18 February 2019

GOOD PROGRESS IN 2018.
MOMENTUM UNDER RB2.0 TO CONTINUE.

Results at a glance (unaudited)	Q4 £m	% change actual exchange	% change constant exchange	FY £m	% change actual exchange	% change constant exchange
Continuing operations						
Net Revenue	**3,339**	+2%	+4%	**12,597**	+10%	+15%
- Pro-forma growth[1]						*+3%*
- Like-for-like growth[1]			*+4%*			*+3%*
Operating profit – reported				**3,047**	+11%	+16%
Operating profit – adjusted[1]				**3,358**	+8%	+12%
Net income[2] – reported				**2,166**	-36%	-33%
Net income[2] – adjusted[1]				**2,410**	+7%	+11%
EPS (diluted) – reported				**305.5**	-36%	
EPS (diluted) – adjusted[1]				**339.9**	+7%	
Total operations (including discontinued operations)						
Net income[2] – reported				**2,161**	-65%	-63%
Net income[2] – adjusted[1]				**2,410**	+4%	+9%
EPS (diluted) – reported				**304.8**	-65%	
EPS (diluted) – adjusted[1]				**339.9**	+5%	

[1] Non-GAAP measures are defined on page 2 and 3
[2] Net income attributable to the owners of the parent

Highlights

- **Pro-forma and LFL growth in 2018 of +3%.** +2% from volume and +1% from price / mix on a pro-forma basis. Growth was broad-based and innovation-led across both Business Units (BUs). Strong progress in e-commerce channels, contributing to 9% of the Health BU's net revenue.
- **Balanced LFL growth in Q4 of +4%.** In both Health and Hygiene Home, LFL growth was +4% – reflecting further progress in Health, and continued strong momentum in Hygiene Home.
- The **RB2.0** operating structure is delivering and work to create two structurally independent business units remains on track for mid-2020.
- **Accelerated delivery of MJN synergies.** In-year synergies of £158m ($211m) delivered. We remain on track to achieve our increased synergy target of $300m.
- **Adjusted operating margin was 26.7%.** +20bps on a pro-forma basis and a decline of -60bps on a reported basis.
- **Adjusted diluted EPS** was 339.9p, benefitting by 10p from the resolution of various tax matters.
- **The Board recommends a final dividend of 100.2p** per share (2017: 97.7p), an increase of +3%. Total dividend for 2018 of 170.7p (2017: 164.3p), an increase of +4%.
- **Free cash flow generation of £2,029m (2017: £2,129m**), reflecting strong cash conversion.
- **2019 LFL net revenue growth targeted at +3-4%.** Adjusted operating margin expected to be maintained in 2019.

Commenting on these results, Rakesh Kapoor, Chief Executive Officer, said:

"2018 was a year of good financial progress, achieved in an environment of both significant change within the company, and challenging market conditions. We delivered the upper end of our 2018 revenue growth target, and accelerated the delivery of MJN cost synergies versus our ingoing expectations.

2018 was also a year of significant strategic progress. RB2.0 represents a platform to transform RB for growth and outperformance. In 2018 we fully integrated MJN to create RB Health. And at the same time we created RB Hygiene Home, which has reignited growth with a more focussed and agile organisation.

As we look to the future, we are well positioned for long term, sustainable growth, from the excellent portfolio of brands within each of our more focussed and agile Business Units.

For 2019 we expect momentum to continue, and target +3-4% LFL net revenue growth. We expect to maintain the adjusted operating margin as we generate our usual RB cost and efficiency savings, and deploy them into building two even stronger businesses."

Chris Sinclair, Chairman, said:

"RB has been on a well-established journey with a focussed, strategic evolution from a household cleaning company to a world leader in consumer health. Our most recent acquisition, MJN, has been a catalyst for RB2.0 – the creation of two end-to-end accountable Business Units. RB2.0 provides a platform for future growth and outperformance in each Business Unit. We remain committed to executing on this important project and will continue to evaluate opportunities to maximise shareholder value from RB2.0.

We are also under way in the search for a successor to Rakesh, whether internal or external, who will be a fit with the distinctive culture of RB and consistent with execution of RB2.0."

Basis of Presentation and Non-GAAP measures

Throughout the report, certain measures are used to describe RB's financial performance which are not defined by IFRS.

Adjusted Measures

The Executive Committee of the Group assesses the performance based on Net Revenue and certain Adjusted measures which exclude the effect of Adjusting items.

As described in Note 3, Adjusting items are significant items included in operating profit, net finance expense or income tax expense, which are relevant to an understanding of the underlying performance of the business. These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances. Management believes that the use of adjusted measures provides additional useful information about underlying trends.

The table below reconciles the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2018. Descriptions of the adjusting items are included in Note 3.

Year ended 31 December 2018	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclass £m	Adjusted £m
Operating Profit	3,047	233	78	-	3,358
Net finance expense	(325)	-	-	29	(296)
Profit before income tax	2,722	233	78	29	3,062
Income tax expense	(536)	(50)	(17)	(29)	(632)
Net income for the year from continuing operations	2,186	183	61	-	2,430
Less: Attributable to non-controlling interests	(20)	-	-	-	(20)
Continuing net income attributable to owners of the parent	2,166	183	61	-	2,410
Net loss for the year from discontinued operations	(5)	5	-	-	-
Total net income attributable to owners of the parent	2,161	188	61	-	2,410

Adjusted Net Income is used in the calculation of Adjusted EPS. Adjusted EPS is defined as Adjusted Net Income attributable to owners of the parent divided by the weighted average number of ordinary shares. A reconciliation is included in Note 5.

The adjusted tax rate is defined as the Adjusted continuing income tax expense as a percentage of Adjusted profit before tax.

Other non-GAAP measures and terms

Like-for-Like ("LFL") growth excludes the impact on Net Revenue of changes in exchange rates, acquisitions, disposals and discontinued operations. MJN was acquired on 15 June 2017 and therefore the results of IFCN are included within RB's LFL results from 15 June 2018. LFL growth also excludes Venezuela. A reconciliation of LFL to reported Net Revenue growth by operating segment is shown on page 6.

Pro-forma growth excludes the impact on Net Revenue of changes in exchange rates, acquisitions, disposals and discontinued operations. It includes the results of MJN for the entire comparative period. Pro-forma growth also excludes Venezuela.

Constant exchange rate adjusts the actual consolidated results such that the foreign currency conversion uses the same exchange rates as were applied in the prior year.

Free Cash Flow, the Group's principal measure of cash flow, is defined as net cash generated from operating activities (excluding discontinued operations) less net capital expenditure. Free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt or to fund acquisitions or other strategic objectives. A reconciliation of cash generated from operations to Free Cash Flow is shown on page 13.

Brand Equity Investment ("BEI") is the marketing support designed to capture the voice, mind and heart of our consumers.

Continuing operations includes MJN since its acquisition on 15 June 2017 and excludes RB Food and any charges related to the previously demerged RB Pharmaceuticals business that became Indivior. Net income from discontinued operations is presented as a single line item in the Group Income Statement.

Return on capital employed (ROCE) is defined as Adjusted Operating Profit after tax divided by monthly average capital employed. The Group has updated its definition and measurement of capital employed for 2018 and restated comparatives to be on a consistent basis. Capital employed comprises total assets less current liabilities other than borrowings-related liabilities. Total assets exclude cash, retirement benefit surplus, current tax and a technical gross-up to goodwill that arises because of deferred tax liabilities recorded against identified assets acquired in business combinations. Current liabilities exclude legal provisions recorded as a result of exceptional items and current tax.

Detailed Operating Review: Total Group

Full Year 2018

Total full year ("FY") Net Revenue was £12,597m, with growth of +3% on both a pro-forma and LFL basis. Growth was balanced with relatively equal contributions from volume and price mix. The impact of consolidating our MJN business for a full 12 months in 2018 (versus 6.5 months in 2017) added +12% to growth. Total growth, at constant rates was therefore +15%, and at the upper end of our target of +14-15%. The majority of our revenue and profits are generated outside of the UK, and the translation impact of consolidating local business into our reporting currency, Sterling, resulted in a -5% reduction due to a stronger Sterling against the weighted average of currencies we operate in. Total growth at actual rates and including the impact of M&A was therefore +10% for the year.

Our Health Business Unit (BU) grew by +3% on a pro-forma basis and +2% LFL. Within the BU we saw improving trends across all of our segments. IFCN grew +3% on a pro-forma basis (2017: -1%) behind a combination of strong in-year market growth in Greater China, successful innovation and growth in new channels, despite the temporary supply disruption in Q3. OTC grew by +5% LFL with strong, broad-based growth across our key brands, offset by weakness in Mucinex due to the re-entry of private label variants during the year and lower than average incidence of cold and 'flu in Q4. In the rest of Health (our wellness, VMS and hygiene brands), VMS brands saw strong growth across both North America and China; good growth in Durex and Dettol offset by weakness in Scholl, particularly in H1.

