



Full Year Results, 2013

5 February 2014

Cautionary statement regarding forward-looking statements



Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this document are subject to risks and uncertainties that may cause actual results to differ materially from those projected.

Factors that may affect the Group's operations are described under "Risk Factors" in the "Financial review & risk section" in the company's Annual Report 2012 included as exhibit 15.2 to the company's Annual Report on Form 20-F for 2012.

Nothing in this document should be construed as a profit forecast except the specific core EPS growth and turnover growth guidance given on slides 28 and 32.

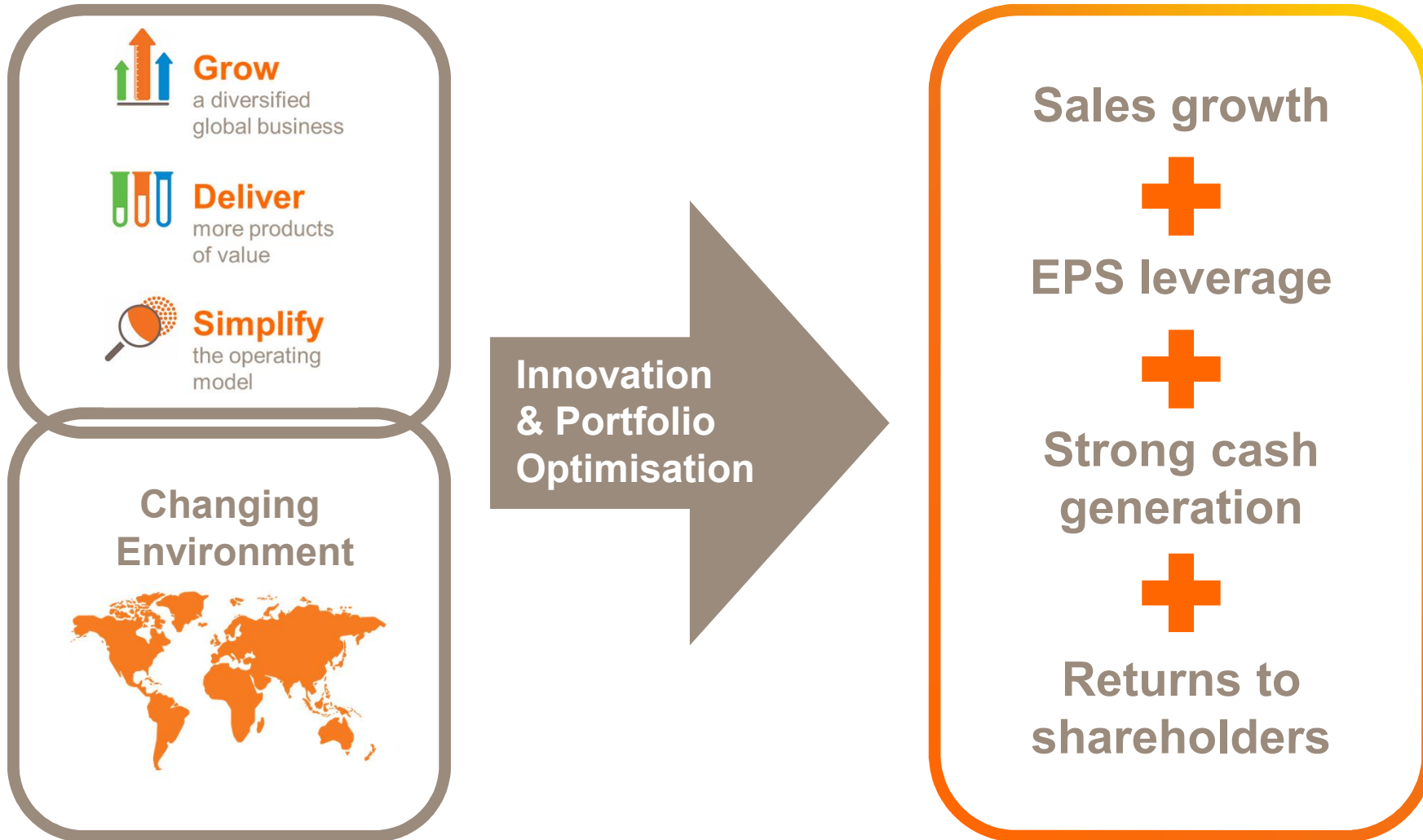
A decorative graphic on the left side of the slide features three overlapping, rounded, organic shapes in various shades of orange and red. The largest shape is in the center, with two smaller ones overlapping it from above and below.

Andrew Witty

Chief Executive Officer

GSK strategy is delivering

Focus on innovation and portfolio optimisation to maximise returns



6 new product approvals support GSK businesses

5 businesses account for ~70% of sales, +4% CER



3 businesses with global leadership

Respiratory
28%

Consumer
20%

Vaccines
13%

2 'challenger' businesses

HIV
5%

Oncology
4%

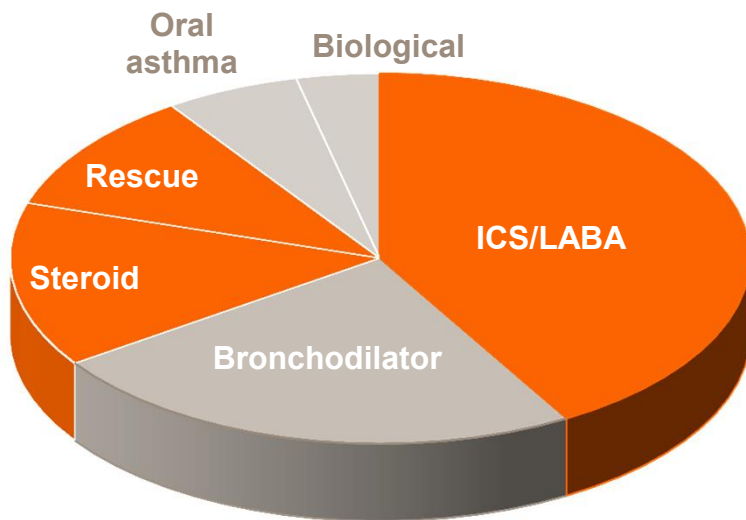
+ Established Products Portfolio 16%

Approvals for Anoro Ellipta, Flu Q-IV, Mekinist, Relvar/Breo Ellipta, Tafinlar Tivicay. percentages are % of 2013 reported sales Excluding Lucozade & Ribena (divested on 31 December 2013) Consumer business accounts for 18% of 2013 sales

New respiratory portfolio provides platform for maintained market leadership to 2020 and beyond



