2019

Half year results

Delivering better nutrition for every step of life's journey

31 July 2019

Glanbia publishes HY 2019 results and revises outlook for full year 2019

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION RELATING TO FY 2019 OUTLOOK

31 July 2019 - Glanbia plc (“Glanbia”, the “Group”, the “Company”, the “plc”), the global nutrition group, is publishing its financial results for the six month period ended 29 June 2019 (“financial half year 2019”, “half year 2019”, “first half of 2019”, “HY 2019” or “H1 2019”) contained on pages 11 to 39 and a revised outlook for full year 2019.

Results summary for the financial half year 2019

- Adjusted earnings per share of 36.69 cent, a decline of 10.8% constant currency (down 5.5% reported);
- Glanbia Performance Nutrition EBITA declined by 30.2%, constant currency, (down 25.9% reported);
- Wholly owned revenues of €1,758.4 million (2018: €1,477.8 million), up 12.0% constant currency on prior half year (up 19.0% reported);
- Wholly owned revenue driven by volume growth of 1.6%, price decline of 0.2% and acquisitions of 10.6% constant currency, versus prior half year;
- Glanbia Performance Nutrition, revenue growth of 13.4% constant currency (up 19.3% reported), driven by the SlimFast acquisition;
- Nutritional Solutions, revenue growth of 27.0% constant currency (up 34.6% reported), driven by strong volume growth and the Watson acquisition;
- US Cheese, revenue growth of 4.9% constant currency (up 12.4% reported);
- Joint Ventures share of profit after tax was €26.8 million, up €9.0 million on prior half year; and
- Interim dividend of 10.68 cent per share up 10% on prior half year.

Full year 2019 outlook

Full year 2019 guidance of adjusted earnings per share on a reported basis revised to 88 cent to 92 cent range assuming foreign exchange rates remain at current levels.

Commenting today Siobhán Talbot, Group Managing Director, said:

“Glanbia grew wholly owned revenues by 12.0%, on a constant currency basis, in the first half of 2019. Adjusted earnings per share declined in the period by 10.8% on a constant currency basis. Our Nutritional Solutions, US Cheese and Joint Venture businesses had good results in the period. The recent acquisitions of SlimFast and Watson are performing very well. Glanbia Performance Nutrition (“GPN”) had a disappointing first half reflecting a number of factors including, business seasonality, consumer channel shift in Europe and difficult global trade dynamics in key international markets. Overall while we have positive momentum across many parts of the Group, this has increased our caution for the remainder of the year. For full year 2019 Glanbia now expects to deliver adjusted earnings per share on a reported basis of between 88 cent to 92 cent assuming foreign exchange rates remain at current levels.”

2019 financial half year results highlights

€m	HY 2019	HY 2018[1]	Change	Constant Currency Change[2]
Wholly owned business				
Revenue	1,758.4	1,477.8	+19.0%	+12.0%
EBITA[3]	111.4	123.7	-9.9%	-15.3%
EBITA margin	6.3%	8.4%	-210 bps	-210bps
Equity Accounted Investees - Joint Ventures				
Share of profit after tax	26.8	17.8	+50.6%	+47.3%
Total Group profit for the period	83.3	98.2	-15.2%	
Reported basic earnings per share	28.22c	33.27c	-15.2%	
Adjusted earnings per share	36.69c	38.83c	-5.5%	-10.8%

1. Following implementation of IFRS 15, prior year revenue was restated to reflect the impact of recognising sales from Glanbia’s Joint Venture, Southwest Cheese. The impact was to increase prior half year sales by €365.8 million; there was no change to EBITA following this restatement.
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 2019 was €1 = $1.130 (HY 2018: €1 = $1.211).
3. EBITA is defined as earnings before interest, tax and amortisation and is stated before exceptional items.

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 33 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 2019 was €1 = $1.130 (HY 2018: €1 = $1.211). Therefore this leads to a difference between the constant currency change and the reported result.

2019 half year overview

In the first half of 2019 Glanbia wholly owned revenue was €1,758.4 million, an increase of 12.0% constant currency (up 19.0% reported). Wholly owned EBITA was €111.4 million, down 15.3% constant currency (down 9.9% reported). Wholly owned EBITA margins from operations were 6.3%, down 210 basis points on a constant currency and reported basis driven by lower margins in GPN and GN in the period.

Glanbia's share of Equity Accounted Investees (Joint Ventures) profit after tax increased by €9.0 million to €26.8 million for the first half of 2019.

Total Group profit (after exceptional items) for the period was €83.3 million, down €14.9 million on prior half year.

Adjusted earnings per share was 36.69 cent. This was a decrease on prior year of 10.8% constant currency (down 5.5% reported).

Capital investment

Glanbia's total investment in capital expenditure (tangible and intangible assets) was €37.0 million in the first half of 2019 of which €30.0 million was strategic investment. The key strategic capital investment project in the period was the installation of a new ecommerce platform to enhance the direct-to-consumer online sales capability in Glanbia Performance Nutrition. This project will be on-going during 2019. Glanbia expects to invest a total of €70 million to €80 million in capital expenditure in full year 2019.

Dividend per share

Consistent with Glanbia's target annual dividend pay-out ratio of between 25% and 35% of adjusted earnings per share, the Board is recommending an interim dividend of 10.68 cent per share (HY 2018: 9.71 cent per share). This represents an increase of 10% on the prior year interim dividend. The dividend will be paid on 4 October 2019 to shareholders on the register of members as at 23 August 2019. Irish withholding tax will be deducted at the standard rate where appropriate.

Full year 2019 outlook

For full year 2019 Glanbia adjusted earnings per share is expected to be between 88 cent to 92 cent assuming foreign exchange rates remain at current levels. Versus prior year, on a constant currency basis, this would be a decline of between -7% to -3% (reported -3% to +1%). The revision to the expected outlook for adjusted EPS is driven by a revised outlook for the GPN business. GPN expects momentum to increase significantly in the second half of 2019, however some of the global trade related challenges in certain international geographies seen in the first half of the year are expected to continue thereby reducing the overall result in GPN for the year.

In FY 2019 Glanbia expects to convert over 80% of EBITDA to operating cash flow and deliver a return on capital employed between 10% and 13%.

Financial half year 2019 operations review

	HY 2019			HY 2018		
€m	Revenue	EBITA	EBITA %	Restated[1] Revenue	EBITA	EBITA %
Glanbia Performance Nutrition	620.1	46.9	7.6%	519.6	63.3	12.2%
Nutritional Solutions	369.6	50.5	13.7%	274.6	48.0	17.5%
US Cheese	768.7	14.0	1.8%	683.6	12.4	1.8%
Total wholly owned businesses	1,758.4	111.4	6.3%	1,477.8	123.7	8.4%
Joint Ventures	460.0	41.0	8.9%	425.6	26.8	6.3%
Total Group	2,218.4	152.4	6.9%	1,903.4	150.5	7.9%

1. Following implementation of IFRS 15, prior year revenue was restated to reflect the impact of recognising the Group as a principal in its sales relationship with its Joint Venture Southwest Cheese rather than as an agent. The impact was to increase prior half year sales by €365.8 million; there was no change to EBITA following this restatement.

Glanbia Performance Nutrition

€m	HY 2019	HY 2018	Change	Constant Currency Change
Revenue	620.1	519.6	+19.3%	+13.4%
EBITA	46.9	63.3	- 25.9%	- 30.2%
EBITA margin	7.6%	12.2%	- 460bps	- 470bps

Commentary on percentage movements is on a constant currency basis throughout

In the first half of 2019 GPN revenues increased 13.4% to €620.1 million. The driver of revenue growth was the SlimFast acquisition which delivered 24.3% of the growth partially offset by volume decline of 8.2% and price decline of 2.7%.

SlimFast has delivered a strong performance since its acquisition in November 2018. Sales in H1 2019, on a like for like basis, grew by 21%. In particular recent product innovations have performed well and it is expected that this rate of growth will continue for the remainder of 2019.

The volume decline in the half year primarily related to the negative effect of geopolitical issues and related supply chain changes in certain non-US markets and first quarter seasonality in the US market as previously reported. In non-US markets, key territories that experienced challenges were Northern Europe, where there was an acceleration of channel shift from traditional distributors to online channels, Middle East, where geopolitical events have led to head winds in the region, Latin America where economic conditions have deteriorated and India where supply chain initiatives in response to tariff increases have taken longer than planned. In the US, consumption in the key channels of online and FDMC was good throughout the period. Sell in momentum improved during the period with GPN delivering sales growth in these channels in the second quarter. The US specialty channel continues to decline and this impacted branded and contract sales in the period.

Negative pricing primarily reflected brand investment and pricing initiatives to negate the impact at consumer level of FX and tariff headwinds in non-US markets. Price decline moderated during the second quarter with price increases being implemented, largely at the end of the period.

Innovation performed ahead of plan in the period with sales from products launched in the past 3 years exceeding the 15% target with successful launches in the energy and protein space across ready to mix, ready to drink and ready to eat formats in the period. During the period the "thinkThin" brand was re-launched as "think!" with new brand imagery and marketing support. The bar category in the US remains competitive but continues to provide growth opportunities with lifestyle consumers.

EBITA declined by 30.2% as a result of EBITA margin decline of 470 basis points to 7.6%. Margin decrease was as a result of negative operating leverage, negative price and increased investment focused on lifestyle brands and the direct-to-consumer platform.

For full year 2019 GPN expects like for like branded revenue to decline by low-to-mid single digits. Improved momentum in the US and Asian markets in the second half are expected to be offset by declines in the EMEA and LATAM regions. The SlimFast acquisition is expected to maintain its current strong run rate in H2 2019 which will deliver overall branded revenue growth for GPN. Margins are expected to improve significantly in the second half of 2019 primarily as a result of improved operating leverage and implemented price increases. However due to the challenges experienced in H1 and continued margin challenges in certain international markets, margins in FY 2019 are expected to be 250 to 300 basis points lower than prior year. As a result GPN expects to deliver a lower EBITA in 2019 versus prior year.

