

# RB

## 2013 Investor day 2

# Cautionary note concerning forward-looking statements



The following presentations contain statements with respect to the financial condition, results of operations and business of Reckitt Benckiser and certain of the plans and objectives of the Group with respect to these items.

These forward-looking statements are made pursuant to the “Safe Harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to the Company, anticipated cost savings or synergies and the completion of strategic transactions are forward-looking statements.

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 discussed in this report, that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside Reckitt Benckiser’s control.

Past performance cannot be relied upon as a guide to future performance.

# RUMEA

**Bringing the next 400m  
consumers to RB brands**

Frederic Larmuseau

# Agenda

**Our mission**

**Our consumers**

**Our business**

## **How we will win:**

1. Drive penetration
2. Right innovation
3. Go-to-market excellence



# Our mission

## Reality

# Health & hygiene – a huge concern

Daily casualties in RUMEA from:

STD's

**3,795**

Diarrhoea

**2,520**

Malaria

**1,676**

**3 million casualties p.a.**

Significant social and economic impact

## RUMEA crucial to deliver RB's vision

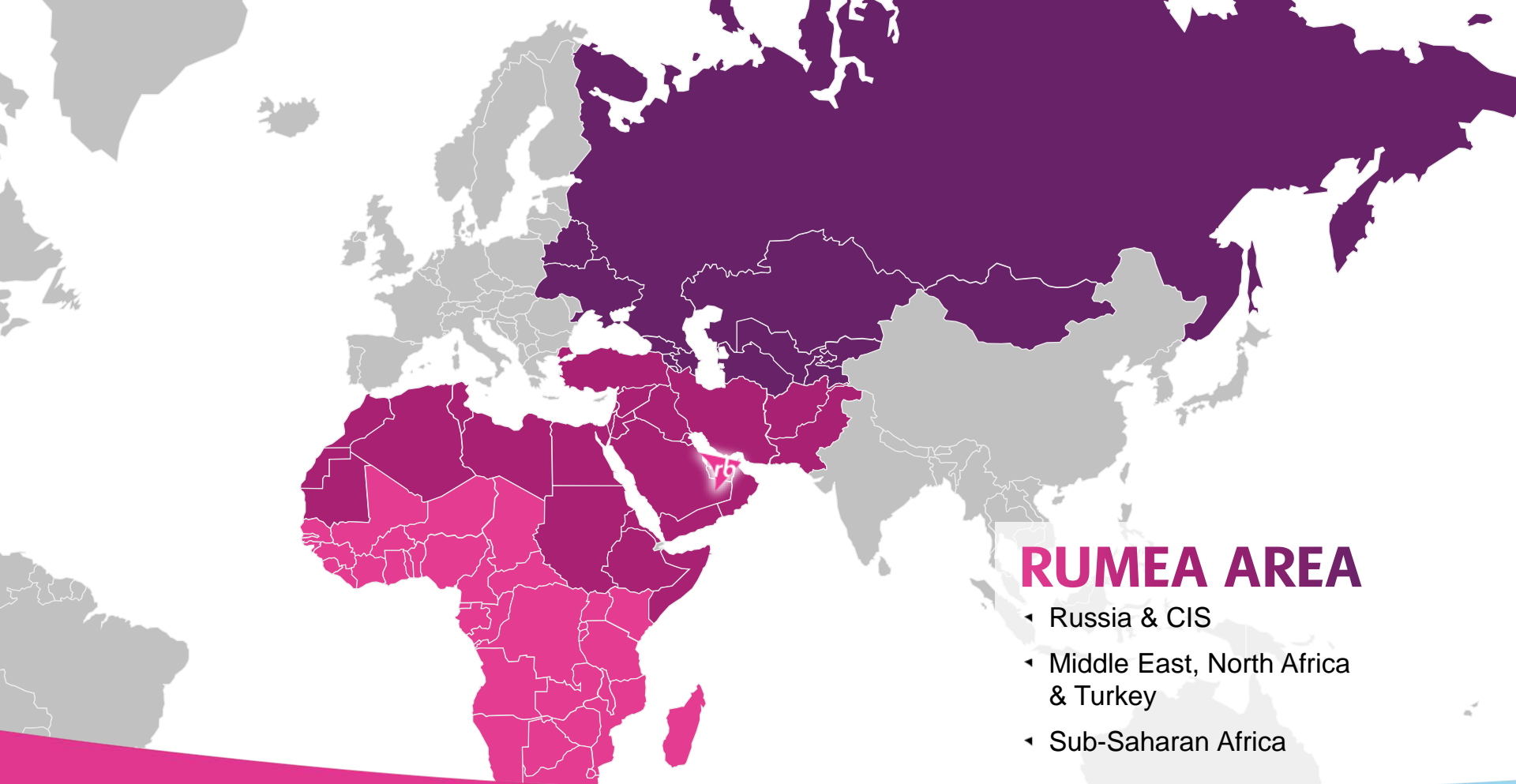
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Our **vision** is a world  
where people are  
healthier and live better

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

# Our consumers





## **RUMEA AREA**

- ◀ Russia & CIS
- ◀ Middle East, North Africa & Turkey
- ◀ Sub-Saharan Africa

## 3 regions, 3 distinct consumer clusters

### RUSSIA CIS

- ◀ Collective values
- ◀ Love for innovation
- ◀ Premium brands
- ◀ Rational



### NAMET

- ◀ Traditional values
- ◀ Loyalty > innovation
- ◀ Mid-tier to premium
- ◀ Reserved

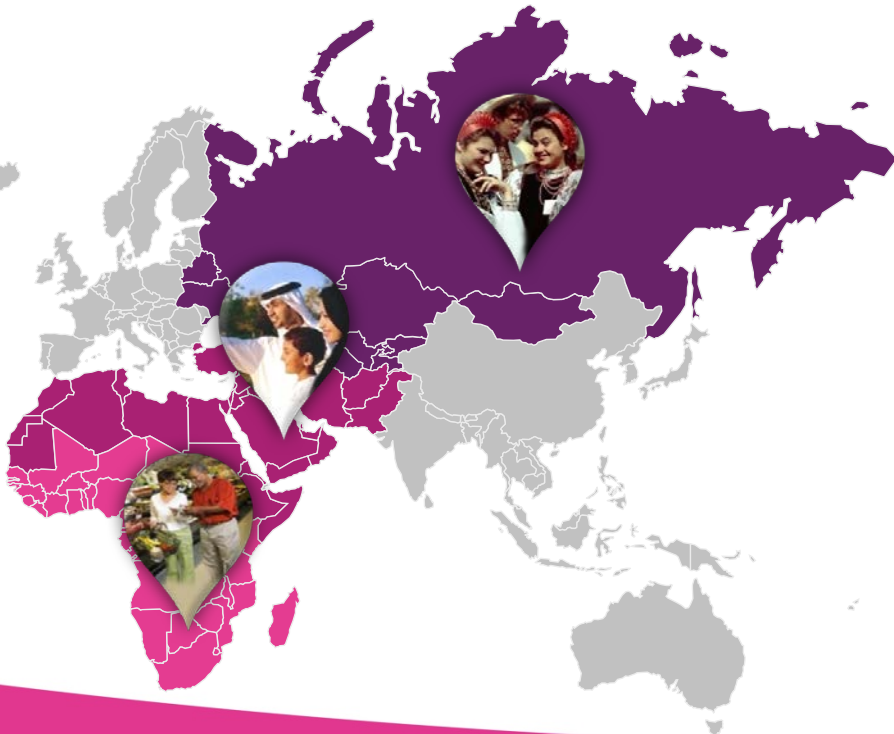


### AFRICA

- ◀ Family values
- ◀ Conservative
- ◀ Value for money
- ◀ Emotional



But all are much more enthusiastic compared to the rest of the world...



