

## Pre-Quarterly Results Communication Q3 2021

Issued: Friday 8<sup>th</sup> October 2021

This Q3 2021 Pre-Quarterly Results Communication has been prepared by GSK in accordance with our standard prior practice. This Communication includes statements made previously by GSK in communications such as our Q2 2021 press release dated 28 July 2021, and our related Q2 2021 results presentation and analyst/investor call on that date. These statements are extracted from their original source and therefore, by definition, do not reflect subsequent or recent events, circumstances or developments, including divestments and the impact of the coronavirus outbreak since such statements were made (see the “Historic London Stock Exchange announcements (LSE announcements) and press releases” section of this Communication).

Any updates to these and other previously made statements would only be included in further communications by GSK to the market in our Q3 2021 release or otherwise. Accordingly, the extracted statements should only be taken as speaking as at the date they were originally made, and the inclusion of the extracted statements herein should not be taken as an indication that they will not be updated in the future.

As our Q2 2021 results announcement indicated, the potential impact of the ongoing COVID-19 pandemic on GSK’s trading performance and all our Principal risks has been assessed with mitigation plans put in place. In the first half of 2021, as anticipated, the pandemic impacted Group performance primarily in demand for Vaccines as a result of governments’ prioritisation of COVID-19 vaccination programmes and of ongoing containment measures impacting customers’ ability and willingness to access vaccination services across all regions. We remain confident in the underlying demand for our Vaccine products and are encouraged by the rate at which COVID-19 vaccinations are being deployed in many countries, particularly the US and UK, which provides support for healthcare systems returning to normal. We continue to monitor the situation closely, as this continues to be a very dynamic and uncertain situation, with the ultimate severity, duration and impact unknown at this point including potential impacts on trading results, clinical trials, supply continuity and our employees. The situation could change at any time and there can be no assurance that the COVID-19 pandemic will not have a material adverse impact on the future results of the Group

Please read the cautionary statements regarding forward-looking statements set out on pages 68 and 69 of the Q2 2021 results press release and on the further reports, announcements, press releases issued by the Company, including the “Basis of preparation, assumptions and cautionary statement” section of the announcement issued by the Company on 23 June 2021 in relation to its Investor Update. Please also read the definitions and reconciliations for non-IFRS measures on page 67 of the Q2 2021 results release and the annual report on Form 20-F for FY 2020.

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## Key information for Q3 2021

### Foreign exchange:

- We expect that the impact of foreign exchange on Q3 2021 sales will be around -5%.
- We expect that the negative impact of foreign exchange on Q3 2021 sterling Adjusted EPS will be greater than the negative impact on sales.

### Weighted average number of shares (WANS)

- The basic WANS in Q3 2021 was 5,007m (an increase of 0.5% relative to Q3 2020)

### Outlook commentary relating to Q3 2021

**Commentary from Q2 2021 analyst/ investor call:** For Q3 specifically, there were some one-off items in the comparator period which will adversely impact the next quarter. These include a Blenrep recognition of pre-launch inventory in Pharma R&D of slightly more than £50m, and a one-time benefit from the restructuring of post-retirement benefits, of a similar magnitude, which was primarily in SG&A. With these one-off items in mind, we expect earnings growth in the second half to be weighted towards Q4.

### 2021 COVID-19 solutions expectations

**Commentary from Q2 2021 press release:** The contribution to H1 Adjusted EPS was approximately 7%. For the full year, we expect that the COVID-19 solutions will contribute approximately between 4% to 6% of Adjusted EPS growth. The outcome within that range is dependent upon the success of sotrovimab contracting for 2021, and of pandemic adjuvant contracting for 2022 and the resulting potential charges within COGS as we continue to manufacture for this potential. Pandemic vaccines sales of £260 million included £258 million of pandemic adjuvant sales, which represented delivery of around two-thirds of the contracted volumes with the US and Canadian governments.

### Pharma

#### **Commentary from Q2 2021 analyst/ investor call:**

**Cabenuva:** Early launch signals are positive with strong brand recognition from people living with HIV. As with any new class of medicine, Cabenuva will take time to build and furthermore the COVID backdrop is significantly constraining switch activity, particularly where a patient needs to visit a physician's office.

**Zejula:** Unfortunately, with the backdrop of COVID, there is still a 20% decrease in ovarian cancer diagnosis. We know that with delayed diagnosis, there are less patients getting debulking surgeries and therefore less patients going onto maintenance about 6 months later, so we expect this impact to continue until the market returns to pre-pandemic levels.

**Commentary from Q3 2020 press release:** In the US, **Relvar/Breo** grew 64% AER, 70% CER, benefiting from the effect of a prior period RAR adjustment and a stronger US ICS/LABA market impacted by the COVID-19 pandemic.

