Consumer Healthcare Market

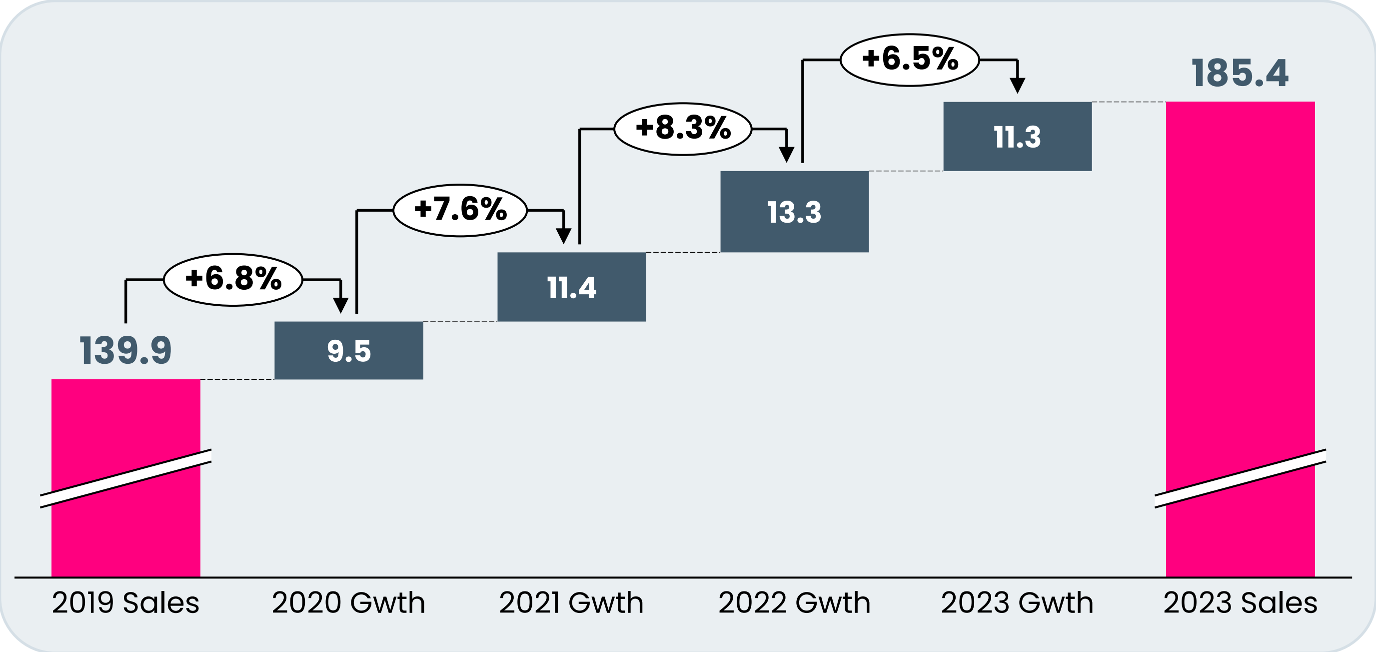
A very attractive and fast-evolving industry

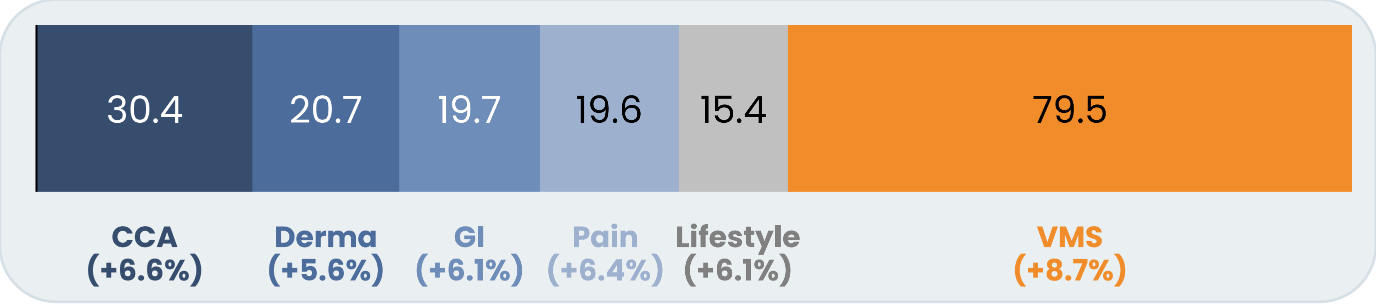
DISCUSSION TOPICS

1. Explore key market trends & growth drivers
2. Understand industry key challenges & market opportunities
3. Looking ahead: what are the watch-out spaces?

CHC – A very fragmented industry with a healthy growth profile

CHC Market Evolution - £bn (Last 5Y)





Top 10 Companies Summary

Company	2023 Sales	MS (%)	CAGR 23/19	CAGR bps
Haleon	8.1 £bn	4.4%	+4.0%	-333 bps
Kenvue	6.0 £bn	3.2%	+6.9%	-38 bps
Bayer	5.1 £bn	2.7%	+4.6%	-269 bps
Sanofi	4.6 £bn	2.5%	+4.9%	-236 bps
Reckitt	3.6 £bn	1.9%	+7.0%	-27 bps
P&G	3.5 £bn	1.9%	+10.5%	+320 bps
Amway	2.1 £bn	1.2%	+2.1%	-521 bps
Nestle	2.0 £bn	1.1%	+10.3%	+304 bps
CR999	1.4 £bn	0.8%	+11.7%	+442 bps
Taisho	1.3 £bn	0.7%	+2.4%	-486 bps

Source: Nicholas Hall DB6 2023 dataset (all channels)

