



Haleon Q3 2026 Trading Update Transcript

Thursday, 29th October 2026

Overview

Brian McNamara

CEO, Haleon

PART 1: SOFTER THAN EXPECTED Q3 PERFORMANCE

Thanks Jo and morning everyone. Welcome to our Q3 2026 results call. I'll start with the headlines.

Organic revenue growth was 2.6% in the quarter which was below our expectations. This was partially due to continued softness in some of our categories including Respiratory. In this environment we need to deliver even more outperformance to drive growth which means sharper execution in the areas within our control and more consistent delivery across the business. I will talk more about what we're doing to drive this in a few minutes.

That said we performed well in a number of areas.

- Oral Health remains a standout performer with high single digit growth.
- India again delivered high-teens growth driven by strong rural activation supported by our access offering.
- In North America we saw good momentum in Oral Health and Centrum with the interventions we have put in place driving improved performance.

Those areas of strength were impacted by two specific headwinds in the quarter:

- First, lower cold and flu consumption leading to lower retailer orders. I'll come back to what drove that performance and how we are responding.
- Second a classification change impacting Centrum's OTC-registered products in China has meant we've had to suspend importing a raw material.

We continued to make good progress on our productivity agenda which gives us the flexibility to keep investing in the capabilities we need to improve top line growth momentum while at the same time underpinning high-single-digit operating profit growth for the year.

Cash generation also remains strong supporting a further £500 million allocation to share buyback to be completed by Full Year Results in February.

PART 2: MIXED PERFORMANCE

Dawn will take you through the numbers but first, I'll share some broader reflections on the quarter and our priorities from here.

I'll start with North America and Emerging Markets.

In North America we are making encouraging progress despite a challenging consumer environment. The actions we have taken including strengthening our leadership team driving impactful innovation, stronger retail execution and enhanced in-store activations are beginning to deliver improved performance.

- Oral Health continued to perform strongly with Sensodyne consumption growing at three times the rate of the market. Our Sensodyne Clinical Repair launch has delivered strong share gains and the Clinical platform itself would rank as the fourth-largest toothpaste in the US.
- We are also seeing success from the interventions we've made on Centrum. Consumption in the US grew double digit over the past 12 weeks which is well ahead of the category. That reflects better execution changes to our media mix, stronger digital commerce and innovation that responds to consumer needs and reflects the strength of our consumer insights. An example of this is the restage of our gummies range which we are expanding into more markets globally.
- That progress was partly offset by a weaker category picture in Respiratory Health where cold and flu consumption was down high single digit in the off-season leading to lower retail orders for the upcoming season.
- In Pain Relief, Advil is holding share in a declining market. I'm encouraged by our plans on Advil in 2027, with strong innovations launching before the end of this year which we expect to drive out-performance.
- In digital commerce, which makes up 20% of our US revenue, we saw consumption up double digit ahead of the market.

In Emerging Markets growth moderated to 5.1%.

- India delivered another strong quarter, with Sensodyne growing at four times the rate of the category as penetration reached 10%. Our access offering continued to scale with 40% of tubes sold now coming from our lower-income offer. The launches of Pronamel and Pronamel Kids are also enabling us to reach a broader group of consumers. Our direct-to-consumer offer for Centrum is also performing well with 20% of sales now coming through that channel.
- China delivered mid-single-digit growth or double digit excluding the impact of the raw material classification change on Centrum OTC, that I mentioned earlier. To be clear, this is not a product quality or safety issue and Centrum's food registered products are not impacted. We are working through the potential remedies but anticipate this to continue to impact through Q4 and 2027.
- Across the rest of the China business, I am encouraged by the continuing strong execution in particular our investment in digital commerce continued to deliver double-

digit growth. On Douyin sales grew by nearly 100% in the year to date, that's five and a half times the category. China remains a key growth opportunity for Haleon and Centrum OTC aside, commercial execution remains strong.

