27 July 2018

Q2 - PROGRESS. FULL YEAR NET REVENUE TARGET INCREASED

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	**3,027**	+23%	+29%	**6,138**	+23%	+30%
- Pro-forma growth[1]			*+5%*			*+4%*
- Like-for-like growth[1]			*+4%*			*+3%*
Operating profit – reported				**1,286**	+21%	+29%
Operating profit – adjusted[1]				**1,448**	+22%	+29%
Net income[2] – reported				**869**	+12%	+20%
Net income[2] – adjusted[1]				**993**	+12%	+20%
EPS (diluted) – reported				**122.5**	+12%	
EPS (diluted) – adjusted[1]				**139.9**	+12%	
Total operations (including discontinued operations)						
Net income[2] – reported				**862**	+71%	+84%
Net income[2] – adjusted[1]				**993**	+6%	+14%
EPS (diluted) – reported				**121.5**	+71%	
EPS (diluted) – adjusted[1]				**139.9**	+6%	

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

Highlights

- **Pro-forma growth in Q2 of +5%.** Growth was volume led at +3%, with +2% from price / mix. IFCN grew by +9% on a pro-forma basis, driven by strong market growth and further operational improvements.
- **LFL growth in Q2 of +4%, with Health +3% and Hygiene Home +4%.** Growth +3% volume, +1% price/mix, reflecting the lapping of the cyber-attack impact last year.
- **MJN integration into our Health Business Unit (BU) is on track.** Strong top line growth combined with 2018 year-to-date synergies of £55m ($75m). We remain on track to achieve our increased synergies of $300m.
- **RB 2.0 progressing well.** Management structure in place from January 2018. Work to complete all infrastructure changes by mid-2020 remains on track.
- **Adjusted operating margin was 23.6%.** +50bps on a pro-forma basis and a decline of -30bps on a reported basis.
- **The Board declares an interim dividend of 70.5p** per share (2017: 66.6p), an increase of +6%.
- **Full year net revenue target increased** from +13-14% to +14-15% driven by IFCN growth exceeding expectations. No change in operating margin expectation.

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

"Delivering growth and the successful integration of MJN remain our key priorities. Q2 was a quarter of progress against both of these priorities.

MJN integration is well on track, with IFCN performance exceeding expectations and synergies being delivered. RB 2.0 is driving greater focus and energy as we operate under our new business units – Health and Hygiene Home. I am confident that as we fully realise the benefits of RB 2.0, we will deliver outperformance in both business units.

With IFCN exceeding our expectations and our base business delivering in line, we are raising our 2018 target to +14-15% total net revenue growth at constant rates (previously +13-14%), implying LFL revenue growth at the upper end of +2-3%."

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 2018. Descriptions of the adjusting items are included in Note 5.

Six months ended 30 June 2018	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclass £m	Adjusted £m
Operating Profit	1,286	124	38	-	1,448
Net finance expense	(173)	-	-	26	(147)
Profit before income tax	1,113	124	38	26	1,301
Income tax expense	(232)	(29)	(9)	(26)	(296)
Net income for the year from continuing operations	881	95	29	-	1,005
Less: Attributable to non-controlling interests	(12)	-	-	-	(12)
Net income for the year attributable to owners of the parent (continuing)	869	95	29	-	993
Net loss for the year from discontinued operations	(7)	7	-	-	-
Total net income for the year attributable to owners of the parent	862	102	29	-	993

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. 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 5.

Pro-forma growth excludes the impact 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, which 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 12.

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.

Detailed Operating Review: Total Group

Six months ended 30 June 2018

Total half year ("HY") Net Revenue was £6,138m, representing +4% growth on a pro-forma basis or +3% on an LFL basis. Total growth, at actual exchange rates was +23%, positively impacted by the net benefit of M&A of +28% and translational foreign exchange of -7%.

Growth in our Health BU was +4% on a pro-forma basis, driven by +7% pro-forma growth in IFCN and +2% LFL growth in the Rest of Health.

IFCN is currently experiencing strong category growth above our medium-term expectations, led by China, the world's largest IFCN market. Within our IFCN business, we continue to make progress in accelerating innovation, improving in-market execution and developing new channels. H1 and Q2 also benefitted from some channel stocking in the US from the Enfamil NeuroPro launch and some increases in channel inventory in China, as we expand our distribution in Mom and Baby stores.

The rest of Health saw good broad-based growth across the majority of brands. Weakness in Scholl impacted growth by around -200bps. As highlighted at Q1, Mucinex was impacted by the re-entry of private label competition, which we expect to continue for the rest of 2018.

Growth in our Hygiene Home BU was 4% LFL, with strong growth in North America and the relatively smaller DvM markets. This compensated for weaker growth in Europe, where pricing pressure continues. Growth was strong across key Powerbrands, including Finish, Lysol, Air Wick and Harpic.

Pro-forma growth in the half was volume led at +3% with +1% from price/mix. The Health BU delivered a combination of volume and price/mix. Hygiene Home saw strong volume growth, offset by continued negative pricing in developed markets.

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 H1. 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**	**Reported basis**
Gross Margin	60.4%	(50bps)	10bps
Brand Equity Investment (BEI)	(15.3%)	60bps	(60bps)
Other costs	(21.5%)	40bps	20bps
Operating Margin (adjusted)	23.6%	50bps	(30bps)

Gross margin increased by 10bps to 60.4% on a reported basis, in part due to the consolidation of the higher gross margin MJN business. On a pro-forma basis, gross margin declined by -50bps due to a combination of commodity cost headwinds and a difficult pricing environment in developed markets, particularly in Hygiene Home.

Brand Equity Investment ("BEI") was 15.3% of net revenue, -60bps on a reported basis due to the impact of consolidating MJN. On a pro-forma basis, BEI reduced (+60bps margin impact) as we leveraged media-buying synergies across the enlarged group. Investment behind the long-term strength of our brands continues to be a priority.

