



# **1Q Results 2007**

## **Presentation to Analysts & Investors**

**25th April 2007**

**Q1**

Continuing  
strong  
financial  
performance

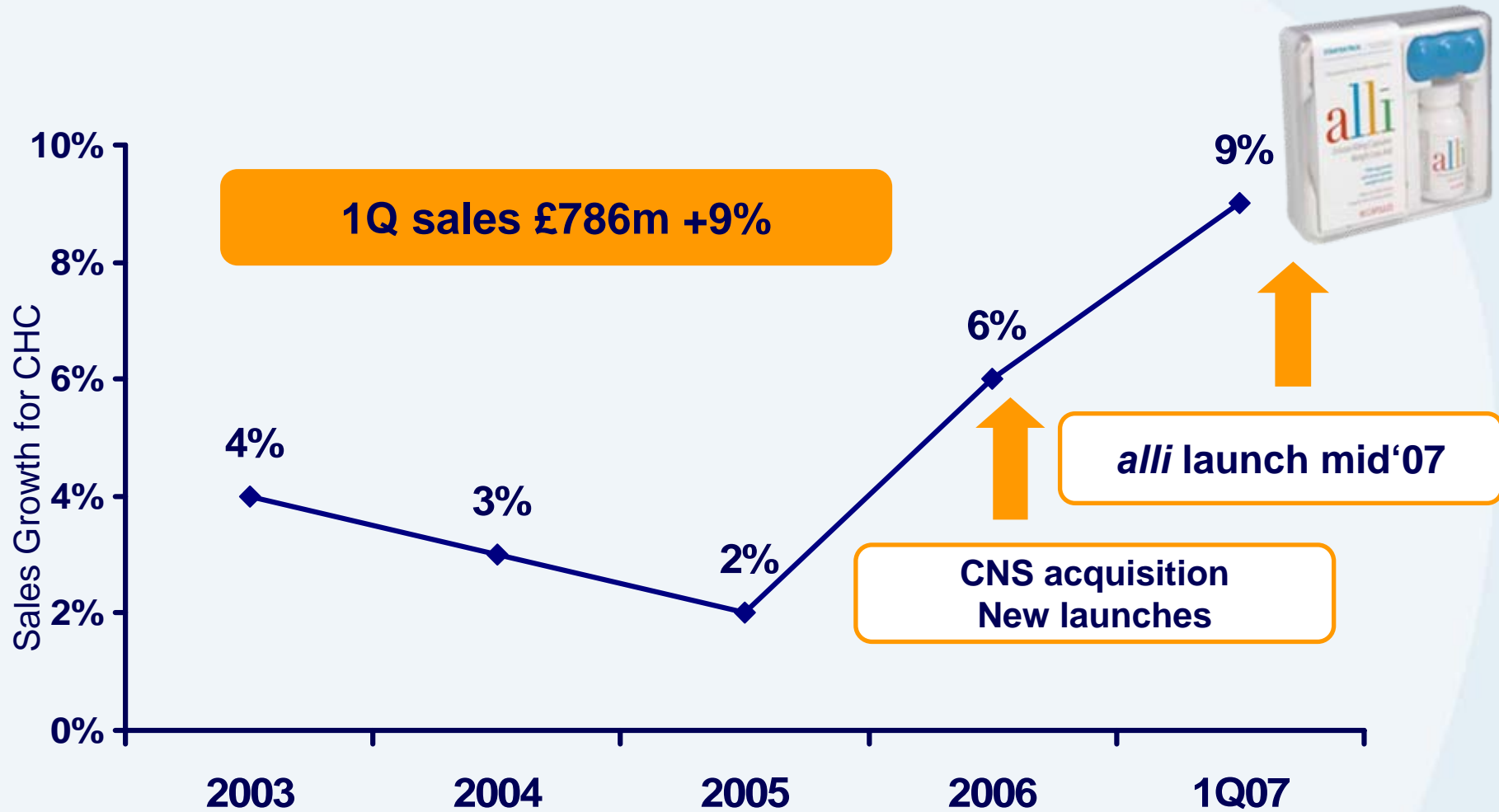
- **EPS +14% (CER)**
- **Effective cost control**
- **£1.8bn cash generated from operations**

**Q1**

Energising  
sales of  
**key  
products**

- **Broad Pharma portfolio drives growth despite generics**
- **Accelerating key growth drivers**
- **Strong Consumer performance**

# Consumer Healthcare – building momentum



Launching  
next  
generation  
growth  
drivers

Q1

Filed

Launched

**COREG CR**<sup>™</sup>  
(carvedilol phosphate)  
Extended-release Capsules



**Tykerb**<sup>®</sup>  
(lapatinib)



**Veramyst**<sup>™</sup>  
(fluticasone furoate)  
Nasal Spray



**PDUFA**  
Apr 29th

**Cervarix**<sup>®</sup>



**EU H2'07**

**Trexima**<sup>™</sup>  
sumatriptan succinate/  
naproxen sodium TABLETS



**PDUFA**  
Aug 1st

**Q1**

Delivering  
substantial  
late stage  
pipeline

Progress on around half of the  
“31 major product opportunities”

