

25 October 2023

HYGIENE AND HEALTH STRONG GROWTH. NUTRITION REBASING

Net revenue	Q3 2023			YTD 2023		
	£m	LFL ¹	Reported	£m	LFL ¹	Reported
Hygiene	1,547	+8.1%	+1.3%	4,604	+5.1%	+4.5%
Health	1,482	+5.4%	-3.3%	4,555	+7.6%	+4.6%
Nutrition	571	-11.9%	-15.4%	1,887	-0.7%	+1.2%
Group	3,600	+3.4%	-3.6%	11,046	+5.1%	+4.0%

1. Adjusted measures are defined on page 6.

Q3 Highlights:

- **Like-for-like (LFL) net revenue growth of +3.4%**, led by strong broad-based growth of +6.7% across Hygiene and Health combined. Nutrition maintains US market leadership but laps prior year competitor supply issue.
- **Group reported net revenue decline of -3.6%**. LFL growth of +3.4% offset by FX headwinds of -6.8% and a net M&A impact of -0.2%.
- **Improving volume momentum** in Hygiene and Health, offset by expected year-on-year rebasing in Nutrition. Group volume decline of -4.1%, with -1.6% for Hygiene and Health combined. Group price / mix was +7.5%.
- **Hygiene LFL net revenue growth of +8.1%**. Broad-based growth across all core categories, driven by double digit growth in Finish and Vanish.
- **Health LFL net revenue growth of +5.4%**. Growth driven by OTC and Intimate Wellness portfolios. Dettol and VMS were broadly stable.
- **Nutrition LFL net revenue decline of -11.9%**. We maintain market leadership in the US but lap the temporary benefits from competitor supply issues in the prior year.

Strategic Update:

- **Strategic update announced** (refer to separate RNS).
- Targeting sustained **mid-single digit LFL net revenue growth** and **adjusted operating profit growth to exceed net revenue growth** in the medium term.
- **Commencing a share buyback programme. £1bn over the next 12 months**, will commence imminently.

Commenting on the results, Kris Licht, Chief Executive Officer, said:

“Reckitt delivered a strong quarter with 6.7% LFL growth across our Hygiene and Health businesses and has maintained market leadership in our US nutrition business.

“We are firmly on track to deliver our full year targets, despite some tough prior year comparatives that we continue to face in our US Nutrition business and across our OTC portfolio in the fourth quarter.”

CONFERENCE CALL DETAILS

We will be hosting a live Q&A session for analysts and investors at 09:00 (BST) on Wednesday 25 October 2023.

Please click on the link below to join the live audiocast on the day:

<https://www.reckitt.com/investors/results-and-presentations/>.

Alternatively, dial in details are as follows:

United Kingdom: +44 20 4587 0498
All other locations: +44 800 358 1035
Participant access code: 564750

FURTHER INFORMATION AND CONTACTS

Richard Joyce / Hazel Chung +44 (0)7807 418516 / +44 (0) 7408 850537
Investor Relations

Patty O'Hayer +44 (0)7825 755688
External Relations and Government Affairs

FGS
Faeth Birch +44 (0)7768 943171

Cautionary note concerning forward-looking statements

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

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group's control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political, geopolitical and social conditions in the key markets in which the Group operates; the Group's ability to innovate and remain competitive; the Group's investment choices in its portfolio management; the ability of the Group to address existing and emerging environmental and social risks and opportunities; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group's technological infrastructure or that of third parties on which the Group relies including the risk of cyber-attack; interruptions in the Group's supply chain and disruptions to its production facilities; economic volatility including increases in the cost of labour, raw materials and commodities; the execution of acquisitions, divestitures and business transformation projects; product safety and quality, and the reputation of the Group's global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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OUTLOOK

- We continue to target Group LFL net revenue growth of +3% to +5% in 2023, including the lapping of the US Nutrition impact in 2022.
- We continue to expect adjusted operating margins to be slightly above 2022 levels when excluding the one-off benefit of circa 80bps in 2022 related to US Nutrition. Our guidance includes a significant increase in BEI to support an exciting innovation programme in 2023.
- In the medium-term, as set out in our strategic update, we target sustainable mid-single digit LFL net revenue growth and adjusted operating profit growth to exceed net revenue growth¹.

