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Kenvue, Inc. (KVUE)

Deutsche Bank Consumer Conference - Fireside Chat

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Steve Powers
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MANAGEMENT DISCUSSION SECTION

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Okay. Welcome back, everybody. Thank you. I am pleased to welcome back Kenvue to the conference. Kenvue, as you know – probably know, is a leading consumer healthcare company with roughly $16 billion in net sales across a wide array of categories such as pain relief, allergy relief, skin care, and oral care with leading brands like Aveeno and BAND-AID, Johnson's, Listerine, Neutrogena, and Tylenol.

Roughly half the company's revenue comes from outside the United States derived from operations in over 165 countries globally. With us today are Chief Executive Officer, Thibaut Mongon; newly appointed Chief Financial Officer, Amit Banati; and Group President of EMEA and Latin America, Carlton Lawson. Thank you, guys, for joining us.

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

Thank you for having us.

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QUESTION AND ANSWER SECTION

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. So we're going to use the entirety of our time for Q&A. And I would like to start. Kenvue has been working. I'm going to start by reading the required language. So Kenvue would like to remind you that today's discussion will include forward-looking statements. These statements represent Kenvue's current beliefs and about future events. Please refer to Kenvue's annual report on Form 10K for the fiscal year ending December 29, 2024 and subsequent filings with the SEC for a discussion of factors that could cause the company's actual results to differ materially from these projections.

Additionally, today's discussion will include certain non-GAAP financial information, and the company has posted on its Investor Relations website and investors.kenvue.com a reconciliation of these measures to the nearest GAAP measure. So with that, I will open up for questions. And I'll start with you, Thibaut.

Thibaut, it's been now two full years since Kenvue's IPO and the separation from J&J. I guess as you reflect back, maybe just articulate for us some of what you feel are the biggest accomplishments of the company and the lessons learned, and what has you most excited as you think about the path forward for Kenvue?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

Yeah. It has been two years of upwork to do basically two things. One is to separate from our previous parent company. That has been a huge undertaking to disentangle 130-plus years of company history. Exiting 2,300-plus [ph] TSAs (00:02:46). We just completed this phase last month, so it's very recent. That has taken a lot of energy.

And then at the same time, it's really about solidifying our foundations to transform from a division of a large company to a stand-alone company focused on profitable growth. So that's the other piece that where we have been focused on, and it's really about creating a new operating model to reach more consumers and position the company to grow in the future. It's also about shifting resources from fixed infrastructure costs to valuable brand investments to fuel this brand growth.

And here, we have made a lot of progress, we have made some good progress on efficiencies and productivity with an expansion in our gross margin, 200 basis points last year. We have launched Our Vue Forward, a program that is going after synergies. We are on track to deliver $350 million of gross synergies by 2026. The program is really well on track. And we have started investing more into our brands, 20% more last year.

So you see this shift happening. And to drive all of that, we are also – we have also worked a lot on organizational talent, our culture, to really create a culture and a talent base we need to be successful as Kenvue. So as we speak, excluding the manufacturing teams, about a third of our employees are new to Kenvue, so that gives you a sense of the magnitude of the shift. And every day, we are building a new culture.

Actually, last month, we reached another milestone for the first time ever, consolidating our seven US sites into one location in Summit, New Jersey, which is also the right step in – a good step in the right direction of moving into a culture of collaboration, speed, faster decision-making, everybody under one roof. So that's really what we are focused on.

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You're asking about learnings, many learnings as you can imagine. If you think about the separation, clearly, this took a lot of energy and work probably more than we anticipated initially, but the team have really proven their ability to execute because there was zero impact on the business.

The other thing we just – I just talked about culture, culture change doesn't happen overnight. So that's something that you build over time. One team at a team, one location at a team, and that's still – it's still a work in progress.

The other piece is, we talked earlier this year about our new operating model and how we bring it to life with what we call our five extraordinary powers, the superior science, relevant innovation, breakthrough marketing, expert recommendation, and seamless commerce. That takes time to evolve your capabilities in across all five powers and for these five powers to start working synergistically and deliver results.

