Haleon Q1 Trading Statement

Wednesday, 30th April 2025

Introduction

Jo Russell

Head of Investor Relations, Haleon

Welcome

Good morning, everyone. Welcome to Haleon's conference call for our first quarter trading statement. I am Jo Russell, Head of Investor Relations and with me today is Dawn Allen, our CFO.

Disclaimer

Just to remind listeners on the call that in the discussion 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 actual results to differ materially from those expressed in or implied by any such forward-looking statements.

Today, we will focus on organic revenue performance. There is a full reconciliation of organic revenue in the appendix of the company's slide presentation.

Following Dawn's remarks, we will take your questions. For those listening to our webcast, who would like to ask a question, you can find the details on page three of today's press release.

With that, I will hand over to Dawn.

Dawn Allen

CFO, Haleon

First Quarter 2025 Revenue

Thank you, Jo, and good morning. We had a good start to the year with our first quarter performance in line with our expectations.

We delivered organic revenue growth of 3.5%, driven by strong market share gains across our key markets. We saw growth across all our categories and regions, which demonstrates the strength and resilience of our portfolio despite a more challenging market backdrop.

Our emerging markets continue to perform particularly well, up 6.5% with marked strength in India and China, which saw double-digit growth in *Sensodyne* across both markets.

Innovation continues at pace. During the quarter, we had a number of successful launches, including *Voltaren 2% strength* in China, and expanding the *Sensodyne Clinical* platform range and *Otrivin Nasal Mist* in a number of markets.

Whilst the macroeconomic backdrop continues to be volatile, our full year guidance is unchanged. We expect to deliver 4% to 6% organic revenue growth with organic profit ahead of this.

Organic revenue growth momentum continues

Now let us look at the first quarter in more detail. Revenue of £2.9 billion reflected 3.5% organic growth, split 2.4% price and 1.1% volume mix. Reported revenue declined 2.3% in the quarter due to a 2.9% drag from the disposals of *Chapstick* and non-US Smokers Health business, and a 2.9% drag from translational foreign exchange due to sterling strength against a number of currencies.

Portfolio delivering robust growth

Now let us turn to the categories where we saw broad-based growth. In Oral Health, revenue grew 6.6%, ahead of the market, driven by a strong performance in *Sensodyne* with continued share gains, underpinned by successful innovation and in-market execution across the Sensodyne Clinical range. *Clinical White* continues to attract a younger demographic to the brand and has amongst the strongest repeat rates in the sector.

Strong performances were seen in a number of markets, including India, China, Central and Eastern Europe and the UK.

parodontax grew double-digit with strength across a number of markets, including China, where we are seeing strong consumer feedback following our launch at the end of last year. We are also seeing a strong performance across a number of markets from *parodontax Gum Strengthen and Protect*, our multi-format range across toothpaste and mouthwash, which has driven incremental share gains. In the UK, we have seen a record market share for *parodontax*.

In VMS, revenues grew 0.9%, underpinned by innovation-driven growth in *Emergen-C* and *Caltrate*. *Centrum* declined mid-single-digit. We saw good growth in Asia Pacific, EMEA, and EMEA and LATAM, particularly in Middle East and Africa, Southeast Asia and Taiwan. This was more than offset by a decline in North America.

This decline was driven by:

- Lapping a tough comparative from the activation of the cognitive function claims on *Centrum Silver* last year;
- Overall weakness in the multivitamin category; and
- Increased promotional activity amongst competitors in North America.

In China, we had a number of successful innovation launches, including *Centrum Daily Wellness packs* tailored to Asian lifestyle, which we have also launched in South Korea, and it is performing well.

In *Caltrate*, we rolled out a vitamin D with glucosamine that has had an even stronger effectiveness claim. Across OTC, pain relief grew 2.6%. This was driven by *Advil* and *Voltaren*, which were both up mid-single digit. During the quarter, we launched *Voltaren 2% strength* in China. Whilst it is early days, initial performance indicators are strong.

Panadol was up low single digit with growth held back by phasing of retailer stocking patterns in the Middle East and Africa. This is expected to reverse in Q2.

As part of our drive to reach lower income consumers, we launched the *Sonridor* brand in Brazil, which uses *Panadol's* Optizorb technology. Initial results have been encouraging.

