



GlaxoSmithKline

Do more, feel better, live longer

# Grow Deliver Simplify

Results and strategic priorities 2008

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## Our strategy

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# Grow

a diversified global business

# Deliver

more products of value

# Simplify

the operating model

In 2008 we set out three new strategic priorities that aim to improve our long-term financial performance.

We believe these priorities will enable us to navigate the coming years successfully and retain our leading-edge as a company able to meet patients' and payers' needs into the future.

# A new approach for 2008

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This year we've taken a new approach to how we report to our shareholders. In place of the Annual Review we have published this short summary and have moved to more dynamic reporting on our website, where you can also find our full Annual Report.

Our aim is to keep you updated on our top level results via this summary, while also giving you the opportunity to access more detailed information through the Internet.

We are now also able to give you the option to receive email notifications of our annual results, please see the Shareholder Information section overleaf for details.

## **Our strategy for the future**

Earlier this year we launched our new strategic priorities:

- Grow a diversified global business
- Deliver more products of value
- Simplify the operating model

Underpinning the strategic priorities, which are outlined in this summary, are a number of detailed plans. You can keep up to date with our progress throughout the year by visiting the new 'Our mission and strategy' section of our website [www.gsk.com/mission-strategy](http://www.gsk.com/mission-strategy)

Everyone at GSK has a part to play in putting these plans into action, to contribute to our challenging and inspiring mission – enabling people to do more, feel better and live longer.

To find out more about GSK visit

  [www.gsk.com](http://www.gsk.com)

**Andrew Witty**  
Chief Executive Officer



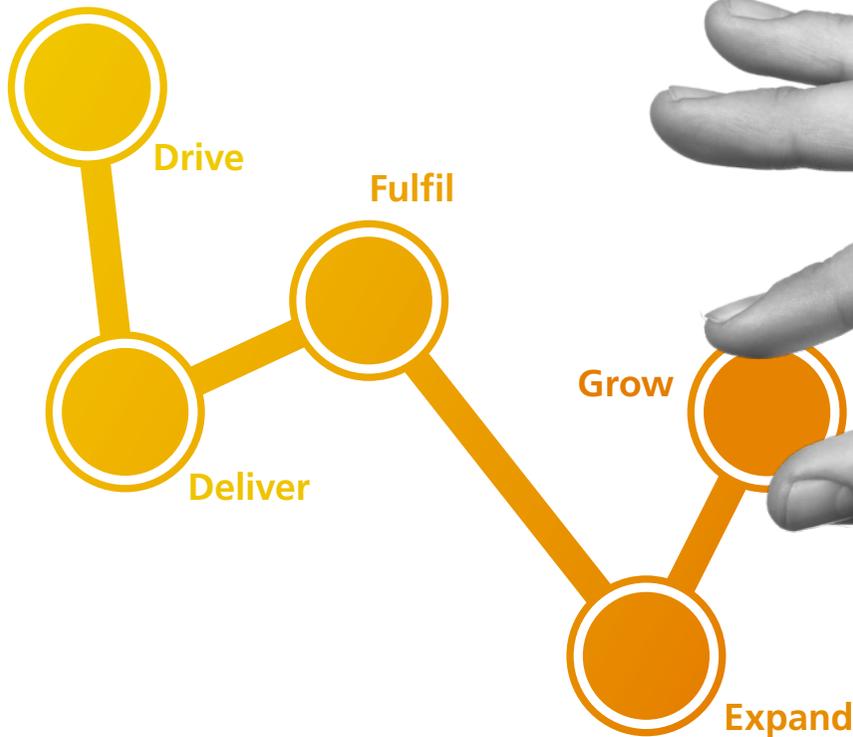
# Grow a diversified global business

We are reducing risk by broadening and balancing our portfolio, diversifying into new product areas that show potential, while also fully capturing opportunities for our products across all geographic boundaries.

## The plans which underpin this strategic priority:

- Drive growth in the pharmaceutical business in our core markets
- Deliver our ambitious vaccines forecast
- Fulfil the potential of emerging markets
- Expand our business in Japan
- Grow the Consumer Healthcare business

 [www.gsk.com/mission-strategy](http://www.gsk.com/mission-strategy)





# Deliver more products of value

We are striving to build one of the strongest pipelines in the industry. We are transforming R&D to ensure that we not only deliver the current pipeline but are also able to sustain the flow of products for years to come.

