Reckitt
Focus On: Unified Global Category Organisation

Thursday, 29th May 2025

Nick Ashworth

Head of Investor Relations, Reckitt

Introduction

Hello and welcome everybody to our first Reckitt's Focus on event. And we're focusing today on our global category organization. So you'll hear from Ryan and the team shortly. For those of you who don't know me, I'm Nick Ashworth. I'm head of Investor Relations and delighted to welcome so many here in the room and I know we've also got a lot of people on the webcast as well.

So firstly, the usual, disclaimers around Forward-Looking statements. There are a couple of slides on that. Just a couple of things from me. Following the presentation, there's going to be plenty of time for Q&A here in the room. So we'll have lots of opportunity to ask questions.

For those listening on the webcast, please put the questions into the question box they'll come to me and I'll ask the questions to the guys on the stage. Following that, there will be lots of opportunity as well to continue the conversation afterwards. Downstairs and I know Kris and Shannon will be available as well. So look, with that all set, let's start the presentation.

Kris Licht

CEO, Reckitt

Welcome

Hello, everyone. Thank you for being here. It's great to see the turnout. We're really happy you all came. We are excited to start showing you more about what Core Reckitt is all about. I think you all know that we're in the midst of executing a plan to sharpen and simplify our company, and we have a world class company which is Core Reckitt.

In this series of events, we will show you, we will invite you in and show you what our business is all about, how we do what we do, and importantly, where we're going. The number one thing to know about Reckitt and Core Reckitt is that we are all about Powerbrands. We have an exceptional portfolio. We have a track record of excellence in managing that portfolio.

We are good at building brands. We are good at innovation. We are consumer obsessed and we strive to execute with excellence. And while we're not perfect, we are very good at this and we always seek to get better. Powerbrands is at the very core of our business, and we are refocusing on what matters most in our company, in our business, to unlock sustainable growth.

In the next hour and a half we're going to take you through this big world of Powerbrands. I hope you enjoy the tour through the portfolio. As I said before, we're working to simplify Reckitt. We've actually made a lot of progress, in the last nine months we have significantly simplified the organization. We've unified our global categories in one organization, the leaders of which you'll meet today.

We've taken out layers of management, we're speeding up decision making and we're reducing headcount and cost in the process. All of which makes us a nimbler, simpler organization that can execute at speed. So, in this series, you will get to see all of Reckitt over time. But today we're starting with that unified global category organization which is the architecture of our growth and you'll meet some of those people today.

But before we get to the people, I just wanted to say three things that are going to be the recurring themes of what you're going to see today, that is the fabric that ties this portfolio together.

Number one is that there's no brand that you're going to see today that isn't an exceptional brand. You're going to see number one market share positions. You're going to see brands that have been around for decades and in some cases, centuries.

You're going to see brands that are amongst the most trusted, not just in our categories, but in the consumer products industry as a whole. This is a world class portfolio. I think you will see that today. You're also going to see that we have a playbook for how we maximize the growth of these brands and their impact.

And then you're going to see our new organization. And as I said, you're going to meet some of our best leaders that work on this every day. We've said to you before that we expect Core Reckitt to be able to generate sustained growth of 4 to 5%.

That's not going to change. We're not saying anything new today. What we're trying to show you today is why we feel quite confident about that. We're going to show you a bit of our track record. We're going to show you what we're working on today, and we're going to give you a sense of what the future growth looks like and where it's going to come from.

The people you're going to hear from are the leaders of our global category organization, and they're here with us today. You'll meet them shortly. Ryan is our Chief Category Growth Officer. He is sitting right here. Ryan and I have worked together for a while. I was really excited to appoint Ryan to this role. I think he is the absolute right candidate.

He and I reinvigorated our health business over the last five years, working closely together and he's an exceptional leader. His team are the four leaders you see here, all of whom are experts in their categories. They've worked in the industry for a long time. They're high energy people. They're very passionate and you'll get a feel for that in a second.

So you often get to hear from me and Shannon. I will get off the stage and I'll hand the mic to the people that know the most about these brands.

Ryan Dullea

Chief Category Growth Officer, Reckitt

Overview

Good afternoon to everyone in the room. A big thank you for taking time out of your afternoons to join us here in person. And thank you to those that are joining us virtually from around the world as well.

We're incredibly excited today to talk to you about our category growth strategies and the journey we've been on. And the journey we'll continue to go on. Before getting into that, I just want to give you a quick run of show of what we'll go through over the next 90 minutes or so before we get to Q&A.

I'll open and I'll talk you through a bit about our winning portfolio, a little bit about our framework for growth and the winning playbook we have for that and then we'll turn it over to the category teams to really show how that comes to life across each of our four categories, with the leaders that are sitting with us here today.

We'll then have a short recap, and leave plenty of time for Q&A, as Nick alluded to. Then we'll have time afterwards as well too for those that are staying around. Before we get to the core content, since I haven't met a lot of you, let me just maybe give a quick bit of background about myself.

As you've probably figured out already, from my accent, I am American by birth. Like most Americans who come in to brand building and brand management I had a career before I had a career. I started at Accenture, worked a few years there before going back to get my MBA in Marketing and Finance.

I then had the privilege to spend a few years at P&G, where I had a great opportunity to live and work in the US, Europe, Greater Asia and had a chance to have experience across a number of different vectors, from upstream innovation to in-market activation and leading brands and businesses there, and all the way down to actually having an opportunity to work at Walmart leading a selling team.

I tell you, there's no better way to learn retail and sales than sitting across the desk from the world's largest retailer. Then about six years ago, I got a call about a very interesting opportunity at a new company in a new country and working in new categories. When I looked at the company, Reckitt, and saw what the potential was in the organization I made the choice to then take out and step and join Reckitt. And I've been incredibly excited and had a blessed journey as we've gone along the way.

I started first in our OTC categories, mainly focused on pain and sore throat. Shortly after that, we ended up bridging Gaviscon into that mix, which is another one of our great Powerbrands you'll hear about later today. And then eventually the US portfolio came in as well and I was managing the broader consumer health portions of the business.

As Kris said about nine months ago, I was incredibly blessed and privileged to have the opportunity to lead the changes of what we're looking at here today. Part of the fundamental change we see and what you'll see from our team today, is actually the merger and combination of what used to be separate, distinct business unit category development organizations and a marketing excellent organization.

We've brought that all together to form one cohesive unit. You'll see how that comes to life and the quality of strategies, the quality of thinking, the consistency of execution across, here and today.

But when that actually becomes even more valuable is for our teams in the markets that are executing against this every day. Rather than before, where they would have a health BU point of view, a hygiene BU point of view, a marketing excellence point of view, an e-commerce point of view. There's now one Reckitt way of brand building and Reckitt way of winning.

This consistency of how we'll deliver across the categories and what we deliver to the markets will enable them to continue to focus on execution and really deliver with excellence.

So as Kris talked in the beginning, our job really as a category growth team is to create categories and grow our Powerbrands. This is a big, audacious goal, but luckily for us, we have a lot of tailwind to help make this easier. We have a fantastic portfolio that I'm going to talk to you about. I'd like to say it's probably one of the best in the industry.

We have a proven winning playbook that we've been applying over the years, and when we do this with excellence, we win in the marketplace. And last but not least, we have a new organization, design, that's going to help enable us to operate in a more standardized, simplified and digitized way.

All of this to continue to unlock the growth we know we need to have in the future as we move forward. I'm going to start by getting into how we curated the portfolio. you'll see before you today. There are really three enduring values we looked at as we think about our portfolio curation. The first of these is enduring competitive advantage.

What we have curated here at Core Reckitt is brands that either have a distinct advantage in their brand equity and or in the underlying foundational brand technologies that create differentiation in the market.

Secondly, we're in categories that have long-term tailwinds and long-term runways for growth. We believe each of these categories will outpace CPG norms over the next 5 to 10 years.

And last but not least, each and every one of the businesses we have has an incredibly attractive earnings model and a very well-structured P&L that leaves us plenty of room to ensure we can invest in building these brands into the future. Investments in marketing, investments in innovation, investments in supply chain. The things that will build the foundations for success today, but also long into the future.

Before I get started and talk you through some of the details of these different ones, I thought it would be great to go back and take a little bit of a look at the history of some of these great Powerbrands, and show you why we have such an enduring place in the hearts and minds of consumers around the world.

All Powerbrands have a remarkable legacy of innovation and trust. For generations, we've been part of people's lives, continuously evolving to meet the changing needs of society. For over 200 years, our brands have been at the forefront of germ protection. Lysol was born out of necessity during the 19th century deadly cholera epidemic and today it remains a frontline defender against emerging health threats.

So we have a fantastic set of Powerbrands, as Kris talked about at the beginning of the section. You've seen the brilliant histories these brands have and the strong foundation they've built over decades, if not centuries. They're continuing to shape the future today through their impact in these societies, the innovation we bring to market and the consumer trust that continues to garner.

We are number one in almost every single one of these segments that we play in across our Powerbrands. You see the number two up there on Mucinex. In cough and congestion Mucinex is actually the dominant number one brand in cough and congestion. But we have ambitions beyond cough and congestion and a broader upper respiratory infection that Serra will talk about later to be the number one brand in the total upper respiratory infection set as well too in the US.

So these are incredibly strong set of brands that actually cluster quite well into four core categories with consistent themes around how we grow these businesses and brands that you'll hear about from each of our leaders in the room. We have our OTC and VMS business across Self Care. We've got our great portfolio of hygiene germ protection brands. We have fantastic household care products and businesses against automatic dishwashing and stain removal. And of course we have our Intimate Wellness portfolio as well.

As we get in and think about long-term runway for growth, when you look back at the last five years, each and every one of these categories we played in grew mid-single digit or mid-single digit plus, with Self Care as a category growing at 7%, Germ Protection at 5%, Household at 6%, and Intimate Wellness at 5%.

Of course, from 2019 to today, there were some tailwinds on parts of these business with Covid, we had a great hygiene business to manage through the course of Covid. We have a very strong cold and flu business as incidences rose as we came out of Covid. So some healthy tailwinds. But we believe these categories are built to endure into the future.

And I'll just share a couple stats and facts with you guys on why we have such strong belief in these categories. 66% of people today are actually paying more attention to their health, and people are concerned not just about life span or the number of years you live, but actually health span. The quality of those years. As our demographics around the world continue to age, and as health are systems around the world continue to receive more and more pressure.

Self Care is going to become and play an even more predominant that role than it does today. And Serra is going to take you through some of our strategies to win in those sets in a few minutes.

Secondly, we have our Germ Protection business. Over the course of the last 20 years, we've seen a 58% increase in the growth of disease causing germs. Covid is just one example of this. We see hygiene as the foundation of good health and really believe that this is a continued area to help people live better lives. Pankaj is going to take you guys through this and the opportunities we see in this category as well.

Stepping over to Household Care. Only 14% of households around the world have a dishwasher installed today. That is a significant amount of upside opportunity in these businesses for us as we look around the world, with dishwasher penetration continuing to grow globally and even more accelerated in emerging markets.

