TOTAL PRODUCE PLC

2018 PRELIMINARY RESULTS

Total Produce continues growth in 2018

- **Total Revenue up 17.7% to €5.04 billion**
- **Total Revenue (excluding Dole) up 1.6% to €4.35 billion**
- **Adjusted EBITDA up 27.6% to €133.3m**
- **Adjusted EBITDA (excluding Dole) up 5.7% to €110.4m**
- **Adjusted fully diluted EPS (including Dole and the related share placing) of 10.51 cent**
- **Adjusted fully diluted EPS (excluding Dole and the related share placing) up 0.1% to 13.50 cent (up 2.7% constant currency)**
- **Total dividend up 2.5%**

Key performance indicators are defined overleaf

Commenting on the results, Carl McCann, Chairman, said:

"We are pleased that Total Produce has delivered continuing good results in a more challenging year. Adjusted EBITDA was up 27.6% to €133.3m. On a like-for-like basis, excluding Dole, Adjusted EBITDA was up 5.7% with adjusted fully diluted earnings per share up 0.1%. On a constant currency basis, excluding Dole, adjusted EBITDA and adjusted fully diluted earnings per share were up 8.9% and 2.7% respectively.

On 1st February 2018, Total Produce announced an agreement to acquire 45% of Dole for $300m and issued 63 million ordinary shares (representing c. 19% of ordinary shares) raising $180m to part finance the acquisition. The acquisition of the shareholding in Dole represents a transformational change for Total Produce and brings together two of the world's leading fresh produce companies. The transaction completed on 31 July 2018 and the first full year including the Dole results will be 2019.

Trading in early 2019 has been satisfactory. Total Produce is targeting an increase in the 2019 adjusted fully diluted earnings per share, including Dole in the mid-to-upper single digit range over the 2018 adjusted earnings per share of 13.50 cent.

The Group is also pleased to propose a 2.5% increase in final dividend to 2.5140 cent per share".

7 March 2019

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TOTAL PRODUCE PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Results excluding Dole acquisition and related share placing

	2018 €'million	2017 €'million	change
Total Revenue [(1)]	**4,354**	4,286	+1.6%
Adjusted EBITDA[(1)]	**110.4**	104.4	+5.7%
Adjusted EBITA[(1)]	**87.7**	83.5	+5.0%
Adjusted profit before tax[(1)]	**80.7**	76.7	+5.2%
	€'cent	€'cent	
Adjusted fully diluted earnings per share	**13.50**	13.48	+0.1%

Reported results

	2018 €'million	2017 €'million	change
Total Revenue[(1)]	**5,043**	4,286	+17.7%
Group Revenue	**3,728**	3,674	+1.5%
Adjusted EBITDA[(1)]	**133.3**	104.4	+27.6%
Adjusted EBITA[(1)]	**98.0**	83.5	+17.3%
Operating profit after intangible asset amortisation	**77.9**	78.2	(0.5%)
Adjusted profit before tax[(1)]	**76.9**	76.7	+0.2%
Profit before tax	**69.8**	72.5	(3.7%)
	€'cent	€'cent	
Adjusted fully diluted earnings per share	**10.51**	13.48	(22.0%)
Basic earnings per share	**9.37**	14.80	(36.7%)
Diluted basic earnings per share	**9.34**	14.68	(36.4%)
Total dividend per share	**3.4269**	3.3433	+2.5%

[(1)] Key performance indicators defined

Total revenue includes the Group's share of the revenue of its joint ventures and associates.

Adjusted EBITDA is earnings before interest, tax, depreciation, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

Adjusted EBITA is earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

Adjusted profit before tax excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

Adjusted fully diluted earnings per share excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings, exceptional items and related tax on such items. It also excludes the Group's share of these items within joint ventures and associates.

Forward-looking statement

Any forward-looking statements made in this press release have been made in good faith based on the information available as of the date of this press release and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in these statements, and the Company undertakes no obligation to update any such statements whether as a result of new information, future events, or otherwise. Total Produce's Annual Report contains and identifies important factors that could cause these developments or the Company's actual results to differ materially from those expressed or implied in these forward-looking statements.

Overview

The 2018 financial year was a significant year for Total Produce ('the Group'). As announced on 1 February 2018, the Group entered into an agreement to acquire a 45% stake in Dole Food Company ('Dole') for $300m with options to further increase the Group's stake. Dole is one of the world's leading fresh fruit and vegetables companies with an iconic brand and leading market positions and scale. This transaction creates the world's largest fresh produce Group. The transaction completed on 31 July 2018 after receiving regulatory approvals. On 1 February 2018, a total of 63 million new ordinary shares (representing 19% of the Company's issued share capital) were issued raising €145 million (before related costs) to finance the Dole transaction.

The reported results for year ended 31 December 2018 include the Group's 45% share of Dole for the last five months of the year from the date of completion. The Dole business is seasonal with the greater share of its earnings in the first half of the financial year. For the five month period, the Group's 45% share of revenue was €692m, adjusted EBITA €10.3m and after tax losses €6.4m. The 2019 financial year will be the first full year reflecting this transaction.

Excluding the results of Dole and the related share placing, the Group delivered a good performance in 2018. Total revenue, adjusted EBITDA and adjusted EBITA grew by 1.6%, 5.7% and 5.0% respectively. The results benefited from the incremental contribution of acquisitions offset in part by the negative impact on translation to Euro of the results of foreign currency denominated operations and unfavourable weather patterns. Adjusted earnings per share of 13.50 cent (2017: 13.48 cent) was marginally ahead of the prior year. On a constant currency basis, revenue, adjusted EBITDA, adjusted EBITA and adjusted fully diluted EPS were 3.8%, 8.9%, 8.6% and 2.7% respectively ahead of prior year.

Including the Group's share of the results of Dole for the five months ended 31 December 2018, total revenue of €5,043m, adjusted EBITDA of €133.3m and adjusted EBITA of €98.0m were 17.7%, 27.6% and 17.3% respectively ahead of prior year. Adjusted earnings per share of 10.51 cent (2017: 13.48 cent) was down due to impact of the share placing on 1 February 2018 and the after tax losses of Dole for the five month period to 31 December 2018. The Dole business is seasonal with earnings weighted towards the first half of the financial year.

The Group continues to be cash generative with adjusted operating cash flows of €52.9m (2017: €53.8m) and free cash flows of €31.2m (2017: €34.3m).

The Board is pleased to announce a 2.5% increase in the final dividend to 2.5140 (2017: 2.4527) cent per share subject to the approval of shareholders at the forthcoming AGM. If approved, the total dividend for 2018 will amount to 3.4269 (2017: 3.3433) cent per share which represents an increase of 2.5% on 2017.

Operating review

The table below details a segmental breakdown of the Group's total revenue and adjusted EBITA for the year ended 31 December 2018. The European and International operating segments are primarily involved in the procurement, marketing and distribution of hundreds of lines of fresh fruit and vegetables. The Group's 45% share of the results of Dole is included as a separate operating segment from the date of acquisition 31 July 2018. Dole is one of the world's leading fresh producers/growers, marketers and distributors of fresh fruit and vegetables which they sell through a wide network in North America, Europe, Latin America, the Middle East and Africa. Segment performance is evaluated based on total revenue and adjusted EBITA.

	Year ended 31 December 2018		Year ended 31 December 2017	
	Total revenue €'000	**Adjusted EBITA €'000**	Total revenue €'000	Adjusted EBITA €'000
Europe – Eurozone	**1,716,584**	**27,252**	1,737,964	26,990
Europe – Non-Eurozone	**1,511,780**	**41,593**	1,542,598	41,716
International	**1,175,297**	**18,880**	1,061,927	14,838
Inter-segment revenue	**(49,991)**	**–**	(56,258)	–
Total Group (ex-Dole)	**4,353,670**	**87,725**	4,286,231	83,544
Dole	**692,239**	**10,297**	–	–
Inter-segment revenue	**(2,419)**	**–**	–	–
Total Group	**5,043,490**	**98,022**	4,286,231	83,544

Excluding the contribution from Dole, total revenue increased 1.6% to €4.35 billion (2017: €4.29 billion) with adjusted EBITA up 5.0% to €87.7m (2017: €83.5m). Adjusted EBITA margin in 2018 increased to 2.01% (2017: 1.95%). The results benefited from the incremental contribution of acquisitions offset in part by the negative impact on the translation to Euro of the results of foreign currency denominated operations. On a constant currency basis total revenue and adjusted EBITA increased by 3.8% and 8.6% respectively.

Fresh produce markets particularly in Europe have been challenged with extended unusual weather conditions that continued through the summer months into autumn which impacted the supply and demand dynamic. On a like-for-like basis, excluding acquisitions, divestments and currency translation, total revenue was in line with prior year with an increase in average prices offsetting a marginal decrease in volumes. Volume increases in the North America business compensated for a small decrease in volumes in the European business.

Europe – Eurozone

This segment includes the Group's businesses in France, Ireland, Italy, the Netherlands and Spain. Revenue decreased by 1.2% to €1,717m (2017: €1,738m) with a 1.0% increase in adjusted EBITA to €27.3m (2017: €27.0m). Overall trading conditions were challenging due to unusual weather patterns which extended into the summer months which disrupted supply and demand particularly in the soft fruit, vegetables and salads categories. These effects were more pronounced in the Netherlands where the market remains very competitive. This was offset by a good performance in Southern Europe. Excluding the effect of acquisitions and divestments, revenue on a like-for-like basis was in line with prior year with a marginal increase in average prices offset by a small decrease in volume.

Europe – Non-Eurozone

This segment includes the Group's businesses in the Czech Republic, Poland, Scandinavia and the UK. Revenue decreased by 2.0% to €1,512m (2017: €1,543m) with adjusted EBITA decreasing by 0.3% to €41.6m (2017: €41.7m). This was due to unusual weather patterns as highlighted earlier and in particular to the adverse impact of the translation of the results of foreign currency denominated operations into Euro due to the weakening of the Swedish Krona and Sterling by 6.5% and 1.1% respectively which negatively impacted revenue and adjusted EBITA by €40m and €1.4m respectively. This was offset in part by the contribution of bolt-on acquisitions in the past twelve months.

On a like-for-like basis excluding acquisitions, divestments and currency translation, revenue was circa 2% behind prior year with marginal decreases in both volume and average prices.

International

This division includes the Group's businesses in North America, South America and India. Revenue increased by 10.7% to €1,175m (2017: €1,062m) with adjusted EBITA increasing 27.2% to €18.9m (2017: €14.8m). The results benefited from the incremental contribution of acquisitions. On the 1 March 2017, the Group acquired a further 30% of the Oppenheimer Group ('Oppy') taking its interest to 65% and from this date it is fully consolidated as a subsidiary. Previously the original 35% shareholding was equity accounted for as an associate interest. In addition there was the incremental benefit from The Fresh Connection acquisition in October 2017. This was offset in part by the weakening of the US Dollar and Canadian Dollar by 3.7% and 4.9% respectively in the year which negatively impacted the results on translation to Euro. On a like-for like basis revenue increased by circa 2% with volume increases offset by a marginal price decrease. In the prior year, the soft fruit market was impacted by weather conditions that led to surplus volumes and lower pricing. Oppy also incurred start-up losses in a new soft fruit growing partnership in 2017.

