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RB investor presentation

Half year 2016

29th July 2016



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Rakesh Kapoor

Chief executive officer

Disclaimer



Cautionary note concerning forward-looking statements

- This presentation 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.
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Key messages



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**Health and
Hygiene
focus driving
growth**

**Virtuous
earnings
model
delivering**

**Full year
targets
on track**

Health, Hygiene, Home category growth trends have not changed materially



HEALTH



HYGIENE



HOME

CAGR

4-6%

3-5%

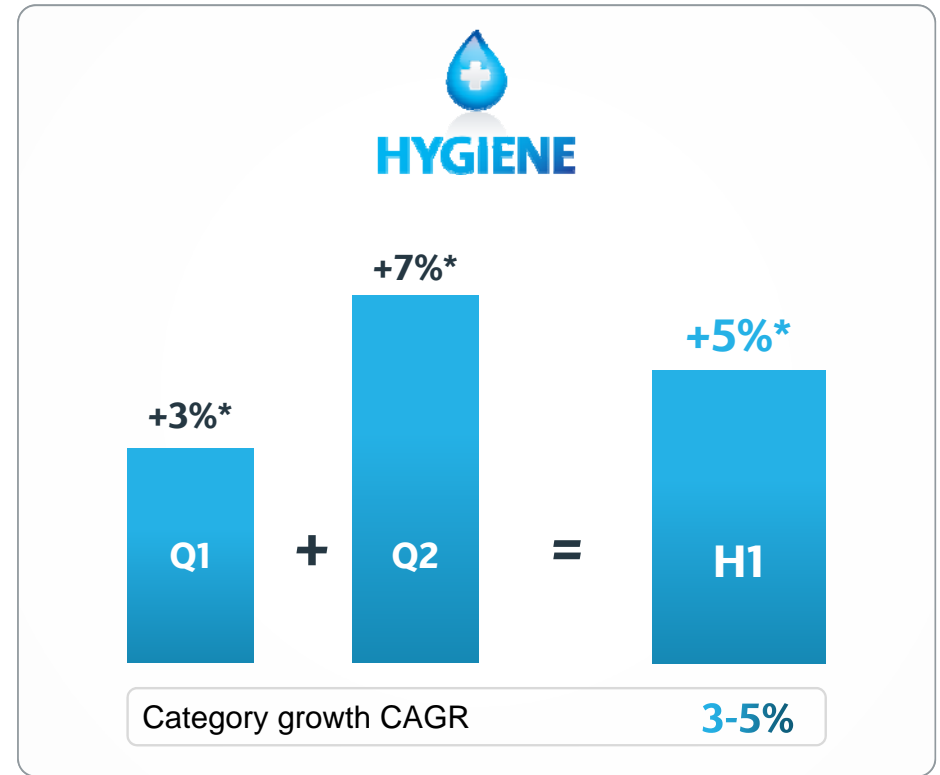
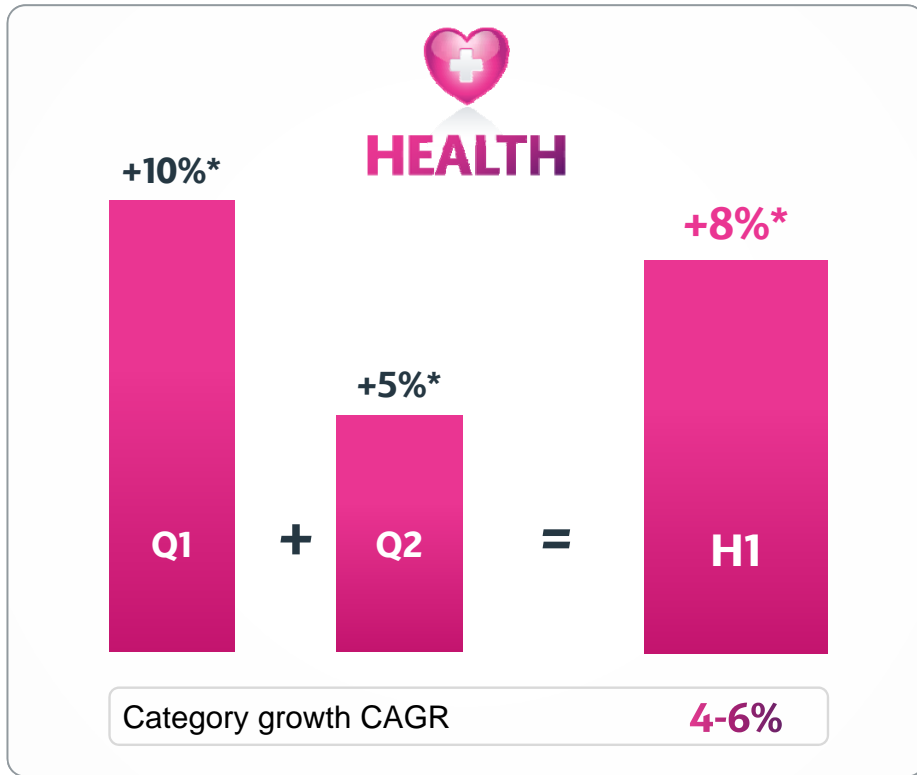
1-2%

