



STRONG PROGRESSIVE SUPPORTIVE

Glanbia Co-operative Society | Annual Review 2016



CONTENTS

YOUR SOCIETY IN NUMBERS

YOUR SOCIETY IN NUMBERS	2
CHAIRMAN'S STATEMENT	4
GROUP MANAGING DIRECTOR'S STATEMENT	8
PROPOSAL TO CREATE GLANBIA IRELAND	10
GLANBIA INGREDIENTS IRELAND	12
GII 2016 HIGHLIGHTS	14
GLANBIA PLC HIGHLIGHTS	16
SOCIETY GOVERNANCE	18
BOARD MEMBERS	18
RETIRING GLANBIA COUNCIL MEMBERS IN 2016	20
COUNCIL MEMBERS	21
REGIONAL COMMITTEE MEMBERS	24
MEMBER ENGAGEMENT	26
SUMMARY PROFIT AND LOSS ACCOUNT	28
SUMMARY CASHFLOW	29
CONSOLIDATED GROUP INCOME STATEMENT	30
CONSOLIDATED GROUP BALANCE SHEET	31

¹ Based on Glanbia plc closing share price of €17.13 on 17 February 2017.

² The total value of dividends, patronage bonuses, spin-outs and share cancellation payments to Members since 2013 is €640 million, with a possible further €141m in 2017 (subject to approval).

Front cover, pictured top left; Donal Corkery, Farm Development Manager with Glanbia Ingredients Ireland, pictured on a visit to the Ballynoe, Co Cork farm of Maeve O' Keeffe.

LARGEST SHAREHOLDER
IN GLANBIA INGREDIENTS
IRELAND AND GLANBIA PLC



€2bn
ASSETS¹

€640m IN VALUE
DISTRIBUTION
SINCE 2013²



14,773
MEMBERS



794 NEW SOCIETY
MEMBERS
IN 2015/2016



52 TOTAL DIVIDEND
IN 2016
CENT
PER SHARE

CHAIRMAN'S STATEMENT

“Members received total dividend payments during 2016 of 52 cent per Co-op share held”

Henry Corbally
Group Chairman,
Glanbia Co-operative Society



€37.3m

OF DIRECT MEMBER SUPPORT PAID IN 2016

Dear member

I am proud to report on a strong performance by Glanbia Co-operative Society in 2016, a year that was very difficult for our farmers, with global dairy and grain prices reaching unsustainably low levels. Our Co-operative responded strongly, with €37.3 million of direct member support paid on milk and grain.

Glanbia milk suppliers also benefited from our organisation's global leadership in volatility management, with a significant proportion of Glanbia milk suppliers protected from market extremes through participation in Fixed Milk Price schemes. Likewise, our grain growers benefited from a number of premium contracts.

We believe that the Society strategy of providing members support, combined with the market based milk price from Glanbia Ingredients Ireland (GII), will position us in a strong relative position in the 2016 KPMG Milk Price Review, similar to 2015.

The proposed creation of Glanbia Ireland, which is due to be voted on by members on 18 May 2017, offers the potential for the Society to continue to provide patronage supports for its members, in an ongoing and sustainable way, utilising a progressive dividend policy from Glanbia Ireland for the benefit of active Members. As clarity on our potential support has been sought by Members and recognising the time gap to the first dividend flow from Glanbia Ireland, a specific proposal will be put to Members on 18 May 2017 to create a Member Support Fund of €40 million. Subject to member approval, this support fund will be utilised in a similar fashion to the €67.4 million support fund that was approved at a Special General Meeting (SGM) of the Society in Gowran in May 2015, with 75% to be paid by way of patronage support and 25% to be paid by way of Special Dividend to all members.

2017 Agri-inputs and grain support package

On 9 March 2017, the Co-op Board announced a package of patronage supports which will be made available to eligible Members based on grain supplied and feed and fertiliser purchased during 2017. This package will utilise a portion of the Member Support Fund that was established in May 2015.

This will provide Glanbia Co-op Members with:

- a loyalty bonus of €7 per tonne on all 2017 feed and fertiliser purchased from Glanbia;
- a loyalty bonus of at least €5 per tonne on all green grain and €2 per tonne on all dried grain supplied to Glanbia by Members in 2017 (this support is subject to a minimum spend of €40 per tonne on qualifying inputs).

While no minimum trading level is required for feed and fertiliser loyalty bonus payments in 2017, the Board has signalled an intention to consider a minimum trading requirement for future loyalty bonus payments.



**PROPOSED
SHARE
SPIN-OUT
AND SUPPORT
FUND**



**of the milk
supplied to Glanbia
Ingredients Ireland
(GII) comes from
Members of the
Society**



**794
NEW MEMBERS
ADMITTED TO
THE SOCIETY IN
2015/2016**

Dividends

Total dividend payments authorised during 2016 amounted to €20.9 million, comprised of €16.9 million special dividend from the support fund created in May 2015 and €4.0 million ordinary dividend. This total dividend payment to members during 2016 was equivalent to 52 cent per share held.

Glanbia Advance Payment (GAP) Scheme

One of the strategic pillars of Glanbia Society is to support our active members. In a further response to the difficult market conditions that prevailed during 2016 the Society launched the innovative Glanbia Advance Payment (GAP) Scheme which eligible milk and grain suppliers could participate in, on a voluntary basis. In essence, the Scheme resulted in monies being advanced, interest free, to participants at times of relatively low milk and grain prices with repayments arising when the relevant prices recover above a set value defined in the Scheme.

A total of 1,346 Co-op members applied to participate in the Scheme during 2016, with €5.8 million being advanced to participants.

New members

Following the SGM in May 2015, Glanbia suppliers and customers that met the relevant eligibility criteria were offered the opportunity to join the Society. This extensive process was completed during 2016, resulting in a total of 794 new Society members being admitted. A total of 1.7 million Society shares were issued to these new Members, at a cost of €5 per share which will result in receipts of €8.5 million to the Society.

On the conclusion of this programme, I am pleased to report that 98% of the milk that is supplied to GII is supplied by Society members.

Share cancellation programme

Following Member approval obtained at the SGM in May 2015, the Society conducted a successful voluntary Share Cancellation Programme for retired members during 2016. In total, 1,533 members availed of an offer to cancel Society shares for a payment of €5 per share. In total, 1.86 million shares were offered for cancellation with payment of €9.3 million made to the relevant applicants.

The programme was very successful in returning value to participating retired members, on a voluntary basis.

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 addition, the Society facilitates an on-going process of share transfers among persons who satisfy the relevant criteria. All transactions in Society shares are tightly controlled and 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.

To facilitate effective succession planning on family farms I would encourage families to consider the transfer of Society shares to young farmers on a timely basis.

2016 SOCIETY RESULTS

The Society recorded a profit after taxation for the year of €10.1 million (2015: €72.2 million). The profit is derived from the dividend received from Glanbia plc of €13.6 million (2015: €13.3 million) offset by the administrative costs of the Society. 2015 included a profit on disposal of 4 million Glanbia plc shares of €64.1 million.

The main appropriations from the capital and reserves of the Society in 2016 included dividend payments of €4.0 million (2015: €4.2 million), fertiliser / feed / milk / grain patronage of €37.3 million (2015: €36.7 million), share buy back payments of €9.3 million (2015: nil) and a special dividend of €16.9 million (2015: nil).

The Society's financial position remains strong with net cash and related balances, after taking account of Revolving Share Plan and loan receivable from GII, at the end of 2016 of €94.3 million (2015: €56.9 million).

Full details of the Society's accounts are available on request.

Board responsibility and composition

The Society is strongly represented on the boards of the three key group entities; the Society itself, Glanbia plc and Glanbia Ingredients Ireland. 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 Society directors also serve on the board of Glanbia Ingredients Ireland. Under current agreements the composition of the Board of Glanbia plc will reduce from 10 nominees from the Society to eight nominees in 2018, with a further reduction to seven nominees in 2020. This reflects the reduction in the Society's shareholding in Glanbia plc from 54.4% in 2012 to a current level of 36.5%.

If the proposed creation of Glanbia Ireland and related proposals proceed as planned, representation on the key Glanbia entities will be as follows:

- Society Board unchanged with 14 representatives from the regional structure of the Society;
- Representation of the Society on the board of Glanbia plc reduces to six nominees in 2022; and
- All 14 Society nominees will be on the board of Glanbia Ireland together with nominees from Glanbia plc.

Representative structure

During 2016 we held a full series of regional information meetings, providing a forum for all Members to discuss their issues with their Board representatives and senior management.

During 2016 the Council of the Society approved the creation of a number of new Electoral Areas as well as certain increases in Regional Committee membership. Members will be asked to

approve a proposal on 30 May 2017 to increase the size of the Council by one extra member from the Northern region. These actions and proposals reflect the need to provide meaningful representation for the expanded number of Society members who are actively engaged in farming.

