

26 April 2023



A STRONG START TO THE YEAR. NEW CEO ANNOUNCED

	Q1 2023				
	£m	LFL ¹	M&A	FX	Actual
Hygiene	1,591	+2.0%	-	+6.6%	+8.6%
Health	1,643	+12.5%	-1.2%	+5.9%	+17.2%
Nutrition	683	+11.9%	-	+10.7%	+22.6%
Total net revenue	3,917	+7.9%	-0.5%	+7.0%	+14.4%

1. Adjusted measures are defined on page 6.

Highlights:

- **Group like-for-like ('LFL') net revenue growth of +7.9%:** Broad-based growth across all Business Units and geographies. Price / mix was +12.4% benefitting from strong carry over pricing from H2 2022. Volumes declined by -4.5% with improving trends.
- **Hygiene LFL net revenue growth of +2.0%:** Strong growth in Finish, Harpic and Vanish led by innovation and penetration building initiatives. Lysol performed in line with expectations, with sequential improvement through the quarter, as it lapped the final quarter of tough Covid-related comparatives.
- **Health LFL net revenue growth of +12.5%:** Excellent performance across our OTC portfolio with +30% growth in the quarter. Intimate Wellness delivered mid-single digit growth. Dettol remains on track for growth in the year, despite a slight decline in the quarter.
- **Nutrition LFL net revenue growth of +11.9%:** Broad-based delivery with continued mid-single digit growth in developing markets and mid-teens growth in the US, due to restocking of retailer inventories and maintaining our market leading share position.
- **Outlook:** We now expect Group LFL net revenue growth of +3% to +5% for the year (including the lapping of the US Nutrition impact in 2022).
- **Kris Licht to become CEO.** Kris will become CEO-designate effective 1 May 2023 and will take over as CEO by the end of 2023.

Commenting on these results, Nicandro Durante, Chief Executive Officer, said:

“We have made a strong start to the year across each of our business units and geographies reflecting further delivery from the investments we have made. In particular, our innovation programme has seen good early success across multiple launches, including Air Wick Active Fresh and Air Wick Vibrant, Finish Ultimate Plus All-In-One, our Dettol long-lasting germ protection platform, and Durex Invisible. Further innovations are planned for the upcoming quarters.

I am encouraged to see improving volume and share trends across our Hygiene GBU. Lysol performed in line with expectations, and we continue to expect Lysol to return to growth from Q2 underpinned by improved distribution and innovation. Our OTC brands continue to perform well in a strong growth category, and our Enfa brands are maintaining their leading market share positions in the US. Europe delivered a strong quarter across Health and Hygiene and China is yet to show the full benefit of reopening.

Considering the strong start to the year, we are now targeting +3% to +5% Group LFL net revenue growth for the year, underpinned by our well supported and exciting innovation programme, a resilient supply chain and ongoing executional improvements.

We have announced today that Kris Licht, current President of our Health GBU, has been appointed as CEO designate and will succeed me as CEO. Having played a pivotal role in both the transformation strategy and the significant turnaround of our Health GBU over the last three years, Kris is the right leader to take Reckitt on the next stage of its exciting journey. I look forward to working with Kris to deliver a seamless and uninterrupted transition.”

CONFERENCE CALL DETAILS

We will be hosting a live audiocast followed by a Q&A session for analysts and investors at 08:30 (BST) on Wednesday 26 April 2023.

Please click on the link below to join the audiocast on the day.

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

Alternatively, dial in details are as follows:

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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.

OUTLOOK

- We have made a strong start across all our GBUs. We continue to expect more challenging competitive dynamics in our US Nutrition business in future quarters. We therefore 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 in line with or slightly above 2022 levels when excluding the one-off benefit of circa 80bps in 2022 related to US Nutrition. Within our guidance we expect to significantly increase BEI to support an exciting innovation programme in 2023.
- In the medium-term, as previously guided, we expect adjusted operating profit to grow ahead of net revenue growth, achieving mid-20s margins by the mid-2020s.

Other technical guidance

- Adjusted net finance expense is expected to be in the range of £270m to £300m (previously £270m to £310m).
- The adjusted tax rate is expected to increase to around 24% (no change).
- Capital expenditure is expected to be around 3% of net revenue (no change).

GROUP OVERVIEW

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q1 2023	3,917	-4.5%	+12.4%	+7.9%	-0.5%	+7.0%	+14.4%

1. Adjusted measures are defined on page 6.

Group net revenue of £3,917m grew by +7.9% on a LFL basis in the quarter, reflecting price / mix improvements of +12.4% and improving volume trends, with a decline of -4.5%. The volume decline in the quarter was led by Lysol, lapping tough comparatives.

