



Reckitt Benckiser

Investor Presentation: Full Year 2012

13th February 2013



Rakesh Kapoor

Chief Executive Officer

Key Messages



**Rapid progress
in shaping
our business
for tomorrow**

**Committed
to driving
the business
for the long term**

**Strategy for
growth and
outperformance
fully on track**

FY 2012: Summary

Strong finish to a successful transition year:

FY 2012 net revenue **+5%** LFL (ex-RBP)

Growth driven by increased investment behind brands – **BEI up by £100m**

Gross and Operating Margin increase

Strong GM in H2 as expected - driven by Project Fuel, pricing and mix

ENA cost savings – early achievement of £30m

Net working capital and cash conversion good

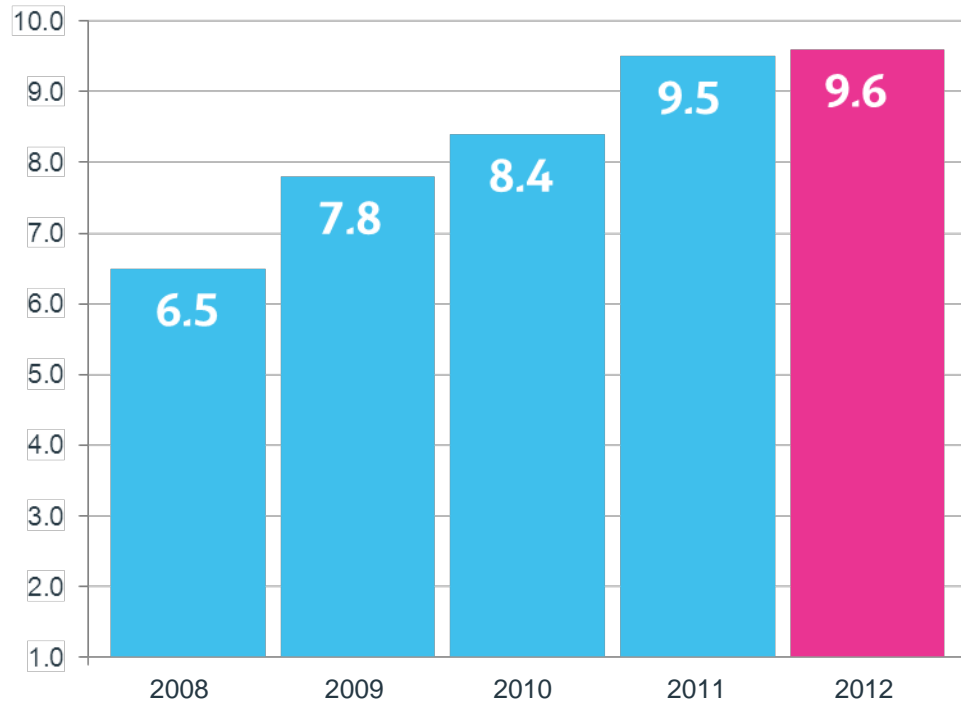
Proposed final dividend per share increased by +11% to 78p

Financial performance

FY 2012 analysis

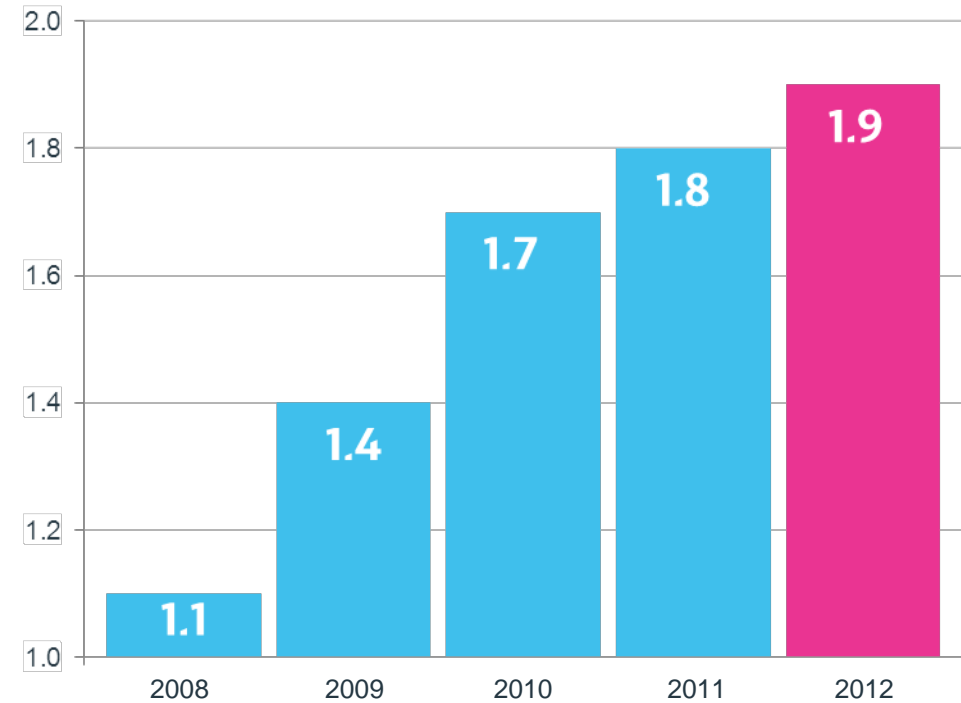
Net revenue (£bn)

FY 2012: +4% @ constant LFL (Ex-RBP): +5%



Adj.* net income (£m)

FY 2012: +10% @ constant (+7% @ actual)



* Adjusted to exclude the impact of exceptional items

Update on RBP FY 2012: Driving a more sustainable business

Generic competition to Suboxone a matter of **WHEN** not if

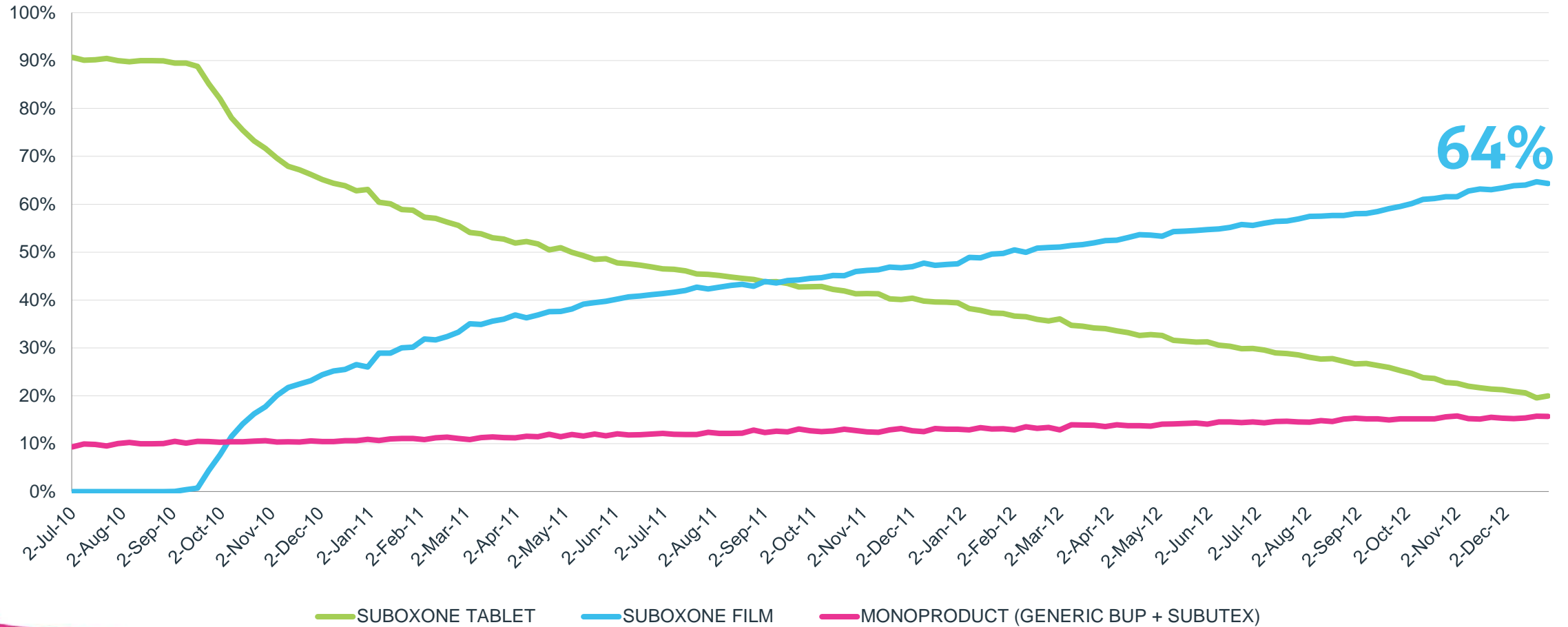
No formal response from
FDA on our Citizens
Petition (CP)

