2022 Third quarter trading statement

November 2022

Disclaimer

This presentation contains certain statements that are, or may be deemed to be, "forward-looking statements" (including for purposes of the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Forward-looking statements give Haleon's current expectations and projections about future events, including strategic initiatives and future financial condition and performance, and so Haleon's actual results may differ materially from what is expressed or implied by such forward-looking statements. Forward-looking statements sometimes use words such as "expects", "anticipates", "believes", "targets", "plans" "intends", "aims", "projects", "indicates", "may", "might", "will", "should", "potential", "could" and words of similar meaning (or the negative thereof). All statements, other than statements of historical facts, included in this presentation are forward-looking statements. Such forward-looking statements include, but are not limited to, statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, dividend payments and financial results.

All figures in this presentation are unaudited and for quarterly periods unless referenced otherwise

Any forward-looking statements made by or on behalf of Haleon speak only as of the date they are made and are based upon the knowledge and information available to Haleon on the date of this document.

These forward-looking statements and views may be based on a number of assumptions and, by their nature, involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future and/or are beyond Haleon's control or precise estimate. Such risks, uncertainties and other factors that could cause Haleon's actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed under "Risk Factors" on pages 17 to 45 of Haleon's prospectus and under "Risk Factors" in Haleon's Registration Statement on Form 20-F and page 15 of the Half Year results release. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements.

Subject to our obligations under English and U.S. law in relation to disclosure and ongoing information (including under the Market Abuse Regulations, the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority ("FCA")), we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should, however, consult any additional disclosures that Haleon may make in any documents which it publishes and/or files with the SEC and take note of these disclosures, wherever you are located.

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

Tobias Hestler

CFO

Strong third quarter performance with positive volume/mix

Resilient profitability with inflationary pressures offset by operating leverage and efficiencies; standalone costs as expected

Guidance: FY 22 sales guidance increased, Adjusted operating margin now expected to be to be slightly above last year[1]

Strong cash generation with further £250m repayment of £1.5bn term loan[2]

1 At actual exchange rates
2 Paid in October 2022

Q3 key financials

£2.9bn
Revenue

8.1%
Organic revenue growth

5.5%
Price

2.6%
Volume/mix

£725mn
Adjusted operating profit[1]

+4.1%
CER growth[1]

25.1%
Adjusted operating profit margin[1]

