Reckitt Focus On: North America | November 19, 2026

Nick Ashworth, Head of IR:

Hello and good morning everybody and welcome to our next installment of Reckitt Focus On. And I can't actually believe this is our fourth one, they are flying by. And today, we're going to be focusing on North America. And it gives me great pleasure to welcome you all to Nutley, New Jersey. This is our North America HQ. And so it's great to see a room full of people and I know we have a lot of people online as well joining us. So welcome to everybody.

And for those of you who don't know me, I'm Nick Ashworth. I head investor relations here at Reckitt. And so look, shortly you're going to be hearing from Jerome. He'll talk about North America business and all the opportunities that we see ahead of us. But firstly, before that, I have the super important duty to say we have the disclaimer for forward-looking statements and I'm sure everybody will spend a lot of time reading that over the next coming hour, so please do.

Look, secondly, as we always do after the presentation, we'll go to the Q&A. We'll start with questions in the room and I'll be moderating the panel session. For those online, please put your questions into the question box. They'll come to me and I'll be able to ask the panel as we go through the session. And so look, with that said, let's get onto the presentation and I'll hand over to our CEO, Kris Licht. Kris.

Kris Licht, CEO:

Thank you, Nick. Let me add my welcome to everyone. It's great to have you here in our North American home in Nutley, New Jersey. I hope you find today's presentation exciting. We are very excited about our North America business. This is really an excellent business in many ways. We have fantastic brands, true power brands. We have excellent innovation, both a track-record innovation and more innovation to come, which you will hear about today. And we are making important investments in this business to make it even more resilient. We have a wonderful business in North America and I am very excited that you get to hear from the team today about all the opportunities that we're looking to capture in the years to come.

Now, I also want to just acknowledge that obviously Q3 was tough for the North American business, and in particular for Lysol. We actually had very good sellout performance, as you know. But we had constraints in meeting that in our supply chain. This is why we're investing as heavily as we are in our supply chain, and we will keep doing that. We absolutely want to have a durable and world-class supply chain footprint in North America and that's why we've announced the 600 million investment program so far. And we will continue to invest as long as that is needed.

I would also say to you that in many ways, this is a business powered by great people. And today, you will hear from Jérôme, our President. You'll hear from Jono, our VP of Customer Marketing. You'll hear from Shannon as well on the financials. And you will hear from many team members when we go through a number of videos, and you'll get a real feel for who our team is and how they're working. I know many of you also had a chance to meet with some of our team leaders at dinner last night. So with that, I'm going to hand this over to Jérôme so we can get started. Please enjoy.

Jérôme Lemaire, President North America:

Thank you, Kris. And good morning, everyone. It's really my pleasure to host you all, myself and my team, in our Nutley headquarters. So we really thank you for making the effort and thank you for being there with us this morning. So I will be supported by Jonathan Weiss, who is the VP for Customer Marketing and Shannon, that you know our group CFO.

I would like to give maybe a couple of insights on my experience in Reckitt. So I've been with the company for almost 29 years. So I've done basically the entire career in Reckitt. I joined in Reckitt France. I'll let you do the math, but it was a different millennium. I had the first leg of my career in consumer marketing where I've done pretty much everything from local, regional and global marketing. And had the chance for the last, let's say, 15 years to expand into broader commercial position.

So just to quote a few, before this role, I've been regional director for the Australia-New Zealand business. I've been SVP E-Commerce for the Hygiene Business Unit at the height of the pandemic. And more recently I was the AVP for the global brand of hygiene based in Amsterdam. So I'm delighted to host you all.

I also want to say something about North America. And I'm in this position for the last two years. It's actually my second stint in the US. I had the chance to work for about four years in North America in a more junior position at director level. And having had the experience of North America, maybe more on the frontline, touching really the execution is something that is also helping me every day to steer the business. So thank you all for being here and I would like us to start now.

So I think the first thing in terms of agenda for the day, we're going to spend roughly a couple of hours this morning with the presentation and the Q&A. We're going to have a product showcase organized by my team. So we're going to be exposed to the different assortment of the brands, as well as all the innovation we're going to bring to the market next year. And then, we're going to head to the store where the magic happens. That's the plan for the day.

Before we go into details, and there will be, as Kris mentioned, lots of content. My team really participated on every single brand to this presentation. I think there are three key messages I would like to land. The first one, we are all about category creation. We want to drive category value growth and we have an amazing portfolio of brands to do that. We truly have iconic brands in North America. You're going to see they are brands that are really meaningful to the American consumer. So we're going to go through that today.

The second point I would like to insist on, I always see my company, Reckitt as a commercial machine. And Jonathan is going to bring to life how we really are every day upskilling, upgrading our sales capability through tech. Even the basic of sales are these days catapulted with a new technology. But Jono is going to spend also a lot of time to debunk all the myths around omnichannel. So it's going to be a very inspiring and strategic section, but also with a lot of very tangible examples of what omnichannel means. And the third point, I will give you a very detailed update on where we stand in terms of strengthening our supply chain, supply footprint in North America. All of that powered by the right culture and organization. That's for the key messaging.

So I'm going to start the first part of the presentation by giving you a few facts about North America, who we are. I think the first one that is very important to know, we have a very strong legacy in this country. I think we started in the US in 1892, and already in New Jersey. I think we opened the first lab in 1908 in Rochester, New Jersey. And we've built this business through very curated acquisition. So just to name a few, I'm not going to read the entire slide, Lysol became Reckitt in 1994. In 2008, we had the acquisition of Adam Pharmaceutical that includes Mucinex. 2012, the entire Schiff Nutrition portfolio that gave us, almost 15 years ago, all the vitamins, minerals, supplement portfolio that has incredible tailwinds these days. We're going to come back to that. And more recently, in 2021, the acquisition of Biofreeze.

We are also present all across the country. So that's a busy slide. If you bear with me, we have two headquarters, one in Canada, in Mississauga next to Toronto. One this building in New Jersey for Nutley. We also have four manufacturing sites, two hygiene sites, so one in Missouri, one in New Jersey. And two health sites, one in Salt Lake City, fully focused on vitamins, minerals, and supplements. And a new

site that is ours and the first production we are going to start in Q2 next year in Wilson, North Carolina in the healthcare triangle. We also employ 4,000 people direct and more than 25,000 people across the nation.

So let's go a bit more internal and the weight of North America for Reckitt. So we're 2.6-billion business. That's circa one quarter of the global net revenues of the company. And just to tease a bit, my colleague Nitish, we are twice bigger than China and we are three times bigger than India. So it's a very sizable market and the number one market of Reckitt. We also material to the profitability of the company, 28% of the AOP of core Reckitt.

In terms of growth, if you look over the last 10 years, we have delivered a +3.2% CAGR in terms of growth. Which even goes closer to mid-single digit if you zoom in into 2020, 2026. And all of it has been led by two key factors, volume growth. Even with a more challenging macro, volume growth has always been a priority. And second, innovation and specifically to the US, innovation for category creation.

So now let's enter a bit more into the portfolio of brands and the categories. So you have here the four categories where Reckitt competes globally, participates globally. Germ protection, self-care, household and intimate wellness. And what's interesting to see on this slide, already Reckitt globally is over index on germ protection and self-care. In the US, it is 85% of our net revenue.

So I would like to pause at this moment already of the presentation because we're going to go now into the detail of the portfolio and the brands, but there's two key messages. First of all, 85% of our business is made of brand like Lysol and Mucinex that are incredible equity. So you could think with the number that we're already sizeable, we are. But I think there's even more growth to unleash in the future. And we have also a very broad portfolio of wellness brands that we can really expand, also benefiting from today's tailwinds.

So in a nutshell, we're in a great place today, but I believe the growth of the future is going to be even greater. So we're going to now deep dive into the potential of this portfolio and let's start with a little video first. Thank you.

[Video]

Jérôme Lemaire, President North America:

So this is a portfolio of our brands. And when I build this slide, it's not a very complicated slide, but I was wondering should we talk about the in-market position? So yes, we are number one or number two on all these brands. But I think it's not very interesting if you want to talk about the growth of the future. So I wanted really to insist on two components. These brands have really amazing equities and they earn like in human relation, they earn the trust of an American consumer and they earn the trust. And the second point, they're highly credible. They're the most recommended.

So just to name a few, and that really explains why we are so confident about the potential of this portfolio. Lysol, it's been several consecutive years Lysol is part of the top five most trusted brand in North America across categories. You take a Mucinex, of course it's very trusted. It's also number one doctor recommended on all the cough and chest congestion. Totally different category. KY, Lubricant, number one recommended by doctors in the US. Biofreeze, number one physician recommended. Airborne, accredited by doctors, accredited sorry, by teacher and really a love brand in North America.

Finish Jet Dry, recommended by nine out of 10 consumer. Jet Dry, clear number one on the market with a strong legacy. So all these brand combine the trust and the trust is powered by the high credibility and authority on their respective categories. That's the power of this portfolio.

Now we're going to deep dive on this portfolio and I would like to start with our largest brand and largest category, Lysol. Lysol is 40% of the portfolio. And I think considering the size of this brand, we need to do a little explanation, a little deep dive on why we believe this brand has so much potential.

So I would like to introduce you to the Lysol Disinfecting Spray, and please travel with me. We're going to be back in 1999. So this is a Lysol can, but it is a Lysol can, but also this is also the Lysol equity. This is a foundational product of Lysol. And what's interesting about this product, first of all, it's versatile. It's used on surfaces and American use it pretty much everywhere. And it says a lot about the equity of Lysol.

Lysol in all attributes, all equity analysis stand for superior germ kill. So you do the job very well. But it also stands for safety. And that's a tension that none other brand on the market can own. Meaning you do the germ kill that is in a sense seen as harsh by consumer, but you do that in a way that is totally safe. And there's a reason for that. And the reason you find it, yes, in this product, but also in the product strategy of Lysol. We don't use bleach in the vast majority of our products.

And that's very important to understand because when you use bleach or when you use harsh chemicals, you really focus on the surface care area where Lysol already performs. But that can prevent you to stretch into adjacent categories. That the power of Lysol, you can really do the two in a way that consumer really trusts.

So if you look at the journey of Lysol and how we build the brands, now we're going to bring a few numbers. If you go back in time in 1999, Lysol was a $350 million proposition. In the 2000, 2010, we developed the brand in every single subsegment of the surface cleaners category. We launched wipes for instance in 2000. We expanding in toilet bowl cleaners, triggers, dilutables, multiple fragrances. Maybe to dimensionalize it, Lysol was very strong in the kitchen, the typical kitchen top brand in North America. And then we already stretched it into the bathroom world. So we spent 15 years really becoming a very sizable player on surface cleaning.

