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
Fast changing environment and competing industry trends

<table>
<thead>
<tr>
<th>Advances in science</th>
<th>Technology disruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive demographics</td>
<td>Pricing pressures</td>
</tr>
<tr>
<td>M&amp;A landscape</td>
<td></td>
</tr>
</tbody>
</table>

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
- Brodest 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

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* 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>Year</th>
<th>(£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>30,000</td>
</tr>
<tr>
<td>2013</td>
<td>25,000</td>
</tr>
<tr>
<td>2014</td>
<td>20,000</td>
</tr>
<tr>
<td>2015</td>
<td>15,000</td>
</tr>
<tr>
<td>2016</td>
<td>10,000</td>
</tr>
</tbody>
</table>

-1% CER, -3% AER
+1% CER, +0% AER
-3% CER, -10% AER*
+1% CER proforma, +4% AER
+5% CER proforma, +17% AER

EPS*

<table>
<thead>
<tr>
<th>Year</th>
<th>(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>150</td>
</tr>
<tr>
<td>2013</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>50</td>
</tr>
<tr>
<td>2015</td>
<td>200</td>
</tr>
<tr>
<td>2016</td>
<td>150</td>
</tr>
</tbody>
</table>

Total EPS (p)  CORE* EPS (p)  Adjusted* EPS (p)

* Excluding divestments completed in 2013

* Note from April 2017, GSK reports on an ‘adjusted EPS’ basis, including ‘ordinary course’ legal charges.
### Need to improve focus and output of Pharma R&D

#### Number and value of NME launches between 2006 and 2015

1. Excludes generics, OTC and vaccine
2. Calculated only from NME launches with associated financial information for peak year sales

<table>
<thead>
<tr>
<th>Quartile</th>
<th>NME launches&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Estimated Peak Year Sales per NME&lt;sup&gt;2&lt;/sup&gt;</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 Peer</td>
<td>Peer Peer Peer Peer Peer Peer</td>
</tr>
<tr>
<td><strong>2nd</strong></td>
<td>Peer GSK Peer Peer Peer Peer</td>
<td>Peer Peer Peer Peer Peer Peer</td>
</tr>
<tr>
<td></td>
<td>18 7 25*</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>3rd</strong></td>
<td>Peer Peer Peer Peer Peer</td>
<td>Peer Peer Peer Peer Peer Peer</td>
</tr>
<tr>
<td><strong>Bottom</strong></td>
<td>Peer Peer Peer Peer Peer</td>
<td>Peer Peer Peer Peer Peer Peer</td>
</tr>
<tr>
<td></td>
<td>Average 17</td>
<td>Average 1.8</td>
</tr>
</tbody>
</table>

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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

*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

* 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

<table>
<thead>
<tr>
<th>Capital</th>
<th>Therapy Areas</th>
<th>Prioritised assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%</td>
<td>Respiratory</td>
<td>Closed Triple PI3Kδ danirixin</td>
</tr>
<tr>
<td></td>
<td>HIV/ Infectious diseases</td>
<td>DTG+rilpivirine DTG+lamivudine cabotegravir + rilpivirine</td>
</tr>
<tr>
<td></td>
<td>Immuno-inflammation</td>
<td>tapinarof RIP-1 anti-GM-CSF</td>
</tr>
<tr>
<td></td>
<td>Oncology</td>
<td>BCMA NY- ESO-1 BET OX-40 ICOS</td>
</tr>
<tr>
<td>20%</td>
<td>Future pipeline optionality</td>
<td>daproductat anti-SAP</td>
</tr>
</tbody>
</table>
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>danirixin i.v.</td>
<td>chemokine (C-X-C Motif) receptor 2 (CXCR2) antagonist (i.v.)</td>
<td>influenza</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>daproductat</td>
<td>topical prolyl hydroxylase inhibitor (PHI)</td>
<td>wound healing</td>
<td>I</td>
</tr>
<tr>
<td></td>
<td>3008356</td>
<td>diglyceride acyltransferase (DGAT) 1 inhibitor</td>
<td>non-alcoholic steatohepatitis</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

- **HIV/Infectious diseases**
  - **dolutegravir + rilpivirine**
    - 2DR in HIV
    - US/EU approval
  - **dolutegravir + lamivudine**
    - 2DR in HIV
    - EU approval
  - **cabotegravir + rilpivirine**
    - Injectable 2DR in HIV
    - US/EU submissions
  - **2894512 (tapinarof)**
    - Topical NSAID in atopic dermatitis, psoriasis
    - US/EU submissions

- **Respiratory**
  - **dolutegravir + rilpivirine**
    - 2DR in HIV
    - US approval
  - **dolutegravir + lamivudine**
    - 2DR in HIV
    - US/EU submissions
  - **cabotegravir + rilpivirine**
    - Injectable 2DR in HIV
    - US/EU submissions
  - **danirixin**
    - CXCR2 in COPD
    - Phase IIb data

- **Immuno-inflammation**
  - **2269557 (nemiralisib)**
    - PI3Kδ inhibitor in COPD
    - Phase IIa data
  - **2398852**
    - Anti-SAP mAb in amyloidosis
    - Phase IIa data
  - **2894512**
    - Topical NSAID in atopic dermatitis, psoriasis
    - Phase IIb data
  - **3359609**
    - ICOS agonist mAb for cancers
    - Phase I/II data
  - **2982772**
    - RIP1 kinase inhibitor in psoriasis
    - Phase IIa data
  - **2982772**
    - RIP1 kinase inhibitor in ulcerative colitis
    - Phase IIa data

- **Oncology**
  - **3196155**
    - Anti-GM-CSF mAb in OA
    - Phase I/II data
  - **2857916**
    - BCMA for MM
    - Phase I/Ii data
  - **3359609**
    - ICOS agonist mAb for cancers
    - Phase I/II data
  - **525762**
    - BET inhibitor for hem. malignancies
    - Phase I/II data
  - **525762**
    - BET inhibitor for other solid tumours
    - Phase I/II data
  - **3174998**
    - OX40 agonist mAb for cancers
    - Phase I/II data
  - **3196155**
    - Anti-GM-CSF mAb in OA
    - Phase I/II data

- **Other therapy areas**
  - **3359609**
    - ICOS agonist mAb for cancers
    - Phase I/II data
  - **525762**
    - BET inhibitor for other solid tumours
    - Phase I/II data
  - **3174998**
    - OX40 agonist mAb for cancers
    - Phase I/II data
Deliver competitive performance across all 3 businesses

<table>
<thead>
<tr>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth with stronger execution</td>
</tr>
<tr>
<td>- Integrated and aligned strategy and P&amp;L for each business</td>
</tr>
<tr>
<td>- Prioritisation of USA for commercial support</td>
</tr>
<tr>
<td>- New operating model in Emerging Markets</td>
</tr>
</tbody>
</table>

| 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

- 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
- R&D investment
- Investment behind new product launches
- Defending margins and driving operating leverage

Expected additional annual cost savings of £1 billion by 2020
### Build trust in our operations and in the way we work

#### Trust

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

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Innovation

Performance

Trust

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

**Up to 2020**

- **Pharma**
  - 5-year sales CAGR: low single digit*
  - Adjusted operating margin: low 30%*

- **Vaccines**
  - 5-year sales CAGR: mid to high single digit*
  - Adjusted operating margin: 30%+*

- **Consumer Healthcare**
  - 5 year sales CAGR: low to mid single digit*
  - Adjusted operating margin: 20%+*

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

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

**2020 +**

- **Impact**
  - human health

- **Platform for future growth 2020+**

- **Improved and sustainable returns**

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