

27 June 2025



## **RECKITT Q2 / H1 2025 PRE-CLOSE AIDE MEMOIRE**

This aide memoire brings together Reckitt's previously provided publicly available financial and operating disclosures, which may be helpful as a reminder for the market's consideration ahead of Reckitt's Q2 / H1 2025 results on 24 July 2025. All statements have had their source attributed and should only be taken as speaking as at the date they were made.

No new information or disclosure is given in this document, which is now available on the Reckitt website.

### **Portfolio sharpening and organisation simplification**

#### **Fuel for growth fixed cost optimisation programme**

- Fuel for Growth programme on track to deliver a 19% fixed cost base by end of 2027, with our GenAI program rolling out to R&D following the marketing launch in 2024. (Source: Q1 2025 Trading Update, 23 April 2025)
- FY 2024 Fixed costs declined by -90bps to 20.9% of net revenue, versus 21.8% in 2023, reflecting early delivery of cost efficiencies from our Fuel for Growth programme, as well as +30bps of one-off items primarily driven by the benefit of the insurance proceeds from the Mount Vernon tornado. (Source: FY 2024 Results, 6 March 2025)

#### **Essential Home**

- We continue to seek an exit in 2025, whilst recognising that market conditions may impact this timeframe. (Source: Q1 2025 Trading Update, 23 April 2025)

#### **Mead Johnson Nutrition**

- Mead Johnson Nutrition is trading well despite a challenging comparative period, and we continue to defend ourselves against all cases in the ongoing litigation. (Source: Q1 2025 Trading Update, 23 April 2025)

### **FY 2025 outlook** (Source: Q1 2025 Trading Update, 23 April 2025)

We maintain our FY 2025 outlook.

- We are targeting +3% to +4% LFL net revenue growth in Core Reckitt, with a balanced delivery across H1 and H2.
  - In Q2, we expect Core Reckitt growth to be led by Emerging Markets (mid-to-high single digit growth), with low-single digit growth in Europe and low-single digit decline in North America.
  - In H2, growth is expected to be more balanced across all three Areas with North America returning to growth.
- We expect low-single digit LFL net revenue growth in Essential Home and Mead Johnson Nutrition in 2025, with both being second half weighted. Both businesses will show LFL net revenue declines in H1.
- Overall, for 2025, we expect Group LFL net revenue growth of +2% to +4%, with Essential Home and Mead Johnson Nutrition more second half weighted.
- Our Fuel for Growth programme is expected to help drive adjusted operating profit ahead of net revenue growth.
- We expect to deliver another year of adjusted diluted EPS growth.
- Other technical guidance:
  - Adjusted net finance expense is expected to be in the range of £350m to £370m (2024: £323m)
  - The adjusted effective tax rate is expected to be 25% to 26% (2024: 22.2%)
  - Capital expenditure as a percentage of net revenue is expected to be 3% to 4% (2024: 3.3%)

We are closely monitoring the evolving situation around global tariffs and the potential impacts on our supply chain and cost base. From what we know today, our latest modelling identifies an immaterial annualised impact on our COGS base which we are confident in mitigating over the short to medium-term through a number of levers.

## **Core Reckitt performance – Areas**

### **Emerging Markets (40% of Core Reckitt Q1 2025 net revenue)**

- Q1 2025 LFL net revenue growth +10.7%, with +6.8% volume growth and +3.9% impact from price / mix. (Source: Q1 2025 Trading Update, 23 April 2025)
- India and China delivered a strong quarter of broad-based growth across categories, with continued success of recently launched new segments in China. (Source: Q1 2025 Trading Update, 23 April 2025)
- In Intimate Wellness, Emerging Markets' performance was solid as market penetration continues to drive sales growth. (Source: Q1 2025 Trading Update, 23 April 2025)
- H1 2024 impacted by the reversal of a 2% sell-in benefit ahead of an SAP implementation in Brazil at the end of Q1 2024. (Source: H1 2024 Results, 24 July 2024)