£21bn global respiratory market



34% GSK share of global market

Anoro Ellipta allows access to **£4.8bn** bronchodilator market



7 additional products in late stage development

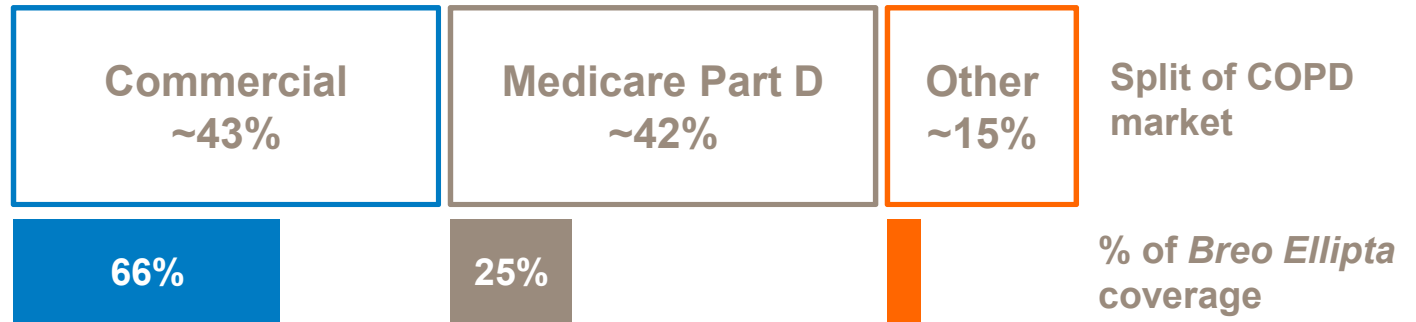
- UMEC monotherapy
- FF monotherapy
- VI monotherapy
- mepolizumab
- ICS/LABA/LAMA
- ICS/LAMA
- MABA +/- ICS

Source: GSK R3 Model based on IMS Health Data MAT Sept 2013
7 additional products all being developed in *Ellipta* device except mepolizumab, which is an injectable

Good early progress in *Breo Ellipta* launch



Significant increase in **managed care coverage** in last 2 weeks¹



90% physicians aware of *Breo Ellipta*²

~1,070 TRx filled in 12th week³

TRx filled < TRx written; impacted by coverage gap, sampling

2% share of NBRx⁴

¹ GSK estimates of coverage as of 4 Feb based on Managed Markets Insights & Technology ² Reckner weekly ATU data, Aided awareness amongst 77,000 physicians, ³ IMS weekly data (w/e 24 Jan), ⁴ Symphony Health Solutions, weekly NBRx of ICS/LABA in COPD, NBRx represents ~12% of TRx in this market

Rapid market share gains for *Mekinist* and *Tafinlar*

Exploring potential in adjuvant setting and other tumour types



US

90% formulary coverage

~50% physician coverage¹

~60% share of V600 TRx²

Jan 2014 approval for **combination use**

RoW

Tafinlar available in **7** markets

Mekinist available in Canada

Mekinist and combo use filed in EU

£800m global metastatic melanoma market³

50% V600⁴

Adjuvant melanoma

Ph III studies ongoing

Exploring combinations of *Mekinist* and *Tafinlar* with multiple novel oncology treatments through

partnerships

Breakthrough designation for *Tafinlar* in **NSCLC**

¹ of 4,000 physicians, GSK 360 Field Call Activity ² IMS weekly data (w/e 24 January) ³ EvaluatePharma, April 2012 ⁴ Hong DS, et al. *Clin Cancer Res.* 2012;18:2326-35 ; NSCLC Non-small cell lung cancer

Rapid market share gains for *Tivicay* with significant potential opportunity with single tablet regimen



US

98% managed care coverage
90% physician reach
~1,740 TRx in week 23 on market¹
8% share of dynamic market Rx²
#1 prescribed product in switch/add patients³

£12.3bn total HIV market⁴
+8%

STR (dolutegravir-Trii)
filed in Oct 2013

Long-acting integrase
Phase III start planned 2014/15

RoW

EU approval in Jan 2014

GSK portfolio currently in 3rd agent+ (including *Tivicay* and *Selzentry*) and NRTI (including *Epzicom*); STR single tablet regimen

¹ IMS weekly data (w/e January 24th) ² IPSOS HIV Scope; combined naïve and add/switch segment (~14% of market) for 3rd agent & single tablet regimen;

³ Symphony Healthcare Solutions ⁴ Source: GSK R3 Model based on IMS Health Data MAT Sept 2013

Pipeline opportunity is significant for GSK

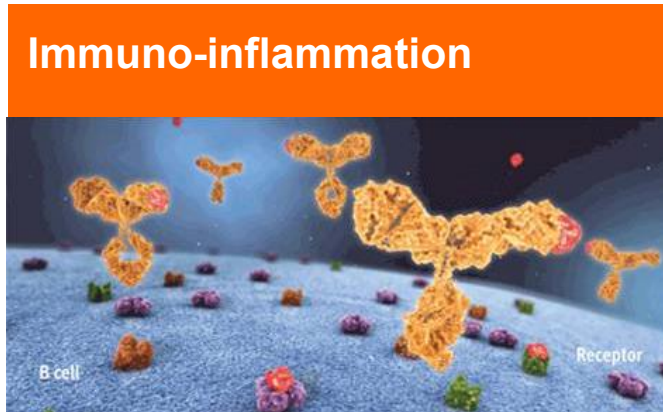


6 Major approvals in 2013 + **5** Additional regulatory filings + **4** Breakthrough Designations

~40 NMEs in Phase II/III development → **6** Potential NME Phase III readouts in 2014/15 + **~10** Potential NME Phase III starts in 2014/2015

13% Estimated rate of return

Emerging portfolios in Immuno-inflammation and Cardiovascular & Metabolic



Marketed

Benlysta

Filed

Eperzan (albiglutide)

Phase III

sirukumab

darapladib

Phase IIB

losmapimod (p38)
PHI

Early stage

Pattern recognition receptors (RIP-1)
Epinova (BET-inhibitor)
Cytokine Chemokine & Complement
(anti-GM-CSF mAb)
Kiinib (JAK-1)

LpPLA2 inhibition
p38 pathway
PHI

DPU are working on multiple mechanisms, examples provided here
PHI prolyl hydroxylase inhibitor

