ArdaghGroup

ARD Finance S.A. Annual Report

For the year ended 31 December 2019

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Management Report

PRELIMINARY INFORMATION

ARD Finance S.A. (the "Company") was incorporated under the laws of Luxembourg on May 6, 2011 and is a subsidiary of ARD Holdings S.A. The Company's registered office is 56, rue Charles Martel, L-2134 Luxembourg, Luxembourg. The Company is registered with the R.C.S. Luxembourg under number B 160806.

The Company is a holding company whose only significant assets as of December 31, 2019 consist of its direct and indirect interest in the share capital of Ardagh Group S.A., a company incorporated and existing under the laws of Luxembourg, and certain related party receivables. Ardagh Group S.A. has Class A common shares listed on the New York Stock Exchange.

All the business of the group of companies controlled by ARD Finance S.A. (the "Group") is conducted by Ardagh Group S.A. ("Ardagh") and its subsidiaries (together, the "Ardagh Group"). All of the financing of the Group other than the $1,130 million 6.500%/7.250% Senior Secured Toggle Notes due 2027, and the €1,000 million 5.000%/5.750% Senior Secured Toggle Notes due 2027 (together the "Toggle Notes" as described in Note 19) are liabilities of the Ardagh Group.

These consolidated financial statements reflect the consolidation of the legal entities forming the Group for the periods presented. These principal operating legal entities forming the Group are listed in Note. 26.

Any description of the business of the Group is a description of the business of the Ardagh Group.

As used herein, "we", "our" and "us" refer to the Ardagh Group and its consolidated subsidiaries, unless the context requires otherwise.

SELECTED FINANCIAL INFORMATION

The following discussion should be read in conjunction with, and qualified in its entirety by, reference to the audited consolidated financial statements (the "Financial Statements") of this company, ARD Finance S.A..

On October 31, 2019, the Group completed the combination of its Food & Specialty Metal Packaging business ("Food & Specialty"), operating as part of the Metal Packaging Europe and Metal Packaging Americas segments, with the business of Exal Corporation ("Exal"), to form Trivium, a global leader in metal packaging. As a result of the completion of the transaction, the Food & Specialty Metal Packaging business has been reported as a discontinued operation. The Group holds approximately 42% of the ordinary shares of Trivium. As the Group jointly controls both the financial and operating policy decisions of Trivium, the investment is accounted for as a joint venture under the equity method. The following financial data has been restated retrospectively in accordance with IFRS 5.

The following table sets forth summary consolidated financial information for the Group.

	Year ended December 31,	
Income statement data	**2019**	**2018**
	(in $ millions, except ratios and percentages)	
Revenue	6,660	6,676
Adjusted EBITDA[1]	**1,173**	**1,115**
Depreciation and amortization	(652)	(599)
Exceptional items[2]	(351)	(339)
Net finance expense[3]	(602)	(620)
Share of post-tax loss in equity accounted joint venture	(10)	—
Loss before tax	**(442)**	**(443)**
Income tax charge	(44)	(18)
Loss from continuing operations	**(486)**	**(461)**
Profit from discontinued operation	1,742	198
Profit/(loss) for the year	**1,256**	**(263)**
Other data		
Adjusted EBITDA margin - continuing operations [1]	17.6%	16.7%
Interest expense[4] - continuing operations	525	568
Capital expenditure[5] - continuing operations	(505)	(467)
Ratio of net debt to Adjusted EBITDA[1] [8] [9]	6.4x	6.2x
Balance sheet data		
Cash and cash equivalents[6]	663	565
Total assets	9,069	10,349
Total equity	(2,087)	(3,240)
Net borrowings[7]	8,147	9,605
Net debt[8]	7,516	9,153

All footnotes are on page 10 of this document

OPERATING AND FINANCIAL REVIEW

Operating Results

	Year ended December 31,	
	2019	2018
	(in $ millions, except percentages)	
Revenue		
Metal Beverage Packaging Europe	1,556	1,616
Metal Beverage Packaging Americas	1,816	1,742
Glass Packaging Europe	1,613	1,623
Glass Packaging North America	1,675	1,695
Continuing operations	**6,660**	**6,676**
Discontinued operation	2,003	2,421
Group	**8,663**	**9,097**
Adjusted EBITDA		
Metal Beverage Packaging Europe	253	270
Metal Beverage Packaging Americas	250	230
Glass Packaging Europe	391	358
Glass Packaging North America	279	257
Continuing operations	**1,173**	**1,115**
Discontinued operation	326	363
Group	**1,499**	**1,478**
Adjusted EBITDA Margin		
Metal Beverage Packaging Europe	16.3%	16.7%
Metal Beverage Packaging Americas	13.8%	13.2%
Glass Packaging Europe	24.2%	22.1%
Glass Packaging North America	16.7%	15.2%
Continuing operations	**17.6%**	**16.7%**
Discontinued operation	16.3%	15.0%
Group	**17.3%**	**16.2%**

All footnotes are on page 10 of this document

Financial Review

Year ended December 31, 2019

Bridge of 2018 to 2019 reported Revenue

Revenue	Metal Beverage Packaging Europe	Metal Beverage Packaging Americas	Glass Packaging Europe	Glass Packaging North America	Continuing Operations
	$'m	$'m	$'m	$'m	$'m
Revenue 2018	**1,616**	**1,742**	**1,623**	**1,695**	**6,676**
Organic	26	74	77	(20)	157
FX translation	(86)	—	(87)	—	(173)
Revenue 2019	**1,556**	**1,816**	**1,613**	**1,675**	**6,660**

Bridge of 2018 to 2019 reported Adjusted EBITDA

Adjusted EBITDA	Metal Beverage Packaging Europe	Metal Beverage Packaging Americas	Glass Packaging Europe	Glass Packaging North America	Continuing Operations
	$'m	$'m	$'m	$'m	$'m
Adjusted EBITDA 2018	**270**	**230**	**358**	**257**	**1,115**
Organic	(18)	11	28	(14)	7
IFRS 16	14	9	24	36	83
FX translation	(13)	—	(19)	—	(32)
Adjusted EBITDA 2019	**253**	**250**	**391**	**279**	**1,173**
2019 margin	**16.3%**	**13.8%**	**24.2%**	**16.7%**	**17.6%**
2018 margin	**16.7%**	**13.2%**	**22.1%**	**15.2%**	**16.7%**

Review of the Year

Revenue – continuing operations

Revenue for continuing operations in the year ended December 31, 2019 decreased by $16 million to $6,660 million, compared with $6,676 million in the year ended December 31, 2018. The decrease in revenue principally reflected unfavorable foreign currency translation effects of $173 million, partly offset by favorable volume/mix effects of $149 million and the pass through to customers of higher input costs in selling prices.

Revenue in Metal Beverage Packaging Europe decreased by $60 million, or 4%, to $1,556 million in the year ended December 31, 2019, compared with $1,616 million in the year ended December 31, 2018. The decrease in revenue principally reflects unfavorable foreign currency translation effects of $86 million and lower selling prices, partly offset by favorable volume/mix effects of 4%.

Revenue in Metal Beverage Packaging Americas increased by $74 million, or 4%, to $1,816 million in the year ended December 31, 2019, compared with $1,742 million in the year ended December 31, 2018. Revenue growth reflected favorable volume/mix effects of 9%, partly offset by the pass through of lower input costs.

Revenue in Glass Packaging Europe decreased by $10 million, or 1%, to $1,613 million in the year ended December 31, 2019, compared with $1,623 million in the year ended December 31, 2018. The decrease in revenue principally reflected unfavorable foreign currency translation effects of $87 million, partly offset by increased selling prices.

Revenue in Glass Packaging North America decreased by $20 million, or 1%, to $1,675 million in the year ended December 31, 2019, compared with $1,695 million in the year ended December 31, 2018. The decrease in revenue was mainly attributed to unfavorable volume/mix effects of 3%, partly offset by the pass through of higher input costs.

Adjusted EBITDA – continuing operations

Adjusted EBITDA in continuing operations in the year ended December 31, 2019 increased by $58 million, or 5%, to $1,173 million, compared with $1,115 million in the year ended December 31, 2018.

Adjusted EBITDA in Metal Beverage Packaging Europe decreased by $17 million, or 6%, to $253 million in the year ended December 31, 2019, compared with $270 million in the year ended December 31, 2018. The decrease in Adjusted EBITDA reflected unfavorable foreign currency translation effects of $13 million and lower selling prices, partly offset by the impact of IFRS 16 of $14 million, favorable volume/mix effects and the achievement of operating and other cost savings including a one-time pension credit of approximately $15 million.

Adjusted EBITDA in Metal Beverage Packaging Americas increased by $20 million, or 9%, to $250 million in the year ended December 31, 2019, compared with $230 million in the year ended December 31, 2018. Adjusted EBITDA growth principally reflected favorable volume/mix effects and the impact of IFRS 16 of $9 million, partly offset by higher operating and other costs.

Adjusted EBITDA in Glass Packaging Europe increased by $33 million, or 9%, to $391 million in the year ended December 31, 2019, compared with $358 million in the year ended December 31, 2018. Adjusted EBITDA growth mainly reflected higher selling prices to recover increased input costs, the impact of IFRS 16 of $24 million and favorable volume/mix effects, partly offset by unfavorable currency translation effects of $19 million and higher operating costs.

Adjusted EBITDA in Glass Packaging North America increased by $22 million, or 9%, to $279 million in the year ended December 31, 2019, compared with $257 million in the year ended December 31, 2018. The increase in Adjusted EBITDA is driven by increased selling prices and the impact of IFRS 16 of $36 million, partly offset by unfavorable volume/mix effects and higher operating costs.

Financing and Investment Activity

2019 – ARD Finance

On November 6, 2019, the Group issued $1,130 million 6.500% / 7.250% Senior Secured Toggle Notes due 2027 and €1,000 million 5.000% / 5.750% Senior Secured Toggle Notes due 2027. The net proceeds from the issuance and sale of the Notes were used to redeem on November 7, 2019 the €845 million 6.625% / 7.375% Senior Secured Toggle Notes due 2023 and $770 million 7.125% / 7.875% Senior Secured Toggle Notes due 2023 and to pay applicable redemption premiums and accrued interest in accordance with their terms.

2019 – Ardagh Group

Lease obligations of $364 million primarily reflect increases related to $349 million lease liabilities due to initial adoption of IFRS 16 as of January 1, 2019, as well as $169 million of new lease liabilities, partly offset by $84 million of lease liabilities divested at October 31, 2019, $78 million of principal repayments in continuing operations and $14 million of principal repayments in discontinued operation in the year ended December 31, 2019.

On August 12, 2019, the Ardagh Group issued €440 million 2.125% Senior Secured Notes due 2026, $500 million 4.125% Senior Secured Notes due 2026, and $800 million 5.250% Senior Notes due 2027. The net proceeds from the issuance of these notes were used to redeem on August 13, 2019 the $1,650 million 7.250% Senior Notes due 2024 and to pay applicable redemption premiums and accrued interest in accordance with their terms

Following the completion of the combination of its Food & Specialty business with the business of Exal, on October 31, 2019, the Ardagh Group issued tender offers, at par, in respect of its $715 million 4.250% Senior Secured Notes due 2022, €750 million 2.750% Senior Secured Notes due 2024, €440 million 2.125% Senior Secured Notes due 2026 and $500 million 4.125% Senior Secured Notes due 2026. Following the expiration of the offer on November 28, 2019 notice was given to repurchase the following amounts, $20 million of the $715 million 4.250% Senior Secured Notes due 2022, €9 million of the €750 million 2.750% Senior Secured Notes due 2024, and €1 million of the €440 million 2.125% Senior Secured Notes due 2026. On December 2, 2019, in accordance with the terms of the offer, the redemptions were completed.

On November 14, 2019, the Ardagh Group redeemed $1,000 million 4.625% Senior Secured Notes due 2023 and €440 million 4.125% Senior Secured Notes due 2023, and paid the applicable redemption premiums and accrued interest in accordance with their terms.

On November 29, 2019, the Ardagh Group redeemed €750 million 6.750% Senior Notes due 2024 and paid the applicable redemption premium and accrued interest in accordance with their terms.

As at December 31, 2019, the Ardagh Group had $663 million available under the Global Asset Based Loan Facility. During 2019, the Group reduced the facility size from $850 million to $700 million as a result of the disposal of the Food & Specialty Metal Packaging business.

2018 – Ardagh Group

On July 31, 2018, the Ardagh Group redeemed in full its $440 million 6.000% Senior Notes due 2021 and paid applicable redemption premium and accrued interest in accordance with their terms. The redemption was funded by a combination of cash on hand and available liquidity, drawing from the Group's Global Asset Based Loan Facility.

As at December 31, 2018, the Ardagh Group had $639 million available under the Global Asset Based Loan Facility.

Events subsequent to the reporting period

On February 19, 2020, Yves Elsen was appointed to the board of directors.

On March 20, 2020, the Ardagh Group entered into a new term loan facility for $300 million, which was drawn in full on March 23, 2020.

On April 6, 2020, the Board approved an interim dividend of $15.7 million payable to ARD Securities Finance SARL which was paid on the same date.

On April 6, 2020, the Company made a special equity reserve contribution of $29.4 million to its subsidiary ARD Group Finance Holding S.A.

On April 7, 2020, the Ardagh Group issued $500 million 5.250% Senior Secured Notes due 2025. Net proceeds from the issuance of the Notes were used to redeem in full the $300 million term loan credit facility on April 8, 2020 and for general corporate purposes.

On April 8, 2020, the Ardagh Group issued $200 million add-on 5.250% Senior Secured Notes due 2025. Proceeds from the issuance of the Notes will be used for general corporate purposes.

Footnotes to the Selected Financial Information

(1) Adjusted EBITDA consists of profit/(loss) for the year before income tax charge/(credit), net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. We use Adjusted EBITDA to evaluate and assess our segment performance. Adjusted EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in the packaging industry. However, other companies may calculate Adjusted EBITDA in a manner different from ours. Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to profit/(loss) as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

(2) Exceptional items are shown on a number of different lines in the Consolidated Income Statement presented in subsequent pages in this report.

(3) Excludes exceptional finance income and expense.

(4) Interest expense is as set out in Note 5 to the consolidated financial statements.

(5) Capital expenditure is the sum of purchase of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the Consolidated Statement of Cash Flows.

(6) Cash and cash equivalents includes restricted cash.

(7) Net borrowings comprise non-current and current borrowings, net of deferred debt issue costs and bond premium/discount.

(8) Net debt is comprised of net borrowings and derivative financial instruments used to hedge foreign currency and interest rate risk, net of cash and cash equivalents.

(9) Net debt to Adjusted EBITDA ratio for the year ended December 31, 2019 of 6.4x, is based on net debt at December 31, 2019 of $7,516 million and reported Adjusted EBITDA from continuing operations for the year ended December 31, 2019 of $1,173 million. Net debt to Adjusted EBITDA ratio for the year ended December 31, 2018 of 6.2x, is based on net debt at December 31, 2018 of $9,153 million and reported Adjusted EBITDA for the Group for the year ended December 31, 2018 of $1,478 million.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Officers

The following table sets forth certain information with respect to members of the board of directors of ARD Finance S.A. (“Board”) as of April 22, 2020, the approval date of these consolidated financial statements.

Name	**Age**	**Position**	**Expiration of current directorship term**
Paul Coulson	67	Chairman and Chief Executive Officer	2021
David Matthews	56	Director and Chief Financial Officer	2021
Hermanus Troskie	49	Director	2021
Yves Elsen	62	Director	2026

Composition of Our Board of Directors

Our board of directors currently consists of 4 members. Our board of directors consists of such number of directors as the general meeting of shareholders may from time to time determine.

Paul Coulson

Paul Coulson graduated from Trinity College Dublin with a business degree in 1973. He spent five years with Price Waterhouse in London and Dublin and qualified as a Chartered Accountant in 1978. He then established his own accounting firm before setting up Yeoman International in 1980 and developing it into a significant leasing and structured finance business. In 1998 he became Chairman of the Group and initiated the transformation of Ardagh from a small, single plant operation into a leading global packaging company. Over the last 30 years he has been involved in the creation and development of a number of businesses apart from Yeoman and Ardagh. These include Fanad Fisheries, a leading Irish salmon farming company, and Sterile Technologies. Prior to its sale to Stericycle, Inc. in 2006, Sterile Technologies had been developed into the leading medical waste management company in the United Kingdom and Ireland.

David Matthews

David Matthews was appointed Chief Financial Officer and director of the Group in 2014. Prior to joining Ardagh, Mr. Matthews held various senior finance positions at DS Smith plc and Bunzl plc. Mr. Matthews qualified as a Chartered Accountant in 1989 with Price Waterhouse in London and holds an engineering degree from the University of Southampton.

Hermanus Troskie

Hermanus Troskie has been a director of the Group since 2004. Mr. Troskie is the Deputy CEO at Maitland, a global advisory and administration firm. He has extensive experience in the areas of international corporate structuring, cross border financing and capital markets, with a particular interest in integrated structuring for entrepreneurs and their businesses. Mr. Troskie is a director of companies within the Yeoman group of companies, and other private and public companies. He qualified as a South African Attorney in 1997, and as a Solicitor of the Senior Courts of England and Wales in 2001. Mr. Troskie is based in Luxembourg.

Yves Elsen

Yves Elsen is CEO and managing partner of HITEC Luxembourg S.A., a Luxembourg-based industrial and technology company serving contractors in over 20 countries around the world. Prior to this, Mr. Elsen founded and led SATLYNX S.A., following extensive experience with listed satellite operator SES - Société Européenne des Satellites S.A.. He was a member of the supervisory board of Villeroy & Boch AG from 2013 to 2019 and its Chairman from 2017. Mr. Elsen is Chairman of the board of governors of the University of Luxembourg. Mr. Elsen has joined the Board of the Company in February 2020.

Number and Election of Directors

Pursuant to Luxembourg Law, the board of directors must be composed of at least three directors. The holders of the shares have the right to elect the board of directors at a general meeting of shareholders by a simple majority of the votes validly cast. The existing directors have the right to appoint persons to fill vacancies, which persons may hold office until the next following annual general meeting.

Board of Directors Powers and Function

The board of directors has the power to take any action necessary or useful to realize the corporate objects of the Company, with the exception of the powers reserved by Luxembourg Law or by the Articles to the general meeting of shareholders. Directors must act with diligence and in good faith in performing their duties. The expected behavior of a director is that of a normally prudent person, in a like position, having the benefit, when making such a decision, of the same knowledge and information as the directors having made the decision.

Board of Directors Meetings and Decisions

We expect that all of the resolutions of the board of directors will be adopted by a simple majority of votes cast in a meeting at which a quorum is present or represented by proxy. A member of the board of directors may authorize another member of the board of directors to represent him/her at the board meeting and to vote on his/her behalf at the meeting.

