

RB Half Year 2019 Results Presentation



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30th July 2019



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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 RB (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 and social conditions in the key markets in which the Group operates; 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; interruptions in the Group’s supply chain and disruptions to its production facilities; the reputation of the Group’s global brands; and the recruitment and retention of key management.

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Rakesh Kapoor

Chief Executive Officer



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Laxman Narasimhan

Chief Executive Officer designate

New CEO

Key Messages

**Improve
Performance**



**Drive
RB2.0**



**Listen to employees
and the market**





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Rakesh Kapoor

Chief Executive Officer

RB 2.0



TRANSFORM RB



**STEP CHANGE CONSUMER
HEALTH WITH MJN**



**UNLEASH
HYGIENE HOME**

1
2
3



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Adrian Hennah

Chief Financial Officer

H1 2019 results

Income statement (reported)

Em	HY	
	2019	2018*
Net Revenue	6,240	6,138
Adjusted operating profit**	1,475	1,453
Adjusting items	(69)	(162)
Operating profit	1,406	1,291
Net finance expense	(144)	(180)
Profit before taxation	1,262	1,111
Taxation	(271)	(232)
<i>Tax Rate - Adjusted</i>	23%	23%
Non-controlling Interest	(12)	(12)
Continuing net income	979	867
Discontinued net income	(867)	(7)
Total net income	112	860
Adjusted net income**	1,032	991
Diluted EPS	15.8p	121.2p
Adjusted diluted EPS	145.4p	139.6p

* Restated for the adoption of IFRS 16: Leases

** Adjusted to exclude the impact of adjusting items

H1 2019 results

Sources of earnings growth

	HY 19
Net revenue	1%
Adjusted operating margin impact	-1%
Interest	2%
Taxation	-
Total adjusted net income at Constant FX	2%
FX	2%
Total adjusted net income at Actual FX	4%

Group revenue and profit – like-for-like and proforma

£m	Q2		HY	
	2019	2018	2019	2018*
Revenue	3,083	3,027	6,240	6,138
LFL%	-	4%	1%	3%
Gross Margin			3,757	3,710
Gross Margin %			60.2%	60.4%
BEI %			15.4%	15.3%
SG&A %			21.2%	21.4%
Adjusted Operating Profit**			1,475	1,453
Adjusted Operating Profit %			23.6%	23.7%

* Restated for the adoption of IFRS 16: Leases

** Adjusted to exclude the impact of adjusting items

H1 2019 results

RB Health – net revenue by category – proforma

	2018					2019			Total NR	HY 19
	Q1	Q2	Q3	Q4	FY	Q1	Q2	HY	£'bn	% total
Infant Nutrition	6%	9%	-6%	5%	3%	5%	-	2%	1.5	39%
OTC	5%	8%	6%	2%	5%	-9%	1%	-5%	0.9	23%
Other	-2%	-	2%	4%	1%	-	-3%	-1%	1.4	38%
RB Health	3%	5%	-	4%	3%	-	-1%	-1%	3.8	100%

H1 2019 results

RB Health Price / Mix and Volumes

%	Volume	Price / Mix	Total
Reported			
H1 19	-5%	4%	-1%
Q2 19	-5%	4%	-1%
Q1 19	-4%	4%	-
Pro forma			
FY 18	1%	2%	3%
Q4 18	1%	3%	4%
Q3 18	-1%	1%	-
Q2 18	2%	3%	5%
Q1 18	1%	2%	3%

H1 2019 results

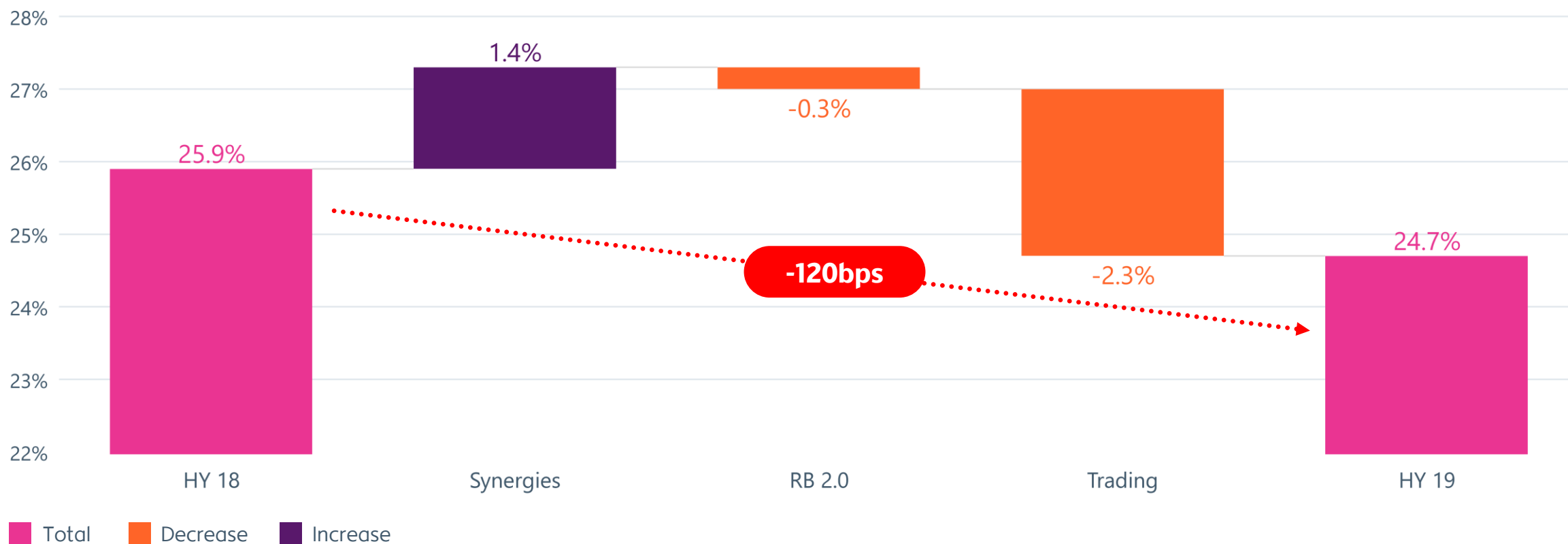
RB Health – net revenue by geography - proforma

