Haleon Q1 2026 Trading Update

Wednesday, 29th April 2026

Introduction

Joanne 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. 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 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 Brian and 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 Brian.

Overview

Brian McNamara

CEO, Haleon

Highlights

Thanks, Jo. Welcome to our Q1 2026 results call. We have navigated a challenging market in the first quarter, where consumer confidence continued to weaken and delivered 2.2% organic revenue growth. The continued weakness in cold and flu that we highlighted at full year, impacted Group organic growth by 130 basis points.

Once again, Oral Health performed strongly, with innovation-led premiumisation and geographic expansion, driving continued success in Sensodyne and Parodontax.

In VMS, Centrum saw an improved performance underpinned by innovation. We continue to make progress against our strategic priorities. Our productivity initiatives continue to drive strong gross margin improvement, consistent with our strategy to build more competitive consumer-focused supply chains.

In March, we announced £65 million investment in a new oral health facility in Shanghai. That is due to open in early 2028.

On culture, we are moving forward on the operating model changes we set out in January, which are designed to drive growth and agility.

First quarter 2026 revenue

Coming back to growth, Dawn will take you through the numbers, but first I would like to look at North America, which is a good example of how our growth initiatives are progressing well.

Over the past quarters, we have been very deliberate in strengthening both our marketing effectiveness and our in-market execution. While we have reorganised the team to follow our category-led approach, we have also created a cross category platform team to capture opportunities that sit across the portfolio.

A good example of this is GLP-1. We are taking a holistic view of consumer needs. This is not a single category opportunity. It spans VMS, Digestive Health, Pain Relief, and Oral Health. We are aligning our brands to play across that full consumer journey. In parallel, we are accelerating innovation and sharpening how we segment our brands to address consumer needs.

The recent launch of Centrum Age Defy is a good example, allowing us to reach a younger consumer with a more tailored proposition. Alongside innovations such as Excedrin Rapid Relief, bringing faster-acting solutions to the market in a category where speed of relief matters. Taken together, these actions are starting to translate into performance. In Q1, North America returned to growth, up 1% overall.

Next, let us look at our emerging markets, where we delivered organic revenue growth of 4.3%. That was largely due to weak cold and flu season in Central and Eastern Europe and Asia Pacific.

Latin America, and particularly Brazil, also continued to be impacted by challenging consumer backdrop and performance challenges with higher promotional activity. We have put in place a number of programmes to support growth in Latin America, which we expect to positively impact performance from Q2 onwards. Examples include the launch of accessibility offerings across Sensodyne and Denture Care, along with activations we are planning around the FIFA World Cup for ENO.

Despite the near-term headwinds, we remain confident in our emerging markets. We have strong brands. Our innovation pipeline, along with the actions we are taking to strengthen distribution, will allow us to reach more consumers.

Outlook

Turning now to the outlook. As we talked in February, outside of respiratory, we are not assuming a material improvement in global category growth. Despite the macroeconomic and consumer backdrop becoming more uncertain in recent weeks, we are maintaining our outlook for the year. But much will depend on the duration of the current conflict and any potential impact on the wider economies of our key markets.

We expect organic revenue growth to be between 3% and 5% for the full year. We will deliver improving growth momentum through:

- The improved performance in North America that I have talked about;
- Increased investment in our e-com channel in China, particularly Douyin; and
- An improvement in Latin America from some of the actions I outlined earlier.

On profitability, our plans are on track, and we remain confident in strong gross margin expansion. That improvement will support by ongoing productivity initiatives, delivering high-single-digit operating growth while allowing for continued healthy investment in the business.

I will now hand over to Dawn to take you through the numbers in more detail.

Financial Review

Dawn Allen

CFO, Haleon

Q1 2026 organic revenue growth: +2.2%

Thank you, Brian. Good morning, everyone. As expected, it has been a challenging start to the year. Category softness has continued, where consumer confidence remains under pressure, with our results also impacted by weak cold and flu season.

