

23 October 2024

ON TRACK TO DELIVER FULL YEAR TARGETS

Net revenue	Q3 2024			YTD 2024		
	£m	LFL ¹	IFRS	£m	LFL ¹	IFRS
Hygiene	1,525	+2.1%	-1.4%	4,585	+3.7%	-0.4%
Health	1,476	+3.2%	-0.4%	4,417	+1.9%	-3.0%
Nutrition	454	-17.4%	-20.5%	1,620	-11.6%	-14.1%
Group	3,455	-0.5%	-4.0%	10,622	+0.4%	-3.8%

1. Adjusted measures are defined on page 7.

Trading Highlights:

- **Like-for-like (LFL) net revenue growth of +0.4% YTD (Q3: -0.5%).** Health and Hygiene growth of +2.8% YTD (Q3: +2.6%) offset by US Nutrition rebasing from historic competitor supply issue and impact of Mount Vernon tornado in July 2024.
- **Group reported net revenue decline of -3.8% YTD (Q3: -4.0%).** LFL growth of +0.4% offset by FX headwinds of -3.9% and a net M&A impact of -0.3%.
- **Volume momentum** continued in Hygiene (+0.9% YTD and +0.7% in Q3) and improved in Health (+0.2% YTD and +1.2% in Q3).
- **Market share growth improved sequentially** across both Health and Hygiene portfolios.
- **Hygiene LFL net revenue growth of +3.7% YTD (Q3: +2.1%).** Broad-based growth across Powerbrands during the year, with strong contributions from innovation platforms in Lysol and Finish, despite lapping significant launches last year, and a competitive market backdrop.
- **Health LFL net revenue growth of +1.9% YTD (Q3: +3.2%).** Growth driven by Durex, Dettol, Gaviscon, Nurofen and VMS brands. Seasonal OTC brands declined by mid-single-digits YTD due to tough comparatives and a slow end to the cold and 'flu season in H1.
- **Nutrition LFL net revenue decline of -11.6% YTD (Q3: -17.4%).** Q3 trading performance was primarily impacted by around £100m of supply-related challenges from the Mount Vernon tornado in July, which reflects a better-than-expected recovery of inventories.
- **On track to deliver full year targets,** with all businesses well placed to deliver strong LFL net revenue growth in Q4.

Strategic Highlights:

- **Refreshed Global Executive Committee** is now operational and all senior leadership positions appointed.
- **New operating model and organisation structure developed** and on track for January 2025 deployment.
- **Essential Home actions progressing at pace.** Seasoned leadership team appointed and separation work underway. On track to exit by the end of 2025.
- **Continued progress on our current £1 billion Share Buy Back programme.** As of 18 October 2024, a total of £321m of shares bought back since the current programme commenced on 26 July 2024.

Commenting on the results, Kris Licht, Chief Executive Officer, said:

“Our Q3 delivery is in line with our guidance at the half year. Health delivered sequential improvement in the quarter and Hygiene delivered a solid quarter of growth despite a more competitive market backdrop in developed markets. Nutrition was impacted by the Mount Vernon tornado in July, which impacted sales to customers in the quarter, but to a lesser extent than we initially expected. Our categories are resilient, our brands are strong and we are now seeing a more balanced algorithm for growth.

We are on track to deliver our net revenue and profit targets for 2024, with increased investment across our more competitive categories and markets, improving market share performance across our Health and Hygiene portfolios, and a normalising market environment in US Nutrition.

We are moving at pace on the execution of reshaping Reckitt through sharpening our portfolio, simplifying the organisation and improving shareholder returns. I look forward to providing further details on our new operating model and future targets with our FY24 results update.”

CONFERENCE CALL DETAILS

We will be hosting a live Q&A session for analysts and investors at 08:30 (BST) on Wednesday 23 October 2024.