And last but not least, we have our Intimate Wellness business. Durex is a distant number one brand in this category, but it only participates in 1% of sexual occasions. That is a massive opportunity to think about normalizing this category and help people have safer, more enjoyable sex.

As we think about that, then moving into the components that make up these brands, the earnings model, the P&L behind them. I just want to share a little bit around the gross margin structure. We have sector leading margin levels on each and every one of these categories.

This enables us to create space in the P&L that enables us to put those investments into brand building, innovation, as well as supply chain and durability there. We believe this space in the P&L is one of our competitive advantages to enable us to make sure we're building Powerbrands that not just win today, but are built to win in the future.

Now, you may think that's great. You have a nice gross margin today, but is that sustainable? This is the last ten years of Reckitt gross margin. Incredibly durable, incredibly sustainable, incredibly consistent over time. The reason this is, is because we have fantastic Powerbrands, we have really strong innovation and even in the light of cost pressures, you're still able to bring meaningful change that consumers are willing to pay for and maintain a very healthy gross margin structure that allows us to invest in our business in ways that others can't.

So with that portfolio, what we also have is an amazing playbook. And across Core Reckitt, you've seen this come to life over the last number of years. And Kris and Shannon have talked about it over the last couple of years. The first of these is around iconic brand building. It's not just good enough to have these brands, we actually need to know how to grow them and build them for the future.

The second is consumer obsession. We always have the consumer at the heart of everything we do, and this is a distinct advantage for us. Third is superior innovation. What you've seen over the course of since 2019, we had a significant increase in our innovation investment. So as you see some of the programs you'll see some of that acceleration in more recent years of the innovation that we're able to bring to market.

And last but not least is executional excellence. This is us working in our markets with our partners within Reckitt, as well as our partners outside of Reckitt and our retailers, to ensure we translate these fantastic strategies all the way through to where the consumer needs them.

Let's start first with iconic brand building. With a portfolio of world class brands like Reckitt has, it's our responsibility to build on all of this work from the generations that came before us to deliver the results for today, but also ensure these brands are durable and successful for the future.

As I talked about, we have an amazing portfolio of brands. These 11 brands make up over 80% of our net revenue for the company. So an incredibly focused portfolio, and they actually deliver even higher operating margin as a percent of our collective business. However, if you actually double click into Other, what you'll actually see here is a collection of local heroes like Tempra in pain, Jontex in condoms.

These are businesses that are closely tied to our existing franchises, so can leverage technology platforms and innovations beyond just our Powerbrands but translating those across to our local equities that we own in the market. And then you also see on here some potential brands that can be future Powerbrands for us.

With this great portfolio comes great responsibility. And we take this incredibly serious as a team. What I'd love to do, I'm going to show you one quick ad I wanted to show you 20 but Nick told me I wasn't allowed to share 20, so I want to share one ad and I'll talk about why or what we do at the end.

So this was a fantastic ad. We test all of our advertising and external systems. One of those is called Millward Brown. It's a quantitative way of assessing how strong is your advertising versus your competitive peers. This particular commercial tested in the top three of all time of those studies. This is just one example of many examples of how we continue to be able to build and create great comms and great marketing in order to drive our categories in the future.

We have over 200 years of expertise of building categories and growing brands. But we do have the opportunity to do this more consistently across brands and across markets. So what we've done over the course of the last 6 to 9 months is really codify that Reckitt marketing model where we've seen these great executions across our health, our hygiene business, taking the best of both and thinking about how we create that standardized Reckitt way of ensuring we have our equities at the centre.

But we think about that full lifecycle of the consumer journey, and we're reaching in and reaching consumers across that journey. This is not only going to help us build our brands for today, but as you think about things like generative AI coming into the mix, if you don't have a strong foundation on your brands and how you build, you will not be able to fully leverage the capability of those tools that are coming down the road.

So this is once again building our brands for today, but ensuring we're building them for the years to come as well too. Second is around consumer obsession. Now, as I said before, we've always had consumer at the heart, and that's why we're able to bring great comms that resonate with consumers. That's why we're able to bring meaningful innovation that touches lives and change lives.

It's why we're able to touch consumers in all sorts of different ways. But generative AI is significantly changing our ability to be able to tap into that data and that expertise. I was with one our agency partners today, and if you'll give me a brief minute, they shared a cartoon that I thought was great to share, given the landscape of the context.

So, two people chatting in an office, what will the impact of AI be on our business? Look, it's too big to put into words. So here's an image I created. It's a cheetah wearing a jetpack while inventing electricity and on fire all at the same time. Wow. That's great. But how are we using AI just now?

Well, mostly to create cool pictures like this, right? I think you hear a lot about that. You hear a lot about people talking about AI. We're doing more than talking about AI. We're actually leveraging it to drive our business and drive fundamentals. I'm going to go in and share a demo of an actual internal Reckitt tool that we have to help us with consumer insights and consumer concept generation.

These are things that we have piloted over the last number of months. Gonzalo, will talk about how it's been applied on the Finish business as we get into that one. But I'll show you how the tool itself works today.

So what you saw there was a real, live, actionable demonstration of an internal proprietary tool that we're now live and actively using. Gonzalo will highlight one occasion where that's come through, but you'll continue to see this play a role on our innovation pipeline as we move forward.

Now, from watching that video, it's probably clearly evident that there's a significant amount of time savings within the system. Concept work that used to take weeks to month in order to generate we're doing in hours to days in the process of doing this. So significant time savings.

But quite honestly, probably the biggest is actually the impact on the quality of the output. Because we're able to tap into consumer data sets at tens of thousands of data points that the human brain isn't able to do internally and we're able to connect that internal data to external, unstructured data like ratings and reviews.

We're able to tap into data sets that wasn't possible before. It opens up new ways of thinking about the consumer and finding solutions for their problems at their house. On top of that, it enables us to create better concepts. We can have a clear set of best practices and standards. Some of those concepts are generated. They increase the odds of those breaking through.

And what we're finding is 70% reduction in time and actually twice the quality of output when we go through there. So both time savings and a significant improvement in quality.

Superior innovation is next. As I said in 2019, we made a meaningful step change in how we invest in innovation. And what you've seen over the last few years is that starting to come to life and that starting to pay fruition. And you'll see that across our categories and brands, with the innovation cadence we've been able to bring over the last couple of years.

I'm going to talk you through one example of what we call the path to superiority. This is something that was born in our hygiene business but now that we're operating in a one Reckitt way, we are translating across the balance of the organization.

I have blinded the product. I have blinded the competitive product because this is an innovation that does not yet come to market. It will be in market in the next 6 to 8 months. But what we faced was a situation when we tested our product versus our leading competitors in the market. We actually had an overall lower consumer liking of our product versus our competitive product.

Now, the challenge with that is over time, you can get away with it for a year. You start to see share erode. As consumers take products to their home, they're either delighted by your proposition or they're not. If they're not, they're looking for other solutions. So you could see here us having an inferior proposition was leading to us bleeding share within the marketplace.

So what we did in part of our process and path to superiority is really getting in and understanding the fundamental attributes that drive consumer preference for these products. The attribute list actually goes even longer, but we ran out of space in the box. We statistically model those out so we understand what ones are most meaningful to have the best impact on that consumer experience.

Our R&D organization then takes this data and information uses that to reformulate, reformat, re-engineer our products as we bring them to market. When we go out, we'll create a series of prototypes. So you see here this was the Reckitt product that was losing in market. This was the competitive product that had a better overall consumer liking and a series of prototypes that we created as part of this.

What you see come clearly out is a prototype and a model that significantly beats both our existing product and market, as well as our competitor across the key attributes that matter most to the consumer. This is then what gets formulated into the new product. So as that new product is brought to market, we have confidence when the consumer gets it in their home, it's going to be a delightful experience that's superior to what they were expecting and getting from our competitors.

So that's been a huge advantage for us. Last but not least is the executional excellence of this. I'm not going to go into the details Kris alluded to earlier. We'll have sessions with our area teams who will take you through a lot of the depth, the details as they think about how they execute and market. You will see some of this executional excellence also translated across the examples we'll share today.

Not in just how they're executed, but in the consistency of results over the long-term and the consistency of business that drives for us in our core Reckitt portfolio and franchise.

Germ Protection

So with that, I'm excited to actually start to get into some of the categories and talk through these that are most meaningful. First for us is going to be Germ Protection. This is really one that's at the heart of Reckitt and is from our Dettol franchise starting there or Lysol in the US has been a long heritage of the brand and our company, and what the company has always been about. Pankaj always likes to tell me this is a unique category. Most companies have categories where they have a series of brands to deliver against the category.

We have such strong brands that we actually have brands that span categories. Pankaj, will talk to you a little bit about a couple of our Powerbrands within here and how that comes to life. This makes up about a third of our overall portfolio of Reckitt. And is evenly distributed across Lysol, Dettol and then Harpic within the toilet care portions of our business

From an area profile you obviously see a very good balance between emerging markets and developed markets. You see us playing very consistently in spaces like North America with our Lysol business. Dettol in our more emerging markets, whether that be India, China, Asean, and then obviously Europe having a good portion of business as well to contribute through. And we've got a fantastic set of brands, but rather than me talk more about this, let me invite Pankaj on the stage to talk you through the great portfolio.

Pankaj Duhan

SVP Germ Protection, Reckitt

Germ Protection

Thank you Ryan. Hello everyone. I'm Pankaj I look after the Germ Protection portfolio and I'm delighted to be here today. A little bit about myself before I start off with the presentation. So 22 years in the industry and the last seven years with Reckitt. My passion is building brands and creating categories.

And I've had the great privilege of doing that across my career, but especially in Reckitt. What I'm going to talk to you about is going to be about the Germ Protection portfolio. The Germ Protection portfolio is an amazing portfolio. Iconic brands, Dettol Lysol and Harpic. So over the next 15 minutes, I'm going to be talking to you about the portfolio, the progress on the portfolio and the possibilities that exist within the portfolio I hope at the end of it, you'll be as excited about the business as I am about.

So let's first focus on the progress. Okay, this is fast looking, Ryan talked about it 3.1 billion, it's a big business, net revenue. And it is growing at a fair click. So 7% growth rate over the past five years. But on this slide the statistic, the fact that I'm most proud about is the third one, which is the global penetration of this category is 25%. So 1 in 4 households globally use a solution from Germ Protection. Use a solution from Germ Protection Reckitt today. This is not a bad place to start off from and build off from there.

So what are the strengths of the portfolio and what makes it special? I think there are three strengths of the portfolio. Let me talk about the first one. The first is we are pioneers. So this has to do with the science of Germ Protection when it comes to the science of Germ Protection. We believe that there is nobody who is equal to us.

And this leads to superior solutions for Germ Protection. And this also leads for us to be first to market. And you see on the slide there are a list of firsts that we have put into place. Lysol was first used during Spanish flu. In fact it was used in Russian flu. And before this this was more than 100 years ago.