In 2017, we did the first stretch outside of the surface care world. We went into the world of laundry, which is a mega category. I don't need to develop that. Mega category in the US. A lot of debate at that time, shall we go or not? We decided to go confident about the equity of the brand. 10 years later, it is a 300 million RSV proposition, with fantastic penetration and repeat rates. It's a product consumers love.

Important signposting, 2019, we are just a few months before the pandemic. Lysol is already a 770 million brand, so twice the size of what it used to be in 1999. So the pandemic happened, we got some peak, we got some readjustment. We launched in 2023 in the context where really consumer were really, really into germ protection, the Lysol air sanitizer. Which again, because of our strong credential in air, this was an instant success, with a protocol co-develop with EPA. We're going to deep dive into the specific innovation later this morning.

And when you look now where we are, Lysol is a 1.2 billion brand. So 1.2 billion brand from 300,050, 25 years ago. And a brand that managed to stretch into multiple territories. From its core equity germ protection versatile, into the world of surface cleaning that is in a sense very more cleaning and really one aspect of the brand. And then into another aspect of the brand where we demonstrated the relevance of Lysol into the washing machine and into the air. So that's amazing. That's also, you can see on the pink box at the top, it's also 60% bigger than what we used to be pre-pandemic.

So that's a fantastic journey, but the best is yet to come and that's really where I want to go. The first point, yes, I'm very proud about the Lysol penetration. We have 56% penetration in the US. That's a massive number. It means if penetration are calculated in a 12-month basis, if you expand it into two years, you could say virtually every single American household has a Lysol product at home. It's 10

points more than the pre-pandemic, by the way. We are at 45% before the pandemic. So also the penetration is really rapidly expanding.

But the good news, if you do one level down, you look at the penetration by segment, you see we have so much growth to unleash by just exploiting the core. And really building what Sales would call a plus one, marketers would call it building repertoire or broadening the shoulders. Look at the large segment, the legacy segment like toilet bowl cleaners, wipes. There's not a single segment in the cleaning aisle where we have more than 20% penetration. And if you look at the new adjacency we just built over the last 10 years, they're not even close to 10%.

So there's a massive headroom by really educating consumer to build a Lysol house. Where the germ protection relevance is valid into every single dimension of the house. That's the first point. If you do that well, adding a few flanker initiative, fragrance, building consumption packs, etc., playing the channel game, we believe we have the right pathway to grow this brand by plus 5% over the next coming years and reach 1.5 billion.

But that's not all. You can imagine we're working when you have a brand that has so much potential, our marketing teams are working relentlessly to design new innovation. So there's more we can do. And I think there's more we can do twofold. The first one when you look at innovation, we have many, many initiatives. There's nothing I can disclose today except one thing, what we're going to launch next year.

And I'm going to keep it for a few minutes. In a few minutes, we will disclose the big launch we're going to make next year. But this launch is at the intersection of what we've been doing in the past. We are very relevant now in the world of laundry. We are also relevant in the world of fragrance and odor removal. So we're going to launch an initiative that is at the crossover between this world of laundry and odor removal. That's one. It's coming in a few minutes. The second one is channel expansion. You're in the US where the trade is extremely sophisticated. And there are multiple avenues to grow the brands through a price back architecture, size, pricing, etc. So there's two critical classes of trade where we want to lean in, away from home and hardware and professional. Where we have a lot of growth to unleash in the future outside of the more traditional retail.

So if you take initiative innovation, and also the channel and the exploitation of all the channel, we believe this brand has... I believe I should say, this brand has definitely the potential to go to two billion. That's for Lysol. Great brand and two billion ambition in the future.

I would like now to move to our second critical leg in the portfolio, which is Mucinex. So Mucinex, same story. I think we're dealing with a brand that has an incredible equity. That's the equity of Mucinex, the 12-hour cough product. So the equity of Mucinex is coming from a slightly different place. Mucinex has historically been a very high end, hard-hitting, super efficacious and premium proposition. So you're starting from the top of the pyramid.

And I think Mucinex, when you look again, if you go back... Sorry. If you go back to 1999, that's also the same starting point. 2002, sorry, but the numbers are more or less the same. We're starting with 300 million. That was primarily a cough brand. But that's a brand, the beauty of Mucinex, we started to talk about the category in a very different way, with a very different tone of voice.

While most players at that time were talking about symptoms, we talked about mucus, which is maybe not the most exciting, but I think we had a very different tone of voice. And if you hammer mucus relentlessly season after season, you end up owning every KPI attribute in your equity that relates to cough, to chest congestion and all of that. So that's why we have this super efficacious positioning. We are really the hard-hitting brand and consumers, you're going to see that later, are definitely ready to pay a premium for Mucinex.

So same story, when you have such a great equity, you want to stretch it. We entered very successfully the cold and flu category in 2011. Sinus 2012, Sore throat 2021, and more recently we're going to have a specific section on this. We are disrupting the Cold and Flu category with the launch of Mucinex 12-hour cold and flu.

It could be called a trade up. I really think it is again category creation, increasing the size of the pie. And it is a multi-year commitment we're making with the launch of the Mucinex 12-hour. We're going to bring the whole category from four hours to 12 hours. So that's for the growth journey and you look at the numbers from 300 million in 2002 to almost 800 million 24 years later.

But that's not all, and exactly the same as Lysol I think really the best is yet to come. And when you have a brand of that quality, you really, really have to spend time to see how we can further expand it. So the first opportunity is exactly like Lysol is growing the core. We have 26% penetration on Mucinex, which is also very sizable penetration. But same story, even the very large established segment don't have more than 10% penetration, cough and cold and flu. And many other segment, sinus, or throat are below 10%. Which are in a category like upper respiratory, very decent numbers. But it means we really have an opportunity to educate consumer. You can use this cough product in January when you're sick. But if you have allergies, you could use a sore throat product in May, for instance. By just adding a plus one, you really realize the power to grow the size of the pie. That's the number one priority. The second priority is the channel expansion. And on this one, there is really one big opportunity is what we call Q-Commerce or fast delivery. So you see more and more in the US, many pure players or many omni retailers partnering either with Q-Commerce companies or upgrading their fast delivery. You can have the product delivered at your doorstep in three hours. And we all experience that when you're very sick, you don't want to go outside to buy your medicine. So that's a big opportunity for us. It's been two years.

We heavily leaning into building on this trend and really educating consumer they can get their Mucinex delivered at the doorstep. So if you take all of that into consideration, we believe Mucinex has definitely the power to become a one billion brand. So that are two critical pillars, and that's why we believe also being already very established, these brands have far more growth to unleash in the next coming years.

The third pillar is about wellness. And on wellness, I need to start with a few macro trends we're seeing on the category. It might not be new news for many of you, but I think it's really important to really set the scene on what's happening on wellness. I think the first trend is very simple. I think all of us, every generation have a very holistic approach to health and wellness. That was not the case maybe 10 or 20 years ago. So when I say holistic, I mean it's not just about physical shape or energy. Health is approaching a holistic way.

It includes brand health, cognitive health. It includes also many other dimension like intimate health that used to be a taboo topic with the emergence. We'll talk about social is becoming less and less of a taboo. And you can see that it's part of a healthy life. So holistic is really the name of the game.

The second one, we talk a lot about Gen Z, and trust me, Gen Z are our priority. We want to really bring a lot of Gen Z to our brands. We should not forget what I would call the most valued consumer today, the seniors. So healthy aging is a big trend and our brands are super well positioned on the healthy aging.

The third one is all the changing needs and life stages. So I said it already, thanks to social, many, many topics that were not discussed before were a bit taboo are not taboo anymore. And there's very open conversation about it and it creates a lot of growth opportunities for the industry. And the last one I was wondering at the beginning, is it a trend or not, but I think we can call it a trend.

The way you get advocacy, the way you get health advice, the way the first go to our social platforms, all of us, it can be an AI engine, it can be a real social platform. You check every symptoms, every opportunity to improve your health online. And just to give you a sticky metric, I think 62% of TikTok user are going to the platform to check ratings and reviews. So it's not just to look entertaining videos. Also, you know there's a lot of authority for this platform. And we are already leaning in all our wellness brands. I'm going to come back to that.

So the first point is yes, we do have an amazing portfolio of brands on wellness starting with vitamins, mineral and supplements. So on the left, you see all the categories in the US and in being highlighted where Reckitt participates to the category. So we have an amazing portfolio of brand and we are, put it simply, present on most of the largest specialist categories. So we present on immunity with Airborne, which is again a love brand in the US. Accredited by your teachers.

There's a lot of very nice equity metrics around this brand. A very strong player on the market. Digestive advantage on digestive health, mega high in heart health category. Move Free, which is our largest brand and a fantastic success story on joint and bones. And Neuriva on brain health. So a very broad and holistic portfolio in the US.

And on the right, you have a few interesting metrics. So eight in 10 consumers are taking two or more product in their routine every morning. And second one, on an annual basis this time, consumer travel across almost four different segments. That's for the gen pop of EMS. But the metric underneath, if you break down the category into heavy user, medium and light users, the heavy user that of course are primarily seniors are spending more than $500 on the category.

So yes, there is the opportunity to drive the Gen Z and bring more Gen Z, and everyone across generation is leaning into health and wellness. But the senior bullseye is a fantastic opportunity that we are studying very closely. I'm going to come back to that.

The second point is all the new trend we are seeing. And I think you see a lot of opportunity with the, I would call elder millennial or Gen X women target. And here you have women in a menopausal stage. And you can see if you map all vitamins mineral supplement categories and the representation of this target audience, they over index on every single demand space of EMS. Especially on mobility, joint and bone. That's the second one.

And talking menopause, there's a brand that has exactly women in a menopausal stage as a bullseye audience, that's KY. So I know you use when you talk about intimate wellness in Reckitt to talk about Durex. We do have Durex in the US, but I would say the flagship brand is KY. It is a brand with an incredible equity. I'm talking a lot about brands with authority and trust. KY is a perfect example. And even if the proposition in sales is much, much smaller than the Lysol or Mucinex, from a trust standpoint and capacity to expand, I think we could get in a few years time a very similar slide to my waterfall on Lysol on this specific brand.

So currently KY, number one doctor recommending, a real authority on this segment. But yes, KY is on the lubricant segment and is mostly used for sex occasion. We believe there's a big, big potential to stretch equity of this brand remaining on the intimate health demand space, but becoming a much broader proposition that goes beyond just sex occasions.

Last, social. And social is a very interesting one and as we all know. And all our relation to wellness is very much intertwined with how we use social media. That's very simple. And I think social has also from a more go-to-market standpoint is fantastic enablers for us. Because we have such a large portfolio of wellness brand, social give you the right targeting at scale in a way that is far more economical than the previous world, when you go mainstream TV, which is not suited for this type of needs.

