Reckitt

September 8, 2026
01:30 PM EST

Warren Ackerman: Okay, I think we're going to kick off. Hopefully, everybody's caffeinated and fed post-lunch. So delighted again to welcome Reckitt to Boston. Thank you, Shannon, thank you, Kris, for being here. I think we've got a video to roll first. So if we roll the VT and then we'll have a nice chat. Thank you.

(Video plays)

Warren Ackerman: Super. Let's get cracking. I'm going to try and do this in two parts. So Kris, I've got a few questions for you, then Shannon, and we'll try and mix and match a little bit if we can. I want to start, Kris, with the most recent news, which is the unanimous win in the MDL litigation. I think it vindicates your position all along.

Kris Licht: Yes.

Warren Ackerman: Are you able, as far as you can, to outline next steps? What does it mean for state cases and ultimately settlement?

Kris Licht: Yes. As you know, the litigation has been going on for some time now, over 2 years. We said at the very outset that we knew we were on the right side of this issue.

Warren Ackerman: Yes.

Kris Licht: The science, the medical community, the federal authorities all said that pretty early on. So it's nice to see it come through. In a number of different jurisdictions, we have won every case that has been tried or won the appeal in one case. So it's not entirely surprising, but it is very positive.

Warren Ackerman: Yes.

Kris Licht: It's good for premature babies all across the US, and it is the right outcome. That being said, no single case determines how a litigation like this goes, and we will continue to press our views on this and pursue our defense. We don't have any cases that are scheduled near term.

Warren Ackerman: I think it's November 27, isn't it, for the next one?

Kris Licht: Yes. Now, that can all change. That's sort of subject to change. But I think the real point is that we have shown that we will win these cases across lots of different jurisdictions and courtrooms, even the ones that are deemed plaintiff friendly. And so I think we are at an important juncture where it's becoming clear that we are right, and also that we win.

Warren Ackerman: Yes.

Kris Licht: That's a positive step in the right direction. It is not necessarily the same as this is all done with.

Warren Ackerman: Cool.

Kris Licht: I have said before that we will be pragmatic about getting to an eventual resolution of this, and that stands. I think it's important for Reckitt to move forward with this process, and I am interested in finding a practical solution. At the same time, these things take the time they take, and I think we need to also remain a bit patient so that we get to the best outcome for shareholders.

Warren Ackerman: I know it's not done, and it's not a line in the sand, but obviously, we look forward, so having investors will obviously, naturally shift to the Mead Johnson business. Are you able to set out your view about the quality of the Mead asset? And perhaps can you say, I think you said before to me that there's been a fair amount of interest in the asset. Are you able to reiterate that?

Kris Licht: Sure. Fundamentally, Mead Johnson is a very good business with leading positions, very strong brands, number one recommended by doctors in the US. Actually, the emerging markets business is now trading really well, gaining market share across the board. We have a very experienced nutrition team running it.

Warren Ackerman: Yes.

Kris Licht: We are investing very significantly in the business, strengthening the supply footprint, investing behind the brands, investing in innovation.

Warren Ackerman: Yes.

Kris Licht: So I think it's a good business, and I think a lot of people over the years have seen that, and that's why we've had the inbound interest we've had from a whole range of stakeholders, some of which you would expect and some of which might be surprising.

Warren Ackerman: Would you look at all options to create value? I am thinking about maybe would you consider splitting US from non-US? Would you consider a spin? Are you running a power? How are you thinking about it?

Kris Licht: We have always said that we would consider all options, all strategic options. That was very deliberate. That was because we really genuinely will consider a whole range of permutations of that. I will also say that I think it's maybe an indication of how good of a business this is, that we have had so many people come consistently, even through the litigation, without us actually running a process. We have not run a process. We are not running a process, and yet we have this level of inbound interest. So I think that's positive, and hopefully, that means that we can get to a good exit.

Warren Ackerman: And is there a price or a multiple that you wouldn't sell the business for because you might take the view it's either too dilutive or not reasonable value? And I guess related to that, is there any kind of tax implications that investors should think about in terms of the net gross proceeds potentially?