In recent weeks I had the privilege of attending Regional Committees to discuss our recently announced proposals regarding Glanbia Ireland and related matters. At a very busy time on farms, there was a high turnout and very constructive debate. Representatives were very engaged on Glanbia business and clearly expressed their goals and aspirations for their Co-op. We are fortunate that our representative structure is vibrant and enthusiastic, with a great level of engagement.

Board retirements

At our forthcoming Society AGM on 30 May, Jim Gilsean (Northern), Pat Hogan (Corporate) and Matt Merrick (Donaghmore Monasterevin) will retire as Directors from the Board of the Society. I would like to thank them for their excellent contribution and commitment to the Glanbia organisation over the course of their tenure. The vacancies will be filled by Eamonn McEntaggart (Northern), John Murphy (Donaghmore Monasterevin) and Patrick Whyte (Corporate).

Centenary celebrations

During 2016 the Society celebrated the 100-year anniversary of the foundation of creameries in both Kilmeaden and Graiguenamanagh. This year will see similar events take place in Castlelyons and Ballyragget to mark their foundation in 1917. Such occasions are important platforms to recognise the foresight and drive displayed by our predecessors in establishing co-operatives in very challenging times.



Pictured sampling some Avonmore milk at the National Ploughing Championships were Minister for State at the Department of Agriculture, Andrew Doyle TD, Group chairman Henry Corbally, Glanbia chairman and Shauna Moran, Glanbia Consumer Foods.



Henry Corbally, Chairman (left) with Michael Creed T.D., Minister of Agriculture, Food and the Marine and Siobhán Talbot, Managing Director of Glanbia, pictured at the launch of Glanbia Co-operative Society €55million "Glanbia Advance Payment Scheme".

Brexit

One of the most significant geo-political events in 2016 was the vote by the United Kingdom to leave the European Union. The implications of Brexit are being closely monitored in Glanbia given the potential impact on our suppliers, customers and the broader dairy sector.

The future model for the UK's relationship with Ireland and the EU is unclear but what is known is that trading conditions, access to markets and the free movement of goods and people across borders will all significantly change. This will obviously increase the cost and complexity of doing business with the UK. We will continue to communicate our concerns to Irish, UK and European leaders and seek clarity and support on all issues which may impact on our enterprises.

Special General Meetings

A Special General Meeting of the Society will be held at Punchestown Event Centre in Co Kildare on Thursday 18 May at 12 noon. The notice for this meeting will be mailed to all eligible shareholders. Members will be asked to approve a number of resolutions regarding the proposed formation of Glanbia Ireland and related matters.

Society resources

Given the level of support provided to members in recent years, and planned for 2017, members will be pleased to note from the financial summary on pages 28–31, that the Society remains in a healthy financial position. At the end of 2016, the Society had cash and related balances of approximately €94.3 million.

The Board will continue to adopt a prudent approach to managing the utilisation and distribution of the Society's resources.

Outlook

Last year was a challenging one from a dairy and grain market perspective, but it was a year in which the Society strongly demonstrated its strength and commitment to the wellbeing of its Members.

The strong recovery in dairy market prices in the second half of 2016 resulted in a January 2017 base price of 31 cent per litre. This rapid turnaround was mainly driven by reduced milk supply in New Zealand and, more significantly, Europe.

In the first quarter of 2017, butter and cheese markets remained strong and compensated for a particularly weak Skim Milk Powder (SMP) and protein market.

For the remainder of 2017, a number of factors are likely to impact on the market, including;

- the significant overhang of EU intervention stocks;
- low oil price reducing buying capability in some importing countries;
- low feed costs in the US resulting in production growth of about 2% per annum;
- the pace of the recovery in EU milk supply and;
- the movement in key exchange rates.

From a Society perspective, the proposed creation of Glanbia Ireland is an exciting development for Glanbia farmers. If approved by Members, it will bring the strong portfolio of Glanbia's Irish dairy and agribusiness assets into majority Co-op ownership while building on the strong partnership with Glanbia plc. We will then have two very strong value creating engines for our Members, Glanbia Ireland and Glanbia plc.

The proposed spin-out of approximately 5.9 million Glanbia plc shares worth €100 million to our shareholders will be a further significant release of value to our Members.

This series of proposals, which are explained on pages 10 and 11, have the unanimous support of the Board and Council of the Society. I would encourage you to attend the forthcoming SGM in Punchestown on 18 May.

Yours sincerely



Henry Corbally
Group Chairman

GROUP MANAGING DIRECTOR'S STATEMENT

“The total value of dividends, patronage bonuses, spin-outs and share cancellation payments to Members since 2013 is €640* million, with a possible further €141 million in 2017 (subject to approval).”

Siobhán Talbot
Group MD Glanbia



€640m

**OF VALUE DISTRIBUTION
TO MEMBERS SINCE 2013**

Dear member

2016 was a challenging year for Members, with very weak milk and grain markets.

The financial strength of the Society facilitated a series of measures to support Members through the challenges:

- The Society paid a total of €37.3 million in direct cash patronage support to Members;
- The Society made total dividend payments during 2016 of €20.9 million, comprised of €16.9 million Special Dividend from the Member Support Fund created in May 2015 and €4.0 million in Ordinary Dividend. Members received a total dividend payment during 2016 equivalent to 52 cent per Co-op share held;
- The Society launched the €100 million Glanbia MilkFlex Fund in conjunction with a number of partners. Since its arrival on the market in May 2016, the Fund has received applications for competitively priced and appropriately structured dairy farm finance totalling €43 million; and
- The Society launched the €55 million Glanbia Advance Payment (GAP) Scheme to offer interest-free cashflow support to member suppliers.

Consistent with a core part of its strategy the Society has distributed significant value to Members since 2013. Using the Glanbia plc share price of €17.13 on 17 February, the total value of dividends, patronage bonuses, spin-outs and share cancellation payments to Members since 2013 is €640 million, with a possible further €141 million in 2017, subject to Member approval.

The main engine for value creation in the Society remains our shareholding in Glanbia plc. Glanbia Co-operative Society is the largest individual shareholder in Glanbia plc, holding 36.5% of the issued shares. The Society's 108 million shares in Glanbia plc earned total dividends of €13.6 million from the plc in 2016.

For the full year 2016, Glanbia plc reported its seventh consecutive year of double-digit growth in earnings per share. The Board of Glanbia plc also recommended a full year dividend of 13.31 cent per share, an increase of 10% on 2015.

Glanbia Ingredients Ireland (GII) also performed well in 2016, delivering an after tax profit of €32.6 million and processing a record 2.14 billion litres of milk.

Proposed formation of Glanbia Ireland

On 22 February, the Society announced a proposal to create Glanbia Ireland, a strategic joint venture with Glanbia plc encompassing Glanbia Ingredients Ireland, Consumer Products and Agribusiness.

If approved by Members on 18 May 2017, Glanbia Ireland will be 60% owned by Glanbia Co-op and 40% owned by Glanbia plc. With leading consumer and agri brands spanning Avonmore, GAIN Feeds, Kilmeaden

€100m

raised by the Society in an Exchangeable Bond linked to a pledge of Glanbia plc shares

€43m

of applications to the Glanbia MilkFlex Loan Fund



€20.9m

in total dividend payments to Members in 2016.

Cheese, Premier Milk, mymilkman.ie and Wexford, the new Glanbia Ireland entity will be a €1.5 billion revenue diversified business majority owned by Glanbia farmers.

The creation of Glanbia Ireland makes strategic sense for shareholders of Glanbia Co-op. It brings together in a single structure the ownership, operations and objectives of all of Glanbia's Irish dairy and agri-businesses. See pages 10 and 11 for details.

Spin-out of Glanbia plc shares to members and Support Fund

The Board of the Co-op proposes to transfer, via Share Spin Out, 2% of Glanbia plc's issued share capital (approximately 5.9 million Glanbia plc shares), to all existing Members of the Society.

Subject to Member approval, the Board of Glanbia Co-op also proposes to allocate €40 million of its resources to a Member Support Fund.

Further details of the Glanbia Ireland and related proposals are outlined on pages 10 and 11.

Funding

Glanbia Co-op has agreed to pay €112 million for a 60% interest in Dairy Ireland (total equity value of €186.6m). Working capital at completion will be purchased by Glanbia Ireland from Glanbia plc.

If the proposed transaction is approved by Members, Glanbia Co-op will fund the acquisition of 60% of Dairy Ireland and part fund the €40m Member Support Fund through the sale of c.8.9 million Glanbia plc shares (equal to 3% of the issued share capital of the plc).

