

29 April 2022



A STRONG START - CONTINUED CONFIDENCE IN THE FULL YEAR

	Q1 2022				
	£m	LFL ¹	M&A ¹	FX ¹	Reported
Hygiene	1,465	-9.0%	+0.0%	-1.7%	-10.7%
Health ²	1,402	+20.6%	-3.6%	-1.2%	+15.8%
Nutrition ²	557	+20.4%	-36.5%	+1.3%	-14.8%
Total net revenue	3,424	+5.6%	-6.9%	-1.0%	-2.3%

1. Adjusted measures are defined on page 6

2. Our VMS portfolio is now reported within the Health Business Unit, as previously indicated. The re-presentation of historical financial information reflecting this change is included in the Appendix to this release.

Highlights:

- **Group like-for-like ('LFL') net revenue growth of 5.6%:** Price/mix was +5.3% and volume +0.3%. Continued broad-based growth and market share momentum across all Business Units and geographies, with 76% of our Core CMUs gaining or holding market share.
- **70% of the portfolio less sensitive to Covid dynamics grew high-single digits.** Excluding the positive impact from US IFCN, growth was mid-single digits.
- **Hygiene LFL net revenue decline of 9.0% (3.9% growth ex-Lysol):** Growth in Finish, Air Wick, Harpic and Vanish led by innovation and penetration building initiatives. Lysol performed in line with expectations.
- **Health LFL net revenue growth of 20.6%:** Strong growth in OTC, VMS and our Intimate Wellness portfolio. Dettol performed in line with expectations and is on track for low single digit growth in the year.
- **Nutrition LFL net revenue growth of 20.4%:** US IFCN grew over 30% with innovation and strong execution amidst temporary competitor supply issues.
- **Repositioning the portfolio towards higher growth:** The sale of Dermicool and E45 completed on 25 March and 1 April, respectively.

Outlook:

- Following a strong start to the year, we now expect LFL net revenue growth towards the upper end of our guidance of +1-4%. Despite significant cost inflation, we expect adjusted operating margins in-line with prior year and current market expectations.

Commenting on these results, Laxman Narasimhan, Chief Executive Officer, said:

“We have made a strong start to the year across all our business units and geographies despite a challenging operating environment. Investments we have made in brand building, innovation, and execution, have resulted in broad-based market share gains. These, coupled with pricing and revenue management actions, stand us in good stead to maintain this positive momentum.

As we look to the balance of the year, the operating environment remains highly unpredictable. We are well placed to address these market dynamics through the strength of our brands, our favourable product mix, our productivity program and the responsible pricing initiatives already undertaken, with scope to take further actions.

Given our strong start, we expect to deliver LFL net revenue growth at the upper end of our guidance for the year. We expect adjusted operating margins to be in-line with both the prior year and current market expectations, whilst continuing to invest in the long-term growth of our brands.”

CONFERENCE CALL DETAILS

We will be hosting a live audiocast followed by a Q&A session for analysts and investors at 08:30 (BST) on Friday 29 April 2022.

Please click on the link below to join the live audiocast on the day.

<https://www.reckitt.com/investors/investor-news/>

Alternatively, dial in details are as follows:

UK:	0800 640 6441
UK (local):	020 3936 2999
All other locations:	+44 20 3936 2999
Conference ID:	860438

FURTHER INFORMATION AND CONTACTS

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Cautionary note concerning forward-looking statements

This announcement contains statements with respect to the financial condition, results of operations and business of the Reckitt Benckiser Group plc group of companies (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; increases or volatility in the cost of raw materials and commodities; the reputation of the Group’s global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, Reckitt expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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OUTLOOK

Given the strong start to the year we now expect LFL net revenue growth towards the upper end of our guidance of +1-4%. This reflects good momentum in OTC and IFCN, disinfection products in line with expectations, and the remainder of the business growing mid-single digits as targeted.

The input environment remains highly volatile and unpredictable. It has become more adverse since our last market update in February due to the ongoing war in Ukraine. Inflation on our cost of goods sold has increased from low teens to high teens based on current commodity pricing.

We entered the year as a stronger business. We have a strong portfolio of brands which has enabled us to take pricing responsibly, and we will take further pricing actions as required. We will benefit from favourable product mix this year, our productivity initiatives are delivering ahead of plan, and we will see a reduction in finite-life transformation costs.