Suboxone sublingual film

64% market volume share
at end December

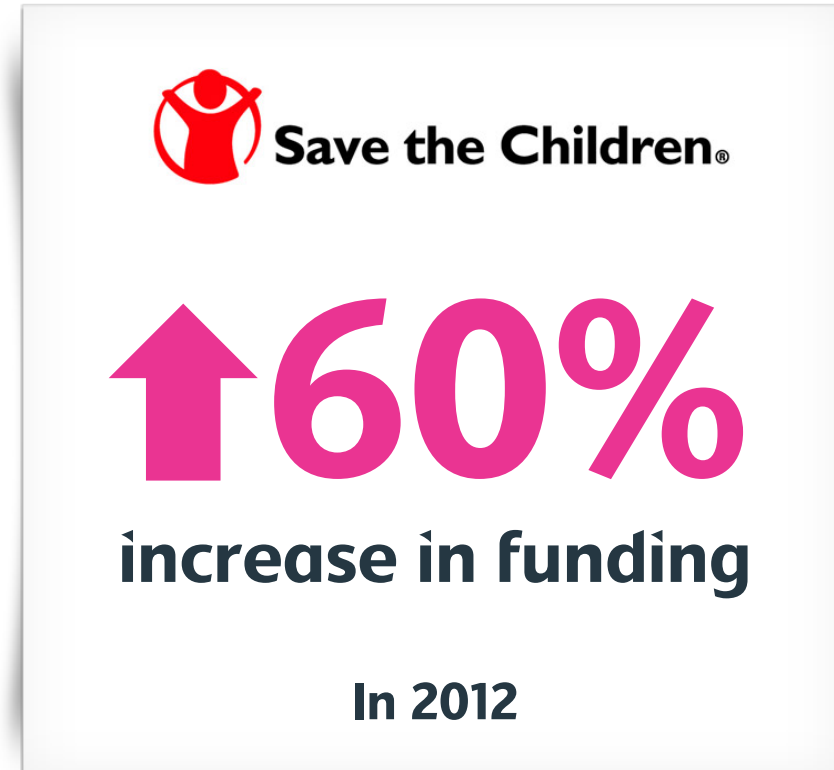
Increased investment in
the pipeline planned

Total MG Market Share Trend



Sustainability & Social Contribution

We've made great progress in sustainability



Our new sustainability vision



Revenue

- 1/3 Net Revenue from products that use more sustainable ingredients.

Water

- 1/3 reduction in our water impact.

Footprint

- 1/3 further reduction in our carbon footprint.

Adrian Hennah

Chief Financial Officer

HY & FY 2012 results

Income statement

	H1		H2		Full Year	
	2012 £m	2011 £m	2012 £m	2011 £m	2012 £m	2011 £m
Revenue	4,669	4,621	4,898	4,864	9,567	9,485
LFL %	4%	4%	6%	3%	5%	4%
LFL% excl RBP	4%	3%	5%	4%	5%	4%
Gross Margin	2,630	2,630	2,907	2,819	5,537	5,449
Gross Margin %	56.3%	56.9%	59.4%	58.0%	57.9%	57.4%
Adjusted Operating Profit*	1,120	1,103	1,450	1,384	2,570	2,487
Adjusted Operating Profit %*	24.0%	23.9%	29.6%	28.5%	26.9%	26.2%
Exceptionals	(48)	(54)	(87)	(38)	(135)	(92)
Operating profit	1,072	1,049	1,363	1,346	2,435	2,395

HY & FY 2012 results

Income statement

	H1		H2			Full Year			
	2012	2011	2012	2011	2012	2011	2012	2011	
	£m	£m	£m	£m	£m	£m	£m	£m	
Operating profit	1,072	1,049	1,363	1,346			2,435	2,395	
Finance expense	(8)	(11)	(7)	(8)			(15)	(19)	
Profit before taxation	1,064	1,038	1,356	1,338			2,420	2,376	
Taxation	(281)	(274)	(306)	(348)			(587)	(622)	
Tax rate	26%	26%	23%	26%			24%	26%	
Non-controlling Interest	(4)	(5)	0	(4)			(4)	(9)	
Net Income	779	759	1,050	986			1,829	1,745	
Adjusted Net Income*	818	802	1,120	1,016			1,938	1,818	
Diluted EPS	105.8p	103.2p	3%	143.7p	133.9p	7%	249.5p	237.1p	5%
Adjusted diluted EPS	111.1p	109.0p	2%	153.3p	138.1p	11%	264.4p	247.1p	7%

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

Revenue growth by Quarter

Business Segment

	2012					FY
	Q1	Q2	Q3	Q4		
	LFL	LFL	LFL	LFL	LFL	LFL
ENA	-1%	-1%	2%	3%		1%
LAPAC	11%	11%	11%	11%		11%
RUMEA	9%	9%	7%	7%		8%
FOOD	6%	3%	0%	0%		2%
Group excluding RBP	4%	4%	5%	6%		5%
RBP	6%	6%	6%	22%		10%
Group	4%	4%	5%	7%		5%

Revenue growth by Quarter

Category

	2012					FY
	Q1	Q2	Q3	Q4	FY	
	LFL	LFL	LFL	LFL	LFL	LFL
Health	1%	4%	7%	10%	6%	
Hygiene	6%	7%	5%	6%	6%	
Home	2%	0%	3%	3%	2%	
Portfolio	-1%	-1%	7%	-2%	1%	
Food	6%	3%	0%	0%	2%	
Group excluding RBP	4%	4%	5%	6%	5%	
RBP	6%	6%	6%	22%	10%	
Group	4%	4%	5%	7%	5%	

Gross margin and BEI

At actual	H1		H2		Full Year	
	%	bps v PY	%	bps v PY	%	bps v PY
2012 Gross Margin	56.3%	-60bps	59.4%	+140bps	57.9%	+50bps
2011 Gross Margin	56.9%	-40bps	58.0%	-90bps	57.4%	-70bps