Other costs decreased on a pro-forma basis (+40bps) as the synergies from the MJN acquisition exceeded the additional infrastructure costs associated with our newly created RB 2.0 organisation structure, as we continued to make progress filling newly-created roles during the half, with only a small number of roles to fill in the second half of 2018. Due to the higher cost structure of the IFCN business, other costs only decreased by +20bps on a reported basis.

Adjusted operating margin in H1 increased by +50bps on a pro-forma basis. The arithmetic impact of consolidating the lower operating margin MJN business had a -80bps impact, which has resulted in a -30bps decline in adjusted operating margin, on a reported basis, to 23.6%.

Second Quarter 2018

Q2 Net Revenue was £3,027m, an increase of +5% on a pro-forma basis and +4% LFL. LFL growth was aided by approximately +2% in the quarter as we lapped the prior year impact of the cyber-attack. Growth was volume-led (+3%) on both a pro-forma and LFL basis.

Total growth was +23% due to the impact of M&A (+26%) and negative translational FX (-6%). MJN was acquired on 15 June 2017 and therefore the results of the MJN business are included within RB's LFL results from 15 June 2018.

The Health BU grew by +5% on a pro-forma basis and +3% LFL. IFCN had a strong quarter of +9% pro-forma growth due to continued strong market growth in Greater China. We continue to make operational improvements in our key markets but we know there is more to do. The launch of our new Enfamil NeuroPro in the US has been well received and we are seeing strong growth in our e-commerce channels, an area of particular focus since the acquisition.

The rest of Health grew by +3% on an LFL basis in the quarter (at a similar underlying growth rate to Q1). We saw strong growth in our branded vitamins minerals and supplements ("VMS") business, as well as in Durex, Nurofen and Strepsils. The Scholl portfolio delivered another stable quarter of absolute revenue but due to the high comparative was a 200bps drag on the Health BU in the quarter. Mucinex declined in the quarter due to the re-entry of private label products.

The Hygiene Home BU grew by +4% on an LFL basis, with strong growth from Lysol in the US as well as from Harpic and Air Wick. Mortein also delivered a good performance. Harpic performed well in developing markets, behind continued focus on penetration building programmes.

Q2 growth in both business units was positively impacted by the effect of the cyber-attack in the comparative period, which disrupted our ability to manufacture and distribute products to customers in multiple markets. We estimate the positive impact on growth to be 200bps in each BU in the quarter.

The cyber-attack also had an impact in the second half of 2017 (both Q3 and Q4). In Q3 2017, we experienced a significant disruption on our ability to supply a number of markets. Such disruption gave rise to a loss of shelf space and promotional slots and a consequent loss of sales, some of which was recovered in Q4 2017. We do not expect the net result of lapping the cyber-attack impact to be a material benefit to growth in the second half but do expect to partially recover the impact of reduced sales in Q3, which we estimated reduced sales growth by -200bps in Q3 2017.

Net Revenue growth

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	Q2						H1					
	Pro-forma[1]	LFL	GST[2]	Net M&A[3]	FX	Reported	Pro-forma[1]	LFL	GST[2]	Net M&A[3]	FX	Reported
IFCN	*+9*	*+7*	-	*n/m*	*n/m*	*n/m*	*+7*	*+7*	-	*n/m*	*n/m*	*n/m*
Rest of Health	*+3*	*+3*	*-1*	-	*-4*	*-2*	*+2*	*+2*	*-1*	-	*-5*	*-4*
Health	+5	+3	-1	+49	-7	+45	+4	+2	-1	+54	-8	+47
Hygiene Home	+4	+4	-1	-	-6	-2	+4	+4	-1	-	-6	-3
Group	**+5**	**+4**	**-1**	**+26**	**-6**	**+23**	**+4**	**+3**	**-1**	**+28**	**-7**	**+23**

1 Pro-forma growth as defined on page 2
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 30 June 2018 £m	Quarter ended 30 June 2017[1] (restated) £m	% change exch. rates actual	% change exch. rates const.		Half Year ended 30 June 2018 £m	Half Year ended 30 June 2017[1] (restated) £m	% change exch. rates actual	% change exch. rates const.
				Total Net Revenue				
741	*126*	*n/m*	*n/m*	*IFCN*	***1,441***	*126*	*n/m*	*n/m*
1,146	*1,175*	*-2*	*+2*	*Rest of Health*	***2,362***	*2,461*	*-4*	*+1*
1,887	1,301	+45	+52	Health	**3,803**	2,587	+47	+55
1,140	1,163	-2	+4	Hygiene Home	**2,335**	2,397	-3	+3
3,027	2,464	+23	+29	**Total**	**6,138**	4,984	+23	+30

	2018 £m	2017[1] (restated) £m	% change actual	% change const.
Operating profit				
Health	**982**	692	+42	+50
Hygiene Home	**466**	498	-6	-
Operating profit – adjusted[2]	**1,448**	1,190	+22	+29
Adjusting items	**(162)**	(127)		
Total Operating profit	**1,286**	1,063	+21	+29

Operating margin – adjusted[2]	**%**	%	
Health	**25.8**	26.7	*-90bps*
Hygiene Home	**20.0**	20.8	*-80bps*
Total	**23.6**	23.9	*-30bps*

1 Restated for the adoption of IFRS 15 (Note 3)
2 Adjusted to exclude the impact of adjusting items

Health 62% of Net Revenue

% growth	Q2			H1		
	Pro-forma	LFL	Reported	Pro-forma	LFL	Reported
North America	+3	+2	+68	+3	+3	+68
Europe / ANZ	+1	-	+2	-2	-2	+1
DvM	+8	+6	+71	+7	+6	+81
Total Health	**+5**	**+3**	**+45**	**+4**	**+2**	**+47**

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.

