Regulatory Story

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**Celtic PLC** - CCP Final Results
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**Celtic PLC**

**Announcement of Results for the year ended 30 June 2017**

**SUMMARY OF THE RESULTS**

**Operational Highlights**

- Winner of the Scottish Domestic Treble and our sixth consecutive SPFL Premiership title
- Qualified for the UEFA Champions League playing 6 home European matches (2016: 6 UEFA Europa League)
- 31 home matches (including the ICC tournament) played at Celtic Park (2016: 28)
- Became the first stadium in the UK to accommodate 3,000 "safe standing" section
- Achieved "Invincible" status by remaining unbeaten domestically in all competitions
- Hugely successful Celebrate 67 events to recognise the 50th Anniversary of the Lisbon Lions winning the European Cup in May 1967
- Delighted to be able to provide support in assisting Celtic FC Foundation to deliver the hugely successful SSE Hydro event, Lions Lunch and Henrik versus Lubo charity match

**Financial Highlights**

- Group revenue increased by 74.2% to £90.6m
- Operating expenses increased by 33.3% to £76.3m
- Gain on sale of player registrations of £2.3m (2016: £12.6m)
- Profit before taxation of £6.9m (2016: £0.5m)
- Year-end cash net of bank borrowings of £17.9m (2016: £3.6m)
- Investment in football personnel of £13.8m (2016: £8.8m)

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Company

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

**CHAIRMAN'S STATEMENT**

These results, which declare sales revenue of £90.6m (2016: £52.0m) and a profit before taxation of £6.9m (2016: £0.5m), reflect the paramount importance to the Company of participation in the group stages of the UEFA Champions League.

The foundations for that success are based on consistency, stability and the implementation of a prudent long term strategy that dictates that the Company invests in its football operations, whilst maintaining a self-sustaining financial model. The Board considers that this strategy remains appropriate for Celtic plc and will continue to seek out and retain top talent on and off the field of play so as to deliver football success and, in turn, shareholder value. The Board has been able to manage short term challenges, and maintain the course it has set and reported on over the past several years, because there is consistency in the ownership, Board and executive management of the Company. These ingredients provide the stability that is so crucial for the successful operation of a football club at our level.

On behalf of the Board I warmly congratulate Brendan Rodgers, his staff and the players on a truly remarkable season during which we achieved an Invincible Treble, a sixth consecutive League Championship and consecutive qualifications for the group stages of the UEFA Champions League. Whilst the fundamentals that were in place at the Club when he joined with his staff were strong, Brendan has been a remarkable catalyst.

Just as it is important to recognise the importance to us of participation in the UEFA Champions League, so it is important to recognise that the financial gap between Celtic Football Club and the richer clubs in European football is widening. The growing financial power of a number of key constituencies within the European game makes us vulnerable to structural change. It is, therefore, vital that we are represented at the highest levels of European football. Peter Lawwell's appointments to the Board of the European Club Association, the Club Competitions Committee at UEFA and the Professional Football Strategy Council of UEFA gives the Club a voice and ensures that we are very well represented and that our image and profile are held high. We are grateful for Peter's continued commitment to promoting our interests in this very important arena.

During the year, we welcomed Sharon Brown as a non-executive director, bringing her financial expertise and business acumen, notably in the retail sector, to enhance the skill set of the Board. Ian Livingston, who was appointed in October 2007 and chaired the Audit Committee, stepped down from the Board with effect from 30 June 2017, in order to focus on his other public company commitments. On behalf of the Board, I would like to thank Ian for his contribution to the Company and wish Sharon the very best. Sharon now chairs the Audit Committee. Taken together with the changes to the Board last year, when Chris McKay replaced Eric Riley as Financial Director, I believe that we have struck a good balance between stability and progression, both of which are crucial to the long term success of the Company.

Our football success this year marked another important moment in the long history of our Club; the fiftieth anniversary of our success in Lisbon, our greatest success and such an important part of the development of our unique story. The celebrations culminated in a fantastic week of events in May, including the Club's showcase "Celebrate '67" event at The SSE Hydro in Glasgow, honouring the Lisbon Lions and their amazing achievements.

Like all Celtic supporters, I was proud that all net proceeds of those events were passed to Celtic FC Foundation to assist in its Lions' Legacy projects and other important work. This really is what it means to be Celtic. I thank all of our supporters, shareholders, sponsors, partners and colleagues for their contribution to a successful year for the Club and look forward to working with them to build on that success for the future.