Dettol was created to cut sepsis into half, the occurrence of sepsis during childbirth, this was 1933, these were a long time back. But closer to our time, Lysol launched the first EPA approved germ kill solution for air. There was no solution that existed that talked about that, could measurably like kill 99.9% germs in the air and we launched that particular product.

But not only did we launch the product, but there was actually no method that was available at that point in time to be able to quantify how much germ kill actually happens, right? So the Dettol scientists, the R&D folks created the method. And that has become the industry standard. So anybody who launches a new air sanitizer has to go through that method.

And of course, Harpic first major product solution for toilet hygiene. So again, many lists of firsts that we have on our portfolio. And there are many more. But this is not just the only strength. The second strength is again a critical one. We create categories. We are pioneers, but we also create categories.

When we put it as we create categories, it seems like a choice, but it is not just a choice. It is also about the ability of the brands to enter into new categories and to be able to create it. And not everyone can do that. We all know launching new brands into new categories can be risky. It is definitely expensive. Shannon is nodding right. But it is much more efficient for us if we have great brands, if we have versatile brands, to be able to extend them into new categories.

This is a chart that we put together. The grey bars are essentially some brands which are marquee brands, global brands, and many of those are competitors in our categories. And what you see is the ability of those brands to be able to span categories, versus the ability of our brands to span categories.

Most brands have one, 2 or 3 categories they can span. Harpic is in three. Lysol is in six. And Dettol amazingly, is in 13. Many of these category expansions we have done over the last five years. And again, this is a huge part of our growth. So we are pioneers. We create categories. But the true superpower that we have is consumer trust. When it comes to Germ Protection, anything to do with germs, solutions related to germs, they trust us implicitly.

Dettol, Lysol, Harpic, big slide, you see a number of trust metrics, a number of ones across the slide. But let me talk to you about two metrics which are not on the slide, which will tell you about the extent of trust that they place in us. And what does that trust do for us. What is the implication of that trust.

The first example is on Lysol, which is in the US. Of course, Lysol is one of the most trusted brands for Germ Protection. Of course it is, right. But it is also the number four most trusted brand in the US, across categories. That is a huge deal, the extent of brands that exist in the US, that is a huge deal for a niche category like Germ Protection, that is a huge deal.

Let me take the second example on implication of the trust. So I will take the example on Dettol. When Covid happened, it was a matter of life or death. And when it is a matter of life and death, you gravitate towards the best solution for germs. When that happened, people gravitated to Dettol. People move to Dettol. People came to Dettol and Dettol became the number one penetration growth brand in the world. Not in germ protection. Not in surface care. Not in personal care. Number one penetration growth brand in the world. It was not Lifebuoy. It was not Safeguard. It was not Clorox. It was Dettol. So again, this is a huge thing for us. It is a huge asset for us. This is something that we work extremely hard, and we are very cognizant of, to protect, to preserve and to grow.

So therefore, what is our growth algorithm? We want to grow penetration. We have grown penetration. We are present in 25% of the households today. But that means that is 75% left, right. So slowly, step by step we will move in that direction. Growing penetration is the first priority for us. But we are very good at creating categories as well. I will share some examples, but we can create categories like no one can. We can stretch into categories like no one can. So that of course is something that we are going to do.

But both of these require effort right. Both of these require education and therefore investment. Both of these require superior solutions. Therefore investment. Therefore the third strategy that we will command significant premium. It is a choice. We will command significant premium to be able to fund that entire model of growth, superior solutions as well as education, and the premium that we command allows us to complete that entire cycle.

And of course, there is no success if you don't execute it well. So these are the four pillars. If we do it well together, we continue to grow the business. So now what I'm going to do is I'm going to share a few examples to bring these strategies to life, much better with examples.

The first example that I'm going to share is going to be on Dettol, and it is going to be on the biggest market of Dettol, which is India. This is a multi-year story about how Dettol has come from behind against a super entrenched competitor to become the market leader. So the first priority for us was essentially to drive the habit of hand hygiene amongst many priorities, this was one of the big focus areas for us to drive the habit of hand hygiene.

How did we want to do it? We wanted to do it working with school kids, educating them on the hand hygiene and essentially, they become our change agents right as you move forward. So, we prepared an entire Dettol hygiene curriculum talking about how you should wash hands, what are the benefits of washing hands, but also other good hygiene practices. We worked with the Government of India to get access to schools, to be able to implement that curriculum in the schools where we implemented the curriculum. There were tremendous results.

15% reduction in preventable illnesses like diarrhoea, lesser sick days, 39% less absenteeism within the schools that implemented it versus not. As you start to read this and many, many more, you start to see the significant momentum building. And the government gave us more and more and more access to the schools, to the point that today we have access to 75% of the schools in urban India, implementing the Dettol hygiene curriculum.

That scale is close to a million schools, 840,000 to be precise. But by the end of the year, we would be in close to a million schools. 30 million kids every year would get the Dettol hygiene curriculum, and how to adopt the best hygiene practices.

So this, at this scale was an important instrument in building the momentum forward. But of course, education can be boring. So we need to make it interesting right. So how do we do that. How do we get adults into the fray as well? We partnered with TikTok and we created a challenge, a handwash challenge on what is the best way to wash hands. 20 second video that you need to create, but you also need to personalize it by yourself.

That's why it becomes viral. This went through the roof. The numbers are there for you to see 132 billion views. Most campaigns have a few millions. 30, 40, 50, 100, 132 billion views. But 75 million unique videos created. When you start to get to that scale right, you start to get significant momentum on the business.

These are just two examples of how we created momentum on the business. There were many, many others. And when you do that over a period of time, you start to get this kind of results from an equity point of view. The green line is Dettol equity measurements over a longer period of time on Germ Protection against germs and the red line is a chief competitor. You see the gaps increasing over a period of time right. So great progress on equity.

But of course this doesn't happen alone. There was immense progress from a distribution point of view. So the area teams, the market, the sales team on the ground, they pushed the sales significantly. The coverage expansion happened. These 4.9 and 6.1 are million stores. So, we were present in 4.9 million stores, 5 million stores and a million stores incremental happened over the last five years.

When you put all these together, great campaigns, great equity, the distribution growth, you start to see in the category penetration growth happening. So, this is Dettol penetration, 36% close to 40% over the over the five years. And this is just an example on handwash and soaps. One category. We are present in multiple categories.

When you do it over a multiple categories over multiple years the following results happen. These are results over last 30 years. Dettol versus our core competitors. In 1993, 30 years ago, the core competitor was ten times bigger than us. And now we are bigger than the competitor, and we continue to grow forward. So this was my attempt at summarizing 30 years of growth in two slides, but I hope it brings the point across.

Let me go to the next slide, which is create new categories. And I'm going to take the example of Lysol US. This is again the biggest market for Lysol. And the strategy is to create new categories. How do you create new categories? First you create the demand right. And the second is you provide the solution.

So first example on this is laundry. So when the consumers put the laundry into a wash, they believe it comes out clean. And they believe it comes out germ free. But our research shows that this may not be the case because washing with detergent alone at 30 degrees yields little or no reduction of bacteria.

It is true. It is a fact. But also nobody's thought about it. But the washing machines are a significant source of bacteria and fungi by themselves. So definitely clothes are not getting cleaner and they might not have the right germ solutions there, but also they might actually be more germy in some cases. Right. So what do we do? We launch the laundry sanitizer. Kills 99% bacteria that detergents leave behind. Tremendous success. It has been like a few years in the market, and it is close to 300 million of retail sales. Brilliant business continues to grow significantly well.

The second example I touched upon it was Covid happened. Everyone sanitized their body, everyone cleaned the surfaces. But what about the air, right? And the air was one of the primary ways in which Covid travelled.

So, we launched the first solution for air sanitization. And this again has done tremendously well. It is about 12% share within the category and close to 5% penetration within the US households over the last couple of years. Tremendous success, continues to grow.

These are two examples of the categories, when you put all the different examples together overall on the US business, 45% penetration in 2019. 55% penetration in 2024. So significant increase in the biggest business for Lysol.

Let's take a look. I talked about the biggest market on Dettol. I talk about the biggest market on Lysol. Now I'm going to talk about the biggest growth driver from an absolute point of view on the portfolio. It is going to be in China.

So China Dettol. China Dettol again we want to create new categories. We were present in three categories before and over the last five years we have expanded to be present in nine categories and significantly so. These are just three examples of categories. We launched a disinfectant spray from nothing to a significant business.

Now washing machine cleaner, you saw the insight before, nothing, to a significant business now. We just launched antiseptic liquid. This is a plant based antiseptic liquid. This has done tremendously well. We launched in January. It is off to a very, very good start. I am not at liberty to share the numbers related to these, but all these three put together are significant, upwards of 100 million all put together.

And when you put it all together, multiple categories this is the business in China Dettol for us 100 million has gone to 270 million over the last five years. Significant growth, 70% and upwards of growth coming from new innovation that we have launched over the last three years.

And not just the growth but look at the gross margin expansion. 1600 basis points, because new category creation allows you the freedom to launch at the right price points because you are the core player. Right price points, right margin structure and you funnel it through to the right education.

Let me get to the last strategy which was the premium pricing backed by superior solutions. You saw some of the examples in China like the premium pricing and therefore the margin expansion. But we do it on the base business as well. Three categories' here, soaps in India, laundry sanitizer in the US and Toilet bowl cleaner in India, again as examples. Big categories for us, but base categories for us.

We are at a 60% premium on Dettol soaps versus our core competitor. Laundry sanitizer is 40% premium versus additives. In India, toilet bowl cleaner 10% more versus the category. But essentially we are the category. But when we use the price premium to be able to give us the right superior solutions together with the right education, this happens. Penetration grows tremendously across each and every one of the categories. Right. So the model works.

So this was what I wanted to share. As I was making the presentation, I was reflecting on what are the key takeaways for me as I look into this category. Track record of business delivery that you saw. But big penetration and category creation opportunity that we have in this business. And we have a brilliant base of iconic and versatile brands like no other to be able to take care of that opportunity.

I am extremely excited about what we could do with this portfolio. I hope after this presentation you are as well. Thank you.

Ryan Dullea

Chief Category Growth Officer, Reckitt

Self Care

Thank you very much. Pankaj. Next we're going to move on to our Self Care portfolio. I'll take a quick minute to just talk about this portfolio and then invite Serra up on the stage in order to talk you through the details of the category. Similar to Germ Protection, this is about a third of our overall Reckitt portfolio. It's balanced across four key Powerbrands an OTC. Nurofen, Strepsils, Mucinex and Gaviscon.

You also see very good geographical balance across this business. We've got a good, healthy business in the US, we have a good, healthy business in Europe and we have a healthy business in our emerging markets with a lot of running room to continue to grow that. We have fantastic brands up against categories that have meaningful consumer impact.