The Co-op currently holds 36.5% of the issued shares in Glanbia plc. If the proposed share sale and spin-out are approved by Members, the Co-op would own 31.5% of the issued share capital in Glanbia plc.

All proposals are subject to the successful conclusion of contract negotiations and the relevant shareholder approvals within both Glanbia plc and Glanbia Co-operative Society.

Equity-linked exchangeable bond

In June 2016, the Society announced the creation of a €55 million Glanbia Advance Payment (GAP) Scheme to offer interest-free cashflow support to member suppliers in a period when milk and grain markets were weak.

The GAP Scheme was funded by the Society through the launch of an equity-linked exchangeable bond which is an innovative financial product that leverages the strength of Glanbia plc.

The Co-op raised €100 million on 2 June 2016 by issuing a five year Bond linked to a pledge of approximately 4.3 million Glanbia plc shares. The Co-op retains full ownership of the 4.3 million plc shares unless the exchange is exercised. The Bond has an annual interest rate of 1.375%.

If the Glanbia plc share price increases above €23.26 before 9 June 2021, the maturity date of the Bond, the owners of the Bond have the option to exchange their exchangeable bond holding into the pro-rata amount of pledged Glanbia plc shares. However, if Glanbia Co-op wished to retain ownership of the pledged shares in this scenario, the Society can provide the Bondholder with the cash equivalent value of the pledged shares to settle the outstanding Bond.

If the Glanbia plc share price does not rise above €23.26 before 9 June 2021, the Bond would be settled at face value, with the underlying pledged Glanbia plc shares then released back to Glanbia Co-op.

Given the scale of the Co-op, the Board felt it was appropriate to issue an exchangeable Bond to a value greater than the €55 million required for the GAP Scheme, with the balance available to the Co-op for general purposes.

Glanbia Co-operative Society and partners extend 'Glanbia MilkFlex Fund' to end of 2017

In May 2016, Glanbia Co-operative Society, the Ireland Strategic Investment Fund, Rabobank and Finance Ireland launched the Glanbia MilkFlex Fund. The Fund offers flexible, competitively priced loans to Glanbia milk suppliers with loan repayments which vary according to seasonality and movements in milk price.

The interest rate charged on the loans is a variable rate of 3.75% above the monthly Euribor cost of funds (with a Euribor floor of zero).

In November 2016, 88% of GII's milk suppliers completed a very detailed milk planning Census, with a large number expressing interest in applying for a MilkFlex Loan to support investments planned for 2017. We are very appreciative of our partners - the Ireland Strategic Investment Fund, Rabobank and Finance Ireland - agreeing to extend the Glanbia MilkFlex Fund until the end of 2017.

The Society invested €5.68 million in the MilkFlex Fund, which will earn a commercial return for all Members.

Strong society

As highlighted in the Chairman's statement, the Society is a vibrant organisation with a very active base of progressive and ambitious farmer shareholders. You will note from the financial statements that the Society remains in a very strong financial position, with total assets of €2 billion. This leaves the Society well placed to continue to deliver for all Members.

A handwritten signature in black ink, appearing to read "Siobhán Talbot".

Siobhán Talbot,
Group Managing Director

PROPOSAL TO CREATE GLANBIA IRELAND

Special
General Meeting
Punchestown
18 May 2017

Glanbia Co-op announces proposal to create Glanbia Ireland, a strategic joint venture encompassing Glanbia Ingredients Ireland, Consumer Products & Agribusiness

Glanbia Co-op also proposes a €101m* "spin-out" of Glanbia plc shares to members and the creation of a €40m Member Support Fund

On 22nd February 2017 Glanbia Co-operative Society ("Glanbia Co-op") announced that it has signed a non-binding agreement with Glanbia plc to establish a new joint venture to be known as Glanbia Ireland.

As part of the agreement, Glanbia Co-op proposes to pay €112 million to acquire a 60% shareholding in the plc's Dairy Ireland division, which consists of Glanbia Consumer Products and Glanbia Agribusiness.

Glanbia Co-op and Glanbia plc have agreed to form a new entity, Glanbia Ireland, combining Glanbia Ingredients Ireland, Glanbia Consumer Products and Glanbia Agribusiness, as a joint venture 60% owned by Glanbia Co-op and 40% owned by Glanbia plc. This builds on the successful Glanbia Ingredients Ireland (GII) joint venture established in 2012.

Glanbia Co-op has also announced proposals to distribute by way of "Spin-out" 5.9 million shares in Glanbia plc to all members of the Co-op and to create a €40 million Member Support Fund.

Based on the Glanbia plc closing price of €17.13 on Friday 17 February 2017, this spin-out would be worth approximately €101 million, or €6,637* for a member with the average shareholding.

Strategic rationale

The strategic rationale for the creation of Glanbia Ireland includes:

- Building on the successful partnership between Glanbia Co-op and Glanbia plc since the creation of the Glanbia Ingredients Ireland (GII) joint venture in 2012;

- Integration of three strong, well-invested Irish based businesses to create value for all stakeholders;
- Maximising the opportunities created by the forecasted 30% growth in milk supply by Glanbia's 4,500 Irish milk suppliers;
- Creating one platform for strategic investment. There are currently plans for a strategic investment programme in Glanbia Ireland of between €250 million to €300 million to 2020. This investment programme will increase processing capacity to support the stated growth ambitions of Glanbia milk suppliers and optimise value adding opportunities. The financing of the investment will largely be sourced from dedicated bank facilities in Glanbia Ireland. No supplier funding will be required.

Glanbia Ireland

The Glanbia Ireland joint venture will be an enterprise of scale, with a 2.4 billion litre milk pool, revenue of €1.5 billion, 11 processing plants and over 1,800 employees. It will be a growing, ambitious, integrated business with a diversified portfolio of dairy ingredients, consumer brands and agri-inputs.

Should the proposed transaction complete, Jim Bergin, who is currently the CEO of Glanbia Ingredients Ireland, will be the CEO of Glanbia Ireland.

Profit Retention Policy

The new Glanbia Ireland organisation will, from 2018, have a minimum annual profit retention policy of Profit After Tax (PAT) of 3.2% of net revenues, which will increase over time dependent on future value adding

investments. This profit retention model provides increased flexibility to support farmers in times of market weakness. In addition, the first €5 million generated in any one year above the minimum profit level will be set aside in a Volatility Fund with the timing and nature of payments from the Fund at the discretion of the board of Glanbia Ireland.

Glanbia Ireland will have a target of paying 50% of all profits after tax to both shareholders (Co-op and PLC) each year. It is proposed that 100% of Co-op dividends from Glanbia Ireland will be ring fenced for payment to active farmers.

Details of Dairy Ireland and related associates

In 2016 the Dairy Ireland division of Glanbia plc — Glanbia Agribusiness and Glanbia Consumer Products — had revenue of €616m and earnings before interest, tax and amortisation (EBITA) of €30.7m. The division has 1,100 employees.

Glanbia Consumer Products is the leading supplier of branded consumer dairy products to the Irish market, as well as an exporter of long-life dairy products. Glanbia Agribusiness supplies inputs to the Irish agriculture sector and is the leading purchaser and processor of grain and the leading manufacturer of branded animal feed in Ireland. Dairy Ireland also has holdings in a number of associates involved in the primary manufacture and distribution of farm inputs.



PROCESSING
2.4 Billion litres of milk per year

EXPORTING TO OVER
60 Countries

1,800+
EMPLOYEES

11 PRODUCTION FACILITIES

53 AGRI BRANCHES

Member Support Fund

Subject to Member approval, the Board of Glanbia Co-op proposes to allocate €40 million of its resources to a Member Support Fund. This will be partially funded through the sale of Glanbia plc shares with the balance from Co-op resources.

Any payments made from the Fund will be in the proportion of 75% patronage to active members and 25% Special Dividend to all Members, with the nature and timing of any payments at the discretion of the Glanbia Co-op Board.

All of these proposals have the unanimous support of the Board and Council of Glanbia Co-operative Society, who recommend them to Members for approval.

These proposals are subject to the successful conclusion of contract negotiations and the relevant shareholder approvals within both Glanbia Co-op and Glanbia plc.

SUMMARY

Glanbia Ireland will be a new strategic joint venture 60% owned by Glanbia Co-op and 40% owned by Glanbia plc.

Glanbia Ireland will be a €1.5 billion diversified business majority owned by Glanbia farmers.

Glanbia Ireland will own leading consumer and agri brands such as Avonmore, GAIN Feeds, Kilmeaden Cheese, Premier Milk, mymilkman.ie and Wexford.