Please click on the link below to join the live audiocast:

[Link to webcast](#)

Alternatively, dial in details are as follows:

United Kingdom:	0800 358 1035
All other locations:	+44 20 3936 2999
Participant access code:	303073

FURTHER INFORMATION AND CONTACTS

Nick Ashworth / Andrew Orchard Investor Relations	+44 (0)7408 812350 / +44 (0)7408 852753
---	--

Patty O’Hayer External Relations and Government Affairs	+44 (0)7825 755688
---	---------------------------

<u>FGS</u> Faeth Birch	+44 (0)7768 943171
---	---------------------------

Cautionary note concerning forward-looking statements

This announcement contains statements with respect to the financial condition, results of operations and business of Reckitt Benckiser Group plc and the Reckitt 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, geopolitical and social conditions in the key markets in which the Group operates; the Group’s ability to innovate and remain competitive; the Group’s investment choices in its portfolio management; the ability of the Group to address existing and emerging environmental and social risks and opportunities; the ability of the Group to manage regulatory, tax, legal and litigation matters, including changes thereto; the reliability of the Group’s technological infrastructure or that of third parties on which the Group relies including the risk of cyber-attack; interruptions in the Group’s supply chain and disruptions to its production facilities; economic volatility including increases in the cost of labour, raw materials and commodities; the execution of acquisitions, divestitures and business transformation projects; product safety and quality, and 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, the Group 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.

LEI: 5493003JFSMOJG48V108

OUTLOOK

- We continue to target Group full year LFL net revenue growth of +1% to +3%.
 - We now expect a high single-digit decline for Nutrition reflecting the short-term impact to the business from the Mount Vernon tornado (previously low double-digit decline).
 - We reiterate the lower end of mid-single-digit growth for our Health and Hygiene portfolios (no change).
- Adjusted operating profit to grow ahead of net revenue growth (no change).

Technical guidance:

- Adjusted net finance expense is expected to be £300m to £320m. (No change).
- The adjusted tax rate is expected to be 25-26%. (No change).
- Capital expenditure is expected to be 3-3.5% of net revenue. (No change).
- If foreign exchange rates were to hold end-September 2024 closing rates for the remainder of 2024, the estimated negative impact on 2024 Sterling net revenue would be around -4.5%, and 2024 Sterling adjusted diluted EPS would be around -6.5% (as published on our website).

GROUP OVERVIEW

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	IFRS
Q3 2024	3,455	-1.4%	+0.9%	-0.5%	-0.1%	-3.4%	-4.0%
YTD 2024	10,622	-1.3%	+1.7%	+0.4%	-0.3%	-3.9%	-3.8%

1. Adjusted measures are defined on page 7.

Group net revenue

- YTD group net revenue of £10,622m grew by +0.4% on a LFL basis, reflecting price / mix improvements of +1.7% driven primarily by carry-over pricing from the previous year and some minor in-year price increases. Volume declined -1.3% reflecting volume growth in Hygiene and Health combined of +0.6% offset by the rebasing of market shares in our US Nutrition business and the impact of the Mount Vernon tornado in July.
- Growth was broad-based across our Powerbrands of Lysol, Gaviscon, Durex, Finish, Nurofen and Harpic, plus our VMS and pest portfolios. Growth was reduced by seasonal OTC brands which lapped high comparatives in Q1. Growth was also impacted by US Nutrition.
- Geographically growth has been led by Europe and Developing Markets, offset by softness in North America which saw declines in seasonal OTC products and Nutrition brands.
- Total net revenue on an IFRS basis declined -3.8% YTD, reflecting net M&A impact of -0.3% and foreign exchange headwinds of -3.9%.
- Q3 LFL net revenue declined by -0.5%. Price / mix improvements were +0.9% and volume declined by -1.4%. Hygiene and Health combined delivered volume growth (+1.0% in the quarter), while our Nutrition business experienced volume declines primarily due to around £100m negative impact on the supply of products to customers in the quarter from the Mount Vernon tornado. Price / mix growth reflects a combination of carry over pricing, innovation-led pricing and pricing in markets where the inflationary environment is more pronounced.
- Q3 net revenue consisted of growth from our Hygiene and Health portfolio, which combined, grew by +2.6% in Q3, offset by a -17.4% decline in Nutrition. Growth was led by Lysol, Gaviscon, Durex and VMS in Hygiene and Health.
- On a geographic basis growth in Q3 was driven by Developing markets with growth across Greater China, Latin America, South Asia, and ASEAN, as well as Europe. The North America decline was driven by Nutrition.