Glanbia Nutritionals

	HY 2019			HY 2018		
€m	Revenue	EBITA	EBITA %	Restated[1] Revenue	EBITA	EBITA %
Nutritional Solutions	369.6	50.5	13.7%	274.6	48.0	17.5%
US Cheese	768.7	14.0	1.8%	683.6	12.4	1.8%
Total Glanbia Nutritionals	1,138.3	64.5	5.7%	958.2	60.4	6.3%

1. Following implementation of IFRS 15, prior year revenue was restated to reflect the impact of recognising the Group as a principal in its sales relationship with its Joint Venture Southwest Cheese rather than as an agent. The impact was to increase prior year sales by €365.8 million; there was no change to EBITA following this restatement

Commentary on percentage movements is on a constant currency basis throughout

Nutritional Solutions

€m	HY 2019	Restated HY 2018	Change	Constant Currency Change
Revenue	369.6	274.6	+34.6%	+27.0%
EBITA	50.5	48.0	+5.2%	-1.4%
EBITA margin	13.7%	17.5%	-380bps	-390bps

Nutritional Solutions ("NS") is a leading marketer of advanced-technology whey protein, specialist vitamin & mineral blends, plant based ingredients and functional beverages.

NS revenues increased in the first half of 2019 by 27.0%. This was driven by a 12.0% increase in volume, a 3.5% increase in price and the Watson acquisition delivering 11.5% of the revenue growth. Volume growth was broad based with customers across dairy and non-dairy solutions with good growth in both the US and EU markets and the price increase was primarily as a result of higher dairy markets versus prior year.

The Watson acquisition, which closed in February 2019, is performing well with integration on track.

NS delivered a marginal decline in EBITA of 1.4% as a result of margin decline by 390 basis points to 13.7%. Timing factors resulted in relatively higher margins in 2018 with the 2019 margin reflecting the mix of volume growth and some headwinds as a result of increased tariffs on raw materials.

NS expects to deliver growth in the second half and full year 2019 driven by continued strong volume momentum across both the dairy and non-dairy solutions portfolio as well as the Watson acquisition.

US Cheese

€m	HY 2019	Restated HY 2018	Change	Constant Currency Change
Revenue	768.7	683.6	+12.4%	+4.9%
EBITA	14.0	12.4	+12.9%	+6.1%
EBITA margin	1.8%	1.8%	0 bps	0 bps

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 sells cheese produced by Glanbia as well being the commercial partner for its joint venture partner Southwest Cheese.

US Cheese had revenue of €768.7 million in H1 2019. Revenue increased by 4.9% versus the same period in 2018 and this was driven by a 4.8% improvement in volume and a 0.1% increase in price. Volume growth was primarily related to capacity expansion at the Southwest Cheese joint venture which was commissioned in the second quarter of 2018. Price was broadly flat versus prior year.

US Cheese is expected to deliver a result for full year 2019 broadly in line with prior year

Joint Ventures (Glanbia share)

€m	HY 2019	Restated HY 2018	Change	Constant Currency Change
Revenue*	460.0	425.6	+8.1%	+7.9%
Share of JVs' profit after tax **	26.8	17.8	+50.6%	+47.3%

* Includes Glanbia's share of revenue from the Glanbia Ireland and Glanbia Cheese UK joint venture.

** Includes Glanbia's share of profits from the Glanbia Ireland, Glanbia Cheese UK and Southwest Cheese joint ventures

Commentary on percentage movements is on a constant currency basis throughout

Glanbia's principal joint ventures include Glanbia Ireland, Southwest Cheese and Glanbia Cheese UK. Glanbia uses the equity method of accounting for its joint ventures and includes its share of joint venture profit after tax in the adjusted earnings per share calculation. Glanbia has adopted the IFRS 15 accounting standard in 2019. Following the implementation all sales of Southwest Cheese products are now recognised within revenue of Glanbia Nutritionals, previously only commission on these sales was recognised, and comparatives for 2018 have been restated accordingly. As a result share of revenue noted above excludes sales of Southwest Cheese.

Joint Ventures ("JVs") revenues increased by 7.9% in the period and the drivers of this were a 6.2% increase in volume and a 1.7% increase in price. Volume increase was primarily related to increased milk supply in Ireland. Price increase reflected improved year on year dairy markets. Glanbia's share of JVs' profit after tax ("PAT"), increased by €9.0 million to €26.8 million in the first half of 2019 as a result of volume growth across all joint ventures and higher profitability in Southwest Cheese.

In full year 2019 JVs are expected to deliver a share of profit after tax broadly in line with prior year.

Half year 2019 finance review

Half Year 2019 results summary pre-exceptional				Constant Currency
		Restated[1]		
€m	**HY 2019**	**HY 2018**	**Change**	**Change**
Revenue	**1,758.4**	**1,477.8**	**+19.0%**	**+12.0%**
EBITA	111.4	123.7	(9.9%)	(15.3%)
EBITA margin	*6.3%*	*8.4%*	(210bps)	(210bps)
- Amortisation of intangible assets	(28.9)	(21.5)		
- Net finance costs	(13.3)	(7.6)		
- Share of results of Joint Ventures	26.8	17.8		
- Income tax	(9.2)	(14.2)		
Profit for the half year	**86.8**	**98.2**		
Basic earnings per share	**28.22**	**33.27**	**(15.2%)**	
Adjusted earnings per share	**36.69**	**38.83**	**(5.5%)**	**(10.8%)**

1. Following implementation of IFRS 15, prior year revenue was restated to reflect the impact of recognising the Group as a principal in its sales relationship with its Joint Venture Southwest Cheese rather than as an agent. The impact was to increase prior half year sales by €365.8 million; there was no change to EBITA following this restatement.

Income statement

Wholly owned revenue increased 12.0% on a constant currency basis (up 19.0% reported) to €1,758.4 million (HY 2018: €1,477.8 million) in the half year 2019. Increased revenue was driven primarily by the impact of the SlimFast and Watson acquisitions of 10.6% and volume growth of 1.6%, offset partially by negative pricing of 0.2%. EBITA declined by 15.3% on a constant currency basis (9.9% reported) to €111.4 million (HY 2018: €123.7 million) driven primarily by adverse organic sales in half year 2019 within the GPN segment and the reduced margin within GPN and GN segments. EBITA margin decreased by 210 bps on a constant currency basis (decreased by 210 bps reported) to 6.3% driven by negative operating leverage, negative price and increased investment focused on lifestyle brands and the direct-to-consumer platform within GPN and product mix and tariff headwinds within GN.

Net financing costs of €13.3 million increased €5.7 million versus prior year (HY 2018: €7.6 million) driven by increased debt following the acquisitions of SlimFast in November 2018 and Watson in February 2019. The Group's average interest rate for the period was 3.6% (HY 2018: 4.0%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 95% of projected 2019 debt currently contracted at fixed rates.

The Group's share of results of Joint Ventures is up €9.0 million on prior year. The key drivers of growth versus prior year are Glanbia Ireland, driven by growth in sales volumes, Southwest Cheese due to positive dairy market pricing and the impact of the plant expansion completed in Q2 2018; and positive dairy market impacts to margins within Glanbia Cheese.

The half year 2019 pre-exceptional tax charge decreased by €5.0 million. This represents an effective tax rate, excluding share of results of Joint Ventures, of 13.3% (HY 2018: 15.0%). The reduction in the effective tax rate is primarily driven by the reduction in the US corporate tax rate from 35% to 21%.

Profit for the period excluding exceptional items decreased by €11.4 million from €98.2 million to €86.8 million on a reported basis. Exceptional items before taxation in the period amounted to €4.3 million and are discussed further below.

Adjusted earnings per share

	HY 2019	HY 2018	Change	Constant Currency Change
Adjusted earnings per share	36.69	38.83	(5.5%)	(10.8%)

Adjusted earnings per share is provided as it is more reflective of the Group's underlying performance than basic earnings per share. Adjusted earnings per share is calculated based on the net profit attributable to equity holders of the parent before exceptional items and amortisation of intangible assets (excluding software amortisation), net of related tax. Further details on the calculation of adjusted earnings per share is set out in the glossary to the financial statements.

In half year 2019, adjusted earnings per share declined 10.8% constant currency (down 5.5% reported), driven by a reduction in EBITA and higher net finance costs offset partially by improved share of results of Joint Ventures and lower effective tax rate.

Exceptional items

Exceptional items incurred in the first half of 2019 resulted in a post-tax exceptional charge of €3.5 million (2018: nil). Details of the exceptional items incurred in the period are as follows:

€ m	H1 2019
Organisation restructuring costs (note 1)	3.2
Brexit related costs (note 2)	1.1
Exceptional loss before tax	4.3
Current taxation credit (note 3)	(0.8)
Total exceptional loss	3.5

1. Organisation restructuring costs – The structure and operating model of the Group is kept under constant review to ensure that it is appropriate to support the current and future needs of the group. Work undertaken in 2019 has focused on the Glanbia Performance Nutrition segment and in particular the structures and model to support the creation of distinct Sports Nutrition, Lifestyle and Direct to Consumer components. Work has also commenced on the integration of Watson within the Glanbia Nutritionals segment following its acquisition in February 2019. The costs incurred to date have been in relation to professional consultancy, employment related costs including recruitment costs for new roles and costs in relocating people to new markets and geographies to support the organisational redesign. This process is on-going and further costs will be incurred in the second half of the year.
2. Brexit related costs – These costs have been incurred in preparing the organisation for the departure of the United Kingdom from the European Union. There continues to be significant political uncertainty as to the eventual outcome and to assist in mitigating these risks, as much as possible in an uncertain environment, the Group has incurred significant cost. Costs incurred to date include professional fees and increased storage and production costs.
3. Current taxation credit relates to the tax credit arising on the respective exceptional costs outlined above.

Group financing

Financing key performance indicators	HY 2019	HY 2018	FY 2018
Net debt €m[1]	777.6	402.1	576.7
Net debt : adjusted EBITDA[1]	2.14 times	1.22 times	1.55 times
Adjusted EBIT[1] : net finance cost (interest cover)	10.5 times	7.3 times	14.8 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 in the glossary to the financial statements.

The Group's financial position continues to be strong. Net debt at the end of half year 2019 was €777.6 million. This is an increase of €375.5 million relative to the end of half year 2018 driven by the acquisitions of SlimFast in November 2018 and Watson in February 2019. Net debt to adjusted EBITDA was 2.14 times and interest cover was 10.5 times, both metrics remaining well within financing covenants. Relative to the 2018 year end, net debt has increased by €200.9 million driven primarily by the acquisition of Watson in February 2019 and the investment in the new Michigan and Glanbia Cheese EU joint ventures.

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 2019.