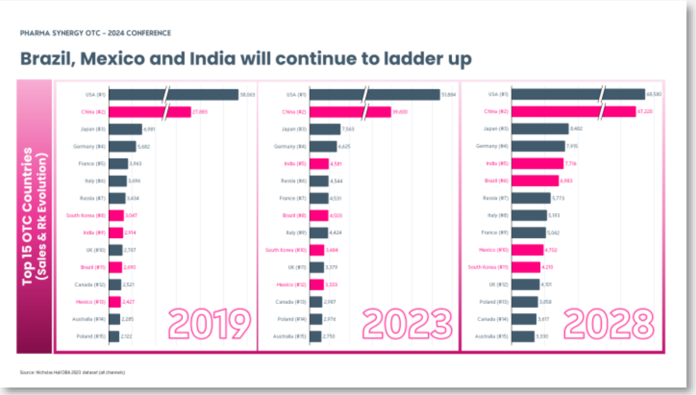
Key Market Trends & Growth Drivers

Prevention over Treatment

- COVID pandemic has only boosted an existing trend
  - Increasing popularity of non-medicated treatments
  - Holistic Wellness & Personalized solutions gaining a lot of momentum
- Demographic shifts
  - Aging population
  - Urbanization

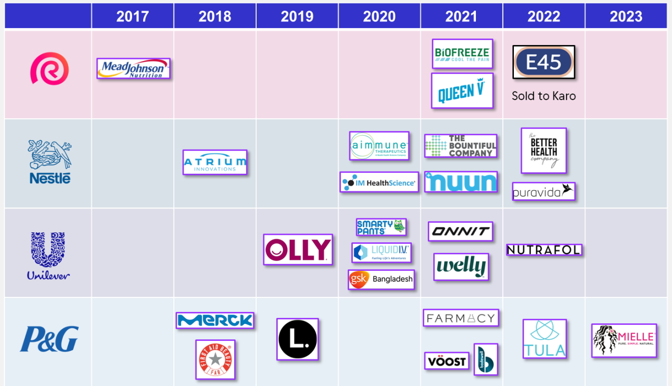
DvM over Mature Markets

- 60% of sales abs. growth is expected to come from DvM

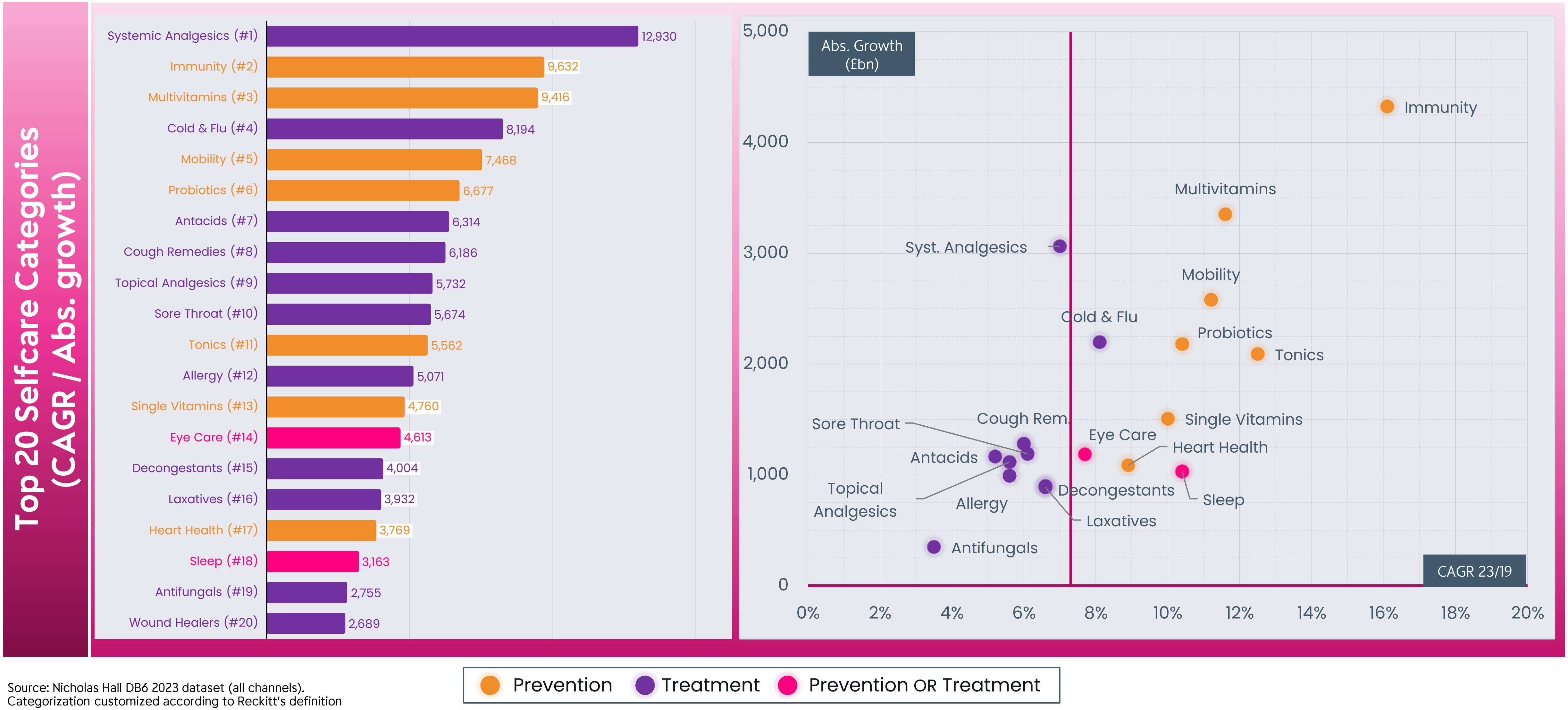


FMCH over Pharma

- FMCG DNA reshaping the industry

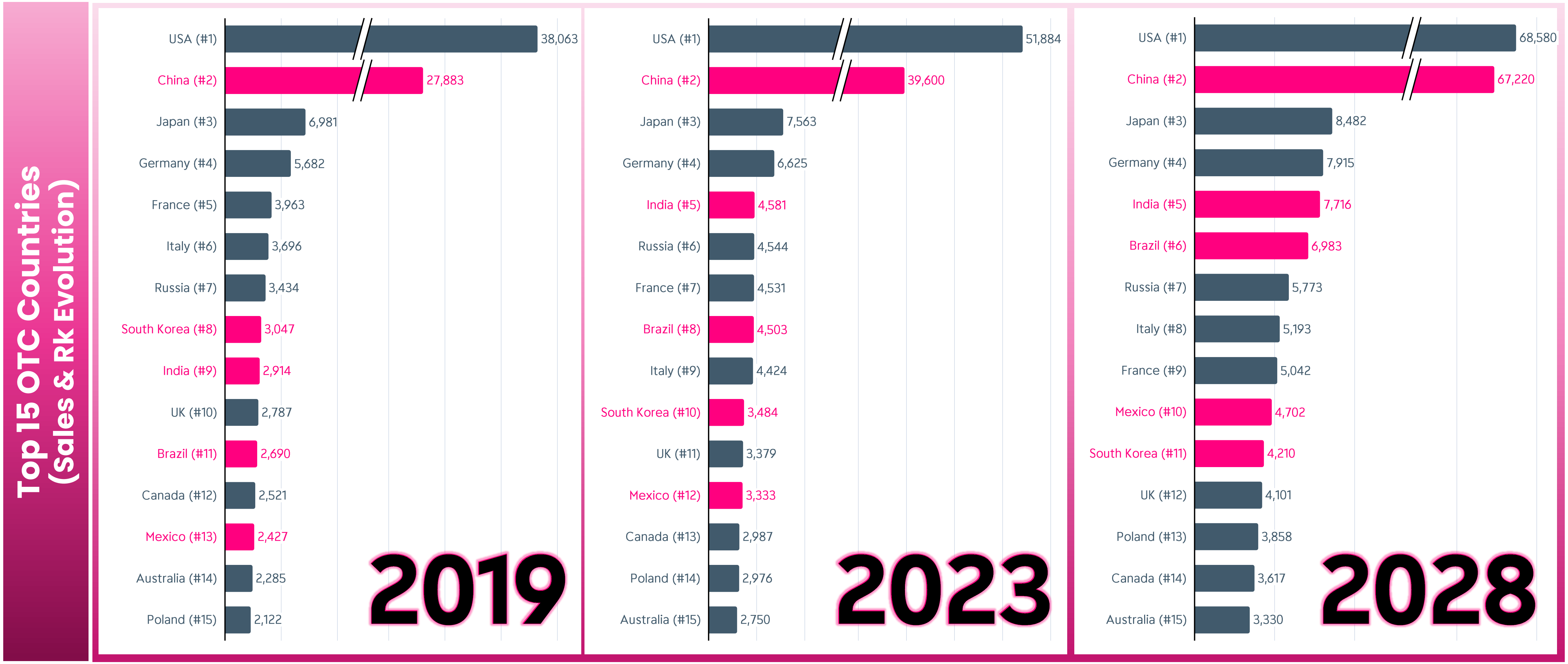


Focus on prevention disproportionally driving market growth



Source: Nicholas Hall DB6 2023 dataset (all channels).
Categorization customized according to Reckitt's definition

Brazil, Mexico and India will continue to ladder up



Source: Nicholas Hall DB6 2023 dataset (all channels)

CHC Acquisitions by FMCG companies

	2017	2018	2019	2020	2021	2022	2023
	Mead Johnson Nutrition				Biofreeze Cool the pain Queen V	E45 Sold to Karo	
Nestlé		Atrium Innovations		aimmune Therapeutics IM HealthScience	The Bountiful Company nuun	the Better Health company puravida	
Unilever			OLLY	Smarty Pants Liquid I.V. gsk Bangladesh	ONNIT welly	NUTRAFOL	
P&G		Merck First Aid Beauty FAB	L.		FARMACY VÖOST bodewell	TULA	MIELLE Pure. Simple. Natural.

- ✓ FMCG large companies highly active over past few years acquiring CHC businesses
- ✓ Fewer but bigger acquisitions up to 2020, while now M&A strategy more focused on niche opportunities
- ✓ Different GTM model New ways of investing: heavy advertising, social media and e-Commerce (> 40% of sales)

Market Challenges & Opportunities

VOLUME STAGNATION

Price increases driven by unprecedent inflation has been clearly impacting consumption for nearly 2Y

MEANINGFUL INNOVATION

75% of industry innovation fail on the first year and are quickly pulled from the market.

"Fewer, bigger bets"

SCALABILITY

Heritage of local brands remains as one of the biggest barriers for successful geo-expansion of global brands