£4.7bn Consumer business growing across all categories and all regions



Wellness **42%**

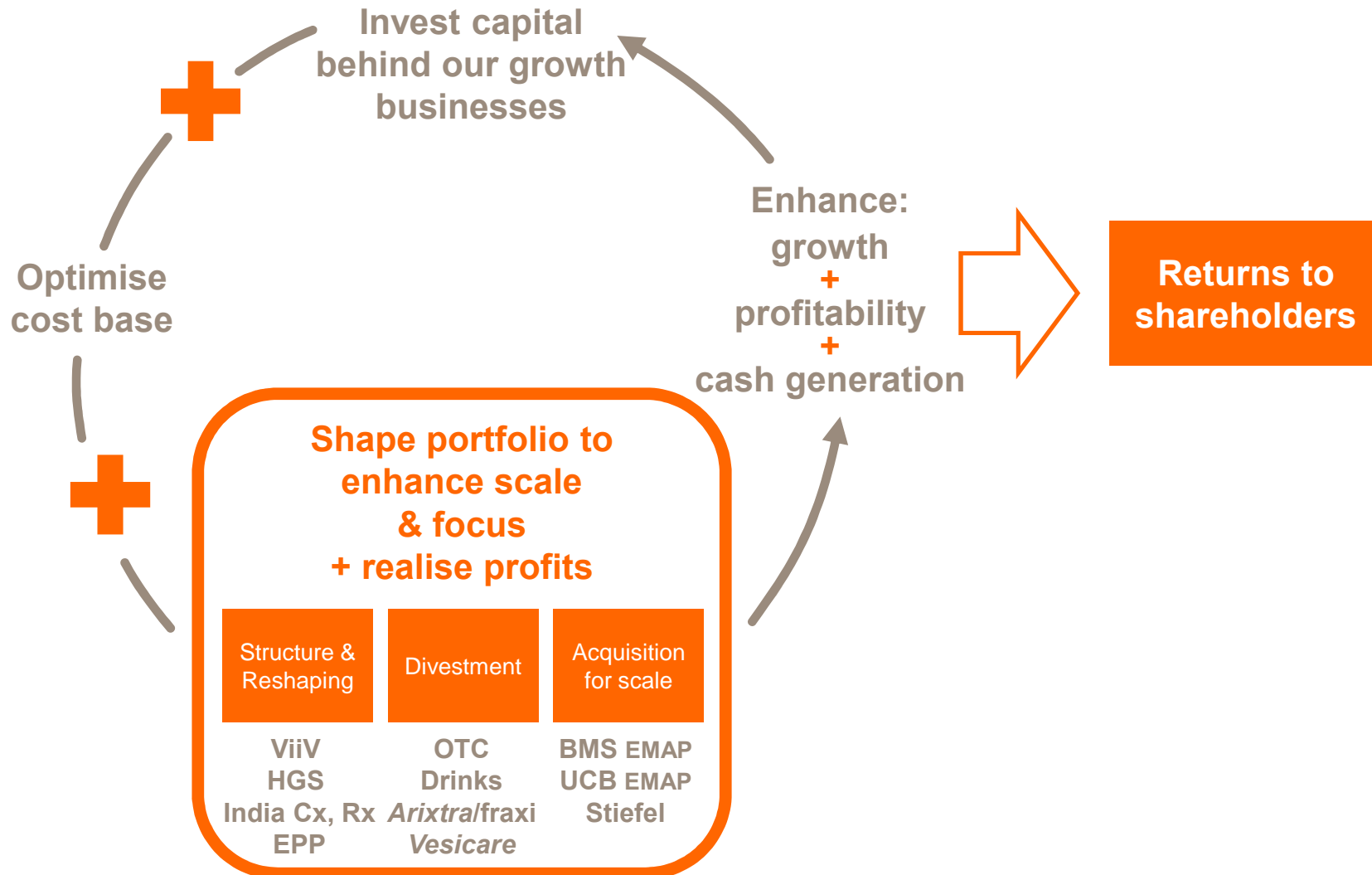
Oral care **40%**

Nutrition **12%**

Skin health **6%**

2013 sales excluding *Lucozade* and *Ribena* divested in December 2013

Portfolio Optimisation to enhance growth, profitability and cash generation



ViiV Healthcare acquired exclusive global rights to HIV integrase portfolio; acquisition of HGS; increased stake in GSK India Cx; ongoing process to increase stake in GSK India Rx; Established Products Portfolio formed; OTC brands divested to Omega (EU), Prestige (US/Canada) and Aspen (international markets); *Lucozade* and *Ribena* divested to Suntory; *Arixtra* and fraxiparine divested to Aspen; *Vesicare* rights returned to Astellas; brands purchased in EMAP region from BMS and UCB; acquisition of Stiefel dermatology business

2014 Priorities



 **Grow**
a diversified
global business

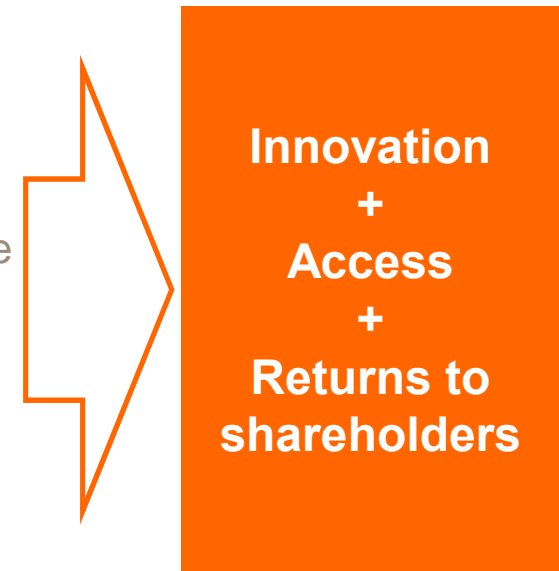
 **Deliver**
more products
of value

 **Simplify**
the operating
model

**Changing
Environment**



- New product performance
- Emerging Markets performance
- Consumer innovation
- Sustained vaccines leadership (MAGE-A3 results)
- R&D returns . pipeline and cost base
- Simplification harvestq
- Cashflow generation
- Modernise commercial . pricing and customer relationships
- Technology Roadmap . R&D and manufacturing



The background of the slide features several overlapping, semi-transparent orange and red abstract shapes of various sizes and orientations, creating a layered, organic effect.

Simon Dingemans

Chief Financial Officer

Headline results



£m	2013	CER	Growth % £
Turnover	26,505	1	-
Core operating profit	8,015	-	(3)
Core EPS	112.2p	4	1
Adjusted net cash inflow from operations*	7,337		5
Adjusted FCF*	4,772		2

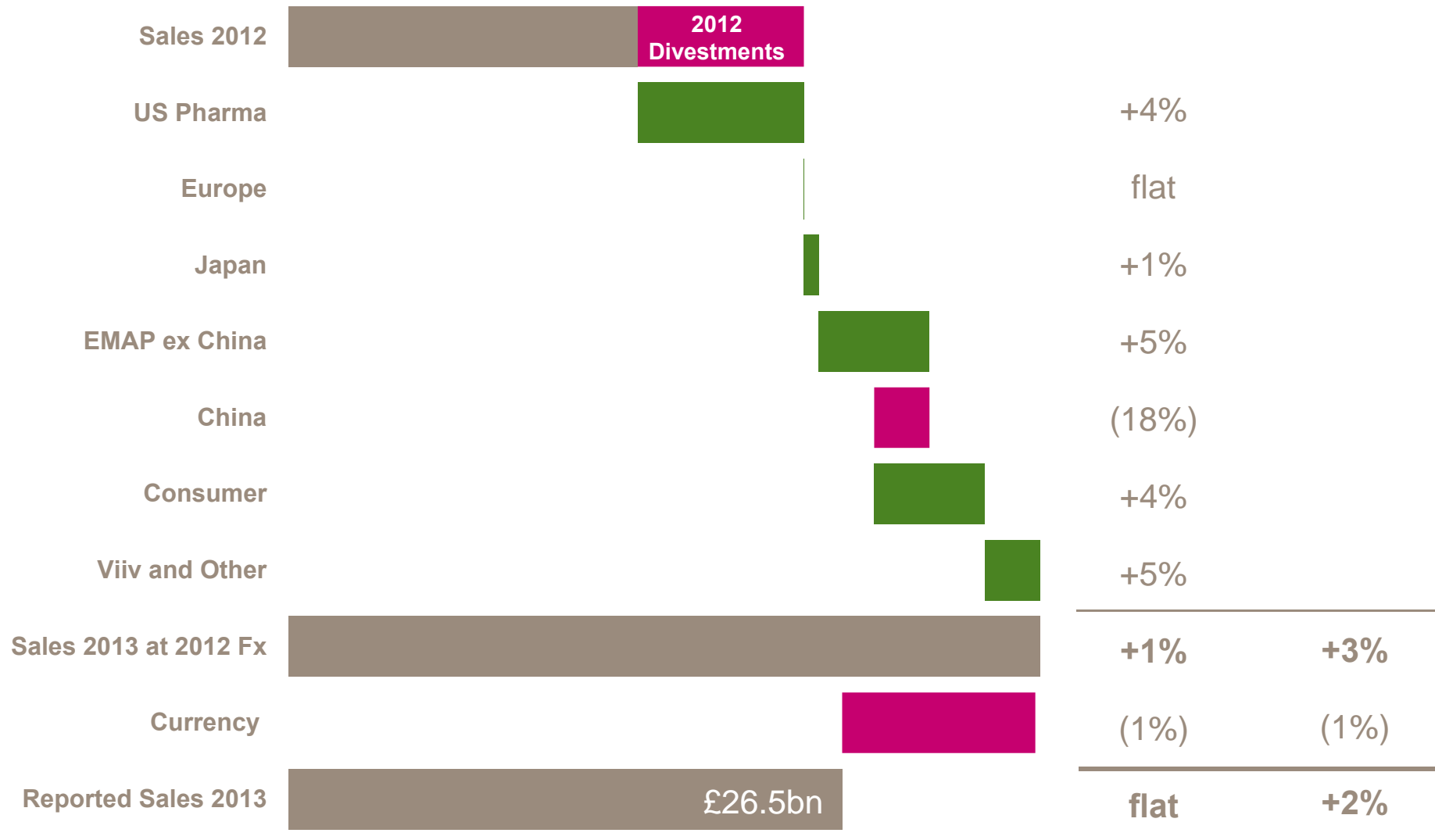
*Adjusted net cash inflow from operations and Adjusted FCF exclude legal