Estimated medium term category growth trends – RB categories and markets

Health & Hygiene driving growth...



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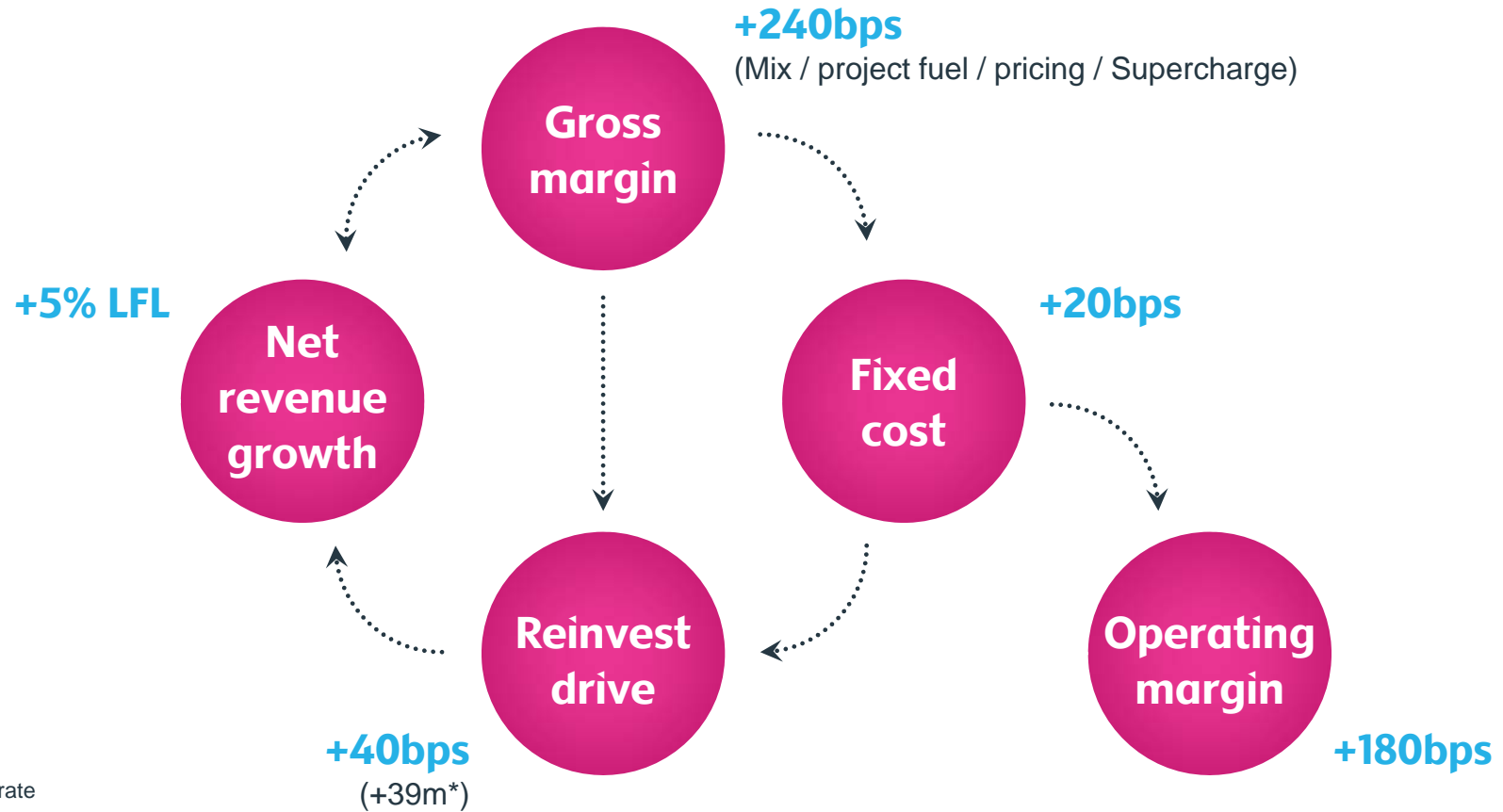