Cash flow analysis – pre exceptional **€m**	**HY 2019**	**HY 2018**	**Change**
EBITDA	134.8	144.7	(9.9)
Working capital movement	(108.9)	(77.9)	(31.0)
Business sustaining capital expenditure	(7.0)	(7.0)	-
Operating cash flow	**18.9**	**59.8**	**(40.9)**
Net interest and tax paid	(45.4)	(17.6)	(27.8)
Dividends from Joint Ventures	16.1	15.4	0.7
Other outflows	(7.2)	0.6	(7.8)
Free cash flow	**(17.6)**	**58.2**	**(75.8)**
Strategic capital expenditure	(30.0)	(18.9)	(11.1)
Dividends paid	(42.9)	(47.6)	4.7
Amounts loaned to / invested in Joint Ventures	(37.6)	(16.5)	(21.1)
Exceptional cash paid	(2.8)	(2.7)	(0.1)
Acquisitions	(59.6)	-	(59.6)
Net cashflow	**(190.5)**	**(27.5)**	**(163.0)**

Operating cash flow in the period amounted to €18.9 million which is €40.9 million adverse to prior year. This has been primarily driven by the increased working capital outflow in the period and reduced EBITDA performance. The increased working capital has been driven by higher inventory levels as a result of higher raw material values as well as inventory build as part of Brexit planning and the impact of the acquisitions of SlimFast and Watson. Free Cash Flow is an outflow of €17.6 million which is €75.8 million adverse to prior year driven primarily by reduced operating cash flow and higher interest costs and the timing of tax payments.

Pension

On 29 June 2019, the Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, amounted to €36.8 million, an decrease of €1.7 million compared to year end 29 December 2018 net liability of €38.5 million. See note 8 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 emerging risks and 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 46-53 of the plc's 2018 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. 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	• Acquisition risk	• Tax risk	• Supplier risk • Site compliance risk and environmental, health & safety regulation risks • Product safety and compliance risks
Risk where trend is increasing	• Economic, industry and political risks (including Brexit) • Market risk • Customer concentration risk		• IT, data protection and cyber security risks • Talent management risk

Key risk factors and uncertainties with the potential to impact on the Group's financial performance in the second half of 2019 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. The risk of a hard Brexit, where no deal is agreed with the EU, appears to be increasing and may damage the UK and EU economies. Any outcome other than a full customs union could introduce additional costs and the food and drinks sector is likely to be initially hit with higher tariffs more so than any other sector. As a consequence of the increased downside risks, the Board has focused on ensuring that the short and medium-term impacts to the Group are clearly understood. This focus includes ensuring that appropriate action plans across a broad range of issues including operational risks, currency risks, regulatory risks, raw material pricing and cross border trade costs are developed and implemented where possible. In its simplest terms the key short term impacts to Glanbia include effectively planning for and managing raw material and finished goods into and out of the UK and cross border product flows.

  This includes measures such as:
  - Increasing stocks of raw materials in the UK beyond what Glanbia would normally hold for supply chain safety purposes;
  - Reviewing EU storage and co-manufacture arrangements;
  - Detailed discussions with customers and suppliers on potential export certificate, customs inspection, logistic requirements and challenges;
  - Review of potential alternative manufacturing and supply strategies; and
  - Monitoring of international tax legislation developments, particularly in the UK.

  The Board and the Brexit cross-divisional and joint venture committee will continue to monitor closely the potential outcomes of the Brexit negotiations and broader international trade related risks and will remain focused on ensuring that the Group is equipped as best as possible to address the short and medium term challenges that may arise.

- 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; 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.
- IT, data protection and cyber security risk - The risk of a significant technology failure, data leak or key site disruption may negatively impact our reputation and business operations.
- Talent management - The investment in building our Direct to Consumer capability may be negatively impacted by a failure to attract and retain top talent.

The Board continues to place particular emphasis on monitoring both principal and emerging risks and regularly monitors the Group's risk management framework to ensure risks are being appropriately mitigated through its risk management and internal control processes.

Cautionary statement

Glanbia plc (the 'Group') has made forward-looking statements in this document that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include, but are not limited to, information concerning the Group's possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words 'believe,' 'develop,' 'ensure,' 'arrive,' 'achieve,' 'anticipate,' 'maintain,' 'grow,' 'aim,' 'deliver,' 'sustain,' 'should' or the negative of these terms or similar expressions. Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any forward-looking statements. The risk factors included at pages 50 to 53 of the Group's 2018 Annual Report could cause the Group's results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. These forward-looking statements are made as of the date of this document. The Group expressly disclaims any obligation to update these forward-looking statements other than as required by law. The forward-looking statements in this release do not constitute reports or statements published in compliance with any of Regulations 6 to 8 of the Transparency (Directive 2004/109/EC) Regulations 2007.

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 9128
Netherlands:	+31 (0) 20 703 8211
Italy:	+39 02 3600 8019
USA:	+1 323-794-2551

The access code for all participants is: **8799986**
A replay of the call will be available for 30 days approximately two hours after the call ends.

For further information contact

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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 30 December 2018 and ended 29 June 2019 (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 and fair review of the development and performance of the business and the position of the Group;
- The half yearly financial report includes a true and fair 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 29 June 2019, and a description of the principal risks and uncertainties for the remaining six months; and
- The half yearly financial report includes a true and fair 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 2018 Annual Report, with the exception of the following changes which have been previously announced:

- On 24 April 2019, to facilitate the broadening of external perspectives of the Board, Mr Hugh McGuire and Mr Brian Phelan did not put themselves forward for re-election at the Company's AGM. Their key executive roles are unaltered and they continue in their executive leadership positions as CEOs of the Group's two global growth platforms, Glanbia Performance Nutrition and Glanbia Nutritionals respectively.
- On 1 May 2019, Mr Paul Harran retired from the Board and Mr Dan O'Connor took up the position of Senior Independent Director.
- On 1 May 2019, Ms Mary Minnick, Mr Richard Laube and Mr John Daly were appointed to the Board as independent Non-Executive Directors.
- On 20 June 2019, as a result of these new appointments the composition of the following Board committees was amended as follows:
- Audit Committee - Richard Laube, Independent Non-Executive Director was appointed as a member of the Audit Committee.
- Nomination and Governance Committee - Dan O'Connor, Independent Non-Executive Director, was appointed as Chairperson of the Nomination and Governance Committee; and
- Remuneration Committee -John Daly and Mary Minnick, Independent Non-Executive Directors were appointed as members of the Remuneration Committee.

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

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

In compliance with Listing Rule 6.1.7 of the Euronext Dublin/Listing Rule 9.2.2 AD of the UKLA (UK Listing Authority), 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 2.2.15 of Euronext Dublin 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 until 2022:

- 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

31 July 2019

CONDENSED GROUP INCOME STATEMENT
FOR THE HALF YEAR ENDED 29 JUNE 2019

	Notes	Half year 2019			Half year 2018 (restated)*		
		Pre– exceptional €'m	**Exceptional €'m (note 7)**	**Total €'m**	Pre– exceptional €'m	Exceptional €'m (note 7)	Total €'m
Revenue	4	**1,758.4**	**-**	**1,758.4**	1,477.8	-	1,477.8
Earnings before interest, tax and amortisation (EBITA)	4	**111.4**	**(4.3)**	**107.1**	123.7	-	123.7
Intangible asset amortisation	13	**(28.9)**	**-**	**(28.9)**	(21.5)	-	(21.5)
Operating profit	6	**82.5**	**(4.3)**	**78.2**	102.2	-	102.2
Finance income	9	**3.2**	**-**	**3.2**	2.2	-	2.2
Finance costs	9	**(16.5)**	**-**	**(16.5)**	(9.8)	-	(9.8)
Share of results of Equity accounted investees	4	**26.8**	**-**	**26.8**	17.8	-	17.8
Profit before taxation		**96.0**	**(4.3)**	**91.7**	112.4	-	112.4
Income taxes	10	**(9.2)**	**0.8**	**(8.4)**	(14.2)	-	(14.2)
Profit attributable to the equity holders of the Company		**86.8**	**(3.5)**	**83.3**	98.2	-	98.2
Earnings Per Share attributable to the equity holders of the Company	12						
Basic Earnings Per Share (cent)				**28.22**			33.27
Diluted Earnings Per Share (cent)				**28.19**			33.20

*See note 2 for details of the restatement

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 29 JUNE 2019

	Notes	**Half year 2019 €'m**	Half year 2018 €'m
Profit for the period		**83.3**	98.2
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements on defined benefit plans	18.2	**(3.1)**	0.3
Deferred tax on remeasurements on defined benefit plans	18.2	**0.4**	(0.1)
Share of remeasurements on defined benefit plans from Equity accounted investees, net of deferred tax	18.2	**(3.7)**	(2.1)
Revaluation of FVOCI* financial assets, net of deferred tax	18.1	**(0.1)**	-
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences	18.1	**9.7**	37.1
Loss on net investment hedge	18.1	**(0.6)**	(2.4)
Net fair value movements on cash flow hedges, net of deferred tax		**(2.0)**	(0.2)
Net fair value movements on cash flow hedges from Equity accounted investees, net of deferred tax		**(8.8)**	(0.7)
Revaluation of AFS* financial assets, net of deferred tax		**-**	0.2
Recycle of AFS reserve to the Group income statement on disposal of investment, net of deferred tax		**-**	(3.5)
Other comprehensive (expense)/income for the period, net of tax		**(8.2)**	28.6
Total comprehensive income for the period attributable to equity holders of the Company		**75.1**	126.8

*Fair value through other comprehensive income ('FVOCI') / available for sale ('AFS')