### Vaccines

**Flu full year outlook:** Global volumes to be broadly similar, without RAR benefit seen in 2020.

**COVID immunisation progress in the US** is tracked by the Centers for Disease Control and Prevention (CDC). For US COVID vaccine demographics including adoption by age you can visit:

<https://covid.cdc.gov/covid-data-tracker/#vaccination-demographic>

### **Consumer**

**Commentary from Q3 2020 press release:** On a pro-forma basis, sales declined 6% CER but grew 3% CER, excluding brands divested/under review. The previously disclosed reversal of increased retailer stocking ahead of a systems cutover in North America impacted overall growth by approximately two percentage points.

### **Historic London Stock Exchange announcements (LSE announcements) and press releases**

Since the beginning of Q3 2021 we have issued several LSE announcements and press releases, each of which can be accessed using the following links:

<https://www.gsk.com/en-gb/media/press-releases/>

<https://us.gsk.com/en-us/media/press-releases/>

<https://us.gsk.com/en-us/products/>

<https://www.gsk.com/en-gb/investors/stock-exchange-announcements/london-rns/>

### **Key updates during Q3**

**30 September:** Update on Global Access to Sotrovimab for COVID-19 Patients [0001193125-21-286884](#) | 8-K | Vir

**28 September:** [FDA grants Priority Review to ViiV Healthcare's New Drug Application for cabotegravir long-acting for prevention of HIV](#) | GSK

**28 July:** [GSK and Vir Biotechnology announce Joint Procurement Agreement with European Commission for COVID-19 treatment, sotrovimab](#) | GSK

**23 July:** [GSK begins shipping another record supply of influenza vaccine for 2021-22 season in US](#) | GSK US

**16 July:** [GSK announces positive headline results from five Phase 3 studies of daprodustat for patients with anaemia due to chronic kidney disease](#) | GSK

**23 June:** [New GSK to deliver step-change in growth and performance over next ten years driven by high-quality Vaccines and Specialty Medicines portfolio and late-stage pipeline](#) | GSK  
[New GSK Investor update](#) | GSK

**For your reference, the following pages include tables with historical financial information. We have also included some additional detail to help with modelling Q3 2021 and full year estimates.**

## Basic information for Q3 2021

### Foreign exchange

On the basis of the rates in the table below, it is expected that the negative impact of foreign exchange on Q3 2021 sales will be around -5%.

As a result of the mix of currency movements relative to the mix of costs, we expect that the negative impact of foreign exchange on Q3 2021 sterling Adjusted EPS will be greater than the negative impact on sales.

Average rates Quarterly	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
<b>Key currencies</b>							
US\$	1.29	1.25	1.30	1.33	1.38	1.40	1.37
€	1.17	1.13	1.11	1.11	1.14	1.16	1.16
Yen	140	134	138	138	146	152	151
<b>Other currencies</b>							
Australian dollar	1.96	1.87	1.83	1.81	1.79	1.82	1.87
Brazilian real	5.77	6.54	7.04	7.18	7.55	7.29	7.20
Canadian dollar	1.74	1.71	1.74	1.73	1.75	1.72	1.73
Chinese yuan	9.02	8.81	9.00	8.81	8.94	8.98	8.88
Indian rupee	93.6	93.4	96.5	98.1	100.8	102.6	101.5
Russian rouble	87.2	88.5	97.7	101.3	103.5	103.4	100.6
<b>FX impact on turnover</b>	<b>+0%</b>	<b>+1%</b>	<b>-5%</b>	<b>-1%</b>	<b>-3%</b>	<b>-9%</b>	<b>-5%</b>
<b>FX impact on adjusted EPS</b>	<b>-1%</b>	<b>+1%</b>	<b>-9%</b>	<b>-1%</b>	<b>-6%</b>	<b>-25%</b>	<b>n/a</b>

Average rates Cumulative - YTD	3M 2020	6M 2020	9M 2020	12M 2020	3M 2021	6M 2021	9M 2021
<b>Key currencies</b>							
US\$	1.29	1.27	1.28	1.29	1.38	1.39	1.38
€	1.17	1.15	1.13	1.13	1.14	1.15	1.15
Yen	140	137	137	137	146	149	150
<b>Other currencies</b>							
Australian dollar	1.96	1.92	1.89	1.87	1.79	1.80	1.83
Brazilian real	5.77	6.15	6.45	6.63	7.55	7.42	7.34
Canadian dollar	1.74	1.72	1.73	1.73	1.75	1.73	1.73
Chinese yuan	9.02	8.91	8.94	8.91	8.94	8.96	8.94
Indian rupee	93.6	93.5	94.5	95.4	100.8	101.7	101.6
Russian rouble	87.2	87.8	91.1	93.7	103.5	103.4	102.5
<b>FX impact on turnover</b>	<b>+0%</b>	<b>+0%</b>	<b>-2%</b>	<b>-2%</b>	<b>-3%</b>	<b>-6%</b>	<b>-5 to -6%</b>
<b>FX impact on adjusted EPS</b>	<b>-1%</b>	<b>+0%</b>	<b>-3%</b>	<b>-2%</b>	<b>-6%</b>	<b>-12%</b>	<b>n/a</b>