Spend **20 sec** more in front of shelf vs. world average

Higher brand loyalty

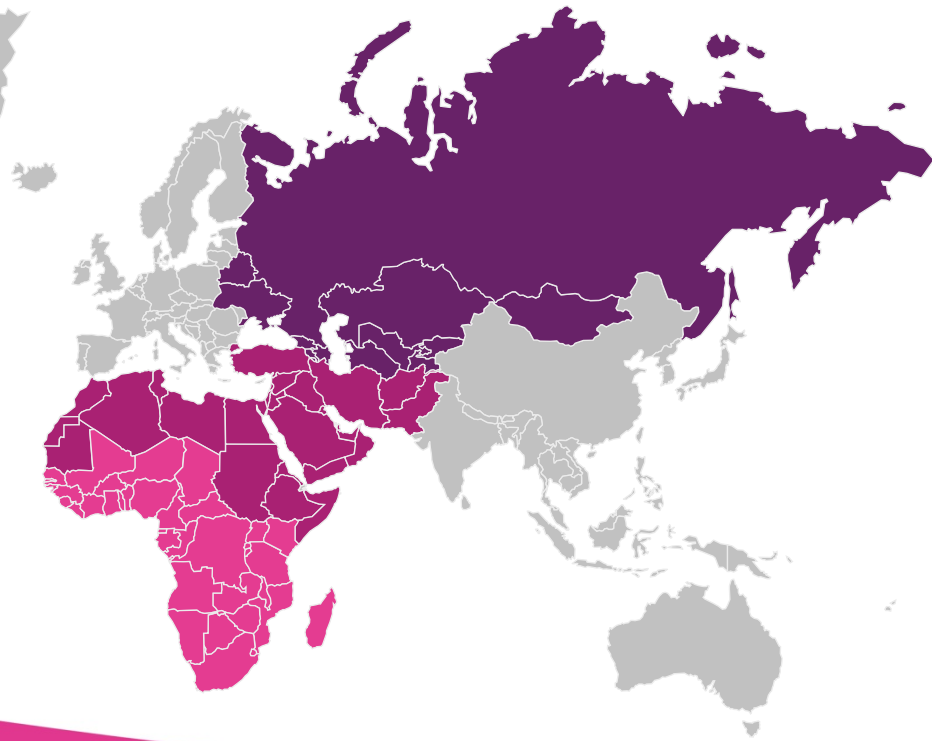


**Strong brands**  
**mission critical**

# Our business



# RUMEA



> 1.8 bn pop.  
↑ 2%

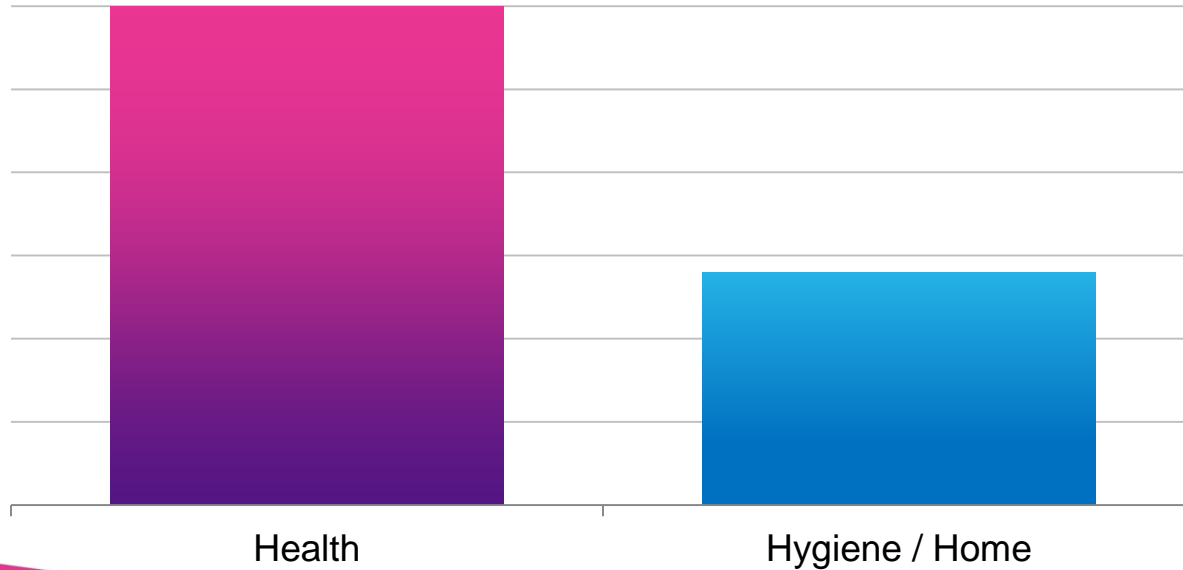
GDP  
↑ 4.5%



- Offices in **11 countries**
- Brand presence in **60 countries**

## Business x 2 in 5 years, growth from GM % enhancing health

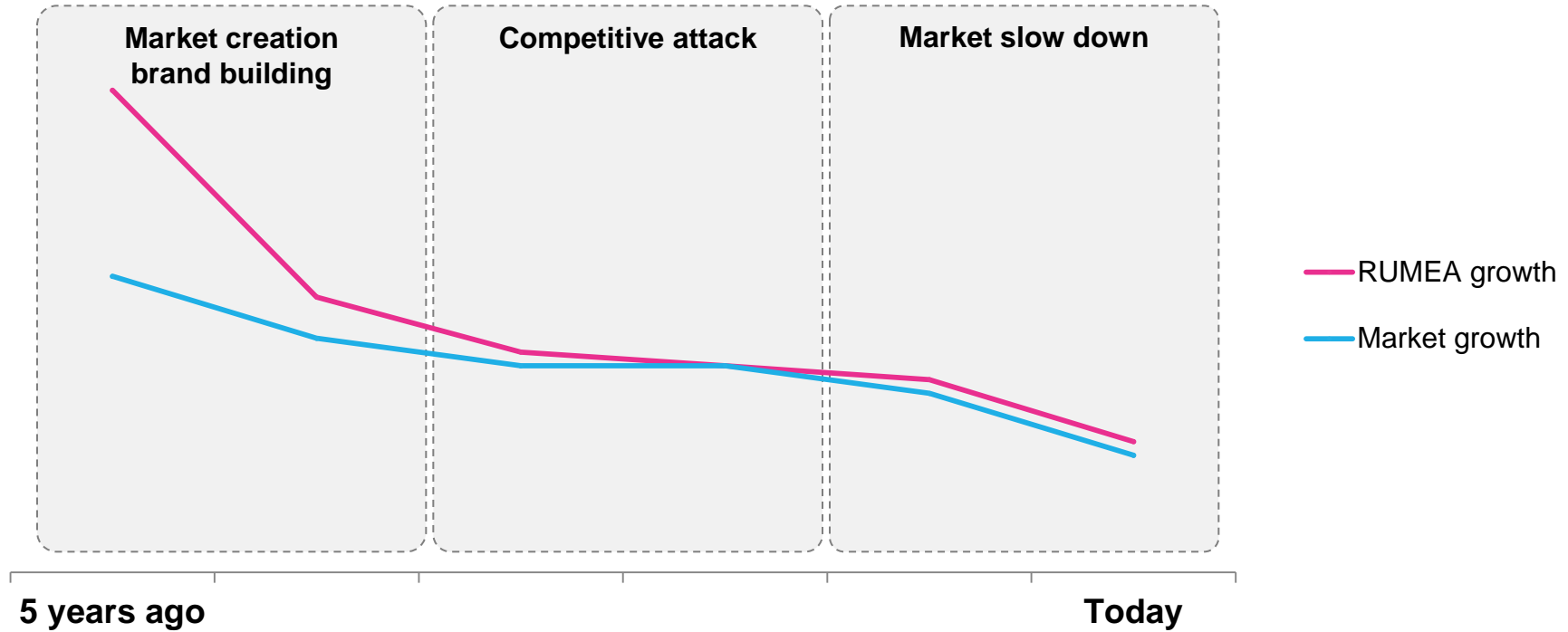
CAGR growth rate past 5 years



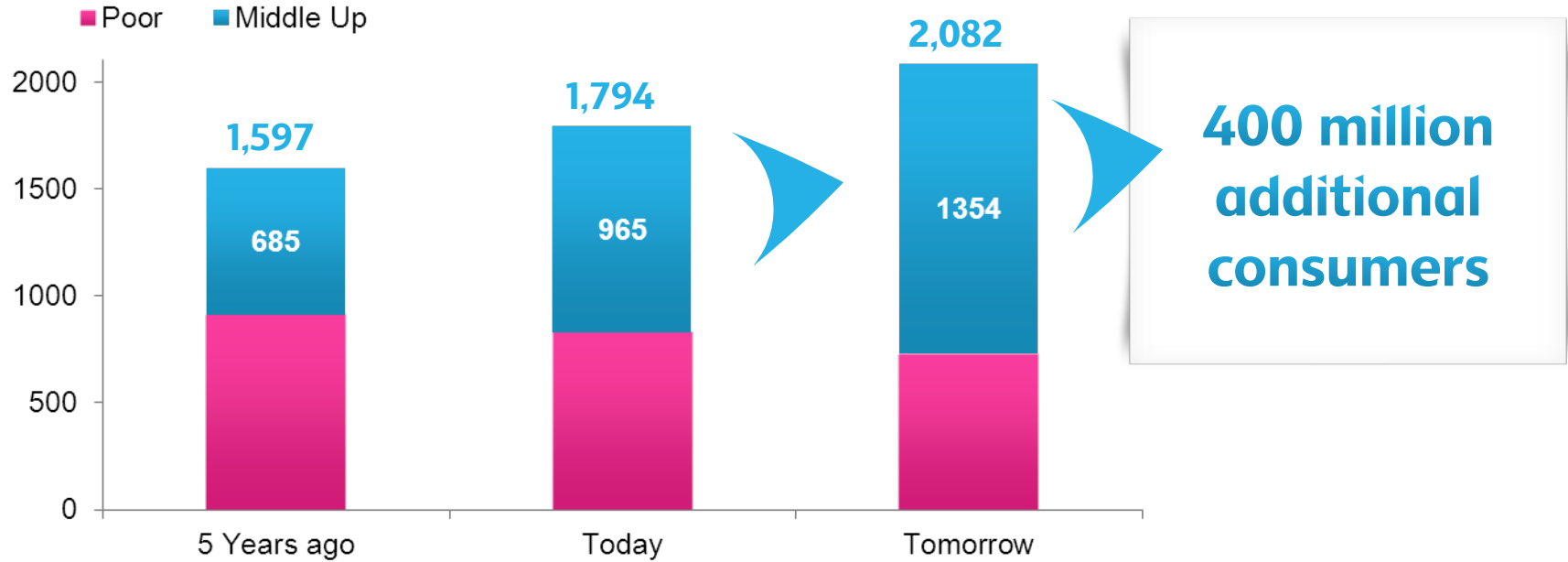
Health GM % index  
vs. total GM

**125**

# Track record of RUMEA



# Rise of RUMEA middle class



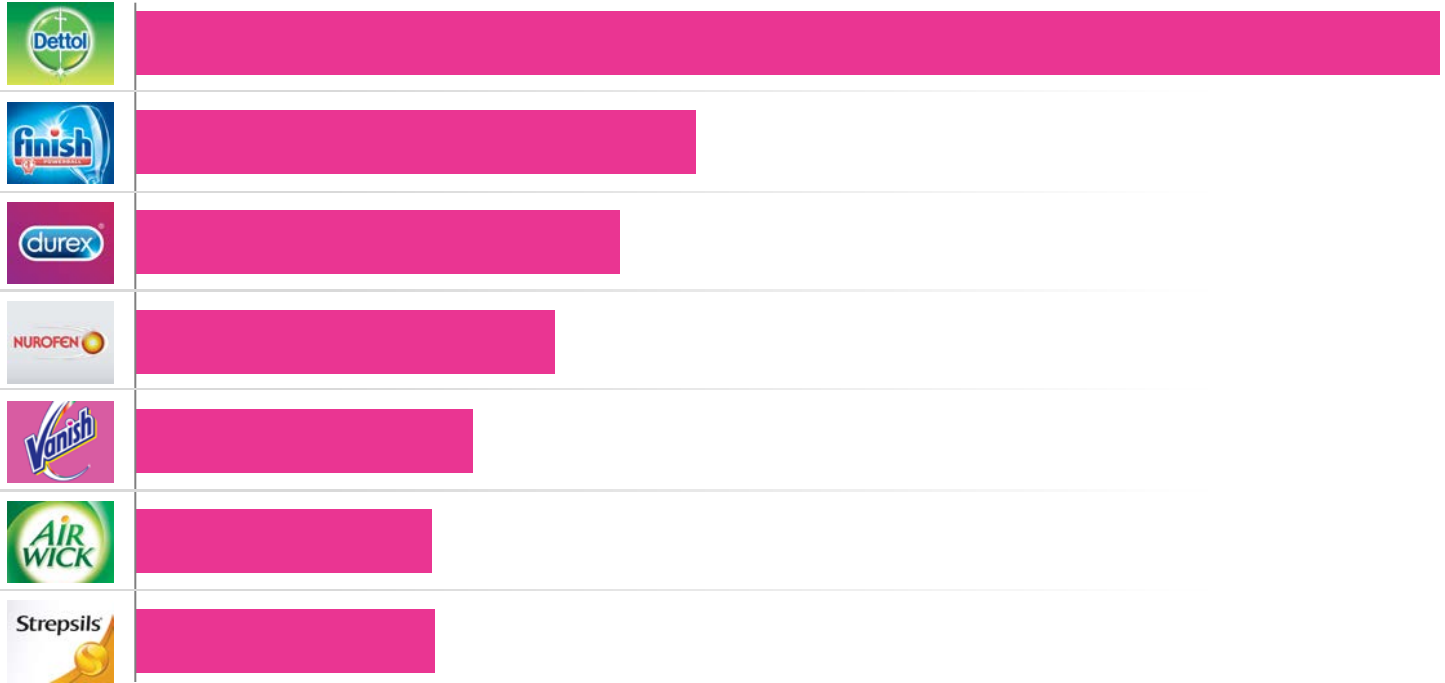
# Top brand ambitions

Now



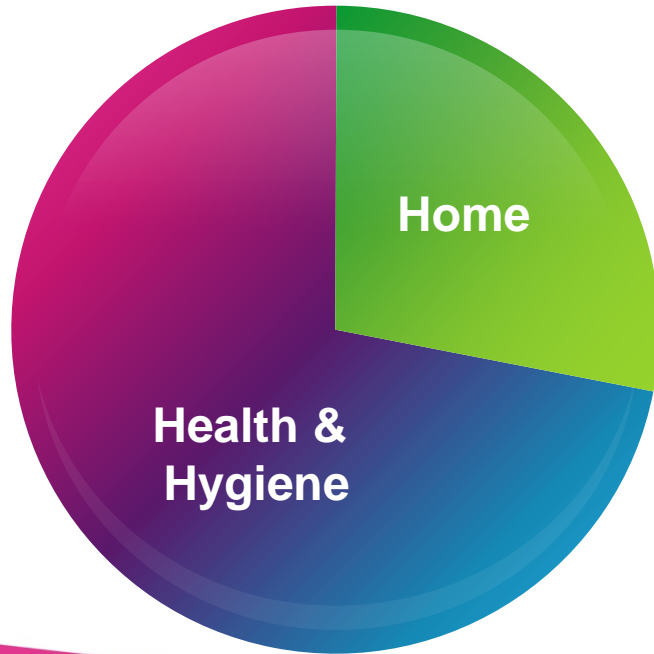
# Top brand ambitions

## Tomorrow

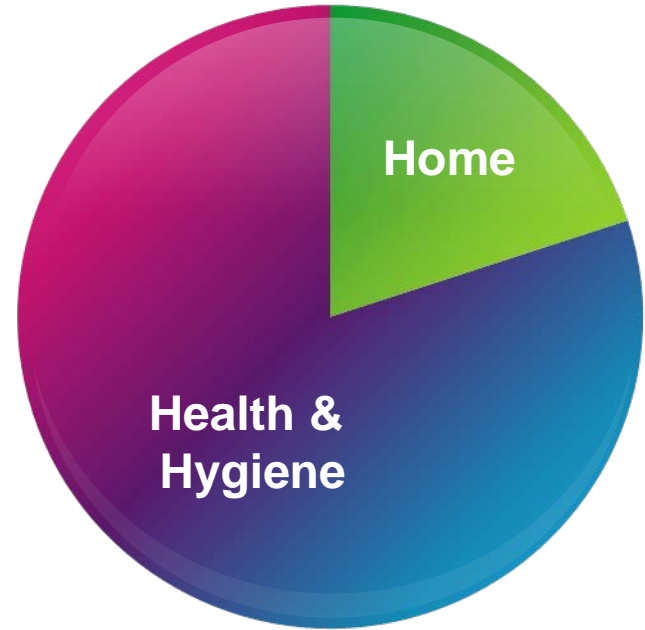


# Growth ambitions

RUMEA today



RUMEA tomorrow



# How we will win the next 400m consumers

**01**

**Drive penetration**

**02**

**Right innovation  
Big activation**

**03**

**Go-to-market  
excellence**



01

Drive penetration

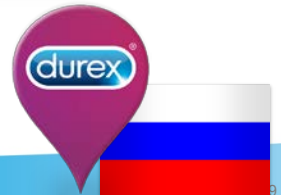
Sexual wellbeing Russia is our #1 business in RUMEA

Question

What is the category penetration?

Answer

11%



01

Drive penetration

Finish is one of our top brands in Saudi Arabia

Question

What is the category penetration?

Answer

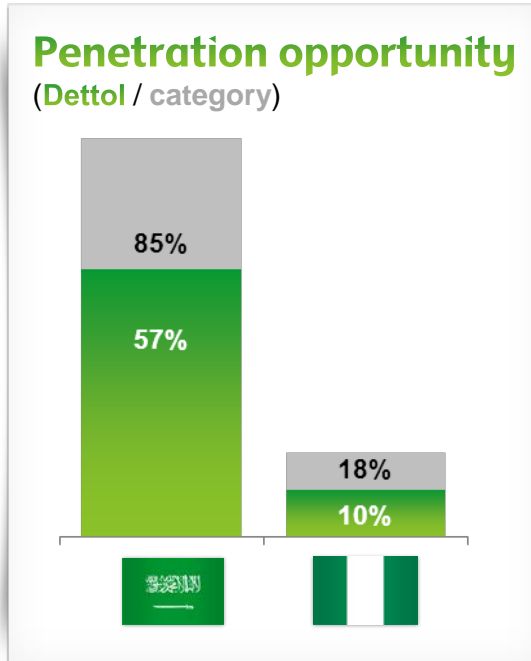
3.5%



01

Drive penetration

## Dettol - entry point marketing



# 01

## Drive penetration

# Dettol - entry point marketing



### Strategy

Educate consumers about good hygiene practices at times when they re-evaluate their habits

### Execution

- Partnerships with health authorities
- New Mom education programs in hospitals
- Hand hygiene education programs in schools

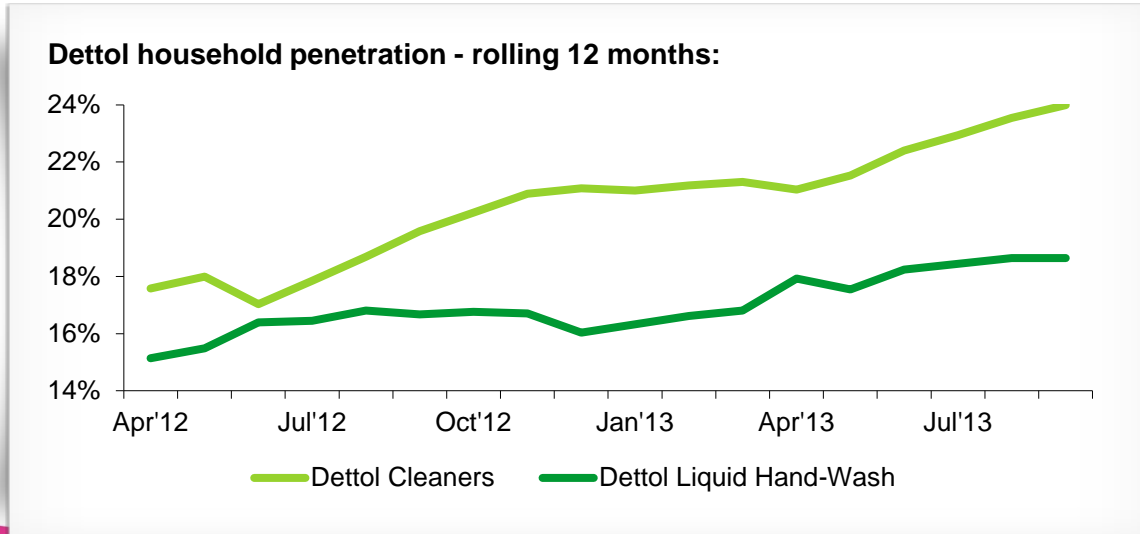


# 01

## Drive penetration

## Results

### Strong penetration growth for Dettol

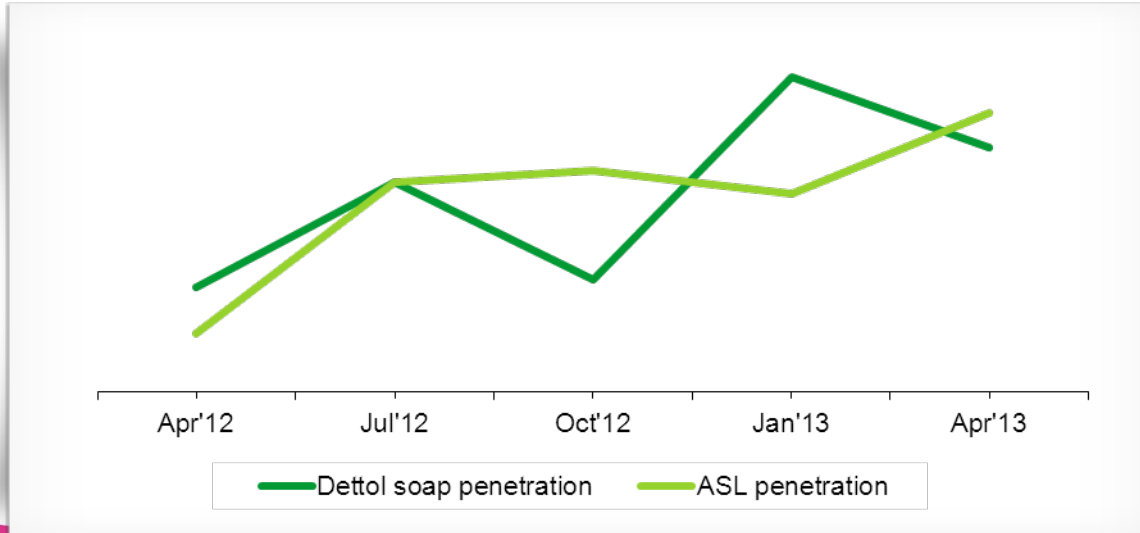


# 01

## Drive penetration

## Results

### Strong penetration growth for Dettol

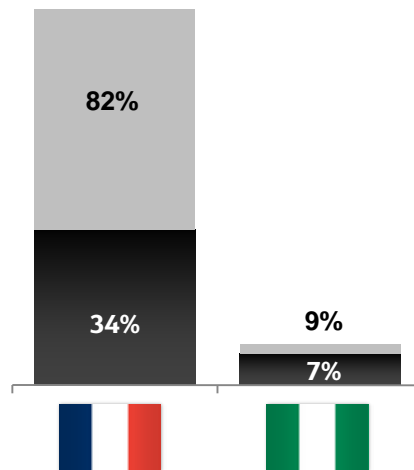


01

Drive penetration

## Harpic - converting acid users

Penetration opportunity  
(Harpic / category)



**01**

**Drive penetration**

## Harpic - converting acid users

### Strategy

Converting  
acid users

### Execution

- Strong superiority claim vs. acids
- 1 to 1 consumer education with competitive demo
- Small size launch to ensure low cost of entry



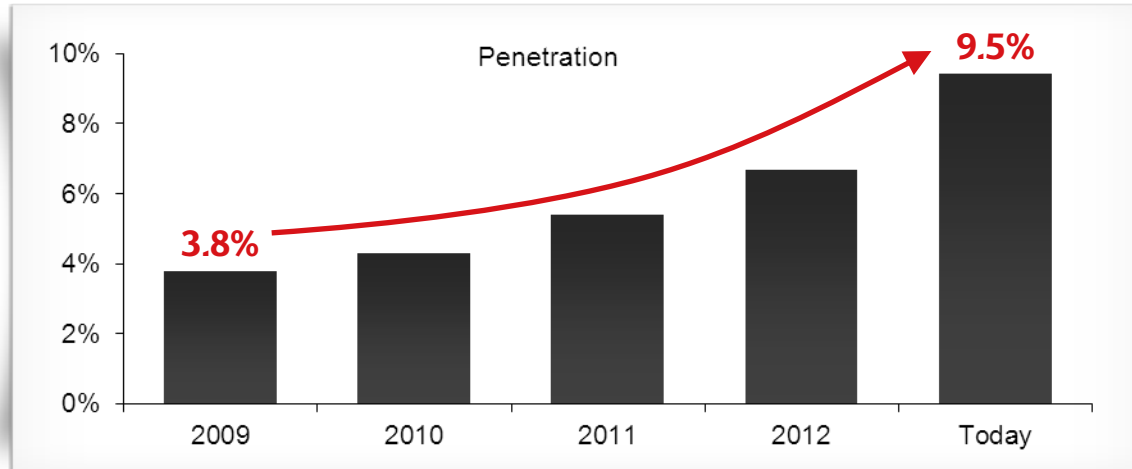


# 01

## Drive penetration

## Results

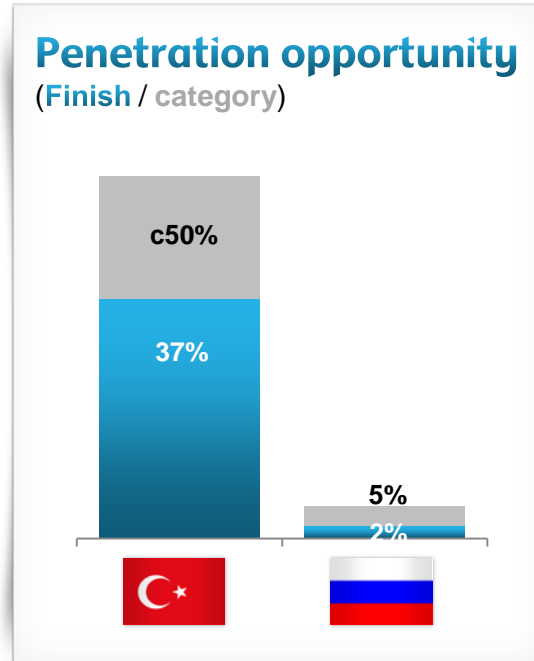
### Significantly stepped up penetration



