

BUILDING A BETTER HOUSE: H1 2021 RESULTS



Disclaimer

Cautionary note concerning forward-looking statements

This presentation contains statements with respect to the financial condition, results of operations and business of Reckitt (the "Group") and certain of the plans and objectives of the Group that are forward-looking statements. Words such as "intends", "targets", or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including targets for net revenue, operating margin and cost efficiency, are forward-looking statements. Such statements are not historical facts, nor are they guarantees of future performance.

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LAXMAN NARASIMHAN

Chief Executive Officer



Key messages

- 1 Solid H1 2021 performance**

- 2 Strong progress in building a better house with more to do**

- 3 Addressing near term cost pressures, while actively managing our portfolio**

- 4 Confident on meeting mid term goals**

AGENDA



H1 2021 Highlights & Overview



Financial Review & Outlook



Strategic Update

H1 2021 OVERVIEW

Key H1 financial highlights

LFL Net Revenue
ex IFCN China

£6,274m

+3.7%¹

(17.6% 2-year stack growth)

Adjusted
Operating Profit ex IFCN China¹

£1,425m

(11.9)%

Adjusted Operating
Profit Margin ex IFCN China¹

22.7%

(240)bps

Adjusted Earnings
per Share¹

142.6p

(14.4)%

Free
Cash Flow¹

£520m

(72.7)%

Dividend
per share

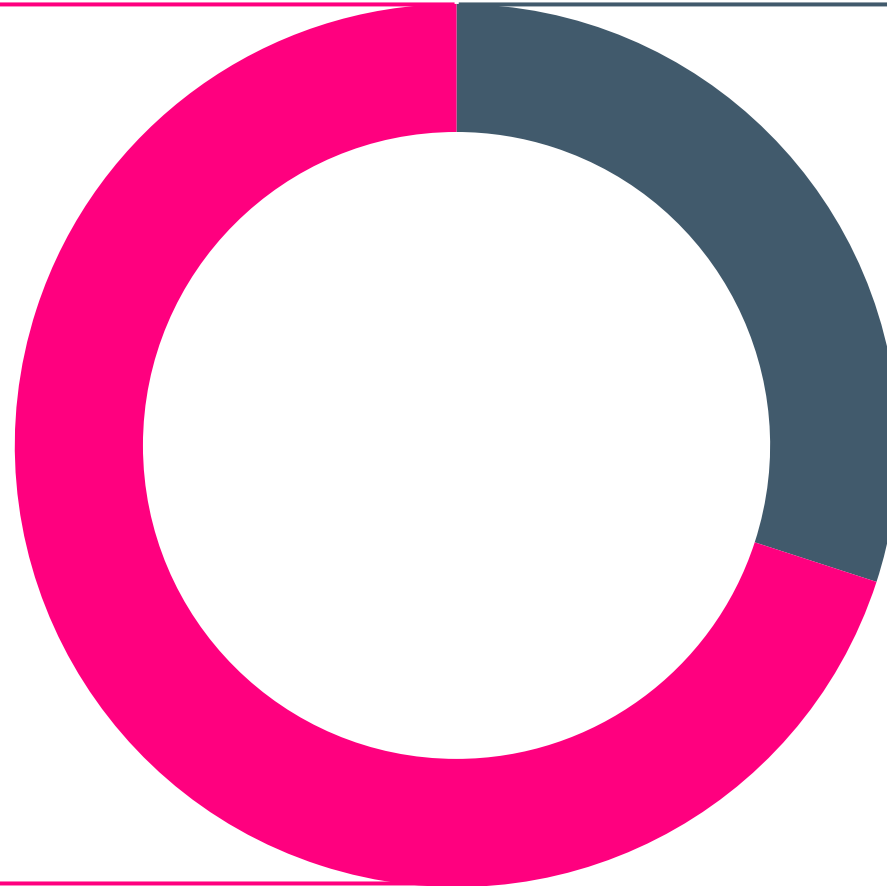
73.0p

UNCHANGED

c.70% of Group revenue grew mid single digits LFL in H1¹

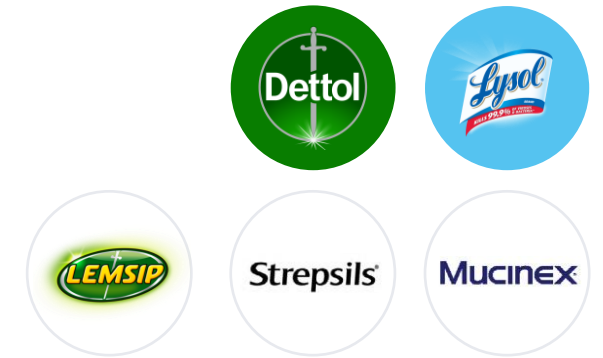
c.70%

of the portfolio growing mid-single digits



c.30%

Brands more impacted by COVID



1 – Excludes IFCN China

Disinfection is structurally re-basing

Consumer behaviour is evolving differently around the world:

- Pace of vaccine roll out
- Government guidelines (e.g. lockdowns and other restrictions to social mobility)
- New waves / variants

Enhanced consumer hygiene habits post pandemic


Both brands are more relevant with significantly stronger brand health measures

Well positioned to expand geographically and into a wider range of adjacencies

Disinfection c.25% of net revenue ex IFCN China



#1 in US with c.16% share
22m net new households gained globally
US normalisation underway

H1 2-year stack growth:  **>100%**

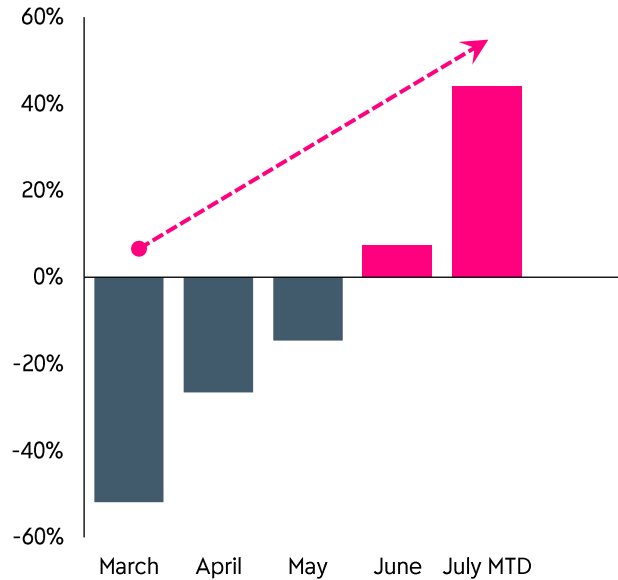


Global share +230bps
+530bps increase in global penetration
69m new households gained
Rebasing more advanced

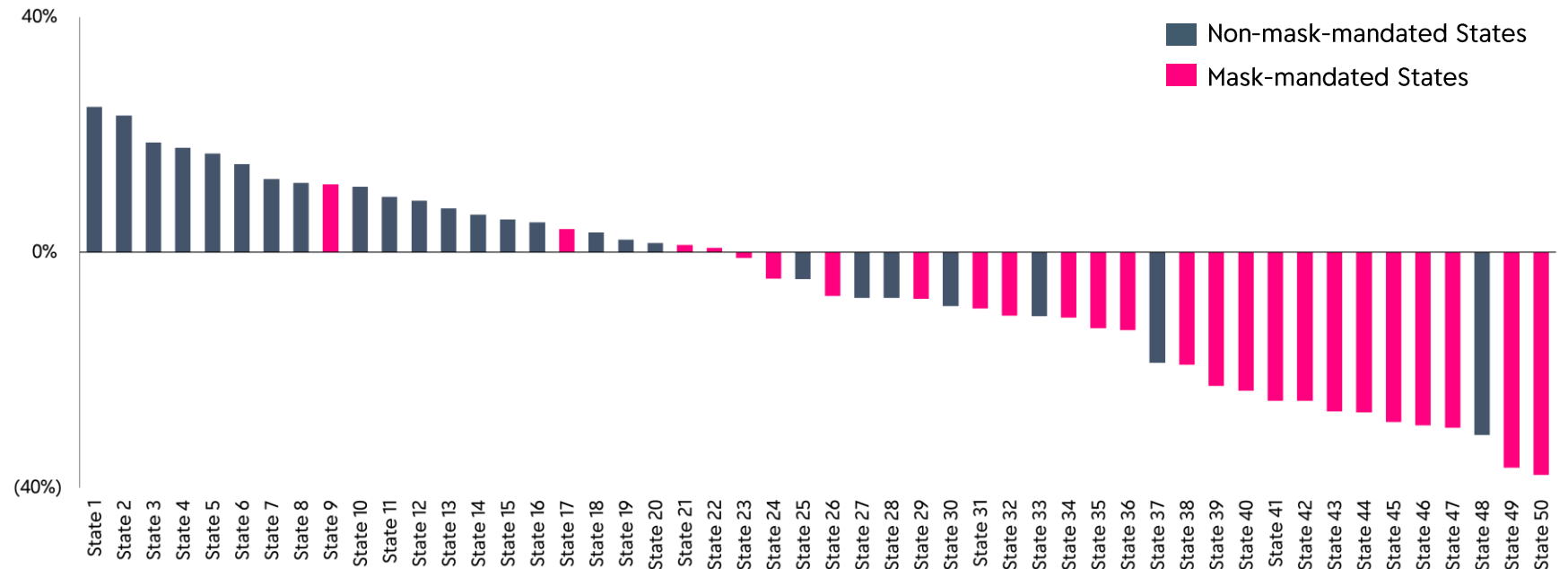
H1 2-year stack growth:  **>40%**

Cold and Flu (c.5% of revenues¹) - Q2 trends are encouraging but it is still early in the season

Mucinex US POS growth¹ vs 2019



Mucinex US POS growth, by state (mask vs non-mask mandated states)
Last 4 weeks growth (w/e 19 June 2021)

