

## FY 2024 Results Haleon Aide Memoire

Haleon has prepared this pre-announcement aide-memoire, which includes statements made in previous public communications by Haleon. All statements in this aide-memoire have been extracted from their original source and, therefore, by definition, they should only be taken as speaking as at the date they were initially made, and they do not reflect subsequent or recent events, circumstances, or developments. Any updates to these and other previously made statements would only be included in further communications by Haleon to the market and the inclusion of the extracted statements herein should not be taken to indicate that they will not be updated in the future. This includes the items listed under “Overall revenue performance comments” “Category performance comments”, “Geographic regions” and “Other comments for consideration” below, which you may wish to consider in modelling Haleon plc’s financial performance ahead of the FY 2024 Results on 27 February 2025. Please note that the items listed below are not exhaustive and that other factors may affect the comparisons for FY 2024 versus the same period last year.

This Aide-Memoire contains certain statements that are, or may be deemed to be, "forward-looking statements" (including for purposes of the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Forward-looking statements give Haleon’s expectations and projections, as of the date such statements are made, about future events, including strategic initiatives and future financial condition and performance, and so Haleon’s actual results may differ materially from what is expressed or implied by such forward-looking statements. Please see the “Cautionary statement note regarding forward-looking statements” sections of the FY 2023 results regarding the forward-looking statements from such documents that are extracted in this aide-memoire. Forward-looking statements should, therefore, be construed in light of such cautionary statement note and undue reliance should not be placed on forward-looking statements.

Please also read the definitions and reconciliations for non-IFRS measures on pages 22-31 of the 2023 Full year results, and pages 43-52 in Haleon’s 2023 Annual Report and Form 20-F.

No statement in this document is or is intended to be a profit forecast or profit estimate.

### Outlook

With the Q3 2024 Trading Update on 31 October 2024, we provided the following guidance in the release and on the call:

#### Revenue

- FY 2024 organic revenue growth expected to be 4-6%
- Within the Q3 2024 conference call, the CFO said “the most important message for me is you’ve seen us coming back to a balance between price and volume.”

#### Organic profit growth and adjusted operating margin

- FY 2024 organic operating profit growth expected to be high-single digit.
- 9m 2024 organic operating profit growth was +9.7%, which we noted was on track to deliver FY 2024 guidance.
- On the Q3 2024 conference call, we commented that the productivity programme remains on track. As a reminder, at the H1 2024 results we reiterated our expectation to deliver around £300m of gross annualised savings with about a third to come through in 2024 and the rest in 2025. We noted on the call that “we are re-investing part of these savings in A&P and we’re also investing in clinical and real-world evidence studies.”

#### A reminder of other FY 2024 guidance, as shared with Q3 2024 trading statement and H1 2024 Results

- Net interest expense of c.£320m.
- Adjusted effective tax rate of 24-25%.

## Impact of divestments

The net impact of M&A is estimated to dilute FY 2024 revenue and adjusted operating profit by c.(1.9)% and c.(5.2)% respectively, reflecting the disposals of *Lamisil*, *ChapStick* and the Nicotine Replacement (NRT) business outside the US. This impact accounts for the change in NRT deal timing which, as previously announced, closed earlier than guided.

## Overall revenue performance

	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	9m 2024
ORG	6.7%	8.0%	3.0%	4.1%	6.1%	4.4%
Price	6.4%	7.0%	5.0%	3.4%	3.3%	4.0%
Volume/mix	0.3%	1.0%	(2.0)%	0.7%	2.8%	0.4%

## Category performance comments

<i>Organic Revenue Growth</i>	Q3 2024	9m 2024
Oral Health	8.2%	9.3%
VMS	3.7%	7.3%
Pain Relief	3.1%	(2.1)%
Respiratory Health	9.1%	1.6%
Digestive Health & Other	5.9%	5.3%

