Pre-Quarterly Results Communication Q3 2020

Issued: Thursday 8th October 2020

This Q3 2020 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 2020 results presentation on 29 July 2020, our Q2 2020 press release, and our Q2 2020 results analyst/investor call. 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 (see "Historic London Stock Exchange announcements (LSE announcements) and press releases").

Any updates to these and other previously made statements would only be included in further communications by GSK to the market in our Q3 2020 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 Accordingly, the extracted statements should only be taken as speaking as at the date they were originally made, and the inclusion of the extracted statements herein should not be taken as an indication that they will not be updated in the future.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 results announcement indicated, the potential impact of the COVID-19 pandemic on GSK's trading performance and all our Principal risks has been assessed with mitigation plans put in place. The pandemic, has as anticipated, impacted the Group performance during the first half of 2020 primarily in demand for Vaccines as a result of containment measures impacting customers' ability and willingness to access vaccination services across all regions. We continue to monitor the situation closely, as this is clearly a very dynamic and uncertain situation, with the ultimate severity, duration and impact unknown at this point including the potential impacts on trading results, our clinical trials, our supply continuity and our employees. The situation could change at any time and there can be no assurance that COVID-19 will not have a material adverse impact on the future results of the Group.

Contents

New information for Q3 2020

Foreign exchange

On the basis of the rates in the table below, it is expected that the impact of foreign exchange on Q3 2020 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 2020 sterling Adjusted EPS will be greater than the negative impact on sales.

Average rates Quarterly	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Key currencies							
US$	1.31	1.28	1.23	1.30	1.29	1.25	1.30
€	1.15	1.14	1.11	1.17	1.17	1.13	1.11
Yen	144	140	133	141	140	134	138
Other currencies							
Australian dollar	1.83	1.83	1.80	1.88	1.96	1.87	1.83
Brazilian real	4.96	4.99	4.94	5.27	5.77	6.54	7.04
Canadian dollar	1.74	1.71	1.63	1.71	1.74	1.71	1.74
Chinese yuan	8.81	8.73	8.64	9.10	9.02	8.81	9.00
Indian rupee	91.7	89.0	86.4	92.6	93.6	93.4	96.5
Russian rouble	86.7	82.6	79.9	82.7	87.2	88.5	97.7
FX impact on turnover	***+1%***	***+2%***	***+5%***	***-2%***	***+0%***	***+1%***	***-5%***
FX impact on adjusted EPS	***+4%***	***+5%***	***+8%***	***-5%***	***-1%***	***+1%***	***n/a***

Average rates Cumulative - YTD	3M 2019	6M 2019	9M 2019	12M 2019	3M 2020	6M 2020	9M 2020
Key currencies							
US$	1.31	1.29	1.27	1.28	1.29	1.27	1.28
€	1.15	1.14	1.13	1.14	1.17	1.15	1.13
Yen	144	142	139	139	140	137	137
Other currencies							
Australian dollar	1.83	1.83	1.82	1.84	1.96	1.92	1.89
Brazilian real	4.96	4.97	4.96	5.04	5.77	6.15	6.45
Canadian dollar	1.74	1.73	1.69	1.70	1.74	1.72	1.73
Chinese yuan	8.81	8.77	8.73	8.82	9.02	8.91	8.94
Indian rupee	91.7	90.3	89.0	89.9	93.6	93.5	94.5
Russian rouble	86.7	84.7	83.1	83.0	87.2	87.8	91.1
FX impact on turnover	***+1%***	***+1%***	***+3%***	***+2%***	***+0%***	***+0%***	***-2%***
FX impact on adjusted EPS	***+4%***	***+4%***	***+5%***	***+3%***	***-1%***	***+0%***	***n/a***

The Q3 2020 period-end rates were $1.28/£, €1.10/£ and Yen 136/£.

Period end rates	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Key currencies								
US$	1.27	1.31	1.27	1.23	1.32	1.24	1.23	1.28
€	1.11	1.17	1.12	1.13	1.18	1.13	1.10	1.10
Yen	140	145	137	133	143	134	132	136

Foreign exchange: Ready reckoner

In the 2019 FY results presentation on 5 February 2020, the following ready reckoner was provided on slide 44 to help estimate the expected impact of foreign exchange movements on adjusted EPS*:

Currency	Impact on 2020 full year adjusted EPS
US dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-5.5%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-1.5%
Japanese yen	10 yen movement in average exchange rate for full year impacts EPS by approximately +/-1.0%

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

The slide also included 2019 currency sales exposure for GSK:

Currency	2019 currency sales exposure
US dollar	41%
Euro	18%
Japanese yen	6%
Other‡	35%

‡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 2019

Currency impact 2020

In the Q2 2020 press release we made the following comment on the potential impact of currencies on sales and EPS in 2020:

"If exchange rates were to hold at the closing rates on 30 June 2020 ($1.23/£1, €1.10/£1 and Yen 132/£1) for the rest of 2020, the estimated impact on 2020 Sterling turnover growth would be around flat and if exchange gains or losses were recognised at the same level as in 2019, the estimated impact on 2020 Sterling Adjusted EPS growth would also be around flat."

We will update you on our latest view on the estimated impact of currencies in 2020 in our Q3 2020 press release on 28 October.

Basic weighted average number of shares (WANS)

The basic weighted average number of shares in issue during Q3 2020 was 4,980m compared with 4,951m in Q3 2019 (an increase of 0.6%).

