

**GLAXOSMITHKLINE
Q1 2021 FINANCIAL RESULTS
PRESENTATION TO ANALYSTS**

Wednesday, 28 April 2021 @ 14.00

Iain Mackay (Chief Financial Officer): Good morning, good afternoon, and thank you for joining us for our first quarter 2021 results which were issued earlier today. You should have received our press release and you can view the presentation on GSK's website. For those who are not able to view the webcast, slides that accompany today's call are located on the Investor section of the GSK website.

Cautionary statement

Before we begin, please refer to slide 2 of our presentation for our cautionary statement. Here today are Emma Walmsley, Luke Miels, David Redfern, Brian McNamara and myself, Iain Mackay. Joining us for the Q&A portion of the call will be Dr Hal Barron and Roger Connor. We request that you ask a maximum of two questions so that everyone has a chance to participate. Our presentation will last for approximately 30 minutes in order to maximise the opportunity for questions. With that, I shall hand the call over to Emma.

On track to deliver strategic priorities

Emma Walmsley (CEO): Thanks, Iain, and a very warm welcome to you all.

We continue to deliver on our strategic priorities and remain very focused on creating significant value for shareholders with the launch of two new global companies next year. Both companies have the opportunity to improve the health of billions of people and we are confident that both will offer strong performance in 2022 and beyond.

For 2021, our focus is on execution and delivering this very significant change for GSK. I am pleased to report that we are on track both on plans to separate and to deliver financial guidance for the year.

Turning to the quarter, our financial results were impacted by comparisons related to stocking in Q1 2020 and disruption from the pandemic. First quarter sales and adjusted EPS were down 15% and 33% respectively at CER. It was, as expected, a challenging start to the year but, with these pandemic impacts starting to reverse in the current quarter, we are confident that we shall deliver a very different performance in the second half of the year, and Iain will go through this shortly.

Turning to our strategic priorities, we continue to see progress on each of Innovation, Performance and Trust. In Innovation, we strengthened our growth outlook on several fronts. Firstly, we are reshaping the landscape of HIV treatment with the launch of *Cabenuva*, the world's first and only long-acting treatment. We achieved important regulatory milestones with the approvals of *Rukobia* and dostarlimab, which is named *Jemperli*, and the positive CHMP opinion on *Benlysta*, and we started Phase 3 programmes for two major pipeline assets: our RSV vaccine for older adults and '294, our long-acting IL-5 antibody which builds on our *Nucala* success.

We also made progress in our COVID contributions, including reporting strong data for antibody VIR-7831. Of course, it is never all progress in drug development and the news received this quarter for the ICOS agonist was disappointing but it should be seen in the context of GSK developing more than 10 novel oncology pipeline assets, as well as the broader pipeline progression; a significant shift from where we were just a few years ago.

In Performance, the underlying momentum of our growth drivers is strong, albeit over shadowed short-term by the COVID-driven impact from the wider portfolio. This reflects transformed commercial capability that you will hear about shortly from Luke, David and Brian.

Shingrix is an outstanding product and continues to have a very large opportunity ahead of it. This quarter, prescription trends were heavily impacted by the roll-out of the Government COVID vaccination programmes. Looking ahead, we continue to expect, and will be driving, a recovery for *Shingrix* and our wider Vaccines business in the second half of the year, given the encouraging pace of deployment of COVID vaccines in the US.

Alongside commercial delivery, we have made excellent progress on our Future Ready programme. The commercial integration of Consumer Health is now broadly complete. We have generated more than £1 billion in net proceeds through tail brand divestments and separation activities are advancing well. We also continue to streamline our Pharma portfolio. In this quarter, we announced an agreement to divest our cephalosporin business.

Lastly, on Trust, our focus remains on maintaining leadership across all areas of ESG and this is evident again this quarter with actions taken on the environment, global health and diversity representation. We look forward to driving momentum on all three core priorities and to delivering a significant improvement in financial performance as the year progresses.

Before I hand on to Luke, I want to highlight what we will share with you at our Investor Update on 23 June. We'll provide you with a clear view of the strategy for new GSK,

its outlook for growth, and the opportunities we see for shareholder value creation. As part of our strategy we will give clarity on our target therapeutic areas for investment. We will give revenue outlooks for the next ten years, with greater outlook detail for the first five years.

We will set out how we expect to deliver competitive performance, which will include deep dives into new growth drivers including key R&D pipeline assets, as well as deeper visibility of new GSK key capabilities and technology platforms. We will also outline our capital allocation priorities and provide you with details on our expected dividend policy.

Lastly, we will set out in more detail the timing and approach of separation.

We are very aware that GSK shares have under-performed, and will demonstrate how we are building shareholder value in new GSK. With the foundation of deep change and progress made in the last few years, we believe we have developed a compelling vision and outlook to share with you, and we hope as many of you as possible will join us on the day.

With that, I will hand on to Luke.

Business Update

Luke Miels: Thanks, Emma. We have continued to make great progress on commercial execution and competitiveness in the quarter, with strong share performance across our key and new specialty growth drivers.

***Shingrix*: confident in H2 recovery following rapid deployment of US pandemic vaccination programme**

As expected, the performance across our Vaccines business was disrupted heavily by the pandemic, and let me start first with an update on *Shingrix*, for which we remain confident of a recovery in the second half.

Shingrix sales declined by close to 50% in the quarter, reflecting the expected headwinds we highlighted in our last quarterly earnings call. Prioritisation of the public health systems to focus on the pandemic vaccination deployment has led to significant disruption in *Shingrix* prescription. This has been most in evidence in the US, where the CDC has recommended a 14-day window either side of receiving COVID vaccines, effectively creating a two-month no-go period for administration of other vaccines. We are seeing similar disruption in other key markets, including Germany and China.

The encouraging news is that the pace of administration of pandemic vaccines among US adults has been rapid, especially those in the target age group for *Shingrix*. By the end of the second quarter we expect the majority of the 50-plus age group will have been

fully vaccinated. Further, with two-thirds of those 65 years and over in the US fully vaccinated for COVID, we are seeing a weekly rolling four-week NBRx increase of 27% in this population versus the prior period, attributed to an increasing proportion of *Shingrix*-eligible consumers who have progressed beyond the COVID vaccine period.

This backdrop supports our confidence in the second half recovery of *Shingrix*, and we've been enacting strategies to drive this recovery. For example, we have been partnering with US retailers to roll out reminder programmes for eligible adults to come and encourage them to return to the pharmacies two weeks following their final COVID vaccine, and we've seen encouraging market research data suggesting that eligible adults are intending to return for a *Shingrix* vaccine within one to three months.

On a global basis we have been working hard to ensure that we have a strong supply position to leverage the expected upswing in demand as we are in the process of doubling our number of launch markets in 2021. So to summarise, we continue to believe the disruption to *Shingrix* is a timing issue. With strong underlying demand we continue to expect *Shingrix* growth to be weighted to H2, and assuming we progress towards more normal operating conditions in our key markets we expect a significant step up in *Shingrix* sales in 2022.

Recent launches and life cycle innovation driving growth

Moving on to the medicines portfolio, our recent product launches and life cycle innovation again delivered as key drivers of growth in the quarter.

Starting with oncology, we continued to make inroads with *Blenrep* in its second full quarter on the market. *Blenrep* is the only anti-BCMA therapy administered through an off-the-shelf infusion, and we've had positive feedback from HCPs as they gain increasing familiarity and confidence in the management of corneal events.