From a consumer perspective, penetration levels across our categories continue to be resilient, but consumers are becoming more value-orientated and seeking more convenience. Against this backdrop, we delivered 2.2% organic revenue growth in the quarter, 2.4% from price and a decline of 0.2% in volume mix.

Global portfolio delivering growth

Looking at the results in more detail, starting with our global categories. Oral Health continued its strong momentum, delivering 8.3% growth, 2 times ahead of the market. Key highlights were:

- In the US, growth was driven by the innovation rollout of Sensodyne Clinical Repair, along with Parodontax Gum Strengthen & Protect. This resulted in double-digit consumption growth, with Haleon growing four times the market;
- In India, our INR20 Sensodyne pack performed well, with 70% of units being purchased by new consumers to the brand.
- Overall, our growth was balanced across price and volume mix;
- For VMS, we saw an improving trend at 1.7% organic revenue growth. This was largely driven by Centrum, and in particular, North America grew mid-single digit. This was due to the launch of Centrum Nutrient Replenish, targeting GLP-1 users, alongside continued strength in Centrum Silver, helped by the activation of biological aging claims; and
- In Asia Pacific, the upgraded daily kits in China also performed well.

On Caltrate, whilst consumption remained healthy, organic revenue growth was impacted by a tough comparative in the prior year.

In OTC, we saw a mixed performance, with strength on brands such as Panadol, Benefiber and TUMS offset by weak cold and flu season, as well as declines across Smokers' Health and Nexium.

Within the Pain category, revenue was broadly flat. Key highlights were:

- Panadol maintaining strong momentum, driven by our new campaign, "That is One for Panadol" and an improving trend in Voltaren, driven by the rollout of our 2% formulation in India and Saudi Arabia following the success in China, and continued share gains in Advil in the US, driven by the no pain, more gain activation against a weak category.

Within Respiratory, organic revenue declined 3.4%. Around 60% of our portfolio is positioned against the cold and flu category, which was down in Central Eastern Europe and showed double-digit decline in North America and Asia-Pac. In addition, Smokers' Health continued to be a drag, declining double-digit in the quarter.

These factors more than offset strong performances from improved in-store execution and expert endorsement in Flonase, as well as continued strong performance and expansion on Otrivin nasal mist.

For Digestive Health, strong innovation and activations on Benefiber and TUMS was offset by weakness in Nexium and ENO to deliver 0.4% organic revenue decline.

Finally, Therapeutic Skin Health and Other grew 3% with continued strength in Bactroban, partly offset by a decline in Fenistil.

North America

Turning now to the regions. As Brian mentioned, North America returned to growth of 1%, 3.7% from price and 2.7% decline in volume mix. In the quarter, we saw double-digit growth in Oral Health, alongside an improved performance on Centrum and continued strong performance across TUMS, Benefiber and Flonase, offset by double-digit decline in cold and flu.

Moving forward, we are confident that growth in North America will accelerate as we move through the year. This will be underpinned by:

- Shelf resets;
- Strong activations, including the partnership with US Soccer for the 2026 FIFA World Cup; as well as,
- Further innovation.

EMEA & LATAM

In EMEIA and LATAM, we delivered 2.1% organic revenue growth with 2.6% from price and 0.5% decline in volume mix. We saw a very different picture across the three operating units.

In Europe, we continue to see resilient performance with modest revenue growth underpinned by outperformance in pharmacy and mass market channels. This is against a backdrop of weaker consumption and lower consumer confidence.

Strength in Oral Health, along with good growth in Panadol and an improving trend in Voltaren, was partly offset by weak cold and flu season in Central and Eastern Europe.

In Middle East and Africa, we delivered high-single-digit revenue growth with a good balance across price and volume mix, driven by innovation launches, including Panadol Dual Action and Voltaren 2%. Whilst performance in the quarter was not impacted by the Middle East conflict, we are monitoring the situation closely.