You think about pain management. 90% of people in a given year will experience some sort of pain, whether that's a headache or a body ache and need some sort of medicine or relief. Sore throat, our technical team jokingly says, you never, ever, ever think about your throat until you have a sore throat and then you can't think about anything except your sore throat, because it has such a big impact on life.

And brands like Gaviscon, you have 60% of overall people in the world who actually suffer from heartburn indigestion. So these are big, meaningful, meaty categories in the healthcare space that provide meaningful consumer benefits.

Our model and playbook against this business is very consistent with what you'll see on the other four, and consistent with what I talked in the beginning, but does have some nuances because it's health care.

The first of these is around leveraging these iconic brands to close the treatment gap. As you talk about health care, the distinct thing about health care brands and businesses is that equity of the brands is actually the number one driver of long term sales. And you may ask yourself, why is it that equity of health care brands is more impactful than other brands?

Well, if you think about a laundry detergent and something coming out slightly dirty that you need to rewash, if your laundry detergent didn't work, maybe you take and soak it in Vanish a little bit. The next time before you wash it. So when you put it back in and you get it clean, it's a little bit annoying, takes a little bit more time, but the shirt eventually becomes clean.

If your pain medicine fails, you can't go to work that day. You can't pick up your grandchild. It has meaningful material impact on people's lives. So when they find a brand that they trust, they stay with that brand for the long term. So equities matter and we have some of the best equities in the category.

We continue to be consumer obsessed in this category as well too. There is a treatment gap and the number of people who experience symptoms versus the number of people who treat symptoms. And part of our ability to be able to tap into that is because we understand consumers and we understand their needs. We look at our ability to bring superior innovation in these categories, and you'll see some of the innovations we brought over the course of time to really help improve the standard of care.

How do we bring medicines that have material impact on consumers and deliver better end results for them? And last but not least, is executing with excellence. The nuance here is health care has a broader pyramid that you need to execute against from the regulatory environments, which vary quite a bit around the world. Serra will talk about this and how we managed to get through that on some of our brands, to our health care professionals.

50 to 70% of every single purchase occasion in health care globally will involve an HCP at some point. And when you narrow in from broader health care, in to Self Care or the consumers interacting and selecting it, the pharmacist becomes critical and key. They are the gatekeeper to the consumer, so their share of recommendation really matters. As Serra gets into some of the details, she'll steer you through how we do that and how we build in that health care professional trust in order to be able to build our businesses and our brands.

With that, let me invite Serra up on stage to talk to you guys more through the category.

Serra Bicak

SVP Self Care, Reckitt

Self Care

Good afternoon. It's great to be here. My name is Serra Bicak. I have spent 25 years in this fascinating industry, and that journey has taken me to almost all the continents around the world. And five years ago, I joined Reckitt and I have held several general manager jobs. I'm now back to marketing and I have the privilege of managing Self Care.

What a category I can tell you. Self-care is what Ryan says, a category of categories. And that definition is absolutely true. Here on the slide, what you see is the four main categories that we're in and they're big. When you put them together it is 100 billion category size and growing.

What I am most excited about is not just the size but the runway for growth. When you when you look at the trends around people looking for solutions for and focusing on preventative health, that trend is here, that trend is growing, that is not going to change, it’s here to stay. And we have four really powerful brands that are tapping into that opportunity and playing to that trend in a big way.

And how do we do that? My whole presentation about is how we do that. But in a nutshell, we are essentially innovating with superior science, we are educating, and we are empowering people to take charge of their own health and well-being. That's what we do. So, I'll bring that to life with four of our brands.

Let's start with Mucinex. Fantastic brand, brilliant brand. I actually consider myself to be very, very lucky to be working on this brand. And it is the number one doctor recommended equity in the US market in cough and congestion. And the brand's growth model is very much anchored in consumer. When you talk about consumer obsessed, if you think about what Mucinex does and I'll tell you, I think it's a prime example of how we go about addressing consumer insights.

The growth model, when you think about where we started, in cough and congestion over time we stretch the brand into other upper respiratory categories. So we broaden our shoulders. And we did that by coming into every category and disrupting that category with superior science, broadening, premiumising, generating category value. And in the meantime, growing our brand.

We started at cough and congestion and played out. When you look at some of these, you see a lot of first, first, first, first, first. There are actually more firsts, I just put a couple here for ease of viewing. Just on top of a few firsts, FDA approved 12 hour recovering congestion, big disruption.

Fast forward, we come in, we bring max strength into cold and flu. Big disruption. Fast forward, we come in and we launch this lovely one, my daughter loves it, the first four hour, medicated gummy cough solution in the kid’s category.

So why do we do this? We do this because we want to be the number one choice in every single upper respiratory category. That's the ambition. And we have progressed beautifully towards that ambition, where we’re either number one or number two in the majority of these categories. But the journey is on and we continue innovating and I'll give you what we have been recently doing.

An innovation that we call Kickstart. What was the insight? The insight was the symptoms are worst when you wake up. In fact, many people apparently, we learned based on our insights, were treating themselves first thing when they wake up. And with that piece of insight, Mucinex was able to disrupt the category and opened a new usage occasion.

Superior innovation comes in and fast forward, 72% of our consumers today say, you know what? I get much better and much faster relief, and therefore I can get on with my life much better. With that kind of volume traction, coupled with our premium pricing in market, we were able to generate 40 million incremental category value.

This is huge, and we were very happy to see that we, in fact, were recognized at an industry level as the winner of this product launch in that year by the Consumer Health Product Association. What an honour.

Kickstart is a fascinating brand. That's why I wanted to show you, it has one of my favourite advertisements in our portfolio. So I'd like to introduce you to Mr. Mucus.

Mr. Mucus is quite a character. I have a few downstairs when we get together, if anyone's interested. So the Mucinex growth model, I hope is clear and it works.

And we will keep on strengthening the brand by bringing premiumization. And I am very excited about our upcoming pipeline.

So let's change gears and come to pain management. Another great brand, Nurofen. We're the inventors of Ibuprofen and we are the leading brand in Europe. But in pain management what is the issue? I mean, it's terrible. I can give you a lot of stats, but pain is terrible and is life disrupting. And what you want to do is just get rid of it as quickly as possible. And I'm sure you have pain medication in your bags around here.

So, what Nurofen did is innovated and brought liquid ibuprofen, what we call liquid caps. Liquid caps get absorbed faster and last longer. And along the process, we actually realized that the consumers had that perception around speed with liquid, which we integrated into our execution as well. So liquid caps was first launched in our core markets, UK and Australia. It gained a lot of traction very, very quickly.

About 30% of the volume came from the core business at a significant premium, as you will see here. And we have actually seen that the market share very quickly became 20% of total Nurofen market share, which is massive. Therefore, we took this innovation and we scaled it across Europe. When we scale that across Europe, we scaled it with consistency and we leaned in to the speed aspect of this innovation with the two times faster claim.

Now another great piece of advertising, which I believe Ryan worked on, in fact, let me show you Nurofen liquid caps. We took the insights, we took the demo to health care professionals to advance further advocacy and engagement. So liquid caps has been a massive driver for growth for Nurofen and since 2019 Nurofen grew 8% and continues that journey.

Now changing gears again to heartburn indigestion. I told you it's a category of categories. So we're going to go a little bit. And heartburn indigestion just for the ease let's call it heartburn and our lead brand is Gaviscon. I know you don't have favourites among your kids, I shouldn't have a favourite, but quite frankly, we have foodies in the house, so Gaviscon, is definitely a favourite in my household.

And, there are a couple of stats here that I want to double click a little bit to frame the size of the opportunity for you. One in two people will experience heartburn. Not a lot of people treat it. The ones that treat it sometimes treat it with antiacids. Some work, some don't. So there's that opportunity. The other opportunity is there is a huge number of people who are on PPIs. PPI stands for proton pump inhibitor. But this essentially means it's a medicine that reduces acid in your stomach.

But what you see on that chart basically says half of those people shouldn't be on it. This is the fifth most prescribed medicine in the world. If you do the math, the opportunity is massive, and we think there's a better solution because we have a unique chemistry and we have a superior mode of action. I am always amazed when I look at this, which is why I want to share with you how Gaviscon works.

So it's very much in front of your eyes. Very clear. That’s the magic of Gaviscon, but the bigger magic came in when we executed it with healthcare professionals. The opportunity for us is to trade down from PPIs and trade up from antiacids. And it is an incredibly sizable opportunity for us. And when we engage with healthcare professionals they agree, nine out of ten healthcare professionals will endorse Gaviscon. And alginate, which is part of our chemistry, is captured as part of the National Health Guidelines as the appropriate reflux management solution for reflux sufferers.

This is the big opportunity. We're on it and we're after it. This is the big one. And of course, we activate this technology with our consumers. The challenge around our consumers was the fact that the consumers weren't able to identify symptoms. We sometimes don't know what that symptoms about. They haven't been able to identify it as heartburn.

So we created “seven symptoms one solution”. Seven symptoms is one of the most successful campaigns we have in our portfolio. We scaled it around the world, and the reason why we have a few colours on the chart is because as we navigated the regulatory landscape we had to with our R&D and our regulatory teams, had to find the right mix of what benefit, what country and how we fit to that regulatory environment.

So it came to life as six, seven, five, depending on the country. However, what stayed consistent is the insight and the execution. That's why it is very, very successful. A very clear, tested, proven growth model. With that, Gaviscon was able to grow since 2019, double digit 11% and going strong.

Last but not least, I'm going to come back to upper respiratory and my last brand is Strepsils, another phenomenal brand. 65 years of heritage. It's in 140 countries around the world, a global footprint, both emerging markets as well as developed markets. Number one globally recommended medicine OTC for sore throat.

Now what is the issue with sore throat? It's very common. Everyone has it, in the last in the past 12 months you know seven out of ten people. But I am sure in this room everybody experienced sore throat. That's an opportunity because not everyone is using medicated solutions.

So that is the opportunity. And for that we have a range that addresses all sorts of sore throats from mild, all the way to severe. We have soothe the pain, block the pain, treat the pain. Where this gets really, really interesting is what we do to execute with healthcare professionals.

Sore throat is also an area where healthcare professionals prescribe antibiotics. Too often. Ironically, nine out of ten sore throats are viral, it's got nothing to do with bacteria. And I'm sure you're familiar with the stat that antibiotics resistance is indeed the number three killer globally.

If you put that together, what we are doing is educating healthcare professionals to use the right treatment for the right occasion and in this case, medicated sore throat, OTC Strepsils. The golden standard in addressing this symptom.

And that is the big opportunity we're going after because with that we will establish Strepsils further, but also doing good by tackling the misuse of antibiotics. It's absolutely crucial and the massive opportunity. Strepsils, similarly since 2019 grew 10%. It's a seasonal brand so of course you're going to see a bit of an up and down.

But when you look at the long-term you see a double digit growth and going strong.

