

# RECKITT H1 2023 RESULTS



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# NICANDRO DURANTE

Chief Executive Officer

# AGENDA



**Key  
messages**



**Financial  
review and  
outlook**



**Business  
updates and initial  
thoughts**

# KEY MESSAGES: ON TRACK



**Strong H1  
delivery**

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**Innovations  
landing**

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**Confidence in  
FY targets**

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**New CEO –  
continued  
momentum**

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# JEFF CARR

Chief Financial Officer

# GROUP SUMMARY: CONTINUED POSITIVE MOMENTUM

Q2 2023



Volume

**(4.3)%**

Price/Mix

**+8.4%**

H1 2023



Volume

**(4.4)%**

Price/Mix

**+10.4%**

H1 2023

Net revenue

**£7,446M**

PY: £6,888m

IFRS net revenue growth

**+8.1%**

Adjusted operating profit (AOP)

**£1,769M**

(2.4)% at constant FX

AOP margin

**+23.8%**

(180)bps

Dividend growth

**+5%**

H1 2023 dividend recommended: 76.6p

# GROUP MARGINS: GROSS MARGIN EXPANSION AND INCREASED BEI

£m	H1 2023	H1 2022	Change Actual FX	Change Constant FX
<b>Net Revenue</b>	7,446	6,888	+8.1%	+6.0%
<i>LFL growth</i>	+6.0%	+8.6%		
Gross Margin %	59.4%	58.1%	+130bps	
Brand Equity Investment	(918)	(805)	+14.0%	+11.2%
BEI %	12.3%	11.7%	(60)bps	
Other Costs	(1,737)	(1,434)	+21.1%	+19.2%
Other Costs %	23.3%	20.8%	(250)bps	
<b>Adjusted Operating Profit</b>	1,769	1,765	+0.2%	(2.4)%
Adjusted Operating Profit Margin	23.8%	25.6%	(180)bps	

Calculations of adjusted measures are presented within the H1 2023 results announcement



# HYGIENE: LYSOL RETURNS TO GROWTH IN THE QUARTER

Q2 2023



Volume

**(7.3)%**

Price/Mix

**+12.8%**

H1 2023



Volume

**(8.9)%**

Price/Mix

**+12.5%**

H1 2023

Net revenue

**£3,057M**

PY: £2,879m

IFRS net revenue growth

**+6.2%**

Adjusted operating profit (AOP)

**£583M**

(8.1)% at constant FX

AOP margin

**19.1%**

(250)bps

# HEALTH: STRONG GROWTH ACROSS OTC AND INTIMATE WELLNESS

Q2 2023



Volume

**(0.1)%**

Price/Mix

**+5.0%**

H1 2023



Volume

**+0.5%**

Price/Mix

**+8.3%**

H1 2023

Net revenue

**£3,073M**

PY: £2,820m

IFRS net revenue growth

**+9.0%**

Adjusted operating profit (AOP)

**£882M**

+8.0% at constant FX

AOP margin

**28.7%**

+40bps

# NUTRITION: US MAINTAINED LEADING MARKET SHARE POSITION

Q2 2023



Volume

**(6.9)%**

Price/Mix

**+6.0%**

H1 2023



Volume

**(5.2)%**

Price/Mix

**+10.5%**

H1 2023

Net revenue

**£1,316M**

PY: £1,189m

IFRS net revenue growth

**+10.7%**

Adjusted operating profit (AOP)