*Altabax*

*Arixtra ACS*

*Avandia + statin*

*Cervarix*

*Globorix*

**H5N1**

*ofatumumab*

*pazopanib*

*Promacta*

*Requip 24hr*

*Trexima*

*Tykerb*

*Volibris*

**XP13512**

*Entereg OBD*

**Q1**

Maximising  
sales  
through  
lifecycle  
management

**2 launched in '07**

- *Coreg CR*
- *Wellbutrin XR (EU)*

**4 currently filed**

- *Trexima*
- *Lamictal XR*
- *Requip 14hr*
- *Requip 24hr*

**2 due to file in '07**

- *Avandia + statin*
- *Avandamet XR*

**2 in Phase III**

- *Coreg CR +ACEi*
- *Avodart +  $\alpha$  blocker*

# GSK: A growing presence in oncology

**Oncology  
seminar  
announced**

June 18 - London

*Tykerb*

*Cervarix*

*Promacta*

pazopanib

casopitant

ofatumumab

**MAGE-A3**

*Hycamtin*

Early stage opportunities

**Significant  
data at ASCO**

5 assets

>20 abstracts

3 oral presentations

# The GSK Story: Q1 progress on all fronts

## Financials

**strong and continued** commitment to delivering solid growth

## Sales

**broad and dynamic** portfolio with significant growth opportunities

## R&D

**significant late stage pipeline** with fast reloadability



# **Julian Heslop**

## **Chief Financial Officer**

**25th April 2007**

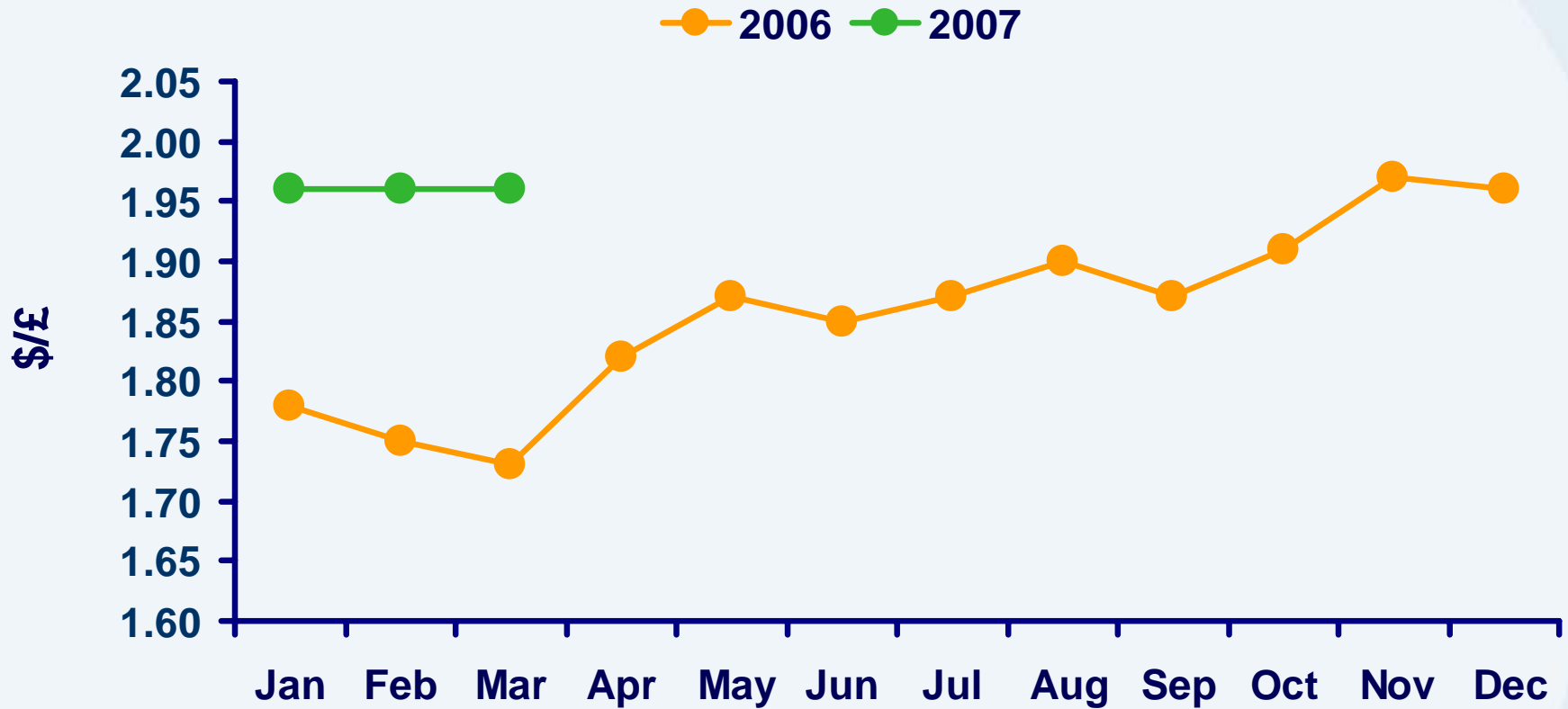
# Q1 performance summary

	1Q 07 £m	1Q 06 £m	% Change £	CER
<b>Turnover</b>	5,592	5,813	(4)	4
<b>Cost of goods</b>	(1,234) <i>22.1%</i>	(1,134) <i>19.5%</i>	9	14
<b>SG&amp;A</b>	(1,673) <i>29.9%</i>	(1,823) <i>31.4%</i>	(8)	(1)
<b>R&amp;D</b>	(726) <i>13.0%</i>	(753) <i>12.9%</i>	(4)	2
<b>Other oper. income</b>	207	71		
<b>Operating profit</b>	2,166 <i>38.7 %</i>	2,174 <i>37.4%</i>	-	11

