



# H1 2024 RESULTS & STRATEGIC UPDATE

24 JULY 2024



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## Cautionary note concerning forward-looking statements

This presentation 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.

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# KRIS LICHT

Chief Executive Officer



# AGENDA



**Key H1  
messages**



**Financial  
review and  
outlook**



**Strategic  
update**

# KEY H1 MESSAGES



**H1 broadly in line with our expectations**



**Updated full year guidance**



**Positive underlying momentum**



**Increased dividend**

**Next share buyback programme**



# SHANNON EISENHARDT

Chief Financial Officer



# GROUP SUMMARY: H1 IN LINE WITH OUR EXPECTATIONS

H1 2024

Q2 2024

LFL NR growth  
**+0.8%**

Net revenue

**£7,167M**

IFRS net revenue decline of (3.7)%

Gross profit margin

**60.6%**

+120bps vs PY

LFL NR growth  
**0.0%**

Volume

**(1.3)%**

Adjusted operating profit (AOP)

**23.5%**

(30)bps vs PY

IFRS operating profit

**£1,678M**

Volume

**(2.2)%**

(1.3)% excluding Brazil SAP impact

Price/Mix

**+2.1%**

Free cash flow

**+8%**

£821M

Adjusted diluted EPS

**161.3p**

(6.8)% vs PY

Price/Mix

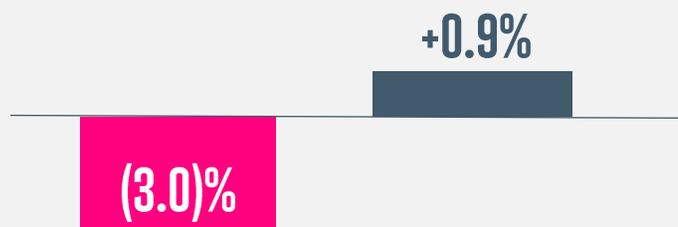
**+2.2%**

# VOLUME TRENDS – CONTINUED SEQUENTIAL IMPROVEMENT

## Hygiene



Sequential improvement, back to growth



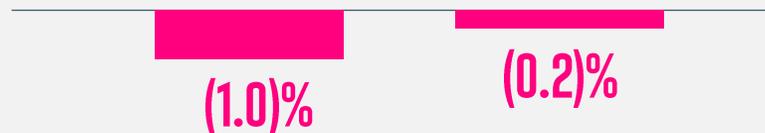
H2 23

H1 24

## Health



Broad-based growth offset by seasonal OTC



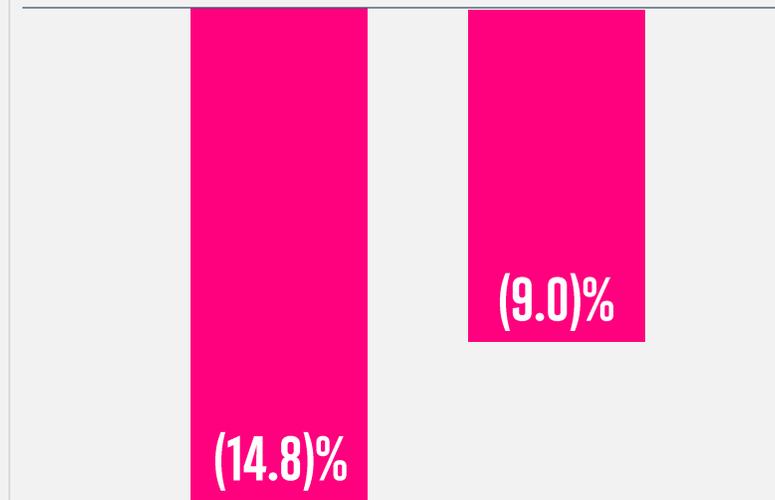
H2 23

H1 24

## Nutrition



Normalising from ongoing rebasing of US



H2 23

H1 24

# GROUP MARKET SHARE IMPACTED BY NUTRITION

% Core CMUs gaining / holding share YTD

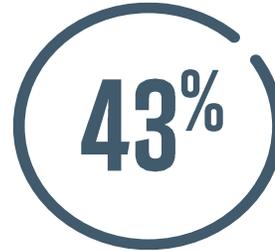
## HYGIENE



(FY23: 47%)

