



INTERIM MANAGEMENT STATEMENT Q3 2014

21 October 2014

ROBUST PERFORMANCE IN CHALLENGING MARKETS

Results at a glance	Q3 £m	% change actual exchange	% change constant exchange	YTD £m	% change actual exchange	% change constant exchange
Net revenue	2,370	-7	+2	7,037	-7	+3
- Like-for-like growth* (ex RBP)			+3			+4
- Total Growth (ex RBP)			+2			+4
Net Revenue by Segment						
-ENA	1,231	-6	+1	3,606	-4	+2
-LAPAC	578	-7	+2	1,753	-8	+7
-RUMEA	331	-6	+8	952	-10	+6
-Food	69	-7	+3	221	-6	+3
Total ex RBP	2,209	-6	+2	6,532	-6	+4
-RB Pharmaceuticals	161	-16	-9	505	-15	-8
Total Net Revenue	2,370	-7	+2	7,037	-7	+3
Net Revenue by Category						
-Health	697	-1	+7	1,944	+2	+11
-Hygiene	889	-6	+2	2,714	-8	+2
-Home	466	-7	+3	1,337	-10	+1
-Portfolio brands	88	-31	-23	316	-20	-12

* Like-for-like ("LFL") growth excludes the impact of changes in exchange rates, acquisitions, disposals and discontinuations

Highlights:

- YTD LFL growth +3% (+4% ex RBP) driven by strong consumer health performance.
- Q3 LFL growth +2% (+3% ex RBP) – strong growth in RUMEA, offset by slower markets in South East Asia and LATAM. Robust ENA performance in tough markets.
- RBP expected to be demerged prior to year end.
- Full year targets reiterated: revenue (at lower end of range) and margin (continuing margin expansion).

Commenting on these results, Rakesh Kapoor, Chief Executive Officer, said:

“RB¹ delivered a robust performance in tougher markets in the third quarter. RUMEA delivered an excellent performance with improved operational effectiveness in Turkey and Africa. Despite slow market conditions, ENA delivered a strong quarter, particularly across all key European markets. Weak markets across South East Asia and Latin America contributed to weak growth in the LAPAC areas.

We continue to sharpen our focus on driving the core business and in particular our health operations, which continue to show strong growth. We are also gaining good traction from our efficiency programmes. With the progress we have made in the separation of RBP, we now expect to demerge the business before year end.

Looking ahead, our objective remains to deliver growth which outperforms our markets, although conditions will remain challenging. I continue to expect that the strength of our brands and the quality of our innovations will deliver our full year revenue targets², at the lower end of the range of 4-5% (ex RBP). We also reiterate our expectation of continuing margin expansion in the second half³ (ex RBP).”

¹ RB is the trading name of the Reckitt Benckiser group of companies.

² at constant rates including acquisitions and disposals, excluding RBP. ³ adjusted to exclude the impact of exceptional items.

	Q3				YTD			
	LFL	Net M&A*	FX	Reported	LFL	Net M&A*	FX	Reported
ENA	+1%	-	-7%	-6%	+2%	-	-6%	-4%
LAPAC	+3%	-1%	-9%	-7%	+5%	+2%	-15%	-8%
RUMEA	+12%	-3%	-14%	-6%	+9%	-3%	-16%	-10%
Food	+3%	-	-9%	-7%	+3%	-	-8%	-6%
Group ex RBP	+3%	-	-9%	-6%	+4%	-	-10%	-6%

* Reflects the net impact of acquisitions, disposals and discontinuations.

Note: due to rounding, this table will not always cast.

ENA 57% of core net revenue

YTD 2014 total net revenue was £3,606m, with LFL growth of +2% (Q3 LFL growth of +1%). Market conditions remain tough with market growth relatively flat across the Area. Europe has led the performance in ENA during the year with all regions growing. Within Northern Europe the UK has delivered a consistently strong performance throughout the year driven by Vanish, Scholl, Dettol and Gaviscon. In Central Europe, Germany saw somewhat weaker market conditions after a slightly stronger first half. In Southern Europe both Italy and Spain have returned to growth with core categories performing well, offsetting weakness in laundry detergents.

The US has experienced a tougher year so far, both on a YTD basis and in Q3. There has been a slowdown in Mucinex following a long, strong flu season during the first half of last year. In Q3 we have seen stronger consumer offtake and share progression offset by more cautious trade stocking ahead of this year's flu season. Lysol performed well in the quarter with an improved "back to school" campaign and Air Wick innovation delivered a strong improvement in the quarter behind electricals and innovations in candles.

LAPAC 28% of core net revenue

YTD 2014 total net revenue was £1,753m, with LFL growth of +5% (Q3 LFL growth of +3%). All regions within LAPAC continue to grow both on a YTD basis and in the quarter. We have however seen a significant slowdown in a number of markets which has impacted revenue growth.