01

Drive penetration

## Finish - driving dishwasher penetration



# 01

## Drive penetration

# Finish - driving dishwasher penetration



### Strategy

Drive  
dishwasher  
penetration

### Execution

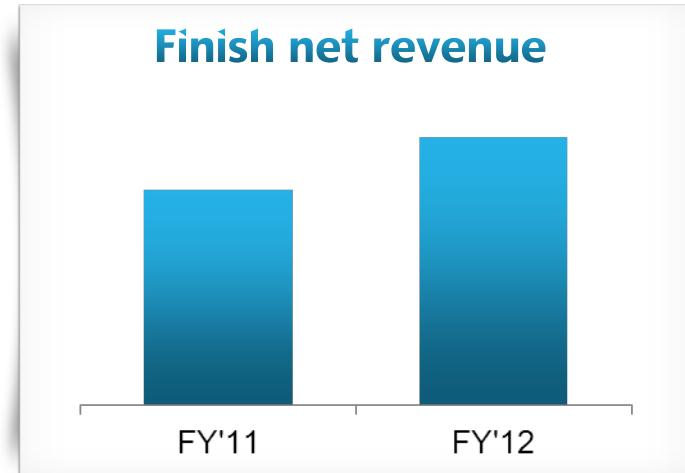
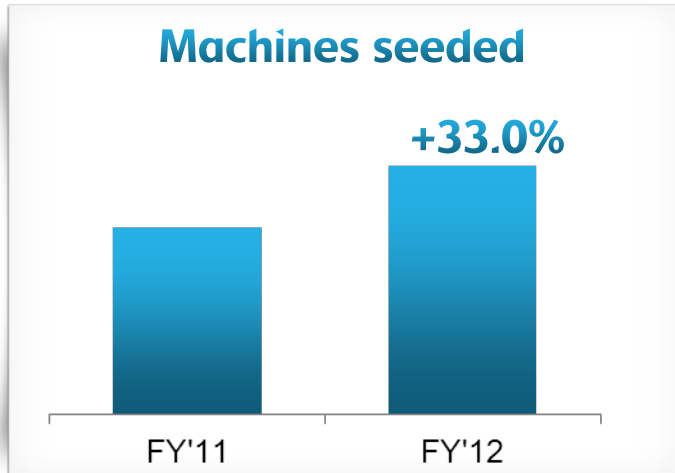
- ◀ Drive need to buy a dishwasher through insightful communication
- ◀ Ensure 90% of machines sold have a Finish sample inside
- ◀ Penetration activities in white good stores
- ◀ Turn dishwasher technicians into Finish ambassadors



# 01

## Drive penetration

## Results



02

Right innovation – Powerbrand roll-out



Launched 2010

#2



Launched 2012

#4



02

Right innovation for local market

## Dettol Cream Cleaner South Africa



Designed for Africa

9% market share  
after 6 months



02

Right innovation for local market

## Dettol Skin Jelly Nigeria



Designed for Africa

4% market share  
after 6 months



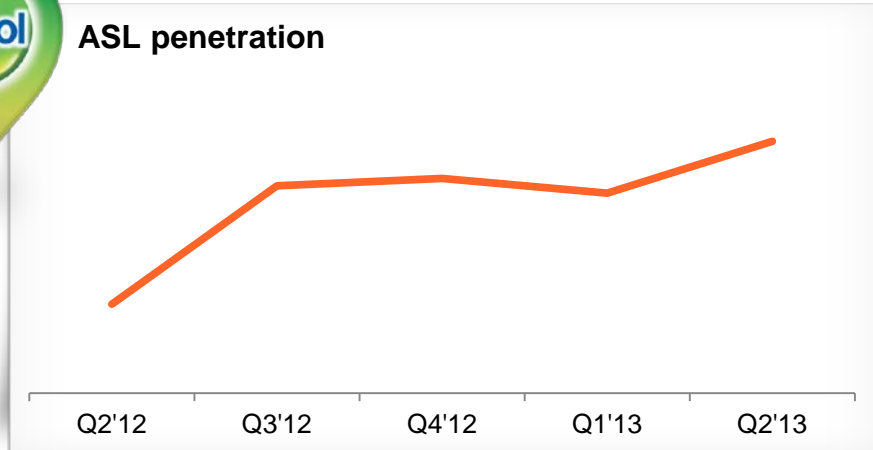
# 02

## Right innovation smart size

### Dettol Antiseptic Liquid 50ml small size



ASL penetration





# 02

## Big activation

### One big idea – 360

91%  
reach 3+



# 03

## Go-to-market excellence

### Efficient set-up : Middle East



#### Centralized planning from Dubai

Management, trade marketing, back office

#### Localized deployment across 11 markets

- Lean RB team: 14 heads
- Massive distributor team: 1,500 heads

store coverage  
**+60%**



03

Go-to-market excellence

## Whitespace roll-out : Ghana



Dettol bar soap

Q3 - '12

Harpic

Q4 - '12

Strepsils

Q4 - '12

Air Wick

Q1 - '13

Mortein

Q2 - '13



03

Go-to-market excellence

## Accelerated coverage increase in Ghana

### Number of stores

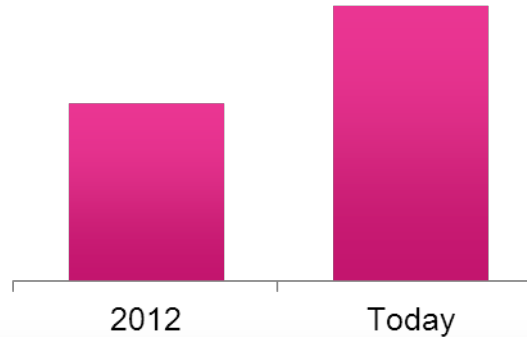
Mid-2012

5,015

Today

12,893

### Net revenue growth



# 03

## Go-to-market excellence



### Medical marketing : Russia

- Key opinion leaders events covering **5,000** healthcare professionals
- Face to face detailing reaching over **15,000** doctors & pharmacies

Recommendations	Pharmacy	Doctors
Nurofen Adults	#1 (45%)	#2 (71%)
Nurofen Children	#1 (44%)	#1 (89%)



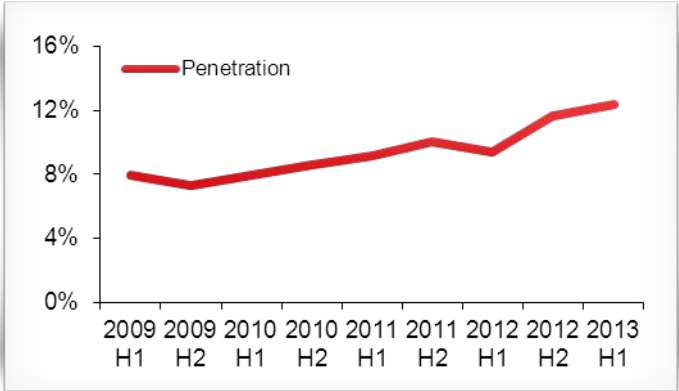
# 03

## Go-to-market excellence



### Medical marketing : Russia

- ◀ Key opinion leaders events covering 5,000 health care professionals.
- ◀ Face to face detailing reaching over 15,000 doctors & pharmacies.



03

Go-to-market excellence

## Pharmacy GTM : Russia

Visit & sell to **33,000**  
pharmacies weekly  
(85% coverage)

+ 1,750 displays vs. LY  
+ 7 SKU's vs. LY



03

Go-to-market excellence

## Supermarket check-outs : Russia

70,500  
check-out displays  
up 10% vs. LY

durex<sup>®</sup>  
Contex  
silkoplast<sup>®</sup>  
EVITEST





03

Go-to-market excellence

## RB-branded primary shelves Turkey

720 incremental  
branded shelves  
vs. LY



**01**

**Drive penetration**

**02**

**Right innovation  
Big activation**

**03**

**Go-to-market  
excellence**

**Bringing the next 400m  
consumers to RB brands**

# Connecting new consumers

Roberto Funari

LAPAC

# 4 billion people

# Agenda

**Today**

**Tomorrow**

**Bringing it to  
life in China**

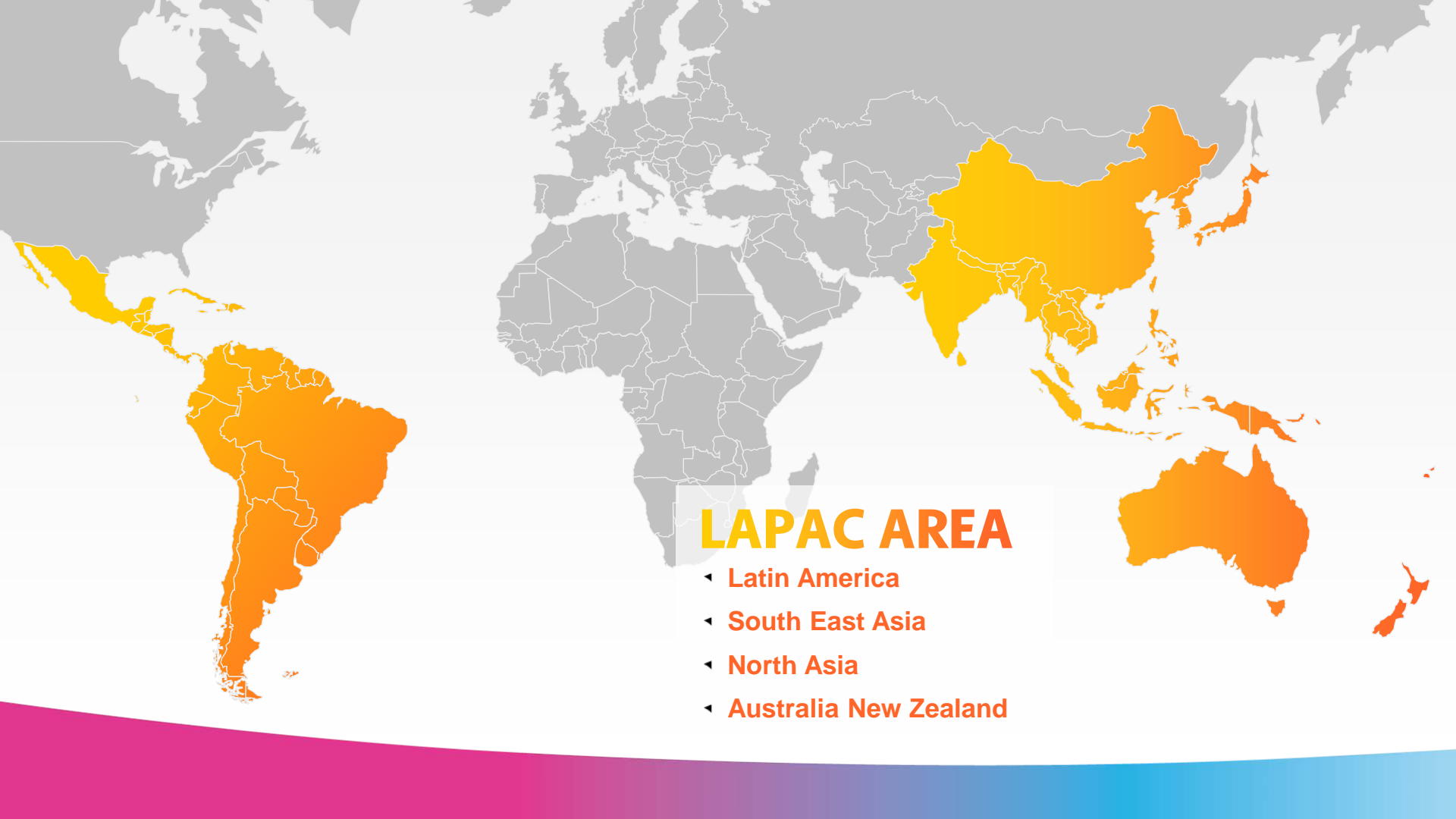
# Agenda



**Today**

**Tomorrow**

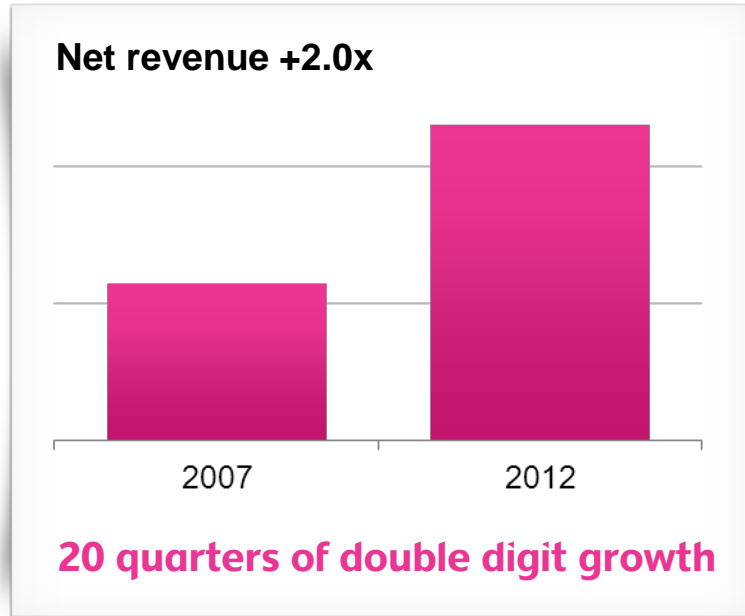
**Bringing it to  
life in China**



## LAPAC AREA

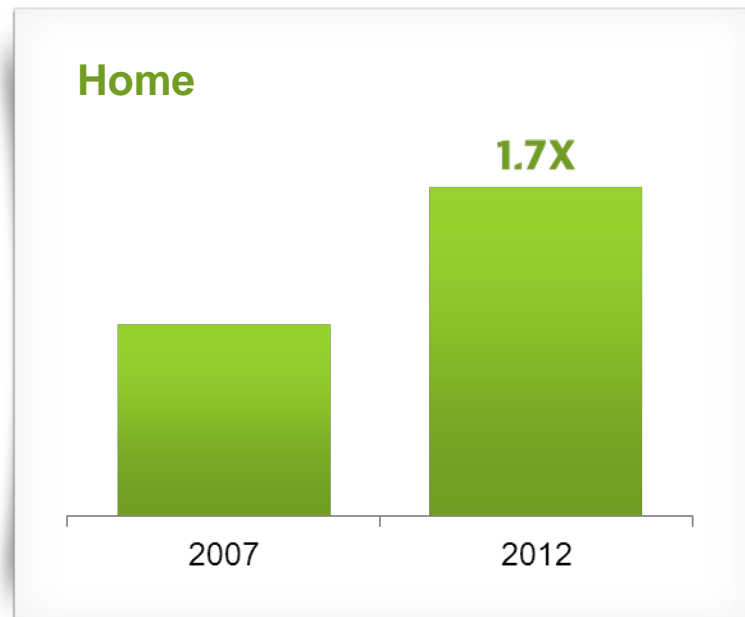
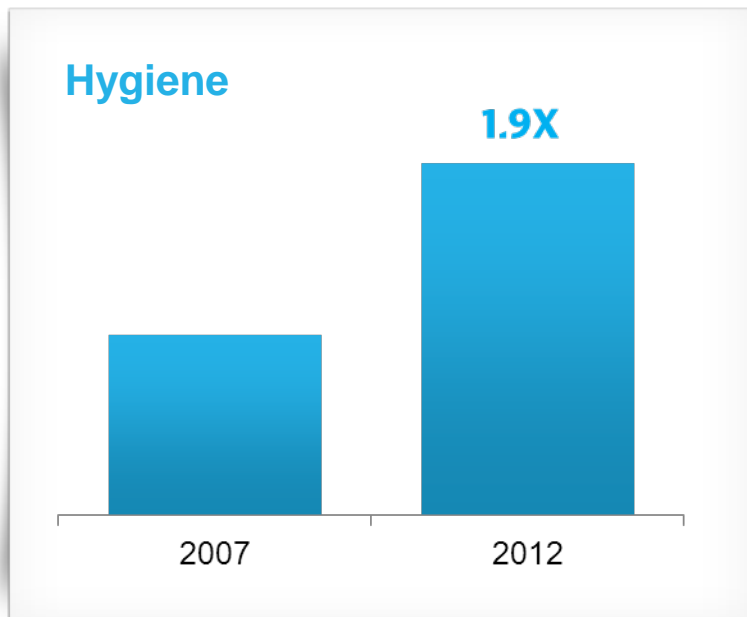
- ◀ Latin America
- ◀ South East Asia
- ◀ North Asia
- ◀ Australia New Zealand

# Double digit growth – achieved virtuously





# Hygiene & Home led growth

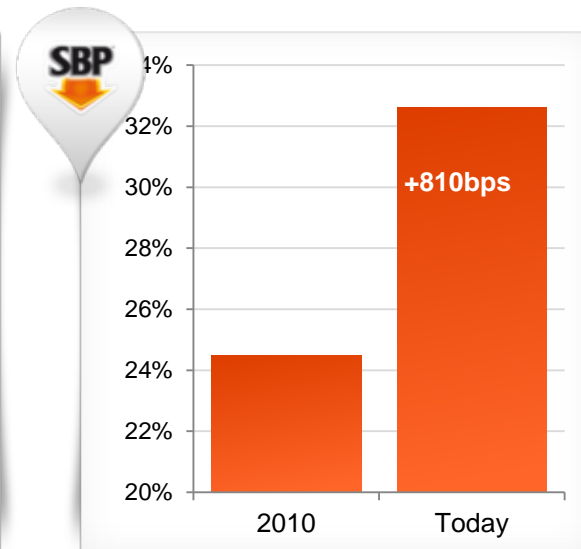
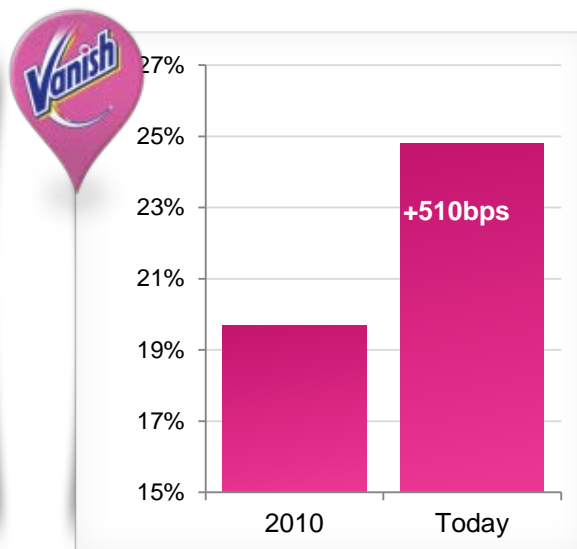
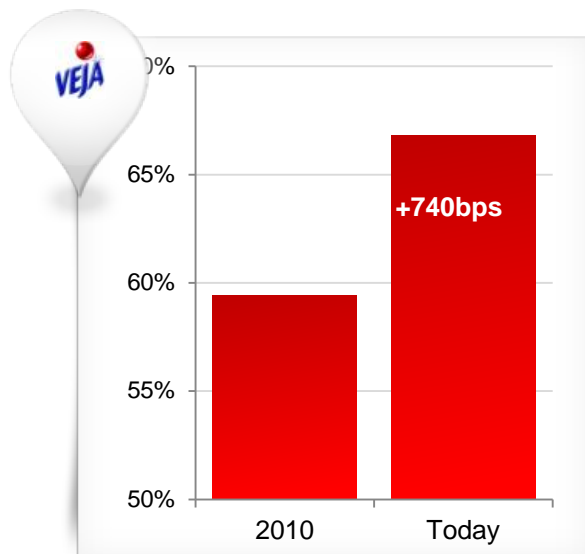


