RB Investor presentation
Full year 2014

11th February 2015

Rakesh Kapoor
Chief executive officer

HEALTH ▸ HYGIENE ▸ HOME

Another year of Growth and Outperformance

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Net Revenue growth above markets

+4%

Outstanding Net income growth

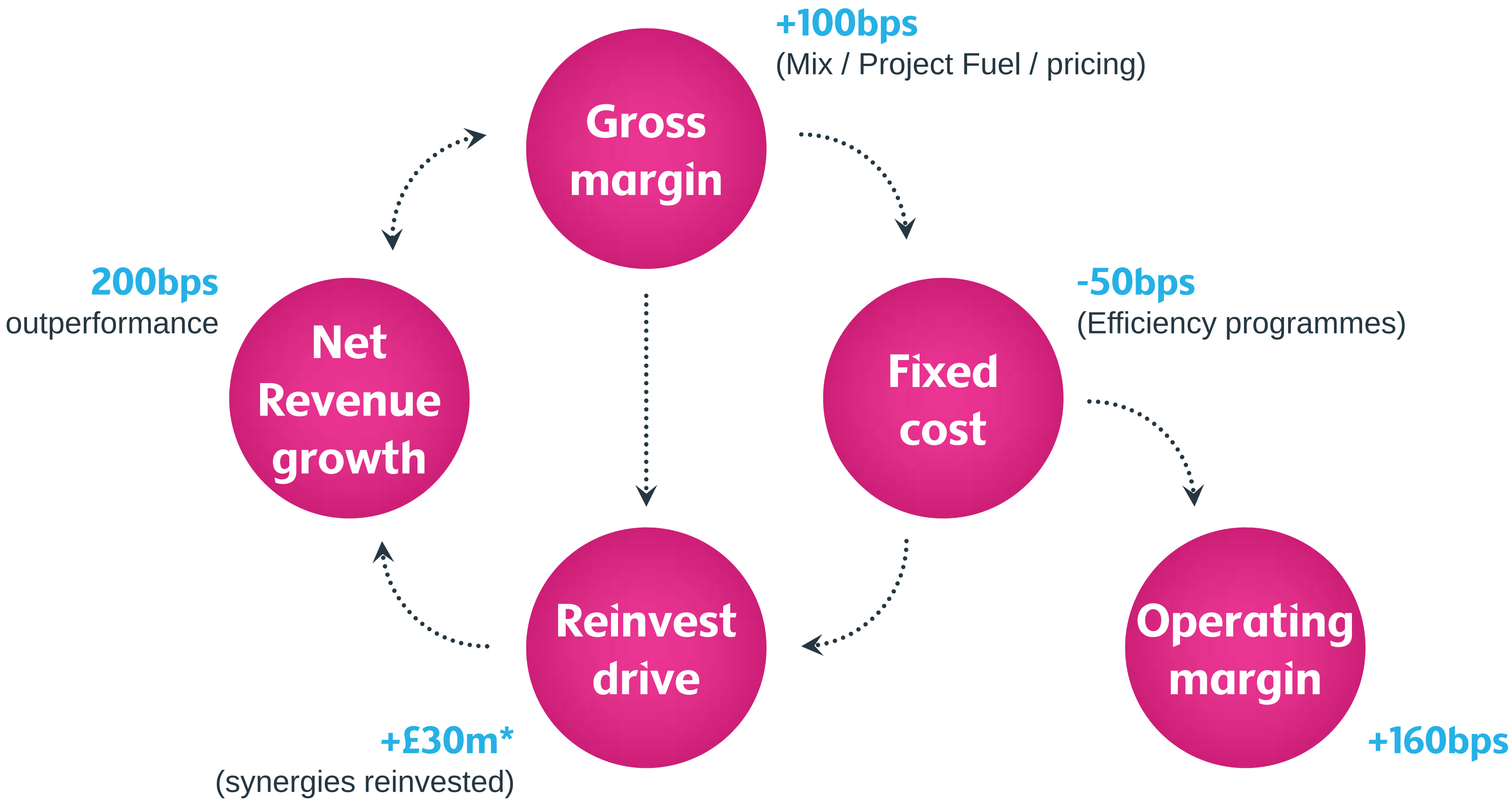
+14%*

Strong cash conversion c.100%

Final dividend 79p

*at constant exchange rate

Virtuous earnings model delivers strong operating margin expansion



*at constant exchange rate

2014: Further progress...

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Project Supercharge

- Demerger of RBP
- Footwear disposal and Medcom hospital separation
- KY acquisition
- Reconfigured areas
- New Power of 1 concept

Sharper focus

Agile Organisation

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Adrian Hennah

Chief financial officer

Q4, H2 & FY 2014 results
Income statement

	Q4		H2		Full Year	
	2014	2013	2014	2013	2014	2013
	£m	£m	£m	£m	£m	£m
Revenue	**2,304**	**2,315**	**4,513**	**4,672**	**8,836**	**9,266**
LFL %	5%	4%	4%	4%	4%	5%
Gross Margin			**2,644**	**2,694**	**5,096**	**5,258**
Gross Margin %			58.6%	57.7%	57.7%	56.7%
Adjusted Operating Profit*			**1,307**	**1,232**	**2,185**	**2,143**
Adjusted Operating Profit %*			29.0%	26.4%	24.7%	23.1%
Exceptionals			-	(22)	(21)	(256)
Operating profit			**1,307**	**1,210**	**2,164**	**1,887**

*Adjusted to exclude the impact of exceptional items

H2 & FY 2014 results

Income statement

	H2		Full Year	
	2014	**2013**	**2014**	**2013**
	£m	**£m**	**£m**	**£m**
Operating profit	1,307	1,210	2,164	1,887
Net finance expense	(20)	(15)	(38)	(31)
Profit before taxation	**1,287**	**1,195**	**2,126**	**1,856**
Taxation	(284)	(279)	(462)	(453)
Tax Rate – Adjusted*	*22%*	*23%*	*22%*	*23%*
Tax rate	22%	23%	22%	24%
Non-controlling Interest	(1)	-	(1)	(1)
Net income				
- Continuing	1,002	916	1,663	1,402
- Discontinued	1,409	163	1,560	337
Total	**2,411**	**1,079**	**3,223**	**1,739**
Adjusted Net Income *				
- Continuing	1,007	940	1,684	1,619
- Discontinued	126	163	278	348
Total adjusted Net Income	**1,133**	**1,103**	**1,962**	**1,967**
Diluted EPS	330.0p	148.1p	441.1p	238.5p
Adjusted diluted EPS	155.1p	151.5p	268.5p	269.8p

*Adjusted to exclude the impact of exceptional items and their associated tax effect

Capital Allocation

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Reinvestment in the business

Including through acquisition

Continued dividend policy

Equal to about 50% of adjusted Net income

Buy Backs

Additional up to £500m in 2015

H2 & FY 2014 results – Indivior/RBP

Income statement - discontinued

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	Q4		H2		Full Year	
	2014	2013	2014	2013	2014	2013
	£m	£m	£m	£m	£m	£m
Revenue	**172**	**186**	**333**	**377**	**677**	**777**
LFL %	-9%	-18%	-9%	-17%	-8%	-8%
Gross Margin			**304**	**346**	**619**	**711**
Gross Margin %			91.3%	91.8%	91.4%	91.5%
Adjusted Operating Profit*			**166**	**221**	**369**	**473**
Adjusted Operating Profit %*			49.8%	58.6%	54.5%	60.9%
Exceptionals			-	-	-	(15)
Profit before taxation			**166**	**221**	**369**	**458**
Taxation			(39)	(58)	(91)	(121)
Tax rate			23%	26%	25%	26%
Gain arising on demerger			1,282	-	1,282	-
Net income			**1,409**	**163**	**1,560**	**337**
Adjusted Net income *			**126**	**163**	**278**	**348**

