

RECKITT H1 2023 RESULTS

@reckitt



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Cautionary note concerning forward-looking statements

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NICANDRO DURANTE

Chief Executive Officer



AGENDA



**Key
messages**



**Financial
review and
outlook**



**Business
updates and initial
thoughts**

KEY MESSAGES: ON TRACK



**Strong H1
delivery**



**Innovations
landing**



**Confidence in
FY targets**



**New CEO –
continued
momentum**



JEFF CARR

Chief Financial Officer



GROUP SUMMARY: CONTINUED POSITIVE MOMENTUM

Q2 2023



Volume

(4.3)%

Price/Mix

+8.4%

H1 2023



Volume

(4.4)%

Price/Mix

+10.4%

H1 2023

Net revenue

£7,446M

PY: £6,888m

Adjusted operating profit (AOP)

£1,769M

(2.4)% at constant FX

IFRS net revenue growth

+8.1%

AOP margin

+23.8%

(180)bps

Dividend growth

+5%

H1 2023 dividend recommended: 76.6p

GROUP MARGINS: GROSS MARGIN EXPANSION AND INCREASED BEI

£m	H1 2023	H1 2022	Change Actual FX	Change Constant FX
Net Revenue	7,446	6,888	+8.1%	+6.0%
<i>LFL growth</i>	+6.0%	+8.6%		
Gross Margin %	59.4%	58.1%	+130bps	
Brand Equity Investment	(918)	(805)	+14.0%	+11.2%
BEI %	12.3%	11.7%	(60)bps	
Other Costs	(1,737)	(1,434)	+21.1%	+19.2%
Other Costs %	23.3%	20.8%	(250)bps	
Adjusted Operating Profit	1,769	1,765	+0.2%	(2.4)%
Adjusted Operating Profit Margin	23.8%	25.6%	(180)bps	

Calculations of adjusted measures are presented within the H1 2023 results announcement

HYGIENE: LYSOL RETURNS TO GROWTH IN THE QUARTER

Q2 2023



Volume

(7.3)%

Price/Mix

+12.8%

H1 2023



Volume

(8.9)%

Price/Mix

+12.5%

H1 2023

Net revenue

£3,057M

PY: £2,879m

Adjusted operating profit (AOP)

£583M

(8.1)% at constant FX

IFRS net revenue growth

+6.2%

AOP margin

19.1%

(250)bps

HEALTH: STRONG GROWTH ACROSS OTC AND INTIMATE WELLNESS

Q2 2023



Volume

(0.1)%

Price/Mix

+5.0%

H1 2023



Volume

+0.5%

Price/Mix

+8.3%

H1 2023

Net revenue

£3,073M

PY: £2,820m

Adjusted operating profit (AOP)

£882M

+8.0% at constant FX

IFRS net revenue growth

+9.0%

AOP margin

28.7%

+40bps

NUTRITION: US MAINTAINED LEADING MARKET SHARE POSITION

Q2 2023



Volume

(6.9)%

Price/Mix

+6.0%

H1 2023



Volume

(5.2)%

Price/Mix

+10.5%

H1 2023

Net revenue

£1,316M

PY: £1,189m

Adjusted operating profit (AOP)