So in summary you can look at the key takeaways. But what I wanted to leave you with and what I want you to remember from me is Self Care is big and it's expanding. I believe, I'm convinced, that I have the best Self Care portfolio in this industry, and I'm very lucky.

We understand the consumer, we understand the science, we know how it grows, and we've proven it over and over and over again. In my opinion, it's definitely a business to own. Thank you.

Ryan Dullea

Chief Category Growth Officer, Reckitt

Household Care

Let's move on to Household Care. This is another category that's near and dear to my heart. I actually started my career in CPG in automatic dishwashing. Unfortunately, I didn't start on my favourite brand, which is now Finish. But I did start in that category. So that brings me back to that.

These are both fantastic businesses that we have. I talked to you earlier about the category opportunity on Finish and the amount of dishwasher penetration we see globally that continues to grow. Gonzalo's going to go even deeper into that. We also have Vanish, which is an amazing solution and probably one of my favourite brands.

I was telling a story yesterday to the team, I had come back home, after a day on Friday. My wife had shown me a shirt with a whole bunch of stains from the day that looked like it was literally stains from the year on my eight year old daughters shirt, from a whole year at school.

She's like, look, I think we're going to have to get rid of the shirt and get a new shirt. Because I don't think this is coming out. I'm like, no, no, no, we've got vanish. We'll give this a try. I'll show you. It'll work. Stuck it in the Vanish. It ended up working, threw it in the dishwasher and unbelievably, came clean. My wife was totally dumbfounded. I was, of course, very confident knowing the science behind it, but I did have my fingers crossed behind me to hope that would work, because I almost didn't think it would come out with the mess on there.

So two fantastic brands, in amazing categories with lots of potential for growth. So let me invite Gonzalo up the stage, to talk you guys through some of the details about the $2 billion category we have. Gonzalo.

Gonzalo Balcazar

SVP Household Care, Reckitt

Household Care

Good afternoon. My name is Gonzalo, originally from Argentina, but moving my family around the world for the last 20 years. 24 years in this industry, the last seven with Reckitt. My job, in the next 15 minutes or less, it's going to be to make you as excited as I am about removing stains. Stains from your dishes, stains from your clothes.

In fact, doing the dishes or doing the laundry rank among the top three most hated household chores. So it's only natural that consumers react positively when we give them solutions that can alleviate in these tasks. I'm also going to share with you the algorithm that we have crafted that helps us grow our brands and grow the categories, and how this algorithm has been tweaked to work in developed markets, but also in emerging ones.

Let's jump into the algorithm first. Our brands, leading in each of the categories in which we participate are the drivers to create household penetration. In many markets where the only advertiser in the category, in most markets we are the number one advertiser in the category. We are in a problem and solution category. Pankaj has talked a lot about trust. You actually need to trust the brand if you're talking about germ kill.

But here faith does not play a role. Either I remove the stain or I don't. So we focus our consumer obsession into trying to understand what are the pain points that still exist in the category today, which in turn give birth to a superior portfolio and not superior because I say so, not superior because legal allows me to say so, but superior because consumers, when they experience at home, they're rated like that.

At the end of a day, and probably like every category, it only comes to life, this algorithm, if the markets know what to do and know how to do it with impeccable execution. Let's bring this algorithm to life, starting with Finish. 14% of the world owns a dishwasher. Households in the world own a dishwasher. Those households are mostly in Europe, Australia, New Zealand and North America.

If I told you that in 2024, we sold more Finish to 27 million Australians than to 4.8 billion Asians you understand how big and juicy the opportunity that we have among us, in our hands. And this is not just about emerging markets. If you think about this beautiful country, 45% of the households own a dishwasher.

Let's take a plane, we go to Türkiye, close to 90% of the households there own a dishwasher, Poland 50%, Romania 20%. So yes, massive opportunities in emerging markets, but also sizable opportunities in developed markets as well. And that's why and where the job that we do together with our partners, being Argentinian, it takes two to tango. We create the categories together.

Now I was telling you we are a problem and solution category. What are the pain points that still exist in this category? 41% of consumers, and if you were paying attention to the AI that Ryan was showing, the stats, were there actually, 41% of the consumers complain about residues at the end of the cycle, spots, streaks. I'm sure you experience in your wine glasses this white residue that is nasty.

40%, 39% of the consumers complain about wetness when the cycle ends. If you have kids at home and you're using these plastic containers, you will experience that. Big issue in North America, for instance. So, it's as a result of these problems that the category actually has these inefficiencies.

60% of the consumers pre rinse some or many dishes before they go into the machine. I mean we don't pre shower before we shower, yet are doing this with our dishes. And all this obsession comes to life, as I was telling you before in a superior portfolio. A superior portfolio, not again because we say so, but because consumers see it in front of their eyes that they do their job better. And this allows us to price for it.

Our base tier at index hundred all the way up to index 160. Now, consumer obsession in emerging markets, it's not about launching them a new detergent. I mean they don't even have a dishwasher. It's about making consumers aware that there is a dishwasher in India. Only 1 in 4 know that there is a machine that can do the dishes for themselves.

But being aware is not enough. We need to take them from being aware to actually consider buying a machine and actually wanting and buying a machine. And for this is why we work with the partners, we understand the drivers, we understand the barriers, and we want to drive those drivers and tackle those barriers so that ultimately consumers buy a machine.

Better than hearing it from me, let me show you an execution that it's currently running in Vietnam with one of our partners. You see, it's not about Finish being better than brand X. It's about the system being better than washing by hand. And when we execute this with excellence, it works. This brand has been growing over the last five years at 9% CAGR.

And I want to highlight something. You see our product innovation launches happening in the last five years. We completed our portfolio only in the last five years. This means that mix has been a big driver of our growth in this category in the years behind, and if I compare my distribution of doses versus my key competitor, despite having an index price of hundred tier per tier, my average price per dose is still up to 20% cheaper than theirs.

What this means is that the mix opportunity also is present and will be one of the levers of growth for this brand in the years to come.

Now let me move to Vanish and you're going to see many, many similarities. It all starts with household penetration. Only 1 in 5 households in the world use a stain remover. Hopefully you're one of those. And of those that are using the stain remover, you're using it only in one out of five loads. Relevance in the dishwasher you just saw it. Why is it better than washing by hands? Relevance in this category is about showing in front of your eyes that your detergent alone is not enough.

What are the pain points that exist in this category? Again, many similarities. 40% of the consumers do some sort of pre-treating to the garments before they go inside the machine. Soaking, scrubbing, spot treating. Vanish’s promise is that you will get better stain removal without the need of pre-treat. Just by adding one scoop together with your detergents.

There's also the opportunity of whites, we know there's a consumer habit in which consumers separate white garments from coloured garments, and the job to be done in whites, it's slightly different than in coloured clothes. Yes, you might want to remove the stain you have in your white shirt, but we want our whites to look like when we just bought our garment. And we know that over time they become greyish and yellowish.

My personal favourite, quick wash. The whole machine industry, and you know, this has to do with energy grading it's moving to quick wash. The laundry detergent industry is also driving this one. As a result of this quick wash is the second most used cycle in Europe, also in Latin America. And what about quick wash, in a 30 minute cycle, the actual washing time ranges between 7 to 14 minutes and there is a super quick wash of 15 minutes. Maybe your machine has it. The actual washing time in 15 minutes ranges from 4 to 7 minutes, so the ability of the detergent to remove stains in such short time it's less.

And that's why the relevance of a stain removal becomes much more. And that's why we're driving that. And we're able again, to deliver based on science, based on patents, deliver the performance even in quick wash.

The range that we offer has the versatility but the best offering is precisely that one scoop together without detergent, without the need of pre-treat. Again, better than hear my accent.

Let me show you, now from South Africa. So better stain removal than the detergent alone, even in quick, without the need of pre-treat.

And again, it's all good and nice but it only comes to life when we execute with excellence. And when we do so, the brand reacts too, growing at 8% over the last five years. The dip that you see in 2020 is when most of us were wearing the same shirt three days in a row, our kids were not going to school. But as the world regained some sort of normalcy, that category reacted.

I'm coming to an end. If you are going to remember three things from what you heard today in Household Care. The first one is an amazing runway for growth in terms of penetration, 14% of households only owning a dishwasher. Just remember Australia bigger than Asia.

Second, we have huge runway for growth as well in terms of driving price per dose. We completed our portfolio only late, so it has been a driver of our growth in the past, but it will continue to be a driver of growth in the years to come.

And last, frequency of use of our products, you might be buying into a stain remover and category, but consumers today are only using it in 1 or 5 loads, hence whites, hence quick. Thank you.

Ryan Dullea

Chief Category Growth Officer, Reckitt

Intimate Wellness

Thank you very much, Gonzalo.

And last but not least, we're going to step into our Intimate Wellness category, and Charlotte's going to come up and talk to you about a couple of our fantastic brands within the category.

This is a very large category, growing at about 5% over the last five years, but with lots of opportunity for growth. As we look at it, about 70% of the global population is sexually active and about 66% of females want to remove body hair on a regular basis.

This makes up about 1.4 billion of our total core Reckitt portfolio. So about 15% of the portfolio. You can see the blend heavily on Durex, but Veet and some of our other local hero brands that are closely tied to both of those brands playing the balance of it. Area profile, heavily developed in our emerging markets and in Europe. You see North America, we are present on a smaller level, but we have two fantastic brands, against Durex and Veet. With that I'll turn it over to Charlotte to tell you a little bit more about.

Charlotte Schloesing

SVP Intimate Wellness, Reckitt

Intimate Wellness

Thank you very much, Ryan, and good afternoon, everyone. It's a pleasure to be here with you this afternoon to talk about this amazing category. A little bit more about me before we go into the category. I've joined the company almost two decades ago, straight out of business school, and since then I've held various role in our regional or local organizations.

I move to the category growth organization about 18 months ago, and today I have the privilege to lead this incredible business, which is Intimate Wellness. And what makes it incredible is that it goes beyond health and well-being, Intimate Wellness unlocks happiness. Whether it stems from the satisfaction of a fulfilling sex life or the confidence that you get from being free of unwanted body hair. This category as a deep impact on consumers lives.

So what you have seen from Ryan is we operate in the large, fast growing category with wide relevance, we have fantastic brands that touch millions of lives every day. What I'd love to do with you now is to explore the realm of possibilities that this category has to offer, because we are convinced that this category has a huge runway for growth.

We might be the leaders in our respective categories, but we're only present in a small fraction of usage occasions. Think about the opportunity here. Durex, a distant market leader worth 1 billion pounds of net revenue every year, is only present in 1% of sex occasions. Similarly with Veet only 12% of depilatory occasions. So closing this occasion gap represents a huge opportunity for our business, and we have strong confidence in our ability to do so.

That confidence, it comes from the strength of our brands. Our brands. Yes, they are number one in the market from a value perspective, but most importantly, the number one in the hearts and minds of our consumers. And this strength it offers us two things. The first one is the permission to challenge category norms, to change attitudes about this category, to drive access.