*Adjusted to exclude the impact of exceptional items, the gain on demerger and their associated tax effect

Indivior/RBP – Impact of Demerger on Continuing P&L and Balance Sheet

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"Stranded Costs"

£45m (2013)
£39m (2014)

Borrowing

c£275m net debt demerged with Indivior

Services to Indivior

No material impact on Group's costs

Revenue growth by Quarter
Business Segment

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	2013				2014					Total NR
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY
	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	£m
ENA	3%	3%	2%	2%	2%	2%	1%	4%	2%	4,940
LAPAC	11%	11%	10%	9%	8%	6%	3%	3%	5%	2,341
RUMEA	7%	5%	5%	3%	4%	11%	12%	17%	11%	1,239
FOOD	3%	-2%	1%	0%	3%	2%	3%	4%	3%	316
Group	**6%**	**6%**	**5%**	**4%**	**4%**	**4%**	**3%**	**5%**	**4%**	**8,836**

Revenue growth by Quarter
Category

	2013				2014					Total NR
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	£m
	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL	LFL
Health	13%	16%	8%	7%	11%	10%	6%	8%	8%	2,701
Hygiene	9%	5%	7%	6%	2%	4%	2%	6%	3%	3,627
Home	2%	3%	0%	3%	0%	-1%	3%	3%	1%	1,810
Portfolio	-22%	-5%	-5%	-16%	0%	7%	-14%	-16%	-5%	382
Food	3%	-2%	1%	0%	3%	2%	3%	4%	3%	316
Group	**6%**	**6%**	**5%**	**4%**	**4%**	**4%**	**3%**	**5%**	**4%**	**8,836**

Margin Analysis

	H1		H2		Full Year	
At actual	**%**	**bps v PY**	**%**	**bps v PY**	**%**	**bps v PY**
2014 Gross Margin	56.7%	+90bps	58.6%	+90bps	57.7%	+100bps
2013 Gross Margin	55.8%		57.7%		56.7%	

	H1		H2		Full Year	
At actual	**%**	**bps v PY**	**%**	**bps v PY**	**%**	**bps v PY**
2014 BEI	14.1%	-30bps	11.8%	level	12.9%	-10bps
2013 BEI	14.4%		11.8%		13.0%	

	H1		H2		Full Year	
At actual	**%**	**bps v PY**	**%**	**bps v PY**	**%**	**bps v PY**
2014 Operating margin	20.3%	+50bps	29.0%	+260bps	24.7%	+160bps
2013 Operating margin *	19.8%		26.4%		23.1%	
Previously reported 2013 Operating margin	20.4%		26.8%		23.6%	

* 2013 operating margins have been adjusted for £45m of stranded costs previously allocated to RBP

Profitability by business segment

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	H1				H2		
	2014	2014*	2013	2013*	2014	2013	2013*
	%		%		%	%	
ENA	22.3%	22.7%	20.8%	21.4%	33.6%	29.9%	30.3%
LAPAC	17.2%	17.7%	17.7%	18.2%	22.3%	20.8%	21.3%
RUMEA	18.2%	18.7%	19.6%	20.1%	21.7%	21.3%	21.9%
FOOD	22.4%	22.4%	22.5%	22.5%	31.1%	31.5%	31.5%
Group	**20.3%**	**20.8%**	**19.8%**	**20.4%**	**29.0%**	**26.4%**	**26.8%**

Adjusted to exclude the impact of exceptional items
* 2013 and 2014 H1 operating margins as previously reported (ie; before RBP stranded costs allocation)

Net Working Capital

	NWC		
	FY13	HY14	FY14
	£m	£m	£m
Inventory	746	748	745
% to last 12 month revenue	7%	8%	8%
Receivables	1,306	1,371	1,307
% to last 12 month revenue	13%	14%	15%
Payables	(2,915)	(2,992)	(2,883)
% to last 12 month revenue	-29%	-31%	-33%
Net working capital	(863)	(873)	(831)
% to last 12 month revenue	-9%	-9%	-9%

Free cash flow

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	H1		H2		Full Year	
	2014	2013*	2014	2013*	2014	2013*
	£m	£m	£m	£m	£m	£m
Adjusted Operating Profit**	**878**	**911**	**1,307**	**1,232**	**2,185**	**2,143**
Share based payment	26	28	27	25	53	53
Depreciation and amortisation	79	72	82	83	161	155
Net Capital expenditure	(66)	(84)	(108)	(131)	(174)	(215)
Movement in net working capital	12	76	69	(40)	81	36
Movement in provisions and other creditors	(89)	(54)	41	(127)	(48)	(181)
Other non-cash movements in operating profit	(8)	1	7	0	(1)	1
Trading cashflow	**832**	**950**	**1,425**	**1,042**	**2,257**	**1,992**
Exceptional cash flow	(47)	(24)	(50)	(16)	(97)	(40)
Operating cashflow	**785**	**926**	**1,375**	**1,026**	**2,160**	**1,952**
Net interest paid	(14)	(13)	(18)	(11)	(32)	(24)
Taxation paid	(192)	(265)	(224)	(203)	(416)	(468)
Free Cashflow	**579**	**648**	**1,133**	**812**	**1,712**	**1,460**
Free Cashflow as % of Net Income	**88%**	**133%**	**113%**	**89%**	**103%**	**104%**
Closing net cash/(debt)	**(2,237)**	**(2,760)**	**(1,543)**	**(2,096)**	**(1,543)**	**(2,096)**

*2013 numbers have been restated to exclude RBP
**Adjusted to exclude the impact of exceptional items

2015 Segmental Reporting

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Primary Segments	Category Segments
ENA --------------- Developing Markets	No significant change

New initiatives for H1 2015

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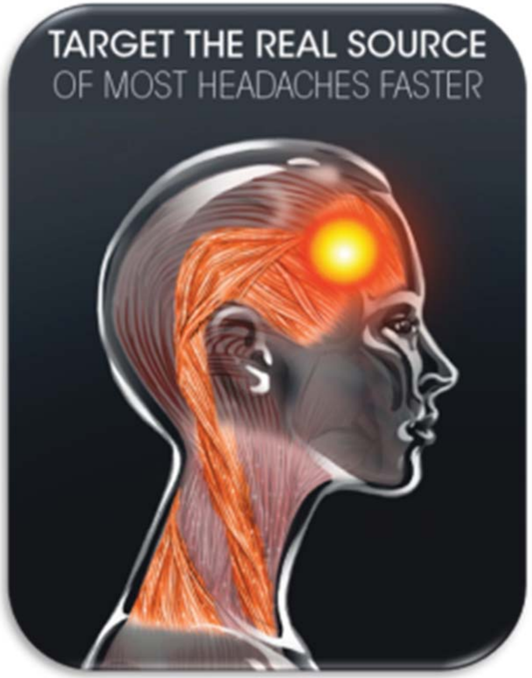
HEALTH

Nurofen® Express



Nurofen® Express

Express targets the muscles which are the real source of headaches, providing faster relief.

Scholl - Velvet Smooth Express Pedi with Diamond Crystals

Scholl ® - Velvet Smooth Diamond Crystals

Our most advanced electronic foot file for effective & safe hard skin removal.
With diamond crystal roller for superior exfoliation

Scholl GelActiv™ insoles

Scholl® - GelActiv™ insoles

Improves the comfort of your shoes all day long. Unique GelActiv™ technology is a dual gel which provides optimum level of cushioning & shock absorption.