	2018					2019			Total NR HY19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	HY	£'bn	% total
North America	4%	3%	6%	5%	4%	-11%	4%	-4%	0.9	23%
Europe	-4%	1%	-4%	-3%	-3%	-2%	-2%	-2%	1.0	26%
DVM	6%	8%	-1%	7%	5%	5%	-3%	1%	1.9	52%
Total	3%	5%	-	4%	3%	-	-1%	-1%	3.8	100%

H1 2019 results

RB Health HY margin analysis

Adjusted operating profit* bridge



* Adjusted to exclude the impact of adjusting items

H1 2019 results

MJN cost synergy delivery

£m	FY 17	FY 18	H1 19	Total	Guidance	
					GBP*	USD
Total	20	158	55	233	228	300

* Translated at weighted average rate (\$/£ 1.31)

H1 2019 results

RB Hygiene Home

	2018					2019			Total NR
	Q1	Q2	Q3	Q4	FY	Q1	Q2	HY	£'bn
RB Hygiene Home	4%	4%	4%	4%	4%	3%	3%	3%	2.4

H1 2019 results

RB Hygiene Home Price / Mix and Volumes

%	Volume	Price / Mix	Total
Reported			
H1 19	-1%	4%	3%
Q2 19	-1%	4%	3%
Q1 19	-1%	4%	3%
Pro forma			
FY 18	3%	1%	4%
Q4 18	1%	3%	4%
Q3 18	2%	2%	4%
Q2 18	5%	-1%	4%
Q1 18	5%	-1%	4%

H1 2019 results

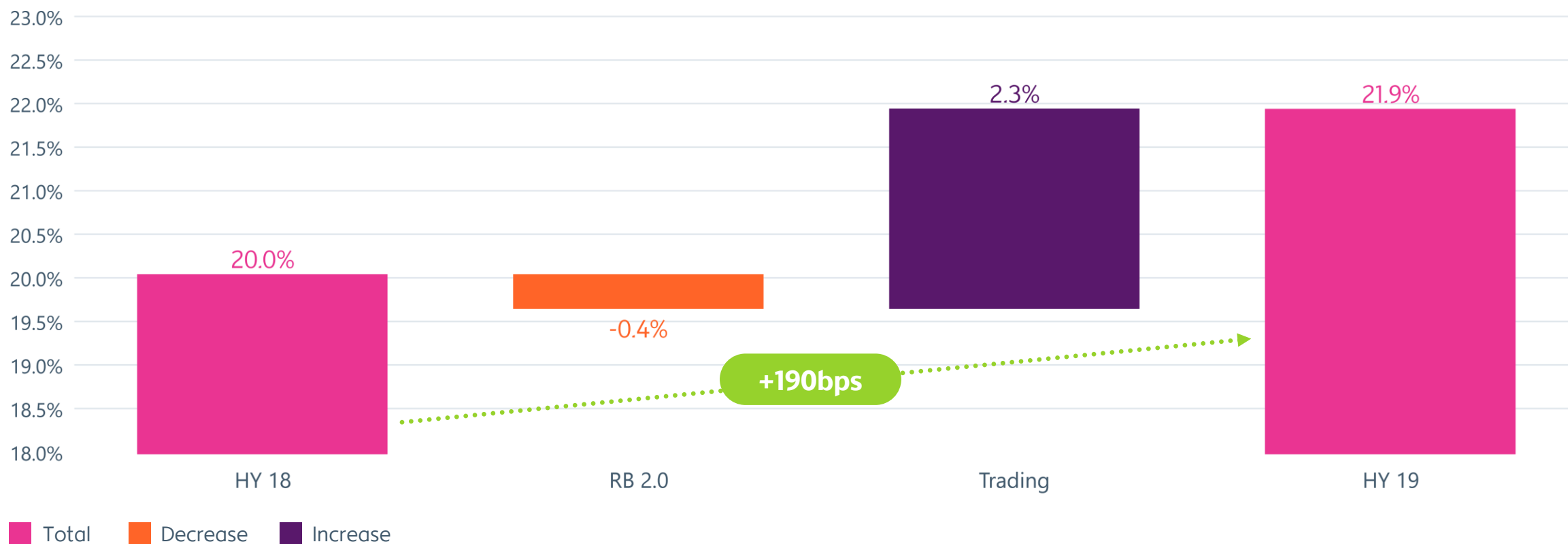
RB Hygiene Home – net revenue by geography

