30 July 2019

HEALTH ‣ HYGIENE ‣ HOME

FLAT Q2. STRONGER H2 EXPECTED.
FULL YEAR NET REVENUE TARGET REVISED

Results at a glance (unaudited)	Q2 £m	% change actual exchange	% change constant exchange	HY £m	% change actual exchange	% change constant exchange
Continuing operations						
Net Revenue	**3,083**	+2%	0%	**6,240**	+2%	+1%
- Like-for-like growth[1]			*0%*			*+1%*
Operating profit – reported				**1,406**	+9%	+6%
Operating profit – adjusted[1]				**1,475**	+2%	-1%
Net income[2] – reported				**979**	+13%	+10%
Net income[2] – adjusted[1]				**1,032**	+4%	+2%
EPS (diluted) – reported				**137.9**	+13%	
EPS (diluted) – adjusted[1]				**145.4**	+4%	
Total operations (including discontinued operations)						
Net income[2] – reported				**112**	-87%	-89%
Net income[2] – adjusted[1]				**1,032**	+4%	+2%
EPS (diluted) – reported				**15.8**	-87%	
EPS (diluted) – adjusted[1]				**145.4**	+4%	

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

Highlights

- **Like-for-like (LFL) performance in Q2 was flat (H1: +1%),** with volume -3% price / mix +3%. Health declined by -1%. Hygiene Home continued its consistent delivery with +3% growth.
- **Health – Q2 LFL decline of -1% (H1: -1%).** IFCN was flat with slowdown in China market growth. OTC +1% with stabilisation in Mucinex market shares. Other Health weak due to Scholl, plus slower Dettol and Durex.
- **Hygiene Home – Q2 LFL growth of +3% (H1: +3%).** Another consistent quarter of broad-based growth across brands and geographies.
- **RB 2.0.** The creation of two structurally independent business units remains on track for mid-2020.
- **Adjusted operating margin decreased 10bps to 23.6%.** BEI increased by 10bps to 15.4% of Net Revenue.
- **The Board declares an interim dividend of 73.0p** per share (2018: 70.5p), an increase of +4%.
- **Reduced uncertainty** as a result of settlement agreed with DoJ for $1.4bn in respect of Indivior related matters and appointment of new CEO.
- **Full year LFL net revenue target revised to +2-3%** (from +3-4%) to reflect the slow start to the year and improving trends for H2. No change to adjusted operating margin expectations.

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

"Our like for like performance in H1 was +1%, somewhat below our expectations. Hygiene Home delivered another quarter of consistent top line growth but progress in Health in Q2 was disappointing.

We have now been operating in RB 2.0 for 18 months and have made some important achievements. Hygiene Home has been unleashed and is delivering consistently. But on our journey to be a world leader in consumer health, we have work to do to deliver consistent financial performance.

However, we believe that much of this is behind us and strong plans are in place to restore growth, including an exciting innovation pipeline such as Mucinex Night Relief and Enfa Grass Fed. We are further stepping up our investment in BEI and medical marketing to drive our growth.

We therefore expect H2 to be back to our more normal level of growth.

Our work to create two structurally independent business units continues to progress well and remains on track for completion around mid-2020.

With the slow start to the year, and the turnaround in Health still work in progress, we are revising our 2019 net revenue target to +2-3% LFL growth (previously +3-4%). Our target of maintaining adjusted operating margins remains unchanged."

Chris Sinclair, Chairman, said:

"We have made good progress during the quarter in reducing uncertainty, with the appointment of Laxman Narasimhan, our new CEO, and drawing a line under Indivior related matters.

On behalf of the Board I would like to thank Rakesh for his outstanding contribution to RB over his 32 years at the company, eight of which were as CEO. During his tenure he has transformed RB from a household cleaning company to a global leader in Consumer Health. He has lived, and, indeed improved, RB's values whilst maintaining the culture of entrepreneurship and ownership.

We still have work to do in restoring growth and outperformance. This is the Board's and Laxman's key priority. However, the future opportunities created by RB 2.0 have never been more exciting."

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 5, 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 including Adjusted Operating Profit and Adjusted Earnings per Share provides additional useful information about underlying trends.

The table below reconciles the Group's reported statutory earnings measures to its adjusted measures for the six months ended 30 June 2019. Descriptions of the adjusting items are included in Note 5.

Six months ended 30 June 2019	**Reported £m**	**Adjusting: Exceptional items £m**	**Adjusting: Other items £m**	**Adjusting: Finance expense reclass £m**	**Adjusted £m**
Operating Profit	1,406	29	40	-	1,475
Net finance expense	(144)	-	-	25	(119)
Profit before income tax	1,262	29	40	25	1,356
Income tax expense	(271)	(7)	(9)	(25)	(312)
Net income for the year from continuing operations	991	22	31	-	1,044
Less: Attributable to non-controlling interests	(12)	-	-	-	(12)
Net income for the year attributable to owners of the parent (continuing)	979	22	31	-	1,032
Net loss for the year from discontinued operations	(867)	867	-	-	-
Total net income for the year attributable to owners of the parent	112	889	31	-	1,032

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 of ordinary shares. A reconciliation is included in Note 7.

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. LFL growth also excludes Venezuela. A reconciliation of LFL to reported Net Revenue growth by operating segment is shown on page 5.

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, which is the Group's principal measure of cash flow, is defined as net cash generated from operating activities less net capital expenditure. A reconciliation of cash generated from operations to Free Cash Flow is shown on page 13. The Group tracks Free Cash Flow on a % of adjusted net income to understand the conversion of adjusted profit into cash.

Net working capital ("NWC") is the total of inventory, trade and other receivables and trade and other payables. NWC is calculated as a % of last twelve months revenue to compare changes in NWC to the growth of the business.

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

Continuing operations excludes 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.

Adjusted Net Working Capital excludes the impact of the DoJ accrual in respect of the Indivior related matter, as shown on page 13.

Detailed Operating Review: Total Group

Six months ended 30 June 2019

Total half year ("HY") Net Revenue was £6,240m, representing +1% growth on an LFL basis of which -3% was volume and +4% price/mix. Total growth, at actual exchange rates was +2%, positively impacted by translational foreign exchange of +1%.

Our Health BU declined by -1% on an LFL basis. This comprised of +2% growth in our IFCN business, -5% in OTC and -1% in our "other health" sub category.

IFCN total category growth has slowed during the quarter, mainly due to a decline in birth rates in China. We continue to drive strong momentum in the US behind our innovation pipeline. In China we are seeing improving market share trends as we restore supply to normal service levels.

OTC had a slow start to the year due to lower incidences of cold and 'flu and related retailer inventory destocking. Growth returned in the second quarter, and we continue to see good market share momentum in most of our Powerbrands.

Other Health was weaker than expected. In Dettol, our pricing to offset input costs resulted in adverse competitive conditions, which we have reversed. Durex has been impacted by competitive challenges in China from local players. Plans are in place to build a strong innovation pipeline, but without compromising the durex promise of quality excellence. On Scholl, as previously communicated, we are implementing a strategic re-focus of the brand towards a more sustainable portfolio.

Growth in our Hygiene Home BU was +3% LFL, with broad based growth across Europe, North America and Developing Markets. Growth was strong across key brands, including Finish, Lysol, Vanish and Harpic.

Gross margin declined by -20bps to 60.2% due to investments in capacity, lower Health volumes, negative mix, including the Q1 decline in higher margin OTC products, and higher logistics costs as we rectify the supply disruption to our China IFCN business. This more than offset the delivery of MJN cost synergies and good gross margin expansion in Hygiene Home.

Brand Equity Investment ("BEI") was 15.4% of net revenue, +10bps. Investment behind the long-term strength of our brands continues to be a priority.

SG&A decreased by -20bps as a percentage of net revenue. Incremental costs were associated with the RB2.0 organisation, and additional investment in e-commerce and building a more resilient supply capability These were more than offset by MJN related synergies and lower than normal variable pay expenses, the result of weaker performance.