- Holding total value market share YTD
- Competitive market conditions in Developed Markets

## HEALTH



(FY23: 46%)

- Holding total value market share YTD
- Broad based improving trends across markets and categories

## NUTRITION

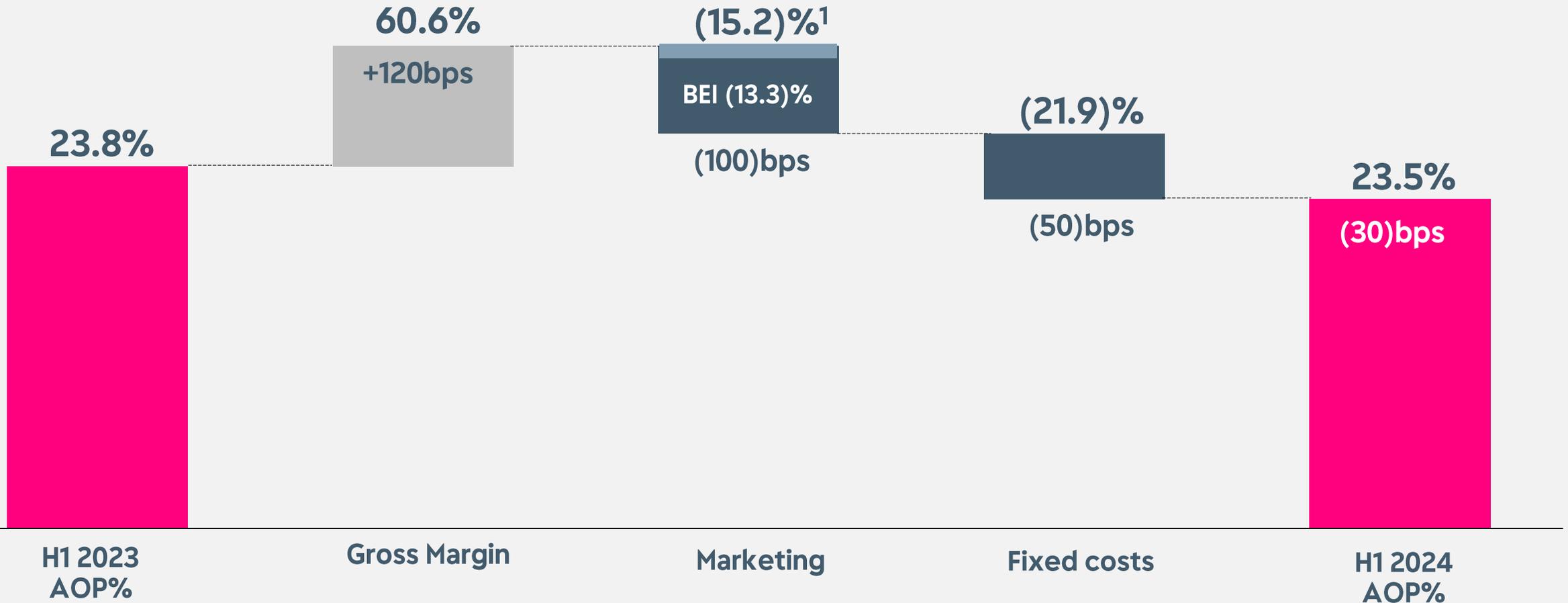


(FY23: 37%)

- US market shares stabilising at c.39%
- Rebasing vs 2023 H1

Group 38% (FY23: 44%)