Durex® Invisible extra thin condom

Durex ® Invisible Extra Thin

Durex's thinnest latex condom ever, to maximise sensitivity for a closer connection

Durex® Personalized Condoms in China

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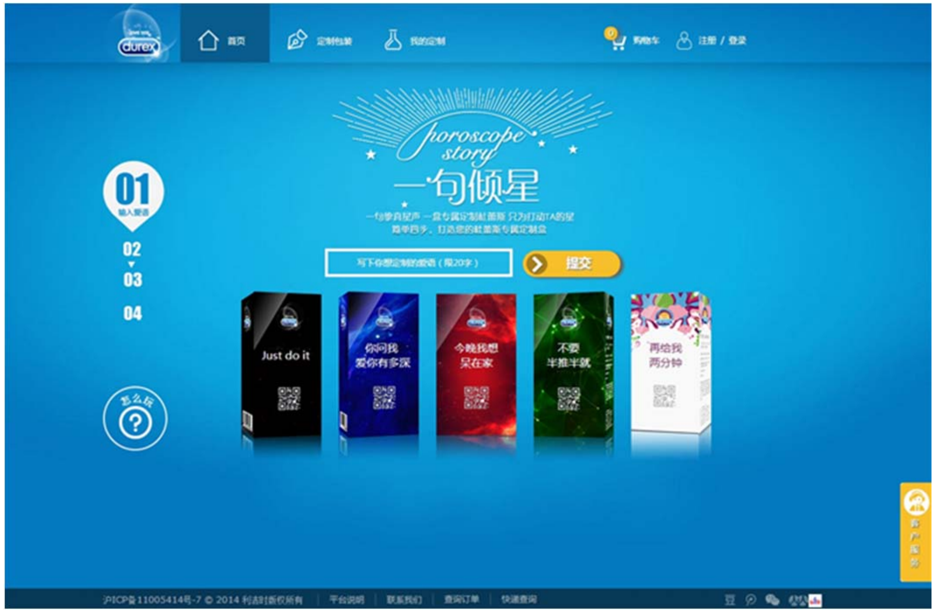

Durex personalised condoms

Durex® Personalized Condoms in China

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Optrex ActiMist® 2 in 1

Optrex ActiMist® 2 in 1
Clinically proven to moisturise dry irritated eyes

MegaRed® Super HeartTM

MegaRed® Super HeartTM

Unique combination of three clinically proven Ingredients for extra support for Heart Health

HYGIENE

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Finish® Shine & Protect

Finish® Shine & Protect with Glass Protect Action

Protects your glasses through out the washing cycle for 2x Longer glass protection

Dettol® proFresh Body Wash

Dettol® proFresh Body Wash

Removes odour-causing germs for all day freshness.
Gently cleanses and cares for your skin.

Veet Spawax

Veet ® Spawax

Salon-perfect smoothness at home.

Mortein® Activ Card

Mortein® Activ Card
Knocks out mosquitoes in just 3 minutes

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HOME

Air Wick® Life Scents

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Airwick® Life Scents

Breakthrough fragrance technology that creates constantly changing fragrance experiences for your home

Vanish Gold & Gold for Whites – 30 second claim

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Vanish® Gold and Gold for Whites