Other technical guidance

- Adjusted net finance expense is expected to be in the range of £250m to £280m (no change).
- The adjusted tax rate is expected to be 24% to 25% (no change).
- Capital expenditure is expected to be around 3% of net revenue (no change).
- We expect to deliver free cashflow of over £2bn for the year (no change).
- Commencing a share buyback programme. £1bn over the next 12 months, will commence imminently (new).

GROUP OVERVIEW

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q3 2023	3,600	-4.1%	+7.5%	+3.4%	-0.2%	-6.8%	-3.6%
YTD 2023	11,046	-4.3%	+9.4%	+5.1%	-0.3%	-0.8%	+4.0%

1. Adjusted measures are defined on page 6.

Group net revenue

- Q3 LFL net revenue growth was +3.4%. Price / mix improvements were +7.5% and volume declined by -4.1%. Hygiene continues to deliver improving volume trends, whilst Health volumes remain resilient. Our Nutrition business experienced volume declines as expected, behind US market share loss from high unsustainable peaks last year due to the competitor supply issue. Price / mix growth reflects a combination of carry over pricing, new pricing behind our innovation programme and in markets where the inflationary environment is more pronounced.
- Q3 growth was driven by our Hygiene and Health portfolio, which combined, grew by +6.7% in Q3. Growth was broad-based across OTC, Finish, Lysol and Intimate Wellness portfolios. This growth was reduced by an -11.9% decline in our Nutrition business, as we lap peak market shares during the US competitor supply shortage in the prior year and as we no longer benefit from WIC sales in states where Reckitt does not hold the government contract. Enfamil, the market leading brand, remains the Number One Trusted by Consumers and the Number One Recommended Infant Formula by Paediatricians in the US.
- On a geographic basis growth in Q3 was driven by Europe / ANZ and Developing markets. In North America, LFL net revenue declined due to US Nutrition, which more than offset the strong growth across our Hygiene brands.
- YTD group net revenue of £11,046m grew by +5.1% on a LFL basis, reflecting price / mix improvements of +9.4% driven by carry-over pricing from the previous year and innovation-led price increases. Volume declined -4.3% with improving trends in Hygiene throughout the period, resilient volume delivery in Health, offset by the expected declines in our Nutrition business.
- Geographically growth has been broad-based on a YTD basis. Our Developed Markets delivered strong growth of +6.1%, with Europe / ANZ +9.5% and North America +3.0% despite a decline in our US Nutrition business. Developing Markets grew +3.1% with strong performances from South Asia, LATAM and China more than offsetting ASEAN, which faced some category weakness and in-market challenges.
- Total net revenue on an IFRS basis grew +4.0% YTD, reflecting net M&A impact of -0.3% and foreign exchange headwinds of -0.8%.

¹ Previously, “we expect adjusted operating profit to grow ahead of net revenue growth, achieving mid-20s margins by the mid-2020s”.

OPERATING SEGMENT REVIEW

Hygiene

43% of net revenue in Q3 2023

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q3 2023	1,547	-3.4%	+11.5%	+8.1%	-	-6.8%	+1.3%
YTD 2023	4,604	-7.1%	+12.2%	+5.1%	-	-0.6%	+4.5%

1. Adjusted measures are defined on page 6.

In Q3, Hygiene net revenue grew +8.1% on a LFL basis to £1,547m. Price / mix improvements were +11.5% including innovation-led pricing and favourable product mix. Volume declined by -3.4% with continued sequential improving trends as previously communicated.

Finish LFL net revenue grew double digits with broad-based growth across developed and developing markets. Our recent innovation, "Ultimate Plus All-in-One" launched across Europe during the year, and more recently into the US.

Lysol LFL net revenue grew mid-single digits with share growth in all segments and is seeing good early success in creating a new air sanitiser category. Our Lysol laundry sanitiser continues to grow the category.