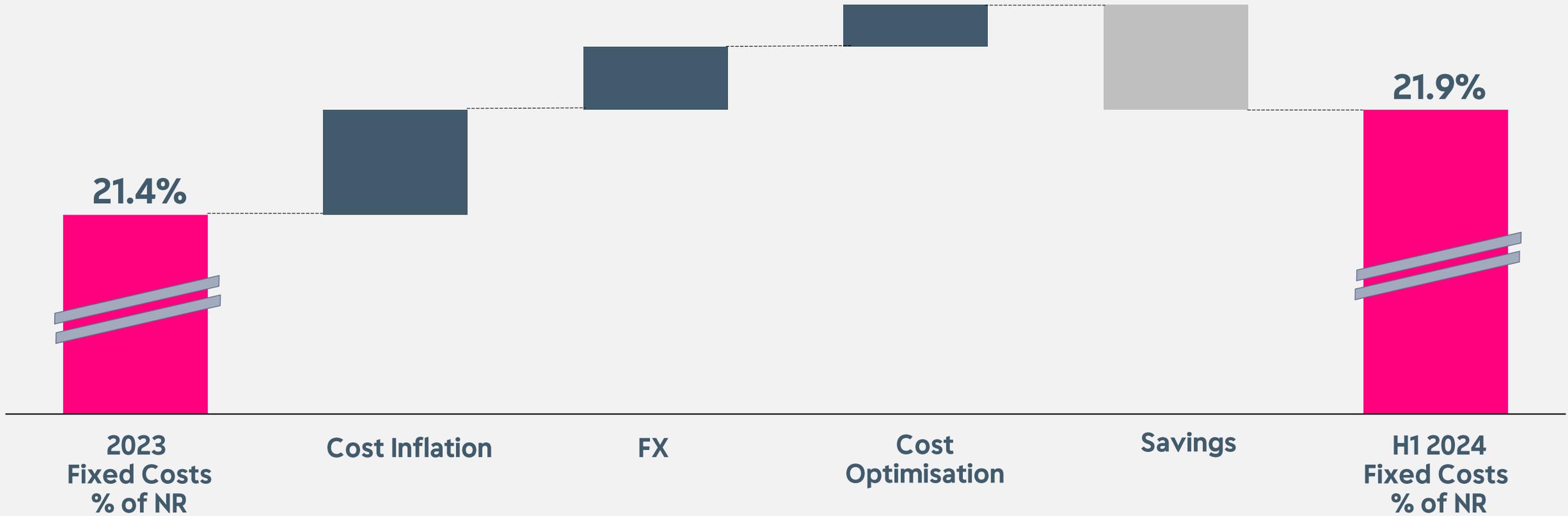
# ADJUSTED OPERATING MARGIN – GM EXPANSION FUNDS INCREASED BEI



Calculations of adjusted measures are presented within the H1 2024 results announcement

<sup>1</sup> Includes 1.9% of Non-BEI Marketing

# FIXED COSTS – MITIGATING INFLATION WITH COST OPTIMISATION



Calculations of adjusted measures are presented within the H1 2024 results announcement

# HYGIENE - GROWING VOLUMES & REVENUE

H1 2024

Q2 2024



Net  
revenue

**£3,060M** PY:  
£3,057m



Volume  
**+0.9%**

Adjusted  
operating  
profit (AOP)

**£654M** +18.6% vs PY  
at constant FX

Volume  
**(1.1)%**

+0.9% excluding Brazil SAP impact

Price/Mix  
**+3.6%**

AOP  
margin

**21.4%** +230bps vs PY

Price/Mix  
**+3.0%**

# HEALTH - OFFSETTING SEASONAL OTC WITH STRONG VOLUME

H1 2024

Q2 2024

LFL NR growth

**+1.3%**

Net  
revenue

**£2,941M** PY:  
£3,073m

LFL NR growth

**+1.7%**

Volume

**(0.2)%**

Adjusted  
operating  
profit (AOP)

**£819M** (0.8)% vs PY  
at constant FX

Volume

**(0.4)%**

Price/Mix

**+1.5%**

AOP  
margin

**27.8%** (90)bps vs PY

Price/Mix

**+2.1%**

# NUTRITION - CONTINUED REBASING OF US BUSINESS

H1 2024

Q2 2024

LFL NR growth  
**(9.0)%**

Net  
revenue

**£1,166M**

PY:  
£1,316m

LFL NR growth  
**(8.1)%**

Volume

**(9.0)%**

Adjusted  
operating  
profit (AOP)

