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FY 2020 RESULTS SCRIPT

Laxman Narasimhan, Group CEO and Executive Director

Good morning and thank you for joining us. I want to start today by thanking all our associates, customers and partners for helping us navigate a year like no other. Thank you for keeping our people safe, serving our customers and for engaging with communities.

Slide 4 - Key messages

I have four messages for you today.

First, we have delivered very strong growth this year led by strong execution in a changing demand environment that was shaped by COVID.

Second, we have made record investment in the business, investing in growth-led initiatives to build a great house in a great neighbourhood.

Third, we expect continued growth in 2021, across brands, geographies and channels, and locking-in the progress we made in 2020.

Finally, we have increased confidence in our ability to achieve our medium term revenue and margin targets.

Slide 5 – Agenda

The presentation will be split in to three sections. I will cover the 2020 highlights, Jeff will then give you a review of the financial performance and 2021 outlook, and then I will provide you an update on our strategic progress.

Slide 6 - Key Financial Highlights

Overall, we delivered very strong growth in 2020, up 11.8%, on the back of very strong execution. On a like for like basis, our operating profit also improved. Our operating margin declined 260 basis points, in line with our guidance, and reflects the record level of investments we made to position us for a sustained growth acceleration. We have reported record levels of free cash flow, and delivered an EPS of 327p, well ahead of our original expectations for the year. The dividend proposed today is unchanged on last year and in line with our policy.

Slide 7 - Key operational highlights

Turning to our operational highlights, the performance we delivered was broad-based.

Lysol and Dettol are now, combined, a £3bn+ and are in over 300m homes around the world. But this growth has only been possible because of the swift response of our teams. We dramatically stepped up supply, with over 500 individual products across our portfolio which have been proven to be effective against the Coronavirus.

It's not just a story of disinfectants however.

As examples, Finish is up over 20% and has been strong across the board. Airborne, our immunity brand, has doubled revenue over the course of the year. With Durex we've had significant success entering into the Polyurethane ultra-thin condom market in the fourth quarter. Gaviscon has also taken significant share thanks to excellent innovation and marketing execution.

Slide 8 - Key operational highlights (geographic spread)

The growth has been broad based geographically. In particular, strong double digits in the US and India, as well as high single digits in China, these 3 businesses make up almost half our revenues. over Our top ten markets have delivered an average of 15% growth.

Slide 9 - Key operational highlights (Brand equity)

Beyond revenue growth, the underlying business is stronger and we have built the brand equities over the past year. We have shown here just a few examples of our leading disinfectant brands, how they have moved year on year. And on the right-hand side, Dettol's position in India where our performance relative to our leading competitor was very strong.

Slide 10 - Key operational highlights (Brand equity) (2)

But this isn't just the disinfectant portfolio. We have also made progress across the rest of the portfolio brands such as Finish, Enfamil, Veet and Vanish, with each strengthened over the course of the year. Around the world consumers recognise the value of RB brands.

Slide 11 - Key strategic highlights

Turning to our key strategic highlights, while we have absolutely stepped up to the challenge of COVID-19 it is important to note that we have made considerable progress against our strategy and momentum in the business is strong.

This year has seen a record £745m invested in the business, driving significant global expansion and a material step change in digital and eCommerce. But it has also gone in to building the underlying capabilities for the business, in our go to market capabilities, adding significant increases in supply chain capacity as well as capability in order to improve customer service. The investments have strengthened our R&D and innovation pipelines. We have established Global Business Solutions – our professional business. We've put money into sustainability, and have further embedded culture change across our business.

All of this is funded by productivity programme that is ahead of schedule.

Slide 12 - We are taking decisive action on our portfolio

We are also taking decisive actions on our portfolio. We have been conducting a strategic review of our infant formula business in China. This business has shown strong underlying execution. Innovations and new products in the market are doing well. Execution offline has strengthened materially. We've gained share in online and the social commerce channels, and have held share overall in mainland China.

We have also gained share relative to other multichannels in Mainland China across channels But this business has structural challenges that we need to address. The Hong Kong border closure has lasted longer than expected, and there are uncertainties as to when it will open. We see a challenging local environment with local competitors investing heavily to drive growth. We see a change in the regulatory environment, particularly in mainland China. And with COVID for the near term, there has been a further decline in birth rates.   We will keep you updated as our review progresses.

Slide 13 - Sale of Scholl

We have also announced today the sale of Scholl to the owners of Dr Scholl.

Since we bought the business in 2011 we have been able to extract significant value through a period of strong growth in the middle of the last decade. The fit of Scholl and how it has evolved is less compelling than many of our other brands, and there is a better owner for this e business. As a result, we have sought to unlock value from the business and to recycle this into higher growth niches, better aligned with other parts of our portfolio.