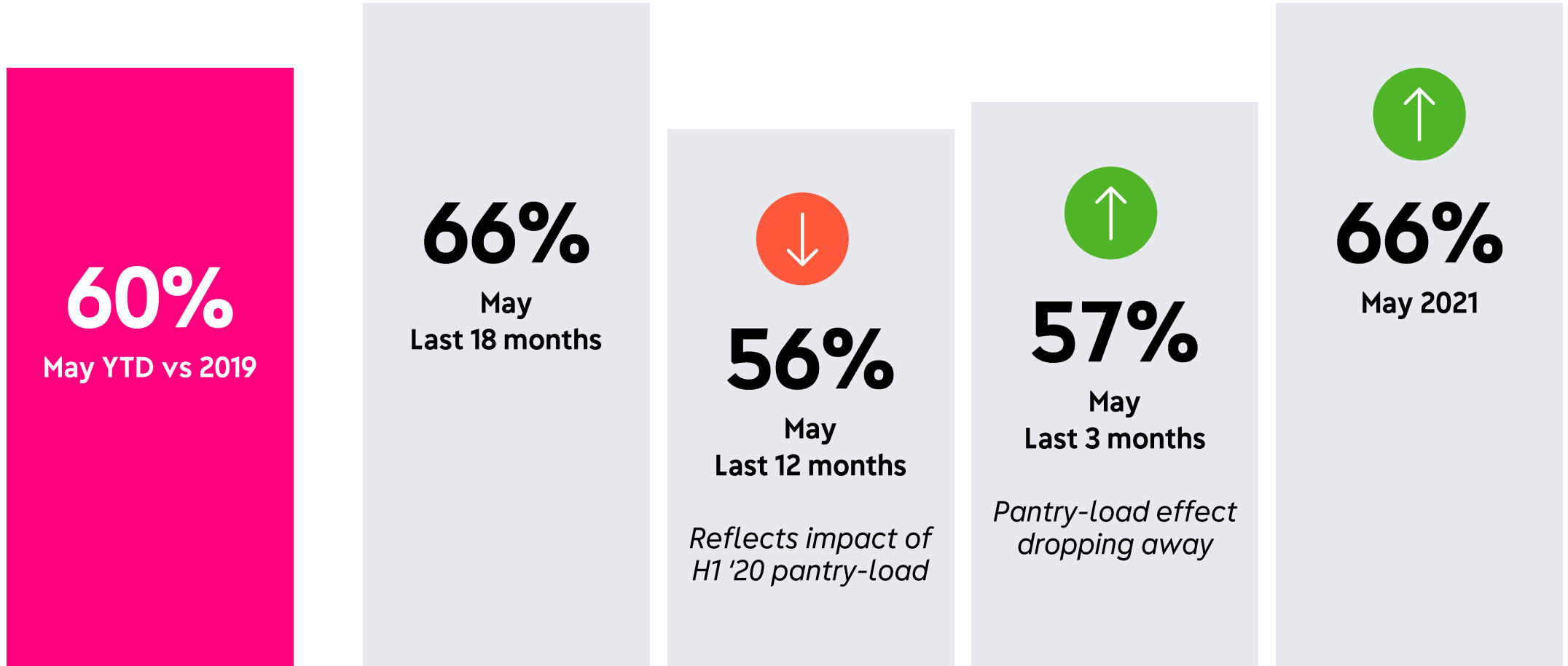


Q2 US POS data is encouraging but trends will be influenced by COVID and government policy

1- Excludes IFCN China; 2- Nielsen

Positive market share momentum

% of revenue from Core CMUs¹ holding or gaining share:



1- All adjusted to exclude IFCN China

Making progress on rejuvenating Reckitt



STILL A GREAT NEIGHBOURHOOD

Circa 70% of our revenue is brands growing by mid-single digits



BUILDING A BETTER HOUSE

Investments made in growth-led initiatives starting to come through



PLAN ON TRACK

Encouraged by progress made to reposition ourselves for sustainable growth



PEOPLE INSPIRED TO SUCCEED

We continue to seek to lead and inspire our people and have strengthened our Leadership Behaviours of Own, Care, Create and Deliver

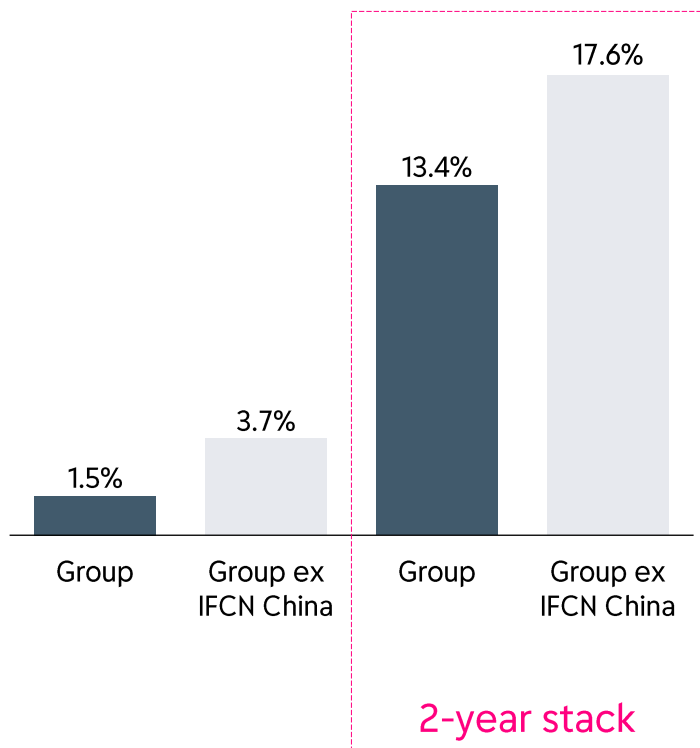
JEFF CARR

Chief Financial Officer

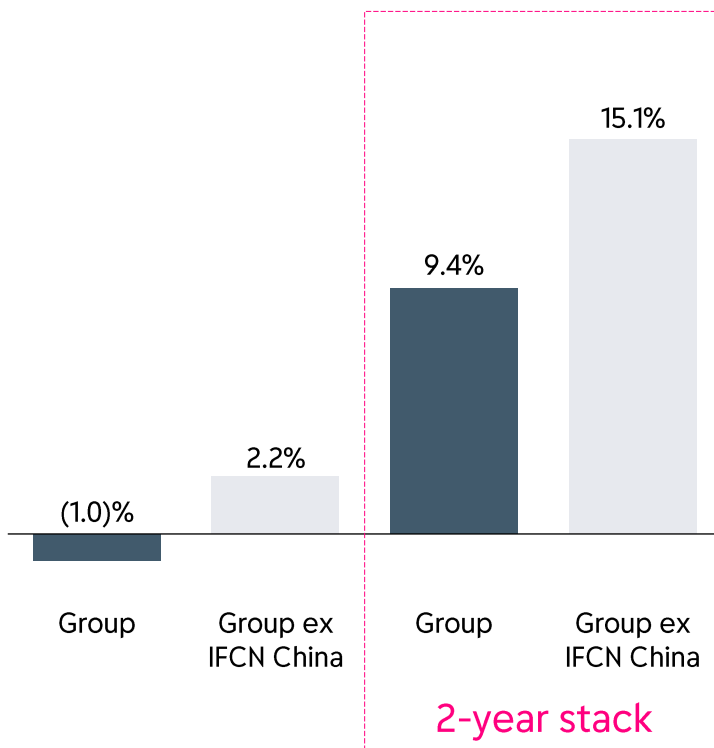


Net Revenue

H1 2021 LFL net revenue growth



Q2 2021 LFL net revenue growth



Group H1 LFL net revenue (ex IFCN China)

+3.7%

(+1.5% incl IFCN China)

Volume

+0.3%

Price/Mix

+3.4%

eCommerce sales (ex IFCN China)

+15%

(+95% two-year stack)
12% of H1 net revenue

Group Results

Margins impacted by investments, commodity inflation and mix

£m	H1		Change	
	2021	2020	Actual FX	Constant FX ¹
Net Revenue	6,598	6,911	(4.5)%	1.5%²
Gross Margin %	57.8%	60.9%	(310)bps	
BEI %	13.5%	13.8%	+30bps	
Other costs %	22.7%	22.6%	(10)bps	
Adjusted Operating Profit (AOP)	1,424	1,696	(16.0)%	(9.6)%
Adjusted Operating Profit margin	21.6%	24.5%	(290)bps	
Reported Operating (Loss) / Profit	(1,828)	1,595	(214.6)%	(210.1)%
AOP (ex IFCN China)	1,425	1,617	(11.9)%	
AOP margin (ex IFCN China)	22.7%	25.1%	(240)bps	

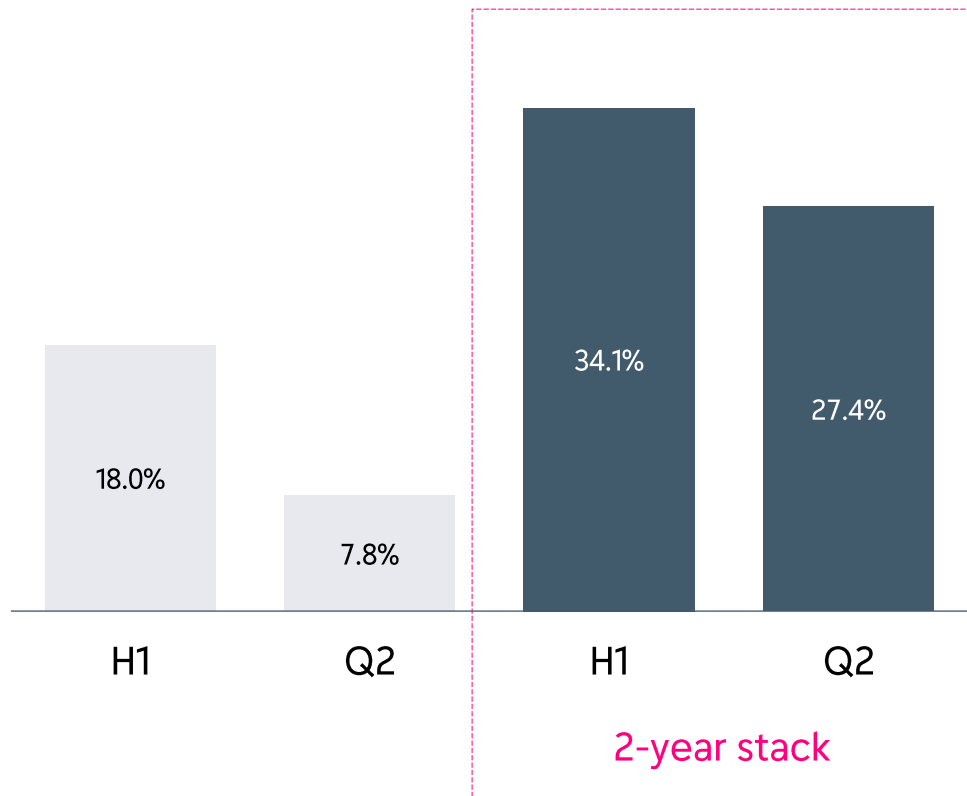
1 - Refer to adjusted and other non-GAAP measures, definitions and terms presented within the H1 2021 results and Q2 trading statement