Kris Licht: So It's a little early to talk about tax, so I think I'll wait on that one until we know what we're actually talking about from a shape of transaction or type of exit. But I would say, of course, we will take views on value.

Warren Ackerman: Yes.

Kris Licht: Like I said, it's a good asset. It generates a lot of cash, good margins. So it's something that we're thinking about. I'm probably not going to put a number on it right now. What I will also say is I don't think it's in the interest of Reckitt shareholders that we take this to the extreme.

Warren Ackerman: Sure.

Kris Licht: I think we're going to be pragmatic, and we're going to get a good value for the asset, and I think that's how it's going to be.

Warren Ackerman: Cough, cold, flu season, Kris, another big topic.

Kris Licht: Yep.

Warren Ackerman: A lot of us are looking at what's happening down under in Australia to try and see whether we can extrapolate anything from that to what may happen. I know it's maybe a bit early. We probably need a few more weeks to really know the shape of the cold and flu season. I guess your assumption is slightly better year on year against a weak year last year. Are you concerned at all that your assumption of slightly better year on year might be optimistic? Is there anything you can say about how cold and flu ordering patterns vary by kind of market and customer to try and get a bit of a sense ahead of time? How are you thinking about it?

Kris Licht: Look, I've worked on this cold and flu business for years, quite a few years. It's never wise to speculate too much on the shape of a season before it even starts.

Warren Ackerman: Yes.

Kris Licht: As much as you really want to know, right? It would be very nice to know. It's a very complex thing to predict. Many of us oftentimes have looked at Australia and wondered if it was a good indicator of what's going to happen. Actually, it's not really great as an indicator. But you always look at things, right, to try to find out, and that's why you're looking at it, too.

Warren Ackerman: Yes.

Kris Licht: What we do know is versus historical averages, last year's season was weak, just in unit terms, incidences--everything about it was weak.

Warren Ackerman: Yes.

Kris Licht: Actually, the season prior was not weak. It was actually average in terms of units.

Warren Ackerman: Yes.

Kris Licht: So I have seen a lot of fluctuation. I don't have any facts, any indication that we would see this level continue, the one lower season that we just went through. And in fact, you asked about sell-in and orders. We have had the strongest sell-in in upper respiratory in North America that I have seen while I have been at the company. So in the last 7 years, we have not sold in as strongly as we did this year.

Warren Ackerman: Yes.

Kris Licht: And of course, some of that is on the back of 12-hour cold and flu, which is exciting, but actually much of it is on the core. So retailers are very engaged in the category. They're very much supportive of us and of Mucinex, and I think we're set up for a good season.

Warren Ackerman: You just need a season.

Kris Licht: What's that?

Warren Ackerman: You just need a season.

Kris Licht: Well, we always need a season.

Warren Ackerman: But I guess the thing that I'm hearing from investors, some people are arguing about the GLP drugs and the Moderna flu vaccine and trying to argue that that's starting to negatively impact the upper respiratory category. They're trying to make the link between GLP and vaccine versus the category. What's your perspective on that? Do you see actually any evidence of that, or is it in fact the inverse?

Kris Licht: I think those are two separate issues. If you just think about this idea that GLP-1s would have something to do with this, which I think is extremely far-fetched. Actually, in our work, because we have worked a lot on GLP-1s and tried to understand what it does for consumers, the overwhelming evidence that we have from all that research is that consumers that have a successful experience with GLP-1s become much more engaged in managing their own health and living a healthy lifestyle. So actually, it pushes them into categories. They consume more. They're more interested in managing their health and preventive health, and that's good news. That is good for us, both in terms of OTC but also VMS, where that will be a benign factor.

Warren Ackerman: Yes.

Kris Licht: And then, of course, some of our brands like Gaviscon, which we do not own Gaviscon in the US, but we own Gaviscon outside of the US, is a brand that can be relevant for some of the side effects that people can experience. So I don't think GLP-1 has much to do with this. I think, of course, it has a big impact on consumption in other consumer goods categories. That's obvious.

Warren Ackerman: Yes.

Kris Licht: And so maybe it's tempting to read across, but I think it's actually the other way around.