New premium gold standard in stain removal – Removes stains in 30 seconds

Strategy Update

RB strategy

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POWERBRANDS
H/H/H

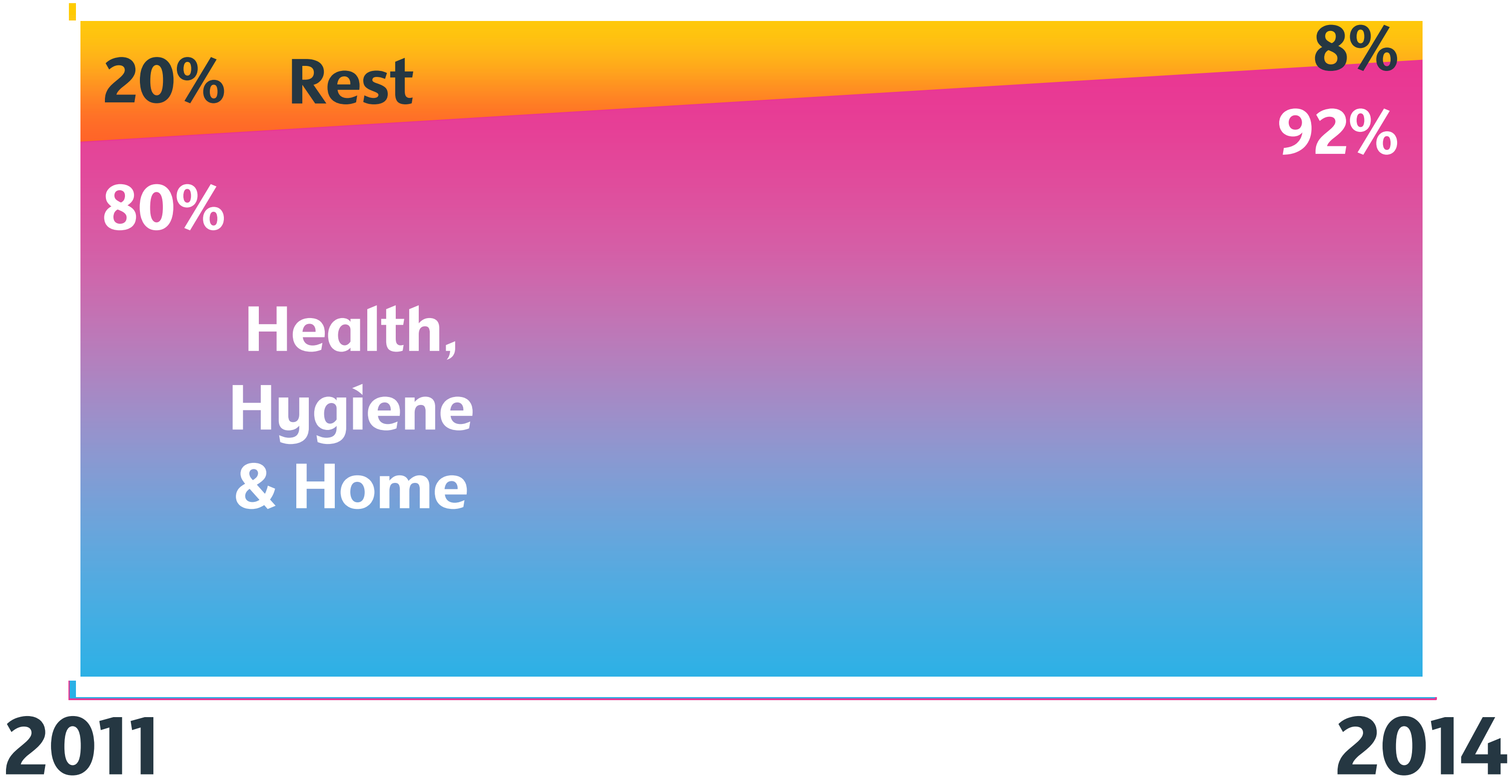
MARGINS

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

POWERMARKETS

ORGANISATION

Health / Hygiene / Home – the Right Portfolio Strategy



Powermarkets – Improved innovation & Activation

				
RB ranking 5 years ago	8	9	11	43
RB ranking Now	4	7	5	12

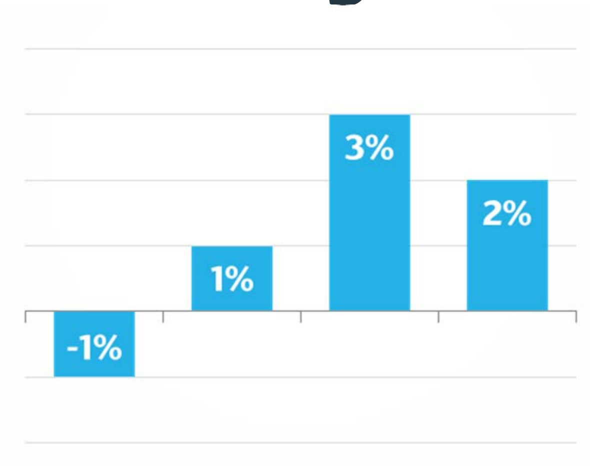
Organisation / culture / talent

LAPAC / RUMEA

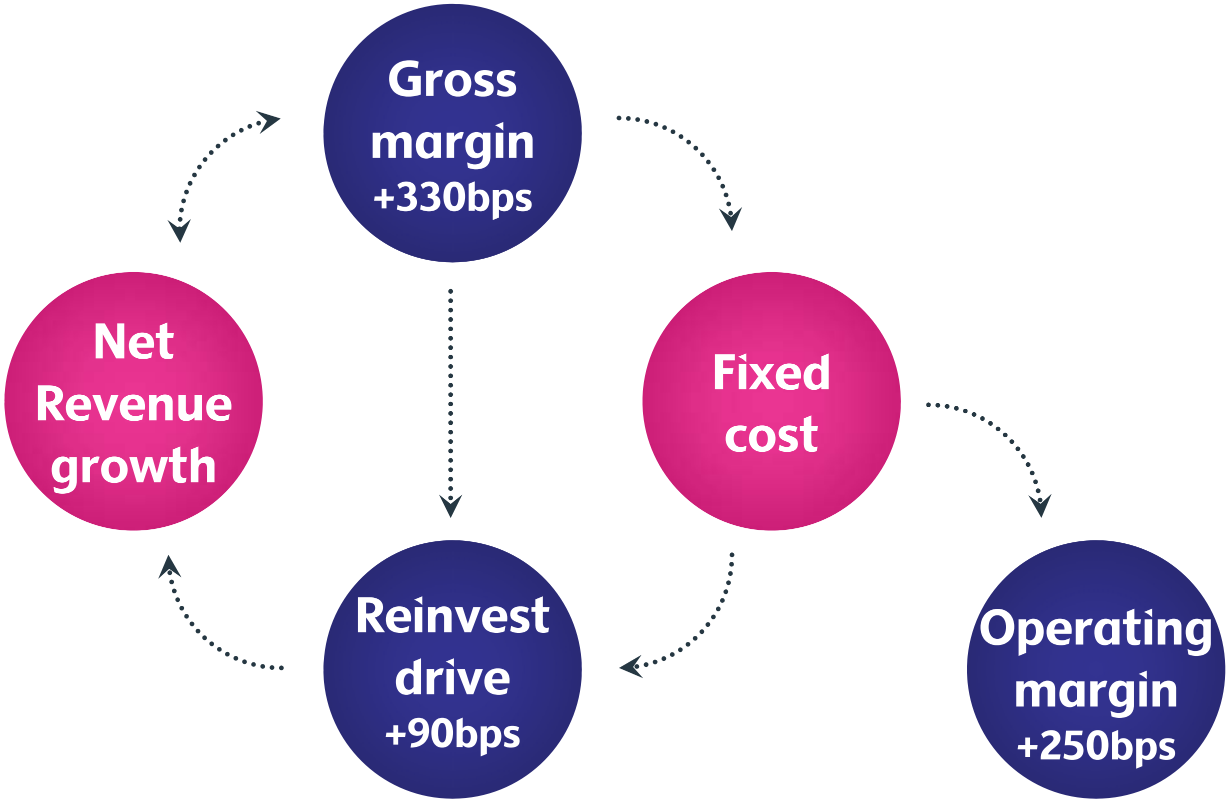
+8%

(3yr CAGR growth)

ENA LFL growth



Margins – 3 years of virtuous earnings



RB strategy is right

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RIGHT PORTFOLIO STRATEGY

VIRTUOUS EARNINGS MODEL

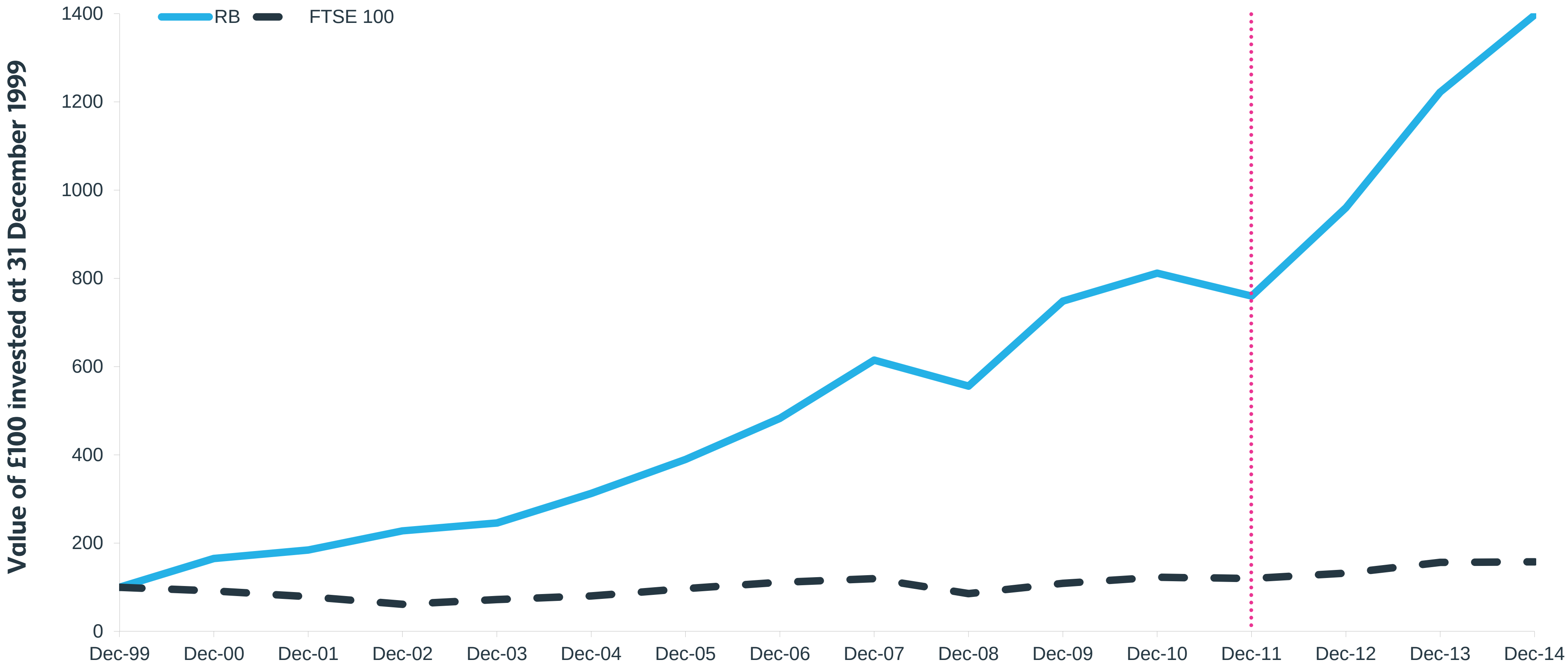
Our purpose

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

BRILLIANT INNOVATION & ACTIVATION

ORGANISATION/ CULTURE/ TALENT

The strategy is right and is creating outstanding value



Project Supercharge

Delivering sustainable growth and outperformance

Our pillars of sustained outperformance

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- RIGHT PORTFOLIO STRATEGY
- BRILLIANT INNOVATION & ACTIVATION
- ORG / CULTURE / TALENT
- VIRTUOUS EARNINGS MODEL