In Respiratory Health, revenue was up 1.7%, with a stronger than expected cold and flu season towards the end of the quarter in North America, driving growth in *Robitussin* and *Theraflu*, which saw strong share gains in the US. This was partly offset by a weaker season elsewhere.

Otrivin performed well, helped by the rollout of *Otrivin Nasal Mist*, which is driving share gains and market penetration with 50% of users being non-spray users in the UK.

Finally, Digestive Health and Other was up 3%. This was driven by innovation in *Tums* and *ENO*, which was partly offset by a decline in Smokers Health and *Nexium* due to market softness.

North America

Positive volume mix performance

Now let us look at the regional performance, starting with North America. As others have observed, the consumer and customer environment is cautious and uncertain. This has been seen in consumer confidence measures, which are at the lowest level since 2021. Despite this, organic revenues grew 1% in the quarter, made up of +1.8% volume mix and (0.8)% from negative price, with the latter largely driven by higher promotional activity relative to last year.

The consumption saw healthy growth and was ahead of organic revenue growth. We have a strong position in North America with the top five retailers making up more than half of our revenue. Whilst it appears that some retailers are more cautious in ordering patterns, our products continue to demonstrate their resilience.

EMEA & LATAM

Volume/mix impacted by weakness in Cold and Flu

In Europe, Middle East, Africa and Latin America, organic revenue increased 5.0%, with 5.6% price and 0.6% decline in volume mix. Pricing in Europe was up around 4% and higher across markets in EMEA & LATAM, in line with inflation. The decline in volume mix was largely driven by weakness from the cold and flu season. Excluding this impact, volume mix would have been up around 1% for the region.

Looking across the region, we saw strong growth in Latin America, up mid-single digit, helped by pricing and the launch of *Sonridor*. Both Europe and Middle East and Africa grew mid-single digit with strength in Oral Health and VMS.

APAC

Broad based geographic growth with strength in India

Finally, in Asia Pacific, where we saw good momentum. Organic revenue increased 4.2% with growth coming from price of +1.5% and +2.7% from volume mix. We saw growth across all categories, except in Respiratory Health, which was impacted by a weaker cold and flu season.

India performed well, up high single-digit, helped by double-digit consumption growth in Sensodyne. China was up mid-single-digit with strength in Oral Health and VMS underpinned by the innovations I mentioned earlier. We are well positioned in China with strong market positions and favourable structural tailwinds with consumers increasingly focused on health products, which we are supporting through our e-commerce platforms.

Reiterating FY 2025 guidance

Turning now to our 2025 guidance. Whilst the macroeconomic environment remains both challenging and uncertain, we remain confident in our full year outlook. We expect to continue to deliver the guidance we set out at year-end with organic revenue growth of between 4% to 6%, and organic profit growth ahead of organic revenue growth.

Whilst the situation on tariffs remains dynamic, based on what we know today, the impact across our business is limited and is included in our guidance. On foreign exchange, the FX impact on revenue and profit in Q1 was broadly in line with our expectation. As you will recall, at full year results, we provided an estimate of the translational FX impact for 2025 based on Bloomberg consensus rates averaged over the year.

As of 31st March, this consensus indicates a headwind of c.2% on revenue and c.3% on adjusted operating profit. There is no change to our net interest expense or tax guidance.

Summary

In summary, our first quarter trading was in line with the expectations we set out earlier in the year despite a dynamic and more challenging backdrop, which continues to remain uncertain. Our global portfolio is resilient with strong brands solving consumer needs. Our innovation launches are performing well. And as I just mentioned, we have confidence in our full year guidance.

Before I open up to Q&A, I want to remind you all that we will be hosting our Capital Markets Day in London tomorrow. We will share more on our continued confidence in driving long-term growth, with deep dives on categories and regions and we share the opportunities we see across our supply chain.

With that, let me hand over to the operator to open up for Q&A.

Q&A

Guillaume Delmas (UBS): A couple of questions from me, please. First one on Q1 specifically, and what may have surprised you either positively or negatively during the month of March? Because if I remember, at the time of the full year 2024 results in early March, you sounded probably a little bit more cautious on Respiratory, but you ended up posting like a nice positive number in Q1, thanks to that double-digit development in the US. So, if US Respiratory was potentially stronger than you anticipated, what were the areas that maybe proved a little bit softer in the Q1 and specifically in that month of March?