Growth continued to be broad-based across the business. Our Hygiene GBU grew +2.0% in the quarter with double digit growth across most of the portfolio, reduced by high teens decline in Lysol. Health grew +12.5% with excellent growth in our OTC brands and a solid performance across our Intimate Wellness portfolio. China is yet to show the full benefit of re-opening. Nutrition delivered growth of +11.9% reflecting both a restocking of retailer inventories and sustained strong demand for our market leading brands in the US, and continued momentum in Developing Markets.

Total net revenue on an IFRS basis was up +14.4% reflecting foreign exchange tailwinds of +7.0%.

56% of our Core Category Market Units (CMUs), weighted by net revenue, held or gained share, on a three-month rolling basis (Dec 22 – Feb 23).

E-commerce LFL net revenue grew +9% in the quarter, further building on the growth of Q1 2022, and represents 13% of Group net revenue.

OPERATING SEGMENT REVIEW

Hygiene

41% of net revenue in Q1 2023

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q1 2023	1,591	-10.4%	+12.4%	+2.0%	-	+6.6%	+8.6%

1. Adjusted measures are defined on page 6.

Hygiene net revenue grew +2.0% on a LFL basis to £1,591m in the quarter. Volume declined -10.4% primarily driven by the decline in Lysol volumes as it lapped the final quarter of tough Covid-related comparatives. Price / mix improved by +12.4% reflecting strong carry over pricing taken during the second half of 2022.

49% of Core Hygiene CMUs, weighted by net revenue, gained or held share on a three-month rolling basis (Dec 22 – Feb 23), with improving sequential trends.

Finish net revenue grew double digits in the quarter with broad-based growth across developed and developing markets. The recent launch of “Finish Ultimate Plus All-in-One” in Europe, with ‘Cyclesync’ technology delivering our best clean, has made a strong start and is performing ahead of expectations. We have also made a good start in the US and are seeing improving market share trends.

Air Wick net revenue grew low-single digits, amidst some market softness in the air care category. During the quarter we launched multiple innovations including “Active Fresh”, our first non-aerosol based auto-spray combined with new natural and light fragrances, and Air Wick “Vibrant”, our most luxurious fragrance experience with 2x more essential oils and anti-fade technology.

In Lysol, our laundry sanitiser continues to drive category penetration, and disinfection wipes grew behind increased distribution in the US. Net revenue declined by high teens in the quarter, lapping the last of Covid-related comparatives in the first two months of the year. We expect to return to growth from the second quarter.

Vanish and Harpic delivered strong double-digit growth benefitting from new innovation launches, including Vanish Oxi Action Pink, “amazing stain removal even at 20 degrees Celsius”.

Health

42% of net revenue in Q1 2023

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q1 2023	1,643	+1.2%	+11.3%	+12.5%	-1.2%	+5.9%	+17.2%

1. Adjusted measures are defined on page 6.

Health net revenue grew +12.5% on a LFL basis to £1,643m in the quarter with +1.2% growth in volume and price / mix improvements of +11.3%

45% of Core Health CMUs (weighted by net revenue) gained or held share on a three-month rolling basis (Dec 22 – Feb 23) with continuing momentum but lapping high market shares in the comparative period.

Our OTC portfolio of brands delivered growth of +30% driven by a combination of higher incidences of cold and flu, and some retailer inventory rebuilding in Europe. Growth was broad-based across our key brands of Mucinex, Strepsils, Nurofen, Gaviscon and Biofreeze.

In Dettol we launched our Botanicals plant-based innovation and continued to roll out our new long-lasting germ protection platform. We continue to expect Dettol to be in growth for the year, more than mitigating the slight decline in Q1.

Intimate Wellness delivered mid-single digit growth in the quarter, with strong growth across Europe and most developing markets, aided by the launch of our latest “Invisible” innovation across multiple markets. Whilst we expect China to be a growth driver this year, it is yet to show the full benefit of re-opening post Covid-related lockdowns.

Our Vitamins, Minerals and Supplements portfolio declined high-single digits reflecting the overall category weakness in the US and China. We launched our new Airborne Immune Essential innovation, which delivers year-round immune support at great economic value, as well as Neuriva Ultra, a brain health supplement.

Nutrition

17% of net revenue in Q1 2023

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q1 2023	683	-3.4%	+15.3%	+11.9%	-	+10.7%	+22.6%

1. Adjusted measures are defined on page 6.

Nutrition net revenue grew +11.9% on a LFL basis to £683m in the quarter. Price / mix improvements reflects mix benefit from residual WIC sales in states where Reckitt does not hold the government contract and the implementation of delayed pricing actions from 2022, taken at the start of February in the US market. Volume declined -3.4%.

