

# Barclays Global Consumer Staples Conference 2025

## Reckitt CEO and CFO – fireside chat with Warren Akerman

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Warren Ackerman: I think I've had the signal, so we're going to get cracking. Hopefully the lunch was great and we've got Reckitt here today. Kris and Shannon, thank you for attending and supporting the conference every year. We appreciate that.

So, format today, as has been the case already, is going to be a fireside chat. We are going to do a breakout, by the way, next door afterwards for 15 minutes for those who want to join. So, I've got a lot of questions for you guys. So, we're going to try and get through as many as possible. But maybe kick off, Kris. Can you talk a little bit about the new organization? You're talking about a more accountable organization. Why and how is that an unlock, and how would it help you deliver and execute more consistently? Because obviously consistency is the name of the game.

Kristoffer Licht: It is. So, thank you for having us. It's a pleasure to be here. So, I felt strongly that we needed to simplify our organization. And I would say the main driver of the changes that we've made was really about simplicity, effectiveness, accountability and hopefully speed.

You know, there's a byproduct which is it's less costly. We have fewer senior executives. But I think the overwhelming focus is for us to create a simple and fast organization. And we heard that from the rank and file in the company for a while that they felt that was an opportunity to get to faster decision making and I felt clarity around accountabilities was important. So, what we did is we took out a couple of layers of management. It's quite a significant change. And then we simplified the geographic reporting. So, we now have three presidents that are accountable for all execution. And that makes it much easier for me to work with them and drive good execution. But also, of course, to make sure we have clarity of accountability. And, by the way, that is also the case below. We simplified our regional structure quite a bit too.

So, we made this change six months ago, so we've been living in this new organization for -- well, the year is going fast. It's eight months now. But I think it's

going well. You know, we're capturing benefits from it, but I would also say any big organizational change like this, it takes a year or two before you get all the benefits. So, there's more to come.

Warren Ackerman: Maybe move to innovation; innovation is the lifeblood of consumer staples. Can you explain the one Reckitt's way, or brand building, and you know, building categories. You've done it with Lysol Air, you've done it with Lysol Laundry Sanitizer, which have made new markets, and it's allowed you to get a price premium given the level of differentiation.

So, the question is, can you replicate that market making model to other power brands? And is your R&D set up enough so that you can do it more quickly and more agile or are these big breakthroughs quite infrequent events? And which technologies are you most excited about in terms of innovation that can really move the top line needle? So, it's a big question around innovation.

Kristoffer Licht: That feels like five questions. But --

Warren Ackerman: One big question.

Kristoffer Licht: Let's take the one big one. Let's take the elements of the big question in turn. So, innovation is our lifeblood and we have been investing in our pipeline and in our R&D capability quite a bit. And it takes years. So, we did have a period historically where we didn't invest enough and then it's a catch up process. The good news is we're done with the catch up. So, we're now in a position where we have really meaningful innovation.

To your point, you don't want actually too many of them. You want sort of a cadence of big platforms, one or two that land in the market every year because the job isn't just to launch them and land them, the job is actually to use three or four years to scale them because we want them to be permanent, new additions to the portfolio.

Category creation is the most valuable kind of innovation that we can do and the way that you do that is obviously your fundamentals have to be good. You have to be consumer obsessed. You have to see a need in the market. You have to have the technology solution that is really going to deliver on the promise. But I think what is helpful for us is you really have to have a number one equity to -- you know, your brands have to have the right to create categories. And one of the things that we're spending a lot of time on is understanding which of our brands have that right and where can we do it, to your question. But you look at a brand like Dettol where we've dramatically expanded the number of categories that Dettol operates in, in a market like China, that's a big part of our growth. And so, much of it comes back to, do we have the right brands? And the good news is in our core Reckitt portfolio, we only have very strong power brands. It's really the whole idea behind the plan.

