



H1 Results 2012

25 July 2012



Andrew Witty
Chief Executive Officer

Simon Dingemans
Chief Financial Officer

Continued execution of our strategy in a difficult external environment

Grow

a diversified
global business

Deliver

more products
of value

Simplify

the operating
model

Businesses in innovation markets structured to
launch new products

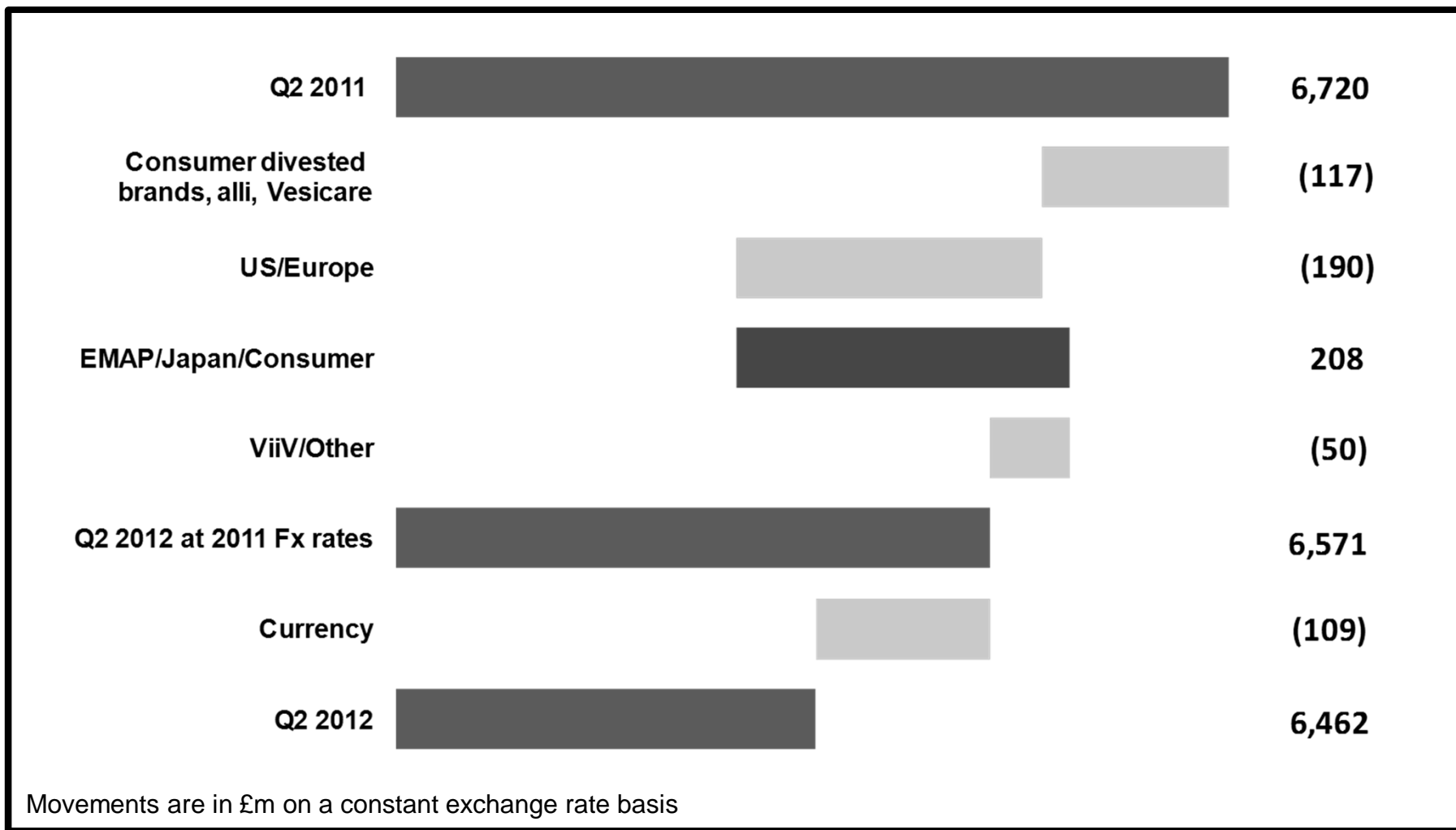
Reshaped R&D delivers sustainable
pipeline flow

Increased portfolio of affordable Pharma, Vaccines
and Consumer brands in Emerging Markets

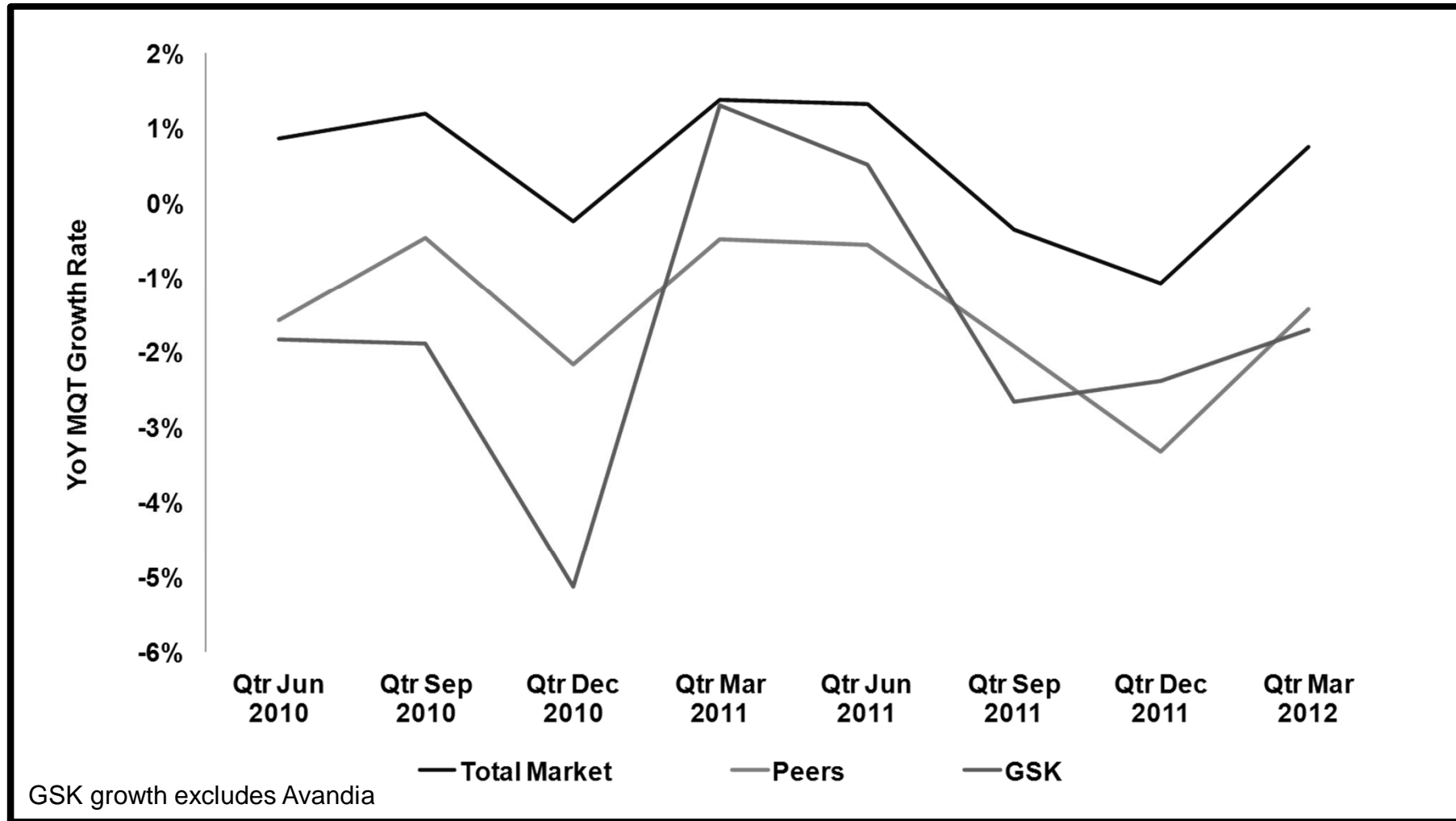
Consumer Healthcare business refocused around
Global brands and Emerging Markets