	2018					2019			Total NR	HY 19
	Q1	Q2	Q3	Q4	FY	Q1	Q2	HY	£'bn	% total
North America	8%	6%	5%	6%	6%	2%	2%	2%	0.8	31%
Europe	2%	-	-	-2%	-	-	3%	1%	1.0	44%
DVM	3%	10%	12%	11%	9%	9%	3%	6%	0.6	25%
Total	4%	4%	4%	4%	4%	3%	3%	3%	2.4	100%

H1 2019 results

RB Hygiene Home HY margin analysis

Adjusted Operating profit* bridge

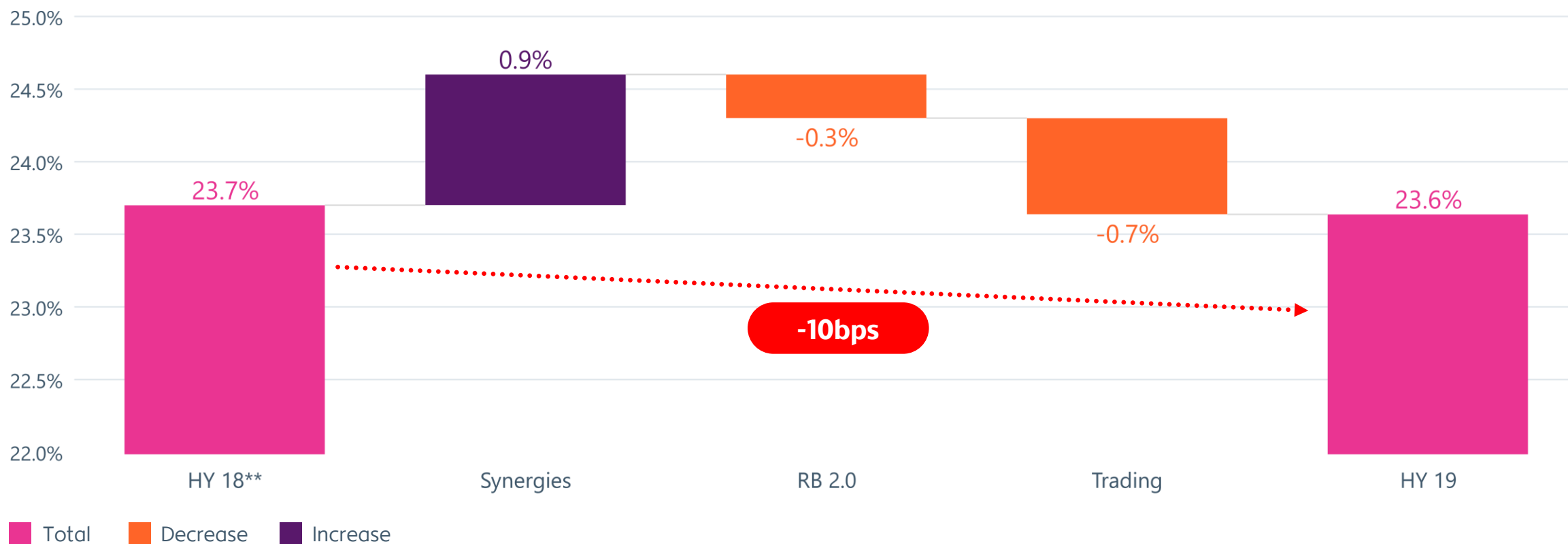


* Adjusted to exclude the impact of adjusting items

H1 2019 results

Group HY margin analysis

Adjusted Operating profit* bridge



* Adjusted to exclude the impact of adjusting items

** Restated for the adoption of IFRS 16: Leases

H1 2019 results

Net working capital

£m	HY 19	HY 18	FY 18
Inventory % to last 12 month revenue	1,334 11%	1,261 10%	1,276 10%
Receivables % to last 12 month revenue	2,074 16%	1,936 15%	2,097 17%
Payables % to last 12 month revenue	(4,856) -38%	(4,662) -37%	(4,811) -38%
Net working capital % to last 12 month revenue	(1,448) -11%	(1,465) -12%	(1,438) -11%

H1 2019 results

Free cash flow

£m	HY 2019	HY 2018*
Adjusted Operating Profit**	1,475	1,453
Share based payment	35	38
Depreciation and amortisation	174	158
Net capital expenditure	(152)	(166)
Movement in net working capital	(42)	78
Movement in provisions and other creditors	(21)	(9)
Trading cashflow	1,469	1,552
Exceptional cashflow	(106)	(92)
Operating Cashflow	1,363	1,460
Net interest paid	(129)	(175)
Taxation paid	(305)	(331)
Free Cashflow	929	954
Free Cashflow as % of Adjusted Continuing Net Income	90%	96%
Closing net debt	(10,545)	(11,095)