Now in the new world, you can really target a certain group of seniors. You can target a certain group of middle age or elder millennial Gen X women. There's many targeting you can do to really get it super sharp and disseminate the right content that is super relevant for this target audience. We're doing that already on every single brand. So all the wellness brands I've been presenting are heavily present on social.

So I'm not going to present all these brands, but I wanted to share with you how we reinvented the Veet brands. I'm going to come back to that in one second. But just to finish before we show you the video, I was myself convinced to win in the digital world and the social world, you need to be a digitally native brand. And that was a complete mistake. You can have brand that have a strong legacy and manage through social to completely reinvent them, and bring a full new cohort of Gen Z to the brand. That's the case of Veet, I'll let you watch a video.

[Video]

Jérôme Lemaire, President North America::

So yes, Veet, it's a fantastic success story. This brand, and I think to understand the context, Veet is a very sizable brand in Europe. It's very sizable in a selection of emerging markets. In the US, I worked, as I said before, many years ago for a long time. Let's face it, it was a bit under the radar. It was not a big proposition. And the brand team has really the entrepreneurship to shift all the marketing monies towards social. And you see the result, we got a lot of native content. Some assets started to really become viral. We got one celebrity in the US that started to talk about the brand, and then total reinvention of the brand. Two years later, this brand is growing for the second year in a row, 20% year-on-year.

And this is powered primarily by a full new target audience.

We unleashed the Gen Z that were previously underrepresented. That's what we are doing to all brands of the wellness portfolio. Veet is the best illustration I wanted to share today. It's happening across the entire portfolio. So that we saw Lysol, Mucinex, and Wellness. And I would like to say a few words before deep diving into our iconic brand building playbook about the culture and the organization. And, I think, in a way it ties very well to what I explained on Veet.

So we want to have the right culture and organization very tailored to winning the shopper and the consumer in North America. The first thing I've done with the team two years ago is to change the organizational setup. Like many companies in the past, you had one P&L owner in the US and multiple people leading the equity, the master brand leading the innovation.

We say we are the US, we are by far the largest market. The brands are very unique to this market. As you can see, they're part of the global categories, but the equities are very deeply American. We need to empower our leaders that can control the whole spectrum of their brand. So basically now, if you meet the VP for Lysol, the VP for VMS or the VP for Mucinex, these guys own the entire brand spectrum, equity, innovation pipeline, and in market activation. They control everything and they also overhaul a cross-functional team, of course, consumer marketing, but also R&D supply and sales. So they have the entire, and also considering our factory footprint, et cetera, they really control the destiny of their brands. So when you sell the VP Lysol to meet with a customer in Bentonville or another VP meeting a customer in Seattle, they can control during the conversation, the entire conversation, basically.

They need a [inaudible 00:36:44] variance. If they need to discuss about launch timings, whatever, they have this under control. So it makes a big difference because all our leaders are super empowered to win what truly matters - the shopper and the consumer. So that's the first organizational setup we did two years ago.

And basically, it is a foundation to the culture we want for North America: being fast, bold and nimble. And underneath you have all the examples we're going to show during today. I just discussed Veet, Veet, the shift to social commerce that is really the illustration of the boldness. You're going to see in a few minutes how we partner with Walmart to create a fantastic activation around the 250 years anniversary of the US. And you're going to see also in journal section how we are stepping up in terms of content quality on Neuriva.

So all of that to support with the culture of being fast, bold and nimble in this market to win ultimately the consumer. That's my first intro about how we believe in this potential and the potential of this business that is a great business today, but has far more potential to unleash in the next coming years. I would like now to deep dive into more specifically the brand building, the innovation, and the go-to-market.

Jérôme Lemaire, President North America::

So let's start, you've seen this slide already and that's how we basically frame what we call iconic brand building in Reckitt, iconic brand power, super innovation, consumer obsession, and execution excellence. So let me start by iconic brand power and I think we have many example we could have used, but I think for this one, the best one is Lysol. So Lysol, you've seen it before, 56% penetration. And I would like to zoom in into the launch we did in 2023 of the air sanitizer.

Sorry, this is a Lysol Air Sanitizer we brought to the market in 2023. So this one, basically there are two mega insights and then the video will tell you the full genesis of the launch. There is a category insight, that let's put it that way, the air care category is polarizing with consumers. Let's call it that way. Consumers don't like the fact that you put a good odor on a bad odor.

In manufacturer terms it would say you just mask malodors and that's what consumers are telling us. And consumers understand very well on the multiple categories I worked on in the past. Consumer make perfectly the connection that if there is a malodor, there is bacteria. So when we heard that in consumer groups, it was instantly there is an opportunity for Lysol. We also knew and that the second box with the disinfecting spray that we spent a lot of time also with our R&D teams and the sensory teams in R&D to understand how consumer are using our products. And we deep dive this specific product, the legacy one I showed you at the beginning. This is a surface cleaning product, but we knew from the usage of consumer there were a lot of usage occasion in the air. So when you take these two insights together, we were convinced there was a big opportunity to stretch Lysol into the air care category that is a mega category.

So I'll let you look in more detail how we achieved it.

[Video]

Jérôme Lemaire, President North America:

So I think this one is a fantastic case. First of all, you see how we developed in partnership with EP the protocol for germ killing the air, which I think was a fantastic achievement. But back to really the way we are building this business, it's all about category creation. I worked a lot on this category in the past. I don't think anyone would've thought you could completely transform the growth trajectory of the instant spray category on air care, which is a super competitive and historically quite low price category. We launched this product really addressing a very important pain point for consumer and it was an instant success. It says a lot about the equity of Lysol that can stretch into this territory. It also says about the capacity of Reckitt to create new categories. So the Lysol Air Sanitizer is driving the growth of

the instant air care segment for the last four years. That the number one driver, and we are now number two on the market. And you can see also from this page how we are really building this proposition over time with new fragrances, multi-packs, et cetera.

So now the question comes what's next? And I already give you a little hint. I will announce this morning the future entry of Lysol. I have too many cans in my hands.

So we're going to stretch the brand into a new space, which is a fabric sanitizer category. So put it simply, we really demonstrated to the world that Lysol is meaningful when it comes to removing germs on fabrics. The laundry sanitizer launch we achieved in 2017 is more than a 300 million RSV platform with a fantastic repeat rate, so it's meant to stay. The air care launch is also number two on the category driving the growth of the entire segment. So this is a perfect adjacency to add to Lysol.

I'm going to come back. There's a little video demonstrating the efficacy of this product. It's a top quality product. We tested it and I'm going to come back to explain this.

[Video]

Jérôme Lemaire, President North America:

So the fabric sanitizer, you have a short summary of all the testing we carried out with consumer. I will not spend time on the concept. It's a natural match for Lysol, a natural adjacency. What's more important is to look at the quality of the product. We are testing our product with very strict protocol in blind, and in blind without the effect of the strong equity of Lysol, it is the preferred consumer product in blind situation. Overall liking is super strong, scent liking, efficacy perception, et cetera. So we are very, very excited about this launch. We're going to put a lot of marketing investment to make it big, build the reach. It's going to be a social first launch, expanding to all of our platforms later on. So this will hit the shelf in Q1, so it's coming, basically.

So that's for Lysol. Let's move now to the second pillar of our brand playbook, which is superior innovation.

So let me start with a little quiz. Who is this gentleman on the screen? That is, of course, Mr. Mucus. Mr. Mucus is an icon in the US, 80% recognition. So when you have also a brand device like Mr. Mucus, it's gold for us because his brand is loved. My kids love Mr. Mucus, and I think the whole nation loves Mr. Mucus, that is a fantastic character. So beyond Mr. Mucus and how we engage with our consumers, Mucinex is a brand that is all about product superiority and science. And I wanted to pause on this slide. I'm not going to go through every single initiative, but we have a longstanding history of launching innovation that are really superior. We have four new drug application in our portfolio. Mucinex 12 Hour, Cold & Flu is the last one. And every time we bring an innovation, there is really strong science and superiority at the heart of it.

So when it comes to cold and flu, again, I will start with a couple of insights that underpin the launch of Mucinex 12 Hour. The first one on the left, you will see that in the store check this afternoon. The cold and flu category is a bit of a sea of sameness, especially when it comes to the long-lastingness claims or duration of the product. Most product deliver mostly on four hours, some on six, but the vast majority of the market is a four-hour market. The problem is when you have a big cold and flu, consumer tend to dose only one or twice a day, meaning for the largest part of the day, the symptoms can come back.

Until now. And that's the launch of the Mucinex 12 Hour, which is a real breakthrough in the market. And before talking about how we are going to make it a massive success and how you're going to see in the stores how it is a fantastic execution, I would like to go back to the genesis of this launch and the science behind it.

[Video]

Jérôme Lemaire, President North America:

So you see it's a fantastic story and a fantastic launch, but I think the innovative dimension of this launch has also been applied to the go-to-market. And we started at a very, very early stage talking go-to-market and how to make it the biggest launch ever. I think we really wanted to make a big impact. It's not every day you have an innovation that is really addressing so many consumer pain points. So you're going to see that today, but the execution and the feedback of our customer partner has been absolutely amazing. You have at the top of the slide up to 12 facings. I think Walgreens was fully leaning into the proposition. We got outstanding execution in Walmart with the wellness wall. We got all retailers are really both from the core shelf to the off-shelf execution are making a lot of space for this launch.

So we are very excited about it. Early metrics: satisfaction, ratings and review are very strong. So very proud about this launch and more to come very soon. And I would like to conclude on this one again. It is a multi-year commitment. It's not just the NPD of the season. We're going to make it big. And again, talking increasing the size of the pie and category creation, we are committed to bring the full four hours market into a 12 hours category. That is the ambition.

Going back to our playbook, Consumer Obsession, I will be brief on this one, but I think it's a very interesting one. When you look at the market, sometimes you come with innovation that sometimes just studying the consumer, building a really strong intimacy with your consumer bullseye gives you basically the path to innovate. And if you look on this slide, we discussed that a bit before.

We talk a lot about Gen Z, and trust me, we spend a lot of time understanding the Gen Z, as you've seen in the case of Veet, but we should not neglect toward our most valued consumer on many wellness categories, the elder Gen X or the Boomers. And we have many brands on many categories where this cohort is really overweighted on the market. Take all the vitamins, mineral supplement, even the Biofreeze. So this understanding precisely the pain point, the job to be done of the senior audience is very important to innovate the right way.

So let me introduce you to Harold. Harold is 62 years old. Harold has a very holistic approach to self-care. He wants to stay in shape. He wants to be energetic, but also he's starting to think of other dimensions of health, like dimension he was not thinking about when he was in his 50s still working.