* RB NR LFL growth

Virtuous earnings model fully intact and delivering...



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*at constant exchange rate

In summary

A strong start



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**Net revenue
growth (LFL)**

+5%

**Net income
growth**

+12%*

**Cash
conversion
>100%**

**Interim
dividend
58.2p**

*Adjusted net income, at constant exchange rate



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Adrian Hennah

Chief financial officer

Q2 & HY 2016 results

Income statement



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	Q2		H1	
	2016	2015	2016	2015
	£m	£m	£m	£m
Revenue	2,266	2,140	4,569	4,356
<i>LFL %</i>	4%	5%	5%	5%
Gross margin			2,740	2,511
<i>Gross margin %</i>			60.0%	57.6%
Adjusted operating profit*			1,081	953
<i>Adjusted operating profit %*</i>			23.7%	21.9%
Exceptionals			(319)	(14)
Operating profit			762	939

*Adjusted to exclude the impact of exceptional items

HY 2016 results

Income statement



	H1	
	2016	2015
	£m	£m
Operating profit	762	939
Net finance expense	(11)	(18)
Profit before taxation	751	921
Taxation	(223)	(212)
<i>Tax rate – Adjusted</i>	23%	18%
<i>Tax rate</i>	30%	19%
Non-controlling Interest	(2)	-
Net income	526	709
Adjusted net income*	822	720
Diluted EPS	73.4p	97.5p
Adjusted diluted EPS	114.7p	99.0p

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

LFL Revenue growth by Quarter

Business Segment



	2015					2016			Total NR
	Q1	Q2	Q3	Q4	FY	Q1	Q2	HY	FY
									£m
NA	3%	3%	5%	4%	3%	1%	3%	2%	1,048
Rest of ENA	5%	4%	7%	6%	6%	5%	1%	3%	1,881
ENA	4%	4%	6%	5%	5%	3%	2%	3%	2,929
DvM	6%	8%	10%	12%	9%	10%	8%	9%	1,457
Food	4%	1%	3%	8%	4%	2%	5%	4%	183
Group	5%	5%	7%	7%	6%	5%	4%	5%	4,569

Revenue growth by Quarter

Category



	2015					2016			Total NR
	Q1	Q2	Q3	Q4	FY	Q1	Q2	HY	FY
									£m
Health	13%	13%	14%	14%	14%	10%	5%	8%	1,501
Hygiene	3%	3%	4%	4%	3%	3%	7%	5%	1,934
Home	-1%	2%	5%	1%	2%	3%	-1%	1%	834
Portfolio	-3%	-6%	5%	10%	1%	1%	-8%	-3%	300
Group	5%	5%	7%	7%	6%	5%	4%	5%	4,569

Margin Analysis



Gross Margin		H1	
At actual	%	bps v PY	
2016	60.0%	+240bps	
2015	57.6%	+90bps	

BEI		H1	
At actual	%	bps v PY	
2016	14.8%	+40bps	
2015	14.4%	+30bps	

Operating Margin		H1	
At actual	%	bps v PY	
2016	23.7%	+180bps	
2015	21.9%	+160bps	

