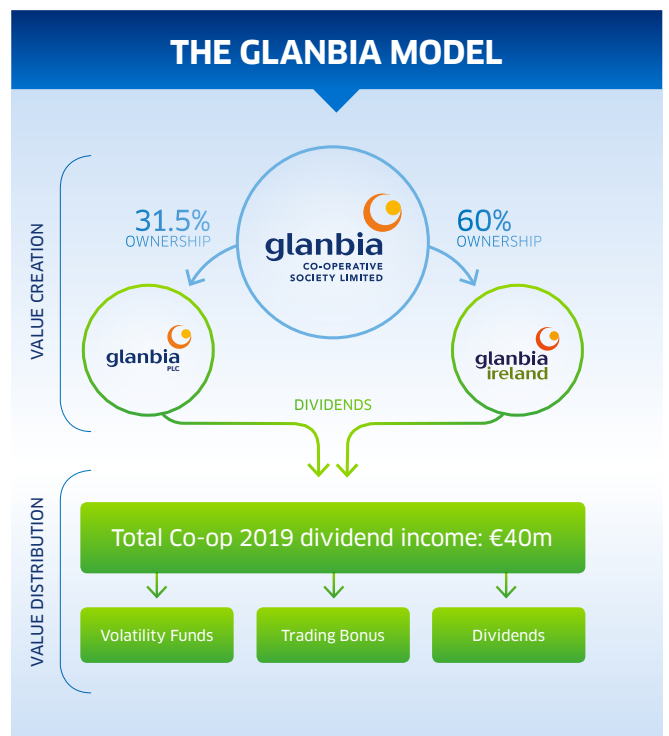
The essence of the Glanbia model is grounded in two commercially-focused, ambitious, world-leading organisations whose growth underpins both capital appreciation and dividend income to your Co-op. This income stream in particular can either be retained within the Co-op or distributed annually to Members to support your business ambitions. In 2019 the Co-op's dividend income will be approximately €40 million, with €22.6 million from Glanbia plc and €17.3 million from GI. Both organisations have ambitious plans, with the potential for future growth in the dividends paid to the Co-op. Glanbia plc has a dividend policy to pay each year to shareholders between 25% and 35% of earnings while in the case of GI, it will each year pay its shareholders (Co-op and plc) a dividend equivalent to a minimum of 50% of earnings.

At our Punchestown SGM in 2017, Members approved the proposal that 100% of the Co-op dividends received from GI would be ring-fenced for distribution to our active farmers - the Trading Bonus Scheme is a key mechanism for this process. Our model, while different from other organisations, is highly transparent and one that has created value for all our Members.

## Value Distribution

The value created for the Co-op by GI and Glanbia plc is available for distribution to Members in three main channels:

- Volatility Funds, such as milk or grain price support;
- Trading Bonus Scheme; and
- Share interest (dividends) paid to all Members.





# “Glanbia plc dividend of 24.2 cent per share paid to all plc shareholders in respect of 2018.”

Siobhán Talbot, Group Managing Director

## Volatility Funds

Volatility Funds are established with the approval of Co-op Members. At Special General Meetings in 2017 and 2018, Members approved the establishment of a total of €50 million Member support fund. In 2018 the total support paid to members was €29.6 million which included milk and grain price support, a Fodder Support payment in April and a support payment for milk lost in Storm Emma. The Co-op also supported members with €20 million in an Extended Credit Scheme from its cash reserves.

## Trading Bonus

The Glanbia Co-op Trading Bonus Scheme was launched in January 2018 and is a progressive scheme that encourages, recognises and rewards Members for trading with GI. It has a number of advantages:

- It is an equitable and transparent means of returning a share of GI's profit to active farmers;
- It is aligned with a key co-operative principle in that it benefits Members in proportion to the business that they conduct with their Co-op;
- The Trading Bonus drives a higher level of trade with GI to create value for the Co-op – with higher profits for distribution to Active Members in future years; and
- The Scheme is in line with two pillars of our Co-op strategy – it supports Active Members and supports GI.

Members responded very positively to the 2018 Trading Bonus Scheme. In a year when farmer spending on inputs was higher due to weather events, the scheme resulted in a total payment to active farmers of €14 million.

In January of this year, the Board agreed to launch a similar Trading Bonus Scheme for 2019, and details have been communicated to all eligible Members.

## Dividends

Glanbia Co-operative Society's significant investment in two ambitious growth businesses, GI and Glanbia plc, underpins the core strategy of Glanbia Co-op which is value creation for all Members. The annual dividends received from these investments allows the Co-op to pay a strong dividend to all Members, while continuing to respond as required to the challenges faced by the farming enterprises of our active Members, as was demonstrated so clearly in 2018.



Siobhán Talbot  
Group Managing Director



## YOUR GLANBIA STRONG & SUPPORTIVE CASE STUDY

### Nicholas Roberts, Millquarter, Newbawn, Co Wexford.

“Here in Co Wexford, the weather was particularly challenging in 2018, with the 'Beast from the East' and then a severe summer drought. I have to acknowledge that Glanbia stepped up to the mark, with a payment for milk lost in the snow and an Extended Credit Scheme during the drought. It showed that our Co-op was there for us when we needed it most. It was a very expensive year, so the Trading Bonus Scheme payment in February was very welcome. As a Member of the South Wexford Regional Advisory Committee, I also had the opportunity to join 32 fellow farmers and participate in the Training Course run by Glanbia Co-op in conjunction with ICOS. I found it very interesting and a great opportunity to learn more about the organisation.”



# Glanbia Ireland

## Our Mission

Working with nature to bring the passion of our Irish farmers to the world

## Our Vision

Grow together to enrich all the communities we serve

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**“In March 2018, Glanbia Ireland announced a major expansion at the Belview milk powder plant with an investment programme of €125 million to expand milk processing capacity.”**

**Jim Bergin, CEO, Glanbia Ireland**

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2018 was the first full year of the combined consumer, ingredients and agribusiness categories, following the formation of Glanbia Ireland on 2 July 2017. While the weather patterns in 2018 were unprecedented, together with our supplier and customer base, the business responded well and recorded a successful financial and operating performance for the year.

From the perspective of our product offerings, Glanbia Ireland (GI) is quite unique in that we have capability across an end-to-end traceability system. With our closed loop supply chain, we can trace the provenance of our products from farm to fork, from grass to glass. The coming together of the three strands of the Irish business into a cohesive, strong and ambitious entity will help to unlock opportunities which we will exploit in the years ahead.

### Fundamental performance factors

As outlined at our farmer information meetings and communications over the past year, the GI team has a clear focus on three fundamental performance factors:

- Process our suppliers' growing milk volumes;
- Pay a market led competitive milk and grain price; and
- Achieve a minimum Profit after Tax margin of 3.2%.

### Milk supply volumes

2018 was an extremely challenging year for Glanbia farmers, with an extended winter period leading to a fodder crisis in the spring, followed by a drought in summer resulting in substantially higher feed bills. The weather conditions resulted in milk volumes being 0.5% behind 2017 for the first half, and over 10% ahead of 2017 in the second half. The final outcome was milk supply growth of 5.1%, with milk volumes processed in 2018 being over 2.7 billion litres.

As we develop our future plans, GI has recently asked all of its milk suppliers to complete a detailed Milk Supply Census in order to determine the likely milk supply growth between 2019 and 2023.





