

Full-year and Q4 2023 results  
Conference call and webcast for investors and analysts  
Wednesday, 31 January 2024 at 11:00 GMT

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Introduction | Nick Stone

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**Slide 1**

Hello everyone. Welcome to today's call and webcast. The presentation was sent to our distribution list by email, and you can also find it on [gsk.com](https://www.gsk.com). Please turn to slide 2.

**Slide 2**

This is the usual safe-harbour statement - we will comment on our performance using constant exchange rates or CER unless stated otherwise.

As a reminder, following the Consumer Healthcare demerger in 2022, we are presenting performance and growth of the continuing operations for GSK.

Please turn to slide 3.

**Slide 3**

Today's call will last approximately one hour, with the presentation taking around 30 minutes and the remaining time for your questions.

We request that you ask 1-2 questions so that everyone has a chance to participate.

Turning to slide 4, I will now hand the call to Emma.

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## Strategic summary | Emma Walmsley

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### Slide 4 | Delivering commitments and upgrading outlooks

Hello, and a warm welcome to everybody joining this call.

Today, we are updating you on our performance for 2023, giving guidance for 2024, and providing you with upgraded, longer-term outlooks.

Please turn to the next slide.

### Slide 5 | Significant delivery and improved performance since 2021 commitments

In 2021, we set out a series of commitments to shareholders, including for a “step-change” in performance, following the significant transformation in GSK’s structure, strategy, capital allocation and culture.

Since then, we have delivered 10 quarters of consecutive sales growth ex. COVID, and our priority to invest in new Vaccines and Specialty medicines to reshape GSK’s portfolio is now strongly evident, with around two-thirds of sales now generated from these two product areas.

At the same time, we have continued to strengthen our pipeline. The majority of the late-stage assets we highlighted in 2021 have moved forward positively, and we have added multiple new opportunities to this portfolio, including through targeted business development – where we have secured more than 16 acquisitions and alliances for innovative assets and new technologies.

We have achieved all of this whilst maintaining a continued sharp focus on operating margins, cashflow and capital allocation - mindful of the need to both invest for the future and to deliver attractive returns to shareholders.

Next slide, please.

### Slide 6 | Strong 2023 performance

Our performance for 2023 demonstrates all of this.

Sales and profits ex COVID solutions grew double-digit levels for the year.

- Sales were up 14% to over £30 billion - a clear highlight being the exceptional launch of *Arexvy*
- Adjusted operating profit was up 16%
- And Adjusted EPS were up 22%.

All three of our product areas demonstrated good growth, with sales from new products since 2017 contributing more than £11 billion in 2023.

This level of performance helped to deliver two upgrades to guidance in 2023 and led to the increased dividend we have announced today of 58 pence per share.

We also sustained good progress with our Trust/ESG goals, not least reflected in our sector leadership of the S&P's Global Corporate Sustainability Assessment. Highlights for the year included moving to phase 3 for our low carbon Ventolin inhaler programme, hitting our leadership diversity ambitions two years ahead of schedule, and extending roll-out of our malaria vaccine to 12 new countries in Africa.

Altogether, 2023 provided us with good momentum, which we are now carrying into this year.

Next slide, please.

### Slide 7 | Delivering on our commitments and upgrading our outlooks

In 2024, we expect another year of meaningful growth:

- Sales growth: 5-7%
- Adjusted operating profit growth: 7-10%
- Adjusted EPS growth: 6-9%

For the period 2021-2026, we now expect sales to grow more than 7% on a CAGR basis and adjusting operating profit to increase more than 11% CAGR.

For 2026-2031, with the progress made in our portfolio, we now believe that we can deliver more than £38 billion of sales by 2031.

This is an increase of £5 billion versus the estimate we gave in 2021 and continues to exclude any contributions from early-stage pipeline assets and further anticipated business development. We have also not included any potential future sales contribution from *Blenrep* here either.

So, this new outlook represents a marked sales acceleration, as in effect, we now expect to reach our original 2031 goal - of more than £33 billion - by 2026, so five years earlier.

Beyond sales, we expect a continued strong focus on margin improvements during this period while retaining flexibility to invest in growth.

Recognising that we will likely face loss of exclusivity for dolutegravir from 2028 to 2030, we are also able to say today that we expect operating margins to be broadly stable through that 3-year period.

Julie and I will cover these outlooks in more detail shortly, but first, we're going to review our 2023 performance and 2024 guidance, starting with comments from Luke.

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## 2023 performance and guidance for 2024 | Luke Miels

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### Slide 8 | Innovation

Thanks, Emma. Please turn to the next slide.

### Slide 9 | Strong growth in 2023 for all product areas and regions

2023 was a great year for operating performance, with strong growth across all our product areas and regions – up 14% for the full year.

Please turn to Slide 10.

### Slide 10 | Vaccines: +24%<sup>1</sup> with outstanding Arexvy launch

In Vaccines, sales were up 24% for the year with the outstanding launch performance of *Arexvy*, contributing more than £1.2 billion, together with the strong performances from *Shingrix* and our meningitis portfolio.

I'll come to *Arexvy* in a minute, but first, a few points on the rest of the portfolio, and specifically prospects for growth.

We continue to expect strong growth for *Shingrix* this year and to deliver more than £4bn in peak-year sales. In the US, our immunisation rate is 35% in those people 50 years and older, which means close to 80 million people who are eligible are unvaccinated, with more than 4 million people joining this cohort each year. We expect 2024 growth to be driven outside the US, where the vaccine is now approved in 39 countries, most of which have less than 4% penetration, and we're really excited about our new partnership with Zhifei in China.

Our meningitis portfolio supports a major public health need and continues to be an important contributor to growth. *Bexsero* and *Menveo* sales were up 14% and 12% in 2023. We are also excited to be submitting our MenABCWY vaccine for approval in the US this year. Combined, this franchise is expected to deliver around £2 billion in non-risk adjusted peak-year sales.