At actual	H1		H2		Full Year	
	%	bps v PY	%	bps v PY	%	bps v PY
2012 BEI	13.6%	+60bps	11.8%	+90bps	12.7%	+70bps
2011 BEI	13.0%	-160bps	10.9%	+20bps	12.0%	-60bps

Profitability by business segment

	H1		H2	
	2012 %	2011 %	2012 %	2011 %
ENA	20.4%	21.4%	28.7%	26.3%
LAPAC	18.1%	17.9%	21.7%	19.8%
RUMEA	19.5%	19.9%	21.9%	23.1%
FOOD	23.1%	23.8%	33.9%	34.5%
Group excluding RBP	20.4%	20.3%	26.1%	24.7%
RBP	63.6%	65.6%	64.4%	70.1%
Group	24.0%	23.9%	29.6%	28.5%

Net Working Capital

	FY11	NWC HY12	FY12
	£m	£m	£m
Inventory	758	739	735
% to last 12 month revenue	8%	8%	8%
Receivables	1,442	1,355	1,407
% to last 12 month revenue	15%	14%	15%
Payables	(2,901)	(2,846)	(2,842)
% to last 12 month revenue	-31%	-30%	-30%
Net working capital	(701)	(752)	(700)
% to last 12 month revenue	-7%	-8%	-7%

Free cash flow 2012

	H1		H2		Full Year	
	2012 £m	2011 £m	2012 £m	2011 £m	2012 £m	2011 £m
Adjusted Operating Profit*	1,120	1,103	1,450	1,384	2,570	2,487
Share based payment	28	31	21	30	49	61
Depreciation and amortisation	72	80	76	77	148	157
Net Capital Expenditure (inc.intangibles)	(71)	(74)	(84)	(114)	(155)	(188)
Movement in net working capital	17	129	(31)	(82)	(14)	47
Movement in provisions and other creditors	(37)	(120)	(106)	(102)	(143)	(222)
Other non-cash movements in operating profit**	(46)	(2)	(6)	(6)	(52)	(8)
Trading cashflow	1,083	1,147	1,320	1,187	2,403	2,334
Exceptional costs	(48)	(54)	(87)	(38)	(135)	(92)
Operating Cashflow	1,035	1,093	1,233	1,149	2,268	2,242
Net interest paid	(9)	(5)	2	(8)	(7)	(13)
Taxation paid	(238)	(363)	(290)	(314)	(528)	(677)
Free Cashflow	788	725	945	827	1,733	1,552
Free Cashflow as % of Net Income	101%	96%	90%	84%	95%	89%
Closing net debt	(1,846)	(2,195)	(2,426)	(1,795)	(2,426)	(1,795)

*Adjusted to exclude the impact of exceptional items

**Includes gains/losses on sale of businesses, PPE and intangible assets, and fair value movements



Rakesh Kapoor

Chief Executive Officer

RB strategy for growth and outperformance

RB strategy



POWERBRANDS

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

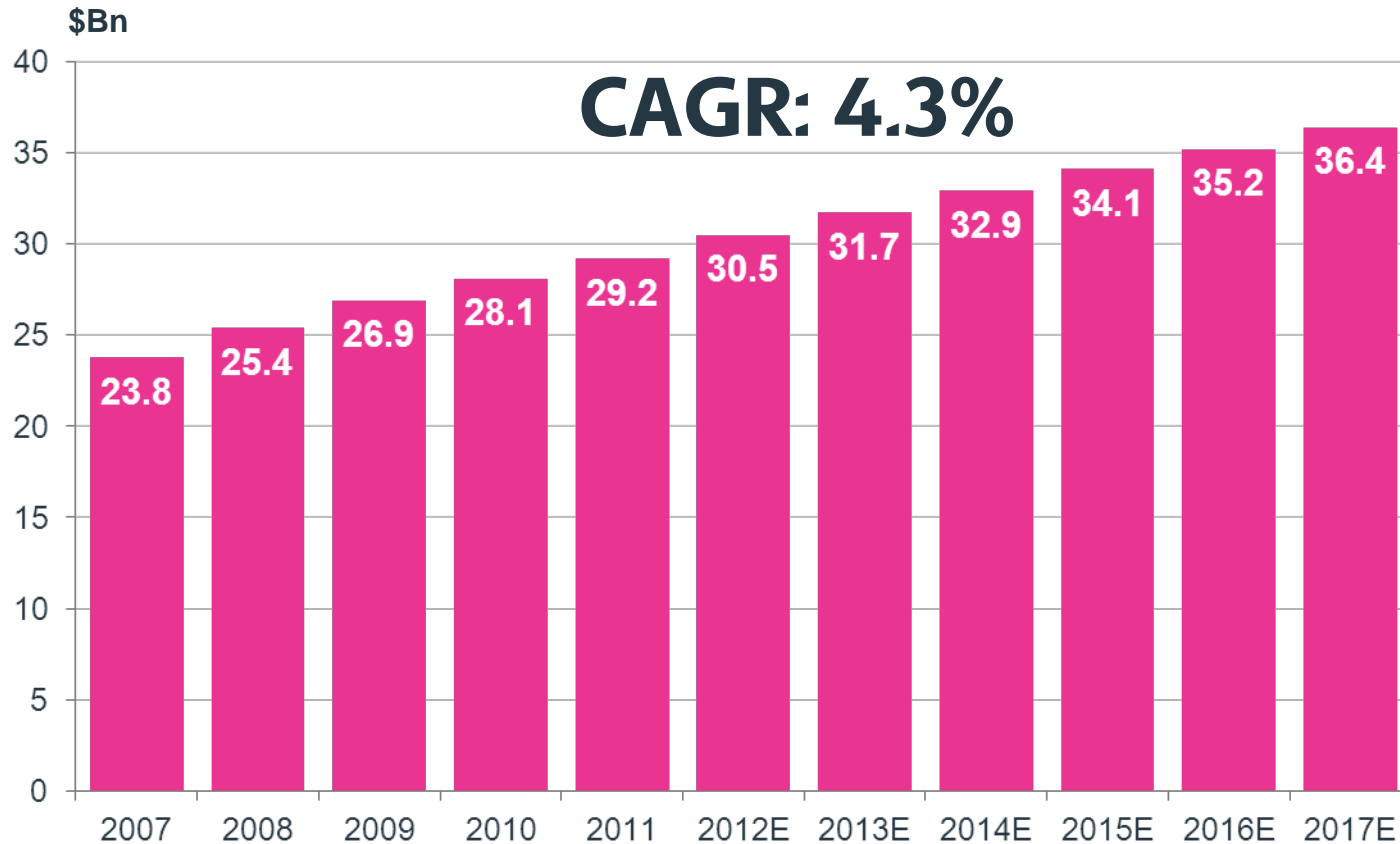
Our purpose

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

VMS – Acquisition of Schiff



VMS – Large, Fast growing, DM + EM category



Consistent with **our new strategy** in the Health & Hygiene

Plays to **our core strengths** of branding, innovation, go-to-market and executional excellence