Continue to drive world leading Vaccines business

Sales growth from investment businesses outweighed by pressures in mature markets and from divestments



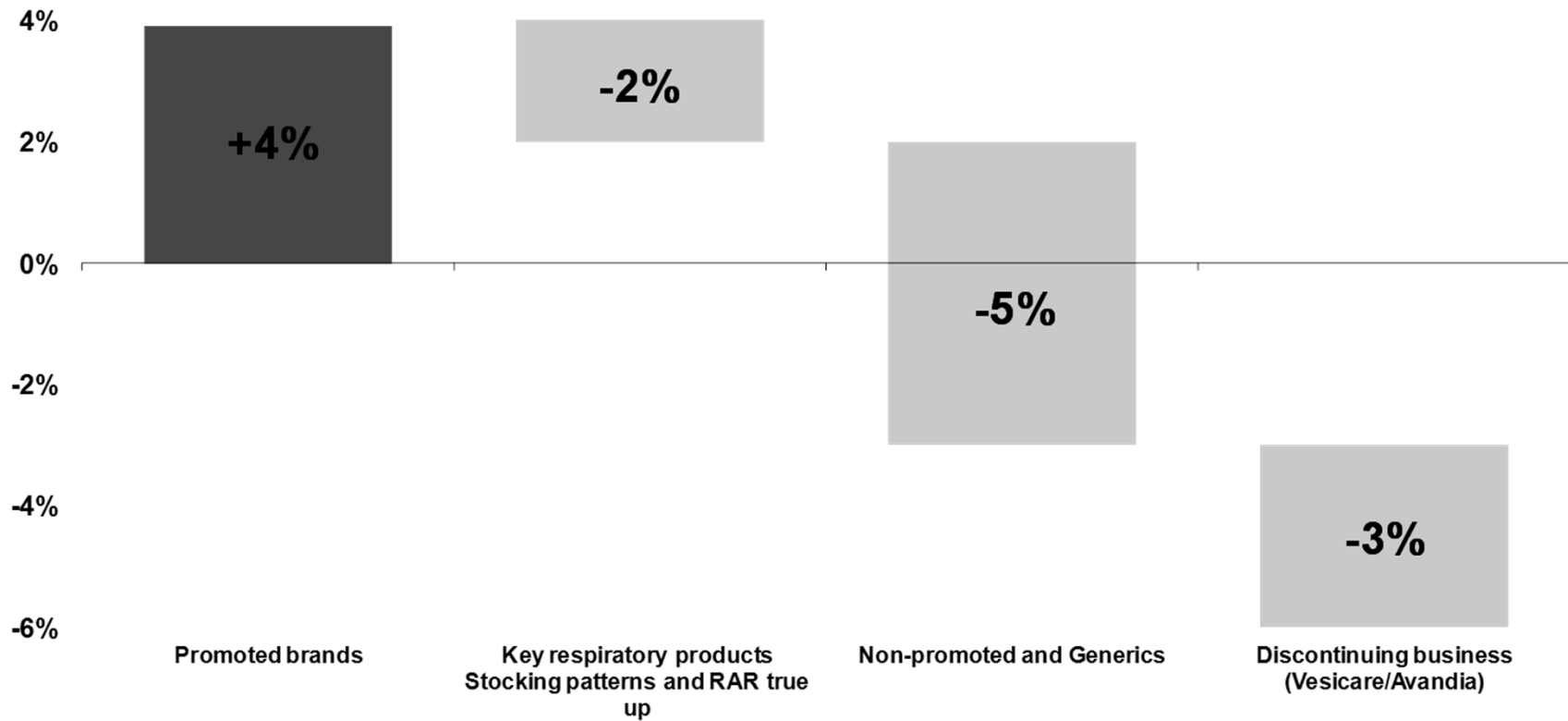
European volume performance in line with peers



Source: IMS Health data (number of packs); Peers represent: Abbott AstraZeneca Bayer GSK Johnson & Johnson Lilly Merck & Co Novartis Pfizer Roche Sanofi

US business portfolio transition

Q2 12 sales analysis: £1.7bn down 6%



Graph shows Q2 contribution to growth at CER

GSK at the half year

Tough macro environment

Broadly flat sales

- “ Growth in EMAP Japan & ongoing Consumer
- “ Europe/US declines

Continued focus on costs & margins

- “ Direct further action on cost base
- “ Acceleration of financial efficiencies

Increasing cash generation & returns to shareholders

- “ £3.2bn distributed to shareholders

Significant pipeline delivery

- “ Supports potential launch of 8 new drugs and vaccines in 24 months
- “ Significant progress across major therapeutic areas (Respiratory, Oncology, HIV, and Diabetes)

Data in-house for 12 of the key 15 pipeline assets; 10 are positive

	Q2 2011	FY 2011	H1 2012	Status
Respiratory	UMEC/VI (LAMA/LABA)			
				Relvar/Breo (LABA/ICS)
Oncology	Tykerb (<i>adj breast cancer</i>)			
				Votrient
				Promacta/Revolade
	trametinib (MEK inhibitor)			
	dabrafenib (BRAF inhibitor)			
Vaccines	MAGE-A3 (therapeutic vaccine)			
	Mosquirix			
Diabetes	albiglutide (GLP-1)			
				otelixizumab
CNS	IPX066			
HIV	dolutegravir (integrase)			
Rare diseases	migalastat HCl (Fabry [®])			
	drisapersen (DMD)			

