

# ADDRESSING FOUR OF THE WORLD'S LARGEST PROBLEMS

## 1 HOW CAN HYGIENE BE THE FOUNDATION FOR HEALTH?

Growing consumer awareness of the importance of hygiene and its connection to health



The transmission of infection will remain a pressing global concern. With more crowded cities, greater movement of people and fewer opportunities for physical separation, good hygiene practice is increasingly important. In addition, too many people globally lack clean water and sanitation.

At the same time, rising levels of income globally are allowing more and more consumers to use products pre-emptively to help protect their health and their homes.

**Our response:** Reckitt's premium, category-leading products support hygiene both inside and outside of the home, cleaning and sanitising and providing a frontline defence against the spread of transmissible diseases and viruses.

With our disinfectant brands of Lysol and Dettol, we are helping to break the chain of infection on surfaces of kitchens and bathrooms, from hands, and other 'at-risk' spaces.

Harpic is ensuring the sanitisation of bathrooms, whilst Air Wick and Finish support overall cleanliness and hygiene within the home. Through the Reckitt Global Hygiene Institute and our Fight for Access Fund, we are also contributing to the building of awareness and scientific understanding of hygiene issues, as well as to the availability of products.

Finally, our Pest brands such as Mortein and SBP are protecting families and their homes from unwanted pests and insects.

## 2 HOW DO WE ENABLE CONSUMERS TO SELF-CARE AT A TIME WHEN HEALTH SYSTEMS ARE UNDER MASSIVE PRESSURE?

Government healthcare cost pressures and increased autonomy are elevating the importance of self-care solutions



Across the world, ageing populations and stretched public finances are putting pressure on health systems. Meanwhile, individuals are becoming better informed and are more actively involved in looking after themselves. Citizens are also increasingly conscious that managing their own health also has a social dimension in the public health arena.

Self-care is putting people at the heart of decision-making about what matters most to them: products and solutions. Self-care solutions are supported by consumer-centred technology on apps and elsewhere, offering increasingly sophisticated personalised recommendations.

**Our response:** By saving a trip to the doctor, we are helping to reduce demand on strained public healthcare. Our over-the-counter healthcare brands provide people with the tools they need to treat everyday symptoms themselves, without recourse to healthcare professionals. We partner with clinical professionals and share science-backed information with consumers to prevent and treat infection. Moving from a product to a consumer focus, we are developing science solutions that address specific consumer needs and providing consumer benefits across protect, heal and nurture. Our science platforms (see page 36) are enabling us to do this, as we share insights gleaned from our gastro-intestinal work on our VMS brand, Digestive Advantage, for example, with our heartburn and indigestion relief brand, Gaviscon. These dynamics, combined with digital trends, continue to provide opportunities in areas like personalised nutrition, wellness and digital health.

## CAPITALISING ON THE BROAD AND RISING IMPACT OF DIGITAL AND SUSTAINABILITY

As we seek solutions to these problems, we know that consumer tastes, values and behaviour are evolving.

**Sustainability** is not only about doing the right thing, it is increasingly a commercial imperative. Consumers want to buy products that are not only safe and effective, but have also been developed in a responsible manner, recognising the impact its production and usage can have on the environment or wider society.

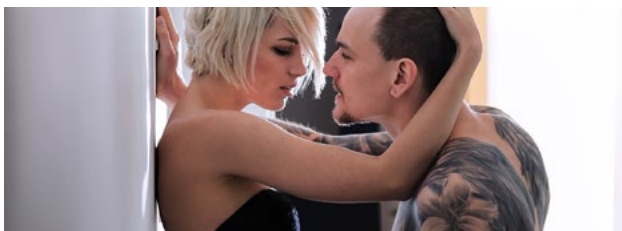
# 73%

of people want to reduce their impact on the environment and nature  
(Source: Globescan; Healthy & Sustainable Living, 2021)

Reckitt operates in attractive, growing market segments. We fight to address four of the world's largest problems. And as we do this, we are capitalising on the broad and rising impact of digital and sustainability.

### 3 HOW DO WE SUPPORT INTIMATE WELLNESS AND ERADICATE THE MENACE OF SEXUALLY TRANSMITTED DISEASES?

Maintaining sexual health and protecting young people in a challenging era



In many areas of the world, awareness and understanding of sexual health and wellbeing is poor. The subject is often taboo and seen as political rather than an essential life-or-death issue. The exceptional measures governments and health authorities imposed during the pandemic contributed to a global setback in reproductive and sexual health rights. Scarce resources were diverted from sexual health and quarantine measures kept young people away from formal educational settings.

**Our response:** As the world's leading producer of condoms and with 90 years of brand heritage, Durex plays a crucial role in reducing the risk of sexually transmitted infection and encouraging safe sexual practices. We do this through better understanding differing consumer needs, and continually improving the performance of our products, for example, through size and fit, to enhance pleasure and the consumer experience of intimacy. At the same time, we're partnering with key influencers and celebrities such as Lil Nas X in the US, to generate product awareness and grow usage of the category. As part of a better understanding of consumer needs, we are addressing the growing demands of previously-overlooked parts of the market. Through Queen V for example, we are recognising the importance of vaginal health, leveraging our understanding of the microbiome to deliver products seeking to combat everyday problems such as itchiness and dryness. Our educational initiatives promote responsible attitudes and behaviours with programmes that help young people make informed and confident choices, alongside partners such as the National AIDS Control Organization (India), Solidarite (France), Dance 4Life (Netherlands), and UNFPA (Mexico).