Our Hygiene Home BU saw significant improvement in 2018 with +4% LFL growth. This was due to a combination of innovation-led success and improved in-market execution. Growth was broad-based across our brands, led by growth in Harpic and Lysol, and strong performances also from Finish, Air Wick and Vanish.

On a geographical basis, Developing Markets contributed strong, high single-digit LFL growth across our base Health and Hygiene Home BUs. North America had a strong year of mid-single digit LFL growth as pricing improved in H2. Europe remains tough, a region where the pricing environment in particular is challenging.

The acquisition of MJN and the timing of its consolidation means there is some variation between reported and pro-forma results between gross and operating margin in 2018. In order to better understand these differences we have provided the following table and commentary:

(bps impact on Adjusted operating margin)	**% of Net Revenue**	**Pro-forma basis[1]**	**Reported basis[2]**
Gross Margin	60.6%	(70bps)	(40bps)
Brand Equity Investment (BEI)	13.8%	80bps	10bps
Other costs	20.1%	10bps	(30bps)
Operating Margin (adjusted)	26.7%	20bps	(60bps)

[1] Pro-forma basis includes MJN for the entire comparative period. It is presented on an adjusted basis above.
[2] Reported basis includes MJN in the comparative period from the date of acquisition. It is presented on an adjusted basis above.

Gross Margin was 60.6%, a decline of -40bps on a reported basis and -70bps on a pro-forma basis. The consolidation of MJN had a slightly positive mix effect. The margin decline was driven by the combination of input cost headwinds (which we expect to continue in the near term), and a tough, though improving, pricing environment. We also increased operating and capital expenditure slightly on capacity in a number of areas, to meet the needs of our customers. Gross margin was also negatively impacted by the temporary manufacturing disruption in our IFCN business including more expensive logistics costs as we sought to restock channels as quickly as possible in China.

Investment behind our brands (as defined by our BEI metric), was 13.8% of Net Revenue, an 80bps reduction on a pro-forma basis and 10bps reduction on a reported basis. We realised significant synergies in media planning and buying following the MJN acquisition.

Our fixed cost base was relatively stable in total, but with areas of increase broadly offset by reductions, reflecting the dynamic nature of the market and the company. Costs increased as a result of RB2.0, and increases in spend in many "digital" areas, but reduced with cost synergies associated with the MJN acquisition and RB's usual efficiency programmes.

MJN cost synergies in 2018 were £158m ($211m) and a cumulative total of £178m ($236m) to the end of 2018, as we make significant and accelerated progress towards our total synergy target of $300m. In 2019 we expect the remaining synergies from the MJN acquisition to be broadly offset by a small year-on-year increase in operating costs associated with the RB2.0 infrastructure, as the new organisation structure was not fully staffed for the entirety of 2018.

Operating profit as reported was £3,047m, +11% versus FY 2017 (+16% constant), reflecting the impact of consolidating profits generated by our IFCN business for the full 12 months in 2018 (versus six and a half months in 2017), a relatively stable adjusted operating margin, and a reduction in adjusting items. Operating profit adjusting items were a pre-tax charge of £311m (2017: £385m). These items relate principally to the acquisition of MJN and the creation of RB2.0. Further details of adjusting items are set out in Note 3. On an adjusted basis, operating profit was ahead +8% (+12% constant) to £3,358m. The Adjusted Operating Margin for the Group declined -60bps to 26.7% on a reported basis, and +20bps on a pro-forma basis driven by declining gross margin from input costs, offset by efficiencies in BEI.

Net finance expense was £325m (2017: £238m) reflecting an approximate cost of 3% on net debt of around £10bn. This debt was incurred to finance the acquisition of MJN in mid-2017.

The adjusted tax rate was 21%, approximately 200bps lower than our guidance of 23%. Our tax charge in 2018 benefitted from the settlement of a number of tax issues during the year. We continue to expect our ongoing adjusted tax rate to be in the region of 23%. £29m of interest expenses arising on income tax balances was included within net finance expenses following the IFRIC 23 statement in 2017. We have included this within adjusted income tax and the adjusted tax rate.

Continuing net income attributable to owners of the parent as reported was £2,166m, a decrease of -36% (-33% constant) versus 2017, which benefited from a large non-cash tax release following tax reform in the US. On an adjusted basis, net income was £2,410m, +7% (+11% constant). Diluted earnings per share from continuing operations of 305.5 pence was -36% on a reported basis; on an adjusted basis, the growth was +7% to 339.9 pence.

Total reported net income attributable to owners of the parent was £2,161m, a decrease of -65% (-63% constant) versus 2017. The decline was due to exceptional items in 2017 in relation to the profit on sale of the RB Food business of £3,024m, a tax credit relating to the effect of US Tax Reform of £1,421m, and a charge of £296m in respect of ongoing investigations by the US Department of Justice ("DoJ"). On an adjusted basis, total net income was £2,410m, +4% (+9% constant) versus 2017.

Fourth Quarter 2018

Q4 Net Revenue was £3,339m, an increase of +4% on a LFL basis and +2% on an actual basis, reflecting negative translational FX due to the relative strength of Sterling versus a number of emerging market currencies. There was no impact of net M&A in the quarter.

Health delivered another quarter of progress with LFL growth of +4%. Within Health, IFCN grew by +5% LFL with strong growth in the US, driven by innovation success in both our Enfamil and Nutramigen brands, offset by a slow quarter in China. In China we experienced disrupted on-shelf availability, and some consequent loss in consumer demand from the temporary supply disruption in Q3. Plans are in place to improve our supply chain capacity, to regain lost consumer demand, and return to our targeted growth trajectory in the second half of 2019. Our OTC brands continue to perform well with +2% growth in the quarter, despite a decline in the incidence of cold and 'flu and share loss in Mucinex due to the re-entry of private label variants. The combination of higher stock levels of our OTC brands at retailers due to lower incidence of cold and 'flu in December, combined with continued low incidence in January 2019, will impact our OTC performance in Q1 2019. Our wellness, hygiene and VMS brands saw another quarter of progress, albeit still below category growth rates.

Hygiene Home delivered a fourth consecutive quarter of +4% LFL growth, a strong performance relative to market growth, which is currently in line with our medium term expectations of +2-3%. Growth in the quarter was broad-based across both our hygiene and home brand portfolio with strong performances from Harpic, Lysol, Air Wick and Vanish.

On a geographic basis, DvM had a strong quarter in both BUs, delivering +7% LFL growth in Health and 11% LFL in Hygiene Home. China (ex IFCN) had a strong performance across its key brands of Durex, Move Free and Dettol. India delivered double digit growth across both BUs as did Brazil. North America also saw strong, mid-single digit growth in the quarter, across both BUs, driven by IFCN, VMS brands, Lysol and Air Wick. Europe continues to see weakness with both BUs in decline. In Health, a weak start to the 'flu season impacted sales of Strepsils and other local seasonal brands. In Hygiene Home pricing remains challenging.

FY 2018 Business Review

Summary: % Net Revenue growth (continuing)

The table below summarises pro-forma and LFL growth by segment, including breaking out IFCN and Rest of Health, and reconciles each to the reported growth rate, showing the impact of GST, Net M&A and the impact of translational foreign exchange. Because of the timing of the MJN acquisition in June 2017, certain growth rates for IFCN are marked as not meaningful ("n/m"). All measures are from continuing operations.

% growth	**Q4**			**FY**					
	LFL	**FX**	**Reported**	**Pro-forma[1]**	**LFL**	**GST[2]**	**Net M&A[3]**	**FX**	**Reported**
IFCN	*+5*	*-1*	*+4*	*+3*	*-*	*-*	*n/m*	*n/m*	*n/m*
Rest of Health	*+3*	*-2*	*+1*	*+3*	*+3*	*-*	*-*	*-4*	*-2*
Health	**+4**	**-1**	**+2**	**+3**	**+2**	**-**	**+21**	**-4**	**+18**
Hygiene Home	**+4**	**-3**	**+1**	**+4**	**+4**	**-**	**-**	**-5**	**-1**
Group	**+4**	**-2**	**+2**	**+3**	**+3**	**-**	**+12**	**-5**	**+10**

[1]Pro-forma growth as defined on page 3
[2]Impact of the Goods and Service Tax ("GST") implemented by the Indian Government from 1 July 2017.
[3]Reflects the impact of acquisitions and disposals within continuing operations.