Dole

This segment includes the Group's share of the results of Dole from date of completion of the acquisition. As noted earlier, the Group completed the acquisition of the initial tranche of 45% of Dole on 31 July 2018 and is equity accounting for its 45% share of the results of Dole on an IFRS basis with effect from 1 August 2018. The overall business is seasonal with the greater share of trading profits earned in the first half of the financial year. The 2019 financial year will therefore be the first full year reflecting this transaction.

On a full year basis under US GAAP, Dole has recorded revenues of $4.42 billion for the year ended 31 December 2018 (2017: $4.41 billion). Adjusted EBITDA (on an S-1 basis) was $192.5m (2017: $238.0m) with adjusted EBITA of $102.9m (2017: $134.5m). The Dole Fresh Fruit Division performed well in 2018 while adjusted EBITDA in the Dole Fresh Vegetable Division decreased $33m on prior year due in the main to the effect of two industry wide safety notices affecting romaine lettuce, not directly linked to Dole and an oversupply resulting in lower pricing.

Post completion of the transaction, Dole sold its corporate headquarters for $50.0m. The book value gain of $7.3m has been excluded from the adjusted EBITDA and adjusted EBITA above. Post the year end in January 2019, Dole completed the sale of its salad business and production facilities in Sweden and Finland. The sale of the Swedish facility was a condition of the European Commission's approval of the acquisition of the 45% interest in Dole.

On an IFRS basis for the five months ended 31 December 2018, the Group's 45% share of revenue was $795m; €692m, and adjusted EBITA was $11.8m; €10.3m reflecting the weighting of trading profits towards the first half of the year and the impact of industry wide safety notices on the results in the Fresh Vegetable Division as noted earlier.

Further details on the acquisition of Dole and its financial performance and position for the five months ended 31 December 2018 are outlined in Note 8 of the accompanying financial information.

Financial Review

Revenue and Adjusted EBITA

An analysis of the factors influencing the changes in revenue and adjusted EBITA are discussed in the operating review above.

Share of profits of joint ventures and associates

Excluding the contribution of Dole, the share of after tax profits of joint ventures and associates decreased to €10.9m (2017: €12.2m) with reduced earnings in some joint ventures in Europe offset in part by the incremental effect of acquisitions in the second half of 2017. Dividends declared from joint ventures and associates in the year amounted to €11.2m (2017: €12.6m) with €10.9m (2017: €8.2m) received in cash reflecting the Group's continued focus on cash return from these investments.

The Group's share of after tax losses of Dole for the five months ended 31 December 2018 amounted to €2.7m before exceptional items due to trading profits being weighted towards first half of the year, the impact of industry wide safety notices on romaine lettuce as highlighted in the operating review and high interest charges and tax charges due to the impact of recent US tax reform. Post exceptional items the Group's share of after tax losses was €6.4m.

Intangible asset amortisation

Acquisition related intangible asset amortisation within subsidiaries decreased to €10.3m (2017: €10.5m) due to some assets being fully amortised during the year and the effect of currency translation offset in part by incremental charges relating to new acquisitions. The share of intangible asset amortisation within joint ventures and associates was €2.7m (2017: €2.5m).

Exceptional Items

Exceptional items in the year amounted to a net credit after tax of €3.7m (2017: credit of €7.3m). The net credit in 2018 relates to exceptional foreign currency gains relating to Dole transaction and gains on a disposal of an investment. These were offset by non-cash goodwill impairment charges, restructuring charges, pension charges and net costs associated with the Dole transaction (net of interest income on the proceeds from the share placing) and the Group's share of exceptional items within Dole. A full analysis of exceptional items for both 2018 and 2017 are set out in Note 5 of the accompanying financial information and have been excluded from the calculation of the adjusted numbers.

Operating profit

Operating profit before exceptional items increased 3.5% to €72.1m (2017: €69.6m) with increased profits in the core Group offset by the impact of equity accounting for the Group's 45% share of the loss of Dole in the five month period post acquisition of €2.7m. Operating profit after the impact of exceptional items decreased by 0.5% to €77.9m (2017: €78.2m).

Net Financial Expense

Net financial expense (before exceptional items) in the year increased to €7.4m (2017: €5.8m) due primarily to the interest cost associated with funding the Dole acquisition, higher average net debt in the year partly offset by the lower cost of funding. The net exceptional interest charge in the year of €0.7m was due to charges for committed funding of the Dole transaction offset by deposit interest income on the share placing proceeds. Net interest cover for the year was 13.3 times based on adjusted EBITA.

The Group's share of the net interest expense of joint ventures (ex-Dole) and associates in the year was €1.1m (2017: €1.1m). The Group's share of the net interest expense of Dole in the five month period post acquisition was €12.7m.

Profit Before Tax

Excluding exceptional items, acquisition related intangible asset amortisation charges and costs and fair value movements on contingent consideration, the adjusted profit before tax increased by 0.2% to €76.9m (2017: €76.7m). Statutory profit before tax after these items was €69.8m (2017: €72.5m) with the decrease due to Group's equity accounted share of the after tax losses in Dole post acquisition and lower exceptional credits year on year.

Taxation

The tax charge for the year, including the Group's share of joint ventures and associates tax and before non-trading items, as set out in Note 6 of the accompanying financial information, was €18.6m (2017: €19.4m) representing an underlying tax rate of 24.2% (2017: 25.3%) when applied to the Group's adjusted profit before tax. Excluding the effect of the Dole transaction and related costs the underlying tax rate of the Group decreased to 23.1% (2017: 25.3%).

Non-Controlling Interests

The non-controlling interests' share of after tax profits in the year was €18.0m (2017: €13.7m). Included in this was the non-controlling interests' share of exceptional items, amortisation charges and acquisition related costs which amounted to €Nil in 2018 (2017: credit of €0.3m). Excluding these non-trading items, the non-controlling interests' share of adjusted after tax profits was €18.0m (2017: €13.4m) with the increase due to the non-controlling interests incremental share of profits in certain non-wholly owned subsidiaries in North America and Europe.

Adjusted and Basic Earnings per Share

Adjusted earnings per share excluding the impact of the acquisition of Dole and the related share placing in February 2018 marginally increased by 0.1% to 13.50 cent per share (2017: 13.48 cent) with the 5.0% increase in adjusted EBITA (ex-Dole) offset by the higher non-controlling interest share of after tax profits. On a constant currency basis adjusted earnings per share was 2.7% ahead of prior year.

Including the impact of the Dole acquisition, related costs and the share placing, the adjusted fully diluted earnings per share was 10.51 cent (2017: 13.48 cent). The decrease was due to the impact of the share placing on 1 February 2018 which increased shares in issue by 19% and equity accounting for the Group's share of the after tax losses of Dole for the five month period post acquisition. The Dole business is seasonal with earnings weighted towards the first half of the financial year.

Management believes that adjusted fully diluted earnings per share, which excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings, exceptional items and related tax on these items, provides a fairer reflection of the underlying trading performance of the Group.

Basic earnings per share and diluted earnings per share after these non-trading items amounted to 9.37 cent per share (2017: 14.80 cent) and 9.34 cent per share (2017: 14.68 cent) respectively.

Note 7 of the accompanying financial information provides details of the calculation of the respective earnings per share amounts.

Cash Flow and Net Debt

Net debt at 31 December 2018 was €219.7m compared to €113.1m at 31 December 2017. The increase is due to the acquisition of a 45% interest in Dole for a cost including fees of €251m, partly funded by the proceeds from the share placing of €141m (net of costs). Net debt relative to adjusted EBITDA at 31 December 2018 was 1.6 times and interest is covered 13.3 times by adjusted EBITA. Average net debt for 2018 (which excludes the proceeds from the share placing up to 31 July 2018) was €217.1m (2017: €142.1m). In addition, the Group has non-recourse trade receivables financing at 31 December 2018 of €30.0m (2017: €39.1m).

Prior to working capital movements, the Group generated €68.1m (2017: €56.1m) in adjusted operating cash flows. Working capital outflows of €15.2m (2017: €2.3m) were primarily due to the decrease in the non-recourse trade receivables financing. Cash outflows on routine capital expenditure, net of disposals, were €22.1m (2017: €18.9m). Dividends received from joint ventures and associates in the year were €10.9m (2017: €8.2m) due to increased profits in 2017 and the Group's continued focus on cash returns from these investments. Dividends paid to non-controlling interests increased to €10.5m (2017: €8.8m) due to share of increased profits in 2017.

Free cashflow generated by the Group decreased to €31.2m (2017: €34.3m) due to the higher working capital outflow. Free cashflow is the funds available after outflows relating to routine capital expenditure and dividends to non-controlling interests but before acquisition related expenditure, development capital expenditure and the payment of dividends to equity shareholders.

Cash outflows on acquisitions and investments amounted to €259.6m (2017: €44.7m) due primarily to the net spend of €250.6m on Dole including associated costs. There was also €3.8m cash (2017: €23.9m net debt) assumed on acquisition in the year. Contingent and deferred consideration payments relating to prior period acquisitions were €7.0m (2017: €9.3m). Payments for non-routine property and plant additions amounted to €7.4m (2017: €22.6m). The Group distributed €13.1m (2017: €10.1m) in dividends to equity shareholders in the year representing payment of final 2017 dividend and the 2018 interim dividend. Net proceeds of €141.0m arose from the share placing in February 2018. There was a positive movement of

€1.7m (2017: €13.4m) on the translation of foreign currency debt/cash into Euro at 31 December 2018. This is primarily due to the translation gain on the €141.0m proceeds from the share placing in early February that were used to purchase US Dollars and placed on deposit in order to hedge the investment in Dole. The strengthening of the US Dollar from early February to date of completion of the transaction on 31 July 2018 resulted in a foreign exchange gain of €7.6m on translation of the US Dollar deposit to Euro. This was offset by foreign currency losses on the retranslation of US Dollar borrowings due to the stronger US Dollar exchange rates prevailing at year-end compared to those prevailing at 31 December 2017.

	2018 €'million	2017 €'million
Adjusted EBITDA	**133.3**	104.4
Deduct adjusted EBITDA of joint ventures and associates	**(44.5)**	(22.6)
Net financial expense and tax paid	**(20.5)**	(22.6)
Other	**(0.2)**	(3.1)
Adjusted operating cash flows before working capital movements	**68.1**	56.1
Working capital movements	**(15.2)**	(2.3)
Adjusted operating cash flows	**52.9**	53.8
Routine capital expenditure net of routine disposal proceeds	**(22.1)**	(18.9)
Dividends received from joint ventures and associates	**10.9**	8.2
Dividends paid to non-controlling interests	**(10.5)**	(8.8)
Free cash flow	**31.2**	34.3
Cashflows from exceptional items	**3.0**	0.5
Acquisition payments, net [1]	**(259.6)**	(44.7)
Net cash/(debt) assumed on acquisition of subsidiaries	**3.8**	(23.9)
Contingent and deferred consideration payments	**(7.0)**	(9.3)
Subsidiary now a joint venture	**–**	(6.7)
Disposal of trading assets	**–**	2.1
Non-routine capital expenditure / property additions	**(7.4)**	(22.6)
Dividends paid to equity shareholders	**(13.1)**	(10.1)
Proceeds from issue of share capital - share placing	**141.0**	–
Proceeds from issue of share capital – other	**0.4**	2.6
Other	**(0.6)**	(0.3)
Total net debt movement in year	**(108.3)**	(78.1)
Net debt at beginning of year	**(113.1)**	(48.4)
Foreign currency translation	**1.7**	13.4
Net debt at end of year	**(219.7)**	(113.1)

[1] Includes payments in period in respect of subsidiaries, non-controlling interests, joint ventures and associates and is net of contributions from non-controlling interests and proceeds on disposal of shares to non-controlling interests. For 2018 it also includes €5.1m of long term funding to a joint ventures in Europe to fund a development.