Beyond the marketed portfolio, we expect to see further progress in 2024 for our mRNA vaccine, with phase II data in flu, the development of our pneumococcal MAPS vaccine candidates and our potential HSV therapeutic vaccine.

Next slide, please.

### Slide 11 | Arexvy launch dynamics

As Emma said, the *Arexvy* launch has been exceptional, and we expect good growth this year mainly driven by further penetration in the US, but also early adoption from the international rollout of the vaccine. We are currently approved in 39 countries.

And in the US, our choice to emphasise our 94.6% efficacy in the co-morbid population continues to resonate well. Script data shows strong brand preference – and market data tells us that two out of three HCPs prefer *Arexvy*. And we continue to have a strong position with all major pharmacies as we start 2024.

Looking into this year, we have a major opportunity, subject to approval and ACIP recommendation, with a potential label for at-risk individuals in the 50 to 59 year old cohort – this is around 15 million people.

On other dynamics for this year, we know we are facing a more competitive environment and, of course, we won't benefit from launch-stocking. We will also start to see how seasonality affects use patterns for *Arexvy*. But we are ready for all of this and are ambitious for 2024. We remain very confident this vaccine can achieve more than £3 billion in peak-year sales over time.

Overall, looking across the Vaccines portfolio, we expect sales to increase high-single digit to low-double digit per cent in 2024. We are also upgrading our vaccines outlook from 2021 to 2026 from high-single-digits to low-double-digits.

Next slide, please.

### Slide 12 | Specialty: +15%<sup>1</sup> with double-digit growth in all product areas

Moving to Specialty Medicines.

Here, overall sales were up 15% for the year, driven by strong performance from key products in HIV, which Deborah will cover shortly, Respiratory/Immunology and Oncology.

In Respiratory, our market-leading IL-5, *Nucala*, saw strong growth across all geographies and received severe asthma approval in China. As we said at our recent respiratory "meet-the-management" event, we expect pivotal COPD data for *Nucala* in the second half of this year. Before then, and excitingly for this class of respiratory medicines, we expect first pivotal trial results for depemokimab - our new six-monthly IL-5. A key new growth opportunity for our respiratory business.

*Benlysta* was also a major contributor in 2023, with sales up 19%, and in Oncology, we were very pleased with the strong uptake for *Ojjaara*. We're also seeing increasing use of *Jemperli* and *Zejula*, in patients with endometrial and ovarian cancers, driven by generation of compelling data and launch of new patient-valued formulations.

A quick word on *Blenrep*. Sales decreased for the year as expected. But following positive headline results from a planned interim efficacy analysis of the DREAMM-7 trial, we are now waiting for further overall survival data from this study, and we continue to expect DREAMM-8 results later this year.

Overall, we can expect another year of strong performance for our Specialty Medicines in 2024 with growth of low-double-digit per cent and continue to expect double-digit growth between 2021 and 2026.

Please turn to Slide 13.

### Slide 13 | General Medicines: +5% driven by *Trelegy* in respiratory

Finally, our General Medicines portfolio.

Sales grew 5% in 2023, led by *Trelegy*, which is now contributing over £2 billion per year and is the world's top-selling brand in asthma and COPD.

We are now using our respiratory expertise across both vaccines and medicines, with the benefit of *Trelegy* and *Arexvy* co-promotion being recognised by HCPs who want to discuss both respiratory prevention and treatment.

Overall, we expect Gen Meds to decrease mid-single digit % in 2024. This guidance takes into account the AMP Cap removal in the US, which we previously highlighted as impacting the business by up to \$700 million dollars. We provided for around 20% of this in 2023. And continue to expect a broadly flat outlook between 2021 and 2026.

I'll now hand over to Deborah to cover HIV.

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### Performance | Deborah Waterhouse

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### Slide 14 | HIV: 13% growth in 2023 driven by oral two-drug regimen (2DR) and long-acting (LA) portfolio

Thank you, Luke.

HIV sales grew 13% to £6.4 billion in 2023, driven by a notable acceleration in our oral two-drug and long-acting injectable regimens.

Sales from these two areas represents 55% of our portfolio – compared to an exit of 46% in 2022.

For the year, *Dovato* sales grew 33% to £1.8 billion, *Cabenuva*, grew more than 100% with sales over £700 million, and *Apretude* contributed sales of £149 million.

The growth of these products reflects strong patient demand and our deep commitment to innovation. For long-acting regimens specifically, more than 80% of US healthcare prescribers now tell us they are convinced that these regimens will become a key part of HIV care.

Based on this demand and our growth and momentum, we are projecting a growth rate of high single-to-low double digits in 2024.

We are excited by the potential of our early-stage pipeline to deliver more innovative, longer-acting injectable regimens. And, as I said at last year's investor event, 2024 will be an important year for us as we select regimens for four-monthly treatment and self-administered treatment, as well as starting the registrational studies for four-monthly PrEP. We will be presenting data on our early pipeline and our current portfolio at CROI in March.

To conclude, 2023 was another positive year of performance and portfolio development. As such, we are looking forward to 2024 and are confident that we are well on track to deliver our 2021 to 2026 sales ambition of 6-8%.

With that, I shall hand to Julie.

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## Performance | Julie Brown

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### Slide 15 | 2023 performance and guidance for 2024

Thank you Deborah and good morning everyone. Next slide, please.

### Slide 16 | Delivered a step-change in financial performance in 2023

Starting with the income statement, with growth rates stated at CER:

Sales increased 14%, excluding COVID solutions, and were up 5% overall reflecting continued strong business performance.

Adjusted operating profit grew 16%, excluding COVID, and 12% overall. The margin increased to 29%, driven largely by favourable product mix and operational efficiencies, as well as increased royalties.

