Reckitt Benckiser
HEALTH • HYGIENE • HOME

INTERIM MANAGEMENT STATEMENT Q3 2013

22 October 2013

STRONG Q3

Results at a glance	Q3 £m	% change actual exchange	% change constant exchange	YTD £m	% change actual exchange	% change constant exchange
Net revenue	**2,548**	+5	+5	**7,542**	+6	+6
- Like-for-like growth (ex RBP)*			**+5**			**+5**
- Like-for-like growth (total)*			*+3*			*+4*
Net Revenue by Segment						
-ENA	1,308	+9	+5	3,759	+7	+4
-LAPAC	623	+7	+15	1,903	+10	+13
-RUMEA	352	+2	+5	1,055	+4	+5
-Food	74	+3	+1	234	+3	+0
Total ex RBP	**2,357**	+7	**+7**	**6,951**	+7	**+7**
-RB Pharmaceuticals	191	-14	-16	591	-3	-5
Total Net Revenue	2,548	+5	+5	7,542	+6	+6
Net Revenue by Category						
-Health	707	+27	+25	1,904	+30	+28
-Hygiene	948	+5	+6	2,941	+6	+6
-Home	500	-1	-1	1,479	+1	+1
-Portfolio brands	128	-19	-22	393	-28	-30

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

Highlights:

- Year to date like-for-like (LFL) net revenue growth (ex RBP) of +5%, driven by Emerging Markets Areas (EM) growth and continued growth in ENA.
- Strong Q3 LFL growth of +5% (ex RBP) - ENA +2% LAPAC +10% and RUMEA +5%.
- Continued excellent Health & Hygiene performances, and a solid Home performance in challenging market conditions.
- RBP – volume (mg) market share of Film maintained at around 68% since launch of generic tablets and strategic review of RBP to commence.

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

"Reckitt Benckiser's focus on Health and Hygiene and emerging markets, along with our move to drive growth in ENA through increased investment behind innovations and a streamlined organization structure is delivering good results.

Regarding RBP, we are commencing a strategic review of the business and will consider all options for maximising value for our shareholders. We expect the review to take some time and will update shareholders during the course of 2014.

Looking ahead, we all know that market conditions remain challenging, but I am confident that our strategy for growth and outperformance underpinned by our commitment to invest for the long term is the right thing to do. Our recent acquisitions are performing strongly, ahead of in-going assumptions and consequently, we now believe that our full year net revenue growth (ex RBP) including the net impact of M&A will be at least 6%. We continue to expect to maintain full year margins (ex RBP)."

	Q3				YTD			
	LFL	Net M&A*	FX	Reported	LFL	Net M&A*	FX	Reported
ENA**	+2%	+3%	+4%	+9%	+3%	+1%	+3%	+7%
LAPAC	+10%	+5%	-8%	+7%	+11%	+3%	-4%	+10%
RUMEA**	+5%	-	-3%	+2%	+6%	-1%	-1%	+4%
Food	+1%	-	+2%	+3%	-	-	+2%	+3%
Group ex RBP	**+5%**	**+2%**	**-**	**+7%**	**+5%**	**+1%**	**+1%**	**+7%**

* Reflects the acquisitions of Schiff and other acquisitions, withdrawal from Propack (Private Label) and disposal / discontinuance of a number of minor businesses.

** Scholl footwear business, previously reported as part of RUMEA, is now reported as part of ENA. Net revenue values and growth rates have been restated / calculated based on this reclassification.

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

ENA 56% of core net revenue

YTD 2013 total net revenue increased to £3,759m, with LFL growth of +3% (Q3 LFL growth of +2%). Market conditions remain challenging, especially in Southern Europe. However, the combination of innovation led growth, greater speed of execution enabled by the ENA organization structure, and increased investment behind our brands, have delivered revenue outperformance relative to market growth.

With the exception of Southern Europe, all European regions are now in growth, driven by strong performances from our Health powerbrands. Scholl in particular delivered an excellent performance behind the launch of our new Scholl Pedi product launched during the year in a number of markets across Europe.

In the US, growth was led by Mucinex which again outperformed, with continued product innovation, and Lysol, driven by innovation and our new "Healthing" campaign.

This was offset by a disappointing performance in Airwick in Q3, due to challenging market conditions and a highly intensive competitive environment, particularly in the US.

LAPAC 28% of core net revenue

YTD 2013 total net revenue increased to £1,903m, with LFL growth of +11% (Q3 LFL growth of +10%). Growth was driven by strong performances in most markets within LATAM and South East Asia, and China, behind distribution expansion, innovation and BEI. On a category basis growth was broad based across each of our Health, Hygiene and Home categories, against a slowing market backdrop, with strong performances from Durex and Gaviscon, Dettol and Harpic, Woolite and Vanish.

Our recent acquisitions are integrating well and have shown encouraging early results.

RUMEA 16% of core net revenue

YTD 2013 total net revenue increased to £1,055m with LFL growth of +6% (Q3 LFL growth of +5%). As signaled with our half year numbers, RUMEA growth has been impacted by operational and socio-political challenges in certain markets as well as upscheduling of certain Nurofen products in Russia.

In Q3 slowing market growth offset some strong performances from Nurofen, Strepsils, Veet, Finish and Dettol.

Food

YTD 2013 total net revenue was £234m (Q3 LFL growth of +1%), behind a weak market backdrop. The macro conditions in the food category remain challenging, against which our brands have proven resilient.