Defined Benefit Pension Obligations

The net liability of the Group's defined benefit pension schemes (net of deferred tax) decreased to €9.1m at 31 December 2018 (2017: €13.8m). The decrease in the liability is primarily due to the increase in discount rates in the Eurozone and UK schemes which result in a decrease in the net present value of the schemes' obligations. Other post-employment benefit obligations decreased to €5.0m (2017: €5.3m). Further details are outlined in Note 9 of the accompanying financial information.

Shareholders' Equity

Shareholders' equity increased by €173.3m at 31 December 2018 to €433.1m (2017: €259.8m) primarily due to the €141.0m increase from the share placing (less associated costs). Profit after tax of €35.8m attributable to equity shareholders and remeasurement gains of €5.5m (net of deferred tax) on post-employment benefit schemes were principally offset by a currency translation loss of €8.4m on the retranslation of the net assets of foreign currency denominated operations to Euro and the payment of dividends of €13.1m to equity shareholders of the Company.

Development Activity

Investment in Dole Food Company and Share Placing

Investment in Dole Food Company ('The Transaction')

On 1 February 2018, the Group announced that it had entered into a binding agreement to acquire a 45% stake in Dole Food Company ('Dole') from Mr. David H. Murdock for a cash consideration of $300 million (the 'First Tranche'). The acquisition of the First Tranche was approved by the Board of Directors of Total Produce and was initially subject to anti-trust review in a limited number of jurisdictions.

On 30 July 2018 the European Commission (the 'EC') approved the acquisition of the First Tranche. The EC approval was conditional on the divestment of Saba Fresh Cut AB (the Swedish bagged salad business owned by Dole). This limited disposal has no material impact on the strategic rationale or the commercial value of the transaction. As all other transaction conditions precedent were satisfied at this date, the acquisition of the First Tranche completed on 31 July 2018.

In addition, and at any time after closing of the First Tranche, the Group has the right, but not the obligation, to acquire (in any one or more tranches of 1%) up to an additional 6% of Dole common stock (the 'Second Tranche'). The Group has no present intention to exercise its option to acquire the Second Tranche. In the event the Group exercises the right to acquire the additional 6% the total consideration for the 51% stake shall be $312 million.

Following the second anniversary of the closing of the First Tranche, the Group has the right, but not the obligation, to acquire the balance of Dole common stock (the 'Third Tranche'), whereby the consideration for the Third Tranche is to be calculated based on nine times the three year average historical Dole Adjusted EBITDA less net debt. However, in no event shall the Third Tranche purchase price be less than $250 million or exceed $450 million (such cap subject to increase after six years). The Third Tranche consideration is payable in cash or, if the parties mutually agree, Total Produce stock.

From the fifth anniversary of completion of the acquisition of the First Tranche, in the event the Group has not exercised its right to acquire 100% of Dole, Mr. David H. Murdock is permitted to cause a process to market and sell 100% of Dole common stock.

On completion of the acquisition of the First Tranche on 31 July 2018, the Group and Mr. David H. Murdock have balanced governance rights with respect to Dole. The Board of Directors of Dole comprises of six members, three of which are appointed by Total Produce and three by Mr. David H. Murdock. Mr. David H. Murdock remains Chairman of Dole and Carl McCann was appointed Vice Chairman. Major decisions require consent of at least one Board Member appointed by each of Total Produce and Mr. David H. Murdock.

The Group secured funding for the acquisition of the First Tranche with a balance of equity and bank financing. As detailed below, the Group raised c.$180 million (c.$175m net of costs) from a share placing on 1 February 2018 with the balance funded through committed bank financing. The conservative funding strategy in relation to the acquisition of the First Tranche allows the Group to retain a strong balance sheet post-closing for strategic and financial flexibility going forward.

The investment in Dole and its financial contribution is treated as a joint venture and accounted for under the equity method in accordance with IFRS in the consolidated Group accounts following completion of the acquisition of the First Tranche on 31 July 2018 and until the exercise of the Third Tranche. Total Produce is therefore equity accounting for its 45% share of the results of Dole with effect from 1 August 2018. The overall business is seasonal with the greater share of EBITDA in the first half of the financial year. The 2019 financial year will therefore be the first full year reflecting this transaction.

Further details on the acquisition of Dole and its financial performance and position for the five months ended 31 December 2018 are outlined in Note 8 of the accompanying financial information.

Share Placing

On 1 February 2018 a total of 63 million new ordinary shares were placed (the 'Placing Shares') in a placing transaction at a price of €2.30 per Placing Share, raising gross proceeds of €145 million or c.$180 million (before expenses) to finance the Dole transaction. Net of expenses the proceeds were €141 million (c. US$ 175 million). The Placing Shares represented approximately 19% of the Company's issued ordinary share capital (excluding treasury shares) prior to the placing. The new issued shares were admitted to the Irish Stock Exchange and the London Stock Exchange on the ESM and AIM respectively on 5 February 2018.

Other investments in 2018

The Group made a number of bolt-on acquisitions during 2018 which committed investment of €4.5m, including €1.7m of contingent consideration payable on the achievement of future profit targets.

In January 2018, the Group completed investments in two new state-of-the-art facilities. The development of the Danish central distribution facility south of Copenhagen was completed. The facility has 6 different temperature zones, 26 banana ripening rooms, 4 stone fruit ripening rooms and a dedicated packing area to prepare product to meet the specifications required by our customers. Also, in January 2018 the Group's Exotic business in the Netherlands specialising in ripening of avocados and other stone fruit moved into a new facility. This ongoing investment demonstrates the Group's commitment to investing in facilities to deliver bespoke services and products to meet our customers' needs, adding value and leveraging on our collective strengths to generate efficiencies. The combined investment in these facilities in 2017 and 2018 was €23m.

Dividends

The Board is proposing a 2.5% increase in the final dividend to 2.5140 (2017: 2.4527) cent per share subject to the approval of shareholders at the forthcoming AGM. If approved, this dividend will be paid on 6 June 2019 to shareholders on the register at 26 April 2019 subject to dividend withholding tax. The total dividend for 2018 will amount to 3.4269 (2017: 3.3433) cent per share and represents an increase of 2.5% on 2017. The total dividend represents a pay-out of 32.6 % of the adjusted earnings per share.

Post Balance Sheet Events

On 29 January 2019, Dole completed the sale of Saba Fresh Cuts AB (in Sweden) and Saba Fresh Cuts OY (in Finland) to Bama International. Both Saba Fresh Cuts AB and Saba Fresh Cuts OY are producers of washed and ready to eat salads. The sale of Saba Fresh Cuts AB was a condition of the European Commission's approval of the acquisition by Total Produce of a 45% interest in Dole in July 2018.

There have been no other material events subsequent to 31 December 2018 which would require disclosure or adjustment in the financial statements.

Brexit

While the outcome of the UK's exit from the European Union remains unclear, Brexit committees, set up in the relevant areas of the business, are continuing to assess and prepare for risks which may arise in the coming months.

Going Concern

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Summary and Outlook

We are pleased that Total Produce has delivered continuing good results in a more challenging year. Adjusted EBITDA was up 27.6% to €133.3m. On a like-for-like basis, excluding Dole, Adjusted EBITDA was up 5.7% with adjusted fully diluted earnings per share up 0.1%. On a constant currency basis, excluding Dole, adjusted EBITDA and adjusted fully diluted earnings per share were up 8.9% and 2.7% respectively.

On 1st February 2018, Total Produce announced an agreement to acquire 45% of Dole for $300m and issued 63 million ordinary shares (representing c. 19% of ordinary shares) raising $180m to part finance the acquisition. The acquisition of the shareholding in Dole represents a transformational change for Total Produce and brings together two of the world's leading fresh produce companies. The transaction completed on 31 July 2018 and the first full year including the Dole results will be 2019.

Trading in early 2019 has been satisfactory. Total Produce is targeting an increase in the 2019 adjusted fully diluted earnings per share, including Dole in the mid-to-upper single digit range over the 2018 adjusted earnings per share of 13.50 cent.

The Group is also pleased to propose a 2.5% increase in final dividend to 2.5140 cent per share.

Carl McCann, Chairman
On behalf of the Board
7 March 2019

Total Produce plc
Extract from the Group Income Statement
for the year ended 31 December 2018

	Note	Before exceptional items 2018 €'000	Exceptional items (Note 5) 2018 €'000	Total 2018 €'000	Before exceptional items 2017 €'000	Exceptional items (Note 5) 2017 €'000	Total 2017 €'000
Revenue, including Group share of joint ventures and associates	3	**5,043,490**	**–**	**5,043,490**	4,286,231	–	4,286,231
						–	
Group revenue	3	**3,727,591**	**–**	**3,727,591**	3,674,294	–	3,674,294
Cost of sales		**(3,220,805)**	**–**	**(3,220,805)**	(3,182,507)	–	(3,182,507)
Gross profit		**506,786**	**–**	**506,786**	491,787	–	491,787
Operating expenses (net)		**(432,618)**	**9,450**	**(423,168)**	(423,875)	8,610	(415,265)
Share of loss of joint ventures - Dole	8	**(2,697)**	**(3,658)**	**(6,355)**	–	–	–
Share of profit of joint ventures - Other		**8,685**	**–**	**8,685**	11,427	–	11,427
Share of profit of associates		**2,183**	**–**	**2,183**	782	–	782
Operating profit before acquisition related intangible asset amortisation		**82,339**	**5,792**	**88,131**	80,121	8,610	88,731
Acquisition related intangible asset amortisation		**(10,281)**	**–**	**(10,281)**	(10,499)	–	(10,499)
Operating profit after acquisition related intangible asset amortisation		**72,058**	**5,792**	**77,850**	69,622	8,610	78,232
Net financial expense		**(7,365)**	**(667)**	**(8,032)**	(5,754)	–	(5,754)
Profit before tax		**64,693**	**5,125**	**69,818**	63,868	8,610	72,478
Income tax expense	6	**(14,619)**	**(1,395)**	**(16,014)**	(9,613)	(1,358)	(10,971)
Profit for the year		**50,074**	**3,730**	**53,804**	54,255	7,252	61,507
Attributable to:							
Equity holders of the parent				**35,793**			47,826
Non-controlling interests				**18,011**			13,681
				53,804			61,507
Earnings per ordinary share							
Basic	7			**9.37**			14.80
Fully diluted	7			**9.34**			14.68
Adjusted fully diluted	7			**10.51**			13.48

Total Produce plc
Extract from the Group Statement of Comprehensive Income
for the year ended 31 December 2018

