28 November 2018

RPC GROUP PLC

Half year results for the six months ended 30 September 2018

RPC Group Plc, a leading global plastic products design and engineering company, announces its half year results for the six months ended 30 September 2018.

Financial highlights[1]:

- Revenue growth of 7% to £1,892m reflecting continued organic growth of 3.2%, the contribution from acquisitions, pass-through of higher polymer prices partially offset by foreign exchange movements
- Adjusted operating profit increase of 3% to £214.3m demonstrating good organic profit growth despite polymer headwind
- Statutory profit after tax, from continuing operations of £119.1m up 1%, with a 2% improvement in statutory basic EPS to 28.9p
- Robust adjusted operating cash conversion achieving 89% whilst investing in growth projects
- Interim dividend of 8.1p up 4% representing the 26th year of consecutive growth

Strategic highlights:

- Significant organic growth in China and US due to higher added value products
- Investment in the Group's sustainability proposition with the acquisition of UK based recycler PLASgran positioning RPC as one of Europe's leading recyclers
- Selective consolidation of European markets continued with the Nordfolien acquisition
- Finalised the disposal of Letica Foodservice whilst continuing with the disposal of the other non-core businesses
- Returned £99m to shareholders through dividend payments and the completion of the inaugural share buyback scheme

Pim Vervaat, Chief Executive, said:

"I am pleased with the trading performance over the last six months. We achieved good profitable organic growth with a robust cash flow performance whilst investing for future higher added value growth. I am excited by the many opportunities to further develop both organically and through acquisitions. With RPC's unique global network of design and engineering centres, the Group is well placed to benefit from the development opportunities driven by globalisation and recent sustainability and e-commerce trends. Looking ahead we continue to target through the cycle organic growth ahead of GDP."

[1] For continuing operations only

	6 months to September 2018	6 months to September 2017	Increase / (decrease)	Increase / (decrease) (constant currency)
Key Financial Highlights				
from continuing operations				
Revenue (£m) [2]	**1,892**	1,770	7%	7%
Adjusted EBITDA (£m)[1, 2]	**299.3**	287.3	4%	5%
Adjusted operating profit (£m)[1, 2]	**214.3**	208.7	3%	3%
Return on sales[1, 2]	**11.3%**	11.8%	(50)bps	(50)bps
Adjusted profit before tax (£m)[1, 2]	**188.9**	193.5	(2)%	(2)%
Adjusted basic earnings per share[1, 2]	**35.4p**	35.0p	1%	2%
Free cash flow (£m) [1, 2]	**142.9**	166.8	(14)%	
RONOA[1, 2]	**26.8%**	28.1%	(130)bps	
ROCE[1, 2]	**14.7%**	15.3%	(60)bps	
Statutory				
Operating profit (£m) [2]	**184.3**	177.5	4%	
Profit before tax (£m) [2]	**154.4**	161.7	(5)%	
Profit after tax (£m) [2]	**119.1**	117.6	1%	
Net cash flows from operating activities (£m)	**214.6**	245.4	(13)%	
Basic earnings per share from continuing operations [2]	**28.9p**	28.4p	2%	
Interim dividend per share	**8.1p**	7.8p	4%	

Notes

[1] The directors have adopted various Alternative Performance Measures (APMs), as those not defined or specified under International Financial Reporting Standards (IFRS). The directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior year. APMs should be considered in addition to, and are not intended to be a superior to, or a substitute for, IFRS measurements. The APMs that the Group has used this period are contained in this announcement, with further details on pages 40 to 44.
[2] The continuing Group is stated, and the prior year restated, before discontinued operations, details of which can be found in note 5 of the condensed financial statements.
[3] A glossary of terms used in this announcement can be found on page 44.

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Forward looking statements

This interim announcement contains forward-looking statements, which have been made by the directors in good faith, based on the information available to them up to the time of the approval of this announcement and such information should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information. The Group undertakes no obligation to update these forward-looking statements and nothing in this announcement should be construed as a profit forecast. Past performance is no guide to future performance and persons needing advice should consult an independent financial advisor.

Nothing in this announcement shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.

About RPC

RPC is a leading global plastic products design and engineering company that works responsibly across a broad range of carefully selected industries from food to technical components, healthcare and industrial.

A worldwide business, RPC has 188 operating sites in 33 countries that are well placed to support customers on a local, national and international basis, as well as providing multi-site security of supply. Our decentralised structure of specialist operations reflects the industry structure and we have expertise in all five of the major polymer conversion processes allowing us to get close to our customers, understand their needs, and produce innovative, sustainable products that add value. As part of this, we are committed to actively working with our customers, as well as external organisations, to reduce the carbon footprint and environmental impact of our products across the supply chain.

Key to this are our people. An unrelenting focus on Health & Safety, our comprehensive training programmes and an inclusive collaborative and entrepreneurial environment all contribute to ensuring that we attract the next generation of plastics experts to maintain our focus on technical and design innovation.

We continue to grow and deliver returns to our shareholders through the successful application of our strategy.

For further information and to subscribe to our mailing list please visit: www.rpc-group.com

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INTERIM MANAGEMENT REPORT

Results Summary

The Group's results in the first half of the year showed another successful period. The Vision 2020: Focused Growth Strategy continued to deliver, with the Group being well placed for future growth. The recent acquisitions of PLASgran and Nordfolien have added two sustainability focused businesses to the Group and ensures the Group remains well placed to benefit from the current focus on sustainability.

Revenues in the first half of the year grew by 7% to £1,892m, with strong growth in both packaging and non-packaging segments leading to organic growth of 3.2%. At constant exchange rates, reported revenues also grew by 7%.

Group operating profitability levels, both before and after adjusting items, increased compared with the prior period due to the contribution of acquisitions, the realisation of synergies and organic growth, offset by a foreign exchange translation loss and an adverse polymer price pass-through time lag. Adjusted EBITDA grew 4% to £299.3m and adjusted operating profit increased 3% to £214.3m. At constant exchange rates, adjusted EBITDA and adjusted operating profit grew by 5% and 3% respectively, while return on sales declined 50 basis points (bps) to 11.3% or 50 bps on a constant currency basis primarily due to higher polymer prices. Once these are added back return on sales remains constant at 11.8%.

RONOA (return on net operating assets) was 26.8% and ROCE (return on capital employed) at 14.7%, remains well ahead of the Group's weighted average cost of capital having been impacted by both foreign exchange translation losses and polymer price pass-through lag. Restating for these losses, ROCE would have been 15.2%, in line with the prior period and above the year end. RONOA would have been 27.8%, also an improvement from the year end at 27.2%. Adjusting items were lower than last year at £30.0m (2017: £31.2m), reflecting the completion of the acquisition integration programmes. Statutory profit before tax declined 5% compared with the prior period due to increases in net finance costs resulting from increased net debt, as well as LIBOR and margin increases.

The Group continues to invest in future growth and capital expenditure was £103.5m (2017: £109.1m) in the period of which c.50% was spent on growth projects. The Group's cash flow continues to develop and cash generated from operations was £262.8m. This is slightly down from last year's £285.9m due to the seasonal working capital inflow from some businesses being offset by growth investment in other areas. This working capital outflow, combined with interest and tax payments being higher than last year, has resulted in free cash flow being lower than prior period at £142.9m (2017: £166.8m). Adjusted cash conversion remains strong at 89% (2017: 99%). Working capital as a percentage of sales at 6.5% was in-line with the year end result. The Group retains a strong balance sheet with net debt of £1,181m (March 2018: £1,139m) representing a pro forma 2.0x EBITDA multiple, in line with March 2018. Total finance facilities of £2,137m were available as at 30 September 2018.

Strategy

The Group continues to focus on the delivery of its Vision 2020: Focused Growth Strategy, which comprises:

- Continued organic growth based on innovation
- Selective consolidation of the European market through targeted acquisitions
- Creating a meaningful presence outside Europe, where growth rates are considerably higher
- Pursuing added value opportunities in non-packaging markets.

In the first half of the year the Group focused on delivering shareholders returns through focusing on increased customer demand for sustainable solutions, divestment of non-core businesses previously identified and integration of newly acquired businesses into the RPC business model.

INTERIM MANAGEMENT REPORT
- continued

Innovation, investment and sustainability

Through RPC's 31 design and innovation centres the Group has an attractive customer proposition of innovative, sustainable and proprietary products which continue to drive a healthy pipeline with the Group remaining confident of continuing to grow through the cycle ahead of GDP. Over 50% of the £104m capital expenditure made in the period was attributable to growth-related projects. The Group further cemented its commitment to sustainability by acquiring PLASgran, a leading UK recycler of rigid plastic, securing a supply of PCR for the Group.

In more commoditised market segments organic growth is driven by the Group's margin enhancement strategy, which seeks to drive both profitability and cash generation through price discipline while maximising production utilisation and efficiency.

Active portfolio management

As announced at the 2017/18 year end, the Group's continual review of its business portfolio had identified businesses for disposal with £209m of turnover for reasons including their being sub-scale in the markets in which they operate or they operate outside of RPC's core competencies in plastic packaging and technical components.

During the period, the Letica Foodservice business was disposed of for total consideration of $95m to Graphic Paper International at a profit on disposal of £19.2m. Progress is also being made on the disposal of the other businesses identified, which are held for sale at their expected net realisable value resulting in an impairment of £37.1m within discontinued operations during the period.

Focused organic growth

Organic growth was 3.2% over the period and benefited from improved activity levels in both Packaging and Non-packaging, and remains above the weighted average GDP growth of 2.1%. The Group's revenue in all end markets were either flat or growing despite the hot summer in Northern Europe affecting several of the food end markets served by RPC. Europe, the Group's key market, had a robust trading performance, as well as both China and US achieving high growth rates.

Selective consolidation in Europe

Three small acquisitions were made in the period. Nordfolien, a leading player in the design and manufacture of higher added value polythene films for both industrial and consumer packaging markets, was completed in April. Not only does Nordfolien have spare capacity facilitating the growth of the bpi indupac business without net investment, it also has an in-house recycling facility producing flexible polymer for use across the Group. In August, the Group acquired PLASgran, a leading UK plastic waste recycler, which specialises in the compounding of rigid plastics, securing for RPC an internal source of recycled materials which are being increasingly sought by customers. Also in August the Group acquired Spec Group a small business to sit alongside our existing South African operations.

Creating a meaningful presence outside Europe

Through both organic and inorganic investment, the Group has continued to increase its global footprint and revenues generated outside of Europe grew by 14% in the period to £421m representing 22% of the Group's revenue. Previous years investments in both the Ace Hefei site and a new manufacturing location in Brazil are now fully operational and driving growth. In addition, following the acquisition of Letica in early 2017 the Group's US operations have also increased in scale.

Pursuing added value opportunities in non-packaging markets

Revenue in the non-packaging segment grew by 8% to £272m, by 9% on a constant currency basis and 9% organically. Adjusted operating profit grew by 3%.

Progress has been maintained in expanding the Group's propositions in non-packaging markets, where the focus is on niche products and markets where higher added value products deliver strong returns, and the Group's scale in polymer purchasing creates a further competitive advantage.

This segment has also benefited from the increased focus on sustainability with strong growth from ESE and Strata Products where significant levels of recyclate are used. ESE further benefits from requirements for enhanced waste management and ease of recycling. The increased level of project work has resulted in strong sales for moulds across the Group.

Letica

Following the disposal of the Foodservice business acquired with Letica, agreement was reached with former shareholders to settle the earn-out for $7.5m which was paid after the period end. The Letica rigid plastic business is well invested and operates as a standalone business within the RPC Superfos division but benefits from being part of a larger Group.

Acquisition criteria and pipeline

The opportunity to consolidate the European market remains both significant and highly attractive, and RPC has the scale, innovation capabilities, and ambition to continue to exploit this. RPC maintains disciplined acquisition criteria, which include:

- Strategic fit
- Strength of incumbent management
- Financial track record
- Financial criteria including quantifiable cost and cash synergies; impact on return of capital employed, return on sales, return on net operating assets; and earnings accretion

In line with these, the Group has continued to build and maintain links with potential targets and is supported by a strong balance sheet with significant headroom in its debt facilities.

Operational Review

Packaging

	6 months to 30 September 2018	6 months to 30 September 2017	Increase / (decrease)	Increase / (decrease) (constant currency)
Revenue (£m)	1,620	1,518	7%	7%
Adjusted operating profit (£m)	175.6	171.3	3%	3%
Return on sales	10.8%	11.3%	(50)bps	(50)bps
Return on net operating assets	26.0%	27.6%	(160)bps	

The Packaging business serves diverse end-markets with innovative packaging solutions, both in rigid form and flexibles, through a range of plastic conversion processes including injection moulding, blow moulding, thermoforming and blown film extrusion. Revenue grew 7% to £1,620m (7% on a constant currency basis) which included acquisitions (net of disposed business) which contributed a net £61m of sales (including decreases of £1m on foreign exchange), adverse foreign exchange translation impacts of £8m and polymer price increases of £12m, and organic growth of 2%. Adjusted operating profit increased by 3% to £175.6m (3% on a constant currency basis). Return on sales and RONOA were impacted in the period by the polymer price increase pass-through lag, sales mix effects and the hot summer in Northern Europe affecting revenue and operating margins.

