



Celtic plc
Interim Report
December 2018

Celtic plc (the “Company”)

INTERIM REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2018

Operational Highlights

- Currently top of the SPFL Premiership
- Winners of the Scottish League Cup for the third season in a row
- 17 home fixtures (2017: 19)
- Secured European football after Christmas by qualifying for the round of 32 of the UEFA Europa League for the second year in a row

Financial Highlights

- Revenue decreased by 30.1% to £50.0m (2017: £71.5m)
- Profit from trading was £6.2m (2017: £23.7m)
- Profit from transfer of player registrations (shown as profit on disposal of intangible assets) £17.6m (2017: £0.5m)
- Profit before taxation of £18.8m (2017: £19.5m)
- Profit after taxation of £15.2m (2017: £17.4m)
- Period end net cash at bank of £38.6m (2017: £30.9m)
- Period end net cash, net of debt and debt like items, of £37.7m (2017: £17.0m)¹

¹ net cash, net of debt like items, is represented by cash net of bank borrowings of £38.6m (2017: £30.9m) further adjusted for other debt like items, namely the net player trading balance, other loans and remuneration balances payable to certain personnel at the balance sheet date.

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CHAIRMAN'S STATEMENT

I am pleased to report on our interim results for the period ended 31 December 2018. These show revenue of £50.0m (2017: £71.5m) and a profit from trading of £6.2m (2017: £23.7m). Overall, this resulted in a profit before taxation of £18.8m (2017: £19.5m) and a period end net cash at bank of £38.6m (2017: £30.9m). The introductory page to these interim results summarises the main highlights.

The Club has continued to build on its historic "Double Treble" achieved last year by adding the League Cup trophy in December 2018, the seventh consecutive trophy lifted since Brendan Rodgers joined us, continuing our domestic clean sweep of trophies. At the time of writing, we remain unbeaten at home in domestic competitions this season and sit 6 points clear at the top of the Scottish Premiership. We have also made it to the quarter finals of the Scottish Cup. We were very disappointed not to qualify for the group stages of the UEFA Champions League (a task that continues to be challenging) but qualification from a very difficult group in the UEFA Europa League was a great achievement.

These results reflect the absence of substantial UEFA Champions League revenues in comparison to the same period last year. But they are counter-balanced by the benefit of player trading, significantly by the permanent transfer of the registration of Moussa Dembele to Olympique Lyonnais. The profit on disposals of intangible assets of £17.6m (2017: £0.5m) largely represents this sale. Our period end net cash at bank, as indicated above, was highly satisfactory. We also enjoyed exceptionally strong trading across all of our commercial bases, including match day sales, hospitality and merchandise.

Our financial commitment to the playing squad, including transfer fees and first team salaries, and the coaching, technical and performance departments is at an all-time high. During the period we secured the permanent registrations of Emilio Izaguirre and Youssouf Mulumbu and the temporary registrations of Daniel Arzani and Philip Benkovic. Subsequently, during the January transfer window, we have acquired the permanent registrations of talented young international players Vakoun Bayo, Andrew Gutman, Emanuel Perez and Marian Shved and the temporary registrations of exciting talents Oliver Burke, Jeremy Toljan and Timothy Weah. Furthermore, the contracts of Kristoffer Ajer, Scott Brown, Ryan Christie, James Forrest, Leigh Griffiths, Michael Johnston, Callum McGregor, Olivier Ntcham and Tom Rogic have been extended. We believe that we have secured the core of a powerful squad for the Club. In addition, we are delighted to see the continued emergence of young graduates from our Youth Academy, with Ewan Henderson making his first team debut and Karamoko Dembele signing his first professional contract with the Club.

My fellow directors and I continue to be highly alert to the uncertainties inherent in football and our long held strategy of operating a self-sustaining financial model has delivered stability and success. The Board and Brendan Rodgers are committed to maintaining that crucial balance between competitive performance for our immediate targets this season and developing the Club for the longer term. Our key objectives for the remainder of the season are to win the SPFL Premiership, secure The Scottish Cup and build towards the European qualifiers in the summer.

We continue to work on our plans to develop Celtic Park and the surrounding area for our supporters and the City as a whole. The Fraser of Allander Institute's economic survey that was commissioned and published in the period highlights the very substantial economic contribution made by Celtic and its supporters each year to the economy of Glasgow and Scotland as a whole. In putting this important information into the public domain, we seek to encourage the Scottish Government, Glasgow City Council and other public agencies to recognise the contribution of football in general and Celtic in particular.

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CHAIRMAN'S STATEMENT

Entirely in line with our trading seasonality, we do not expect the same level of financial performance to be achieved during the second half of the financial year. This is due to participating in fewer home fixtures and receiving lower income from European competition. However, due to the positive first half performance of football, media and merchandise sales, the expectation is to achieve a full year profit after tax marginally above previously communicated market expectations, with year end net cash at bank expected to be lower than December, reflecting the increased investment into football personnel. In line with previous years, the ultimate financial performance remains subject to the outcome of key events and fixtures, which typically are not known until the end of the football season.

