



# HALEON

A **global consumer healthcare leader** delivering sustainable **above market growth** and attractive returns

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**Global leader 100% focused on consumer healthcare with clear purpose**

**Exceptional portfolio of category leading brands** with attractive footprint and competitive capabilities

**Strategy to outperform** and run a responsible business, integral to all we do

**4-6% organic annual sales growth<sup>1</sup>**, sustainable moderate margin<sup>2</sup> expansion and high cash conversion<sup>3</sup>

**Attractive growth profile** with capacity to invest and deliver shareholder returns



# Highly experienced management team



**Brian McNamara**  
Chief Executive Officer



**Tobias Hestler**  
Chief Financial Officer



**Tamara Rogers**  
Chief Marketing Officer



**Franck Riot**  
Head of Research and Development



**Lisa Paley**  
Head of U.S. and North America



**Keith Choy**  
Head of Asia Pacific



**Filippo Lanzi**  
Head of EMEA and LatAm



**Teri Lyng**  
Head of Sustainability



**Amy Landucci**  
Chief Digital and Technology Officer



**Bart Derde**  
Head of Quality and Supply Chain



**Jooyong Lee**  
Head of Strategy



**Dana Bolden**  
Head of Global Corporate Affairs



**Mairéad Nayager**  
Chief Human Resources Officer



**Bjarne Philip Tellmann**  
General Counsel

## Exceptional brands

SENSODYNE

Voltaren

Centrum

parodontax

Panadol

Otrivin

POLIGRIP

Advil

THERAFLU

Dr.BEST

EXCEDRIN

ChapStick

TUMS

GRAND-PA

Emergen-C

ENO

芬必得  
Fenbid

Caltrate

HALEON



# HALEON

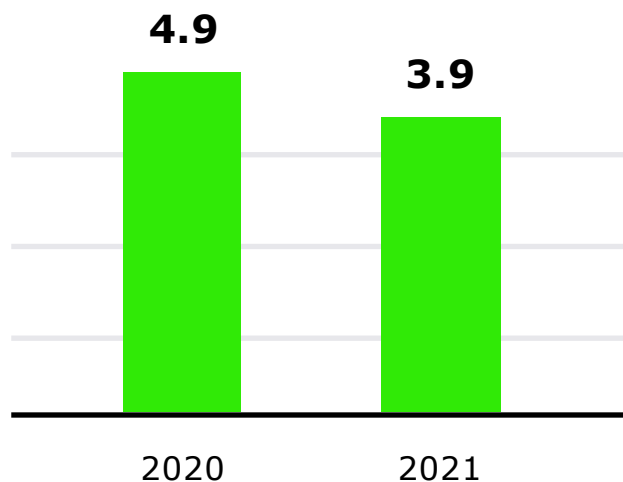
**Deliver better everyday health**

**with humanity**



## Track record of strong performance

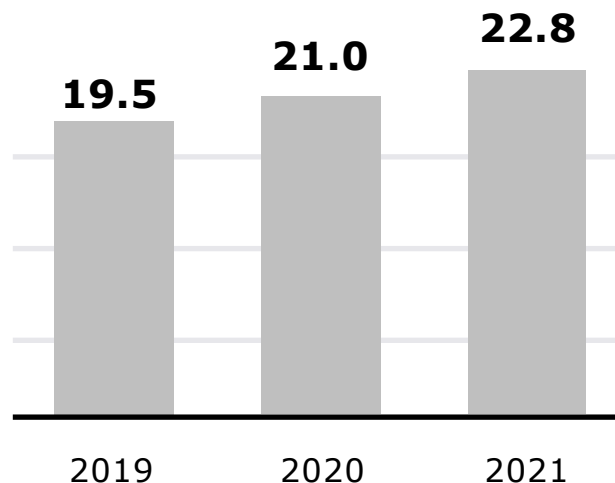
Haleon portfolio revenue growth (%)<sup>1</sup>



**4.4% CAGR<sup>1,3</sup>** despite -50bps impact of low cold and flu

Successful **completion of integration and separation on track**

Adjusted operating margin (%)

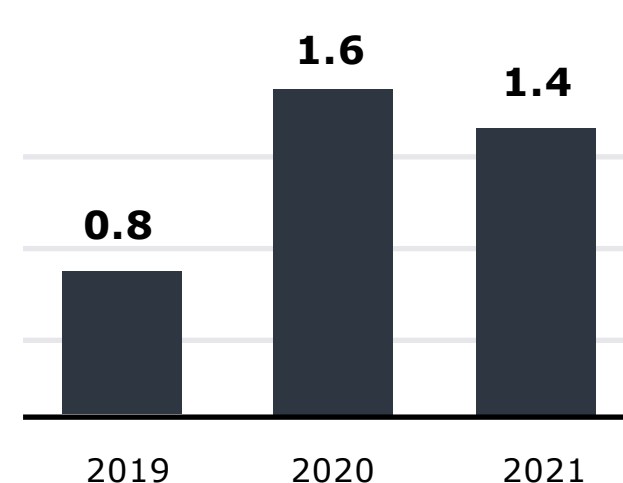


**Synergy delivery** > expectations

Strong focus on cost control driving **efficiencies across the business**

**Investment** in A&P, R&D, capabilities

Underlying free cash flow (£bn)<sup>2</sup>



**High** cash conversion<sup>3</sup>

Good working capital and **cash management**

<sup>1</sup> Haleon portfolio revenue growth. See glossary. 12 months of Pfizer brand revenues included in 2019, 2020 and 2021. Divested brand revenues excluded from 2019, 2020 and 2021.

<sup>2</sup> Underlying free cash flow excluding separation, admission and restructuring costs and net proceeds from disposals

<sup>3</sup> 2019-2021, free cash flow conversion (see appendix)

# Clear approach to deliver growth ambitions



**4-6% organic annual sales growth<sup>1</sup>**

**Expanding margin<sup>2</sup> while investing for growth**

**High cash conversion<sup>3</sup>**

**Disciplined capital allocation**

<sup>1</sup> Organic annual sales growth (see appendix for definition), in the medium term

<sup>2</sup> Adjusted operating margin, in the medium term at CER

<sup>3</sup> Free cash flow conversion (see appendix)

