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Reckitt Benckiser

Investor Presentation: Half Year 2013

29th July 2013



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Rakesh Kapoor

Chief Executive Officer



Key Messages

Focus on
Health and
Hygiene is
working

Powermarket
strategy
driving
outperformance

GM & BEI
driving
virtuous cycle
of growth



HY 2013: Summary

Strong first half driven by Health & Hygiene:

HY 2013 net revenue **+6%**
LFL (ex-RBP)

Increased investment behind brands – **BEI up by £70m***

Good Gross Margin expansion

Driven by mix and cost savings programmes

Funded further increases in BEI and investment in capability

Net working capital and cash conversion improved

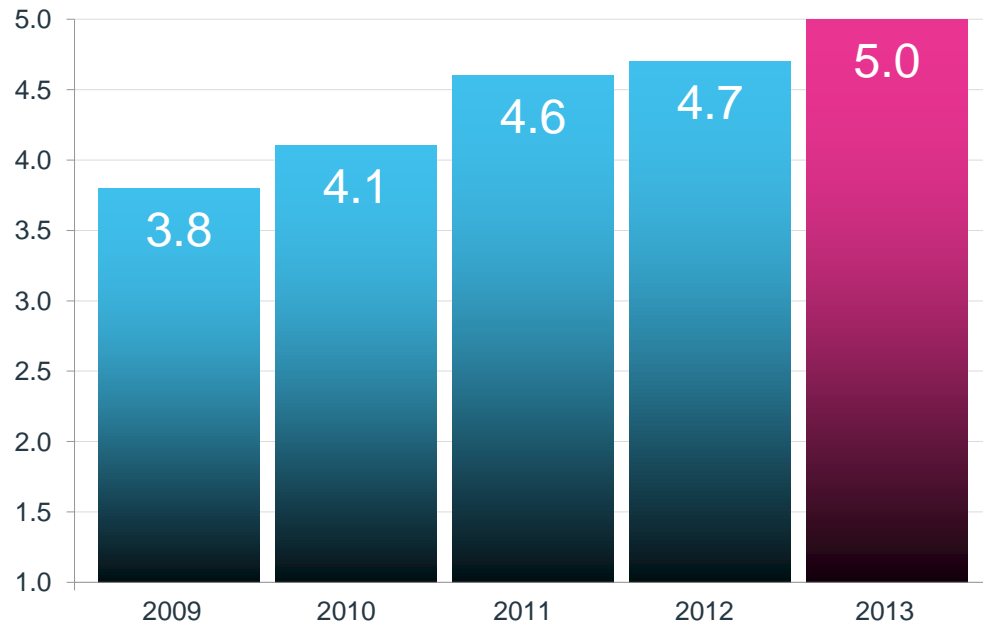
Interim dividend per share increased by **+7% to 60p**

Financial performance

HY 2013 analysis

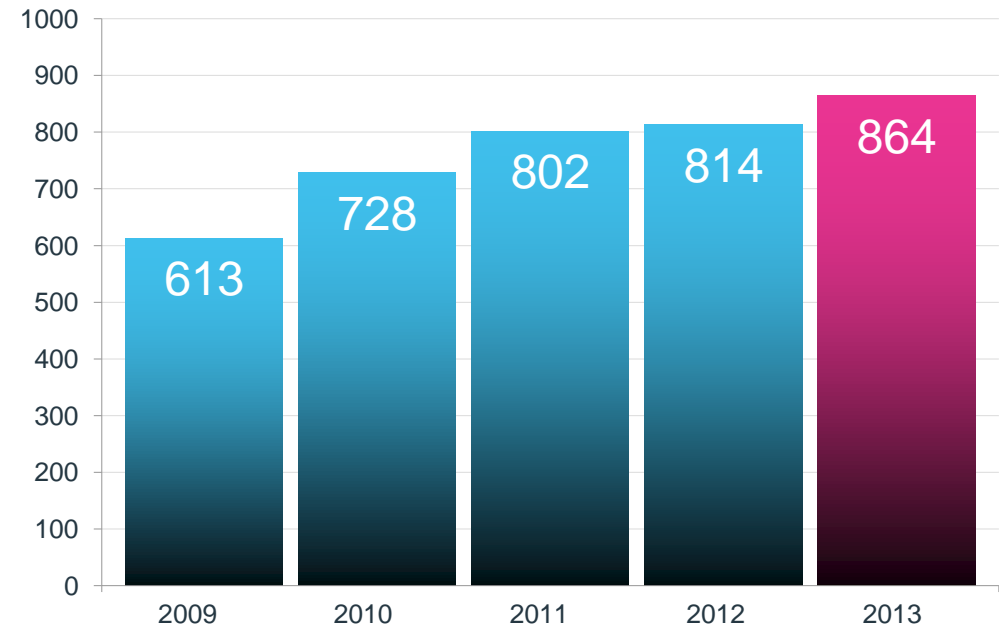
Net revenue (£bn)