Our other brands delivered growth across their respective segments, led by our recent innovations like Air Wick Active Fresh and Airwick Vibrant, and Vanish Oxi Action.

YTD Hygiene net revenue grew +5.1% on a LFL basis. Price / mix improvements were +12.2% and volume declined by -7.1%. Growth is broad-based, and led by growth in Finish and Vanish.

Health

41% of net revenue in Q3 2023

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q3 2023	1,482	+0.3%	+5.1%	+5.4%	-0.6%	-8.1%	-3.3%
YTD 2023	4,555	+0.4%	+7.2%	+7.6%	-0.8%	-2.2%	+4.6%

1. Adjusted measures are defined on page 6.

Health net revenue grew +5.4% on a LFL basis in Q3 to £1,482m. This reflected volume growth of +0.3% and price / mix improvements of +5.1%, benefitting from carry-over pricing actions from 2022.

OTC net revenue grew low double digits in Q3, with strong demand across Europe and Developing markets. In the US, we saw strong retailer sell in ahead of the upcoming cold and flu season and our recent innovation launches, including the Mucinex Instasoothe range, continue to support growth. In the remainder of the year, we face tough comparatives in our OTC portfolio due to a strong and early cold and flu season in Q4 last year.

Dettol was broadly stable in the quarter with continued growth and share gains across a number of markets and an improved performance from ASEAN, where we took prompt action to address specific in-market challenges in the first half of the year.

Our Intimate Wellness portfolio grew mid-single digits, with strong growth across South Asia, and strengthened competitiveness in China.

YTD Health net revenue grew +7.6% on a LFL basis, with price / mix improvements of +7.2% and volume growth of +0.4%. Growth was led by our OTC and Intimate Wellness brands.

Nutrition

16% of net revenue in Q3 2023

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q3 2023	571	-15.7%	+3.8%	-11.9%	-	-3.5%	-15.4%
YTD 2023	1,887	-8.8%	+8.1%	-0.7%	-	+1.9%	+1.2%

1. Adjusted measures are defined on page 6.

Nutrition net revenue declined -11.9% on a LFL basis in Q3 to £571m. Volume declined -15.7% as we lap peak market shares during the US competitor supply shortage in the prior year and as we no longer benefit from WIC sales in states where Reckitt does not hold the government contract. Price / mix improvements of +3.8% driven by price increases taken at the start of the year, across all geographies, in particular the US, where pricing actions were delayed in 2022 due to the infant formula shortage.

IFCN US net revenue declined double digits in the quarter, but we continue to maintain a market leading position with our Enfamil brand remaining the Number One Recommended Infant Formula by Paediatricians and the Number One Trusted by Consumers in the US.

Across Developing Markets, our LATAM business was stable and we have taken actions to improve future performance across certain ASEAN markets where we have faced some in-market challenges.

We expect to complete the year in a market leading position in the US, although the trends experienced in Q3 will continue in Q4 as we lap peak market shares during the competitor supply shortage in the prior year and no longer benefit from WIC sales in states where Reckitt does not hold the government contract.

YTD Nutrition net revenue declined -0.7% on a LFL basis, with price / mix improvements of +8.1% and volume decline of -8.8%.

Performance by Geography

	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q3 2023							
North America	1,202	-6.9%	+3.6%	-3.3%	-	-5.8%	-9.1%
Europe / ANZ	1,192	-2.8%	+11.8%	+9.0%	-0.7%	-6.9%	+1.4%
Developing Markets	1,206	-2.5%	+7.5%	+5.0%	-0.1%	-7.4%	-2.5%
Total	3,600	-4.1%	+7.5%	+3.4%	-0.2%	-6.8%	-3.6%
YTD 2023							
North America	3,702	-4.3%	+7.3%	+3.0%	-	+0.8%	+3.8%
Europe / ANZ	3,656	-2.9%	+12.4%	+9.5%	-0.7%	-1.4%	+7.4%
Developing Markets	3,688	-5.7%	+8.8%	+3.1%	-0.3%	-1.9%	+0.9%
Total	11,046	-4.3%	+9.4%	+5.1%	-0.3%	-0.8%	+4.0%

¹ Adjusted measures are defined on page 6.