The benefits from favourable mix, productivity initiatives and pricing give us the confidence to expect adjusted operating margins in-line with both the prior year and current market expectations, whilst continuing to invest in the long-term growth of our brands.

Guidance for interest and capital expenditure remains unchanged from that indicated on 17 February 2022. We now expect our effective tax rate to be slightly lower than 2021 due to the anticipated favourable settlements of certain historic tax matters.

We are on track to meet our medium-term goals of mid-single digit revenue growth and adjusted operating profit margin of mid-20s by the mid-2020s.

GROUP REVIEW

Group performance

	£m	Volume	Price/Mix	LFL ¹	M&A ¹	FX ¹	Reported
Q1 2022	3,424	+0.3%	+5.3%	+5.6%	-6.9%	-1.0%	-2.3%

1. Adjusted measures are defined on page 6

Group net revenue grew by 5.6% on a LFL basis in Q1 with volume growth of 0.3% and price / mix improvements of 5.3%. Volume was impacted by the decline in Lysol and the temporary benefit in US IFCN. Excluding these, volumes remained strong, growing by around 7%. On a reported basis, net revenue declined 2.3%.

Growth has been broad-based across the business, with brands less sensitive to Covid dynamics, representing around 70% of the portfolio, growing high-single digits. Excluding US IFCN, growth was mid-single digits. The supply chain environment during the quarter continues to be challenging, both in terms of logistical availability and certain raw material constraints. While our supply team works to find mitigations, we continue to monitor the situation and look to continue to improve our customer service.

The net effect of M&A was a 6.9% reduction in net revenue in the quarter, representing the disposal of IFCN China and Scholl, offset by the acquisition of Biofreeze.

FX headwinds reduced net revenue by 1.0% due primarily to a general strengthening of Sterling against many currencies.

eCommerce LFL net revenue grew 13% in the quarter, further building on the strong growth of Q1 2021, and represents 12% of Group net revenue.

OPERATING SEGMENT REVIEW

Hygiene

43% of net revenue in Q1 2022

	£m	Volume	Price/Mix	LFL ¹	FX ¹	Reported
Q1 2022	1,465	-12.8%	+3.8%	-9.0%	-1.7%	-10.7%

1. Adjusted measures are defined on page 6

Hygiene net revenue declined 9.0% on a LFL basis to £1,465m. Volume declined 12.8%, primarily reflecting the reduction in Lysol volumes. Price / mix improved by 3.8%.

78% of Core Hygiene CMUs held or gained market share with broad-based gains across our core categories.

Lysol net revenue declined in line with expectations, at around 30% in the quarter, following around 70% growth in Q1 2021. Overall net revenue remains around 75% higher than 2019 levels driven by expansion into new markets and adjacent categories over the past two years, and as consumers continue to exhibit elevated hygiene behaviours as we learn to live with Covid. Lysol disinfecting spray shares continue to be strong and we see further penetration growth potential in adjacent categories of laundry sanitisers and “on the go” products. With the continued rebasing of consumption, our plans reflect an expectation that retailers will reduce their safety levels of inventory in both disinfection sprays and wipes.

Finish net revenue grew mid-single-digits with particularly strong growth across Europe and Developing markets accelerated by our latest Finish Quantum innovation, leveraging thermoforming technology to deliver higher quality and more sustainable auto-dish solutions.

Air Wick net revenue grew low-single-digits, further building on the strong growth of Q1 2021, with particularly strong growth in the US driven by the continued growth of the Essential Mist and Scented Oils natural range.

Vanish net revenue grew mid-single digits with growth driven by reduced confinements of consumers versus the prior year.

Harpic grew high-single-digits, with particularly strong growth in India, its largest market, driven by increased distribution and product upgrades. Latin America also saw strong growth as a result of penetration gains across Argentina and Mexico.

Our pest business delivered low-single-digits growth despite a weak season in India and Latin America.

Health

41% of net revenue in Q1 2022

	£m	Volume	Price/Mix	LFL ¹	M&A ¹	FX ¹	Reported
Q1 2022	1,402	+15.5%	+5.1%	+20.6%	-3.6%	-1.2%	+15.8%

1. Adjusted measures are defined on page 6

Health net revenue grew 20.6% on a LFL basis in the quarter to £1,402m. This reflected volume growth of 15.5% and price / mix improvements of 5.1%.