2013 Sales growth



Ex 2012
divestments

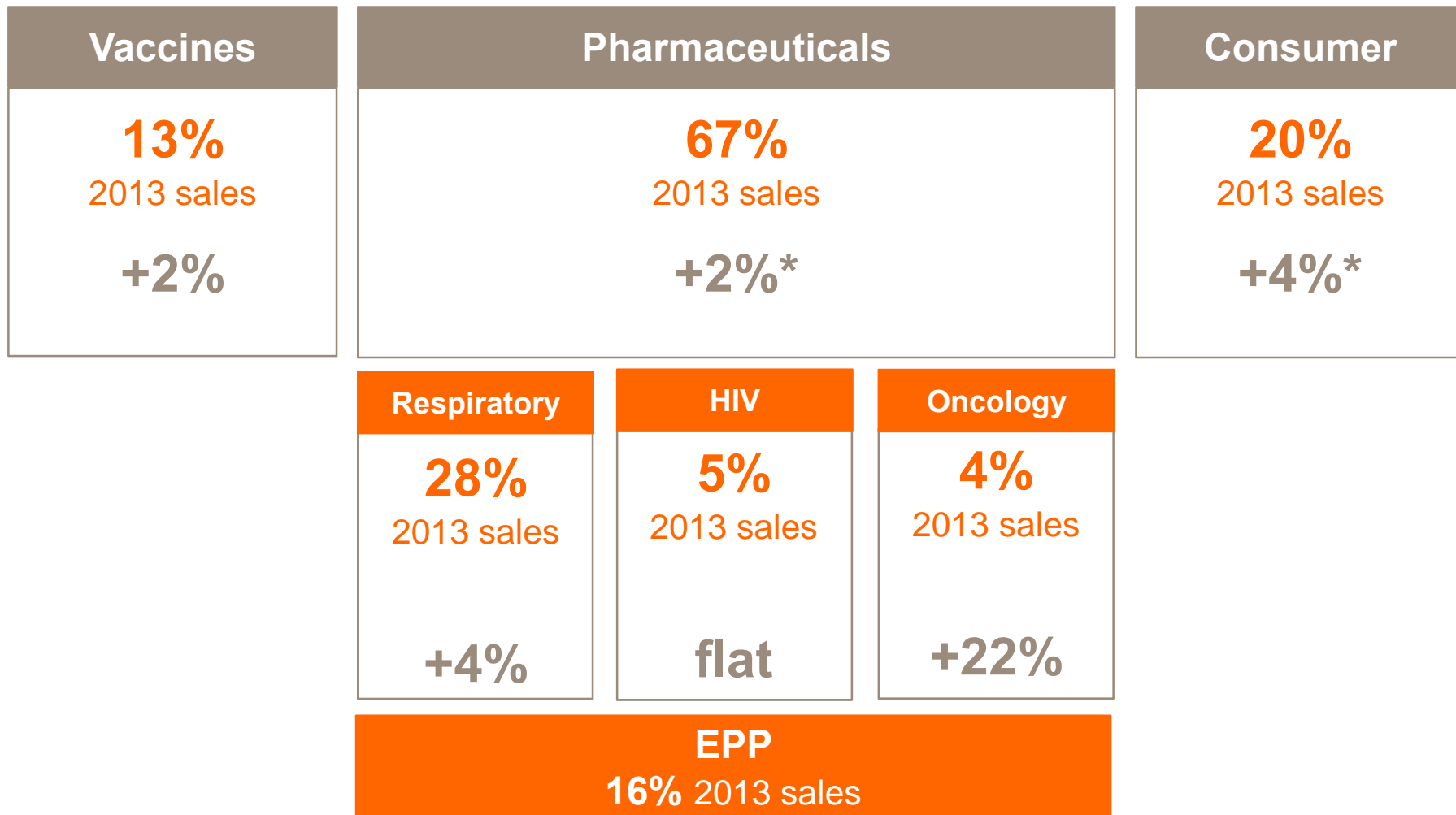
CER



2012 Divestments primarily Vesicare & OTC

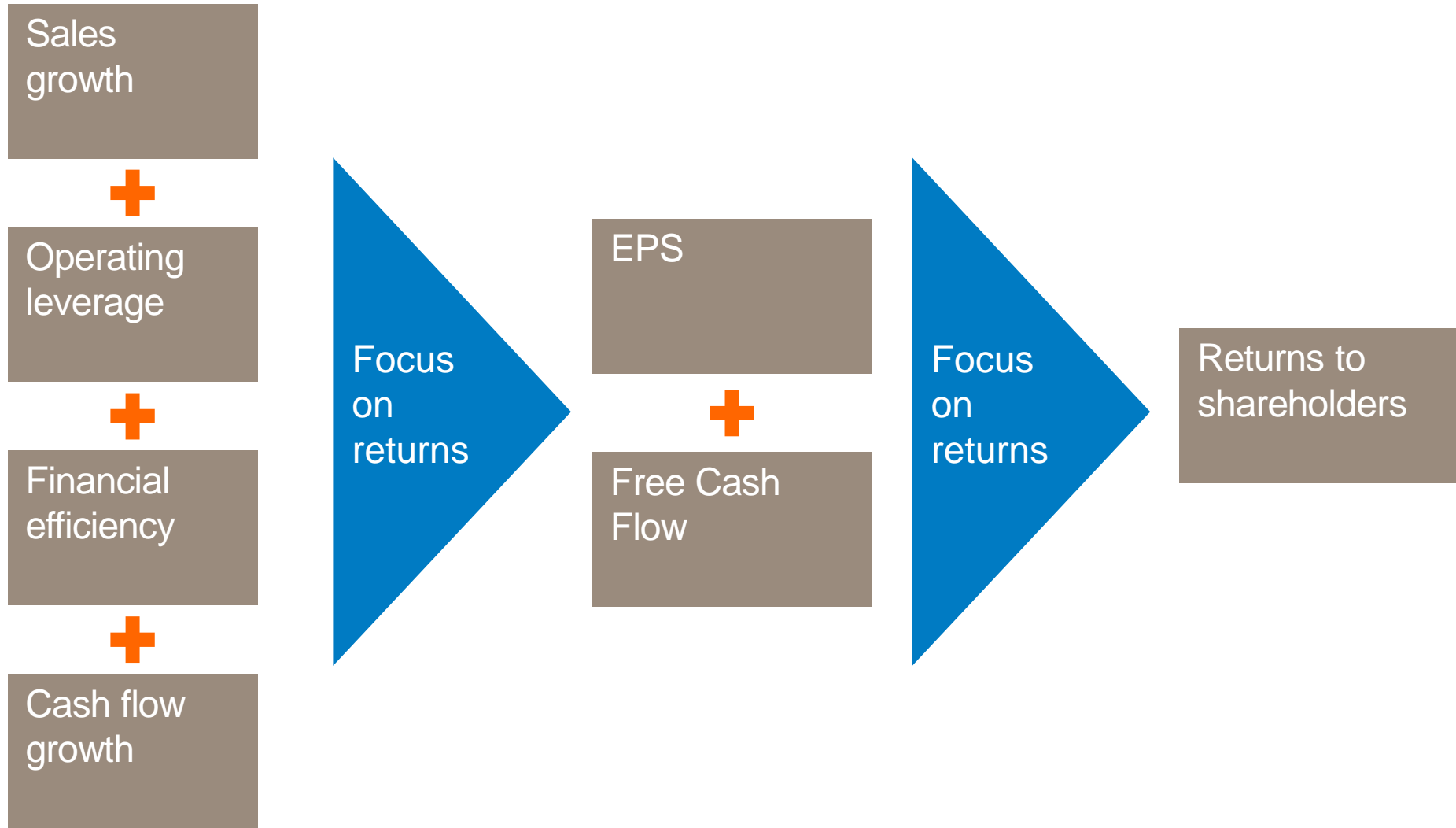
Further strengthening of business mix

