28 April 2021

RECKITT (RKT.L)

GOOD START TO THE YEAR - OUTLOOK UNCHANGED

	Q1 2021			
	£m	LFL[1]	FX	Reported
Hygiene	1,641	+28.5%	-7.4%	+21.1%
Health	1,123	-13.0%	-3.4%	-16.4%
Nutrition	742	-7.4%	-4.9%	-12.3%
Total net revenue	**3,506**	**+4.1%**	**-5.2%**	**-1.1%**

1 Non-GAAP measures are defined on page 7

Highlights:

- **Group like-for-like ('LFL') net revenue growth of +4.1%:** driven by a focus on execution, continued investment and strong demand for our brands
- **Hygiene LFL growth of +28.5%:** led by very strong demand and white space expansion for Lysol, with double-digit growth in Finish, Air Wick and across most regions
- **Health LFL decline of -13.0%:** lower demand for cold and flu relief products, and reflecting significant pantry loading in Q1 2020; strong growth in sexual wellbeing and Gaviscon
- **Nutrition LFL decline of -7.4%:** reflecting US IFCN pantry loading in the comparative period, and ongoing difficult market conditions in Greater China, particularly Hong Kong
- **Continued successful execution against our four growth drivers:** increased penetration, market share gains, new places and new spaces
- **eCommerce:** sales increased by 24%, to 13% of Group net revenue, as result of increased investment
- **China IFCN:** strategic review is progressing well; an update will be provided when appropriate
- **New corporate brand launched, building on Reckitt's 200-year heritage**
- **2030 Sustainability road map released:** targets include a 50% reduction in our carbon footprint and 50% of net revenue from more sustainable products by 2030, backed by £1bn investment over the next ten years

Outlook:

- At this early stage in the year, our outlook for 2021 is unchanged and we remain on track to achieve our medium-term goals

Commenting on these results, Laxman Narasimhan, Chief Executive Officer, said:

"2021 has started well with like-for-like net revenue growth of +4.1% in line with our expectations. This brings two-year growth to over 17% as we lap the pantry loading of March 2020.

Demand for Lysol and Dettol continues to be strong as consumers remain vigilant to the spread of the virus and see use of our products, and improved hygiene habits, as a way of protecting their health and regaining normality in their lives. As is to be expected, the underlying drivers of near-term demand for disinfectant products are dynamic, with countries around the world at different stages of the pandemic, and we are therefore closely tracking shifts in consumer behaviour to understand supply and demand trends.

Our Health business is seeing improved trading in sexual wellbeing, very strong growth in Gaviscon and improved execution overall. Meanwhile, we expect the difficult current market conditions for our cold and flu relief products to improve over time. In Nutrition, trading continues to be strongly affected by the closure of the Hong Kong border, although we are beginning to annualise the impact of this. IFCN performance in the US and Latin America remains strong and we are seeing improved trends in parts of ASEAN. Our portfolio is constructed to benefit pre- and post- COVID, and the inherent balance in our portfolio leaves us favourably placed to perform well in both the short- and longer-term.

We see continued strong demand for our brands, better execution, and the benefits of our recent investments feeding through in the form of more focused innovation, increased capacity, and better customer service. There is still much to do, and the actions we are taking make Reckitt a stronger, more competitive, business with each day. We have the right team in place, and our portfolio is increasingly well-positioned to benefit from attractive market fundamentals. We continue to be confident in the outlook for both 2021 and the medium-term."

GROUP REVIEW

Further like-for-like revenue growth against a strong comparative period

Group net revenue grew by +4.1% on a like-for-like basis in Q1 with volume +1.1% and price / mix growth of +3.0%. This growth builds on the very strong performance of Q1 2020 which saw relatively normal trading in January and February, but significant pantry-loading in March as a number of markets started to experience the early effects of COVID. When compared to the first quarter of 2019, Group like-for-like revenue is over 17% higher. Growth has been broad-based geographically and has been led by continued very strong demand for a number of our Hygiene brands, particularly in North America.