End-Market	Revenue H1 2018/19	Organic growth	Performance
Food	£553m	1.9%	The main drivers of long-term growth are higher value added opportunities created by the current focus on sustainability including requirements to reduce both food waste and carbon footprint across the supply chain. These are achieved through innovative products aimed at improving crop yields, increasing shelf-life, reducing packaging weight, and producing packaging products, the majority of which can be recycled. The food market has experienced good overall growth but this was moderated by the hot summer experienced across Northern Europe.
Non-food	£501m	2.8%	The Group remains focused on margin enhancement rather than volume growth and has had some success agreeing price rises. The Group's innovative new bespoke products serving the Tobacco sector continue to grow. These have partially offset by weaker sales within the agrochemical sector.
Personal Care	£246m	4.2%	The personal care market is an attractive market for the Group with high demand driven by trends towards higher end products, substitution from glass to plastic and globalisation. The Group is well positioned in the market through its global platform and innovative product portfolio. The Hefei, China site continues to drive growth as it approaches full production. In addition good US growth resulting from recent contract wins.
Beverage	£191m	(0.3)%	There continues to be increased demand for single serve beverage systems, higher value added closures and innovative products such as Wavegrip. Revenue from the beverage market showed improvement from the year end due to increases in coffee capsule sales tempered by weaker vending sales. Some customer delays continue to temper the growth of our innovative sports cap and CSD lite closures.
Healthcare	£86m	4.3%	The creation of the new Pharmaceutical SBU combining of some existing sites with our PlastiApe acquisition has led to the Group now having an operation of critical mass. RPC has seen revenue growth as new product sales start to increase. With projects now coming on line, revenue growth is resulting in this higher value added market.

In addition, there was a further £43m of Technical Component revenue (mostly moulds) by businesses which are reported in the Packaging segment.

Non-packaging

	6 months to 30 September 2018	6 months to 30 September 2017	Increase / (decrease)	Increase / (decrease) (constant currency)
Revenue (£m)	272	252	8%	9%
Adjusted operating profit (£m)	38.7	37.4	3%	5%
Return on sales	14.2%	14.8%	(60)bps	(50)bps
Return on net operating assets	38.0%	36.2%	180bps	

The Non-packaging businesses of the Group cover many different product and market combinations which are all linked by innovation, application of technical knowledge and consumption of polymer. Like packaging these markets are being driven by recycling, reusing, lightweighting and substitution of heavier substrates. This segment includes RPC Ace and ESE both of which have large project based businesses selling moulds and temporary waste solutions respectively.

Revenue increased by 8% to £272m driven by organic growth of 9% partially offset by foreign exchange translation declines. Adjusted operating profit increased by 3% and was impacted by sales mix. However, these increases were in businesses with low capital deployment resulting in RONOA growing by 180bps to 38.0%

The main drivers of growth have been; new moulds required by customers for new products; increasing focus on sustainability, resulting in increased demand for ESE's temporary waste solutions, and Sæplast, serving the fish and agricultural industries, experiencing a good period resulting from increased European fish quotas. Strata Products continued to trade well as its customer proposition, with many products manufactured from recyclate continuing to resonate with customers.

These non-packaging products are attributed to the Technical Components end-market, with revenue of £43m from the Packaging segment also being reported in this end-market. The latter comprised mainly mould sales which are typically project based and were lower compared with the previous year, reducing the overall growth of Technical Components to 7%.

Non-financial key performance indicators

RPC has three main non-financial key performance indicators, which provide perspectives on employee welfare and the Group's progress in improving its contribution to the environment.

	6 months to 30 September 2018	6 months to 30 September 2017
Non-financial KPIs (for continuing businesses only):		
Reportable accident frequency rate[1]	556	511
Electricity usage per tonne (kWh/T)	1,241	1,253
Water usage per tonne (L/T)	701	713

[1] *Reportable accident frequency rate (RAFR) is defined as the number of accidents resulting in more than three days off work, excluding accidents where an employee is travelling to or from work, divided by the average number of employees, multiplied by the constant 100,000.*

There has been a small deterioration in the Group's health & safety performance in the period which was largely in the second quarter due to a higher number of incidents and in part due to new acquisitions. The Group remains fully focused on the health & safety of its employees and in sharing best practice with new members of the Group.

The Group continues to make stringent efforts to improve its efficient usage of electricity and water and this is reflected in continuing reductions in both KPIs. Despite the hot summer experienced across Northern Europe, higher water usage used during the manufacturing process for cooling was mitigated by investment in efficient systems.

Outlook

The Group had an encouraging trading performance over the last six months. We achieved good profitable organic growth with a robust cash flow performance whilst investing for future higher added value growth. There are many opportunities to further develop both organically and through acquisitions. With RPC's unique global network of design and engineering centres, the Group is well placed to benefit from the development opportunities driven by globalisation and recent sustainability and e-commerce trends. Looking ahead we continue to target through the cycle organic growth ahead of GDP.

Financial Review

The Group performed well during the period ended 30 September 2018 with organic revenue growth of 3.2%, in addition to benefiting from acquisitions in the period and the full contribution from acquisitions completed in the previous year. Group adjusted operating profit increased, however polymer and FX headwinds had a negative impact on that growth. Free cash flow decreased to £142.9m reflecting continued investment in capital, higher borrowing costs, together with a small working capital outflow in the period.

On a statutory basis, operating profit grew by 4% to £184.3m and net cash flows from operating activities decreased by 13% to £214.6m.

During the period the US Letica Foodservice business, European injection moulding automotive business and spirit closures business were classified as discontinued operations. The prior period's income statements and KPIs have been restated to exclude these businesses. The Letica Foodservice business was disposed of in September 2018.

Foreign exchange

Currency had a negative impact on the Group's reported results, the relatively flat euro position offset by the volatility of the USD.

	6 months to 30 September 2018	6 months to 30 September 2017
Average to £		
Euro €	**1.13**	1.14
USD $	**1.33**	1.29
Closing to £		
Euro €	**1.13**	1.13
USD $	**1.30**	1.34

Impact of polymer prices

Polymer resin is the major raw material cost for the business, representing around one third of adjusted costs in the period. As a global commodity, its price can vary with supply and demand and RPC has arrangements with many of its customers to pass on polymer price changes which serves as a hedge against price volatility. As there is a time lag in passing on polymer price adjustments to the customer, typically around three months, this can have a negative or positive impact on revenue and adjusted operating profit depending on whether prices are increasing or reducing. During the period, a steady increase in polymer prices resulted in selling prices lagging input costs.

Overall, there was an adjusted operating profit headwind of £10.2m in the period. This compares to a £2.7m headwind for the first half of the prior year which has resulted in a negative pass-through variance of £7.5m impacting adjusted operating profit. The increasing prices did result in a £12m increase in revenue.

Revenue

The increase in revenue is shown below, impacted by a favourable change in polymer pricing due to the increases noted above as well as the impact of acquisitions, both made in the period and a full year effect of those in the prior year. This growth was offset by the effect of foreign currency translation and at £58.9m organic growth was 3.2% for continuing operations.

Movement in revenue	*£m*
September 2017 revenue	**1,770.0**
Acquisitions	65.8
Disposals	(4.6)
Pro forma prior year revenue before FX and polymer (A)	**1,831.2**
Foreign currency translation	(10.0)
Polymer pricing	11.9
Organic growth (B)	**58.9**
September 2018 revenue	**1,892.0**
Organic growth (B/A)	**3.2%**

Operating profit

The increase in adjusted operating profit benefited from contribution from acquisitions and business improvement, offset by polymer price headwinds, foreign currency translation and general cost inflation.

Movement in adjusted operating profit	*£m*
September 2017 adjusted operating profit	**208.7**
Acquisitions	2.5
2017 at constant exchange rates and polymer prices	**211.2**
Foreign currency translation	(1.4)
Polymer pricing	(7.5)
Business improvement	32.0
Inflation	(20.0)
September 2018 adjusted operating profit	**214.3**

Return on sales decreased 50bps to 11.3%, due to the impact of polymer pricing and foreign currency movements. Once these are added back return on sales remains constant at 11.8%.

The following table shows a reconciliation of adjusted operating profit to statutory operating profit:

	£m
2018 adjusted operating profit	**214.3**
Acquisition, integration and related restructuring costs	(6.1)
Amortisation of acquired intangible assets	(25.5)
Other adjusting items	1.6
2018 statutory operating profit	**184.3**

Adjusting items

Adjusting items comprise the following within operating costs:

Acquisition, integration and related restructuring costs:

Acquisition transaction costs of £0.9m (2017: £2.1m) are the direct external costs associated with making an acquisition. During the period, the Group acquired Nordfolien, Spec Group and PLASgran.

Other restructuring costs of £5.1m (2017: £3.3m) include costs related to the restructure of the Belgian footprint following the fire at Eke, Belgium, along with other integration and restructuring costs.

The movement on post-acquisition remuneration and contingent consideration amounted to a net expense of £0.1m (2017: net expense of £1.1m).

Amortisation of acquired intangible assets of £25.5m (2017: £24.8m) arose as a consequence of acquisition accounting. Intangible assets take the form of intellectual property, brands, know-how and customer contacts. RPC amortises these amounts over 5-10 years.

The major integration programme consisting of combining the Promens, GCS and BPI acquisitions was completed as at 31 March 2018.

Other adjusting items:

These total £1.6m of income (2017: £10.3m income) and consist of the release of a £4.8m out of market contract provision in Hefei, China, which is no longer required following improvements in productivity at this growing site. This is partially offset by non-cash cancellation costs associated with employee share save schemes and other adjusting items totalling £3.2m.

Interest

Net financing costs before adjusting items of £25.8m compared to £15.7m in the previous period, reflecting a full year impact from incremental borrowings drawn to fund acquisitions and a higher interest rate, due in part to an increase on the term loan put in place at the time of the Letica acquisition as well as base rate increases. The intention remains to refinance the $643m term loan which, as is customary with bridge financing, increases in cost over time.

Adjusting finance costs of £4.5m primarily comprise of defined benefit pension interest charges of £1.7m and £2.4m of foreign exchange rate losses on contingent consideration.

Profit before tax

Adjusted profit before tax (being profit before tax and excluding adjusting items included in operating profit and net financing costs) was £188.9m (2017: £193.5m). The growth of 4% in operating profit was offset by an increase in net financing costs. Statutory profit before tax was £154.4m (2017: £161.7m).

Taxation

The Group's tax strategy is to comply with relevant laws and regulations in the countries in which it operates and is aligned with its corporate governance framework. The Group's tax strategy has been approved by the Board and is published on the RPC Group Plc website within the Corporate Responsibility section.

The effective tax rate on underlying activities for the Group varies based on a number of factors. Key drivers are the profit mix and tax rates in the territories in which the Group operates. Other factors that can impact the effective tax rate include the assessment and recognition of deferred tax on losses, provisions for uncertain tax positions, local tax incentives (including research and development tax credits) and foreign exchange movements.

The Group's overall taxation charge for continuing operations was £35.3m (2017: £44.1m). The effective tax rate on adjusted profit before tax for continuing operations decreased to 23.0% (2017: 25.2%), mainly due to changes in the geographic mix of profits and the reduction of the official statutory rate of tax in a number of jurisdictions in which the Group operates.

The tax credit applied to adjusting items (continuing operations) was 23.5% (2017: 14.8%). The low rate of tax relief for adjusting items in the prior year was driven by a number of items for which no tax relief is available, primarily relating to acquisition related costs and remuneration charges on deferred consideration.

Taxation relating to the non-core operations was £7.6m (tax charge) (2017: £nil). This reflects the tax impacts of the discontinued operations, including the tax liability arising on the disposal of the Letica Foodservice business.

Earnings per share

Adjusted basic earnings per share increased by 0.4p to 35.4p, primarily reflecting the increase in adjusted profit after tax. In addition, during the period the share repurchase programme added 0.2p to earnings per share.

The weighted average number of shares for the six month period to 30 September 2018 decreased from 413.5m in 2017 to 411.0m for 2018.

Movement in adjusted basic earnings per share	p
September 2017 adjusted basic earnings per share	**35.0**
Growth in adjusted operating profit	1.3
Increase in net interest	(1.8)
Decrease in the tax rate	1.0
Impact of share repurchase	0.2
Currency translation	(0.3)
September 2018 adjusted basic earnings per share	**35.4**

Dividends

The Group has a progressive dividend policy of targeting a dividend cover of two and a half times adjusted earnings through the cycle and this is its 26th consecutive year of dividend growth.