# Q1 performance summary

	1Q 07	1Q 06	% Change	
	£m	£m	£	CER
<b>Operating profit</b>	2,166	2,174	-	<b>11</b>
<b>Interest</b>	(38)	(19)		
<b>Profit before tax</b>	2,143	2,170	(1)	<b>10</b>
<b>Earnings per share</b>	27.0p	26.5p	2	<b>14</b>
<b>Tax rate</b>	28.5%	29.5%		

# US dollar trends



# Cash flow

	<b>1Q 07</b>	<b>1Q 06</b>
	<b>£m</b>	<b>£m</b>
<b>Cash generated from operations</b>	1,806	2,062
<b>Taxation paid</b>	(256)	(280)
<b>Capital: Core</b>	(312)	(231)
<b>Product Rights</b>	(396)	(36)
<b>Interest and other items</b>	2	(55)
<b>Free cash flow</b>	844	1,460
<b>Dividends</b>	(671)	(568)
<b>Purchase of own shares</b>	(575)	(200)
<b>Employee share option exercises</b>	255	182
<b>Purchases of businesses</b>	(233)	-
<b>Other</b>	(171)	(9)
<b>Net (increase)/decrease in debt</b>	(551)	865

# Q1 Summary

## Sales growth

Pharmaceutical	+3%
Consumer Healthcare	+9%

## EPS growth

+14%

## Cash returned to shareholders

Q1 dividend 12p (Q1 '06 11p)  
Share buyback £649 million  
(Q1 '06 £219 million)



**David Stout**  
**President, Pharmaceutical Operations**

25th April 2007

# Pharma Environment

- Challenging legislative environment
- Reward for innovation still possible
- Cancer, diabetes, obesity, lung disease and dementia are high priorities for all governments
- Vaccines/biologicals a good place to be
- Pharma industry reputation improving

# Pharma Industry: Improving public perception

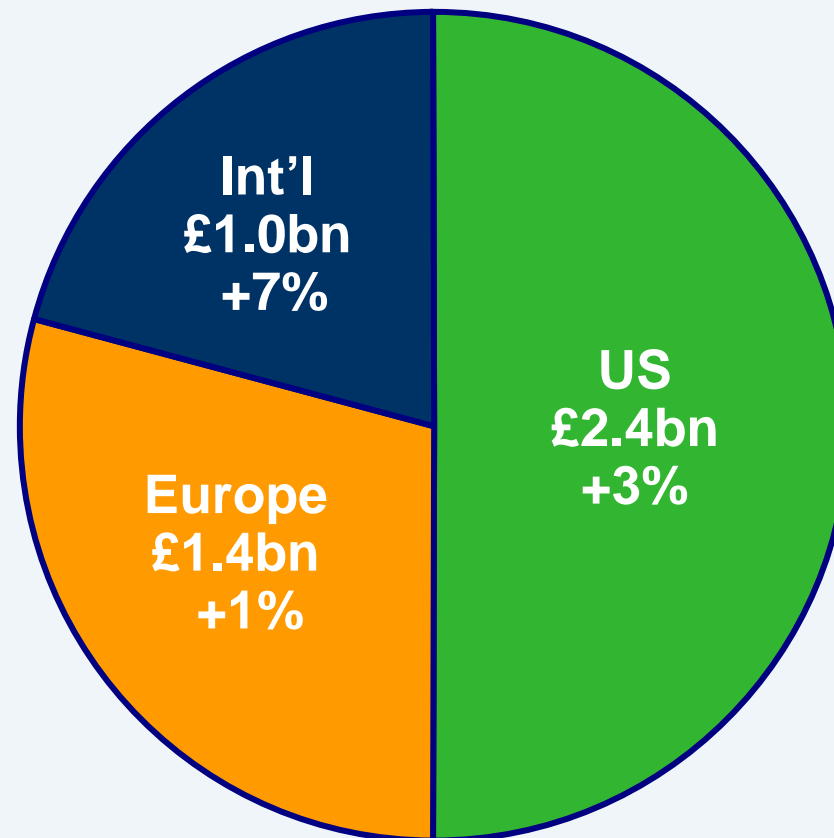


Source: Harris US Interactive 2006

Do you think the pharma industry is generally doing a good or bad job of serving their consumers?