2 - Net revenue growth on a like-for-like basis

Hygiene

Strong growth driven by Lysol North America

LFL net revenue growth



LFL net revenue growth

+18.0%

Volume

+13.9%

Price / Mix

+4.1%

Net Revenue

£3,027m

PY: £2,737m

AOP

£774m

+21.5% PY: £687m

AOP Margin

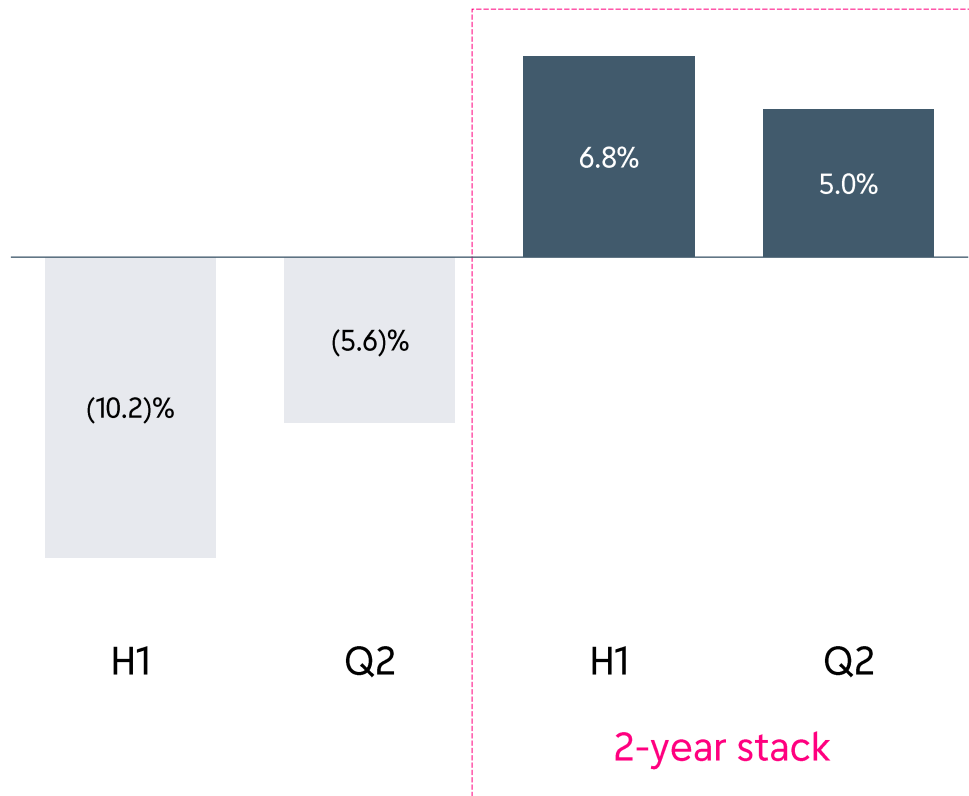
25.6%

+50bps

Health

Cold and flu category down significantly vs H1 2020

LFL net revenue growth



LFL net revenue growth

(10.2)%

Volume

(11.5)%

Price / Mix

+1.3%

Net Revenue

£2,144m

PY: £2,502m

AOP

£468m

(30.7)% PY: £716m

AOP Margin

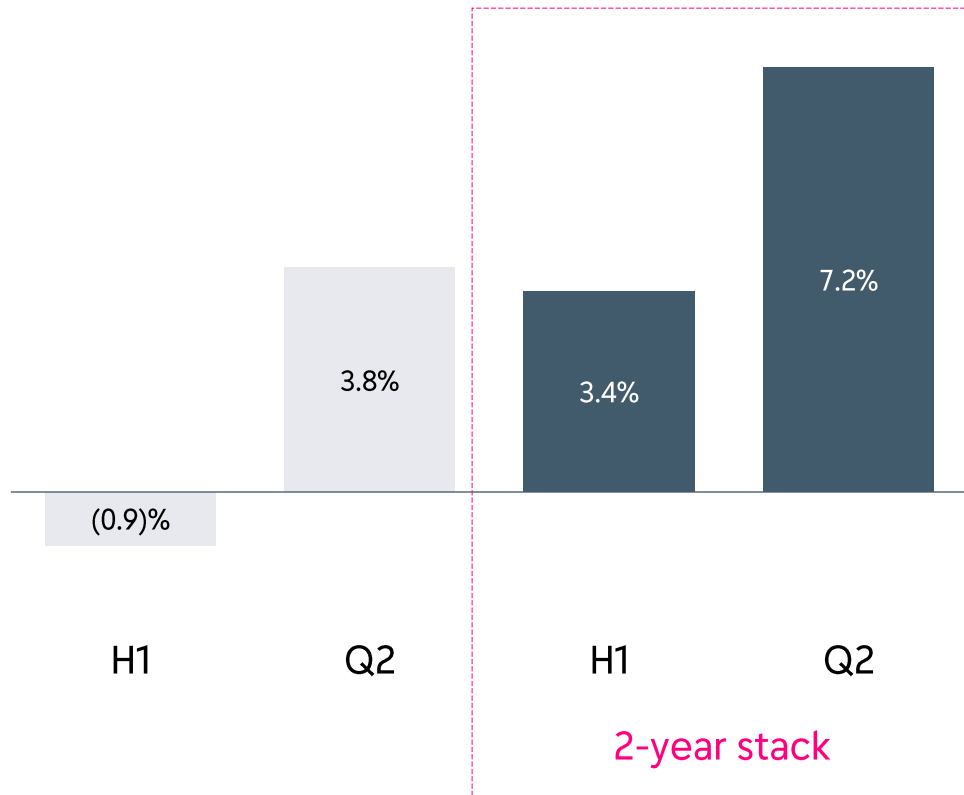
21.8%

(680)bps

Nutrition (ex IFCN China)

IFCN ex China +2.2% in H1 2021

LFL net revenue growth (ex IFCN China)



LFL net revenue growth

(0.9)%

Net Revenue

£1,103m

PY: £1,210m

Volume

(6.6)%

AOP

£183m

(3.9)% PY: £214m

Price / Mix

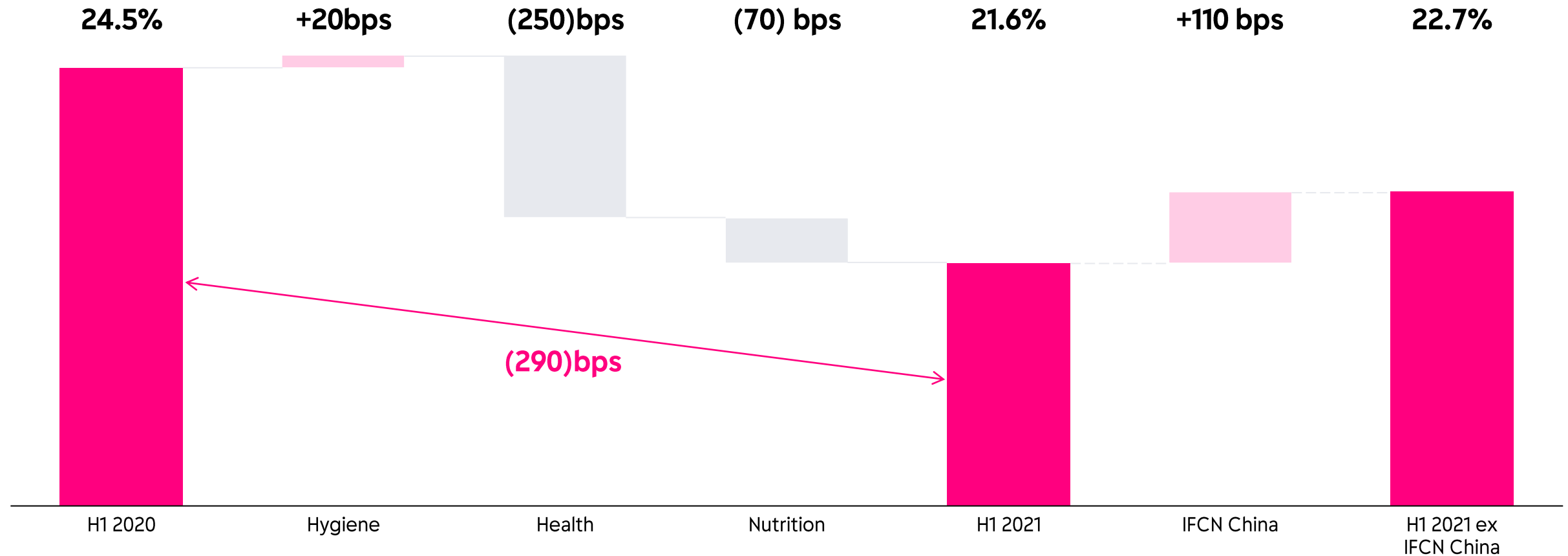
+5.7%

AOP Margin

16.6%

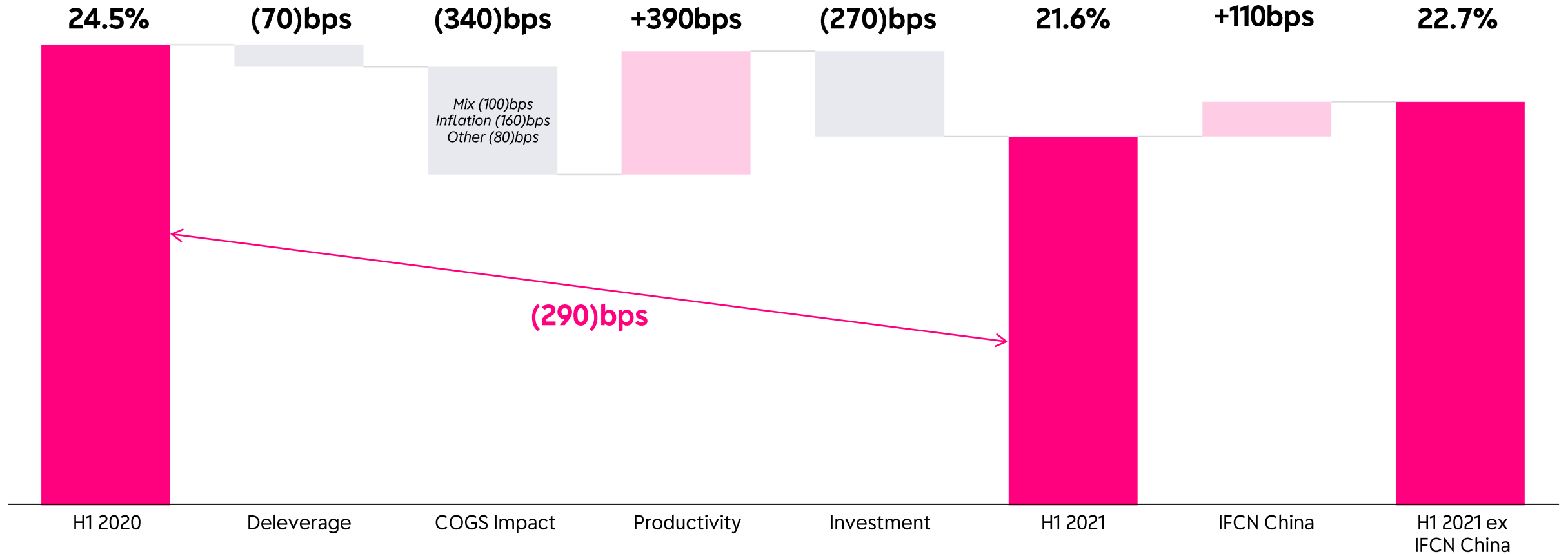
(110)bps

AOP Margin bridge – by GBU contribution



Margin bridge

Investments, commodity inflation and mix offset by productivity



Cost inflation

Now expect c.8-9% COGS inflation in FY 2021

CONVERSION (c.20%)