Then my second question is on your outlook for the year. Everything confirmed, reiterated this morning, you are still guiding for 4% to 6% organic sales growth. Maybe, Dawn, can you say if you will be back in that 4% to 6% range as early as Q2 or whether we will have to wait for the third quarter? And on this, again, what underpins your confidence in that material acceleration step-up in organic sales growth in the second half? Is it down to more pricing? Is it the current retailers' inventory level that may be a bit low in some categories? So you would expect some strong sell-in from Q3 onwards? Any colour on that would be very helpful.

Dawn Allen: Thank you, Guillaume. Good morning. Yes. Look, I think, Q1 we had a good performance in 3.5% growth. I think that reflects strength and resilience across our global portfolio.

In terms of what surprised us, you are right, Respiratory in the US towards the end of the quarter picked up in terms of the number of cough, cold and flu incidences. But that was also balanced by softness actually in other parts of the globe. Probably the other difference was in the US and others have reported in this that the US environment is uncertain. Consumers are cautious and we are seeing retailers or we have seen retailers take action in terms of their inventory levels in line with consumption. But as I said at the beginning, I think what you see from us is a strong balanced performance across parts of the globe and across our portfolio.

In terms of the outlook for the year, we remain confident in our 4% to 6% guidance. As we said at year-end, we are expecting second half to be stronger than first half. And in Q2, we are expecting that to be broadly similar to Q1, given what I talked about in terms of the US performance in terms of the US market.

What gives us confidence in the second half is three things. Number one is in terms of our innovation. I called it out in the summary, our innovation continues to perform incredibly well. In the second half, we are launching into a number of new markets and we will also get the benefit of markets that we launched in the first half as we see continued momentum.

The second area is in terms of our investment levels. We continue to invest at healthy levels in A&P and in our route to market.

The third area is in a couple of pieces. If you remember from Q4 last year, we saw a soft cough, cold and flu season. If we see a normal season this year, we'd expect to get a benefit from that. And when I look at certain geographies, geographies like India, where we expect to see the total market pickup in the second half on the back of government stimulus, we would also expect to see a benefit from that. I think that is what underpins our outlook for the year.

Rashad Kawan (Morgan Stanley): A couple for me, please. First, I mean, you talked about the challenging and uncertain environment. No surprise, obviously. But can you talk about what you are seeing in terms of change on the ground in consumption habits since your last update at the end of February, particularly in the US. I know you have called out multivitamins in particular being weak and you mentioned retailer patterns, but have you seen any weakness or deterioration in other categories in terms of consumption?

Then second question, just on tariffs. I know, Dawn, you addressed that in your opening remarks, but I think over 80% of your business in the US is local. But are the imported aspect here. Can you remind us how much comes from China and what you think the impact could look like as things stand today and what mitigating actions that you are thinking about here?

Dawn Allen: Yes. Good morning. A couple of pieces. In terms of the US, I talked about and others have talked about consumer confidence being soft, which we are seeing that. Also from a retailer perspective, I mentioned that retailers have lined up inventory more in line with consumption trends.

I think if I look at our categories in particular, I mean, Oral Health continues to perform well. Our innovations in terms of the clinical range is driving strong trial and strong repeat rate, and we feel very confident in that. Yes, we had some phasing of shipments in the first half, but actually the fundamentals on Oral Health, both globally and in the US remain very strong.

In terms of VMS, we have seen a softness in terms of the overall category. I think in the first quarter, the VMS category was broadly flat, and of all of our categories that is a more discretionary category in terms of choice of the consumer. So we are seeing that.

I think in terms of the other categories, respiratory, pain and digestive, actually a strong performance from us in the quarter. We are seeing slightly softer consumption trends. But overall, as I said, I think the fundamentals are strong.

If I come back out of that and what I talked about in terms of, it is not just about the US, we have a global portfolio and we are balanced across the categories. If I look at Europe, Latin America and Asia Pacific, they continue to perform incredibly well.

If I move on to your second question in terms of tariff, what we said at year-end is that we expect tariffs to be in the tens of millions, and that is built into our guidance. Yes, tariffs have changed in terms of the moving from impacts in Canada and Mexico to actually more global piece, as you called out, and also a shift in terms of just finished goods to actually also impacting raw materials. But as I said, the overall impact remains very similar to what we talked about from year-end and actually the impact from China is relatively small.

As I said, the overall impact for us is low tens of millions from what we know today on tariffs, and that is fully built into our guidance.