**£210M**

(29.4)% vs PY  
at constant FX

Volume

**(8.6)%**

Price/Mix

**0.0%**

AOP  
margin

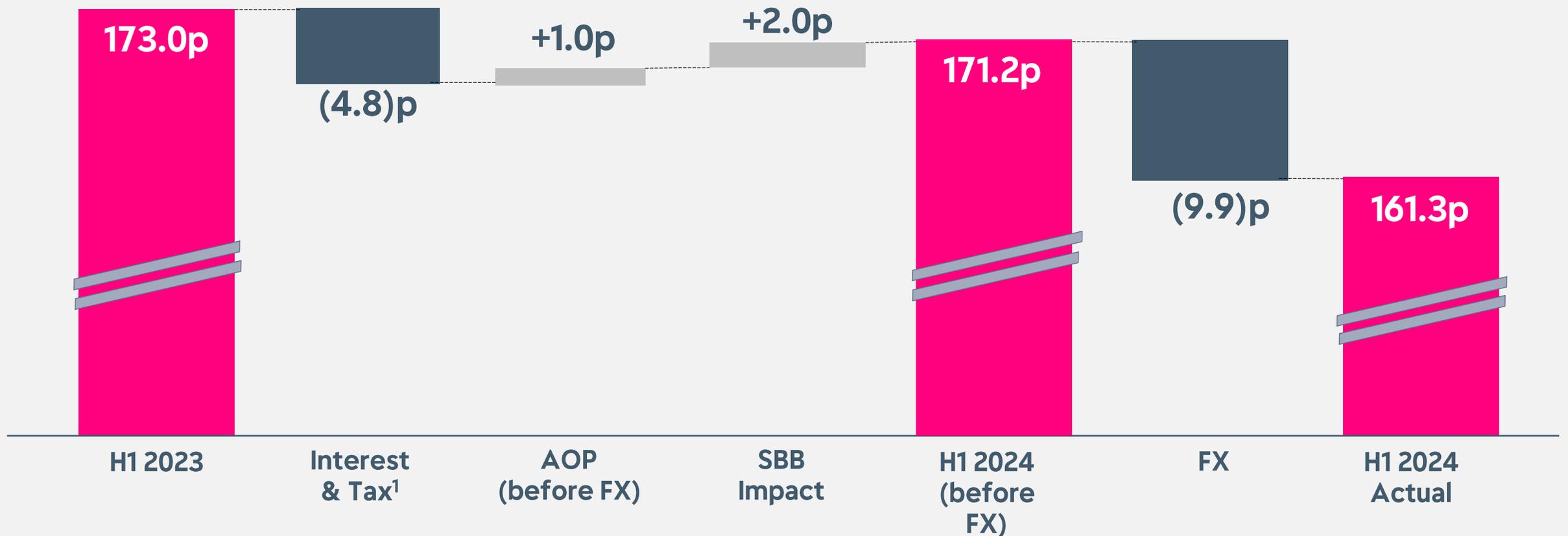
**18.0%**

(510)bps vs PY

Price/Mix

**+0.5%**

# ADJUSTED DILUTED EPS – BROADLY FLAT EARNINGS REDUCED BY FX



Calculations of adjusted measures are presented within the H1 2024 results announcement

<sup>1</sup> Includes +1p impact from NCI

# +100% INCREASE IN CASH RETURNS

## FREE CASH FLOW



Strong free cash generation

—  
**+8%**  
(vs PY)

## NET DEBT



Target single-A credit rating

—  
Leverage **2.2x**  
(vs **2x** PY)

## DIVIDEND



Progressive dividend policy

—  
**+5%**  
(vs PY)

## SHARE BUYBACK



**£0.8bn** purchased in H1

**Second £1bn 12-month programme** to start immediately

# MOUNT VERNON – TORNADO UPDATE

## Operational Update

- MJN 3<sup>rd</sup> party warehouse located in Mount Vernon sustained significant tornado damage on July 9<sup>th</sup>
- All employees safe
- Held finished goods and raw materials
- Short-term impact on sales as lost inventory needs to be replaced and manufactured
- Teams moved quickly to mitigate impact

## Financial Estimates

- Expect Nutrition LFL net revenue to decline low double digits in FY24
- Largest impact to be in Q3. Exact phasing being assessed
- Comprehensive insurance coverage expected to mitigate earnings impact; may experience timing lag for recognizing receivable