Warren Ackerman: Sure.

Kris Licht: On vaccines, vaccination rates are fluctuating in this country, and sometimes you see good vaccines, sometimes you see vaccines that actually miss the mark in terms of a season. It's also important to remember that flu is a very small portion of the incidences that we treat.

Warren Ackerman: Yes.

Kris Licht: So even if a--and from a public health standpoint, it could be good to have a better flu vaccine.

Warren Ackerman: Yes.

Kris Licht: But even if we get better flu vaccines and more people actually choose to get one, I don't think that'll meaningfully impact the units that we sell because we treat so many different things.

Warren Ackerman: Shifting gear, Kris, we don't normally talk about your VMS business that much.

Kris Licht: Not so much, yes.

Warren Ackerman: But we've seen a lot of activity in the space with EG, Thorne, Unilever, Grünenthal, Nestlé exiting 40% of their VMS business. You've got Neuriva and Airborne. How do you view your position in the space that seems to be consolidating, and how are you thinking about animating your VMS strategy? How will you differentiate, drive new innovations when you've got a lot of capital from big players coming into the space?

Kris Licht: VMS is a very big space.

Warren Ackerman: Yes.

Kris Licht: And there's a lot of things inside VMS, and we put it all under one umbrella. They're not all the same.

Warren Ackerman: Yes.

Kris Licht: There are some really good businesses in the VMS space, and those businesses have good science behind them. They have efficacious products, and therefore they develop brand equities that are trusted and enduring.

But that's not the bulk of this space. The bulk of this space is more trend driven, it's more faddish, and doesn't always have the proper scientific backing that you need to make the claims that people make and so forth. From our standpoint strategically, we're happy with what we own. We have successful businesses that have good science, that have real credibility, efficacious products. But I am not looking to expand heavily into VMS. We have so many other things that are more interesting to do, where we can realize both greater growth but also more profitable growth, and things that are strategically more important. I do note that many people are buying and some people are selling, and I'm happy that we're not taking part in that.

Warren Ackerman: Yes. Shannon, maybe we can turn to you. Can I, with you, Shannon, maybe start on the pricing environment that you see? I think you talked about off-cycle pricing in developed markets in the US and Europe. Are you able to clarify whether that pricing that you were talking about has been landed? Have you actually put it into market? And if so, what kind of volume elasticity are you seeing? Because we're all hearing that it's really tough to take pricing right now in developed markets. So maybe where are you taking pricing and how happy are you that it's landing without blowing out the volume elasticity too much?

Shannon Eisenhardt: Sure. So we've been super transparent since we saw the war in the Middle East break out and we saw oil prices rise significantly, that our expectation was to pull various levers to mitigate the cost headwinds, one of those being pricing. What we talked about at half-year was the fact that in developing markets, we're able to do that more quickly. So we actually had pricing that we took in developing markets that started landing on shelf back in April/May timing.

We also showed the fact that in developed markets, just because of our contractual relationships with the trade, that takes longer, and so that has not yet hit the shelves. From an elasticity standpoint in emerging markets, what we've seen has been really positive. I think we've all been pleasantly surprised by how resilient the developing market consumer has been. We had a lot of conversations over were we going to see a significant impact on consumer demand as we took this pricing, and we've not seen that. And so we feel really good about that.

If you think about US and Europe, the price increases we're taking will start to land on shelves September/October timing, so it's a bit early to say what we're seeing from an elasticity standpoint. I think it is important to note the level of analysis that goes into us taking this kind of pricing is incredibly high and very detailed. And so we go down to the SKU level to really understand what are those input costs that are going to hit our SKUs, at what level, how do we view the consumer value equation, and how do we land that pricing in a way that really minimizes the impact on volumes. And so we feel confident as we head into Q3, end of Q3, early Q4, that that's when we'll really have a better read on the ultimate impact.

Warren Ackerman: Maybe kind of related, Shannon, how are you feeling about the US? I think you've said on the US in terms of the cadence, we should expect Q3 to be a bit below Q2, and it depends on the sell-out in Q4. Is that still the way to be thinking about the US in terms of--because the sell-out, the consumption data we can see still is a bit mixed, but it does look soft-ish, I would say. Is that all tracking in the way that you've been thinking?

