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# RB Investor presentation

## Full year 2015

15th February 2016



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# Rakesh Kapoor

## Chief executive officer

## Cautionary note concerning forward-looking statements

- This presentation contains statements with respect to the financial condition, results of operations and business of RB (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.
- By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group’s control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political and social conditions in the key markets in which the Group operates; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group’s technological infrastructure or that of third parties on which the Group relies; interruptions in the Group’s supply chain and disruptions to its production facilities; the reputation of the Group’s global brands; and the recruitment and retention of key management.
- These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.



## **Our vision**

is a world where people  
are healthier and live better

## **Our purpose**

is to make a difference by  
giving people innovative  
solutions for healthier lives  
and happier homes



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# Delivering value to all stakeholders

## **betterbusiness** *Healthier lives. Happier homes.*

### **betersociety**

How we support  
our communities and  
develop our people

### **betterenvironment**

How we reduce our  
environmental impact

### **betterfinancials**

How we drive growth  
and outperformance



**Help stop deaths from diarrhoea**  
In partnership with



**Save the Children**

## #NOSSACIDADESEM DENGUE

Juntos somos fortes. Aprenda como fazer sua parte e compartilhe.

 <p><b>Minha casa sem dengue.</b> Aprenda como deixar sua casa protegida do mosquito da Dengue.</p> <p>SAIBA MAIS</p>	 <p><b>Minha cidade sem dengue.</b> Não basta sua casa estar protegida. Saiba como fazer sua parte e proteger sua cidade também.</p> <p>SAIBA MAIS</p>	 <p><b>Mitos e verdades sobre a dengue.</b> Tire suas dúvidas sobre a Dengue e compartilhe com outras pessoas.</p> <p>SAIBA MAIS</p>	 <p><b>Zika Virus</b> Informe-se mais sobre esse vírus e como combatê-lo.</p> <p>SAIBA MAIS</p>
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# Better Environment



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**Zero** hazardous & non hazardous waste to landfill by 2016

**MORE SUSTAINABLE**

Target: **>£500m** NR more sustainable innovations



MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In Collaboration with RobecoSAM



