



Emerging Markets Business Briefing

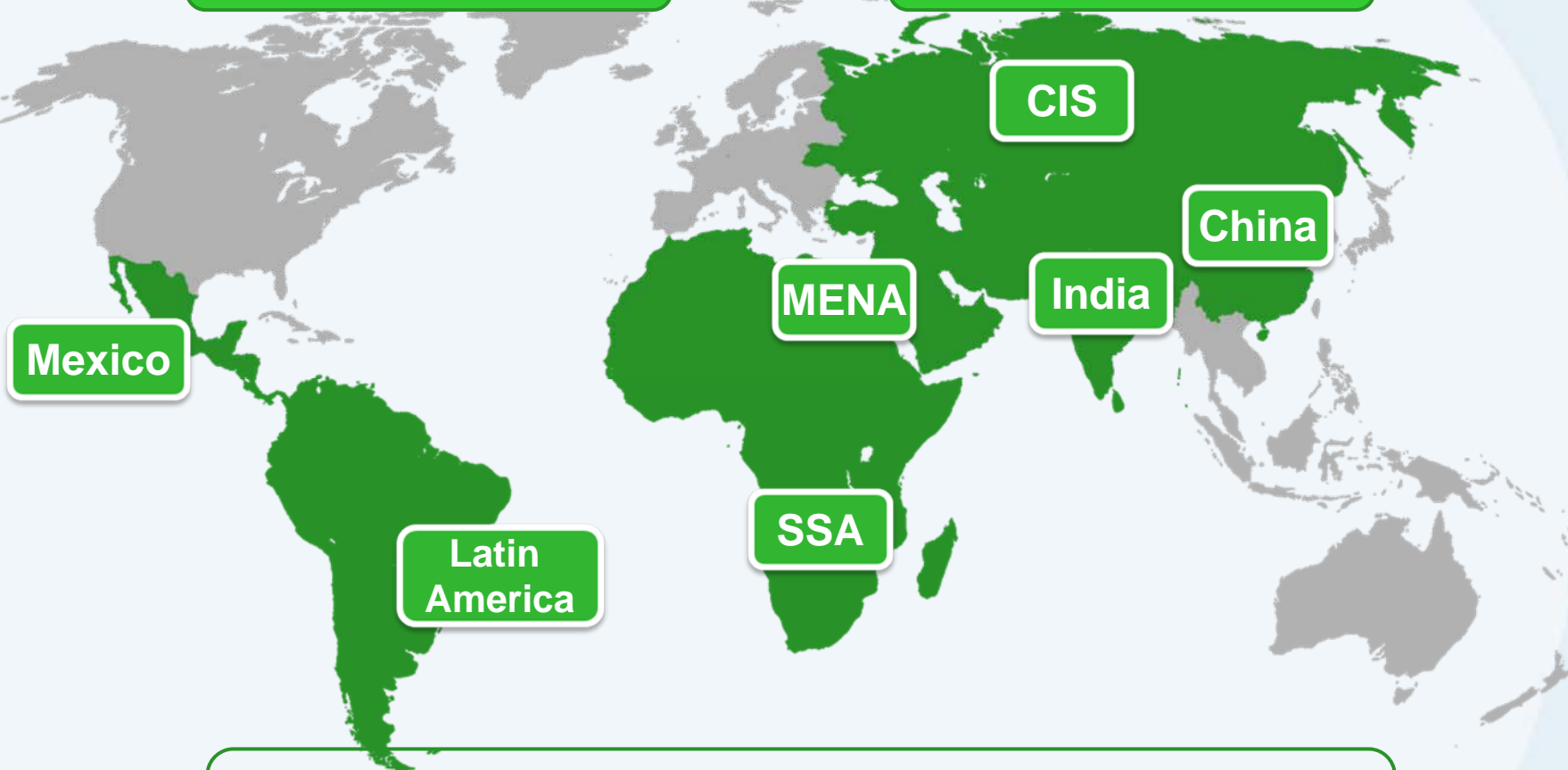
**Abbas Hussain
President
Emerging Markets
10th December 2009**