* Restated for the adoption of IFRS 16: Leases

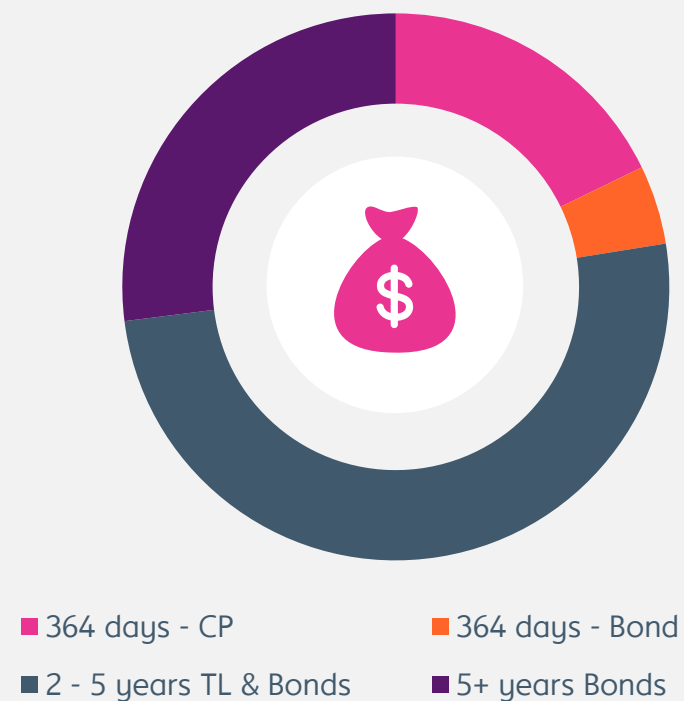
** Adjusted to exclude the impact of adjusting items

H1 2019 results

Analysis of net debt

Net Debt	Jun 2019
Gross debt (\$15.0bn)	£12.3bn
Cash	£1.8bn
Net debt	£10.5bn
Gross debt components	
Commercial paper - \$1.1bn & €1.4bn	\$2.7bn
USD B & C Term Loans	\$1.1bn
USD Bonds	\$11.3bn

