GSK Investor Presentation

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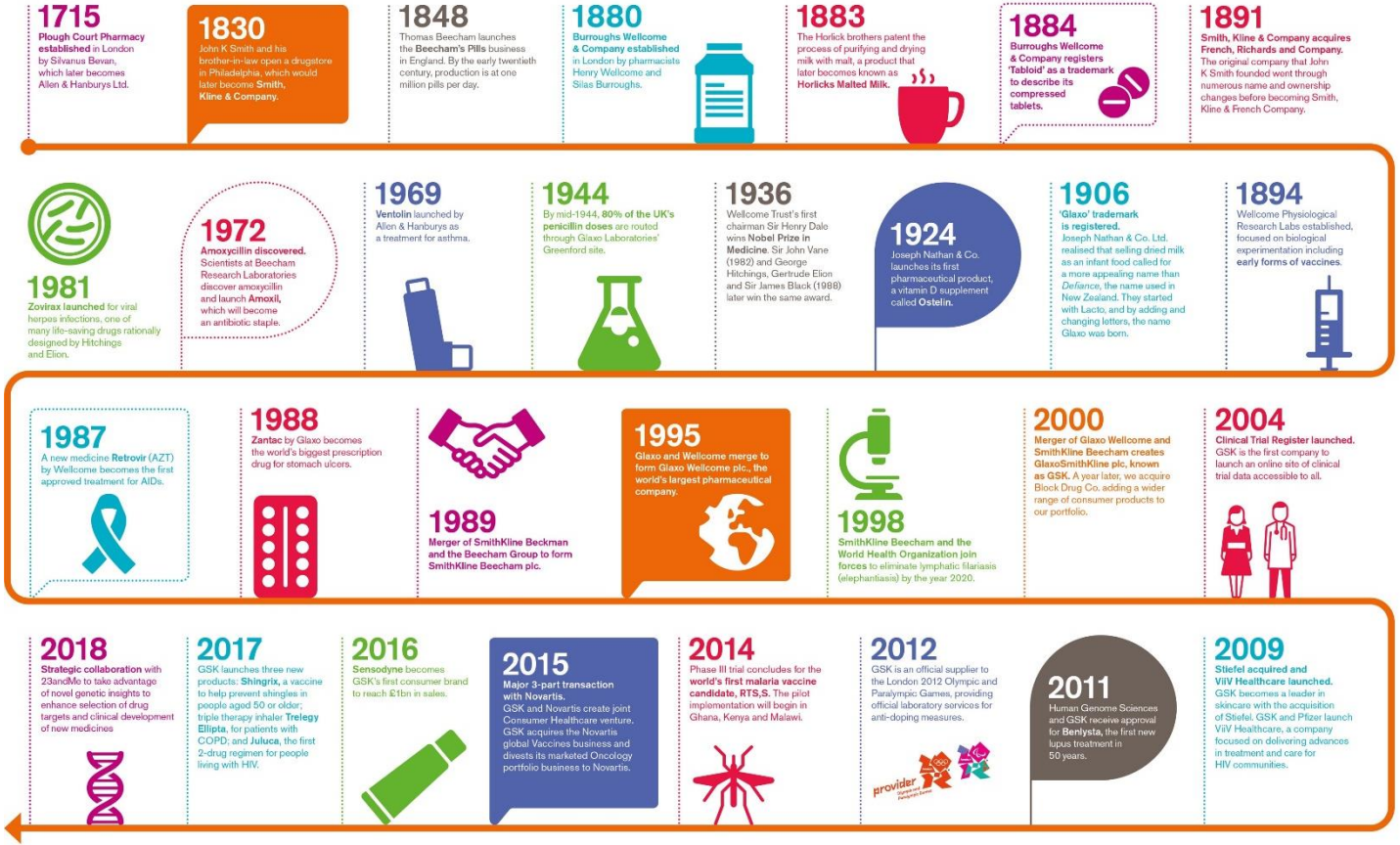
A number of adjusted measures are used to report the performance of our business, which are non-IFRS measures. These measures are defined and reconciliations to the nearest IFRS measure are available in our first quarter 2019 earnings release and Annual Report on Form 20-F for FY 2018.

All expectations and targets regarding future performance and the dividend should be read together with "Assumptions related to 2019 guidance and 2016-2020 outlook" on page 36 of our first quarter 2019 earnings release.

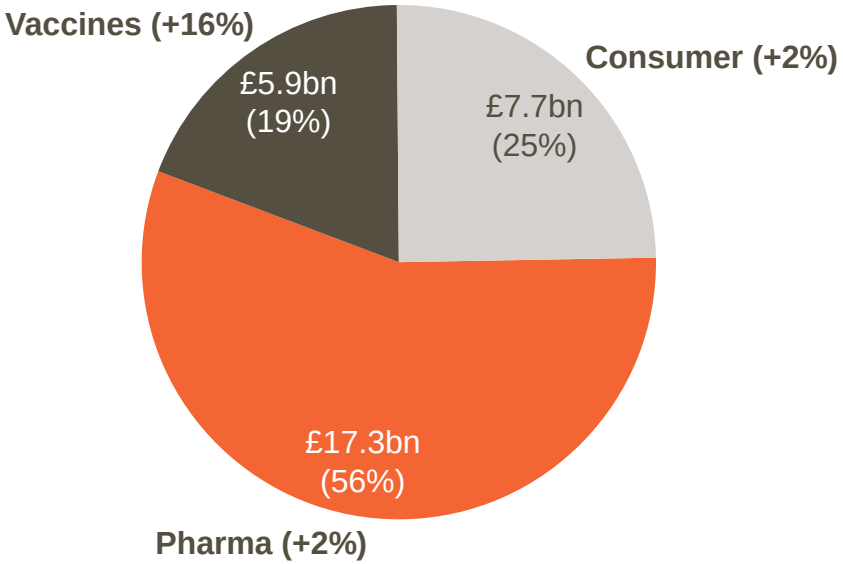
Three centuries of innovation



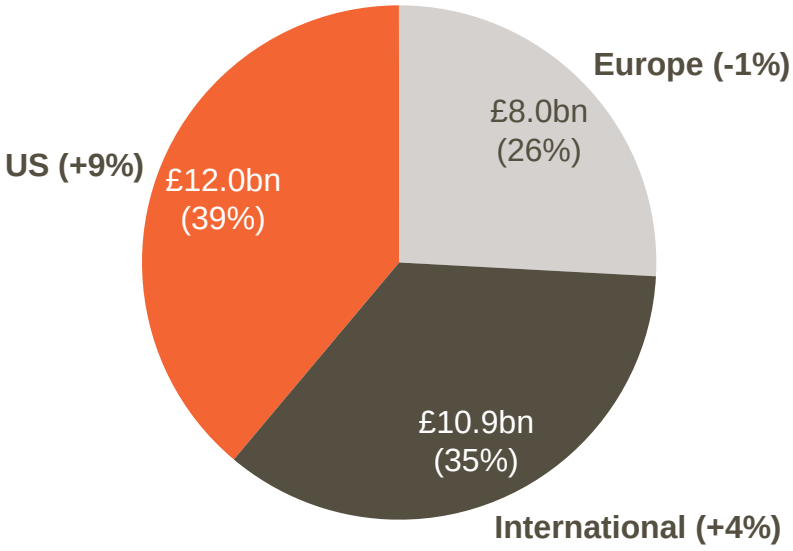
Group: revenue breakdown 2018

Revenues of £30.8bn (+5% CER)

Business Units



Regions



Source: GSK Full year 2018 results release – February 2019

All growths at constant exchange rates (CER). Breakdown percentages are approximate

Pharmaceuticals

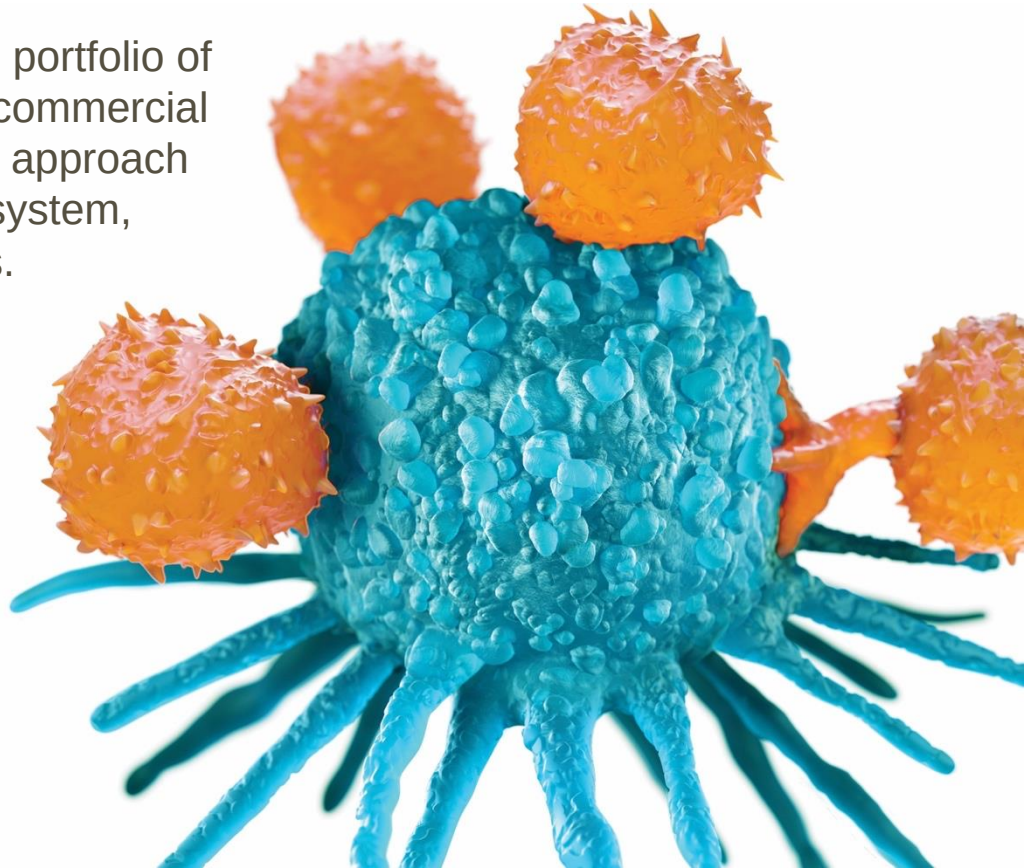
Our Pharmaceuticals business has a broad portfolio of innovative and established medicines with commercial leadership in respiratory and HIV. Our R&D approach focuses on science related to the immune system, use of genetics and advanced technologies.

£17.3bn, +2% CER

Sales turnover 2018

Key Products

Triumeq/Tivicay	HIV
Trelegy	COPD
Nucala	Severe Asthma



Immune system T-cells attacking a cancer cell

Vaccines

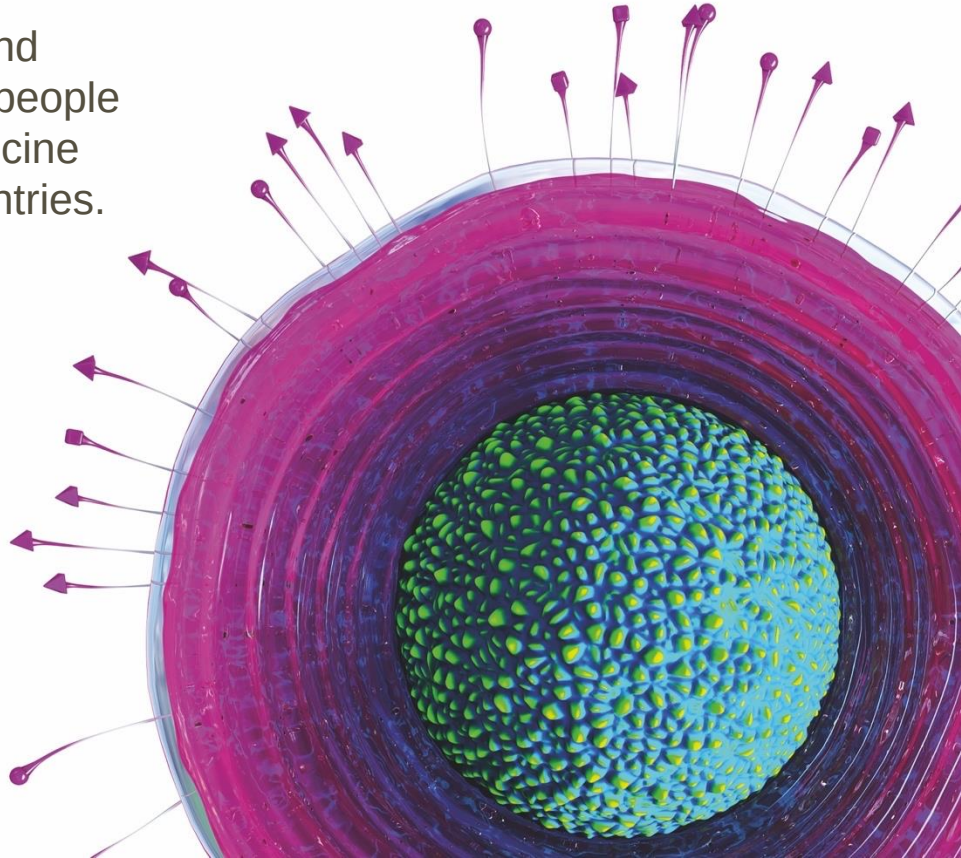
Our Vaccines business has a broad portfolio and innovative pipeline of vaccines to help protect people throughout life. We deliver over two million vaccine doses per day to people living in over 160 countries.

£5.9bn, +16% CER

Sales turnover 2018

Key Products

Shingrix	Shingles
Infanrix/Pediarix	Paediatric
Bexsero, Menveo	Meningitis



Herpes zoster virus of shingles

Consumer Healthcare

Our Consumer Healthcare business develops and markets an innovative portfolio of consumer preferred and expert recommended brands in the Oral health, Pain relief, Respiratory, Skin health, Nutrition and Digestive categories.

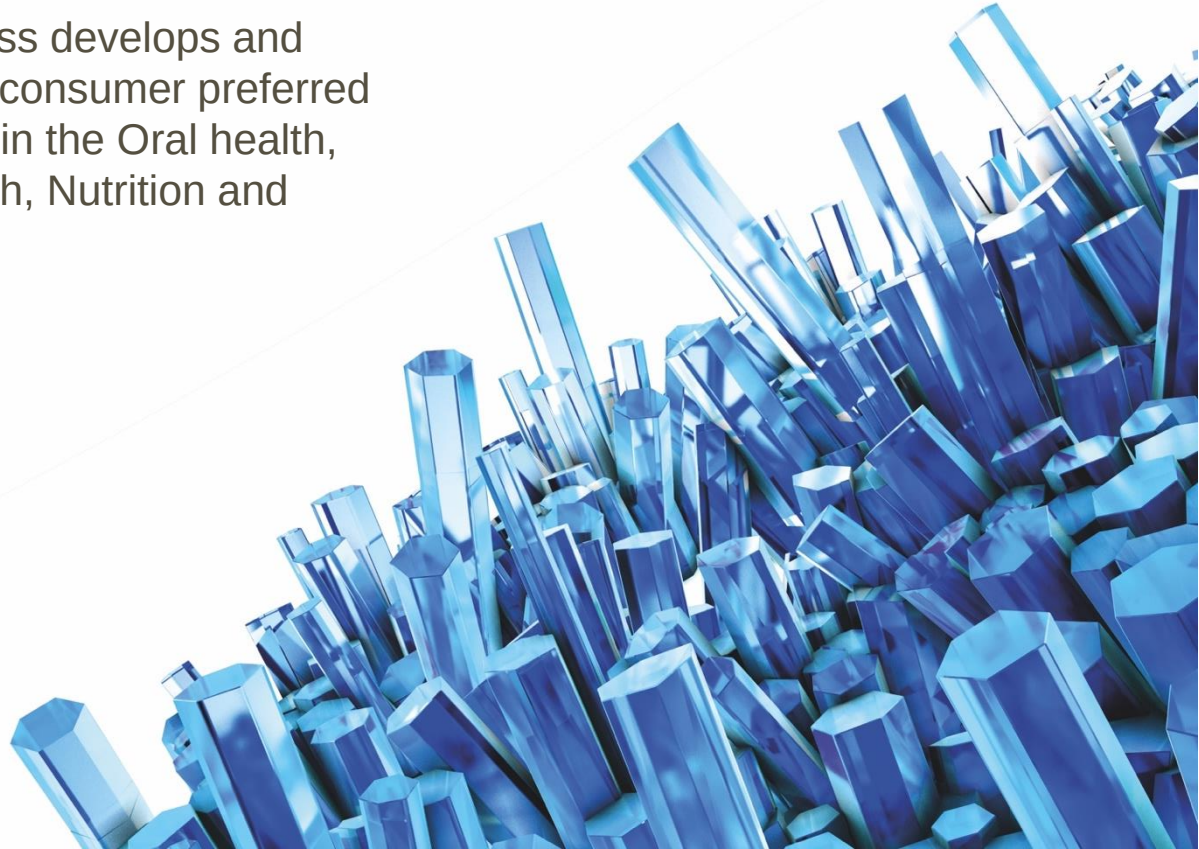
£7.7bn, +2% CER

Sales turnover 2018

Key brands

Sensodyne	Oral health
Voltaren	Pain relief
Panadol	Pain relief

Novamin, a key technology in *Sensodyne Repair and Protect*



3 long-term priorities

Innovation

We invest in scientific and technical excellence to develop and launch a pipeline of new products that meet the needs of patients, payers and consumers.