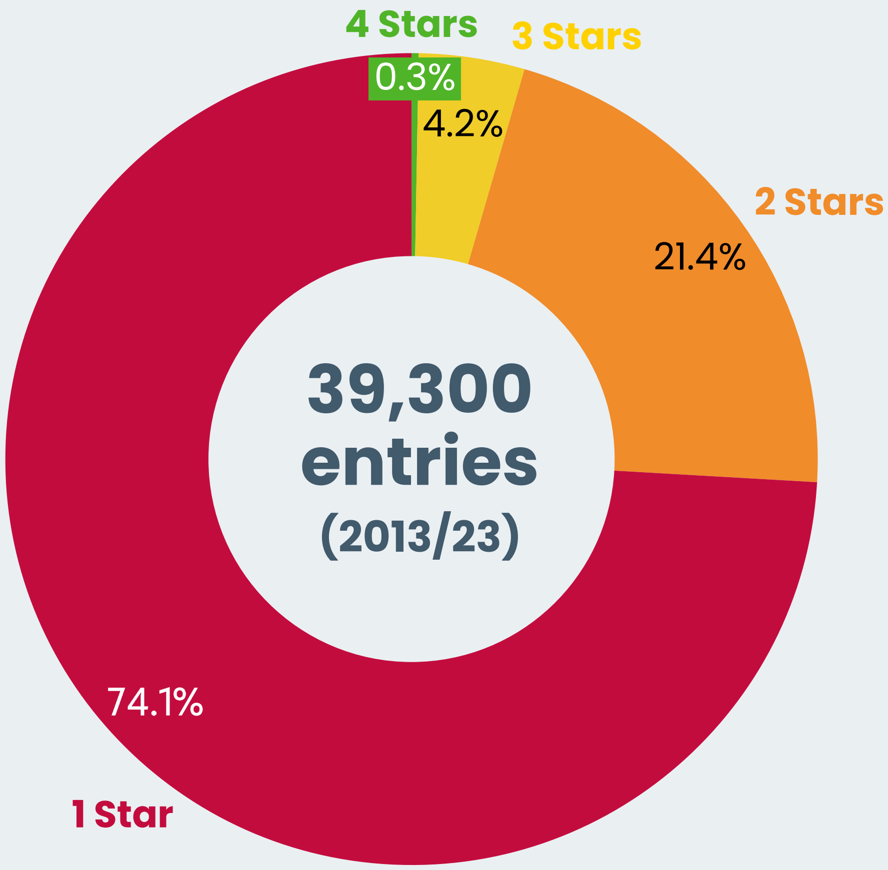
TECHNOLOGY & NEW SPACES

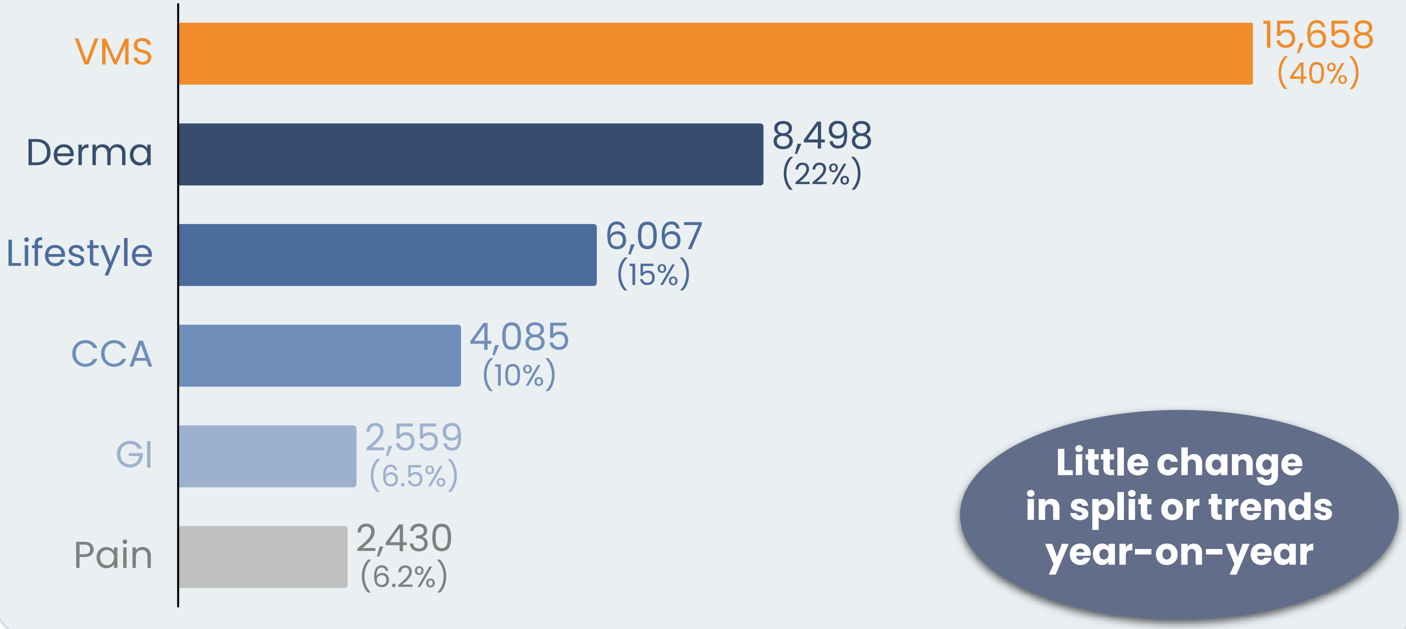
Emerging technologies and new spaces will continue to disrupt the market, creating new opportunities.

SWITCHES

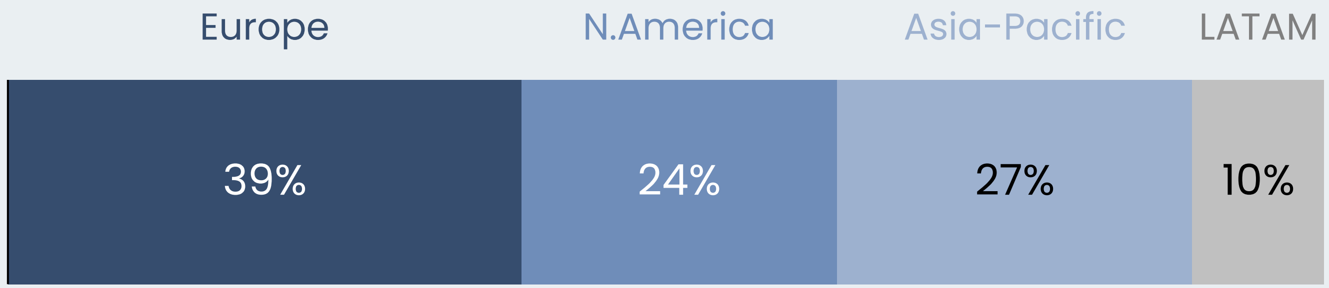
Future switch candidates in different spaces such as: Contraception, ED, Eye Care, etc. will continue to represent a catalyst for growth and innovation in Consumer Health

Innovation (NPD/EPD) dashboard: quantity over quality





Little change in split or trends year-on-year



Tracker available in 20 markets, estimated to account for >85% of CHC new product development activity worlwide

Source: Nicholas Hall OTC New Products Tracker (NPT) 2023

"The OTC to VMS wave" - Brands tapping into new spaces

Symptom Relief → **Treatment (OTC)**: "Treats" "Relieves" "Proven" "Fast-acting" "Targeted" "Extra Strength" "Multi-symptom" → **Holistic Approach to Pain Management** → **Prevention (VMS)**: "Promotes" "Prevents" "Supports" "Protects" "Comforts" "Drug-free" → **Daily Care**