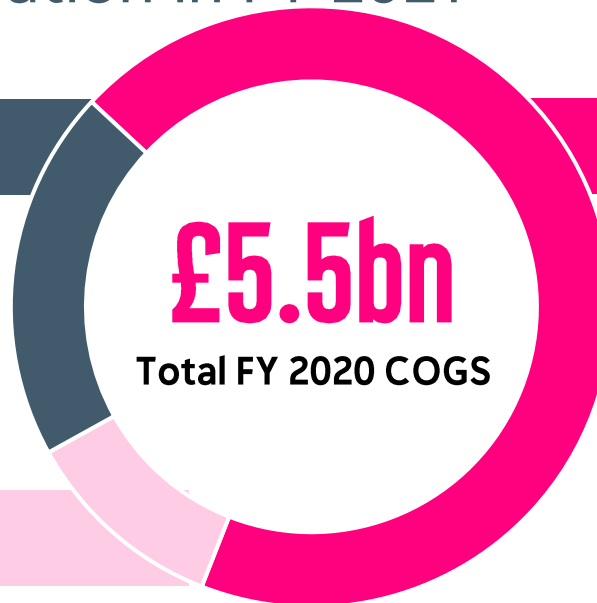
Low/mid single digit growth

Factory costs

Low/mid single digit growth

MATERIALS (c.70%)

Expect high single digit growth in FY 2021



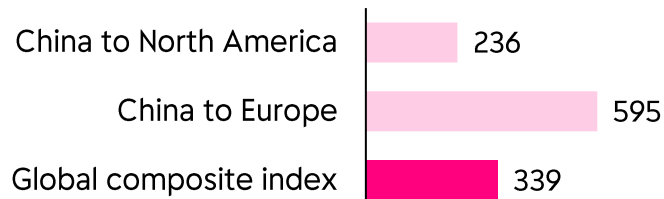
LOGISTICS (c.10%)



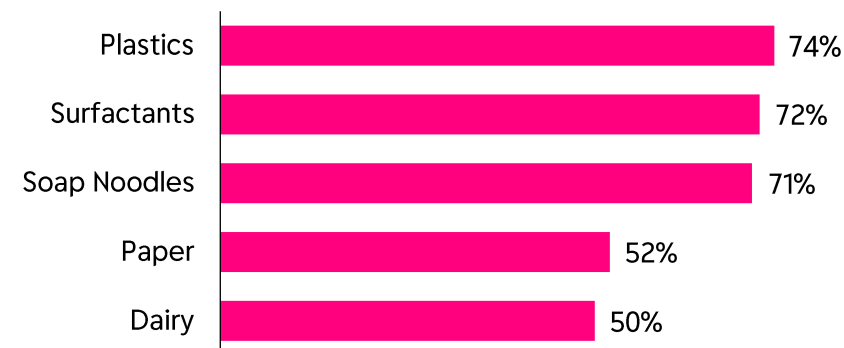
High single digit growth

Freight and other logistics

Global ocean freight rates yoy %¹



Change since June 2020²



Incremental c.120bps of margin impact since February 2021

1 - Drewry, prices at 15 July, 2021 China (Shanghai) to Europe (Rotterdam) and China (Shanghai) to North America (Los Angeles) 2 - Commodity prices sourced from relevant market indices or exchanges

Free cash flow generation

Two-year average cash flow conversion >100%

£m	H1 2021	H1 2020	Change
Adjusted operating profit	1,424	1,696	(272)
Depreciation, amortisation and share-based payments	197	208	(11)
Capital expenditure	(187)	(142)	(45)
Movement in working capital and provisions	(416)	711	(1,127)
Cash flow relating to adjusting items	(26)	(33)	7
Interest paid	(105)	(147)	42
Tax paid	(367)	(391)	24
Free Cash Flow	520	1,902	(1,382)
Free Cash Flow Conversion	51%	160%	(109)pps

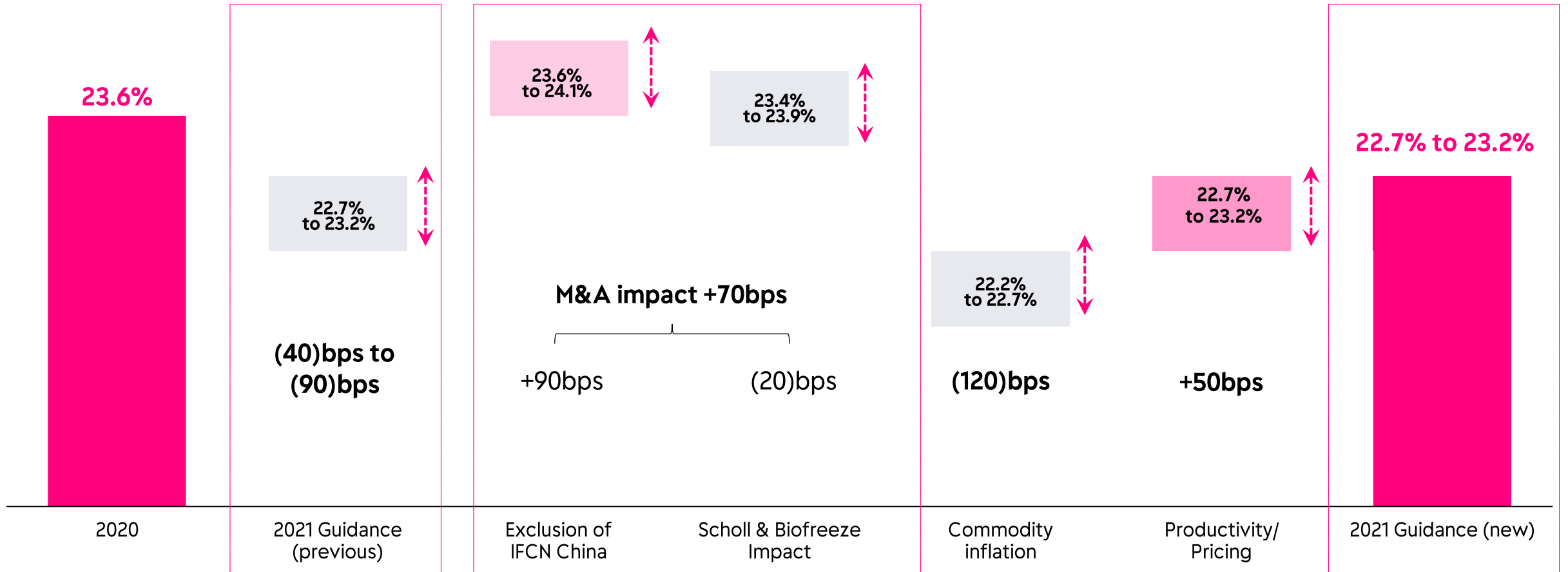


Working capital benefit
from 2020 unwinding

Continue to expect
strong cash flow
conversion medium-
term

2021 Margin guidance

Increased commodity inflation, offsetting portfolio benefits



Exclusion of IFCN China for the entire year

2021 Outlook

Like for like revenue growth

FLAT TO +2%

Unchanged

AOP margin (ex IFCN China¹)

22.7 – 23.2%

40 – 90bps decline vs 23.6% reported FY 2020
(Previously 40-90bps decline incl IFCN China)

Adj. Net Finance Expense

c.2.9%

of Net Debt
(Previously 3.0%)

Adjusted Tax Rate

c.22%

(Previously 23%)

FX headwind on EPS

c.6-7%

(Previously c.4%)²

Capex

c.4.0%

of Net Revenue
(Unchanged)

A photograph of a woman with her hair in a bun, wearing a coral-colored long-sleeved shirt, hugging a young girl from behind. The girl is wearing a white short-sleeved shirt with a small floral pattern. They are in a brightly lit room, likely a hospital, with a bed and a window visible in the background. The woman is smiling and looking at the girl.

LAXMAN NARASIMHAN

Chief Executive Officer

STRATEGIC PROGRESS H1 2021

Our Purpose and Our Fight guide everything we do

Our Purpose

To protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

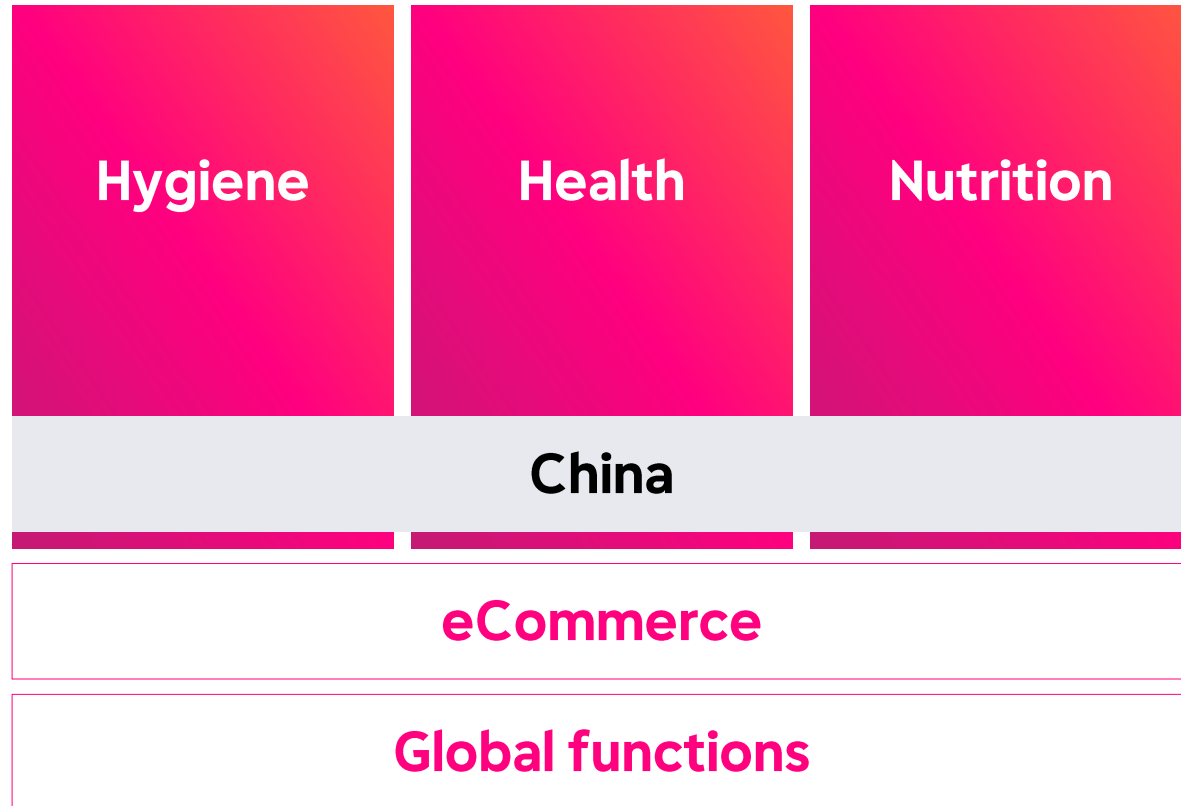
Our Fight

Making access to the highest quality hygiene, wellness and nourishment a right, not a privilege.







