2018

Half year results

Delivering better nutrition for every step of life's journey

Thursday, 9 August 2018

glanbia

Glanbia HY 2018 results in line with expectations,

reiterating FY 2018 guidance of 5% to 8% growth in pro-forma Adjusted EPS, Constant currency

9 August 2018 - Glanbia plc ("Glanbia", the "Group", the "plc"), the global nutrition group, announces its results for the six month period ended 30 June 2018 ("financial half year 2018", "first half of 2018", "HY 2018" or "H1 2018").

Results summary for the financial half year 2018

- Wholly owned revenues from continuing operations of €1,112.0 million (2017: €1,185.7 million), up 3.6% constant currency on prior half year (down 6.2% reported);
- Wholly owned volume growth of 5.7% versus prior half year;
- Wholly owned EBITA from continuing operations of €123.7 million (2017: €148.3 million), down 7.3% constant currency on prior half year (down 16.6% reported);
- On a pro-forma basis adjusted earnings per share[1] of 38.83 cent, a decline of 7.1% constant currency (down 15.8% reported);
- Glanbia Performance Nutrition, revenue growth of 4.9% constant currency (down 4.4% reported) and EBITA decline of 16.4% constant currency (down 24.6% reported);
- Glanbia Nutritionals, revenue growth of 2.4% constant currency (down 7.8% reported) and EBITA growth of 4.5% constant currency (down 6.2% reported);
- Joint Ventures pro-forma share of pre-exceptional profit after tax from continuing operations was €17.8 million, down €8.2 million on prior half year;
- Operating cash flow from continuing operations of €59.8 million, up €93.1 million on prior half year on a pro-forma basis primarily due to working capital improvements;
- Interim dividend of 9.71 cent per share up 64.3% on prior half year reflecting revised dividend policy; and
- Full year 2018 guidance reiterated of 5% to 8% growth in pro-forma adjusted earnings per share[1], constant currency.

Commenting today Siobhán Talbot, Group Managing Director, said:

"Glanbia delivered in line with expectations in the first half of 2018 and reiterates guidance for 2018 full year earnings growth. We continue to drive volume momentum with 5.7% growth in the first half and reiterate guidance for full year volume growth in the key portfolios of Glanbia Performance Nutrition and Glanbia Nutritional Solutions in the mid-to-high single digit range. We expect margins for the full year to be similar to 2017; we prioritised investment in our brands and operational infrastructure in the first half in advance of input cost reductions which are materialising as expected in the second half of the year."

2018 financial half year results highlights

		Reported		Constant
€m	HY 2018	HY 2017	Change	Currency Change[2]
Wholly owned business (continuing operations)				
Revenue	1,112.0	1,185.7	-6.2%	+3.6%
EBITA[3]	123.7	148.3	-16.6%	-7.3%
EBITA margin	11.1%	12.5%	- 140 bps	- 130bps
Joint Ventures[4] (continuing operations)				
Share of profit after tax (pre-exceptional items)	17.8	26.0	-31.5%	-29.4%
Total Group profit for the period[5]	98.2	114.9	-14.5%	
Reported basic earnings per share	33.27c	38.96c	-14.6%	
		Pro-forma		
Pro-forma adjusted earnings per share[1]	38.83c	46.09c	-15.8%	-7.1%

1. Pro-forma adjusted earnings per share calculation excludes the impact of discontinued operations from the 2017 financial year. A reconciliation is set out on page 35 of the glossary to the financial statements.
2. To arrive at the constant currency change, the average exchange rate for the current period is applied to the relevant reported result from the same period in the prior year. The average Euro US Dollar exchange rate for the first half of 2018 was €1 = $1.211 (HY 2017: €1 = $1.083).
3. EBITA is defined as earnings before interest, tax and amortisation and is stated before exceptional items.
4. Prior year number are presented on a pro-forma basis to include the share of results of Dairy Ireland, consistent with current year reported numbers.
5. Total Group profit number for HY 2017 includes the impact of discontinued operations which were sold on 2 July 2017.

This release contains certain alternative performance measures. A detailed glossary of the key performance indicators and non-IFRS performance measures can be found on pages 32 to 39.

Foreign exchange

Glanbia generates a significant amount of its revenues in US Dollars and reports in Euro. To eliminate the impact of exchange rates on translation of results the Group uses constant currency reporting. To arrive at the constant currency change, the average exchange rate for the current period is applied to the relevant reported result from the same period in the prior year. The average Euro US Dollar exchange rate for the first half of 2018 was €1 = $1.211 (HY 2017: €1 = $1.083). Therefore this leads to a difference between the constant currency change and the reported result.

2018 half year overview and outlook

Glanbia delivered in line with expectations in the first half of 2018. Wholly owned revenue from continuing operations was €1,112.0 million, an increase of 3.6% constant currency (down 6.2% reported). Wholly owned EBITA from continuing operations was €123.7 million, down 7.3% constant currency (down 16.6% reported). Wholly owned EBITA margins from continuing operations were 11.1%, down 130 basis points constant currency (down 140 bps reported).

Glanbia's pro-forma share of JVs profit after tax from continuing operations decreased by €8.2 million to €17.8 million for the first half of 2018.

Total Group profit (after discontinued activities and exceptional items) for the period was €98.2 million, down €16.7 million on prior half year.

On a pro-forma basis, excluding the impact of discontinued operations, adjusted earnings per share from continuing operations was 38.83 cent. This was a decrease on prior year of 7.1% constant currency (down 15.8% reported). Group EBITA, on a pro-forma basis, including Glanbia's share of EBITA from JVs was €150.5 million, down €35.1 million versus the prior year.

Long-term strategy

On 23 May 2018 at its capital markets day, Glanbia outlined its strategic ambition to 2022. The Group is focused on long-term sustainable growth via its three platforms of Glanbia Performance Nutrition, Glanbia Nutritionals and Strategic Joint Ventures. This will be enabled by organic growth and selective M&A.

The Group's five year ambition is as follows:

Key performance indicator	**Metric**
Total Group revenue (including Glanbia share of Joint Ventures) by 2022	€5.0 billion
5 year average adjusted earnings per share growth, constant currency, 2018 to 2022	5% to 10%
Annual return on capital employed	10% to 13%
Annual operating cash conversion	Greater than 80%

Chairman and Vice Chairman changes

On 1 June 2018 Henry Corbally retired as Chairman and retired as a Non-Executive Director of the Board on 21 June 2018. On 1 June 2018 Martin Keane was appointed Chairman and Pat Murphy was appointed Vice Chairman of the Board. John Murphy continues in his role as Vice Chairman of the Board. Martin Keane, Pat Murphy and John Murphy are all nominees of Glanbia Co-operative Society Limited to the plc Board, as was Henry Corbally prior to his retirement on 21 June 2018.

Capital investment

Glanbia's total investment in capital expenditure was €25.9 million in the first half of 2018 of which €18.9 million was strategic investment. The key strategic project completed in the period was the installation of new lines to produce ready-to-eat products in Glanbia Performance Nutrition. Glanbia expects to invest a total of €65 million to €75 million in capital expenditure in the full year 2018.

2018 outlook

Glanbia reiterates its full year 2018 guidance of 5% to 8% growth in pro-forma adjusted earnings per share from continuing operations, constant currency. If the average Euro US Dollar exchange rate remains at current levels for the remainder of 2018, Glanbia expects the full year 2018 reported pro-forma adjusted earnings per share growth from continuing operations to be approximately 5% lower than the constant currency result.

Full year earnings growth is expected to be delivered by mid-to-high single digit like-for-like volume growth in both the branded portfolio in Glanbia Performance Nutrition ("GPN") and the Nutritional Solutions component of Glanbia Nutritionals ("GN"). Overall full year margins in both GPN and GN are expected to be broadly in line with 2017 levels with a strong improvement in GPN margins expected in the second half of 2018. JVs are expected to deliver a reduced profit in 2018 versus prior year as a result of relatively lower dairy markets.

Financial half year 2018 operations review

Continuing Operations

	HY 2018			**HY 2017**		
€m	**Revenue**	**EBITA**	**EBITA %**	**Revenue**	**EBITA**	**EBITA %**
Glanbia Performance Nutrition	519.6	63.3	12.2%	543.5	83.9	15.4%
Glanbia Nutritionals	592.4	60.4	10.2%	642.2	64.4	10.0%
Total wholly owned businesses	1,112.0	123.7	11.1%	1,185.7	148.3	12.5%
Joint Ventures	625.1	26.8	4.3%	618.9	37.3	6.0%
Total continuing Group	1,737.1	150.5	8.7%	1,804.6	185.6	10.3%

Glanbia Performance Nutrition

€m	HY 2018	HY 2017	Change	Constant Currency Change
Revenue	519.6	543.5	- 4.4%	+4.9%
EBITA	63.3	83.9	- 24.6%	- 16.4%
EBITA margin	12.2%	15.4%	- 320bps	- 310bps

Commentary on percentage movements is on a constant currency basis throughout

GPN delivered a result broadly in line with expectations in the first half of 2018. The expected margin decline in the first half which was driven largely by pricing investment will be offset by strong margins in the second half as contracted input cost reductions materialise.

Revenues increased 4.9% to €519.6 million. The key drivers of revenue growth were 5.4% volume growth offset by a 4.1% price decline with a 3.6% contribution from the Body & Fit acquisition which closed in the first quarter of 2017.

Like-for-like branded volume grew 5.0% in the period. Volume growth was mainly driven by the branded portfolio in non-US markets with Latin American and South East Asian markets delivering strong results. The US market remained competitive and GPN continues to navigate market channel shifts. Volume growth continues to be a focus of the business with like-for-like branded volume growth expected to be in the mid-to-high single digit range for the full year.

Negative pricing reflected both brand investment and the competitive nature of the market particularly in the US. While some level of investment is likely to continue into the second half, the year-on-year level is expected to moderate somewhat relative to the first half.

EBITA declined by 16.4% in the period as revenue growth was offset by EBITA margin compression of 310 basis points to 12.2%. Margin decrease was primarily as a result of the brand investment noted above, planned investments in the direct-to-consumer platform and increased freight costs. This margin decline is expected to be reversed in the second half of 2018 as planned lower whey input costs materialise.

GPN remains focused on growth and as noted at the recent capital markets event will be investing in brands, innovation, systems and organisational infrastructure to maintain momentum. GPN expect strong EBITA growth to be delivered in the second half of 2018 with full year like-for-like branded volume growth in the mid-to-high single digit range and full year EBITA margins in line with the prior year.

Glanbia Nutritionals

€m	HY 2018	HY 2017	Change	Constant Currency Change
Revenue	592.4	642.2	-7.8%	+2.4%
EBITA	60.4	64.4	-6.2%	+4.5%
EBITA margin	10.2%	10.0%	+20bps	+20bps

Commentary on percentage movements is on a constant currency basis throughout

GN delivered a good performance in the first half of 2018 versus the same period in 2017. Revenues increased by 2.4% to €592.4 million and this was driven by a volume increase of 5.9% offset by a price decline of 3.5%. Volume growth was driven by both Nutritional Solutions and US Cheese. Price decrease was primarily driven by a reduction in dairy market prices which impacted dairy ingredients in Nutritional Solutions and US Cheese. EBITA increased by 4.5% as a result of revenue growth and improved margins. EBITA margins were 10.2% which was a 20 basis point improvement versus the same period in the prior year.

GN expects EBITA growth in FY 2018 to be driven by both non-dairy ingredients in Nutritional Solutions and US Cheese as the margin on dairy ingredients will be impacted by relatively lower whey markets. For full year 2018 Nutritional Solutions is expected to deliver mid-to-high single digit volume growth and US Cheese is expected to deliver low single digit volume growth. FY 2018 GN EBITA margins are expected to be in line with prior year.

Nutritional Solutions

Nutritional Solutions is a leading marketer of advanced-technology whey protein, specialist vitamin & mineral blends, plant based ingredients and functional beverages. Nutritional Solutions delivered in line with expectations in H1 2018 with revenue of €253.9 million, a 2.2% decrease on H1 2017. This was driven by a 3.1% increase in volume offset by a 5.3% decrease in price. Volume growth was broad based with customers across dairy and non-dairy Nutritional Solutions and the price decline was primarily as a result of lower dairy markets.

US Cheese

US Cheese is a leading producer of American-style cheddar cheese in the US supplying a range of customers. US Cheese customers are predominantly US based and participate in the food service, retail, consumer branded and private label end markets. US Cheese had revenue of €338.5 million in H1 2018. Revenue increased by 6.1% versus the same period in 2017 and this was driven by an 8.1% improvement in volume offset by a 2.0% decline in price. Volume growth was primarily related to the timing of customer off-take in the first quarter with full year volume growth expected to be in the low single digit range. Price decline was related to lower year-on-year dairy market prices.

Joint Ventures (Glanbia share, pro-forma)

€m	Continuing Operations HY 2018	HY 2017[1]	Change	Constant Currency Change
Revenue*	625.1	618.9	+1.0%	+4.7%
EBITA	26.8	37.3	-28.2%	-25.6%
EBITA margin	4.3%	6.0%	-170bps	-170bps
Share of JVs' PAT pre-exceptional items	17.8	26.0	- 31.5%	- 29.4%

* Share of JVs revenue is calculated as the share of revenue attributed to Glanbia based on Glanbia's percentage ownership in the JV.

1. Prior year number are presented on a pro-forma basis to include the share of results of Dairy Ireland, consistent with current year reported numbers.

Commentary on percentage movements is on a constant currency basis throughout

Joint Ventures ("JVs") delivered in line with expectations in the first half of 2018. Glanbia's share of revenue from the continuing operations of JVs increased by 4.7% in the period and the driver of this was a 7.3% increase in volume offset by a 2.6% reduction in price. All JVs grew volume in the period with lower pricing reflecting lower year-on-year global dairy markets. This also impacted EBITA margins which declined 170 basis points and this drove an EBITA reduction of 25.6%. As a result, Glanbia's share of JVs profit after tax ("PAT") from continuing operations, pre-exceptional, decreased by €8.2 million to €17.8 million in the first half of 2018.