### Financial performance

Despite the weather challenges, Glanbia Ireland reported a good set of financial results for 2018 with overall revenue of €1.8 billion, and Profit after Tax (PAT) of €57.8 million, thereby achieving the targeted PAT of 3.2%.

Revenue was up 29% from the €1.4 billion recorded in 2017, however, the 2017 revenue includes the acquired Agri and Consumer businesses only from the date acquired, 2 July 2017. On a like-with-like basis, turnover increased by 3% for the year:

- Agribusiness experienced high sales of feed and fertiliser compared to the prior year due largely to the weather conditions, but an increase in market share in key feed categories was also recorded.
- The domestic retail consumer market performed satisfactorily during 2018, with modest volume growth across the branded milk and cream portfolio, and good increase in Value Added Milks. Strong progress was made in expanding the Group's consumer branded offerings internationally.
- Ingredients sales volume increased by 1% but price deflation of 5% led to turnover decline of 4% in the year.

The business recorded an Operating Profit (Earnings before Interest and Tax) of €75.6 million, up from €59.9 million in 2017.

An important component of the Glanbia model is the payment of 50% of the profits of Glanbia Ireland in dividend each year to its shareholders. This facilitates the recycling of these profits by Glanbia Co-op to its active farmer Members. Glanbia Ireland paid its first dividend in 2018, in respect of the profit generated in 2017. The dividend amounted to €21.5 million, of which Glanbia Co-op received €12.9 million and Glanbia Plc received €8.6 million. In March 2019, Glanbia Ireland paid a dividend of €28.9 million based on its 2018 profits.

### Balance Sheet Strength

GI's balance sheet as at 29 December 2018 shows a strong financial position, with total equity attributable to the Group's shareholders standing at €409.5 million an increase of €25.6 million in the year. At 29 December 2018, the Group had net debt of €319.6 million, an increase of €32.7 million on the debt level of €286.9 million at 30 December 2017. The increase in net debt was largely related to higher working capital requirements at the year end due to the surge in milk supplies from August to December of 2018.

### Investing for Growth

In March 2018, Glanbia Ireland announced a major expansion at the Belview milk powder plant with an investment programme of €125 million to expand milk processing capacity. This investment is currently on track and on budget and will be operational for the peak milk supply period over the coming weeks. On-going capital investments across the processing network also continued during 2018.

On 22 January 2019, Glanbia Ireland announced plans to enter a strategic partnership with Royal A-ware, a leading global cheese and dairy producer in the Netherlands, to build a new cheese manufacturing facility in Belview at a cost of approximately €140 million. This new partnership ensures that we can continue to support the growth ambitions of our supply base while also creating a new route to market for our milk and diversifying our product portfolio of consumer dairy products and ingredients.

The new facility is scheduled for commissioning in 2022 and will produce continental cheeses in various formats. Once fully commissioned, the new facility will have a production capacity of 450 million litres of milk per annum. Approximately 80 full time jobs will be created at the facility with approximately 100 temporary jobs created during the construction phase.



Pictured at the launch of Glanbia Ireland's €140 million strategic partnership with Royal A-ware are Jim Bergin, CEO Glanbia Ireland, Jan Anker, Chief Executive Royal A-ware Group and Martin Keane, Glanbia Group Chairman.



# Glanbia Ireland

## Glanbia Ireland and Kepak Group launch innovative new Twenty20 Beef Club

GI and Kepak Group have formed an ambitious and innovative new calf-to-beef programme. The “Twenty20 Beef Club” affords Members a guaranteed market for their heifers and steers with a predictable and transparent pricing formula at time of slaughter.

2019 will be a pilot year for the programme, with a target of 6,000 calves from GI supplier dairy farms in the Republic of Ireland. Over the coming years, GI and Kepak intend to expand programme numbers to 50,000 per annum.

In a world-first in the beef sector, Glanbia Co-op has provided funding for the pilot phase to allow its Members of the Twenty20 Beef Club to benefit from an advance payment of up to €770 per animal to provide cashflow during the animal’s lifetime. This optional programme component, administered by Finance Ireland, will pay a Twenty20 Beef Club Member €35 per animal per month from months 3 to 24.



Pictured at the launch of the Twenty20 Beef Club were Jim Bergin, Chief Executive of Glanbia Ireland, Minister for Agriculture, Food & the Marine Michael Creed and John Horgan, Managing Director, Kepak Group.

### Fixed Milk Price Schemes and the Glanbia Loyalty Scheme

A further component of the Glanbia model is the continued development of innovative, voluntary schemes that seek to assist GI customers and suppliers in the management of their business margins. Developed by the GI team, Glanbia Co-op is also a participant in many of these schemes to ensure that these volatility proofing mechanisms achieve the best possible outcomes for Glanbia suppliers and customers. Each of the schemes has been substantially over-subscribed to date.

During 2018, GI launched an innovative fixed milk price scheme entitled the “Glanbia Loyalty Scheme”, which not only guarantees suppliers a fixed price for their milk, but also provides a loyalty bonus of €30 per tonne on all dairy feed purchased by participants for those who wished to avail of the option. All of the schemes launched in 2018 are outlined on pages 8–9.

### FundEquip

In September 2018, an innovative scheme called FundEquip was launched to give milk suppliers the option to spread the cost of critical infrastructure over 3 to 5 years with Finance Ireland providing the funding directly to suppliers. GI worked closely with equipment suppliers and Finance Ireland in bringing this unique financing offering to the market.

### Milk Statement

GI launched a new format user-friendly milk statement in December 2018 which provides milk suppliers with a clearer, more informative and visually engaging document, which has been very well received. Further enhancements are in development, and will be rolled out in 2019.

### Brexit

The political uncertainty surrounding Brexit is causing economic uncertainty and a large investment of time and resources to cover off the risks it may bring. GI has identified the principal risks which would arise if no deal is concluded between the UK and the European Union.

In order to mitigate these risks, GI has implemented plans to reduce its dependence on the UK market, particularly for cheese and butter. Other markets have been developed over the course of the past two years and we continue to expand our presence in foreign markets. GI has also appointed alternate suppliers for non-dairy raw materials and has sufficient stocks in Ireland to cater for immediate manufacturing and sales requirements.

As a further hedge against the impacts of Brexit, GI is working closely with Glanbia Cheese, a Joint Venture of Glanbia Plc, in the development of the Glanbia Cheese mozzarella plant in Portlaoise. GI will be the main supplier of raw material inputs into the Portlaoise plant, from which the products are destined for European markets.



### Truly Grass Fed

During 2018, Glanbia Ireland launched Truly Grass Fed cheese on retail shelves in the United States. Glanbia has considerable retail expertise in Ireland (Consumer Foods) and in the US (Glanbia Performance Nutrition). We believe firmly in Irish dairy's outstanding sustainability credentials due to the huge investment that our suppliers have made in their farms. We undertook detailed market research in conjunction with Bord Bia and identified a niche opportunity in the "natural" food segment with verifiable claims.

The Truly Grass Fed brand plays in the growing "natural" segment of the market, with particular focus on informed consumers seeking products with verifiable claims.

### Bio-economy project

During 2018, the European Commission announced €22 million in funding for a new bio-economy research project led by GI. The project, called AgriChemWhey, received the funding under the European Union's Horizon 2020 research and innovation programme.