### **Europe (34% of Core Reckitt Q1 2025 net revenue)**

- Q1 2025 LFL net revenue declined -1.7%, with +3.0% price / mix improvement offset by a -4.7% volume decline as we lap phasing of shipments in the prior year. (Source: Q1 2025 Trading Update, 23 April 2025)
- This performance was against a strong Q1 comp last year, which saw significant inventory restocking and a positive phasing of shipments. In the context of slowing market growth in the quarter, we did see good market share momentum, particularly in Self Care. (Source: Q1 2025 Trading Update, 23 April 2025)
- Finish also saw market share momentum, although like-for-like net revenue was broadly flat as we lapped a high base due to innovation launches in the prior period. (Source: Q1 2025 Trading Update, 23 April 2025)

### **North America (26% of Core Reckitt Q1 2025 net revenue)**

- Q1 2025 LFL net revenue declined -0.9%, amidst a volatile macroeconomic backdrop and weakening consumer confidence, with +0.9% price / mix improvement and -1.8% volume decline. (Source: Q1 2025 Trading Update, 23 April 2025)
- Sell out in the quarter remained in growth despite retailer inventory destocking impacting VMS and Mucinex performance, particularly in the drug channel. We saw improved in-market execution with good growth in mass retail and club. (Source: Q1 2025 Trading Update, 23 April 2025)
- Lysol grew low single digits as it continued to benefit from recent innovation launches despite a slower than expected capacity ramp-up to meet strong consumer demand. (Source: Q1 2025 Trading Update, 23 April 2025)
- Finish also declined low-single-digits, as we continue to see heightened competition in the US auto dish category. (Source: Q1 2025 Trading Update, 23 April 2025)
- We will be resetting our Mucinex shelf towards the end of Q2 in advance of the season to reflect our new formulations of Mucinex that are PE-free. (Source: Q1 2025 Trading Update, 23 April 2025)

## **Non-Core Reckitt performance**

### **Essential Home (13% of Group Q1 2025 net revenue)**

- Q1 2025 LFL net revenue decline of -7.0% with volume decline of -7.6% and price / mix improvements of +0.6%. (Source: Q1 2025 Trading Update, 23 April 2025)
- Market shares were in decline in North America and Europe, reflecting continued competitiveness, particularly in the US Air Care category, with some improving trends in Latin America. (Source: Q1 2025 Trading Update, 23 April 2025)
- New management team are focused on improving performance, particularly in US Air Care, and we expect negative LFL net revenue in the first half of the year ahead of a recovery in the second half. (Source: Q1 2025 Trading Update, 23 April 2025)
- H1 2024 impacted by the reversal of a 2% sell-in benefit ahead of an SAP implementation in Brazil at the end of Q1 2024. (Source: H1 2024 Results, 24 July 2024)

### **Mead Johnson Nutrition (16% of Group Q1 2025 net revenue)**

- Q1 2025 LFL net revenue decline -0.5% with volume decline of -6.7% and price / mix improvements of +6.2%. (Source: Q1 2025 Trading Update, 23 April 2025)

- Our North America business continues to recover following the supply disruption caused by the Mount Vernon tornado in the second half of 2024, which impacted on-shelf availability. We are rebuilding our US non-WIC value market shares, as we regain new family product adoption following the absence of samples and supplies. (Source: Q1 2025 Trading Update, 23 April 2025)
- In Q2 2024, our US business benefitted from temporary supply issues experienced by a private label competitor, which contributed to a better performance versus our expectations during the quarter. (Source: H1 2024 Results, 24 July 2024)
- In the prior period, we exited Q2 and H1 with a non-WIC value market share in the high 30s (Source: H1 2024 Results, 24 July 2024) and we exited 2024 with our non-WIC market share at 36%. (Source: FY 2024 Results, 6 March 2025)

## **Other financial disclosure**

### **Free cash flow**

- In H1 2024, we reported free cash flow of £821m and a 72% free cash flow conversion rate. (Source: H1 2024 Results, 24 July 2024)

### **Net debt**

- Our leverage of 2.0x adjusted EBITDA at FY 2024 remains consistent with our capital allocation framework and objectives. (Source: FY 2024 Results, 6 March 2025)

### **Dividends**

- We maintain a progressive dividend policy. (Source: FY 2024 Results, 6 March 2025)
- The H1 2024 dividend increased by 5% to 80.4p (H1 2023: 76.6p) per share. (Source: H1 2024 Results, 24 July 2024)