93% of Core Nutrition CMUs (weighted by net revenue) gained or held share on a three-month rolling basis (Dec 22 – Feb 23).

US net revenue grew by mid-teens in the quarter, with strong growth across both our core Infant Formula and Speciality segments. We benefited from restocking of retailer inventories due to the competitor supply disruption last year, and have maintained our market leading share position of non-WIC formula with our Enfamil brand remaining the Number One Recommended Infant Formula by Paediatricians and the Number One Trusted by Consumers in the US.

Our Developing Markets business grew net revenue mid-single digits as we continue to drive momentum through improved in-market execution across our key markets of Mexico, Thailand and the Philippines.

Performance by Geography

Net revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	Actual
Q1 2023							
North America ²	1,326	-5.6%	+10.8%	+5.2%	-	+10.4%	+15.6%
Europe / ANZ ²	1,322	-0.7%	+14.7%	+14.0%	-0.7%	+5.3%	+18.6%
Developing Markets	1,269	-7.1%	+11.9%	+4.8%	-0.7%	+5.1%	+9.2%
Total	3,917	-4.5%	+12.4%	+7.9%	-0.5%	+7.0%	+14.4%

1. Adjusted measures are defined on page 6.

2. 2022 comparatives restated by £8m (between North America, and Europe) to reflect from 2023 a UK legal entity now operating an export business, which had historically been transacted by a US legal entity.

North America Q1 net revenue grew +5.2% on a LFL basis, with strong growth in our Nutrition, OTC and auto-dish washing brands, offset by declines in Lysol due to tough Covid-related comparatives.

Europe / ANZ Q1 revenue grew +14.0% on a LFL basis, with broad-based growth across all of our larger markets. On a category basis growth was led by our OTC portfolio, Durex, Finish and Vanish. The significant improvement in volume versus Q4 2022 was driven by strong OTC-led volume growth in our Health GBU and improving trends in Hygiene.

Developing Markets Q1 revenue grew +4.8% on a LFL basis, driven by Latin America, Africa Middle East and South Asia, offset by a slower start in ASEAN given tough Covid-related comparatives for Dettol. Whilst we expect China to be a growth driver this year it is yet to show the full benefit of reopening for Dettol and Durex.

OTHER MATTERS

Russia

Reckitt is continuing the process aimed at transferring ownership of its Russian business, which may include a transfer to a third party or to local employees.

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.

Other definitions and terms

Category Market Unit (CMU): Reckitt analyses its market share by CMUs, which represent country and either brand or category, e.g., US Lysol. This allows us to analyse the components of market share growth taking into account both geography and brand/category. Management has identified those Core CMUs that are the most strategically important. The list of Core CMUs is kept under continual review and will change over time based on strategic decisions. Currently, Core CMUs cover c.65% of Group net revenue and between c.55% to c.80% of each Global Business Unit's (GBU) net revenue. As a measure of competitiveness, management tracks the percentage of Core CMUs holding or gaining market share, weighted by net revenue.

E-commerce: E-commerce channel net revenue is direct sales from Reckitt to online platforms or directly to consumers. Estimates of total e-commerce sales as a percentage of Group net revenues are calculated by adding e-commerce channel net revenue to an estimate of e-commerce sales achieved by our brands through omnichannel distributors and retailer websites.

IFRS to LFL reconciliation

	Hygiene £m	Health £m	Nutrition £m	Group £m
2022 Reported	1,465	1,402	557	3,424
M&A	-	(17)	-	(17)
Exchange	73	66	39	178
2022 LFL	1,538	1,451	596	3,585
2023 Reported	1,591	1,643	683	3,917
M&A	-	(4)	-	(4)
Exchange	(22)	(7)	(16)	(45)
2023 LFL	1,569	1,632	667	3,868
LFL growth	+2.0%	+12.5%	+11.9%	+7.9%

	North America £m	Europe / ANZ £m	Developing Markets £m	Group £m
2022 Reported¹	1,147	1,115	1,162	3,424
M&A	-	(8)	(9)	(17)
Exchange	95	37	46	178
2022 LFL	1,242	1,144	1,199	3,585
2023 Reported	1,326	1,322	1,269	3,917
M&A	-	(3)	(1)	(4)
Exchange	(19)	(15)	(11)	(45)
2023 LFL	1,307	1,304	1,257	3,868
LFL growth	+5.2%	+14.0%	+4.8%	+7.9%

1. 2022 comparatives restated by £8m (between North America, and Europe) to reflect from 2023 a UK legal entity now operating an export business, which had historically been transacted by a US legal entity.