	2018 €'000	2017 €'000
Profit for the year	**53,804**	61,507
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation effects:		
- foreign currency net investments – subsidiaries	**(6,416)**	(13,537)
- foreign currency net investments – joint ventures and associates	**3,236**	(3,866)
- foreign currency borrowings designated as net investment hedges	**(4,387)**	10,892
- foreign currency recycled to income statement on joint venture/associate becoming subsidiary	**90**	(1,137)
Effective portion of changes in fair value of cash flow hedges, net	**340**	(492)
Changes in fair value of cost of hedging, net	**23**	–
Deferred tax on items above	**(97)**	124
Share of joint ventures and associates effective portion of cash flow hedges	**51**	–
Share of joint ventures and associates deferred tax on items above	**696**	–
	(6,464)	(8,016)
Items that will not be reclassified to profit or loss:		
Remeasurement gains on post-employment defined benefit pension schemes	**6,323**	5,708
Remeasurement gains on other post-employment defined benefit schemes	**354**	1,604
Revaluation gains on property, plant and equipment, net	**475**	5,356
Deferred tax on items above	**(1,172)**	(3,310)
Share of joint ventures and associates remeasurement (losses)/gains on post-employment benefit schemes	**(1,867)**	711
Share of joint ventures and associates deferred tax on items above	**854**	–
	4,967	10,069
Other comprehensive (expense)/income for the year	**(1,497)**	2,053
Total comprehensive income for the year	**52,307**	63,560
Attributable to:		
Equity holders of the parent	**33,071**	54,193
Non-controlling interests	**19,236**	9,367
	52,307	63,560

Total Produce plc
Extract from the Group Balance Sheet
As at 31 December 2018

	2018	2017
Assets	**€'000**	€'000
Non-current		
Property, plant and equipment	**175,825**	167,397
Investment property	**7,344**	7,203
Goodwill and intangible assets	**266,950**	281,081
Investments in joint ventures and associates – Dole	**245,881**	–
Investments in joint ventures and associates – Other	**105,172**	106,421
Other investments	**3,465**	719
Other receivables	**18,724**	11,063
Deferred tax assets	**12,393**	13,759
Total non-current assets	**835,754**	587,643
Current		
Inventories	**90,295**	89,665
Biological assets	**5,066**	4,578
Trade and other receivables	**392,786**	365,334
Other investments	**6,612**	–
Corporation tax receivables	**4,523**	4,375
Derivative financial instruments	**4,388**	6
Cash and cash equivalents	**102,299**	100,247
Total current assets	**605,969**	564,205
Total assets	**1,441,723**	1,151,848
Equity		
Share capital	**4,104**	3,468
Share premium	**295,421**	150,763
Other reserves	**(123,057)**	(128,054)
Retained earnings	**256,654**	233,632
Total equity attributable to equity holders of the parent	**433,122**	259,809
Non-controlling interests	**82,483**	79,774
Total equity	**515,605**	339,583
Liabilities		
Non-current		
Interest-bearing loans and borrowings	**263,356**	165,649
Deferred government grants	**322**	386
Other payables	**1,289**	568
Contingent consideration and other provisions	**12,931**	26,128
Put option liability	**34,975**	38,961
Corporation tax payable	**6,676**	6,286
Deferred tax liabilities	**31,140**	29,415
Employee benefits	**15,964**	22,000
Total non-current liabilities	**366,653**	289,393
Current		
Interest-bearing loans and borrowings	**58,686**	47,724
Trade and other payables	**482,934**	463,605
Contingent consideration and other provisions	**14,333**	8,337
Derivative financial instruments	**296**	719
Corporation tax payable	**3,216**	2,487
Total current liabilities	**559,465**	522,872
Total liabilities	**926,118**	812,265
Total liabilities and equity	**1,441,723**	1,151,848

Total Produce plc

Extract from the Group Statement of Changes in Equity

for the year ended 31 December 2018

	Attributable to equity holders of the parent											
	Share capital €'000	***Share premium €'000***	***Undenominated capital €'000***	***De-merger reserve €'000***	***Own shares reserve €'000***	***Currency translation reserve €'000***	***Revaluation reserve €'000***	***Other equity Reserves* €'000***	***Retained earnings €'000***	***Total €'000***	***Non-controlling interests €'000***	***Total equity €'000***
As at 1 January 2018 as presented in the Balance Sheet	**3,468**	**150,763**	**140**	**(122,521)**	**(8,580)**	**(14,168)**	**28,035**	**(10,960)**	**233,632**	**259,809**	**79,774**	**339,583**
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	–	–	–	**(26,788)**	–	**(26,788)**	**26,788**	–
As at 1 January 2018	**3,468**	**150,763**	**140**	**(122,521)**	**(8,580)**	**(14,168)**	**28,035**	**(37,748)**	**233,632**	**233,021**	**106,562**	**339,583**
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	**35,793**	**35,793**	**18,011**	**53,804**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	**(8,553)**	–	**154**	–	**(8,399)**	**922**	**(7,477)**
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	**248**	–	**248**	**92**	**340**
Changes in fair value of cost of hedging, net	–	–	–	–	–	–	–	**(14)**	–	**(14)**	**37**	**23**
Deferred tax on items above	–	–	–	–	–	–	–	**(63)**	–	**(63)**	**(34)**	**(97)**
Share of joint ventures & associates effective portion of cashflow hedges	–	–	–	–	–	–	–	**51**	–	**51**	–	**51**
Share of joint ventures & associates deferred tax on cashflow hedges	–	–	–	–	–	–	–	**696**	–	**696**	–	**696**
Items that will not be reclassified subsequently to profit or loss:												
Revaluation gains on property, plant and equipment, net	–	–	–	–	–	–	**409**	–	–	**409**	**66**	**475**
Remeasurement gains on defined benefit pension schemes	–	–	–	–	–	–	–	–	**6,306**	**6,306**	**17**	**6,323**
Remeasurement gains on other post-employment benefit schemes	–	–	–	–	–	–	–	–	**230**	**230**	**124**	**354**
Deferred tax on items above	–	–	–	–	–	–	**(108)**	–	**(1,065)**	**(1,173)**	**1**	**(1,172)**
Share of joint ventures and associates remeasurement losses on defined benefit pension schemes	–	–	–	–	–	–	–	–	**(1,867)**	**(1,867)**	–	**(1,867)**
Share of joint ventures and associates deferred tax on items above	–	–	–	–	–	–	–	–	**854**	**854**	–	**854**
Total other comprehensive income	–	–	–	–	–	**(8,553)**	**301**	**1,072**	**4,458**	**(2,722)**	**1,225**	**(1,497)**
Total comprehensive income	–	–	–	–	–	**(8,553)**	**301**	**1,072**	**40,251**	**33,071**	**19,236**	**52,307**
Transactions with equity holders of the parent												
New shares issued	**636**	**144,658**	–	–	–	–	–	**(97)**	**(3,790)**	**141,407**	–	**141,407**
Non-controlling interest arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	**2,314**	**2,314**
Recognition of put option liability on acquisition	–	–	–	–	–	–	–	**(896)**	–	**(896)**	–	**(896)**
Fair value movements on put option liability	–	–	–	–	–	–	–	**4,728**	–	**4,728**	–	**4,728**
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	**(388)**	**(388)**	**(723)**	**(1,111)**
Disposal of shareholding to non-controlling interest	–	–	–	–	–	–	–	–	**11**	**11**	**275**	**286**
Contribution by non-controlling interest	–	–	–	–	–	–	–	–	–	–	**130**	**130**
Dividends paid (Note 10)	–	–	–	–	–	–	–	–	**(13,062)**	**(13,062)**	**(10,638)**	**(23,700)**
Share-based payment transactions	–	–	–	–	–	–	–	**557**	–	**557**	–	**557**
Total transactions with equity holders of the parent	**636**	**144,658**	–	–	–	–	–	**4,292**	**(17,229)**	**132,357**	**(8,642)**	**123,715**
As at 31 December 2018	**4,104**	**295,421**	**140**	**(122,521)**	**(8,580)**	**(22,721)**	**28,336**	**(32,384)**	**256,654**	**398,449**	**117,156**	**515,605**
Transfer of NCI subject to put option for presentation purposes	–	–	–	–	–	–	–	**34,673**	–	**34,673**	**(34,673)**	–
As at 31 December 2018 as presented in the Balance Sheet	**4,104**	**295,421**	**140**	**(122,521)**	**(8,580)**	**(22,721)**	**28,336**	**2,289**	**256,654**	**433,122**	**82,483**	**515,605**

*Other equity reserves comprise the share option reserve, the cash flow hedge reserve, the cost of hedging reserve and the put option reserve.

Total Produce plc
Extract from the Group Statement of Changes in Equity
for the year ended 31 December 2018

	Attributable to equity holders of the parent											
For the year ended 31 December 2017	***Share capital €'000***	***Share premium €'000***	***Undenominated capital €'000***	***De-merger reserve €'000***	***Own shares reserve €'000***	***Currency translation reserve €'000***	***Revaluation reserve €'000***	***Other equity reserves* €'000***	***Retained earnings €'000***	***Total €'000***	***Non-controlling interests €'000***	***Total equity €'000***
As at 1 January 2017 as presented in the Balance Sheet	3,429	148,204	140	(122,521)	(8,580)	(7,675)	24,088	841	188,396	226,322	72,600	298,922
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	–	–	–	(20,259)	–	(20,259)	20,259	–
Balance as at 1 January 2017	3,429	148,204	140	(122,521)	(8,580)	(7,675)	24,088	(19,418)	188,396	206,063	92,859	298,922
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	47,826	47,826	13,681	61,507
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	(6,493)	–	3,800	–	(2,693)	(4,955)	(7,648)
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	(342)	–	(342)	(150)	(492)
Deferred tax on items above	–	–	–	–	–	–	–	86	–	86	38	124
Items that will not be reclassified subsequently to profit or loss:												
Revaluation gains on property, plant and equipment, net	–	–	–	–	–	–	5,061	–	–	5,061	295	5,356
Remeasurement gains on defined benefit pension schemes	–	–	–	–	–	–	–	–	5,686	5,686	22	5,708
Remeasurement gains on other post-employment benefit schemes	–	–	–	–	–	–	–	–	1,043	1,043	561	1,604
Deferred tax on items above	–	–	–	–	–	–	(1,114)	–	(2,071)	(3,185)	(125)	(3,310)
Share of joint ventures and associates remeasurement gains on post-employment defined benefit schemes	–	–	–	–	–	–	–	–	711	711	–	711
Total other comprehensive income	–	–	–	–	–	(6,493)	3,947	3,544	5,369	6,367	(4,314)	2,053
Total comprehensive income	–	–	–	–	–	(6,493)	3,947	3,544	53,195	54,193	9,367	63,560
Transactions with equity holders of the parent												
New shares issued	39	2,559	–	–	–	–	–	(924)	924	2,598	–	2,598
Non-controlling interest arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	10,784	10,784
Recognition of put option liability on acquisition	–	–	–	–	–	–	–	(25,072)	–	(25,072)	–	(25,072)
Fair value movements on put option liability	–	–	–	–	–	–	–	3,526	–	3,526	–	3,526
Disposal of shareholding to non-controlling interests	–	–	–	–	–	–	–	–	1,182	1,182	7,479	8,661
Contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	–	2,473	2,473
Subsidiaries becoming joint ventures	–	–	–	–	–	–	–	–	–	–	(6,699)	(6,699)
Dividends paid (Note 10)	–	–	–	–	–	–	–	–	(10,065)	(10,065)	(9,701)	(19,766)
Share-based payment transactions	–	–	–	–	–	–	–	596	–	596	–	596
Total transactions with equity holders of the parent	39	2,559	–	–	–	–	–	(21,874)	(7,959)	(27,235)	4,336	(22,899)
As at 31 December 2017	3,468	150,763	140	(122,521)	(8,580)	(14,168)	28,035	(37,748)	233,632	233,021	106,562	339,583
Transfer of NCI subject to put option for presentation purposes	–	–	–	–	–	–	–	26,788	–	26,788	(26,788)	–
As at 31 December 2017 as presented in the balance sheet	3,468	150,763	140	(122,521)	(8,580)	(14,168)	28,035	(10,960)	233,632	259,809	79,774	339,583

*Other equity reserves comprise the share option reserve, the cash flow hedge reserve and the put option reserve.

