

RB strategy for growth and outperformance





Rakesh Kapoor

Chief Executive Officer

Agenda

Where we are today

Who we want to be and why

How we will keep winning

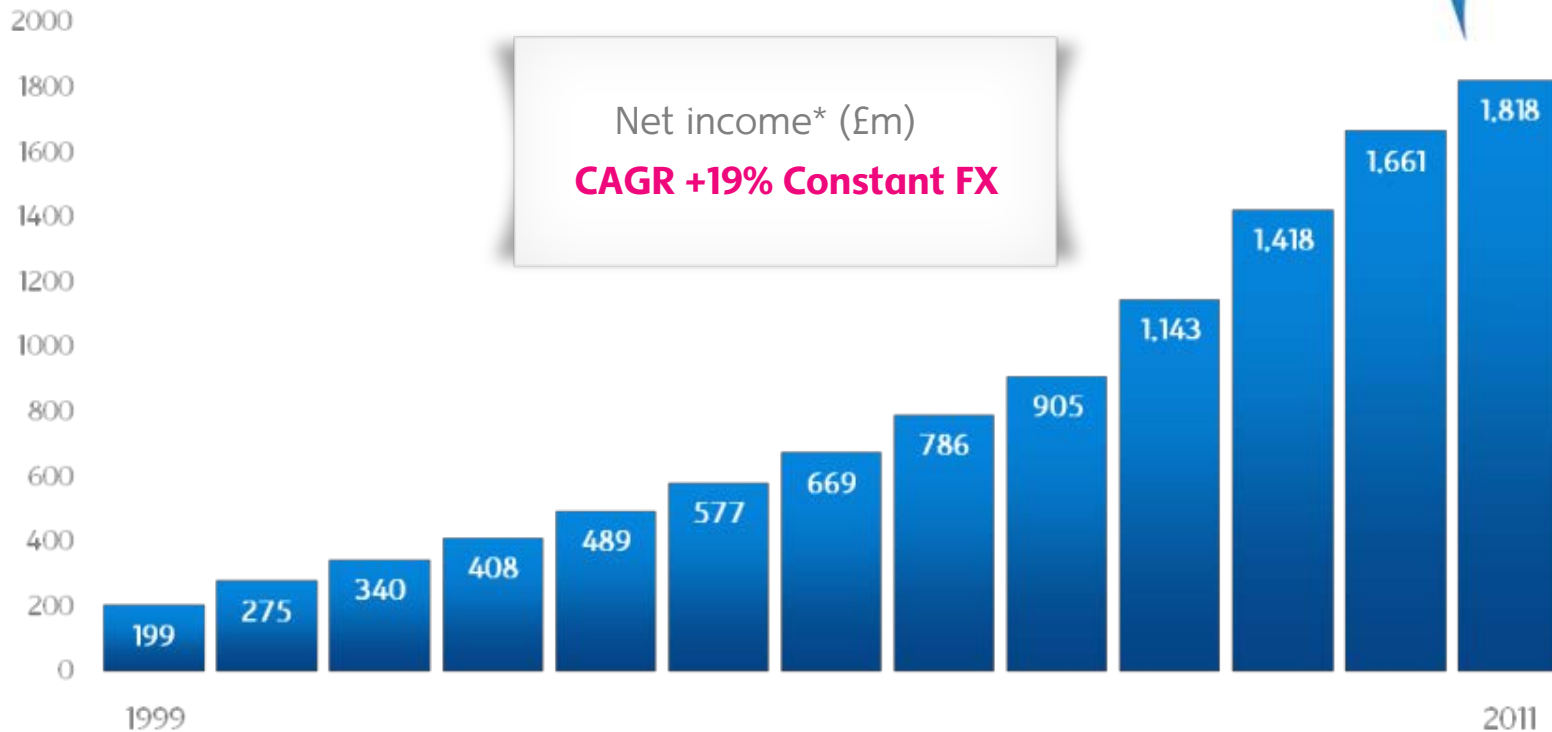
Summary

RB has been a clear success story for more than 10 years



NOTES:
2004 restated following the adoption of IFRS
* Adjusted to exclude the impact of exceptional items

RB has been a clear success story for more than 10 years

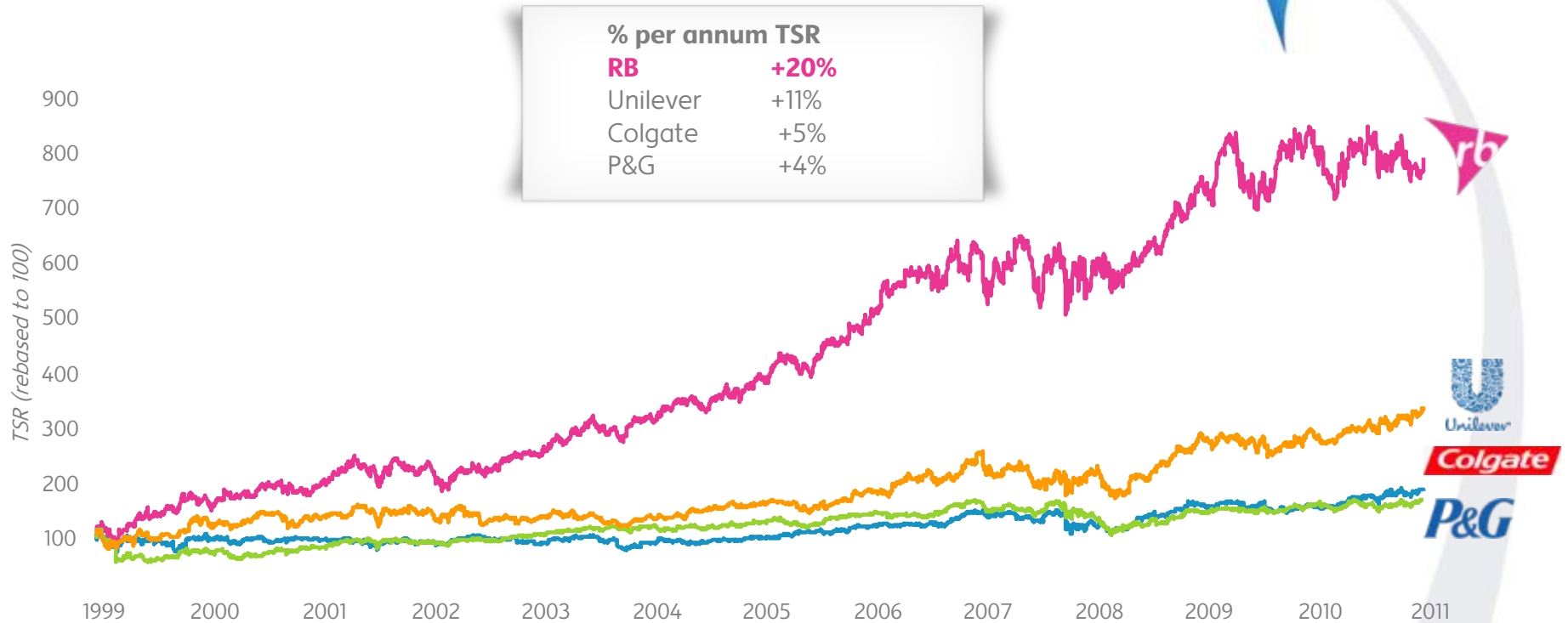


NOTES:

2004 restated following the adoption of IFRS

* Adjusted to exclude the impact of exceptional items

Outstanding shareholder returns



Source: Deutsche Bank

What makes RB so successful?