So that's learning, but it's also what gets me excited because we have a lot of upside ahead of us, and we have many opportunities, especially on these five powers, to really raise our game and deliver a higher level of performance.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

That's great. Thank you for that. Amit, clearly, you have just recently arrived at Kenvue, but as you assess the Kenvue opportunity prior to joining, what had you most excited? And then I guess now that you've been in the building for about three weeks, has anything come to the foreground of your thinking either as a surprise or as a reinforcement?

Amit Banati
Chief Financial Officer, Kenvue, Inc.

A

Well, so this is week three. But I'm really, really excited to be joining Kenvue, to be joining Kenvue at this stage of its journey. And I'm excited because of the value creation opportunity that I see, as we try and unlock and go to the next stage of accelerating profitable growth.

Obviously, we've got a leading position in consumer health categories, categories that are growing, categories that have a tailwind. We've got iconic brands. We've got a global footprint, all of which, I think, are really strong fundamentals for long-term, sustainable, profitable growth. I think from a timing standpoint as well, Thibaut mentioned there was a heavy lift in terms of separating from J&J in the past two years.

But a lot of the heavy lift is now behind us, and I think the organization is squarely focused on really accelerating and driving performance going forward. I've spent, what, more than 30 years in consumer goods, working in different markets, different countries, operating roles, as well as finance roles, and I think my experience is going to be additive to the team. So really looking forward to working with Thibaut, with Carlton, the leadership team and all Kenvuers as we kind of look to drive performance.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Great. So let's pivot to the business. And we've had a very eventful start to 2025, lots of crosscurrents, both on the consumer and on many of your retail partners in many of your markets.

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As you look at developments year-to-date, how have recent demand dynamics both impacted your categories, and we can talk a little bit about some of the destocking that's happened in China, perhaps, and just where you think we are today. Are conditions stable? Are they improving? Are they are sliding?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

Yeah. So if I think about what's impacting our company today, we have strong commercial plans. We can talk about it and the teams continue to execute those very well. The business is impacted in the first half. So it happened in the first quarter, and we'd expect a similar impact in the second quarter by two distinct things that we have at Kenvue.

One is the investment we've decided to make in US – in the US in terms of pricing. Our price point were not exactly where we wanted them to be for some codes. So you want to be at the $4.99, $9.99, $14.99 price point to really hit the right ratio for consumers and drive volume. So that creates a short-term headwind on the business, but we see consumptions volume going up, and so we believe that as we move forward, it will be a positive.

We are also impacted by some destocking in China related to some degree to the low level of consumption we saw in the winter, but also in the reorganization of our distributor channel. That continues to be on track, and we will have that behind us by the end of this quarter. So that doesn't change. Then the other thing that, as you mentioned, and as we have been very clear about in our Q1 earnings call, is what's happening around us, right?

To our categories. So here, you have two factors. You have macro, as everybody else, and for our business, you have seasonality; level of incidence for those businesses of ours that are driven by levels of incidence.

At the moment, summer time, it's allergy and sun for us. So if I unpack these two factors for us, what we see around the world, on the macro side, [ph] we definitely see that the consumer (00:11:23) continues to be under pressure regardless of the geography for slightly different reasons, but I would say consumers are under pressure, consumers are worried with – when you look at belief in the future, and we see it in how people behave in store, right?

The beauty of our consumer health category is that they don't leave all categories, right? You don't leave – the consumer has [indiscernible] (00:11:52) very easily, but they spend less in certain categories and in geographies, and we need to adjust to that. And we see Q2 not materially different from Q1. As you mentioned, what we also need to monitor is the impact of this macro environment on retailer behavior.

And here, something we are seeing different for Kenvue in Q2 to what we saw in Q1 is US retailers destocking being much more thoughtful. Clearly, the tariff environment created a lot of uncertainty for them, and we have seen them taking immediate actions. And so when I look at our shipments, they are definitely trailing consumption in this quarter.

We didn't see it in the first quarter. Contrary to some others, we might have seen it earlier in the year. For us, we see it how long it's going to continue, we'll see. But that's a new phenomenon that we see for us. So that's more on the macro side, not very dissimilar from what you all see, and I'm sure what many companies are going to talk about with this nuance in terms of timing of retailer destocking.