Adjusted operating margin in H1 decreased by -10bps at 23.6%.

Second Quarter 2019

Q2 Net Revenue was £3,083m, a flat performance on an LFL basis. This consisted of -3% volume and +3% price mix.

Total growth was +2% due to the impact of positive translational FX (+2%) as the pound sterling weakened against the currencies in which we generate revenue.

The Health BU declined by -1% LFL. IFCN had a flat performance as it both lapped a strong comparator and saw slowing category growth trends in China due to the reduction in birth rates over the previous two years. The US continues to perform strongly behind our innovation programme and focus on growth channels.

Our OTC portfolio of brands returned to growth in the quarter despite a tough comparator. Mucinex shares are stabilising as we progressively lap the re-entry of private label variants a year ago, and our other key brands of Nurofen, Strepsils and Gaviscon continue to drive good share gains, offset by a slower performance from a number of our smaller brands.

Other Health experienced another poor quarter. VMS brands grew. However, Scholl continues to decline as we implement the portfolio re-focus of the brand, Dettol and Durex slowed in the second quarter in key developing markets.

The Hygiene Home BU grew by +3% on an LFL basis, led by strong performances from Finish, Harpic and Lysol.

HY 2019 Business Review

Review by Operating Segment

The table below summarises the results of our two business units – Health and Hygiene Home, including breaking out the net revenue for infant nutrition (IFCN), over the counter products (OTC) and the remainder of our health portfolio (Other Health), including Dettol, Durex, Scholl, Veet, Clearasil and our vitamin, minerals and supplements products.

Quarter ended 30 June					Half Year ended 30 June			
2019	2018	% change exch. rates			**2019**	2018[2]	% change exch. rates	
£m	£m	actual	const.		**£m**	£m	actual	const.
				Total Net Revenue				
758	*741*	*+2*	*-*	*IFCN*	***1,516***	*1,441*	*+5*	*+2*
405	*395*	*+3*	*+1*	*OTC*	***875***	*911*	*-4*	*-5*
740	*751*	*-1*	*-3*	*Other Health*	***1,447***	*1,451*	*-*	*-1*
1,903	1,887	+1	-1	Health	**3,838**	3,803	+1	-1
1,180	1,140	+4	+3	Hygiene Home	**2,402**	2,335	+3	+3
3,083	3,027	+2	-	**Total**	**6,240**	6,138	+2	+1

Operating profit				
Health	**948**	985	-4	-6
Hygiene Home	**527**	468	+13	+11
Operating profit – adjusted[1]	**1,475**	1,453	+2	-1
Adjusting items	**(69)**	(162)		
Total Operating profit	**1,406**	1,291	+9	+6

Operating margin – adjusted[1]	**%**	%	
Health	**24.7**	25.9	*-120bps*
Hygiene Home	**21.9**	20.0	*+190bps*
Total	**23.6**	23.7	*-10bps*

1 Adjusted to exclude the impact of adjusting items
2 Restated for the adoption of IFRS16 (see Note 19)

Health 62% of Net Revenue

By Category	Q2				H1			
	£m	LFL[1]	FX[2]	Reported	£m	LFL[1]	FX	Reported
IFCN	758	0%	+2%	+2%	1,516	+2%	+3%	+5%
OTC	405	+1%	+2%	+3%	875	-5%	+1%	-4%
Other	740	-3%	+2%	-1%	1,447	-1%	+1%	0%
Total	**1,903**	**-1%**	**+2%**	**+1%**	**3,838**	**-1%**	**+2%**	**+1%**

By Geography	Q2				H1			
	£m	LFL[1]	FX[2]	Reported	£m	LFL[1]	FX	Reported
North America	450	+4%	+6%	+10%	870	-4%	+6%	+2%
Europe / ANZ	482	-2%	0%	-2%	987	-2%	-1%	-3%
DvM	971	-3%	+2%	-1%	1,981	+1%	+1%	+2%
Total	**1,903**	**-1%**	**+2%**	**+1%**	**3,838**	**-1%**	**+2%**	**+1%**

[1] Non-GAAP measures are defined on page 3

[2] Includes rounded 1% Net M&A impact

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.

- Growth in the consumer health markets we serve remains in the +3-5% range, in line with our medium term expectations. Within this, IFCN has slowed to the lower end of this range due to the recent decline in birth rates in China.
- Q2 total Net Revenue was £1,903m, with LFL decline of -1%. The decline consisted of -5% volume and +4% price mix. For the half year, total Net Revenue was £3,838m, and LFL decline of -1%, consisting of -5% volume and +4% price mix.

IFCN (Infant Nutrition)

- The IFCN segment delivered a flat LFL performance in Q2, and YTD LFL growth of +2%.
- Underlying trends in the category remain positive, currently at the lower end of +3-5%, with growth moderating in China.
- North America revenue continues to deliver strong, above market growth. The introduction of milk fat globular membrane (MFGM) for improved cognitive benefits, into our IFCN products, combined with our focus on growth channels, is enabling us to grow both volume share and mix benefits through premiumisation.
- China saw a relatively flat performance in the quarter, with low single digit market growth and some share decline. Our supply of products to the market returned to more normal levels following the supply disruption in Q3 last year and actions to make Enfinitas available to mothers, is delivering.
- Our other IFCN markets experienced a mixed quarter with good growth in Indonesia and Argentina offset by weakness in other ASEAN and Latin American markets.
- We see significant value-creation opportunities within this category and remain on track to deliver the synergies and other objectives which we communicated at the time of our acquisition of MJN.

OTC (Over the Counter / health relief products)

- The OTC category delivered LFL growth of +1% in the quarter and an HY LFL decline of -5%.
- We saw good, broad-based growth across our powerbrands of Mucinex, Nurofen, Strepsils and Gaviscon during Q2 following the seasonally impacted performance in some of these brands in Q1. These were offset by weakness in some local brands.
- Mucinex had a good quarter, and returned to growth, as shares continued to stabilise. We are broadening the brand franchise with the launch of our new "Night Shift" range for cold and 'flu and sinus, ahead of the upcoming cold and 'flu season.

Other Health (Wellness and Health Hygiene brands)

- Other Health delivered a LFL decline of -3% in the quarter and a HY decline of -1%.
- Our VMS brands delivered growth in the quarter, behind a strong performance from Airborne and the continued rollout of Neuriva, our new brain health brand, where we are seeing early encouraging signs in consumer demand.
- Dettol had a slow quarter, with challenging conditions in Africa, Middle East, and parts of ASEAN where input cost-led price increases are being rolled back due to competitive conditions.
- Durex experienced a weak quarter in China due to increased competitive pressures. Scholl continues to decline as we implement a re-focus of the brand.

Health – Action Plan

We have focused and detailed action plans in place to accelerate growth in our Health BU. These include:

- In IFCN we have a stronger innovation pipeline including NeuroPro / Pro Mental for improved cognitive benefits, underpinned by an increased medical marketing programme.
- In Greater China, we have stepped up our investments in making our products available to new mothers now that supply has returned to more normal levels. In addition, as part of our distribution expansion programme into lower tier cities, we are launching our new "grass fed" local innovation.
- We are also undertaking other initiatives in many of our smaller markets, including a relaunch of our Enfa range of products in Hong Kong, and increased investment in medical marketing programmes across LATAM and ASEAN.
- In OTC we are launching our new Mucinex "Night Shift" range for cold and 'flu and sinus innovation in the USA.
- In Other Health we are working on the re-focus of Scholl, where gadgets now represent approximately 16% of the brand's net revenue. On Durex we have a strong innovation pipeline, which will come to market from 2020. In Dettol we are investing heavily in social and digital marketing campaigns to support an enhanced innovation pipeline including our "co-created with Moms" range of products in India – delivering the best germ protection with no compromise on safety, transparency and authenticity.
- Our focus and investment behind E Commerce continues:
  - Over 40% of our global media spend is now online
  - 100% of our brand marketing people have been upskilled
  - We plan to have 10 agile, in-house content studios by the end of 2019
  - We have centralised our 1p, 2p, 3p data for insights and audience building
  - We have a connected tech stack across all brands and channels

- From a channel perspective, e-commerce remains the key growth driver, and now represents approximately 11% of net revenue for the Health BU.