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

POWERMARKETS

Core markets prioritised on growth potential

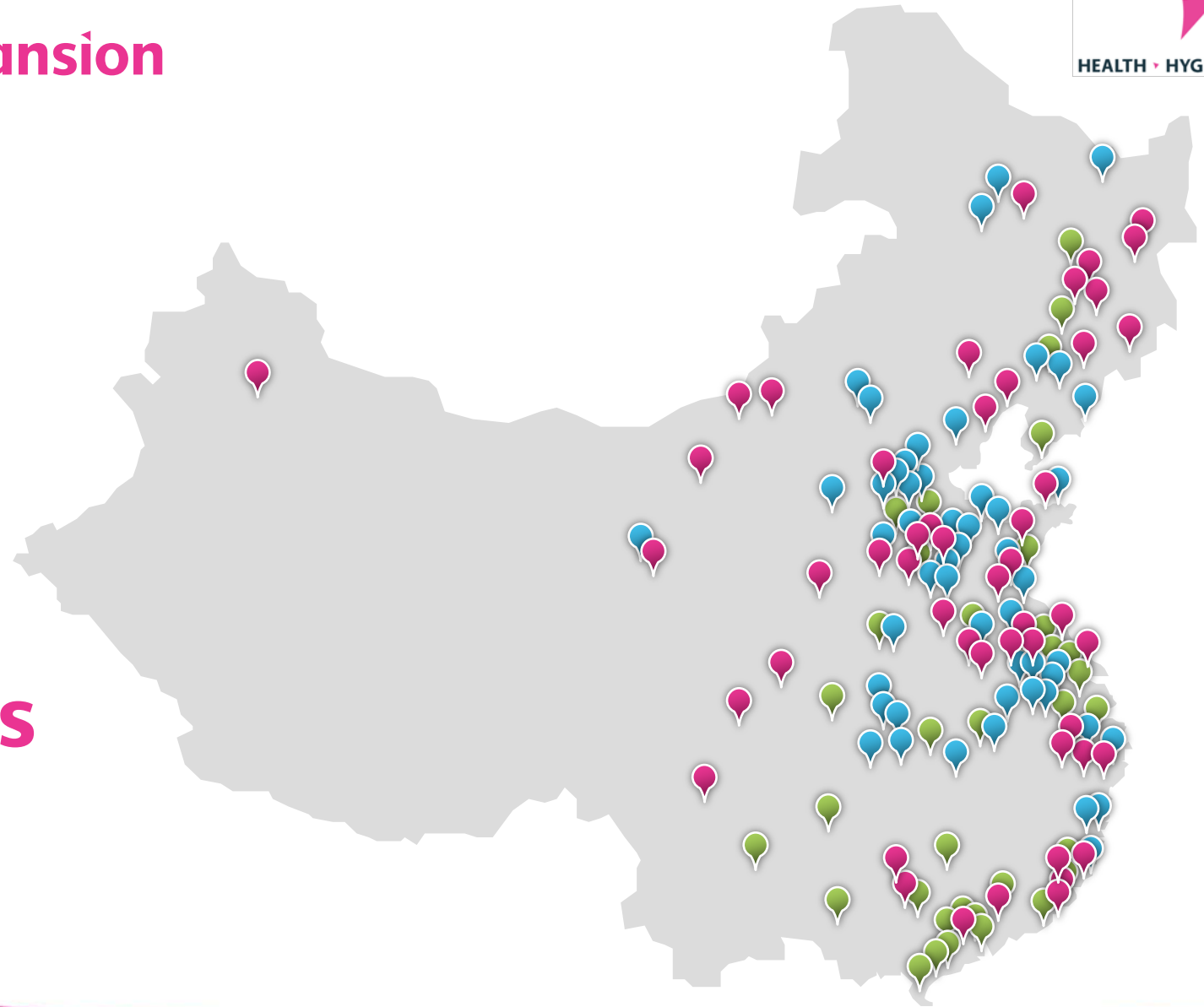
China

Strong Powercity expansion

2011: **47 cities**

2012: **100 cities**

2013: **>150 cities**



Improving in-store excellence



- ◀ Beauty led in-store execution
- ◀ Rapid expansion in new channels
- ◀ Innovation driving growth

Centre of Excellence for Digital & e-Commerce



杜蕾斯新品8折优惠

杜蕾斯至尊超薄倍滑装
(3片/8片/12片)
RMB: 26.32起
[立即购买](#)

杜蕾斯至尊超薄酷爽装
(3片/8片/12片)
RMB: 26.32起
[立即购买](#)

杜蕾斯拥抱装
(12片)
RMB: 25.52
[立即购买](#)

杜蕾斯魔法装
(超薄系列18片/情趣系列18片)
RMB: 55.92起
[立即购买](#)

所有商品分类

新品上市
7月31日上新 8月7日上新

特价促销
限时秒杀 包邮通道

计生用品
安全套套 早孕 排卵
杜蕾斯促销 特惠套餐组合

情趣内衣
套装 制服 性感睡衣
护士/女佣 T裤/C裤

情趣用品
性爱润滑油 口交液
男用延时 女用助情
延时增大套环 阴道收缩
S-M用品 清洗消毒 香水/蜡烛

女用器具
情趣跳蛋 震动棒 后庭用品
仿真阳具 AV棒棒 阴蒂刺激

男用器具
名器倒模 自慰飞机杯
自慰软胶 持久振荡器

高奢品牌专区

love sex
durex

激情游戏

激情源于指尖的游移探寻

撩拨、爱抚、缠绕、穿梭...
杜蕾斯二合一按摩油
带你体验意想不到的欢愉
让你成为名符其实的前戏之王!

[立即购买](#)

市场价:69元
抢购价: **55.2元**

杜蕾斯二合一
Massage按摩油200ML

1 2 3 4 5 6 7 8 **9**

品牌推荐

杜蕾斯

jissbon

glamato

第六感

360公告

- [公告]正品保证(请查看证据)
- [公告]保密包装!360保护隐私!
- [联系]本店QQ等其他联系方式
- [帮助]设有网银如何购买

独立团
您的专享定制优惠

Building a Healthcare platform in China

Entry through Cough, cold and allergy.

Category is worth
£2.2bn
 growing at
+8%

Market leading throat brand



Licences to expand into other categories in the future



LATAM – a new healthcare platform

Building a Health Care Platform in LATAM



**Immediate
healthcare
platform &
infrastructure**

**Trusted
brands with
high equity**

**Attractive
growth
and margin
potential**

Strong fit with RB Health Care portfolio

Analgesics

Tempra[®]

NUROFEN 

Sore throat

Graneodín[®]
Benzocaína

Strepsils[®]

Gastro Intestinal

sal de uvas[®]
picot[®]

GAVISCON

Strong fit with RB Health Care Portfolio

Cough & Cold

NALDECON[®]

Mucinex

Sexual well being

SICO[®]

durex[®]

