

Second Quarter 2023 Earnings Call

July 20, 2023



Disclaimer

Cautionary note on forward-looking statements

This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, statements about management’s expectations of Kenvue Inc.’s (“Kenvue”) future operating and financial performance, product development, market position and business strategy. Forward-looking statements may be identified by the use of words such as “plans,” “expects,” “will,” “anticipates,” “estimates” and other words of similar meaning. The viewer is cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of Kenvue and its affiliates. Risks and uncertainties include, but are not limited to: the inability to execute on Kenvue’s business development strategy or realize the benefits of the separation from Johnson & Johnson; the risk of disruption or unanticipated costs in connection with the separation; Kenvue’s ability to succeed as a standalone publicly traded company; economic factors, such as interest rate and currency exchange rate fluctuations; the ability to successfully manage local, regional or global economic volatility, including reduced market growth rates, and to generate sufficient income and cash flow to allow Kenvue to effect any dividend payments; Kenvue’s ability to maintain satisfactory credit ratings, which could adversely affect its liquidity, capital position, borrowing costs and access to capital markets; competition, including technological advances, new products and intellectual property attained by competitors; challenges inherent in new product research and development; uncertainty of commercial success for new and existing products and digital capabilities; challenges to intellectual property protections including counterfeiting; the ability of Kenvue to successfully execute strategic plans, including restructuring plans; the impact of business combinations and divestitures, including any ongoing or future transactions; manufacturing difficulties or delays, internally or within the supply chain; product efficacy or safety concerns resulting in product recalls or regulatory action; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations and other requirements imposed by stakeholders; challenges to intellectual property; changes in behavior and spending patterns of consumers; natural disasters, acts of war or terrorism or disease outbreaks; financial instability of international economies and legal systems and sovereign risk; and risks related to the impact of the COVID-19 global pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, supply chain disruptions and other impacts to the business, or on Kenvue’s ability to execute business continuity plans, as a result of the COVID-19 pandemic. A further list and descriptions of these risks, uncertainties and other factors can be found in Kenvue’s filings with the Securities and Exchange Commission, including its registration statement on Form S-1 and subsequent Quarterly Reports on Form 10-Q and other filings, available at www.kenvue.com or on request from Kenvue. Any forward-looking statement made in this presentation speaks only as of the date of this presentation. Kenvue undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

Market and Industry Data

Unless otherwise indicated, information contained in this presentation concerning our industry and the markets in which we operate, including our general expectations, market position, market share, market opportunity and market size, has been obtained from third-party sources, including industry publications and other reports, internal data sources and management estimates, which we believe to be reliable and based on reasonable assumptions. Unless otherwise indicated, statements of market position are on the basis of total sales in the relevant geographic market or product category in 2022, based on our analysis of third-party data reported by various sources, including Euromonitor Beauty & Personal Care 2023ed, Euromonitor Tissue & Hygiene 2023ed, Euromonitor Consumer Health 2023ed, IQVIA, IRI, Morning Consult, Nicholas Hall, Nielsen and Numerator Consumer Insights.

Unless otherwise indicated, we have not commissioned any of the industry publications or other reports generated by third-party providers that we refer to in this presentation. Our management estimates are derived from such third-party sources, other publicly available information, our knowledge of our industry, internal company research, surveys, information from our customers and third-party partners, trade and business organizations and other contacts in the markets in which we operate and assumptions based on this information and knowledge.

Data regarding our industry and our market position and market share within our industry are inherently imprecise and are subject to significant business, economic and competitive uncertainties beyond our control, but we believe they generally indicate market size, market position and market share within our industry.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including Organic growth, Adjusted gross profit margin, Adjusted EBITDA margin, Adjusted effective tax rate, Adjusted net income, Adjusted interest expense, net, Adjusted earnings per share and Adjusted operating income. Such non-GAAP financial measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A reconciliation of these measures to the most directly comparable GAAP measure is included in the Appendix to these slides and the earnings release available on the Company’s website at investors.kenvue.com.

Introduction



Thibaut Mongon
Chief Executive
Officer and Director



Paul Ruh
Chief Financial
Officer



Tina Romani
Head of Investor
Relations

The Kenvue logo, featuring a stylized white 'K' icon followed by the word 'kenvue' in a lowercase, sans-serif font, is displayed on a large teal banner.

K kenvue

KVUE
LISTED
NYSE

Realize the extraordinary power of everyday care

KVUE
LISTED
NYSE



Agenda

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**Second Quarter
2023 Highlights**

Thibaut Mongon

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Paul Ruh

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2023 Guidance**

Paul Ruh

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Q&A

Thibaut Mongon & Paul Ruh



Q2 2023 Financial Highlights

Robust growth across the portfolio through strong value realization, consumer-led innovation and strengthened supply chain

→ Reported Net Sales Increased 5.4% to \$4.0 Billion with Organic Growth¹ of 7.7%

→ Robust Net Sales and Organic Growth¹ Across Segments and Geographic Regions

→ Full Year 2023 Organic Growth¹ Expected to be between 5.5% and 6.5%

→ Reported EPS \$0.23 & Adjusted EPS¹ \$0.32

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at investors.kenvue.com



Q2 2023 Portfolio Highlights

- ➔ Increased demand in Pain Care and Cough, Cold and Flu products such as Tylenol® and Motrin®

- ➔ Innovation, improved supply and strong commercial execution drove sustained market share growth for Neutrogena® Sun Care

- ➔ BAND-AID® Brand Adhesive Bandages recognized as “America’s Most Trusted Brand” within any category, for second year

Kenvue's Competitive Advantage



Deep connection with consumers built on trust and human empathy

We drive **trust and connections** with our powerful portfolio of iconic, beloved brands

Longstanding engagement with healthcare professionals

Dentists



LISTERINE

#1

Dentist Recommended Mouthwash in the U.S.