GSK “Emerging Markets” business

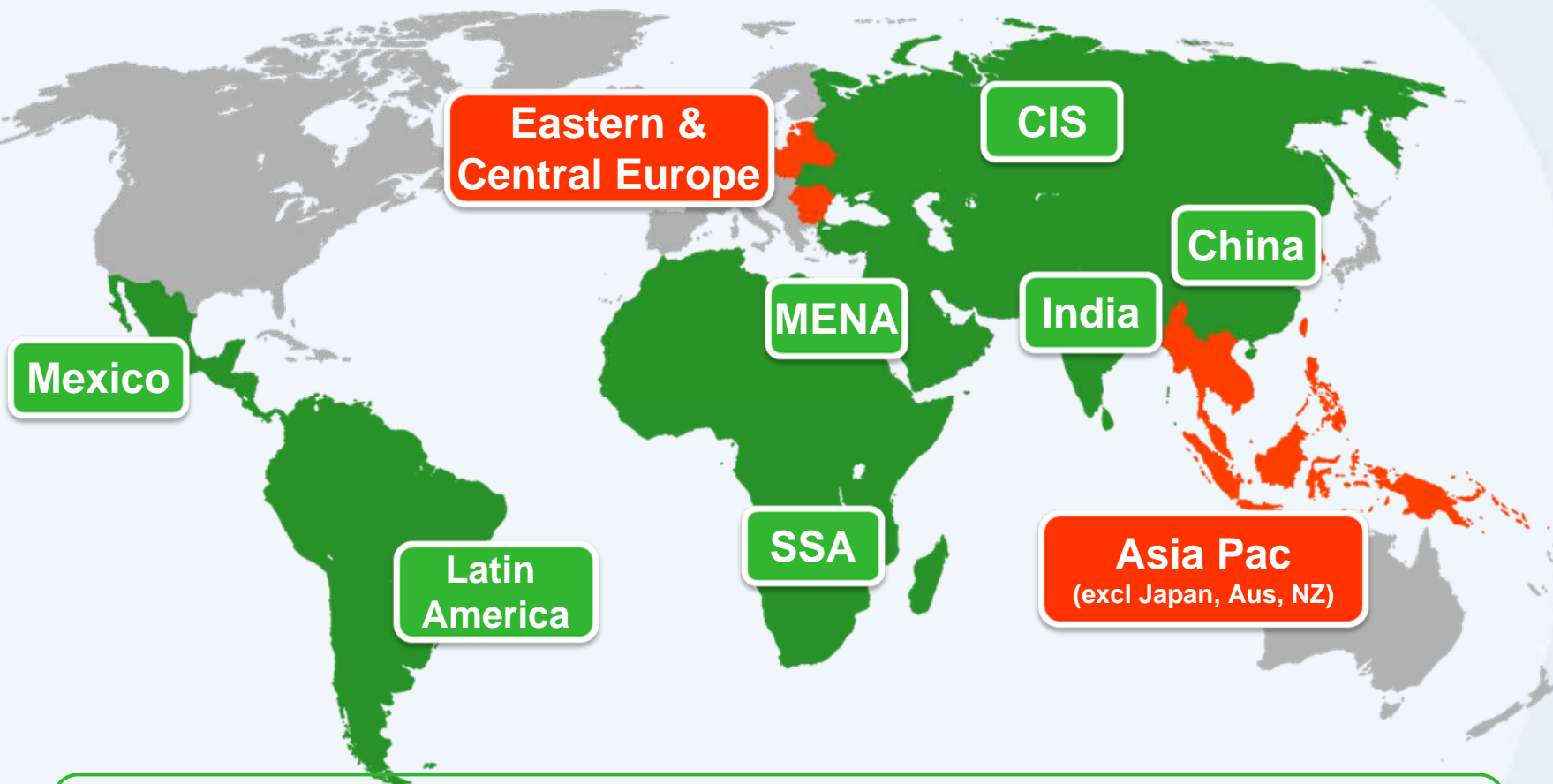
85 countries

~11,140 sales reps



**Emerging Markets Q309 YTD sales £2.1bn (+19%)
= 13% of GSK pharma sales**

GSK's pharma presence in Emerging Markets



**+ Asia Pac (excl Japan, Australia, NZ), Eastern and Central Europe
= £3.4bn (+20%) Q309 YTD**

GSK's total presence in Emerging Markets

Rx



**£3.4bn Q309 YTD
(+20%)**

+

Cx



**£1.1bn Q309 YTD
(+14%)**

**£4.5bn (+18%)
Q309 YTD**

22% of GSK Group Turnover

Emerging market characteristics

Large markets

Need for greater access

Untapped potential

Fast growing

Pay out of pocket

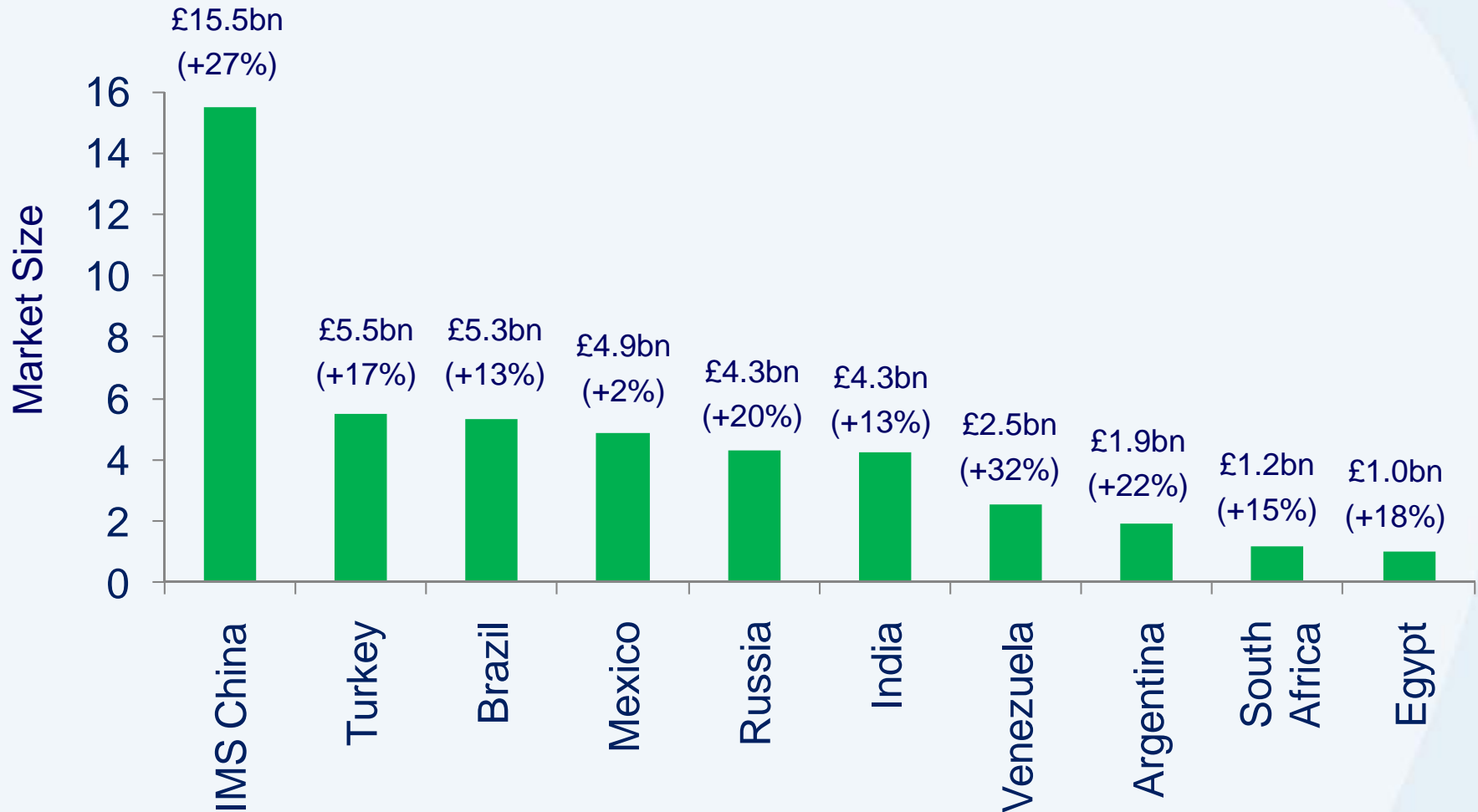
Smaller products

Longevity of brands

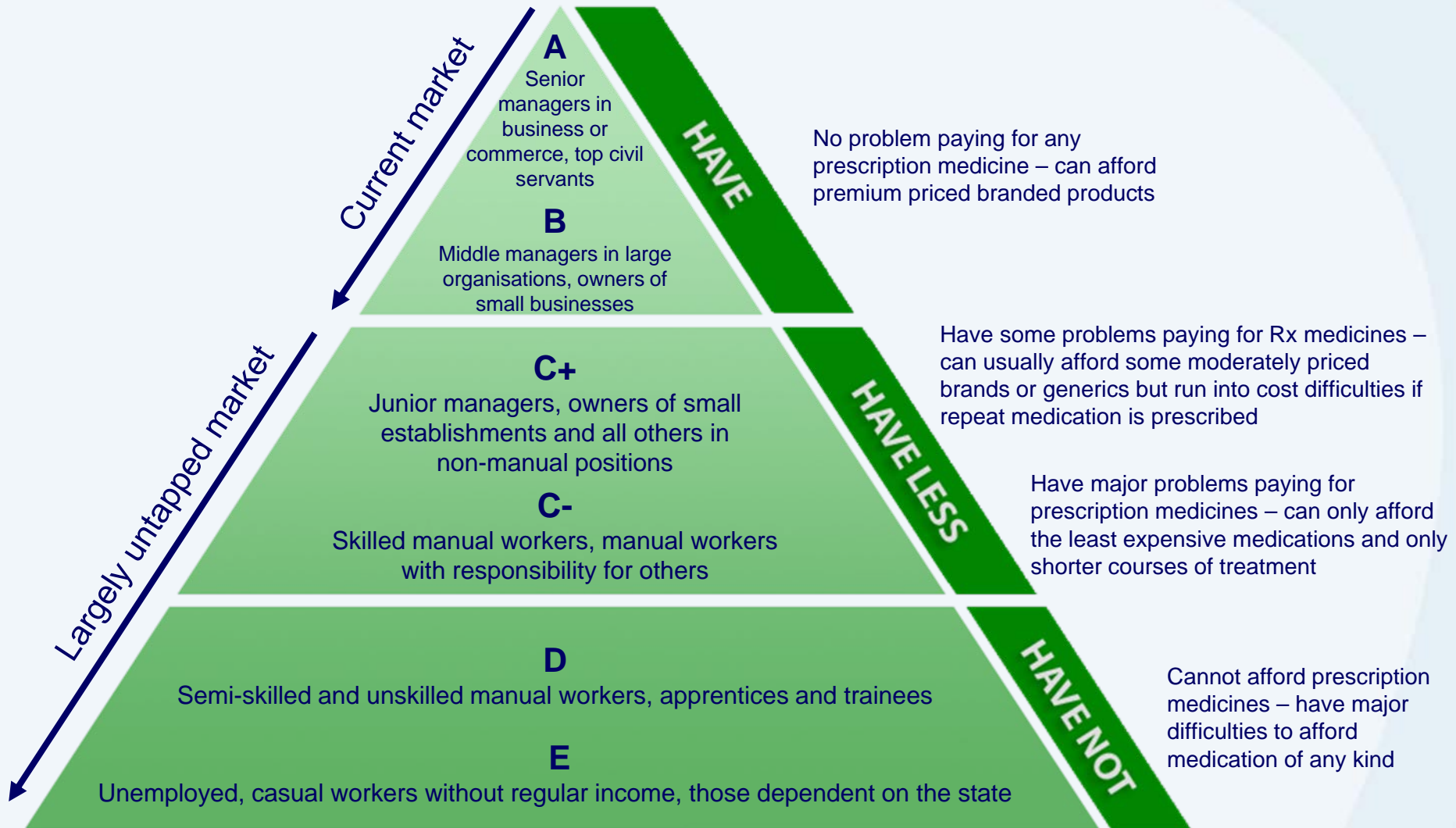
**Evolving healthcare
programmes**

Large markets

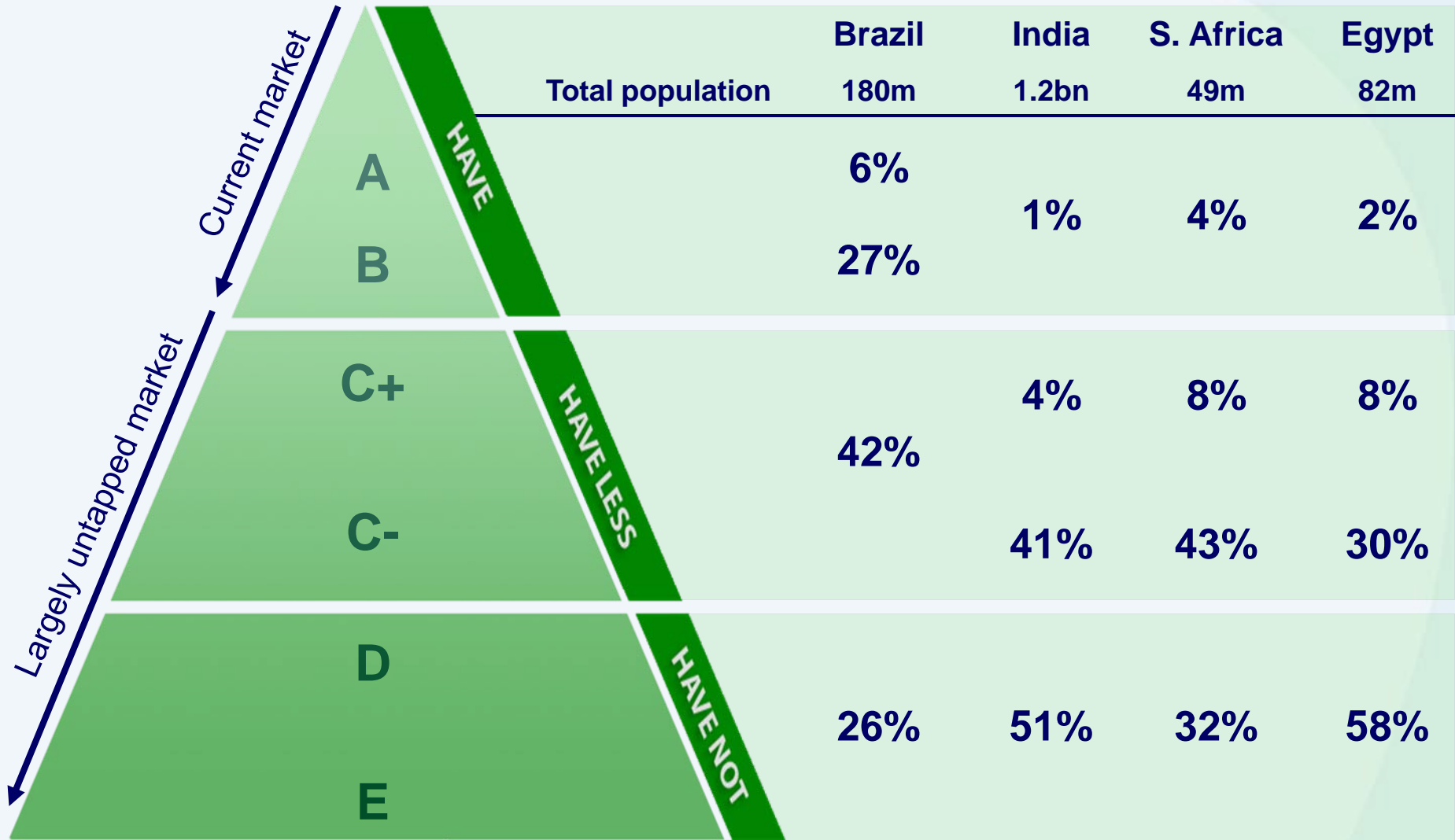
Top 10 countries account for 85% of emerging market sales