- Warren Ackerman: I'm bringing you in, Shannon, and I'll try to make it a bit shorter, this one. On the fixed cost reduction, it looks like you're tracking well ahead of your targets. I think you were already at 20% the first half, and against your [19] target. You've talked about two big areas of scaling shared services as an opportunity and also working with generative AI to reduce overhead. So, just interested if you can maybe elaborate a bit more on those two points? And I guess given where you're tracking, is there any reason why, you know, you don't hit that target a little bit earlier than you've said, given you're already well ahead?
- Shannon Eisenhardt: Yes, we're super pleased with the progress we've made to date. As you said, savings are coming in quite quickly from overheads. I think that as far as resetting any targets, not really looking to do that, I think 19's the right target for us. We're committed to getting there as we exit 2027. I would say, of course, there's no finish line. So, once we get there, we can talk about going further. To your point, I think what's important to remember is while we've had strong delivery early on in the program, if you think about 2026 and 2027, first of all in 2026 we'll be needing to mitigate stranded costs from Essential Home. So, if you think of that trajectory of savings delivery, I think that could moderate a bit in 2026.
- And then if you think of those two buckets you called out, so Shared Service and Gen. AI, we absolutely think there are large opportunities. We think they're very structural, sustainable opportunities, so once we have that capability up and running, we think it's something that for the long haul, will continue to drive savings. But it's also two opportunities to take a lot of work to really get them going. And so, those are the two pockets of savings that I would see coming into play as we get into 2026, and then in a really significant way in 2027.
- Warren Ackerman: Okay. Thank you. And maybe just touching on advertising spend, because that was up significantly in the first half, I think 130 basis points from 13.3% of sales to 14.6%; that's a big jump. Can you maybe outline where that money is going and what are the top priorities for that spend? Maybe how much of that spend is digital today, if you have that number, and should we assume it kind of levels off or does it, you know -- just in times of calibrating modelling, you know, what's the thought process about what the right level of spend should be in the business?
- Shannon Eisenhardt: Sure. So, in addition to innovation, I'd say one of -- you know, the second most important thing, I think for FMCG is to be really investing in our brand equity and making sure we're fully supporting our brands. And so, our intention is that overtime brand investment as a percent of net revenue should absolutely be growing. And so, in 2023, we had a significant step up more than 100 bips. In 2024, we increased it another 30. Year in and year out, you should be looking for that to be increasing as we take some of this fixed cost optimization and put it back in to invest behind our brands.
- As far as where that goes, I mean obviously one of our top priorities is that when we do have great innovations, we want those to be fully funded. And so, that would be

the first place that we're putting incremental BEI, but we're constantly looking at country brand combinations to understand where do we think we either have clear opportunity to drive high ROI investment, where do we think we're behind some of our key competitors and we're very targeted in where we put that incremental spend over time.

Warren Ackerman: And then another one on EPS growth, and I know you've had it a few times, but for some of us it's quite hard to model and there's a lot of moving pieces. You've said that EPS will be up in 2026 after the essential home exit. And so, you've got a few things going on there, you've got a minor -- you know, you've got the 30% associate that we need to model. You've got the stranded overheads. So, can you maybe help us a little bit sort of bridge that to give us confidence that actually indeed the 2026 EPS will be will be up?

What would you outline, what would you point to?

Shannon Eisenhardt: Sure. So, absolutely our ambition is that year in and year out we're growing EPS. I think both Kris and I recognize that if you look back historically, it's been a bit of a missing piece, if you think about consistency of EPS growth from the Reckitt story for the past few years. We had great results last year. We're confident this year that we'll be growing EPS.

When you look into 2026, the building blocks I would think through are obviously the sale of Essential Home is diluted. It's about \$2 billion of net revenue. What bridges us to growing EPS and the ambition to grow EPS is, first of all, core Reckitt top line growth and so we expect top line growth. We've guided 4 to 5 as our mid-term outlook for core Reckitt. Going back to the Fuel for Growth program, we expect to deliver cost savings in 2026 from Fuel for Growth which will help drive operating profit expansion. That will all be compounded by -- we've had an ongoing share buyback program that we launched in October 2023, which will continue to be a tailwind on EPS. As we have the special dividend with the essential home transaction, there will be a share consolidation with that that will be a tailwind for growing EPS.

And then to your point, we would expect to have benefit coming into EPS from both the interest on the vendor loan note associated with the Central Home transaction as well as the 30% stake. Obviously FX, I can't predict that, so we'll see what the impact is, but those are the building blocks.