# Better Financials



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**Net Revenue  
growth**

**+6%\***

**Outstanding  
Net income  
growth**

**+15%\*\***

**Strong  
cash conversion  
c.100%**

**Final  
dividend  
88.7p**

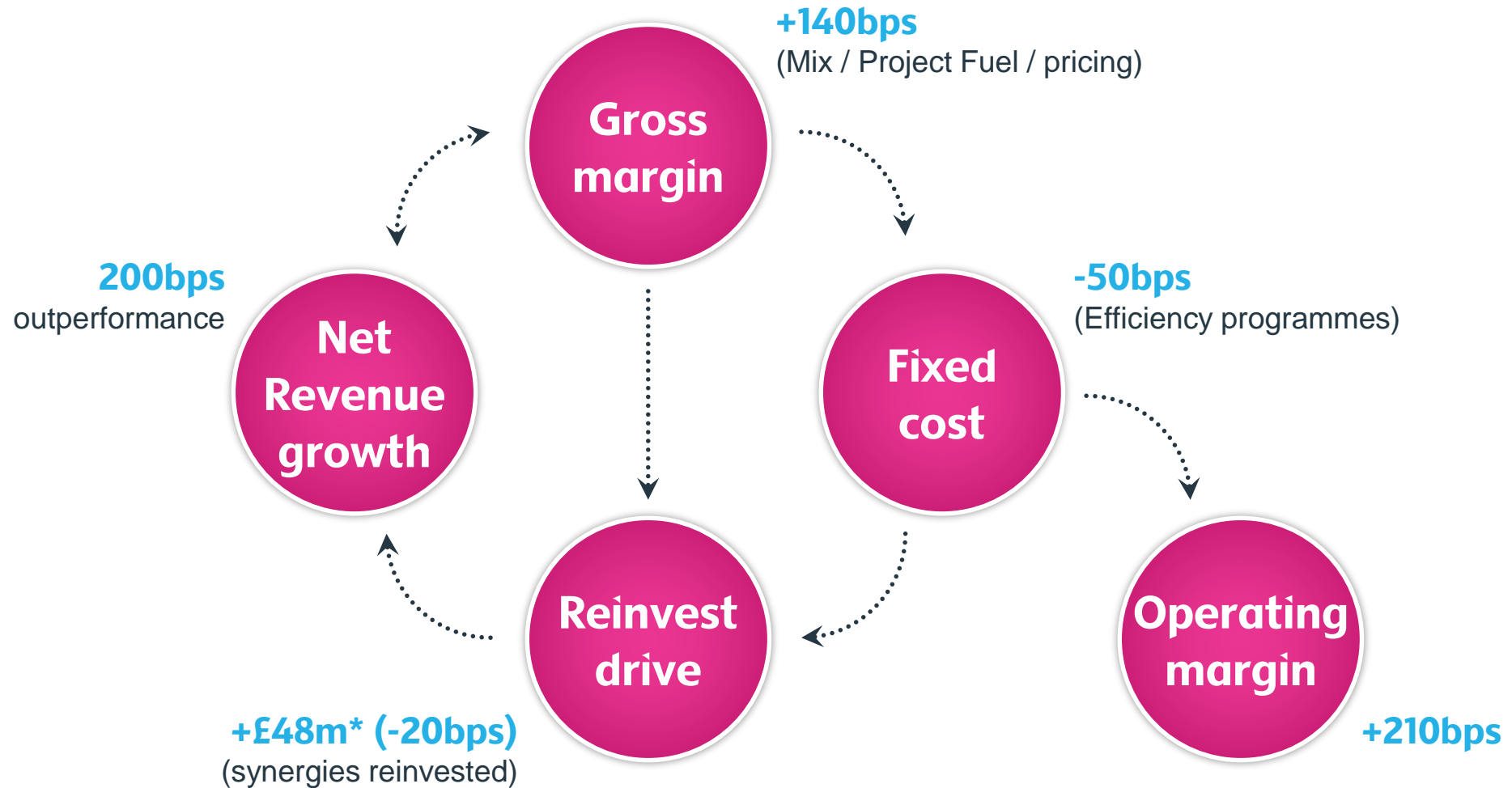
\* LFL growth

\*\*adjusted to exclude exceptional items at constant exchange rate

# Virtuous earnings model delivers



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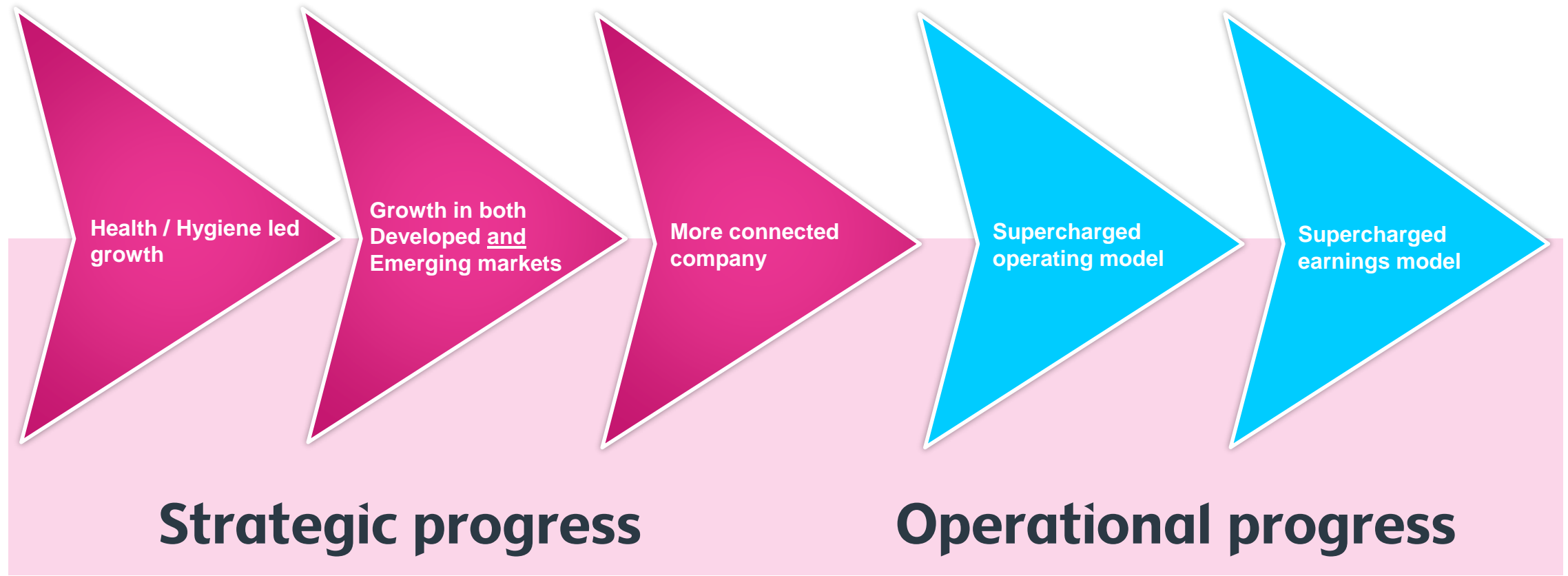


\*at constant exchange rate

# 2015: Continued progress...



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# Adrian Hennah

## Chief financial officer

# Q4, H2 & FY 2015 results

## Income statement



	Q4		H2		Full Year	
	2015	2014	2015	2014	2015	2014
	£m	£m	£m	£m	£m	£m
<b>Revenue</b>	<b>2,323</b>	<b>2,304</b>	<b>4,518</b>	<b>4,513</b>	<b>8,874</b>	<b>8,836</b>
<i>LFL %</i>	7%	5%	7%	4%	6%	4%
<b>Gross margin</b>			<b>2,735</b>	<b>2,644</b>	<b>5,246</b>	<b>5,096</b>
<i>Gross margin %</i>			60.5%	58.6%	59.1%	57.7%
<b>Adjusted operating profit*</b>			<b>1,421</b>	<b>1,307</b>	<b>2,374</b>	<b>2,185</b>
<i>Adjusted operating profit %*</i>			31.5%	29.0%	26.8%	24.7%
Exceptionals			(119)	1	(133)	(21)
<b>Operating profit</b>			<b>1,302</b>	<b>1,308</b>	<b>2,241</b>	<b>2,164</b>