Our strategy

Where we play



How we grow

-  **Penetration**
-  **Market share optimisation**
-  **New places**
-  **New spaces**

Strategic drivers



Build brands, Innovate and execute



Generate productivity and exercise cost discipline



Invest in key capabilities



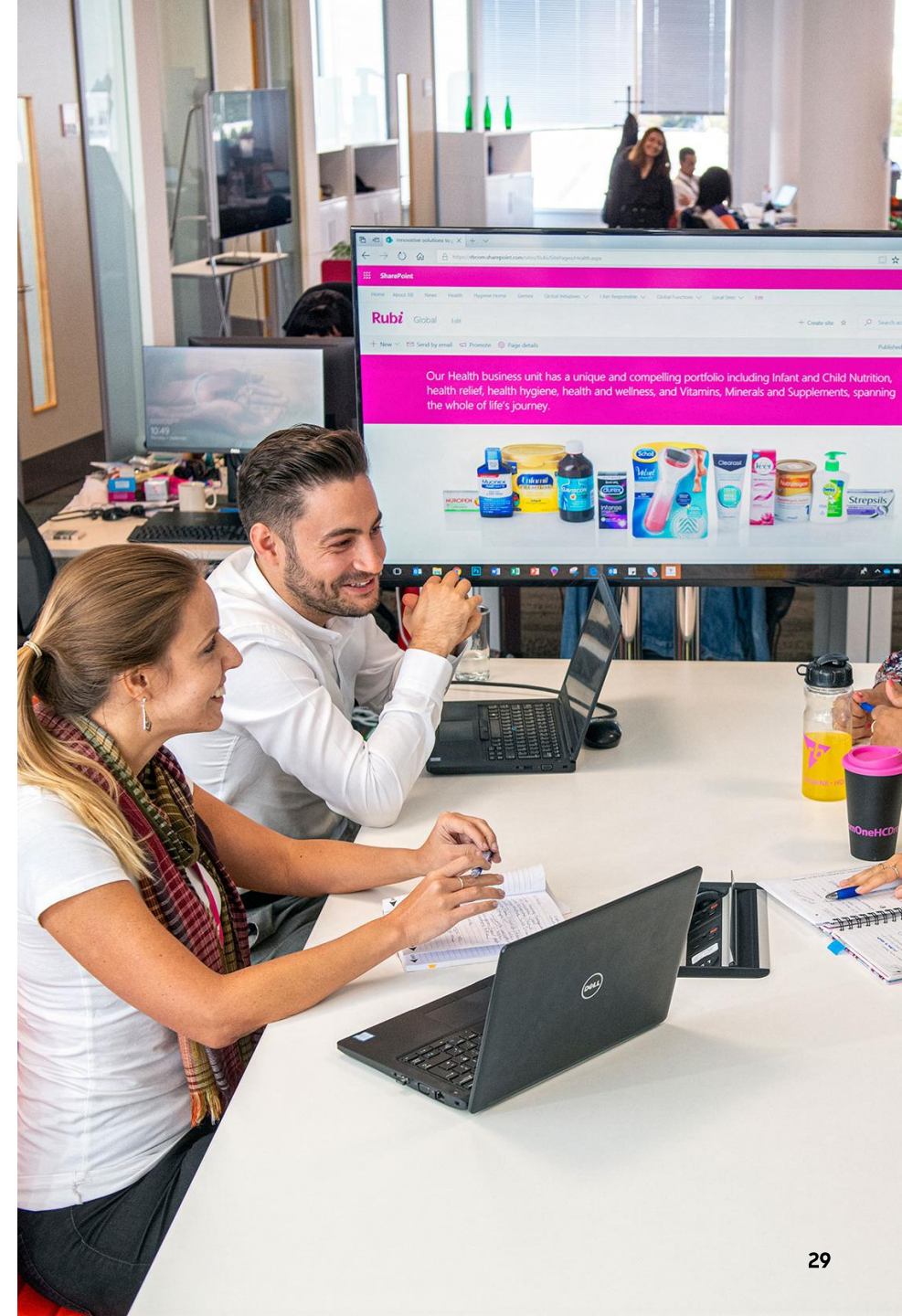
Embed sustainability



Actively manage the portfolio



Lead and inspire Talent

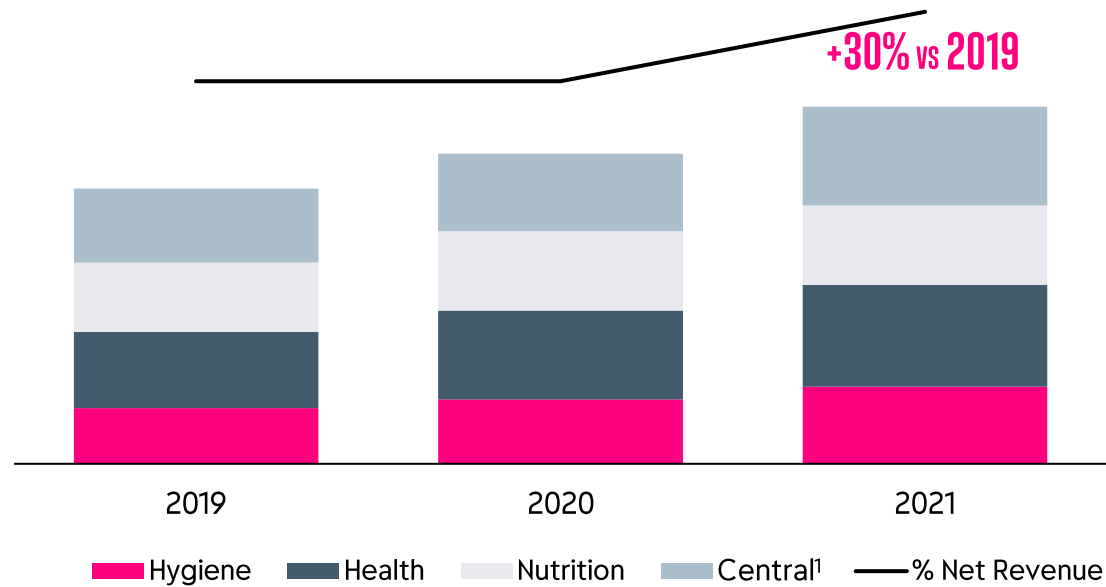


Continued brand strength, investing c.14% of NR

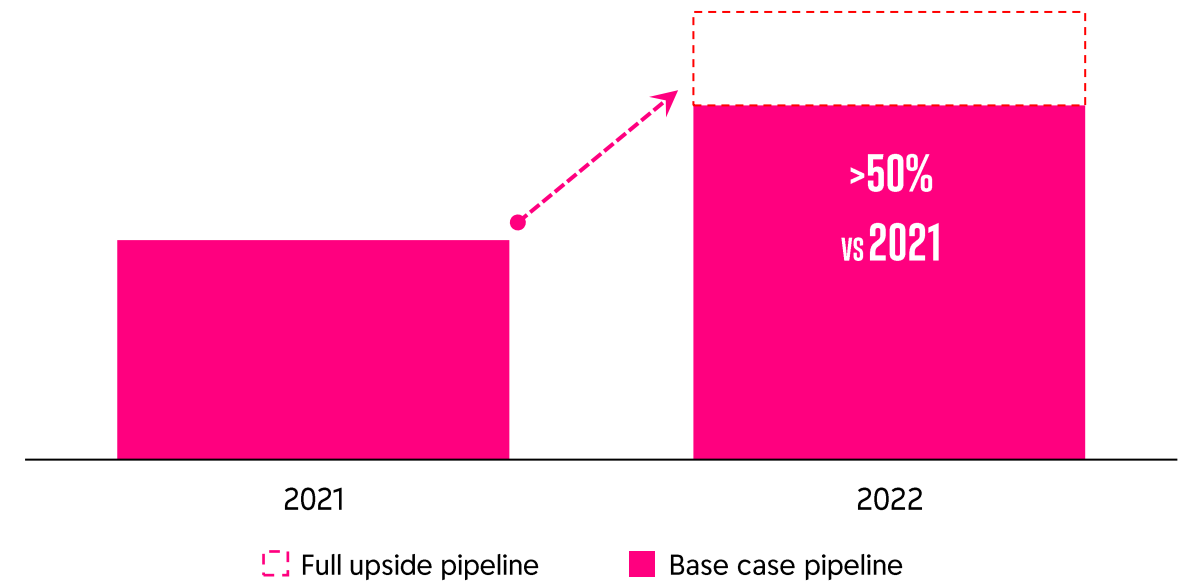
		Keeps me and my family healthy	+900bps	Brand equity growth			Brand I trust	+3200bps	Lead vs closest competitor
		Highly effective at killing germs	+200bps	Brand equity growth			Top-of-mind consideration	+300bps	Lead vs closest competitor
		Helps me save time so I can do what matters	+800bps	Brand equity growth			Provides long lasting relief	+1600bps	Lead vs closest competitor
		Brand consideration	+700bps	Brand equity growth			Supports brain development	+1630bps	Lead vs closest competitor
		Brings love to every home	+1200bps	Brand equity growth			Proven clinical outcomes	+2300bps	Brand equity growth

The investment in R&D is paying off: the 2022 pipeline is >50% vs 2021

Investment in R&D - £m



Innovation pipeline - in year incremental (net of cannibalisation) net revenues £m



1- Includes Safety, Regulatory and Compliance

Strengthened pipeline following the increased investment in Microbiome platform

HEALTH

Dettol Tru Clean

Insight
consumers want
99.9% kills with 100%
plant based actives

Launched in UK Jan 2021

Rest of EU and ROW
to follow



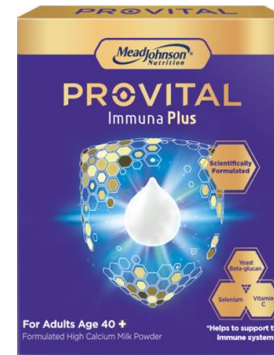
The natural germ-kill range by Dettol

NUTRITION

Provital

Insight
Helps build and support
immune system

Launched in Malaysia
in June 2021



PIPELINE EXAMPLES

Microbiome

Sensory Enrichment

Polymer Science

Surface Chemistry

Digestive Health

Allergy & Immunity

Growth & Cognition

Entomology

eCommerce¹ accounts for c.12% of group net revenue

1. BE BIG



Platforms and Omnichannel

2. BE FAST



Direct to Consumer

3. BE ABLE



Platform capabilities

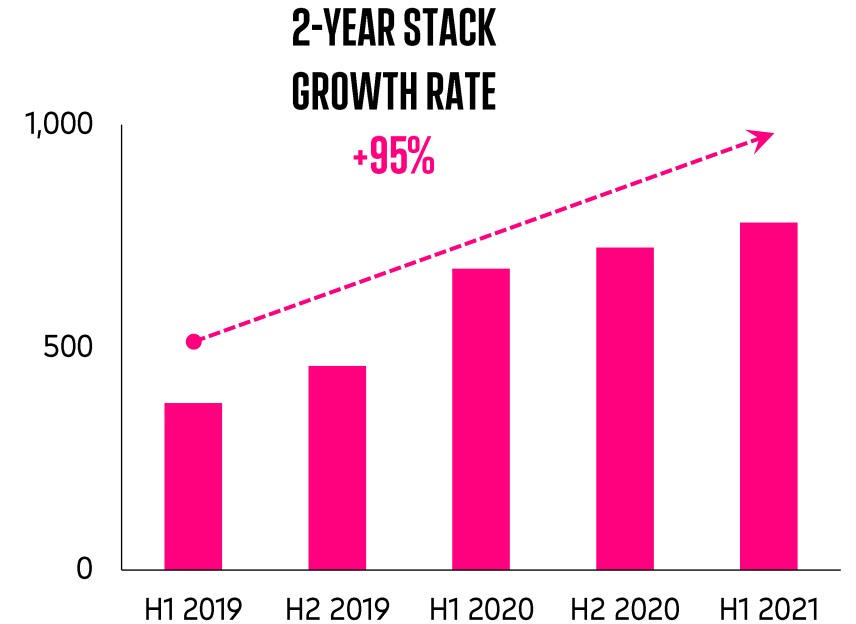
4. BE BOLD & OPEN



Venture investment

NEW

£M TOTAL REVENUE FROM ECOMMERCE



1- Excludes IFCN China

Investment is improving commercial execution

MEDICAL SELLING

Increase research and engagement through Omnichannel

- Activation remote / digital channels
- Targeting and segmentation data driven model
- Medical Education partnership programs