On the season point of view, that's something that we monitor very carefully, as you can imagine. We saw a longer winter, so winter pushed spring into later in Q2. So we see that on allergy where we saw a later start to the

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season, and so far, it's below last year. So on seasonal businesses, the categories are behind last year and behind our own expectations.

So you see a level of incidence in allergy in the US, down mid-single digit category, down low-single digit. So it's not a great year so far for allergy. In sun, we see more or less the same. Late start to the season year-to-date behind last year, but the season has not really started for recreational sun. Memorial Day weekend was just a few days ago. It was not great, as you and I could see. But again, we are just at the beginning of the season. So it's too early to read the season. It will certainly impact Q2.

Now, as we talked about in our Q1, whether it's a shift from Q2 to Q3, which happens, or if it's a net negative, because our overall season will be below last year, we'll see. So focused on executing our commercial plan, innovation, investment behind our brands, impacted by the macro environment as everybody else and watchful on the season and the impact it can have on what quarter or the full year. So too early to tell, but we'll continue to be watchful.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Just following up on the destocking point you've referenced, is that widespread or is it limited or is it targeted any specific kind of segment or category?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

We see it more pronounced in the US where we clearly have seen retailers responding differently, right, depending on where they are to the tariff situation.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

But across the portfolio in the US?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

Across the portfolio.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. Perfect. Carlton, maybe you can weigh in here and build on what Thibaut mentioned but from a – through the lens of EMEA and Latin America. He mentioned pressured consumers. Maybe you can pick up from there and talk about how [indiscernible] (00:16:04) the landscape.

Carlton Michael Lawson
Group President-Europe, Middle East & Africa, Kenvue, Inc.

A

Yeah. So the same geopolitical and economic environment is impacting consumers in EMEA and LATAM. I think we're seeing consumer confidence wane, and consumers are looking for value.

As Thibaut says, they're not exiting the categories, but the frequency of purchase, smaller pack sizes, maybe different channels in terms of discounters or club in LATAM seeing an increase. But I think we're well positioned in

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the portfolio with our brands, the very iconic brands, as Amit says, and ensuring that we're hitting specific price points we've just launched in access price points in Latin America, in Johnson's Baby, for instance, they're refills, but actually, they're not necessarily used just for refilling. They're used as category entry points and seeing significant share gains.

What we're seeing in terms of category is, in EMEA, as inflation came off last year, and this – continues to be muted, the price impact is much lower in the categories, and we've gone from probably mid-single digit to low-single digits in EMEA.

And in LATAM, I think you're seeing more the geopolitical impact in Mexico, particularly, and in Brazil, and so that's impacting consumer confidence. Inflation has come down, which is a positive situation, but then you've got some exchange rate devaluation challenges. What I would say, and then for LATAM, this time last year, it was high-teens in terms of category growth. We're now looking at mid-single digit.

Now, I'd say from our business, we are more competitive than we were last year. We're building share, our [ph] NTS, holding and growing share (00:18:26), continues to build. We've got very strong positions in Self Care. If I take our biggest brand in EMEA, Nicorette, with over 50% market share, and that continues to build on Listerine, building share across the portfolio, just take the number one position back again in Brazil, Johnson's Baby performing very well.

And in Skin Health & Beauty – and I remember, Steve, you asked me this question last year, we've just rolled out Aveeno from a very, very strong footprint in the UK into 13 markets in Central and Eastern Europe. That launch and rollout has gone very well, and continues. Aveeno is growing over 20% and build share, so very strong momentum. And in Southern Europe, focused on Neutrogena.

I invite you to go and see the pharmacy around the corner and see the in-store activation there, but that's performing well. So if I look to what we can control, the program and the plans I'm very confident on, a lot of innovation coming landing second half of the year, 70% of our innovation is landing in second half of the year.

And our focus on in-store execution TDPs, Perfect Store continues. With regard to seasons, a little bit different in EMEA and LATAM, not really an allergy season. And for us, it's cough/cold, and in Brazil, being Southern Hemisphere, is sun, that's a quarter four, quarter one. And in quarter four, it's a sell-in in the pharmacy.

So you preempt the season with the pharmacist that is expected to continue. And then, obviously, the sell-through depends on the seasons. Quarter one was impacted by a weak cough/cold season, a weak sun season in EMEA and LATAM. So that depressed, I think, particularly LATAM markets as well.