## How did we achieve this?

**More  
consumers**

**More stores,  
bigger  
assortment**

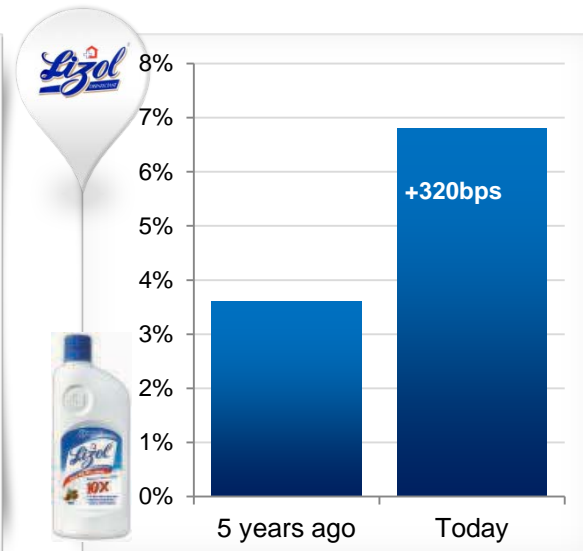
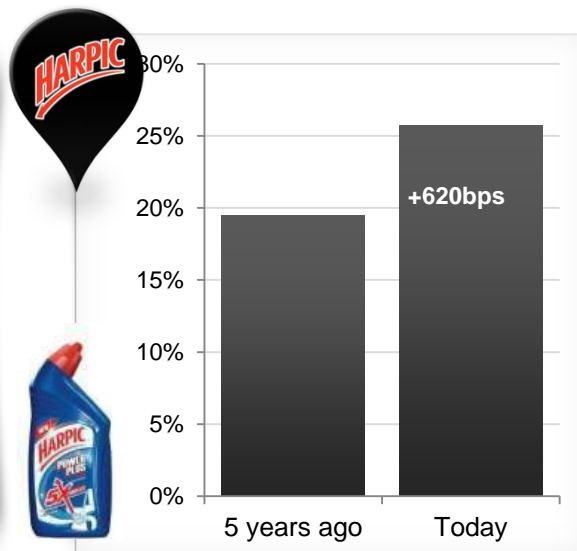
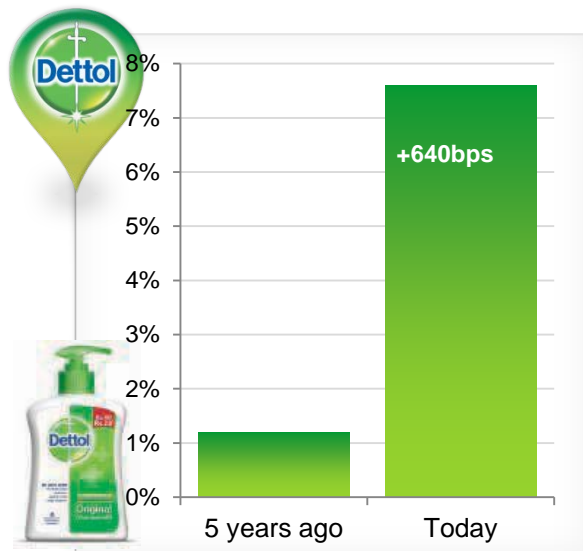
# More consumers



Household penetration (urban)  
Source: IMRB HH Panel



# More consumers



Household penetration (Urban)  
Source: IMRB HH Panel



# ... via 'point of market entry' brand initiatives



9m



6m



5m

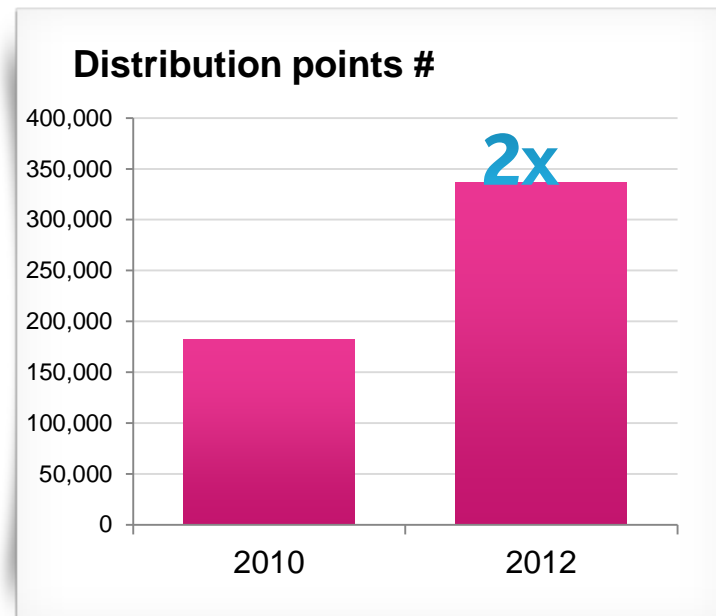
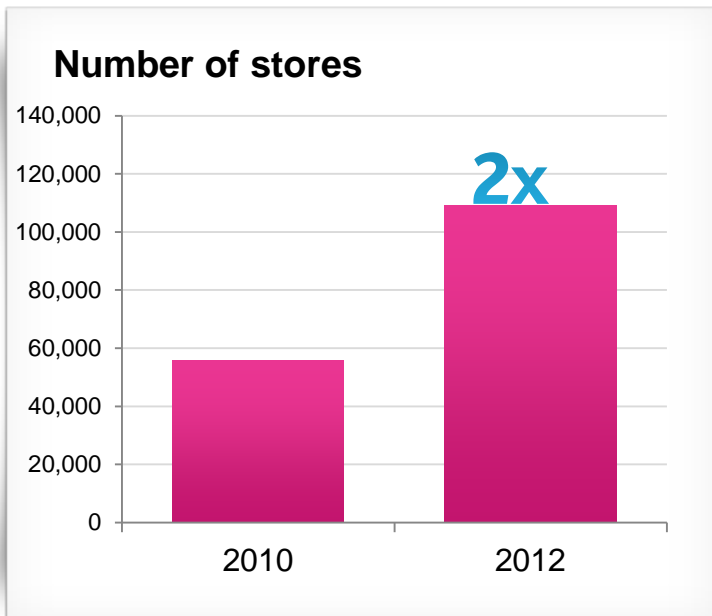


2m

2011-2013 accumulated



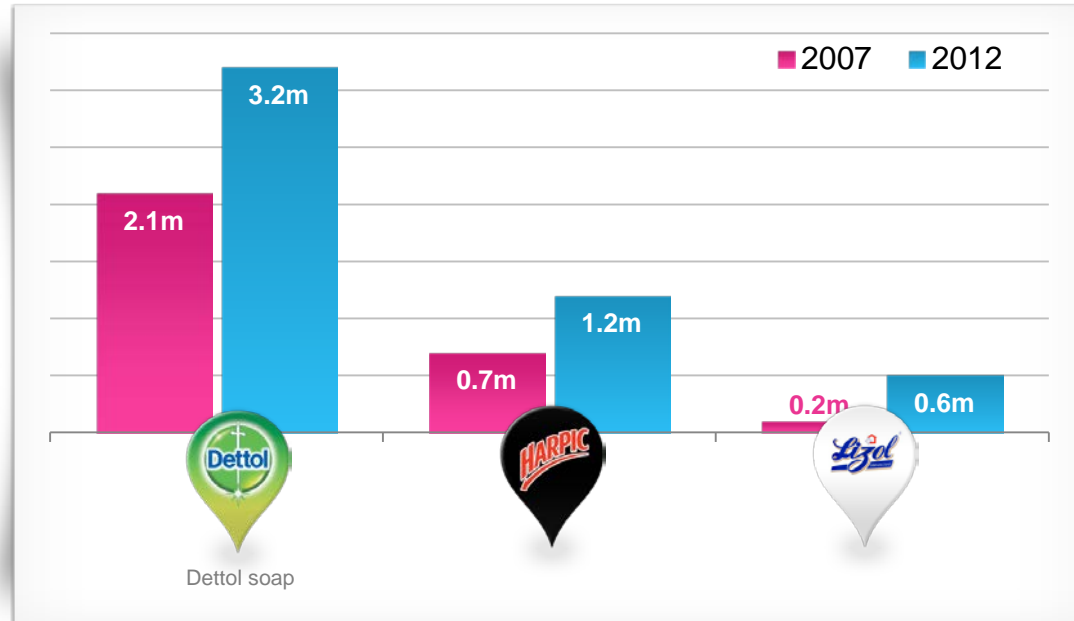
# More stores, bigger assortment



# More stores, bigger assortment



# More stores, bigger assortment



Numeric distribution (max)  
Source: Nielsen





# Summary of “today”

Leading brand portfolio in  
underpenetrated categories

---

Exceptional returns

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Scalable go-to-market model

---

But this is just the beginning...

**Today**

**Tomorrow**

**Bringing it to  
life in China**

Value creation sweet spot for  
LAPAC is at the intersection of...

**consuming class**  
**health & hygiene**

# Future is now



**RB recipe in  
consumer health**

**New  
consumers**

**Right channels,  
every  
shopping trip**

# Drivers of tomorrow

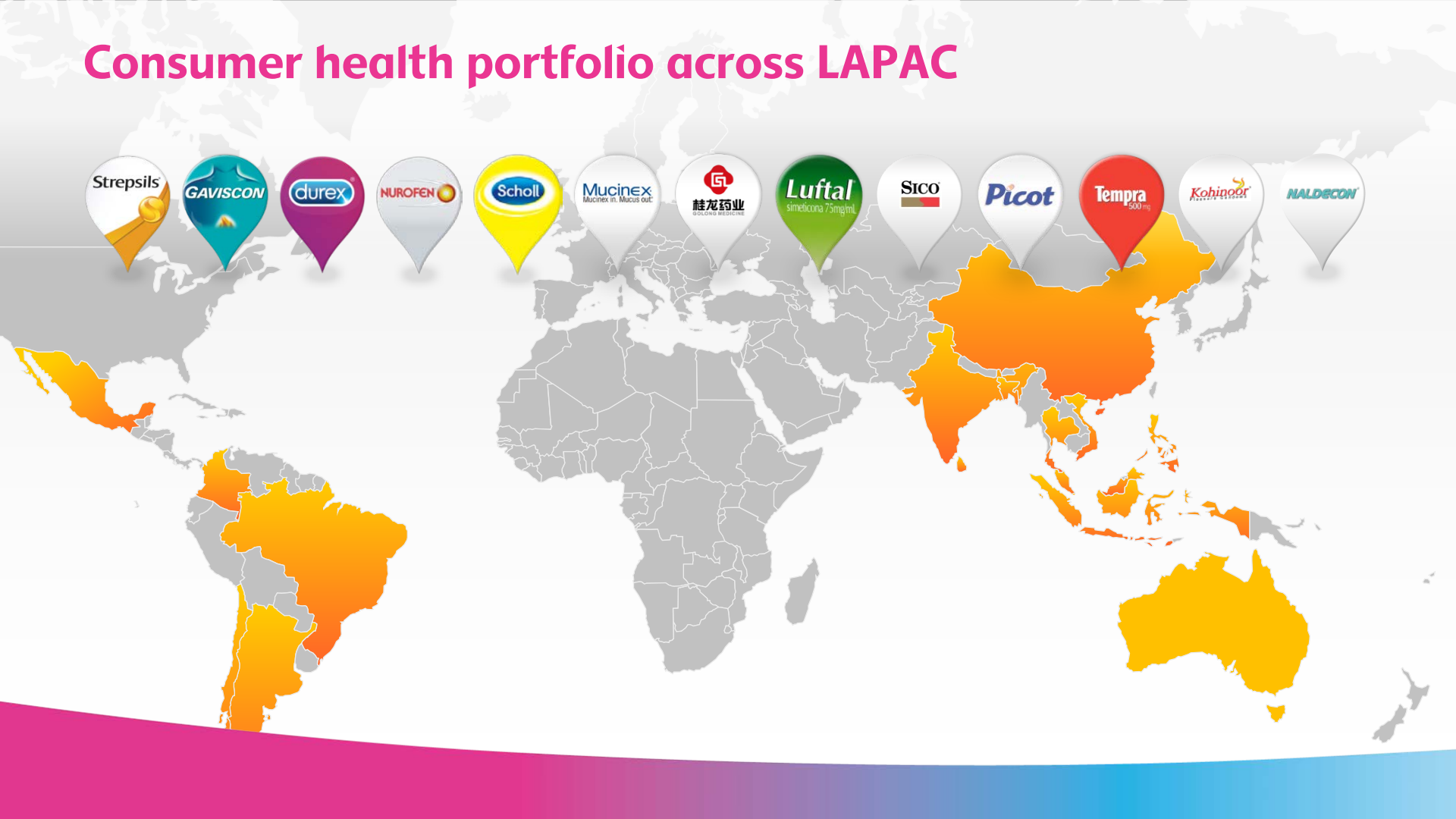


**RB recipe in  
consumer health**

New  
consumers

Right channels,  
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shopping trip

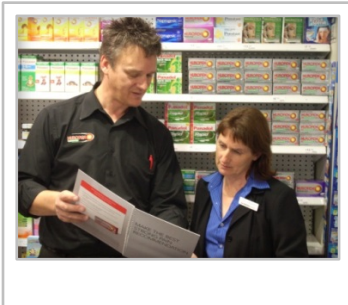
# Consumer health portfolio across LAPAC



# ...and playing across core categories

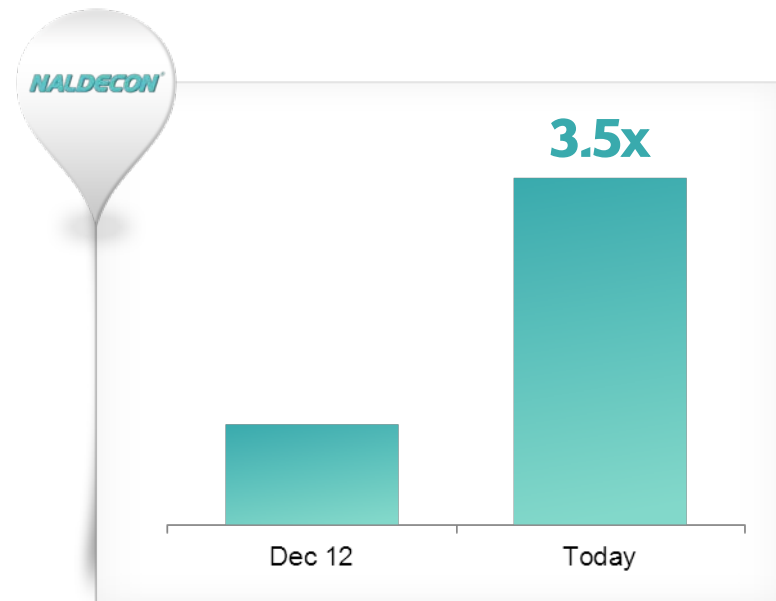
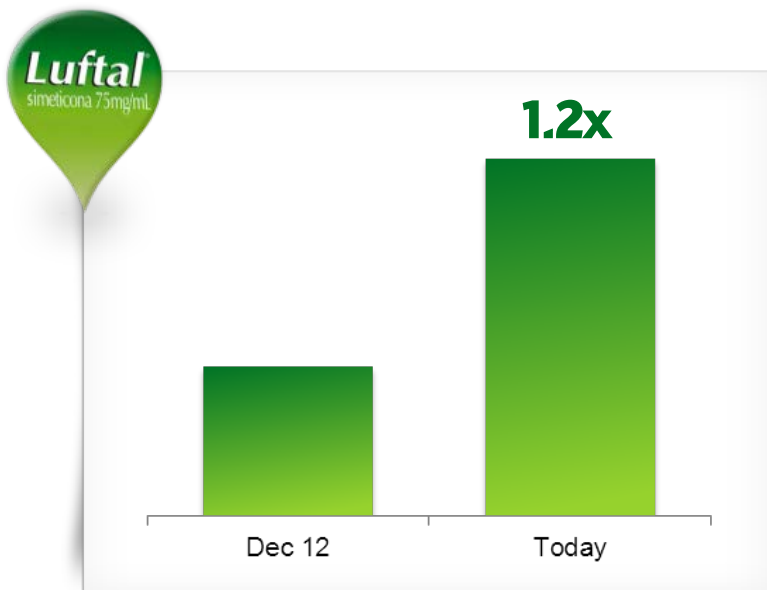
SWB		Analgesics		CC&FST		GI		VMS		Foot Care		
Durex	Kohinoor	Nurofen	Strepsils	Manunshining	Gaviscon	Luftal	Mega Red	Scholl				
												