# 2024 OUTLOOK AND GUIDANCE

## Group LFL NR – reduced due to Nutrition

**+1% TO +3%**  
(Previously +2% TO +4%)

- + MSD growth in Hygiene and Health
- Low DD decline in Nutrition

## Adjusted operating profit

**AOP GROWTH AHEAD OF NR GROWTH**



Adjusted net finance expense

**£300M – £320M**



Capex as % of net revenue

**3% – 3.5%**



Adjusted tax rate

**25% – 26%**



# KRIS LICHT

Chief Executive Officer



# A WORLD CLASS HEALTH & HYGIENE COMPANY



- Right Categories
- Right Powerbrands
- Right Team
- Right Structure

# IN OCTOBER WE SET OUT OUR STRATEGIC PRIORITIES



**Portfolio value creation**  
applying three clear principles



**Product superiority**  
to delight consumers and grow our categories



**Win in market**  
by more consistently executing with excellence



**Fixed cost optimisation**  
to fuel growth and earnings

**Significant progress made on all four priorities**

# TODAY'S UPDATE FOCUSED ON PORTFOLIO & ORGANISATION ACTIONS



**Portfolio value creation**  
applying three clear principles



Product superiority  
to delight consumers and grow  
our categories



Win in market  
by more consistently  
executing with  
excellence

Progress update to be provided at  
year end



**Fixed cost optimisation**  
to fuel growth  
and earnings

# OUR THREE PRINCIPLES OF PORTFOLIO VALUE CREATION



**Long-term  
runway for  
growth**



**Attractive  
earnings  
model**



**Enduring  
competitive  
advantage**

**Governs our organic and inorganic capital allocation priorities**  
**Every brand needs to earn its place in our portfolio**

# MOVING TO A SHARPER CORE PORTFOLIO

## Core Reckitt

World-class portfolio of high-growth & high-margin Powerbrands



Long-term runway for growth



Attractive earnings model



Enduring competitive advantage

FY23 Net Revenue £10.3bn | c.7% NR CAGR<sup>1</sup>

## Non-core

### ESSENTIAL HOME

- A stable and resilient international portfolio
- Large and attractive Home Care category
- Attractive margins
- High cash generation

### MEAD JOHNSON NUTRITION

- Leading Nutrition business
- Portfolio of strong global and local brands
- Good growth, good margins

# SELF-CARE – 34% OF THE SHARPENED PORTFOLIO

## Mucinex

### #1

Global Cough & Decongestants



## Strepsils

### #1

Global Medicated Sore Throat



## GAVISCON

### #1

Global Upper Gastrointestinal



## NUROFEN

### #1

European Pain Relief<sup>1</sup>



Fundamentally attractive category  
c.7% NR CAGR<sup>2</sup>

Advantaged portfolio

High gross margin

Branded player claims based on aggregated data from either Nicholas Hall or Nielsen, in each case, for the relevant category and geographic focus

1 - Systemic Analgesics | 2 LFL net revenue CAGR FY 2023 vs FY 2018

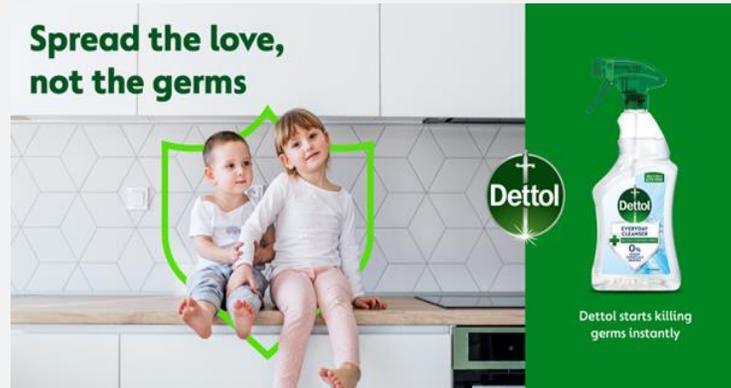
# GERM PROTECTION – 31% OF THE SHARPENED PORTFOLIO



Global Disinfection



Global Antiseptic Liquid



Global Lavatory Care



Fundamentally attractive category  
c.7% NR CAGR<sup>1</sup>

Advantaged portfolio

High gross margin

Branded player claims based on aggregated data from Nielsen, in each case, for the relevant category and geographic focus

1 - LFL net revenue CAGR FY 2023 vs FY 2018

# HOUSEHOLD CARE – 22% OF THE SHARPENED PORTFOLIO



#1

Global Auto Dishwash



#1

Global Fabric Additives



Fundamentally attractive category  
c.8% NR CAGR<sup>1</sup>

Advantaged portfolio

High gross margin

Branded player claims based on aggregated data from Nielsen, in each case, for the relevant category and geographic focus