JVs are expected to have an improved performance in the second half of 2018 versus the same period in 2017. However this will not be enough to offset the decline in H1 2018 and Glanbia's share of JVs PAT in FY 2018 is expected to be down versus the prior year.

Strategic development in JVs

Southwest Cheese

The US$140 million project to expand production capacity by 25% at Southwest Cheese was completed and fully commissioned in quarter two 2018. This project was funded directly by Southwest Cheese.

Glanbia Cheese EU

On 16 July 2018, Glanbia announced the establishment of a new 50:50 JV with Leprino Foods to construct a new cheese production plant in Portlaoise, Ireland. This facility will be integrated with the existing JV of Glanbia and Leprino Foods in the United Kingdom, Glanbia Cheese UK. The project is expected to be commissioned by 2020 and will produce 45,000 tonnes of mozzarella cheese on an annual basis once fully commissioned. The total project cost is expected to be €130 million of which Glanbia will invest approximately €35 million into the JV over the construction phase of the project with remaining financing coming from Leprino Foods, Governmental grants and bank financing directly within the JV.

Michigan Joint Venture

Glanbia's project to create a new JV to build a large scale cheese and whey plant in the State of Michigan, USA remains on track. Glanbia will own 50% of this new JV with Dairy Farmers of America and Select Milk Producers owning the other 50% share. A site location will be announced later today in the US with the project expected to commence before the end of 2018 and commissioning to be completed by 2021. The overall project cost is expected to be US$470 million of which Glanbia is expected to invest US$82.5 million in total over 2018 and 2019. The remaining financing will come from the other JV partners and bank financing directly within the new JV.

Half year 2018 finance review

Half year 2018 results summary pre-exceptional €m	HY 2018	HY 2017	Change	Constant Currency Change
Continuing operations:				
Revenue	**1,112.0**	**1,185.7**	**(6.2%)**	**+3.6%**
EBITA	123.7	148.3	(16.6%)	(7.3%)
EBITA margin	11.1%	12.5%	-140bps	-130bps
- Amortisation of intangible assets	(21.5)	(21.8)		
- Net finance costs	(7.6)	(11.8)		
- Share of results of Joint Ventures	17.8	22.3		
- Income tax	(14.2)	(20.5)		
Profit for the half year – continuing operations	**98.2**	**116.5**		
Profit after tax from discontinued operations	-	9.3		
Profit for the half year – Group	**98.2**	**125.8**		
Basic earnings per share	**33.27c**	**38.96c**	**(14.6%)**	
Pro-forma adjusted earnings per share	**38.83c**	**46.09c**	**(15.8%)**	**(7.1%)**

Income statement

Wholly owned revenue from continuing operations increased 3.6% on a constant currency basis (down 6.2% reported) to €1,112.0 million (HY 2017: €1,185.7 million) in the half year 2018. Increased revenue was driven primarily by volume growth of 5.7% and the impact of acquisitions of 1.7% offset by negative pricing of 3.8%. EBITA from continuing operations declined by 7.3% on a constant currency basis (16.6% reported) to €123.7 million (HY 2017: €148.3 million) driven primarily by reduced pricing and increased investment within the GPN segment and the impact of relatively weaker dairy market pricing within the GN segment. EBITA margin decreased by 130 bps on a constant currency basis (decreased by 140 bps reported) to 11.1%.

Net financing costs of €7.6 million decreased €4.2 million versus the prior year (HY 2017: €11.8 million) driven by the reduction in the Group's net debt compared to prior year. The Group's average interest rate for the period was 4.0% (HY 2017: 3.5%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 85% of projected 2018 debt currently contracted at fixed rates.

The Group's share of results of Joint Ventures is down €4.5 million on prior year driven primarily by relatively weaker dairy markets versus prior year, particularly in Glanbia Ireland and Glanbia Cheese. Share of results of Joint Ventures is stated after tax and interest.

The half year 2018 pre-exceptional tax charge decreased by €6.3 million. This represents an effective tax rate, excluding Joint Ventures & Associates, of 15% (HY 2017: 17.9%). The reduction in the effective tax rate is primarily driven by the reduction in the US corporate tax rate from 35% to 21%.

Profit after tax from discontinued operations in half year 2017 relates to the results of Dairy Ireland and related assets after tax and pre-exceptional costs. The disposal of 60% of Dairy Ireland and related assets was completed on 2 July 2017. The results of Dairy Ireland in 2018 are now part of the Glanbia Ireland Joint Venture ("Glanbia Ireland") and reflected within the share of results of Joint Ventures.

Profit for the period excluding exceptional items decreased by €27.6 million from €125.8 million to €98.2 million on a reported basis. There were no exceptional items in half year 2018. Details of exceptional items in the prior year are set out in note 7 to the financial statements.

Pro-forma adjusted earnings per share

	HY 2018	HY 2017	Change	Constant Currency Change
Pro-forma adjusted earnings per share	38.83	46.09	(15.8%)	(7.1%)

Pro-forma adjusted earnings per share is provided as it is more reflective of the Group's underlying performance than basic earnings per share. Pro-forma adjusted earnings per share is calculated based on the net profit attributable to equity holders of the parent from continuing activities before exceptional items and amortisation of intangible assets (excluding software amortisation), net of related tax. Further details and a reconciliation between the pro-forma and reported adjusted earnings per share can be found in the glossary of the financial statements on page 36.

In half year 2018, total pro-forma adjusted earnings per share declined 7.1% (down 15.8% reported), driven by a reduction in EBITA and share of results of Joint Ventures.

Dividend per share

The Board has determined an interim dividend of 9.71 cent per share (HY 2017: 5.91 cent per share). This represents an increase of 64.3% on the prior year interim dividend. This is reflective of the revised dividend policy put in place by the Board in 2018 which sets a target annual dividend pay-out of between 25% and 35% of adjusted earnings per share. The dividend will be paid on 5 October 2018 to shareholders on the register of members as at 24 August 2018. Irish withholding tax will be deducted at the standard rate where appropriate.

Exceptional items

There were no exceptional items incurred in half year 2018. Details of exceptional items in half year 2017 are set out in note 7 to the financial statements.

Group financing

Financing key performance indicators	HY 2018	HY 2017	FY 2017
Net debt €m	402.1	608.4	367.7
Net debt: adjusted EBITDA[1]	1.22 times	1.63 times	1.07 times
Adjusted EBIT[1]: net finance cost	7.3 times	11.3 times	7.0 times

1. Definitions of net debt, adjusted EBITDA and adjusted EBIT are as per financing agreements which include dividends from Joint Ventures and the pro-forma effect of acquisitions. A detailed glossary of the key performance indicators and non-IFRS performance measures can be found on pages 32 to 39.

The Group's financial position continues to be strong. Net debt at the end of half year 2018 was €402.1 million. This is a decrease of €206.3 million relative to the end of half year 2017. Net debt to adjusted EBITDA was 1.22 times and interest cover was 7.3 times. Both metrics remaining well within financing covenants. Relative to the 2017 year end, net debt has increased by €34.4 million.

Cash flow

Operating Cash Flow ("OCF") and Free Cash Flow ("FCF") are key performance indicators of the Group in monitoring cash flow and working capital performance. Set out in the table below is the OCF and FCF for half year 2018 on a pro-forma basis to exclude the impact of Dairy Ireland which is now within the results of the Glanbia Ireland Joint Venture.

Pro-forma cash flow analysis €m	HY 2018	HY 2017	Change
EBITDA	144.7	171.1	(26.4)
Working capital movement	(77.9)	(193.8)	115.9
Business sustaining capital expenditure	(7.0)	(10.6)	3.6
Operating cash flow	**59.8**	**(33.3)**	**93.1**
Net interest and tax paid	(17.6)	(25.8)	8.2
Dividends from Joint Ventures	15.4	2.7	12.7
Other outflows	0.6	(4.5)	5.1
Free cash flow	**58.2**	**(60.9)**	**119.1**
Strategic capital expenditure	(18.9)	(17.3)	(1.6)
Dividends paid	(47.6)	(23.5)	(24.1)
Amounts loaned to Joint Ventures	(16.5)	-	(16.5)
Exceptional costs	(2.7)	(3.8)	1.1
Acquisitions	-	(168.3)	168.3
Disposals	-	112.0	(112.0)
Net cash flow	**(27.5)**	**(161.8)**	**134.3**

OCF in the period amounted to €59.8 million which is €93.1 million favourable to prior year. This has been primarily driven by the improved working capital performance offset partially by reduced EBITDA. FCF of €58.2 million is €119.1 million favourable to prior year driven by favourable OCF, the impact of higher dividends received from Joint Ventures and reduced interest and tax payments.

Pension

On 30 June 2018, the Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, decreased by €3.2 million to €38.7 million versus year end 2017 (FY 2017 pension liability €41.9 million). See note 8 to the financial statements for further details on the retirement benefit obligation at the reporting date.

Principal risks and uncertainties

The Board of Glanbia plc has the ultimate responsibility for the Group's systems of risk management and internal control. The Group's risk management framework outlines the key stakeholder risk management responsibilities. It is designed to ensure that there is input across all levels of the business to the management of risk and to enable the Group to remain responsive to the ever changing environment in which it operates. This framework, together with the processes to identify, manage and mitigate potential material risks to the achievement of the Group's strategic objectives are set out in detail on pages 44-51 of the plc's 2017 Annual Report.

The Group's principal risks and uncertainties are summarised in the risk profile diagram below, together with an overview of the risk trend identified for the year ended 30 December 2017, issued on 21 February 2018 which the plc Board believes to still remain applicable. There may be other risks and uncertainties that are not yet considered material or not yet known to the Group and this list will change if these risks assume greater importance in the future.

	Strategic and commercial	Financial	Operational and regulatory
Risk where trend is stable	• Customer concentration risk • Acquisition risk	• Tax risk	• Supplier risk • Talent management risk • Site compliance, environmental, health & safety regulation risks • Product safety and compliance risks
Risk where trend is increasing	• Economic, industry and political risks • Market risk		• IT, data protection and cyber security risks

Key risk factors and uncertainties with the potential to impact on the Group's financial performance in the second half of 2018 include:

- Economic, industry and political risk - Macroeconomic and global trade uncertainty continues to increase, partly as a result of the geopolitical climate where the potential for the introduction of further trade tariffs may have negative impacts to Glanbia's strategic growth objectives. In addition, the nature of the United Kingdom's future trading relationship with the European Union post Brexit is still to be determined. From a Group perspective this uncertainty has increased the potential risk of raw material pricing, cross border trade costs, currency volatility and product pricing which together with other economic measures will require continued focus by the internal teams established to assess and monitor any potential impacts to the Group's performance;
- Market risk - The overall impact on margins of movements in dairy pricing and the importance of managing the evolving GPN channel mix as a key driver of category growth;
- Tax risk - It is possible that further legislative change in other jurisdictions may follow the recent US tax reform legislation. Any such legislative changes, together with the US tax reforms, will require on-going monitoring by Glanbia's in-house tax team and external advisors to assess the potential impacts to the Group's tax strategy and investment decisions; and
- Customer concentration risk - While from a strategic perspective the Group aims to build strong customer relationships with major customers, it can expose Glanbia to credit exposure and other balance sheet risks. The Board and management will be focussed on utilising available mitigation to limit such exposures while recognising that they cannot be fully eliminated.

The Group actively manages these and all other risks through its risk management and internal control processes.

Cautionary statement

This announcement contains forward-looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this announcement. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The Directors undertake no obligation to update any forward-looking statements contained in this announcement, whether as a result of new information, future events, or otherwise.

Results webcast and dial-in details

There will be a webcast and presentation to accompany this results announcement at 9.00 a.m. BST today. Please access the webcast from the Glanbia website at http://www.glanbia.com/investors/results-centre, where the presentation can also be viewed or downloaded. In addition, a dial-in facility is available using the following numbers:

Ireland:	+353 (0)1 246 5638
UK/International:	+44 (0) 330 336 9105
Netherlands:	+31 (0) 20 721 9251
Italy:	+39 02 3600 8019
USA:	+1 323-794-2093

The access code for all participants is: **1175882**
A replay of the call will be available for 30 days approximately two hours after the call ends.

For further information contact

Glanbia plc +353 56 777 2200

Siobhán Talbot, Group Managing Director	
Mark Garvey, Group Finance Director	
Liam Hennigan, Head of Investor Relations	+353 86 046 8375
Martha Kavanagh, Head of Media Relations	+353 1 907 8947

Responsibility statement

The Directors are responsible for preparing the half yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 as amended, the related Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting', as adopted by the European Union.

The Directors of Glanbia plc confirm that, to the best of their knowledge:

- The condensed Group interim financial statements for the period commencing 31 December 2017 and ended 30 June 2018 (six months/half year) have been prepared in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34) adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- The half yearly financial report includes a true review of the development and performance of the business and the position of the Group;
- The half yearly financial report includes a true review of the important events that have occurred during the first six months of the financial year, their impact on the condensed Group financial statements for the half year ended 30 June 2018, and a description of the principal risks and uncertainties for the remaining six months; and
- The half yearly financial report includes a true review of related party transactions that have occurred during the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or the performance of the Group in the first six months of the current financial year.

Board changes

The Directors of Glanbia plc are as listed in the Glanbia plc 2017 Annual Report, with the exception of the following changes in the period relating to Glanbia Co-operative Society Limited ("Glanbia Co-op") nominees on the Glanbia plc Board:

- On 25 April 2018, Michael Keane retired as a Non-Executive Director of the Board at the plc's AGM. On 1 June 2018 Henry Corbally retired as Chairman and retired as a Non-Executive Director of the Board on 21 June 2018. On 1 June 2018 Martin Keane was appointed Chairman and Pat Murphy was appointed Vice Chairman of the Board. On the same date, Patsy Ahern and Tom Grant retired as Non-Executive Directors of the Board and Jer Doheny was re-appointed Non-Executive Director. On 21 June Patsy Ahern was re-appointed Non-Executive Director of the Board.