A clear strategy for profitable growth

Portfolio of leading brands that consumers love

Strong track record of value-enhancing M&A

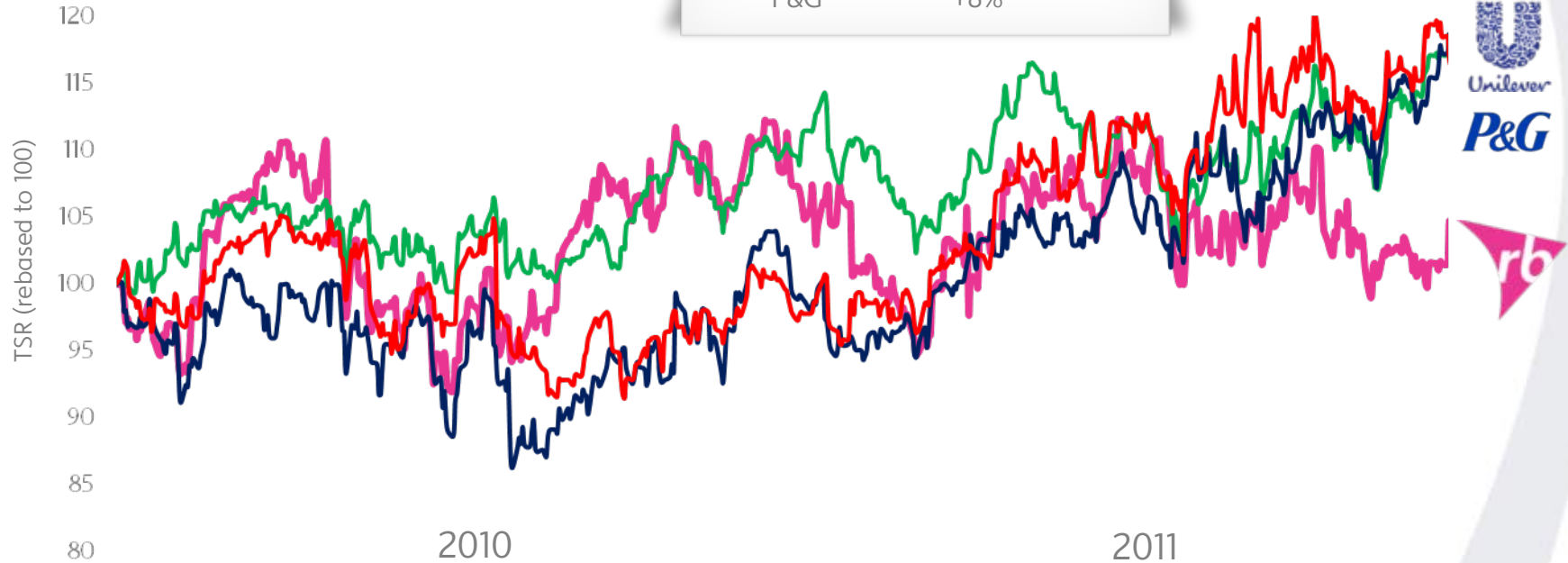
Relentless focus on cost containment and cash conversion

Unique culture of performance, ownership and entrepreneurship

...and none of this will change

Shareholder returns

Last 2 Years



Agenda

Where we are today

Who we want to be and why

How we will keep winning

Summary



Our **vision** is a world where
people are healthier and
live better

Our **purpose** is to make
a difference by giving people
innovative solutions for
healthier lives and
happier homes



**Healthier lives and happier homes
is relevant and inspiring**

It matters



This is the right purpose for RB

Leading and trusted brands



Strepsils[®]

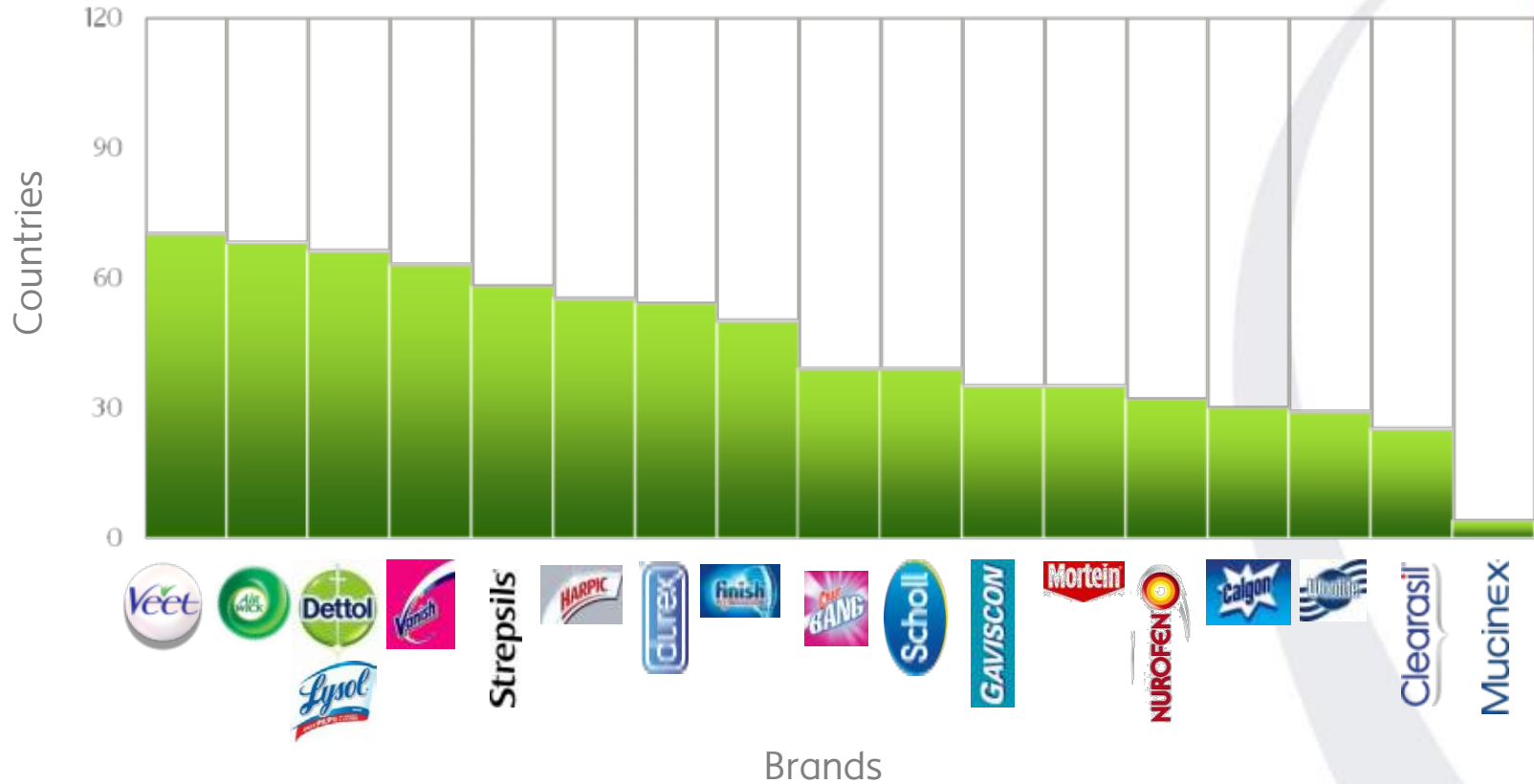


Mucinex[®]





Geographic reach of RB Powerbrands



Innovation is in our DNA



World leading capability in Health & Hygiene

- Cutting edge science
- Extensive peer reviewed publications
- Meaningful partnerships



A graphic element on the right side of the page, consisting of a large, light gray curved line that starts from the bottom right and curves upwards and to the left. At the top of this curve is a magenta triangle pointing upwards and to the right, with a small white triangle inside it containing the letters 'rb' in magenta.