Shannon Eisenhardt: Look, I think we're seeing it's a tough environment in the US and it's a tough environment for the US consumer. I'm sure I'm reading the same press all of you are every morning--gas prices, what's going on in the Middle East--and so I think we continue to see that as a tough environment.

You're absolutely right. Our expectation is that Q3 will look a little softer, Q4 will look better, and that really has more to do with what we're lapping from a sell-in of the upper respiratory season from the prior year. And so we're going to be watching it closely. But I think we view both Europe and North America right now to be tougher environments.

Warren Ackerman: You've said that some of the destocking was in the rearview mirror at the beginning of the second quarter in the US. But we are hearing that US retailers are taking a more cautious view about the US consumer in the second half, and therefore they're pulling inventory. So can you be confident that the destocking is behind you? Or could it be possible that, with channel shifts and the more cautious view from retailers, that actually there might be a risk that the destocking continues for a bit longer into the back half? Or do you think inventory levels are, in your inventory levels, are in good shape?

Shannon Eisenhardt: Yes. Look, it's tough to predict the future, right? I think what I'd say is over the past 18 months, we haven't talked a ton about destocking. Where we've seen destocking has been two places. One was in VMS, and we saw a little bit of that in the front half of this year coming off just a very strong sell-in in Q4. And then we, of course, annually talk about it in upper respiratory. And so as we exited this historically weak season, we did see destocking in the front half of this year because of the weak incidence and the fact that retailers needed to manage those levels back down. However, as we look forward into the upcoming season, we're not seeing any structural change in the level of inventory retailers want to carry in upper respiratory heading into the season. And so with all of that when I pull it together, I think we feel pretty good that for the time being, we're done talking about destocking, and then we'll obviously see how the season plays out.

Warren Ackerman: Long may it continue. Maybe Europe, because the other big geography where, I think it's been well documented, some of the challenges of the market and what's happening there. Do you still expect sequential improvement in Europe in the back half? Maybe--you're talking about executing better. What evidence, I suppose, do you have that the execution is improving in Europe, that you're getting better ROIs on promo spend, and you're driving innovation? You have got big innovation in the US, there's lots of stuff going on EM, but in Europe.

Shannon Eisenhardt: Yep.

Warren Ackerman: Is that sequential acceleration still coming, I guess?

Shannon Eisenhardt: Yes. So we have seen a good trajectory with Europe. Obviously, we haven't flipped Europe back into growth. I think we called out at the half-year that June was a positive month for Europe--not intending that to predict that every month thereafter will be, but just to show that we're making progress there. Absolutely, my expectation is that in the back half, we'll get Europe back into growth mode.

If you think about better execution, what we've really been talking a lot about over the past, probably 9 months at this point, is auto dish in Europe, because we did see some real escalation last Q4 in the competitive environment and in the depth of promo and frequency of promo in that category. And I do think our teams have really sharpened their approach to how we're reacting to that, and we're seeing benefits of that.

And so it obviously varies region by region within Europe, but we're seeing more progress from a share standpoint. We're seeing that our teams have really figured out what's the necessary depth of promo, on what tier, at what frequency, on which pack sizes, that allows us to hold onto share as share leader in Europe, but not being in an environment where when we see 80% off, we're matching that, because we just don't think that makes sense.

Warren Ackerman: Yes.

Shannon Eisenhardt: We don't want to drain the value out of the category. And so we do have early indicators that we're seeing progress there, and that gives me optimism around the improvement in the back half, Warren.

Warren Ackerman: Cool. We're going to continue with the world tour, Shannon.

Shannon Eisenhardt: Okay.

Warren Ackerman: If you don't mind. Emerging markets, obviously 40%-plus of core Reckitt. I think the big message is that growth overall in the second half will be similar to the first half. But could you maybe be a little bit more precise, I suppose, around the moving pieces within that within China, India, and LatAm, just to give us a sense of how that builds up overall in the budget?