OPERATING SEGMENT REVIEW

Hygiene

44% of net revenue in Q3 2024

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	IFRS
Q3 2024	1,525	+0.7%	+1.4%	+2.1%	-	-3.5%	-1.4%
YTD 2024	4,585	+0.9%	+2.8%	+3.7%	-	-4.1%	-0.4%

1. Adjusted measures are defined on page 7.

YTD Hygiene net revenue grew +3.7% on a LFL basis driven by price / mix improvements of +2.8% and volume growth of +0.9%.

Growth was led by high-single digit growth in Lysol, which grew market share in both established segments of surface disinfection spray and wipes, and continues to drive category creation through the innovation platforms of laundry and air sanitisers.

Within Finish, strong growth across thermoforming formats drove further premiumisation in the auto-dish category as consumers continue to trade up to more superior solutions. Finish thermoformed tablets now account for 75% of our tablet net revenue.

Air Wick, Vanish and Harpic also contributed to growth on a year-to-date basis.

In Q3, Hygiene net revenue grew +2.1% on a LFL basis to £1,525m, with price / mix improvements of +1.4% and volume growth of +0.7%.

Lysol grew across both established segments and innovation platforms in the quarter. Air Wick, Harpic and Mortein also contributed to growth. Finish experienced a soft quarter amidst a competitive market backdrop across Europe and North America.

Health

43% of net revenue in Q3 2024

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	IFRS
Q3 2024	1,476	+1.2%	+2.0%	+3.2%	-0.4%	-3.2%	-0.4%
YTD 2024	4,417	+0.2%	+1.7%	+1.9%	-0.6%	-4.3%	-3.0%

1. Adjusted measures are defined on page 7.

YTD Health net revenue grew +1.9% on a LFL basis, with price / mix improvements of +1.7% and volume growth of +0.2%. Volume growth was broad-based across Durex, Dettol, VMS and non-seasonal OTC brands, reduced by softness across seasonal OTC brands.

Intimate Wellness, led by Durex, delivered high-single digit growth, with double-digit growth in Developing Markets. Greater China saw strong growth, helped by continued success in innovation platforms such as our hyaluronic acid condoms. India drove improved consumer awareness through successful digital media campaigns and increased distribution. Developed markets delivered mid-single-digit growth.

Non-seasonal OTC brands grew mid-single digits. Investment behind increased supply capacity enabled Gaviscon to meet strong consumer demand, and Nurofen saw growth across multiple European markets.

Dettol grew low-single digits, with strong volume growth. China delivered strong growth led by innovation platforms such as our 4-in-1 laundry pods. Pricing actions in ASEAN and India drove improved competitiveness and volume growth. VMS brands Move Free and Megared drove strong growth in China.

Seasonal OTC brands, such as Mucinex and Strepsils, have experienced a soft net revenue performance to date due to tough prior year comparatives in Q1, and a slow end to the cold & flu season in the first half of the year. The equity of these brands remains strong, and Mucinex market share trends continue to improve.

Health net revenue grew +3.2% on a LFL basis in Q3 to £1,476m. This reflected volume growth of +1.2% and price / mix improvements of +2.0%.

Growth was led by our Intimate Wellness and VMS portfolios, with particularly strong growth in China. OTC grew behind a continued strong performance in Gaviscon and a return to growth for Mucinex in the quarter. Dettol delivered an improving growth trend, led by China.

Nutrition

13% of net revenue in Q3 2024

Net Revenue	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	IFRS
Q3 2024	454	-13.9%	-3.5%	-17.4%	+0.3%	-3.4%	-20.5%
YTD 2024	1,620	-10.5%	-1.1%	-11.6%	-	-2.5%	-14.1%

1. Adjusted measures are defined on page 7.

YTD Nutrition net revenue declined -11.6% on a LFL basis, with price / mix of -1.1% and volume decline of -10.5%. This was driven by the combination of lapping high market shares experienced during the US competitor supply shortage and the impact from the Mount Vernon tornado, which destroyed both finished goods and raw materials and impacted short-term supply to customers in Q3.