Doctors and Nurses



TYLENOL

#1

Doctor Recommended Adult Pain Medication in the U.S.

Dermatologists



Neutrogena

#1

Dermatologist Recommended OTC Sunscreen and Acne Brand in the U.S.

Doctors and Pharmacists



nicorette

#1

Doctor and Pharmacist Recommended Smoking Cessation Brand in EMEA¹

¹ #1 recommended smoking cessation brand by doctors and pharmacists across EMEA from 2018 – 2022

Science-Backed Innovation



MINERAL ULTRA SHEER®

MINERAL BEACH DEFENSE®

MINERAL UV•TINT





Strong & Agile Operating Model

- World's largest pure-play Consumer Health company by revenue
- Synergies across portfolio
- Agility and flexibility

Looking Ahead

- Deliver full year organic growth¹ between 5.5% - 6.5%
- Drive category relevance and brand equity through new product launches with science-backed claims
- Continue strengthening supply chain resiliency model

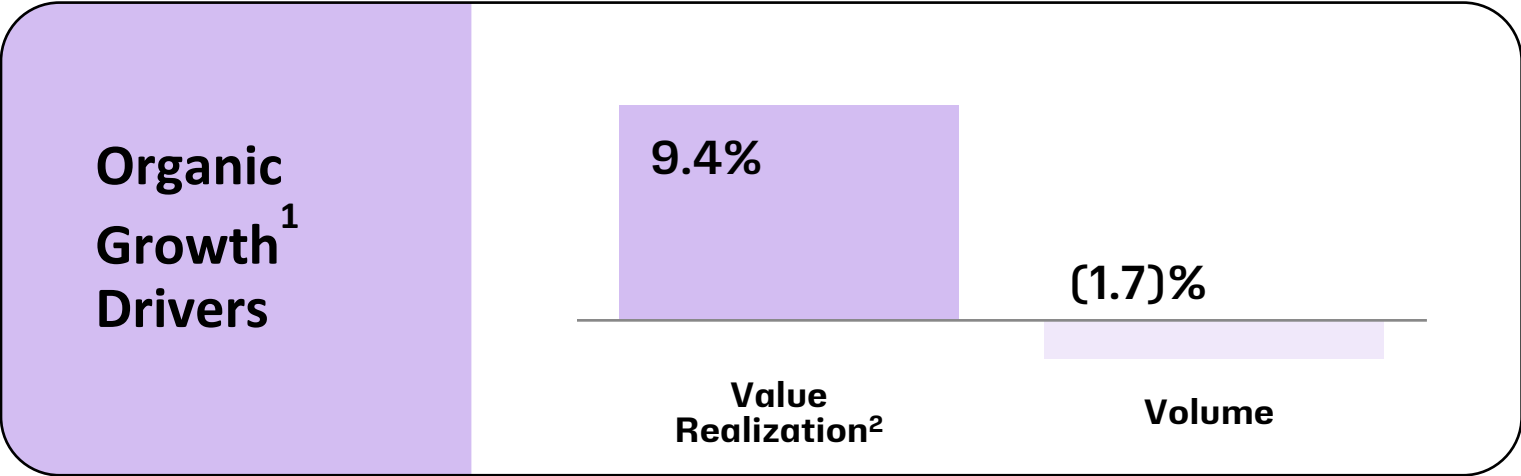
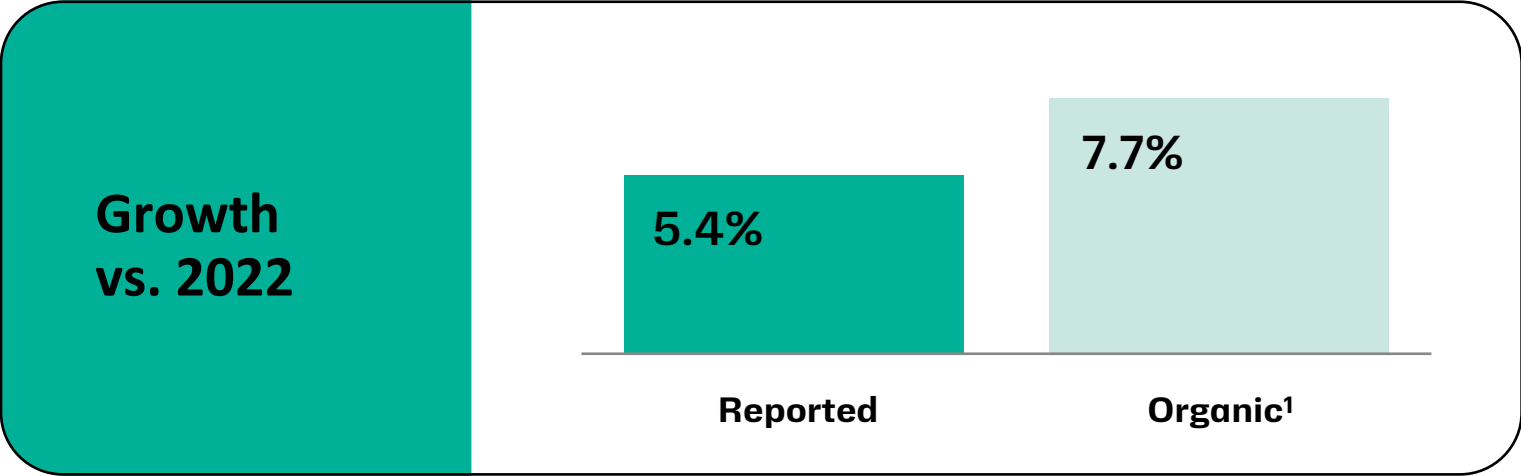


¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

Q2 2023 Financial Results



Q2 2023 Net Sales and Organic Growth¹



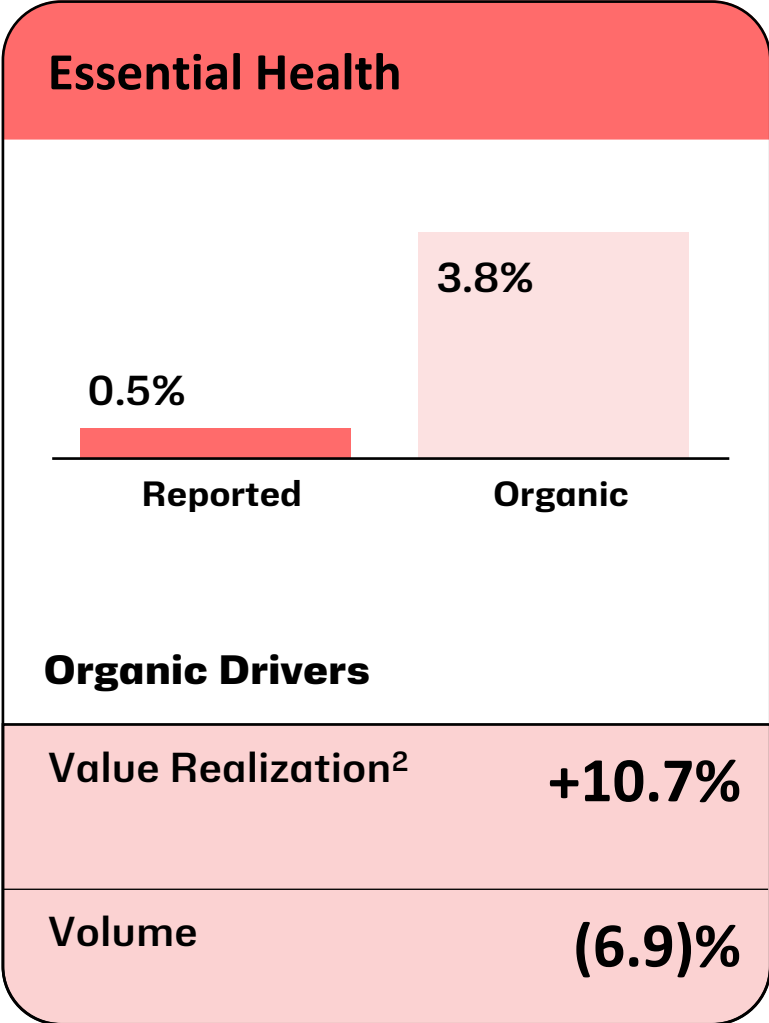
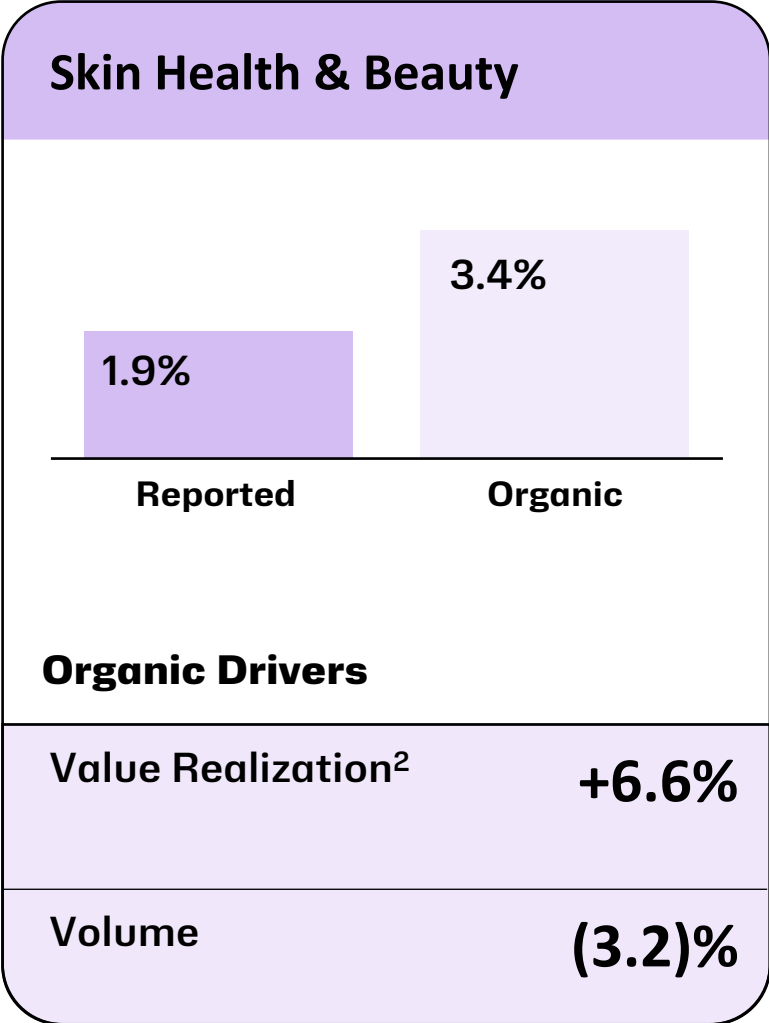
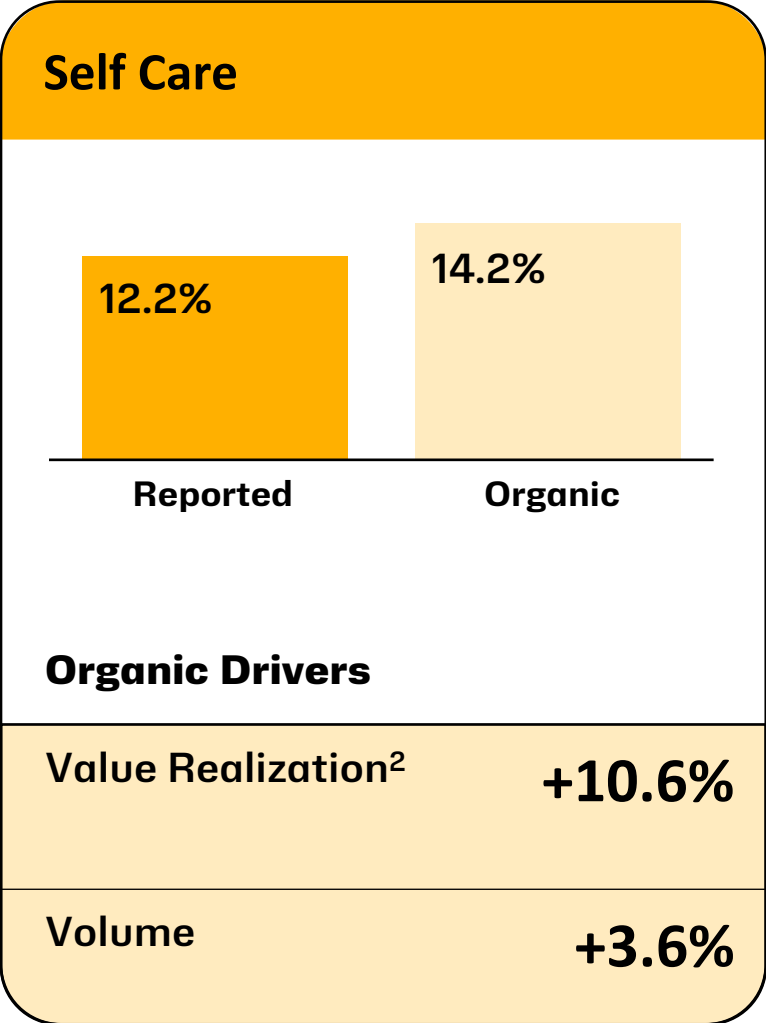
- ### Organic Growth Drivers
- Value realization across the portfolio
 - Strong demand for pain care and cough, cold and flu care
 - Sequential share gains in Suncare
 - Volume about flat³, excluding strategic decisions

