26 October 2022

MOMENTUM CONTINUES – ON TRACK TO DELIVER FULL YEAR TARGETS

	Q3 2022			YTD 2022		
Net revenue	**£m**	**LFL[1]**	**Reported**	**£m**	**LFL[1]**	**Reported**
Hygiene	1,527	-1.2%	+5.4%	4,406	-4.5%	-1.6%
Health	1,533	+10.7%	+18.8%	4,353	+18.0%	+20.6%
Nutrition	675	+24.7%	+25.9%	1,864	+24.0%	+4.3%
Group[2]	**3,735**	**+7.4%**	**+14.0%**	**10,623**	**+8.2%**	**+7.6%**

1. *Adjusted measures are defined on page 7*
2. *Group excluding IFCN China reported net revenue growth of 15.8% in Q3 and 11.8% in YTD*

Q3 highlights:

- **Group like-for-like (LFL) revenue growth of 7.4%.** Price / mix improvements of 12.0% and volume decline of 4.6% (volume down around 1% excluding Lysol, as the category continues to normalise). Continued broad-based growth and momentum.
- **Group reported net revenue growth of 14.0%**: LFL growth of 7.4% benefitted from FX tailwinds of 8.5% and a net M&A impact of -1.9%.
- **70% of the portfolio less sensitive to Covid dynamics grew high-single digits (YTD grew low-double digits).** Excluding the positive impact from US IFCN, growth was mid-single digits (YTD high-single-digits), driven by continued innovation, improved in-market execution and pricing across the portfolio.
- **Hygiene LFL decline of 1.2%:** Performance improves as the Lysol base continues to normalise. Hygiene grew 3.3% excluding Lysol, led by Finish, Harpic, and Vanish.
- **Health LFL growth of 10.7%**: Continued strong momentum, led by OTC brands of Mucinex, Nurofen and Strepsils, and our Intimate Wellness portfolio of Durex and KY.
- **Nutrition LFL growth of 24.7%**: Driven by mid-single digit growth in Developing Markets and over 40% growth in the US with strong execution amidst temporary infant formula shortages. Growth includes an estimated 20.3% benefit from temporary competitor supply issues.

Outlook:

- We are narrowing the range of our LFL net revenue growth target to +6% to +8% for 2022 (previously +5% to +8%). We continue to target growth in adjusted operating margins.
- We are already delivering sustainable mid-single digit net revenue growth, and remain firmly on track to deliver our medium-term goal of mid-20s adjusted operating margins by the mid-2020s.

Commenting on the results, Nicandro Durante, Chief Executive Officer, said:

"Reckitt delivered another quarter of broad-based growth amidst challenging market conditions, as we continue to innovate and improve on our in-market execution.

Since joining Reckitt in an executive capacity, I have spent time with our people and in our markets. It has been a delight to experience, first hand, the energy and passion of our teams.

We have an excellent portfolio of trusted, market-leading brands in high margin, high-growth categories and a strong culture of ownership and delivery. My priority is firmly focussed on continuing to execute on our strategic path, to deliver sustainable mid-single digit growth, and mid-20s adjusted operating margins by the mid-2020s."

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 Wednesday 26 October 2022.

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

https://www.reckitt.com/investors/results-and-presentations/

Alternatively, dial in details are as follows:

United Kingdom:	0800 640 6441
All other locations:	+44 20 3936 2999
Participant access code:	919947

FURTHER INFORMATION AND CONTACTS

Richard Joyce **+44 (0)7807 418516**
Head of Investor Relations

Patty O'Hayer **+44 (0)7825 755688**
Director, External Relations and Government Affairs

FGS
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 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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GROUP OVERVIEW

	£m	Volume	Price/ Mix	LFL[1]	Net M&A	FX	Reported
Q3 2022	**3,735**	**-4.6%**	**+12.0%**	**+7.4%**	**-1.9%**	**+8.5%**	**+14.0%**
YTD 2022	10,623	-0.8%	+9.0%	+8.2%	-4.9%	+4.3%	+7.6%

1. *Adjusted measures are defined on page 7*

Group net revenue grew by 7.4% on a LFL basis in Q3 with price / mix improvements of 12.0% and volume decline of 4.6%. Price / mix benefitted from a positive mix impact in our Nutrition business, and some trade spend efficiencies. Gross pricing in the quarter was high single digits.

Volumes remain positive in both our Health and Nutrition GBUs but declined in Hygiene. This was largely due to expected volume declines in Lysol as we faced tough comparatives. Excluding the impact of Lysol, the volume decline in the quarter for the Group was around 1%.

On an IFRS basis, net revenue grew 14.0%.

Net revenue growth benefitted from the temporary uplift in demand for Reckitt Nutrition products due to the temporary supply shortages of infant nutrition products in the US. We estimate this benefit to have added approximately 3.0% in Q3 and 2.7% on a YTD basis.

Our in-market competitiveness remains strong. 63% of our Core Category Market Units (CMUs), weighted by net revenue, held or gained share on a YTD basis.