MeU	Sico	Tempra	Mucinex	Graneodin	Picot	Move Free		 				
												

# Medical and health care professional marketing, pharmacy excellence





# BMS: share growth shows RB recipe in action...



Source: Nielsen

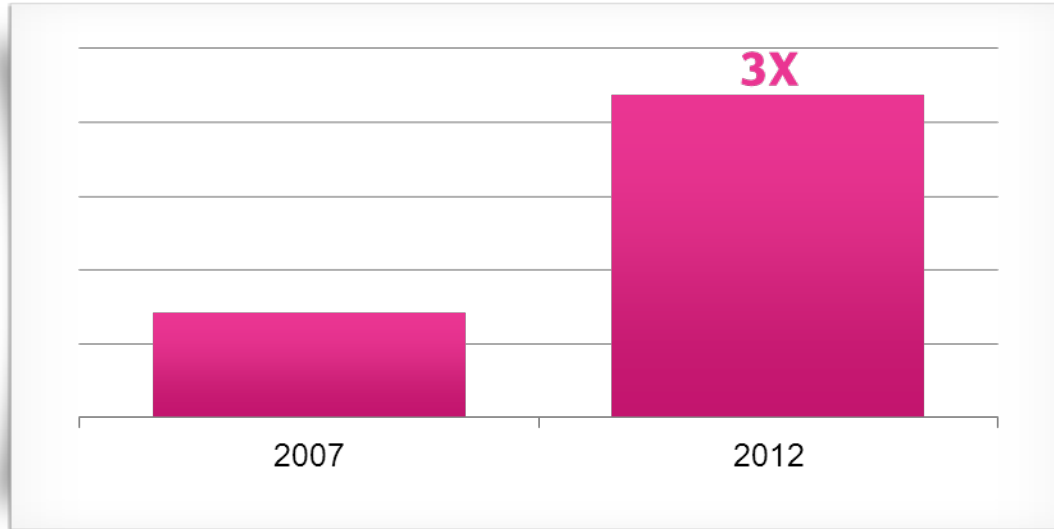


# BMS: RB recipe in action...



HEALTH • HYGIENE • HOME

# Building consumer health foundations: growth of NR in LAPAC



# Future is now

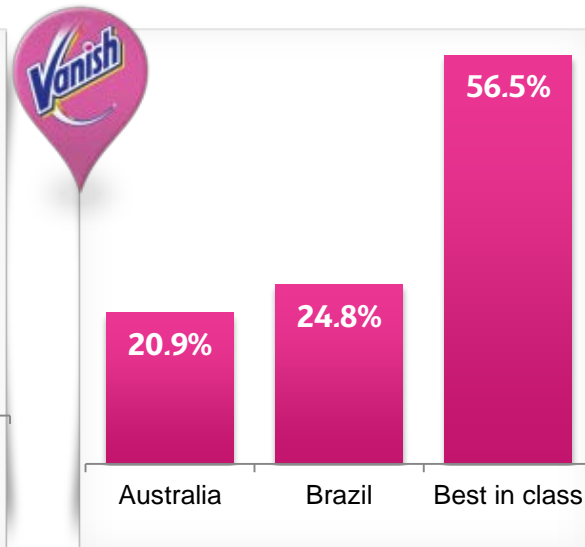
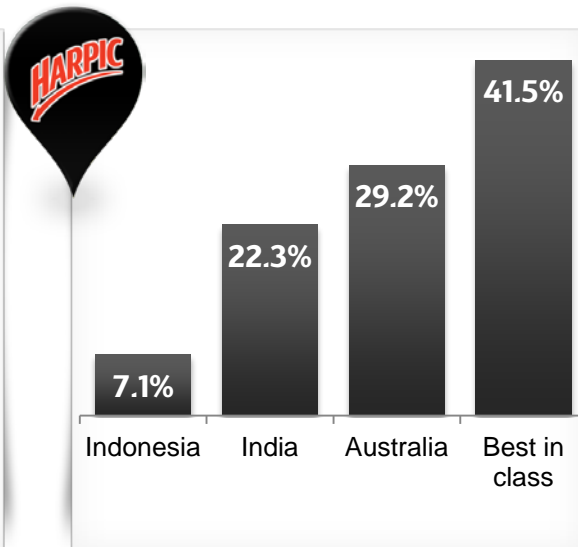


RB recipe in  
consumer health

**New  
consumers**

Right channels,  
every  
shopping trip

# There is so much more penetration to go for...



Source: Nielsen

# Northeast: faster growth in underpenetrated regions

## Trial



## Consumer inspired innovations



## Shopper inspired product range



# Northeast: connecting new consumers via tailored initiatives



Vanish  
sampling



Demo  
Sales ladies



SBP



Educational TV capsules  
presented by local celebrities





...and all these initiatives, supported with customised in-store activation





# We are connecting real time with consumers

E-commerce +  
'marketing of the future'



Powerbrands digital centric

**65%** increase in digital media

**20%** of total media investment

'Marketing of the future' model

# Building love in emerging markets: double net revenue in 2 years

**25** markets

**c40%** market share

Condoms, pleasure  
gels and sex toys



# At arms length of desire...



100,000+



# Future is now



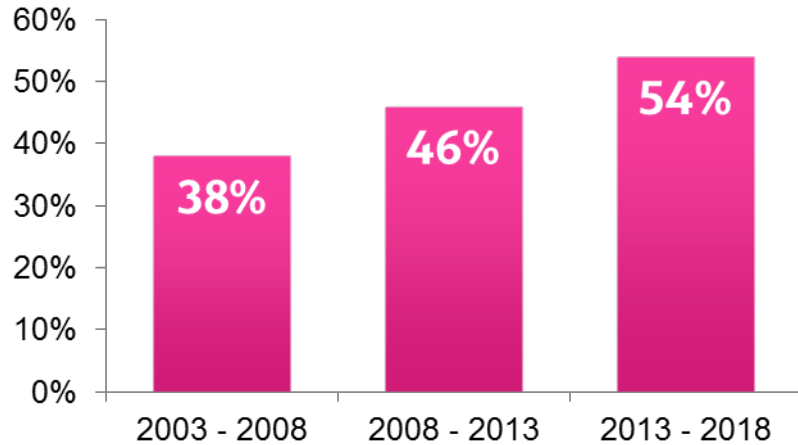
RB recipe in  
consumer health

New  
consumers

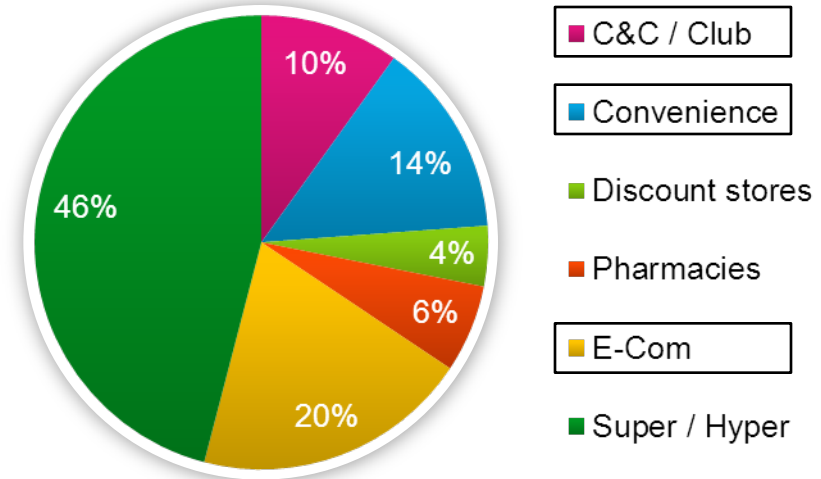
**Right channels,  
every  
shopping trip**

# The retail environment is changing

% of growth sourced outside  
Hyper / super markets

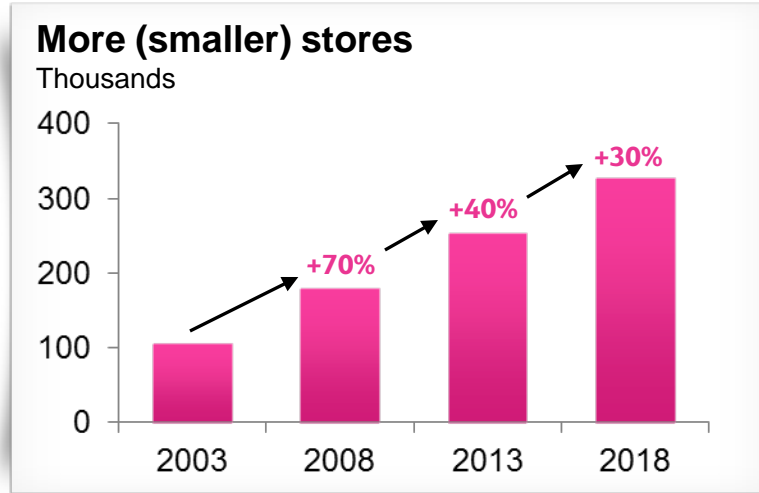


Over 40% of growth in the next 5 years  
will come from 3 channels



Source: Planet Retail: (<http://www.planetretail.net/>) Channel Data Analysis, June 2013  
Asia and Oceania, South and Central America Data

# More stores, more shopping trips

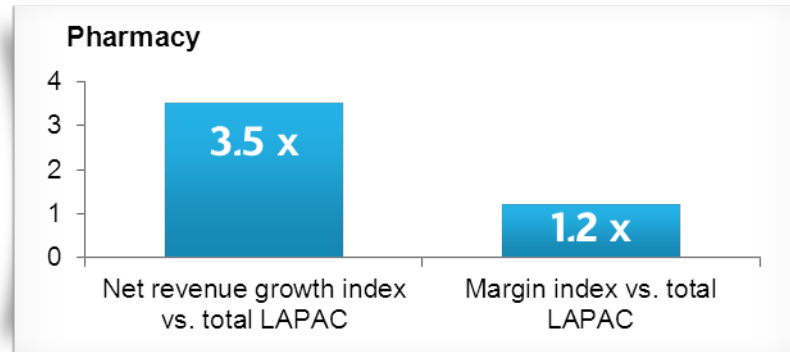
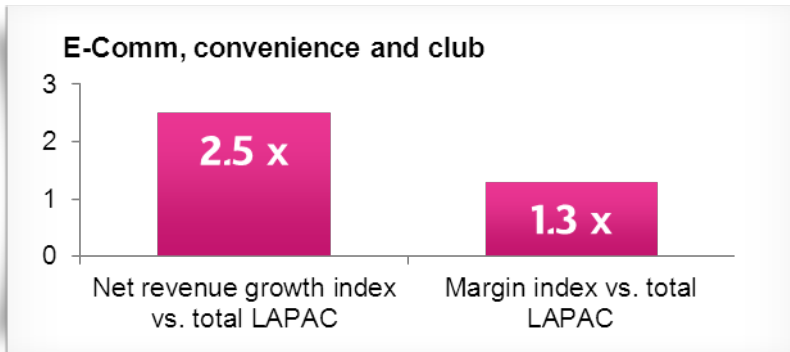


**80%** of new store growth driven by small stores;  
**convenience & pharmacy**

Plus the smallest store of all...

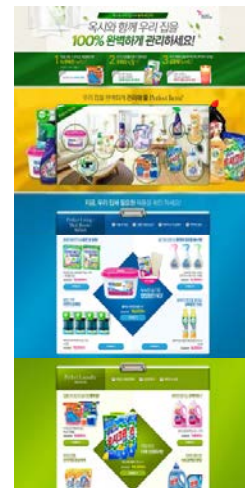
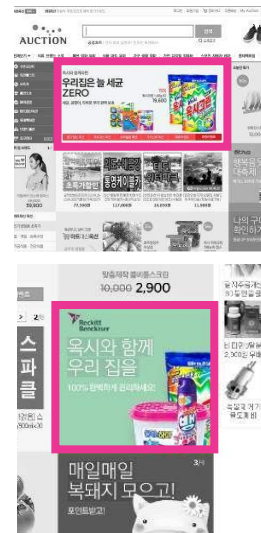


# We are taking the lead in high growth, high margin channels





# North Asia: all brands, e-commerce





# RB – China

Adi Sehgal  
Regional SVP North Asia

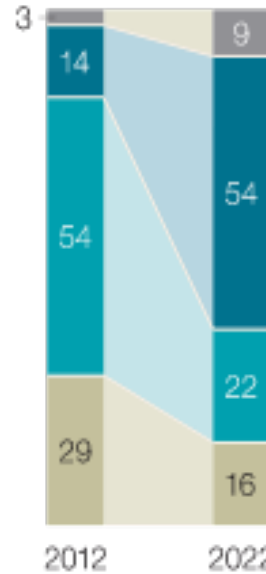
Our **vision** is a world  
where people are  
healthier and live better

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

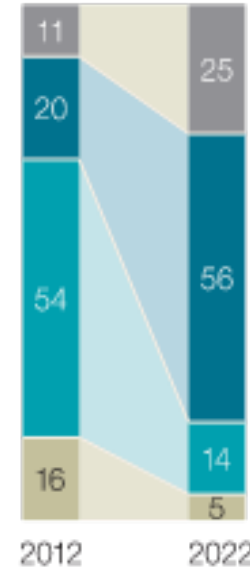
# China mega trends

# Aspirational brands will see strong growth in China

Share of urban households,<sup>1</sup> %



Urban private consumption,<sup>1</sup> %



Income segment<sup>2</sup>

Affluent

Upper middle class

Mass middle class

Poor

Source : McKinsey quarterly

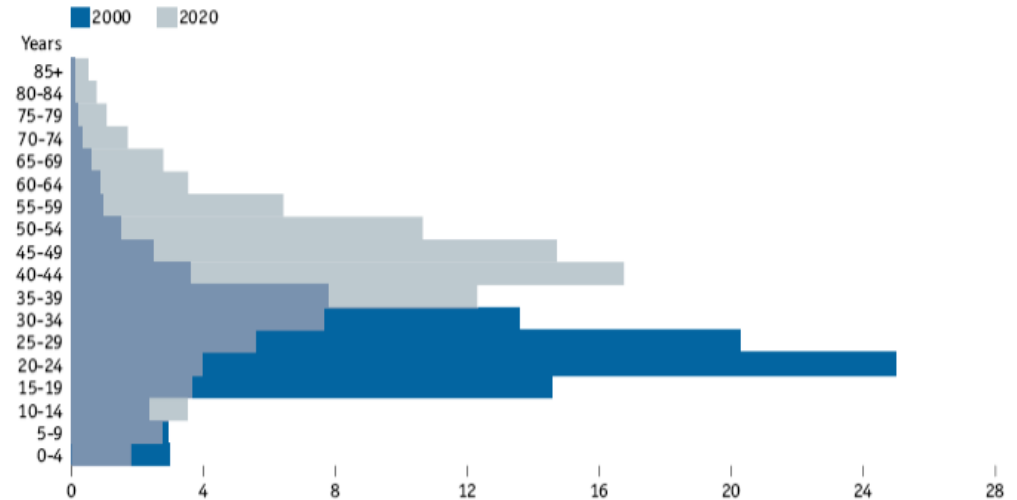
**National coverage  
is key to continue  
to win**



Annual health care spend expected to grow from **\$38bn in 2000** to **\$438bn by 2020**.