Period end rates	Dec 2019	Mar 2020	June 2020	Sep 2020	Dec 2020	Mar 2021	June 2021	Sep 2021
<b>Key currencies</b>								
US\$	1.32	1.24	1.23	1.28	1.36	1.38	1.39	1.34
€	1.18	1.13	1.10	1.10	1.11	1.17	1.17	1.16
Yen	143	134	132	136	141	152	153	151

### Foreign exchange: Ready reckoner

In the 2020 FY results presentation on 3 February 2021, the following ready reckoner was provided on slide 45 to help estimate the expected impact of foreign exchange movements on adjusted EPS\*:

Currency	Impact on 2021 full year adjusted EPS
US dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-6.0%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-1.0%
Japanese yen	10 yen movement in average exchange rate for full year impacts EPS by approximately +/-1.5%

\*Please note that the ready reckoner does not include the impact of inter-company exchange gains or losses

The slide also included 2020 currency sales exposure for GSK:

Currency	2020 currency sales exposure
US dollar	43%
Euro	19%
Japanese yen	6%
Other‡	32%

‡The other currencies that each represent more than 1% of Group sales are: Australian dollar, Brazilian real, Canadian dollar, Chinese yuan, Indian rupee and Russian rouble. In total, they accounted for 13% of Group revenues in 2020

### Basic weighted average number of shares (WANS)

In millions*	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
<b>WANS: Quarter</b>	4,953	4,965	4,977	4,980	4,981	4,993	5,004	5,007
<i>YoY change</i>	+0.7%	+0.6%	+0.6%	+0.6%	+0.6%	+0.6%	+0.5%	+0.5%
<b>WANS: Cumulative - Year to date</b>	4,947	4,965	4,971	4,974	4,976	4,993	4,999	5,001
<i>YoY change</i>	+0.7%	+0.6%	+0.6%	+0.6%	+0.6%	+0.6%	+0.6%	+0.5%
Period end shares	4,954	4,977	4,978	4,980	4,981	5,004	5,005	5,008

\*excludes treasury shares and shares held by ESOP trusts

## Dividend

In the Q2 2021 press release we made the following comments regarding the dividend:

*“The Board currently intends to maintain the dividend for 2021 at the current level of 80p per share, subject to any material change in the external environment or performance expectations.*

*At the New GSK Investor Update on 23 June GSK set out that from 2022 a progressive dividend policy will be implemented, guided by a 40 to 60 percent pay-out ratio through the investment cycle. This is a key part of the capital allocation framework. For 2022, for the first half of the year, GSK expects to declare a 27p dividend for the current group. GSK is on track to separate into two companies early in the second half of 2022. GSK expects the aggregate dividend, across the two new businesses to be 28p per share for the second half. In aggregate this would represent on a full year 2022 basis the equivalent of a Group dividend of 55p per share, representing a 31% decrease from the 80p/share dividend expected for 2021. This expected, aggregate 55p per share dividend for full year 2022 is comprised of 44p representing New GSK's policy, and an expected 11p from the Consumer Healthcare business. Dividend policy for the new Consumer Healthcare company will be set by its Board of Directors. In 2023, the first full year of standalone operations for New GSK, GSK expects to declare a full year dividend of 45p per share.”*

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2019	19	19	19	23	80
2020	19	19	19	23	80
2021 - expected	19	19			80 <sup>1</sup>
2022 - expected					55 <sup>1,2</sup>

<sup>1</sup>The actual dividend amount is determined by the Board of Directors.

<sup>2</sup> This expected pro-forma, aggregate 55p per share dividend for full year 2022 is comprised of 44p representing New GSK's policy, and an expected 11p from the Consumer Healthcare business.

### Factors impacting recent quarterly comparisons

As usual there were several events in 2021 and during 2020 which impact the year on year comparisons for Q3 2021. This includes the following noteworthy items which you may wish to consider in your modelling.

**Please note that the items listed below are not intended to be a complete list of all items that may impact the comparisons for Q3 2021 versus Q3 2020.**

For further comments, please refer to quarterly press releases, presentations and transcripts. [Quarterly results | GSK](#). In particular, please also refer to slide 26 of the Q2 2021 Results presentation.