- Adjusted operating profit was £948m, with a 24.7% margin, -120bps versus the prior year. Gross margin was the main driver of this decline due to investments in capacity and capability, negative mix (decline in OTC brands in H1), input cost pressures, increased freight costs as the China supply issues were resolved and a lack of operating leverage. BEI increased as a percentage of net revenue in the half as we continue to invest behind the long-term strength of our brands. This was offset by a reduction in SG&A due to reductions in variable pay accruals as a result of below target performance. In H2 we will lap the material costs associated with the IFCN supply issues, and we expect some but not all of the negative margin pressures from H1 to end or abate.

Hygiene Home 38% of Net Revenue

By Geography	Q2				H1			
	£m	LFL[1]	FX	Reported	£m	LFL[1]	FX	Reported
North America	375	+2%	+5%	+7%	751	+2%	+6%	+8%
Europe / ANZ	509	+3%	-1%	+2%	1,044	+1%	-2%	-1%
DvM	296	+3%	-2%	+1%	607	+6%	-3%	+3%
Total	**1,180**	**+3%**	**+1%**	**+4%**	**2,402**	**+3%**	**0%**	**+3%**

[1] Non-GAAP measures are defined on page 3

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.

- HY19 total Net Revenue was £2,402m, with LFL growth of +3%. Growth in H1 comprised -1% volume and +4% price/mix.
- Q2 total Net Revenue was £1,180m, with LFL growth of +3% (-1% volume, +4% price/mix). We have been lapping a strong volume and weak price mix comparator in both Q2 and H1.
- Market growth remains at the upper end of our medium-term expectations of +2-3%, as does our LFL net revenue growth, in both the quarter and half.
- In the US, Lysol was a growth driver in the quarter with a strong delivery from our recently launched laundry sanitiser. Finish also performed well behind additives and the continued success of our recent Quantum Ultimate Clean & Shine innovation.
- In Europe/ANZ, Hygiene Home grew by +1% LFL in H1, as we roll out Quantum Ultimate Clean and Shine (Finish) following success in the US. Air Wick grew, but declined in the half, after a slow start to the year, and Harpic continues to deliver strong growth.
- Our Hygiene Home business is relatively underpenetrated in DvM. The two largest markets; Brazil and India, saw good growth in H1 with DvM, as a whole growing, by +6% LFL.
- Within DvM, our largest brand, Harpic, had a strong performance, with penetration programmes and innovation driving growth. Finish, Lysol and Vanish also performed well.
- From a channel perspective, e-commerce continued to drive strong growth and now represents 4% of total Net Revenue for the BU.
- Adjusted operating profit was £527m, with a 21.9% margin, +190bps versus the prior year. This strong growth was predominantly gross margin driven, supplemented by some BEI and SG&A efficiencies. Easy pricing comps will abate in H2, and the phasing of BEI investment has moved materially toward H2 this year.

New Product Initiatives: H2 2019

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

Health:

- **Enfagrow Grassfed:** with high quality natural milk source
- **Enfamil / Enfinitas Stage 4:** to best meet the needs of children > 3 years
- **Enfagrow Pro Mental:** extending the successful Neuro Pro model in Latin America
- **Mucinex:** new Night Shift range for Cold & Flu and Sinus
- **Mucinex Junior:** Smaller caplet size to compliment Adult Mucinex Fast Max Tablets range
- **Dettol "Co-Created with Moms" range:** delivering the best germ protection with no compromise on safety, transparency and authenticity
- **Durex ECom condoms:** Large pack box for easy delivery & storage. Premium look and available in different SKUs
- **Durex Featherlight:** superior thinness upgrade across our Featherlight range

Hygiene Home:

- **Lizol – surface cleaner for cement:** a new specialist surface cleaner for cement with super tough stain removal for India, where a significant number of consumers have cement floors
- **SBP Odourless insect control range:** addressing one of the top barriers of repellent and insect control use
- **Harpic Bathroom Cleaner:** expanding our Harpic bathroom cleaner platform in Indonesia with sachets and pouches – smaller formats that consumers prefer. Allows us to reach more of the middle class with a great product that delivers 10x better cleaning
- **Vanish Oxi Action Crystal White:** advanced Vanish Crystal White formulation revives dull whites to 10 shades whiter in just 1 wash
- **Air Wick Seasonal devices:** a decorated, seasonal range of Air Wick electrical devices in the U.S. to bring some seasonal fun into the home
- **Lysol Laundry Sanitizer Sport:** specifically designed to break down body/sweat malodours in clothes at the molecular level. Contains 0% bleach, is gentle on fabrics and works even in cold water

RB 2.0

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 focused 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 dedicated focus on Hygiene Home brands and the creation of separate end-to-end accountable BUs will enhance organic growth and strategic flexibility in the future.

We highlighted in our previous statements that it would take until mid-2020 to complete the "infrastructure" changes under RB 2.0.

These changes are on track.

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.

No material updates have occurred since our Q1 2019 results update.

Lung Injury Categorisation

During the second quarter of 2019:

- On 5 April 2019, the South Korean government announced Round 4 categorisation results, which were reported in our Q1 2019 results update.
- The status of 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]	Assessment completion (expected)
1	361	361	174	48%	140	Completed
2	169	169	53	31%	46	Completed
3	752	669[3]	84	13%	76	Completed
4	5,194[1]	4,236	163	4%	146	Round 4 is open indefinitely
Total	6,476	5,435	474	9%	408	

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 19 July 2019.
2. Both sole Oxy RB users and users of multiple manufacturers' products, including Oxy RB.
3. All of the remaining unassessed Round 3 applicants have withdrawn their applications.

On 26 July 2019, the South Korean government announced 10 additional lung injury victims, from an additional 360 cases assessed for round 4-10 categorisation. These results have not yet been updated on the KEITI website and are therefore not updated in the table above.

Asthma and Toxic Hepatitis

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 categorise 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 5,164 HS users assessed for asthma to date, 341 have been categorised as victims. Asthma only applicants are included within the 6,476 applicants to date, set out in the above table. The South Korean government has not disclosed the number of asthma-only applications filed to date.

On 26 July 2019, the South Korean government announced the recognition of toxic hepatitis as an HS injury. No data supporting the Korean government's finding has been made available. The government plans to develop categorization standards for HS-induced toxic hepatis and start categorizing existing HS applicants after the standards have been developed.

Details of existing provisions and contingent liabilities relating to the HS issue can be found in note 12, and our Annual Report and Financial Statements 2018.

Indivior / RB Pharma related matters:

On 11 July 2019, RB announced it has reached agreements with the U.S. Department of Justice ("DoJ") and the Federal Trade Commission ("FTC") to resolve the long-running investigation into the sales and marketing of Suboxone Film by its former prescription pharmaceuticals business Indivior, a business that was wholly demerged from the Group in 2014.

Under the terms of the agreements, RB agreed to pay a total of up to $1.4 billion to fully resolve all federal investigations into RB in connection with the subject matter of the Indivior indictment and claims relating to state Medicaid programs for those states choosing to participate in the settlement. The resolution will also protect the Group's participation in all U.S. government programmes.

While RB has acted lawfully at all times and expressly denies all allegations that it engaged in any wrongful conduct, after careful consideration, the Board determined that the agreement is in the best interests of the company and its shareholders. It avoids the costs, uncertainty and distraction associated with continued investigations, litigation and the potential for an indictment at a time of significant transformation under RB 2.0 and during CEO transition. This is a non-criminal resolution and is on the basis that there is no admission of any violation of law or any wrongdoing by RB or any RB Group employee.

The settlement amount is being funded through existing borrowing facilities and cash generation. RB had previously recognised $400 million, which was increased to $1.5 billion at its half-year results. RB believes this will cover the settlement and any remaining litigation exposures. For details, please refer to Note 17.