CONDENSED GROUP BALANCE SHEET
AS AT 29 JUNE 2019

	Notes	**29 June 2019 €'m**	(restated)* 29 December 2018 €'m
ASSETS			
Non–current assets			
Property, plant and equipment		**469.0**	453.0
Intangible assets		**1,336.9**	1,304.0
Equity accounted investees		**359.7**	334.5
Other financial assets		**3.4**	-
Available for sale financial assets		**-**	3.7
Trade and other receivables		**28.8**	29.8
Deferred tax assets		**2.1**	2.1
Retirement benefit assets	8	**2.3**	1.1
		2,202.2	2,128.2
Current assets			
Inventories		**478.9**	384.6
Trade and other receivables		**436.9**	411.6
Current tax assets		**-**	9.6
Derivative financial instruments	15	**0.2**	1.5
Cash and cash equivalents	14	**189.8**	224.6
		1,105.8	1,031.9
Total assets		**3,308.0**	3,160.1
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	17	**105.4**	105.4
Other reserves	18.1	**235.0**	240.9
Retained earnings	18.2	**1,278.2**	1,242.8
Total equity		**1,618.6**	1,589.1
LIABILITIES			
Non–current liabilities			
Financial liabilities	14	**877.4**	752.4
Deferred tax liabilities		**160.9**	160.3
Retirement benefit obligations	8	**39.1**	39.6
Provisions	16	**23.9**	24.9
Other payables		**12.7**	13.0
		1,114.0	990.2
Current liabilities			
Trade and other payables		**450.1**	468.4
Current tax liabilities		**30.3**	59.7
Financial liabilities	14	**90.0**	48.9
Derivative financial instruments	15	**3.4**	0.5
Provisions	16	**1.6**	3.3
		575.4	580.8
Total liabilities		**1,689.4**	1,571.0
Total equity and liabilities		**3,308.0**	3,160.1

*See note 2 for details of the restatement

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 29 JUNE 2019

	Attributable to equity holders of the Company			
Half year 2019	**Share capital and share premium (note 17) €'m**	**Other reserves (note 18.1) €'m**	**Retained earnings (note 18.2) €'m**	**Total €'m**
Balance at 29 December 2018	**105.4**	**240.9**	**1,242.8**	**1,589.1**
Profit for the period	-	-	**83.3**	**83.3**
Other comprehensive expense	-	**(1.8)**	**(6.4)**	**(8.2)**
Total comprehensive (expense)/income for the period	-	**(1.8)**	**76.9**	**75.1**
Transactions with equity holders of the Company				
Contributions and distributions				
Dividends	-	-	**(42.9)**	**(42.9)**
Purchase of own shares	-	**(7.6)**	-	**(7.6)**
Cost of share-based payments	-	**4.5**	-	**4.5**
Transfer on exercise, vesting or expiry of share-based payments	-	**(1.0)**	**1.0**	-
Deferred tax on share-based payments	-	-	**0.4**	**0.4**
Total contributions and distributions	-	**(4.1)**	**(41.5)**	**(45.6)**
Balance at 29 June 2019	**105.4**	**235.0**	**1,278.2**	**1,618.6**

	Attributable to equity holders of the Company			
Half year 2018	Share capital and share premium (note 17) €'m	Other reserves (note 18) €'m	Retained earnings (note 18) €'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)		30.5	(1.9)	28.6
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)
Purchase of own shares	-	(4.2)	-	(4.2)
Cost of share-based payments	-	4.8	-	4.8
Transfer on exercise, vesting or expiry of share-based payments	-	(0.6)	0.6	-
Total contributions and distributions	-	-	(46.9)	(46.9)
Balance at 30 June 2018	105.4	220.5	1,135.7	1,461.6

CONDENSED GROUP STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 29 JUNE 2019

	Notes	Half year 2019 €'m	Half year 2018 €'m
Cash flows from operating activities			
Cash generated from operating activities	21	**23.4**	66.5
Interest received		**0.9**	0.8
Interest paid		**(16.6)**	(8.6)
Income tax paid		**(29.3)**	(9.3)
Net cash (outflow)/inflow from operating activities		**(21.6)**	49.4
Cash flows from investing activities			
Acquisition of subsidiaries – purchase consideration		**(55.4)**	-
Acquisition of subsidiaries – cash and cash equivalents acquired		**(4.2)**	-
Purchase of property, plant and equipment		**(20.2)**	(15.8)
Purchase of intangible assets		**(16.8)**	(10.1)
Interest paid in relation to property, plant and equipment		**(0.4)**	(0.5)
Dividends received from Equity accounted investees		**16.1**	15.4
Redemption from FVOCI financial assets		**0.4**	-
Additions in FVOCI financial assets		**(0.3)**	-
Net redemption, disposal and additions in AFS financial assets		**-**	2.3
Loans repaid by/(advanced to) Equity accounted investees		**1.0**	(16.5)
Investment in Joint Ventures		**(38.6)**	-
Proceeds from sale of property, plant and equipment		**-**	0.1
Net cash outflow from investing activities		**(118.4)**	(25.1)
Cash flows from financing activities			
Purchase of own shares		**(7.6)**	(4.2)
Repayment of borrowings		**(1,090.9)**	(18.5)
Proceeds from borrowings		**1,208.0**	-
Dividends paid to Company shareholders	11	**(42.9)**	(47.6)
Net cash inflow/(outflow) from financing activities		**66.6**	(70.3)
Net decrease in cash and cash equivalents		**(73.4)**	(46.0)
Cash and cash equivalents at the beginning of the period		**175.7**	132.1
Cash and cash equivalents acquired on acquisition		**(4.2)**	-
Effects of exchange rate changes on cash and cash equivalents		**1.7**	(0.1)
Cash and cash equivalents at the end of the period	14	**99.8**	86.0

Reconciliation of net cash flow to movement in net debt		Half year 2019 €'m	Half year 2018 €'m
Net decrease in cash and cash equivalents		**(73.4)**	(46.0)
Cash and cash equivalents acquired on acquisition		**(4.2)**	-
Cash movements from debt financing		**(117.1)**	18.5
		(194.7)	(27.5)
Debt acquired on acquisition	22	**(6.4)**	-
Exchange translation adjustment on net debt		**0.2**	(6.9)
Movement in net debt in the period		**(200.9)**	(34.4)
Net debt at the beginning of the period		**(576.7)**	(367.7)
Net debt at the end of the period		**(777.6)**	(402.1)

Net debt comprises:	Notes	29 June 2019 €'m	30 June 2018 €'m
Borrowings	14	**(877.4)**	(488.1)
Cash and cash equivalents net of bank overdrafts	14	**99.8**	86.0
		(777.6)	(402.1)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 29 JUNE 2019

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, North America and Asia Pacific.

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 29 June 2019 is comprised of 16 members, of which up to 8, including the Chairman who has the casting vote, 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 Exchange.

These condensed consolidated interim financial statements (interim financial statements) as at, and for the period commencing 30 December 2018 and ended 29 June 2019 were approved for issue by the Board of Directors on [xx] July 2019.

2. Summary of significant accounting policies

Basis of preparation

The interim financial statements as at, and for the period commencing 30 December 2018 and ended 29 June 2019 (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 29 December 2018 (2018 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 30 December 2018 and ended 29 June 2019 and, as at, and for the six months ended 30 June 2018, have neither been audited nor reviewed by the Group's auditors.

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 30 December 2018 and ended 29 June 2019 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 30 December 2018 and ended 29 June 2019 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 29 December 2018 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.

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 2 to 53 of the 2018 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 2018 Annual Report, the nature of business activities and the factors likely to impact operating performance and future growth.

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 2019**	Half year 2018	Year 2018	**29 June 2019**	30 June 2018	29 December 2018
US dollar	**1.1297**	1.2106	1.1812	**1.1380**	1.1658	1.1454
Pound sterling	**0.8739**	0.8798	0.8847	**0.8966**	0.8861	0.9027

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 2018 Annual Report except for those noted below. The Group's accounting policies are set out in note 2 to the financial statements in the 2018 Annual Report.

Standards adopted in the current year

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

IFRS 9 is the standard which replaces IAS 39, Financial Instruments: Recognition and Measurement. The standard addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has adopted IFRS 9 from 30 December 2018, with the practical expedients permitted under the standard. Comparatives for 2018 have not been restated.

The impact of adopting IFRS 9 was not material for the Group financial statements and there was no adjustment to retained earnings at 30 December 2018 on application of the standard.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it removes the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost or fair value through other comprehensive income, or fair value through profit or loss. The classification is based on the business model for managing the financial assets and the contractual terms of the cash flows. Results of the assessment of the classification of financial assets are as follows:

Financial asset category	Classification and measurement under IAS 39	Results of IFRS 9 classification assessment	Classification and measurement under IFRS 9
Cash and cash equivalents Trade and other receivables	Loans and receivables at fair value (initial recognition) followed by amortised cost (subsequent measurement)	Business model test: hold to collect contractual cash flows Cash flow characteristics: solely payments of principal and interest	Financial assets at fair value (initial recognition) followed by amortised cost (subsequent measurement)
Other financial assets– equity instruments	Available-for-sale assets at fair value (initial recognition and subsequent measurement) with subsequent changes in fair value recognised in other comprehensive income ('OCI'). When an asset is derecognised or impaired, cumulative gain or loss in OCI is reclassified from equity to the income statement	Business model test: hold to collect contractual cash flows Cash flow characteristics: solely payments of principal and interest	Financial assets at fair value (initial recognition) followed by amortised cost (subsequent measurement) *Pertains to the equity instrument in Ornua Co-operative Limited*
		Election is made to present fair value changes in OCI and not recycle any gains or losses arising on its de-recognition to the income statement	Financial assets at fair value (initial recognition and subsequent measurement) followed by subsequent changes in fair value recognised in equity permanently *Pertains to equity instruments other than Ornua Co-operative Limited*

IFRS 9 has introduced a new impairment model which requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It is applied to the Group's financial assets within the scope of IFRS 9, contract assets under IFRS 15, lease receivables and certain financial guarantees held for its subsidiaries. For trade receivables, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. The change in impairment methodology from implementing IFRS 9 did not have a material impact on the Group's financial statements.

The adoption of IFRS 9 – Financial Instruments has not had a significant impact on the Group's accounting policies related to financial liabilities and derivative financial instruments.