	Q2 Pro-forma	H1 Pro-forma	FY 2017 Pro-forma	Main brands
IFCN	+9	+7	-1	Enfamil, Nutramigen
OTC	+8	+6	+4	Gaviscon, Nurofen, Strepsils, Mucinex
Other	-	-1	+1	Durex, Scholl, VMS brands, Dettol, Veet
Total	**+5**	**+4**	**-**	

- HY 2018 total Net Revenue was £3,803m, with pro-forma growth of +4% and LFL growth of +2%. Pro-forma growth comprised +1% volume and +3% price/mix.
- Q2 total Net Revenue was £1,887m, with pro-forma growth of +5% (2% volume, 3% price/mix) and LFL growth of +3%.
- The impact from the cyber-attack on 27 June last year had a circa +100bps impact on rest of Health growth in the half (circa +200bps in Q2). Scholl had a circa -200bps impact on the Health BU in the quarter and the half. We do not expect a material drag on the Health results from Scholl in the second half of 2018.
- Category growth is within our medium-term expectations of 3-5%, led by IFCN China with double-digit growth, driven by both volume and premiumisation.
- From a channel perspective, we are making strong progress in e-commerce as we meet consumers' changing shopping habits. E-commerce now contributes a high single digit percentage of total Health net revenue, led by IFCN, VMS and our Sexual Wellbeing brands.
- The IFCN business continues to improve. Our actions include significant focus on e-commerce and specialist channels in China and the US as well as operational improvements and the acceleration of the innovation pipeline.
- Growth in our IFCN business in China remains strong with pro-forma revenue growth in the mid-teens in both Q2 and H1, driven by volume and mix. We are working to enhance our distribution in the Mom and Baby store channel with our recently announced partnership with Jingdong.
- Innovation acceleration included the Q1 launch of Enfamil NeuroPro, which drove a strong performance in North America. Our super-premium brand, Enfinitas, continues to see significant growth in Greater China. Both the increase in distribution in China and the launch of Enfamil NeuroPro in North America gave rise to some increases in channel inventory.
- Performance in Europe/ANZ was negatively impacted by some de-stocking in certain markets, including Russia, as well as weakness in Scholl, which together more than offset good performances in a number of other markets.
- Our Health Relief brands have had a strong quarter and first half with underlying growth outperforming the category, despite private label pressure on Mucinex. That said, growth is somewhat flattered by easier comparatives.

- Nurofen had a strong Q2 and H1 behind the successful entry into body pain relief with the launch of our new Nurofen medicated plasters, Nurofen for Children Soft Chews, and the Meltlets extension into the older age group. Nuromol, for strong pain, had a good performance behind increased focus on brand equity-building initiatives.
- Strepsils saw good growth from our flurbiprofen spray – our most efficacious symptomatic relief for sore throats. We launched a range of new variants in certain markets, including the launch of our new Strepsils Herbal range in India.
- Mucinex declined in Q2 due to re-entry and consistent availability of private label products. As previously communicated, we expect this pressure to continue throughout the remainder of the year.
- Branded VMS had a strong half with double-digit growth in the US and China. Growth in the US was driven by Airborne, Move Free and MegaRed. China saw continued strong growth of Move Free across e-commerce channels. Durex had a strong quarter in the US, behind our new K-Y duration gel, and in China.
- Scholl saw another quarter of stable absolute net revenue performance but lapping a stronger comparative. Gadgets represent around a quarter of the total Scholl business in H1 2018. We do not expect there to be a material drag to the business as we progress through the remainder of 2018.
- Dettol saw strong growth in India offsetting continuing macro weakness in the Middle East.
- Adjusted operating profit was £982m, a 25.8% margin and -90bps (reported) versus the prior year. This was due to -220bps arithmetic impact of consolidating the MJN business into the Health BU. On a pro-forma basis the operating margin increased by +130bps due to a combination of MJN synergies and some BEI rationalisation in respect of the Scholl brand, offset by additional BU infrastructure costs.

Hygiene Home 38% of Net Revenue

% growth	Q2		H1	
	LFL	Reported	LFL	Reported
North America	+6	-	+7	-2
Europe / ANZ	-	-1	+1	-
DvM	+10	-5	+6	-7
Total Hy Ho	**+4**	**-2**	**+4**	**-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.

- HY18 total Net Revenue was £2,335m, with LFL growth of +4%. The +4% LFL growth in H1 comprised +5% volume and -1% price/mix.
- Q2 total Net Revenue was £1,140m, with LFL growth of +4% (5% volume, -1% price/mix).
- The impact from the cyber-attack on 27 June last year had a circa +100bps impact on Hygiene Home growth in the half (circa +200bps in Q2).
- Category growth remains challenging with a continued tough pricing environment in developed markets. Growth was broad-based across all the leading brands. Q2 saw double digit growth in developing markets, and low single-digit growth in developed markets.
- In the US, Lysol was the main growth driver due to a seasonal benefit in Q1 and early success of our new daily cleanser and cleansing wipes. Finish and Air Wick saw good growth in the half as our new Quantum Ultimate Clean & Shine (Finish) and Essential Mist (Air Wick) innovations have been well received by US consumers as well as there being some benefit from channel stocking.
- In Europe/ANZ, Hygiene Home grew by +1% LFL in H1, against the backdrop of a challenging pricing environment and weak market growth. That said, we are seeing some good momentum and share progression in a number of key markets.
- Our Hygiene Home business is relatively underpenetrated in DvM. The two largest markets; Brazil and India, saw good growth in H1.
- Within DvM, Harpic had a strong performance, with penetration programmes and innovation driving growth in India and Pakistan.
- From a channel perspective, e-commerce remains less significant to Hygiene Home, with a low single digit contribution to total Net Revenue but very strong growth.
- Adjusted operating profit was £466m, with a 20.0% margin and -80bps versus the prior year. The decline is gross margin driven and is due to the combination headwinds in respect of input costs and a difficult pricing environment in developed markets. BEI increased slightly, despite favourable pricing, as we focused on investing for growth.