Note: due to rounding, this table will not always cast.

Review by Operating Segment

Quarter ended 31 December 2018 £m	2017[1] (restated) £m	% change exch. rates actual	% change exch. rates const.		Year ended 31 December 2018 £m	2017[1] (restated) £m	% change exch. rates actual	% change exch. rates const.
				Total Net Revenue				
739	*709*	*+4*	*+5*	*IFCN*	***2,839***	*1,555*	*n/m*	*n/m*
1,329	*1,311*	*+1*	*+3*	*Rest of Health*	***4,923***	*5,007*	*-2*	*+2*
2,068	2,020	+2	+4	Health	**7,762**	6,562	+18	+23
1,271	1,256	+1	+4	Hygiene Home	**4,835**	4,887	-1	+4
3,339	3,276	+2	+4	**Total**	**12,597**	11,449	+10	+15

	2018 £m	2017[1] (restated) £m	% change actual	% change const.
Operating profit				
Health	**2,207**	1,949	+13	+17
Hygiene Home	**1,151**	1,173	-2	+2
Operating profit – adjusted[2]	**3,358**	3,122	+8	+12
Adjusting items	**(311)**	(385)		
Total Operating profit	**3,047**	2,737	+11	+16

Operating margin – adjusted[2]	**%**	%	
Health	**28.4**	29.7	*-130bps*
Hygiene Home	**23.8**	24.0	*-20bps*
Total	**26.7**	27.3	*-60bps*

[1] Restated for the adoption of IFRS 15 (Note 1).
[2] Adjusted to exclude the impact of adjusting items.

Health 62% of Net Revenue

% growth	Q4			FY					
	LFL	FX	Reported	Pro-forma	LFL	GST	Net M&A	FX	Reported
North America	+5	+1	+6	+4	+4	-	+26	-4	+26
Europe / ANZ	-3	-2	-5	-3	-3	-	+2	-2	-3
DvM	+7	-3	+5	+5	+4	-1	+32	-6	+29
Total Health	**+4**	**-1**	**+2**	**+3**	**+2**	**-**	**+21**	**-4**	**+18**

North America comprises United States and Canada.
Europe / ANZ comprises Europe, Russia / CIS, Turkey, Israel, Australia and New Zealand.
DvM comprises all remaining countries in the Group.

Note: due to rounding, this table will not always cast.

% growth	Q4 LFL	FY 2018 Pro-forma	FY 2017 Pro-forma	FY 2018 Net Revenue £m	Main brands
IFCN	+5	+3	-1	2,839	Enfamil, Nutramigen
OTC	+2	+5	+4	2,016	Gaviscon, Nurofen, Strepsils, Mucinex
Other	+4	+1	-1	2,907	Durex, Scholl, VMS brands, Dettol, Veet
Total Health	**+4**	**+3**	**-**	**7,762**	

- FY 2018 total Net Revenue was £7,762m, with pro-forma growth of +3% and LFL growth of +2%. Pro-forma growth comprised +1% volume and +2% price/mix, with IFCN volumes negatively impacted in H2 from the temporary manufacturing disruption communicated in our Q3 trading update.
- Q4 total Net Revenue was £2,068m, with LFL growth of +4% (1% volume, 3% price/mix).
- Category growth is within our medium-term expectations of +3-5%.
- From a channel perspective, we continue to make strong progress in e-commerce as we meet consumers' changing shopping habits. E-commerce now contributes 9% of total Health net revenue, led by IFCN, VMS and our Sexual Wellbeing brands.
- Adjusted operating profit was £2,207m, a 28.4% margin and -130bps (reported) versus the prior year. This was due to -160bps arithmetic impact of consolidating the MJN business into the Health BU. On a pro-forma basis the operating margin increased by +30bps due to MJN synergies, offset by additional BU infrastructure costs.

IFCN

- We have now owned the MJN business for 18 months, delivering a strong turnaround in the business with +3% pro-forma growth over this period of ownership under RB. This compares to 2 years of net revenue decline previously. Our actions include significant focus on innovation such as Enfamil NeuroPro, and on e-commerce and specialist channels in China and the US as well as operational improvements.
- We have also delivered our planned synergies at an accelerated rate versus our ingoing expectations, whilst continuing to invest in enhancing and improving supply chain capacity and capabilities. There is more to be done in 2019.
- The market in China continues to see good growth behind both volume and premiumisation, albeit at slowing trends as the recent decline in birth rates caused both stages 1 and 2 segments to be in volume decline. Revenue in our IFCN business in China was flat in Q4 due principally to constrained capacity. We also saw some loss in demand following on-shelf availability shortages, and we were able to achieve

only modest re-stocking of channels following our temporary manufacturing disruption in Q3. We expect Q1 and Q2 2019 to see some weakness as these factors remain relevant.

- Our North American business had a strong year following the successful launch of Enfamil NeuroPro during the year in the mainstream IFCN segment, and strong growth in the specialist allergy segment which is both a faster growing segment, and one where our key brand Nutramigen is gaining market share behind innovation in both our Enfamil and Nutramigen brands, and improved execution.
- Other IFCN markets were mixed, but saw good Q4 growth in Latin America and ASEAN, where we are lapping a weak comparator.

OTC

- Our OTC brands delivered strong growth and outperformance in 2018 of +5% LFL, compared to market growth, which was at the lower end of our long term expectations. This result was delivered, despite a small decline in Mucinex sales for the year as it experienced both the re-entry of private label variants during the year, and lower incidence of cold & 'flu during Q4.
- Gaviscon, Nurofen and Strepsils all delivered mid-single digit growth behind a combination of recent innovations – Nurofen 24 hour patch, Nurofen for Children soft chews and meltlets, Strepsils Flurbiprofen sprays and strong base products – Nurofen Express liquid caps, and Gaviscon Advance and Double Action formats.
- Mucinex continued to build on its strong equity as the market leading brand in the US. This was led by innovation, with the launch of our new Fast Max "all in one" cold and flu product, and targeted advertising across both digital and TV mediums. Mucinex did however cede some market share during the year due to the re-entry of private label variants in the 12 hour cough and congestion segment. We expect this share loss to continue to impact the brand into 2019 as private label gains distribution.
- Local brands performed well, with good growth from Lemsip (cold & 'flu UK), Luftal (GI Brazil), Moov (analgesics India) and Tempra (analgesics Mexico).
- Q4 saw a slowdown to +2% LFL behind lower incidence of cold and 'flu across the US and many parts of Europe. We continue to see materially lower incidence of cold and 'flu into the start of 2019.

Other Health (wellness / hygiene / VMS)

- Our Other Health segment grew by +1% in 2018. We saw improving trends throughout the year with +4% growth in Q4 as we seek to return to growth and outperformance.
- There have been some notable successes in the year, as our more focussed and agile operating structure (RB2.0) starts to deliver results. In particular our branded VMS business delivered double digit growth across the US and China. In China our VMS brands have been launched exclusively in e-commerce channels and Move Free is now one of the market leaders in joint care.
- Durex had a strong year in Developing Markets, but was slow in Europe as we saw some pharmacy destocking across the Russian pharmacy channel throughout the year. We have increased our focus on consumer education with the launch of our Durex "RED" campaign, targeting a reduction in sexually transmitted diseases. Dettol saw strong growth in India and improving but still weak macro conditions in the Middle East.
- Scholl was a significant drag in the year, particularly in H1 as we faced high comparative gadget sales. The brand was also weak in H2 but to a lesser extent. Our improvement plan is multi-faceted, involving innovation across all of our footcare sub-segments, and better on-pack identity and claims to enable easier consumer navigation on shelf.

Hygiene Home 38% of Net Revenue

% growth	Q4			FY			
	LFL	FX	Reported	LFL	GST	FX	Reported
North America	+6	+3	+9	+6	-	-4	+3
Europe / ANZ	-2	-2	-4	-	-	-2	-2
DvM	+11	-10	+1	+9	-1	-11	-4
Total HyHo	**+4**	**-3**	**+1**	**+4**	**-**	**-5**	**-1**

North America comprises United States and Canada.
Europe / ANZ comprises Europe, Russia / CIS, Turkey, Israel, Australia and New Zealand.
DvM comprises all remaining countries in the Group.

Note: due to rounding, this table will not always cast.