73% of Core Health CMUs held or gained market share with gains across cold and flu, intimate wellness and most disinfection markets.

OTC net revenue grew over 60% in the quarter due to the combination of Omicron, a cold and flu season against a weak comparator for Mucinex and Strepsils, plus significant market share gains across the portfolio. Recent launches including Mucinex Instasoothe, the brand’s first entry into the sore throat relief segment, has gained significant market share since its launch at the end of 2021. Other launches, including the rollout of Nuromol, a unique and exclusive formulation of Nurofen and Paracetamol in Brazil continue to progress well.

Our Intimate Wellness portfolio grew high-single-digits in the quarter resulting from a continued renewed focus on execution, innovation and investment behind omnichannel growth. We saw particularly strong growth in China from the continued success of the polyurethane Durex condom launch.

Dettol net revenue declined in the quarter, as it lags tough comparators, but continues to stabilise well above 2019 levels. Dettol Tru Clean – our first plant-based disinfectant – successfully launched in 2021, has quickly established itself as one of the larger eco brands in the UK, with further planned rollouts during the course of this year. We have a strong pipeline of innovations launching this year, and we continue to expect our Dettol franchise to grow low single digits in 2022.

Our Vitamins, Minerals and Supplements grew mid-teens, driven by strong growth in Move Free in China, and continued penetration growth in our cognitive health brand, Neuriva. The net effect of M&A was a 3.6% reduction in net revenue in the quarter, representing the disposal of Scholl offset by the acquisition of Biofreeze.

Nutrition

16% of net revenue in Q1 2022

	£m	Volume	Price/Mix	LFL ¹	M&A ¹	FX ¹	Reported
Q1 2022	557	+8.9%	+11.5%	+20.4%	-36.5%	+1.3%	-14.8%

1. Adjusted measures are defined on page 6

Nutrition net revenue grew 20.4% on a LFL basis to £557m. This reflected volume growth of 8.9% and price / mix improvements of 11.5%. Included within the price / mix benefit is a short-term benefit in the US of additional 'WIC' sales for which Reckitt will not incur rebate claims from the Government. This is due to temporary competitor supply issues.

79% of Core Nutrition CMUs held or gained market share with particularly strong share gains across the US.

IFCN US net revenue grew over 30% on a LFL basis, with strong growth in both our core Enfa and specialty brands. Significant market share growth was driven by innovation and strong execution in response to increased demand.

We saw improving trends across Latin America and ASEAN, driven by an increased investment in a more resilient supply chain, more focused in-market execution, and a mix of growth in our core infant, specialty and adult portfolios.

The net effect of M&A was a 36.5% reduction in net revenue in the quarter, representing the disposal of IFCN China and EnfaBebé in Argentina.

Performance by geography

	£m	Volume	Price/Mix	LFL ¹	M&A ¹	FX ¹	Reported
North America	1,155	-4.7%	+7.7%	+3.0%	+1.5%	+2.8%	+7.3%
Europe / ANZ	1,107	+6.2%	+2.1%	+8.3%	-4.3%	-6.6%	-2.6%
Developing Markets	1,162	-0.6%	+6.3%	+5.7%	-16.4%	+0.5%	-10.2%
Total net revenue	3,424	+0.3%	+5.3%	+5.6%	-6.9%	-1.0%	-2.3%

1. Adjusted measures are defined on page 6

North America Q1 net revenue grew 3.0% on a LFL basis, with strong growth in IFCN and OTC brands, offset by the expected declines in Lysol.

Europe / ANZ Q1 revenue grew 8.3% on a LFL basis, with broad-based growth across most markets. Lysol saw strong growth in the quarter, benefitting from launches in new markets over the last two years.

Developing markets Q1 revenue grew 5.7% on a LFL basis, driven by Latin America, India and Greater China.

PORTFOLIO MANAGEMENT

The sale of Dermicool and E45 completed on 25 March and 1 April, respectively, with combined net cash proceeds of around £240m. The combined 2021 net revenues and adjusted operating profits of these brands were £54m and £29m, respectively. Our latest outlook takes these disposals into account.

