



*Andrew Witty, CEO of GSK  
Transcript of video for Q1 2011*

## **Underlying Sales Growth**

We have announced this morning the first quarter results for 2011 for GlaxoSmithKline. I am delighted that the performance of the Group in the last three months was very much in line with the expectations that we set out in February at our full year results. Our underlying sales growth continued at 4%, really supported by strong performances from Japan, Consumer, our Vaccine businesses and also our Emerging Markets businesses. That has been offset by continued negative headwinds in our American and European businesses which of course will diminish as we go through this year as the year-on-year comparisons for our *Valtrex*, *Avandia* and pandemic sales start to improve. As that happens, we would expect our underlying sales growth to start to be translated into reported sales growth towards the end of this year and certainly into 2012.

Overall, a strong first quarter for the Group, and I have been very pleased with the performance of the business on such a broad basis.

## **Earnings Progression**

As we continue to execute the strategy of the Group, we continue to be extremely focused on making sure that we deliver not just underlying and then reported sales growth, but that we seek out ways to reduce cost in the organisation to ensure that our earnings progression is strong. I was delighted during the first quarter of 2011 to see the strong earnings growth being reported: 9% pre-restructuring, 18% up at the full after restructuring results level. That really signals both the strong performance of our core business, but also the trend which we will now start to see over the next few months as the costs of our major restructuring programme start to come to an end, while of course all the benefits of that restructuring programme, which has been going on for the last several years, are now firmly embedded within the business.

## **R&D Delivery**

The first quarter has been a very positive period for our Research & Development organisation with three major new products approved. In America, *Benlysta* approved for lupus and *Horizant* approved for Restless Legs Syndrome. In Europe, *Trobalt* was approved for the adjunctive treatment of epilepsy. These are three major new medicines which will start once again to add to the more positive tailwinds that we are building up around GSK as we start to look to a more positive future for the Group. The first quarter wasn't just about good news for drug approvals. We have also made good progress on our filings. In Europe, for example, we filed our candidate vaccine, *Nimenrix*, and in the US, we made our responses to two FDA complete response letters we previously received which now allows those two reviews to continue.

We also started to receive data on the first of our 15 major new medicines and vaccines which we expect to achieve substantial data on over the next two years. In this quarter, we had data back on three programmes. Firstly, positive data on our candidate medicine for Parkinson's disease. Secondly, positive data on the use of *Votrient* in sarcoma, and thirdly, unfortunately, negative data on our candidate treatment for Type 1 diabetes, otelixizumab, which we continue to explore but so far the data was not promising in that first trial.

Overall, we continue to see in our R&D organisation, great momentum, very substantial scale and breadth, a real ability to convert significant opportunity all the way through the system to approval, and as you will see, we have been able to do that by keeping tight control of our R&D cost and investment. It is the combination of all of that that is going to give us the increasing rate of return that we expect to be able to deliver over the next several years in our R&D investment.

## **Improving returns for shareholders**

Delivering to our shareholders is absolutely critical to everything we do here at GSK. During the quarter, the strong performance of the business, combined with our focus on ensuring that we are releasing cash from assets which we believe no longer make sense to be held in GSK's hands, has really ensured that we have been able to continue to increase our dividend and, through our reduction in working capital, continue to drive more cash off to allow us to repurchase our shares which we continue to believe is an efficient use of cash at this time.

As a consequence, I am delighted that we are able to once again increase the dividend by a full 7% during the quarter, and also, to be able to guide that during 2011, we would now expect to be repurchasing shares towards the upper end of the previously announced range of between £1 and £2 billion.

*[Statement concluded]*