### 4 HOW DO WE PROVIDE ENHANCED NUTRITION FOR INFANTS AND FOR THE INCREASING NUMBER OF SENIORS IN SOCIETY?

Growing demand for specialised infant and adult nutrition products



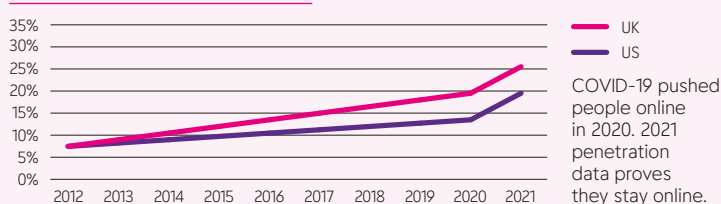
Infants deserve the best possible start to life, and a key part of that is the nutrition they receive. This is particularly the case for those suffering from allergies, or other conditions for which more specialised nutrition is needed. With birth rates relatively stable, demand for such products is likely to be the key driver of infant formula market growth over time.

At the same time, life expectancy has increased rapidly. With people living longer, there is growing demand for health and wellbeing products that allow them to live their lives to the full. As such, there is continued growth in demand for high-quality specialty food supplements, around key need states such as immunity, digestion, and cognition and mental health.

**Our response:** Through the strength of our brands, consumer insight and science understanding, we are well placed to be a winner in the nutrition market. With our infant brands such as the Enfa range and Nutramigen, and adult brands such as Provital, Move Free, Airborne and Neuriva, we seek to address the most important needs in nutrition. Our product innovation teams leverage the capabilities within our science platforms of digestive health and allergy and immunity to deliver natural solutions that address the specific nutritional needs of these groups, whether infants or adults. E-commerce is playing an increasingly important role in how consumers seek out and purchase nutritional products. This provides an opportunity for us to better serve them through the lifecycle of their or their baby's needs, with our brand communications with an expectant mother often beginning well before the baby is born, for example.

**Digital** is transforming consumer behaviour and purchasing decisions, affecting what people buy and how they buy it. This has implications for the way we develop and market our products, the value we can offer consumers, and how we manage our supply chain. The disruption brought about by COVID-19 has accelerated these trends, with a step-change in virtual appointments, remote prescriptions and e-commerce transactions.

#### Online share of retail sales

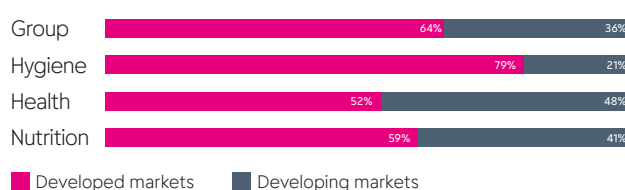


# OUR GEOGRAPHICAL FOOTPRINT

## OVERVIEW

Reckitt operates in over 60 countries around the world. Reflecting the premium nature of our portfolio, 64% of revenue is currently derived by developed markets – primarily North America and Europe. However, continued growth in the middle classes in many developing markets such as India and China will improve affordability of premium products, and is likely to support overall revenue growth over time.

### Split of developed and developing<sup>1</sup> markets



## US

The US is Reckitt's largest geographic market, with revenue in 2021 of over £3.8 billion, representing 30% of Group revenue, excluding IFCN China.

Reckitt is home to some of the best loved, most recognisable and most trusted consumer brands in the US, including Airborne, Air Wick, Enfamil, Finish, KY, Lysol and Mucinex.

Around 5,300 employees work in the US business. We have three R&D centres of excellence and six manufacturing locations. US-made brands include multiple category leaders, among them Lysol, where we lead the US surface protection category. We're number two in laundry additives with Finish, number two in the cough and cold category with Mucinex, and number three in air care with Air Wick. Our infant follow-on nutrition, Enfamil, is the number one brand recommended by paediatricians.

Total US revenue has increased by over 20% since 2019. Led by the increased demand for Lysol, growth has been driven by

consumer-centric innovation and improved relationships and execution with our key customers such as Walmart and Dollar General – both of which gave us a supplier of the year award during 2021.

Across each of our three GBUs, our business took market share in 2021. In Hygiene, through continued outperformance of Lysol and Air Wick; in Health, this was through gains in Mucinex and Durex; and in Nutrition, through our infant formula brands.

Innovation was a driver of performance in 2021, with recent launches including Lysol Smart – a sustainability-focused product – and the Mucinex NightShift and InstaSoothe ranges.

Reckitt also has a history of supporting local communities through its brands. One example is Lysol's 'HERE for Healthy Schools Initiative' which provides educational materials for students and disinfecting supplies for schools, with the mission to curb the spread of preventable illnesses.

