



## **H1 2025 Results Q&A**

Thursday, 31<sup>st</sup> July 2025

## Introduction

Jo Russell

*Head of Investor Relations, Haleon*

### Welcome

**Jo Russell:** Good morning, everyone, and welcome to Haleon's Half-year 2025 Results Q&A Conference Call. I am Jo Russell, Head of Investor Relations, and I am joined this morning by Brian McNamara, our Chief Executive Officer, and Dawn Allen, our Chief Financial Officer.

### Disclaimer

Just to remind listeners on the call that in the discussions today, the company may make certain forward-looking statements, including those that refer to our estimates, plans and expectations. Please refer to this morning's announcement and the company's UK and SEC filings for more details, including factors that could lead to actual results to differ materially from those expressed in or implied by such forward-looking statements.

We have posted today's presentation on the website this morning, along with a video running through the results in detail, so hopefully you have all had the chance to see that ahead of this call.

And with that, let's open the call for Q&A, and I will hand that to the operator.

## Q&A

**Guillaume Delmas (UBS):** Thank you very much and good morning, Brian, Dawn and Jo. Two questions for me, please. The first one on North America, because in Q2, both EMEA & LATAM and APAC were well within your medium-term 4-6% organic sales growth guidance, but North America was a clear outlier with, I think, nearly 2% organic sales growth decline.

Could you maybe help us unpack this performance in North America in Q2? And in particular, do you think it was primarily down to temporarily lower category growth? Is it down to a significant discrepancy between sell-in and sell-out? Or are you also seeing some share erosion? And I guess last question on this, would you expect North America to return to growth and ultimately back to the 4-6% range over the coming quarters? Or it may take a bit longer as the challenges persist?

And then my second question is on the A&P increased significantly in the first half, I think it was up 130 basis points. The question here is, in which areas are you disproportionately reinvesting? Do you feel you get some great returns on this incremental spend? And I guess, looking ahead, what should we expect for A&P spend? As in, was the first half a bit of a one-off? Or should we expect another marked step-up in H2 and beyond? Thank you very much.

**Brian McNamara:** Thanks, Guillaume, appreciate the questions. Let me take the first one on North America. I will pass it to Dawn for the second question.

And maybe just as I get into North America, we do feel good about EMEA & LATAM and APAC and also feel good about the back half in both those areas. Also feel great about the organic profit growth driven by the gross margin, 160 basis points and the strong cash flow. But there is no doubt that North America has been a challenge.

And maybe if I step back, I think there are two market dynamics, and then let me touch on our own performance. First, there is no doubt that there is a challenging consumer environment and consumer confidence is at a low. And I think our categories are more resilient than most in that context, but we are impacted in certain categories. And smoking cessation is definitely one of them. I talked about it in the past; this is a \$30-40 price point range. We are seeing trade down in that category. Outside of that, we are not seeing trade down overall in the business and that has been a drag on growth.

I think the second thing is we continue to see the shift to dollar and club, which are more value channels, which is what we are seeing in this consumer environment, and ecommerce. Now I would say in all cases, we have strong presence in those channels. And I have talked about econ where 16 of our top 18 brands actually have better shares online than offline.

So that is very manageable. However, we are continuing to see these inventory pressures. Drug retailers, but I think everybody, all retailers in the US, are dealing with that kind of environment.

Now, as far as our performance, our consumption is growing ahead of the market. Now, to be clear, the market is slightly down about 0.5%, and our consumption is slightly up about 0.5%. We are growing ahead of the market, but not significantly, to be clear. Now, we are seeing strong growth in market share gains in Oral Health and market share gains across Digestive Health.

Brands like *TUMS* and *Benefiber* are doing extremely well. However, overall, we are not satisfied with the performance and we have a bit of mixed performance in Pain Relief and VMS. So let me unpick that a bit.

In Pain, in the first half, we have slightly lost share on *Advil*. Now we have taken action. We have new plans in place. We have a new media campaign that is on air live now. And we see early signs. I mean, the back half of Q2, we were getting, we were back to share growth on *Advil*.