\*adjusted to exclude the impact of exceptional items

# H2 & FY 2015 results

## Income statement

	H2		Full Year	
	2015 £m	2014 £m	2015 £m	2015 £m
Operating profit	1,302	1,308	2,241	2,164
Net finance expense	(15)	(20)	(33)	(38)
<b>Profit before taxation</b>	<b>1,287</b>	<b>1,288</b>	<b>2,208</b>	<b>2,126</b>
Taxation	(251)	(281)	(463)	(462)
<i>Tax rate- adjusted</i>	18%	22%	20%	22%
<i>Tax rate</i>	20%	22%	21%	22%
<i>Non-controlling interest</i>	(2)	(1)	(2)	(1)
<b>Net income</b>				
- Continuing	1,034	1,006	1,743	1,663
- Discontinued	-	1,405	-	1,560
<b>Total</b>	<b>1,034</b>	<b>2,411</b>	<b>1,743</b>	<b>3,223</b>
<b>Adjusted net income*</b>				
- Continuing	1,151	1,010	1,871	1,684
- Discontinued	-	123	-	278
<b>Total adjusted net income</b>	<b>1,151</b>	<b>1,133</b>	<b>1,871</b>	<b>1,962</b>
Diluted EPS			240.9p	441.1p
Adjusted diluted EPS			258.6p	268.5p

\*adjusted to exclude the impact of exceptional items and their associated tax effect

**Re-investment  
in the business,  
including  
through  
acquisition**

## **Stable dividend policy**

Equal to about 50% of  
adjusted net income

Flat in 2015; 53% of  
adjusted net income;  
post Indivior demerger

Remain flat until 50%

## **Buy-backs**

To maintain broadly level  
net debt; initiated up to  
£800m programme in 2016

# Revenue growth by quarter

## Business segment

	2014					2015					Total NR
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	FY
	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	£m
North America	0%	1%	-4%	3%	0%	3%	3%	5%	4%	3%	2,189
Rest of ENA	3%	4%	5%	7%	5%	5%	4%	7%	6%	6%	3,641
Total ENA	2%	3%	2%	5%	3%	4%	4%	6%	5%	5%	5,830
DvM	8%	7%	5%	5%	6%	6%	8%	10%	12%	9%	2,695
Food	3%	2%	3%	4%	3%	4%	1%	3%	8%	4%	349
<b>Group</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>5%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>8,874</b>



# Revenue growth by quarter

## Category



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	2014					2015					Total NR
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	FY
	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	£m
Health	11%	10%	6%	8%	8%	13%	13%	14%	14%	14%	2,942
Hygiene	2%	4%	2%	6%	3%	3%	3%	4%	4%	3%	3,589
Home	0%	-1%	3%	3%	1%	-1%	2%	5%	1%	2%	1,715
Portfolio	1%	5%	-6%	-4%	-1%	-3%	-6%	5%	10%	1%	628
<b>Group</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>5%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>8,874</b>

# Margin analysis



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At actual	H1		H2		Full Year	
	%	bps v PY	%	Bps v PY	%	Bps v PY
2015 gross margin	57.6%	+90bps	60.5%	+190bps	59.1%	+140bps
2014 gross margin	56.7%	+90bps	58.6%	+90bps	57.7%	+100bps
2013 gross margin	55.8%	+270bps	57.7%	+180bps	56.7%	+220bps

At actual	H1		H2		Full Year	
	%	bps v PY	%	Bps v PY	%	Bps v PY
2015 BEI	14.4%	+30bps	11.1%	-70bps	12.7%	-20bps
2014 BEI	14.1%	-30bps	11.8%	level	12.9%	-10bps
2013 BEI	14.4%	+80bps	11.8%	level	13.0%	+30bps

At actual	H1		H2		Full Year	
	%	bps v PY	%	Bps v PY	%	Bps v PY
2015 operating margin	21.9%	+160bps	31.5%	+250bps	26.8%	+210bps
2014 operating margin	20.3%	+50bps	29.0%	+260bps	24.7%	+160bps
2013 operating margin	19.8%	-20bps	26.4%	+80bps	23.1%	+30bps

\* 2013 operating margins have been adjusted for £45m of stranded costs previously allocated to RBP

# Profitability by business segment



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	H1		H2		FY	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
ENA	24.2%	22.6%	35.1%	32.8%	29.9%	27.8%
DvM	16.8%	15.2%	22.7%	19.8%	19.6%	17.5%
FOOD	25.6%	22.4%	32.6%	31.1%	29.2%	26.9%
<b>Group</b>	<b>21.9%</b>	<b>20.3%</b>	<b>31.5%</b>	<b>29.0%</b>	<b>26.8%</b>	<b>24.7%</b>

Adjusted to exclude the impact of exceptional items

# Net working capital



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	NWC		
	FY14	HY15	FY15
	£m	£m	£m
<b>Inventory</b>	745	707	681
% to last 12 month revenue	8%	8%	8%
<b>Receivables</b>	1,307	1,208	1,331
% to last 12 month revenue	15%	14%	15%
<b>Payables</b>	(2,883)	(2,948)	(2,948)
% to last 12 month revenue	-33%	-33%	-33%
<b>Net working capital</b>	(831)	(1,033)	(936)
% to last 12 month revenue	-9%	-12%	-11%

