18 October 2017

CHALLENGING ENVIRONMENT, REORGANISING FOR GROWTH

Results at a glance	Q3 £m	% change actual exchange	% change LFL*	YTD £m	% change actual exchange	% change LFL*
Net Revenue – Group	**3,206**	+30%	-1%	**8,223**	+20%	-1%
Net Revenue by Segment						
-ENA	1,693	+1%	-3%	4,882	+6%	-3%
-DvM	793	+1%	+3%	2,495	+11%	+3%
-IFCN	720	n/a	n/a	846	n/a	n/a
Net Revenue by Category						
-Health	1,589	+83%	-2%	3,386	+43%	-2%
-Hygiene	1,063	+2%	+1%	3,259	+9%	+1%
-Home	482	-2%	-4%	1,394	+5%	-3%
-Portfolio brands	72	+18%	+8%	184	+3%	-7%

* Like-for-like ("LFL") growth excludes the impact of changes in exchange rates, acquisitions, disposals and discontinued operations, and local legislative changes

Highlights: Q3 and at constant rates unless otherwise stated

- RB base business -1% LFL in Q3, affected by the impact of known issues and a continued challenging market environment. Total Q3 continuing growth +30% benefitting from positive FX impact and the acquisition of Mead Johnson Nutrition (MJN).
- MJN +1% pro-forma LFL in Q3 benefitted from strong market growth in China and some customer stocking in the US.
- RB base business YTD -1% LFL. We are targeting a flat LFL performance* for the RB base business. We are progressing well and continue to target "-2% to flat" for MJN on a pro-forma basis.
- Full integration of MJN and creation of a new operating structure from Q1 2018.
- Creation of two focused, P&L accountable, Business Units (BU's) – RB Health and RB Hygiene Home

Commenting on these results, Rakesh Kapoor, Chief Executive Officer, said:

"Q3 was a soft quarter as we experienced both the tail end of known issues, and the impact of a continuing challenging market environment. Our underlying performance was in line with current market growth of around 2%. MJN had a better quarter, in particular in Greater China. Given these moving parts, we are now targeting flat full year LFL net revenue for the RB base business. MJN is progressing well against our reiterated H2 target of "-2% to flat".

We have made great progress over the last five years, as we have transformed our Group into one where consumer health now represents more than half of our business. The acquisition of MJN closed earlier than planned and good progress has been made in preliminary integration. Today we effectively have two management teams in a number of our markets - both MJN and the base business. MJN provides us with both critical mass in consumer health and a fantastic opportunity to look at RB not just today, but where we want it to be in ten years time. We are working to create two focused, agile and fully accountable Business Units – RB Health (incorporating MJN) and RB Hygiene Home, effective from Q1 2018. I will lead the new Health business directly and Rob De Groot, who is currently our head of ENA, will become President of the Hygiene Home business, reporting to me.

I am very excited about our medium and long-term prospects. We expect strong growth trends in the broader consumer health category in the medium term, and our new organisational structure will provide us with a platform for growth and outperformance. The two Business Units will together form one RB – a single company devoted to delivering on our mission of creating healthier lives and happier homes – as well as positioning RB to deliver superior shareholder returns for years to come."

Operating Segment Review – Continuing Operations

Q3 2017	£'m	Like-for-like*	GST**	Net M&A***	FX	Reported
North America	657	*-2%*	-	-	*+2%*	-
Rest of ENA	1,036	*-3%*	-	-	*+5%*	*+2%*
Total ENA	1,693	-3%	-	-	+4%	+1%
DvM	793	+3%	-2%	+1%	-1%	+1%
IFCN	720	n/a	n/a	n/a	n/a	n/a
Total	**3,206**	**-1%**	**-1%**	**+29%**	**+2%**	**+30%**

YTD Sept 2017	£'m	Like-for-like*	GST**	Net M&A***	FX	Reported
North America	1,850	*-1%*	-	-	*+9%*	*+8%*
Rest of ENA	3,032	*-4%*	-	-	*+9%*	*+5%*
Total ENA	4,882	-3%	-	-	+9%	+6%
DvM	2,495	+3%	-1%	+1%	+8%	+11%
IFCN	846	n/a	n/a	n/a	n/a	n/a
Total	**8,223**	**-1%**	**-**	**+12%**	**+9%**	**+20%**

* Like-for-like ("LFL") growth excludes the impact of changes in exchange rates, acquisitions, disposals, discontinued operations, and local legislative changes
** Adjusts for the impact of the Goods and Service Tax (GST) implemented by the Indian Government from 1 July 2017.
*** Reflects the net impact acquisitions and disposals.