Slide 14 - Acquisition of Biofreeze

A good example of this is the acquisition we also announced today of BIOFREEZE

BIOFREEZE is a topical pain relief brand based in the US. This move opens up a new range of therapeutic products that we can use to leverage our existing brand equity and also enhance our consumer health footprint. Rooted in sports medicine, and with a strong domestic US consumer base, BIOFREEZE is a proven product that we can develop both domestically and internationally.

Overall, moves like this - exiting a slower growth business and investing carefully in bolt-on brands that can accelerate growth, are the sort of things you'll see us do more of in the future.

And with that I will hand this over to Jeff to run you through the numbers.

Jeff Carr, Group CFO and Executive Director

Slide 16 - Net Revenue

Thank you Laxman, as you have seen Group LFL revenues were up strongly at 11.8%, Hygiene, with broad based growth across most brands grew by 19.5% in the year and Health, driven by Dettol, Gaviscon and an improving Durex performance, grew by 12.1%.
Nutrition was unchanged for the year, with IFCN down 4% LFL while the Vitamins, Mineral & Supplements category grew by 32%.
The growth across the group was volume driven, with total volumes up 9.6%, a key driver of growth has been our investments in eCommerce sales which grew sales by 56% and now represent 12% of group revenues.
LFL revenue growth in the 4th quarter was 10.2% with very strong Hygiene growth and as we'll discuss later, Health impacted by a weak 2020/21 cold and flu season.

Slide 17 - Group margins

Looking at overall group performance, let me first point to Net Revenues at £14.0bn. They were up year on year by 8.9% at actual exchange rates, which gives an FX headwind of 2.9% in the year. However, despite this we added £1.1bn of revenue in the year. Of course, this was impacted by COVID, but the growth was broad based. Lysol and Dettol grew as consumers sought out our trusted disinfection solutions, but both brands also gained significant market share in their major markets, also Finish grew with the benefit of more home nesting, but again outperformed the market and grew share.

Many brands, including, Gaviscon, Veet, Cillit Bang saw strong growth but also elements of OTC and IFCN were negatively impacted by COVID.
Gross margins were down by 20 bpts at 60.3% due to COVID costs, product mix changes, price investments and the stock write downs which just offset the significant benefit of productivity savings and some modest leverage benefits.

Brand marketing, BEI, while down as a margin % by 50 bpts due to the unprecedented growth, was up in absolute terms by 7% or £138m at constant FX rates and after adjusting for the productivity gains in BEI our gross investment was up around £200m in 2020.
Other costs increased by 290 bpts, as previously discussed, 100 bpts was due to the realignment of 2019 variable pay to normalised levels, the remaining 190 bpts relates to the one-time transformation costs and investments in growth enablers such as R&D, Quality and other go-to-market capabilities.

Adjusted operating profit of £3,301m reflects the 23.6% margin, down 260 bpts versus last year but in absolute terms up 0.7% at constant FX rates and down 2.0% at actual rates.
Reported operating profit for the year was £2,160m and includes a £985m impairment charge on IFCN goodwill. Our underlying plans for IFCN remain strong. We see significant margin recovery in 2021 due to the elimination of various one time charges taken in 2020 and the strong productivity program in place, and supported by new product launches such as Adult Nutrition and the expansion of specialty nutrition, we expect midterm revenue growth of 3-5%.

However, in 2020 the underlying margins of IFCN have been impacted due to the volatility relating to Covid 19 and the uncertainties this creates, such as the timing of the removal of cross-border trade restrictions between Hong Kong and mainland China. Therefore, we have increased the pre-tax discount rate used to determine the value in use related to IFCN and reflecting these uncertainties and this has resulted in the impairment.

Slide 18 - Margin bridge

This next chart walks us through the margin bridge focused on activities, such as leverage, productivity and investment, from 26.2% in 2019 to 23.6% in 2020.
First, let me emphasise, when normalising the 2019 margin by 100 bpts for variable pay, i.e. at plan levels, and excluding the one-time or “finite life” transformation costs, a further 90 bpts, the net movement year on year is 70 bpts.

I’ve broken this out into 4 buckets; Operating leverage; Covid and other costs; Productivity and Investments. I’ll spend a few moments on each bucket and then I’ll cover Investments and Productivity in more detail on the next two charts.

Operating leverage generated 300 bpts upside to group margins, this represents a flowthrough of 63%, less than we explained at the half year since I've included variable pay as an offset to volume leverage.

Next, Covid and other costs are 240 bpts in the year, this represents 80 bpts or £120m of direct Covid related costs, some of the adverse mix effects and a number of one-off items including the inventory write downs related to the Hong Kong IFCN business and the Mexican dryer changeover in the first half of the year.

Productivity, across all the P&L categories, delivered 280 bpts or £407m of benefits and finally, investments were 410 bpts or 500 bpts when added to the one-time costs, equivalent to a total of £745m invested in 2020.