Glanbia Co-operative Society Limited - Right to nominate Glanbia plc Directors

In compliance with Listing Rule 6.2.2 A of the ISE/Listing Rule 9.2.2 AD of the UKLA, Glanbia plc has entered into a written legally binding agreement (the 'Relationship Agreement') with Glanbia Co-op, which is intended to ensure that Glanbia Co-op complies with the independence provisions/undertakings set out in Listing Rule 3.3.7 A of the ISE and 6.5.4 R of the UKLA. This relationship agreement provides that the governance arrangements set out below will apply with respect to the composition and size of the Board of Glanbia plc. Glanbia Co-op currently owns 31.5% of the issued share capital of Glanbia plc. Between 2012 and 2017, Glanbia Co-op and the Board agreed the following changes, which will impact the composition and size of the Board between 2018 and 2022:

- In 2018 the number of Glanbia Co-op Nominee Directors has reduced from ten to eight;
- In 2020 the number of Glanbia Co-op Nominee Directors will reduce from eight to seven, and
- In 2022 the number of Glanbia Co-op Nominee Directors will reduce from seven to six. It is the intention that Glanbia Co-op would continue to nominate a Glanbia Co-op Nominee as Chairman of the Board until no later than 30 June 2020.

Further, if Glanbia Co-op's shareholding in Glanbia plc falls below 28% of the issued share capital, discussions will take place regarding a further reduction in the size of Glanbia Co-op's representation on the Board.

A list of current directors is maintained on the Glanbia plc website: www.glanbia.com

On behalf of the Board

Siobhán Talbot	Mark Garvey
Group Managing Director	Group Finance Director

9 August 2018

CONDENSED GROUP INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2018

		Half year 2018			Half year 2017		
	Notes	Pre–exceptional €'m	Exceptional €'m (note 7)	Total €'m	Pre–exceptional €'m	Exceptional €'m (note 7)	Total €'m
Continuing operations							
Revenue	4	**1,112.0**	-	**1,112.0**	1,185.7	-	1,185.7
Earnings before interest, tax and amortisation (EBITA)	4	**123.7**	-	**123.7**	148.3	-	148.3
Intangible asset amortisation		**(21.5)**	-	**(21.5)**	(21.8)	-	(21.8)
Operating profit	6	**102.2**	-	**102.2**	126.5	-	126.5
Finance income	10	**2.2**	-	**2.2**	1.5	-	1.5
Finance costs	10	**(9.8)**	-	**(9.8)**	(13.3)	-	(13.3)
Share of results of Equity accounted investees	4	**17.8**	-	**17.8**	22.3	-	22.3
Profit before taxation		**112.4**	-	**112.4**	137.0	-	137.0
Income taxes	11	**(14.2)**	-	**(14.2)**	(20.5)	-	(20.5)
Profit from continuing operations		**98.2**	-	**98.2**	116.5	-	116.5
Discontinued operations							
Profit/(loss) from discontinued operations	9	-	-	-	9.3	(10.9)	(1.6)
Profit for the period		**98.2**	-	**98.2**	125.8	(10.9)	114.9
Attributable to:							
Equity holders of the Company – Continuing operations				**98.2**			116.5
Equity holders of the Company – Discontinued operations				-			(1.6)
				98.2			114.9
Earnings Per Share from continuing and discontinued operations attributable to the equity holders of the Company							
Basic Earnings Per Share (cent)							
Continuing operations	13			**33.27**			39.50
Discontinued operations	13			-			(0.54)
				33.27			38.96
Diluted Earnings Per Share (cent)							
Continuing operations	13			**33.20**			39.39
Discontinued operations	13			-			(0.54)
				33.20			38.85

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Notes	**Half year 2018 €'m**	Half year 2017 €'m
Profit for the period		**98.2**	114.9
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements – defined benefit schemes			
– Continuing operations	8	**0.3**	4.4
– Discontinued operations	8	-	12.0
Deferred tax on remeasurements			
– Continuing operations		**(0.1)**	(0.6)
– Discontinued operations		-	(1.5)
Share of remeasurements – defined benefit plans – Equity accounted investees – net of deferred tax			
– Continuing operations		**(2.1)**	3.3
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences – Continuing operations	20	**37.1**	(93.6)
Recycle of available for sale reserve to the Group income statement on disposal of investment – net of deferred tax	20	**(3.5)**	-
Net investment hedge	20	**(2.4)**	7.1
Revaluation of available for sale financial assets – net of deferred tax	20	**0.2**	1.7
Net fair value movements on cash flow hedges – net of deferred tax		**(0.2)**	(0.3)
Net fair value movements on cash flow hedges – Equity accounted investees – net of deferred tax		**(0.7)**	0.5
Other comprehensive income/(expense) for the period, net of tax		**28.6**	(67.0)
Total comprehensive income for the period		**126.8**	47.9
Total comprehensive income attributable to:			
Equity holders of the Company – Continuing operations		**126.8**	39.1
Equity holders of the Company – Discontinued operations		-	8.9
Non–controlling interests – Discontinued operations		-	(0.1)
Total comprehensive income for the period		**126.8**	47.9

CONDENSED GROUP BALANCE SHEET
AS AT 30 JUNE 2018

	Notes	30 June 2018 €'m	30 December 2017 €'m
ASSETS			
Non–current assets			
Property, plant and equipment		**447.3**	442.2
Intangible assets		**972.8**	959.8
Equity accounted investees		**268.4**	266.9
Available for sale financial assets	17	**3.8**	11.1
Trade and other receivables		**30.1**	-
Deferred tax assets		**1.5**	1.6
Retirement benefit assets	8	**2.0**	1.7
		1,725.9	1,683.3
Current assets			
Current tax assets		**9.2**	11.3
Inventories		**366.2**	321.6
Trade and other receivables		**317.5**	302.4
Derivative financial instruments	17	**0.2**	2.2
Cash and cash equivalents		**149.8**	162.2
		842.9	799.7
Total assets		**2,568.8**	2,483.0
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	19	**105.4**	105.4
Other reserves	20	**220.5**	190.0
Retained earnings		**1,135.7**	1,086.3
Total equity		**1,461.6**	1,381.7
LIABILITIES			
Non–current liabilities			
Financial liabilities	16	**487.9**	499.6
Deferred tax liabilities		**118.2**	125.6
Retirement benefit obligations	8	**40.7**	43.6
Provisions		**22.6**	24.0
Capital grants		**0.1**	0.1
Other payables		**10.1**	10.1
		679.6	703.0
Current liabilities			
Trade and other payables		**294.6**	307.9
Current tax liabilities		**62.3**	52.0
Financial liabilities	16	**64.0**	30.3
Derivative financial instruments	17	**1.0**	0.3
Provisions		**5.7**	7.8
		427.6	398.3
Total liabilities		**1,107.2**	1,101.3
Total equity and liabilities		**2,568.8**	2,483.0

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2018

	Attributable to equity holders of the Company			
Half year 2018	**Share capital and share premium €'m**	**Other reserves €'m**	**Retained earnings €'m**	**Total €'m**
Balance at 30 December 2017	**105.4**	**190.0**	**1,086.3**	**1,381.7**
Profit for the period			**98.2**	**98.2**
Other comprehensive income/(expense)				
Remeasurements – defined benefit plans	-	-	**0.3**	**0.3**
Deferred tax on remeasurements – defined benefit plans	-	-	**(0.1)**	**(0.1)**
Share of remeasurements – defined benefit plans – Equity accounted investees – net of deferred tax	-	-	**(2.1)**	**(2.1)**
Recycle of available for sale reserve to the Group income statement on disposal of investment – net of deferred tax	-	**(3.5)**	-	**(3.5)**
Currency translation differences	-	**37.1**	-	**37.1**
Net investment hedge	-	**(2.4)**	-	**(2.4)**
Fair value movements – net of deferred tax	-	**(0.7)**	-	**(0.7)**
Total comprehensive income for the period	-	**30.5**	**96.3**	**126.8**
Transactions with equity holders of the Company **Contributions and distributions**				
Dividends	-	-	**(47.5)**	**(47.5)**
Cost of share based payments	-	**4.8**	-	**4.8**
Transfer on exercise, vesting or expiry of share based payments	-	**(0.6)**	**0.6**	-
Purchase of own shares	-	**(4.2)**	-	**(4.2)**
Total contributions and distributions	-	-	**(46.9)**	**(46.9)**
Balance at 30 June 2018	**105.4**	**220.5**	**1,135.7**	**1,461.6**

	Attributable to equity holders of the Company					
Half year 2017	Share capital and share premium €'m	Other reserves €'m	Retained earnings €'m	Total €'m	Non–controlling interests* €'m	Total €'m
Balance at 31 December 2016	105.4	331.6	779.0	1,216.0	11.1	1,227.1
Profit for the period	-	-	114.9	114.9	-	114.9
Other comprehensive income/(expense)						
Remeasurements – defined benefit plans	-	-	16.5	16.5	(0.1)	16.4
Deferred tax on remeasurements – defined benefit plans	-	-	(2.1)	(2.1)	-	(2.1)
Share of remeasurements – defined benefit plans – Equity accounted investees – net of deferred tax	-	-	3.3	3.3	-	3.3
Currency translation differences	-	(93.6)	-	(93.6)	-	(93.6)
Net investment hedge	-	7.1	-	7.1	-	7.1
Fair value movements – net of deferred tax	-	1.9	-	1.9	-	1.9
Total comprehensive income for the period	-	(84.6)	132.6	48.0	(0.1)	47.9
Transactions with equity holders of the Company **Contributions and distributions**						
Dividends	-	-	(23.5)	(23.5)	-	(23.5)
Cost of share based payments	-	5.2	-	5.2	-	5.2
Transfer on exercise, vesting or expiry of share based payments	-	1.1	(1.1)	-	-	-
Deferred tax on share–based payments	-	-	0.2	0.2	-	0.2
Purchase of own shares	-	(7.4)	-	(7.4)	-	(7.4)
Total contributions and distributions	-	(1.1)	(24.4)	(25.5)	-	(25.5)
Balance at 1 July 2017	105.4	245.9	887.2	1,238.5	11.0	1,249.5

*On 2 July 2017 non-controlling interests were disposed of as part of the disposal of 60% of the Groups shareholding in Dairy Ireland and related assets (note 9)

CONDENSED GROUP STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Notes	**Half year 2018 €'m**	Half year 2017 €'m
Cash flows from operating activities			
Cash generated from/(absorbed by) operating activities	23	**66.5**	(61.2)
Interest received		**0.8**	1.7
Interest paid		**(8.6)**	(13.4)
Tax paid		**(9.3)**	(13.7)
Net cash inflow/(outflow) from operating activities		**49.4**	(86.6)
Cash flows from investing activities			
Acquisition of subsidiaries – purchase consideration		-	(162.4)
Acquisition of subsidiaries – liabilities settled at completion		-	(7.4)
Acquisition of subsidiaries – cash and cash equivalents acquired		-	1.6
Purchase of property, plant and equipment	14	**(15.8)**	(23.9)
Purchase of intangible assets	14	**(10.1)**	(9.4)
Interest paid in relation to property, plant and equipment	10	**(0.5)**	(0.5)
Dividends received from Equity accounted investees	21	**15.4**	2.7
Net redemption, disposal and additions in available for sale financial assets		**2.3**	1.0
Loans advanced to Equity accounted investees	21	**(16.5)**	-
Amounts received in connection with the Dairy Ireland transaction	9	-	112.0
Proceeds from property, plant and equipment		**0.1**	0.1
Net cash outflow from investing activities		**(25.1)**	(86.2)
Cash flows from financing activities			
Purchase of own shares		**(4.2)**	(7.4)
Repayment of borrowings		**(18.5)**	-
Proceeds from borrowings		-	257.4
Finance lease payments		-	(0.1)
Dividends paid to Company shareholders	12	**(47.6)**	(23.5)
Net cash (outflow)/inflow from financing activities		**(70.3)**	226.4
Net (decrease)/increase in cash and cash equivalents		**(46.0)**	53.6
Cash and cash equivalents at the beginning of the period		**132.1**	187.2
Effects of exchange rate changes on cash and cash equivalents		**(0.1)**	(4.1)
Cash and cash equivalents at the end of the period	16	**86.0**	236.7

Reconciliation of net cash flow to movement in net debt	**Half year 2018 €'m**	Half year 2017 €'m
Net (decrease)/ increase in cash and cash equivalents	**(46.0)**	53.6
Cash movements from debt financing	**18.5**	(257.3)
	(27.5)	(203.7)
Exchange translation adjustment on net debt	**(6.9)**	32.8
Movement in net debt in the period	**(34.4)**	(170.9)
Net debt at the beginning of the period	**(367.7)**	(437.5)
Net debt at the end of the period	**(402.1)**	(608.4)

Net debt comprises:	Notes	**30 June 2018 €'m**	1 July 2017 €'m
Borrowings	16	**(488.1)**	(845.1)
Cash and cash equivalents net of bank overdrafts	16	**86.0**	236.7
		(402.1)	(608.4)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

Glanbia plc (the Company) and its subsidiaries (together the Group) is a leading global nutrition group with its main operations in Europe, USA, Middle East, Asia Pacific and Latin America.

The Company is a public limited company incorporated and domiciled in Ireland, the number under which it is registered is 129933. The address of its registered office is Glanbia House, Kilkenny, Ireland. Glanbia Co–operative Society Limited (the Society), together with its subsidiaries, holds 31.5% of the issued share capital of the Company. The Board of Directors as at 30 June 2018 is comprised of 16 members, of which up to 8 are nominated by the Society. In accordance with IFRS 10 'Consolidated Financial Statements', the Society controls the Group and is the ultimate parent of the Group.

The Company's shares are quoted on the Euronext Dublin and London Stock Exchanges.

These condensed consolidated interim financial statements ("interim financial statements") as at, and for the period commencing 31 December 2017 and ended 30 June 2018, were approved for issue by the Board of Directors on 8 August 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim financial statements as at, and for the period commencing 31 December 2017 and ended 30 June 2018 (half year/six months) have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 as amended, the related Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting', as adopted by the European Union. The interim financial statements should be read in conjunction with the financial statements as at, and for the year ended 30 December 2017 (2017 Annual Report), which have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual report.

The interim financial statements as at, and for the period commencing 31 December 2017 and ended 30 June 2018 and, as at, and for the six months ended 1 July 2017, have neither been audited nor reviewed by the Group's auditors.