An interim dividend of 8.1p has been recommended, which is a 4% increase over the previous year.

Acquisitions

During the period the Group completed the following acquisitions:

Acquisition	Principal locations	Completion date	Consideration (£m)	Provisional goodwill on acquisition (£m)
Nordfolien GmbH	Germany, Poland	30 April 2018	32.5	12.0
Spec Group	South Africa	1 August 2018	4.4	2.3
PLASgran Limited	UK	13 August 2018	35.1	18.7
Total			**72.0**	**33.0**

All acquisitions were funded from existing financing facilities.

Non-core assets

Following a strategic review announced in June 2018, a small number of businesses with revenue in the period totalling £104.9m (2017: £105.7m) and an adjusted operating loss of £2.7m (2017: £6.0m profit) were identified as non-core and during the period these have been disclosed as discontinued operations. The operating performance in the period is predominantly due to significant project launch inefficiencies affecting the European automotive injection moulding business.

The US Letica Foodservice business was disposed of in September 2018 for consideration of $95m and generated a profit on disposal of £19.2m.

The spirits closure business and European automotive injection moulding business continue to be actively marketed for sale. At 30 September 2018, these businesses are held for sale at their expected net realisable value, which has led to an impairment of £37.1m within discontinued operations, which is partially offset by the £19.2m profit on sale of the Letica Foodservice business.

Cash flow and net debt

On a statutory basis, net cash flows from operating activities (after tax and interest) were robust with an inflow of £214.6m (2017: £245.4m). The increase in adjusted EBITDA of £1.6m combined with a reduced performance in working capital, where a seasonal inflow from some businesses was offset by growth investment in other areas, together with higher interest costs. Working capital as a percentage of sales remains in line with March 2018 at 6.5%.

Adjusted operating cash conversion, being the ratio of free cash flow before interest and tax to adjusted operating profit on a continuing basis, was 89% (2017: 99%).

Free cash flow declined by £23.9m to £142.9m reflecting a continuing operations working capital outflow of £6.8m (2017: inflow £24.1m) in the period and higher interest costs. Investment in net capital expenditure (for continuing operations) was £100.1m (2017: £103.0m) and additions represented 1.3x depreciation (2017: 1.3x) and 5.7% sales (2017: 5.7%).

Net debt, which includes the fair value of cross currency interest rate swaps that will be used to repay the USPP funding and foreign currency forwards used for managing the exchange rate risk on the term loan, increased by £41.4m since March 2018 and at the half year end stood at £1,180.6m (March 2018: £1,139.2m). This increase was despite returning £98.8m to shareholders, comprising £81.8m in dividends to equity shareholders (2017: £73.9m) and £17.0m shares repurchased under a share buyback programme, and the impact of foreign exchange of £45.2m. In addition, £91.1m related to the acquisition of businesses (including debt acquired), which was partially offset by £70.8m proceeds from the sale of Letica Foodservice.

Gearing was 60% (March 2018: 59%) and covenanted pro forma leverage (net debt to EBITDA) was 2.0x, well within the external banking covenants of 3.5x.

Movement in net debt	£m
Continuing operations:	
Adjusted EBITDA	299.3
Working capital	(6.8)
Investing activities	(100.1)
Interest and tax	(47.6)
Other free cash flow items	(1.9)
Free cash flow – continuing operations	**142.9**

Total Group:	£m
Net debt at 1 April 2018	**(1,139.2)**
Free cash flow – continuing operations	142.9
Free cash flow – discontinued operations	(4.5)
Acquisitions (including debt)	(91.1)
Proceeds on disposal of business	70.8
Share buyback	(17.0)
Dividends	(81.8)
Adjusting items	(12.9)
FX movement	(45.2)
Other	(2.6)
Net debt at 30 September 2018	**(1,180.6)**

Balance sheet

During the period, property, plant and equipment increased by £25.3m and included fixed asset additions of £113.3m and acquisitions of £39.8m, offset by the transfer of assets to Assets held for sale as part of the discontinued operations disclosure and depreciation.

Goodwill increased by £43.2m mainly due to exchange rate movements, with the additions from acquisitions being offset by an impairment of the assets classed as held for sale.

Also included within non-current assets are:

- Derivative financial instruments of £17.9m (March 2018: £7.2m) which largely comprise the mark-to-market value of euro currency swaps taken out in 2011 to hedge the US dollar borrowings from the US Private Placement (USPP).
- Deferred tax of £106.5m (March 2018: £108.9m) as discussed below.
- Other intangible assets of £316.3m (March 2018: £324.2m). These decreased by a net £7.9m and comprise mainly customer relationships, technology and brands capitalised on acquisition and new product development expenditure, net of amortisation charges.

Working capital (the sum of inventories, trade and other receivables and trade and other payables) was £248.7m, which was 6.5% of pro forma revenue compared with £239.7m at March 2018, which represented 6.4% of pro forma revenue.

The long-term employee benefit liabilities improved from £196.9m to £166.6m, mainly due to net actuarial gains of £23.7m as a result of strong asset returns and updated discount rate assumptions.

Total provisions and other liabilities decreased to £40.3m (March 2018: £53.3m) due to utilisation of provisions of £16.3m including out of market contract provisions from acquired businesses (£5.3m), termination and restructuring provisions (£3.2m) and other environmental and legal provisions (£7.8m). In addition, a £4.8m out of contract provision for the Hefei site was released to adjusting items following improvements in production at this growing site. Out of market contract provisions are generally utilised within 12 months of the acquisition date.

Total provision for deferred and contingent consideration relating primarily to Ace and Letica remained at similar levels at £38.4m (March 2018: £37.3m), with the Letica element of $7.5m being paid in October 2018.

Net assets held for sale of £27.0m as at 30 September 2018 primarily relate to the net assets of Group's discontinued businesses that are actively being marketed for sale and hence are treated as current assets. Proceeds from the Manuplastics building sale were received in the period.

The net current tax liability increased to £82.8m (March 2018: £50.9m) as a result of current period tax charges on profits which includes a one off charge arising on the disposal of the Letica Foodservice business. This was offset by payments made to tax authorities in the period. Included in the current tax liabilities are uncertain tax provisions, which although individually are not material in amount, represent a number of tax risks across a variety of jurisdictions including liabilities inherited on recent acquisitions. There has been no material movement in uncertain tax provisions in the period to 30 September 2018.

The Group had a net deferred tax liability of £108.6m (March 2018: £110.2m). Deferred tax assets of £106.5m (March 2018: £108.9m) represent the future tax benefit from settling net pension liabilities and the recognition of tax losses which are expected to offset tax due on future income streams. The deferred tax liabilities of £215.1m (March 2018: £219.1m) relate in the main to fixed asset and intangible asset temporary differences.

Equity shareholder funds increased by £56.8m in the period, with statutory net profit attributable to equity shareholders for the period of £89.8m, favourable foreign currency translation movements, pension related net actuarial gains, share-based payments from employee share schemes and share issues being offset by dividends paid of £81.8m, share repurchase of £17.0m, and unfavourable net fair value movements on derivatives used for hedging. Further details are shown in the Consolidated statement of changes in equity which is included in the financial statements.

Capital allocation and funding

RPC has a capital allocation framework that takes account of investment in product innovation, organic growth initiatives, selective strategic and bolt-on acquisitions and returns to shareholders underpinned by a strong balance sheet.

During the period the Group completed its inaugural share buyback programme with £17.0m shares purchased, giving a total of 11.8m shares acquired in the programme for a total consideration of £100.4m.

As at 30 September 2018, the Group had total finance facilities of £2,137m with an amount of £827m undrawn after taking account of bank guarantees and other adjustments. The facilities are mainly unsecured and comprise revolving credit facilities (RCFs) of up to £816m with seven banks maturing in 2022 and €450m with five banks maturing in 2021, USPP notes of $216m and €60m issued to 17 US life assurance companies maturing in Dec 2018 (€35m and $92m) and 2021 (€25m and $124m), a term loan of $643m with six banks with the option to extend to 2020, finance leases of £19m, mortgages of £9m and other uncommitted credit and overdraft arrangements.

During the period, in anticipation of re-financing elements of its capital structure and funding resources, the Group announced that it had obtained an upgrade to an investment grade rating of BBB- (Stable outlook) from S&P Global Ratings, in addition to the investment grade Baa3 (Stable outlook) from Moody’s Investors Service received in the prior year. In addition, the Group extended both its euro and GB sterling RCFs, both by two years.

The Group does not have any restricted cash and does not actively promote the use of asset based finance or factoring arrangements as a means of raising additional finance.

Financial key performance indicators (KPIs)

The Group's main financial KPIs focus on return on investment, business profitability and cash generation.

Continuing operations	**6 months ended 30 September 2018**	6 months ended 30 September 2017
Return on net operating assets	**26.8%**	28.1%
Return on sales	**11.3%**	11.8%
Free cash flow	**£142.9m**	£166.8m
Return on capital employed	**14.7%**	15.3%
Adjusted operating cash flow conversion	**89%**	99%

Key measures of the Group's financial performance are its RONOA and Return on sales (ROS). Despite polymer headwinds, these metrics remain significantly above the de-minimis hurdles agreed by the Board - to exceed 20% RONOA and 8% adjusted ROS. ROCE is targeted to remain well above the Group's weighted average cost of capital.

Technical guidance 2018/19

The Group is providing the following update to its technical guidance for 2018/19:

Category	**Guidance 2018/19**
Capex	c. £250m
Depreciation	c. £175m
Contract provision utilisations	c. £10m
Underlying tax rate	c. 23.0%
Interest	c. £52m
FX sensitivity:	€1c move changes EBIT by c. £2.0m
	$1c move changes EBIT by c. £0.5m
Progressive dividend policy	Cover targeted to be 2.5 x across the cycle
Acquisition related expenditure	External cost on acquisition activity
Other adjusting items	Minor
Amortisation – acquired intangible assets	c. £50m
Adjusting items in net finance costs	Pension scheme interest c. £4m

Simon Kesterton
Group Finance Director

Principal Risks and Uncertainties

RPC is subject to a number of risks, both external and internal, some of which could have a serious impact on the performance of its business. These include polymer price volatility and availability, mitigated by the pass-through of price changes to customers and reducing dependence on a few suppliers; dependency on key customers, reduced by joint investment in product and technological development; integration and the achievement of acquisition synergies, managed by the development of integration programmes using divisional resources; and business interruption and the loss of essential supplies, mitigated by ensuring alternative sources of supply are available, the capability of manufacturing from other sites where loss of supply is localised, and maintenance of protocols and procedures to ensure business continuity should a major incident occur.

The Board regularly considers the principal risks that the Group faces and how to reduce their potential impact. The key risks to which the Group is exposed, including the impact of the UK leaving the European Union, have not changed significantly over the first half of the financial year. Further information concerning the principal risks faced by the Group can be found in the Group's annual report and accounts for the year ended 31 March 2018.

Going Concern

The Group has considerable financial resources together with long-standing commercial arrangements with a number of customers, suppliers and funding providers across different geographical regions. It had total finance facilities of £2,137m at 30 September 2018 with an amount of £827m undrawn after taking account of bank guarantees and other adjustments, and comprises mainly committed facilities with tenures ranging from 2018 to 2022. The Group's forecasts and projections show that it is able to operate within the level of its current external funding facilities and that it has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

Dividend

The Board has declared an interim dividend of 8.1p per share (2017: 7.8p), an increase of 4% on the previous interim dividend, and is in line with the Group's progressive dividend policy which has been in place since RPC's flotation in 1993. This will be paid on 25 January 2019 to ordinary shareholders on the register at 28 December 2018.

INTERIM MANAGEMENT REPORT
- continued

Responsibility Statement of the Directors in Respect of the Half Year Financial Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU; and

- the interim management report includes a fair review of the information required by:

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

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

BY ORDER OF THE BOARD

J R P Pike Chairman	P R M Vervaat Chief Executive
28 November 2018	28 November 2018

INDEPENDENT REVIEW REPORT TO RPC GROUP PLC

Report on the condensed consolidated half year financial statements

Our conclusion

We have reviewed RPC Group Plc's condensed consolidated half year financial statements (the "interim financial statements") in the half year financial report of RPC Group Plc for the six month period ended 30 September 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 30 September 2018;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed financial statements.