In Latin America, revenue was slightly up. The macro picture has been more challenging, and we have seen performance issues in Brazil.

APAC

In Asia Pacific, we delivered 4% growth with a higher than expected significant impact from the weak cold and flu season. In China, we continue to outperform and grew mid-single-digit with double-digit growth in the e-commerce channel, which now makes up around 40% of our revenues.

Our innovation agenda also continued to deliver with our upgraded Centrum daily kits with benefits for metabolism, liver and cardio performing well. We expect growth in China to accelerate as we build out further capabilities in Douyin through tripling the number of content pieces on the platform and doubling the number of key opinion leaders across VMS.

In India, we grew double-digit with excellent in-market execution, particularly for Sensodyne Pronamel. As a result, Sensodyne grew at five times the rate of the category with significant market share gains. In fact, Sensodyne has now reached double-digit market share in India.

2026 guidance

Turning now to the remainder of the year. Our guidance remains unchanged at 3% to 5% organic revenue growth and high-single-digit operating profit. We are watching carefully the potential impact from the conflict in the Middle East. Whilst we did not see any significant impact in the quarter, we are mindful of potential changes in future consumer spending patterns and are monitoring costs in our supply chain closely.

Summary

In summary, for quarter one, Oral Health continued to outperform. North America returned to growth, and we saw continued resilience of our portfolio against a backdrop of softer consumer markets.

Our productivity agenda continues to make excellent progress. This provides us with the flexibility and agility to continue to invest and navigate the macro uncertainty.

With that, I will hand back to the operator for the Q&A.

Q&A

Guillaume Delmas (UBS): Two questions from me, please. First one, Brian, on your 2026 guidance, because you had a relatively soft start to the year, I think largely expected, maybe LATAM, China a little bit weaker than you anticipated. More importantly, there is now far more macro uncertainty versus a couple of months ago. My question here is, iterated the 2026 outlook, but have some of the key moving parts changed? Do you see now clear additional sources of downside or maybe conversely upside, particularly when it comes to savings? Any colour on how you look at the guidance now versus at the time of the full year results? What maybe you are baking in at this stage for the Middle East, and I guess what underpins your confidence in meeting your guidance?

Then my second question is on North America. I mean, it does seem category growth, even when we adjust for the weak cold and flu. Not only it is not improving, it seems category growth is getting worse, particularly in the OTC in the region. Can you maybe talk about the reasons for this unusually negative category growth? Do you see any structural reasons for that, or is it just a bit cyclical and you would expect a pick-up?

Very lastly, in the meantime, how do you ensure you keep outperforming category growth and that the gap between you and category growth keeps on widening?

Brian McNamara: Thanks, Guillaume. Let me start with full year guidance. Taking a step back, as you said, Q1 slightly lower than expected, but not material, honestly, so broadly in line. Little more downside in cold and flu in Asia-Pac, specifically China. From that perspective, nothing has changed since we guided.

As you mentioned, what has changed is the uncertain macro environment, given the war. Hard to predict what is going to happen, and we are monitoring it closely. To be clear, there was no impact in Q1. Dawn mentioned that.

Middle East, by the way, just for perspective, is about 5% of our overall business. We do remain confident in the 3% to 5% guidance and in accelerating growth through the balance of the year. That confidence comes from, first, North America, benefiting from the shelf resets, which are happening at our largest customers. They are happening as we speak. They are going into place now and into early May.

Our partnership with the US Soccer and the activation that is going to happen across category initiatives on things like GLP-1. Frankly, just overall improved execution behind a very strong and new team in North America.

Secondly, we mentioned Latin America and Brazil. I mean, we did see a tough macroeconomic environment in Brazil. Our results were much softer there than they were in Q4.

Now, we have made a leadership change in Brazil. We have also made a structure change where that now sits on my executive team, reporting directly to me. I was actually in Brazil three weeks ago with Andrés, our new leader there. He has got fantastic, by the way, Latin American consumer experience. I am really confident in the plans we have already put in place, the actions we have taken to see improvement in Q2 and an acceleration in the back half.