**£304M**

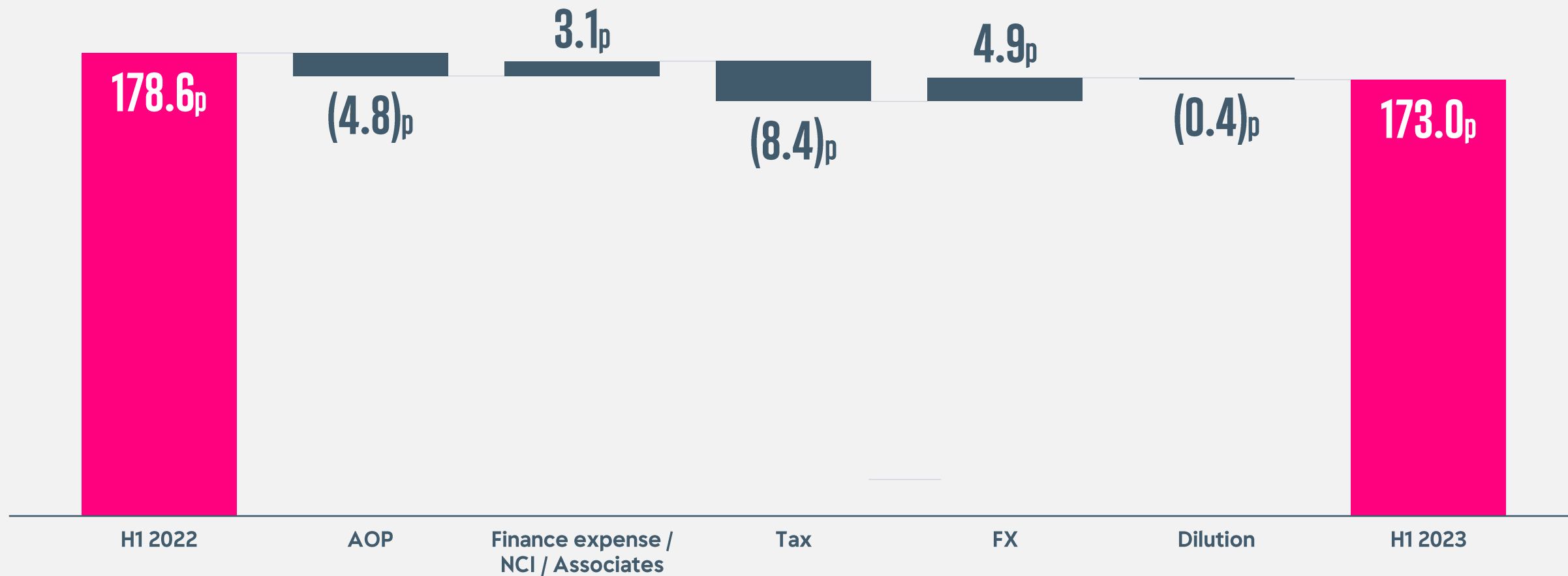
(16.1)% at constant FX

AOP margin

**23.1%**

(590)bps

# ADJUSTED EPS



# FREE CASH FLOW GENERATION

£m	H1 2023	H1 2022	Change
<b>Adjusted operating profit</b>	<b>1,769</b>	<b>1,765</b>	<b>4</b>
Depreciation, share-based payments and gain on disposal of fixed assets (net of proceeds)	264	238	26
Capital expenditure	(189)	(175)	(14)
Movement in working capital and provisions	(451)	(592)	141
Cash flow in relation to adjusting items	(44)	(24)	(20)
Interest paid	(121)	(113)	(8)
Tax paid	(470)	(372)	(98)
<b>Free Cash Flow</b>	<b>758</b>	<b>727</b>	<b>31</b>
<b>Free Cash Flow Conversion</b>	<b>61%</b>	<b>57%</b>	<b>4%</b>