£304M

(16.1)% at constant FX

IFRS net revenue growth

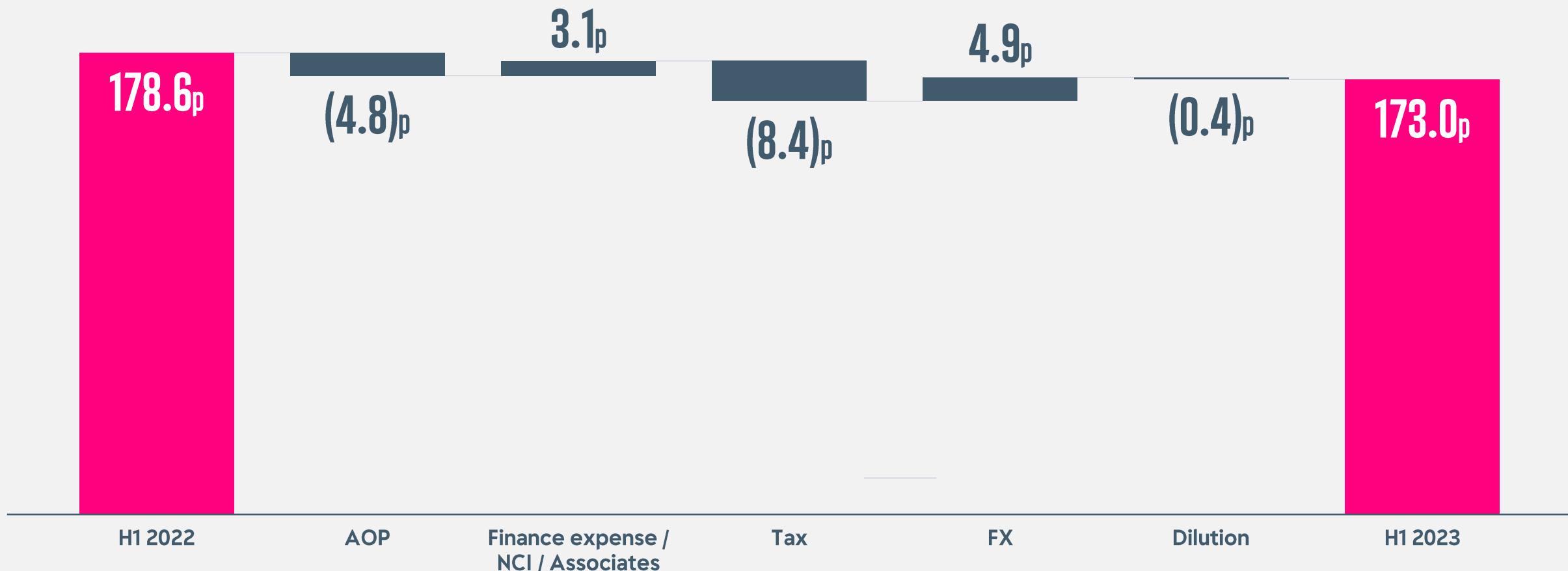
+10.7%

AOP margin

23.1%

(590)bps

ADJUSTED EPS



FREE CASH FLOW GENERATION

£m	H1 2023	H1 2022	Change
Adjusted operating profit	1,769	1,765	4
Depreciation, share-based payments and gain on disposal of fixed assets (net of proceeds)	264	238	26
Capital expenditure	(189)	(175)	(14)
Movement in working capital and provisions	(451)	(592)	141
Cash flow in relation to adjusting items	(44)	(24)	(20)
Interest paid	(121)	(113)	(8)
Tax paid	(470)	(372)	(98)
Free Cash Flow	758	727	31
Free Cash Flow Conversion	61%	57%	4%

