



Building Innovation, Performance and Trust

Emma Walmsley, CEO

Cautionary statement regarding forward-looking statements



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A number of adjusted measures are used to report the performance of our business. These measures are defined in our Q2 2017 earnings release and Annual Report on Form 20-F for 2016.

All expectations and targets regarding future performance should be read together with "Assumptions related to 2017 guidance and 2016-2020 outlook" on page 32 of our Q2 earnings release.

Agenda



Key strategic priorities (1hr)

Emma Walmsley,
Chief Executive Officer



Q2 and financial outlook (30 mins)

Simon Dingemans,
Chief Financial Officer

Break (15mins)

Q&A (90mins)

Informal reception

Q&A panel



Patrick Vallance
President R&D



Jack Bailey
President US
Pharmaceuticals



Axel Hoos
Head of Oncology
Therapy Area



Gijs van den Brink
SVP Head of
Immuno-inflammation
Therapy Area



David Redfern
Chief Strategy Officer,
Chairman of ViiV



Eric Dube
SVP & Head Global
Respiratory Franchise



Kate Knobil
Chief Medical Officer,
Pharmaceuticals



David Gordon
Head of
Dermatology Unit



Brian McNamara
CEO, GSK Consumer
Healthcare



Deborah Waterhouse
CEO ViiV Healthcare



Edith Hessel
VP Head of Refractory
Respiratory
Inflammation DPU



Kathy Rouan
SVP Project
Clinical Platforms
and Sciences



Luc Debruyne
President – Global
Vaccines



Dr John Pottage
Chief Scientific &
Medical Officer, ViiV



John Bertin
VP, Head of Pattern
Recognition Receptor
DPU



Ravi Rao
Global Speciality
Franchise
Medical Head



do more
feel better
live longer

Fast changing environment and competing industry trends



Advances in science

Technology disruption

Positive demographics

Pricing pressures

M&A landscape



**Opportunities to create
value but challenges
require agility and change**

Balanced business to deliver sustainable growth and returns to shareholders



Vaccines

Broadest industry portfolio with leading position in meningitis

Consumer Healthcare

Category leadership in Respiratory, Pain Relief and Oral Health

Pharmaceuticals

Leading positions in HIV and Respiratory

Common goal to improve health, from prevention to treatment

Therapeutic and category leadership

Global opportunities

Strategic and operational synergies

Balanced set of cash flows and returns

Stronger recent performance across our 3 businesses



Pharmaceuticals



- Successful transition to new respiratory portfolio with *Ellipta* and *Nucala*
- Leading position in HIV with *Tivicay/Triumeq* launches

Vaccines



- Scale transformed and stabilising supply
- Strong growth of meningitis vaccines *Bexsero* and *Menveo*

Consumer Healthcare



- Global leader in Consumer Health
- Power brand* growth ahead of market, driven by innovation
- *Sensodyne* sales over £1 billion

Sales growth

Margin expansion

Cashflow improvement

* 7 Power brands: *Sensodyne*, Gum health, Denture care, *Voltaren*, *Panadol*, *Theraflu*, *Otrivin*