Data by end of 2012 ¹ Pending final data from programme; ² Approved in US for sarcoma, further data expected in renal cell carcinoma

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Data in-house for 12 of the key 15 pipeline assets; 10 are positive

	Q2 2011	FY 2011	H1 2012	Status
Respiratory	UMEC/VI (LAMA/LABA)			Filing 2012 ¹
	Relvar/Breo (LABA/ICS)			Filed
Oncology	Tykerb (adj breast cancer)			
	Votrient			Approved ²
	Promacta/Revolade			Filed
	trametinib (MEK inhibitor)			Filing Q3'12
	dabrafenib (BRAF inhibitor)			Filing Q3'12
Vaccines	MAGE-A3 (therapeutic vaccine)			2013
	Mosquirix			
Diabetes	albiglutide (GLP-1)			Filing Q1'13
	otelixizumab			
CNS	IPX066			Under review
HIV	dolutegravir (integrase)			
Rare diseases	migalastat HCl (Fabry [®])			
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Pipeline delivery builds on existing areas of strength



Respiratory

- ~ £3.7bn (+1%) in H1
- ~ Relvar/Breo filed
- ~ Positive UMEC/VI pivotal data
- ~ 7 additional late stage* assets



Vaccines

- ~ £1.5bn (flat) in H1
- ~ 2 meningitis vaccines approved
- ~ Quadrivalent flu filed
- ~ MAGE A3 data in 2013
- ~ PhIII Zoster programme ongoing



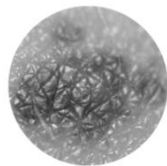
CV/Urology/ Metabolic

- ~ CV & Urology £1.3bn (+10%) in H1
- ~ albiglutide data in house and filing in Q1 13
- ~ darapladib data expected 2013/14



HIV

- ~ £680m (-6%) in H1; impacted by generics
- ~ Growth from Epzicom and Selzentry
- ~ Positive dolutegravir pivotal data



Oncology

- ~ £375m (+22%) in H1
- ~ Votrient Sarcoma approval
- ~ MEK & BRAF filings imminent
- ~ Promacta* filed; FDA priority review



Rare diseases

- ~ £216m (-3%) in H1
- ~ Fabry[†] data by end 2012
- ~ Duchenne data by end 2012

* Late stage is defined as Phase II b/Phase III; HIV business is run as "ViiV Healthcare"; dolutegravir is a Shionogi-ViiV Healthcare joint venture asset; Promacta file is for Hepatitis C thrombocytopenia; migalastat 6-month Fabry's data from 12-month studies

Strategy has delivered £22bn of cash to shareholders; further actions to enhance future returns

2008 to H1 2012

£22bn returned to shareholders
through dividends and
share buybacks

Driven by....

- “ Geographic rebalance to increase exposure to growth markets
- “ Development of Consumer and Vaccines business
- “ Increasing efficiency in cost base
- “ Increasing R&D return on investment
- “ Focus on enhanced cash conversion

2012 onwards

Continuing commitment to grow
dividend and sustain long term
share buybacks

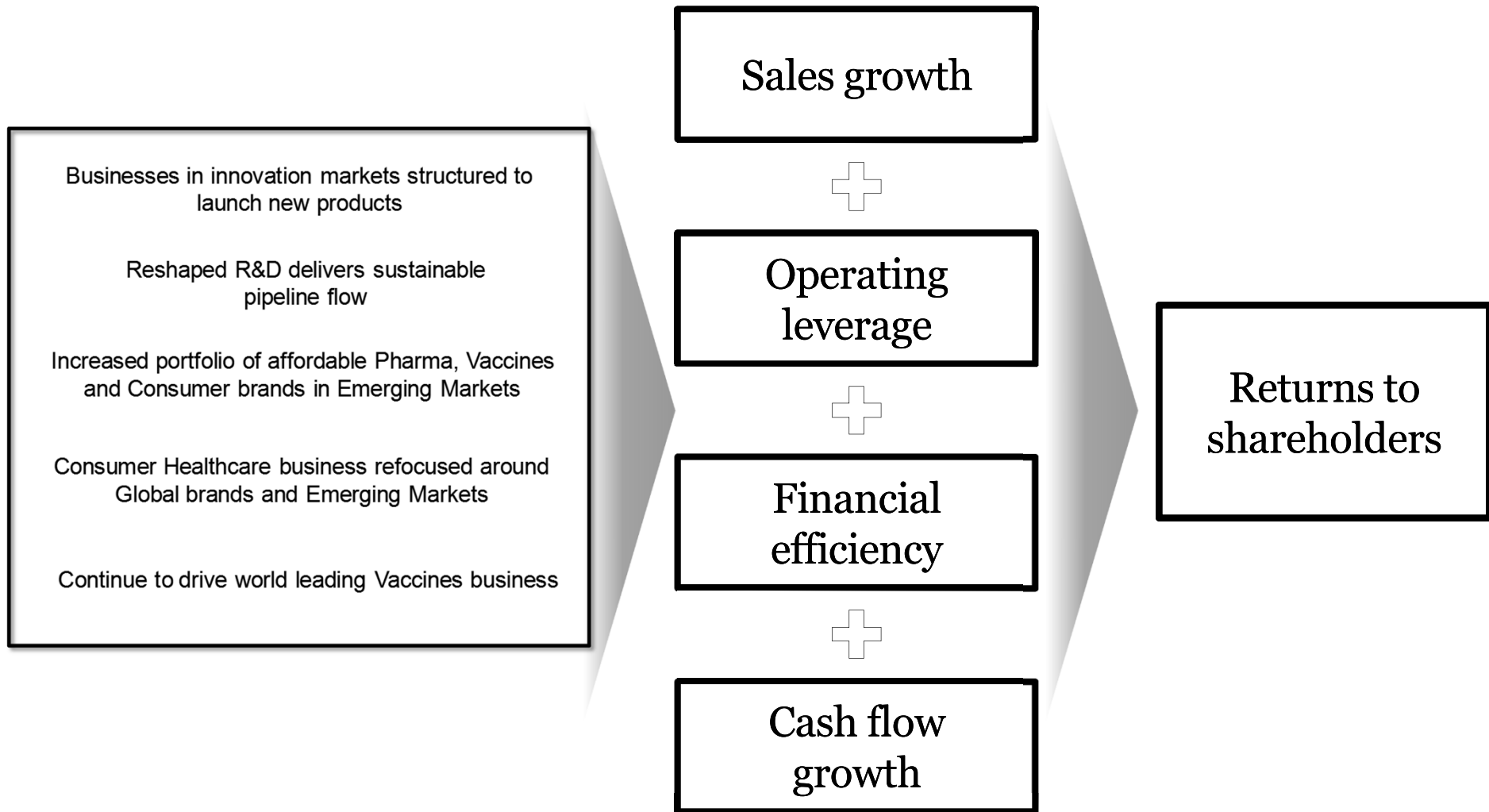
Driven by....

