

GSK Capital Markets Day: Haleon

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Sonya Ghobrial – Head of Investor Relations for GSK Consumer Healthcare

Good morning and good afternoon.

I am Sonya Ghobrial, Head of Investor Relations for GSK Consumer Healthcare.

Thank you for joining us today for the GSK Capital Markets Day to introduce you to Haleon.

The team and I are looking forward to sharing more information on the company ahead of its demerger from GSK in July this year, after which we will be operating as a separately listed, independent company.

We have a full agenda today featuring a number of our designate executive leadership team, as well as the GSK CEO.

However, before we start, I would like to mention a couple of housekeeping details.

Our presentations will last just over 3 hours in total and there will be time for two short refreshment breaks spaced at appropriate intervals between these presentations.

A copy of today's agenda should be visible on the investors section of gsk.com.

There will also be a Q&A session at the end of the presentations, ahead of which there will be a short 5 minute break to allow those who want to dial in to ask questions.

I will be back a bit later to share this number for those who are listening to the event live.

Following today's event all presentations and webcasts will be posted on the investors section of gsk.com, on the Consumer Healthcare page.

Before we begin, please refer to slide 2 of our presentation for our cautionary statements.

With that, I would like to hand over to Emma Walmsley, CEO of GSK.

Emma Walmsley – CEO of GSK

Delivering shareholder value

Thank you Sonya.

Hello and a very warm welcome to this GSK capital markets event.

Today marks a significant moment for GSK, as we formally introduce you to Haleon – a new company purely dedicated to everyday health.

It comes ahead of the most significant corporate change for GSK in 20 years: with the demerger of our Consumer Healthcare business planned for July this year.

With it, we will create two new, exceptional companies that will positively impact the health of billions of people around the world.

When I took over as CEO of GSK, I set out new priorities and a capital allocation framework to improve our long-term competitive performance and deliver innovation.

We have made substantial progress, significantly improving both our operating performance and our R&D productivity.

Haleon built through progressive strategic M&A and divestment moves

The steps taken with our Consumer Healthcare business which I joined GSK to shape and build over a decade ago were all designed to accelerate this work.

Strong consumer cashflow has supported investment in the GSK pipeline and delivery of shareholder returns – and, through progressive strategic M&A and divestments moves – we have created significant shareholder value, building a true world-leader in consumer health.

This is the work of tens of thousands of GSK people and their results speak for themselves.

We have significantly increased sales to £9.5 billion, more than doubled EBITDA and created a new, focused business – 100% dedicated to consumer health – with very exciting prospects - and which is now ready for independence.

The launch of Haleon now crystallises all of this work and value for GSK shareholders.

Through a demerger we will unlock the potential of both GSK and Haleon.

A “New” GSK will focus purely on biopharmaceuticals.

With a new purpose: to unite science, talent, and technology to get Ahead of disease, Together.

And, with new ambitions for growth – representing a step-change in delivery for GSK – and starting this year.

Importantly, as a result of the demerger, we will strengthen GSK’s balance sheet with a significant recapitalisation – creating new flexibility to invest in growth and innovation.

With Haleon, we launch a brand new global company – to be listed in London and New York - with very compelling prospects.

Completely dedicated to consumer health, and with an outstanding brand portfolio, it offers a very compelling proposition - to bring deep human understanding, together with trusted science, to deliver better everyday health with humanity.

It is a company full of fantastic, talented people and a highly experienced leadership team led by an outstanding CEO Brian McNamara. It will have a Board with best-in-class international consumer sector experience, as already seen with the appointment of Sir Dave Lewis as Chair designate.

For investors, as a new standalone company, Haleon will have a highly attractive financial profile of above-market sales growth, sustainable margin expansion and high, stable cash generation.

And, as you will also see today, Haleon will be a company strongly committed to ESG performance.

Delivering value for shareholders

So, for GSK shareholders, we are unlocking value and strengthening prospects – bringing new optionality for investment with two new distinctive equity choices.

Both of these companies have the opportunity for large-scale positive, human-health impact, and both of them offer compelling outlooks for growth and attractive returns.

With today's event, we aim to show you the value of Haleon - and to make the case for investing in what we believe will be a strong, highly successful growth-oriented company, capable of delivering sustainable performance, value and returns to shareholders.

It's now my great privilege to hand you over to Brian and his team to share with you the exciting plans and prospects for Haleon.

Brian McNamara – CEO Designate of Haleon

Haleon: Global leader 100% focused on consumer healthcare with clear purpose

Welcome and thank you for joining us today.

I'm delighted to be here to take you through our plans for Haleon and the incredible opportunity we have in front of us, as we launch this new, exciting global-leading company, that's 100% focused on consumer health.

Haleon is led by our purpose - to deliver better everyday health with humanity - and is well-positioned to play a vital role for people all around the world. And we're in a sector that is really growing and that's more relevant than ever.

Today, we'll show you how Haleon's world-class portfolio of brands, attractive global footprint, and industry-leading route to market will combine with our competitive capabilities - in brand building, innovation and digital, to underpin our confidence in delivering sustainable above-market growth and attractive shareholder returns.

Over the medium term, we expect to deliver organic annual sales growth of between 4 and 6%.

We expect to deliver sustainable moderate margin expansion in constant currency, while we continue to invest in the business.

We expect to continue our strong cash generation and cash conversion.

And, we believe that Haleon offers investors a highly attractive growth profile that is sustainable over the long-term. That will allow us to make further investments to fund Haleon's growth and deliver real shareholder value.

Highly experienced management team

At the core of our business are two very important elements.

First, our people. We have 22,000 colleagues at Haleon and they are led by an outstanding management team.

That team has a track record of delivery. And, they have done an amazing job delivering revenue and margin growth at the same time as we've been completing significant integration, and building a world class portfolio. And they are highly experienced. They combine expertise in consumer health and FMCG, from working at companies like P&G, Nestlé, Coca-Cola, Unilever, Diageo, Novartis and Pfizer.

Today, you'll hear from our Chief Financial Officer, Tobias Hestler, our Chief Marketing Officer, Tamara Rogers, our Head of Research and Development, Franck Riot, our Head of Sustainability, Teri Lyng. And you'll also hear from our Region leaders: Lisa Paley who leads our US and North America business, Filippo Lanzi who leads our EMEA and Latin America business, and Keith Choy who leads our Asia Pacific business.

Members of the team will be joining me for our Q&A panel discussion later today.

Exceptional brands

The second critical element to Haleon is our portfolio of brands.

The quality of Haleon's brand portfolio is exceptional.

We are category-leaders in five global categories. I'm talking about Power Brands such as Sensodyne, Centrum, Panadol, Advil, Voltaren, and Otrivin.

And, we've got iconic, local strategic brands such as TUMS, ENO, Flonase, and Emergen-C.

These brands are trusted and loved by people all over the world. And, they are right at the heart of Haleon and our purpose:

Deliver better everyday health with humanity

To deliver better everyday health with humanity.

Our purpose drives us to meet the everyday health needs of people in new and better ways, to develop innovations that are meaningful and impactful, and to make everyday health more achievable, inclusive, and sustainable.

It fuels our growth ambitions, drives our performance, and unites our colleagues with a distinct culture. We are guided by our three key behaviours: Go Beyond, Do What Matters Most, and Keep It Human.

Track record of strong performance

We will start life as a new standalone company with a strong track record of performance.

Over the past two years, we have delivered compound organic sales growth of 4.4%.

We have generated adjusted operating profit margins of 22.8% in 2021. And, at the same time we've invested in our brands, in R&D and in A&P. Our financial performance reflects our delivery of integration synergies and rigorous cost control.

And, as I said a minute ago, we have also generated strong cashflow and maintained excellent cash conversion.

I'm proud of our track record. And, I believe it sets us up well for life as an independent company.

Clear approach to deliver growth ambitions

That track record underpins our confidence in the financial outlook we are talking about today.

And, we have a clear approach to delivering those outlooks by capitalising on our portfolio, our competitive capabilities, and by delivering a strategy to outperform.

Clear approach to deliver growth ambitions // World class portfolio

The portfolio we have today is the result of a targeted strategy to focus on high quality consumer healthcare brands. We've prioritised investment in brands with leadership positions, scale, and the potential for further growth opportunities, and actively consider divesting brands that have lower growth potential.

World class portfolio of category leading brands

As a result, we have created a world-class brand portfolio with annual sales of nearly £10 billion and number one positions in 5 attractive global categories:

- Therapeutic Oral Health,
- Vitamins Mineral and Supplements,
- Pain Relief,
- Respiratory Health, which includes Cold & Flu, Allergy and Nasal,
- and Digestive Health.

We have nine “power” brands – which currently drive 60% of our sales and account for 80% of our growth.

We’ve got the world’s number one toothpaste for sensitivity, the world’s number one topical analgesic for pain relief, and we’ve got the world’s number one multi-vitamin.

Complementing these ‘global winners’ are a strong set of the ‘local strategic’ brands I mentioned earlier, which are iconic in their own markets.

We’re talking about brands like Fenbid, the number one OTC systemic pain relief brand in China, Dr Best, the number one manual toothbrush in Germany, and GrandPa the number one pain relief brand in South Africa.

Attractive geographic footprint, well placed for growth

The strength of our brands is clearly reflected in our geographic footprint.

We have strong leadership positions in all our critical markets - not least being the number one consumer healthcare business in the US, the biggest consumer healthcare market in the world. Today, we are also the number one multi-national consumer healthcare business in China.

With one third of our current sales being generated from emerging markets, our footprint also reflects leading positions and a major presence in key markets such as India, Latin America, the Middle East, and Africa.

A £150bn+ sector with expected 3-4% annual medium term growth

So, we have a strong brand portfolio, that’s very well positioned in a sector with a total sales value of over £150 billion.

The fundamentals for this sector, and each category within it, are all strong.

We believe the global focus on health and wellness is only set to increase with significant demand coming from an ageing population, an emerging middle class, and from sizeable unmet consumer needs.

These trends are expected to drive medium term market growth across these categories of 3-4% per year. So, with the strength of our portfolio and the opportunities we see for growth, that we reiterated in our outlook, we expect organic annual sales growth of 4 to 6%.

Clear approach to deliver growth ambitions // Competitive capabilities

Over the last few years, we’ve had the opportunity to significantly re-scale, re-shape and re-invest in the business.

We've recruited world-class talent; implemented new processes, adopted new technologies, and we've invested in new capabilities to improve our competitiveness.

Competitive advantage

A key focus has been to strengthen what we see as Haleon's competitive advantage: combining deep human understanding with trusted science.

We've invested in a suite of proprietary assets to generate deep human understanding to support brand innovation, enhance our engagement with experts, like doctors, dentists and pharmacists, and to provide education to consumers.

I'm talking about cutting-edge centres for shopper research, consumer-knowledge and social-listening, all designed to generate and test new insights and identify consumer needs. That way, we can leverage the deep technical and scientific expertise that comes from our 1,400 talented scientists.

That combination is providing us with strong ability to develop and launch new brand innovation. And I'm delighted with the progress we have made. In the last 3 years, we have successfully delivered more than 19,000 regulatory approvals. And, in the last 12 months we have been successful in the market with innovations such as Sensodyne Sensitivity and Gum, Centrum Essentials in Brazil, and Pronamel Intensive Repair.

We see this unique combination of human understanding and trusted science as something that really differentiates Haleon.

Proven competitive capabilities

Our competitiveness is also reinforced by our proven capabilities of brand building, innovation and our compelling route-to-market. You'll be hearing a lot more about that from Tamara and Franck.

At 20% of sales, our A&P spend is competitive and, over the last few years, we have increased the effectiveness of that spend.

We have a strong and established presence in all key channels relevant for consumer health.

Our relationship with pharmacy and healthcare professionals is a key differentiator. And, we have direct and trusted relationships with more than 3 million healthcare professionals, together with the largest network and coverage of pharmacies in the world.

All that is underpinned by the strong capabilities we have invested in and built in data and digital.

Clear approach to deliver growth ambitions // Strategy to outperform

I'd now like to set out for you the strategy we will execute to continue to outperform the market and deliver our growth ambitions.

Our strategy is designed to leverage our portfolio and capabilities and has four key elements.

To generate growth we will focus on:

Increasing household penetration and capitalising on new and emerging growth opportunities in channels, geographies and through portfolio expansion.

Underpinning these sources of growth will be a strong focus on execution and financial discipline, to improve profitability and sustain our reinvestment in solid growth opportunities.

And finally, running a responsible business, which is integral to everything we do. Acting responsibly allows us to reduce risk and support performance. I'd now like to talk you through these elements of our growth strategy in more detail.

Significant penetration growth headroom across categories

First, increasing penetration growth:

We have a strong track record of driving growth and market share through increased household penetration. And, we see this as our largest opportunity for the portfolio, despite the progress we've already made. We believe there is significant opportunity to drive further share gain and category growth in all five categories we operate in. We'll deliver on that through brand innovation and reaching new consumers with Haleon products.

For example, nearly 1 in every 3 adults have symptoms of tooth sensitivity. But only 1 in 3 of them use a sensitivity toothpaste like Sensodyne.

9 out of 10 people use pain relief products, but only 1 in 3 of them use topical pain relief, like Voltaren.

In China, where Calcium intake is less than 50% of the daily recommended level, only 17% of people take a calcium supplement like Caltrate.

Proven approach to drive penetration-led growth (Sensodyne)

So, we have a compelling strategy and a proven track record in delivering penetration-led growth.

Sensodyne is a great example of what I mean. With Sensodyne, we have demonstrated our clear strategy to focus on therapeutic oral health, targeting the very premium end of the oral health market.

Sensodyne surpassed £1 billion of sales in 2016. And, it has continued to grow, reaching an 11.6 per cent share of the global toothpaste market in 2021. US penetration reached 26.7%, that's up 5 share points in the last 7 years.