The Group has elected to adopt the new general hedge accounting model in IFRS 9. The new hedge accounting rules align the accounting for hedging instruments more closely with the Group's risk management practices and provide greater scope to apply hedge accounting. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, there is no impact to the Group's results.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 29 JUNE 2019

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

The Group adopted the full retrospective approach. 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 led to the Group's relationship with its Joint Venture, Southwest Cheese Company, LLC (Southwest Cheese) to transition from an agent relationship to that of a principal. Based on sales by Southwest Cheese, the transition to IFRS 15 results in a gross up of revenue and costs as follows:

For the six months ended 30 June 2018	Previously reported €'m	Adjustment €'m	Restated under IFRS 15 €'m
Revenue	1,112.0	365.8	1,477.8
Cost of goods sold	(812.0)	(357.9)	(1,169.9)
Gross profit	300.0	7.9	307.9
Selling and distribution expenses	(108.6)	(7.9)	(116.5)
Administration expenses	(67.7)	-	(67.7)
EBITA	123.7	-	123.7

For the year ended 29 December 2018	Previously reported €'m	Adjustment €'m	Restated under IFRS 15 €'m
Revenue	2,386.3	784.2	3,170.5
Cost of goods sold	(1,706.2)	(767.1)	(2,473.3)
Gross profit	680.1	17.1	697.2
Selling and distribution expenses	(234.9)	(17.1)	(252.0)
Administration expenses	(160.3)	-	(160.3)
EBITA	284.9	-	284.9

Although there is no change to EBITA, as a result of the increase in revenue, there is a dilution to the EBITA margin of the Glanbia Nutritionals segment and the Glanbia Group. For the 2019 financial year, revenue and costs relating to this arrangement are shown gross in the (condensed) Group income statement.

The transition to IFRS 15 also results in a gross up of outstanding trade receivables and amounts due to Equity accounted investees which are recorded in the line items on the balance sheet "Trade and other receivables – current" and "Trade and other payables – current" respectively:

Balance sheet as at 29 December 2018	Previously reported €'m	Adjustment €'m	Restated under IFRS 15 €'m
Trade and other receivables – current	350.2	61.4	411.6
Trade and other payables – current	(407.0)	(61.4)	(468.4)

Other findings resulting from the IFRS 15 assessment include:

The Group manufactures and sells performance nutrition products, cheese, dairy and non-dairy nutritional ingredients. Performance obligations are met at the point in time when control of the products has transferred to the customer, which is dependent on the contractual terms with each customer. In most cases, control transfers to the customer when the products are dispatched or delivered to the customer. Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience. Rebates and discounts are recorded in the same period as the original revenue.

The Group does not expect to have any contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year. Thus, the Group does not adjust any of the transaction prices for the time value of money as a practical expedient.

IFRS 15 increases the disclosure requirements for revenue. Revenue is required to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note 4 for disclosures on the disaggregation of revenue.

Accounting standards and IFRIC interpretations not yet adopted

IFRS 16 'Leases' (EU 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 5 January 2020 as the 2019 financial year is for the 53-week period ended 4 January 2020.

The Group's evaluation of the effect of adoption of IFRS 16 is ongoing and the 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 commenced a comprehensive project to assess the impact of IFRS 16 during 2018 which is still ongoing. This project includes an accounting assessment of the impact and implementing new processes and procedures, including a new lease accounting software implementation, to ensure leases are accounted for in line with the new standard from the commencement of our 2020 financial year. The Group intends to avail of the election to exclude short-term leases and leases for which the underlying asset is of low value from being recognised as leased assets and liabilities. Based on the work performed to date, the Group expects to recognise lease liabilities and right-of-use assets of approximately €110.0 million and €89.9 million respectively on transition with a (€20.1) million impact on opening retained earnings at the date of initial application. The actual impact on transition could differ from this estimate due to a number of factors such as changes in the composition of the Group's lease portfolio, changes in foreign exchange translation rates and other underlying assumptions up until the date of transition. In addition, the Group does not expect a material impact of the transition on key performance indicators such as adjusted EPS and return on capital employed.

IFRIC Interpretation 23 'Uncertainty over Income Tax Treatments' (EU effective date: on or after 1 January 2019)

This interpretation will be effective for and will be adopted by the Group for the 2020 financial year beginning 5 January 2020. It sets out how to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12 'Income taxes'. This interpretation is not expected to have a material impact on the Group.

There are other standards and amendments that have been issued but not yet effective for the Group. They are not currently relevant for the Group or expected to have a material effect on the Group financial statements.

3. Changes in critical accounting estimates and judgements

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 29 December 2018.

4. Segment information

The segment results for the period ended 29 June 2019 for operations are as follows:

Half Year 2019	**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	**620.1**	**1,155.6**	**-**	**1,775.7**	**-**	**1,775.7**
Inter–segment revenue	**-**	**(17.3)**	**-**	**(17.3)**	**-**	**(17.3)**
Revenue	**620.1**	**1,138.3**	**-**	**1,758.4**	**-**	**1,758.4**
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	**46.9**	**64.5**	**-**	**111.4**	**-**	**111.4**
Shares of results of Equity accounted investees (pre–exceptional)	**-**	**-**	**9.3**	**9.3**	**17.5**	**26.8**

Half Year 2018 (restated)	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	976.2	-	1,495.8	-	1,495.8
Inter–segment revenue	-	(18.0)	-	(18.0)	-	(18.0)
Revenue	519.6	958.2	-	1,477.8	-	1,477.8
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	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

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

	Notes	**Half year 2019 €'m**	Half year 2018 €'m
Earnings before interest, tax, amortisation and exceptional items		**111.4**	123.7
Intangible asset amortisation		**(28.9)**	(21.5)
Exceptional items	7	**(4.3)**	-
Share of results of Equity accounted investees		**26.8**	17.8
Finance income	9	**3.2**	2.2
Finance costs	9	**(16.5)**	(9.8)
Reported profit before tax		**91.7**	112.4
Income taxes	10	**(8.4)**	(14.2)
Reported profit after tax		**83.3**	98.2

The segment assets and liabilities are as follows:

29 June 2019	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total €'m**
Segment assets	**1,745.2**	**932.0**	**217.1**	**2,894.3**	**413.7**	**3,308.0**
Segment liabilities	**285.0**	**299.2**	**-**	**584.2**	**1,105.2**	**1,689.4**

29 December 2018 (restated)	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total €'m**
Segment assets	1,728.6	798.9	225.4	2,752.9	407.2	3,160.1
Segment liabilities	367.8	255.3	-	623.1	947.9	1,571.0

Revenue is disaggregated based on primary geographical markets in which the Group operates:

	Half year 2019 €'m	(restated) Half year 2018 €'m
Ireland (country of domicile)	**2.4**	2.7
US	**1,392.2**	1,140.9
UK	**53.8**	37.4
Rest of Europe	**121.3**	126.0
Australia	**17.0**	15.2
China	**39.1**	23.1
Canada	**33.3**	27.6
Rest of World	**99.3**	104.9
Total revenue	**1,758.4**	1,477.8

Revenue is further disaggregated based on the principal markets of the Group:

	Half year 2019 €'m	(restated) Half year 2018 €'m
Glanbia Performance Nutrition		
Performance nutrition	**620.1**	519.6
Glanbia Nutritionals		
– Nutritional Solutions	**369.6**	274.6
– US Cheese	**768.7**	683.6
	1,138.3	958.2
Total revenue	**1,758.4**	1,477.8

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

		Half year 2019			Half year 2018 (restated)		
	Notes	**Pre–exceptional €'m**	**Exceptional €'m (note 7)**	**Total €'m**	Pre–exceptional €'m	Exceptional €'m (note 7)	Total €'m
Revenue		**1,758.4**	**-**	**1,758.4**	1,477.8	-	1,477.8
Cost of goods sold		**(1,401.1)**	**(0.9)**	**(1,402.0)**	(1,169.9)	-	(1,169.9)
Gross profit		**357.3**	**(0.9)**	**356.4**	307.9	-	307.9
Selling and distribution expenses		**(169.0)**	**-**	**(169.0)**	(116.5)	-	(116.5)
Administration expenses		**(76.9)**	**(3.4)**	**(80.3)**	(67.7)	-	(67.7)
Earnings before interest tax and amortisation (EBITA)	4	**111.4**	**(4.3)**	**107.1**	123.7	-	123.7
Intangible asset amortisation	13	**(28.9)**	**-**	**(28.9)**	(21.5)	-	(21.5)
Operating profit		**82.5**	**(4.3)**	**78.2**	102.2	-	102.2

7. Exceptional items

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

	Notes	Half year 2019 €'m
Organisational restructuring costs (note a)	(a)	**3.2**
Brexit related costs (note b)	(b)	**1.1**
Total exceptional charge before taxation		**4.3**
Exceptional tax credit		**(0.8)**
Total exceptional charge		**3.5**

During the 2019 half year there were cash outflows of €2.8 million in respect of exceptional charges recognised in FY2019. During the 2018 half year there were cash outflows of €2.7 million in respect of exceptional charges incurred prior to FY2018. There were no exceptional items in 2018 half year.

(a) Organisation restructuring costs – The structure and operating model of the Group is kept under constant review to ensure that it is appropriate to support the current and future needs of the Group. Work undertaken in 2019 has focused on the Glanbia Performance Nutrition segment and in particular the structures and model to support the creation of distinct Sports Nutrition, Lifestyle and Direct to Consumer components. Work has also commenced on the integration of Watson within the Glanbia Nutritionals segment following its acquisition in February 2019. The costs incurred to date have been in relation to professional consultancy, employment related costs including recruitment costs for new roles and costs in relocating people to new markets and geographies to support the organisational redesign. This process is on-going and further costs will be incurred in the second half of the year.

(b) Brexit related costs – These costs have been incurred in preparing the organisation for the departure of the United Kingdom from the European Union. There continues to be significant political uncertainty as to the eventual outcome and to assist in mitigating these risks, as much as possible in an uncertain environment, the Group has incurred significant costs. Costs incurred to date include professional fees and increased storage and production costs.

8. Retirement benefit obligations

The Group operates a number of defined benefit pension plans.

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

	29 June 2019 €'m	29 December 2018 €'m
Retirement benefit asset	**2.3**	1.1
Retirement benefit obligation	**(39.1)**	(39.6)
Net defined benefit pension plan liability	**(36.8)**	(38.5)

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:

	29 June 2019 €'m	29 December 2018 €'m
At the beginning of the period	**(38.5)**	(41.9)
Exchange differences	**(0.3)**	0.3
Current service cost	**(0.9)**	(1.8)
Past service cost	-	(2.1)
Net interest cost	**(0.3)**	(0.8)
Remeasurements – defined benefit schemes		
– Return of plan assets in excess of/(lower than) interest income	**13.1**	(2.5)
– Actuarial gain arising from experience adjustments	-	1.0
– Actuarial gain arising from changes in demographic assumptions	-	1.9
– Actuarial loss arising from changes in financial assumptions	**(16.2)**	(0.9)
Contributions paid/payable by employer	**6.3**	8.3
At the end of the period	**(36.8)**	(38.5)

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

	Half year 2019		Half year 2018		Year 2018	
	ROI	**UK**	ROI	UK	ROI	UK
Discount rate	**1.20%**	**2.20%**	1.80%	2.50%	1.80%	2.65%
Inflation rate	**1.00%-1.10%**	**2.20%-3.20%**	1.60%-1.70%	2.05%-3.05%	1.30%-1.40%	2.20%-3.20%
Future salary increases*	**2.10%**	**0.00%**	2.70%	0.00%	2.40%	0.00%
Future pension increases	**0.00%**	**2.25%-2.95%**	0.00%	2.15%-2.85%	0.00%	2.25%-2.95%

The mortality assumptions used at half year 2019 are consistent with those applied in the 2018 Annual Report.