The net effect of M&A reduced net revenue by 1.9% in Q3 and 4.9% on a YTD basis, representing the disposal of IFCN China, EnfaBebé in Argentina, Scholl, E45 and Dermicool, offset by the acquisition of Biofreeze.

FX tailwinds increased net revenue by 8.5%, primarily as the result of a strengthening of the US Dollar against Sterling.

eCommerce LFL net revenue grew 5% in Q3 (YTD grew 14%) and represents 12% of Group net revenue.

Outlook

Following a strong YTD performance, we reiterate our full year LFL net revenue targets, but narrow the range to +6% to +8% for 2022 (previously +5% to +8%).

We continue to expect inflation on our cost of goods sold to remain in the high teens for the full year.

In H1, our adjusted operating margin benefitted from favourable product mix, productivity initiatives, pricing and phasing of investments. In addition, H1 margins benefitted from a gain on sale of surplus land in Asia (FY impact +45bps) plus volume leverage and mix benefits from the temporary supply shortages of infant nutrition products in the US.

During the second half of the year, we expect Nutrition margins to normalise, a higher level of investment versus the first half of the year, and to face a tougher inflationary environment as more favourable hedge positions prevailing in the first half are renewed at higher rates.

For the full year we continue to expect growth in adjusted operating margins.

Guidance for capital expenditure, net interest expense and our effective tax rate in 2022 remain unchanged from that indicated in our interim statement on 27 July 2022.

We are already delivering sustainable mid-single digit net revenue growth and remain firmly on track to deliver our medium-term goal of mid-20s adjusted operating margins by the mid-2020s.

OPERATING SEGMENT REVIEW

Hygiene

41% of net revenue in Q3 2022

	£m	Volume	Price/ Mix	LFL[1]	Net M&A	FX	Reported
Q3 2022	**1,527**	**-13.0%**	**+11.8%**	**-1.2%**	**-**	**+6.6%**	**+5.4%**
YTD 2022	4,406	-12.4%	+7.9%	-4.5%	-	+2.9%	-1.6%

1. Adjusted measures are defined on page 7

Hygiene like-for-like performance improved in Q3 as the Lysol base continues to normalise. Net revenue declined 1.2% on a LFL basis (grew by 3.3% excluding Lysol) in Q3. We saw broad-based growth across our core brands, offset by Lysol, down as expected due to tough comparatives.

Price / mix improvements of 11.8% in the quarter reflect continued implementation of pricing initiatives. These were offset by volume declines of 13.0% due to high Lysol comparatives and some category volume softness, mainly in air care.

49% of Core Hygiene CMUs (weighted by net revenue) held or gained market share on a YTD basis. Lysol saw share gains in the core disinfection spray category, as well as the laundry sanitiser segment, offset by a reduction in wipes which is lapping a branded competitor's distribution challenges last year.

Lysol LFL net revenue is around 50% above pre-pandemic levels both in Q3 and on a YTD basis. This is driven by expansion in both core consumption as consumers continue to exhibit elevated hygiene behaviours, and entry into new markets and adjacent categories over the past two years. Q3 revenue trends improved with mid-teens revenue decline (versus H1 revenue decline of around 30%), as comparatives continue to normalise.

Finish LFL net revenue grew double digits in the quarter with growth across North America, Europe and Developing Markets. Growth is underpinned by a combination of pricing actions and success from our latest Finish Quantum "All in 1" innovation, delivering better performance to mid-tier consumers, leveraging thermoforming technology to deliver higher quality and more sustainable auto-dish solutions.

Air Wick LFL net revenue was down mid-single digits in the quarter due to soft market conditions in both Europe and the US. Net revenue remains well above 2019 levels as consumers continue to spend more time at home than pre-pandemic.

Vanish LFL net revenue grew high-single digits in the quarter due to strong market share gains in a number of key markets.

Harpic LFL net revenue grew mid-teens in the quarter with strong growth in emerging markets, driven by market share gains and innovation, such as Harpic Power Plus 10x Max Clean in India, a 20% more viscous formula providing better cleaning performance, and Harpic Power Plus 3 in Thailand, a relatively new and under penetrated market for us.

Health

41% of net revenue in Q3 2022

	£m	Volume	Price/ Mix	LFL[1]	Net M&A	FX	Reported
Q3 2022	**1,533**	**+0.6%**	**+10.1%**	**+10.7%**	**-0.1%**	**+8.2%**	**+18.8%**
YTD 2022	4,353	+9.9%	+8.1%	+18.0%	-1.8%	+4.4%	+20.6%

1. *Adjusted measures are defined on page 7*

Health net revenue grew 10.7% in Q3 and 18.0% YTD on a LFL basis. This reflected volume growth of 0.6% and price / mix improvements of 10.1%.

57% of Core Health CMUs held or gained market share on a YTD basis driven by gains across our OTC and Intimate Wellness portfolios.

OTC net revenue grew around 20% in Q3 with continued strong market growth and share gains. Our cold and flu relief brands, Mucinex, Strepsils and Lemsip, delivered strong growth benefitting from high cold and flu incidences, as well as continued expansion into adjacent categories, with the recent successful launches of Mucinex InstaSoothe and Strepsils Herbals. Nurofen also delivered strong growth with continued success of recent innovations such as Nuromol in UK and Nurofen Meltlets in Australia.