Note: due to rounding, these tables will not always cast.

We signaled in July that we expected a significant impact on supply from the cyber-attack in Q3. We estimate that supply availability reduced sales by about 2% in the quarter. There are a number of ways in which the cyber disruption has impacted supply. A protracted period required to restore some of the support systems, especially in our health factories, led to a backlog in a finely balanced supply system, with which we have still not fully caught up. A change in distribution arrangements in one major market during the period of the cyber-attack led to a period of misalignment within our S&OP process. In India we were unable to update the core operating system of many of our distributors for the GST changes for much of July. These disruptions gave rise to a loss of shelf space and promotional slots – and a consequent loss of sales.

ENA Q3: (-3% LFL) YTD: (-3% LFL) (60% of net revenue)

- North America declined by -2% in the quarter. Amopé was again materially lower. Supply issues associated with the cyber-attack left us unable to satisfy a growth in Mucinex demand. In-market performance remained strong with both share gains and strong consumer offtake. Finish had a strong quarter with growth in premium SKUs and additives underpinned by BEI activities.
- Russia had a stable quarter with strong growth in Durex and Gaviscon, offset by supply related issues with Nurofen.
- The rest of ENA had a weak quarter. Weakness was centred in the UK and ANZ, caused by the combination of supply constraints and challenging market conditions. This more than offset growth in Germany, Poland and Southern European markets.

DvM Q3: (+3% LFL) YTD: (+3% LFL) (30% of net revenue)

- Strong, double digit growth from China in Q3, driven by Durex, Dettol and Move Free. Finish also performed well following the launch of our new All-in-1 compact tablets.
- India reported revenue was flat. Customer stock levels were low heading into the quarter due to the GST regulation coming into force in July. Supply of inventory was then delayed in July due to the cyber-attack, which resulted in lost sales. Underlying demand was strong.
- Turkey had a strong quarter, as did Pakistan and Indonesia.
- We saw continued significant market weakness in Middle East and tough competitive conditions in Brazil.

IFCN (10% of net revenue)

- Infant Formula and Child Nutrition (IFCN) total net revenue was £720m in Q3 and £846m for the period between completion of the acquisition and 30 September 2017.

Category Review – Continuing Operations

Q3 2017	£'m	Like-for-like	GST	Net M&A	FX	Reported
Health*	1,589	-2%	-	+84%	+2%	+83%
Hygiene	1,063	+1%	-1%	-	+2%	+2%
Home	482	-4%	-	-	+2%	-2%
Portfolio	72	+8%	-	-	+10%	+18%
Total	**3,206**	**-1%**	**-1%**	**+29%**	**+2%**	**+30%**

YTD Sept 2017	£'m	Like-for-like	GST	Net M&A	FX	Reported
Health*	3,386	-2%	-	+34%	+11%	+43%
Hygiene	3,259	+1%	-	-	+9%	+9%
Home	1,394	-3%	-	-	+9%	+5%
Portfolio	184	-7%	-	-	+11%	+3%
Total	**8,223**	**-1%**	**-**	**+12%**	**+9%**	**+20%**

* Health now includes the Infant Formula and Child Nutrition (IFCN) business.

Health **Q3: (-2% LFL)** **YTD: (-2% LFL)** **(41% of net revenue)**

- Growth was impacted by Scholl / Amopé and supply shortfall associated with the cyber-attack. Underlying growth was in line with slightly subdued category growth rates of about 3%.
- Durex saw double digit growth in both Rest of ENA and DvM, reduced by North America as we lap the rollout of KY Duration Spray. The recently acquired Hypermarcas sexual wellbeing brands performed ahead of plan.
- Strong growth in Gaviscon, led by our Double Action formulation, and our VMS brands, led by Move Free sales in China. Mucinex saw strong demand, offset by supply constraints.

Hygiene **Q3: (+1% LFL)** **YTD: (+1% LFL)** **(40% of net revenue)**

- Strong growth in Finish, in both North America behind premium SKUs and in additives. In DvM growth included the launch of our new tablets in China, and penetration growth in other emerging markets.
- Dettol had a weaker quarter as its largest market, India, saw cyber disruption.
- Harpic, Lysol and Mortein saw improved performances versus the previous quarter. Veet saw softness in a number of markets as we lapped the rollout of the successful precision trimmer innovation.

