

## Q1 2024 Trading Statement Haleon Aide Memoire

Haleon has prepared this pre-announcement aide-memoire, which includes statements made in previous public communications by Haleon. All statements in this aide-memoire have been extracted from their original source and, therefore, by definition, they should only be taken as speaking as at the date they were initially made, and they do not reflect subsequent or recent events, circumstances, or developments. Any updates to these and other previously made statements would only be included in further communications by Haleon to the market and the inclusion of the extracted statements herein should not be taken to indicate that they will not be updated in the future. This includes the items listed under “Overall revenue performance comments” “Category performance comments” and “Other comments for consideration” below, which you may wish to consider in modelling Haleon plc’s financial performance ahead of the First Quarter trading statement on 1 May 2024. Please note that the items listed below are not exhaustive and that other factors may affect the comparisons for Q1 2024 versus the same period last year.

This Aide-Memoire contains certain statements that are, or may be deemed to be, “forward-looking statements” (including for purposes of the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Forward-looking statements give Haleon’s expectations and projections, as of the date such statements are made, about future events, including strategic initiatives and future financial condition and performance, and so Haleon’s actual results may differ materially from what is expressed or implied by such forward-looking statements. Please see the “Cautionary statement note regarding forward-looking statements” sections of the FY 2023 results regarding the forward-looking statements from such documents that are extracted in this aide-memoire. Forward-looking statements should, therefore, be construed in light of such cautionary statement note and undue reliance should not be placed on forward-looking statements.

Please also read the definitions and reconciliations for non-IFRS measures on pages 22-31 of the 2023 Full year results, and pages 43-52 in Haleon’s 2023 Annual Report and Form 20-F.

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

### Outlook

With the FY 2023 results on 29 February 2024, we provided the following guidance in the release and on the call:

#### **Revenue**

- FY 2024 organic revenue growth of 4-6%
- As a reminder on the conference call the CFO said that for FY 2024 we expected to “grow price and grow volume” and that “In the longer run, we want to be back to around 50-50 between the two, 2024 will be a stepping stone in that direction, but we would not be back to 50-50” and in FY 2024 with “more of our growth coming from price than from volume.”
- Organic revenue growth in Q1 was expected to “be just below the lower end of this range given the tough comparatives relating to the strong cold and flu season in Q1 last year, as well as the China rebound and performance of Advil in Canada.”
- Also, as a reminder we also said that beginning in 2024, our organic revenue growth calculation would cap pricing in excess of 26 percent per annum for countries experiencing hyperinflation. For Haleon, this will apply to Argentina and Turkey.

#### **Organic profit growth**

- On the call the CFO said that we expect gross margin to grow ahead of the rate of sales growth
- FY 2024 organic operating profit growth to be ahead of organic revenue growth
- Expect growth in A&P higher than in FY 2023, when it increased c.3% constant currency

- On the productivity programme we noted at FY 2023 results that we are on “track to deliver annualised gross cost savings of c. £300m largely in FY 2024 and FY 2025, with around one third of the benefit expected in FY 2024 and the remainder in FY 2025. These savings are expected to be partly reinvested in digitalisation, automation of processes, systems improvement, as well as increased brand investment and clinical R&D.”

#### **A reminder of other FY 2024 guidance, as shared with FY 2023 results:**

- The disposals of Lamisil and ChapStick will dilute FY 2024 revenue and adjusted operating profit by c. (1)% and c. (3)% respectively, assuming ChapStick completes in Q2 2024
- Net interest expense of c. £320m
- Adjusted effective tax rate of 24-25%
- Expected restructuring costs c.£150m in FY 2024 in relation to the productivity programme
- In the presentation the CFO said that there were c.£40m separation and admission costs remaining in FY 2024

#### **Overall Q1 revenue performance comments**

- Q1 2023 organic growth was +9.9% including a c. + 1% impact from pricing in high inflation countries (Turkey and Argentina). As noted above, we expect organic revenue growth in Q1 to be just below the low end of the 4-6% range guided for 2024.

