

SOLID START. FULL YEAR TARGETS REITERATED

Trading Update

Q1 2018	£'m	Proforma**	Like-for-like*	Reported
<i>IFCN</i>	700	+6%		
<i>Rest of Health</i>	1,216	+1%	+1%	-5%
Total Health	1,916	+3%	+1%	+49%
Hygiene Home	1,195	+4%	+4%	-3%
Total	3,111	+3%	+2%	+23%
North America	787	+5%	+6%	+26%
Europe / ANZ	1,077	-1%	-1%	0%
DvM	1,247	+5%	+4%	+51%
Total	3,111	+3%	+2%	+23%

Highlights: Q1 (at constant rates)

- **Proforma growth of +3% (+2% LFL).** Proforma and LFL growth were both volume-led (+3%).
- **RB 2.0: good progress in both business units.**
- **Health performance +3% proforma (+1% LFL) against a backdrop of strong trends in IFCN growth and seasonal tailwinds in the US.** Strong performances in Gaviscon, Mucinex, Strepsils and VMS brands but significant underperformance in Scholl. Middle East macro issues impacting Dettol.
- **Mead Johnson Nutrition (MJN) performance continues to progress well with proforma growth +6% for Q1.** Strong market growth in Greater China, and sell in of Enfamil Neuro Pro innovation in the US reinforces the strong fundamentals of this category.
- **Hygiene Home had a strong start to the year at +4% LFL** driven by a combination of improved in-market execution, seasonal benefit to Lysol in the US and sell in of our new innovations in Finish and Air Wick.
- **On track for our full year net revenue target** of +13-14% (total constant), implying +2%-3% LFL*.

Commenting on these results, Rakesh Kapoor, Chief Executive Officer, said:

“A solid start overall in Q1, operating under our new organisational structure. RB 2.0 is embedding well and we expect to see the benefits continue to materialise.”

The Hygiene Home (HyHo) business has made a strong start to the year with +4% (LFL), aided by some seasonality on Lysol. The performance of the MJN business under RB’s leadership is progressing well with strong proforma growth of +6%. Results in the Rest of Health were mixed at +1% (LFL) with good growth in our Health Relief brands, offset by weakness in some of our Health Wellness and Health Hygiene brands. Scholl is stabilising but significantly below the prior year and has reduced the rest of LFL Health performance by -200bps in the quarter. We are addressing our performance in Scholl through acceleration of our pipeline, penetration improvement programmes and streamlining our range.

On a geographic basis we saw a strong performance from North America, which grew +6% (LFL) in the quarter behind broad-based growth across our brand portfolio and a good flu season. China and India continue to perform well. Macro issues continue to persist in the Middle East and Russia.

Our priority remains organic growth under our new focussed organisation structure. The integration of MJN is going well. We have work to do in parts of our Health portfolio, particularly Scholl. I am very pleased to see such energy, focus and a strong start by the Hygiene Home team. I firmly believe RB 2.0 is the right platform for long-term growth and outperformance and we remain well on track to achieve our full year net revenue targets.”

* Like-for-like (“LFL”) growth excludes the impact of changes in exchange rates, acquisitions, and disposals. Venezuela is excluded from LFL.

** Proforma growth rates for IFCN (constant rate growth compared to Q1 2017 when under MJN ownership) and the resulting impact on the RB Group have been included for information purposes.

Hygiene Home**+4% proforma / +4% LFL****(38% of net revenue)**

- Market growth remains at the lower end of our medium-term expectations of +2-3% due in particular to a current difficult competitive environment in developed markets.
- Revenue growth comprised strong volume growth offset by negative pricing.
- Strong growth in Lysol behind distribution gains, our recently launched daily cleanser and daily cleansing wipes, and positive seasonal impacts.
- Harpic grew well behind early success of our Colour Power 6 innovation, recently launched in a number markets and continued penetration building programmes in emerging markets.
- Finish had a strong quarter following the sell-in of our new Quantum Ultimate Clean & Shine innovation. There is some stocking benefit from the launch of this innovation.
- Air Wick had a good quarter in the US and Western European markets behind the sell-in of our new Essential Mist innovation. Again, while there is some stocking benefit in the quarter from this launch, this innovation has been well received. Vanish, while weak, saw improving trends, aided by our latest innovation, which removes over 100 stains.

Pro-forma Performance of Mead Johnson Nutrition (“MJN”)
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Q1 2018	£'m	Constant*	FX	Reported**
North America	198	+4%	-11%	-7%
Europe / ANZ	23	-5%	+3%	-2%
DvM	479	+8%	-8%	0%
Total	700	+6%	-8%	-2%

* Constant represents growth compared to Q1 2017 when under MJN ownership (proforma), excluding the impact of changes in exchange rates

** Reported represents proforma growth at actual exchange rates

North America (28% of MJN Net Revenue)

- +4% growth at constant rates in Q1.
- Strong growth in Canada, and some channel stocking benefit in both the US and Canada from the launch of Enfamil NeuroPro. This was offset by negative mix from the California WIC contract, which commenced under its new terms in August 2017.