On behalf of the Board, I thank our fans, shareholders and partners, for their outstanding support and contribution to the ongoing success of Celtic Football Club.



Ian P Bankier
12 February 2019
Chairman

For further information contact:

Celtic plc Ian Bankier Peter Lawwell	Tel: 0141 551 4235
Canaccord Genuity Limited, Nominated Adviser and Broker Simon Bridges Richard Andrews	Tel: 020 7523 8350

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.

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INDEPENDENT REVIEW REPORT TO CELTIC PLC

Introduction

We have been engaged by the Company to review the financial information in the interim report for the six months ended 31 December 2018 which comprises the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the interim report be presented and prepared in a form consistent with that which will be adopted in the Company's annual financial statements having regard to the accounting standards applicable to such annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the interim report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the interim report for the six months ended 31 December 2018 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

*BDO LLP
Chartered Accountants and Registered Auditors
Glasgow
United Kingdom
Date 12 February 2019*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS TO 31 DECEMBER 2018

	Note	2018 Unaudited £000	2017 Unaudited £000
Revenue	2	50,015	71,505
Operating expenses (before intangible asset transactions)		(43,823)	(47,815)
Profit from trading before intangible asset transactions		6,192	23,690
Amortisation of intangible assets		(4,787)	(4,227)
Profit on disposal of intangible assets		17,563	482
Operating profit		18,968	19,945
Finance income	3	531	47
Finance expense	3	(700)	(482)
Profit before tax		18,799	19,510
Income tax expense	4	(3,576)	(2,130)
Profit and total comprehensive income for the period		15,223	17,380
Basic earnings per Ordinary Share	5	16.22p	18.57p
Diluted earnings per Share	5	11.36p	12.94p

Celtic plc

Registered number SC3487

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	2018 Unaudited £000	2017 Unaudited £000
NON-CURRENT ASSETS			
Property plant and equipment		58,905	56,637
Intangible assets	6	16,632	15,996
Trade and other receivables	7	7,795	-
Deferred tax asset		-	891
		83,332	73,524
CURRENT ASSETS			
Inventories		1,991	2,039
Trade and other receivables	7	23,636	15,608
Cash and cash equivalents	9	44,676	37,410
		70,303	55,057
TOTAL ASSETS		153,635	128,581
EQUITY			
Issued share capital	8	27,147	27,123
Share premium		14,783	14,720
Other reserve		21,222	21,222
Accumulated profits		25,083	11,817
TOTAL EQUITY		88,235	74,882
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest bearing loans		4,800	6,350
Debt element of Convertible Cumulative Preference Shares		4,193	4,216
Trade and other payables		6,788	10,293
Deferred tax	4	93	-
Provisions		1,300	1,082
Deferred income		71	86
		17,245	22,027
CURRENT LIABILITIES			
Trade and other payables		28,343	17,035
Current borrowings		1,380	304
Provisions		2,100	709
Deferred income		16,332	13,624
		48,155	31,672
TOTAL LIABILITIES		65,400	53,699
TOTAL EQUITY AND LIABILITIES		153,635	128,581

Approved by the Board on 12 February 2019

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Other reserve £000	Accumulated profits £000	Total £000
EQUITY SHAREHOLDERS' FUNDS AS AT 1 JULY 2017 (Audited)	27,107	14,657	21,222	(5,563)	57,423
Share capital issued	1	63	-	-	64
Reduction in debt element of convertible cumulative preference shares	15	-	-	-	15
Profit and total comprehensive income for the period	-	-	-	17,380	17,380
EQUITY SHAREHOLDERS' FUNDS AS AT 31 DECEMBER 2017 (Unaudited)	27,123	14,720	21,222	11,817	74,882
EQUITY SHAREHOLDERS' FUNDS AS AT 1 JULY 2018 (Audited)	27,132	14,720	21,222	9,860	72,934
Share capital issued	1	63	-	-	64
Reduction in debt element of convertible cumulative preference shares	14	-	-	-	14
Profit and total comprehensive income for the period	-	-	-	15,223	15,223
EQUITY SHAREHOLDERS' FUNDS AS AT 31 DECEMBER 2018 (Unaudited)	27,147	14,783	21,222	25,083	88,235

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CONSOLIDATED CASH FLOW STATEMENT FOR THE 6 MONTHS ENDED 31 DECEMBER 2018

