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<<Olivia Tong, Analyst, Raymond James>>

Good morning. Thank you for joining us today. I'm Olivia Tong, Raymond James Household Product, Beauty, and Personal Care Analyst. And we're pleased to welcome back to the conference Edgewell Personal Care. Here with me today are President and CEO, Rod Little; and CFO, Francesca Weissman. After our fireside, we'll have a breakout downstairs for any remaining questions. Thank you both for joining us.

<<Francesca Weissman, Chief Financial Officer>>

Thanks, Olivia.

<<Rod R. Little, President and Chief Executive Officer>>

Thank you.

<<Olivia Tong, Analyst, Raymond James>>

Rod, why don't we start with a strategic overview? Some of the changes you've implemented over the last six months, you sold the Feminine Care business, Essity. You're now focused on shave, sun, and personal care, obviously the priority being shave. So can you talk about some of the big changes you're making to reposition the company and what you're most excited about, where you see more that needs to be done?

<<Rod R. Little, President and Chief Executive Officer>>

Yeah. So, thank you, Olivia, and thanks for everyone for showing up today. Good to be here. We were here a year ago, and a lot's happened versus that point a year ago. I'd say there is two big things that we've done. One is we have simplified the portfolio by selling the fem care business, which Fran led the deal, and we closed that last month, and have that cash in the bank now. And that's allowed us to really focus on our core, and we've been working very hard to build capabilities across the company. Those would say are the two themes. And if you click down under that, the Fem Care sale is strategic and important for a couple of reasons. One, it allows great focus on our core, which is shave, grooming, sun, and skincare.

We have technology, IP, know-how, and global scale in all of those categories. We did not have that in Fem Care. It was just a regional business for us, and it was growth dilutive, margin dilutive and capital intensive. And so we sold that at a premium to the company valuation. And so that was a big deal for us to get that done. The second thing then is we're in the middle of an operational reset of the company, working to simplify everything in the company, including the leadership structure at the very top, as well as then how we work to be faster, more agile, and

really focus on fewer things and invest in fewer, bigger, better things. One of which we've talked a little bit about is a manufacturing consolidation happening in North America. And then brand campaigns, we're investing back incremental advertising and promotion support versus the last couple of years, which we think has a lot of legs to continue.

The third thing I'd point out and to your question that I'm most excited about is the transformation we're seeing happening in our North American business. We have a great team in place there now, winning leadership, and we have real momentum in the business with momentum in our consumption and share outcomes and an inflection happening starting next month in the April-May-June quarter that we're confident is coming. And so to your question about where's there more work to do, it's really consistency of delivery in that North American business. And so as we come up and return to growth there, being consistent is what we're focused on.

<<Olivia Tong, Analyst, Raymond James>>

Why don't we double-click a little bit on North America? 2025 was obviously a pretty difficult year across the industry, for you guys as well. And you've made meaningful changes to simplify the U.S. organization, focus investment behind the five focus brands, Schick, Billie, Hawaiian Tropic, Banana Boat, and CREMO. So could you talk about what the early indicators are that you're watching that tell you that the reset is working, and what milestones should investors look for as fiscal 2026 progresses?

<<Rod R. Little, President and Chief Executive Officer>>

Yeah. So in North America, we have a new leader, not new anymore, about 18 months ago, Jess Spence came in and has built a new team underneath her. Every single position is new, and in my view, better in terms of the leadership profile, so starts with people. We have a great team in place now. We've simplified the structure. We went from what was five business units down to two business units. And so we have a core pure play shave business unit and then a grooming, sun, and skin business unit. By doing that, we've been able to consolidate, simplify our ways of working and basically have impact in two units versus what was splintered five. We didn't have the scale to have the five units in the company.

So there's that structure change that we've made. In terms of what we're seeing that's different is the consumer response to our brands and the campaigns we're putting out there. Our brand building is significantly better, and we're having consumers respond to better content. And those five brands you mentioned, we have new campaigns going against all five.

In some cases, they're continuation of campaigns that we lit up and started last year, and in certain cases, they're new. And so we feel really good about the brand building and the campaigns. We have had 18 consecutive weeks of unit share growth in our business in North America in aggregate across the business. That's accelerating in the more recent periods, and every single category is now participating in the unit share growth, and so we're very encouraged by that.