### Pharmaceuticals

Pharmaceuticals (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
<b>Total turnover</b>	<b>4,396</b>	<b>4,102</b>	<b>4,192</b>	<b>4,366</b>	<b>17,056</b>	<b>3,882</b>	<b>4,229</b>
<i>Reported growth - CER</i>	+6%	-5%	-3%	-3%	-1%	-8%*	+12%*
<b>Adjusted operating profit</b>	<b>1,183</b>	<b>976</b>	<b>1,175</b>	<b>851</b>	<b>4,185</b>	<b>1,119</b>	<b>1,241</b>
<i>Reported growth - CER</i>	-5%	-23%	+16%	-16%	-7%	+2%	+46%
Adjusted operating margin	26.9%	23.8%	28.0%	19.5%	24.5%	28.8%	29.3%

\*H1 2021 CER growth +2%

Commentary by Iain Mackay from Q2 2021 results analyst/investor call: *"In the year to date, revenues grew 2% and our full-year outlook [for flat to low-single digit growth] remains unchanged."*

Commentary from Q3 2020 Press release: *"In the quarter, as expected, results reflect the COVID-19 pandemic environment, with lower levels of new patient prescriptions in US and Europe, reduced market size for allergy and antibiotic products in International and pressure on net prices in US."*

### Pharmaceuticals: Respiratory

Respiratory (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Anoro	117	139	140	151	547	117	134
Trelegy	193	194	194	238	819	248	291
Nucala	210	241	251	292	994	254	292
<b>Respiratory*</b>	<b>520</b>	<b>574</b>	<b>585</b>	<b>681</b>	<b>2,360</b>	<b>619</b>	<b>717</b>
<b>CER growth</b>							
<i>Anoro</i>	+16%	+6%	+3%	+8%	+8%	+4%	+4%
<i>Trelegy</i>	>100%	+58%	+45%	+40%	+59%	+35%	+64%
<i>Nucala</i>	+38%	+21%	+29%	+34%	+30%	+26%	+32%
<b>Respiratory</b>	<b>+52%</b>	<b>+27%</b>	<b>+26%</b>	<b>+29%</b>	<b>+32%</b>	<b>+24%</b>	<b>+36%</b>

\* With effect from Q1 2021 Relvar/Breo, Incruse and Arnuity reported under the "Established Respiratory" section of our "Established Pharmaceuticals" category



Commentary Q3 2020 Press Release: In the US, **Relvar/Breo** grew 64% AER, 70% CER, benefiting from the effect of a prior period RAR adjustment and a stronger US ICS/LABA market impacted by the COVID-19 pandemic.

#### Pharmaceuticals: HIV

HIV (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Tivicay	412	373	377	365	1,527	301	407
Triumeq	563	586	577	580	2,306	436	466
Juluca	120	113	123	139	495	112	132
Dovato	66	68	99	141	374	141	184
<b>Dolutegravir products</b>	<b>1,161</b>	<b>1,140</b>	<b>1,176</b>	<b>1,225</b>	<b>4,702</b>	<b>990</b>	<b>1,189</b>
Rukobia	-	-	3	8	11	7	10
Cabenuva	-	-	-	-	-	2	4
Other HIV	46	45	37	35	163	32	32
<b>HIV</b>	<b>1,207</b>	<b>1,185</b>	<b>1,216</b>	<b>1,268</b>	<b>4,876</b>	<b>1,031</b>	<b>1,235</b>
<b>CER growth</b>							
<i>Dolutegravir products</i>	+9%	-2%	+1%	+2%	+2%	-11%	+14%
<b>HIV</b>	<b>+8%</b>	<b>-3%</b>	<b>+0%</b>	<b>+2%</b>	<b>+1%</b>	<b>-11%</b>	<b>+14%</b>

Commentary by Deborah Waterhouse from Q2 2021 results analyst/investor call: *“Second quarter HIV sales rebounded strongly, growing by 14% and more than reversing the 11% decline that we reported in Q1 due to COVID impacts and the strong 2020 comparator. **Growth in the first half of the year was 1%.** Strong commercial execution continues to drive the performance of Dovato, particularly in the switch market in the US and Europe. Dovato and Juluca are on track to deliver £1 billion in sales this year.”*

#### Pharmaceuticals: Oncology

Oncology (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Zejula	81	77	92	89	339	88	98
Blenrep	-	-	8	25	33	21	21
Jemperli	-	-	-	-	-	-	1
<b>Oncology</b>	<b>81</b>	<b>77</b>	<b>99</b>	<b>115</b>	<b>372</b>	<b>110</b>	<b>119</b>