# Free cash flow



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	H1		H2		Full Year	
	2015	2014	2015	2014	2015	2014
	£m	£m	£m	£m	£m	£m
<b>Adjusted Operating Profit*</b>	<b>953</b>	<b>878</b>	<b>1,421</b>	<b>1,307</b>	<b>2,374</b>	<b>2,185</b>
Share based payment	25	26	25	27	50	53
Depreciation and amortisation	85	79	86	82	171	161
Net Capital expenditure	(76)	(66)	(92)	(108)	(168)	(174)
Movement in net working capital	125	12	(204)	69	(79)	81
Movement in provisions and other creditors	(73)	(89)	23	41	(50)	(48)
Other non-cash movements in operating profit	(2)	(8)	(31)	7	(33)	(1)
<b>Trading cashflow</b>	<b>1,037</b>	<b>832</b>	<b>1,228</b>	<b>1,425</b>	<b>2,265</b>	<b>2,257</b>
Exceptional cash flow	(62)	(47)	(36)	(50)	(98)	(97)
<b>Operating cashflow</b>	<b>975</b>	<b>785</b>	<b>1,192</b>	<b>1,375</b>	<b>2,167</b>	<b>2,160</b>
Net interest paid	(17)	(14)	(14)	(18)	(31)	(32)
Taxation paid	(202)	(192)	(278)	(224)	(480)	(416)
<b>Free Cashflow</b>	<b>756</b>	<b>579</b>	<b>900</b>	<b>1,133</b>	<b>1,656</b>	<b>1,712</b>
<b>Free Cashflow as % of Net Income</b>	<b>107%</b>	<b>88%</b>	<b>87%</b>	<b>113%</b>	<b>95%</b>	<b>103%</b>
<b>Closing net cash/(debt)</b>	<b>(1,793)</b>	<b>(2,237)</b>	<b>(1,620)</b>	<b>(1,543)</b>	<b>(1,620)</b>	<b>(1,543)</b>

\*\*Adjusted to exclude the impact of exceptional items



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# Rakesh Kapoor

## Chief Executive Officer



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# Building categories, Building brands

# Dettol

## Programme for a Cleaner India





# Brazil

## SBP: Zika Education Campaign



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### Digital

**SBP Protege**  
23 de dezembro de 2015 às 14:50 · 🌐

SBP e Repelex ajudam a combater o mosquito transmissor da Dengue, Zika e Chikungunya! Com a campanha Nossa Cidade Sem Dengue, você tem mais informações no site, com dicas de prevenção e cuidados com a sua casa. Mobilize seus amigos e vizinhos, afinal, só estamos protegidos quando todos estão protegidos.  
#NossaCidadeSemDengue

**Nossa Cidade Sem Dengue**  
Descubra como evitar focos de dengue! Confira as dicas de SBP para se prevenir do Aedes Aegypti, mosquito transmissor da Dengue, Zika e Chikungunya.  
[WWW.SBP/PROTEGE.COM.BR/DENGUE](http://WWW.SBP/PROTEGE.COM.BR/DENGUE) Saiba mais

45 mil curtidas · 1,4 mil comentários · 4,5 mil compartilhamentos

People reached  
**43mn**

### Education

Leading experts to build awareness







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# HEALTH

# Nurofen® Soft Chews for Children



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## Nurofen® Soft Chews for Children

Effective relief with just the right strength medicine for kids 7-11. In an innovative gummy format; they're easy to chew and no need for water.

# Scholl® Velvet Smooth Wet & Dry Rechargeable Foot File



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**Scholl® Velvet Smooth Wet & Dry**  
Soft beautiful feet effortlessly – on wet and dry skin

# Scholl® Athlete's Foot Complete Pen & Spray Kit



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## Scholl® Athlete's Foot Complete Pen & Spray Kit

The first Athlete's Foot treatment kit to provide both effective treatment *and* prevention from reoccurrence

# Durex® Invisible Condom



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## Durex Invisible Condom

Durex's thinnest condom –in super premium pack, maximising shelf impact. Offers consumers ultimate sensitivity for an even closer connection, protected by Durex quality.

# Durex® Pleasure Ring



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## Durex® Pleasure Ring

Harder for Longer! Durex's new constriction ring helps men maximize hardness for longer and intensifies the pleasure for them and their partner.





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# HYGIENE

# Dettol® Gold



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## Dettol® Gold

Delivers 100% superior germ kill vs. other anti-bacterial soaps in the market

# Lysol® Disinfectant Max Cover Mist



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## Lysol® Disinfectant Max Cover Mist

New wide area disinfectant mist for unbeatable protection and deodorization of large surfaces.

# Harpic®/ Cillit Bang®/ Lysol® Fresh Power 6



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**Harpic®/ Cillit Bang®/ Lysol® Fresh Power 6**  
Same amazing freshness from the first to the last flush

# Relaunching Cillit Bang



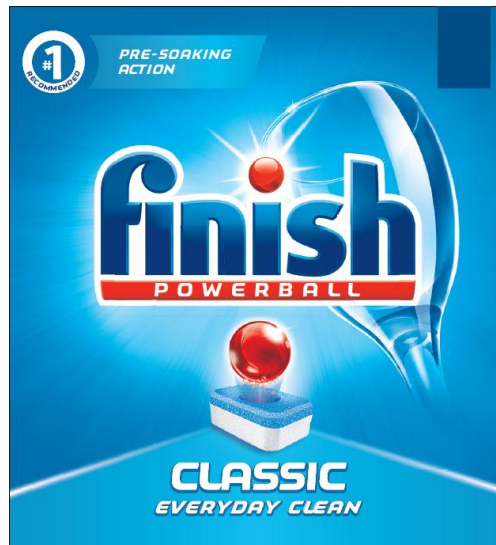
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# Finish® Supercharged Powerball



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## Finish® Supercharged Powerball

One supercharged solution for all your dishwashing needs



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**HOME**

# Air Wick® Pure



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## Air Wick® Pure

Just fragrance, no wet spray. A water-free aerosol providing the pleasure of Pure fragrance



# Air Wick® Scented Oil Warmer



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## Airwick® Scented Oil Warmer

The ultimate fragrance control for a superior fragrance experience



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# FOOD



## “We Promise” Campaign

Real ingredients. Great taste. Commitment to local communities.