The other thing that I think is important in terms of an inflection point is you will see our distribution itself, change. We got significant improvements in distribution outcomes in the planogram resets that are happening right now, most pronounced in grooming, where we have in APDO and body wash on CREMO, significant distribution gains. On wet shave, not only Billie, but Schick men's and Schick women's, we have incremental distribution coming online. That's more doors. That's more space within the shelf, secondary display end cap, so the quality is much better as well. And in many accounts over the past year, we gained category captaincy in the sun care category, and that's part of what's driving the growth we see in sun care.

So retailer relationships are much better and the proof point of what people should be looking for, I think, is what happens in our quarter three and quarter four once those planograms are changed and we have the incremental distribution in, along with the new campaigns out there and running at the same time.

<<Olivia Tong, Analyst, Raymond James>>

Sounds interesting. Maybe we can move to international, which now accounts for roughly half of your sales, and you reiterated mid-single digit growth expectations there with again, a focus on shave. So can you talk about what is driving that growth and if there are learnings from international that can be applied to the U.S.?

<<Rod R. Little, President and Chief Executive Officer>>

Yeah. International is an interesting case study in that we had a head start on getting that business to a good place. We've had four consecutive years of mid-single digit growth in international. We expect to have that again this year. It's primarily a shave business, and so 55% of our shave business is actually in international, not domestically here in the U.S. It's a bigger business for us. It's a better business outside the U.S. And we've been winning in shave, winning share in most markets we compete in. In fact, 74% of our country category combinations in the first quarter either grew or hold share. That's more than double that rate a year ago, and that's something we watch and track very closely. In international, that's actually above 80%.

We're winning share, holding share in almost every combination. And again, it's heavily wet shave skewed. It comes down. And by the way, we've got a lot of distribution opportunity in grooming and sun care. If you look at shave as the core business growing mid-single digits, we have acceleration and faster growth coming in sun care and grooming, primarily distribution-driven between CREMO, Bulldog on the grooming side, Banana Boat, Hawaiian Tropic on the sun care side.

It comes down to the three basic things. Leadership, we have great leaders in our markets, and they have built out winning leadership teams underneath them, super high quality profile people leading the teams. The brand-building consumer response is really good, and then the end-market execution all the way to shelf and retailer partnerships. We're applying that model back to North America. It's a similar playbook. Three areas I would call out that are uniquely, in my mind, set for continued future growth and a lot of power in the business.

Our European team is really, really solid, and we're seeing an inflection from what have been years of share decline into share gains, and they're growing sales and expanding margin along with it. So it's a very high-quality growth coming through Europe. Greater China, while the market has been challenged and the categories are down, we've been growing double digits now for the second consecutive year. We put up 15% in quarter one. We expect that to continue.

We're the leader in women's and growing share in women's shave, and we are – we've grown three share points in men's over the past 52 weeks in Greater China and then Japan. We are the leader, and we have new innovation launching, in the back half of this year that we think will continue to expand our lead in the market. So those are three areas that have been solid, and we expect to be solid moving forward.

<<Olivia Tong, Analyst, Raymond James>>

Got it. Fran, let's shift gears and talk about margins. You've delivered impressive productivity savings and reiterated long-term potential to return to or exceed pre-COVID gross margin levels, even as tariffs and inflation remain near-term headwinds. So, what are the biggest drivers of that, and what about timing for that?

<<Francesca Weissman, Chief Financial Officer>>

Yeah. Thanks, Olivia. I think if we look at our gross margin just in fiscal '26 alone, we are expecting to expand about 60 basis points, 20 basis points to 30 basis points on constant currency, and that is inclusive of about gross tariffs of \$37 million, net tariffs after mitigation of \$25 million. So, we've been able to do that really because we've been building productivity in our DNA. Consistently over the last four plus years we've been delivering 200 basis points to 250 basis points of productivity, that's really anchored on a few things: efficiency in our supply chain, really focusing on automation and how we can take work out of the plants, and focusing on really effective procurement.

But now as we fast-forward to 2027, we know that pricing real good mix management, SRGM, is going to help us expand margin. But why we are confident we'll return back to pre-COVID level is because we really believe that we have structural cost improvement and margin recovery focused on continuing our productivity efforts.

And if we fast-forward to 2027 and 2028, our Wet Shave consolidation, which Rod will talk about in a little bit, is really going to fuel about 200 basis points over a two-year period of gross savings. So as we think forward, we have key levers, execution plans to continue to deliver strong productivity, and I think that in combination will really help us continue our gross margin expansion.

But maybe, Rod, if you want to talk about North America.