*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.

9. Finance income and costs

	Half year 2019 €'m	Half year 2018 €'m
Finance income		
Interest income	**3.0**	1.9
Net interest income on currency swaps	**0.2**	0.2
Unwinding of discounts	**-**	0.1
Total finance income	**3.2**	2.2
Finance costs		
Bank borrowing costs	**(12.3)**	(5.3)
Facility fees	**(0.6)**	(0.9)
Finance cost of private debt placement	**(3.6)**	(3.6)
Total finance costs	**(16.5)**	(9.8)
Net finance costs	**(13.3)**	(7.6)

10. Income taxes

The Group's income tax charge of €8.4 million (HY 2018: €14.2 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.

11. Dividends

	Notes	**Half year 2019 €cent per share**	Half year 2018 €cent per share
Dividends per ordinary share are as follows:			
Interim dividend for the year ended 4 January 2020	(a)	**10.68**	-
Interim dividend for the year ended 29 December 2018	(b)	**-**	9.71
		10.68	9.71

(a) An interim dividend of 10.68 cent per share, which amounts to €31.6 million, will be paid on 4 October 2019 to shareholders on the register of members at 23 August 2019, 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 5 October 2018 an interim dividend for the year ended 29 December 2018 of 9.71 cent per share (total €28.7 million) was paid.

(c) On 26 April 2019 a final dividend for the year ended 29 December 2018 of 14.49 cent per share (total €42.9 million) was paid.

12. Earnings per share

Basic

Basic Earnings Per Share is calculated by dividing profit after tax 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 295,200,569 (HY 2018: 295,158,732).

	Half year 2019	Half year 2018
Profit after tax attributable to equity holders of the Company (€'m)	**83.3**	98.2
Basic Earnings Per Share (cent)	**28.22**	33.27

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 2019	Half year 2018
Weighted average number of ordinary shares in issue	**295,200,569**	295,158,732
Shares deemed to be issued for no consideration in respect of:		
Share awards	**244,602**	582,544
Share options	**29,414**	27,875
Weighted average number of shares used in the calculation of diluted Earnings Per Share	**295,474,585**	295,769,151

	Half year 2019 €'m	Half year 2018 €'m
Diluted Earnings Per Share (cent)	**28.19**	33.20

13. Property, plant and equipment, intangible assets & capital commitments

Property, plant and equipment

During the six month period to 29 June 2019, as part of business combinations, there was an increase of €17.4 million of property, plant and equipment arising from the Watson acquisition. Refer to note 22 for details. In addition, the Group spent €19.3 million (HY 2018: €15.8 million) on additions, of which, €15.2 million was spent on plant and equipment. Exchange differences (gain) of €2.7 million and depreciation charges of €23.4 million (HY 2018: €21.0 million) were also recognised in the period.

Intangible assets

During the six month period to 29 June 2019, as part of business combinations, there was an increase of €36.1 million of intangible assets arising from the Watson acquisition and finalisation of the provisional accounting for the SlimFast acquisition. Refer to note 22 for details. In addition, the Group spent €17.0 million (HY 2018: €10.1 million) in relation to software and development costs. Exchange differences (gain) of €8.7 million and amortisation charges of €28.9 million (HY 2018: €21.5 million) were also recognised in the period.

Capital commitments

At 29 June 2019 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €7.7 million (FY 2018: €4.8 million).

As at 29 June 2019, the Group has committed to invest a further €15.0 million in Glanbia Cheese EU Limited, comprising of €5.0 million in share capital and €10.0 million in cash contributions. The Group has also committed to invest a further $5.0 million in Spartan-Southwest Holdings, LLC in 2019 and $7.5 million in 2020.

14. Financial liabilities

	29 June 2019 €'m	29 December 2018 €'m
Non–current		
Bank borrowings	**740.3**	616.2
Private debt placement	**137.1**	136.2
	877.4	752.4
Current		
Bank overdrafts and borrowings	**90.0**	48.9
Total financial liabilities	**967.4**	801.3

The maturity profile of borrowings is as follows:

	29 June 2019 €'m	29 December 2018 €'m
12 months or less	**90.0**	48.9
Between 1 and 2 years	**445.7**	306.4
Between 2 and 5 years	**431.7**	136.2
More than 5 years	-	309.8
	967.4	801.3

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

	29 June 2019 €'m	29 December 2018 €'m
Uncommitted facilities	**98.5**	97.8
Committed facilities	**237.4**	358.0
	335.9	455.8

For the purpose of the condensed Group statement of cashflows at the reporting date

Cash and cash equivalents include:

	29 June 2019 €'m	30 June 2018 €'m
Cash and cash equivalents	**189.8**	149.8
Bank overdrafts	**(90.0)**	(63.8)
	99.8	86.0

Financial liabilities include:

	29 June 2019 €'m	30 June 2018 €'m
Borrowings	**967.4**	551.9
Bank overdrafts included as part of cash and cash equivalents	**(90.0)**	(63.8)
	877.4	488.1

15. Fair value of financial instruments

There have been no changes to the risk management procedures or policies since 29 December 2018. Refer to note 31 of the 2018 Annual Report for further details on these risk management procedures and policies.

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 except for:

		29 June 2019		29 December 2018	
	Notes	**Carrying amount €'m**	**Fair value €'m**	Carrying amount €'m	Fair value €'m
Non–current financial liabilities	(a)	**877.4**	**883.4**	752.4	751.1

(a) Fair value is estimated by discounting future contractual cashflows 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.

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

	Fair value hierarchy	**29 June 2019 €'m**	29 December 2018 €'m
Assets			
Foreign exchange contracts – cashflow hedges	Level 2	**0.2**	0.1
Commodity futures – cashflow hedges	Level 2	**-**	0.2
Commodity futures – fair value hedges	Level 2	**-**	1.2
Total derivative financial instruments		**0.2**	1.5
Equity instrument – The BDO Development Capital Fund	Level 2	**2.1**	2.0
Equity instrument – Ornua Co-operative Ltd*	Level 2	**-**	1.1
Total assets		**2.3**	4.6
Liabilities			
Cross currency swaps – fair value through income statement	Level 2	**(0.2)**	(0.2)
Commodity futures – cashflow hedges	Level 2	**-**	(0.3)
Commodity futures – fair value hedges	Level 2	**(0.7)**	-
Interest rate swaps – cashflow hedges	Level 2	**(2.5)**	-
Total liabilities		**(3.4)**	(0.5)

There has been no changes to the valuation methodology of the above financial assets and liabilities since 29 December 2018. Refer to note 31 of the 2018 Annual Report for details of the valuation process.

*Refer to the IFRS 9 transitional disclosures in note 2 for details of this financial asset.

16. Provisions

	Restructuring €'m	Legal claims €'m	Property & lease commitments €'m	Operational €'m	Regulatory and related provisions €'m	Total €'m
At 29 December 2018	**0.1**	**1.7**	**2.8**	**0.8**	**22.8**	**28.2**
Utilised in the period	-	(1.7)	-	-	-	(1.7)
Unused amounts reversed in the period	-	-	(0.9)	-	-	(0.9)
Exchange differences	-	-	-	-	(0.1)	(0.1)
At 29 June 2019	**0.1**	**-**	**1.9**	**0.8**	**22.7**	**25.5**
Non-current	-	-	1.9	-	22.0	23.9
Current	0.1	-	-	0.8	0.7	1.6
	0.1	-	1.9	0.8	22.7	25.5

17. Share capital and share premium

	Number of shares (thousands)	Ordinary shares €'m	Share premium €'m	Total €'m
At 30 December 2017, 30 June 2018, 29 December 2018 and 29 June 2019	**296,046**	**17.8**	**87.6**	**105.4**

The total authorised number of ordinary shares is 350 million shares (HY 2018 and FY 2018: 350 million shares) with a par value of €0.06 per share (HY 2018 and FY 2018: €0.06 per share). All issued shares are fully paid, carry one vote per share and a right to dividends.

18. Other reserves and retained earnings

18.1 Other reserves

Half year 2019	Capital reserve €'m	Merger reserve €'m	Currency reserve €'m	Hedging reserve €'m	FVOCI reserve €'m	Own shares €'m	Share based payment reserve €'m	Total €'m
Balance at 29 December 2018	**2.8**	**113.1**	**126.4**	**(1.0)**	**(0.1)**	**(14.4)**	**14.1**	**240.9**
Currency translation differences	-	-	**9.7**	-	-	-	-	**9.7**
Loss on net investment hedge	-	-	**(0.6)**	-	-	-	-	**(0.6)**
Cash flow hedge transferred to income statement	-	-	**-**	**0.6**	-	-	-	**0.6**
Cash flow hedge revaluation taken to equity	-	-	**-**	**(14.4)**	-	-	-	**(14.4)**
Deferred tax on fair value movements	-	-	**-**	**3.0**	**0.1**	-	-	**3.1**
Revaluation of FVOCI financial assets	-	-	**-**	-	**(0.2)**	-	-	**(0.2)**
Net change in OCI	-	-	**9.1**	**(10.8)**	**(0.1)**	-	-	**(1.8)**
Purchase of own shares	-	-	**-**	-	-	**(7.6)**	-	**(7.6)**
Cost of share based payments	-	-	**-**	-	-	-	**4.5**	**4.5**
Transfer on exercise, vesting or expiry of Share–based payments	-	-	**-**	-	-	**8.0**	**(9.0)**	**(1.0)**
Balance at 29 June 2019	**2.8**	**113.1**	**135.5**	**(11.8)**	**(0.2)**	**(14.0)**	**9.6**	**235.0**

Half year 2018	Capital reserve €'m	Merger reserve €'m	Currency reserve €'m	Hedging reserve €'m	AFS reserve €'m	Own shares €'m	Share based payment reserve €'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	-	-	37.1	-	-	-	-	37.1
Net investment hedge	-	-	(2.4)	-	-	-	-	(2.4)
Cash flow hedge transferred to income statement	-	-	-	(0.4)	-	-	-	(0.4)
Cash flow hedge revaluation taken to equity	-	-	-	(0.4)	-	-	-	(0.4)
Deferred tax on fair value movements	-	-	-	(0.1)	(0.1)	-	-	(0.2)
Revaluation of AFS financial assets	-	-	-	-	0.3	-	-	0.3
Recycle of AFS reserve to the Group income statement on disposal of investment, net of deferred tax	-	-	-	-	(3.5)	-	-	(3.5)
Net change in OCI	-	-	34.7	(0.9)	(3.3)	-	-	30.5
Purchase of own shares	-	-	-	-	-	(4.2)	-	(4.2)
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)
Balance at 30 June 2018	2.8	113.1	106.4	2.3	0.1	(14.4)	10.2	220.5

Refer to note 24 of the 2018 Annual Report for a description of the components of other reserves.