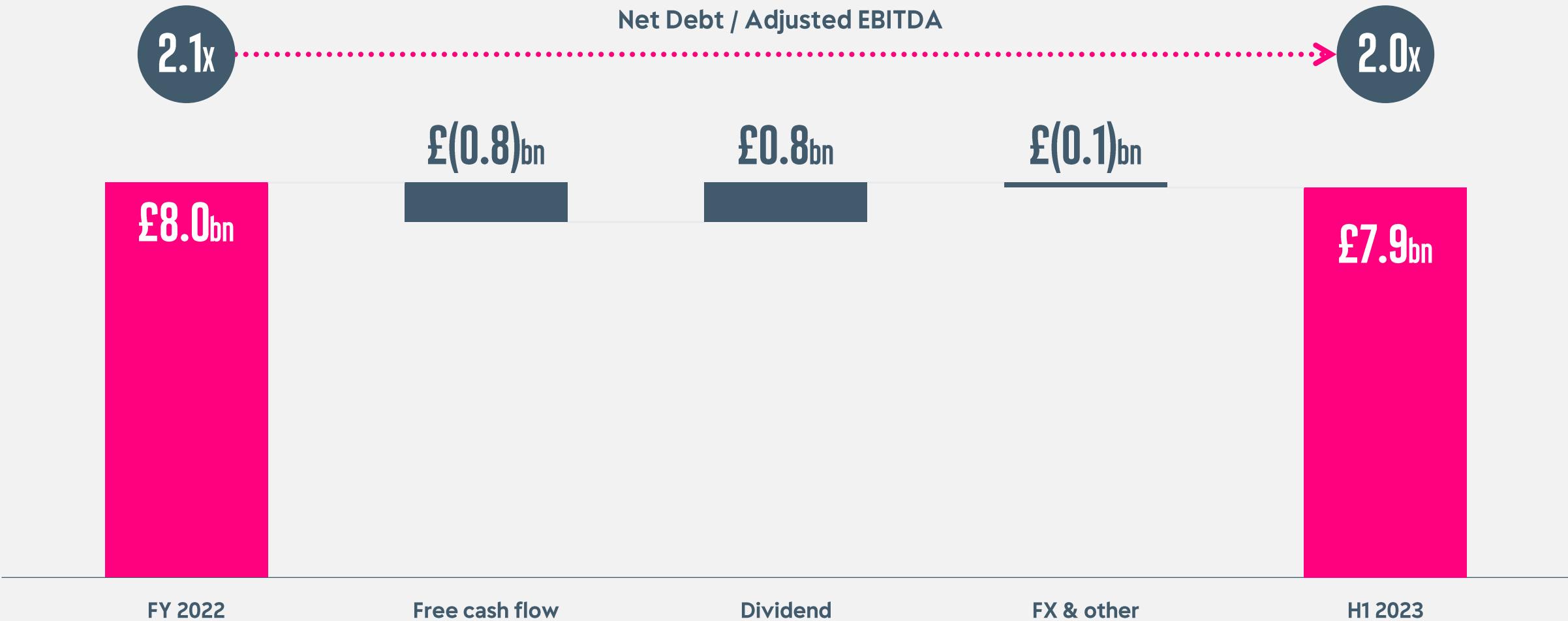


Free cash flow
+£31M
vs PY



NWC
Lower payables and reduced inventories

LEVERAGE REDUCED



CAPITAL ALLOCATION PRIORITIES REITERATED



Investment in operations to drive growth and maximise return



Remain focused on delivering strong free cash conversion



Aim to deliver sustainable dividend growth in future years subject to any significant internal or external factors (5% growth in 2022)



Target single A credit rating



Rigorously manage the portfolio



Return surplus cash to shareholders



Dividend
growth policy



Focused on returns
to shareholders of
any excess cash

2023 OUTLOOK AND GUIDANCE

Group LFL net revenue growth

+3% TO +5%

(Including US Nutrition impact¹)

Adjusted operating profit margin

**SLIGHTLY ABOVE
2022 LEVELS**

(When excluding US Nutrition impact – c.80bps in 2022)²

Adjusted Net
Finance Expense
£250m to £280m

Capex as %
of Net Revenue
c.3%

Adjusted
Tax Rate
c.24% to 25%

Targeted
Leverage
Less than 2.0x



KRIS LICHT





H1 2023 RESULTS

BUSINESS UPDATES

HYGIENE HIGHLIGHTS



**Broad-based
growth**



**Innovation
led**



**Lysol returns
to growth**

INNOVATION LED

Finish Ultimate Plus All-in-One



Air Wick Vibrant



Vanish Oxi Action



LYSOL RETURNS TO GROWTH

Disinfectant Spray



c.80%

Market share¹

Disinfectant Wipes



COSTCO
WHOLESALE

Increased distribution

Laundry Sanitiser



+20%

category growth²

Air Sanitiser



Lysol net revenue +c.50% above pre-pandemic levels³

1 - USA Nielsen YTD June 2023

2 - USA Nielsen L12W ending 1 July 2023 | 3 - H1 2023 vs H1 2019

HEALTH HIGHLIGHTS



**Strength in OTC
and Intimate
Wellness**



**Broadening
shoulders of
our brands**



**Innovation
led**



**Improving Dettol
performance
in H2**

STRENGTH IN OTC AND INTIMATE WELLNESS

OTC

NUROFEN

Mucinex

GAVISCON

Strepsils®



INTIMATE WELLNESS

durex®

KY
EST 1904



+20% H1 LFL
NR growth



HSD H1 LFL
NR growth

BROADENING SHOULDERS OF OUR BRANDS

Mucinex InstaSoothe Sore Throat and Pain Relief Spray



Nurofen Liquid Caplets



Biofreeze



MUCINEX

NUROFEN®

BIOFREEZE
COOL THE PAIN

INNOVATION LED

Biofreeze Overnight Relief



BIOFREEZE
COOL THE PAIN

Durex Invisible



Dettol Cool



NUTRITION HIGHLIGHTS



North America
market share
leadership



Latin America
improving
execution



ASEAN mixed
performance

NORTH AMERICA MARKET SHARE LEADERSHIP



#1 Recommended Infant Formula by Paediatricians¹

#1 Trusted by consumers in the US¹



#1 Allergy brand¹



Strong market share

c.40%

Share of hospital contracts²

LATIN AMERICA IMPROVING EXECUTION



Innovate with science



Execute with excellence



Pull the margin levers

LAUNCH OUR
MOST ADVANCED
FORMULA



FOCUS ON MOST
MEDICALLY DRIVEN
CONSUMER NEEDS



+50BPS

share gains
across LATAM¹



H1 2023 RESULTS

INITIAL THOUGHTS

INITIAL THOUGHTS



**The right
strategy**



**A culture fit
for the future**



**Opportunities
for further
optimisation**

OPPORTUNITIES FOR FURTHER OPTIMISATION



Innovation
and product
superiority



In-market
excellence



Reduced fixed
cost to fuel growth
and earnings



Returns to
shareholders



NICANDRO DURANTE

Chief Executive Officer



KEY MESSAGES: ON TRACK



**Strong H1
delivery**



**Innovations
landing**



**Confidence in
FY targets**



**New CEO –
continued
momentum**

APPENDIX



PERFORMANCE BY GEOGRAPHY

North America

Q2
LFL net
revenue
growth

+7.8%

Europe / ANZ

+5.2%

Developing Markets

-0.4%

H1
LFL net
revenue
growth

+6.5%

+9.7%

+2.2%