"Formerly a prescription product… **trusted** by patients and doctors in the U.S. for 10+ years"
"proven **safety profile**"
"**alternative to pills**… treats arthritis pain by targeting pain directly"
"**Clinically proven** to relieve joint pain, reduce stiffness, ad improve mobility"

Drug-Free
Joint Health Dietary Supplements
A new movement from Voltaren

- **Launched in July'23** (sitting on Pain shelf alongside OTCs)
- "**Drug-free**"
- "Proactively helping to **protect** joint tissue & cartilage as you age"
- "Help **support** joint comfort"

- Pure **head pain** play
- **Segmentation** across headache types
- **Targeting gamers**, to reduce gaming related headaches & improve performance

Head Care Proactive Health
helps support proper blood flow in the brain, a healthy neurological system & healthy nerve transmission in brain (riboflavin, vitamins B6 & B12, folic acid, magnesium)

Head Care Replenish +Focus
drink mix helps support focus after occasional head discomfort. Electrolytes to hydrate, ginger to help soothe stomach & caffeine to help support focus, plus l-theanine

Head Care Replenish +Sleep
melatonin to help fall asleep after occasional head discomfort. Electrolytes to help support hydration, l-theanine to help promote relaxation & ginger to soothe stomach

- **Launched in Jan'23**
- More holistic "**Drug-free**" approach to head pain"
- "**Supporting** you beyond the attack"
- "Proactively **supporting daily** head health"
- **Head Care Club**: offers advice on nutrition, mindfulness & exercise

- Focused on **menstrual pain**, but expanding to adjacencies e.g. Bloat Relief
- A+P entirely centred on **digital channels** & mobile messaging popular with **Millennials & Gen Z**
- Emphasizing body-positive messages – elevating the period conversation

LIVE LIFE M-POWERED

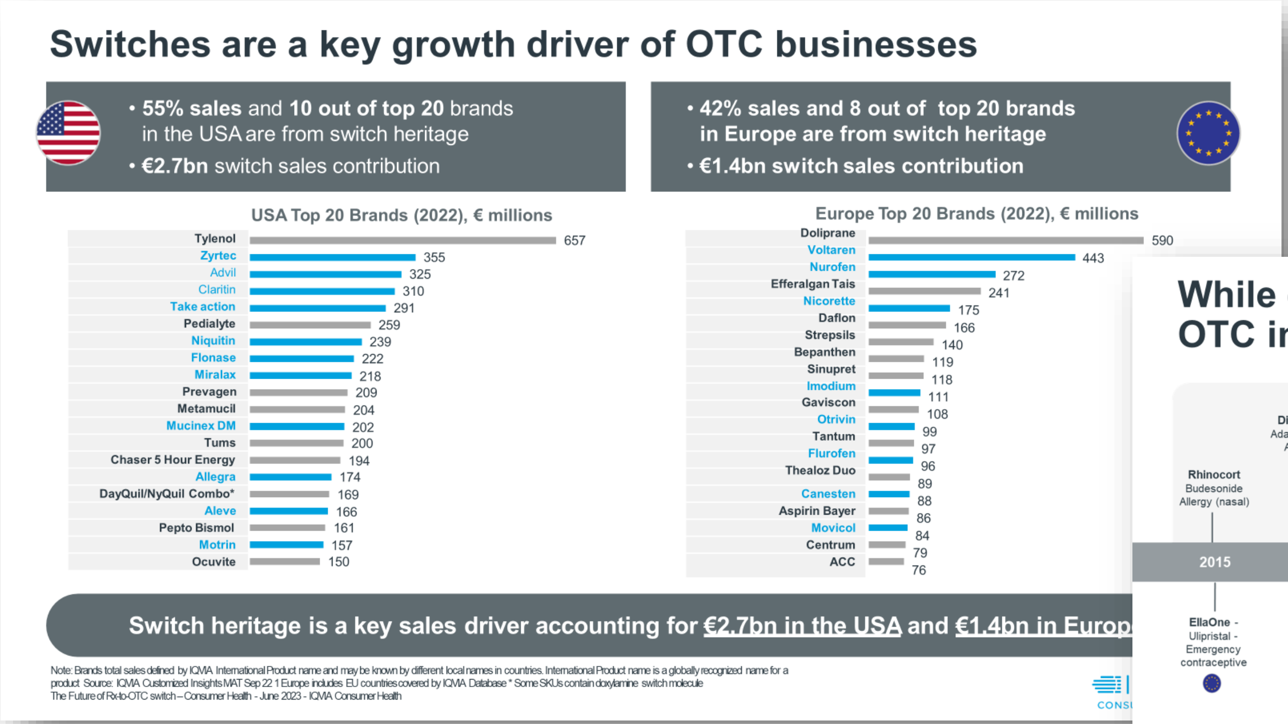
Midol Peace Out PMS
chasteberry extract, ginger powder & valerian extract to help relieve bloating, breast tenderness & mild mood changes.