#### **The plans which underpin this strategic priority:**

- Focus on the best science
- Diversify through externalisation
- Re-personalise R&D
- Focus on return on investment

 [www.gsk.com/mission-strategy](http://www.gsk.com/mission-strategy)

# Simplify the operating model



GSK is a complex organisation. We recognise that we need to simplify our operating model further, changing the way we work, removing unnecessary processes and structures which slow us down and distract us from our mission.

## The plans which underpin this strategic priority:

- Evolve our commercial model
- Re-shape manufacturing
- Streamline our processes
- Reduce working capital

 [www.gsk.com/mission-strategy](http://www.gsk.com/mission-strategy)



## A year in numbers

# £24bn

Turnover

# £4.7bn

Free cash flow

# 88.6p

Total earnings per share

# 12

Products launched in 2008

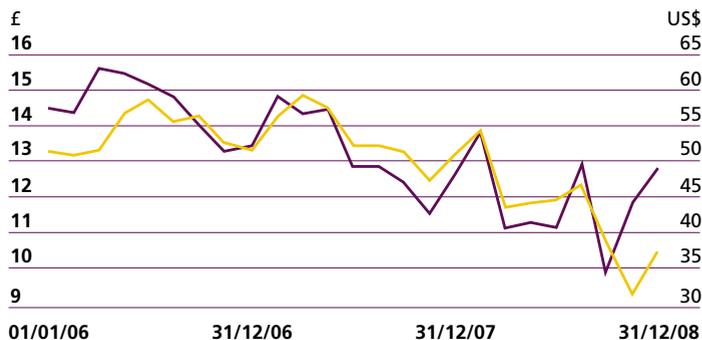
# 57p

Dividend per share

# 30

Products in late stage development

### Share price



● UK share price

● US ADR price (US\$)

## At a glance

### 2008 performance summary

- Total Group turnover was £24.4 billion, down 3% CER\*, up 7% in sterling terms
- Pharmaceutical turnover was £20.4 billion, down 3% CER, Consumer Healthcare turnover up 3% CER to £4 billion
- Emerging Markets sales up 12% CER to £2.3 billion
- Vaccines sales up 15% CER to £2.5 billion
- EPS before major restructuring 104.7p down 9% CER, up 6% in sterling terms

### Grow a diversified global business

- Excluding genericised products, *Avandia* and pre-pandemic preparations, our core pharmaceuticals business had turnover of £16.4 billion and grew by 10%
- Continued market share growth in Oral healthcare and Nutritional healthcare but sales fell in OTC due to lower sales of smoking cessation products
- Transactions with Aspen and BMS executed to build broader and more geographically diverse portfolio

### Deliver more products of value

- 12 key products launched, including *Tyverb*, *Volibris* and *Avamys* in Europe and *Treximet*, *Entereg*, *Promacta*, *Kinrix* and *Rotarix* in the USA.
- Secured 17% of FDA approvals for new chemical entities and vaccines
- Five new assets moved into phase III development during 2008
- Created 35 Discovery Performance Units, small teams each with three-year funding in place
- Entered or expanded 21 new drug discovery alliances

### Simplify the operating model

- Restructuring programme expanded to deliver annual savings of £1.7 billion by 2011
- Rescaled and redeployed US pharmaceuticals sales force
- Delivered more than £500 million of cash flow benefits from the working capital reduction programme which started in September 2008

\* CER: Growth at constant exchange rates (CER) calculated as if exchange rates in 2008 had remained unchanged from those used in 2007.

## Summarised financial information

Summary income statement	Results before major restructuring £m	Major restructuring £m	2008 Total £m	Results before major restructuring £m	Major restructuring £m	2007 Total £m
	Turnover	24,352		<b>24,352</b>	22,716	
Operating profit	8,259	(1,118)	<b>7,141</b>	7,931	(338)	7,593
Profit before tax	7,782	(1,123)	<b>6,659</b>	7,790	(338)	7,452
Profit after tax	5,551	(839)	<b>4,712</b>	5,571	(261)	5,310
Profit attributable to minority interests	110		<b>110</b>	96		96
Profit attributable to shareholders	5,441	(839)	<b>4,602</b>	5,475	(261)	5,214
Earnings per share			<b>88.6p</b>			94.4p
Diluted earnings per share			<b>88.1p</b>			93.7p
Dividends per share			<b>57p</b>			53p