Then obviously we are lapping softer comps in the back half in respiratory, and after two years of decline, we would expect to see some growth off of that lower base.

You mentioned it, Guillaume, on the profit side, productivity continues to progress ahead of our expectations honestly. The strength of the gross margin improvement gives us the flexibility we need to invest in growth, which underpins the confidence of being able to deliver the guidance on the top line despite a very difficult macro environment, but also the confidence in delivering the high-single-digit operating profit growth with those uncertainties.

I mentioned a little bit. Your second question was really on North America. Again, I was in North America a couple weeks ago also. Really happy with the progress we have made there. The changes in distribution and shelving across Oral Health and Pain Relief and VMS are going to have a real impact on the business, so I am confident we can continue to outperform and perform in the market.

Cold and flu was down pretty significantly in Q1 in North America. It has a little bit of a halo effect on some other categories, Pain Relief and Immunity and VMS and things like that. Overall, again, I do not think that is a structural thing. It is a cyclical thing, and that we would expect that to bounce back. Where I am very confident is obviously in our ability to outperform and outperform more in the US, as we look at the balance of the year.

Warren Ackerman (Barclays): Two from me as well. Can you maybe drill in a little bit more on what you are seeing in Asia? I mean, you mentioned China, you expect acceleration with the Douyin rollout. I guess cough, cold, flu was quite weak in China. Maybe if you can maybe outline what the underlying picture is in China and then what you see on the go-forward? Similar thing on India.

Then southeast Asia, are you seeing any weakness in some of the smaller Southeast Asian markets, given the Middle East conflict? Yes, just any colour on what you are seeing in those three big buckets of Asia.

Then secondly, just back on cough, cold, flu. I do not know whether, Dawn, you are able to just break it out for us in terms of what the impact was specifically in the US, in EMEA, LATAM and in Asia-Pac, just so that we can see what the underlying numbers are.

Brian McNamara: Great. Thanks, Warren. Let me take the first one, and then I will pass it to Dawn on cold and flu and impact in the US.

First of all, in China, mid-single-digit growth in China. We have a brand in China called Contac, which is quite a big cold and flu brand and we did not see a season at all, so that was a drag. We have a good business on Douyin in China, but we see a bigger opportunity there. That business for us, by the way, grew 100% in Q1. Remember, we have over a £1 billion business in China.

The other thing about Douyin is, it is a channel where you can’t do OTC products based on regulatory, so it is really focused on our non-OTC portfolio. We are quite confident in the acceleration that we are seeing and the capabilities we are building there. We feel good about China.

India continues to be our star in seeing double-digit growth. Frankly, Oral Health in China is doing incredibly well. The low-income consumer strategy we have there, the launch of Pronamel is driving very strong double-digit consumption growth.

On Southeast Asian markets, I mean, we are monitoring it closely. We have not seen a big impact to-date. It has not impacted Q1, but we are monitoring it closely because obviously we are seeing others in other categories seeing an impact in Southeast Asia. Overall, it seems to be fairly stable and continuing as is.

Dawn, do you want to talk cough and flu?

Dawn Allen: Yes. Thanks, Warren. Look, in terms of cough, cold and flu, so 130 basis points in the quarter. The way I think about that, if you think about the majority of that is volume. If I compare it to Q4, where we had 150 basis points impact, so broadly similar overall, but actually the spread, the split across the three regions is quite different. So a much bigger impact in terms of North America and Asia-Pac, both of those down double-digit. As I said, the way to think about that is from a volume perspective.

North America, if you think about volume, down overall 2.7%, actually most of that, cough, cold and flu, and the same in Asia-Pac. The reason why Asia-Pac is at 4%, as I said, big drag from cough, cold and flu.