New Product Initiatives: H2 2018

RB announces a number of new product initiatives for the second half of 2018:

Health:

- **Nutramigen LGG** – transforming the lives of babies by reducing the impact of cow's milk protein allergies and making it less likely that children will develop other allergies later in life.
- **Durex AiR** – enjoy a premium experience with a new warming variant of our thinnest condom.
- **K-Y Duration Gel for Men** – specially developed endurance-enhancing gel that helps prolong and enjoy intimacy for longer. Compatible for use with and without a condom.
- **Scholl Aid** – a treatment range with new visual identity and updated claims to ensure easier consumer navigation at shelf.
- **Mucinex Fast Max Cold & Flu All in One** – Max strength relief of cold and flu symptoms, giving consumers an easy choice at shelf and with a max strength formula that gives confidence it will work.
- **VMS China** – a new range of Move Free products, such as Move Free Ultra 2-in-1.

Hygiene Home:

- **Harpic Clean India** – a new format, making Harpic affordable to more Indian households. Continuing the Clean India Mission – pioneering the cause of sanitation and access to toilets.
- **Finish in-wash dishwasher cleaner tabs** – Clean your machine while your machine cleans your dishes – improving convenience and reducing water waste.
- **Air Wick 2018 seasonal range -** Six exclusive new scents across our air care range, bringing the joy of the seasons to your home.
- **Air Wick ViPoo spray** – Four new fragrances – to trap nasty odours into your bowl.
- **SBP Pro personal insect repellent** – Contains 25% Picaridin, providing up to 12-hour protection against mosquitoes.

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 enhanced focus on Hygiene Home brands and the creation of end-to-end accountable BUs will enhance organic growth and strategic flexibility in the future. If opportunities present themselves in any part of our business, we will review them at that time.

We highlighted in October and in our February statement that it would take until mid-2020 to complete the "infrastructure" changes under RB 2.0. RB 2.0 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 RB 2.0 and the integration of MJN:

	Synergies	Exceptional costs
FY 2017	$25m (£20m)	£90m
HY 2018	$75m (£55m)	£121m
Cumulative	$100m (£75m)	£211m
Total expected	$300m (£223m)	£450m

Synergies achieved in 2017 were approximately $25m and we are on track to achieve $300m in annual cost savings by the end of the third full year of ownership, an increase above our original target of $250m. Through increased synergies and other improvements in the earnings model, we expect to achieve margins in line with those in our acquisition model, notwithstanding the lower than expected margins on acquisition.

For 2018 we continue to expect cost synergies to slightly exceed the additional infrastructure costs associated with our new BUs.

Non-recurring costs associated with the RB 2.0 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 Q1 2018 trading update, no material updates have occurred apart from further categorisation of applicants. The current status is highlighted in the table below. 120 asthma victims have been announced by the Ministry of Environment.

The status of the four rounds of applications established to date is as follows:

Round	Total applicants	Applicants Assessed	Category I & II	Cat I&II percentage	RB Oxy users – Category I & II[2]	RB Oxy 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	4,745[1]	4,054	157	4%	143	93	December 18

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 July 2018.
2. Both sole Oxy RB users and users of multiple manufacturers' products, including Oxy RB.
3. Sole Oxy RB users.

The South Korean government opened Round 4 to new applicants on 25 April 2016 for an indefinite period. It had received 4,745 applications to participate in Round 4 as at 11 July 2018 and continues to receive applications. The Group intends to commence consultation on a compensation plan for the RB Oxy Category I & II users categorised to date in Round 4, and has made provision accordingly.

Further details of these contingent liabilities are set out in Note 12.

Indivior / RB Pharma 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 publication of our 2017 Annual Report.

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 2017 Annual Report.

Net finance expense. Net finance expense was £173m (2017: £47m). The increase reflects the cost of debt undertaken to finance the acquisition of MJN. Adjusted finance expense excludes £26m 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% (2017: 23%). We expect the ongoing adjusted tax rate to remain approximately 23%.

Adjusting items. In 2018, adjusting items comprised of £162m of expenses recorded in operating profit (2017: £127m), £121m of these costs related to the RB 2.0 restructuring programme, £38m related to amortisation of certain acquired intangibles. Further details of these items can be found in Note 5.

Discontinued operations: The results of the RB Food business are reported as a discontinued operation as it was disposed in August 2017. In 2017, RB Food net income was £46m. The adjusting expense in respect of Indivior PLC of £7m (2017: £318m) is also reported within discontinued operations (refer to Note 5).

Net working capital. During the year, inventories increased to £1,261m (December 2017: £1,201m), trade and other receivables decreased to £1,936m (December 2017: £2,004m), and trade and other payables increased to £4,662m (December 2017: £4,629m). The movements in inventories and receivables are largely due to seasonal movements, the improvement in payables is the result sustained working capital management and improvements in IFCN. There was an improvement in net working capital to minus £1,465m (December 2017: minus £1,424m). Net working capital as a percentage of rolling 12 month Net Revenue is -12% (December 2017: -12% reported, -11% pro-forma).

Cash flow. Cash generated from continuing operations was £1,591m (2017: £1,603m). Net cash generated from operating activities was £1,085m (2017: £1,388m) after net interest payments of £175m (2017: £35m) and tax payments of £331m (2017: £227m).

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 93% (2017: 141%).

	30 June 2018	30 June 2017
Cash generated from continuing operations	**1,591**	1,603
Less: net interest paid	**(175)**	(35)
Less: tax paid	**(331)**	(227)
Less: purchase of property, plant & equipment	**(139)**	(91)
Less: purchase of intangible assets	**(42)**	(12)
Plus: proceeds from the sale of property, plant & equipment	**15**	4
Plus: proceeds from the sale of intangible assets	**-**	9
Free cash flow	**919**	1,251

Net debt at 30 June 2018 was £10,749m (December 2017: £10,746m). This reflected strong free cash flow generation offset by the payment of dividends of £698m, and foreign exchange / other movements of £279m. The Group regularly reviews its banking arrangements and currently has adequate facilities available to it.