The interim financial statements included in the half year financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half year financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year financial report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half year financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT REVIEW REPORT TO RPC GROUP PLC
- *continued*

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

We have read the other information contained in the half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
28 November 2018

a) The maintenance and integrity of the RPC Group Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed consolidated income statement

Continuing operations	Notes	6 months to 30 September 2018 (unaudited) Before adjusting items £m	Adjusting items (note 4) £m	Total £m	6 months to 30 September 2017 (unaudited, restated) Before adjusting items £m	Adjusting items (note 4) £m	Total £m	12 months to 31 March 2018 (audited, restated) Before adjusting items £m	Adjusting items (note 4) £m	Total £m
Revenue	3	**1,892.0**	**-**	**1,892.0**	1,770.0	-	1,770.0	3,538.4	-	3,538.4
Operating costs		**(1,677.7)**	**(4.5)**	**(1,682.2)**	(1,561.3)	(6.4)	(1,567.7)	(3,124.1)	(15.1)	(3,139.2)
Amortisation of acquired intangibles		**-**	**(25.5)**	**(25.5)**	-	(24.8)	(24.8)	-	(49.6)	(49.6)
Operating profit	3	**214.3**	**(30.0)**	**184.3**	208.7	(31.2)	177.5	414.3	(64.7)	349.6
Financial income		**7.1**	**-**	**7.1**	9.7	-	9.7	11.2	-	11.2
Financial expenses		**(32.9)**	**(4.5)**	**(37.4)**	(25.4)	(0.6)	(26.0)	(47.1)	(3.5)	(50.6)
Net financing costs	6	**(25.8)**	**(4.5)**	**(30.3)**	(15.7)	(0.6)	(16.3)	(35.9)	(3.5)	(39.4)
Share of profit from investment accounted for under the equity method		**0.4**	**-**	**0.4**	0.5	-	0.5	0.7	-	0.7
Profit before taxation	3	**188.9**	**(34.5)**	**154.4**	193.5	(31.8)	161.7	379.1	(68.2)	310.9
Taxation	7	**(43.4)**	**8.1**	**(35.3)**	(48.8)	4.7	(44.1)	(91.8)	28.1	(63.7)
Profit after taxation from continuing operations		**145.5**	**(26.4)**	**119.1**	144.7	(27.1)	117.6	287.3	(40.1)	247.2
(Loss)/profit from discontinued operations	5	**-**	**(29.1)**	**(29.1)**	-	4.5	4.5	-	6.6	6.6
Profit after taxation		**145.5**	**(55.5)**	**90.0**	144.7	(22.6)	122.1	287.3	(33.5)	253.8
Profit attributable to:										
Equity shareholders		**145.3**	**(55.5)**	**89.8**	144.7	(22.6)	122.1	286.9	(33.5)	253.4
Non-controlling interests		**0.2**	**-**	**0.2**	-	-	-	0.4	-	0.4
Profit after taxation		**145.5**	**(55.5)**	**90.0**	144.7	(22.6)	122.1	287.3	(33.5)	253.8

Earnings per share		6 months to 30 September 2018 (unaudited) Adjusted	Total	6 months to 30 September 2017 (unaudited, restated) Adjusted	Total	12 months to 31 March 2018 (audited, restated) Adjusted	Total
Basic	8		**21.8p**		29.5p		61.6p
Diluted	8		**21.8p**		29.4p		61.3p
Adjusted basic	8	**35.4p**		35.0p		69.7p	
Basic from continuing operations	8		**28.9p**		28.4p		60.0p
Diluted from continuing operations	8		**28.8p**		28.3p		59.7p

Prior year comparatives have been restated in relation to the exit from non-core businesses, as described in note 5.

Condensed consolidated statement of comprehensive income

	Notes	**6 months to 30 September 2018 (unaudited) £m**	6 months to 30 September 2017 (unaudited) £m	12 months to 31 March 2018 (audited) £m
Profit after taxation for the period		**90.0**	122.1	253.8
Other comprehensive income				
Items that will not subsequently be reclassified to the income statement				
Actuarial re-measurement of defined benefit pension plans	12	**29.2**	13.6	54.4
Deferred tax on actuarial re-measurement of defined benefit pension plans		**(5.5)**	(2.0)	(10.4)
		23.7	11.6	44.0
Items that may subsequently be reclassified to the income statement				
Foreign exchange translation differences		**42.5**	(4.5)	(19.9)
Effective portion of movement in fair value of cross currency interest rate swaps		**10.7**	(13.1)	(26.7)
Deferred tax on movement in fair value of cross currency interest rate swaps		**0.8**	(0.9)	(0.7)
Amounts recycled to income statement		**(15.4)**	18.8	31.5
Amounts recycled to balance sheet		**-**	(0.4)	(0.4)
Changes in fair value of derivative instruments designated as net investment hedges		**(3.8)**	(9.7)	(11.8)
		34.8	(9.8)	(28.0)
Other comprehensive income for the period, net of tax		**58.5**	1.8	16.0
Total comprehensive income for the period		**148.5**	123.9	269.8

All items included in other comprehensive income relate to continuing operations.

Condensed consolidated balance sheet

	Notes	30 September 2018 (unaudited) £m	30 September 2017 (unaudited, restated) £m	31 March 2018 (audited, restated) £m
Non-current assets				
Goodwill	10	**1,618.9**	1,602.5	1,575.7
Other intangible assets	10	**316.3**	347.8	324.2
Property, plant and equipment	10	**1,382.4**	1,327.2	1,357.1
Investments accounted for under the equity method		**4.6**	4.2	4.4
Derivative financial instruments		**17.9**	26.8	7.2
Deferred tax assets		**106.5**	114.1	108.9
Total non-current assets		**3,446.6**	3,422.6	3,377.5
Current assets				
Assets held for sale in a disposal group	11	**61.2**	-	6.3
Inventories		**518.6**	481.6	524.9
Trade and other receivables		**676.3**	635.4	663.6
Current tax receivable		**6.5**	2.2	12.4
Derivative financial instruments		**11.6**	3.7	12.2
Cash and cash equivalents		**324.2**	319.6	186.5
Total current assets		**1,598.4**	1,442.5	1,405.9
Total assets		**5,045.0**	4,865.1	4,783.4
Current liabilities				
Liabilities held for sale in a disposal group	11	**(34.2)**	-	-
Bank loans and overdrafts		**(141.1)**	(95.6)	(167.7)
Trade and other payables		**(946.2)**	(916.8)	(948.8)
Current tax liabilities		**(89.3)**	(56.0)	(63.3)
Deferred and contingent consideration	13	**(37.6)**	(39.3)	(30.4)
Provisions and other liabilities	14	**(14.6)**	(34.1)	(18.1)
Derivative financial instruments		**(0.1)**	(0.1)	(2.1)
Total current liabilities		**(1,263.1)**	(1,141.9)	(1,230.4)
Non-current liabilities				
Bank loans and other borrowings		**(1,389.3)**	(1,324.4)	(1,174.4)
Employee benefits	12	**(166.6)**	(240.7)	(196.9)
Deferred tax liabilities		**(215.1)**	(235.3)	(219.1)
Deferred and contingent consideration	13	**(0.8)**	(11.7)	(6.9)
Provisions and other liabilities	14	**(25.7)**	(45.9)	(35.2)
Derivative financial instruments		**(0.3)**	(0.2)	(0.4)
Total non-current liabilities		**(1,797.8)**	(1,858.2)	(1,632.9)
Total liabilities		**(3,060.9)**	(3,000.1)	(2,863.3)
Net assets		**1,984.1**	1,865.0	1,920.1
Equity				
Share capital	16	**20.3**	20.7	20.4
Share premium account		**693.3**	682.7	689.9
Merger reserve		**727.4**	727.4	727.4
Capital redemption reserve		**1.5**	1.0	1.4
Translation reserve		**178.7**	157.5	140.0
Cash flow hedging reserve		**(1.3)**	3.3	2.6
Retained earnings		**354.0**	269.8	335.4
Total equity attributable to equity shareholders		**1,973.9**	1,862.4	1,917.1
Non-controlling interest		**10.2**	2.6	3.0
Total equity		**1,984.1**	1,865.0	1,920.1

The half year financial report was approved by the Board of Directors on 28 November 2018 and was signed on its behalf by:

J R P Pike, Chairman

S J Kesterton, Group Finance Director

Condensed consolidated cash flow statement

	Notes	**6 months to 30 September 2018 (unaudited) £m**	6 months to 30 September 2017 (unaudited) £m	12 months to 31 March 2018 (audited) £m
Cash generated from operations	17	**262.8**	285.9	484.2
Taxes paid		**(22.6)**	(23.1)	(59.5)
Interest paid		**(25.6)**	(17.4)	(38.0)
Net cash flows from operating activities		**214.6**	245.4	386.7
Cash flows from investing activities				
Interest received		**0.5**	0.6	1.3
Proceeds on disposal of property, plant and equipment and assets held for sale		**3.6**	2.4	3.8
Purchase of property, plant and equipment		**(103.5)**	(109.1)	(241.4)
Purchase of intangible assets		**(2.4)**	(1.6)	(4.6)
Acquisition of businesses, net of cash acquired		**(72.6)**	(65.7)	(65.2)
Proceeds on disposal of businesses		**70.8**	0.5	0.5
Net cash flows from investing activities		**(103.6)**	(172.9)	(305.6)
Cash flows from financing activities				
Dividends paid to equity shareholders	9	**(81.8)**	(73.9)	(105.8)
Purchase of own shares – Share-based incentive arrangement	16	**(1.8)**	(2.6)	(2.6)
Purchase of own shares – Share buyback programme	16	**(17.0)**	(12.4)	(83.4)
Proceeds from the issue of share capital		**3.4**	2.1	9.4
Repayment of borrowings		**(134.3)**	-	(7.7)
Proceeds of borrowings		**287.4**	64.8	54.3
Net cash flows from financing activities		**55.9**	(22.0)	(135.8)
Net increase/(decrease) in cash and cash equivalents		**166.9**	50.5	(54.7)
Cash and cash equivalents at beginning of period		**124.9**	183.0	183.0
Effect of foreign exchange rate changes		**2.7**	2.8	(3.4)
Cash and cash equivalents at end of period		**294.5**	236.3	124.9
Cash and cash equivalents comprise:				
Cash at bank		**324.2**	319.6	186.5
Bank overdrafts		**(29.7)**	(83.3)	(61.6)
		294.5	236.3	124.9

Condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
6 months to 30 September 2018 (unaudited)									
At 1 April 2018	**20.4**	**689.9**	**727.4**	**1.4**	**140.0**	**2.6**	**335.4**	**3.0**	**1,920.1**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**89.8**	**0.2**	**90.0**
Actuarial re-measurement, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**23.7**	**-**	**23.7**
Exchange differences	**-**	**-**	**-**	**-**	**42.5**	**-**	**-**	**-**	**42.5**
Hedging movements, net of tax	**-**	**-**	**-**	**-**	**(3.8)**	**(3.9)**	**-**	**-**	**(7.7)**
Total comprehensive income	**-**	**-**	**-**	**-**	**38.7**	**(3.9)**	**113.5**	**0.2**	**148.5**
Issue of shares	**-**	**3.4**	**-**	**-**	**-**	**-**	**-**	**-**	**3.4**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**5.1**	**-**	**5.1**
Current tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**-**	**0.2**
Deferred tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**0.4**	**-**	**0.4**
Purchase of own shares – share-based incentive arrangements	**-**	**-**	**-**	**-**	**-**	**-**	**(1.8)**	**-**	**(1.8)**
Purchase of own shares – share buyback	**(0.1)**	**-**	**-**	**0.1**	**-**	**-**	**(17.0)**	**-**	**(17.0)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(81.8)**	**-**	**(81.8)**
Non-controlling interest on disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7.0**	**7.0**
At 30 September 2018	**20.3**	**693.3**	**727.4**	**1.5**	**178.7**	**(1.3)**	**354.0**	**10.2**	**1,984.1**
6 months to 30 September 2017 (unaudited)									
At 1 April 2017	20.8	680.6	727.4	0.9	171.7	(1.1)	222.1	0.3	1,822.7
Profit for the period	-	-	-	-	-	-	122.1	-	122.1
Actuarial re-measurement, net of tax	-	-	-	-	-	-	11.6	-	11.6
Exchange differences	-	-	-	-	(4.5)	-	-	-	(4.5)
Hedging movements, net of tax	-	-	-	-	(9.7)	4.4	-	-	(5.3)
Total comprehensive income	-	-	-	-	(14.2)	4.4	133.7	-	123.9
Issue of shares	-	2.1	-	-	-	-	-	-	2.1
Share-based payments	-	-	-	-	-	-	3.4	-	3.4
Current tax on share-based payments	-	-	-	-	-	-	0.4	-	0.4
Deferred tax on share-based payments	-	-	-	-	-	-	(0.9)	-	(0.9)
Purchase of own shares – share-based incentive arrangements	-	-	-	-	-	-	(2.6)	-	(2.6)
Purchase of own shares – share buyback	(0.1)	-	-	0.1	-	-	(12.4)	-	(12.4)
Dividends paid	-	-	-	-	-	-	(73.9)	-	(73.9)
Non-controlling interest on acquisition	-	-	-	-	-	-	-	2.3	2.3
At 30 September 2017	20.7	682.7	727.4	1.0	157.5	3.3	269.8	2.6	1,865.0
12 months to 31 March 2018 (audited)									
At 1 April 2017	20.8	680.6	727.4	0.9	171.7	(1.1)	222.1	0.3	1,822.7
Profit for the year	-	-	-	-	-	-	253.4	0.4	253.8
Actuarial re-measurement, net of tax	-	-	-	-	-	-	44.0	-	44.0
Exchange differences	-	-	-	-	(19.9)	-	-	-	(19.9)
Hedging movements, net of tax	-	-	-	-	(11.8)	3.7	-	-	(8.1)
Total comprehensive income for the year	-	-	-	-	(31.7)	3.7	297.4	0.4	269.8
Issue of shares	0.1	9.3	-	-	-	-	-	-	9.4
Share-based payments	-	-	-	-	-	-	6.8	-	6.8
Deferred tax on share-based payments	-	-	-	-	-	-	(0.9)	-	(0.9)
Current tax on share-based payments	-	-	-	-	-	-	1.8	-	1.8
Purchase of own shares – share-based incentive arrangements	-	-	-	-	-	-	(2.6)	-	(2.6)
Purchase of own shares – share buyback	(0.5)	-	-	0.5	-	-	(83.4)	-	(83.4)
Dividends paid	-	-	-	-	-	-	(105.8)	-	(105.8)
Non-controlling interest on acquisition	-	-	-	-	-	-	-	2.3	2.3
At 31 March 2018	20.4	689.9	727.4	1.4	140.0	2.6	335.4	3.0	1,920.1