HY 2013: +6% @ constant; LFL (Ex-RBP): +6%



Adj.* net income (£m)

HY 2013: +5% @ constant (+6% @ actual)



* Adjusted to exclude the impact of exceptional items



HY 2013: M&A



Strong start

Early benefits from in-store execution and BEI

LFL net revenue **well above market growth**

Integration on track

One order one invoice (OOOI) achieved **1 May**

HR and operational integration plans implemented

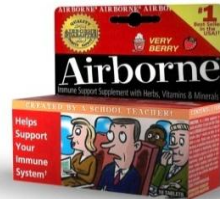
Cost and working capital synergies well on track

Other M&A

Early operational improvements & increased BEI

Integration on course

Cost and working capital synergies well on track





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Adrian Hennah

Chief Financial Officer



HY 2013 results

Income statement

	Q2		H1	
	2013	2012	2013	2012*
	£m	£m	£m	£m
Revenue	2,477	2,312	4,994	4,669
<i>LFL% growth</i>	4%	4%	5%	4%
<i>LFL% excl RBP</i>	6%	4%	6%	4%
Gross Margin			2,929	2,631
<i>Gross Margin %</i>			58.7%	56.4%
Adjusted Operating Profit**			1,163	1,124
<i>Adjusted Operating Profit % margin</i>			23.3%	24.1%
<i>AOP % margin excl RBP*</i>			20.4%	20.5%
Exceptionals			(249)	(48)
Operating profit			914	1,076

* 2012 numbers have been restated to reflect the amendment of IAS 19 and the presentation change to net pension interest.

**Adjusted to exclude the impact of exceptional items



HY 2013 results

Income statement

	H1	
	2013	2012*
	£m	£m
Operating profit	914	1,076
Net pension finance expense	(6)	(10)
Other net finance expense	(10)	(8)
Profit before taxation	898	1,058
Taxation	(237)	(279)
<i>Tax rate</i>	26%	26%
Non-controlling Interest	(1)	(4)
Net Income	660	775
Adjusted Net Income**	864	814
Diluted EPS	90.4p	105.2p
Adjusted diluted EPS	118.3p	110.5p

* 2012 numbers have been restated to reflect the amendment of IAS 19 and the presentation change to net pension interest.

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



Revenue growth by Quarter

Business segment

	2012*				2013		
	Q1 LFL	Q2 LFL	Q3 LFL	Q4 LFL	Q1 LFL	Q2 LFL	HY LFL
ENA	-1%	-1%	2%	3%	3%	3%	3%
LAPAC	11%	11%	11%	11%	11%	11%	11%
RUMEA	9%	9%	7%	7%	7%	5%	6%
FOOD	6%	3%	0%	0%	3%	-2%	0%
Group excluding RBP	4%	4%	5%	6%	6%	6%	6%
RBP	6%	6%	6%	22%	19%	-12%	2%
Group	4%	4%	5%	7%	7%	4%	5%

*2012 percentages have not been restated for the footwear move from RUMEA to ENA



Revenue growth by Quarter

Category

	2012				2013			HY
	Q1	Q2	Q3	Q4	Q1	Q2	LFL	
	LFL	LFL	LFL	LFL	LFL	LFL	LFL	
Health	1%	4%	7%	10%	13%	16%	14%	
Hygiene	6%	7%	5%	6%	9%	5%	7%	
Home	2%	0%	3%	3%	2%	3%	2%	
Portfolio	-1%	-1%	7%	-2%	-22%	-5%	-14%	
Food	6%	3%	0%	0%	3%	-2%	0%	
Group excluding RBP	4%	4%	5%	6%	6%	6%	6%	
RBP	6%	6%	6%	22%	19%	-12%	2%	
Group	4%	4%	5%	7%	7%	4%	5%	



Gross margin and BEI

		HY	
At actual	%		bps v PY
2013 Gross Margin	58.7%		+230bps
2012 Gross Margin (restated)	56.4%		-50bps

		HY	
At actual	%		bps v PY
2013 BEI (base)	14.4%		+80bps
2012 BEI (base)	13.6%		+60bps



Profitability by business segment

	HY	
	2013	2012*
	%	%
ENA	21.4%	20.1%
LAPAC	18.2%	18.1%
RUMEA	20.1%	21.0%
FOOD	22.5%	23.1%
Group excluding RBP	20.4%	20.5%
RBP	57.0%	63.6%
Group	23.3%	24.1%

