



# 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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Further details of potential risks and uncertainties affecting the Group are described in the Group's filings with the London Stock Exchange, including in the Reckitt Annual Report and Accounts 2023.





# 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

LFL NR growth  
**+0.8%**

Net revenue

**£7,167M**

IFRS net revenue decline of (3.7)%

Gross profit margin

**60.6%**

+120bps vs PY

Volume

**(1.3)%**

Adjusted operating profit (AOP)

**23.5%**

(30)bps vs PY

IFRS operating profit

**£1,678M**

Price/Mix

**+2.1%**

Free cash flow

**+8%**

£821M

Adjusted diluted EPS

**161.3p**

(6.8)% vs PY

## Q2 2024

LFL NR growth  
**0.0%**

Volume

**(2.2)%**

(1.3)% excluding Brazil SAP impact

Price/Mix

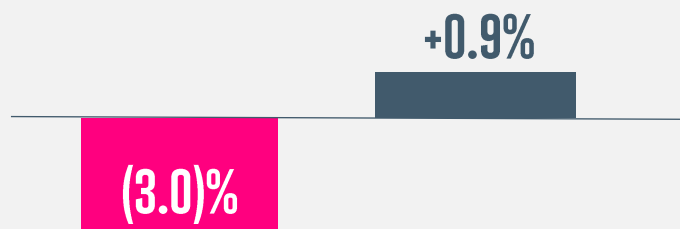
**+2.2%**

# VOLUME TRENDS – CONTINUED SEQUENTIAL IMPROVEMENT

## Hygiene



Sequential improvement, back to growth



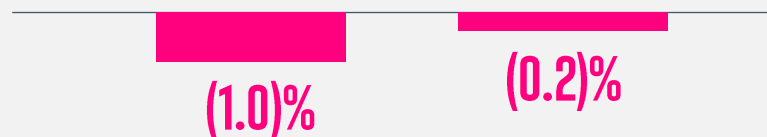
H2 23

H1 24

## Health



Broad-based growth offset by seasonal OTC



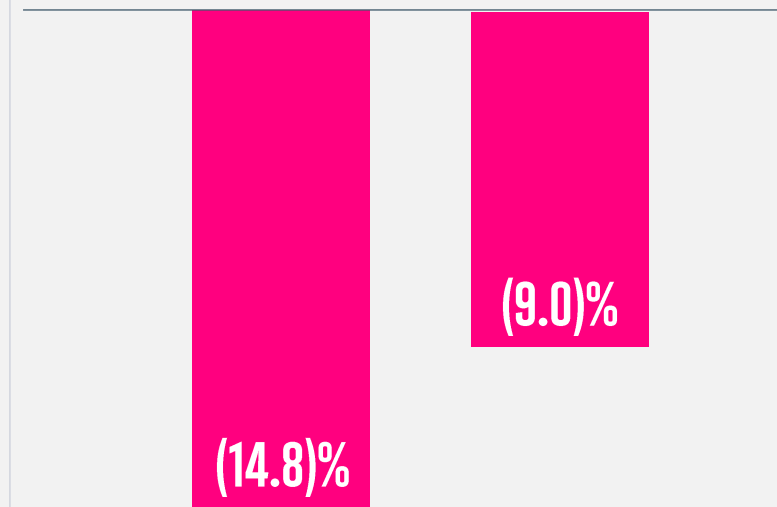
H2 23

H1 24

## Nutrition



Normalising from ongoing rebasing of US



H2 23

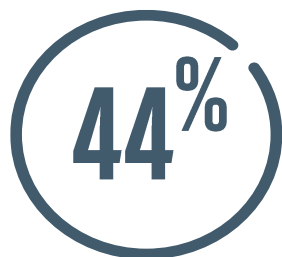
H1 24



# GROUP MARKET SHARE IMPACTED BY NUTRITION

% Core CMUs gaining / holding share YTD

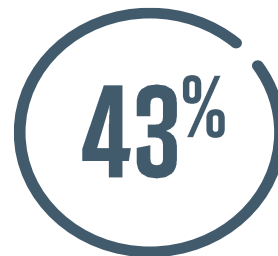
## HYGIENE



(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

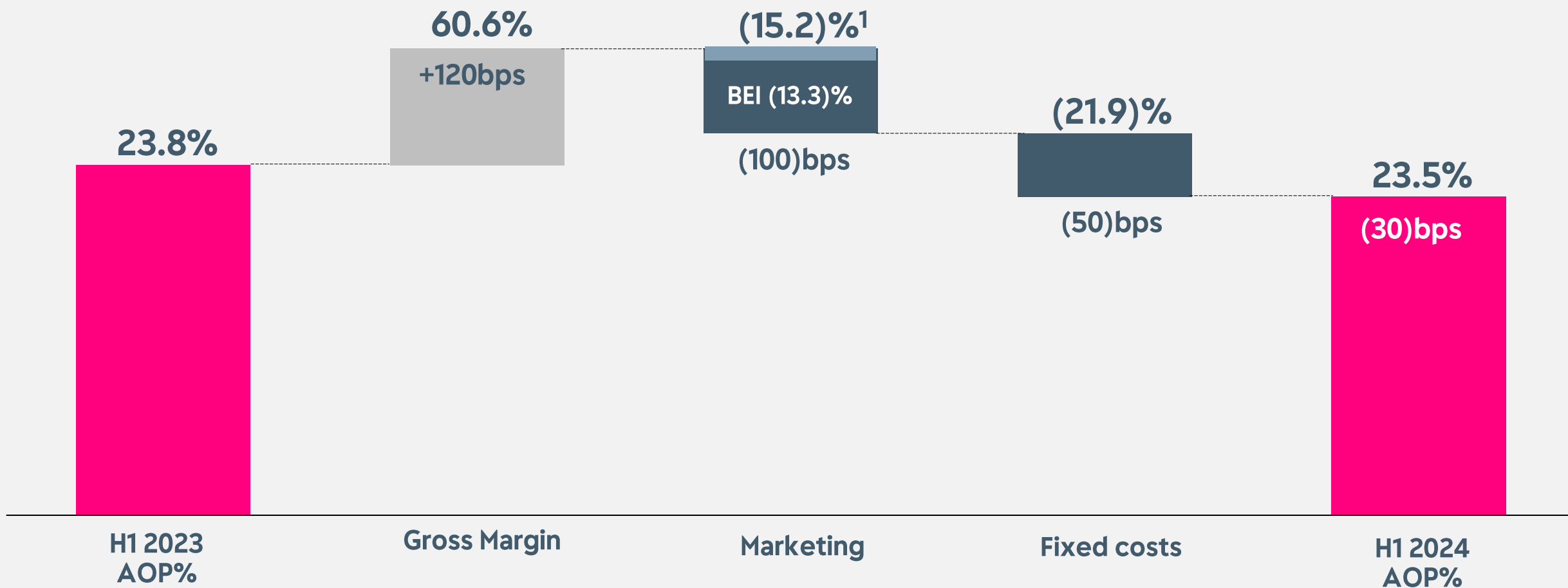


(FY23: 37%)