2013 Sales growth (ex 2012 divestments): +3%* (CER)



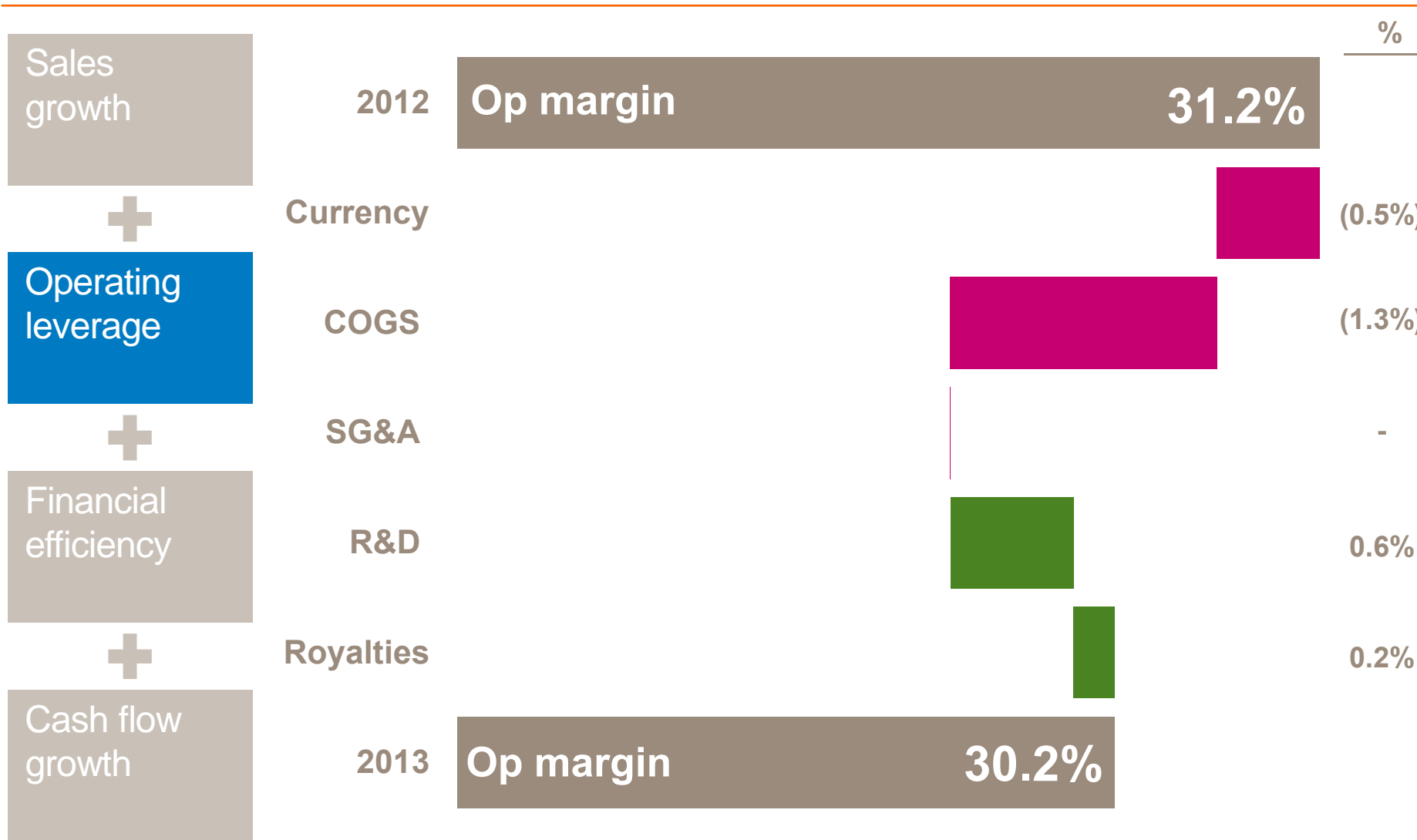
*CER growth rates excluding 2012 divestments (primarily Vesicare and OTC divestments)
Vaccines, Respiratory, HIV, Oncology and Consumer represent ~70% of 2013 sales