Summary balance sheet	2008 £m	2007 £m
Non-current assets	<b>22,124</b>	17,377
Current assets	<b>17,269</b>	13,626
Total assets	<b>39,393</b>	31,003
Current liabilities	<b>(10,017)</b>	(10,345)
Non-current liabilities	<b>(21,058)</b>	(10,748)
Total liabilities	<b>(31,075)</b>	(21,093)
Net assets	<b>8,318</b>	9,910
Shareholders' equity	<b>7,931</b>	9,603
Minority shareholders' equity	<b>387</b>	307
Total equity	<b>8,318</b>	9,910

Summary cash flow statement	2008 £m	2007 £m
Net cash inflow from operating activities	<b>7,205</b>	6,161
Net cash outflow from investing activities	<b>(1,149)</b>	(3,048)
Net cash outflow from financing activities	<b>(4,908)</b>	(1,702)
Increase in cash and bank overdrafts in the year	<b>1,148</b>	1,411
Exchange adjustments	<b>1,103</b>	48
Cash and bank overdrafts at beginning of the year	<b>3,221</b>	1,762
Cash and bank overdrafts at end of the year	<b>5,472</b>	3,221

This document does not constitute a set of summary financial statements as defined under section 251 of the Companies Act 1985.

Our full 2008 Annual Report is available at  
 [www.gsk.com/annualreport](http://www.gsk.com/annualreport)

# Shareholder information

## More information on [www.gsk.com](http://www.gsk.com)

The information in this document is only a summary of certain information contained in our Annual Report for the year ended 31 December 2008 and does not contain all the information needed to give as full an understanding of the results, state of affairs, risks and uncertainties of the company and the Group as is provided by the full financial statements, Directors' Report, Remuneration Report and Auditors' Report contained in the Annual Report.

The Annual Report and the Notice of Annual General Meeting are available at

 [www.gsk.com/annualreport](http://www.gsk.com/annualreport)

## Annual General Meeting

The GSK Annual General Meeting will be held at 2.30pm on Wednesday 20 May 2009 at:

The Queen Elizabeth II Conference Centre  
Broad Sanctuary  
Westminster  
London SW1P 3EE

## Keeping up to date

You may choose to receive future notifications from us by email by registering accordingly on [www.shareview.co.uk](http://www.shareview.co.uk).

You can request printed copies of our financial reports from:

- Equiniti, the company's registrar in the UK; and from
- The Bank of New York Mellon, the company's depository in the USA.

## Shareholder and Investor contacts

Security type	Contact address	Telephone
Ordinary shares, administered by Equiniti Limited	Aspect House Spencer Road Lancing BN99 6DA	0871 384 2991 (inside the UK) +44(0) 121 415 7067 (outside the UK)
ADRs, administered by The Bank of New York Mellon	BNY Mellon Shareowner Services PO Box 358516 Pittsburgh, PA 15252-8516	1 877 353 1154 (US toll free) +1 201 680 6825 (outside the USA)

## Dividends

The Board has declared dividends for 2008:

Dividend	Payment date	2008 pence	2007 pence
First interim	10 July 2008	13	12
Second interim	9 October 2008	13	12
Third interim	8 January 2009	14	13
Fourth interim	9 April 2009	17	16
Total		57	53

## 2009 dividend calendar

Quarter	Ex-dividend date	Record date	Payment date
Q4 2008	11 Feb 2009	13 Feb 2009	9 Apr 2009
Q1 2009	29 Apr 2009	1 May 2009	9 Jul 2009
Q2 2009	29 Jul 2009	31 Jul 2009	8 Oct 2009
Q3 2009	4 Nov 2009	6 Nov 2009	7 Jan 2010

## Trademarks

Brand names appearing in italics throughout this publication are trademarks either owned by and/or licensed to GlaxoSmithKline group of companies, with the exception of *Entereg*, a trademark of Adolor Corporation in the USA, and *Volibris*, a trademark owned by Gilead, which are used in certain countries under licence by the Group.

## Cautionary statement

Under the 'safe harbor' provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions shareholders that any forward looking statements or projections made by the company, including those made in this Annual Summary, 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 'Business Review' in the company's Annual Report 2008.

## Financial advice

The provision of the details on this page is not intended to be an invitation or inducement to engage in an investment activity. Advice on share dealing should be obtained from a stockbroker or independent financial adviser.



# Our responsibility

We want to work in a way that reflects our values and the expectations of our stakeholders. Ethical, social and environmental considerations are integral to our business decision making. They are also central to achieving our challenging and inspiring mission of improving the lives of people worldwide.

Find out more about our approach to corporate responsibility at

**[www.gsk.com/responsibility](http://www.gsk.com/responsibility)**

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