Financial Review

Net finance expense. Net finance expense was £144m (2018[1]: £180m). The decrease reflects the repayment of term loans and bonds, since January 2018, and £16m of non-repeating benefits. Adjusted finance expense excludes £25m of finance expenses on tax balances which is presented within adjusted income tax expense. Refer to Note 5 for further details of adjusting items.

Tax. The adjusted tax rate, which excludes the effect of adjusting items, was 23% (2018: 23%). We expect the ongoing adjusted tax rate to remain approximately 23%.

Adjusting items. In 2019, adjusting items comprised of £69m of expenses recorded in operating profit (2018: £162m), £29m of these costs relate to the MJN / RB 2.0 restructuring programme, £40m relate to amortisation of certain acquired intangibles. Further details of these items can be found in Note 5.

Discontinued operations. The adjusting expense in respect of Indivior PLC of £867m (2018: £7m) is reported within discontinued operations (refer to Note 17).

Net working capital. During the year, inventories increased to £1,334m (December 2018: £1,276m), trade and other receivables decreased to £2,074m (December 2018: £2,097m), and trade and other payables (excluding £1,102m DoJ accrual) increased to £4,856m (December 2018: £4,811m). There was an improvement in adjusted net working capital to minus £1,448m (December 2018: minus £1,438m). Adjusted net working capital as a percentage of rolling 12 month Net Revenue is -11% (December 2018: -11%).

Cash flow. Cash generated from continuing operations was £1,525m (2018[1]: £1,626m). Net cash generated from operating activities was £1,091m (2018[1]: £1,120m) after net interest payments of £129m (2018: £175m) and tax payments of £305m (2018: £331m).

Free cash flow is the amount of cash generated from operating activities 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 90% (2018[1]: 96%).

	30 June 2019	30 June 2018[1]
Cash generated from continuing operations	**1,525**	1,626
Less: net interest paid	**(129)**	(175)
Less: tax paid	**(305)**	(331)
Less: purchase of property, plant & equipment	**(131)**	(139)
Less: purchase of intangible assets	**(50)**	(42)
Plus: proceeds from the sale of property, plant & equipment	**19**	15
Free cash flow	**929**	954

Net debt. at 30 June 2019 was £10,545m (December 2018[1]: £10,746m). This reflected the increase of cash and cash equivalents of £207m, and foreign exchange / other movements of £23m. The Group regularly reviews its banking arrangements and currently has adequate facilities available to it.

Balance sheet. At the end of June 2019, the Group had total equity of £14,475m (December 2018[1]: £14,771m).

This finances non-current assets of £33,319m (December 2018[1]: £33,002m), of which £2,183m (December 2018[1]: £2,162m) 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 adjusted net working capital of minus £1,448m (December 2018: minus £1,438m), current provisions of £227m (December 2018[1]: £537m) and long-term liabilities other than borrowings of £5,580m (December 2018[1]: £5,564m).

Dividends. The Board of Directors declares an interim dividend of 73.0 pence (2018: 70.5 pence), in line with its stated policy to pay out about 50% of basic adjusted earnings per share. The ex-dividend date will be 22 August 2019 and the dividend will be paid on 26 September 2019 to shareholders on the register at the record date of 23 August 2019. The last date for election for the share alternative to the dividend is 5 September 2019.

[1] Restated for the adoption of IFRS16 (see Note 19)

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 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 9.

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 12.

Targets

Net Revenue:
With the slow start to the year, and the turnaround in Health still work in progress, we are reducing our 2019 net revenue target to +2-3% LFL growth (previously +3-4%).

Adjusted Operating margin:
Our target of maintaining adjusted operating margins in 2019 remains unchanged.

Principal Risks and Uncertainties

On pages 42-57 of the Annual Report and Financial Statements for the year ended 31 December 2018 we set out our assessment of the principal risks and uncertainties that the business would face during 2019. These are grouped as strategic, operational, compliance and other risks as were presented under the headings shown below.

Strategic: RB 2.0 Delivery, Innovation, Disruption.
Operational: Product Safety, Supply continuity, cyber-security, Fatality or major employee safety incident, Talent
Compliance: Tax disputes, regulatory environment, legal non-compliance, Department of Justice (DoJ), South Korea Humidifier Sanitiser (HS)
Other: 'Black Swan' event.

With the exception of DoJ, the nature and potential impact of such risks remain essentially unchanged for the second half of 2019. More information on the settlement with the DoJ is included in page 12.

This announcement contains inside information

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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.

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Reckitt Benckiser Group plc (RB)

Half Year Condensed Financial Statements

Group Income Statement
For the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 £m	30 June 2018 (restated)[1] £m
Net revenue	**4**	**6,240**	6,138
Cost of sales		**(2,483)**	(2,428)
Gross profit		**3,757**	3,710
Net operating expenses		**(2,351)**	(2,419)
Operating profit	**4**	**1,406**	1,291
Adjusted operating profit		**1,475**	1,453
Adjusting items	**5**	**(69)**	(162)
Operating profit		**1,406**	1,291
Finance income		**51**	35
Finance expense		**(195)**	(215)
Net finance expense		**(144)**	(180)
Profit before income tax		**1,262**	1,111
Income tax expense	**6**	**(271)**	(232)
Net income for the period from continuing operations		**991**	879
Net loss from discontinued operations	**17**	**(867)**	(7)
Net income for the period		**124**	872
Attributable to non-controlling interests		**12**	12
Attributable to owners of the parent		**112**	860
Net income for the period		**124**	872
Basic earnings per ordinary share:			
From continuing operations (pence)	**7**	**138.3**	123.0
From discontinued operations (pence)	**7**	**(122.5)**	(1.0)
From total operations	**7**	**15.8**	122.0
Diluted earnings per ordinary share:			
From continuing operations (pence)	**7**	**137.9**	122.2
From discontinued operations (pence)	**7**	**(122.1)**	(1.0)
From total operations	**7**	**15.8**	121.2

[1]Restated for the adoption of IFRS 16 (see Note 19).

Group Statement of Comprehensive Income
For the six months ended 30 June 2019

	Six months ended 30 June 2019 £m	30 June 2018 (restated)[1] £m
Net income for the period	**124**	872
Other comprehensive income / (expense)		
Items that may be reclassified to profit or loss in subsequent periods		
Net exchange gains / (losses) on foreign currency translation, net of tax	**287**	(122)
Gains / (losses) on net investment hedges, net of tax	**2**	(20)
(Losses) / gains on cash flow hedges, net of tax	**(7)**	17
	282	(125)
Items that will not be reclassified to profit or loss in subsequent periods		
Remeasurements of defined benefit pension plans, net of tax	**(26)**	70
Revaluation of equity instruments – FVOCI	**(6)**	3
	(32)	73
Other comprehensive income / (loss) for the period, net of tax	**250**	(52)
Total comprehensive income for the period	**374**	820
Attributable to non-controlling interests	**12**	11
Attributable to owners of the parent	**362**	809
Total comprehensive income for the period	**374**	820
Total comprehensive income attributable to owners of the parent arising from:		
Continuing operations	**1,229**	816
Discontinued operations	**(867)**	(7)
	362	809

[1]Restated for the adoption of IFRS 16 (see Note 19).