Now on VMS, we have two brands, *Emergen-C* and *Centrum*. On *Emergen-C*, we continue to see really strong consumption and share gains. Now, sales are up low-single-digit. *Emergen-C* was one of the brands that at the end of last year, when we saw that very low cold influences in December, we started the year with a bit of higher inventories. However, overall, the brand is very healthy.

*Centrum* has been a challenge. Now, overall, on *Centrum*, really good growth, mid-single-digit growth outside the US, high-single-digit growth in Q2 outside the US, but we saw declines in the US. Now, a year ago is when we first activated our cognitive claims on *Centrum Silver*, and we grew high teens consumption, about four times the market. We are indexing across a high base. However, listen, that said, even with a high base, our expectation is we continue to grow share.

We firmed up our plans. We are reactivating *Centrum Silver* with a new claim: slows cognitive ageing by 60%. We have some innovations in the US on *Centrum* in the back half, and we have a new partnership with US Women's Soccer that we are beginning to activate that we are optimistic about.

In the back half, I definitely expect to see improved share positions on *Centrum* and *Advil*, but we do believe the inventory reduction will continue to happen. As we look at inventories across retailers, I think they have been much more proactively managing their inventory levels as they are seeing issues with them delivering on their numbers in the whole environment. We want to more proactively manage that with them going forward. Really, really important that we do what we need to this year to make sure that we are at the right levels as we exit the year, you know, into next year.

In our around 3.5% guidance, we are not looking for a significant improvement in the US environment at all, and we are expecting to continue to see inventory pressure. I will say, though, looking forward to the medium term, we have a fantastic business in the US. Really, really pleased with Oral Health in the US where we gained a half a share point in the first half and continue to go from strength to strength, and we are confident in 2025, 2026 and beyond as we strengthen the business in the back half.

Why do I not pass it to Dawn to talk about A&P?

**Dawn Allen:** Yes, thanks, Guillaume. Good morning, everyone. So I think the first thing to say is, as we laid out at Capital Markets Day, we have significant opportunity in supply chain productivity, and you saw that come through in the half, and the benefit that has come through in gross margin has enabled us to continue to invest in A&P and R&D, and that provides the flexibility and agility that we have talked about across the P&L.

So if I focus then on A&P, so A&P is up 6.8% in the half to 20.8%, and we are leveraging A&P to focus on the three growth drivers that we have outlined: closing the incidence vs treatment gap, driving premiumisation with our innovation, and expanding reach to lower income consumers. And if I think about from an innovation perspective, we have been rolling out very successful innovation, particularly around our *Clinical* range, *Nasal Mist* on *Otrivin*, and *Panadol Dual Action*. The first area that we have been focusing on in terms of spend is around supporting the innovations.

If I think from a geographic perspective, we have been focusing on driving growth in key markets, so particular markets like India, where we saw just under double-digit growth, in MEA, in Central Europe, and also in China. And obviously, experts and our recommendation by expert for our brands is a critical part, and that is the other area of our investment.

However, it is not just about increasing the investment, it is also about the effectiveness of that investment, and in the half, we have improved ROI by 4%. And we continue to look at the balance of working, non-working, and I think there is more opportunity for us to go on that.

I would not say this is about phasing. If I look to the second half, I would expect us to continue with similar shape. And I would expect us to continue to invest across those areas that I talked about, and in terms of our A&P.

**Guillaume Delmas:** Thank you very much.

**Rashad Kawan (Morgan Stanley):** Good morning, Brian and Dawn. Thanks for taking my questions. A couple for me, please.

First one on North America, again, and the 3.5% growth for this year. You said you are not expecting a significant improvement in the US in the second half. I think the expectation,

obviously, was that you will see quite a meaningful step-up in Q3 in particular, given the late end to the cold and flu season last year, and retailers starting from a low base.

I guess what has changed around expectations there? Is it just the destocking trends? Maybe cost from retailers continued more so than you expected. Smokers' health being weaker. Just trying to unpack the key changes from when you spoke to us in Q1 versus where we are today.