We have now more than 1200 healthcare sites set up, with more than 1000 patients enrolled in the REMS programme in the US, and more than 1200 patients treated globally. Early uptake has been driven by myeloma experts in academic medical centres, and we are now expanding our reach into the community setting. We also continue to expand *Blenrep* globally, with launches gathering pace in Europe.

On *Zejula*, our significant market share gains were offset in revenue terms by the suppressed ovarian cancer market and this is one of the many tragic consequences of course with COVID as patients remain undiagnosed.

Since Q3 debulking surgeries are down 20% which has impacted the number of patients initiating chemotherapy. You can refer to this in our backup slides.

In terms of new patient share, we are up to 51% and our share of voice among HCPs is the highest in the class, now 52%. We have worked hard to drive awareness and we were pleased to see that watch and wait in the US has decreased to 16%, and patient awareness of maintenance therapy has increased from 29% this time last year to 45% in early 2021. These are indications of positive progress.

Outside of the US we are seeing growth, launches in Germany and the UK. Looking ahead, the impact of reduced surgeries will likely continue in the short-term, but as the pandemic stabilises, we would expect to see return of diagnoses, debulking surgeries and chemo initiation and a consequent return of sequential *Zejula* growth.

Moving to Respiratory, *Trelegy* performed very strongly with sales up 35%, led by the US. Less than four years from launch, sales are now annualising at about £1 billion. We continue to lead the total triple market with share three times higher than the number two and our dual indication in the US is proving to be a key differentiator.

Since the launch of the asthma indication, we have seen a 65% increase in asthma patient share, and in Q1 new-to-brand prescriptions from allergists quadrupled. Outside the US, the NRDL listing in China started to take effect in March and in Japan, our second largest market, we are now the leader with 76% market share.

We are also excited about the continued growth opportunities with *Nucala* and we are now the leading IL-5 across the broadest range of eosinophil-driven disease in all major markets. First quarter sales grew 26% and, like *Trelegy*, are now annualising at about £1 billion.

Our lifecycle innovations for *Nucala* with indications now in HES, EGPA and SEA, and expected approval in nasal polyps later this year, has been a key success driver in helping more patients receive therapy.

In addition, we believe the categories in which we compete are still very under-penetrated with only 28% of eligible SEA patients currently receiving a biologic in the US and less in other major markets.

While not on the slide, I also wanted to highlight the fantastic performance we have seen from *Benlysta* where we again drove double digit growth after ten years on the market.

Let me now hand over to David to talk about the great performance of *Dovato* and the major potential of cabotegravir.

David Redfern: Thank you Luke and hello everyone.

HIV: momentum continuing to build behind Dovato; encouraging launch of Cabenuva

First quarter HIV sales declined 11%, reflecting a strong Q1 2020 comparator which benefited from around £100 million in stock-build and the timing of an international tender. Adjusting for these factors, Q1 sales would have been broadly flat versus the prior year.

Looking ahead we expect these phasing impact to reverse in Q2 and we remain confident of delivering our full year growth objectives.

On a strategic level, our HIV business has been a first mover in the development of two-drug regimens and long-acting regimens. In recent months we have seen a validation of this strategy via our competitors who are now shifting their focus in both of these directions.

In long-acting injectables we have at least a five-year head start versus the competition, a market which we believe will grow significantly in the coming years.

Importantly our new products, *Dovato*, *Juluca*, *Cabenuva* and *Rukobia* now make up 25% of our HIV portfolio.

Turning to *Dovato*, sales more than doubled in the quarter and is a key driver on track towards £1 billion in sales. Our leading share of voice in the US and Europe and the US label inclusion of the TANGO switch data has helped to drive *Dovato's* share of the switch market to approaching 20%. The growing momentum behind *Dovato* in Europe has also been reflected in strong and increasing market shares across the EU5.

Moving to our injectable portfolio, we have a rich, stable and long-acting asset centred around cabotegravir. This is a foundational medicine with incredible potential and patent protection beyond 2030. In February, we launched *Cabenuva* in the US as the first and only every four-week treatment for patients living with HIV and we have submitted a supplemental NDA for every eight-week dosing. Early indications from HCPs and KOLs are positive as this fulfils a real unmet patient need, replicating the market research and clinical trial findings. We were particularly pleased at the very high level of prescriber attendance at the recent national *Cabenuva* launch broadcast, with strong levels of engagement and positive sentiments. The European launch with every eight-week dosing will be underway in the coming weeks under the brand names of *Vokabria* and *Rekambyl*.

Turning to prevention, the 083 and 084 studies strikingly demonstrated that cabotegravir every eight weeks was superior to Truvada in preventing HIV acquisition in men and women, and we are on track to submit the file to the FDA in the first half of 2021.

In summary, we remain confident in the outlook for a progressive acceleration in the growth in HIV, underpinned by the momentum of *Dovato*, the launch of *Cabenuva* and the expected launch of cabotegravir in the PrEP setting. With that, now let me hand over to Brian to talk about Consumer.

Brian McNamara (CEO Consumer Healthcare): Thanks, David.

Consumer Healthcare

We remain on track to create the world's leading Consumer Healthcare company. Updating on progress to date, our divestment programme generating £1.1 billion net proceeds is complete, resulting in a strong, focused portfolio, well-placed for sustainable growth. On integration, the commercial integration is largely complete and manufacturing work is under way. Separation activities are progressing well. Importantly, all of our guidance for fiscal year 2022, including margin and synergies, remain unchanged.

Turning to Q1, the quarter was impacted by tough comparators given pantry loading across all categories last year and a record weak cold and flu season, resulting in Q1 continuing sales, excluding brands divested and under review, down 9% at constant exchange rate. Recognising the unusual year-over-year comparators, two-year CAGRs are more indicative of the underlying category trends. On this basis, all categories were up apart from Respiratory.

Oral Health sales declined slightly in the quarter with the two-year CAGR up mid-single digit. Q1 saw a continued outperformance of gum health and *Sensodyne*, with denture care still under pressure.

Pain relief saw Q1 sales down high single digits with a two-year CAGR up mid-single digits. In Q1, the continued success of the *Voltaren* Rx-OTC switch in the US last year was offset by Advil and Panadol weakness given pantry load comparators.

In Vitamins, Minerals and Supplements, sales declined slightly in the quarter with the two-year CAGR up high single digits. Digestive health and other sales were flat in the quarter with the two-year CAGR up slightly.

Respiratory sales declined 42% in the quarter with the two-year CAGR down in the teens. Cold and flu remains under pressure due to continued social distancing. For example, in the US IRI data showed a category decline of over 60% in the 12 weeks ending 27 March. However, we expect more normal consumer trends in the second half of the year.

e-Commerce grew over 30% and is now around 7% of sales, up 2% on last year. Our continuing investment in digital capabilities positions us well for growth in this channel.

Innovation remains a key focus and an important growth driver. The success of the *Voltaren* Rx-OTC switch was coupled with other successful innovations such as *Sensodyne Sensitivity & Gum* and new launches including *Pronamel Enamel Repair*.

Turning to our power brands, seven of the nine brands gained or held share. In addition, we saw double digit growth in the quarter from our continuing business in Emerging Markets.

Our full year sales outlook remains unchanged. With separation activities well under way, we are well placed and I remain excited and optimistic about our journey to create the world's leading Consumer Healthcare company. With that, I will hand it over to Iain.