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# Project Supercharge

# Project supercharge



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**Simpler & more  
agile organisation**



# Consumer and Store at the centre of what we do



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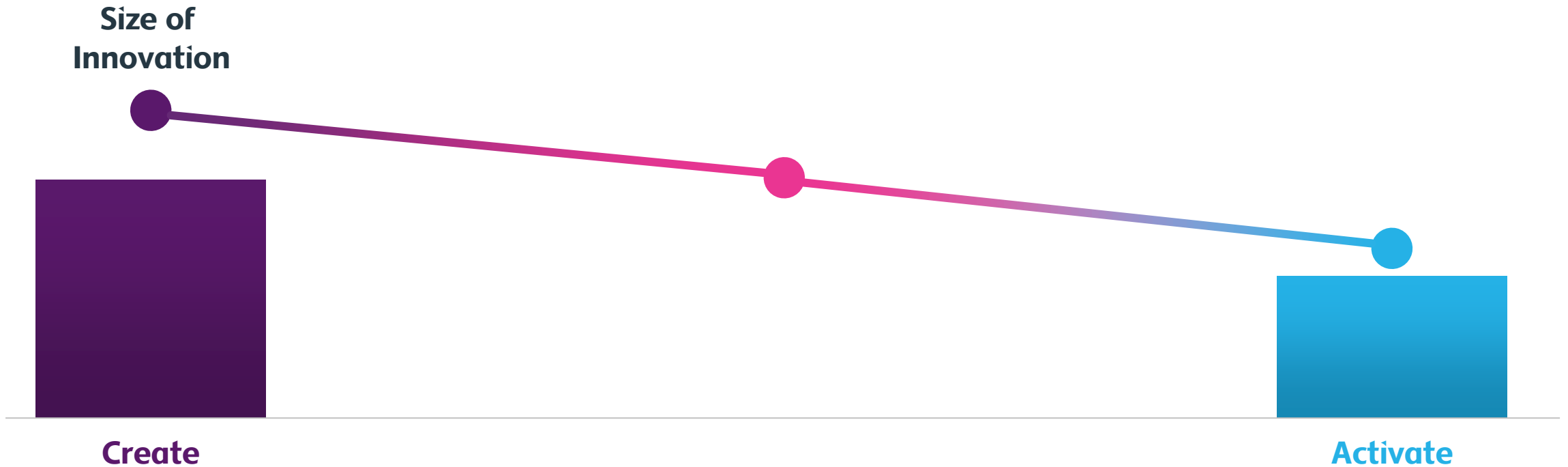


