

Haleon Q3 Trading Statement

Thursday, 30th October 2025

Introduction

Jo Russell

Head of Investor Relations, Haleon

Welcome

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

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

With that, I will hand over to Dawn.

Dawn Allen

CFO, Haleon

Third Quarter 2025 Revenue

Thank you, Jo, and good morning, everyone. We made good progress in the third quarter, driven by strong in-market execution and the continued rollout of our innovation pipeline leaving us on track for our full year guidance.

We delivered 3.4% organic revenue growth in the quarter with a good balance between price at 1.8% and volume/mix of 1.6%.

Looking across the regions, we saw consistent growth and sequential volume improvement across EMEA and LATAM and Asia-Pacific, with emerging markets in both these regions up 7%, led by India and strong growth in a number of smaller markets, including Thailand and Malaysia.

In North America, despite the challenging consumer backdrop on consumption, we have outperformed the market each quarter this year, with particular strength in Oral Health, Respiratory and Digestive Health.

Oral Health was once again the standout performer as *Sensodyne* continues to drive penetration with strong growth in a number of key markets, including the US, India and China. In India, we are continuing to make good progress by expanding our reach through expert coverage, which is up 70% since the start of the year, and we are bringing new innovations, including *Sensodyne Pronamel* to market.

Our Sensodyne offering for lower-income consumers is now in over 500,000 outlets across 10,000 villages. From a strategic perspective, we are making great progress against our objectives, as outlined at our Capital Markets Day.

From a growth perspective, we continue to focus on driving category growth through innovation-led premiumisation with a number of new market launches in Q3, closing the incidence treatment gap. An example is *Otrivin Nasal Mist*, which is seeing an over 80% repurchase intent amongst users, and expanding reach to lower income consumers with household penetration gains in India and Brazil.

We also continue to deliver against our value creation framework. Our supply chain productivity agenda continues to move at pace. We have made significant progress across service, cost and inventory. And since the beginning of 2024, we have reduced the number of our SKUs by 19%, and we have improved overall equipment effectiveness by double-digit. This improves both gross margin and results in better working capital and improved cash conversion.

On A&P, we continue to invest at healthy levels as well as making progress on effectiveness and efficiency, where we are focused on improving both contribution to revenue and ROI.

We also continue to be disciplined in our cost base and are on track to deliver the remainder of our £300 million target savings this year. All of this provides us with flexibility and agility in our P&L, enabling healthy investments in our brands and further strengthening our innovation pipeline to drive future growth.

Finally, we are delivering on our capital allocation principles, having completed in the quarter, the £500 million we allocated to share buybacks for 2025.

Q3 2025 organic revenue growth

Now let us look at the quarter in more detail. Organic revenue growth was 3.4%, balanced between 1.8% from price and 1.6% from volume/mix. Volume/mix saw sequential improvement in the third quarter in EMEA and LATAM and Asia Pacific. Reported revenue grew 0.7% in the third quarter, impacted by the drag from divestments of 2.3% and 0.4% from foreign exchange.

It is worth bearing in mind that this is the final quarter with a drag on reported revenue growth from announced divestments.

Global portfolio delivering growth

Now let us look at the growth drivers starting with our performance across the categories. Oral Health continued to deliver strong growth, up 6.9% in Q3. Growth was underpinned by innovation-led premiumisation and geographic expansion.

The key drivers of this were:

- Penetration growth in more than 80% of our major brand market combinations;

- High single-digit growth on *Sensodyne*, more than two-thirds of which came from volume and innovations, including the *Sensodyne clinical* platform and *Pronamel Kids*; and
- Continued double-digit growth on *parodontax*, driven by innovation and our continued successful rollout in China.

With exciting plans for continued innovations across our Oral Health business, the runway for future growth is strong.

VMS grew 4.9% in Q3 with double-digit growth in Centrum. Key highlights were:

- Premium innovations, including *Centrum daily kits* in China and Korea;
- Strength in Philippines from increased distribution of lower-income consumer packs; and
- Expanding distribution of local brands such as *Caltrate* in Latin America.

In Pain Relief, we grew 3.7% for Q3. Panadol was up high-single digit, underpinned by outperformance in UK and Southern Europe. Improved consumption in *Voltaren* supported by innovations, including *Voltamed*, our new natural herbal product. Growth in these brands was partly offset by *Advil*. Whilst consumption continues to improve following the activation of new campaigns, performance was impacted by a short-term supply constraint on liquid gels, which has now been resolved.

Respiratory Health declined 1.8%, lapping elevated COVID cases in Q3 last year. The impact of declines in smokers' health moderated in Q3 compared to Q2. Otrivin continues to perform really well with nasal mist bringing new consumers into the spray category in markets, including Sweden, Poland and the UK. Ahead of the start of the cold and flu season, we saw the sell-in of cold and flu products in Q3 at relatively normal levels.