GSK Financial Architecture ensuring focus on returns

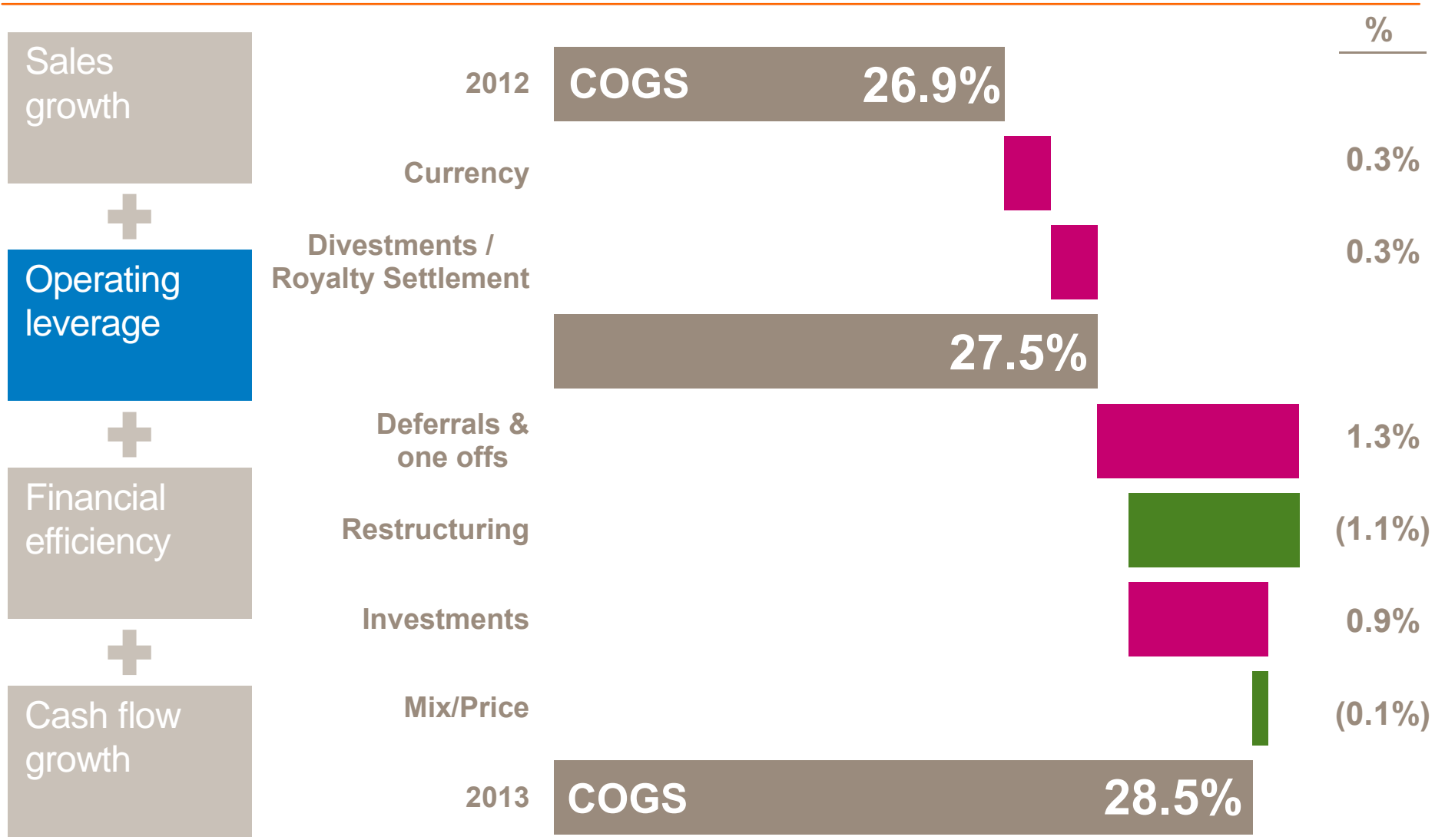


Operating profit margin breakdown

Operating margin down 0.5%, excluding currency



COGS



SG&A



Continued delivery of restructuring benefits



Sales growth



Operating leverage



Financial efficiency



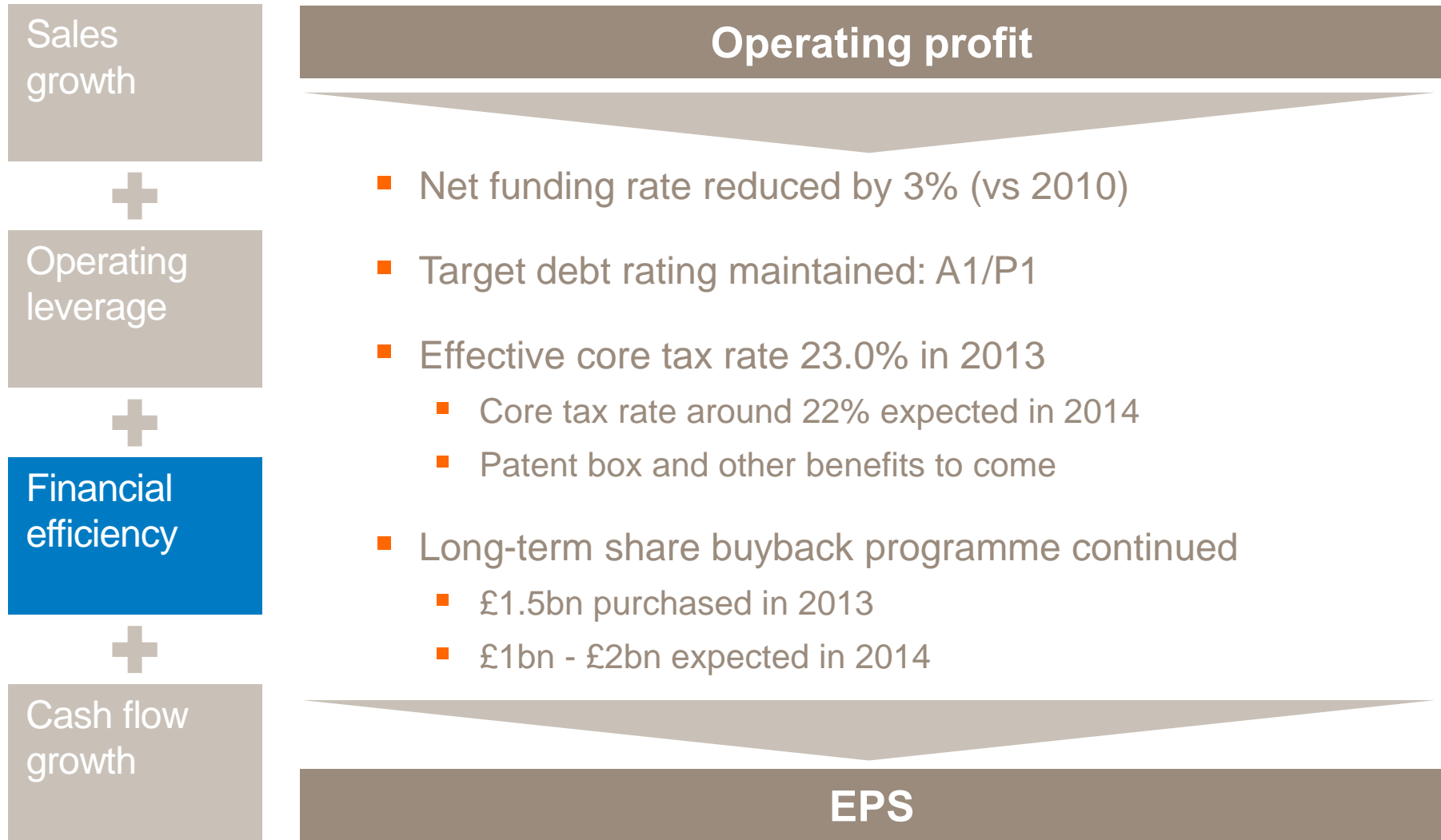
Cash flow growth

~£400m incremental savings delivered in 2013

- Manufacturing efficiencies
 - Supply chain simplification and alignment
 - New technologies
- Operational simplification
 - Centralisation of support functions
 - Improved capabilities: Finance, Procurement, IT
- Focus on R&D returns
 - Common platforms and technologies
 - Trial design & clinical capabilities