The project will explore the development of a potential world-first process for converting by-products from the dairy industry into high value bio-based product ingredients. The project is based on groundbreaking technology developed and patented by GI, in collaboration with University College Dublin and Trinity College Dublin. The AgriChemWhey project seeks to take low value by-products from the dairy processing industry - excess whey permeate and delactosed whey permeate - and convert them into sustainable lactic acid.

The project will be in a research phase over the next couple of years, before any decision can be made to build a full-scale commercial operation.

### Conclusion

With your support as suppliers and customers GI moves into 2019 in a strong position. We have ambitious plans to grow in conjunction with your businesses and are investing to support your ambitions for milk growth; our strong balance sheet ensures that we can fund the immediate capital expenditure plans without seeking supplier contributions for the next phase of milk growth. Across the business the team is focused on optimising market returns, managing our cost base tightly through the Glanbia Performance System, investing to drive future value growth while at all times maintaining the very high standards expected of us by all our stakeholders.



**Jim Bergin**  
CEO, Glanbia Ireland



### YOUR GLANBIA STRONG & SUPPORTIVE CASE STUDY

## Ger Waters, Crookstown, Ballytore, Athy, Co Kildare.

"The availability of Extended Credit and alfalfa from Glanbia was a massive help to me last year. It is not always easy to get bank finance at short notice, so the Extended Credit Scheme was absolutely brilliant the way it worked. In terms of our Co-op, I think it is vital that we hold on to our current investments in Glanbia plc and Glanbia Ireland, as those streams of dividend income are a vital cushion to help us in times of volatility. It is Brexit at present, but it could be something else at other times. We need to have that support available - other Co-ops don't have that cushion. Ideally you would like Glanbia Ireland to pay the full farm gate price from market returns without requiring Co-op support, but I think we have to be realistic given the high level of investment in milk processing capacity expansion that has taken place in recent years."

# Glanbia plc

Glanbia is a global nutrition group dedicated to delivering better nutrition for every step of life's journey.

2018 was another exciting year for Glanbia plc. The Group's vision is to be one of the world's top performing nutrition companies trusted to enrich lives every day. In 2018 Glanbia plc's global and ambitious team of 6,900 employees continued to further develop and evolve the Glanbia journey. The Group reported a good set of results with Group revenue at €2.4 billion (+4.1% constant currency). Wholly-owned EBITA increased 0.6% to €284.9 million (5.2% constant currency) and pro-forma adjusted Earnings Per Share (EPS) grew by 4.5% (9.0% constant currency).

Global nutrition trends continue to shape Glanbia plc's operating environment and its strategic focus areas are grounded in the nutrition trends that are most relevant to the Group such as: health and wellness; on-the-go food and beverages; clean labels; and digital connectivity. In May 2018, the Group communicated its long-term value creation model and set out its growth strategy and ambitions at a Capital Markets Day in Chicago. Glanbia plc's strategy and financial targets are clear and underscore its commitment to the right balance of revenue growth and earnings performance. The Group's ambition is to be a €6 billion total revenue group in 2022 with an average five year adjusted EPS growth of 5% to 10% on a constant currency basis. The Group aims to deliver this revenue and earnings momentum through both organic growth and acquisition activity while also meeting other financial metrics such as Cash Conversion and Return on Capital Employed.

### Glanbia Performance Nutrition

For Glanbia Performance Nutrition (GPN) the evolution of consumer trends has been the catalyst for the Group's clear prioritisation of a number of areas. Some highlights of 2018 include:

- The extension of our existing expertise in performance nutrition to the 'lifestyle' category with strong innovation across existing brands including Optimum Nutrition, Amazing Grass and thinkThin.
- The exciting addition of SlimFast into the GPN portfolio.
- The prioritisation of investment in building our Direct-to-Consumer (D2C) capability. Since the acquisition of Body & Fit we have invested in people and infrastructure as we bring a whole new digital capability to GPN.

### Glanbia Performance Nutrition

Glanbia Performance Nutrition (GPN) is a global leader in the performance nutrition business. GPN has a portfolio of nine brands ranging in appeal from consumers looking to improve their athletic performance to those seeking on-the-go snacks and beverages to support weight management and a healthy lifestyle.



### Glanbia Nutritionals

Glanbia Nutritionals (GN) comprises: Nutritional Solutions (NS) and US Cheese. Through its extensive portfolio of ingredients and capabilities, NS is a global provider of nutritional and functional solutions. In an innovative model with our US dairy partners, US Cheese is the #1 producer and marketer of American-style cheddar cheese.



### Joint Ventures

**Glanbia Ireland** is the largest Irish-based integrated dairy nutrition and agri-food business.

**Southwest Cheese/Michigan** is a US-based cheese and whey manufacturing business with an existing plant in New Mexico and a new plant under construction in Michigan.

**Glanbia Cheese UK** is the largest mozzarella cheese manufacturer in Europe.

**Glanbia Cheese EU** established in 2018 is constructing a new mozzarella cheese plant in Ireland.

### Glanbia Nutritionals

Glanbia Nutritionals comprises; Nutritional Solutions and US Cheese. In Glanbia Nutritionals (GN) and in particular within its Nutritional Solutions (NS) division, the Group remains focused on optimising its ability to adapt to meet customer and consumer needs. These customers operate in a variety of end market categories, such as: sports & lifestyle nutrition, mainstream food & beverage, supplements, clinical nutrition and early life nutrition. In 2018, NS's growth continued to be driven by the ever-increasing trend of consumers seeking nutritional products with added protein, clean label, convenience and functionality. Functional foods have added ingredients which have a potentially positive effect on consumer's health, beyond basic nutrition. While protein remains the most desired functional food ingredient, and the cornerstone of GN, consumer appetite for novel functional foods and nutritional solutions is increasing with significant interest in both dairy and plant-based nutrition. With this in mind, in February 2019, the Group announced the agreement to acquire Watson, a third-generation US-based business which focuses on non-dairy ingredient solutions. Furthermore, US cheese remains the number one producer of American-style cheddar cheese, supplying natural cheese to brand owners and other leading food service organisations globally.



### Joint Ventures

As mentioned earlier, the Group continued to extend its footprint with its partners within the existing robust joint venture business models. A number of investments were approved in 2018:

- The extension of the relationship with its existing Southwest Cheese joint venture partners: Dairy Farmers of America (DFA) and Select Milk Producers (Select). This expanded joint venture will own the existing cheese and whey manufacturing facilities in Clovis, New Mexico, and the new US\$470 million cheese and whey plant in Michigan, which is scheduled for commissioning in 2021;
- With Leprino Foods, the Group approved the creation of a new joint venture which will invest €130 million in a mozzarella cheese plant in Portlaoise, Ireland which is scheduled for commissioning in 2020; and
- Together with Glanbia Co-operative Society Limited, Glanbia's partner in Glanbia Ireland, the Group approved further investment to support the growth of the Irish milk pool, by entering into a strategic partnership with Royal A-ware, a leading global cheese and dairy producer in the Netherlands. This partnership plans to invest €140 million in building a new continental cheese plant in Kilkenny, Ireland with commissioning expected by 2022.