In millions*	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
WANS: Quarter	4,920	4,936	4,947	4,951	4,953	4,965	4,977	4,980
WANS: Cumulative - Year to date	4,914	4,936	4,942	4,945	4,947	4,965	4,971	4,974
Period end shares	4,923	4,947	4,948	4,952	4,954	4,977	4,978	4,981

**excludes treasury shares and shares held by ESOP trusts*

Dividend

In the Q2 2020 press release we made the following comments regarding the dividend:

"The Board currently intends to maintain the dividend for 2020 at the current level of 80p per share, subject to any material change in the external environment or performance expectations. Over time, as free cash flow strengthens, it intends to build free cash flow cover of the annual dividend to a target range of 1.25-1.50x, before returning the dividend to growth."

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2017	19	19	19	23	80
2018	19	19	19	23	80
2019	19	19	19	23	80
2020 - expected	19	19			80†

†*The actual dividend amount is determined by the Board of Directors.*

Factors impacting recent quarterly comparisons

As usual there were several events in 2020 and during 2019 which impact the year on year comparisons for Q3 2020. 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 2020 versus Q3 2019.

For further comments, please refer to quarterly press releases, presentations and transcripts. https://www.gsk.com/en-gb/investors/quarterly-results/

Pharmaceuticals

Pharmaceuticals (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Total turnover	**4,158**	**4,307**	**4,531**	**4,558**	**17,554**	**4,396**	**4,102**
Reported growth - CER	*+2%*	*-1%*	*+3%*	*-4%*	*+0%*	*+6%*	*-5%*
Adjusted operating profit	**1,238**	**1,256**	**1,093**	**1,008**	**4,595**	**1,183**	**976**
Reported growth - CER	*-8%*	*-19%*	*-24%*	*-33%*	*-22%*	*-5%*	*-23%*
Adjusted operating margin	29.8%	29.2%	24.1%	22.1%	26.2%	26.9%	23.8%

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding the Pharmaceuticals business:

"As expected, the COVID-19 related customer stock-building in Q1, predominantly in Europe and the US, broadly reversed in Q2 with only a minor dolutegravir impact in Europe and the US remaining. We estimate that the impact of the stocking reversal on growth in Q2 was approximately 4%.

For the first six months, Pharma revenues were flat CER.

We continue to expect Pharma sales to decline slightly in 2020, excluding divestments."

Pharmaceuticals: Respiratory

Respiratory (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Anoro	102	128	143	141	514	117	139
Arnuity	7	14	12	15	48	9	8
Incruse	68	57	60	77	262	57	59
Relvar/Breo	215	238	249	269	971	285	242
Trelegy	87	120	139	172	518	193	194
Ellipta products	***479***	***557***	***603***	***674***	***2,313***	***661***	***642***
Nucala	152	195	203	218	768	210	241
Total Respiratory	**631**	**752**	**806**	**892**	**3,081**	**871**	**883**
CER growth							
Ellipta products	+20%	+6%	+15%	+4%	+10%	+38%	+14%
Nucala	+41%	+33%	+33%	+28%	+33%	+38%	+21%
Total Respiratory	**+25%**	**+12%**	**+19%**	**+9%**	**+15%**	**+38%**	**+16%**

On the Q2 2020 results analyst/investor call Emma Walmsley made the following comments regarding Respiratory:

"Sales in our Respiratory portfolio are performing strongly. With Trelegy, we continue to lead the market as a single inhaler triple therapy and also grow the market, with sales up 58% in Q2. We are looking forward to the FDA's decision, too, on the asthma indication for Trelegy later this year.

For Nucala, we continue to see strong growth, aided by strong uptake of at-home administration. We are retaining leadership in all key markets and expanding our label in other eosinophilic indications, which will further cement our leadership."

Pharmaceuticals: HIV

HIV (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Tivicay	383	412	441	426	1,662	412	373
Triumeq	614	646	651	638	2,549	563	586
Juluca	70	84	101	111	366	120	113
Dovato	-	5	18	33	56	66	68
Dolutegravir products	***1,067***	***1,147***	***1,211***	***1,208***	***4,633***	***1,161***	***1,140***
Other HIV	54	62	56	49	221	46	45
HIV	**1,121**	**1,209**	**1,267**	**1,257**	**4,854**	**1,207**	**1,185**
CER growth							
Dolutegravir products	*+7%*	*+0%*	*+2%*	*+2%*	*+2%*	*+9%*	*-2%*
HIV	***+4%***	***-2%***	***+0%***	***+0%***	***+1%***	***+8%***	***-3%***

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding the HIV business:

"In HIV revenues were down 3% with the dolutegravir franchise down 2% globally. Sales were impacted in the quarter by customer destocking following the increased demand in Q1 due to COVID-19. We continue to see good uptake of the two-drug regimens, however, giving us confidence in the longer-term growth outlook.

Excluding the impact of customer stocking, we estimate that HIV sales would have increased slightly in the quarter and we expect sales to be broadly flat for the full year.

On the same call Emma Walmsley made the following comments on Cabenuva and Rukobia:

"Cabenuva, our first long-acting injectable, has been resubmitted to the FDA for approval and we anticipate the response in early 2021. Rukobia, our first-in-class attachment inhibitor, was approved at the beginning of the month for heavily treatment-experienced adults who are living with HIV."

Pharmaceuticals: Oncology

Zejula sales (£m)	Q1	Q2	Q3	Q4	Year
2019 reported	42	57	64	66	229
2019 incl sales prior to acquisition*	56	57	64	66	243
2020	81	77			

**GSK announced completion of acquisition of TESARO on 22 January 2019*

On the Q2 2020 results analyst/investor call Emma Walmsley made the following comments regarding Zejula:

"For Zejula in the US, the latest Flatiron data, which was for May, already indicated a 50% increase in Zejula share in first-line maintenance to 21%. Although, with the pandemic, we have seen delays in the initiation of chemotherapy and debulking surgery in recent months, which does add a near-term headwind, we remain confident in the long-term outlook for Zejula and there is a lot of opportunity with new guidelines and currently low levels of PARP penetration in first-line maintenance. We continue to believe that Zejula is an important medicine with potentially unique properties."