Profitability by business segment

	H1	
	2016 %	2015 %
ENA	25.5%	24.2%
DvM	20.0%	16.8%
FOOD	23.5%	25.6%
Group	23.7%	21.9%

Adjusted to exclude the impact of exceptional items

Net Working Capital



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	NWC		
	HY16	HY15	FY15
	£m	£m	£m
Inventory	752	707	681
<i>% to last 12 month revenue</i>	8%	8%	8%
Receivables	1,377	1,208	1,331
<i>% to last 12 month revenue</i>	15%	14%	15%
Payables	(3,400)	(2,948)	(2,948)
<i>% to last 12 month revenue</i>	-37%	-33%	-33%
Net working capital	(1,271)	(1,033)	(936)
<i>% to last 12 month revenue</i>	-14%	-12%	-11%

Free cash flow



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	H1		FY
	2016	2015	2015
	£m	£m	£m
Adjusted Operating Profit*	1,081	953	2,374
Share based payment	33	25	50
Depreciation and amortisation	83	85	171
Net Capital expenditure	(260)	(76)	(168)
Movement in net working capital	286	125	(79)
Movement in provisions and other creditors	(20)	(73)	(50)
Other non-cash movements in operating profit	-	(2)	(33)
Trading cashflow	1,203	1,037	2,265
Exceptional cashflow	(14)	(62)	(98)
Operating Cashflow	1,189	975	2,167
Net interest paid	(8)	(17)	(31)
Taxation paid	(242)	(202)	(480)
Free Cashflow	939	756	1,656
Free Cashflow as % of Adjusted Net Income	114%	105%	89%
Closing net debt	(1,578)	(1,793)	(1,620)

* Adjusted to exclude the impact of exceptional items



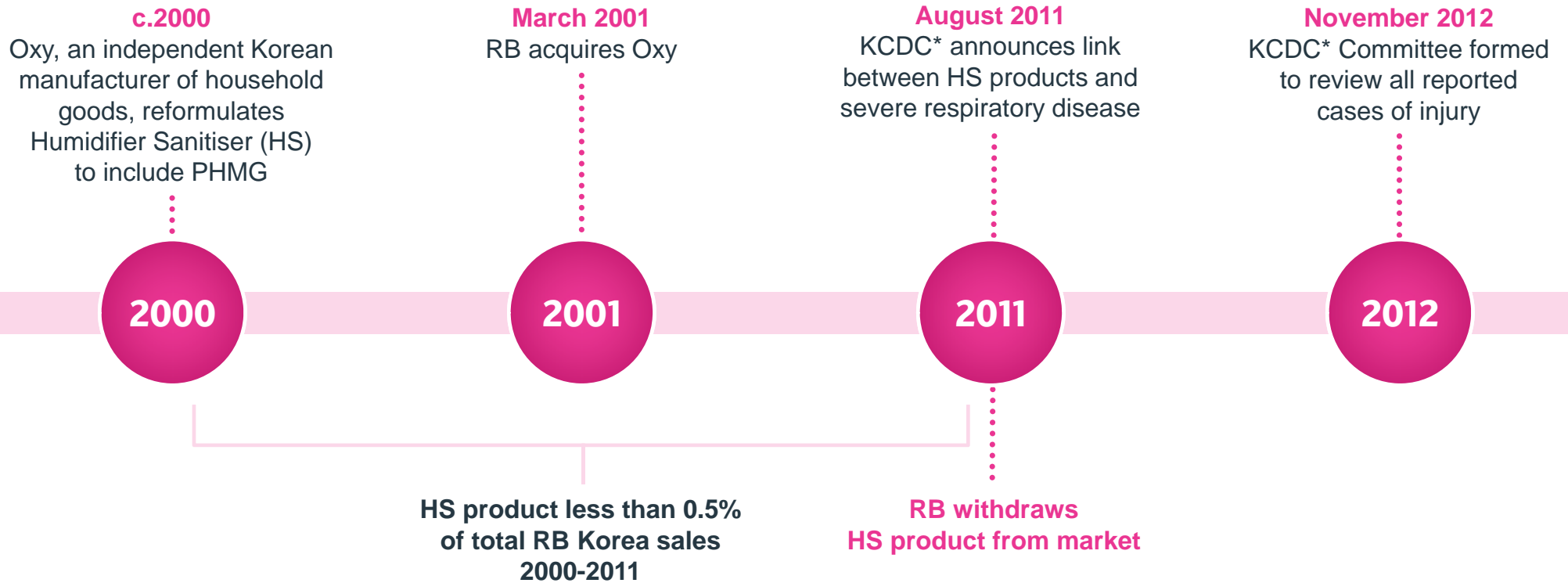
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Korea 'HS' Issue