David Hayes (Jefferies): I am going to quickly follow up on that last comment, if I can, Dawn, in terms of the tens of millions. Just to clarify, is that a gross number before any kind of mitigation plans that you might have in terms of pricing, etc?

Then my two questions were after that. Just in terms of the puts and takes on the shipments relative levels in terms of Oral Care, seems to be a bit of a lag into the second quarter, but maybe a little bit of pre-shipment in terms of net pain relief. Just trying to understand whether the net of those two is pretty neutral or whether you should get a little bit of a net benefit in the second quarter?

Then the last one was just on FX. You obviously called out that it was the guides data at the end of March. But I guess the US dollar sterling moved 3% or something in the last few weeks. Is there a spot rate update version of that available to take today's rates running forward?

Dawn Allen: Yes. Look, let me run through your questions, David. In terms of tariffs, as I said, kind of in the low tens of millions. We are working proactively in terms of mitigation, in terms of leveraging dual sourcing where we can inventory levels. In all of these situations, we always look at to balance the risk. But we also look at it from the other side and go where could this be an opportunity for us. It is an opportunity to develop deeper relationships with our retail partners.

It is also an opportunity in terms of it changes some of the competitive dynamics. When we think about tariffs as well as managing changing tariffs, we also think about how do we look at risk mitigation, but also where are there opportunities, where can this open up opportunities for us. When we talk about the tens of millions or low tens of millions, that would be after those mitigation actions.

The second thing in terms of the shipment phasing in the US. Yes, you are right. We had phasing of shipments lower on Oral Health in Q1, which we would expect to pick up as we move through the year and the reverse on Pain Relief. I would think about those two as broadly neutral. As I said, what is important for us is our consumption and share performance. I think overall in the US, we continue to perform well.

Then in terms of your third question on FX, so a few things to say on this. Q1 as translational FX impact came in where we expected it to be, we always expect the FX impact to be higher in the first half of the year than the second half of the year if you remember what we are lapping in terms of Q3 last year, which was a big drag in terms of FX. We always expected that phasing, it has come in line with that.

When we update our Bloomberg consensus rates at the end of March, we have called that out in the press release. That is broadly similar to what we said at the end of February. Actually, when we look at spot rates at the end of March, that is also very consistent with that as well.

You are right to call out April, and what we have seen over the last few weeks has been incredibly volatile. If I give you a forecast today, I would probably have to change it maybe this afternoon or even tomorrow. I would be updating it every day. We are obviously watching that situation closely. We will update you again at half year, hopefully, when things have settled down, but I mean, let us see.

Warren Ackerman (Barclays): I have got a couple as well. The first one, Dawn, how much visibility do you have on US retail inventory? Just thinking about where do you think inventory days are versus the start of the year? I mean you said that five customers are 50%. But what about the other 50%? How does that sort of split? Are you seeing any specific caution by channel? That is the first one.

Second one, just on Centrum US. I think you said that the category for VMS was flat. But Centrum is down double digits, so it looks like you are losing share in the US. Are you responding to the higher promos that you are seeing in the US? And is there any difference that you are seeing between Centrum Silver and core Centrum everyday multivitamins in terms of what is holding up better?

Just finally, just on India. I think you said Dawn, that you expect India category to accelerate on better macro. Can you maybe just spell that out? What kind of acceleration are you expecting in terms of the market growth?

Dawn Allen: Yes. In terms of your first question, in terms of US retailer inventory, what we saw as we came into the quarter is higher inventory levels in terms of Respiratory, given soft season in Q4, which has worked through in the quarter given strong performance on Respiratory. We do have good visibility actually particularly in terms of our top 10 retailers in the US that we partner and work really closely with.

I think at the end of the quarter, we would see them broadly flat. As I referenced, retailers have looked at their inventory levels and balanced that with consumption. I think from a channel perspective, I mean, very consistent trends in terms of what we have seen. Drug continues to be under pressure, which is not new. We have been seeing that for a while now.

What we are also seeing from a consumer perspective, given the consumer confidence piece is, consumers are either moving to buying in bulk from the larger retailers, if you think Costco, or they are moving to lower initial outlay in terms of some of the dollar stores. We are seeing some of that dynamic.

But actually, if you look at our distribution and our coverage across the US, we are well placed. As I said, we have been dealing with that channel dynamic for a while. I think we are in a good position there.

The other thing I would say from a channel perspective, when I look at our e-commerce business in the US, actually, we are performing really well. I would say balanced across there.