Iain Mackay (Group Finance Director): Thanks, Brian. All the comments I make today will be on a constant currency basis except where I specify otherwise, and I shall cover both total and adjusted results.

Headline results

On slide 14 is a summary of the Group's results for Q1 2021. We stated at our full year 2020 results that we expected Q1 performance to be challenging given the strong comparator from 2020, and that has been the case as you have already heard from the team. As such, I will focus on key numbers informing Q1, important considerations for Q2 and the shape of 2021 overall.

Reported turnover was down 15% at CER. Total operating profit was down 8%, with Total EPS down 25%. On an Adjusted basis, operating profit was down 23%, while Adjusted EPS was down 33%. On FCF, in line with our expectations, we had an outflow of £3mn in Q1. As noted at FY20 results we expect FCF to be lower in 2021 compared to 2020.

On currency, the strengthening of Sterling against the US dollar, and weakness in emerging market currencies relative to Q1 2020, resulted in a headwind of 3% on sales and 6% on Adjusted EPS.

Results reconciliation - Q1 2021

Slide 15 summarises the reconciliation of our Total to Adjusted results. The adjusting items of note for the quarter were in; disposals, which largely reflected the profit on disposal of rights to the Cabozantinib royalty stream and in Major Restructuring, which reflected

continued progress on the Separation Preparation programmes and Consumer Healthcare integration.

Please also note that, as referenced in our Annual Report, if the 2021 UK Finance Bill is passed and results in an increase in the UK corporation tax rate from 19% to 25%, there would be a significant positive revaluation of deferred tax assets in the UK later in the year, which would be treated as an adjusting item.

My comments from here onwards are on Adjusted results unless stated otherwise.

Sales and adjusted operating margins

On this slide, let me cover the key drivers of revenues and profits for the Group in Q1 compared to the prior year.

As the team has explained, the sales decline was informed by unfavourable year on year comparisons due to stocking and pantry-loading, the ongoing pandemic impact on vaccines, and the very weak cold and flu season in Consumer. I will comment shortly on the drivers by business for the second quarter and for the full year.

The negative impact of sales on operating profit and margin for the group was mitigated by continued robust cost control across the business, with increased investment in R&D contributing 250 of the total 290 basis points margin reduction, resulting in an adjusted group operating margin of 25.4%.

R&D growth of 3% reflected continued investment in progressing our pipeline and was driven by a significant increase in investment in Specialty medicines, related to our two key COVID-19 treatment programmes, VIR-7831 and otilimab. There was further incremental investment from progression of a number of key programmes, including Zejula, Jemperli and '294 (anti-IL5) in Pharma, as well as RSV and meningitis ABCWY in Vaccines.

These increases were partially offset by phasing in spend on Blenrep, efficiency savings from the implementation of our One Development programme and reduced variable spending as a result of COVID-19 lockdowns.

We continue to expect R&D growth for the Group to be low double digit in the full year.

Lower SG&A, down 15% in line with sales, reflected ongoing tight control of costs across the group, the continued benefit of restructuring, a reduction in variable spending, as well as year on year favourability with regards to legal costs, which contributed around a third of this decline.

We have a strong focus on cost management. As Emma mentioned, we are making excellent progress with our Future Ready program and I can confirm we are on track to deliver the planned £800m of savings.

Following the disposal of the cabozantinib royalty stream we now expect Royalties to be between £300-350m in 2021.

Adjusted operating profit to net income

Moving to the bottom half of the P&L, I'd highlight that: Interest expense was £190m, similar to last year, and there is no change to our full year expectations of between £850 and 900m.

The effective tax rate of 18.6% was in line with expectations and reflected the timing of settlements with various tax authorities. We still expect a full year rate of around 18%, excluding the impact from any possible US or UK corporation tax changes.

And finally, lower non-controlling interests reflected Pfizer's share of profits of the Consumer Healthcare JV.

Neutral free cash flow

In Q1, free cash flow has stepped down versus the same period last year as expected, with a small cash outflow of £3m in the quarter. This was informed by reduced operating profit, including adverse exchange impacts, adverse timing of returns and rebates, and increased dividends to non-controlling interests. These factors were partly offset by a reduction in trade receivables from lower sales, compared to an increase in Q120, as well as increased proceeds from disposal of intangible assets and lower tax payments.

Improving cashflow continues to be a constant focus for the team, though it's worth noting Q2 will be much lower versus last year, which saw a step-up related to higher Q1 2020 sales which were collected in Q2, RAR timing and lower tax payments.

Pharmaceuticals

Now I'll move onto the performance of the Pharma business. Slide 19 summarises the Pharmaceuticals business where overall revenues declined 8%, broadly as expected. Approximately half of the decline was due to prior period stocking with the other half due to pandemic pressures in antibiotics and generics in Japan.

New and Specialty Pharmaceuticals revenue grew 3% in the quarter, reflecting continued strong commercial delivery across our portfolio, partially offset by phasing in HIV as David described.

The Established pharma portfolio declined 17%. Within this, Established Respiratory was down 11%, reflecting ongoing generic competition for Advair/Seretide and Ventolin, as well as Xyzal in Japan. The rest of the Established Pharma portfolio was down 24% with COVID-19 continuing to affect demand, particularly in antibiotics.

The Pharma operating margin was 28.8%. The 280 basis points increase at CER, despite the revenue decline, primarily reflected the dynamics I referred to earlier: the tight control of ongoing costs, reduced variable spending as a result of COVID-19 (where Q1 2020 reflected pre-COVID patterns), a favourable legal settlement in the quarter compared to increased legal costs in Q1 2020, and the continuing benefit of restructuring activities.

Pharma R&D grew 2% which partially offset those margin benefits. However, underlying R&D growth was higher, reflecting phasing in spend on Blenrep in Q1 2020 and efficiency savings.

With regards to Q2 considerations for Pharma revenues, in addition to a favourable comparator due to de-stocking, we expect New and Specialty sales to continue to grow, including the HIV Q1 phasing to reverse. Partially offsetting this will be continued pressure in Established Pharma.

Looking at the full year for Pharma there is no change to overall expectations. We continue to expect flat to low-single digit percentage growth in Pharma revenues, excluding divestments, and including high-single digit decline in Established Pharma.

In Q1, we announced the agreed sale of the cephalosporins business, and we continue to review our portfolio for further opportunities to sharpen focus and optimise returns. We have either completed or signed deals representing approximately three quarters of the expected cash costs of the Separation Preparation Programme.

Vaccines

Slide 20 gives you an overview of Vaccines performance, with sales down 30%. Q1 performance was largely informed by the rapid pace of deployment of COVID-19 immunisations in the US as Luke has referenced.

As a result, Shingrix sales declined 47%, Meningitis sales declined 13% and Established Vaccines declined 23%.

The operating margin was 25%. The reduction in operating profit and margin primarily reflected the negative operating leverage from the COVID-19 related sales decline, as well as higher supply chain costs resulting from lower demand and under-recoveries in the current period, and adverse mix due to lower Shingrix sales. As noted earlier, there was

also increased R&D investment behind our RSV and Meningitis development programmes. These factors were partly offset by higher royalty income in the quarter.