And then just a second question on the business, the percent of business gaining or maintaining share decelerating from the 71%, I think, in 2024 to 58%. Can you just talk about what the key drivers of those are? And I think you have said in the past is where we want to be is somewhere in the 60% range. Is that the right way to think about it longer term? Thank you.

**Brian McNamara:** Thanks, Rashad. I will take both of those. I think, first of all, on North America, and we look at Q3, a couple of dynamics are happening.

If you remember last year, we did reduce our PE products in cold and flu in Q2, and we re-piped in Q3. Now, this year, it did not show up in the numbers because we had a low allergy season, and we have not talked about that yet, but that has an impact on us, that *Flonase* is a pretty significant brand in the US environment. So Q3 needs to deal with that base on the sell-in.

And the reality is, the environment is uncertain. The environment is difficult in the US, and the retailer environment and the stock in trade. And to be clear, I do not think our stock in trade levels are too high from historical or versus peers, but it is really the retailers tightly managing that as they are struggling with things like foot traffic and sales growth and things in that difficult environment.

And then the second question, again, to maintain share. Last year, we had a very strong result at 71%. I think I said it was a fantastic result. I think I said at the time, well, listen, my objective and ambition is always to maximise that number, to be clear. I felt like that was a high number that would be difficult to sustain, and you are correct. I have always said that where I feel like we want to be is at 60%+, and we are slightly below that in the first half. If you look at the two big drivers of that going from 71% to 58% is the two that I talked about both in the US.

*Advil* grew share for full-year last year in 2024. And this year, in these numbers, it is not growing share. Again, we have seen green shoots, and we are growing in the back half of Q2, but this is a year-to-date number.

And *Centrum*. *Centrum* is not growing share in the first half, and actually, we have seen consumption decline against that high base. Again, we are working on plans to kind of stabilise that in the back half, but those are two big things.

With those two growing share, obviously, we would be well in the 60% range. However, again, we want to maximise that number. I think 58% is a good number, but it is a bit below what I would like to see on a consistent basis.

**Rashad Kawan:** Thank you very much.

**Callum Elliott (Bernstein):** Good morning, everyone. Thanks for the questions.

I wanted to start with the US again, hoping that we can talk about the retailer environment, which you call out, again, in the presentation. I guess my question is twofold. Firstly, can you give me a sense or give us a sense of the channel split for your US business, and specifically,

how big the drug channel is as a percentage of revenues, which I guess is the problem that you are calling out?

And then more broadly, the drag that you talk about, I love your thoughts, Brian, on whether there is anything that Haleon as a company can actively do to offset this? Or do you just have to accept that it is an externality, so to speak?

And then my second question is on some of the strategy from the CMD. You had obviously set out some very ambitious strategic plans just a few months ago. My question is with the core business clearly struggling a little bit and negative provisions to the full-year guidance that we have seen today, does that de-emphasise or de-prioritise some of these some of the strategic push that you had spoken about at CMD in terms of democratising, expanding access to lower income consumers, lower price points, whilst you fix the core business, so to speak? Or do you think of these as two completely separate things, Brian? Thank you.

**Brian McNamara:** Thanks, Callum, appreciate the questions. Let me start first on the US retailer environment.

Listen, we are like most companies that Walmart is our number one customer in the US and roughly a quarter of the business. We tend to be a little more skewed toward the drug channel, given our portfolio. The combination of the drug channel is less than what Walmart would be in the business. And then it cascades down from there for all the big companies.

Listen, in the end, what we own and control and need to actively do is perform and deliver share in the US and also drive market growth. Listen, we are category leaders. Part of our role is, while the market is struggling a bit, part of our role is to grow those markets. And we have done that in the past. We need to continue to do it.

Obviously, the one place we continue to do it is in Oral Health. We are driving category growth in Oral Health and that is our focus. We need to deal with the current environment, but we are very focused on our performance and our and our share growth.