- **Oral Health** – Growth was strong growth across all three Power Brands in Q3 and 9m. During the Q3 2024 conference call, we noted there had been a normalisation of Denture Care growth.
- **VMS** – Growth in Q3 was driven by the continued performance of *Caltrate*. In Q3, Centrum revenue was broadly flat due to tough comparatives in the prior year period in *Centrum*'s two largest markets, US and China. The CFO said on the Q3 2024 conference call that *Centrum* continued to gain share in both markets and globally and that these tough comparatives “would not be there for Q4,” hence “VMS is going to be better in Q4 than it was in Q3.”
- **Pain Relief** – Growth in the 9m was impacted by tough comparatives for *Fenbid* in China in H1. This impact fell away in Q3 when *Fenbid* returned to strong growth. *Panadol* revenue declined in Q3 2024 against a strong comparative which reflected higher use in the “tripledemic” of RSV, COVID, and cold and flu (C&F). We noted on the Q3 2024 conference call that *Panadol* has normalised and continues to gain share.
- **Respiratory Health** – 9m growth included the impact of running down inventory of oral products containing phenylephrine (PE) in the US, which reduced category growth by c.2% in H1. This reversed in Q3, as we shipped reformulated products not containing PE in time for the season. Regarding Q4 2024, as reported by the Centers for Disease Control, the incidence of influenza-like viruses in the US was low nationally and below Q4 2023 levels, which typically affects consumption of our C&F brands as well as *Emergen-C* in the VMS category.
- **Digestive Health and Other** – The Digestive Health sub-segment was up high single digit in Q3 as we lapped a retailer destock in North America in the prior year period. As a reminder, in Q4 2023 the category was up double digit, driven by strong growth in *ENO*, *Tums* and *Bactroban*.

## Geographic regions

	North America		EMEA & LatAm		APAC	
	Q3 2024	9m 2024	Q3 2024	9m 2024	Q3 2024	9m 2024
ORG	4.8%	0.7%	6.1%	7.3%	8.2%	5.0%
Price	2.4%	2.9%	5.3%	6.1%	1.1%	1.9%
Volume/mix	2.4%	(2.2)%	0.8%	1.2%	7.1%	3.1%

- **North America** – Pricing growth in Q3 included the impact of carryover pricing. Oral Health grew strongly, as did Respiratory Health, which benefitted from the shipment of re-formulated C&F products which do not include PE. Pain Relief and Digestive Health and Other also delivered good growth, while VMS growth was held back by tough

comparatives for *Centrum* in the US. Regarding Q4 2024, the incidence of C&F was below prior-year levels, as noted above. Haleon launched *Eroxon* into the sexual health category around the start of Q4.

- **EMEA and LatAm** – Pricing in Q3 reflected c.3% price growth in Europe with a higher impact on emerging markets. The CFO said on the Q3 conference call that he “expects price growth in Europe to moderate as inflation comes down.” Broad-based growth across the categories was partially offset by a decline in *Panadol*, against a strong comparative, and a decline in *Voltaren* given softer consumption trends particularly in Germany. Within the region there was strong growth across key markets, which was partially offset by flat growth in Southern Europe.
- **Asia Pacific** – Volume/mix accelerated as expected, as the region saw growth across the categories, apart from Digestive Health and Other which declined driven by Smokers Health (now divested). In VMS, growth in *Caltrate* was partially offset by a decline in *Centrum*, given the tough comparative in China in the prior year period. Growth for the region was driven by a number of markets, including India, China, South-East Asia & Taiwan, and North Asia.

## **Other comments for consideration**

### **Free Cash flow**

In H1 2024, we reported free cash flow of £831m. Typically, Haleon’s free cash flow is weighted to H2.

On 31 December 2024, Haleon announced that it had completed the acquisition of an additional 33% equity interest in Tianjin TSKF Pharmaceutical Co. Ltd (“TSKF”), the joint venture through which Haleon conducts its OTC business in China, from its partners, Tianjin Pharmaceutical Group (“TPG”) and Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (“DRTG”). This followed the announcement on 27 September 2024 that Haleon had entered into an agreement to acquire the additional 33% equity interest in TSKF for a total consideration of RMB 4,465 million (c.£0.5 billion). TSKF accounted for c.40% of Haleon’s China revenues in FY 2023.

The transaction is expected to be accretive to EPS, primarily through a reduction in the Non-Controlling Interest (NCI) for the JV in Haleon’s income statement. As noted in the initial announcement, Haleon and DRTG have agreed that Haleon has an option to acquire and DRTG an option to sell the remaining 12% shareholding in TSKF.

### **Debt**

As at 30 June 2024, Haleon’s net debt stood at £8,415m, equivalent to 2.9x net debt/adjusted EBITDA.