Home **Q3: (-4% LFL)** **YTD: (-3% LFL)** **(17% of net revenue)**

- Air Wick saw an improved performance in Q3 versus the previous quarter with recent innovations such as Air Wick Pure and ViPoo performing well.
- Vanish had a weak quarter, due to both competitive and pricing pressures.

Portfolio Brands **Q3: (+8% LFL)** **YTD: (-7% LFL)** **(2% of net revenue)**

- Portfolio Brands no longer include Food and mainly comprise Laundry Detergent, Fabric Softeners and certain sales to institutional customers. Conditions in the highly competitive laundry categories remain difficult. The phasing of institutional sales remains volatile.

Pro-forma Performance of Mead Johnson Nutrition ("MJN")

Q3 2017	$'m	Constant*	FX	Reported
Asia	477	+4%	-1%	+3%
North America / Europe (ENA)	308	-3%	+1%	-2%
Latin America	163	+1%	+1%	+2%
Total	**948**	**+1%**	**0%**	**+1%**

YTD September 2017	$'m	Constant*	FX	Reported
Asia	1,361	-2%	-2%	-4%
North America / Europe (ENA)	906	-3%	0%	-3%
Latin America	478	+0%	-2%	-2%
Total	**2,745**	**-2%**	**-2%**	**-3%**

*Constant growth has been calculated on an MJN "constant dollar" basis which excludes the impact of changes in foreign currency exchange rates.

Asia (50% of MJN Net Revenue)

- +4% growth at constant rates in Q3.
- Good growth in Greater China, driven by strong volume market growth in mainland China.
- The macro trends and channel shifts continue as expected with growth in imported Enfinitas and Enfamil and new e-commerce channels, outweighing the decline in locally manufactured Enfamil and offline cross-border sales between Hong Kong and China.
- MJN brands sold in China have received regulatory registration from the China Food & Drug Administration for sale following the regulation changes in January 2018.
- Philippines also had a strong quarter offsetting weakness in Thailand and some other smaller markets.

North America / Europe (ENA) (33% of MJN Net Revenue)

- -3% reduction at constant rates in Q3
- The US saw volume improvement versus previous quarters, due to both a stabilising share of new infants and customer stock increases.
- Pricing in the US turned negative as both the benefit from prior year price increases were lapped, and the recently re-tendered California WIC contract commenced under its new terms.

Latin America (17% of MJN Net Revenue)

- +1% growth at constant rates in Q3
- Mexico delivered strong, volume-led growth with increased investment in medical detailing.
- Other Latin American markets remain mixed

Reorganising for Growth

We have made significant progress during the past five years on portfolio transformation, in particular more recently with the acquisition of MJN and the sale of our Food division. Consumer health now represents, on a pro-forma basis, more than 50% of our total business.

The MJN acquisition completed on 15 June, a quarter earlier than expected. We have been running it initially as a separate division as we deepen our understanding of the infant formula and child nutrition (IFCN) category.

The initial integration is progressing well. We are now pleased to announce the next phase. We plan to combine the IFCN division with the health and some hygiene brands, to form the Health Business Unit (BU). The home and other hygiene brands will form the Hygiene Home BU. Each BU will be focused on and fully end-to-end accountable for its business – from innovation, through brand development and supply to the customer.

RB Health

- Rakesh Kapoor will be President of the RB Health Business Unit, in addition to his role as CEO of RB Group.
- RB Health will represent approximately 60% of group Net Revenue and include Enfamil, Nutramigen, Nurofen, Strepsils, Gaviscon, Dettol, Mucinex, Durex, Veet, Scholl, Megared, Airborne, Move Free, Digestive Advantage and Clearasil.

RB Hygiene Home

- Rob de Groot will be President of the Hygiene Home Business Unit, reporting to Rakesh Kapoor, and will continue to sit on the Group Executive Committee. Rob is currently Executive Vice President for RB Europe and North American (ENA).
- RB Hygiene Home will represent approximately 40% of group Net Revenue and include Air Wick, Finish, Calgon, Cillit Bang, Harpic, Lysol, Mortein, Vanish and Woolite.

The two Business Units will together form one RB – a single company devoted to delivering on our mission of creating healthier lives and happier homes.

We remain committed to delivering the £200m fixed cost synergies previously announced in respect of MJN, and the £450m cost of integration. We do expect the new organisation will have somewhat higher total fixed costs in individual markets, in particular in ‘go-to-market’ costs.

We will provide further details around this reorganisation at our full year results presentation in February 2018.