#### **Category performance comments**

- **Oral Health** – Q1 2023 organic growth was 6.6% with broad based growth across all three Power Brands.
- **VMS** – Q1 2023, organic growth was (3.7)% driven by a decline in Emergen-C. Towards the end of 2023, we noted that we saw some stabilisation towards the end of the year and more normalisation of the VMS category, and said that we expect the “category overall will get back to more pre-COVID growth levels”, without giving specific guidance on it for FY 2024.
- **Pain Relief** – Q1 2023 organic growth was 11.0% driven by very strong growth in Asia Pacific given Fenbid growth in China following the end of lockdowns in Q4 2022. Advil benefited from strong results in Canada.
- **Respiratory Health** – Q1 2023 organic growth was 33.0% “given a continued strong cold and flu season, and some re-stocking in EMEA and LatAm, and North America given particularly low inventory levels at the end of 2022.” We had also previously commented that in “In geographies which lifted COVID-19 restrictions later, such as China, we saw elevated demand in Q4 2022 and Q1 2023, which we are now lapping.” Q1 2023 also benefitted from Contac in China more than doubling given the end of lockdowns in Q4 2022.
- **Digestive and Other** – Q1 2023 organic growth was 7.3% with Digestive Health up mid-single digit, Smokers’ Health up low-single digit and Skin Health brands up double digit. As a reminder growth last year in Digestive and Other was elevated vs historic levels which has typically been low single digit.

#### **Geographic regions**

- **North America** – Q1 2023 organic growth was 5.1% (split 3.6% price and 1.5% volume/mix). In Q1 2023, the region saw strong double digit demand from Respiratory Health driven by cold and flu and advance sales of allergy products ahead of the season and some restocking given low stock levels at the end of 2022. Pain Relief was up high single digit driven by good growth of Advil in Canada. Brian mentioned on the FY results call “If you look at the US environment, it has been a bit tougher environment in the sense that we have seen volume declines in certain categories.”
- **EMEA and LatAm** – Organic growth in Q1 2023 was 13.1% (split 12.6% and 0.5% volume/mix). This region saw a c. +2% impact from pricing in high inflation countries which is now capped as described above. In Q1 2023, the region saw double digit growth in Respiratory Health, Oral Health and Digestive Health. Respiratory Health benefited from a continued strong cold and flu season and some restocking given low stock levels at the end of 2022. In Q4 2023, the region saw volume/mix decline of 1.8%.
- **Asia Pacific** – Organic growth in Q1 2023 was 11.7% (split 3.4% and 8.3% volume/mix). The region saw double digit growth in Respiratory Health and Pain Relief driven mainly by Fenbid and Contac, which both more than doubled revenue due to China easing COVID-19 lockdown restrictions.

## Other comments for consideration

- **Foreign exchange**

Assuming exchange rates as of 31 March 2024, the estimated unfavourable translational foreign exchange impact on FY 2024 would be c.(2)% on revenue and c.(3)% on adjusted operating profit. This is unchanged from prior guidance shared with FY 2023 results.

The FX impact in Q1 2024 is expected to be particularly pronounced given the year on year movement of US Dollar against Sterling. All being equal, this impact should reduce in subsequent quarters.

FX rates are shared below:

| /GBP | FY 2023<br>currency as %<br>of total revenue | At 31 December<br>2023 | At 31 March<br>2024 | Average rate<br>Q1 2023 | Average rate<br>Q1 2024 |
|------|--|------------------------|---------------------|-------------------------|-------------------------|
| USD  | 33%  | 1.27                   | 1.26                | 1.22                    | 1.27                    |
| EUR  | 16%  | 1.15                   | 1.17                | 1.14                    | 1.16                    |
| CNY  | 8%   | 9.06                   | 9.12                | 8.38                    | 9.10                    |
| CAD  | <5%  | 1.69                   | 1.71                | 1.65                    | 1.71                    |
| AUD  | <5%  | 1.87                   | 1.94                | 1.79                    | 1.92                    |
| JPY  | <5%  | 180                    | 191                 | 162                     | 187                     |
| RUB  | c. 10%                                       | 115                    | 116                 | 90                      | 115                     |
| ZAR  |  | 24                     | 24                  | 22                      | 24                      |
| INR  |  | 97                     | 105                 | 101                     | 105                     |
| ARS  |  | 1030                   | 1082                | 235                     | 1056                    |
| PKR  |  | 355                    | 351                 | 318                     | 352                     |
| TRY  |  | 38                     | 41                  | 23                      | 39                      |
| EGP  |  | 39                     | 60                  | 36                      | 44                      |

- **Number of shares**

Following the Haleon purchase of c.102m shares from Pfizer on 21 March 2024, and subsequent cancellation of these shares the total number of ordinary shares issued by Haleon with rights to vote is 9,132,301,104.

## Prior year comparatives and recent performance

### Organic revenue growth

|                | Q1<br>2022   | Q2<br>2022  | Q3<br>2022  | Q4<br>2022  | FY<br>2022  | Q1<br>2023  | Q2<br>2023   | Q3<br>2023  | Q4<br>2023  | FY<br>2023  |
|----------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| North America  | 17.3%        | 3.9%        | 2.9%        | 1.6%        | 5.9%        | 5.1%        | 4.3%         | (1.5)%      | 3.5%        | 2.7%        |
| EMEA and LatAm | 14.5%        | 9.6%        | 12.2%       | 6.8%        | 10.9%       | 13.1%       | 16.8%        | 10.8%       | 10.1%       | 12.6%       |
| APAC           | 15.2%        | 9.5%        | 9.0%        | 8.3%        | 10.6%       | 11.7%       | 11.5%        | 5.9%        | 6.8%        | 9.0%        |
| <b>Total</b>   | <b>15.6%</b> | <b>7.5%</b> | <b>8.1%</b> | <b>5.0%</b> | <b>9.0%</b> | <b>9.9%</b> | <b>11.0%</b> | <b>5.0%</b> | <b>6.7%</b> | <b>8.0%</b> |

### Organic revenue growth

|                          | Q1<br>2022   | Q2<br>2022  | Q3<br>2022  | Q4<br>2022  | FY<br>2022  | Q1<br>2023  | Q2<br>2023   | Q3<br>2023  | Q4<br>2023  | FY<br>2023  |
|--------------------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Oral Health              | 7.9%         | 2.0%        | 6.7%        | 5.3%        | 5.6%        | 6.6%        | 15.4%        | 9.4%        | 11.5%       | 10.6%       |
| VMS                      | 14.9%        | 9.0%        | (1.4)%      | (0.7)%      | 5.0%        | (3.7)%      | 2.7%         | 1.4%        | 3.1%        | 0.9%        |
| Pain Relief              | 18.9%        | 4.9%        | 3.6%        | 8.9%        | 8.9%        | 11.0%       | 14.9%        | 6.2%        | (1.8)%      | 7.4%        |
| Respiratory Health       | 52.9%        | 39.7%       | 30.2%       | 16.2%       | 32.6%       | 33.0%       | 9.2%         | 4.2%        | 10.9%       | 13.7%       |
| Digestive Health & other | 4.3%         | 2.8%        | 8.4%        | (3.2)%      | 2.9%        | 7.3%        | 8.1%         | 0.9%        | 10.1%       | 6.5%        |
| <b>Total</b>             | <b>15.6%</b> | <b>7.5%</b> | <b>8.1%</b> | <b>5.0%</b> | <b>9.0%</b> | <b>9.9%</b> | <b>11.0%</b> | <b>5.0%</b> | <b>6.7%</b> | <b>8.0%</b> |

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