Accelerating our strategy:
GSK to acquire full ownership of Consumer Healthcare Business

Buyout of Novartis’ stake

Strategic review of Horlicks and other Consumer Healthcare Nutrition products
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.

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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 2017. 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 Q4/FY 2017 earnings release and Annual Report on Form 20-F for 2017.

All expectations and targets regarding future performance should be read together with “Assumptions related to 2018 guidance and 2016-2020 outlook” on page 40 of our full year and fourth quarter 2017 earnings release.
Agenda

Strategic overview
Emma Walmsley, Chief Executive Officer

Financial highlights
Simon Dingemans, Chief Financial Officer

Winning in Consumer Healthcare
Brian McNamara, CEO, Consumer Healthcare

Summary & Q&A
Emma Walmsley, Chief Executive Officer
Emma Walmsley, CEO

Strategic overview
Balanced business to deliver growth and returns to shareholders

Pharmaceuticals
Leading positions in HIV and Respiratory

Vaccines
Broadest portfolio with leading position in meningitis and opportunity in shingles

Consumer Healthcare
Category leadership in Respiratory, Pain Relief and Oral Health

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
Advancing our priorities

Key priorities for capital

- **Invest in the business**
  1. Pharma pipeline including BD
  2. Consumer put
  3. Vaccines capacity

- **Shareholder returns**
  80p per share expected for 2018
  Focus on rebuilding free cash flow cover over time
  Target 1.25x to 1.5x FCF cover before returning to dividend growth

- **Other BD/M&A**
  Strict discipline on returns

Innovation

Performance

Trust

Improved cash generation
Two important milestones for Consumer Healthcare

Buyout of Novartis’ stake
Full ownership of Consumer Healthcare business

Strategic review
Horlicks and Consumer Nutrition products

Shareholders capture full value of world-leading Consumer Healthcare business

Benefits adjusted earnings and cash flows helping accelerate performance

Removes uncertainty and supports capital planning for Group’s other priorities
Simon Dingemans, CFO

Financial Highlights
Financial Highlights

<table>
<thead>
<tr>
<th>Consideration</th>
<th>– $13 billion (£9.2 billion(^1))</th>
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</table>
| Returns on JV\(^2\) | – +10% IRR  
– CFROI targets met |
| Financial effects | – Expected to be accretive to adjusted earnings in 2018 and thereafter  
– Expected to strengthen cashflow generation  
– Supportive of target credit profile |
| Consumer Healthcare | – Continue to expect operating margin of more than 20% by 2020 (at 2015 rates)  
– Targeting operating margins in ‘mid-20s’ percentages by 2022 (at 2017 rates) |
| Pharma & Vaccines | – Incremental earnings and cashflows to invest in Pharma R&D and other growth drivers  
– Flexibility retained to invest capital in R&D and other capital allocation priorities |
| Outlooks | – Increased confidence in delivering outlooks for 2020 Group sales and adjusted EPS  
– Continue to expect to pay a dividend of 80p in 2018 |

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1. $1.42/£ as at close 26 March 2018
2. Since formation of Novartis JV in 2015
## Timing and considerations

<table>
<thead>
<tr>
<th>Novartis buy-out</th>
<th>Review of Horlicks &amp; Nutrition products</th>
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<tbody>
<tr>
<td>• Shareholder approval required</td>
<td>• Review to conclude around end of 2018</td>
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<tr>
<td>• Vote anticipated in 1H 2018</td>
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Brian McNamara
CEO Consumer Healthcare

Winning in Consumer Healthcare
Global leader in Consumer Healthcare

- £7.8 billion net sales
- Attractive returns
- Strong portfolio
- Competitive geographic footprint
- Proven track record of delivery
- Strong and increasing capabilities

1. 12 month net sales year ending 31 December 2017.
Industry dynamics
Positive long term drivers

Increasing health awareness and self care
77%\(^1\) of consumers want to take more control over decisions about their health

Emerging middle class
Almost 2.4 billion\(^3\) more emerging middle class consumers by 2030 vs 2015

Ageing population
1.4 billion\(^2\) aged 60+ by 2030, an increase of 0.5 billion vs 2015

Innovation
Unmet consumer needs (switches, products, formats, channels, devices)

# Industry dynamics

## Sources of short-term variability

<table>
<thead>
<tr>
<th>Seasonal</th>
<th>Timing and strength of allergy and cough/cold season</th>
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<tbody>
<tr>
<td>Switches</td>
<td>Growth followed by private label entry</td>
</tr>
<tr>
<td>Emerging market dynamics</td>
<td>Economic variability (e.g. Brazil, Saudi Arabia) Government regulatory changes (e.g. Indian GST and demonetisation)</td>
</tr>
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## Emerging trends

<table>
<thead>
<tr>
<th>Phenomenal digital opportunity</th>
<th>100 billion Google healthcare searches each year</th>
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<tbody>
<tr>
<td>e-commerce</td>
<td>A challenge and an opportunity</td>
</tr>
<tr>
<td>Emergence of local brands</td>
<td>Increased quality of local competition</td>
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</table>
# Leadership in key categories and segments