Project supercharge

ORG / CULTURE / TALENT

VIRTUOUS EARNINGS MODEL

Project supercharge

ORG / CULTURE / TALENT

VIRTUOUS EARNINGS MODEL

Simpler & more agile organisation

Consumer and Store at the centre of what we do

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Consumer

Customer

Creating better solutions for healthier lives and happier homes

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CREATE

CREATE: Extreme focus on blockbuster projects

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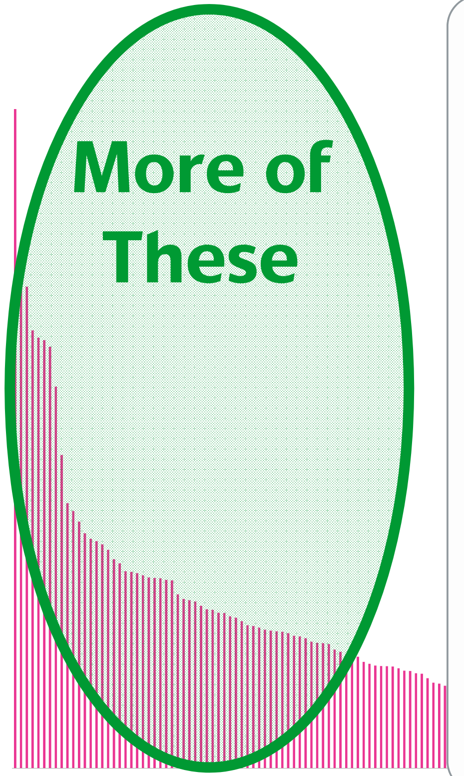

SCALE: As global as possible

SCALE: As global as possible

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Consistent communication. No duplication. Faster roll-out

100

India

100

China

100%

Indo/MY/SG

100

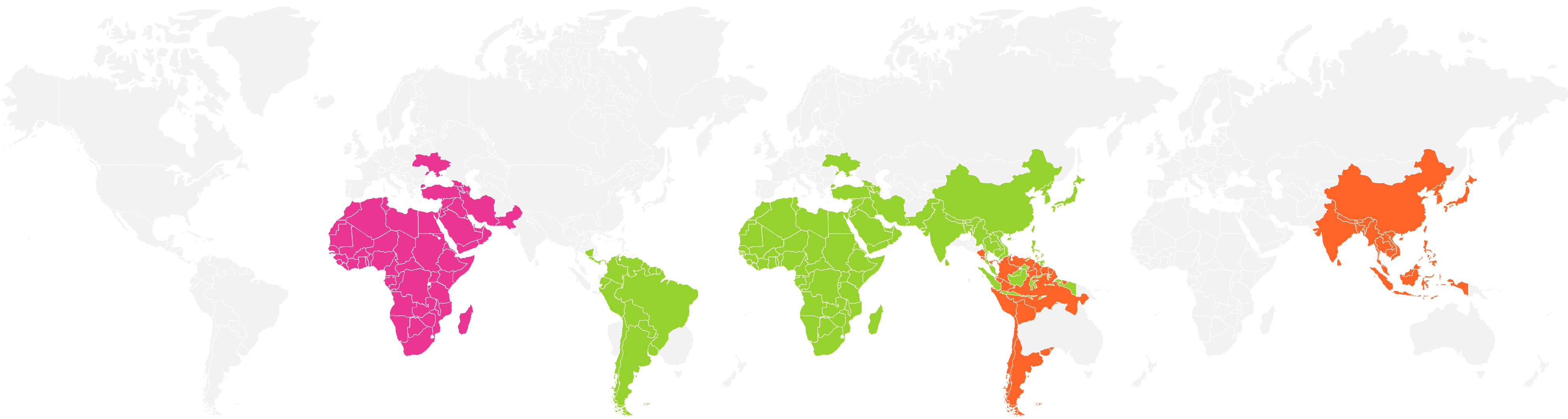
ME

Jan ‘15

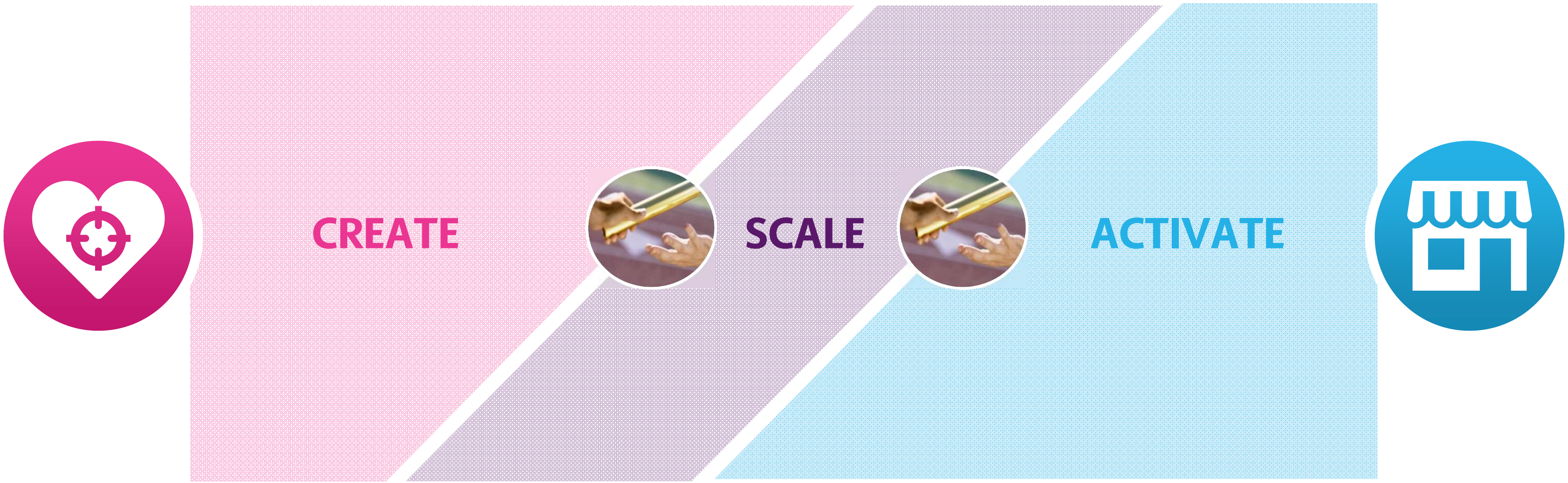
SCALE: A Unified Developing Market business