Gross Debt - maturity profile



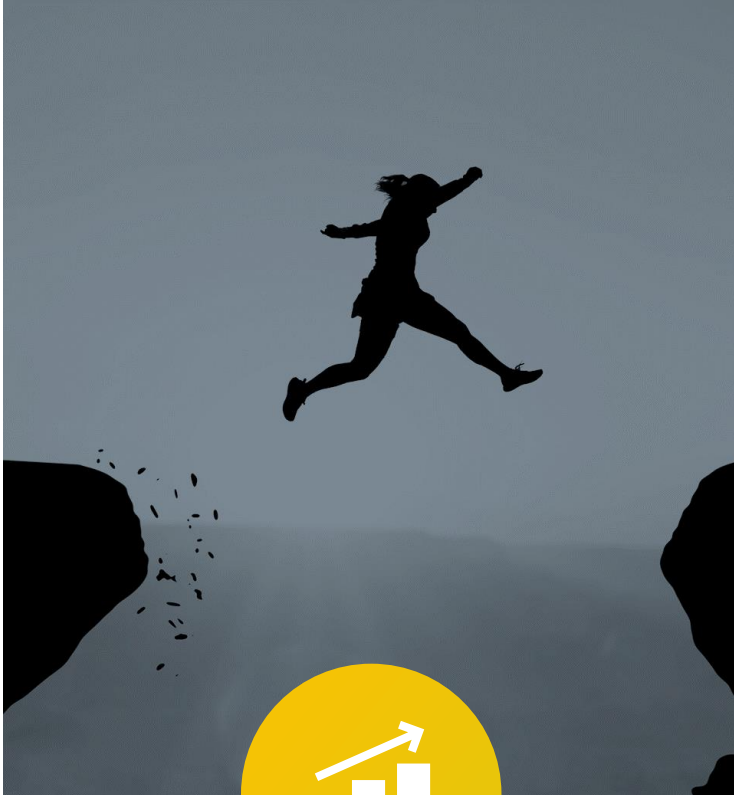


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Rob de Groot

President – Hygiene Home

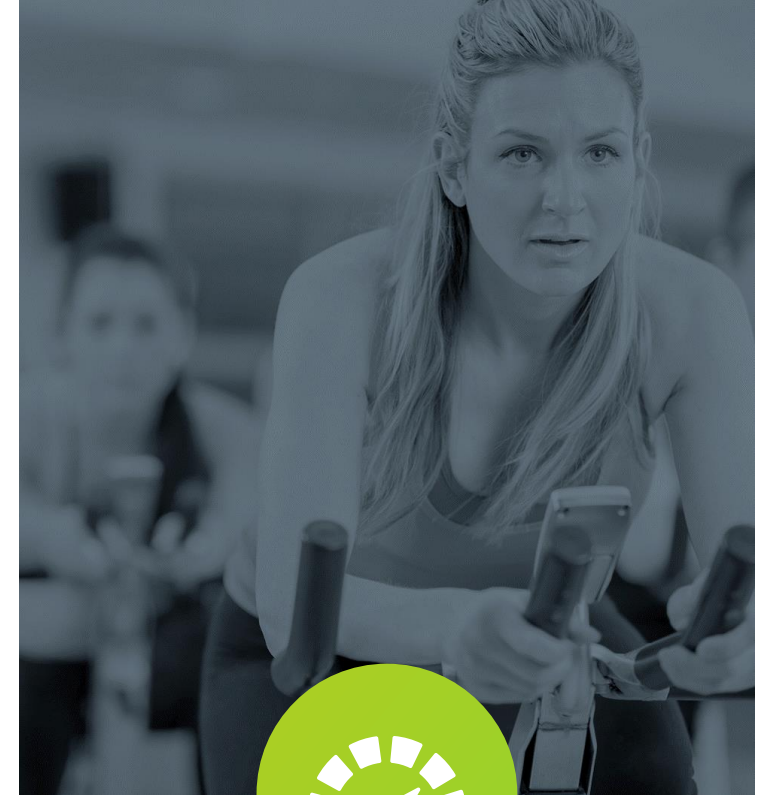
Potential



Purpose



Performance



Strong delivery in H1 2019

Net revenue

H1 2019
+3%

Q1
+3%

Q2
+3%

Margin

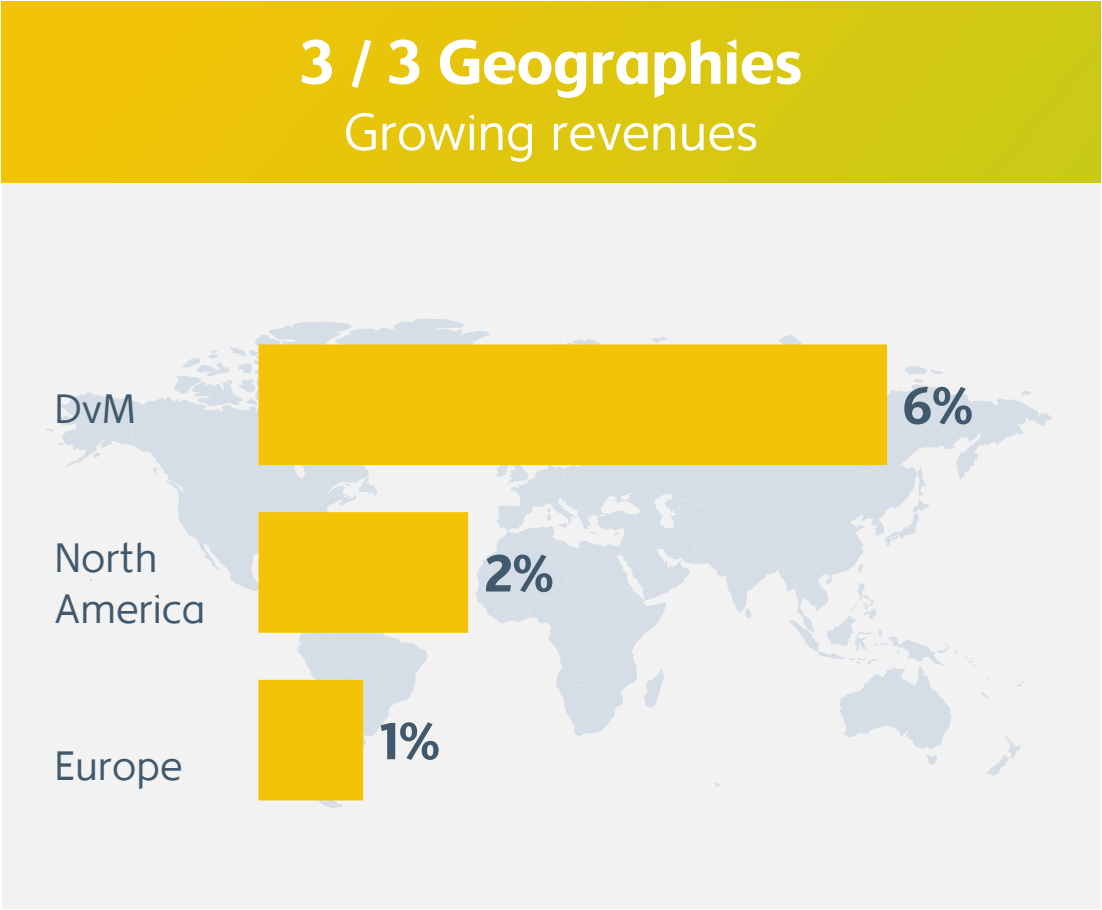
H1 2019
21.9%

H1 2019 vs. H1 2018
+190bps

Consistent, broad-base revenue growth

	2018					2019			Total NR	HY 19
	Q1	Q2	Q3	Q4	FY	Q1	Q2	HY	£'bn	% total
North America	8%	6%	5%	6%	6%	2%	2%	2%	0.8	31%
Europe	2%	-	-	-2%	-	-	3%	1%	1.0	44%
DVM	3%	10%	12%	11%	9%	9%	3%	6%	0.6	25%
Total	4%	4%	4%	4%	4%	3%	3%	3%	2.4	100%

Growth across geographies and Power Brands



Balanced price and volume-led growth over 2018 and 2019

	H1 '18	H2 '18	H1 '19	Cumulative H1 '18-H1 '19
Volume	5%	1%	-1%	1-2%
Price Mix	-1%	3%	4%	1-2%
Growth	4%	4%	3%	3-4%

Strategic growth drivers on track in H1 2019

Accelerating innovation



+50%

Growth from
pipeline vs. P2Y

Delivery On Track

Unlock emerging markets



>50%

Contribution to
total NR growth

e-Business growth



+40%

E-Business
Growth vs. PY

Delivering on our e-Business growth model

Dedicated organisation driving growth in priority markets



eBU Hubs in
Priority markets



~25%
to
~75%

Revenue growth vs. PY
H1 across all eBU Hubs

Whitespace expansion

with Hyper Targeting Top-of-Pyramid Consumers



Example: Air Wick, in India



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H1 2019 Highlights RB Hygiene Home