Balance sheet. At the end of June 2018, the Group had total equity of £13,794m (December 2017: £13,573m).

This finances non-current assets of £31,907m (December 2017: £31,589m), of which £1,760m (December 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 £1,465m (December 2017: minus £1,424m), current provisions of £570m (December 2017: £517m) and long-term liabilities other than borrowings of £5,438m (December 2017: £5,349m).

Dividends. The Board of Directors declares an interim dividend of 70.5 pence (2017: 66.6 pence), in line with its stated policy to pay out about 50% of basic adjusted earnings per share. The ex-dividend

date will be 16 August 2018 and the dividend will be paid on 27 September 2018 to shareholders on the register at the record date of 17 August 2018. The last date for election for the share alternative to the dividend is 6 September 2018.

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 our base business delivering in line with expectations and IFCN exceeding them, we are raising our 2018 target to +14-15% total net revenue growth at constant rates (previously +13-14%), implying LFL revenue growth at the upper end of +2-3%.

Adjusted Operating margin:
Our expectation for full year operating margin is unchanged. Our medium-term target of moderate operating margin expansion remains.

Principal Risks and Uncertainties

On pages 42-51 of the Annual Report and Financial Statements for the year ended 31 December 2017 we set out our assessment of the principal risks and uncertainties that the business would face during 2018, under the headings: RB 2.0 Delivery, Product Safety, Non-compliance with product regulations, Non-compliance with Good Manufacturing (GXP) regulations, South Korea, Fatality or major employee safety incident, Supply and logistics, ERP/IT systems failure, Cyber security, Legal non-compliance, Major tax disputes, Loss of management, MJN integration, Department of Justice investigation and ‘Black Swan’ event. In our view, the nature and potential impact of such risks remain essentially unchanged for the second half of 2018.

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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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Half Year Condensed Financial Statements

Group Income Statement
For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 £m	30 June 2017 (restated)[1] £m
Net revenue	**4**	**6,138**	4,984
Cost of sales		**(2,428)**	(1,981)
Gross profit		**3,710**	3,003
Net operating expenses		**(2,424)**	(1,940)
Operating profit	**4**	**1,286**	1,063
Adjusted operating profit		**1,448**	1,190
Adjusting items	**5**	**(162)**	(127)
Operating profit		**1,286**	1,063
Finance income		**35**	21
Finance expense		**(208)**	(68)
Net finance expense		**(173)**	(47)
Profit before income tax		**1,113**	1,016
Income tax expense	**6**	**(232)**	(232)
Net income for the period from continuing operations		**881**	784
Net loss from discontinued operations	**5**	**(7)**	(272)
Net income for the period		**874**	512
Attributable to non-controlling interests		**12**	7
Attributable to owners of the parent		**862**	505
Net income for the period		**874**	512
Basic earnings per ordinary share:			
From continuing operations (pence)	**7**	**123.3**	110.8
From discontinued operations (pence)	**7**	**(1.0)**	(38.8)
From total operations	**7**	**122.3**	72.0
Diluted earnings per ordinary share:			
From continuing operations (pence)	**7**	**122.5**	109.3
From discontinued operations (pence)	**7**	**(1.0)**	(38.3)
From total operations	**7**	**121.5**	71.0

[1]Restated for the adoption of IFRS 15 (see Note 3).

Group Statement of Comprehensive Income

For the six months ended 30 June 2018

	Six months ended	
	30 June 2018 £m	30 June 2017 £m
Net income for the period	**874**	512
Other comprehensive (expense) / income		
Items that may be reclassified to profit or loss in subsequent periods		
Net exchange losses on foreign currency translation, net of tax	**(122)**	(179)
(Losses) / gains on net investment hedges, net of tax	**(20)**	23
Gains on cash flow hedges, net of tax	**17**	3
	(125)	(153)
Items that will not be reclassified to profit or loss in subsequent periods		
Remeasurements of defined benefit pension plans, net of tax	**70**	4
Revaluation of equity instruments – FVOCI	**3**	4
	73	8
Other comprehensive loss for the period, net of tax	**(52)**	(145)
Total comprehensive income for the period	**822**	367
Attributable to non-controlling interests	**11**	6
Attributable to owners of the parent	**811**	361
Total comprehensive income for the period	**822**	367
Total comprehensive income attributable to owners of the parent arising from:		
Continuing operations	**818**	633
Discontinued operations	**(7)**	(272)
	811	361

Group Balance Sheet
As at 30 June 2018

	Note	**30 June 2018 £m**	31 December 2017 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets		**29,681**	29,487
Property, plant and equipment		**1,760**	1,754
Equity instruments - FVOCI		**54**	41
Deferred tax assets		**191**	118
Retirement benefit surplus		**137**	90
Other non-current receivables		**84**	99
		31,907	31,589
Current assets			
Inventories		**1,261**	1,201
Trade and other receivables		**1,936**	2,004
Derivative financial instruments	8	**52**	18
Current tax recoverable		**75**	58
Cash and cash equivalents		**1,542**	2,125
		4,866	5,406
Assets of disposal group classified as held for sale		**11**	18
		4,877	5,424
Total assets		**36,784**	37,013
LIABILITIES			
Current liabilities			
Short-term borrowings		**(1,951)**	(1,346)
Provisions for liabilities and charges	9	**(570)**	(517)
Trade and other payables		**(4,662)**	(4,629)
Derivative financial instruments	8	**(16)**	(19)
Current tax liabilities		**(19)**	(65)
		(7,218)	(6,576)
Non-current liabilities			
Long-term borrowings		**(10,334)**	(11,515)
Deferred tax liabilities		**(3,536)**	(3,443)
Retirement benefit obligations		**(332)**	(393)
Provisions for liabilities and charges	9	**(108)**	(81)
Derivative financial instruments	8	**(23)**	(12)
Non-current tax liabilities		**(1,024)**	(1,012)
Other non-current liabilities		**(415)**	(408)
		(15,772)	(16,864)
Total liabilities		**(22,990)**	(23,440)
Net assets		**13,794**	13,573
EQUITY			
Capital and reserves			
Share capital	10	**74**	74
Share premium		**243**	243
Merger reserve		**(14,229)**	(14,229)
Hedging reserve		**16**	(1)
Foreign currency translation reserve		**266**	407
Retained earnings		**27,383**	27,039
Attributable to owners of the parent		**13,753**	13,533
Attributable to non-controlling interests		**41**	40
Total equity		**13,794**	13,573