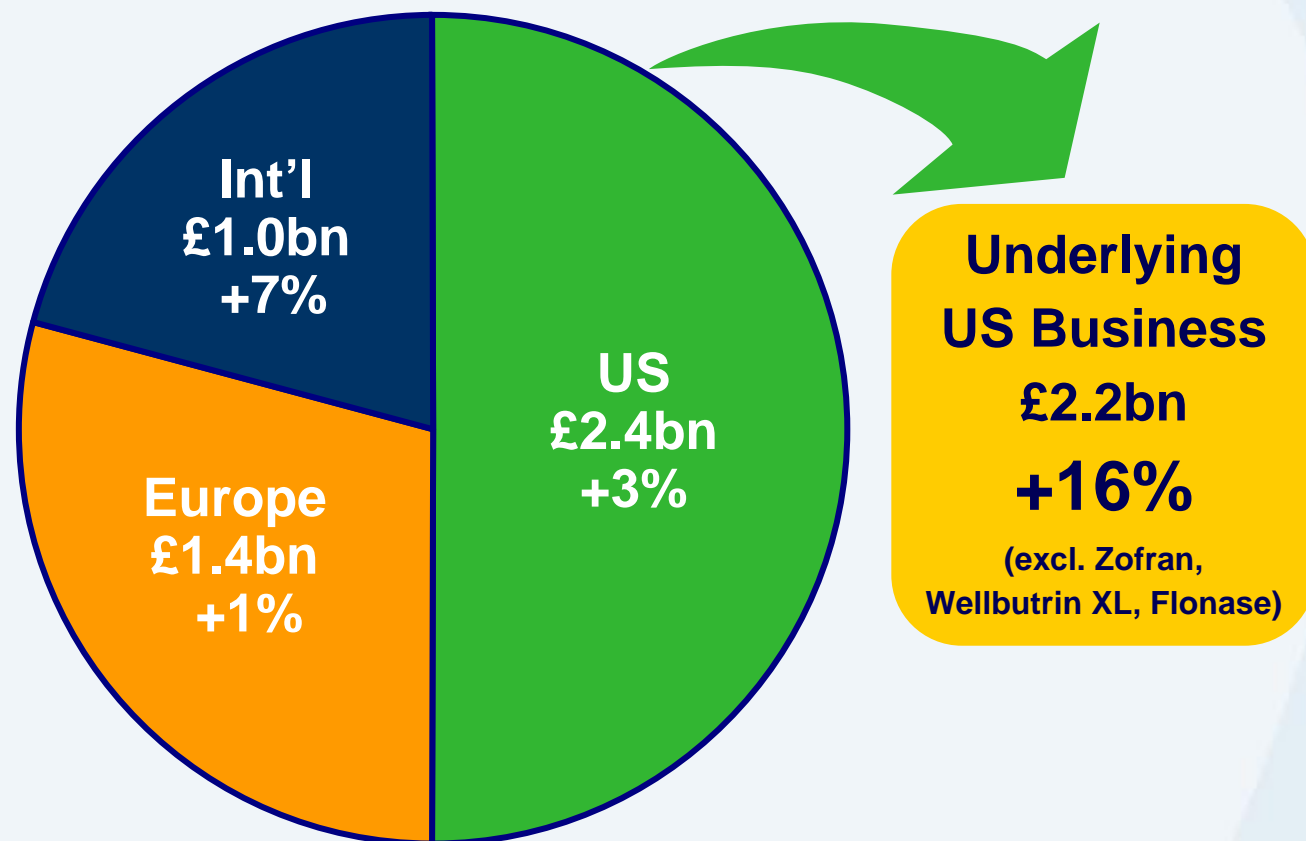
# 1Q07 Sales by Region

**Total Pharma sales £4.8bn +3%**



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**Total Pharma sales £4.8bn +3%**



# Key growth drivers

## 1Q07 Sales

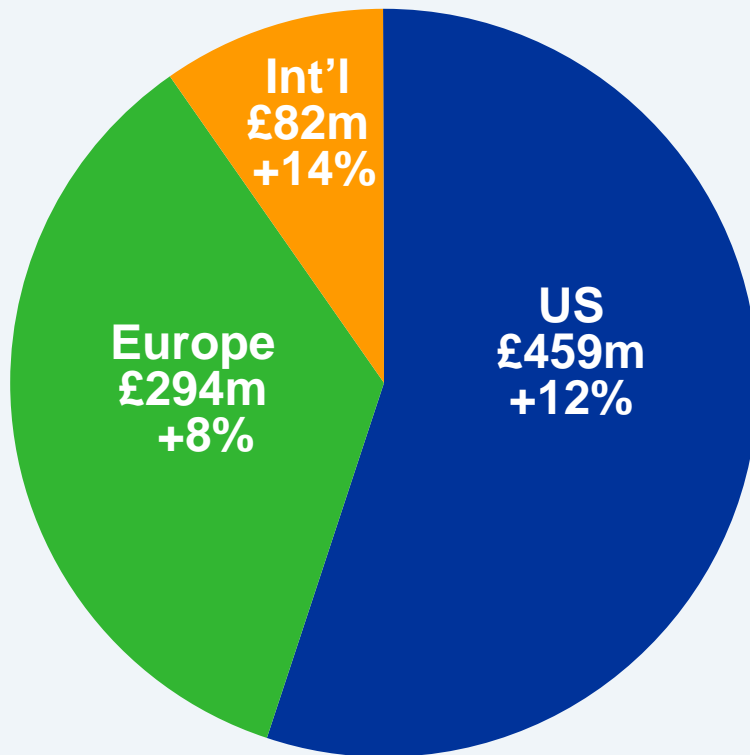
<b>Advair</b>	<b>£835m</b>	<b>+11%</b>
<b>Avandia</b>	<b>£414m</b>	<b>+19%</b>
<b>Vaccines</b>	<b>£368m</b>	<b>+6%</b>
<b>Lamictal</b>	<b>£250m</b>	<b>+17%</b>
<b>Valtrex</b>	<b>£224m</b>	<b>+22%</b>
<b>Coreg*</b>	<b>£217m</b>	<b>+8%</b>
<b>Requip</b>	<b>£80m</b>	<b>+50%</b>
<b>Avodart</b>	<b>£63m</b>	<b>+47%</b>
<b>Boniva**</b>	<b>£32m</b>	<b>&gt;100 %</b>