### **Share buyback programme**

- As of 25 June 2025, a total of £988m worth of shares bought back since the current programme commenced on 26 July 2024. (Source: Company RNS 26 June 2025)
- We are committed to returning surplus cash to our shareholders through our dividend and share buyback programme. We expect this programme to continue, consistent with our capital allocation principles (Source: Annual Report and Accounts 2024)

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## **Cautionary note concerning forward-looking statements**

This aide memoire contains certain statements that are, or may be deemed to be, forward-looking statements. Forward-looking statements give Reckitt's expectations and projections, as of the date such statements are made, about future events, including strategic initiatives and future financial condition and performance. Reckitt's actual results and developments may differ materially from those expressed or implied by such forward-looking statements. Please see the "Cautionary note concerning forward-looking statements" section of the relevant results announcement regarding the forward-looking statements from such documents that are extracted in this aide memoire. Forward-looking statements should be construed considering such cautionary statement notes and undue reliance should not be placed on forward-looking statements.

No statement in this document is or is intended to be a profit forecast or profit estimate.

## Appendix 1 – LFL net revenue performance

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Emerging Markets	+2.7%	-0.2%	+6.5%	-1.4%	+5.7%	+4.0%	+5.6%	+12.0%	+10.7%
Volume					+6.3%	+1.0%	+2.7%	+3.3%	+6.8%
Price / mix					-0.7%	+3.0%	+2.8%	+8.7%	+3.9%
Europe	+19.9%	+8.9%	+10.9%	+7.5%	+5.4%	+0.9%	+1.2%	+5.5%	-1.7%
Volume					-3.0%	-3.3%	-1.7%	+3.7%	-4.7%
Price / mix					+8.4%	+4.2%	+2.9%	+1.8%	+3.0%
North America	+0.0%	+11.4%	+2.8%	-0.6%	+0.2%	+0.0%	+2.1%	-8.7%	-0.9%
Volume					+0.7%	-0.5%	+3.4%	-6.5%	-1.8%
Price / mix					-0.5%	+0.5%	-1.3%	-2.2%	+0.9%
<b>Core Reckitt</b>	<b>+7.4%</b>	<b>+5.5%</b>	<b>+6.9%</b>	<b>+1.6%</b>	<b>+4.1%</b>	<b>+1.9%</b>	<b>+3.1%</b>	<b>+3.7%</b>	<b>+3.1%</b>
<b>Volume</b>					<b>+1.5%</b>	<b>-0.9%</b>	<b>+1.4%</b>	<b>+0.5%</b>	<b>+0.3%</b>
<b>Price / mix</b>					<b>+2.7%</b>	<b>+2.8%</b>	<b>+1.8%</b>	<b>+3.2%</b>	<b>+2.8%</b>
Essential Home	+3.7%	+1.2%	+3.1%	+7.3%	+3.2%	+0.3%	+0.4%	+5.0%	-7.0%
Volume					+0.2%	-0.6%	-1.5%	+4.6%	-7.6%
Price / mix					+3.0%	+1.0%	+2.0%	+0.4%	+0.6%
Mead Johnson	+12.1%	-0.7%	-11.9%	-15.0%	-10.2%	-7.6%	-17.7%	+8.5%	-0.5%
Volume					-12.3%	-7.8%	-9.7%	+5.9%	-6.7%
Price / mix					+2.1%	+0.2%	-8.0%	+2.5%	+6.2%
<b>Reckitt</b>	<b>+7.7%</b>	<b>+3.8%</b>	<b>+3.1%</b>	<b>-0.4%</b>	<b>+1.5%</b>	<b>+0.0%</b>	<b>-0.5%</b>	<b>+4.6%</b>	<b>+1.1%</b>
<b>Volume</b>					<b>-1.1%</b>	<b>-2.1%</b>	<b>-0.8%</b>	<b>+1.9%</b>	<b>-1.9%</b>
<b>Price / mix</b>					<b>+2.6%</b>	<b>+2.1%</b>	<b>+0.3%</b>	<b>+2.7%</b>	<b>+3.0%</b>