- FY18 total Net Revenue was £4,835m, with LFL growth of +4%. Growth comprised +3% volume and +1% price/mix, with the pricing environment having been particularly challenging in H1.
- Q4 total Net Revenue was £1,271m, with LFL growth of +4% (+1% volume, +3% price/mix).
- Currently market growth is in line with our medium term expectations of +2-3%. Our growth was broad-based across all our leading brands – delivering growth in both developed and emerging market areas.
- North America delivered an excellent performance in both Q4 and for the full year at +6% LFL. Lysol had a very strong year, due to a combination of a seasonal benefit in Q1, success of our new daily cleanser and cleansing wipes, and improved distribution. Finish, Air Wick and Vanish all delivered good growth behind both innovation (Finish Quantum Ultimate Clean & Shine and Air Wick Essential Mist) and improved in-store execution under our new RB2.0 infrastructure.
- In Europe/ANZ, Hygiene Home had a flat year with a weak Q4 of -2% LFL decline. Market conditions remain challenging with an ongoing tough pricing environment.
- Our Hygiene Home business is relatively underpenetrated in DvM and represents around a quarter of the total BU. Our performance has been strong with +9% LFL growth in 2018, including an excellent Q4 at +11% LFL growth.
- DvM growth was broad-based across geographies and brands. On a geographic basis, our larger markets of India and Brazil delivered strong growth. In Brazil we saw good performances from our major brands of SBP (pest), Veja (surface care) and Vanish, as well as our less penetrated brands of Finish and Harpic. In India, Harpic delivered a strong performance behind both innovation (our Swachh Bharat (clean India) pack) and social awareness programmes aimed at changing behaviours towards open defecation.
- From a channel perspective, e-commerce remains less significant to Hygiene Home, with a low single digit contribution to total Net Revenue but strong growth. We continue to focus on this important high growth channel with increased investment and channel specific innovation.
- Adjusted operating profit was £1,151m, with a 23.8% margin and -20bps versus the prior year. We saw a decline in gross margin during the year, due to the combination of headwinds in respect of input costs and a difficult pricing environment in developed markets in H1.

New Product Initiatives: H1 2019

RB announces a number of new product initiatives for the first half of 2019:

Health:

- **Neuriva**: The first brand in brain health to offer a holistic eco-system that supports brain performance.
- **Dettol Multi-Surface Wipes**: Made from 100% biodegradable plant fibres.
- **Dettol relaunch of our personal wash & soap**: Improved formula and design for a superior experience.
- **Scholl**: Range of new products including Orthotic Insoles Range, Fungal Nail Treatment, and Athletes Foot Cream.
- **A number of local innovations**: including Sico Play (new range for fun and adventure), Tempra 24 hours (24 hours relief of 5 cold & flu symptoms), and Lemlift (immune support).
- **A number of e-commerce channel innovations**: including MegaRed COQ10, Move Free Ultra and Move Free Advanced.

Hygiene Home:

- **Air Wick Essential Mist AROMA**: Enjoy all the benefits of essential oils
- **Vanish Improved Performance Gels**: Next generation Oxi-action
- **Harpic / Lysol Platinum Pro-Shield**: Cleans and keeps toilet fresh for 100 flushes
- **Finish Quantum Ultimate**: Our best ever detergent for ultimate clean & shine.
- **Vanish 0% range**: 1st time amazing stain-removal with 0% Chlorine, dyes, or fragrance
- **Finish 0% range**: 100% Finish performance with 0% unnecessary ingredients
- **A number of local innovations:** Finish All-in-One (designed specifically for Chinese compact dishwashers), Mortein 2-in-1 Insect Killer (India), and Veja Power Fusion (Brazil).

RB2.0

At our Q3 2017 trading update we announced our plan to combine the IFCN division with our existing health and some health hygiene brands, to form the Health Business Unit (“BU”), and the home and other home hygiene brands to form the Hygiene Home BU.

Each BU is focussed on and fully end-to-end accountable for its business – from innovation through brand development and supply to the customer. The BUs were effective from 1 January 2018.

We believe that increased focus on Hygiene Home brands and the creation of end-to-end accountable BUs will enhance organic growth and strategic flexibility in the future.

We have highlighted that it will take until mid-2020 to complete the “infrastructure” changes under RB2.0. RB2.0 represents a significant change to the way in which the business is managed requiring the separation of legal entities, systems (including ERP systems), operating models and other structures. These changes are on track.

Key financials associated with RB2.0 and the integration of MJN:

	Synergies	Exceptional costs
FY 2017	\$25m (£20m)	£90m
FY 2018	\$211m (£158m)	£185m
Cumulative	\$236m (£178m)	£275m
Total expected	**\$300m (£223m)**	**£450m**

Non-recurring costs associated with the RB2.0 re-organisation are included within the £450m integration cost budget announced with the acquisition of MJN.

Other Matters

Korea HS Issue

The HS issue in South Korea is a tragic event, with many parties involved. We continue to make both public and personal apologies to victims. Since our Q3 2018 trading update, no material updates have occurred apart from further categorisation of applicants.

Lung Injury Categorisation

During the fourth quarter of 2018:

- the South Korean government assessed 38 new lung injury applications but none of the applicants were recognized as victims.
- a further 93 HS injury applications have been received.
- The South Korean government's lung injury categorisation is outlined in the table below.

Round	Total HS Injury applicants	Applicants Assessed for lung injury	Category I & II	Cat I&II percentage	Oxy RB users – Category I & II[2]	Oxy RB single users – Category I & II[3]	Assessment completion (expected)
1	361	361	174	48%	140	57	Completed
2	169	169	53	31%	46	24	Completed
3	752	669	84	13%	76	27	Completed
4	4,990[1]	4,092	157	4%	143	93	Round 4 is open indefinitely
Total	6,272	5,291	468	9%	405	201	

1. Round 4 remains open to applicants. The number of applicants shown in the table are the applicants set out on the KEITI website as at 11 January 2019.
2. Both sole Oxy RB users and users of multiple manufacturers' products, including Oxy RB.
3. Sole Oxy RB users.

Asthma

On 27 September 2017, the South Korean government announced the recognition of asthma as an HS injury. Since then, the government reviewed the medical records of existing lung injury applicants to categorize asthma injury. From 23 July 2018, the South Korean Ministry of Environment allowed HS users to apply for asthma-only categorisation as part of Round 4. This applies to HS users who think they have suffered from asthma only as a result of HS exposure. Of the 5,075 HS users assessed for asthma to date, 316 have been categorised as victims. The South Korean government has not yet officially disclosed the number of asthma-only applications filed to date.

Refer note 9 for further details on contingent liabilities.

Indivior / RB Pharmaceuticals-related matters

The Group remains involved in ongoing investigations by the US Department of Justice ("DoJ") and the US Federal Trade commission and related litigation proceedings in the US arising from certain matters relating to the RB Pharmaceuticals ("RBP") business prior to its demerger in December 2014 to form Indivior PLC and may incur liabilities in relation to such matters.

There have been no material changes since the Q3 2018 trading update. Details of existing provisions and contingent liabilities relating to the both the HS issue and Indivior / RB Pharma related matters can be found in our Annual Report and Financial Statements 2017.

Financial Review

Net finance expense. Net finance expense was £325m (2017: £238m), including adjusting items of £29m relating to the reclassification of finance expense on tax balances into income tax expense (2017: £30m). Refer to Note 3 for further details of adjusting items.

Tax. The adjusted tax rate, which excludes the effect of adjusting items, was 21% (2017: 23%), benefiting from the settlement of a number of issues. We expect the ongoing adjusted tax rate to be approximately 23%.

Adjusting items. In 2018, adjusting items comprised of £311m of expenses recorded in operating profit (2017: £385m), £29m of expenses recorded in net finance expense (2017: £65m), £96m of benefit recorded in income tax expense (2017: £1,573m benefit), and £5m of expense, net of tax, recorded in discontinued operations (2017: £2,741m). Further details of these items can be found in Note 3.

Discontinued operations: The £5m loss from discontinued operations relates to a £17m foreign exchange loss on the US dollar provision booked in prior year for ongoing investigations by the US Department of Justice ("DoJ") and the US Federal Trade Commission, offset by further consideration from McCormick & Company, Inc of £12m relating to the 2017 sale of RB Food (refer to Note 3).

Net working capital. During the year, inventories increased to £1,276m (2017: £1,201m), trade and other receivables increased to £2,097m (2017: £2,004m), and trade and other payables increased to £4,811m (2017: £4,629m). Net working capital was flat at minus £1,438m (2017: minus £1,424m). Net working capital as a percentage of Net Revenue is -11% (2017: -12% on a reported basis, -11% on a pro-forma basis including 12 months of Net Revenue for MJN).

Cash flow. Cash generated from continuing operations was £3,330m (2017: £3,153m). Net cash generated from operating activities was £2,454m (2017: £2,491m) after net interest payments of £321m (2017: £167m) and tax payments of £567m (2017: £543m).