To reiterate what we've said previously, progress in mass immunisation programs and easing of pandemic conditions are the key factors informing pace and scale of recovery in vaccines revenues. The advances to date this year are encouraging, particularly in markets such as the US and UK. Accordingly, and in line with Luke's earlier comments, we expect to see progress in recovery of vaccines revenues in the remainder of the year with growth weighted to the second half.

In the full year for Vaccines, we continue to expect flat to low-single digit percentage revenue growth.

Consumer Healthcare

Turning to slide 21, Q1 revenues in Consumer Healthcare decreased 9%, excluding brands either divested or under review, and including those brands, turnover declined 16%. As Brian mentioned we have completed the tail brands divestment program in consumer.

Consumer Healthcare performance was largely as expected given pantry-loading experienced in Q1 2020, when continuing sales growth was 14%, and the very weak cold and flu season.

Operating margin for Q1 was 23.1%, down 290 basis points at CER versus last year. Notably, the margin last year benefited from pantry loading and high continuing sales growth. As a reminder, the full year 2020 margin was 22.3%. In Q1 there was also a 220 basis points adverse operating margin impact from divestments. Importantly, integration synergies continue to be delivered by this business.

With regards to Q2 considerations for Consumer, there will be a favourable comparator in Q2 for the continuing business as a result of last year's pantry unloading. In Q2 2020, there were sales of £116m for brands divested and under review, so there will be further impact from those brands on Consumer sales growth. Please also note that there was a 2 percentage point sales benefit in Q2 2020 as a result of the North America systems cutover that will not repeat.

As in the other businesses, for Consumer there is no change to expectations for the full year. Excluding brands divested or under review, we expect low to mid-single digit percentage revenue growth, outperforming the market.

2021 outlook

Reconfirm full year guidance

Turning now to our Group 2021 outlook, we are re-confirming our EPS guidance range, which assumes, as we outlined at full year 2020 results, that healthcare systems and consumer trends approach normality in the second half of the year in our key markets.

Our full year revenue expectations for each business also remain unchanged, though there are important considerations that will influence Q2 performance, as I've already mentioned.

Results through the remainder of 2021 will reflect the phasing in the comparator periods as well as the progress of immunisation programmes and extent to which pandemic conditions ease.

Taking each of the business unit factors for Q2 that I have mentioned earlier into account, we expect sales in Q2 to grow mid to high-single digits for the Group.

With regards to key P&L considerations for Q2, we anticipate that SG&A will increase broadly in line with sales and that our investment in R&D will increase mid-single digits.

Overall, the pandemic disruption to our portfolio during H1 this year will result in H1 2021 performance being below that of H1 2020.

Despite this short-term impact, we remain confident in demand for our products, and expect strong recovery and contribution to growth, in particular from Shingrix, in the second half of the year.

As mentioned by Emma earlier, at our New GSK investor update on 23rd June, we will provide more detail on our mid to long term financial outlook, capital allocation priorities and dividends.

With that, operator, we are ready for Q&A.

Question and Answer Session

Mark Purcell (Morgan Stanley): Thank you and thank you for taking my questions. Two questions, then, the first one on ViiV long-acting strategy, so David, probably one for you. Please could you help us understand the path to market for CAB 400 and how we should think about the timing and dose frequency of that subcut backbone asset? Is it every month or are you going for every three months?

And can you discuss the importance of this, given that I believe your competitors, Merck and Gilead, do not have anything like CAB 400 in their pipelines in terms of how important is an integrase inhibitor when it comes to long-acting combination treatment approaches?

And then the second question is on mRNA vaccines more broadly. Please could you help us understand which parts of your Vaccines franchise you believe might be vulnerable to mRNA disruption? Is it just the flu business for you guys?

When you are thinking about prioritising your own mRNA vaccine assets, what are the key targets and will you be running parallel programmes with a non-mRNA vaccine technology? Thank you very much.

Emma Walmsley: Thanks. We'll come to Roger and perhaps Hal might want to add something as well overall on our mRNA platform approach, obviously something we mobilised aggressively behind both with our inhouse platform but also with our deal with CureVac last year, but David, over to you first.

David Redfern: Thanks, Mark. Firstly we are very pleased to bring the world's first long-acting injectable to the market with *Cabenuva* in the US in February. As I said in my remarks, we have seen a lot of interest in that from physicians and patients. Obviously that will build over time, but we do think the long-acting market has the potential to be really quite significant over time, and so, as I say, we are investing significantly into it in R&D in next generation.

CAB 400 will really be at the heart of that. We are looking at it in subcut as you say, and other formulations. It's too early to say exactly what the dosing frequency will be. We are looking at different intervals, one month, two months, three months and so forth. We are in clinical trials in that, we shall have some data in the second half of the year, some early data, and of course, we have lots of things that we are potentially going to combine that with, whether it's our maturation inhibitor programmes, our bNAbs, NRTTI, capsids and so forth. So a lot going on.

In terms of the competition, we have to see. They have a lot of scientific hurdles to get over. Of course, they are not integrase inhibitors, so resistance will be very important that they demonstrate that, and we'll see where they go with formulations and so forth. I am very excited by the programme we have, and we will certainly outline more of that in June.

Roger Connor: Thanks, Mark. I'd say I think mRNA is going to form a critical part and does form a critical part of our GSK vaccines pipeline. The benefits of the technology have really been accelerated and shown recently in terms of speed-to-clinic, and the efficacy and the manufacturer, or the efficiency in the manufacturing process, we have been investing in for some time. We have two real plays going on here, which we will bring to life more in June when we share more of the pipeline, but just to give you a feeling for it, in terms of our CureVac partnership, this infectious disease partnership, we have five potential mRNA pathogens to develop and our COVID next generation play with CureVac as well.

Also, Emma mentioned our inhouse self-amplifying technology in mRNA as well which will be going into the clinics, so we see a number of assets moving forward in the next 18 months which we'll share in June. We are investing and allocating capital to it, so we're already looking at how we create world-class GMP manufacturing capability as well.

Just to answer your question directly on where do we think mRNA will play. There are certain challenges, certain areas in vaccines where it may struggle in terms of technically being applied. Meningitis, bacterial infections as well, other complex antigens, but I don't think you can be complacent. We do believe that this is going to be a very important platform for the future. It's going to be an addition to some platforms that we already have that we believe are world-class like adjuvants, bioconjugations, viral vectors. All of these will be a very important portfolio of technologies that we are going to apply to the future in the pipeline.

Hal, anything you would add?

Hal Barron: No, very comprehensive. I agree.

Mark Purcell: Can I just ask you, do you feel that *Shingrix*, Roger, to the point you have just made – is shingles an area where you feel mRNA could be disruptive, or do you feel that the benchmark you have with *Shingrix* is just too high?

Roger Connor: I think the benchmark on the efficacy is really very, very high and going to be difficult to match, to be honest, given the impact of the adjuvant. Again, we can't be complacent. I think lifecycle management of *Shingrix*, making sure that we continue to expand geographically, we have all our indications that we are working on, that's going to be important, but it's a very high bar for mRNA to come after.

Emma Walmsley: High bar of efficacy and a decade of safety! Next question, please!

Tim Anderson (Wolfe Research): I wanted to go back to HIV if I can, and the future competition from Merck and Gilead. Merck's NRTTI looks very good by itself. Gilead's capsid inhibitor looks very good. Combine the drugs you might very well have a very strong drug that offers once-weekly oral dosing. They are capitalising on this two-drug regimen, and I know you are going to be a big proponent of two-drug regimens. What does Glaxo have in the pipeline that makes you comfortable that you have a competitive offering in the future where you might have something like a once-weekly oral regimen as well? It seems like your franchise longer term could be at risk, with these two products that are now being combined.