## Clear approach to deliver growth ambitions



**Category-leading brands**

**Attractive geographic footprint**

**Growth sector**

# World class portfolio of category leading brands

## Oral Health

£2.7bn revenue 2021<sup>1</sup>

#3<sup>2</sup>

#1 Therapeutic OH<sup>3</sup>

## VMS

£1.5bn revenue 2021<sup>1</sup>

#1<sup>4</sup>

## Pain Relief

£2.2bn revenue 2021<sup>1</sup>

#1<sup>4</sup>

## Respiratory Health

£1.1bn revenue 2021<sup>1</sup>

#1<sup>4</sup>

## Digestive Health and other

£2.0bn revenue 2021<sup>1</sup>

#1<sup>4</sup>

Digestive Health

### Power brands



### Local strategic brands



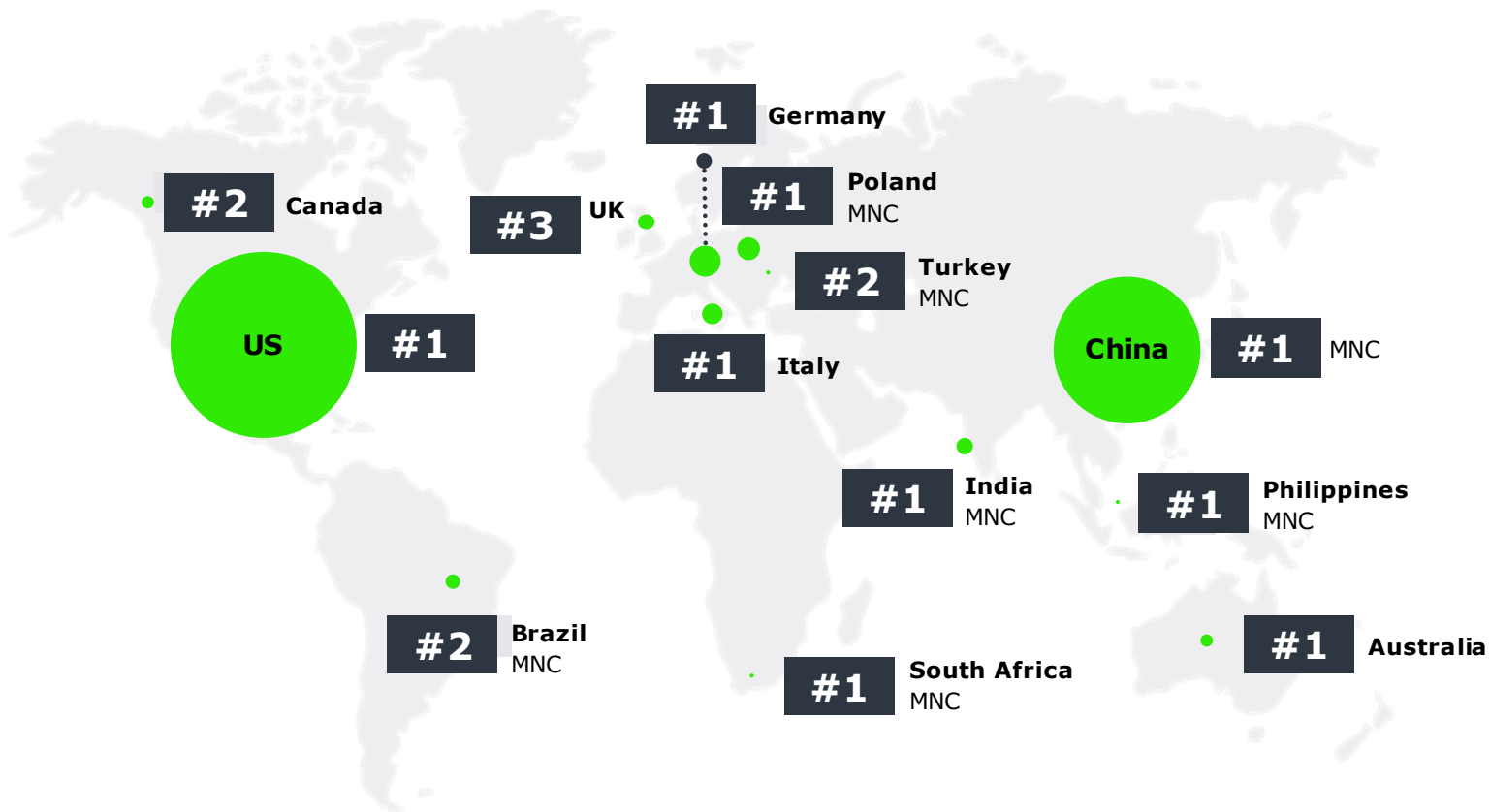
<sup>1</sup> 2021 Haleon revenue

<sup>2</sup> Euromonitor 'Oral Care' (2020)

<sup>3</sup> Therapeutic OH from company analysis based on Nielsen and IRI (2020), Therapeutic OH includes therapeutic toothpaste and denture care, OH: Oral Health

<sup>4</sup> Source: N. Hall (2020) for OTC and VMS; VMS: Vitamins, Minerals, Supplements

## Attractive geographic footprint, well placed for growth



- #1 or #2 OTC/VMS position in 70% of markets<sup>1</sup>
- Global #3 in Oral Health<sup>2</sup> with **leading position in Therapeutic Oral Health**<sup>3</sup>
- Good balance of **growth and stability**, with emerging markets c. 1/3 of revenue<sup>4</sup>

<sup>1</sup> Nicholas Hall's DB6 Consumer Healthcare (OTC/VMS) Database, 2020 Store and E-commerce sales. Note: Haleon position in OTC/VMS. Brazil #4 overall, South Africa #2 overall, Poland #4 overall, Philippines #2 overall, Turkey #3 overall. MNC=Multi-national Company. Germany is a statistical tie for #1.

<sup>2</sup> Euromonitor 'Oral Care' (2020)

<sup>3</sup> Company analysis based on Nielsen and IRI (2020)

<sup>4</sup> Haleon revenue 2021

Key: Bubble size approximates market size

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

	Oral Health <sup>2</sup>	Vitamins, Minerals, Supplements <sup>3</sup>	Over-the-counter medicines (OTC) <sup>3</sup>		
			Pain Relief	Respiratory Health	Digestive Health and other
<b>Global Market Size (£bn)</b>	£25bn	£46bn	£15bn	£22bn	£42bn
<b>Expected medium-term market growth (%)<sup>4</sup></b>	3-4%	4-5%	2-3%		
	←		3-4%	→	

**HALEON outlook 4-6% organic annual sales growth<sup>1</sup>**

<sup>1</sup> Organic annual sales growth (see appendix for definition), in the medium term

<sup>2</sup> Source: Oral Health market size: Euromonitor 'Oral Care' (2020)

<sup>3</sup> Source: OTC and VMS market size: Nicholas Hall (2020); Company internal analysis based on Nielsen, IRI, IQVIA, and N. Hall Data (2020)

<sup>4</sup> Expected growth rates in HALEON's current brand market footprint only. £150+bn sector refers to Consumer Healthcare, which includes Oral Health, VMS and OTC



# Clear approach to deliver growth ambitions



**Human understanding  
+ trusted science**

**Proven brand-building  
and innovation**

**Leading  
route-to-market**

**Digital connectivity**

# Competitive advantage

Combining human understanding and trusted science

## Human Understanding

Addressing **real consumer everyday health needs**

Educating on **better health solutions**

**Deep understanding** of consumer health needs and behaviour

**HCP<sup>1</sup> engagement** enabling early understanding of consumer needs

**Inspiring innovations** to excite and make healthcare more enjoyable

**100%  
focused on  
consumer  
health**

## Trusted Science

**Deep** technical and scientific talent

**World class** regulatory and medical expertise

**Clinical** trials and extensive studies experience

**Trusted relationships** with HCPs

**Leading** R&D capabilities and investment

# Proven competitive capabilities

## Brand building

**A&P investment 20% of revenue**, competitive and driving growth



## Innovation

**R&D investment 3%<sup>1</sup> of revenue**, industry top quartile



## Route-to-market

Direct relationships with **c.3 million HCPs<sup>2</sup>**

**#1 pharmacy** coverage

Strong mass retail and e-commerce



**Data and digital increasing connectivity with consumers, customers and experts**

## Clear approach to deliver growth ambitions



**Household penetration**

**New and emerging opportunities**

**Strong execution and financial discipline**

**Responsible business**

# Significant penetration growth headroom across categories



Nearly **1 in 3** adults have experienced sensitive teeth, but only 1 in 3 of them purchased a sensitivity product<sup>1</sup>