And mental sharpness and cognitive health is very important to him. And spending a lot of time with this consumer who of course is an empty nester, relatively affluent, we discover one thing when it comes to memory. There's multiple dimensions to memory. There is basically remembering where you went, the name of the city you went in Italy 20 years ago with your wife. There is remembering the name of the sector in the Netflix movie you've seen last week. And there is also when you go to your coffee shop, you give a $10 note, the mental math to understand the change you're going to get back. These are all multiple dimensions of memory. They're very different, but when you reach, when you talk to this target group, they want to really perform on all these dimensions.

And studying the senior audience and really understanding with depth what memory means to them, and it means something very different from a different age group, you end up with a launch of Neuriva Memory 3D, which is the first and only product in the market that covers every single dimension of memory in a very holistic way again, what we call the short, the long-term memory, but also the working memory.

A launch like this has really came from the fact we spend a lot of time with the consumers, with a very specific target group, with no specific agenda, just to understand really what are the critical pain points.

That's how you get very targeted innovation. And I believe in the world of social where everything is in a sense targeted, you need to get this approach to design innovation pipeline of the future.

So in a nutshell, if I summarize what you've been exposed for almost one hour, we are all about category creation, increasing the size of the pie, that's number one. And you've seen that across multiple categories, hygiene categories, wellness, OTC. You see this is a pattern and how we do innovation. The second one, I like this sentence. I believe our brands have a stronger equity than the sales of today, which is a fantastic place to be because it means if you do the right brand building in the future, you can unlock far more growth. And that is basically the point I wanted to clarify on Lysol and Mucinex that, yes, are already very sizable brands, but there's far more to unleash in the future. And the third point, we are very lucky enough to innovate, but innovate also on many categories with a lot of tailwinds. So we need to study these tailwinds, but it's a positive for the business.

That's the three key messages I wanted to share for now, but all of that relies on the quality of the execution, like everything. And as I said in my intro, I really believe Reckitt is a fantastic commercial organization. It's a commercial machine, but like in brand building, there are a lot of things happening in the world of execution. So I would like to welcome on stage Jonathan Weiss, our VP for customer marketing, that is going to explain how we turbocharge the basics of sales, but also leaning very heavily into the world of omnichannel. I see you in a few minutes.

Jonathan Weiss, VP Customer Marketing:

How do you cut through the clutter and create category growth when shoppers and retailers alike are faced with more choice over products and channels than ever before? Answering that question is what makes my job so interesting. And over the next 25 minutes or so, I'm going to give you a sneak peek under the hood as to how we go about doing this every day here at Reckitt North America. My name is Jonathan Weiss and I'm the vice president of customer marketing here at Reckitt US. I've been with the company for about 14 years across a variety of different sales, marketing, and commercial roles across four geographies. But what excites me most about the business here in the US is the combination of our leading power brands, our strong go-to-market, and our retailer relationships.

And I'm going to show you how we turn those three things into momentum.

We're going to focus a lot on how we drive growth today and also into the future. But I often find it helpful to have a look at where we're coming from because it informs where we are today and where we're going next. So I'm going to invite you all to come on a little journey with me, to hop in my pink Reckitt DeLorean and take a journey back 10 years to 2016. So what happened back in 2016? Well, Amazon had a 3% share of the market. Walmart really lent into e-commerce with the acquisition of Jet.com, which had planned to run as a standalone company. Target still printed 50 million circulars each period, and retail media was a tradable. It certainly wasn't the demand generation tool of today.

So in this context, the way in which we went about driving growth at Reckitt was simple, focused, and clear.

Physical availability or the planogram dictated what we could sell. If you were in a planogram, you could sell. If you weren't, you couldn't. You heard about our bold execution on our big brands. We went for the biggest, boldest displays in as many stores as possible. Four Ps, so our product, price, promotion, and placement strategy dictated our market share destiny, focus on this every day, every P, and laser focus behind the biggest retailers because that's where Americans shopped. Now, I show you all of this not to illustrate how much has changed. No, I show you all of this in fact to illustrate that these fundamentals still ring true today, but how we execute against them has evolved considerably. The physical shelf, of course, is still very important, but as consumers move seamlessly between online and

in-store, it creates new opportunities for growth, opportunities to expand assortment, and provide more choice to shoppers online in an endless shelf.

Bold execution will always be important to record, and you already saw how important it was for some of our big launches in Jérôme's presentation, but we put disproportionate focus behind the stores and the audiences with the greatest potential. We will always operate our four P principles with precision, but we augment them now with a more sophisticated full funnel approach to driving growth. And in an omni marketplace, retail media creates new pathways to drive stickiness to our brands, categories, and growth for our retail partners. And ultimately these fundamentals shape for us the key themes as to how we drive sales and omni excellence at Reckitt.

And ultimately, there are three key themes.

The first is we create and grow categories that others don't, and we do that through our insights and our retailer partnerships. We're leveraging technology to take our go-to-market from good to great, and we're building growth now and into the future through our omnichannel growth engine. Ultimately, these three things help us to unlock our advantage, which is the strength of our power brands and our retailer relationships.

And I'm now going to walk you through each of these, and I'm going to start with how we create and grow categories.

Insights and retailer partnerships are the backbone of how we grow our business. And if you have a look at the left-hand side of this chart, you can see here category leadership drives our performance. In the Advantage survey, which is the industry survey where big retailers rank CPGs against a battery of measures, the CPGs that are rated the best, the top 15% of CPGs rated the best in category management represent 30% of the market growth, two times their fair share. So what this tells you is that it pays to be focused on category growth. So it's no surprise that at Reckitt we're obsessed by this. And I'd like to illustrate for you just how we do this, taking you on a journey again with this Lysol Air Sanitizer product that Jérôme introduced for you earlier.

So the starting point here is the category and one of our big customers, Target, where the instant air category had been declining for three years with losing penetration. And we started with a profound insight that 77% of their shoppers felt that odor control was more important than fragrance, but none of the products on their shelf actually solved that need for their shoppers. Now, you heard from Jérôme, we became the second player. It's now a significant franchise for our business. But what we did with this retailer to do that is we lent in with exclusive scent. We lent in with a first to market launch. We lent in with a retail media program precisely targeting the audiences that had left that segment.

And what excites a retailer is not our market share. What excites a retailer is where those sales came from. In fact, in this study, in this case study, 87% of the shoppers that bought this category in the first year had not previously bought it in the year prior. These were new to category sales. It drove incrementality, it grew the size of the pie, and that is what excites retailers. And this is precisely the model that we apply to all of our category expansion initiatives across all of our portfolio.

The second area is around how we leverage technology to take our go-to-market from good to great. And to illustrate this, I want to talk to you about how we've transformed our retail sales execution. And once again, I'm going to take you down memory lane, this time a little more than 10 years ago, back to when I was a field sales rep. So that's a little AI image of me on the screen. And when I was sent out into store, I was given a clipboard to put under my arm, a smile on my face, and I went out and I checked the checklist every day, the same checklist, put this product on this shelf, make sure this store has a display out of this promotion, the same checklist every day. And I actually thought I was pretty good, but here's the truth, not every store is created equal. A Walmart Supercenter in El Paso, Texas is not the same as a

neighborhood market in Green Bay. So as a result, we need to execute differently to meet the shoppers where they are. So in 2026, we've traded my trusty clipboard for an iPad, and we've traded that list for a bespoke list, leveraging data that is updated hourly. And it creates a list for that store for specific items to check, and displays to build based on who that shopper is, and what the sales profile of that store looks like. And the results have been transformational.

Our products are now more available to shoppers. We've seen a 60 basis points improvement in on-shelf availability and our execution of displays, and you're going to see this when you're in stores yourselves, is at industry leading levels at up to 98% execution. And this just showcases how we take a standard go-to-market and elevate it to great leveraging technology, AI, and our winning culture.

The next area where we've been doing this is around revenue growth management or RGM. And in this, we leverage RGM to drive growth, but also quality growth, our returns and reinvestment back into the business. And we ingest a considerable amount of data; sales data, pricing and elasticity data, promotional data, shopper data. And we use our RGM system to inform better pricing decisions, which in a macroeconomic environment like we're operating in today is absolutely critical. And we also use it to make decisions, more effective decisions around which promotions to invest in based on what drives true incrementality and growth for the category.

And as an example of how we've done this on our KY brand, we did a full RGM promotional optimization and we identified that over a certain period where the lubricants category is most relevant, which is around Valentine's Day and Spring Break, our promotions performed significantly better than the windows outside these periods.

And so rather than running the same promotional calendar every month, we adapted it, and we pulled investment out of the periods where we were subsidizing sales and actually lowering category growth, and doubled down on the periods that were most valuable to shoppers and to the retailers and to drive quality growth. And the impact was a 5X improvement in our promotional ROI. So we drove category growth and quality growth at the same time. So this is fundamental to how we drive growth here in North America.

The third area is around how we fuel omnichannel growth. And we're doing this now, and it lays a great foundation for our future. I firstly want to start with why this is so important. About a quarter of our sales are sold online, a quarter of our product sales. And if you have a look at the retailers that we sell to, digital is the vast majority of their growth. But taking a consumer who shops in a physical store and just selling to them online doesn't create incrementality. What creates incrementality is creating more omnichannel shoppers. And these omnichannel shoppers are people who shop across both in-store and online in the same category. And these shoppers spend two and a half times more than a single channel shopper.

And the job for us at Reckitt, therefore, is to make our products easier to find, easier to buy, and to give these shoppers more reasons to buy.

And this grows the value of the omni shopper and creates incremental category growth. And so we've created our omni growth engine to do precisely that, to drive incrementality out of omnichannel. And there are five areas of our growth engine that I'm going to walk you through today.

The first two areas are around how we make our fundamentals work harder, leveraging that digital shelf that I talked about earlier, but also having best-in-class content given how intimately we know our consumers. And then we accelerate growth with new shoppers and new demand by meeting shoppers where they are today, shopping through AI, through precision targeting and social commerce that Jérôme walked you through earlier, and through full funnel omnichannel campaigns.

Starting with endless shelf. As I talked earlier, true omnichannel retailers pick their orders for online delivery from a physical store. And that can be limiting because there is only so much space on a planogram. We saw this as an opportunity for growth.

Jonathan Weiss, VP Customer Marketing:

And so we created a digitally native assortment to a variety of different online specific items, but also value packs and different combinations of products to expand the digital shelf and to increase our range online. And what we saw from this was a 17% improvement in our unit sales online without impacting at all our in-store performance. So this drove true incremental growth by giving shoppers more reasons to buy and creating more value through our assortment online. This is omnichannel growth at its best.

The second area is around how we're increasing conversion rates of our products and our brands through our content. Online shopping here in the U.S. is becoming quicker, faster, and easier every day. And in fact, one in four Americans don't click on a product detail page when they make a purchase. They simply shop off their search results. So this little icon on the side has to work incredibly hard if you want to get that click, if you want to get that add to cart.