Performance

We aim to achieve industry-leading growth by investing effectively in our business, developing our people and delivering flawlessly.

Trust

We commit to use our science and technology to address health needs, make our products affordable and available and to be a modern employer.

Culture

2018: delivered improved operating performance and reshaped portfolio

Innovation

Performance

Trust

- New leadership and culture
- Focus on launch execution
- Restructuring Pharma business
- New R&D approach with a focus on immunology, genetics and technology
- Pipeline strengthening with increased oncology focus
- Business Development – Tesaro, 23andMe, Merck† alliance
- Divestment of non-core assets
- Buy out of Novartis stake; proposed new Consumer JV with Pfizer*

† Transaction with Merck KGaA, Darmstadt, Germany expected to close Q1 2019
* Transaction to create the JV is expected to close in the second half of 2019, subject to approvals

2019: focus on delivering business priorities

2019 focus

Innovation
- Strengthen pipeline
- Execution of launches

Performance
- Driving growth and operating performance
- Plan for the integration of Pfizer consumer health business

Trust
- Regular updates on innovation
- Global health focused for impact
- Modern employer

– Drive operating performance
– Progress pipeline
– Successful integration

New global Pharmaceuticals and Vaccines company with R&D focused on science of the immune system, genetics and advanced technologies

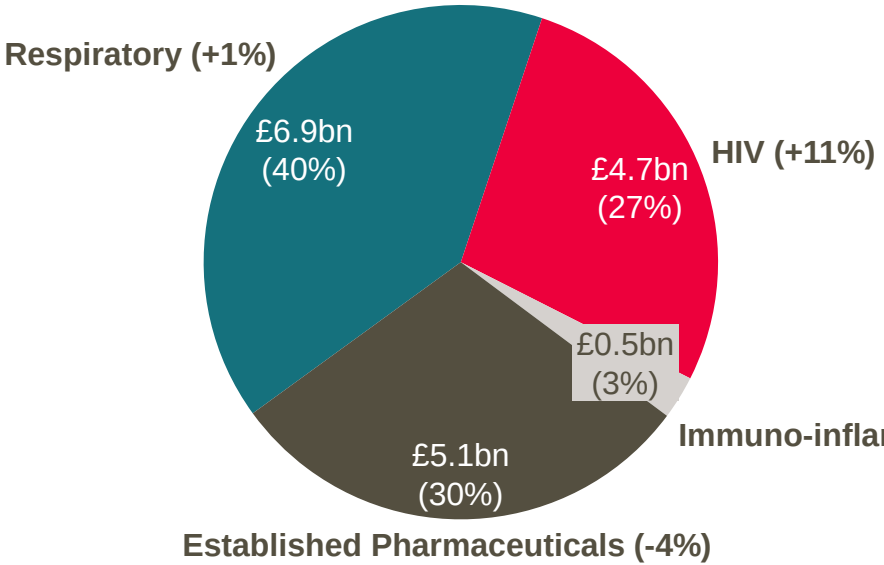
New world-leading Consumer Healthcare company with category leading power brands and science based innovation

Pharmaceuticals

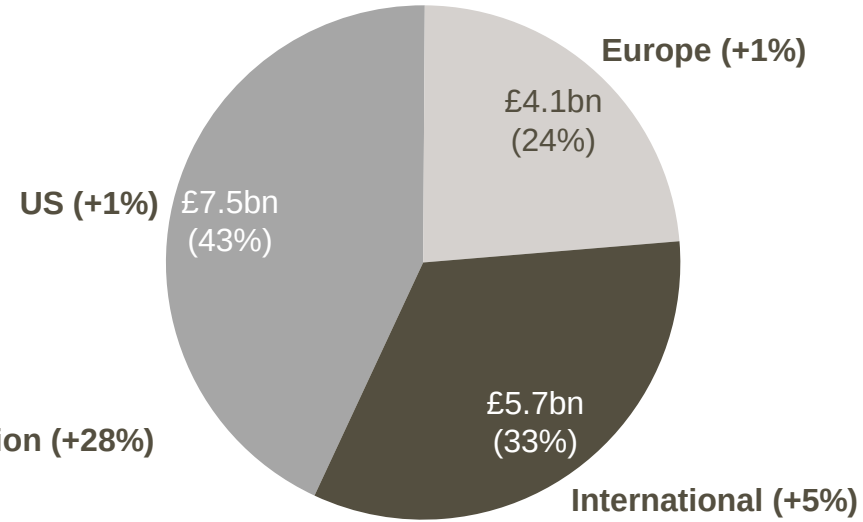
Pharmaceuticals: revenue breakdown 2018

Revenues of £17.3bn (+2% CER)

Therapy Areas



Regions



Source: GSK Full year 2018 results release – February 2019

All growths at constant exchange rates (CER). Breakdown percentages are approximate

Increasing focus and prioritisation to support future growth

Focus resources on key products

- Trelegy
- Nucala
- HIV
- Zejula
- Shingrix
- Bexsero

Investing in priority markets

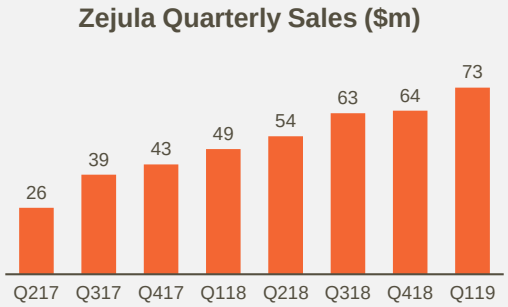
- US
- China

Building our capability in Specialty

- New talent with Specialty experience
- Co-location of development and commercial in Oncology
- Tesaro transaction
- Changes to our policy for working with healthcare professionals

Transaction with Tesaro accelerates GSK's oncology presence

Leading PARP inhibitor for ovarian cancer



Leading position in 2nd line maintenance therapy of ovarian cancer

OC market evolving rapidly

Immediate Oncology infrastructure

Solid tumour field force, with ~250 sales representatives in US and major EU markets

Oncology focused infrastructure (eg regulatory, payer management)

Complements ongoing GSK build in oncology

Catalyst for broader change

Lifecycle combinations eg ICOS

Talent acquisition

Emerging Markets: focus on nine key markets and simplifying the business model

9 key markets

Two thirds of sales

Strong growth potential

Investing in customer facing resource

China | Brazil | India
Mexico | Argentina | Turkey
Russia | GCC | Pakistan

Clustering smaller markets

25% of sales

Solid growth potential

Optimising back office support

LSP | North Africa
CARICAM | EM EAST
Colombia

New Export business model

<10% of sales

Limited near term growth potential

Distribution model to improve profitability

CIS | Africa
Middle East Export
Asia DC

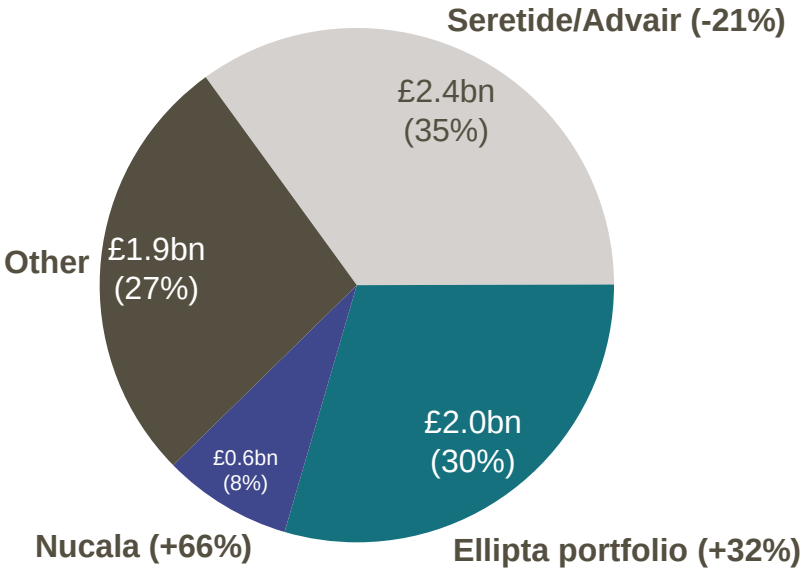
LSP = Latina South Pacific (Chile, Peru, Ecuador)
EM East = Vietnam, Philippines, Thailand, Malaysia, Sri Lanka
Asia DC = Bangladesh, Laos, Papua New Guinea, Myanmar, Cambodia

Respiratory

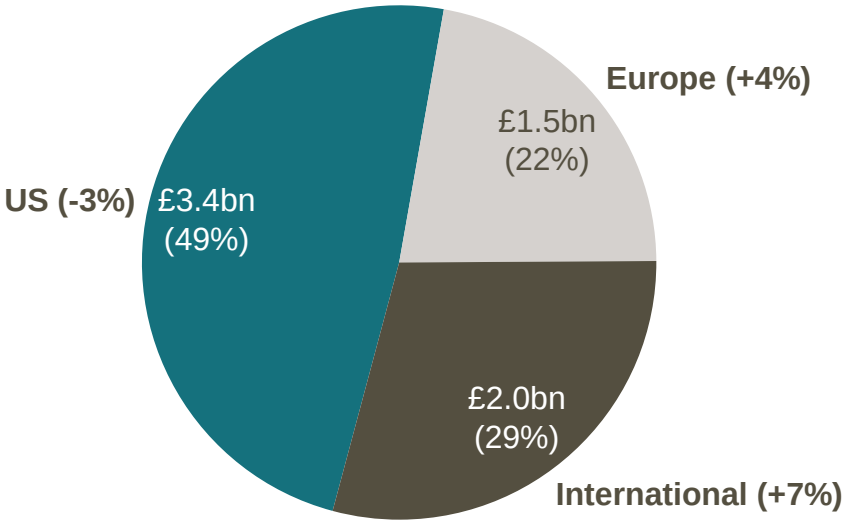
Respiratory: revenue breakdown 2018

Revenues of £6.9bn (+1% CER)

Products



Regions

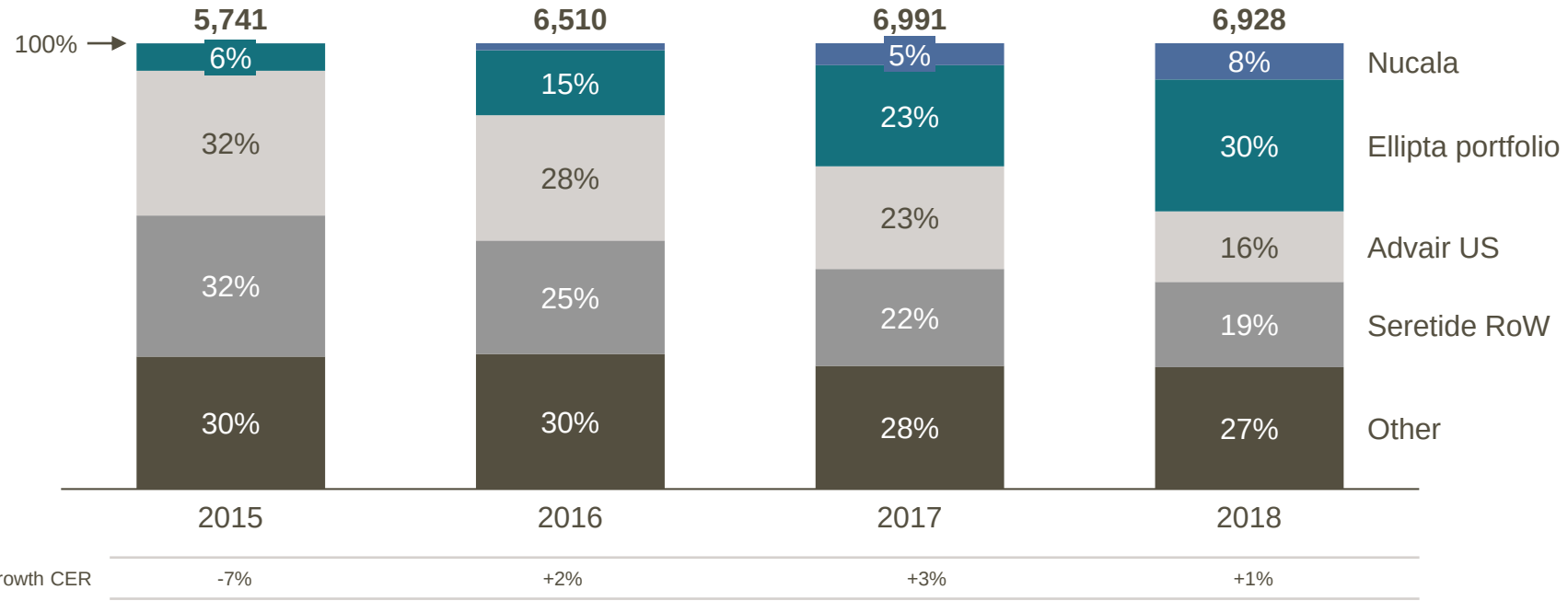


Source: GSK Full year 2018 results release – February 2019

All growths at constant exchange rates (CER) . Breakdown percentages are approximate

The changing shape of the respiratory portfolio

New portfolio offsetting decline in Advair/Seretide



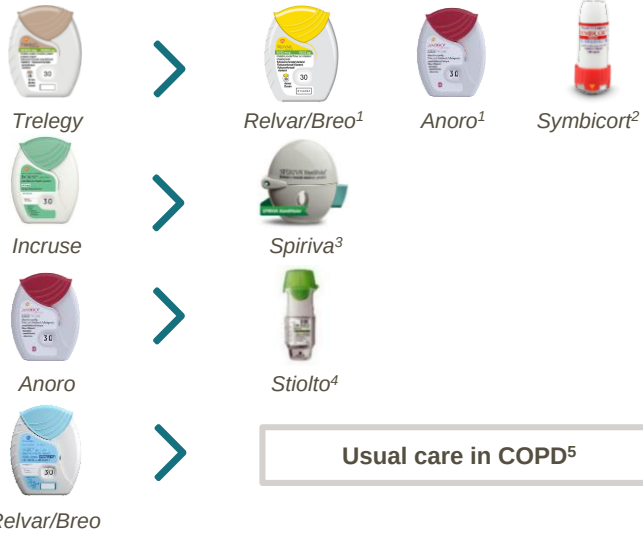
Source: GSK Full year 2015, 2016, 2017 and 2018 results releases – February 2016, February 2017, February 2018 and February 2019

New portfolio provides platform for continued market leadership

- ***Relvar/Breo Ellipta™*** inhaler approved & launched
- ***Anoro Ellipta™*** inhaler approved & launched
- ***Incruse Ellipta™*** inhaler approved & launched
- ***Arnuity Ellipta™*** inhaler approved & launched
- ***Trelegy Ellipta™*** inhaler approved & launched
- ***Nucala™*** approved & launched for severe eosinophilic asthma and EGPA

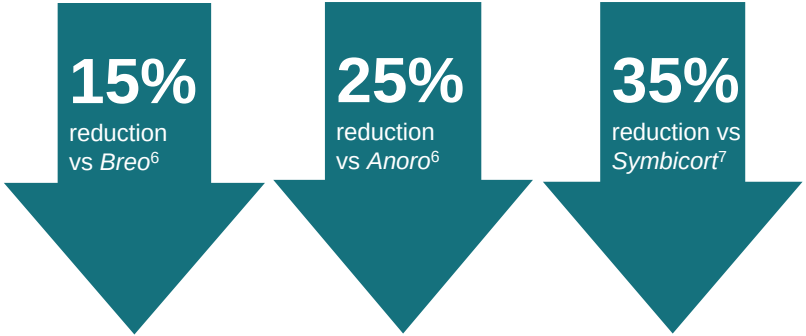
Trelegy: driving continued leadership

Demonstrated superiority in COPD



1. IMPACT: TRELEGY demonstrated a 15% reduction in moderate/severe exacerbations vs BREO and 25% vs ANORO
2. FULFIL: TRELEGY demonstrated a benefit over SYMBICORT on lung function/SGRQ
3. 201316: INCRUSE demonstrated a benefit on lung function over SPIRIVA
4. 204990: ANORO demonstrated a benefit on lung function over STIOLTO
5. SALFORD LUNG STUDY: BREO demonstrated a benefit on moderate/severe exacerbations vs. usual care

Significant exacerbation reduction with TRELEGY in COPD



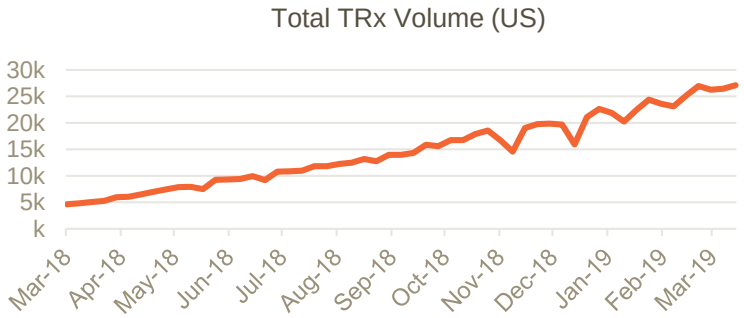
IMPACT published in NEJM 18th April 2018
Approved in US April 2018
Positive CHMP opinion in EU Sept 2018