One last point I'd like to highlight on this chart, excluding the 90 bpts of one-time, finite life costs, which we expect to mostly fall away in 2022, our group margin in 2020 would have been 24.5%, close to our mid-term target margin of mid 20's.

Slide 19 - Breakdown of investment

Moving on I'd like to dive into the 500 bpts of investments in more detail. We have classified these into 4 areas. In the first group, we have our growth enablers, these are core capability investments in key areas needed to deliver and sustain mid-single digit growth.

Let me expand on just 2 examples, in R&D and Quality we have invested around £50m in 2020 upgrading and intensifying key areas in science and technology across all business units, and the focus is on creating innovation and supporting new product development. One area of specific investment is OTC where we are doubling our overall R&D spend and we are already seeing signs of the positive returns with new product launches such as the first 12-hour release Ibuprofen with Nurofen Long Lasting.

My second example is in sales execution, we built up our sales capabilities and developed a sales centre of excellence, and together, these have invested some £35m in people and capabilities to drive better customer engagement with a more consistent approach to senior leadership, improved analytics to support promotions and standardised playbooks that embed a stronger service culture at all levels in our business.

There will be further investments in these Growth Enablers in 2021 as we embed the investments and start to see an acceleration of the returns.

The second area of investment is in competitiveness, this is principally price investments. The overall investment of £153m is in line with our original expectations and addresses the key competitive concerns we set out last February.
The third area of investments are the Growth drivers, this includes incremental marketing spend to support the sustainable growth of Lysol and Dettol with increased penetration and moves into new spaces and new places. This also includes investment to set up and drive GBS – Global Business Services - which as we've highlighted will contribute around 1% to growth in 2021, and further investment in eRB which as we've said grew at the rate of 56% in 2020.

The fourth and final area is the finite life or one-time transformation costs, these have been reported within our adjusted operating profit definition and not below the line. These are costs needed to transform RB from the RB of 2019 to RB of 2022 and beyond. They include costs to set up our productivity program, the initial set-up of GBS, plus the implementation of our operating model with 3 Global Business Units supported by the centres of excellence and global functions.

As I've said these one-time costs will remain at around the same level in 2021 before largely falling away in 2022, a key element of our bridge to mid-20's margins.

Slide 20 - Productivity programme

The final point is on productivity – our productivity program, I'm delighted in 2020 that we exceeded our internal targets and that has given us confidence to raise our 3-year goal from £1.3bn to £1.6bn. This means in 2021 we will need to deliver over £600m productivity savings, a significant challenge but one I'm confident we can deliver on.
As we discussed at the half year, there are thousands of individual initiatives contributing to this programme – spreading the execution risk and ensuring all parts of the business embed 'productivity' into their long-term mindset.

Savings from the productivity program will continue to fund our growth initiatives but they are also needed to off-set increasing commodity price and transportation inflation and on-going Covid costs in 2021.

Slide 21 - Hygiene

Now let me move on and look at each of our 3 operating segments in turn, starting with Hygiene. As you can see the progression of revenue growth by quarter has been outstanding, now remember in Q1 in 2020 we had 2 months with no Covid impact and a very strong March. In the 4th quarter, Hygiene grew LFL revenues 25.7% as we continued to increase supply capacity for Lysol, both internally and with co-pack partners and we expect to see supply capacity more in line with demand around the middle of the 2021.
Overall, in the year Lysol grew over 70% and importantly gained market share in all major markets including US.

However, the full year growth was broad based with Finish and Cillit Bang up double digits. Airwick, Mortein, Veja and Harpic all growing strongly.

We made significant investments in our Hygiene in 2020, not least in eCommerce, digital and GBS. However, these were more than off-set by strong leverage and productivity, resulting in margins at 25.9% for the year, up 50 bpts versus last year.

Slide 22 - Health

Our Health business unit has also performed strongly with LFL revenue growth of 12.1% in the year.

Breaking that down, Dettol has grown over 50% in the year with strong share gains in its major markets. Pleasingly, Durex has grown revenues in the year despite a challenging first half due to social distancing rules in many markets. The positive trend in the 2nd half for Durex, has been pronounced, for example, in China where we launched our polyurethane ultra-thin condom in October.
The quarterly trends are reflective of the Covid impact on our Health business, specifically OTC, where strong pantry loading took place at the end of the first quarter which unwound during quarter 2 and quarter 3, in the fourth quarter the impact of the weak cough, cold and flu season has been significant. Overall OTC LFL revenues were down 3% for the full year and just over 20% in the 4th quarter, in line with the market. Mucinex for example was down

significantly in the 4th quarter but held share. Other areas of our OTC portfolio performed well in the year, Gaviscon for example delivered strong revenue growth.

Margins at 27.3% were down 340 bpts reflecting the investments in growth, capability and the transformation previously discussed. Total adjusted operating profit at £1.3bn was in line with 2019 at constant currency.