And so our CX team work day in, day out to optimize that image, our titles, our bullets to generate more conversion and more growth. And in the case of Neuriva on the screen, we took this image, very simple, pack shot, brain health, does what it says on the tin, and we turned it into this shot because it represents what Harold needs. It showcases that it's a number 1 brand, that it's clinically tested, that it's 30 days of supply. And that drove a 20% improvement in our add to cart rate. But this isn't just one example. This is something that is now institutional in the way in which we operate at Reckitt. So this team works through SKU by SKU, retailer by retailer, day in, day out. And guess what? When they finish, they don't put their pencils down, they start again. We are always continuously optimizing for growth.

The next area I want to talk to you about is about AI and how we are meeting shoppers where they are already today. One in two American shoppers are using agentic commerce or AI for product discovery and shopping every week, one in two. And in fact, in our categories, in record categories, 65% of the results coming from these prompts have a retailer destination in the citations. So this means that it is absolutely critical for our brands to show up where shoppers need us. And I want to illustrate for you through one family's example, how agentic AI is reshaping the purchase decision and the funnel: through my family. And I'm going to introduce you to my eight-year-old son, Ollie.

So a couple of weeks ago, Ollie came down with a cough and a little bit of a fever. So I decided to pick up my phone and I typed in a prompt and see what happens. And so I typed in that, "Ollie is feeling sick at the moment. He has a fever and a bit of a cough. He is so picky with the flavor of medicine. He hates grape, grapes, anything grape. And I don't know what to get him. It's late, what's open?" And now you can see what results I got back. I got our Mucinex Mini-Melts product, so a different format given how picky he is. You just put it on the end of your tongue. I got a competitor product, but in a bubble gum flavor that I'm sure he'd love. And I also got directed to my local CVS around the corner, a pharmacist open till 10:0 PM. So what you can see from this is two things.

Firstly, this is insights gold. We talked about consumer intimacy. These prompts reveal the true consumer need.

The second thing you can see is that it's not like the traditional search at all. Every prompt is different and every result is different and customized to the individual. So we have to adapt the way in which we run our search to meet shoppers where they are today. And that's precisely what we are already doing.

I took you in the DeLorean back to 2016. I'm going to take you back there again. GEO is really an evolution of SEO, so generative engine optimization. And this is really about driving recommendation on

the priority prompts, the 10% of prompts that really matter and drive strong sales throughout content optimization and through accessibility. And this really benefits big brands like ours that are clinically backed and have strong claims. And so we're optimizing our content daily to show up organically in these engines.

The second area is actually around paid placements, which is really an evolution of paid search. And we're investing in paid placements, both branded terms and non-branded terms, either on platform in AIs, so Alexa Shopping for example, or Sparky, but also off platforms like ChatGPT. And we are already seeing strong results. 40% is the increased value of spend from shoppers coming through Alexa for organic results. And where we've done paid placements, we're seeing the trust factor really at play here. In fact, on our dishwashing brand, we see a 30% increase on Finish prompts around hard water coming through AI versus traditional search. So showing up in an AI search result matters to shoppers, they trust it and they click through. And this is demonstrating how we're leaning in already with retailers driving results in AI because that's where shoppers are already today. The next area I want to talk to you a little bit about is around how we target our campaigns to specific shoppers and specific needs to generate incremental category growth in a true omni fashion. And so we're going to watch a little video about Move Free and a campaign that we created to drive the Asian American audience, which is a 3X over index with the Move Free brand, into physical stores from a digital campaign. Let's watch the video.

[Video]

Jonathan Weiss, VP Customer Marketing:

Plus 17% is a number we are very proud of. And what you can see from this case study is that digital precision helped us to reach a specific audience and turn digital engagement into physical store sales. So this is a great case study of how we're leveraging our precision targeting to create omnichannel growth. For our last pillar and our last case study, I'm going to take you through a full omni 360 campaign to show how we can drive total omnichannel growth. Now, if you recall, I opened the presentation telling you there were three things that excited me most about the U.S. business, and that was our strong power brands, our winning go-to-market, and our retailer partnerships, in this case with Walmart. This case study brings to life all three of those fundamentals and unlocks true incremental omnichannel growth in a very exciting way. This is Reckitt U.S. at its best. Let's watch the video.

[Video]

Jonathan Weiss, VP Customer Marketing:

Why I love this case study is it started with an insight, a category insight, an opportunity to create a new inflection point in cleaning. See, there are two big moments, which are Spring-Clean and Back to School. And you can see on this chart the little dip that we see in the inbetween. We wanted to create another peak. That was the objective at the beginning of this campaign. You then saw the creativity and the power of a big brand show up amplified by an incredible partnership with Walmart, and plus 29% is a number that speaks for itself.

In closing, our go-to-market excellence and our activation is a competitive advantage for Reckitt. We create and grow categories that others don't, and I shared with you the Lysol Air Sanitizer example and how we lent in and created fantastic category growth, 87% incremental growth to the category through our activation. We're leveraging technology and AI to step change our go-to-market, and I walked you

through how we're doing that with our retail sales execution, which you'll see in stores later today, and also through our RGM model.

And lastly, we are fueling growth today and into the future with our omnichannel growth engine. And ultimately, these three things help us to fully unlock the potential of our leading power brands. I'm now going to hand over to Jerome, who's going to talk to you about how we drive that growth and service that growth with a resilient supply chain. Over to Jerome.

Jérôme Lemaire, President North America:

Thank you, Jono. So now let's move into supply and the steps we're taking to strengthen our supply chain every day. So there's three specific sections I would like to cover. It's going to be very straightforward. The number one is onshoring for agility and value creation, and that's specifically related to Self Care.

The second one, I think Kris alluded to it at the beginning of the presentation, we're making lots of investment to cope with the increased demand of Lysol on our legacy hygiene factories in North America.

And the third one is basically showing you how AI is currently being deployed across all disciplines of supply to really prepare ourselves for the future.

So let's start with the first one, onshoring for agility and value creation. So the job to be done is the following. We have the vast majority of our Upper Respiratory volumes that are sourced outside of the region, with material replenishment lead time. It's something that we know for a long time and we took action in 2021 and we announced in 2024 the acquisition of a site in North Carolina in the healthcare triangle close to Raleigh, the acquisition of a new factory, with first commercial productions are going to start over the next coming months. I will show you now a video that brings to life the grand opening of the factory. Video please.

[Video]

Jérôme Lemaire, President North America:

So Wilson is a major investment and we started with much smaller ambition and then it grew, it grew and now we have a 400 million investment, which is absolutely massive. It's coming to life imminently. So just to summarize, we're going to start with Move Free and Mucinex solids expanding to liquids later on. It's going to be the home of many new innovations and it will enable a much more agile supply chain in North America and faster commercialization. So it's a very big building block. I was talking about making these businesses great and it's going to be even greater. This is a critical building block to make this business even greater in the future. It will also bring a lot of new capabilities, of course, local value creation in the United States and also building the capability for new talents. So it is a fantastic move and I think everyone in Reckitt North America is extremely excited about the grand opening of Wilson over the next coming month.

The second leg I wanted to discuss is also all the investment we are making to upgrade our hygiene factories. And this one, I think it's a very important one going back to the success story of Lysol. I think these numbers speak for themselves. If you look at the CAGR of Lysol, including the year of the pandemic, it's been five, six years. We have a 10% CAGR on Lysol, 8% on Wipes. And all these products, I think it's a very different job to be done from Health. All of these products are being manufactured in the U.S. So when you have such a demand, and I think the demand is sustaining, you need to do meaningful upgrades. And it's maybe something in the past that was not as much of a priority of today, but it's been years now, we are relentlessly investing to bring these meaningful upgrades.

So here we're talking about $200 million being injected in the U.S. hygiene factories. It means investment to deliver more capacity to cope with increased demand. And this capacity goes, I'm not going to go into too much detail, but every single product form. Lysol is a very complex portfolio. You have aerosol, you have toilet bowl cleaners, you have wipes, you have dilutables. So many product with different technologies, different chemistry. So there's all this big investment is going to serve multiple lines.

The second one is also, again, in the context of an increased demand, increased automation and speed in the factory.

And last, you've seen the announcement this morning of the launch of the Fabric Sanitizer that is going to be produced in our factories. It's also enabling more space for all the innovations to come. So that's the $200 investment, $200 million investment we're going to inject in the hygiene factory in North America.

And the third pillar is AI. So AI, you've heard from previous presentation, we have a very enterprise holistic approach to AI where AI is being deployed across all big Reckitt verticals; marketing, R&D, and also supply. So supply, just to illustrate, AI is going to be infused in every single discipline of supply. In planning, demand planning, your forecasts now can be plugged into an AI engine that will further finesse the quality of the forecast, removing anomalies and making it even sharper. In manufacturing, the use of AI is going to be absolutely critical for safety standards, controlling the position if our labor is following exactly the right protocol. Procurement, I think it's a big thing in Reckitt. I think we've been always very good in procurement. AI is going to be used for contract management and negotiation excellence. And also on quality, there's a lot of paperwork, a lot of documentation. AI will create big efficiencies in fast tracking all the tasks we have to complete on quality.

So this one is more of an appetizer, but this is happening as we speak. The whole organization, Harald, the President, the Chief Operating Officer for Supply is leading all of this stream, that is happening as we speak. So in conclusion, three key takeaways on what we are doing to make supply in North America great. The first one, the grand opening of Wilson, that is going to be an absolute step change for the Self Care business.

The second one is all the investment we're making, specifically $200 million being invested in our two hygiene site in the country and all of that to be brought to the next level with the use of AI in the future. We are reaching now a point of the presentation where I will hand over to Shannon and I will be back in a few minutes for the final conclusion for the day before the Q&A. Thank you. Shannon, I think the floor is yours.

Shannon Eisenhardt, CFO:

Good morning. I'm going to try and bring us home here and summarize everything you've heard this morning through the lens of financials and what does this mean for Reckitt and for North America. So as Jérôme shared, North America has been a sustainable driver of growth for Reckitt. If you look back over the past 6 years from 2019 to 2025, we grew our North America business from £1.8 billion to £2.6 billion. And how did we do that? We did that through a focus on volume, on innovation, and on the strength of our brands. And when I look forward, I have a ton of confidence that North America will be a key contributor to supporting Reckitt in delivering our mid-term financial guidance of 4 to 5% like-for-like growth each year.

A second characteristic of our North America business is the resilience of our gross margins. Over that same 6-year time period, we've expanded our gross margins 60 bps, and there are structural enablers around our portfolio that provide this gross margin resilience.

The first is our focus on premiumization and innovation.

The second is our ability to leverage revenue growth management tools to optimize price, promotion, and trade investment year in and year out.