RECKITT BENCKISER

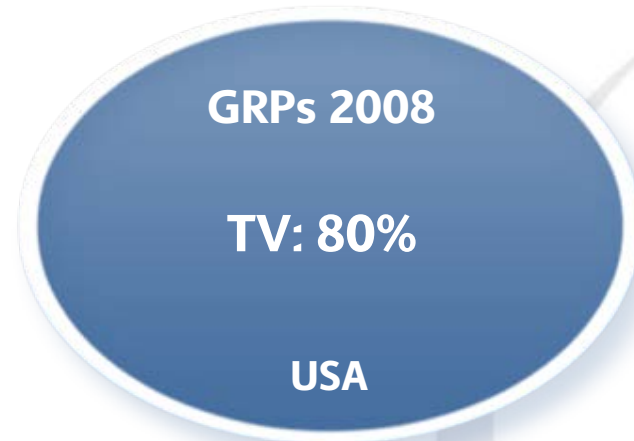
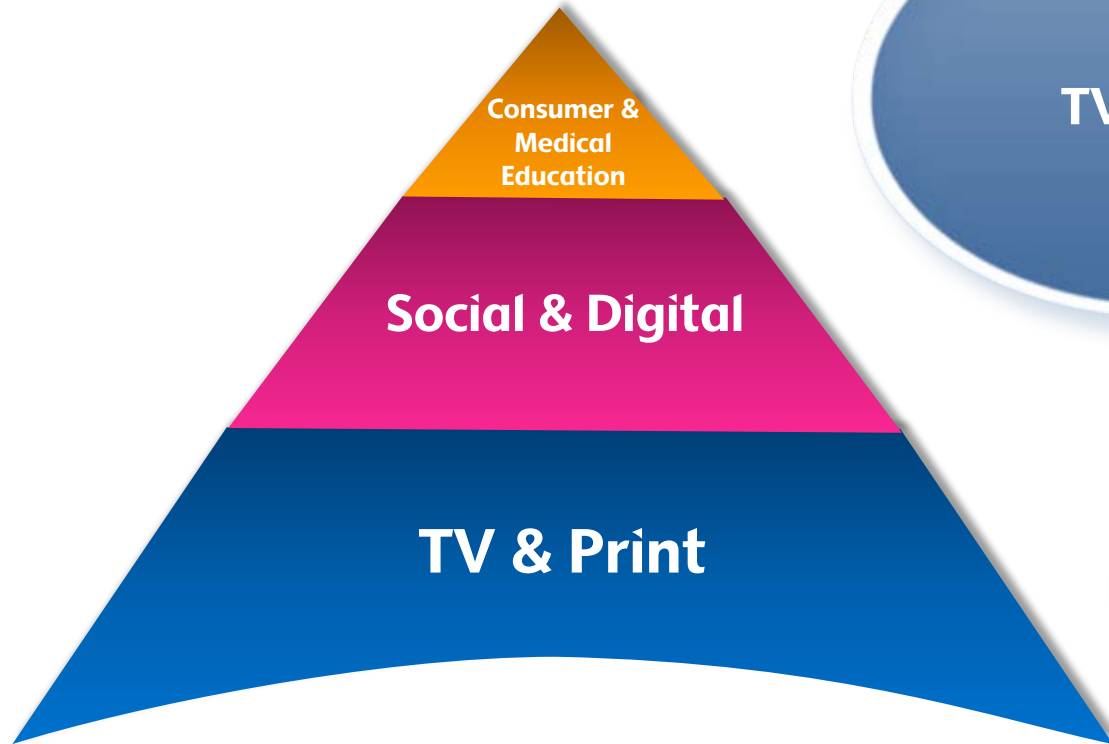
A World Leader in Household Cleaning



Reckitt Benckiser

HEALTH ▶ HYGIENE ▶ HOME

Building brand equity



Appropriate KPIs to measure brand equity investment

Includes:

Consumer &
Medical
Education

Social & Digital

TV & Print

A new RB brand equity investment metric (BEI)

We will consistently increase investment in BEI to drive growth

Will manage business for long-term
Move to Quarterly IMS



Agenda

Where we are today

Who we want to be and why

How we will keep winning

Summary

RB strategy

POWERBRANDS

Focus on Health,
Hygiene & Home
where we have
capabilities to win

Our **purpose** is to make a
difference by giving people
innovative solutions for healthier
lives and happier homes



Why Health, Hygiene & Home?