Digestive Health grew 2.1%, including growth in *Tums*, thanks to innovations, including *Tums Gummy Bites Plus*. A strong performance in *Benefiber* from our "Grew What Feels Good" campaign and an improved performance from *ENO* in India. This performance overall was partly offset by a decline in *Nexium*.

Finally, Therapeutic Skin Health and Other declined 1.1% with strength in *Bactroban* in China, offset by a decline in *Fenistil* from a weak mosquito season in Europe.

North America

Turning now to the regions, starting with North America. In North America, we delivered organic revenue growth of 0.4%, driven by 0.7% price with volume/mix down 0.3%. In the quarter, we continued to drive market share with our consumption outperformance widening as we progressed through the year.

Organic revenue growth was driven by:

- Continued strength in oral health driven by innovation, including Pronamel clinical enamel strength and successful activations, including gum expert on *parodontax*;

- A better VMS performance with *Centrum* growth; and
- A strong performance from *Benefiber* and *Tums*.

All of this was partly offset by Respiratory Health, which declined due to the continued weakness in smokers' health and from pain with growth in *Voltaren* offset by a decline in *Advil* that I mentioned earlier.

As we shared at half-year, we feel there is more growth to be had from our North America business. We are focused on a number of initiatives, which will drive stronger results. These include:

- Further strengthening our innovation pipeline;
- Accelerating net revenue management through strategic pricing, price pack architecture and channel mix; and
- Reinforcing our relationships with partners through key activations.

Collectively, these actions, combined with our focus on ensuring inventory is in an appropriate level by the end of the year, sets us up well to return to growth next year.

EMEA & LATAM

Turning now to Europe, Middle East, Africa and Latin America. Organic revenue increased 5.3% with sequential improvement in volume/mix of 1.8% and price at 3.5%. Growth was driven by:

- Innovation-led premiumization across the clinical platform on *Sensodyne*, *Pronamel Kids* and *Otrivin Nasal Mist*;
- A strong performance in VMS with *Centrum* up double-digit underpinned by a number of new launches, including *Centrum's Vital+ Nutrient*; and
- In Pain Relief, growth came from higher consumption of *Voltaren* and *Panadol* from innovation launches like *Voltamed* that I mentioned earlier.

Looking across the region, Europe performed well with particular strength across the pharmacy channel, which makes up the majority of our revenue in the region. Whilst category growth slowed, we continue to outperform given our innovation and excellent in-market execution.

Latin America grew double-digit, driven by Colombia and Mexico. This was partly offset by weakness in Brazil, given a softer macroeconomic environment impacting category growth.

APAC

Finally, turning to Asia-Pacific. Organic revenue increased 5.1% with strong growth across India and Southeast Asia and sequential improvement in China. Across the region, volume/mix, which was up 4.4% and price was up 0.7%.

With a relatively stable consumer market backdrop, we continued to drive category growth and expand our offering to lower-income consumers. India delivered double-digit growth, this was largely driven by strength in *Sensodyne* as we further increased distribution and drive penetration. We expect continued strong growth in the fourth quarter driven by a sales force investment and an improving macro environment.

Also in the quarter, China saw mid-single digit growth with continued strength in Oral Health and VMS, supported by key innovations, including *Caltrate for kids*, *Voltaren 2%* and *Fenbid Gold*. Across China, consumers continue to invest in health and wellness, and we are well placed to capture on this trend, given our focus on building trusted brands closing the incident versus treatment gap and innovation-led premiumisation.

Our products are available across different channels, including pharmacies, hospitals, and digital platforms, ensuring we can effectively serve a wide audience with different shopping habits.

Digital has been a particular strength growing 20% with our online to offline platform growing 25% and representing a third of our e-commerce business. We have now fully integrated the OTC joint venture and are realising the benefits of a more efficient route-to-market. We expect growth in China to improve further in the fourth quarter, helped by distribution and increased investment in the faster growing e-com channel.

2025 Guidance

Turning now to our 2025 guidance. We expect organic revenue growth of around 3.5%, assuming a normal cold and flu season.

In North America, we expect growth in the second half to be broadly similar to the first half with Q4 reflecting further action on inventory at slower growing channels. We expect this to be completed by the end of the year.

In Asia Pacific, we should see an acceleration in Q4, driven by stronger growth in China and India.

In EMEA and LATAM, we continue to expect a good performance driven by Europe with market share gains, offsetting a slightly softening macro picture. And in Latin America, we are closely watching the macro environment given the consumer pressure in the region.

Finally, the pace of progress on our supply chain productivity initiatives provide a strong underpin to our expectation of high-single digit organic operating profit growth.