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

**Group 38% (FY23: 44%)**

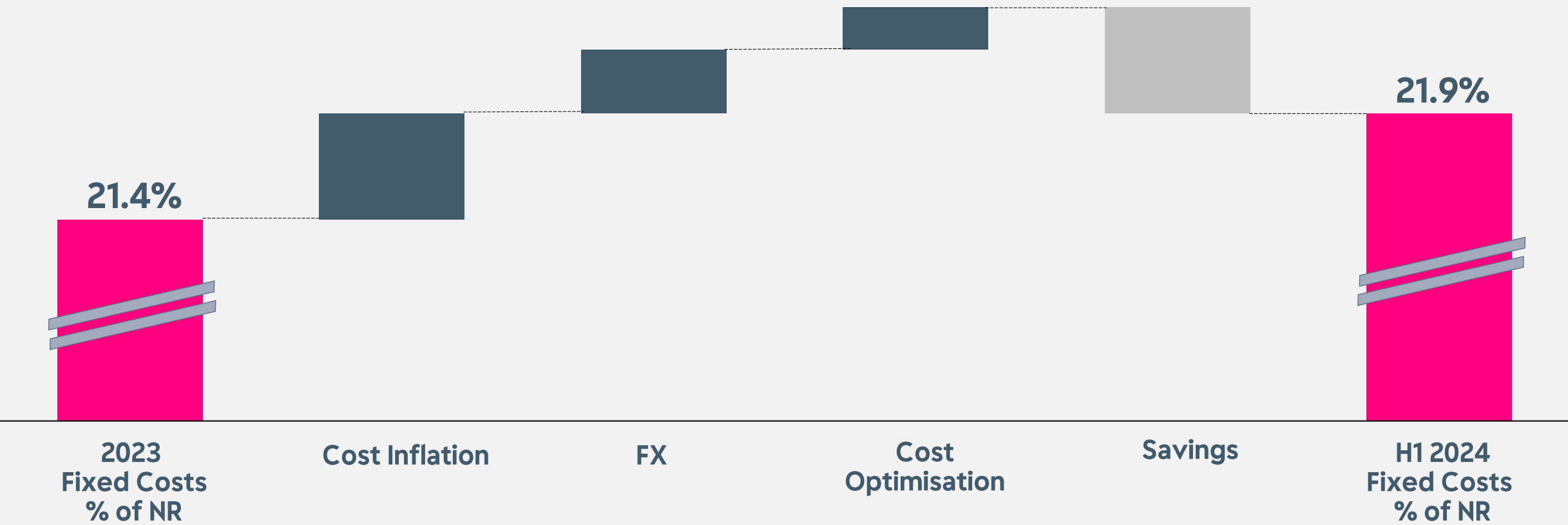
# ADJUSTED OPERATING MARGIN – GM EXPANSION FUNDS INCREASED BEI



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

¹ 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

LFL NR growth

**+4.5%**

Net  
revenue

**£3,060M** PY:  
£3,057m

LFL NR growth

**+1.9%**

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

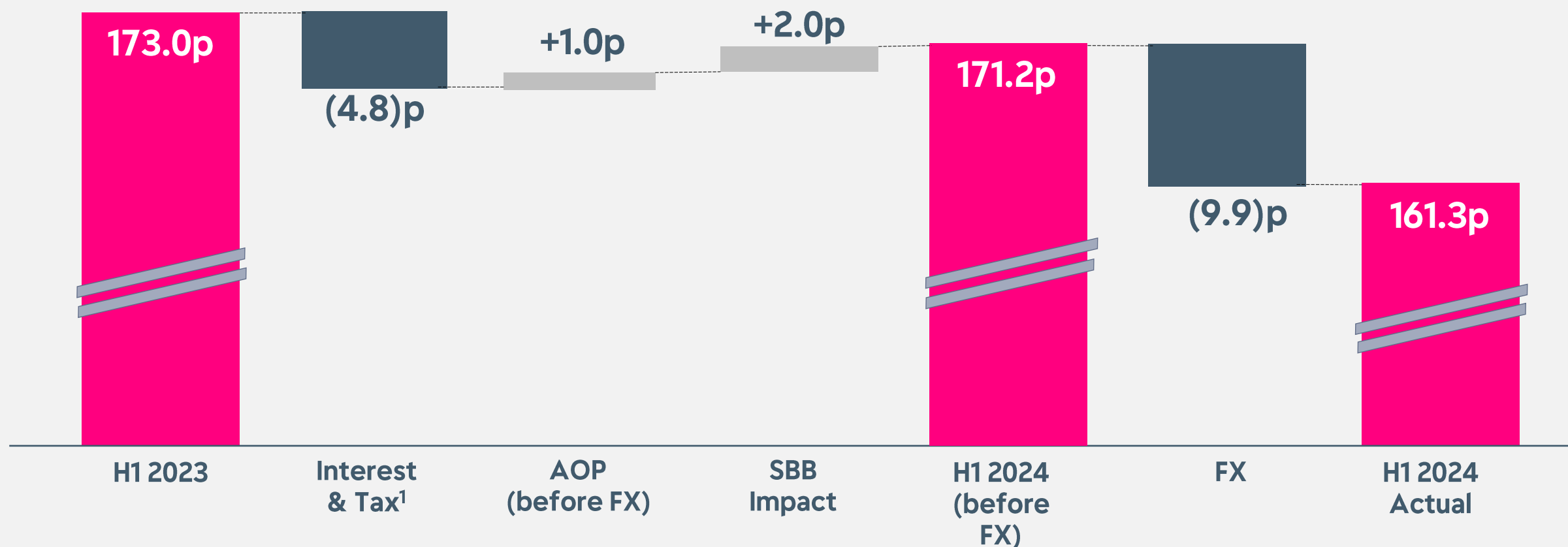
18.0%

(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**



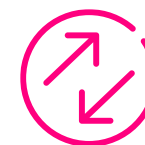
Adjusted net finance expense

**£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

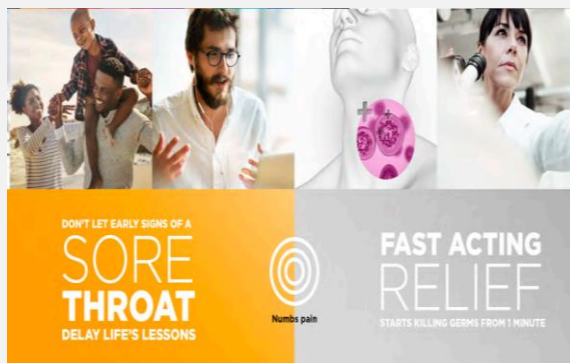
Global Cough & Decongestants



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

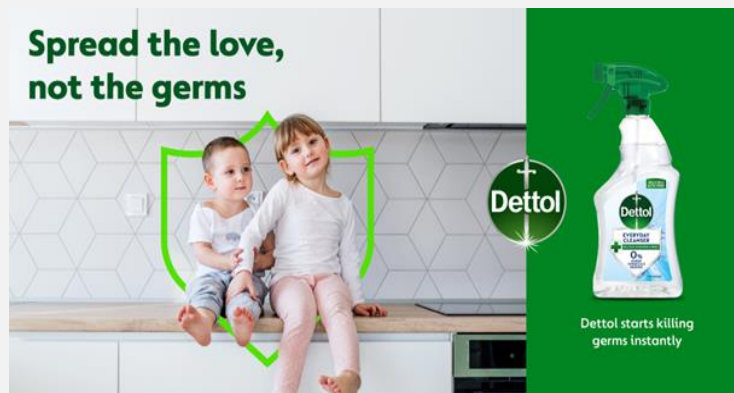
# GERM PROTECTION – 31% OF THE SHARPENED PORTFOLIO



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%



## Europe

Net Revenue  
(FY23)

£3.6bn

LFL Net Revenue  
CAGR (FY18-FY23)

c.+7%



## Emerging Markets

Net Revenue  
(FY23)

£4.0bn

LFL Net Revenue  