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

² Value Realization reflects Price/Mix

³ Strategic decisions includes strategic portfolio rationalization, decision to suspend sales of personal care products in Russia

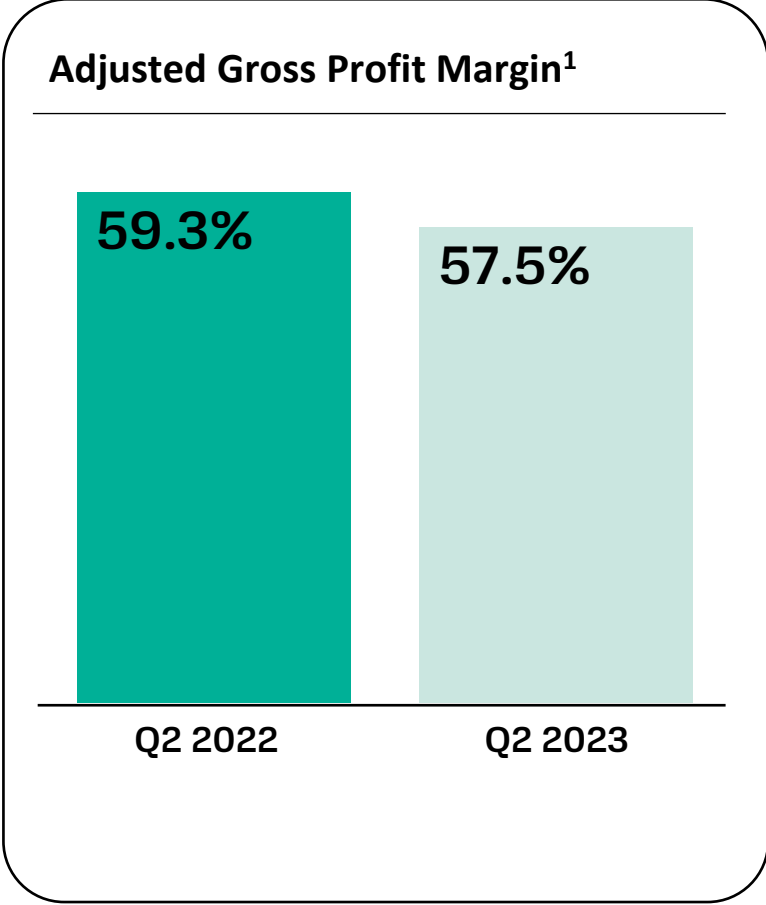
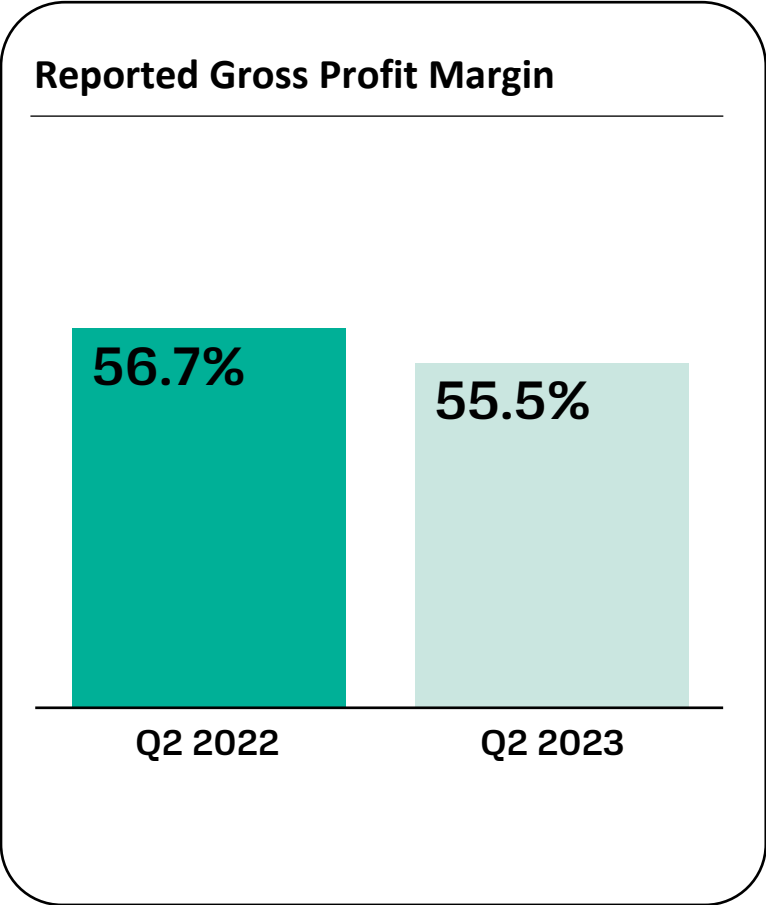
Q2 2023 Net Sales and Organic Growth¹



¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

² Value Realization reflects Price/Mix

Q2 Gross Profit Margin

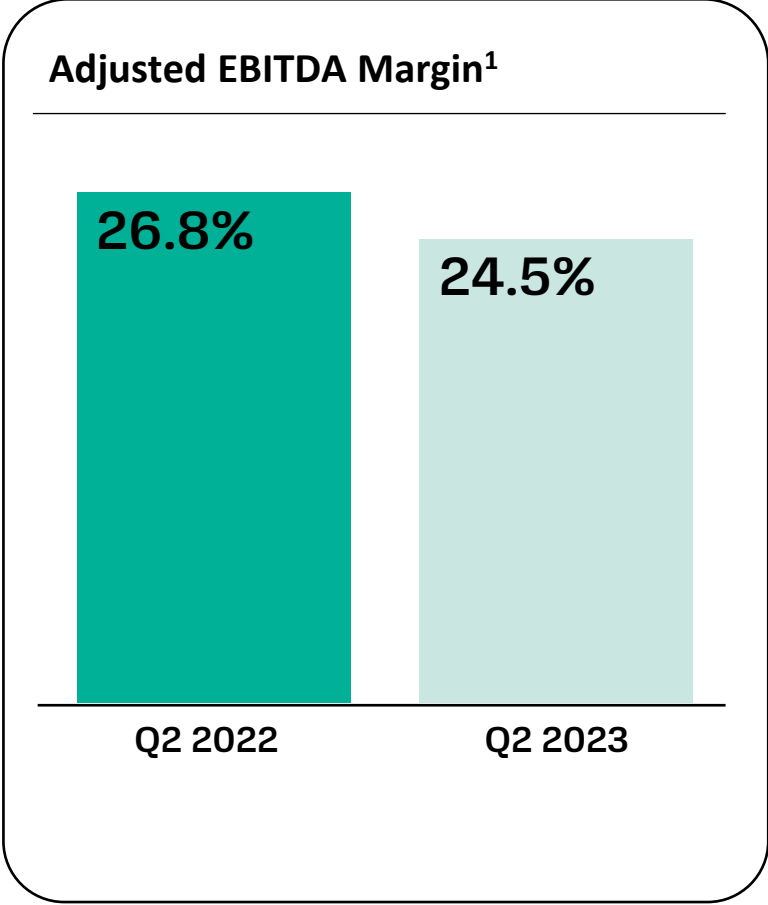
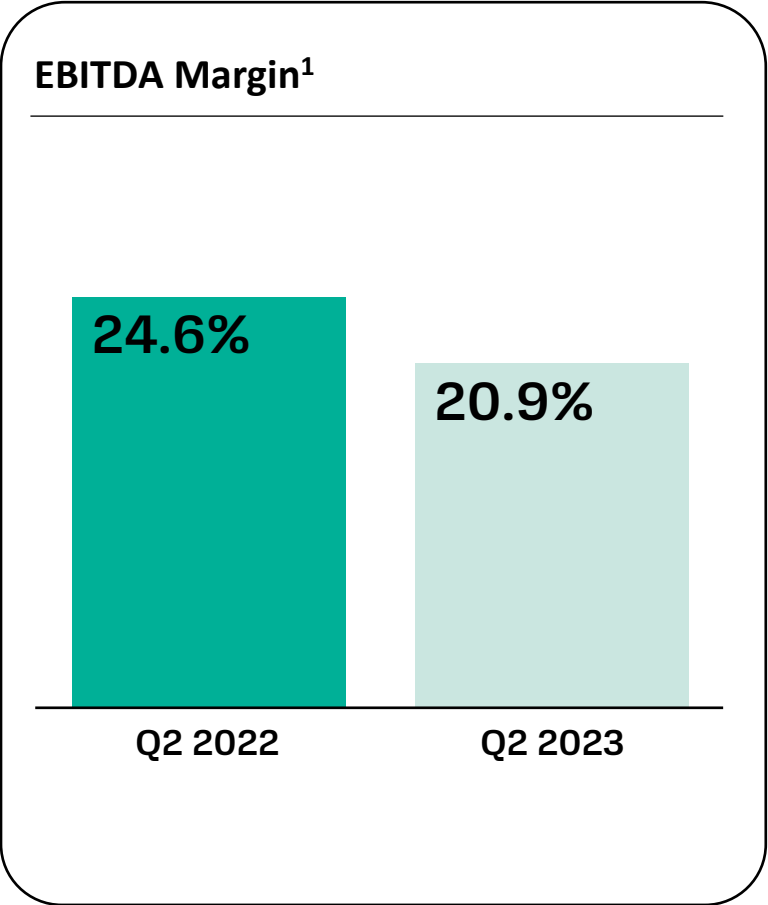