**Total**  
**£2.5bn**  
**+15%**

# Seretide/Advair

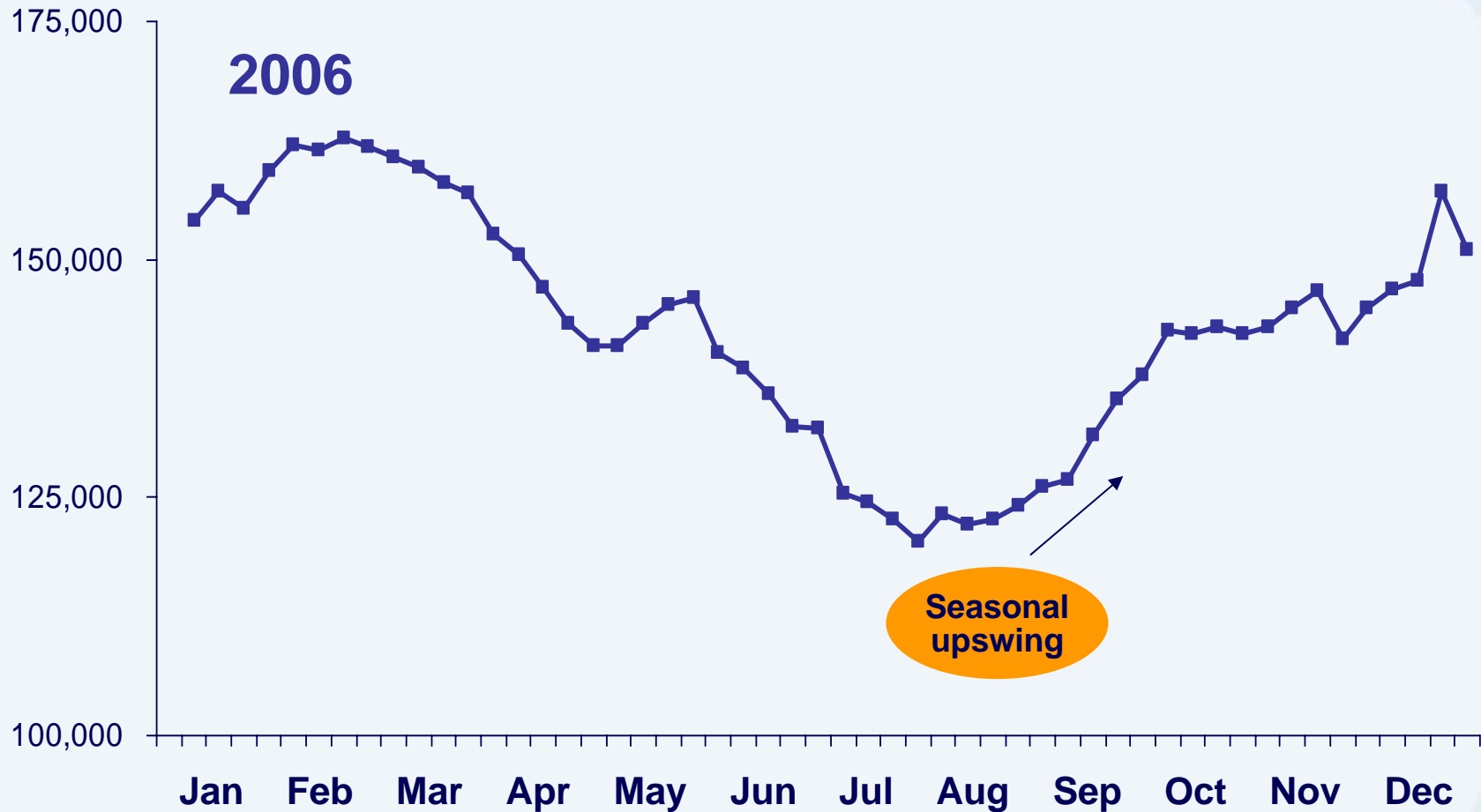
1Q07 sales £835 million +11%



- **TORCH Survival Study**
  - Published Feb '07 in NEJM
  - FDA Ad Com mtg May 1<sup>st</sup>
  - FDA Action date August '07