6. Annual rate of on-treatment moderate and severe exacerbations (IMPACT)
7. Annual rate of on-treatment exacerbations at week 24 (FULFIL)

SYMBICORT is a trademark of AstraZeneca; SPIRIVA and STIOLTO are trademarks of Boehringer Ingelheim

Respiratory: continued strong growth from new products in Q119

Trelegy: steady volume growth



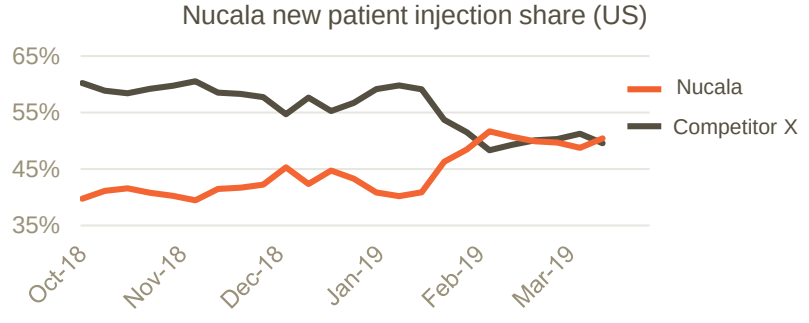
Steady growth continues after first full year on market; Q1 sales of £87 million

Launched in 30 markets to date, including recent Japan launch; China approval and launch expected later 2019

CAPTAIN study data in asthma met primary endpoint; plan to submit for regulatory review after full dataset is available

Source: TRx data from IQVIA

Nucala: competitive new SEA patients starts



Continued strong growth; Q1 sales of £152 million, +41% CER

Solid share of new patient starts, a key area of focus as an estimated <25% of suitable patients currently receive therapy

Implementation of HCP programmes in US; aim to replicate in other markets

At-home self-administration approval expected in 2019

Source: IQVIA NBRx data factored for indication and business within retail (Xponent) and non-retail (DDD)

HIV

HIV patient pool continues to increase

>37 million HIV+ globally, estimated **9.4 million** don't know their status[1]

1.8 million new infections in 2017[1]

21.7 million people living with HIV were accessing antiretroviral therapy in 2017[1]

Over **£22b** ARV market size

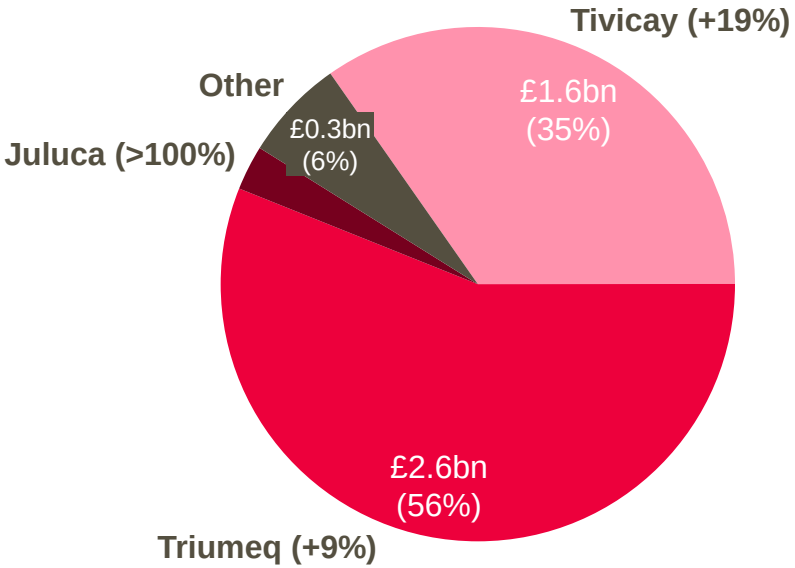
PLHIV will continue to need new treatments throughout their lifetime…

1. UNAIDS. Global HIV & AIDS statistics – 2018 factsheet. Available at: http://www.unaids.org/en/resources/fact-sheet Last accessed: November 2018.

HIV: revenue breakdown 2018

Revenues of £4.7bn (+11% CER)

Products



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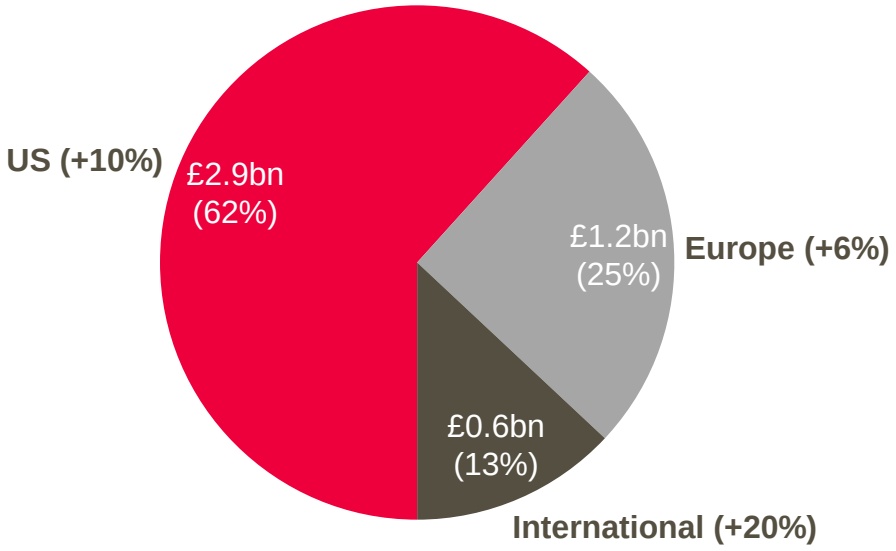
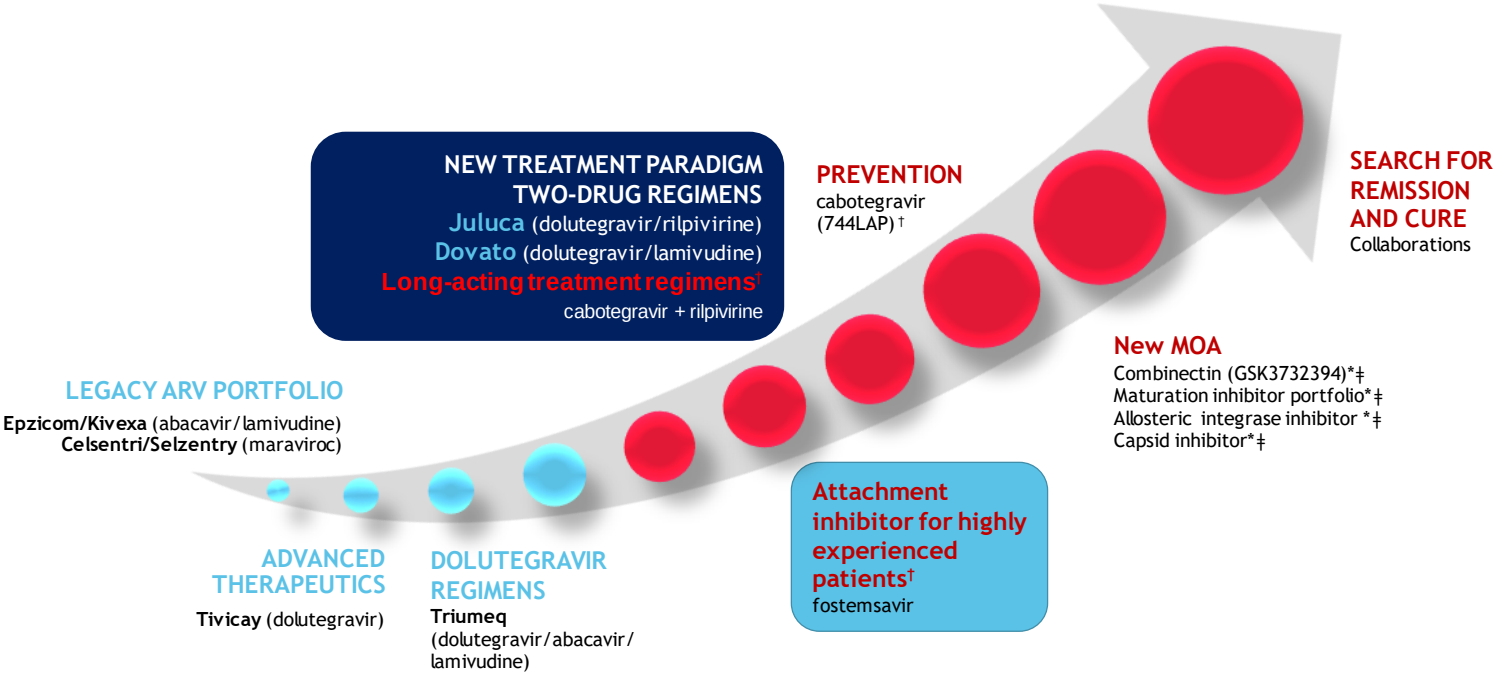


Source: GSK Full year 2018 results release – February 2019

All growths at constant exchange rates (CER). Breakdown percentages are approximate

A competitive and innovative pipeline



Medicines approved for prescription

† Investigational assets not currently approved for prescription

HIV: growth and innovation

Leading core agent in HIV treatment

- Dolutegravir is #1 core agent globally
- 500,000 patients worldwide taking a dolutegravir based regimen
- Unmatched trial results; superiority in 5 studies and data in broad populations

vs. efavirenz	vs. raltegravir	vs. darunavir	vs. atazanavir	vs. lopinavir
Superior (naive) SINGLE	**Superior** (experienced) SAILING	**Superior** (naive) FLAMINGO	**Superior** (women/naive) ARIA	**Superior** (experienced) DAWNING

SINGLE, FLAMINGO, SAILING, ARIA and DAWNING were non-inferiority studies with a pre-specified analysis for superiority. Table shows primary endpoint outcomes.

*Patient Pathways survey presented at IAS 2017
DHHS: Department of Health and Human Services; EACS: European AIDS Clinical Society

HIV: 2DR portfolio

Juluca

ViiV Healthcare's first 2DR once-daily, single pill for maintenance of suppression that combines DTG + RPV

SWORD

DTG + 3TC

The next step in the 2DR journey, DTG + 3TC 2DR for treatment-naïve and switch patients

GEMINI 1 & 2

TANGO

CARLA*

The long-acting 2DR of CAB + RPV

ATLAS

FLAIR

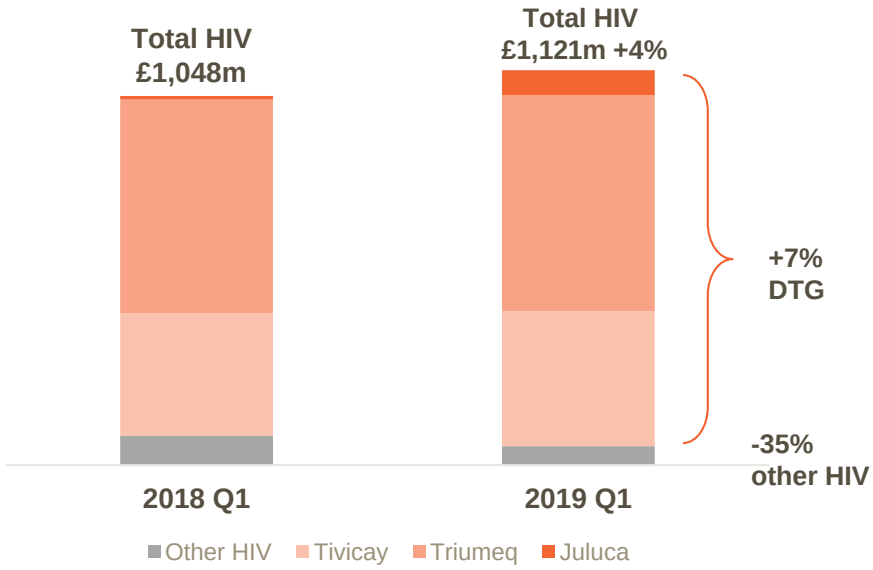
ATLAS2M

*Internal name representing cabotegravir + rilpivirine

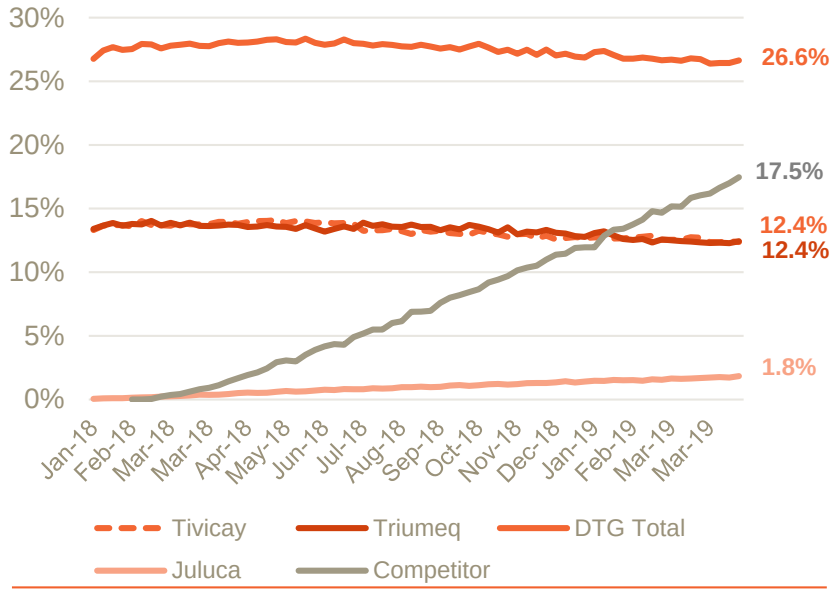
HIV growth of 4% CER in Q119 with DTG portfolio growth at +7% CER

Juluca, our first 2DR, driving overall growth

CER growth



Dolutegravir US total share at around 26.6%



Source: IQVIA NPA w/e 4 April 2019

Momentum building behind 2DR strategy with Dovato launch and further data flow through 2019

Dovato US launch drives 2DR momentum

Upcoming Milestones

Dovato

Q3 2019	GEMINI I&II 96-week study readout
Q3 2019	Anticipated EU FDC approval
Q3 2019	TANGO switch study readout
Q4 2019	SALSA switch study begins
Ongoing	Phase IIIB/IV programme

cabotegravir + rilpivirine

April/Q3 2019	US/EU filings
Q3 2019	ATLAS2M (8 week dosing) study readout
Q1 2020	Anticipated US approval
2021-22	Prevention study data (CAB PrEP)

fostemsavir

H2 2019	US filing

FDC: fixed dose combination

Pipeline

Pipeline is advancing well

Today: 45 medicines, 34 immunomodulators, and 13 vaccines

Phase 1

- **2831781* (LAG3)** ulcerative colitis
- **3358699* (BET targeted inhibitor)** RA
- **3858279* (CCL17 inhibitor)** OA
- **2636771 (PI3kb inhibitor)** cancer
- **2983559 (RIP2k inhibitor)** IBD
- **3511294* (IL5 LA antagonist)** asthma
- **2292767 (PI3kd inhibitor)** respiratory diseases
- **1795091 (TLR4 agonist)** cancer
- **3810109* (broadly neutralizing antibody)** HIV
- **3537142* (NYESO1 ImmTAC)** cancer
- **3439171* (HPGD2 inhibitor)** muscle repair
- **3145095 (RIP1k inhibitor)** pancreatic cancer
- **3368715* (PRMT1 inhibitor)** cancer
- **TSR-033* (LAG3)** cancer
- **2269557 (nemiralisib PI3Kd inhibitor)** APDS
- **3745417 (STING agonist)** cancer
- **3174998* (OX40 agonist)** cancer

Phase 2

- **3196165* (GM-CSF inhibitor)** RA
- **3389404/3228836* (HBV ASO)** HBV
- **3359609* (ICOS receptor agonist)** cancer
- **2982772 (RIP1k inhibitor)** pso/RA/UC
- **3772847* (IL33r antagonist)** asthma
- **3377794* (NY-ESO-1 TCR)** cancer
- **2586881* (rhACE2)** acute lung injury/PAH
- **2140944 (gepotidacin, topoisomerase IV inhibitor)** antibacterial
- **2330811 (OSM antagonist)** systemic sclerosis
- **2881078 (SARM)** COPD muscle weakness
- **2862277 (TNFR1 antagonist)** acute lung injury
- **525762 (molibresib, BET inhibitor)** cancer
- **2330672 (linerixibat, IBAT inhibitor)** cholestatic pruritus
- **3326595* (PRMT5 inhibitor)** cancer
- **GR121619* (oxytocin)** postpartum haemorrhage
- **TSR-022* (TIM-3 antagonist)** cancer
- **3640254 (HIV maturation inhibitor)** HIV
- **3036656* (leucyl t-RNA inhibitor)** TB
- **M7824* (bintrafusp alfa, TGFβ trap/anti-PDL1 bispecific)** NSCLC**

Pivotal/Registration

- **Benlysta + Rituxan** SLE**
- **cabotegravir** LA + rilpivirine* LA** HIV
- **daprodustat (HIF-PHI)** anemia
- **fostemsavir (AI)** HIV
- **mepolizumab** COPD/HES/nasal polyps
- **Trelegy*** (FF, UMEC and VI) asthma
- **belantamab mafodotin * (BCMA ADC)** multiple myeloma
- **Zejula* (PARP inhibitor)** ovarian cancer maintenance**
- **dostarlimab* (PD-1 antagonist)** cancer

Vaccines

- **Rotavirus – Phase 3**
- **MMR – Phase 3 (US)**
- **Ebola – Phase 2**
- **COPD – Phase 2**
- **Hepatitis C – Phase 2**
- **Malaria (next gen) – Phase 2**
- **MenABCWY – Phase 2**
- **Shigella – Phase 2**
- **Tuberculosis – Phase 2**
- **RSV paediatric – Phase 2**
- **HIV – Phase 2**
- **RSV older adults – Phase 1^**
- **RSV maternal – Phase 1^**

Immuno-modulator | Non Immuno-modulator | Vaccine

*In-license or other alliance relationship with third party
**Additional indications also under investigation
^ RSV for older adults and maternal are in Ph1/2 study
Note: For oncology where phase 1 studies are conducted in patients, the shift from phase1 to phase 2 is defined when expansion cohorts are started.

