



MOVING FORWARD TOGETHER WITH PURPOSE

Chris Sinclair
Chairman

I am proud of what we were able to achieve this year in the face of some enormous challenges. Reckitt is emerging much stronger, as a more resilient and purposeful company.

We made significant progress in 2020 in building the foundations for future growth. We have added exceptional leadership talent at the top of Reckitt and across many of our geographies to help steer the company through this transformational stage. We are investing in capabilities and have organised ourselves to become more focused and purpose-led.

Business performance

Full year net revenue was £13,993m, with growth of +1.8% on a like-for-like basis. This was underpinned by strong performances from both Hygiene and Health; despite mixed markets, Nutrition also made good operational improvements while separating from Health and integrating Vitamins, Minerals and Supplements.

The performance uplift reflected the outstanding way our teams responded to the coronavirus pandemic (COVID-19), meeting the substantially increased demand for some of our brands through sharper execution, expanded capacity and better customer service. Together with our ongoing investment in our digital capabilities, this enabled us to deliver a stronger underlying performance across our portfolio of brands.

Adjusted operating profit was £3,301m, at an adjusted operating margin of 23.6%, down 260bps on last year in line with our guidance and reflecting planned investment across many areas as laid out by Laxman in the strategy presentation in February 2020.

Our business made solid progress on many fronts. It is an early indicator that the strategy announced last February is gaining momentum and yielding positive results.

We remain focused on delivering our strategy. Although it is too soon to be definitive, we believe that much of the additional demand we saw during 2020 for our Hygiene and Health brands is likely to be sustained even after the pandemic. We are accordingly investing in additional capacity and in expanding our Hygiene and disinfection business into new geographies and business segments.

For our Nutrition business, we delivered good growth in North America and from our Vitamins, Minerals and Supplements portfolio, although the operating environment in China continues to be challenging for our infant formula products. As a result, Laxman and the team are conducting a strategic review of our infant formula activities in China and we'll act on the conclusions of this in due course. In the meantime, our focus is on sustaining the wider investments for growth that have already started to yield benefits with renewed innovation, such as our first adult nutrition product, launched in December.

Governance and risk management have been important areas of focus for the Board over the last few years. We have done a lot

of work through the Corporate Responsibility, Sustainability, Ethics and Compliance Committee to broaden and deepen our approach to managing safety and compliance risk, and to focus on our sustainability agenda. We continue to expand the investments and initiatives that enhance the safety and efficacy of our products, as well as their sustainability.

Consistent with the expectations we set out last year, the Directors have proposed a final dividend of 101.6 pence per share, which when added to the interim dividend of 73 pence, gives a full-year dividend of 174.6 pence per share. Subject to shareholder approval at the AGM in May 2021, this will be paid on 14 June 2021 to shareholders who were on the register on 7 May 2021.

AGM

Whilst our Annual General Meetings (AGM) are normally held as physical meetings with shareholders encouraged to attend, due to COVID-19 restrictions, in 2020 we recommended that shareholders refrain from attending the AGM in person, in line with guidance from the UK government at the time. Our 2020 AGM was held as a closed meeting, with a live virtual webcast which shareholders were able to view online.

For this year's AGM, currently planned for 28 May 2021, we are proposing a similar format, with the addition of a live Q&A to allow the Board to interact directly with shareholders. The safety of our shareholders, Directors, employees, and other stakeholders is of the utmost importance to us.

At this year's AGM, we will be proposing an additional special resolution to adopt amended Articles of Association of the company, giving us the flexibility to hold a hybrid AGM going forward, if deemed necessary. Further details are set out in the Notice of Annual General Meeting available on www.reckitt.com/investors/your-shareholding/agm/.

Implementing our strategy

In 2020, the safety of employees and the continued supply of products, especially those critical to combat the spread of COVID-19 were the key priorities. At the same time, we were able to grow and develop the business. While we face another year of uncertainty with the continued global pandemic and economic disruption, we remain focused on executing our strategic priorities and embedding our cultural transformation.