- ### Drivers
- Value realization²
 - Supply chain productivity improvements
 - Negative impact of foreign currency
 - Continued input cost inflation

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

² Value Realization reflects Price/Mix

Q2 EBITDA Margin¹

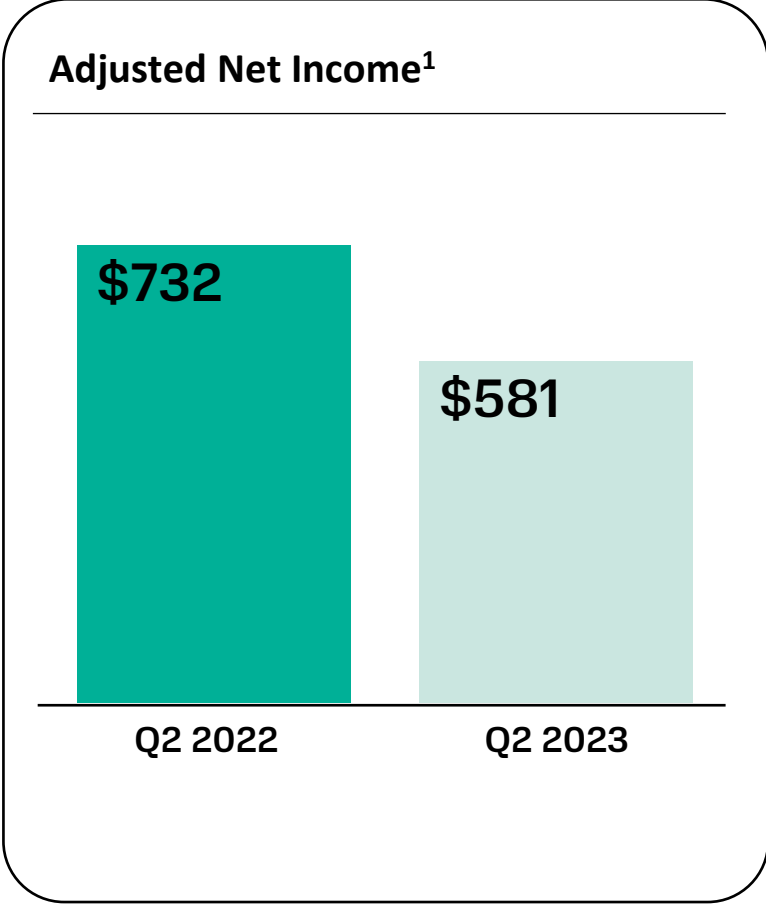
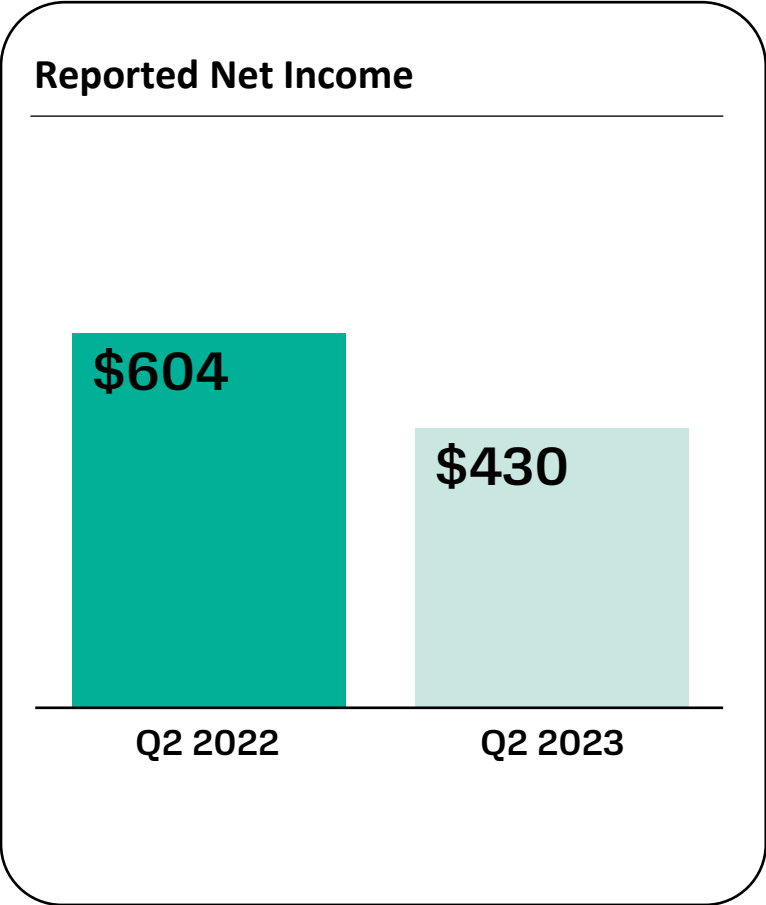


- ### Drivers
- Value Realization²
 - Supply chain productivity improvements
 - Continued input cost inflation
 - Negative impact of foreign currency
 - Incremental ongoing public company costs

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

² Value Realization reflects Price/Mix

Q2 Net Income and Earnings per Share



Earnings per Share

Reported	\$0.23
Adjusted ¹	\$0.32

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

Commitment to Disciplined Capital Stewardship

Invest in our iconic brands to grow profitably

Robust durable cash flow

Healthy balance sheet

- Strong liquidity position
- Prudent management of debt levels

Attractive dividend policy

- Initiated quarterly cash dividend of \$0.20 per share
- Quarterly dividend policy key element of capital allocation strategy

Disciplined M&A

- Continue to evaluate growth and value enhancing opportunities
- Disciplined approach selectively targeting tuck-in acquisitions

Share repurchases

- Offset dilution from stock-based compensation
- Evaluate opportunistically over time