Group Balance Sheet
As at 30 June 2019

	Note	30 June 2019 £m	31 December 2018 (restated)[1] £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets		**30,582**	30,278
Property, plant and equipment		**2,183**	2,162
Equity instruments - FVOCI		**54**	53
Deferred tax assets		**182**	209
Retirement benefit surplus		**174**	191
Other non-current receivables		**144**	109
		33,319	33,002
Current assets			
Inventories		**1,334**	1,276
Trade and other receivables		**2,074**	2,097
Derivative financial instruments	8	**77**	38
Current tax recoverable		**65**	48
Cash and cash equivalents		**1,713**	1,483
		5,263	4,942
Assets of disposal group classified as held for sale		**-**	10
		5,263	4,952
Total assets		**38,582**	37,954
LIABILITIES			
Current liabilities			
Short-term borrowings (including lease liabilities)		**(2,769)**	(2,269)
Provisions for liabilities and charges	9	**(227)**	(537)
Trade and other payables		**(5,958)**	(4,811)
Derivative financial instruments	8	**(27)**	(42)
Current tax liabilities		**(6)**	(10)
		(8,987)	(7,669)
Non-current liabilities			
Long-term borrowings (including lease liabilities)		**(9,540)**	(9,950)
Deferred tax liabilities		**(3,580)**	(3,619)
Retirement benefit obligations		**(328)**	(318)
Provisions for liabilities and charges	9	**(60)**	(74)
Non-current tax liabilities		**(1,132)**	(1,105)
Other non-current liabilities		**(480)**	(448)
		(15,120)	(15,514)
Total liabilities		**(24,107)**	(23,183)
Net assets		**14,475**	14,771
EQUITY			
Capital and reserves			
Share capital	10	**74**	74
Share premium		**245**	245
Merger reserve		**(14,229)**	(14,229)
Hedging reserve		**-**	7
Foreign currency translation reserve		**719**	430
Retained earnings		**27,622**	28,197
Attributable to owners of the parent		**14,431**	14,724
Attributable to non-controlling interests		**44**	47
Total equity		**14,475**	14,771

[1]Restated for the adoption of IFRS 16 (see Note 19).

Group Statement of Changes in Equity
For the six months ended 30 June 2019

	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 2019 (reported)	**74**	**245**	**(14,229)**	**437**	**28,215**	**14,742**	**47**	**14,789**
Effects of IFRS 16	**-**	**-**	**-**	**-**	**(18)**	**(18)**	**-**	**(18)**
Balance at 1 January 2019 (restated)[1]	**74**	**245**	**(14,229)**	**437**	**28,197**	**14,724**	**47**	**14,771**
Net income for the period	**-**	**-**	**-**	**-**	**112**	**112**	**12**	**124**
Other comprehensive income	**-**	**-**	**-**	**282**	**(32)**	**250**	**-**	**250**
Total comprehensive income	**-**	**-**	**-**	**282**	**80**	**362**	**12**	**374**
Transactions with owners								
Share-based payments	**-**	**-**	**-**	**-**	**35**	**35**	**-**	**35**
Current tax on share awards	**-**	**-**	**-**	**-**	**4**	**4**	**-**	**4**
Re-issue of Treasury shares	**-**	**-**	**-**	**-**	**33**	**33**	**-**	**33**
Dividends	**-**	**-**	**-**	**-**	**(709)**	**(709)**	**(15)**	**(724)**
Transactions with non-controlling interests	**-**	**-**	**-**	**-**	**(18)**	**(18)**	**-**	**(18)**
Total transactions with owners	**-**	**-**	**-**	**-**	**(655)**	**(655)**	**(15)**	**(670)**
Balance at 30 June 2019	**74**	**245**	**(14,229)**	**719**	**27,622**	**14,431**	**44**	**14,475**
Balance at 1 January 2018 (reported)	74	243	(14,229)	406	27,039	13,533	40	13,573
Effects of IFRS 16	-	-	-	-	(18)	(18)	-	(18)
Balance at 1 January 2018 (restated)	74	243	(14,229)	406	27,021	13,515	40	13,555
Net income for the period	-	-	-	-	860	860	12	872
Other comprehensive income	-	-	-	(124)	73	(51)	(1)	(52)
Total comprehensive income	-	-	-	(124)	933	809	11	820
Transactions with owners								
Share-based payments	-	-	-	-	38	38	-	38
Deferred tax on share awards	-	-	-	-	(12)	(12)	-	(12)
Current tax on share awards	-	-	-	-	6	6	-	6
Re-issue of Treasury shares	-	-	-	-	65	65	-	65
Dividends	-	-	-	-	(688)	(688)	(10)	(698)
Total transactions with owners	-	-	-	-	(591)	(591)	(10)	(601)
Balance at 30 June 2018 (restated)[1]	74	243	(14,229)	282	27,363	13,733	41	13,774

Group Cash Flow Statement
For the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 £m	30 June 2018 (restated)[1] £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from continuing operations	16	**1,525**	1,626
Interest paid		**(179)**	(209)
Interest received		**50**	34
Tax paid		**(305)**	(331)
Net cash generated from operating activities		**1,091**	1,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(131)**	(139)
Purchase of intangible assets		**(50)**	(42)
Proceeds from the sale of property, plant & equipment[2]		**19**	15
Acquisition of businesses, net of cash acquired	15	**(18)**	-
Reduction in short-term investments		**(1)**	-
Purchase of equity instruments - FVOCI		**(6)**	(10)
Dividends received from investments		**1**	-
Net cash used in investing activities		**(186)**	(176)
CASH FLOWS FROM FINANCING ACTIVITIES			
Treasury shares reissued		**33**	65
Proceeds from borrowings		**495**	613
Repayment of borrowings (including lease liabilities)		**(496)**	(1,427)
Dividends paid to owners of the parent	11	**(709)**	(688)
Dividends paid to non-controlling interests		**(15)**	(10)
Other financing activities		**(6)**	(16)
Net cash used in financing activities		**(698)**	(1,463)
Net increase / (decrease) in cash and cash equivalents		**207**	(519)
Cash and cash equivalents at beginning of period		**1,477**	2,117
Exchange gains / (losses)		**24**	(64)
Cash and cash equivalents at end of the period		**1,708**	1,534
Cash and cash equivalents comprise:			
Cash and cash equivalents		**1,713**	1,542
Overdrafts		**(5)**	(8)
		1,708	1,534

[1]Restated for the adoption of IFRS 16 (see Note 19).
[2]Includes £10m receipt relating to Adjusting items.

1. General Information

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

The Half Year Condensed Financial Statements were approved by the Board of Directors on 30 July 2019. The Half Year Condensed Financial Statements have been reviewed, not audited.

2. Basis of Preparation

The Half Year Condensed Financial Statements for the six months ended 30 June 2019 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 *Interim Financial Reporting* as endorsed by the European Union. The Half Year Condensed Financial Statements should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 December 2018, which have been prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRS) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements for the year ended 31 December 2018 are also in compliance with IFRS as issued by the International Accounting Standards Board (IASB).

These Half Year Condensed Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018 were approved by the Board of Directors on 18 March 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

Having assessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

3. Accounting Policies and Estimates

With the exception of those changes described below, the accounting policies adopted in the preparation of the Half Year Condensed Financial Statements are consistent with those described on pages 142-150 of the Annual Report and Financial Statements for the year ended 31 December 2018.

In preparing these Half Year 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 2018.

Income tax expense for the six months is accrued using the expected tax rate that would be applicable to the total annual profit, before the impact of adjusting items, for the year ending 31 December 2019. Refer to Note 6 for further details.

IFRIC 23 Uncertainty over Income Tax Treatments

On 1 January 2019 the Group adopted *IFRIC 23 Uncertainty over Income Tax Treatments*. IFRIC 23 further clarifies the accounting for uncertainty in income taxes under IAS12. The adoption did not lead to any changes to the opening balance of retained earnings and no material impact on the Income Statement.

IFRS 16 Leases

On 1 January 2019, the Group adopted *IFRS 16 Leases*, using the full retrospective approach to previous periods and applying *IAS 8 Accounting Policies, Changes in Accounting estimates and Errors*. Comparative reported numbers related to 2018 have been restated. Deferred tax adjustments relating to the restatement have not been made as they are not material. The impact of the restatement is included in Note 19.

The standard requires recognition of a 'right of use' asset, representing the right to use the underlying asset and a liability, representing the obligation to make lease payments, for almost all lease contracts. The impact on the Income Statement is that former lease-operating expenses are replaced by depreciation and interest. Total expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with former accounting for operating leases. The main impact on the Statement of Cash Flows is higher cash flows from operating activities, since cash payments for the principal part of the lease liability are classified in the net cash flow from financing activities.