Need for greater access



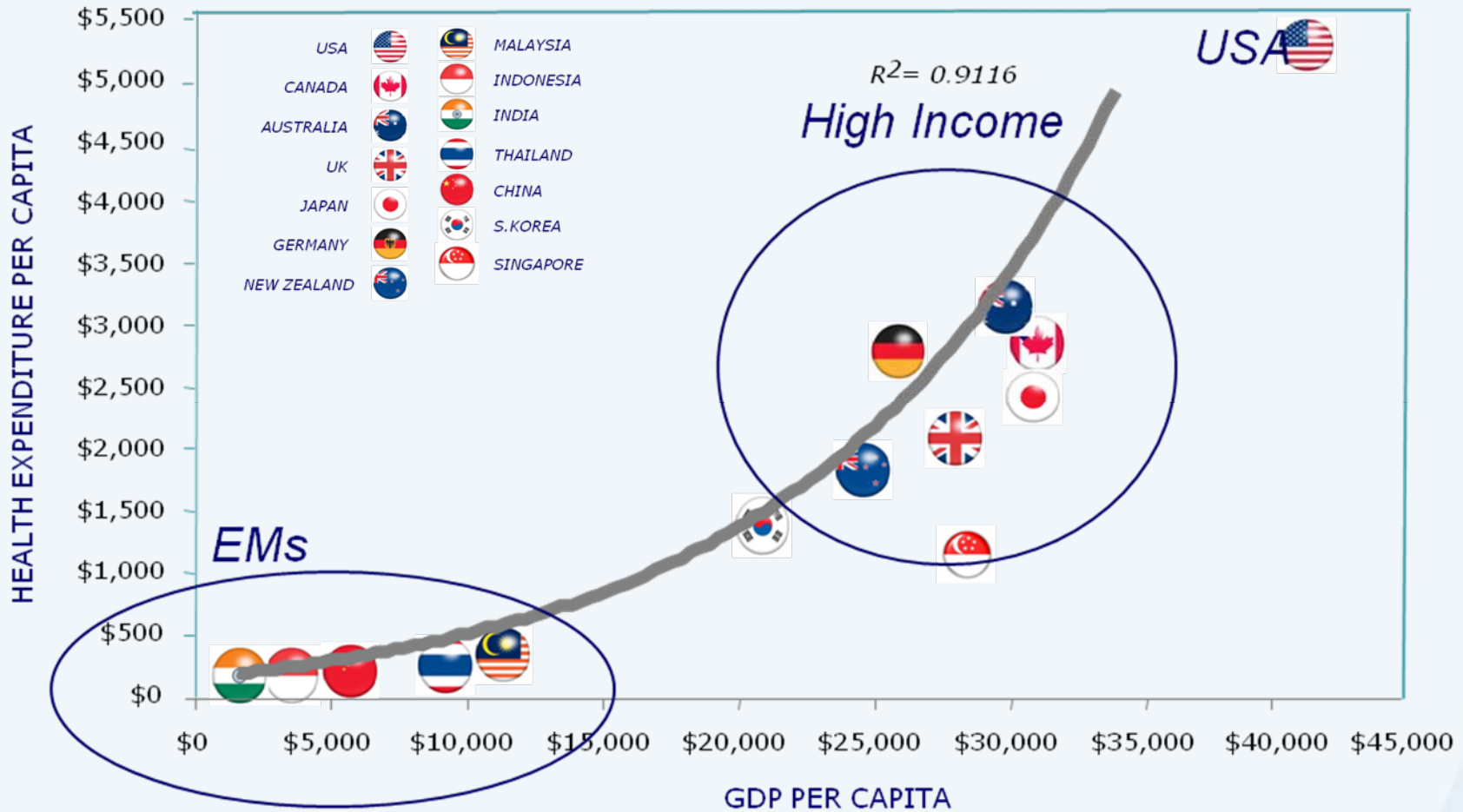
Need for greater access



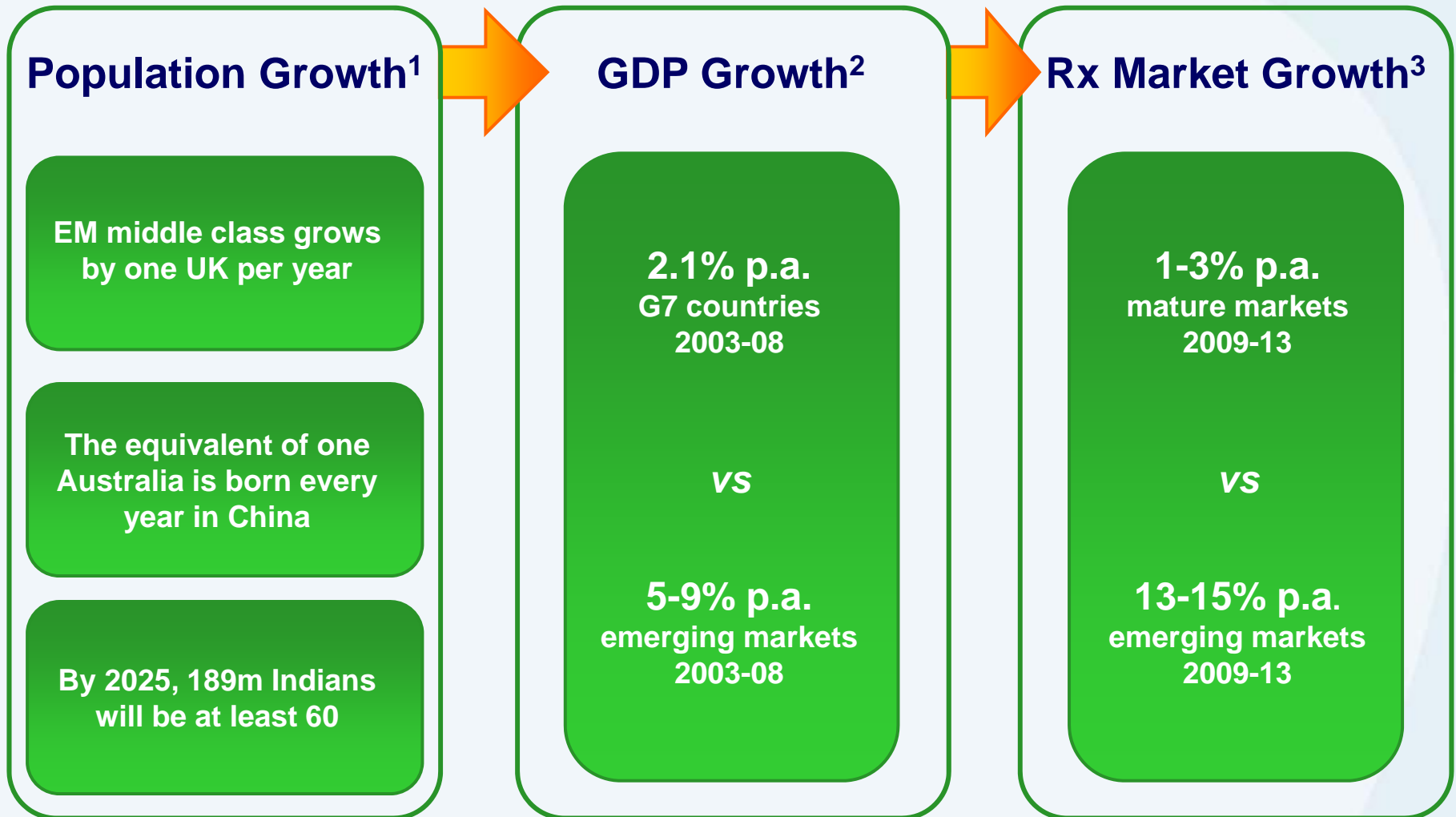
Untapped potential

Healthcare sector poised to outgrow GDP growth in EMs

GDP per Capita is a Good Predictor of Healthcare Spend



Fast growing



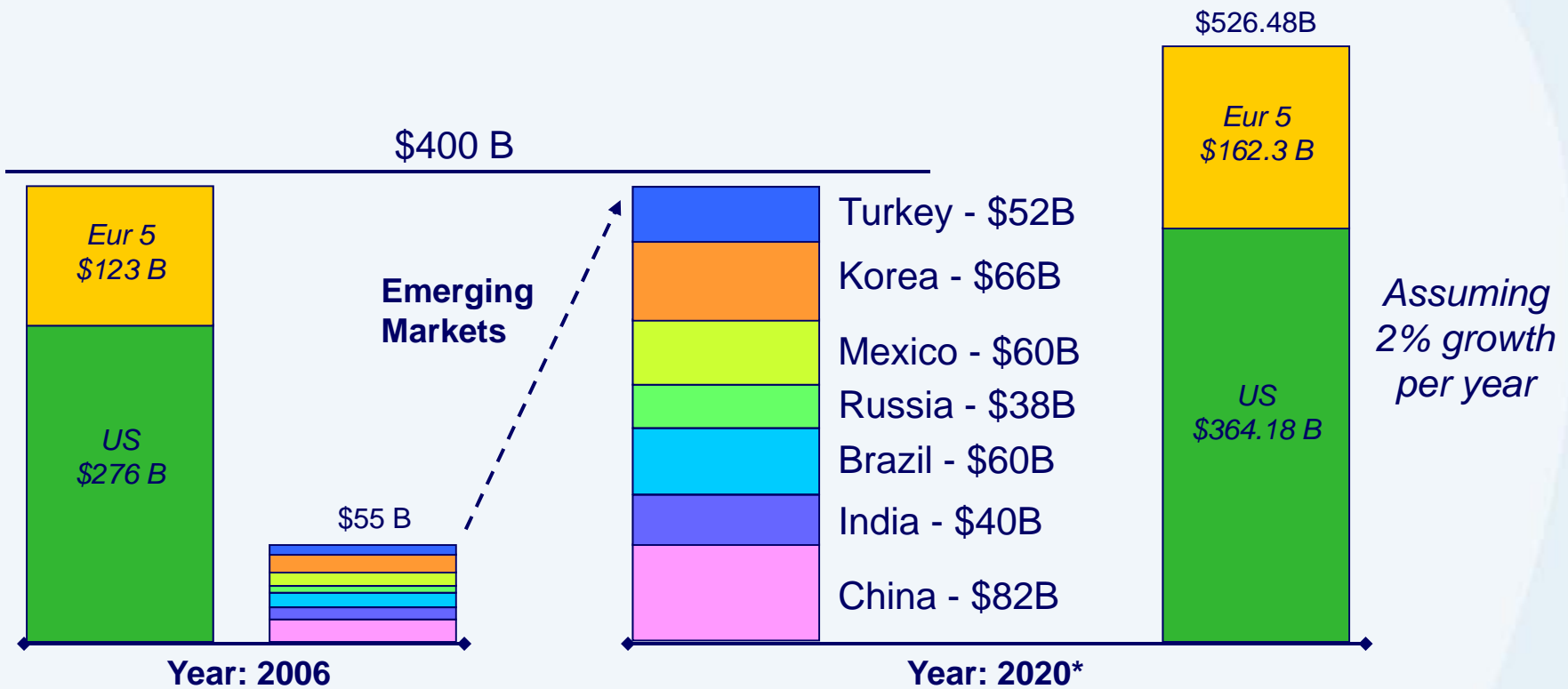
¹ Source: The Economist Intelligence Unit; ² Source: The Economist 2010;

³ Source: IMS Prognosis NA+EU+Japan; EM restated for GSK EM regions

Fast growing

Emerging Markets will outgrow Developed Markets

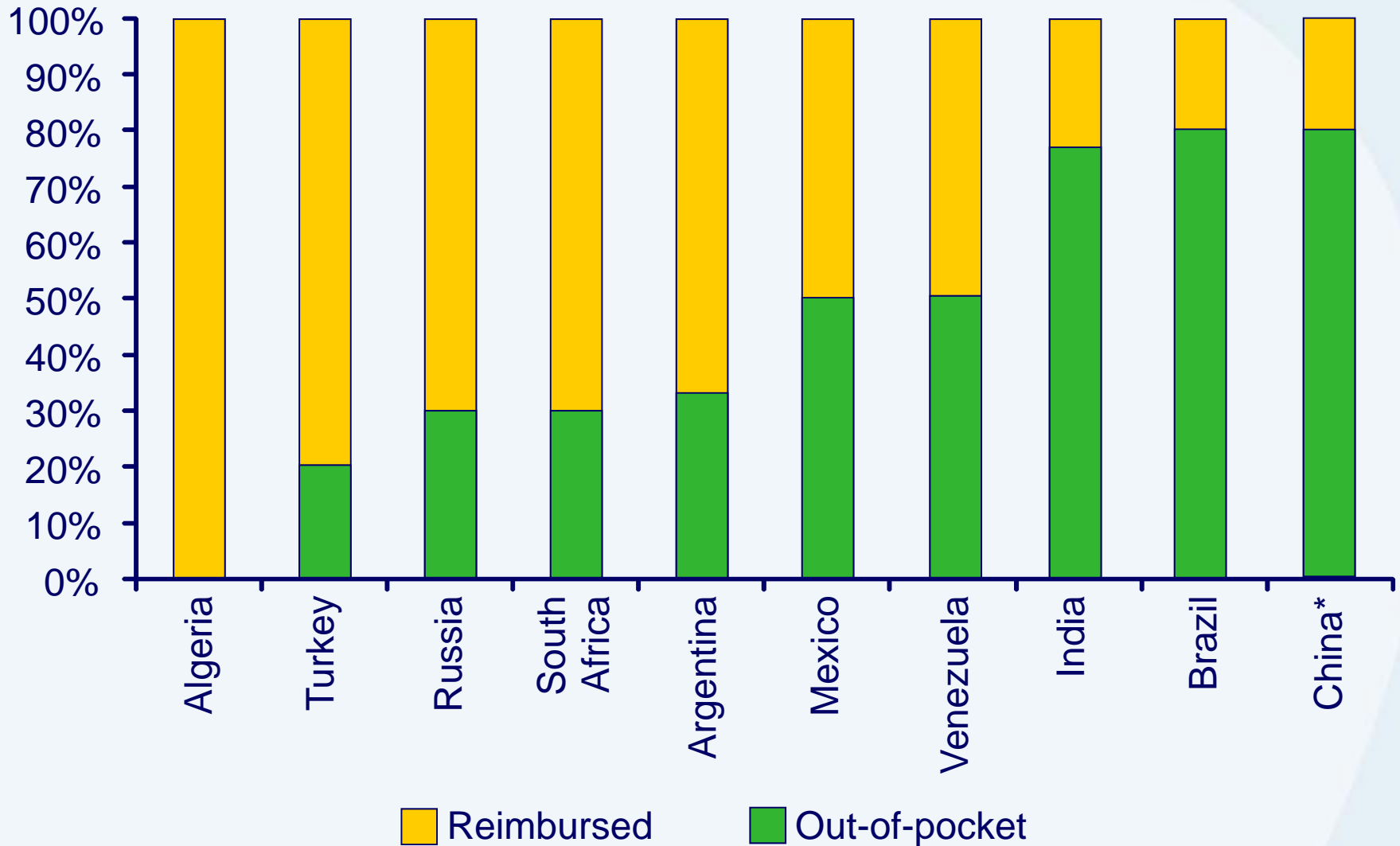
“Annual pharmaceutical sales in emerging markets is expected to reach \$400 billion by 2020, equivalent to current sales in the US and the five major European markets combined.”