**9 out of 10** people suffer from pain, but only 1 in 3 of them treat their pain immediately<sup>2</sup>



**< 50%** calcium intake vs recommended level but only c.17% take calcium supplement<sup>3</sup>

<sup>1</sup> Source: Oral Health Population Data – IPSOS Incidence Study Calculations 2015; figures are averages

<sup>2</sup> Source: Edelman Intelligence, GPI 4, 2020, 19 markets, 19,000 respondents

<sup>3</sup> Source: Penetration data from Kantar (2020)

# Proven approach to drive penetration-led growth

Consistent outperformance of Sensodyne



Meaningful and distinctive brands



Commercial excellence



Category-driving innovation



Expert<sup>2</sup> advocacy



<sup>1</sup> Source: GSK Consumer Healthcare segment revenue growth, Sensodyne. 2011 -2021

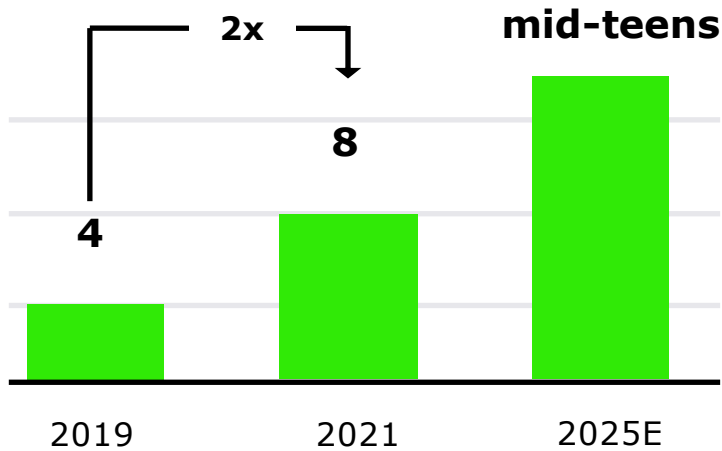
<sup>2</sup> Experts are Healthcare Professionals



# New and emerging growth: Channel expansion

## E-commerce – a growing channel

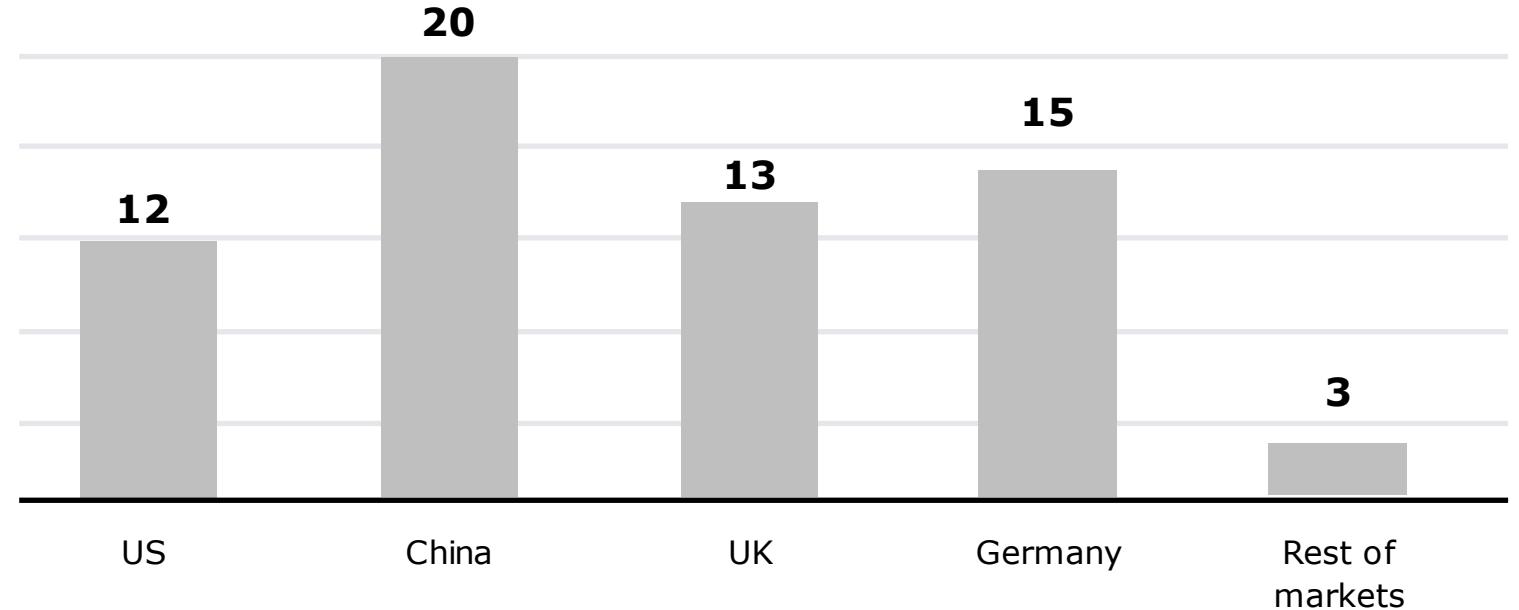
Global e-commerce % of total sales (%)



**Well invested in key capabilities** – innovation, optimised marketing, social influencers and commerce

## Strong position in key markets with meaningful opportunity for growth

E-commerce % of sales in key markets in 2021 (%)



**Market and category development** varies by country

Delivered strong **double digit growth** over last two years

# New and emerging growth: Geographic expansion

## HALEON MARKET EXAMPLES

### MIDDLE EAST AND AFRICA

Double digit growth  
over the last 2 years

>80% weighted distribution<sup>3</sup>

c.50% revenue **SENSODYNE** 

### INDIA

Strong double digit growth  
over the last 5 years

>4 million retail stores

>75% revenue **SENSODYNE** 

## HALEON BRAND EXAMPLES

**parodontax**

**Gum health** a major condition

**Among the world's fastest  
growing** toothpaste brands<sup>1</sup>

**Centrum**

**#1 multivitamins** globally<sup>2</sup>

**c.2/3 of revenue** from 5 markets

<sup>1</sup> Company analysis based on Nielsen and IRI data (2020)

<sup>2</sup> Source: N. Hall (2020)

<sup>3</sup> Weighted distribution: percentage of points of sale where a product is available, assigning to each point of sale, a weight proportional to its revenue

# New and emerging growth: Portfolio expansion

## Rx-to-OTC switch



**4 switches in the US over last 8 years,**  
more than any competitor

**2 new deals agreed** driving the Rx-to-OTC  
pipeline, expected launches 2025/26

**Attractive partner** for switch given track record,  
dedicated resources and strong routes to market

## Accelerating consumer trends: Naturals



**Naturals growing faster** than the sector average

Significant **demand from younger consumers**  
across prevention, treatment and recovery