(20)bps
AER

&

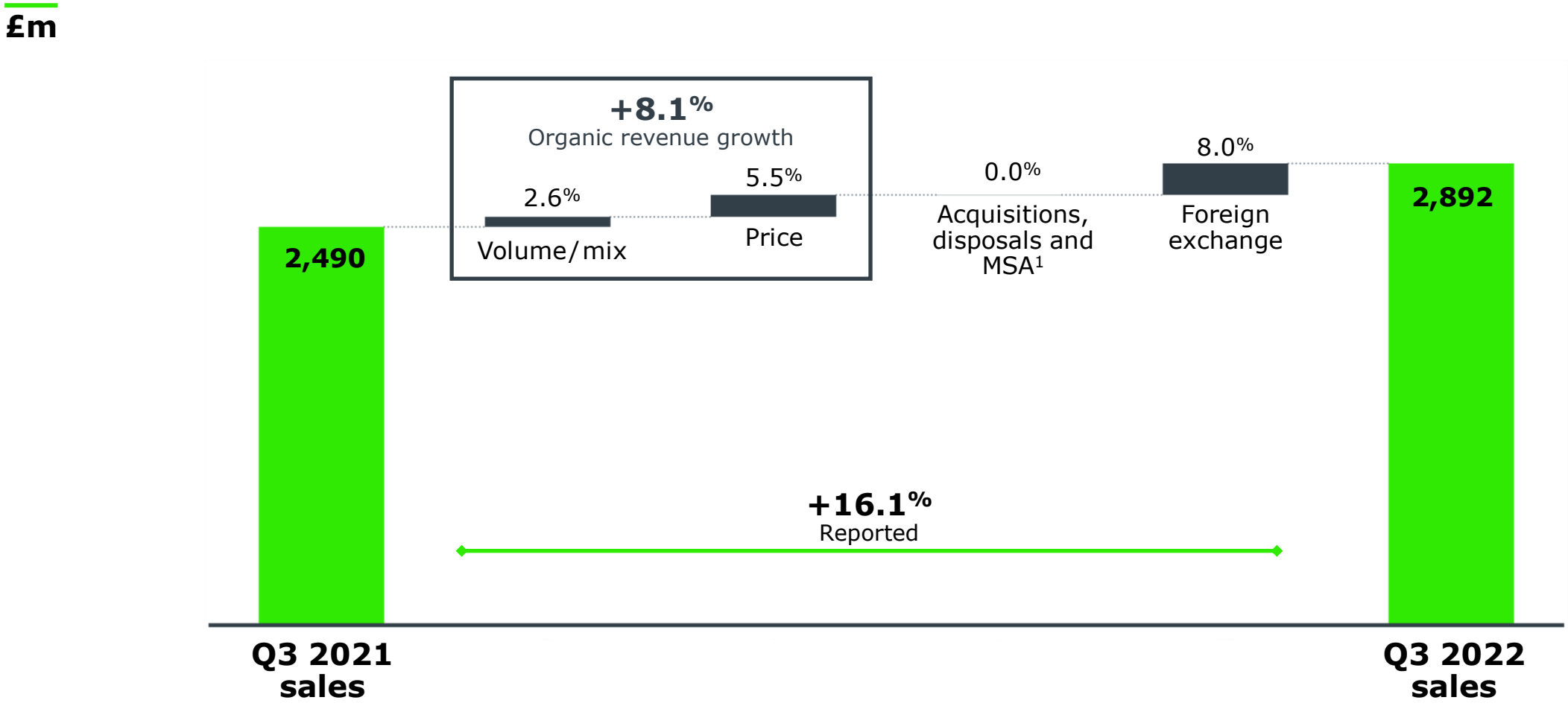
(90)bps
CER

HALEON

1 Reconciliation of IFRS to Adjusted results can be found in the Appendix

Q3 2022 revenue growth

Delivering positive volume/mix and accelerated pricing



1 Includes 0.3% from acquisitions, (0.1)% from Disposals and (0.2)% from Manufacturing Services Agreements

Broad based growth across categories

Improved pricing in Q3

	Q3 Revenue	Organic revenue growth[1]			
	£m	9M	Q3	Q2	Q1
Oral Health	787	6%	7%	2%	8%
VMS	437	7%	(1)%	9%	15%
Pain Relief	648	9%	4%	5%	19%
Respiratory Health	457	40%	30%	40%	53%
Digestive Health and Other	563	5%	8%	3%	4%
TOTAL	**2,892**	**10%**	**8%**	**8%**	**16%**
Price		*4%*	*5%*	*4%*	*3%*
Volume/Mix		*6%*	*3%*	*4%*	*13%*

- Decline driven by particularly strong comparative in Q3 2021 (successful innovations, improved capacity, and benefit from Delta-Covid wave in the US)
- Strong momentum with continued cold and flu incidences over the Summer combined with higher advanced purchasing ahead of season
- Broad based strength across Digestive Health, smokers health and skin health
- Q3 Group organic growth includes 3 points (9M: 4 points) contribution from Cold and Flu

HALEON

1 Reconciliation of IFRS to Adjusted results can be found in the Appendix

Vitamins, Minerals & Supplements

Q3 decline against a strong prior year comparative

	Currency adjusted revenue	Organic revenue growth
	£m	%
Q3 2021	404	17.8
Q4 2021	395	6.9
Q1 2022	400	14.9
Q2 2022	386	9.0
Q3 2022	398	(1.4)
Average	**397**	

Successful innovations, improved capacity, and benefit from Delta-Covid wave in the US)

Q3 2022 revenue in line with prior quarters with demand remaining robust

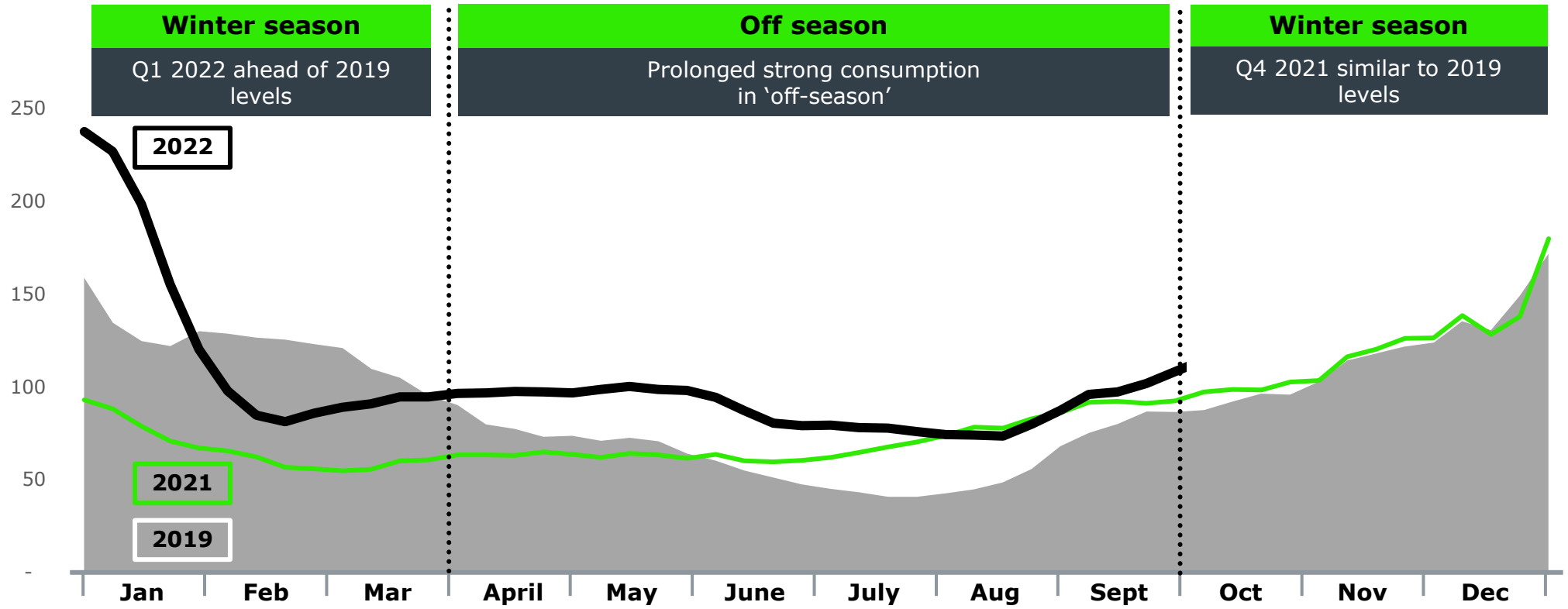
- **Volatile organic growth** given comparatives
- **Sales sustained at healthy levels** post elevation through pandemic
- **Guidance maintained:** Expect Oral Health and VMS combined to grow mid to high single digit by 2025