Summary

In conclusion, we delivered a good performance in Q3 and remain on track to deliver our full year guidance. We are pleased with the actions we are taking in the US, which sets us up to return to growth next year. We are continuing to invest behind our brands to build flexibility and agility in our P&L by unlocking productivity savings. Altogether, this should give us confidence in delivering against our value creation framework and our medium-term guidance.

Now let us turn to questions.

Q&A

Guillaume Delmas (UBS): Two questions for me, please. The first one on North America. Dawn, I was wondering if you could talk a bit more about your performance in the region in the third quarter, which was clearly better-than-expected. What were the main drivers behind this sequential improvement? And were there any one-off restocking benefits we should be aware of that may have flatted your performance in the region in Q3?

Still in North America, looking ahead, so your guidance for the second half to be similar to the first half, seems to suggest around minus 1% organic sales growth in Q4. So maybe if you could talk a little bit about the reasons for this anticipated slowdown sequentially?

Last question on North America. I know it is early days. But for 2026, what would be your expectations? Because looking at the last three years, you have been growing by an average of, let us say, 1.5%. Wondering if your ambition is to materially accelerate next year versus this 1.5% run rate?

Then the second question, a shorter one, I promise, on Asia Pacific. Strong but decelerating sequentially despite India being in double digits. It would be helpful if you could shed some light on the main moving parts behind this slowdown? You sound confident about a Q4 uptick. Do you think you can maintain this momentum going into 2026?

Dawn Allen: Thanks, Guillaume. Good morning to you. Let me take your three questions in turn, and I will start with North America.

As we said at the half year, we expect half-two to be broadly similar to half-one, and we are tracking in line with our expectations. As we know, it is a challenging environment in the US. We have outperformed the market in terms of consumption every quarter this year with particular strength across Oral Health and Digestive, and that gap has actually widened as we have moved through the year.

Obviously, in our results, that is been masked by the inventory movements, the difference between sell-in and sell-out as retailers have managed their inventory and working capital.

If we look at Q3, there is a few moving parts. Of the 220 basis point swing from Q2 to Q3, there is two main things to call out. The first one is the drag from smokers' health has halved. In Q2, this was 160 basis points drag. In Q3, it is now 80 basis points drag, and the remainder of the difference comes from better performance in Oral Health and Digestive Health, as I mentioned.

If we then look forward to Q4, if we are working on the assumption that we expect half-two to be broadly similar to half-one, that implies, as you said, around about 1% decline in Q4. And that reflects tough comparatives from the prior year. Obviously, we are lapping the launch of Eroxon and we have some further action to do an inventory.

I think when we look towards next year, as I said, we expect the region to return to growth. You talked about where it had been historically. We would expect to get back to that level. I think as I referenced in the overview, we feel really good about the actions that we are taking in North America.

Obviously, next year, we would not have the drag between sell-in and sell-out. We would expect that drag to disappear. But as I said, I think with Nathalie, I mean, Nathalie is bringing deep consumer expertise and execution. We are focused on net revenue management, got new innovations coming to market. So I think we feel good about return to growth next year.

If I step out of North America and the US and talk about Asia-Pac, I would say, overall, we are really pleased with our performance in Asia-Pac. We have got double-digit growth in India. We have got mid-single-digit growth in China. Actually, in those markets, we continue to perform incredibly well.

Yes, we are lapping some phasing in the prior year in terms of North Asia, particularly given the price increase phasing that we put through in Japan last year. But actually, given the momentum in that region, given that we expect the macro environment to improve in India in Q4 on the back of GST and on the back of tax changes, as well as our activations and expanded distribution, I think we feel really good about that. I would say the same in China as well.

Guillaume Delmas: Dawn, just to follow up and to confirm, so no one-offs in the third quarter in your performance in North America?

Dawn Allen: Yes, I would not say that. I mean I would say in Q3, that is the quarter where we sell in ahead of the season. So we are obviously shipping in, in terms of the season. We have a price increase that goes live early November in the US. But I guess, quarter three, there is still quite a big time lag between those two pieces.

If you remember, in terms of tariffs, we always said that they were in the low tens of millions, and we are taking supply chain actions to mitigate that. The other piece, obviously, that we see is the pricing action that we are taking.

Olivier Nicolai (Goldman Sachs): Just two questions please. First of all, at Group level, you had a strong pipeline of innovation across many categories in this year in 2025. Looking at next year, how do you see the strength of the pipeline? Is there any Rx-to-OTC that we should expect as well for full year 2026?

Then just going back to your guidance. I know it is early stage, but you did mention that you assume a normal cold and flu season. I know that the US does not provide data at the moment, but perhaps anecdotally, how do you see things for the coming cold and flu season?