- “ Increasing contribution of pipeline to sales
- “ Further actions to shape the business to drive margin and returns:
 - “ Increasing focus on key franchises and divestment of non-core assets
 - “ Consolidating economic benefits to GSK shareholders (i.e. HGS)



Simon Dingemans
Chief Financial Officer

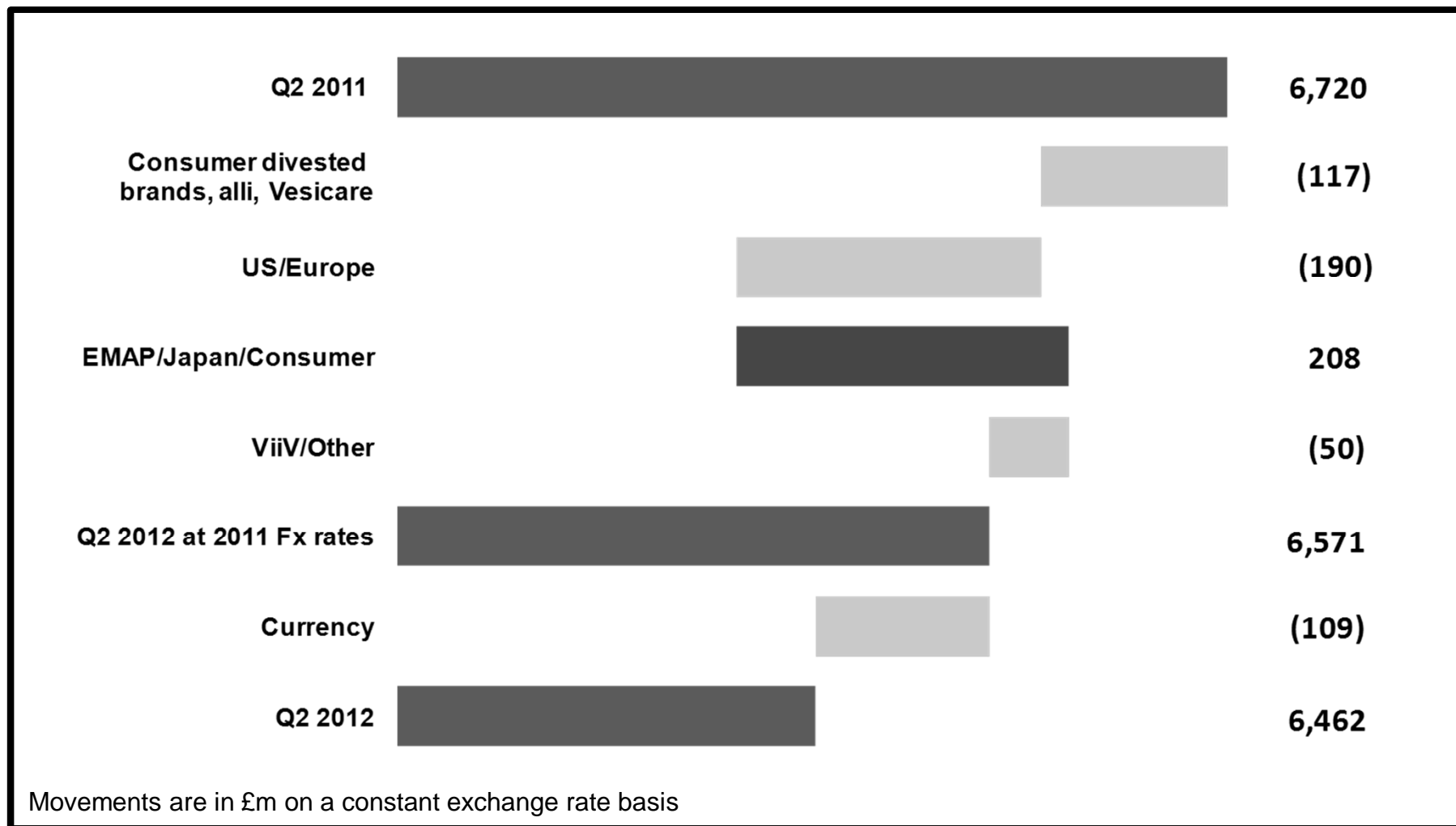
Strategy to deliver sustainable financial performance and returns to shareholders