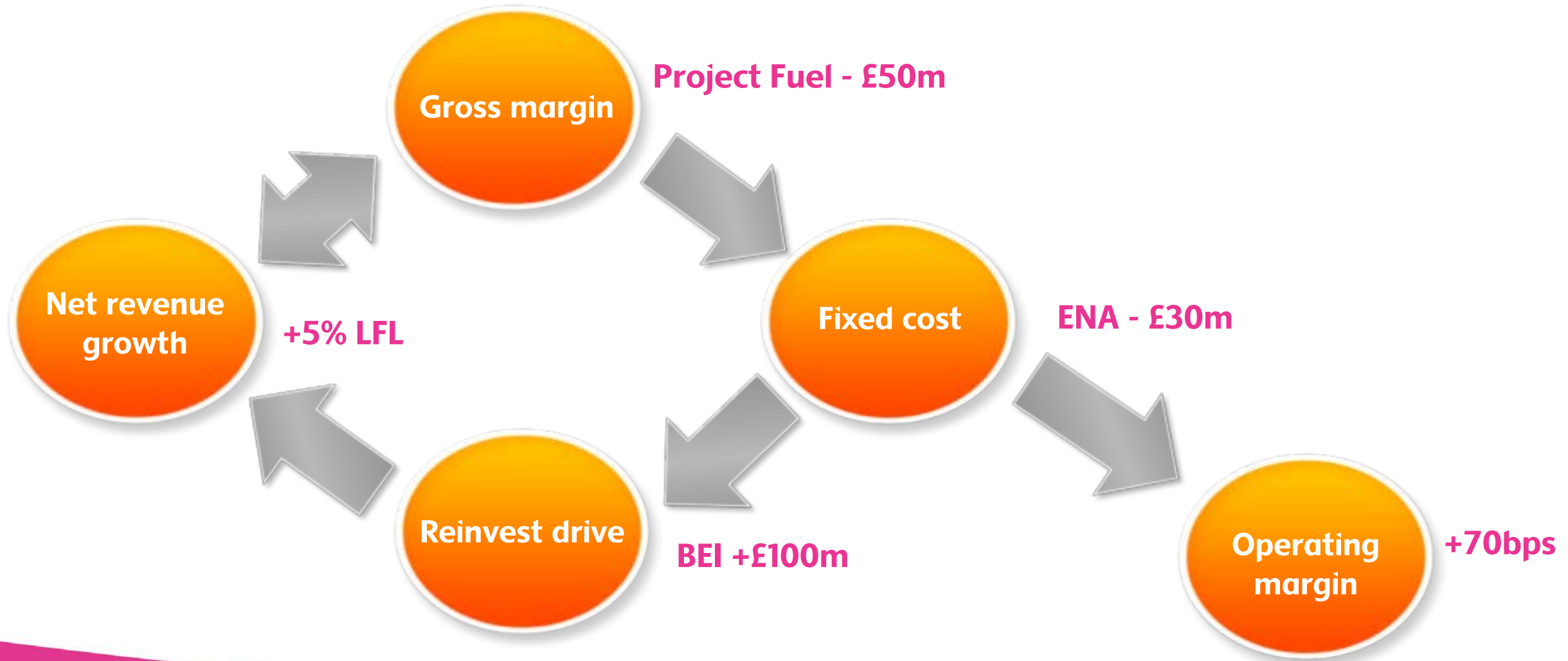
RB strategy



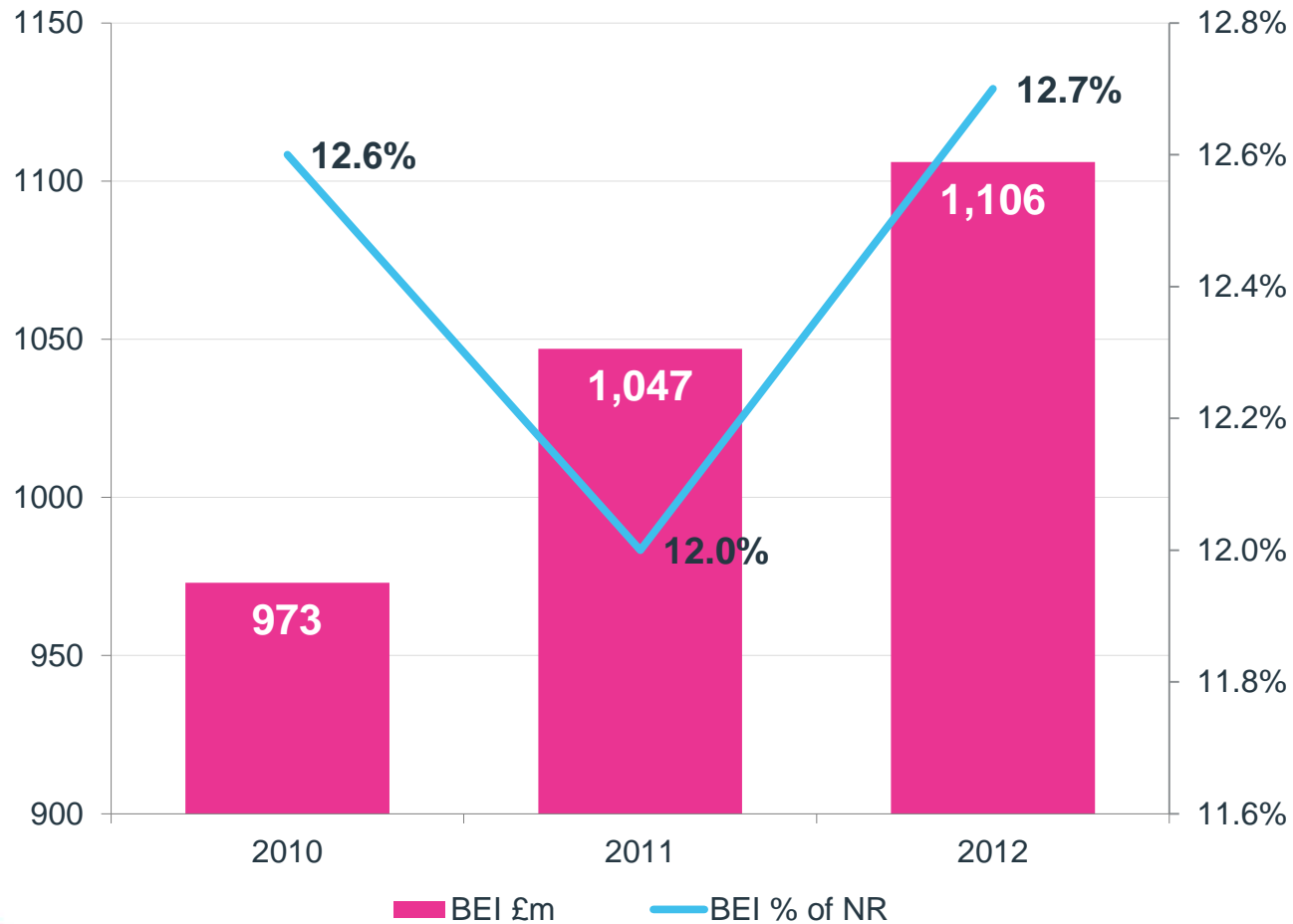
RB strategy



The 'virtuous cycle' of growth



BEI - % of Net Revenue



% of NR **+70bps**

Incremental **+£100m**

Heather Allen

EVP – Category Development

New initiatives for H1 2013



HEALTH

Initiatives for H1 2013

Mucinex®



Mucinex® Sinus-Max Range

The Triple Action formula that relieves Sinus Pressure, breaks Mucus and helps get rid of Headaches with Maximum Strength medicines

Initiatives for H1 2013

Nurofen®



Nurofen® next generation heat patch

A flexible heat patch that starts to heat up in 5 minutes. Speed claim differentiates Nurofen Heat patch to other patches in the market

Initiatives from H2 2012

Nurofen®



Nurofen® 200mg Meltlets for Teens – Germany launch

A pain solution especially for teenagers. Provides fast and long lasting relief from pain with the right strength of medicine. Melts on the tongue and rapidly dissolves with no need for water.

