

Q2 2024 Pre-Announcement Aide Memoire

Issued: Wednesday 10 July 2024



Disclaimer: GSK has prepared this Q2 2024 pre-announcement aide-memoire per our standard prior practice. It includes statements made in previous public communications by GSK as extracted from their original source and, therefore, by definition, they should only be taken as speaking as at the date they were initially made, and they do not reflect subsequent or recent events, circumstances, or developments. Any updates to these and other previously made statements would only be included in further communications by GSK to the market and the inclusion of the extracted statements herein should not be taken to indicate that they will not be updated in the future.

Please read the assumptions and cautionary statements regarding forward-looking statements set out on page 317 of the Annual Report 2023 and "Guidance and outlooks, assumptions and cautionary statements" on page 49 of the Q1 2024 results release. Please read the definitions and reconciliations for non-IFRS measures on pages 20, 21, 47 and 48 of the Q1 2024 results release and the annual report on Form 20-F for FY 2023.

In Q1 2024, GSK made one update to its reporting framework which was to change the description of 'Adjusted' results to 'Core' results to align with the industry. There was no change to 'Total' Results or the definition of the 'Adjusting' items.

Full-year 2024 guidance

Commentary from Q1 2024 stock-exchange announcement (page 2)

GSK provides its full-year guidance at constant exchange rates (CER). All expectations and full-year growth rates exclude any contributions from COVID-19 solutions.

- **Turnover** is expected to increase towards the upper part of the range of between 5% to 7%.
- **Core operating profit** is expected to increase between 9% to 11%.
- **Core earnings per share** is expected to increase between 8% to 10%.

Key information for Q2 2024

Foreign exchange

We expect that the negative impact of foreign exchange on Q2 2024 sales will be around -3%. As a result of the mix of currency movements relative to the combination of costs, we expect that the negative impact of foreign exchange on Q2 2024 sterling Core operating profit will be more significant than the negative impact on sales.

Weighted average number of shares (WANS)

The basic WANS in Q2 2024 was 4,079m (an increase of 0.6% relative to 4,053m in Q2 2023).

The information below includes commentary from recent circulars, stock-exchange announcements, investor/analyst calls, and previously published outlook statements.

2024 COVID-19 solutions expectations

Commentary from Q1 2024 stock-exchange announcement (page 3):

For the full year 2024, GSK does not anticipate any further COVID-19 pandemic-related sales or operating profit. Consequently, and in comparison, to 2023, it is anticipated that the full year growth in sales and Core operating profit will be adversely impacted by one and two percentage points, respectively.

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Impact of COVID-19 solutions on Q2 2023 Core results

Q2 2023	Reported	COVID-19 solutions contribution (£m)	COVID-19 solutions contribution (%)	Excluding COVID-19 solutions
Turnover (£m)	7,178	41	1%	7,137
Core operating profit (£m)	2,170	57	3%	2,113
Core EPS (p)	38.8	1.2	3%	37.6

Note that in Q2 2023 COVID-19 solutions sales totalled £41m from pandemic vaccines.

Commentary on Q1 results call relating to 2024 phasing

Sales: Continued execution of the successful launches of Arexvy, Ojjaara and Jemperli lifecycle innovation have contributed ~5 percentage points of growth in Q1 and will continue to benefit Q2. However, we will annualise their launches, including the initial channel inventory build in Arexvy, in the second half.

This year is also the start of our agreement with Zhifei for Shingrix in China. As Luke said, we had earlier-than-expected sales in Q1, but still expect the majority of 2024 Shingrix China sales to be in Q2.

Taking these factors together, we therefore expect sales growth will be significantly higher in H1 relative to H2.

Operating profit: And turning to the operating profit dynamics, we continue to expect SG&A to increase in the low single-digit range and for R&D to increase broadly in-line with sales for the year. As a result, driven by the sales phasing, operating profit growth will also be significantly higher in H1 given the operating leverage.

Turnover (excluding COVID-19 solutions)

2024 full-year guidance: Increase towards the upper part of the range of between 5% to 7 at CER.

Vaccines

2024 full-year outlook: Increase of high single-digit to low double-digit per cent at CER.