18.2 Retained earnings

	Notes	**Half year 2019 €'m**	Half year 2018 €'m
At the beginning of the period		**1,242.8**	1,086.3
Profit for the period		**83.3**	98.2
Other comprehensive income/(expense)			
– Remeasurement on defined benefit plans		**(3.1)**	0.3
– Deferred tax on remeasurements on defined benefit plans		**0.4**	(0.1)
– Share of remeasurements on defined benefit plans from Equity accounted investees, net of deferred tax		**(3.7)**	(2.1)
Net change in OCI		**(6.4)**	(1.9)
Dividends	11	**(42.9)**	(47.5)
Transfer on exercise, vesting or expiry of share based payments		**1.0**	0.6
Deferred tax on share-based payments		**0.4**	-
		1,278.2	1,135.7

19. Related party transactions

Transactions with Glanbia Co–operative Society Limited

During the period, dividends of €13.5 million (HY 2018: €15.0 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 ended 29 June 2019, sales to joint ventures amounted to €21.4 million (HY 2018 restated: €15.7 million), purchases from joint ventures amounted to €456.9 million (HY 2018 restated: €381.0 million). During the period the Group received a dividend of €11.6 million (HY 2018: €8.6 million) from Glanbia Ireland DAC and a dividend of €4.5 million (HY 2018: €6.8 million) from Glanbia Cheese Limited. During the six months ended 30 June 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), which is repayable on 15 June 2023.

20. Contingent liabilities

Group bank guarantees amounting to €3.6 million are outstanding at 29 June 2019 (HY 2018: €3.4 million). 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.

21. Cash generated from operating activities

	Notes	**Half year 2019 €'m**	Half year 2018 €'m
Profit after tax		**83.3**	98.2
Income taxes		**8.4**	14.2
Net write down of inventories		**4.7**	6.8
Net movement in allowance for impairment of receivables		**(0.2)**	2.0
Non cash element of exceptional charge		**1.5**	-
Share of results of Equity accounted investees		**(26.8)**	(17.8)
Depreciation	13	**23.4**	21.0
Amortisation	13	**28.9**	21.5
Cost of share based payments	18.1	**4.5**	4.8
Net finance costs	9	**13.3**	7.6
Other		**(4.3)**	(7.6)
Cash generated before changes in working capital		**136.7**	150.7
Change in net working capital		**(113.3)**	(84.2)
Cash generated from operating activities		**23.4**	66.5

22. Business combinations

Acquisitions in 2019

On 28 February 2019, the Group acquired 100% of the equity of Watson LLC and Polymer Films LLC (collectively known as 'Watson'). Watson is a US based non-dairy ingredient solutions business, which will be a complementary acquisition for the Group and has been included in the Glanbia Nutritionals segment. The Goodwill relates to the acquired workforce, the expectation that the business is self-sustaining, will generate future sales beyond the existing customer base, as well as the opportunity to expand the business into new markets, where there are no existing customers, and leverage the recipes and know-how across the Glanbia Nutritionals segment. Goodwill of €8.0 million is not deductible for tax purposes.

Details of the net assets acquired and Goodwill arising from the acquisition are as follows:

	Total €'m
Purchase consideration	61.2
Less: Fair value of assets acquired	(48.7)
Goodwill	**12.5**

	Total €'m
Purchase consideration – cash paid	62.6
Refund due from vendor	(1.4)
Purchase consideration	**61.2**

The fair value of assets and liabilities arising from the acquisition are as follows:

	Total €'m
Property, plant and equipment	17.4
Intangible assets – recipes and know-how	8.8
Intangible assets – customer relationships	12.8
Intangible assets – brands	1.1
Inventories	15.3
Trade and other receivables	13.7
Trade and other payables	(8.2)
Cash and cash equivalents (excluding bank overdrafts)	4.6
Bank overdrafts	(8.8)
Bank loans	(6.4)
Deferred tax liability	(1.6)
Fair value of net assets acquired	**48.7**

The fair value of Watson's trade and other receivables at the acquisition date amounted to €13.7 million. The gross contractual amount for trade receivables due is €13.5 million, of which €0.3 million is expected to be uncollectible.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis. Any amendments to these fair values within the 12 month timeframe from the date of acquisition will be disclosed in the 2019 Annual Report as stipulated by IFRS 3 'Business Combinations'.

The fair value assignment is provisional as completion accounts have not been formally agreed between the purchaser and seller at the date of approving the interim financial statements. It is therefore possible the provisional amounts for inventories, trade and other receivables, trade and other payables, or deferred tax liability may differ from the provisional values presented. Any change to these balances will result in a consequent change to Goodwill.

Combined impact of acquisitions

The revenue and profit before taxation and exceptional items of the Group (including transaction costs), including the impact of the acquisition completed during the period ended 29 June 2019, were as follows:

	2019 Acquisitions €'m	Group excluding acquisitions €'m	Consolidated group including acquisitions €'m
Revenue	33.4	1,725.0	1,758.4
Profit before taxation	0.9	90.8	91.7

The revenue and profit before taxation and exceptional items (including transaction costs) of the Group for the period ended 29 June 2019 determined in accordance with IFRS 3 as though the acquisition date for all business combinations effected during the year had been at the beginning of the year would be as follows:

	2019 Acquisitions €'m	Group excluding acquisitions €'m	Pro-forma Consolidated group €'m
Revenue	**48.4**	**1,725.0**	**1,773.4**
Loss before taxation	**(0.8)**	**90.8**	**90.0**

Acquisitions in 2018

The Group acquired KSF Holdings LLP and HNS Intermediate Corporation who collectively own SlimFast and their brands ('SlimFast') in 2018 for which the fair value of assets and liabilities were determined provisionally. Following the close out of the completion accounts, the fair value of working capital decreased by €0.9 million with a corresponding increase in goodwill.

23. Events after the reporting period

See note 11 for the interim dividend, recommended by the Directors, to be paid on 4 October 2019. Other than as described above there have been no material events subsequent to the end of the interim period ended 29 June 2019 which require disclosure in this report.

24. Information

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

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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 our 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 2019	Relevant for Year 2018	Glossary reference
Constant currency	√	√	G 1
Total Group	√	√	G 2
Revenue	√	√	G 3
EBITA	√	√	G 4
EBITA margin %	√	√	G 5
EBITDA	√	√	G 6
Adjusted Earnings Per Share (EPS)	√	√	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
Innovation rate	√	√	G 12
Effective tax rate	√	√	G 13
Average interest rate	√	√	G 14
Operating cash flow and free cash flow	√	√	G 15
Operating cash conversion	√	√	G 16
Compound annual growth rate (CAGR)	√	√	G 17
Total shareholder return (TSR)		√	
Return on capital employed (ROCE)		√	
Dividend payout 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 Long-term Incentive Plan. Dividend payout ratio is defined as the annual dividend per share divided by the 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 2019**	Half year 2018	Year 2018
US Dollar	**1.1297**	1.2106	1.1812
Pound Sterling	**0.8739**	0.8798	0.8847

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

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G 2. Total Group
The Group has a number of strategically important Equity accounted investees (Joint Ventures) 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 revenue:

	Reference to the interim financial statements/glossary	**Half year 2019 €'m**	Half year 2018 Restated €'m	Half year 2018 Retranslated €'m	Constant currency growth %
Nutritional Solutions		**369.6**	274.6	291.0	27.0%
US Cheese		**768.7**	683.6	732.6	4.9%
Glanbia Nutritionals	Note 4	**1,138.3**	958.2	1,023.6	11.2%
Glanbia Performance Nutrition	Note 4	**620.1**	519.6	546.6	13.4%
Wholly-owned		**1,758.4**	1,477.8	1,570.2	12.0%
Equity accounted investees		**460.0**	425.6	426.2	7.9%
Total Group revenue		**2,218.4**	1,903.4	1,996.4	11.1%

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 wholly-owned EBITA.

G 4.1 Total Group EBITA:

	Reference to the interim financial statements/glossary	**Half year 2019 €'m**	Half year 2018 Reported €'m	Half year 2018 Retranslated €'m	Constant currency growth %
Nutritional Solutions		**50.5**	48.0	51.2	(1.4%)
US Cheese		**14.0**	12.4	13.2	6.1%
Glanbia Nutritionals	Note 4	**64.5**	60.4	64.4	0.2%
Glanbia Performance Nutrition	Note 4	**46.9**	63.3	67.2	(30.2%)
Wholly-owned		**111.4**	123.7	131.6	(15.3%)
Equity accounted investees	G 4.2	**41.0**	26.8	27.7	
Total Group EBITA		**152.4**	150.5	159.3	(4.3%)

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

	Half year 2019 €'m	Half year 2018 €'m
EBITA of Equity accounted investees	**41.0**	26.8
Adjustment in respect of unrealised profit on sales to the Group	**(0.5)**	-
Amortisation	**(1.1)**	(1.1)
Finance costs	**(5.2)**	(4.2)
Income tax	**(7.4)**	(3.9)
Share of results of Equity accounted investees	**0.2**	0.4
Non-controlling interest	**(0.2)**	(0.2)
Share of results of Equity accounted investees per the Condensed Group income statement – pre-exceptional	**26.8**	17.8
Impact of retranslating half year 2018	-	0.4
Share of results of Equity accounted investees on a constant currency basis – pre-exceptional	**26.8**	18.2
Constant currency change		47.3%

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. Refer to G3.1 and G4.1 for reconciliations of Total Group revenue and Total Group EBITA respectively. EBITA references throughout the half year results are on a pre-exceptional basis unless otherwise indicated.