Our board of directors meets as often as it deems necessary to conduct the business of the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR CONSOLIDATED NON STATUTORY FINANCIAL STATEMENTS

The directors are responsible for preparing the consolidated non statutory financial statements in accordance with applicable law and regulations.

The consolidated non statutory financial statements are required to present fairly, in all material respects a view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the consolidated financial statements comply with IFRS as adopted by the International Accounting Standards Board ("IASB"); and
- prepare the consolidated non statutory financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the consolidated non statutory financial statements. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website at: /www.ardholdings-sa.com/

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated non statutory financial statements comply with Luxembourg Law. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK

The Group's activities expose it to a variety of financial risks: capital risk, interest rate risk, currency exchange risk, commodity price risk, credit risk and liquidity risk.

Capital Structure and Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to its shareholders. The Group funds its operations primarily from the following sources of capital: borrowings, cash flow and shareholders' capital. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate material investments or acquisitions, while providing flexibility in short and medium term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources.

The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

Financial risks are managed on the advice of Group Treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances. Group Treasury regularly reviews the level of cash and debt facilities required to fund the Group's activities, plans for repayments and refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

Additionally, financial instruments, including derivative financial instruments, are used to hedge exposure to interest rate, currency exchange risk and commodity price risk.

One of the Group's key metrics has been the ratio of consolidated external net debt as a multiple of Adjusted EBITDA. Adjusted EBITDA is the profit or loss for the period before income tax charge or credit, net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. As at December 31, 2019 the ratio for the Group was 6.4x (2018: 6.2x).

Interest Rate Risk

The Board's policy, in the management of interest rate risk, is to strike the right balance between the Group's fixed and floating rate financial instruments, which occasionally includes the use of cross currency interest rate swaps ("CCIRS"). The balance struck by the Board is dependent on prevailing interest rate markets at any point in time.

At December 31, 2019, the Group's external borrowings were 91.4% (2018: 91.9%) fixed, with a weighted average interest rate of 4.9% (2018: 5.7%). The weighted average interest rate of the Group for the year ended December 31, 2019 was 4.5% (2018: 5.3%).

Holding all other variables constant, including levels of the Group's external indebtedness, at December 31, 2019 a one percentage point increase in variable interest rates would increase interest payable by approximately $11 million (2018: $9 million).

Currency Exchange Risk

The Group presents its consolidated financial information in U.S. dollar. The functional currency of the Company is the euro.

The Group operates in 12 countries, across three continents and its main currency exposure in the year to December 31, 2019, from the euro functional currency, was in relation to the U.S. dollar, British pound, Swedish krona, Polish zloty, Danish krone and Brazilian real. Currency exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

As a result of the consolidated financial statements being presented in U.S dollar, the Group's results are also impacted by fluctuations in the U.S. dollar exchange rate versus the euro.

The Group has a limited level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings and swaps denominated in the Group's principal foreign currencies.

Fluctuations in the value of these currencies with respect to the euro functional currency may have a significant impact on the Group's financial condition and results of operations. The Group believes that a strengthening of the euro exchange rate (the functional currency) by 1% against all other foreign currencies from the December 31, 2019 rate would decrease shareholders' equity by approximately $7 million (2018: $5 million increase).

Commodity Price Risk

The Group is exposed to changes in prices of our main raw materials, primarily energy, aluminum and steel. Production costs in our Metal Beverage Packaging division are exposed to changes in prices of our main raw materials, primarily aluminum and steel. Aluminum ingot is traded daily as a commodity on the London Metal Exchange, which has historically been subject to significant price volatility. Because aluminum is priced in U.S. dollars, fluctuations in the U.S. dollar/ euro rate also affect the euro cost of aluminum ingot. The price and foreign currency risk on the aluminum purchases in Metal Beverage Packaging Europe and Metal Beverage Packaging Americas are hedged by entering into swaps under which we pay fixed euro and U.S. dollar prices, respectively. Steel price has a variable cost associated with its raw material components, coking coal and iron ore. Similarly to aluminum ingots, coking coal and iron ore are priced in U.S. dollars. The price and foreign currency risk on the steel purchases in Metal Beverage Packaging Europe are hedged by entering into swaps under which we pay fixed euro. The hedging market for coking coal is a relatively new market which does not have the depth of the aluminum market and as a consequence, there might be limitations to placing hedges in the market. Furthermore, the relative price of oil and its by products may materially impact our business, affecting our transport, lacquer and ink costs.

Where we do not have pass through contracts in relation to the underlying metal raw material cost the Group uses derivative agreements to manage this risk. The Group depends on an active liquid market and available credit lines with counterparty banks to cover this risk. The use of derivative contracts to manage our risk is dependent on robust hedging procedures. Increasing raw material costs over time has the potential, if we are unable to pass on price increases, to reduce sales volume and could therefore have a significant impact on our financial condition. The Group is also exposed to possible interruptions of supply of aluminum and steel or other raw materials and any inability to purchase raw materials could negatively impact our operations.

Production costs in our Glass Packaging division are sensitive to the price of energy. Our main energy exposure is to the cost of gas and electricity. These energy costs have experienced significant volatility in recent years with a corresponding effect on our production costs. In terms of gas, which represents 50% of our energy costs, there is a continuous de coupling between the cost of gas and oil, whereby now only significant changes in the price of oil have an impact on the price of gas. The volatility in gas pricing is driven by shale gas development (United States only), the availability of liquefied natural gas in Europe, as both Europe and Asia compete for shipments, and storage levels. Volatility in the price of electricity is caused by the German Renewable Energy policy, the phasing out of nuclear generating capacity, fluctuations in the price of gas and coal and the influence of carbon dioxide costs on electricity prices.

As a result of the volatility of gas and electricity prices, the Group has either included energy pass through clauses in our sales contracts or developed an active hedging strategy to fix a significant proportion of our energy costs through contractual arrangements directly with our suppliers, where there is no energy clause in the sales contract.

Where pass through contracts do not exist the Group policy is to purchase gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of our anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. The Group does not net settle, nor do we sell within a short period of time after taking delivery. The Group avails of the own use exemption and, therefore, these contracts are treated as executory contracts.

The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices. As at December 31, 2019, we have 92% and 59% of our energy risk covered for 2020 and 2021, respectively.

Credit Risk

Credit risk arises from derivative contracts, cash and deposits held with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognized and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of "BBB+" from at least two credit rating agencies are accepted, where possible. The credit

ratings of banks and financial institutions are monitored to ensure compliance with Group policy. Risk of default is controlled within a policy framework of dealing with high quality institutions and by limiting the amount of credit exposure to any one bank or institution.

Group policy is to extend credit to customers of good credit standing. Credit risk is managed on an on-going basis, by experienced people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilization of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset. For the year ended December 31, 2019, the Group's ten largest customers accounted for approximately 47% of total revenues from continuing operations (2018: 48%). There is no recent history of default with these customers.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest-bearing current accounts and time deposits with appropriate maturities to provide sufficient headroom as determined by the below-mentioned forecasts.

Liquidity Risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations and from the normal liquidity cycle of the business throughout the course of a year. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To effectively manage liquidity risk, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes to manage liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans.

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Board of Directors of ARD Finance S.A.

Opinion on the non-statutory Financial Statements

We have audited the accompanying consolidated statement of financial position of ARD Finance S.A. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, including the related notes (collectively referred to as the "non-statutory consolidated financial statements"). In our opinion, the non- statutory consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change in Accounting Principle

As discussed in Note 2 to the non-statutory consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019, the manner in which it accounts for revenues from contracts with customers in 2018 and the manner in which it accounts for financial instruments in 2018.

Basis for Opinion

These non-statutory consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's non-statutory consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audit, which include the Code of Ethics issued by Chartered Accountants Ireland ("CAI").

We conducted our audits of these non-statutory consolidated financial statements in accordance with the auditing standards of the PCAOB and in accordance with the ethical requirements of the Code of Ethics issued by CAI. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-statutory consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the non-statutory consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the non-statutory consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the non-statutory consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Use of this report

This report, including the opinion, has been prepared for and only for the company’s directors as a body in accordance with our engagement letter dated April 17, 2020 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

/s/PricewaterhouseCoopers
Dublin, Ireland

April 23, 2020

We have served as the Company's auditor since at least 1968. We have not been able to determine the specific year we began serving as auditor of the Company or its predecessors.

Consolidated Financial Statements

ARD FINANCE S.A.
CONSOLIDATED INCOME STATEMENT

	Note	Year ended December 31, 2019			Year ended December 31, 2018		
		Before exceptional items $'m	Exceptional Items $'m	Total $'m	Before exceptional items $'m	Exceptional Items $'m	Total $'m
			Note 4			Note 4	
Revenue	3	6,660	—	6,660	6,676	—	6,676
Cost of sales		(5,595)	(2)	(5,597)	(5,623)	(108)	(5,731)
Gross profit		**1,065**	**(2)**	**1,063**	**1,053**	**(108)**	**945**
Sales, general and administration expenses		(311)	(51)	(362)	(300)	(17)	(317)
Intangible amortization and impairment	8	(233)	—	(233)	(237)	(186)	(423)
Operating profit		**521**	**(53)**	**468**	**516**	**(311)**	**205**
Net finance expense	5	(602)	(259)	(861)	(620)	(28)	(648)
Share of post-tax loss in equity accounted joint venture	11	(10)	(39)	(49)	—	—	—
Loss before tax		**(91)**	**(351)**	**(442)**	**(104)**	**(339)**	**(443)**
Income tax charge	6	(41)	(3)	(44)	(67)	49	(18)
Loss from continuing operations		**(132)**	**(354)**	**(486)**	**(171)**	**(290)**	**(461)**
Profit from discontinued operation	25	215	1,527	1,742	211	(13)	198
Profit/(loss) for the year		**83**	**1,173**	**1,256**	**40**	**(303)**	**(263)**
Profit/(loss) attributable to:							
Equity holders				1,141			(256)
Non-controlling interests				115			(7)
Profit/(loss) for the year				**1,256**			**(263)**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

ARD FINANCE S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2019 $'m	2018 $'m
Profit/(loss) for the year		**1,256**	**(263)**
Other comprehensive (expense)/income:			
Items that may subsequently be reclassified to income statement			
Foreign currency translation adjustments:			
—Arising in the year		87	167
		87	**167**
Effective portion of changes in fair value of cash flow hedges:			
—New fair value adjustments into reserve		54	54
—Movement out of reserve to income statement		(10)	(73)
—Movement in deferred tax		1	5
		45	**(14)**
(Loss)/gain recognized on cost of hedging:			
—New fair value adjustments into reserve		(8)	15
—Movement out of reserve		(12)	(2)
		(20)	**13**
Share of other comprehensive income in equity accounted joint venture	11	**5**	**—**
Items that will not be reclassified to income statement			
—Re-measurement of employee benefit obligations	20	(140)	11
—Deferred tax movement on employee benefit obligations		32	(1)
		(108)	**10**
Share of other comprehensive income in equity accounted joint venture	11	**2**	**—**
Total other comprehensive (expense)/income for the year		**11**	**176**
Total comprehensive income/(expense) for the year		**1,267**	**(87)**
Attributable to:			
Equity holders		1,146	(86)
Non-controlling interests		121	(1)
Total comprehensive income/(expense) for the year		**1,267**	**(87)**
Attributable to equity holders:			
Continuing operations		(474)	(250)
Discontinued operation		1,741	163
Total comprehensive income/(expense) for the year		**1,267**	**(87)**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

ARD FINANCE S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At December 31, 2019 $'m	At December 31, 2018 $'m
Non-current assets			
Intangible assets	8	2,884	3,601
Property, plant and equipment	9	2,677	3,388
Derivative financial instruments	19	4	11
Deferred tax assets	12	204	254
Investment in material joint venture	11	375	—
Related party loan receivable	23	322	—
Other non-current assets	10	68	24
		6,534	**7,278**
Current assets			
Inventories	13	964	1,284
Trade and other receivables	14	734	1,053
Contract assets	15	151	160
Derivative financial instruments	19	3	9
Related party loan receivable	23	20	—
Cash and cash equivalents	16	663	565
		2,535	**3,071**
TOTAL ASSETS		**9,069**	**10,349**
Equity attributable to owners of the parent			
Issued capital	17	—	—
Other reserves		242	82
Retained earnings		(2,320)	(3,206)
		(2,078)	**(3,124)**
Non-controlling interests		(9)	(116)
TOTAL EQUITY		**(2,087)**	**(3,240)**
Non-current liabilities			
Borrowings	19	7,761	9,455
Lease obligations	19	291	32
Employee benefit obligations	20	716	957
Derivative financial instruments	19	44	107
Deferred tax liabilities	12	344	543
Provisions	21	29	38
		9,185	**11,132**
Current liabilities			
Borrowings	19	22	114
Lease obligations	19	73	4
Interest payable		74	115
Derivative financial instruments	19	17	38
Trade and other payables	22	1,634	1,984
Income tax payable		97	114
Provisions	21	54	88
		1,971	**2,457**
TOTAL LIABILITIES		**11,156**	**13,589**
TOTAL EQUITY and LIABILITIES		**9,069**	**10,349**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

ARD FINANCE S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owner of the parent							
	Share capital $'m	**Foreign currency translation reserve $'m**	**Cash flow hedge reserve $'m**	**Cost of hedging reserve $'m**	**Retained earnings $'m**	**Total $'m**	**Non-controlling interests $'m**	**Total equity $'m**
	Note 17							
At January 1, 2018	**—**	**(44)**	**(48)**	**18**	**(2,954)**	**(3,028)**	**(99)**	**(3,127)**
Loss for the year	—	—	—	—	(256)	(256)	(7)	(263)
Other comprehensive income/(expense)	—	167	(14)	13	4	170	—	170
Hedging gains transferred to cost of inventory	—	—	(10)	—	—	(10)	—	(10)
Dividends paid by subsidiary to non-controlling interest	—	—	—	—	—	—	(10)	(10)
At December 31, 2018	**—**	**123**	**(72)**	**31**	**(3,206)**	**(3,124)**	**(116)**	**(3,240)**
At January 1, 2019 [(i)]	**—**	**123**	**(72)**	**31**	**(3,248)**	**(3,166)**	**(120)**	**(3,286)**
Profit for the year	—	—	—	—	1,141	1,141	115	1,256
Other comprehensive income/(expense)	—	92	45	(20)	(107)	10	6	16
Hedging losses transferred to cost of inventory	—	—	16	—	—	16	—	16
Recycle to income statement on disposal of subsidiary (Note 25)	—	27	—	—	—	27	—	27
Dividends paid (Note 17)	—	—	—	—	(106)	(106)	(10)	(116)
At December 31, 2019	**—**	**242**	**(11)**	**11**	**(2,320)**	**(2,078)**	**(9)**	**(2,087)**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

(i) Retained earnings at January 1, 2019 have been re-presented by $46 million reflecting the impact of the adoption of IFRS 16 ‘Leases’. Please refer to Note 2 for further details in respect of the impact of this recently adopted accounting standard.

ARD FINANCE S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2019 $'m	2018 $'m
Cash flows from operating activities			
Cash generated from continuing operations	24	1,179	991
Interest paid		(557)	(535)
Income tax paid		(64)	(97)
Net cash from operating activities - continuing operations		**558**	**359**
Net cash from operating activities - discontinued operation [(ii)]		141	375
Net cash from operating activities		**699**	**734**
Cash flows from investing activities			
Purchase of property, plant and equipment		(498)	(465)
Purchase of intangible assets		(10)	(12)
Proceeds from disposal of property, plant and equipment		3	10
Investing cash flows used in continuing operations		**(505)**	**(467)**
Proceeds from disposal of discontinued operation, net of cash disposed of		2,539	—
Investing cash flows used in discontinued operation		(107)	(108)
Net cash from/(used in) investing activities		**1,927**	**(575)**
Cash flows from financing activities			
Repayment of borrowings	19	(5,792)	(442)
Proceeds from borrowings	19	4,042	110
Early redemption premium paid		(223)	(7)
Dividends paid by subsidiary to non-controlling interest	17	(10)	(10)
Dividends paid to parent company	17	(106)	—
Lease payments		(78)	(4)
Deferred debt issue costs paid		(28)	(5)
Consideration received/(paid) on extinguishment of derivative financial instruments	19	9	(44)
Loan to related party	23	(322)	—
Financing cash flows from continuing operations		**(2,508)**	**(402)**
Financing cash flows from discontinued operation		–	3
Net cash outflow from financing activities		**(2,508)**	**(399)**
Net increase/(decrease) in cash and cash equivalents		**118**	**(240)**
Cash and cash equivalents at the beginning of the year	16	565	823
Exchange losses on cash and cash equivalents		(20)	(18)
Cash and cash equivalents at the end of the year	16	**663**	**565**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

(ii) Operating cash flows for discontinued operation for the year ended December 31, 2019, include interest and income tax payments of $6 million and $15 million respectively (2018: $2 million and $8 million).

Notes to the Consolidated Financial Statements

1. General information

ARD Finance S.A. (the "Company") was incorporated in Luxembourg on May 6, 2011. The Company's registered office is 56, rue Charles Martel, L-2134, Luxembourg, Luxembourg.

The Company is a holding company whose assets as of December 31, 2019 consist mainly of its direct and indirect interest in the share capital of Ardagh Group S.A., a company incorporated and existing under the laws of Luxembourg, and certain related party receivables. Ardagh Group S.A. has Class A common shares listed on the New York Stock Exchange.

Ardagh Group S.A. ("Ardagh") and its subsidiaries (together, the "Ardagh Group") is a leading supplier of sustainable innovative, value-added rigid packaging solutions. The Ardagh Group's products include metal beverage cans, as well as glass containers primarily for beverage and food markets. End-use categories include beer, wine, spirits, carbonated soft drinks, energy drinks, juices and water, as well as food and pharmaceuticals. Ardagh also holds a stake of approximately 42% in Trivium Packaging B.V. ("Trivium"), a leading supplier of metal packaging in the form of cans and aerosol containers, serving a broad range of end-use categories, principally including food, seafood, pet food and nutrition, as well as beauty and personal care. The Company and those of its subsidiaries who are above Ardagh Group S.A. in the corporate structure are referred to as the "ARD Finance Group".

All of the business of the group of companies controlled by this company (the "Group") is conducted by Ardagh and its subsidiaries. All of the financing of the Group other than the $1,130 million 6.500%/7.250% Senior Secured Toggle Notes due 2027, and the €1,000 million 5.000%/5.750% Senior Secured Toggle Notes due 2027 (the "Toggle Notes", as described in Note 19) are liabilities of the Ardagh Group.

These consolidated financial statements reflect the consolidation of the legal entities forming the Group for the periods presented. These principal operating legal entities forming the Group are listed in Note 26.