HEALTH



HYGIENE



HOME

Higher growth

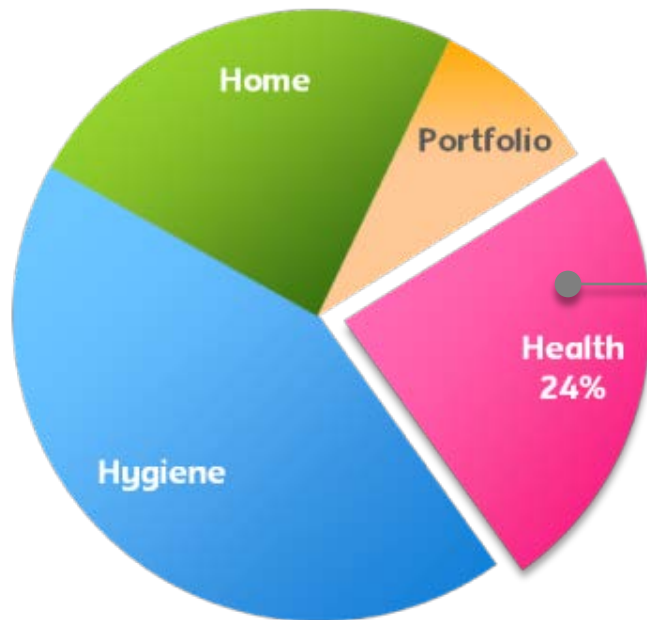
Higher margin

Stronger brand loyalty





Core NR £8,411m



NR 2011
£2,000m

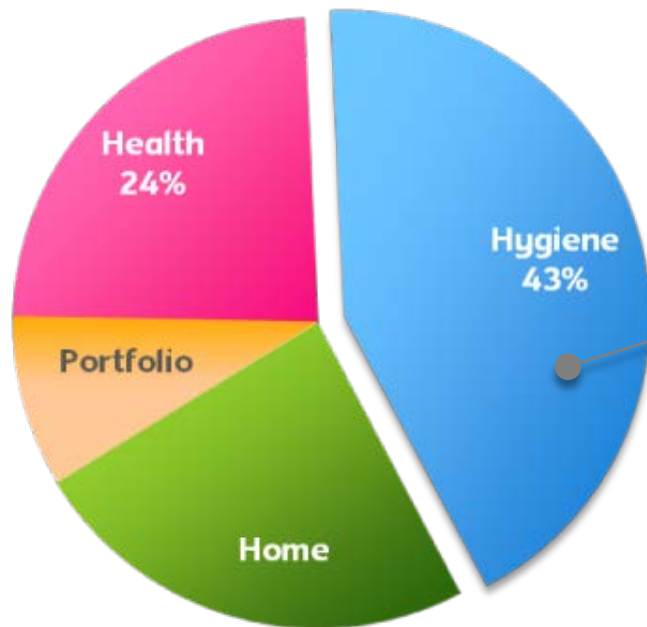


Strepsils



Mucinex

Core NR £8,411m



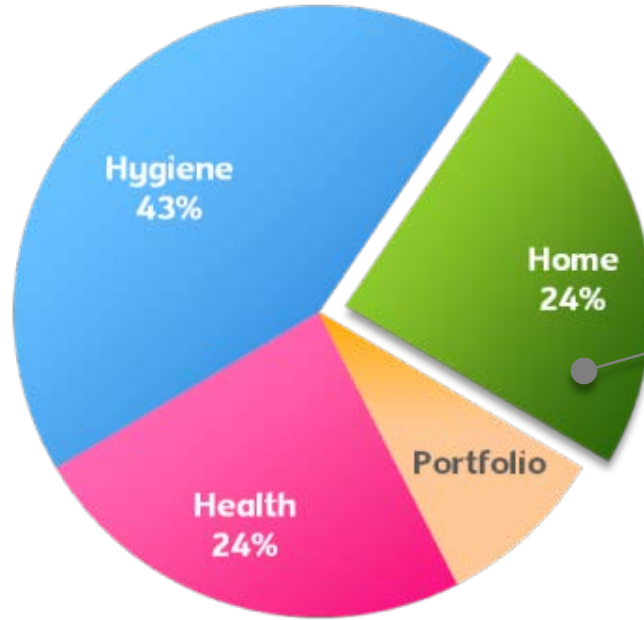
NR 2011
£3,643m





HOME

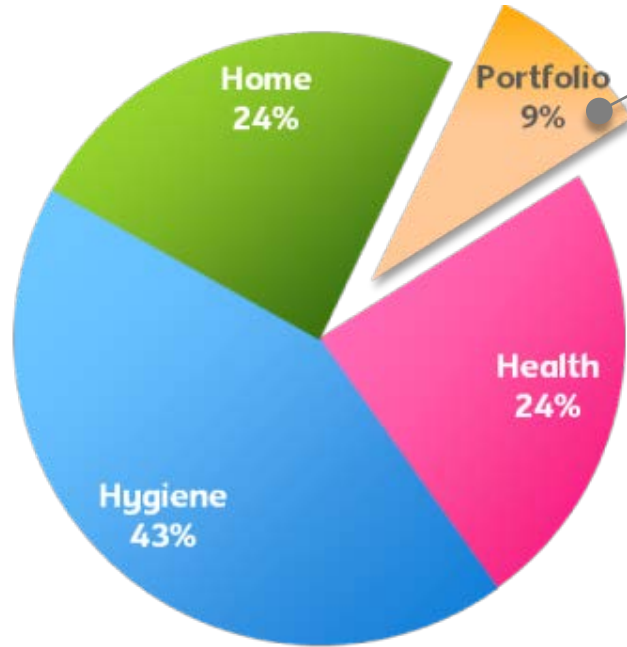
Core NR £8,411m



NR 2011
£2,009m



Portfolio brands



Core NR £8,411m

NR 2011 £759m

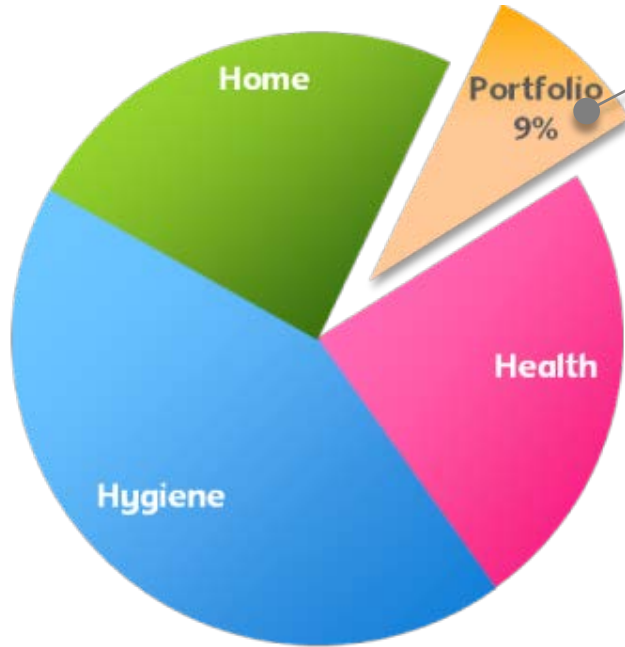
Role

Builds local scale and cash margin to reinvest behind Powerbrands

Strategy

Balanced growth: Hold share

Private label business



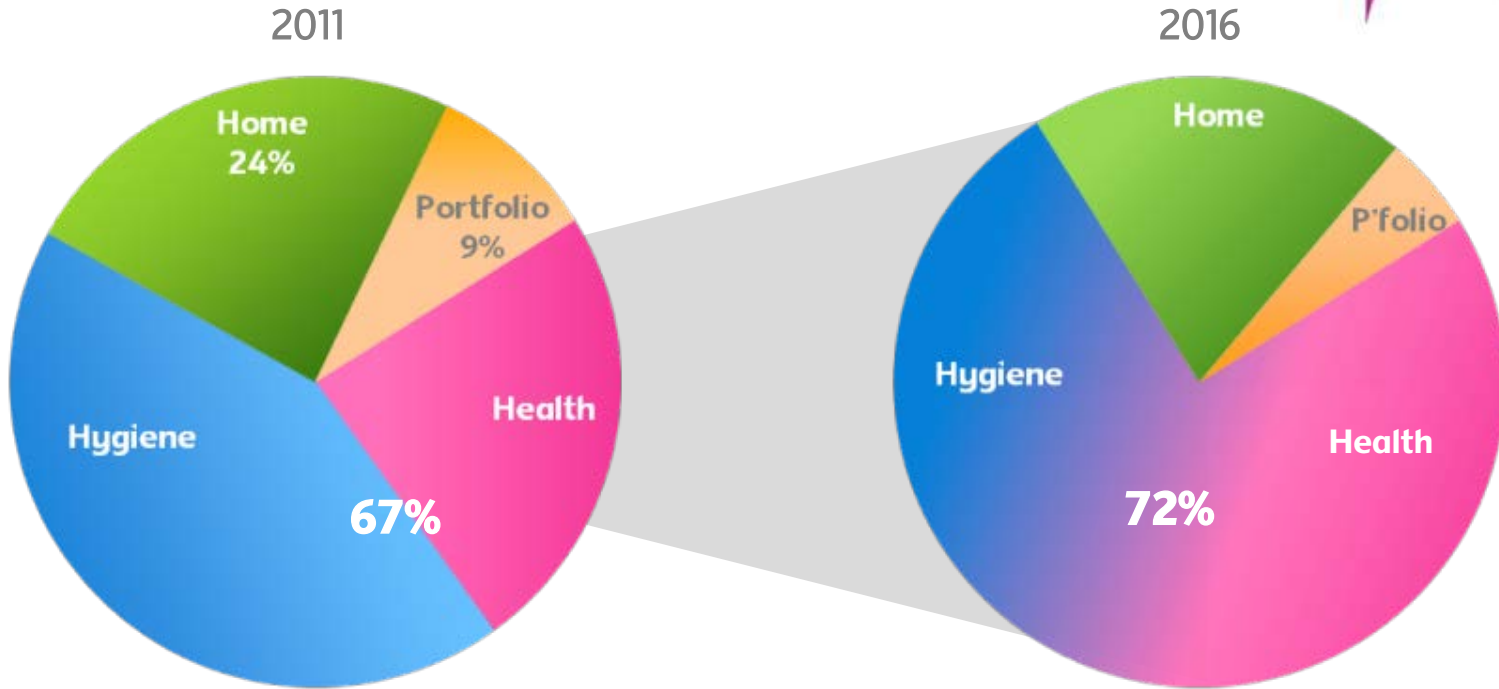
Core NR £8,411m

2% private label business

	2008	2009	2010	2011
NRs £m	180	197	190	195
Margin	0%	-0%	-0%	-3%



Medium term KPI

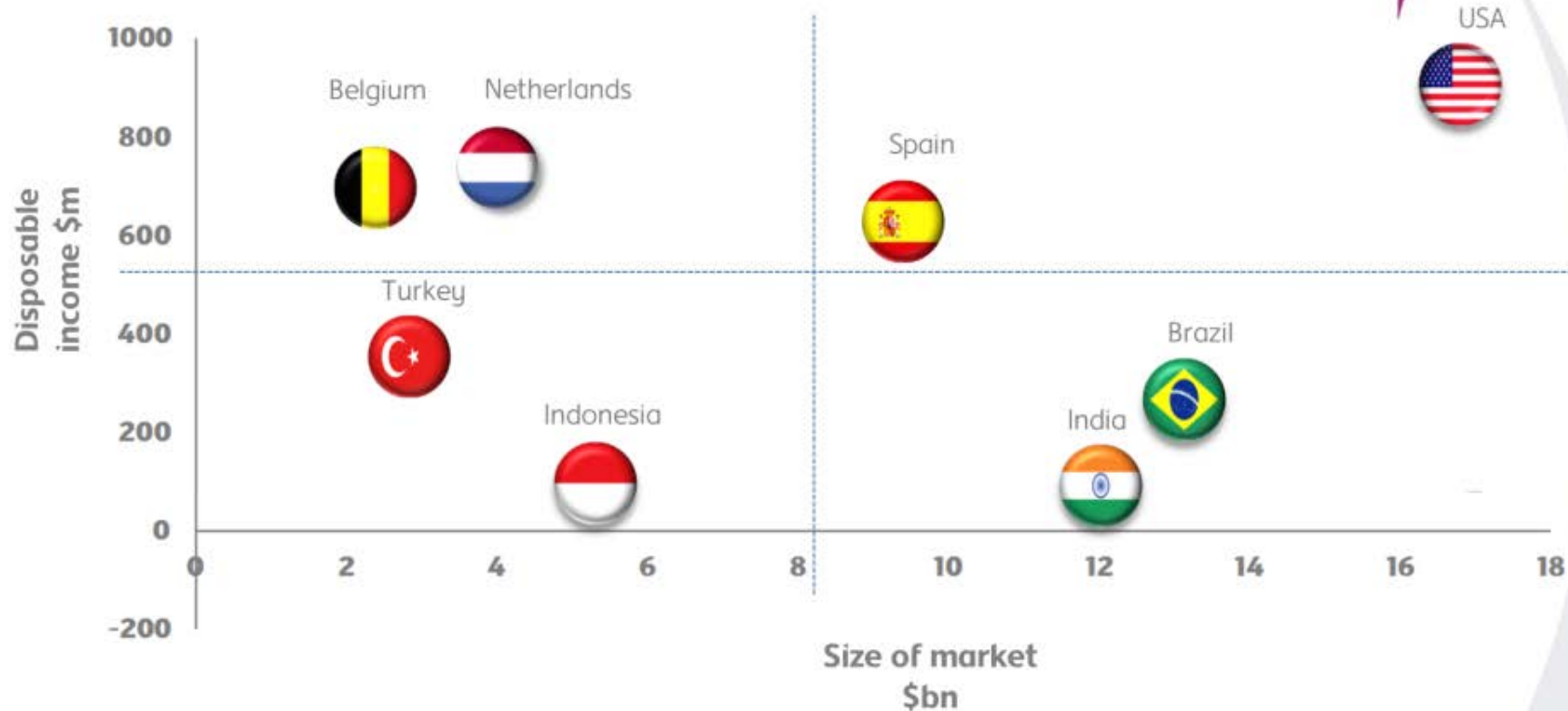


Health & Hygiene to be **72%** of CORE NR by 2016

