

17 December 2024

## **RECKITT Q4 / FY 2024 PRE-CLOSE AIDE MEMOIRE**

This aide memoire brings together Reckitt's previously provided publicly available financial and operating disclosures, which may be helpful as a reminder for the market's consideration ahead of Reckitt's Q4 / FY 2024 results on 6 March 2025. All statements have had their source attributed and should only be taken as speaking as at the date they were made.

No new information or disclosure is given in this document, which is now available on the Reckitt website.

### **Portfolio sharpening and organisation simplification**

#### **New operating model and organisation structure**

- On 24 July 2024, we announced actions to sharpen our portfolio and simplify the organisation for accelerated growth and value creation. (Source: H1 2024 Results, 24 July 2024)
- We are well advanced to be operational with our three reporting segments – Reckitt, Essential Home and Mead Johnson Nutrition – on 1 January 2025. (Source: Q3 2024 Trading Update, 23 October 2024)
- We will provide an update on our progress at our full year results on 6 March 2025, where alongside the current reporting segments we will also report 2024 results with our new reporting segments and provide historical pro-forma financial information for comparison purposes. (Source: Q3 2024 Trading Update, 23 October 2024)

#### **Fuel for growth fixed cost optimisation programme**

- Our expanded fixed cost initiative, Fuel for Growth, is progressing well. (Source: Q3 2024 Trading Update, 23 October 2024)
- We are on track to unlock the previously communicated cost efficiencies delivering at least a 300bps reduction in fixed costs as we exit 2027 to achieve an end state fixed-cost base of c.19% of net revenue from c.22% currently. (Source: Q3 2023 Trading Update, 25 October 2023)
- We expect to incur estimated one-off cash and restructuring and transformation costs during this period of £1.0bn. (Source: Q3 2023 Trading Update, 25 October 2023)

#### **Essential Home**

- We have set out plans to exit our portfolio of leading home care brands Essential Home by the end of 2025. (Source: H1 2024 Results, 24 July 2024)
- All preparatory workstreams are on track. (Source: Q3 2024 Trading Update, 23 October 2024)

#### **Mead Johnson Nutrition**

- We continue to consider all strategic options to maximise shareholder value for Mead Johnson Nutrition. (Source: H1 2024 Results, 24 July 2024)

### **FY 2024 outlook**

Our business contains seasonal brands and products. Our outlook assumes an average cold and flu season. (Source: Q3 2024 Trading Update, 23 October 2024)

#### **Net revenue** (Source: Q3 2024 Trading Update, 23 October 2024)

- We continue to target Group full year LFL net revenue growth of +1% to +3%.
  - We now expect a high single-digit decline for Nutrition reflecting the short-term impact to the business from the Mount Vernon tornado.
  - We reiterate the lower end of mid-single-digit growth for our Health and Hygiene portfolios.
  - Adjusted operating profit to grow ahead of net revenue growth.

## **Technical guidance** (Source: Q3 2024 Trading Update, 23 October 2024)

- Adjusted net finance expense is expected to be £300m to £320m.
- The adjusted tax rate is expected to be 25-26%.
- Capital expenditure is expected to be 3-3.5% of net revenue.
- If foreign exchange rates were to hold end-September 2024 closing rates for the remainder of 2024, the estimated negative impact on 2024 Sterling net revenue would be around -4.5%, and 2024 Sterling adjusted diluted EPS would be around -6.5% (as published on our website).
- We expect insurance proceeds in relation to Mount Vernon to be recognised in FY 2024.

## **Operating segments performance**

### **Hygiene**

- Q3 YTD 2024 LFL growth was +3.7%, driven by price / mix improvements of +2.8% and volume growth of +0.9%. (Source: Q3 2024 Trading Update, 23 October 2024)
- Volume growth was positive in both Q3 (+0.7%) and YTD (+0.9%). (Source: Q3 2024 Trading Update, 23 October 2024)
- Growth was broad-based with our core Powerbands Lysol, Finish, Vanish, and Harpic all contributing to growth this year, with continued strong contributions from our innovation platforms. (Source: Q3 2024 Trading Update, 23 October 2024)
- Across Finish, we continue to see a more promotional environment in Europe and the US. (Source: Q3 2024 Trading Update, 23 October 2024)
- In Q4 in the prior year, we benefited from the disruption experienced by Clorox in the range of £10-20 million. (Source: Q3 2023 Trading Update, 25 October 2023)

### **Health**

- Q3 YTD 2024 LFL growth of +1.9% driven by price / mix improvements of +1.7% and volume growth of +0.2%. (Source: Q3 2024 Trading Update, 23 October 2024)
- Volume growth turned positive in Q3 (+1.2%) and on a YTD basis (+0.2%), driven by Durex, Dettol, VMS and a return to growth for our total OTC portfolio. (Source: Q3 2024 Trading Update, 23 October 2024)
- China saw strong growth, particularly across Durex, helped by the continued success of our innovation platforms, such as hyaluronic acid condoms. (Source: Q3 2024 Trading Update, 23 October 2024)
- Health Q4 2023 LFL net revenue declined -2.0% reflecting:
  - lapping of an early and strong cough cold and flu season in Q4 2022; and
  - Dettol's low double-digits decline driven by high comps in China and declines in the Middle East. (Source: FY 2023 Results, 28 February 2024)