Our Intimate Wellness portfolio saw strong growth in Q3, particularly in Europe, driven by the execution of our Durex lifestyle campaign, which drove distribution gains across multiple channels. Developing market growth was negatively impacted by Covid related lockdowns in China for part of the quarter.

Dettol net revenue declined low-single digits in Q3 behind high comparatives in certain markets, but continues to stabilise well above pre-pandemic levels, and remains on track to grow in the year. Our recent innovations such as Dettol Tru Protect 4in1 laundry pods, Dettol Powder to Liquid handwash, and the Dettol Personal Care upgrade have been well received in the market. We continue to expect low-single digit growth for the year, and net revenue at around 40% above pre-pandemic levels.

Our Vitamins, Minerals and Supplements business grew low-single digits in the quarter with continued strong growth in Neuriva despite softer market conditions in the US.

Nutrition

18% of net revenue in Q3 2022

	£m	Volume	Price/ Mix	LFL[1]	Net M&A	FX	Reported
Q3 2022	**675**	**+7.1%**	**+17.6%**	**+24.7%**	**-13.4%**	**+14.6%**	**+25.9%**
YTD 2022	1,864	+9.4%	+14.6%	+24.0%	-27.4%	+7.7%	+4.3%

1. Adjusted measures are defined on page 7

Nutrition net revenue grew 24.7% on a LFL basis in Q3. This reflected volume growth of 7.1% and price / mix improvements of 17.6% (of which c.9% is retail price increases, and the balance consisting of favourable mix and trade spend leverage and efficiencies).

The benefit to LFL net revenue growth from competitor supply issues is estimated to be around 20% in Q3 and around 18% on a YTD basis, reflected across both volume and price / mix.

98% of Core Nutrition CMUs held or gained market share on a YTD basis with particularly strong share gains across the US and Canada.

IFCN US net revenue grew around 40% on a LFL basis in the quarter, with strong growth in both our core Enfa and specialty brands. Significant market share growth was driven by strong execution in response to increased demand.

Our focus remains doing everything possible to put more infant formula on shelves, addressing concerns of parents across the US, while safeguarding the highest levels of quality. We have recently been granted a temporary import approval by the Food and Drug Administration (FDA) which enables us to import additional infant formula supplies into the US from our manufacturing facilities in both Singapore and Mexico.

The temporary supply disruptions in the US should reduce in Q4. As a result, we expect both the competitive environment to intensify and the temporary benefits from additional WIC sales in states where Reckitt does not hold the government contract, to dissipate. We expect to exit 2022 in the US with a larger, stronger business, but with more normalised sales volumes and operating profit margins.

Our Developing Markets business grew net revenue mid-single-digits in Q3 with market share improvements in all of our main markets.

The net effect of M&A was a 13.4% reduction in net revenue in Q3, representing the disposal of IFCN China and EnfaBebé in Argentina.

Performance by Geography

	£m	Volume	Price / Mix	LFL[1]	Net M&A	FX	Actual
Q3 2022							
North America	1,329	-5.4%	+12.5%	+7.1%	-	+16.1%	+23.2%
Europe / ANZ	1,169	-1.0%	+11.1%	+10.1%	-	+0.7%	+10.8%
Developing Markets	1,237	-7.2%	+12.2%	+5.0%	-5.4%	+8.8%	+8.4%
Group net revenue	**3,735**	**-4.6%**	**+12.0%**	**+7.4%**	**-1.9%**	**+8.5%**	**+14.0%**
YTD 2022							
North America	3,585	-4.7%	+9.4%	+4.7%	+1.0%	+10.4%	+16.1%
Europe / ANZ	3,384	+4.5%	+7.4%	+11.9%	-2.4%	-2.7%	+6.8%
Developing Markets	3,654	-2.2%	+10.2%	+8.0%	-12.2%	+5.3%	+1.1%
Group net revenue	**10,623**	**-0.8%**	**+9.0%**	**+8.2%**	**-4.9%**	**+4.3%**	**+7.6%**

1. *Adjusted measures are defined on page 7*

North America Q3 net revenue grew 7.1% on a LFL basis, with strong growth in Finish, Mucinex and IFCN, partially offset by declines in Lysol given high comparatives and slower market conditions in Air Wick.

Europe / ANZ Q3 net revenue grew 10.1% on a LFL basis, with broad-based geographic growth in Finish, Vanish, Nurofen, Strepsils, Dettol and Veet. Category volumes slowed in parts of our Hygiene business, such as air care.

Developing Markets Q3 net revenue grew 5.0% on a LFL basis, with strong growth in Finish, Vanish, Harpic, Veja and Strepsils offset by high comparatives in Lysol and Dettol.

OTHER MATTERS

Russia

On 13 April 2022, Reckitt announced it had begun a process aimed at transferring ownership of its Russian business, which may include a transfer to a third party or to local employees.

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's 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.55% 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.