Shannon Eisenhardt: Sure. So emerging markets, we've spent the past 6 quarters, I think, trying to get expectations in the right place around the fact that we believe emerging markets should be growing high single digits, quarter in and quarter out. And I think that we've delivered a couple quarters recently that really should be strong proof points in building some conviction in our ability to do that.

When you think of Q1 and Q2 in this year, where we were right in that range of high single digits, we did not have visibility to the war in the Middle East when we headed into this year. We have been facing headwinds in China on Durex from the implementation of VAT. We had Russia sanctions that played out very differently than any expectation. And even amidst all those headwinds, we've been in that high-single-digit range, and so we absolutely expect to deliver that in the back half as well.

If you think about the composition of that growth, we also feel good around how broad-based it's becoming, and so we don't want an emerging markets business where it's China and India are growing, and that's the end of the story. And so we talked about the fact as we exited Q2 that Brazil was at mid-single-digit growth.

And so China's our largest business. We feel like we have a really long runway for growth in China. We have our three largest brands in China, although we have many others that are also growing, our Dettol, Durex, and Move Free, which is a VMS brand. And Dettol has been growing incredibly strong behind a really strong pipeline of innovation. And when we review that pipeline, we see that continuing to come through.

Durex, we've talked a lot about the headwinds in the front half, and we now feel like we're at a place where we're starting to see a positive growth trajectory in Durex, and we expect that to continue in the back half.

And then VMS is really an interesting business, particularly our Move Free brand in China. That's one where in recent weeks and months, there were some bad actors manufacturing other VMS brands that were claiming their products were imported into the market, and in fact they weren't. And so that's caused a little bit of a headwind in the VMS category in China. Unfortunately, we've impacted by that even though our products are imported, but we're working through, really closely with our partner in China and with stakeholders in China, on how to get the message out that our products are very efficacious and are truly imported. And so we'll continue to manage through that, and I think that we'll see tailwind coming from that business again as we look forward into the back half and into '27.

And then India as a market, we have routinely been hitting high single digit, low double digits. We just have an incredible execution engine in India and our ability to continue to get more and more reach. And again, it's broad-based growth across our India business.

And then we're focused on LatAm and the other markets and how we get those to continue in growth because we have been expanding the number of markets contributing to that EM success.

Warren Ackerman: Now switching gears, Shannon, I have got to ask you about margins. Fixed cost guidance below 19% in '27. I am not going to ask you how much below, don't worry.

Shannon Eisenhardt: Okay.

Warren Ackerman: But I am interested in when you benchmark your costs against peers, can you maybe give us some KPIs on how much further opportunity you see on the cost base? Because clearly, it is going to be a smaller business eventually. You need to right size the business for that. But particularly through fully fledged global business services with AI, where is that gap versus peers on the cost base that you can really go after if you had to identify?

Shannon Eisenhardt: Yeah, it's a great question. So it was probably 3 years ago now when we had done our initial benchmarking. Our operating overheads were running around 22% of net revenue. Benchmarking got us to say, "Okay, we think we should get down to 19%." We were super transparent. 19% gets us in the ballpark. It does not get us best in class. I think if you fast-forward 3 years, our peers haven't been sitting still. They've been making great progress, and so I think that would lead you to believe, do we eventually need to get to better than below 19%, which is our revised target? Absolutely.

I think operating overheads is a space where there's really no finish line. As soon as you get to a number, you're going to keep seeing and looking for opportunities to get further, and you called it out. The real enablers for us at this point and moving forward will be GBS as we get that stood up. My experience in GBS says you go into it thinking, "This is my universe of what work can move." And when you actually get that engine running, the universe just becomes more and more broad of what work you can move in.

And then AI. And we actually see a lot of overlap in our ability to drive savings through AI within GBS. So as you move processes into hubs and get a standard process, then your ability to layer on AI and make even more progress.

Warren Ackerman: Sure.

Shannon Eisenhardt: And so I'm going to give you a number, but when we hit below 19%, yes, we'll be shooting to do better.