Our performance continues to benefit from the significant investment made to date. Our investment in Growth Enablers for example, has driven further improvements in our supply chain. Here, relentless focus on processes and capacity expansion has resulted in significantly higher pack-fill-rates and better on-shelf availability, particularly compared to March / April 2020 which saw demand spike. In R&D, our investment in science platforms, digital and people capabilities is continuing to drive a more competitive development pipeline, with launches so far in 2021 including Dettol Tru Clean, our first plant-based disinfectant in the UK, and Provital, in the rapidly growing healthy aging and immunity segment, in China. Similarly, our investment in Go-to-Market capabilities has seen us further expand our disinfectant footprint in the quarter with brand launches in Austria, Belgium and Scandinavia. Global Business Solutions ('GBS') – our professional business - remains on track to contribute c.100bps to Group net revenue growth in 2021 with recently announced partnerships including WeWork and TripAdvisor.

Our eCommerce sales grew 24% in the quarter and now account for 13% of Group net revenue. Growth continues to be broad-based by channel and is benefiting from the step-up in investment that has taken place throughout the last year.

Reported revenue declined by 1.1% in the quarter, reflecting a foreign exchange headwind of 5.2%, driven by a weakening in the US dollar and a number of developing market currencies.

Market developments

Market dynamics are substantially unchanged from those set out in our 2020 full year results on 24 February.

We see ongoing, elevated demand for our disinfection products overall. Consumers in many markets continue to tell us that they are more aware of the spread of germs than before and that they expect to retain their improved hygiene habits after the pandemic. In addition, consumers seek the security that their workplaces, public transport and other public areas are safe. We therefore remain confident in the greater structural opportunity for the category longer-term, including the potential for geographic expansion and our Global Business Solutions unit. Nevertheless, the near-term situation remains dynamic. Countries around the world are now at very different stages of the pandemic, with cases in Brazil and India for example rising rapidly, whilst Australia and China have seen the virus largely recede. The roll out of vaccinations also varies significantly, with large proportions of the UK and US populations having now received a first dose. These factors, along with evolving scientific understanding of the virus, are resulting in changing government advice and restrictions. As a result, we continue to monitor a number of leading indicators closely to understand how demand dynamics will play out over the course of the year.

As expected, an exceptionally weak cough, cold and flu season during the quarter, with incidences estimated to be down by around 90%, has resulted in a significant reduction in demand for a number of our OTC brands such as Mucinex, Nurofen and Strepsils, as well as Airborne – our immune support brand. This is likely to be temporary however, and the return to schools and general relaxation of social distancing restrictions may lead to a moderately stronger 2021 / 22 cough, cold and flu season. Elsewhere, we have already seen some of the adverse effects of COVID begin to reverse. Looser 'stay at home' restrictions in China, compared to the first quarter of 2020, have for example, helped drive strong growth in our sexual wellbeing category. Over time, we would expect this recovery to be replicated in other markets where lockdowns have led to temporarily reduced demand.

In Greater China, the IFCN market continues to be challenging. This is particularly true in Hong Kong where there remains significant uncertainty regarding the timing of the border re-opening, as well as the pace with which this cross-border trade will ultimately return. Our mainland market share remains strong compared to multi-national peers however, and we have taken further share overall online. Our strategic review of the IFCN China business is progressing well and further updates will be provided when appropriate. More broadly, IFCN volumes remain under pressure in a number of markets, with birth rates estimated to be down significantly in recent months.

Rejuvenating sustainable growth

Our strategy seeks to rejuvenate sustainable growth, targeting mid-single digit revenue growth in the medium term, and mid 20's adjusted operating profit margins by the mid-2020s.

As detailed at our full year results on 24 February 2021, we invested £745m in the business in 2020 in areas such as Go-to-Market capabilities, R&D and Supply Chain. Our investments are part-funded by our £1.6bn productivity plan, which remains on track, and will continue to strengthen the business throughout 2021.

Improvements across our four growth drivers

We continue to make good progress against our four growth drivers: driving increased penetration, delivering market share gains and entering new places and new spaces. Selected examples include:

Increased Penetration: Lysol penetration growing rapidly in Canada, and now approaching 60% of all households, with penetration in the US remaining over 50%.

Market Share Gains: Strong gains in Gaviscon and US Nutrition driven by a combination of strong innovation and in-market execution; Lysol share in North America is up over 400bps; seeking to sustain strong 2020 gains elsewhere.