When I look at *Centrum*, I mean, we have the number one multivitamin brand globally with *Centrum*, and it is underpinned by deep science and clinical claims. If I just look globally *Centrum* for a minute, I mean, in China, as I mentioned, we launched our *Daily Wellness Kits*. They are personalised to the Asian consumer. They are performing incredibly well.

We have also launched *Centrum Essentials* in Brazil, which again are tailored to the local market. That is a pack more aimed at lower income consumers, and that is driving value and both areas are gaining share.

Also if I look at *Caltrate* and some of our local jewels across VMS in Italy, they are also performing incredibly well. I think we need to look at the broad picture first.

Then if I think about the US, yes, we are lapping in quarter one, a very strong quarter 1 from the previous year where we had activation on *Centrum Silver*. It was close to around 30% growth in the first quarter last year. As we talked about, we have also seen the category slowdown in the first quarter too.

But I think when we look at that, we always look at the balance across the categories. I think *Centrum Silver* in particular continues to perform well, not just in the US actually, but more broadly globally.

Warren Ackerman: And India?

Dawn Allen: Yes, India. Thank you for reminding me that. I was out in India actually a few weeks ago, and it was great to see the team on the ground. We went out, we visited some of the villages outside of Delhi. It was good to see some of our packs out there. Saw Sensodyne INR20 pack, which continues to perform well. We also talked to consumers, the consumer that I was speaking to, he had a sachet of ENO that he got out, he has got a few sachets of ENO that he got out of his pocket to talk to us about that.

I think what I am also seeing in India is just the coverage and the reach. Since we took the sales force in-house, we are continuing to build that team and we are continuing to increase our coverage and reach. So we feel really good about India. The vast majority of our portfolio is gaining share. I think it is a really strong performance.

As I referenced earlier on, if I think about some of the government stimulus that we expect to come through in the second half of the year, I think that gives us even more confidence in terms of India.

Celine Pannuti (JP Morgan): My first question is on the balance between volume, mix and pricing. I think you had mentioned that for the year, you expect that to be balanced. With the

1%-plus in Q1, do you still expect around 2%-plus volume mix for the year? Given what you said about Q2 being roughly in line with Q1, that would imply quite an acceleration to around 3% in H2. I wanted to understand where that would be coming from, since it seems that it will need to see a pickup in the US market where you flagged a lot of uncertainty.

My second question is on the region, EMEA and LATAM. Now it is growing in the mid-single-digit range. Could you please give us the split between LATAM performance and EMEA? In both some of your peers have been talking about the slowdown in LATAM, but as well normalisation in the European market with some consumers as well starting to be a bit more cautious. Could you give us a view of what the market is looking like in those two regions?

Dawn Allen: Okay. Look, in terms of pricing volume mix, what you have seen in the quarter is a balanced performance in terms of price volume mix, which is a continuation of what we saw in the second half of the year. As we move forward through the year, we would expect to continue to see that balance. Obviously, it is different across different geographies and across different parts of the portfolio. But I think we would expect to see that balance continue.

In terms of Europe and LATAM, we see a very strong performance across both. I think LATAM in particular, is high single-digit and Europe is mid-single-digit. We feel really good about that. We are gaining share across parts of the portfolio. It is a good performance, and we would expect to see that continue as we move through the year.

Celine Pannuti: Just to follow up on the first question. Last year, fiscal year 2024, volume mix was 1.3%. Do you expect an improvement this year on that number?

Dawn Allen: Can you just repeat the question?

Celine Pannuti: Yes. I was just trying to understand your point about balance because I thought the balance meant that the volume mix would be at least around 50% of your total like-for-like, so at least 2% volume mix. Do you expect volume mix to be at least 2% this year?

Dawn Allen: As I said, I think it will be balanced price volume mix is that 60-40, 40-60, it is difficult to say. I think what is important is that we have the balance. As I said, that varies across different categories, across different geographies.

Tom Sykes (Deutsche Bank): Just trying to unpick the inventory issue a bit more in the US. How different are the ordering patterns of drug store chains versus e-commerce and large retailers, and perhaps how different are the inventory to sales that they hold? Because the channel shift does seem to be deflationary continually on the level of inventory that is held.

I guess, in particular, around cold and flu, I would assume that drug stores would order more earlier than others. If cold and flu is based more on demand rather than prebuying, would that not make it less profitable over time?