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. General information

The comparative figures for the financial year ended 31 March 2018 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditor, PricewaterhouseCoopers LLP, and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The Group's statutory accounts for the year ended 31 March 2018 are available from the Company's registered office, at Sapphire House, Crown Way, Rushden, Northants NN10 6FB or from the Group's website at www.rpc-group.com.

2. Accounting policies

The condensed consolidated half year financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as adopted by the EU and in accordance with the disclosure guidance and transparency rules sourcebook of the UK's Financial Conduct Authority. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2018.

The accounting policies, presentation and methods of computation used in this condensed set of financial statements are consistent with those applied in the Group's latest annual audited financial statements for the year ended 31 March 2018.

In the preparation of the interim management report, comparative amounts have been restated to reflect the following:

- The separate presentation of discontinued operations in the condensed consolidated income statement due to the disposal of the Letica Foodservice line of business, disposed of on the 30 September 2018, and the European injection moulding automotive and Bridge of Allan lines of business classified as assets held for sale during the year.
- The provisional Astrapak acquisition accounting has been finalised and hindsight adjustments made to goodwill and fixed assets. These have been adjusted for in the 31 March 2018 and 30 September 2017 balance sheets.

Estimates

The preparation of the condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, 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 financial statements as at and for the year ended 31 March 2018.

New Standards and Interpretations

The Group has adopted both IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers from 1 April 2018 and the results contained within the condensed financial statements are reported in line with these standards.

IFRS 9 – Financial instruments

IFRS 9 has been adopted in this set of financial statements. As indicated in the Group's annual report and accounts for the year ended 31 March 2018, the impact of this standard is not material. The additional disclosures required by the standard will be included in the annual report and accounts for the year ended 31 March 2019.

IFRS 15 – Revenue from Contracts with Customers

In line with the disclosure on this subject in the Group's annual report and accounts for the year ended 31 March 2018, the implementation of this standard has not had a material effect on the Group's consolidated financial statements. As a result, the ongoing impact of the standard on the Group's consolidated financial statements will be limited to the enhanced disclosure of revenue, required by the standard, in the notes to the accounts.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
- continued

2. Accounting policies (continued)

The following standard is effective for annual periods beginning on or after 1 January 2019:

IFRS 16 – Leases

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. It will therefore be effective in the consolidated financial statements of the Group for the year ended 31 March 2020.

IFRS 16 replaces IAS 17 - *Leases* and eliminates the classification of leases over 12 months in length as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, unless of low-value. The standard will therefore, require that the Group's leased assets are recorded within property, plant and equipment as 'right of use assets' with a corresponding lease liability which is based on the discounted value of the cash payments required under each lease. In addition, the operating lease expense will be replaced with a depreciation charge and a financing expense.

The Group’s operating lease data collection exercise is still ongoing and is due to complete towards the end of the financial year. This data will be used to model the impact across the Group.

3. Operating segments

The information reported to the Group’s Board of Directors, considered to be the Group’s chief operating decision maker for the purpose of resource allocation and assessment of segment performance, are reported under two segments.

The Group's operating segments have been derived from the structure which formed the basis of monthly management reporting. There has been aggregation of the Group's divisions or strategic business units, where there are further operational differences, into the Packaging segment due to certain common characteristics. This aggregation has been determined based on market of operation (mostly European), manufacturing or production techniques, the nature of products, profit margins earned and inputs into the production cycle. Typically, as packaging customers are global B2B and served by multiple operating segments, they are considered to be similar for the purposes of segment reporting. The remaining divisions, or where appropriate strategic business units, have been aggregated into the Non-packaging segment.

Segmental revenues and results

	6 months to 30 September 2018 (unaudited)		6 months to 30 September 2017 (unaudited, restated)		12 months to 31 March 2018 (audited, restated)	
	Inter-segment £m	**External £m**	Inter-segment £m	External £m	Inter-segment £m	External £m
Revenue from continuing operations						
Packaging	**0.8**	**1,619.7**	0.4	1,517.7	1.7	3,019.0
Non-packaging	**9.7**	**272.3**	8.2	252.3	18.3	519.4
Total	**10.5**	**1,892.0**	8.6	1,770.0	20.0	3,538.4
Segmental adjusted operating profit						
Packaging		**175.6**		171.3		338.1
Non-packaging		**38.7**		37.4		76.2
Adjusted operating profit from continuing operations		**214.3**		208.7		414.3
Adjusting items in operating profit		**(30.0)**		(31.2)		(64.7)
Net financing costs		**(30.3)**		(16.3)		(39.4)
Share of profit from investment accounted for under the equity method		**0.4**		0.5		0.7
Profit before taxation from continuing operations		**154.4**		161.7		310.9
Taxation		**(35.3)**		(44.1)		(63.7)
Profit after taxation from continuing operations		**119.1**		117.6		247.2
(Loss)/profit from discontinued operations		**(29.1)**		4.5		6.6
Profit after taxation		**90.0**		122.1		253.8

3. Operating segments (continued)

The following is an analysis of the Group's revenue by origin:

	6 months to 30 September 2018 (unaudited) £m	6 months to 30 September 2017 (unaudited, restated) £m	12 months to 31 March 2018 (audited, restated) £m
Revenue by origin			
United Kingdom	**429.6**	432.4	840.1
Germany	**331.9**	280.0	581.1
France	**191.4**	184.6	385.6
Other Europe	**518.3**	505.0	995.6
Mainland Europe	**1,041.6**	969.6	1,962.3
North America	**229.1**	212.4	398.0
Rest of World	**191.7**	155.6	338.0
	1,892.0	1,770.0	3,538.4

4. Adjusting items

	6 months to 30 September 2018 (unaudited) £m	6 months to 30 September 2017 (unaudited, restated) £m	12 months to 31 March 2018 (audited, restated) £m
Adjusting items			
Acquisition and disposal costs	**0.9**	2.1	3.9
Major integration programme costs	**-**	10.2	20.6
Other integration and restructuring costs	**5.1**	3.3	10.9
Post-acquisition remuneration charge contingent on earn-out targets	**0.5**	12.6	9.2
Adjustments to deferred consideration	**(0.4)**	(11.5)	(20.7)
Amortisation – acquired intangibles	**25.5**	24.8	49.6
Acquisition, integration and restructuring related costs	**31.6**	41.5	73.5
Insurance proceeds	**-**	(11.0)	(11.0)
Other adjusting items	**3.2**	0.7	2.2
Release of contract provision	**(4.8)**	-	-
Total adjusting items in operating costs	**30.0**	31.2	64.7
Adjusting items in net financing costs	**4.5**	0.6	3.5
Adjusting taxation			
Adjustments in relation to US Tax reforms	-	-	(11.1)
Tax effect of adjusting items	**(8.1)**	(4.7)	(17.0)
Total adjusting items in taxation	**(8.1)**	(4.7)	(28.1)

Adjusting items are those items which, due to their materiality, nature or infrequency, could distort an assessment of underlying business performance.

Acquisition costs include the transactional acquisition costs of Nordfolien, PLASgran and Spec Group. Other restructuring costs includes the continued rebuild of the Group's Belgian footprint following the fire at Eke in 2017 and other integration and restructuring costs.

Other adjusting items include a release of a £4.8m out of market contract provision in Hefei, China, which is no longer required following improvements in productivity at this growing site. This is partially offset by non-cash cancellation costs associated with employee share save schemes and other adjusting items of £3.2m.

The remuneration charge on contingent consideration includes the provision for remuneration earned by the shareholders of various acquisitions who must remain as employees of the Group for the duration of the earn-out period to qualify for the remuneration. Following the disposal of Letica Foodservices the earn out was agreed and a release of £0.4m was made.

Adjusting finance items are described in note 6.

5. Discontinued operations

On 6 June 2018 RPC Group Plc announced that it would be disposing of its Letica Foodservice, USA, and other non-core businesses, including its automotive components businesses located in Zevenaar, The Netherlands, and Rongu, Estonia, and its spirits closure business in Bridge of Allan, Scotland.

During the period the Group sold the Letica Foodservice business for a profit of £19.2m.

The assets and associated liabilities of the remaining businesses were transferred to assets held for sale to be held as a disposal group in June 2018, when they met the criteria to be classified as held for sale per IFRS 5.

In line with IFRS 5, the profit / (loss) after tax of the businesses disposed of in the period and those held for sale have been disclosed separately on the face of the income statement as profit / (loss) from discontinued operations.

Prior period figures have been restated to present separately the above operations as discontinued. Details of the discontinued operations are as follows:

	6 months to 30 September 2018 (unaudited) £m	6 months to 30 September 2017 (unaudited) £m	12 months to 31 March 2018 (audited) £m
Revenue	**104.9**	105.7	209.3
Operating costs	**(107.6)**	(99.7)	(198.6)
Adjusted operating (loss)/profit	**(2.7)**	6.0	10.7
Interest and other non-operating costs	**(0.9)**	(1.5)	(5.0)
Impairment related to discontinued businesses	**(37.1)**	-	-
Profit on disposal of discontinued businesses	**19.2**	-	-
(Loss)/profit on discontinued operations before tax	**(21.5)**	4.5	5.7
Taxation on discontinued operations	**(7.6)**	-	0.9
(Loss)/profit on discontinued operations after tax	**(29.1)**	4.5	6.6

The tax charge on discontinued operations of £7.6m (2017: £nil) reflects the related tax impacts, including a one-off tax liability arising on the disposal of the Letica Foodservice business.

The loss per share from discontinued operations was 7.1p (30 Sep 2017: earnings per share of 1.1p; 31 March 2018: earnings per share of 1.6p).

	6 months to 30 September 2018 (unaudited) £m	6 months to 30 September 2017 (unaudited) £m	12 months to 31 March 2018 (audited) £m
Net cash flows from operating activities	**(3.0)**	7.0	10.8
Net cash flows from investing activities	**68.6**	(5.1)	(9.8)
Net cash flows from financing activities	**5.3**	(1.8)	(0.2)
Net increase in cash and cash equivalents	**70.9**	0.1	0.8

6. Net financing costs

	6 months to 30 September 2018 (unaudited) £m	6 months to 30 September 2017 (unaudited, restated) £m	12 months to 31 March 2018 (audited, restated) £m
Net interest payable	**25.8**	15.7	35.9
Mark to market gains on foreign currency hedging instruments	**(6.6)**	(9.1)	(9.9)
Fair value adjustment to borrowings	**6.6**	9.1	9.9
Adjusting finance costs	**4.5**	0.6	3.5
	30.3	16.3	39.4

Adjusting finance costs of £4.5m primarily comprise of defined benefit pension interest charges of £1.7m (30 Sep 2017: £2.8m; 31 March 2018: £5.7m) and £2.4m of exchange losses on contingent consideration (30 Sep 2017: gain £1.9m; 31 March 2018: gain £2.1m).

7. Taxation

A taxation charge of £35.3m (2017: £44.1m) has been made in the half year to 30 September 2018 in respect of the profit before taxation from continuing operations of £154.4m (2017: £161.7m), based on the Group tax rate expected for the full year applied to the pre-tax income for the six month period.