COGs and SG&A grew broadly in line with sales, excluding COVID.

R&D costs increased due to the investment in late-stage programmes in Vaccines, Respiratory/Immunology and ID, with the step up in Q4 due to reorganisation costs and the acceleration of late-stage projects.

Adjusted EPS grew 22%, excluding COVID solutions, and 16% overall, and this benefitted also from a lower net finance expense, down 15%, following debt restructuring.

The effective tax rate was 15.5% (in line with guidance).

Turning to the Reported results, total operating profit increased 10% to £6.7 billion, driven by overall performance and favourable CCL movements. The reconciliation of Total to Adjusted results is included in the appendix.

On currency, there was an adverse 200 basis point impact on sales and 400 basis points on adjusted operating profit versus the prior year, primarily due to the strengthening of Sterling against Emerging Market currencies.

Next slide, please.

### Slide 17 | Improved 2023 adjusted operating margin

Moving to the adjusted operating margin dynamics for the year. On this slide, we have shared including and excluding COVID, to provide an underlying review of margin dynamics.

Excluding COVID solutions, the margin improved 60 bps at CER, to 29.1%, due to improved product mix, productivity improvements and increased royalty income.

Including COVID, there was 180 bps improvement, primarily reflecting reduced sales of lower-margin *Xevudy*.

Regarding SG&A, growth was focused on investment in Vaccines, including disease awareness and the launch of *Arexvy*, together with *Shingrix*, long-acting HIV, *Jemperli* and *Ojjaara*.

Royalty income also contributed to margin improvement.

Next slide, please.

### Slide 18 | 2023 free cash flow of £3.4bn

Free cash flow increased to £3.4 billion. This, despite annualising the receipt of £0.9 billion from Gilead in 2022. This increase was primarily driven by higher operating profit, together with favourable timing of *Xevudy* cash flows and lower UK pension contributions, partly offset by higher *Arexvy* trade receivables.

Q4 CGFO performance was particularly strong, delivering £3.7bn versus £2.1bn last year. This increase was primarily driven by higher collections following the strong launch of *Arexvy* in Q3.

We expect cash generation to remain strong and are fully committed to delivering >£10 billion of cash generated from operations by 2026.

Next slide, please.

### Slide 19 | Capital deployment supports business growth and shareholder returns

Slide 19 shares our net debt position and how we've deployed capital in the business in line with the Capital Allocation Framework. We look to deploy funds to enhance growth and deliver attractive shareholder returns.

We started the year with net debt of £17bn and strong free cash generation, in addition to the monetisation of our stake in Haleon, supported £3.8 billion of investment in targeted business development and Capex; and £2.2 billion in returns to shareholders via the dividend.

Overall, this led to a further reduction in net debt to £15 billion by end 2023 and a net debt to *Adjusted* EBITDA ratio of 1.5x.

Post the year-end, we conducted a further sale of 300m Haleon shares, yielding proceeds of £978m, and leaving our equity holding at just over 4%. Further, we reached a successful agreement to acquire Aiolos Bio, subject to customary regulatory clearances, to further strengthen our respiratory portfolio.

I'll now turn to our expectations for the coming year.

Next slide, please.



## Slide 20 | 2024 guidance at CER (excl. COVID-19 solutions)

In 2024, we expect another year of meaningful growth for GSK.

We expect Sales to increase between 5 and 7 per cent; Adjusted operating profit to increase between 7 and 10 per cent; and Adjusted earnings per share to increase between 6 and 9 per cent. Important to note that the cessation of Gardasil royalties negatively impacts profit growth by 6 percentage points within our 2024 guidance.

As a reminder, our guidance is provided at CER and excludes the impact of COVID-19 solutions.

Some points to note for modelling purposes.

Firstly, our sales composition.

As Luke and Deborah have said,

- For Vaccines, we expect high single digit to low double-digit percent growth.
- For Specialty Medicines, we expect a low double-digit per cent growth.
  - For HIV, sales to grow high-single digit to low double-digit percent].
- And within General Medicines, we expect sales will decrease by a mid-single-digit per cent, largely as a result of the AMP Cap removal in the US.

We also do not anticipate any future revenue from COVID solutions and this will reduce sales growth by 1% and OP growth by 2% in 2024.

Secondly, turning to operating margin dynamics.

We have been in an investment cycle, supporting our newly launched vaccines and medicines, and we now expect to move to a period of delivering increasing returns on our investment. In this new cycle, we expect a step down in SG&A growth to a LSD%, improving productivity and providing margin leverage, whilst remaining competitive. We will continue to invest for growth, as established in our capital allocation framework, and we will continue to build a strong R&D pipeline for the longer-term.

Finally, we expect an increased adjusted tax rate of around 17% for 2024.

I'll now hand back to Emma.

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## Outlooks for 2026-2031 | Emma Walmsley

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### Slide 21 | Outlooks for 2026-2031

Thanks, Julie; so, in this final section, we would like to provide you with a bit more detail on the key elements that we see as underpinning our performance in 2026-2031.

We know this period is a key area of focus for investors – with growth and profitability being two very clear dynamics for us to manage.

Next slide, please.

### Slide 22 | Delivering profitable growth 2026-2031

First, growth, and its most important driver - portfolio development.

We start from a very healthy position, with a core set of marketed Vaccines and Specialty Medicines driving significant growth. With the progress we are making, particularly in Vaccines and HIV, these marketed assets now support an outlook for more than 7% sales growth on 5-year CAGR basis in 2026.

These growth drivers will be supplemented by a planned set of near-term new product launches, each with peak year sales potential of £2 billion or more.

Here we have:

New potential vaccines: for meningitis, influenza, pneumococcal disease, and HSV.