Total Produce plc
Extract from the Group Statement of Cash Flows
for the year ended 31 December 2018

	2018 €'000	2017 €'000
Net cash flows from operating activities before working capital movements	**65,208**	48,851
Movements in working capital	**(20,265)**	(2,288)
Net cash flows from operating activities (Note 12)	**44,943**	46,563
Investing activities		
Acquisition of subsidiaries	**(2,496)**	(36,230)
Cash assumed on acquisition of subsidiaries, net	**3,833**	758
Acquisition of, and investment in joint ventures and associates	**(251,949)**	(21,062)
Payments of contingent consideration	**(7,009)**	(9,269)
Proceeds from disposal of joint ventures and associates	**–**	400
Proceeds from disposal of trading assets	**–**	2,138
Cash derecognised on subsidiary becoming a joint venture	**–**	(6,689)
Net debt derecognised on disposal of a subsidiary	**–**	2,304
Disposal of investment in subsidiary to non-controlling interests	**286**	8,661
Acquisition of property, plant and equipment	**(25,942)**	(39,496)
Acquisition of other financial assets	**–**	(98)
Expenditure on computer software	**(4,352)**	(2,771)
Acquisition of intangible assets – brands	**(19)**	(462)
Development expenditure capitalised	**(121)**	(204)
Proceeds from disposal of property, plant and equipment and software– routine	**797**	807
Proceeds from disposal of investments and property - exceptional item	**5,876**	7,770
Dividends received from joint ventures and associates	**10,908**	8,243
Government grants received	**11**	163
Net cash flows from investing activities	**(270,177)**	(85,037)
Financing activities		
Drawdown of borrowings	**436,319**	251,820
Repayment of borrowings	**(329,766)**	(226,487)
Decrease in bank deposits	**–**	2,500
Proceeds from the issue of share capital, net	**141,408**	2,598
Capital element of finance lease repayments	**(681)**	(869)
Acquisition of non-controlling interests	**(490)**	–
Capital contribution by non-controlling interests	**130**	936
Dividends paid to non-controlling interests	**(10,535)**	(8,843)
Dividends paid to equity holders of the parent	**(13,062)**	(10,065)
Net cash flows from financing activities	**223,323**	11,590
Net decrease in cash, cash equivalents and bank overdrafts	**(1,911)**	(26,884)
Net foreign exchange movement	**5,671**	(1,224)
Cash, cash equivalents and bank overdrafts at 1 January	**88,979**	117,087
Cash, cash equivalents and overdrafts at end of year (Note 13)	**92,739**	88,979

Total Produce plc
Extract from the Summary Group Reconciliation of Net Debt
for the year ended 31 December 2018

	2018	2017
	€'000	€'000
Net decrease in cash, cash equivalents and bank overdrafts	**(1,911)**	(26,884)
Drawdown of borrowings	**(436,319)**	(251,820)
Repayment of borrowings	**329,766**	226,487
Decrease in bank deposits	–	(2,500)
Interest-bearing loans and borrowings arising on acquisition	–	(24,492)
Capital element of finance lease repayments	**681**	869
Other movements on finance leases	**(500)**	(45)
Finance leases arising on acquisition	–	(149)
Finance leases derecognised on disposal of subsidiary	–	356
Foreign exchange movement	**1,666**	13,418
Movement in net debt	**(106,617)**	(64,760)
Net debt at beginning of the year	**(113,126)**	(48,366)
Net debt at end of the period (Note 13)	**(219,743)**	(113,126)

Total Produce plc
Selected explanatory notes for the Preliminary Results for the year ended 31 December 2018

1. Basis of preparation

The financial information included in this preliminary results statement has been extracted from the Group's Financial Statements for the year ended 31 December 2018 and is prepared based on the accounting policies set out therein, which are consistent with those applied in the prior year with the exception of the effect of the new accounting standards listed below. As permitted by European Union (EU) law and in accordance with AIM/ESM rules, the Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The financial information prepared in accordance with IFRSs as adopted by the EU included in this report do not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations.

The information included has been derived from the Group Financial Statements which were approved by the Board of Directors on 6 March 2019. The Financial Statements will be filed with the Irish Registrar of Companies and circulated to shareholders in due course. The financial information is presented in Euro, rounded to the nearest thousand where appropriate.

Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those of the previous year except for the following new and amended IFRS and IFRIC interpretations adopted by the Group and Company in these financial statements.

The Group has initially adopted the following standards with effect from 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers; and*
- IFRS 9 *Financial Instruments*

<u>IFRS 15 *Revenue from Contracts with Customers*</u>

IFRS 15 *Revenue from Contracts with Customers* replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and associated interpretations. The standard applies a single control model to be applied to all contracts with customers. Under IFRS 15 revenue is recognised when control of the goods has been transferred to the buyer at an amount that reflects the consideration that the Group expects to receive for the transfer of those goods.

The Group has considered the impact on its consolidated financial statements resulting from the application of IFRS 15. The Group recognises revenue at a point in time when control of the goods has transferred to the customer, which can either be on shipping or delivery depending on the terms of trade with the customer. The Group measures revenue recognised as the consideration that it expects to receive from its customers for the sale of these goods. The Group assessed all of its material contracts with suppliers and customers under the revised IFRS 15 principal versus agent considerations and concluded that the accounting for all material arrangements continued to be appropriate. Following our review it was concluded that the impact of adopting IFRS 15 on the consolidated financial statements was not material for Total Produce.

The Group has adopted the modified retrospective approach on transition to IFRS 15, there has been no adjustment to retained earnings at 1 January 2018 and 2017 comparatives have not been restated.

<u>IFRS 9 *Financial Instruments*</u>

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard includes requirements for the recognition, measurement and derecognition of financial instruments, introduces new hedge accounting rules and a new expected credit loss model for calculating impairment of financial assets.

The Group's findings following the evaluation of the effect of the adoption of IFRS 9 are as follows:

- The vast majority of the Group's financial assets are held as trade receivables or cash which will continue to be accounted for at amortised cost. The Group's other financial assets, which were previously accounted for as Available For Sale (AFS), will be measured at Fair Value through Profit or Loss (FVPL) under IFRS 9. Accordingly, the classification and measurement changes of IFRS 9 have not had a material impact on the Group's consolidated financial statements.
- The new hedging requirements of IFRS 9 have aligned hedge accounting more closely to the Group's risk management policies and made more hedging relationships eligible for hedge accounting. All of the Group's hedging relationships continued to be appropriate under IFRS 9. The only change is the cost of hedging which can now be accounted for through other comprehensive income and is only recognised in the income statement at the same time as the hedged item affects profit or loss. Accounting for the costs of hedging, which is not material, has been applied prospectively, without restating comparatives.
- IFRS 9 introduces a forward-looking expected credit loss model rather than the incurred loss model of IAS 39. Given historic loss rates and the significant portion of trade and other receivables that are within terms, this change did not have a material impact on the Group consolidated financial statements.

The impact of applying IFRS 9 was not material for Total Produce and there was no adjustment to retained earnings on application at 1 January 2018. In line with the transition guidance in IFRS 9 the Group has not restated the 2017 comparatives.

New standards and interpretations not applied

IFRS 16 *Leases*

IFRS 16 *Leases* is effective from 1 January 2019 and replaces IAS 17 *Leases.* It introduces a single lessee accounting model to be adopted and accordingly the majority of all lease agreements will now result in the recognition of a right-of-use asset and a lease liability in the balance sheet. The income statement charge in relation to all leases will now comprise a depreciation element relating to the right-of-use asset and also a financing charge relating to the lease liability.

During 2018 the Group conducted a detailed evaluation of the fair values of these leases. As a result of the transition to IFRS 16 the fair value of these leases representing the present value of the lease payments over the expected lease contract period will be recognised as a right-of-use asset with a corresponding value recognised as a lease liability. This will increase the Group's recognised assets and liabilities.

The Group has decided to adopt the modified retrospective approach on transition. Therefore the effect of transitioning to IFRS 16 will be recognised at 1 January 2019 and comparatives will not be restated. Right-of-use assets for certain property assets will be measured on transition as if IFRS 16 had always been applied, all other right-of use assets will be measured based on the lease liability on transition.

The Group is currently finalising their detailed assessment of the impact of the adoption of IFRS 16 throughout the Group. Whilst the actual impact of applying IFRS 16 may change as new accounting policies are subject to change until the first financial statements that include the date of initial application the Group estimates that this will increase lease liabilities in the balance sheet by circa €120m - €130m with the corresponding right-of-use assets recognised being circa €5m - €10m lower than the lease liabilities.

2. Translation of foreign currencies

The reporting currency of the Group is Euro. Group results are impacted by fluctuations in exchange rates year-on-year versus the Euro. The rates used in the translation of results and balance sheets into Euro were as follows:

	Average rate			**Closing rate**		
	2018	2017	% change	**2018**	2017	% change
Brazilian Real	**4.4162**	3.7381	(18.1%)	**4.4440**	3.9729	(11.9%)
Canadian Dollar	**1.5288**	1.4577	(4.9 %)	**1.5601**	1.5037	(3.8%)
Czech Koruna	**25.7000**	26.2301	2.0%	**25.7240**	25.5350	(0.7%)
Danish Kroner	**7.4530**	7.4387	(0.2%)	**7.4668**	7.4454	(0.3%)
Indian Rupee	**80.6220**	73.5033	(9.7%)	**79.5453**	76.4059	(4.1%)
Polish Zloty	**4.2601**	4.2570	(0.1 %)	**4.2973**	4.1766	(2.9%)
Pound Sterling	**0.8849**	0.8756	(1.1%)	**0.8986**	0.8879	(1.2%)
Swedish Krona	**10.2695**	9.6438	(6.5%)	**10.2188**	9.8386	(3.9%)
US Dollar	**1.1784**	1.1359	(3.7%)	**1.1445**	1.1980	4.5%

3. Revenue and Segmental Analysis

Revenue

	2018	2017
	€'000	€'000
Group Revenue	**3,727,591**	3,674,294
Plus:		
Share of revenue of joint ventures – Dole	**692,239**	–
Share of revenue of joint ventures – Other	**622,295**	576,017
Share of revenue of associates	**74,447**	96,863
Total share of revenue of joint ventures and associates	**1,388,981**	672,880
Less:		
Elimination of proportionate share of transactions between Group subsidiaries and joint ventures and associates [1]	**(73,082)**	(60,943)
Total Revenue	**5,043,490**	4,286,231

[1]*For calculation of Total Revenue which includes the Group's share of joint ventures and associates, the Group eliminates the proportionate share of revenue transactions between Group subsidiaries and joint ventures and associates.*

Segmental Analysis

The table below details a segmental breakdown of the Group's total revenue and adjusted EBITA for the years ended 31 December 2018 and 31 December 2017.