* 2012 numbers have been restated to reflect the amendment of IAS 19 and the movement of the footwear business from RUMEA to ENA
Adjusted to exclude the impact of exceptional items



Net Working Capital

	HY13	HY12	FY12
	£m	£m	£m
Inventory	785	739	735
% to last 12 month revenue	8%	8%	8%
Receivables	1,466	1,355	1,407
% to last 12 month revenue	15%	14%	15%
Payables	(3,106)	(2,846)	(2,842)
% to last 12 month revenue	-31%	-30%	-30%
Net working capital	(855)	(752)	(700)
% to last 12 month revenue	-9%	-8%	-7%



Free cash flow HY 2013

	HY	
	2013 £m	2012* £m
Adjusted Operating Profit**	1,163	1,124
Share based payment	29	28
Depreciation and amortisation	80	72
Net Capital Expenditure (inc.intangibles)	(85)	(71)
Movement in net working capital	126	17
Movement in provisions and other creditors	(54)	(41)
Other non-cash movements in operating profit***	1	(46)
Trading cash flow	1,260	1,083
Exceptional cash flows	(24)	(48)
Operating Cash flow	1,236	1,035
Net interest paid	(13)	(9)
Taxation paid	(330)	(238)
Free Cash flow	893	788
Free Cash flow as % of Net Income	135%	102%
Closing net debt	(2,760)	(1,846)

*2012 numbers have been restated to reflect the amendment of IAS 19

**Adjusted to exclude the impact of exceptional items

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



Update on RBP HY 2013: Driving a more sustainable business

Increased competitive pressure

Generics will lead to some film loss in **highly price sensitive** payors

Further competitor entry will add to **price pressure** eg. Orexo & additional generics

Sustained Suboxone film share

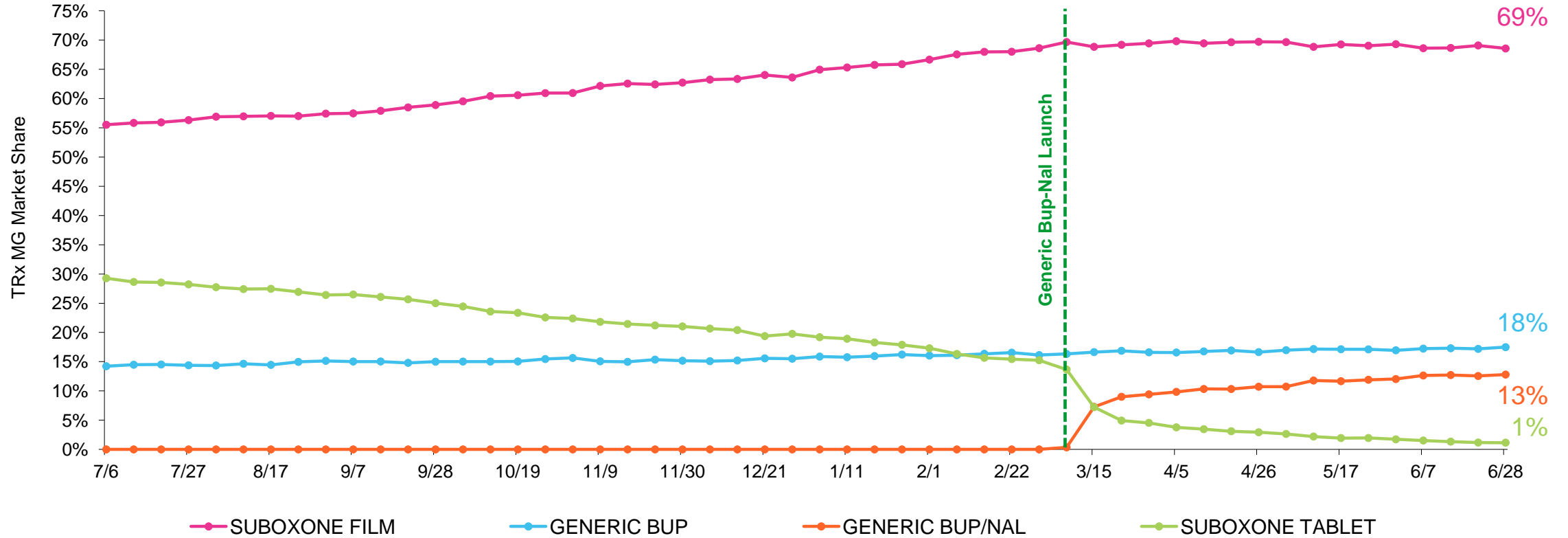
69% market volume share at end June

Share **sustained** since generic entry



Total MG Market Share Trend

TRx MG Share by week 2012 - 2013





Better value for healthcare payors

Existing benefits

Film offers **better value** than tablets

Longer treatment **adherence**
improves outcomes

Fewer unintended exposures better

Patients and physicians
preferring to stay with film

New clinical data

Latest data shows **lower diversion**
rates of film vs tablet

Suboxone tablets were **twelve** times
as likely to be diverted and **twice** as
likely to be abused than film

On-going data collection to
strengthen **clinical differentiation**



Update on RBP HY 2013: Driving a more sustainable business

Film IP strengthened with new patent

As expected, competitor film ANDA filed

No near term impact.