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 2019 €'m**	Half year 2018 €'m
Earnings before interest, tax and amortisation (pre-exceptional EBITA)	G 4.1	**111.4**	123.7
Depreciation	Note 21	**23.4**	21.0
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)		**134.8**	144.7

G 7. Adjusted Earnings Per Share (EPS)

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 2019 €'m**	Half year 2018 Reported €'m	Half year 2018 Retranslated €'m	Year 2018 Reported €'m
Profit attributable to equity holders of the Company – pre-exceptional		Condensed Group income statement	**86.8**	98.2	104.0	234.0
Amortisation and impairment of intangible assets (excluding software amortisation) net of related tax of €3.9 million (HY 2018: €2.9 million, 2018: €6.1 million)			**21.5**	16.4	17.4	34.6
Adjusted net income			**108.3**	114.6	121.4	268.6
Weighted average number of ordinary shares in issue (thousands)		Note 12	**295,201**	295,159	295,159	295,159
Adjusted Earnings Per Share (cent)			**36.69**	38.83	41.13	91.01
Constant currency change			**(10.8%)**			

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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 pre-exceptional 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 2019 and half year 2018 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 2019 €'m**	Half year 2018 €'m	Year 2018 €'m
Net debt	Condensed Group statement of cash flows	**777.6**	402.1	576.7
Rolling Adjusted EBITDA	G 8.1.1	**363.0**	330.3	373.0
Net debt: adjusted EBITDA		**2.14**	1.22	1.55

G 8.1.1 Rolling 12 month adjusted EBITDA

	Half year 2019 €'m	Half year 2018 €'m	Year 2018 €'m
Earnings before interest, tax and amortisation (pre-exceptional)	**272.6**	258.6	284.9
Depreciation	**45.4**	43.3	43.0
Grant amortisation	**(0.1)**	(0.1)	(0.1)
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	**317.9**	301.8	327.8
Adjustments in line with lenders' facility agreements definition	**45.1**	28.5	45.2
Rolling Adjusted EBITDA	**363.0**	330.3	373.0

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 2019 and half year 2018 are calculated as the Adjusted EBIT and net finance costs for the preceding 12 months ending on the relevant reporting dates.

	Half year 2019 €'m	Half year 2018 €'m	Year 2018 €'m
Rolling operating profit – pre-exceptional	**219.3**	215.3	239.0
Dividends received from Equity accounted investees	**32.3**	28.5	31.6
Rolling Adjusted EBIT	**251.6**	243.8	270.6
Rolling net finance costs	**23.9**	33.6	18.3
Adjusted EBIT: net finance cost	**10.5**	7.3	14.8

The half year 2018 rolling Adjusted EBIT: net finance cost calculation includes 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 times.

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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 including material adjustments arising from the re-assessment of asset lives, 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 (including trade spend) within revenue movement year-on-year, excluding acquisitions, on a constant currency basis.

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

	Reference to the interim financial statements/glossary	**Volume increase/ (decrease)**	**Price increase/ (decrease)**	**Acquisitions/ disposals**	**Revenue increase/ (decrease)**
US Cheese	G 3.1	**4.8%**	**0.1%**	**-**	**4.9%**
Nutritional Solutions	G 3.1	**12.0%**	**3.5%**	**11.5%**	**27.0%**
Glanbia Nutritionals	G 3.1	**6.8%**	**1.1%**	**3.3%**	**11.2%**
Glanbia Performance Nutrition	G 3.1	**(8.2%)**	**(2.7%)**	**24.3%**	**13.4%**
Half year 2019 increase/(decrease) % - wholly-owned operations	G 3.1	**1.6%**	**(0.2%)**	**10.6%**	**12.0%**
Half year 2019 increase/(decrease) % - Equity accounted investees	G 3.1	**6.2%**	**1.7%**	**-**	**7.9 %**

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. Like-for-like branded revenue increase/(decrease) is one of the Glanbia Performance Nutrition segment's Key Performance Indicators. Like-for-like branded revenue increase/(decrease) is one of the performance conditions in Glanbia's Annual Incentive Plan for Glanbia Performance Nutrition Senior Management.

G 12. Innovation rate
Innovation rate is one of the Glanbia Performance Nutrition segment's Key Performance Indicators. This represents net revenue from products launched in the previous three years as a percentage of overall net revenue in Glanbia Performance Nutrition. Innovation rate is one of the performance conditions in Glanbia's Annual Incentive Plan for Glanbia Performance Nutrition Senior Management.

G 13. 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 2019 €'m**	Half year 2018 €'m
Profit before tax	Condensed Group income statement	**96.0**	112.4
Less share of results of Equity accounted investees	Condensed Group income statement	**(26.8)**	(17.8)
		69.2	94.6
Income tax (pre–exceptional)	Condensed Group income statement	**9.2**	14.2
Effective tax rate		**13.3%**	15.0%

G 14. 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 15. 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 2019 €'m**	Half year 2018 €'m
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 6	**134.8**	144.7
Movement in working capital (pre-exceptional)	G 15.2	**(108.9)**	(77.9)
Business sustaining capital expenditure	G 15.4	**(7.0)**	(7.0)
Operating cash flow	G 15.1	**18.9**	59.8
Net interest and tax paid	G 15.3	**(45.4)**	(17.6)
Dividends from Equity accounted investees	Condensed Group statement of cash flows	**16.1**	15.4
Other (outflows)/inflows	G 15.5	**(7.2)**	0.6
Free cash flow		**(17.6)**	58.2
Strategic capital expenditure	G 15.4	**(30.0)**	(18.9)
Dividends paid	Condensed Group statement of cash flows	**(42.9)**	(47.6)
Loans/Investments in Equity accounted investees	Condensed Group statement of cash flows	**(37.6)**	(16.5)
Exceptional costs paid	Note 7	**(2.8)**	(2.7)
Acquisitions	Condensed Group statement of cash flows	**(59.6)**	-
Net cash flow		**(190.5)**	(27.5)
Exchange translation/other adjustments	Condensed Group statement of cash flows	**0.2**	(6.9)
Net debt acquired on acquisition	Condensed Group statement of cash flows	**(10.6)**	-
Net debt movement	Condensed Group statement of cash flows	**(200.9)**	(34.4)
Opening net debt	Condensed Group statement of cash flows	**(576.7)**	(367.7)
Closing net debt	Condensed Group statement of cash flows	**(777.6)**	(402.1)

G 15.1 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 2019 €'m**	Half year 2018 €'m
Cash generated from operating activities	Note 21	**23.4**	66.5
Add back exceptional cash flow in the year	Note 7	**2.8**	2.7
Less business sustaining capital expenditure	G 15.4	**(7.0)**	(7.0)
Non-cash items not adjusted in computing operating cash flow:			
Cost of share based payments	Note 21	**(4.5)**	(4.8)
Amounts payable to Spartan-Southwest Holdings joint venture partners		**(0.7)**	-
Other reconciling items		**4.9**	2.4
Operating cash flow	G 15	**18.9**	59.8

G 15.2 Movement in working capital:

	Reference to the interim financial statements/glossary	**Half year 2019 €'m**	Half year 2018 €'m
Movement in working capital (pre-exceptional)	G 15	**(108.9)**	(77.9)
Write-down of inventories	Note 21	**(4.7)**	(6.8)
Net movement in allowance for impairment of receivables	Note 21	**0.2**	(2.0)
Prior year exceptional items paid in the year	Note 7	**-**	(2.7)
Amounts payable to Spartan-Southwest Holdings joint venture partners		**0.7**	-
Other reconciling items		**(0.6)**	5.2
Change in net working capital	Note 21	**(113.3)**	(84.2)

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G 15.3 Net interest and tax paid:

	Reference to the interim financial statements/glossary	**Half year 2019 €'m**	Half year 2018 €'m
Interest received	Condensed Group statement of cash flows	**0.9**	0.8
Interest paid	Condensed Group statement of cash flows	**(16.6)**	(8.6)
Tax paid	Condensed Group statement of cash flows	**(29.3)**	(9.3)
Interest paid in relation to property, plant and equipment	Condensed Group statement of cash flows	**(0.4)**	(0.5)
Net interest and tax paid		**(45.4)**	(17.6)

G 15.4 Capital expenditure

	Reference to the interim financial statements/glossary	**Half year 2019 €'m**	Half year 2018 €'m
Business sustaining capital expenditure	G 15	**7.0**	7.0
Strategic capital expenditure	G 15	**30.0**	18.9
Total capital expenditure		**37.0**	25.9
Capital expenditure reconciled to the Condensed Group statement of cash flows:			
Purchase of property, plant and equipment	Condensed Group statement of cash flows	**20.2**	15.8
Purchase of intangible assets	Condensed Group statement of cash flows	**16.8**	10.1
Total capital expenditure per the Condensed Group statement of cash flows		**37.0**	25.9

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 15.5 Other (outflows)/inflows

	Reference to the interim financial statements/glossary	**Half year 2019 €'m**	Half year 2018 €'m
Cost of share based payments	Note 21	**4.5**	4.8
Redemption from FVOCI financial assets	Condensed Group statement of cash flows	**0.4**	-
Additions in FVOCI financial assets	Condensed Group statement of cash flows	**(0.3)**	-
Net redemption and additions in available for sale financial assets	Condensed Group statement of cash flows	**-**	2.3
Purchase of own shares	Condensed Group statement of cash flows	**(7.6)**	(4.2)
Proceeds from sale of property, plant and equipment	Condensed Group statement of cash flows	**-**	0.1
Amounts payable to Spartan-Southwest Holdings joint venture partners		**0.7**	-
Other reconciling items		**(4.9)**	(2.4)
Total other (outflows)/inflows		**(7.2)**	0.6

G 16. Operating cash conversion
Operating cash conversion is defined as Operating Cash Flow (OCF) divided by pre-exceptional EBITDA. Cash conversion is a measure of the Group's ability to convert trading profits into cash and is an important metric in the Group's working capital management programme.

G 17. Compound Annual Growth Rate (CAGR)
The compound annual growth rate is the annual growth rate over a period of years. It is calculated on the basis that each year's growth is compounded.