HALEON

Respiratory

Strong growth in Q3 from increased demand and retailer stocking

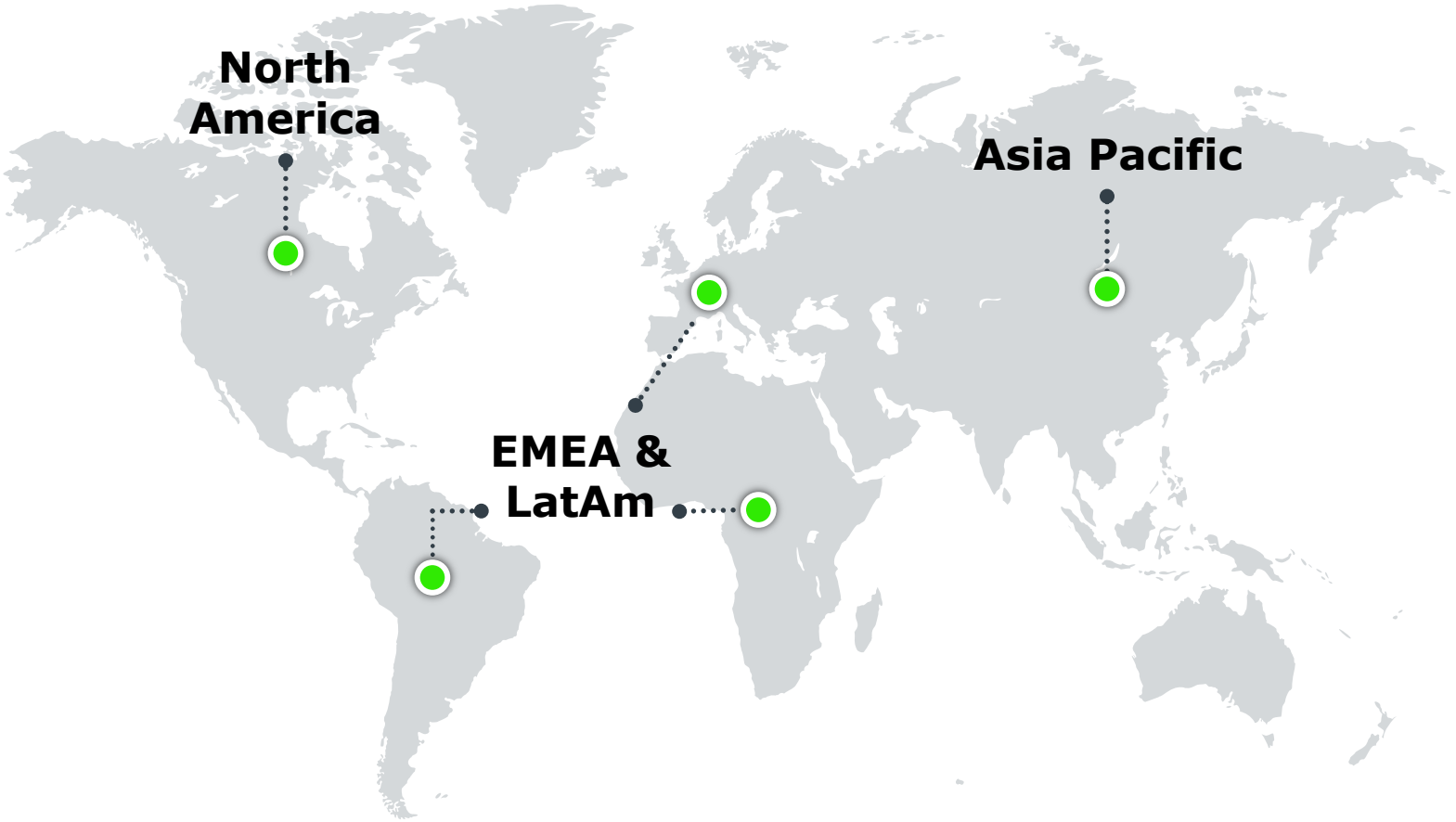
US market cold and flu sales ($m)



HALEON

Source: IRI, MULOC+Ecom

Strong Q3 revenue growth across regions



Revenue

North America

2.9% OSG[1]