**Ian P Bankier**
**20 September 2017**
**Chairman**

**CHIEF EXECUTIVE'S REVIEW**

Following last season, when our performance on the pitch did not meet our expectations, this year the Club could not have asked for any more. Winning football matches is a difficult thing to do. To remain undefeated domestically while winning all three competitions, for only the fourth time in the Club's history, and to do so whilst qualifying for and participating in the UEFA Champions League group stages, is a fantastic achievement, for which Brendan, the players and everyone at the Club should be congratulated. Our objectives for this year remain success in all three domestic competitions and in the UEFA Champions League.

Success on the pitch, in particular qualification for the UEFA Champions League group stages, leads to success off the pitch and this can be seen in our results this year. Given the restrictions in the environment in which we operate domestically, financial contribution from success in European football and prudent management of player registrations is crucial to enable the Company to continue to invest in the long term strategic objective of the Company: to create a world class football club.

We must maintain our investment in our highly regarded football operations, including: management, coaching, player recruitment, medical, performance, sports science and our youth academy. Ultimately, we hope to develop Champions League players in this environment and Brendan's trust in our young players is testament to their talent and the Academy's success and development over many years. It was very encouraging to see 5 graduates of the Youth Academy play in our victory over Kilmarnock earlier this season.

In addition, we continue to invest at Celtic Park and at Lennoxtown, with plans for a new hybrid pitch to complement our style of attacking football, new training pitches being built to improve player development and improvements being made to the stadium and surrounding land to enhance the experience for all supporters visiting Celtic Park. Celtic Park is iconic in world football and we will continue to develop a venue our supporters can be proud of.

While we cannot compete with the financial resources of some other clubs, we can and will ensure that our investment creates the infrastructure to grow the Club for the long term and helps us manage the risk and uncertainty in football.

This year we celebrated the fiftieth anniversary of the Lisbon Lions. Our triumph in Lisbon is something every Celtic supporter will always be proud of, and in becoming the first British team to win the European Cup, the Lions have laid down an amazing legacy which will resonate forever with generations to come. I would like to take this opportunity to thank all of my colleagues, our sponsors and supporters who contributed to the Celebrate 67 events and supported the ongoing work of Celtic FC Foundation.

I have had the real privilege of meeting every member of the Lisbon Lions over the years, men of such stature who represented Celtic with such grace, humility and dignity. The Lisbon Lions set the benchmark. Everyone at Celtic strives to build on their achievements and to bring continued success to our Club.

**Peter Lawwell**
**20 September 2017**
**Chief Executive**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | 2017 £000 | 2016 £000 |
|---|---|---|---|
| **CONTINUING OPERATIONS:** | | | |
| **Revenue** | 2 | **90,639** | 52,009 |
| Operating expenses (before intangible asset transactions and exceptional items) | 2 | **(76,329)** | (57,249) |
| **Profit / (loss) from trading before intangible asset transactions and exceptional items** | | **14,310** | (5,240) |
| Exceptional operating expenses | 3 | **(1,526)** | (1,721) |
| Amortisation of intangible assets | | **(7,546)** | (4,953) |
| Profit on disposal of intangible assets | | **2,279** | 12,644 |
| **Operating profit** | | **7,517** | 730 |
| Finance income | | **204** | 350 |
| Finance expense | | **(824)** | (621) |
| **Profit before tax** | | **6,897** | 459 |
| Income tax expense | | **-** | - |
| **Profit and total comprehensive income for the year** | | **6,897** | 459 |
| Basic earnings per Ordinary Share for the year | 6 | **7.38p** | 0.49p |
| Diluted earnings per Share for the year | 6 | **5.46p** | 0.49p |

## CONSOLIDATED BALANCE SHEET

| | 2017 £000 | 2016 £000 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **56,332** | 55,276 |
| Intangible assets | **13,927** | 9,798 |
| Trade receivables | **-** | 3,966 |
| | **70,259** | 69,040 |
| **Current assets** | | |
| Inventories | **2,414** | 1,889 |
| Trade and other receivables | **12,284** | 14,682 |
| Cash and cash equivalents | **24,505** | 10,450 |
| | **39,203** | 27,021 |
| **Total assets** | **109,462** | 96,061 |