(b) Statutory information

The interim financial statements are considered non–statutory financial statements for the purposes of the Companies Act 2014 and in compliance with section 340(4) of that Act we state that:

- the interim financial statements as at, and for the period commencing 31 December 2017 and ended 30 June 2018 have been prepared to meet our obligation under the Transparency Directive (2004/109/EC) Regulations 2007 as amended (Statutory Instrument No. 277);
- the interim financial statements as at, and for the period commencing 31 December 2017 and ended 30 June 2018 do not constitute the statutory financial statements of the Group and are unaudited;
- the statutory financial statements as at, and for the financial year ended 30 December 2017 have been annexed to the annual return and filed with the Companies Registration Office;
- the statutory auditors of the Group have made a report under section 391 in the form required by section 336 Companies Act 2014 in respect of the statutory financial statements of the Group; and
- the matters referred to in the statutory auditors' report were unqualified, and did not include a reference to any matters to which the statutory auditors drew attention by way of emphasis without qualifying the report.

(c) Going concern

The Group's business activities, together with the main factors likely to affect its future development and performance, are described in the Strategic Report on pages 1 to 48 of the 2017 Annual Report.

After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the interim financial statements. The Group therefore continue to adopt the going concern basis in preparing its interim financial statements.

In reaching this conclusion the Directors have given due regard to:

- Available cash resources, cash generated from operations, committed bank facilities and their maturities which, taken together, provide confidence that the Group will be able to meet its obligations as they fall due; and
- The Group's financial risk management policies which are described in the 2017 Annual Report, the nature of business activities and the factors likely to impact operating performance and future growth.

(d) Foreign currency translation

The interim financial statements are presented in Euro, which is the Group's presentation currency.

The principal exchange rates used for the translation of results and balance sheets into Euro are as follows:

	Average			Period end		
Euro 1=	**Half year 2018**	Half year 2017	Year 2017	**30 June 2018**	1 July 2017	30 December 2017
US Dollar	**1.2106**	1.0827	1.1295	**1.1658**	1.1412	1.1993
Pound Sterling	**0.8798**	0.8603	0.8764	**0.8861**	0.8793	0.8872
Australian Dollar	**1.5693**	1.4365	1.4734	**1.5787**	1.4851	1.5346

(e) Changes in accounting policies

The methods of computation, presentation and accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the 2017 Annual Report. The Group's accounting policies are set out in note 2 to the financial statements in the 2017 Annual Report.

There were no new standards effective for the Group as at, and for the period commencing 31 December 2017 and ended 30 June 2018.

The following standards, amendments and interpretations have been published. The Group will apply the relevant standards in the financial year in which they become effective and is currently assessing their impact on the Group's financial statements. The standards are mandatory for future accounting periods but are not yet effective for the Group and have not been early adopted by the Group.

IFRS 9 'Financial Instruments' (EU effective date: on or after 1 January 2018)

This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.

The expected impact of IFRS 9 on the Group has been assessed and the findings are as follows:

The Group's review has indicated that, on transition to the new standard, equity securities previously accounted for in accordance with IAS 39 as available for sale financial assets will be elected on initial recognition at fair value through other comprehensive income. On adoption of IFRS 9 any gains or losses arising on de–recognition of such assets will remain in equity and will not be recycled to the income statement.

IFRS 9 introduces a forward–looking expected credit losses model, rather than the current incurred loss model, when assessing impairment of financial assets in the scope of IFRS 9. The standard provides a simplified approach as a practical expedient. The Group will adopt this approach on transition and it is not expected that any significant adjustments will be made to results already reported on transition.

The Group will adopt the hedge accounting section of IFRS 9. No impact to the Group's results has been identified from the Group's assessment of the IFRS 9 hedge accounting requirements.

IFRS 15 'Revenue from Contracts with Customers' (EU effective date: on or after 1 January 2018)

This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.

The Group expects to adopt the modified retrospective approach to transition permitted by the standard in which the cumulative effect of initially applying the standard is recognised in opening retained earnings at the date of initial application. No material effect is anticipated at this point.

The Group has assessed the impact of implementing IFRS 15 and, with the exception of the matter set out below, has not identified any material impacts resulting from transition to the new standard.

Following a review of all material contracts with customers, the Group has concluded that the revised principal versus agent considerations will lead to the Group's relationship with its Joint Venture, Southwest Cheese Company, LLC (Southwest Cheese) transitioning from an agent relationship to that of a principal. Based on year to date sales by Southwest Cheese, the transition to the new standard would result in a gross up of revenue and costs of sales of approximately €380.4 million for Half Year 2018 (HY 2017: €387.9 million, FY 2017: €747.0 million). Although there is no change to EBITA, as a result of the increase in revenue, there would a dilution to the EBITA margin percentage as follows: Half year 2018 a reduction of 2.8% (HY 2017: 3.1%, FY 2017: 2.8%). For the 2019 financial year revenue and costs relating to this arrangement will be shown gross in the Group income statement.

IFRS 16 'Leases' (IASB effective date: on or after 1 January 2019)

This standard will be effective for and will be adopted by the Group for the 2020 financial year beginning 6 January 2020.

The Group's evaluation of the effect of adoption of IFRS 16 is on–going and the Group's initial findings are detailed as follows:

The Group expects to adopt the modified retrospective approach to transition permitted by the standard in which the cumulative effect of initially applying the standard is recognised in opening retained earnings at the date of initial application.

The Group expects that the adoption of IFRS 16 will have a material impact on the financial statements, significantly increasing the Group's recognised assets and liabilities. The Group has approximately 580 operating leases for a range of assets principally relating to property, equipment and vehicles. The fair values of these leases are currently being evaluated. As a result of the transition to IFRS 16, the fair value of these leases representing the present value of the lease payments over the expected lease contract period will be recognised as a Right of Use Asset with a corresponding value recognised as a lease liability.

Amendments to IFRS 4 – 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' (IASB effective date: on or after 1 January 2018)

This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.
This standard outlines two options for entities that issue insurance contracts within the scope of IFRS 4.
No material impact is expected upon adoption.

Annual improvements to IFRSs 2014-2016 cycle (IASB effective date: on or after 1 January 2018)

This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.
A number of small amendments to IAS 28 'Investments in Associates and Joint Ventures'. No material impact is expected upon adoption.

Amendments to IAS 40 'Transfers of Investment Property' (IASB effective date: on or after 1 January 2018)

This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.
This amendment provides guidance on transfers to, or from, investment properties. No material impact is expected upon adoption.

Amendments to IFRS 2 'Classification and Measurement of Share–based Payment Transactions' (IASB effective date: on or after 1 January 2018)
This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.
These amendments clarify that only market and non–vesting conditions are taken into account in the measurement of the fair value of the liability in a cash–settled share–based payment transaction. Vesting conditions (other than market conditions) are considered when estimating the number of awards expected to vest. No material impact is expected upon adoption.

IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (IASB effective date: on or after 1 January 2018)
This standard will be effective for and will be adopted by the Group for the 2019 financial year beginning 30 December 2018.
IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.
No material impact is expected upon adoption.

Amendments to IAS 28 'Long–term Interests in Associates and Joint Ventures' (IASB effective date: on or after 1 January 2019 – not yet endorsed)
The amendments clarify that an entity applies IFRS 9 'Financial Instruments' to long–term interests in an Associate or Joint Venture that form part of the net investment in the Associate or Joint Venture but to which the equity method is not applied.

Amendments to IFRS 9 'Financial Instruments' (IASB effective date: on or after 1 January 2019)
The amendments address concerns about how IFRS 9 'Financial Instruments' classifies particular pre–payable financial assets. In addition, the IASB has clarified an aspect of the accounting for financial liabilities following a modification.

Amendments to IAS 19 'Employee Benefits' (IASB effective date: on or after 1 January 2019 – not yet endorsed)
The amendments clarify the effect of a plan amendment curtailment or settlement on the requirements regarding the asset ceiling. It also clarifies that if a plan amendment, curtailment or settlement occur, that it is mandatory that the current service cost and the net investment for the period after the re–measurement are determined using the assumptions used for the re–measurement.

Annual Improvements to IFRSs 2015–2017 Cycle (IASB effective date: on or after 1 January 2019 – not yet endorsed)
A number of small amendments to IFRS 3 'Business combinations', IFRS 11 'Joint arrangements', IAS 12 'Income taxes' and IAS 23 'Borrowing Costs'.

IFRIC Interpretation 23 'Uncertainty over Income Tax Treatments' (IASB effective date: on or after 1 January 2019 – not yet endorsed)
IFRIC 23 clarifies the accounting for uncertainties in income taxes.

IFRS 17 Insurance Contracts (IASB effective date: on or after 1 January 2021 – not yet endorsed)
This standard replaces the guidance in IFRS 4 'Insurance Contracts'. It requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle based accounting for insurance contracts.

Amendments to References to the Conceptual framework in IFRS Standards (IASB effective date: on or after 1 January 2020 – not yet endorsed)
This document contains amendments to references in relation to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32.

3. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant 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 consolidated financial statements as at, and for the year ended 30 December 2017.

4. SEGMENT INFORMATION

On 2 July 2017 the Group completed the disposal of Dairy Ireland and related assets. Following the disposal the structure of the internal reporting to the Chief Operating Decision Maker was reviewed as required by IFRS 8 'Operating Segments'. As a result, the Group revised its operating segments for the year ended 30 December 2017. Accordingly comparative segment amounts for half year 2017 have been re-presented in line with the revised segments disclosed in the 2017 Annual Report.

The Group now reports across the following segments: Glanbia Performance Nutrition, Glanbia Nutritionals and Glanbia Ireland. These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker assesses performance and allocates the Group's resources. Each segment is reviewed in its totality by the Chief Operating Decision Maker. The Glanbia Operating Executive assesses the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items (EBITA).

Each segment derives its revenue as follows; Glanbia Performance Nutrition earns its revenue from the manufacture and sale of performance nutrition products, Glanbia Nutritionals earns its revenue from the manufacture and sale of cheese, dairy and non-dairy nutritional ingredients, and Glanbia Ireland earns its revenue from the manufacture and sale of cheese and dairy ingredients, and the manufacture and sale of a range of consumer products and farm inputs. Glanbia Ireland is an Equity accounted investee and the amounts stated represent the Group's share. All other segments and unallocated include the results of other Equity accounted investees, who manufacture and sell cheese and dairy ingredients. Corporate costs included within the total Group EBITA have been allocated across the wholly owned segments on a basis consistent with prior years.
Amounts stated for Equity accounted investees represents the Group's share.

The segment results for the period ended 30 June 2018 for continuing operations are as follows:

Half Year 2018		**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total €'m**
Total gross segment revenue		**519.6**	**610.4**	**-**	**1,130.0**	**-**	**1,130.0**
Inter–segment revenue		**-**	**(18.0)**	**-**	**(18.0)**	**-**	**(18.0)**
Revenue		**519.6**	**592.4**	**-**	**1,112.0**	**-**	**1,112.0**
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	(a)	**63.3**	**60.4**	**-**	**123.7**	**-**	**123.7**
Shares of results of Equity accounted investees (pre–exceptional)		**-**	**-**	**7.6**	**7.6**	**10.2**	**17.8**

Half Year 2017 (Re-presented)*		Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total €'m
Total gross segment revenue		543.5	663.8	-	1,207.3	-	1,207.3
Inter–segment revenue		-	(21.6)	-	(21.6)	-	(21.6)
Revenue		543.5	642.2	-	1,185.7	-	1,185.7
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	(a)	83.9	64.4	-	148.3	-	148.3
Shares of results of Equity accounted investees (pre–exceptional)		-	-	8.5	8.5	13.8	22.3

*Re-presented to reflect the revision of operating segments.

Included in external revenue are related party sales between Glanbia Nutritionals and Joint Ventures of €5.7 million (HY 2017: €7.0 million). Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to un-related third parties.

Segment earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax for continuing operations as follows:

	Notes	**Half year 2018 €'m**	Half year 2017 €'m
Earnings before interest, tax, amortisation and exceptional items – Continuing operations		**123.7**	148.3
Intangible asset amortisation		**(21.5)**	(21.8)
Share of results of Equity accounted investees		**17.8**	22.3
Finance income	10	**2.2**	1.5
Finance costs	10	**(9.8)**	(13.3)
Reported profit before tax – Continuing operations		**112.4**	137.0
Income taxes	11	**(14.2)**	(20.5)
Reported profit after tax – Continuing operations		**98.2**	116.5

Balance sheet and other disclosures
The segments assets and liabilities are as follows:

30 June 2018	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total Group €'m**
Segment assets	**1,305.8**	**759.0**	**212.1**	**2,276.9**	**291.9**	**2,568.8**
Segment liabilities	**208.0**	**130.8**	-	**338.8**	**768.4**	**1,107.2**

30 December 2017	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Segment assets	1,331.5	759.7	187.1	2,278.3	204.7	2,483.0
Segment liabilities	232.2	181.0	-	413.2	688.1	1,101.3

Unallocated assets and liabilities comprise taxation, cash and cash equivalents, borrowings, available for sale financial assets, derivatives, retirement benefit obligations and the carrying value of remaining Equity accounted investees.

5. SEASONALITY

Due to the seasonal nature of the retail segment into which the Glanbia Performance Nutrition segment sells, higher revenues and operating profits are usually expected in the second half of the year than in the first six months. Glanbia Nutritionals revenues and operating profits, although impacted by dairy markets, are typically more evenly spread throughout the year.

6. OPERATING PROFIT – CONTINUING OPERATIONS

	Half year 2018 €'m	Half year 2017 €'m
Revenue	**1,112.0**	1,185.7
Cost of goods sold	**(812.0)**	(851.8)
Gross profit	**300.0**	333.9
Selling and distribution expenses	**(108.6)**	(109.0)
Administration expenses	**(67.7)**	(76.6)
Earnings before interest tax and amortisation (EBITA)	**123.7**	148.3
Intangible asset amortisation	**(21.5)**	(21.8)
Operating profit	**102.2**	126.5

Operating profit – Continuing operations is stated after (charging)/crediting:	Half year 2018 €'m	Half year 2017 €'m
Raw materials and consumables used	**(670.6)**	(707.7)
Depreciation of property, plant and equipment	**(21.0)**	(22.8)
Employee benefit expense	**(144.7)**	(156.4)
Research and development costs	**(5.7)**	(5.1)
Net foreign exchange loss	**(1.4)**	(0.3)
Amortisation of intangible assets	**(21.5)**	(21.8)
Loss on disposal of property, plant and equipment	**(0.3)**	(0.1)
Recycle of available for sale reserve to the Group income statement on disposal of investment	**5.2**	-

7. EXCEPTIONAL ITEMS

There were no exceptional items incurred in half year 2018. This will be kept under review in the second half of 2018.