Any description of the business of the Group is a description of the business of the Ardagh Group.

The principal accounting policies that have been applied to the consolidated financial statements are described in Note 2.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with, and are in compliance with, International Financial Reporting Standards ("IFRS") and related interpretations as adopted by the International Accounting Standards Board ("IASB"). IFRS is comprised of standards and interpretations approved by the IASB and IFRS and interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently approved by the IASB and remain in effect. References to IFRS hereafter should be construed as references to IFRS as adopted by the IASB.

On October 31, 2019, the Ardagh Group completed the combination of its Food & Specialty, operating as part of the Metal Packaging Europe and Metal Packaging Americas segments, with the business of Exal, to form Trivium, a global leader in metal packaging. As consideration, Ardagh received a stake of approximately 42% in Trivium and approximately $2.6 billion in cash proceeds, subject to customary completion adjustments. The remaining approximate 58% is held by Ontario Teachers' Pension Plan Board ("Ontario Teachers"). Trivium is jointly controlled by Ardagh Group S.A. and Ontario Teachers. As a result of the completion of the transaction, Food & Specialty has been reported as a discontinued operation for the ten months period ended October 31, 2019 and previous years have been re-presented accordingly. Consequently, the Group's segments have been updated. Please refer to note 3, Segment analysis, for further details.

The consolidated financial statements, are presented in U.S. dollar, rounded to the nearest million and have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- employee benefit obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets valued at fair value.

The preparation of consolidated financial information in conformity with IFRS requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the process of applying Group accounting policies. These estimates, assumptions and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in the critical accounting estimates, assumptions and judgments.

The non-statutory consolidated financial statements for the Group were authorized for issue by the board of directors of ARD Finance S.A. (the "Board") on April 22, 2020.

Recently adopted accounting standards and changes in accounting policies

IFRS 16 'Leases'

IFRS 16, 'Leases' ("IFRS 16") sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that appropriately represents those transactions. This information provides a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 replaces IAS 17, 'Leases' ("IAS 17"), and later interpretations including IFRIC 4, 'Determining whether an Arrangement contains a Lease' ("IFRIC 4"), and has resulted in the majority of the Group's operating leases being recognized on the consolidated statement of financial position. Under IFRS 16, at the lease commencement date the Group recognizes a lease liability as the present value of expected future lease payments, excluding any amounts which are variable based on the usage of the underlying asset and a right-of-use asset generally at the same amount plus any directly attributable costs.

The Group adopted IFRS 16 effective January 1, 2019 applying the simplified approach, with the right-of-use assets being calculated as if IFRS 16 had always been applied and the lease liabilities being calculated as the present value of expected remaining future lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019, which resulted in the Group retaining prior period figures as reported under the previous standards and recognizing the cumulative effect of applying IFRS 16 as an adjustment to retained earnings as at the date of initial adoption. Upon adoption, the Group has availed of the practical expedients to use hindsight in determining the lease term where the contract contains options to extend or terminate the lease and has also elected not to apply IFRS 16 to contracts that were not identified before as containing a lease under IAS 17 and IFRIC 4. The Group has made an accounting policy election to combine lease and non-lease components.

The Group has completed its assessment of the impact of and subsequently adopted IFRS 16. This involved the establishment of a cross-functional project team to implement the new standard. The Group has gathered and assessed the data relating to approximately 2,000 leases to which the Group is party to and have designed and implemented a system solution and business process, with appropriate internal controls applied, in order to meet the new accounting and disclosure requirements post-adoption. The Group leases various types of assets, with lease terms being negotiated on an individual basis and subject to a wide range of different terms and conditions. Extension options or periods after termination options have been considered by management if it is reasonably certain that the lease will be extended or not terminated.

The principal impact on the consolidated statement of financial position as at the adoption date of January 1, 2019, was an increase in property, plant and equipment of $290 million due to the recognition of right-of-use assets, and an increase in borrowings of $349 million, as lease liabilities were recognized based on the new treatment. As a result of the aforementioned impact, deferred tax assets increased by $13 million.

Net cash from continuing operations for the year ended December 31, 2019 decreased by $74 million due to certain lease expenses no longer being recognized as operating cash outflows following the adoption of IFRS 16, however this is offset by a corresponding increase in cash used in financing activities due to repayments of the principal on lease liabilities.

In addition to the above impact, the adoption of IFRS 16 also had an impact on the consolidated income statement and certain of the Group's key financial metrics as a result of changes in the classification of charges recognized in the consolidated income statement. The application of the new standard decreased both cost of sales and operating costs (excluding depreciation) in the income statement, giving rise to an increase in Adjusted EBITDA of the continuing operations for the year ended December 31, 2019 of $83 million of which $63 million is related to such leases recognized as part of the initial adoption of IFRS 16, offset by increases in depreciation and net finance expense. Please refer to Note 3 for the reconciliation of Adjusted EBITDA.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognized upon adoption of IFRS 16 was 5.4%. The total lease liability recognized at January 1, 2019 reconciles as follows to the total commitments under non-cancellable operating leases disclosed by the Group as of December 31, 2018:

	$'m
Total commitments under non-cancellable operating leases as of December 31, 2018	364
Different treatment of extension and termination options and non-lease components	104
Impact from discounting	(119)
Lease liabilities due to initial adoption of IFRS 16 as of January 1, 2019	**349**
Finance lease obligations as of December 31, 2018	36
Total lease liabilities as of January 1, 2019	**385**

During 2019, the continuing operations of the Group incurred variable lease expense of $67 million, primarily related to warehouse leases.

Please refer to Notes 5, 9 and 19 for further information related to the Group's leasing obligations.

IFRIC 23 – Uncertainty over income tax treatments

The IFRS Interpretations Committee issued IFRIC 23 'Uncertainty over income tax treatments' ("IFRIC 23"), which clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments.

The Group applied IFRIC 23 on its mandatory adoption date of January 1, 2019. The application of this interpretation did not have a material impact on the consolidated financial statements of the Group.

Recent accounting pronouncements

The impact of new standards, amendments to existing standards and interpretations issued and effective for annual periods beginning on or after January 1, 2019 have been assessed by the Board and, with the exception of those identified above, no new standards or amendments to existing standards effective January 1, 2019 are currently relevant for the Group. The Board's assessment of the impact of new standards, which are not yet effective and which have not been early adopted by the Group, on the consolidated financial statements and disclosures is on-going.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is the consideration given in exchange for control of the identifiable assets, liabilities and contingent liabilities of the acquired legal entities. Directly attributable transaction costs are expensed and included as exceptional items within sales, general and administration expenses. The acquired net assets are initially measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired legal entity in the currency of the primary economic environment in which the legal entity operates (the "functional currency"). If the cost of acquisition is less than the fair value of the Group's share of the net assets of the legal entity acquired, the difference is recognized directly in the consolidated income statement. The Group considers obligations of the acquiree in a business combination that arise as a result of the change in control, to be cash flows arising from obtaining control of the controlled entity, and classifies these obligations as investing activities in the consolidated statement of cash flows.

(ii) Non-controlling interests

Non-controlling interests represent the portion of the equity of a subsidiary which is not attributable to the Group. Non-controlling interests are presented separately in the consolidated financial statements. Changes in ownership of a subsidiary which do not result in a change in control are treated as equity transactions.

(iii) Transactions eliminated on consolidation

Transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency

(i) Functional and presentation currency

The functional currency of the Company is euro. The consolidated financial statements are presented in U.S. dollar which is the Group's presentation currency.

(ii) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the consolidated income statement, except: (i) differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity ("net investment hedges"), which are taken to other comprehensive income until the disposal of the net investment, at which time they are recognized in the consolidated income statement; and (ii) differences on certain derivative financial instruments discussed under "Derivative financial instruments" below. Net investment hedges are accounted for in a similar manner to cash flow hedges. The gain or loss relating to the ineffective portion of a net investment hedge is recognized immediately in the consolidated income statement within finance income or expense.

(iii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into euro at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to euro at average exchange rates for the year. Foreign exchange differences arising on retranslation and settlement of such transactions are recognized in other comprehensive income. Gains or losses accumulated in other comprehensive income are recycled to the consolidated income statement when the foreign operation is disposed of.

Non-monetary items measured at fair value in foreign currency are translated using the exchange rates as at the date when the fair value is determined.

Business combinations and goodwill

All business combinations are accounted for by applying the acquisition method of accounting. This involves measuring the cost of the business combination and allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities assumed. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in sales, general and administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration is recognized at fair value at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those groups of cash-generating units ("CGUs") that are expected to benefit from the business combination in which the goodwill arose for the purpose of assessing impairment. Goodwill is tested annually for impairment.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Joint ventures

The Group participates in a number of joint ventures where control is shared with one or more other parties. The Group's investment and share of results of joint ventures are shown within single line items in the consolidated statement of financial position and consolidated income statement respectively. The Group uses the equity method of accounting to account for its joint ventures. See note 11 "Investment in material joint venture" to the consolidated financial statements.

Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of the business, geographical area of operations or is material to revenue or operating profit and has been disposed of or is held for sale. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the earliest period presented. Cash flows relating to discontinued operations are presented as a separate line item within each of the operating, investing and financing cash flow.

Intangible assets

Intangible assets are initially recognized at cost.

Intangible assets acquired as part of a business combination are capitalized separately from goodwill if the intangible asset is separable or arises from contractual or other legal rights. They are initially recognized at cost which, for intangible assets arising in a business combination, is their fair value at the date of acquisition.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The carrying values of intangible assets with finite useful lives are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The amortization of intangible assets is calculated to write off the book value of finite lived intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value as follows:

Computer software	2 -7 years
Customer relationships	5 -15 years
Technology	8 -15 years

(i) Computer software

Computer software development costs are recognized as assets. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

(ii) Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful economic life and are carried at cost less accumulated amortization.

(iii) Technology

Technology based intangibles acquired in a business combination are recognized at fair value at the acquisition date and reflect the Group's ability to add value through accumulated technological expertise surrounding product and process development.

(iv) Research and development costs

Research costs are expensed as incurred. Development costs relating to new products are capitalized if the new product is technically and commercially feasible. All other development costs are expensed as incurred.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for land which is shown at cost less impairment. Spare parts which form an integral part of plant and machinery and which have an estimated useful economic life greater than one year are capitalized. Spare parts which do not form an integral part of plant and machinery and which have an estimated useful economic life less than one year are included as consumables within inventory and expensed when utilized.

Where components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Effective January 1, 2019 on adoption of IFRS 16

At the lease commencement date or the effective date of a lease modification, the Group recognizes a lease liability as the present value of expected future lease payments, discounted at the Group's incremental borrowing rate unless the rate implicit in the lease is readily determinable, excluding any amounts which are variable based on the usage of the underlying asset and a right-of-use asset generally at the same amount plus any directly attributable costs. The Group combines lease and non-lease components and accounts for them as a single lease component. Extension options or periods after termination options are considered by management if it is reasonably certain that the lease will be extended or not terminated.

Effective prior to adoption of IFRS 16 on January 1, 2019

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(iii) Subsequent costs

The Group recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing the component of such an item when that cost is incurred, if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When a component is replaced the old component is de-recognized in the period. All other costs are recognized in the consolidated income statement as an expense as incurred. When a major overhaul is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria above are met.

(iv) Depreciation

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	30 - 40 years
Plant and machinery	3 - 40 years
Molds	2 - 3 years
Office equipment and vehicles	3 - 10 years

Assets' useful lives and residual values are adjusted if appropriate, at each balance sheet date.

Impairment of non-financial assets

Assets that have an indefinite useful economic life are not subject to amortization and are tested annually for impairment or whenever indicators suggest that impairment may have occurred. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

For the purposes of assessing impairment, assets excluding goodwill and long-lived intangible assets, are grouped at the lowest levels at which cash flows are separately identifiable. Goodwill and long-lived intangible assets are allocated to groups of CGUs. The groupings represent the lowest level at which the related assets are monitored for internal management purposes.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The recoverable amount of other assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their current location and condition. In the case of finished goods and work-in-progress, cost includes direct materials, direct labor and attributable overheads based on normal operating capacity.

Net realizable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Spare parts which are deemed to be of a consumable nature, are included within inventories and expensed when utilized.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

(i) Trade and other receivables

Effective January 1, 2018 on adoption of IFRS 9

Trade and other receivables are recognized initially at fair value and are thereafter measured at amortized cost using the effective interest rate method less any provision for impairment, in accordance with the Group's held to collect business model. A provision for impairment of specific trade receivables is recognized when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. For all other trade receivables, the Group will use an allowance matrix to measure the expected credit loss, based on historical actual credit loss experiences, adjusted for forward-looking information.

Effective prior to adoption of IFRS 9 on January 1, 2018

Trade and other receivables are recognized initially at fair value and are thereafter measured at amortized cost using the effective interest rate method less any provision for impairment. A provision for impairment of trade receivables is

recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(ii) Securitized assets

The Group has entered into securitization transactions involving certain of its trade receivables. The securitized assets are recognized on the consolidated statement of financial position, until all of the rights to the cash flows from those assets have expired or have been fully transferred outside the Group, or until substantially all of the related risks, rewards and control of the related assets have been transferred to a third party.

The Group has also entered into a Global Asset Based Loan Facility ("ABL") involving certain of its trade receivables and inventory. The lenders under the ABL have security over those receivables, inventory and the bank accounts where the associated cash flows are received. The risks, rewards and control of these assets are still retained by the Group and are, therefore, recognized on the statement of financial position.

(iii) Contract assets

Contract assets represent revenue required to be accelerated or recognized over time based on production completed in accordance with the Group's revenue recognition policy (as set out below). A provision for impairment of a contract asset will be recognized when there is evidence that the revenue recognized will not be recoverable. The provision is measured based on an allowance matrix to measure the expected credit loss, based on historical actual credit loss experiences, adjusted for forward-looking information.

(iv) Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits held with banks and restricted cash. Cash and cash equivalents are carried at amortized cost.

Short term bank deposits of greater than three months' maturity which do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at amortized cost.

Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash is measured at amortized cost.

(v) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Group's consolidated income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(vi) Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 19. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income, allocated between cash flow hedge gains or losses and cost of hedging gains or losses. For cash flow hedges which subsequently result in the recognition of a non-financial asset, the amounts accumulated in the cash flow hedge reserve are reclassified to the asset in order to adjust its carrying value. Amounts accumulated in the cash flow hedge reserve and cost of hedging reserve, or as adjustments to carrying value of non-financial assets, are recycled to the consolidated income statement in the periods when the hedged item will affect profit or loss.

The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity and is recognized in the consolidated income statement when the forecast cash flow arises. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

(ii) Net investment hedges

Derivative financial instruments are classified as net investment hedges when they hedge changes in the Group's net investments in its subsidiaries due to exposure to foreign currency. Net investment hedges are accounted for in a similar manner to cash flow hedges.

(iii) Fair value hedges

Derivative financial instruments are classified as fair value hedges when they hedge the Group's exposure to changes in the fair value of a recognized asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Group's consolidated income statement, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. Changes in the fair value of derivatives relating to the cost of hedging are recognized in other comprehensive income.

The gain or loss relating to the effective portion of derivatives with fair value hedge accounting is recognized in the consolidated income statement within "net finance expense". The gain or loss relating to the ineffective portion is also recognized in the consolidated income statement within "net finance expense". If a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortized to profit or loss over the period to maturity.

When a hedging instrument expires or is sold, or when a fair value hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity and is recognized in the consolidated income statement when the forecast cash flow arises. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

Fair value measurement

The Group measures financial instruments such as derivatives and pension assets at fair value at each balance sheet date. Fair value related disclosures for financial instruments and pension assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Notes 19 and 20)
- Quantitative disclosures of fair value measurement hierarchy (Note 19)
- Financial instruments (including those carried at amortized cost) (Note 19)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Employee benefits

(i) Defined benefit pension plans

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the consolidated income statement.

(ii) Multi-employer pension plans

Multi-employer craft or industry-based pension schemes ("multi-employer schemes") have arrangements similar to those of defined benefit schemes. In each case it is not possible to identify the Group's share of the underlying assets and liabilities of the multi-employer schemes and therefore in accordance with IAS 19(R), the Group has taken the exemption for multi-employer pension schemes to account for them as defined contribution schemes recognizing the contributions payable in each period in the consolidated income statement.

(iii) Other long-term employee benefits

The Group's obligation in respect of other long-term employee benefit plans represents the amount of future benefit that employees have earned in return for service in the current and prior periods for post-retirement medical schemes, partial retirement contracts and long service awards. These are included in the category of employee benefit obligations on the consolidated statement of financial position. The obligation is computed on the basis of the projected unit credit method and is discounted to present value using a discount rate equating to the market yield at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and estimated term of the obligations. Actuarial gains and losses are recognized in full in the Group's consolidated statement of comprehensive income in the period in which they arise.

(iv) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognized as employee benefit expense when they are due.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Revenue recognition

Effective January 1, 2018 on adoption of IFRS 15

Our products include metal and glass containers primarily for food and beverage markets. In addition to metal containers, within the Metal Beverage Europe and Metal Beverage Americas reportable segments, the Group manufactures and supplies a wide range of can ends. Containers and ends are usually distinct items and can be sold separately from each other. A significant portion of our sales volumes are supplied under contracts which include input cost pass-through provisions.

The Group usually enters into framework agreements with its customers, which establish the terms under which individual orders to purchase goods or services may be placed. As the framework agreements do not identify each party's rights regarding the goods or services to be transferred, they do not create enforceable rights and obligations on a stand-alone basis. Therefore, the Group has concluded that only individual purchase orders create enforceable rights and obligations and meet the definition of a contract in IFRS 15. The individual purchase orders have, in general, a duration of one year or less and, as such, the Group does not disclose any information about remaining performance obligations under these contracts. The Group's payment terms are in line with customary business practice, which can vary by customer and region. The Group has availed of the practical expedient from considering the existence of a significant financing component as, based on past experience, we expect that, at contract inception, the period between when a promised good is transferred to the customer and when the customer pays for that good will be one year or less.

Revenue is recognized when control of a good or service has transferred to the customer. For certain contracts in the Metal Beverage Europe and Metal Beverage Americas reportable segment, the Group manufactures products for customers that have no alternative use and for which the Group has an enforceable right to payment for production completed to date. Therefore, the Group will recognize revenue over time such that a portion of revenue, net of any related estimated rebates and cash discounts, excluding sales or value added tax, will be recognized prior to the dispatch of goods as the Group satisfies the contractual performance obligations for those contracts. For all other contracts, the Group will continue to recognize revenue primarily on dispatch of the goods, net of any related customer rebates and cash discounts, excluding sales and value added taxes.