3. Accounting Policies and Estimates (continued)

For leases in place at 1st January 2019 IFRS 16 is only applied for contracts that contract constituted a lease under *IAS 17 Leases* or *IFRIC 4 Determining whether an arrangement contains a lease.*

In response to *IFRS 16*, the Group has updated its lease accounting policy, as follows:

The Group has various lease arrangements for buildings (such as offices and warehouses), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and furthermore subjected to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Lease related assets and liabilities are measured on a present value basis. Lease related assets and liabilities are subjected to re-measurement when either terms are modified, or lease assumptions have changed. Such an event results in the lease liability being re-measured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the moment of the change. The lease assets are adjusted to reflect the change in the re-measured liabilities.

<u>Right of use assets</u>
Right of use assets are measured at costs and at the inception of the lease may include the following components:

- The initial measurement of the lease liability;
- Prepayments before commencement date of the lease;
- Initial direct costs;
- Costs to restore.

The right of use assets are reduced for lease incentives relating to the lease. The right of use assets are depreciated on a straight-line basis over the duration of the contract. In the event that the lease contract becomes onerous, the right of use asset is impaired for the part which has become onerous.

<u>Lease liabilities</u>
Lease liabilities include the net present value of the following components:

- Fixed payments excluding lease incentive receivables;
- Future contractually agreed fixed increases;
- Payments related to renewals or early termination, when options to renew or for early termination are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If such rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The discount rate that is used to calculate the present value reflects the interest rate applicable to the lease at inception of the contract. Lease contracts entered into in a currency different then the local functional currency are subjected to periodic foreign currency revaluations which are recognised in the Income Statement in net finance costs.

The lease liabilities are subsequently increased by the interest costs on the lease liabilities and decreased by lease payments made.

<u>Subleases</u>
The Group subleases some of its right of use assets. In these instances, the Group is an intermediate lessor. The majority of the Group's sublease arrangements are classified as operating leases. Sublease contracts with the classification of operating leases results in sublease income being recognised periodically during the sub-rental period. Operating subleases have no impact to the right of use asset measurement.

4. Operating Segments

The Group's operating segments are RB Health and RB Hygiene Home.

The Chief Office Decision Maker ("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 30 June 2019 and 30 June 2018 is as follows:

Six months ended 30 June 2019	**RB Health**	**RB Hygiene Home**	**Total**
	£m	**£m**	**£m**
Net revenue	**3,838**	**2,402**	**6,240**
Adjusted operating profit	**948**	**527**	**1,475**
Adjusting items			**(69)**
Operating profit			**1,406**
Net finance expense			**(144)**
Profit before income tax			**1,262**

Six months ended 30 June 2018 (restated)	RB Health	RB Hygiene Home	Total
	£m	£m	£m
Net revenue	3,803	2,335	6,138
Adjusted operating profit[1]	985	468	1,453
Adjusting items			(162)
Operating profit[1]			1,291
Net finance expense[1]			(180)
Profit before income tax[1]			1,111

[1]Restated for the adoption of IFRS 16 (see Note 19).

5. 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. 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:

- Exceptional items are material, non-recurring items of expense or income.
- 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. These are not classified as exceptional items because of their recurring nature.
- 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.

5. Adjusting items (continued)

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the six months ended 30 June 2019:

Six months ended 30 June 2019	**Reported £m**	**Adjusting: Exceptional items £m**	**Adjusting: Other items £m**	**Adjusting: Finance expense reclass £m**	**Adjusted £m**
Operating Profit	1,406	29 [2]	40 [3]	-	1,475
Net finance expense	(144)	-	-	25 [4]	(119)
Profit before income tax	1,262	29	40	25	1,356
Income tax expense	(271)	(7) [2]	(9) [3]	(25) [4]	(312)
Net income for the year from continuing operations	991	22	31	-	1,044
Less: Attributable to non-controlling interests	(12)	-	-	-	(12)
Net income for the year attributable to owners of the parent (continuing)	979	22	31	-	1,032
Net loss for the year from discontinued operations	(867)	867 [1]	-	-	-
Total net income for the year attributable to owners of the parent	112	889	31	-	1,032

1. Exceptional items within discontinued operations relate to the current year charge of the settlement amount for US Department of Justice ("DoJ") and the US Federal Trade Commission. Refer to Note 17 for further details.

2. Exceptional items within Operating Profit of £29 million relate to previously announced restructuring projects, principally RB 2.0 costs.

   Included within income tax expense is a £7 million tax credit for these exceptional costs.

3. Other adjusting items of £40 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged during the period ended 30 June 2019. In addition, there is a £9 million income tax credit in respect of these costs.

4. Adjusting items of £25 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 six months ended 30 June 2018:

Six months ended 30 June 2018[5]	**Reported £m**	**Adjusting: Exceptional items £m**	**Adjusting: Other items £m**	**Adjusting: Finance expense reclass £m**	**Adjusted £m**
Operating Profit	1,291	124 [2]	38 [3]	-	1,453
Net finance expense	(180)	-	-	26 [4]	(154)
Profit before income tax	1,111	124	38	26	1,299
Income tax expense	(232)	(29) [2]	(9) [3]	(26) [4]	(296)
Net income for the year from continuing operations	879	95	29	-	1,003
Less: Attributable to non-controlling interests	(12)	-	-	-	(12)
Net income for the year attributable to owners of the parent (continuing)	867	95	29	-	991
Net loss for the year from discontinued operations	(7) [1]	7	-	-	-
Total net income for the year attributable to owners of the parent	860	102	29	-	991

1. Exceptional items within discontinued operations relate to a foreign exchange loss on the provision booked in prior year for ongoing investigations by the US Department of Justice ("DoJ") and the US Federal Trade Commission. Refer to Note 17 for further details.

2. Exceptional items within Operating Profit of £124 million relate to previously announced restructuring projects, including:
   - MJN integration / RB 2.0 costs of £121 million; and
   - Restructuring and other projects of £3 million.

   Included within income tax expense is a £29 million tax credit for these exceptional costs.

3. Other adjusting items of £38 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged during the period ended 30 June 2018. In addition, there is a £9 million income tax credit in respect of these costs.

4. Adjusting items of £26 million relate to the reclassification of interest on income tax balances from finance expense to income tax in the adjusting measure.

5. Restated for the adoption of IFRS 16 (see Note 19).

6. Income Taxes (continuing operations)

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate applying to profits before the impact of adjusting items expected for the full financial year. The estimated average annual tax rate for continuing operations before adjusting items ('adjusted tax rate') for the year ended 31 December 2019 is 23% and therefore the estimated tax rate before adjusting items for the six months ended 30 June 2019 was 23%. The income tax credit arising on adjusting items for the six months ended 30 June 2019 is £16 million.

EC State Aid

In addition to the matters included in Note 7 in the Group Annual Report and Financial Statement for year ended 31 December 2018, there have been further developments in the State Aid investigation by the European Commission ("EC") into the Group Financing Exemption in the UK controlled foreign company rules. On 25 April 2019 the EC released its decision concluding that the UK Controlled Foreign Company legislation up to 31 December 2018 partially represented State Aid. On 13 June 2019 the UK government applied to annul the EC decision. The Group believes that no provision is required at this time.

7. Earnings per share

	Six months ended	
	30 June 2019 pence	30 June 2018[1] pence
Basic earnings per share		
From continuing operations	**138.3**	123.0
From discontinued operations	**(122.5)**	(1.0)
Total basic earnings per share	**15.8**	122.0
Diluted earnings per share		
From continuing operations	**137.9**	122.2
From discontinued operations	**(122.1)**	(1.0)
Total diluted earnings per share	**15.8**	121.2
Adjusted basic earnings per share		
From continuing operations	**145.8**	140.6
From discontinued operations	**-**	-
Total adjusted basic earnings per share	**145.8**	140.6
Adjusted diluted earnings per share		
From continuing operations	**145.4**	139.6
From discontinued operations	**-**	-
Total adjusted diluted earnings per share	**145.4**	139.6

[1]Restated for the adoption of IFRS 16 (see Note 19).