And the third are the productivity initiatives that we drive to help us manage inflation and cost pressures.

Now, a great example of this is our Lysol brand. So over that same 6-year time period, we've expanded our Lysol gross margins by 120 bps through the broadening of the portfolio and franchise that both Jérôme and Jono walked us through this morning. That brings me to our operating profit. Our operating profit for the North America business in 2025 was 30.1%, so we are starting from a position of strength, and our team in North America is not solely focused on wanting to maximize our operating margin. What we're focused on is managing the P&L holistically.

The way we do that is we look for opportunity to drive efficiencies. In 2026, one example of this would be our finance transformation, so my own functional transformation. North America was one of the first markets that we went into to transform and modernize our finance function. We did that through leveraging the shared service enterprise that we've been setting up around the globe, and it's delivered significant savings to the North America business in 2026, and those will continue as we look forward.

Now, as we're managing the P&L, what we do is we take those efficiencies and then we look for opportunities to invest them. Examples of this would include an R&D facility, innovation facility that we'll be breaking ground on here in North America.

Another example of this would be marketing investments, and over the past few years, we've invested an incremental $100 million behind marketing of these amazing North America brands that we walked through this morning.

So the model is pretty straightforward, and it's a model that compounds. This top line growth fuels investment. The investments we make strengthen our capabilities, and through these strengthened capabilities, we have confidence in our ability to drive sustainable, profitable growth of our North America business. So when I take this all together and I look forward, it gives me a lot of confidence that North America will play a critical role in allowing Reckitt to deliver against our mid-term financial guidance, a 4 to 5% top line growth, while also driving a leveraged P&L. With that, I'll hand it back to Jérôme to close us out.

Jérôme Lemaire:

Thank you, Shannon. So I have one slide to conclude this session, and I think I need to click the button. So I think that's the final slide, and we're going to move after that into Q&A. But before that, I would like, first of all, to thank you all again for being here today, because it's been really a great session, and I hope you got a lot of insight on the business. I also want to thank all the participants. You seen just three people on stage, but there's been a lot of the North America team members involved in these videos and the creation of these videos. But I want to leave you with three critical messages.

I said it multiple times, but it's good also to insist on this one. Now you have all the content. We're all about category value creation and specifically category creation. That's how we innovate, increasing the size of the pie, bringing initiatives that are really step changing the size of the category where they operate. You have multiple examples today, Mucinex 12 HR Cold & Fever, that is a breakthrough when it comes to innovation, something the market have been waiting for for a long time, and the retailer's enthusiasm is absolutely immense on this one. So we are all very excited.

Lysol, you have a track record of groundbreaking innovation, creating the market, laundry, air care, and today we are now launching into Fabric Sanitizer that is going to bring a lot of incremental growth to the

segment. So category value creation through iconic brand building, there's many more brands in the portfolio that will have the same treatment over the next coming years, also considering all the tailwinds we have on the wellness brands. That's pillar number one.

The second message, we are a commercial organization and we are obsessed by winning in the store. So what Jono showed you this morning, not only tech is completely bringing the sales basic to the next level. I'm sure the example of Jono as a sales rep will stay quite memorable, but even the store visits are being completely changed, becoming far more effective than what they used to be. We are at the forefront of all these changes, embedding all the new technology into our go-to market. Omnichannel is a critical priority. We talk a lot about the funnel and the funnel collapsing. That's happening. It's not just the world of 10 years ago, it's happening now. And what I really like in the section of Jono, I hope we made very tangible what omnichannel means and the reality it's bringing and the potential upside. If you're doing omnichannel well, you're going to bring a lot of incremental sales. That is our ambition. The third pillar is supply. We are obsessed by operating and strengthening our supply chain in North America. And if there's one thing to remember, the grand opening of Wilson, the new state-of-the-art Self Care factory we're going to open middle of next year is going to be a breakthrough for the country and all our Self Care portfolio. I also want to insist on the investment we're making on all the lines that are supporting the incredible growth of Lysol. You've seen 10% CAGR since the pandemic. Lysol is really a success story, and yes, we're investing to really make sure we can cope with increased demand on the brand. That's the three messages for the day. I want to thank you all for listening to us, and I believe we're going to move now into the Q&A.

Nick Ashworth:

Perfect. Well, look, thank you very much for that and for the presentation. We've got about 30 minutes now for Q&A. So as usual, we'll start with people in the room. There'll be a roving mic or two. If you could give your name and institution when you're asked the question. And then I have my trusty iPad as well. I don't know whether it's as good as Jono's or not, but if you have questions online, please feed them through and I can ask them as we get through the Q&A. So where do you want to start? We'll start down here. David's hand I saw go up first. We'll start on the front row.

David Hayes:

Thank you. Hi, it's David Hayes from Jefferies, first question is, is Ollie okay now?

Jonathan Weiss:

Yes.

David Hayes:

Thought I'd check. Second question. In terms of the gross margin, to pick up one of the last points, gross margin up 60 basis points, 120 for Lysol, the biggest brand. I guess that begs the question where is the gross margin down? Is there a channel dilution effect? Do some of the new brand developments come in at a lower gross margin initially? I'm just trying to think of the other side of that effectively. And then the other one is Intimate Wellness. You mentioned you do Durex in the U.S. But obviously not mentioned as it's a small sort of business. Is that an area you've tried to get into and failed or is that an opportunity for the midterm in terms of developing that part of the business whole? Thank you.

Jérôme Lemaire:

Okay. Maybe let me start with your question on Intimate Wellness. I think Intimate Wellness is an opportunity in the U.S. and I think it's something we're very open about it. I think Durex is a decent player, but the big priority is really K-Y. It's a brand with a fantastic equity. It's a brand that is highly recommended and we are really doing a lot of work to see how we can stretch the brand into new territories.

So back to your question, can it become a growth driver in the future? Absolutely yes. I think the building blocks to make it a success are being firmed up as we speak, but I'm very confident this brand has far more potential to give. Maybe it was a bit eclipsed by the size of some other bigger brands in the portfolio and it's something we're addressing now. So we want to make K-Y big in the future. Absolutely. Yeah.

Nick Ashworth:

Shannon gross margin because it was on the chart.

Shannon Eisenhardt:

Sure. Yeah, absolutely. So gross margin, 60 bps of expansion over the past 6 years, which is pretty much consistent with the messaging we've been giving for Core Reckitt, which is that we want to be expanding gross margins. We have said in the nearer term that we're sort of happy in the low 60s and would want those to be flat. I think there's so many different mix points in there. It's pretty hard to pull apart. I'd say we've talked before Upper Respiratory and the size of the season always has a really significant impact because of how attractive those Upper Respiratory margins are versus some of the other businesses.

The other comment I would just make on the resiliency of our gross margins is in the near term, we are making significant investments in North America. And so the expectation I would have in the near term is that we'll see resiliency sustain. But as you think about really growing those margins, it will be a few years as we get through these investments and see that flowing through the P&L.

Nick Ashworth:

Okay. Let's go to Guillaume because I heard him grumble that David got there first and then the microphone can go to Olivier. So let's just keep on the front row and then we can move back.

Guillaume Delmas :

Thanks Nick. Guillaume Delmas from UBS. A couple of questions. The first one, so you said North America will be a key driver to achieving the four to five at the group level, yet you didn't quantify the like-for-like aspiration for North America. Now you also told us that basically 60% of your portfolio, so Lysol and Mucinex should be growing at 5% over the next 5 years. So anything that should prevent you from achieving consistently mid-single digit like-for-like in the U.S. unless you're assuming the remaining 40% of the portfolio in the U.S. is a significant drag to your like for like, or is it just you being cautious because of this strong concentration around two brands? It also means a bit more a volatile performance as we saw in the third quarter.

And then my second question, it's about how do you see your pricing power evolving in North America? Because we have very few retailers actually doing very well. So we're seeing more concentration there. LLMs as well, like allowing better price discovery. Should we think about less pricing power and then the need to step up innovation to drive that pricing element in your growth? Thank you very much.

Jérôme Lemaire:

Yeah. I'm going to start with the second one?

Shannon Eisenhardt:

Yes, that's perfect.

Jérôme Lemaire:

So pricing power. I think the number one thing to say, we have a very premium portfolio and a portfolio of brands that are super trusted by consumers. And I think it was very intentionally a large part of the presentation because it's a very great place to be. And it's not so many brands that really drive the trust.

And if you talk about price, typically if you take Mucinex, we massively over index and consumers pay a premium for this brand. So yes, I think absolutely there is a consumer environment. The macro these days is a bit challenging. I would say number one, we need to really focus on innovation and product superiority. We need to make sure at the time where consumers might re-challenge their choices because of the economic situation. It's very important we remind them every day using our products that we deliver a superior experience. That's paramount on everything, hygiene or health.

The second one, and I think it's part of Jono's presentation, we are very sophisticated when it comes to RGM and pack size, price pack architecture, et cetera. So it's something, it's every day. We have a full team in place in this building, measuring the pricing sensitivity, measuring do we have the right promotional intensity? Are the promotion paying back? Are we going too deep? Should we have more frequency? So all of these questions that I think are part of your broader question on price are absolutely our daily life. And we are very specific in how we want to address those.

The last point also in the part of the price pack architecture, also being mindful of the macro. If you take the example of the vitamin mineral supplement category, we are launching opening price point on this category that yes, you have a big bullseye of consumer buying a lot, spending $500 a year, but it's important in the context of the macro to secure opening price point, we're launching in the next coming months Move Free and the Neuriva at $9.99. That is very affordable considering the biggest part of the portfolio is around $40, $50.

So that's how we approach, I would say the situation, very strong on superiority and science and it's really the moment to stay firm on this one, but being very agile with the price pack architecture and leveraging all the RGM tools to deliver.

Nick Ashworth:

Jono, did you want to step in?

Jonathan Weiss:

Yeah, sure. Absolutely. The other thing I would just add here is that I would challenge the notion that value equals cheap. And if I give you one statistic, 55% of Walmart shoppers are hourly shift workers. So that means that their income depends on being able to show up to work and be well enough to work. So when they're under pressure and they're feeling sick, they don't go to the shelf and look for the cheapest thing on the shelf, they look for the best, and the best is Mucinex.

And then as Jerome mentioned, we then build our pack price architecture to give them those pathways into the brand and then create that trade up to superior solutions like the Mucinex 12-hour innovation to give them a truly premium experience that then they keep coming back for.

Nick Ashworth, Head of IR:

Thanks, Jono. Shannon?

Shannon Eisenhardt, CFO:

Do you want me to do the five first questions?

Nick Ashworth, Head of IR:

Yeah.