In EMEA, LATAM, whilst we saw an impact in Central Europe, we did not see really a large impact from cough, cold and flu in LATAM.

The other two things to talk about, if you look at overall respiratory, remember in respiratory, we have three parts. We have cough, cold and flu. We have allergy in terms of Otrivin and Flonase, which were both very strong in the quarter, and we also obviously in the US have Smokers' Health. When you think about respiratory, you need to break it down into the three parts.

The last thing I would say, I mean, look, over the last two years, we have seen two weak seasons on cough, cold and flu, particularly overall in North America. If I think cough, cold and flu volumes are down over that time, mid-to high-single-digit, it is not unheard of to have two weak seasons, but it is quite rare. Everything else being equal, if we look forward, we are expecting to see improvement in cough, cold and flu in terms of volume growth, particularly in the back half of the year.

Olivier Nicolai (Goldman Sachs): Two questions, please. First of all, Q1, you saw double-digit decline in Smokers' Health. Nexium also continued to decline. What is the strategy to get these brands back to growth? Would you also consider some portfolio adjustments, which would probably help you to reach your 4% to 6% mid-term targets more easily without those drags?

Secondly, just more of a follow-up on previous comment from you, Brian. If you look at the Q1 growth, it was 3.5% once you adjust for the cold and flu impact of 130 basis points. Do you expect an acceleration from that level? Could you remind us where this acceleration will come from in terms of regions and categories in the coming quarters?

Brian McNamara: Great. Let me take the first question, Olivier, and then I will pass it to Dawn for the second question.

Listen, no question, smoking category has been a challenge. As we said, it was down double digits in Q1. Overall, the category is down mid-to high-single digits, so actually there is a category issue there, but there also, as I said in the past, there is a share challenge with private label. Remember, these products are in the $30 to $40 range, and with the US consumer being under pressure. That said, we are very focused on stabilising this business, and we are taking actions, increasing promotions to close price gaps to private label, incremental A&P investment. We are putting all those things in place. There are some green shoots. To be clear, we are seeing very good growth on in Walmart and Amazon on the gum variant. We are doubling down in those areas to make sure that we can drive more success where we are having success. Obviously, it is a priority for us to stabilise as we move forward, and we have plans in place to do that.

Your question on portfolio adjustment. Of course, if there is an opportunity for us to strengthen the portfolio by bringing in higher growth assets and potentially divesting assets which are not as core or strategic, we are absolutely open to that and we are actively looking at opportunities there.

Why do not I pass it over to Dawn?

Dawn Allen: Yes. Thanks for the question. I mean, when I think about the building blocks for the year, I would expect sequential improvement in growth as we move through the year. You will have seen we have held our guidance full year between 3% and 5% organic revenue growth.

The way I see the moving parts, obviously Brian has talked about North America. It is great that North America is back in growth, 1% growth. We feel really confident in terms of continued improvement in that growth rate, whether it is from shelf resets, strong activation, and the rollout of innovation, and we have put more investment in North America as well.

If I look at Asia-Pac, Brian also talked about China in particular. India continued double-digit growth. I talked on the call about the strength in Oral Health, and excellent execution. We expect that to continue.

Mid-single-digit growth on China. Again, we are also increasing investment, a very strong performance on e-commerce and further investment going in Douyin.

Also even if I look at markets like Australia, very strong activation in terms of our Panadol campaign. That is One for Panadol. Asia-Pac, obviously Q1 impacted by cough, cold and flu. The underlying performance and the key drivers remain intact in terms of strong performance moving forward.

If I look at Europe, Middle East, Africa and Latin America, let me break it down into the three parts, because Europe actually it is a challenging backdrop in terms of category and consumer. Within that, our performance remains resilient, actually, particularly given our strength in pharmacy channel, and I would expect that to continue.

If I look at LATAM, a softer macro backdrop, stronger promotions in Q1. I would expect that to improve as we move through the year. Brian talked about Andrés, new leadership in there. We feel good about that improvement.