**10 launches** in the last 12 months

**Over 30 projects in the pipeline**

# Performance underpinned by strong execution and financial discipline

## Quality and supply chain

Manufacturing sites from 41 in 2015 to 24 in 2021

>80% products sold are locally<sup>1</sup> sourced

>200 successful regulatory inspections over 2 years



## Marketing execution

Increased reinvestment into A&P +£0.2bn in 2019-2021<sup>2</sup>

Increasing effectiveness with digital media spend c.50%

70% rationalisation of creative / production partners



## Commercial execution

Optimising strength in key route-to-market channels

Retail execution standard and Pharmacy CRM driving effective execution

Net Revenue Management driving 2.2%/1.8% price/volume mix<sup>3</sup>



## Cost and cash discipline

Driving +325bps adjusted operating margin expansion over 2 years<sup>4</sup>

c.£3.2bn free cash flow generation over 2 years<sup>5</sup>; high cash conversion

Over-delivery on integration synergy target



<sup>1</sup> Local defined as geographies with proximity, i.e. North America, Latin America, Europe, Middle East and Africa, India, China, Southeast Asia, Australia and New Zealand, Japan and Korea

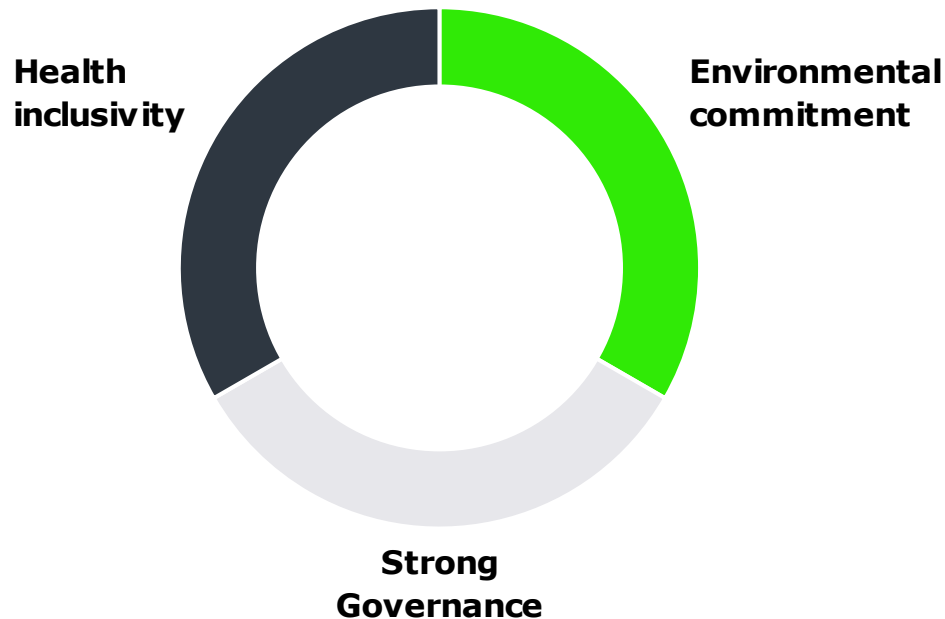
<sup>2</sup> A & P is excluding brands divested, synergies and FX movements

<sup>3</sup> 2021 vs 2020, based on Haleon revenue

<sup>4</sup> Adjusted operating margin at actual rates, 2021 vs 2019

<sup>5</sup> 2020 and 2021 (see appendix for definition)

## Running a responsible business, integral to all we do



Our purpose and brands position us to have **positive impact**

**Environmentally strong foundation** and structurally advantaged footprint to play a positive role

Well positioned to make a difference in **health inclusivity**

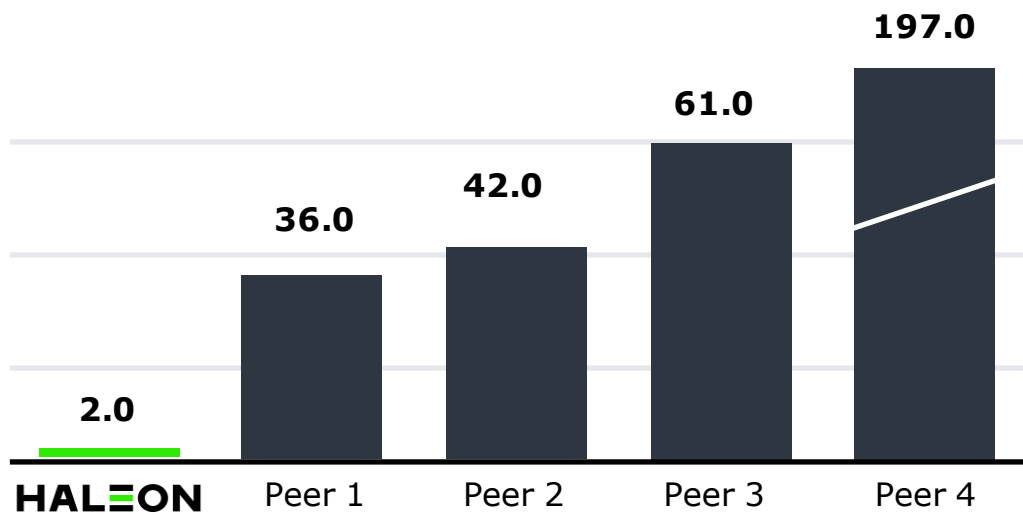
Setting ambitious targets for **Inclusion, Equity** and **Diversity**

Committed to building **strong corporate governance**

# Structurally advantaged environmental footprint

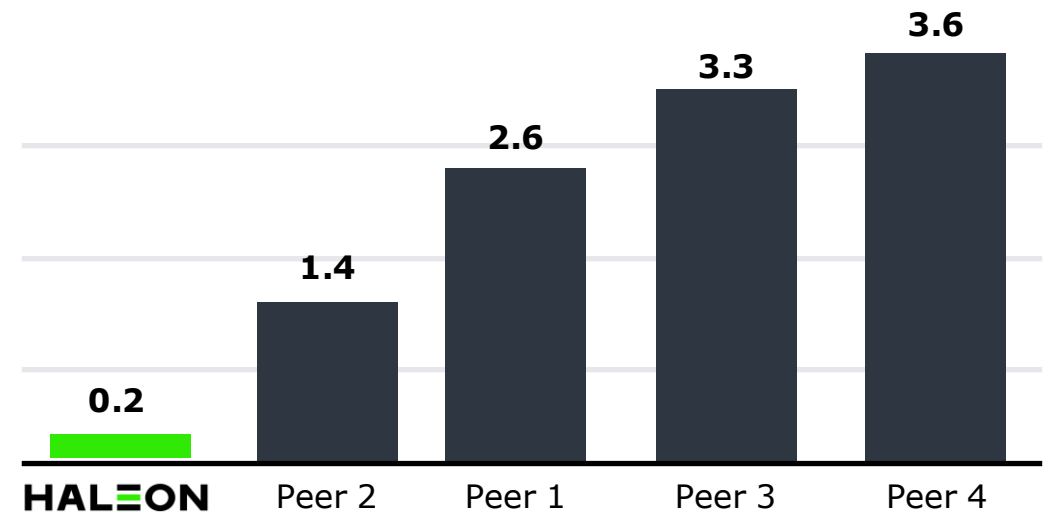
## 2020 carbon footprint scope 1-3 (mn tonnes CO2e)