Group Statement of Changes in Equity
For the six months ended 30 June 2018

	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 2018	**74**	**243**	**(14,229)**	**406**	**27,039**	**13,533**	**40**	**13,573**
Net income for the period	**-**	**-**	**-**	**-**	**862**	**862**	**12**	**874**
Other comprehensive income	**-**	**-**	**-**	**(124)**	**73**	**(51)**	**(1)**	**(52)**
Total comprehensive income	**-**	**-**	**-**	**(124)**	**935**	**811**	**11**	**822**
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	**74**	**243**	**(14,229)**	**282**	**27,383**	**13,753**	**41**	**13,794**
Balance at 1 January 2017	74	243	(14,229)	522	21,811	8,421	5	8,426
Net income for the period	-	-	-	-	505	505	7	512
Other comprehensive income	-	-	-	(152)	8	(144)	(1)	(145)
Total comprehensive income	-	-	-	(152)	513	361	6	367
Transactions with owners								
Share-based payments	-	-	-	-	36	36	-	36
Deferred tax on share awards	-	-	-	-	(3)	(3)	-	(3)
Current tax on share awards	-	-	-	-	-	-	-	-
Arising on business combinations	-	-	-	-	-	-	31	31
Re-issue of Treasury shares	-	-	-	-	81	81	-	81
Dividends	-	-	-	-	(666)	(666)	(3)	(669)
Total transactions with owners	-	-	-	-	(552)	(552)	28	(524)
Balance at 30 June 2017	74	243	(14,229)	370	21,772	8,230	39	8,269

Group Cash Flow Statement
For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 £m	30 June 2017 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit from continuing operations		**1,286**	1,063
Depreciation, amortisation and impairment		**128**	89
Increase in inventories		**(62)**	(29)
Decrease in trade and other receivables		**74**	13
Increase in payables and provisions		**37**	352
Non-cash adjusting items	5	**90**	79
Share-based payments		**38**	36
Cash generated from continuing operations		**1,591**	1,603
Interest paid		**(209)**	(55)
Interest received		**34**	20
Tax paid		**(331)**	(227)
Net cash flows attributable to discontinued operations		**-**	47
Net cash generated from operating activities		**1,085**	1,388
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(139)**	(91)
Purchase of intangible assets		**(42)**	(12)
Proceeds from the sale of intangible assets		**-**	9
Proceeds from the sale of property, plant & equipment		**15**	4
Acquisition of businesses, net of cash acquired		**-**	(11,848)
Reduction in short-term investments		**-**	1
Purchase of equity instruments - FVOCI		**(10)**	-
Net cash flows attributable to discontinued operations		**-**	(1)
Net cash used in investing activities		**(176)**	(11,938)
CASH FLOWS FROM FINANCING ACTIVITIES			
Treasury shares reissued		**65**	81
Proceeds from borrowings		**613**	19,120
Repayment of borrowings		**(1,392)**	(6,390)
Dividends paid to owners of the parent	11	**(688)**	(666)
Dividends paid to non-controlling interests		**(10)**	(3)
Other financing activities		**(16)**	8
Net cash (used in) / from financing activities		**(1,428)**	12,150
Net (decrease) / increase in cash and cash equivalents		**(519)**	1,600
Cash and cash equivalents at beginning of period		**2,117**	873
Exchange losses		**(64)**	(35)
Cash and cash equivalents at end of the period		**1,534**	2,438
Cash and cash equivalents comprise:			
Cash and cash equivalents		**1,542**	2,462
Overdrafts		**(8)**	(24)
		1,534	2,438

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 26 July 2018. 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 2018 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 2017, 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 2017 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 2017 were approved by the Board of Directors on 19 March 2018 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 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 4 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.

3. Accounting Policies and Estimates (continued)

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, are 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. The adoption, however, 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.

Management continues to assess the impact of *IFRS 16 Leases*, which will be effective for annual periods beginning 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.

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 2017.

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 2018. Refer to Note 6 for further details.

4. 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 RB 2.0 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.

4. Operating Segments (continued)

The segment information provided to the Executive Committee for the periods ended 30 June 2018 and 30 June 2017 is as follows:

Six months ended 30 June 2018	**RB Health**	**RB Hygiene Home**	**Total**
	£m	**£m**	**£m**
Net revenue	**3,803**	**2,335**	**6,138**
Adjusted operating profit	**982**	**466**	**1,448**
Adjusting items			**(162)**
Operating profit			**1,286**
Net finance expense			**(173)**
Profit before income tax			**1,113**

Six months ended 30 June 2017 (restated)[1]	RB Health	RB Hygiene Home	Total
	£m	£m	£m
Net revenue[2]	2,587	2,397	4,984
Adjusted operating profit	692	498	1,190
Adjusting items			(127)
Operating profit			1,063
Net finance expense			(47)
Profit before income tax			1,016

[1] Restated to reflect new operating segments.
[2] Restated for the adoption of IFRS 15 (see Note 3).