Other factors which will impact the Company’s net debt performance during 2024 include:

- On 3 October, Haleon announced completion of the off-market purchase of 60.5m of its ordinary shares from Pfizer Inc. for an aggregate purchase price of £230m. Of the total, approximately £114.6m (30.2m shares) was allocated to buybacks and the shares were cancelled. Together with the shares bought as part of the on-market share buyback programme launched on 1 August 2024, this resulted in the completion of Haleon’s £500m share buyback program for 2024. The balance of shares acquired from Pfizer (30.4m shares, worth c.£115.4m) are being held as treasury shares for the purposes of satisfying Haleon’s obligations under its existing employee share plans in 2025.
- As announced with FY 2023 results, the Company repaid a \$700m bond in March 2024.
- As announced on 12 September 2024, Haleon issued €750m of fixed rate notes with a coupon of 2.875% due 2028 and £300m of fixed rate notes with a coupon of 4.625% maturing in 2033. We commented that net proceeds were for general corporate purposes including partial repayment of the \$1.75bn bond maturing in March 2025.
- As noted above, completion of the acquisition of an additional 33% equity interest in TSKF took place at the end of December 2024 for a total consideration of c.£0.5 billion.

### **Number of shares**

As at 31 December 2024, the total number of ordinary shares with rights to vote stood at 9,053m. In addition, 30.4m shares were held in treasury, as noted above. The weighted average diluted share count for FY 2024 was 9,175m.

## Foreign exchange

The unfavourable translational foreign exchange impact on FY 2024 is expected to be c.(3.7)% on revenue and c.(6.5)% on adjusted operating profit, consistent with the expectations in our Q3 2024 Trading Update of c.(4)% and c.(6-6.5)% respectively.

Period-end FX rates are shown below:

/GBP	FY 2023 currency as % of total revenue	At 30 September 2024	At 31 December 2024	Average rate FY 2023	Average rate FY 2024
USD	33%	1.34	1.25	1.24	1.28
EUR	16%	1.20	1.20	1.15	1.18
CNY	8%	9.40	9.15	8.81	9.19
CAD	<5%	1.81	1.80	1.68	1.75
AUD	<5%	1.94	2.02	1.87	1.94
JPY	<5%	191	197	175	193
RUB	c.10%	125	135	105	119
ZAR		23	24	23	23
INR		112	107	103	107
ARS		1,296	1,293	382	938
PKR		372	349	347	356
TRY		46	44	30	37
EGP		65	64	38	57

## Prior year comparatives and recent performance

### Organic revenue growth

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
North America	17.3%	3.9%	2.9%	1.6%	5.9%	5.1%	4.3%	(1.5)%	3.5%	2.7%	(3.3)%	1.0%	4.8%
EMEA and LatAm	14.5%	9.6%	12.2%	6.8%	10.9%	13.1%	16.8%	10.8%	10.1%	12.6%	8.6%	7.2%	6.1%
APAC	15.2%	9.5%	9.0%	8.3%	10.6%	11.7%	11.5%	5.9%	6.8%	9.0%	3.3%	3.7%	8.2%
<b>Total</b>	<b>15.6%</b>	<b>7.5%</b>	<b>8.1%</b>	<b>5.0%</b>	<b>9.0%</b>	<b>9.9%</b>	<b>11.0%</b>	<b>5.0%</b>	<b>6.7%</b>	<b>8.0%</b>	<b>3.0%</b>	<b>4.1%</b>	<b>6.1%</b>

### Organic revenue growth

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Oral Health	7.9%	2.0%	6.7%	5.3%	5.6%	6.6%	15.4%	9.4%	11.5%	10.6%	10.6%	9.1%	8.2%
VMS	14.9%	9.0%	(1.4)%	(0.7)%	5.0%	(3.7)%	2.7%	1.4%	3.1%	0.9%	9.9%	8.5%	3.7%
Pain Relief	18.9%	4.9%	3.6%	8.9%	8.9%	11.0%	14.9%	6.2%	(1.8)%	7.4%	(4.8)%	(4.0)%	3.1%
Respiratory Health	52.9%	39.7%	30.2%	16.2%	32.6%	33.0%	9.2%	4.2%	10.9%	13.7%	(2.7)%	(1.5)%	9.1%
Digestive Health & other	4.3%	2.8%	8.4%	(3.2)%	2.9%	7.3%	8.1%	0.9%	10.1%	6.5%	2.4%	7.5%	5.9%
<b>Total</b>	<b>15.6%</b>	<b>7.5%</b>	<b>8.1%</b>	<b>5.0%</b>	<b>9.0%</b>	<b>9.9%</b>	<b>11.0%</b>	<b>5.0%</b>	<b>6.7%</b>	<b>8.0%</b>	<b>3.0%</b>	<b>4.1%</b>	<b>6.1%</b>

## Enquiries

### Investor Relations

Jo Russell +44 7787 392441  
Rakesh Patel +44 7552 484646  
Emma White +44 7823 523562  
Email: investor-relations@haleon.com