That growth is built on a comprehensive approach.

We're using a data-driven approach to deliver meaningful and relevant communications to address major penetration barriers, such as sensitivity awareness or the need for rapid relief.

And, we're delivering industry-leading innovations to address consumer needs by providing real sensitivity relief.

Expert advocacy – as the number one dentist recommended brand for sensitive teeth. And of course excellent commercial execution.

New and emerging growth: Channel expansion

Moving to the second pillar of our strategy: capturing new and emerging opportunities.

I'll start with channel expansion. In the Consumer Healthcare sector, there is significant opportunity for e-commerce penetration, and that's true across all categories of our business.

In the last two years, with the investments we have made, we have seen a two-fold increase in e-commerce sales. We currently have leading positions across our key markets, with 12% of our sales in the US coming from e-commerce, and, in China our e-commerce is 20%.

We're growing ahead of the industry and a clear priority for us is to continue to invest in, and increase, our portfolio's exposure to e-commerce.

By 2025, we expect e-comm to grow to the mid-teens as a percentage of sales.

New and emerging growth: Geographic expansion

We also have further opportunities for geographic expansion, whether that be through accelerating innovation in key markets like the US and China, or rolling out and scaling up brands like Parodontax and Centrum in new or under-developed markets.

There are also growth markets, where we have a scale position, with a small portfolio of brands, and a significant opportunity to broaden out the portfolio.

We're striking the right balance between markets where we see higher growth and markets with lower but more stable growth. Today, one third of our sales come from emerging markets.

India is a great example, where we are building a strong position in a key growth market for the future. We have an industry-leading route-to-market, with over 4 million distribution points. So, we have a fantastic platform to grow a broader portfolio. By leveraging the strong position and success we've generated with Sensodyne, we launched Parodontax 9 months ago and it's off to a great start.

New and emerging growth: Portfolio expansion

Portfolio expansion is the other major area for new and emerging growth opportunities.

Two areas we are very focused on right now are Rx-to-OTC switches and 'Naturals'.

We have executed 4 switches over the last 8 years. That's more than any of our competitors, with the most recent being Voltaren in the US. This is a real area of expertise for us. We already have two confirmed projects in the pipeline with expected launches in 2025 and 2026. Importantly, our medium term organic sales growth guidance doesn't include any benefit from Rx to OTC switches.

Use of Naturals is a clear consumer trend that is accelerating. For example, 'Naturals' cold and flu medicines grew more than 1.5 times medicated products in the last 6 months. And Naturals represent an attractive opportunity. We've already launched 10 innovations in the Naturals segment, and have more than 30 projects currently in the pipeline.

Performance underpinned by strong execution and financial discipline

We are really proud of the progress we've made on execution and financial discipline in recent years.

Tobias will show you how we have focused on driving efficiency, effectiveness and agility to make every investment count.

We have slimmed-down our manufacturing footprint going from 41 to 24 sites. A key output from that focus on efficiency and agility, alongside innovation, has been our ability to increase A&P investment to 20% of sales to drive growth. We've been focusing our investment on power brands and increased media spend. We are weighting our investment

towards advertising versus promotion. And, we've shifted a higher proportion of our media mix to digital.

Going forward, we intend to maintain a sharp focus on all four areas we've highlighted here, looking to further prioritise investment in A&P and R&D to support our continued market outperformance.

Running a responsible business, integral to all we do

Running a responsible business is an integral part of our strategy.

We're deeply committed to tackling environmental and social barriers to everyday health. Teri will talk to you about our commitment to lowering our environmental impact.

Structurally advantaged environmental footprint

But to give you context, we have a structurally smaller environmental footprint, which gives us a real competitive advantage, especially with consumers whose purchase choices are increasingly being influenced by the environmental impact of the products they buy. And, it gives us an advantage in terms of overall company risk exposure and capex requirements.

We also believe that we have a compelling opportunity to make a meaningful difference to helping improve health inclusivity. By 2025, we intend to help 50 million people per year gain access to opportunities for better everyday health.

Running a responsible business starts with us. And we are committed to setting ambitious Inclusion, Equity and Diversity targets and building strong corporate governance. That includes appropriate incentivisation and rewards for business performance. We'll tell you more about that in due course.

Clear approach to deliver growth ambitions

So, we have a clear approach to delivering our growth ambitions.

Focused plan to deliver 4-6% organic annual sales growth

And, we are confident that we can deliver 4 to 6% organic sales growth every year over the medium term.

We can deliver that growth from a platform created through re-focus, re-scale, and optimisation of the business, that has delivered 4.4% compound annual organic sales growth in the last two years. And, that sales growth is generated from a balance of volume and price.

We now look ahead at Haleon - as a new standalone company.

I am really excited about our leading sector position and about the focused business we have built at Haleon. I've been associated with this business for 17 years and I've never felt better or more excited about the growth opportunity we have in front of us. We are well positioned in growth categories and geographies. I see clear sources of growth to sustainably outperform, to deliver consistently above market organic annual sales growth, through increased penetration of brands and markets. I can also see us capitalising on new and emerging opportunities in channels, geographies and in our portfolio, all supported by re-investment in A&P and R&D and our continuing strong execution.

Taken together, we expect this to translate into accelerated growth, driven by higher growth channels, categories and geographies.

As I said earlier, we expect e-commerce will grow from 8% of the business today to a mid-teens percentage of the business by 2025.

We also expect the Oral Health and VMS categories to grow mid to high-single digits and go from 44% of the business today to approaching 50% by 2025.

And, we expect Emerging markets to grow high single-digits and go from 32% of the business today to a high-30% of the business in 2025.

Margin expansion while investing for growth

We expect our organic sales growth to deliver positive operating leverage, and to support sustainable moderate margin expansion over the medium term, again, in constant currency.

This will also support planned re-investment in R&D and A&P.

Operating leverage, will be further supported by continued programmes to deliver cost efficiencies in COGS and SG&A. We are planning no major restructuring.

In 2022, we expect to deliver sales growth that's in line with our medium-term outlook. Tobias will take you through the building blocks of the adjusted operating margin later today.

Sustainable model driving investment for growth and attractive returns

Our strong brand portfolio, coupled with high gross margins and strong market positions, allows us to invest sustainably behind our brands. And, that gives us confidence that we will deliver 4 to 6% organic annual sales growth over the medium term. Alongside this investment in growth we intend to deliver moderate margin expansion on a constant currency basis, as well as generating strong free cash flow.

This underpins our disciplined capital allocation.

Growth focused disciplined capital allocation

Let me take you through how we think about that.

Our clear number one priority is growth. We are prioritising re-investing in the business to drive that growth.

With regards to the dividend policy, the initial dividend is expected to be at the lower end of the 30-50 per cent pay-out range. And we will only look at M&A opportunities where a target is really compelling and is a good fit with our company strategy.

We plan to target a net debt to EBITDA ratio of less than 3x by the end of 2024, and to maintain a strong investment grade balance sheet.

Haleon: Global leader 100% focused on consumer healthcare with clear purpose

So, as you can see, the opportunity for Haleon is compelling.

I strongly believe that as a new standalone company, 100% dedicated to consumer health, we can make a meaningful difference to the everyday health of hundreds of millions of people; and deliver sustainable above-category performance, with attractive returns to shareholders.

We have a clear strategy to do just that: leveraging our terrific portfolio and the platform we have built these last few years to capture new growth opportunities and to deliver improved profitability.

As I've said a couple of times, we expect to deliver 4 to 6% organic sales growth every year, with sustainable moderate margin expansion at constant currency, over the medium term.

Together with strong cash generation and cash conversion, that gives Haleon the capacity to invest in our future and reward shareholders for their investment.

My team and I are strongly committed to achieving what I've described for you today. I hope that you will join us on what I'm convinced will be a rewarding ride.

With that, I'll hand over to Tamara and Franck and look forward to your questions later. Thank you.

Tamara Rogers – Chief Marketing Officer, and
Franck Riot – Head of Research & Development

Haleon: Competitive capabilities to outperform in the market

Video

Haleon: World class portfolio of category leading brands addressing real consumer health needs

Hello everyone. I'm Tamara Rogers, the Chief Marketing Officer of Haleon and I'm Franck Riot, our Head of Research and Development. Today Franck and I will be talking to you about our world class portfolio of great brands and the competitive advantage we have from combining our deep human understanding and trusted science.

You will hear about the leading R&D capabilities which are fuelling our innovation and we will provide insights into future growth spaces we see for our company.

We will showcase some of our highly effective brand building programmes enabled by excellent digital capabilities. And lastly, we will show you the powerful differentiator that is our relationship with the global Healthcare Professional community.

World class portfolio of category leading brands

Everything starts with our brands. This portfolio of exceptional brands, as you heard from Brian earlier, allows us to enjoy leadership positions in our 5 priority categories.

Our brands address real consumer health needs, underpinning future growth

Our brands are inherently purposeful. Many have been in existence for over 50 years, and demonstrate, above all, that we are not only in the treatment business – we're in the quality of life business.

Voltaren's proposition is not just inflammation and pain relief, it's about rediscovering the joy of movement – the fulfilment that comes from being able to participate in activities with friends and loved ones again. Not isolated in an armchair, locked in pain.

And Sensodyne is not just about sensitivity relief, although it most certainly does that. It's really about enabling consumers to reclaim life's basic pleasures like the first sip of a cold drink quenching your thirst on a hot day, without a short sharp shock to the teeth ruining the moment.

Significant penetration growth headroom across categories

Brian showed the headroom for growth for 3 of our brands earlier – this is true across our portfolio – just another three examples here. Many of our brands are leaders in their fields but the data on how many people just don't treat their health issue is surprising. It's this gap which gives us significant opportunity to recruit and grow penetration.

It's our job in marketing and R&D to truly identify the barriers that prevents people taking action and then act on 'the why'. Why people haven't taken what would seem to be the obvious step to make themselves better.

Deep human understanding provides insight to address consumer health needs

We start with deep human understanding.

We are 100% focused on consumer health - how it affects us, why we act, or why we try and ignore an issue, and what gets in the way of taking action.

Which means that, at our heart, we are behaviour change specialists. Our deep human understanding is focused on enabling us to mobilise people to change something as fundamental as their health behaviours.

Which is why we have a very special suite of resources, mostly proprietary – whether its in-house shopper research facilities, a vast consumer knowledge capability, future trend spotting tools, or the ability to test concepts and claims overnight. Our social listening capability draws real insight from over 70 million posts, and our proprietary 'Observatory' library holds over 53,000 documents, each a precious finding on concepts or conditions or culture, all as it relates to health. We use this deep insight to guide us on where and how we can make the biggest impact.

Competitive advantage

Our deep human understanding combined with our trusted science means we focus on what matters and how we can use innovation to try and solve the unmet everyday health needs for people. This brings us a real competitive advantage.

Franck – over to you.

Trusted Science underpinned by leading R&D capabilities

Thanks, Tamara.

It is that deep Human Understanding that provides the amazing rich springboard for our R&D community, as well as our marketing teams.

R&D is a powerful growth and innovation engine for the company, a fantastic driving force of trusted science.

This is really an End-to-End R&D organisation, from Consumer Science to Medical and Regulatory strategies, including an experienced formulation team designing superior products & solutions.

We run a global network with 3 centres of excellence combined with local hubs, giving us the best of both worlds – the scale and expertise to deliver breakthrough innovations, and the agility to quickly serve the needs of local markets.

All the network will be standalone to GSK, like the majority is today, and dedicated to Haleon.

Deep scientific expertise, with 1,400 highly skilled scientists

Of course, it is the people who make the difference.

And we are fortunate to be supported by 1,400 highly skilled scientists with a great mix of both FMCG and Pharma experience.

Indeed, our R&D organisation covers a broad set of expertise and includes dentists, pharmacists, medics, as well as engineers, chemists, developers and flavourists.

Our state-of-the-art facilities and capabilities give us the ability to explore and develop any type of formulation, formats and delivery mechanisms, via our sensory & development labs.

We always fast prototype and stress test new formulations before we move to the factory.

Science can sometimes be difficult to explain to consumers and customers, even to Healthcare Professionals.

But our imaging expertise makes the invisible, visible.

Strong scientific track record with competitive investment

Our world class regulatory and medical teams, embedded across multiple markets, have successfully secured over 19,000 regulatory approvals in the last 3 years.

Our dedicated Rx-to-OTC Switch team has delivered 4 Rx to OTC switches in the last 8 years, more than any other company, as Brian mentioned.

We've run 66 large scale clinical studies involving 6,000 consumers in the last 5 years, and had 296 publications in high quality peer-reviewed journals.

Our science is comprehensive, highly innovative and externally recognised for being so.

And all of this, underpinned by consistent and competitive investment.

Innovation strategy to drive sustainable growth

How do we actually go about creating innovation to drive sustainable growth?

Well, we have an established innovation strategy designed to capitalise on both current and future everyday health consumer needs.

We have a robust pipeline, which includes fast to market, responsive to near-term trends, as well as innovations which require investment in clinical studies.

Our pipeline provides resources for growth in the short, medium and long term.

The majority of these resources are focused on growing our core portfolio.

It is mainly about strengthening the quality of the experience of our products, or creating even more personalised propositions at scale, or unlocking local & tailored opportunities.

We also have a strong focus on expanding our offering, reflecting new trends like 'Naturals'. And, extending our brands beyond their 'treatment' heartlands, into prevention and maintenance.

RX-to-OTC Switch is, and will, remain a critical focus.

And, we are also making good headway in the development of digital services.

And finally, we have a firm eye on the disruptive new – exploring holistic health and integrated technology solutions to better manage overall wellbeing.

Here is a quick flavour of some concepts we brought to market.

Video

Growth through superior science

Let me share a few examples, to illustrate our strategy.