Slide 23 - Nutrition

Moving on to Nutrition, total net revenue was £3.3bn with LFL revenues unchanged versus the prior year.

VMS was up 32% due to strong growth from Neuriva and Airborne, while IFCN was down 4% in the year, largely due to the Covid related closure of the Hong Kong border and the significant reduction in cross border sales. Elsewhere IFCN sales for example in North America grew just under 5% with innovation such as NeuroPro contributing to the successful year.

Operating margins were disappointing at 14.1% for the year, down significantly versus the prior year. Adjusting for one-time transformation costs and the variable pay headwinds, margins were down 500 bpts of which one-off items, such as the inventory write offs, accounted for around 50%, with the balance being due to the mix effect of the reduced Hong Kong sales which are at higher margin.

Looking forward we expect to see margins improve in 2021 and ’22 due to the elimination of the one-time charges and transformation costs, along with further productivity savings.

Slide 24 - Adjusted EPS bridge

Turning to earnings per share, adjusted EPS was 327p in 2020, significantly higher than we originally guided in February last year. Adjusting for FX headwinds in 2020 and the one-off tax and interest benefits in 2019, EPS was broadly flat year on year.

Slide 25 - Cash flow

Let’s move on to Free Cash Flow. Certainly 2020 has been an exceptional year, with FCF at £3.1bn and FCF conversion at 131%. I must caution this however, there has been a Covid benefit to working capital inflows which were £895m in the year. We do anticipate this will partially unwind during 2021. That said, the outcome will be that FCF conversion for the 2 years, 2020 & 2021, will remain very strong.

Included in our guidance is an increase in our capital expenditure as we continue to invest in growth and increased supply chain resilience. As a result, we expect that capital expenditure will grow from £396m in 2019; £476m in 2020 to over £500m in 2021 or around 4% of net revenue.

Slide 26 - Net debt

With strong FCF, we've seen a significant reduction in net debt, down from £10.7bn in 2019 to £9bn at the end of 2020. Consequently, leverage has been reduced significantly from 2.9x to 2.4x net debt to adjusted EBITDA.

Slide 27 - Capital allocation

Turning to capital allocation, we have delivered against the capital allocation framework set out a year ago in February 2020. We've delivered strong FCF conversion. We have reinvested our outperformance to drive growth. We've strengthened our balance sheet and improved our key leverage metrics. In line with what we said a year ago, we are proposing a dividend pay-out at 174.6p per share, unchanged from 2019. And based on the key criteria of growth potential, return on capital and fit, we are continuing to take steps to actively manage our portfolio

Slide 28 - Guidance

Turning to guidance and looking forward to 2021, we started the year well and Q1 is likely to be strong, as we lap the pre-COVID months of 2020. So, set against 11.8% growth in 2020, we expect our business to grow in 2021 with like for like net revenue growth of between flat to 2%.

On margin, we're continuing to invest in line with our plans and we expect to see the full year effect of these investments come through in 2021. As a result, our guidance is broadly unchanged, with adjusted operating margins expected to be between 40 and 90 bpts lower in 2021 than 2020.

On a couple of more technical points, we expect net financing expenses to be around 3% of average net debt, slightly higher than 2020 due to the planning ahead of significant bond redemptions in 2022 and we anticipate our effective tax rate should be unchanged at around 23%.

Additionally, we continue to see a stronger pound, impacting FX translation. In January, we published guidance of a 4% FX headwind on EPS, that was assuming rates remain unchanged. We'll provide a further update on FX in April prior to our first quarter release, but year-to-date trends are worsening and we could be looking at stronger FX headwinds.

Overall, a strong performance in 2020 as you've seen and a positive outlook for 2021 as we lock in the gains we've made and invest to secure our mid-term goals.

Thank you and now I'm going to hand back to Laxman.

Laxman Narasimhan, Group CEO and Executive Director

Thank you Jeff.

Over the next while, I want to walk you through a number of things.

I'll provide some insight into the consumer trends affecting our business and how these are being impacted by COVID.

I'll provide a reminder of our overarching strategy.

I'll then walk through our progress against our growth drivers and growth enablers – following on from what Jeff showed you on areas of investment.

Finally, we'll describe how we are preparing the business for the long term.

Slide 31 - Business anchored on 5 global mega-trends; amplified by COVID

First our portfolio is anchored on, and significantly impacted by 5 undeniable global mega trends, these mega-trends have been amplified by COVID, and therefore the underlying growth across our three businesses.

Slide 32 - anchored on 5 global mega-trends; amplified by COVID (2)

Additionally, our portfolio is favourably positioned for both a transitionary world as we recover from COVID, as well as for the medium to long-term when COVID becomes endemic, which further amplifies these fundamental mega-trends that support our growth expectations. In other words, our portfolio benefits both today, as well as benefits in the years to come.

It is clear that we have benefited from increased penetration of our disinfectant products and we believe this will continue for reasons I will come on to.