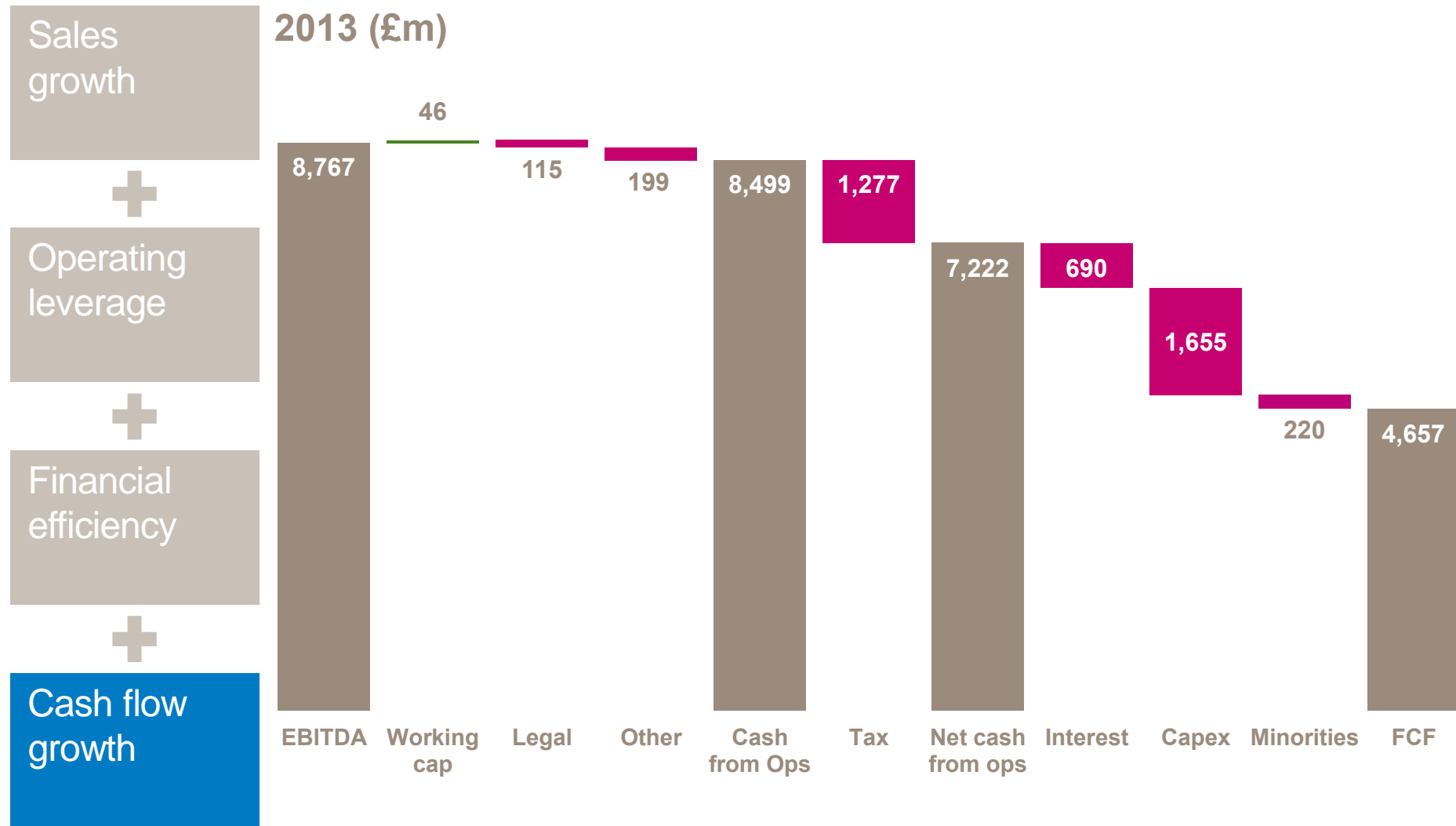
Releasing investment for launches & other growth opportunities
Offsetting mix pressures and building leverage

Further financial efficiency gains



Continued strong cash generation

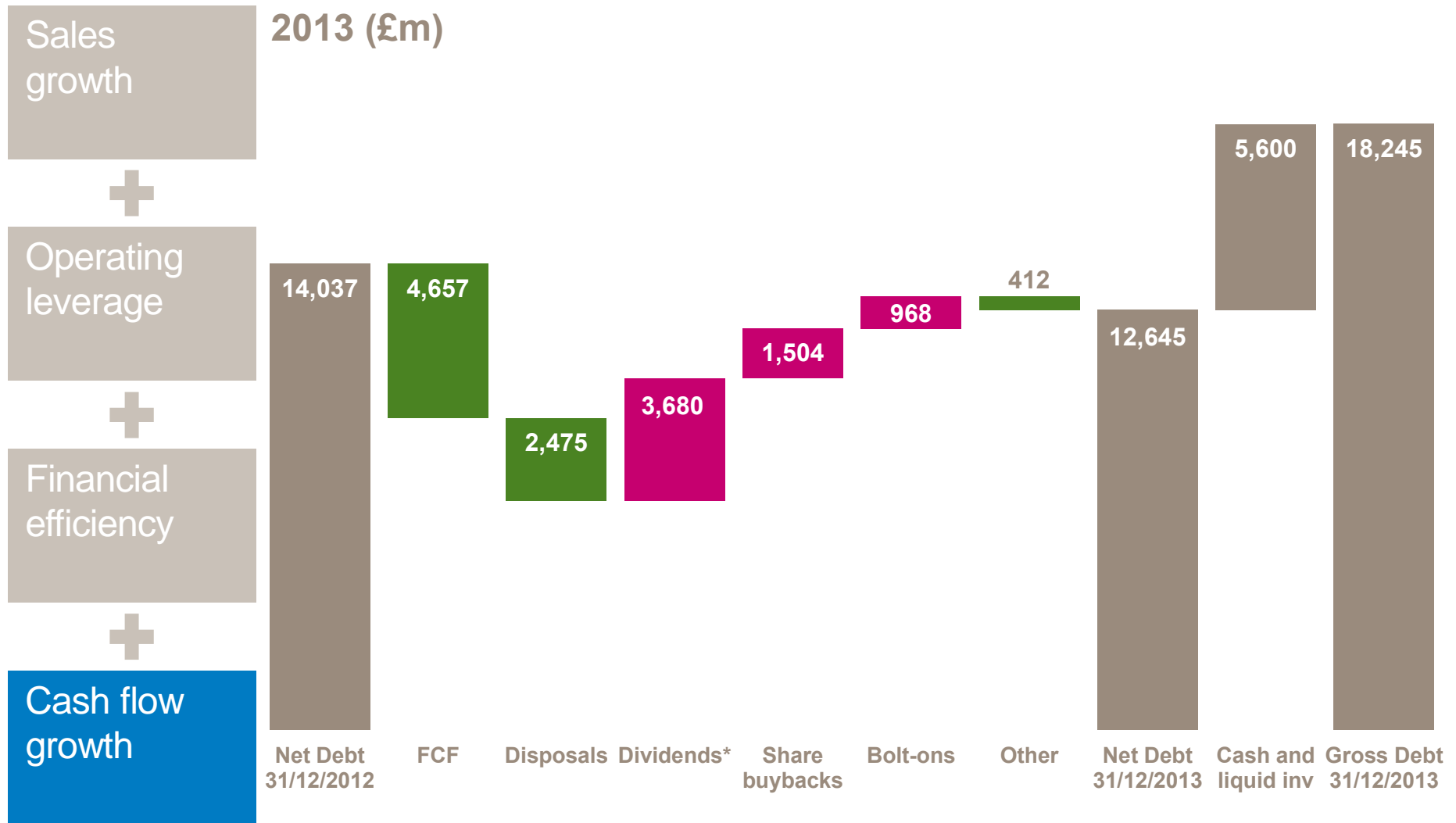
£4.7bn Free cash flow



EBITDA as reported (includes major restructuring). Capex includes expenditure on intangibles, net of proceeds from sale of PPE. Net cash from operations excluding legal was £7,337m +5%; FCF excluding legal was £4,772m +2%