Pharmaceuticals: Established Pharmaceuticals

Established Pharmaceuticals (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Established Respiratory	1,083	913	939	965	3,900	965	805
Established other	1,159	1,225	1,284	1,208	4,876	1,121	975
Total turnover	**2,242**	**2,138**	**2,223**	**2,173**	**8,776**	**2,086**	**1,780**
CER growth							
Established Respiratory	*-2%*	-14%	-12%	-16%	*-11%*	*-11%*	*-12%*
Established other	*-9%*	*-1%*	*+1%*	*-12%*	*-6%*	*-2%*	*-20%*
Total turnover	***-6%***	***-7%***	***-5%***	***-14%***	***-8%***	***-6%***	***-17%***

From Q1 2019 we are reporting the Ellipta portfolio and Nucala within the Respiratory category and all other respiratory products, including Advair/Seretide under established products.

Seretide/Advair (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
US	176	105	117	104	502	106	143
Europe	133	129	121	119	502	127	113
International	177	178	180	191	726	162	165
Total	**486**	**412**	**418**	**414**	**1,730**	**395**	**421**
CER growth							
US	-27%	-61%	-64%	-64%	-56%	-40%	+34%
Europe	-19%	-15%	-9%	-18%	-16%	-3%	-13%
International	*+4%*	*-1%*	*-2%*	-4%	*-1%*	*-7%*	*-6%*
Total	***-15%***	***-31%***	***-35%***	**-35%**	***-29%***	***-18%***	***+2%***

Vaccines

Sales of vaccines are vulnerable to volatility on a quarterly basis – particularly in emerging markets. Since quarterly sales can be very lumpy due in part to the impact of large tenders as well as competitor outages, we highlight in the table below the 2019 and 2020 quarterly results for the Vaccines business.

Vaccines (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Meningitis	209	235	371	203	1,018	225	167
Influenza	15	17	371	138	541	21	15
Shingrix	357	386	535	532	1,810	647	323
Established Vaccines	941	947	1,031	869	3,788	912	628
Total turnover	**1,522**	**1,585**	**2,308**	**1,742**	**7,157**	**1,805**	**1,133**
Adjusted operating profit	**614**	**612**	**1,162**	**578**	**2,966**	**858**	**265**
Adjusted operating margin	*40.3%*	*38.6%*	*50.3%*	*33.2%*	*41.4%*	*47.5%*	*23.4%*
CER growth							
Meningitis	*+18%*	*+26%*	*+9%*	*+14%*	*+15%*	*+11%*	*-29%*
Influenza	*+67%*	*+6%*	*+15%*	*-26%*	*+1%*	*+53%*	*-6%*
Shingrix	*>100%*	*>100%*	*+76%*	*>100%*	*>100%*	*+79%*	*-19%*
Established Vaccines	*-1%*	*+5%*	*-1%*	*+2%*	*+1%*	*-3%*	*-34%*
Total turnover	***+20%***	***+23%***	***+15%***	***+21%***	***+19%***	***+19%***	***-29%***
Adjusted operating profit	***+69%***	***+64%***	***+30%***	***+42%***	***+46%***	***+39%***	***-58%***

On the Q2 2020 results analyst/investor call Emma Walmsley made the following comments regarding vaccines overall revenues:

"In Vaccines, despite lockdown impacts on vaccination rates, we believe the underlying demand for our key vaccines, including shingles and meningitis, remains very strong. Guidance from government agencies, including the CDC, is emphasising the importance of routine immunisations and catch-up for all age groups, including adults. We are seeing encouraging signs of recovery in selected geographies in Q3 and we are investing to support it, though there remains some way to go to get back to pre-COVID levels for adult vaccinations such as Shingrix.

We expect to see vaccination rates recover in the second half of the year. We are confident it will come although, clearly, there remains a degree of risk for the exact timing. We continue to work on expanding capacity for Shingrix to support recovery and demand and to enable further launches around the world for this important and much-needed vaccine"

On the Q2 2020 results analyst/investor call in response to a question Luke Miels made the following comments regarding Flu vaccines:

"In the US we expect to ship around 50 million doses in the upcoming season. The manufacturing team has done a great job and we expect those to be in the market shortly. This is a critical part of our acceleration programme for Shingrix, and that's up from 46 million in 2019, which back then was about 19% of market share, and the US is where we send two-thirds of our supply."

We completed the divestment of travel vaccines Rabipur and Encepur in December 2019 (https://www.gsk.com/en-gb/media/press-releases/gsk-completes-divestment-of-rabies-and-tick-borne-encephalitis-vaccines-to-bavarian-nordic/)

In the table below we highlight the combined quarterly sales of the products in 2019.

Travellers Vaccines (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Sales	43	55	43	36	177

Consumer Healthcare

Consumer Healthcare (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Turnover	**1,981**	**1,917**	**2,526**	**2,571**	**8,995**	**2,862**	**2,389**
CER growth – reported	*+1%*	*+4%*	*+25%*	*+37%*	*+17%*	*+46%*	*+25%*
CER growth – pro forma	-	-	+3%	+0%	+2%	+11%	*-6%*
Adjusted operating profit	**430**	**391**	**613**	**440**	**1,874**	**766**	**521**
CER growth – reported	*+12%*	*+8%*	*+34%*	*+33%*	*+22%*	*+82%*	*+33%*
CER growth – pro forma	-	-	*+8%*	*-8%*	*+4%*	*+26%*	*-11%*
Adjusted operating margin	*21.7%*	*20.4%*	*24.3%*	*17.1%*	*20.8%*	*26.8%*	*21.8%*

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding Consumer Healthcare revenues:

"In Consumer Healthcare on a proforma basis were flat, excluding brands either divested or under review, reflecting the unwind of increased COVID-19 demand we saw in Q1. Including those brands, turnover declined 6% proforma.