RUSSIA / UKRAINE

Following a thorough internal review and our announcement on 13 April 2022, Reckitt has begun a process aimed at transferring ownership of its Russian business, which may include a transfer to a third party or to our local employees.

We will work closely with our colleagues in Russia on the details of the various options available to ensure an orderly process. We will do our utmost to ensure those colleagues' ongoing employment in any new structure and we commit to paying their monthly salaries and benefits throughout the transition and until the end of 2022.

This action builds on our previously announced decision to freeze capital investments, advertising, sponsorships and promotions in Russia. We will update on progress as soon as we have more information to share.

In 2021 Ukraine and Russia combined represented around 3% net revenue and adjusted operating profit for the Group.

FINANCIAL POSITION

There has been no material change to the financial position of the Group since the publication of the 2021 Annual Report and Accounts on 14 April 2022.

OTHER MATTERS

The Humidifier Sanitiser ('HS') issue in South Korea is a tragic event, with many parties involved. We continue to make both public and personal apologies to victims. Details of existing provisions and contingent liabilities relating to the HS issue can be found on page 239 of the 2021 Annual Report and Accounts.

ALTERNATIVE PERFORMANCE MEASURES

Like-for-like ('LFL'): Net revenue growth or decline at constant exchange rates (see below) excluding the impact of acquisitions, disposals and discontinued operations. Completed disposals are excluded from LFL revenue growth for the entirety of the current and prior years. Acquisitions are included in LFL revenue growth twelve months after the completion of the relevant acquisition. LFL growth also excludes countries with annual inflation greater than 100% (Venezuela).

Constant exchange rate ('CER'): Net revenue growth or decline adjusting the actual consolidated results such that the foreign currency conversion uses the same exchange rates as were applied in the prior financial year.

Adjusted Operating Profit and Adjusted Operating Profit margin: Adjusted operating profit reflects the IFRS operating profit excluding items in line with the Group's adjusted items policy, which can be

found on page 81 of the 2021 Annual Report and Accounts. The adjusted operating profit margin is the adjusted operating profit expressed as a percentage of net revenue.

Other definitions and terms

eCommerce: eCommerce channel net revenue is defined as direct sales from Reckitt to online platforms or directly to consumers. Estimates of total eCommerce sales as a percentage of group revenues includes direct sales and an estimate of sales achieved by our brands corresponding to sales through our omnichannel distributors and retailer' websites.

Category Market Unit (CMU): Reckitt analyses its market share by CMUs, which represent country and either brand or category, e.g. US Lysol. This allows us to analyse the components of market share growth taking into account both geography and brand / category. Management has identified those Core CMUs that are the most strategically important. The list of Core CMUs is kept under continual review and will change over time based on strategic decisions. Currently, Core CMUs cover c.65% of Group net revenue and between c.60% to c.80% of each GBU's net revenue. As a measure of competitiveness, management tracks the percentage of Core CMUs holding or gaining market share, weighted by net revenue.

UPCOMING EVENTS

As part of our Investor Seminar Series, we will be holding an ESG deep-dive on Friday 6 May 2022.

IFRS to LFL reconciliation

	Hygiene £m	Health £m	Nutrition £m	Group £m
2021 Represented¹	1,641	1,211	654	3,506
Disposals	0	(68)	(197)	(265)
Exchange	(13)	(8)	(2)	(23)
2021 LFL	1,628	1,135	455	3,218
2022 Reported	1,465	1,402	557	3,424
Acquisitions and disposals	0	(38)	0	(38)
Exchange	17	5	(9)	13
2022 LFL	1,482	1,369	548	3,399
LFL growth	-9.0%	+20.6%	+20.4%	+5.6%

1. Our VMS portfolio is now reported within the Health Business Unit, as previously indicated. The re-presentation of historical financial information reflecting this change is included in the Appendix to this release.