# Advair US new prescriptions trends

Advair 4-week rolling average US Retail New Rx volume



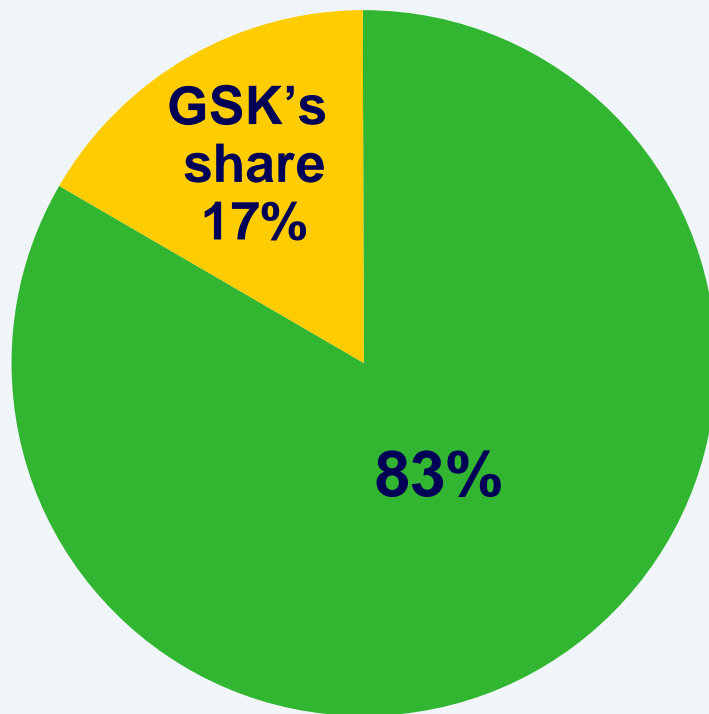
# Advair US new prescriptions trends

## Advair 4-week rolling average US Retail New Rx volume



# 'Adoair' approved in Japan April 2007

## Japan's 2006 Asthma and COPD controller market

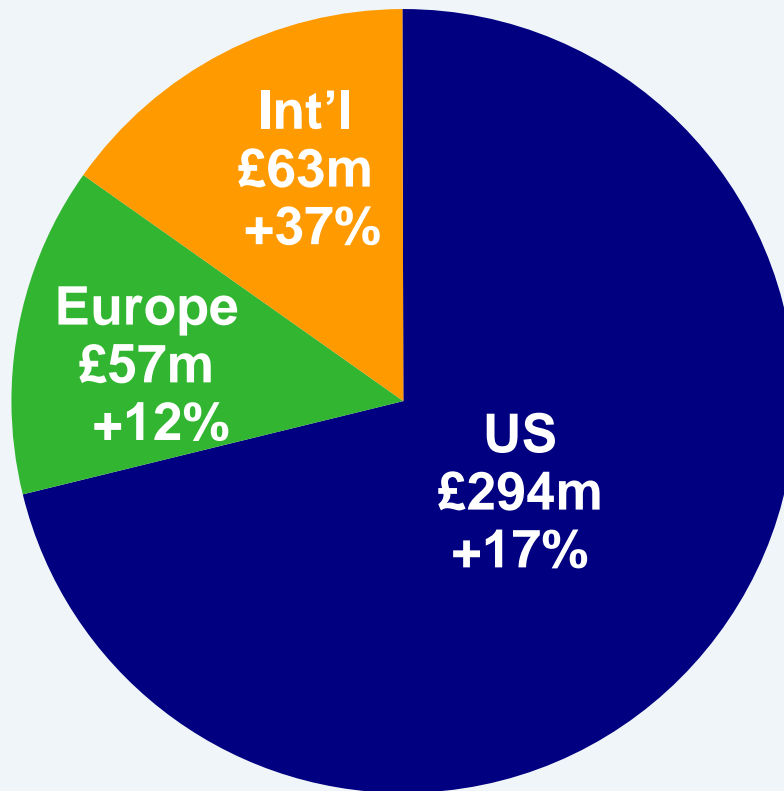


**£885 million**

- *Adoair* is only product in Japan targeting both inflammation & bronchoconstriction
- Asthma deaths - priority for MoH
- COPD filed in Nov. '06
- Over 11 million asthma and COPD sufferers
  - ~3.5 million treated