Initiatives for H1 2013

Strepsils®



Strepsils® Children 6+ lozenges

The product acts directly at the site of pain, providing fast and long lasting relief for 'little ones' sore throats

Initiatives for H1 2013

Durex®



Durex® Feel Real

Polyisoprene condom offers distinct advantages to Natural Rubber Latex condoms including softer more flexible material to provide a more natural feeling during use

Initiatives for H1 2013

Gaviscon®



Gaviscon® Instant Granules **Tropical Flavour**

Breakthrough product experience – dissolves in second and soothes in minutes!

Initiatives for H1 2013

Scholl®



Scholl® Hard Skin & Callus Express Treatment

Soft Feeling Skin in 1 Application without using a blade



HYGIENE

Initiatives for H1 2013

Finish®



Finish® Quantum with Power Gel

New formula of Finish Quantum that now comes with a revolutionary gel chamber that delivers an amazingly clean and shiny dishes

Initiatives for H1 2013

Veet®



Veet® Naturals Hair Removal Cream

Combines Veet's hair removal expertise with nature's skin care ingredients

Initiatives for H1 2013

Dettol®



Dettol® Radiance Soap and Body Wash

Healthy skin is radiant skin

Initiatives for H1 2013

Dettol®



Dettol® Healthy Kitchen Gel – India launch

A unique dish wash gel that gives you healthy dishes & kitchen surfaces. It makes your dishes, sink and counter top sparkling clean and kills 100 times more germs than an ordinary dish wash.



Initiatives for H1 2013

Vanish®



Vanish® Gel Treat and Go

Treat the stains directly, soak or add to the washing machine - for amazing stain removal 1st time

Initiatives for H1 2013

Air Wick®



Air Wick® Filter & Fresh CAR

Physically captures odours as well as adding great fragrance, thanks to its Activated Carbon Filter.
A truly clean, fresh fragrance experience!

Initiative for H1 2013

Airwick®



Airwick® EverFresh Gel

Slow Release Gel for bathrooms



Rakesh Kapoor

Chief Executive Officer

Focus on the CORE

First half

Discontinuation
of Private Label
business

Disposal
/discontinuation
of small non
core brands

Discontinue non-core

Second half

Purchase
of minority
interest in
Russia

Health & Hygiene:
entry into VMS

EMs:
Strengthening
China & Mexico
+ white space
expansion

Strengthen core

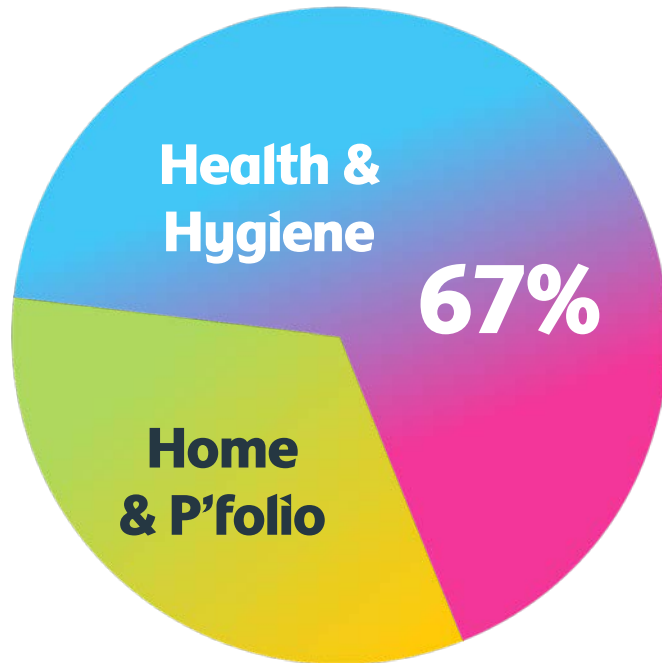
Summary



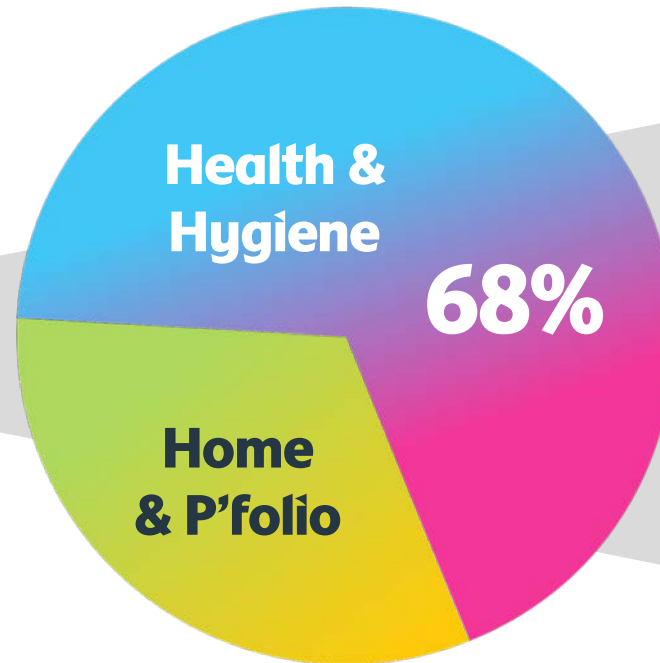
Performance metric	FY 2012	Achievement
New strategy & organisation	Implement	◀ Fully embedded and entering second full year
NR growth @ constant	+ 5% excl-RBP + 5% Total RB	◀ Improving trend on core v 2011
Gross margin	+50bps	◀ £50m Project Fuel targets achieved
BEI	+£100m	◀ Fueling top line growth
Operating margins	+70bps	◀ Early achievement of ENA savings ◀ Gross margin expansion
Health & Hygiene	68% of core	
RUMEA & LAPAC	44% of core	