Warren Ackerman: Okay. Thank you, Shannon. Super useful. Maybe back to you, Kris. Got to ask you about the US market. You've called it as hard to call. There's lots of moving pieces, a lot of channel shift going on, a consumer shift. How exposed are you to the declining drugstore channels versus the growing channels of Amazon, Walmart and Costco? And how are you trying to improve execution with the winning retailers like Walmart? What investments are you making in supply chain technology, people maybe, to win in the US almost regardless of what the macro does?

Kristoffer Licht: Great question. So, yes, I think the US is quite dynamic. It's tough, although it's stabilizing. So, actually if anything from what was a quite a concerning outlook in the middle of the spring, I would say, it feels more stable now. Our categories are pretty stable. It's a low growth environment, but it's an environment that we can work with and we can drive reasonable performance.

Our brands are quite strong in the US we are leaders in most of our categories and that means that our brands find their way to consumers pantries, irregardless of channel shifts. We're available, broadly. We win with lots of different retailers. And so, I'm not so concerned that the consumer won't find our brand. In fact, you know we have good traction and execution is improving and that's really good to see.

So, you know, we're watching channel shifts, the drug channel is obviously having a tougher time, but we've been winning with -- winning retailers for a long time. So, Walmart, it's not a new focus. Walmart's been a winning retailer for a long time and a focus of ours for a long time. We have a great partnership with Costco. We have great partnerships with many retailers and we do well online. So, I'm not so worried about these shifts. They tend to happen quite a bit and we have to be able to navigate that and deliver performance regardless.

I don't think the shifts that we're seeing in the US are dramatic. There's other markets around the world where we're seeing far more dramatic channel shifts like China. And so, I think we can navigate it.

Warren Ackerman: Okay, and maybe like a specific one on the US. I think it was down like two 2.7%, I think it was, and you said that a lot of that was due to the reformulation of Mucinex.

Kristoffer Licht: Yes. So, we were reformulating the sinus range, the Mucinex. And that product is then going back -- the reformulated product went back into the market at the beginning of Q3.

Warren Ackerman: Okay.

Kristoffer Licht: So, it's a bad guy in Q2, a good guy in Q3.

Warren Ackerman: Was it most of that -2.7?

Kristoffer Licht: Yes.

Warren Ackerman: Just so I understand. And does it just does it mechanically completely come back in Q3?

Kristoffer Licht: Yes. Yes, I mean we obviously have to execute that well and we've been micromanaging that execution. But yes, I would expect it to come back fully.

Warren Ackerman: And in terms of sell in and sell out dynamics, are you seeing -- you know, where are inventory levels today? Is that also improving or normalizing? Maybe are you able to say how much stock is in the system to give us an idea of where it goes?

Kristoffer Licht: There was a bit of destocking in the spring. I think a lot of that had to do with the confluence of what inventory levels were after a relatively weak start to the season and then a very sharp decline in March --

Warren Ackerman: Okay.

Kristoffer Licht: -- after a robust season in January, February. That gave retailers, I think, the opportunity to just work through the inventory they already had and I think -- so, I think my interpretation a bit more of a short term situation that was very reflective of how the season was moving and also what was happening in the macro at that time. We're not seeing destocking as a significant impact for our business now. We don't anticipate it being a significant impact. In fact, we're quite happy with the sell in and the shipments for the season that's upcoming.

Warren Ackerman: So, net, net would we expect the US to therefore be up in the second-half given Mucinex is coming back?

Kristoffer Licht: Yes. We expect the US to grow. Yes.

Warren Ackerman: Okay, and maybe turning to emerging markets, that was obviously the star performer in the second quarter. It was up from 10% to 15%. I think you got a mini CMD on EM coming up in December --

Kristoffer Licht: Yes.

Warren Ackerman: -- which will be super interesting. But when you think about the sustainability of that growth in the emerging markets, Reckitt's been a bit up and down, I would say, in EM in the past. How can we get comfortable that this time it will be more sustainable, that you can actually grow EM, I don't know, high single digit? And are you confident you can [comp the comp] because Q3 is fine. In Q4, Q1, Q2 you start to get into much tougher comps. When that happen, would we still expect to see, maybe not 15, but still, you know, high single digit growth?