And, new potential medicines for:

- long-acting HIV treatment and prevention;
- a functional cure for hepatitis B, bepirovirsen, and new portfolio of anti-infective treatments, including gepotidocin,
- New medicines for respiratory diseases with high burden and unmet need: depemokimab, camlipixant
- And in Oncology, further indications for *Jemperli* and potentially CD226 targeting a variety of cancer types

Altogether, we are currently planning for at least 12 major product launches in the period 2025-31.

With these planned launches, and our current, marketed growth drivers, we expect to deliver more than £38 billion in risk adjusted sales for GSK by 2031.

Beyond this – so not included in the £38 billion – we continue to develop a promising early-stage pipeline. And we will continue to pursue targeted business development.

Next slide, please.

### Slide 23 | 2031 sales outlook: high potential and attractive risk profile

Of course, we recognise that there is development risk, and that refreshing and progressing our pipeline is a continual process. By definition, not everything will come through. Continued strong execution is needed, and we are committed to it.

We forecast our sales on a RA (risk-adjusted) and NRA (non-risk-adjusted) basis. As you can see here, there is significant potential for upside with successful development outcomes. Our highest adjustments are in specialty Oncology, reflecting the development risk and the upside returns the assets we have in this space offer.

Overall, our portfolio offers scale growth opportunity and has an attractive risk profile – more than 90% of those future sales come from products already approved, or from planned launches  $\geq$ £2bn, most of which we plan to launch in the next 4 years.

Next slide, please.

### Slide 24 | Significant future pipeline value "unlocks" in 2024-2026

You will be increasingly familiar with many of these assets following our meet-the-management events last year.

We will, of course, continue to provide updates, as we expect significant amounts of pipeline value to “unlock” this year, in 2025 and 2026, as this growing late-stage portfolio matures.

As shown here, you can see we have multi-billion-pound scale opportunities in all of our core product areas. These peak year sales estimates are given on a non-risk adjusted basis and all of them are at least £2 billion, with many significantly higher.

Let us now turn to the second dynamic for us to manage in 2026-31 - a continued focus on profitability and disciplined capital allocation.

Over to Julie to comment on this.

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### Outlooks for 2026-2031 | Julie Brown

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### Slide 25 | Sustained focus on operating margin improvement

Thanks Emma. First, I will cover operating margins.

Since 2021, we have delivered an increase in margin of 290 basis points, and we remain focused on delivering further margin improvements in the next 3 years to achieve an operating margin in excess of 31% by the end of 2026 this represents more than a 530 basis point improvement over the 5 years.

Our margin is benefiting from the strategic shift we have made to invest in Vaccines and Specialty Medicines, together with the significant productivity improvements across supply chain, commercial operations and global functions.

This margin progression is after absorbing various headwinds, including several already highlighted, such as Gardasil royalties and the impact from AMP cap. These are all factored into our outlooks.

Moving to the period 2026-31.

Whilst we do not plan to guide on operating margin beyond 2026, we do understand that investors are concerned about the period when dolutegravir loses exclusivity. We would therefore like to set out our expectations for this 3-year period, starting in 2028, with the majority impact in 2029-30.

Offsetting this are a number of positive factors:

Firstly, and very importantly, the development of new long-acting and ultra-long-acting HIV treatment and prevention therapies, such that by the time the loss of exclusivity starts, we would expect around 40% of our HIV business to be in long-acting therapies.

Second, the mix benefit to the operating margin from growth in Vaccine and Specialty Care products, which we anticipate to be around three-quarters of sales by 2026; and,

Thirdly, accelerating productivity gains, notably in supply chain and in SG&A, with increased use of AI and analytics, to underpin, and further support, GSK's profitability in this period.

Taking all of this together, our expectation is for operating margins to be broadly stable through the 3 years where dolutegravir loses exclusivity.

Known headwinds, including the impact of the IRA on certain products, are also incorporated into this expectation.

Finally, we will continue to have a strong focus on margin improvement and ensure our P&L is both competitive and invested for growth. We remain ambitious and will seek further upside, through progression of the early-stage pipeline, targeted BD and a continued drive for efficiency.

Next slide, please.

### **Slide 26 | Capital allocation framework to support investment and returns**

Turning to capital allocation. Our first priority remains to invest in the business, with capital allocated towards development of the pipeline - both organic and targeted business development.

We also remain committed to delivering attractive returns to shareholders and pursuing a progressive dividend policy.

We are therefore pleased to announce an uplift in the fourth quarter dividend, to bring the total for 2023 to 58p, allowing shareholders to benefit from the upgraded performance last year and our increased confidence in the future.

In addition, we are announcing today that we expect to pay a dividend of 60p for the year 2024, in line with our progressive policy, and to be paid in equal quarterly instalments.

Next slide, please.

### Slide 27 | IR Roadmap 2024 to 2025

It is important that we share our progress with you and that you are able to track our major milestones and the value 'unlocks' Emma referred to. Last year, we set out an IR Roadmap for investors covering the next 18 months, inclusive of 4 major areas: Execution, Pipeline, Capital allocation and Investor Engagement. Our progress on this has been very positive and is available in our appendix.

Today, we are providing you with a new and updated roadmap for 2024 and extending this to 2025, outlining the milestones and potential inflection points we expect to deliver in the next 24 months.

The Phase 3 and regulatory decisions are highlighted, and align to the planned major launches Emma referenced, and include expected progress for MenABCWY in Vaccines; depemokimab, *Nucala* COPD and camlipixant in Respiratory; gepotidacin in ID; together with *Blenrep* and *Jemperli* in Oncology.

We hope that you find this useful and we also look forward to providing you with updates at several scientific conferences this year and we are also planning to hold two additional meet-the-management events, covering Oncology in the Summer, and selected Early-stage pipeline assets towards the end of the year.