R&D priorities for 2019

Optimising the pipeline

Strengthening oncology

- Invest and leverage the potential of Zejula (PRIMA study)
- Invest in GSK'916 (BCMA), submit pivotal DREAMM-2 data
- Optimise value of TSR-042 and first regulatory filing
- Support the development of M7824

Advancing other promising medicines

- GSK'165 (aGMCSF) Phase III start in rheumatoid arthritis
- Approval for DTG+3TC in HIV
- Regulatory submissions CAB+RPV and fostemsavir in HIV

Executing BD development opportunities

- 23andMe, TESARO, M7824 and pursuing others

Accelerating culture change

- Embed new leadership, governance and culture

Key data read outs

1H 2019

- Updated PFS data from DREAMM-1 to be published in leading journal ✓
- TSR-042 (dostarlimab) in endometrial cancer data to be presented at medical conference ✓
- Trelegy CAPTAIN study in asthma to support regulatory submission ✓

2H 2019

- GSK'916 (BCMA) DREAMM-2 4L monotherapy multiple myeloma
- GSK'609 (ICOS) data to be presented at medical conference
- Zejula PRIMA study in 1L maintenance ovarian cancer

Upcoming milestones that will inform our progress

	1H 2019	2H 2019	1H 2020	2H 2020	1H 2021
Anticipated submission	cabotegravir+rilpivirine LA HIV treatment[2] ✓	fostemsavir (attachment inhibitor) HIV	mepolizumab HES	mepolizumab NP	belimumab+rituximab SLE
	Zejula 4L ovarian cancer sNDA (QUADRA)	Trelegy asthma	Zejula 1L ovarian cancer (PRIMA)		cabotegravir HIV PrEP
		belantamab mafodotin (BCMA) 4L MM monotherapy			Zejula + dostarlimab 2L+PROC sNDA ovarian cancer (MOONSTONE)
		dostarlimab BLA recurrent MSI-H tumours (inc MSI-H endometrial cancer) (GARNET)			
Pivotal data	Trelegy asthma ✓	belantamab mafodotin (BCMA) 4L MM monotherapy	mepolizumab NP	belimumab+rituximab SLE	
		mepolizumab HES		cabotegravir HIV PrEP	
		Zejula 1L ovarian cancer (PRIMA)		GSK'863 (daprodustat) anemia*	
		dostarlimab recurrent MSI-H tumours (inc MSI-H endometrial cancer) and recurrent MSS endometrial cancer (GARNET)		Zejula + dostarlimab 2L+PROC ovarian cancer (MOONSTONE)	
PoC data	GSK'294 (IL5 LA antagonist) asthma*	GSK'772 (RIP1 kinase) UC	GSK'811 (oncostatin M) SSc**	GSK'781 (LAG3) UC*	GSK'109 (bNAb N6LS) HIV
	GSK'772 (RIP1 kinase) RA	GSK'254 (maturation inhibitor) HIV	GSK'078 (SARM) COPD muscle weakness	GSK'091 (TLR4) + ICOS/pembro cancer combo therapy*	
	GSK'847 (IL33R) asthma	GSK'595 (PRMT5) cancer monotherapy[3]	belantamab mafodotin (BCMA) 1L MM combo therapy***	GSK'656 (leucyl t-RNA) tuberculosis	
	GSK'404 (HBV ASO) hepatitis B	Zejula + bev. 1L ovarian cancer (OVARIO)	GSK'998 (OX40) + GSK'091 (TLR4) cancer combo therapy*	GSK'762 (BET inh) mCRPC combo therapy	
	Zejula vs Zejula + bev. recurrent ovarian cancer (AVANOVA)[1]	Zejula + dostarlimab + bev. 2L+PROC ovarian cancer (OPAL)	GSK'794 (NY-ESO) NSCLC & MM mono/combo therapy	GSK'762 (BET inh) hem malignancies monotherapy	
	dostarlimab recurrent MSS endometrial cancer (GARNET) ✓	belantamab mafodotin (BCMA) 2L MM combo therapy		GSK'609 (ICOS) +CTL4 cancer combo therapy	
	GSK'881 (ACE2) PAH	belimumab+rituximab Sjogren's syndrome		TSR-022 NSCLC (AMBER)	
		GSK'762 (BET inh) ER+ breast combo therapy		COPD vaccine	
				RSV older adults vaccine	

✓ Announced

*Interim/ Preliminary Efficacy **PoM ***Safety run data ; 1. Investigator Sponsored Study, 2. CAB + RPV filing expected Q2/Q3 2019 3. From initial cohorts data

HES: hypereosinophilic syndrome; MM: multiple myeloma; NP: Nasal polyposis; PAH: pulmonary arterial hypertension; RA: rheumatoid arthritis; SLE: systemic lupus erythematosus; SSc: systemic sclerosis; UC: ulcerative colitis; NSCLC: non-small cell lung cancer ER+; estrogen receptor + ;

mCRPC: metastatic castration resistant prostate cancer; MSI-H: Microsatellite Instable- high; MSS: Microsatellite Stable; bev; bevacizumab

23andMe and GSK exclusive collaboration

- Collaboration offers scale, diversity, sustainability for advancing therapeutic programs
- Questionnaire yields unique phenotype information vs other biobanks
- Can deploy custom surveys to dive deeper into specific diseases
- Allows rapid recruitment of clinical trials based on genotype, phenotype and proximity to study centres

- Improved target selection (higher PoS, and safer, more effective medicines)
- Allows more efficient/effective identification and recruitment of patients for clinical studies
- Empowers patients!

PoS: probability of success

LRRK2 inhibitor programme: 23andMe's advantage to expedite clinical trial recruitment

Identifying eligible participants is a time intensive and costly process

In the US:
- **~1M** individuals with Parkinson's Disease
- **~135,000** LRRK2 G2019S carriers
- **~10,000-15,000** Parkinson's Disease patients who are LRRK2 G2019S carriers

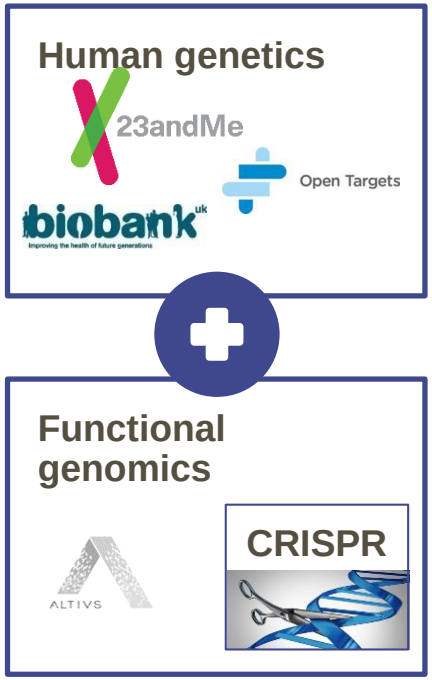
Clinical trial sites would need to genotype 100 Parkinson's Disease patients to find **one** LRRK2 G2019S carrier

23andMe database currently includes:
- **>10,000** re-contactable individuals with Parkinson's Disease
- **>3,000** re-contactable LRRK2 G2019S carriers
- **>250** re-contactable LRRK2 G2019S carriers with Parkinson's Disease
- Ongoing efforts to increase and engage the LRRK2 G2919S cohort to identify newly diagnosed individuals

23andMe provides expedited and focused clinical trial recruitment
- Strategic trial site selection to maximize enrollment at each site
- Flexible and streamlined recruitment: pace recruitment appropriate to sites' ability to screen, randomize and treat participants; ability to screen on comorbidities and select inclusion criteria
- Opportunity to significantly reduce total clinical trial recruitment duration

Human genetics and functional genomics

Science and technology together to drive better R&D success



"Artificial Intelligence is the new electricity and is changing industry after industry."
Stanford School of Business lecture by Andrew Ng

Machine learning

Machine Learning will enable the fields of science and medicine to evolve from an era of "Big Data" to an era of "Understanding Data"

More high quality targets

Faster development

Better success rates

New R&D approach will support the development of current clinical portfolio

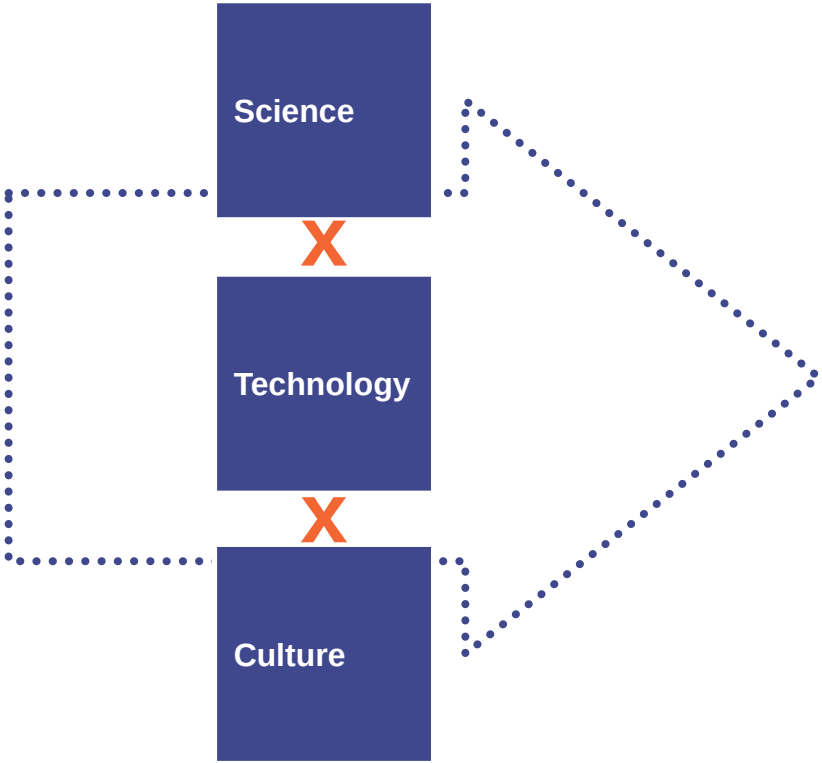
From

Spend spread thinly across too many programmes ("shots on goal" strategy)

Consensus-driven decision making

R&D/Commercial silos

Limited Business Development activity



To

Backing the best assets, and removing those that don't look promising

Culture of accountability where smart risk-taking and courageous decisions are made by individuals **and** rewarded

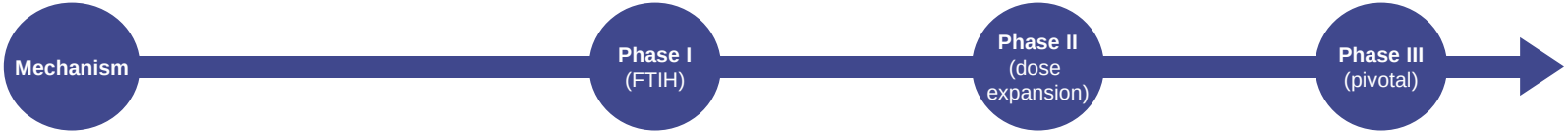
Robust governance model with scientific peer review, commercial input and data-driven decisions

Leveraging Business Development to optimise our portfolio

Growing Oncology Pipeline

Increased oncology focus via BD and governance

17 assets in clinical development; potential for 3 launches in 2020



PARP inhibitor (*Zejula*, niraparib) †	*First line maintenance ovarian, other solid tumours under investigation*
Anti-BCMA ADC (GSK 2857916)†	*Multiple myeloma*
PD-1 antagonist (TSR-042, dostarlimab) †	*Endometrial, Ovarian, NSCLC, breast cancer**
M7824 (TGFβ trap/anti-PDL1 bispecific) *†	*NSCLC, biliary tract cancer***
ICOS agonist (GSK3359609)†	*Solid tumours*
NY-ESO-1 TCR-T†	*Sarcoma, solid and heme malignancies*
BET inhibitor (GSK525762)	*Solid tumours, heme malignancies*
PRMT5 inhibitor (GSK3326595)†	*Solid tumours, heme malignancies*
TIM-3 antagonist (TSR-022) †	*NSCLC*
OX40 agonist (GSK3174998)†	*Cancer*
PI3K beta inhibitor (GSK2636771)	*Cancer*
TLR4 agonist (GSK1795091)	*Cancer*
NY-ESO-1 ImmTAC (GSK3537142) †	*Cancer*
LAG-3 (TSR-033) †	*Cancer*
PRMT1 inhibitor (GSK3368715) †	*Cancer*
RIP1k inhibitor (GSK3145095)	*Pancreatic Cancer*
STING agonist (GSK3745417)	*Cancer*

† In-license or other alliance relationship with third party
* Studies planned for 2019

New alliance with Merck* is an opportunity to further accelerate our oncology strategy

Current clinical status

Encouraging NSCLC data presented

Phase II underway versus pembrolizumab as 1L in patients with PD-L1+ advanced NSCLC

8 clinical development studies ongoing or expected to start in 2019

Complements existing assets

Immuno-modulatory biological mechanism fits with our new R&D approach

Potential for novel combinations with existing pipeline assets (ICOS, TLR4)

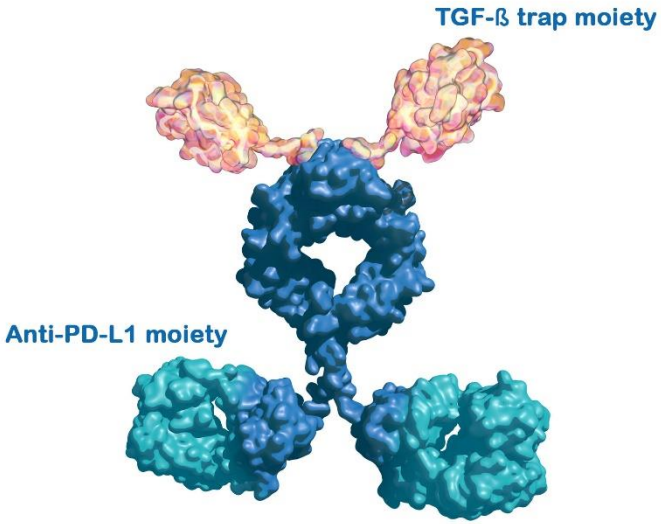
Potential to explore combinations with IO assets in the recently acquired TESARO pipeline

* Merck KGaA, Darmstadt, Germany

M7824: a first-in-class TGF-β / anti-PDL1 therapy

Unique design offers potential for superiority against the competitive landscape

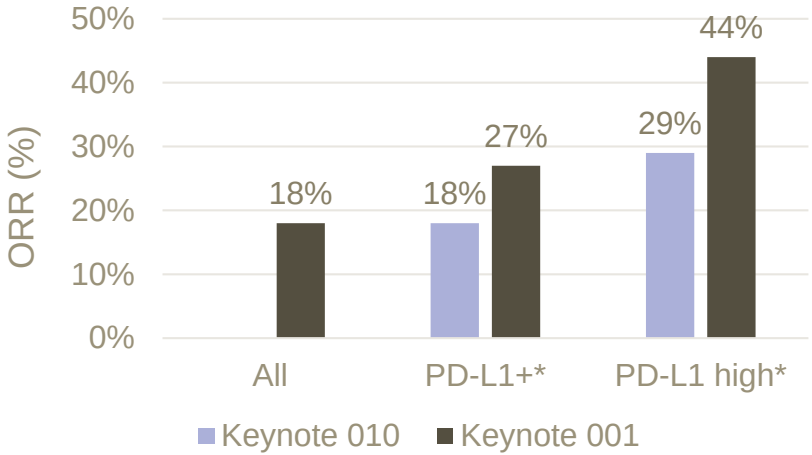
The target	– PD-L1 and TGF-β are key pathways with independent and complementary immunosuppressive functions – Blocking TGF-β signalling may sensitize tumours to anti-PD-1/PD-L1 therapies and lead to synergistic and superior anti-tumour activity compared with monotherapies
The agent	– M7824 is a bifunctional fusion protein with dual function designed to simultaneously block the anti-PD-1 and anti-TGFβ pathways – Fully humanised protein immunoglobulin G1 (IgG1) mAb against human PD-L1 fused to the extracellular domain of human TGF-β receptor II, which functions as a TGF-β trap



M7824 is an investigational bifunctional immunotherapeutic that combines a TGF-β trap (yellow) with an antibody against PD-L1 (blue) in one fusion protein. Targeting both pathways with M7824 aims to control tumor growth by potentially restoring and enhancing anti-tumor responses.