The adjusted Group tax rate for continuing operations is 23.0% compared with 24.2% for the period ended 31 March 2018 and 25.2% for the period ended 30 September 2017.

The tax credit applied to adjusting items was 23.5% (30 Sep 2017: 14.8%, 31 March 2018: 41.3%). The low rate of tax relief for adjusting items in the prior year was driven by a number of items for which no tax relief is available, primarily relating to acquisition related costs and remuneration charges on deferred consideration.

Taxation relating to the non-core operations was £7.6m (tax charge) (2017: £nil). This reflects the tax impacts of the discontinued operations, including the tax liability arising on the disposal of the Letica Foodservice business.

8. Earnings per share

Basic and adjusted basic earnings per share

Basic earnings per share has been computed using profit after taxation for the period attributable to equity shareholders and the weighted average number of shares in issue during the period. Adjusted basic earnings per share deducts total adjusting items from profit after taxation attributable to equity shareholders. Basic and adjusted earnings per share use the same weighted average number of shares which excludes shares held by the Employee Benefit Trust to satisfy future awards in respect of incentive arrangements.

	6 months to 30 September 2018 (unaudited)	6 months to 30 September 2017 (unaudited, restated)	12 months to 31 March 2018 (audited, restated)
Profit after taxation attributable to equity shareholders (£m)	**89.8**	122.1	253.4
Loss / (profit) from discontinued operations attributable to equity shareholders (£m)	**29.1**	(4.5)	(6.6)
Profit after taxation from continuing operations	**118.9**	117.6	246.8
Adjusting items from continuing operations, net of tax (£m)	**26.4**	27.1	40.1
Profit used in adjusted basic earnings per share (£m)	**145.3**	144.7	286.9
Weighted average number of shares	**410,993,029**	413,529,183	411,526,669
Basic earnings per share	**21.8p**	29.5p	61.6p
Basic earnings per share from continuing operations	**28.9p**	28.4p	60.0p
Adjusted basic earnings per share	**35.4p**	35.0p	69.7p

8. Earnings per share (continued)

Diluted earnings per share

Diluted earnings per share is basic earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period.

	6 months to 30 September 2018 (unaudited)	6 months to 30 September 2017 (unaudited, restated)	12 months to 31 March 2018 (audited, restated)
Weighted average number of shares (basic)	**410,993,029**	413,529,183	411,526,669
Effect of share options in issue	**1,453,538**	2,456,521	2,066,687
Weighted average number of shares (diluted)	**412,446,567**	415,985,704	413,593,356
Diluted earnings per share	**21.8p**	29.4p	61.3p
Diluted earnings per share from continuing operations	**28.8p**	28.3p	59.7p

9. Dividends

Dividends on ordinary shares:	**6 months to 30 September 2018 (unaudited) £m**	6 months to 30 September 2017 (unaudited) £m	12 months to 31 March 2018 (audited) £m
Final for 2017/18 paid of 20.2p per share	**81.8**	-	-
Interim for 2017/18 paid of 7.8p per share	**-**	-	31.9
Final for 2016/17 paid of 17.9p per share	**-**	73.9	73.9
	81.8	73.9	105.8

A final dividend of 20.2p per share was paid on 31 August 2018 in respect of the year ended 31 March 2018 with a cost of £81.8m.

An interim dividend of 8.1p has been proposed in respect of the period ended 30 September 2018 at an estimated cost of £32.9m. This dividend will be paid on 25 January 2019 to ordinary shareholders on the register at 28 December 2018.

10. Non-current assets

	Goodwill (unaudited) £m	Acquired intangible assets (unaudited) £m	Other intangible assets (unaudited) £m	Property, plant and equipment (unaudited) £m
At 1 April 2018	1,575.7	314.7	9.5	1,357.1
Additions	-	-	2.2	113.3
Disposals	(15.0)	(3.5)	(0.1)	(25.4)
Acquisitions (note 18)	33.0	13.7	0.3	39.8
Depreciation and amortisation	-	(25.7)	(1.9)	(84.2)
Impairment on discontinued operations	(14.9)	(2.6)	-	-
Transfer to assets held for sale	-	-	-	(38.5)
Exchange differences	40.1	8.4	1.3	20.3
At 30 September 2018	**1,618.9**	**305.0**	**11.3**	**1,382.4**

11. Assets held for sale

	Assets (unaudited) £m	Liabilities (unaudited) £m	Total (unaudited) £m
At 1 April 2018	6.3	-	6.3
Disposals	(3.9)	-	(3.9)
Transfer to property, plant and equipment	(2.4)	-	(2.4)
Transfer from current assets, current liabilities and non-current assets	80.8	(34.2)	46.6
Impairment	(19.6)	-	(19.6)
At 30 September 2018	**61.2**	**(34.2)**	**27.0**

During the period the Group transferred £46.6m of assets and liabilities for the Bridge of Allan and European injection moulding businesses into assets held for sale. These were subsequently impaired to £27.0m, which represents management's best estimate of their net realisable value.

12. Employee benefits

The liability recognised in the Condensed consolidated balance sheet for long-term employee benefits and the movement in retirement benefit obligations was:

	30 September 2018 (unaudited) £m	30 September 2017 (unaudited) £m	31 March 2018 (audited) £m
Retirement benefit obligations at 1 April	**192.9**	251.6	251.6
Net liabilities on acquisition	**2.4**	-	-
Total expense charged to the income statement	**5.4**	5.4	11.8
Actuarial re-measurement recognised in the Consolidated statement of comprehensive income	**(29.2)**	(13.6)	(54.4)
Contributions and benefits paid	**(10.0)**	(9.7)	(17.8)
Exchange differences	**1.4**	2.7	1.7
Retirement benefit obligations at 30 September/ 31 March	**162.9**	236.4	192.9
Termination benefits	**0.6**	0.7	0.7
Other long-term employee benefit liabilities	**3.1**	3.6	3.3
Employee benefits due after more than one year	**166.6**	240.7	196.9

The defined benefit obligation for employee pensions and similar benefits as at 30 September 2018 have been re-measured based on the disclosures as at 31 March 2018, the previous balance sheet date. The results have been adjusted by allowing for the updated IAS 19 financial assumptions and rolling forward the liabilities to 30 September 2018 using actual cash flows for the six month period.

The defined benefit plan assets have been updated to reflect their market value as at 30 September 2018. Differences between the actual and expected return on assets and the impact of changes in actuarial assumptions and experience gains and losses on liabilities have been recognised in the Condensed consolidated statement of comprehensive income.

The employee benefit obligations at the half year decreased from £192.9m to £162.9m. The decrease was as a result of a 0.3% increase in the discount rate to 2.9% (31 March 2018: 2.6%) offset by a reduction in the inflation assumption of 0.1%, resulting in actuarial gains of £29.2m in the main UK defined benefit schemes.

13. Deferred and contingent consideration

	Deferred and contingent consideration £m	Post-acquisition remuneration £m	Total £m
At 1 April 2018	18.7	18.6	37.3
Arising in the period	1.5	0.5	2.0
Unwind of discount	0.1	-	0.1
Released in the period	-	(0.4)	(0.4)
Utilised in the period	-	(3.4)	(3.4)
Exchange differences	1.4	1.4	2.8
At 30 September 2018	**21.7**	**16.7**	**38.4**
Current at 30 September 2018	20.9	16.7	37.6
Non-current at 30 September 2018	0.8	-	0.8
Total	**21.7**	**16.7**	**38.4**
Current at 30 September 2017	25.9	13.4	39.3
Non-current at 30 September 2017	-	11.7	11.7
Total	25.9	25.1	51.0
Current at 31 March 2018	18.7	11.7	30.4
Non-current at 31 March 2018	-	6.9	6.9
Total	18.7	18.6	37.3

Deferred and contingent consideration comprised contingent consideration payable relating to the acquisition of Ace and deferred consideration totalling £1.5m, recognised during the period, in relation to the PLASgran Limited and Spec Group acquisitions. Post-acquisition remuneration relates to amounts payable to the vendors of Ace, Letica, Amber Plastics and Synergy who remain in employment. Amounts are initially measured at fair value and subsequently revalued at each period end based on observable changes in facts and circumstances.

During the period post-acquisition remuneration was paid out in relation to Strata, £3.0m, and Amber Plastics, £0.4m.

A release of £0.4m occurred in relation to post-acquisition remuneration payable on the Letica acquisition to bring the total provision in line with the projected pay out.

Contingent consideration and post-acquisition remuneration liabilities relating to the Ace acquisition are denominated in US dollars but held in a UK sterling functional currency company. Accordingly, the foreign exchange revaluation of £2.4m is recorded in the Group income statement in the line item ‘Adjusting financing costs’. Post-acquisition remuneration liabilities relating to other acquisitions (Letica, Amber Plastics and Synergy) is held in companies whose functional currency is consistent with the liability.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
- continued

14. Provisions and other liabilities

	Termination and restructuring provisions £m	Contract provisions £m	Environmental and Health and Safety £m	Legal related £m	Other £m	Total £m
At 1 April 2018	7.3	14.1	13.6	8.5	9.8	53.3
Acquired in the period (note 18)	-	4.3	0.5	0.2	0.3	5.3
Provided in the period	0.1	-	-	-	1.9	2.0
Utilised in the period	(3.2)	(5.3)	(2.6)	(3.3)	(1.9)	(16.3)
Released in the period to adjusting items	-	(4.8)	-	-	-	(4.8)
Exchange differences	-	0.1	0.5	0.1	0.1	0.8
Total	**4.2**	**8.4**	**12.0**	**5.5**	**10.2**	**40.3**
Current at 30 September 2018	3.5	4.5	-	0.1	6.5	14.6
Non-current at 30 September 2018	0.7	3.9	12.0	5.4	3.7	25.7
Total	**4.2**	**8.4**	**12.0**	**5.5**	**10.2**	**40.3**
Current at 30 September 2017	10.0	14.2	-	1.1	8.8	34.1
Non-current at 30 September 2017	1.1	12.6	14.9	13.1	4.2	45.9
Total	11.1	26.8	14.9	14.2	13.0	80.0
Current at 31 March 2018	6.5	6.0	-	0.1	5.5	18.1
Non-current at 31 March 2018	0.8	8.1	13.6	8.4	4.3	35.2
Total	7.3	14.1	13.6	8.5	9.8	53.3

Termination and restructuring provisions relate to the integration, closure and restructuring of certain activities detailed further in note 4.

Contract provisions are primarily adjustments relating to recent acquisitions and represent mainly out-of-market contract adjustments. Of the Contract provisions £4.5m are expected to be utilised within the next 12 months.

The contract provision released during the period of £4.8m was released as management had identified, as part of their periodic contract provision review, that it was no longer required. As the identified provision was outside of the hindsight period the release was made to the income statement as an adjusting item.

Environmental and Health & Safety, and Legal related provisions are also primarily adjustments relating to recent acquisitions and represent either provisions for environmental rectification, the cost of required procedures to bring the acquisition in line with the Group Health & Safety standards, or legal claims and other legal matters arising out of contractual obligations. These provision are provided for at their estimated settlement value and will be utilised as claims are resolved.

Other provisions comprise other contractual and constructive obligations around the Group, none of which are individually material.

15. Fair values of financial assets and liabilities

	30 September 2018 (unaudited)		30 September 2017 (unaudited, restated)		31 March 2018 (audited, restated)	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Cash and cash equivalents	**324.2**	**324.2**	319.6	319.6	186.5	186.5
Trade receivables and other debtors	**676.3**	**676.3**	635.4	635.4	663.6	663.6
Bank loans and overdrafts	**(141.1)**	**(141.1)**	(95.6)	(95.6)	(167.7)	(167.7)
Trade and other payables	**(946.2)**	**(946.2)**	(916.8)	(916.8)	(948.8)	(948.8)
Deferred and contingent consideration	**(38.4)**	**(38.4)**	(51.0)	(51.0)	(37.3)	(37.3)
Primary financial instruments held to finance the Group's operations:						
Long-term borrowings	**(1,389.3)**	**(1,393.7)**	(1,324.4)	(1,331.3)	(1,174.4)	(1,180.8)
Derivative financial instruments held to manage the interest rate profile:						
Interest rate swaps	**(0.4)**	**(0.4)**	(0.3)	(0.3)	(2.5)	(2.5)
Derivative financial instruments held to manage foreign currency exposures and the interest rate profile:						
Cross currency interest rate swaps	**29.5**	**29.5**	30.5	30.5	19.4	19.4

All financial instruments carried at fair value within the Group are financial derivatives and are all categorised as Level 2 instruments. Level 2 fair values for these derivatives are calculated using observable inputs, either directly or indirectly. The fair value of the USPP is estimated by discounting expected future cash flows. Contingent consideration and acquisition remuneration is held at fair value which is estimated based on latest forecasts.