1 - LFL net revenue CAGR FY 2023 vs FY 2018

# INTIMATE WELLNESS – 13% OF THE SHARPENED PORTFOLIO



Global Condom



Global Depilatories



Fundamentally attractive category /  
c.7% 3YR NR CAGR (FY 2023 vs FY 2020)

Advantaged portfolio

High gross margin

Branded player claims based on aggregated data from Nielsen, in each case, for the relevant category and geographic focus  
c.4% LFL net revenue 5yr CAGR FY2023 vs FY 2018 (excludes disposed brands previously included in LFL in years before sale)

# A WORLD CLASS PORTFOLIO

## COHESIVE PORTFOLIO

- Proven playbook
- Faster growth
- Higher margins
- Synergies across science platforms
- Scale across the value chain
- Common go-to-market
- Similar consumer Mega Trends

# WE CREATE AND GROW POWERBRANDS

## The Reckitt Playbook

### CONSUMER OBSESSED

- Deep consumer insights
- Evolving category needs
- Understanding demand spaces

### ICONIC BRAND BUILDING

- Creating and growing categories
- Global brand building
- Local heroes

### PLATFORM INNOVATION

- Science platforms
- Fewer, bigger, better
- Break through propositions

### EXECUTION EXCELLENCE

- Global success model
- Local success model
- Excellence at shelf and on screen

**Household penetration, premiumisation, category creation**

# WE CONTINUE TO BENEFIT FROM A SCALED GLOBAL FOOTPRINT

## North America

Net Revenue  
(FY23)

£2.8bn

LFL Net Revenue  
CAGR (FY18-FY23)

c.+5%



Top markets



## Europe

Net Revenue  
(FY23)

£3.6bn

LFL Net Revenue  
CAGR (FY18-FY23)

c.+7%



Top markets



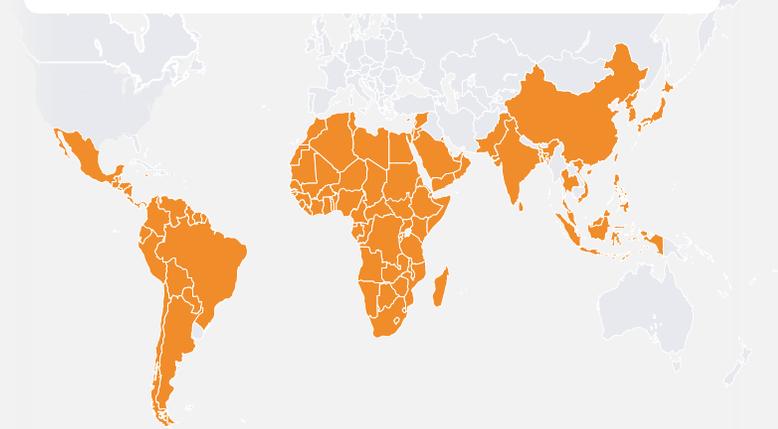
## Emerging Markets

Net Revenue  
(FY23)

£4.0bn

LFL Net Revenue  
CAGR (FY18-FY23)