Growing the portfolio via superior science is one of our top priorities, and we do this across our portfolio.

A great example is our Sensodyne Repair & Protect franchise. It was first launched in 2010 and the latest upgrade, Sensodyne Repair & Protect with Deep Repair, was introduced in early 2021, delivering 8% growth vs 2020.

From a clear Consumer insight “enjoying the food without tooth pain”, our scientists understood the root cause of dentine hypersensitivity and what activates the nerves in the dentinal tubules causing that pain.

Our scientists have most recently developed a novel formulation that we have shown, through superior science, delivers deep dentin tubule occlusion.

Let’s see how the science behind Deep Repair works.

Video

Innovation tailored to local market

Let’s move next to a very different example: Centrum.

The insight and under-met need here is: “I want what’s right for me and my body, not everybody”.

This has helped us evolve the brand from a single ‘multivitamin pill’ to the personalisation that you see today.

Which is why we have successfully developed new SKUs for gut health immunity and probiotic propositions in China, gummies and minis in the US, and in Australia a new benefits range, which provides solutions for being calm and collected, movement and mobility, and mind and memory.

Very importantly, all these innovations have scientifically proven benefits, generated through our medical and regulatory expertise, supporting consumer uptake and growth.

Portfolio expansion with Rx-to-OTC switch

Now some examples of how we expand our portfolio, starting with Rx-to-OTC switch.

What I want to highlight here is the specificity of the skills and organisation required to win in this complex area.

We have the depth and breadth of expertise it takes from a dedicated cross-functional team, with experienced Regulatory and Medical scientists, partnering with a broad ecosystem - from Board of Health to Retailers - and understanding the full consumer experience.

Our capabilities and track record here make Haleon a potential partner of choice and we have a robust pipeline.

I have covered our capabilities here, and Lisa will bring this to life later, with the example of our most recent successful switch, Voltaren in the United States.

Portfolio expansion into 'naturals'

Let's now look at an example of how we 'expand the offering'.

Increasing numbers of consumers want natural solutions, but not at the expense of efficacy.

For us, "Green Science" means leveraging the power of nature to create products that delight consumers looking for a more natural experience, but which are also safe and effective.

We have also invested in new technical capabilities and external partnerships, to enable more sustainable solutions and our Green Science agenda.

So, the organically certified VoltaNatura - just launched - soothes and cools tense, contracted muscles with the power of 6 plants.

Our new Emergen-C range is infused with the natural goodness of plant-based botanicals.

And, our new range from Sensodyne, Sensodyne Nourish – with proven sensitivity protection, natural mint and essential oils - is packed in fully recyclable packaging.

Clearly, these propositions are highly appealing to current non-users of the brand.

Our Green Science is a powerful lever of our penetration strategy, and as Brian mentioned, we have landed 10 launches in the last 12 months, with over 30 more projects in the pipeline.

Expand the offering beyond treatment

Thanks Franck. This is an example of how we are unlocking new growth - moving beyond 'treatment'. Otrivin is moving from a brand focused on seasonal decongestion, to one that has a relevant role every day, all year round.

Nasal congestion impacts sleep, focus, emotions and energy levels. Every day of the year, not just for a couple of sniffly weeks.

Your nose is amazing. It filters 20,000 litres of air daily, and it needs regular care and cleaning to do its job better. That's why Otrivin now has a complete suite of nasal care products, both medicated and non-medicated, for adults and children, covering treatment when suffering but going beyond to support daily maintenance – a healthy nose helps us breathe better.

Otrivin BreatheClean, featured here, helps protect you from environmental aggressors, like pollen, dust and pollution - clearing, moisturising and soothing irritated nasal passages. To help you breathe well. We are just getting underway, but where we have launched, we are achieving up to 30% share of segment in some markets.

Back to you Franck to cover Disruptive New.

Disruptive New to capture future consumer trends

We have started exploring new ways of delivering better everyday health, focussing on holistic health and integrated technology.

Let me start with the example on the left-hand side: a new Haleon funded venture, Alligator Dental. This is a simple, digital-first platform, providing convenient, flexible, affordable on-demand access to dentists and treatment plans in the US.

The second example I'd like to share is a new vehicle to open up disruptive new partnerships, new innovations, and new growth opportunities.

This is what we call NEXT Re/Wire Health studio – which we launched in October 2021 and will be expanded through 2022.

We are working with the next wave of digital health innovators in a truly collaborative way, providing expertise and support. We had over 80 applications in our first cohort and we have been working with several exciting start-ups on initiatives across Oral Health, Women's everyday wellness, and mental resilience. Subjects covered have included microbiome, diagnostics, care plans, personalised products and AI-based virtual consultation.

That covers innovation, which is one driver of growth for our brands, but Tamara there is more to it, right?

Significant consumer need; beyond physiological

Yes there is Franck. We understand that our brands are making a difference beyond just treating the issue – in all the categories we are in. There is a lot on this chart showing how consumer needs go beyond the physiological. Let's take Pain Relief - it's not just pain that we're talking about. Pain is not just a physiological problem, it also takes a huge emotional, financial and social toll.

Our brands really matter.

Proven Brand Building

And that's why we build brands with humanity. Brands trusted by Healthcare Professionals and consumers, that will help us deliver above-market growth in the coming years.

The Forrester Brand Humanity Index demonstrated how people were 1.6 times more likely to buy brands perceived to be acting like people. Engaging and persuasive in human ways, not patronising as many brands do. That's critical in a world where the consumer is in control, curating what they experience.

And remember, we set out to change behaviour. The logic of a product claim such as "10 times faster relief" only gets you so far. To drive real behaviour change you have to go deep, and understand the person beyond the condition, not just their painful knee, deep into how they live their lives.

We know to effect lasting behaviour change you need to make somebody feel something, to make them to want and desire to do something different. Very simply, the more people feel, the more people are inclined to take action, and buy.

Here's an example of some work we've done on Voltaren, which illustrates how we inspire people to a better quality of life, to change behaviour. This has no functional product demo but it's one of our most persuasive ads and has delivered a significant increase in ROI versus our previous approach.

Video

Transformed brand building capabilities

Our brand building capability has significantly strengthened over the last 3 years, and our mindset is focused on continuously learning, adapting and modernising.

Firstly, it's a high calibre organisation – with a leadership team having significant FMCG experience, such as P&G and Unilever, as well as other consumer health companies and digital agencies. It is ethnically diverse and 67% female. We have co-located R&D and marketing in global hubs, an Expert Marketing centre of excellence team and the very best agency holding companies as partners.

We have in-housed expertise where we see advantage – with our CaST studio network around the world creating and adapting content against brand briefs, based on audience and search data, and unlocking production cost savings.

In addition, we have a talented Experience Design team integrated with our brand teams, and a shopper science lab which enables us to experiment with retail experiences and provide category management analysis in partnership with retailers.

We operate in a digitally enabled world. E-commerce accounted for 8% of Haleon sales in 2021, as Brian mentioned, and we are fast building our capabilities – both people and tools. We have a range of tools available including digital asset and product information management. All of our employees are offered advanced training, including our exclusive mini MBA in digital commerce, if eligible, which is accredited by, and done in collaboration with, University College London.

We were the first consumer healthcare company to bring in-house a Google Tech Stack, creating direct ownership of audience data. In conjunction with a leading cloud-based audience platform with our media agency, called Peoplecloud, this allows us to better identify and connect with our growth audiences and have full transparency on performance.

This wealth of data, including patterns we see in search, enables us to create relevant and targeted content and then optimise it dynamically. Globally, PeopleCloud, which we ran in 16 markets, provided a more than 40% higher ROI than our digital channels and over 125% better ROI compared to our traditional channels. Another important partnership is with Google and Picasso labs. This partnership has resulted in an industry first – an AI tool that scans assets to measure creative effectiveness enabling us to optimise pre-going live. We have achieved up to 34% lifts in ad recall and up to 22% gains in purchase intent.

Lastly, our proprietary tool, Trigr, pulls in data signals to help efficiency, for example with seasonal categories – tracking weather and search data to signal when we buy media – so we don't waste valuable media spend – only going live when cold and flu or allergies are rising.

All of this means we connect with the right person, at the right moment with the right message and creative.

Highly effective, award-winning marketing

We invest well behind our brands, and disproportionately behind our Power Brands, because we see strong return on investment.

We spend more than 45% of our media on digital - a reflection of our audience media consumption habits and our excellent digital capabilities, to engage with them where they are.

Our bar is set high in terms of the type of marketing we want to do - we compete and frequently win at globally recognised industry awards such as Cannes, the Effies and IPA, which is the gold standard in effectiveness.

We have exceptional, category leading brands because we believe in the power of brands – and the power they have as vehicles for us to help change people’s lives for the better. There is perhaps no better example than the work we did on Panadol, at the height of COVID, to help guide consumers on what they can do.

Video

Healthcare Professionals are significant and highly valuable partners

This ad also brings me on nicely to our relationship with Healthcare professionals. During COVID, Healthcare Professionals were inundated with questions around how best to handle symptoms, what is safe. We saw that by providing this kind of information we could contribute to supporting both consumers and the demands on Healthcare professionals’ time.

This is a great illustration of the type of marketing we do, and includes a really special element - advocacy by Healthcare professionals.

Dentists, hygienists, pharmacists, GPs - in all likelihood, you may know yours by name. Healthcare professionals are the world’s local, trusted, community influencers.

There are approximately 10 million healthcare professionals globally addressing the conditions we serve, and collectively they have the capacity to make an astonishing 52 billion recommendations every year. They are not paid to do this. They recommend products if they believe that it can complement their first line treatment.

And, consumers listen. Up to 75% of patients with our conditions consult a Healthcare professional, and the Healthcare professional response has considerable influence on both first time and repeat usage. For example, up to 85% of pharmacist recommendations lead to a purchase.

Underpinning all of this, is trust – the trust patients have in their Healthcare professionals, the trust Healthcare professionals have in us and our brands. We know that through effective relationships and trust in our products, Healthcare professionals that we engage with will recommend up to 5 times more per week, every week.

Expert marketing to HCPs a key differentiator and competitive advantage

Healthcare Professionals’ advocacy is a key priority for us, nurturing and growing the trust in our brands. This is a key differentiator for our company, and a capability most consumer companies don’t have.

We have direct relationships with over a third of these 10 million Healthcare professionals, thanks to the combination of our proprietary field force and strong digital relationships.

We also work with key external partners, such as the World Dental Federation, the International Association for the Study of Pain and the International Pharmaceutical Federation.

Many of our brands are number one recommended, in multiple markets, by their respective experts. Recommendation is the gold standard of trust.

So, you've heard about our brand building and expert marketing prowess, our capabilities, our digital orientation, but how does this all come together, to create integrated brand programmes?

I have chosen Sensodyne because you have seen a number of the individual elements already today, and this film illustrates how the sum of these parts combine, from the consumer's perspective.

Video

Haleon: World class portfolio of category leading brands addressing real consumer health needs

And finally, we end where we started.

We are fortunate stewards of an exceptional portfolio of brands.

We have competitive advantage in the combination of deep human understanding and trusted science.

Our R&D capabilities are world class, driving consistent innovation across our categories and a robust and well-balanced pipeline.

Healthcare professional advocacy is a powerful element of our marketing mix, complementing our advanced digital capabilities and supported by a highly experienced team.

And, with our understanding of new and emerging health needs, we are well positioned for future growth.

With that, we will now pause for a break before Lisa. We will see you again in 15 minutes. Thank you.

Lisa Paley – Head of US and North America

Haleon: Delivering attractive growth in North America, and building winning partnerships with mass retail

Haleon: Significant growth region with attractive underlying fundamentals and favourable consumer trends

Welcome back everyone I'm Lisa Paley and I am the head of the North America region. I joined GSK in 2019 during the Pfizer Joint Venture and prior to this worked at J&J and also the former Pfizer Consumer Healthcare business from Warner Lambert.

I'm super excited to share how North America is positioned to drive sustainable growth and win in the market.

We've created an extraordinary business across the US and Canada, one that has a world class portfolio of exceptional brands – brands that are not only staples in medicine cabinets across both markets, but are trusted by consumers again and again for themselves and for their families.

Today, I'll share how the region is positioned to: drive growth; drive penetration; and outperform through strong execution, and in particular highlighting how we use our

capabilities to create meaningful partnerships with mass retailers, including the large pharmacy chains in the market.

North America: attractive fundamentals with c.90% revenue from the US

North America is a region with attractive fundamentals. The key to success in the region is predictable and consistent growth that creates value over time.

As the largest player in the largest market, we have the critical mass to grow penetration and increase access to Healthcare.

And as the first 100% consumer health company, we can be more deliberate than our competitors in where we focus our resources – both from a talent and R&D perspective.

This sole focus on consumer healthcare allows us to make clear choices in developing superior innovation, leveraging the world class trusted science that we bring from GSK, and linking that with deep human and consumer understanding, providing a competitive advantage.

North America business review

We are one of the largest consumer healthcare players in the region with sales of £3.5 billion. This represents 37% of the business' revenue.

The business is supported by a strong regional manufacturing network and our dedicated R&D centre in Richmond, Virginia, which enables us to develop superior innovation, grounded in our trusted science DNA.

We have transformed our contract manufacturing network over recent years to meet the demands of the US and Canadian markets. Our supply chain is predominantly locally sourced.

Franck took you through some of the incredible capabilities we have in-house.

With 90% of total North American sales in the US, the largest market for the company, the examples I present will be focused on the US market.

A leader in a c.£37bn market: US

The US represents a £37 billion growth market, and we are the number one or number two player across most of our brands. This provides us with a compelling opportunity to shape and develop these categories, and paves the way to increase access to millions of consumers in the US.