We made rapid progress on multiple fronts during 2020. The fact we have been able to achieve so much in a COVID-19-affected year attests to an exceptionally strong team performance and the dedication of our employees across the world as they have risen to the challenges. Without their efforts, our contribution to managing the pandemic would have been much more limited. We saw significantly increased consumer demand, especially for our Dettol, Lysol, Finish and Airborne brands. This presented

considerable opportunities, but it also posed some major challenges during a global pandemic. Our factories, suppliers and logistics operations had to contend with social distancing and quarantine constraints, which were often imposed at very short notice. This added to the complexity of stepping up supplies. I am proud to say that our people rose to the challenge. They responded with flexibility, commitment and Reckitt's characteristic, can-do spirit.

These efforts allowed us to scale up our product supply dramatically in critical areas. We strengthened our global supply chain and improved customer service levels. We continued to make good strides in digital and e-commerce and are now building a competitive advantage in this arena. And we also managed the successful launch of an entirely new business line. Our professional services offering, Global Business Solutions, is already demonstrating strong growth potential, including exciting partnerships with transport and hotel groups.

Meanwhile, we have been pursuing the organisational and cultural transformation programme outlined in the strategy we published in February 2020. The July restructuring into three Global Business Units added focus and sharpened execution.

Talent and culture

The Board is very encouraged by the rapid progress we have made this year in terms of talent and culture. We have a new leadership team in place and have strengthened skills in numerous key areas, notably digital capabilities, sales excellence, and supply chain management. Our workforce has shown itself to be adaptable and highly effective in very testing conditions. Their resilience and commitment have brought tangible improvements to execution across the Group.

Laxman and his leadership team have also crafted a very coherent and powerful cultural agenda founded on purpose and responsibility. This has helped unite and inspire colleagues. Our purpose encapsulates why we exist and what we aspire to achieve as an organisation. Our fight adds urgency to that, and our compass guides our actions. Early indications are that these have been extremely well received both within the Group and by external stakeholders.

We are investing significant energy and resources in our sustainability agenda. Sustainability is an integral part of our long-term sustainable growth business strategy and intrinsic to our identity as a responsible, purpose-led business that aims to make a positive difference in the world. This focus on sustainability resonates with stakeholders and is warmly embraced by our workforce. Employee surveys during 2020 confirmed that our people are proud to work for Reckitt and this is reflected by the level of commitment they have shown.

Changes to the Board

I have said already how proud I am of everything that the leadership team and our

colleagues worldwide have been able to achieve in difficult times. That goes equally for my fellow Directors. The company is very fortunate to have highly talented individuals on the Board who are committed to Reckitt and passionate about its purpose.

We welcomed two new Non-Executive Directors this year who are already making valuable contributions to our deliberations. Margherita Della Valle joined us in July 2020 and also became a member of the Audit Committee. Margherita has extensive experience of financial markets and digital technologies and has been instrumental in business transformation programmes in her prior roles. Her sectoral expertise and insights bring fresh perspectives, which have broadened the Board's base of experience.

In December 2020, we announced that Olivier Bohuon would join the Board and the Remuneration Committee in January 2021. Olivier spent many years as a successful CEO of a large global company. He has deep experience in healthcare products and markets and his insights will enrich and inform the Board's discussions.

After a decade at the company, Warren Tucker retired from the Board and Audit Committee at the conclusion of our AGM on 12 May 2020. My thanks go to Warren for his sage advice and wise counsel. The Board will miss his committed and constructive presence. We wish him well in his future endeavours.

As we announced last year, I am delighted to welcome back Reckitt alumnus, Jeff Carr, who rejoined the company as its Chief Financial Officer in April 2020. He succeeded Adrian Hennah who stepped down as CFO in April and retired in October 2020, following a transition to Jeff. I would like to thank Adrian for his valued service and many contributions. Jeff has a strong track record of transformational strategic and operational leadership and is playing a key role in Reckitt's strategic transformation.

Conclusion

Looking ahead, we remain committed to the strategic priorities laid out last February. The appropriateness of these priorities has been reinforced and validated by what we have seen during the pandemic. We believe we have set ourselves the right objectives. We now need to ensure that our execution delivers strong, sustainable performance.

We are sharpening our portfolio and strengthening the organisation to be able to compete and innovate more effectively. We are making real progress on managing the business responsibly and sustainably.

Ultimately, we aim to deliver consistently strong returns for shareholders by meeting stakeholder priorities, and we are well-placed to achieve that ambition. I am optimistic about Reckitt's future as a high-performing, purpose-led business.