Within South East Asia, we have seen a broadly stable level of market growth during the quarter in India compared to H1, however growth is well below the rates seen in recent years. With a new government focused on improving hygienic practices, we have launched a Dettol Banega Swachh India ("clean India" campaign) in partnership with major media partners. Thailand and Indonesia saw further slowing in the quarter due to market weakness.

In LATAM, Brazil, a large market for LAPAC, saw a significant reduction in growth. The Q3 performance was caused by slowing market growth in a weak macro environment, and exacerbated by an increase in competitive activity in both surface and fabric treatment.

ANZ and North Asia both had a solid quarter, which was relatively consistent with the first half performance.

RUMEA

15% of core net revenue

YTD 2014 total net revenue was £952m with LFL growth of +9% (Q3 LFL growth of +12%). In stable, but fragile, markets we are delivering improved execution against a backdrop of weak comparators. All three regions saw strong growth in the quarter with our larger markets of Russia, Turkey and South Africa all contributing materially.

In Russia, despite the weak macro-economic environment, we continue to see good market growth in our categories. Finish performed well in the quarter, recuperating share following an aggressive competitor entry. Durex and Scholl Express Pedi have also performed well. We are seeing encouraging early results from combining the Medcom consumer business with our existing base business. As a result of the integration of the consumer operations in Russia, the hospital business will now become a stand-alone entity. We are examining a number of options to realise best value from this Medcom hospital business. As a consequence, the results of this business have been excluded from our LFL Net Revenue results.

Within NAMET (North Africa, Middle East, Turkey) our Turkish business is executing well, in addition to benefiting from a low comparator. We have also made strong progress on our consumer health go-to-market capability as we switch from a distributor model to a "direct to trade" model. This has provided a small one off benefit to our revenue growth.

Within Sub-Saharan Africa, South Africa is also showing improved execution, although market conditions remain challenging. Nigeria has performed well behind Dettol and Gaviscon.

Food

YTD 2014 total net revenue was £221m with LFL growth of +3% (Q3 LFL growth of +3%). Growth has been driven by strong performances from both French's Mustard, and Frank's RedHot. Increased distribution in international markets also contributed to good growth outside of the US.

Pharmaceuticals (RBP)

YTD 2014 total net revenue was £505m a decrease of -8% at constant rates (Q3 LFL growth of -9%). The underlying volume growth in prescriptions in the US continues to be strong with low double digit volume growth in line with recent market trends.

Volume Film share of total buprenorphine prescriptions in the US has remained robust, at 60% in the face of increased pricing pressures from generic and branded tablets and removal from formulary of part of United Healthcare from 1 July. A fourth generic buprenorphine / naloxone tablet was approved in September, and a branded film competitor is expected to launch in late Q4. We expect trends seen in Q3 to continue into Q4.

Whilst there continues to be clear patient and physician preference for Suboxone Film, as we have always said, this increased competition in the US market place is expected to drive continued pricing pressure, and further share loss in more price sensitive payors.

In non-US markets, progress made in helping more patients continues to be offset by government imposed price reductions in a number of markets.

We continue to make good progress on our clinical pipeline.

Strategic Review¹

On 25 July 2014 the Board concluded that a demerger of the RBP business, with its shares being separately traded on the London Stock Exchange, is the preferred option for creating value for shareholders. The operational and financial separation of RBP, appointment of the new Board and other activities associated with the demerger are progressing well. We therefore expect to be in a position to demerge the business prior to 31 December 2014. Further financial and other information will be made available in due course.

¹ This announcement is for information purposes only and does not constitute or form part of an offer to issue or sell, or the solicitation of an offer to acquire, purchase, exchange or subscribe for, any securities of Reckitt Benckiser Group plc ("RB") or RBP in any jurisdiction, including the United States. This announcement does not constitute a recommendation regarding the proposed demerger referred to in this announcement or otherwise regarding the securities of RB or RBP, and should not be construed as legal, business, tax or investment advice. Past performance is not a guide to future performance.

The securities of RB have not been, and will not be, registered, and any securities of RBP to be distributed in connection with the proposed demerger have not been, and will not in connection with the proposed demerger be, registered, under the US Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States, and such securities may not be offered or sold in the United States absent registration or except in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and except in compliance with applicable state securities laws.

Category Review

	Q3				YTD			
	LFL	Net M&A*	FX	Reported	LFL	Net M&A*	FX	Reported
Health	+6%	+2%	-9%	-1%	+9%	+3%	-9%	+2%
Hygiene	+2%	-	-8%	-6%	+2%	-	-10%	-8%
Home	+3%	-	-10%	-7%	+1%	-	-10%	-10%
Portfolio	-14%	-9%	-8%	-31%	-2%	-10%	-8%	-20%

* Reflects the net impact of acquisitions, disposals and discontinuations.

Note: due to rounding, this table will not always cast.