In addition, we are seeing growth in demand for speciality nutrition and immunity, another preventative area that we believe will continue to strengthen.

And COVID has brought about a generational step-change in online engagement and transactions.

But COVID has also had an adverse impact on our portfolio in a number of ways as social restrictions have led to a weaker cold and flu season, impacted birth rates and reduced demand for sexual wellbeing products. However, these are transitory.

To understand the pace of recovery in these parts of the business, we monitor four factors:

One, the vaccination roll-outs; as well as the emergence of new variants.

Two, the degree to which the pandemic has been managed in local jurisdictions to lower spreading.

Three, the reopening of schools, with which we expect to see cases of the common cold and flu rise; and

Four, the return of mobility and socialising which drives new demand spaces e.g. hygiene out of home, sustains the rediscovered positives of staying at home e.g. family meals, and socialising, which is already driving a recovery in a number of the markets within our sexual wellbeing business.

Therefore, we believe that our portfolio is robustly constructed for both the short term, as well as for the long term.

Slide 33 - Increased hygiene habits are likely to remain elevated after the pandemic

Looking at hygiene habits specifically, consumer behaviour has markedly changed as a result of the pandemic. As I told you last year, behavioural science says that our habits stick after 60 days. We are seeing the proof of that right now. 85% of people tell us that they have improved their hygiene habits as a result of COVID. And crucially, 79% of people tell us they expect that these changes to stick.

Take the example of China. Here, 86% of people are currently tell us they are washing their hands more than before the crisis. That is down only 4 percentage points from the peak.

A similar dynamic is true in Australia. And we see it in our business results. We are closely studying Israel and consumers appear desirous of higher levels of hygiene despite vaccination.

And this benefits not just our disinfectant portfolio, many also tell us that they will stay at home more, which impacts our brands used at home. And in very small pockets, we do see the evidence that mobility drives a positive uptick to our cough, cold and flu businesses As I said earlier, our portfolio is constructed to operate well with Covid as well as without Covid.

Slide 34 - Three spaces – well positioned for growth

All of this confirms our view that we operate across three very attractive, growing segments, united by a common purpose.

Benefiting from our focused, growth-led investments, we are confident that we will be able to achieve sustainable, mid-single digit revenue growth and mid 20s margins.

Let me talk more about how our progress this year reinforces this confidence.

Slide 35 – Hygiene

As we've set out previously, there are four key growth drivers we are focused on across our businesses and portfolio: driving greater product penetration, market share optimisation, developing new places and channels and opening up new spaces and adjacencies. We are executing against clear plans with pace.

Let me take you through a few examples of what we've already achieved starting with Hygiene.

First, I gave you the example of Harpic India this time last year, when we pointed to the 600bps increase in penetration versus 2018 thanks to behaviour-led marketing campaigns. Over the past year that has increased by a further 860bps, or the equivalent of nearly 30million households. Harpic is now in over 100m households in India alone.

We've performed strongly in market share having held or gained share in 70% of our top CMUs with several delivering exceptional share gains. Alongside Lysol and Finish, a great example is Mortein, where we have dramatically improved our position led by improved product innovation and better marketing execution.

And innovation is taking us to new spaces with the likes of Lysol Smart – a sustainability focused product, and Lysol Pet, our first venture into a new targeted market for Lysol.

Overall, our Hygiene business should grow around 4-5% as we expect to outperform a larger and faster growing market for disinfection. This is ahead of the pre-pandemic rates of 4% as we benefit from our investments to grow internationally, and in new channels.

Slide 36 - Health (OTC)

Turning to Health, and first OTC. We dealt with challenges of misinformation related to Nurofen, and then the impact of lockdowns and social distancing. But these are transitory phenomena; Nurofen market shares have recovered well, and while we're still seeing a weak cough, cold and flu season, there's no reason to assume an end to these viruses medium-term.

Behind the scenes we've been making some good progress.

Overall, 85% of our top Health CMUs, by revenue have held or gained share in the year across our Health GBU.

Gaviscon for example has had a very strong year with double-digit revenue growth, taking over 100bps share as it continues to execute against well-established go-to-market models.

With Strepsils, we are entering Vietnam and the Philippines, and strengthened our position in Turkey with Strepsils Herbals.

And of course, we continue to enter new spaces, an example being the Mucinex FastMax All-in-One which was recognised as a Top 25 Breakthrough Innovation in this year's US Nielsen BASES awards.

Slide 37 - Health (SWB)

Moving on to Sexual Wellbeing. The category was inevitably impacted by lockdown due to the reduction in social interactions but our focus on our direct to consumer offerings with 'ultra-fast' partnerships with Glovo, Deliveroo, and Ocado Zoom meant that we were able to reverse this throughout the year and ultimately grew revenue by 9% in Q4.

We see a rich array of opportunities for future growth.