£1,101m (Q3 2021: £929m)

EMEA & LatAm

12.2% OSG[1]

£1,136m (Q3 2021: £1,004m)

Asia Pacific

9.0% OSG[1]

£655m (Q3 2021: £557m)

HALEON

1 Refers to Organic revenue growth; Reconciliation of IFRS to Adjusted results can be found in the Appendix

North America

Volume decline as expected given prior year advanced purchasing

£1,101m

Q3 22 Sales

2.9%

Organic growth[1]

4.2%

Price

(1.3)%

Volume / mix

Oral health

Mid-single digit decline in Sensodyne given advance purchasing in Q3 2021 ahead of Q4 2021 price increases. Good growth in Denture Care and Parodontax

VMS

Down high-teens percent, reflecting strong 2021 comparative; underlying consumption steady

Respiratory

Up mid-twenties percent driven by sustained incidences of cold and flu and COVID-19 along with favourable retailer stocking patterns, pricing and successful market activation

1 Reconciliation of IFRS to Adjusted results can be found in the Appendix

EMEA & LatAm

Strong price and volume / mix growth

£1,136m

Q3 22 Sales

12.2%
Organic growth[1]

8.3%
Price

3.9%
Volume / mix

Oral health

Double digit growth in Sensodyne and strong growth across parodontax and Denture Care

VMS

Low-double digit growth underpinned by continued successful activation of Centrum in new markets

Respiratory

Up over 35% from sustained incidences of cold and flu and Covid-19 and retailer stocking ahead of the cold and flu season

1 Reconciliation of IFRS to Adjusted results can be found in the Appendix

Asia Pacific

Strong volume / mix growth supported by price

£655m

Q3 22 Sales

9.0%

Organic growth[1]

2.7%

Price

6.3%

Volume / mix

Oral health

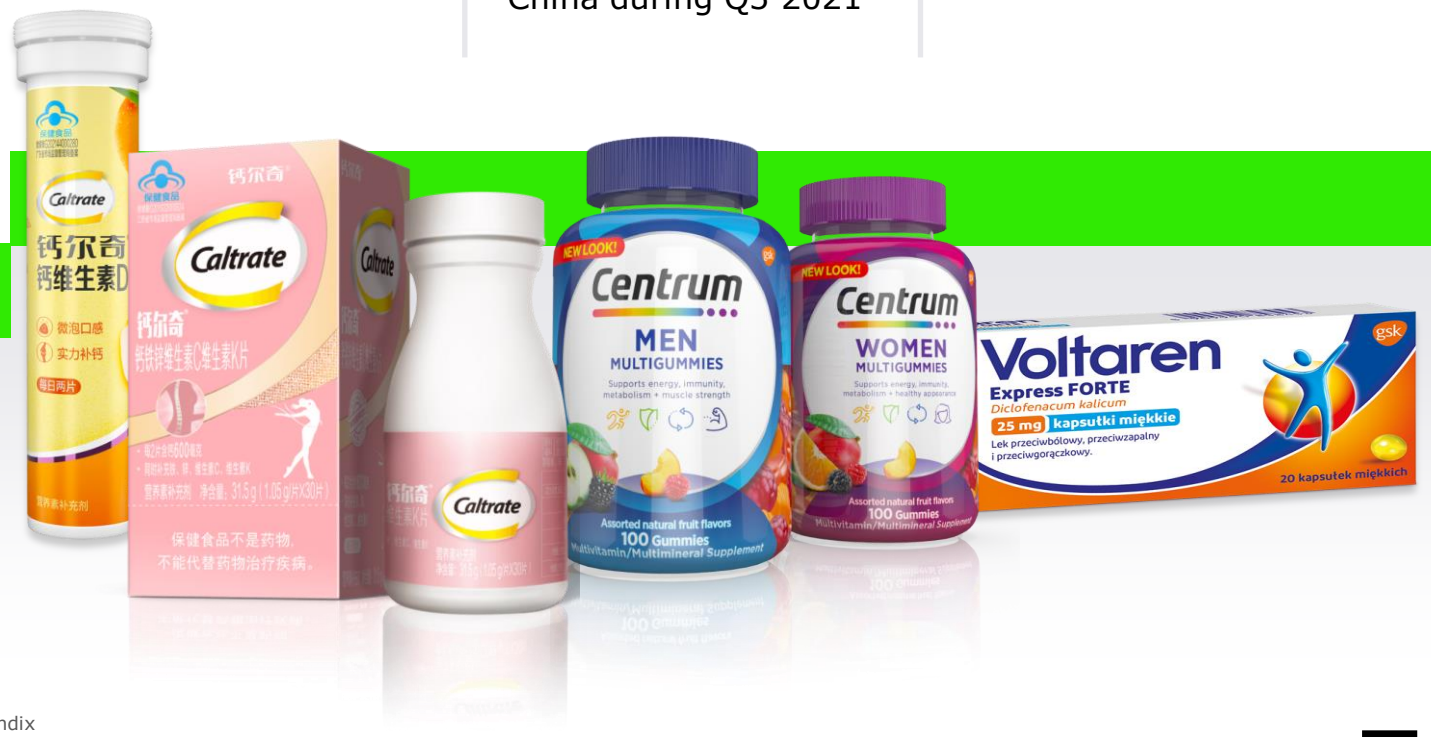
Rebound in China following easing of some restrictions