RB strategy



Previous RB market prioritisation



*for illustrative purposes

New RB market prioritisation



*for illustrative purposes

Net revenue 2011 £m

RB strategy





**Reckitt
Benckiser**

HEALTH ▶ HYGIENE ▶ HOME

We See the World as 7 Mega Consumer Clusters

Brazil / LATAM

China / EAST ASIA

India / SOUTH ASIA



Russia / CIS

Middle East

Africa / SUB SAHARA

Europe and North America

Scale of RB's Opportunity

Developing Markets

Population 6.0bn

GDP \$32trn

GDP Growth +7%

Source: Deutsche Bank

Europe and North America

Population 0.9bn

GDP \$42trn

GDP Growth +2%

Source: Deutsche Bank

Resource Allocation

Developing Markets

1 RB Area 2011

% of RB Management 36%

% of Capex 50%

% of Marketing 44%

Europe and North America

2 RB Areas 2011

% of RB Management 64%

% of Capex 50%

% of Marketing 56%

Resource Allocation

Developing Markets

2 RB Areas

	2011	2016
% of RB Management	36%	55%
% of Capex	50%	80%
% of Marketing	44%	55%

Europe and North America

1 RB Area

	2011	2016
% of RB Management	64%	45%
% of Capex	50%	20%
% of Marketing	56%	45%

- Brazil / LATAM
- China / EAST ASIA
- India / SOUTH ASIA



- Russia / CIS
- Middle East
- Africa / SUB SAHARA

Europe and North America

LAPAC



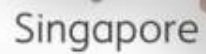
RUMEA

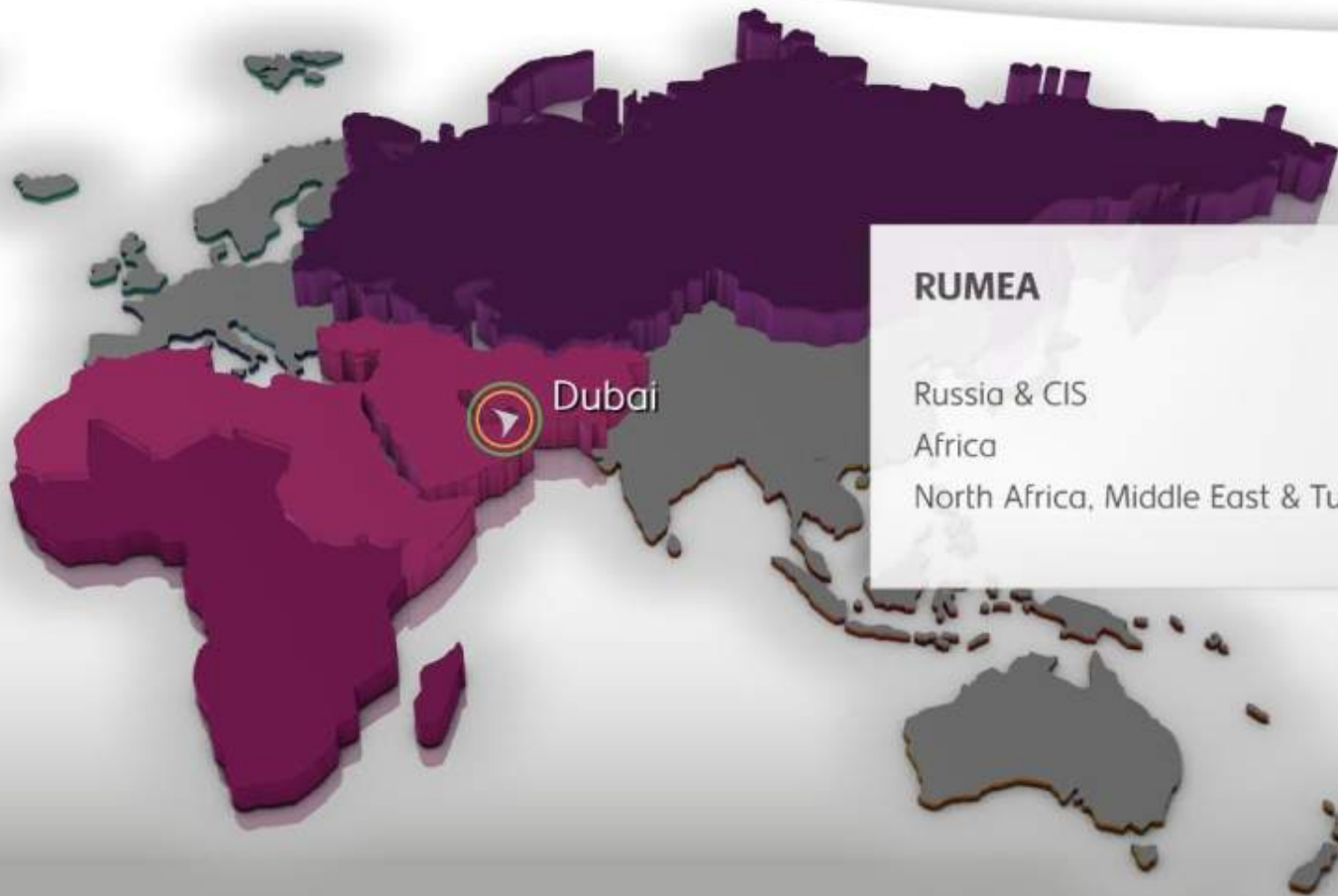
ENA

LAPAC

Latin America
North Asia
South Asia
ANZ

Singapore



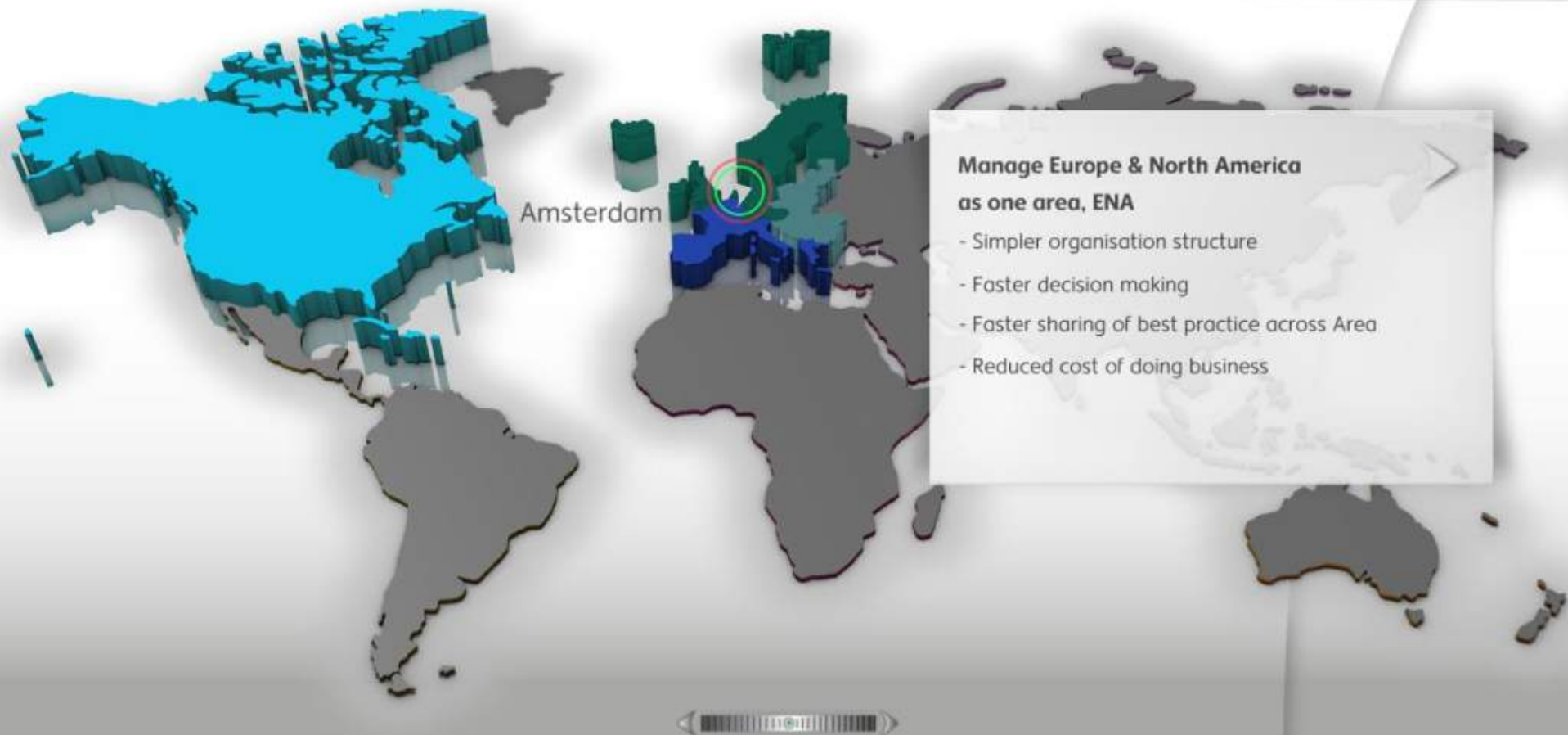


RUMEA

Russia & CIS

Africa

North Africa, Middle East & Turkey (NAMET)



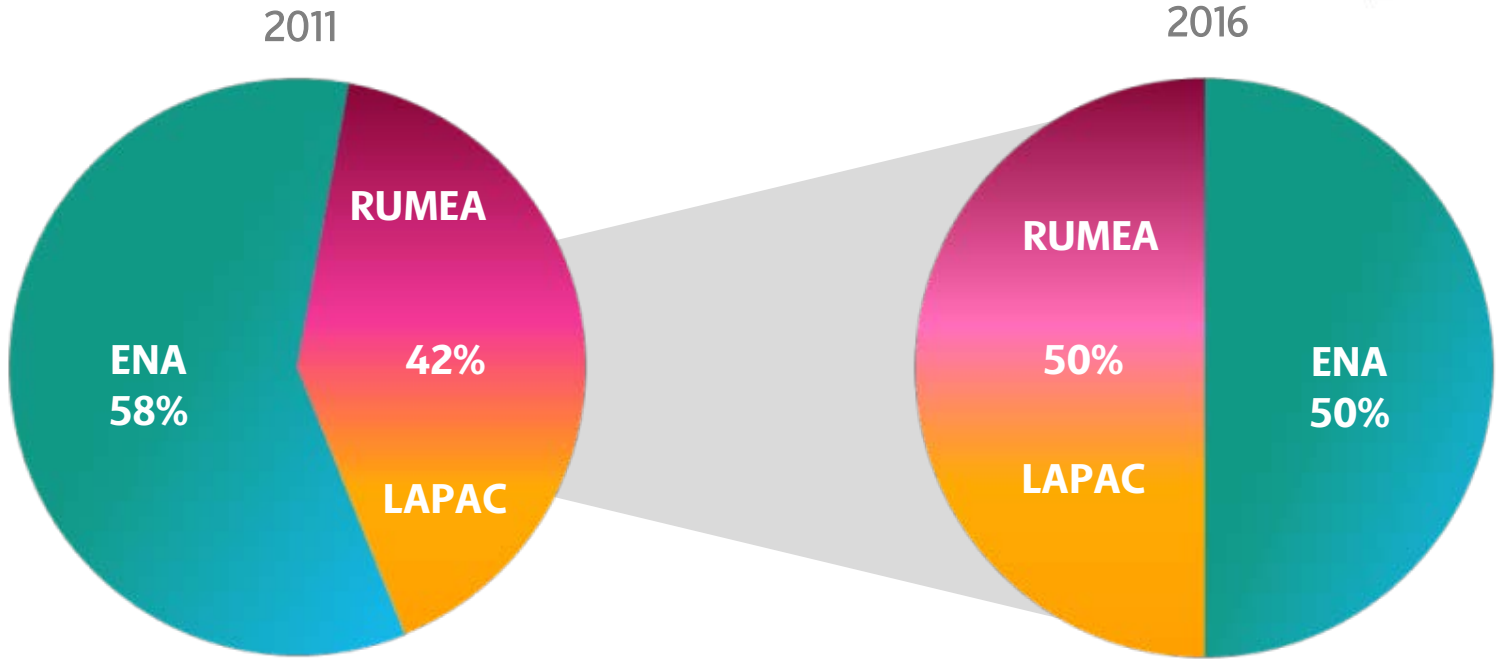
Amsterdam

**Manage Europe & North America
as one area, ENA**

- Simpler organisation structure
- Faster decision making
- Faster sharing of best practice across Area
- Reduced cost of doing business