Full-Year 2023 Guidance

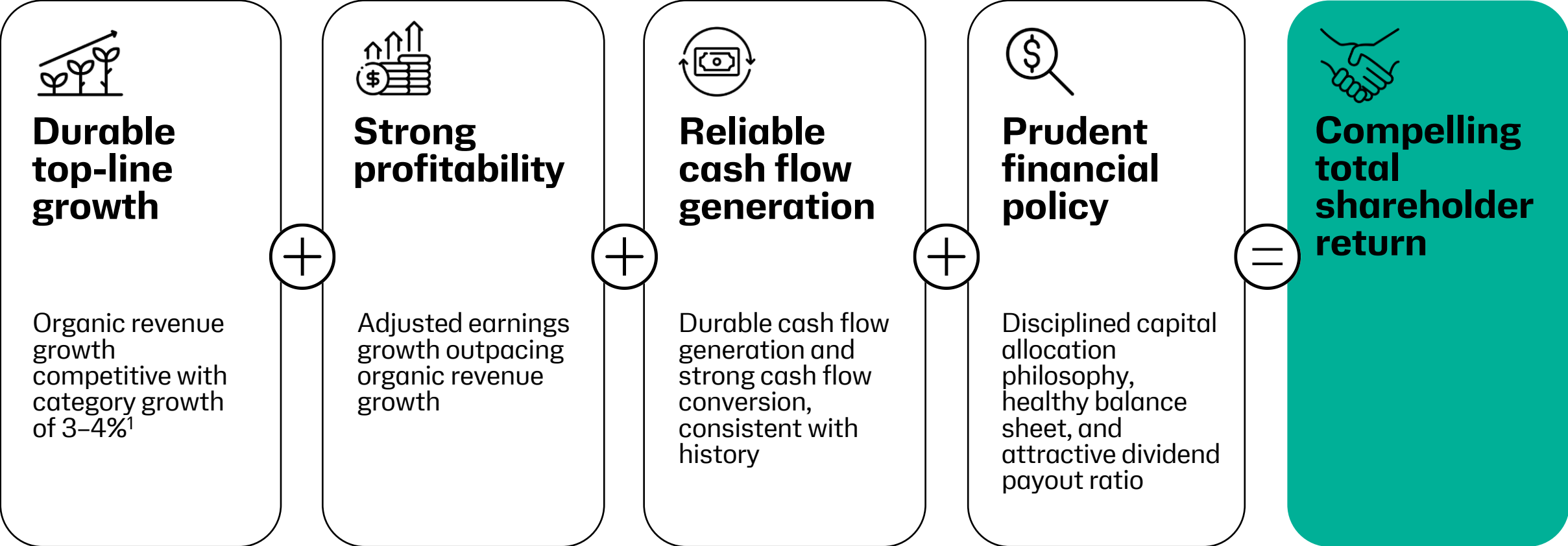
	Fiscal 2023
Reported Net Sales Growth	4.5% - 5.5%
Organic Growth ¹	5.5% - 6.5%
Reported Interest Expense, Net	~\$270M
Adjusted Interest Expense, Net ¹	~\$300M
Reported Effective Tax Rate	34.5% - 35.5%
Adjusted Effective Tax Rate ¹	24.5% - 25.5%
Adjusted Earnings per share ¹ This range assumes a full year 2023 diluted weighted average share count of 1.855 billion	\$1.26 - \$1.31

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at investors.kenvue.com



Our Commitment to Long-Term Value Creation

Our long-term targets



¹ Represents expected growth of the consumer health market through 2025

Realize the Extraordinary Power of Everyday Care

World's largest pure-play consumer health company¹

- World class, global portfolio built over the last 135 years
- Operates in large and growing consumer health market
- Poised to benefit from consumer health trends
- Differentiated portfolio of iconic brands in attractive categories
- Scaled and global footprint
- Strong commitment to our Healthy Lives Mission

Clear sources of competitive advantage

- Deep connection with consumers built upon trust and human empathy
- Product portfolio recommended by healthcare professionals and experts
- Consumer-focused innovation backed by science
- Digital-first mindset delivering better consumer health experiences
- Scaled and purpose-built global supply chain
- Proven leadership team with deep industry experience

Robust financial profile and disciplined financial policy

- Efficient cost base supporting gross margin expansion
- Significant cash flow and disciplined financial philosophy
- Healthy balance sheet management
- Focused on driving long-term value creation through sustaining profitable growth



Sustainable top-line growth in attractive categories



Strong and improving profitability



Durable cash flow generation



Disciplined capital allocation

¹ Largest by revenue in 2022

Q&A



Thibaut Mongon
Chief Executive
Officer and Director



Paul Ruh
Chief Financial
Officer

Appendix

Segment Net Sales and Adjusted Operating Income

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
Segment Net Sales				
Self Care	\$ 1,661	\$ 1,481	\$ 3,301	\$ 2,946
Skin Health and Beauty	1,147	1,126	2,258	2,138
Essential Health	1,203	1,197	2,304	2,310
Total segment net sales	\$ 4,011	\$ 3,804	\$ 7,863	\$ 7,394
Income before taxes	\$ 639	\$ 775	\$ 1,248	\$ 1,387
Interest expense, net	53	—	54	—
Other expense (income), net	10	(5)	40	(6)
Operating income	\$ 702	\$ 770	\$ 1,342	\$ 1,381
Reconciliation to Adjusted operating income:				
Depreciation and amortization	148	161	300	326
Separation-related costs	102	49	200	59
Restructuring expense ⁽¹⁾	—	24	—	38
Other operating expense (income), net	1	13	(16)	8
General corporate/unallocated expenses	74	64	143	116
Total Adjusted operating income	\$ 1,027	\$ 1,081	\$ 1,969	\$ 1,928
Segment Adjusted operating income				
Self Care	\$ 576	\$ 524	\$ 1,158	\$ 998
Skin Health and Beauty	201	243	350	370
Essential Health	250	314	461	560
Total Adjusted operating income	\$ 1,027	\$ 1,081	\$ 1,969	\$ 1,928

⁽¹⁾ Exclusive of the restructuring expense included in Other operating expense (income), net.