### Conclusion

Glanbia plc made strong progress in 2018 and has set out its 2022 growth ambition. The Group's future growth journey will leverage its current strengths with a deliberate emphasis on investment to drive growth in its two key growth pillars of Glanbia Performance Nutrition and Glanbia Nutritionals, augmented by selective acquisitions. The Group remains well-positioned to benefit from the global growth opportunities continuously emerging from mindful, health conscious and tech-savvy consumers who want to lead healthier and more active lives.

“Glanbia plc’s future growth journey will leverage its current strengths with a deliberate emphasis on investment to drive growth in its key growth pillars of Glanbia Performance Nutrition and Glanbia Nutritionals, augmented by selective acquisitions.”

Siobhán Talbot, Group Managing Director

## TWO EXCITING ACQUISITIONS

# SlimFast

In November 2018, Glanbia acquired SlimFast, a leading consumer brand in the weight management market, for US\$350 million (exclusive of additional working capital and cash). SlimFast complements GPN's brand portfolio, targeting lifestyle consumers and playing to global consumer trends which are focused on health and wellness, convenient formats and snacking.

In addition, it will provide GPN with scale in the growing Food, Drug, Mass, Club (FDMC) channel, in particular via its Ready-to-Drink (RTD) products. GPN will use its existing capability to support SlimFast's growth in other channels and geographies. Innovation will continue to be a core part of the SlimFast portfolio and the recent launch of the SlimFast Keto range in the US is performing well. The weight management category is worth an estimated US\$8 billion\* annually. SlimFast is the fastest-growing brand in the weight management category in the US and the largest such brand in the UK.



\*(NBJ 2018)

## Watson

In February 2019, Glanbia plc announced the agreement to acquire Watson, a third-generation US-based business, for US\$89 million. Watson focuses on non-dairy vitamin and mineral premix solutions, edible films and material conditioning for global and regional customers in the food, nutritional, supplement and personal care categories. With an 80-year history of providing exceptional quality, capability and service to its customers, Watson will further strengthen Nutritional Solution's (NS) capability set.

The acquisition will also broaden the NS customer base and category reach and provide additional US East Coast production capability. NS's custom nutrient premix production footprint now extends coast to coast across the US with facilities in California, Missouri, Illinois and Connecticut. This US presence is supplemented by facilities in Germany and China to provide global scale and ingredients solutions to our customers.



# Retirements and Awards

## Retirements

Michael Keane retired from the Board in 2018. Michael served nine years on the Board and made a valuable contribution to Glanbia's success during his tenure. Furthermore Michael Purcell retired from the Council in 2018 after four years. I would like to thank them both for their commitment and wish them well for the future.

**Martin Keane, Glanbia Group Chairman.**



1. Kathleen and Danny Kennedy, William Keane, Brigid and Michael Keane, Siobhán Talbot, Martin Keane, Maire and Tim Finn.
2. Brigid and Michael Keane.
3. Martin Keane, Michael and Margaret Purcell and Margaret Keane.
4. Michael Purcell, Henry Corbally, Siobhán Talbot, Martin and Margaret Keane and Michael Keane.



## Michael Parsons awarded the Plunkett Award

Former Glanbia Co-op Director Michael Parsons was awarded the prestigious Plunkett award by the Irish Co-operative Organisation Society (ICOS) in 2018. The Plunkett award acknowledged Michael's outstanding lifelong contribution to the Irish Co-operative movement. Michael was a Board Member of Glanbia Co-op from 2000 - 2009, prior to which he served as a Glanbia local Committee Member from 1975 - 2015.



5. Michael Parsons receiving his award from Michael Spellman, ICOS president.
6. Michael Parsons and his wife Mary attending the ceremony with family members: Michael Jnr, Catherine, Paddy and Mary-Kate.





## Henry Corbally retires

Former Glanbia Group Chairman Henry Corbally retired from the Board in 2018. Henry served 18 years on the Board and served as Group Chairman from 2015 until 2018. Paying tribute to Henry's contribution to Glanbia, Group Chairman Martin Keane said Henry had brought considerable experience and expertise to his role and contributed strongly to the development and progress of Glanbia in recent years. "I would like to wish Henry and his family the very best for the future," he added.



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1. Henry and Edal Corbally with Margaret and Martin Keane.
2. Henry Corbally, Joan and John Moloney, Billy and Siobhán Talbot.
3. Henry and Edal Corbally with their family Lisa, Harry and Richard Corbally.
4. Five former Glanbia Chairmen: Liam Herlihy, Michael Walsh, Henry Corbally, John Duggan and Tom Corcoran.



4

# Co-op Representative Structure

The Society has 11 regions and 39 Area and Regional Committees with up to 780 Members participating. Individuals on these Committees are elected directly by Society Members.

This structure acts as a mechanism for communication between Members and the Board and management of the Society. The Committees also facilitate two-way communication within the representative structure and provide a training forum for potential Council and Board Members.



\*Including the Group Managing Director  
\*\*39 Area and Regional Committees

## Training and development

The Board is committed to the training and development of Committee Members. In partnership with ICOS, an intensive six day training programme was provided in late 2018 which was attended by Committee Members across the entire area of Glanbia operations.

The programme offered an opportunity to develop an understanding of the Glanbia business as well as gaining exposure to industry and business governance issues. The Board is committed to providing on-going training and development opportunities for Committee Members.





# Board Members

## 15 BOARD MEMBERS AND COMPANY SECRETARY

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**Martin Keane**

was appointed to the Board on 24 May 2006 and appointed Group Chairman on 1 June 2018. Martin has completed the ICOS Co-operative Leadership Programme. Martin is a Director of Ornu Co-operative Limited and former President of Irish Co-operative Organisation Society Limited. He farms at Brockery, Errill, Portlaoise, Co. Laois.

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**John Murphy**

was appointed Vice-Chairman on 2 June 2017. He was appointed to the Board on 29 June 2010. John is Vice Chairman of the National Dairy Council Board. He has completed the University College Cork Diploma in Corporate Direction. John farms at Ballinacoola, Craanford, Gorey, Co. Wexford.

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**Patrick Murphy**

was re-appointed as a Vice-Chairman on 1 June 2018 having previously served two years as Vice-Chairman from 2015 to 2017. He was first appointed to the Board on 26 May 2011. Patrick farms at Smithstown, Maddoxtown, Co. Kilkenny and is a Director of Farmer Business Developments plc.

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**Siobhán Talbot**

was appointed as Group Managing Director of Glanbia plc on 12 November 2013, having been appointed Group Managing Director Designate on 1 June 2013. She was previously Group Finance Director and her role encompassed responsibility for Group strategic planning. She has held a number of senior positions since she joined the Group in 1992 and joined the Board in 2009. She is a director of the Irish Business Employers' Confederation (IBEC) and was appointed as a Non-Executive Director of CRH plc in 2018.

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# Board Members

## 15 BOARD MEMBERS AND COMPANY SECRETARY

### Patsy Ahern

was appointed to the Board on 12 June 2015. Patsy has completed the University College Cork Diploma in Corporate Direction. He farms at Sheanmore, Ballyduff Upper, Co. Waterford.



### Jer Doheny

was appointed to the Board on 29 May 2012. Jer has completed the University College Cork Diploma in Corporate Direction. He farms at Upper Tullaroan, Co. Kilkenny.