Pharmaceuticals (RBP)

YTD 2013 total net revenue was £591m a decrease of -5% at constant rates (Q3 LFL growth of -16%) as indicated. The underlying volume growth in prescriptions in the US continues to be strong with low double digit growth in line with recent market trends.

We are pleased that volume Film share of total buprenorphine prescriptions in the US has maintained at around 68% since the launch of generic tablets. Despite the clinical and patient benefits of the Film, we continue to expect erosion of film share to increased pressure from price sensitive patients and payors.

As we have said before, sometime following the launch of generic tablets would be the right time to consider all options for this business. Accordingly we are commencing a strategic review of RBP.

The number one priority is to maximise value for our shareholders. We will be considering all options, while ensuring continued focus on delivering against our current business objectives. We expect to update shareholders during the course of 2014.

Category Review

	Q3				YTD			
	LFL	**Net M&A***	**FX**	**Reported**	**LFL**	**Net M&A***	**FX**	**Reported**
Health	+8%	+17%	+2%	+27%	+12%	+16%	+2%	+30%
Hygiene	+7%	-1%	-1%	+5%	+7%	-1%	-	+6%
Home	0%	-1%	-	-1%	+1%	-	-	+1%
Portfolio	-5%	-17%	+3%	-19%	-11%	-19%	+2%	-28%

* Reflects the acquisitions of Schiff and other acquisitions, withdrawal from Propack (Private Label) and disposal / discontinuance of a number of minor businesses.

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

Health. YTD net revenue increased to £1,904m, with LFL growth of +12% (Q3 LFL growth of +8%). After an excellent start to the year driven by innovations and assisted by a strong and long 'flu season, the Health category delivered yet another quarter of very strong growth. Mucinex continued to perform very well, particularly due to its further expansion beyond cough and congestion into sinus and cold & 'flu. We also launched Fast Max Night Time Cold & Flu which has been well received by the trade.

Regarding Durex, our recently launched innovations such as Real Feel and Durex Embrace pleasure gels are helping the brand transform as a sexual wellbeing brand. Durex is also serving an important role as a source of "next practice" in digital communications and new marketing. Our other Health care brands are also performing well, and Scholl in particular exhibited strong growth in Q3 behind our new Express Pedi and Hard Skin and Callus Express Liquids in a number of markets throughout Europe.

Our recent consumer health acquisitions are performing strongly, ahead of in-going expectations and additional synergies are being invested back into the brands to fuel growth. In the US, MegaRed and Airborne in particular have performed well as we make further progress in the integration of the business. In China our Myanshuning sore throat brand has made a strong start, and we are seeing early encouraging results from our collaboration agreement with BMS in LATAM.

Hygiene. YTD net revenue increased to £2,941m, with LFL growth of +7% (Q3 LFL growth of +7%) largely driven by strong growth in the Dettol / Lysol franchise in all our three areas. Our "Healthing" campaign combined with the continued expansion and success of the Power & Free portfolio across North America and Europe continued to drive growth. We expanded the "Healthing" theme in Q3 with a successful "back to school" campaign where we visited schools across the US teaching young children healthy habits. In Emerging Market areas we continue to focus on core disinfection, underpinned by brand equity driven initiatives such as our new mums hospital visit programme in over 40 countries. Our successful category extension of Dettol Kitchen Gel, has driven strong growth in India in Q3.

Harpic continued its strong momentum behind penetration increase projects and the launch of our All-in-one line extension in India. Growth in Finish accelerated in Q3 driven by new Quantum Power Gel tabs and our Quantum challenge campaign. We also continue to progress our Dishwashing machine penetration programs run in cooperation with leading white good manufacturers, with good results in a number of countries, including Brazil, Russia, UK, and South Africa.

Mortein has experienced strong growth throughout the year, led by LAPAC, and driven by innovation and strong in-market support. In Q3 we launched our new advanced liquid electrical "Peaceful Nights" system in Brazil and an extension of our Outdoor range in Australia.

Home. YTD net revenue increased to £1,479m, with LFL growth of +1% (Q3 LFL growth of 0%). Airwick, after a strong start to the year, was impacted by a combination of increased competitive intensity and the lapping of the successful launch of our Black Edition candles in the second half of last year.

On Vanish we have seen continued strong growth in LATAM behind penetration programmes. Although market conditions continue to be weak across Europe, our new "Vanish tip exchange" campaign is resulting in improved growth and share in a number of markets.

Portfolio Brands. YTD net revenue decreased to £393m, with an LFL decline of -11% (Q3 LFL decline of -5%). This continued to be due in large part to actions taken in the European Footwear business undertaken in Q1 and continued weakness in Laundry Detergents and Fabric Softeners in Southern Europe, driven primarily by competitive market conditions.

Financial Position

There has been no material change to the financial position of the company since the published 2012 Annual Report and Accounts.

2013 Targets

Our recent acquisitions are performing strongly, ahead of our in-going assumptions and consequently, we now believe that our full year net revenue growth (ex RBP) including the net impact of M&A will be at least 6%[1]. We continue to expect to maintain full year margins[2].

[1] at constant rates including acquisitions and disposals / withdrawal from Private Label, excluding RBP.

[2] ex 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 13 and 14 of the Annual Report and Financial Statements for the year ended 31 December 2012. 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.