## OTC: £99 billion market

<table>
<thead>
<tr>
<th>Category</th>
<th>#1 in global</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pain Relief</td>
<td></td>
<td>1. OTC 2016 Nicholas Hall DB6 Data</td>
</tr>
<tr>
<td>Respiratory</td>
<td></td>
<td>2. Nielsen Data via Compass</td>
</tr>
<tr>
<td>Digestive Health</td>
<td></td>
<td>3. GSK Internal Estimate for Stand-alone Gum Health Products</td>
</tr>
<tr>
<td>Gum Health</td>
<td>#1 in gum health</td>
<td></td>
</tr>
<tr>
<td>Denture Care</td>
<td>#1 in global denture</td>
<td></td>
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Our Consumer Healthcare priorities

Our purpose:
To help people do more, feel better, live longer

Our strategy:
Meet the everyday healthcare needs of consumers by building consumer preferred and expert recommended brands, differentiated by science and insight-driven innovation

Our priorities:

**Innovation**
- Brilliant execution of launches
- Strong, differentiated pipeline of consumer-led, science-based innovation and claims

**Performance**
- Sustained above market growth
- Competitive cost structure, margin and cash flow.

**Trust**
- Reliable supply
- Improved reputation
- Highly engaged employees
Building a competitive advantage through consumer-led, science-based innovation

- Integrated category and R&D innovation hubs
- Scientific and technical excellence
- Novel packaging, sensorials and claims
- Emerging markets and digital innovation
- External innovation and partnerships
This focus is driving a pipeline transformation

- Major focus of spend and capability on Power and Core brands
- Halved the number of projects whilst increasing overall pipeline value (vs. ’15)
- Top 10 projects (by value) have doubled in size (vs. ‘16)
- 5-fold increase in external innovation pipeline value
- A strong set of launches across categories in 2018

**Key launches in past 12 months:**

- Flonase Sensimist
  “Gentle mist, powerful relief”
- parodontax US launch
  “Leave bleeding gums behind”
- Voltaren No Mess Applicator
  “Triple effect pain relief, now with clean hands!”
- Sensodyne Rapid
  “Clinically proven relief in just 60 seconds”
- Tums Chewy Bites
  “Fast relief in every bite”
- Polident Max Seal
  “All day hold and maximum food seal protection”
A winning strategy for growth
Sustained above market growth and strong operating margin progression

Performance

Building consumer preferred and expert recommended brands

Winning with shoppers, customers and experts

Seizing the digital opportunity

Drive gross margin improvement, operational efficiencies & cash discipline
Building consumer preferred and expert recommended brands

Sensodyne: > £1 billion net sales and over ten years of double digit growth

Sensodyne vs Toothpaste market
Sales indexed to 2007¹

+4% CAGR

+11% CAGR

1. Euromonitor Data, CER
Building consumer preferred and expert recommended brands

Voltaren: creating the world’s leading topical analgesic, >£600 million net sales

Voltaren vs Pain market
Sales indexed to 2007

- Voltaren
- Pain Market ex. Voltaren

1. Nicholas Hall DB6 CER

1. 1st Rx to OTC switch
2. 1st systemic launch
3. 1st patch launch
4. 1st 12 hour launch
5. Launch of Global Pain Index
6. Voltaren and Panadol regimen
7. No mess launch

+11% CAGR
+4% CAGR


2004 2005
Seizing the digital opportunity

When consumers go online, they consider 40% more brands.

4.6% total FMCG sales via e-commerce (~2% for OTC)

Almost half of offline sales are influenced by online information.

Digital is half of all media consumption.

Investing in digital capability to win

Chief Digital Officer
Chief Insights & Analytics Officer
Head of Digital Innovation Hub

Tech stack deal: owning our data and providing deeper consumer insights

Optimising digital spend: currently >29% of A&P
More efficient search
Improving ROI

Created Digital Advisory Board
Launched new marketing capability program

Data driven precision marketing
New sales channels
Digital innovation pipeline hub – 31 projects live

Leadership
Capability
Data
Growth
Efficiency
Drive gross margin improvement, operational efficiencies and cash discipline

Expected 20%+ operating margin by 2020 at 2015 CER, expect operating margin to approach mid-20’s by 2022 at 2017 CER

FY 2015 11.3%
FY 2016 15.5%
FY 2017 17.7%

Power brand mix
Supply chain
A&P efficiencies
Cost discipline

2020
20%¹
Approaching Mid 20% By 2022 ²

1. At constant, 2015 exchange rates
2. At 2017 exchange rates
Fundamentals in place to lead Consumer Healthcare

Sustained above market growth and strong operating margin progression

- Category leadership
- Strong pipeline
- Proven track record of delivery
- Strong and increasing capability
- Seizing digital opportunities
- Clear margin progression roadmap
Emma Walmsley, CEO

Summary
Accelerating our strategy

Shareholders capture full value of world-leading Consumer Healthcare business

Benefits adjusted earnings and cash flows helping accelerate performance

Removes uncertainty and supports capital planning for Group’s other priorities

Innovation

Performance

Trust
Q&A