At a regional level, China returned to growth as mandated retailer shutdowns were lifted, however this was more than offset by declines in Europe and the US as a result of the pantry loading unwind.

The vitamins, minerals and supplements category continued to grow strongly, with sales growth in the high teens on a proforma basis, this higher demand reflecting an increased consumer focus on health and wellness.

In Pain relief, sales benefited from the continued strong performance of Panadol, and the successful Rx to OTC switch, and launch, of Voltaren OTC in the US. This was offset by an adverse impact on Advil due to initial market misinformation relating to COVID-19 ibuprofen treatment, which has since been corrected. We are also excited about the launch of Advil Dual Action.

Sales also benefited from increased retailer stocking ahead of a systems cutover in North America as part of Pfizer integration activities, which added two percentage points of growth in the quarter, largely in the Digestive health and Pain relief categories. This benefit is expected to reverse in Q3.

We are close to fulfilling our commitment to divest £1 billion of non-core brands in order to refocus our portfolio, as well as funding integration and restructuring activities within Consumer Healthcare."

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	-			

Adjusted corporate and other unallocated operating profit (costs) (£m)	Q1	Q2	Q3	Q4	Full Year
2018	(129)	(99)	(93)	(138)	(459)
2019	(119)	(88)	(82)	(174)	(463)
2020	(132)	(13)			

Operating and financial performance

Operating performance

Expected costs and savings under Major Restructuring Programmes

In our Q4 2019 results presentation we included the table below.

Annual savings: (£bn)[1]	Cumulative actuals to 2018	2019 actuals	2020 projected	2021 projected	2022 projected	2023 projected
Combined Integration & Restructuring Programme[3] (Announced 2015)						
Savings[2]	3.9	4.2	4.3			
Total charges	5.2	0.1	0.1			
Cash payments	3.6	0.3	0.1			
2018 Restructuring Programme incl. Tesaro (Announced Q2'18)						
Savings[2]		0.2	0.4	0.5		
Total charges	0.4	0.8	0.4	0.2		
Cash payments	0.0	0.2	0.3	0.2	0.1	
Consumer Joint Venture (Announced Dec-18)						
Synergies[2]			0.2	0.4	0.5	
Total charges		0.3	0.5	0.1	0.1	
Cash payments		0.2	0.4	0.1	0.0	
Separation Preparation Programme[4] (Announced Q4'19)						
Savings[2]			0.1	0.3	0.7	0.8
Total charges			0.9	0.9	0.6	0.0
Cash payments			0.5	0.7	0.4	0.0

[1] *All expectations and targets regarding future performance should be read together with the "Outlook assumptions and cautionary statement" sections of the Fourth Quarter 2019 Results Announcement and the cautionary statement slide included with this presentation.*

[2] *Savings and synergies shown are cumulative for the programme to date throughout the table*

[3] *The Combined Integration and Restructuring programme is substantially complete, therefore GSK will cease external reporting of total costs and benefits for this programme from 2020 onward.*

[4] *Does not include additional one-time costs to prepare Consumer Healthcare for separation, estimated at £600-700m, excluding transaction costs*

Operating costs: SG&A and R&D

Selling, General and Administration

Adjusted SG&A costs (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
SG&A	2,397	2,433	2,768	3,117	10,715	2,786	2,530
Reported growth - CER	**+4%**	**+2%**	**+16%**	**+23%**	**+12%**	**+18%**	**+4%**
Pro forma growth - CER	**-**	**-**	**+8%**	**+11%**	**+7%**	**+8%**	**-5%**

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding SG&A expenditure:

"SG&A for the quarter was down 5% on a proforma basis, reflecting integration savings and reduced promotional and variable spending across all three businesses as a result of this pandemic. This is partially offset by targeted investment in customer-facing activities focused on growing the top line."

Research and development

Adjusted R&D costs (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
R&D	971	1,040	1,164	1,164	4,339	1,086	1,171
Reported growth - CER	**+6%**	**+16%**	**+17%**	**+16%**	**+14%**	**+11%**	**+11%**
Pro forma growth - CER	**-**	**-**	**+15%**	**+13%**	**+13%**	**+9%**	**+9%**

Royalty income

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2018	53	73	94	79	299
2019	73	78	118	82	351
2020 outlook	67	75			Around £300m

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding royalties:

"On royalties, these were higher in 2019 driven by Gardasil. We expect royalties for 2020 to be around £300 million due to reductions in some of the other royalty streams."