Financial Position and Other Matters

There has been no material change to the financial position of the Company since the published 2017 Interim Statement, with the exception of the completion of the sale of our Food division. The proceeds from this sale, $4.2bn, have been used to pay down a portion of our term loans.

We provide an update to certain matters raised in our 2017 interim statement as follows:

Contingent liabilities

Humidifier Sanitiser ("HS") Issue

Since the half year, the following updates have occurred:

- The Government has assessed a further tranche of round 3 applicants (round 3.4) and the first tranche of round 4 (round 4.1). Details are set out in the table below.
- Oxy RB has expanded its compensation plan for Oxy HS category I or II users identified in Round 3 to include the further 15 victims who were categorized in tranche 3.4.
- Oxy RB made a payment of KRW 67bn (£45m) to the government Special Relief Fund set up for the benefit of certain HS victims and users, funded through contributions by HS manufacturers and ingredient suppliers.
- Round 4 remains open and the applicant numbers are reported on the Korea Environmental Industry & Technology Institute (KEITI) website. The number of applicants reported as at 29 September was 4,570.
- A damage relief committee set up by the Ministry of Environment (MOE) announced a recognition standard for asthma caused by HS, based on the increased incidence of asthma in HS users. No detailed underlying data has yet been made available.

The status of the four rounds of applications established to date is as follows:

Round	Total applicants	Applicants Assessed	Category I & II	Cat I&II percentage	RB Oxy users – Category I & II**	Assessment completion (expected)
1	361	361	172	48%	139	Completed
2	169	169	51	30%	44	Completed
3	752	657	76	12%	55	Dec 17
3.1		*165*	*38*	*23%*	*35*	
3.2		*188*	*19*	*10%*	*18*	
3.3		*99*	*3*	*3%*	*2*	
3.4		*205*	*15*	*7%*	*15*	
4	4,570*	1,009	TBD	TBD	TBD	Dec 17
4.1		*1,009*	*76*	*8%*	*70*	

* Round 4 remains open to applicants. The number of applicants shown in the table is as set out on the KEITI website as at 29 September 2017.

** both sole Oxy RB users and users of multiple manufacturers' products, including Oxy RB.

In 2016 a provision was made for certain costs arising as a result of the HS issue, including costs arising from compensating Oxy HS category I and II victims classified within Rounds 1, 2 and 3 of the Korean Centre for Disease Control (KCDC) classification process.

In addition, there are a number of further costs / income relating to the HS issue that are either not able to be estimated or quantified or are considered not probable at the current time, including those relating to Round 4 applicants, potential recognition of victims of HS related asthma injuries, and costs associated with the wider HS issue. Further details of these contingent liabilities are set out in note 13 to our interim statement.

Indivior / RB Pharma related matters:

As noted in Note 9 of our Interim Statement 2017, the Group remains involved in ongoing investigations by the US Department of Justice (DoJ) and the US Federal Trade Commission and related litigation proceedings by certain state attorneys in the US arising from certain matters relating to the RB Pharmaceuticals (RBP) business prior to its demerger in December 2014 to form Indivior plc and may incur liabilities in relation to such matters.

These investigations and related proceedings are continuing and we are in active discussions with the DoJ. As a consequence of these discussions, we recorded a charge of £318 million at 30 June 2017 within our discontinued operations line.

The Group remains committed to ensuring these issues are concluded or resolved satisfactorily but we cannot predict with any certainty whether we will be able to reach any agreement with the DoJ or other parties who are involved in any other investigation or in the related proceedings. The final cost for the Group may be materially higher than this reserve.

2017 Targets

We are targeting:

- Flat full year LFL[1] Net Revenue for the RB base business, and
- "-2% to flat" Net Revenue[1] for MJN in H2 on a pro-forma basis

[1] At constant exchange rates, excluding the impact of acquisitions, disposals, discontinued operations and local legislative changes.

For further information, please contact:

Reckitt Benckiser **+44 (0)1753 217800**

Richard Joyce
SVP, Investor Relations, Communications & External Affairs

Patty O'Hayer
Director, External Relations and Government Affairs

Brunswick (Financial PR) **+44 (0)20 7404 5959**

David Litterick

LEI: 5493003JFSMOJG48V108

Cautionary note concerning forward-looking statements

This document contains statements with respect to the financial condition, results of operations and business of RB and certain of the plans and objectives of the Group with respect to these items. These forward-looking statements are made pursuant to the "Safe Harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to the Company, anticipated cost savings or synergies and the completion of strategic transactions are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors discussed in this report, that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside Reckitt Benckiser's control. Past performance cannot be relied upon as a guide to future performance.