Developing Markets declined by low-single digits, reflecting category-led volume declines and customer destocking in certain markets in Q1 partially offset by growth in premium products in ASEAN.

Net revenue declined -17.4% on a LFL basis in Q3 to £454m. Price / mix was -3.5% and volume declined -13.9%, primarily due to around £100m negative impact on the supply of products to customers in the quarter from the Mount Vernon tornado. This was ahead of our expectations as some finished goods and raw materials inventory were recovered from the warehouse, and also reflected the actions taken to quickly source product from our Singapore plant.

Developing Markets delivered low-single-digit LFL growth in the quarter.

Necrotizing Enterocolitis (NEC)

Certain Group subsidiaries continue to face product liability lawsuits in North America relating to allegations that preterm infant formulas cause necrotizing enterocolitis (NEC). The Company continues to vigorously defend these claims. The first trial occurred in Q1 2024 in state court in Belleville, Illinois and resulted in a \$60 million jury verdict. We disagree with the verdict and are pursuing an appeal. A second trial began on 30 September 2024 in St. Louis, Missouri and remains ongoing.

In October 2024, three US federal public health agencies (Food and Drug Administration, Centers for Disease Control and Prevention, National Institutes of Health) issued a consensus statement on premature infants and NEC, which stated that “[t]here is no conclusive evidence that preterm infant formula causes NEC,” and while mother’s milk is the preferred source of nutrition – with pasteurized donor human milk as a next best alternative – preterm infant formulas “can be critical for premature infants for whom parental or donor milk is not an option, or where a supplement to parental or donor milk is necessary for the health of the infant” and are “part of the standard of care.” They end their statement by stating that “while there is a preference for human milk, all infants should be fed as soon as is medically feasible through whatever appropriate nutritious food source is available.”

Performance by Geography

	£m	Volume	Price / Mix	LFL ¹	Net M&A	FX	IFRS
Q3 2024							
North America	1,076	-5.3%	-3.1%	-8.4%	+0.2%	-2.3%	-10.5%
Europe / ANZ	1,197	-1.0%	+2.9%	+1.9%	-	-1.5%	+0.4%
Developing Markets	1,182	+2.1%	+2.9%	+5.0%	-0.6%	-6.4%	-2.0%
Total	3,455	-1.4%	+0.9%	-0.5%	-0.1%	-3.4%	-4.0%
YTD 2024							
North America	3,397	-4.0%	-1.8%	-5.8%	-	-2.4%	-8.2%
Europe / ANZ	3,632	-1.6%	+4.8%	+3.2%	-0.1%	-3.8%	-0.7%
Developing Markets	3,593	+1.7%	+2.2%	+3.9%	-0.7%	-5.8%	-2.6%
Total	10,622	-1.3%	+1.7%	+0.4%	-0.3%	-3.9%	-3.8%

¹ Adjusted measures are defined on page 7.

North America net revenue declined -5.8% on a LFL basis (Q3: -8.4%), driven primarily by US Nutrition where we lap the temporary benefits from competitor supply issues in the prior year, as well as the impact of the Mount Vernon tornado in July. Our seasonal OTC brands of Mucinex and Delsym faced tough comparatives in the first quarter. This more than offset growth in our Hygiene portfolio, led by Lysol.

Europe / ANZ net revenue grew +3.2% on a LFL basis (Q3: +1.9%), with broad-based growth across markets for the Hygiene portfolio. Health growth across markets was impacted by tough prior year comps for Strepsils.

Developing Markets net revenue grew +3.9% on a LFL basis (Q3: +5.0%). Growth was led by Greater China, Latin America and South Asia.

PROGRESS ON PORTFOLIO SHARPENING AND ORGANISATION SIMPLIFICATION

On 24 July 2024, we announced actions to sharpen our portfolio and simplify the organisation for accelerated growth and value creation. We will focus on high growth, high margin Powerbrands, assess all options for our non-core Essential Home portfolio and Mead Johnson Nutrition, and move to a simpler, more effective organisation. These plans and actions are progressing at pace and will reshape the company as a world-class consumer health and hygiene organisation, with one of the strongest growth and margin profiles among its peer group.