Kristoffer Licht: Yes. What we've said about this, and I believe that to still be true, is we shouldn't get used to growing at double digit just because it's unlikely to sustain itself quarter in, quarter out, year in, year out. But high single digit, I feel very comfortable we can do consistently. And as we can see, the business can definitely do more than that too as it has been doing now for three or four quarters. We have been successful in China and India for a long time and that's really the markets that are driving most of that growth. Not all of it because it's broad based, but most of it. And we have the ingredients to be successful in those markets for a long time.

We have very strong brands. Much of our growth is volume driven growth because we're competing very effectively in the online channels in China and we're expanding our offline footprint in India. Much of the growth is in health and in Intimate Wellness, where we are leaders and have a big runway for continued household penetration.

So, I'm very happy with the teams we have in place. They really know what they're doing. I think we have some advantage capabilities. So, for China and India, I feel quite confident that we're going to see continued strong growth.

Then the most exciting part about this footprint, to me, is the remainder of emerging markets where we have a cluster of six or seven markets that taken together will be, and is of the size of India or China, and has the same growth potential. And so, actually accelerating those markets is a big priority of ours for the coming years, which will also, you know, support the --

Warren Ackerman: So, which countries would you call -- Colombia -- Is it Colombia, is it Malaysia, is it Indonesia? What would be the most exciting --

Kristoffer Licht: Yes, so there's good names in there. So, we have, for us, Malaysia, Vietnam. Sub-Saharan Africa, Colombia and Mexico and Brazil, where we have nice businesses today. Now, there's more markets than that, but those are the ones that are on my radar in terms of really big growth potential.

Warren Ackerman: And how do you see those markets? You know what -- how are you actually going about trying to grow them? How do you prioritize? Is it sub-Saharan Africa versus Indonesia? What's the kind of process?

Kristoffer Licht: Yes, well, we have a lot of conversations about this. I mean, I don't want to prioritize too much because there's so much growth. So, I would like most of it if we can find a way. But obviously, you know, we -- that's already a subset of markets that we've picked. The good news is we're not starting from scratch, so we have pretty good businesses in these markets. They just haven't been, let's say, that biggest priority for the organization. And so that's what we're changing. And what that looks like is investments in the brands and supply chain. In some places we can have more capable R&D that's a little closer to the market to get the innovation really firing.

So, every market is a bit different. But what's exciting about it is our people know how to do this. And so, our new structure where we have emerging markets under one roof with some very capable experienced leaders, they can start to really spread these capabilities and playbooks in a more effective way. That's probably the thing that I'm most excited about, about our new organization.

Warren Ackerman: Okay. Maybe back to you, Shannon. As we're staying on the geographical tour, maybe we can turn back to Europe. I think you said that the Q1 stage Europe would be, kind of up low single digits. It ended up being flat. So that was one of the few

areas that was a little bit behind what you had thought. Can you maybe outline why that was and, you know, where do you see kind of category growth in Europe share? Do you expect Europe to be back into positive territory in the back half as Kris does in North America and in Europe?

Shannon Eisenhardt: Sure. So, Europe -- I mean, I'll start with your last point. We do expect Europe to be back into growth in the back half. Think the dynamic we saw in Europe in the front half, there were a couple aspects to it. One is we certainly saw category growth rates declining. If you go back to January and sort of map that out through the front half, we do feel like that's now stabilized. And so, when we look at category growth rates today in Europe, we're seeing them pretty flat. But we see that as stabilizing.

We talked about the fact in our half one results from a share standpoint, we feel good about what we're delivering in Europe. We talked about it's the first time that we've been market leader for Finish in all large European markets. So, we feel like we're getting to a place where we're showing up very competitively for the consumer. We have some good innovation. We've been talking about Intimate Wellness in Europe and innovation there. And so, I think as we look to the back half, we see sell in and sell out should be converging in Europe and even with very low to flat category growth rates, we're confident that we'll be delivering growth in the back half.

Warren Ackerman: And you touched on Finish, Shannon, so I want to ask you one about that. It's one of your biggest brands and what we're seeing is some different dynamics in the US versus Europe and the US is obviously you're up against a, you know, big competitor.