Effective prior to adoption of IFRS 15 on January 1, 2018

Revenue from the sale of goods is recognized in the consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyer, primarily on dispatch of the goods. Allowances for customer rebates are provided for in the same period as the related revenues are recorded. Revenue is presented net of such rebates as well as cash discounts and value added tax.

Exceptional items

The Group's consolidated income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that in management's judgment need to be disclosed by virtue of their size, nature or incidence to provide additional information. Such items include, where significant, restructuring, redundancy and other costs relating to permanent capacity realignment or footprint reorganization, directly attributable acquisition costs and acquisition integration costs, and other transaction-related costs, profit or loss on disposal or termination of operations, start-up costs incurred in relation to and associated with plant builds, significant new line investments or furnaces, major litigation costs and settlements and impairments of non-current assets. In this regard the determination of "significant" as included in our definition uses qualitative and quantitative factors. Judgment is used by the Group in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Group's consolidated income statement, and related notes as exceptional items. Management considers columnar presentation to be appropriate in the consolidated income statement as it provides useful additional information and is consistent with the way that financial performance is measured by management and presented to the Board. Exceptional restructuring costs are classified as restructuring provisions and all other exceptional costs when outstanding at the balance sheet date are classified as exceptional items payable.

Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets, ineffective portions of derivative instruments designated as hedging instruments and gains on derivative instruments that are not designated as hedging instruments and are recognized in profit or loss.

Finance expense comprises interest expense on borrowings (including amortization of deferred debt issuance costs), finance lease expenses, certain net foreign currency translation related to financing, net interest cost on net pension plan liabilities, losses on extinguishment of borrowings, ineffective portions of derivative instruments designated as hedging instruments, losses on derivative instruments that are not designated as hedging instruments and are recognized in profit or loss, and other finance expense.

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of manufacturing plants that require a substantial period of time to build that would have been avoided if the expenditure on the qualifying asset had not been made.

Costs related to the issuance of new debt are deferred and amortized within finance expense over the expected terms of the related debt agreements by using the effective interest rate method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are generally not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Segment reporting

The board of directors in addition to certain members of the board of directors of Ardagh Group S.A. has been identified as the Chief Operating Decision Maker (“CODM”) for the Group.

Operating segments are identified on the basis of the internal reporting provided to the Board in order to allocate resources to the segment and assess its performance.

Critical accounting estimates, assumptions and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Going concern

The Board is required to prepare the financial statements using the going concern basis unless it is inappropriate to do so.

At the time of approving the financial statements, the Board has formed the judgement that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Board has taken into account all available information about a period, extending to at least, April 22, 2021.

In particular, the Board has considered the outbreak of the novel coronavirus (“COVID-19”) and measures to prevent its spread being imposed by governments in the countries in which the Group, its suppliers and its customers operate. These include restrictions on travel, imposition of quarantines and prolonged closures of workplaces and other businesses, including hospitality, leisure and entertainment outlets, and the related cancellation of events. The consequent impact on the Group may include an adverse effect from reduced global economic activity and resulting demand for our customers’ products and, therefore, the products we manufacture, as well as our ability to operate our business, including potential disruptions to our supply chain and workforce. The COVID-19 impact on capital markets could also affect the Group’s cost of borrowing.

In arriving at its conclusion, the Board has taken account of the Group’s current and anticipated trading performance, together with current and anticipated levels of cash and net debt and the availability of committed borrowing facilities.

The Board has developed a number of adverse scenarios for the Group’s forecast results and cash flow projections to reflect potential COVID-19 impacts. These informed the Board’s judgement that it is appropriate to prepare the Group’s financial statements using the going concern basis.

(ii) Estimated impairment of goodwill and other long-lived assets

In accordance with IAS 36 “Impairment of assets” (“IAS 36”), the Group tests whether goodwill and other long-lived assets have suffered any impairment in accordance with the accounting policies stated. The determination of the recoverable amounts of goodwill requires the use of estimates as outlined in Note 8. The Group’s judgments relating to the impairment of goodwill and other long-lived assets are included in Notes 8 and 9.

(iii) Establishing lives for the purposes of depreciation and amortization of property, plant and equipment and intangibles

Long-lived assets, consisting primarily of property, plant and equipment, customer intangibles and technology intangibles, comprise a significant portion of the Group’s total assets. The annual depreciation and amortization charges depend primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The Board regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilization and physical condition of the assets concerned. Changes in asset lives can have a significant impact on the depreciation and amortization charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined and there are a significant number of asset lives in use.

(iv) Lease term

Several lease agreements include renewal and termination options. The Group assesses all facts and circumstances that create an economic incentive to exercise a renewal option, or not exercise a termination option. Renewal options (or periods after termination options) are only included in the lease term if the conclusion is that the lease is reasonably certain to be renewed (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(v) Income taxes

The Group is subject to income taxes in numerous jurisdictions and judgment is therefore required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit matters based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vi) Measurement of employee benefit obligations

The Group follows guidance of IAS 19(R) to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations, other long term employee benefits, and other end of service employee benefits which are subject to similar fluctuations in value in the long term. The Group values its liabilities, with the assistance of professional actuaries, to ensure consistency in the quality of the key assumptions underlying the valuations. The critical assumptions and estimates applied are discussed in detail in Note 20.

(vii) Exceptional items

The consolidated income statement and segment analysis separately identify results before exceptional items. Exceptional items are those that in our judgment need to be disclosed by virtue of their size, nature or incidence.

The Group believes that this presentation provides additional analysis as it highlights exceptional items. The determination of "significant" as included in our definition uses qualitative and quantitative factors which remain consistent from period to period. Management uses judgment in assessing the particular items, which by virtue of their scale and nature, are disclosed in the consolidated income statement and related notes as exceptional items. Management considers the consolidated income statement presentation of exceptional items to be appropriate as it provides useful additional information and is consistent with the way that financial information is measured by management and presented to the Board. In that regard, management believes it to be consistent with paragraph 85 of IAS 1 "Presentation of financial statements" ("IAS 1"), which permits the inclusion of line items and subtotals that improve the understanding of performance.

(viii) Revenue recognition

Revenue is recognized when control of a good or service has transferred to the customer. For certain contracts, the Group manufactures products for customers that have no alternative use and for which the Group has an enforceable right to payment for production completed to date. The determination of goods or contracts having no alternative use and the enforceable right to payment involves and relies upon management judgment, and can result in the Group accelerating the recognition of revenue over time as the Group satisfies the contractual performance obligations for those contracts.

(ix) Business combinations and goodwill

Goodwill only arises in business combinations. The amount of goodwill initially recognized is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgment. Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

3. Segment analysis

Following the Ardagh Group's announcement to combine Food & Specialty with Exal to form Trivium, the composition of the Group's operating and reporting segments changed. Food & Specialty has been classified as a discontinued operation. This reflects the basis on which the Group performance is reviewed by management and presented to CODM. The comparative amounts have been restated in accordance with the requirements of IFRS 8. The following are the Group's four operating and reportable segments:

- Metal Beverage Packaging Europe
- Metal Beverage Packaging Americas
- Glass Packaging Europe
- Glass Packaging North America.

Performance of the business is assessed based on Adjusted EBITDA. Adjusted EBITDA is the profit or loss for the period before income tax charge or credit, net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. Other items are not allocated to segments, as these are reviewed by the CODM on a group-wide basis. Segmental revenues are derived from sales to external customers. Inter-segment revenue and revenue with joint ventures are not material.

Reconciliation of (loss)/profit for the year to Adjusted EBITDA

	Year ended December 31,	
	2019	2018
	$'m	$'m
Loss from continuing operations	(486)	(461)
Income tax charge (Note 6)	44	18
Net finance expense (Note 5)	861	648
Depreciation and amortization (Notes 8, 9)	652	599
Exceptional operating items (Note 4)	53	311
Share of post-tax loss in equity accounted joint venture (Note 11)	49	—
Adjusted EBITDA from continuing operations	**1,173**	**1,115**
Profit from discontinued operation (Note 25)	1,742	198
Income tax charge (Note 25)	19	26
Net finance expense (Note 5)	4	6
Depreciation and amortization (Notes 8, 9)	71	115
Exceptional operating items	(1,510)	18
Adjusted EBITDA from discontinued operation	**326**	**363**
Adjusted EBITDA	**1,499**	**1,478**

Segment assets consist of intangible assets, property, plant and equipment, derivative financial instrument assets, deferred tax assets, other non-current assets, inventories, contract assets, trade and other receivables and cash and cash equivalents. The accounting policies of the segments are the same as those in the consolidated financial statements of the Group as set out in Note 2.

Segment results for the year ended December 31, 2019 are:

	Metal Beverage Packaging Europe $'m	Metal Beverage Packaging Americas $'m	Glass Packaging Europe $'m	Glass Packaging North America $'m	Continuing Operations $'m	Discontinued Operation $'m	Group $'m
Revenue	1,556	1,816	1,613	1,675	**6,660**	2,003	**8,663**
Adjusted EBITDA	253	250	391	279	**1,173**	326	**1,499**
Capital expenditure	95	110	163	137	**505**	107	**612**
Segment assets (excluding Investment in material joint venture and related party loan)	2,360	1,725	2,026	2,241	**8,352**	—	**8,352**

Segment results for the year ended December 31, 2018 are:

	Metal Beverage Packaging Europe $'m	Metal Beverage Packaging Americas $'m	Glass Packaging Europe $'m	Glass Packaging North America $'m	Continuing Operations $'m	Discontinued Operation $'m	Group $'m
Revenue	1,616	1,742	1,623	1,695	**6,676**	2,421	**9,097**
Adjusted EBITDA	270	230	358	257	**1,115**	363	**1,478**
Capital expenditure	103	79	151	134	**467**	108	**575**
Segment assets	2,274	1,549	1,951	2,197	**7,971**	2,378	**10,349**

Capital expenditure is the sum of purchases of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the consolidated statement of cash flows.

One customer accounted for greater than 10% of total revenue from continuing operations in 2019 (2018: none).

Total revenue from continuing operations and non-current assets, excluding derivative financial instruments, taxes, pensions and goodwill arising on acquisitions, in countries which account for more than 10% of total revenue or non-current assets, in the current or prior years presented, are as follows:

	Year ended December 31,	
Revenue	**2019 $'m**	**2018 $'m**
U.S.	2,974	2,911
United Kingdom	736	778

	At December 31,	
Non-current assets	**2019 $'m**	**2018 $'m**
U.S.	2,100	2,190
Germany	713	847
United Kingdom	665	659

The revenue above is attributed to countries on a destination basis.

The Company is domiciled in Luxembourg. During the year the continuing operations had revenues of $2 million (2018: $2 million) with customers in Luxembourg. Non-current assets located in Luxembourg were $nil (2018: $nil).

Within each reportable segment our respective packaging containers have similar production processes and classes of customers. Further, they have similar economic characteristics as evidenced by similar profit margins, similar degrees of risk and similar opportunities for growth. Based on the foregoing, we do not consider that they constitute separate product lines and therefore additional disclosures relating to product lines is not necessary.

The following illustrates the disaggregation of revenue by destination for the year ended December 31, 2019:

	Europe $'m	North America $'m	Rest of the world $'m	Total $'m
Metal Beverage Packaging Europe	1,541	5	10	1,556
Metal Beverage Packaging Americas	2	1,419	395	1,816
Glass Packaging Europe	1,554	7	52	1,613
Glass Packaging North America	–	1,674	1	1,675
Continuing operations	**3,097**	**3,105**	**458**	**6,660**
Discontinued operation	1,480	389	134	2,003
Group	**4,577**	**3,494**	**592**	**8,663**

The following illustrates the disaggregation of revenue by destination for the year ended December 31, 2018:

	Europe $'m	North America $'m	Rest of the world $'m	Total $'m
Metal Beverage Packaging Europe	1,601	2	13	1,616
Metal Beverage Packaging Americas	1	1,339	402	1,742
Glass Packaging Europe	1,572	9	42	1,623
Glass Packaging North America	–	1,687	8	1,695
Continuing operations	**3,174**	**3,037**	**465**	**6,676**
Discontinued operation	1,795	447	179	2,421
Group	**4,969**	**3,484**	**644**	**9,097**

4. Exceptional items

	Year ended December 31,	
	2019 $'m	2018 $'m
Legal matter	15	—
Start-up related costs	13	48
Restructuring and other costs	6	50
Impairment - property, plant and equipment	5	5
Past service (credit)/charge	(37)	5
Exceptional items - cost of sales	**2**	**108**
Transaction-related costs	51	17
Exceptional items - SGA expenses	**51**	**17**
Impairment - goodwill	—	186
Exceptional items - impairment of intangible assets	**—**	**186**
Debt refinancing and settlement costs	256	22
Loss on derivative financial instruments	3	6
Exceptional items - finance expense	**259**	**28**
Share of exceptional items in material joint venture	39	—
Exceptional items from continuing operations	**351**	**339**
Exceptional income tax charge/(credit)	3	(49)
Exceptional items from continuing operations, net of tax	**354**	**290**
Exceptional items from discontinued operation, net of tax	(1,527)	13
Total exceptional (credit)/charge, net of tax	**(1,173)**	**303**

Exceptional items are those that in management’s judgment need to be disclosed by virtue of their size, nature or incidence.

2019

Exceptional items of $1,173 million have been recognized for the year ending December 31, 2019, primarily comprising:

- $15 million related to a legal matter as described in Note 27 of the consolidated financial statements.

- $24 million related to the Group's capacity realignment programs, including start-up related costs ($13 million), restructuring costs ($6 million), property, plant and equipment impairment charges ($5 million). These costs were incurred in Glass Packaging North America ($15 million), Glass Packaging Europe ($5 million), Metal Beverage Packaging America ($2 million) and Metal Beverage Packaging Europe ($2 million).

- $37 million pension service credit recognized in Glass Packaging North America following amendments to a pension scheme.

- $51 million transaction-related costs, primarily comprising costs relating to the combination of the Ardagh Group's Food & Specialty Metal Packaging business with the business of Exal Corporation to form Trivium.

- $256 million debt refinancing and settlement costs related to the redemption of notes in August and November 2019 as described in Note 19, and includes premium payable on the early redemption of the notes of $223 million, accelerated amortization of deferred finance costs, interest charges from the call date to date of redemption and $3 million exceptional loss on the termination of derivative financial instruments.

- $39 million from the share of exceptional items in the Trivium joint venture.

- $3 million from tax charge, as described in Note 6.

- $1,527 million from discontinued operation, net of tax, primarily related to the gain, net of directly attributable disposal costs, on the disposal of the Food & Specialty Metal Packaging business.

2018

Exceptional items of $303 million have been recognized for the year ending December 31, 2018, primarily comprising:

- $103 million related to the Group's capacity realignment programs, including start-up related costs ($48 million) restructuring costs ($50 million), property, plant and equipment impairment charges ($5 million). These costs were incurred in Glass Packaging North America ($78 million), Metal Beverage Packaging Europe ($24 million), Glass Packaging Europe ($5 million) and a cost reduction in Metal Beverage Packaging Americas ($4 million).
- $5 million pension service cost recognized in Metal Beverage Packaging Europe and Glass Packaging Europe following a High Court ruling in the U.K. in October 2018 in respect of GMP equalization (Note 20).
- $17 million transaction-related costs, primarily comprised of costs relating to acquisition, integration and other transactions.

- $186 million impairment of goodwill in Glass Packaging North America.
- $22 million debt refinancing and settlement costs primarily relating to the redemption of the Group's $440 million 6.000% Senior Notes due 2021 in July 2018, principally comprising an early redemption premium and accelerated amortization of deferred finance costs.
- $6 million exceptional loss on the termination of the Group's $440 million U.S. dollar to euro CCIRS in July 2018.
- $49 million from tax credits, as described in Note 6.
- $13 million related to exceptional items from discontinued operation, net of tax.

5. Finance income and expense

	Year ended December 31,	
	2019	2018
	$'m	$'m
Senior secured and senior notes	485	546
Other interest expense	40	22
Interest expense	**525**	**568**
Net pension interest cost (Note 20)	18	16
Foreign currency translation losses	57	46
Loss/(gain) on derivative financial instruments	9	(10)
Other finance income	(7)	—
Finance expense before exceptional items	**602**	**620**
Exceptional finance expense (Note 4)	259	28
Net finance expense from continuing operations	**861**	**648**
Net finance expense from discontinued operation	4	6
Net finance expense	**865**	**654**

During the year ended December 31, 2019, the continuing operations of the Group recognized $19 million related to lease liabilities within other interest expense and interest paid in cash used in operating activities.

6. Income tax

	Year ended December 31,	
	2019	2018
	$'m	$'m
Current tax:		
Current tax for the year	70	73
Adjustments in respect of prior years	7	11
Total current tax	**77**	**84**
Deferred tax:		
Deferred tax for the year	(31)	(58)
Adjustments in respect of prior years	(2)	(8)
Total deferred tax	**(33)**	**(66)**
Income tax charge	**44**	**18**

Reconciliation of income tax charge and the loss before tax multiplied by the Group's domestic tax rate for 2019 and 2018 is as follows:

	Year ended December 31,	
	2019	2018
	$'m	$'m
Loss before tax	**(442)**	**(443)**
Loss before tax multiplied by the standard rate of Luxembourg corporation tax: 24.94% (2018: 26.01%)	(110)	(115)
Tax losses for which no deferred income tax asset was recognized	69	15
Re-measurement of deferred taxes	(2)	1
Adjustment in respect of prior years	5	3
Income subject to state and other local income taxes	11	12
Income taxed at rates other than standard tax rates	7	5
Non-deductible items	61	84
Other	3	13
Income tax charge	**44**	**18**

The total income tax charge outlined above for each year includes a tax charge of $3 million in 2019 (2018 tax credit of $49 million) in respect of exceptional items, being the tax effect of the items set out in Note 4.

Tax losses for which no deferred income tax asset was recognized relates to tax losses incurred in Ireland and Luxembourg, primarily in respect of exceptional finance expense, in addition to the carry-forward of interest expense in certain jurisdictions.

Non deductible items principally relate to non deductible interest expense in Ireland and Luxembourg, in addition to the elimination of intercompany recharges and finance expense relating to discontinued operations. Income taxed at non standard rates takes account of foreign tax rate differences (versus the Luxembourg standard 24.94% rate) on earnings.

The tax charge associated with discontinued operation is recognized separately in the results of discontinued operation. See Note 25 for further details.