I will now hand back to Emma to conclude.

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### Summary | Emma Walmsley

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### Slide 28 | Focused on prevention and changing the course of disease

Thanks Julie.

So to summarise.

GSK is delivering on its commitments and performing to a new standard. The excellent performance we delivered in 2023 provides us with clear momentum and we expect to deliver another year of meaningful growth in 2024 as we continue to focus on prevention and changing the course of disease for millions of people.

Our progress means we are also upgrading our outlooks for 2026 and 2031.

All of this bodes well. But equally, we also know there is much to be done. We remain very focused on delivering this potential - and more - at continued pace for patients, for shareholders and for our people.

Combining science, technology and talent to Get Ahead of disease, Together.

With that, I will now open up the call for the Q&A with the team.

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- Question & Answer Session -

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**Peter Welford (Jefferies):** Thanks. You said one or two so I have two if I may. Firstly on *Arexvy*. I wonder if Luke can just talk a little bit about the contracting discussions that you have in place for 2024 given comments from Pfizer about trying to become more competitive this year, and if you could give us any insight into the levels of stocks that you have at the moment and whether that is now at a sustainable level that you think going forward, given the apparent lack of seasonality at least in 'flu that we are seeing?

Then the second, just a quick one just on Oncology; it looks as though you have two over £2 billion peak year sale potentials in Oncology that you are including in the 2031 now. We are curious, when can we get some visibility to increase the confidence in the Oncology part of that £38 billion and, to be clear, that presumably doesn't include a return of *Blenrep*? Thank you.

**Emma Walmsley:** Thanks, Peter. We will come to Luke first on *Arexvy*. We are obviously delighted with being the fastest ramp to blockbuster in four months that the company has ever done in 2023 and ambitious for the path forward. I am going to ask Tony to comment on Oncology. Just to confirm though, *Blenrep* isn't included in any of the outlooks, although we do have some more data to come, and as a reminder in one of the slides that I presented, this is the more heavily risk-adjusted portfolio in our outlook to 2031, and particularly with the 226 portfolio not starting until right towards the end of that period, but Tony can give you more visibility on when we will know what for *Jemperli*.

But Luke, first to you.

**Luke Miels:** Sure, thanks, Emma, thanks, Peter. Stocking levels are about 20% of what we have sold in and if you remember, we had that initial loading with the launch as you would expect, you need to fill the shelves, but yes, now we are at steady state. I think we are increasingly confident that this is not going to be a seasonal vaccine and we are working very hard to do that. I think the third season data that we will get in the middle of the year will also help to cement that.

In terms of contract, as you can imagine I am going to be a little bit coy there because as we have said on the past call, people get up early to listen to these calls, but I would say we are very pleased with the launch so far and the 2023 performance, but our mindset is this is the first round of a multi-round fight, and in 2024 of course we have a third boxer jumping into the ring to make things interesting, so we are very focused on it, we are very confident. I think we have shown that we can compete with the best and our aim is to have another good year in 2024.

**Emma Walmsley:** Thanks, Luke. Tony for Oncology.

**Tony Wood:** Yes, hi, Peter. Just to reiterate, first of all, *Blenrep* is not in the projections. For *Jemperli*, as you've called out there are two areas, and the way to think about this is the continued development of value from *Jemperli* in areas where the underpinning genetics of the cancer support its activity, for example building on the resources that we have with RUBY and looking at other areas of which dMMR or MSI-high status are likely to generate transformative results.

In addition, we have taken a careful look back on what we might call opportunities for which the PD-1 class is showing some effect, but adjustments in the approach would deliver potential long-term differentiated efficacy for *Jemperli*. That would be in the third-line head and neck. Then, broadly speaking, and you will hear more about this towards the end of the year, as the data that we have in the CD226 axis begin to mature and we hold the Meet the Management session, is going to be exploring our combinations with TIGIT in particular and that's a question of how those data play out in lung and other opportunities like head and neck.

**Emma Walmsley:** Thanks, Tony.

**James Gordon (JP Morgan):** Hello, thanks for taking the questions. The first question was just about *Arexvy* and the revaccination data that I think we will have in the first half. I remember that at one year there wasn't a re-vaccination benefit, even though the protection had fallen quite a long way. My question is, is there confidence that we are going to see a strong benefit, and how strong a benefit do you need to see? What would be a clinically meaningful benefit that would justify re-vaccinating people at two years? Is it right that the '26 assumption is that there is a strong benefit in re-vaccinating people? That is the first question, please.

My second question is on the longer-term margin. I saw the comment about 'broadly stable operating margin' as dolutegravir goes away, and I understand that it is partly about productivity gains. Can you just remind us, what is the headwind and how much are you losing? I think when you did break out ViiV before, and dolutegravir – when it was really just dolutegravir – it was a margin north of 70%. Presumably that margin will be even higher, as that business has grown and you have more operating leverage. Is that right, that you will be losing a business that is more than 70% EBIT-margin when it goes away? Is part of it that you think there will be a new pipeline that will come in at a similarly high margin, or am I over-estimating the profitability you would lose?

**Emma Walmsley:** We will come to Julie to give you a response on the building blocks to the margin, but first Tony, to comment on re-vaccination. Just to be clear, the 2026 outlooks – we haven't given a specific 2026 outlook for RSV, but we have given peak year sales for RSV and overall Vaccines growth, upgraded outlook to 2026 as well. This is obviously a key asset and we are very excited to see more data to come. Tony?

**Tony Wood:** James, just a reminder that the existing two-year data, is what is supporting the de-seasonalisation of the product. I will talk about the plan to get to the decision for determining the seasonality of the product. We are on track with regard to third season data and that will be presented at ACIP. It is worthwhile reminding everybody that the season is called by CDC and the determination of attack rates. We are on track for that as far as we stand at the moment, and that will include the boost comparison. If you asked me to make a best guess, based on what we see from immunogenicity data in the 006 study and other smaller studies, then I think we are heading for a two-season vaccine. Again, though, that and the data supporting it will be the basis of the ACIP decision and our conversations with ACIP, so I will just leave you with plan at this stage.