Need to improve long-term performance and build off recent momentum

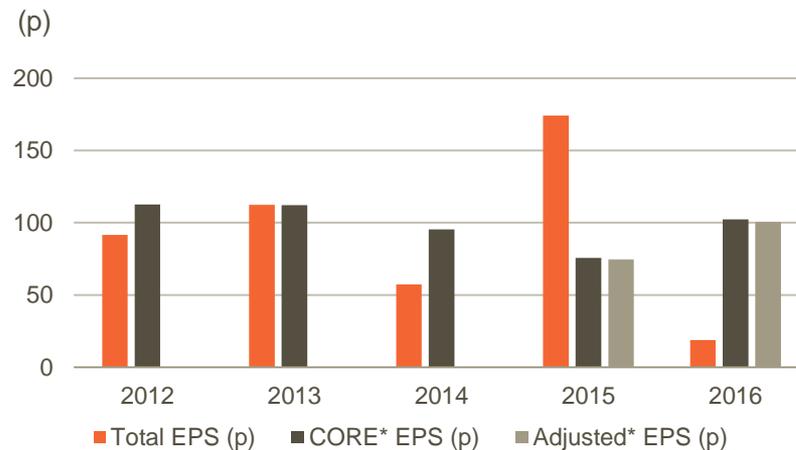


Group sales



* Excluding divestments completed in 2013

EPS*



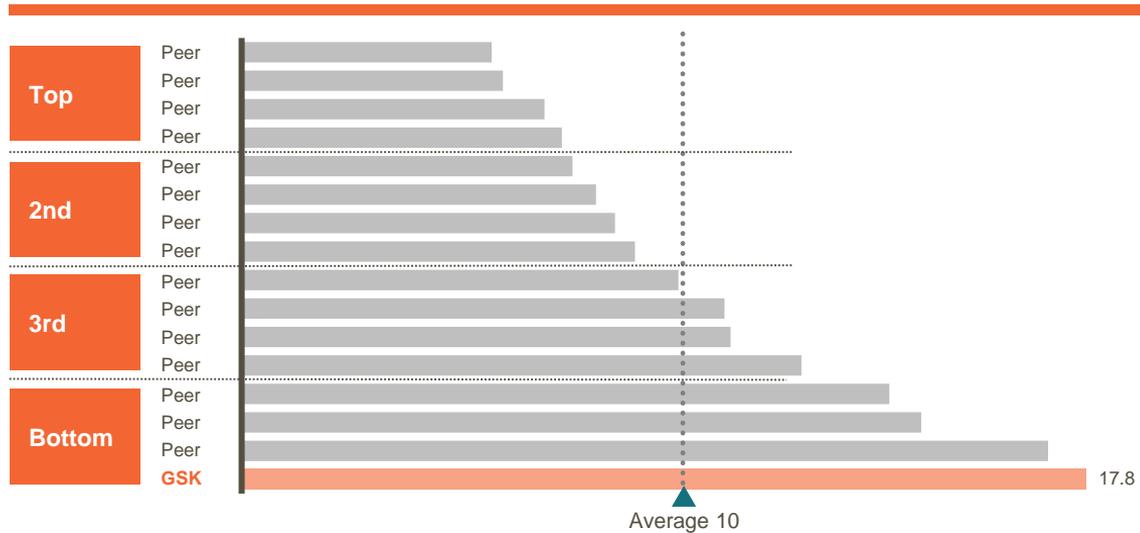
* Note from April 2017, GSK reports on an 'adjusted EPS' basis, including 'ordinary course' legal charges.

Investment spread across too many projects



Ph I-III assets¹ per R&D spend²

Number per US \$B; 2015



1. Excludes generics, OTC and vaccines; assets only counted once across multiple indications

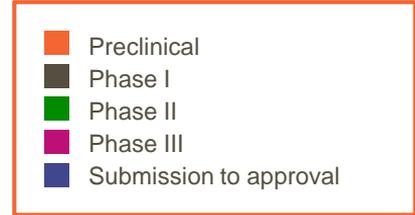
2. R&D spend and total pharma sales include OTC, Rx, generics and vaccines

Source: Evaluate Pharma 2016; GSK analysis

Opportunity to improve development timelines



GSK



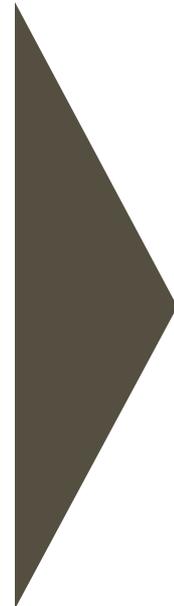
Industry



Key objectives 2017-2020



- Prioritise Pharma with key changes to operating model and portfolio
- Maximise value from recent and new product launches
- Address pricing exposure to portfolio
- Make the right choices to invest and develop early-stage pharmaceutical pipeline
- Continue to drive newly scaled Consumer and Vaccines
- More rigorous capital allocation
- Improve cash generation for investment flexibility
- More performance based culture



**Group sales 5-year CAGR to 2020
low to mid single digit**

Pharma 	Vaccines 	Consumer Healthcare
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**Adjusted EPS 5-year CAGR to 2020
mid to high single digit**

*All 2020 outlook statements are at constant, 2015 exchange rates. The CAGRs are 5 years to 2020, using 2015 pro-forma as the base year.