Commentary on Zejula by Luke Miels on Q2 2021 results analyst/investor call: *“with the backdrop of COVID, there is still a 20% decrease in ovarian cancer diagnoses, and we know that with delayed diagnosis there are less patients getting debulking surgeries, and, therefore, less patients going onto maintenance about six months later. So, we expect that is impact will continue until the market returns to pre-pandemic levels.”*

#### Pharmaceuticals: Established Pharmaceuticals

Commentary by Iain Mackay from Q2 2021 results analyst/investor call regarding full year revenue expectations: *“We still expect Established Pharma sales to decline high single digits in the full year.”*

Established Pharmaceuticals (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Established Respiratory	1,316	1,114	1,118	1,092	4,640	1,127	1,089
Established other	1,121	975	981	1,004	4,081	815	836
<b>Total turnover*</b>	<b>2,437</b>	<b>2,089</b>	<b>2,099</b>	<b>2,096</b>	<b>8,721</b>	<b>1,942</b>	<b>1,925</b>
<b>CER growth</b>							
Established Respiratory	-4%	-9%	-6%	-17%	-9%	-11%	+6%
Established other	-2%	-20%	-19%	-16%	-14%	-24%	-7%
<b>Total turnover</b>	<b>-3%</b>	<b>-15%</b>	<b>-13%</b>	<b>-16%</b>	<b>-12%</b>	<b>-17%</b>	<b>+0%**</b>

\* With effect from Q1 2021 Relvar/Breo, Incruse and Arnuity reported under the "Established Respiratory" section of our "Established Pharmaceuticals" category

\*\*H1 2021 CER growth -9%

### Vaccines

Vaccines (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Meningitis	225	167	363	274	1,029	190	225
Influenza	21	15	445	252	733	18	33
Shingrix	647	323	374	645	1,989	327	295
Established Vaccines	912	628	850	841	3,231	689	758
<b>Total turnover excl pandemic vaccines</b>	<b>1,805</b>	<b>1,133</b>	<b>2,032</b>	<b>2,012</b>	<b>6,982</b>	<b>1,224</b>	<b>1,311</b>
Pandemic vaccines	-	-	-	-	-	-	260
<b>Total turnover incl pandemic vaccines</b>	<b>1,805</b>	<b>1,133</b>	<b>2,032</b>	<b>2,012</b>	<b>6,982</b>	<b>1,224</b>	<b>1,571</b>
<b>Adjusted operating profit</b>	<b>858</b>	<b>265</b>	<b>899</b>	<b>691</b>	<b>2,713</b>	<b>306</b>	<b>514</b>
<i>Adjusted operating margin</i>	47.5%	23.4%	44.2%	34.3%	38.9%	25.0%	32.7%
<b>CER growth</b>							
Meningitis	+11%	-29%	+1%	+36%	+3%	-13%	+46%
Influenza	+53%	-6%	+21%	+85%	+37%	-5%	>100%
Shingrix	+79%	-19%	-25%	+23%	+11%	-47%	+1%
Established Vaccines	-3%	-34%	-15%	-3%	-14%	-23%	+28%
<b>Total turnover excl pandemic vaccines*</b>	<b>+19%</b>	<b>-29%</b>	<b>-9%</b>	<b>+16%</b>	<b>-1%</b>	<b>-30%</b>	<b>+24%</b>
<b>Total turnover incl pandemic vaccines**</b>	<b>+19%</b>	<b>-29%</b>	<b>-9%</b>	<b>+16%</b>	<b>-1%</b>	<b>-30%</b>	<b>+49%</b>
<b>Adjusted operating profit</b>	<b>+39%</b>	<b>-58%</b>	<b>-18%</b>	<b>+26%</b>	<b>-6%</b>	<b>-60%</b>	<b>&gt;100%</b>

\*H1 2021 CER growth -9%; \*\* H1 2021 CER Growth +0%

Commentary by Iain Mackay from Q2 2021 results analyst/investor call:

*“In the quarter we saw improving paediatric and adolescent vaccination rates and adult vaccination rates, although improving, continue to be affected by COVID-19 vaccination deployment.*

*Recent trends in the US indicating strong recovery of paediatric, adolescent and older adult vaccines are very encouraging. There remains, however, uncertainty as to impact of COVID-19, the speed of deployment of mass immunisation programmes and easing of pandemic conditions. This is notable in other key markets across the Group such as Germany and China.*

*With these dynamics in mind and excluding pandemic adjuvant sales, we expect Vaccines revenues in the full year to be broadly flat”*

Commentary by Iain Mackay from Q3 2020 results analyst/investor call:

*“Shingrix sales were down 25%, reflecting lower adult wellness visits in the US, particularly through July and August. However, by the end of Q3, Shingrix weekly US prescriptions reached similar levels to the same time last year.”*