In accordance with IFRS 8, the Group's reportable operating segments based on how performance is currently assessed and resources are allocated are as follows:

- *Europe – Eurozone:* This reportable segment is an aggregation of thirteen operating segments principally in France, Ireland, Italy, the Netherlands and Spain primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products. These operating segments have been aggregated because they have similar economic characteristics.
- *Europe – Non-Eurozone*: This operating segment is an aggregation of six operating segments in the Czech Republic, Poland, Scandinavia and the United Kingdom primarily involved in the procurement, marketing and distribution of fresh produce. Up to the middle of 2018 it also included a small healthfoods business that has been discontinued. These operating segments have been aggregated because they have similar economic characteristics.
- *International*: This segment is an aggregation of five operating segments in North America, one in South America and one in India primarily involved in the procurement, marketing and distribution of fresh produce. These operating segments have been aggregated because they have similar customer profiles and primarily transact in US Dollar.
- *Dole:* This operating segment represents the Group's 45% interest in Dole. Dole is one of the world's leading producers, marketers and distributors of fresh fruit and vegetables. It has an iconic brand and leading market positions and scale. It is one of the world's largest producers of bananas and pineapples and a leader in other fresh fruits, value added and fresh-packed vegetables and berries. In terms of market share they hold the number one and three positions respectively for bananas in North American and Europe and are number two and three respectively for pineapples in North America and Europe. They sell and distribute throughout a wide network in North America, Europe, Latin America, the Middle East and Africa.

Segment performance is evaluated based on revenue and adjusted EBITA. Management believes that adjusted EBITA, while not a defined term under IFRS, gives a fair reflection of the underlying trading performance of the Group. Adjusted EBITA represents earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. Adjusted EBITA is therefore measured differently from operating profit in the Group financial statements as explained and reconciled in full detail in the analysis that follows.

Finance costs, finance income and income taxes are managed on a centralised basis. These items are not allocated between operating segments for the purpose of the information presented to the Chief Operating Decision Maker ('CODM') and are accordingly omitted from the detailed segmental analysis that follows.

	Year ended 31 December 2018			Year ended 31 December 2017		
	Segmental revenue €'000	**Third party revenue €'000**	**Adjusted EBITA €'000**	Segmental revenue €'000	Third party revenue €'000	Adjusted EBITA €'000
Europe - Eurozone	**1,716,584**	**1,695,773**	**27,252**	1,737,964	1,714,915	26,990
Europe - Non-Eurozone	**1,511,780**	**1,482,600**	**41,593**	1,542,598	1,509,389	41,716
International	**1,175,297**	**1,175,297**	**18,880**	1,061,927	1,061,927	14,838
Inter-segment revenue	**(49,991)**	–	–	(56,258)	–	–
Total Group (ex-Dole)	**4,353,670**	**4,353,670**	**87,725**	4,286,231	4,286,231	83,544
Dole [1]	**692,239**	**689,820**	**10,297**	–	–	–
Inter-segment revenue	**(2,419)**	–	–	–	–	–
Total Group	**5,043,490**	**5,043,490**	**98,022**	4,286,231	4,286,231	83,544

All inter-segment revenue transactions are at arm's length
[1] The Group's share of the adjusted EBITA of Dole above is after the deduction of the Group's share of the non-controlling interests charge within Dole

Reconciliation of segmental profit to operating profit

Below is a reconciliation of adjusted EBITA per the Group's management reports to operating profit and profit before tax as presented in the Group income statement:

	Note	**2018 €'000**	2017 €'000
Adjusted EBITA per management reporting		**98,022**	83,544
Acquisition related intangible asset amortisation in subsidiaries	(i)	**(10,281)**	(10,499)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	**(2,684)**	(2,460)
Fair value movements on contingent consideration	(ii)	**4,043**	4,174
Acquisition related costs within subsidiaries	(iii)	**(105)**	(897)
Share of joint ventures and associates net financial expense	(iv)	**(13,784)**	(1,058)
Share of joint ventures and associates tax (before tax on exceptional items)	(iv)	**(3,153)**	(3,182)
Operating profit before exceptional items		**72,058**	69,622
Net financial expense before exceptional items	(v)	**(7,365)**	(5,754)
Profit before tax before exceptional items		**64,693**	63,868
Exceptional items (Note 5)	(vi)	**5,125**	8,610
Profit before tax		**69,818**	72,478

(i) Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group's management reports.
(ii) Fair value movements on contingent consideration are not allocated to operating segments in the Group's management reports.
(iii) Acquisition related costs are transaction costs directly related to the acquisition of subsidiaries and are not allocated to operating segments in the Group's management reports.
(iv) Under IFRS, included within profit before tax is the Group's share of joint ventures and associates profit after acquisition related intangible amortisation charges and costs, tax and interest. In the Group's management reports these items are excluded from the adjusted EBITA calculation.
(v) Financial income and expense is primarily managed at Group level and is therefore not allocated to individual operating segments in the Group's management reports.
(vi) Exceptional items (Note 5) are not allocated to operating segments in the Group's management reports.

4. Adjusted profit before tax, adjusted EBITA and adjusted EBITDA

For the purpose of assessing the Group's performance, Total Produce management believes that adjusted EBITDA, adjusted EBITA, adjusted profit before tax and adjusted earnings per share (Note 7) are the most appropriate measures of the underlying performance of the Group.

	2018 €'000	2017 €'000
Profit before tax per income statement	**69,818**	72,478
Adjustments		
Exceptional items (Note 5)	**(5,125)**	(8,610)
Fair value movements on contingent consideration	**(4,043)**	(4,174)
Share of joint ventures and associates tax (before tax on exceptional items)	**3,153**	3,182
Acquisition related intangible asset amortisation within subsidiaries	**10,281**	10,499
Share of joint ventures and associates acquisition related intangible asset amortisation	**2,684**	2,460
Acquisition related costs within subsidiaries	**105**	897
Adjusted profit before tax	**76,873**	76,732
Exclude		
Net financial expense – subsidiaries before exceptional items	**7,365**	5,754
Net financial expense – share of joint ventures and associates	**13,784**	1,058
Adjusted EBITA	**98,022**	83,544
Exclude		
Amortisation of software costs	**1,397**	1,443
Depreciation – subsidiaries	**17,194**	15,764
Depreciation – share of joint ventures and associates	**16,679**	3,690
Adjusted EBITDA	**133,292**	104,441

5. Exceptional items

	2018 €'000	2017 €'000
Gain on disposal of investment (a)	**14,728**	–
Foreign currency gains arising on foreign currency denominated intercompany borrowings relating to proceeds from share placing (b)	**12,535**	–
Impairment of goodwill (c)	**(9,060)**	(9,075)
Restructuring costs and costs associated with termination of a business (d)	**(4,891)**	–
Costs associated with the Dole transactions, net (e)	**(3,225)**	–
(Charge)/credit on employee defined benefit obligations (f)	**(1,304)**	4,097
Fair value uplift on associate investment (g)	**–**	12,428
Profit on disposal of property (h)	**–**	1,160
Share of joint ventures and associates exceptional items - Dole (i)	**(4,580)**	–
Total exceptional items (before share of joint ventures and associates tax)	**4,203**	8,610
Share of joint ventures and associates tax on exceptional items - Dole (i)	**922**	–
Exceptional items within profit before tax*	**5,125**	8,610
Net tax charge on exceptional items (j)	**(1,395)**	(1,358)
Total net of tax	**3,730**	7,252
Attributable as follows:		
Equity holders of the parent	**560**	7,116
Non-controlling interests	**3,170**	136
	3,730	7,252

***Of the €5.1m in exceptional items, €9.5m has been recognised as exceptional operating income, €3.7m loss recognised within profits of joint ventures and associates and €0.7m recognised as an exceptional financial expense.

(a) Gain on disposal of farming investment
In July 2018 a subsidiary of the Group disposed of an interest in a farming entity for consideration of shares in an equity investment which will be realised over a period of three years and may vary depending on certain circumstances. The exceptional gain, which represents the gain on the disposal of the investment received to date and fair valuing the investment held in escrow resulted in an exceptional gain of €14.7m being recorded in the income statement in 2018.

(b) Foreign currency gains arising on foreign currency denominated intercompany borrowings relating to proceeds from share placing

In February 2018 the Group issued 63 million new ordinary shares, raising proceeds of €141m (net of associated costs) to finance the Dole transaction. The net proceeds from this share placing were used, via an inter-company loan, to purchase US Dollars in February. The strengthening of the US Dollar from the date of purchase to when the inter-company loan was converted to equity in August 2018 following the completion of the Dole transaction resulted in a foreign currency gain of €12.5m.

(c) Impairment of goodwill

In 2018 the Group recognised a non-cash impairment charge of €9.1m (2017: €9.1m) in relation to its fresh produce businesses in the Netherlands which have experienced a continued difficult trading environment resulting in a slower recovery than had been anticipated.

(d) Restructuring costs and costs association with termination of a business

In 2018, the Group ceased operations in a non-performing sports supplements business in the UK. The total costs associated with the termination of this business were €2.3m including the write off of fixed assets, intangible assets, other assets and redundancies. The Group implemented restructuring programmes in a number of entities primarily within the Eurozone Division in 2018 with the €2.6m of costs associated with these programmes being recorded as an exceptional cost in the income statement.

(e) Costs associated with the Dole transactions, net

Costs associated with the committed financing and other transaction costs associated with Dole net of interest income on the proceeds of share placing have been disclosed as a net exceptional cost of €3.2m in the year.

(f) (Charge)/credit on employee defined benefit obligations

As explained in further detail in Note 9, a charge of €1.3m relating to the UK defined benefit pension schemes was recognised in the 2018 income statement as a result of the UK High Court ruling that pension benefits must be equalised in respect of Guaranteed Minimum Pensions (GMPs) accrued between 17 May 1990 and 5 April 1997.

In 2017, an Enhanced Transfer Value ('ETV') offer was made to members of the Irish defined benefit pension schemes. As a result of members taking up this ETV offer settlement credits net of associated costs resulted in an exceptional accounting credit of €4.1m.

(g) Fair value uplift on associate investment

In March 2017 the Group acquired a further 30% shareholding in the Oppenheimer Group ('Oppy') to take its total shareholding to 65%. As a result of this increased shareholding, Oppy became a subsidiary from this date and in accordance with IFRS, the Group's previously held 35% associate interest was remeasured to fair value resulting in a fair value gain of €11.3m. This gain, together with the reclassification of €1.1m of currency translation gains from the currency translation reserve, was reclassified to the income statement resulting in an exceptional gain of €12.4m.

(h) Profit on disposal of property

During 2017 the Group recorded a profit of €1.2m after associated costs on the disposal of property in Continental Europe.

(i) Share of joint ventures and associates exceptional items - Dole

The share of exceptional items in Dole for the five month period ended 31 December 2018 was €4.6m. This related to non-trading exceptional items such non-cash gains/losses on mark to market of derivative financial instruments and foreign currency movements on long term foreign currency denominated inter-company borrowings and restructuring costs. It also includes some costs associated with the industry wide ban on romaine lettuce as highlighted in the operating review. The share of the associated tax credit was €0.9m.