Health. YTD net revenue was £1,944m, with LFL growth of +9% (Q3 LFL growth of +6%). Growth has been broad-based across our Powerbrands during the year, with the exception of Mucinex. Scholl has achieved very strong growth with the continued success of our new Velvet Express Pedi across many markets. Roll out in the US and Brazil under the Amopé brand name also commenced towards the end of the quarter.

Durex continues to perform strongly, driven by the success of our new Real Feel condoms across multiple markets. Pleasure gels have also experienced strong growth, and with the KY integration well advanced, total lubricant growth has contributed to the growth of our sexual wellbeing category. We continue to enhance in store activation and check-out placements to drive growth.

Nurofen growth has been driven by Nurofen Express. Nurofen for Children continues to perform well and medical marketing activities in Russia have delivered increased volumes.

Gaviscon has been another strong performer during the year with Double Action driving growth in a number of markets. MegaRed was launched during the first half in 20 countries throughout Europe, boosting YTD growth. Given the long-term and preventative nature of the brand proposition, we continue to expect that it will take time to fully establish the brand in new markets. In the US, MegaRed has outperformed weak market conditions.

The main year to date trends in Health continued in Q3. However growth was tempered by Mucinex, which despite stronger consumer offtake and share progression, was impacted by more cautious retailer purchasing patterns versus prior year.

Hygiene. YTD net revenue was £2,714m, with LFL growth of +2% (Q3 LFL growth of +2%). We have strong Hygiene brands with tremendous potential for growth. They are more exposed to our emerging markets than other categories and our performance to date reflects the slowdown we have seen in a number of our EM countries. Finish has experienced a slow Q3 in its larger markets of ENA due to challenging market conditions.

Growth, whilst below previous trends, has been led by the Dettol / Lysol / Sagrotan franchise with penetration programmes in emerging markets, launch of the new Power and Pure TippTopp cleaner in Germany and an improved Lysol “back to school” campaign in the US during the third quarter.

Home. YTD net revenue was £1,337m, with LFL growth of +1% (Q3 LFL growth of +3%). Air Wick, after a slow first half, had a stronger performance in the US in Q3. Innovation behind candles and electricals are performing well as we focus on new offerings suited to heavy users. Air Wick is also performing well in Russia driven by increased penetration of Freshmatic and our new oriental fragrances. We are also launching our Filter and Fresh car product across RUMEA.

Vanish continues to perform strongly behind innovations and penetration programmes. Our new Vanish Gold product with the 30 second stain removal claim has been successful in its launch market, the UK. We have rolled out our penetration building “tip exchange programme” in more markets during the year and driven consumer awareness through increased in-store demos in certain markets.

Portfolio Brands. YTD net revenue was £316m, with an LFL decline of -2% (Q3 LFL decline of -14%).

In line with RB's continued focus on its core business of Health, Hygiene and Home, the Group has entered into, and completed on, an agreement with Aurelius to licence out the Scholl brand for use within the Footwear market and dispose of certain associated operating assets. We have reflected this disposal of the Scholl Footwear brand by excluding it from our LFL net revenue results.

The integration of the consumer operations in Russia, which we acquired with SSL, is now well advanced - leaving the hospital business as a stand-alone entity. We are examining a number of options for realising the best value from this hospital business. Its results have therefore also been excluded from our LFL net revenue results.

With the sales of Footwear and the Medcom Hospital business now excluded from the underlying results of this category, Portfolio Brands predominantly comprises laundry detergents and fabric softeners. We have some strong, local brands in these categories. We expect, however, to continue to see decline due to the small size of the business, and the highly competitive and weak market conditions.

Financial Position

There has been no material change to the financial position of the Company since the published 2013 Annual Report and Accounts.

2014 Targets

We expect to deliver full year revenue growth at the lower end of our total revenue growth target* of 4-5% (ex RBP).

We are gaining good traction from our planned efficiency programmes and we expect continuing operating margin expansion in the second half** (ex RBP).

* At constant rates including acquisitions and disposals, excluding RBP.

**Adjusted to exclude the impact of exceptional items.

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Cautionary note concerning forward-looking statements

This document contains 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. The principal risks and uncertainties which could have a material effect on the Group's performance are described on pages 17 to 19 of the Annual Report and Financial Statements for the year ended 31 December 2013. Past performance cannot be relied upon as a guide to future performance.

Basis of Presentation and Exceptional Items

Where appropriate, the term "like-for-like" (LFL) describes the performance of the business on a comparable basis, excluding the impact of acquisitions, disposals, discontinued operations and foreign exchange.

Where appropriate, the term "core business" represents the ENA (Europe and North America), RUMEA (Russia / CIS, Africa, North Africa, Middle East and Turkey) and LAPAC (Latin America, North Asia, South Asia and ANZ) geographic areas, and excludes RBP and RB Food.