Dawn Allen: Yes. Let me take the innovation pipeline question first, Olivier. As I said, across actually all of our categories, we have seen real strength in terms of our innovation pipeline. From an Oral Health perspective, the clinical range on Sensodyne continues to perform really well in terms of bringing new users into the category, we are actually gaining or holding share in more than 80% of our brand market combinations on Sensodyne.

Actually, if you think about on clinical, we have got five variants. On average, you have maybe got two of those variants in the market. So actually, there is huge, huge runway in terms of Oral Health. I also talked about Nasal Mist in terms of respiratory in terms of Otrivin Nasal Mist. That innovation is recruiting new users into the category. Our reference purchase intent is now over 80%. We have obviously got further rollout behind that.

Maybe just to mention another one in VMS. On Centrum, we have our new claim in terms of slowing cognitive aging that we have just launched, as well as Centrum Essentials and daily kits. Actually, I could talk about that across all of our categories, we have an incredibly strong innovation pipeline that is actually performing really well, not only for us, but is also growing the categories where we have launched it as well.

I think in terms of switches, we have always said that, that would be on top. We do not need switches in terms of our growth forecast. I would focus more on the innovations that I have talked about in terms of driving growth.

We have two that we are progressing, but I mean, it continues to progress. I would not take that into account in terms of our growth at the moment.

I think if we look at the second question, your question in terms of cough, cold and flu and our guidance, it is fair to say we have a great portfolio in cough, cold and flu. It is an attractive and relevant category for consumers. As you know, it is more seasonal. You will see in the appendix, we have shared our normal chart that we show for the US in terms of incidences. What you will see from that chart is obviously no two years are the same. It depends on the size of the peak and the timing of the peak.

Sometimes it can be in Q4, sometimes it can be in Q1. If you remember, about a third of our business for cough, cold and flu is in North America. We have got about half in EMEA, LATAM.

The thing I would say about that is the variability of when that peak happens and the size of the peak, that is the variability around 3.5% guidance for the year. So we plan for a normal season, but we obviously stay agile from a supply chain point of view in terms of is it better or worse.

David Hayes (Jefferies): Just going to follow up on Guillaume's question, if I can, in the US, just to maybe quantify or get the dynamics a bit more. Just to be clear that you are saying there was not really any pre-buying into the price increases that you have taken in oral and cough and cold in the quarter. Is that a fair summary?

Then just in terms of the channel dynamics, can you talk us through maybe the growth rate comparisons in new channels that we call them that, like Amazon and Walmart versus the pharma channels? Is there an element of as the shift continues to happen Amazon and Walmart is stocking up more as they are getting more of the market? Or is there no really offset in that sense?

Then the second question is just on the supply chain cost savings all running to plan and very expensive. Is there any incidents or evidence that that affects the service levels, the sales performance at all? Is there inevitability that as you go through some of those changes, there are some hindrances that will dissipate? Or do you say it is a completely separate dynamic?

Dawn Allen: Yes. Hi, David. I obviously talked about the pricing piece coming early November. Let me talk a bit more about some of the other moving parts in terms of inventory and the channel dynamic.

As you know, we work closely with our retail partners on inventory levels. There is not a one size fits all, and it obviously depends upon consumption. For example, in the drug channel,

our inventory is down double-digit compared to this time last year. But obviously, in faster-growing channels like d-com, actually, our inventory levels have increased as you would expect on the back of more traffic and stronger consumption trends.

Just to say there is obviously more work to do in Q4 on inventory, as I referenced. Our objective is to exit the year in a clean place on inventory and obviously grow on the back of that next year.

I think from a channel dynamic, I mean, we continue to see really strong growth in the US actually on digital. We are growing double-digit on Amazon. I think we continue to partner really well.

In terms of your other question, in terms of supply chain, I mean, as I talked about in the brief, we are actually making progress across service cost and inventory. The reason that we are doing that, A, we are working closely with our customers, but also we are rolling out new supply chain, new systems and processes in terms of improving our forecast accuracy, and that is also helping us not only to reduce inventory but also to improve service.

Jeremy Fialko (HSBC): I know we have had quite a lot on the US. But I wanted to ask one more but more a general question on the consumer. Because it feels like it is a very bifurcated environment where you have got certain things that are doing well, certain things that are struggling. Perhaps you could sort of break your business down a bit and explain from consumer standpoint, what stuff is going well, what is going badly and why that is the case?

Then secondly, you could talk a bit more about China. As you say, you are most of the way through this merger of the sales forces from the two businesses that you bought together. Perhaps you could just talk about the progress that you have made there and how you think that you can be more effective over the coming quarters as a bigger combined organisation?