(j) Tax charge on exceptional items

The tax effect on exceptional items within Group companies was a net charge of €1.4m (2017: €1.4m).

Effect of exceptional items on cash flow statement

The net effect on cash of the items above was a net cash inflow in the year of €3.0m (2017: €0.5m).

6. Income tax

	2018 €'000	2017 €'000
Income tax expense	**16,014**	10,971
Group share of tax charge of joint ventures and associates netted in profit before tax	**2,231**	3,182
Total tax charge	**18,245**	14,153
Adjustments		
Net deferred tax (charge)/credit on amortisation of intangibles and goodwill - subsidiaries	**(1,190)**	7,267
Share of deferred tax credit on amortisation of intangible assets with joint ventures and associates	**460**	997
Deferred tax credit/(charge) charge on fair value movements on contingent consideration	**1,535**	(1,666)
Net deferred tax charge on fair value movements on investment properties - subsidiaries	**–**	(512)
Share of joint ventures and associates tax on exceptional items - Dole	**922**	–
Tax impact of other exceptional items	**(1,395)**	(846)
Tax charge on underlying activities	**18,577**	19,393

The total tax charge for the year amounted to €18.2m (2017: €14.2m), including the Group's share of the tax charge of its joint ventures and associates of €2.2m (2017: €3.2m), which is netted in profit before tax in accordance with IFRS.

Excluding the impact of deferred tax related to the amortisation of intangibles and goodwill and the fair value movements on contingent consideration and the tax effect of exceptional items, the underlying tax charge for the year was €18.6m (2017: €19.4m), equivalent to a rate of 24.2% (2017: 25.3%) when applied to the Group's adjusted profit before tax.

Excluding Dole and related costs, the underlying tax rate for the Group was 23.1% (25.3%).

7. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding shares purchased by the company which are held as treasury shares.

	2018 €'000	2017 €'000
Profit attributable to equity holders of the parent	**35,793**	47,826
	'000	'000
Shares in issue at beginning of year	**346,829**	343,015
New shares issued from exercise of share options (weighted average)	**275**	2,148
New shares issued from share placing (weighted average)	**56,786**	–
Effect of treasury shares held	**(22,000)**	(22,000)
Weighted average number of shares	**381,890**	323,163
Basic earnings per share – cent	**9.37**	14.80

Diluted earnings per share
Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	2018	2017
	€'000	€'000
Profit attributable to equity holders of the parent	**35,793**	47,826
	'000	'000
Weighted average number of shares	**381,890**	323,163
Effect of share options with a dilutive effect	**1,257**	2,598
Weighted average number of shares (diluted)	**383,147**	325,761
Diluted earnings per share – cent	**9.34**	14.68

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on the quoted market prices for the period during which the options were outstanding.

Adjusted basic earnings per share and adjusted fully diluted earnings per share
Management believe that adjusted fully diluted earnings per share as set out below provides a fairer reflection of the underlying trading performance of the Group after eliminating the effect of acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items and the related tax on these items.

Adjusted basic earnings per share is calculated by dividing the adjusted profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding shares purchased by the company which are held as treasury shares.

Adjusted fully diluted earnings per share is calculated by dividing the adjusted profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	2018	2017
	€'000	€'000
Profit attributable to equity holders of the parent	**35,793**	47,826
Adjustments:		
Exceptional items - net of tax (Note 5)	**(3,730)**	(7,252)
Acquisition related intangible asset amortisation within subsidiaries	**10,281**	10,499
Share of joint ventures and associates acquisition related intangible asset amortisation	**2,684**	2,460
Acquisition related costs within subsidiaries	**105**	897
Fair value movements on contingent consideration	**(4,043)**	(4,174)
Tax effect of amortisation of goodwill, intangible assets and fair value movements on contingent consideration	**(805)**	(6,598)
Non-controlling interests share of the items above	**1**	265
Adjusted profit attributable to equity holders of the parent	**40,286**	43,923
	'000	'000
Weighted average number of shares	**381,890**	323,163
Weighted average number of shares (diluted)	**383,147**	325,761
Weighted average number of shares (diluted, excluding the effect of the share placing)	**326,361**	325,761
Adjusted basic earnings per share – cent	**10.55**	13.59
Adjusted fully diluted earnings per share – cent	**10.51**	13.48

Memo item

Adjusted fully diluted earnings per share – cent (excluding the effect of Dole acquisition and related share placing)*	**13.50**	13.48

*The calculation presented here is the adjusted fully diluted earnings per share calculated excluding the impact of the Dole acquisition and the related 63 million share placing in early February 2018.

8. Investment in Dole

As noted on page 8 above, on 31 July 2018, the Group completed the transaction to acquire a 45% stake in Dole Food Company ('Dole') for $300m.

In addition, and at any time after closing of the First Tranche, the Group has the right, but not the obligation, to acquire (in any one or more tranches of 1%) up to an additional 6% of Dole common stock (the 'Second Tranche'). The Group has no present intention to exercise its option to acquire the Second Tranche. In the event the Group exercises the right to acquire the additional 6%, the total consideration for the 51% stake shall be $312 million.

Following the second anniversary of the closing of the First Tranche, the Group has the right, but not the obligation, to acquire the balance of Dole common stock (the 'Third Tranche'), whereby the consideration for the Third Tranche is to be calculated based on nine times the preceding three year average historical Dole Adjusted EBITDA less net debt. However, in no event shall the Third Tranche purchase price be less than $250 million or exceed $450 million (such cap subject to increase after six years). The Third Tranche consideration is payable in cash or, if the parties mutually agree, Total Produce stock.

From the fifth anniversary of completion of the acquisition of the First Tranche, in the event the Group has not exercised its right to acquire 100% of Dole, Mr. David H. Murdock is permitted to cause a process to market and sell 100% of Dole common stock.

On completion of the acquisition of the First Tranche on 31 July 2018, the Group and Mr. David H. Murdock have balanced governance rights with respect to Dole. The Board of Directors of Dole comprises of six members, three of which are appointed by Total Produce and three by Mr. David H. Murdock. Mr. David H. Murdock remains Chairman of Dole and Carl McCann was appointed Vice Chairman. Major decisions require consent of at least one Board Member appointed by each of Total Produce and Mr. David H. Murdock.

The investment in Dole and its financial contribution is being treated as a joint venture and accounted for under the equity method in accordance with IFRS in the consolidated Group accounts following completion of the acquisition of the First Tranche on 31 July 2018 and until an exercise of the Third Tranche.

Total Produce is therefore equity accounting for its 45% share of the results of Dole with effect from 1 August 2018. The overall business is seasonal with the greater share of EBITDA in the first half of the financial year. The 2019 financial year will therefore be the first full year reflecting this transaction.

The table below summarises the consideration paid and fair value of the net identifiable assets of Dole on acquisition as prepared in accordance with IFRS.

	2018	**2018**
Consideration paid	**US$'m**	**€'m**
Cash consideration	300	256
Acquisition fees (net of contribution from Dole) [(a)]	2	2
Fair value of Second Tranche Option [(b)]	(5)	(4)
Total cost of acquisition	**297**	**254**
Fair value of indemnification assets on acquisition[(c)]	(4)	(4)
Total deemed cost of acquisition	**293**	**250**
Fair value identifiable assets and liabilities on acquisition		
Intangible assets – Brand	287	245
Property, plant and equipment	1,008	861
Assets held for sale / Actively marketed property	185	158
Other non-current assets	105	89
Other current assets	869	742
Net debt	(1,343)	(1,147)
Employee benefit obligations	(184)	(157)
Other current liabilities	(599)	(511)
Other non-current liabilities	(286)	(244)
Non-controlling interests	(8)	(7)
Fair value identifiable assets and liabilities on acquisition	34	29
Total Produce's 45% share of identifiable assets and liabilities on acquisition	**15**	**13**
Goodwill arising	**278**	**237**

(a) As part of the Securities Purchase Agreement, it was agreed that Dole would make a contribution of $15m to cover professional and advisory fees relating to the transaction.

(b) As part of the provisions of acquisition accounting, a fair value was determined for the Second Tranche Option which is recognised as a current derivative financial asset in the Total Produce Group balance sheet and correspondingly reduces the deemed cost of the acquisition of the First Tranche. The fair value of the Third Tranche Option was not deemed material at the date of acquisition.

(c) As part of the Securities Purchase Agreement, the seller provided indemnities against certain liabilities outstanding at the date of acquisition. The fair value of these indemnities was recognised as a long term asset in the Total Produce Group balance sheet with a corresponding reduction in the deemed cost of the acquisition.

The initial assignment of fair values to net assets for this investment has been performed on a provisional basis in respect of the acquisition given the timing of the completion of the transaction and will be finalised within twelve months from the acquisition date, as permitted by IFRS 3 (Revised) *Business Combinations.*

Summary of Financial Information for Dole for the five months ended 31 December 2018

The following is the summarised financial information of Dole for the five month period from date of acquisition to 31 December 2018 based on consolidated financial statements prepared under IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summary income statement for 5 months ended 31 December 2018

	2018 US$'m Pre-exceptional	2018 US$'m Exceptional Items	2018 US$'m Total	2018 €'m Pre-exceptional	2018 €'m Exceptional items	2018 €'m Total
Revenue	**1,767**	**–**	**1,767**	**1,538**	**–**	**1,538**
Operating profit	**27.3**	**(11.7)**	**15.6**	**23.7**	**(10.2)**	**13.5**
Net financial expense	(32.4)	–	(32.4)	(28.2)	–	(28.2)
Loss before tax	**(5.1)**	**(11.7)**	**(16.8)**	**(4.5)**	**(10.2)**	**(14.7)**
Income tax	(0.8)	2.4	1.6	(0.7)	2.1	1.4
Loss for period	**(5.9)**	**(9.3)**	**(15.2)**	**(5.2)**	**(8.1)**	**(13.3)**
Non-controlling interests	(1.0)	–	(1.0)	(0.8)	–	(0.8)
Loss for period attributable to equity shareholders	**(6.9)**	**(9.3)**	**(16.2)**	**(6.0)**	**(8.1)**	**(14.1)**
Groups' 45% share of loss attributable to equity shareholders	**(3.1)**	**(4.2)**	**(7.3)**	**(2.7)**	**(3.7)**	**(6.4)**

Summary of other comprehensive income statement for the five months ended 31 December 2018

	2018 US$'m	2018 €'m
Other comprehensive expense for the period (net of tax)	(8.5)	(7.4)
Non-controlling interests share	–	–
Other comprehensive expense for the period attributable to equity shareholders	**(8.5)**	**(7.4)**
Group's 45% share of other comprehensive expense attributable to equity shareholders	**(3.8)**	**(3.3)**

