

## **GSK Capital Markets Day: Haleon**

**28 February 2022 at 12.30 GMT**

### **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.