	Half year 2018	Half year 2017		
	Total €'m	Continuing operations €'m	Discontinued operations €'m	Total €'m
Dairy Ireland transaction related costs	-	-	(13.0)	(13.0)
Total exceptional operating loss before tax	-	-	(13.0)	(13.0)
Tax credit on exceptional items	-	-	2.1	2.1
Total exceptional loss	-	-	(10.9)	(10.9)

The nature of the total exceptional operating loss is as follows:

	Half year 2018	Half year 2017		
	Total €'m	Continuing operations €'m	Discontinued operations €'m	Total €'m
Impairment of tangible assets	-	-	(8.1)	(8.1)
Professional fees	-	-	(3.6)	(3.6)
Extraordinary General Meeting costs	-	-	(0.6)	(0.6)
Employee benefit expense	-	-	(0.5)	(0.5)
Other operating costs	-	-	(0.2)	(0.2)
Total exceptional operating loss	-	-	(13.0)	(13.0)

During the 2018 half year there was a cash outflow of €2.7 million in respect of exceptional charges recognised in FY2017. During the 2017 half year there was a cash outflow of €5.8 million on exceptional charges of which €5.4 million was in respect of exceptional charges incurred prior to FY2017.
Transaction costs on the disposal of 60% of Dairy Ireland and related assets were incurred in half year 2017. The nature of these transaction costs is outlined in the table above.

8. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit pension plans.

Principal assumptions used in the defined benefit pension plans

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Half year 2018		Half year 2017		Year 2017	
	ROI	**UK**	ROI	UK	ROI	UK
Discount rate	**1.80%**	**2.50%**	2.00%	2.45%	1.80%	2.35%
Inflation rate	**1.60%-1.70%**	**2.05%-3.05%**	1.30%-1.40%	2.20%-3.20%	1.50%-1.60%	2.15%-3.15%
Future salary increases*	**2.70%**	**0.00%**	2.40%	0.00%	2.60%	0.00%
Future pension increases	**0.00%**	**2.15%-2.85%**	0.00%	2.25%-2.95%	0.00%	2.25%-2.95%

*The ROI defined benefit pension plans are on a career average structure therefore this assumption does not have a material impact. The UK defined benefit pension plans comprise solely pensioners and deferred pensioners.

Mortality rates

The mortality assumptions used at half year 2018 are consistent with those applied in the 2017 Annual Report.

Recognition in the condensed Group income statement and in the condensed Group statement of comprehensive income

The following amounts have been recognised in the condensed Group income statement and condensed Group statement of comprehensive income in relation to defined benefit pension plans:

Recognition in the condensed Group income statement:

	Half year 2018	Half year 2017		
	Total €'m	Continuing operations €'m	Discontinued operations €'m	Total €'m
Current service cost	**(0.9)**	(1.1)	(2.0)	(3.1)
Net interest cost	**(0.4)**	(0.5)	(0.5)	(1.0)
Total expense recognised in the condensed Group income statement in employee benefit expense	**(1.3)**	(1.6)	(2.5)	(4.1)

Recognition in the condensed Group statement of comprehensive income:

	Half year 2018	Half year 2017		
	Total €'m	Continuing operations €'m	Discontinued operations €'m	Total €'m
Return of plan assets in excess of interest income	**1.9**	0.9	(0.9)	-
Actuarial loss arising from experience adjustments	**-**	(0.3)	-	(0.3)
Actuarial loss arising from changes in demographic assumptions	**(1.2)**	-	-	-
Actuarial (loss)/gain arising from changes in financial assumptions	**(0.4)**	3.8	12.9	16.7
Total remeasurements recognised in the condensed Group statement of comprehensive income	**0.3**	4.4	12.0	16.4

Recognition in the condensed Group balance sheet:

	30 June 2018 €'m	30 December 2017 €'m
Present value of funded obligations	**(227.3)**	(227.6)
Fair value of plan assets	**188.6**	185.7
Net defined benefit pension plan liability	**(38.7)**	(41.9)

Reconciliation of net defined benefit pension plan liability to the amounts recognised in the condensed Group balance sheet:

	30 June 2018 €'m	30 December 2017 €'m
Non–current assets		
Surplus on defined benefit pension plan	**2.0**	1.7
Non–current liabilities		
Deficit on defined benefit pension plan	**(40.7)**	(43.6)
Net defined benefit pension plan liability	**(38.7)**	(41.9)

The net liability disclosed above all relates to funded plans.

The movement in the net defined benefit pension plan liability recognised in the condensed Group balance sheet is as follows:

	30 June 2018 €'m	30 December 2017 €'m
At the beginning of the period	**(41.9)**	(110.4)
Exchange differences	**(0.1)**	1.0
Service cost and net interest cost	**(1.3)**	(5.3)
Remeasurements – defined benefit schemes	**0.3**	19.1
Contributions paid/payable by employer	**4.3**	9.5
Disposal of discontinued operations	**-**	44.2
At the end of the period	**(38.7)**	(41.9)

Sensitivity analysis

The following table sets out for the Group's pension schemes, the estimated impact in the plan liabilities resulting from a 0.25% change in the discount rate:

		ROI plans		UK plans	
Assumption: Discount rate	**Change in assumption**	**Increase €'m**	**Decrease €'m**	**Increase €'m**	**Decrease €'m**
Half year 2018	0.25% movement	**(5.5)**	**5.8**	**(3.9)**	**4.2**
Year 2017	0.25% movement	(5.3)	5.6	(4.2)	4.5

9. DISCONTINUED OPERATIONS

On 2 July 2017, the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to Glanbia Co–operative Society Limited ("the Society"), its ultimate parent, creating a new joint venture, together with Glanbia Ingredients Ireland DAC, called Glanbia Ireland. Dairy Ireland is comprised of two business units, Glanbia Consumer Foods Ireland and Glanbia Agribusiness.

The disposal was approved by Society members at a Special General Meeting (SGM) on 18 May 2017 and by Group shareholders at an Extraordinary General Meeting (EGM) on 22 May 2017.

In consideration for the Society acquiring the 60% interest, Glanbia plc received €112.0 million and an amount of €96.8 million which equalled 100% of the net working capital in Dairy Ireland at completion.

The transaction is accounted for as a 100% disposal of Dairy Ireland in consideration for the cash payments outlined above and a 40% investment in Glanbia Ireland. The 40% investment in Glanbia Ireland is treated as a Joint Venture of the Group.

The Dairy Ireland activities were disclosed as discontinued operations in the condensed Group income statement and condensed Group statement of comprehensive income in 2017. See note 7 for details of exceptional items relating to the Dairy Ireland transaction.

The net cash flows of the Group's discontinued operations are as follows:

	Half year 2017 €'m
Operating net cash outflow	(32.1)
Investing cash inflow	149.4
Financing cash outflow	(1.4)
Cash generated during the period	115.9

The full discontinued operations note is included in the 2017 Annual Report.

10. FINANCE INCOME AND COSTS – CONTINUING OPERATIONS

	Half year 2018 €'m	Half year 2017 €'m
Finance income		
Interest income	**1.9**	1.5
Net interest income on currency swaps	**0.2**	-
Unwinding of discounts	**0.1**	-
Total finance income	**2.2**	1.5
Finance costs		
Bank borrowing costs	**(5.3)**	(4.0)
Facility fees	**(0.9)**	(1.3)
Finance lease costs	-	(0.1)
Net interest expense on currency swaps	-	(0.2)
Finance cost of private debt placement	**(3.6)**	(7.7)
Total finance costs	**(9.8)**	(13.3)
Net finance costs	**(7.6)**	(11.8)

Net finance costs do not include borrowing costs of €0.5 million (HY 2017: €0.5 million) attributable to the acquisition, construction or production of a qualifying asset within continuing operations, which have been capitalised.

Interest is capitalised at the Group's average interest rate for the period of 4.0% (HY 2017: 3.5%). Interest income includes the interest on loans to related parties of €0.5 million (HY 2017: €0.3 million).

11. INCOME TAXES – CONTINUING OPERATIONS

The Group's income tax charge of €14.2 million (HY 2017: €20.5 million) has been prepared based on the Group's best estimate of the weighted average tax rate that is expected for the full financial year.

12. DIVIDENDS

	Notes	Half year 2018 € cent per share	Half year 2017 € cent per share
Dividends per ordinary share are as follows:			
Interim dividend for the year ended 29 December 2018	(a)	**9.71**	-
Interim dividend for the year ended 30 December 2017	(b)	-	5.91
		9.71	5.91

(a) An interim dividend of 9.71 cent per share, which amounts to €28.7 million, will be paid on 5 October 2018 to shareholders on the register of members at 24 August 2018, the record date. These interim financial statements do not reflect this interim dividend. There are no income tax consequences for the Company in respect of dividends proposed prior to issuance of the interim financial statements.

(b) On 6 October 2017 an interim dividend for the year ended 30 December 2017 of 5.91 cent per share (total €17.5 million) was paid.

(c) On 27 April 2018 a final dividend for the year ended 30 December 2017 of 16.09 cent per share (total €47.6 million) was paid.

13. EARNINGS PER SHARE

Basic

Basic Earnings Per Share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares.

The weighted average number of ordinary shares in issue used in the calculation of Basic Earnings Per Share is 295,158,732 (HY 2017: 295,021,165).

	Half year 2018	Half year 2017		
	Total €'m	Continuing operations €'m	Discontinued Operations €'m	Total €'m
Profit/(loss) after tax attributable to equity holders of the Company (€'m)	**98.2**	116.5	(1.6)	114.9
Basic Earnings Per Share (cent)	**33.27**	39.50	(0.54)	38.96

Diluted

Diluted Earnings Per Share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Share options and share awards are the Company's only potential dilutive ordinary shares.

The share awards, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions, as well as the passage of time. Contingently issuable shares are included in the calculation of diluted Earnings Per Share to the extent that conditions governing exercisability have been satisfied, as if the end of the reporting period were the end of the vesting period.

	Half year 2018	Half year 2017
Weighted average number of ordinary shares in issue	**295,158,732**	295,021,165
Shares deemed to be issued for no consideration in respect of:		
Share awards	**582,544**	817,796
Share options	**27,875**	29,992
Weighted average number of shares used in the calculation of diluted Earnings Per Share	**295,769,151**	295,868,953

	Half year 2018	Half year 2017		
	Total €'m	Continuing operations €'m	Discontinued Operations €'m	Total €'m
Diluted Earnings Per Share (cent)	**33.20**	39.39	(0.54)	38.85

14. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS & CAPITAL COMMITTMENTS

Property, plant and equipment

During the six month period to 30 June 2018 the Group spent €15.8 million (HY 2017: €23.9 million) on additions, of which, €12.7 million was spent on plant and equipment. Exchange differences (gain) of €10.3 million and depreciation of €21.0 million was also recognised in the period.

Intangible assets

During the six month period to 30 June 2018 the Group spent €10.1 million (HY 2017: €9.4 million) in relation to software and development costs. Upon finalisation of the fair value adjustment on the acquisition of B&F Vastgoed B.V. ("Body&Fit") an increase of €0.5 million in goodwill was recognised. Exchange differences (gain) of €23.9 million and amortisation of €21.5 million were also recognised in the period.

Capital commitments

At 30 June 2018 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €8.3 million (FY 2017 €3.2 million).

15. INVENTORIES

The cost of inventories recognised as an expense includes €6.8 million (HY 2017 expense of: €2.0 million), being the write-downs of inventory to net realisable value of €8.4 million and reversal of such write-downs of €1.6 million (HY 2017: write-downs to net realisable value of €2.4 million and reversal of such write-downs €0.4 million).

16. FINANCIAL LIABILITIES

	30 June 2018 €'m	30 December 2017 €'m
Non–current		
Bank borrowings	**354.1**	369.4
Private debt placement	**133.8**	130.1
Finance lease liabilities	-	0.1
	487.9	499.6
Current		
Bank overdraft and borrowings	**63.8**	30.1
Finance lease liabilities	**0.2**	0.2
	64.0	30.3
Total financial liabilities	**551.9**	529.9

The maturity of non–current borrowings is €209.1 million (FY 2017: €0.2 million) in 1 to 2 years and €278.8 million (FY 2017: €499.5 million) in 2 to 5 years.

Cash and cash equivalents include the following for the purposes of the condensed Group statement of cash flows at the reporting date:

	30 June 2018 €'m	1 July 2017 €'m
Cash and cash equivalents	**149.8**	297.9
Bank overdraft	**(63.8)**	(61.2)
	86.0	236.7

Finance liabilities include the following for the purposes of the condensed Group statement of cash flows at the reporting date:

	30 June 2018 €'m	1 July 2017 €'m
Borrowings	**551.9**	906.3
Bank overdraft included as part of cash and cash equivalents	**(63.8)**	(61.2)
	488.1	845.1

The Group has the following undrawn borrowing facilities at the reporting date:

	30 June 2018 €'m	30 December 2017 €'m
Uncommitted facilities	**96.4**	94.0
Committed facilities	**315.6**	344.1
	412.0	438.1

17. FINANCIAL RISK MANAGEMENT

The conduct of its ordinary business operations necessitates the Group holding financial instruments. The Group has exposure to the following risks arising from financial instruments: currency risk, interest rate risk, price risk, liquidity risk, cash flow risk, and credit risk. The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2017 Annual Report.

There have been no changes to the risk management procedures or policies since 30 December 2017.

Fair value and fair value estimation

The following table below analyses the carrying value and fair values of the Group's financial assets and liabilities as at the reporting date.