RUMEA

LAPAC



Activate: As local as needed

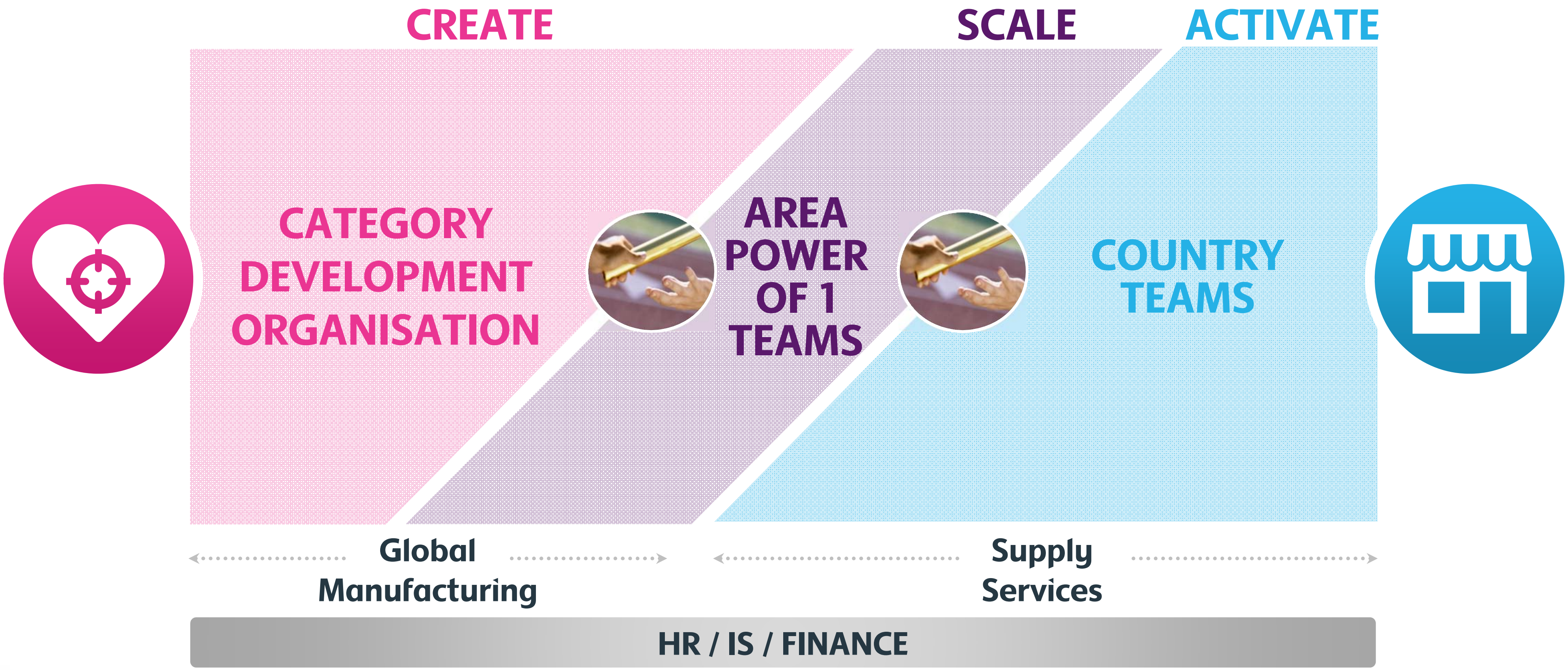


Activate: As local as needed

Power markets/ Activation markets

Customer supply services organisation

A simpler, more agile organization connected by a common purpose



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As global as possible
As local as needed

Project supercharge

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ORG / CULTURE / TALENT

Simpler & more agile organisation

VIRTUOUS EARNINGS MODEL

Super efficient & cost conscious

There is opportunity to improve our non BEI costs

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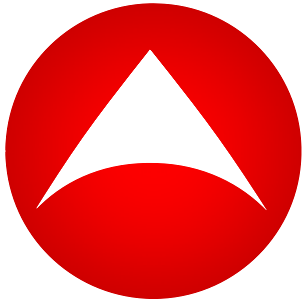
COGS	BEI	NON BEI COSTS
		

Room to improve versus industry benchmarks

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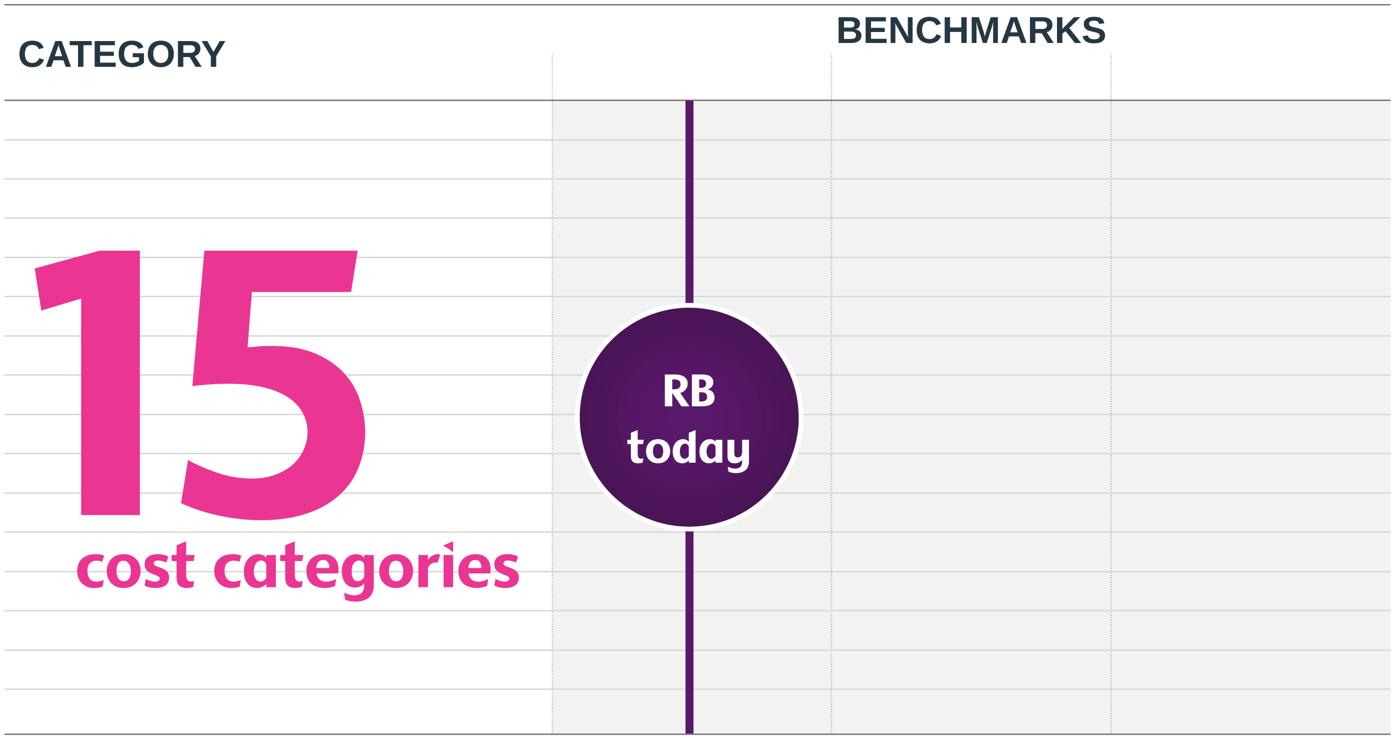
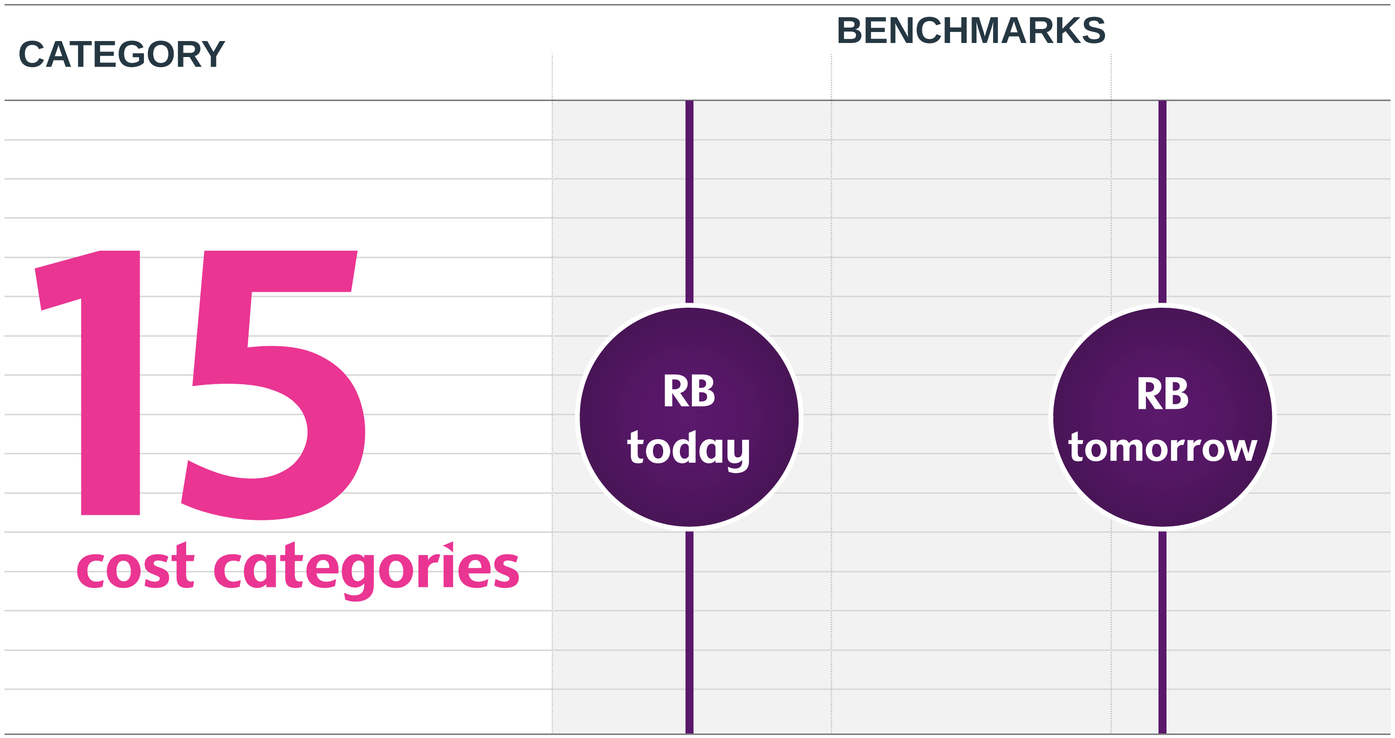