Shannon Eisenhardt: We are.

Warren Ackerman: Can you maybe sort of just outline, you know, where market share trends are for Finish in the US and Europe and what you're trying to do to improve it where it's not currently there. And then sort of a second one on the Finish as well, the other thing that really struck me at the CMD, I think you said that you sell Finish to 27 million Australians, more than the 4.8 billion Asian consumers. So, that kind of shows you the potential that the brand has in some of those other EMs. But how do you actually think about playing? How do you actually crack those markets? Is it just about dishwasher penetration or, you know, how do you drive the category?

So, the one about the Europe, US, one about EM on Finish specifically.

Shannon Eisenhardt: Yes. So, Europe, US, I mean you have to remember the competitive dynamic is totally different. So, in Europe, we're the market share leader. As I just said, market share leader in all large European markets. In the US, we're obviously in the challenger position and so the activities across Finish though are quite similar. I mean it's a brand where it's really important to make sure from a media standpoint we're supporting the brand in the right way. But almost even more importantly that



every day when consumers go into retailers, that we're showing up in a competitive way.

And so, starting in the back half of 2024 we were talking about the need, particularly in Europe, to really make sure we had the right level of promo, right frequency, right depth. And as we got that right, market by market by market in Europe, that's when we really started the -- saw the share results turn around. And so, it's a very different dynamic. Good part of being challenger in North America is that even when we're not gaining share, we can be growing revenue quite nicely. And so, of course our intention is we want to be gaining share and it's the same levers that we saw in Europe that we're playing with in the US to try and get to the place.

From a long term potential of the business, I mean this is when we talk about us having decades of runway. And so, when you go country by country and look at dishwasher penetration, I mean it's very surprising to even see in developed markets. You have markets where the penetration is well below 20%. And so, that will be one of the key enablers for long term growth for Finish is as we see that dishwasher penetration move forward, we're very focused on making sure we're there, we're partnering with the manufacturers of the machines so that we're really the first brand that new consumers to the category are learning from and growing with.

Warren Ackerman: Okay, thank you. Kris, talk about Intimate Wellness. It's your star category. We've see, you know, a step change in growth. What's driving that? How sustainable is it? It sounds like it's adjacencies and particularly your China business, you know, your market share was, you know, I'm not saying nowhere, but five years ago was much lower than it is today; you're a clear market leader. And the brand Durex is a billion in revenues. What is the real potential for this brand? If you look out a crystal ball, how big could this brand be?

Kristoffer Licht: Yes. It could be very big. So, but obviously we have to do the hard work to get it there. So, I think Durex is maybe one of those brands that exemplify what we talked about before, which is, the power of strong R&D and breakthrough innovation. We have really made big strides in our IP, our capabilities as it pertains to materials innovation. And in condoms, it's really all about materials and what, you know, benefits they bring. And so, we are now clearly global leaders again and that's where I want us to stay.

We have a big runway for growth. It's actually not just China. I mean, Durex is growing double digit in many emerging markets and it's got a big runway for growth in emerging markets, kind of similar to Finish. I mean really the category needs to be built and we're the right people to build it.

And then we also have adjacencies. So, Female Intimate Wellness is a growing space and we have a really great brand called Intima, which is indeed now growing very fast in China from European roots.

Warren Ackerman: It's triple digits, isn't it?

Kristoffer Licht: Yes. So, it's fast. So -- now, we can't sustain necessarily that kind of growth rate, but it's just an indication, back to your question, I mean, how big can this be? I think it's just a function of how good of a job we do to create categories. I don't think there's really a clear ceiling. It's a question of category adoption, education, capturing, you know, people at the right age to teach them about how to be healthy and safe with this category. So, we have a lot of work to do there.

Warren Ackerman: Thank you. I also want to touch on brand stretch because one of the big things that came out for me at the CMD was your Dettol brand, and the performance in India is incredible. And it's also in 13 sub categories.

Kristoffer Licht: Yes. So, we've expanded it significantly.

