Building Innovation, Performance and Trust

Emma Walmsley, CEO
Cautionary statement regarding forward-looking statements

This presentation may contain forward-looking statements. Forward-looking statements give the Group’s current expectations or forecasts of future events. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as ‘anticipate’, ‘estimate’, ‘expect’, ‘intend’, ‘will’, ‘project’, ‘plan’, ‘believe’, ‘target’ and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, and financial results.

Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulations, UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should, however, consult any additional disclosures that the Group may make in any documents which it publishes and/or files with the US Securities and Exchange Commission (SEC). All investors, wherever located, should take note of these disclosures. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

Forward-looking statements are subject to assumptions, inherent risks and uncertainties, many of which relate to factors that are beyond the Group’s control or precise estimate. The Group cautions investors that a number of important factors, including those in this presentation, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, but are not limited to, those discussed under Item 3.D ‘Risk factors’ in the Group’s Annual Report on Form 20-F for 2016. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this presentation.

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
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

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

Vaccines
Broatest 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
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

* 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

<table>
<thead>
<tr>
<th>(£m)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1% CER, -3% AER</td>
<td>+1% CER, 0% AER</td>
<td>-3% CER*, -10% AER*</td>
<td>+1% CER proforma, +4% AER</td>
<td>+5% CER proforma, +17% AER</td>
<td></td>
</tr>
</tbody>
</table>

* Excluding divestments completed in 2013

EPS*

<table>
<thead>
<tr>
<th>(p)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total EPS (p)</td>
<td>CORE* EPS (p)</td>
<td>Adjusted* EPS (p)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Note from April 2017, GSK reports on an 'adjusted EPS' basis, including 'ordinary course' legal charges.
**Number and value of NME launches between 2006 and 2015**

<table>
<thead>
<tr>
<th>Quartile</th>
<th>NME launches$^1$</th>
<th>Estimated Peak Year Sales per NME$^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number; 2006-15</td>
<td>US $B; timeframe 2007-22</td>
</tr>
<tr>
<td><strong>Top</strong></td>
<td>Peer Peer Peer Peer</td>
<td></td>
</tr>
<tr>
<td><strong>2nd</strong></td>
<td>Peer GSK Peer Peer</td>
<td>Peer 18 7 25* Peer 0.6</td>
</tr>
<tr>
<td><strong>3rd</strong></td>
<td>Peer Peer Peer Peer</td>
<td></td>
</tr>
<tr>
<td><strong>Bottom</strong></td>
<td>Peer Peer Peer Peer</td>
<td></td>
</tr>
</tbody>
</table>

Average 17 Average 1.8

---

1. Excludes generics, OTC and vaccine
2. Calculated only from NME launches with associated financial information for peak year sales
* GSK total of 25 assets includes the 7 oncology assets divested to Novartis
Source: Evaluate Oct 2016; GSK analysis
Investment spread across too many projects

Ph I-III assets\(^1\) per R&D spend\(^2\)
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

Source: 2017 Global R&D Performance Metrics Programme; CMR International, a Clarivate Analytics Business, GSK analysis
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

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

### Near-term opportunities

### 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

---

* Innovation sales defined as product introductions within the last 3 years on a rolling basis
Developing the pipeline in Pharma
Development capital focus on 2 core and 2 potential therapy areas

Capital

- 80%
- 20%

Therapy Areas

- Respiratory
- HIV/Infectious diseases
- Immuno-inflammation
- Oncology
- Future pipeline optionality

Prioritised assets

- Closed Triple
  - PI3Kδ danirixin
- DTG+rilpivirine
  - DTG+lamivudine
  - cabotegravir + rilpivirine
- tapinarof
  - RIP-1
  - anti-GM-CSF
- BCMA
- NY-ESO-1
- BET
- OX-40
- ICOS
- daprodustat
  - anti-SAP
Refocusing to reinvest
Decision made to terminate, partner or divest 13 clinical program, others under review

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

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

<table>
<thead>
<tr>
<th>Performance</th>
<th>Growth with stronger execution</th>
<th>Improved focus and efficiency</th>
<th>Invest in people and capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Integrated and aligned strategy and P&amp;L for each business</td>
<td>- Improved capital allocation discipline</td>
<td>- New leaders</td>
</tr>
<tr>
<td></td>
<td>- Prioritisation of USA for commercial support</td>
<td>- Strategic reviews of non priority products including cephalosporins</td>
<td>- New incentives, including cash discipline</td>
</tr>
<tr>
<td></td>
<td>- New operating model in Emerging Markets</td>
<td>- Divest non-core nutrition</td>
<td>- Digital, data and analytics capabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Exit <em>Tanzeum</em> and sirukumab</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- £1bn cost reduction programme</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Reduced supply chain complexity with changes to manufacturing network</td>
<td></td>
</tr>
</tbody>
</table>
Changes to the pharmaceuticals business to improve performance

- New leadership
- Better US commercial execution
- New Emerging Markets operations
- Stronger R&D
- Integrated P&L
- Supply chain efficiencies
Cost discipline to fuel investment for growth

- Supply chain efficiencies
- Simpler Pharma operations
- Leaner Corporate and administrative functions

Expected additional annual cost savings of £1 billion by 2020

- R&D investment
- Investment behind new product launches
- Defending margins and driving operating leverage
Build trust in our operations and in the way we work

<table>
<thead>
<tr>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Right fundamentals</strong></td>
</tr>
<tr>
<td>- Supply continuity</td>
</tr>
<tr>
<td>- Commitment to quality and safety</td>
</tr>
<tr>
<td>- Effective compliance</td>
</tr>
<tr>
<td><strong>Engagement and access</strong></td>
</tr>
<tr>
<td>- Strengthened scientific and medical engagement</td>
</tr>
<tr>
<td>- Transparency with stakeholders</td>
</tr>
<tr>
<td>- Balanced approach to pricing of new products</td>
</tr>
<tr>
<td>- Focussed global health contribution for impact</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
</tr>
<tr>
<td>- Increase diversity and flexible working</td>
</tr>
<tr>
<td>- Modern employee engagement</td>
</tr>
</tbody>
</table>
## Values and performance based culture to support delivery of priorities

<table>
<thead>
<tr>
<th>Keep</th>
<th>Change</th>
<th>How</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Increased focus on performance</td>
<td>Right leadership and team</td>
</tr>
<tr>
<td>Values</td>
<td>Pace of decision making</td>
<td>Operating structure and decision rights</td>
</tr>
<tr>
<td>Quality</td>
<td>Cost and cash discipline</td>
<td>Aligned objectives, incentives and benchmarks</td>
</tr>
</tbody>
</table>
Capital allocation framework

Key priorities for capital

Invest in the business
1. Pharma pipeline
2. Consumer put
3. Vaccines capacity

Shareholder returns

Business development

Innovation

Performance

Trust

Improved cash generation
Our aim is to deliver benefits for patients, consumers and shareholders.

**Up to 2020**

- **Group sales 5-year CAGR**
  - Pharma: 5-year sales CAGR: low single digit*
  - Vaccines: 5-year sales CAGR: mid to high single digit*
  - Consumer Healthcare: 5 year sales CAGR: low to mid single digit*

- **Adjusted operating margin**
  - Pharma: low 30%*
  - Vaccines: 30%+*
  - Consumer Healthcare: 20%+*

- **Adjusted EPS 5-year CAGR**
  - Mid to high single digit*

- **Rebuild dividend cover:** 1.25x to 1.5x FCF

**2020 +**

- **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.*