Listen, as far as CMD ambitions, absolutely nothing changes. I feel really confident about the medium term. We are clearly dealing with some headwinds on the business and the US is a challenging environment and we are not immune to that right now. However, as Dawn mentioned, as we look at our investment, part of our investment is that low income consumer packs we are doing in India, the 20 rupee *Sensodyne* pack, and we will be launching more SKUs on *Sensodyne* as we look at the balance of the year and the next year; *Centrum Recharge* in India; *ENO*, our 10 rupee pack in India; our launch in Brazil that we talked about at Capital Markets Day, *Sonridor*, which is our foray into systemic pain relief there with lower income offerings. So that continues to be there. The innovation-led premiumization has always been core to our strategy, and we are going to continue doing it.

And then core penetration is all about closing the incident gap. Listen, we are staying very committed to what we said at Capital Markets Day on the growth side, you know, medium term, we will be where we need to be.

Productivity, which is the other thing I laid out at Capital Markets Day, I feel really, really good about our progress, to be honest with you. We had talked at Capital Markets Day, the reduction of SKUs that we did in 2024, that we were not starting from zero, we are seeing that pay dividends in the gross margin, 160 basis points in the first half, feel great about that. That

enables us to deal with these growth headwinds, invest to make sure we are competitive going forward, and deliver the operating leverage on the business. As Dawn said, it gives us an awful lot of flexibility on how we can manage the P&L while we are facing a bit of growth headwinds in the US.

**Callum Elliott:** Thank you very much.

**Celine Pannuti (JP Morgan):** Thank you. Good morning, everyone. My question is trying to zoom out a bit of the discussion on the short term.

And if I look at your volume performance, 0.8% this year, it was 1.3% last year, it was 1% the year before, I presume for this year will land around 1%. So, three years of 1% volume mix. What gives you confidence that you can deliver 4-6% in the mid-term? I think we would need to step up in volume and we are not seeing that. I mean, if you could explain what you think has not worked, and why are you feeling confident that you can still do 4-6% in the mid-term?

And then my second question may be somehow related. We have seen, you said you feel strong about Latin America. Europe, we have seen some other companies talking about weakness there. Yes, I would like to hear a bit your outlook in that region. Thank you.

**Brian McNamara:** Thank you. Listen, I will answer the first question. I will pass it to Dawn on the question about EMEA & LATAM.

Listen, unpick our results a little bit, if you look at EMEA & LATAM, volume growth accelerated from half a point in Q1 to 1.6% in Q2. In Asia-Pac, volume mix accelerated from 2.7% to 3.9%. However, we were 0.8%, you are correct, in the half. And that is completely linked to the dynamics and the challenges we are seeing in the US.

North America volume was down 3.0% in Q2, and 0.6% in the half. No question that we see the challenges, and we are on it in the US environment. I talked about some of the actions we are taking to firm up the business in the back half.

We do have new leadership in the US as of 1 May, I feel great about our leader there. And I am confident that we will do what we need to in the back half and really be set up to return to growth in 2026. And I absolutely continue to be confident in our medium-term guidance.

Dawn?

**Dawn Allen:** Yes, I will just build on that and then come to the Europe piece. So, I think as Brian said, you know, if you look across the other regions, our volume has improved in Q2 versus Q1. If you look at Asia-Pac, two thirds of our growth in Q2 came from volume. And actually, we continue to see that accelerate. And I would expect second half the growth in Asia-Pac to be more weighted to volume. If I look over the last three years in Asia-Pac, our growth is actually 4.6%. So, actually, it is very strong, it is consistent. If you look at EMEA & LATAM, again, improving trajectory in Q2 versus Q1. If I look to the balance of the year, we would expect a more balanced price, volume/mix growth. And actually, if you look over the last three years, we have been seeing that trend in that region in terms of volume growth.

To Brian's point, we talked about the situation in the US in terms of consumer environment, retailer environment, and a couple of our brands. And so, actually, when I look at the volume piece, it is to do with the US, and actually, we are seeing the shape we would expect to see across the other regions. And as I said, I would expect to see that shape in the second half.