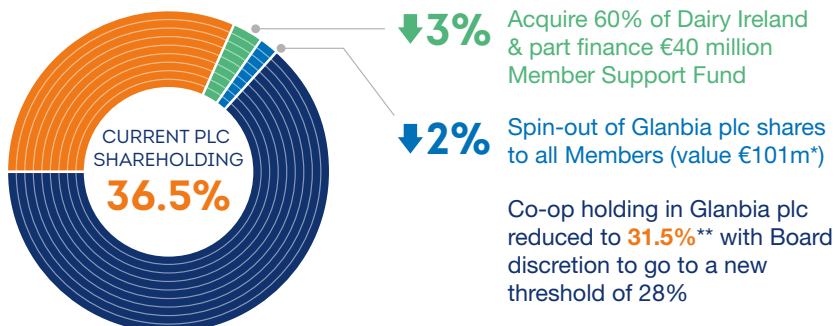
Financial strength of Glanbia Ireland business will allow it to fund a €250 – €300 million investment programme to 2020 without a requirement for supplier contributions.

Flexible profit retention policy proposed, which increases ability to support farmer suppliers in challenging years.

All proposals are subject to the successful conclusion of contract negotiations and the relevant shareholder approvals within both Glanbia plc and Glanbia Co-operative Society.

Impact of proposals on Co-op holding in plc

Today the Co-op holds 36.5% of the issued shares in Glanbia plc. If all of the proposals above are approved the Co-op would own 31.5% of the issued share capital in Glanbia plc.



* Based on Glanbia plc closing share price of €17.13 on 17 February 2017.

**1.45% pledged in the 2016 issue of a €100m exchangeable bond.

GLANBIA INGREDIENTS IRELAND

Exporting to more than
60 COUNTRIES



“GII’s mission is to process our suppliers’ growing milk volumes and maximise sustainable value in global markets for all our stakeholders.”

2.14 billion
LITRES OF MILK
PROCESSED

€833m
SALES
REVENUE

€32.6m
PROFIT AFTER TAX

€242.7m
TOTAL EQUITY

Glanbia Ingredients Ireland 2016

Despite the extremely challenging year from a dairy market perspective, Glanbia milk suppliers delivered 6% more milk in 2016 compared to the previous year. Supply growth was widely dispersed, with 63% of farms increasing their milk supply in 2016 (2015: 85%).

Milk supply in 2016, the first full calendar year after milk quota abolition, was 24% higher than in 2014, the last full year of the quota regime.

Glanbia Ingredients Ireland (GII) had a very strong operational performance in 2016, with our plants processing a record 2.14 billion litres of milk, an increase of 5.4% over 2015.

Processing investments

The business was capable of successfully handling the significant growth in milk supply due to GII’s investment of €270m in milk processing assets between 2013 and 2016.

GII’s Belview plant opened at the end of March 2015 to coincide with the end of the quota era. The facility had an excellent year in 2016, processing 459 million litres of milk, almost 50% more than in 2015.

Ballyragget, Virginia and Wexford plants also performed extremely well during the year, with record throughput of most product categories. Overall for 2016 GII produced 8.5% more powders and 5% more cheese compared to the previous 12 months.

In February 2016, GII announced a major expansion at its Wexford cheese plant. The €35 million investment programme, which will double peak milk processing capacity at the plant, started at the end of the 2016 production season. The facility is currently being commissioned and has been delivered on time and on budget.

A key role of GII (and the proposed Glanbia Ireland) is to support the growth ambitions of our milk supply base. In our recent Milk Supplier Census, Glanbia Suppliers expressed the ambition to expand their milk supply by 30% between 2016 and 2020.

As a result, GII is finalising a strategic investment programme of over €250 million over the next four to five years, focused on capacity expansion, primarily in powders, whey processing and value-adding projects.

Subject to the respective approvals of both shareholders of Glanbia Co-op Society and Glanbia plc, the strong cash flow generation of the proposed Glanbia Ireland business will allow it to fund the required processing capacity expansion without the requirement for supplier contributions in the next growth phase.

325,000
TONNES OF DAIRY PRODUCTS



€270m
PROCESSING INVESTMENT
(2013-2016)

Financial performance

Gil's sales for 2016 were €833m, down 4.3% on 2015. This represented sales volume growth of 3% coupled with dairy commodity price deflation of over 7%. Gil delivered a profit after tax of €32.6 million, which was in line with business targets.

Gil's balance sheet as at 31 December 2016 showed a strong financial position, with total equity standing at €242.7 million, representing an increase of 11% on the position compared with the previous year end. Gil's net debt was €203.3 million which was €25.4 million lower than the position a year earlier.

Market performance

Dairy markets in 2016 were extremely challenging, mainly due to the extraordinary swell of 2014/2015 milk production in all the major exporting regions. Market supports by the EU Commission including the purchase of 375,000 tonnes of skim milk powder into intervention and the introduction of a voluntary milk reduction scheme had the desired effect in removing surpluses and constraining supply.

While low product prices were a feature of the first half of the year, a more favourable market environment emerged in the second half. To reflect the market dynamics, Gil's headline milk price (including VAT) paid to suppliers ranged from 24 cent per litre ("cpl") at the start of the year, moving down to a low of 20cpl for June supplies, and then progressively rising each month over the second half of the year to reach 30cpl for December milk supplies.

KPMG milk price review

The most recognised 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 2015 KPMG result published on 7 July 2016 consolidated Glanbia's position as a strong, competitive payer for milk in Ireland.

It is expected that the average milk price paid by Glanbia for manufacturing milk during 2016 will once again compare very favourably with peers in the 2016 KPMG Milk Price Review which will be published in mid-2017.

Fixed milk price schemes

Gil's leadership in the area of Fixed Milk Price schemes protected a significant volume of our milk supply from the 2016 market downturn. During 2016 Gil launched its 7th, 8th and 9th phases of the Glanbia Fixed Milk Price Schemes, all of which were over-subscribed.

The volume of milk committed to Fixed Milk Price Schemes in 2017 is the highest ever achieved by Glanbia.

Seasonality

Milk supply growth in 2015 and 2016 reduced the per litre payout from Glanbia's €2m seasonality fund. As a result, the Board decided to increase the total business contribution to the scheme in 2016 by 10% - €200,000 - which was paid out on November deliveries.

In March 2017, Gil announced the terms of a new three-year Seasonality Scheme, which will commence in 2018. A fixed Early Lactation Bonus of 4.25 cpl (including VAT) will be paid on all qualifying litres of manufacturing milk supplied during the last two weeks of January and the month of February 2018. To qualify for the early lactation bonus, suppliers must supply a minimum of 3% of their annual supply in the Glanbia accounting month of February.

The full terms and conditions of the new Scheme have been communicated to the relevant manufacturing milk suppliers.

A key condition of the new Seasonality Scheme is that milk supply in June cannot be more than 15% of annual milk supply, which is consistent with best practise advice from Teagasc. Peak milk supply has a significant impact on the business requirement for milk processing capacity.

For 2017, the Seasonality Scheme will operate on the same basis as 2016, with a €2.2m fund allocated across the months of February, October and November. The rate of payment per litre will be determined by the total qualifying volume in each of the three months.



Glanbia Ingredients Ireland partnered with the Irish Heart Foundation to offer free supplier heart health checks. Pictured were William O'Toole, Gil Milk Quality Manager, Brendan Kehoe, Gil Milk Supplier and Pauline O'Brien, Irish Heart Foundation Nurse.

GII 2016 HIGHLIGHTS



MILK SUPPLY GROWTH BETWEEN 2016 AND 2014



INCREASE IN MILK SUPPLY IN 2016

Farm Support Services

Gill's farm advisory team are available to support farmer suppliers in all aspects of milk supply including Milk Quality, Farm Development and Farm Sustainability.

In 2016, the team supported farmers in a range of areas including milk forecasting and volatility schemes. Information workshops were held in the areas of animal breeding, grassland management, milk quality and farm financial planning.

Gill invests in the Teagasc Monitor Farm Programme and the Greenfield Demonstration Farm. The Monitor Farm programme extends to 11 farms distributed across the Glanbia catchment area. In 2016, over 20 farm walks were held and regular updates are available in the Farm Focus newsletter, Glanbia Connect website and other publications.

Glanbia also supports and collaborates with University College Dublin's Dairy Research and Education Facility at Lyons Research Farm.

Origin Green

Gill is proud to be the first verified dairy producer of the Bord Bia Origin Green programme. The Origin Green programme was founded as a Business to Business initiative to provide proof of Ireland's commitment to sustainable food and drink production to the multinational food ingredient customers who demand the highest standards in a responsible, sustainable and fully traceable supply chain. Gill also sponsors the Origin Green Ambassadors programme. The ambassadors play an important role in building awareness for Ireland's sustainability credentials in the key emerging export markets.