New Places: Continued geographic expansion for Lysol and Dettol including Austria, Belgium and Scandinavia, targeting 70 new markets by the end of 2021.

New Spaces: Successful launch of Veet Pure / Minima range into the naturals space.

Our commitment to a cleaner, healthier world

Sustainability is central to our purpose and strategy and runs through everything we do. In March, we formally launched our sustainability roadmap: For a Cleaner, Healthier World. Our ambition is to reach half the world's population with products that contribute to a cleaner, healthier world by 2030; engage two billion people in programmes, partnerships and campaigns that will create a positive impact; as well as support delivery of the UN Sustainable Development Goals. Priority commitments include a 50% reduction in our carbon footprint, and 50% of net revenue from more sustainable products, by 2030. The delivery of our ambitions will be backed by more than £1bn in investment over the next ten years. Reflecting the good progress we have already made in this area, Reckitt's MSCI ESG rating has recently been upgraded from 'A' to 'AA', and our Sustainalytics score, currently at 20.8, also continues to improve. Additionally, we are pleased that Reckitt has been announced by the UK government as Official Hygiene Partner for the COP 26 Climate Summit in Glasgow.

Outlook

We're encouraged by the progress we are making to rejuvenate sustainable growth, and at this early stage in the year, our 2021 outlook remains unchanged and we are on track to achieve our medium-term goals.

For 2021, we continue to expect like-for-like revenue growth of between flat to +2%. The adjusted operating profit margin is expected to be between 40 to 90bps lower than the 23.6% reported in 2020. This reflects the impact of planned investments and increasing input costs, particularly costs of goods sold, partially offset by additional productivity benefits and, potentially, pricing. This reduction in margin will be weighted towards the first half of the year as we annualise the significant step up in investment in the second half of 2020, and as a result of the decline in OTC revenue. Guidance for interest, tax and free cash flow conversion remains unchanged from that indicated on 24 February 2021.

We continue to expect to deliver mid-single digit revenue growth in the medium-term, with adjusted operating profit margins in the mid '20s by the mid-2020s. As updated in October 2020, our improved execution and the investments in capability and growth will enable us to achieve our revenue growth target a year earlier than initially expected, and with greater confidence.

OPERATING SEGMENT REVIEW

Hygiene

47% of net revenue in Q1 2021

- Very strong, volume-led growth, driven by Lysol, Finish and Air Wick
- Double-digit growth in most regions, with North America, UK and India particularly strong

	£m	Volume	Price / Mix	LFL[1]	FX	Reported
Q1 2021	**1,641**	**+22.6%**	**+5.9%**	**+28.5%**	**-7.4%**	**+21.1%**

1 Non-GAAP measures are defined on page 7

Hygiene net revenue grew +28.5% on a like-for-like basis to £1,641m. This reflected volume growth of 22.6% and price / mix improvements of 5.9%. The latter was driven primarily by lower promotional activity in Lysol in North America compared to Q1 2020.

Lysol delivered continued strong growth in the quarter with underlying demand for the brand remaining robust. Growth has been led by the US, where we have seen strong 'sell-in' during the quarter reflecting expanded aisle presence, a degree of retailer re-stocking, as well as good initial uptake of new product extensions such as 'On the Go' and 'NeutraAir'. Our ability to fulfil customer demand continues to improve, with wipes capacity, for example, currently in the region of 4-5x higher than average 2019 levels.

In addition to growth in the core business, Lysol continues to capture revenue from emerging white space opportunities. The brand has further expanded its geographic footprint, with recent launches in Austria, Belgium and Scandinavia, and a renewed focus in the Philippines has also contributed meaningfully to performance in the period. Combined with ongoing development of GBS, our professional business, these actions contributed around 400bps to overall Hygiene growth in the quarter.

Air Wick and Finish each delivered double-digit revenue growth. Growth was broad-based geographically, but particularly strong in North America benefitting from ongoing 'stay at home' dynamics and supply improvements.

Other key brands performed well in the quarter. Vanish returned to growth following lower demand throughout 2020 which was a result of restrictions on social activity whilst Mortein delivered further market share gains resulting in double-digit revenue growth, despite difficult trading conditions in Brazil. Finally, Harpic built on its strong 2020 performance with high-single-digit growth as it continues to drive category penetration through its purpose-led marketing.