If I then talk about Europe in particular, actually, we are seeing Europe is pretty resilient. Actually, we are seeing a good performance. We are seeing high-single-digit growth in Central Europe, mid-single-digit growth in what you might call continental or Western Europe.

For us, that is holding up pretty well. Why is it holding up so well? We feel real strength in Oral Health actually is a core driver of that. And we have talked about some of the innovations, the successful innovations across the regions.

**Celine Pannuti:** Thank you. May I just follow up? And maybe on the previous question, I think that Callum asked, you have a high-single-digit reported EBIT growth as a target going forward. Again, if you think about my question about volume mid-term, if the growth is less important, would you want to reshuffle some of your potential profit growth back into the business, i.e., grow less, but try to stimulate volume?

**Brian McNamara:** Thanks for the follow-up, Celine. Listen, we guided to high-single-digit operating profit growth at constant currency, driven by the gross margin opportunity we have. You can see this year, again, we are a bit more challenged than we have been in the past on growth and specifically in the US. The gross margin improvement and with the leverage in the P&L has allowed us to invest in A&P and R&D in a healthy way and still drop the organic operating profits at the bottom line. Obviously, we still have a drag of a couple divestments that we will anniversary, once we get through Q3.

So no, again, I feel very confident about the algorithm we set out at Capital Markets Day and the fundamental tenet of the opportunity we have in productivity, which is coming through.

**Celine Pannuti:** Excellent. Thank you.

**Warren Ackerman (Barclays):** Hi, Brian, Dawn, Jo. It is Warren here at Barclays.

Sorry if some of these have been asked. I had a few technicals. The first one, Brian, on *Advil*, you talked about some green shoots on that brand. What are you doing to fix it? I think it has been losing share for a long time. I would be interested to get any perspective on that specific brand.

And then secondly, on *Smokers' Health*, are you able to tell us how big it is in the US and what your expectations are for *Smokers' Health* in the second half of the year? Do you need to take pricing down to make it more competitive versus private label or something else?

And then thirdly on *Centrum*, thanks for your comments on Q2. Is there anything happening on *Centrum* on innovation in the back half where we should feel a bit brighter in terms of the outlook for *Centrum* in the US? Thanks.

**Brian McNamara:** Yes, so a couple of things. I think first on *Advil*, it has been a bit of an up and down story, to be honest with you. We did exit last year for the full year growing share on *Advil*. It was one of the things that contributed to 71%. And that was a bit of strength as we exited the year. And it brought us into share growth for the full year. But, it has been a bit up and down without question.

The green shoots that we are seeing are, listen, we have a new media campaign. There are strong promotional plans in the back half. We feel good about *Advil* and where we will be. Listen, there is no question this has been a battle with Kenvue on Tylenol, which I said in the



past, it is one thing that was working well for them, and they doubled down. However, we feel good about our brand, and we feel good about the plans we have in the back half.

Smokers' Health for us is a couple of hundred million kind of business for us, that kind of range. Listen, we are looking at it. We expect that in the back half, as we look at our plans, we will see less decline in the back half on Smokers' Health, but, we are not at a point where we think we will get that back to growth. And because we do not expect much change in the US consumer environment, if that changes, then something would be different. We also do have an innovation on Smokers' Health, a dual layered tablet that we have FDA approval on. It will launch in e-commerce in the back half and do a full launch in 2026. So that gives us some reason to believe that we will have something that is differentiated in the market that can help us there.

And then *Centrum*. Listen, on *Centrum*, a couple of things. I mentioned the new claim. Again, one of the things that drove *Centrum* tremendously in the US last year was the *Centrum Silver* claim we had on cognition. We are reactivating the new claim. I think I mentioned it.

It is slightly different, but it is meaningful. And the new claim being: slows cognitive ageing by 60%. Ageing, obviously, also a very big topic for consumers in that cohort. We have that.

