

Reckitt to sell its infant formula business in China for US\$2.2 billion to Primavera Capital Group

5 June 2021 – Slough, UK – Reckitt Benckiser Group plc (“Reckitt”) announces that it has entered into a definitive agreement to sell its Infant Formula and Child Nutrition business in China¹ (“IFCN China”) to Primavera Capital Group (“Primavera”) for an implied enterprise value of US\$2.2 billion. Reckitt will retain a shareholding in IFCN China of 8%² and anticipates net cash proceeds to be approximately US\$1.3 billion³.

The transaction follows a comprehensive strategic review of IFCN China announced in February 2021. The transaction is structured as a sale of the entirety of IFCN China, including the manufacturing plants in Nijmegen, the Netherlands and Guangzhou, China. It includes a royalty-free perpetual and exclusive license of the Mead Johnson and Enfa family of brands⁴ in China. Following completion of the transaction, Reckitt will continue to own the Mead Johnson and Enfa family of brands globally and will operate those brands in the rest of the world.

The transaction is subject to consultation with Reckitt’s works council in the Netherlands, which Reckitt will now initiate. Reckitt will also engage with its other relevant employee unions in relation to the transaction. Subject to the Netherlands works council consultation and the satisfaction of customary closing conditions, completion is expected in the second half of 2021.

Reckitt expects to incur cash tax costs of around £300 million and transaction and other costs of around £200 million. The net proceeds will be used to reduce net debt and would have lowered the December 2020 net debt / adjusted EBITDA ratio by around 0.2x to 2.2x.

As at December 2020, IFCN net assets totalled £8.8 billion on a global basis. Following the definitive agreement to sell IFCN China, Reckitt’s IFCN net assets have been separated geographically for accounting purposes; with £3.4 billion allocated to China and £5.4 billion allocated to North America and the rest of the world. As a result of the sale, Reckitt expects to incur a net loss of around £2.5 billion principally relating to the re-measurement of goodwill and intangible assets for IFCN China.

Commenting on the sale, Reckitt CEO Laxman Narasimhan said:

“Today’s announcement marks another step in our strategy to rejuvenate growth and create long term value. As part of this journey, we are actively, and decisively, managing our portfolio.

¹ Mainland China, Taiwan and Hong Kong

² Through the receipt of an 8% shareholding in a vehicle in the purchaser’s acquisition structure as partial consideration

³ Subject to customary closing adjustments

⁴ Including Enfinitas, Enfamil and Enfagrow

"After a thorough review of IFCN China, we have found an excellent home for the business under the ownership of Primavera. As a result of this transaction, our Nutrition business going forward will have a better and more consistent growth and margin profile. We are market leaders in infant nutrition in North America, ASEAN and Latin America, and we have a strong Vitamins, Minerals and Supplements portfolio which includes an exciting Adult Nutrition business. This, combined with our focus on execution, brand building and productivity, our investment in R&D and innovation, and our expertise in eCommerce, gives us a solid foundation from which to grow.

"We remain committed to China with our Hygiene, Health and VMS portfolios. We are excited about the opportunities to grow our brands and expand our business in the future. China is Durex's largest market and growing strongly and it is an important market for Dettol, Finish and our VMS brands with significant potential for future expansion.

"Our portfolio is increasingly well-positioned to benefit from attractive fundamentals which, combined with our increased focus on operational execution, gives us confidence that we are taking the right steps to meet our medium-term targets."

Primavera Founder and Chairman Dr. Fred Hu said:

"We look forward to a strong collaboration with Reckitt, to continue to build on the heritage and strength of the Mead Johnson brand. We have considerable experience investing and growing and expanding global brands in China. We are excited to support the business in its next phase of growth, leveraging our resources and local leadership."

-ENDS-

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NOTES TO EDITORS:

About IFCN China:

As part of Reckitt's Nutrition business, IFCN China is driven by its purpose to protect, heal and nurture, from the first 1,000 days of life and continuing lifelong. IFCN China is committed to providing the best

nutrition through science-based research and product innovation, leveraging Reckitt's global resources and expertise.

IFCN China operates in mainland China, Hong Kong and Taiwan and is behind some of the most recognised and trusted brands in the infant formula market in China, including Mead Johnson Nutrition, Enfamil, Enfagrow, Enfa Gentlease, Enfaschool, MultiGrow, NutriPower, Enfinitas Mama, Enfa Mama, and Enfinitas.

Headquartered in Guangzhou, China, IFCN China comprises of a dedicated team of c.3,000 colleagues including those in the manufacturing plants and R&D facilities in Nijmegen and Guangzhou. Enda Ryan was appointed SVP Greater China, Infant Formula and Child Nutrition in 2017.

For the financial year ended 31 December 2020, IFCN China had net revenue of £861 million, operating profit was £85 million and gross assets were £5.4 billion.

About Reckitt:

Reckitt* exists to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We believe that access to the highest-quality hygiene, wellness and nourishment is a right, not a privilege.

Reckitt is the company behind some of the world's most recognisable and trusted consumer brands in hygiene, health and nutrition, including Air Wick, Calgon, Cillit Bang, Clearasil, Dettol, Durex, Enfamil, Finish, Gaviscon, Harpic, Lysol, Mortein, Mucinex, Nurofen, Nutramigen, Strepsils, Vanish, Veet, Woolite and more.

Every day, more than 20 million Reckitt products are bought globally. We always put consumers and people first, seek out new opportunities, strive for excellence in all that we do and build shared success with all our partners. We aim to do the right thing, always.

We are a diverse global team of more than 43,000 colleagues. We draw on our collective energy to meet our ambitions of purpose-led brands, a healthier planet and a fairer society. Find out more, or get in touch with us at www.reckitt.com

* Reckitt is the trading name of the Reckitt Benckiser group of companies

About Primavera:

Primavera Capital Group is a premier China-based global investment firm. The firm focuses on consumer and retail, technology, healthcare, and financial services.

Its portfolio includes investments in industry leaders such as Alibaba, Ant Group, ByteDance, DiDi, Junlebao, Kuaishou, Laobaixing, Xpeng, Yum China, among others.

Further information:

Goldman Sachs International and Morgan Stanley & Co. International plc acted as financial advisors to Reckitt on the transaction.

This announcement (including any information referred to in this announcement) contains statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of Reckitt about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Reckitt cannot give assurance that such expectations will prove to be correct. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with its legal or regulatory obligations, Reckitt expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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