Basic

Basic earnings per share is calculated by dividing the net income attributable to owners of the parent from continuing operations (six months ended 30 June 2019: £979 million; six months ended 30 June 2018: £867 million) and discontinued operations (six months ended 30 June 2019: net loss of £867 million; six months ended 30 June 2018: net loss of £7 million) by the weighted average number of ordinary shares in issue during the period (six months ended 30 June 2019: 708,030,772; six months ended 30 June 2018: 704,785,079).

7. Earnings per share (continued)

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 30 June 2019, there were 8,433,465 (30 June 2018: 7,255,942) Executive Share Awards excluded from the dilution.

Average number of shares

	30 June 2019 Average number of shares	30 June 2018 Average number of shares
On a basic basis	**708,030,772**	704,785,079
Dilution of Executive Share Awards	**1,836,130**	4,612,665
Dilution for Employee Sharesave Scheme Options outstanding	**43,844**	261,724
On a diluted basis	**709,910,746**	709,659,468

Adjusted earnings

The Directors believe that diluted earnings per ordinary share, which excludes the impact of adjusting items, provides additional useful information about underlying trends to Shareholders in respect of earnings per ordinary share.

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

		Six months ended	
		30 June 2019	30 June 2018[1]
Continuing operations		**£m**	£m
Net income attributable to owners of the parent		**979**	867
Exceptional items, net of tax	5	**22**	95
Other adjusting items, net of tax	5	**31**	29
Adjusted net income attributable to owners of the parent		**1,032**	991

[1]Restated for the adoption of IFRS 16 (see Note 19).

		Six months ended	
		30 June 2019	30 June 2018
Discontinued operations		**£m**	£m
Net loss attributable to owners of the parent		**(867)**	(7)
Exceptional items, net of tax	5	**867**	7
Adjusted net income attributable to owners of the parent		**-**	-

8. Net Debt

Analysis of net debt	**30 June 2019 £m**	31 December 2018 £m
Cash and cash equivalents	**1,713**	1,483
Overdrafts	**(5)**	(6)
Cash and cash equivalents	**1,708**	1,477
Borrowings (excluding overdrafts and lease liabilities)[1]	**(11,950)**	(11,872)
Derivative financial instruments (debt)	**51**	(10)
Lease liabilities[2]	**(354)**	(341)
Financing liabilities	**(12,253)**	(12,223)
Net debt at end of period	**(10,545)**	(10,746)

[1]Borrowings as at 31 December 2018 have been restated to present £1m of finance leases under IAS 17 as lease liabilities under IFRS 16.
[2]Restated for the adoption of IFRS 16 (see Note 19).

8. Net Debt (continued)

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	
	Current	Non-Current	Current	Non-Current
Derivative financial instruments (debt)	57	-	(6)	-
Derivative financial instruments (non-debt)	20	-	(21)	-
At 30 June 2019	**77**	**-**	**(27)**	**-**

	Assets		Liabilities	
	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**	**30 June 2019 Net Debt £m**	31 December 2018 Net Debt £m
Net debt at beginning of the period[1]	**1,477**	**(12,223)**	**(10,746)**	(11,095)
Net increase / (decrease) in cash and cash equivalents	**207**	**-**	**207**	(586)
Proceeds from borrowings	**-**	**(495)**	**(495)**	(697)
Repayment of borrowings (including lease liabilities)[1]	**-**	**496**	**496**	2,314
Other financing cash flows	**-**	**6**	**6**	(24)
New lease liabilities	**-**	**(36)**	**(36)**	(48)
Exchange, fair value and other movements[1]	**24**	**(1)**	**23**	(610)
Net debt at end of the period	**1,708**	**(12,253)**	**(10,545)**	(10,746)

[1]Restated for the adoption of IFRS 16 (see Note 19).

9. Provisions for Liabilities and Charges

Six months ended 30 June 2019	**Legal provisions £m**	**Restructuring provisions £m**	**Other provisions £m**	**Total provisions £m**
At 1 January 2019[1]	461	52	98	611
Charged to the income statement	3	1	23	27
Utilised during the period[2]	(285)	(28)	(8)	(321)
Released to the income statement	(6)	-	(20)	(26)
Exchange adjustments	(3)	-	(1)	(4)
At 30 June 2019	**170**	**25**	**92**	**287**

[1]Restated for the adoption of IFRS 16 (see Note 19).

[2]$300 million (£235 million) of the provision relating to the DoJ matter has been utilised and is now included in trade and other payables (see Note 17).

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

	30 June 2019 £m	31 December 2018[1] £m
Current	**227**	537
Non-current	**60**	74
	287	611

[1]Restated for the adoption of IFRS 16 (see Note 19).

9. Provisions for Liabilities and Charges (continued)

Provisions are recognised when the Group has a present legal 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 £170 million (31 December 2018: £461 million) include exceptional legal provisions of £147 million (31 December 2018: £431 million) in relation to a number of historical regulatory matters in a number of markets, predominantly:

- The Department of Justice ("DoJ") investigation referenced in Note 17 of £78 million (31 December 2018: £313 million); and
- The HS issue in South Korea. The provision held at the end of the period covers certain Round 4 applicants as discussed in Note 12. During the period, a number of payments were made to claimants in respect of Rounds 1, 2 and 3 of the HS issue, partially utilising the provision held for this matter.

The restructuring provision relates to business integration costs associated with the acquisition of MJN and subsequent RB 2.0 reorganisation, the majority of which is expected to be utilised within five years.

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

10. Share Capital

	Equity ordinary shares	Nominal value £m
Issued and fully paid		
At 1 January 2019 and 30 June 2019	**736,535,179**	**74**

At 30 June 2019, of the issued share capital, 27,506,342 shares were held as Treasury shares (31 December 2018: 29,033,361). All shares were fully paid.

11. Dividends

A final dividend of 100.2 pence per share for the year ended 31 December 2018 was paid on 23 May 2019 to Shareholders who were on the register on 23 April 2019, amounting to £709 million.

The Directors have declared an interim dividend in respect of the year ending 31 December 2019 of 73.0 pence per share which will absorb an estimated £518 million of shareholders' funds. It will be paid on 26 September 2019 to shareholders who are on the register on 23 August 2019.

12. Contingent Liabilities and Assets

From time to time, the Group is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world, including ongoing European Commission ("EC") State Aid matters. Where appropriate, the Directors make provisions based on their assessment of each case.

HS South Korea

The HS issue in South Korea was 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 5,194 applications to participate in Round 4 as at 29 July 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.

12. Contingent Liabilities and Assets (continued)

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. On 26 July 2019 the committee announced a recognition standard for toxic hepatitis caused by HS. From 23 July 2018, HS users can apply for asthma-only categorisation as part of Round 4. No provision has been made for either asthma or toxic hepatitis because:

   a) no detailed underlying data has yet been made available in respect of general causation of asthma or toxic hepatitis injuries by HS, although 341 asthma victims have been announced by the MOE as at 26 July 2019; 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 the total number of potential victims with potential asthma, toxic hepatitis 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 the Group.

13. Financial Instruments

Except for the Group's bonds and senior notes, the fair values of other financial assets and liabilities at amortised cost approximate their carrying values.

The fair value measurement hierarchy levels have been defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
3. Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The fair value of bonds at 30 June 2019 is a liability of £6,546 million (31 December 2018: £6,175 million), and the fair value of the senior notes at 30 June 2019 is a liability of £2,556 million (31 December 2018: £2,432 million). These values are derived using a quoted market rate in an active market (level 1 classification). The book value of bonds at 30 June 2019 is a liability of £6,472 million (31 December 2018: £6,440 million) and the book value of senior notes at 30 June 2019 is a liability of £2,475 million (31 December 2018: £2,464 million).