| | | |
|---|---|---|
| **Equity** | | |
| Issued share capital | **27,107** | 24,316 |
| Share premium | **14,657** | 14,611 |
| Other reserve | **21,222** | 21,222 |
| Capital reserve | **-** | 2,781 |
| Accumulated losses | **(5,563)** | (12,460) |
| **Total equity** | **57,423** | 50,470 |
| | | |
| **Non-current liabilities** | | |
| Interest bearing liabilities/bank loans | **6,450** | 6,650 |
| Debt element of Convertible Cumulative Preference Shares | **4,232** | 4,242 |
| Trade and other payables | **5,940** | - |
| Provisions | **1,543** | 1,105 |
| Deferred income | **115** | 1,343 |
| | **18,280** | 13,340 |
| | | |
| **Current liabilities** | | |
| Trade and other payables | **10,435** | 11,879 |
| Current borrowings | **304** | 304 |
| Provisions | **658** | 196 |
| Deferred income | **22,362** | 19,872 |
| | **33,759** | 32,251 |
| | | |
| **Total liabilities** | **52,039** | 45,591 |
| | | |
| **Total equity and liabilities** | **109,462** | 96,061 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| | **Share capital** | **Share premium** | **Other reserve** | **Capital reserve** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Equity shareholders' funds as at 1 July 2015 | 24,294 | 14,573 | 21,222 | 2,781 | (12,919) | 49,951 |
| Share capital issued | 1 | 38 | - | - | - | 39 |
| Reduction in debt element of convertible cumulative preference shares following conversion | 21 | - | - | - | - | 21 |
| Profit and total comprehensive income for the year | - | - | - | - | 459 | 459 |
| **Equity shareholders' funds as at 30 June 2016** | **24,316** | **14,611** | **21,222** | **2,781** | **(12,460)** | **50,470** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Share capital issued | **1** | **46** | **-** | **-** | **-** | **47** |
| Reduction in debt element of convertible cumulative preference shares following conversion | **9** | **-** | **-** | **-** | **-** | **9** |
| Transfer from Capital Reserve | **2,781** | **-** | **-** | **(2,781)** | **-** | **-** |
| Profit and total comprehensive income for the year | **-** | **-** | **-** | **-** | **6,897** | **6,897** |
| **Equity shareholders' funds as at 30 June 2017** | **27,107** | **14,657** | **21,222** | **-** | **(5,563)** | **57,423** |

## CONSOLIDATED CASH FLOW STATEMENT

| | 2017 | 2016 |
|---|---|---|
| | **£000** | £000 |
| **Cash flows from operating activities** | | |
| Profit for the year | **6,897** | 459 |
| Depreciation | **1,664** | 1,689 |
| Amortisation of intangible assets | **7,546** | 4,953 |
| Impairment of intangible assets | **287** | 1,294 |
| Reversal of prior period impairment charge | **(64)** | (288) |
| Profit on disposal of intangible assets | **(2,279)** | (12,644) |
| Loss on disposal of property, plant and equipment | **198** | 106 |
| Net Finance costs | **620** | 271 |
| | **14,869** | (4,160) |
| (Increase) / decrease in inventories | **(525)** | 209 |
| (Increase) / decrease in receivables | **(687)** | 212 |
| Increase in payables and deferred income | **2,435** | 4,695 |
| **Cash generated from operations** | **16,092** | 956 |
| Net Interest paid | **(95)** | (91) |
| *Net cash flow from operating activities* | **15,997** | 865 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | **(2,737)** | (1,455) |
| Purchase of intangible assets | **(9,889)** | (10,933) |
| Proceeds from sale of intangible assets | **11,382** | 13,261 |
| *Net cash used in investing activities* | **(1,244)** | 873 |
| **Cash flows from financing activities** | | |
| Repayment of debt | **(200)** | (200) |
| Dividend on Convertible Cumulative Preference Shares | **(498)** | (458) |
| *Net cash used in financing activities* | **(698)** | (658) |

| | 2017 | 2016 |
|---|---|---|
| Net increase in cash equivalents | **14,055** | 1,080 |
| Cash and cash equivalents at 1 July 2016 | **10,450** | 9,370 |
| Cash and cash equivalents at 30 June 2017 | **24,505** | 10,450 |

**NOTES TO THE FINANCIAL STATEMENTS**

**1. BASIS OF PREPARATION**

The financial information in this preliminary announcement has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs) but does not include all of the disclosures that would be required under IFRSs. The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 30 June 2016 and are those which will form the basis of the 2017 financial statements.