### Vincent Gorman

was appointed to the Board on 27 June 2013. He farms at Ballindrum, Athy, Co. Kildare.



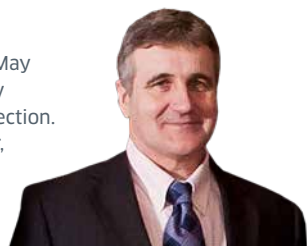
### Tom Grant

was appointed to the Board on 15 December 2015. He farms at Killerk, Lisronagh, Clonmel, Co. Tipperary.



### Brendan Hayes

was re-appointed to the Board on 30 May 2014. He has completed the University College Cork Diploma in Corporate Direction. He farms at Ballyquinn, Carrick on Suir, Co. Waterford.



### Diarmuid Lally

was appointed to the Board on 13 August 2018. Diarmuid farms at Tribley House, Kilmessan, Co. Meath.



### Eamon McEntegart

was appointed to the Board on 2 June 2017. He farms at Castlerring, Knockbridge, Dundalk, Co. Louth.



### John Murphy

was appointed to the Board on 2 June 2017. He farms at High Down Hill, Newcastle, Co. Dublin.



### Gerard O'Brien

was appointed to the Board on 1 June 2018. Gerard farms at Camphire, Cappoquin, Co. Waterford.



### Eamon Power

was re-appointed to the Board on 26 May 2011. Eamon has completed the University College Cork Diploma in Corporate Direction. He farms at Fethard on Sea, New Ross, Co. Wexford.



### Patrick Whyte

was appointed to the Board on 2 June 2017. Patrick has completed the ICOS Diploma in Corporate Governance. He farms at Ballystanley, Roscrea, Co. Tipperary.



### Michael Horan

was appointed as Group Secretary on 9 June 2005, having previously held the position of Group Financial Controller since June 2002. He joined the Glanbia Group in 1998 as Financial Controller of the Fresh Pork business in Ireland.





# Council Members

## 1. BARROWVALE



(Left to right) William Barrett, John Ryan, Edward O'Mahony, Seamus O'Shea, Laurence Hannon, Cathal Moran, Vincent Gorman.

## 2. DONAGHMORE / MONASTEREVIN



(Left to right) Shane O'Loughlin, Kevin Flynn, James Mahon, Michael McEvoy, John Talbot, Martin Keane, Paul Ennis, John Murphy.

## 3. NORTH WEXFORD / EAST WICKLOW



(Left to right) Albert Evans, John Byrne, Christopher Hill, John Murphy, Roger Boyd, Gerard Lyons, Patrick Darcy (absent from picture).

## 4. SOUTH TIPPERARY



(Left to right) Denis Corcoran, William Carroll, Daniel Norton, Thomas Grant, David Kennedy, Daniel Butler.

# Council Members

## 5. CASTLELYONS



(Left to right) Jerome Buttimer, Laurence Kearney, Michael Hogan, Shane Fitzgerald, Pasty Ahern, Patricia Fouhy-Barry, Thomas Murphy.

## 6. EAST WATERFORD



(Left to right) Jonathan Tighe, Kevin Kiersey, Roger Shanahan, Brendan Hayes, Niall Moore, John Paul Nugent.

## 7. NORTHERN



(Left to right) Kevin Meade, Denis O'Sullivan, Diarmuid Lally, Michael O'Flaherty, Andrew Rogers, John E. Murphy, Gerry Brady, Aidan Brogan, Eamonn McEnteggart, Joseph Maxwell, Jim Gilsenan (absent from picture).

## 8. SOUTH WEXFORD



(Left to right) Thomas Brennan, Rory Hammell, Eamon Power, Joseph O'Neill, Frank Barron, David O'Dwyer.



## 9. NORTH KILKENNY



(Left to right) John Regan, Patsy Mullen, John Robinson, Pdraig Walshe, Jer Doheny, Vincent Cunningham, Martin J. Healy.

## 10. SOUTH KILKENNY



(Left to right) Jimmy Walsh, Walter Crowley, Michael J. Walsh, Nicholas Kelly, Patrick Murphy, PJ Malone, James O'Brien.

## 11. WEST WATERFORD



(Left to right) Declan Dower, Gerard O'Brien, Sean Osborne, Anthony Murphy, Peter Kiely, Patrick Cooney, Joseph Harty.

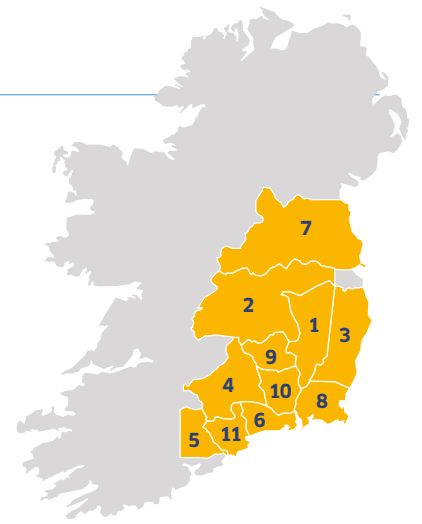
## CORPORATE



(Left to right) Patrick Kennedy, John Hogan, James Finn, Denis Berton, Paddy Whyte, James Power, Raymond Cody (absent from picture).

# Regional Committee Members

at 29 December 2018



## 1. BARROWVALE

William Barrett  
Philip Donohue  
Martin Doyle  
Barry Drea  
John Kieran Duffy  
Bernard Dunne  
Michael Dunne  
John Flood

Vincent Gorman  
Laurence Hannon  
Niall Hosey  
Alan Hughes  
Donal Kavanagh  
Eamonn Kealy  
James Kealy  
Brendan Kehoe

Declan Leigh  
Michael Moloney  
Cathal Moran  
Eamon Murphy  
Con O'Kelly  
Eddie O'Mahoney  
Seamus Joseph O'Shea  
Michael Purcell

John Gerard Ryan  
Sylvester Ryan  
Trevor Tutty  
Liam Walsh  
Richard Whelan



## 2. DONAGHMORE / MONASTEREVIN

Martin Bergin  
Aidan Byrne  
Noreen Callanan  
Edward Cummins  
James Dwyer  
Paul Ennis  
Timothy Fitzgerald  
Patrick Fitzpatrick

Laurence Flood  
Kevin Flynn  
Timothy Garry  
Norman Graham  
Thomas Horan  
Paul Hyland  
Martin Keane  
Patrick Keegan

Albert Lalor  
James Mahon  
Michael McEvoy  
Patrick McWey  
Matt Merrick  
Noel Moriarty  
Hugh Murphy  
John Murphy

Shane O'Loughlin  
John Joe O'Rourke  
Sylvester Phelan  
Thomas Phelan  
Alan Stephenson  
John James Talbot  
Derek Tierney  
James Walsh



## 3. NORTH WEXFORD / EAST WICKLOW

Stephen Arthur  
Roger Boyd  
John Byrne  
Michael Byrne  
Nicholas Darcy  
Patrick Darcy

Desmond Devereux  
Albert Evans  
Chris Fox  
Michael Gahan  
Vincent Gahan  
Christopher Hill

Gerard Lyons  
Declan McDonald  
John Murphy  
Declan O'Neill  
John Joseph O'Shaughnessy  
Alan Poole