Then just finally on A&P. When you step up or you are stepping up A&P, as you said, is that around specific launches? Or is that in general, a step-up in A&P? And how long is normally the lag that you see between an A&P step-up and improved purchases, please?

Dawn Allen: Yes. Thanks, Tom. Let me start with your second question first. In A&P, we have a healthy level of A&P and we feel really good about that. Last year, we were at 19.2% A&P of sales. What is important when we look at A&P is that we have the flexibility. You have seen us dial it up, particularly in areas such as Sensodyne Clinical platform where it is performing incredibly well. We are also investing in key markets, in key geographies. I talked about India earlier on.

But we also dial it down in areas where we are not seeing the ROI come through, and you have seen us do that. Over time, as well as ensuring that we continue at healthy rate, we are also very focused on improving the effectiveness and the ROI.

The other thing that is important in A&P actually is expert, because expert is a key part of our business model. We have very strong relationships with experts and that is an area that we continue to invest in across the globe. That is in terms of A&P.

On your inventory question, as I talked about earlier, we have really good relationships with retailers in the US. On our top 10 retailers, we have visibility in terms of inventory levels. We are very well versed in terms of working with retailers on different ordering patterns across different categories, and we will continue to do that.

Edward Lewis (Redburn Atlantic): I guess just a couple of questions from me. Just thinking about the whole VMS category, particularly in the US. It has been on a pretty good run, I guess, since COVID and coming into a more softening consumer economy over there, how do you think about the category and the feedback from retailers about the category? Any thoughts there or wait till tomorrow on that?

Then I guess we have not really touched on China. It looks as though it was a good quarter. Just initial thoughts on China as you consolidate your JV and you are having success with innovation. Just I guess an update on China would be appreciated.

Dawn Allen: Yes. Let me take your second question first in terms of China. I mean we feel really good about China. We were up mid-single-digit in the quarter. Like India, I was also out in China earlier in the year. As I referenced in terms of the sales force perspective, we have obviously announced that we are buying out the remaining 12% in the China OTC joint venture. That will mean that we will have a combined sales force, and we expect to get broad reach and benefit from that.

The other thing to call out in China, strong performance across the categories, but also our e-commerce performance, which actually we have real strength in online to offline that we have developed over the last few years. We are also working with key influencers in terms of digital channels, Douyin and WeChat. That continues to perform well.

Also, our Bone Up campaign in terms of *Caltrate* where we are partnering with the government in terms of bone density test, and actually solving for osteoporosis. I think we have a really strong position in China. We feel really good. As I referenced, we launched *parodontax* and that is performing incredibly well.

As you know, in China, gum health is a challenge in terms of population. That brand is well placed actually to help in terms of that health need on China. We feel good about that.

In terms of VMS, I mean, I talked about this earlier in terms of our strength globally on Centrum and in the VMS portfolio. Yes, VMS, particularly in the US, is a more discretionary category. We have seen the category slowdown in the first quarter. But I think the strength of our products, the strength of our claims underpinned by science. I think as consumer confidence continues to come back in the US, then we would expect to see a stronger performance.

The other thing I would say in the US is actually our *Emergen-C* brand performed really well actually, as we saw an uptick in the cough, cold and flu season. *Emergen-C* also benefited from that.

Victoria Petrova (Bank of America): My first question is on your expectations through the year. If I understand you correctly, Q2 should be around Q1. Then our previous discussions or understanding was that Q3 is supposed to be better than Q2 and Q4 should also be better than Q2, not necessarily stronger than Q3, suggesting that sell-in into cold and flu season would be absolutely crucial. Are you confident that inventory levels are at the right level everywhere, not just in the US? What are your assumptions on the flu season in the fourth quarter to meet your expectations? That is probably number one.

My second question is balance between disposals and M&A opportunity. You obviously have Smokers Health, which is non-core for you in the United States. Do you think the environment for potential M&A changing? Does it also offer some more lucrative opportunity for you on the buy side of this equation? Very last clarification question, is there any update or change in trend on *Eroxon*?

Dawn Allen: Yes. Okay. Let me talk through those. I outlined earlier the reason why we have confidence in terms of second half versus first half, whether it is around our innovation, our continued investment levels and also a more normalised season and certain geographies where we see stimulus from the government in terms of the geography picking up in terms of India. I have outlined that.