VMS

Mid-single digit growth supported by Caltrate; slight decline in Centrum driven by strong comparative in China during Q3 2021

Pain Relief

Strong growth for Voltaren in China from distribution expansion, pricing and digital activation

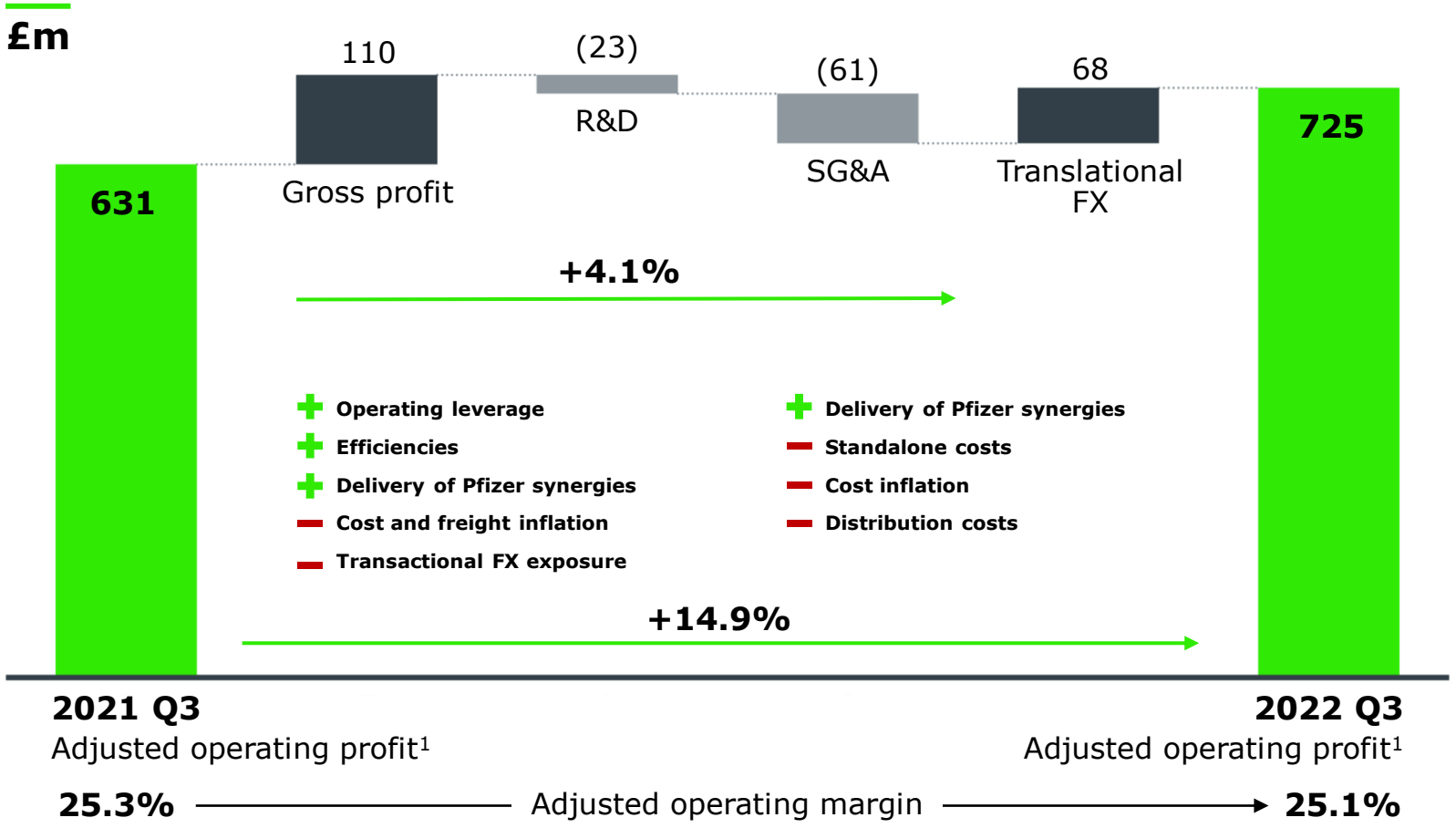


HALEON

1 Reconciliation of IFRS to Adjusted results can be found in the Appendix

Adjusted operating profit growth

+4% at constant exchange rates and +15% at actual rates



- Inflationary pressures fully offset by pricing and efficiencies
- Margin impacted as expected from ramp up of standalone costs
- 90bps decline in Adjusted operating margin at constant exchange rates with a transactional FX drag largely due to Swiss Franc and US Dollar
- Positive translational benefit from foreign exchange resulted in 20bps decrease in Adjusted operating margin at reported rates