Because access is a key unlock for us to be in more usage occasions. The second thing that comes from the strength of our brands is the credibility that we have to broaden their shoulders to be present in more segments of the category and to meet more needs and reach more consumers. So you see, we're very clear as to what needs to happen. Closing the occasion gap, which is why we're so confident that our brands are poised for success.

So now let's look into the how. What is our strategy for growth? And here we were leveraging the Reckitt playbook, that Ryan spoke to you about earlier. We're using our iconic brands to normalize the category and step change the category penetration. We're so obsessed with consumers that we understand their needs so well, that we take our portfolio into new places and spaces.

We are unleashing the power of science and the investments that we have made in research and development to bring new products to the market, superior innovation and enhance experiences and drive premiumization. And all of this is underpinned by executional excellence and how in this category, digital and social are key enablers for us to execute with excellence in an omnichannel world.

And again, let's have a look at this through the lens of some examples and how our Powerbrands are bringing in all of this in action.

And I'll start with how we're normalizing and growing category penetration with Durex and the lubes category. Now, lubes is a fantastic example of how Durex can be present into more sex occasions, because virtually any kind of sex occasion can be made better with lubes.

Now, the problem today is that consumers have many hesitations, many misconceptions about this category. That's why the penetration has been relatively low, around 1 in 5 percent of people. But lubes, it's not just for people with a dryness problem. Lubes are so much more. They're an experience enhancer. Don't just take my word for it. You can see it here.

Nine out of ten of people using lubes will tell you sex does feel better with lubes. And if that was not enough, we recently invested in a first of its kind, award winning clinical study, that has been able to demonstrate improvements in areas like desire, arousal, or even climax with the use of lubricants. So really, it's time to wake up our consumers to the many benefits of this category and to the many occasions that it could be relevant in.

And the way we've done so is by putting together very disruptive communication campaigns in a way that only Durex can do, very playfully provocative to really make sure that we drive disruption, that we drive category normalization and we drive trial. Let's look at one of them.

So you see here, long are the days where we portray lubes as a dryness reliever. And since we've changed that narrative, we've been experiencing significant success. If you look here behind me, the category penetration in the UK over the past six years has almost doubled. And that is on the back of our activation. And that really shows you the power that our iconic brands that Reckitt owns can do to drive category penetration and drive growth.

Now, the second example that I would love to share with you today is how we're enhancing experiences through innovation. At Durex sexual satisfaction is our North Star, and it's with great pride that we came to understand that people who are using Durex are on average more satisfied with their sex lives than those who don't.

And satisfaction is important because satisfied people have more sex. More sex means more occasions. More occasions means growth for us and that satisfaction is the result of the high quality of our products and the experiences that we bring.

For condoms it’s the result of years of investment into material science, polymer science, to really make sure that we can bring to the market our best products. Now, if you look at it and take an example of a market that is very competitive where there was a highest base of innovation is China and in China through our recent innovation, we've been able to regain innovation leadership.

Back in 2020, we launched Durex 001 a polyurethane condom, the thinnest in the Durex family, specifically designed for those who want to feel close to nothing between them and their partner. 2022 the launch of Featherlight HA with water-based lubricant with Hyaluronic acid, specifically appealing to women.

And more recently, it's our benzocaine condom, performance enhancing, this condom that helps men last longer, that has been gaining a lot of traction. And what’s fantastic about all those innovations, is that every time they've appealed to a new set of consumers, bringing us incremental revenue, which you can see here on the left hand side, we've been enjoying fast growth in a very competitive market like China, and we're able to reach market leadership in key segments of the category.

But this goes beyond China. We are scaling this business in other emerging markets. You can see here in India the same growth trajectory that we're enjoying, if not faster, and we're significantly gaining market share as well. So this strategy is working and innovation is part of our DNA. And we never stop innovating.

I know that you're aware that earlier this year we've launched a new product in Europe called Durex Intensity. It is the first ever male condom made out of our new revolutionary material, which is nitrile. Now, it's also the result of years of research into how we can break down barriers to pleasure without compromise on protection.

What consumers tell us is that the best sex comes from feeling truly connected, and that connection comes from the ability to feel each others body heat. And this idea of body heat transfer was a massive unmet need in the category and amongst many other, attractive benefits that this product has to offer, body heat transfer is at the core of this new proposition.

Now, I can't begin to tell you how excited we are to be pioneering the use of a new material in the condom category. It's early days, but I wanted to share with you the fact that in some of our European markets, like France or Spain, the product is already in the top ten bestselling condoms on Amazon. And that's proven to drive strong incrementality to our business.

Now, another example on how we are executing the Reckitt playbook is through the lens of our other Powerbrand, Veet, the experts in hairy removal. Now, what's unique about Veet compared to other of its larger competitors in the industry and in the category, is that we have a breadth and depth of portfolio. We play across many formats in the category, and that gives us this unique ability to be able to tailor a product proposition to different types of hairs, to different types of skin, or even different types of body parts.

And what we know is that that level of precision is highly valued by our consumers. So recently we've massively expanded our body specific portfolio, and since we have widened access to it, we've received strong success. What you can see here is that this specifically tailored portfolio to body parts has been growing three times faster than the rest of our range, and that's contributed to 40% of our growth over the past five years.

And a recent example of this expansion behind body parts, is the launch of our new bikini kit in China. Now, what we came to understand is that the category in China is actually growing really fast, and that's on the back of this younger generation, which is more concerned about body hair and starting that depilatory journey earlier than previous generations.

So we needed to be able to access this younger generation, this digitally savvy generation. And that's why we've executed a fully digital centric launch, leveraging our immense capabilities that we have in China from a livestreaming and social commerce perspective. And this launch has been a strong success and a strong contribution to the growth that we've enjoyed so far this year.

Now, what you've seen so far is how we're using the Reckitt playbook to nurture our existing Powerbrands. But what I'd love to show to you as well is how we're using that same playbook to create the Powerbrands of the future, meet Intima.

Now, Intima has long been part of the Reckitt's portfolio. It's one of the local jewel that we have in France. It's a range of product, washes, that are specifically formulated for the intimate area, and it's also a brand that is very close to my heart. In fact, when I joined Reckitt, it’s the first brand I've ever worked on, and I can tell you lots has changed over the past 18 years in this category. And what's fascinating to see is that now it's very large and it's still growing.

In a market like China what we've seen in this market is that the volume of conversation on the category has been drastically increasing, and that's on the back of key opinion leaders and influencers, normalizing the category, educating about Self Care and personal hygiene. So that's why in 2022, we decided to launch Intima in China, and we've leveraged the Reckitt playbook to make it a success.

We started building on the strong foundations that the French equity and heritage was giving us. We looked into understanding deeper the consumers in China, their needs so that we can bring to them superior solutions that are tailored to those needs. And finally, to be able to reach them, to drive awareness for this new proposition and to convert them into sales we've leveraged digital and social commerce.

And what I can tell you is that we're onto something really big here. The brand is already a market leader in some of the social channels in China. So really a demonstration that this Reckitt playbook is great and fantastic to nurture our existing Powe brands, but also to help create the Powerbrands of the future.

Now that's it from me. And before I hand over back to Ryan, I wanted to leave you with a few parting thoughts. This category, Intimate Wellness, that I have the privilege to lead here at Reckitt is highly profitable, it has strong growth momentum, but especially it has a huge runway for growth. Our brands, they’re market leading, they’re iconic, they set category standards and they set the standards of innovation.

Ryan Dullea

Chief Category Growth Officer, Reckitt

Closing Remarks

Let me start with just a couple closing thoughts. And then we'll open it up to Q&A. We talked a lot today about our world class portfolio on this great collection of Powerbrands that makes up the vast majority of our revenue and operating profit as a company.

We also shared with you our Winning Playbook, the iconic brand building the consumer obsession, the superior innovation and the executional excellence, and gave you examples across each of our categories to show you this is a playbook that just isn't a one off. This is something we've been consistently executing across our Core Reckitt business for the last 4 to 5 years, and why you're seeing consistent, sustainable growth over those businesses for that time period as well.

And then, Kris, at the beginning talked a little bit about our organization redesign. I know he and Shannon have talked to you about this before around how we're simplifying the structure of our organization. Number of layers going down from 5 to 3 in order to speed up and enable decision making.

In addition to that, we've also restructured our operating model in order to drive better connection between our global category teams and our market teams. What we found over the last number of years is when we had category teams partnering closer with market teams, so the markets could share the insights and understanding of the consumer on the category and the consumers, and the customer and category teams could share the consumer understanding in the category depth. We ended up with some of our best solutions.

Our challenge before is it was dependent on the individual, the system wasn't set up to enable that kind of collaboration. Our new organization design, our new operating model, is intended to do just that, to drive that interaction, which is really going to be the fuel for our growth as we go forward to ensure the strategies we create at the category level are able to be turned into activation at the area level and delivered with excellence and execution through to the markets.

We believe this is going to deliver, as I talked in the beginning, a great set of standardization. One Reckitt way of building brands. This standardization will also help us drive simplification, not just in the way we build brands, but also in the way we operate. This will lead to faster decision making and execution, and enable our market teams to have greater focus on our customer and retailer partnerships and greater focus on the consumer and the market.

And last but not least is our digitization. We shared a little bit of an insight into how we're thinking about generative AI and other tools that we're leveraging to make sure we drive the business. Kris and Shannon have both shared with you our consistent view around 4 to 5% growth rate. Hopefully what you've seen from us today can help reinforce why we have a lot of confidence in this number and our ability to deliver this sustained 4 to 5% over the mid-term.

With that, well, before I play the music, just quickly, we will, give us a few minutes to reset the stage. We're going to get a couple of chairs up here. I'll turn it over to Nick, and he's going to lead us through some Q&A from you guys here in the audience, as well as any of those that are online.

With that I'll turn it over to Nick, and he's going to lead us through some Q&A from here in the audience, as well as any of those that are online. Me and the other category leaders will join on stage in order to field any of the questions you have.

Q&A

Nick Ashworth: Well, as Ryan said, we've got a bit of time now for Q&A. If we do run over a little bit here in the room it's going to be on video and transcripts on the website in due course. So let's start in the room.

Warren Ackerman (Barclays): Warren Ackerman here at Barclays. The first one is on the Powerbrands. Thank you for the presentation, it is very detailed. I think you said those 11 Powerbrands drives 70% of revenues. Can you talk a little bit about the other 30%, the non-Powerbrands?

And within the algo of 4 to 5% are you assuming the Powerbrands are kind of like six? And then the non-Powerbrands, the 30%, are like 1% or something to get to the 4 to 5%? Just in terms understanding. Or do you assume the non-Powerbrands are kind of negative? And are there any non-Powerbrands which could become the billionaire brands or the Powerbrands of the future? I'd love to understand the strategy. I think that brands like Move Fee for example, you're quite excited about. So that's the first one.