Free cash flow

**+£31M**

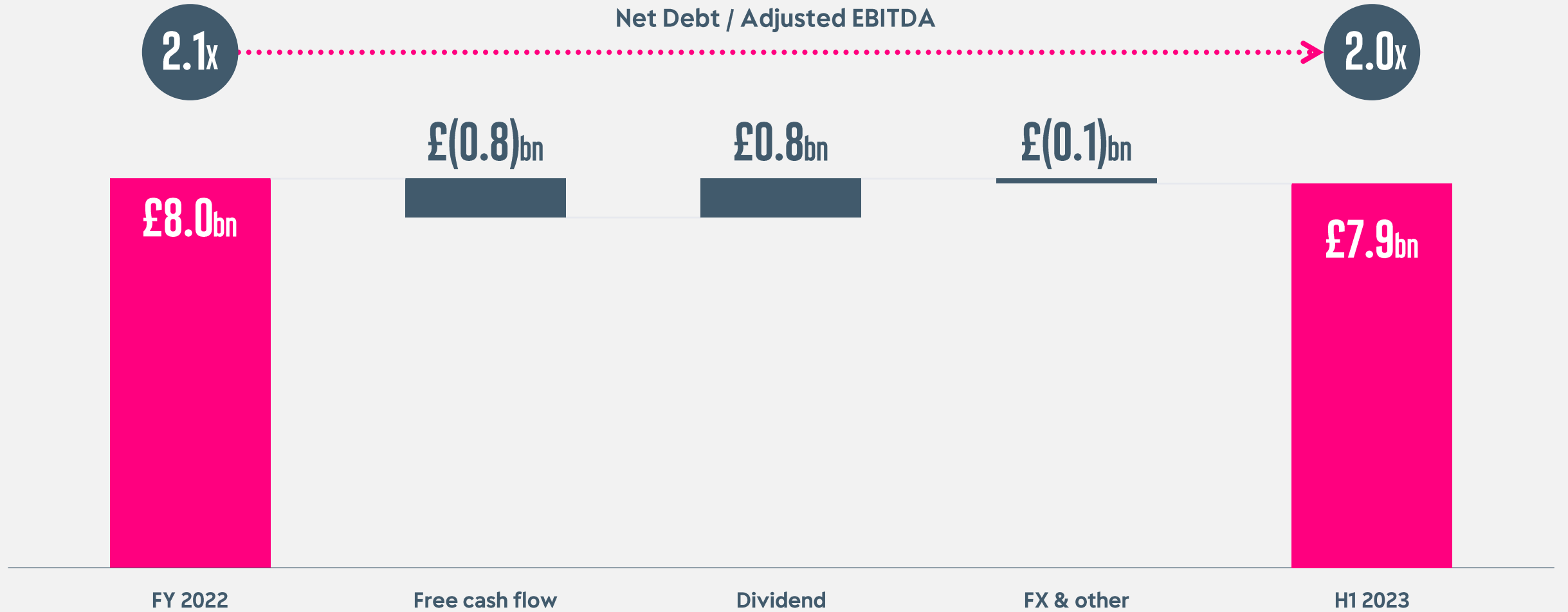
vs PY



**NWC**

Lower payables and reduced inventories

# LEVERAGE REDUCED



Calculations of adjusted measures are presented within the H1 2023 results announcement

# CAPITAL ALLOCATION PRIORITIES REITERATED



Investment in operations to drive growth and maximise return



Remain focused on delivering strong free cash conversion



Aim to deliver sustainable dividend growth in future years subject to any significant internal or external factors (5% growth in 2022)



Target single A credit rating



Rigorously manage the portfolio



Return surplus cash to shareholders



Dividend  
growth policy



Focused on returns  
to shareholders of  
any excess cash

# 2023 OUTLOOK AND GUIDANCE

## Group LFL net revenue growth

**+3% TO +5%**

(Including US Nutrition impact<sup>1</sup>)