Warren Ackerman: But it's -- I mean, most of your others are in two or three sub categories. So, why is Dettol an outlier? And can you do -- can you replicate that playbook with some of your other power brands or is it something about Dettol that's different? And if you can replicate it, which of the power brands would you like to stretch more into adjacencies?

Kristoffer Licht: So, most power brands have the ability to stretch because they are trusted, they are the number one equity. They're well known and they deliver. So, I would never say that any of our power brands cannot stretch, they can all stretch. The question is how far? How many categories can we sort of straddle and when is the right time? What's the right product proposition? Because, again, efficacy is everything. So, it has to deliver.

So, Dettol is the brand that we've successfully stretched across the most categories. It is a phenomenal equity and in that part of the world, it's really a beloved brand. But look at Lysol, we've stretched Lysol into multiple categories. Durex, we've stretched into multiple categories. Finish is both auto dish tablets, but it's also cleaners and other things. So, I would hesitate to say that we have any brand that can't stretch and if I showed you our strategic plan for growth for the next three or four years, unsurprisingly, you know, brand stretch and category expansion is a huge part of our growth. So, we have big plans, I would say, for every one of our brands to stretch into new categories. Probably Dettol is always going to be the shiniest example that we have. But that's okay, we don't need 13 categories for each brand. We just need to successfully stretch into --

Warren Ackerman: What's the brand doing in India now in Dettol? Where's the growth? You know, how big was it about 10 years ago? Where is it now? Where's it going? Is it still growing because it's been around for a long time.

Kristoffer Licht: It's growing, it's. Is it growing.

Warren Ackerman: And where is it growing?

Kristoffer Licht: Yes, so we developed new formats and, you know, we do line extensions. Dettol in India is a very mature business, right? It's been around for 100 years. It's bar soap, it's ASO antiseptic liquid. That's the core of the brand. But then we're extending it into new formats and new benefits. You know, in bar soap we've been selling Dettol bar soap forever, but now we have our cool platform that's driven some great growth and we do other things that's more dermatological. So -- that will also bring good growth.

But, actually, Dettol, the best case example for what Dettol can do is China, because in China we've really stretched the brand far beyond even what we managed to do in India and that's where the 13 subcategories happen.

Warren Ackerman: And why is that? What is it about China --

Kristoffer Licht: Yes, you know, I think we cracked the code on some really good propositions. In China, we have found a way to engage with consumers that's highly impactful. So, we can explain to them a new proposition. And Chinese consumers are really engaged in our categories. It's probably one of the -- if not the most curious and well informed consumer we meet anywhere in the world, and we've cracked the code on how to connect with them online to explain the benefits of new categories, new products and that's really helping.

Warren Ackerman: And Shannon, I want to turn back to you and ask you a question on free cash flow conversion, free cash flow yield. I think free cash flow conversion was only 54% in the first half. I know there were some one-offs in there, but we normally would expect Reckitt to be, you know, 90%, 100%, even if I [X out] the one off, it was still a little bit lower than that level.

Were you disappointed by that performance on the free cash flow conversion? And maybe what should we expect for the full year and maybe you -- can you maybe pass out for us the phasing of the restructuring costs? And where you see the biggest opportunities to improve free cash flow? Because I imagine exiting a central home may be a bit of a drag on the cash. So, when you sort of take a step back and look through the ups and the downs, and I know there's lots of moving pieces, how are you feeling about the underlying free cash flow generation in the company?

Shannon Eisenhardt: Sure. So, I'll start at the end. We feel good about the underlying cash flow generation of the company, for sure. I mean, it's one of the hallmarks of the investment case of Reckitt is our free cash flow. From a free cash flow conversion standpoint, the biggest driver far and away of that decline is in fact the restructuring costs and those one off costs. Expectation is that those will continue in 2026 and be a, you know, substantive headwind -- -- version in 2026, I would expect that to really be tailing off in 2027. I fully expect that when you get through that restructuring

program, Reckitt, core Reckitt, free cash flow should be back up into the, you know, 90%-plus which is much more in line with historical levels.

Warren Ackerman: Okay. And the final one for you, Kris, and it's about the kind of the guidance and the 11 power brands. You know you got these 11 power brands, you got the target of four to five. You've raised the guide to above four already.