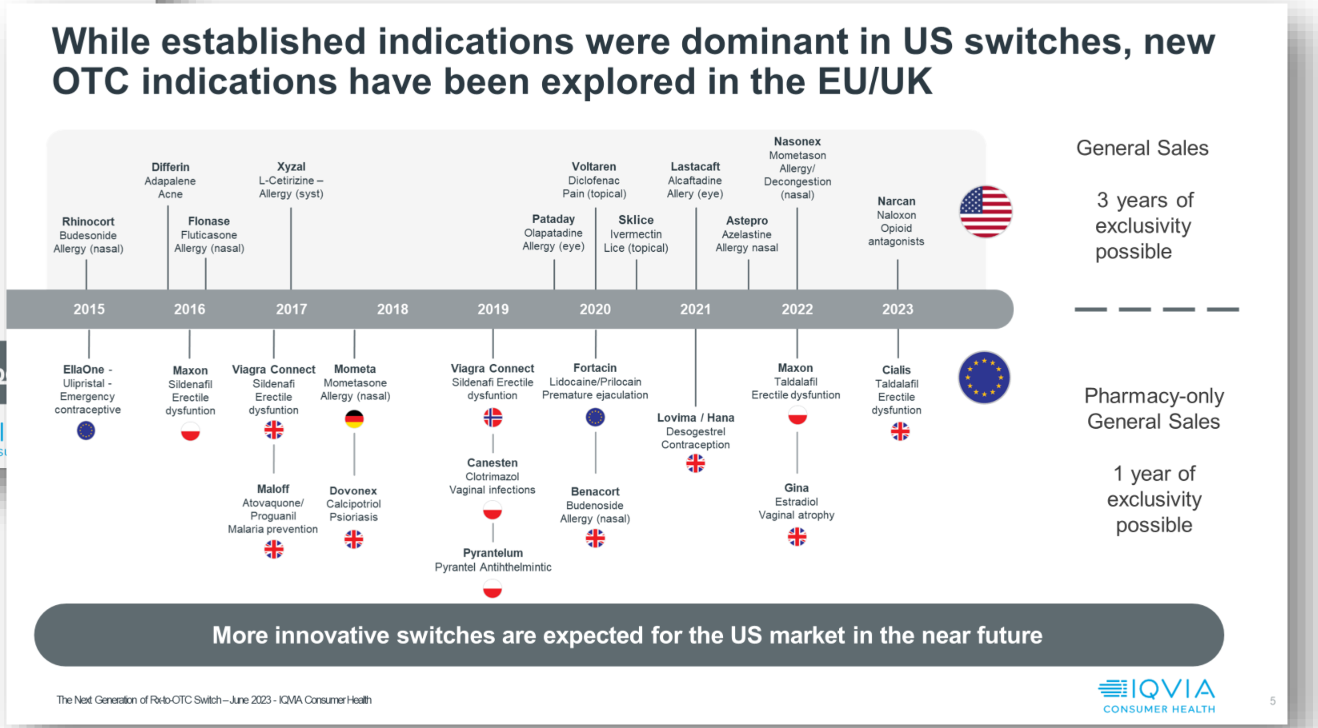
Midol ZZZ's Please
melatonin & passionflower to help the brain relax for a better night's sleep.

- **Amazon launch: Jan'24** (Mar'24 expanding distribution to selected US retailers)
- "From conception to launch in under a year!"
- "**Drug-free**" sleep support
- "Ease **PMS discomfort**"

BACKED BY SCIENCE

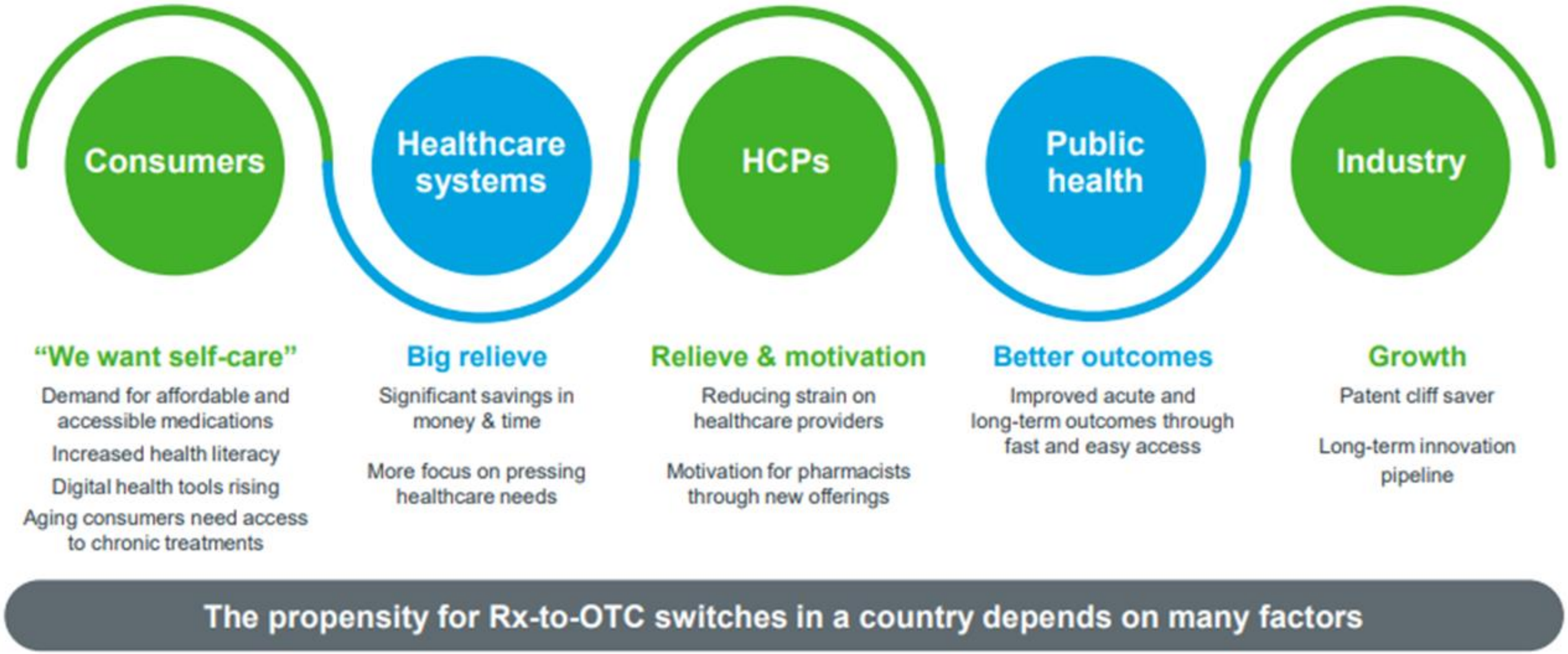
Switches as a key growth driver in OTC business





Source: The next generation of Rx-to-OTC switches (IQVIA Consumer Health – June'23).
Caveat: Brands total sales defined by IQVIA International product name and may be known by different local names in countries. IQVIA Customized Insights MAT Sep'22

Switches should be seen as a truly WIN-WIN to all parties



Source: The next generation of Rx-to-OTC switches (IQVIA Consumer Health – June'23).