## Adjusted operating profit margin

**SLIGHTLY ABOVE  
2022 LEVELS**

(When excluding US Nutrition impact – c.80bps in 2022)<sup>2</sup>

Adjusted Net  
Finance Expense  
**£250m to £280m**

Capex as %  
of Net Revenue  
**c.3%**

Adjusted  
Tax Rate  
**c.24% to 25%**

Targeted  
Leverage  
**Less than 2.0x**





# KRIS LICHT



H1 2023 RESULTS

# BUSINESS UPDATES

# HYGIENE HIGHLIGHTS



**Broad-based  
growth**



**Innovation  
led**



**Lysol returns  
to growth**

# INNOVATION LED

Finish Ultimate Plus All-in-One



Air Wick Vibrant

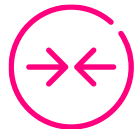


Vanish Oxi Action



# LYSOL RETURNS TO GROWTH

## Disinfectant Spray



**c.80%**

Market share<sup>1</sup>

## Disinfectant Wipes



Increased distribution

## Laundry Sanitiser



**+20%**

category growth<sup>2</sup>

## Air Sanitiser



**Lysol net revenue +c.50% above pre-pandemic levels<sup>3</sup>**

1 – USA Nielsen YTD June 2023

2 – USA Nielsen L12W ending 1 July 2023 | 3 – H1 2023 vs H1 2019

# HEALTH HIGHLIGHTS



**Strength in OTC  
and Intimate  
Wellness**



**Broadening  
shoulders of  
our brands**



**Innovation  
led**



**Improving Dettol  
performance  
in H2**

# STRENGTH IN OTC AND INTIMATE WELLNESS

## OTC

**NUROFEN** 

**Mucinex**

**GAVISCON**

**Strepsils**



 **+20%** H1 LFL  
NR growth

## INTIMATE WELLNESS

**durex**

**KY**  
EST  
1904



 **HSD** H1 LFL  
NR growth

# BROADENING SHOULDERS OF OUR BRANDS

## Mucinex InstaSoothe Sore Throat and Pain Relief Spray



Mucinex

## Nurofen Liquid Caplets



NUROFEN®

## Biofreeze



BIOFREEZE  
COOL THE PAIN



# INNOVATION LED

## Biofreeze Overnight Relief



**BIOFREEZE**  
COOL THE PAIN

## Durex Invisible



**durex**

## Dettol Cool



**Dettol**

# NUTRITION HIGHLIGHTS



**North America  
market share  
leadership**



**Latin America  
improving  
execution**



**ASEAN mixed  
performance**

# NORTH AMERICA MARKET SHARE LEADERSHIP



**#1** Recommended Infant Formula by Paediatricians<sup>1</sup>

**#1** Trusted by consumers in the US<sup>1</sup>



**#1** Allergy brand<sup>1</sup>



**Strong market share**



**Share of hospital contracts<sup>2</sup>**

1 – Based on AMC Global January 2023 Survey | 2 – As at February 2023

# LATIN AMERICA IMPROVING EXECUTION



Innovate with science



Execute with excellence



Pull the margin levers

LAUNCH OUR  
MOST ADVANCED  
FORMULA



FOCUS ON MOST  
MEDICALLY DRIVEN  
CONSUMER NEEDS



**+50BPS**

share gains  
across LATAM<sup>1</sup>

1- Nielsen YTD May 2023 vs prior year



H1 2023 RESULTS

# INITIAL THOUGHTS

# INITIAL THOUGHTS



**The right  
strategy**

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**A culture fit  
for the future**

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**Opportunities  
for further  
optimisation**

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# OPPORTUNITIES FOR FURTHER OPTIMISATION



**Innovation  
and product  
superiority**



**In-market  
excellence**



**Reduced fixed  
cost to fuel growth  
and earnings**



**Returns to  
shareholders**



# NICANDRO DURANTE

Chief Executive Officer



# KEY MESSAGES: ON TRACK



**Strong H1  
delivery**

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**Innovations  
landing**

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**Confidence in  
FY targets**

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**New CEO –  
continued  
momentum**

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# APPENDIX



# PERFORMANCE BY GEOGRAPHY

## North America

**Q2**  
LFL net  
revenue  
growth

**+7.8%**

## Europe / ANZ

**+5.2%**

## Developing Markets

**-0.4%**

**H1**  
LFL net  
revenue  
growth

**+6.5%**

**+9.7%**

**+2.2%**