Sustainable Dairying

The Sustainable Dairy Assurance Scheme (SDAS) audit which takes place every 18 months is the mechanism used as evidence based proof to support our Origin Green sustainability claims. To date we have 98% of our milk suppliers signed up as participants and of those 87% are certified with approximately 52% completing their renewal audits. The Open Source Quality Assurance and Sustainability Code programme is Gill's own sustainability programme that underpins the Origin Green programme.

In order to assist farmer suppliers to improve the environmental sustainability of their holdings, Glanbia provided a market leading soil testing service in the autumn, with over 8,000 samples collected and analysed in order to optimise on-farm nutrient management.

Glanbia is also working very closely with Teagasc to ensure the maximum uptake of the appropriate science based knowledge. One example is our joint project at the Kildalton Open Source Sustainable

Demonstration Farm, which aims to showcase solutions to the economic and environmental sustainability challenges facing the Irish dairy industry.

Animal health

Glanbia has also made significant investment in the area of herd health management, which is a significant contributory factor towards animal performance. A total of 3,225 milk suppliers availed of the Glanbia Herd Disease Screening service in 2016 to assist them with disease control in their herds.

Many milk suppliers are also availing of the Milk Culturing and Sensitivity testing service available from our Central Laboratory in Dungarvan. The service assists farmer suppliers by identifying their mastitis causing bacteria, allowing them to reduce the incidence of mastitis and lowering the need for expensive medicines. Furthermore, by using the results of the sensitivity tests, farmers can choose the most effective antibiotics for treatment of mastitis infections, leading to a reduction in Antimicrobial Resistance (AMR).

Milk quality

Glanbia milk suppliers continue to deliver milk of excellent quality standards. The final average weighted butterfat for all deliveries in 2016 was 4.12% (2015: 4.06%) while average milk protein content was 3.51% (2015: 3.54%).



2016 NDC and Kerrygold Quality Milk Award winner Tom and Moya Power, from Drumhills Farm, Cappagh, Co. Waterford who supply their milk to Glanbia Ingredients Ireland. Also pictured are Tom's parents Jim and Brid Power. The farm will host an open day on 14 June.

88% of GII suppliers completed a detailed Milk Planning Census

61% of GII suppliers now view their milk account on Glanbia Connect

63% of farms increased their milk supply to GII in 2016.

Truly Grassfed

In late 2016, GII launched “Truly Grass Fed” – a new consumer facing branded ingredients platform. Truly Grass Fed works in tandem with branded consumer goods by endorsing those products through a seal on pack.

Truly Grass Fed™ is a premium range of dairy ingredients from Glanbia Ingredients Ireland designed for customers and consumers who are looking for the best natural choice for their brands and food products.

It calls out:

- Grass Fed
- Antibiotic and Hormone free
- Environmentally Responsible
- Animal Welfare friendly
- Non-GMO

www.trulygrassfed.com



GII MILK PLANNING CENSUS

In November 2016, GII undertook a detailed milk planning census to establish the future plans of our milk suppliers. We received an excellent response rate with 88% of suppliers contributing to the census.

A number of key trends emerged in particular the fact that GII suppliers plan to produce 30% more milk in 2020 compared to the base year of 2016. This growth is widely dispersed, with 54% of respondents planning to expand their output.

The three most significant obstacles to growth identified by census respondents were (1) land availability (2) labour shortages and (3) access to capital.

A large number of milk suppliers also expressed an interest in applying for a Glanbia MilkFlex Loan to support investments planned for 2017. This Fund was due to close in May. However, on 7 March 2017, the parties to the Fund – Glanbia Co-op, the Ireland Strategic Investment Fund, Rabobank and Finance Ireland – heeded the Census results and agreed to extend the Glanbia MilkFlex Fund until the end of 2017.

The milk planning census also identified a range of policy areas of significance to Glanbia milk suppliers. The management team at GII are now examining these issues with a view to making representations, where appropriate, to the relevant national and EU bodies.

Some key policy issues highlighted by milk suppliers include:

- The severe shortage of appropriately skilled labour available to Irish dairy farms;
- Ensuring the on-going availability of competitively priced finance for dairy farmers (for both current and capital purposes);
- The development of an appropriate land utilisation policy;
- Maintenance of the Nitrates Derogation for dairy farms; and
- Ensuring that appropriate resources are made available for targeted research and the provision of advice in the area of nutrient management planning, linked to a requirement to meet ever-increasing environmental regulatory requirements.

GLANBIA PLC HIGHLIGHTS



€3.7 BN
TOTAL GROUP
REVENUE

“We continue to focus on developing and diversifying our business, through acquisitions and organic investments.”

Siobhán Talbot
Group MD Glanbia

**7 YEARS OF DOUBLE
DIGIT EARNINGS
GROWTH**

**PRESENCE IN 32 COUNTRIES
6,200 EMPLOYEES**



#1

**PRODUCER OF
AMERICAN STYLE
CHEDDAR CHEESE**



AN EXCITING START TO 2017

It has been an exciting start to 2017 for Glanbia plc. The Group made progress on a number of key strategic initiatives which will define the future shape and direction of the business. The wholly owned businesses of Glanbia plc is increasingly focused on higher margin ingredient and consumer branded portfolios with a significant amount of its primary dairy processing activities now conducted through Joint Venture & Associate partnerships.

Aligned with this strategy Glanbia plc completed two acquisitions in Glanbia Performance Nutrition (GPN) and is in advanced discussions on two dairy ventures with our partners here in Ireland and partners in the US. The acquisitions of Amazing Grass and online portal Body & Fit will broaden its Glanbia Performance Nutrition business and extend its branded capabilities in the plant-based nutrition category and direct to consumer channel.

The plc signed a non-binding memorandum of understanding to sell 60% of the Dairy Ireland segment to Glanbia Co-operative Society Limited. This proposal, if completed, will broaden the existing partnership between Glanbia and the Society with a view to creating one integrated organisation encompassing Glanbia Ingredients Ireland and Dairy Ireland (Consumer Foods Ireland and Agribusiness).

In addition, Glanbia plc is in advanced discussions to create a new joint venture to build a large scale cheese and whey plant in the State of Michigan, US. Glanbia will own 50% of the joint venture and Dairy Farmers of America Inc., Michigan Milk Producers Association and Foremost Farms USA will collectively own the remaining 50% share. The total project cost is anticipated to be approximately \$400 million – \$425 million with the majority of the investment expected to be financed through debt facilities within the joint venture.

This represents an important development in the Glanbia Nutritionals (GN) strategy to maintain its leadership position in the US American-style cheddar cheese and value-added dairy ingredients markets as the commercial, technical and operational support to this joint venture will be provided through our GN infrastructure.

Business performance

In 2016, the plc made very good progress in implementing its strategy and delivering on its financial targets. It achieved a reported growth in adjusted Earnings Per Share (EPS) of 10.8%, and on a constant currency basis it delivered 11.2% adjusted EPS growth. Operating Cashflow was strong and improved by 25.9% to €354.4 million. It also achieved a Return on Capital Employed (ROCE) of 12.9%.

#1 GLOBAL PERFORMANCE NUTRITION BRAND PORTFOLIO

#1 GLOBAL WHEY PROTEIN NUTRITIONAL SOLUTIONS



Glanbia Performance Nutrition

GPN continues to build on its firm foundations through both organic growth and the integration of its 2015 acquisition, thinkThin. The overall 2016 results demonstrate strong and sustained momentum with EBITA up 20% and margins at 16.1% up 130 basis points on a constant currency basis.

The US remains its largest market for GPN, a market which was challenging, particularly in quarter three of 2016. Lower input costs drove a higher level of promotional activity by all participants in the sector. Over the course of the year there has also been some evidence of a shift in the US market. While the specialty retail channel remains the largest route to market for performance nutrition products, there is some channel shift by consumers to the Internet and Food, Drug and Mass channels as demand for performance nutrition products continues to attract new consumers into the category.

Glanbia Nutritionals

GN delivered a good performance in 2016 with EBITA up 4.5% and margins at 9.1%, up 30 basis points, on a constant currency basis. GN's performance is all the more impressive against a backdrop of challenging dairy markets. The reshaping of the GN organisation is largely complete and the business is poised for future momentum. Its GN capabilities include a leading position in American-style cheese and Nutritional Solutions. It continues to run its cheese plants efficiently and at full capacity, and demand in the cheese retail and food service sectors remain solid.

Nutritional Solutions is a leader in advanced-technology whey and plant nutrition, vitamin and mineral premixes and specialist beverage capabilities. Recent investments in high-end whey production capacity and increased demand from its key customers in this segment of the business resulted in good volume growth in 2016.