We are well advanced to be operational with our three reporting segments – Reckitt, Essential Home and Mead Johnson Nutrition – on 1 January 2025. In addition to the senior management roles announced externally in July, the operational leadership team of the organisation has been reshaped and communicated internally, effective 1 January 2025. This includes for the full category organisation, the geographies and the supporting functions for each of the reporting segments. In some geographies, proposals remain subject to employee consultation which is underway. The leadership team is focused on executing a strong remainder of 2024 in the current structure, together with detailed operational planning for the go forward structure.

Our expanded fixed cost initiative, Fuel for Growth, is progressing well as we aim to deliver a step change in organisational effectiveness with fewer management layers and greater proximity to the consumer. We are on track to unlock the previously communicated cost efficiencies, delivering at least a 300bps reduction in fixed costs as we exit 2027 to achieve an end state fixed-cost base of c.19% from c.22% currently. As announced previously, we expect to incur estimated one-off cash and restructuring and transformation costs during this period of £1.0bn.

We have also set out plans to exit our portfolio of leading home care brands, Essential Home, by the end of 2025, and have engaged a full internal and external team, including the Essential Home leadership team, to achieve this. All preparatory workstreams are on track. We continue to consider all strategic options to maximise shareholder value for Mead Johnson Nutrition.

We will provide an update on our progress at our full year results on 6 March 2025, where alongside the current reporting segments we will also report 2024 results with our new reporting segments and provide historical pro-forma financial information for comparison purposes.

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. Disposals include low margin manufacturing revenues which are agreed at the time of sale of a brand or business. 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 and Argentina).

Constant exchange rate (CER): Net revenue and profit 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 period and excludes the effect of applying hyperinflation accounting in the relevant subsidiaries

Brand Equity Investment (BEI): BEI is the marketing support designed to capture the voice, mind and heart of our consumers.

IFRS to LFL reconciliation Q3 2024

	Hygiene £m	Health £m	Nutrition £m	Group £m
2023 IFRS	1,547	1,482	571	3,600
M&A	-	(8)	(1)	(9)
Exchange	22	36	6	64
2023 LFL	1,569	1,510	576	3,655
2024 IFRS	1,525	1,476	454	3,455
M&A	-	(2)	(5)	(7)
Exchange	77	84	27	188
2024 LFL	1,602	1,558	476	3,636
LFL growth	+2.1%	+3.2%	-17.4%	-0.5%

	North America £m	Europe / ANZ £m	Developing Markets £m	Group £m
2023 IFRS	1,202	1,192	1,206	3,600
M&A	(3)	-	(6)	(9)
Exchange	23	29	12	64
2023 LFL	1,222	1,221	1,212	3,655
2024 IFRS	1,076	1,197	1,182	3,455
M&A	(6)	(2)	1	(7)
Exchange	49	49	90	188
2024 LFL	1,119	1,244	1,273	3,636
LFL growth	-8.4%	+1.9%	+5.0%	-0.5%

IFRS to LFL reconciliation YTD 2024

	Hygiene £m	Health £m	Nutrition £m	Group £m
2023 IFRS	4,604	4,555	1,887	11,046
M&A	-	(46)	(12)	(58)
Exchange	(44)	(23)	(3)	(70)
2023 LFL	4,560	4,486	1,872	10,918
2024 IFRS	4,585	4,417	1,620	10,622
M&A	-	(18)	(11)	(29)
Exchange	144	174	46	364
2024 LFL	4,729	4,573	1,655	10,957
LFL growth	+3.7%	+1.9%	-11.6%	+0.4%

	North America £m	Europe / ANZ £m	Developing Markets £m	Group £m
2023 IFRS	3,702	3,656	3,688	11,046
M&A	(12)	(6)	(40)	(58)
Exchange	3	(21)	(52)	(70)
2023 LFL	3,693	3,629	3,596	10,918
2024 IFRS	3,397	3,632	3,593	10,622
M&A	(11)	(6)	(12)	(29)
Exchange	91	119	154	364
2024 LFL	3,477	3,745	3,735	10,957
LFL growth	-5.8%	+3.2%	+3.9%	+0.4%