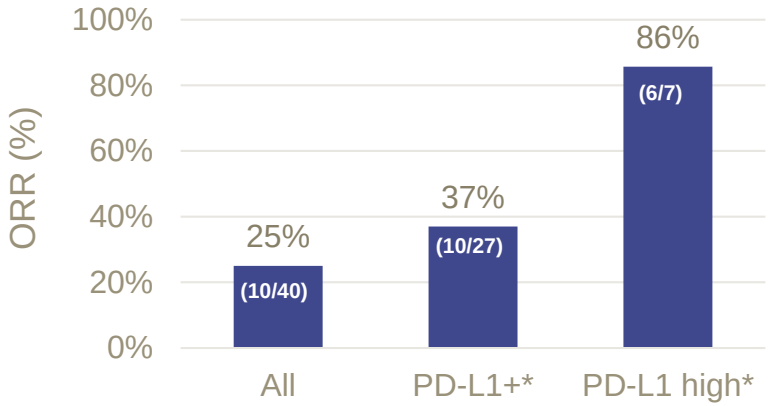
M7824 : impressive durable responses across all PD-L1 expression levels in 2L NSCLC

Pembrolizumab response rates in KEYNOTE 010 and KEYNOTE 001 studies in 2L NSCLC



M7824 response rates in 2L NSCLC

1200mg
(data cut off 23 July 2018)



Efficacy according to independent read, RECIST 1.1

* PD-L1+ (pembro:22C3 TPS ≥ 1%; M7824: EMD001 ≥ 1%),
PD-L1 high (pembro:22C3 TPS ≥ 50%; M7824: EMD 001 ≥ 80%; TPS ≥50% with 22C3 comparable to ≥80% with EMD 001 assessments)

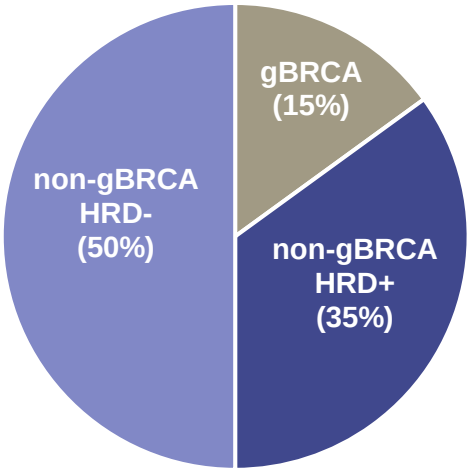
PARP inhibitors: wider application than has been appreciated

PARP Inhibitors: The First Synthetic Lethal Targeted Therapy
Science. 2017 March 17; 355(6330): 1152–1158.
Christopher J. Lord[1,2,*] and **Alan Ashworth**[3,*]

- PARP inhibitors have transformed the treatment of ovarian cancer
- Prior to the publication of TESARO's NOVA study, PARP inhibitors were thought to only benefit patients with *gBRCA*
- Evidence is mounting that suggest there is a significant opportunity to help many more patients (HRD positive – and potentially "all comers") – in the first line maintenance (1LM) setting

PARP: poly ADP-ribose polymerase; HRD: homologous recombination deficiency

High grade serous ovarian cancer*



* As per Myriad test – HRD+ percentage may be higher

Monotherapy versus combination therapy in 1LM

Competing approaches to the “all comers” opportunity

PRIMA study evaluating Zejula monotherapy in “all comers”

- Potential for broad “all comers” or HRD+ label based on inclusion criteria for PRIMA:
  - All comers with primary endpoint segregated by HRD status (of which HRD+ represents 50% of patients)
- Interim safety data at ESMO showed starting dose of 200mg meaningfully reduced AEs without impact on efficacy
- Daily oral therapy, once a day dosing
- Data expected 2H 2019

PAOLA-1 study evaluating Lynparza in combination with Avastin in “all comers”

- Avastin currently approved for use in 1LM ovarian cancer but benefits are limited, AEs significant, and uptake has been low
- Primary endpoint stratified by response to first line treatment and g*BRCA* status
- Daily oral Lynparza, twice daily dosing, with Avastin infusion every 3 weeks
- Data expected 2H 2019

HRD status likely to identify non-g*BRCA* patients who will benefit from PARP inhibitors

Potential to expand the number of patients by 3x

MYRIAD myChoice® HRD

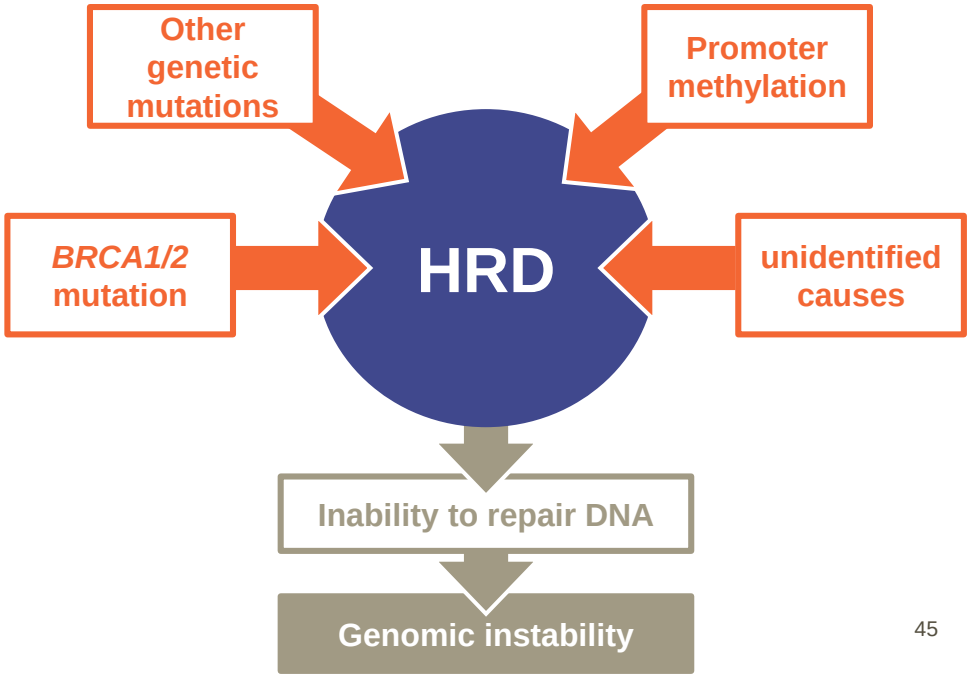
Commercially available test for HRD is available from Myriad Genetics

Assesses for *BRCA 1* and *BRCA 2* status, as well as 3 biomarkers associated with HRD - LOH (loss of heterozygosity), LST (large-scale state transitions), and TAI (telomeric allelic imbalance).

Very few patients tested for HRD today

We anticipate a shift from g*BRCA* testing today to HRD testing in the future as data supports use of PARP inhibitors in HRD positive patients

Scope for improvement as current HRD test likely does not capture all potential HRD patients



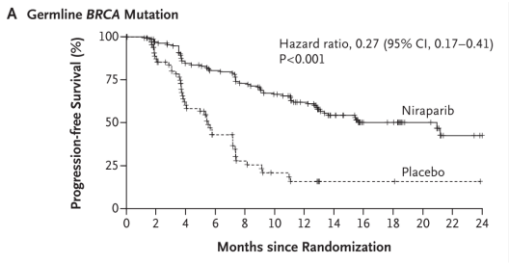
NOVA study shows efficacy beyond *gBRCA*

Activity in HRD negative patients suggests tests do not currently recognise all HRD positive patients *or* additional mechanisms are at play

Niraparib Maintenance Therapy in Platinum-Sensitive, Recurrent Ovarian Cancer

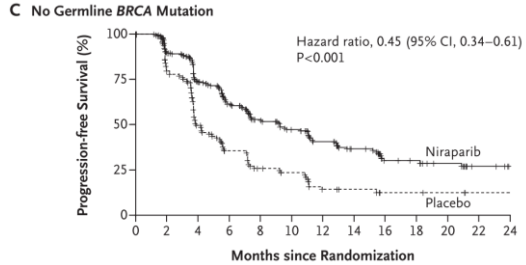
N ENGL J MED 375;22 NEJM.ORG DECEMBER 1, 2016

g*BRCA* mutation



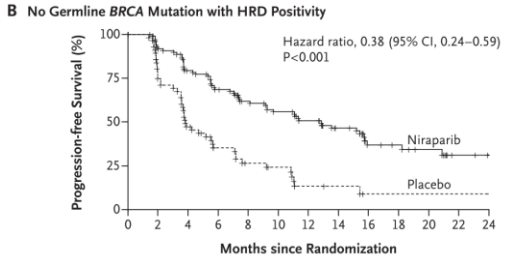
HR: 0.27

Non-g*BRCA* mutation



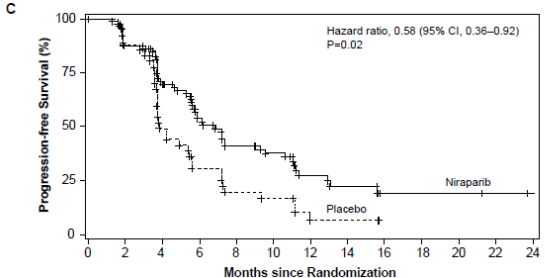
HR: 0.45

Non-gBRCA mutation, HRD positive



HR: 0.38

HRD negative

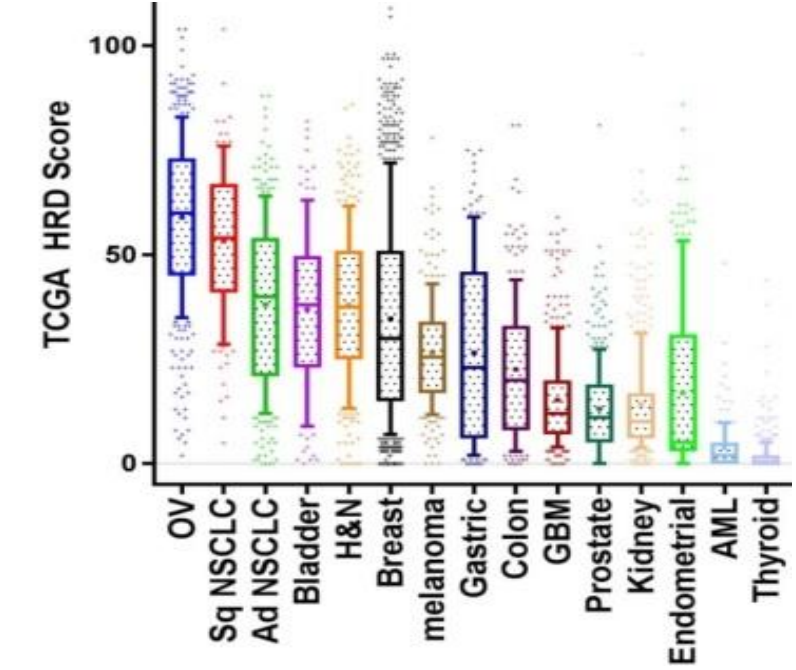


HR: 0.58

HRD testing could enable further development opportunities for Zejula

Pan-cancer analysis of genomic scar signatures associated with homologous recombination deficiency suggests novel indications for existing cancer drugs

Marquard *et al. Biomarker Research* (2015) 3:9



Mono/combo therapy	Indication	Study
Zejula monotherapy	Ovarian cancer 1LM	PRIMA
Zejula plus anti PD-1 mAb	Ovarian cancer 1LM	FIRST
Zejula plus anti PD-1 mAb or Zejula monotherapy	NSCLC, SSCL	JASPER
Zejula plus Avastin	Ovarian cancer 1LM	OVARIO
Zejula plus Avastin	Recurrent ovarian cancer	AVANOVA
Zejula plus Keytruda	Triple negative breast cancer or ovarian cancer	TOPACIO
Zejula monotherapy	Metastatic castration resistant prostate cancer	GALAHAD*
Zejula plus chemo	Ewing's sarcoma	

* Study conducted by partner Janssen:
royalties and milestones payable on sales and development milestones

GSK‘916 belantamab mafodotin: First-in-class anti-BCMA ADC agent for treatment of multiple myeloma

The target	– BCMA plays a key role in plasma cell survival – It is found on the surfaces of plasma cells and is expressed on malignant plasma cells – Not expressed in healthy tissues

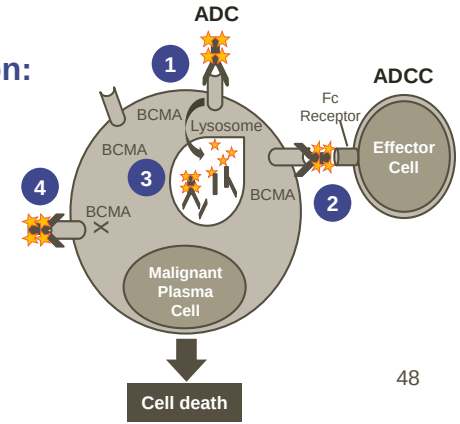
The agent	– GSK’916 is a humanised IgG1 antibody targeting BCMA (B-cell maturation antigen)
	  – Linked to the anti-mitotic agent MMAF
	  – Afucosylated to enhance ADCC

Key attributes	– New modality in multiple myeloma: first ADC – Easy and convenient to administer: 1h infusion q3w – No pre-medication required for infusion reactions – Pre-medication with steroid eye drops – New MoA enabling diverse combination – Breakthrough and PRIME designations

- **Multiple myeloma**, also known as **plasma cell myeloma**, is a cancer of plasma cells, a type of white blood cell normally responsible for producing antibodies.
- Multiple myeloma is treatable, but generally incurable.
- Globally, multiple myeloma affected 488,000 people and resulted in 101,100 deaths in 2015.
- Without treatment, typical survival is seven months, with current treatments, survival is usually 4–5 years

Four mechanisms of action:

1. ADC mechanism
2. ADCC mechanism
3. BCMA receptor signaling inhibition
4. Immunogenic cell death



ADC, antibody-drug conjugate; ADCC, antibody-dependent cell-mediated cytotoxicity; BCMA, B-cell maturation antigen; MMAF, monomethyl auristatin-F

GSK‘916 belantamab mafodotin: aggressive development plan in multiple myeloma advancing rapidly

July 2018

- Initiated DREAMM-2 4L monotherapy pivotal study
  - 1st subject dosed early July
  - Planned to recruit 130 patients
- Announced broad development plan DREAMM-1 to -10 studies:
  - 4/3L in mono and combo
  - 2L in combo with SoC
  - 1L in combo with novel and SoC agents

83 patients treated on ‘916 at end July 2018

February 2019

- DREAMM-2 enrolled faster than expected
  - Planned 130 patients enrolled by Oct 2018
  - High study screening rate meant additional 68 patients enrolled by end December 2018
- Updated DREAMM-1 study shows mPFS with 3.4mg/kg of 12.0 months
- Initiated DREAMM-6 combination pilot study; recruiting well

297 patients treated on ‘916 at end Jan 2019

SOC: standard of care

mPFS: months of progression free survival

GSK‘916 belantamab mafodotin: clinical programme

Development strategy for use in:

					Study start	Est launch
4L/3L Monotherapy and combinations	DREAMM-1	pilot	relapsed/ refractory patients	‘916 monotherapy, single arm, n=73	2014 ✓	---
	DREAMM-2	pivotal	daratumumab failures	‘916 monotherapy, single arm, n=155	June 2018 ✓	2020
	DREAMM-3	pivotal	failed lenalidomide and proteasome inhibitor	‘916 monotherapy vs. PomDex, n=320	2H19	2022
	DREAMM-4	pilot	relapsed/ refractory patients	‘916 + PD1 combination, single arm, n=40	1H19	---
	DREAMM-5	platform	relapsed/ refractory patients	‘916 + novel combinations, n=245	2H19	---
2L Combination with SOC	DREAMM-6	pilot	failed 1 prior therapy	‘916+LenDex OR ‘916+BorDex open label, n= 90	Oct 2018 ✓	---
	DREAMM-7	pivotal	failed 1 prior therapy	‘916+BorDex vs. Dara+BorDex, n= 478	1H20	---
	DREAMM-8	pivotal	failed 1 prior therapy	‘916+PomDex vs. PomBorDex, n= 450	1H20	---
1L Combination with novel and SOC agents	DREAMM-9	pivotal	transplant Ineligible	'916BorLenDex vs. BorLenDex n=750	2H19	TBC
	DREAMM-10	pivotal	transplant Ineligible	‘916+novel agent vs SOC, n=TBC	2021	TBC

36k patients*

50k patients*

56k patients*

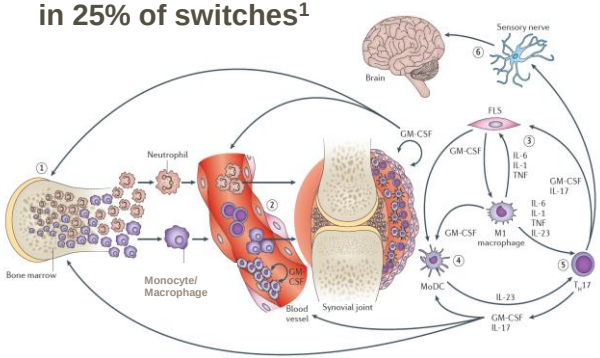
* Treatable patients in G7 (US, EU5, Japan), Kantar Health 2031 projected; 3L pts 26k, 4L 10k;~65-70% 1L MM pts undergo transplant (source IPSOS, March 2018)
SOC: standard of care