Shingrix

Commentary at Q1 2024: *Shingrix* delivered a record £945 million in the quarter and was up 18%, driven by public funding outside the US, together with early supply to our new partner, Zhifei, in China. Outside the US, *Shingrix* has launched in 39 markets and the majority have less than 5 per cent penetration. In the US, sales decreased by 4%, reflecting the comparison to Q1 2023 which benefitted from the removal of the co-pay for adults aged 65 and over on Medicare, as well as the prioritisation of other adult vaccines during the viral respiratory season. We are investing in DTC and HCP campaigns as we seek to activate harder-to-reach consumers to continue to grow the cumulative immunisation rate, now at 37% of people aged 50 and older, which leaves more than 75 million Americans still unvaccinated and eligible to receive *Shingrix*. Our expectation continues to be that *Shingrix* sales will reach more than £4 billion over time, driven by growth outside the US. In addition, we have also recently shared exceptional data demonstrating vaccine efficacy of 82% at year 11.

Considerations for 2024: In October 2023, we announced a deal with Zhifei to co-promote *Shingrix* in China [GSK and Zhifei announce exclusive strategic vaccine partnership in China | GSK](#). Subject to the terms of the agreement, Zhifei will purchase agreed volumes of *Shingrix* with a value to GSK of £2.5 billion

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in total over the initial three-year period. Under the agreement there is an agreed procurement minimum of ~£0.4bn in 2024.

Comment on 2023 *Shingrix* sales in China: Please note that 2023 sales were £0.2bn.

Commentary from Q1 2024 conference call on *Shingrix* China Phasing in 2024: In terms of phasing of the £0.4bn, we saw about 20% in Q1, and expect 60%-80% in H1 as a whole.

Arexvy

Commentary at Q1 2024: Focusing on RSV, we vaccinated over 1.3 million people with *Arexvy* in the retail setting during Q1. The launch was exceptional and exceeded our expectations. We now see seasonality similar to flu, impacting use patterns in the first year. In 2024, we expect the vast majority of sales to be in the US and weighted to the second half in preparation for the 2024/25 RSV season.

Commentary on ACIP meeting June 2024: [Statement: US Centers for Disease Control and Prevention's Advisory Committee on Immunisation Practices updates recommendations on adult RSV vaccines ahead of the next season | GSK](#)

Comment on 2023 *Arexvy* sales in US: In Full Year 2023 wholesaler and retailer inventory build accounted for around 20% of *Arexvy* ex-factory sales.

RSV activity in the US is tracked by the CDC. [Interactive Dashboard | NREVSS | CDC](#)

Meningitis

Commentary at Q1 2024: We're pleased to have received FDA file acceptance for our MenABCWY vaccine in mid-April, and combined, our meningitis portfolio is expected to deliver around £2 billion in peak-year sales.

Established Vaccines

Commentary at Q2 2023: Established Vaccines growth in Q2 23 was driven by *Rotarix*, benefitting from the favourable impacts of a US CDC stockpile borrow in 2022 and a replenishment in the current quarter. *Cervarix*, grew in Q2 23 in International and Europe reflecting higher demand and timing of deliveries. This is partly offset by *Infanrix/Pediarix*, due to the negative impact of a CDC stockpile borrow in the quarter and continued competitive pressure in the US. Outside of Q2 23 performance drivers, YTD turnover includes growth of Hepatitis vaccines resulting from continued travel market recovery in Europe and International and a decline on *Synflorix*, reflecting lower demand related to decreased birth cohorts and phasing of public market supply in International.

COVID immunisation progress in the US is tracked by the CDC. For US COVID vaccine demographics, including adoption by age, you can visit:

<https://covid.cdc.gov/covid-data-tracker/#vaccination-demographic>

Specialty Medicines

2024 full-year outlook: Sales are expected to increase low double-digit per cent at CER.

HIV

2024 full-year outlook: Sales are expected to increase high single-to-low double digit per cent at CER.

Oncology

Commentary at Q1 2024:

In oncology, sales more than doubled in the quarter.

Ojjaara has continued to perform well following last year's US launch. We were pleased to receive authorisation from the European Commission for *Omjjara* in late January, and we've since launched in the UK and Germany.

For *Jemperli*, we demonstrated strong execution in the quarter with our new patient share up to 33%.

Zejula's performance was driven by increased patient demand and higher volumes due to the new tablet formulation, with further growth from new international launches.

General Medicines

2024 full-year outlook: Sales are expected to decrease mid-single-digit per cent at CER.