Warren Ackerman: Back to you, Kris. A year ago, we talked about disruptive innovation being one of the most value-creative things that an FMCG company can do, and here we are with the Mucinex 12-Hour. Can you maybe update us also around some other things other than the Mucinex 12? I'm thinking about things like the Dettol Activ-Botany. That seems to be quite interesting. Is there any others that you would point out that you think can move the needle or you're excited about?

Kris Licht: Yes, I would say we now have an innovation engine that's firing.

Warren Ackerman: Yes.

Kris Licht: We have made a big deal out of Mucinex 12-Hour. But actually, if you look at every one of our power brands, we have very significant innovation coming. It is just that the 12-Hour Cold & Flu is such a breakthrough. But I think about Durex Intensity, which is a first to the world condom that is consumer preferred that's been very successful all across Europe. And that's an example of disruptive innovation that is landing in the marketplace and making a difference. The success of our Dettol and Lysol franchise, which has grown double digit, is unbelievably strong.

Warren Ackerman: Yes.

Kris Licht: That is fueled by innovation. Activ-Botany is the platform that's driving a lot of the innovation in Dettol, a lot of the growth. But Lysol, we have a track record of great innovation, and we have more coming. As I look at our pipeline today, we have very meaningful innovation coming on all our power brands, and some of it is quite disruptive. And that is fundamentally the place that we should be as a company, and we weren't always in this position.

Warren Ackerman: I do want to talk a little bit more about Intimate Wellness. It's driven so much by China, and it's been well documented what happened at the beginning of the year with VAT. But when do you think that business will be back to a decent run rate?

Kris Licht: It's actually generating a decent run rate in lots of places today. So it's just that China is a big business, and when that has a bit of a slow period, then it overwhelms that number a bit.

Warren Ackerman: Yes.

Kris Licht: I fully expect Intimate Wellness to have a great year next year.

Warren Ackerman: Is there any signs that China Durex will have a better second half? Have you got a lot of stuff coming down the pipe?

Kris Licht: Yes. We get to see the everyday data, right? The current data, and it is recovering, and it will have a good second half.

One of the important things that we look at is what channels are growing, and are we growing in the channels that matter? And we are growing well in the channels that matter. So I fully expect it to continue to recover and do well in the second half.

Warren Ackerman: And whilst we're on the topic of emerging markets, again, a year ago, you talked a lot about trying to export what works in China into other EMs, I think particularly around social commerce. Can you maybe update us a year later--what is working, which markets you're going after, how they're doing?

Kris Licht: So there's two components to this. Social commerce is not as well developed in the rest of the world as in China. China is very far ahead. But we are seeing social commerce play a bigger role in Southeast Asia, and so we are actually already succeeding in transferring those capabilities and driving growth in that geography, which is great.

Warren Ackerman: Yes.

Kris Licht: And we'll continue to do that as we see platforms emerge and become successful. We'll continue that.

The other aspect, though, is new forms of content-driven demand creation, which we are also very good at in China, and that we're going to bring to the whole world because that is relevant everywhere.

Warren Ackerman: Okay.

Kris Licht: And so we are working on that at the moment. I'm very excited about what that's going to lead to.

Warren Ackerman: If you were to identify outside of China and India, the emerging markets, you've talked about lots of different countries. What are the three in EM outside the big two that you're most excited about? How would you force rank them?

Kris Licht: Yeah, so I have six or seven, not three, that I'm excited about. But that's just because these are exciting markets. It's hard to pick. I would say Brazil and Mexico has a lot of inherent potential. Colombia is already performing really well for us. It has a lot of opportunity. Malaysia is important. Vietnam is a really big and important opportunity for us, but we actually have a smaller business that we are now looking to accelerate very fast.

Warren Ackerman: Okay.

Kris Licht: Pakistan is an exciting market where we're growing fast. So there's a lot of markets there, but I think there's these six or seven that I just mentioned. If you put them together, they are as big as an India or a China and they have the same growth potential. So the idea here is to make sure that we get into a very consistent high-single-digit or better growth rate in those markets.

Warren Ackerman: How do you figure out within those EMs which category or which brand to animate those countries where that will--?