Looking ahead: Watch-out spaces

01

THE RISE OF WOMEN'S HEALTH

Rising demands for precise solutions across women's life stages are not yet met.

02

PROBIOTICS AS MAINSTREAM

Category segmentation now getting way more sophisticated and way beyond pure gut health

03

MENTAL WELLNESS IN THE SPOTLIGHT

Covid pandemic intensified a rise in depression, anxiety, distress and sleep issues, with a shift from physical to mental health concerns

04

GOOD FOR ME / GOOD FOR THE PLANET

Naturals in line with rising interest in environmental concerns, driving conscious consumption

Women's specific needs addressable via self-care span life stages

Life stage

Adolescents & Young adults
(Puberty to 24 years-old)

Middle & Reproductive years
(25 to 50 years-old)

Silvers
(50+ years-old)

Female Specific Conditions

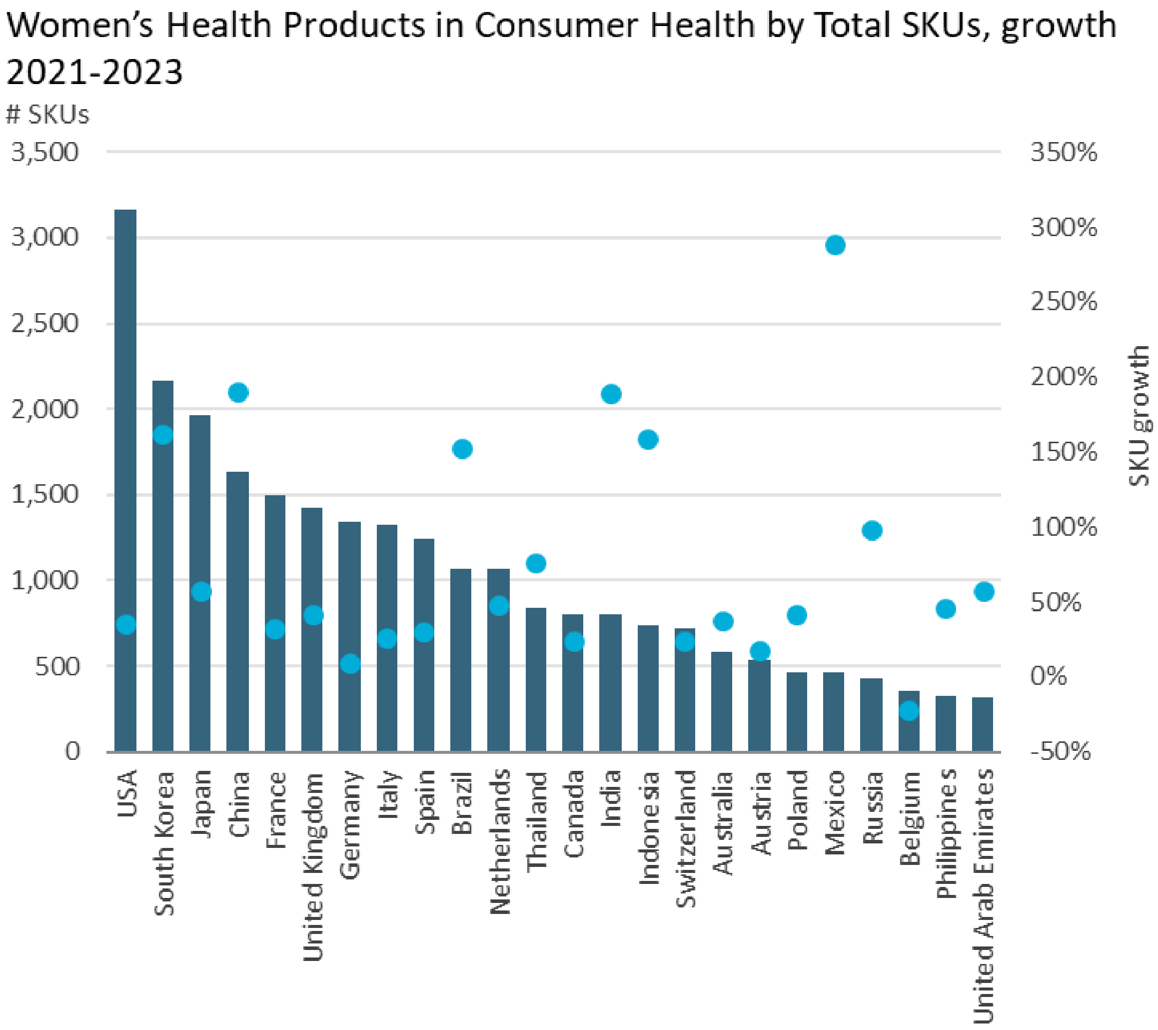
- Menstrual health
- Urinary + Vaginal Health
- Reproductive health (pre-post pregnancy, fertility)
- Contraception (daily oral + EHC)
- Early menopause & perimenopause
- Perimenopause & menopause