By geography, most regions grew in the double-digit range, with particularly strong performances in North America, UK and India. In Brazil, one of Hygiene's largest markets, revenue declined reflecting difficult economic conditions.

Health

32% of net revenue in Q1 2021

- Dettol revenue stable, at elevated levels, following significant pantry loading in Q1 2020
- Demand for cold and flu relief products impacted by an exceptionally weak season, partly offset by Gaviscon growth
- Double-digit growth in Durex driven by easing of social restrictions and 'PU' innovation in China

	£m	Volume	Price / Mix	LFL[1]	FX	Reported
Q1 2021	**1,123**	**-14.2%**	**+1.2%**	**-13.0%**	**-3.4%**	**-16.4%**

1 Non-GAAP measures are defined on page 7

Health revenue declined -13.0% on a like-for-like basis in the quarter to £1,123m. This reflected a volume decline of 14.2% and price / mix improvements of 1.2% as overall price growth was offset by relatively higher trade investment in North America.

Dettol revenue was stable year-on-year as a result of the significant pantry loading which took place in the comparative period, and overall demand remains significantly higher than the levels seen pre-COVID. In India, revenue growth has remained strong as underlying demand and expansion of key segments such as disinfectant spray and laundry sanitiser have more than offset increased competitive pressures. In China, which was the first market to see an uplift in COVID-related trading in January 2020, revenue declined in the period, but remains over double the level seen in the first quarter of 2019.

Durex delivered double-digit revenue growth led by strong growth in China which benefited from the easing of restrictions on social distancing compared to Q1 2020, as well as continued share gains related to the polyurethane ('PU') innovation which launched in October 2020. Most other markets have also shown revenue growth in the quarter and the continued development of our direct-to-consumer online offering has further contributed to overall performance.

Overall, our OTC portfolio declined by just under 40% in the quarter. In addition to the challenging comparatives due to significant pantry loading in March 2020, this reflected an exceptionally weak cough, cold and flu season, which is estimated to be around 90% lower than the prior year. This resulted in revenue declines for Strepsils, Nurofen and Mucinex, where performance was in line with the market. This was, however, partly offset by double-digit growth in Gaviscon which continues to take share in a growing market due to product innovation and better on-shelf availability as a result of supply chain improvements.

Our portfolio of personal care products saw good revenue growth overall driven by market share gains. Veet was particularly strong, reporting double-digit growth in most of its largest markets.

By geography, we have seen double-digit growth in India, with strong performances in China, UK and Russia, whilst the US declined as a result of the Mucinex performance.

Nutrition

21% of net revenue in Q1 2021

- Soft start to the year, as expected, with good US IFCN share gains offset by strong comparatives and continued difficult market conditions in Greater China, particularly Hong Kong
- In VMS, strong growth in Neuriva which was offset by Airborne decline due to the weak cough, cold and flu season

	£m	Volume	Price / Mix	LFL[1]	FX	Reported
Q1 2021	**742**	**-8.6%**	**+1.2%**	**-7.4%**	**-4.9%**	**-12.3%**

1 Non-GAAP measures are defined on page 7

Nutrition revenue declined on a like-for-like basis by -7.4% in the quarter to £742m. This reflected volume decline of 8.6% and price / mix improvements of 1.2%. Price / mix has been driven by price growth in North America and Latin America partially offset by continued promotional investment spend in China.

IFCN revenue declined by around 8% in the quarter, with volumes in most markets impacted by significantly lower birth rates. In Greater China, revenue declined by double-digits as market conditions remain challenging. This is primarily driven by performance in Hong Kong which continues to be impacted by the closure of the border with Mainland China which took effect in late March 2020. Mainland market share remains strong compared to multi-national peers however, and we have taken further share overall online. In North America, the market declined following the pantry loading of March 2020, but ongoing successful marketing campaigns in Neuropro – both online and offline – leading on the product's Omega3-DHA innovation, resulted in good share gains in the WENR (un-subsidised) market. Performance in the balance of the IFCN portfolio included mid-single digit growth in Latin America and improved trends in parts of ASEAN.