DvM (68% of MJN Net Revenue)

- Mid-teens growth in Greater China, driven by both strong volume market growth and premiumisation in mainland China.
- Channel and mix shifts continue as expected with growth in imported Enfitas and Enfamil and new e-commerce channels, outweighing the decline in locally manufactured Enfamil and offline cross-border sales between Hong Kong and China.
- Strong growth in Mexico, offset by mixed results in other Latam markets.

Geographic Review

North America +5% proforma / +6% LFL (25% of net revenue)

- Strong growth in North America of +6%. Health brands of Mucinex, Durex / KY and VMS brands were all in growth.
- Lysol had a strong quarter, benefitting from both a seasonal uplift and innovations. Finish and Air Wick also saw growth including some pipeline filling from innovations.
- We do not expect such strong growth in the US to continue as Mucinex will be impacted by further private label entry and a normalization of growth in Hygiene Home brands following the stock benefit of innovations in Q1.

Europe / ANZ -1% proforma / -1% LFL (35% of net revenue)

- Russia had a weak Q1 due to a combination of lower incidences of cold and flu and some pharmacy destocking.
- The rest of Europe and ANZ was mixed with broad-based weakness in Scholl significantly impacting performance.

DvM +5% proforma / +4% LFL (40% of net revenue)

- Double-digit LFL growth in Greater China, led by Durex, Move Free, Dettol and our recently launched Finish tablets.
- Our performance in IFCN Greater China was also strong with a combination of buoyant market growth and our own operational improvements contributing to double-digit proforma growth for the quarter.
- We saw continued challenging conditions in both the Middle East and ASEAN markets.
- Brazil and India were growth accretive to DvM region in the quarter.

Financial Position

There has been no material change to the financial position of the Group since the published 2017 Annual Report and Accounts.

Bridge – LFL to Reported Growth

Q1 2018	£'m	Like-for-like*	GST**	Net M&A	Exchange	Reported***
<i>IFCN</i>	700					
<i>Rest of Health</i>	1,216	+1%	-1%	-	-6%	-5%
Total Health	1,916	+1%	-1%	+58%	-10%	+49%
Hygiene Home	1,195	+4%	-	-	-6%	-3%
Total	3,111	+2%	-1%	+30%	-8%	+23%
North America	787	+6%	-	+35%	-15%	+26%
Europe / ANZ ¹	1,077	-1%	-	+2%	-1%	0%
DvM ²	1,247	+4%	-2%	+63%	-14%	+51%
Total	3,111	+2%	-1%	+30%	-8%	+23%

* Like-for-like ("LFL") growth excludes the impact of changes in exchange rates, acquisitions, and disposals. Venezuela is excluded from LFL.

** Impact of the Goods and Service Tax ("GST") implemented by the Indian Government from 1 July 2017

***On 1 January 2018, the Group adopted IFRS 15: Revenue from Contracts with Customers and has restated FY17 comparatives accordingly.

The impact of adopting the new standard is to reduce reported Q1 2017 net revenue by £18m

¹ Europe/ANZ comprises Europe, Russia/CIS, Israel, Turkey and Australia/New Zealand

² DVM comprises Africa, Middle East (excluding Israel), Asia (excluding Russia/CIS) and Latin America

Other Matters

Korea HS Issue

The HS issue in South Korea is a tragic event, with many parties involved. We continue to make both public and personal apologies to victims. Since our FY 2017 results publication, no material updates have occurred apart from further categorization of applicants. The current status is highlighted in the table below. Thirty asthma victims have been announced by the Ministry of Environment.

The status of the four rounds of applications established to date is as follows:

Round	Total applicants	Applicants Assessed	Category I & II	Cat I&II percentage	RB Oxy users – Category I & II**	Assessment completion (expected)
1	361	361	172	48%	139	Completed
2	169	169	51	30%	44	Completed
3	669	669	80	12%	72	Completed
4	4,728*	2,796	113	4%	103	December 18

* 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 13 April 2018.

** Both sole Oxy RB users and users of multiple manufacturers' products, including Oxy RB.

Indivior / RB Pharma related matters:

The Group remains involved in ongoing investigations by the US Department of Justice (“DoJ”) and the US Federal Trade Commission and related litigation proceedings in the US arising from certain matters relating to the RB Pharmaceuticals (“RBP”) business prior to its demerger in December 2014 to form Indivior PLC, and may incur liabilities in relation to such matters.

There have been no material changes since the publication of our 2017 Annual Report.

Details of existing provisions and contingent liabilities relating to the both the HS issue and Indivior / RB Pharma related matters can be found in our 2017 Annual Report.

2018 Net Revenue Target

The Group is on track to achieve its FY 2018 Net Revenue target of +13%-14% total revenue growth at constant rates (which implies a LFL growth in the range of +2-3%).

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Cautionary note concerning forward-looking statements

This announcement 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.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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