Thomas Short  
Stephen Tracey



## 4. SOUTH TIPPERARY

Daniel Butler  
Noel Butler  
John Campion  
William Carroll  
Denis Corcoran  
Michael Croke

Patrick Feehan  
Paul Flaherty  
Thomas Grant  
Eamonn Hall  
Michael Joseph Horan  
David Kennedy

George Leahy  
Martin Madden  
Donal Morrissey  
Daniel Norton  
Richard O'Connell  
Donal O'Loughlin

James Francis Prendergast  
Patrick Quigley  
John P Ryan  
Bernard Sheehy



## 5. CASTLELYONS

Patsy Ahern  
John Barry  
Jerome Buttimer  
Neilus Cashman  
David Fitzgerald  
Shane Fitzgerald  
Seamus Fleming

Patricia Fouhy-Barry  
Sean Healy  
Patrick Hegarty  
Thomas Hegarty  
Michael Hogan  
Donal Howard  
Laurence Kearney

Tim Kearney  
John Leamy  
Daniel Lynch  
Kevin Garrett Moloney  
Joe Mulcahy  
David Joseph Murphy  
James Murphy

Thomas Murphy  
Oliver O'Brien  
Martin O'Riordan  
Seamus Roche





## 6. EAST WATERFORD

Roger Benedict Callanan  
Kevin Connolly  
Philip Cusack  
Michael Foran  
Thomas Galvin  
Patrick Richard Gough  
Michael Gerard Hahessy  
Thomas Hahessy  
Mervyn Hanley

Brendan Hayes  
Mike Hayes  
Michael Kent  
Kevin Kiersey  
John Mackey Jnr  
Richard Mahony  
Niall Moore  
James Mulligan  
Gerald Murphy

Walter Anthony Murphy  
Paul Norris  
John Paul Nugent  
John G O'Connell  
Pascal O'Connell  
John O'Donnell  
Edmond Phelan  
John Phelan  
Edward Power

James Power  
Paul Power  
Seamus Power  
James Anthony Quigley  
Roger Shanahan  
John Skehan  
Jonathan Tighe  
Chris Walsh  
David Walsh



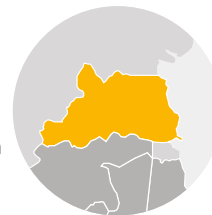
## 7. NORTHERN

Gerry Brady  
Eamonn Bray  
Aidan Brogan  
Brendan Carey  
Declan Carroll  
John Clinton  
Seamus Commons  
Henry Corbally  
Seamus Donohoe  
Willie Eivers

Dennis Fagan  
Stephen Finnegan  
Gordon Foster  
Andrew Gerraghty  
Stanley Gibney  
Jim Gilsenan  
Kevin Gilsenan  
Peter Holton  
George Jordan  
James Kelly

Diarmuid Lally  
Joseph Maxwell  
Fintan McCabe  
Michael McCaughey  
Eamonn McEnteggart  
Kevin Meade  
Paul Morrin  
Declan Mullen  
John Edward Murphy  
Patrick John Nangle

Michael O'Flaherty  
Padraig O'Scanaill  
Denis O'Sullivan  
Andrew Frederick Revington  
Andrew Rogers  
Martin Stafford  
Patrick Tuite  
Vincent Ward Jnr



## 8. SOUTH WEXFORD

Brian Kevin Barnwell  
Frank Barron  
Padraig Barron  
Robert Barron  
Thomas Brennan  
Michael Corcoran  
John Cullen

Frank Curtis  
Gerald Dunne  
John F Fitzgerald  
David French  
William Gleeson  
Rory Hammell  
Edward Lyng

Anthony Murphy  
James Joseph Murphy  
Mark Murphy  
Walter O'Brien Junior  
Aidan O'Connor  
Anthony O'Connor  
David O'Dwyer

Declan O'Hanlon  
Joseph A O'Neill  
Eamonn Power  
William Noel Quaid  
Thomas Quinn  
Nicholas James Roberts  
Sean Windsor



## 9. NORTH KILKENNY

Laurence Martin Bergin  
Thomas William Cooke  
Willie Costigan  
Vincent Cunningham  
Nicholas Deevy  
Jerry Doheny

John Gerard Dowling  
Martin Joseph Healy  
Thomas Gavan Kearney  
James Mulhall  
Patrick Mullan  
Michael Murphy (RIP)

Michael O'Carroll  
John Regan  
John Robinson  
Brian Roche  
Michael Rowe  
James Declan Ryan

Martin Treacy  
James Walsh  
Patrick Walsh  
Padraig Walshe



## 10. SOUTH KILKENNY

Michael D Aylward  
Patrick John Byrne  
Thomas Corcoran  
Walter Crowley  
Bryan Daniels  
Gerard Doherty  
Michael Downey  
Brendan Dunne  
James Fitzpatrick

Thomas Patrick Heffernan  
William Heffernan  
Patrick Holden  
Patrick Joseph Irish  
William Kearns  
Nicholas Kelly  
Peter Kirwan  
Thomas Landy  
Patrick John Malone

John J Murphy  
Patrick Murphy  
James O'Brien  
John O'Dwyer  
Patrick O'Hanlon  
Michael Phelan  
Sean Reid  
John Ryan  
Allen Smyth

Jimmy Walsh  
Liam Vereker  
Michael Joseph Walsh  
Padraig Walsh  
Seamus Walsh  
Thomas Walsh



## 11. WEST WATERFORD

John Byrne  
Patrick Cooney  
Laurence Curran  
Declan Dower  
Patrick Drohan  
Nicholas Dunphy  
Patrick Fennell

Liam Fenton  
Joseph Harty  
Patrick Joseph Hickey  
Michael Keane  
John Patrick Keating  
Peter Kiely  
Noel Looby

Vincent McCarthy  
John McKeon  
Anthony Murphy  
Gerard O'Brien  
William O'Donoghue  
Michael O'Gorman  
Sean Osborne

Edmond Power  
Thomas Power  
William Shanahan  
Morgan Sheehan  
Caroline Smiddy  
Thomas Francis Walsh



# Member Engagement

In keeping with the Co-op's principle of working together, Glanbia's engagement programme remains farmer centric, focusing on offering additional support and benefits to our Members.

In addition to our Glanbia Connect website, which provides online support for farmers, we also held a series of technical and information meetings throughout the year. Glanbia is also represented at a number of agricultural shows which take place in our catchment area.



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1. Attending the Dungarvan Fodder Planning Meeting - Patsy Ahern (Board Member), Carol Power (Glanbia Agri Business Manager) and George Howard (Lismore, Waterford).
2. Pictured at Virginia Show: Mairead McGuinness (MEP), Antoinette Cullen (Diageo), Champion Junior Cow Hallow Atwood Grace, Philip Jones (Owner and Glanbia Supplier) from Co Wexford and Eamonn McEntegart (Board Member).
3. Pictured in Kilmanagh, Co Kilkenny with a delivery of First Quality Alfalfa imported from Spain. Pat Tennyson (Glanbia Business Manager), John Maher (Glanbia Business Manager), Johnny Gorman (Glanbia lorry driver), Michael Maher, Jer Doheny (Board Member) and Jim Murphy (Glanbia Business Manager).
4. Attending the Glanbia Information Meeting in the Park Hotel, Dungarvan were Ray Bannon, Glanbia, Fiona Fitzpatrick, Clonea, Bill Keane, Stradbally and Peter Kiely, Old Parish.
5. Noel Tobin, Glanbia Tallow, Co. Waterford was on hand to help local farmers David Murphy, Kilmore, Tallow and Mike Hogan, Kilbeg, Tallow as the branch opened on Sunday to help customers that needed supplies after Storm Emma caused disruption to normal service in March 2018.