Source: IMS MIDAS 2006 sales data, Total Pharmaceutical Market

* Extrapolations from 2006 to 2020 based on IMS projection and % of 2006 sales

Pay out-of-pocket

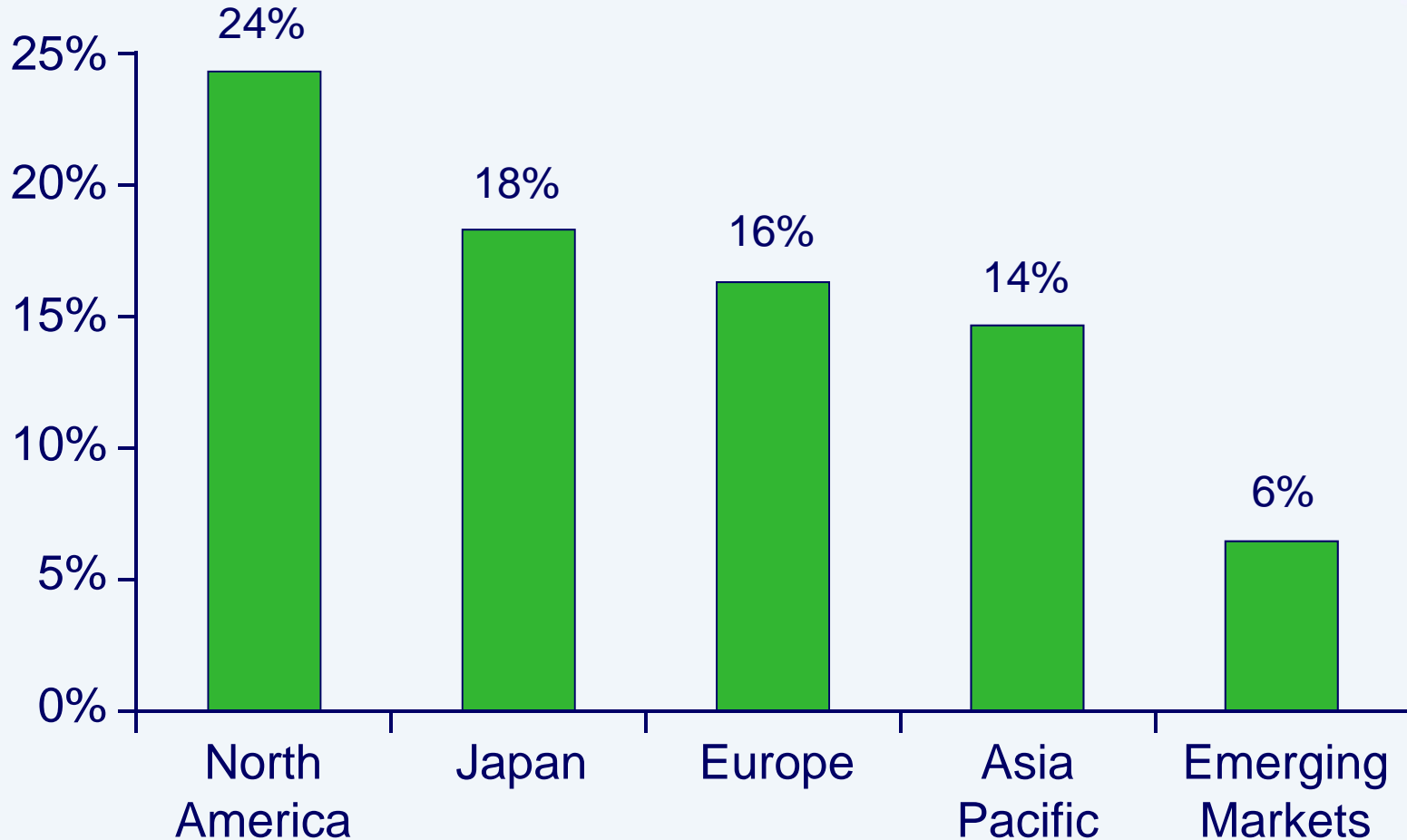


Source: IMS

* China is an estimate.