Global support model

- Execution playbooks rollout
- Competency framework & training curriculum

Optimise HCP success metrics with KPIs

- Medical Channel dashboard & KPIs
- Best practice sharing global forum

DIGITAL

Data Driven Op-Model

- Expected ROI increase by 25% minimum vs PY

Integrated Ad Tech

- Top 40 Markets on single tech platform by end 2021

Enhanced Inhouse Measurement

- 80% quicker data availability
- Inflight optimisations +30% campaign effectiveness

BETTER DISTRIBUTION

2/3 Core CMU holding or growing distribution share (TDP share)

Increased distribution, e.g. Durex India 18% increase of total distribution points May YTD vs PY

BRAND EQUITY

Finish (US)

- Brand Purchase Intent +1000bps
- "Helps me to save water" +500bps

Mortein (IN)

- Brand Consideration +1100bps
- Brand Preference +600bps

Veja (BR)

- Spontaneous Consideration (First Mention) +400bps
- "Brings love to every home" +700bps

REVENUE GROWTH MANAGEMENT

Key strategic capability

- Developing our Revenue Growth Management capability to ensure growing our categories strategically and generating shared success with customers.

Integrated into our top CMU priority

- 30% of our CMU's already covered by the program

Covering a vast universe of countries to ensure capability enabled broadly

- > 60% of CMU's to be rolled out by end of 2021

BETTER RELATIONSHIPS

+9 positions in Advantage customer survey score¹



BETTER RETURNS

Improved growth driven by better investments

Gaviscon as an example of returns on investment in Supply Chain



60% Increase in capacity expansion in Hull drives acceleration in revenue growth to **+30%**

Factory was capacity constrained, with growing demand for product

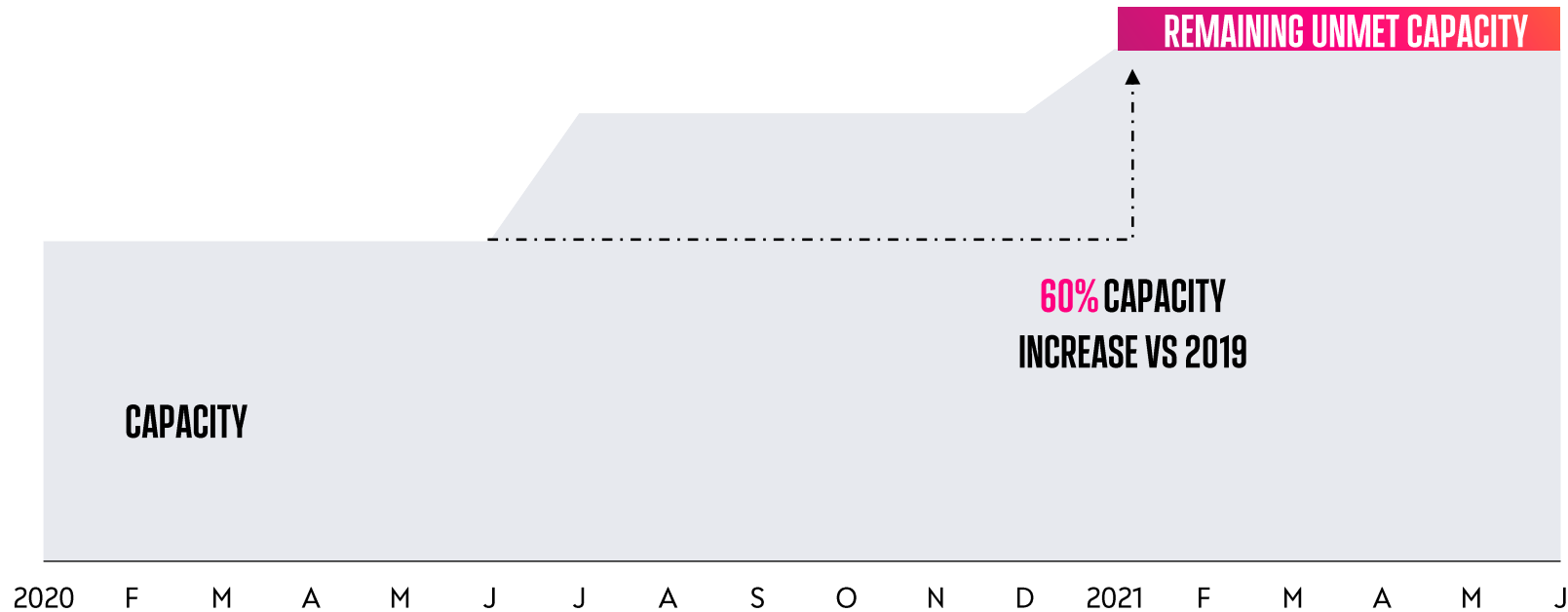
Investment of

>£20m

Resulting in Pack fill rate improvement of

20% points

vs June 2020



Becoming an increasingly sustainable business

MORE SUSTAINABLE PRODUCTS - BREAKTHROUGH PACKAGING

30%

Post Consumer Recycled content from first flexible recyclable monomaterial polyethylene (PE) pouch

Launched in May in Germany wider roll out planned in H2 2021



SOURCING MILK POWDER

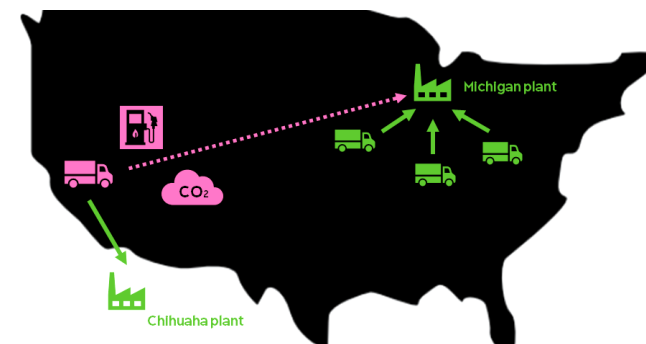
65%

Reduction in freight costs

70%

Reduction of CO₂ emissions and gasoline consumption

Improving efficiency through re-configuration of network



CONTRIBUTION TO 2030 TARGETS



50% NR from more sustainable products



Carbon neutral



50% reduction in product carbon footprint



65% reduction in GHG emissions



50% reduction in virgin plastic



50% reduction in product carbon footprint



Carbon neutral



65% reduction in GHG emissions

Continuing to progress our ESG agenda through partnerships

Our commitment to put 1% of adjusted profit into social impact

The red cross are our global partner for disaster relief

Mobilised over **\$25m** of capital to support **270k** people

Supporting India during the depths of it's covid crisis



OFFICIAL HYGIENE PARTNER FOR COP 26 CLIMATE SUMMIT IN GLASGOW



RECKITT GLOBAL HYGIENE INSTITUTE CELEBRATES 1 YEAR

\$25m founding donation from Reckitt. Provided 6 research grants in hygiene research



IMPROVEMENTS VALIDATED BY THIRD-PARTY ESG RATINGS



AA (upgraded in April 2021) ✓

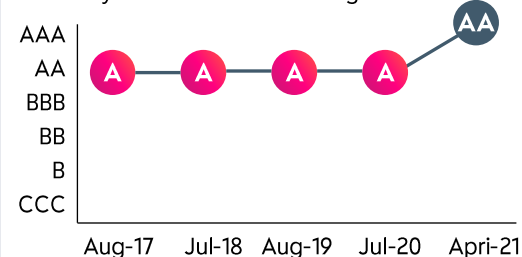


a Morningstar company

20.7 (improvement from 22.3 in July 2020) ✓

ESG Rating History

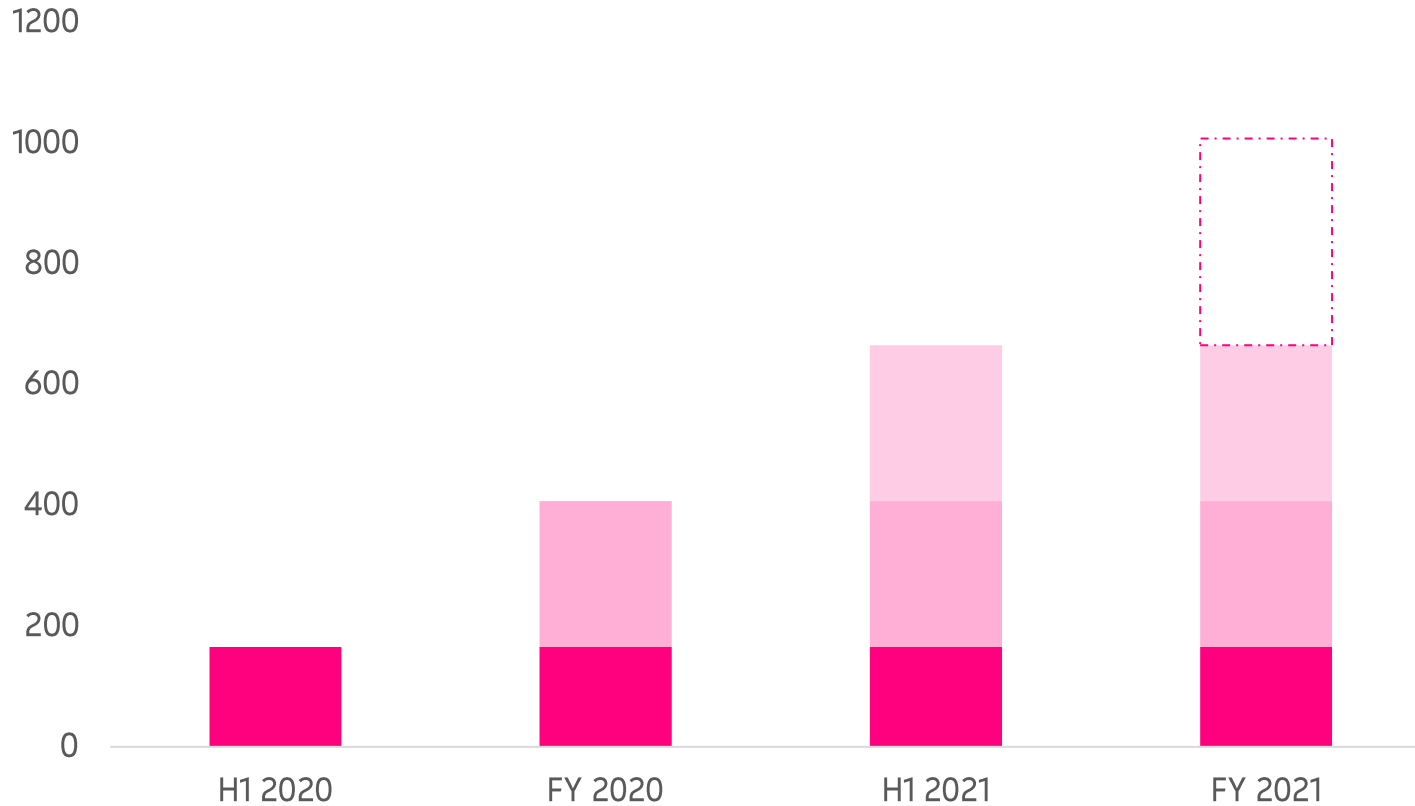
MSCI ESG Rating history data over the last five years or since record began