	30 June 2018		30 December 2017	
	Carrying value €'m	Fair value €'m	Carrying value €'m	Fair value €'m
Financial assets				
Trade receivables – net	**250.8**	-	252.5	-
Receivables from Equity accounted investees	**14.8**	-	14.4	-
Receivables from other related parties	-	-	1.1	-
Loans to Equity accounted investees	**30.1**	-	13.1	-
Available for sale financial assets at cost	**0.3**	-	0.3	-
Available for sale financial assets at fair value	**3.5**	**3.5**	10.8	10.8
Derivative financial instruments – fair value through income statement	-	-	2.1	2.1
Derivative financial instruments – cash flow hedges	**0.2**	**0.2**	0.1	0.1
Cash and cash equivalents	**149.8**	-	162.2	-
Total financial assets	**449.5**		456.6	

	30 June 2018		30 December 2017	
	Carrying value €'m	Fair value €'m	Carrying value €'m	Fair value €'m
Financial liabilities				
Trade payables	**(157.8)**	-	(173.8)	-
Amounts due to Equity accounted investees	**(10.2)**	-	(13.3)	-
Amounts due to other related parties	**(0.2)**	-	-	-
Financial liabilities – non–current	**(487.9)**	**(496.6)**	(499.6)	(503.6)
Financial liabilities – current	**(64.0)**	-	(30.3)	-
Derivative financial instruments – fair value through income statement	**(0.4)**	**(0.4)**	-	-
Derivative financial instruments – cash flow hedges	**(0.6)**	**(0.6)**	(0.3)	(0.3)
Total financial liabilities	**(721.1)**		(717.3)	

The Group deemed that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the interim financial statements approximate their fair value.

Group's fair valuation process

The Group's finance department includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

The valuation team reports directly to the Group Finance Director who in turn reports to the Audit Committee. Discussions of valuation processes and results are held between the Group Finance Director and the Audit Committee.

Changes in level 2 and level 3 fair values are analysed at each reporting date. As part of this discussion, the valuation team presents a report that explains the reasons for fair value movements.

Fair value of financial assets and liabilities carried at fair value

In accordance with IFRS 13 'Fair Value Measurements', the Group has disclosed the fair value of instruments by the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1);
- inputs, other than quoted prices included in level 1, that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities, which are measured at fair value:

	Notes	Fair value hierarchy	**30 June 2018 €'m**	30 December 2017 €'m
Assets				
Cross currency swap – fair value through income statement	(a)	Level 2	**-**	1.7
Foreign exchange contracts – cash flow hedges	(b)	Level 2	**0.1**	-
Commodity futures – cash flow hedges	(c)	Level 2	**0.1**	0.1
Commodity futures – fair value hedges	(c)	Level 2	**-**	0.4
Available for sale financial assets – equity securities – listed	(d)	Level 1	**0.2**	0.2
Available for sale financial assets – equity securities – IPL Plastics plc	(e)	Level 2	**-**	6.0
Available for sale financial assets – equity securities – The BDO Development Capital Fund	(f)	Level 2	**2.2**	2.7
Available for sale financial assets – Ornua Co–operative Ltd	(g)	Level 2	**1.1**	1.9
Total assets			**3.7**	13.0
Liabilities				
Commodity futures – fair value hedges	(c)	Level 2	**(0.4)**	-
Foreign exchange contracts – cash flow hedges	(b)	Level 2	**(0.3)**	(0.1)
Commodity futures – cash flow hedges	(c)	Level 2	**(0.3)**	(0.2)
Total liabilities			**(1.0)**	(0.3)

(a) Fair value is determined by reference to the current foreign exchange rates at the end of the reporting period.

(b) The fair value is estimated by discounting the difference between the contractual forward exchange rate and the current forward exchange rate (from observable forward exchange rates at the end of the reporting period). The effect of discounting was insignificant in 2018 and 2017.

(c) The fair value is estimated by discounting the difference between the contractual forward commodity price and the current forward commodity price (from observable commodity forward prices at the end of the reporting period) and contract forward prices. The effect of discounting was insignificant in 2018 and 2017.

(d) Fair value is determined by reference to the stock exchange quoted bid prices at the end of the reporting period.

(e) During the period the Group disposed of shares in IPL Plastics plc (formerly One51 plc) as part of a share buy-back program in advance of their IPO. The total amount recycled to the income statement net of deferred tax, amounted to €3.5 million. In 2017 the unlisted equity shares were traded on an informal 'grey' market. Fair value was determined by reference to these published prices.

(f) The unlisted investment in the BDO Development Capital Fund is fair valued by reference to the latest quarterly report available to the limited partners.

(g) The fair value is estimated by discounting the expected future cash flows using current interest rates.

There were no transfers between levels 1 and 2 during the period. There were no changes in valuation techniques during the periods. The Group did not regard as level 3 any significant input required to be used in arriving at the fair values reported on its financial assets or liabilities at the reporting dates.

Fair value of financial assets and liabilities carried at amortised cost

With the exception of those financial liabilities outlined below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the interim financial statements approximate their fair value.

The following table shows the fair value hierarchy of the financial liabilities not measured at fair value in the condensed Group balance sheet but for which fair value disclosures are required:

			30 June 2018		30 December 2017	
	Notes	Fair value hierarchy	**Carrying amount €'m**	**Fair value €'m**	Carrying amount €'m	Fair value €'m
Financial liabilities – non–current	(a)	Level 2	**487.9**	**496.6**	499.6	503.6

(a) Fair value is estimated by discounting future contractual cash flows using current market interest rates (from observable interest rates at the end of the reporting period) that are available to the Group for similar financial instruments.

18. PROVISIONS

	Restructuring €'m note (a)	Legal claims €'m note (b)	Property & lease commitments €'m note (c)	Operational €'m note (d)	Regulatory and related provisions €'m note (e)	Total €'m
At 30 December 2017	**3.2**	**2.5**	**4.2**	**1.4**	**20.5**	**31.8**
Utilised in the year	(2.9)	-	-	(0.7)	-	(3.6)
Exchange differences	-	0.1	-	-	-	0.1
At 30 June 2018	**0.3**	**2.6**	**4.2**	**0.7**	**20.5**	**28.3**
Non-current	-	-	2.8	-	19.8	22.6
Current	0.3	2.6	1.4	0.7	0.7	5.7
	0.3	2.6	4.2	0.7	20.5	28.3

(a) The restructuring provision relates mainly to the Group wide review of the operating model that was undertaken during the prior year to ensure that the structure and resources of the Group were appropriate. The provision is expected to be fully utilised in 2018.

(b) The legal claims provision represents legal claims brought against the Group. The balance at 30 June 2018 is expected to be utilised during the next 12 months. In the opinion of the Directors, after taking appropriate legal advice, the outcome of these legal claims is not expected to give rise to any significant loss beyond the amounts provided for at 30 June 2018.

(c) The property and lease commitments provision relates to property remediation works and is based on the estimated cost of re-instating a property to its original condition. Due to the nature of the remediation works there is some uncertainty around the amount and timing of payments.

(d) The operational provision represents provisions relating to certain insurance claims, product returns and other items. Due to the nature of these items, there is some uncertainty around the amount and timing of payments.

(e) The regulatory and related provisions represents provisions relating to the interest and penalties element of uncertain tax positions and the UK pension provision. Due to the nature of these items, there is some uncertainty around the amount and timing of payments, however there is not expected to be a material change within the next 12 months.

19. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	Ordinary shares €'m	Share premium €'m	Total €'m
At 31 December 2016	296,041	17.8	87.6	105.4
Shares issued	5	-	-	-
At 1 July 2017 and 30 December 2017	296,046	17.8	87.6	105.4
At 30 June 2018	**296,046**	**17.8**	**87.6**	**105.4**

The total authorised number of ordinary shares is 350 million shares (HY 2017 and FY 2017: 350 million shares) with a par value of €0.06 per share (HY 2017 and FY 2017: €0.06 per share). All issued shares are fully paid, carry one vote per share and a right to dividends.

During the period ended 30 June 2018 nil (HY 2017 and FY 2017: 5,000) of the 2002 Long-term Incentive Plan shares were exercised with exercise proceeds of €nil (HY 2017 and FY 2017: €0.011 million). The related weighted average exercise price was €nil (HY 2017 and FY 2017: €2.29) per share.

20. OTHER RESERVES

Half year 2018	Capital reserve note (a) €'m	Merger reserve note (b) €'m	Currency reserve note (c) €'m	Hedging reserve note (d) €'m	Available for sale financial asset reserve note (e) €'m	Own shares note (f) €'m	Share-based payment reserve note (g) €'m	Total €'m
Balance at 30 December 2017	**2.8**	**113.1**	**71.7**	**3.2**	**3.4**	**(19.1)**	**14.9**	**190.0**
Currency translation differences – continuing operations	-	-	**37.1**	-	-	-	-	**37.1**
Net investment hedge	-	-	**(2.4)**	-	-	-	-	**(2.4)**
Revaluation of interest rate swaps	-	-	-	**1.4**	-	-	-	**1.4**
Foreign exchange contracts – change in fair value	-	-	-	**(0.5)**	-	-	-	**(0.5)**
Forward commodity contracts – change in fair value	-	-	-	**(1.3)**	-	-	-	**(1.3)**
Revaluation of available for sale financial assets	-	-	-	-	**0.3**	-	-	**0.3**
Deferred tax on fair value movements	-	-	-	**(0.1)**	**(0.1)**	-	-	**(0.2)**
Transfers to income statement:								
- Interest rate swaps	-	-	-	**(0.1)**	-	-	-	**(0.1)**
- Forward commodity contracts	-	-	-	**(0.3)**	-	-	-	**(0.3)**
Cost of share based payments	-	-	-	-	-	-	**4.8**	**4.8**
Transfer on exercise, vesting or expiry of Share-based payments	-	-	-	-	-	**8.9**	**(9.5)**	**(0.6)**
Purchase of own shares	-	-	-	-	-	**(4.2)**	-	**(4.2)**
Recycle of available for sale reserve to the Group income statement on disposal of investment – net of deferred tax	-	-	-	-	**(3.5)**	-	-	**(3.5)**
Balance at 30 June 2018	**2.8**	**113.1**	**106.4**	**2.3**	**0.1**	**(14.4)**	**10.2**	**220.5**

Half year 2017	Capital reserve note (a) €'m	Merger reserve note (b) €'m	Currency reserve note (c) €'m	Hedging reserve note (d) €'m	Available for sale financial asset reserve note (e) €'m	Own shares note (f) €'m	Share-based payment reserve note (g) €'m	Total €'m
Balance at 31 December 2016	2.8	113.1	210.4	1.0	2.5	(15.2)	17.0	331.6
Currency translation differences – Continuing operations	-	-	(93.6)	-	-	-	-	(93.6)
Net investment hedge	-	-	7.1	-	-	-	-	7.1
Revaluation of interest rate swaps	-	-	-	(1.2)	-	-	-	(1.2)
Foreign exchange contracts – change in fair value	-	-	-	0.1	-	-	-	0.1
Forward commodity contracts – change in fair value	-	-	-	(0.1)	-	-	-	(0.1)
Revaluation of available for sale financial assets	-	-	-	-	2.8	-	-	2.8
Deferred tax on fair value movements	-	-	-	0.5	(1.1)	-	-	(0.6)
Transfers to income statement:								
- Foreign exchange contracts	-	-	-	0.9	-	-	-	0.9
Cost of share-based payments	-	-	-	-	-	-	5.2	5.2
Transfer on exercise, vesting or expiry of Share based payments	-	-	-	-	-	4.1	(3.0)	1.1
Purchase of own shares	-	-	-	-	-	(7.4)	-	(7.4)
Balance at 1 July 2017	2.8	113.1	123.9	1.2	4.2	(18.5)	19.2	245.9

(a) Capital reserve

The capital reserve comprises of a capital redemption reserve and a capital reserve which arose on the re-nominalisation of the Company's share capital on the conversion to the Euro.

(b) Merger reserve

The merger reserve €113.1 million arose on the merger of Waterford Foods plc now named Waterford Foods DAC and Avonmore Foods plc now named Glanbia plc in 1997. The merger reserve adjustment represents the difference between the nominal value of the issued share capital of Waterford Foods DAC and the fair value of the shares issued by Glanbia plc.

(c) Currency reserve

The currency reserve reflects the foreign exchange gains and losses arising from the translation of the net investment in foreign operations and on borrowings designated as hedges of the net investment which are taken to equity. When an entity is disposed the accumulated foreign currency gains and losses are recycled to the income statement.

(d) Hedging reserve

The hedging reserve reflects the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. Amounts accumulated in the hedging reserve are recycled to the income statement in the periods when the hedged item affects income or expense. The hedging reserve also reflects the Group's share of the effective portion of changes in the fair value of derivatives that are entered into by the Group's Equity accounted investees.

The following table analyses the movements in the hedging reserve:

	Half year 2018			Half year 2017		
	Equity accounted investees €'m	**Group €'m**	**Total hedging reserve €'m**	Equity accounted investees €'m	Group €'m	Total hedging reserve €'m
Balance at the beginning of the period	**3.3**	**(0.1)**	**3.2**	0.5	0.5	1.0
Revaluation of interest rate swaps	**1.4**	**-**	**1.4**	(1.2)	-	(1.2)
Foreign exchange contracts – change in fair value	**(0.4)**	**(0.1)**	**(0.5)**	0.4	(0.3)	0.1
Forward commodity contracts –change in fair value	**(1.1)**	**(0.2)**	**(1.3)**	-	(0.1)	(0.1)
Deferred tax on fair value movements	**(0.2)**	**0.1**	**(0.1)**	0.4	0.1	0.5
Transfer to income statement:						
– Foreign exchange contracts	**-**	**-**	**-**	0.9	-	0.9
– Interest rate swaps	**(0.1)**	**-**	**(0.1)**	-	-	-
– Forward commodity contracts	**(0.3)**	**-**	**(0.3)**	-	-	-
Balance at the end of the period	**2.6**	**(0.3)**	**2.3**	1.0	0.2	1.2

(e) Available for sale financial asset reserve

Unrealised gains and losses arising from changes in the fair value of available for sale financial assets are recognised in the available for sale financial asset reserve. When such available for sale financial assets are sold or impaired, the accumulated fair value adjustments are recycled to the income statement.