Divisional operating margins

Adjusted operating margin (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Pharma	29.8%	29.2%	24.1%	22.1%	26.2%	26.9%	23.8%
Vaccines	*40.3%*	*38.6%*	*50.3%*	*33.2%*	*41.4%*	*47.5%*	*23.4%*
Consumer Healthcare	*21.7%*	*20.4%*	*24.3%*	*17.1%*	*20.8%*	*26.8%*	*21.8%*
Group	**28.2%**	**27.8%**	**29.7%**	**20.8%**	**26.6%**	**29.4%**	**22.9%**

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding divisional adjusted operating margins:

Pharmaceuticals: *"Turning to the Pharma operating margin, as anticipated we saw a decline in Q2 primarily reflecting sales performance while we continue to invest in R&D behind priority assets and promotional activity for new launches. We have maintained a sharp focus on cost management across the business, with focus on increased efficiency in non-customer facing activities."*

Vaccines: *"The operating margin of 23.4% reflected the impact of reduced sales in the quarter."*

Consumer Healthcare: *"Operating margin for the quarter was down 120 basis points year on year."*

Financial performance

Net finance expense

Adjusted net finance costs (£m)	Q1	Q2	Q3	Q4	Full Year
2018	(139)*	(165)	(221)**	(173)	(698)
2018 – restated for IFRS16	*(146)*	*(172)*	*(229)*	*(181)*	*(728)*
2019	(187)	(220)	(206)***	(197)	(810)
2020 outlook	(187)***	(227)			Around £850 to 900m

** includes the benefit of a one-off accounting adjustment to the amortisation of long-term bond interest charges of £20 million*

*** includes additional interest of £23 million on a historic tax settlement*

**** includes fair value gain on interest rate swaps*

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding net finance expense:

"Interest expense was £227 million. The increase primarily reflects reduced swap interest income on foreign currency hedges and lower interest income on reduced overseas cash, post the close of the divestment of Horlicks and other Consumer Healthcare nutrition products in India. This was partly offset by favourable refinancing of term debt."

Associates and joint ventures

Adjusted associates and joint ventures (£m)	Q1	Q2	Q3	Q4	Full Year
2018	9	2	15	5	31
2019	57*	(4)	17	4	74
2020	9	19			

** 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*

Taxation

Adjusted tax rate (%)	Q1	Q2	Q3	Q4	Full Year
2018	20.2%	20.0%	18.6%	17.5%	19.0%
2019	19.7%	15.4%	15.8%	12.5%	16.0%
2020 outlook	13.7%	20.5%			Around 16%

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding the tax rate:

"The (Q2) effective tax rate of 20.5% reflected delays in the settlement of open periods and an updated forecast profit mix. We now expect full year effective tax rate of around 16%."

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

Adjusted profit/(loss) attributable to non-controlling interests (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
ViiV	123	127	141	121	512	128	113
Pfizer Consumer Healthcare	-	-	103	101	204	139	138
Other	26	11	31	3	71	15	16
Total	**149**	**138**	**275**	**225**	**787**	**282**	**267**

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding non-controlling interests:

"Non-controlling interests reflected Pfizer's share of profits of the Consumer Healthcare JV."

Balance Sheet and Cashflow

Free cash flow

Free cash flow* (£m)	Q1	Q2	H1	Q3	9M	Q4	FY
2017 – revised	650	(264)	386	1,282	1,668	1,817	3,485
2018	329	492	821	1,554	2,375	3,317	5,692
2019	165	370	*535*	1,939	*2,474*	2,599	5,073
2020	531	1,949	*2,480*				

**With the introduction of the new R&D strategy in Q2 2018, GSK has revised its definition of free cash flow, a non-IFRS measure, to include proceeds from the sale of intangible assets.*

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding cashflow:

"We have delivered cashflow of £2.5 billion in the first half of the year.

The increase primarily reflected a reduction in trade receivables as a result of collections following strong sales in Q1, beneficial timings of payments for returns and taxes, a lower seasonal increase of inventory, and disposals of intangible assets. These were partly offset by higher dividends to non-controlling interests.

Recognising the lower Q2 revenues, and the H1 impact on timing of RAR and tax payments, we anticipate lower free cashflow in the second half. Overall, we still expect cashflow to be a step down from 2019."

Net debt

Net debt (£m)	31 Mar	30 Jun	30 Sep	31 Dec
2017	13,743	14,800	14,209	13,178
2018	13,377	23,935	23,837	21,621
IFRS 16 adoption impact				1,303
Net debt at 1 Jan 2019 after adoption of IFRS 16				22,924
2019	27,058	28,721	28,139	25,215*
2020	26,668**	23,435		

*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 2020 press release we made the following comments:

"At 30 June 2020, net debt was £23.4 billion, compared with £25.2 billion at 31 December 2019, comprising gross debt of £31.7 billion and cash and liquid investments of £8.3 billion. Net debt decreased due to the £3.3 billion proceeds from the Horlicks and other Consumer brands disposal including shares in Hindustan Unilever of £2.7 billion and £0.6 billion of other assets, £0.3 billion of other business and asset disposals together with £2.5 billion free cash flow, partly offset by cash divested of £0.5 billion, dividends paid to shareholders of £2.1 billion, £1.5 billion of unfavourable

exchange impacts from the translation of non-Sterling denominated debt and exchange on other financing items and £0.2 billion in additional investments.

At 30 June 2020, GSK had short-term borrowings (including overdrafts and lease liabilities) repayable within 12 months of £6.0 billion with loans of £4.7 billion repayable in the subsequent year."

Contingent consideration

Contingent consideration (£m)	31 Dec 2018	31 Mar 2019	30 June 2019	30 Sep 2019	30 Dec 2019	31 Mar 2020	30 Jun 2020
Shionogi – relating to ViiV Healthcare	5,937	5,658	5,664	5,713	5,103	5,325	5,436
Novartis – relating to Vaccines acquisition	296	292	300	359	339	338	349
Other	53	50	64	54	37	37	45
Total	**6,286**	**6,000**	**6,028**	**6,126**	**5,479**	**5,700**	**5,830**

In the Q2 2020 press release we made the following comments:

"Contingent consideration amounted to £5,830 million at 30 June 2020 (31 December 2019: £5,479 million), of which £5,436 million (31 December 2019: £5,103 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £349 million (31 December 2019: £339 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 2020, £768 million (31 December 2019: £730 million) is expected to be paid within one year."