**Consumer**



**Customer**

# Size of innovations used to decrease from conception to launch



# A simpler, more agile organization connected by a common purpose



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**CREATE**



**SCALE**



**ACTIVATE**

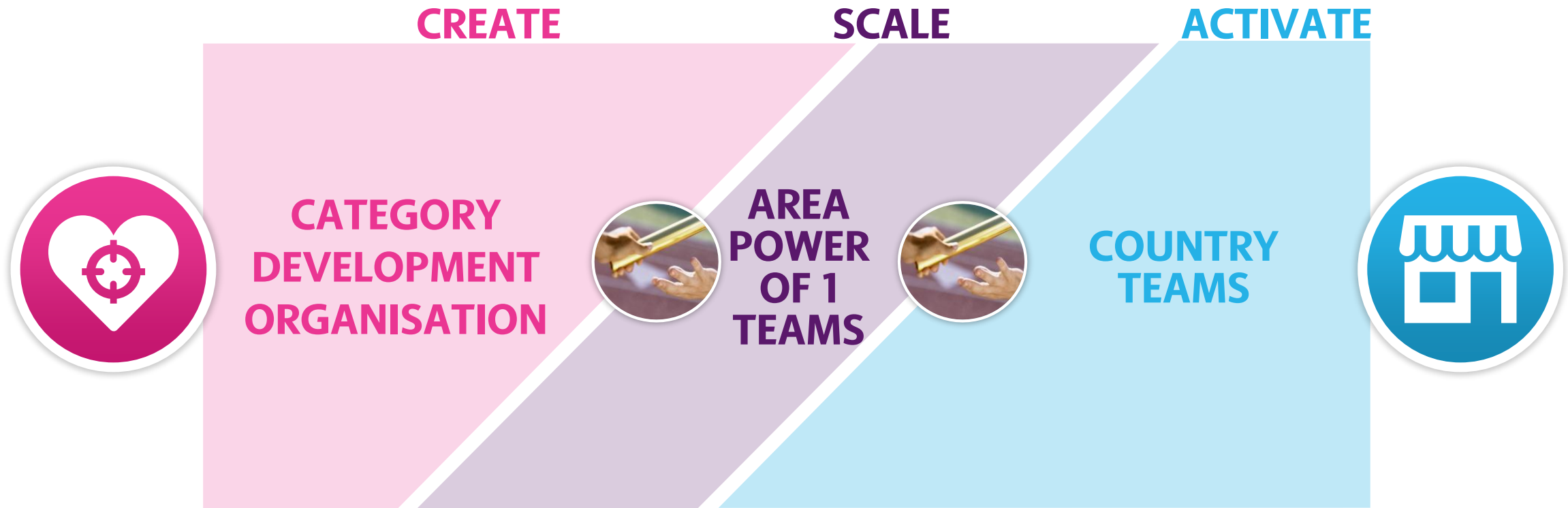




# A simpler, more agile organization connected by a common purpose



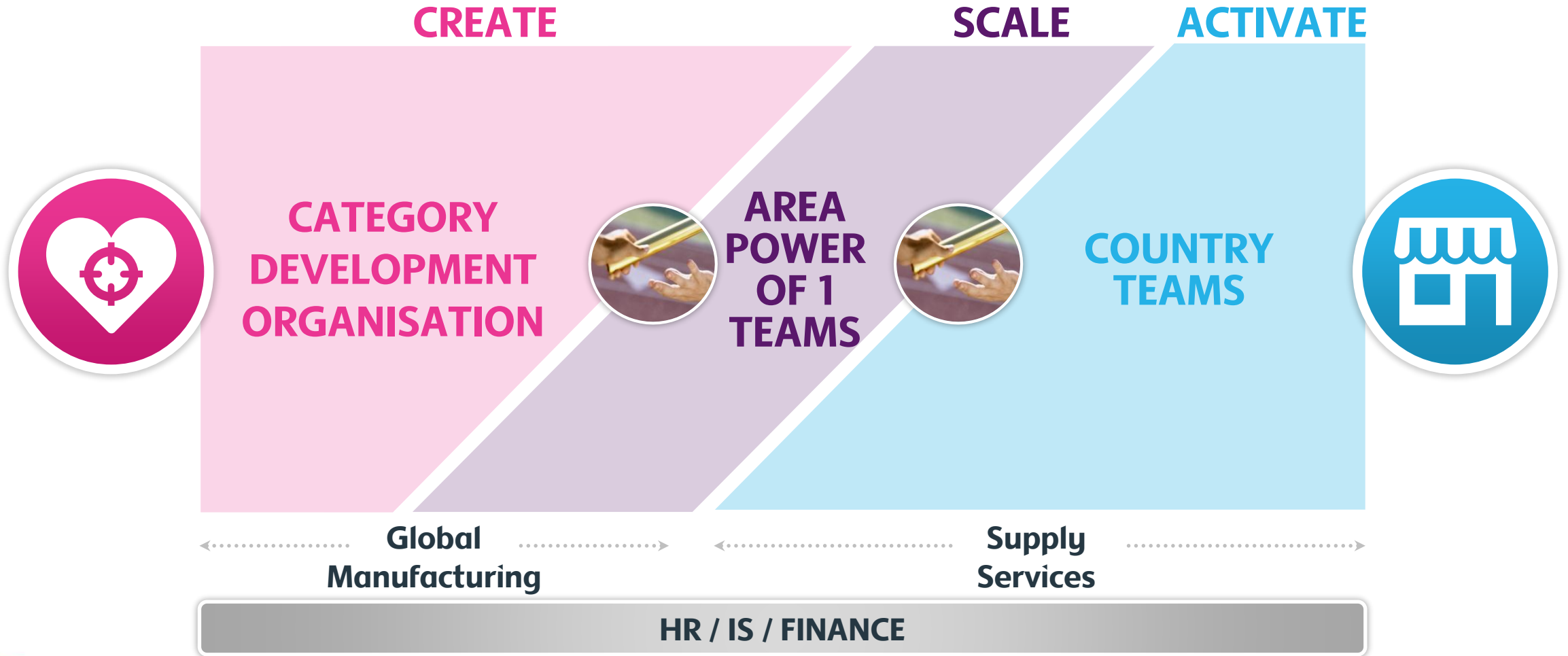
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# A simpler, more agile organization connected by a common purpose



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# CREATE: Bigger innovations



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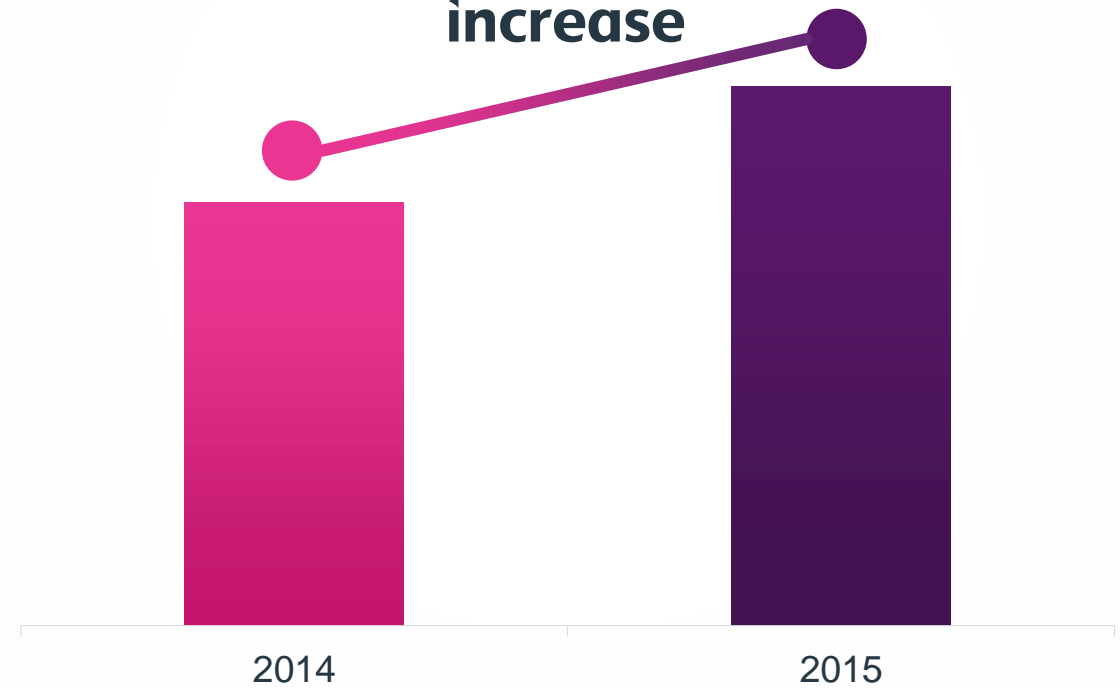