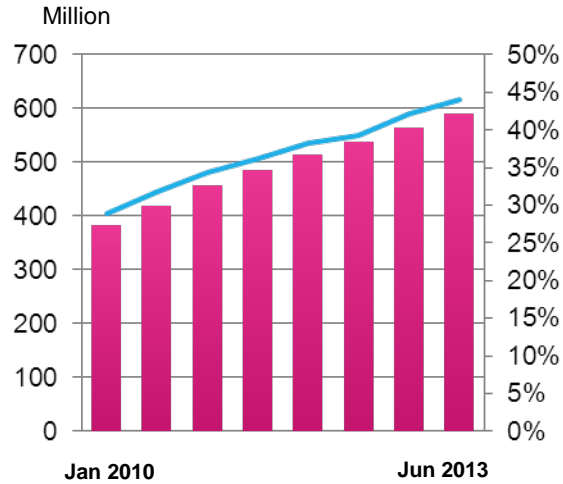
**Big health opportunity**

Metropolitan population: Shenzhen  
(age group %)

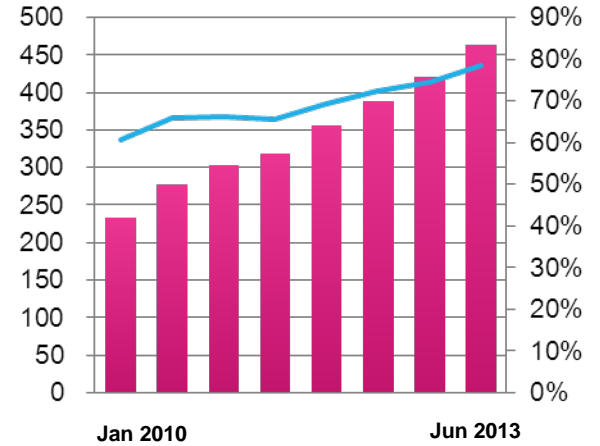


Source : Health care spend estimates – McKinsey quarterly

# The internet will reach everyone in China



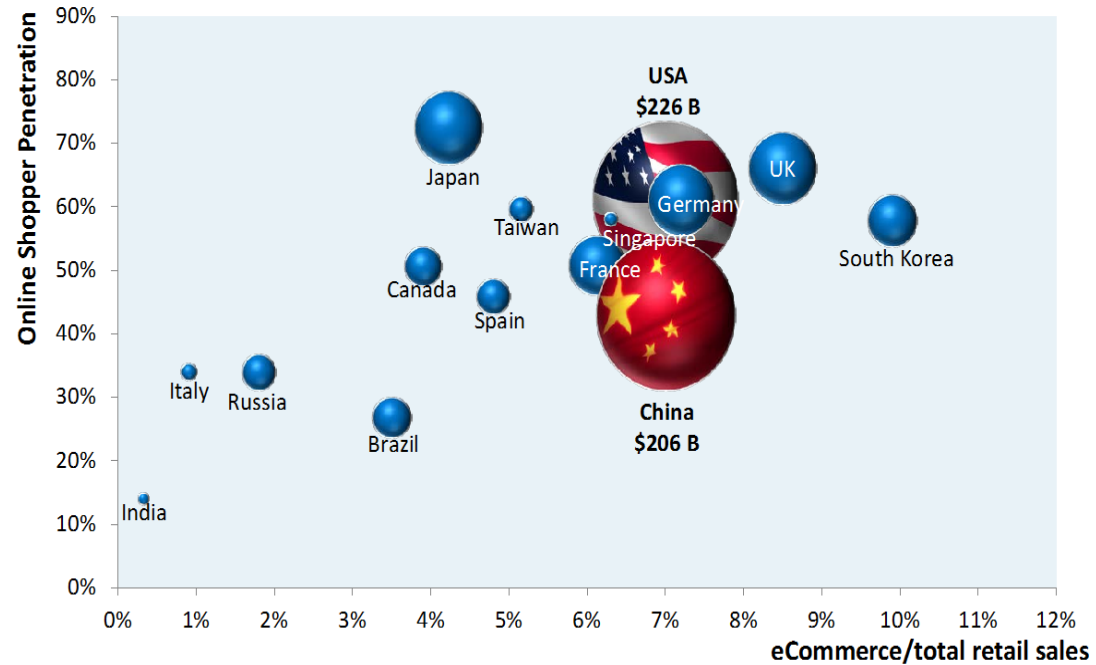
Internet Users Penetration Rate



Mobile Internet Users Penetration Rate

Data Source: CNNIC 32th Internet Development Statistics

**China will be  
the biggest  
e-commerce  
market in  
the world**

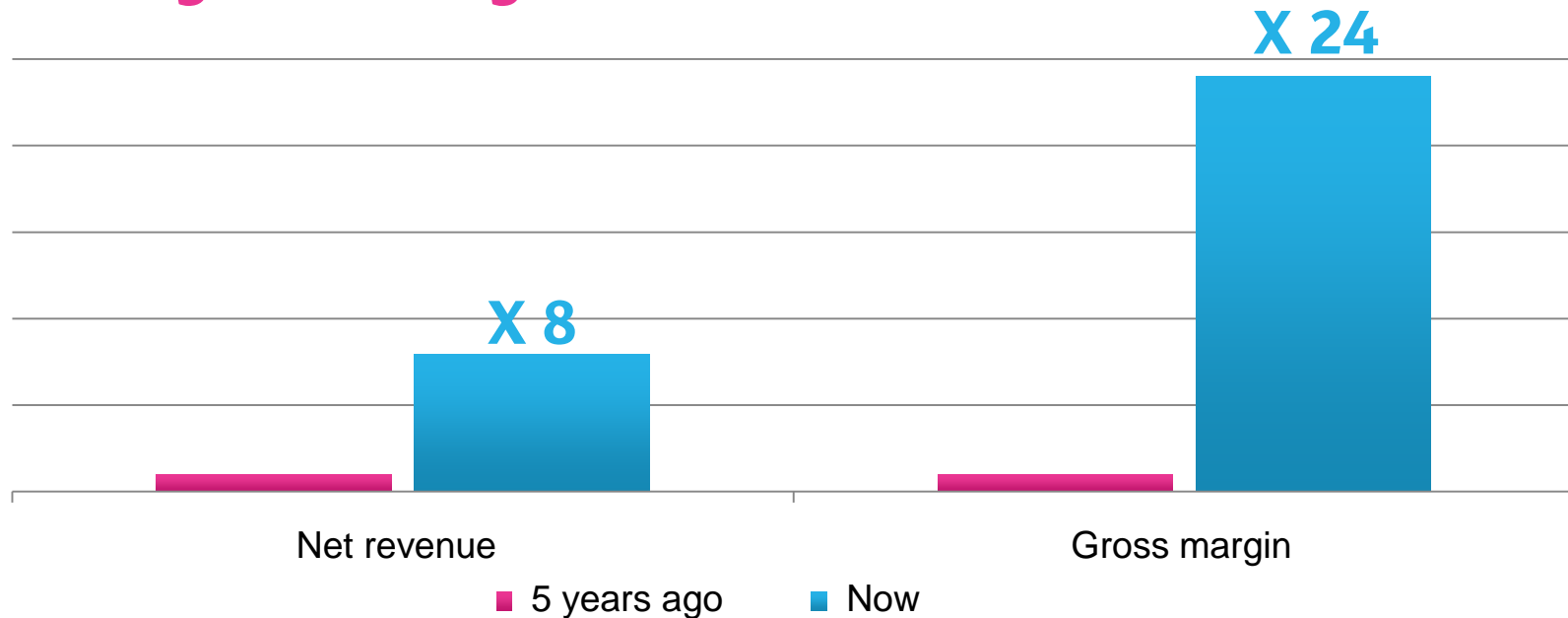


\* Burble size =country's eCommerce sales in Y2012, the figure does not include: B2B trade, Foodservice, Banking/financial/insurances, and Wholesale



# RB China results

## Net revenue and gross margin step-changed over 5 years

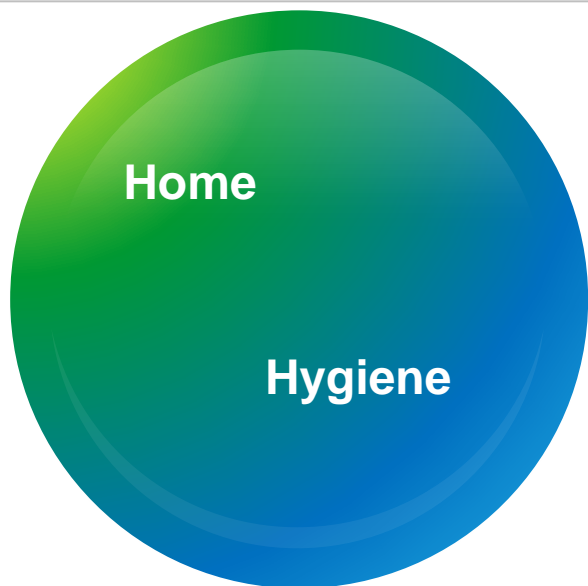


# RB China results driven by

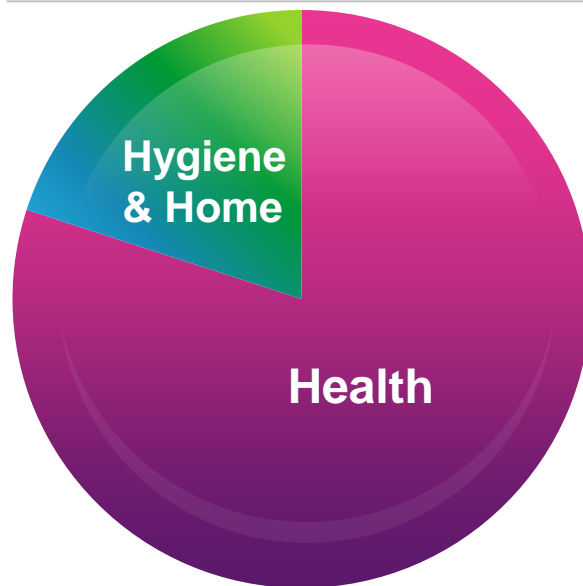
Virtuous health and hygiene focused portfolio

# Increasingly health and hygiene focused portfolio

5 years ago



Now



# RB China results driven by

Virtuous **health** and **hygiene** focused portfolio

Creation of a **multi-channel** national  
sales and distribution footprint

# 2010 RB China coverage 47 Cities:

## RB sales team 20 cities



# 2013 RB China coverage 150 cities:

## RB sales team 80 cities



# 2015 RB China coverage 600 cities: RB sales team 150 cities





## Pan-China supply footprint



4 factories

### 14 distribution centres



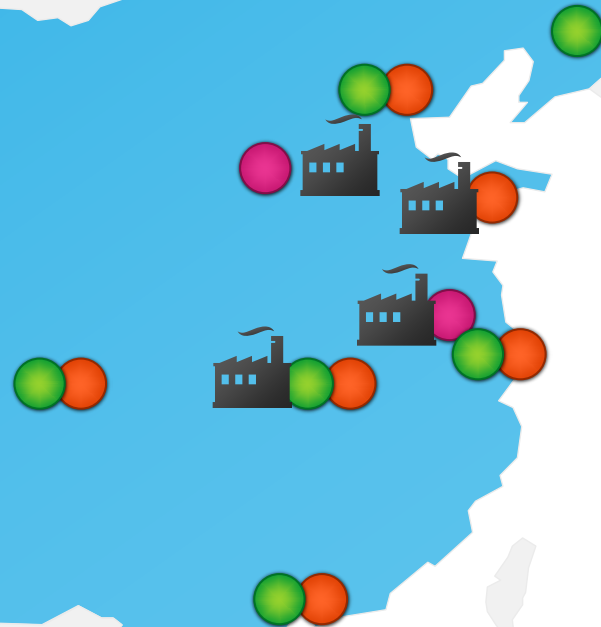
OTC and health food



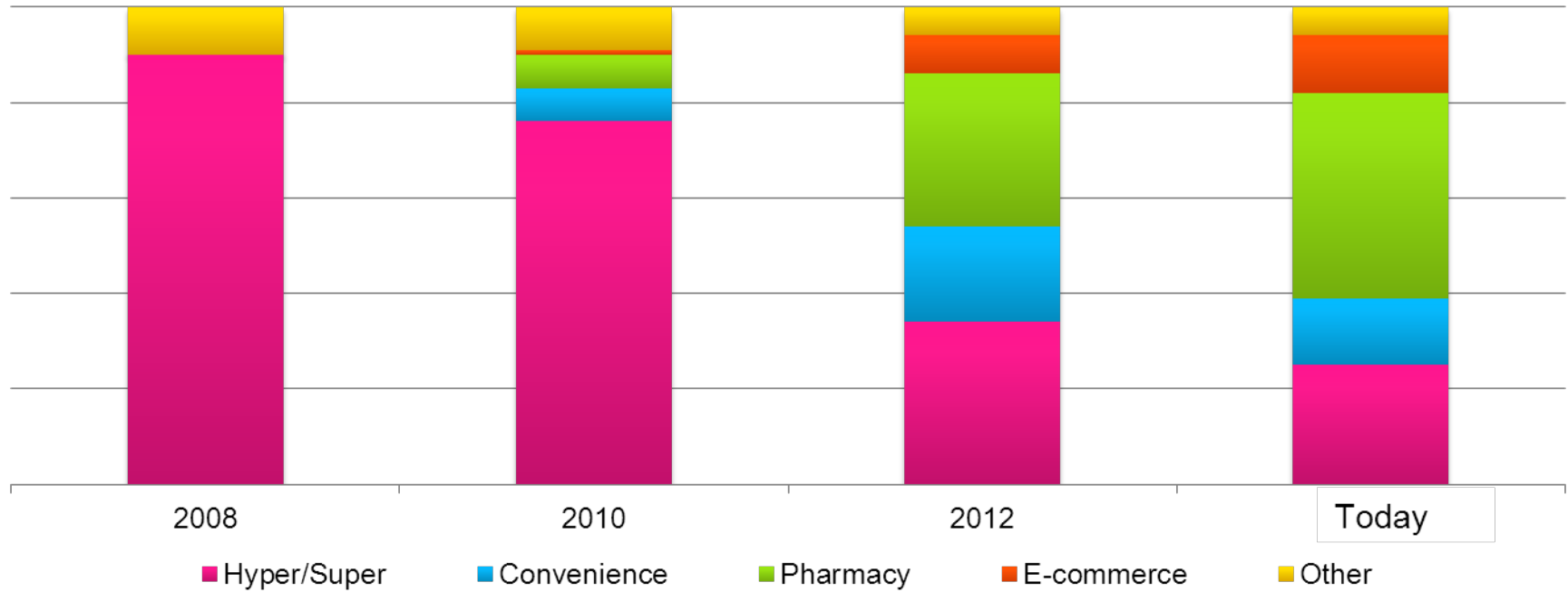
Medical device



Home & hygiene



# From single channel to multi-channel



# RB China results driven by

Virtuous **health** and **hygiene** focused portfolio

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Creation of a **multi-channel** national sales and distribution footprint

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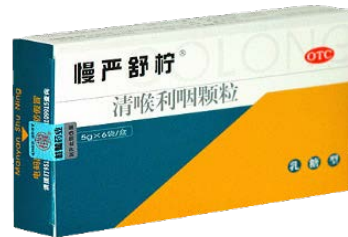
**Market expansion & share** driving growth across all brands

---

Sexual wellbeing



TCM – sore throat



No.1

Antiseptics



Depilatories



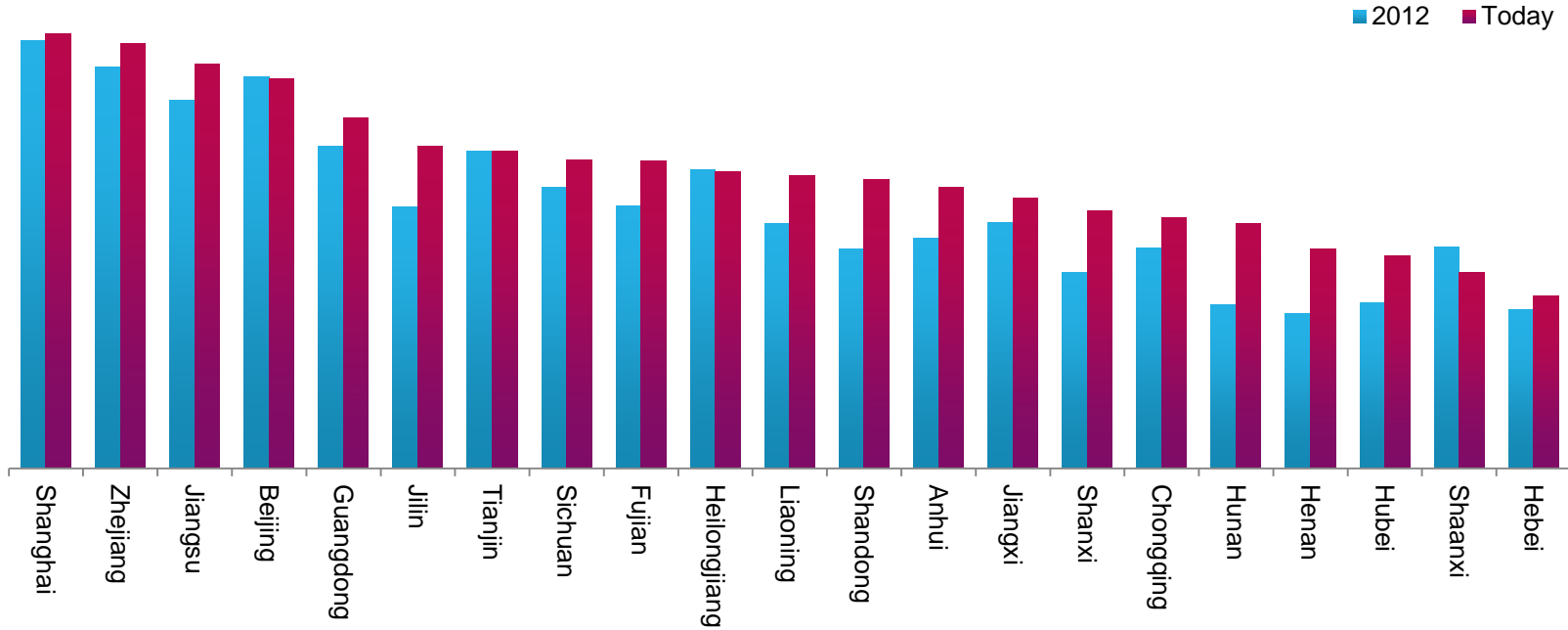
# Share expansion – Durex condoms



Monthly share trend – Nielsen : China national



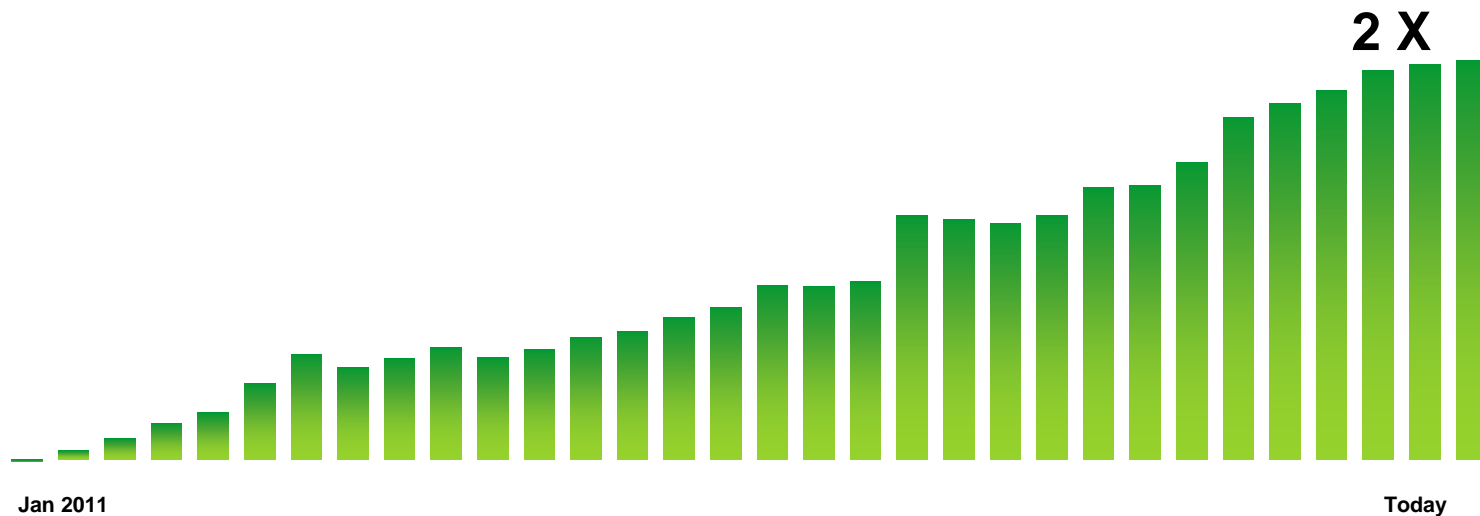
# Powercity focus : national impact on Durex share