Ranking improved to

5 OUT OF 101 peers in the HPC sector

Productivity savings are funding investments in growth



>£1bn
Cumulative savings since 2019

On track to deliver £1.6bn by end 2022
Focus is now on permanently embedding productivity into the organisation

Actively managing the portfolio

SALE OF IFCN CHINA

Sale to Primavera Capital for \$2.2bn
Expected to complete in H2 2021

Reduced exposure to structurally
challenged IFCN market in China



SALE OF SCHOLL

Sold for £252m
Completed in June 2021

Non-core brand



ACQUISITION OF BIOFREEZE

Cash consideration of \$1,075m
Completed in July 2021



TOPICAL PAIN RELIEF WITH GEL, ROLL-ON,
SPRAY, CREAM AND PATCH FORMATS

OPPORTUNITY FOR VALUE CREATION



Accelerate growth by leveraging Reckitt sales and marketing platform



Innovate via Reckitt science platforms



Expand geographic footprint

Lead and inspire people to succeed

LEADERSHIP

OWN

Live our purpose, fight and compass
Know our business cold
Make decisions

CARE

Actively listen, learn and include
Speak direct with respect
Act to unleash potential

CREATE

Spot opportunities
Innovate, iterate and scale
Relentlessly build better

DELIVER

Focus on what matters
Move boldly and at pace
Join forces to win bigger

ENGAGEMENT¹



High levels of belief in our purpose and compass



'Recommend Reckitt as a great place to work' holding high through transformation



Pride to work at Reckitt above external benchmarks

DIVERSITY AND INCLUSION



Our strategy

OUR PURPOSE: To protect, heal and nurture in the relentless pursuit of a cleaner, healthier world

Build brands, Innovation & execute



Generate productivity



Invest in key capabilities



Embed ESG



Actively manage portfolio



Lead and Inspire Talent



HYGIENE



Medium term net revenue growth +4-5% pa

HEALTH



Medium term net revenue growth +4-6% pa

NUTRITION



Medium term net revenue growth +3-5% pa

Mid single digit net revenue growth in the medium term

Mid 20's AOP margin by the mid 20's

Executing on our Growth Drivers in Hygiene

PENETRATION INCREASES

 Significant household growth globally since 2019

 +22m



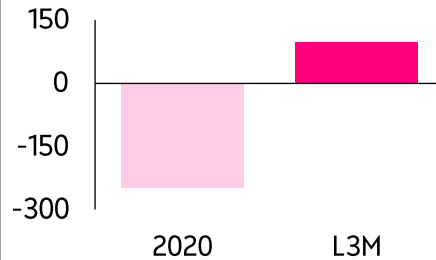
GROWING MARKET SHARE

 **60%**

Of core CMUs holding or gaining share vs 2019



Vanish regaining share post COVID



NEW PLACES

 
European entry in 2020

C.£2.5M

Incremental revenue contribution to date

Already **#2** player in MPC market

C.80% share of newly established Aerosol category

NEW SPACES



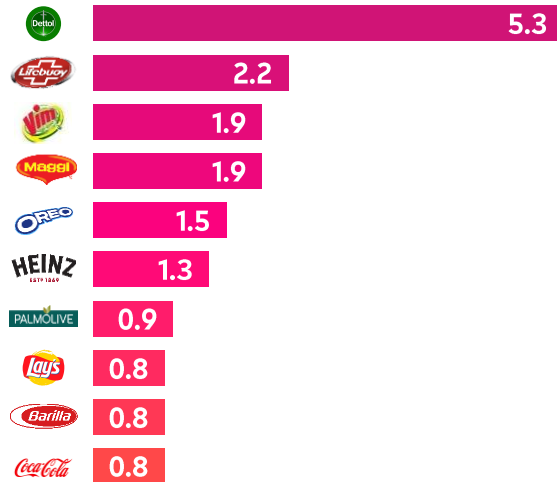
Executing on our Growth Drivers in Health

PENETRATION INCREASES



Increase in Dettol penetration the highest on record for any brand in a single year¹

The top 10 biggest global penetration gains

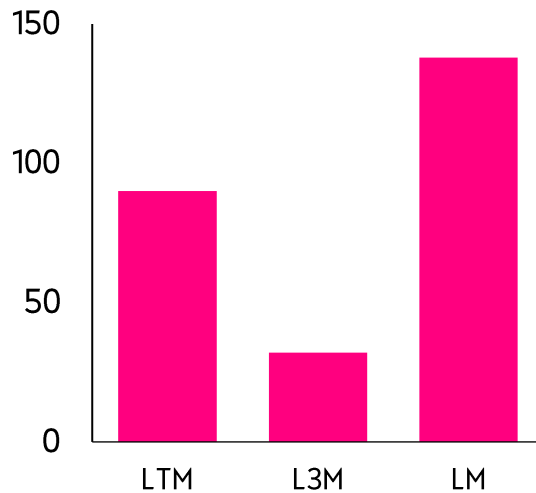


GROWING MARKET SHARE



Consistent market share gains globally continue in H1 2021

Change in global market share (bps)



NEW PLACES



Nuromol Brazil



Laundry Sanitiser



NEW SPACES



Veet Pure / Minima range



GaviNatura



1 - Kantar Footprint 2021 penetration points increase

Executing on our Growth Drivers in Intimate Wellness

GROWING MARKET SHARE



Significant share gains led by eCommerce



+2100 bps



+2600 bps

NEW PLACES



"Ultra fast" partnerships



+25% Durex NR growth online

NEW SPACES

Expansion into female wellness



Expansion into PU Condoms



Intimate Wellness – Strong momentum on core with significant space for more



Global leader, with c.40% share in core markets of condoms and lubes¹

Condoms and lubes

PENETRATION AND SHARE GAINS



Strong core growth momentum

Significant opportunity to grow more via addressing incremental needs, occasions and channels



c.£5bn

NEW PLACES & SPACES

Intimate Wellness Market

Existing footprint ■
White space ■

Right to play in the broader market via **New Spaces – White Space Adjacencies:**

- Female Intimate Wellness (Hygiene, Treatment, Libido)
- Toys
- Sexual Health



New Places – Sub-scale markets:

- US
- Emerging markets

Consumer insights, Science, New business models, trusted, purpose-led brands are key

Target 7-9% LFL revenue growth in Intimate Wellness medium term

¹- Share of branded condom market in existing territories

Executing on our Growth Drivers in Nutrition

PENETRATION INCREASES



23%

Revenue growth as new consumers added in annual '618' online shopping festival



Maiden campaign with celebrity neuroscientist to drive brand and category awareness



Reinvestment behind nutritional complement brand Sustagen to grow both child and adult portfolio

GROWING MARKET SHARE



100bps

Total US WENR Share gains YTD



Continued strong marketing execution based on Neuropro innovation

Executing on our Growth Drivers in Specialty

INCREASED INCIDENCE OF ALLERGIES & SPECIAL CONDITIONS¹

Allergy incidence rates:



8% food allergy¹



7.7% food allergy prevalence²

PENETRATION INCREASES



Improved HCP recommendation following greater channel focus



+210bps % household penetration increase over last 26 weeks

GROWING MARKET SHARE

PURAMINO[®]

New campaign to HCPs #1 Choice of Registered Dietitians



Step Change Customer Service < 12hrs ERC processing time



+600bps YTD growth in amino acid category

NEW SPACES



Launch of Human Milk Modifier



Gaining NICU access through success of product launch

Revenue growth algorithm

	Penetration	Share	Spaces	Places	Medium TERM growth
Hygiene	✓ ✓	✓	✓ ✓ ✓	✓ ✓	c.4-5%
Health					
Dettol	✓ ✓	✓	✓ ✓ ✓	✓ ✓	c.4-6%
OTC	✓ ✓	✓ ✓	✓ ✓	✓ ✓	c.2-4%
Intimate Wellness	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	c.7-9%
Nutrition					
Base Enfa	✓	✓ ✓		✓	c.0-2%
Specialty	✓ ✓	✓ ✓ ✓		✓ ✓ ✓	c.7-10%
VMS	✓ ✓ ✓	✓ ✓	✓ ✓ ✓	✓ ✓	c.4-6%
Adult innovation			✓ ✓ ✓	✓ ✓	+100bps Contribution

Reckitt

Mid single digit revenue growth in the medium term

Our strategy

OUR PURPOSE: To protect, heal and nurture in the relentless pursuit of a cleaner, healthier world

Build brands, Innovation & execute



Generate productivity



Invest in key capabilities



Embed ESG



Actively manage portfolio



Lead and Inspire Talent



HYGIENE



Medium term net revenue growth +4-5% pa

HEALTH



Medium term net revenue growth +4-6% pa

NUTRITION



Medium term net revenue growth +3-5% pa

Mid single digit net revenue growth in the medium term

Mid 20's AOP margin by the mid 20's

Key messages

- 1 Solid H1 2021 performance**

- 2 Strong progress in building a better house with more to do**

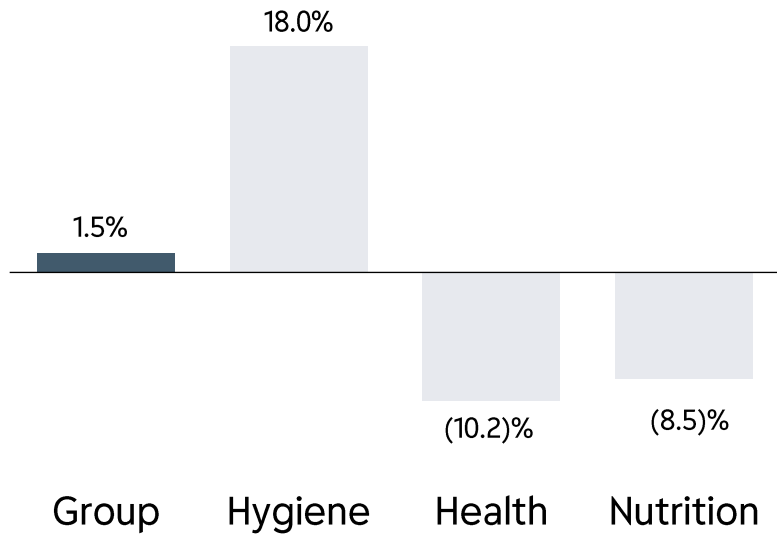
- 3 Addressing near term cost pressures, while actively managing our portfolio**