3 long-term priorities for all 3 businesses



Innovation

Performance

Trust

Improve innovation across GSK, top priority is Pharma



Innovation

Near-term opportunities

- *Breo, Anoro, Nucala, Bexsero, Menveo and Tivicay/Triumeq*
- Closed Triple, and two drug regimens in HIV
- *Shingrix*

Strengthen pipeline

- 80% R&D spend to be allocated to 2 core, 2 potential therapy areas
- Key assets prioritised
- Business Development to augment early-stage pipeline
- 13 clinical programmes to be stopped; additional programmes under review
- Alternative strategic development options for non core assets
- Drive core capabilities
- >10% consumer sales generated through innovation including switch*

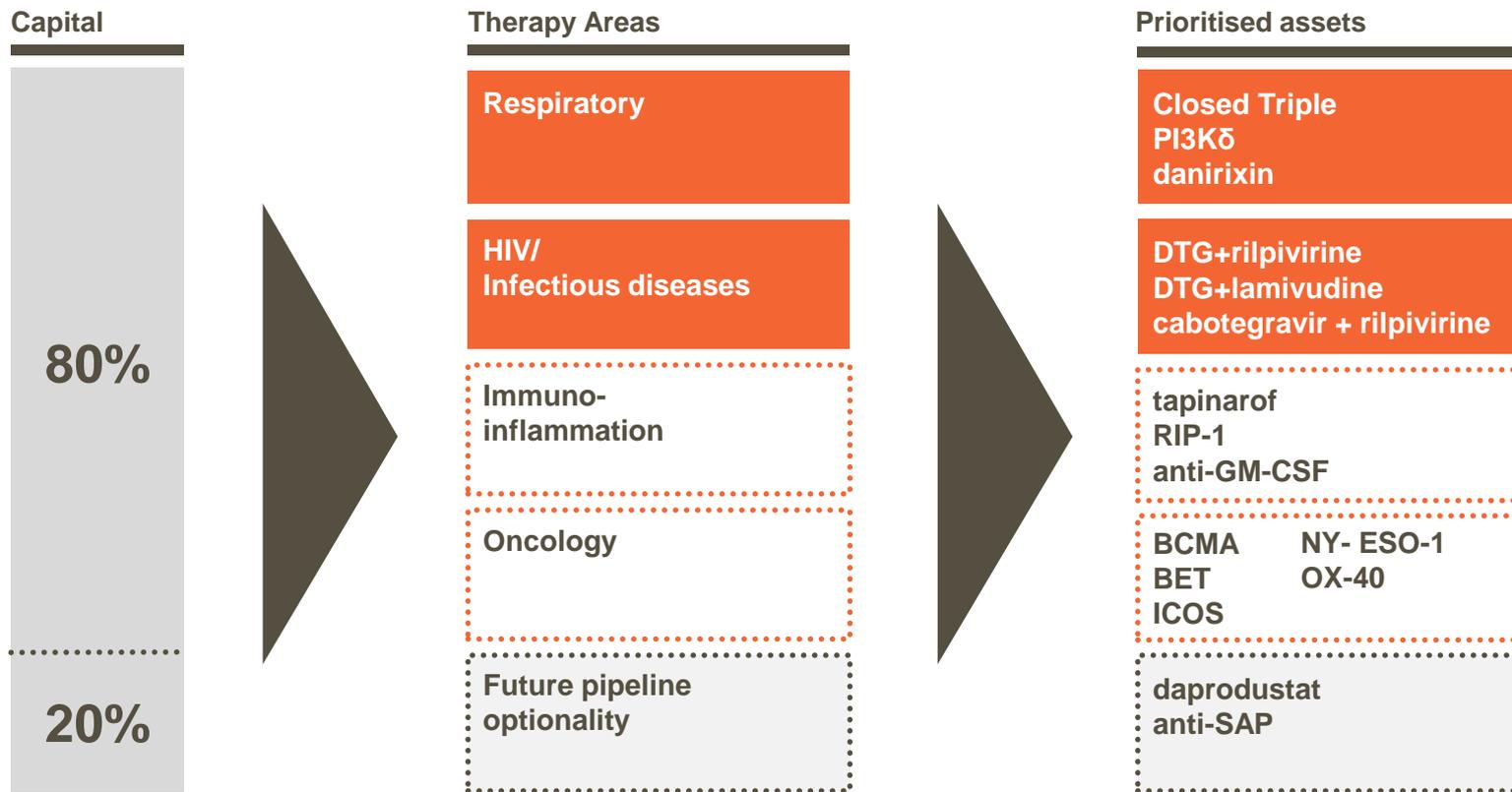
Change governance

- Improve governance with increased commercial input on pipeline investment decisions
- New team hires
- Deep review of pharma Development efficiency and effectiveness; new Development Advisory Board
- Evolving board profile and new Scientific Committee