Korea HS Timeline



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* Korean Centre for Disease Control

KCDC Assessments



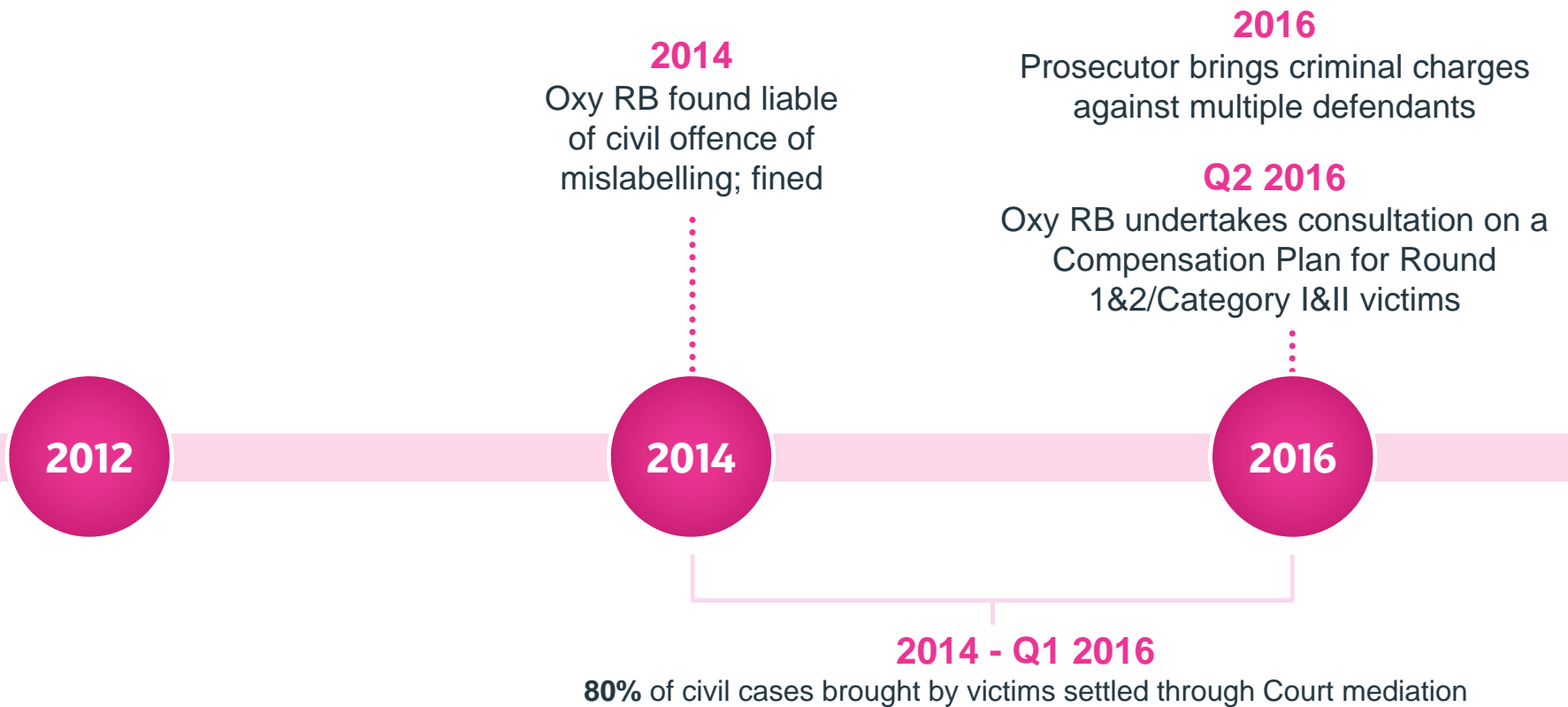
Round	Total applicants	Category I & II	RB Oxy users – cat I & II	Completion date actual/target
1	361	172	136	Nov 12
2	169	49	45	Oct 14
3	752			Dec 15
4	TBD*	To be determined		Open