Kristoffer Licht: For the year, yes.

Warren Ackerman: For the year. So, you're on track. You know, you're kind of on the journey. When you look at that 4 to 5, how would you compare that to market growth? What would you expect? I know it differs year by year, the split between volume price and mix to be, and when you've got these 11 brands, which of them do you think has the biggest potential? And then which of the non-power brands? You've got lots of non-power brands like things like Biofreeze. Which could be the next power brands of the future? So, a little bit about getting comfortable with the four to five, and then a little bit also around some of these other jewels that maybe we don't hear as much about.

Kristoffer Licht: Yes. So, I think for the power brands, it's a terrific portfolio. It is a portfolio that's designed to grow and grow for a long time. We set the four to five, we feel good about that. As you said, you know, different years, different dynamics. Obviously this year is quite unusual. But our medium term framework is four to five. I feel good about that. I think if everything goes right, we can beat that, and that's probably a good place to be so that we can deliver consistently and then sometimes we might be able to beat.

So, that's how we thought about that. I think in terms of the algorithm, it's a balanced algorithm that we want, you know, two points of growth, two points of pricing, a little bit of mix. This would imply slight outperformance in our categories, but we don't have to do anything, you know, extraordinary to deliver in that algorithm; vis-a-vis category growth. So, I feel like it's good, it's solid and we can work with that.

In terms of the smaller brands that we have, we do have some smaller brands and we don't have a lot. So, we're 80% power brands now, so, we're quite concentrated. The things that we didn't divest were things that we wanted to keep for a reason. So, a lot of the things there are health businesses that are not as big but can be big one day. Biofreeze is one. You know, obviously topical analgesics has slowed down as a category. But Biofreeze is a great brand. I think once we get out of this economic cycle that we're in right now and the consumer has sort of freed up a bit to spend again, I think topical analgesics will grow fast and I think Biofreeze will do well.

We have some other health businesses that are small but growing so fast that soon they can become power brands. Some of our VMS brands are in that camp. Who knows Intima, if it keeps growing like this, one day Intima might be a power brand.

Warren Ackerman: Okay, and maybe just in self-care. I mean, we don't hear that much about brands like Gaviscon and Strepsils. What are the plans for those kind of brands?

Kristoffer Licht: Gaviscon and Strepsils are sort of slightly unsung heroes of our portfolio. They have grown steadily and they have grown fast, much faster than OTC averages. And part of that is because they're growing in emerging markets. Gaviscon for a while we grew faster than we could actually supply. That's moderated a bit, but still it -- these are growth businesses. And for each of them we have a plan for brand stretch, category expansion, geographic expansion and emerging markets remains a really big part of that growth.

Warren Ackerman: And within that, you know, with all the growth -- hopefully the growth that's coming through, do you think the manufacturing configuration is such that you can supply the demand? Because historically, I know you've had issues with bottlenecking and sometimes it's been more the supply than the demand issue. Can you maybe explain what you're doing to actually ensure that the manufacturing footprint is optimized for that higher growth?

Kristoffer Licht: So, this is my favorite question of the day because this is a topic I'm very passionate about. So, I say to our team all the time you're only as good as your supply chain. At the end of the day, we're selling consumer packaged goods, we're selling products and boxes and cans and they need to be available. And we have historically not invested enough in our manufacturing footprint as a company, and we have been on a journey to change that. So, we're building a big anchor facility for our health business in North America. We built a mega factory in China. There's more CapEx coming, more investments in that manufacturing backbone and it's critical for growth. And so -- and it does drive growth.

I'm really happy that we've seen over the past year a sharp recovery in our service levels. So, I feel that our supply chain team is very much on this and they're doing a nice job, but we have years of improvements to make and every time we can deploy CapEx in a good way, this strengthens manufacturing and the footprint, we can grow off of that and we can get some good productivity.

Warren Ackerman: Well, I'm glad I asked your favorite question last. And we are actually on the buzzer. So, thank you, Shannon, and thank you, Kris. Thank you everybody for listening and we've got a break out next door for 15 minutes if want to join us. Thank you.

Kristoffer Licht: Thank you.

Shannon Eisenhardt: Thank you.