<<Rod R. Little, President and Chief Executive Officer>>

Yeah. I think it's worth a moment on our manufacturing footprint in shave and how it came together. We have four North American manufacturing sites that are legacy sites out of two acquisitions. First, Schick was acquired from Pfizer Warner-Lambert a couple of decades ago; and then American Safety Razor was acquired in 2010. With that came four legacy manufacturing plants, all subscale, not well integrated, and in some cases doing partial supply chain work. So, blades were made in one plant, shipped to another plant for assembly, and in some cases, another plant for final packaging. It was very inefficient, drove high cost, slow response times, and a lot of cash flow use in inventory tie-ups.

So, we made the decision a couple of years ago to change that and consolidate it. Took some time to get organized. A new greenfield site that we've stood up. The first of the four manufacturing sites has now been integrated into the new site. The second site will go in the next couple of months, and the site three and four will go later this year and early into next year with going run rate of savings of in that \$50 million range. Incrementally, as Fran said, to what we're doing coming on top, there's also a big cash flow unlock as we work through streamlining the inventory into one site versus what had been a multi-site operation.

And more importantly, I have a Procter & Gamble background. I was there for a while. This puts us on par with Gillette in terms of best-in-class manufacturing and being able to achieve cost parity and manufacturing KPIs that are best-in-class. And we are far from that today. So we needed to do this to ultimately be competitive long term versus the leader who we have great respect for.

<<Olivia Tong, Analyst, Raymond James>>

Thanks for that. Maybe switch to operating margins because gross margins have been steadily climbing, but operating spend has gone up more. So, what's your view on operating margins and level of A&P support?

<<Francesca Weissman, Chief Financial Officer>>

Yeah, really good question. I think building on Rod's points earlier, which is returning to top-line growth, I think core to us improving our operating margins and our operating margin rates is really making sure that we're building brand equity and solidifying our base for top-line growth. We've intentionally leaned in on A&P, especially over the last 12 months to 18 months.

Our rates are now a little over 12%, and that's about 200 basis points more than where we were in 2024. We've been intentional on that. We started in international, where we shifted our strategy, really focused on brand building and engaging consumers, and we see durable, mid-single-digit growth coming from international, and we believe that will continue.

Now, as we've shipped gears to North America, we're focused on our five core strategies. We've really started to activate last year, and we're seeing that proof point come through in distribution gains in half two and also just in different activation as we move forward, especially with share improvement. So, we definitely see the improvement in our A&P, and now our focus is really not just about the absolute, but also about the quality and the ROI on our A&P.

So while it's going to be core to how we invest moving forward, we don't think it's going to be diluted to our operating margin. In fact, we think it's going to help grow on top-line profit. Where we think we have more opportunity is actually in SG&A, especially as we've streamlined our portfolio post-FEM. We know there's some work to do to make sure that our SG&A spend comes in line with our streamlined portfolio, and that's where our focus will be in the near term.

So, it's pretty simple. We have to deliver top-line growth. We have a focused plan on gross margin accretion, and we're going to be thoughtful around investing to drive that, but we believe that operating margin will improve moving forward and rate will accrete.

<<Olivia Tong, Analyst, Raymond James>>

Got it. Rod, at CAGNY recently, a lot of companies talked about how they are bringing greater value to the consumer. Can you talk about your initiatives to improve value?

<<Rod R. Little, President and Chief Executive Officer>>

Yeah, I'll just start with a couple thoughts and then maybe throw it to Fran as well. Look, we've not taken pricing domestically in the U.S., so it starts with just headline price. Despite the tariffs that have hit, we've eaten that in our P&L, and we've not passed that on to consumers to this point domestically here in the U.S. We've always been known, our brands have been known for providing good value. On average, mid-tier price points, good, efficacious product performance, that deliver on the promise we make. And so I think part of what we have is we already have within consumers' minds that our brands do offer good value. We're being very sharp on price and promotion points at the moment.

What we are seeing change a little bit in the consumer dynamic domestically in the U.S. is a little more deal-seeking, people hunting for a little more value. We're not seeing trade down or shifts to private label, which we also have in our portfolio in shave, but a little better deal here and there. So we've been very sharp on our promotional price points in some cases, particularly in shave. But I think overall, the quality-price ratio that we have with our brands, we start in a really good place. There's nothing to fix, if you will.

And Fran, I don't know if you'd add to that.