# Avandia products

1Q07 sales £414 million +19%



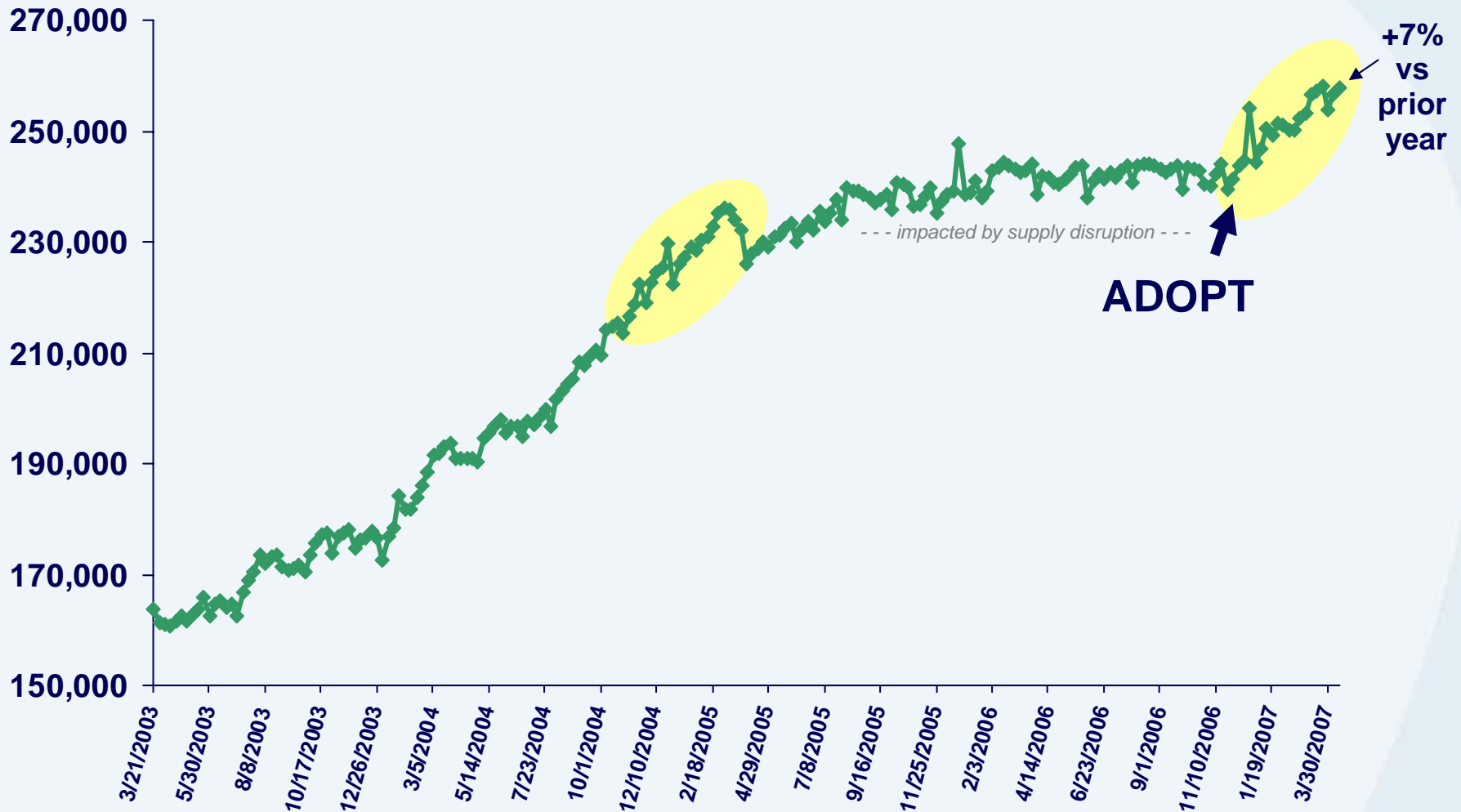
Avandia®

Avandamet™

once-daily  
Avandaryl™

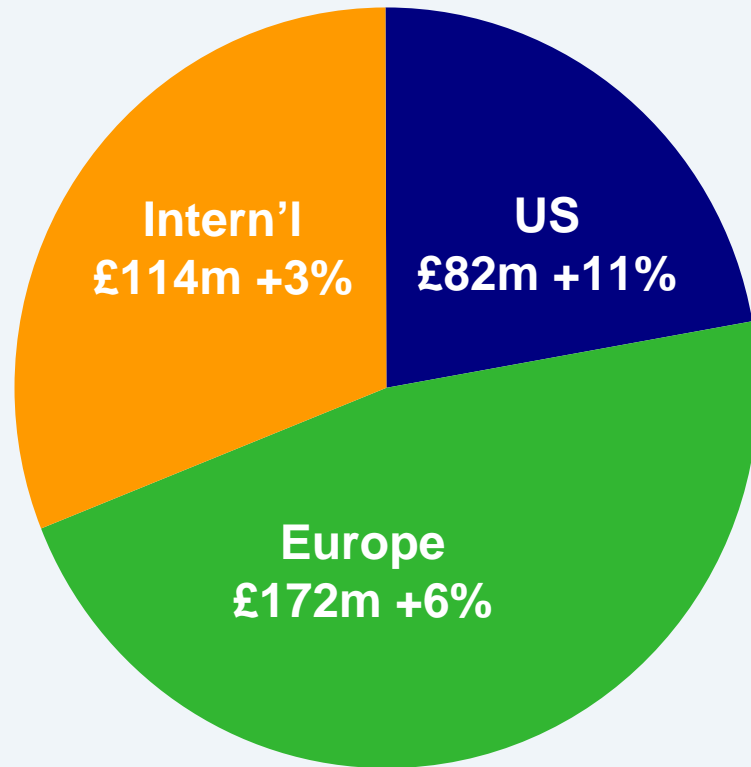
# Avandia products: US total prescriptions trends

## 4-week rolling average US retail TRx volume



# Vaccines

1Q07 sales £368 million +6%\*



## Product Sales

– <i>Infanrix/Pediarix</i>	£134m	+15%
– Hepatitis	£113m	+4%
– <i>Rotarix</i>	£14m	>100%
– <i>Boostrix</i>	£13m	+40%
– Other vaccines	£94m	-11%

\* Growth impacted by comparator quarter (1Q06 +44%)  
CER Growth Rates

# 2007 new product opportunities

**Tykerb**<sup>®</sup>  
(lapatinib)

ONCE-A-DAY  
**COREG CR**<sup>™</sup>  
Carvedilol Phosphate  
extended-release capsules

**Cervarix**<sup>®</sup>



**Veramyst**<sup>™</sup>  
(fluticasone furoate)  
Nasal Spray 27.5 mcg

**Trexima**<sup>™</sup>  
sumatriptan succinate/  
naproxen sodium TABLETS

**ALTABAX**<sup>™</sup>  
retapamulin ointment, 1%

**ENTEREG**<sup>™</sup>  
(alvimopan)  
Capsules

-- For POI --

  
**Wellbutrin**<sup>®</sup>  
bupropion hydrochloride XR

**H5N1**  
pandemic

**AriXtra**<sup>®</sup>  
(fondaparinux sodium)  
-- New ACS indication --

# 2007 new product opportunities



- **Filed in US -- EU & Int'l launch expected in 2H07**
- **Phase III programme now underway in Japan**
- **Publication of '008 study expected in 2H07**
- **Cervarix efficacy from '007 study over 5½ yrs presented at AACR**

# 2007 new product opportunities



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**'007 - Only HPV vaccine with data over 5 ½ yrs:**

- **100% efficacy against HPV16/18 persistent infection**
- **100% efficacy against HPV16/18 CIN2+ lesions**
- **≥98% seropositivity**
- **Cross protection**

# New hope for cancer patients

**Tykerb**<sup>®</sup>  
(lapatinib)



- New clinical data in 2Q07
- Filed in Japan April '07
- Adjuvant studies underway

“Tykerb is indicated in combination with capecitabine for the treatment of patients with advanced or metastatic breast cancer whose tumors overexpress HER2 and who have received prior therapy including an anthracycline, a taxane, and trastuzumab.”