Kris Licht: We are pretty clear on that. We've made a big change, actually. We used to be very Dettol focused. It used to be that we would go in with Dettol or Harpic. We don't do that anymore. We go in and say, "We're going to build a leading consumer health business, a leading Intimate Wellness business."

Warren Ackerman: Yes.

Kris Licht: And when we do that, which is actually working quite well in a number of these markets, it creates structural economics that allow us to grow the business much faster. So that's a big change that we've made in the last 4 or 5 years, and I'm excited about it.

Warren Ackerman: Can I ask you quickly about Russia?

Kris Licht: Yes.

Warren Ackerman: Any update on timing of the Russia exit? I guess you're waiting for a signature in the UK, so--

Kris Licht: Yes, we're just waiting for some closing approvals. We have all the approvals in Russia. I think it's not going to be long.

Warren Ackerman: Okay. And Shannon, on that, I guess the question I have been getting a little bit on the 4% to 5% core Reckitt guide is, just to be clear, isn't dependent on a Russia exit to help the Q4 organic. You think you can do that on a clean basis?

Shannon Eisenhardt: Correct, yep.

Warren Ackerman: Just to clarify that point. Okay, cool. And then, Kris, back to you. I think that you've said to me a few times that you want to make this business boringly consistent. quarter after quarter, to try and do the growth. But your guidance is quite a narrow band, 4% to 5%.

Kris Licht: Yes.

Warren Ackerman: Most companies have a bit of a wider band. Can you maybe just outline why that is the case, and how do you manage to keep within such a narrow band when it does seem to be quite dependent on the vagaries of cold and flu?

Kris Licht: Yes, I actually don't know that cold and flu has been the biggest impact. Look at all the things that are happening in the world that we've just touched on that we're dealing with, right? It's a pretty dynamic environment, to say the least.

Warren Ackerman: Yes.

Kris Licht: It's hard to be boringly predictable in the current environment, I'll be honest.

Warren Ackerman: Yes.

Kris Licht: You can all see it. It's not easy with this many shocks to the economy, this many things happening geopolitically, seasonal variability. I don't think we necessarily need to be consistent quarter in, quarter out. We need to do what we say we will do.

Warren Ackerman: Yes.

Kris Licht: But naturally, the shape of a year is not linear, and it's not flat.

Warren Ackerman: Yes.

Kris Licht: Right? What I've said is I would like for us to be boringly predictable in terms of doing what we say we will do year in, year out. And that's the goal.

Now, 4% to 5%. Why did we say 4% to 5%? That's our medium-term guide. We expected to be able to do that this year. It looks like we'll be able to hit it. So that's the reasoning for that. I do think that the volatility in the world and the things that we're going through, Shannon talked about the environment worsening a bit in North America. If we keep seeing this kind of volatility and headwinds, maybe we will widen the guide range. I think that might be something we'll do. We haven't made any decisions on that. But I think the environment could cause us to think about that, but we have made no calls on that.

Warren Ackerman: But the one thing that I guess that's different with the Reckitt today from the Reckitt I saw 10 years ago is the supply chain, the CapEx, the investments in the backbone of the company. Fundamentally different so that, hopefully, in a more volatile world.

Kris Licht: Yes.

Warren Ackerman: Can you talk a little bit about that in terms of it doesn't completely shield you, but it gives you a little bit more flex to have a bit more see-through.

Kris Licht: No question. We have a far stronger supply chain already from all the investments we've made in manufacturing, and we have years of continued investment and strengthening ahead of us.

Warren Ackerman: Yes.

Kris Licht: I think it's already helping us. If you look at it, we are growing well, and we are able to mitigate these shocks in a better way than we historically did. I feel very passionate about that. I think as we strengthen and complete the play on building a world-class manufacturing network, we will be able to deliver more consistent performance.

Warren Ackerman: Super. Well, we're on the buzzer, so thank you, Reckitt. They are doing a breakout, so if anybody wants to hear more from Reckitt, breakout will be next door. For those staying here, we've got Bayer Consumer Health up in 5 minutes. Thank you very much, Kris and Shannon.

Kris Licht: Thank you.