(f) Own Shares

The own shares reserve reflects the ordinary shares of Glanbia plc which are held in trust for employee incentive plans.

(g) Share based payment reserve

During 2018 1,001,482 share awards were granted under the 2018 Long-term Incentive Plan to Executive Directors and certain senior managers in the form of a provisional allocation of shares for which no exercise price is payable.

The share-based payment reserve reflects the equity settled share-based payment plans in operation by the Group.

Please refer to the 2017 Annual Report for further details.

21. RELATED PARTY TRANSACTIONS

Transactions with Glanbia Co–operative Society Limited

Glanbia Co–operative Society Limited ("the Society") and its subsidiaries hold 31.5% of the issued share capital of the Company. The Society controls the composition of the Board of Directors and is the ultimate parent of the Group.

- 2017 Dairy Ireland transaction

On 2 July 2017 the Group disposed of 60% of its shareholding in Dairy Ireland and related assets to the Society for €208.8 million (note 9). The transaction created a new joint venture, together with Glanbia Ingredients Ireland DAC, called Glanbia Ireland. Up until the date of the disposal, 2 July 2017, Glanbia Ingredients Ireland DAC was recognised as an Associate. As a result of the Dairy Ireland transaction the Society reduced its interest in the issued share capital of the Company by approximately 5%, from 36.5% as at 31 December 2016 to 31.5% as at 30 December 2017. This was effected through a share placement and a spin out to society members.

- 2018 transactions

During the period, dividends of €15.0 million (HY 2017: €8.6 million) were paid to the Society and its wholly owned subsidiaries based on their shareholding in Glanbia plc.

Transactions with other related parties

During the six months to 30 June 2018, sales to related parties amounted to €22.4 million (HY 2017: €21.4 million), purchases from related parties amounted to €15.8 million (HY 2017: €46.0 million). At 30 June 2018 receivables from related parties were €44.9 million (FY 2017: €28.6 million) and payables to related parties were €10.4 million (FY 2017: €13.3 million). During 2018 the Group advanced a loan of €16.0 million at arms-length to Glanbia Ireland DAC (Joint Venture), which is repayable on 5 August 2020 and a loan of €0.5 million at arms-length to Glanbia Cheese EU Limited (Joint Venture – the Group hold a 50% share in Glanbia Cheese EU Limited which was incorporated in 2018), which is repayable on 15 June 2023. During the period the Group received a dividend of €8.6 million from Glanbia Ireland DAC and a dividend of €6.8 million from Glanbia Cheese Limited (Joint Venture). The remaining related party transactions relate primarily to trading between the Group, Southwest Cheese Company LLC, Glanbia Ireland DAC and the Society.

In the opinion of the Directors there have been no related party transactions, or changes therein, since the year ended 30 December 2017, that have materially affected the Group's financial position or performance during the six months ended 30 June 2018.

22. CONTINGENT LIABILITIES

Group bank guarantees amounting to €3.4 million (HY 2017: €4.3 million) are outstanding at 30 June 2018. The Group does not expect any material loss to arise from these guarantees.

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from these contingent liabilities other than those provided for.

23. CASH GENERATED FROM/(ABSORBED BY) OPERATIONS

	Notes	**Half year 2018 €'m**	Half year 2017 €'m
Profit after tax		**98.2**	114.9
Income taxes		**14.2**	19.8
Net write down of inventories	15	**6.8**	2.0
Net movement in allowance for impairment of receivables		**2.0**	0.9
Non-cash element of exceptional charge		**-**	12.5
Share of results of Equity accounted investees		**(17.8)**	(22.6)
Depreciation	14	**21.0**	26.9
Amortisation	14	**21.5**	22.5
Cost of share-based payments		**4.8**	5.2
Difference between pension charge and cash contributions	8	**(3.0)**	(3.4)
Loss on disposal of property, plant and equipment	6	**0.3**	0.1
Finance income	10	**(2.2)**	(1.5)
Finance expense	10	**9.8**	13.4
Amortisation of government grants received		**-**	(0.1)
Net loss on disposal of available for sale assets		**0.3**	-
Recycle of available for sale reserve to the Group Income Statement on disposal of investment		**(5.2)**	-
Cash generated before changes in working capital		**150.7**	190.6
Change in net working capital:			
Increase in inventory		**(43.5)**	(96.5)
Increase in short term receivables		**(18.2)**	(97.6)
Decrease in short term liabilities		**(19.6)**	(50.9)
Decrease in provisions		**(2.9)**	(6.8)
Cash generated from/ (absorbed by) operating activities		**66.5**	(61.2)

See note 9 for further information on the 2017 cash flows arising within discontinued operations.

24. BUSINESS COMBINATIONS

For the acquisitions completed in 2017 an increase of €0.5 million was recognised in Goodwill in respect of the acquisition of B&F Vastgoed B.V. ("Body&Fit"). Other than as described, there have been no other material revisions as at the reporting date, and, no further adjustments will be made to the initial values recognised in respect of the acquisitions of Grass Advantage LLC ("Amazing Grass") and Body&Fit completed in 2017.

25. EVENTS AFTER THE REPORTING PERIOD

On 8 August 2018, the Directors determined an interim dividend of 9.71 cent per share amounting to €28.7 million approximately (note 12).
Other than as described above there have been no material events subsequent to the end of the interim period ended 30 June 2018 which require disclosure in this report.

26. INFORMATION

Copies of this half yearly financial report are available for download from the Group's website at www.glanbia.com.

GLOSSARY
KEY PERFORMANCE INDICATORS AND NON– IFRS PERFORMANCE MEASURES

Glossary of KPIs and Non–IFRS performance measures

The Group reports certain performance measures that are not defined under IFRS but which represent additional measures used by the Board of Directors and the Glanbia Operating Executive in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these non–IFRS performance measures provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these non–IFRS performance measures should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The principal non–IFRS performance measures used by the Group are:

	Relevant for Half year 2018	Relevant for Year 2017	Glossary reference
Constant currency	√	√	G 1
Total Group	√	√	G 2
Revenue	√	√	G 3
EBITA	√	√	G 4
EBITA margin	√	√	G 5
EBITDA	√	√	G 6
Pro-forma Adjusted Earnings Per Share	√	√	G 7
Financing Key Performance Indicators	√	√	G 8
Exceptional items	√	√	G 9
Volume and pricing increase/(decrease)	√	√	G 10
Like-for-like branded revenue increase/(decrease)	√	√	G 11
Effective tax rate	√	√	G 12
Average interest rate	√	√	G 13
Operating cash flow and free cash flow	√	√	G 14
Total shareholder return		√	
Return on capital employed		√	
Dividend pay-out ratio		√	

The principal non–IFRS performance measures relevant to the interim period are defined below with a reconciliation of these measures to IFRS measures where applicable.

Total shareholder return and return on capital employed are not considered relevant by the Group for the interim period as they are performance measures considered on an annual basis only as part of the performance conditions in Glanbia’s Lon-term Incentive Plan. Dividend pay-out ratio is defined as the annual dividend per share divided by the pro-forma Adjusted Earnings per Share and therefore is also not considered relevant by the Group for the interim period.

G 1. Constant currency

While the Group reports its results in Euro, it generates a significant proportion of its earnings in currencies other than euro, in particular US Dollar. Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency year–on–year change, the results for the prior year are retranslated using the average exchange rates for the current year and compared to the current year reported numbers.

The principal average exchange rates used to translate results as at the reporting dates are set out below:

Euro 1 =	**Half year 2018**	Half year 2017	Year 2017
US Dollar	**1.2106**	1.0827	1.1295
Pound Sterling	**0.8798**	0.8603	0.8764
Australian Dollar	**1.5693**	1.4365	1.4734

All non–IFRS performance measures have been presented on a constant currency basis, where relevant, within this glossary.

GLOSSARY

KEY PERFORMANCE INDICATORS AND NON– IFRS PERFORMANCE MEASURES

G 2. Total Group

The Group has a number of strategically important Equity accounted investees (Joint Ventures & Associates) which when combined with the Group's wholly owned businesses give an important indication of the scale and reach of the Group's operations. Total Group is used to describe certain financial metrics such as Revenue and EBITA when they include both the wholly owned businesses and the Group's share of Equity accounted investees.

G 3. Revenue

Revenue comprises sales of goods and services of the wholly owned businesses to external customers net of value added tax, rebates and discounts. Revenue is one of the Group's Key Performance Indicators and is an IFRS performance measure.

G 3.1 Total Group pro-forma revenue:

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 Reported €'m	Half year 2017 Retranslated €'m	Constant currency growth %
Glanbia Performance Nutrition	Note 4	**519.6**	543.5	495.1	4.9%
Glanbia Nutritionals	Note 4	**592.4**	642.2	578.5	2.4%
Continuing operations		**1,112.0**	1,185.7	1,073.6	3.6%
Equity accounted investees		**625.1**	475.7	453.7	
40% share of discontinued operations*		-	143.2	143.2	
Pro-forma Equity accounted investees		**625.1**	618.9	596.9	4.7%
Total Group pro-forma revenue		**1,737.1**	1,804.6	1,670.5	4.0%

*Excludes inter segment revenue in half year 2017 of €0.5 million. Gross segment revenue for discontinued operations is presented in note 9 in the 2017 half year results.

G 3.2 Reconciliation of Glanbia Nutritionals constant currency revenue growth:

	Reference to the interim financial statements/glossary	**Half year 2018 Actual €'m**	Half year 2017 Reported €'m	Half year 2017 Retranslated €'m	Constant currency growth %
US Cheese		**338.5**	356.7	319.0	6.1%
Nutritional Solutions		**253.9**	285.5	259.5	(2.2%)
Glanbia Nutritionals	G 3.1	**592.4**	642.2	578.5	2.4%

G 4. EBITA

EBITA is defined as earnings before interest, tax and amortisation. EBITA references throughout the half year results are on a pre-exceptional basis unless otherwise indicated. EBITA is one of the Group's Key Performance Indicators. Business Segment EBITA growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan for Executive Directors with Business Unit responsibility. Refer to note 6 of the interim financial statements for the reconciliation of continuing operations EBITA.

G 4.1 Total Group pro-forma EBITA:

	Reference to the interim financial statements/glossary	**Half year 2018 Actual €'m**	Half year 2017 Reported €'m	Half year 2017 Retranslated €'m	Constant currency growth %
Glanbia Performance Nutrition	Note 4	**63.3**	83.9	75.7	(16.4%)
Glanbia Nutritionals	Note 4	**60.4**	64.4	57.8	4.5%
Continuing operations		**123.7**	148.3	133.5	(7.3%)
Equity accounted investees	G 4.2	**26.8**	32.9	31.6	
40% share of discontinued operations*		-	4.4	4.4	
Pro-forma Equity accounted investees		**26.8**	37.3	36.0	(25.6%)
Total Group pro-forma EBITA		**150.5**	185.6	169.5	(11.2%)

*The full discontinued note is presented in note 9 of the 2017 half year results.

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KEY PERFORMANCE INDICATORS AND NON– IFRS PERFORMANCE MEASURES

G 4.2 Reconciliation of the Group's share of Equity accounted investees EBITA to the pro-forma share of results of Equity accounted investees on a constant currency basis is as follows:

	Half year 2018 €'m	Half year 2017 €'m
EBITA of Equity accounted investees	**26.8**	32.9
Amortisation	**(1.1)**	(0.3)
Finance costs	**(4.2)**	(3.1)
Income tax	**(3.9)**	(7.2)
Share of results of Equity accounted investees	**0.4**	-
Non-controlling interest	**(0.2)**	-
Share of results of Equity accounted investees per the Condensed Group income statement	**17.8**	22.3
40% share of discontinued operations pre-exceptional profit after tax*	-	3.7
Pro-forma share of results of Equity accounted investees	**17.8**	26.0
Impact of retranslating half year 2017	-	(0.8)
Pro-forma share of results of Equity accounted investees on a constant currency basis	**17.8**	25.2
Pro-forma constant currency change		(29.4%)

*The full discontinued note is presented in note 9 of the 2017 half year results.

G 5. EBITA margin

EBITA margin is defined as EBITA as a percentage of revenue. Total Group EBITA margin is defined as Total Group EBITA as a percentage of Total Group revenue. EBITA references throughout the half year results are on a pre-exceptional basis unless otherwise indicated.

G 5.1 Half year 2018 margin

Half year 2018 Actual	**Reference to the interim financial statements /glossary**	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Continuing operations – wholly owned €'m**	**Continuing operations – Equity accounted investees €'m**	**Total Group €'m**
Half year 2018 EBITA	**G 4.1**	**63.3**	**60.4**	**123.7**	**26.8**	**150.5**
Half year 2018 Revenue	**G 3.1**	**519.6**	**592.4**	**1,112.0**	**625.1**	**1,737.1**
EBITA margin		**12.2%**	**10.2%**	**11.1%**	**4.3%**	**8.7%**

G 5.2 Half year 2017 EBITA margin growth on a pro-forma constant currency basis

Half year 2017 versus half year 2018	Reference to the interim financial statements /glossary	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Continuing operations – wholly owned €'m	Pro-forma – Equity Accounted investees €'m	Total Group €'m
Half year 2017 EBITA - retranslated	G 4.1	75.7	57.8	133.5	36.0	169.5
Half year 2017 revenue - retranslated	G 3.1	495.1	578.5	1,073.6	596.9	1,670.5
EBITA margin - retranslated		15.3%	10.0%	12.4%	6.0%	10.1%
Half year 2018 Actual	G 5.1	12.2%	10.2%	11.1%	4.3%	8.7%
Constant currency growth		-310 bps	+20 bps	-130 bps	-170 bps	-140 bps

G 6. EBITDA

EBITDA is defined as earnings before interest, tax, depreciation (net of grant amortisation) and amortisation. EBITDA references throughout the half year results are on a pre-exceptional basis unless otherwise indicated.

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Continuing Half year 2017 €'m	Discontinued Half year 2017 €'m	Total Half Year 2017 €'m
Earnings before interest, tax and amortisation (pre-exceptional EBITA)	G 4.1/Note 9*	**123.7**	148.3	11.1	159.4
Depreciation	Note 6/Note 23	**21.0**	22.8	4.1	26.9
Grant amortisation	Note 23	-	-	(0.1)	(0.1)
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)		**144.7**	171.1	15.1	186.2

*The full discontinued note is presented in note 9 of the 2017 half year results.