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.
A

And as you can tell, I think in this [indiscernible] (00:20:48), what really matters is to find the consumer where they are. So you have Carlton talking about price point, making sure that you have the right price point, the right price pack architecture, the right innovation, the right marketing campaign, that we continue to deploy around the world with a lot of intentionality.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.
Q

Okay. Regardless of where 2Q finishes and the leaping off point, your outlook had always been more back half weighted. In terms of controlling what you can control, maybe talk us through some of the – remind us of the

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drivers of that second half acceleration, both globally, and then, Carlton, if you want to kind of overlay anything from Europe.

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

Let me start. And then Carlton, you can – so you're absolutely right. Our plan was always backloaded with – for a couple of reasons. Number one, we don't expect in the second half to have some of the negatives we are seeing in the first half.

So the first pillar is absence of negatives, right? When you get into the second half of the year, you cycle through the price investment that we talked about, the destocking in China would be behind us. So in terms of comps, and absence of negatives, that's a natural tailwind. Second, we continue to execute our plans and bring to life what we call our five extraordinary powers.

So you have from Carlton 70% of [ph] his innovation (00:22:20) for the year lands in the back half. Around the world, we are – we have a strong back half in terms of innovation. We continue to launch breakthrough marketing campaigns.

We just launched, I think, we started last week, our new campaign Wash Your Mouth for Listerine in the US. We're going to roll it out around the world in the back half. I could go on and on and on, but the marketing and commercial plans are very strong in the back half. So we – regardless of the external environment, we expect an acceleration in the back half.

What's going to define the slope of the acceleration in the back half is our – the underlying demand for our categories. And same thing here: macro and season. People tend to focus a lot on macro. I keep repeating for us, it's macro and season, given the nature of our business. And so that's where we will see where we land. I think for the summer season, it's too early to call it.

Once we have four to eight weeks more data, we'll see if it's again a shift or a net negative. And for the macroenvironment, it continues to be extremely fluid. So that, we are not counting on a revival of the consumer in the back half of the year, but we are absolutely focused on executing our commercial plans, launching innovation, making sure that we get the right price points, the right price pack architecture, and execute flawlessly every day in every geography.

So when we get out of this cycle, we are stronger, we have stronger share, and we are ready to accelerate, which is a key in this type of environment. Be agile short term, but don't lose sight of the long-term potential. Carlton, what do you see here?

Carlton Michael Lawson
Group President-Europe, Middle East & Africa, Kenvue, Inc.

A

And I link one thing with the new operating model, the marketing operating model that you talked about. I think our speed of innovation has dramatically increased. We're seeing Listerine Total Care in Germany, alcohol-free variant launching in five months.

We're seeing Johnson's Baby, a new insight around scents in Brazil launching in six months. We're seeing in [ph] fem care period pants (00:25:10) launching with a whole new supply chain in just over 12 months and becoming the brand leader in that important segment of particularly the teens and young women, 26% market share leveraging our iconic brands, Nicorette lozenge. And so lots of examples.

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And if I look at the back half where I'd say that 70% of our innovation sales are landing, we're launching, rolling out Collagen Bank, Neutrogena Collagen Bank, which have been very successful in the US. We're rolling out Aveeno, continued across EMEA and more face platforms. Listerine, clinical solutions.

So lots of innovation coming. Plus, our continued focus on our flawless execution go-to-market through the pharmacy channel, through e-commerce, and mass. So it's a perfect store and our presence in media. We're really upweighting our influencer campaign, and it's great to see. Normally, influencer campaigns are very local, and that will remain so.

But leveraging a global talent like Tate McRae on Neutrogena and driving the efficiency as she does a world tour and us leveraging that, are seeing great impact.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Great. In addition to macro and seasons, one other thing you can't control is the tariff environment. How are – how is this sort of ever-changing nature of tariffs and tariff-related policies just influencing how you're playing the business?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

So I'm going to state the obvious. The environment is very fluid, right? We gave you an update in our latest earnings call. At that time, we said that the impact for 2025 would be – the gross impact would be around $150 million.