Sample is 25 companies – all fmcg / hc)

Aiming for top quartile



Sample is 25 companies – all fmcg / hc)

significant savings potential

CATEGORY	BENCHMARKS

15

cost categories

£100M - £150m

Sample is 25 companies – all fmcg / hc)

Project supercharge

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ORG / CULTURE / TALENT

Simpler & more agile organisation

VIRTUOUS EARNINGS MODEL

Super efficient & cost conscious

Growth & outperformance

Medium Term KPI's

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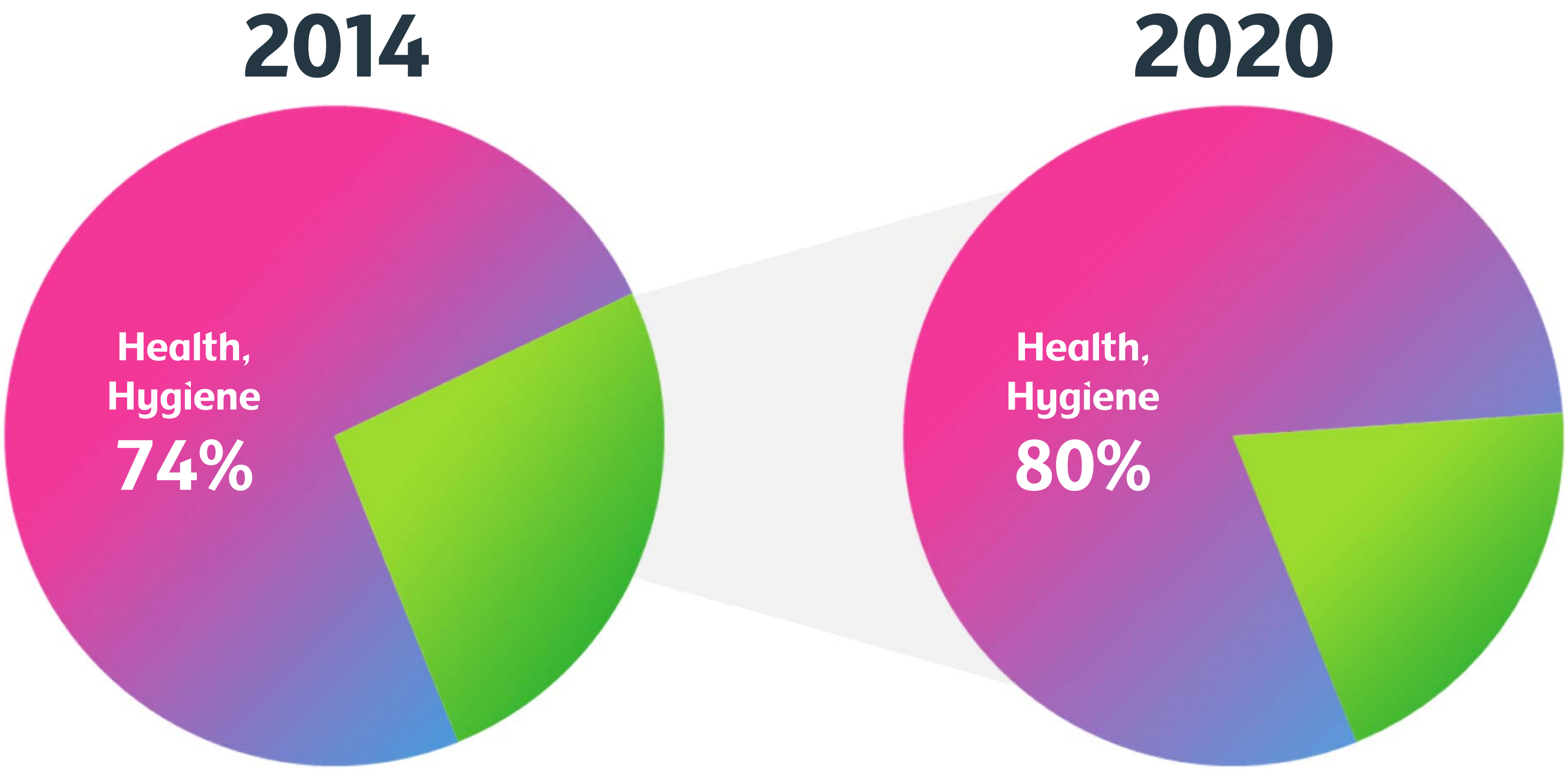
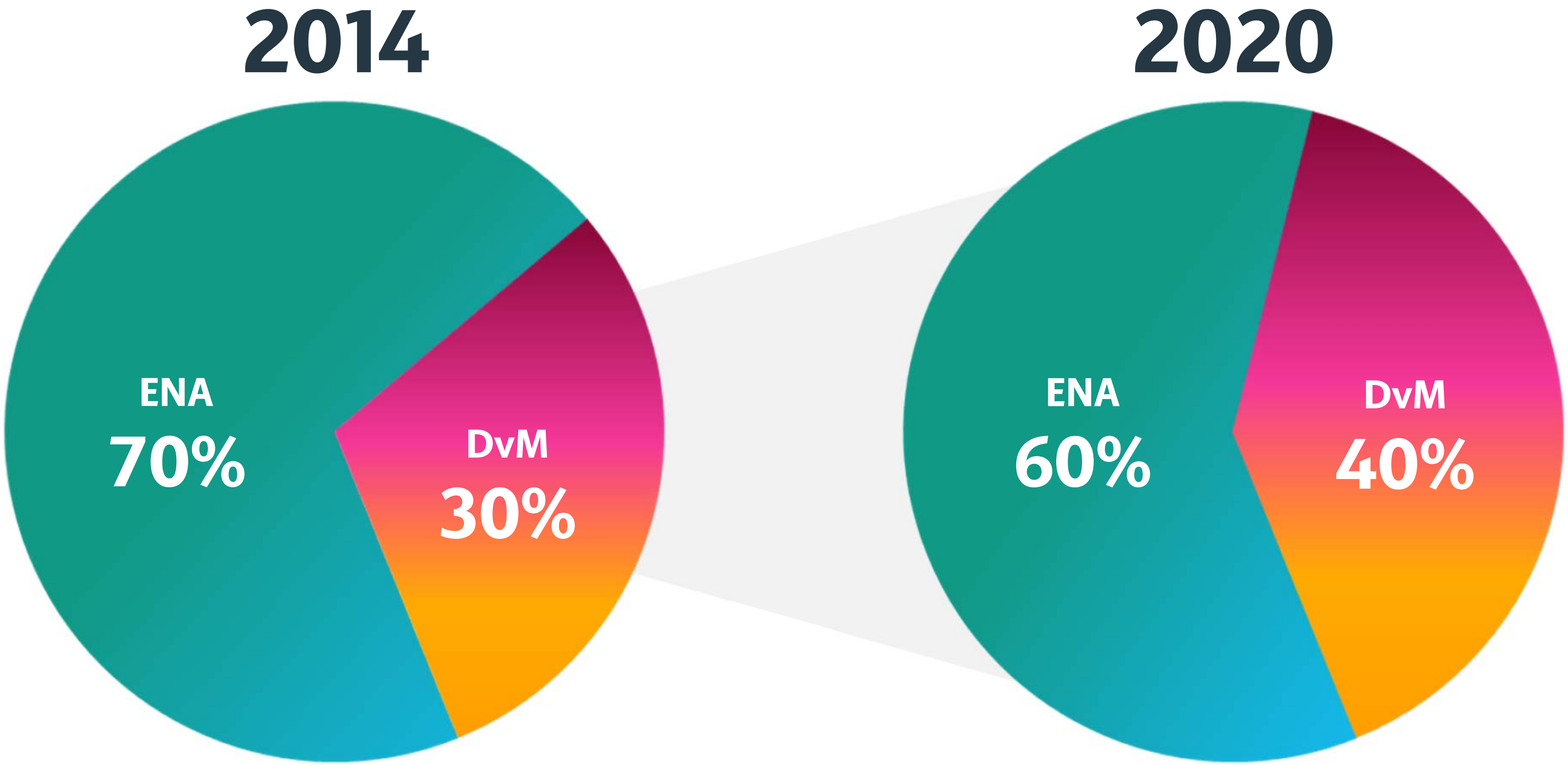
Medium term KPI