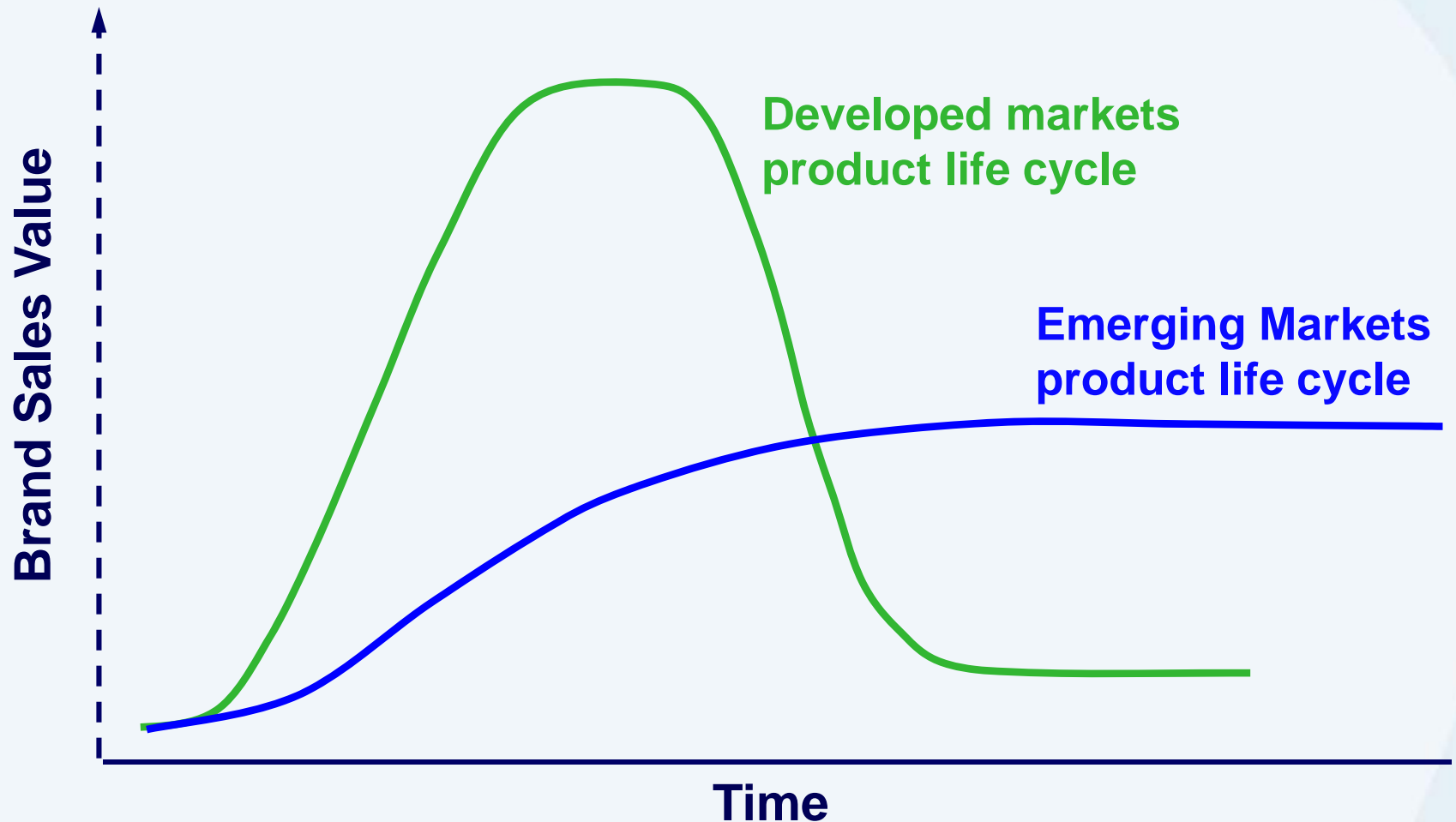
Smaller products

Top 20 products represent a small % of total for EM



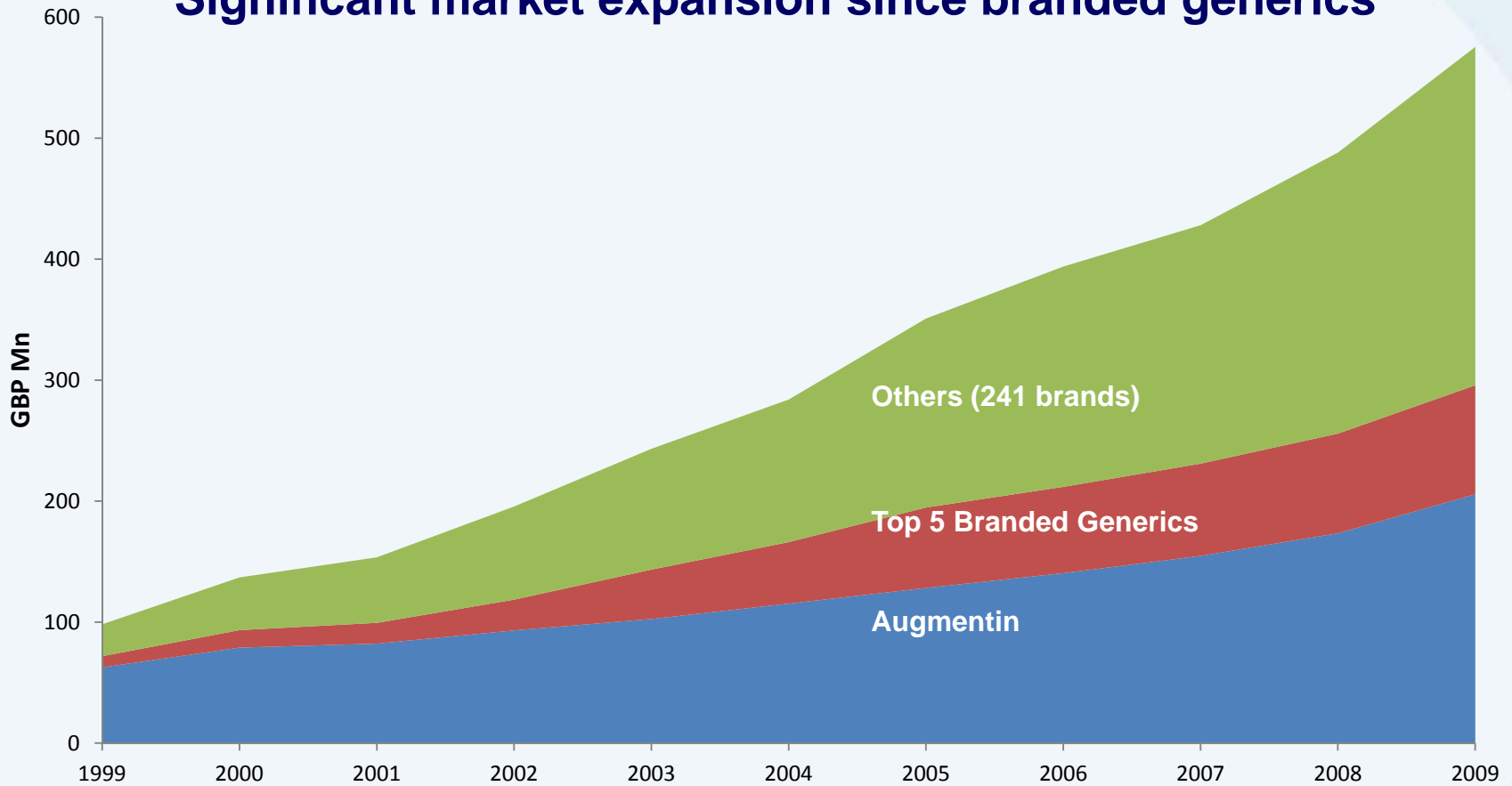
Longevity of brands

Long product life cycles & larger volumes offset low prices



Example of longevity: Augmentin

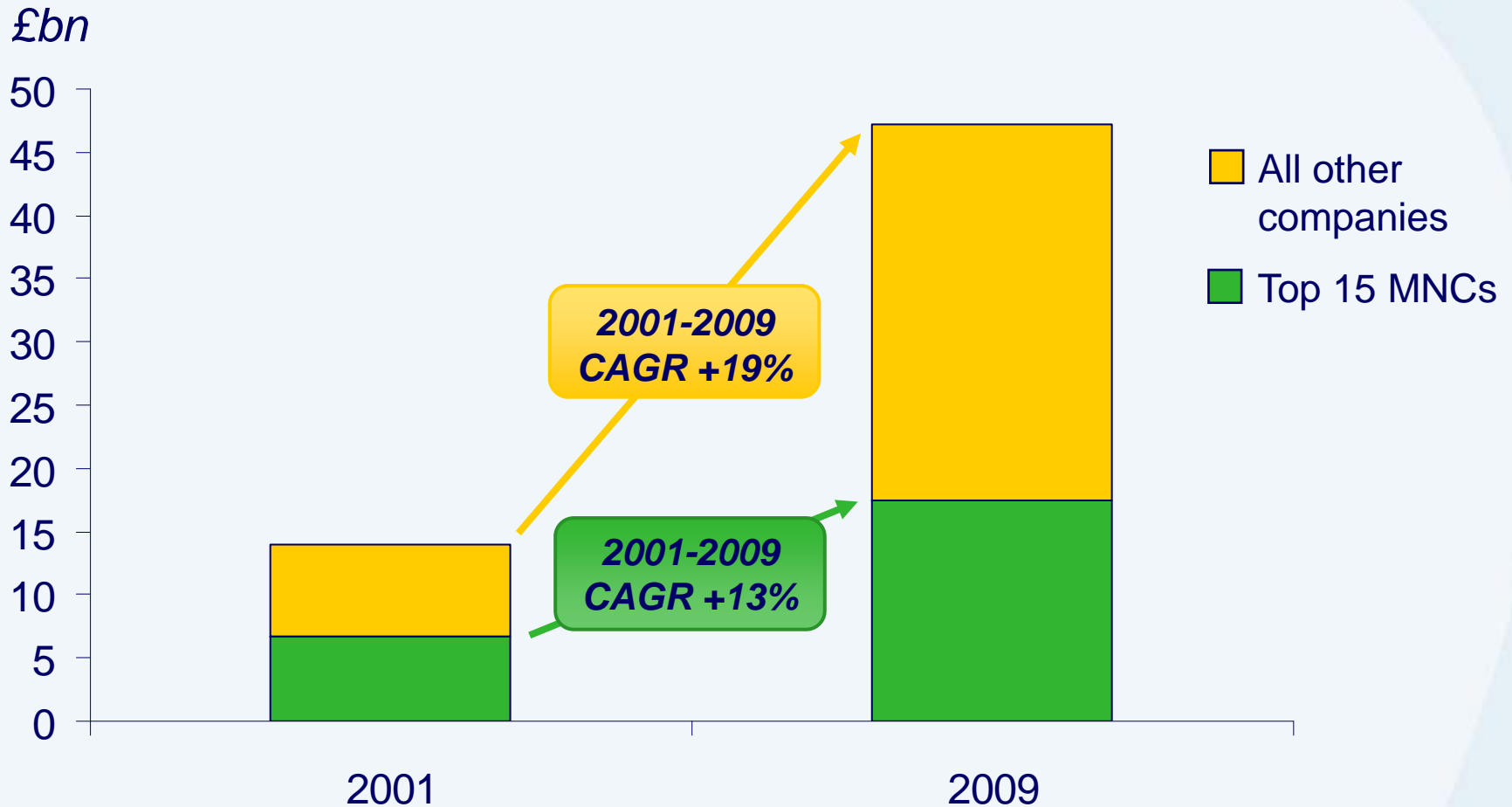
Significant market expansion since branded generics



Amoxy+Clav Sales Evolution in Emerging Markets

Domestic companies outpace MNCs