**Emma Walmsley:** Yes. The other thing to say on de-seasonalisation, as Luke presented, obviously RSV vaccination is holding up better than flu and pneumococcal, but it still came down between October and December. We have work to do and we will soon discover more over the coming quarter on how those efforts play forward.

Julie, the margin build.

**Julie Brown:** Thanks, Emma, and thank you for the question. Obviously, we are conscious that people are concerned about the loss of margin from dolutegravir – it is not at the level of the HIV business, of the 70% that you have mentioned. We continue to invest heavily in this franchise and build, in particular, the long-acting portfolio. The reason for the confidence that we can hold it stable during that period – first of all, I draw attention to the 12 launches that Emma called out in her review. We have some in the near-term: the majority of these will be launching within the next four years, so the inflections are coming quite quickly. We have meningitis ABCWY, we have the mRNA influenza. We also very importantly have HIV: we are confident of the four months and we have work going on on that already. With the long-acting portfolio, very importantly, at the time when the dolutegravir patent expiry starts, we expect to have 40% of the business already in long-acting, so that is an important mechanism.

In addition to that, as you know, we have camlipixant launching; depemokimab – an important read-out coming out in the first half of this year, together with the anti-infective portfolio, and others that Emma mentioned. So there are 12 major product launches just coming out now, with the majority in the next four years.

The other factors are the productivity gains. We are very confident – you have seen us step down SG&A growth into 2024. Luke and I have worked very closely together and we are very confident that we can leverage the great base that we have built. Very importantly, some of those assets that are launching – particularly in Respiratory – we have very capable field forces in the areas where we are launching these assets, and so the leverage capability is there. You have seen us leverage the margin and we are committed to more than 500 basis points already by 2026. You will see that we are never going to be satisfied. We are going to grow the top line. The £38 billion - we are saying above the £38 billion - that's a risk-adjusted number, very importantly.

Secondly, we continue to do business development, we have the balance sheet to do it. It's part and parcel of building the R&D pipeline further. Finally, the more than £38 billion does not include those early stage projects to which Emma alluded to in her conversation. Therefore, we are very confident of withstanding the DTG patent expiry.

**Emma Walmsley:** In the end, the outlooks that we are updating today, we have added £5 billion top line versus where we were in the summer of 2021 and we know there is still more to do, so we are confident about making further progress with a lot of ambition.

**Jo Walton (UBS):** Thank you. Could I ask about the US where patients are already beginning to see lower co-pays as we go into 2024. Is there any benefit that you have in terms of less charitable giving to



support people on Medicare who might need your assistance, or any view that you have for some of your more expensive medications that there would be an increase in volume coming through?

My second question is to look a little more at *Shingrix* in China. If we look at how Merck has dealt with their relationship with Zhifei on Gardasil which has obviously been extremely successful, Merck is promoting as well as Zhifei promoting. Given your relatively small base in China, can you tell us what you are doing to ensure that there is a strong uptake of *Shingrix* in China so that, over time, it will be more than the minimum amount of sales that Zhifei is taking from you?

**Emma Walmsley:** Thanks, Jo, and both of those questions will come to Luke. After a record quarter on *Shingrix* again, we really do see Zhifei as a very important building block for the ongoing growth of this great vaccine. Over to you on that, Luke.

**Luke Miels:** Thanks, Jo. I'll cover the China question first. The way the deal is structured, we still maintain the licence in China and we preserve 600 headcount who are promoting the product in addition to Zhifei's structure, which is several orders of magnitude larger. We also partner with them in terms of profile positioning and life-cycle work with *Shingrix*, so we are very engaged. The partnership has started very well, there are high levels of trust. You mentioned the Merck structure which I believe has been in place for 11 nearly 12 years now, which has been very successful, so our aim is to replicate or even exceed that.

One thing to keep in mind with revenue recognition in China next year is driven by shipment, so there will be a bolus which is between 60-80%, depending on how much we ship, which will be recognised in Q2, so that is just one watch-out. We are very excited about the long-term potential for *Shingrix* in China and the partnership, as well as the capacity to expand that to include RSV.

Regarding co-pay assistance, indigent programmes, etc., we do have extensive programmes across the business in HIV, of course, in Oncology and in other areas. We are not seeing an increase in those, Jo, but we do have extensive programmes of which people can take advantage. Of course, the co-pay has now been removed from *Shingrix* and RSV, which is a big advantage for senior citizens.

**Simon Baker (Redburn):** Thank you for taking my questions, I have two if I may. First, on *Arexvy* ex-US, you have said in the past that you expect a *Shingrix*-like broadly flat global pricing for *Arexvy*. Given that is now beginning to roll out, I wonder whether you could confirm if that is still the case and give us any updates on how things are going as far as those negotiations?

Secondly - and forgive my pronunciation, I will probably get this wrong - on the Aiolos acquisition, it is slightly earlier than we have seen from your acquisitions in the past where you have been prepared to pay more for later-stage products. I wonder whether you can give us an idea of whether this marks a shift in your business development approach, or whether there was something particular about that TSLP which led you to go earlier than perhaps you have done in the past? Thanks very much.

**Emma Walmsley:** Thanks very much. Let's come to Luke first on the globalisation of *Arexvy*, although the US will still be by far the biggest part of the business but obviously that is going to be a key contributor for the future, and then Tony to comment on the *Aiolos* deal and our consistent approach strategically to BD which starts with getting a very good return on the investment of that because of the sizeable assets and their differentiation, which is definitely what we are excited about here. First to Luke.