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

Since the beginning of Q3 2020 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/

Acquisitions and divestments

GSK sells its holding in Hindustan Unilever
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1390064
(LSE announcement 07 May 2020)

GSK completes divestment of Horlicks and other Consumer Healthcare nutrition products in India and certain other markets
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1383657
(LSE announcement 01 April 2020)

GSK completes divestment of rabies and tick-borne encephalitis vaccines to Bavarian Nordic

- **GlaxoSmithKline plc (LSE/NYSE: GSK) today announced the completion of the divestment of travel vaccines Rabipur (tradename Rabavert in the US) for the prevention of rabies, and Encepur for the prevention of tick-borne encephalitis, to Bavarian Nordic.**

https://www.gsk.com/en-gb/media/press-releases/gsk-completes-divestment-of-rabies-and-tick-borne-encephalitis-vaccines-to-bavarian-nordic/
(Press release 31 December 2019)

News flow on key assets during the quarter and to date

Vir Biotechnology and GSK announce global expansion to Phase 3 of COMET-ICE study evaluating VIR-7831 for the treatment of COVID-19

- **Independent Data Monitoring Committee recommended on September 30, 2020 that the study continues into Phase 3 based on a positive evaluation of safety and tolerability data from the Phase 2 lead-in.**
- **Initial Phase 3 results may be available as early as the end of 2020; results for the primary endpoint are expected in the first quarter of 2021, with current estimates at January 2021.**
- **If successful, VIR-7831 has the potential to advance outpatient treatment for COVID-19.**
- **Patient enrolment underway; website live at https://vircovid19study.com/**

https://www.gsk.com/en-gb/media/press-releases/vir-biotechnology-and-gsk-announce-global-expansion-to-phase-3-of-comet-ice-study-evaluating-vir-7831-for-the-treatment-of-covid-19/
(Press release 06 October 2020)

ViiV Healthcare announces dolutegravir plus lamivudine three-year data confirming long-term viral suppression non-inferior to a 3-drug regimen for treatment-naïve adults with HIV-1
https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-announces-dolutegravir-plus-lamivudine-three-year-data-confirming-long-term-viral-suppression/
(Press release 05 October 2020)

ViiV Healthcare to present long-term safety and efficacy data for 2-drug regimen Dovato (dolutegravir/lamivudine) alongside other key research advances at the HIV Glasgow 2020 congress

- **Data presented will reinforce the potential to shift the treatment paradigm to 2-drug regimens (2DRs) for people living with HIV**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-to-present-long-term-safety-and-efficacy-data-for-2-drug-regimen-dovato-dolutegravirlamivudine-alongside-other-key-research-advances-at-the-hiv-glasgow-2020-congress/
(Press release 30 September 2020)

ViiV Healthcare announces start of implementation science study to identify and evaluate approaches to integrating its investigational, every-two-month, injectable HIV treatment in European healthcare practices
https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-announces-start-of-implementation-science-study/
(Press release 28 September 2020)

FDA approves Nucala as the first and only biologic treatment for Hypereosinophilic Syndrome (HES)

- **Third US indication for Nucala demonstrates GSK's commitment to finding new ways to help patients with eosinophil-driven diseases**

https://www.gsk.com/en-gb/media/press-releases/fda-approves-nucala-as-the-first-and-only-biologic-treatment-for-hypereosinophilic-syndrome-hes/
(Press release 25 September 2020)

Sanofi and GSK sign agreements with the Government of Canada to supply up to 72 million doses of adjuvanted COVID-19 vaccine

- **Agreements relate to vaccine candidate using Sanofi's recombinant protein-based technology and GSK's pandemic adjuvant**
- **Both companies are committed to making their COVID-19 vaccine affordable and available globally**

https://www.gsk.com/en-gb/media/press-releases/sanofi-and-gsk-sign-agreements-with-the-government-of-canada-to-supply-up-to-72-million-doses-of-adjuvanted-covid-19-vaccine/
(LSE announcement 22 September 2020)

GSK receives CHMP positive opinion recommending approval of Zejula (niraparib) as first-line monotherapy maintenance treatment for women with platinum-responsive advanced ovarian cancer
https://www.gsk.com/en-gb/media/press-releases/gsk-receives-chmp-positive-opinion-recommending-approval-of-zejula-niraparib-as-first-line-monotherapy-maintenance-treatment-for-women-with-platinum-responsive-advanced-ovarian-cancer/
(Press release 18 September 2020)

Sanofi and GSK confirm agreement with European Union to supply up to 300 million doses of adjuvanted COVID-19 vaccine
https://www.gsk.com/en-gb/media/press-releases/sanofi-and-gsk-confirm-agreement-with-european-union-to-supply-up-to-300-million-doses-of-adjuvanted-covid-19-vaccine/
(Press release 18 September 2020)

GSK highlights scientific advances across its growing oncology portfolio at ESMO Virtual Congress 2020

- **Presentations across multiple tumour types, including six focused on hard-to-treat cancers in women, demonstrates progress in accelerating potentially transformational medicines**

New data from the GARNET study to be presented as a late-breaking abstract
https://www.gsk.com/en-gb/media/press-releases/gsk-highlights-scientific-advances-across-its-growing-oncology-portfolio-at-esmo-virtual-congress-2020/
(Press release 18 September 2020)

FDA approves Trelegy Ellipta as the first once-daily single inhaler triple therapy for the treatment of both asthma and COPD in the US

- **New asthma indication for Trelegy Ellipta introduces an important option for patients to the current treatment paradigm**

https://www.gsk.com/en-gb/media/press-releases/fda-approves-trelegy-ellipta-as-the-first-once-daily-single-inhaler-triple-therapy-for-the-treatment-of-both-asthma-and-copd-in-the-us/
(Press release 09 September 2020)