GSK‘165 (aGM-CSF): potential for a disease modifying effect in rheumatoid arthritis (RA) with a unique impact on pain

The target	– GM-CSF is a pro-inflammatory cytokine that induces differentiation and proliferation of granulocytes and macrophages – One of the first cytokines detected in human synovial fluid from inflamed joints – Preclinical data suggests a broader range of actions than existing biologics (including a beneficial effect on pain)
The agent	– GSK’165 is a fully humanised antibody targeting anti-granulocyte macrophage colony-stimulating factor (aGM-CSF)
Current status	– Phase III start planned for RA in H219 – Exploration of additional indications beyond RA

– **Unmet need remains in RA despite development of new classes of agent (JAK inhibitors, anti IL6):** ~50% of patients do not achieve low disease activity criteria within 12 months of aTNF treatment and ~80% do not achieve Disease Activity Score 28 (DAS28)[1]

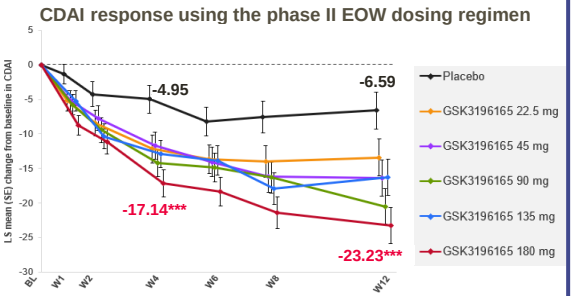
– **Currently 45% of patients report daily pain despite treatment with targeted therapies and pain is the key driver in 25% of switches[1]**



[1] Targeting GM-CSF in inflammatory diseases. Ian P. Wicks & Andrew W. Roberts. Nature Reviews Rheumatology volume 12, pages 37–48 (2016)

GSK'165 (GM-CSF antagonist): phase III programme in rheumatoid arthritis to start in 2H 2019

Encouraging Ph II data presented at ACR October 2018 demonstrating marked clinical response



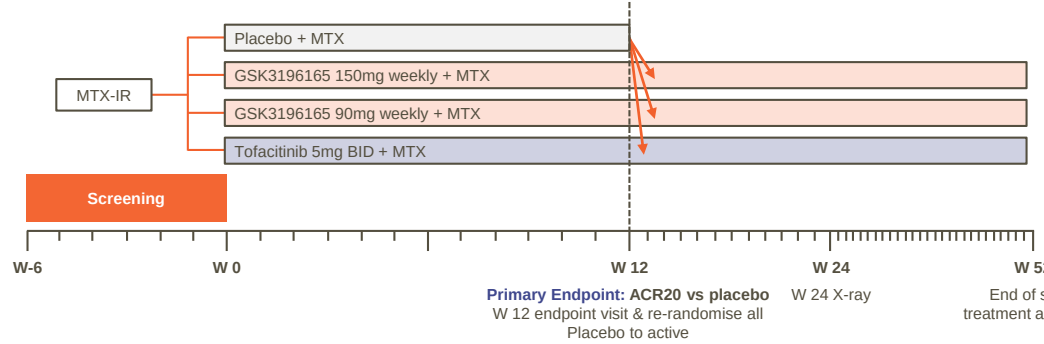
***p<0.001 vs placebo

Significant unmet need remains in RA

- Around 50% of patients do not achieve low disease activity criteria within 12 months of aTNF treatment[1]
- 45% of patients report daily pain and pain is the key driver in 25% of switches to biological and oral therapies[2]

Three pivotal studies to start in 2H 2019 to support file end 2023

Study 201790: Innovative design including JAKi active comparator



Primary endpoint	ACR20 vs placebo at W 12
Key secondaries include	Pain and CDAI vs active comparator
Target population	Post first line targeted therapy
Administration	Weekly via a subcutaneous injection with a choice of autoinjector or prefilled syringe

Two further pivotal studies of similar design will include biologic-IR patients	210791	52 week duration with tofacitinib active comparator
	202018	24 week duration with sarilumab active comparator

Sources: 1. Gerd R Burmester and Janet E Pope. Novel treatment strategies in rheumatoid arthritis. *Lancet* 2017; 389: 2338–48; 2. Targeted treatments for rheumatoid arthritis, Adelphi RA DSP 2016
MTX = methotrexate, IR = inadequate response, CDAI = clinical disease activity index, EOW = every other week

Vaccines

The value of vaccines

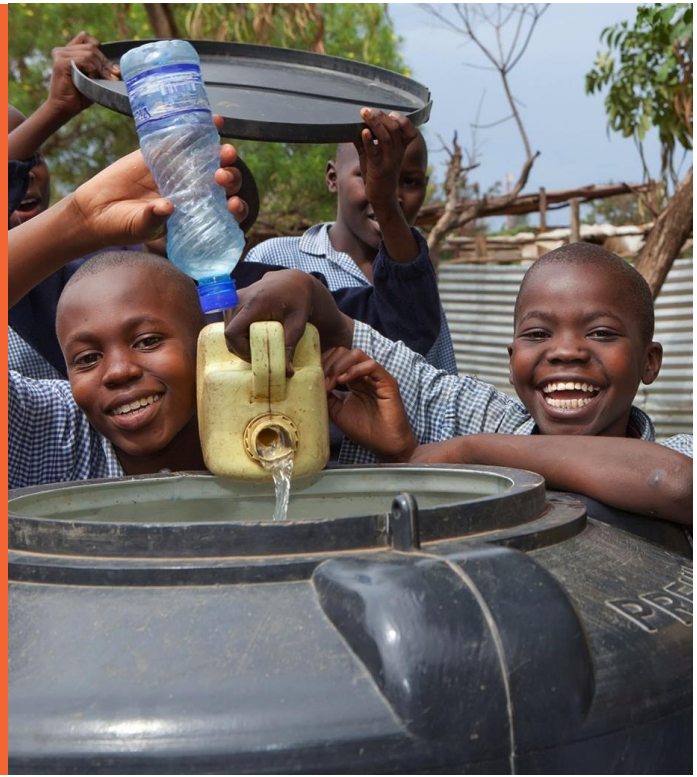
Only clean drinking water rivals vaccination in its ability to save lives[1]

2-3m[2]
deaths prevented every year by vaccination

$150bn[3]
the benefit of vaccines to low and middle-income countries over the next 10 years

750,000[2]
children saved from disability every year

x44[4]
is the estimated return on Investment of the cost of immunization



Sources: 1. WHO, UNICEF, World Bank. State of the world's vaccines and immunization, 3rd ed. Geneva, World Health Organization, 2009., p.12; 2. Ehreth J, "The global value of vaccination" in Vaccine 2003 Jan 30; 21 (7-8):596-600. 3. Stack et al, 'Estimated Economic Benefits During The 'Decade of Vaccines' Include Treatment Savings, Gains in Labor Productivity', Health Affairs, 30, 6 (2011): 1021-1028 4. Ozawa S. et al, "Return on investment from childhood immunisation in low- and Middle-Income countries, 2011-20", in Health Affairs, 35, 2 (2016): 199-207

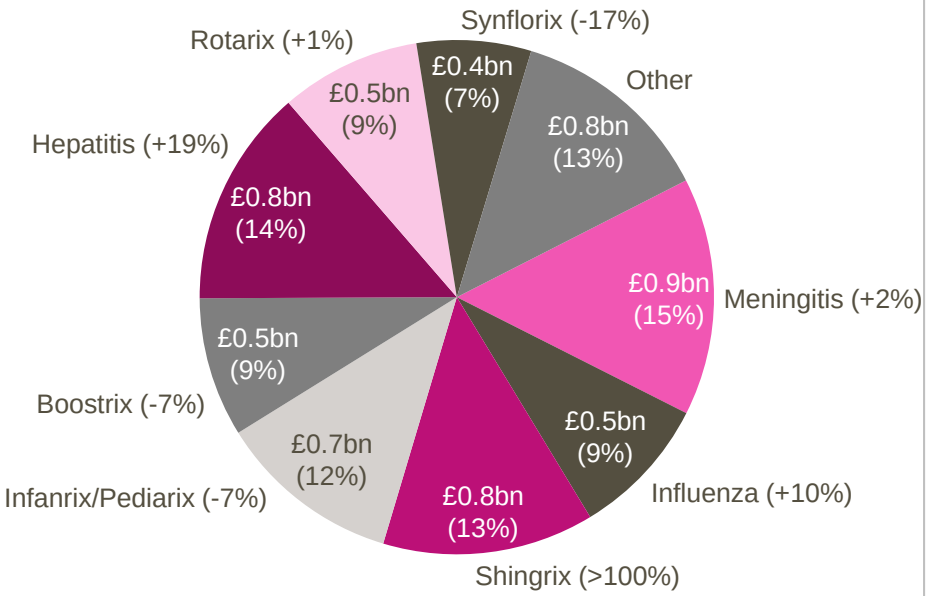
Vaccines is an attractive business, with barriers to entry

Growing market	Pharma-like operating margins	Long product lifecycles with no patent cliff
Large capital investment	Complex manufacturing & quality control	Few global players

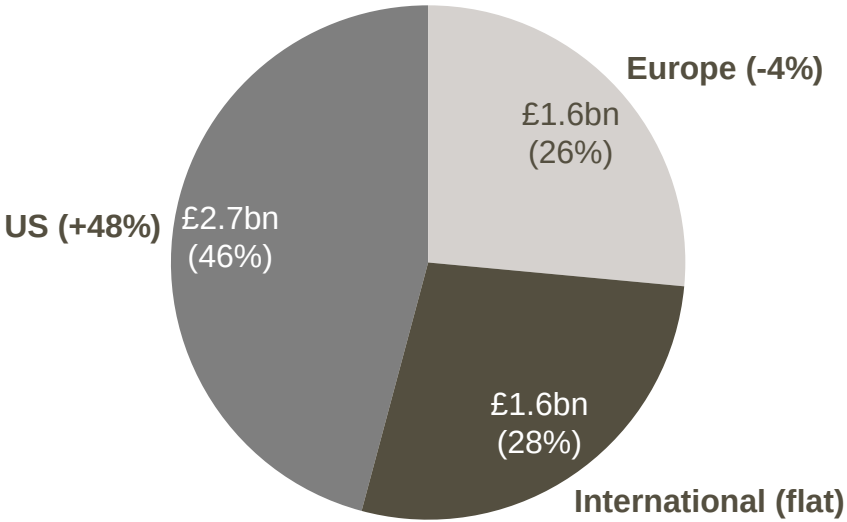
Vaccines: revenue breakdown 2018

Revenues of £5.9bn (+16% CER)

Products



Regions

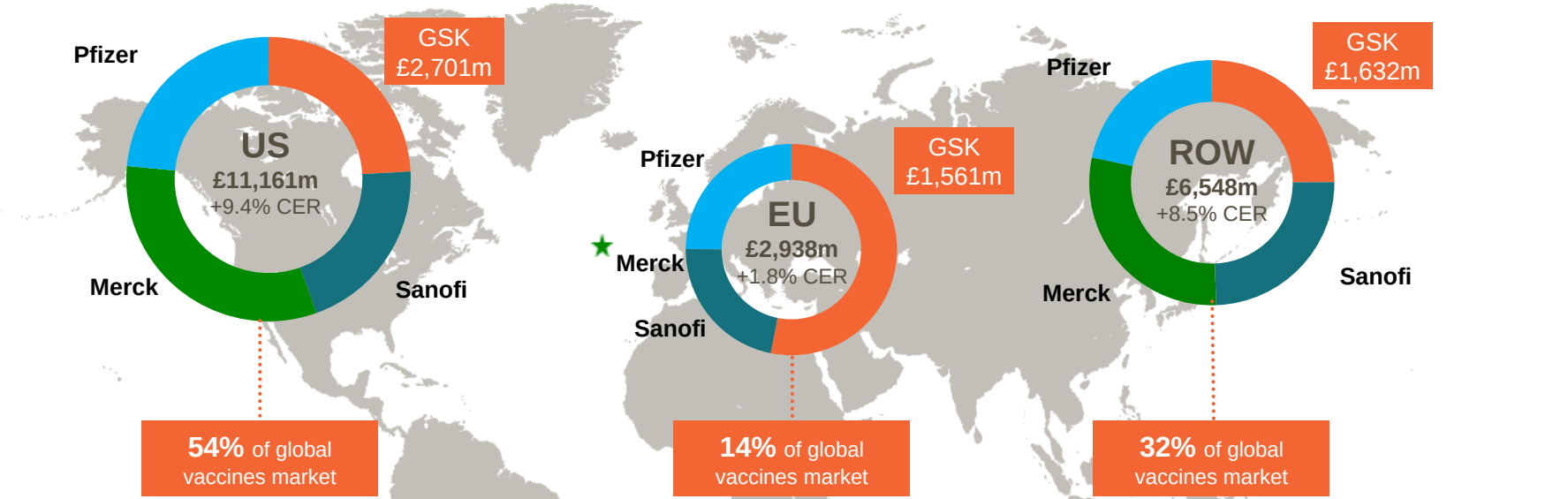


Source: GSK Full year 2018 results release – February 2019

All growths at constant exchange rates (CER). Breakdown percentages are approximate

GSK Vaccines is well positioned in US, EU and ROW

2018 Vaccines sales for top four companies

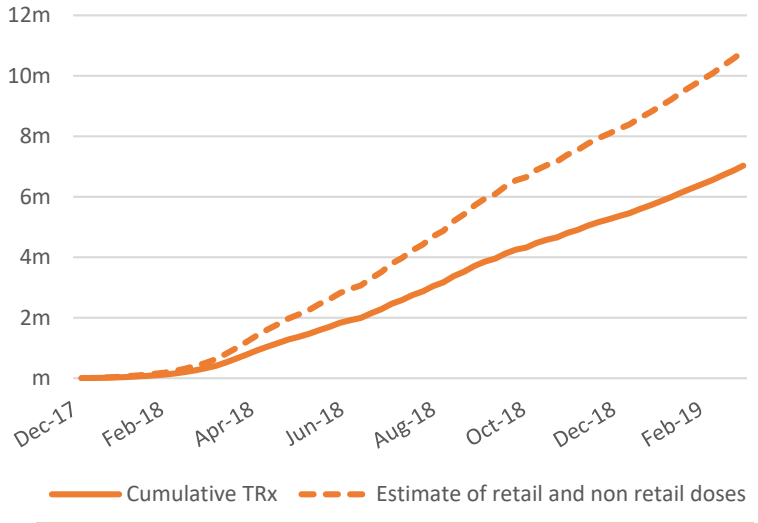


GSK has highest global market share by value of the big 4 vaccines companies with 28.5%

★ Data from company filings. Merck does not report on EU region – all sales included in ROW

Shingrix: US launch driving vaccines growth

Strong uptake in US continues



* IQVIA TRx data estimated to represent ~65% of doses supplied to market

Capacity expansion on track

Sales of £357 million for Q1 2019 driven by significant step up in supplies for US market

In US, demand remains high:

- >75% completing second dose in series
- ~35% under age 65
- ~35% previously vaccinated

Expansion on track for high teens millions of annual dose capacity with continued investment to expand further

Bexsero: leading meningitis B vaccine worldwide, ongoing investment in supply to meet growing demand

Invasive Meningococcal B disease

Low incidence, varies by region

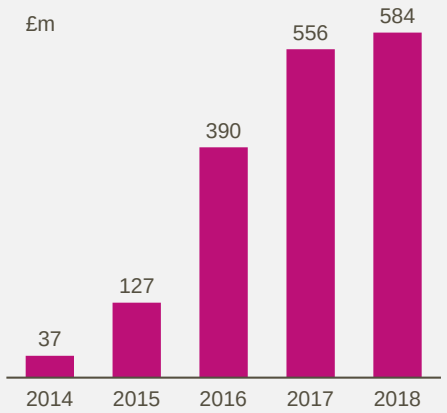
Progresses rapidly, affects healthy children and teens

~10% of those with invasive Men B may die

Up to 20% may suffer major physical or neurological disability

Strong sales growth post Novartis

Accelerating global sales[1]



Registered in 40 markets, launched in 27

EU: Strong competitive differentiation with infant indication: incidence in infants >10x that in adolescents (competing product indicated for adolescent use only)

US: 69% market share of growing MenB market (+25% in 2018); infant indication studies planned

1. GSK reported full year sales using the US$ actual average rate for each year, for 2016, 2017 and 2018. 2014 and 2015 figures represent 12 month pro forma sales (unaudited).