**Luke Miels:** Thanks, Simon. Yes, as I said, we are approved in 39 countries. If you look below that, it's very similar to what we have seen with *Shingrix*. It just takes time to assemble the arguments for the infrastructure in those countries to review the data. We know that some governments are waiting for that third season which we will have shortly, but if you look within those 39 countries, we have nine that have issued recommendations and four that have voluntary reimbursement.

For example, I was in Germany yesterday. If you look at the 60-plus population we have already got reimbursement through the sick funds on about 24% of that population. It's early days, but in terms of pricing our aim in the private market is to preserve that pricing level.

Of course always we are open if we can secure a contract, because the structural nature of those contracts is such that we don't have to do the DTC, etc., that we need to do in the US. We have smaller sales forces because the system itself will pull through those scrips, the UK being a typical example, so early days but exciting.

I mentioned China before. There we are working actively to get *Arexvy* to China as quickly as possible.

**Emma Walmsley:** Thanks, Luke. Tony, comments on *Aiolos* and BD more broadly.

**Tony Wood:** Yes, thanks. Hi, Simon. First of all the way to think about the *Aiolos* deal, let me just re-emphasise something to begin with. This is in the low T2 population, so it gives us access to an additional 40% of the severe asthma population for which *Nucala* and depemokimab aren't addressed.

Now similarly to *Nucala* and depemokimab, the reason we were confident to go earlier with the *Aiolos* asset is we have a very clear understanding of the PK-PD proposition there so you can learn an awful lot with regards to projected dosing and efficacy from Phase Ib data, which is the case because *Aiolos*. We look upon that as being a best in class opportunity which will appear in the market, potentially first in class with a Q6M profile and well matched against depemokimab. Those features, I would say, emphasise the continuing focus that we will have on deals of about that scale to match our overall therapeutic area, focus in an appropriate strategic way with the factors that Emma just mentioned.

For earlier deals then, what you should be expecting there is a focus more on the underpinning technologies that are transforming R&D for us.

**Emma Walmsley:** Thank you. And obviously extremely clear is our top priority in the capital allocation framework and, as Julie laid out in her slides around allocation of capital, that is a consistent approach we are taking. It is all part of the demerger strategy to create that balance sheet capacity for us to put BD as the way we do R&D at GSK now as it is across the industry.

The next question, please.

**Tim Anderson (Wolfe Research):** Thanks. If I could go back to *Shingrix* and China and just drive the analogy to Merck's Gardasil or even your *Cervarix*. The question I have is the disease awareness among the general population about shingles versus cervical cancer vaccines, because with Gardasil it has been the high consumer awareness that has really created this classic pull demand at the consumer level. What I don't have a feel for is what is it like with shingles among consumers in China. Is the disease awareness high or do you have to build that? Thank you.

**Emma Walmsley:** Right, straight to Luke.

**Luke Miels:** Yes, thanks, Tim. It's relatively low, but I was in China at the stage when Gardasil did launch and awareness around HPV vaccination was also very low. What we found through our market research is that people are receptive to it. The main challenge we had was just navigating the 30,000 points of vaccination in China because all vaccines need to be administered in those centres, so I think we can build that awareness. Now whether we can get to the level that Gardasil did, before COVID it was actually the number one selling product in China, so a remarkable achievement.

The key thing I took away from that is one, you have a company that partners well with multinationals over many years, with extensions to that relationship and two, they can build a market in partnership very successfully. So yes, I am very optimistic about the long-term outlook there with China.

**Richard Parkes (BNP Paribas):** Thank you for taking my question – I will stick to one. Could you just discuss the challenges to specifically growing *Arexvy* in the US market next year? It looks as though 10% of the eligible population has been vaccinated with an RSV vaccine now and obviously, clearly, that leaves a great deal of room for growth, given the 35% penetration you have achieved with *Shingrix*, but it has taken you six years to get to that level. Clearly, the RSV market competition will intensify over the next 12 months. Given the very strong start that you have had, I am just wondering how challenging it will be to grow *Arexvy* specifically in the US market, and to what extent we should expect growth to be more driven by ex-US. Thank you.

**Luke Miels:** Sure, Richard – great question. I think the pie will grow. You have three companies in there and the level of awareness is remarkable already. I think there is 86% awareness for individuals in the US around RSV, and the willingness to prescribe and recommend on the part of doctors and pharmacists is very, very positive. Your numbers are right. If you look at *Shingrix*, it was 4%, 11%, 17%, 23% in those first years, and so hitting 11% immediately is encouraging, but we just don't know how the other two competitors will behave, going into the year, and so that is an unknown.

Again, if we look at the long-term, and if you look at 65-plus - individuals who are 65 and above – about 72% or 73% typically every year have the flu vaccine. That is the potential here and that is why we are very confident about our long-term £3 billion peak revenue outlook. Let's see how we go in 2024 – and that is probably all I should say at this point.

**Tony Wood:** It is worth adding the cost of the 50-plus label, the 50 million at-risk eligible individuals.

**Emma Walmsley:** Yes, great point.

**Andrew Baum (Citi):** I have two questions for Deborah on HIV. First, given how important the switch is to long-acting for both the margin and the revenues, could you talk to what are the current barriers to adoption? Is there any evidence for step-editing, given that you have 50% falling under PPMs? Is it clinical inertia? Is it access? I am curious to understand that in terms of the risks and opportunities there.

Then second, I note that there has been a pause placed on your litigation with Exavir for their cabo pro-drug. Given the patent expiration on cabo – and I am thinking particularly of *Apretude* - is there any interest in licensing this compound in order to secure the future of a once-yearly, long-acting PrEP formulation? Thank you.