We will continue to strengthen our range of partnerships to help educate young people and shape long term attitudes and behaviours.

Innovation and product changes related to fit and consistent orientation, all linked to consumer insights, have helped drive strong share gains. This is particularly true in China where the launch of the new PU condom in October helped drive 140bps of share gain in the condom market.

And finally, you will see us continue to enter new spaces. Last month we bought Queen V, a feminine sexual wellness brand based in California, and focused on vaginal health.

Combining opportunities for share gains and new space, we see Sexual Wellbeing as a business which can grow high single digits 7-9% per annum and contribute meaningfully to our overall expectations for growth in the Health business.

Slide 38 – Nutrition

Finally, moving to Nutrition. We have had good successes delivering against our growth drivers here also.

Neuriva, the adult nutrition brand launched in 2019 and focused around brain health has shown significant penetration growth over the past year.

In the US, in a competitive market, successful innovation and marketing with our NeuroPro product has meant we've defended our share position well in Enfa, and delivered significant growth online.

And as we've said before, a key contributor to Nutrition growth going forward will be the continued expansion into the adult health segment. During the year we entered the China Elderly Nutrition market – a market worth around £1bn which is showing double-digit growth. This is innovation-led, and underpinned by the science capabilities we have in the broader Mead Johnson business, along with the highly respected Mead Johnson brand in China.

Along with growth in VMS, we expect innovation and entry into new spaces to be a key contributor to the overall growth rates for Nutrition going forward, and continue to see this as a business which can grow in the region of 3-5%.

Slide 39 - Executing on our Growth Drivers: eRB

Let's turn now to eRB. As we've already said, we grew 56% year on year in eCommerce. This is now a very sizeable business, representing around 12% of total group revenue. This is not just about sales moving online during the pandemic. It is much more fundamental.

As you know we break the business in to what we call 'Be Big', our Omnichannel business; 'Be Fast', our Direct-to-Consumer business and 'Be Bold and Open' which is our venture capital Partnership and Open Innovation model .

We have seen good success across each of these. Our revenue growth has been broad-based with our D2C growing even more faster than Be Big.

We continue to invest significantly in eRB, including building out our business to business footprint.

Slide 40 - On track to expand our footprint to 70 new markets by the end of 2021

Before I move on to talk about the investment in the Enablers of growth, let me talk a little about the new places we are bringing our disinfectant portfolio.

We expect significant geographic expansion to continue. This is already well progressed and by the end of 2021 we will have entered a total of 70 markets with Lysol and Dettol compared to 2019.

The majority of these entries are white space opportunities where neither Lysol or Dettol operated previously. Pre-COVID for example we had no presence in disinfection in Brazil, Turkey or Vietnam for example, and limited presence in Eastern Europe and Scandinavia.

Slide 41 - Global Business Solutions

However, consumers want to feel safe not only in their own homes, but in public places. As I mentioned earlier, our research is showing that consumers want their workspaces, accommodation, hospitality venues and public transport, to not only be clean, but be visibly clean backed by brands they trust. We are therefore partnering with owners and operators of such venues to help provide appropriate reassurance to their customers.

Established just last year, our GBS business is growing rapidly, and there is clear momentum behind new contracts. For example, we are very pleased to have recently announced a new business with British Airways, and will later today announce a partnership with the Football Association in England.

We expect this momentum to continue, and expect GBS to deliver around 100 basis points of contribution to Group growth in 2021, and it should represent around 8% of our disinfection portfolio by the end of the year.

I want to be clear however that we expect this to be a sustainable business. This is a business which has been established directly as a result of COVID but will endure post-pandemic. More than just selling product to our partners, we're integrating ourselves into their protocols, helping them solve long-term challenges related to hygiene and cleaning on their premises.

Slide 42 - Investing in our Growth Enablers: R&D and Innovation (1)

We told you we were focused on growth and to do that successfully and sustainably the growth enablers are key. As Jeff referenced earlier, we invested £208m in 2020 in these areas, as part of our record £745m investment.

Let's start with R&D and innovation. Last year, I signalled that returning to our innovation-led growth heritage was strategically important for the rejuvenation of sustainable growth at RB. We have increased our focus here and in 2021, we will invest around 35% more than we did in 2019.

Key to our success will be the investments we are making in science platforms. Here, we are making a fivefold increase in investment which is funding the hiring of high-calibre scientists, engineers and technical professionals, as well as enabling technologies.

These science platforms – the eight areas detailed at the bottom of the slide - will deepen our capabilities in areas like the microbiome, polymer science, digestive health, and surface chemistry. They will span all the GBUs and work across a number of consumer needs – like immunity, digestive health and pain relief – just a few examples that are shown here.

Previously we were product-led rather than consumer-need driven and operated often with siloed approaches rather than leveraging shared resources and insight. For example, our work on Polymer Science would take place almost entirely within our Durex team. Now, there are joined up teams working in close collaboration with the Durex team to ensure they are solving the most important consumer problems.