* No numbers published for Round 4

Korea HS Timeline



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Korea – Financials



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**Impact on
trading**

**Exceptional
costs**

**Contingent
liabilities**



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Rakesh Kapoor

Chief executive officer



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New initiatives for H2 2016



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HEALTH

Scholl® Light Legs



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Scholl® Light Legs Compression Tights
For legs that feel great and look great – all day long

Amopé® GelActiv Insoles & Inserts



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Amopé® GelActiv Insoles & Inserts

Invisible gel insoles and inserts for all types of female shoes
Superior all day comfort for tired and achy feet

Mega Red[®] Advanced 4-in-1



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Mega Red[®] Advanced 4-in-1

Our strongest Omega-3 supplement. 2X more concentrated Omega-3s vs. standard fish oil

Nurofen® up to 8 Hour Relief range



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Nurofen® up to 8 Hour Relief

Provides longer lasting pain relief for up to 8 hours with just one single dose
Available in tablets, patches and gel formats

Mucinex[®] Clear & Cool



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Mucinex[®] Clear & Cool

Clears congestion. Cools with an instant menthol burst!

Optrex® Night Repair Gel Drops



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Optrex® Night Repair Gel Drops
Restores & repairs your eyes while you sleep

Durex® Intense Orgasm Gel & Condom



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Durex® Intense Orgasm Gel & Condom

Just a few drops of Durex Intense Gel together with the new Durex Intense Condom, to protect and pleasure even more!



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Veet® Sensitive Precision



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Veet® Sensitive Precision Beauty Styler
Gentleness & precision for sensitive body areas

Dettol® On-The-Go Sanitiser



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Dettol® On-The-Go Hand Sanitiser

Offering germ protection in an easy to carry format anytime, anywhere!

Harpic® Bathroom Cleaner



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Harpic® Bathroom Cleaner
For a perfectly clean & sparkling bathroom



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HOME

Air Wick® Pure Essential Oils



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Air Wick® Pure Essential Oils Fragrance

Just fragrance, no wet spray.

Now available with fragrances containing 5 Essential Oils

Vanish® Gold



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Vanish® Gold

Now works even on 7 day dried-in stains!