16. Share capital

During the period, the Company acquired 2,241,608 shares at an average price of 758p as part of its share buyback programme announced on 19 July 2017. These shares, with a combined nominal value of £0.1m, were bought back and subsequently cancelled during the period, giving rise to a capital redemption reserve of an equivalent amount as required by the Companies Act 2006. The aggregate consideration paid was £17.0m and is reflected in retained earnings.

17. Cash flow reconciliations

a) Reconciliation of operating profit to cash generated from operations

	30 September 2018 (unaudited) £m	30 September 2017 (unaudited) £m	31 March 2018 (unaudited) £m
Operating profit – Continuing operations	**184.3**	177.5	349.6
Operating (loss) / profit – Discontinued operations	**(21.3)**	4.8	6.1
Operating profit – Total Group	**163.0**	182.3	355.7
Adjustments for:			
Amortisation of acquired intangible assets	**25.7**	25.3	50.7
Amortisation of other intangible assets	**1.9**	2.0	3.6
Depreciation of property, plant and equipment	**84.2**	79.4	161.7
Impairment related to discontinued businesses	**37.1**	-	-
Profit on disposal of discontinued businesses	**(19.2)**	-	-
Charge for other adjusting items in operating profit	**5.0**	7.1	18.6
Adjusted EBITDA – Total Group	**297.7**	296.1	590.3
Share-based payment expense	**3.4**	3.4	6.8
Gain on disposal of property, plant and equipment	**(0.3)**	(0.3)	(0.5)
Pension deficit payments in excess of income statement charge	**(4.9)**	(4.7)	(6.9)
Movement in provisions and liabilities *	**(12.7)**	(25.5)	(47.1)
Movement in inventories	**9.4**	10.0	(39.3)
Movement in receivables	**(7.6)**	8.4	(29.5)
Movement in payables	**(9.3)**	7.0	46.7
Adjusted operating cash flows	**275.7**	294.4	520.5
Net payment in respect of adjusting items **	**(12.9)**	(8.5)	(36.3)
Cash generated from operations	**262.8**	285.9	484.2

b) Change in net debt

Net increase/(decrease) in cash and cash equivalents	**166.9**	50.5	(54.7)
Net movement in borrowings	**(153.1)**	(64.8)	(46.6)
Net debt acquired	**(18.5)**	(12.1)	(15.0)
Movement in derivative instruments	**8.5**	(12.2)	(20.3)
Exchange differences	**(45.2)**	17.3	46.5
Movement in net debt in the period	**(41.4)**	(21.3)	(90.1)
Net debt at the beginning of the year	**(1,139.2)**	(1,049.1)	(1,049.1)
Net debt at the end of the period	**(1,180.6)**	(1,070.4)	(1,139.2)

c) Analysis of net debt

Cash and cash equivalents	**324.2**	319.6	186.5
Overdrafts due within one year	**(29.7)**	(83.3)	(61.6)
Finance leases due within one year	**(7.5)**	(4.5)	(3.6)
Bank loans due within one year	**(103.9)**	(7.8)	(102.5)
Finance leases due greater than one year	**(11.3)**	(19.0)	(16.2)
Bank loans due greater than one year	**(1,378.0)**	(1,305.4)	(1,158.2)
Less: Fair value adjustment to borrowings	**0.7**	3.2	(0.2)
Derivative financial instruments: assets	**25.0**	26.8	18.6
Derivative financial instruments: liabilities	**(0.1)**	-	(2.0)
Net debt at the end of the period	**(1,180.6)**	(1,070.4)	(1,139.2)

* The 'movement in provisions and liabilities' includes a net £4.8m (30 Sep 2017: £16.7m, 31 March 2018: £27.0m) in relation to the utilisation of contract assets and provisions. This consists of asset utilisation of £0.5m (30 Sep 2017: £2.5m, 31 March 2018: £5.0m) and provision utilisation of £5.3m (30 Sep 2017: £19.2m, 31 March 2018: £32.0m).

**Net payment in respect of adjusting items includes £6.0m relating to the settlement of an amount owing to the previous owners of Nordfolien. This liability was included in the acquisition balance sheet and settled in the period.

18. Business combinations

Acquisitions

During the period the Group acquired 100% of the share capital of the following businesses:

Name	Date	Description
Nordfolien GmbH	30 April 2018	Specialist in flexible industrial packaging, serving the construction, chemicals, horticulture, and industrial food sectors.
Spec Group	1 August 2018	Manufacturer of rigid plastic containers and closures, and designer and manufacturer of tools used in the plastic container and closure manufacturing process.
PLASgran Limited	13 August 2018	Recycler of post-consumer and post-industrial packaging waste to supply high quality plastic regrinds and compounds to customer specification.

The purchases have been accounted for as business combinations. The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

		Nordfolien	**Spec Group**	**PLASgran**	**Total (unaudited)**
		£m	**£m**	**£m**	**£m**
	Note				
Intangible assets		7.5	-	6.5	14.0
Property, plant and equipment		27.5	3.4	8.9	39.8
Inventories		21.1	0.1	2.1	23.3
Trade and other receivables		8.3	0.4	3.6	12.3
Trade and other payables		(19.3)	(0.8)	(4.2)	(24.3)
Provisions		(5.0)	(0.1)	(0.2)	(5.3)
Net pension liability		(2.4)	-	-	(2.4)
Taxes		(0.3)	(0.4)	(1.0)	(1.7)
Net debt		(16.9)	(0.5)	0.7	(16.7)
Total identifiable assets		**20.5**	**2.1**	**16.4**	**39.0**
Goodwill	10	12.0	2.3	18.7	33.0
Consideration		**32.5**	**4.4**	**35.1**	**72.0**

Consideration comprised cash of £70.5m and deferred consideration of £1.5m.

The goodwill recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, the skills and experience of the assembled workforce and procurement and efficiency synergies.

The acquisitions made during the period contributed revenue of £53.5m and adjusted operating profit of £2.4m to the post acquisition period result of the Group. If the acquisitions had taken place on 1 April 2018 they would have contributed revenue of £75.9m and adjusted operating profit of £3.4m to the period result of the Group.

Prior year acquisitions

As permitted during the hindsight period of up to 12 months after acquisition, the fair values of the assets and liabilities of Astrapak Limited have been reconsidered. As a result of this an additional £0.5m impairment was made to production equipment based on the comparison of NBV to machine valuations that were not available at the time of acquisition. No other fair value adjustments were made.

18. Business combinations (continued)

Disposals
On 6 June 2018 RPC Group Plc announced that it would be disposing of its Letica Foodservice, USA, and other non-core businesses, including its automotive components businesses located in Zevenaar, The Netherlands, and Rongu, Estonia, and its spirits closure business in Bridge of Allan, Scotland.

During the period, the Group sold the Letica Foodservice business for a profit of £19.2m.

The assets and associated liabilities of the remaining businesses were transferred to assets held for sale to be held as a disposal group in June 2018, when they met the criteria to be classified as held for sale per IFRS 5.

19. Contingent liabilities

There were no significant changes to the contingent liabilities reported at 31 March 2018 for the Group.

20. Exchange rates

The main exchange rates to UK Sterling used during the reporting period and comparative periods were as follows:

	30 September 2018		30 September 2017		31 March 2018	
	Closing rate	Period average rate	Closing rate	Period average rate	Closing rate	Period average rate
EUR	€1.13	€1.13	€1.13	€1.14	€1.14	€1.13
USD	$1.30	$1.33	$1.34	$1.29	$1.41	$1.33

21. Related party transactions

The Group has a related party relationship with its subsidiaries and with its key management personnel, who are considered to be the directors of RPC Group Plc. There are no additional significant related party transactions other than those disclosed in note 29 of the annual report and accounts for the year ended 31 March 2018.

22. Potential offer for the Group

On 10 September 2018 it was announced that the Group was in preliminary discussions with each of Apollo Global Management and Bain Capital which may or may not result in an offer for the Group. The deadline for the parties to either announce a firm intention to make an offer or announce that it does not intend to make an offer was subsequently extended to 3 December 2018.

Copies of this half year financial report are available from the Company Secretary, RPC Group Plc, Sapphire House, Crown Way, Rushden, Northants NN10 6FB or from the Group's website, www.rpc-group.com.

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY

The directors have adopted various Alternative Performance Measures (APMs), as those not defined or specified under International Financial Reporting Standards (IFRS). Accordingly the APMs used by the Group may not be directly comparable with other companies' APMs, including those in the Group's industry. The directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior period. They are also used to make decisions and allocate resources based on underlying performance, without volatility arising from non-trading items such as impairment charges, portfolio change transactions or specific non-cash items. APMs should be considered in addition to, and are not intended to be a superior to, or a substitute for, IFRS measurements.

Full calculation of all APMs as at the 31 March 2018 is included in the 2018 Annual Report and Accounts, but below is an extract of this disclosure, updated to include 30 September 2017 and 30 September 2018.

<table>
<tr><th>APM</th><th>Definition / Purpose</th><th>Closest equivalent IFRS measure</th><th>Adjustments to reconcile to IFRS measure</th></tr>
<tr><td colspan="2">Income statement measures</td><td></td><td></td></tr>
<tr><td>Adjusted EBITDA – continuing operations</td><td>Definition
Adjusted EBITDA is adjusted operating profit* before underlying depreciation and amortisation.

Purpose
EBITDA is used in acquisition models and in targets for earn-out purposes regarding acquisitions. The Group monitors adjusted EBITDA performance to understand how post-acquisition results compare to those used in valuing the business.</td><td>Operating profit*</td><td>
<table>
<tr><th>Continuing operations</th><th>6 months to 30 September 2018 £m</th><th>6 months to 30 September 2017 £m (restated)</th><th>12 months to 31 March 2018 £m (restated)</th></tr>
<tr><td>Adjusted operating profit*</td><td>214.3</td><td>208.7</td><td>414.3</td></tr>
<tr><td>Depreciation</td><td>83.1</td><td>76.6</td><td>156.1</td></tr>
<tr><td>Amortisation</td><td>1.9</td><td>2.0</td><td>3.6</td></tr>
<tr><td>Adjusted EBITDA</td><td>299.3</td><td>287.3</td><td>574.0</td></tr>
</table>
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<tr><td>Organic sales growth – continuing operations</td><td>Definition
Organic sales growth is calculated by adjusting for current and prior period acquisition / disposal effects to pro forma the prior period revenue and then removing the effects of foreign currency and polymer pricing movements.

Purpose
It shows an indication of the Group's current trading performance once non-comparable factors have been adjusted.</td><td>Period on period movement in revenue</td><td>
<table>
<tr><th>Continuing operations</th><th>6 months to 30 September 2018 £m</th><th>6 months to 30 September 2017 £m (restated)</th><th>12 months to 31 March 2018 £m (restated)</th></tr>
<tr><td>Prior period revenue</td><td>1,770.0</td><td>1,177.8</td><td>2,648.0</td></tr>
<tr><td>Acquisitions</td><td>65.8</td><td>476.3</td><td>703.9</td></tr>
<tr><td>Disposals</td><td>(4.6)</td><td>(23.5)</td><td>(34.3)</td></tr>
<tr><td>Pro forma period revenue before FX and polymer (A)</td><td>1,831.2</td><td>1,630.6</td><td>3,317.6</td></tr>
<tr><td>Foreign currency translation</td><td>(10.0) (1.3 relating to acq'ns)</td><td>90.2 (27.2 relating to acq'ns)</td><td>84.5 (17.8 relating to acq'ns)</td></tr>
<tr><td>Polymer pricing</td><td>11.9 (0.2 relating to acq'ns)</td><td>25.9 (9.4 relating to acq'ns)</td><td>44.2 (9.8 relating to acq'ns)</td></tr>
<tr><td>Organic growth (B)</td><td>58.9</td><td>23.3</td><td>92.1</td></tr>
<tr><td>Current period revenue</td><td>1,892.0</td><td>1,770.0</td><td>3,538.4</td></tr>
<tr><td>Organic growth (B/A)</td><td>3.2%</td><td>1.4%</td><td>2.8%</td></tr>
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ALTERNATIVE PERFORMANCE MEASURES GLOSSARY

– continued

<table>
<tr>
<td>Adjusted operating profit – continuing operations</td>
<td>Definition
Adjusted operating profit shows the business improvement by adjusting for current and prior period acquisition / disposal effects to pro forma the prior period profit and then removing the effects of foreign currency and polymer pricing pass-through movements.