Our vitamins, minerals and supplements business declined slightly in the quarter. Airborne, our immune support brand, declined due to the exceptionally strong comparatives and was also impacted by the weak cough, cold and flu season. This was largely offset, however, by a very strong increase in Neuriva revenue as the launch of gummies in 2020, and distribution improvements, resulted in an outperformance of the rapidly growing brain nutrition category.

Performance by Geography

- Broad-based growth geographically
- Particularly strong growth in North America, led by Lysol, Finish and Air Wick

Q1 2021	£m	Volume	Price / Mix	LFL[1]	FX	Reported
North America	**1,076**	**+5.3%**	**+5.2%**	**+10.5%**	**-7.3%**	**+3.2%**
Europe / ANZ	**1,136**	**-3.8%**	**+2.7%**	**-1.1%**	**-0.8%**	**-1.9%**
Developing Markets	**1,294**	**+2.3%**	**+1.5%**	**+3.8%**	**-7.4%**	**-3.6%**
Total	**3,506**	**+1.1%**	**+3.0%**	**+4.1%**	**-5.2%**	**-1.1%**

1 Non-GAAP measures are defined on page 7

North America Q1 revenue grew +10.5% on a like-for-like basis, with growth in Lysol more than offsetting declines in Mucinex and IFCN.

Europe / ANZ Q1 revenue declined by 1.1% on a like-for-like basis, as good growth in most Hygiene brands and Durex was offset by declines in Nurofen and Strepsils which were impacted by the exceptionally weak cough, cold and flu season.

Developing markets Q1 revenue grew by +3.8% on a like-for-like basis with good growth in Lysol and Durex offset by a decline in Greater China IFCN.

FINANCIAL POSITION

There has been no material change to the financial position of the Group since the publication of the 2020 Annual Report and Accounts on 8 April 2021.

OTHER MATTERS

The Humidifier Sanitiser ('HS') issue in South Korea is a tragic event, with many parties involved. We continue to make both public and personal apologies to victims. Details of existing provisions and contingent liabilities relating to the HS issue can be found on page 207 of the 2020 Annual Report and Accounts.

Other non-GAAP measures

Like-for-like ('LFL'): Net revenue growth or decline at constant exchange rates (see below) excluding the impact of acquisitions, disposals and discontinued operations. LFL growth also excludes Venezuela.

Constant exchange rate ('CER'): Net revenue growth or decline adjusting the actual consolidated results such that the foreign currency conversion uses the same exchange rates as were applied in the prior period.

Adjusted Operating Profit and Adjusted Operating Profit margin: Adjusted operating profit reflects the IFRS operating profit excluding items in line with the group's adjusted items policy. The adjusted operating profit margin is the adjusted operating profit expressed as a percentage of net revenue.

Other definitions and terms

eCommerce: eCommerce channel net revenue is defined as direct sales from Reckitt to online platforms or directly to consumers. Estimates of total eCommerce sales as a percentage of group revenues includes direct sales and an estimate of sales achieved by our brands corresponding to sales through our omnichannel distributors and retailer' websites.

CONFERENCE CALL DETAILS

We will be hosting a live audiocast followed by a Q&A session for analysts and investors at 09:00 (BST) on Wednesday 28 April 2021.

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

https://www.reckitt.com/investors/investor-news/

Alternatively, dial in details are as follows:

International dial in	+44 (0) 207 192 8000
UK: participants freephone	0800 376 7922
US: participants freephone	+1 866 966 1396
Conference ID	4791422

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Cautionary note concerning forward-looking statements

This announcement contains statements with respect to the financial condition, results of operations and business of Reckitt (the Group) and certain of the plans and objectives of the Group that are forward-looking statements. Words such as 'intends', 'targets', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including targets for net revenue, operating margin and cost efficiency, are forward-looking statements. Such statements are not historical facts, nor are they guarantees of future performance.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group's control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political and social conditions in the key markets in which the Group operates; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group's technological infrastructure or that of third parties on which the Group relies; interruptions in the Group's supply chain and disruptions to its production facilities; the reputation of the Group's global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, Reckitt expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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Reckitt Benckiser Group plc (Reckitt)