Sanofi and GSK initiate Phase 1/2 clinical trial of COVID-19 adjuvanted recombinant protein-based vaccine candidate

- **Pre-clinical studies show promising safety and immunogenicity**
- **Over 400 participants being enrolled in Phase 1/2 study**
- **If Phase 1/2 data positive, companies aim to move into a Phase 3 trial by end of 2020**
- **Sanofi and GSK are scaling up manufacturing of the antigen and adjuvant with the target of producing up to one billion doses in 2021**

https://www.gsk.com/en-gb/media/press-releases/sanofi-and-gsk-initiate-phase-12-clinical-trial-of-covid-19-adjuvanted-recombinant-protein-based-vaccine-candidate/

(Press release 03 September 2020)

Vir Biotechnology and GSK start phase 2/3 study of COVID-19 antibody treatment

- **Phase 2/3 COMET-ICE study will investigate the safety and efficacy of antibody treatment in preventing hospitalisation due to COVID-19**
- **Potential for initial study results to be available before the end of 2020, with early access to the antibody treatment as soon as the first half of 2021**

https://www.gsk.com/en-gb/media/press-releases/vir-biotechnology-and-gsk-start-phase-23-study-of-covid-19-antibody-treatment/

(Press release 31 August 2020)

GSK presents promising phase 2a data for chronic hepatitis B treatment

- **Phase 2a data to be presented at The Digital International Liver Congress suggests potential of investigational drug (GSK3228836) to suppress hepatitis B virus after four weeks of treatment.**
- **Using pioneering antisense technology GSK'836 delivered anti-viral activity, marking a potential step forward toward the goal of assessing a functional cure for people with chronic hepatitis B.**
- **GSK'836 is on track to start a phase 2b programme by the end of 2020.**

https://www.gsk.com/en-gb/media/press-releases/gsk-presents-promising-phase-2a-data-for-chronic-hepatitis-b-treatment/

(Press release 28 August 2020)

European Commission approves BLENREP (belantamab mafodotin) for the treatment of patients with relapsed and refractory multiple myeloma

- **BLENREP is the first anti-BCMA (B-cell maturation antigen) therapy approved in the European Union**
- **Marketing authorisation follows the recent US approval of BLENREP**

https://www.gsk.com/en-gb/media/press-releases/european-commission-approves-blenrep-belantamab-mafodotin-for-the-treatment-of-patients-with-relapsed-and-refractory-multiple-myeloma/

(Press release 26 August 2020)

Low adult immunization rates decline further due to pandemic

- **Prior to pandemic, less than half of adults received the vaccines recommended for their age group**
- **Vaccine demand declined an average of more than 60 percent across adult vaccines during height of pandemic**
- **Survey by The Harris Poll underscores importance of healthcare professional recommendations and need for increased education**

https://us.gsk.com/en-us/media/press-releases/low-adult-immunization-rates-decline-further-due-to-pandemic/ **(Press release 24 August 2020)**

GSK announces first participant vaccinated in phase 3 clinical trials of its 5-in-1, meningitis ABCWY vaccine candidate

- **The Phase 3 study is evaluating the safety, tolerability and immunogenicity of GSK's MenABCWY vaccine candidate compared to Bexsero and Menveo in adolescents and young adults**
- **Study investigators to enroll 3,650 participants aged 10-25 years in the U.S., Canada, Europe, Turkey and Australia**

https://www.gsk.com/en-gb/media/press-releases/gsk-announces-first-participant-vaccinated-in-phase-3-clinical-trials-of-its-5-in-1-meningitis-abcwy-vaccine-candidate/
(Press release 19 August 2020)

FDA approves GSK's BLENREP (belantamab mafodotin-blmf) for the treatment of patients with relapsed or refractory multiple myeloma

- **BLENREP is a first-in-class anti-BCMA (B-cell maturation antigen) therapy for patients whose disease has progressed despite prior treatment with an immunomodulatory agent, proteasome inhibitor and anti-CD38 antibody**
- **BLENREP is the fifth major medicine approval for GSK in 2020**

https://www.gsk.com/en-gb/media/press-releases/fda-approves-gsk-s-blenrep-belantamab-mafodotin-blmf-for-the-treatment-of-patients-with-relapsed-or-refractory-multiple-myeloma/
(LSE announcement 06 August 2020)

GSK launches national public awareness campaign to reverse steep decline in already low immunization rates for adults

https://us.gsk.com/en-us/media/press-releases/gsk-launches-national-public-awareness-campaign-to-reverse-steep-decline-in-already-low-immunization-rates-for-adults/
(Press release 05 August 2020)

Sanofi and GSK in advanced discussions with European Union to supply up to 300 million doses of COVID-19 vaccine

- **Discussions relate to vaccine candidate using Sanofi's recombinant protein-based technology combined with GSK's pandemic adjuvant system**
- **Both companies are committed to making their COVID-19 vaccine affordable and available globally**

https://www.gsk.com/en-gb/media/press-releases/sanofi-and-gsk-in-advanced-discussions-with-european-union-to-supply-up-to-300-million-doses-of-covid-19-vaccine/
(LSE announcement 31 July 2020)

Sanofi and GSK selected for Operation Warp Speed to supply United States Government with 100 million doses of COVID-19 vaccine

- **Promising vaccine candidate selected by U.S. government's Operation Warp Speed**
- **U.S. government to provide funding up to $2.1 billion for development including clinical trials, manufacturing, scale-up and delivery of an initial 100 million doses**
- **Ongoing discussions with European Commission – with France and Italy on the negotiation team - and other governments to ensure global access to a novel coronavirus vaccine**

https://www.gsk.com/en-gb/media/press-releases/sanofi-and-gsk-selected-for-operation-warp-speed-to-supply-united-states-government-with-100-million-doses-of-covid-19-vaccine/
(LSE announcement 31 July 2020)