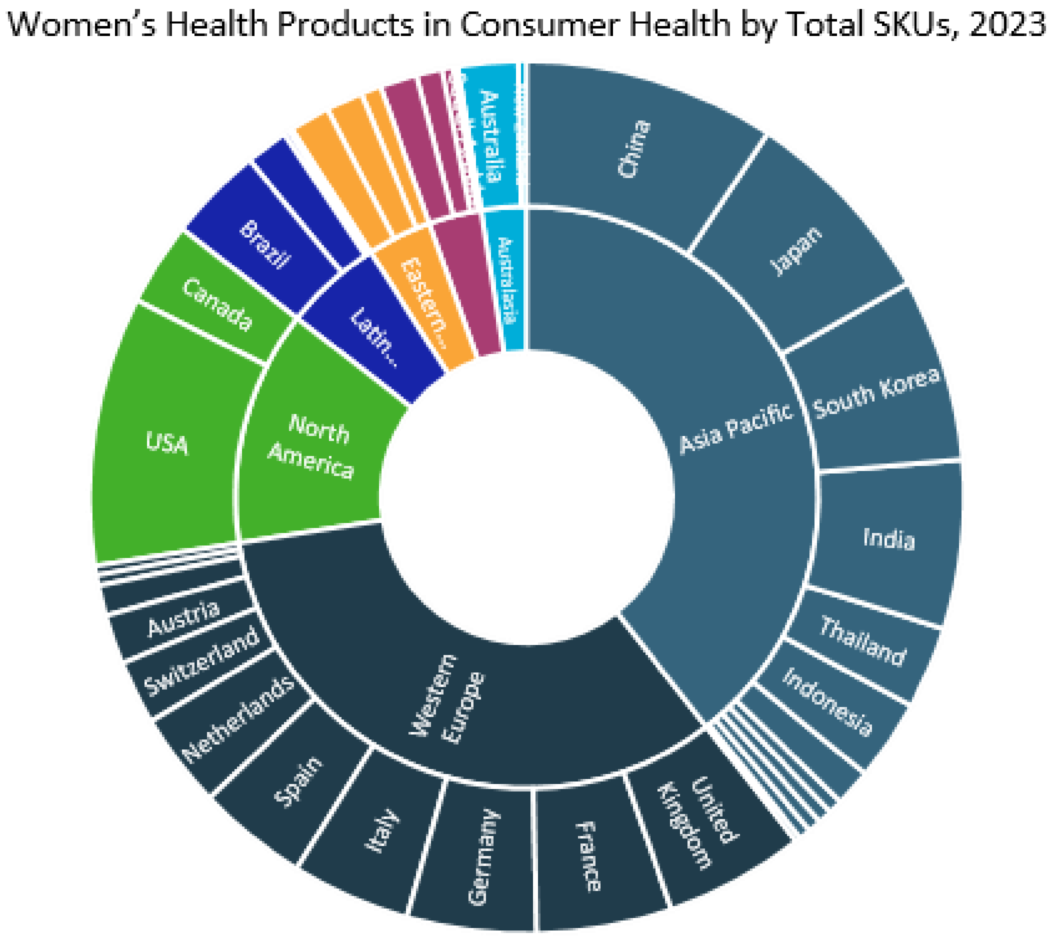
Female Prevalent Concerns or higher risk factors

- Bone Health - Osteoporosis
- Constipation & IBS

Note: Excludes Rx focused categories such a female cancers, endometriosis, vaccinations

Women’s health growing fast across global markets





Source: Euromonitor International VIA Database

Expansion beyond pure digestive. On trend niches / NPD

Immunity: Now a core positioning in many markets, driven by increased interest in the gut microbiome's link to immunity, boosted during pandemic

Respiratory Health: Increasingly seeing products entering respiratory

Better Lungs (Lung Detox & Cleanse, helps to clear mucus, minimize coughing, enhance airway & lung health to breathe easy, seasonal sinus & bronchial support

Hum Air Patrol (supports lungs, skin & immunity)

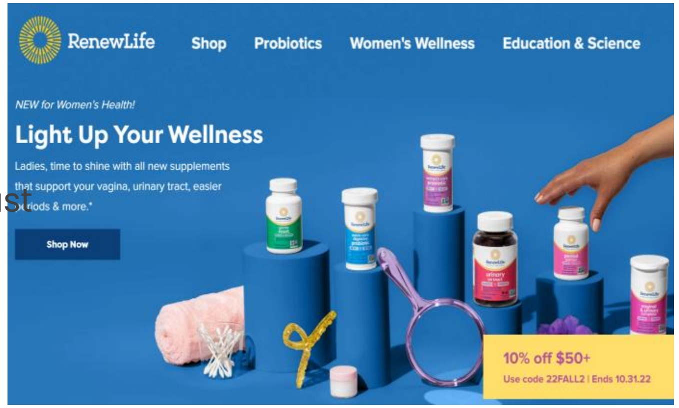
Cognitive function: Products such as leading UK brand Bio-Kult have expanded ranges to include cognitive function e.g. **Bio-Kult Mind** (Bacillus subtilis + grape, blueberry, zinc)

Women's Health: Significant number of segments now utilising probiotic ingredients

Vaginal health	**Olly Happy Hoo-Ha** (US)
Skin health	**Florajen Eczema** (US), Natures Aid Bio360 Pro-Derm (UK)
Metabolism	**Culturelle Metabolism + Weight management** (US)
Urinary health	Championed by **AZO**, protection / prevention, fights unfriendly bacteria & yeast
Migraine	**Bio-Kult Migrea** (UK)

Hum Air Patrol

ReNew Women's Wellness



Source: Mintel GNPD, Nicholas Hall Probiotics Report + web research

Focus on “green” / sustainable choices

Shift in consumer attitudes towards “cleaner” supplements increased awareness of provenance and formulation; marketers are increasingly fully transparent about the source of ingredients, focusing on eliminating preservatives and additives, and keen to promote this fact on packaging and marketing claims.

- Attributes such as vegetarian or vegan, free from preservatives / gluten / GMO / Dairy, etc. have gained greater importance to a broader consumer base

Rising importance of traceability / sustainability – “MUST HAVE” as opposed to “NICE TO HAVE”

Strong environmental / naturals credentials – B-Corp, renewable packaging, sustainable sourcing, organic accreditation, NON-GMO, etc.

Genexa MEDICINE MADE CLEAN

“The first clean medicine company”

Ritual

“The future of health is clear”
“You deserve traceability”

ZARBEE'S INSPIRED BY NATURE

US start-up acquired by J&J in 2018, reflects naturals attractiveness – initially for children; expanded into all-family options

Source: Mintel GNPD, Nicholas Hall Herbals & Naturals Report + web research

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