# New hope for cancer patients

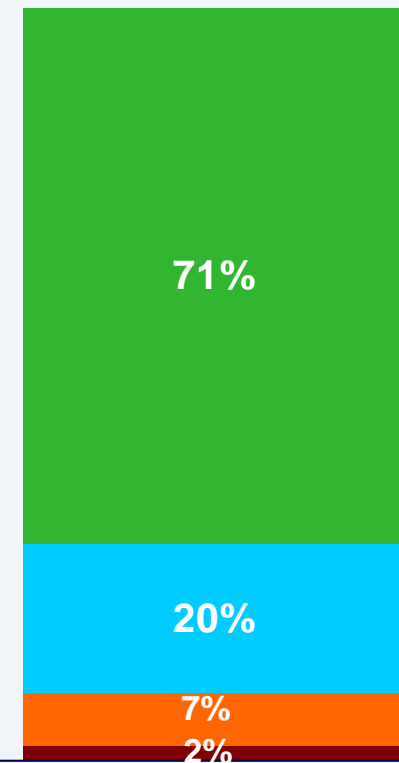
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- Filed in Japan April '07
- Adjuvant studies underway
- **Over 90%** of Oncologists expect to prescribe Tykerb for HER2 positive MBC

“Tykerb is indicated in combination with capecitabine for the treatment of patients with advanced or metastatic breast cancer whose tumors overexpress HER2 and who have received prior therapy including an anthracycline, a taxane, and trastuzumab.”

Likelihood of Oncologists to Prescribe Tykerb for HER2 positive MBC (n=100)

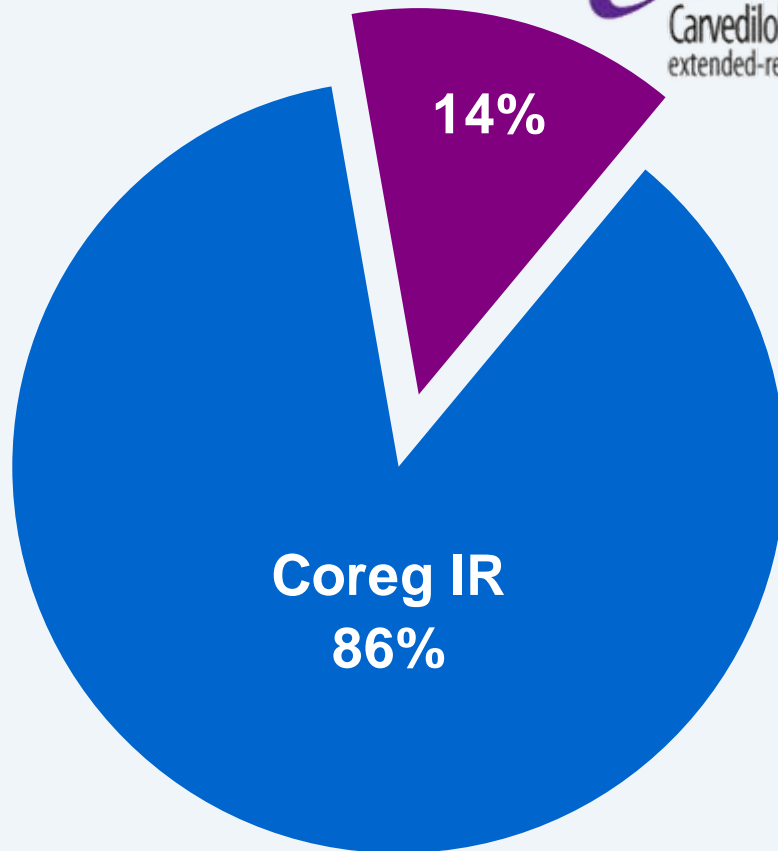
- Definitely
- Probably
- Might/might not
- Probably Would not



Source: Tykerb Baseline Awareness, Trial, and Usage Study, Dec '06

# Coreg CR off to a strong start

ONCE-A-DAY  
**COREG CR**  
Carvedilol Phosphate  
extended-release capsules



**Coreg New Rx by Cardiologists**  
week ended April 13<sup>th</sup>

Great response from Cardiologists

Coreg CR launched March 22<sup>nd</sup>

£14m of launch stocking in Q1

# A brand new option for allergy patients

**FDA Action  
date April 29<sup>th</sup>**



- Broad efficacy
- For patients 2 years and older
- Efficacy against ocular symptoms
- An outstanding new device

# Next generation migraine treatment

**Trexima**<sup>™</sup>  
sumatriptan succinate/  
naproxen sodium



**February 1**

**Response  
submitted  
to FDA**

**March 22**

**FDA  
Accepted  
Response**

**3Q '07**

**Expected  
Launch**

# 2007: Further new product opportunities



- FDA approved for impetigo April '07
- Positive CHMP opinion March '07



-- In Europe --

- First EU approval in 1Q
- Launches throughout '07

## H5N1

- Pre-pandemic vaccine filed in Europe 1Q07; Ph III trials in US



- Approved in Japan April '07
- Response to FDA approvable letter for ACS filed Feb '07

# 2007 Outlook



GlaxoSmithKline