Comparison vs global household and personal care peers<sup>1</sup>



## 2020 Carbon intensity scope 1-3 (kg CO2e / £ revenue)

Comparison vs global household and personal care peers<sup>1</sup>





# Clear approach to deliver growth ambitions



<sup>1</sup> Organic annual sales growth (see appendix for definition), in the medium term

<sup>2</sup> Adjusted operating margin, in the medium term at CER

<sup>3</sup> Free cash flow conversion (see appendix)

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

- > **Market growth at c.2%** with the pandemic impact<sup>1</sup>
- > **Portfolio and geographic footprint** reshaped and well positioned for growth
- > **Competitive capabilities**
- > **Optimised and agile operating model**
- > **Integration and separation** preparation

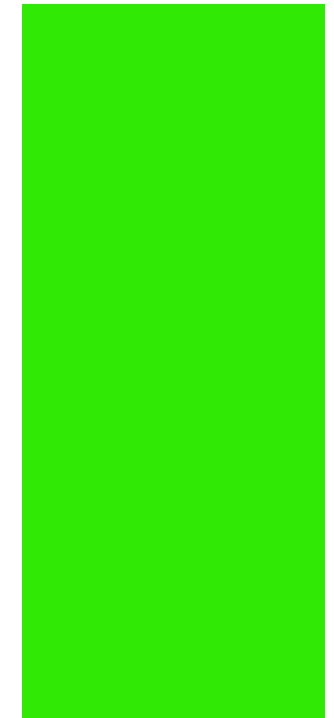
**4.4% CAGR<sup>2</sup>**



2019-2021

- > **Growth categories and geographies** driving increasing contribution
- > **Strategic building blocks:** Increased penetration and channel/geography/portfolio expansion
- > **A&P and R&D investment** ahead of sales growth
- > **Focused and strong execution**

**4-6%<sup>3</sup>**



Medium Term

<sup>1</sup> Company analysis based on external data (Nielsen, IRI, IQVIA and N. Hall), 2019 - Nov YTD 2021

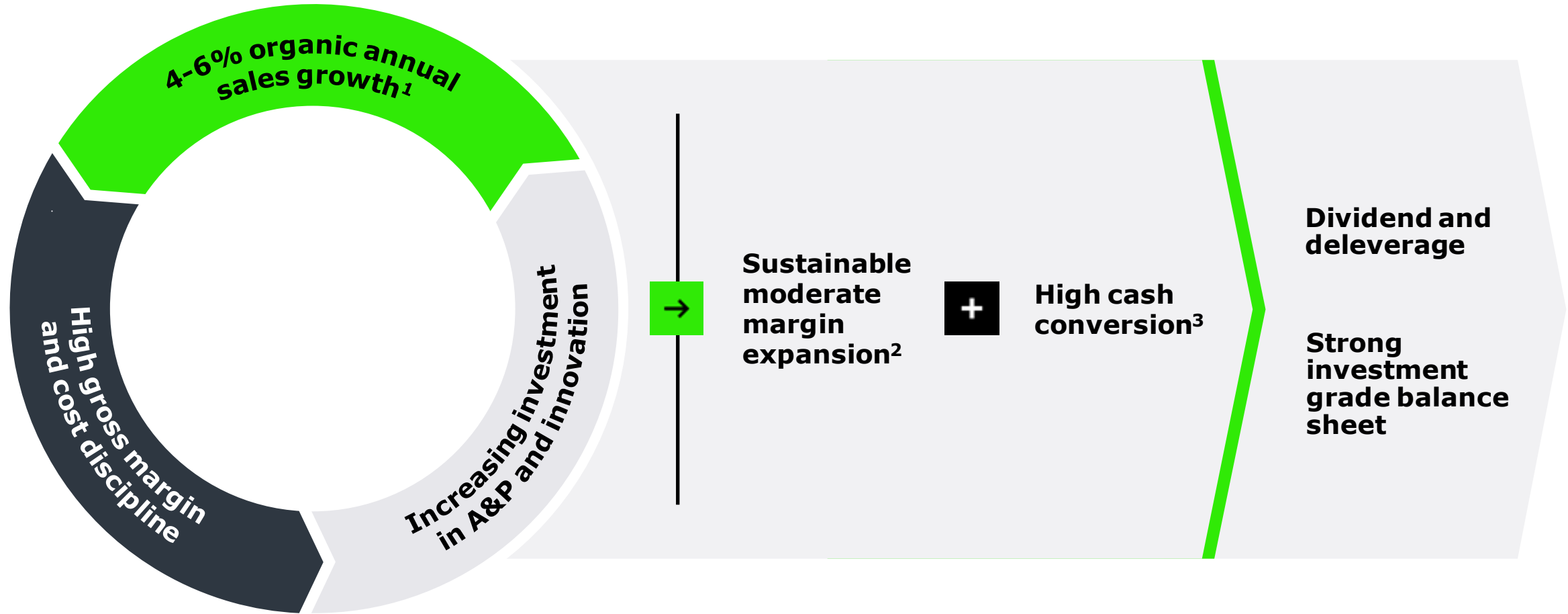
<sup>2</sup> Haleon portfolio revenue growth. See glossary. 12 months of Pfizer brand revenues included in 2019, 2020 and 2021. Divested brand revenues excluded from 2019, 2020 and 2021.

<sup>3</sup> Organic annual sales growth (see appendix for definition), in the medium term

## Margin expansion while investing for growth

	Medium-term trajectory <sup>1</sup>	Drivers
<b>Gross Margin</b>	↑	Positive mix and pricing COGS efficiencies
<b>A&amp;P</b>	↑	A&P spend ahead of sales growth A&P efficiency and effectiveness
<b>R&amp;D</b>	↑	R&D investment ahead of sales growth Increased returns on R&D spend
<b>Other SG&amp;A</b>	↓	Continued efficiency and optimisation
<b>Adjusted Operating Margin</b>	↑	<b>Sustainable moderate margin expansion</b>

# Sustainable model driving investment for growth and attractive returns



<sup>1</sup> Organic annual sales growth (see appendix for definition), in the medium term

<sup>2</sup> Adjusted operating margin, in the medium term at CER

<sup>3</sup> Free cash flow conversion (see appendix)

# Growth focused disciplined capital allocation

## 1 Reinvest in business

**Focused reinvestment** to drive sustainable growth and attractive returns

## 2 Dividend

**Initial dividend** expected to be at the lower end of the 30-50% payout range<sup>1</sup>, subject to HALEON Board approval

## 3 M&A

**Where commercially compelling** and consistent with company strategy

**Target net debt / EBITDA<sup>2</sup> of <3x by the end of 2024**

**Maintain strong investment grade balance sheet**

**Global leader 100% focused on consumer healthcare with clear purpose**

**Exceptional portfolio of category leading brands** with attractive footprint and competitive capabilities

**Strategy to outperform** and run a responsible business, integral to all we do

**4-6% organic annual sales growth<sup>1</sup>**, sustainable moderate margin<sup>2</sup> expansion and high cash conversion<sup>3</sup>