Developing the pipeline in Pharma



Development capital focus on 2 core and 2 potential therapy areas



Refocusing to reinvest

Decision made to terminate, partner or divest 13 clinical program, others under review



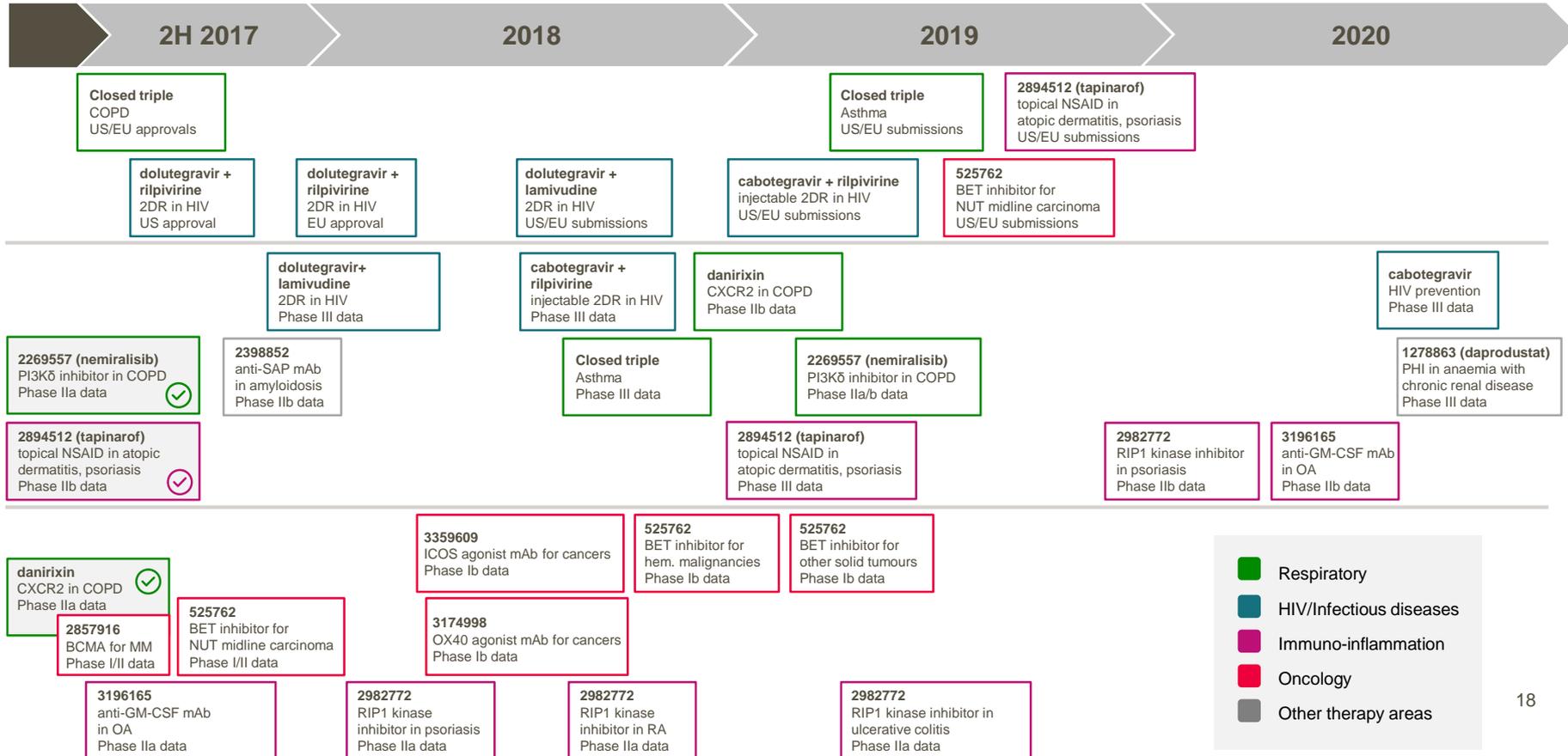
Therapy area	Asset	Type	Indication	Phase
Infectious diseases	2878175	nonstructural protein 5B (NS5B) polymerase inhibitor	hepatitis C	II
	danirixin i.v.	chemokine (C-X-C Motif) receptor 2 (CXCR2) antagonist (i.v.)	influenza	II
Oncology	tarexumab	notch 2/3 monoclonal antibody	SCLC	II
	2816126	enhancer of zeste homologue2 (EZH2) inhibitor	solid tumours and haematological malignancies	I
	2879552	lysine-specific demethylase 1 (LSD1) inhibitor	SCLC*	I
Immuno-inflammation	sirukumab	interleukin 6 (IL6) human monoclonal antibody	rheumatoid arthritis**	registration
	3050002	chemokine (C-C motif) ligand 20 (CCL20) monoclonal antibody	psoriatic arthritis	I
Metabolic	retosiban	oxytocin antagonist	spontaneous pre-term labour	III
	2330672	ileal bile acid transport (IBAT) inhibitor	cholestatic pruritis	II
	2798745	transient receptor potential cation channel V4 (TRPV4) antagonist	heart failure	II
	daprodustat	topical prolyl hydroxylase inhibitor (PHI)	wound healing	I
	3008356	diglyceride acyltransferase (DGAT) 1 inhibitor	non-alcoholic steatohepatitis	I
Dermatology	2981278	ROR gamma inverse agonist (topical)	psoriasis	II