### **Nutrition**

- Q3 YTD 2024 LFL growth of -11.6%, with price / mix of -1.1% and volume decline of -10.5%. (Source: Q3 2024 Trading Update, 23 October 2024)
- This was largely a result of the supply constraints we faced due to the impact of the Mount Vernon tornado in July and the lapping of high market shares experienced during the US competitor supply shortage in the prior year. (Source: Q3 2024 Trading Update, 23 October 2024)
- We exited 2023 with a non-WIC value market share in the low 40s. This compares to an average value market share for 2023 of around 47%. (Source: FY 2023 Results, 28 February 2024)
- We expect a high single-digit decline for full year net revenue (from a previously guided low double-digit decline), given the lower-than-expected impact from the Mount Vernon tornado of around £100m in Q3. (Source: Q3 2024 Trading Update, 23 October 2024)
- In Q4 2023, net revenue was negatively impacted by approximately 200bps due to a returns provision made in respect of the voluntary Nutramigen recall in late December. (Source: FY 2023 Results, 28 February 2024)

## **Other financial disclosure**

- **Free cash flow** In FY 2023, we reported free cash flow of £2,258m and a 97% free cash flow conversion rate. (Source: FY 2023 Results, 28 February 2024)

## Net debt

- Our leverage of 2.2 times at H1 2024 remains consistent with our capital allocation framework and objectives. (Source: H1 2024 Results, 24 July 2024)

## Dividends

- We maintain a progressive dividend policy. (Source: FY 2023 Results, 28 February 2024)
- The H1 2024 dividend increased by 5% to 80.4p (2023 H1: 76.6p) per share. (Source: H1 2024 Results, 24 July 2024)

## Share buyback programme

- We continue to make progress on our current £1bn Share Buy Back programme. (Source: Q3 2024 Trading Update, 23 October 2024)
- As of 10 December 2024, a total of 10.9m shares bought back since the current programme commenced on 26 July 2024. (Source: Company RNS, 2 October 2024 and Company RNS, 11 December 2024)

## LFL net revenue performance

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
<b>Hygiene</b>	<b>+2.0%</b>	<b>+5.5%</b>	<b>+8.1%</b>	<b>+5.2%</b>	<b>+5.1%</b>	<b>+7.1%</b>	<b>+1.9%</b>	<b>+2.1%</b>
Volume	-10.4%	-7.3%	-3.4%	-2.6%	-6.0%	+2.9%	-1.1%	+0.7%
Price / mix	+12.4%	+12.8%	+11.5%	+7.8%	+11.1%	+4.2%	+3.0%	+1.4%
<b>Health</b>	<b>+12.5%</b>	<b>+4.9%</b>	<b>+5.4%</b>	<b>-2.0%</b>	<b>+5.0%</b>	<b>+1.0%</b>	<b>+1.7%</b>	<b>+3.2%</b>
Volume	+1.2%	-0.1%	+0.3%	-2.2%	-0.3%	-0.1%	-0.4%	+1.2%
Price / mix	+11.3%	+5.0%	+5.1%	+0.2%	+5.3%	+1.1%	+2.1%	+2.0%
<b>Nutrition</b>	<b>+11.9%</b>	<b>-0.9%</b>	<b>-11.9%</b>	<b>-14.8%</b>	<b>-4.0%</b>	<b>-9.9%</b>	<b>-8.1%</b>	<b>-17.4%</b>
Volume	-3.4%	-6.9%	-15.7%	-14.3%	-10.0%	-9.4%	-8.6%	-13.9%
Price / mix	+15.3%	+6.0%	+3.8%	-0.5%	+6.0%	-0.5%	+0.5%	-3.5%
<b>Group</b>	<b>+7.9%</b>	<b>+4.1%</b>	<b>+3.4%</b>	<b>-1.2%</b>	<b>+3.5%</b>	<b>+1.5%</b>	<b>0.0%</b>	<b>-0.5%</b>
Volume	-4.5%	-4.3%	-4.1%	-4.3%	-4.3%	-0.5%	-2.2%	-1.4%
Price / mix	+12.4%	+8.4%	+7.5%	+3.1%	+7.8%	+2.0%	+2.2%	+0.9%

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## **Cautionary note concerning forward-looking statements**

This aide memoire contains certain statements that are, or may be deemed to be, forward-looking statements. Forward-looking statements give Reckitt's expectations and projections, as of the date such statements are made, about future events, including strategic initiatives and future financial condition and performance. Reckitt's actual results and developments may differ materially from those expressed or implied by such forward-looking statements. Please see the "Cautionary note concerning forward-looking statements" section of the relevant results announcement regarding the forward-looking statements from such documents that are extracted in this aide memoire. Forward-looking statements should be construed considering such cautionary statement notes and undue reliance should not be placed on forward-looking statements.

No statement in this document is or is intended to be a profit forecast or profit estimate.