Neilsen : Jan-Jul 2013 Vs Jan-Jul 2012



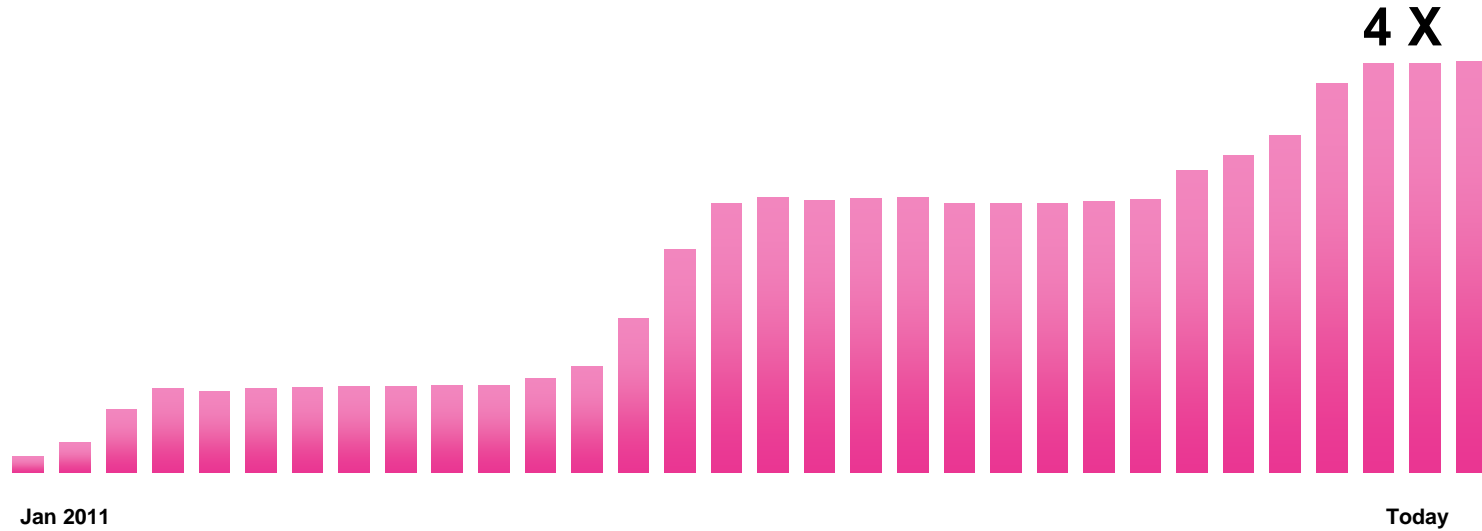
# Dettol sales



Monthly MAT net revenue, indexed to MAT Jan 2011



# Veet sales



Monthly MAT net revenue, indexed to MAT Jan 2011





# RB China results driven by

Virtuous **health** and **hygiene** focused portfolio

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Creation of a **multi-channel** national sales and distribution footprint

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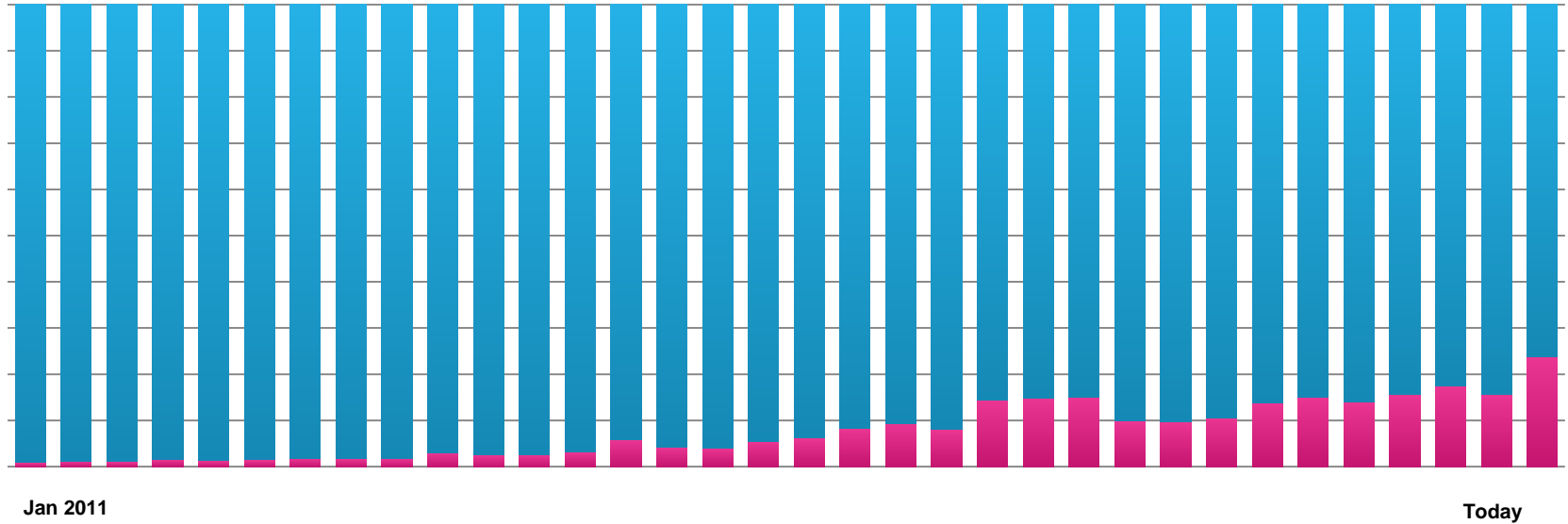
**Market expansion & share**  
driving growth across all brands

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**Connected company,**  
digital @ the heart of success  
E-commerce | new digital / social-led marketing model

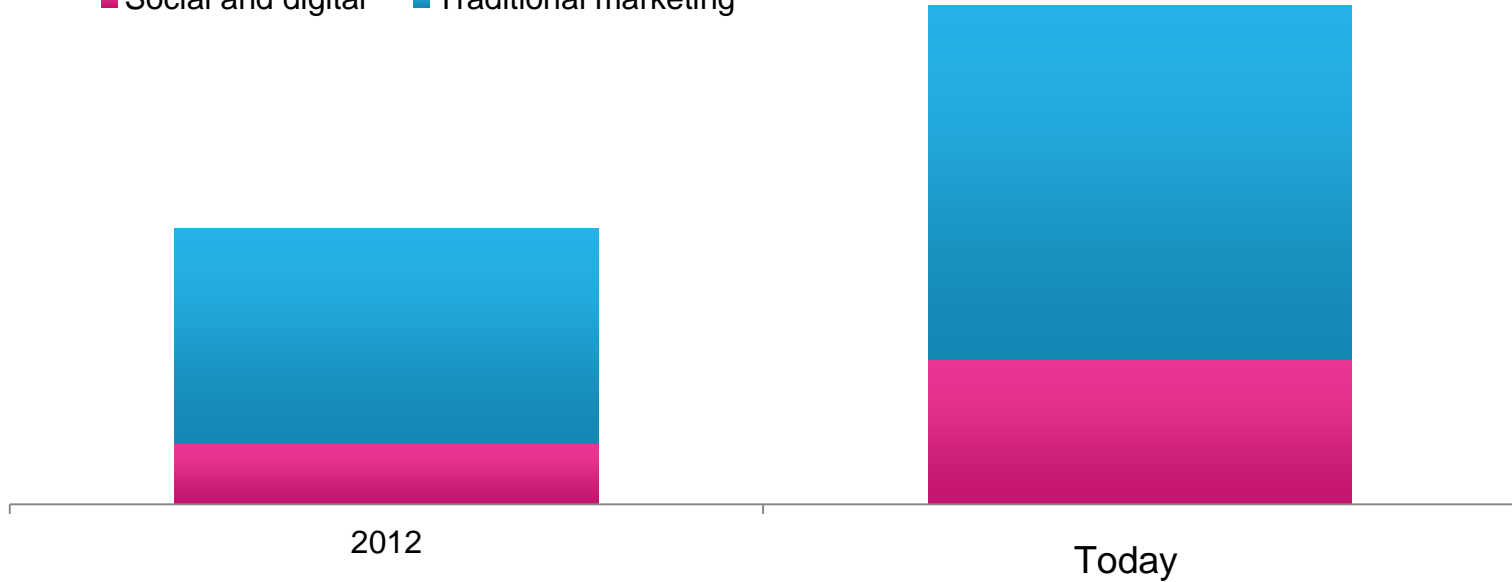
# Online sales, now at 20% of sales

## Evolution of sales - online vs. brick & mortar



# Support model – shift to attraction marketing

■ Social and digital   ■ Traditional marketing



# Connecting new consumers

Attraction marketing model  
Case study - Durex

# China summary

**Growth  
advantaged  
portfolio**

**Virtuous P&L  
structure**

**National,  
multi-channel  
infrastructure**

**Digital @ the heart**

# Investor Day summary

Rakesh Kapoor  
CEO

# Consumer health – a fragmented market



## Top 8 players in FMCG



63%

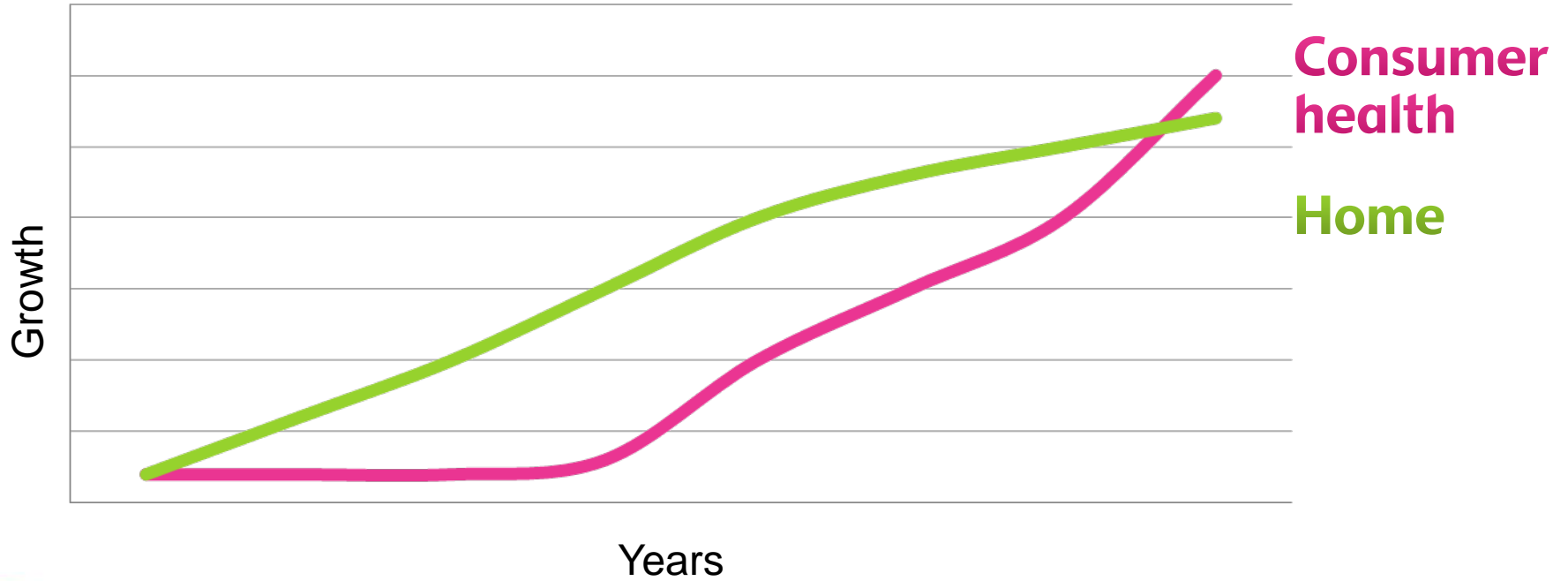
## Top 10 players in consumer health



28%

Source: Nielsen Scantrack Global Database, MAT JA 2013 vs 2012  
World RB All Categories Excl OTC / Food = £52bn

# Growth from brand rollout in consumer health





# RB consumer health drivers



**Organic**

# Organic growth drivers

## Science based innovations



## Brand extensions



## Geographic rollouts



# RB consumer health drivers

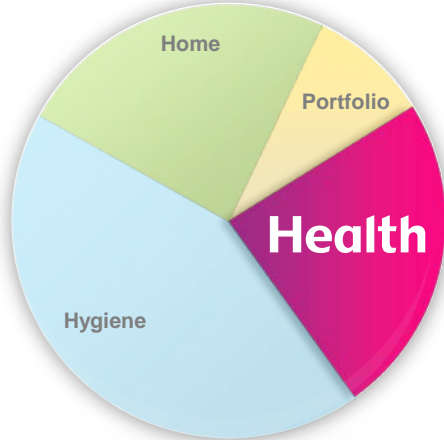
**Organic**

**+**

**Inorganic**

# Inorganic – what would we look for...

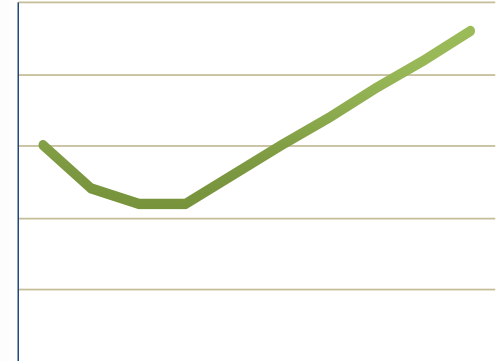
**Strategically compelling**



**Better owned by RB**



**Value accretive**



**What unique M&A  
advantage does  
RB have?**

**NONE...**

What unique M&A  
advantage does  
RB have?

NONE...

Except...



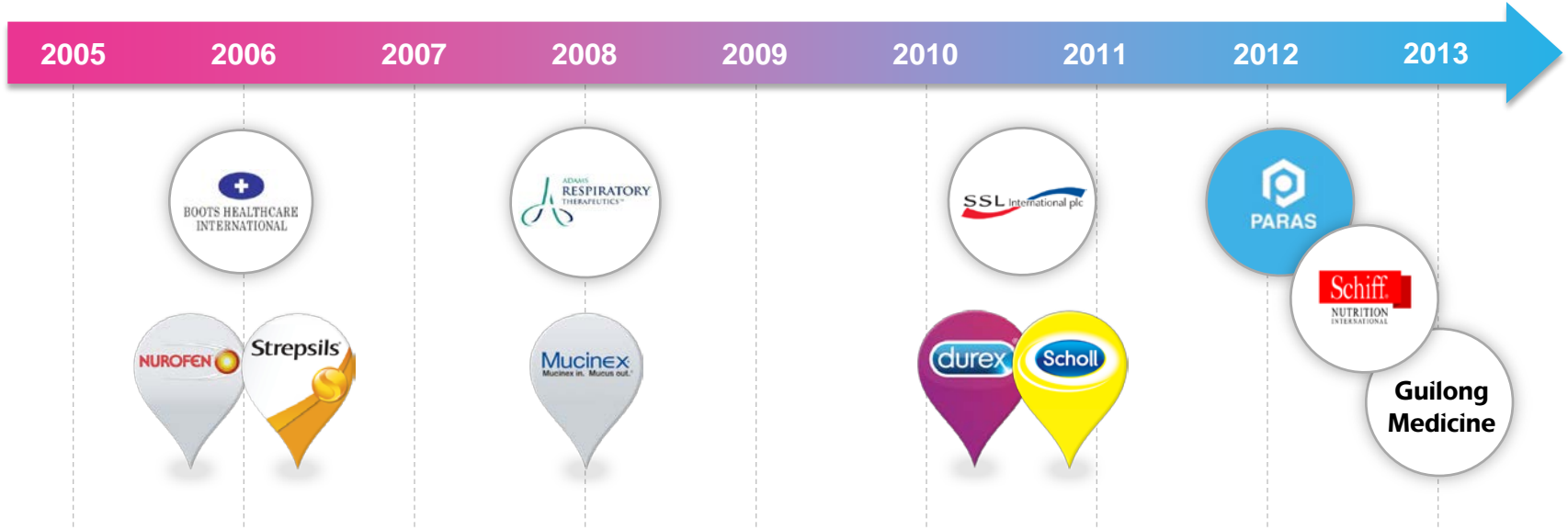
**What unique M&A  
advantage does  
RB have?**