Key performance indicators for the five months ended 31 December 2018

	2018 US$'m	2018 €'m
Adjusted EBITDA	59.4	51.8
Adjusted EBITA	27.3	23.7

Summary Balance Sheet of Dole at 31 December 2018

	2018 US$'m	2018 €'m
Intangible assets – primarily brands	286	250
Property, plant and equipment	1,046	913
Assets held for sale / Actively marketed property	103	90
Other non-current assets	114	99
Other current assets	863	754
Net debt	(1,350)	(1,178)
Employee benefit obligations	(186)	(162)
Other non-current liabilities	(265)	(232)
Other current liabilities	(593)	(518)
Non-controlling interests	(9)	(8)
Fair value of net assets attributable to equity shareholders	**9**	**8**
Total Produce's 45% share of net assets	**4**	**4**
Goodwill	278	242
Total carrying amount of 45% interest in Dole	**282**	**246**

Reconciliation of Group's carrying value of investment in Dole

	2018 US$'m	**2018 €'m**
Carrying amount at start of year	–	–
Arising on acquisition	293	250
Group share of loss for period attributable to equity shareholders	(7)	(6)
Group share of other comprehensive expense for period attributable to equity shareholders	(4)	(3)
Foreign exchange movement	–	5
Total carrying amount of 45% interest in Dole at end of year	**282**	**246**

9. Post-employment obligations

	2018 €'000	2017 €'000
Employee defined benefit pension schemes obligations	**(10,941)**	(16,707)
Other post-employment obligations	**(5,023)**	(5,293)
	(15,964)	(22,000)

Employee defined benefit pension schemes

	2018 €'000	2017 €'000
Pension assets	**168,766**	175,343
Pension obligations	**(179,707)**	(192,050)
Net liability at end of year	**(10,941)**	(16,707)
Net related deferred tax asset	**1,889**	2,860
Net liability after tax at end of year	**(9,052)**	(13,847)

Analysis of movement in the year

Net liability at beginning of year	**(16,707)**	(37,777)
Net interest expense and service costs recognised in the income statement	**(2,035)**	(2,298)
Exceptional (charge)/credit in the income statement	**(1,304)**	6,683
Employer contributions to schemes – normal	**2,693**	4,290
Employer contributions to schemes – ETV offer	**–**	6,303
Remeasurement gains recognised in other comprehensive income	**6,323**	5,708
Arising on acquisition	**–**	(252)
Translation adjustment	**89**	636
Net liability at end of year before deferred tax	**(10,941)**	(16,707)

The table above summarises the movements in the net liability of the Group's various defined benefit pension schemes in Ireland, the UK, Continental Europe and North America in accordance with IAS 19 *Employee Benefits (2011).*

The Group's balance sheet at 31 December 2018 reflects net pension liabilities of €10.9m (2017: €16.7m) in respect of schemes in deficit, resulting in a net deficit of €9.1m (2017: €13.8m) after deferred tax.

The current and past service costs and the net finance expense on the net scheme liabilities are charged to the income statement. Remeasurement gains and losses are recognised in other comprehensive income. In determining the valuation of pension obligations, consultation with independent actuaries is required. The estimation of employee benefit obligations requires the determination of appropriate assumptions such as discount rates, inflations rates and mortality rates.

On 26 October 2018, the UK High Court ruled (in a landmark case relating to the Lloyds Banking Group's pension schemes) that pension benefits must be equalised in respect of Guaranteed Minimum Pensions (GMPs) accrued between 17 May 1990 and 5 April 1997. The calculation of the GMP equalisation adjustment required is complex with each pension having to be equalised. The Group engaged the services of an actuary to perform a preliminary estimate of the impact of GMP, and the estimated charge of €1.3m is recognised as a past service cost in the income statement and classified as an exceptional item.

In 2017 the Group initiated an Enhanced Transfer Value (ETV) programme whereby an offer above the minimum statutory transfer value was made to all active and deferred members of the Irish defined benefit pension schemes ("Schemes") to transfer their accumulated accrued benefits from the Schemes, eliminating future accrual of benefits in the Schemes, and receive a transfer value above the statutory minimum amount. Further details on the programme are outlined in the Group's 2017 Annual Report. The programme has reduced the volatility of the Schemes going forward.

The decrease in the net liability in 2018 was primarily due to the increase in discount rates in the Eurozone and the UK which result in a decrease in the net present value of scheme obligations. The discount rate in Ireland and the Eurozone increased to 2.10% (2017: 2.00%) and in the UK increased to 2.90 % - 3.0 % (2017: 2.50% - 2.60%). This was partly offset by a 2% negative return on scheme assets in the year and the effect of the GMP equalisation in the UK schemes are mentioned above.

10. Dividends

	2018 €'000	2017 €'000
Dividends paid on Ordinary Euro 1 cent shares		
Final dividend for 2017 of 2.4527 cent (2016: 2.2297 cent)	**9,517**	7,177
Interim dividend for 2018 of 0.9129 cent per share (2017: 0.8906 cent)	**3,545**	2,888
Total dividend paid in the year	**13,062**	10,065
Total dividend per share paid in the year	**3.3656**	3.1203

The Board is proposing a 2.5 % increase in the final dividend to 2.5140 cent per share (2017: 2.4527 cent), subject to approval at the forthcoming AGM. If approved, this dividend will be paid on 6 June 2019 to shareholders on the register at 26 April 2019 subject to dividend withholding tax. The total dividend for 2018 will amount to 3.4269 (2017: 3.3433) cent per share and represents an increase of 2.5% on 2017. In accordance with IFRS, this dividend has not been provided for in the Balance Sheet at 31 December 2018.

11. Businesses acquired and other developments in 2018

Investments in subsidiaries
A key part of the Group's strategy is to grow by acquisition. During the year, the Group made a number of bolt-on acquisitions and investments in the UK and Sweden with committed investment of €4.5m including €1.7m of contingent consideration payable on the achievement of future profit targets. Goodwill arising on these acquisitions amounts to €1.7m. The principal factor contributing to the recognition of the goodwill is the realisation of costs savings and synergies expected to be achieved for integrating the acquired entities, and the value and skills of the assembled workforce in the acquired entities.

The initial assignment of fair values to net assets for all investments has been performed on a provisional basis in respect of these acquisitions given the timing of the completion of these transactions and will be finalised within twelve months from the acquisition date, as permitted by IFRS 3 (Revised) *Business Combinations.*

Cash flows relating to acquisition of subsidiaries

	2018 €'000	2017 €'000
Cash consideration for acquisition of subsidiary undertakings	**(2,496)**	(36,230)
Cash, cash equivalents and bank overdrafts acquired	**3,833**	758
Cash inflow/(outflow) per statement of cash flows	**1,337**	(35,472)

The Group incurred acquisition related costs of €105,000 on legal and professional fees and due diligence in respect of completed acquisitions. These costs have been included within operating expenses in the year.

Payment of contingent and deferred consideration
In 2018, the Group paid €7.0m contingent consideration relating to prior period acquisitions.

Investment in joint ventures and associates
The principal investment in joint ventures in the period was the acquisition of an initial 45% interest in Dole Food Company as outlined in Note 8.

12. Cash Generated From Operations

	2018 €'000	2017 €'000
Operating activities		
Profit for the year	**53,804**	61,507
Non-cash adjustments to reconcile profit to net cash flows:		
Income tax expense	**16,014**	10,971
Income tax paid	**(13,349)**	(16,471)
Depreciation of property, plant and equipment	**17,194**	15,764
Reversal of impairment of property, plant and equipment	–	(362)
Exceptional items	**(9,450)**	(8,610)
Exceptional cash flow	**(2,884)**	(7,254)
Fair value movements on contingent consideration	**(4,043)**	(4,174)
Amortisation of intangible assets - acquisition related	**10,281**	10,499
Amortisation of intangible assets - development costs capitalised	**267**	299
Amortisation of intangible assets - computer software	**1,397**	1,443
Amortisation of government grants	**(75)**	(81)
Defined benefit pension scheme expense - normal	**2,035**	2,298
Contributions to defined benefit pension schemes - normal	**(2,693)**	(4,290)
Other post-employment benefit scheme expense	**442**	536
Net payments for other employee benefit scheme	**(168)**	(107)
Share-based payment expense	**557**	596
Net gain on disposal of property, plant and equipment	**(492)**	(432)
Currency recycled to income statement on joint venture becoming subsidiary	**90**	–
Financial income	**(3,704)**	(2,046)
Financial expense	**11,736**	7,800
Financial income received excluding exceptional items	**2,245**	1,327
Financial expense paid excluding exceptional items	**(9,418)**	(7,464)
Gain on non-hedging derivative financial instruments	**(59)**	(434)
Loss on disposal of trading assets and subsidiaries	–	39
Gain on disposal of joint venture	–	(5)
Fair value movements on biological assets	**(6)**	(289)
Share of profit of joint ventures	**(2,330)**	(11,427)
Share of profit of associates	**(2,183)**	(782)
Net cash flows from operating activities before working capital movements	**65,208**	48,851
Movements in working capital:		
Movements in inventories	**1,179**	(10,409)
Movements in biological assets	**(851)**	(2,127)
Movements in trade and other receivables	**(23,571)**	(4,253)
Movements in trade and other payables	**2,978**	14,501
Total movements in working capital	**(20,265)**	(2,288)
Net cash flows from operating activities	**44,943**	46,563

13. Analysis of Net Debt and Cash and Cash Equivalents

Net debt is a non-IFRS measure which comprises cash and cash equivalents and current and non-current interest-bearing loans and borrowings. The calculation of net debt at 31 December 2018 and 31 December 2017 is as follows:

	2018 €'000	2017 €'000
Current assets		
Cash and cash equivalents	**91,099**	89,929
Call deposits (demand balances)	**11,200**	10,318
Current liabilities		
Bank overdrafts	**(9,560)**	(11,268)
Current bank borrowings	**(48,658)**	(35,861)
Current finance leases	**(468)**	(595)
Non-current liabilities		
Non-current bank borrowing	**(262,188)**	(164,374)
Non-current finance leases	**(1,168)**	(1,275)
Net debt at end of year	**(219,743)**	(113,126)

Average net debt
Average net debt for 2018 was €217.1m (2017: €142.1m).

Trade receivables financing
The Group has a number of sales of receivables arrangements. Under the terms of these agreements, the Group has transferred substantially

all of the credit risk of these trade receivables which are subject to these agreements. Accordingly €30.0m (2017: €39.1m) has been derecognised at 31 December 2018.

Reconciliation of cash and cash equivalents per balance sheet to cash flow statement

	2018 **€'000**	2017 €'000
Cash and cash equivalents per balance sheet	**102,299**	100,247
Bank overdrafts	**(9,560)**	(11,268)
Cash, cash equivalents and bank overdrafts per cash flow statement	**92,739**	88,979

14. Post balance sheet events

On 29 January 2019, Dole completed the sale of Saba Fresh Cuts AB (in Sweden) and Saba Fresh Cuts OY (in Finland) to Bama International. Both Saba Fresh Cuts AB and Saba Fresh Cuts OY are producers of washed and ready to eat salads. The sale of Saba Fresh Cuts AB was a condition of the European Commission's approval of the acquisition by Total Produce of a 45% interest in Dole in July 2018.

There have been no other material events subsequent to 31 December 2018 which would require disclosure or adjustment in the financial statements.

15. Related party transactions

With the exception of transactions with Dole outlined in Note 8 of this statement, there have been no related party transactions or changes to related party transactions other than those described in the 2017 Annual Report that materially affect the financial position or the performance of the Group for the year ended 31 December 2018.

16. Board approval

This announcement was approved by the Board of Directors of Total Produce plc on 6 March 2019.