7. Employee costs

	Year ended December 31,	
	2019	**2018**
	$'m	**$'m**
Wages and salaries	1,048	962
Social security costs	155	154
Defined benefit plan pension costs (Note 20)	31	42
Defined benefit past service (credit)/charge (Note 20)	(54)	6
Defined contribution plan pension costs (Note 20)	40	32
Net employee costs from continuing operations	**1,220**	**1,196**
Net employee costs from discontinued operation	370	424
Group employee costs	**1,590**	**1,620**

	At December 31,	
Employees	**2019**	**2018**
Production	14,463	14,666
Administration	1,878	1,987
Continuing operations	**16,341**	**16,653**
Discontinued operation	—	6,775
Group	**16,341**	**23,428**

8. Intangible assets

	Goodwill $'m	Customer relationships $'m	Technology and other $'m	Software $'m	Total $'m
Cost					
At January 1, 2018	2,201	2,355	251	88	**4,895**
Additions	—	—	12	25	**37**
Impairment (i)	(186)	—	—	—	**(186)**
Exchange	(45)	(55)	(8)	(3)	**(111)**
At December 31, 2018	**1,970**	**2,300**	**255**	**110**	**4,635**
Amortization					
At January 1, 2018		(607)	(126)	(58)	**(791)**
Charge for the year		(227)	(30)	(8)	**(265)**
Exchange		17	3	2	**22**
At December 31, 2018		**(817)**	**(153)**	**(64)**	**(1,034)**
Net book value					
At December 31, 2018	**1,970**	**1,483**	**102**	**46**	**3,601**
Cost					
At January 1, 2019	1,970	2,300	255	110	**4,635**
Additions	—	—	12	13	**25**
Disposal of Food & Specialty	(328)	(203)	(103)	(44)	**(678)**
Disposal	—	—	—	(1)	**(1)**
Transfers	—	—	(11)	11	**—**
Exchange	(18)	(14)	(3)	(2)	**(37)**
At December 31, 2019	**1,624**	**2,083**	**150**	**87**	**3,944**
Amortization					
At January 1, 2019		(817)	(153)	(64)	**(1,034)**
Charge for the year		(214)	(27)	(8)	**(249)**
Disposal of Food & Specialty		146	60	6	**212**
Disposal		—	—	1	**1**
Exchange		5	3	2	**10**
At December 31, 2019		**(880)**	**(117)**	**(63)**	**(1,060)**
Net book value					
At December 31, 2019	**1,624**	**1,203**	**33**	**24**	**2,884**

Amortization expense of $233 million (2018: $237 million) has been charged to the consolidated income statement of the Group in respect of continuing operations. An amortization expense of $16 million (2018: $28 million) has been charged to the consolidated income statement of the Group in respect of the discontinued operation.

(i) An impairment charge of $186 million, before the impact of deferred tax, was recognized in the year ended December 31, 2018 in respect of the goodwill in Glass Packaging North America. The impairment testing performed used a FVLCTS calculation for the Glass Packaging North America CGU.

Goodwill

Allocation of goodwill

Goodwill has been allocated to groups of CGUs for the purpose of impairment testing. The groupings represent the lowest level at which the related goodwill is monitored for internal management purposes. Goodwill acquired through business combination activity is allocated to CGUs that are expected to benefit from synergies arising from that combination.

The lowest level within the Group at which the goodwill is monitored for internal management purposes and consequently the CGUs to which goodwill is allocated is set out below. The Group changed the composition of its operating and reporting segments following the disposal of its Food & Specialty Metal Packaging business which completed on October 31, 2019.

On this basis the Group's CGUs are identified as follows:

	At December 31,	
	2019	2018
	$'m	$'m
Metal Beverage Packaging Europe	566	577
Metal Beverage Packaging Americas	437	437
Glass Packaging Europe	61	62
Glass Packaging North America	560	560
Total Goodwill from continuing operations	**1,624**	**1,636**
Discontinued operation Europe	—	305
Discontinued operation North America	—	29
Total Goodwill	**1,624**	**1,970**

Impairment tests for goodwill

The Group performs its impairment test of goodwill annually following approval of the annual budget.

Recoverable amount and carrying amount

The Group used the value in use ("VIU") model for the purposes of goodwill impairment testing as this reflects the Group's intention to hold and operate the assets. However, if an impairment indicator exists for a CGU, the Group uses both the VIU model and the fair value less costs to sell ("FVLCTS") model to establish the higher of the recoverable amount.

Value in use

The VIU model used the 2020 budget approved by the Board and a two-year forecast for 2021 to 2022. The budget and forecast results were then extended for a further two-year period (2018: two-year period) making certain assumptions, including that long-term depreciation equals capital expenditure and that any increase in input cost will be passed through to customers, in line with historic practice and contractual terms.

Cash flows considered in the VIU model included the cash inflows and outflows related to the continuing use of the assets over their remaining useful lives, expected earnings, required maintenance capital expenditure, depreciation and working capital.

The discount rate applied to cash flows in the VIU model was estimated using our weighted average cost of capital as determined by the Capital Asset Pricing Model with regard to the risks associated with the cash flows being considered (country, market and specific risks of the asset).

The modelled cash flows take into account the Group's established history of earnings, cash flow generation and the nature of the markets in which we operate, where product obsolescence is low. The key assumptions employed in modelling estimates of future cash flows are subjective and include projected Adjusted EBITDA, discount rates and growth rates, replacement capital expenditure requirements, rates of customer retention and the ability to maintain margin through the pass through of input cost inflation.

The terminal value assumed long-term growth based on a combination of factors including long-term inflation in addition to industry and market specific factors. The range of growth rates applied by management in respect of the terminal values applicable to all groups of CGU's were 1.0% - 1.5% (2018: 1.5%).

A sensitivity analysis was performed reflecting potential variations in terminal growth rate and discount rate assumptions. In all cases the recoverable values calculated were in excess of the carrying values of the CGUs. The variation applied to terminal value growth rates and discount rates was a 50 basis points decrease and increase respectively and represents a reasonably possible change to the key assumptions of the VIU model. Further, a reasonably possible change to the operating cash flows would not reduce the recoverable amounts below the carrying value of the CGUs.

The FVLCTS calculation in the prior year for the Glass Packaging North America CGU resulted in a higher recoverable amount than the VIU model. The FVLCTS calculation used the 2019 projected Adjusted EBITDA multiplied by an earnings multiple of 6.7x, based on comparable market transactions, and adjusted for selling costs.

The additional disclosures required under IAS 36 in relation to significant goodwill amounts arising in the groups of CGUs are as follows:

	Metal Beverage Packaging Europe $'m/%	Metal Beverage Packaging Americas $'m/%	Glass Packaging Europe $'m/%	Glass Packaging North America $'m/%
2019				
Carrying amount of goodwill	566	437	61	560
Excess of recoverable amount	2,109	1,581	3,842	158
Pre-tax discount rate applied	5.1	8.5	6.5	7.2
2018				
Carrying amount of goodwill	577	437	62	560
Excess of recoverable amount	1,673	1,085	2,222	N/A
Pre-tax discount rate applied	6.7	9.6	8.5	N/A

9. Property, plant and equipment

	Land and buildings $'m	Plant and machinery $'m	Office equipment, vehicles and other $'m	Total $'m
Cost				
At January 1, 2018	1,094	4,142	71	**5,307**
Additions	15	539	37	**591**
Disposals	(16)	(190)	(11)	**(217)**
Impairment (Note 4)	—	(11)	—	**(11)**
Transfers	—	—	5	**5**
Exchange	(49)	(182)	(8)	**(239)**
At December 31, 2018	**1,044**	**4,298**	**94**	**5,436**
Depreciation				
At January 1, 2018	(258)	(1,656)	(25)	**(1,939)**
Charge for the year	(37)	(388)	(24)	**(449)**
Disposals	10	187	9	**206**
Exchange	21	107	6	**134**
At December 31, 2018	**(264)**	**(1,750)**	**(34)**	**(2,048)**
Net book value				
At December 31, 2018	**780**	**2,548**	**60**	**3,388**
Cost				
At January 1, 2019, as reported	1,044	4,298	94	**5,436**
Impact of adoption of IFRS 16 on January 1, 2019 (Note 2)	193	78	19	**290**
At January 1, 2019	**1,237**	**4,376**	**113**	**5,726**
Additions	148	528	60	**736**
Disposals	(21)	(194)	(8)	**(223)**
Disposal of Food & Specialty	(337)	(1,443)	(39)	**(1,819)**
Impairment (Note 4)	—	(5)	—	**(5)**
Exchange	(9)	(26)	—	**(35)**
At December 31, 2019	**1,018**	**3,236**	**126**	**4,380**
Depreciation				
At January 1, 2019	(264)	(1,750)	(34)	**(2,048)**
Charge for the year	(75)	(363)	(36)	**(474)**
Disposals	6	190	8	**204**
Disposal of Food & Specialty	55	530	21	**606**
Exchange	2	7	—	**9**
At December 31, 2019	**(276)**	**(1,386)**	**(41)**	**(1,703)**
Net book value				
At December 31, 2019	**742**	**1,850**	**85**	**2,677**

Depreciation expense of $408 million (2018: $354 million) has been charged in cost of sales and $11 million (2018: $8 million) in sales, general and administration expenses in respect of the continuing operations of the Group. Depreciation expense of $53 million (2018: $86 million) has been charged in cost of sales and $2 million (2018: $1 million) in sales, general and administration expenses in respect of the discontinued operation of the Group.

Construction in progress at December 31, 2019 was $173 million (2018: $254 million).

Included in property, plant and equipment is an amount for land of $185 million (2018: $213 million).

Substantially all of the Group's property, plant and equipment is pledged as security under the terms and conditions of the Group's financing arrangements. No interest was capitalized in the year (2018: $nil).

Impairment

The board of directors of Ardagh Group S.A has considered the carrying value of the Group's property, plant and equipment and assessed the indicators of impairment as at December 31, 2019 in accordance with IAS 36. In the year ended December 31, 2019 an impairment charge of $5 million (2018: $11 million) has been recognized, which relates to the impairment of plant and machinery in Glass Packaging North America. In 2018, the Group recognized an impairment charge of $11 million, of which $4 million related to the impairment of plant and machinery in Glass Packaging North America, $1

million related to the impairment of plant and machinery in Metal Beverage Packaging Europe and $6 million related to the impairment of plant and machinery in the discontinued operation.

Right of Use assets – Net Book Value and depreciation

At December 31, 2019 the following right-of-use assets were included in property, plant and equipment:

Net book value	Land and buildings $'m	Plant and machinery $'m	Office equipment, vehicles and other $'m	Total $'m
At December 31, 2019	178	71	66	**315**

The net carrying amount of the right-of use assets at December 31, 2019 is primarily the result of existing finance leases as at December 31, 2018 of $29 million, the impact of adoption of IFRS 16 on January 1, 2019 of $290 million, total additions to the right-of-use assets during the year ended December 31, 2019 of $169 million, offset by an amount of $74 million de-recognized on the disposal of Food & Specialty and a depreciation charge of $76 million (Land and buildings: $41 million, Plant and machinery: $21 million, Office equipment, vehicles and other: $14 million).

Operating lease commitments

The Group adopted IFRS 16 effective January 1, 2019, resulting in the majority of the Group's operating leases being recognized on the consolidated statement of financial position. Please refer to Note 2 for more details.

During 2018, the expense in respect of operating lease commitments was as follows:

	Year ended December 31, 2018 $'m
Plant and machinery	22
Land and buildings	51
Office equipment and vehicles	17
	90

At December 31, 2018 the Group had total commitments under non-cancellable operating leases which expire:

	At December 31, 2018 $'m
Not later than one year	67
Later than one year and not later than five years	150
Later than five years	147
	364

Capital commitments

The following capital commitments in relation to property, plant and equipment were authorized by management, but have not been provided for in the consolidated financial statements:

	At December 31,	
	2019 $'m	2018 $'m
Contracted for	77	118
Not contracted for	82	76
	159	**194**

10. Other non-current assets

At December 31, 2019, other non-current assets of $68 million includes the receivable for the tax adjusted indemnity as set out in Note 27.

Other non-current assets also includes $6 million relating to certain of the Group's investment in its joint ventures, excluding the investment in Trivium Packaging B.V., which is further discussed in Note 11.

11. Investment in material joint venture

Investment in material joint venture is comprised of the Group's approximate 42% investment in Trivium which is a global leader in metal packaging in the form of cans and aerosol containers, serving a broad range of end-use categories, including food, seafood, pet food and nutrition, as well as beauty and personal care. The Group investment in Trivium arose from the combination of its Food & Specialty Metal Packaging business with that of Exal, a leading producer of metal packaging. The remaining approximate 58% is held by Ontario Teachers. As the Group jointly controls both the financial and operating policy decisions of Trivium, the investment is accounted for under the equity method. The shareholders of Trivium have entered into a Shareholders Agreement, dated October 31, 2019, which governs their relationship as owners of Trivium, including in respect of the governance of Trivium and its subsidiaries, their ability to transfer their shares in Trivium and other customary matters. Trivium Packaging B.V. is incorporated in the Netherlands, with corporate offices in Amsterdam.

The following table provides aggregated financial information for Trivium as it relates to the amounts recognized in the income statement, statement of comprehensive income and statement of financial position.

	Year ended December 31, 2019 $'m
Investment in joint venture	375
Loss for the period	(49)
Other comprehensive income	7
Total comprehensive loss	**(42)**

Summarized financial information for Trivium for the two months ended and as at December 31, 2019 is set out below.

	Period ended December 31, 2019 $'m
Revenue	351
Expenses	(408)
Operating loss	**(57)**
Net finance expense	(56)
Loss before tax	**(113)**
Income tax	(1)
Loss after tax[1]	**(114)**

1 The income statement for the two month period ended December 31, 2019 includes $92 million in relation to exceptional items of which $31 million is in respect of exceptional interest expense. Also included is $25 million of non-exceptional interest expense.

	At December 31, 2019 $'m
Non-current assets	4,109
Current assets	924
Total assets	**5,033**
Total equity	**875**
Non-current liabilities	3,444
Current liabilities	714
Total liabilities	**4,158**
Total equity and liabilities	**5,033**

As at December 31, 2019, Trivium had net debt of $2.8 billion.

Trivium management have included a provisional estimate of the fair values at the acquisition date in the above information.

The reconciliation of summarized financial information presented to the carrying amount of the Group's interest in Trivium is set out below.

	2019 $'m
Group's interest in net assets of joint venture - November 1[2]	412
Share of total comprehensive loss	(42)
Exchange	5
Carrying amount of interest in joint venture - December 31	**375**

2 The Group used a comparable market multiples approach including Adjusted EBITDA multiplied by an earnings multiple (based on comparable market transactions) as adjusted for debt in order to assess the fair value of its 42% initial equity investment in Trivium of $412 million.

Mutual Services Agreement ("MSA")

The Ardagh Group has entered into an MSA, with Trivium pursuant to which the Ardagh Group and Trivium provide services to each other. The services generally relate to administrative support in respect of treasury activities, tax reporting, procurement and logistics, R&D, product development and certain IT services. The MSA provides for the sharing of certain facilities leased by the Ardagh Group in connection with the provision of services, with appropriate segregations in place between the Ardagh Group's entities, on the one hand, and Trivium, on the other hand.

12. Deferred income tax

The movement in deferred tax assets and liabilities during the year was as follows:

	Assets $'m	Liabilities $'m	Total $'m
At January 1, 2018	**428**	**(790)**	**(362)**
Credited to the income statement (Note 6)	49	17	66
(Charged)/credited to the income statement (Discontinued operation)	(13)	12	(1)
Credited/(charged) to other comprehensive income	7	(3)	4
Reclassification	(36)	36	—
Exchange	(3)	7	4
At December 31, 2018	**432**	**(721)**	**(289)**
IFRS 16	14	(1)	13
Credited to the income statement (Note 6)	17	16	33
Charged to the income statement (Discontinued operation)	(12)	(1)	(13)
Credited to other comprehensive income	30	3	33
Exchange	1	3	4
Disposal of Food & Specialty	(76)	155	79
At December 31, 2019	**406**	**(546)**	**(140)**

The components of deferred income tax assets and liabilities are as follows:

	At December 31,	
	2019 $'m	2018 $'m
Tax losses	40	49
Employee benefit obligations	142	179
Depreciation timing differences	84	83
Provisions	74	69
Other	66	52
	406	**432**
Available for offset	(202)	(178)
Deferred tax assets	**204**	**254**
Intangible assets	(295)	(344)
Accelerated depreciation and other fair value adjustments	(206)	(343)
Other	(45)	(34)
	(546)	**(721)**
Available for offset	202	178
Deferred tax liabilities	**(344)**	**(543)**

The tax credit recognized in the consolidated income statement is analyzed as follows:

	Year ended December 31,	
	2019 $'m	2018 $'m
Tax losses	(4)	18
Employee benefit obligations	(11)	3
Depreciation timing differences	21	4
Provisions	(2)	(1)
Other deferred tax assets	1	12
Intangible assets	19	52
Accelerated depreciation and other fair value adjustments	(12)	(20)
Other deferred tax liabilities	8	(3)
	20	**65**

Deferred tax assets are only recognized on tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable based on management's forecasts. The Group did not recognize deferred tax assets of $146 million (2018: $111 million) in respect of tax losses amounting to $581 million (2018: $450 million) that can be carried forward against future taxable income due to uncertainty regarding their utilization.

No provision has been made for temporary differences applicable to investments in subsidiaries as the Group is in a position to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Given that exemptions and tax credits would be available in the context of the Group's investments in subsidiaries in the majority of jurisdictions in which it operates, the aggregate amount of temporary differences in respect of which deferred tax liabilities have not been recognized would not be material.

13. Inventories

	At December 31,	
	2019 $'m	2018 $'m
Raw materials and consumables	299	389
Mold parts	50	51
Work-in-progress	19	114
Finished goods	596	730
	964	**1,284**

Certain inventories held by the Ardagh Group have been pledged as security under the Group's Global Asset Based Loan Facility (Note 19). The amount recognized as a write down in inventories or as a reversal of a write down in the year ended December 31, 2019 was not material.

At December 31, 2019, the hedging loss included in the carrying value of inventories, which will be recognized in the income statement when the related finished goods have been sold, is not material.

14. Trade and other receivables

	At December 31,	
	2019 $'m	2018 $'m
Trade receivables	516	823
Other receivables and prepayments	178	230
Related party receivables	40	—
	734	**1,053**

The fair values of trade and other receivables approximate the amounts shown above.

Movements on the provision for impairment of trade receivables are as follows:

	2019 $'m	2018 $'m
At January 1, as reported	**17**	**23**
Impact of adoption of IFRS 9 on January 1, 2018	**—**	(4)
At January 1,	**17**	**19**
Provision for receivables impairment	7	2
Receivables written off during the year as uncollectible	—	(3)
Disposal of Food & Specialty	(18)	—
Exchange	—	(1)
At December 31,	**6**	**17**

The majority of the provision above relates to balances which are more than six months past due. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above.