Health & Hygiene to be 80% of NR by 2020

Medium term KPI



Developing Market Area to be 40% of NR by 2020

RB medium term KPIs

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KPI 1

Net revenue growth on average **+200 bps per annum** above our market growth + **moderate margin expansion**

KPI 2

Health & Hygiene
80% of NR from Health & Hygiene by 2020

KPI 3

Developing Markets
to be 40% of NR by 2020

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2015

2015: Targets

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LFL Net revenue	Operating margin
+4%	Moderate to “nice” expansion*

*adjusted to exclude the impact of exceptional items

Key messages

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Right strategy

Sharper focus

Sustainable earnings model

Agile organisation

Challenging markets

Exciting future

Appendices

New Segmental Analysis
Revenue growth by quarter

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	2014					Total NR
	Q1	Q2	Q3	Q4	FY	FY
	LFL	LFL	LFL	LFL	LFL	£m
North America	0%	1%	-4%	3%	0%	1,974
Rest of ENA	3%	4%	5%	7%	5%	3,890
ENA	**2%**	**3%**	**2%**	**5%**	**3%**	**5,864**
Developing Markets	**8%**	**7%**	**5%**	**5%**	**6%**	**2,656**
Food	3%	2%	3%	4%	3%	316
Total	**4%**	**4%**	**3%**	**5%**	**4%**	**8,836**

New Segmental Analysis
Profitability by business segment

	H1 2014	H2 2014	FY 2014
ENA	22.7%	32.8%	28.0%
Developing Markets	15.0%	19.7%	17.3%
Food	22.4%	31.1%	26.9%
Total	**20.3%**	**29.0%**	**24.7%**

Adjusted to exclude the impact of exceptional items

2014 Profitability by business segment

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	2014		
	H1	**H2**	**FY**
	%	**%**	**%**
ENA	22.3%	33.6%	28.2%
LAPAC	17.2%	22.3%	19.7%
RUMEA	18.2%	21.7%	19.9%
FOOD	22.4%	31.1%	26.9%
Group	**20.3%**	**29.0%**	**24.7%**

Adjusted to exclude the impact of exceptional items

2014 including RBP share of corporate costs

Analysis of Exceptional costs

	Total Guidance £m	P&L FY 2014 £m	Total P&L to date £m	Total cash to date £m
Acquisition, integration and restructuring*	190	21	149	166
Litigation provisions**	210	0	210	48

*Acquisition, Integration and restructuring includes £20m KY related costs as communicated in H1 2014.
**Initial guidance was £225m. Adjusted to exclude £15m relating to RBP.

Reconciliation of Operating Profit to Adjusted Operating Profit

	H2 2014 £m	FY 2014 £m	FY 2013* £m	FY 2012* £m
Operating profit	**1,307**	**2,164**	**1,887**	**1,858**
Adjusting items:				
- Acquisition, integration and restructuring	-	21	46	135
- Litigation provisions	-	-	210	-
Adjusted operating profit	**1,307**	**2,185**	**2,143**	**1,993**

2013 and 2012 numbers have been restated to reflect corporate costs previously borne by RBP

Revenue growth by Business segment Q4 2014

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	LFL %	Acq/Disp %	FX %	Reported %
ENA	4%	0%	-3%	1%
LAPAC	3%	-1%	-6%	-3%
RUMEA	17%	-4%	-17%	-5%
FOOD	4%	0%	0%	4%
Group excluding RBP	**5%**	**0%**	**-5%**	**0%**

Due to rounding this table will not always cast

Revenue growth by Business segment H2 2014

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	LFL %	Acq/Disp %	FX %	Reported %
ENA	2%	0%	-5%	-2%
LAPAC	3%	-1%	-8%	-5%
RUMEA	14%	-4%	-16%	-5%
FOOD	4%	0%	-5%	-1%
Group excluding RBP	**4%**	**0%**	**-7%**	**-3%**

Due to rounding this table will not always cast

Revenue growth by Business segment FY 2014

	LFL %	Acq/Disp %	FX %	Reported %
ENA	2%	0%	-5%	-3%
LAPAC	5%	1%	-13%	7%
RUMEA	11%	-3%	-16%	-9%
FOOD	3%	0%	-6%	-3%
Group excluding RBP	**4%**	**0%**	**-9%**	**-5%**

Due to rounding this table will not always cast

Reconciliation in net debt

	2014 £m
Opening net debt	**(2,096)**
Free cashflow	1,712
Net shares repurchased	(201)
Acquistion of businesses	(340)
Net debt divested on demerger	272
Dividends paid	(989)
FCF from discontinued operations	207
Exchange and other movements	(108)
Closing net cash/(debt)	**(1,543)**