

21 April 2017

In line with expectations

Trading Update

Q1 2017	£'m	Like-for-like*	Net M&A	Exchange	Reported
North America	631	-	-	+16%	+16%
Rest of ENA	1,038	-3%	-	+13%	+9%
Total ENA	1,669	-2%	-	+14%	+12%
DvM	869	+4%	+1%	+16%	+21%
Food	105	+3%	-	+16%	+19%
Total	2,643	-	-	+15%	+15%
Health	904	-	+1%	+14%	+15%
Hygiene	1,124	+3%	-	+15%	+18%
Home	458	-4%	-	+15%	+11%
Portfolio (incl Food)	157	-6%	-	+13%	+7%
Total	2,643	-	-	+15%	+15%

Highlights: Q1 (at constant rates)

- Q1 in line with expectations.
- Continued strong performance in Health led by Mucinex and Durex. Growth was offset by headwind in Scholl / Amopé, which also impacted ENA performance.
- Home and Portfolio categories, and DvM, negatively impacted by Korea HS issue.
- Growth rates set to improve through the year, and we are on track for our full year net revenue target of +3% LFL*.
- Mead Johnson acquisition remains on track for completion by the end of Q3. Strategic review of the Food business commenced.

Commenting on these results, Rakesh Kapoor, Chief Executive Officer, said:

“Our Q1 results are in line with expectations as macro conditions remain challenging. Against this backdrop our underlying business remains strong. We delivered continued outperformance in consumer health and good growth in DvM, offset by previously flagged headwinds, which will persist during the first half. I expect our growth trajectory to improve as we progress through the year and we remain on track to achieve our full year net revenue target of +3% LFL growth*.”

The acquisition of Mead Johnson, to create a global leader in consumer health, is progressing well and we expect completion by the end of Q3. We have commenced a strategic review of our Food business as we continue our focus on portfolio optimisation. We remain very confident that the strategic direction we are pursuing will continue to drive shareholder value.”

* Like-for-like (“LFL”) growth excludes the impact of changes in exchange rates, acquisitions, and disposals.



Operating Segment Review

ENA -2% LFL (63% of net revenue)

- In the US, strong performances from Mucinex and our VMS portfolio due to a combination of seasonal factors and innovation led growth such as our Cool & Clear initiative across the Mucinex Fast Max and Sinus Max range, and MegaRed 4in1 innovation. Growth was offset by a significant decline in Amopé as we lap strong sell-in of the Wet & Dry initiative in Q1 2016. Air Wick had a weaker quarter due to market challenges.
- Other ENA markets delivered a mixed performance. Russia returned to modest growth. France, and the UK also saw positive momentum. This growth was more than offset by declines in Germany, Italy and ANZ predominantly due to the impact of the Wet & Dry Express pedi.

DvM +4% LFL (33% of net revenue)

- India delivered strong growth behind penetration gains in the Dettol franchise and Harpic. Demonitisation had a similar negative effect on the growth rates in India as Q4 2016.
- China growth led by strong performance in Durex and Guilong OTC. Africa experienced good growth, led by Dettol. Turkey and Korea saw continued weakness due to respective geopolitical and HS issues.
- LATAM performance was in line with expectations. Mexico had a good performance. Market conditions in Brazil remain challenging.

Food +3% LFL (4% of net revenue)

- Continued good growth, demonstrating the strength of our brands and commitment of our people.

Category Review

Health 0% LFL (34% of net revenue)

- Strong, broad-based growth continues across our consumer health portfolio, offset by Scholl / Amopé.
- Scholl / Amopé franchise continues to develop with launches in compression hosiery and gelActiv insoles. The negative impact from lapping the Wet & Dry Express pedi sell-in and launch last year had a meaningful impact on the Health category's performance in the quarter.
- Strong growth in Mucinex due to a combination of higher incidence of cold and flu, and good performance from the recent launch of our Cool & Clear innovation across the Fast Max and Sinus Max range.
- Good growth in the Durex / K-Y franchise driven by innovation (K-Y Duration spray and Durex Invisible in China). Gaviscon and Strepsils also saw good growth.
- Strong growth in our health nutrition VMS brands, led by a combination of innovations such as Megared 4in1, in-store initiatives, and Move Free sales in China.

Hygiene +3% LFL (43% of net revenue)

- Growth was led by our hygiene health brand of Dettol. In DvM we had the successful launch of our new Dettol Deep Cleanse soap. We also saw continued penetration gains from the Banega Swachh initiative in India, and similar programmes in parts of Africa.
- Veet had an excellent performance in ENA with the continued success of our recent innovation, the Sensitive Precision Hair Trimmer.
- Finish grew in the quarter with our Quantum relaunch (improved cleaning performance) and continued investment in penetration programs in emerging markets. Veja in Brazil and Harpic in a number of emerging markets also performed well.
- The pest category had a meaningful decline as we lapped strong pest growth in Brazil (due to the Zika virus) from the prior year.