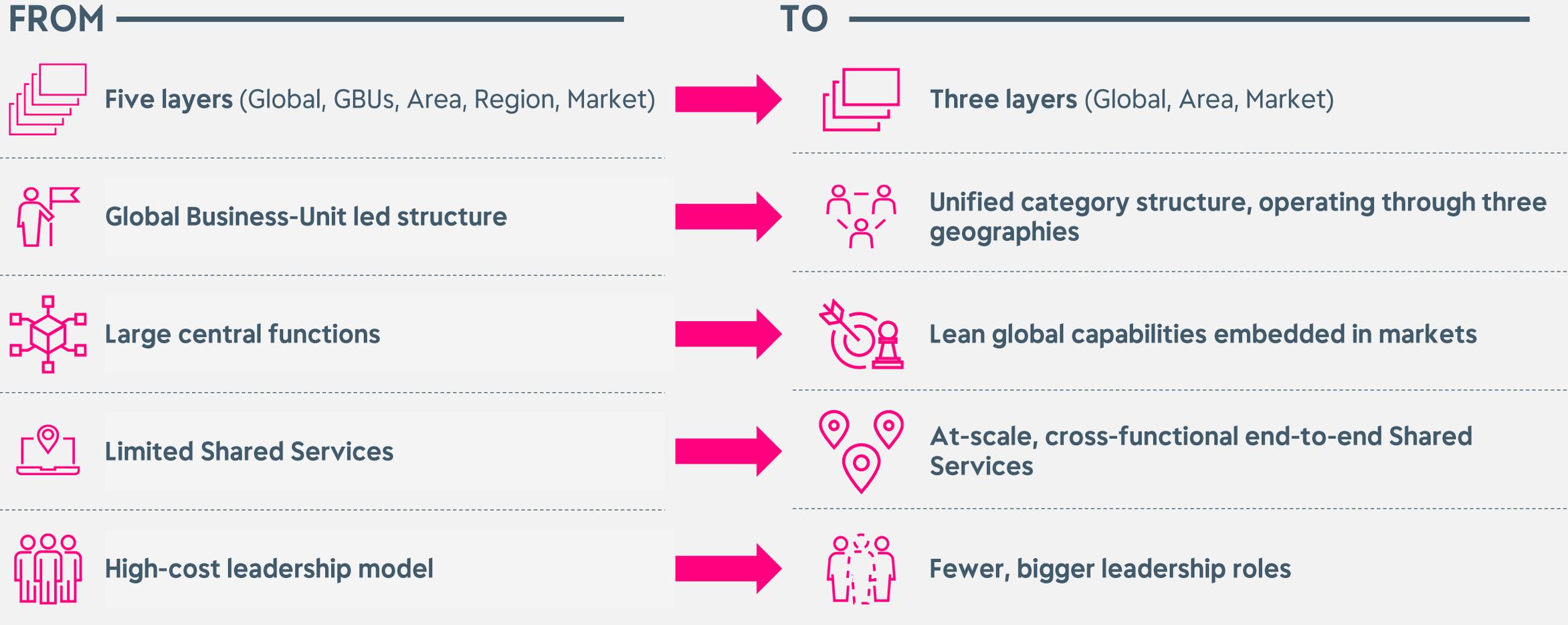
c.+8%



Top markets



# SIMPLIFIED ORGANISATION FOR FASTER DECISION MAKING



All proposals are subject to relevant employee representative and/or works council information and consultation, where applicable

# WE WILL RUN A SIMPLER, MORE EFFECTIVE ORGANISATION

## Group Executive Committee



**Delivering a step change in organisational effectiveness & greater proximity to the consumer**

# EXPERIENCED RECKITT OPERATORS TO DELIVER THIS OPPORTUNITY

CATEGORY

NORTH AMERICA

EUROPE

EMERGING MARKETS



Ryan Dullea

Jérôme Lemaire

Eric Gilliot

Nitish Kapoor

AVERAGE TENURE OF OUR LEADERS **22 YEARS**

# ESSENTIAL HOME

A stable and resilient international portfolio in the large home care category with attractive margins and high-cash generation



#1

Air Care (EU)



#1

Pest Control (Brazil)



#1

Water Softeners (EU)



#4

Surface Cleaning (EU)



## GEOGRAPHIES

North America

Europe

Latin America



LED BY  
PAOLO D'ORSO

Will be a turnkey business with dedicated R&D, multi-regional manufacturing footprint