**Deborah Waterhouse:** Thanks, Andrew. In terms of barriers to switch in the long-acting market, actually they are pretty typical to the barriers that you see across many long-acting injectables that are in Medicare Part B. Part of that is about clinical capacity, so for us, that is a barrier, but we are seeing the belief in physicians increase that long-acting will be a bigger part of the way they treat their HIV patient population. We are seeing them expanding capacity but it is a slow journey.

The second thing is the ability to get physicians' offices ready and able to manage their way through the benefit verification – the elements of specialty pharmacy versus buy-and-bill. Again, we are seeing more and more uptake, and more and more process flows within the clinicians' offices that are making this faster and slicker, but still it is a learning journey as we are building a brand new market for HIV physicians. I would say that complexity around payer and pharmacy/buy-and-bill, and the capacity to inject in the clinics, are the two biggest barriers, but we are seeing significant progress in all of those areas, which is why we are seeing the continued significant growth amongst long-acting injectables in both PrEP and in treatment. This is mainly because there is enormous patient demand, which just keeps on growing as awareness grows.

As far as Exavir, I am not going to comment on any of the litigation but we have our own in-house long-acting injectable. We are formulating cabotegravir to get to every four and, hopefully, we can reach the point where we can get to every six months either with the VH184 or other options. We also have in-house options that can take us to every 12 months, but we keep an eye on the whole landscape from a BD perspective of HIV and, if there is something to do a deal on, we will absolutely do that.

**Graham Parry (Bank of America):** Going back to *Arexvy* and the third season data, can you just confirm that there is no vaccine efficacy measurement to compare a one-and-done vaccination with an every-other-year vaccination in either the *Arexvy* 006 or 004 trials? If it is just immunogenicity data you will be using there, how do you go to ACIP and convince them that a boost in immunogenicity in the third season would correlate with vaccine efficacy when we didn't see that in the first season data?

To my second question, is there any sense of what percentage of the high-risk or comorbid population - let's say the over-80s or the comorbid population - has been vaccinated with *Arexvy* now, or has it been across a fairly broad age range? Thank you.

**Emma Walmsley:** Very briefly, Luke, any comment on the penetration?

**Luke Miels:** It is about 13% of the older individuals aged 65+ and it is about 4% in the 60-64. Those are the only data we have at this point, Graham, but we will get more in Q2.

**Tony Wood:** On the third season, the comparison will be exactly the same as the one we took in the second season, Graham, so that is vaccine efficacy based on a three-year duration versus a two-year boost.

**Mark Purcell (Morgan Stanley):** Thanks very much, Nick. Just a quick one, sticking with HIV. Ahead of the CROI data, historically Phase II data translated very nicely into Phase III profile, so when it comes to assessing your combination options and four-month formulations, how confidently should we be in extrapolating Phase II data into Phase III and effectively the derisking of the portfolio strategy?

**Deborah Waterhouse:** Just to answer that very quickly, we are incredibly confident in our ability to replace a significant proportion of the revenue that will be lost through the dolutegravir patent expiry. This is a big year for us, so we shall be presenting data at CROI and starting the Phase III study for every fourth month PrEP. We will be regimen selecting every four months for treatment and we will also be regimen selecting for our self-admin. Therefore, I would say that we are extremely confident in the progression of our HIV pipeline and very confident in the statement that we have been making for some time that we will be able potentially to replace a significant proportion of the revenue that we will lose when dolutegravir goes off patent.

**Kerry Holford (Berenberg):** Thanks, Nick. I have one final pipeline question, well a recently launched products question. *Ojjaara* - I know it's early days - how is the US launch progressing relative to expectations, and in which line of therapy are patients predominantly using this drug?

**Emma Walmsley:** Very well. Luke?

**Luke Miels:** I will go quickly, so 750 patients since launch, 43% of them in academic centres, 57% are in community centres. Market research is very encouraging, unaided awareness is well above benchmarks, aided awareness is 99% - I am not sure about that 1%. We have around 15% patient share in patients with anaemia and about 25% share in second-line. If you look at the intent-to-prescribe, one quarter of doctors have already prescribed it and over 64% who have not prescribed it intend to prescribe it over the next few months, so a very encouraging and very exciting launch.

**Steve Scala (TD Cowen):** On *Cabenuva*, emerging resistance in 1-2% of people is viewed by clinicians as a real risk. It seems to occur in the obese population but it could tarnish prospects overall. I wonder what is GSK's position on this?

And secondly, pneumococcal vaccine, do you plan an efficacy study and if not, is that because you think that is not important? Thank you.

**Emma Walmsley:** We do think the pneumococcal vaccine is very important, so Tony can comment on that, but Deborah, I am not sure we characterise it quite as Steve has there.

**Deborah Waterhouse:** No, so you have a less than 1% failure on *Cabenuva*. There are some risk factors that all physicians are aware of, obesity is one of them. Being resistant to rilpivirine is the other, and then there is a relatively rare subtype, so we clearly characterise where people should not use the drug. It is a very limited population and the real-world evidence is actually showing less than 1%, in fact significantly less than 1% failure, because physicians have taken on board the multivariate analysis that guides where to use it, and when they use it in that population, you see very low, low levels of failure and very, very high satisfaction with the drug and continuity on the drug over time. That's why we are seeing the significant growth with *Cabenuva* that we are.

**Tony Wood:** Just quickly then on pneumococcal. Obviously we are focused on using immunogenicity data and in particular restarting the infant 24 this year alongside the data that we have in adult and starting in adult 30-plus.

In terms of our strategies with regard to vaccine efficacy and broader competitors' content of that, I will keep that to future discussions.

**Emma Walmsley:** Great. Thank you very much everyone for the call. I am very pleased to have been able to share with the team today GSK delivering on its commitments, strengthening our outlooks for growth, we are making great progress, we know there is always more to do and we are looking forward to keeping you updated.

Thanks to everybody for joining the call.

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