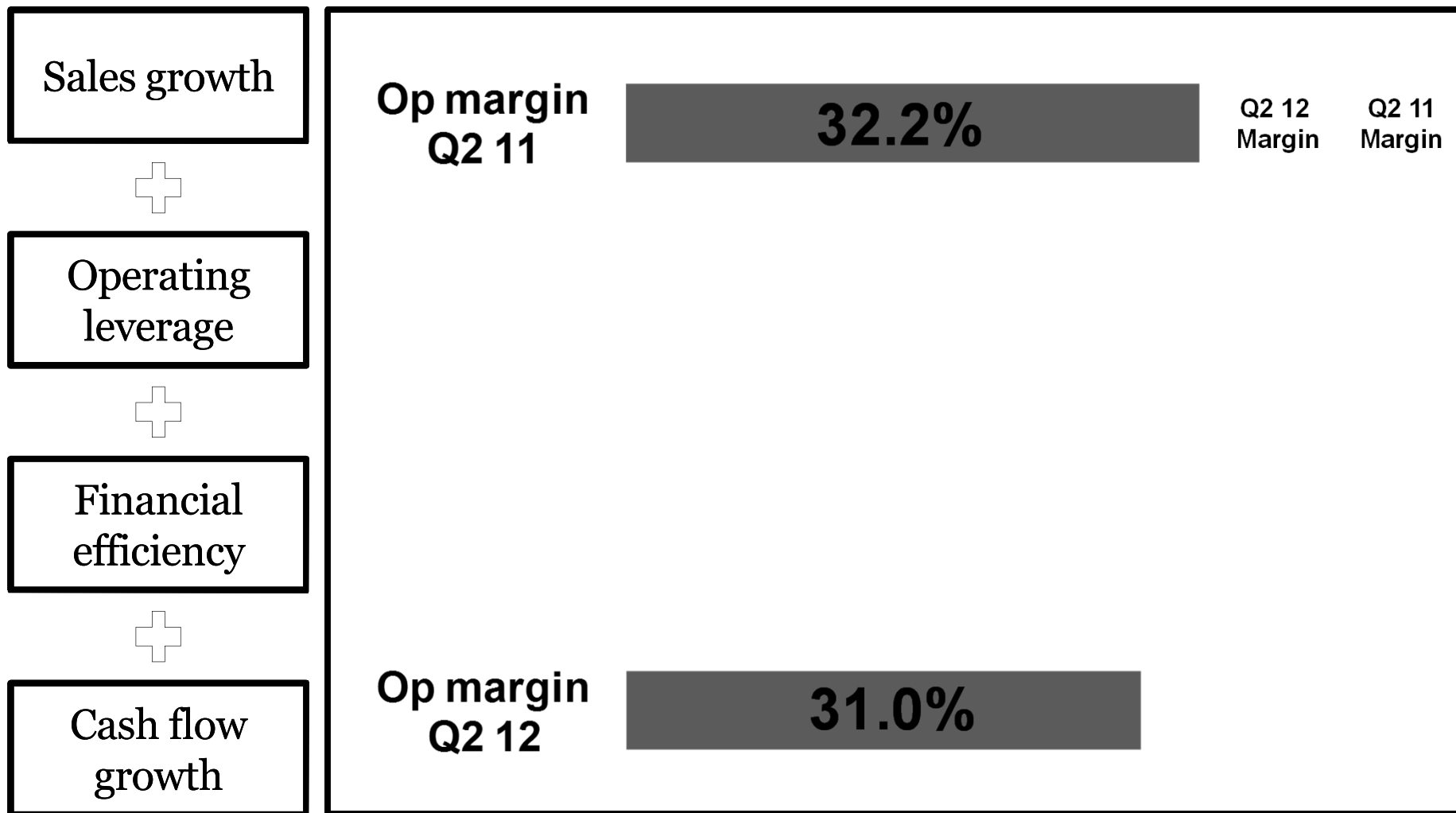
Headline results

£m	Q2 2012	Growth %		H1 2012	Growth%	
		CER	£		CER	£
Turnover	6,462	(2)	(4)	13,102	-	(2)
Core Operating profit	2,002	(7)	(8)	4,073	(2)	(3)
Core EPS	26.4p	(5)	(5)	53.7p	1	-