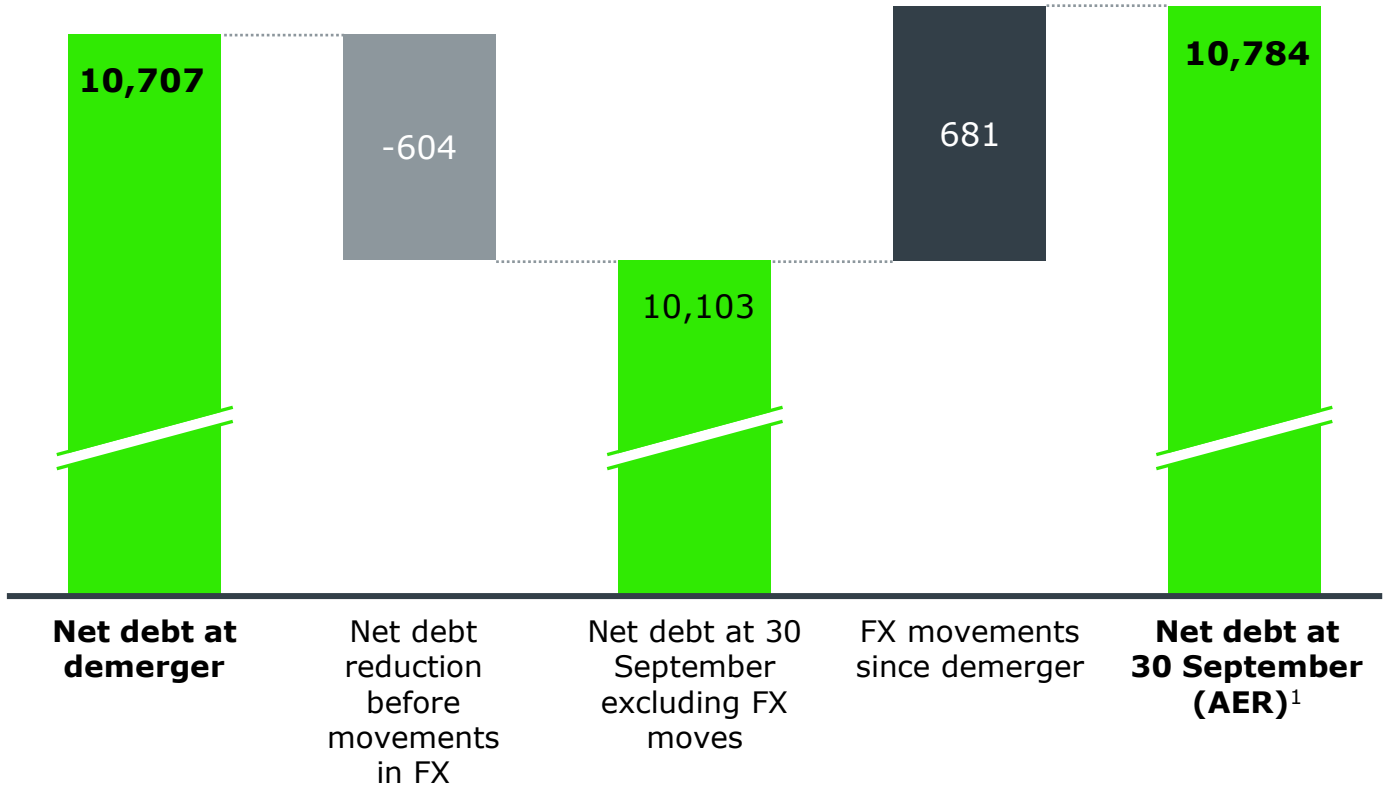
HALEON

1 Reconciliation of IFRS to Adjusted results can be found in the Appendix

Net debt

Reduction in net debt before FX moves since demerger

£m



- Strong cash generation, focused on de-leveraging
- £750m term loan repayments from Commercial Paper issuance and cash generation by end of Q3. Further £250m repaid in October
- Sterling weakness has adversely impacted reported net debt
- Natural hedge with debt currencies broadly matched with our profit which will catch up over time
- No financial covenants on debt or banking facilities

1 Includes £10.5bn of notes, £0.4bn commercial paper, £0.7bn term loan (now reduced by a further £250m following a repayment in October), £0.2bn other short and long term debt, £0.3bn of Derivative financial assets, £0.2bn derivative financial liabilities and £0.9bn of net cash and cash equivalents (including £0.2bn of intercompany borrowings)

Outlook
for full year 2022

Organic revenue growth[1] of 8.0-8.5%

Adjusted operating margin slightly ahead of 2021 levels assuming current exchange rates hold[2]

HALEON

1 Definitions of adjusted measures can be found in the Appendix
2 Assuming spot rates from 31 October 2022

Strong third quarter performance with positive volume/mix

Resilient profitability with inflationary pressures offset by operating leverage and efficiencies; standalone costs as expected

Guidance: FY 22 sales guidance increased, Adjusted operating margin now expected to be to be slightly above last year[1]

Strong cash generation with further £250m repayment of £1.5bn term loan[2]

1 At actual exchange rates
2 Paid in October 2022

2022 Third quarter trading statement
Q&A

November 2022

Appendix

Glossary

A number of Adjusted measures are used to report the performance of our business which are non-IFRS measures. Adjusted results, CER and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS. These measures are defined and set out below. Reconciliations to the nearest IFRS measure will be provided as part of the Historical Financial Information as part of the Prospectus.