And then just secondly on the Dettol example. Very interesting to hear that Dettol is going across 13 different subcategories against competitors at 2 or 3. Do you get to a point where you potentially risk diluting the brand equity, because you're going into too many subcategories and are each of those subcategories bringing incremental sales? Or does it start to become, over time cannibalistic, or does it create a halo effect for the wider brand?

Just want to understand whether it's the power of the Dettol equity versus other companies who've deliberately not tried to extend the brand equity as wide as clearly that brand has done. And whether there are other brands within the portfolio where you can stretch them. Not to 13, but I'm sure further.

Ryan Dullea: Thanks, Warren. Thanks for the questions. Let me maybe take the first one on the Powerbrands in the portfolio and then maybe Pankaj, I'll turn it over to you for the specific ones on Dettol.

Actually, our Powerbrands make up 80% of our cumulative net revenue. Those 11 businesses, it's slightly above 80%. They actually make up more of the operating profit. When you look at the 20% remaining on the business, there's actually a large portion of that 20% where the brands are directly connected to the Powerbrands.

So I talked about Tempra in the beginning. That's a brand we have in Mexico. That's an incredible local hero there in Mexico. We're actually leveraging the Nurofen portfolio in order to grow that brand and expand that into new categories. So a large portion of that 20% is actually these local hero brands.

As we think about resource allocation, each and every one of our Powerbrands, we believe is a meaningful brand very much worth investing in and we will allocate our investments choices there definitively. We also have a strategy plan against our local hero businesses that connect to that. Then as we think about some of those brands that exist beyond that, we'll look at them as more “maintain”. These are brands that have been in our portfolio for a long time. We know how to maintain them.

They deliver us nice small bits of revenue and profit, but it's not anything we're distinctly focusing on because we feel like the Powerbrand assets we have are really what's going to enable that 4 to 5% growth for us. Pankaj maybe do you want to do the Dettol specific one?

Pankaj Duhan: So let me actually start first by saying that a few years ago, we didn't think we could be in 13. We didn't think we could be nine. So it is a journey that we are on. But again, the brand continues to amaze and surprise us by how much it can stretch. So that's the beauty that is the strength of the brand.

Let me get into a little bit of technical detail on why Dettol can extend and why can’t many others brands, including some of our core competitors. In personal care in the UK they've tried to extend into surface care and it was not very successful. There's been many others, it's not for the lack of trying that brands are not able to extend, but what is unique about Dettol is many, many brands are benefits. Tide is a benefit that so many other brands are benefits, Dettol is a reason to believe.

So Dettol’s heritage actually extends from being an antiseptic liquid. That's how the brand got started. That's how the sepsis example came in - it's an antiseptic liquid. So wherever the consumers believe that, you can extend the antiseptic liquid, it is used in the bathing liquid. Therefore we have soaps that for we have hand washes. It is used in laundry. So that's the power of extension because of core of the brand. Right.

So that is the unique advantage that Dettol has that many other brands don't have. And it's a fundamental technical difference between them. Benefit versus a reason to believe.

But having said that, you talked about dilution. We will never go into any benefit territory where the role of germ protection is not primary. Where the role of germ protection is primary, Dettol is the perfect solution, Dettol is the best solution, and the antiseptic liquid, the power of the antiseptic liquid gives us the freedom, the liberty to be able to extend into the other categories.

Having said that, every category we measure the equity progressions. We measure the right format to be able to actually launch it, and we measure the halo on to the base brand, etc. it's been working very well for us, and this is something that we would want to continue as we move forward.

Ryan Dullea: As we think about the balance of the portfolio, we're always looking at in the context of new spaces and new places, these are both avenues for growth.

There are some places similar to Dettol, like a Mucinex, where we can expand from a cough and congestion product to a cold and flu product to a sore throat product. And we do that expansion. There are other places where the bigger opportunity is opening up new markets. Just another one that came to mind is, as we think about Nurofen and the Italy example that Serra showed.

So this is kind of the lens we look through and we figure out where are the biggest, best opportunities based on the consumer need test the ability of the brands to stretch to those places and then look to execute with excellence.

Guillaume Delmas (UBS): Hello it’s Guillaume Delmas from UBS. A couple of questions. The first one is how do you strike the right balance between premiumization, price competitiveness and I guess affordability to drive, penetration. Because the one example I can think of in a germ protection recently was some price adjustment interventions you made under Dettol, which are now clearly paying off. But it seemed that the brand was losing shares, 18, 24 months ago in some key markets because prices went too far relative to competition.

And then my second question on self-care. I think in the last six quarters, like for like sales growth has been relatively flat above and beyond a unfavourable flu season. How do you explain this relatively muted sales development and looking forward do you think that this is a business that can achieve like for like sales growth consistent with the 4 to 5% ambition? Thank you.

Ryan Dullea: On the premium versus penetration. Maybe I'll turn it over. Maybe Gonzalo can tackle first. And Pankaj if you have any builds on that one. It would be great to hear from you guys as categories where I know we've really driven that strategy quite robustly.

Gonzalo Balcazar: In the case of Dish Care, for instance, basically the entirety of the growth in the category for the last couple of years has come from premium, super-premium. If you think of it in terms of value, of what one capsule costs, it's half the price of an Nespresso. The comparison that we use outside the UK, because I know this has been controversial in the UK. It's the price of an egg. It cost the same as the price of an egg to run your capsule and we're talking about our most premium product in the most sold pack.

So today as proven by how the category is growing, we see premium and super premium continue to be the engines of growth of the category at large.

Pankaj Duhan: So let me answer the specific question on Dettol. I would answer it in two ways. There are two factors at play here. The first one is are we playing in competitive categories? Or are we into category creation? So where we are playing into competitive categories, soaps for example, hand washes as an example. Of course we have direct competitors. We have 10-15% odd shares. We do not have leadership shares and it's a very competitive market. Right.

We went into Covid, we came out of Covid. The germ relevance came down, the commodity prices went up. And all of a sudden there was also significant overcapacity in the entire category and that leads to pricing issues, because we are all of a sudden slightly above what the consumers are willing to pay and so on, so forth, in a super competitive category that is difficult to pull off. That is where we need to correct and make sure that we are at the right price points to be able to ensure consumer trials and so on.

Then of course, we are getting back into play and you see the results that are happening. At the same time, the strategy of expanding categories or getting into new categories and creating categories is an exceptionally fruitful one for Dettol because when you create a new category, by definition there is no competition and by definition you can charge the right premium as long as your product solution befits that price.

So it is the balance of finding the right solution for the consumers, understanding the consumers, find the right solution and pricing it right. That is why you see the kind of margin expansion that we've been able to do in certain of the businesses. But in competitive categories we need to make sure we are at the right price points to be able to get the right trial from consumers but at the same time, there is significant play in category creation that allows us to play the premium side of the portfolio as well.

Ryan Dullea: And then to your question on Self Care, we have about 60% of the portfolio that is cold and flu related. And while you will have variability year from year, you saw across all those brands, whether it was Mucinex or Strepsils, the long-term trajectory on those brands and what we've seen over the past has been a consistent long-term growth CAGR.

It's a little difficult to look shorter term given variability from one season to another season. Serra, I know you shared some stats on the non-seasonal self-care brands, but maybe if you just want to talk a little bit about the growth rates on some of those?

Serra Bicak: Sure. Your question was around our confidence for like for like growth for the future. I mean we're definitely very confident, we're in categories that are growing. We have best in class equities and our market shares are healthy and progressing in the right direction. So therefore confidence is absolutely there. When you look at the breakdown of our seasonal and non-seasonal we are seeing growth from our non-seasonal portfolio consistently, which is why our confidence is definitely there.

David Hayes (Jefferies): So I think early on in the slides you talked about the AI input and that innovation and campaigns were twice as effective. I just wonder whether you can give detail on what that's measured on, was that sort of sales or returns, etc.?

And the second one - you also showed the gross margin evolution over a number of years, kind of around that 60% level. Have you ever explored whether being a little bit more relaxed about that, realizes some of this growth more quickly? Have you kind of tested that logic? And it used to be a bit of a mantra at Reckitt that everything we do that's new has to be accretive to gross margin. And that was kind of if you can't pass you can't do it. Is that still the mantra related to that gross margin sort of focus?

Ryan Dullea: Thanks for the questions. On the generative AI, the tools we shared these were some of our newer tools around our concept creation. So that 70% efficiency and two x quality, the measure of efficiency was the amount of time it took to produce the quality or the amount of content. The 2x quality was actually the concept screening we did afterwards with consumers to understand the basis when we compared that 20 plus concepts that we created, our hit rate was significantly higher than our normal hit rate for qualifying concepts.

So that's at the conceptual level that we've looked at dialling in there. Your second question around gross margin, look, we are very happy with the shape of the P&L through a gross margin standpoint. You saw us versus our peers set. We really feel this creates the space we need down the funnel in order to invest in marketing, innovation, supply chain, and with some of the fixed cost savings that I know Shannon and Kris have talked to you guys about, we believe this provides more than sufficient fuel for growth so we're very happy with where they are and believe they'll continue to remain durable and sustainable there.

Callum Elliott (Bernstein): Thanks very much. Calum Elliott from Bernstein. Also two from me, if that's okay. Ryan, this first one maybe for you. So I want to ask you about superiority, perhaps, no surprise, given you're coming from PG, you're talking about that and introducing the framework. I think John Muller, who three of you on the stage, I think you know quite well, was recently asked about this proliferation of superiority frameworks. And I'm paraphrasing, but I think his answer was something along the lines of, it's one thing to have the framework and another thing for it to be embedded in the culture of the organization.

So my question is, you obviously lived through the embedding of that in the organization at P&G. How far along in the embedding of it at Reckitt do you think we are today?

And then my second question might be for Kris, maybe you guys can decide who takes it. I'm kind of struck that five of you on the stage today, three of you are from P&G. One of you is from Colgate, and only one of you built that career at Reckitt. So my question is, is that by design that you're kind of hiring and promoting into these senior leadership roles from externally? Kris did you inherit a talent development problem or is it just a small sample size and it's a coincidence? Interested to see your framing of the answer?

Ryan Dullea: Let me maybe tackle the path to superiority and then, Kris, if you want to hop on the people one, please do feel free.

A plan without action, I can't remember the quote exactly, but is more merely hallucination. So we have more than just the plan. I think you've seen some concrete examples from what we shared up here.

I will say we are at varying stages of the development of this. This path to superiority was a program that was started 3 or 4 years ago on our hygiene business. It's become very much in the drumbeat of how we innovate within that space. The example I gave was from the hygiene half of the portfolio. Gonzalo could give you a number of them too.

Over the course of the last couple of years. We've been pulling more into what was our legacy health business as a mindset and a mantra of doing it. So we're in varying stages of it. I would say it's very embedded in a good 40 to 50% of our portfolio and something over the last course of 1 to 2 years, we've been embedding in the balance of the portfolio. But it's something we believe in continuing to invest in going forward and it is the benchmark we will hold across all of the new products we look to bring to market.