Adjusted FCF (FCF excl. legal)	1,315		39	2,062		4

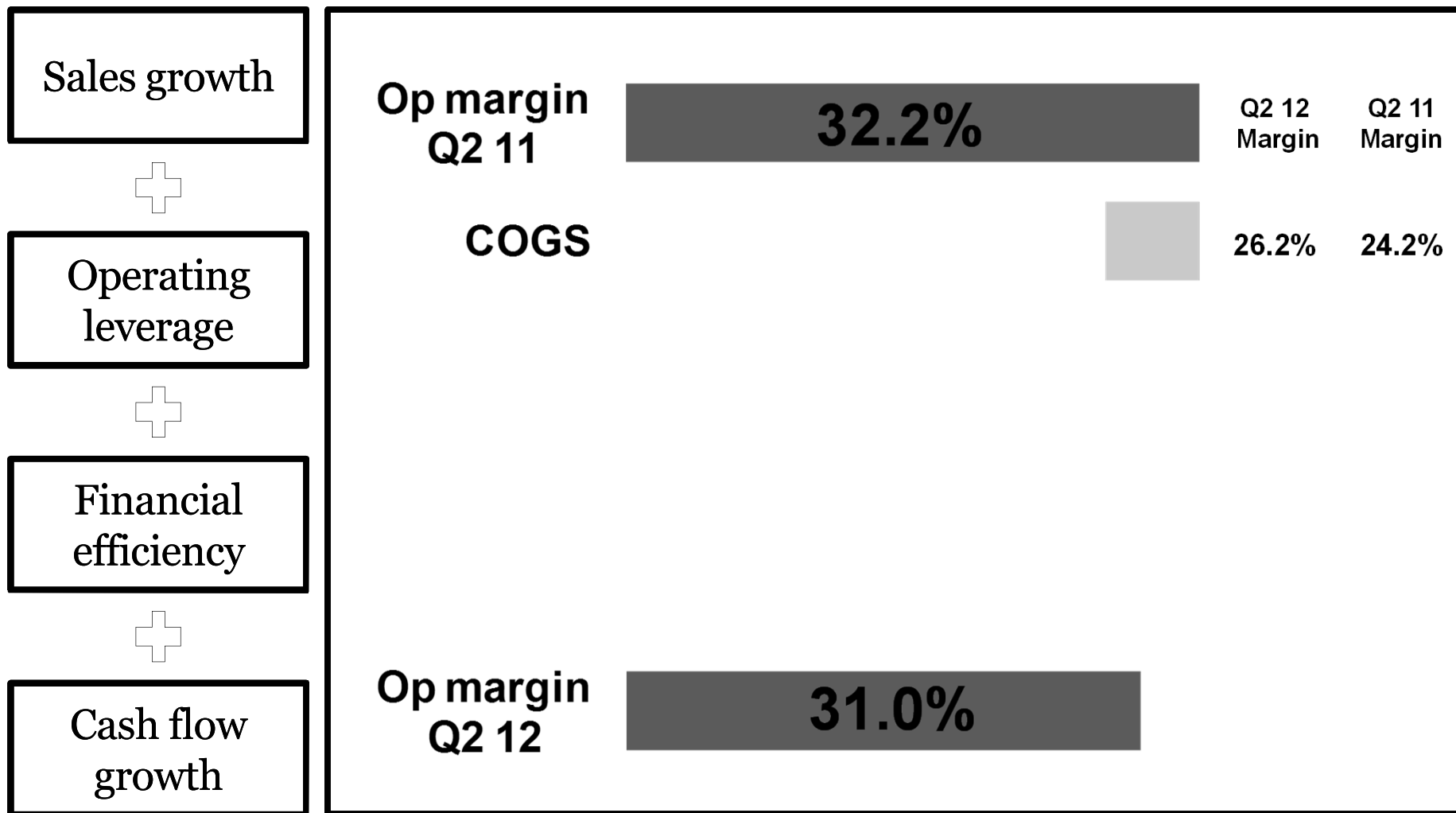
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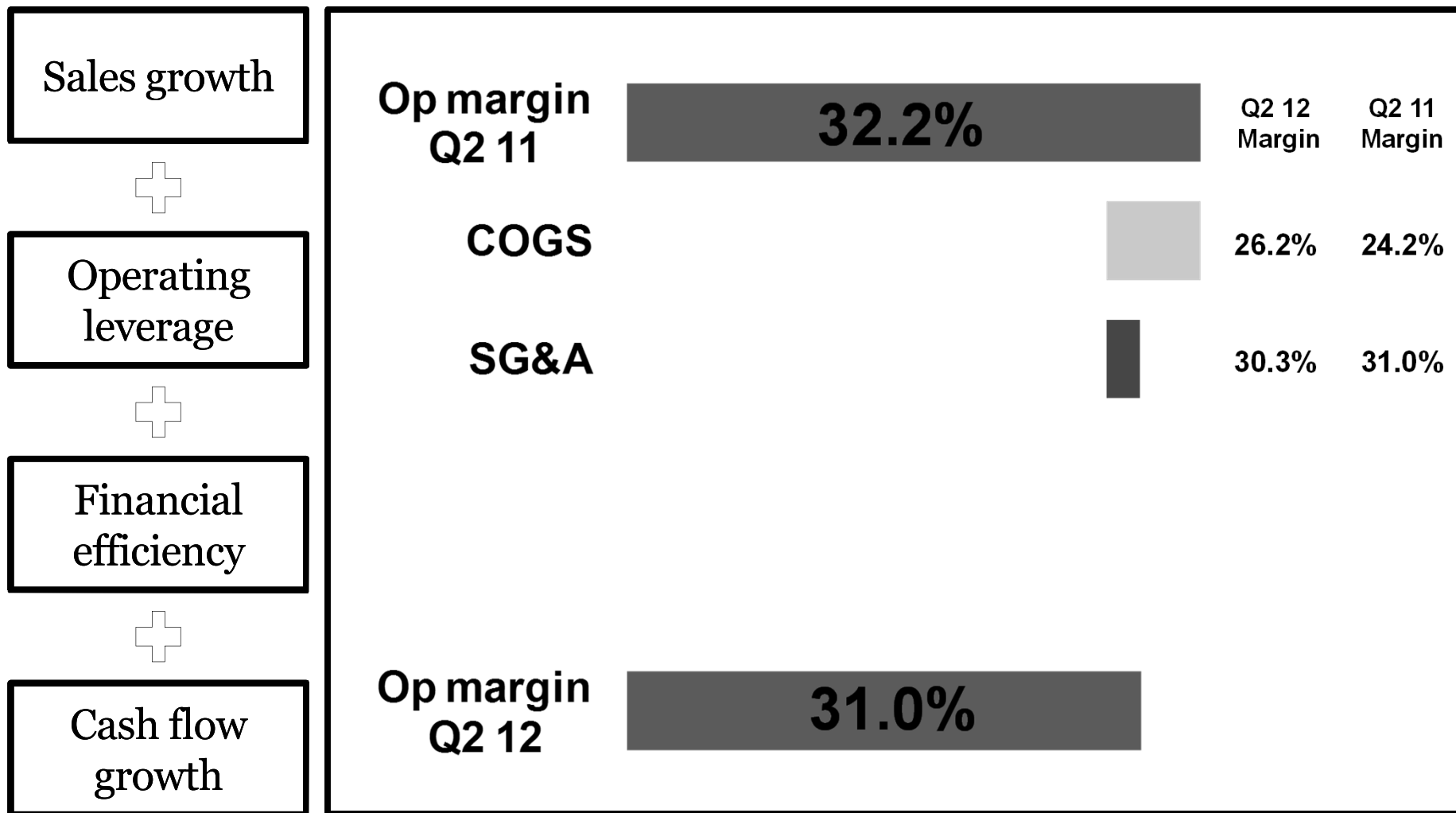
Q2 2012 core operating margin impacted by COGS comparator