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## GLANBIA CONNECT

### WEBSITE OF THE YEAR

Glanbia Ireland's online store offering "Glanbia Connect" was relaunched in February 2018 and was awarded "Website of the Year" at the Retail Excellence Awards in 2018. The new Glanbia Connect website has been well received by customers, with traffic and sales increasing threefold year on year. Customers can manage their farm business and shop online at a time that suits them, or click and reserve for collection in any of Glanbia's 53 stores. As well as being Ireland's biggest online store for farming, the site also sells a wide range of products for gardeners and pet owners.

Visit [www.GlanbiaConnect.com](http://www.GlanbiaConnect.com)

1. Glanbia/Teagasc Monitor Farmers 2015-2018. Front row: Peter Mongey (Meath), Eamonn Healy (Wicklow), Paddy O'Gorman (Tipperary), Conor Beausang (Waterford), Jamie Kealy (Carlow), Martin Davin (Laois), Donal O'Reilly (Cork). Back row (L- R): Shane O'Loughlin (Kildare), Michael Doran (Wexford), Richard O'Brien (Teagasc Joint Programme Co-ordinator), Brendan Phelan (Kilkenny), Pat Dillon (Kilkenny), Darren Healy (Wicklow).
2. Attending Tinahely Show: Michael O'Neill (Wexford), Walter Donnelly (Wexford), John Murphy (Glanbia Vice Chairman), Albert Evans (Wicklow).
3. Minister for State at the Department of Health, Catherine Byrne TD gets her blood pressure checked by Marese Damery, Health Check Manager, Irish Heart Foundation with (from left) John Murphy, (Board Member); Dr. Noel Richardson, Lecturer, Department of Science and Health, IT Carlow; Pat Butler, Branch Manager Glanbia CountryLife, Tullamore and Sean Molloy, Chief Agribusiness Growth Officer, Glanbia Ireland at the official launch of the Glanbia Ireland free heart health checks for farmers.
4. Attending the Virginia Book Launch. Back row: Pat Murphy, Noeleen Smyth, Seamus Nolan, Siobhán Talbot, John Kerr, Marian McSherry and Robert Poyntz. Front Row: Helen Dunne, Brigid Galligan, Patricia Sheridan, Bernie Brady, Larry Carpenter.
5. Attending the Glanbia Fodder Seminar in the Park Hotel, Dungarvan were from left John Murphy, Glanbia. Paul Casey, Laura Forbes, Brian Hart and Brendan Hayes, Board Member.





# National Ploughing Championships 2018

The National Ploughing Championships remains one of the most anticipated dates in the Irish agricultural calendar. As always, the Glanbia stand is one of the busiest at the event. Below are a selection of people who visited our stand in 2018.

At the 2018 National Ploughing Championships Glanbia showcased a number of events and services including the launch of an innovative new scheme to help our milk suppliers fund the purchase of critical farm infrastructure including generators, feed bins, bulk tanks and milk cooling equipment. In addition:

- **The GAIN Animal Nutrition** team were available to discuss fodder resources on your farm and preparing your winter fodder plan;
- The team also **showcased their range of high quality and nutritious feeds** which allows animals to thrive, optimising milk yield or meat production, enabling farmers to GAIN the advantage;
- **GlanbiaConnect.com** launched a €1,000 shopping spree competition;
- **Avonmore** provided a Milk Bar Taste for Ireland's #1 milk brand;
- **MyMilkman.ie** were on hand for those who wished to sign-up for doorstep delivery to ensure you never run out of milk again;
- **Glanbia Ireland showcased their farm services** including herd disease screening service, milk culturing service, as well as silage analysis and our new soil fertility programme;
- **The Glanbia Co-op shares office staff** were also available to discuss any issues regarding your Co-op shareholding; and
- A number of **technical seminars and discussion forums** were held on our stage each day.









# Summary Profit and Loss Account

for the Society and its subsidiaries (excluding Glanbia plc and Glanbia Ireland)

	<b>2018</b>	<b>2017</b>
	<b>€'m</b>	<b>€'m</b>
Dividend income from Glanbia plc	24.1	14.4
Dividend income from Glanbia Ireland	12.9	-
Representative structure fees and expenses	(0.9)	(1.1)
Administration costs	(3.0)	(3.0)
<b>Operating profit</b>	<b>33.1</b>	<b>10.3</b>
Profit on sale of Glanbia plc shares	-	148.4
2017 SGM costs and Dairy Ireland transaction related costs	-	(3.9)
Professional fees re. sale of Glanbia plc shares	-	(0.9)
Finance income / (costs)	0.2	(0.3)
<b>Profit before taxation</b>	<b>33.3</b>	<b>153.6</b>
Taxation	-	-
<b>Profit after taxation</b>	<b>33.3</b>	<b>153.6</b>
<b>Appropriations from reserves</b>		
Farm inputs/milk/grain patronage	(43.6)	(5.0)
Ordinary share interest (dividend)	(4.8)	(3.9)
Ordinary share interest (special dividend)	-	(10.0)
Spin out of Glanbia plc investment	-	(4.9)
<b>Total appropriations</b>	<b>(48.4)</b>	<b>(23.8)</b>
<b>Net (loss) / profit for the year after appropriations</b>	<b>(15.1)</b>	<b>129.8</b>

## Summary balance sheet for the Society and its subsidiaries (excluding Glanbia plc and Glanbia Ireland)

	<b>2018</b>	<b>2017</b>
	<b>€'m</b>	<b>€'m</b>
Fixed Assets	1.5	1.2
Investments*	235.8	236.4
Working capital	(6.5)	(1.7)
Revolving share plans	-	(15.2)
Pension obligations	(0.6)	(0.9)
Total cash excluding restricted cash	27.9	34.6
Restricted cash** – cash received as part of voluntary share trading	11.7	-
Voluntary Share Trading**	(11.7)	-
Trading Bonus Scheme	(14.0)	-
Receivable from Glanbia Ireland	103.2	119.2
Glanbia Advance Payments Scheme receivable	0.2	0.5
Glanbia MilkFlex Fund receivable	3.8	3.0
Farm inputs/milk/grain patronage payable	-	(1.4)
Ordinary share interest (special dividend) payable	(0.9)	(10.0)
Bond (net of deferred issue costs)	(92.6)	(92.3)
Bond option	(4.6)	(5.6)
<b>Net Assets</b>	<b>253.2</b>	<b>267.8</b>
<b>Net assets with investments at market value*</b>	<b>1,789.5</b>	<b>1,653.5</b>

\*Investments in Glanbia plc and Glanbia Ireland DAC are included in the summary balance sheet at cost for 2018 and 2017. The market value of the 93.3 million (2017: 93.3 million) shares held in Glanbia plc was €1,525.46 million (2017: €1,390.17 million) based on a share price of €16.35 as at year end (2017: €14.90). The market value attributed to the investment in Glanbia Ireland DAC represents the share of net assets attributable directly to the Society as at 29 December 2018 of €245.7 million (2017: €230.3 million). The percentage shareholding remained at 60% for both 2018 and 2017.