**Attractive growth profile** with capacity to invest and deliver shareholder returns





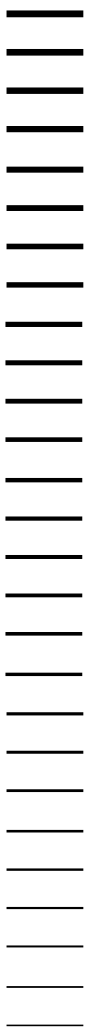
RELIEVING IS BELIEVING



HALEON

Thank you





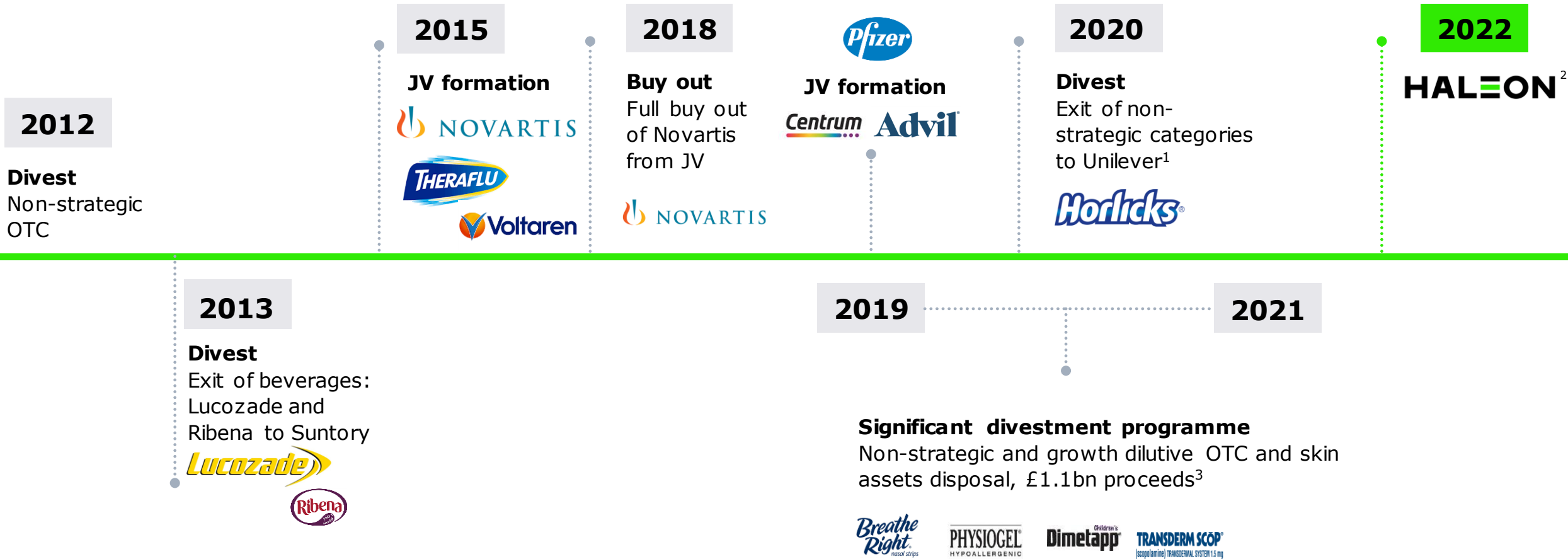
# Appendix

## Assumptions and cautionary statement and regarding forward-looking statements

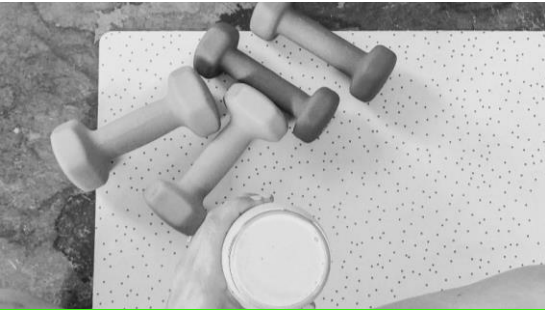
GSK cautions investors that any forward-looking statements or projections made by GSK, including those made in this announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Such factors include, but are not limited to, those described in the Company's Annual Report on Form 20-F for 2020, GSK's 2021 Q4 Results and any impacts of the COVID-19 pandemic.

In outlining the medium term outlooks, growth ambitions and 2022 considerations for Haleon, GSK has made certain assumptions about the consumer healthcare sector, the different geographic markets and product categories in which Haleon operates and the delivery of revenues and financial benefits from its current product range, pipeline and integration and restructuring programmes. These assumptions, as well as the outlooks, ambitions or considerations (as applicable) for organic annual sales growth, adjusted operating margin expansion, dividend payout ratio, cash generation/conversion and deleveraging, assume, among other things, no material interruptions to the supply of Haleon's products, no material mergers, acquisitions or disposals, no material litigation or investigation costs (save for those that are already recognised or for which provisions have been made), no material changes in the regulatory framework for developing new products and retaining marketing approvals, no material changes in the healthcare environment, no unexpected significant changes in Haleon's end markets, no unexpected significant changes in pricing as a result of government, customer or competitor action, and no material changes in the impacts of the COVID-19 pandemic. These outlooks, ambitions and considerations also assume the successful delivery of the separation programme to deliver the demerger of Haleon and the realisation of its anticipated benefits. The outlook, growth ambitions and 2022 considerations are given at constant exchange rates.

# Executing portfolio strategy to build focused scale and leadership



# Favourable underlying sector growth fundamentals



**Increased consumer focus** on health and wellness



**Emerging middle class**



**Ageing population**




























**Increasing pressure** on public healthcare systems



**Unmet consumer needs**



# World class portfolio of category-leading brands

	<b>Oral Health</b> £2.7bn revenue 2021 <sup>1</sup>	<b>VMS</b> £1.5bn revenue 2021 <sup>2</sup>	<b>Pain Relief</b> £2.2bn revenue 2021 <sup>2</sup>	<b>Respiratory Health</b> £1.1bn revenue 2021 <sup>2</sup>	<b>Digestive Health and other</b> £2.0bn revenue 2021 <sup>2</sup>
	#3 <sup>2</sup> #1 Therapeutic OH <sup>3</sup>	#1 <sup>4</sup>	#1 <sup>4</sup>	#1 <sup>4</sup>	#1 <sup>4</sup> Digestive Health
<b>Power brands</b>	  		  	 	
<b>Local strategic brands</b>		  	  	  	     

<sup>1</sup> GSK Consumer Healthcare segment sales 2021

<sup>2</sup> Euromonitor 'Oral Care' (2020), OH: Oral Health

<sup>3</sup> Therapeutic OH from company analysis based on Nielsen and IRI (2020), Therapeutic OH includes therapeutic toothpaste and denture care

<sup>4</sup> Source: N. Hall (2020) for OTC and VMS; VMS: Vitamins, Minerals, Supplements

# #1 in Therapeutic Oral Health

Creating a premium, fast growing category



The world's leading sensitivity toothpaste<sup>1</sup>, and #2 overall toothpaste<sup>2</sup>



Among the world's fastest growing global toothpaste brands<sup>3</sup>



The world's leading denture care brand, sold across 60+ countries<sup>2</sup>

<sup>1</sup> Company analysis (2020)

<sup>2</sup> Source: Euromonitor (2020)

<sup>3</sup> Company analysis based on Nielsen and IRI data (2020)



# #1 in Vitamins, Minerals and Supplements

Enabling proactive everyday health



**The world's leading and the most clinically studied multivitamins<sup>1</sup>**



**#1 vitamin C and immunity supplement in the US**



**Leading brand for bone and joint supplements in China**

# #1 in Pain Relief

Leader across ingredients and formats



The world's leading topical pain relief brand and #3 largest OTC brand globally



The world's #2 pain relief brand in the US and #4 largest OTC brand globally



Leading systemic pain relief brand outside the US – sold across over 90 countries