In terms of Middle East and Africa, actually a big shout out to our commercial and supply teams, that we did not see an impact in Q1. Actually, Q1 at high-single-digit growth in Middle East and Africa is very strong. I would say in Q2, we have started to see an impact, particularly in terms of consumption and we are watching that closely. Middle East probably is the area that remains uncertain.

The other thing to talk about in that, whilst we have not seen an impact in Southeast Asia, obviously it is an area that we are also monitoring closely, particularly given higher fuel prices, work from home, etc. As I said, holding guidance 3% to 5% organic revenue growth for the year, and sequential improvement in growth as we move through the year based on the different moving parts that I have talked about.

Sarah Simon (Morgan Stanley): Most of my questions have been answered, but just one. Can you give us the weighting of cold and flu revenue through the quarters? That would be helpful.

Brian McNamara: Yes, I could take that very quickly. It is roughly a third in Q1, about 15% in Q2, and then about split almost evenly Q3, Q4, about 30% each. Rough numbers.

Celine Pannuti (JP Morgan): My question on North America. Clearly a pleasing start, 1% growth. Pricing was very strong. Is that level to be sustained or was there may be less promo because of the weak cold and flu, and what kind of pricing are we expecting for the year? I mean, Q2 is your easiest comparative in North America. Are we expecting a strong bounce back, given what you said on the shelf reset? And are you still comfortable with the 2%, for North America for the year, or you think maybe it could be higher, I do not know. Pricing to me seems to be quite a tailwind then. If you could comment on that?

My second one is on Europe, which clearly seems to have a bit more challenges in terms of the different moving parts that you mentioned, including the Middle East. You flagged that for Q2. Obviously we cannot predict what could happen maybe on the second half. Like, how comfortable are you that Europe is picking up in the second half of the year?

I presume maybe just to finalise on the point you mentioned on outlook, you said sequential acceleration. Are we expecting Q2 to be within the 3% to 5%?

Brian McNamara: Okay. Thank you, Celine. I will take the second one on Europe, and I think you are probably talking Europe, Middle East, Africa, Latin America in that context, it sounded like. Then I will pass it to Dawn for the North America question and maybe the phasing guidance question.

Listen, overall, in Middle East, it is 5% of our business. It is not a massive piece of our business. It is 5%. We are seeing consumption softness in a few countries there, no question. We do not know how long the conflict is going to last or what the ultimate impact is going to be on that side of it. As we said earlier, as we are looking at all the input costs and the potential impact of a longer conflict there from an oil price perspective, obviously we feel very good about the productivity programmes we have in place. Again, they are exceeding our expectations, and gross margin continues to show really strong progress.

We feel like we have a lot of flexibility to deal with that. Frankly, we are better positioned than most just because we have high gross margins and lower exposure to those input costs. That is the Middle East piece.

On Europe, Dawn mentioned it earlier too, which is, we are a pharmacy-driven market there, so we are seeing probably less of the impact that maybe others have seen in a more mass market driven. Now, our toothpaste business is primarily mass market, but I have to say it continues to perform extremely well in Europe behind all the innovation and everything we have been driving there.

Dawn, do you want to address the North America one?

Dawn Allen: Yes. In North America, look, as we move through the year, we would expect to see a more balanced price-volume mix split. In Q1, I talked about the drag on volume from cough, cold and flu. Obviously that will come out as we move through the year.

From a pricing perspective, the price at 3.7%, that includes some carryover, particularly in Canada, and I would not expect that level of pricing moving forward to the future quarters. As I said, I think for North America, more balanced price-volume mix.

We have always talked in North America about the two main factors. One is our speed of improvement in terms of execution, and the other one is in terms of the category. From an execution point of view on what we are seeing in the first quarter, actually we are seeing real positive momentum, and we are really pleased actually with the progress in North America.

Obviously, as what has also come up on the call is the category. The category remains still challenging, but actually our outperformance versus the category is improving in North America.