Free cash flow is the net cash generated from operating activities (excluding discontinued operations) after capital expenditure on property, plant and equipment and intangible assets and any related disposals. Free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt or to fund acquisitions or other strategic objectives. Free cash flow as a percentage of continuing adjusted net income was 84% (2017: 94%).

	31 December 2018 £m	31 December 2017 £m
Cash generated from continuing operations	**3,330**	3,153
Less: net interest paid	**(321)**	(167)
Less: tax paid	**(567)**	(543)
Less: purchase of property, plant & equipment	**(342)**	(286)
Less: purchase of intangible assets	**(95)**	(63)
Plus: proceeds from the sale of property, plant & equipment	**24**	35
Free cash flow	**2,029**	2,129

Net debt at the end of the year was £10,406m (2017: £10,746m). This reflected strong free cash flow generation, offset by the payment of dividends totalling £1,200m (2017: £1,145m) and foreign exchange and other losses of £597m (2017: £629m gain). The Group regularly reviews its banking arrangements and currently has adequate facilities available to it.

Balance sheet. At the end of 2018, the Group had total equity of £14,789m (2017: £13,573m), an increase of 9%.

The Group has non-current assets of £32,698m (2017: £31,589m), of which £1,858m (2017: £1,754m) is property, plant and equipment, the remainder being goodwill, other intangible assets, deferred tax, retirement benefit surplus, equity instruments - FVOCI and other receivables. The Group has net working capital of minus £1,438m (2017: minus £1,424m), current provisions of £542m (2017: £517m) and long-term liabilities other than borrowings of £5,577m (2017: £5,349m).

The Group continues to focus on employing capital appropriately, to drive long term value creation for its shareholders. The Group's ROCE of 10.8% was a decrease against 12.9% (restated) for 2017. The decrease arose because 2018's average capital employed includes a full year of assets acquired with Mead Johnson Nutrition versus six months in 2017.

The Group's financial ratios remain strong. Return on Shareholders' funds (total net income attributable to owners of the parent divided by total equity) was 14.6% on a reported basis and 16.3% on an adjusted basis (2017: 45.5% on a reported basis and 17.0% on an adjusted basis).

Dividends. The Board of Directors recommends a final dividend of 100.2 pence (2017: 97.7 pence), to give a full year dividend of 170.7 pence (2017: 164.3 pence). The dividend, if approved by shareholders at the AGM on 9 May 2019, will be paid on 23 May 2019 to shareholders on the register at the record date of 23 April 2019. The ex-dividend date is 18 April 2019. The final dividend will be accrued once approved by Shareholders.

Capital returns policy. RB has consistently communicated its intention to use its strong cash flow for the benefit of Shareholders. Our priority remains to reinvest our financial resources back into the business, including reducing debt and through value-adding acquisitions.

We intend to continue our current policy of paying an ordinary dividend equivalent to around 50% of total adjusted net income.

Legal provisions. The Group is involved in litigation, disputes and investigations in multiple jurisdictions around the world. It has made provisions for such matters, where appropriate. Where it is too early to determine the likely outcome of these matters, or to make a reliable estimate, the Directors have made no provision for such potential liabilities. Further details can be found in Note 7.

Contingent liabilities. The Group is involved in a number of civil and/or criminal investigations by Government authorities as well as litigation proceedings and has made provisions for such matters where appropriate. Where it is too early to determine the likely outcome of these matters, or to make a reliable estimate, the Directors have made no provision for such potential liabilities. Further details can be found in Note 9.

Targets

For 2019:

- We are targeting LFL net revenue growth of +3-4%.
- We expect to maintain adjusted operating margin[1] as we generate our usual RB cost and efficiency savings, and deploy them into building two even stronger businesses.

[1] Adjusted to exclude the impact of adjusting items.

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Faeth Birch

Notice to shareholders

Cautionary note concerning forward-looking statements

This presentation contains statements with respect to the financial condition, results of operations and business of RB (the "Group") and certain of the plans and objectives of the Group that are forward-looking statements. Words such as ''intends', 'targets', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including targets for net revenue, operating margin and cost efficiency, are forward-looking statements. Such statements are not historical facts, nor are they guarantees of future performance.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group's control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political and social conditions in the key markets in which the Group operates; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group's technological infrastructure or that of third parties on which the Group relies; interruptions in the Group's supply chain and disruptions to its production facilities; the reputation of the Group's global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Group Income Statement
For the 12 months ended 31 December 2018 (unaudited)

For the year ended 31 December	Note	**Unaudited 2018 £m**	Unaudited 2017 (restated)[1] £m
CONTINUING OPERATIONS			
Net Revenue	2	**12,597**	11,449
Cost of sales		**(4,962)**	(4,626)
Gross profit		**7,635**	6,823
Net operating expenses		**(4,588)**	(4,086)
Operating profit	2	**3,047**	2,737
Adjusted operating profit		**3,358**	3,122
Adjusting items	3	**(311)**	(385)
Operating profit		**3,047**	2,737
Finance income		**78**	60
Finance expense		**(403)**	(298)
Net finance expense		**(325)**	(238)
Profit before income tax		**2,722**	2,499
Income tax (expense)/benefit	4	**(536)**	894
Net income from continuing operations		**2,186**	3,393
Net income from discontinued operations	3	**(5)**	2,796
Net income		**2,181**	6,189
Attributable to non-controlling interests		**20**	17
Attributable to owners of the parent		**2,161**	6,172
Net income		**2,181**	6,189
Basic earnings per ordinary share			
From continuing operations (pence)	5	**306.8**	480.6
From discontinued operations (pence)	5	**-0.7**	398.1
From total operations (pence)	5	**306.1**	878.7
Diluted earnings per ordinary share			
From continuing operations (pence)	5	**305.5**	474.7
From discontinued operations (pence)	5	**-0.7**	393.2
From total operations (pence)	5	**304.8**	867.9

[1] Restated for the adoption of IFRS 15 (see Note 1).

Group Statement of Comprehensive Income
For the 12 months ended 31 December 2018 (unaudited)

For the year ended 31 December	Unaudited 2018 £m	Unaudited 2017 (restated)[1] £m
Net income	**2,181**	6,189
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss in subsequent years		
Net exchange gains/(losses) on foreign currency translation, net of tax	**67**	(310)
(Losses)/gains on net investment hedges, net of tax	**(44)**	44
Gains on cash flow hedges, net of tax	**8**	3
Reclassification of foreign currency translation reserves on disposal of foreign operations, net of tax	**-**	145
	31	(118)
Items that will not be reclassified to profit or loss in subsequent years		
Remeasurements of defined benefit pension plans, net of tax	**123**	12
Revaluation of equity instruments – FVOCI	**-**	6
	123	18
Other comprehensive income/(expense), net of tax	**154**	(100)
Total comprehensive income	**2,335**	6,089
Attributable to non-controlling interests	**20**	15
Attributable to owners of the parent	**2,315**	6,074
Total comprehensive income	**2,335**	6,089
Total comprehensive income attributable to owners of the parent arising from:		
Continuing operations	**2,320**	3,133
Discontinued operations	**(5)**	2,941
	2,315	6,074

[1] As a result of the adoption of IFRS 9, 'Revaluation of equity instruments – FVOCI' is now presented as an item that will not be reclassified to profit or loss in subsequent years. In the prior year, it was presented as an item that may be reclassified to profit or loss in subsequent years.

Group Balance Sheet
As at 31 December 2018 (unaudited)

As at 31 December	Note	**Unaudited 2018 £m**	Audited 2017 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets		**30,278**	29,487
Property, plant and equipment		**1,858**	1,754
Equity instruments – FVOCI		**53**	41
Deferred tax assets		**209**	118
Retirement benefit surplus		**191**	90
Other non-current receivables		**109**	99
		32,698	31,589
Current assets			
Inventories		**1,276**	1,201
Trade and other receivables		**2,097**	2,004
Derivative financial instruments		**38**	18
Current tax recoverable		**48**	58
Cash and cash equivalents		**1,483**	2,125
		4,942	5,406
Assets classified as held for sale		**10**	18
		4,952	5,424
Total assets		**37,650**	37,013
LIABILITIES			
Current liabilities			
Short-term borrowings		**(2,209)**	(1,346)
Provisions for liabilities and charges	7	**(542)**	(517)
Trade and other payables		**(4,811)**	(4,629)
Derivative financial instruments		**(42)**	(19)
Current tax liabilities		**(10)**	(65)
		(7,614)	(6,576)
Non-current liabilities			
Long-term borrowings		**(9,670)**	(11,515)
Deferred tax liabilities		**(3,619)**	(3,443)
Retirement benefit obligations		**(318)**	(393)
Provisions for liabilities and charges	7	**(87)**	(81)
Derivative financial instruments		**-**	(12)
Non-current tax liabilities		**(1,105)**	(1,012)
Other non-current liabilities		**(448)**	(408)
		(15,247)	(16,864)
Total liabilities		**(22,861)**	(23,440)
Net assets		**14,789**	13,573
EQUITY			
Capital and reserves			
Share capital		**74**	74
Share premium		**245**	243
Merger reserve		**(14,229)**	(14,229)
Hedging reserve		**7**	(1)
Foreign currency translation reserve		**430**	407
Retained earnings		**28,215**	27,039
Attributable to owners of the parent		**14,742**	13,533
Attributable to non-controlling interests		**47**	40
Total equity		**14,789**	13,573