Since then, the situation has changed again. So it's a slight positive on the China front. We'll see where we land on the EU front. So it continues to be very fluid for us. It's really about making sure that our supply chain is as least exposed as possible to tariff, and we start from a good starting point. We tend to manufacture close to our consumption region-for-region.

We have a little bit of finished goods and raw materials packaging, crossing borders. And so that's an encouragement for us to adjust our supply chain. Now, it's not going to happen overnight because, again, we are very local-for-local. If it's not the case, there is probably a very good reason for it.

And so we cannot change it overnight that we are working on residing, dual sourcing, all sorts of things in that area. We're also looking at efficiencies in our overall organization, and we have ongoing conversations with our retail partners to see how we can make sure that we minimize the impact for our consumers so we don't have this added distraction from all the good works that's happening on the other side.

So these are type of things that we are dealing with, very fluid environment. You need to be very agile, but also take this opportunity to look at how your supply chain is done but not lose sight of the long-term overall value proposition for consumers.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

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Yeah. As you mentioned earlier, there's been a lot of change and progress made on the operating front, operating model front; exiting the TSAs, investing in people, investing in A&P, investing in lots of different capabilities. Where do you feel you are in that journey?

Where do you feel like you have a margin of advantage versus the peer set? And then, Amit, I'd love your perspective just as you come in fresh, where do you see Kenvue's strengths, and where do you see based on your own experience, some of the opportunities that lie ahead?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

Yeah. The separation is behind us. Now, we are in the transformation phase to modernize the company and make it fit for purpose.

And really, the core is how we bring to life these five extraordinary powers. So clearly, our strength is superior science, expert recommendation, very strong trust with iconic brands built over years, decades, generations.

So that is a very strong strength of ours, and that continues to be. Through our transformation, we are bringing this strength to life in a much bigger and impactful way through what we call our breakthrough marketing initiatives.

So if you look at what we are doing with Tylenol, we bring our superior science, we bring our number one doctor recommendation to life in a social media friendly way with new innovation, with an expansion of the brands into topical analgesics, or now, this month, we are launching supplements, and as a Tylenol brands for joint pain. And all of that has been very, very successful with also an acceleration in e-commerce and gain of distribution overall.

So if you take Tylenol, one of our biggest brands, a brand that has a lot of strength to start with, we see the impact that running out our five extraordinary powers strategy has to really unlock a new level of potential and has a brand, gain share, drive household penetration, and is even stronger today than it was 12, 24 months ago.

So that's a real strength of ours, but that's also an opportunity, right? First of all, we are never done, because competition keeps moving, consumers keep moving, retailers' expectations keep changing, but it's also an area where you are really touching the core of our transformation. You said we change talents, we build capabilities, we invest differently.

And you see that even in our other segment, if you take Skin Health & Beauty, which is the segment where we have probably the most work to do, it's great to see the power of the five extraordinary powers start coming to life with more innovation, Carlton talked about it, more impactful marketing campaigns.

We launch campaigns with the duo of Dr. Shah, the most followed dermatologist on social media, and Tate McRae, who is an amazing icon for Gen Z, and we saw the impact on consumption going up. When you see Neutrogena today, second quarter in a row with Neutrogena number one in the US, the largest markets in the world.

And when you see some of our competitors losing share, and that's really a strong proof point that our five exraordinary powers, when they are put together synergistically, work well. Now, we are not done yet. We are still in the midst of this transformation, and we have a lot of room to grow, to improve, and make it happen across the portfolio.

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Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Amit, anything?

Amit Banati
Chief Financial Officer, Kenvue, Inc.

A

Yeah. I think, from my perspective, firstly, I've been super impressed with how well – how – firstly, how complicated the separation and the scale of the separation and how well it's been executed. And I think it's kind of underappreciated externally, just the amount of effort it's taken just to get that separation done, right?

Because you had a hard deadline, and you had to execute to that deadline. So that, I think, has taken a lot of organization capacity. And so I think the opportunity is now that that's behind us, how do we kind of accelerate our performance, both on the top line through the increased investment, as well as the new operating model, as well as on the bottom line through optimization, productivity.

