Chief Executive Officer's review

Brian McNamara
Chief Executive Officer

Building momentum

2024 was a year of good progress for Haleon, with the business continuing to gather operational momentum. Guided by our purpose to deliver better everyday health with humanity, we have continued to take significant steps to become a more agile and competitive organisation. While the work to evolve our business continues, we have built solid foundations to capitalise on the significant opportunities ahead.

Consistently strong financial performance

In 2024, we delivered organic revenue growth of 5.0% (reported (0.6)%), and organic operating profit growth of 9.8% (reported operating profit growth of 10.5%). As a result, adjusted operating margin increased 100bps on an organic basis, though declined 30bps on a reported basis given the impact of disposals and adverse translational foreign exchange movements.

We achieved a good split of price and volume mix, reflecting both the quality and resilience of our portfolio of brands. We also delivered a healthy competitive performance, demonstrating that consumers are continuing to choose our brands.

A disciplined approach to our capital allocation framework allowed us to divest a number of brands that are no longer strategic for us and reinvest capital into higher growth markets. Strong free cash flow of £1.9bn also allowed us to reduce debt and deliver strong shareholder returns in 2024. As a result, we finished the year at 2.8x net debt/adjusted EBITDA.

Strong progress against our strategy

Our progress in 2024 was driven by meaningful progress against our strategic priorities:

- Increase household penetration: 71% of our brands gained or maintained market share, supported by innovation and investment in A&P. Sensodyne continued to generate healthy share gains, through new innovations. For example, Sensodyne Clinical White was rolled out to over 10 markets and was the top innovation in the US Oral Health category. We also further rolled out Otrivin Nasal Mist, our innovative new dispensing technology which delivers an improved consumer experience.
- Capitalise on new and emerging opportunities: We launched targeted innovations for underserved consumers in emerging markets, which included Centrum single sachets focused on energy and immunity in Brazil, bringing new consumers to the VMS category. The recent launch of a smaller 20 rupee Sensodyne pack in India also helps us access an underserved part of the market. In the US, we commercialised Eroxon, the first FDA-approved topical erectile dysfunction treatment for OTC use. While this requires the creation of a new category, it addresses a significant unmet consumer need.
- Maintain strong execution and financial discipline: We made good progress against our capital allocation priorities, balancing both investment in the business and shareholder returns. We have driven further efficiencies and productivity across our supply chain, where we continue to see significant opportunities. We also invested for growth by increasing our stake in our TSKF joint venture in China, underlining our confidence in this key market. Strong cash generation underpinned our ability to further deleverage, while we completed our £500m share buyback allocation for the year.
- Run a responsible business: We launched bioplastic toothpaste caps in support of our aim to reduce virgin plastic from our packaging. Good progress against our health inclusivity goals meant we empowered more than 50m people globally to be more included in opportunities for better everyday health. We also advanced our inclusion ambitions and expanded access to our talent programmes and grew our Employee Resource Groups.

Accelerating our culture journey

We continued to optimise our processes and structures to enable our transformation into an agile, consumer-focused business, with a focus on accelerating the culture shift needed to support this change.

We mobilised our employees around a strong performance-based culture by defining new behaviours focused on serving consumers, driving productivity, greater collaboration and continuous learning, as well as aligning the organisation around the opportunity ahead.

During 2024, we also held our first week-long learning and development programme for employees, where we embedded these new behaviours. While we have made good progress on our culture journey, with our overall employee engagement score at 81% in 2024 (up 3% on 2023), there is more to do in 2025 and beyond.

Evolving our leadership for the future

During the year, we welcomed new members to my Executive Team, bringing a complementary set of skills and significant consumer facing experience to support the next phase of our growth. We welcomed Dawn Allen as our new Chief Financial Officer (CFO) in November, who brings a strong track record of global FMCG leadership. In addition, Line De Decker was appointed our Chief Human Resources Officer; Adrian Morris our General Counsel; and Claire Dickson our Chief Digital and Technology Officer – all of whom bring both significant functional and consumer experience to the business. I would like to thank Tobias Hestler for his contribution as CFO and wish him all the very best for the future.

Confidence in our outlook

The opportunity ahead for Haleon is significant and I remain confident in our ability to deliver on our medium-term guidance. In 2025, we expect to deliver organic revenue growth of 4-6%, with organic operating profit growth ahead of that.

Thank you

I would like to thank everyone at Haleon for their hard work and dedication in delivering another successful year. I would also like to extend my thanks to the Chair and the Board for their ongoing support and guidance as we continue to strengthen and evolve our business.