Group Statement of Changes in Equity
For the 12 months ended 31 December 2018 (unaudited)

	Notes	Share capital £m	Share premium £m	Merger reserves £m	Other reserves £m	Retained earnings £m	Total attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2017		74	243	(14,229)	522	21,811	8,421	5	8,426
Comprehensive income									
Net income		-	-	-	-	6,172	6,172	17	6,189
Other comprehensive (expense)/income		-	-	-	(116)	18	(98)	(2)	(100)
Total comprehensive (expense)/income		-	-	-	(116)	6,190	6,074	15	6,089
Transactions with owners									
Treasury shares re-issued		-	-	-	-	94	94	-	94
Share-based payments		-	-	-	-	72	72	-	72
Current tax on share awards		-	-	-	-	20	20	-	20
Deferred tax on share awards		-	-	-	-	(14)	(14)	-	(14)
Cash dividends	8	-	-	-	-	(1,134)	(1,134)	(11)	(1,145)
Arising on business combination		-	-	-	-	-	-	31	31
Total transactions with owners		-	-	-	-	(962)	(962)	20	(942)
Balance at 31 December 2017		74	243	(14,229)	406	27,039	13,533	40	13,573
Comprehensive income									
Net income		**-**	**-**	**-**	**-**	**2,161**	**2,161**	**20**	**2,181**
Other comprehensive (expense)/income		**-**	**-**	**-**	**31**	**123**	**154**	**-**	**154**
Total comprehensive (expense)/income		**-**	**-**	**-**	**31**	**2,284**	**2,315**	**20**	**2,335**
Transactions with owners									
Treasury shares re-issued		**-**	**2**	**-**	**-**	**103**	**105**	**-**	**105**
Share-based payments		**-**	**-**	**-**	**-**	**14**	**14**	**-**	**14**
Current tax on share awards		**-**	**-**	**-**	**-**	**7**	**7**	**-**	**7**
Deferred tax on share awards		**-**	**-**	**-**	**-**	**(12)**	**(12)**	**-**	**(12)**
Cash dividends	8	**-**	**-**	**-**	**-**	**(1,187)**	**(1,187)**	**(13)**	**(1,200)**
Transactions with non-controlling interests		**-**	**-**	**-**	**-**	**(33)**	**(33)**	**-**	**(33)**
Total transactions with owners		**-**	**2**	**-**	**-**	**(1,108)**	**(1,106)**	**(13)**	**(1,119)**
Balance at 31 December 2018		**74**	**245**	**(14,229)**	**437**	**28,215**	**14,742**	**47**	**14,789**

Group Cash Flow Statement
For the 12 months ended 31 December 2018 (unaudited)

For the year ended 31 December	Note	Unaudited 2018 £m	Audited 2017 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from continuing operations	10	**3,330**	3,153
Interest paid		**(396)**	(226)
Interest received		**75**	59
Tax paid		**(567)**	(543)
Net cash flows attributable to discontinued operations		**12**	48
Net cash generated from operating activities		**2,454**	2,491
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(342)**	(286)
Purchase of intangible assets		**(95)**	(63)
Proceeds from the sale of property, plant and equipment		**24**	35
Acquisition of businesses, net of cash acquired		**-**	(11,817)
Purchase of equity instruments - FVOCI		**(9)**	-
Reduction in short-term investments		**-**	3
Net cash flows attributable to discontinued operations		**-**	3,232
Net cash used in investing activities		**(422)**	(8,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Treasury shares re-issued		**105**	94
Proceeds from borrowings		**697**	19,523
Repayment of borrowings		**(2,244)**	(10,723)
Dividends paid to owners of the parent	8	**(1,187)**	(1,134)
Dividends paid to non-controlling interests		**(13)**	(11)
Other financing activities		**24**	(12)
Net cash (used in)/generated from financing activities		**(2,618)**	7,737
Net (decrease)/increase in cash and cash equivalents		**(586)**	1,332
Cash and cash equivalents at beginning of the year		**2,117**	873
Exchange losses		**(54)**	(88)
Cash and cash equivalents at end of the year		**1,477**	2,117
Cash and cash equivalents comprise:			
Cash and cash equivalents		**1,483**	2,125
Overdrafts		**(6)**	(8)
		1,477	2,117

1 ACCOUNTING POLICIES

General

Reckitt Benckiser Group plc is a public limited company listed on the London Stock Exchange and incorporated and domiciled in England. The address of its registered office is 103-105 Bath Road, Slough, Berkshire, SL1 3UH.

These condensed Financial Statements have not been audited.

Basis of Preparation

These condensed Financial Statements for the year ended 31 December 2018 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. They have been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRSs") but do not comply with the full disclosure requirements of these standards. The condensed Financial Statements are also in compliance with IFRS as issued by the IASB but do not comply with full disclosure requirements.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2018 or 2017. The financial information for 2017 is derived from the statutory accounts for 2017 which have been delivered to the registrar of companies. The auditor has reported on the 2017 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for 2018 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

The Group has considerable financial resources together with a diverse customer and supplier base across different geographical areas and categories. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain global economic outlook. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence. The Group therefore continues to adopt the going concern basis of accounting in preparing these condensed Financial Statements.

Accounting Policies and Estimates

With the exception of those changes described below, the accounting policies adopted in the preparation of the condensed Financial Statements are consistent with those described on pages 113-118 of the Annual Report and Financial Statements for the year ended 31 December 2017.

On 1 January 2018, the Group adopted IFRS 15 Revenue from Contracts with Customers. The requirements of the standard have been applied retrospectively to each prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the Group's contracts with its customers. The standard provides clarification about when control of goods is passed to customers and contains more guidance about the measurement of revenue contracts which have discounts, rebates and other payments to customers.

Prior to its adoption, and as disclosed in the 2017 Annual Report and Financial Statements, the Group completed a detailed review of the requirements of IFRS 15 against its current accounting policies. The areas the Group considered included payments to customers, the timing of revenue recognition based on control of goods, principal and agent relationships and consignment inventories. The Group concluded that there was no material impact of adopting IFRS 15. Refer to Note 2 for the disclosure of revenue (from the sale of products) by operating segment. The Group does not generate multiple revenue streams requiring further levels of disaggregation.

In response to IFRS 15, the Group has updated its revenue accounting policy, as follows:

Revenue

Revenue from the sale of products is recognised in the Group Income Statement when control of the product is transferred to the customer.

Net Revenue is defined as the amount invoiced to external customers during the year and comprises gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

Trade spend, which consists primarily of customer pricing allowances, placement/listing fees and promotional allowances, is governed by sales agreements with the Group's trade customers (retailers and distributors). Trade spend also includes reimbursement arrangements under the Special Supplemental Nutrition Program for Women, Infants and Children ("WIC"), payable to the respective US State WIC agencies.

Accruals are recognised under the terms of these agreements to reflect the expected activity level and the Group's historical experience. These accruals are reported within Trade and other payables.

Value-added tax and other sales taxes are excluded from Net Revenue.

On 1 January 2018, the Group also adopted IFRS 9 Financial Instruments. The standard includes requirements for classification and measurement, impairment and hedge accounting. The changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. Full details of these changes will be included in the 2018 Annual Report and Financial Statements. The adoption has not had a material impact on the recognition and measurement of income and costs in the Income Statement or of assets and liabilities on the Balance Sheet. All hedge relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 on 1 January 2018 and were hence regarded as continuing hedging relationships.

In these Condensed Financial Statements, the Group has not applied the following new IFRS that has been issued but was not effective during the reporting period:

IFRS 16: Leases will be effective for annual periods beginning on or after 1 January 2019. The standard changes the principles for the recognition, measurement, presentation and disclosure of leases. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise lease liabilities and 'right of use' assets on the Balance Sheet, with exemptions for low value and short-term leases. The Group has evaluated the impact of IFRS 16 and concluded that it does not expect a material impact on the recognition and measurement of income and costs in the income statement or of the net assets in the Balance Sheet.