North America 3% 2-year CAGR with net COVID headwind

We delivered a 3% sales CAGR from 2019 to 2021 at constant exchange rates, despite a net COVID drag of around 1 percentage point.

Our Power Brands grew ahead of this with a 6% CAGR, consistently gaining share, and with further strong performance of local strategic brands, such as Emergen-C and Tums.

Our performance was adversely impacted by some supply constraints, mainly in the first half of 2021, which we have worked hard to address and we expect to return to more normal levels in the current year.

These supply challenges did create some margin pressure, which was partly offset by synergy delivery and disciplined resource allocation.

The base of 23.5% gives us a good platform from which to grow and we are confident that we have the right structure in place to continue to deliver margin progression.

Strategy to outperform in North America

As Brian has already outlined, the pillars of Haleon's strategy is to drive sustainable growth. I'd like to take you through what this means in the region.

We'll continue to drive household penetration of our brands, doubling down on segment leading brands and leveraging our human understanding and consumer insights to drive innovation.

We are capitalizing on new and emerging growth opportunities through our superior capabilities in Rx-to-OTC switch driving category growth, and using data and digital to win with consumers.

Finally, through our strong execution, particularly through partnerships with mass retailers, we are winning in the market at driving growth.

Accelerating growth in Oral Health: Sensodyne US

We still have a lot of room to drive penetration, broadening the number of consumers using our brands. Sensodyne is a great example of how we can double down investment in a Power Brand to build meaningful and emotional connections with consumers that ultimately drive growth.

Although Sensodyne has been providing sensitivity relief for over 50 years, there are still unmet consumer needs and our brand strategy is two-pronged:

First, to continue to seek expert dentist and hygienist endorsements; and second, to ensure a robust, science-based innovation pipeline based on our deep human understanding to meet these consumer needs.

Over the past 5 years, we have successfully delivered on consumer's needs by bringing new innovation to the market each year. Each launch has grown household penetration, attracting new consumers, resulting in a 5-year CAGR of around 9%.

Our focused work in Omni-channel has also helped us achieve the leading e-commerce position of toothpaste brands in the market.

Sensodyne continues to be the number one dentist-recommended sensitivity toothpaste brand in the US, consistently outgrowing the wider toothpaste market and recruiting 3 million new consumers from mainstream toothpaste brands to the premium segment.

Accelerating growth in VMS: Emergen-C

Emergen-C is another great example where we leveraged consumer insights on the need for immunity protection and leveraged the immune health platform to offer new formats and win new customers, resulting in a 2-year sales CAGR of 16%.

Driving innovation with local strategic brands: TUMS US

Tums is a great example of how we have used our capabilities around leveraging our deep human understanding to drive penetration and growth with this iconic US local strategic brand via innovation.

Tums is the leading antacid brand in the US for relieving heartburn. It has been on the market for over 90 years and still continues to grow.

Consumer insights uncovered key behaviours and product usage patterns among millennials in the US. Their hectic lifestyles resulted in higher incidence of heartburn and while they were entering the category, they were also looking for more convenient and enjoyable formats.

In 2017 we launched our new chewy platform that quickly became a blockbuster. Consumers fell in love with this new form, recruiting 3.8 million new consumers to the category, and we achieved a three-year CAGR of 31%.

The impact of Chewy Bites was so significant that retailers were asking for custom flavours and packs to be exclusive for their shoppers. We were able to do this for retailers like Target and Walmart. And most TUMS exclusive SKUs have rapidly become among the top 3 selling SKUs in the category.

Our sales and marketing capabilities turned these successful partnerships with retailers into opportunities to improve our execution through that increased visibility.

Portfolio expansion with Rx-to-OTC switch

Coming to the second pillar of our strategy, driving growth through new and emerging opportunities.

8 out of the top 10 OTC products in the US were switched from prescription brands. In the last 8 years, GSK has led the industry with 4 successful switches, as Brian noted earlier. He also mentioned that we have 2 of these switches in the pipeline, and we are very excited about these.

Switches require specialised capabilities to navigate complex regulatory processes, such as managing a new drug application process with the FDA.

As you have heard today, we have the in-house capability to deliver these, providing us with a competitive advantage and the ability to become a partner of choice for future switch opportunities.

Portfolio expansion with Rx-to-OTC switch: Voltaren

Our most recent switch was Voltaren which positively impacted our business and also created an effect across the entire category which could last for years.

In the first calendar year post-switch, we sold approximately 45% more tubes than the prescription brand alone. This illustrates how much more access OTC brands in the US market can have versus an Rx.

And this is just the beginning.

From here we will continue our cycle of continuous innovations to further expand the brand to new households over Voltaren's life cycle. Examples of innovations can be channel packs, new forms, or product features. This does not happen in the Rx environment.

It is a genuine unlock of a significant growth opportunity when over 45% of your consumers are incremental to the category - as was the case with Voltaren.

We not only launched with excellent execution, but we also launched during a global pandemic. There was a tremendous effort to reach consumers by partnering with medical experts and physicians. These efforts resulted in Voltaren becoming the number two brand in the topical pain segment and the number one Healthcare professional recommended topical brand. All in the first year of launch.

Data to elevate consumer experience and win with the Omni-Channel Consumer

We are also focused on using data to elevate the consumer experience and also to win in omni-channel.

We have collected and organised over 60 million consumer data points to establish a solid insight foundation that will unlock creative and execution opportunities to drive growth.

Our recent Advil “After my shot” campaign with US celebrity Anthony Anderson aimed to recruit the ‘passive acceptors’ audience so they would feel confident in their COVID-19 vaccine experience, using Advil as their trusted partner for post-vaccine side effect care.

By leveraging the right data, we were able to tailor content on the basis of where the consumer was on their COVID vaccination journey and personalise it. We saw brand engagement levels growth 3x a Facebook standard benchmark resulting in increased market share for Advil.

We also expanded our consumer presence with the launch of a Direct To Consumer platform for Chapstick, allowing the consumer to not only purchase the flavours they love directly but also be able to personalise them and we have partnered on Amazon direct fulfilment to better service on line orders.

As society evolves, we need to engage shoppers in new and exciting ways. Our e-commerce sales today represent 12% of our total sales in the US and we see opportunity for growth in this key channel.

Over the past two years, we have consolidated our position within the e-commerce segment, doubling our sales in this channel versus where we were pre-COVID.

We’ve obtained leading positions in multiple categories, specifically in Oral Health, the most competitive consumer health category, where we are the number one brand on Amazon.

If we look across our portfolio, our online market share on 70% of key brands is above our offline market share - proof that we are successfully improving the overall consumer experience and meeting consumers where they want to shop.

Strategic partnerships with mass retail to win in categories

Building lasting partnerships and relationships with mass retailers is a key element of our market execution strategy. Through our best in class launch capabilities, we are a partner of choice for many mass retailers, and our state-of-the-art shopper science labs provide insights and breakthrough ideas to co-create and build meaningful campaigns with our partners.

Our category market leadership has enabled higher-level strategic partnerships that have delivered impressive results and led us to win both category captaincy and aisle leadership positions. We have achieved industry leading recognition from the largest customers – competing with companies like P&G, J&J, Bayer and others.

Our scale, market position and strong shopper insight-led capability contributes to aisle leadership. At Walmart, the Advil lead aisle / brand block initiative drove Walmart’s total analgesics sales 1.7 times faster than the market. And moving antacids to the lead aisle at CVS has increased total digestive health aisle sales, with antacids growing 11% and Tums growing 15%.

By bringing the best of our sales teams together, we have created one first-in-class team that is making step changes in our execution capabilities.

Winning in mass retail driven by shopper insights: Walgreens

Let me next share a video that shows how our strong partnership with Walgreens in the US has earned us the vendor and innovator of the year awards.

Video

This work with Walgreens, and all of the key retailers that we work with, will set us up well for the future and support further growth plans.

Demonstrating excellent launch capabilities in market: Advil Dual Action

Advil Dual Action is a great example of how we can deliver flawless execution with our innovation.

Advil Dual Action is a first-to-market new drug to relieve acute pain through the combination of two ingredients. This was the most innovative launch in 25 years for the OTC oral pain relief category, continuing to build on the legacy of Advil.

Our goal was to secure a blockbuster launch on day one – which we achieved.

To maximise the success of the campaign, on day one we shipped over 120,000 cases and 45,000 displays, double the average amount, to approximately 400 retail locations across the US.

For our Expert community, we developed a robust multichannel approach reaching 89% of relevant Healthcare professionals in primary care. Share of Expert recommendations for the total Advil brand reached an all-time high of 17.5% in the third quarter of 2021, up 1.1 points versus a year ago.

This speed to market and surround sound campaign make Advil Dual Action a best-in-class launch.

Running a responsible business, integral to all we do

As Brian shared earlier and as Teri will give more colour on shortly, running a responsible business is integral to what we do and how we do it.

In addition to our environmental sustainability goals, we work closely with our partners to deliver ESG initiatives. For example, we launched a 100% recyclable toothpaste packaging initiative at Walmart in mid-2020; and we are planning a comprehensive Inclusion and Diversity platform programme with Target focusing on wellness for all and featuring many of our brands.

We'll also continue to focus on ensuring that more consumers have access to our exceptional brands, which all serve a real health need.

Haleon: Significant growth region with attractive underlying fundamentals and favourable consumer trends

In conclusion, we have a strong business with amazing potential in North America.

We have strong core capabilities, category leading brands and a strategy to drive growth through: increased penetration, superior innovation, a laser focus on consumer needs and excellent commercial execution.

We have the right people and leadership team to win in this very large and important market. Thank you for your time. I'll now hand over to Keith.

Keith Choy – Head of Asia Pacific

Haleon: Delivering attractive growth in Asia Pacific, and winning with digital in China

Thank you Lisa. I am Keith Choy, Regional Head of Asia Pacific and I joined GSK from Pfizer's consumer health business in 2019, with 28 years commercial experience in consumer-packaged goods and healthcare industries at Wyeth and Gillette. I am very excited to share with you today our plans to continue to deliver attractive growth in Asia Pacific and in particular to elaborate on the significant digital opportunity in China.

Haleon: Asia Pacific, highly attractive growth opportunity

Today, I will take you through why Asia Pacific offers an attractive growth opportunity for Haleon. I will share how our business is strongly positioned to win, given our focused portfolio of exceptional leading brands, in a region where we are market leader, with a track record of outperformance.

Applying our group strategy Brian shared earlier we are well positioned to outperform. Specifically in the region, we are accelerating growth in oral health and VMS, leveraging leadership in pain relief and with our local brands combined with innovation to drive household penetration.

Channel expansion will allow us to capture new and emerging growth opportunities, through ecommerce and data, particularly in China. Finally, we are confident that our continued focus on delivering strong execution and commercial excellence will sustain market outperformance.

Asia Pacific: a diverse region with significant growth

Asia Pacific is a highly attractive region with the world's largest population and provides significant headroom for future growth. This is a key reason why, through the Pfizer transaction, we built up a strong market position, and with positive market fundamentals, we will continue to build on this to sustain growth.

Asia Pacific business overview

Our region operates across five business units serving 22 markets with 40% of sales from well-established markets such as Japan, and Australia and high exposure at 60% of sales to rapidly growing emerging markets including China, India and South East Asia. This sets us up well to sustain future attractive growth.

Our markets delivered £2.1 billion of sales in 2021, 22 per cent of Haleon revenue.

We have a strong regional network supply ecosystem, with about 80% of our business supplied within our region.

A leader in a c.£56bn high growth market: APAC

We are well positioned in the £56 billion Asia Pacific market and the leader in Pain relief, VMS & key brands. Our portfolio of category leading brands, comprising the combination of

international power brands as well as local brands, are well positioned across geographies with significant headroom for growth. Notably in the last 5 years we have gained share in the region each year.

Well placed for growth; particularly in key markets of China and India

Strong positions in our key growth markets of China and India are a great demonstration of why we are well placed for the future. Both markets have grown double digits annually on average over the past 3 years with attractive fundamentals for future growth.

Both markets are also supported by broad local capabilities and expertise, such as our dedicated R&D Centre of Excellence in Suzhou, enabling us to respond with agility to rapidly evolving consumer needs.

In both markets, our combination of global power brands, and local brands with excellent market positions and a high distribution reach through our diversified route to market model, ensure that we are well placed for future growth.

APAC 8.2% CAGR with margin expansion

We have delivered accelerating sales growth, with a CAGR of 8.2% from 2019. In 2021, more than three quarters was driven by volume, reinforcing confidence in ongoing growth. Importantly, this growth has been driven across the portfolio, benefiting from targeted A&P with strategic brands focus. The adverse impact of COVID on cold and flu was more than offset by VMS growth.

Finally, as you can see, the 2021 margin is healthy and the expansion over the past 3 years reflects cost control, right sizing the structure and supply chain rationalisation.

This financial performance sets us up well for continued success.

Strategy to outperform in Asia Pacific

You've already heard about our exceptional brands and competitive capabilities, and I'd like to share now how the strategy is applied in practice to drive regional outperformance.

I will share how we apply the group strategy in the market, and the deliberate choices for our region. Let me start with an example of driving household penetration, to accelerate growth of Oral Health in India.

Accelerate growth in Oral Health: Sensodyne India

We have consistently delivered growth in India with Sensodyne through targeted investment to drive penetration. We have doubled penetration and doubled market share, through targeted spend on locally relevant consumer education on sensitivity, effective expert & shopper engagement and needs-based innovation.

With a high level of urbanization in India and a strong oral health portfolio from which we can leverage other brands, we are well placed for continued significant growth in the future.

Continued share leadership in Pain Relief: Panadol Australia

Turning to Australia and another power brand with Panadol, we have continued to drive market share growth in Pain Relief, solidifying our leadership position in pain. In particular, leveraging our trusted and leading brand credentials, and by driving relevance and awareness with consumers, pharmacists and doctors.