When I look at the phasing in terms of quarters, obviously we are not going to guide to specific quarters. As I said, we expect sequential improvement in growth as we move through the year.

Nicolas Ceron (Bank of America): Dawn, coming back on your comment on the cold and flu season. If we have a normal cold and flu season this year, what kind of growth rate you would expect in H2? Is that some mid-single-digit or double-digit?

The second question on LATAM, if I may. You expect an acceleration in Q2. Do you think you will have some sell-in benefit in that, or is that all consumer-driven?

Dawn Allen: Yes. Look, on cough, cold and flu, I have already talked about this. If you look over the last two years where we have had two weak seasons, cough, cold and flu volumes have been down mid-to high-single-digit. Therefore, we would expect to see volume growth in the back half of the year.

In terms of LATAM, it is a challenging macro environment, but we feel really good about the activations that we have got in place, both in terms of Oral Health and in terms of ENO. We are expecting improvement in the LATAM performance as we move through the year.

Nicolas Ceron: No sell-in benefit in LATAM? All consumer-driven?

Dawn Allen: Yes. All consumer-driven.

David Hayes (Jefferies): I am going to be cheeky and do a follow-on, then two questions if I can. Just on the follow-up on the Middle East, you talked about some indications in the last few weeks of impact. Some companies have called out 50% down in March. Was just trying to get a sense of, is it that quantum that is the risk, or is it much less pronounced than that in terms of what you have seen at the moment?

My two questions are just on the price-led growth versus the volume performance still coming through. Is there a need do you think to review the price points across all markets, particularly maybe LATAM, to your points early on the competitiveness, and to apply some more competitiveness in pricing into the second half, maybe take that down and reinvest even more of the ongoing cost saving that you are achieving?

Then the second one on input cost outlook for the second half. Some of your peers have said if oil, etc., stay as they are, they kind of given a bit of indication or additional headwind. Is there anything you can give us on that in terms of the dynamics for the second half on cost?

Brian McNamara: Thanks, David. Let me address a couple of things and pass it to Dawn, and you can talk the input costs and the headwind and stuff.

First of all, Middle East Africa, we are seeing consumption down double-digit, but below teens, so to give you a range. We are not seeing 50% for sure, but we are seeing softness in the business, and that is why we wanted to call that out.

Listen, on pricing and price gaps, we are focused on driving growth. If there are opportunities exist for us to tweak pricing, to tweak price gaps, we are going to do that and we are going to make that happen.

Just a bit of a case study, I was in Brazil a few weeks back, and we have adjusted some of our price gaps for some key competitors and markets where maybe they got a little out of whack, and we saw almost an instantaneous volume growth. So we are on top of that. I do not see major pricing reset or anything like that, but where there is opportunities to tweak and make sure we are doing it. Because the gross margin savings improvement is so strong, we have the flexibility to do what we need to do to get the business where we want it from a growth perspective.

Dawn, do you want to talk on pricing?

Dawn Allen: Yes, look, in terms of input costs, we are really well-placed because we have got a strong supply chain productivity programme that is progressing really well. In terms of our exposure, so if you think about our cost base that is exposed to crude, it is about 3% of our revenue. If I look across total commodities, including gums, vitamins, that is around 10%.

We have fixed price contracts and hedging in most areas until the end of the year. What we have seen in the first quarter, we have started to see the impact. We started to see surcharges on freight, quite small, but I would expect that to increase in the second quarter and also in the second half of the year. As I said, we are really well placed in terms of the strength of our productivity programme, and that is why we have maintained our guidance full year for high-single-digit operating profit growth.

Brian McNamara: Thanks, everyone. I appreciate you all joining us today. Look forward to catching up with all of you in upcoming meetings and roadshows. Please feel free, as you always do, to reach out to the IR team if you have any further questions. Thanks for the continued interest and support in Haleon. Have a good day.

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