- 4 Confident on meeting mid term goals**

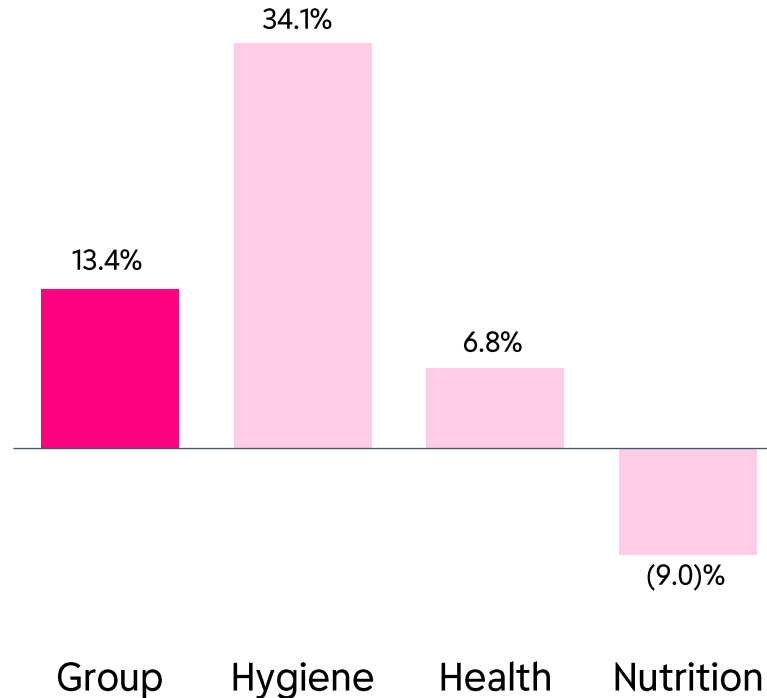
APPENDICES

Net Revenue (incl IFCN China)

H1 2021 LFL net revenue growth



H1 2021 LFL net revenue growth – versus H1 2019



Group H1 LFL net revenue

+1.5%

Volume
(1.3)%

Price/Mix
+2.8%

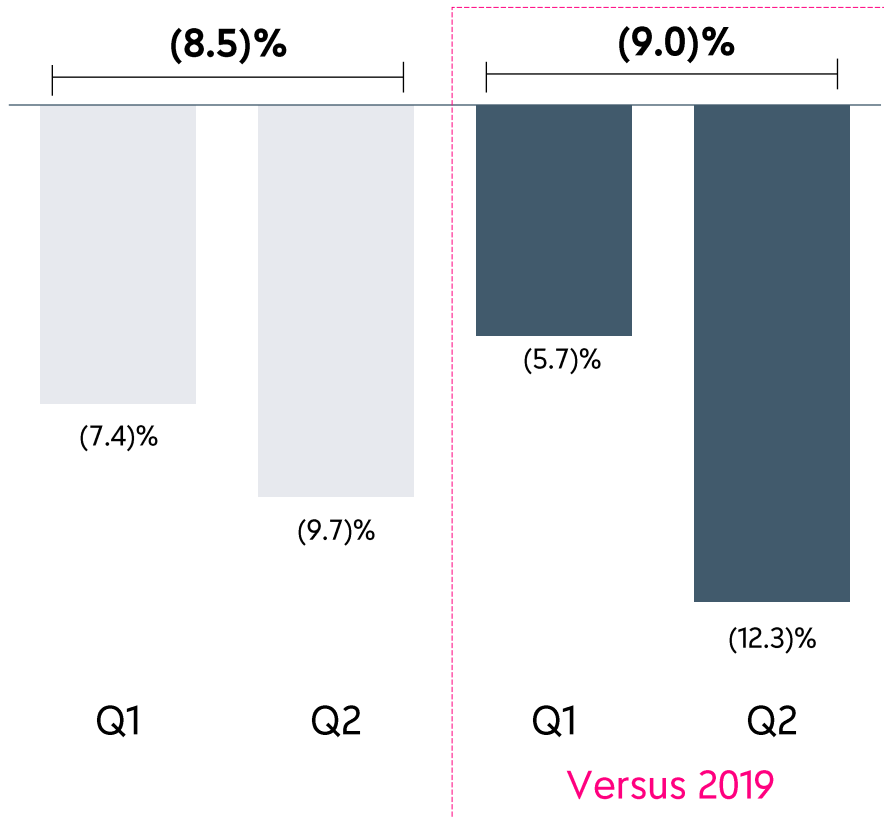
eCommerce sales

+9%

(+77% two-year stack)
14% of H1 net revenue

Nutrition (incl IFCN China)

LFL revenue growth



LFL revenue growth

(8.5)%

Volume

(11.3)%

Price / Mix

+2.8%

Net Revenue

£1,427m

PY: £1,672m

AOP

£182m

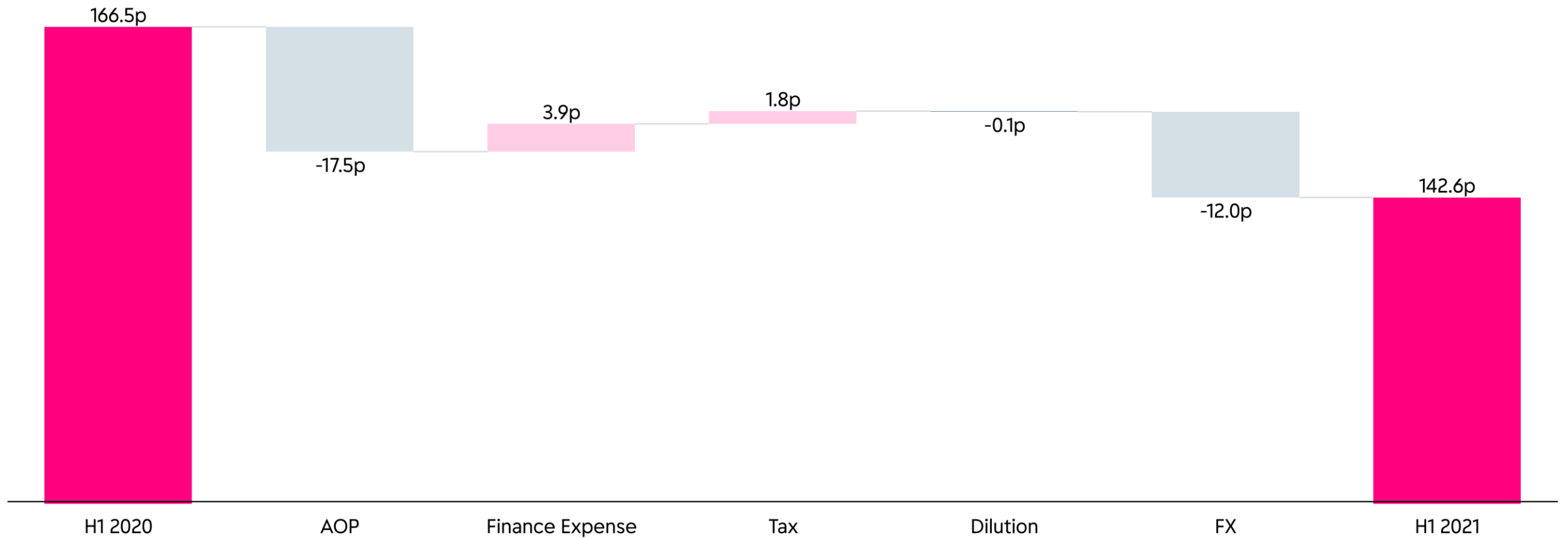
(31.0)% PY: £293m

AOP Margin

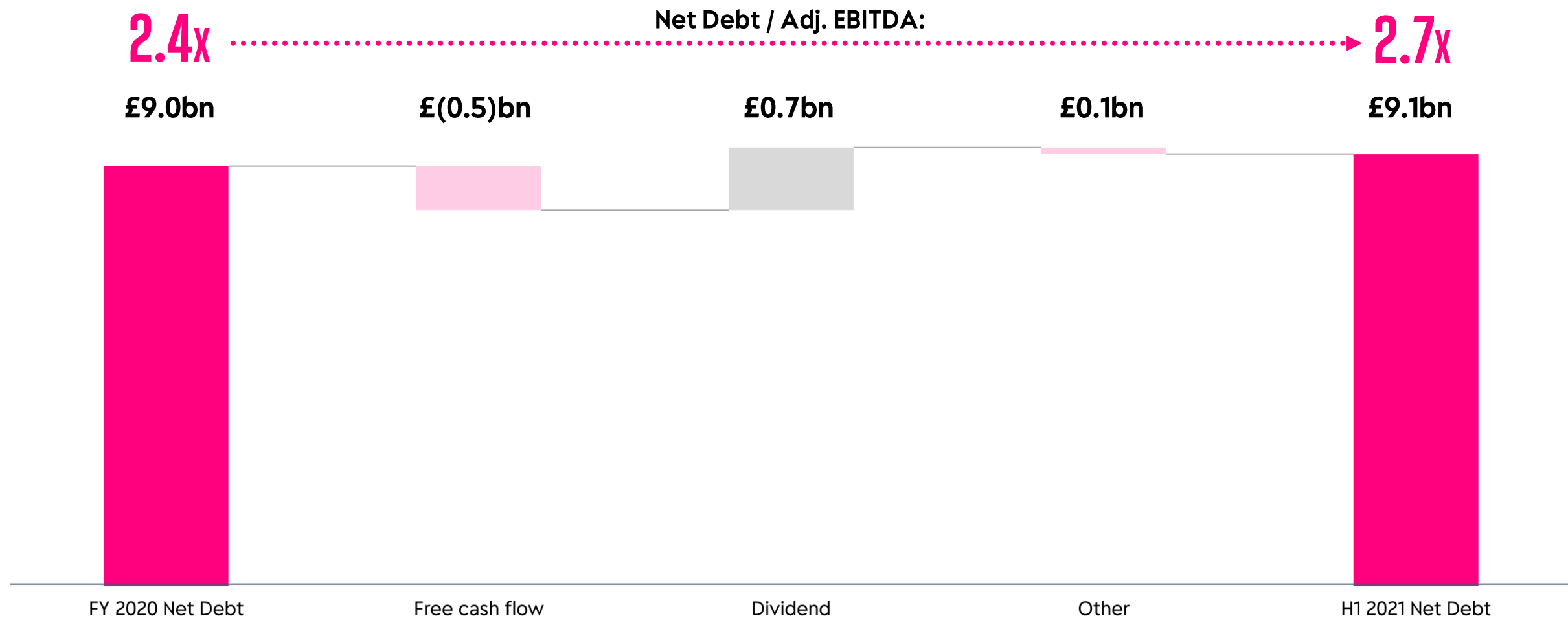
12.8%

(470)bps

Adjusted EPS bridge



Net Debt



Disciplined capital allocation

- 1** Target single A credit rating

- 2** Invest in operations to drive growth and maximise returns

- 3** Actively manage the portfolio

- 4** Sustain dividend at 2019 levels until 2x cover is achieved

- 5** Return surplus cash to shareholders