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 2018:

Six months ended 30 June 2018	**Reported £m**	**Adjusting: Exceptional items £m**	**Adjusting: Other items £m**	**Adjusting: Finance expense reclass £m**	**Adjusted £m**
Operating Profit	1,286	124 [2]	38 [3]	-	1,448
Net finance expense	(173)	-	-	26 [4]	(147)
Profit before income tax	1,113	124	38	26	1,301
Income tax expense	(232)	(29) [2]	(9) [3]	(26) [4]	(296)
Net income for the year from continuing operations	881	95	29	-	1,005
Less: Attributable to non-controlling interests	(12)	-	-	-	(12)
Net income for the year attributable to owners of the parent (continuing)	869	95	29	-	993
Net loss for the year from discontinued operations	(7) [1]	7	-	-	-
Total net income for the year attributable to owners of the parent	862	102	29	-	993

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 2017 comparative table below and Note 12 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.

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 2017:

Six months ended 30 June 2017	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusted £m
Operating Profit	1,063	123 [1]	4 [5]	1,190
Net finance expense	(47)	23 [2]	-	(24)
Profit before income tax	1,016	146	4	1,166
Income tax expense	(232)	(39) [3]	-	(271)
Net income for the year from continuing operations	784	107	4	895
Less: Attributable to non-controlling interests	(7)	-	-	(7)
Net income for the year attributable to owners of the parent (continuing)	777	107	4	888
Net loss / (income) for the year from discontinued operations	(272)	318 [4]	-	46
Total net income for the year attributable to owners of the parent	505	425	4	934

1. Exceptional items within Operating Profit of £123 million include £108 million relating to the acquisition of MJN, which comprise the following:
   - transaction fees of £70 million
   - severance costs of £20 million
   - integration costs of £4 million
   - unwinding of fair value adjustments made to inventories recorded on the provisional purchase price allocation of £14 million.

   The remaining exceptional costs within operating profit of £15 million relate to costs incurred in respect of previously announced restructuring projects.

2. Exceptional costs included within net finance expense of £23 million comprise certain accelerated finance fees recorded as a direct result of the acquisition of MJN, when short-term bridge facilities were replaced with the issuance of $7,750 million of fixed and floating rate loan notes, during June 2017.

3. Included within income tax expense is a £39 million tax credit for the exceptional costs enumerated above.

4. Adjusting items included in discontinued operations comprise the exceptional charge recorded in the six months ended 30 June 2017 of £318 million, in respect of the provision for the ongoing investigations by the US Department of Justice ("DoJ") and the US Federal Trade Commission, and related litigation proceedings, arising from certain matters relating to the RB Pharmaceuticals business prior to its demerger in December 2014.

5. Other adjusting items of £4 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged over the period from the acquisition date to 30 June 2017.

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 2018 is 23% and therefore the estimated tax rate before adjusting items for the six months ended 30 June 2018 was 23%. The income tax credit arising on adjusting items for the six months ended 30 June 2018 is £38 million.

7. Earnings per Share

	Six months ended	
	30 June 2018 pence	30 June 2017 pence
Basic earnings per share		
From continuing operations	**123.3**	110.8
From discontinued operations	**(1.0)**	(38.8)
Total basic earnings per share	**122.3**	72.0
Diluted earnings per share		
From continuing operations	**122.5**	109.3
From discontinued operations	**(1.0)**	(38.3)
Total diluted earnings per share	**121.5**	71.0
Adjusted basic earnings per share		
From continuing operations	**140.9**	126.6
From discontinued operations	**-**	6.6
Total adjusted basic earnings per share	**140.9**	133.2
Adjusted diluted earnings per share		
From continuing operations	**139.9**	124.9
From discontinued operations	**-**	6.5
Total adjusted diluted earnings per share	**139.9**	131.4

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 2018: £869 million; six months ended 30 June 2017: £777 million) and discontinued operations (six months ended 30 June 2018: net loss of £7 million; six months ended 30 June 2017: net loss of £272 million) by the weighted average number of ordinary shares in issue during the period (six months ended 30 June 2018: 704,785,079; six months ended 30 June 2017: 701,174,683).

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 2018, there were 7,255,942 (30 June 2017: nil) Executive Share Awards excluded from the dilution.

Average number of shares

	30 June 2018 Average number of shares	30 June 2017 Average number of shares
On a basic basis	**704,785,079**	701,174,683
Dilution of Executive Share Awards	**4,612,665**	8,967,931
Dilution for Employee Sharesave Scheme Options outstanding	**261,724**	705,402
On a diluted basis	**709,659,468**	710,848,016

7. Earnings per share (continued)

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 2018	30 June 2017
Continuing operations		**£m**	£m
Net income attributable to owners of the parent		**869**	777
Exceptional items, net of tax	5	**95**	107
Other adjusting items, net of tax	5	**29**	4
Adjusted net income attributable to owners of the parent		**993**	888

		Six months ended	
		30 June 2018	30 June 2017
Discontinued operations		**£m**	£m
Net loss attributable to owners of the parent		**(7)**	(272)
Exceptional items, net of tax	5	**7**	318
Adjusted net income attributable to owners of the parent		**-**	46

8. Net Debt

	30 June 2018	31 December 2017
Analysis of net debt	**£m**	£m
Cash and cash equivalents	**1,542**	2,125
Overdrafts	**(8)**	(8)
Cash and cash equivalents	**1,534**	2,117
Borrowings (excluding overdrafts)	**(12,277)**	(12,853)
Derivative financial instruments (debt)	**(6)**	(10)
Financing liabilities	**(12,283)**	(12,863)
Net debt at end of period	**(10,749)**	(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**	
	Current	**Non-Current**	**Current**	**Non-Current**
Derivative financial instruments (debt)	20	-	(3)	(23)
Derivative financial instruments (non-debt)	32	2	(13)	-
At 30 June 2018	**52**	**2**	**(16)**	**(23)**