Net debt reduced to £12.6bn

£2.5bn proceeds from divestments



*Dividends paid during the year

Returns to shareholders



£5.2bn

**Cash returned to shareholders
2013**

£3.7bn

Dividends

2013: 78p (+5%)

£1.5bn

Buybacks



- Multiple drivers of sales growth in place
- Contribution from new product launches
- Continued restructuring of operating costs
- Further financial efficiency gains
- Strong cash generation and returns to shareholders

**Core EPS growth
4% to 8% CER
(ex divestments)**

on

**Turnover growth
around 2% CER
(ex divestments)**



Thank you

New product launches underway across respiratory, HIV, oncology and vaccines



Market definition	Respiratory Controller: ICS/LABA	Respiratory Controller: Bronchodilator	Metastatic Melanoma V600	HIV total	Seasonal Flu Vaccines
Current global market size	£8.5 bn	£4.8 bn	£0.4 bn	£12.3 bn	£2.0 bn
Current US market share	<i>Advair</i> : ~63% <i>Breo Ellipta</i> : ~0.2%	Not launched	~60% combined TRx share of V600	8% of naive/add/switch for 3 rd agent/STR	~70% of 3y+ QIV injection market
Access % US pts Tier 2/3 unrest.	~66% Commercial ~25% Part D	Not launched	~90%	~98%	>95%
US Physician coverage	90% aware	Not launched	~50%	>90%	Nearly 100%
Key US market share data	NBRx: ~2%	Not launched	~70% combined NRx share of V600	Naive: 5% Switch: 12%	<25% of US estimated QIV in 2013/14 season
Markets with price/reimbursement	4 European markets, Japan and Canada	None	Available in Canada	Available in 5 EU countries, Australia, Canada	Approved in EU and Australia (Jan 2014) UK, Germany, Taiwan and Hong Kong

Ongoing innovation in R&D delivering new products to patients across key disease areas



	Recently approved	Filed	Expected Ph III data 2014/15	Potential Ph III starts 2014/15
Respiratory	<i>Relvar/Breo Ellipta</i> (US, EU, J) <i>Anoro Ellipta</i> (US)	<i>Anoro Ellipta</i> (EU, J) UMEC mono (US, EU) FF mono (US)	mepolizumab asthma <i>Anoro vs Advair/Seretide</i> <i>Anoro Ellipta vs tio</i> <i>Relvar Ellipta</i> Salford COPD	mepolizumab COPD ICS/LABA/LAMA COPD ICS/LAMA asthma
Oncology	<i>Tafinlar</i> (US, EU, J) <i>Mekinist</i> (US) <i>Taf/Mek combo use</i> (US) <i>Tykerb dual inhib</i> (EU)	<i>Votrient ovarian</i> (EU) <i>Arzerra</i> CLL 1 st line (US, EU) <i>Taf/Mek combo use</i> (EU) <i>Mekinist</i> (EU)	<i>Tykerb</i> ALTTO <i>Arzerra</i> CLL, DLBCL <i>Taf/Mek combo use</i> melanoma	<i>Tafinlar</i> NSCLC <i>Mekinist</i> NSCLC <i>Taf/Mek</i> colorectal <i>Votrient</i> bladder, pancreatic, nasopharyngeal AKT inhibitor multiple myeloma
HIV	<i>Tivicay</i> (US, EU)	dolutegravir/Trii (US, EU)		'744 long-acting integrase inhibitor
Vaccines	Flu QiV (US, EU)		MAGE-A3 Zoster vaccine	PRAME Oncology indications
II			sirukumab RA <i>Benlysta s/c</i> SLE	
CV&M		<i>Eperzan</i> (EU & US)	darapladib atherosclerosis	losmapimod (ACS)
Other	<i>Revolade</i> HCVaT (EU)			retosiban (PTL), '728 antisense, tafenoquine (malaria), '944 (antibacterial) '275 Gene Therapy

Assumptions for 2014 Core results ex divestments



Guidance

Core EPS growth (ex divestments)	4% to 8% CER (from adjusted EPS ex divestments of 108.4p)
Turnover growth (ex divestments)	Around 2% CER (from adjusted turnover ex divestments of £25.6bn)

Assumptions

Net finance expense	Broadly in line with 2013 (£692m)
Tax rate	Around 22%
Share buy-backs	£1 bn - £2 bn

All forward looking statements are based on 2013 numbers adjusted for divestments made in 2013, at CER and barring unforeseen circumstances. See our [cautionary statement regarding forward-looking statements](#)

2013 currency sales exposure

US \$	33 %
Euro €	19 %
Japanese ¥	7 %
Other*	41 %

* The other currencies that each represent more than 1% of Group sales are: Australian Dollar, Brazilian Real, Canadian Dollar, Chinese Yuan, Indian Rupee and Russian Rouble. In total they accounted for 14% of Group revenues in 2013.

Core EPS ready reckoner

US \$

10 cents movement in average exchange rate for full year impacts EPS by approx. +/- 3.5%

Euro €

10 cents movement in average exchange rate for full year impacts EPS by approx. +/- 2%

Japanese ¥

10 Yen movement in average exchange rate for full year impacts EPS by approx. +/- 1%

Average rates for January were £1/\$1.65, £1/” 1.21 and £1/Yen 171

If exchange rates were to hold at these rates for the rest of 2014, the estimated adverse impact on 2014 sterling turnover would be around 5%, and if there were no further exchange gains or losses, the estimated adverse impact on 2014 sterling core EPS would be around 6%.

Reference Slide: Methodology to estimate the IRR of GSK R&D's late-stage pipeline



Estimated Sales

- “ Late-stage pipeline includes pharma NCEs, additional indications, and vaccines launched from 2011 onwards plus current phase IIb & III pipeline (Sales taken from 2011 in order to match the R&D costs from 2005 onwards).
- “ Actual sales 2011-13 for products launched since £1.
- “ Estimated future sales for all products through 2034.
- “ Future sales estimates include risk-adjustment which is inline with current industry attrition rates.

Key Financial Assumptions

- “ Forecast operating profit margins after deduction of COGS, selling and marketing and direct administration costs. Estimates are similar to current margin ratios.
- “ Includes estimates of capital investments and working capital requirements.
- “ Includes the UK Patent box tax structure (tax impact reported separately).

R&D Costs

- “ R&D costs associated with the development of our current late-stage pipeline projects are included (including the costs of failed assets as well as infrastructure costs).
- “ For pharma, the following approach was used:
 - “ Total R&D costs split proportionately into early-stage (pre-CS), mid-stage (CS-C2MD) and late-stage (C2MD to launch).
 - “ In order to allocate all costs for this set of projects (e.g. late-stage pipeline) as accurately as possible, costs were included as follows:
 - “ 2005-07: All early-stage and 50% mid-stage costs.
 - “ 2008-11: All mid-stage and all late-stage costs excluding PLE and market support.
 - “ 2012 and beyond: All late-stage cost estimates for the assets which are included in the sales projections, and estimates for increasing regulatory support.
 - “ Actual upfront and milestone payments for in-licensed assets, as well as estimates for future milestone payments, were also included.
- “ For vaccines, a similar approach was used.

CS = Candidate Selection; C2MD = Commit to Medicines Development

The methodology above was applied to estimate the annual net cash flows used to derive the estimated IRR%