FY23 Net Revenue  
£1.9bn

LFL NR CAGR<sup>1</sup>  
2%

# MEAD JOHNSON NUTRITION

Leading nutrition business with a portfolio of strong global and local brands



#1

Global infant formula brand



#1

US Allergy



This business will continue to be led by the same world-class management team



LED BY  
SUSAN SHOLTIS

FY23 Net Revenue  
£2.4bn

LFL NR CAGR<sup>1</sup>  
4%

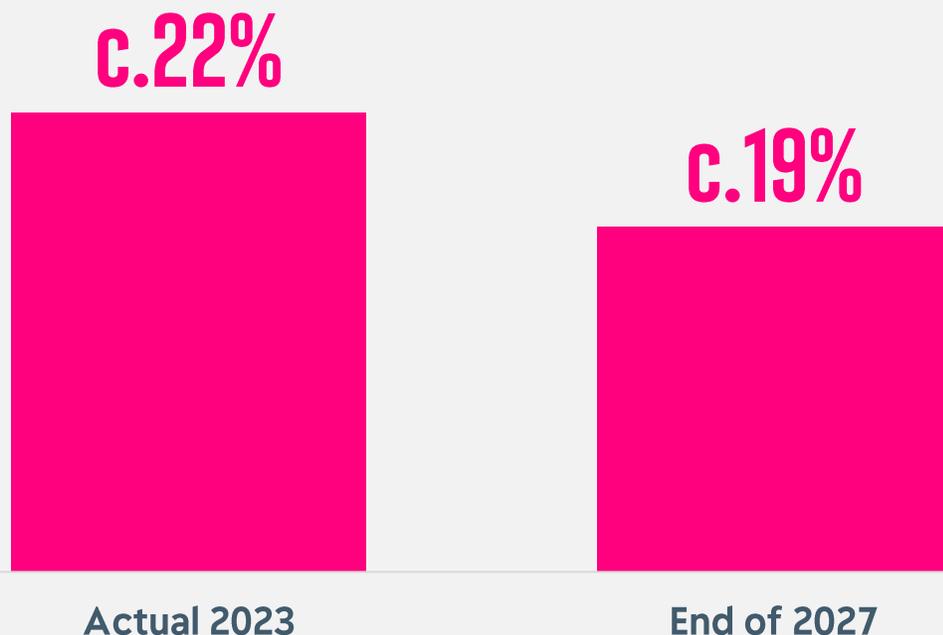
Branded player claims based on aggregated data from Nielsen, in each case, for the relevant category and geographic focus  
1 - LFL net revenue CAGR FY 2023 vs FY 2018



# FUEL FOR GROWTH – ENHANCED PROGRAMME FOR COST OPTIMISATION

## Fixed Costs Target

*(As % of Net Revenue)*



## Focus Areas for Fixed Cost Optimisation



Simplified Organisation



Right Size Investment



Automation and Shared Services



Digital and Generative AI

Estimated one-off cash restructuring and transformation costs of c.£1bn through end 2027

# CAPITAL ALLOCATION FRAMEWORK REMAINS CONSTANT



Investment in organic growth



Strong free cash conversion



Progressive dividend policy



Target single-A credit rating (leverage around 2x)



Manage the portfolio for value creation



Return cash to shareholders

**We will return surplus cash to shareholders, including any excess proceeds from future transactions**

# AN ATTRACTIVE EARNINGS MODEL

## NET REVENUE

Consumer preferred Powerbrands  
c.100 bps additive, MSD growth



## GROSS MARGIN

Attractive brands and categories c.61%



## MARKETING

Invest in our brands  
Funded by Fuel For Growth



## FIXED COSTS

Fuel For Growth program  
c.300bps savings by exit 2027 with end-state  
of c.19% of NR



## AOP

Grow ahead of NR growth



## EPS

Return to sustained growth



# NEW STRUCTURE FROM 1 JAN 2025

## THREE REPORTING SEGMENTS

**Reckitt**

**Essential Home**

**Mead Johnson  
Nutrition**

### 3 GEOGRAPHIC AREAS

**North  
America**

**Europe**

**Emerging  
Markets**



# KRIS LICHT

Chief Executive Officer



# SUMMARY

- **Reshaping the company as a world-class consumer Health and Hygiene organisation**
- **Significant sharpening of the brand portfolio**
- **Seek to exit Essential Home and consider all strategic options for Mead Johnson Nutrition**
- **Move to a simpler, more effective organisation**
- **Expand and accelerate the existing fixed cost optimisation initiative**
- **Capital allocation framework remains constant**

**Reshaping the company as a world-class consumer Health and Hygiene organisation**

# WHAT HAPPENS NEXT?

**Priority to deliver 2024**

**Plan will generate significant value but will take time to execute in full**

## Q3 Results

- Key appointments
- Update implementation
- Further detail on portfolio and organisation

## FY24 Results

- Further detail on portfolio and organisation
- Other priorities
- 2025 guidance

- Reporting of 3 segments
  - Reckitt
  - Essential Home
  - Mead Johnson Nutrition

**Commencing 1 Jan 2025**

