

24 July 2024

**RECKITT TO SHARPEN ITS PORTFOLIO & SIMPLIFY ORGANISATION
FOR ACCELERATED GROWTH & VALUE CREATION**

FOCUS ON CORE HIGH-GROWTH, HIGH-MARGIN POWERBRANDS

ASSESS ALL OPTIONS FOR 'ESSENTIAL HOME' PORTFOLIO & MEAD JOHNSON NUTRITION

MOVE TO A SIMPLER, MORE EFFECTIVE ORGANISATION¹

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

London UK, 24 July 2024: Reckitt Benckiser Group Plc ('Reckitt plc') announces actions to 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. This involves significant sharpening of its brand portfolio and a move to a simpler, more effective organisation¹ to maximise long-term value for shareholders.

Reckitt plc will focus on a portfolio of market-leading Powerbrands, in line with the criteria set out in its October 2023 strategy update. These high-growth, high-margin Powerbrands are beloved by consumers and hold leading market shares in categories with significant headroom for long-term growth. These actions are the result of a thorough review conducted over the last nine months. This sharpened portfolio creates the opportunity to move to a simpler, faster and more efficient organisation.

Reckitt plc will seek to exit its portfolio of leading home care brands that are no longer core ('Essential Home') including Air Wick, Mortein, Calgon and Cillit Bang, with FY2023 net revenue of £1.9bn, by the end of 2025 and will consider all options to maximise shareholder value.

The Mead Johnson Nutrition business, with its market-leading brands of Enfamil and Nutramigen, is now non-core and Reckitt will consider all strategic options to maximise shareholder value.

Reckitt plc's allocation framework remains constant, and these actions allow the company to focus capital against brands that offer the best long-term opportunity for growth. Reckitt plc will continue to pay a progressive dividend and return surplus cash to shareholders, including excess proceeds from future transactions.

All proposals are subject to relevant employee representative and/or works council information and consultation, where applicable.

A sharper, simpler Reckitt

The core Reckitt portfolio will be a **uniquely attractive consumer health and hygiene business**, with premium, high-growth and high-margin Powerbrands, including Mucinex, Strepsils, Gaviscon, Nurofen, Lysol, Dettol, Harpic, Finish, Vanish, Durex and Veet. Over the last five years this portfolio has delivered **strong growth and high margins**, generating a 7% net revenue CAGR

¹ All proposals are subject to relevant employee informing and consulting processes, where applicable.

² The Fuel for Growth savings are net of dis-synergies from any portfolio actions

³ Does not include contingent M&A related expenses, including tax and deal costs

⁴ Branded player claims based on aggregated data from Nielsen / Nicholas Hall, in each case, or the relevant category and geographic focus.

between FY2018 and FY2023, and a gross margin of 61% in FY2023. The portfolio will also include likely future Powerbrands including Move Free and Biofreeze, and important local hero brands such as Lemsip, Airborne, KY, Veja, Jik, Tempra and Jontex.

Reckitt will¹ move to a **simpler and more effective organisation** with fewer management layers and reduced duplication to accelerate speed of decision making and improve efficiency. This means a move to a **unified category structure operated through three geographies, North America, Europe and Emerging Markets**, and removing the Global Business Unit structure. The global category organisation will deliver consumer insight, category expertise and innovation, with the geographic areas focusing on execution excellence for consumers and customers.

Fuel for Growth

Reckitt plc will² **expand and accelerate its existing fixed cost optimisation initiative** to drive improved effectiveness and efficiency of the organisation. This program will deliver a step change in organisational effectiveness with fewer management layers and greater proximity to the consumer. These changes will unlock cost efficiencies delivering at least a 300bps reduction in fixed costs as it exits 2027² to achieve an end-state fixed-cost base of c.19%, from c.22% today. Reckitt plc expects to incur estimated one-off cash restructuring and transformation costs during this period of c.£1.0bn³.

Savings will come from organisation simplification, greater use of shared services, right-sizing investments, automation, and digital and generative AI opportunities¹.

Operations from January 2025

Reckitt plc's new organisation and revised leadership will¹ be in place on 1 January 2025. Also announced today are the designate geography and category leaders, each of whom will be joining the Group Executive Committee.

From 1 January 2025, Reckitt plc will report its financials in three segments – Reckitt, Essential Home, and Mead Johnson Nutrition.

Maximising the value of Essential Home

Reckitt plc will explore opportunities to maximise the full potential of its portfolio of attractive, iconic Essential Home brands. Essential Home is a stable and resilient international portfolio in the large home care category with attractive margins and high cash generation. Essential Home is focused on North America, Europe and Latin America. Essential Home will be run by a separate, dedicated team of experienced Reckitt leaders.