Medium term KPI

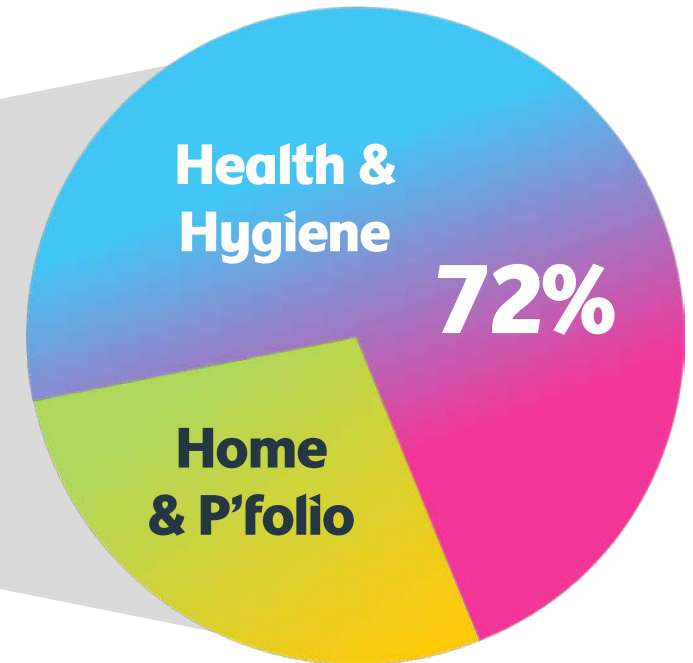
2011



2012



2016

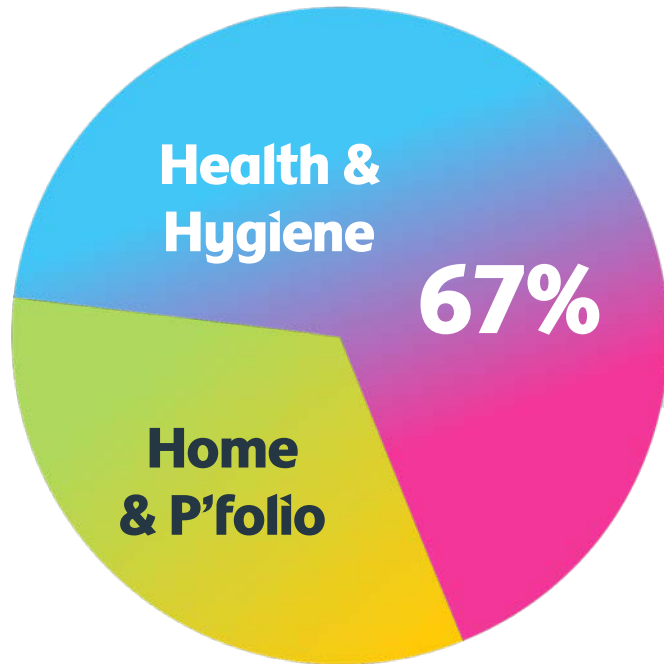


Health & Hygiene to be **72%** of CORE NR by 2016

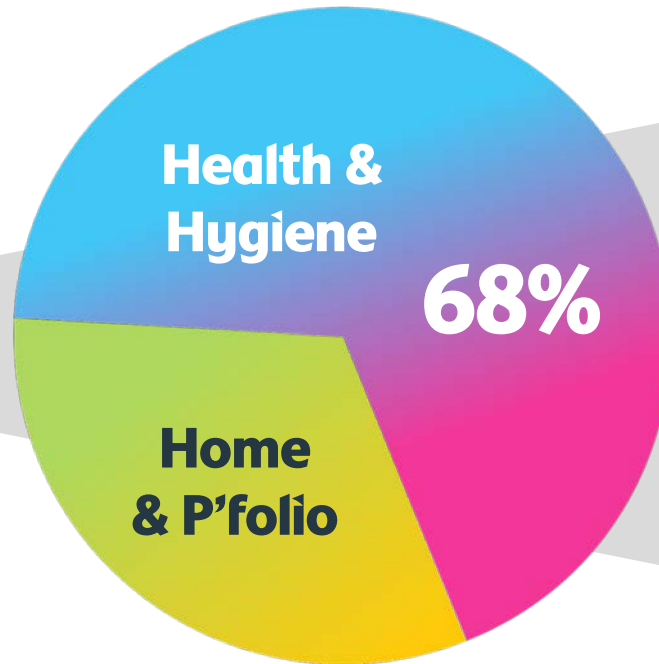
Medium term KPI



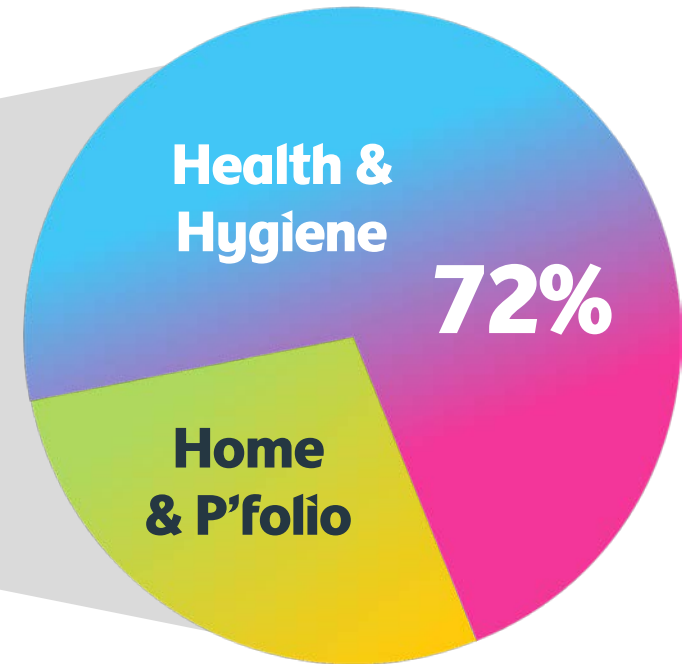
2011



2012

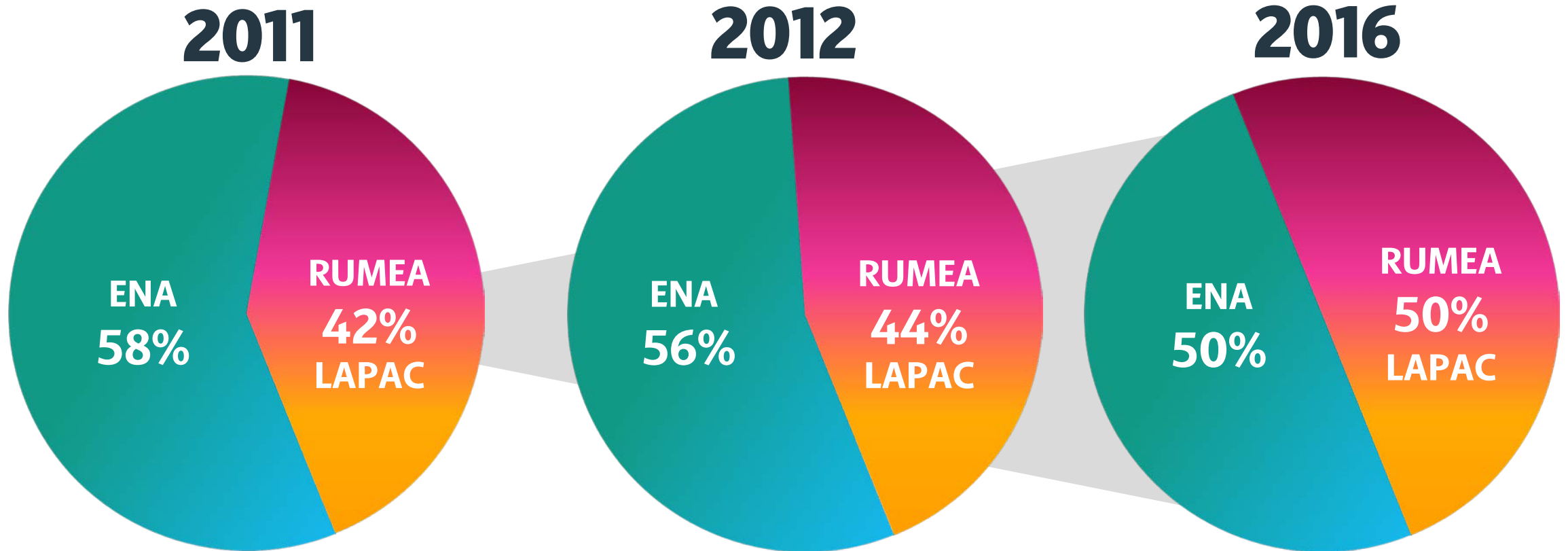


2015



Health & Hygiene to be **72%** of CORE NR by 2015

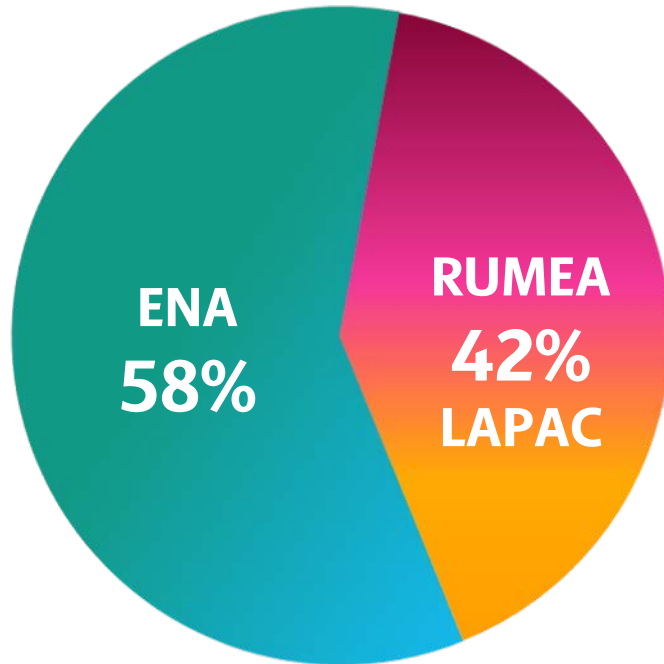
Medium term KPI



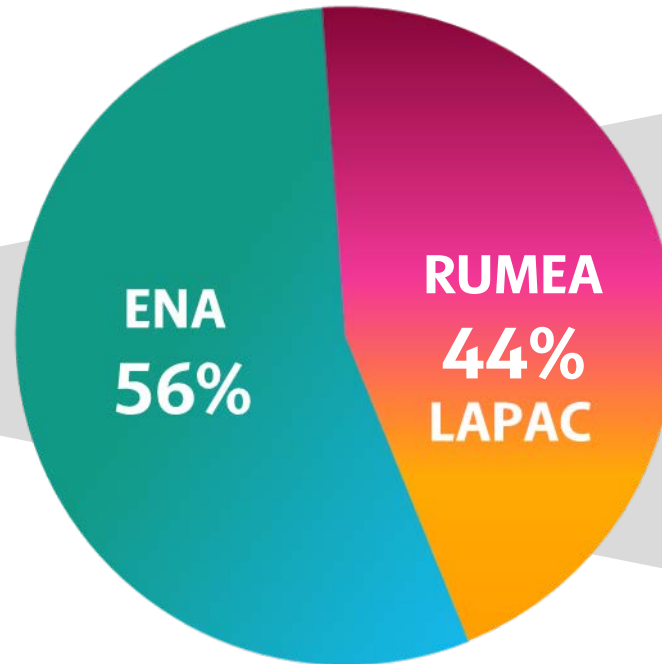
Emerging Market Areas to be **50%** of CORE NR by 2016

Medium term KPI

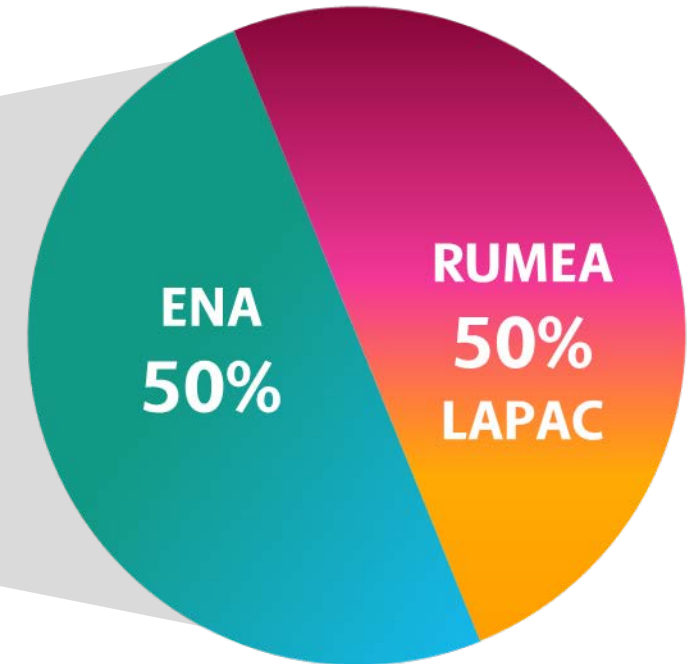
2011



2012



2015



Emerging Market Areas to be **50%** of CORE NR by 2015

2013

M&A impact

**Net NR
impact**

c. 100bps+

Synergies

£40m Annual

50% in 2013

Restructuring

£95m

2013: Targets



Net Revenue

+5-6%*

Operating Margin

Maintain

* Total Net Revenue (ex RBP), including known acquisitions and disposals

Q&A

Appendices

Analysis of Exceptional costs

	2012	Total spend	Previous	Further
	H2	to date	Guidance	Guidance
	£m	£m	£m	£m
SSL integration and reconfiguration	25	251	250	-
Group restructuring	44	64	75	-
Acquisition and associated integration costs	18	18	-	95
	87	333	325	95

Revenue growth by Business segment H2 2012

	H2 2012				Reported %
	LFL %	Acq/Disp %	FX %		
ENA	3%	-2%	-3%		-2%
LAPAC	11%	-2%	-6%		3%
RUMEA	7%	-1%	-4%		2%
FOOD	0%	0%	0%		0%
Group excluding RBP	5%	-1%	-4%		0%
RBP	13%	0%	-1%		12%
Group	6%	-1%	-4%		1%

IAS 19 Revised, Employee Benefits

	Reported £m	Impact of amendment on 2012 Restated £m	Variance £m