A good example of recent strength as a trusted leader in Pain Relief was when Panadol Australia took the lead in post-COVID vaccination care. Launching a campaign and activating a best in class sampling program, we reached around 80% of General Practitioners and over 90% of pharmacists in the market. Truly leveraging the competitive strength in advocacy by Healthcare professionals, and building strong relationships for future brand and portfolio initiatives.

At the same time, we drove consumer engagement with the Panadol Care campaign, using culturally relevant communication, which achieved an uplift in brand association of 20% and a 16% increase in purchase intent, and strengthening brand equity for the longer term for this longstanding, leading and trusted brand.

Extend leadership of local brands: Caltrate China, Total Mobility Solution

We are also delivering increased household penetration through intensifying the leadership of our local strategic brands. For the key China market, where calcium deficiency is high at 97%, we are positioned to grow our leading local brand Caltrate, by extending the brand to a “Total Mobility Solution” for the Chinese consumer. By doing this we will solidify our leadership in Calcium while expanding into joint health, given the high penetration headroom.

Furthermore, we have recruited new consumers for Caltrate emotionally, through our award winning campaign, featuring the inner strength and dignity of the Chinese woman, with the local insight “Guqi”, which contributed to strong brand growth, as well as e-commerce growth triple that of the market.

Leveraging our trusted science innovations, such as the best-selling gender specific calcium supplement, Caltrate designed for Men and Women, we are addressing our human understanding of the consumer’s need for mass personalisation.

Extend leadership of local brands: Eno India, Rural Markets

Moving back to India, Eno is another great example of extending local brand leadership, and the brand continues to outperform, particularly in the antacid category. Eno is the number one antacid brand in its category in India with nearly 50% market share, however, it is used to treat only 5 out of 10 of total acidity occasions, so still significant headroom for further growth.

Through targeted investment, we are expanding brand penetration reach in rural areas, through culturally relevant & targeted communication. Current volume share in these markets is 37%, up 280 basis points versus 2019, with the brand also backed by our trusted science credentials – “Eno gets to work in 6 seconds”.

Category-driving innovation: Centrum

Finally, innovation leveraging our human understanding and trusted science competitive advantage is also driving penetration. With increasing consumer demand of proactive health self-care, Centrum innovation such as specialized formulas for 50+ men & women, are addressing personalization and premiumisation.

The brand is also entering new adjacencies and expanding into key Wellness growth areas associated with mind, immunity and digestive health.

All of this in practice, leading to high incremental sales growth for Centrum and given category fundamentals and consumers’ healthcare increasing demand, more headroom for growth.

Channel expansion through e-commerce and data-driven consumer connectivity in China

We also see significant opportunity via channel expansion through e-commerce and data driven increased consumer connectivity. In China our focus is Digital, Digital, and Digital.

E-commerce in China is booming, and e-commerce now contributes 20% of China net sales and is still growing rapidly, with our growth around 41% year-on-year, double the market rate.

To capitalise on these digital trends, we have developed strategic collaborations with key e-retailers. For example, with Alibaba, our Digital Captaincy status in VMS category enables access to more data in this category, better informing consumer-insights driven marketing campaigns and commercial activities.

We are proactive about emerging channels, adapting with agility. In China for example we quickly captured growth opportunity in the emerging online-to-offline (O2O) services market, established a dedicated O2O team to collaborate and act quickly in the market. O2O services platforms enable a seamless digital purchase experience for consumers that they can find product information and order medicines through the platforms, and have this delivered typically within 30 minutes. We developed a leading O2O market position in a number of our OTC and VMS categories, forming strategic collaborations with leading O2O platforms, such as Meituan and Eleme as part of the Alibaba group.

Alongside strong positions on established e-commerce platforms such as Taobao, we are also actively expanding into social commerce on popular social engagement platforms, such as Douyin. We recently set up stores for several of our brands on Douyin's platform, so consumers can immediately purchase products on this platform and engage with the brand, through content and livestreaming.

Our digital output has two key end users, the consumers and the Healthcare professionals recommending our products. Using data and analytics as well as proprietary engagement platforms, we effectively and efficiently reach and convert end users through optimised content.

Delivering integrated digital campaigns in China

Let me add more colour on our digital capabilities with a few examples in the market. Supporting consumers in healthcare management through innovative digital campaigns such as the Sensodyne Tiktok challenge, reaching over 88 million people; the Centrum/Taobao partnership, driving 44% of new user growth, and our collaboration with the leading social sports platform KEEP, supported the 13% consumption growth of Voltaren. Here's a video showing how we bring it all together.

Video

Commercial execution in the market to drive outperformance

Now let's turn to commercial excellence, which is another key driver for growth.

Our focus is Winning with customers, physically, digitally and an increasingly Omnichannel world. We achieve this by maximising net revenue management, by providing excellent customer management, by executing perfectly in store, and by maximising shopper reach, with our go to market strategies.

Starting with Net Revenue management, this remains a priority, through pricing, mix, promotional and trade spend management. In 2021, net revenue management levers contributed a couple of percent to the region's growth, with the largest component of this last year pricing taken to offset the recent material cost increases and consistent with peer action across the markets.

With Customer Management we partner to improve the shopping experience – benefitting us, the retailer and the shopper. In SEA and Taiwan, we grew share in 90% of the business with key accounts through improved shopper understanding and improved effectiveness. Our continued investment in AI tools and advanced technologies, such as our Shopper Science Lab and eye tracking, inform our commercial practices to improve the experience of retailers and consumers.

Retail execution is paramount. Our Orange store is an initiative where we define what success looks like on shelf and then measure our execution against that, looking at key metrics such as Share of Shelf, Key Assortment and Placement of Shelf compliance. In Japan as an example, this significantly improved our planogram compliance to 94% on Oral Care, enabled by image recognition technology.

Finally, our Go to Market strategy ensures we reach as many shoppers as we can in the most efficient and effective way, by covering the right stores at the right time, and adapting as routes to market evolve, like O2O channel in China.

All of these initiatives are building strong capabilities both now and for the future.

Running a responsible business, integral to all we do

We are committed to running a responsible business, across all areas of our business. As you can see on the slide, this covers a range of important environmental matters and some examples are shown here. We have strong ambitions to do more, as Teri will talk about later.

Haleon: Asia Pacific, highly attractive growth opportunity

In summary, Asia Pacific is a highly attractive region with high opportunity for future growth. We are confident that our portfolio of exceptional power and local strategic brands, combined with our market leadership, positions us to outperform. We have a clear strategy in the region to drive penetration, capture growth from new and emerging opportunities through excellent execution from our talented team.

With that I will hand over to Filippo. Thank you.

Filippo Lanzi – Head of EMEA and LatAm

Haleon: Delivering attractive growth in EMEA & LATAM and leveraging leadership in Pharmacy

Thank you Keith. I'm Filippo Lanzi and I am the head of EMEA and LATAM. I'm originally from Italy but I have lived and worked in many countries around the world in both the FMCG and Consumer Healthcare industries, working at Novartis, J&J and Nestle. I joined the company in 2015 and, since then, have worked in multiple roles both in Europe and Asia.

I am excited to set out today how we intend to build on our leadership position in EMEA and LATAM and execute on the compelling opportunities for growth.

Haleon: Leader in EMEA & LATAM, a region with compelling opportunities for growth

This region offers an attractive and balanced growth profile of both developed and emerging markets, where we are positioned to outperform, based on our strategy of driving household penetration, unlocking new and emerging opportunities and strong commercial execution.

In particular, our leading position in Pharmacy is a competitive advantage, helping us to drive excellent execution in the market.

EMEA & LATAM: Scale, diversity and opportunity

EMEA LATAM, is about scale, diversity and opportunity.

The Region is home to 44% of the world's population, and presents Haleon with significant growth opportunities across this diverse range of markets.

EMEA & LATAM business overview

We serve about 150 markets and we represent 41% of the business's revenue, around £3.9 billion.

44% of sales come from emerging markets like Middle East and Africa and Latin America and 56% from developed markets, such as the UK and Germany.

Our sales are well balanced across our categories, with Oral health being the largest, representing 34% of sales, followed by Pain relief, representing 28% of sales.

We have a fully integrated business with 13 factories and we are organised into 7 business units. 3 of these are in developed markets and 4 in Emerging market, and I will lean into the example of maximizing the potential of Emerging Markets later.

Given the time constraints today, much of the presentation for Emerging Markets will be focused on the Middle East and Africa, with more limited detail on LatAm.

A leader in a c.£56bn growing market: EMEA & LATAM

We are well positioned in the £56 billion addressable market for EMEA LATAM and the leader in Pain relief and Respiratory health, with strong positions in oral health and VMS.

Importantly, we have category leading brands in Sensodyne, Polident, Centrum, Voltaren and Otrivin. We are well positioned to build on this industry leading portfolio and generate future growth.

EMEA & LATAM 3.9% 2-yr CAGR with consistent margin expansion

Over the past 2 years, we have generated a sales CAGR of 3.9% at constant exchange rates, despite a net COVID drag of around one percentage point.

We have leveraged meaningful net revenue initiatives across our markets to manage net prices and improve mix.

Since 2019, we have driven nearly 600 basis points of margin expansion across the region, reaching 24.8% Adjusted Operating margin in 2021. We have delivered these benefits to the margin through Pfizer synergy delivery, supply chain rationalisation and disciplined resource allocation.

We have now a solid base and the margin structure to sustain our top line growth.

Strategy to outperform in EMEA & LATAM

Our strategy to outperform is structured around 3 main priorities.

Firstly, we will continue to expand Therapeutic Oral Health and increase relevance of OTC brands to drive household penetration.

Secondly, we will leverage New and emerging opportunities by unlocking VMS growth and maximising the full potential of Emerging Markets.

And third, we will deliver excellent commercial execution, leveraging our leadership in pharmacy and expanding rapidly in e-commerce.

All of this underpinned by our winning culture and by operating as a responsible business.

Leading in Therapeutic Oral Health, driving category growth in EMEA & LATAM

The first example of how we drive successful household penetration is with our leading position in therapeutic oral health.

Toothpaste accounts for around half of the oral Healthcare category and the £5.1 billion toothpaste market is 70% mainstream and 30% therapeutic, with the latter growing around 6 times faster.

We are well positioned, having 2 of the top 5 toothpaste brands in our portfolio, but beyond this, a key competitive advantage is to have 81% of our portfolio in the fast-growing therapeutic segment, with Sensodyne being the leading brand with 60% market share of this segment, and driving about three quarters of its growth.

Expanding the Therapeutic Oral Health segment with Sensodyne

Sensodyne has delivered a 9% sales CAGR over the last 11 years, with further significant headroom to grow, as nearly 1 in 3 suffers from tooth sensitivity, but only 1 in 3 people in this group treat with a sensitivity toothpaste.

Over time, we have developed a proven approach to drive growth and penetration, with our insights into consumer needs being at the centre of the strategy.

Building awareness of the condition of sensitive teeth is a key component of this and we engage with both consumers and Dentists, leveraging our expert network and brand innovation capabilities to offer specialist solutions to satisfy different need states.

This powerful model has driven our share as high as 30% in some markets and we see significant scope for share gains across the region.

Increasing relevance of our Pain Relief brands

A second key example of driving household penetration is in Pain Relief.

The Pain Relief category is large and growing. This is no surprise as pain affects almost everybody, with more than 90% of adults experiencing pain in a given year and more than 70% suffering from Muscle & Joint pain.

Beyond the incidence, at the need-state level frequency of sufferance is also very high for certain consumers, with one in three for instance suffering back pain every week, and one in five suffering weekly headaches.

Here, we are well positioned with our leading power brands, Voltaren and Panadol, to help address the significant unmet needs of consumers, delivering a top line of more than £1 billion.

Voltaren is the number one brand in the total OTC market in EMEA LATAM Region and leads the topical pain relief category with a 30% share, while Panadol is the number two brand in the systemic pain relief category.

Driving growth across demographics and need states with Voltaren

Looking at Voltaren in more detail, it has been growing at around 5 per cent CAGR over the past 6 years, and still, similarly to Sensodyne, we see significant potential to drive growth.

Our approach is to target demographic and need states to drive uptake and penetration.

Currently, Voltaren is used in 1 out of 5 occasions of back, neck and muscle pain, and by only 1 out of 5 consumers aged between 45 to 70.

Driving penetration and growth starts by building our distinctiveness, through solution consideration, supported by scientific innovation, expert advocacy and strong point of sale activation to help shoppers navigate the category.

Focusing on our R&D capabilities, we seek to deliver specialist and safe products for the different manifestations of pain.

Here for example, you can see a specific easy opening solution for osteo-arthritis sufferers, and with the additional advantages of a unique formulation that delivers benefit at the point of pain for a certain duration of time.

You also see here VoltaNatura, a recent launch which taps into the 'Naturals' consumer trend.

Strong position in VMS with global and local brands

Moving onto the second pillar of our strategy, here I will cover our new and emerging opportunities, beginning with VMS. In this large and growing category we have a big opportunity thanks to the recent Pfizer integration.

While we are number three overall our global brand Centrum is already the number one VMS brand in the region, and we also have very strong local strategic brands with leadership positions in key markets.

Unlocking VMS growth by leveraging scale and innovation

Our strategy is to unlock VMS growth by leveraging scale and innovation across markets.

Since we integrated the Pfizer portfolio, we have been growing Centrum at an 18% sales CAGR, ahead of the market.

One key growth opportunity is based on leveraging the scale of our footprint, both in terms of the number of countries we can activate the brand in, but also the distribution reach we can give to this franchise.

The other growth lever is based on extending the brand across different need states and formats. For example, we are entering the immunity segment and geo-expansion of our gummies format.