Then the second question just on *Shingrix*, manufacturing capacity – where you are in terms of having that expanded and what percent of capacity is currently being used? Thank you.

Emma Walmsley: Thank you. Roger, perhaps you can pick up the *Shingrix* manufacturing where I know there has been a lot of work going on in terms of progress. Then we'll come to David.

Roger Connor: Thanks very much for the question. We are making great progress in the manufacturing expansion and, while we are seeing some demand disruption as we have mentioned on *Shingrix*, we have kept making it in terms of putting inventory into the system. The long and the short of it is that we are going to have the capacity in place to meet the demand we foresee for the next number of years. We have the new facility coming on in 2024 but, as I mentioned earlier, we are geographically expanding, we should be in 16 countries by the end of 2021 and manufacturing over the next number of years will not be a problem for us.

David Redfern: Thanks for the question, Tim. As far as weekly oral, my understanding from Gilead and Merck is that they expect to produce their combination in the mid-20s. What I would say on that is that I believe it will predominantly compete against the daily orals and, of course, in our case *Dovato*. The bar there has been set incredibly high with all the data we now have both on efficacy, safety and, most importantly, resistance. Integrases have really become the standard of care, and I have had enough questions around resistance as we went through the clinical studies. We shall see where the data come out in the next few years but there is a high hurdle to beat and resistance will be critical.

Also, in a lot of market research we have done, it is not clear that patients or physicians really prefer weekly oral versus daily oral, and you start to run more into adherence issues and so forth. Therefore, there is quite a lot to play through there.

As far as the long-acting injectable where they have said it is a longer timeframe, probably 2027, again resistance will be important. Just remember that this programme is at a very, very early stage and islatravir in injectable form is only in Phase 1, so there is a long way to go and a lot to prove. As I said in my answer to Mark, meanwhile we are investing a lot in second generation with CAB 400 and so forth.

Simon Mather (Exane): I have two questions, one on *Shingrix* and then one which is more of a strategic question. On *Shingrix*, if you listen to Moderna, they talk about -

and I think it's widespread - not concerns but views that potentially we are going to need a booster vaccine for COVID-19 as we move towards the end of the year. I am just thinking how that might play into your views on recovery of *Shingrix*. Do you think there will be potential space to vaccinate people with the shingles vaccine? Generally, what are your overall thoughts if we do have a requirement for a booster vaccine how that could potentially impact the recovery of *Shingrix* in the second half? That is my first question.

The second one is more of a bigger picture, strategic thing, capitalised last week, when there was the news or the revelation that Elliott are building a stake. The reason for the question, Emma, is that when you announced the deal with Pfizer initially, you had views of hopefully spinning off, splitting this company two or three years post the close. You have a bit of space until five years post the close, you have the choice of what to do and that depended on the current positioning and the standalone strength of biopharma as it stands. Obviously, we have had a few disappointments in the pipeline, we have had COVID, there have been many headwinds that we could never have foreseen. Is there a rationale for delaying the spin of Consumer and can you comment on the involvement of Elliott, if you have any views on that, that would be great?

Emma Walmsley: Thank you, Simon. We will come to Luke in a moment to give more content to our confidence in the re-affirmation of our outlook of *Shingrix* in relation to your booster question. I am sure you won't be surprised that I won't make any comment on specifics regarding individual shareholder engagement. However, let me reiterate that we remain very committed to the pathway that we laid out at the time of the announcement of the Pfizer deal. As I said today, we intend to give more specifics around the specific mechanism of separation when we come with a new GSK update in June. We are absolutely on track in terms of the timetable and delighted with the progress both on the scale of the Consumer successful integration and the separation plans which are complex but well under way, as well as the Future Ready programme which is about setting up for two competitive cost bases and operating models for two companies. All of that has continued undeterred by COVID and with a tremendous amount of work and focus from the organisation.

The key underneath all of that is for us to bring transparency and commitment around the growth prospects and, again, that is something that we intend to do in June with a lot of confidence underneath a good improvement in performance from 2022 and beyond, so all very much on track.

Luke, do you want to comment on the question around boosters and *Shingrix*?

Luke Miels: Thanks, Simon. Short term, no impact; medium term, opportunity. What I mean by that is our current assumption is that countries including the US will concentrate on mass vaccinating, so younger people, people who are hesitant to get a vaccine rather than vaccinating large cohorts of the variants with vaccine in the absence, based on what we know now, of no waning immunity or viral escape in 2021.

Plus if you look at the timelines of companies working on the new COVID-19 vaccines, including us, there will only be readouts towards the end of 2021. I think in terms of opportunity, if there is a role for boosters in 2022, we are very busy working on co-administration studies with the aim of having this data available in 2021, and I think if we have this data, along with some other experimental studies we are looking at and data collecting from claims databases in terms of relationships and correlations between COVID-19 and shingles and COVID-19 vaccine and shingles, this could actually create an opportunity in terms of co-administration, similar to the way we see with 'flu. There is a clear relationship between 'flu vaccines and people receiving *Shingrix*, so short-term not much of a challenge, a mid-term opportunity.

Emma Walmsley: Thanks, Luke. The next question, please.

Matthew Weston (Credit Suisse): First on RSV, clearly an increasingly competitive area and one that GSK has flagged is strategically important in the mid-term. I am not going to ask you for comments on the competitor drug that has recently come out, but for me it's a question around RSV rates being at such a low over the course of the last 12 to 18 months and whether or not that has any impact on the timing of your expected readouts in RSV.

And then secondly, another vaccine question around paediatric vaccines. There seems to be a very big disconnect in the trends between Sanofi's paediatric vaccine revenue in Q1 and GSK paediatric vaccine revenue, Sanofi talking aggressively about the benefits they will have of hexavalent in the US. Can you give us an outlook as to where you see your paediatric vaccine trends going over the course of the next 12 to 24 months?

Emma Walmsley: Sure, so I will come to Luke perhaps in a moment on the paediatric vaccine but first of all, Hal, do you want to comment on the development programmes around RSV more broadly?

Hal Barron: Yes, thanks. Your question is quite broad but as it relates to RSV in the older adult, a programme we are very excited about given the huge unmet medical need, our Phase 3 programmes for both maternal and adult are currently

progressing pretty much as planned. We indicated when we first outlined the RSV programmes at the ID Week last year that we expect the pivotal data in the second half of 2022 and, although there is a risk that the timing could be affected by the RSV disease circulation given the pandemic, we have been monitoring this and our clinical trial groups are looking for areas in the world in which there is a reopening of the economy and where there is more individual contact person risk so that the RSV might be more common there.

There are no changes to our current timelines and, as I have mentioned, we continue to monitor this. I think as it relates to the maternal vaccine, of course our aim is to protect infants from birth up to six months of life through transfer of maternal antibodies. I won't comment on the competitor information of course, but the news is encouraging in that a monoclonal can be protective when given to an infant, then we are very excited that a prefusion antigen given to the mother as a vaccine with a polyclonal response would be effective.

In fact, we have shown that when using that antigen that you conduce neutralising antibodies up to 15-fold to deliver high levels of protective polyclonal responses, which is both important because of potential resistance relative to monoclonals but also the benefit of immunising a mother versus infusing a monoclonal into an infant, maternal immunisation is becoming an established methodology to protect very young infants and as well of course the mother. We continue to be very optimistic about both the older adults and the maternal programme.