GLOSSARY

KEY PERFORMANCE INDICATORS AND NON– IFRS PERFORMANCE MEASURES

G 7. Pro-forma Adjusted Earnings Per Share (EPS)

Pro-forma Adjusted EPS has been provided as the Group believes it is more reflective of the revised and on-going structure of the Group following the disposal of 60% of Dairy Ireland and related assets in 2017. It is defined as the net profit from continuing operations attributable to the equity holders of Glanbia plc, before exceptional items and intangible asset amortisation (excluding software amortisation), net of related tax, plus the Group's share (40%) of the profits after tax for Dairy Ireland and related assets, before exceptional items and amortisation of intangible assets (excluding software amortisation), net of related tax.

Pro-forma Adjusted EPS has been calculated to set out the Adjusted EPS on the basis that the Dairy Ireland transaction had taken place on 1 January 2017.

Adjusted EPS is defined as the net profit attributable to the equity holders of Glanbia plc, before exceptional items and intangible asset amortisation (excluding software amortisation), net of related tax, divided by the weighted average number of ordinary shares in issue during the year. The Group believes that adjusted EPS is a better measure of underlying performance than Basic EPS as it excludes exceptional items (net of related tax) that are not related to on–going operational performance and intangible asset amortisation, which allows better comparability of companies that grow by acquisition to those that grow organically.

Adjusted EPS is one of the Group's Key Performance Indicators. Adjusted EPS growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan and in Glanbia's Long–term Incentive Plan.

	Notes	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 €'m	Constant currency Half year 2017 €'m	Year 2017 €'m
Profit attributable to equity holders of the Company		Condensed Group income statement	**98.2**	114.9	103.9	329.4
Amortisation and impairment of intangible assets (excluding software amortisation) net of related tax of €2.9 million (HY 2017: €3.8 million, 2017: €7.5 million)			**16.4**	15.9	14.3	31.7
Exceptional items (net of related tax)		Note 7	**-**	10.9	10.9	(98.0)
Discontinued operations adjusted net income (100%)	(a)		**-**	(9.6)	(9.6)	(10.1)
40% share of discontinued operations adjusted net income	(b)		**-**	3.9	3.9	4.0
Pro-forma Adjusted net income			**114.6**	136.0	123.4	257.0
Weighted average number of ordinary shares in issue (thousands)		Note 13	**295,158.7**	295,021.2	295,021.2	295,010.5
Pro-forma Adjusted Earnings Per Share (cent)			**38.83**	46.09	41.82	87.11
Pro-forma constant currency change			**(7.1%)**			

(a) Discontinued activities – removal of 100% of the profit after tax before exceptional items and intangible asset amortisation (excluding software amortisation costs), net of related tax, from discontinued activities. The on-going retained element of Dairy Ireland (40%) is added back as part of adjustment (b) below.

(b) Add back of 40% of the Dairy Ireland profit after tax before exceptional items and intangible asset amortisation (excluding software amortisation), net of related tax, (reflecting Dairy Ireland as an Equity accounted investee from 1 January 2017).

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G 8. Financing Key Performance Indicators

The following are the financing key performance indicators defined as per the Group's financing agreements.

G 8.1 Net debt: adjusted EBITDA

Net debt: adjusted EBITDA is calculated as net debt at the end of the period divided by adjusted EBITDA. Net debt is calculated as total financial liabilities less cash and cash equivalents. Adjusted EBITDA is calculated in accordance with lenders' facility agreements definition which adjust EBITDA for items such as dividends received from Equity accounted investees and acquisitions or disposals. Adjusted EBITDA is a rolling 12 month measure, therefore for half year 2018 and half year 2017 it is calculated as the Adjusted EBITDA for the preceding 12 months ending on the relevant reporting dates.

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 €'m	Year 2017 €'m
Net debt	Condensed Group statement of cash flows/Note 16	**402.1**	608.4	367.7
Rolling Adjusted EBITDA	G 8.1.1	**330.3**	374.3	344.0
Net debt: adjusted EBITDA		**1.22**	1.63	1.07

G 8.1.1 Rolling 12 month adjusted EBITDA

	Continuing Half year 2018 €'m	Continuing and Discontinued Half year 2017 €'m	Continuing Year 2017 €'m
Earnings before interest, tax and amortisation (pre-exceptional)	**258.6**	307.1	283.2
Depreciation	**43.3**	52.5	45.1
Grant amortisation	**(0.1)**	(0.4)	(0.1)
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	**301.8**	359.2	328.2
Adjustments in line with lenders' facility agreements definition	**28.5**	15.1	15.8
Rolling Adjusted EBITDA	**330.3**	374.3	344.0

G 8.2 Adjusted EBIT: Net finance cost

Adjusted EBIT: net finance cost is calculated as earnings before interest and tax plus dividends received from Equity accounted investees divided by net finance cost. Net finance cost comprises finance costs less finance income per the Condensed Group income statement plus capitalised borrowing costs. Adjusted EBIT and net finance cost are rolling 12 month measures, therefore for half year 2018 and half year 2017 are calculated as the Adjusted EBIT and net finance costs for the preceding 12 months ending on the relevant reporting dates.

	Half year 2018 €'m	Half year 2017 €'m	Year 2017 €'m
Rolling operating profit – pre-exceptional (continuing and Discontinued operations)	**215.3**	264.3	250.0
Dividends received from Equity accounted investees	**28.5**	14.3	15.8
Rolling Adjusted EBIT	**243.8**	278.6	265.8
Rolling net finance costs	**33.6**	24.6	37.9
Adjusted EBIT: net finance cost	**7.3**	11.3	7.0

The half year 2018 and full year 2017 Adjusted EBIT: net finance cost calculation include a once-off finance cost of €14.0 million recognised as an exceptional item in 2017 (see note 6 in the Glanbia plc 2017 Annual Report). Excluding this once-off cost, Adjusted EBIT: net finance cost would be 12.4 and 11.2 times respectively.

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G 9. Exceptional Items
The Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year. Such items may include restructuring, impairment of assets, adjustments to contingent consideration, material acquisition integration costs, restructuring costs, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring and profit or loss on disposal of investments. Judgement is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and notes as exceptional items. Refer to note 7 to the financial statements for an analysis of exceptional items recognised.

G 10. Volume and pricing increase/(decrease)
Volume increase/(decrease) represents the impact of sales volumes within the revenue movement year-on-year, excluding volume from acquisitions, on a constant currency basis.

Pricing increase/(decrease) represents the impact of sales pricing within revenue movement year-on-year, excluding acquisitions, on a constant currency basis.

G 10.1 Reconciliation of volume and pricing increase/(decrease) to pro-forma constant currency revenue growth

	Reference to the interim financial statements/glossary	**Volume increase/ (decrease)**	**Price increase/ (decrease)**	**Acquisitions/ disposals**	**Revenue increase/ (decrease)**
Glanbia Performance Nutrition	G 3.1	**5.4%**	**(4.1%)**	**3.6%**	**4.9%**
Glanbia Nutritionals	G 3.1	**5.9%**	**(3.5%)**	**-**	**2.4%**
Half year 2018 increase/(decrease) % - continuing operations revenue	G 3.1	**5.7%**	**(3.8%)**	**1.7%**	**3.6%**
Half year 2018 increase/(decrease) % - Equity accounted investees pro-forma revenue	G 3.1	**7.3%**	**(2.6%)**	**-**	**4.7%**

G 10.2 Reconciliation of volume and pricing increase/(decrease) to constant currency revenue growth – Glanbia Nutritionals

	Reference to the interim financial statements/glossary	**Volume increase/ (decrease)**	**Price increase/ (decrease)**	**Acquisitions/ disposals**	**Revenue increase/ (decrease)**
US Cheese	G 3.2	**8.1%**	**(2.0%)**	**-**	**6.1%**
Nutritional Solutions	G 3.2	**3.1%**	**(5.3%)**	**-**	**(2.2%)**
Half year 2018 increase/(decrease) % - Glanbia Nutritionals revenue	G 3.2	**5.9%**	**(3.5%)**	**-**	**2.4%**

G 11. Like-for-like branded revenue increase/(decrease)
This represents the sales increase/(decrease) year-on-year on branded sales, excluding acquisitions, on a constant currency basis.

G 12. Effective tax rate
The effective tax rate is defined as the pre-exceptional income tax charge divided by the profit before tax less share of results of Equity accounted investees.

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 €'m
Profit before tax	Condensed Group income statement	**112.4**	137.0
Less share of results of Equity accounted investees	Condensed Group income statement	**(17.8)**	(22.3)
		94.6	114.7
Income tax (pre–exceptional)	Condensed Group income statement	**14.2**	20.5
Effective tax rate		**15.0%**	17.9%

G 13. Average interest rate
The average interest rate is defined as the annualised net finance costs (pre-capitalised borrowing costs) divided by the average net debt during the reporting period.

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G 14. Operating cash flow and free cash flow

Operating cash flow is defined as pre-exceptional EBITDA of the wholly owned businesses net of business sustaining capital expenditure and working capital movements, excluding exceptional cash flows.

Operating cash flow is one of the Group's Key Performance Indicators. Operating cash flow is one of the performance conditions in Glanbia's Annual Incentive Plan.

Free cash flow is calculated as the net cash flow in the year before the following items: strategic capital expenditure, acquisition spend, proceeds received on disposals, loans to Equity accounted investees, equity dividends paid, exceptional costs paid and currency translation movements.

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 €'m
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 6	**144.7**	186.2
Movement in working capital (pre-exceptional)	G 14.2	**(77.9)**	(243.5)
Business sustaining capital expenditure	G 14.3	**(7.0)**	(14.2)
Operating cash flow	G 14.1	**59.8**	(71.5)
Interest received	Condensed Group statement of cash flows	**0.8**	1.7
Interest paid	Condensed Group statement of cash flows	**(8.6)**	(13.4)
Tax paid	Condensed Group statement of cash flows	**(9.3)**	(13.7)
Interest paid in relation to property, plant and equipment	Condensed Group statement of cash flows	**(0.5)**	(0.5)
Net interest and tax paid		**(17.6)**	(25.9)
Dividends from Equity accounted investees	Condensed Group statement of cash flows	**15.4**	2.7
Other inflows/(outflows)	G 14.4	**0.6**	(4.4)
Free cash flow		**58.2**	(99.1)

G 14.1 Reconciliation of operating cash flow to the Condensed Group statement of cash flows in the interim financial statements:

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 €'m
Cash generated from operating activities	Note 23	**66.5**	(61.2)
Add back exceptional cash flow in the year	Note 7	**2.7**	5.8
Less business sustaining capital expenditure	G 14.3	**(7.0)**	(14.2)
Non-cash items not adjusted in computing operating cash flow:			
Cost of share based payments	Note 23	**(4.8)**	(5.2)
Difference between pension charge and cash contributions	Note 23	**3.0**	3.4
Net loss on disposal of available for sale assets	Note 23	**(0.3)**	-
Loss on disposal of property, plant and equipment	Note 23	**(0.3)**	(0.1)
Operating cash flow	G 14	**59.8**	(71.5)

G 14.2 Movement in working capital:

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 €'m
Movement in working capital (pre-exceptional)	G 14	**(77.9)**	(243.5)
Write-down of inventories	Note 15	**(6.8)**	(2.0)
Recycle of available for sale reserve on disposal of investment	Note 23	**5.2**	-
Net movement in allowance for impairment of receivables	Note 23	**(2.0)**	(0.9)
Prior year exceptional items paid in the year	Note 7	**(2.7)**	(5.4)
Change in net working capital	Note 23	**(84.2)**	(251.8)

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G 14.3 Capital expenditure

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 €'m
Business sustaining capital expenditure	G 14	**7.0**	14.2
Strategic capital expenditure		**18.9**	19.1
Total capital expenditure		**25.9**	33.3
Capital expenditure reconciled to the Condensed Group statement of cash flows:			
Purchase of property, plant and equipment	Condensed Group statement of cash flows	**15.8**	23.9
Purchase of intangible assets	Condensed Group statement of cash flows	**10.1**	9.4
Total capital expenditure per the Condensed Group statement of cash flows		**25.9**	33.3

Business sustaining capital expenditure
The Group defines business sustaining capital expenditure as the expenditure required to maintain/replace existing assets with a high proportion of expired useful life. This expenditure does not attract new customers or create the capacity for a bigger business. It enables the Group to keep running at current throughput rates but also keep pace with regulatory and environmental changes as well as complying with new requirements from existing customers.

Strategic capital expenditure
The Group defines strategic capital expenditure as the expenditure required to facilitate growth and generate additional returns for the Group. This is generally expansionary expenditure beyond what is necessary to maintain the Group's current competitive position.

G 14.4 Other outflows

	Reference to the interim financial statements/glossary	**Half year 2018 €'m**	Half year 2017 €'m
Cost of share based payments	Note 23	**4.8**	5.2
Difference between pension charge and cash contributions	Note 23	**(3.0)**	(3.4)
Loss on disposal of property, plant and equipment	Note 23	**0.3**	0.1
Net redemption, disposal and additions in available for sale financial assets	Condensed Group statement of cash flows	**2.3**	1.0
Purchase of own shares	Condensed Group statement of cash flows	**(4.2)**	(7.4)
Proceeds from property, plant and equipment	Condensed Group statement of cash flows	**0.1**	0.1
Net loss on disposal of available for sale assets	Note 23	**0.3**	-
Total other inflows/(outflows)		**0.6**	(4.4)

G 14.5 Reconciliation of free cash flow and operating cash flow to pro-forma free cash flow and operating cash flow:

	Reference to the interim financial statements/glossary	Half year 2017 €'m
Operating cash flow	G 14	(71.5)
Adjustments for discontinued operations:		
EBITDA – discontinued operations	G 6	(15.1)
Working capital – discontinued operations		49.7
Business sustaining capital expenditure – discontinued operations		3.6
Pro-forma operating cash flow		(33.3)
Net interest and tax paid		(25.8)
Dividends from Equity accounted investees		2.7
Other outflows		(4.5)
Pro-forma free cash flow		(60.9)