	North America £m	Europe / ANZ £m	Developing Markets £m	Group £m
2021 Reported	1,076	1,136	1,294	3,506
Disposals	(3)	(54)	(208)	(265)
Exchange	4	(19)	(8)	(23)
2021 LFL	1,077	1,063	1,078	3,218
2022 Reported	1,155	1,107	1,162	3,424
Acquisitions and disposals	(20)	(9)	(9)	(38)
Exchange	(26)	53	(14)	13
2022 LFL	1,109	1,151	1,139	3,399
LFL growth	+3.0%	+8.3%	+5.7%	+5.6%

APPENDIX A: PRESENTATION ON OLD BASIS

To aid comparison between the new and old basis of reporting, the following table presents Q1 2022 as though presented on the old basis, with VMS under the Nutrition Business Unit.

Numbers will not be provided on this basis in future periods.

	Q1 2022				
	£m	LFL ¹	M&A ¹	FX ¹	Reported
Hygiene	1,465	-9.0%	+0.0%	-1.7%	-10.7%
Health	1,296	+20.8%	-3.8%	-1.6%	+15.4%
Nutrition	663	+19.9%	-32.0%	+1.5%	-10.6%
Total net revenue	3,424	+5.6%	-6.9%	-1.0%	-2.3%

1. Adjusted measures are defined on page 6

APPENDIX B: RE-PRESENTATION OF SEGMENTAL FINANCIAL INFORMATION

Our VMS portfolio is now reported within the Health Business Unit, as previously indicated. Reckitt has published the additional information below to provide visibility of the historical GBU performance under the new basis.

Quarterly LFL¹ net revenue growth

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Hygiene	+12.8%	+19.4%	+19.5%	+25.7%	+28.5%	+7.8%	+2.9%	-6.1%
Health	+24.0%	+13.7%	+14.7%	+3.9%	-13.3%	-7.7%	+3.4%	+15.1%
Nutrition	-0.2%	-4.3%	+5.5%	-1.2%	-6.1%	+12.2%	+4.2%	+3.2%
Group²	+15.0%	+12.9%	+15.3%	+12.3%	+5.3%	+2.2%	+3.3%	+3.3%

1. Adjusted measures are defined on page 6

2. Excluding IFCN China

Quarterly net revenue

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Hygiene	1,355	1,382	1,490	1,589	1,641	1,386	1,449	1,435
Health	1,439	1,290	1,325	1,306	1,211	1,108	1,290	1,443
Nutrition	528	455	494	479	462	466	485	475
Group (excl IFCN China)	3,322	3,127	3,309	3,374	3,314	2,960	3,224	3,353
IFCN China	222	240	204	195	192	132	51	8
Group	3,544	3,367	3,513	3,569	3,506	3,092	3,275	3,361

APPENDIX B: RE-PRESENTATION OF SEGMENTAL FINANCIAL INFORMATION

Half yearly net revenue

							LFL ¹			
	H1 2020	H2 2020	FY 2020	H1 2021	H2 2021	FY 2021	H1 2020	FY 2020	H1 2021	FY 2021
Hygiene	2,737	3,079	5,816	3,027	2,884	5,911	+16.1%	+19.5%	+18.0%	+7.5%
Health	2,729	2,631	5,360	2,320	2,733	5,053	+19.0%	+13.9%	-10.6%	-0.8%
Nutrition	983	973	1,956	927	960	1,887	-2.1%	+0.1%	+2.5%	+2.7%
Group²	6,449	6,683	13,132	6,274	6,577	12,851	+13.9%	+13.9%	+3.7%	+3.5%

1. Adjusted measures are defined on page 6

2. Excluding IFCN China

Adjusted operating profit¹

	H1 2020	H2 2020	FY 2020	H1 2021	H2 2021	FY 2021
Hygiene	687	818	1,505	774	627	1,401
Health	765	641	1,406	480	762	1,242
Nutrition	164	141	305	171	130	301
Group²	1,616	1,600	3,216	1,425	1,519	2,944

1. Adjusted measures are defined on page 6

2. Excluding IFCN China

Adjusted operating profit margin¹

	H1 2020	H2 2020	FY 2020	H1 2021	H2 2021	FY 2021
Hygiene	25.1%	26.6%	25.9%	25.6%	21.7%	23.7%
Health	28.0%	24.4%	26.2%	20.7%	27.9%	24.6%
Nutrition	16.7%	14.5%	15.6%	18.4%	13.5%	16.0%
Group²	25.1%	23.9%	24.5%	22.7%	23.1%	22.9%

1. Adjusted measures are defined on page 6

2. Excluding IFCN China