<<Francesca Weissman, Chief Financial Officer>>

Yeah, I think you hit all the right points. I think maybe, two specific areas is shave. Shave, we offer a wide variety of price points, we participate in premium, in mass, and with our private label offerings, we really think we bring solutions to the customer at different price points. We're always focused on price value equation. I think one of the areas that we have intentionally been leaning in on is price execution. So, when we think about our price-pack architecture work or our mixed management, we're very targeted around our promotions, and we're very targeted around innovation because we want to bring value to the customers, and we have a lot of levers to be able to do that.

So affordability has really been core to how we've approached the plan, and I think with our pricing strategy, especially not executing broad scale pricing, we've got a pretty good balance in our plan moving forward.

<<Olivia Tong, Analyst, Raymond James>>

Now CPG has been more promotional of late, you just talked about that a bit. Are you seeing any change in the level of competition or retailer behavior or category growth? And how are you using that Price Pack Architecture, and targeted promo and brand investments to balance the competitive and competitiveness and margin progression?

<<Francesca Weissman, Chief Financial Officer>>

Do you want me to take that, Rod? So I think when we look at the promotional environment, we have seen an elevated intensity, especially in the U.S., although it's not really materially different than what we've seen over the last six to twelve months. I think when we look at commercial spend, it's important to note that we look at the total commercial spend. So, of course, trade promotion is part of that.

How we activate margin and marketing is really important together. Ultimately, we're looking at what's going to drive value to the customer and what's going to drive the most effective ROIs. So, we look at price pack architecture, we look at targeted promotions, but we also focus on through the line activation of our marketing spend to ensure that we are communicating value and delivering value to our customers.

<<Olivia Tong, Analyst, Raymond James>>

And then just a shorter term question around first half versus second half. You've talked about fiscal '26 being more second half weighted, obviously stronger in the second half given the innovation plans and what have you. So, can you talk through some of the specific building blocks that drive that confidence, the distribution wins, the innovation, the margin, the mix, and how should we think about the cadence there?

<<Rod R. Little, President and Chief Executive Officer>>

Yeah. I think if you look at the second half, the hockey stick [Technical Difficulty] campaigns that we're putting in place that are big and meaningful, and we think going to really resonate with consumers, and in some cases, we're confident will drive some virality in consumer response also hit in this moment.

Not domestically, but internationally, we also have a big load of innovation hitting in Q3 and Q4, along with higher pricing. And so we pick up pricing in the second half internationally as well. So it's a combination of all of that. Q2, the quarter we're in right now, will be the low point within the year in terms of organic sales delivery and margin versus prior year, but it's exactly as

we planned it, and so we're on track to plan. I think the first half playing out like we expected also gives us confidence that we'll see the second half step up.

<<Olivia Tong, Analyst, Raymond James>>

Let's double-click a little bit on the segments. Wet Shave, we talked fair bit about. But can you walk us through what stabilization means in fiscal 2026 for Wet Shave and what has to happen to return to growth beyond that? And then specifically in women's, Billie's continues to grow, and now you're turning your focus towards the legacy women's portfolio. So can you talk about how you're striking the right balance between Billie and the legacy brands?

<<Rod R. Little, President and Chief Executive Officer>>

Yeah. So shave, globally, again for us, when we talk stabilization, that's the 45% of the business that's here domestically in the U.S. The 55% outside growing mid-single digits, already better than stable. Two years ago, that shave business, domestically in the U.S. was down double digits, our organic sales. Last year, we cut that in half, down about 5%, 6%, and this year will be closer to in line with flat, organic net sales in the U.S. shave business. So far from greatness in terms of performance, but significant improvement to stabilize the business to this point. And again, as we get into the back half of this year, you'll actually see growth in the U.S. shave business and as we get into next year. So that will look and feel quite different when we're able to post that.

As it relates to women's, the women's category, as Fran mentioned earlier, there's a lot of competitiveness and promotional intensity right now. Women's is the most competitive part of the entire category. Venus has been on rollback at the big retailer for a long time now. They just came off a rollback. Flamingo's just now going on rollback, both competitive brands. And the fundamental issue in women's is there's too many brands for too few consumers. And so we think as this works its way out to ultimately there will be fewer brands in the set. Schick, Intuition, Hydro Silk, and Billie, we're very confident, are three of the winning brands.

And the work we're doing on the legacy is to infuse some of what we've done on Billie into Schick, Intuition and Hydro Silk around modernizing the look and feel of the brands. We have product upgrades, design work happening. We've got packaging upgrades coming. In fact, Hydro Silk, it's already happened. Hydro Silk was down, roughly 20% organically about a year ago. We have turned that brand back into growth in this moment.