Dairy Ireland and Joint Ventures & Associates

Dairy Ireland and Joint Ventures & Associates delivered good EBITA improvements in 2016 when compared with the prior year. Overall, Dairy Ireland delivered a satisfactory performance with volume increases contributing to its performance. Volume growth in the Glanbia's joint ventures & associates was largely driven by increased milk processed in Glanbia Ingredients Ireland which helped offset the impact of declining dairy markets. Glanbia plc continues to have a strong partnership with Milk Member LLP, in Southwest Cheese (SwC) and it has finalised agreements for the 25% expansion of the cheese and whey facility in Clovis, New Mexico.



In Summary

Glanbia plc remains well positioned for the future. The Group's strategy of growing the business internationally through organic investments and complimentary acquisition has delivered seven years of double-digit growth. Today the Group is a market leader with a portfolio of exciting consumer performance nutrition brands and an integrated provider of value-added nutritional solutions to the food and beverage industry. Glanbia plc expects to continue to deliver growth into the future across both its Glanbia Performance Nutrition and Glanbia Nutritionals platforms.

FIND OUT MORE AT
WWW.GLANBIA.COM



SOCIETY GOVERNANCE

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.

15
BOARD MEMBERS*

88
COUNCIL MEMBERS

780
COMMITTEE MEMBERS**

14,773
SOCIETY MEMBERS

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

15 BOARD MEMBERS AND COMPANY SECRETARY



Henry Corbally

(aged 62), was appointed Group Chairman on 12 June 2015. Henry was appointed to the Board on 9 June 1999 and has served 17 full years on the Board. Henry holds a certificate of merit in Corporate Governance from University College Cork. He is a former Vice-Chairman of the National Dairy Council.



Martin Keane

(aged 61), Vice-Chairman, was appointed to the Board on 24 May 2006 and has served ten full years on the Board. Martin has completed the ICOS Co-operative Leadership Programme. Martin is President of Irish Co-operative Organisation Society Limited and a Director of Ornuia Co-operative Limited.



Patrick Murphy

(aged 58) was appointed Vice-Chairman on 12 June 2015. Patrick was appointed to the Board on 26 May 2011 and has served five full years on the Board. Patrick is a Director of Farmer Business Developments plc.



Siobhán Talbot

(aged 53) was appointed as Group Managing Director 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 been a member of the Group Executive Committee since 2000 and the Board since 2009 and has held a number of senior positions since she joined the Group in 1992.

She is also a director of the Irish Business Employers' Confederation (IBEC). Prior to joining the Group, she worked with PricewaterhouseCoopers in Dublin, and Sydney, Australia. A fellow of the Institute of Chartered Accountants in Ireland, Siobhán graduated from University College Dublin with a Bachelor of Commerce and Diploma in Professional Accounting.



Patrick Hogan

(aged 65) was appointed to the Board on 12 June 2015 and has served one full year on the Board.



Patsy Ahern

(aged 59) was appointed to the Board on 12 June 2015 and has served one full year on the Board.



Jer Doherty

(aged 62) was appointed to the Board on 29 May 2012 and has served for four full years on the Board. Jer has completed the University College Cork Diploma in Corporate Direction.



Brendan Hayes

(aged 56) was re-appointed to the Board on 30 May 2014 and has served two full years on the Board in the current term. He previously served three full years on the Board. He has completed the University College Cork Diploma in Corporate Direction.



Matthew Merrick

(aged 65) was appointed to the Board on 9 June 2005 and has served eleven full years on the Board. He has completed the University College Dublin Diploma in Corporate Governance.



Michael Keane

(aged 64) was re-appointed to the Board on 29 June 2010 and has served six full years on the Board in the current term. He previously served two full years on the Board.



Tom Grant

(aged 62) was appointed to the Board on 15 December 2015 and has served one full year on the Board.



Eamon Power

(aged 62) was re-appointed to the Board on 26 May 2011 and has served five full years on the Board in the current term. He previously served nine full years on the Board. Eamon has completed the University College Cork Diploma in Corporate Direction.



Vincent Gorman

(aged 60) was appointed to the Board on 27 June 2013 and has served three full years on the Board.



John Murphy

(aged 54) was appointed to the Board on 29 June 2010 and has served six full years on the Board. He is Vice Chairman of the National Dairy Council Board. He has completed the University College Cork Diploma in Corporate Direction.



Jim Gilsean

(aged 57) was re-appointed to the Board on 12 June 2015 and has served one full year on the board in the current term. He previously served 11 full years on the Board. Jim has completed the University College Cork Diploma in Corporate Direction.



Michael Horan

(aged 52) 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. Michael previously worked with Almarai Company Limited in Saudi Arabia and BDO Simpson Xavier. A fellow of the Institute of Chartered Accountants in Ireland, Michael graduated from the National University of Ireland, Galway with a Bachelor of Commerce.

RETIRING GLANBIA COUNCIL MEMBERS IN 2016

“Five of our Council members retired in 2016. I would like to sincerely thank Pat Fennell, John Kiersey, Joe Mulcahy, Tony Murphy and John Walsh for their commitment to the Society over the course of their tenure. I am very grateful for their valued contribution to the Council. I would also like to welcome our new Council members and wish them every success for the future.”

Henry Corbally,
Group Chairman, Glanbia Co-operative Society Limited.



1. Group Chairman Henry Corbally Pat Fennell representing West Waterford, Rosemary Fennell and Edel Corbally.
2. Group Chairman Henry Corbally, John Kiersey representing East Waterford, Grace Kiersey, and Edel Corbally.
3. Group Chairman Henry Corbally Tony Murphy representing Castleyons, Joan Murphy, and Edel Corbally.
4. Group Chairman Henry Corbally, John Walsh representing South Kilkenny, Marian Walsh, and Edel Corbally.
5. Joe Mulcahy (absent from photos).



COUNCIL MEMBERS

at 31 December 2016

Members of the Council are elected by Area and Regional Committees. The Council is responsible for all aspects of the Society membership and shareholding and for ratifying nominations by the Regional Committees for election to the Society's Board. The Council is a forum for discussion of Society business matters with the Board and Management. It also provides a training forum for potential Board members.

1. BARROWVALE



(Left to right) S. O'Shea, B. Dunne, L. Hannon, V. Gorman, W. Barrett, J. Ryan, M. Purcell,

2. DONAGHMORE / MONASTEREVIN



(Left to right) S. O'Loughlin, K. Flynn, J. Mahon, J. Talbot, M. Keane, M. Merrick, M. McEvoy, P. Ennis, J. Murphy

3. NORTH WEXFORD / EAST WICKLOW



(Left to right) P. Darcy, D. O'Neill, J. Byrne, J. Murphy, R. Boyd, A. Evans, G. Lyons, C. Hill

4. SOUTH TIPPERARY



(Left to right) D. Norton, M. Walsh, T. Grant, D. Butler, W. Carroll, D. Kennedy

5. CASTLELYONS



(Left to right) T. Murphy, M. Hogan, P. Fouhy-Barry, S. Fitzgerald, P. Ahern, L. Kearney, J. Buttimer

6. EAST WATERFORD



(Left to right) J. Tighe, J. P. Nugent, B. Hayes, N. Moore, R. Shanahan, K. Kiersey

7. NORTHERN



(Left to right) E. McEnteggart, D. O'Sullivan, M. O'Flaherty, A. Rogers, H. Corbally, J. Gilsean, J. E. Murphy, K. Meade, J. Maxwell, A. Brogan (absent from picture)

8. SOUTH WEXFORD



(Left to right) R. Hammell, D. O'Dwyer, P. Barron, E. Power, J. O'Neill, J. Fitzgerald

9. NORTH KILKENNY



(Left to right) P. Walshe, J. Doheny, P. Mullan, J. Robinson, M. Healy, V. Cunningham, J. Regan

10. SOUTH KILKENNY



(Left to right) P. Murphy, J. Walsh, J. O'Brien, P.J. Malone, M. Walsh, W. Crowley, N. Kelly

11. WEST WATERFORD



(Left to right) J. Harty, Peter Kiely, M. Keane, D. Dower, S. Osborne, N. Looby, Patrick Kiely

CORPORATE

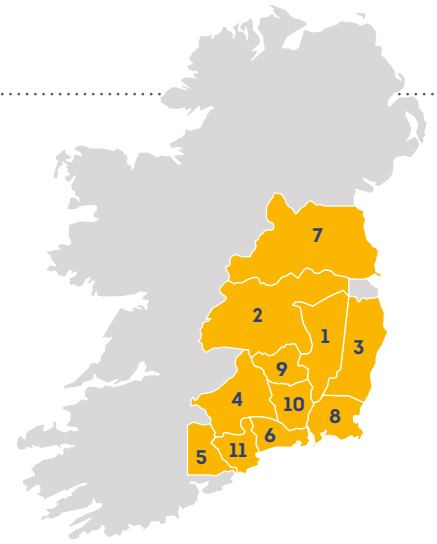


(Left to right) P. Kennedy, J. Hogan, P. Hogan, J. Power, P. Daly, P. Whyte, R. Cody (absent from picture)