EM Sales



Evolving healthcare programmes



China

- China Healthcare 2020
- Essential Drugs List



Turkey

- Major price reductions in 2010

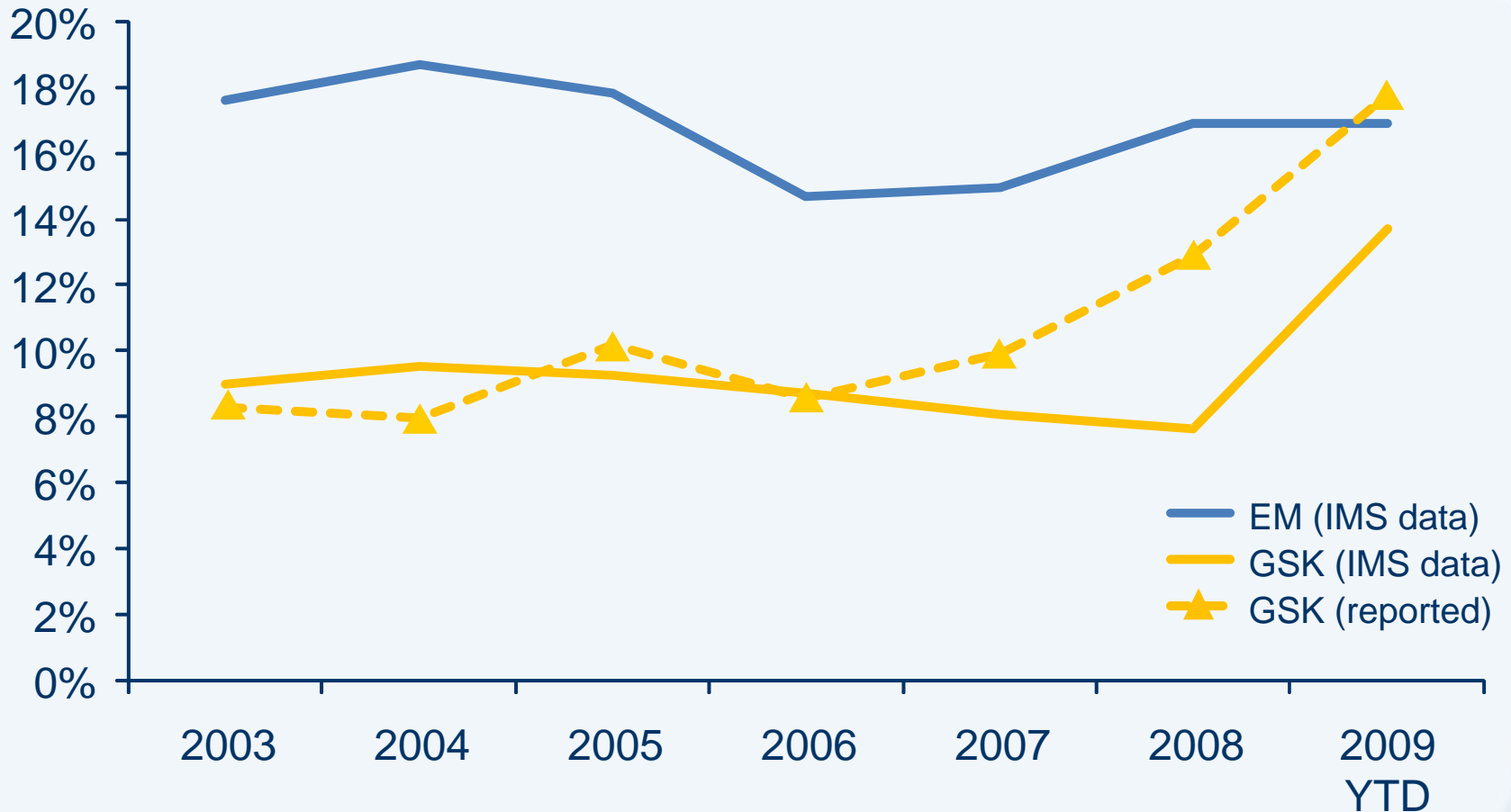


Russia

- Medvedev prioritising healthcare reform
- 7 Diseases programme

History of EM sales growth

GSK is catching up with EM market growth



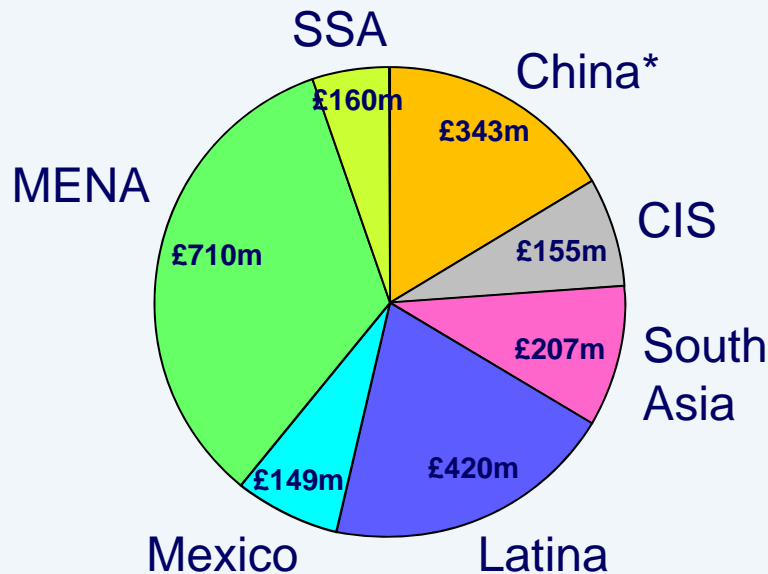
Source: IMS data (MAT Sep 09) and GSK reported Q309 YTD.