CREATE



## Average Size of top projects\*

**27%**  
increase



\*average size of top 10 projects

# SCALE: As global as possible

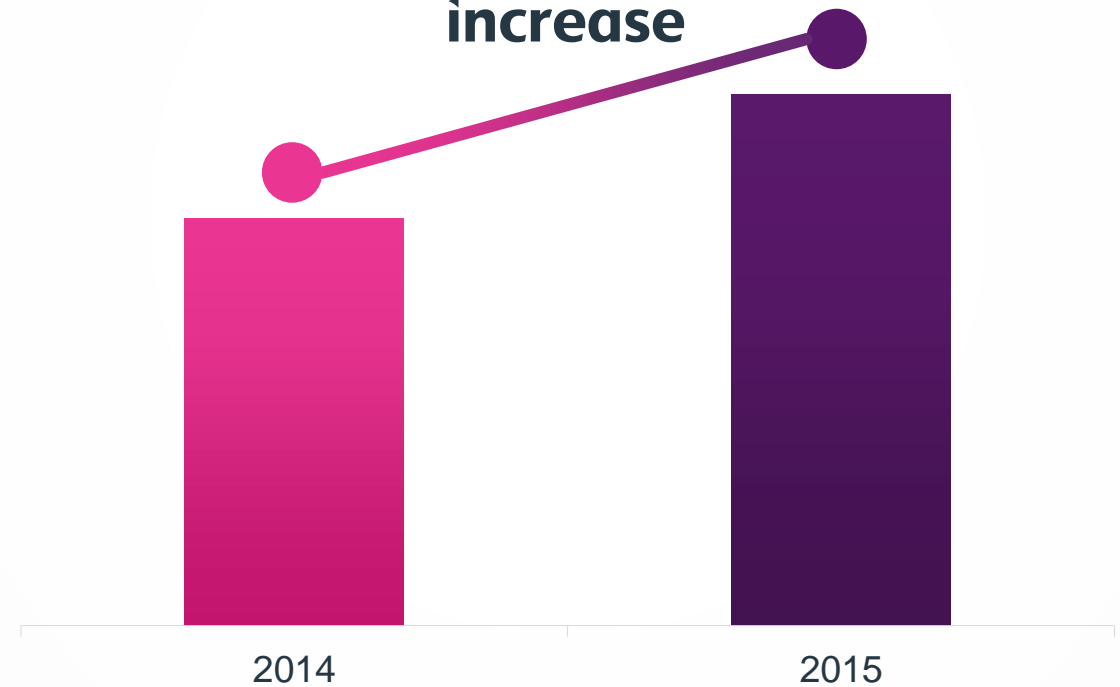


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## Innovations launching in more markets

**18%**  
increase



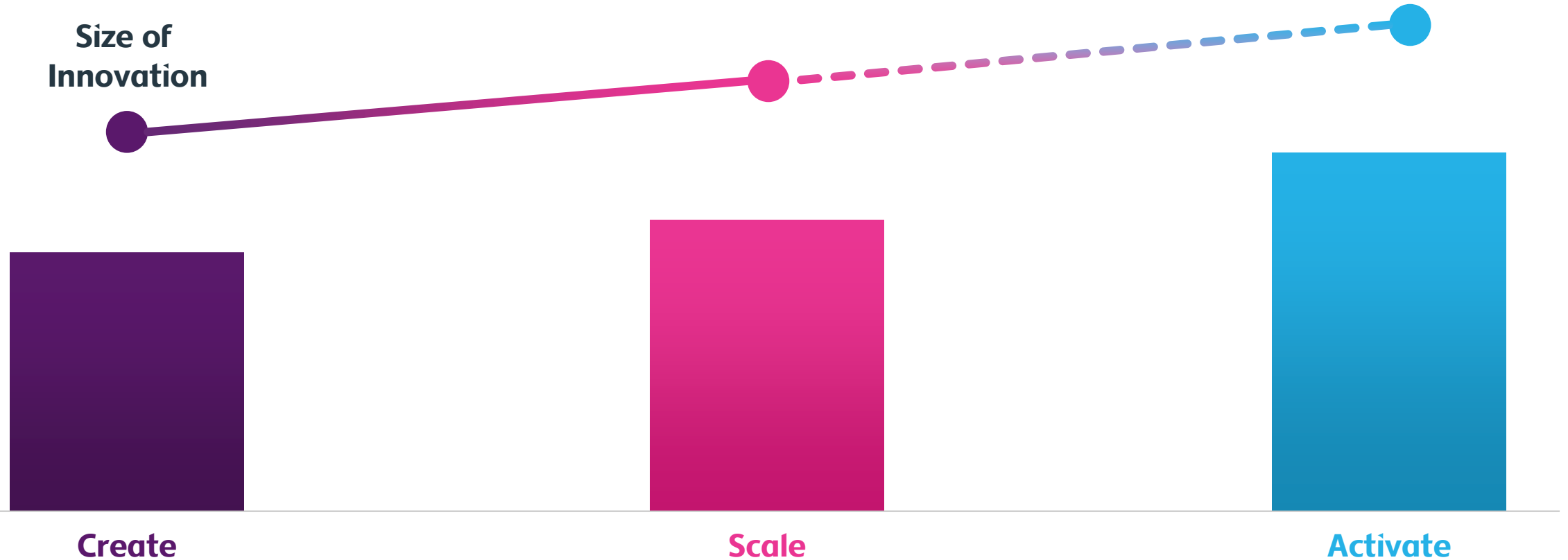
\*average number of countries launched per innovation