I think from an inventory level, I think we would expect to see there at normal levels. Across the globe, we would expect to see that pick up, as our expectations are for a normal season in the last quarter of the year.

In terms of your second question, what we have seen in terms of the M&A backdrop is obviously softness across all categories in terms of M&A. But we have done a really strong job actually in terms of portfolio optimisation, if you think about the disposals that we have done, which has helped to delever the business.

We are also very focused on acquisitions in terms of building depth and breadth in the categories that we are in, and we continue to remain focused on that.

In terms of your third question in terms of *Eroxon*, as we talked at year-end, this is a new product, in a new category and a new consumer behaviour for us. That was always going to be more challenging. I think that we have seen that in terms of the performance of *Eroxon*.

The other thing to call out is just around lockboxes, which we have seen a rise in lockboxes in the US. I mean when you go in store, a lot more products are locked up than historically we have seen, and that has impacted the performance of *Eroxon*.

The other thing that we saw, given the nature of this product and given that it might not be a product that some people either want to ask for if it is in a lockbox or might not want to purchase in store if they are with other people, we saw it more weighted towards online. Therefore, the impact of initial reviews online had a disproportionate impact in terms of *Eroxon*.

As I said, this is always going to be challenging. That is what we have seen in terms of the position of the product.

Jeremy Fialko (HSBC): First one, just to get a bit more colour on the phasing of the full year. To clarify, you are saying Q2 will be about 3.5%, so that takes the first half to around 3.5%. Then you do understand the expected acceleration in H2. But just given the fact that the first half, you could end up being a bit below your guidance range, does it mean that it is more likely for the full year, you would end up towards the lower part of the 4% to 6% range, or is that not something that you would necessarily say at this stage?

Then secondly, could you talk about the pricing element within the US and we can see the pricing went a little bit negative in North America in Q1 because of higher promo. Is that something that you would expect to be the case in subsequent quarters? Or was it very specific to the activity that you had in this quarter and then you would expect the pricing to be positive in subsequent quarters and over the full year?

Dawn Allen: Yes. Thanks, Jeremy. Look, we have been clear in terms of we have reiterated our full year guidance in the 4% to 6%. We have also talked about how we expect the phasing of that revenue performance to be delivered. We expect it to be second-half weighted versus first-half weighted and I have outlined the reasons why we feel confident in terms of second-half.

We have also said that we expect Q2 to be broadly similar to Q1 given what we have talked about in terms of the US.

In terms of your second question, in terms of pricing in the US, yes, Q1 was impacted by the promotional phasing. We would expect pricing to pick up as we move through the year in the US. As I said, overall on the portfolio, we would expect to see a balance of pricing and volume mix.

Karel Zoete (Kepler Cheuvreux): I have a question with regards to greenfield introductions. Maybe it is something more for tomorrow, but you highlight a couple of successful launches in big markets. But can you talk a bit about the headroom for the different platforms you have when it comes to greenfield introductions?

Dawn Allen: Sorry, are you talking about innovation?

Karel Zoete: Yes, innovation. You called out *parodontax* in China, I think you called out Brazil in the pain franchise, and a couple of others. What are the big launches for this year, market entries, but also the longer-term headroom here?

Dawn Allen: Yes. I think if you take a step back and you think about consumer health more broadly, I mean, as a category, it is underpinned by consumer tailwinds, whether it is more broader macro consumer tailwinds in terms of rising middle class, in terms of preventative healthcare measures, whether it is around the incidence versus treatment gap across a number of our categories, the number of incidences is a lot higher than actually treated.

We do see significant headroom coming from that. We also see across a number of geographies just the maturity of the category. If I take India as an example, the penetration on oral health as a category is high. But if I went to therapeutic oral health as a category, that has huge headroom for growth. I think across incident versus treatment gap penetration opportunity and also from a premiumisation point of view, if you think about what we have done with the *Sensodyne Clinical* range, in terms of premiumising, those would be the types of levers.

The other thing I would say is we are really excited about tomorrow at our Capital Markets Day. You are going to hear from the team in terms of our confidence, in terms of our future growth potential. You will hear a lot more about that.

Dawn Allen

CFO, Haleon

Conclusion

Thanks for your interest on the call. As I said, we look forward to seeing a number of you tomorrow. For those of you who cannot join, our Capital Market presentations will be webcast on the Haleon website. In the meantime, if you have any further questions, please reach out to our Investor Relations team. Thanks, everyone. Bye.