I'm very confident that this strategic change will allow us to make truly game-changing innovations rather than the small, incremental moves of recent years.

Much of this investment will provide a long-term, step-change in our R&D capabilities which will provide sustainable benefits over a number of years and we expect the proportion of growth from differentiated new products and solutions to increase over time.

But a number of tangible results have already been achieved.

Slide 43 - Investing in our Growth Enablers: R&D and Innovation (2)

Our Microbiome and Polymer Science platforms supported the development of Lysol SMART creating a new segment of disruptive innovation. This is a new multi purpose cleaner with a smart refill system. This is a new multi-purpose cleaner with smart refill system that can be reused up to 20 times, reducing plastic usage by 70% with minimal effort from the consumer.

In OTC, employing the Platforms of Surface and Polymer Science, we've launched the first of its kind 12 hour sustained release ibuprofen solution, Nurofen™ Long Lasting, enabling controlled fast and lasting relief.

And in Nutrition we have the launch of an entirely new category for RB in the area of Adult Nutrition in China. ProVital™ Immunity is just one example in a range of new adult nutrition solutions building on the deep science of MJN and connecting across the full life space of human nutrition from infant to adult.

Slide 44 - Investing in our Growth Enablers: R&D and Innovation (3)

Looking across the innovation pipeline, there is a significant sustainability component to what we are doing – Botanical Origin for example.

And with Lysol on the Go, Lysol Pet, Laundry Sanitizers, and our dedicated Business Solutions products, our ongoing response to rapidly-evolving consumer demand is clear.

We're also addressing the sexual health crisis with our thinnest condoms that have more appeal to non-condom users.

And we're addressing consumers of all ages with our nutritional launches.

Our pipeline is already bigger and stronger than a year ago, touching all three GBUs and has broad, geographic relevance.

There is much more to come on R&D including our approach to partnering with leaders from around the world. We are on a good path and you will hear more directly from the team on this later in the year.

Slide 45 - Investing in our Growth Enablers: Supply Chain

Turning next to supply chain investment, another of our growth enablers.

Much of the year has been focused upon our response to the demands created by COVID. But we have worked hard to improve the underlying capacity and resilience of our supply chain.

We've begun to make material expansion upgrades to a number of our lines, with Gaviscon production in Hull for example, planned to be up 60% in 2021 compared to 2019.

We've also made changes to reflect our growth opportunities. Our emerging direct to consumer and GBS businesses have particular supply-chain requirements.

And we've invested in technology, increasingly employing cutting edge technology to help with real-time forecasting.

And of course, every one of our decisions here are looked at through the lens of sustainability and the impact our supply chain is having on the environment.

All of these actions will allow us to improve our product fill rates, our ability to reliably and consistently provide our customers with the product they need and when they need it.

Slide 46 - Investing in our Growth Enablers: Customer Service

Moving to customer service, we have made strong improvements here. We have made organisation changes, with the creation of a dedicated senior Global and Regional Chief Customer Officer roles and have created a Centre of Excellence where we have added around 100 new customer-facing roles to strengthen our customer coverage.

This has already made a noticeable difference to our customers. According to the Advantage survey – an annual survey of retailers – we are now considered top tier for Personnel and Organisation. And overall, we have progressed 9 places compared to 2019.

There is more to do, particularly in the area of supply chain, but this is a material, externally-validated improvement.

Slide 47 - Purpose, Fight, Compass and Leadership Behaviour

A year ago I said I wanted to build on the best of RBs culture – the strong performance orientation and can-do attitude, but also to embed a new sense of purpose and new leadership behaviours and would put doing the right thing, always, at the heart of our business.

Our Purpose and Fight, which we set out this time last year, has never been more relevant than during the pandemic. Our more than 40,000 employees have worked tirelessly to enable people across the world to make their environments and themselves cleaner and healthier.

Additionally, we have during 2021 defined our Leadership Behaviours, providing a practical guide of how we expect our leaders to guide their work, embedding a strong cultural change across the business.

Slide 48 - Fight for Access Fund

On the community front, a healthier world was certainly a worldwide ambition throughout 2020 as we all tried to cope with the pandemic.

Many communities where we work needed greater support, and we so launched and mobilised our Fight for Access Fund, with an annual commitment of the equivalent of 1% of our net operating profit, to help.

We mobilised more than £40m in support of communities around the world impacted by COVID-19 - with more than 20 projects across 41 countries, for example, providing care packages to front line healthcare workers in the UK. Supporting hygiene education in disadvantaged school districts in US. Partnering with UN AIDS to support disadvantaged communities living with HIV in Africa, so they could protect themselves. Working with the UN to ensure mothers had access to pre-natal care and could protect themselves against Covid while pregnant in countries like Mexico and the Philippines. Donating 10m bars of Dettol soap in India for vulnerable communities; and with donations of Lysol and Harpic. £1m to the International Rescue Committee's front line COVID response with refugee and vulnerable communities in Lebanon, Jordan and Syria.