Additionally, ~20 preclinical programmes to be terminated, partnered or divested

* Studies in AML & MDS to continue

** Rights to other indications also returned to Janssen

Data on key assets in next 3 years to inform investment in Pharma pipeline, organically or inorganically



Deliver competitive performance across all 3 businesses



Performance

Growth with stronger execution

- Integrated and aligned strategy and P&L for each business
- Prioritisation of USA for commercial support
- New operating model in Emerging Markets

Improved focus and efficiency

- Improved capital allocation discipline
- Strategic reviews of non priority products including cephalosporins
- Divest non-core nutrition
- Exit *Tanzeum* and sirukumab
- £1bn cost reduction programme
- Reduced supply chain complexity with changes to manufacturing network

Invest in people and capabilities

- New leaders
- New incentives, including cash discipline
- Digital, data and analytics capabilities

Changes to the pharmaceuticals business to improve performance



Cost discipline to fuel investment for growth



Build trust in our operations and in the way we work



Trust

Right fundamentals

- Supply continuity
- Commitment to quality and safety
- Effective compliance

Engagement and access

- Strengthened scientific and medical engagement
- Transparency with stakeholders
- Balanced approach to pricing of new products
- Focussed global health contribution for impact

Employees

- Increase diversity and flexible working
- Modern employee engagement

Values and performance based culture to support delivery of priorities



Keep

Purpose

Values

Quality

Change

Increased focus on performance

Pace of decision making

Cost and cash discipline

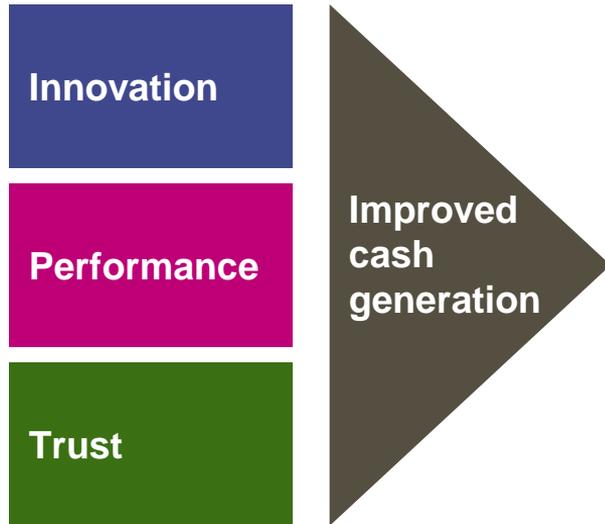
How

Right leadership and team

Operating structure and decision rights

Aligned objectives, incentives and benchmarks

Capital allocation framework



Key priorities for capital



Our aim is to deliver benefits for patients, consumers and shareholders



Up to 2020 → ● 2020 + →

Innovation

Performance

Trust

Group sales 5-year CAGR low to mid single digit*		
Pharma 	Vaccines 	Consumer Healthcare 
5-year sales CAGR: low single digit*	5-year sales CAGR: mid to high single digit*	5 year sales CAGR: low to mid single digit*
Adjusted operating margin: low 30% ^{s*}	Adjusted operating margin: 30% ⁺ *	Adjusted operating margin: 20% ⁺ *
Adjusted EPS 5-year CAGR mid to high single digit*		
Rebuild dividend cover: 1.25x to 1.5x FCF		

Impact human health

Platform for future growth 2020+

Improved and sustainable returns

*All 2020 outlook statements are at constant, 2015 exchange rates. The CAGRs are 5 years to 2020, using 2015 as the base year.