Maximise the full potential of our Emerging Markets presence

Let me now move to the geographic dimension of the second pillar of the strategy, which is about capitalising on the potential in Emerging Markets, where we have further room to grow our business.

4 out of the 7 region's Business Units are focused on Emerging markets, and we have set up extensive supply networks.

From a portfolio point of view, we are strongly positioned to win.

Firstly, 70% of our sales come from the power brands, where we have proven models and scale advantage; and secondly, we also have local strategic brands with leading positions. For example, GrandPa, a Pain Relief brand, in South Africa is the number one OTC brand, and Eno is the number one antacid brand in Brazil.

MEA: Capitalising on leadership and potential

Now let's take a closer look at one of these four Business Units, which is Middle East and Africa, which has been consistently delivering double digit growth over the past two years, with sales of around £700 million in 2021.

We have more than 80% weighted distribution coverage in MEA and we are operating across different channels, growing twice the market.

Leading positions and proven capabilities to leverage MEA portfolio

Diving deeper into MEA, we already have leading positions in the categories we operate in.

We are number one in Pain Relief and Respiratory Health, and number two in Oral Health and VMS.

To give you a sense of the growth opportunity we still have 50% of our net sales driven by two brands: Panadol and Sensodyne.

Reflecting our strong market positions, we are well placed to both leverage our portfolio and execute strategic initiatives to generate further growth through expanding our brand offering, which is driving growth of Centrum, and through supply chain and go-to-market strategies.

Strong route-to-market and commercial excellence across all channels

Now let's move to the third strategic priority in EMEA LATAM to drive sustainable growth which is about excelling in commercial and digital execution across all channels.

This is a topic which is close to my heart, and excelling in this requires relentless focus on being brilliant at the basics on one side, but also constantly looking for ways to evolve how we do things on the other.

We hold the number one position in Pharmacy which accounts for 60% of sales in the region and which I'll cover separately.

The mass market is very important and accounts for 35% of sales and here we have very strong reach, with a more than 80% weighted distribution.

Now, e-commerce is a relatively smaller proportion of the region's sales, but is growing at around 30% per year, and its contribution to the overall sales mix in the region varies from 1% to 14%, given the variety of regulatory environments and digital maturity across the countries.

We are number one in digital OTC in Russia and in the UK we have more than 25 per cent market share, growing ahead of the UK market.

In line with our strategy to win in e-commerce, we have been investing in capabilities across all 7 business units, and we have been supplementing this by our Digital Accelerator Hub,

which leverages know-how from third parties and accelerates the scaling of learning from different use cases.

Before talking through Pharmacy in more detail, let me share a short video to show you some of our shopper capabilities, which we apply across channels.

Video

Leading in Pharmacy through continuous focus on commercial excellence

Expanding on our performance in Pharmacy, we are around one and a half times the size of our nearest rival in OTC in this channel.

We have a number of important competitive strengths here. These include a dedicated sales force at scale, with digitally enabled account management and in-store execution capabilities.

This is key to manage and generate demand by maximizing the point of sale potential and by improving shoppers' experience.

Additionally, a core element of our integrated pharmacy strategy is distinctive expert engagement.

Here, the purpose is to help Healthcare professionals to best serve their own customers, through deep understanding of the distinctive science behind our products and their effectiveness in meeting specific patient needs.

Healthcare professionals are engaged face to face through our dedicated field forces, but also leveraging digital solutions like our proprietary Health Partner portal and webinars.

Running a responsible business, integral to all we do

As in the other regions, we know that running a responsible business is integral to all we do.

Here you can see a number of our important initiatives to reduce carbon and CO2 emissions as well as water consumption in our sites across the region.

In addition, we are innovating to create more sustainable products based on renewable materials, such as the first carbon neutral toothbrush in Germany.

You are going to hear a lot more about Haleon's ESG initiatives from my colleague Teri.

Haleon: Leader in EMEA & LATAM, a region with compelling opportunities for growth

In summary, Haleon is the leader in the EMEA LATAM region, with an attractive and balanced growth profile across the diverse markets in which we operate.

We have clear competitive strengths and we are well positioned to execute on the strategy I have outlined today.

Personally, I am excited and confident about our prospects as we drive our business forward from the strong base that we have built up over a number of years.

We have the portfolio, the people and the passion to deliver.

With that, we will now pause for a break before Teri. We will see you again in 15 minutes. Thank you.

Teri Lyng – Head of Sustainability

Haleon: Running a responsible business; integral to all we do

Welcome back.

Hello, my name is Teri Lyng and I am Head of Sustainability. Prior to this role I was the Head of Quality for GSK Consumer Healthcare. I have over 30 years' experience in pharmaceutical and healthcare companies, with over a decade in Consumer Healthcare in companies such as Wyeth, Merck, and Novartis.

As Brian has already discussed, our purpose is to deliver better everyday health with humanity. I am going to take you through our ESG strategy, how it aligns with our purpose, and why being a responsible business is truly integral to all we do.

Haleon: Our purpose and brands position us to have positive impact

The health of the world socially and environmentally directly affects the health of the people.

Therefore, the focus of our ESG strategy is to play a positive role in tackling the environmental issues and social barriers to better everyday health. People can't truly enjoy better everyday health if their living environment is unhealthy, or they are living in a social environment with exclusion or bias.

Our purpose and brands bring distinct and meaningful solutions to everyday health, meaning that we are strongly placed to have a positive impact.

Our science heritage and extensive quality and compliance experience give us an environmentally strong foundation, and we also have a relatively small carbon and plastic footprint.

We are well positioned to make a difference in health inclusivity.

Supporting colleagues and communities' health and wellbeing is a clear focus for us, and this includes ambitious targets for Inclusion, Equity and Diversity.

All while being committed to building strong corporate governance.

Our purpose: To deliver better everyday health with humanity

Brian has already spoken on our purpose, and this puts us in a strong position to have a positive impact in relation to ESG.

Our brands position us to have positive impact

The impact our brands have on the environment and in society matters. Consumers are expecting brands to take action on issues they care about, and we have a powerful portfolio of exceptional brands that deliver better everyday health.

Structurally advantaged environmental footprint

As Brian shared earlier, when compared to our HPC global peers, we have a structurally advantaged position, and our environmental footprint is lower on key carbon metrics for both footprint and intensity. And, we have a far lower plastic packaging footprint as well.

This means that we can have a dual focus: continue to mitigate any environmental impact of our operations, and focus on positive impacts and opportunities. Our portfolio is made of precisely dosed, small sized, premium products, bought and used over an extended period of time.

We are less exposed to agricultural ingredients, so our products have a relatively low resource intensity compared with peers. As a result, we have potentially lower financial exposure to carbon taxation, plastic regulations or taxation, and energy costs.

Tackling environmental issues impacting everyday health

Given our experience in a highly regulated industry and our strong trust foundations, we have been taking action to protect the environment for many years. This slide illustrates some examples of progress being made across our five priority areas.

Firstly, we have reduced carbon use by installing solar power at 12 out of our 24 manufacturing sites and in 2022 we will reach 100% renewable electricity across our operations.

Secondly, we have improved the sustainability of our packaging. In 2021, we launched 40 million recycle-ready toothpaste tubes in Europe, this was part of our ambition to make over a billion toothpaste tubes recyclable by 2025. We have increased circularity of our packaging and our key Oral Health brands in Europe are now in recycled board cartons, with around 80% cartons having recycled fibre content. We are also committed to reducing the virgin petroleum-based plastic used in our packaging.

Thirdly, we are focused on trusted Ingredients, sustainably sourced. Currently, 80% of glycerine, our most material palm oil derivative, is RSPO certified. We have also introduced a Trust Index across all our ingredients.

Our final two priority areas concern operational waste and water usage at our sites. All our sites are now Zero to Waste Landfill and are improving waste circularity.

In Oak Hill New York, toothpaste waste is being recycled into cement mix, and in Suzhou China, product waste is being recycled into lime ash to make building bricks.

At our manufacturing sites in water-stressed basins, we have reduced our water usage by 29% since 2016, including our site in Cape Town, where we reduced municipal water use by over 50%, and expect to achieve water neutrality by the end of this year.

Our Environmental Commitments

While our environmental footprint is modest compared to peers, we are taking meaningful steps to mitigate our operating environmental impact.

On carbon we are firmly committed to continuing to reduce our footprint. We aim to reduce our net Scope 1 & 2 carbon by 100%, and our Scope 3 carbon from source to sale by 42% by 2030. Both of these are aligned with the 1.5 degree pathway set out by the Science Based Targets initiative. As a standalone company we will set a longer-term, 2040 Carbon Net Zero goal, informed by the latest SBTi guidance.

Secondly, on packaging we will reduce virgin petroleum-based plastic by one third by 2030, with a 10% reduction by 2025. We will also develop solutions for all product packaging to be recyclable or reusable by 2030. As we cannot achieve these targets alone, we will work with partners to globally, and locally, collect, sort, and recycle Consumer Healthcare packaging at scale by 2030.

And thirdly, to ensure we use trusted ingredients that are sustainably sourced, all of our agricultural, forest, and marine derived materials will be sustainably sourced and deforestation free by 2030, ensuring ingredients in our products consistently have a strong trust profile.

Embedding environmental sustainability across our business

I'd like to share a few examples of our sustainability initiatives in our markets.

For German consumers, plastic waste is a key concern, and the share of eco-active shoppers is continuously growing, particularly among the younger demographic. At Dr. Best, we introduced a bamboo toothbrush and plastic free packaging addressing this, and capitalising on Dr. Best's reputation of scientific expertise and product performance.

Our VoltaNatura innovation incorporated trusted natural ingredients, to appeal to consumers looking for alternative pain therapies, broadening our consumer reach.

As part of the Pulpex consortium with Diageo, Unilever, and PepsiCo we are exploring a first-of-its-kind pulp packaging solution. The scalable paper bottle is 100% PET-free, made from sustainably sourced pulp, meets food safety standards, and will be recyclable in standard paper waste streams.

Turning to our supply chain and retail partners. We are proud to be participating in Action for Sustainability Derivatives, an industry-led collaboration aimed at achieving responsible production and sourcing of palm oil derivatives.

Our sustainability commitments are also driving strong engagement with our retail partners.

Tackling inclusivity barriers standing in the way of everyday health

Everyday health is directly impacted by social exclusion. For example, people with disabilities are more than twice as likely to report finding healthcare provider skills inadequate, and nearly three times more likely to report being denied care.

People experiencing discrimination are 2 to 3 times less trusting of healthcare workers and systems, they delay seeking healthcare, and are less likely to follow medical recommendations.

Educating and empowering people to take more active self care, can relieve some of the burden on over stretched healthcare systems, by equipping people to manage self-treatable conditions themselves, and encouraging more preventive care.

In our recent study, 8 out of 10 people agreed managing their health is their own responsibility, but only 2 out of 10 felt very confident in doing so. When people are more engaged in self care, they spend more on healthcare products and services, with a US IRI study in January 2022 showing that those most proactive consumers spend 12.5% more than the average on GSK Consumer Healthcare products.

Our health inclusivity commitments

As a world leading consumer healthcare company, we want to help overcome the social barriers that continue to put better everyday health out of reach for too many of the world's citizens.

We aim to empower millions of people a year, to be more included in opportunities for better everyday health – we plan to reach 50 million people a year by 2025.

We will do this: through thought leadership, to better understand the drivers of health inclusivity, and inform actions on our own; and in partnerships, on programmes and policy to improve health inclusivity.

We will do this: through educating and empowering self care, delivering health literacy and educational programmes directly to individuals; and to Healthcare professionals, to help people understand how to look after their everyday health, and feel confident in doing so.

And, we will do this through: our brands, providing inclusive products, services, and resources that help more people to access the care and support they need; and purpose into action programmes which tackle specific barriers to better everyday health.

Shaping policies, attitudes and beliefs: Inclusivity Health Index with The Economist Group

As part of thought leadership work on inclusivity, we are partnering with the Economist Intelligence Unit and leading academics at University College London, to create the Health Inclusivity Index, which will launch July 2022.

It is intended to facilitate meaningful dialogue with key stakeholder groups, who share an interest in improving health inclusivity, particularly policymakers, healthcare providers, external experts, and investors, as well as the media, consumers and customers.

It will be supported by an interactive hub, through which users will be able to engage with the findings and analysis. The results will provide insights to inform our own actions and to help identify opportunities for partnerships and wider coalitions of action in the medium to longer term to measurably improve health inclusivity.

Educating and empowering people to take better self care

To educate and empower people to take better self care, we are providing trusted, expert information to consumers and Healthcare professionals. With consumers, our products and brand experiences make it easier to take active control of health, to adopt better health behaviours, and importantly sustain them.

We work with dentists, doctors, and pharmacists, to support consumers with everyday health needs, providing tools and insights for trusted advice, raising condition awareness, and increasing knowledge for patients.

We also work with our retailers. With Tesco, and the Aquafresh Shine Bright programme, we educated children in schools, and in store, on improved oral health habits, driving a 20% sales uplift, ahead of the children's oral health category.

We continue to champion the importance of self care and as a leading member of the Global Self-Care Federation we supported the development of the Self-Care Readiness Index in collaboration with the WHO.

Leveraging our brands: To have a positive impact on everyday health: Otrivin

Let's talk about leveraging our brands to have a positive impact on everyday health and Otrivin. Its purpose goes beyond fulfilling a seasonal need to unblock one's nose. We want to make sure that we are educating people, to understand the health impacts of impure air and air pollution, and talk about clean breathing - this goes beyond the seasonal need to unblock your nose, and in tandem creates a business opportunity.

We have created programmes to raise awareness that air pollution affects almost everyone, such as the Air bubble that was seen at COP26. We have developed expert programmes, to help pharmacists give easy-to-adopt advice, which includes regular use of Otrivin Breathe Clean, amplified by our partnership with Walgreens Boots Alliance.