Dawn Allen: Yes. Thanks, Jeremy. Let me talk about the US first. I think from a consumer perspective, I mean, we have seen consumption in the market track down this year. As I said, we are outperforming the market on consumption, and that gap has widened. In Q3, we are outperforming around 100 basis points versus the market. I think we are tracking well.

I think from a consumer perspective, what is important for us is that we are across all channels, which we are so that we are where consumers are shopping. We have seen types of behaviours that we are seeing. We are seeing consumers buy either larger packs where the unit price is lower. We are also seeing consumers buy lower price point packs, for example, from dollar stores. We are seeing them adjusting their purchasing behaviour across the piece.

As I said, what is important to us is that we are across all channels so that we can cater for that behaviour and also that we have a variation around our price pack architecture.

In terms of China, I mean, we are really pleased with the joint venture. We have integrated the sales force. That means that we are able to optimise our visits to retailers. It also means that we are expanding our distribution to more tiers in terms of cities in China, and we continue to invest in that space.

I would say I referenced it in the brief, we are across all channels in China, and we are actually outperforming the market across every channel. So I think there is a real underpin in terms of excellence in execution in that market.

Celine Pannuti (JP Morgan): I have two questions, but sorry, I just want to clarify something on the US. First of all, thank you for providing clarity on Q4 expectation. But just to put it simple, you basically are guiding at minus 0.5 for the US this year. And I think sell-out is somewhere between minus 1 and minus 1.5. So it seems that your sell-in has been better than your sell-out, yet you talk about easy stock levels for next year. So just want to understand this part.

Then my two questions. First on Latin America and EMEA. If you can talk about the pricing evolution. We have seen that pricing has been a bit weaker, and you are commenting about softness in consumer there. So we have seen sequential pricing deterioration. Shall we expect that to continue? And maybe as well, whether that pricing in APAC, you were mentioning like in Japan would improve or not in the fourth quarter. That is on pricing.

Then my second question is on the outlook for the year. If I look at what you said for Q4, minus 1 US, EMEA, good and then an acceleration in APAC. I get to a growth rate that is lower in Q4 versus the nine months. Is that the right level?

Dawn Allen: Yes. I will take the middle question first in terms of pricing. I think what we always see when we see a softer consumption environment, there is always the competitive pressure increases, the promotional activity increases. As I talked about, we see a shift in terms of consumer behaviour, either buying larger packs, cheaper unit price or smaller packs in terms of smaller initial outlay and that obviously impacts pricing.

The other thing I would say is actually in EMEA LATAM, we have seen sequential volume improvement this year, which I think is good. The other thing to say is whilst we are seeing softness in consumption, actually in Europe we are pretty resilient. I would say we are holding our own and Oral Health is the one category that is not seeing the same level of softness.

The other thing to say in Europe has given our strength in pharmacy channels we have also got the resilience around that as well.

I think when I look at the outlook for the year, I talked about an acceleration in Asia-Pac, particularly in India and strong continued growth in China. In Europe, I talked about challenging consumption in some categories, but actually a resilient performance from us in terms of holding off.

We are obviously monitoring the macro environment whilst we had a good performance in Q3, driven by Colombia and Mexico. That macro environment, we are watching that closely. And obviously, I have talked through the moving parts in North America. And what is important there is that half-two is broadly similar to half-one.

In terms of consumption in the US and sell-in and sell-out, I think what I would say is we said at the beginning of the year, we had roughly 200 basis points difference between sell-in and sell-out. We have seen that gap narrow as we progress through the year. As I talked, that has been different across different channels, depending upon the consumptions in those channels.

I think the other thing to say within that, I mean, Oral Health continues to be strong consumption. We continue to see strong growth.

In d-com, I talked about our continued strength. I mean our top 18 brands, for example, that are on Amazon, 16 of those we have a higher share online than we do offline. So I think that reflects the strength in that channel.

As I said, Q3, we always have the sell-in of cough, cold and flu. But as we look to Q4, we want to close that final gap in sell-in, sell-out. I probably think about that depending upon consumption. It is probably broadly another week I think, to come out. As I said, what is important for us is that we exit the year clean and that we return to growth in North America next year.

Karel Zoete (Kepler Cheuvreux): I have a follow-up question with regards to the contribution of innovations in the third quarter and how that might look going forward. Because you highlighted a lot of things that you are enthusiastic about, part already answered on it. But can you quantify a bit more the contribution during Q3 some of the listing of it? And then how that might develop in the quarters thereafter?

Then the second question is on pain, pain franchise look better, but the US was quite soft. So can you speak about your pain franchise, what goes well? How should we look at the US?