### Consumer Healthcare

Consumer Healthcare (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
<b>Turnover excl brands divested/under review</b>	<b>2,598</b>	<b>2,273</b>	<b>2,342</b>	<b>2,298</b>	<b>9,511</b>	<b>2,261</b>	<b>2,259</b>
<i>CER growth – pro forma*</i>	+14%	+0%	+3%	+1%	+4%	-9%	+7%
Brands divested/under review	264	116	80	62	522	51	33
<b>Turnover</b>	<b>2,862</b>	<b>2,389</b>	<b>2,422</b>	<b>2,360</b>	<b>10,033</b>	<b>2,312</b>	<b>2,292</b>
<i>CER growth – reported**</i>	+46%	+25%	+2%	-7%	+14%	-16%	+3%
<i>CER growth – pro forma</i>	+11%	-6%	-6%	-7%	-2%	n/a	n/a
<b>Adjusted operating profit</b>	<b>766</b>	<b>521</b>	<b>541</b>	<b>385</b>	<b>2,213</b>	<b>535</b>	<b>498</b>
<i>CER growth – reported</i>	+82%	+33%	-2%	-12%	+22%	-25%	+5%
<i>CER growth – pro forma</i>	+26%	-11%	-9%	-12%	-1%	n/a	n/a
<i>Adjusted operating margin</i>	26.8%	21.8%	22.3%	16.3%	22.1%	23.1%	21.7%

\*H1 2021 CER growth -2%; \*\* H1 2021 CER Growth -7%

Commentary on Consumer outlook by Iain Mackay from Q2 2021 results analyst/investor call:

*“For Consumer in the full year excluding brands divested or under review, we continue to expect low to mid-single digit percent revenue growth.”*

Commentary on Consumer outlook by Iain Mackay from Q3 2020 results analyst/investor call:

*“Q3 revenues in Consumer Healthcare on a pro forma basis were up 3%, excluding brands either divested or under review. Including those brands, such as Horlicks, turnover declined 6% pro forma. Reversal of the Q2 systems cutover stocking benefit impacted overall growth by around 2 percentage points.”*

### Corporate and other unallocated turnover and costs

Corporate and other unallocated turnover and costs include the results of certain Consumer Healthcare products which are being held for sale in a number of markets in order to meet anti-trust approval requirements, together with the costs of corporate functions.

Corporate and other unallocated turnover (£m)	Q1	Q2	Q3	Q4	Full Year
2019	-	-	20	28	48
2020	27	-	-	1	28
2021	-	-			

Adjusted corporate and other unallocated operating profit (costs) (£m)	Q1	Q2	Q3	Q4	Full Year
2019	(119)	(88)	(82)	(174)	(463)
2020	(132)	(13)	50 <sup>1</sup>	(110)	(205)
2021	(79)	(95)			

<sup>1</sup> includes one-off benefit from restructuring of post-retirement benefits

## Operating and financial performance

### Operating performance

#### Expected costs and savings under Major Restructuring Programmes

In our Q2 2021 results presentation we included the table below.

Annual savings: (£bn)	Cumulative actuals to 2020	2021 projected <sup>1</sup>	2022 projected <sup>1</sup>	2023 projected <sup>1</sup>	Total lifetime
<b>2018 Restructuring Programme incl. Tesaro (Announced Q2'18)</b>					
Savings <sup>2</sup>	0.3	0.5			0.5
Total charges	1.5	0.1			1.6
Cash payments	0.3	0.2	-		0.5
<b>Consumer Joint Venture (Announced Dec-18)</b>					
Synergies <sup>2</sup>	0.3	0.4	0.5		0.5
Total charges	0.6	0.2	-		0.8
Cash payments	0.5	0.1	0.1		0.7
<b>Separation Preparation Programme<sup>4</sup> (Announced Feb-20)</b>					
Savings <sup>2</sup>	0.1	0.4	0.8	1.0	1.0
Total charges	0.8	1.1	0.5	-	2.4
Cash payments	0.2	0.6	0.7	0.1	1.6
<b>Separation Costs<sup>3</sup></b>					
Total charges	0.1	0.3	0.2	-	0.6
Cash payments	0.1	0.3	0.2	-	0.6

<sup>1</sup> All expectations and targets regarding future performance should be read together with the "Outlook, assumptions and cautionary statements" sections of the Fourth Quarter 2020 Results Announcement and the cautionary statement slide included with this presentation.

<sup>2</sup> Savings and synergies shown are cumulative for the programme to date throughout the table

<sup>3</sup> Additional one-time costs to prepare Consumer Healthcare for separation, excluding transaction costs and excluding Capex.