Organic Growth

Fiscal Three Months Ended July 2, 2023 vs July 3, 2022⁽¹⁾

(Dollars in Millions)	Reported Net Sales change		Impact of foreign currency		Organic growth ⁽²⁾	
	Amount	Percent	Amount	Amount	Percent	
	Self Care	\$ 180	12.2 %	\$ (30)	\$ 210	14.2 %
Skin Health and Beauty	21	1.9	(17)	38	3.4	
Essential Health	6	0.5	(40)	46	3.8	
Total	\$ 207	5.4 %	\$ (87)	\$ 294	7.7 %	

Fiscal Three Months Ended July 2, 2023 vs July 3, 2022⁽¹⁾

	Reported Net Sales change	Impact of foreign currency	Organic growth ⁽²⁾	
			Price/Mix ⁽³⁾	Volume
Self Care	12.2 %	(2.0) %	10.6 %	3.6 %
Skin Health and Beauty	1.9	(1.5)	6.6	(3.2)
Essential Health	0.5	(3.3)	10.7	(6.9)
Total	5.4 %	(2.3) %	9.4 %	(1.7) %

⁽¹⁾ Acquisitions and divestitures did not materially impact Net sales for the fiscal three months ended July 2, 2023 or July 3, 2022.

⁽²⁾ Non-GAAP financial measure. Excludes the impact of foreign currency exchange.

⁽³⁾ Price/Mix reflects value realization.

Organic Growth

Fiscal Six Months Ended July 2, 2023 vs July 3, 2022⁽¹⁾

(Dollars in Millions)	Reported Net Sales change		Impact of foreign currency		Organic growth ⁽²⁾	
	Amount	Percent	Amount	Amount	Percent	
	Self Care	\$ 355	12.1 %	\$ (80)	\$ 435	14.8 %
Skin Health and Beauty	120	5.6	(52)	172	8.0	
Essential Health	(6)	(0.3)	(97)	91	3.9	
Total	\$ 469	6.3 %	\$ (229)	\$ 698	9.4 %	

Fiscal Six Months Ended July 2, 2023 vs July 3, 2022⁽¹⁾

	Reported Net Sales change	Impact of foreign currency	Organic growth ⁽²⁾	
			Price/Mix ⁽³⁾	Volume
			Self Care	12.1 %
Skin Health and Beauty	5.6	(2.4)	7.6	0.4
Essential Health	(0.3)	(4.2)	10.1	(6.1)
Total	6.3 %	(3.1) %	9.1 %	0.3 %

⁽¹⁾ Acquisitions and divestitures did not materially impact Net sales for the fiscal six months ended July 2, 2023 or July 3, 2022.

⁽²⁾ Non-GAAP financial measure. Excludes the impact of foreign currency exchange.

⁽³⁾ Price/Mix reflects value realization.

Adjusted Gross Profit

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
Gross profit	\$ 2,225	\$ 2,158	\$ 4,350	\$ 4,114
Adjustments to components of Cost of sales:				
Restructuring expense	—	9	—	14
Amortization of intangible assets	80	89	161	182
Adjusted gross profit (non-GAAP)	\$ 2,305	\$ 2,256	\$ 4,511	\$ 4,310
Gross profit margin	55.5 %	56.7 %	55.3 %	55.6 %
Adjusted gross profit margin (non-GAAP)	57.5 %	59.3 %	57.4 %	58.3 %

Adjusted EBITDA

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
Net income	\$ 430	\$ 604	\$ 760	\$ 1,132
Interest expense, net	53	—	54	—
Provision for taxes	209	171	488	255
Depreciation and amortization	148	161	300	326
EBITDA (non-GAAP)	\$ 840	\$ 936	\$ 1,602	\$ 1,713
Adjustments:				
Separation-related costs ⁽¹⁾	\$ 102	\$ 49	\$ 200	\$ 59
Restructuring expense	—	24	—	38
Unrealized gain on securities	—	—	7	—
Impairment of intangible assets	—	12	—	12
Impact of deferred markets on taxes and other ⁽²⁾	21	—	21	—
Other	20	—	20	—
Adjusted EBITDA (non-GAAP)	\$ 983	\$ 1,021	\$ 1,850	\$ 1,822
EBITDA margin (non-GAAP)	20.9 %	24.6 %	20.4 %	23.2 %
Adjusted EBITDA margin (non-GAAP)	24.5 %	26.8 %	23.5 %	24.6 %

⁽¹⁾ Costs incurred in connection with our establishment as a standalone public company are defined as “Separation-related costs.”

⁽²⁾ Includes \$15 million related to tax expense and \$6 million related to minority interest expense, which were recognized within Other operating expense (income), net in the three months ended July 2, 2023 as these amounts relate to Deferred Markets, as defined in the Company’s Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2023, and are payable to Johnson & Johnson through interim related-party agreements until these Deferred Markets can be transferred to the Company.

Adjusted Net Income

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
Net income	\$ 430	\$ 604	\$ 760	\$ 1,132
Adjustments:				
Separation-related costs ⁽¹⁾	102	49	200	59
Restructuring expense	—	24	—	38
Unrealized gain on securities	—	—	7	—
Amortization and impairment of intangible assets	80	101	161	194
Interest income from related party note	(33)	—	(33)	—
Other	26	—	26	—
Tax Adjustments:				
Tax impact on special item adjustments	(24)	(46)	90	(78)
Adjusted net income (non-GAAP)	\$ 581	\$ 732	\$ 1,211	\$ 1,345

⁽¹⁾ Costs incurred in connection with our establishment as a standalone public company are defined as “Separation-related costs.”

Thank You