Sanofi and GSK agree with the UK government to supply up to 60 million doses of COVID-19 vaccine

- **Agreement relates to vaccine candidate using Sanofi's recombinant protein-based technology combined with GSK's pandemic adjuvant system**
- **Both companies are committed to making their COVID-19 vaccine candidate affordable and available globally**

https://www.gsk.com/en-gb/media/press-releases/sanofi-and-gsk-agree-with-the-uk-government-to-supply-up-to-60-million-doses-of-covid-19-vaccine/
(LSE announcement 29 July 2020)

GSK begins shipping record number of its influenza vaccine doses for 2020-21 season for US market GSK produces largest supply ever as CDC urges adults and high-risk individuals to be immunized against influenza during COVID-19 pandemic
https://us.gsk.com/en-us/media/press-releases/gsk-begins-shipping-record-number-of-its-influenza-vaccine-doses-for-2020-21-season-for-us-market/ **(Press release 28 July 2020)**

GSK receives positive CHMP opinion recommending approval of belantamab mafodotin for the treatment of relapsed and refractory multiple myeloma
https://www.gsk.com/en-gb/media/press-releases/gsk-receives-positive-chmp-opinion-recommending-approval-of-belantamab-mafodotin-for-the-treatment-of-relapsed-and-refractory-multiple-myeloma/ **(LSE announcement 24 July 2020)**

COVID-19 prompts increased focus on self-care, with Europeans taking their health more seriously to relieve pressure on healthcare systems
https://www.gsk.com/en-gb/media/press-releases/covid-19-prompts-increased-focus-on-self-care-with-europeans-taking-their-health-more-seriously-to-relieve-pressure-on-healthcare-systems/
(Press release 20 July 2020)

GSK and CureVac announce strategic mRNA technology collaboration

- **Companies to collaborate on mRNA vaccine and monoclonal antibody research programmes in infectious diseases**
- **GSK to make equity investment of £130m (€150m) in CureVac, and an upfront payment of £104m (€120m)**

https://www.gsk.com/en-gb/media/press-releases/gsk-and-curevac-announce-strategic-mrna-technology-collaboration/
(LSE announcement 20 July 2020)

GSK announces FDA advisory committee votes in favour of positive benefit/risk profile for belantamab mafodotin for patients with relapsed/refractory multiple myeloma

- **Recommendation based on review of DREAMM clinical trial programme, including the pivotal DREAMM-2 study**
- **If approved, belantamab mafodotin will be a first-in-class anti-BCMA therapy for the treatment of relapsed/refractory multiple myeloma**

https://www.gsk.com/en-gb/media/press-releases/gsk-announces-fda-advisory-committee-votes-in-favour-of-positive-benefitrisk-profile-for-belantamab-mafodotin-for-patients-with-relapsedrefractory-multiple-myeloma/

(LSE announcement 14 July 2020)

ViiV Healthcare announces superior efficacy of investigational, long-acting injectable formulation of cabotegravir dosed every two months over daily oral PrEP

- **Final data analysis from HPTN 083 study at AIDS 2020 shows investigational, long-acting injectable cabotegravir administered every two months is 66% more effective than daily pills in preventing HIV-1 acquisition**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-announces-superior-efficacy-of-investigational-long-acting-injectable-formulation-of-cabotegravir-dosed-every-two-months-over-daily-oral-prep/

(Press release 07 July 2020)

GSK and Medicago announce collaboration to develop a novel adjuvanted COVID-19 candidate vaccine

- **Collaboration combines innovative plant-based and adjuvant technologies to develop and produce a COVID-19 candidate vaccine.**
- **Phase 1 clinical testing scheduled to begin mid-July**
- **Collaboration to explore vaccine development opportunities for other infectious diseases**

https://www.gsk.com/en-gb/media/press-releases/gsk-and-medicago-announce-collaboration-to-develop-a-novel-adjuvanted-covid-19-candidate-vaccine/

(Press release 07 July 2020)

ViiV Healthcare presents positive data from first-ever implementation research study on how best to integrate an investigational once-monthly injectable HIV treatment in US healthcare practices

- **Initial findings presented at AIDS 2020 showed healthcare providers and clinical staff perceived implementation of the investigational treatment as acceptable, feasible and appropriate for people living with HIV**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-presents-implementation-research-study-on-how-best-to-integrate-an-investigational-once-monthly-injectable-hiv-treatment-in-us-healthcare-practices/

(Press release 04 July 2020)

ViiV Healthcare announces US FDA approval for Rukobia (fostemsavir), a first-in-class treatment for HIV in adults with few treatment options available

- **In a phase III study, a majority (60%) of heavily treatment-experienced adults randomized to receive Rukobia with an optimized background therapy achieved and maintained viral suppression through 96 weeks, addressing a critical unmet need**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-announces-us-fda-approval-for-rukobia-fostemsavir-a-first-in-class-treatment-for-hiv-in-adults-with-few-treatment-options-available/

(Press release 02 July 2020)

ViiV Healthcare to present new data on long-acting regimens for HIV prevention and treatment, alongside extensive insights into the evolving needs of people living with HIV at 23rd International AIDS Conference (AIDS 2020: Virtual)

- **Continuing to challenge the current HIV treatment paradigm, data presented will span our diverse portfolio, investigating new and innovative treatment options for people living with HIV.**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-to-present-new-data-on-long-acting-regimens-for-hiv-prevention-and-treatment-at-aids-2020-virtual/

(Press release 02 July 2020)

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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