# #1 in Respiratory Health

Presence across key conditions



Europe's #2 and North America's #3 oral cold and flu brand – in over 50 markets



The world's leading topical decongestant brand



Leading allergy remedy in the USA



## #1 in Digestive Health

Well-loved brands and consumer preferred formats



**Leading OTC heartburn treatment** in the USA with more than 90 years heritage



**#1 OTC heartburn treatment in India and Brazil** with more than 100 years of heritage

# Haleon financial reporting considerations<sup>1</sup>

## IFRS Income Statement

### Reportable segments

#### North America

2021	£m
Revenue <sup>2</sup>	3,525
Adj. Op. Margin	23.5%

#### EMEA & LatAm

2021	£m
Revenue <sup>2</sup>	3,877
Adj. Op. Margin	24.8%

#### APAC

2021	£m
Revenue <sup>2</sup>	2,143
Adj. Op. Margin	21.5%

#### Corporate & Unallocated

2021	£m
Adj. Op. Profit	(77)
Adjusting items	(534)

## Revenue<sup>2</sup> on a Category basis

# Comparison of Haleon to GSK segment financials

Whilst a part of GSK, Haleon has historically been reported as an operating segment under IFRS 8 in GSK's annual report and interim financial reporting (the "CH Segment"). The **financial information presented above** has been prepared in a manner consistent with the Historical Financial Information prepared in connection with the anticipated demerger and separation of Haleon from GSK and therefore **differs both in purpose and basis of preparation to the CH Segment as presented historically in GSK's financial reporting**. As a result, **whilst the two sets of financial information are similar, they are not the same because of certain differences in accounting and disclosure under IFRS**.

## These differences primarily include:

- (1) the inclusion in GSK's segment reporting of certain **distribution and local commercial activities performed by a limited number of other GSK Group entities** in relation to Consumer Healthcare products
- (2) the basis of **allocation of certain cost-sharing and royalty agreements as attributed by a limited number of other GSK Group entities** for the purposes of GSK segment reporting
- (3) **the inclusion of Horlicks and other Consumer Healthcare nutrition products in India and certain other markets** in GSK segment reporting
- (4) **the sale of Thermacare products** until their disposal in 2020 which have been excluded from GSK segment reporting

## Key figures (£m)

	Haleon <sup>1</sup>			GSK CH segment <sup>2</sup>		
	2019	2020	2021	2019	2020	2021
<b>Revenue</b>	8,480	9,892	9,545	8,995	10,033	9,607
<b>Adjusted Operating Profit<sup>3</sup></b>	1,654	2,074	2,172	1,874	2,213	2,239
<b>Adjusted Operating margin<sup>3</sup></b>	19.5%	21.0%	22.8%	20.8%	22.1%	23.3%

# Revenue Reconciliation<sup>1</sup>

Haleon portfolio growth reflects the growth of Haleon's brands during the track record period

	2019	2020	2021		2020	2021
Revenue £bn	8.5	9.9	9.5	<b>Revenue growth %</b>	<b>16.7%</b>	<b>(3.5%)</b>
Growth %	n/a	<b>16.7%</b>	<b>(3.5%)</b>	Organic growth adjustments of which:	(16.6%)	2.7%
Growth CER %	n/a	19.3%	1.0%	Effect of acquisitions	(19.7%)	-
<b>Organic revenue growth %</b>	n/a	<b>2.8%</b>	<b>3.8%</b>	Effect of divestments	3.2%	2.7%
				Effect of manufacturing service agreements (MSAs) <sup>2</sup>	(0.1%)	0.0%
				Effect of exchange rates	2.7%	4.6%
				<b>Organic revenue growth %</b>	<b>2.8%</b>	<b>3.8%</b>
				Haleon portfolio revenue growth adjustments of which:	2.3%	0.1%
				Effect of acquisitions	1.6%	0.0%
				Effect of divestments	0.7%	0.1%
				Effect of manufacturing service agreements (MSAs) <sup>2</sup>	-	-
				Effect of exchange rates	(0.2%)	0.0%
				<b>Haleon portfolio revenue growth %</b>	<b>4.9%</b>	<b>3.9%</b>

<b>Haleon portfolio revenue £bn</b>	9.3	9.6	9.5
Growth %	n/a	2.6%	(0.7%)
Growth CER %	n/a	<b>4.9%</b>	<b>3.9%</b>

Haleon portfolio revenue and growth illustrate the performance of the brands that make up the portfolio at spin to provide the best understanding of the size and growth of Haleon's brands during the track record period.

Haleon portfolio revenue and growth are presented here to aid understanding but become unnecessary going forward. Instead revenue, revenue growth, revenue growth at CER and organic growth will be used.

Source: Company analysis

Haleon portfolio growth converges with organic growth in 2021.

Haleon portfolio growth differs from organic growth in two key respects:  
 (1) By including 12 months of Pfizer brand sales in all years (including 2019)  
 (2) By completely excluding all sales of brands divested from all years

<sup>1</sup> See glossary for definitions  
<sup>2</sup> Manufacturing service agreements ("MSAs") relating to divestments and the closure of sites or brands

# IFRS and Adjusted Income Statement<sup>1</sup>

## 2020 (£m)

	IFRS Result	Net Intangible Amortisation and Impairment	Restructuring Costs	Transaction Related Costs	Separation and Admission Costs	Disposal and others	Adjusted Result
<b>Revenue</b>	<b>9,892</b>						<b>9,892</b>
<b>Cost of Sales</b>	<b>(3,982)</b>	81	89	91		2	<b>(3,719)</b>
<b>Gross Profit</b>	<b>5,910</b>	<b>81</b>	<b>89</b>	<b>91</b>		<b>2</b>	<b>6,173</b>
<i>% Gross Margin</i>	59.7%						62.4%
<b>Selling, general and admin</b>	<b>(4,220)</b>		314		66	21	<b>(3,819)</b>
<b>Research and development</b>	<b>(304)</b>	16	8				<b>(280)</b>
<b>Other operating income</b>	<b>212</b>					(212)	<b>0</b>
<b>Operating Profit</b>	<b>1,598</b>	97	411	91	66	(189)	<b>2,074</b>
<i>% Margin</i>	16.2%						21.0%
<b>Finance income</b>	<b>20</b>						<b>20</b>
<b>Finance expense</b>	<b>(27)</b>						<b>(27)</b>
<b>Profit before taxation</b>	<b>1,591</b>	97	411	91	66	(189)	<b>2,067</b>
<b>Taxation</b>	<b>(410)</b>	(19)	(90)	(20)	(13)	69	<b>(483)</b>
<i>Tax rate %</i>	25.8%						23.4%
<b>Profit after tax for the year</b>	<b>1,181</b>	<b>78</b>	<b>321</b>	<b>71</b>	<b>53</b>	<b>(120)</b>	<b>1,584</b>