Dawn Allen: Yes. Let me take the pain question first. Look, we talked about Advil. We launched No Pain More Game campaign in July this year. We have seen improvement in some of our key metrics. So purchase intent is up, the messaging around relevancy is also up, and actually ahead of the benchmark. Yes, we did see some supply issues in the third quarter in terms of Advil liquid gels, but that has now been resolved.

I think, on Advil what I would say is, whilst it is early days, we are seeing green shoots in terms of some of the metrics on Advil, and I think that should give us confidence, but it is early days. I think when we look at innovation, I talked about it. We had a number of new market launches in Q3, that is making good contribution in terms of our growth and market expansion.

I talked about some examples earlier in terms of our clinical range, Otrivin Nasal Mist. If I give some others, I mean, across pain, if I reference pain a bit more, I mean Voltaren 2% in China, our natural Voltamed products in Germany, and also on Panadol, in terms whether it is Dual Action or whether it is our Panadol [inaudible] in Indonesia. So actually what you see is across every category, innovation plays a really important role in our growth strategy, not only in terms of reaching lower income consumers but also in terms of driving premiumisation through innovation.

I think that the science and the strength of the product differentiation is also what is setting us apart in terms of driving growth. So this is a really important growth lever. The contribution to growth varies across the categories, but we have significant headroom in terms of continued rollout across all of the pipeline of innovations that we have.

Mikheil Omanadze (BNP Paribas Exane): I have two, please. The first one would be on how you view the category in general terms. From the moment that Haleon came to market, you were saying that consumer health is relatively insulated from down trading pressures. This is a category where brands matter a lot. Has 2025, and particularly the US market, the

evolution there changed your view in any sense on this category being not so much affected by down trading?

I guess a follow-up question on that is that, in the plus 4% to 6% medium-term growth target, has the regional composition of your growth expectation changed compared to 2022? Do you expect less growth to come from North American and more growth to come from the other two regions or not?

Dawn Allen: Thanks, Mikheil. Look, in terms of consumer health and in terms of our categories, I mean, there is incredible growth opportunity across all of our categories that we talked about at Capital Markets Day, whether it is broadening our reach to lowering consumers, whether it is driving premiumisation through innovation or whether it is closing the incidents treatment gap.

I think we continue to see huge headroom in terms of category growth. Consumers are increasingly more aware in terms of how they are more focused on health and improving daily life in terms of health. I think that continues.

I would say, also compared to other categories, we are a lot more resilient. I mean you see that. If you think about Oral Health, it has been pretty resilient this year in particular. Obviously, we are not immune to the macro environment. Of course, that will have an impact. But I think what is important is the relative resilience versus other categories that is important. I think that would be one thing.

In terms of our regional expectations, I mean we continue to see runway in terms of emerging markets growth, and you see that in our performance.

In terms of North America, the size of the North America consumer health market, the consumer trends that underpin it, we do see growth potential in North America. We have said that we think there is more runway to go in terms of what we have seen versus our historic performance, and that is the proactive actions that the team are taking to ensure that we unlock that growth and that it plays an important role in terms of our 4% to 6%.

So I think we feel really confident in terms of our medium-term guidance of 4% to 6% growth.

Tom Sykes (Deutsche Bank): Sorry, I am going to flog the US horse again. But just in terms of the drag from the drug channel in Q4 versus Q3, are you expecting that drag to be similar?

Then in terms of the budgeting for next year on the drug channel, are you saying that your inventories are in the right place for the existing drug channel footprint? Or are your inventories below where they would normally be because you are expecting the drug channel sell-out to be worse next year?

Then please, just on China. Sorry, I may have missed what the offline, online exposure you have is. And sorry, whether you gave the old e-com versus in live streaming new e-com split. If it is possible to have that please and just are you targeting 11/11 in a different way to last year? Because that seems to be quite important to the Asia-Pac or China pickup, please?

Dawn Allen: Yes. Let me take the Chinese first. As I talked about, we are present across all channels in China. E-com represents broadly a third of our business. Within that, in terms of

the different parts of that channel, obviously, Douyin[?], that channel is growing very fast. We are growing incredibly fast on the back of that.

Online to offline actually also continues. We have a strong presence there. That also continues to drive strongly double-digit growth, and the same on e-com. We see growth across categories, driven by innovation on parodontax and VMS in terms of d-com in China, and I think we are well placed to unlock that growth.

In terms of 11/11, you are right, it is an important event. It is a good growth driver. We are increasing our investments in the quarter. That is one of the reasons that underpins our confidence in terms of Q4 growth in China.

I think in terms of the US, I mean, I talked about it. We are working closely with retailers across every channel in terms of ensuring that we exit the year with the right level of stock so that we can grow next year. Obviously, it is not an exact science because it depends on consumption, but I think what we are demonstrating is that we are working closely, we are being agile to what is happening in terms of the different dynamics.