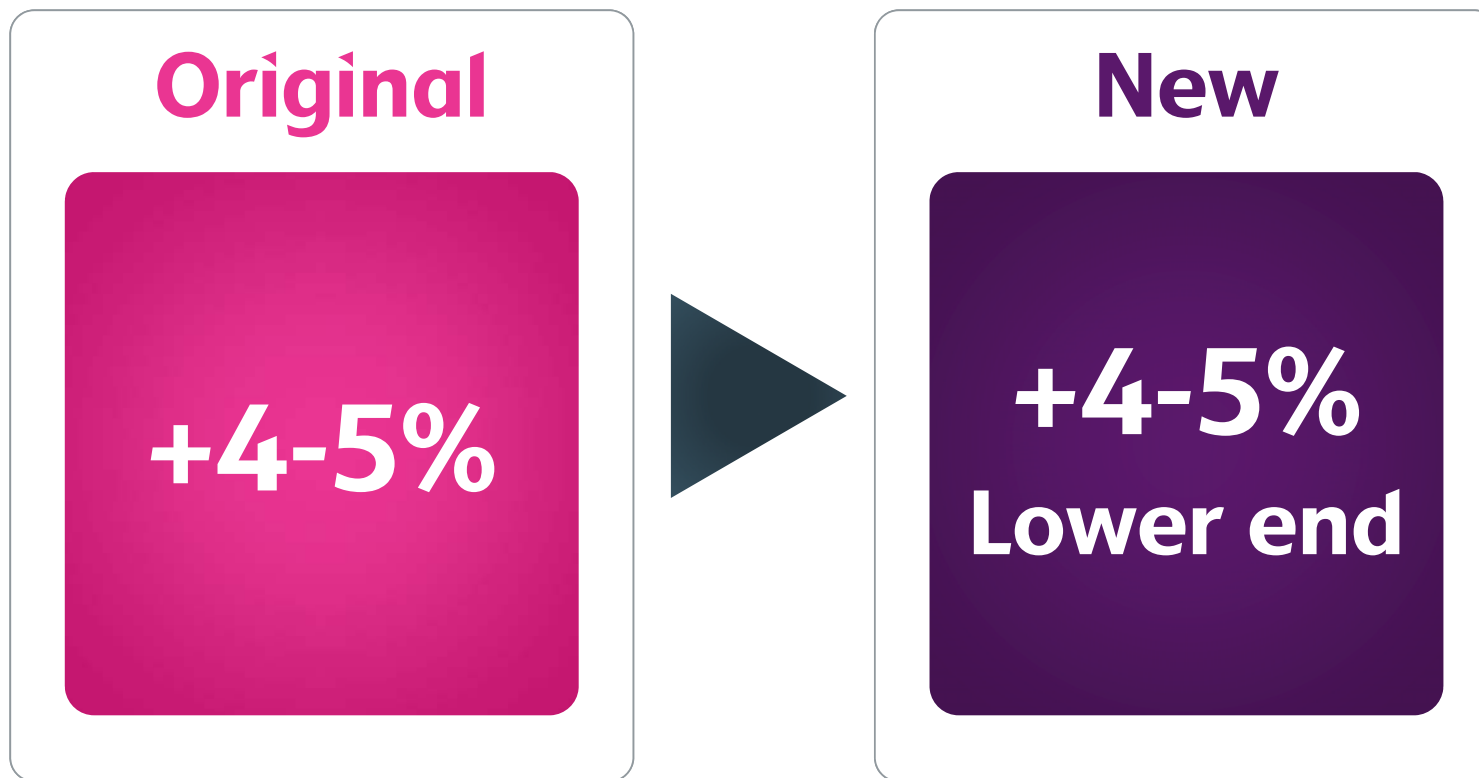
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2016 Targets