Emma Walmsley: Thanks, Hal. Luke.

Luke Miels: Sure. Matthew, I think there is two parts to this. Firstly with hepatitis, we saw CDC stocking, they essentially used their stockpile and also we have seen the re-entry of Recombivax in the paediatric market which put a bit of pressure on hepatitis.

With DTPA, a similar trend in terms of CDC purchasing in the US and they actually signalled to us that they would do that, that they would run down the inventory in Q1 and reverse that in Q2 and we have already seen that now, so they are putting in orders already in April so we expect that to even out over the two quarters.

If you look at market share versus Sanofi, there is actually no movement, no material movement, in market share in the DTPA market but we do know they are out there prebooking with Vaxelis. We do expect the level of competitive intensity in the US and pressure on the paediatric DTPA business to increase over the timeframe that you describe.

Keyur Parekh (Goldman Sachs): Good afternoon, and thank you for taking my questions, two please, if I may, one for Hal and one for you, Emma. Hal, we have seen two of your riskier oncology compounds have disappointing Phase 2 readouts recently. Without sharing obviously the data or anything, can you just tell us what that means from your perspective as it relates to your broader oncology R&D plans, what do you think, if anything, needs to change on that, and where might it be different as we look towards June?

Then separately, Emma, I think you alluded to the Glaxo underperformance from a stock price perspective. When you became CEO you laid down a very clear path for the Glaxo combined company as you saw it, and despite that the stocks underperformed. My question is, as we look towards June, what are you hoping to tell us that can excite investors and the market about the opportunities that you see forward, and that drives your excitement today? Thank you.

Emma Walmsley: Let's come to Hal first, although I think the answers are probably linked, and then I'll follow up on the second question.

Hal Barron: Thanks, Keyur, for your thoughtful question. Let me start by just reminding everybody of the R&D focus as we outlined it in 2018, which was really to focus on specialty medicines and vaccines, particularly focusing on immunology and human genetics to drive both new medicines and vaccines. Within immunology, we said one of the most exciting areas was modulating the immune system, to help patients with cancer, based on the profound benefits that PD-1 blockade has had. We believed strongly that the checkpoint blockade area, as well as cell therapy, to be honest, that those two areas would be ripe for really leveraging our deep expertise in immunology and potentially being leaders in the I-O space, I-O version 2.0, if you will, after the PD-1 blockade.

You're right, we've had two disappointing Phase 2 studies, and I certainly was disappointed by them, but one has to remember that they were both Phase 2, where industry success rates are typically 25%-ish, across many companies and in the I-O space that number is typically lower. We're very excited about the potential of immunology in oncology, and continue to believe that's going to be a promising area. The one pathway that we think is particularly exciting is the whole poliovirus receptor, the CD226 pathway, which we have the first in class anti-CD96, we have struck a deal to have the anti-PVRIG, of course with dostarlimab approval that allows us to have some interesting combinations, and, given the CD state data from Roche and some data from Merck, we think TIGIT also confirms that this pathway is very exciting.

As it relates to human genetics, we still think that's very important in oncology, where we've built a synthetic lethal research unit, we've bought *Zejula* essentially, and

demonstrated with the PRIMA study that that's a best in class PARP, and we're very excited about the pipeline emerging which is starting in Phase 1 with the Map2A inhibitor which we've moved into the clinic with our collaboration with IDEYA, we see several other synthetic lethal opportunities moving forward as we expand our relationships with the Laboratory for Genomics Research, with Jennifer Doudna and Jonathan Weissman as well as the Broad to uncover really novel biology to allow us to see other opportunities in that space.

So we continue to be focused on immunology and human genetics with synthetic lethal and believe that should result in a robust pipeline.

I should mention also that three years ago we had around eight molecules in the clinic, the most advanced was in Phase 1, now we have 12, predominantly in the I-O and synthetic lethal space, and importantly over the past four years we've had 10 new vaccines or medicines approved, five of which have been in the last twelve months; and if you include lifecycle innovation we've had 19 approvals in the last four years, ten coming in the last twelve months, as well as I think nine Phase 3 trials succeed in the past 18 months.

So I think the pipeline is progressing in a reasonably solid way, and today in our pipeline we have 22 ongoing Phase 3 programmes, twice as many as we had when I started, so I think we're making good progress there as well.

Emma Walmsley: Thanks, Hal. Keyur, in terms of your second question, big picture, we have been extremely focused over the last few years on shareholder value creation, recognising that it's been some time, if you look back over, since the formation of GSK, that we have opportunity to make big moves here. We've been tackling really quite deep historic challenges, the first priority being R&D performance and productivity, and by the way, prioritising that in terms of capital allocation, investment, and transformation of the team, including the leadership. Hal has just given you, with his modest approach, some of the headlines on the enormous progress that has already been made. There is always more progress to make, and the reason we do it is so that we can commit to a competitive and sustainable growth delivery seeing us through whatever LOE patents that we have to digest. Historic challenges being addressed of R&D productivity, real transformation of the competitiveness of our commercial execution which can be clearly evidenced when you look at some of the big launches even just over the last few years that we committed to driving significant growth on, be that *Shingrix*, be that two-drug regimens, be that *Trelegy*. That would be in terms of the pipeline transformation, the commercial execution transformation.

We have gone after group structure at a major level; we are preparing for the separation into two new companies, which is absolutely on track for next year; capital allocation priorities being clarified; a significant refreshing of talent, not just in R&D but

across all of the leadership team and culture transformation underway too. All of this takes some time but there is major change being delivered in all areas and our goal in June is to make sure that we bring clarity and specificity to the translation into growth outlooks and a step change in performance from 2022 and beyond. Also we want to answer any other key questions that investors may have. We have been clear that we expect to update on the specificity of the separation mechanism as well as distribution policy and target payout ratios. I hope that will be a useful session for everybody and, certainly, if investors have feedback on what we will bring then, we are very interested to hear it.

It is three o'clock now but we are happy to run a little longer if that would be helpful for people and follow on with more of the questions that are waiting. Thank you. Next question please?

Kerry Holford (Berenberg): I have two questions. The first is for Iain on the legal settlement in the quarter and the guidance for the full year. Could you qualify that item in absolute terms and confirm what it relates to, and was that positive item always assumed within your guidance for the year? If it was not, then it implies that something has worsened since you provided the guidance. Is that fair or not? I believe you mentioned that your expectation for royalty income is now lower though I didn't catch why: perhaps that is part of the offset there, so some clarity around those items would be helpful.

Secondly, on *Trelegy*, I wonder whether you can give any more detail as to why the EMA issued a negative opinion for the asthma indication. Do you intend to pursue that line extension in this region and, if so, what additional work do you think will be required? Thank you.

Emma Walmsley: Iain, why don't you go first and then Luke on profits and plans on *Trelegy*.

Iain Mackay: Kerry, on legal, in the first quarter of last year, there was a provision for ongoing litigation which was approximately £60 million. In the first quarter of 2021 we were successful in terms of a judgment on that litigation and the provision was reversed. Broadly, that was the outcome we were expecting for this year, so that was factored into how we saw the overall guidance playing through. The effect year-over-year was an aggregate of a bit more than £100 million on that one.