Consider all strategic options for Mead Johnson Nutrition

Reckitt plc will consider all strategic options for Mead Johnson Nutrition to maximise shareholder value over time. The business will continue to be led by the same world-class management team.

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Kris Licht, Chief Executive Officer, said:

"Today we announce an important step forward to firmly establish Reckitt as a world-class consumer health and hygiene company, with one of the strongest growth and margin profiles in the industry.

Our core portfolio of market-leading Powerbrands and simpler, more effective organisation position us to better serve our consumers and customers. This will deliver attractive long-term value creation for Reckitt's shareholders through our earnings model and cash returns.

I am pleased to announce the appointment of a number of talented, long-term Reckitt leaders to the Group Executive Committee to deliver this growth and value creation opportunity."

Reckitt

- A business with **significant headroom for long-term growth with strong cash generation** capabilities and compelling prospects for growth through greater focus, increased innovation, category expansion and inorganic growth opportunities.
- **FY2023 net revenue of £10.3bn** and a 5-year LFL net revenue **CAGR of 7%** between FY2018 and FY2023, and a **gross margin of 61%** in FY2023.
- **A portfolio of Powerbrands⁴** with clear category leadership, including:
 - **Mucinex** – the #1 global cough & decongestant brand
 - **Strepsils** – the #1 global medicated sore throat brand
 - **Gaviscon** – the #1 global upper gastrointestinal brand
 - **Nurofen** – the #1 European Systemic Analgesics (Pain Relief) brand
 - **Lysol** – the #1 global disinfection brand, with the #1 market position in US
 - **Dettol** – the #1 global antiseptic liquid brand
 - **Harpic** – the #1 global lavatory care brand
 - **Finish** – the #1 global auto dishwasher brand
 - **Vanish** – the #1 global fabric additives brand
 - **Durex** – the #1 global condoms brand, with the #1 market position in China
 - **Veet** – the #1 global depilatory brand
- **A balanced and attractive geographic profile** with Europe 35%, North America 27% and Emerging Markets 38% of FY2023 net revenue.
- **A unified category structure operated through three geographies** – effective 1 January 2025.

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- **Category** – will be led by Ryan Dullea, currently SVP Selfcare Global Category and has been at Reckitt since August 2019
- **Europe** – will be led by Eric Gilliot, currently EVP North America and has been at Reckitt since June 1998
- **North America** – will be led by Jerome Lemaire, currently EVP Category Development Hygiene and has been at Reckitt since April 1998
- **Emerging Markets** – will be led by Nitish Kapoor, currently EVP Fuel For Growth and has been at Reckitt since June 1993
- Ryan, Eric Jerome and Nitish will be appointed to the Group Executive Committee and will collectively be responsible with the other Executive Committee members for ensuring the successful delivery of this overall programme
- **An efficient, agile organisation** – significant cost savings targeted by expanding and accelerating the existing fixed cost optimisation initiative.
- **A virtuous earnings model** – high margins, brand equity investment and innovation. Sustainable revenue growth and high operating leverage.

Essential Home

- A highly attractive portfolio, focussed on North America, Europe and Latin America, with FY2023 net revenue of £1.9bn containing iconic brands with market-leading positions⁴, consumer recognition and loyalty, including:
 - Air Wick – the #1 air care brand in Europe, #2 market position in Latin America and # 3 market position in US
 - SBP – the #1 pest control brand in Brazil
 - Calgon – the #1 European brand in water softeners
 - Cillit Bang – the #4 brand in surface cleaning in Europe
- A stable and resilient business with strong cash-generation capabilities.
- One of the few scaled, international branded players in the large and attractive home care category.
- Essential Home will be led by Paolo D’Orso, currently EVP Europe Hygiene and has been at Reckitt since July 2011.

Mead Johnson Nutrition

- A **leading nutrition business** with a portfolio of strong global and local brands⁴ including:
 - **Enfamil** – the #1 global infant formula brand and the #1 infant formula brand recommended by paediatricians in the US

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- **Nutramigen** – the #1 allergy brand in the US
- This business will continue to be led by the same world-class management team.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018. This announcement is made by Catheryn O'Rourke, Company Secretary, for Reckitt Benckiser Group plc.

H1 2024 RESULTS PRESENTATION TODAY

There will be a results presentation for analysts and investors today at 08:30 BST which will be held at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS.

To attend in person, please email your details to ir@reckitt.com to register.

For those wishing to follow the webcast (listen-only), please click on the link below:

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

Alternatively, dial in details (listen-only) are as follows:

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