- In Latin America performance was flat, reflecting a tough comparative last year.

PART 3: COUGH, COLD & FLU

Looking now at Respiratory. Cough, Cold and Flu remains an attractive category for Haleon. It's supported by trusted brands strong consumer positions and significant regulatory barriers to entry.

However, in Q3, category consumption in the US declined by 8% leading to lower orders for the upcoming season. Category consumption was also softer in Europe. Together this meant our cold and flu revenue declined mid-single-digit in the quarter which is behind where we expected to be at this stage of the year.

In Q4, while it is still early days, initial signs in North America which accounts for around 30% of our Cough, Cold and Flu business are encouraging. In the US category consumption over the last four weeks is up mid-teens and we're growing ahead of that. It's a different dynamic outside the US where the season has yet to begin.

Our focus is on driving outperformance. In the US, for example we're doing that through more targeted media better audience selection stronger creative and through working even more closely with our retailers. Recent *Theraflu* consumption gives us an early indication that these actions are having an impact.

PART 4: GUIDANCE

For the full year, given some of the specific headwinds I mentioned, we now expect organic revenue growth to be around 2.5%. This includes the impact from Centrum China, and acceleration of our go-to-market model in Brazil resulting in lower inventory.

As I mentioned, our productivity initiatives are delivering ahead of our expectations, and so we continue to expect to deliver high-single digit operating profit growth for the year.

PART 5: PRIORITIES

While elements of our performance are strong, we are not satisfied with the broader group growth rate and the consistency of our performance in recent quarters. The changes we've made to our operating model this year will be key as we double down on our growth initiatives in 2027. In North America leadership changes and sharper commercial execution are already

contributing to improved performance. In Europe, the organisational changes are now largely complete enabling us to accelerate the rollout of our growth initiatives.

Our immediate focus is to take what we've seen working over recent months and to scale it faster and more consistently across the broader group.

We have four priorities as we move through Q4 and into next year.

- **First accelerating and scaling our innovation.**

- We have revamped our pipeline and expect more value from new launches in 2027 with a strong Oral Health pipeline and launches across Wellness and OTC where we have secured FDA approval for Advil Liquid.
- We are using the latest AI tools to accelerate the unlock of differentiated consumer-relevant claims from our extensive clinical evidence. Centrum now has 38 new globally approved claims across five benefit areas ready for rollout across a number of markets, already live in the US and Italy.
- We have invested in scientific research to support new claims and future regulatory approvals. This year, we have conducted 14 clinical trials and increased our scientific publications by 25%.
- Looking further ahead our Advanced Research group is developing the science and technology behind our next generation of products and claims, addressing unmet consumer needs. We have a new portfolio of breakthrough innovation platforms that will support innovation at scale and support growth beyond our 2027 launches.

- **Second driving more consistent commercial execution.** We are standardising what great execution looks like across our markets and have enhanced our Perfect Store model with AI tools which identify specific actions for our sales team to drive incremental revenue. Following successful deployment in the UK in Q3 we plan to be live in 20 markets by Q1 2027.

- **Third embedding best-in-class revenue growth management to support growth.** This includes rolling out advanced pricing and promotional analytical tools leading to faster decision-making and driving incremental revenue. Following strong results in the US, we will deploy these capabilities more broadly, with 16 of top 20 markets in place by Q1 next year.

- **And finally improve the effectiveness of our A&P investment and the return it delivers.** A&P is a significant spend for Haleon and the way we engage with consumers is evolving rapidly. We are directing investment towards the audiences, channels and creatives that deliver the strongest returns. We've seen strong results with this in North

America and China and are applying those lessons more consistently across our brands and markets. Dawn will come back to this shortly.

These initiatives are already underway and delivering results in parts of the business. As I said at the start, our priority is to scale them faster and more consistently to strengthen growth across the business. We will provide a fuller update on our progress in February.

Dawn will now take you through the numbers in more detail.