Consumer Healthcare

Proposed formation of world-leading Consumer Healthcare JV lays clear pathway to creation of two focused companies

Consumer Healthcare JV

- Unique opportunity to accelerate our IPT priorities
- Supports capital planning and investment in the pipeline
- Two global companies with appropriate capital flexibility

New global Pharmaceuticals and Vaccines company with R&D focused on science of the immune system, genetics and advanced technologies

New world-leading Consumer Healthcare company with category leading power brands and science based innovation*

* Transaction to create the JV is expected to close in the second half of 2019, subject to approvals

Creation of a global leader in consumer healthcare

With scale and strong capabilities

Combined sales of approximately £9.8bn[1]

#1 in OTC

- **Leadership positions in Pain Relief, Respiratory and VMS**[3]

#1 position in Therapeutic Oral Health[2]

Strong geographic footprint

- **#1 in US, #2 in China**[3]
- **29% of sales in Emerging Markets**[1]

Proven integration capability

Value creation

- **£0.5bn cost synergy potential**

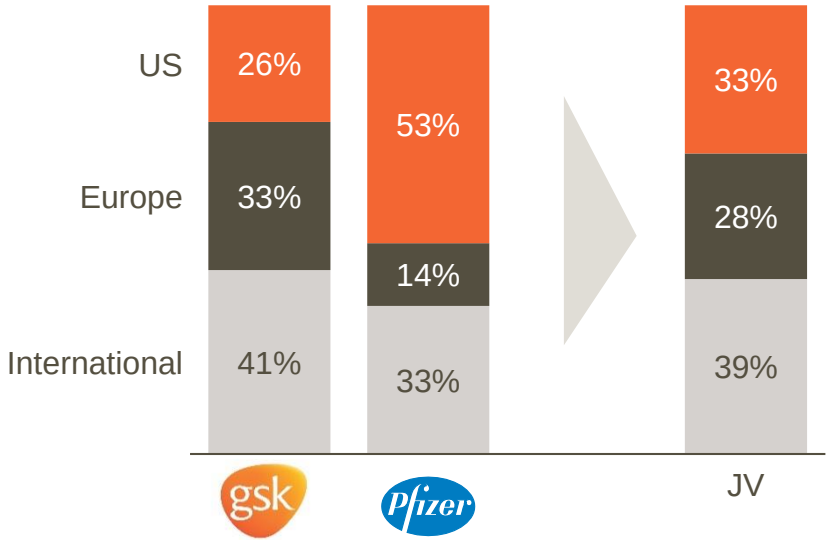
1. Based on 2017 reported results. £GBP figure includes: Pfizer 2017 revenues reported under US GAAP translated at 1.30 $:£ and GSK JV sales reported under IFRS and adjusted for perimeter changes that GSK will make to the business it contributes to the Joint Venture. Figure excludes any impact from potential future divestments.
2. GSK analysis based on Nielsen, IRI and Euromonitor data; 3. Nicholas Hall's DB6 Global OTC Database, 2017

Key financials for businesses contributed to the JV

Standalone financials
FY18

	gsk [1]	Pfizer [2]
Revenues	£7.1bn	£2.7bn
Total operating profit	£1.1bn	£0.4bn
Adjusted operating profit	£1.2bn	£0.5bn
Adjusted operating margin	17.6%	20.0%

Geographic revenue split
FY18



[1] Reported results of the GSK Consumer Healthcare JV prepared under IFRS, excluding certain items, and adjusted for perimeter changes related to the planned divestment of Horlicks and other consumer nutrition brands to Unilever.
[2] Reported revenue and assumed Adjusted operating profit for the perimeter of the business contributed to the new JV prepared under US GAAP in USD and translated into £GBP at the average 2018 exchange rate of 1.33 $:£.
GSK uses a number of adjusted, non-IFRS, measures to report the performance of its business, as described in our 2018 Annual Report, including Adjusted operating profit which excludes certain items. Financial information relating to Pfizer is presented on a similar basis.

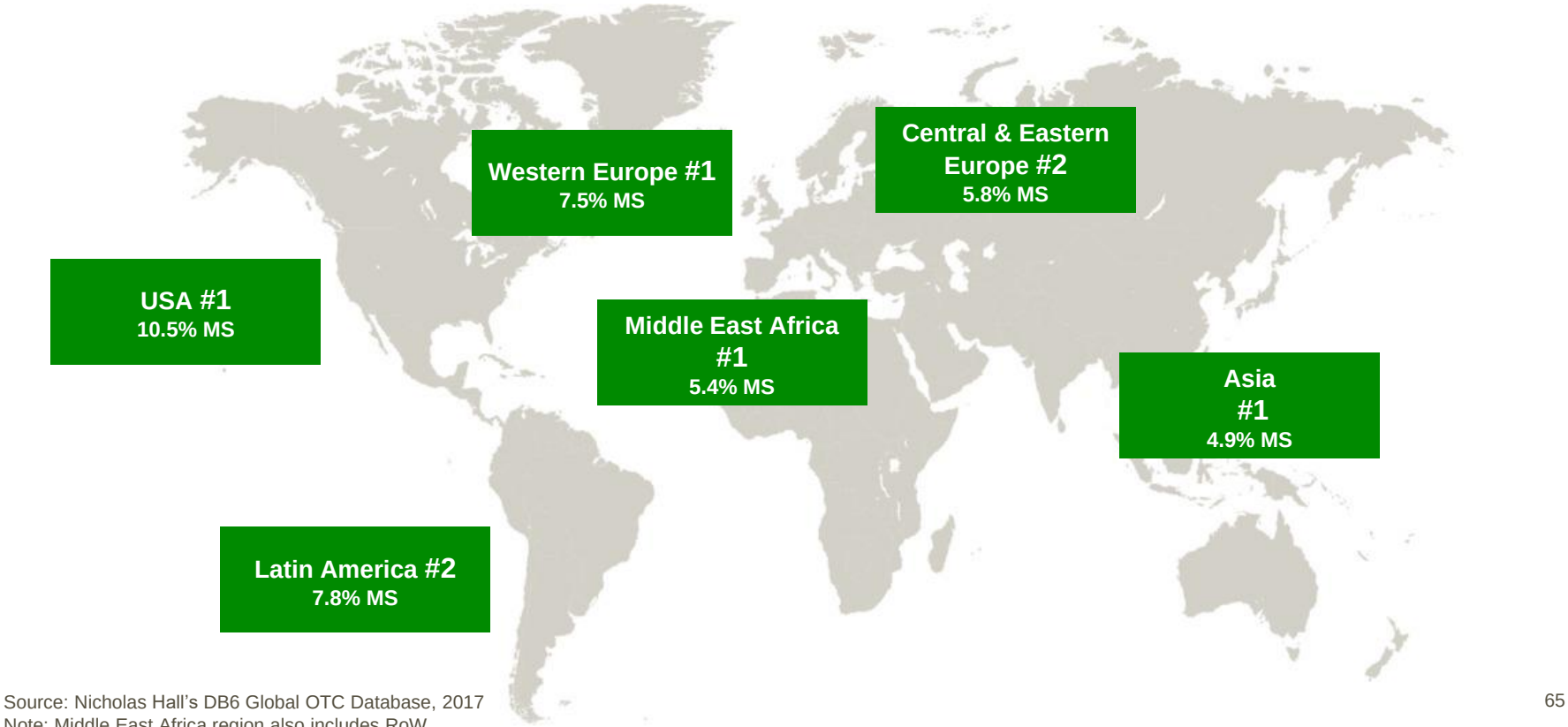
Category leading positions of combined portfolio

#1 Pain Relief[1]	#1 VMS[1]	#1 Respiratory[1]	#2 Digestive Health[1]	#1 Therapeutic Oral Health[2]	#3 Skin Health[1]
					
					

1. Nicholas Hall's DB6 Global OTC Database, 2017. For Skin Health, share and ranking based on OTC derms category. 2. GSK analysis based on Nielsen, IRI and Euromonitor data

Creates OTC leadership positions in key geographies

Leadership OTC positions in some of the world's most important markets:
US #1, Germany #1, India #1 , Russia #2, China #2

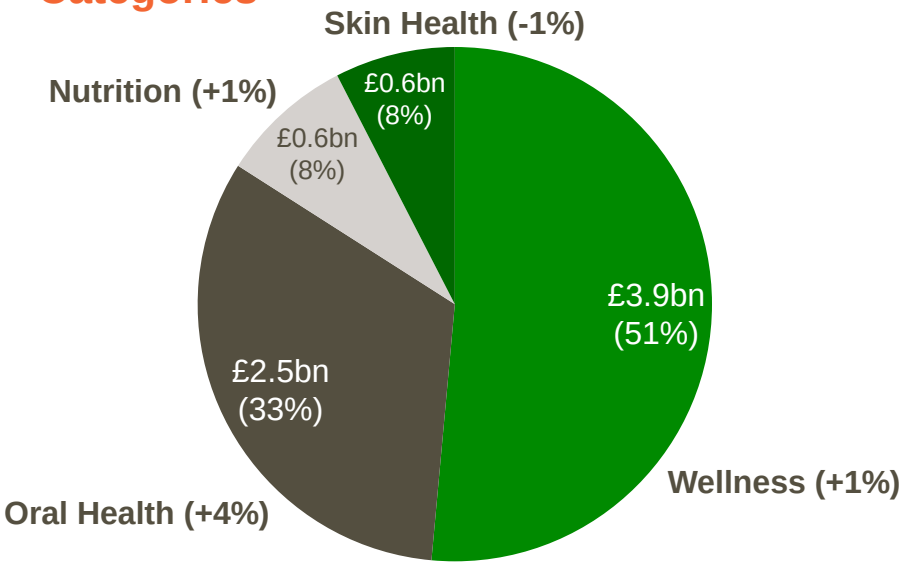


Source: Nicholas Hall's DB6 Global OTC Database, 2017
Note: Middle East Africa region also includes RoW

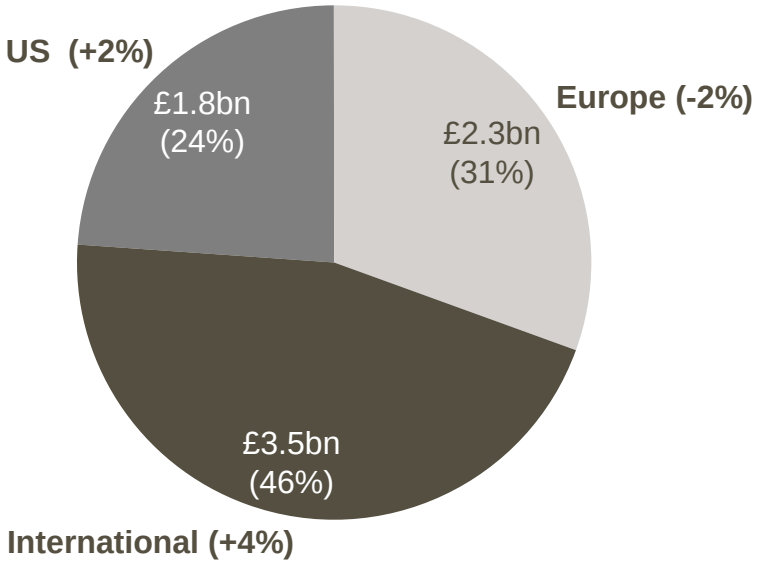
Consumer Healthcare: revenue breakdown 2018

Revenues of £7.7bn (+2% CER)

Categories



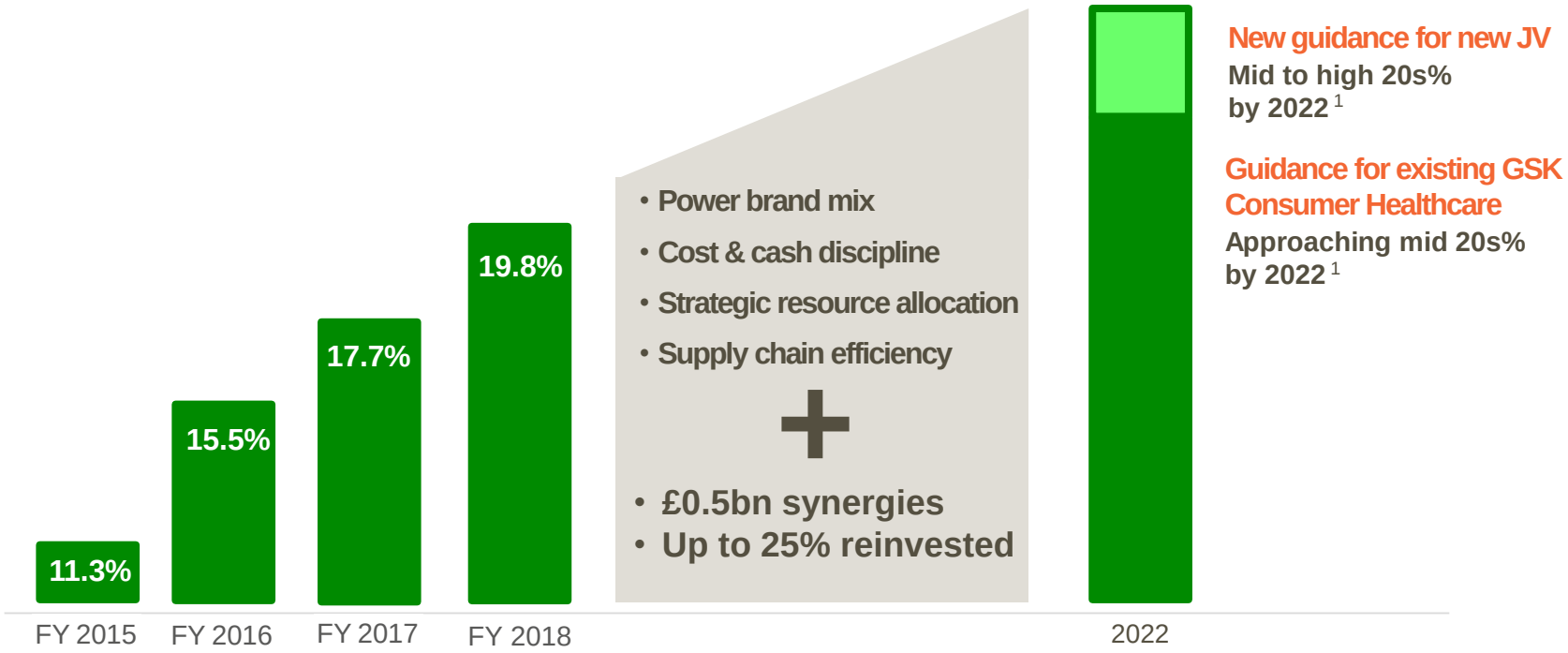
Regions



Source: GSK Full year 2018 results release – February 2019

All growths at constant exchange rates (CER). Breakdown percentages are approximate

Deliver an industry leading margin



[1]At 2017 constant exchange rates. Expected 20%+ operating margin by 2020 at 2015 constant exchange rates. Historical margins shown for the GSK Consumer Healthcare segment are at respective actual rates

Financials

Our aim is to deliver benefits for patients, consumers and shareholders

*All 2020 outlook statements are at CER using 2015 exchange rates as the base. CAGRs are 5 years to 2020.

2019 outlook

EPS/Dividend

EPS guidance: unchanged
Decline of 5 to 9%
Dividend
Expect 80p for 2019

Operating costs

SG&A and R&D
Addition of Tesaro cost base
R&D spend to pick up significantly

Other

Royalties
Broadly similar to 2018
Net finance expense
Around £900-950m
Tax rate
Around 19%

Pharmaceuticals

Turnover
Low single digit decline

Vaccines

Turnover
Shingrix Q1 performance a good indicator of expected quarterly revenue run rate

Consumer Healthcare

Turnover
Low single digit increase
Transactions
Consumer Healthcare JV expected to close in H2 2019[1]
Nutrition sale to Unilever expected by end 2019[1]

If exchange rates were to hold at the closing rates on 31 March 2019 ($1.31/£1, €1.17/£1 and Yen 145/£1) for the rest of 2019, the estimated negative impact on 2019 Sterling turnover growth would be around 1% and if exchange gains or losses were recognised at the same level as in 2018, the estimated impact on 2019 Sterling Adjusted EPS growth would be negligible.

Note: all outlooks at CER. Full 2019 EPS guidance can be found on page 2 of our First Quarter 2019 press release. [1] Subject to regulatory and shareholder approvals
All expectations and targets regarding future performance should be read together with the "Outlook assumptions and cautionary statement" sections of the First Quarter 2019 Results Announcement and the cautionary statement slide included with this presentation

Dividend policy

Expect to rebuild dividend cover over time

We will distribute regular dividend payments determined primarily with reference to free cash flow generated after meeting investment requirements

2018	We paid 80p dividend per share
2019	We expect to pay 80p dividend per share
Free cash flow cover	Focus on rebuilding free cash flow cover over time Target 1.25x to 1.5x FCF cover before returning to dividend growth

Currency

2018 currency sales exposure

US $	39 %
Euro €	20 %
Japanese ¥	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, Russian Rouble.
- In total they accounted for 13% of Group revenues in 2018.