## CHINA

China represents 5% of the total Group following the disposal of the IFCN business. Having averaged double-digit growth in recent years, it is now the Group's fourth largest country market.

Reckitt has operated in the Chinese market since 1916 with headquarters in Shanghai. The business operates across three GBUs, with approximately 3,500 employees and five manufacturing facilities. We have recently invested around £90 million in the Taicang factory to support China Dettol and Durex growth.

E-commerce has been a major contributor to growth in the market, now representing around two-thirds of the China business<sup>1</sup>. Its success has led the way for learnings across the Group more

broadly, in areas such as digital marketing, data and automation, and venturing.

Reckitt's largest brands in China are Durex and Dettol which represent more than 70% of the China business revenue. Other brands include Finish, Lysol, Harpic and the more recently launched Neuriva – all of which we expect to show double-digit percentage annual growth over the coming years.

We are also active in our communities, supporting education on the importance of hygiene, and we target reaching over 27,000 schools across the country over the next five years.

1. Excluding IFCN China

## INDIA

India is Reckitt's second largest market, with revenue in 2021 of over £800 million, around 6% of Group revenue, and we have ambitions to double this by 2030.

In a fiercely competitive space, we're outperforming our peers. Our net revenue growth over the past five years has averaged 8% per annum. With strong heritage in India, having entered the market with Dettol in 1940, we play across multiple categories, with Dettol, Harpic, Vanish and Veet each leaders in their respective segments. Our brands are highly trusted, with Dettol for example scoring 28% points<sup>1</sup> higher than its closest competitor on key attributes, and with one in two households<sup>2</sup> purchasing the brand in the last year.

The market backdrop is highly favourable. By 2030, India is expected to be the most populous country in the world, with 1.5 billion people, and GDP is forecast to be \$6 trillion making it the world's third largest economy<sup>3</sup>. Today, Indians spend a relatively low proportion of their income on consumer staples. With the equivalent spend some 30 times greater in the US, there is substantial headroom for growth.

Such is the strength of our brands such as Dettol, Harpic and Durex, we are uniquely placed to drive purpose-led messages on vital topics, such as hygiene and sexual health and wellbeing, across the country. Dettol's high-profile Banega Swasth India campaign for example has been running since 2014. Now in its eighth season, through celebrity endorsement and in partnership with the country's most respected TV channel, it's helping millions of Indians to improve their lives with better hygiene and sanitation. The Dettol School Curriculum is reaching 20 million primary school children. Targeted diarrhoea prevention interventions save the lives of around 100,000 under-5s in Uttar Pradesh.

Such is the strength of Dettol in the country, that it was the starting place for what became a global phenomenon. The #handwashchallenge TikTok campaign, which ultimately garnered 125 billion views, was initiated with Bollywood celebrities and India's top TikTok influencers uploading their own dance-based interpretations of the handwashing rap.

The development of the India operation over the last two years exemplifies the strategic transformation that's underway across Reckitt globally. We're driving core brand performance with innovation-led market share growth and penetration gains. We're growing e-commerce – up nearly 140% over the last three years – and extending our reach. We're supplementing our retail network with expanding direct distribution and enhancing digital capabilities. We're strengthening our supply chain and improving productivity.

### Durex: making Invisible visible

Six years ago, there was limited brand awareness of Durex in India. The brand had a very small share of what was then a low-visibility market. Sex had long been seen as a 'man' thing that wasn't discussed in the public sphere. Condoms were mostly supplied on request by chemists and were not on display. Product understanding was limited and suppliers mainly served basic needs, which favoured cheaper local brands.

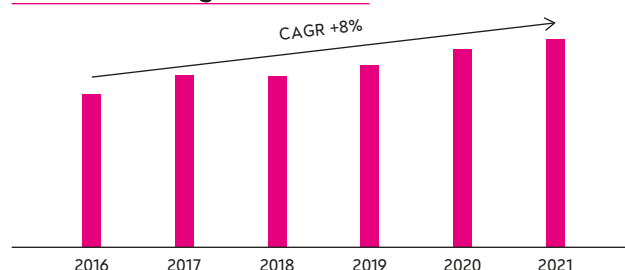
Durex recognised that several category segments were underserved and launched superior offerings to meet that untapped demand. Its Mutual Climax condom emphasised performance, while Durex Invisible, India's thinnest condom, stressed intimacy.

The brand backed up these innovations with quirky, social-media-led campaigns that championed great sex and took on centuries-old taboos. Celebrity endorsements engaged younger audiences. In a first for India, Durex challenged the stigma around female sexuality and built conversations around sex that included women and the LGBTQ+ community.

Key to performance for Durex in India, however, has been its improved distribution. In early 2019, the brand could be found in around 76,000 distribution points across the country. Today, it is over 120,000. Combined with improvements in digital, this has seen Durex gain over 210bps of market share in 2021, leading to the brand now being the second largest condom name in the country.

Looking forward, we continue to see the Durex opportunity as significant – with growth in the category, as well as further opportunities for market share gains.

### LFL net revenue growth in India



### Leading brand positions



1. Advantage survey of retailers 2021
2. Source: Nielsen penetration data
3. Source: World Bank