As far as royalty income, as I mentioned in my comments, we sold one of the portfolio focusing elements that David and the team have been very successful at working on, which was the sale of a stream of royalty income where we saw that particular product

as no longer being of strategic relevance to the Group and we saw an attractive economic opportunity to do that. That is what informs the slightly lower royalty income for the full year where we moved it from £350-400 million to £300-350 million royalty income for the year. Those are the details on the financial point. Probably somebody else would be better suited to answer the question on *Trelegy* indications.

Luke Miels: Essentially, Kerry, we didn't meet the parameters outlined by the EMA. The impact is not enormous in the European context. In the US right now, asthma patients represent about 5% of our business, obviously growing incredibly quickly and around 12% of revenue because of the size of the dose. We don't intend to try to resurrect that indication in Europe and, while we were disappointed, we are moving on and concentrating on COPD.

Steve Scala (Cowen): I have a couple of questions. The release says that at the June meeting, we will get an update on the timing and approach to Consumer separation. I am curious, what is there to update us on relative to timing since the timing seems unchanged, so are you referring to fine-tuning within mid-2022 or is there a very different time course within the range of possibilities?

And secondly, a little bigger picture question. Emma, you took over as CEO of GSK four years ago this month and as was just said, you provided the plan for the path forward at that time. I imagine that things have not gone according to your original plan, particularly relative to the cut to the dividend, pressure to spin Consumer and the pipeline setbacks, so things seem to have been tougher than expected. Now you did just say that these are all formidable tasks and take some time, but would you attribute the inability to achieve the initial goals as more external obstacles or internal deficiencies? Thank you.

Emma Walmsley: Thank you. The short answer to one of your questions in terms of June, you are right, a reconfirmation and update on timing rather than any surprises. What we do want to do is answer questions that have been emerging on the mechanism.

In terms of big picture, I think one thing I can categorically tell you that what we did not anticipate in 2017 was a global pandemic. If you just look at the trajectory ahead of that and frankly where we were headed, particularly on our *Shingrix* vaccine which has taken a slightly unique and we believe for all the reasons that Luke laid out, short-term hit as well as the rest of our Vaccines business, fundamentally it is hard to conclude from what has happened in the last 18 months that being a world leader in vaccines, well placed with new technology platforms, with good growth opportunity and momentum in approved assets such

as *Shingrix*, but also a late-stage pipeline that's coming through in big adult vaccination opportunities such as RSV as well as the new technologies and a strategy that's focussed on immunology with half the pipeline or two thirds of the pipeline in infectious diseases and immuno-oncology, I think we are well placed with that.

I would certainly not characterise our progress is due to unexpected pressure as you say to separate Consumer. That was a very active choice that we made and announced at the time of the deal with Pfizer and we are really pleased that that has remained firmly on track and with the plans initially announced well in place.

Now, in terms of the pipeline progress again everybody on this call knows that not everything can succeed in pipeline development and Hal alluded to it, the positive readouts that we have had over the last few years have been very encouraging in terms of our growth prospects. We have twice as many late-stage pipeline assets as we had just a few years ago. Last year alone we had nine approvals and nine late-stage trial starts. This quarter we announced the third of three approvals in oncology.

We have an exciting Vaccines pipeline coming through, but all of that is just so that we can bring visibility to what the growth of New GSK is going to look like and that's something we feel confident in sharing in June. Thank you very much.

The next question, please.

Andrew Baum (Citi): Thank you. A couple of strategic questions, please. First, to David. How long would it take to separate your established products business, you have proposed a JV with someone like Viatris earnings and create an excess and take away the drag? Is this potentially ready to go or is it going to be similar to Consumer with a 24-month lead time in order to separate the business units from the innovative Pharma part?

And then second for Iain. Under the 100% demerger scenario which I think investors are taking default, do you believe that GSK's balance sheet is strong enough to optimally address the future challenges particularly associated with dolutegravir generics as well as competitor HIV drugs like Islatravir?

Emma Walmsley: Iain, do you want to pick up on balance sheet, and David, I am not sure if there is a technical question to answer on something that –

Iain Mackay: Not if it's the general medicine and Pharma portfolio as well. On established pharma, Andrew, that's a revenue stream in excess of £7 billion but attractive margins for cash generation, and frankly the prospect of JV-ing it with somebody else to dilute the opportunity of the earnings and the cash from that portfolio, recognising the

downward top line dynamics are driven by loss of exclusivity on a couple of important medicines that will work its way out over the course of the next 24 months, I'm not sure economically that is necessarily the best step forward in terms of supporting both profits, cash.

Going on to your second question around strengthening the balance sheet of GSK. No, it's not something that has been contemplated but there continues to be, as I mentioned earlier, a very strong focus from Luke, David and the team in terms of how we just continue to refine that portfolio, both in terms of our geographic presence in terms of where we distribute those medicines, again, driven both by access medicines, but also the economics of that making sense, and also just in terms of being able to sharpen the focus through how that portfolio is important to supply chain, commercial operations and to the patient.

From a separation perspective, I think going back to Steve's question, we will confirm the timing in June, but what we will do is talk more about the mechanism that we would intend to pursue for the separation of the Consumer Healthcare company, and through that I think we will give greater line of sight as to what that then represents in terms of capital restructuring for the new GSK balance sheet.

I think we will provide a lot more detail on that, but other than to say that now we will save our fire until that time, thanks.

Graham Parry (Bank of America Merrill Lynch): Great, thanks for taking the questions. Two more strategic ones, actually.

Firstly, the Consumer separation has brought more attention to some of the part valuation of GSK, and that also includes differences between Vaccines and the Pharma dynamics and outlook, so could you perhaps just talk through the rationale for having those two businesses in the same organisation and potential synergies from having them in the same business?

Then, secondly, do the recent R&D failures accentuate the need to accelerate external business development licensing or M&A and/or change the focus in the minds of management on the balance of internal versus external R&D sourcing for GSK, and would GSK consider cutting dividend earlier than the Consumer spin to facilitate debt financed M&A to bolster the pipeline? Thank you.

Emma Walmsley: I think, Graham, we have confirmed the dividend for this year, and we have confirmed that we will be implementing new policies that we will update on from 2022, so I think that's already been stated and committed to.

I will let Hal cover anything further he wants on our ongoing view that R&D should continually be supplemented by BD, but let me first cover quickly your point on Vaccines. Absolutely core to new GSK, not least because scientifically we are focused on the science of immunology. These businesses are operationally, geographically, completely integrated, so Luke leads the commercial operations for our Vaccines in all countries in the world in an integrated way across the rest of the portfolios.

Scientifically we have one Development organisation, which is not only helpful from an operating and a capital allocation judgement point of view across the different assets, it is also increasingly relevant when you have such a big portfolio of infectious diseases and when we all know, as evidenced most recently through COVID, that reviewing from a patient-back point of view, prevention and treatment, and we think about like that, whether it is in 'flu, Hep B, even in HIV, if you think we are looking at the PrEP world as well as the treatment world, COVID too, and we see increasing opportunities in that direction, not least when you think long term from the new technology platforms. Then, of course, as we have been working on the Future Ready programme towards separation and getting a fit-for-purpose cost base, we have been very thoughtful about making sure that we have distinct capabilities where they are necessary, but we absolutely simplify and reduce duplication in terms of an integrated operation role in that term, and both the Specialty business and the Vaccines business where we are investing for growth are expected to contribute to the growth outlook meaningfully for new GSK.