Commentary at Q1 2024: Sales grew 1% in the quarter, led by *Trelegy*, delivering £591 million, and established products in Emerging Markets. We have also seen growth owing to stockpiling and patient demand. It's still early in the year, and we are continuing to assess and manage the impact of the AMP Cap removal in the US. As a reminder, there was a US\$150 million impact in 2023, and we continue to expect up to 550 million dollars of sales at risk for the full year. The growth outlook for Gen Meds is unchanged.

We did better than we were expecting in Q1, some of the strategy that we had commercially exceeded our own expectations, which is always nice we prefer that than the other way around. However, there will be a counter-move to those and so I don't think we will see the full effect until we are talking at the half-year results for the total AMP Cap exposure.

Note: On 1 January 2024, GSK cut the list prices by up to 70% on *Advair*, up to 48% on *Lamictal* and 10% for *Valtrex*. Effective 1 January 2024, GSK discontinued manufacturing branded *Flovent* HFA (all strengths) and branded *Flovent Diskus* (all strengths) for the US market. We launched an authorised generic for *Flovent* HFA (inhalation aerosol) in May 2022 and for *Flovent Diskus* (inhalation powder) in October 2023.

Financials (Core)

Operating profit (excluding COVID-19 solutions)

2024 full-year guidance: Core operating profit is expected to increase between 9% to 11% at CER.

Q1 2024 commentary on guidance: We continue to expect SG&A to increase in the low single-digit range and for R&D to increase broadly in-line with sales for the year. As a result, driven by the sales phasing, operating profit growth will also be significantly higher in H1 given the operating leverage.

Cost of goods sold

2024 full-year outlook: GSK continues to expect to deliver leverage at a gross margin level due to improved product mix from Vaccines and Specialty Medicines growth and continued operational efficiencies.

Commentary at Q1 2024: Total and Core cost of sales as a percentage of sales decreased in Q1 2024 primarily driven by mix benefits from the growth in higher margin *Arexvy*, *Shingrix* and Specialty products as well as regional margin mix from higher US sales.

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SG&A

2024 full-year outlook: Anticipated to increase low single-digit per cent at CER.

Commentary at Q1 2024: Disciplined SG&A investment to support global market expansion and disease awareness for Arexvy and Shingrix was more than offset by a 6-percentage point favourable impact of the reversal of the legal provision taken in Q1 2023 for the Zejula royalty dispute, following a successful appeal.

R&D

2024 full-year outlook: Expected to increase broadly in line with sales to support pipeline growth.

Royalty income

2024 full-year outlook: Expected to be £550-£600 million, with minimal Gardasil royalties.

The two largest remaining royalty streams are Biktarvy (3% royalty on US sales until October 2027) and Kesimpta (tiered royalties up to 12%).

In £ millions	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024
Gardasil	71	132	189	80	472	22
Other	109	94	123	155	481	129
Total	180	226	312	235	953	151
Gardasil share	39%	58%	61%	34%	50%	15%

Associates

2024 full-year outlook: Expected to be negligible.

Net Interest payable (Core)

2024 full-year outlook: slightly lower than 2023 (£669m) at CER.

In £ millions	Q1	Q2	Q3	Q4	Full year
2023	(170)	(152)	(156)	(191)	(669)
2024	(132)				slightly lower than 2023

Tax

2024 full-year outlook: Core Tax rate expected to be around 17% (2023 15.5%).

2024 consideration: GSK continues to anticipate an increase in the Core effective tax rate to around 17% following implementation of a global minimum corporate income tax rate aligned with the Organisation for Economic Cooperation and Development 'Pillar 2' initiative.

Core Tax rate	Q1	Q2	Q3	Q4	Full year
2023	15.8%	15.6%	15.4%	15.1%	15.5%
2024	17.5%				around 17%

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Non-Controlling interests (Core)

In £ millions	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024
ViiV	120	136	156	154	566	147
Other	1	(6)	13	(2)	6	7
Total	121	130	169	152	572	154

Core EPS

2024 full-year outlook: Expected to increase between 8% to 10% at CER.

Dividend

The expected dividend for 2024 is 60p.

Dividend per share (p)	Q1	Q2	Q3	Q4	Full year
2023 - paid	14.0	14.0	14.0	16.0	58.0
2024 - expected	15.0				60.0 ¹

¹The actual dividend amount is determined by the Board of Directors with the FY 2024 results.

To illustrate underlying performance, it is the Group's practice to discuss its results in terms of CER growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. All commentaries are presented in terms of CER growth unless otherwise stated.

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