# Size of innovations to increase from conception to launch – the Power of 1!



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Size of Innovation



# Project supercharge



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ORG / CULTURE  
/ TALENT

**Simpler & more  
agile organisation**

VIRTUOUS  
EARNINGS MODEL

**Super efficient  
& cost conscious**

# Significant savings potential



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CATEGORY	BENCHMARKS
<b>15</b> cost categories	<b>£100M - £150m</b>



Sample is 25 companies – all fmcg / hc)

# Cost efficiency programme



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**3 Year Target**  
(2015-17)

**£150m**

**2015 Progress**

**£100m**



# Project Supercharge



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**Simpler & more  
agile organisation**



**Super efficient  
& cost conscious**

# Project Supercharge



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**Simpler & more  
agile organisation**



**Super efficient  
& cost conscious**



**Growth &  
Outperformance**



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2016

# 2016: Targets



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**Net  
revenue\***

**+4-5%**

**Operating  
margin\*\***

**Moderate  
expansion +  
Supercharge**

\* LFL at constant rates

\*\* Adjusted to exclude the impact of exceptional items. Moderate margin expansion to be supplemented in 2016 by year 2 Project Supercharge efficiencies.

# Key messages



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**Right  
strategy**

**Supercharged  
Culture**

# Key messages



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**Right  
strategy**

**betterbusiness**  
*Healthier lives. Happier homes.*

**Supercharged  
Culture**



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# Q&A



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# Appendices



# Analysis of exceptional costs



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	<b>Total Guidance £m</b>	<b>P&amp;L H1 £m</b>	<b>P&amp;L H2 £m</b>	<b>P&amp;L FY £m</b>	<b>Total P&amp;L to date £m</b>	<b>Total cash to date £m</b>
Acquisition, integration and restructuring*	390	14	62	76	225	170
Litigation provisions	210	-	-	-	210	142
Medcom – loss on disposal**	55	-	57	57	57	-

\*Acquisition, Integration and restructuring includes the £200m of expected Supercharge costs communicated in H1.

\*\*As communicated in Q3 trading update.

# Reconciliation of operating profit to adjusted operating profit

	<b>FY 2013 £m</b>	<b>FY 2014 £m</b>	<b>FY 2015 £m</b>
<b>Operating profit</b>	<b>1,887</b>	<b>2,164</b>	<b>2,241</b>
Adjusting items:			
- Acquisition, integration and restructuring	46	21	133
- Litigation provisions	210	-	-
<b>Adjusted operating profit</b>	<b>2,143</b>	<b>2,185</b>	<b>2,374</b>

2013 numbers have been restated to reflect corporate costs previously borne by RBP

# Revenue growth by Business segment Q4 2015



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	LFL %	Acq/Disp %	FX %	Reported %
North America	4%	0%	4%	8%
Rest of ENA	6%	-2%	-9%	-4%
Total ENA	5%	-1%	-4%	1%
DvM	12%	0%	-12%	0%
FOOD	8%	0%	3%	11%
<b>Group</b>	<b>7%</b>	<b>-1%</b>	<b>-6%</b>	<b>1%</b>

Due to rounding this table will not always cast

# Revenue growth by Business segment H2 2015



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	LFL %	Acq/Disp %	FX %	Reported %
North America	4%	0%	5%	9%
Rest of ENA	7%	-1%	-11%	-6%
Total ENA	6%	-1%	-5%	0%
DvM	11%	0%	-11%	0%
FOOD	6%	0%	5%	10%
<b>Group</b>	<b>7%</b>	<b>-1%</b>	<b>-6%</b>	<b>0%</b>

Due to rounding this table will not always cast

# Revenue growth by Business segment FY 2015



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	LFL %	Acq/Disp %	FX %	Reported %
North America	3%	1%	7%	11%
Rest of ENA	6%	-1%	-11%	-7%
Total ENA	5%	-1%	-5%	-1%
DvM	9%	0%	-6%	3%
FOOD	4%	0%	6%	10%
<b>Group</b>	<b>6%</b>	<b>-1%</b>	<b>-5%</b>	<b>0%</b>

Due to rounding this table will not always cast

# Reconciliation in net debt



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	2014 £m	2015 £m
<b>Opening net debt</b>	<b>(2,096)</b>	<b>(1,543)</b>
Free cashflow	1,712	1,656
Shares purchased	(313)	(804)
Shares reissued	112	74
Acquisition of businesses	(340)	(10)
Dividends paid	(989)	(926)
Exchange and other movements	(108)	(67)
Net debt divested on demerger	272	-
FCF from discontinued operations	207	-
<b>Closing net debt</b>	<b>(1,543)</b>	<b>(1,620)</b>