Shannon Eisenhardt, CFO:

All right. I'll start with core Reckitt mid-term guidance, 4% to 5%, no change on that. We've also shared before Emerging Markets, we expect to be able to grow high-single digits year in and year out. We specifically haven't given guidance on the developed markets, Europe and North America. Obviously if you do the math, it would land you in a place of those contributing low single digit growth to get us to that four to five.

And so I certainly am not trying to change any of the guidance we've already given or any of how that math would come together. I think it's important to note the slides that Jerome shared showing the opportunity that we see in Lysol, showing the opportunity that we see in Mucinex, also wasn't an attempt to give year in and year out guidance on what growth we think you should be modeling for those brands every single year.

What it's showing is what the CAGR is when we look at the pipeline of innovation that we have and our ability to drive that over the next, I think it was a five-year figure.

Shannon Eisenhardt:

And so our expectation is that the three brands we have that make up the vast majority of our North America business have long runways for growth. We'll continue to drive that going forward and that's going to contribute to developed markets contributing to the four to five.

Nick Ashworth:

Thank you. Olivier, the mic's yours.

Olivier Nicolai:

Olivier Nicolai from Goldman Sachs. Just three questions. I will bring down the average. When would you expect Lysol issues to be solved, first of all? Then could you give us a bit more details perhaps for Shannon on the margin outlook for the US following that $600 million investment and what kind of return should we expect? And then if we could go back to the marketing approach for Neuriva, since social media, like TikTok, I guess is probably not very relevant for that type of consumer, how do you approach this?

Jérôme Lemaire:

So let me start with Neuriva, then Lysol, and then I'll hand over to you, Shannon, if you're okay with that.

So Neuriva, no, I think all consumer are on social. I think it's more that you might have an over index of certain platforms, namely TikTok on Gen Z, younger millennials. But I remember a presentation I've done when I was leading eCommerce for Reckitt Hygiene many years ago. You have, I think 43% at that

time of families on TikTok. So it's seen as a young Gen Z thing. There's a lot of Gen Z, but you have already many families on it. And you can see some other platform, namely Facebook with a massive over index on older Gen X and Boomers.

So social is everywhere. It's more how you customize your platform mix to deliver on your target audience. That's for Neuriva. And Neuriva, by the way, I think more than half of the volume are sold on Amazon, the biggest pure player. So I think it's very digital overall, social and eCommerce.

On Lysol. So Lysol, I think the big first thing to understand Lysol is really the sellout is very strong. The sellout is very strong for several consecutive years, and you've seen the data this morning. And what happened in the summer is purely supply related, not demand related. So the sellout was still very strong. Because the sellout is strong, we need to, as an always-on, upgrade our factories, the two hygiene factories we have in the country. And the irony is that during this upgrade, we have more downtime than expecting on four lines.

And the challenge you're facing on Lysol is that, I tried to explain that this morning, you have so many products. I think we tried to make the Lysol presentation very straightforward, but the reality within this $1.2 billion brand, you have multiple formats with different manufacturing processes and with different chemistry you manufacture in the factory.

So when you have an issue like that happening, you cannot react overnight. And that's been the challenge we've been facing. Many people are on it, as you can imagine. The good news, I think we're seeing a lot of good progress. In October already, the sellout that was slightly softer in Q3 went back to mid-single digit and the selling in is following exactly as per the sell out. So already it's a much better place to be.

We have also made sure that the plan coming ahead is, I would call it de-risked from a commercial standpoint, where we believe there might be risk we shifted certain promotion to avoid any issues with the customers. So I'm totally confident on the commercial side and supply is doing their work. We said clearly by Q1, Q2 next year, this should be fully behind us, but from a commercial standpoint, there won't be impact. I think it's already being factored.

Shannon Eisenhardt:

Okay. So again, I'd start with for Core Reckitt, four to five top line, and we've said we want to deliver a leveraged P&L. So we want to be growing our margin over time from an operating margin standpoint. From a gross margin standpoint, what we've been discussing is around the globe, we're making a lot of investments. And so gross margins in the near term, I would expect to be relatively flat.

I'm not going to get into specific operating margin guidance by geography. What I would say is that we absolutely expect that we'll see significant benefits coming through and ROI on the investments that we're making. And so when you think about the resiliency of the supply chain that we'll be enhancing, when you think about the capacity that we'll be adding behind these brands and frankly the agility when you think of upper respiratory and now bringing that on shore and the ability to quickly respond to demand, I think there will be both top line and bottom line benefits that we'll see coming through.

I think the timing of that is going to be a little bit choppy. So we're obviously making investments today in Wilson Manufacturing. It's starting up next year and then we'll be adding more and more capacity into that facility. So I think what I feel most confident in is the fact that when you look at our gross margins in North America and our operating margins today, they're very strong and it's a reflection of the strength of brands that we have and of the categories we've chosen to play in.

Nick Ashworth:

Brilliant, who's next? I saw Tom's hand down here.

Tom Sykes:

Tom Sykes from Deutsche Bank. So there's a lot of impressive stats on the omnichannel gains you're making, but do you think that the omnichannel excellence has the same moat and long-term value as product superiority? Because how do we know whether you're better at others at doing that? And can you benchmark yourselves maybe as where your sophistication is versus some of your peers?

And when you look at Amazon, Walmart, Costco together, they're obviously taking the majority, as you point out, taking the category growth. Would you in the agree? Do you believe you're taking market share on those channels then?

Jérôme Lemaire:

Okay. So I think omnichannel, the important thing to... It's a very complicated concept and it's very multifaceted. I would say to keep it simple, I think incrementality I think is ultimately the KPI for omnichannel. Five, seven years ago, we were reporting and looking a lot about the weighting of eCommerce online sales. I think in this world you really need to look at the aggregate and how you manage in the 360, how you reach your consumers in the world where the funnel has completely collapsed.

You need to do basically an outstanding job in the physical stores and need to do the same outstanding job online. So I think if you do the great job on the two, back to your question on measurements or what is the KPI, I would say incrementality is a key KPI. And I think it was part of Jono presentation.

If I'm not mistaken, the true omni consumer are spending five times more because they have also a very big chunk of their sales on online and online there's a lot of premium proposition. There is a lot of bigger packs. So if you do the job well, incrementality is really the metric we should look about. Maybe Jono, you want to complete this one?

Jonathan Weiss:

Yeah, sure. Also, just thinking about our moat as part of that question, ultimately it lies in two places, which is the strength of our brands and the retailer partnerships and the way in which we execute in omnichannel helps us to drive and deliver that.

Let me give you an example. I showed how we optimized an image, a content tile on Neuriva and we saw a 20% increase in add to cart rates. Now any CPG can optimize an image, but not any CPG has a brand like Neuriva. A brand like Neuriva, which has a clinical background, a brand like Neuriva that consumers trust. So we see the impact of the changes we're making in the omni growth engine amplify our brands and deliver stronger that moat and that competitive edge that we have.

And then the other part is the way in which we're partnering with retailers. And I talked to you a little bit around agentic commerce and some of the things that we did very early on to lead the way. And we did that really in partnership with retailers, which is again a key strength. And ultimately when we win in omnichannel, we drive that incrementality, but we do it to amplify our leading brands and our strong partnerships. That's where we start to see that outperformance and that competitive edge.

Tom Sykes:

So the incrementality is driving the actual share gain? Sorry. Is the incrementality actually driving share gain on those channels as well or with those retailers? You confirm, agree with that?

Jonathan Weiss:

Yeah. We're seeing really strong growth come online and ahead of the category as well, which is again an example of how we're driving this total omni market share. And we're seeing that consistently across our big brands and also in our big innovations that we talked about earlier.

Nick Ashworth:

Thank you. Karel and then Sarah, let's go down this row. We'll start with Karel. Start this end and then go to Sarah.

Karel Zoete:

Yes, thanks. Good morning. It's Karel with Kepler. I have a question with regards to the focus. You mentioned Lysol in the US, very strong franchise, Mucinex of course as well. How do you safeguard these won't become islands on their own to some degree because you're tapping in still into a lot of global signs, learnings how to reach consumers from elsewhere. For example, Dettol to Lysol is very obvious. So how's that managed from a more category perspective?

And the second question I have is on Finish, if I'm not mistaken also a sizable brand in the portfolio. We've heard not much about it. Can you elaborate a bit about what's going on with Finish and how are the plans?

Jérôme Lemaire:

Perfect. I'm going to start with Finish. If you don't mind, if you can re-explain me that I did not fully get the question on Lysol, Dettol.

Karel Zoete:

Yeah. Well, you mentioned initially that these are local offerings, very strong. So a lot of the capabilities and the management of the brands are local in the US, but at the same time there must be things that go very well to share between?

Jérôme Lemaire:

Very clear. So just to be crystal clear, I think we have our global R&D center sitting in New Jersey. So we benefit from the incredible firepower of the company when it comes to innovation development, innovation investment, capability building. My point on Lysol is US is because the go-to market and the way we customize the insight to the American consumer, the way we design innovation, fragrance choices based on the American consumer, everything is done with the mindset of winning the American consumer.

So what I was describing about the localization or operating as an end-to-end US relates more how to capture the American consumer. Of course we benefit and there is, with the R&D partners, we design the different project, et cetera, for the globe. But I think the way we bring the commercialization is done very locally. We still have a global R&D center and a global capability that works for all the equities we have on Germ Protection, Lysol, Dettol, and all the local brands we have in different geographies. So it's really about customizing to win the US consumer.

If I move to your question on Finish. So Finish, I think it's a great brand. We are global number one on this category. We are number one in many European markets. We are number one, I think, in all the large emerging markets on the category. And I like to say I've been in the company, as I said in my intro, for 28 years. And it's been 28 years, to be very honest, Finish USA has always been a challenging place.

And the situation is very simple. This is a category where you have the prime to the first entrant in the market. We created the category in most countries around the world. In the US, the leading brand has created the category and we are number two. And we hold this number two position since then.

I think where I'm very positive about the future is for two reasons. First of all, we have on top of Finish an incredible equity called Jet-Dry. Jet-Dry is a rinse aid brand. We have two brands. We operate with two brands in North America on auto dish, Finish for detergent, Jet-Dry for all the additive business, which is a good one third of the total portfolio. And Jet-Dry, we have a very large market share.

Finish, what's very interesting when you deep dive on what the brand stands for in the US. We are very strong on the quality of the product. It's basically designed by our global R&D capabilities from Europe. So it's a great product, but we have a big opportunity when you look at the demand map to really stand for top quality at the best value. And that's a shift we are operating for the last months and that we're going to amplify, meaning we have several tiers on Finish. We want to navigate more seamlessly these tiers.

We've been a bit obsessed in the past to the most premium tiers, which considering the equity of the brand in the US. I would not say that for other countries in Europe, but for the US is a stretch and we need to rebalance. I'm not saying it's a departure, but we need to rebalance the top tiers and the medium tiers, which is something that is happening as we speak. And the second one to really deliver value, you need to really, back to the price pack architecture, you need to spend a lot of time to really design a very value-driven price pack architectures, bigger packs, maybe more balance between premium and medium tiers to really deliver true value for the consumer. This is the plan for Finish.