Provisions against specific balances

Significant balances are assessed for evidence of increased credit risk. Examples of factors considered are high probability of bankruptcy, breaches of contract or major concession being sought by the customer. Instances of significant single customer related bad debts are rare and there is no significant concentration of risk associated with particular customers.

Providing against the remaining population of customers

The Group monitors actual historical credit losses and adjusts for forward-looking information to measure the level of expected losses. Adverse changes in the payment status of customers of the Group, or national or local economic conditions that correlate with defaults on receivables owing to the Group, may also provide a basis for an increase in the level of provision above historic loss experience.

As of December 31, 2019, trade receivables of $34 million (2018: $68 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At December 31,	
	2019 $'m	2018 $'m
Up to three months past due	28	56
Three to six months past due	1	5
Over six months past due	5	7
	34	**68**

15. Contract assets

The following table provides information about significant changes in contract assets:

	2019 $'m	2018 $'m
At January 1,	160	168
Transfers from contract assets recognized at beginning of year to receivables	(155)	(168)
Increases as a result of new contract assets recognized during the year	175	157
Decrease due to disposal of Food & Specialty	(32)	—
Other	3	3
At December 31,	**151**	**160**

16. Cash and cash equivalents

	At December 31,	
	2019 $'m	2018 $'m
Cash at bank and in hand	647	529
Short term bank deposits	11	26
Restricted cash	5	10
	663	**565**

Within cash and cash equivalents, the Group had $5 million of restricted cash at December 31, 2019 (2018: $10 million).

17. Issued capital and reserves

Issued and fully paid shares:

	Number of shares (millions)	$'m
Ordinary shares (par value €0.01)	10.3	—
At December 31, 2019 and at December 31, 2018	**10.3**	**—**

There were no transactions in shares of the Company during the year ended December 31, 2019. During the year ended December 31, 2019, the Group paid dividends of $116 million (2018: $10 million).

18. Financial risk factors

The Group's activities expose it to a variety of financial risks: capital risk, interest rate risk, currency exchange risk, commodity price risk, credit risk and liquidity risk.

Capital structure and risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to its shareholders. The Group funds its operations primarily from the following sources of capital: borrowings, cash flow and shareholders' capital. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate material investments or acquisitions, while providing flexibility in short and medium term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources.

The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

Financial risks are managed on the advice of Group Treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances. Group Treasury regularly reviews the level of cash and debt facilities required to fund the Group's activities, plans for repayment and refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

Additionally, financial instruments, including derivative financial instruments, are used to hedge exposure to interest rate, currency exchange risk and commodity price risk.

One of the Group's key metrics has been the ratio of consolidated external net debt as a multiple of Adjusted EBITDA. Adjusted EBITDA is the profit or loss for the period before income tax charge or credit, net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. As at December 31, 2019 the ratio was 6.4x (2018: 6.2x).

Interest rate risk

The Board's policy, in the management of interest rate risk, is to strike the right balance between the Group's fixed and floating rate financial instruments, which occasionally includes the use of CCIRS. The balance struck by the Board is dependent on prevailing interest rate markets at any point in time.

At December 31, 2019, the Group's external borrowings were 91.4% (2018: 91.9%) fixed, with a weighted average interest rate of 4.9% (2018: 5.7%). The weighted average interest rate for the Group for the year ended December 31, 2019 was 4.5% (2018: 5.3%).

Holding all other variables constant, including levels of the Group's external indebtedness, at December 31, 2019 a one percentage point increase in variable interest rates would increase interest payable by approximately $11 million (2018: $9 million).

Currency exchange risk

The Group presents its consolidated financial information in U.S. dollar. The functional currency of the Company is the euro.

The Group operates in 12 countries, across three continents and its main currency exposure in the year to December 31, 2019, from the euro functional currency, was in relation to the U.S. dollar, British pound, Swedish krona, Polish zloty, Danish krone and Brazilian real. Currency exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

As a result of the consolidated financial statements being presented in U.S dollar, the Group's results are also impacted by fluctuations in the U.S. dollar exchange rate versus the euro.

The Group has a limited level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings and swaps denominated in the Group's principal foreign currencies.

Fluctuations in the value of these currencies with respect to the euro functional currency may have a significant impact on the Group's financial condition and results of operations. The Group believes that a strengthening of the euro exchange rate (the functional currency) by 1% against all other foreign currencies from the December 31, 2019 rate would decrease shareholders' equity by approximately $7 million (2018: $5 million increase).

Commodity price risk

The Group is exposed to changes in prices of our main raw materials, primarily energy, aluminum and steel. Production costs in our Metal Beverage Packaging division are exposed to changes in prices of our main raw materials, primarily aluminum and steel. Aluminum ingot is traded daily as a commodity on the London Metal Exchange, which has historically been subject to significant price volatility. Because aluminum is priced in U.S. dollars, fluctuations in the U.S. dollar/ euro rate also affect the euro cost of aluminum ingot. The price and foreign currency risk on the aluminum purchases in Metal Beverage Packaging Europe and Metal Beverage Packaging Americas are hedged by entering into swaps under which we pay fixed euro and U.S. dollar prices, respectively. Steel price has a variable cost associated with its raw material components, coking coal and iron ore. Similarly to aluminum ingots, coking coal and iron ore are priced in U.S. dollars. The price and foreign currency risk on the steel purchases in Metal Beverage Packaging Europe are hedged by entering into swaps under which we pay fixed euro. The hedging market for coking coal is a relatively new market which does not have the depth of the aluminum market and as a consequence, there might be limitations to placing hedges in the market. Furthermore, the relative price of oil and its by products may materially impact our business, affecting our transport, lacquer and ink costs.

Where we do not have pass through contracts in relation to the underlying metal raw material cost the Group uses derivative agreements to manage this risk. The Group depends on an active liquid market and available credit lines with counterparty banks to cover this risk. The use of derivative contracts to manage our risk is dependent on robust hedging procedures. Increasing raw material costs over time has the potential, if we are unable to pass on price increases, to reduce sales volume and could therefore have a significant impact on our financial condition. The Group is also exposed to possible interruptions of supply of aluminum and steel or other raw materials and any inability to purchase raw materials could negatively impact our operations.

Production costs in our Glass Packaging division are sensitive to the price of energy. Our main energy exposure is to the cost of gas and electricity. These energy costs have experienced significant volatility in recent years with a corresponding effect on our production costs. In terms of gas, which represents 50% of our energy costs, there is a continuous de coupling between the cost of gas and oil, whereby now only significant changes in the price of oil have an impact on the price of gas. The volatility in gas pricing is driven by shale gas development (United States only), the availability of liquefied natural gas in Europe, as both Europe and Asia compete for shipments, and storage levels. Volatility in the price of electricity is caused by the German Renewable Energy policy, the phasing out of nuclear generating capacity, fluctuations in the price of gas and coal and the influence of carbon dioxide costs on electricity prices.

As a result of the volatility of gas and electricity prices, the Group has either included energy pass through clauses in our sales contracts or developed an active hedging strategy to fix a significant proportion of our energy costs through contractual arrangements directly with our suppliers, where there is no energy clause in the sales contract.

Where pass through contracts do not exist the Group policy is to purchase gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of our anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. The Group does not net settle, nor do we sell within a short period of time after taking delivery. The Group avails of the own use exemption and, therefore, these contracts are treated as executory contracts.

The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices. As at December 31, 2019, we have 92% and 59% of our energy risk covered for 2020 and 2021, respectively.

Credit risk

Credit risk arises from derivative contracts, cash and deposits held with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognized and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of "BBB+" from at least two credit rating agencies are accepted, where possible. The credit

ratings of banks and financial institutions are monitored to ensure compliance with Group policy. Risk of default is controlled within a policy framework of dealing with high quality institutions and by limiting the amount of credit exposure to any one bank or institution.

Group policy is to extend credit to customers of good credit standing. Credit risk is managed on an on-going basis, by experienced people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilization of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset. For the year ended December 31, 2019, the Group's ten largest customers accounted for approximately 47% of total revenues from continuing operations (2018: 48%). There is no recent history of default with these customers.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest-bearing current accounts and time deposits with appropriate maturities to provide sufficient headroom as determined by the below-mentioned forecasts.

Liquidity risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations and from the normal liquidity cycle of the business throughout the course of a year. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To effectively manage liquidity risk, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes to manage liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans.

19. Financial assets and liabilities

The Group's net external debt was as follows:

	At December 31, 2019 $'m	At December 31, 2018 $'m
Loan notes	7,766	9,463
Other borrowings	381	142
Total borrowings	**8,147**	**9,605**
Cash and cash equivalents	(663)	(565)
Derivative financial instruments used to hedge foreign currency and interest rate risk	32	113
Net debt	**7,516**	**9,153**

The Group's net borrowings of $8,147 million (2018: $9,605 million) are classified as non-current liabilities of $8,052 million (2018: $9,487 million) and current liabilities of $95 million (2018: $118 million) in the consolidated statement of financial position at December 31, 2019.

At December 31, 2019, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn		Undrawn amount
		Local currency m			Local currency m	$'m	$'m
Liabilities guaranteed by the ARD Finance Group							
6.500%/7.250% Senior Secured Toggle Notes	USD	1,130	30-Jun-27	Bullet	1,130	1,130	—
5.000%/5.750% Senior Secured Toggle Notes	EUR	1,000	30-Jun-27	Bullet	1,000	1,123	—
Liabilities guaranteed by the Ardagh Group							
2.750% Senior Secured Notes	EUR	741	15-Mar-24	Bullet	741	832	–
4.250% Senior Secured Notes	USD	695	15-Sep-22	Bullet	695	695	–
2.125% Senior Secured Notes	EUR	439	15-Aug-26	Bullet	439	493	–
4.125% Senior Secured Notes	USD	500	15-Aug-26	Bullet	500	500	–
4.750% Senior Notes	GBP	400	15-Jul-27	Bullet	400	528	–
6.000% Senior Notes	USD	1,700	15-Feb-25	Bullet	1,700	1,708	–
5.250% Senior Notes	USD	800	15-Aug-27	Bullet	800	800	–
Global Asset Based Loan Facility	USD	663	07-Dec-22	Revolving	–	–	663
Lease obligations	Various	–		Amortizing	–	364	–
Other borrowings/credit lines	EUR/USD	–	Rolling	Amortizing	–	22	1
Total borrowings / undrawn facilities						**8,195**	**664**
Deferred debt issue costs and bond premium						(48)	–
Net borrowings / undrawn facilities						**8,147**	**664**
Cash and cash equivalents						(663)	663
Derivative financial instruments used to hedge foreign currency and interest rate risk						32	–
Net debt / available liquidity						**7,516**	**1,327**

Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt.

Certain of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in certain areas such as incurrence of additional indebtedness (primarily maximum borrowings to Adjusted EBITDA and a minimum Adjusted EBITDA to interest expense), payment of dividends and incurrence of liens. The Global Asset Based Loan Facility is subject to a number of financial covenants including a fixed charge coverage ratio. The facility also includes cash dominion, representations, warranties, events of default and other covenants that are generally of a nature customary for such facilities.

At December 31, 2018, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn		Undrawn amount
		Local currency m			Local currency m	$'m	$'m
Liabilities guaranteed by the ARD Finance Group							
7.125%/7.875% Senior Secured Toggle Notes	USD	770	15-Sep-23	Bullet	770	770	—
6.625%/7.375% Senior Secured Toggle Notes	EUR	845	15-Sep-23	Bullet	845	967	—
Liabilities guaranteed by the Ardagh Group							
2.750% Senior Secured Notes	EUR	750	15-Mar-24	Bullet	750	859	—
4.625% Senior Secured Notes	USD	1,000	15-May-23	Bullet	1,000	1,000	—
4.125% Senior Secured Notes	EUR	440	15-May-23	Bullet	440	504	—
4.250% Senior Secured Notes	USD	715	15-Sep-22	Bullet	715	715	—
4.750% Senior Notes	GBP	400	15-Jul-27	Bullet	400	512	—
6.000% Senior Notes	USD	1,700	15-Feb-25	Bullet	1,700	1,685	—
7.250% Senior Notes	USD	1,650	15-May-24	Bullet	1,650	1,650	—
6.750% Senior Notes	EUR	750	15-May-24	Bullet	750	859	—
Global Asset Based Loan Facility	USD	813	07-Dec-22	Revolving	—	100	639
Finance lease obligations	GBP/EUR	—		Amortizing	—	36	—
Other borrowings / credit lines	EUR	4		Amortizing	—	15	1
Total borrowings / undrawn facilities						**9,672**	**640**
Deferred debt issue costs and bond premiums						(67)	—
Net borrowings / undrawn facilities						**9,605**	**640**
Cash and cash equivalents						(565)	565
Derivative financial instruments used to hedge foreign currency and interest rate risk						113	—
Net debt / available liquidity						**9,153**	**1,205**

The following table summarizes the Group's movement in net debt:

	2019 $'m	2018 $'m
Net (increase)/decrease in cash and cash equivalents per consolidated statement of cash flows	(98)	258
Decrease in net borrowings and derivative financial instruments	(1,539)	(659)
Decrease in net debt	(1,637)	(401)
Net debt at January 1,	9,153	9,554
Net debt at December 31,	**7,516**	**9,153**

The decrease in net borrowings and derivative financial instruments primarily includes repayments of borrowings of $5.8 billion (2018: $0.4 billion), proceeds from borrowings of $4.0 billion (2018: $0.1 billion), an increase in lease obligations of $0.3 billion (2018: $nil), a fair value gain on derivative financial instruments used to hedge foreign currency and interest rate risk of $0.1 billion (2018: gain of $0.2 billion) which partly offsets a corresponding foreign exchange loss on borrowings of $0.1 billion (2018: $0.3 billion) and an increase to cash and cash equivalents of $0.1 billion (2018: decrease of $0.3 billion).

The maturity profile of the Group's borrowings is as follows:

	At December 31, 2019 $'m	At December 31, 2018 $'m
Within one year or on demand	95	118
Between one and three years	796	4
Between three and five years	897	3,939
Greater than five years	6,359	5,544
	8,147	**9,605**

The maturity profile of the contractual undiscounted cash flows related to the Group's lease liabilities as of December 31, 2019, is as follows:

	$'m
Not later than one year	88
Later than one year and not later than five years	219
Later than five years	159
	466

The table below analyzes the Group's financial liabilities (including interest payable) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

At December 31, 2019	Borrowings $'m	Derivative financial instruments $'m	Trade and other payables $'m
Within one year or on demand	493	17	1,525
Between one and three years	1,587	9	—
Between three and five years	1,604	35	—
Greater than five years	7,004	—	—

At December 31, 2018	Borrowings $'m Re-presented	Derivative financial instruments $'m	Trade and other payables $'m
Within one year or on demand	660	38	1,873
Between one and three years	1,097	2	—
Between three and five years	4,943	105	—
Greater than five years	5,845	—	—

The carrying amount and fair value of the Group's borrowings excluding lease obligations are as follows:

	Carrying value			
At December 31, 2019	Amount drawn $'m	Deferred debt issue costs and premium $'m	Total $'m	Fair value $'m
Loan notes	7,809	(43)	7,766	8,046
Global Asset Based Loan Facility and other borrowings	22	(5)	17	22
	7,831	**(48)**	**7,783**	**8,068**

At December 31, 2018	Carrying value Amount drawn $'m	 Deferred debt issue costs and premium $'m	 Total $'m	Fair value $'m
Loan notes	9,521	(57)	9,464	9,176
Global Asset Based Loan Facility and other borrowings	115	(10)	105	115
	9,636	**(67)**	**9,569**	**9,291**

Financing activity

2019 – ARD Finance

On November 20, 2019, the Group issued $1,130 million 6.500% / 7.250% Senior Secured Toggle Notes due 2027 and €1,000 million 5.000% / 5.750% Senior Secured Toggle Notes due 2027. The net proceeds from the issuance and sale of the Notes were used to redeem on November 21, 2019 the €845 million 6.625% / 7.375% Senior Secured Toggle Notes due 2023 and $770 million 7.125% / 7.875% Senior Secured Toggle Notes due 2023 and to pay applicable redemption premiums and accrued interest in accordance with their terms.

2019 – Ardagh Group

Lease obligations of $364 million primarily reflect increases related to $349 million lease liabilities due to initial adoption of IFRS 16 as of January 1, 2019, as well as $169 million of new lease liabilities, partly offset by $84 million of lease liabilities divested at October 31, 2019, $78 million of principal repayments in continuing operations and $14 million of principal repayments in discontinued operation in the year ended December 31, 2019.

On August 12, 2019, the Ardagh Group issued €440 million 2.125% Senior Secured Notes due 2026, $500 million 4.125% Senior Secured Notes due 2026, and $800 million 5.250% Senior Notes due 2027. The net proceeds from the issuance of these notes were used to redeem on August 13, 2019 the $1,650 million 7.250% Senior Notes due 2024 and to pay applicable redemption premiums and accrued interest in accordance with their terms

Following the completion of the combination of its Food & Specialty business with the business of Exal, on October 31, 2019, the Ardagh Group issued tender offers, at par, in respect of its $715 million 4.250% Senior Secured Notes due 2022, €750 million 2.750% Senior Secured Notes due 2024, €440 million 2.125% Senior Secured Notes due 2026 and $500 million 4.125% Senior Secured Notes due 2026. Following the expiration of the offer on November 28, 2019 notice was given to repurchase the following amounts, $20 million of the $715 million 4.250% Senior Secured Notes due 2022, €9 million of the €750 million 2.750% Senior Secured Notes due 2024, and €1 million of the €440 million 2.125% Senior Secured Notes due 2026. On December 2, 2019, in accordance with the terms of the offer, the redemptions were completed.

On November 14, 2019, the Ardagh Group redeemed $1,000 million 4.625% Senior Secured Notes due 2023 and €440 million 4.125% Senior Secured Notes due 2023, and paid the applicable redemption premiums and accrued interest in accordance with their terms.

On November 29, 2019, the Ardagh Group redeemed €750 million 6.750% Senior Notes due 2024 and paid the applicable redemption premium and accrued interest in accordance with their terms.

As at December 31, 2019, the Ardagh Group had $663 million available under the Global Asset Based Loan Facility. During 2019, the Group reduced the facility size from $850 million to $700 million as a result of the disposal of the Food & Specialty Metal Packaging business.

2018 – Ardagh Group

On July 31, 2018, the Ardagh Group redeemed in full its $440 million 6.000% Senior Notes due 2021 and paid applicable redemption premium and accrued interest in accordance with their terms. The redemption was funded by a combination of cash on hand and available liquidity, drawing from the Group's Global Asset Based Loan Facility.

As at December 31, 2018, the Ardagh Group had $639 million available under the Global Asset Based Loan Facility.