Innovations H2, 2019



Innovation highlights H1 2019

Developing markets

CHINA

Finish® All-in-One
for Compact
Dishwashers



BRAZIL

Veja® Power
Fusion



INDIA

Mortein® 2-in-1
Insect Killer



Superior solutions on big brands

Air Wick®
Essential
Mist AROMA



Vanish®
Improved
Performance GELS



Harpic® / Lysol
Platinum
Pro-Shield



Finish®
Quantum Ultimate



New consumer needs

Vanish®
0%



Finish®
0% range



Innovation for developing markets in H2 2019



India

Lizol® Surface Cleaner
for Cement



Asia

Vanish® Oxi Action
All in One



Brazil

SBP® Odourless
insect control range



Indonesia

Harpic® Bathroom Cleaner
with 10x better cleaning

Innovation in superior solutions for big brands in H2 2019



Vanish® Oxi Action Crystal White

Whites 10 shades whiter in 1 wash



Air Wick® Seasonal Devices

Airwick decorated electrical devices



Lysol® Free & Clear and Sport

Laundry sanitizers for new needs

Create a cleaner world

A black and white photograph of two young children, likely of African descent, smiling and hugging each other. The child on the left is slightly taller and has their arm around the shoulder of the child on the right. Both children are looking at each other and smiling broadly. The background is blurred, showing what appears to be a natural outdoor setting with trees or foliage.