**NONE...**

**Except...**



# Acquisition track record







Performance  
vs. market

2x





Performance  
vs. market

2x





Performance  
vs. market

2x





Performance  
vs. market

1x





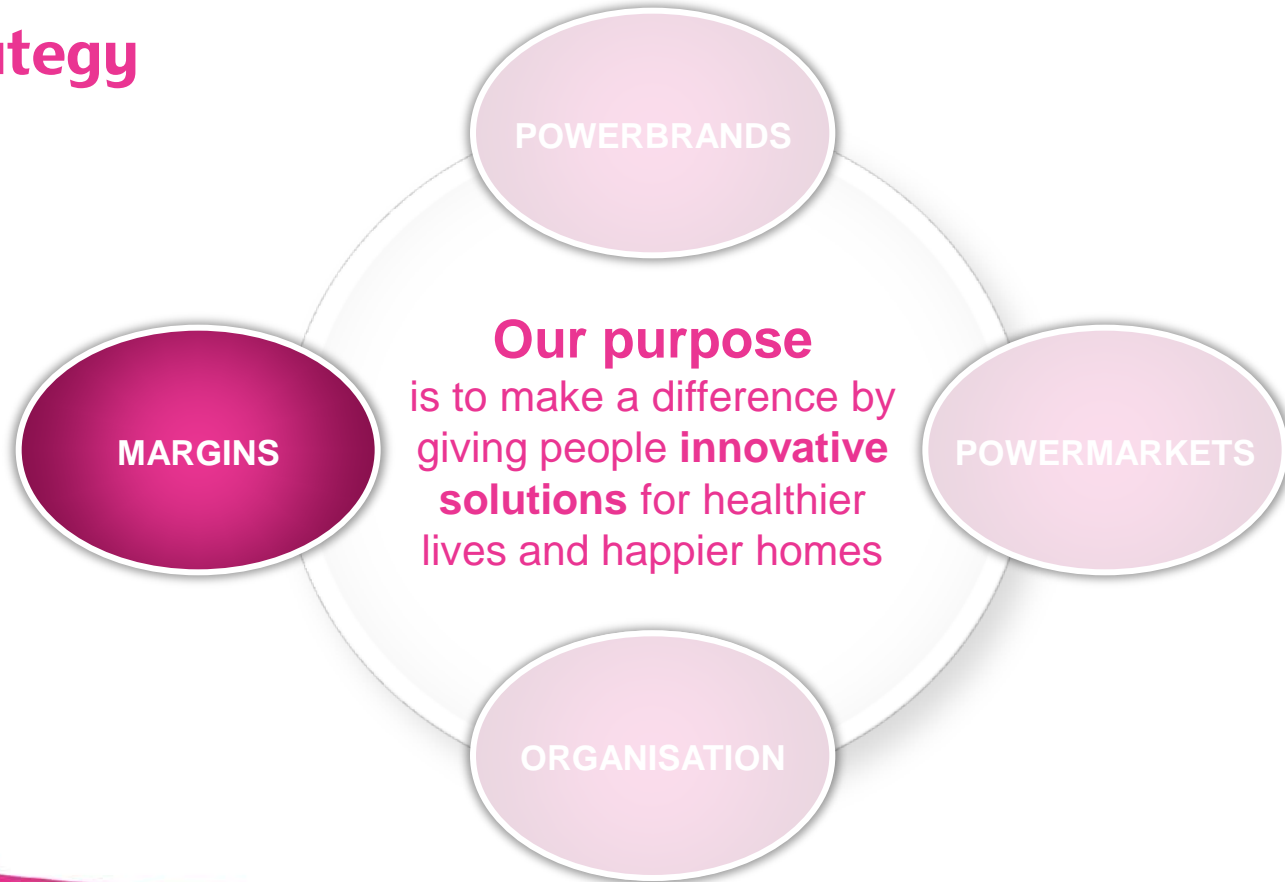
Performance  
vs. market

1.5x

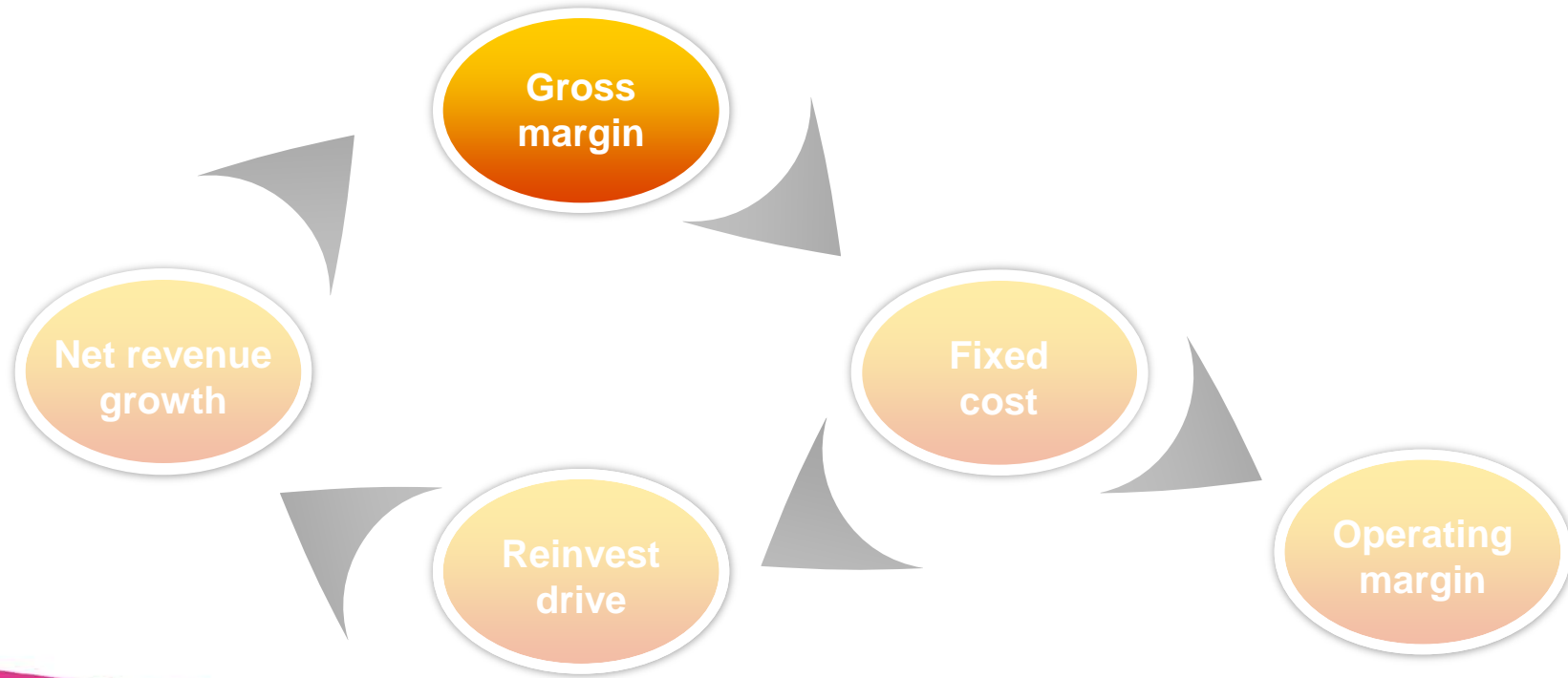


durexperiment  
*Fundaewear*  
— The technology —

# RB strategy



# The 'virtuous cycle' starts at gross margin



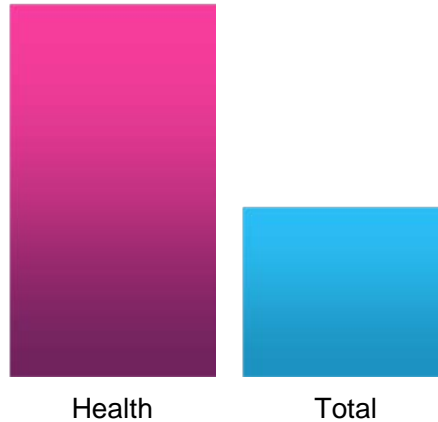
# Gross margin – the start of the virtuous cycle

## Redefined for the right focus

Budget	Old	New
<b>Marketing</b>		
Bonus packs	✓	
Gadget seeding costs	✓	
<b>COGS</b>		
Bonus packs		✓
Gadget seeding costs		✓

## Improve the mix

Gross margin %



## Project fuel



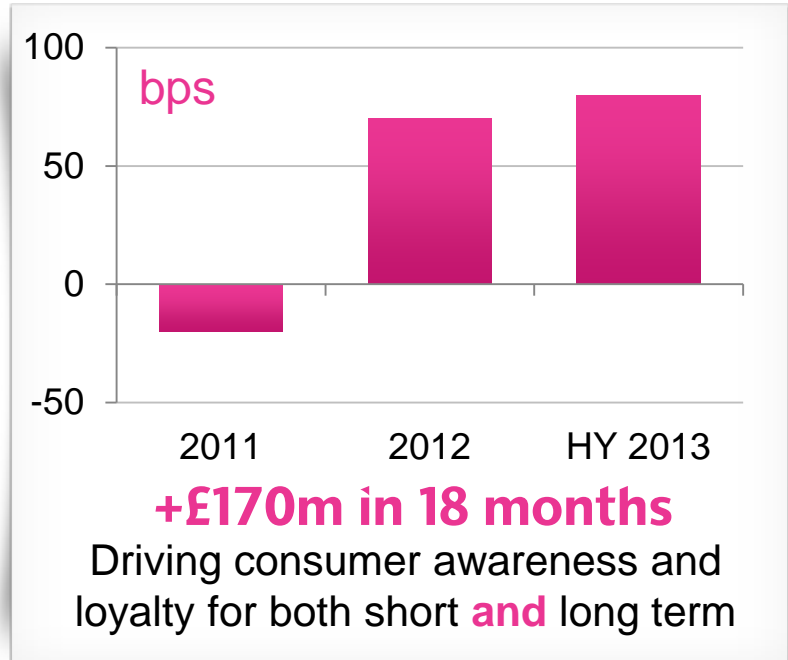
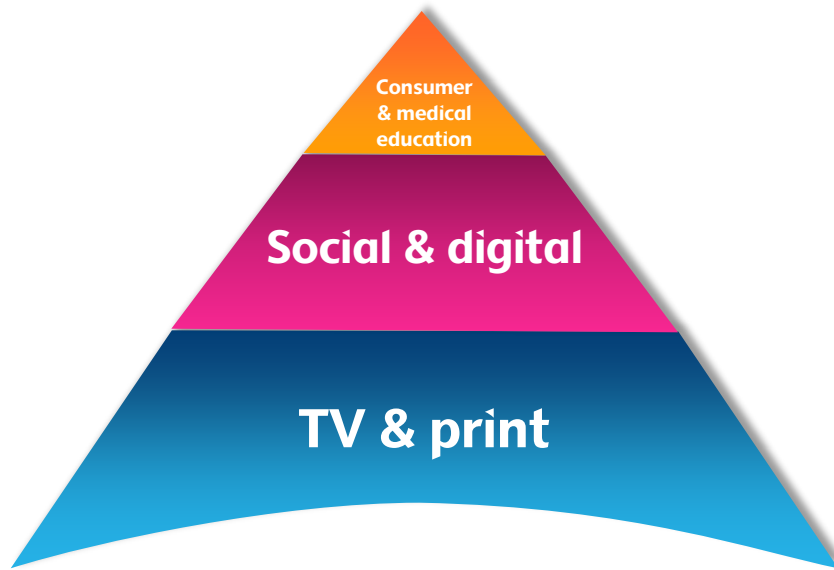
**20%**  
less  
plastic

**61%**  
less  
circuit  
board

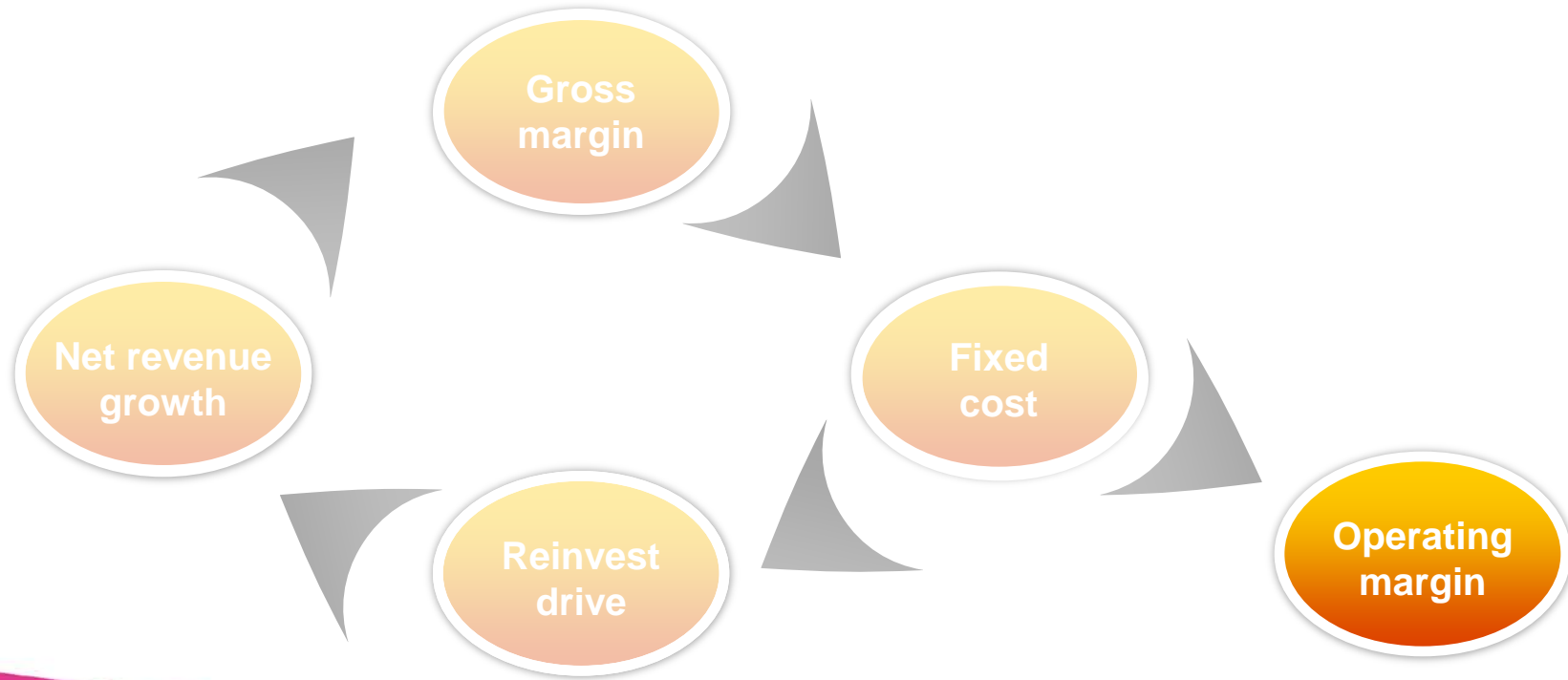
**98%**  
less  
LED



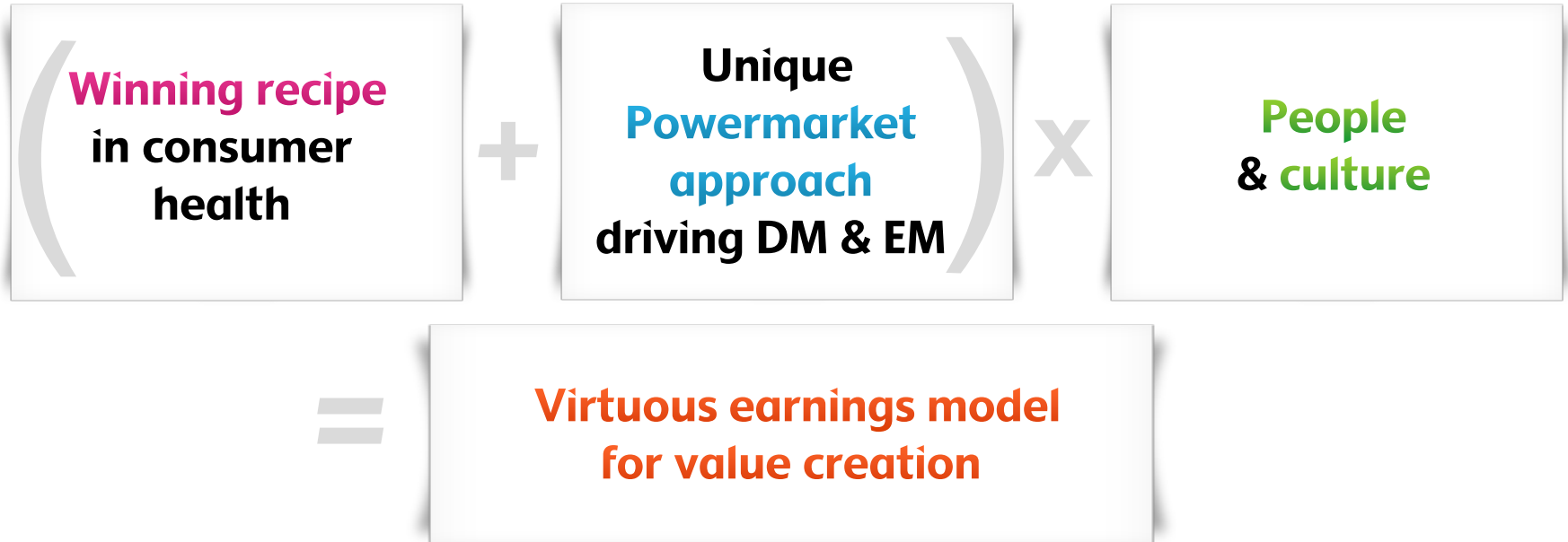
# GM fuels BEI



# The 'virtuous cycle' starts at gross margin



# Summary



# RB

# Investor Day 2013