Financial Review

Dawn Allen
CFO, Haleon

Thank you, Brian, and good morning.

PART 1: KEY HIGHLIGHTS

In the third quarter category growth remained soft and consumer confidence continued to be under pressure. Whilst we outperformed the market, our performance in the quarter was behind our expectations, especially on volume with organic revenue at 2.6%, comprising 2.1% price and 0.5% volume/mix

This reflected a sequential slowdown in North America and Europe, including weaker cold and flu consumption, as well as the impact of the raw material classification change on Centrum OTC registered products in China which had a 50bps impact on group organic revenue growth in the quarter.

At the same time, International maintained a consistent performance, growing 6.9%, led by India, and an improving picture in Middle East & Africa.

Let me take you through the performance in more detail.

Starting with our global categories.

PART 2: CATEGORY PERFORMANCE

Oral Health continued its strong volume led momentum, growing 8.8%, around three times the market. Our top brands drove this outperformance with:

- Sensodyne up double digit, supported by the continued rollout of the Clinical platform and the Rs 20 access pack in India.

- High single digit growth on parodontax led by Gum Strengthen and Protect
- And Denture Care delivering mid-single digit growth underpinned by innovation including Ultimate 'All in One' adhesive.

VMS was broadly flat, with good performance offset by Centrum in China.

- Caltrate grew double digit helped by the Liquid Kids innovation and an upgraded offering for Liquid Caltrate prenatal calcium.
- On Centrum, we saw mid-single digit growth in North America, supported by distribution gains and innovation including Centrum Age Defy. And in Europe we saw the summer and magnesium activation drive double digit growth in Polase in Italy, and the no.1 spot in overall VMS in Q3. A good example of connecting innovation with occasion led activation.

On OTC, performance was mixed.

- Within Pain Relief, organic revenue was broadly flat, with Panadol maintaining strong momentum, supported by our new 'That's One for Panadol' campaign.
- Voltaren also performed well in China, where the 2% launch continues to see strong momentum and is now in 75 cities. Success has been driven by repositioning Voltaren as a movement-led brand, with distinct propositions for chronic and sports pain. This has been supported by healthcare professional advocacy, broader retail and hospital distribution, and pharmacist-led trials. On the back of this success, we will accelerate the global roll out in 2027.
- In Respiratory, organic revenue declined 2%, due to a weak category, with mid-single-digit decline in Europe and high single digit decline in North America. Despite softness in quarter three, we are gearing up for the cough, cold and flu season in quarter four, an example of this is our new 'we've got your covered' campaign which has launched in the UAE. This campaign combines the strengths of Panadol cold and flu and Otrivin to act early and proactively get ahead of the cold and flu season, with full rollout across the Middle East in quarter four.
- In Digestive Health, organic revenue grew 2.5%, supported by strong innovation and activation behind Benefiber. ENO also performed well, up over 30% in Latin America with record shares in Brazil from new social brand campaigns.

Turning now to our segments.

PART 3: NORTH AMERICA

As Brian mentioned, in North America we continue to see a cautious consumer environment. Against this backdrop we are seeing encouraging progress in Q3 with organic revenue up 2.5%, comprising 1.8% price and 0.7% volume/mix.

PART 4: EUROPE

Europe remained challenging, with consumers increasingly seeking value particularly in markets like Germany. While our portfolio remains resilient, organic revenue was down 0.6%, driven by a 2.7% decline in volume/mix.

In a challenging market our response is to drive our innovation and activations harder. A good example of this is our launch of Voltaheat, a non-medicated patch and cream. Our 360-degree activation combining media, distribution, in-store visibility, promotions and digital execution drove double digit increases in brand purchase intent and awareness. More broadly, the completion of the operating model changes in Europe is enabling us to scale insights even faster across our markets such as our 'Women in Pain' Panadol activation across France and the Netherlands.

PART 5: ASIA PACIFIC

Turning to Asia Pacific, Q3 organic revenue grew 3.9%, with price broadly flat.