**2. REVENUE AND TOTAL OPERATING EXPENSES BEFORE EXCEPTIONAL ITEMS AND ASSET TRANSACTIONS**

| **REVENUE** | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| The Group's revenue comprised: | | |
| Football and Stadium Operations | **37,571** | 25,149 |
| Merchandising | **16,479** | 12,577 |
| Multimedia and Other Commercial Activities | **36,589** | 14,283 |
| | **90,639** | 52,009 |

| **TOTAL OPERATING EXPENSES** | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| The Group's operating expenses comprised: | | |
| Football and Stadium Operations | **64,689** | 47,173 |
| Merchandising | **9,257** | 7,836 |
| Multimedia and Other Commercial Activities | **2,383** | 2,134 |
| | **76,329** | 57,143 |

**3. EXCEPTIONAL OPERATING EXPENSES**

The exceptional operating expenses of £1.53m (2016: £1.72m) can be analysed as follows:

| Exceptional operating expenses comprised | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| Impairment of intangible assets | **287** | 1,294 |
| Reversal of prior period impairment charges | **(64)** | (288) |
| Onerous employment contracts | **1,004** | - |
| Compromise payments on contract termination | **299** | 715 |
| | **1,526** | 1,721 |

The impairment of intangible assets, and the reversal of impairment charges, relate to adjustments required as a result of management's assessment of the carrying value of certain player registrations relative to their current market value.

Onerous employment contact costs result from a situation where the committed costs under that contract are assessed as exceeding the economic benefits expected to be received by the Group over the term of the contract.

Settlement agreements on contract termination are costs in relation to exiting certain employment contracts.

**4. DIVIDEND ON CONVERTIBLE CUMULATIVE PREFERENCE SHARES**

A 6% non-equity dividend of £0.51m (2016: £0.52m, before tax credit deduction), was paid on 31 August 2017 to those holders of Convertible Cumulative Preference Shares on the share register at 28 July 2017. A number of shareholders elected to participate in the Company's scrip dividend reinvestment scheme for the financial year to 30 June 2017. Those shareholders have received new Ordinary Shares in lieu of cash. No dividends were payable or proposed to be payable on the Company's Ordinary Shares.

During the year, the Company reclaimed £0.02m (2016: £0.02m) in respect of statute barred preference dividends in accordance with the Company's Articles of Association.

**5. TAX ON ORDINARY ACTIVITIES**

No provision for corporation tax is required in respect of the year ended 30 June 2017. Estimated tax losses available for set-off against future trading profits amount to approximately £7.64m (2016: £16.08m) and, in addition, the available capital allowances pool is approximately £9.52m (2016: £10.25m). These estimates are subject to the agreement of the current and prior years' corporation tax computations with H M Revenue and Customs.

**6. EARNINGS PER SHARE**

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| Reconciliation of earnings to basic earnings: | | |
| Net earnings attributable to equity holders of the parent | **6,897** | 459 |
| Basic earnings | **6,897** | 459 |
| Reconciliation of basic earnings to diluted earnings: | | |
| Basic earnings | **6,897** | 459 |
| Non-equity share dividend | **577** | 521 |
| Reclaim of statute barred non-equity share dividends | **(19)** | (19) |
| Diluted earnings | **7,455** | 961 |

| | **No.'000** | No.'000 |
|---|---|---|
| Reconciliation of basic weighted average number of ordinary shares to<br>diluted weighted average number of ordinary shares: | | |
| Basic weighted average number of ordinary shares | **93,403** | 93,120 |

| | | |
|---|---|---|
| Dilutive effect of convertible shares | **43,041** | 43,179 |
| Diluted weighted average number of ordinary shares | **136,444** | 136,299 |

Earnings per share of 7.38p (2016: 0.49p) has been calculated by dividing the profit for the period of £6.90m (2016: £0.46m) by the weighted average number of Ordinary Shares of 93.4m (2016: 93.1m) in issue during the year. Diluted earnings per share of 5.46p (2016: 0.49p) as at 30 June 2017 has been calculated by dividing the profit for the period by the weighted average number of Ordinary Shares, Convertible Cumulative Preference Shares and Convertible Preferred Ordinary Shares in issue, assuming conversion at the balance sheet date, if dilutive.

**7. ANNUAL REPORT & ACCOUNTS**

Copies of the Annual Report & Accounts together with the Notice and Notes of the 2017 AGM will be issued to all shareholders in due course.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 June 2017 or 30 June 2016. The Independent Auditors' Reports on the statutory accounts for 2017 and 2016 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The statutory accounts for 2016 have been filed with the Registrar of Companies and those for 2017 will be delivered to the Registrar of Companies in due course.

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