These are but a few of the ways we played our part.

Slide 49 - Sustainability 2020 Progress

This year has seen us deliver on our goals for 2020, and increasingly dial up our ESG performance

More than 30% of net revenue came from more sustainable products, measured using our Sustainable Innovation Calculator. This unique tool helps us measure the performance of our product in terms of their carbon and water footprints and the packaging and ingredients they use. It enables us to benefit from the increasing expectations of consumers and our customers for more sustainable products.

One area of our work here is delivering on our plastics pledge such that all our packaging is recyclable, we use less plastic and we cost-effectively include recycled material. This also mitigates the impacts of emerging tax regimes on plastics in more than 90 countries.

There are several examples in our portfolio of how we have worked this. But the impact of our more sustainable products goes beyond packaging.

Finish's stop the rinse campaign saves dishwasher users large amounts of water. 700m litres so far in Australia and with similar campaigns being rolled out globally for example in the US, Turkey, UK, etc.

Durex's contribution to individual consumers to protect against STIs and HIV AIDS is also obvious, but when we considered this for our market in Thailand, we saw a contribution to the wider public health agenda in excess of £120m annually.

In pursuit of our climate change commitments, and our goal of accelerating delivery of our science based targets to support the Paris Climate agreement, we've surpassed our 2020 target of a 40% reduction, and in fact reduced carbon per product by 53%, relative to a 2012 baseline. All our manufacturing sites in the US, Europe and India are only buying renewable power. Around 2/3 of all the electricity we now buy is renewable.

We also established the Reckitt Global Hygiene Institute with a $25m commitment to promote science based evidence to improve hygiene behaviours.

What this all adds up to is increasing our ESG performance overall. We've improved our Sustainalytics score from 23.5 now down to 20.9 in the past 2 years, and think there is more to come as we continue our purpose-led growth and the relentless pursuit of a cleaner healthier world.

Slide 50 - Sustainability Commitments

Looking forward, we are further embedding sustainability into our core business as an enabler and driver of our future growth.

More sustainable products will meet a consumer demand and planetary need. They will provide more than half our revenue by 2030, and also reduce our environmental and chemical footprint and our use of plastic.

We're accelerating combatting climate change and tackling water stress where it matters most. Our ambition is to be carbon neutral by 2040, 10 years ahead of the Paris Accord.

And we're working towards a fairer, more inclusive and diverse society, as an employer and in our value chains, through our suppliers but also through our brands and how they communicate. As an example, while we have gender balanced management ranks, our ambition is to have gender balanced across all levels of management by 2030.

Most important is the impact we create on people's lives – through our purpose led brands. Our aim for 2030 is to reach half the world with products that contribute to a cleaner, healthier world; engaging 2bn people in our partnerships, our programmes and campaigns that build awareness and help create a positive impact on society.

Our Fight for Access Fund will play an important part, but this is led by our brands and will make a real contribution to meeting the UN's Sustainable Development Goals.

You'll hear more about these ambitions at the end of March and then over the course of the year

Slide 51 - Strategic summary

Bringing this all together, I've talked to you about how our portfolio is constructed against our five global mega-trends and how it is robust for a world with and without COVID, with lasting, positive changes resulting from the pandemic.

I've talked to you about the growth drivers for each of our 3 GBUs, the accelerating growth we are seeing in eRB, and the additional contribution to growth we will deliver through GBS.

I've also talked about our growth enablers, our investments in R&D and the breadth of our Innovation, and the strengthening of our supply chains to better meet demand and improve customer service. We've made the largest investment in history in our capabilities to drive growth.

Finally, I've talked to you about how we are continually developing our agenda on sustainability and on our social commitments.

All of this alongside a year of record investment is underpinning our overall Group revenue and margin targets, with continued work on our portfolio to reposition the company for the long term.

Slide 52 - Rejuvenating sustainable growth (Key messages)

With that, I'm going to close where I started, with 4 messages. First, our performance in 2020 was very strong, particularly compared to our original expectations, and given the challenging environment that has affected us all.

Second, 2020 was a year of record investment in growth-led initiatives to build a great house in a great neighbourhood.

Third, we expect continued growth in 2021, across brands, geographies and channels, locking-in the progress we made in 2020.

And finally, we have increased confidence in our ability to achieve our medium-term targets. Our underlying growth will accelerate as the record levels of investment take hold, while margins will benefit as finite-life costs fall away in 2022.

The world's need for the Hygiene, Health and Nutrition support we provide has never been greater and will continue to grow, and I'd like to extend my deep gratitude again to the RB team that makes this happen, every single day.

Thank you and Jeff and I will be glad to take any questions you may have.

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Q&A