North America Q3 net revenue declined -3.3% on a LFL basis driven by US Nutrition where we lap the temporary benefits from competitor supply issues in the prior year. This more than offset growth across our Hygiene brands of Lysol, Finish and Air Wick.

Europe / ANZ Q3 net revenue grew +9.0% on a LFL basis, with broad-based growth across markets. On a category basis, growth was led by Finish and our OTC brands.

Developing Markets Q3 net revenue grew +5.0% on a LFL basis, with growth across all regions except for ASEAN, which declined but saw improving trends as we address specific in-market challenges.

ALTERNATIVE PERFORMANCE MEASURES

Like-for-like (LFL): Net revenue growth or decline at constant exchange rates (see below) excluding the impact of acquisitions, disposals and discontinued operations. Completed disposals are excluded from LFL revenue growth for the entirety of the current and prior years. Acquisitions are included in LFL revenue growth twelve months after the completion of the relevant acquisition. LFL growth also excludes countries with annual inflation greater than 100% (Venezuela and Argentina).

Constant exchange rate (CER): Net revenue and profit growth or decline adjusting the actual consolidated results such that the foreign currency conversion uses the same exchange rates as were applied in the prior period.

Brand Equity Investment (BEI): BEI is the marketing support designed to capture the voice, mind and heart of our consumers.

IFRS to LFL reconciliation Q3 2023

	Hygiene £m	Health £m	Nutrition £m	Group £m
2022 Reported	1,527	1,533	675	3,735
M&A	-	(11)	-	(11)
Exchange	(47)	(35)	(21)	(103)
2022 LFL	1,480	1,487	654	3,621
2023 Reported	1,547	1,482	571	3,600
M&A	-	(2)	-	(2)
Exchange	53	87	5	145
2023 LFL	1,600	1,567	576	3,743
LFL growth	+8.1%	+5.4%	-11.9%	+3.4%

	North America £m	Europe / ANZ £m	Developing Markets £m	Group £m
2022 Reported²	1,323	1,175	1,237	3,735
M&A	-	(10)	(1)	(11)
Exchange	(46)	(15)	(42)	(103)
2022 LFL	1,277	1,150	1,194	3,621
2023 Reported	1,202	1,192	1,206	3,600
M&A	-	(2)	-	(2)
Exchange	33	64	48	145
2023 LFL	1,235	1,254	1,254	3,743
LFL growth	-3.3%	+9.0%	+5.0%	+3.4%

² 2022 comparatives restated by £6m for quarter (between North America and Europe) to reflect from 2023 a UK legal entity now operating an export business.

IFRS to LFL reconciliation YTD 2023

	Hygiene £m	Health £m	Nutrition £m	Group £m
2022 Reported	4,406	4,353	1,864	10,623
M&A	-	(38)	-	(38)
Exchange	18	32	27	77
2022 LFL	4,424	4,347	1,891	10,662
2023 Reported	4,604	4,555	1,887	11,046
M&A	-	(7)	-	(7)
Exchange	47	130	(9)	168
2023 LFL	4,651	4,678	1,878	11,207
LFL growth	+5.1%	+7.6%	-0.7%	+5.1%

	North America £m	Europe / ANZ £m	Developing Markets £m	Group £m
2022 Reported³	3,566	3,403	3,654	10,623
M&A	-	(27)	(11)	(38)
Exchange	62	23	(8)	77
2022 LFL	3,628	3,399	3,635	10,662
2023 Reported	3,702	3,656	3,688	11,046
M&A	-	(6)	(1)	(7)
Exchange	36	71	61	168
2023 LFL	3,738	3,721	3,748	11,207
LFL growth	+3.0%	+9.5%	+3.1%	+5.1%

³ 2022 comparatives restated by £19m for YTD (between North America and Europe) to reflect from 2023 a UK legal entity now operating an export business.