We are planning category creation pilots, with retailers in key markets, to drive trial and repeat, tailored to local needs, such as traffic pollution in the UK, or dust in India.

In the UK, the Otrivin Actions to Breathe Cleaner (ABC) school programme, started in Nov 2021, educating on pollution, and working to mitigate this across 27 schools participating, and over 1,000 children. A global rollout is planned for 2022.

Leveraging brands to have a positive impact: Fighting for a flu safe world

Moving on to Theraflu. Its clear purpose is fighting for a flu safe world. But what if you don't have the resources to recover. We want to make sure that we are educating people to understand what it means to live in a flu-safe world. It's impossible to have a flu-safe world if people continue to work while sick.

We have partnered with the Good+ Foundation to create the "Rest & Recover" fund – a \$150,000 fund, to provide 1,000 one-time Rest Pay micro-grants, to support people battling the financial and logistical challenges of taking a day to rest and recover, when faced with unexpected mild illness.

We have launched an awareness campaign, to amplify the 'recovery' message, whilst driving awareness of the Theraflu mission. This has resulted in a 17% increase in Theraflu brand favourability since the campaign launch, and a 7% increase in likelihood for consumers to recommend Theraflu.

Committed to positively contributing to society

We are committed to contributing positively to society, through our strategic social impact partnerships and the work we do to support our colleagues and the communities we source from.

Examples include our partnerships with Smile Train and Forum for the Future. As part of our partnership, Forum for the Future, and other partners including Walgreens Boots Alliance, published a special report at the 2021 Climate Week NYC on the inherent link between planetary health and human health.

The report includes a call to action for businesses, with detailed steps they can take to reduce their own impacts on climate change.

Within our supply chain, we are committed to responsible sourcing and supply chain transparency. Our suppliers must comply with all laws and regulations, as well as adopt our anti-bribery and corruption, and human rights principles.

We have joined Manufacture 2030, a platform to drive consistency and transparency of supplier sustainability reporting.

Collaborations such as Energize, increase access to renewable energy for suppliers in the pharmaceutical sector.

We are a member of multiple supplier diversity advocacy organisations, such as WEConnect, leveraging insights and resources to inform the design, effectiveness and performance of our supplier diversity programmes.

Focusing on our people, we are building on GSK's current I&D goals, of at least 45% female representation in senior roles by 2025, and at least 30% and 18% ethnically diverse leaders in our VP and above roles by 2025, in the US and UK respectively.

Leveraging these strong foundations to create a truly differentiated and best in class Inclusion, Equity and Diversity approach in Haleon. We expect to provide an update on these targets in due course.

We are committed to equitable and fair pay across the business, and as a UK business, we will measure and report our progress transparently on Gender Pay Gap.

Committed to building strong corporate governance

We are also building strong corporate governance, to monitor and control, as outlined by Brian earlier. With the announcement of Sir Dave Lewis, as Chairman Designate, and further board and committee appointments underway, you can expect to see transparent reporting and disclosure from us in the future, as well as adherence to a robust code of conduct, and risk management.

Our Business Performance and Responsible Business Scorecards are part of regular performance monitoring, at the group level, and for our 14 business units. As Brian also shared earlier, doing the right thing is fully embedded in our culture.

Haleon: Our purpose and brands position us to have positive impact

We have ambitious environmental and social goals, intrinsically linked to our purpose, to deliver better everyday health with humanity.

This purpose is embedded in our operational practices and processes, at all levels, and we have a strong and structurally advantaged environmental foundation to make a difference.

We are strongly placed to have a positive impact, given our purpose and brands, and have a compelling opportunity to make a difference in health inclusivity.

We are setting ambitious targets for Inclusion, Equity and Diversity, all while being committed to building strong corporate governance.

With that I would now like to hand over to Tobias.

Tobias Hestler – CFO Designate of Haleon

Haleon: Committed to delivering attractive and sustainable growth, maximising shareholder value

Thank you Teri.

I am sure that by now you have been able to get a sense of the group's strengths, and why we are excited about the future.

I'm Tobias Hestler, CFO Designate of Haleon and I have over 20 years' experience as a finance professional and CFO, in both healthcare and consumer industries. I joined GSK from Novartis and have been working closely with Brian for a number of years to shape our business.

I am going to take you through our financials and share how the significant change agenda that we have driven over the last few years supports our confidence, in both medium-term outlook and continued market outperformance.

Haleon: strongly positioned for growth

Over the past few years, we have built a company strongly positioned for growth.

We have reshaped our portfolio through an extensive rationalisation programme and completed the Pfizer integration to plan.

We optimised our operating model, strengthening our go to market capabilities and delivered significant efficiencies in a sustainable way, whilst at the same time continuing to invest in our business and brands for the future.

The results of our strategy and execution to date can be seen in our strong financial results.

In the medium term, we expect to deliver organic annual sales growth of 4 to 6%, and sustainable moderate operating margin expansion at constant currency. I'll go into these in more detail shortly.

All references to forward-looking statements throughout this presentation are provided at CER.

Finally, you have already seen our priorities for disciplined capital allocation, which will support delivering strong shareholder returns in the coming years.

Portfolio reshaped, well positioned for growth

Our portfolio has been significantly reshaped since 2015, through a deliberate strategy to build a consumer healthcare company, solely focused on the attractive and relevant consumer healthcare sector.

Through our two joint ventures and a targeted divestment program, we have significantly increased scale, while also increasing the share of our business in higher growth categories, markets and channels.

For example, we have focused on Power Brands which have higher growth rates than the overall group, which are now just under 60% of our revenues compared with 44% in 2015, and which will be a key driver of growth in years to come.

We have built a leadership position in VMS, now 16% of our revenues, which has a higher growth rate than the other categories.

We have strengthened our position in key geographies. We are now the market leader in the US and significantly strengthened our position in China. These 2 markets now account for over 40% of our revenue, providing a strong route to market platform in key markets for future growth.

Finally, our e-commerce business is now 8% of revenue and has doubled over the last 2 years.

Delivery of this strategy has fundamentally reshaped our portfolio over this time, and has positioned us well to continue to deliver above-market growth.

Optimised operating model, lean cost base and capabilities improved

Beyond the reshaping of our portfolio.

We have made significant improvements to our footprint and operating model.

We have delivered a sustainable increase in our margin to support reinvestment for growth.

And we have continued to invest in brands, capabilities and tools.

Let me take you through some of this to give you a sense on what we have achieved.

Firstly, we have optimized our footprint, reducing the number of manufacturing, distribution and R&D sites, to right size our business and provide room for future growth.

Secondly, we have significantly improved the efficiency and effectiveness of our A&P spend: we doubled digital media spend over the last 2 years and as you have heard today, this is now more targeted on driving growth and return on investment.

And as a result, in the US and China, most of our A&P spend is now digital with more to come in other markets.

We also rebalanced our spend behind our Power Brands to drive future growth from our biggest opportunities, and increased consumer-facing A&P with a strong return on investment from data driven media spend.

Finally, we transformed our operating model and upscaled our capabilities to support stronger execution.

We empowered our local markets to innovate, increasing our agility to adapt to changing consumer healthcare needs.

We invested in data and tools to drive improved data-led decision-making and stronger returns on our investments.

And we have built specialised tools that enable better execution, for example our Shopper Science Labs which you heard about earlier today from Lisa and Filippo.

These changes enabled us to deliver a 325 basis points improvement in margin, despite increasing A&P investment and adverse currency pressure.

Delivering momentum while investing for growth

Our strategy since 2019 has delivered strong financial results with good momentum for the future.

Before I take you through the numbers, a few comments on the basis on which these figures are prepared.

Starting with the asset perimeter. Our 2019 actuals only include 5 months of contribution from the legacy Pfizer results. As a reminder we closed this transaction on 1 August 2019.

The financials also reflect the current Haleon perimeter.

And finally, sales growth is provided on a like-for-like basis, showing the underlying historical performance assuming 12 months of the portfolio in the prior year.

I will focus on the results over the last 2 years, as this reflects the go-forward business. I will take you through the key line items in more detail shortly, but let me draw out the highlights.

We delivered a sales CAGR of 4.4% over the last two years despite a net negative effect from COVID, with a healthy balance of price and volume.

Turning to profitability, we have a leading gross margin, relative to our peers, at 63%, demonstrating the strength of our brands, our optimized manufacturing footprint, and constant focus on price and efficiencies to offset inflation. Importantly, this margin is sustainable.

We delivered an adjusted operating margin of 22.8% in 2021, which was up 325 basis points. This was achieved whilst investing in our brands and offsetting adverse currency impacts.

Let me spend a moment sharing how this margin compares to the 2022 outlook which GSK set out when it announced the Pfizer deal, which was a mid-to-high 20s margin for the business as a segment of GSK by the end of 2022.

As I mentioned, we ended 2021 with a 22.8% margin.

Firstly, the margin ambitions from 2018 were provided at CER using 2017 foreign exchange rates. The impact of adjusting for this using 2021 currency rates would be a margin that was approximately 1% higher.

Second, the financials presented today reflect the Haleon perimeter and this base is how we will report going forward. If these financials were instead presented on the basis of our business being a segment of GSK this would result in a 50 basis point increase to our 2021 margin.

Third, we disposed of more brands than originally planned. This was the right thing to do, resulting in a more focused portfolio, but resulted in an incremental reduction in margin of approximately 70 basis points.

Finally, as you know, we almost fully delivered on the original Pfizer £500 million synergies in 2021 and we will realise around a further £120 million of synergies, taking the total to around £600 million.

Adjusting for these items, we have delivered against the margin targets set out in 2018, whilst reinvesting 25% of the transaction synergies as planned, to drive growth.

Moving on to cashflow, we delivered approximately £1.5 billion of underlying free cash flow in both 2020 and 2021.

We delivered strong momentum during this period, despite the impact of the pandemic, the focus on integration of the Pfizer assets which is now complete, and our focus on separation activities which will be completed later this year.

All of this gives us confidence in our ability to both grow our top line, and deliver further margin expansion over the medium term.

Sustainable model driving investment for growth and attractive returns

As Brian shared with you earlier, we are focused on delivering sustainable outperformance and attractive shareholder returns. Our approach is reflected in this model.

This model's foundation is our scale and strong brand position which supports attractive gross margins. Alongside operational leverage and efficiency programmes this enables us to invest in our brands in a sustainable and disciplined way for growth. This underpins our confidence to consistently deliver 4 to 6% organic annual sales growth, ahead of the market in the medium term.

Balancing this investment to support growth we will deliver sustainable moderate margin expansion.

Coupled with strong cash flows and high cash conversion, this creates the capacity to support our disciplined capital allocation priorities, which will prioritise reinvestment in the

business, dividends, and deleveraging in the near-term, all underpinned by a commitment to maintaining a strong investment grade balance sheet from the outset.

I will now take you through each element of this framework underpinning the delivery of attractive growth and returns.

Focused plan to deliver 4-6% organic annual sales growth

We delivered a 4.4% sales CAGR over the past 2 years, which represents a solid base for future growth.

As we look forward, we expect 4 to 6% organic annual sales growth in the medium term, which we are confident in delivering based on a number of reasons: a large and growing part of our business is in higher growth categories and geographies, which increases our growth profile.

We have clear strategic building blocks to drive further growth, as Brian highlighted earlier, by increasing household penetration, and capitalising on new and emerging growth opportunities across channels, geographies and portfolio expansion. As a reminder, we see attractive Rx-to-OTC switch opportunities, but do not need to rely on these to deliver on our sales growth target.

Importantly, all of this is underpinned by A&P and R&D investment which will grow ahead of sales growth.

And finally, this is supported by the strong execution across all of our markets that Keith, Filippo and Lisa took you through earlier.

Top line – outperforming the market growing by 4.4% CAGR

The annualised organic sales growth of 4.4% between 2019 to 2021, shows that we outperformed the market two-fold, despite the negative impact from the pandemic, and our focus on integration and separation activities.

This performance was supported by our reshaped portfolio with greater focus on higher growth brands, categories and regions.

We saw a step change in digital revenues, reflecting our new approach.

We increased our A&P ahead of the rate of sales growth by approximately 6% per annum, in a disciplined and targeted manner, to drive growth.

We also delivered a healthy balance of both price and volume growth through the period, a trend we have delivered over time, and one that we will look to maintain going forward.

Outperformance in high growth categories drives momentum

Over the last 2 years we delivered very strong performance across the majority of our categories.

Our Oral Health and VMS categories, which combined account for 44% of our sales, outperformed the market and we expect these categories combined to deliver mid to high-single digit organic growth, and to make up around 50% of our sales by 2025.

In Pain Relief, which is 23% of our sales, we outperformed the market, whilst our Respiratory category performed in line with the market.

Our Digestive Health and Other category grew by nearly 2%, with good performance in Digestive Health, which represents about half of the category, but there was some drag from the remaining brands, a few of which were adversely impacted by reduced impulse purchases given COVID over the last two years.

I've mentioned that our sales growth in the 2-year period to 2021 was subject to a net negative impact from the pandemic. The material impacts were in 2 key categories:

In VMS, the pandemic produced about 60 basis points tailwind for group-level growth. This was mostly in 2020 but VMS showed continued strong performance in 2021 and we expect to continue to grow off this higher base.

In contrast, our Respiratory category declined, primarily due to a historically weak cold and flu season in Q4-20 and Q1-21. We estimate this created about a 110 basis point headwind for group-level growth over the period. As you saw in our recent Q4 results, we are now seeing a strong recovery in this category as the market returns to growth.

On a combined basis, we therefore believe that our 4.4% sales growth was subject to a net negative COVID impact of around 50 basis points.

That 4.4% sales growth was ahead of the market, which grew around 2%.

Regional performance in high growth geographies drives momentum

Turning now to regional performance.