In preparing these condensed Financial Statements, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group financial statements for the year ended 31 December 2017.

2 OPERATING SEGMENTS

On 1 January 2018, the Group's operating segments changed from ENA, DvM and IFCN to RB Health and RB Hygiene Home.

This change, which aligns the operating segments with the new business unit structure, was prompted by the RB2.0 reorganisation effective 1 January 2018 and associated updates to the way in which information is presented to and reviewed by the Group's Chief Operating Decision Maker (CODM) for the purposes of making strategic decisions and assessing group-wide performance.

The CODM is the Group Executive Committee. This Committee is responsible for the implementation of strategy (approved by the Board), the management of risk (delegated by the Board) and the review of group operational performance and ongoing business integration.

The Executive Committee assesses the performance of these operating segments based on Net Revenue from external customers and Adjusted Operating Profit. Intercompany transactions between operating segments are eliminated. Finance income and expense are not allocated to segments, as each is managed on a centralised basis.

The segment information provided to the Executive Committee for the periods ended 31 December 2018 and 31 December 2017 is as follows:

Year ended 31 December 2018	**RB Health £m**	**RB Hygiene Home £m**	**Total £m**
Net revenue	**7,762**	**4,835**	**12,597**
Adjusted operating profit	**2,207**	**1,151**	**3,358**
Adjusting items			**(311)**
Operating profit			**3,047**
Net finance expense			**(325)**
Profit before income tax			**2,722**

Year ended 31 December 2017 (restated)[1]	RB Health £m	RB Hygiene Home £m	Total £m
Net revenue[2]	6,562	4,887	11,449
Adjusted operating profit	1,949	1,173	3,122
Adjusting items			(385)
Operating profit			2,737
Net finance expense			(238)
Profit before income tax			2,499

[1] Restated to reflect new operating segments.
[2] Restated for the adoption of IFRS 15 (see Note 1).

3 ADJUSTING ITEMS

The Group uses certain adjusted earnings measures, including Adjusted Operating Profit and Adjusted Net Income, to provide additional clarity about the underlying performance of the business.

The Group makes reference to adjusting items in presenting the Group's principal adjusted earnings measures. These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances:

- Exceptional items are material, non-recurring items of expense or income, which are relevant to an understanding of the underlying performance and trends of the business.
- Other adjusting items comprise the amortisation of certain fair value adjustments recorded in respect of finite-life intangible assets recognised in the purchase price allocation for the acquisition of MJN. We adjust for these charges because their pattern of recognition is largely uncorrelated with the underlying performance of the business.
- Adjusting items include a reclassification of finance expenses on tax balances into income tax expense, to align with the Group’s tax guidance. As a result, these expenses are presented as part of income tax expense in the adjusted profit before income tax measure.

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2018:

Year ended 31 December 2018	**Reported £m**	**Adjusting: Exceptional items £m**	**Adjusting: Other items £m**	**Adjusting: Finance expense reclass £m**	**Adjusted £m**
Operating Profit	3,047	233 [2]	78 [3]	-	3,358
Net finance expense	(325)	-	-	29 [4]	(296)
Profit before income tax	2,722	233	78	29	3,062
Income tax expense	(536)	(50) [2]	(17) [3]	(29) [4]	(632)
Net income for the year from continuing operations	2,186	183	61	-	2,430
Less: Attributable to non-controlling interests	(20)	-	-	-	(20)
Continuing net income attributable to owners of the parent	2,166	183	61	-	2,410
Net loss for the year from discontinued operations	(5) [1]	5	-	-	-
Total net income attributable to owners of the parent	2,161	188	61	-	2,410

1. Exceptional items within discontinued operations relate to a foreign exchange loss of £17 million on the provision booked in prior year for ongoing investigations by the US Department of Justice ("DoJ") and the US Federal Trade Commission, offset by further consideration from McCormick & Company, Inc of £12 million relating to the 2017 sale of RB Food.

2. Exceptional items within Operating Profit of £233 million relate to:
   - MJN integration / RB2.0 costs of £185 million; and
   - Restructuring, Supercharge and other projects of £48 million.

   Included within income tax expense is a £50 million tax credit for these exceptional costs.

3. Other adjusting items of £78 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged during the period ended 31 December 2018. In addition, there is a £17 million income tax credit in respect of these costs.

4. Adjusting items of £29 million relate to the reclassification of interest on income tax balances from finance expense to income tax in the adjusting measure.

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2017:

	Reported	Adjusting: Exceptional items		Adjusting: Other items		Adjusting: Finance expense reclass		Adjusted
Year ended 31 December 2017	£m	£m		£m		£m		£m
Operating profit	2,737	342	1	43	5	-		3,122
Net finance expense	(238)	35	2	-		30	6	(173)
Profit before income tax	2,499	377		43		30		2,949
Income tax benefit/(expense)	894	(1,527)	3	(16)	5	(30)	6	(679)
Net income for the year from continuing operations	3,393	(1,150)		27		-		2,270
Less: Attributable to non-controlling interests	(17)	-		-		-		(17)
Net income for the year attributable to owners of the parent (continuing)	3,376	(1,150)		27		-		2,253
Net income for the year from discontinued operations	2,796	(2,741)	4	-		-		55
Total net income for the year attributable to owners of the parent	6,172	(3,891)		27		-		2,308

1. Exceptional items within operating profit of £342 million include £219 million relating to the acquisition of MJN, which comprise the following:
   - Transaction fees of £60 million
   - Unwinding of fair value adjustment made to inventories recorded on the purchase price allocation of £159 million, recorded in cost of sales in the Group Income Statement.

   The remaining exceptional costs within operating profit relate to previously announced restructuring projects, including:
   - MJN integration / RB2.0 of £90 million; and
   - Supercharge and other projects of £33 million.

2. Exceptional costs included within net finance expense comprises £23 million for the accelerated write-off of facility fees as a result of the acquisition of MJN in June 2017, when short-term bridge facilities were replaced with the issuance of $7,750 million of fixed and floating rate loan notes, and £12 million for the accelerated write-off of facility fees as a result of the early repayment of certain term loans using the proceeds from the disposal of RB Food.

3. Included within income tax credit is a £1,421 million tax credit resulting from the US Tax Reform (Note 4) and £106 million, representing the tax credit for the exceptional costs noted above.

4. Adjusting items included in discontinued operations comprise the gain on the disposal of RB Food of £3,024 million, a tax credit of £13 million on this gain, and a charge of £296 million in respect of provision for settlement of the ongoing investigations by the US Department of Justice ("DoJ") arising from certain matters relating to the RB Pharmaceuticals business prior to its demerger in December 2014.

5. Other adjusting items of £43 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged over the period since the acquisition up to 31 December 2017. In addition, there is a £16 million income tax credit in respect of these costs.

6. Adjusting items of £30 million relate to the reclassification of interest on income tax balances from finance expense to income tax in the adjusting measure.

4 INCOME TAXES

	2018	2017
	£m	£m
Current tax	**545**	760
Adjustment in respect of prior periods	**50**	(52)
Total current tax	**595**	708
Origination and reversal of temporary differences	**(59)**	(38)
Impact of changes in tax rates	**-**	(1,564)
Total deferred tax	**(59)**	(1,602)
Income tax expense/(benefit)	**536**	(894)

The reported tax rate was 20% (2017: -36%). The adjusted tax rate on ordinary activities, which excludes the impact of adjusting items, was 21% (2017: 23%), as per Note 3.

5 EARNINGS PER SHARE

	2018 pence	2017 pence
Basic earnings per share		
From continuing operations	**306.8**	480.6
From discontinued operations	**-0.7**	398.1
Total basic earnings per share	**306.1**	878.7
Diluted earnings per share		
From continuing operations	**305.5**	474.7
From discontinued operations	**-0.7**	393.2
Total diluted earnings per share	**304.8**	867.9
Adjusted basic earnings per share		
From continuing operations	**341.4**	320.8
From discontinued operations	**-**	7.8
Total adjusted basic earnings per share	**341.4**	328.6
Adjusted diluted earnings per share		
From continuing operations	**339.9**	316.9
From discontinued operations	**-**	7.7
Total adjusted diluted earnings per share	**339.9**	324.6

Basic

Basic earnings per share is calculated by dividing the net income attributable to owners of the parent from continuing operations (2018: £2,166 million; 2017: £3,376 million) and discontinued operations (2018: £5 million loss; 2017: £2,796 million income) by the weighted average number of ordinary shares in issue during the year (2018: 705,903,566; 2017: 702,379,197).