Effective interest rates

The effective interest rates of borrowings at the reporting date are as follows:

	2019			2018		
	USD	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
6.500%/ 7.250% Senior Secured Toggle Notes due 2027	6.81 %	—	—	—	—	—
5.000%/ 5.750% Senior Secured Toggle Notes due 2027	—	5.39 %	—	—	—	—
7.125%/7.875% Senior Secured Toggle Notes due 2023	—	—	—	7.49 %	—	—
6.625%/7.875% Senior Secured Toggle Notes due 2023	—	—	—	—	7.03 %	—
2.750% Senior Secured Notes due 2024	—	2.92 %	—	—	2.92 %	—
4.250% Senior Secured Notes due 2022	4.52 %	—	—	4.51 %	—	—
2.125% Senior Secured Notes due 2026	—	2.33 %	—	—	—	—
4.125% Senior Secured Notes due 2026	4.37 %	—	—	—	—	—
4.750% Senior Notes due 2027	—	—	4.99 %		—	4.99 %
6.000% Senior Notes due 2025	6.14 %	—	—	6.14 %	—	—
5.250% Senior Notes due 2027	5.50 %	—	—	—	—	—
4.625% Senior Secured Notes due 2023	—	—	—	5.16 %	—	—
4.125% Senior Secured Notes due 2023	—	—	—		4.63 %	—
7.250% Senior Notes due 2024	—	—	—	7.72 %	—	—
6.750% Senior Notes due 2024	—	—	—	—	7.00 %	—
	Various Currencies					
Lease obligations		4.77 %		6.45 %	—	—

The carrying amounts of the Group's net borrowings are denominated in the following currencies:

	At December 31,	
	2019 $'m	**2018 $'m**
Euro	2,524	3,182
U.S. dollar	5,033	5,914
British pound	559	509
Other	31	—
	8,147	**9,605**

The Group has the following undrawn borrowing facilities:

	At December 31,	
	2019 $'m	**2018 $'m**
Expiring within one year	1	1
Expiring beyond one year	663	639
	664	**640**

Fair value methodology

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Fair values are calculated as follows:

(i) Senior secured and senior notes - The fair value of debt securities in issue is based on valuation techniques in which all significant inputs are based on observable market data. In the year ended December 31, 2019 the classification for

all senior secured and senior notes was changed from Level 1 to Level 2 based on management's assessment that quoted prices in the market for such debt securities are not regularly available.

(ii) Global Asset Based Loan facility and other borrowings - The estimated value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity and represents Level 2 inputs.

(iii) Cross currency interest rate swaps ("CCIRS") - The fair values of the CCIRS are based on quoted market prices and represent Level 2 inputs.

(iv) Commodity and foreign exchange derivatives - The fair value of these derivatives are based on quoted market prices and represent Level 2 inputs.

Derivative financial instruments

	Assets		**Liabilities**	
	Fair values $'m	**Contractual or notional amounts $'m**	**Fair values $'m**	**Contractual or notional amounts $'m**
Fair value derivatives				
Metal forward contracts	4	100	10	252
Cross currency interest rate swaps	3	600	35	913
Forward foreign exchange contracts	—	34	13	351
NYMEX gas swaps	—	3	3	24
At December 31, 2019	**7**	**737**	**61**	**1,540**

	Assets		**Liabilities**	
	Fair values $'m	**Contractual or notional amounts $'m**	**Fair values $'m**	**Contractual or notional amounts $'m**
Fair value derivatives				
Metal forward contracts	9	79	22	262
Cross currency interest rate swap	9	282	122	2,219
Forward foreign exchange contracts	2	385	1	98
NYMEX gas swaps	—	7	—	8
At December 31, 2018	**20**	**753**	**145**	**2,587**

For metal forward contracts with a notional amount of $22 million and a fair value of $1 million, offsetting derivatives with identical terms are in place with Trivium.

Derivative instruments with a fair value of $4 million (2018: $11 million) are classified as non-current assets and $3 million (2018: $9 million) as current assets in the consolidated statement of financial position at December 31, 2019. Derivative instruments with a fair value of $44 million (2018: $107 million) are classified as non-current liabilities and $17 million (2018: $38 million) as current liabilities in the consolidated statement of financial position at December 31, 2019.

The majority of derivative assets and liabilities are non-current, including certain of the Group's CCIRS which mature at dates between August 2021 and November 2025 and certain metal forward contracts which mature at dates between January 2021 and December 2022.

With the exception of interest on the CCIRS, all cash payments in relation to derivative instruments are paid or received when they mature. Bi-annual and quarterly interest cash payments and receipts are made and received in relation to the CCIRS.

The Ardagh Group mitigates the counterparty risk for derivatives by contracting with major financial institutions which have high credit ratings.

Cross currency interest rate swaps

2019

The Ardagh Group hedges certain of its external borrowings and interest payable thereon using cross-currency interest rate swaps ("CCIRS"), with a net asset at December 31, 2019 of $32 million (December 31, 2018: $113 million net liability).

On February 15, 2019 the Ardagh Group's $200 million U.S dollar to euro CCIRS matured. The fair value of these swaps at maturity was $14 million and the cash settlement of these swaps was $14 million. The Ardagh Group entered into new $200 million U.S dollar to euro CCIRS on March 1, 2019.

On August 12, 2019, the Ardagh Group terminated a number of CCIRS. The total fair value of these swaps at termination was $17 million and the cash receipt on these swaps was $23 million. The Ardagh Group entered into a new $500 million U.S dollar to euro CCIRS on August 12, 2019.

2018

The Ardagh Group hedges certain portions of its external borrowings and interest payable thereon using CCIRS, with a net liability at December 31, 2018 of $113 million.

On July 11, 2018, the Ardagh Group terminated its $440 million U.S. dollar to euro CCIRS, due for maturity in 2019. The Ardagh Group paid net consideration of $44 million on termination and recognized a related exceptional loss of $6 million (Note 4).

Net investment hedge in foreign operations

The Ardagh Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Ardagh Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Hedges of net investments in foreign operations are accounted for whereby any gain or loss on the hedging instruments relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to an ineffective portion is recognized immediately in the consolidated income statement within finance income or expense respectively. Gains and losses accumulated in other comprehensive income are recycled to the consolidated income statement when the foreign operation is disposed of. The amount that has been recognized in the consolidated income statement due to ineffectiveness is $1 million (2018: $nil).

Metal forward contracts

The Ardagh Group hedges a substantial portion of its anticipated metal purchases. Excluding conversion and freight costs, the physical metal deliveries are priced based on the applicable indices agreed with the suppliers for the relevant month.

Fair values have been based on quoted market prices and are valued using Level 2 valuation inputs. The fair value of these contracts when initiated is $nil; no premium is paid or received.

Forward foreign exchange contracts

The Ardagh Group operates in a number of currencies and, accordingly, hedges a portion of its currency transaction risk. The fair values are based on Level 2 valuation techniques and observable inputs including the contract prices. The fair value of these contracts when initiated is $nil; no premium is paid or received.

NYMEX gas swaps

The Ardagh Group hedges a portion of its Glass Packaging North America anticipated energy purchases on the New York Mercantile Exchange ("NYMEX").

Fair values have been based on NYMEX-quoted market prices and Level 2 valuation inputs have been applied. The fair value of these contracts when initiated is $nil; no premium is paid or received.

20. Employee benefit obligations

The Ardagh Group operates defined benefit or defined contribution pension schemes in most of its countries of operation and the assets are held in separately administered funds. The principal funded defined benefit schemes, which are funded by contributions to separately administered funds, are in the United States and the United Kingdom.

Other defined benefit schemes are unfunded and the provision is recognized in the consolidated statement of financial position. The principal unfunded schemes are in Germany.

The contribution rates to the funded plans are agreed with the Trustee boards, plan actuaries and the local pension regulators periodically. The contributions paid in 2019 were those recommended by the actuaries.

In addition, the Ardagh Group has other employee benefit obligations in certain territories.

Total employee obligations recognized in the consolidated statement of financial position of $716 million (2018: $957 million) includes other employee benefit obligations of $101 million (2018: $127 million).

The employee obligations and assets of the defined benefit schemes included in the consolidated statement of financial position are analyzed below:

	U.S.		Germany		UK		Other		Total	
	2019 $'m	2018 $'m	2019 $'m	2018 $'m	2019 $'m	2018 $'m	2019 $'m	2018 $'m	2019 $'m	2018 $'m
Obligations	(1,318)	(1,217)	(176)	(386)	(830)	(862)	(25)	(38)	**(2,349)**	**(2,503)**
Assets	1,139	1,040	—	—	585	624	10	9	**1,734**	**1,673**
Net obligations	**(179)**	**(177)**	**(176)**	**(386)**	**(245)**	**(238)**	**(15)**	**(29)**	**(615)**	**(830)**

Defined benefit pension schemes

The amounts recognized in the consolidated income statement are:

	Year ended December 31,	
	2019 $'m	2018 $'m
Current service cost and administration costs:		
Cost of sales - current service cost (Note 7)	(28)	(38)
Cost of sales - past service credit/(charge) (Note 7)	54	(6)
SGA - current service cost (Note 7)	(3)	(4)
	23	(48)
Finance expense (Note 5)	(18)	(16)
	5	**(64)**
Discontinued operation	1	—
	6	**(64)**

The amounts recognized in the consolidated statement of comprehensive income are:

	Year ended December 31,	
	2019	**2018**
	$'m	**$'m**
Re-measurement of defined benefit obligation:		
Actuarial (loss)/gain arising from changes in demographic assumptions	(4)	18
Actuarial (loss)/gain arising from changes in financial assumptions	(272)	116
Actuarial (loss)/gain arising from changes in experience	(23)	19
	(299)	**153**
Re-measurement of plan assets:		
Actual return/(loss) less expected return on plan assets	203	(144)
Actuarial (loss)/gain for the year on defined benefit pension schemes	**(96)**	**9**
Actuarial (loss)/gain on other long term and end of service employee benefits	(6)	6
	(102)	**15**
Discontinued operation	(38)	(4)
	(140)	**11**

The actual return on plan assets was a gain of $271 million in 2019 (2018: $96 million loss).

Movement in the defined benefit obligations and assets:

	At December 31,			
	Obligations		Assets	
	2019	**2018**	**2019**	**2018**
	$'m	**$'m**	**$'m**	**$'m**
At January 1,	(2,503)	(2,762)	1,673	1,897
Interest income	—	—	54	55
Current service cost	(28)	(40)	—	—
Past service credit	62	3	—	—
Interest cost	(72)	(72)	—	—
Administration expenses paid from plan assets	—	—	(1)	(1)
Re-measurements	(351)	157	217	(151)
Employer contributions	—	—	47	52
Benefits paid	151	140	(151)	(140)
Disposal of Food & Specialty	408	—	(123)	—
Exchange	(16)	71	18	(39)
At December 31,	**(2,349)**	**(2,503)**	**1,734**	**1,673**

The defined benefit obligations above include $182 million (2018: $403 million) of unfunded obligations. Employer contributions above include no contributions under schemes extinguished during the year (2018: $nil). The defined benefit obligations above also include a movement of $17 million relating to the disposed Food & Specialty Metal Packaging business which had a defined obligation of $285 million at October 31, 2019. The above movements include $3 million current service costs (2018: $4 million), $8 million of a past service credit (2018: $9 million), $4 million net interest expense (2018: $5 million), $38 million of remeasurement losses (2018: $3 million of remeasurement gains) and $14 million of benefits paid (2018: $20 million) relating to the Food & Specialty Metal Packaging business.

Interest income and interest cost above does not include interest cost of $3 million (2018: $4 million) relating to other employee benefit obligations. Current service costs above does not include current service costs of $7 million (2018: $6 million) relating to other employee benefit obligations.

During the year ended December 31, 2019, the Ardagh Group elected to re-design the pension plans in Metal Beverage Packaging Germany, moving from a current defined benefit scheme into a contribution orientated scheme. This resulted in the recognition of a past service credit of $17 million in the year within the income statement. During the year ended December 31, 2019, as part of the 2019 Collective Bargaining Agreement, Glass Packaging North America successfully concluded a process involving the hourly defined benefit pension plan, moving to a future service only plan. This resulted in the recognition of an exceptional gain of $37 million within the income statement for the year ended December 31, 2019. There was also an $8 million past service credit recognized in October 2019 in respect of the second step in the redesign of the pension scheme in Germany which is noted below.

During the year ended December 31, 2018, the Ardagh Group elected to re-design one of its pension schemes in Germany, moving from a defined benefit pension scheme to a contribution orientated system. This amendment resulted in the recognition of a past service credit of $12 million in the year within cost of sales. The past service credit was partly offset by a past service cost of $8 million following a high court judgment in the U.K. in October 2018 guaranteeing gender equality in U.K. pension schemes for accrued benefits ("GMP Equalization") and a further $1 million past service cost arising from amendments to the defined benefit pension scheme in Metal Beverage U.K. during the year. The GMP equalization past service cost has been recognized as exceptional within the income statement for the year ended December 31, 2018.

Plan assets comprise:

	At December 31,			
	2019 $'m	**2019 %**	**2018 $'m**	**2018 %**
Equities / multi strategy	1,107	65	1,039	62
Target return funds	267	15	267	16
Bonds	178	10	184	11
Cash/other	182	10	183	11
	1,734	**100**	**1,673**	**100**

The pension assets do not include any of the Company's ordinary shares, other securities or other Ardagh Group assets.

Investment strategy

The choice of investments takes account of the expected maturity of the future benefit payments. The plans invest in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The asset classes include national and international equities, fixed income government and non-government securities and real estate, as well as cash.

Characteristics and associated risks

Glass Packaging North America and Metal Beverage Packaging Americas each sponsor a defined benefit pension plan which is subject to Federal law ("ERISA"), reflecting regulations issued by the Internal Revenue Service ("IRS") and the Department of Labor.

The Glass Packaging North America plan covers both hourly and salaried employees. The plan benefits are determined using a formula which reflects an employee's years of service and either their final average salary or a dollar per month benefit level. The plan is governed by a Fiduciary Benefits Committee ("the Committee") which is appointed by the Company and contains only employees of Ardagh Group. The Committee is responsible for the investment of the plan's assets, which are held in a trust for the benefit of employees, retirees and their beneficiaries, and which can only be used to pay plan benefits and expenses.

The defined benefit pension plan is subject to IRS funding requirements, with actuaries calculating the minimum and maximum allowable contributions each year. The defined benefit pension plan currently has no cash contribution requirement due to the existence of a credit balance following a contribution of approximately $200 million made in 2014 in connection with the acquisition of Verallia North America. The Pension Benefit Guaranty Corporation ("PBGC") protects the pension benefits of employees and retirees when a plan sponsor becomes insolvent and can no longer meet its obligation. All plan sponsors pay annual PBGC premiums that have two components: a fixed rate based on participant count and a variable rate which is determined based on the amount by which the plan is underfunded.

The Metal Beverage Packaging Americas plan covers hourly employees only. Plan benefits are determined using a formula which reflects the employees' years of service and is based on a final average pay formula.

The Ardagh Group operates a number of defined benefit pension schemes in Germany. The pension plans in Germany operate under the framework of German Company Pension Law (BetrAVG) and general regulations based on German labor law. The entitlements of the plan members depend on years of service and final salary. Furthermore, the plans provide lifelong pensions. No separate assets are held in trust, i.e. the plans are unfunded defined benefit plans. During the years ended December 31, 2019 and 2018, the Ardagh Group elected to re-design two of its pension schemes in Germany, moving to contribution orientated schemes.

The U.K. pension plans are trust-based U.K. funded final salary defined benefit schemes providing pensions and lump sum benefits to members and dependents. There is one pension plan in place relating to Metal Beverage Packaging Europe. It is closed to new entrants and was closed to future accrual effective December 31, 2018. For this plan, pensions are

calculated based on service to retirement, with members' benefits based on final career earnings. The U.K. pension plans are each governed by a board of trustees, which includes members who are independent of the Company. The trustees are responsible for managing the operation, funding and investment strategy. The U.K. pension plans are subject to the U.K. regulatory framework, the requirements of the Pensions Regulator and are subject to a statutory funding objective.

There are two pension plans in place in Glass Packaging Europe. The pension plans relating to Glass Packaging Europe have been closed to future accrual from March 31, 2013 and September 30, 2015 respectively.

Assumptions and sensitivities

The principal pension assumptions used in the preparation of the financial statements take account of the different economic circumstances in the countries of operations and the different characteristics of the respective plans, including the duration of the obligations.

The ranges of the principal assumptions applied in estimating defined benefit obligations were:

	U.S.		Germany		UK	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Rates of inflation	2.50	2.50	1.50	1.50	2.90	3.15
Rates of increase in salaries	3.00	1.50 - 3.00	2.50	2.50	2.00	2.15
Discount rates	3.40	4.50	1.20 - 1.48	1.88 - 2.25	2.10 - 2.15	2.90 - 2.95

Assumptions regarding future mortality experience are based on actuarial advice in accordance with published statistics and experience.

These assumptions translate into the following average life expectancy in years for a pensioner retiring at age 65. The mortality assumptions for the countries with the most significant defined benefit plans are set out below:

	U.S.		Germany		UK	
	2019 Years	2018 Years	2019 Years	2018 Years	2019 Years	2018 Years
Life expectancy, current pensioners	21	22	22	22	21	20
Life expectancy, future pensioners	23	23	24	24	22	21

If the discount rate were to decrease by 50 basis points from management estimates, the carrying amount of the pension obligations would increase by an estimated $186 million (2018: $193 million). If the discount rate were to increase by 50 basis points, the carrying amount of the pension obligations would decrease by an estimated $166 million (2018: $173 million).

If the inflation rate were to decrease by 50 basis points from management estimates, the carrying amount of the pension obligations would decrease by an estimated $56 million (2018: $85 million). If the inflation rate were to increase by 50 basis points, the carrying amount of the pension obligations would increase by an estimated $63 million (2018: $94 million).

If the salary increase rate were to decrease by 50 basis points from management estimates, the carrying amount of the pension obligations would decrease by an estimated $61 million (2018: $90 million). If the salary increase rate were to increase by 50 basis points, the carrying amount of the pension obligations would increase by an estimated $69 million (2018: $99 million).

The impact of increasing the life expectancy by one year would result in an increase in the Ardagh Group's liability of $68 million at December 31, 2019 (2018: $66 million), holding all other assumptions constant.

The Ardagh Group's best estimate of contributions expected to be paid to defined benefit plans in 2020 is $30 million (2019: $21 million).