Adjusted EBITDA is defined as profit after tax for the year excluding income tax, finance income, finance expense, Adjusting Items (as defined below), depreciation of property plant and equipment, impairment of property plant and equipment net of reversals, depreciation of right-of-use assets, and amortisation of software intangibles.

Adjusting Items include the following:

- **Net amortisation and impairment of intangible assets:** Intangible amortisation and impairment of goodwill, brands, licenses and patents net of impairment reversals.
- **Restructuring costs:** include personnel costs associated with restructuring programs, impairments of tangible assets and computer software relating to specific programmes approved by the Board from time to time that are structural and of a significant scale, where the costs of individual or related projects exceed £15 million. These costs also include integration costs following an acquisition.
- **Separation and admission costs:** costs incurred in relation to and in connection with the demerger, separation, admission and registration of Haleon Shares.
- **Transaction related costs:** Accounting or other adjustments related to significant acquisitions.
- **Disposal and other adjusting items:** Gains and losses on disposals of assets and businesses, tax indemnities related to business combinations, and other items.

Adjusted Operating Profit is defined as operating profit less Adjusting Items as defined earlier.

Free cash flow is defined as net cash inflow from operating activities plus cash inflows from the sale of intangible assets, the sale of property, plant and equipment and interest received, less cash outflows for the purchase of intangible assets, the purchase of property, plant and equipment, distributions to non-controlling interests and interest paid.

Free cash flow conversion is defined as free cash flow, as defined above, divided by profit after tax.

Net capital expenditure includes purchases net of sales of property, plant and equipment and other intangible assets.

Net debt: Net debt at a period end is calculated as short-term borrowings (including bank overdrafts and short-term lease liabilities), long-term borrowings (including long-term lease liabilities), and derivative financial liabilities less cash and cash equivalents and derivative financial assets.

Organic revenue growth represents revenue growth, as determined under IFRS and excluding the impact of acquisitions, divestments and closures of brands or businesses, revenue attributable to manufacturing service agreements ("MSAs") relating to divestments and the closure of sites or brands, and the impact of currency exchange movements.

Organic revenue growth by individual region is further discussed by price and volume/mix changes, which are defined as follows:

- **Price:** Defined as the variation in revenue attributable to changes in prices during the period. Price excludes the impact to organic revenue growth due to (i) the volume of products sold during the period and (ii) the composition of products sold during the period. Price is calculated as current year net price minus prior year net price multiplied by current year volume. Net price is the sales price, after deduction of any trade, cash or volume discounts that can be reliably estimated at point of sale. Value added tax and other sales taxes are excluded from the net price.
- **Volume/Mix:** Defined as the variation in revenue attributable to changes in volumes in the period.

Medium term guidance

Organic annual sales growth of 4-6%[1]

Sustainable adjusted operating margin expansion at constant currency[1]

Net debt/EBITDA[2] **expect to be below 3x** by the end of 2024

Initial dividend expected to be at the lower end of the 30-50% pay out range[3]

1 See appendix for definition
2 Adjusted EBITDA (see appendix for definition)
3 30-50% of profits attributable to shareholders, subject to Haleon board approval

Reconciliation of organic growth

Product Categories

Q3 2022 vs 2021 (%)	Oral Health	VMS	Pain Relief	Respiratory Health	Digestive Health and Others	Total
Revenue Growth	12.3	8.2	11.5	40.2	17.8	16.1
Organic Adjustments	(0.2)	(0.5)	(0.5)	(0.4)	1.4	-
of which:						
Effect of Acquisitions	(0.2)	(0.5)	(0.8)	-	(0.1)	(0.3)
Effect of Disposals	-	-	0.3	(0.4)	0.2	0.1
Effect of MSAs	-	-	-	-	1.3	0.2
Effect of Exchange Rates	(5.4)	(9.1)	(7.4)	(9.6)	(10.8)	(8.0)
Organic Revenue Growth	**6.7**	**(1.4)**	**3.6**	**30.2**	**8.4**	**8.1**

Geographical Segments

Q3 2022 vs 2021 (%)	North America	EMEA and LatAm	APAC	Total
Revenue Growth	18.5	13.1	17.6	16.1
Organic Adjustments	0.1	0.6	(1.3)	-
of which:				
Effect of Acquisitions	-	-	(1.5)	(0.3)
Effect of Disposals	-	0.2	-	0.1
Effect of MSAs	0.1	0.4	0.2	0.2
Effect of Exchange Rates	(15.7)	(1.5)	(7.3)	(8.0)
Organic Revenue Growth	2.9	12.2	9.0	8.1
Price	4.2	8.3	2.7	5.5
Volume/Mix	(1.3)	3.9	6.3	2.6

IFRS and Adjusted results

Unaudited

Q3 2021

£m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Separation and admission costs[3]	Disposals and others[4]	Adjusted results
Revenue	2,490	-	-	-	-	2,490
Cost of sales	(933)	15	11	-	-	(907)
Gross profit	**1,557**	**15**	**11**	**-**	**-**	**1,583**
Gross profit margin %	*62.5%*					*63.6%*
Selling, general and admin	(997)	-	17	73	10	(897)
Research and development	(74)	9	10	-	-	(55)
Other operating income	21	-	-	-	(21)	-
Operating profit	**507**	**24**	**38**	**73**	**(11)**	**631**
Operating profit margin %	*20.4%*					*25.3%*