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has the following categories of potentially dilutive ordinary shares: Executive Share Awards (including Executive Share Options and Executive Restricted Share Scheme Awards) and Employee Sharesave Scheme Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 31 December 2018 there were 4,628,897 (2017: 69,200) Executive Share Awards excluded from the dilution because the exercise price for the options was greater than the average share price for the year or the performance criteria have not been met.

	2018 Average number of shares	2017 Average number of shares
On a basic basis	**705,903,566**	702,379,197
Dilution for Executive Share Awards	**2,908,086**	8,054,213
Dilution for Employee Sharesave Scheme Options outstanding	**192,973**	691,174
On a diluted basis	**709,004,625**	711,124,584

Adjusted earnings

Details of the adjusted net income attributable to owners of the parent are as follows:

Continuing operations	2018 £m	2017 £m
Net income attributable to owners of the parent	**2,166**	3,376
Exceptional items, net of tax (Note 3)	**183**	(1,150)
Other Adjusting items, net of tax (Note 3)	**61**	27
Adjusted net income attributable to owners of the parent	**2,410**	2,253

Discontinued operations	2018 £m	2017 £m
Net income attributable to owners of the parent	**(5)**	2,796
Exceptional items, net of tax (Note 3)	**5**	(2,741)
Adjusted net income attributable to owners of the parent	**-**	55

6 NET DEBT

Analysis of net debt	**2018 £m**	2017 £m
Cash and cash equivalents	**1,483**	2,125
Overdrafts	**(6)**	(8)
Cash and cash equivalents	**1,477**	2,117
Borrowings (excluding overdrafts)	**(11,873)**	(12,853)
Derivative financial instruments (debt)	**(10)**	(10)
Financing liabilities	**(11,883)**	(12,863)
Net debt at end of year	**(10,406)**	(10,746)

The Group uses derivative financial instruments to hedge certain elements of interest rate and exchange risk on its net debt. The split between these items and other derivatives on the Balance Sheet is shown below:

	Assets		**Liabilities**	
£m	**Current**	**Non-Current**	**Current**	**Non-Current**
Derivative financial instruments (debt)	15	-	(25)	-
Derivative financial instruments (non-debt)	23	1	(17)	-
At 31 December 2018	**38**	**1**	**(42)**	**-**

Note that non-current derivative assets are presented within other non-current receivables on the Balance Sheet.

	Cash and cash equivalents £m	**Financing liabilities £m**	**2018 Net Debt £m**	2017 Net Debt £m
At 1 January	2,117	(12,863)	**(10,746)**	(1,391)
Net (decrease)/increase in cash and cash equivalents	(586)	-	**(586)**	1,332
Proceeds from borrowings	-	(697)	**(697)**	(19,523)
Repayment of borrowings	-	2,244	**2,244**	10,723
Arising on business combinations	-	-	**-**	(2,525)
Other financing cash flows	-	(24)	**(24)**	(12)
Reduction in short-term investments	-	-	**-**	(3)
Exchange, fair value and other movements	(54)	(543)	**(597)**	653
At 31 December	1,477	(11,883)	**(10,406)**	**(10,746)**

7 PROVISIONS FOR LIABILITIES AND CHARGES

	Legal provisions £m	**Restructuring provisions £m**	**Other provisions £m**	**Total provisions £m**
At 1 January 2017	329	22	74	425
Charged to the Income Statement	352	17	15	384
Arising on business combinations	-	7	-	7
Utilised during the year	(142)	(20)	(9)	(171)
Released to the Income Statement	(44)	-	(9)	(53)
Exchange adjustments	6	-	-	6
At 31 December 2017	**501**	**26**	**71**	**598**
Charged to the Income Statement	**38**	**44**	**30**	**112**
Arising on business combinations	**-**	**-**	**31**	**31**
Utilised during the year	**(74)**	**(7)**	**(21)**	**(102)**
Released to the Income Statement	**(5)**	**(1)**	**(5)**	**(11)**
Exchange adjustments	**1**	**1**	**(1)**	**1**
At 31 December 2018	**461**	**63**	**105**	**629**

Provisions have been analysed between current and non-current as follows:

	2018 £m	2017 £m
Current	**542**	517
Non-current	**87**	81
	629	598

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated.

Legal provisions of £461 million (2017: £501 million) include exceptional legal provisions of £431 million (2017: £465 million) in relation to a number of historic regulatory matters in a number of markets, predominantly the HS issue in South Korea and the "DoJ" investigation. During the year, a number of payments were made to claimants in respect of Rounds 1, 2, 3 and 4 of the HS issue in South Korea, partially utilising the provision held for this matter.

The restructuring provision relates principally to business integration costs associated with the acquisition of MJN and subsequent RB2.0 reorganisation, the majority of which is expected to be utilised within one year.

Other provisions include environmental and other obligations throughout the Group, the majority of which are expected to be utilised within five years.

8 DIVIDENDS

Cash dividend distributions

	2018	2017
	£m	£m
Cash dividends on equity ordinary shares:		
2017 Final paid: 97.7p (2016: Final 95.0p) per share	**688**	666
2018 Interim paid: 70.5p (2017: Interim 66.6p) per share	**499**	468
Total dividends for the year	**1,187**	1,134

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2018 of 100.2p per share which will absorb an estimated £709 million of Shareholders' funds. If approved by Shareholders it will be paid on 23 May 2019 to Shareholders who are on the register on 23 April 2019, with an ex-dividend date of 18 April 2019.

9 CONTINGENT LIABILITIES AND ASSETS

The Group remains involved in ongoing investigations by the DoJ and the US Federal Trade Commission and related litigation proceedings in the US arising from certain matters relating to the RB Pharmaceuticals ("RBP") business prior to its demerger in December 2014 to form Indivior PLC, and may incur liabilities in relation to such matters.

These investigations and related proceedings are continuing and the Group has been in discussions with the DoJ. As a consequence of these discussions the Group holds a provision of £313 million at 31 December 2018.

The Group remains committed to ensuring these issues are concluded or resolved satisfactorily but we cannot predict with any certainty whether we will be able to reach any agreement with the DoJ or other parties who are involved in any other investigation or related proceedings. The final cost for the Group may be materially higher than this provision.

From time to time, the Group is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case.

HS South Korea

The Humidifier Sanitiser ("HS") issue in Korea is a tragic event. The Group continues to make both public and personal apologies to victims. There are a number of further expected costs and income relating to the issue that either cannot be reliably estimated or are not considered probable at the current time. In particular:

1. Round 4 lung injury: The South Korean government opened Round 4 to new applicants on 25 April 2016 for an indefinite period. It has received 4,990 applications to participate in Round 4 as at 11 January 2019 and continues to receive applications. Oxy RB has commenced payments under a compensation plan during 2018 and made provision for the Round 4 Oxy RB Category I & II users categorised to date. The

number of additional victims in Round 4 cannot be reliably estimated at the current time as it is open for an indefinite period.

2. Asthma related injury and other potential lung or non-lung injuries: A damage relief committee set up by the Ministry of Environment ("MOE") announced a recognition standard for asthma caused by HS, based on the increased incidence of asthma in HS users. From 23 July 2018 HS users can apply for asthma-only categorisation as part of Round 4. No provision has been made because:

   a) No detailed underlying data has yet been made available in respect of general causation of asthma injuries by HS, although 316 victims have been announced by the MOE as at 26 December 2018; and
   b) It is not possible to estimate the total number of applicants across all rounds (including future asthma-only claims in Round 4) and therefore total number of potential victims with potential asthma injuries or for any other injuries that the MOE may decide to recognise.

3. The Group continues to assess and, where appropriate, pursue rights which Oxy RB may have to recover sums from other involved parties.

4. On 9 August 2017, the Humidifier Sanitiser Injury Special Relief Act became effective and further amendments have since been introduced. Given the high profile and complex nature of this issue, the amendments to this Act, the rules and regulations issued pursuant to this Act and other legal or governmental proposals or developments in South Korea may give rise to further financial liability for RB.

10 CASH GENERATED FROM OPERATIONS

For the year ended 31 December	**Unaudited 2018 £m**	Unaudited 2017[1] £m
Operating profit from continuing operations	**3,047**	2,737
Depreciation, amortisation and impairment[2]	**350**	268
Losses on sale of property, plant and equipment	**9**	-
(Increase)/decrease in inventories[3]	**(68)**	54
Increase in receivables	**(103)**	(210)
Increase in payables and provisions	**81**	232
Share-based payments	**14**	72
Cash generated from continuing operations	**3,330**	3,153

[1]Presentation of cash flow in 2018 has been updated, 2017 items are represented on a consistent basis.
[2]Includes £78 million (2017: £43 million) amortisation on acquisition-related intangibles (adjusting item).
[3]Includes nil (2017: £159 million) adjusting cost of goods sold.

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