2019 Adjusted EPS ready reckoner

US $
10 cents movement in average exchange rate for full year impacts Adjusted EPS by approx. +/- 4.5%

Euro €
10 cents movement in average exchange rate for full year impacts Adjusted EPS by approx. +/- 2.0%

Japanese ¥
10 Yen movement in average exchange rate for full year impacts Adjusted EPS by approx. +/- 1.0%

*All expectations and targets regarding future performance should be read together with the “Outlook assumptions and cautionary statement” sections of the Full Year and Q4 2018 Results Announcement dated 6th February 2019 and the cautionary statement slide included with this presentation

Expected costs and savings under Major Restructuring Programmes

	Date Announced	£bn	2018	2019	2020	2021	2022
		2018 Average Rates	Actuals	Projected*			
Integration & Restructuring Programme	2015	Savings**	3.9	4.2	4.4		
		Total charges	0.4	0.4	0.1		
		Cash payments	0.5	0.3	0.2		
2018 Restructuring Programme	Q2'18	Savings**		0.2	0.3	0.4	
		Total charges	0.4	0.9	0.3	0.1	
		Cash payments	0.0	0.4	0.2	0.1	0.1
Consumer JV	Dec-18	Synergies**			0.2	0.4	0.5
		Total charges		0.3	0.6	0.2	0.1
		Cash payments		0.2	0.4	0.2	0.1

*All expectations and targets regarding future performance should be read together with the "Outlook assumptions and cautionary statement" sections of the Full Year and Q4 2018 Results Announcement dated 6th February 2019 and the cautionary statement slide included with this presentation

**Savings and synergies shown are cumulative for the programme to date

Latest Quarter Financials

Q1 2019

Strong start to an important year of execution

Q119

Pharmaceuticals
+2% CER

New Respiratory products +25%*

HIV sales +4%; dolutegravir +7%

Benlysta +15%

Zejula sales of £42m**

Vaccines
+20% CER

Shingrix sales of £357m, > +100%

Meningitis sales +18%

Consumer Healthcare
+1% CER

Oral health sales +4%;

Wellness sales -1%

Group sales growth of +5%

1pp improvement in Group Adjusted operating margin

Total EPS of 16.8p, +42%; Adjusted EPS of 30.1p, +18%

FCF £165 million

All growth rates and margin changes at CER.
The definitions for non-IFRS measures are set out on pages 7,8 and 36 of our First Quarter 2019 earnings release, and reconciliations are set out on pages 18 and 35.
* New Respiratory includes the Ellipta portfolio and Nucala
** Zejula sales consolidated from 22 January 2019

Headline results

	Q1 2019	Reported growth %	
	£m	AER	CER
Turnover	**7,661**	6	5
Total operating profit	**1,428**	15	10
Total EPS	**16.8p**	50	42
Adjusted operating profit	**2,163**	12	9
Adjusted EPS	**30.1p**	22	18
Free cash flow	**165**	(50)	n/a

Results reconciliation

Q1 2019

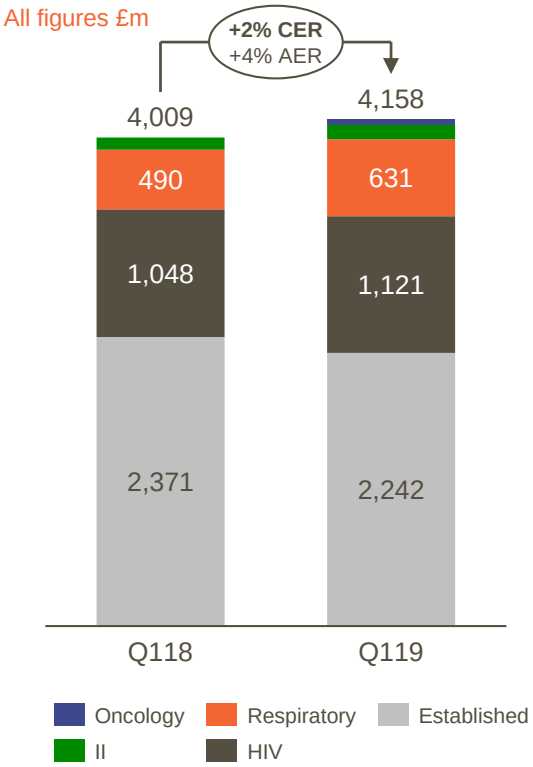
	Total results	Intangible amortisation	Intangible impairment	Major restructuring	Transaction related	Disposals, significant legal and other	**Adjusted results**
Turnover (£bn)	**7.7**						**7.7**
Operating profit (£bn)	**1.4**	0.2	<0.1	0.4	(0.1)	0.2	**2.2**
EPS (pence)	**16.8**	3.1	0.3	6.5	(0.7)	4.1	**30.1**
Q1 18 EPS (pence)	**11.2**	2.4	0.5	1.0	9.0	0.5	**24.6**

Pharmaceuticals

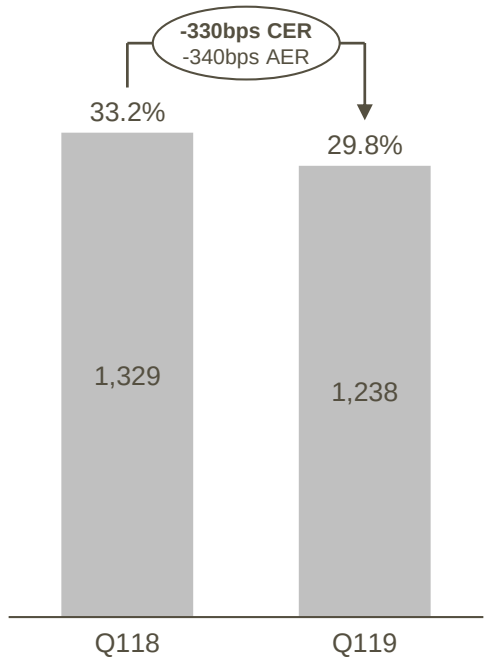
Q1 2019

Sales

All figures £m



Operating margin



Sales

- ⊕ New launches: Trelegy, Nucala, Juluca
- ⊕ Advair AG & Ventolin AG stocking
- ⊕ Initial sales from Zejula
- ⊖ Advair genericization impact
- ⊖ Established and older brands decline

Operating profit

- ⊕ Tight control of costs
- ⊖ Impact of generic Advair
- ⊖ Investment in new products
- ⊖ Addition of Tesaro cost base

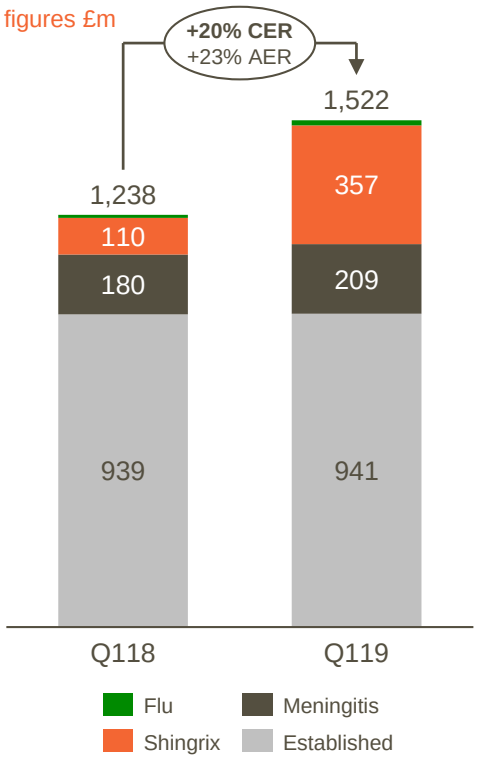
AG = Authorised Generic

Vaccines

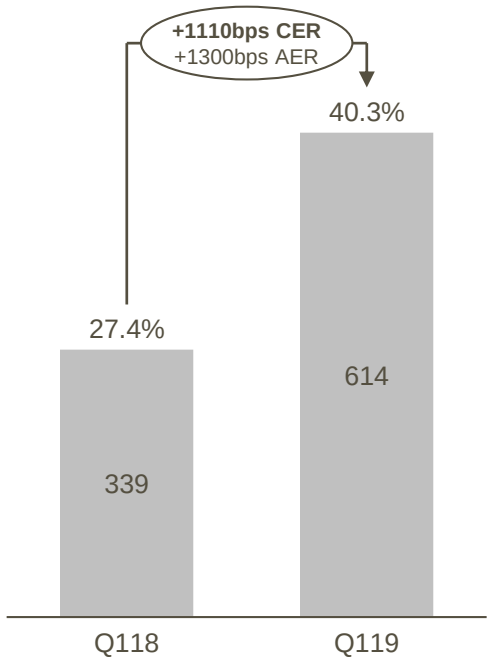
Q1 2019

Sales

All figures £m



Operating margin



Sales

- ⊕ Shingrix demand
- ⊕ Meningitis growth
- ⊕ Hepatitis CDC stockpile movements
- ⊖ Cervarix China comparator
- ⊖ Infanrix, Pediarix competition

Operating profit

- ⊕ Shingrix operating leverage
- ⊕ Favourable inventory adjustments
- ⊕ Higher royalty income

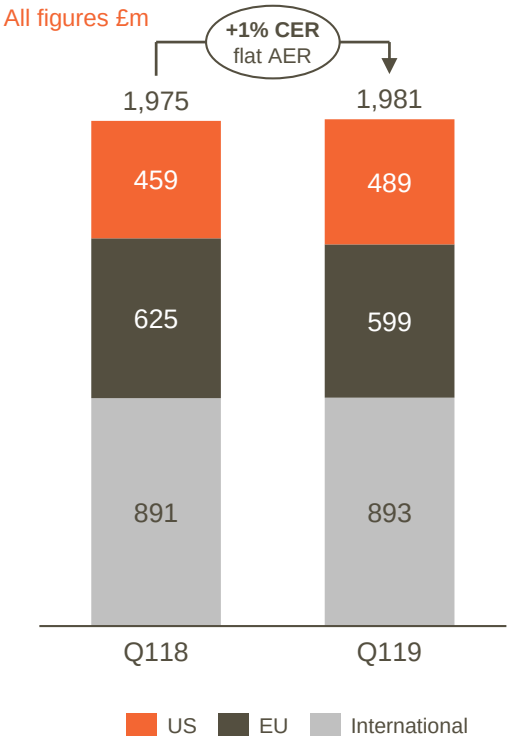
CDC = Centers for Disease Control and Prevention

Consumer Healthcare

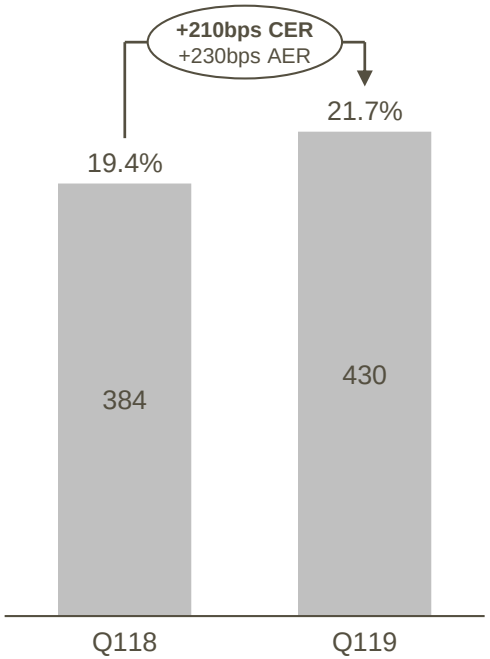
Q1 2019

Sales

All figures £m



Operating margin



Sales

- ⊕ Sensodyne performance
- ⊕ International performance
- ⊖ Ongoing turnaround in Europe
- ⊖ Divestments & phasing out of contract manufacturing c.1%
- ⊖ Tough US cold & flu comparator

Operating profit

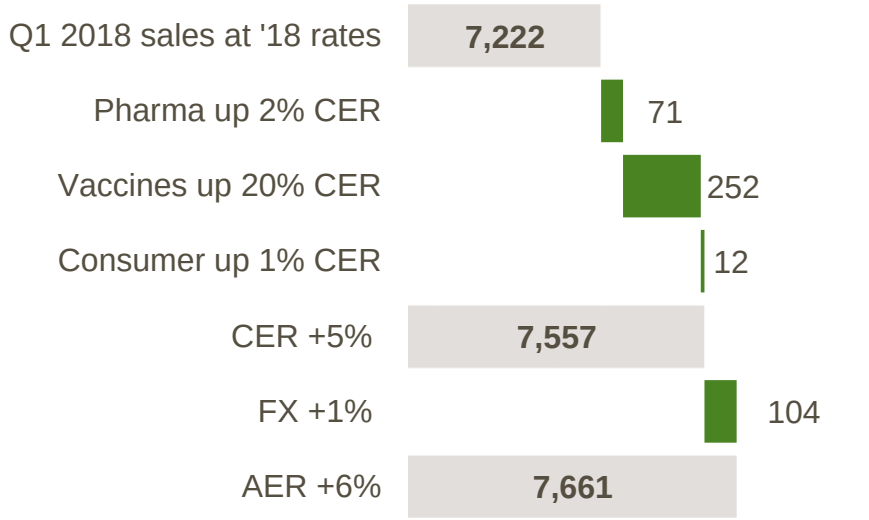
- ⊕ Manufacturing restructuring benefits
- ⊕ Improved product mix
- ⊕ Continued strong cost control

Sales and Adjusted operating margins

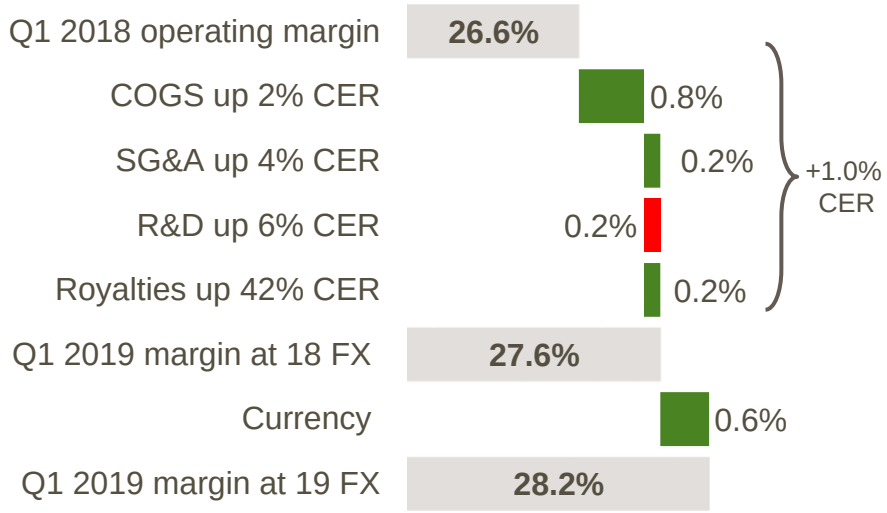
Q1 2019

Sales

All figures £m



Adjusted operating margin

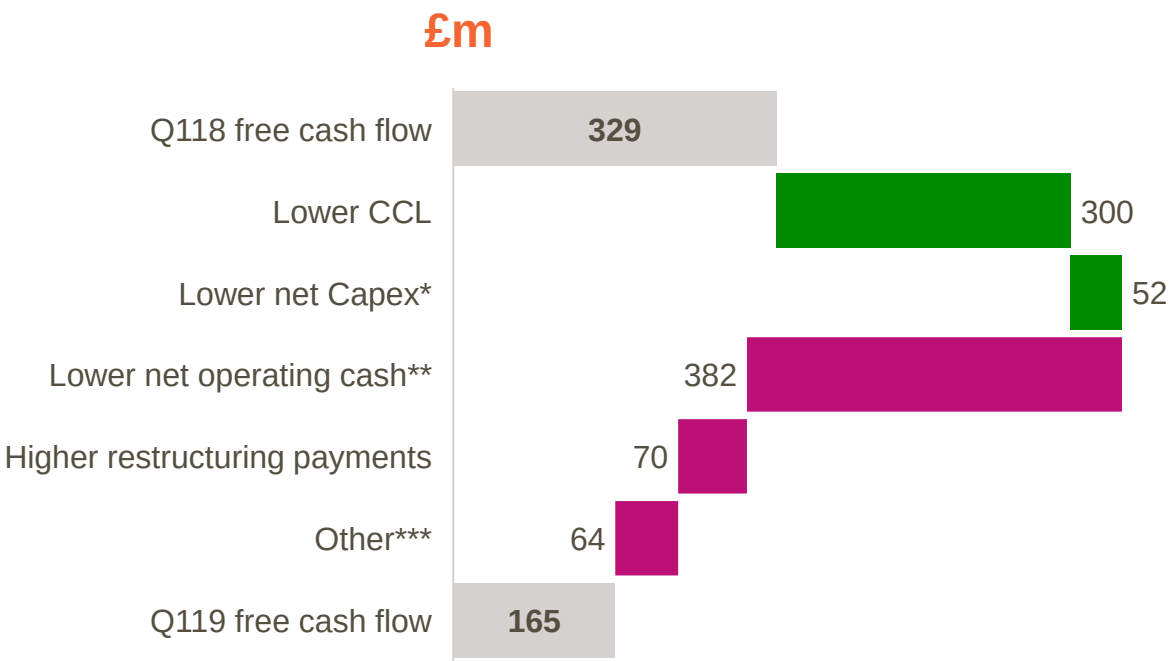


Adjusted operating profit to net income

Continued delivery of financial efficiency

	Q1 18 £m	Q1 19 £m
Operating profit	1,923	2,163
Net finance expense	(139)	(187)
Share of associates	9	57
Tax	(362)	(400)
Tax rate	20.2%	19.7%
Minorities	(224)	(149)
Net income	1,207	1,484

Free cash flow of £0.2bn



CCL: contingent consideration liability
* Net Capex includes purchases less disposals of PP&E and intangibles
** Net operating cash is net cash inflow from operating activities including changes in working capital, excluding restructuring, operating CCL, and significant legal payments.
*** Other includes significant legal payments, net interest paid, income from associates and JVs and distributions to minorities

2019 financial priorities

2019 guidance

Adjusted EPS

Down 5 to 9% CER

Priorities

Deliver improvements in working capital management and underlying cash generation

Sharpen allocation of resources to key priorities including our R&D pipeline and ensuring successful launch of new products

Integration of Tesaro, completion of Consumer JV and disposal of Nutrition business

All expectations and targets regarding future performance should be read together with the “Outlook assumptions and cautionary statement” sections of the First Quarter 2019 Results Announcement and the cautionary statement slide included with this presentation

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