Kris Licht: So, I think first of all, I hope you can see the quality of the leaders that we have leading the growth agenda. I'm very proud of this team. They are a very small subset of the people we have at Reckitt and I think it is somewhat coincidental that so many of them come from a competitor that we admire.

As you know, it's not uncommon in the industry that people move across similar companies and in and of itself, that's not necessarily a bad thing. I think we have gotten better in the last few years at spotting our best people, and we are becoming far more intentional about leadership development. I'll tell you, I'm not sure Reckitt was always a leadership development kind of company.

You know, I spent some formative years at PepsiCo. That was an academy company. P&G is an academy company. There's other academy companies. We would like to become an academy company, but I think we're humble enough to say that we are not quite there yet, but we are very focused on it and we are going to get there.

And I hope that you can see with people like this leading our commercial organization, leading our growth plan, they set the bar for the rest of the organization. They select the marketers that work on each of our brands. They shape the talent strategy. So it's very important that you have people at the top that can set the right bar for excellence, and then you can actually move fairly quickly to get to an outstanding team.

So we're working on this. I wouldn't declare victory. We're not yet an academy company, but I think we're making swift progress.

Rashad Kawan (Morgan Stanley): Thank you very much for the presentation, Rashad Kawan from Morgan Stanley. A couple for me, please. First on innovation, I think, Ryan, you touched on this early on in your presentation, you talked about the step up in innovation from 2019 onwards. As you sit here today versus the last couple of years, how do you feel about the innovation pipeline across the four different categories?

And then second question, I think probably more Self Care related. You talked about the importance of the pharmacy channel and educating pharmacists around, the efficacy of the brands. Can you talk a little bit more about what you're doing there? How many pharmacists are you reaching across the different geographies, and the different tools you use to generate interest there?

Ryan Dullea: Okay. Let me maybe tackle the first one on the innovation front. And then Serra, do you want to take the one on HCP?

Look on innovation, we did significantly dial up in 2019. Coming in, I can tell you I felt like we were insufficient at that point in time. And as a strategic choice we made as a company to change that. And I think you can see in the pace of innovation in the later years here around how that has stepped changed our ability to bring new things to market.

For me, innovation is really the lifeblood of brands. We talk about wanting brands that win today and are built for tomorrow in order to make sure those brands are built for tomorrow, you have to invest in the innovation that comes with them. So it's paramount to us. It's going to continue to stay at the rates that we're at. We feel like we're at a good balance. It's providing the right pace and cadence of things that we can execute and operate through to market.

Pankaj Duhan: Just to build on that point, I talked in the Dettol example, you saw tremendous growth in China and upwards of 70% of the growth that is coming in China is on the basis of innovation that we have launched over the past three years. That is again testament of course to different markets having different levels of innovation that we're driving, but that is our desire to be able to get sufficient innovations to be able to drive substantial results.

Serra Bicak: Thank you for the question. I think it came through in the presentation but Healthcare professionals are at the forefront of how we think about growing our categories. When I referenced to healthcare professionals, we're largely referencing to pharmacists. And we are directly engaged with pharmacies as we build, our engagement, as we build advocacy, and as we build recommendation for our brands, we have on the ground teams who are visiting individually and these are largely face to face interactions where the detailing occasions happen.

I have worked in oral care, as there was a reference earlier, for a large portion of my career. So I'm very familiar with the pharmacy environment and the pharmacist interaction. I can tell you we have a world class organization, driving endorsement for our brands

Jeremy Fialko (HSBC): So, just one question for me. You talked a bit about the interaction between the category organization and the market organizations and how you try to systemize that. Could you go into a little bit more detail about exactly what that involves in terms of how are you dividing up the responsibilities?

What sort of KPIs are the markets responsible for, what you're responsible for? And what the sort of pain points you might have seen before that don't exist anymore? So just how well the two things are working in sync better now than they might have been previously.

Ryan Dullea: It's a great question. I think intentionality we're trying to drive that interaction and in a previous world let me maybe give you a health example to bring this to life. The category teams were more squarely focused on strategy and innovation and didn't often bridge down an activation. Where we did a really good activation you saw the category teams out of their own drive actually reaching out and partnering to make it happen, but it wasn't systemically built into the system.

As part of that we had in the UK, the marketing director for the UK was the lead for five different brands across Reckitt, so they essentially had to develop advertising for all of Europe across five different of these amazing Powerbrands you saw up here behind us. And oh, by the way, they had a day job of delivering the UK marketing plan and program.

So it really led to those markets and teams actually handing that responsibility down the organization. So you had more junior people engaged in developing these campaigns. As we move into this new system, we're actually structuring a team where we're going to look to scale at the area level. So you will have teams at a Marketing Director or more senior level who are solely focused on driving activations for Finish, for Varnish, for Nurofen within the context of Europe.

So rather than having a brand manager looking at leading the comms and kind of being standalone on a brand like Nurofen, you now have a much more experienced and developed team with a broader depth of profile to be able to lean into. So the quality of that execution will go up. And in addition to that, we actually drive some simplicity and scale because we'll be able to create fewer executions than we have historically created, where markets might create on their own.

So in my mind, it brought some scale and efficiency in to the system, but it also provides meaningful quality and the quality of the marketing campaigns that will go through to market.

Kris Licht: As we've talked about before, when you have categories of markets and functions, you always have the conundrum of how do you wire them together.

The philosophy of the new operating model is that we force the collaboration at low levels. So you can't show up with a strategy, an idea, an annual plan that hasn't been vetted in these cross-functional teams. With the category leadership teams, area level teams that the Ryan's talking about. We don't want to see them before it's been worked well together.

Which is a different rhythm than in some organizations where you can develop it in your own silo and you can go all the way to the top without the pressure testing of a market or a function weighing in on it. So we're forcing that collaboration and how the work happens

Fulvio Cazzol (Berenberg): This is Fulvio from Berenberg. Thank you for the presentation. I have a couple of questions. The first one for you, Ryan, how do you determine the right level of investments for each of the Powerbrands or even the categories themselves? And how is the proportion of investment likely to change over the next five years? Is it going to be broadly similar to today's levels, or are we going to see more investments going into one of these categories or brands?

And then my second question is for any of the category leaders, how is your incentive structure based? Is a move based on your individual categories, or is there also a portion of your compensation that goes towards the broader group?

Ryan Dullea: Thank you. Great couple of questions. Let me maybe touch on the first one and I can even bridge to the second one. If you have any builds off of that then please feel free to.

Level of investment in brands. Every single one of the brands we shared with you that's a Powerbrand. We believe in investment. And so these will be fully invested from a marketing investment, from an innovation investment and ensuring we have the right supply chain in order to support the business. Will that vary across time? Of course it will.

There will be points in time where we have big opportunities in one category versus another. We will look to overdrive investment. But it's not a systemic thing we're looking to mechanically change across any of the categories. We believe we'll invest in all these brands. We believe we've got the right level of investments on our innovation side, we believe we have the right gross margins. What we are doing is looking to continue to invest incrementally in marketing as we look to go forward over the years to continue to drive the equity of the brands.

As far as compensation structure, we are very much looking to drive enterprise mindset. So while portions of people's programs will be tied up against their specific categories, there is a broader total Reckitt element that will play into compensation structures as well too. I don't know if Shannon or Kris would have any builds on that?

Kris Licht: We are evolving the compensation scheme. Everyone that's working on a category or leading a category or in your teams or the functions that support those teams will be incentivised to drive the performance in that business in terms of their annual bonus payout and things like that. But everyone also has a level up. And so for these folks here, everyone is also levelled up to the group.

So we drive collaboration and we're trying to fine tune the balances of that. But that's the general direction we're going in. So not giving up on the sort of the focus on performance and ownership that our incentive system has historically driven, but encouraging a bit more collaboration enterprise thinking than maybe we've had historically.

Gonzalo Balcazar: Competition is external. We're really rooting for each other.

Olivier Nicolai (Goldman Sachs): Olivier Nicolai from Goldman Sachs, just two questions. I think we've heard a lot about innovation premiumization today. Should we expect your gross margin therefore to improve going forward since it's been fairly stable for the last decade?

And then secondly, perhaps one for Serra on OTC, could you please comment on the risk of private label particularly if the consumer is a bit softer going forward.

Ryan Dullea: Thank you. Very good. I'll take the GM one and then Serra you can pick up on the private label.

As I shared earlier on the general margin, we have sector leading general margins. We're not looking to over invest in that are grow that meaningfully. We want to invest in the growth of the brands, marketing, innovation, supply chain.

So we're very comfortable with where that number is and we'll look to hold that as a consistent, stable number and the outlook.

Serra Bicak: When you look at our brand portfolio, we have world class brands leading in their categories. And we are able to elevate the standard of care in these categories with our innovation pipeline. Therefore, we are seeing our brand performance in the market going in the right direction. There are private labels in some categories and some there are not.

So the situation is always fluid, as you know, but we are seeing our performance going in the right direction.

Kris Licht: The only build on that is we've had that discussion about private label since I got to the company. We've been through a historic cost of living crisis And we've gained share against private label during that time.

We took a lot of pricing in the health business and especially in OTC. Even in the non-seasonal side, we didn't see volume erosion as a result of that pricing.

It's a fair question, people ask this question often, but it is just a remarkably resilient portfolio and I think part of that is you have to understand, we sell to people that want the best and are willing to pay for that.

We don't sell to the average consumer in OTC. So you look at a brand like Mucinex, it's incredibly resilient, we have we have a lot of pricing power. We can probably price it higher than we do. I don't think we need to I think it's plenty attractive where it is, but the fact is many of our consumers are not very price sensitive in these OTC segments.

Nick Ashworth: I was going to quickly squeeze in one last question then. So it's a question of Intimate Wellness because we've not had one of those yet.

So how would you characterize how far along the penetration awareness gains you are in China and India? it feels like Reckitt is still early on in the category expansion, innovation journey via education and penetration. So any view on the sustainable medium to long term growth rate in Intimate Wellness in India and China.

Charlotte Schloesing: Thanks, Nick. I think Emerging Markets, as we've seen earlier, is a large opportunity for us. We see attitudes liberalizing in those countries which offers huge runway for growth. Our performance is indeed accelerating in China and in India. We've seen innovations have been successful and we see very strong repeat rates for those innovations which gives us the sustainability that we believe is needed for us to continue to grow the business.

And equally as well, we work really hard on driving access, driving education, which are foundations for long term sustainable growth.

Nick Ashworth: Just to say this is, as we said at the beginning, a series. The next event is December the 4th is going to be in London again, and it's going to be focusing on our Emerging Markets area. It is going to be led by Nitish Kapoor, who's our Emerging Markets President. So hopefully we'll see many of you come back for that.

After this event as well we're going to send around a questionnaire. I'd love to hear your feedback and see what works well and what we can do to improve as we go forward. And of course, if you do have any more questions, I'll be around, the team will be around, and we're more than happy to keep answering questions over the coming days and weeks.

[END OF TRANSCRIPT]