I think we know that we have an opportunity to get to best in class. And so I think that's what the teams are focused on. And I think having that will going in the right direction in terms of the top line, the margin gross margin improvement, along with the productivity improvements, should help us accelerate the profit growth.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. Thibaut, you mentioned Skin Health & Beauty. Carlton mentioned that, and my perception was Europe was – in generally, was ahead of the US. Seems like that's still the case.

But it also, from your comments, it feels like you feel like the Skin Health & Beauty trajectory and Neutrogena trajectory overall is more or less on pace, kind of normalizing per retailer dynamics. Is that the right read or do you feel like what's the scorecard on Neutrogena and Aveeno in the US?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

Yeah. I think Carlton has always delivered strong performance in the past couple of years on Skin Health & Beauty. We – our starting point is different in both regions, right? In Europe, Middle East, and Africa, we are in expansion mode.

And so we see a lot of headroom for our brands to continue to grow in this part of the world, and the brand are so strong and so differentiated that even in a region where you have a lot of competition, really, our brands cut through and meet the consumers' needs. In the US, it's a different starting point, right?

We are – Neutrogena is the largest brand in America. So how do you make sure that it continues to be relevant and more relevant every day for consumers? One of the weakness we had is that we didn't have the Gen Z consumers with us, and they are important because they drive a lot of growth in the category.

And that's why we were extremely pleased to see our household penetration with Gen Z consumers go up in Q1 with Neutrogena for the reasons I mentioned earlier. So if you ask me where are we on Skin Health & Beauty [indiscernible] (00:36:19), in the US, we are definitely back in the consideration set for consumers and for consumers that matter.

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Are we yet where we want to be? Absolutely not. We are still, I would say, in investment mode, in transformation mode. I talked about the investment in getting the right price points, as an example, but it's really encouraging to see sequential improvement.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. One of the things that we talked about around the time of IPO was the kind of medium to longer-term opportunities around portfolio optimization and the role that M&A played in Kenvue's future strategy.

Do you still see the company positioned to achieve a more normalized cash flow profile in 2026 and beyond? And assuming you do, how does that play into your capital allocation priorities? And what is the stance of the company towards M&A? Right now, it's been in the back burner. Does it move to the front burner as early as next year?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

So Amit, it has been three weeks for us, right? Let me take it. On cash flow, we are – we're in investment mode right now. We're in transformation mode, so that uses a lot of our cash, right? Separation, transformation. Once we have done with this chapter, we will move to a stage where cash flow will materially improve.

In the meantime, we are working on working capital efficiency as we speak. So one very recent example is in the payable side, on the payables side, we are rolling out July 1, so it's very soon, a new global Kenvue term policy. Why now is because until months ago, this whole part of the business was managed by J&J. So we couldn't touch it.

Now that the separation is effective, we can deploy our own fit-for-purpose, if you will, policy. So that's one example of how we keep working on it. If I think about priorities in terms of cash allocation, they have not changed.

And so number one is investing in our business. We have a lot to do, and many opportunities to get a very strong return on investing in our business and in our brands and transforming our company. Second is returning cash to shareholders with a very attractive dividend policy. We continue to deleverage. We have been very clear about that and continue to be focused on that.

And then, we'll see in terms of M&A or in terms of buyback, we'll continue to be disciplined around that. And when we have more space, we will certainly look at those but always with discipline because when you look at our portfolio, it's very strong today. So [ph] the buy (00:39:31) is pretty high when you think about M&A moving forward. So we'll be very disciplined about it.

Steve Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. In the one or two minutes we have left, we fast forward to 2030, and you're looking back over the last five years, what do you want to be able to say was the accomplishments of the company?

Thibaut Mongon
Chief Executive Officer & Director, Kenvue, Inc.

A

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Clearly, 2030, our vision is for Kenvue to be the undisputed leader in consumer health. We – a company where we see our five extraordinary powers being really, really a strength across the portfolio, across geography for the company with significant value created for shareholders along the way. That's the vision.

Steve Powers

Analyst, Deutsche Bank Securities, Inc.

Very good. And with that, we are right on time. Thank you very much.

Thibaut Mongon

Chief Executive Officer & Director, Kenvue, Inc.

Thank you, Steve.

Steve Powers

Analyst, Deutsche Bank Securities, Inc.

Thank you, team. Thank you, all, for joining us.

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