Note: IMS audits currently do not capture all activities e.g. vaccines, and therefore undervalues sales in EM, particularly for GSK. 19

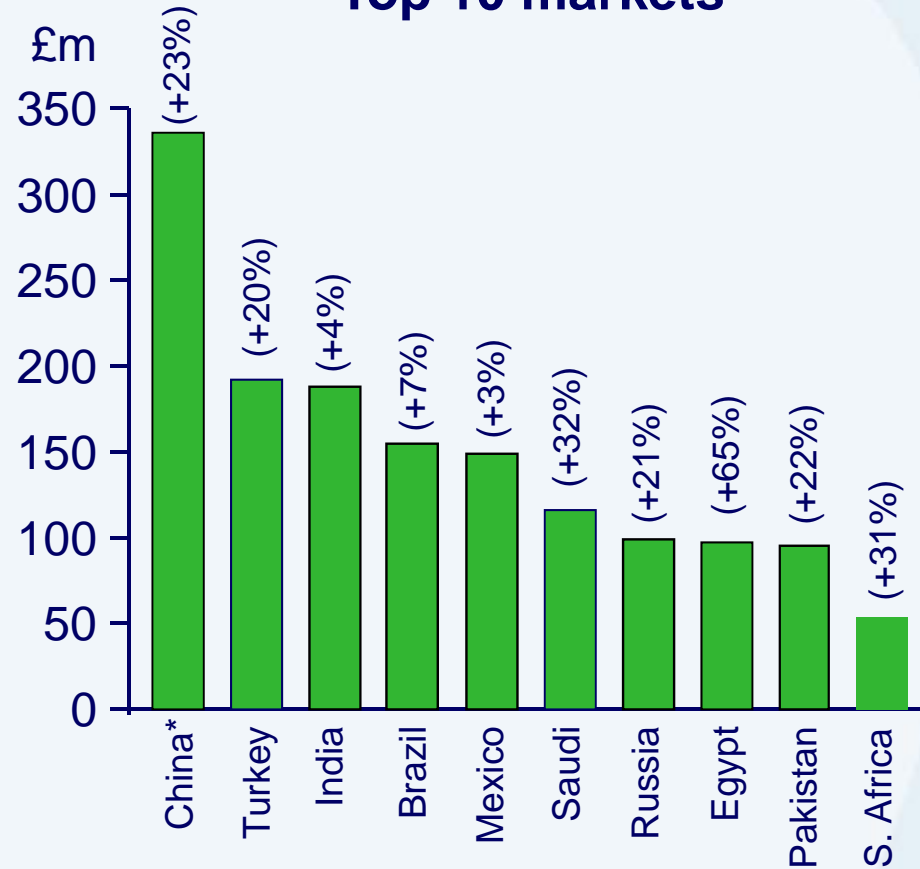
GSK EM Q309 YTD turnover

Q309 YTD £2.1bn (+19%)

By region



Top 10 markets



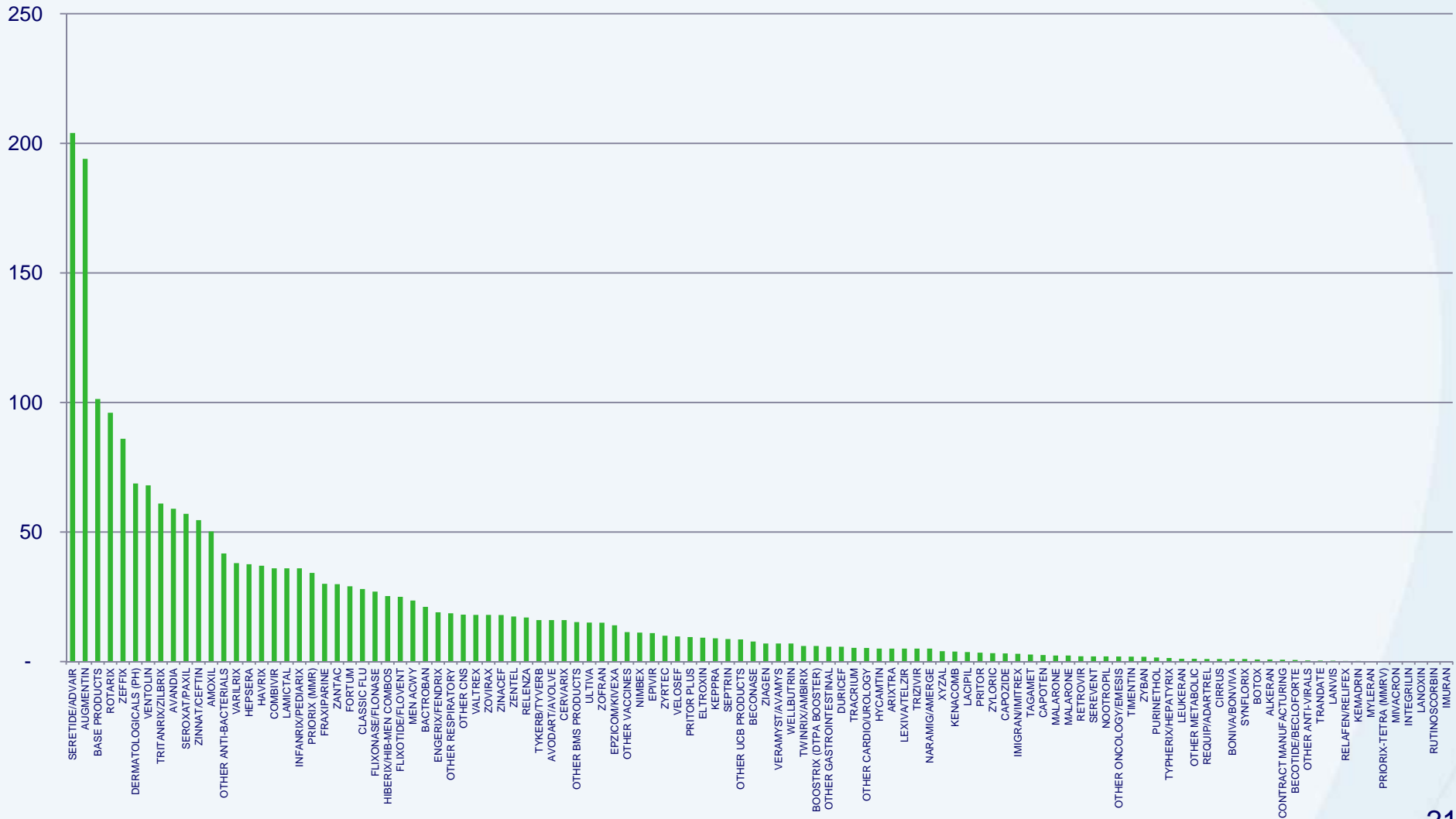
GSK ranking #	10	5	3	13	8	1	16	1	1	8
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*China includes HK

Source: Turnover and growth is GSK Q309 YTD reported. Rankings are IMS MAT Sept 09

GSK EM Q309 YTD turnover by product

Only 2 products in EM are over £150m



3 key components of EM business

Scale up our Classic brands business

£999m
(+17%)



Build and capture the Vaccines market

£440m
(+31%)



Drive our Innovative brands

£707m
(+16%)

Scale up our Classic brands business

Q3 YTD 09
£999m
(+17%)