The principal defined benefit schemes are described briefly below:

	Metal Beverage Packaging			Glass Packaging		
Nature of the schemes	**Europe UK Funded**	**Europe Germany Unfunded**	**North America Funded**	**Europe UK Funded**	**Europe Germany Unfunded**	**North America Funded**
2019						
Active members	—	893	822	—	977	3,827
Deferred members	808	198	44	1,240	689	2,638
Pensioners including dependents	475	117	41	815	783	6,571
Weighted average duration (years)	19	21	20	21	17	12
2018						
Active members	467	939	825	—	1,027	4,193
Deferred members	478	161	23	1,240	747	2,589
Pensioners including dependents	385	70	19	815	775	6,455
Weighted average duration (years)	19	22	19	20	18	12

The expected total benefit payments over the next five years are:

	2020 $'m	2021 $'m	2022 $'m	2023 $'m	2024 $'m	Subsequent five years $'m
Benefits	101	100	102	104	106	550

The Ardagh Group also has defined contribution plans; the contribution expense associated with these plans for 2019 was $40 million (2018: $32 million). The Group's best estimate of the contributions expected to be paid to these plans in 2020 is $44 million (2019: $31 million).

Other employee benefits

	At December 31,	
	2019 $'m	**2018 $'m**
End of service employee benefits	2	25
Long term employee benefits	99	102
	101	**127**

End of service employee benefits principally comprise amounts due to be paid to employees leaving the Ardagh Group's service in Poland and Italy.

Long term employee benefit obligations comprise amounts due to be paid under post-retirement medical schemes in Glass Packaging North America and Metal Beverage Packaging Americas, partial retirement contracts in Germany and other obligations to pay benefits primarily related to long service awards.

21. Provisions

	At December 31,	
	2019	2018
	$'m	$'m
Current	54	88
Non-current	29	38
	83	**126**

	Restructuring $'m	Other provisions $'m	Total provisions $'m
At January 1, 2018	**25**	**89**	**114**
Provided	39	108	147
Released	(17)	(24)	(41)
Paid	(26)	(67)	(93)
Exchange	(1)	—	(1)
At December 31, 2018	**20**	**106**	**126**
Provided	16	91	107
Released	(1)	(18)	(19)
Paid	(21)	(89)	(110)
Disposal of Food & Specialty	(9)	(11)	(20)
Exchange	—	(1)	(1)
At December 31, 2019	**5**	**78**	**83**

The restructuring provision relates to redundancy and other restructuring costs. Other provisions relate to probable environmental claims, customer quality claims, onerous leases and specifically in Glass Packaging North America, workers' compensation provisions.

The provisions classified as current are expected to be paid in the next twelve months. The majority of the restructuring provision is expected to be paid in 2020. The remaining balance represents longer term provisions for which the timing of the related payments is subject to uncertainty.

22. Trade and other payables

	At December 31,	
	2019	2018
	$'m	$'m
Trade payables	1,166	1,517
Other payables and accruals	279	340
Other tax and social security payable	109	111
Payables and accruals for exceptional items	71	16
Related party payables	9	—
	1,634	**1,984**

The fair values of trade and other payables approximate the amounts shown above.

Other payables and accruals mainly comprise accruals for operating expenses, deferred income and value added tax payable.

23. Related party balances

At December 31, 2019, ARD Finance S.A. had related party loan receivable balances of $342 million (2018: $nil) with ARD Securities Finance SARL.

24. Cash generated from operating activities

	Year ended December 31,	
	2019	**2018**
	$'m	**$'m**
Loss from continuing operations	**(486)**	**(461)**
Income tax charge (Note 6)	44	18
Net finance expense (Note 5)	861	648
Depreciation and amortization (Notes 8, 9)	652	599
Exceptional operating items (Note 4)	53	311
Share of post-tax loss in equity accounted joint venture (Note 11)	49	—
Movement in working capital	105	(9)
Transaction-related, start-up and other exceptional costs paid	(87)	(92)
Exceptional restructuring paid	(12)	(23)
Cash generated from continuing operations	**1,179**	**991**

25. Business combinations and disposals

On October 31, 2019, the Ardagh Group completed the combination of Food & Specialty with the business of Exal to form Trivium. Consequently, Food & Specialty has been accounted for as a discontinued operation in the year ended December 31, 2019 and previous years have been represented accordingly below.

Results from discontinued operation

	Year ended December 31,	
	2019	**2018**
	$'m	**$'m**
Revenue	2,003	2,421
Expenses	(1,769)	(2,197)
Profit before tax	**234**	**224**
Income tax charge	(19)	(26)
Profit from discontinued operation after tax	**215**	**198**
Gain on disposal of discontinued operation, net of costs of disposal and tax	1,527	–
Profit from discontinued operation	**1,742**	**198**
Total comprehensive income from discontinued operation	1,741	163

The Ardagh Group recognized a significant gain on the transaction on closing, which is detailed below.

The cash consideration, which is subject to customary completion adjustments, and the net assets disposed in the transaction were as follows:

	Year ended December 31, 2019 $'m
Cash consideration	2,573
42% equity investment in Trivium	412
	2,985
Non-current assets	1,717
Current assets	805
Total assets	**2,522**
Non-current liabilities	542
Current liabilities	555
Total liabilities	**1,097**
Net assets disposed	**(1,425)**
Cumulative foreign currency translation adjustments	(27)
Gain on disposal of discontinued operation	**1,533**

The net cash flow relating to the disposal is summarized below:

	$'m
Cash consideration	2,573
Cash and cash equivalents disposed	(18)
Net proceeds from disposal *	**2,555**

* Please refer to the proceeds from disposal of discontinued operation, net of cash disposed of, as presented on the consolidated statement of cashflows.

26. Related party information

(i) Interests of Paul Coulson

As of April 22, 2020, the approval date of these financial statements, a company owned by Paul Coulson owns approximately 25% of the issued share capital of ARD Holdings S.A., the ultimate parent company of ARD Finance S.A.. Through its non-controlling interest in the Yeoman group of companies, this company has an interest in a further approximate 34% of the issued share capital of ARD Holdings S.A..

(ii) Yeoman Capital S.A.

At December 31, 2019, Yeoman Capital S.A. owned approximately 34% of the ordinary shares of ARD Holdings S.A..

(iii) Common directorships

Two of the ARD Finance S.A. directors (Paul Coulson and Hermanus Troskie) also serve as directors in the Yeoman group of companies. All of the existing directors of ARD Finance S.A. are members of the board of directors of ARD Holdings S.A..

(iv) Joint ventures

The Group's interests held in joint ventures are related parties and these are set out in further detail in Notes 10 and 11. Balances outstanding with Trivium are set out in Notes 14 and 22. Transactions with joint ventures were not material for any of the years presented.

(v) Key management compensation

Key management are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management is comprised of the members who served on the board of directors of Ardagh Group S.A. and the Ardagh Group's executive leadership team during the reporting period. The amount outstanding at year end was $5 million (2018: $1 million).

	Year ended December 31,	
	2019	**2018**
	$'m	**$'m**
Salaries and other short-term employee benefits	14	10
Post-employment benefits	—	1
	14	**11**
Other compensation	6	—
	20	**11**

(vi) Pension schemes

The Ardagh Group's pension schemes are related parties. For details of all transactions during the year, please see Note 20.

(vii) Related party balances

With the exception of the balances outlined in (i) to (vi) above and the balance in Note 23, there are no additional material balances outstanding with related parties at December 31, 2019.

(viii) Related party transactions

During the year ended December 31, 2019, the Company paid dividends of $106 million (2018: $nil) to ARD Securities Finance SARL, its parent company.

(ix) Toggle / PIK Notes

In November 2019, ARD Finance S.A. issued the Toggle Notes to, among other things, refinance certain toggle notes issued by it in September 2016 (the "September 2016 Toggle Notes") and certain PIK notes issued by ARD Securities Finance SARL in January 2018 ("January 2018 PIK Notes"). Certain directors of Ardagh Group S.A. that held September 2016 Toggle Notes and January 2018 PIK Notes prior to the refinancing acquired and hold Toggle Notes issued in the refinancing.

(x) Subsidiaries

The following table provides information relating to the Ardagh Group's principal operating subsidiaries, all of which are wholly owned, at December 31, 2019.

Company	Country of incorporation	Activity
Ardagh Metal Beverage Manufacturing Austria GmbH	Austria	Metal Beverage Packaging
Ardagh Metal Beverage Trading Austria GmbH	Austria	Metal Beverage Packaging
Latas Indústria de Embalagens de Alumínio do Brasil Ltda.	Brazil	Metal Beverage Packaging
Ardagh Indústria de Embalagens de Metálicas do Brasil Ltda.	Brazil	Metal Beverage Packaging
Ardagh Glass Holmegaard A/S	Denmark	Glass Packaging
Ardagh Metal Beverage Trading France SAS	France	Metal Beverage Packaging
Ardagh Metal Beverage France SAS	France	Metal Beverage Packaging
Ardagh Glass GmbH	Germany	Glass Packaging
Heye International GmbH	Germany	Glass Engineering
Ardagh Metal Beverage Trading Germany GmbH	Germany	Metal Beverage Packaging
Ardagh Metal Beverage Germany GmbH	Germany	Metal Beverage Packaging
Ardagh Glass Sales Limited	Ireland	Glass Packaging
Ardagh Packaging Holdings Limited	Ireland	Glass and Metal Beverage Packaging
Ardagh Glass Italy S.r.l.	Italy	Glass Packaging
Ardagh Glass Dongen B.V.	Netherlands	Glass Packaging
Ardagh Glass Moerdijk B.V.	Netherlands	Glass Packaging
Ardagh Metal Beverage Trading Netherlands B.V.	Netherlands	Metal Beverage Packaging
Ardagh Metal Beverage Netherlands B.V.	Netherlands	Metal Beverage Packaging
Ardagh Glass S.A.	Poland	Glass Packaging
Ardagh Metal Beverage Trading Poland Sp. z o.o	Poland	Metal Beverage Packaging
Ardagh Metal Beverage Poland Sp. z o.o	Poland	Metal Beverage Packaging
Ardagh Metal Beverage Trading Spain SL	Spain	Metal Beverage Packaging
Ardagh Metal Beverage Spain SL	Spain	Metal Beverage Packaging
Ardagh Glass Limmared AB	Sweden	Glass Packaging
Ardagh Metal Beverage Europe GmbH	Switzerland	Metal Beverage Packaging
Ardagh Glass Limited	United Kingdom	Glass Packaging
Ardagh Metal Beverage Trading UK Limited	United Kingdom	Metal Beverage Packaging
Ardagh Metal Beverage UK Limited	United Kingdom	Metal Beverage Packaging
Ardagh Glass Inc.	United States	Glass Packaging
Ardagh Metal Beverage USA Inc.	United States	Metal Beverage Packaging

27. Contingencies

Environmental issues

The Ardagh Group is regulated under various national and local environmental, occupational health and safety and other governmental laws and regulations relating to:

- the operation of installations for manufacturing of metal packaging and surface treatment using solvents;
- the operation of installations for manufacturing of container glass;
- the generation, storage, handling, use and transportation of hazardous materials;
- the emission of substances and physical agents into the environment;
- the discharge of waste water and disposal of waste;
- the remediation of contamination;
- the design, characteristics, collection and recycling of its packaging products; and
- the manufacturing, sale and servicing of machinery and equipment for the container glass and metal packaging industry.

The Ardagh Group believes, based on current information that it is in substantial compliance with applicable environmental laws and regulations and permit requirements. It does not believe it will be required, under existing or anticipated future environmental laws and regulations, to expend amounts, over and above the amounts accrued, which will have a material effect on its business, financial condition or results of operations or cash flows. In addition, no material proceedings against the Ardagh Group arising under environmental laws are pending.

Legal matters

In 2015, the German competition authority (the Federal Cartel Office) initiated an investigation of the practices in Germany of metal packaging manufacturers, including the Food & Specialty Metal Packaging business of the Ardagh Group which was sold to Trivium. In 2018, the European Commission took over this investigation and the German investigation is, as a result, at an end. Ardagh Group S.A has agreed to provide an indemnity in respect of certain losses that Trivium might incur in connection with this investigation. The European Commission's investigation is ongoing, and there is, at this stage no certainty as to the extent of any charge which may arise. Accordingly, no provision has been recognized.

On April 21, 2017, a jury in the United States awarded $50 million in damages against the Ardagh Group's U.S. glass packaging business, formerly Verallia North America ("VNA"), in respect of one of two asserted patents alleged to have been infringed by VNA. On March 8, 2018, the trial judge confirmed the jury verdict. On July 12, 2019, the US Court of Appeals for the Federal Circuit affirmed the District Court's decision of March 2018. The case was filed before Ardagh acquired VNA and customary indemnifications are in place between Ardagh and the seller of VNA. Arbitration proceedings are ongoing to enforce the indemnity. On October 8, 2019, Ardagh paid the court award and related interests to the plaintiffs. The results for the year ended December 31, 2019 include the receivable for the tax adjusted indemnity.

With the exception of the above legal matters, the Group is involved in certain other legal proceedings arising in the normal course of its business. The Group believes that none of these proceedings, either individually or in aggregate, are expected to have a material adverse effect on its business, financial condition, results of operations or cash flows.

28. Other information

COVID-19

The outbreak of COVID-19 and measures to prevent its spread, including restrictions on travel, imposition of quarantines and prolonged closures of workplaces and other businesses, including hospitality, leisure and entertainment outlets, and the related cancellation of events, may impact Ardagh Group's business in a number of ways. This is expected to include an adverse effect from reduced global economic activity and resulting demand for Ardagh Group's customers' products and, therefore, the products that Ardagh Group manufactures. It may also adversely affect the Ardagh Group's ability to operate its business, including potential disruptions to its supply chain and workforce. The COVID-19 impact on capital markets could also impact the Ardagh Group's and our cost of borrowing.

We expect the ultimate significance of the impact of these disruptions, including the extent of their adverse impact on our financial results and the Ardagh Group's operational results, will be determined by the length of time that such disruptions continue which will, in turn, depend on the duration of the COVID-19 pandemic and the impact of governmental regulations that might be imposed in response to the pandemic.

Covid 19 is a non adjusting post balance sheet event at December 31, 2019. Management will consider any potential implications for the carrying value of assets in accordance with the relevant accounting standards in future periods. The Ardagh Group's response to the outbreak of COVID-19 across its business operations can be summarized as follows:

Business Continuity

The Ardagh Group is a leading supplier of consumer packaging solutions, comprising metal beverage cans and glass containers, primarily for the beverage and food end markets in Europe, North America and Brazil. In the markets it operates in, the Ardagh Group is an essential provider of packaging to the beverage and food supply chain. The Ardagh Group's people are deemed "Essential Critical Infrastructure Workers" under the guidance of the U.S. Department of Homeland Security, as are its customers. Where other governments have issued guidance, the Ardagh Group has received equivalent designations in all other countries where it operates. As a result, all of the Ardagh Group's global operations are permitted to continue to operate and did so continuously through the quarter. The Ardagh Group will continue to manage its capacity in response to the evolution of demand.

Employee health and safety

The health and safety of the Ardagh Group's 16,000 employees and their families and communities, as well as its contractors, suppliers and customers has been its highest priority since the outbreak of the crisis. The Ardagh Group established a Group-wide task force to ensure an effective and consistent response across its business. Regular updates have been issued and a dedicated intranet site established to facilitate effective communication of recommendations, policies and procedures. Communication with all stakeholders has been a core element in its response.

Measures continue to evolve in line with best practice and with recommendations by national health authorities and the World Health Organization. Initiatives introduced to date have included: enhanced hygiene procedures in all locations, including increased cleaning in its production facilities; increased investment in personal protective equipment; adapting work practices and routines to ensure social distancing; establishing procedures for self-isolation; travel advisories including restrictions on all non-essential travel, prior to broader restrictions on any travel; restrictions on visitors to our production facilities or by its employees to external facilities; actively encouraging and ultimately requiring remote working for non-operational personnel, and enhancing our IT capability to facilitate increased remote working.

Available liquidity

The Group's long-term liquidity needs primarily relate to the service of our debt obligations. We expect to satisfy our future long-term liquidity needs through a combination of cash flow generated from the Ardagh Group operations and, where appropriate, to refinance our debt obligations in advance of their respective maturity dates as we have successfully done in the past.

The Ardagh Group generates substantial cash flow from its operations. As a precautionary measure in response to the increased macroeconomic uncertainty related to COVID-19, the Ardagh Group decided to increase its cash on hand and total available liquidity, by drawing on its Global Asset Based Loan facility and by entering a new $300 million Credit Facility during March 2020. The Ardagh Group had $962 million in cash and cash equivalents and restricted cash as of March 31, 2020, as well as available but undrawn liquidity of $128 million under its credit facilities.

Ardagh Group's cash and cash equivalents was increased further during April 2020 as a result of the issuance of a combined $700 million of Senior Secured Notes due 2025 comprised of 1) $500 million 5.250% Senior Secured Notes due 2025, of which $300 million has been used to repay in full the $300 million term loan credit facility plus accrued interest, and 2) $200 million add-on 5.250% Senior Secured Notes due 2025.

Customer credit risk

Ardagh Group policy is to extend credit to customers of good credit standing. Credit risk is managed on an on-going basis, by experienced people within the Ardagh Group. The Ardagh Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilization of credit limits is regularly monitored.

Ardagh Group management does not expect any significant counterparty to fail to meet its obligations and there is no recent history of default with customers. Significant balances are assessed for evidence of increased credit risk. Examples of factors considered are high probability of bankruptcy, breaches of contract or major concession being sought by the customer. Instances of significant single customer related bad debts are rare and there is no significant concentration of risk associated with particular customers. The Ardagh Group monitors actual historical credit losses and adjusts for forward-looking information to measure the level of expected losses. Adverse changes in the payment status of customers of the Group, or national or local economic conditions that correlate with defaults on receivables owing to the Group, may also provide a basis for an increase in the level of provision above historic loss experience.

Further relevant information

Further relevant information is contained within these consolidated finance statements as follows:

- Note 3: Critical accounting estimates, assumptions and judgments – Going Concern
- Note 19: Financial assets and liabilities - Maturity profile of the Group's borrowings.
- Note 29: Events after the reporting period

29. Events after the reporting period

On February 19, 2020, Yves Elsen was appointed to the board of directors.

On March 20, 2020, the Ardagh Group entered into a new term loan facility for $300 million, which was drawn in full on March 23, 2020.

On April 6, 2020, the Board approved an interim dividend of $15.7 million payable to ARD Securities Finance SARL which was paid on the same date.

On April 6, 2020, the Company made a special equity reserve contribution of $29.4 million to its subsidiary ARD Group Finance Holding S.A.

On April 7, 2020, the Ardagh Group issued $500 million 5.250% Senior Secured Notes due 2025. Net proceeds from the issuance of the Notes were used to redeem in full the $300 million term loan credit facility on April 8, 2020 and for general corporate purposes.

On April 8, 2020, the Ardagh Group issued $200 million add-on 5.250% Senior Secured Notes due 2025. Proceeds from the issuance of the Notes will be used for general corporate purposes.