The other thing I would say is this dynamic is not new. We have been dealing with this dynamic for a number of years quite successfully and we will continue to work with that dynamic in terms of where we are seeing stronger growth in some channels and where we are seeing less growth in other channels.

As I said, I think what is important for the US is that we expect to see a return to growth next year.

Tom Sykes: Sorry, Dawn, just on the drag from Q4 versus Q3, is that viewed as being similar in the US.

Dawn Allen: Yes. As I referenced earlier, in Q4, we still got more work to do in terms of ensuring the inventory lands in the right place. I talked about, depending upon consumption, the way to think about it is broadly another week to come out in terms of inventory.

Warren Ackerman (Barclays): I got kicked out for a little while, so I did not catch everything that was being said. But can I just clarify a couple of things. On the Oral Care business, the 6.9% in the quarter, that was a bit lower than consensus, Dawn. Is there anything weird going on with Aquafresh and the denture business outside of Sensodyne that is worth calling out this quarter? That is the first one.

Then secondly, are you able to say something about the promo environment that you are seeing in, say, US VMS and maybe in Germany, how data is showing both are ticking up quite substantially. Just wondering whether you have got any comment on that?

Then just finally, on the inventory side of things. And again, you might have answered this already. You said that you are outperforming the market in the US by 100 bps. I think you said 100 bps, but we can see that the US sell-out this quarter is down 1.5%. If you are outperforming by 100 bps, are you saying that the US market sell-out this quarter is down 2.5%. And if that is the case, are you able to maybe highlight where the market in the US has slowed sequentially. I am still not 100% clear on that piece.

Dawn Allen: Yes. Let me talk about Oral Health. I think you are right, we have seen a softer performance from Aquafresh from denture care, and obviously we are lapping the

phasing pricing from the prior year in Japan. But as I said, I think we feel really positive about ral Care. We are performing incredibly well.

Yes, in markets, as I talked about where you see increased competition and promo, we are seeing some of that, particularly you referenced VMS. So when consumption is soft, competitive intensity increases. And alongside that, often promo increases. We are seeing that VMS in the US.

In terms of the inventory piece, I mean, yes, you are right, the consumption has continued to drop in North America. So the number that you quoted in Q3, that would be broadly consistent with what we are seeing. As I said, we are outperforming the market by around about 100 basis points in the quarter.

The main drag that is coming from - I mean, you talked about it. I mean VMS, we are seeing increased promos. That is one of the main reasons why the category is coming down.

The other category to talk about would be Respiratory, because if you remember, we are lapping a COVID spike last year. I think between those two categories, they are probably the biggest drivers in terms of why would the total market consumption be lowering Q3 or worse in Q3 than Q2. But as I said, in terms of our performance, we continue to outperform in terms of consumption and the outperformance has improved every quarter this year in the US.

Warren Ackerman: Can I just clarify one other thing, Dawn, just quickly. Just sell-in and sell-out thing. The sell-out, we think or we can see was down 1.5% this call for the scanner data, but you printed 0.4% organic growth. So that looks like a 200 bp restock compared to a 200 bp destock in the first half. So sequentially, that is 400 bps. That includes the pharma destock. So if you actually look at the gross restock, it is probably even higher than 200 bps, maybe 250, 300 bps.

You are saying, I think that a lot of that is not one-off, it is due to the fact that your inventories are naturally going up more in the faster-growing retailers like Amazon. So can you just clarify that, that actually that is the case rather than there is being buying ahead of pricing or any weird really early ordering? I am still not quite clear on that piece.

Dawn Allen: Yes, I think there is a couple of things to say. I mean, I referenced that different channels were in different spaces. I talked about we reduced inventories in drug channel versus the prior year. And we have also seen an increase in inventory in growing channels like Amazon, which is up double-digit in the quarter.

The other thing to say, obviously, in Q3, you have got the sell-in of cough, cold and flu. And I think that muddies the water a bit in terms of sell-in and sell-out. And obviously, as that stock sells through as we progress through Q4 and then obviously depending upon the season, then we will see the restart.

But I think the important message around this is that we are making progress in terms of reducing the gap between sell-in and sell-out. We expect to finish the year in a clean position and we expect North America to return to growth next year.

Edward Lewis (Rothschild & Co Redburn): Just two quick ones for me, I guess. Just looking at volume/mix growth in Asia-Pac, it is up 4.4% this quarter on a 7.1% growth in the

prior year. I guess there would have been some headwind potentially from GST in India. So I would be interested to hear, Dawn, just the difference here between vol/mix breakdowns.

Then just on the SKU reduction. I see that is down to 19% now against minus 16%, I think it was in H1. How much impact would that have had in the quarter on volumes, if any at all? And do we expect more SKU reductions going forward?