## Operating costs: COGS, SG&A and R&D

Commentary by Iain Mackay from Q2 2021 results analyst/investor call: “For Q3 specifically, there are some one-off items in the comparator reviews which will adversely impact the next quarter. These include a Blenrep recognition of pre-launch inventory in Pharma R&D of slightly more than £50 million, and a one-time benefit from the restructuring of post-retirement benefits of a similar magnitude, which was primarily in SG&A.”

### Cost of sales

Adjusted COGS (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
COGS	2,610	2,249	2,540	2,792	10,191	2,236	2,348
% of turnover	28.7%	29.5%	29.4%	31.9%	29.9%	30.1%	29.0%
Reported growth - CER	+20%	+0%	-6%	-2%	+2%	-13%	+9%
Pro forma growth - CER	+9%	-8%	-8%	-2%	-3%	n/a	n/a

### Selling, General and Administration

Adjusted SG&A costs (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
SG&A	2,786 <sup>1</sup>	2,530	2,477 <sup>2</sup>	2,924 <sup>3</sup>	10,717	2,315 <sup>4</sup>	2,498
% of turnover	30.6%	33.2%	28.6%	33.5%	31.4%	31.2%	30.9%
Reported growth - CER	+18%	+4%	-7%	-4%	+2%	-15%	+5%
Pro forma growth - CER	+8%	-5%	-10%	-4%	-3%	n/a	n/a

<sup>1</sup> Q1'20 – includes costs for a number of legal settlements

<sup>2</sup> includes one-off benefit from restructuring of post-retirement benefits

<sup>3</sup> includes a number of legal settlements

<sup>4</sup> includes a favourable legal settlement

### Research and development

Adjusted R&D costs (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
R&D	1,086	1,171	1,049 <sup>1</sup>	1,297	4,603	1,077	1,165
% of turnover	11.9%	15.4%	12.1%	14.8%	13.5%	14.5%	14.4%
Reported growth - CER	+11%	+11%	-6%	+12%	+7%	+3%	+6%
Pro forma growth - CER	+9%	+9%	-7%	+12%	+6%	n/a	n/a

<sup>1</sup> Includes one-off benefit from recognition of pre-launch inventory following the successful approval of Blenrep for the treatment of multiple myeloma

Commentary on 2021 R&D growth by Iain Mackay from Q2 2021 results analyst/investor call: “We expect R&D growth to be around 10% in the full year, with a first half increase of 5% reflecting phasing, particularly in 2020.”

## Royalty income

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2019	73	78	118	82	351
2020	67	75	85	91	318
2021 outlook	91	77			Between £300m and £350m

## Divisional operating margins

Adjusted operating margin (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Pharma	26.9%	23.8%	28.0%	19.5%	24.5%	28.8%	29.3%
Vaccines	47.5%	23.4%	44.2%	34.3%	38.9%	25.0%	32.7%
Consumer Healthcare	26.8%	21.8%	22.3%	16.3%	22.1%	23.1%	21.7%
<b>Group</b>	<b>29.4%</b>	<b>22.9%</b>	<b>30.8%</b>	<b>20.8%</b>	<b>26.1%</b>	<b>25.4%</b>	<b>26.7%</b>

Commentary by Iain Mackay from Q3 2020 results analyst/investor call:

**Pharmaceuticals:** “The Pharma operating margin was 28% in Q3. A 470 basis points increase reflected a favourable product mix that benefitted in the quarter from the recognition of pre-launch inventory and approval of Blenrep within R&D. There was a favourable comparison to 2019 pertaining to non-recurring manufacturing write-down and legal settlements, and tight control of costs and the benefit of restructuring actions. These were offset by increased investment in new product support in target priority markets and, in R&D, a focus mainly on oncology and COVID-19 programmes.”

**Vaccines:** “The operating margin of 44.2% was 500 basis points lower, primarily reflecting the negative operating leverage from COVID-19-related sales decline and investment behind key brands such as Shingrix. In the year-to-date, Vaccines’ revenues were down 7% and adjusted operating margin was 40.7%.”

**Consumer Healthcare:** “Operating margin for the quarter was down 90 basis points year-on-year, mainly reflecting the impact of divested brands and increased brand investment, partially offset by synergy benefits from the Pfizer integration and tight control of costs.”

## Financial performance

### Net finance expense

Adjusted net finance costs (£m)	Q1	Q2	Q3	Q4	Full Year
2019	(187)	(220)	(206)*	(197)	(810)
2020	(187)*	(227)	(197)	(233)	(844)
2021	(190)	(185)			Around £800 to 850m

\* includes fair value gain on interest rate swaps

## Associates and joint ventures

Adjusted associates and joint ventures (£m)	Q1	Q2	Q3	Q4	Full Year
2019	57*	(4)	17	4	74
2020	9	19	11	(6)	33
2021	16	16			

\* includes one-time benefit of £51 million, reflecting our increased share of after-tax profits of Innoviva, as a result of a non-recurring tax benefit

On 20 May GSK announced the sale of its stake in Innoviva. GSK will no longer recognise a share of Innoviva profits. £41m was recognised in 2020 in total and adjusted results in share of after-tax profits of associates and JVs.