You've already heard from Filippo, Keith and Lisa on the regions. We have attractive growth opportunities across all three, so I won't repeat that here.

We will report results on these three geographical segments, consistent with how we manage and run our business.

APAC is, and will continue to be, key for the group and now accounts for 22% of our global sales, and we expect that share to grow in the future.

As you think about our historical performance, I did want to highlight the negative COVID impact experienced in North America and EMEA & LATAM, mainly due to the larger share of the Respiratory category in these regions, although as reported in our Q4 results, we have seen a rebound in the Respiratory business.

In EMEA & LATAM we expect good growth in Emerging Markets, combined with lower but stable growth in Europe, leveraging the leading share and already mature markets with already strong margins. In North America, we expect improved momentum and growth as the region recovers from the challenges in 2021 from the drag from cold and flu, as well as supply challenges.

As Filippo and Keith set out earlier, we have good growth opportunities both from penetration and increased portfolio expansion in our Emerging Markets, and not only do we have strong positions in these markets, but also robust plans in place to fully capture future growth.

In aggregate Emerging Markets account now for 32% of Haleon revenue – again, proof of our increased exposure to higher growth markets, which will be supportive of our growth targets going forward. We expect these markets to continue to grow high-single digits.

Growth opportunities across all categories

Looking ahead at a category-level, we have clearly defined priorities and plans to capitalise on the growth opportunities we see throughout our portfolio, which are anchored in the strategy Brian took you through.

I won't talk through all of the points on this page, but let me highlight a few examples for you.

In Oral Health, you have seen across all of our regions how we are driving increased penetration and delivering on an unmet consumer health need, with headroom across all of our regions for future growth, particularly in high growth markets like India.

In VMS, Filippo has highlighted the strategy for further geographic roll out and focus on Centrum and local strategic VMS brands across EMEA & LATAM.

And in OTC, we see opportunities for growth right across our categories. This includes leveraging our strong innovation capabilities, including 2 Rx-to-OTC switches in the pipeline.

Growing exposure to high growth digital channel

And finally, on channel expansion, Brian has already laid out our strong performance and significant opportunities for e-commerce penetration.

Digital sales now account for 8% of our revenue globally and even higher at 12% in the US and 20% in China.

Our e-commerce sales have doubled in just 2 years from £0.4 billion in 2019 to £0.8 billion in 2021.

We are growing ahead of the industry thanks to investment to date and are focused on delivering out-performance relative to the market in this key growth channel.

High level drivers of delivering medium term sales outlook

Stepping back there are 4 key growth drivers which underpin our medium-term sales outlook, all supporting our expectations in the medium term.

First, from a category perspective: Oral Health and VMS combined should reach about 50% of the business by 2025 and we expect these categories combined to deliver organic sales growth in the mid to high-single digits.

Second, from a geographic perspective, given the continued outperformance expected in Emerging Markets, we expect these markets to continue to grow high-single digits, and as a result, to be in the high-30s as a percentage of group sales by 2025.

As Brian highlighted, from a channel perspective we expect e-commerce sales to continue to grow strongly, and as a result be mid-teens as a percentage of group sales by 2025.

And from a portfolio expansion perspective, assuming successful trials and approval, we expect the 2 Rx-to-OTC switches to add an incremental 1% revenue in-year growth each, when launched from 2025.

In summary all of this sets us up well for future sustained growth.

Sustainable model driving investment for growth and attractive returns

With that let's move on to the second part of our model: how we convert sales growth into sustainable moderate margin expansion.

Track record of delivering adjusted operating margin expansion while investing for growth

As I explained earlier, we have a strong track record of delivering operating margin improvement. Between 2019 and 2021 we expanded our adjusted operating margin by 325 basis points after around 1 percentage point adverse currency impact.

Strong operating leverage increased our margin by around 2 percentage points, driven by a healthy balance of price and volume, product mix improvement and cost efficiencies.

At the same time, we re-invested over £200 million into A&P, with A&P growing at approximately 6% and ahead of our sales growth.

We then had a couple of further impacts from our transformation.

Synergies of around £500 million contributed five percentage points to the margin.

And the divestment programme to exit growth dilutive brands, which is now completed, reduced margins by around 2 points.

This took us to a 2021 healthy and strong adjusted operating margin of 22.8%.

Focused investment for top-line growth through margin efficiency

Our investment in growth is enabled by an attractive margin profile.

We have an industry leading gross margin of 63%, compared to a peer average of around 51%.

More broadly, we have a lean cost base which is reflected in our 2021 adjusted operating margin of 22.8%.

We then optimise these over time with 3 further levers:

First, net price and mix optimisation, including strategic initiatives such as increased higher margin Power Brand penetration in key markets like India, or increased focus on trade investment spend to improve our net revenue management.

Second, continued manufacturing, supply chain and procurement efficiencies. Here, further improvements in our supply chain are allowing us to optimize our third-party manufacturing network and achieve procurement savings.

Third, continued cost discipline, across processes, systems and standalone costs throughout the business.

This framework will allow Haleon to create capacity to reinvest in A&P in a very focused way, at a rate faster than sales growth, whilst still delivering moderate margin expansion.

I am confident that we have the right discipline and focus and the right tools and analytics, to support us in our A&P allocation and investment processes, to deliver both strong future sales growth and strong returns on this incremental investment spend.

Operating model driving modest annual margin expansion in the medium term, in 2022 increased synergies largely offsetting standalone costs

We expect moderate margin growth in the medium term. We are very confident that there is no need to change the pace of investment in our brands, which has served us well over the last few years.

The news today relates to the costs of running CH as a standalone public company. These will be around £175 to £200 million per annum. Importantly, we have been working hard to mitigate these and today we are also announcing increased Pfizer synergies, taking the total to around £600 million.

The other dynamics in our 2022 margin are business as usual.

Let me give you the key factors for the 2022 margin, which will form the base from which we will continue to deliver moderate margin expansion over the medium term.

I am not going to give you 2022 margin guidance, given the regulatory challenges in doing so, as part of the upcoming demerger prospectus.

On the drivers of margin growth:

Firstly, we expect to see favourable volume mix benefits in 2022, reflecting continued strong growth and outperformance from our Power Brands;

Secondly, we expect pricing to be more of a benefit in 2022, reflecting the annualisation of pricing taken in 2021 and further net price improvements that are under way;

Thirdly, we will continue to achieve further supply chain efficiencies.

The final piece will then come from the additional Pfizer synergies which will add around £120 million in the year.

The offsets to these are:

First, as you have heard, we will continue to invest in our brands. In fact, we expect to continue to maintain our approach of investing ahead of sales on a targeted basis, as seen in recent years;

Secondly, as with all companies we are seeing inflationary pressure and some supply chain impacts. But, reflecting the nature of our products and packaging, these pressures are very manageable across our P&L. As a reminder commodities and commodity-related costs account for less than 10% of our sales base;

Finally, we have the standalone public company costs which annually are £175 to £200 million, which are in large part offset by the increased Pfizer synergies, and you should assume this full amount in 2022.

So, in summary, there is no change to our margin dynamics.

We are largely absorbing the standalone costs through additional synergies.

And are well positioned to manage market wide inflation.

We are confident in our ability to manage margins very well, even in more complex environments, and this sets us up strongly for our medium-term moderate margin expansion target.

Sustainable moderate margin expansion in medium term

We are confident in our ability to deliver sustainable moderate margin expansion in the medium term, whilst continuing to invest in A&P and innovation.

We expect to continue to improve our gross margin, driven by positive mix, COGS efficiencies and pricing benefits.

On A&P, we will continue to reinvest at a rate ahead of sales growth, whilst optimizing spend and delivering efficiencies.

We will further our innovation capabilities to realise commercial opportunities based on consumer needs, by reinvesting in R&D.

And, we expect a reduction in the Other SG&A ratio, largely driven by economies of scale, and further optimisation of processes, systems and standalone costs over time.

Overall, we have a model that we are confident will deliver: strong and sustainable margins, and moderate margin expansion in the medium term, whilst funding investment in A&P and innovation to drive sales growth.

Sustainable model driving investment for growth and attractive returns

Now let's move to the third part of our model and focus on the high cash conversion of the business.

Strong cash flow supportive of capital allocation priorities

Our cash flow is strong, providing us with flexibility to support our capital allocation priorities as we look forward as an independent company.

We generated approximately £1.5 billion of underlying free cash flow in both 2020 and 2021.

Our reported free cash flow includes net proceeds from divestments, totalling £1.1 billion, largely in 2020. And £1.3 billion of one-time costs related to integration and separation to date. Both of these items are excluded from the underlying free cash flow metric on this page.

Given these programmes have already completed, or in the case of separation will be largely completed by the end of 2022, the underlying cash flow is a better measure of our performance.

We have delivered this strong cash flow through strong working capital management, and capital allocation discipline. One priority is capex at around 3% of sales.

Strong capital base with stable capex

We are investing on an ongoing basis to support our manufacturing and R&D footprint, while building the capacity to sustain our future growth ambitions. In particular, we have been investing in automation, digitalisation and e-commerce capabilities to drive greater efficiency.

We expect to sustain a stable level of capex at around 3% of sales going forward, with no significant upcoming projects anticipated to alter this level of spend.

Finally, given we operate in a highly regulated environment, we will continue to ensure that we adhere to strict quality control requirements and regulations.

Strong cash flow supporting capital allocation priorities

Looking ahead, we expect strong cash generation, underpinned by our attractive sales growth, strong and moderately expanding margins, and high cash conversion.

We expect our cash tax expense to be around £0.3 billion in 2022, while interest expense is expected to be approximately £0.2 billion in the near term.

We will continue to focus on working capital management with more opportunities in inventory management, which we expect will result in a flat working capital profile over time.

And given separation will be largely complete by end of 2022 we expect less than £100 million of restructuring spend going forward. We foresee no major restructuring programmes.

Taken together, these factors will deliver strong free cash flow.

Sustainable model driving investment for growth and attractive returns

We will apply a disciplined approach to capital allocation to drive attractive shareholder returns and a strong balance sheet.

Growth focused disciplined capital allocation

We have a very clear set of priorities for capital allocation.

Our number one priority remains investing in the business to drive sustainable growth and attractive returns.

Secondly, the initial dividend is expected to be at the lower end of the 30-50 per cent pay-out range, subject to Haleon board approval.

Thirdly, while we are excited about the organic opportunities and growth prospects for our business, we will also look to undertake M&A where it's commercially compelling and consistent with strategy. Importantly, we do not need M&A to deliver on our growth ambitions.

Given our strong cash generation, we are very confident that we will be able to de-lever our balance sheet, assuming a starting position of up to 4x net debt/EBITDA, to below 3x by the end of 2024.

Last but not least, we will sustain a strong investment grade balance sheet from the outset.

Medium term outlook and full year 2022

Let me now bring this all together in our medium term outlook:

We expect to drive 4 to 6% organic annual sales growth, ahead of the market; we expect to deliver sustainable moderate margin expansion each year; with high cash flow and stable cash conversion, we expect to de-lever to below 3x by the end of 2024; as mentioned earlier, the initial dividend is expected to be at the lower end of the 30-50 per cent range, subject to Haleon Board approval.

In addition, I would like to set out a few additional considerations for full year 2022:

Haleon expects to achieve organic sales growth in the range of 4 to 6% for 2022; adjusted operating margin is expected to benefit from continued strong operating leverage and pricing in 2021; inflationary cost pressures and supply chain costs are expected to be well-accommodated given our gross margin and ongoing supply chain efficiencies; Haleon will continue to drive brand investment ahead of sales growth; finally, incremental synergies from Pfizer will largely offset new annual costs in 2022 associated with running a standalone public limited company.

Interest expense will be around £0.2 billion.

The estimated tax rate on adjusted profit will be in the range of 22 to 23 percent.

And we will provide further direction on 2022 once a standalone company.

Haleon: strongly positioned for growth

In conclusion, we are strongly positioned for growth, with the business transformed over the last 3 years and fully focused and ready to deliver 4 to 6% organic annual sales growth.

We expect to deliver sustainable moderate margin expansion, at the same time as investing in the business.

Our strong cash generation supports capital allocation priorities, including reinvestment and a dividend, whilst also de-leveraging our balance sheet.

The strong performance that we have delivered since 2019, despite the pandemic and integration and separation activities, gives us confidence in our expected delivery in the medium term.

I am proud of what we have achieved to date and I am excited about the financial prospects for Haleon.

I am looking forward to connecting with you more in the future.

With that, I would like to hand back to Brian to wrap up, and we welcome your questions.

Brian McNamara – CEO Designate of Haleon

Thanks, Tobias.

So, you can see why I'm excited about the opportunity we have in front of us.

Haleon's strategy for growth, the strength of our leadership team, and our purpose, underpin my confidence in our ability to capitalise on that opportunity. I'd like to close where we started.

Haleon is a global leader. And we are 100% focused on consumer healthcare.

We have exceptional, category leading brands. We have an attractive global footprint. And, I hope you agree, after meeting all of us today, that we have a first-class leadership team, with the skills and determination to capitalise on our fantastic opportunity.

We have a strategy to outperform and we run a responsible business with an inspiring purpose.

As we've demonstrated today, we expect to achieve organic annual sales growth of between 4 and 6%, moderate margin expansion, and we plan to deliver attractive returns to our shareholders, after continuing to invest in the business.

Thank you for your time and interest today. Now, let's start our Q&A session.

Sonya, over to you.

Sonya Ghobrial – Head of Investor Relations for GSK Consumer Healthcare

Thanks Brian.

We will now be taking a short 5 minute break to allow those listening live, who want to dial in and ask questions, to do so.

Then number for this will now be shared on the screen.

If you prefer you can also ask questions via the online link as well.

We will see you all shortly and look forward to taking your questions very soon.

Q&A session