Nick Ashworth:

Sarah?

Sarah Simon:

Yeah. Sarah from Morgan Stanley. Two questions please. First one was on Fabric Sanitizer. If you think about potential market size, how would you scale that relative to air? And then the second one was around the investment in more local production and resilience and so on. Given that you don't have to ship Mucinex 12 HR from the UK anymore, do you think this could result in sell-in and sellout being more closely matched?

So you've got retailers who obviously want to hold less stock generally, not just in cold and flu, but generally. If they don't have to be prepared for stock maybe not arriving, I'm just wondering if you could end up with sort of shorter inventory cycles and less of a kind of Q2 or even Q3 selling, and selling that's more kind of dynamically matched to the season?

Jérôme Lemaire:

Okay. So let me start with the second one. I think the reality of this category, and I will take the example of this year, I think it was massively discussed with all of you, but we've been facing for one year and a half of relatively negative incidence. It was very atypical year, '25, '26, with many weeks trending between minus 5% and minus 15% incident versus a year before. So it's been really tough.

And just to illustrate how volatile and unpredictable this category can be, we become on the second part of September moving from minus eight to plus five and then double digits. So it's very, very, very unpredictable. I think the opening and the onshoring of cold and flu over time because it's not going to happen overnight. And you've seen in the presentation, it's a sequential ramp up of the different

technologies in the factory, but you will still need a lot of inventory to cover for the very unpredictable nature of the category. That would be my simple answer on this one.

For sure, onshoring massively helps obviously, but you still need to get enough safety stock to cope with any change of direction. And the last year since the pandemic have been, yes, relatively hard to predict. That would be the first one.

And on the second one, the Fabric Sanitizer, it's very hard to define what is going to be the ultimate size of the prize, but I would say Lysol has a fantastic right to win on this category. The Fabric Sanitizer is at the perfect intersection between odor removal, which we've proven works for this brand. Odor removal has the bacteria and the germ protection in it. Consumer understanding, you have very little education to do. And we proved with the success of the Laundry Sanitizer for the last 10 years that consumer are really willing to put a Lysol product in their washing machine.

So back to your question about the potential, we'll wait and see how it scales over the coming years, but I believe we have in our hands something that is in the same ballpark as a success with the experience with the Air Sanitizer and the Laundry Sanitizer. We see it the same way and we're going to put a very strong reach plan starting with social obviously, but also touching every single touch point. And also I believe there will be a lot of synergies with investment we are making on the Laundry Sanitizer and the Air Sanitizer product, considering this product has the same two benefits.

Nick Ashworth:

Go to Cedric and then we can go over to Fon over there.

Cedric Bernard:

Cedric Bernard from Citigroup. I just want to follow up actually to Sarah's question, which is if we take some of Lysol, Airborne, obviously Mucinex, how much of your revenue do you think in the end are caught on the US winter?

And I would argue then the second question is on your capacity investments. How do you make your capacity flexible enough either to cope with what looks like is going to be a great flu season and any update obviously much appreciated, but then also in a bad season, how do you avoid the over, well, basically capacity under utilization issue if a big chunk of your revenues are exposed to the winter? Thank you.

Jérôme Lemaire:

Okay. So let me start by the second one. It's very challenging. I think your point is absolutely right and that's the fact of dealing with very seasonal categories. So your first question was the size of seasonal. We have roughly one third of the US portfolio. If you combine Upper Respiratory, Airborne and immunity and also certain segment of Lysol, Lysol is not equal. Many segments are non-seasonal at all. It's very flat across the year. The Lysol disinfecting spray I've been showing you at the beginning, the core equity of the brands, this segment follows at a later stage the incidence. So even the seasonal ones don't have exactly the same trajectory, but you have roughly one third of the portfolio.

And your second point, we have a wonderful supply team and we spend a lot of time with them. You need to work with the right safety stock and you need to really monitor in a very granular micro basis the evolution of your sellout to adjust on the go.

But we are very used to that. I think it's been the reality in this business for years. We know how to navigate this. Again, the last years there's been a lot of atypical years, but I think what we're seeing on the market for the last six, seven weeks give us confidence we are back to a normal season. The jury's

out to understand really what's going to be the magnitude of the season, but for now I think it's positive. I think on the occasional inventory, I think it's something we're managing and we used to manage.

Nick Ashworth:

Fon.

Wassachon Fon Udomsilpa:

Hi, it's Fon Udomsilpa from Barclays. Just go back to the iPad point, please. On sales execution, we learned the benefit on shelf space, but how should we think about the benefit on cost? And now you mentioned that AI is being implemented across the transaction, how much more automated it can become and where the US sales execution sit in comparison to the rest of the world?

Jonathan Weiss:

Yes. Okay. So firstly, the biggest advancement that we see with our smart execution program that I shared with you is around the impact that our sales team are creating and that's translating directly into the value in store. And if you're joining us later on store visits, you're going to see the power of that execution live in our stores. You'll see the displays that the team are building and that value is on top of what they used to do because they were so focused on doing compliance previously.

So the efforts from a sales execution point of view are predominantly around growth more than they are around productivity, albeit of course there are some productivity benefits that come alongside of this.

In terms of the sales execution, the smart execution program has been a real success in the US and we're now partnering with other Reckitt markets rolling this out. So it's very much a great case study and there are different pockets around Reckitt that are now working with smart execution and leveraging the power of tech and AI to make smarter interventions as we execute across different customers around the world.

Nick Ashworth:

Thank you. Look, I know we've still got some in the room and I just want to ask one that's coming online as well. We can probably go for a few more minutes, I think. So this is from Callum at Bernstein, "The Veet example was fascinating. I guess partly inspired by the success you've seen with Douyin in China. Can you talk about how the business shares these best practices globally?" So we talked a little bit about it, I guess, with Dettol and Lysol, but Jerome, Jono?

Jérôme Lemaire, President North America:

Yeah, no, I think on this one we are very connected. I think I've been on many trips in this role, but also in my previous roles to China, which is absolutely always I'm going there you always coming back surprised. And what you've seen two years before is a totally different landscape when you visit every time. So it is a fascinating world. We're going there physically. We are discussing the China success model, I think in, I would say virtually every single meeting. So it's very present.

And we also, if I make the connection with the US and everything we discuss in social, I'm very aware of what's happening there and we work with the team to really adjust with the right bespoke approach to the US environment. So it's obviously not a cut and paste. The platform are very different. The go-to market is different, but there's a lot of insight we can really repurpose for the US market a lot.

And typically vitamins, mineral supplement, you've seen the video on Move Free, we're getting a lot of knowledge from the Chinese market. I think it's true across multiple categories.

Nick Ashworth:

Yeah. And then we'll come to Jeff. And then Carlos.

Carlos Laboy:

Hi, I'm Carlos Laboy, I'm here for Jeremy Fialko from HSBC. How do these digital capabilities change the way you as a senior management all think about how to balance and pursue the long-term benefits and complexity of brand and market development versus the short-term efficiency pressures of commercial and industrial efficiency?

Jonathan Weiss:

Yeah. Okay. So the question's really around how do we make sure we're investing the most productively with our marketing spend in this omnichannel environment? You heard from me about how we do this with RGM, that we scrutinize every dollar. And this is cultural within Reckitt. Every single investment we take, we scrutinize that investment and we make sure it counts.

And then what you saw in the presentation today was a variety of different case studies of things that have really worked that become repeatable growth models for us. Specifically within the omni world, we tailor our tactics by SKU so that we identify the right tactic that drives the most growth. And I'll give you an example. We see that Neuriva is a brand that is highly driven by subscription. It's a lot of repeat rate with this. And in fact, over 40% of our sales online happen to be through a subscription model, which is fantastic.

So naturally we invest quite heavily behind subscription because it pays back. We don't spend a dollar on subscription, on Mucinex, because it's an incidence driven category, so it doesn't make sense. And this is just an example of how we scrutinize each investment we take and make sure that it pays back and delivers that value creation in the very same way that I demonstrated with KY and RGM. We do this every day.

Jérôme Lemaire:

I would just complete by saying the way you frame your question, you still have the strategy big picture. You know exactly the reach you want to have for a brand, certain medium you want to use. But the beauty of this world, you can optimize on a daily basis, on an hourly basis on what worked and what does not. So you need to keep a strategic framework, but the way you optimize within the framework is a total departure from my younger days in the company. You can really adjust on the go, which is fantastic.

Nick Ashworth:

Perfect. I think we're running up to time, so we'll take Jeff and then we'll come to a close, I think.

Jeff Stent:

Okay. Jeff Stent, BNP Paribas. I'll keep it brief then, Nick, to keep you on time. Biofreeze, discuss please. Thanks.

Jérôme Lemaire:

Absolutely. It's a broad question

Jérôme Lemaire:

Biofreeze is an amazing brand. The thing that strikes me the most on Biofreeze is in blind test, it comes up always as a preferred brand. I think you have a Biofreeze experience. We call that the Biofreeze magic. So of course it's medicated, so it needs to create a positive reaction in your body, but even the semiotics, everything on the experience, consumer love these brands.

So what we're doing on this brand is twofold. We have two specific bullseye we're going after. The main 40 or middle age, I will say, bullseye that wants to stay in physical shape, that is exercising, as a consequence who might generate injuries. So we have really our core brand and we are really sampling.

When you have a brand like that, where after usage consumer are hooked, your priority is to sample it and tell it to the world. So I think we're sampling something like more than 10 million samples a year, and that's really the core of the proposition.

More recently, we launched a new line targeting the more senior consumers, combining different ingredients that is more about arthritis and really different demand space. And it's also very successful. So the future of the West is the future of Biofreeze to answer your question, going hard after the core business and the core target audience, but also making strong relevance with a more senior bullseye and bring incremental growth in the future.

Nick Ashworth, Head of IR:

Brilliant. Thank you. Look, I think we're at time. Firstly, I just want to say a big thank you to Jerome, to Shannon and to Jono. It was a really great presentation. Thank you very much for it.

Look, I just want to echo what Jerome said, it's taken a huge team to do all of this, so thank you very much to the North America team. They've been absolutely fantastic.

So look, I hope you're leaving with a lot of excitement and confidence that we can deliver against some of the growth that we've talked to and a little bit more awareness around these incredible brands that we have here in North America. It's a really exciting place to be as part of Core Reckitt.

If you have more questions, please do feel free to reach out to me and the team, we're around and we'd love to hear from you. And yeah, we look forward to continuing the conversation and we'll speak to you all soon. Thank you very much.

Jérôme Lemaire:

Thank you.