\*\*Restricted cash and voluntary share trading relates to cash due to sellers of shares received from buyers as part of the Voluntary Share Trading Scheme.



# Summary Cashflow

for the Society and its subsidiaries (excluding Glanbia plc and Glanbia Ireland)

	<b>2018</b>	<b>2017</b>
	<b>€'m</b>	<b>€'m</b>
Dividend income from Glanbia plc	24.1	14.4
Dividend income from Glanbia Ireland	12.9	-
Interest income	0.6	-
Issue of shares in Glanbia Co-operative Society Limited	2.8	1.3
Sale of Glanbia plc shares	-	155.5
<b>Inflow</b>	<b>40.4</b>	<b>171.2</b>
Farm inputs/milk/grain patronage	(29.6)	(5.0)
Ordinary share interest payment	(4.4)	(3.7)
Revolving Share Plan - repayments	(15.8)	(9.6)
2017 SGM costs & Dairy Ireland transaction related costs	-	(3.9)
Professional fees re. sale of Glanbia plc shares	-	(0.9)
Interest, administration and other costs	(3.5)	(4.0)
Ordinary share interest (Special dividend)	(9.2)	(0.3)
Loans repaid from/(advanced to) Glanbia Ireland	36.0	(100.0)
Glanbia Advance Payments Scheme receipts	0.2	5.3
Glanbia MilkFlex Fund payments	(0.8)	(1.5)
Glanbia Extended Credit Scheme payments	(20.0)	-
Increase in investment in Glanbia Ireland DAC	-	(112.0)
<b>(Outflow)</b>	<b>(47.1)</b>	<b>(235.6)</b>
Net outflow of funds	(6.7)	(64.4)
Total cash and Glanbia plc balances at start of year	34.6	99.0
<b>Total cash (excluding restricted cash)</b>	<b>27.9</b>	<b>34.6</b>

## Summary net cash and related balances for the Society and its subsidiaries (excluding Glanbia plc and Glanbia Ireland)

	<b>2018</b>	<b>2017</b>
	<b>€'m</b>	<b>€'m</b>
Total cash at end of year	27.9	34.6
Loan receivable from Glanbia Ireland	103.2	119.2
Revolving share plans	-	(15.2)
<b>Net cash and related balances at end of year*</b>	<b>131.1</b>	<b>138.6</b>

\*The €100 million equity linked exchangeable bond is due for repayment in June 2021. Also the Glanbia Advance Payments Scheme, Glanbia MilkFlex Fund and the Glanbia Extended Credit Scheme payments totalling €13.8 million are receivable within one to seven years.

During the year an amount of €20 million was advanced to Glanbia Ireland under the Glanbia Extended Credit Scheme.

Extracts from the consolidated financial statements of Glanbia Co-operative Society Limited

# Consolidated Group Income Statement

for the financial year ended 29 December 2018

	Pre-exceptional 2018 €'m	Exceptional 2018 €'m	Total 2018 €'m	Pre-exceptional 2017 €'m	Exceptional 2017 €'m	Total 2017 €'m
Revenue	4,167.6	-	4,167.6	4,091.3	-	4,091.3
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>359.0</b>	-	<b>359.0</b>	<b>350.4</b>	<b>(22.3)</b>	<b>328.1</b>
Intangible asset amortisation	(49.0)	-	(49.0)	(46.1)	(19.4)	(65.5)
<b>Operating profit</b>	<b>310.0</b>	-	<b>310.0</b>	<b>304.3</b>	<b>(41.7)</b>	<b>262.6</b>
Other operating income	2.3	-	2.3	-	-	-
Finance income	4.5	-	4.5	3.0	-	3.0
Finance costs	(32.5)	-	(32.5)	(37.6)	(14.0)	(51.6)
Share of results of Joint Ventures & Associates	25.5	-	25.5	27.8	8.8	36.6
<b>Profit before taxation</b>	<b>309.8</b>	-	<b>309.8</b>	<b>297.5</b>	<b>(46.9)</b>	<b>250.6</b>
Income taxes	(42.2)	-	(42.2)	(46.9)	45.0	(1.9)
<b>Profit for the year</b>	<b>267.6</b>	-	<b>267.6</b>	<b>250.6</b>	<b>(1.9)</b>	<b>248.7</b>
<b>Attributable to:</b>						
Equity holders of the Society			105.3			94.3
Non-controlling interests			162.3			154.4
			<b>267.6</b>			<b>248.7</b>

Consolidated financial statements are available on request from:

The Company Secretary  
Glanbia Co-operative Society Limited  
Glanbia House  
Kilkenny  
Ireland

T + 353 56 7772200  
F + 353 56 7772222

On behalf of the Board  
**Mn. Keane S. Talbot J. Murphy**  
Directors



# Consolidated Group Balance Sheet

as at 29 December 2018

	2018 €'m	2017 €'m
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,069.8	984.0
Intangible assets	1,329.3	984.3
Investments in Associates	2.6	2.6
Investments in Joint Ventures	153.8	94.1
Available for sale financial assets	10.1	17.4
Trade and other receivables	16.3	5.0
Deferred tax assets	2.1	1.6
Retirement benefit assets	1.1	1.7
Derivative financial instruments	-	0.4
	<b>2,585.1</b>	<b>2,091.1</b>
<b>Current assets</b>		
Inventories	691.9	560.9
Trade and other receivables	518.8	513.7
Current tax asset	12.0	11.3
Derivative financial instruments	1.7	6.0
Cash and cash equivalents	322.1	244.1
	<b>1,546.5</b>	<b>1,336.0</b>
<b>Total assets</b>	<b>4,131.6</b>	<b>3,427.1</b>
<b>EQUITY</b>		
<b>Issued capital and reserves attributable to equity holders of the Parent</b>		
Share capital and share premium	45.4	43.8
Other reserves	161.9	150.9
Retained earnings	534.9	480.2
	<b>742.2</b>	<b>674.9</b>
Non-controlling interests	1,074.5	931.5
<b>Total equity</b>	<b>1,816.7</b>	<b>1,606.4</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial Liabilities	1,081.5	771.7
Derivative financial instruments	6.3	5.7
Deferred tax liabilities	173.3	134.1
Retirement benefit obligations	132.1	136.4
Provisions	33.5	32.7
Capital grants	24.6	22.9
Other payables	13.0	10.1
	<b>1,464.3</b>	<b>1,113.6</b>
<b>Current liabilities</b>		
Trade and other payables	723.4	575.9
Current tax liabilities	59.7	51.9
Financial liabilities	59.5	51.9
Derivative financial instruments	1.7	0.6
Provisions	4.5	25.1
Capital grants	1.8	1.7
	<b>850.6</b>	<b>707.1</b>
<b>Total liabilities</b>	<b>2,314.9</b>	<b>1,820.7</b>
<b>Total equity and liabilities</b>	<b>4,131.6</b>	<b>3,427.1</b>

On behalf of the Board  
**Mn. Keane S. Talbot J. Murphy**  
 Directors













*your*  
**GLANBIA**  
*strong & supportive*

Glanbia Co-operative Society Limited  
Glanbia House  
Kilkenny  
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