Across Asia Pac, growth was driven by digital commerce which has delivered double digit growth for fifteen consecutive quarters. We saw growth across Oral Health, Pain and Respiratory, alongside underlying growth in VMS.

In South East Asia & Taiwan our initiatives in access continue to drive success. On Oral Health our launch of Sensitivity + Cavity in Indonesia is driving penetration gain and double-digit growth. And in the Philippines, we expanded our VMS range through the launch of Centrum Recharge.

PART 6: INTERNATIONAL

International delivered Q3 organic revenue growth of 6.9%, comprising 5.6% price and 1.3% volume/mix. Performance varied across the geographies.

India Subcontinent delivered another very strong quarter, with growth in the high teens.

Middle East and Africa grew high single digit, driven by a strong performance from Sensodyne and Panadol. Encouragingly, consumption trends improved in the UAE and in Sub-Saharan Africa performance was also strong, driven by expansion in market coverage through our improved route to market.

Finally, as expected, Latin America grew low single digit, against a tough comparator in the prior year.

As we look forward in Brazil, we see an opportunity to drive more growth through the optimisation of our go to market strategy. This change is across all elements and will enable a broader market coverage, a more diversified customer base and a more efficient end to end supply chain, delivering better cost to serve and resulting in lower overall inventory. We had originally planned a gradual rollout through 2027, but in discussion with customers, we have decided to accelerate this change into the fourth quarter of 2026 to coincide with the implementation of Brazil's new tax framework. The impact of this on the Group is expected to be c. £(15)-£(20)m on net revenue in the fourth quarter.

PART 7: FUELLING GROWTH

As we look forward, consistently reinvesting to drive growth remains a key priority for us. Our successful supply chain productivity program provides the fuel to continue to increase our investment behind our brands, as well as provide flexibility and agility in the P&L.

We continue to grow A&P ahead of revenue allocating spend to faster growth areas of digital, Oral Health, and across key markets of US, India and China. We are focused on driving the effectiveness and efficiency of that spend across 3 areas:

- Buying more efficiently: where we have mitigated around 90% of media inflation this year.
- Spending more effectively: where we have driven mid-teens increase in incremental retail sales from media alongside a 6.0% increase in ROI this year.
- And finally, Driving more growth through reach and relevance: with double digit increases in digital media investments, paid social media investments and influencer spend.

Given changes in consumer and shopper behaviours, we recognise there is more work to do, and our spend needs to work harder. Therefore, we are shifting our approach towards more precise growth audiences, social content, expert and creator influence, discoverability and digital commerce. This will enable us to recruit consumers earlier, respond more dynamically to demand and scale winning approaches faster. China is a good example of what is possible with our new approach when we combine strong brands with social commerce, content and data, driving 5.5x the market growth rate in Duoyin.

PART 8: CAPITAL ALLOCATION

Turning now to capital allocation. Alongside driving fuel for reinvestment, I remain focused on delivering strong cash generation, with 19 days reduction in working capital over the last 2 years.

As a result, for the first time since separation, we are now in line with our leverage target of around 2.5x from a starting point of c.4x. Given this strength in cashflow, and in line with our disciplined capital allocation policy, we are now announcing a further £500m in share buybacks this brings our total return to shareholders this year to £1.6bn. £85m will be held in treasury shares.

PART 9: SUMMARY

Moving forward we will continue to focus on driving productivity and strong free cash flow to unlock funds to drive growth. Alongside disciplined capital allocation, we are actioning even further optimisation of our spend to strengthen and drive more topline volume growth.

And with that I will hand back to Brian

Close

Brian McNamara

CEO, Haleon

Thanks Dawn.

To close, our third-quarter performance was below our expectations, and we are clear on where we've got to improve.

Our focus is on scaling our capabilities, applying them more consistently across the business and returning Haleon to stronger growth.

We will give you a fuller update on our progress when we report full-year results in February.