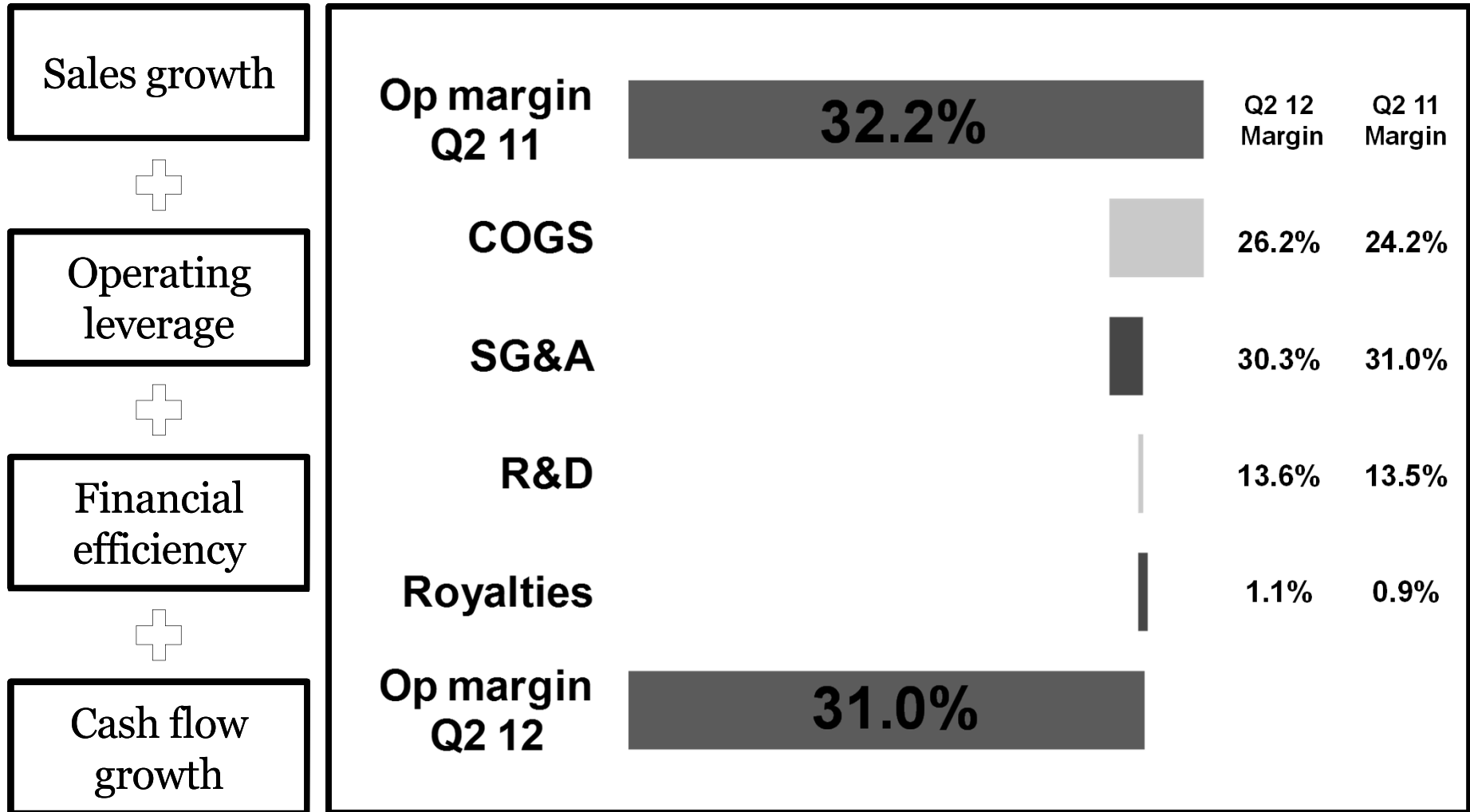
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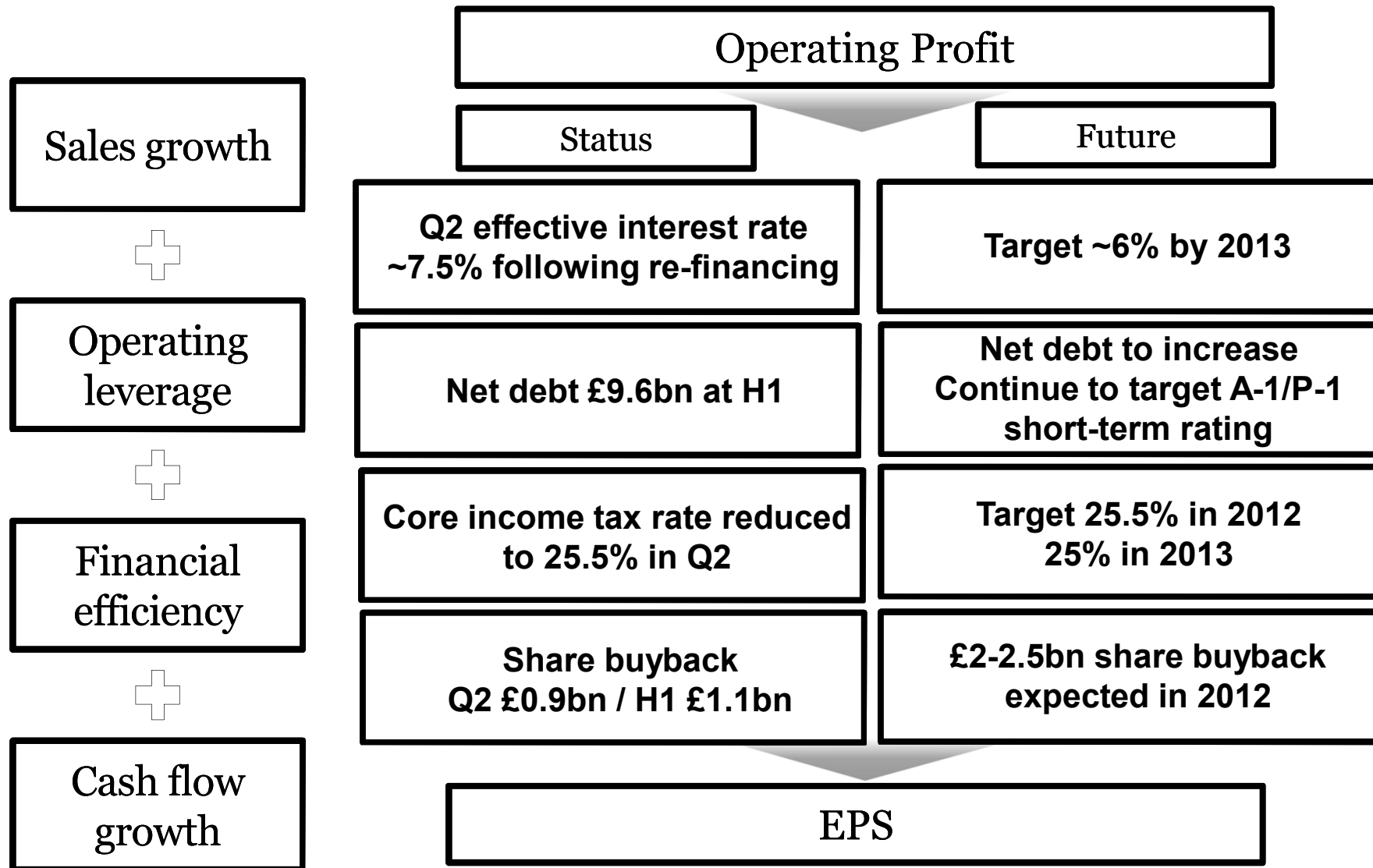
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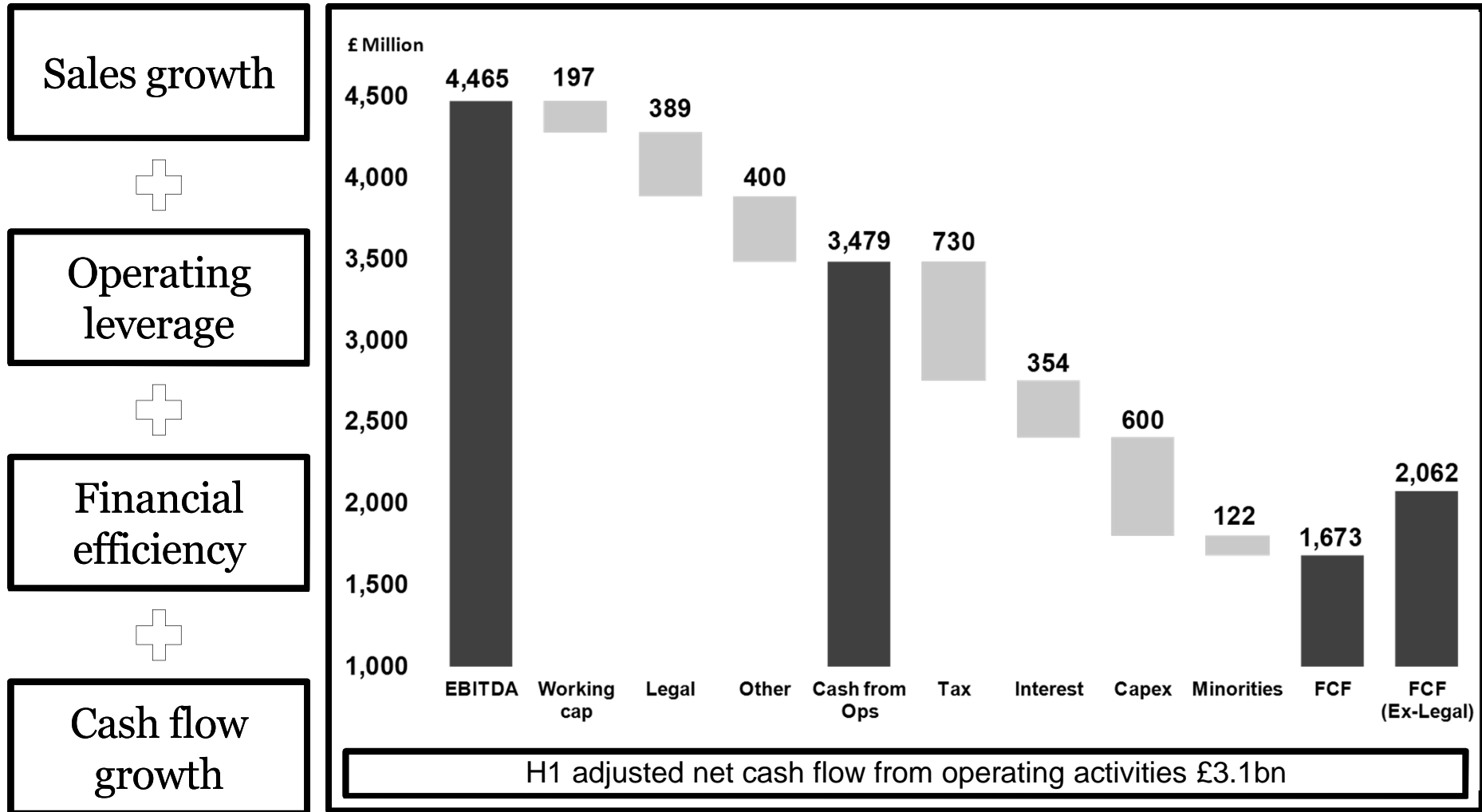
Q2 2012 core operating margin impacted by COGS comparator