Dawn Allen: Yes. If I take the volume/mix question first in Asia-Pac. I mean, if you look historically, two-thirds to three quarters of our growth in Asia-Pac is volume-led. So I think it is a strong quality growth, and we continue to see that. That is an important piece in terms of reaching lower income consumers, broadening distribution. That is driven by India and China, and we see double-digit volume growth in India.

In terms of the SKU piece, you are right, we are making really good progress on this. That is a key driver in terms of our productivity agenda. What we are doing as part of that exercise, whilst we are reducing the number of SKUs, what we are also thinking about is, how do we ensure that for the consumer and for the shopper, a few things. One is that we have the range of our portfolio in terms of the consumers want.

The other thing that we are doing is ensure that we are improving the shopability of our displays and our products are easier to find on shelf. So yes, there is an efficiency play with the SKU reduction, which is helping to take cost out, remove complexity in our supply chain, reduce inventory, but there is also a consumer benefit in terms of shopability improvement on shelf and being really clear in terms of what is the range of our products.

As I say, from a volume perspective, I think we are managing that really well. As we are taking SKUs out, what we are seeing is increased sell-out of our main runners or our top SKUs, which is what you would expect to see.

I think in terms of GST in India, actually, we did not see a negative impact from there. It is an incredible job that the Indian team have done in terms of managing the execution of this across all of our packs at short notice. It is a reflection of the close partnership that we have with our customers, with our distributors, and the team have managed it incredibly well.

As I said, we would expect the benefit from in terms of consumer offtake as we move into Q4 and as we move into next year as well.

David Hayes: I am going to just focus North American half for more time if I can. Just in terms of the just going to the fourth quarter guidance of minus 1 and some of the context that you said. Broadly speaking, I know I am trying to simplify it probably too much. But broadly speaking, is the assumption that consumption will be basically flat year-on-year? And then the one week reduction in the pharma channel will be, let us say, 100 basis points of headwind, and that is how you get to the minus 1 if you are thinking about the offtake shipment levels. Is that broadly the picture?

Dawn Allen: I think consumption is quite difficult to call, and I think there is a few moving parts. The first thing is, obviously, we have got a modest price increase going live early November. We obviously need to see how the season plays out. We have talked about the variability in the cough, cold and flu season. And what we have said is globally on a full year basis, in terms of the variability, either side of a normal season, that could be in the region of 50 to 100 basis points.

That is probably a big swing factor. You have got the price increase. We could assume in that number, no change in consumption. But honestly, depending upon what happens with cough, cold and flu, as I talked about, there could be some variability around that.

As I said, I think the important message on North America is that we expect to end the year with clean inventory levels and get North America back to growth next year.

Warren Ackerman: Just on pricing. Are you able to kind of indicate to us on roughly when your pricing lands in North America or how much pricing you are taking and how you feel your pricing timing, I guess, relative to peers? And are you building in any elasticity assumptions on the volume elasticity assumptions on that pricing that you are taking? That is just one follow-up.

Then second one, you may have mentioned this already, on Brazil. Did you break down or can you break down what you are seeing in Brazil by category in terms of like the market is obviously slower. But is there any specific category callouts where you are seeing more local competition or any other change in trend in that country?

Dawn Allen: Yes. In terms of the pricing, as I said, the pricing goes live. It is effective at the beginning of November. It is across parts of our portfolio. It varies across SKU, but I would say kind of low single digits. It is mainly across oral health and cough, cold and flu.

Given that the market has moved and the others have taken pricing, it is hard to call on elasticity, but I would say given that the market is moving then you would expect to see a lower level of elasticity. As I said, the strength of our brands. So why do consumers buy our brands? They are buying it in terms of the science, the strength of formulation and the differentiation in terms of the delivery of our brands.

Obviously, the pricing is related to tariffs. As I said, we are mitigating the tariffs through supply chain initiatives, and then there is a small amount of mitigation coming from price.

If I think specifically about Brazil, I mean, it is well documented in terms of the macro environment in Brazil in terms of interest rates and the challenge for consumers. I think in Brazil, we have a strong performance. We are outperforming the market in terms of pain and VMS, but the market is soft. The area of weakness is specifically coming from ENO, actually in Brazil.

But as I say, across LATAM, we have a strong performance in Q3 of double-digit. We continue to outperform. But we are watching the macro environment in LATAM because it is changeable. But I think long term, LATAM remains and will remain a key growth driver for us.

Dawn Allen

CFO, Haleon

Conclusion

Okay. Well, thank you, everyone, for your time and interest in Haleon. We look forward to meeting a number of you at our upcoming conferences. Our next formal update will be our

full year results in February. If you have any further questions, please contact our Investor Relations team. Thank you.