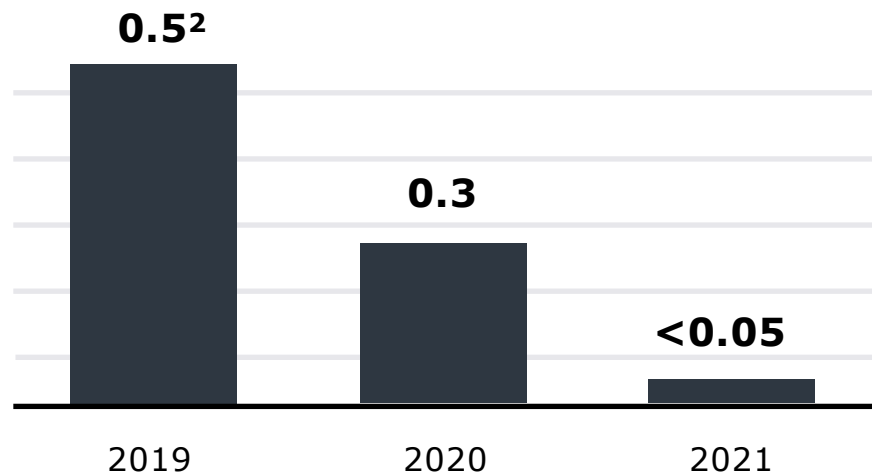
## 2021 (£m)

	IFRS Result	Net Intangible Amortisation and Impairment	Restructuring Costs	Transaction Related Costs	Separation and Admission Costs	Disposal and others	Adjusted Result
<b>Revenue</b>	<b>9,545</b>						<b>9,545</b>
<b>Cost of Sales</b>	<b>(3,595)</b>	8	44				<b>(3,543)</b>
<b>Gross Profit</b>	<b>5,950</b>	<b>8</b>	<b>44</b>				<b>6,002</b>
<i>% Gross Margin</i>	62.3%						62.9%
<b>Selling, general and admin</b>	<b>(4,086)</b>		150		278	76	<b>(3,582)</b>
<b>Research and development</b>	<b>(257)</b>	8	1		-	-	<b>(248)</b>
<b>Other operating income</b>	<b>31</b>					(31)	<b>-</b>
<b>Operating Profit</b>	<b>1,638</b>	16	195		278	45	<b>2,172</b>
<i>% Margin</i>	17.2%						22.8%
<b>Finance income</b>	<b>17</b>						<b>17</b>
<b>Finance expense</b>	<b>(19)</b>						<b>(19)</b>
<b>Profit before taxation</b>	<b>1,636</b>	16	195		278	45	<b>2,170</b>
<b>Taxation</b>	<b>(197)</b>	8	(36)		(47)	(197)	<b>(469)</b>
<i>Tax rate %</i>	12.0%						21.6%
<b>Profit after tax for the year</b>	<b>1,439</b>	<b>24</b>	<b>159</b>		<b>231</b>	<b>(152)</b>	<b>1,701</b>



# Haleon divestments

Revenue of divested brands (£bn; 2019-2021)<sup>1</sup>



## Brands divested 2019-2021<sup>3</sup>

### 2019

Bialcol, Ceridal, Cibalgina, Eurax, Keri, Magnesia Bisurada<sup>4</sup>, Oilatum, Polytar/Tarmed, Prevacid, Savlon, Tixylix

### 2020

Alavert, Anbesol, Argus, Boost<sup>5</sup>, Breathe Right, Capent, Cetebe, Cholinex, Clindo, Coldrex, Dimetapp, Dristan, Duofilm, Eclipsol, Fibercon, Hinds<sup>3</sup>, Horlicks<sup>5</sup>, KCI-retard<sup>6</sup>, Lemocin, Mebucaine, Omega/Fri-Flyt, Orofar, Physiogel, Primatene, Pulmex, Resyl, Sunmax, Sweatosan, Synthol, Tavegyl, Thermacare, Tossamin, Trofolastin, Venoruton, Viva/Maltova

### 2021

Acne-Aid, Baldriparan, Formigran, Kamol, KCI-retard<sup>6</sup>, Spalt, Spectaban, Transderm scop

<sup>1</sup> Excludes revenue of Horlicks / Boost, which were excluded from the Haleon perimeter

<sup>2</sup> On a reported basis including 5 months' August-December revenue of Pfizer brands

<sup>3</sup> Brands are listed by year of closing of divestment

<sup>4</sup> Partial divestment

<sup>5</sup> Horlicks / Boost was excluded from the Haleon perimeter and financials but was included in GSK plc's CH segment reporting. Horlicks revenue was £ 0.5bn in 2019

<sup>6</sup> Partly divested across 2020 - 2021

# Glossary

A number of Adjusted measures are used to report the performance of our business which are non-IFRS measures. Adjusted results, CER and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS. These measures are defined and set out below. Reconciliations to the nearest IFRS measure will be provided as part of the Historical Financial Information as part of the Prospectus.

**Adjusted EBITDA** is defined as profit after tax for the year excluding income tax, finance income, finance expense, Adjusting Items (as defined below), depreciation of property plant and equipment, impairment of property plant and equipment net of reversals, depreciation of right-of-use assets, and amortisation of software intangibles.

**Adjusting Items** include the following:

- **Net amortisation and impairment of intangible assets:** Intangible amortisation and impairment of goodwill, brands, licenses and patents net of impairment reversals.
- **Restructuring costs:** include personnel costs associated with restructuring programs, impairments of tangible assets and computer software relating to specific programmes approved by the Board from time to time that are structural and of a significant scale, where the costs of individual or related projects exceed £15 million. These costs also include integration costs following an acquisition.
- **Separation and admission costs:** costs incurred in relation to and in connection with the demerger, separation, admission and registration of Haleon Shares.
- **Transaction related costs:** Accounting or other adjustments related to significant acquisitions.
- **Disposal and other adjusting items:** Gains and losses on disposals of assets and businesses, tax indemnities related to business combinations, and other items.

**Adjusted Operating Profit** is defined as operating profit less Adjusting Items as defined above.

**Compound Annual Growth Rate (CAGR)** represents the annualised average rate of growth between two given years assuming growth takes place at a compounded rate.

**Free cash flow** is defined as net cash inflow from operating activities plus cash inflows from the sale of intangible assets, the sale of property, plant and equipment and interest received, less cash outflows for the purchase of intangible assets, the purchase of property, plant and equipment, distributions to non-controlling interests and interest paid.

**Free cash flow** conversion is defined as free cash flow, as defined above, divided by profit after tax.

**Haleon portfolio revenue** represents the revenue of the brands that make up the Company's portfolio at separation from GSK. The measure includes 12 months revenue of Pfizer brands in all years including 2019 and excludes all revenue of divested / closed brands from all years. It also excludes revenue attributable to manufacturing service agreements ("MSAs") relating to divestments and the closure of sites or brands. Haleon portfolio revenue is presented here to aid understanding but will not be used going forward.

**Haleon portfolio revenue growth** represents the growth in Haleon portfolio revenue excluding the impact of exchange movements.

**Organic revenue growth** represents revenue growth, as determined under IFRS and excluding the impact of acquisitions, divestments and closures of brands or businesses, revenue attributable to manufacturing service agreements ("MSAs") relating to divestments and the closure of sites or brands, and the impact of currency exchange movements.

**Organic sales growth** is the same as organic revenue growth (as defined above) and the terms are used interchangeably in these materials

**Sales** is the same as revenue and the terms are used interchangeably in these materials