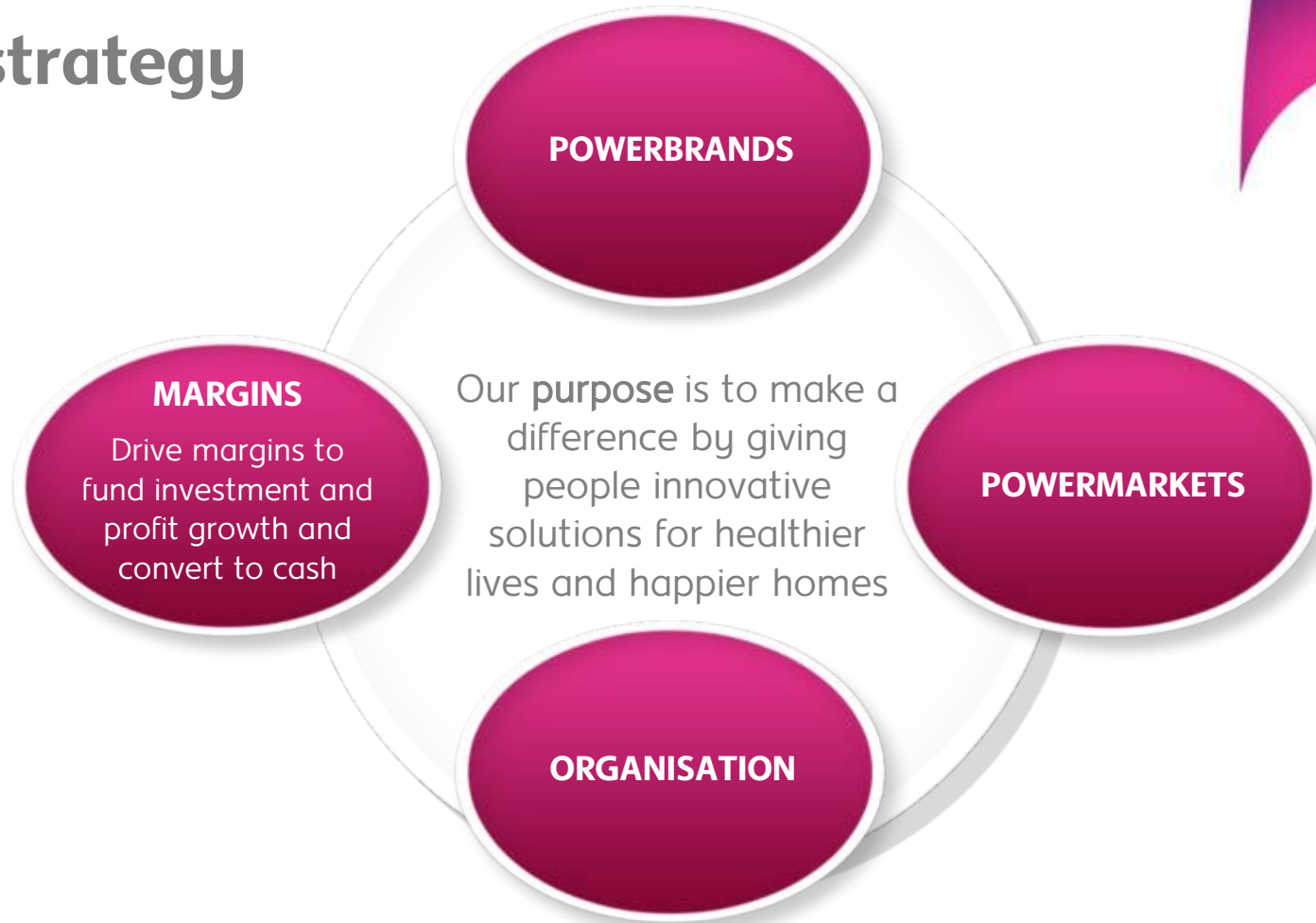


Medium term KPI



Emerging Market Areas to be **50%** of CORE NR by 2016

RB strategy





Liz Doherty

Chief Financial Officer

What's not changing

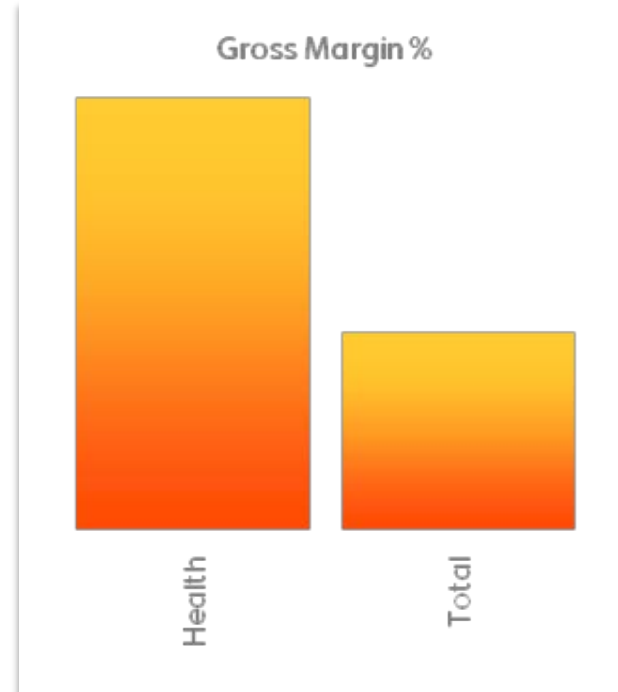
- Continued focus on driving margins
- Appropriate investment for future outperformance
- Strong emphasis on cash conversion
- Disciplined financial strategy



Strategy for margin expansion

Gross margin:

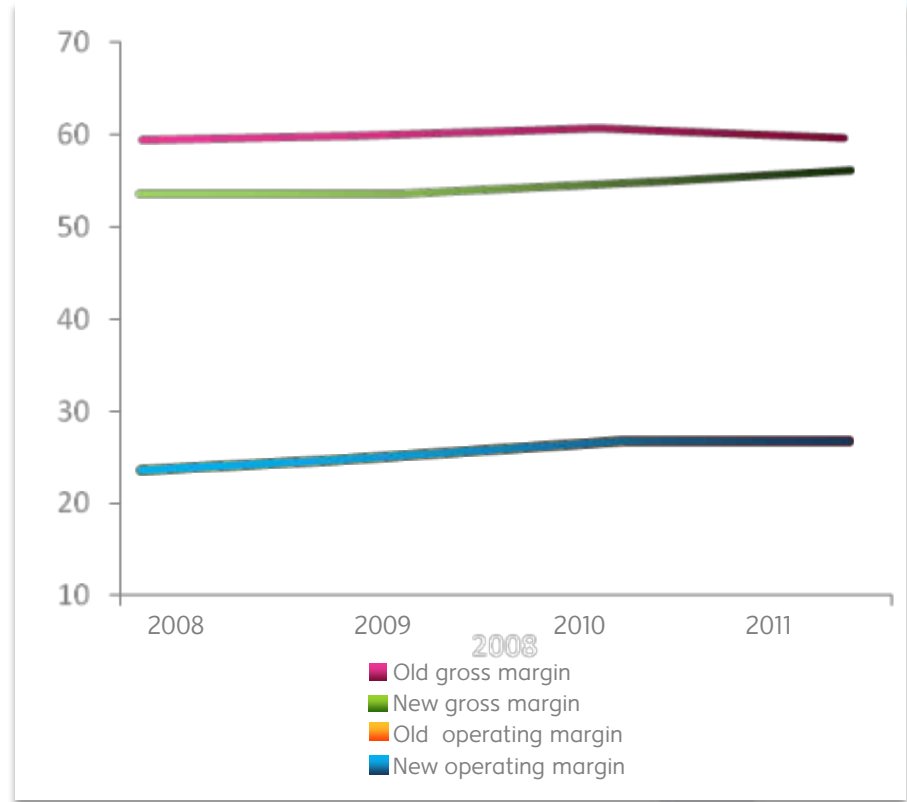
- a) Costs
 - Product re-engineering (Project Fuel)
£50m in 2012
 - Supply networks
- b) Portfolio mix
- c) Volume leverage
- d) Price –
including promotional strategy



New gross margin definition

Total company (incl RBP)

- Moves the following items up into COGS:
 - Bonus packs
 - Gadget seeding costs
- Ensures commercial organisation focused on evaluating total promotional strategy
 - Better decisions
- **OPERATING MARGIN WILL NOT CHANGE** – classification only!