Automatic 30 month film exclusivity upon filing of infringement lawsuit

New composition patent extends IP to **2030**

Depot Phase II on track for Q4 completion

FDA Type C meeting agreed final depot clinical program

Extra Phase III requirements **partially offset** by no Phase IIb

Commence Phase III **H1 '14**
Target FDA approval **H1 '17**

Additional Pipeline Opportunities

Cocaine overdose rescue

Other clinical pipeline opportunities



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Rakesh Kapoor

Chief Executive Officer



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New initiatives for H2 2013



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HEALTH



Initiatives for H2 2013 – Health MUCINEX®



Mucinex® Fast-Max Night Time Cold & Flu
Powerful relief from your worst Cold & Flu symptoms to help you get to sleep



Initiatives for H2 2013 – Health

MOVE FREE ONE®



Move Free One® Total Joint Health
Powered by Omega-3s, 1 move = 2 Glucosamine

Initiatives for H2 2013 – Health DUREX®



Durex® Embrace

2 Pleasure Gels Combine in one product.

Warming for Me, Tingling for you & an Amazing Connection Together



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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 H2 2013 – Hygiene

LYSOL®



New Lysol® Power & Free with Hydrogen Peroxide Extensions
A range of powerful cleaner without the harshness of bleach

Initiatives for H2 2013 – Hygiene

VEET®



Veet® Facial Precision Wax & Care

Combining the efficacy of a precision wax, with the benefits of a soothing after-care cream

Initiatives for H2 2013 – Hygiene

SBP®



SBP® Peaceful Nights

Safest liquid electrical mosquito repellent- With Smart auto-Off, On/Off and fully hidden refill



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Initiatives for H2 2013 – Home AIRWICK®



New Airwick® Pearl Infusions

New range of premium candles, delivery a relaxing experience... pearl after pearl



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Initiatives for H2 2013 – Home VANISH®



New Vanish® SuperBar

The power of Vanish now available in a soap bar. Tough on stains, gentle on fabrics



2013: Targets

Net Revenue

+6%*

Operating Margin

Maintain



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Q&A



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Appendices



Analysis of Exceptional costs

	HY2013	Total	Previous
	£m	to date	Guidance
	£m	£m	£m
SSL integration and reconfiguration	-	251	250
Group restructuring	6	70	75
Acquisition and associated integration costs	18	36	95
Litigation provisions	225	225	-
	249	582	420

IAS 19 Revised, Employee Benefits

	Impact on H1 2012			Impact on FY 2012		
	Reported £m	Restated £m	Variance £m	Reported £m	Restated £m	Variance £m
Group Income Statement						
Operating profit	1,072	1,076	+4	2,435	2,442	+7
Net finance cost	(8)	(18)	(10)	(15)	(34)	(19)
Taxation	(281)	(279)	+2	(587)	(583)	+4
Net income	779	775	(4)	1,829	1,821	(8)
Group balance sheet						
Net Retirement benefit obligations	(467)	(467)	-	(399)	(399)	-
Total Liabilities	(8,643)	(8,643)	-	(9,158)	(9,158)	-
Retained earnings	19,548	19,548	-	20,022	20,022	-
Total Equity	5,469	5,469	-	5,922	5,922	-

Reconciliation of Operating Profit to Adjusted Operating Profit

	2013 HY £m	2012* FY £m	2011 FY £m	2010 FY £m
Operating Profit	914	2,442	2,395	2,130
<i>Adjusting items</i>				
Restructuring and integration	6	123	89	79
Acquisition costs	18	12	3	22
Litigation provisions	225	-	-	-
Adjusted Operating Profit	1,163	2,577	2,487	2,231



Revenue growth by Business segment Q2 2013

	LFL %	Acq/Disp %	FX %	Reported %
ENA	3	1	4	8
LAPAC	11	2	1	14
RUMEA	5	-	-1	4
FOOD	-2	-	3	1
Group excluding RBP	6	1	2	9
RBP	-12	-	3	-9
Group	4	1	2	7

Revenue growth by Business segment HY 2013

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