

CHIEF EXECUTIVE OFFICER'S STATEMENT

A YEAR OF DELIVERY AND MOMENTUM



NICANDRO DURANTE
CHIEF EXECUTIVE OFFICER

Our growth strategy is delivering. The Group is now 28% larger than in 2019 on a like-for-like net revenue basis, driven by the strength of our iconic brands, which are often number one or two globally or in their markets.



CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Overview

Reckitt has a unique portfolio of brands that consumers love, trust and rely on to protect, heal and nurture millions of people each and every day.

Our brands are steeped in history and are iconic leaders in their categories, often ranked number one or two globally or in their markets. Each brand also has a specific fight, aligned with the Sustainable Development Goals, which helps to identify unmet opportunities. Our strong brands therefore have the equity to expand into adjacent categories, travel to new geographies, earn trust from new consumers and stand for something bigger.

That equity has helped drive growth in our market share and penetration and has allowed us to move into new spaces and places, deepening and broadening the reach of our trusted brands in high-growth categories.

Behind everything we do is our culture, which guides each of us to Own, Create, Deliver and Care. Our focus on sustainability steers our work towards a cleaner, healthier world through our purpose-led brands. Overall, we contribute to a healthier planet and a fairer society.

2022, a year of strong delivery in challenging conditions

When I took over as CEO in October 2022, it was immediately clear that our growth strategy is delivering. In 2022, amid an extremely challenging environment of high inflation, consumers facing cost-of-living pressures and global supply challenges, we delivered 7.6% like-for-like net revenue growth¹, a resilient gross margin performance and strong adjusted operating margin expansion of 90bps (excluding IFCN China) to 23.8%. The Group is now 28% larger than in 2019 on a LFL net

revenue basis with price/mix improvements of around 18%, and volume growth of around 10%, with broad-based growth across our three Global Business Units (GBUs).

Our resilient performance was underpinned by sequential improvement in our Hygiene GBU throughout the year as the Lysol base continued to normalise, and ongoing momentum in the Health GBU, led by OTC brands and our Intimate Wellness portfolio. The Nutrition GBU also made good progress, with solid net revenue growth aside from the short-term outperformance resulting from a competitor's supply issue.

Our in-market competitiveness remains strong, with 62% of our core Category Market Units (CMUs) holding or gaining share. This performance is due to a more resilient supply chain, improved in-store execution and successful innovation that is increasingly supported by deep consumer insights and investment in science.

I am particularly proud of the outstanding delivery by our Nutrition team in the US, where the supply of infant formula was a serious issue during much of the year. The team's focus on doing everything possible to put more formula on shelves, addressing concerns of parents across the US, whilst safeguarding quality and safety, was exceptional and a testament to the Reckitt 'can-do' attitude. As a result, we delivered more than 1.8 billion 8oz servings of infant formula in North America.

A firm focus on execution in 2023

Market conditions in 2023 are likely to remain challenging, with further inflation and consumers facing continued financial pressures. We are mindful of these issues; however, we have good momentum, a strong innovation pipeline and an organisation fully focused on delivering superior products.

We target another year of mid-single-digit growth in 2023, excluding the impact of the 2022 one-off gain from competitor supply issues in our US Nutrition business. This impact is approximately +2.5% on our LFL net revenue growth in 2022.

Looking ahead, with our strong innovation pipeline, improved executional muscle, and significant penetration opportunities, we are well positioned to deliver sustainable mid-single-digit growth in the medium term.

Creating long-term value

The Group Executive Committee and I are committed to maximising long-term value for our shareholders. Our interests are fundamentally aligned through our market-leading shareholding requirements for all of our top management.

Reckitt is well positioned to create long-term value for all of its stakeholders. This starts with a strong growth algorithm from its trusted, market-leading brands operating in growth categories, and is bolstered by all the improvements we've made in the business and the opportunities ahead.

The quality of our categories and the strength of our brands enable us to achieve leading gross margins in our peer group. It is these high gross margins that fund investment in innovation, support for our brands and our fixed cost infrastructure, whilst delivering strong adjusted operating profits and margins.

In summary, we have a unique portfolio of trusted, market-leading brands in structurally attractive categories with significant headroom for growth. This, combined with our progress to date, gives me great confidence in our future.

1. Adjusted and other non-GAAP measures, definitions and terms are defined on page 75

CORE CMUS GAINING
OR HOLDING SHARE

62%

GROUP LFL NET REVENUE
GROWTH VS 2019

28%