**Eliminate dirt,
germs, pests & odour
that impact health
& happiness**

**Accelerate
hygiene foundations
across the world**

**Deliver
sustainable
outperformance**

Our differentiated purpose-led brands are a force for good



Expanding purpose across brands & geographies

2018

2019 and beyond



Ensure access to
hygienically clean toilets



Protect communities from
pest-borne disease



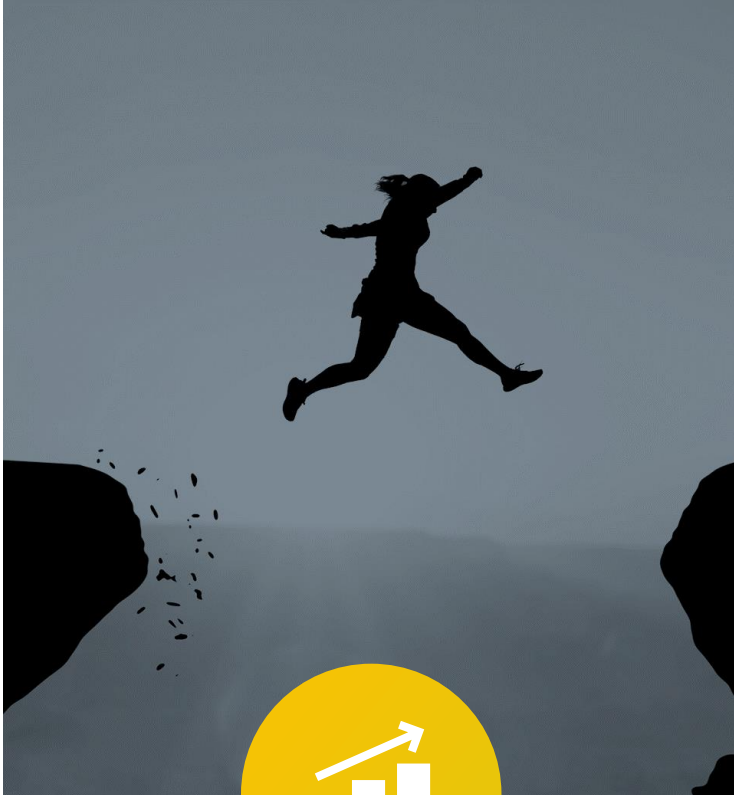
Keep your loved
ones illness free



Ease the burden
of dishwashing



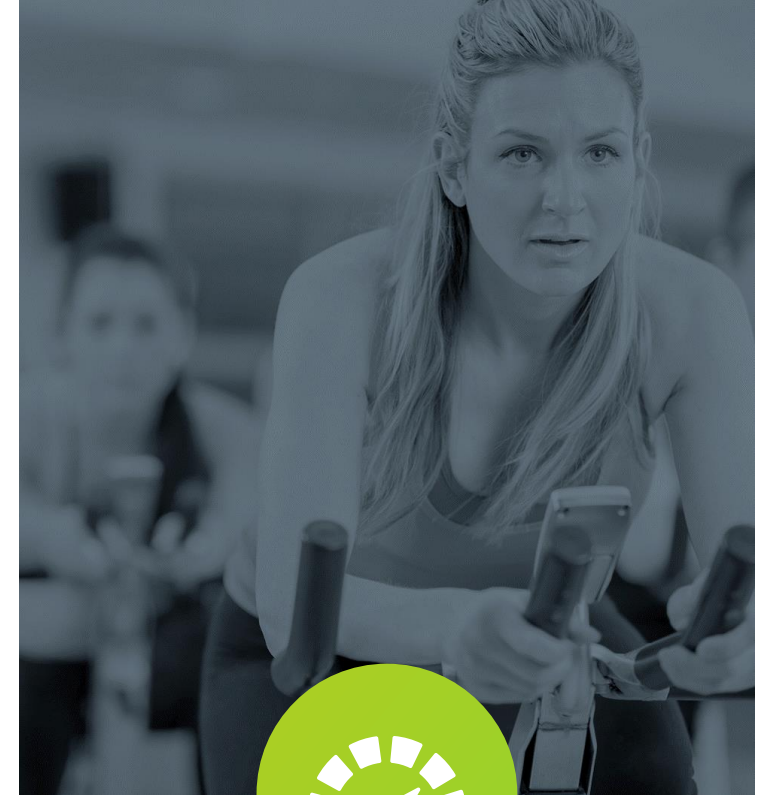
Potential



Purpose



Performance







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Aditya Sehgal

Chief Operating Officer – Health

Q2

Below expectations - DVM and 'other health'

		Q1	Q2	H1
 By geography	North America	-11%	+4%	-4%
	Europe/ANZ	-2%	-2%	-2%
	DvM	+5%	-3%	+1%
	Total	-	-1%	-1%
 By category	IFCN	+5%	-	+2%
	OTC	-9%	+1%	-5%
	Other	-	-3%	-1%
	Total	-	-1%	-1%

IFCN

In line with expectations

IFCN

2%

Q1: +5%




Q2: 0%

Share gain in USA behind
Neuropro

China on expectation

Improving **shares globally**

Market as expected

Birth rates 
Premiumization 
e-Commerce,
MBS and SHP segment 



Improving brand momentum

Supply normal in H2
Enfinitas equity strong
Improving shares
e-Commerce & go deep capabilities



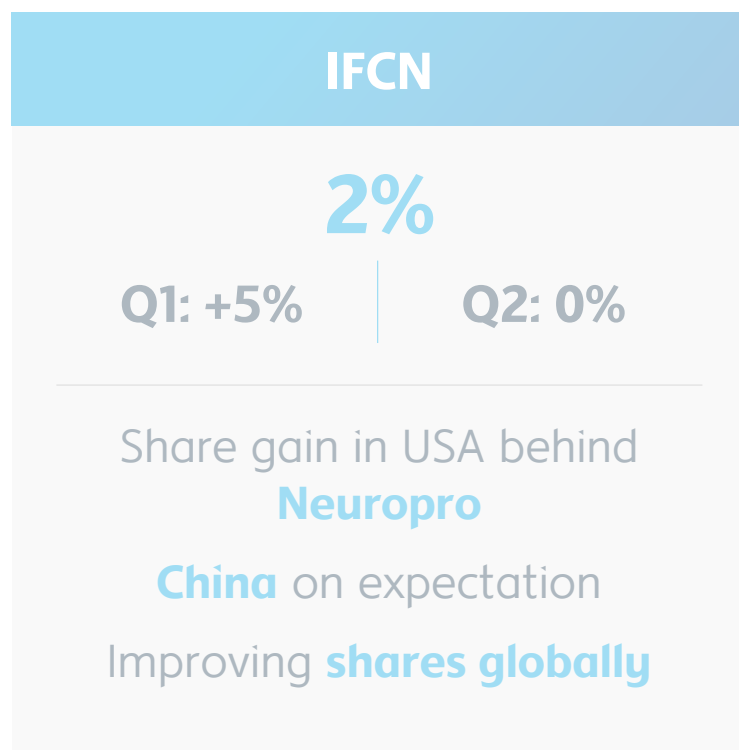
Strong pipeline in H2

Channel focused launches in H2



OTC

Strong performance in power brands, weaknesses in local brands



RB Health

Q1 0% | H1 -1% | Q2 -1%

IFCN

2%

Q1: +5% | Q2: 0%

Share gain in USA behind **Neuropro**

China on expectation

Improving **shares globally**

OTC

-5%

Q1: -9% | Q2: +1%

Mucinex growing and improving share

PowerBrands performed well

Slow Quarter for local brands

Other Health

-1%

Q1: 0% | Q2: -3%

Dettol – pricing actions in India, Asia and Africa

Durex – Increasing competitive intensity in China

Scholl – strategic re-focus continues

VMS – Neuriva - good start



Enfagrow Grass Fed

Superior brain development and 100% grass fed milk source in MBS channel in China



Enfagrow Pro Mental

Extending successful Neuro Pro model in Latam



Mucinex Nightshift

Cold & Flu/Sinus medicine for relief at night and better mornings



Dettol co-created with Moms range

Dettol protection with no compromise on safety, transparency and authenticity



Durex Fetherlite relaunch

Improved thinness for our Fetherlite range - China



Durex E-Commerce condoms

Large and customised pack for discreet delivery & storage

e-Commerce progress on track



**Leading e-Commerce healthcare
company, >£1Bn RSV***

**e-Commerce over 11%
of revenue**

e-Commerce No 3 'country'



2X Investments 2017-19

1,000 FTE in 2019

32D2C stores

** retail sales value, based on H1 2019 annualized*

Internal transformation to '21st century marketing' with over 40% of global media spend online