Q3 2022

£m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Separation and admission costs[3]	Disposals and others[4]	Adjusted results
Revenue	2,892	-	-	-	-	2,892
Cost of sales	(1,073)	10	2	-	3	(1,058)
Gross profit	**1,819**	**10**	**2**	-	**3**	**1,834**
Gross profit margin %	*62.9%*					*63.4%*
Selling, general and admin	(1,196)	-	3	142	24	(1,027)
Research and development	(82)	-	(2)	-	-	(84)
Other operating income	28	-	1	-	(27)	2
Operating profit	**569**	**10**	**4**	**142**	**-**	**725**
Operating profit margin %	*19.7%*					*25.1%*

1. Includes impairment of intangible assets and amortisation of intangible assets excluding computer software. Amortisation and impairment of intangible assets arising from intangible assets acquired in business combinations are adjusted to reflect the performance of the business excluding the effect of acquisition accounting.
2. Includes amounts related to business transformation activities.
3. Includes amounts incurred in relation to and in connection with the separation and listing of the Group as a standalone business.
4. Includes gains and losses on disposals of assets and businesses and other items

Reconciliation of organic growth

Product Categories

9m 2022 vs 2021 (%)	Oral Health	VMS	Pain Relief	Respiratory Health	Digestive Health and Others	Total
Revenue Growth	8.0	13.3	13.3	46.0	8.5	14.4
Organic Adjustments	(0.3)	(0.2)	(0.2)	-	2.7	0.4
of which:						
Effect of Acquisitions	(0.3)	(0.3)	(0.4)	-	-	(0.2)
Effect of Disposals	-	0.1	0.2	-	1.1	0.3
Effect of MSAs	-	-	-	-	1.6	0.3
Effect of Exchange Rates	(2.1)	(6.1)	(4.2)	(6.2)	(6.1)	(4.5)
Organic Revenue Growth	**5.6**	**7.0**	**8.9**	**39.8**	**5.1**	**10.3**

Geographical Segments

9m 2022 vs 2021 (%)	North America	EMEA and LatAm	APAC	Total
Revenue Growth	17.8	10.3	16.3	14.4
Organic Adjustments	0.4	1.2	(0.9)	0.4
of which:				
Effect of Acquisitions	-	-	(1.0)	(0.2)
Effect of Disposals	0.2	0.6	-	0.3
Effect of MSAs	0.2	0.6	0.1	0.3
Effect of Exchange Rates	(10.5)	0.6	(4.2)	(4.5)
Organic Revenue Growth	7.7	12.1	11.2	10.3
Price	2.9	5.6	2.9	4.0
Volume/Mix	4.8	6.5	8.3	6.3

IFRS and Adjusted results

Unaudited

9m 2021

£m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Separation and admission costs[3]	Disposals and others[4]	Adjusted results
Revenue	7,065	-	-	-	-	7,065
Cost of sales	(2,694)	36	36	-	-	(2,622)
Gross profit	**4,371**	**36**	**36**	**-**	**-**	**4,443**
Gross profit margin %	*61.9%*					*62.9%*
Selling, general and admin	(2,975)	-	71	178	63	(2,663)
Research and development	(183)	9	8	-	-	(166)
Other operating income	31	-	-	-	(31)	-
Operating profit	**1,244**	**45**	**115**	**178**	**32**	**1,614**
Operating profit margin %	*17.6%*					*22.8%*

9m 2022

£m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Separation and admission costs[3]	Disposals and others[4]	Adjusted results
Revenue	8,080	-	-	-	-	8,080
Cost of sales	(3,050)	50	10	-	2	(2,988)
Gross profit	**5,030**	**50**	**10**	**-**	**2**	**5,092**
Gross profit margin %	*62.3%*					*63.0%*
Selling, general and admin	(3,375)	-	16	371	31	(2,957)
Research and development	(218)	-	(3)	-	-	(221)
Other operating income	32	-	1	-	(31)	2
Operating profit	**1,469**	**50**	**24**	**371**	**2**	**1,916**
Operating profit margin %	*18.2%*					*23.7%*

1. Includes impairment of intangible assets and amortisation of intangible assets excluding computer software. Amortisation and impairment of intangible assets arising from intangible assets acquired in business combinations are adjusted to reflect the performance of the business excluding the effect of acquisition accounting.
2. Includes amounts related to business transformation activities.
3. Includes amounts incurred in relation to and in connection with the separation and listing of the Group as a standalone business.
4. Includes gains and losses on disposals of assets and businesses and other items

HALEON

2022 Third quarter trading statement

Sonya Ghobrial
Head of Investor Relations

Sonya.x.Ghobrial@Haleon.com
+44 7392 784784

Rakesh Patel
Director

Rakesh.x.Patel@Haleon.com
+44 7552 484646

Emma White
Director

Emma.x.White@Haleon.com
+44 7823 523562