780

REGIONAL COMMITTEE MEMBERS

at 31 December 2016



1. BARROWVALE

W. Barrett	J. Flood	B. Kehoe	C. O'Kelly	T. Tutty
P. Donohue	V. Gorman	D. Leigh	E. O'Mahoney	L. Walsh
M. Doyle	L. Hannon	W. Lennon	S. O'Shea	R. Whelan
J. Duffy	N. Hosey	M. Moloney	M. Purcell	
M. Dunne	D. Kavanagh	C. Moran	J. G. Ryan	
B. Dunne	E. Kealy	E. Murphy	S. Ryan	



2. DONAGHMORE / MONASTEREVIN

M. Bergin	K. Flynn	A. Lalor	N. Moriarty	A. Stephenson
E. Cummins	T. Garry	M. Mahon	J. Murphy	J. Talbot
N. Dooley	N. Graham	J. Mahon	H. Murphy	D. Tierney
J. Dwyer	T. Horan	M. McEvoy	S. O'Loughlin	J. Walsh
P. Ennis	P. Hyland	B. McGlynn	J. J. O'Rourke	
P. Fitzpatrick	M. Keane	P. McWey	T. Phelan	
T. Fitzgerald	P. Keegan	M. Merrick	S. Phelan	



3. NORTH WEXFORD / EAST WICKLOW

S. Arthur	P. Darcy	C. Fox	G. Lyons	JJ. O'Shaughnessy
R. Boyd	N. Darcy	V. Gahan	J. Murphy	T. Short
M. Byrne	D. Devereux	C. Hill	D. McDonald	S. Tracey
J. Byrne	A. Evans	B. Kehoe	D. O'Neill	



4. SOUTH TIPPERARY

D. Butler	P. Feehan	D. Kennedy	R. O'Connell	B. Sheehy
N. Butler	P. Flaherty	G. Leahy	D. O'Loughlin	M. Walsh
W. Carroll	T. Grant	M. Madden	P. Quigley	
D. Corcoran	E. Hall	D. Morrissey	J. Ryan	
M. Croke	M. Horan	D. Norton	M. Ryan	



5. CASTLELYONS

P. Ahern	S. Fleming	M. Hogan	D. Lynch	T. Murphy
J. Barry	P. Fouhy-Barry	D. Howard	J. Mulcahy	Ty. Murphy
J. Buttimer	S. Healy	T. Kearney	K. Moloney	O. O'Brien
D. Fitzgerald	T. Hegarty	L. Kearney	D. Murphy	M. O'Riordan
S. Fitzgerald	P. Hegarty	J. Leamy	J. Murphy	S. Roche



6. EAST WATERFORD

R. Callanan	M. Hahessy	R. Mahony	J. O'Donnell	J. Tighe
K. Connolly	M. Hanley	N. Moore	J. Phelan	C. Walsh
P. Cusack	B. Hayes	J. Mulligan	E. Phelan	D. Walsh
G. Dowdall	M. Hayes	W. Murphy	P. Power	
M. Foran	M. Kent	A. Murphy	S. Power	
T. Galvin	K. Kiersey	P. Norris	J. Quigley	
P. Gough	M. Kirby	J. P. Nugent	R. Shanahan	
T. Hahessy	J. Mackey Jnr.	P. O'Connell	J. Skehan	



7. NORTHERN

E. Bray	S. Donohoe	P. Holton	D. Mullen	D. O'Sullivan
A. Brogan	D. Fagan	J. Howell	J. E. Murphy	A. Rogers
B. Carey	S. Finnegan	D. Lally	P.J. Nangle	M. Stafford
D. Carroll	G. Foster	J. Maxwell	B. O'Donoghue	V. Ward Jnr.
J. Clinton	A. Gerraghty	E. McEnteggart	M. O'Flaherty	
S. Commons	S. Gibney	K. Meade	T. O'Halloran	
H. Corbally	J. Gilsenan	P. Morrin	P. O'Scanaill	



8. SOUTH WEXFORD

B. Barnwell	J. Cullen	E. Lyng	Anthony O'Connor	T. Quinn
F. Barron	F. Curtis	A. Murphy	D. O'Dwyer	A. Redmond
P. Barron	G. Dunne	JJ. Murphy	D. O'Hanlon	N. Roberts
R. Barron	J. Fitzgerald	M. Murphy	J. O'Neill	S. Windsor
T. Brennan	W. Gleeson	W. O'Brien Jnr	E. Power	
M. Corcoran	R. Hammell	Aidan O'Connor	W. Quaid	



9. NORTH KILKENNY

B. Roche	J. Doheny	J. Mulhall	J. Robinson	Padraig Walshe
T. Cooke	J. Dowling	P. Mullan	M. Rowe	Patrick Walsh
W. Costigan	J. Gannon	M. Murphy	J. Ryan	
V. Cunningham	M. Healy	T. Murphy	M. Treacy	
N. Deevy	T. Kearney	J. Regan	J. Walsh	



10. SOUTH KILKENNY

M. Aylward	M. Downey	W. Kearns	J. O'Brien	J. Walsh (Carrigeen)
R. Barry	B. Dunne	N. Kelly	J. O'Dwyer	J. Walsh (Piltown)
P. J. Byrne	J. Fitzpatrick	P. Kirwan	P. O'Hanlon	M. Walsh
T. Corcoran	T. Heffernan	T. Mackey	M. Phelan	P. Walsh
W. Crowley	W. Heffernan	P. J. Malone	S. Reid	S. Walsh
B. Daniels	P. Holden	J. Murphy	J. Ryan	T. Walsh
G. Doherty	P. J. Irish	P. Murphy	A. Smyth	



11. WEST WATERFORD

P. Cooney	L. Fenton	Peter Kiely	W. O'Donoghue	M. Sheehan
L. Curran	J. Harty	N. Looby	M. O'Gorman	C. Smiddy
D. Dower	M. Hennebry	V. McCarthy	S. Osborne	T. Walsh
P. Drohan	M. Keane	J. McKeon	E. Power	
N. Dunphy	J. Keating	A. Murphy	T. Power	
P. Fennell	Patrick Kiely	G. O'Brien	W. Shanahan	

MEMBER ENGAGEMENT



Liam Phelan, GII, Michael Teehan (Kilkenny) and Micheál Hoyne (Kilkenny).



Christtabel Iwuaba, Kayleigh Cunningham, Callista Nabila, Audrey O'Shea, Glanbia, Micheala O'Brien and Board Member John Murphy who hosted pupils from the Queen of Angels National School, Sandyford, Co Dublin to see a working farm in operation.



Engaging with our farmer suppliers and Society members is at the core of our success. We interact with our farmer suppliers and Society members through a variety of communication channels, such as our Glanbia Connect website, newsletters and other publications. In addition, we participate in more formal and structured engagement, such as meetings, forums and other events, and carry out consultations and surveys.

Glanbia Connect

In 2015, the Glanbia organisation launched a high-quality online portal – Glanbia Connect, to allow suppliers and customers engage efficiently with all strands of the business. The website, which is updated regularly with news, events and farm management information, has proven very popular. As well as an online store, the site has a very useful “My Account” section, where farmer suppliers and customers can gain safe and secure access to milk, grain or trading details. Over 60% of GII milk suppliers have now linked their account for online viewing.

In the coming months, we will launch a significantly expanded Glanbia Connect online store, as well as other enhancements to meet the evolving needs of our farmer suppliers and customers.

The recent Glanbia Ingredients Ireland milk planning census highlighted poor access to broadband as a challenge faced by a significant proportion of our milk suppliers and this is an issue we plan to address with relevant Government bodies.

Ploughing 2016

The Glanbia exhibit at the National Ploughing Championships is always a big attraction and 2016 was no different with large crowds visiting the stand over the three days. An estimated 20,000 samples of milk were distributed and up to 2,500 of our customers and suppliers availed of refreshments. For a second year in a row, there was also strong interest in a special €15 soil sample collection and analysis service by IAS Laboratories in Carlow. Approximately 8,000 soil samples were analysed through this offer.





Jer Doheny, Board Member, Pat Tennyson, Glanbia Agribusiness and Niall Greene (Kilmanagh).



In November, the top 500 milk producers nationally were recognised at the AHI CellCheck Milking for Quality Awards. The awards are given to the 500 milk suppliers nationally with the lowest weighted annual somatic cell count (SCC) in the previous year. Glanbia Ingredients Ireland (GII) was delighted to have over 140 award winners in attendance.