	30 June 2019		31 December 2018	
Fair value and book value of derivatives	**Asset £m**	**Liability £m**	Asset £m	Liability £m
FX forward exchange contract derivatives [1]				
used for hedging	**20**	**(21)**	24	(17)
classified as fair value through profit or loss	**57**	**(2)**	15	(9)
Interest rate swap derivatives used for hedging [2]	**-**	**(4)**	-	(16)
Total derivatives on balance sheet	**77**	**(27)**	39	(42)

[1] Fair value determined using forward exchange rates derived from market sourced data at the balance sheet date, with the resulting value discounted back to present value (level 2 classification)

[2] Fair value determined by discounting future cash flows at floating market rates (level 2 classification).

The fair value of equity instruments – FVOCI at 30 June 2019 is £54 million (31 December 2018: £53 million). The fair value is derived using both quoted share price information (level 1 classification) and other non-market information (level 3 classification)

The Group's financial risk management objectives and policies are consistent with those disclosed in the Annual Report and Financial Statements for the year ended 31 December 2018.

13. Financial Instruments (continued)

In July 2019, the Group increased the undrawn committed banking facilities on which all conditions precedent have been met from £4,500 million to £5,500 million. The terms of the new facility are in line with Group's previously existing facilities.

14. Related Party Transactions

RB & Manon Business Co. Ltd (Manon)

A dividend of £10 million was paid to the non-controlling shareholders of RB & Manon Business Co. Ltd during the six months ended 30 June 2019 (six months ended 30 June 2018: £8 million).

At the start of the year, the parties were subject to symmetrical put and call options over the non-controlling shareholdings, exercisable after a period of five years. In the event they are not exercised under the agreement they are automatically extended for a further six twelve month terms. During the year, an additional agreement was entered into on similar terms over non-controlling shareholdings to support the expansion of the Hygiene Home business unit.

The present value of the put option at 30 June 2019 was a liability of £164 million (31 December 2018: £148 million).

Other

The Group has related party relationships with its directors and key management personnel and pension schemes. There are no further related party transactions.

15. Acquisitions

On 22 February 2019 the Group completed the acquisition of 100% of the issued share capital of UpSpring, Ltd, an innovative pre and post-natal healthcare company based in Texas, USA.

16. Cash generated from operations

	Note	Six months ended **30 June 2019** **£m**	 30 June 2018 (restated)[1] £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit from continuing operations		**1,406**	1,291
Gains on sale of property, plant and equipment and intangible assets		**(4)**	-
Depreciation, amortisation and impairment [2]		**214**	196
Increase in inventories		**(43)**	(62)
(Increase)/decrease in trade and other receivables		**(6)**	74
(Decrease)/increase in payables and provisions		**(77)**	89
Share-based payments		**35**	38
Cash generated from continuing operations		**1,525**	1,626

[1] Restated for the adoption of IFRS 16 (see Note 19). In addition, presentation of cash flow in 2019 has been updated, 2018 items are re-presented on a consistent basis
[2] Includes £40m (2018: £38m) amortisation of acquisition related intangibles (adjusting item)

17. Discontinued Operation

On 11 July 2019, the Group announced it has reached agreements with the U.S. Department of Justice ("DoJ") and the Federal Trade Commission ("FTC") to resolve the long-running investigation into the sales and marketing of Suboxone Film by its former prescription pharmaceuticals business Indivior, a business that was wholly demerged from the Group in 2014.

Under the terms of the agreements, the Group agreed to pay a total of up to $1.4 billion (£1.1 billion) to fully resolve all federal investigations into the Group in connection with the subject matter of the Indivior indictment and claims relating to state Medicaid programs for those states choosing to participate in the settlement. The resolution will also protect the Group's participation in all U.S. government programmes.

While the Group has acted lawfully at all times and expressly denies all allegations that it engaged in any wrongful conduct, after careful consideration, the Board of the Group determined that the agreement is in the best interests of the company and its shareholders. It avoids the costs, uncertainty and distraction associated with continued investigations, litigation and the potential for an indictment at a time of significant transformation under RB 2.0 and during CEO transition. This is a non-criminal resolution and is on the basis that there is no admission of any violation of law or any wrongdoing by the Group or any of the Group's employees. Details of the amount recorded are as follows:

	£m
Amounts charged within discontinued operations	
In period ended 30th June 2019	**867**
In previous periods	**313**
Total liability recognised at 30th June 2019	**1,180**

	30 June 2019 £m
Amounts recorded in	
Provisions	**78**
Trade and Other Payables	**1,102**
	1,180

18. Seasonality

Demand for some of the Group's products is subject to significant seasonal fluctuations. In particular, some cold and influenza and pest control products exhibit seasonal fluctuation. The intensity of seasons can vary from year to year with a corresponding impact on the Group's performance.

19. Effects from implementation of IFRS 16 'Leases'

Group Income Statement

	30 June 2018 Reported £m	Effects of IFRS 16 £m	30 June 2018 Restated £m
Net operating expenses	(2,424)	5	(2,419)
Operating profit	1,286	5	1,291
Adjusted operating profit	1,448	5	1,453
Operating profit	1,286	5	1,291
Finance expense	(208)	(7)	(215)
Net finance expense	(173)	(7)	(180)
Profit before income tax	1,113	(2)	1,111
Net income for the period from continuing operations	881	(2)	879
Net income for the period	874	(2)	872
Attributable to owners of the parent	862	(2)	860
Net income for the period	874	(2)	872
Basic earnings per ordinary share:			
From continuing operations (pence)	123.3	(0.3)	123.0
From total operations	122.3	(0.3)	122.0
Diluted earnings per ordinary share:			
From continuing operations (pence)	122.5	(0.3)	122.2
From total operations	121.5	(0.3)	121.2

19. Effects from implementation of IFRS 16 'Leases' (continued)

Group Balance Sheet

	31 December 2018 Reported £m	Effects of IFRS 16 £m	31 December 2018 Restated £m
ASSETS			
Property, plant and equipment	1,858	304	2,162
Total non-current assets	32,698	304	33,002
Total assets	37,650	304	37,954
LIABILITIES			
Current liabilities			
Short-term borrowings (including lease liabilities)	(2,209)	(60)	(2,269)
Provisions for liabilities and charges	(542)	5	(537)
	(7,614)	(55)	(7,669)
Non-current liabilities			
Long-term borrowings (including lease liabilities)	(9,670)	(280)	(9,950)
Provisions for liabilities and charges	(87)	13	(74)
	(15,247)	(267)	(15,514)
Total liabilities	(22,861)	(322)	(23,183)
Net assets	14,789	(18)	14,771
EQUITY			
Capital and reserves			
Retained earnings	28,215	(18)	28,197
Attributable to owners of the parent	14,742	(18)	14,724
Total equity	14,789	(18)	14,771

Group Cash Flow Statement

	30 June 2018 Reported £m	Effects of IFRS 16 £m	30 June 2018 Restated £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from continuing operations	1,591	35[1]	1,626
Net cash generated from operating activities	1,085	35	1,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities	(176)	-	(176)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings (including lease liabilities)	(1,392)	(35)	(1,427)
Net cash (used in) / from financing activities	(1,428)	(35)	(1,463)
Net (decrease) / increase in cash and cash equivalents	(519)	-	(519)
Cash and cash equivalents at end of the period	1,534	-	1,534
Cash and cash equivalents comprise:			
Cash and cash equivalents	1,542	-	1,542
Overdrafts	(8)	-	(8)
	1,534	-	1,534

[1] Includes £30m depreciation, amortisation and impairment.

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- the condensed set of Financial Statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Reckitt Benckiser Group plc are listed in the Reckitt Benckiser Group plc Annual Report and Financial Statements for the year ended 31 December 2018. A list of current Directors is maintained on the Reckitt Benckiser Group plc website: www.rb.com.

By order of the Board

Rakesh Kapoor
Chief Executive Officer

Christopher Sinclair
Chairman

30 July 2019

INDEPENDENT REVIEW REPORT TO RECKITT BENCKISER GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Statement of Changes in Equity, Group Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of Financial Statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual Financial Statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of Financial Statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of Financial Statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Richard Broadbelt
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

30 July 2019