In recent periods, Intuition has become the focus. And so we're very confident that the core work we're doing, along with a new master brand campaign that we're going to be bringing starting next month with a person that everyone in this room will know and recognize that it's a really authentic campaign that we're investing behind that we think will also help elevate the brands and be part of the second half growth story that we'll see.

<<Olivia Tong, Analyst, Raymond James>>

Turning to Sun, obviously a couple of volatile seasons that we've had across the Sun care sector, so particularly in the U.S. market, certainly could all use a little bit more Sun. How do you think

about the recovery opportunity near-term? The biggest initiatives that you have to drive growth, and then what you can discuss in terms of the path forward between Hawaiian Tropic, which has been a relative bright spot, versus Banana Boat, which has been more mixed.

<<Rod R. Little, President and Chief Executive Officer>>

I'm going to talk fast because we're running low on time. Look, last year's Sun was not a good season. Overall, the category did not perform well. And in fact, the early part of the season was really poor, so we got off to a slow start and never really recovered. We planned this year on the same basis as last year, so we didn't assume a better Sun season. I think that's a more responsible plan and way to go. We're seeing the category off to a good start. January, February, nice growth versus year-ago period.

And we feel like our brands are positioned well within the category. Hawaiian Tropic last year was the fastest-growing brand in the top 10 in the set; outgrew Sun Bum. We had a great campaign with Alix Earle last year. We're doing it a year two with Alix Earle to continue the campaign. We're going to spend more against it. Alix Earle is infinitely more popular than she was a year ago. Dating Brady helps. Dancing with the Stars helps. And we have a really cool campaign coming. So we have a lot of momentum with Hawaiian Tropic, that's global, by the way, not just here.

We are applying a lot of the same things we did to revitalize Hawaiian Tropic to Banana Boat. It'll be a two-year campaign. New campaign this year going in against Banana Boat to reframe the positioning of the brand, followed by a package upgrade and restage next year. It'll be a two-year go on Banana Boat, but feel really good about where we are in the category. The product innovation roadmap we have, as well as the retailer relationships that evolved in a very nice way, and as I said, in many cases are the captain or the lead advisor in the category.

<<Olivia Tong, Analyst, Raymond James>>

Fran, post the feminine care exit, can you walk through how you are prioritizing capital allocation? You've emphasized balance sheet strengthening, free cash flow. Can you walk through that and how leverage reduction M&A fit into that?

<<Francesca Weissman, Chief Financial Officer>>

Yeah. I think it's pretty simple in the short-term. Our focus is strengthening the balance sheet and reducing debt. By the end of the year, we're estimating that we're going to be towards 3x, and that's really the goal, is to try to get into that range. I think once we get there, of course we have optionality to invest in driving our organic business and share repurchase, and those become all levers as part of our capital allocation strategy. M&A is always an option, but really a high threshold for us in the near-term. So our focus right now is really bringing down debt.

<<Olivia Tong, Analyst, Raymond James>>

And then lastly, Rod, to wrap up, in the last couple of minutes, can you know – when you step back and look at the business today, what gives you confidence that Edgewell can compete and win over the longer term? And what are the actions that you're taking now that will translate into sustainable performance?

<<Rod R. Little, President and Chief Executive Officer>>

Yeah. It's a better portfolio. Back to where we started at the beginning of this. I think we feel really confident that we have the right portfolio, and we can win with the portfolio we have. And what's underpinning, I think, our confidence in going forward is we have really improved our base fundamentals. When I came to the company, I felt like a weak spot within the company was our brand marketing, our brand-building capabilities, that's quickly emerged as a strength. And when [Technical Difficulty], we've got good line of sight to that growth continuing. The playbook there applies to North America, and we have well down the path on that reapplication, and you're now seeing the momentum happen in the North American business as I referenced the share growth momentum, and we see the sales and margin inflection here soon.

And then I think the final piece is, as Fran talked earlier, the structural cost flexibility we have in the gross margin line gives us optionality for how we think about the business in the future. And so I think we sit here with more flexibility and optionality than we've had in the recent past, and we'll try to use that in a wise way. Thank you.

<<Olivia Tong, Analyst, Raymond James>>

Thank you.

<<Francesca Weissman, Chief Financial Officer>>

Thank you.

<<Olivia Tong, Analyst, Raymond James>>

Thanks, Rod and Fran. Appreciate your attendance and thanks for coming.