Eamonn and Anne Doyle from Inistioge, Co Kilkenny, are pictured receiving their AHI CellCheck Milking for Quality Award from Jim Bergin, CEO of GII.



(Above) Agribusiness Marketing Manager James Byrne discusses Glanbia's farmer website with one of the many visitors to the Glanbia 2016 ploughing stand.

(Left) Pat Ryan, GII, with John Campion, Graigue, Urlingford.

(Right) Dermot McAuliffe from Castlelyons in Co Cork was honoured with the overall Glanbia Quality Grain award for 2015. He is pictured with (from left) Henry Corbally, Glanbia Chairman, Colm Eustace, CEO Glanbia Agribusiness and Maurice O'Connell, Tillage Business Manager.



Pictured at the celebratory event to mark 100 years since the foundation of Kilmeadan Co-operative were, left to right, Gabrielle Power, Brendan Hayes, John Hayes, Niall Moore, Minister for Agriculture Michael Creed, Siobhán Talbot and Pat Coady.



Bill Crean (book author) and Luke Mullins pictured in Graiguenamanagh, Co Kilkenny for the celebrations marking 100 years since the foundation of the local Co-operative.

SUMMARY PROFIT AND LOSS ACCOUNT

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

	2016	2015*
	€'000	€'000
Dividend income from Glanbia plc	13,601	13,281
Representative structure fees and expenses	(868)	(911)
Administration costs	(2,666)	(1,905)
Operating profit	10,067	10,465
Profit on sale of Glanbia plc shares	–	64,128
2015 SGM costs	–	(3,102)
Finance income	51	647
Profit before taxation	10,118	72,138
Taxation	–	39
Profit after taxation	10,118	72,177
Appropriations from reserves		
Dividends	(4,041)	(4,193)
Spin out of Glanbia plc investment	–	(8,092)
Agribusiness fertiliser / feed / milk / grain patronage	(37,250)	(36,748)
Share buyback	(7,450)	–
Special dividend	(16,849)	–
Glanbia Advance Payments Scheme	(345)	–
Total appropriations	(65,935)	(49,033)
Net (loss)/profit for the year after appropriations	(55,817)	23,144

* 2015 profit and loss has been restated to reclassify the €0.4 million gain relating to the revaluation of investments to the available for sale financial asset reserve under the transition to FRS 101

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

	2016	2015
	€'000	€'000
Fixed Assets	1,292	1,421
Investments*	51,110	51,310
Share of net assets in GII (60%)	145,613	130,928
Working capital	(418)	681
Revolving share plans	(23,872)	(23,056)
Pension obligations	(1,040)	(884)
Total cash and Glanbia plc balances at end of year	99,011	15,743
Receivable from GII	19,200	64,200
Glanbia Advance Payments Scheme receivable	5,751	–
Glanbia MilkFlex Fund receivable	1,499	–
Special bonus payable	(1,587)	–
Bond (net of deferred issue costs)	(92,014)	–
Bond option	(6,400)	–
	198,145	240,343

* Investments in Glanbia plc are included in the summary balance sheet at cost. The market value of the 107.9 million (2015: 107.9 million) shares held in Glanbia plc was €1,917.4 million (2015: €1,965.9 million) based on a share price of €17.77 as at 30 March, 2017, (2015: €18.22 on 18 March, 2016).

SUMMARY CASHFLOW

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

	2016 €'000	2015 €'000
Revolving share plan – proceeds from issue of new C shares	–	14,024
Dividend income from Glanbia plc	13,601	13,281
Disposal of four million Glanbia plc shares	–	67,400
Bond issue proceeds	98,245	–
Inflow	111,846	94,705
Dividend payment	(4,174)	(3,979)
Revolving share plan – purchase of C shares	(378)	(19)
Issue of shares in Glanbia Co-operative Society Limited	2,093	3,364
Cancellation of shares in Glanbia Co-operative Society Limited	(1,861)	–
Interest, administration and other costs	(2,051)	(4,539)
Agribusiness fertiliser / feed / milk / grain patronage	(37,250)	(36,748)
Buyback of shares in Glanbia Co-operative Society Limited	(7,443)	–
Special dividend payment	(15,264)	–
Loan repayments (from / to GII)	45,000	(64,200)
Glanbia Advance Payments Scheme payments	(5,751)	–
Glanbia MilkFlex Fund payments	(1,499)	–
(Outflow)	(28,578)	(106,121)
Net inflow / (outflow) of funds	83,268	(11,416)
Total cash and Glanbia plc balances at start of year	15,743	27,159
Total cash and Glanbia plc balances at end of year	99,011	15,743

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

	2016 €'000	2015 €'000
Total cash and Glanbia plc balances at end of year	99,011	15,743
Loan receivable from GII	19,200	64,200
Revolving share plans	(23,872)	(23,056)
Net cash and related balances at end of year*	94,339	56,887

*In addition the €100 million equity linked exchangeable bond is due for repayment in June 2021. Also the Glanbia Advance Payments Scheme payments and the Glanbia MilkFlex Fund payments totalling €7.3 million are receivable within one to eight years.

To maximise the returns to the Society an amount of €45 million was lent in 2015 to GII, repayable on the demand of the Society. This was repaid in 2016. The balance of €19.2 million lent to GII matches the repayment term of the 2015 Revolving Share Plan as previously communicated to Society members.

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

CONSOLIDATED GROUP INCOME STATEMENT

for the financial year ended 31 December 2016

	Pre- exceptional 2016 €'000	Exceptional 2016 €'000	Total 2016 €'000	Pre- exceptional 2015 €'000	Exceptional 2015 €'000	Total 2015 €'000
Revenue	3,622,068	–	3,622,068	3,627,811	–	3,627,811
Earnings before interest, tax and amortisation (EBITA)	352,425	(17,450)	334,975	306,185	(29,452)	276,733
Intangible asset amortisation	(41,066)	–	(41,066)	(32,318)	–	(32,318)
Operating profit	311,359	(17,450)	293,909	273,867	(29,452)	244,415
Finance income	2,128	–	2,128	2,005	–	2,005
Finance costs	(34,440)	–	(34,440)	(26,618)	–	(26,618)
Share of results of Joint Ventures & Associates	13,174	–	13,174	14,583	–	14,583
Profit before taxation	292,221	(17,450)	274,771	263,837	(29,452)	234,385
Income taxes	(48,686)	2,658	(46,028)	(40,930)	2,543	(38,387)
Profit for the year	243,535	(14,792)	228,743	222,907	(26,909)	195,998
Attributable to:						
Equity holders of the Parent			93,481			84,381
Non-controlling interests			135,262			111,617
			228,743			195,998

On behalf of the Board
H. Corbally S. Talbot M. Keane
 Directors

CONSOLIDATED GROUP BALANCE SHEET

as at 31 December 2016

	2016 €'000	2015 €'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,005,861	942,950
Intangible assets	976,007	962,290
Investments in Associates	2,716	7,063
Investments in Joint Ventures	71,507	64,513
Available for sale financial assets	14,933	16,054
Trade and other receivables	3,349	1,850
Deferred tax assets	1,818	584
Retirement benefit assets	2,578	3,787
Derivative financial instruments	82	–
	2,078,851	1,999,091
Current assets		
Inventories	514,301	484,915
Trade and other receivables	418,945	419,377
Current tax asset	9,196	22,873
Derivative financial instruments	1,521	562
Cash and cash equivalents	324,845	230,008
	1,268,808	1,157,735
Total assets	3,347,659	3,156,826
EQUITY		
Issued capital and reserves attributable to equity holders of the Parent		
Share capital and share premium	45,531	46,217
Other reserves	167,034	157,814
Retained earnings	371,269	362,319
	583,834	566,350
Non-controlling interests	784,892	682,856
Total equity	1,368,726	1,249,206
LIABILITIES		
Non-current liabilities		
Financial Liabilities	880,468	910,693
Derivative financial instruments	6,588	584
Deferred tax liabilities	165,306	170,811
Retirement benefit obligations	161,037	132,572
Provisions	38,036	49,274
Capital grants	23,562	23,216
	1,274,997	1,287,150
Current liabilities		
Trade and other payables	569,553	505,548
Current tax liabilities	54,083	38,965
Financial liabilities	46,579	52,028
Derivative financial instruments	3,322	2,455
Provisions	28,787	19,480
Capital grants	1,612	1,994
	703,936	620,470
Total liabilities	1,978,933	1,907,620
Total equity and liabilities	3,347,659	3,156,826

On behalf of the Board

H. Corbally S. Talbot M. Keane

Directors

Glanbia Co-operative Society Limited
Glanbia House
Kilkenny
Ireland
T + 353 56 7772200
F + 353 56 7772222
www.glanbia.com