Strategy for margin expansion

Core business

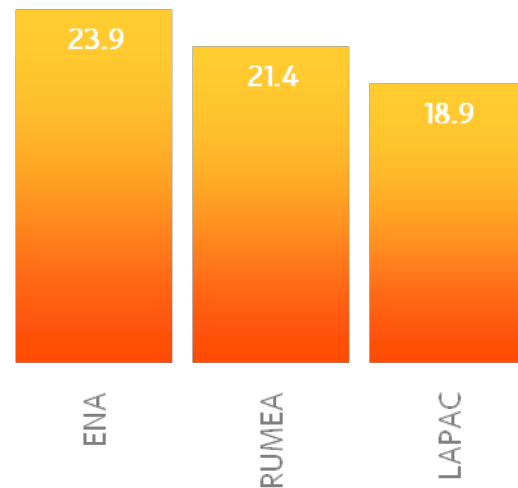
- Fixed cost containment

	2012	2013	2014
Fixed cost freeze*	30		
ENA		30	30
SAP			10

- Geographical mix

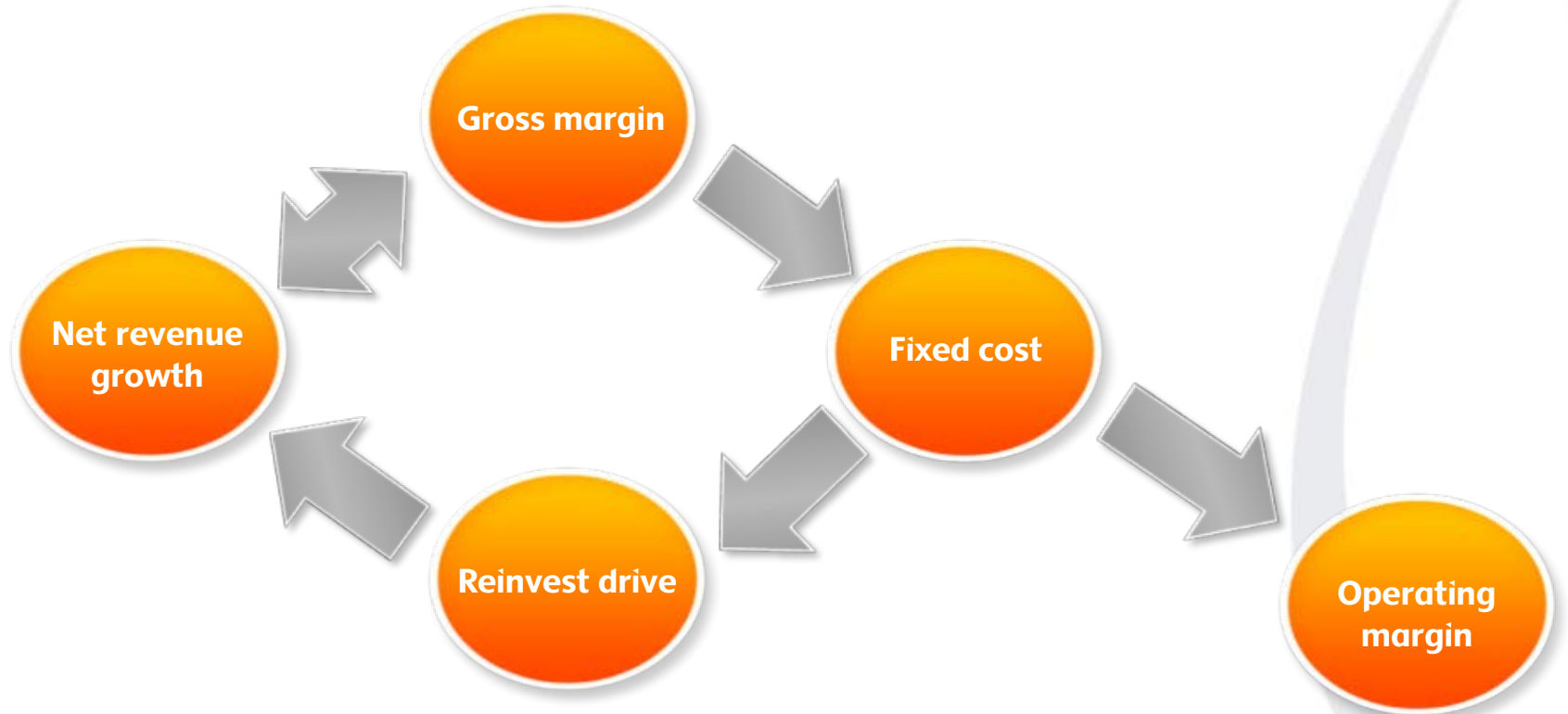
- RUMEA / LAPAC margins expand towards ENA levels

Core operating margin %



*equivalent to saving from not increasing cost

The 'virtuous cycle' of margin expansion



Capital investment for future outperformance

1) Organic

- New, best practice systems – SAP
Capital cost £150m
Annual benefit of £10m p.a. (2014/15)
- High class facilities for healthcare

But capex levels will not materially change
approx £200m year for next 3-5 years

2) M&A



Restructuring

- Reorganisation of Area structure for new Powermarkets
- Reorganisation of category development organisation to focus on Health, Hygiene & Home
- Strategic review of private label business
- Brings total restructuring announced to £325m (up from £250m)
 - Of which £125m in 2012 (including new £75m)
 - Mostly cash



£75m

Strong emphasis on cash conversion

- No loss of focus on converting profit into cash
 - Costs/margin
 - Appropriate investment levels
- New working capital definition
 - Removing corporate tax accruals and provisions – emphasis on commercial NWC
 - Change will reduce headline NWC from minus 10% to minus 7%
- Tax
 - Efficient operations



What's new for 2012?

A. KPIs to measure strategy

- New gross margin definition – more commercially focused
- New brand equity investment measure – capturing total investment
- New working capital definition – more commercially focused

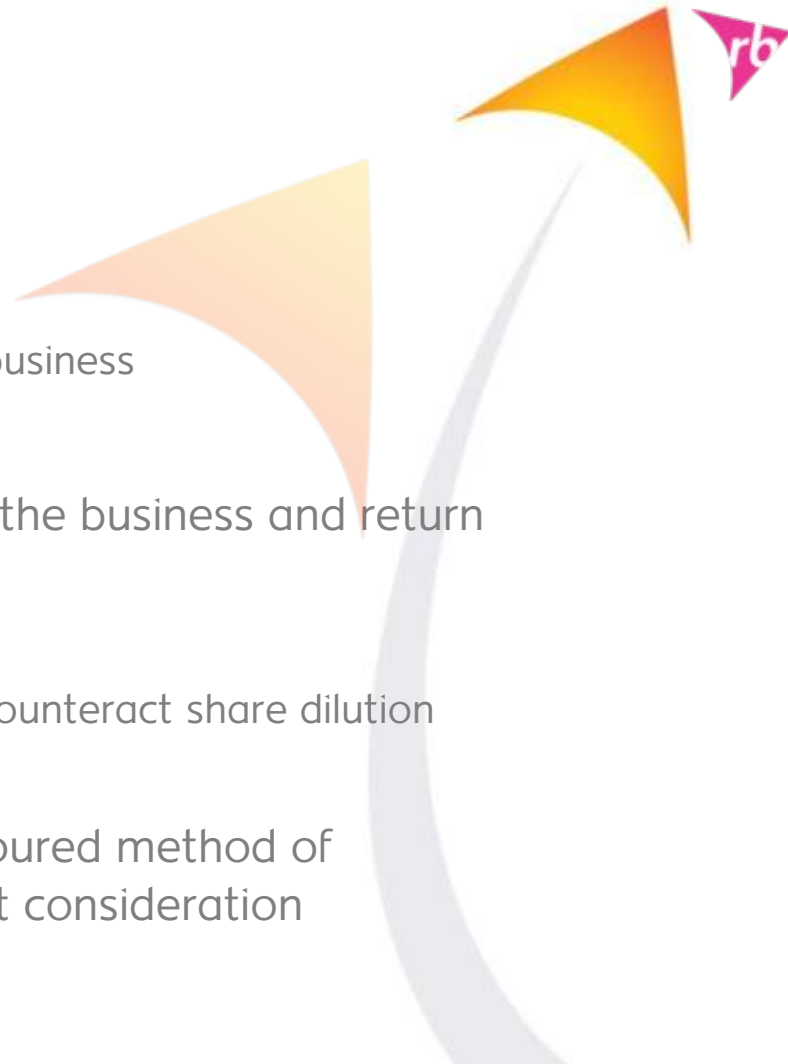
B. Additional programmes to deliver margin expansion

- To fuel investment – driving growth
- To boost profitability – operating margin expansion from 2013



Disciplined financial strategy

- Conservative balance sheet
 - Retain maximum flexibility to reinvest in our business
 - Will include M&A where opportunities arise
- Appropriate balance between investment in the business and return to shareholders
 - Dividend Policy – 50% payout ratio
 - Share Buybacks : will initiate programme to counteract share dilution from Employee schemes
- Will continue to consult shareholders on favoured method of returning cash if this becomes a more urgent consideration





Rakesh Kapoor

Chief Executive Officer

Agenda

Where we are today

Who we want to be and why

How we will keep winning

Summary

RB strategy



Summary – focus on core business

A clear strategy for core business profitable growth

Food

Fantastic business, not core.

Continue to maximise value to shareholders.

RBP

Not core business.

Will maximise value to shareholders.

M&A Strategy

Focus on add-on acquisitions to strengthen core.

Geographic

Local Platforms

Powerbrands

So what's changing and what's not changing?

Not changing

- Outperformance – continue to grow ahead of our market
- Tight cost control
- Steady margin expansion
- Strong conversion into cash

Changing

- New purpose driven strategy
- Powermarket strategy
- New organisation structure
- Higher investment in brand equity building



New RB medium term KPIs



KPI 1

Net revenue growth on average +200 bps per annum above our market growth



KPI 2

Powerbrands in Health & Hygiene – 72% of CORE NR from Health & Hygiene by 2016



KPI 3

Emerging market areas to be 50% of CORE NR by 2016

2012 Outlook

- 2012 will be a year of transition and investment
- Targeting to outperform the market growth by +200bps
- Maintain operating margins
- Both these targets exclude RBP

Passionate, innovative, entrepreneurial



Average length of service at RB = 13 years

Top 40 managers at RB ownership requirement of RB shares = £100m

RB strategy for growth and outperformance



HEALTH



HYGIENE



HOME

Q&A



**Reckitt
Benckiser**

HEALTH ▶ HYGIENE ▶ HOME