2016: Targets - LFL Net Revenue Target reaffirmed



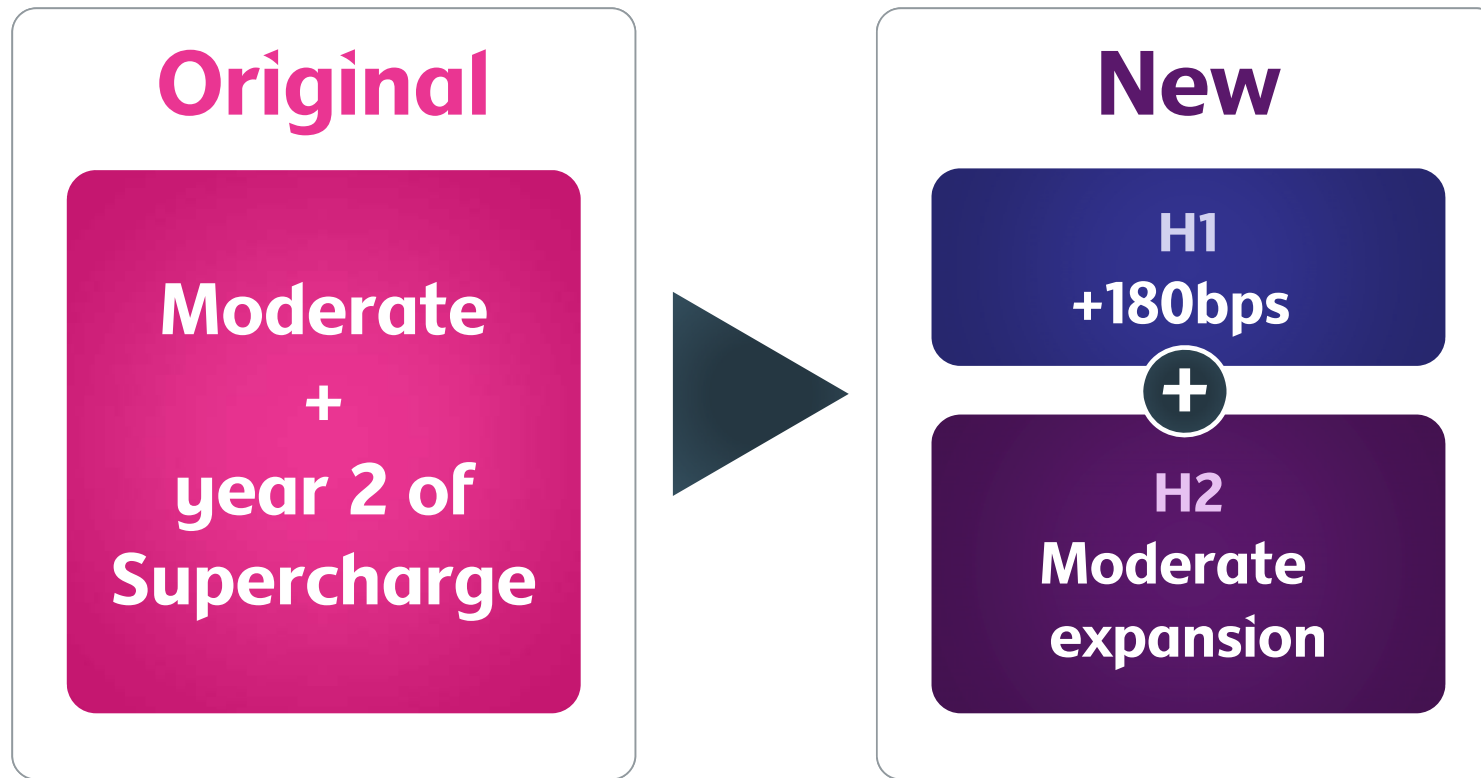
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2016: Targets - operating margin*



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*Adjusted to exclude the impact of exceptional items



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Q&A



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Appendices

Analysis of Exceptional costs

	Total Guidance	P&L HY 2016	Total P&L to date	Total cash to date
	£m	£m	£m	£m
Acquisition, integration and restructuring	390	19	244	189
Litigation provisions	210	-	210	142
Korea “HS”	300	300	300	7

Reconciliation of Operating Profit to Adjusted Operating Profit



	HY 2016	HY 2015
	£m	£m
Operating profit	762	939
<i>Adjusting items:</i>		
Korea HS issue	300	-
Acquisition, integration and restructuring	19	14
Adjusted operating profit	1,081	953

Revenue growth by Business segment Q2 2016



	LFL	Acq/Disp	FX	Reported
	%	%	%	%
North America	3%	-	6%	9%
Rest of ENA	1%	-2%	4%	3%
Total ENA	2%	-1%	4%	5%
DvM	8%	-	-1%	6%
FOOD	5%	-	6%	10%
Group	4%	-1%	3%	6%

Due to rounding this table will not always cast

Revenue growth by Business segment H1 2016



	LFL	Acq/Disp	FX	Reported
	%	%	%	%
North America	2%	0%	6%	7%
Rest of ENA	3%	-2%	2%	4%
Total ENA	3%	-1%	3%	5%
DvM	9%	0%	-4%	4%
FOOD	4%	0%	5%	9%
Group	5%	-1%	1%	5%

Due to rounding this table will not always cast

Reconciliation in net debt



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	2016
	£m
Opening net debt	(1,620)
Free cashflow	939
Shares purchased	(400)
Shares reissued	61
Purchase of businesses	(42)
Dividends paid	(625)
Exchange and other movements	109
Closing net debt	(1,578)