Our own portfolio

 **Augmentin**

Growth

<u>2007</u>	<u>2009 YTD</u>
+12%	+19%

 **Ventolin[®] HFA**
*(albuterol sulfate HFA
inhalation aerosol)*

Growth

<u>2007</u>	<u>2009 YTD</u>
+4%	+11%

**Total Classic
Business Growth**

<u>2007</u>	<u>2009 YTD</u>
+5%	+17%

Bolt-on acquisitions

 **Bristol-Myers Squibb**

Egypt Oct 08

Pakistan Dec 08

Near East July 09

£40m sales Q309 YTD

 **ucb**

EM/AP
Mar 09

£35m sales Q309 YTD

 **STIEFEL[®]**
a GSK company

July 09

Portfolio deals

 **DR. REDDY'S**
June 09

 **aspen**
HOLDINGS

Licensing - July 08

60 additional
molecules identified

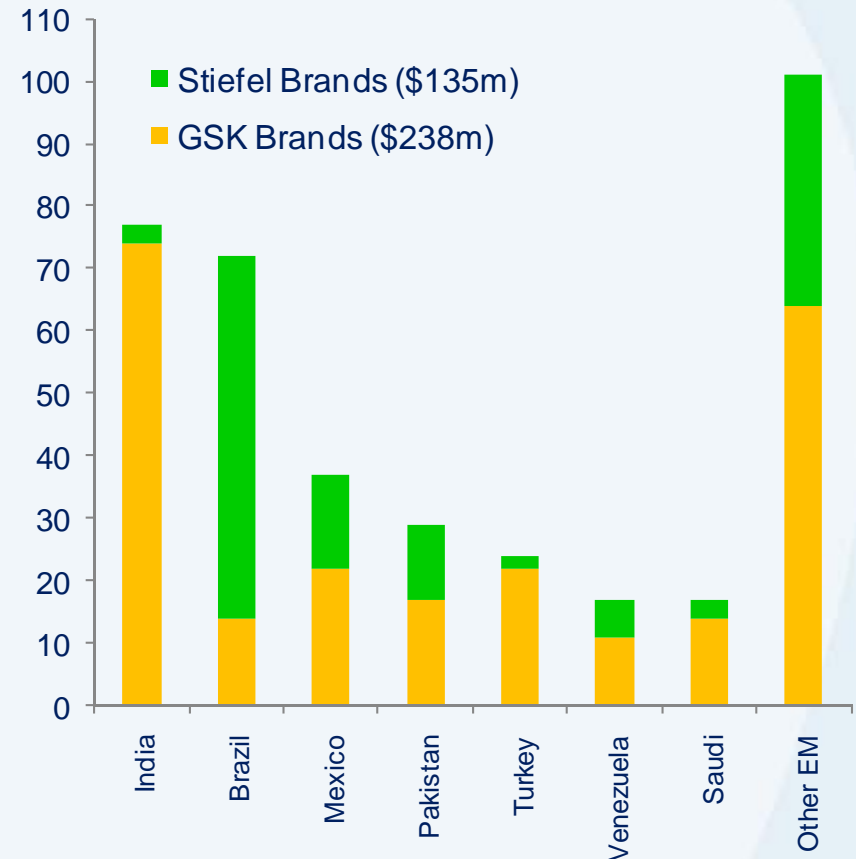
Stiefel opportunity is greatest in EM

Stiefel acquisition provides access to ~80% of the EM derms market

Total Stiefel + GSK derms sales in 2008 was ~\$373m

	(\$m)	 STIEFEL <small>a GSK company</small>	 gsk <small>GlaxoSmithKline</small>	Pipeline
Topical Steroids	\$600	✓	✓	
Topical Antifungal	\$568	✓		
Emollients	\$509	✓		
Antimetabolic	\$427		✓	
Oral Antifungal	\$379			✓
Topical Antibiotic	\$242		✓	
Oral Acne	\$209			
Biologics	\$207			
Topical Acne	\$156	✓		
Tetracycline & combo	\$74			
Mouth/Gynae antifungal	\$60			✓
Topical Antipsor	\$58	✓		
Topical Antipuritic	\$30			
Oral Antipsor	\$6			
Other	\$318			
Total Derm Market	\$3,844			

Source: IMS



GSK revenues are for Calendar Year 2008, while Stiefel revenues are for Financial Year 2008.

Drive our Innovative business

Q3 YTD 09
£707m
(+16%)

Core portfolio



£204m (+23%)



£86m (+5%)



£59m (+11%)



£57m (+9%)



£38m (+12%)

New portfolio



lapatinib ditosylate



Future portfolio

● New products:

- Votrient
- Arzerra
- denosumab
- Benlysta
- Horizon
- darapladib

● Targeted R&D developing EM-specific portfolio

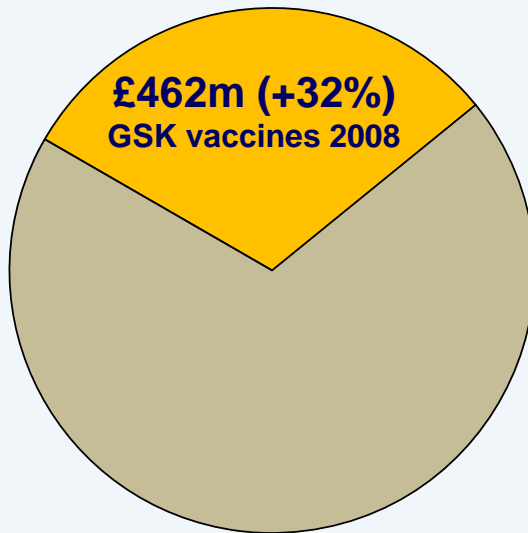
- Tykerb for gastric and H&N cancers
- Liver cancer
- Market-specific FDCs

Build and capture the Vaccines market

Q3 YTD 09
£440m
(+31%)

GSK has 28% of the market and is growing faster

**Total EM vaccines market 2008
£1.6bn (+25%)**



Significant market growth potential

- Growing government attention to public health agenda
- Large birth cohorts for paediatric vaccines

Significant GSK growth potential

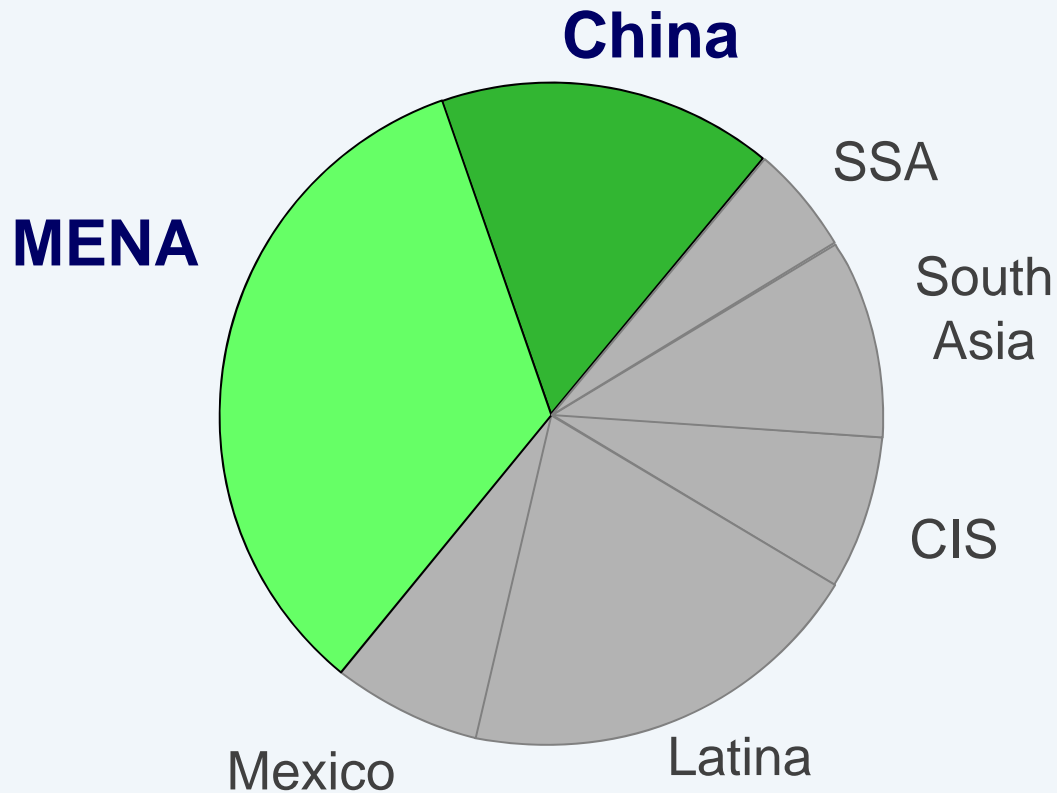
- New geographies
- Broad portfolio, well-positioned to provide for spectrum of needs
- Local partnership is critical

GSK has the broadest vaccine portfolio in EM

	GSK	Merck	Sanofi	Pfizer	Novartis
DTPw combos	✓		✓		✓
DTPa combos	✓		✓		
MMR / Varicella	✓	✓	✓		
Hepatitis A	✓	✓	✓		
Rotavirus	✓	✓			
Meningococcal	✓		✓		d
Pneumococcal	✓			✓	
Influenza	✓		✓		✓
HPV	✓	✓			
Malaria	d				
Dengue	d		d		

✓ = available in EM; d = Ph III / registration in EM

GSK EM regions

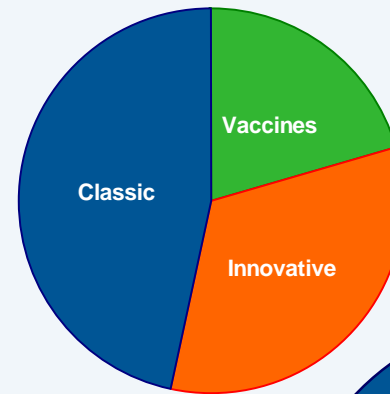


GSK Emerging Markets in 2015

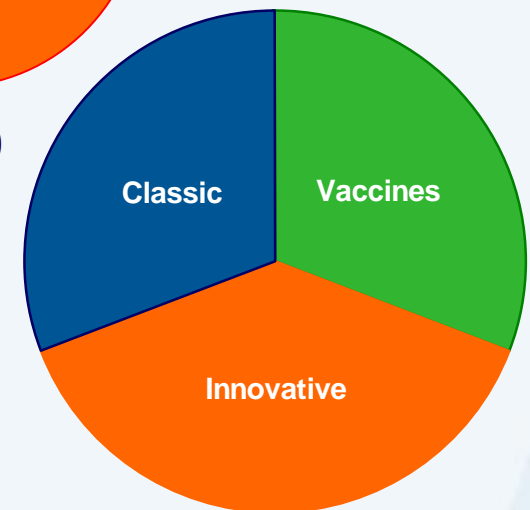
Outgrow the market

- IMS projects EM market growth of 13-15%¹
- Our objective is to grow faster than the market²

Evolve our business



2009



2015 ambition

¹ Source: IMS Prognosis through 2013, redefined for GSK EM region.
² including organic growth and bolt-on acquisition strategy.

Operating profit margin

Sep 09 YTD Operating Profit Margin¹(%)

US	65.9
Europe	58.1
EM	34.9
AP/J	52.7

- GSK's reported regional margins exclude R&D and legal expenses which are heavily weighted towards Europe and US
- EM has been in "investment mode"
- EM margin expected to remain in mid-30s range



GlaxoSmithKline