	Assets		**Liabilities**	
	Current	**Non-Current**	**Current**	**Non-Current**
Derivative financial instruments (debt)	5	-	(3)	(12)
Derivative financial instruments (non-debt)	13	2	(16)	-
At 31 December 2017	**18**	**2**	**(19)**	**(12)**

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

8. Net Debt (continued)

	Cash and cash equivalents £m	**Financing liabilities £m**	**30 June 2018 Net Debt £m**	31 December 2017 Net Debt £m
Net debt at beginning of the period	**2,117**	**(12,863)**	**(10,746)**	(1,391)
Net (decrease) / increase in cash and cash equivalents	**(519)**	**-**	**(519)**	1,332
Proceeds from borrowings	**-**	**(613)**	**(613)**	(19,523)
Repayment of borrowings	**-**	**1,392**	**1,392**	10,723
Arising on business combinations	**-**	**-**	**-**	(2,525)
Other financing cash flows	**-**	**16**	**16**	(12)
Reduction in short-term investments	**-**	**-**	**-**	(3)
Exchange, fair value and other movements	**(64)**	**(215)**	**(279)**	653
Net debt at end of the period	**1,534**	**(12,283)**	**(10,749)**	(10,746)

9. Provisions for Liabilities and Charges

Six months ended 30 June 2018	**Legal provisions £m**	**Restructuring provisions £m**	**Other provisions £m**	**Total provisions £m**
At 1 January 2018	501	26	71	598
Charged to the income statement	32	54	32	118
Arising on business combinations	-	-	31	31
Utilised during the period	(27)	(16)	(5)	(48)
Released to the income statement	(14)	-	(4)	(18)
Exchange adjustments	(2)	-	(1)	(3)
At 30 June 2018	**490**	**64**	**124**	**678**

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

	30 June 2018 £m	31 December 2017 £m
Current	**570**	517
Non-current	**108**	81
	678	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 £490 million (31 December 2017: £501 million) include exceptional legal provisions of £464 million (31 December 2017: £465 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 12 of £303 million (31 December 2017: £296 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 and onerous lease provisions 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 2018 and 30 June 2018	**736,535,179**	**74**

At 30 June 2018, of the issued share capital, 30,064,288 shares were held as Treasury shares (31 December 2017: 32,730,606). All shares were fully paid.

11. Dividends

A final dividend of 97.7 pence per share for the year ended 31 December 2017 was paid on 24 May 2018 to Shareholders who were on the register on 13 April 2018, amounting to £688 million.

The Directors are proposing an interim dividend in respect of the year ending 31 December 2018 of 70.5 pence per share which will absorb an estimated £498 million of shareholders' funds. It will be paid on 27 September 2018 to shareholders who are on the register on 17 August 2018.

12. 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 £303 million at 30 June 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

There are a number of further expected costs and income relating to the Humidifier Sanitiser ("HS") 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 4,745 applications to participate in Round 4 as at 11 July 2018 and continues to receive applications. The Group intends to commence consultation on a compensation plan for the RB Oxy Category I & II users categorised to date in Round 4, and has made provision accordingly. The number of additional victims in Round 4 cannot be reliably estimated at the current time as Round 4 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. The Group is currently unable to reliably determine how many applicants may be eligible for compensation in respect of these items because:

    a) The total number of applicants and therefore total number of potential victims has not been assessed for potential asthma injuries for all rounds or for any other injuries that the MOE may decide to recognise; and
    b) No detailed underlying data has yet been made available in respect of general causation of asthma injuries by HS, although 120 victims have been announced by the MOE as at 12 July 2018.

12. Contingent Liabilities and Assets (continued)

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. Further, amendments to that Act were introduced in October 2017 and are currently being considered by the Korean government. 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.

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).

There were no changes in valuation techniques or transfers between hierarchy categories during the period.

The fair value of bonds at 30 June 2018 is a liability of £6,325 million (31 December 2017: £6,375 million), and the fair value of the senior notes at 30 June 2018 is a liability of £2,354 million (31 December 2017: £2,391 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 2018 is a liability of £6,595 million (31 December 2017: £6,443 million) and the book value of senior notes at 30 June 2018 is a liability of £2,383 million (31 December 2017: £2,350 million).

The fair value of FX forward exchange contract derivatives used for hedging at 30 June 2018 is a liability of £13 million (31 December 2017: £16 million) and an asset of £34 million (31 December 2017: £15 million). The fair value of FX forward exchange contract derivatives classified as fair value through profit or loss at 30 June 2018 is a liability of £3 million (31 December 2017: £3 million) and an asset of £20 million (31 December 2017: £5 million). This value is 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). The fair value of interest rate swap derivatives used for hedging at 30 June 2018 is a liability of £23 million (31 December 2017: £12 million). This value is calculated by discounting future cash flows at floating market rates (level 2 classification).

The fair value of equity instruments – FVOCI at 30 June 2018 is £54 million (31 December 2017: £41 million). This value is derived using a quoted market rate in an active market (level 1 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 2017.

14. Related Party Transactions

RB & Manon Business Co. Ltd (Manon)

A dividend of £8 million was paid to the non-controlling shareholders of RB & Manon Business Co. Ltd during the six months ended 30 June 2018 (six months ended 30 June 2017: £3 million).

The parties are subject to symmetrical put and call options over the non-controlling shareholdings, exercisable after a period of six years, with possible extensions available at the agreement of the parties. The present value of the put option at 30 June 2018 was a liability of £107 million (31 December 2017: £105 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 15 June 2017, the Group completed the acquisition of 100% of the issued share capital of MJN for cash consideration of £13,044 million ($16,642 million) and at that time recorded provisional total identifiable net assets of £4,958 million and goodwill of £8,117 million.

The measurement period to finalise the purchase price allocation concluded during the six-month period ended 30 June 2018. The finalisation did not lead to any significant adjustments to either goodwill or total net identifiable assets.

16. Seasonality

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

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 2017. 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

26 July 2018

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 2018 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 2018 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

26 July 2018