We do have a couple of innovations that are going out. I will not talk specific of them, because I do not think they have been announced to the market. However, a couple of things that, we think, will also help firm up. And listen, it is a big focus for us. Like I said, *Centrum* is a great brand. It is doing quite well outside the US but clearly facing headwinds in the US on a base of tremendous performance a year ago. However, again, we want to grow despite what the base is, to be clear. So that is a big focus for us going forward.

**Warren Ackerman:** Super. Thank you.

**David Hayes (Jefferies):** Thank you. Good morning, all. A couple from us, one on the nicotine replacement and one on the margin.

Nicotine replacement, just to come back to this, we may have missed this, but could you just quantify the drag that it had on the second quarter? And also, can you quantify what impact it has in that new guidance of 3.5% or around 3.5% growth for the full year? And staying with that topic, you just talked about new innovation, but it always feels like this is a periphery category for you.

I think it is a partnership with Kenvue and even Sanofi as well. Is it fair to say it is less of a focus for investment? How do you account for it, given you have got these partnerships? Is it fully consolidated with the minority? And then given the partnership structure, is that why you have kept this business in the US, whereas obviously, you have exited in Europe? Is this something you are stuck with, or could we just see it as it could go at some point?

And then the margin question was just on putting it all together, high-single-digit on organic, the FX and the M&A dynamics. Is the guide effectively for flattish margin year-on-year on a headline reported basis? Is that the right kind of conclusion? Thank you so much.

**Brian McNamara:** Thanks for the questions, David. Listen, I will pass the growth question, margin question to Dawn, but let me start with the nicotine business and the structure.

It is a bit of a three-way venture in the US. There is a part of it which is a joint venture with Opella and then Kenvue is a supplier of Nicorette. As you know, Nicorette is a brand that Kenvue owns outside of the US. They are our supplier on that business and there is a three-way partnership there. Listen, it is a category that is quite difficult to innovate in, if I am being honest with you. The innovation that we will have is it takes FDA approval, and it takes quite a bit to do it.

There is no question that that is a business that is, I think, harder to innovate on, but it is in our portfolio, and we will continue to do what we need to do to get the growth. Listen, it plays a really important role, to be honest with you, with consumers and the healthcare systems and things like that. However, it is a complicated ownership structure, to say the least.

Dawn?

**Dawn Allen:** Yes, so let me just give you some specifics on Smokers' Health first. To Brian's point, it is about 5-6% of the US business and in the quarter, we did see significant decline. The impact, so it has a 60bps impact on the total Group in terms of, you know, that would take us to 3.6%. And for North America, it would take North America from (1.8)% to (0.2)%. It is a big change in the quarter, and it has a disproportionate impact. That is the first thing to say.

The second thing to say in terms of the margin, to Brian's point, we are really pleased with the margin in the first half, 9.9% growth, up 140 basis points. And it is not just the number, it is also the quality of that earnings in terms of the delivery through gross margin, investment in A&P and R&D, good cost control in G&A, which has then enabled that margin to come through.

If I look to the second half, the shape that we have delivered in the first half, I would expect a similar type of shape in the second half in terms of strength in gross margin, investment in A&P and continued good cost control, which is why we have updated the guidance to high-single-digit operating profit growth for the year. If you look at the other moving parts, obviously, we have given the guidance on FX, M&A. Interest and tax remain unchanged. When you put it all of that together, I would say that we are comfortable where consensus is today.

**David Hayes:** Thank you. And just on the full year, I mean, it looks like NRT, to your point, is 50-60 basis points of headwind. I know you just want to take out bits that are not going well and get into that game, but I guess it would be fair to say that without that, you would have been around a 4%, I guess, to the guidance point, going down to 3.5%. Is that a fair conclusion?

**Brian McNamara:** Well, listen, I think, David, it is hard to kind of speculate on that kind of thing. I think we do not expect that drag to continue at that level in the back half. We will see where it ends up the full year, but no question it will be a drag on the growth in the full year. And it has made it more challenging for us to hit that low end of the guidance.