	Note	2018 Unaudited £000	2017 Unaudited £000
Cash flows from operating activities			
Profit for the period after tax		15,223	17,380
Taxation charge		3,576	2,130
Depreciation		967	881
Amortisation		4,787	4,227
Profit on disposal of intangible assets		(17,563)	(482)
Net finance costs		169	435
		7,159	24,571
Decrease in inventories		416	375
(Increase) in receivables		(898)	(7,028)
(Decrease) in payables and deferred income		(8,857)	(364)
Cash generated from operations		(2,180)	11,496
Tax paid		(1,200)	-
Net interest received/(paid)		33	(25)
<i>Net cash flow from operating activities</i>		(3,347)	17,529
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,389)	(946)
Purchase of intangible assets		(6,032)	(8,874)
Proceeds from sale of intangible assets		13,714	5,769
<i>Net cash generated / (used in) from investing activities</i>		6,293	(4,051)
Cash flows from financing activities			
Repayment of debt		(370)	(100)
Dividend on Convertible Cumulative Preference Shares		(463)	(473)
<i>Net cash used in financing activities</i>		(833)	(573)
Net increase in cash equivalents		2,113	12,905
Cash and cash equivalents at 1 July		42,563	24,505
Cash and cash equivalents at period end	9	44,676	37,410

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NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The financial information in this interim report comprises the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and accompanying notes. The financial information in this interim report has been prepared under the recognition and measurement requirements of IFRSs as adopted for use in the European Union but does not include all of the disclosures that would be required under those accounting standards. The accounting policies adopted in the financial information are consistent with those expected to be adopted in the Company's financial statements for the year ended 30 June 2019 and are unchanged from those used in the Company's annual report for the year ended 30 June 2018.

The financial information in this interim report for the six months to 31 December 2018 and to 31 December 2017 has not been audited, but it has been reviewed by the Company's auditor, whose report is set out on page 4.

Adoption of standards effective in 2018

The following standards have been adopted as of 1 July 2018 and have no material impact on the financial information for the period under review:

IFRS 9 *Financial Instruments*

The Group has applied IFRS 9 from 1 July 2018. The Group has elected not to restate comparatives on initial application of IFRS 9. The principal effect of IFRS 9 is the introduction of the expected credit loss model. However, due to the Group's history of low credit losses and no expectation that this trend will change in the foreseeable future, there is no likely material change in the provision.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes previous revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations. The Group has applied IFRS 15 from 1 July 2018.

All revenue streams were reviewed to determine how the previous approach to revenue recognition would comply with the 5 step model under IFRS 15. It should be noted that as almost all revenue streams are aligned to the football season, which in turn forms the basis for the financial year, the main factor for consideration was whether the implementation of IFRS 15 would impact materially on the half year results which are reported for the 6 months to 31 December. The review concluded that there was no material impact.

Assessment on adoption of standards not yet effective

At the date of authorisation of this interim report the following standard was not effective however will be adopted in accordance with its effective date. An update as to the Group's assessment of the impact this standard is provided below.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The Group will adopt IFRS 16 for the year ending 30 June 2020. No decision has yet been made about whether to use any of the transitional options in IFRS 16.

IFRS 16 distinguishes leases and service contracts based on whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

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NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION (CONTINUED)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas, under the IFRS 16 model, the lease payments will be split into a principal and an interest portion, which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Based on our assessment, the net impact to the Group's financial statements is not considered to have a material net effect; however, this includes what would be a material grossing out on the Balance Sheet with a corresponding increase to both assets and liabilities. We will recognise the carrying value of the operating leases within assets with an offsetting liability and there will be a reallocation in the Statement of Comprehensive Income from rental costs to depreciation within Operating Expenses and to the unwinding discount within Finance Expense.

Going concern

The Company has considerable financial resources available to it, together with established contracts with a number of customers and suppliers. As a consequence, the Directors believe that the Company is well placed to continue managing its business risks successfully and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial information in this interim report.

2. REVENUE

	6 months to 31 Dec 2018 Unaudited £000	6 months to 31 Dec 2017 Unaudited £000
Football and stadium operations	23,873	26,802
Multimedia and other commercial activities	15,529	34,011
Merchandising	10,613	10,692
	50,015	71,505
Number of home games	17	19

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NOTES TO THE FINANCIAL INFORMATION

3. FINANCE INCOME AND EXPENSE

	6 months to 31 December 2018 Unaudited £000	6 months to 31 December 2017 Unaudited £000
Finance income:		
Interest receivable on bank deposits	128	35
Notional interest income on deferred consideration	403	12
	<u>531</u>	<u>47</u>

	6 months to 31 December 2018 Unaudited £000	6 months to 31 December 2017 Unaudited £000
Finance expense:		
Interest payable on bank and other loans	(110)	(61)
Notional interest expense on deferred consideration	(304)	(134)
Dividend on Convertible Cumulative Preference Shares	(286)	(287)
	<u>(700)</u>	<u>(482)</u>

4. TAXATION

Tax has been charged at 19% for the six months ended 31 December 2018 (2017: 19%) representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six month period. A deferred tax liability of £0.1m has been recognised in respect of short term timing differences.

5. EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the profit for the period of £15.2m (2017: £17.4m) by the weighted average number of Ordinary Shares in issue 93,865,887 (2017: 93,591,020). Diluted earnings per share as at 31 December 2018 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.

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NOTES TO THE FINANCIAL INFORMATION

6. INTANGIBLE ASSETS

	31 December 2018 Unaudited £000	31 December 2017 Unaudited £000
Cost		
At 1 July	44,962	34,335
Additions	1,854	6,634
Transfer to prepayments	-	(605)
Disposals	(5,850)	(1,986)
At period end	40,966	38,378
Amortisation		
At 1 July	23,999	20,408
Charge for the period	4,787	4,227
Transfer to prepayments	-	(371)
Disposals	(4,452)	(1,882)
At period end	24,334	22,382
Net Book Value at period end	16,632	15,996

7. TRADE AND OTHER RECEIVABLES

	31 December 2018 Unaudited £000	31 December 2017 Unaudited £000
Trade receivables	23,430	4,421
Prepayments and accrued income	7,292	10,224
Other receivables	709	963
	31,431	15,608

Amounts falling due after more than one year included above are:

	2018 £000	2017 £000
Trade receivables	7,795	-

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NOTES TO THE FINANCIAL INFORMATION

8. SHARE CAPITAL

	Authorised 31 December		Allotted, called up and fully paid 31 December			
	2018	2017	2018	2018	2017	2017
	Unaudited		Unaudited		Unaudited	
	No 000	No 000	No 000	£000	No 000	£000
Equity						
Ordinary Shares of 1p each	223,271	223,101	93,916	939	93,696	937
Deferred Shares of 1p each	656,090	647,036	656,090	6,561	647,036	6,470
Convertible Preferred Ordinary Shares of £1 each	14,883	14,923	12,896	12,896	12,936	12,936
Non-equity						
Convertible Cumulative Preference Shares of 60p each	18,371	18,459	15,871	9,523	15,959	9,576
Less reallocated to debt:						
Initial debt	-	-	-	(2,772)	-	(2,796)
Capital reserve	-	-	-	-	-	-
	<u>912,615</u>	<u>903,519</u>	<u>778,773</u>	<u>27,147</u>	<u>769,627</u>	<u>27,123</u>

9. ANALYSIS OF NET CASH AT BANK

The reconciliation of the movement in cash and cash equivalents per the cash flow statement to net cash is as follows:

	31 December 2018 Unaudited £000	31 December 2017 Unaudited £000
Bank Loans due after more than one year	(4,800)	(6,350)
Bank Loans due within one year	(1,280)	(200)
Cash and cash equivalents:		
Cash at bank and on hand	<u>44,676</u>	<u>37,410</u>
Net cash at bank at period end	<u>38,596</u>	<u>30,860</u>

Total net cash, deducting other loans of £0.1m (2017: £0.1m) and that arising from the reclassification of equity to debt of £4.2m (2017: £4.2m) amounted to £34.3m (2017: £26.5m).

Period-end net cash, net of debt and debt like items, of £37.7m (2017: £17.0m). This figure is represented by cash net of bank borrowings of £38.6m (2017: £30.9m) further adjusted for other debt like items, namely the net player trading balance, other loans and remuneration balances payable to certain personnel at the balance sheet date

The change in the aging profile of the bank loans follows the re-negotiation of the Group banking facilities in August 2018.

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NOTES TO THE FINANCIAL INFORMATION

10. POST BALANCE SHEET EVENTS

Since the balance sheet date, we have secured the permanent registrations of Marian Shved, Vakoun Bayo, Emanuel Perez and Andrew Gutman, and the temporary registrations of Timothy Weah from Paris St Germain, Oliver Burke from West Bromwich Albion and Jeremy Toljan from Borussia Dortmund. We have also temporarily transferred the registrations of Youssouf Mulumbu to Kilmarnock, Lewis Morgan to Sunderland, Calvin Miller to Ayr United, Conor Hazard to Partick Thistle and Marian Shved to FC Karpaty. Emanuel Perez and Andrew Gutman have also been placed on loan to clubs in the United Soccer League in the USA.

In addition, we have temporarily transferred the registration of development squad player Jack Aitchison to Alloa Athletic and have cancelled the registration of Lewis Bell.

Celtic plc

Directors

Ian P Bankier (Chairman)
Peter T Lawwell (Chief Executive)
Chris McKay (Finance Director)
Thomas E Allison
Dermot F Desmond
Brian D H Wilson
Sharon Brown

Company Secretary

Michael Nicholson

Registered Office

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Registered Number

SC3487