## Taxation

Adjusted tax rate (%)	Q1	Q2	Q3	Q4	Full Year
2019	19.7%	15.4%	15.8%	12.5%	16.0%
2020	13.7%*	20.5%	16.8%	13.9%	16.0%
2021 outlook	18.6%	18.4%			Around 18%

\*benefits from the cancellation by the UK Government of a reduction in the UK corporation tax rate from 19% to 17% resulting in an increase in the value of balance sheet deferred tax assets.

Commentary by Iain Mackay from Q2 2021 results analyst/investor call: *“The effective tax rate of 18.4% was in line with expectations and reflects the timing of settlements with various tax authorities.”*

## Profit / (loss) attributable to non-controlling interests (minority interests)

Adjusted profit/(loss) attributable to non-controlling interests (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
ViiV	128	113	130	103	474	108	101
Consumer Healthcare	139	138	147	91	515	114	108
Other	15	16	10	1	42	24	7
<b>Total</b>	<b>282</b>	<b>267</b>	<b>287</b>	<b>195</b>	<b>1,031</b>	<b>246</b>	<b>216</b>



## Balance Sheet and Cashflow

### Free cash flow

Free cash flow* (£m)	Q1	Q2	H1	Q3	9M	Q4	FY
2019	165	370	535	1,939	2,474	2,599	5,073
2020	531	1,949	2,480	(180)	2,300	3,106	5,406
2021	(3)	316	313				

Commentary by Iain Mackay from Q2 2021 results analyst/investor call: *“In the first half of the year we generated £313 million of free cash flow and improving cash flow performance continues to be a constant focus for the team. The significant step down in the year-to-date was as expected and in line with our full year outlook.”*

Commentary by Iain Mackay from Q4 2020 results analyst/investor call: *“We however anticipate lower free cash flow in 2021, informed by less cash from asset divestments, which was particularly strong in 2020, less favourable RAR timing compared to last year, along with continued investment in R&D-focused business development and higher outflows from restructuring, which we will largely complete this year.”*

### Net debt

Net debt (£m)	31 Mar	30 Jun	30 Sep	31 Dec
2019	27,058	28,721	28,139	25,215*
2020	26,668**	23,435	23,882	20,780
2021	21,402	21,921		

\*includes £507m of cash and cash equivalents reported in assets held for sale

\*\*includes £483m of cash and cash equivalents reported in assets held for sale

In the Q2 2021 press release we made the following comments:

*“At 30 June 2021, net debt was £21.9 billion, compared with £20.8 billion at 31 December 2020, comprising gross debt of £25.5 billion and cash and liquid investments of £3.6 billion. Net debt increased due to the dividends paid to shareholders of £2.1 billion and additional investments of £0.1 billion, partly offset by £0.3 billion free cash flow, £0.4 billion proceeds from investments, including £0.3 billion proceeds from the Innoviva disposal and £0.4 billion of net favourable exchange impacts from the translation of non-Sterling denominated debt and exchange on other financing items.*

*At 30 June 2021, GSK had short-term borrowings (including overdrafts and lease liabilities) repayable within 12 months of £5.0 billion with loans of £2.6 billion repayable in the subsequent year.”*

## Contingent consideration

Contingent consideration (£m)	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021
Shionogi – relating to ViiV Healthcare	5,325	5,436	5,572	5,359	5,277	5,199
Novartis – relating to Vaccines acquisition	338	349	493	477	496	504
Other	37	45	40	33	35	57
<b>Total</b>	<b>5,700</b>	<b>5,830</b>	<b>6,105</b>	<b>5,869</b>	<b>5,808</b>	<b>5,760</b>

In the Q2 2021 press release we made the following comments:

*“Contingent consideration amounted to £5,760 million at 30 June 2021 (31 December 2020: £5,869 million), of which £5,199 million (31 December 2020: £5,359 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £504 million (31 December 2020: £477 million) represented the estimated present value of contingent consideration payable to Novartis related to the Vaccines acquisition.*

*Of the contingent consideration payable (on a post-tax basis) to Shionogi at 30 June 2021, £717 million (31 December 2020: £745 million) is expected to be paid within one year.”*

In order to illustrate underlying performance, it is the Group’s practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. All commentaries are presented in terms of CER growth, unless otherwise stated.

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