So that was that. Hal, anything to add on ongoing business development focus as part of the pipeline and how it is continually reviewed?

Hal Barron: Thanks, Graham. You know, of course, strengthening the pipeline is certainly my No. 1 priority, our company's No. 1 priority in terms of allocating capital to do this. We absolutely have invested significantly in our own internal efforts, and that's resulted in, as I mentioned earlier, five new medicines in the past 12 months and twice that in terms of number of approvals if you include lifecycle innovation, but business development plays a critical role in this. We have been very active in this space. We have, as you know, done deals with Vir and CureVac recently, and we will continue to focus our efforts to find really interesting things in the external world. Obviously, we are not going to come out and tell you precisely what those assets are in companies, but we are exploring opportunities across Vaccines and Specialty Medicines with a focus on leveraging our

expertise in immunology and human genetics on novel targets in medicines that we believe could be transformative for patients in our pipeline.

Emma Walmsley: Thanks, Hal.

Geoff Porges (SVB Leerink): Thank you very much. A few quick questions. Luke, you said recovery in *Shingrix* in the second half of the year, but could you give us a sense of whether you expect that to be the same as 2019, below 2019 still, or above 2019, which would presumably be real growth?

Then, perhaps you could also comment on your average pricing effect into the major brands, what was net price. Then lastly, related to that, forecasting is at the best of times an art, not a science, what assumptions about US long-term pricing are you incorporating in the five- and ten-year forecasts that you're providing? Can you grow regardless of what happens to the pricing environment in the US?

Emma Walmsley: Luke, you might want to talk about some of that, and Iain, maybe Iain you kick off in terms of overall outlook.

Iain Mackay: I think when you suddenly start looking at the ability to incorporate the possible impact of US reform and pricing in the long term, it's frankly a bit of a fool's errand, but certainly the way that we have approached that is recognising the risks to the long-term view is assessing what the possible outcomes are of various reform approaches set out by the Administration, or pre this Administration. Clearly one of the things that we do and will continue to do is engage with the Administration, not only in the US but in other countries around reform, and I'm sure frankly that any reform allows us to continue to support innovation but also access to medicines and hopefully reduce out of pocket expenses for patients.

What we do is evaluate that, and then with that evaluation in hand, which is supported by a US team with a lot of detailed analysis, incorporate that into an overall risk assessment of our ability to deliver the topline growth projections that we will share with you on 23 June, so more detail about that then.

Emma Walmsley: Thanks, Iain. Luke, anything to comment?

Luke Miels: Yes, Geoff, I think *Shingrix* is broadly similar to 2020, so obviously a good comparator with 2019, I don't know if you meant 2020 or 2019 in your question. The logic behind that, we've covered through the call, maybe just a little bit more colour around why we're confident of second half recovery.

I mentioned before around potential patients saying after the COVID series completion they would like to go back in about 50% of the cases for a COVID vaccine within one to three months. I think that's patients being relatively conservative, waiting for side effects from that second dose before electing to go in and re-discuss their *Shingrix* vaccine.

When you look at physicians, the evidence is they are more confident, so around half of physicians advising their patients to wait two weeks before going back and talking about another vaccine like *Shingrix*, and about a third are saying four weeks.

In terms of pricing, it was very much as expected, there were some ups and downs so we had some pressure on pricing, as you'd imagine, in parts of the portfolio like *Advair*, but good strong pricing trends with *Anoro* and *Trelegy*, there was some pressure in the market in the IL-5s, but still good pricing dynamics relatively speaking to the rest of the portfolio, so nothing major on that front, I think looking forward just giving colour around that.

Emma Walmsley: Thank you. I think we have one final question now, and I'm sure we'll look forward to more in coming days. Let's go to the last question now, please.

Peter Welford (Jefferies): Thanks for fitting me in. Just returning to the growth outlook, first of all, for the next ten years and five years, just to be clear, is this going to be growth outlooks for both the topline and margins, and/or also EPS, or how should we think about that, and what degree of flexibility do you want to build into that outlook, given obviously a ten-year timeframe and what could potentially happen over that with regard to your ability to execute on future strategic visions?

Then just on vaccines, can you confirm any of the pathogens that you're working on with CureVac, and can you also talk a little bit about perhaps any pre-orders you're seeing for 'flu vaccines, and how that's evolving after obviously what was a bumpy year last year?

Then finally on *Blenrep*, can you give us any visibility on the type of patients that you're getting in the US going on that drug, and if you could just update us on the timing of the data with the GSI this year. Thank you.

Emma Walmsley: Luke, could you give a quick response on *Blenrep*, please, Hal on GSI readout, and then we're not going to give any more details on CureVac today, we'll bring more of that later in the year. We'll finish with Iain please, just to give a little bit more colour on the outlooks, or what we mean by outlooks, after that. Luke, then Hal, please.

Luke Miels: Just on 'flu, with the pre-books almost complete, it's around 54 million doses, so similar to 2020. Just one flag on work in the future, there was a reversal of

a returns provision, because we had a lot of demand last year, so the comparator will be challenging, and the southern hemisphere is looking good.

In terms of *Blenrep*, I think it's off to a good start, I think if you look in the post-dara era, strong performance at the same point versus XPOVIO and SARCLISA. You asked about a typical patient: there's a broad spectrum. If you average it out it's a fifth-line plus ..., where a patient has previously been on a PI and IMiD and a C38 and a couple of other combos. It's interesting when you dig into that a little bit further, if you look at shares overall we're getting about 5% of patients in fourth line, 18% in seven line plus, so we're actually the leading agent in the seventh line-plus, which is about what we would expect to see at this point.

Dose range is good. The dose range is about 185 to 90 mg per patient, so we are not seeing a lot of evidence around dose splitting, which is good.

In terms of dose frequency, we are seeing subjects receiving 60% of the time two/three weekly, 20% at Q3 to Q4, and only 20% longer than Q4, which, again, is a good signal in terms of tolerability, and as we move up to earlier lines of treatment, of course, we will see more patients receiving infusions.

About one in two oncologists/haematologists in the US have tried *Blenrep* and their primary reasons for driving using the agent is the efficacy and the mechanisms of action, and the main things to navigate, which are actually much lower in terms of percentages, is the ICAM and the logistics around that, so hopefully that is useful, Peter, but an encouraging start when we look at the uptake of the product so far.

Emma Walmsley: Hal, anything on GSI signing?

Hal Barron: Yes, we should have further data on the *Blenrep* data with the GSI combination from the DREAMM Study before year-end. It will be early data, but we potentially could have some data before year-end.

Emma Walmsley: Thanks, and Iain, to finish.

Iain Mackay: Yes, Peter, so on growth outlooks that we will share in June. On the top line, a view for ten years, more detail around op profits for the five year, so I have got no intention of falling into the trap of doing a ... – that's a dodgy one, but, certainly, more detail around the coming five years on operating profits, margins and our outlooks for cash, for example, and, obviously, we will provide the detail, as we have said, around our dividend policy for new GSK at that time also, so those are some of the things that we will cover in our financial outlooks' perspective on 23 June.

Emma Walmsley: With that, we shall all very much look forward to sharing more with you at that event. I hope as many of you can join as possible and, in the meantime, take care, and thanks for your participation today.

Iain Mackay: Thanks very much, everybody.

Emma Walmsley: Bye.

[Ends]