**David Hayes:** Okay. Got it. Thank you so much.

**Tom Sykes (Deutsche Bank):** Morning. Sorry to bang on about the US retailer trends again, but I think there are obviously two issues. One is the stock levels per channel, and then another is the channel shift. Of the headwinds you have got at the moment, would you be able to split the volume headwinds between channels that are destocking and the channel shift? Because Amazon, I think, in your scanner sales has grown by over 30% in the last 12 months, and the rest of your business is flat in aggregate.

And so, therefore, there are massive channel shifts occurring. And so, it would be helpful to try and understand what the shift impact versus destocking by channel is.

And then why would not this occur in other countries? I mean, I appreciate that there are differences in regulation, but you are very overweight, clearly, the pharma channel in Europe. And it feels like this is something that is going to be pervasive across all economies eventually. Just interested in your thoughts on that, please.

**Brian McNamara:** Yes, thanks. Thanks for the questions, Tom. Listen, destocking by channel in the US, listen, the channel shift is something that has been happening over time for quite a while.

The drug channel does tend to have higher inventory level. There is a bit of an impact there. However, the biggest impact is frankly, I think you are seeing inventory pressure across channels, maybe a bit disproportionately in drug because they are struggling more.

And again, if you look at the Amazon growth, we do have stronger shares on Amazon. I have talked about *Sensodyne* in the past where we are in the low 20s in bricks-and-mortars, and more like 28% on Amazon. As we see more move to there, we are moving to a channel with higher share.

I think it would be hard to break down exactly. However, I think the bigger impact is the downward pressure as retailers in the US are feeling the pressure of the economic environment, the foot traffic and all those things and trying to manage that situation. Because, again, outside of our categories, there are other categories that they deal with that are much more affected than we are. And that impacts their overall financial performance.

If I think about other countries, to be honest with you, if you think about pharmacies in Europe, in mainland Europe, 70% of our business goes through pharmacies. Very, very low inventory levels in pharmacies. There is no real stocking up. We have people that call on pharmacies weekly, in some cases for the bigger pharmacies and taking orders. So, it's not like there is a massive stock up opportunity or that they carry really high levels.

Now there are distributors in between. Sometimes our pharmacy channel and us, and distributors in general, are pretty good at managing inventory levels and things like that. I think that is really the dynamic I think is very different in the US than let us say in mainland Europe, where the pharmacy model is just very different.

**Tom Sykes:** Sorry, just one follow-up, but would you see the channel shift at all impacting your operating margin? Is Amazon lower margin than other parts of the business, please?

**Brian McNamara:** No, listen, on balance, if I look at e-comm on a global basis, and I look at that, it is all relatively similar. And it is all within our outlook and guidance. We expect that e-comm will continue to grow. And by the way, Amazon is becoming less and less a piece of that as omni channels become more important.

Walmart, we are really strong in walmart.com. And that has grown well. So that is all within the context of our outlook and the medium-term guidance we gave.

**Tom Sykes:** Okay, thank you.

**Olivier Nicolaï (Goldman Sachs):** Hi, good morning, Brian, Dawn and Joanne. Just one question on my side, actually.

Going back to the US performance for VMS and for Respiratory Health. Would you say that you are losing share against private labels, or is it more against other branded players?

**Brian McNamara:** In Respiratory Health, to be clear, we are growing share on the balance of Respiratory Health. If you remember, we have now put Smoking in Respiratory Health, that is a move to private label. Frankly, we are primarily the branded player in the US. So that would be private label.

In VMS, it is probably more competitive pressures that we see. And again, where we gained significant share a year ago, some of that we are now giving up. And as I said earlier, it is not our intention, and we are very focused on getting that back. However, I would say that is probably the dynamic with the two. However, again, if you look at Respiratory, *Theraflu* has grown share really well. *Robitussin*, okay. Even *Flonase* in the down market. It is really about the Smoking business, which is a down trade.

**Olivier Nicolai:** Thank you.

**Brian McNamara:** All right. Well, listen, thanks, everyone, for joining us today. I look forward to catching up with all of you on upcoming roadshows and meetings.

And please feel free to reach out to the IR team with any further questions. Thanks for the continued interest and support in Haleon.