CAGR (FY18-FY23)

c.+8%



# SIMPLIFIED ORGANISATION FOR FASTER DECISION MAKING

FROM



**Five layers** (Global, GBUs, Area, Region, Market)



TO



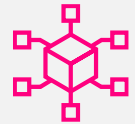
**Three layers** (Global, Area, Market)



**Global Business-Unit led structure**



**Unified category structure, operating through three geographies**



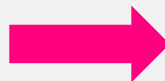
**Large central functions**



**Lean global capabilities embedded in markets**



**Limited Shared Services**



**At-scale, cross-functional end-to-end Shared Services**



**High-cost leadership model**



**Fewer, bigger leadership roles**

# 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**



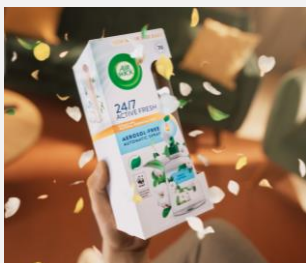
# ESSENTIAL HOME

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



# SHANNON EISENHARDT

Chief Financial Officer



# FUEL FOR GROWTH – ENHANCED PROGRAMME FOR COST OPTIMISATION

## Fixed Costs Target

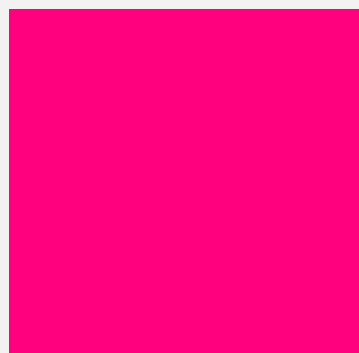
*(As % of Net Revenue)*

**c.22%**



Actual 2023

**c.19%**



End of 2027

## 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**





# Q&A