Consumer Obsessed MIND SET



100%

of brand marketing
upskilled in 21C

1,200

Team members trained

Brand Experience SKILL SET



AI CONSUMER INSIGHTS
tools for every category

Always-on
COMMS PLANNING
for every brand

10+ agile, in-house
CONTENT STUDIOS

Globally Connected TOOL SET



Centralized
1p, 2p, 3p data
for insights and audience building

Connected
Tech Stack
across all brands and channels

Disappointing Q2 results

Strong performance in USA

IFCN as expected

DVM and 'Other health' weak



Performance expected to sequentially improve in H2

Strong innovations
on IFCN and Mucinex

IFCN supply disruption in base

Dettol competitiveness in DVM
addressed

Strong BEI investment in H2



Continuing investment & focus to return to outperformance

Continued organization building
and stabilisation

Digital and eCommerce focus

Investment in capabilities
and resilience continues





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Adrian Hennah

Chief Financial Officer

Steps to structural independence



2018 - 2020

Completion of infrastructure

**Multiple
work
streams**



- ✓ Legal entity restructuring
- ✓ ERP systems
- ✓ Shared service
- ✓ Operating model
- ✓ Financial reporting
- ✓ Application separation and readiness
- ✓ Product lifecycle management

1,000+ FTEs working across 7 workstreams at peak times

2019 Updated Targets

Net revenue

at constant rates



+2-3% LFL

Operating margin

Adjusted to exclude the impact of adjusting items



Maintain

Q&A



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Appendices

Net revenue by geography (2018 proforma)

	2018					2019			Total NR HY 19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	HY	£'bn	% total
North America	5%	4%	6%	5%	5%	-5%	3%	-1%	1.6	26%
Europe	-1%	-	-2%	-2%	-1%	-1%	-	-	2.0	33%
DVM	5%	9%	2%	8%	6%	6%	-1%	2%	2.6	41%
Total	3%	5%	2%	4%	3%	1%	-	1%	6.2	100%

H1 2019 results

Group Price / Mix and Volumes

%	Volume	Price / Mix	Total
Reported			
H1 19	-3%	4%	1%
Q2 19	-3%	3%	-
Q1 19	-3%	4%	1%
Pro forma			
FY 18	2%	1%	3%
Q4 18	1%	3%	4%
Q3 18	-	2%	2%
Q2 18	3%	2%	5%
Q1 18	3%	-	3%

HY 2019 results

Analysis of adjusting items

£'m	Total Guidance	P&L HY 19	Total P&L to date	Total cash to date
Continuing operations				
Acquisition, integration and related restructuring	(390)	-	(333)	(275)
- BU optimisation		-	(40)	(25)
MJN synergies/RB2.0	(450)	(29)	(304)	(293)
Litigation provisions	(210)	-	(210)	(148)
Korea "HS"	(300)	-	(300)	(272)
MJN amortisation		(40)	(277)	n/a
		(69)		
Discontinued operations				
Gain on demerger of Indivior	1,282	-	1,282	n/a
Gain on disposal of Food	3,037	-	3,049	n/a
Litigation (DoJ / FTC) – USD400m	(296)	(867)	(1,163)	-
		(867)		

HY 2019 results

Reconciliation of Reported to Adjusted

£'m	Reported	Adjusting items			Adjusted
	2019	Exceptional	Other	Finance expense	2019
Operating profit	1,406	29	40	-	1,475
Net finance expense	(144)	-	-	25	(119)
Profit before taxation	1,262	29	40	25	1,356
Taxation	(271)	(7)	(9)	(25)	(312)
Non-controlling Interest	(12)	-	-	-	(12)
Continuing Net income	979	22	31	-	1,032
Discontinued Net income	(867)	867	-	-	-
Total Net Income	112	889	31	-	1,032

HY 2019 results

Reconciliation in Net Debt

£'m	2019
Opening net debt*	(10,746)
Free cashflow from continuing operations	929
Shares reissued	33
Purchase of investments and acquisition of businesses	(24)
Dividends paid	(724)
Exchange and other movements	23
Movement in lease liabilities	(36)
Closing net debt	(10,545)

* Restated for the adoption of IFRS 16, recognising £340m of lease liabilities as at 1 January 2019.

KCDC assessments

Round	Total Applicants	Applicants Assessed	Category I & II	Cat I & II percentage	Oxy RB Cat I & II	Application cut-off	Assessment completion (expected)
1	361	361	174	48%	140	Nov-12	Completed
2	169	169	53	31%	46	Oct-14	Completed
3	752	669	84	13%	76	Dec-15	Completed
3.1		165	42	25%	39		
3.2		188	21	11%	20		
3.3		99	3	3%	2		
3.4		205	18	9%	15		
3.5		12	-	-	-		
4*	5,194	4,236	163	4%	146	Ongoing	Ongoing
4.1		1,009	79	8%	73		
4.2		339	7	2%	7		
4.3		536	9	2%	8		
4.4		912	20	2%	17		
4.5		753	15	2%	14		
4.6		505	27	5%	24		
4.7**		-	-	-	-		
4.8		38	-	-	-		
4.9		144	6	4%	3		

Note: On 26 July 2019, the South Korean government announced 10 additional lung injury victims, from an additional 360 cases assessed for Round 4.10 categorisation. These results have not yet been updated on the KEITI website and are therefore not updated in the table above.

* Round 4 remains open to applicants. The number of applicants shown in the table are the applicants set out on the KEITI website as at 19 July 2019.

** Round 4.7 Asthma related injuries only.



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