Continue to make progress on delivery of financial efficiencies



Generated £2.1bn free cash flow (ex legal) in H1 12



Continued progress in reducing working capital

Sales growth



Operating leverage



Financial efficiency

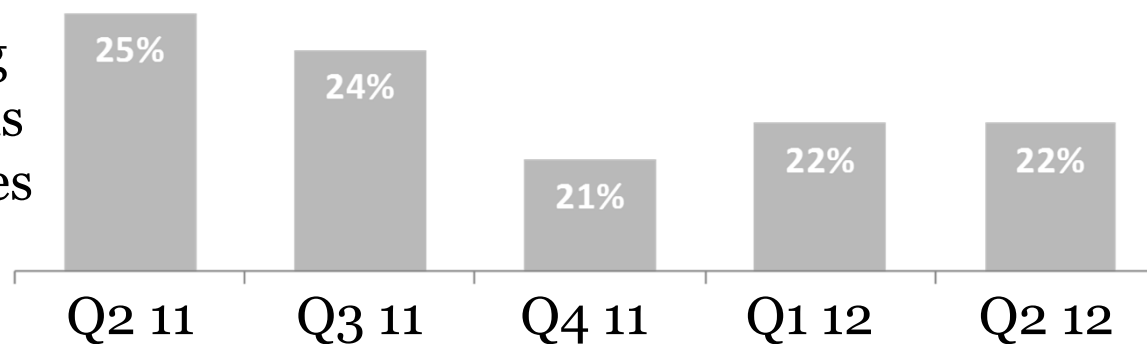


Cash flow growth

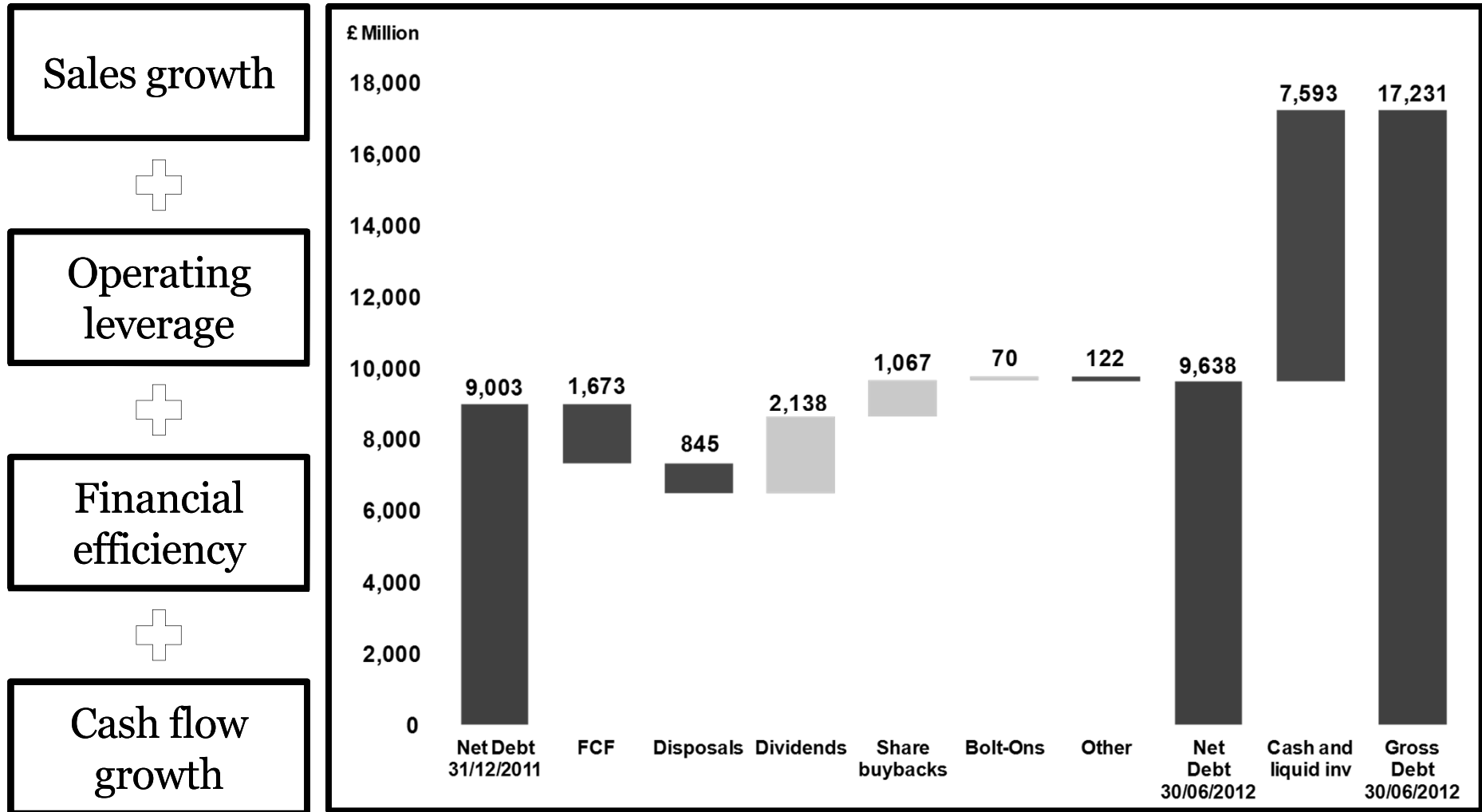
Conversion cycle

	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12
DSO	64	63	61	62	60
DPO	34	33	43	40	41
DIO	206	197	192	193	193
Days	236	227	210	215	212

Working capital as % of sales



Liquidity in anticipation of legal and acquisition costs



£3.2bn cash returned to shareholders in H1 2012;
up 22% compared with H1 2011

Dividends
£2.1bn* in H1 2012

Q1 +6%
Q2 +6%

Buyback
£1.1bn in H1 2012

* Comprises payment of 2011 third interim dividend (£847m), and 2011 fourth interim dividend (£1,043m) and the 2011 Supplemental dividend (£248m)

GSK is positioned for continued returns to shareholders