Purpose
It shows an indication of the Group's current trading profitability once non-comparable factors have been adjusted.</td>
<td>Period on period movement in adjusted operating profit*</td>
<td>
<table>
<tr><th>Continuing operations</th><th>6 months to 30 September 2018 £m</th><th>6 months to 30 September 2017 £m (restated)</th><th>12 months to 31 March 2018 £m (restated)</th></tr>
<tr><td>Prior period adjusted operating profit*</td><td>208.7</td><td>130.5</td><td>297.1</td></tr>
<tr><td>Acquisitions</td><td>2.5</td><td>48.1</td><td>79.2</td></tr>
<tr><td>Disposals</td><td>-</td><td>(2.4)</td><td>(2.7)</td></tr>
<tr><td>Pro forma period adjusted operating profit*</td><td>211.2</td><td>176.2</td><td>373.6</td></tr>
<tr><td>Foreign currency translation</td><td>(1.4) (nil relating to acq'ns)</td><td>13.5 (3.2 relating to acq'ns)</td><td>11.5 (2.5 relating to acq'ns)</td></tr>
<tr><td>Polymer pricing</td><td>(7.5) (nil relating to acq'ns)</td><td>(1.2) ((0.6) relating to acq'ns)</td><td>(5.3) ((0.6) relating to acq'ns)</td></tr>
<tr><td>Business improvement (net of inflation)</td><td>12.0</td><td>20.2</td><td>34.5</td></tr>
<tr><td>Current period adjusted operating profit*</td><td>214.3</td><td>208.7</td><td>414.3</td></tr>
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Cash flow measures

<table>
<tr>
<td>Free cash flow – continuing operations</td>
<td>Definition
This is cash generated from continuing operations less net capital expenditure, net interest and tax, adjusted to exclude adjusting item cash flows, movement in provisions and liabilities and one-off pension deficit reduction payments.

Purpose
It is a measure of the Group's ability to generate cash above that which is needed to operate the business and maintain its asset base. It illustrates the Group's potential to enhance shareholder value through acquisition, debt repayment or distributions to shareholders. This is a key director remuneration metric.</td>
<td>Cash generated from continuing operations</td>
<td>
<table>
<tr><th>Total Group</th><th>6 months to 30 September 2018 £m</th><th>6 months to 30 September 2017 £m (restated)</th><th>12 months to 31 March 2018 £m (restated)</th></tr>
<tr><td>Cash generated from operations</td><td>262.8</td><td>285.9</td><td>484.2</td></tr>
<tr><td>Purchase of PP&E</td><td>(103.5)</td><td>(109.1)</td><td>(241.4)</td></tr>
<tr><td>Proceeds from disposal of PP&E</td><td>3.6</td><td>2.4</td><td>3.8</td></tr>
<tr><td>Purchase of intangible assets</td><td>(2.4)</td><td>(1.6)</td><td>(4.6)</td></tr>
<tr><td>Net interest paid</td><td>(25.1)</td><td>(16.8)</td><td>(36.7)</td></tr>
<tr><td>Tax paid</td><td>(22.6)</td><td>(23.1)</td><td>(59.5)</td></tr>
<tr><td>Net payment in respect of adjusting items</td><td>12.9</td><td>8.5</td><td>36.3</td></tr>
<tr><td>Movement in provisions and liabilities</td><td>12.7</td><td>25.5</td><td>47.1</td></tr>
<tr><td>Free cash flow – Total Group</td><td>138.4</td><td>171.7</td><td>229.2</td></tr>
<tr><td>Free cash flow – Discontinued operations</td><td>(4.5)</td><td>4.9</td><td>11.2</td></tr>
<tr><td>Free cash flow – Continuing operations</td><td>142.9</td><td>166.8</td><td>218.0</td></tr>
<tr><td>Free cash flow – Total Group</td><td>138.4</td><td>171.7</td><td>229.2</td></tr>
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ALTERNATIVE PERFORMANCE MEASURES GLOSSARY
– continued

Adjusted operating cash conversion – continuing operations	**Definition** This APM represents the ratio of free cash flow (as defined above) before interest and tax paid to adjusted operating profit (as defined above). **Purpose** It is a measure of the Group's ability to convert its adjusted operating profit into cash.	No direct equivalent	See table below

Continuing operations	6 months to 30 September 2018 £m	6 months to 30 September 2017 £m (restated)	12 months to 31 March 2018 £m (restated)
Free cash flow	142.9	166.8	218.0
Net interest paid	25.0	16.7	36.4
Tax paid	22.6	23.1	59.5
Free cash flow before interest and tax paid (A)	**190.5**	**206.6**	**313.9**
Adjusted operating profit* (B)	214.3	208.7	414.3
Adjusted operating cash conversion (A/B)	**88.9%**	**99.0%**	**75.8%**

Balance sheet measures

Return on net operating assets (RONOA) – continuing operations	**Definition** The calculation uses annualised adjusted operating profit for continuing operations (as defined above) plus a pro forma of pre-acquisition profit from acquisitions divided by the average of opening and closing property, plant and equipment and working capital (being the sum of inventories, trade and other receivables and trade and other payables) for continuing operations for the period concerned. Comparatives are restated to include acquisitions on a pro forma basis. **Purpose** RONOA is a key measure of the efficiency and utilisation of the assets used by the Group to generate profits. This is a vital measure of our operational management due to the decentralised structure of the Group.	No direct equivalent	See table below

	6 months to 30 September 2018 £m	6 months to 30 September 2017 £m (restated)	12 months to 31 March 2018 £m (restated)
Adjusted operating profit*- continuing operations	214.3	208.7	414.3
Pre-acquisition profits from acquisitions in the period	1.0	0.2	0.2
Adjusted operating profit* including pre-acquisition profits - annualised	**430.6**	**417.8**	**414.5**
PPE	1,382.4	1,327.2	1,357.6
Inventory	518.6	481.6	524.9
Trade receivables	676.3	635.4	663.6
Trade payables	(946.2)	(916.8)	(948.8)
Working capital	*248.7*	*200.2*	*239.7*
Less net operating assets - discontinued operations	-	(69.9)	(64.2)
Closing net operating assets – continuing operations only	**1,631.1**	**1,457.5**	**1,533.1**
Opening net operating assets – continuing operations only	1,533.1	1,410.2	1,410.2
Impact of acquisitions / disposals on prior period net operating assets	51.1	54.5	54.5
Average net operating assets - continuing operations only	**1,607.7**	**1,461.1**	**1,498.9**
RONOA reported	**26.8%**	**28.6%**	**27.7%**
RONOA prior period following restatement for all acquisitions		**28.1%**	**27.2%**

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY
– continued

<table>
<tr>
<td>Return on capital employed (ROCE) – continuing operations</td>
<td>Definition
The calculation is annualised adjusted operating profit for continuing operations (as defined above) plus a pro forma of pre-acquisition profit for acquisitions, divided by the average of opening and closing shareholders' equity, after adjusting for net retirement benefit obligations, assets held for sale, acquisition intangible assets, investments accounted for under the equity method and net borrowings for the period concerned.

Purpose
ROCE allows management to measure how efficiently capital is deployed by the Group. By including the costs of investment in acquisitions it shows how the Group is generating returns for shareholders. This is a key director remuneration metric.</td>
<td>No direct equivalent</td>
<td>
<table>
<tr><th></th><th>6 months to 30 September 2018 £m</th><th>6 months to 30 September 2017 £m (restated)</th><th>12 months to 31 March 2018 £m (restated)</th></tr>
<tr><td>Adjusted operating profit*- continuing operations</td><td>214.3</td><td>208.7</td><td>414.3</td></tr>
<tr><td>Pre-acquisition profits from acquisitions in the period</td><td>1.0</td><td>0.2</td><td>0.2</td></tr>
<tr><td>Adjusted operating profit* including pre-acquisition profits - annualised</td><td>430.6</td><td>417.8</td><td>414.5</td></tr>
<tr><td>Total equity</td><td>1,984.1</td><td>1,865.0</td><td>1,920.1</td></tr>
<tr><td>Retirement benefit obligations (note 12)</td><td>162.9</td><td>236.4</td><td>192.9</td></tr>
<tr><td>Buildings classified as held for sale</td><td>(27.0)</td><td>-</td><td>(6.3)</td></tr>
<tr><td>Investment accounted for under the equity method</td><td>(4.6)</td><td>(4.2)</td><td>(4.4)</td></tr>
<tr><td>Acquired intangible assets (note 10)</td><td>(305.0)</td><td>(319.9)</td><td>(314.7)</td></tr>
<tr><td>Net debt (note 17)</td><td>1,180.6</td><td>1,070.4</td><td>1,139.2</td></tr>
<tr><td>Less CE discontinued operations</td><td>-</td><td>(99.9)</td><td>(97.7)</td></tr>
<tr><td>Closing capital employed – continuing operations only</td><td>2,991.0</td><td>2,747.8</td><td>2,829.1</td></tr>
<tr><td>Opening capital employed – continuing operations only</td><td>2,829.1</td><td>2,649.3</td><td>2,649.3</td></tr>
<tr><td>Impact of acquisitions / disposals on prior period capital employed</td><td>58.0</td><td>72.1</td><td>72.1</td></tr>
<tr><td>Average capital employed</td><td>2,939.1</td><td>2,734.6</td><td>2,775.3</td></tr>
<tr><td>ROCE</td><td>14.7%</td><td>15.3%</td><td>14.9%</td></tr>
</table>
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<tr>
<td>Net debt to EBITDA –</td>
<td>Definition
Ratio of net debt (as defined above) amended to average Fx rates in the period excluding derivatives to adjusted EBITDA (as defined above) annualised for acquisitions.

Purpose
This is a measure of the proportion of net debt to the underlying profit generation to assess the return from cash invested in the Group. This metric is used within bank covenant calculations for compliance with debt facilities.</td>
<td>No direct equivalent</td>
<td>
<table>
<tr><th></th><th>6 months to 30 September 2018 £m Continuing operations</th><th>6 months to 30 September 2017 £m Total Group</th><th>12 months to 31 March 2018 £m Total Group</th></tr>
<tr><td>Net debt</td><td>1,180.6</td><td>1,070.4</td><td>1,139.2</td></tr>
<tr><td>Amendment to average FX rates for the period</td><td>(19.6)</td><td>36.4</td><td>41.7</td></tr>
<tr><td>Add back derivatives included in net debt</td><td>24.9</td><td>26.8</td><td>16.6</td></tr>
<tr><td>Net debt for banking covenants</td><td>1,185.9</td><td>1,133.6</td><td>1,197.5</td></tr>
<tr><td>Adjusted EBITDA</td><td>299.3</td><td>296.1</td><td>590.3</td></tr>
<tr><td>H2 Prior year EBITDA</td><td>286.7</td><td>242.8</td><td>-</td></tr>
<tr><td>Impact of acquisitions</td><td>8.1</td><td>39.9</td><td>1.3</td></tr>
<tr><td>Share of profit from investment – 12 month rolling</td><td>0.6</td><td>0.9</td><td>0.7</td></tr>
<tr><td>Adjusted EBITDA as per covenant definition</td><td>594.7</td><td>579.7</td><td>592.3</td></tr>
<tr><td>Net debt to EBITDA</td><td>2.0x</td><td>2.0x</td><td>2.0x</td></tr>
</table>
30 September 2017 and 31 March 2018 are shown for the Total Group as reported to banks.
</td>
</tr>
</table>

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY
– continued

Working capital as a % of sales– Continuing operations	**Definition** This is working capital, (as shown above), as a percentage of revenue for the period, annualised and pro forma for acquisitions. **Purpose** It is an indicator of what proportion of revenue must go towards financing operational requirements and short-term debt obligations.	No direct equivalent	Continuing operations	6 months to 30 September 2018 £m	6 months to 30 September 2017 £m	12 months to 31 March 2018 £m
			Working capital as reported	248.7	200.2	239.7
			Less WC discontinued operations	-	(15.9)	(11.5)
			Working capital – continuing operations (A)	**248.7**	**184.3**	**228.2**
			Revenue	1,892.0	1,770.0	3,538.4
			Impact of acquisitions	22.4	18.0	18.0
			Annualised pro-forma revenue (B)	**3,828.8**	**3,576.0**	**3,556.4**
			Working capital as % sales (A/B)	**6.5%**	**5.2%**	**6.4%**

*Operating profit is not defined per IFRS, however is a generally accepted profit measure

A glossary of terms used in this announcement:

Acquisitions:

Amber Plastics	Amber Plastics Pty Limited
Astrapak	Astrapak Limited
BPI	British Polythene Industries Plc
ESE World	ESE World BV
Letica	Letica Corporation
GCS	Global Closure Systems
Nordfolien	Nordfolien GmbH
PLASgran	PLASgran Limited
PlastiApe	PlastiApe S.p.A
Promens	Promens Group AS
Strata Products	Strata Products Limited
Synergy	Synergy Packaging Pty Limited

Other terms:

Ace	RPC Ace division
Bps	Basis points
EV	Enterprise Value
RPC	RPC Group Plc
The Group	RPC Group Plc
RPC Group	RPC Group Plc
PET	Polyethylene terephthalate
PCR	Post-consumer recycled