Group Income Statement			
Operating profit	2,435	2,442	7
Net finance cost	(15)	(34)	(19)
Net income	1,829	1,817	(12)
Group balance sheet			
Net Retirement benefit obligations	(399)	(399)	0
Total Liabilities	(9,158)	(9,158)	0
Retained earnings	20,022	20,022	0
Total Equity	5,922	5,922	0

Profitability by business segment FY 2012

	FY	
	2012 %	2011 %
ENA	24.7%	23.9%
LAPAC	19.9%	18.9%
RUMEA	20.7%	21.5%
FOOD	28.7%	29.5%
Group excluding RBP	23.3%	22.6%
RBP	64.0%	68.0%
Group	26.9%	26.2%

Schiff Acquisition - Financials



	Pro-forma 12 months 31 Dec 12 US\$ million	Pro-forma* 12 months 31 May 13 US\$ million
Sales	350	385
Policy adj***	(10)	(11)
Net Revenue	340	374
EBITDA (pro forma)		85
Airborne co-packer adj**		(6)
EBITDA	63	79
EBIT	48	65
EBIT Margin	14.1%	17.4%

* As disclosed in the Schiff 14C

**Synergy negotiated by former management of Schiff - effective 30 June 2013

***reclassification between sales and marketing in line with RB accounting policies

M&A Impact



	Schiff	BMS	Other	Total	2012 RB Impact	Net Impact
	£m	£m	£m	£m	£m	£m
Net Revenue						
<u>Acquisitions</u>						
- Pro forma 12 months to December 2012	206	64	48	318	(18)	300
- Pro forma/pro-rated 2013*	212	48	48	308	(18)	290
<u>Disposals / Private label withdrawal</u>						
- Full year impact on RB					(180)	(180)
Total net impact						110
Targeted annual synergies**				40		
Expected acquisition & integration costs				95		

* 2012 results adjusted for the pro-rated impact on RB in 2013

** 50% of targeted annual synergies to be achieved in 2013