Home -4% LFL (17% of net revenue)

- AirWick saw growth in the "Rest of ENA", driven by our recently launched Freshmatic Pure initiative, building on the initial success of the Pure aerosol. This growth was more than offset by weakness in the US due to challenging market conditions.
- Vanish grew in the "Rest of ENA" behind our recently launched Platinum powder and gel innovation in the UK. However overall Vanish declined in the quarter, due mainly to Korea HS issue.

Portfolio Brands -6% LFL (6% of net revenue)

- Solid performance in laundry detergents in ENA, in what continues to be a challenging category. Significant declines in Korean portfolio brands.
- Food growth driven by both French's and Frank's Red Hot.

Other Items

Mead Johnson Acquisition

The Mead Johnson acquisition is progressing well and we continue to expect completion by the end of Q3.

Strategic Review of the Food Division

As previously announced, we are undertaking a strategic review of our Food business. Although it is a high-performance business with great brands and people, it is nevertheless non-core to RB. We will explore a range of options before reaching any decision and will update the market when appropriate.

India GST

The Indian government is planning to implement a Goods and Services Tax (GST) from 1 July 2017, subject to approval by the Indian legislature. The GST will be deducted from the sales value invoiced to customers, and replaces the multiple taxes currently levied throughout the supply chain, which are accounted for in cost of sales. The full year accounting impact of the move to a GST is expected to be a reduction of c.£40m in Net Revenue - which we will adjust for in our LFL Net Revenue reporting. The ongoing impact on profit is expected to be small, though this is subject to the detailed product classifications which are yet to be released. In addition to these ongoing largely accounting impacts, the implementation of GST is likely to cause some short term disruption for the industry and for our India business as the trade adjust their infrastructure and systems to the new GST rules.

Financial Position

There has been no material change to the financial position of the Company since the published 2016 Annual Report and Accounts.

Contingent Liabilities

Korea HS Issue

There have been no material changes to our expectations surrounding the tragic HS issue in South Korea since 10 February and up to 20 April 2017.

- Three tranches of Round 3 applicants have now been assessed by the Korean authorities with respect to the link between the use of HS and lung injury. 60% of round 3 applicants have now been categorized. The status to date is set out in the table below:
- Round 4 remains open and the applicant numbers are reported on the Korea Environmental Industry & Technology Institute (KEITI) website. The number of applicants as at 31 March is 4,259.

The status of the four rounds of applications established to date is therefore as follows:

Round	Total applicants	Applicants Assessed	Category I & II	Cat I&II percentage	RB Oxy users – Category I & II**	Assessment completion (expected)
1	361	361	172	48%	139	Completed
2	169	169	51	30%	44	Completed
3	752	452	57	13%	52	Dec 17
3.1		165	35	21%	32	
3.2		188	19	10%	18	
3.3		99	3	3%	2	
4	4,259*	0	TBD	TBD	TBD	Dec 17

* round 4 remains open to applicants. The number of applicants shown in the table are the applicants set out on the KEITI website as at 31 March 2017.

** both sole Oxy RB users and users of multiple manufacturers' products, including Oxy RB.

In 2016 provision was made for certain costs arising as a result of the HS issue, including costs arising from compensating Oxy HS category I and II victims classified within Rounds 1, 2 and 3 of the Korean Centre for Disease Control (KCDC) classification process.

There are in addition a number of further costs / income relating to the HS issue that are either not able to be estimated or quantified or are considered not probable at the current time, including those relating to Round 4 applicants and costs associated with the wider HS issue. Further details of these contingent liabilities are set out in our 2016 Annual Report.

Indivior / RB Pharma related matters:

We noted in our 2016 Annual Report that the Group was involved in ongoing investigations by the US Department of Justice (DOJ) and the US Federal Trade Commission and related litigation proceedings arising from certain matters relating to the RB Pharmaceuticals business prior to its demerger in December 2014 to form Indivior PLC and may incur liabilities in relation to such matters. These investigations and related proceedings are continuing and we are in active discussions with the DOJ. The Group is cooperating with the relevant agencies and remains committed to ensuring that these investigations and related proceedings are concluded or resolved satisfactorily. The outcome for the Group in relation to ultimate resolution and/or cost at this stage remains uncertain.

2017 Net Revenue Target

The Group is on track to achieve its FY 2017 Net Revenue target of +3% LFL growth*.

* Like-for-like ("LFL") growth excludes the impact of changes in exchange rates, acquisitions, and disposals.

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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 RB (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, the Group 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.