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**SUSTAINABLE
GROWTH,
COMPETITIVE
RETURNS**

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Iain Mackay
Chief Financial
Officer

Cautionary statement regarding forward-looking statements



All outlooks, targets, ambitions and expectations regarding future performance and the dividend should be read together with the section “Basis of preparation, assumptions and cautionary statement” on pages 5-7 of our stock exchange announcement relating to an update to investors dated 23 June 2021 and the “Basis of preparation, assumptions and cautionary statement” and “Reporting definitions” slides at the end of this presentation.

This document contains statements that are, or may be deemed to be, “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 ‘aim’, ‘ambition’, ‘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, dividend payments and financial results. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation, the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. The reader should, however, consult any additional disclosures that the Group may make in any documents which it publishes and/or files with the SEC. All readers, wherever located, should take note of these disclosures. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

Forward-looking statements are subject to assumptions, inherent risks and uncertainties, many of which relate to factors that are beyond the Group’s control or precise estimate. The Group cautions investors that a number of important factors, including those in this document, 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 2020 and any impacts of the COVID-19 pandemic.

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, which are non-IFRS measures. Adjusted results, CER and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS. These measures are defined and reconciliations to the nearest IFRS measure are available in our first quarter 2021 earnings release and Annual Report on Form 20-F for FY 2020 and in the “Reporting definition” slide at the end of this presentation. GSK provides guidance and outlooks on an Adjusted results basis only, for the reasons set out in the “Reporting definition” slide at the end of this presentation.

Sustainable growth and competitive shareholders returns

More than 5% sales CAGR 2021-26, £33bn sales ambition by 2031

Cost discipline drives Adj Operating Margin expansion to >30% by 2026

More than 10% Adj Operating Profit CAGR 2021-26

Improve operating cash flow, working capital focus, restructuring completion

Strengthen balance sheet

Leverage <2x net debt/Adj EBITDA at point of separation

Disciplined capital allocation focused on pipeline strengthening

Progressive dividend policy

All outlook and ambition statements are given on a constant currency basis and use 2021 forecast exchange rates as a base, assuming a continuation of Q1 2021 closing rates. See basis of preparation and assumptions in Appendix. CAGR is for the 5 years to 2026, using 2021 as the base year. Pipeline sales are risk-adjusted and include anticipated sales of new products and Life Cycle Innovation (LCI) launched from 2021 onwards. Note: COVID therapeutic and vaccine solutions are excluded from the above.

Adj, adjusted; OP, operating profit

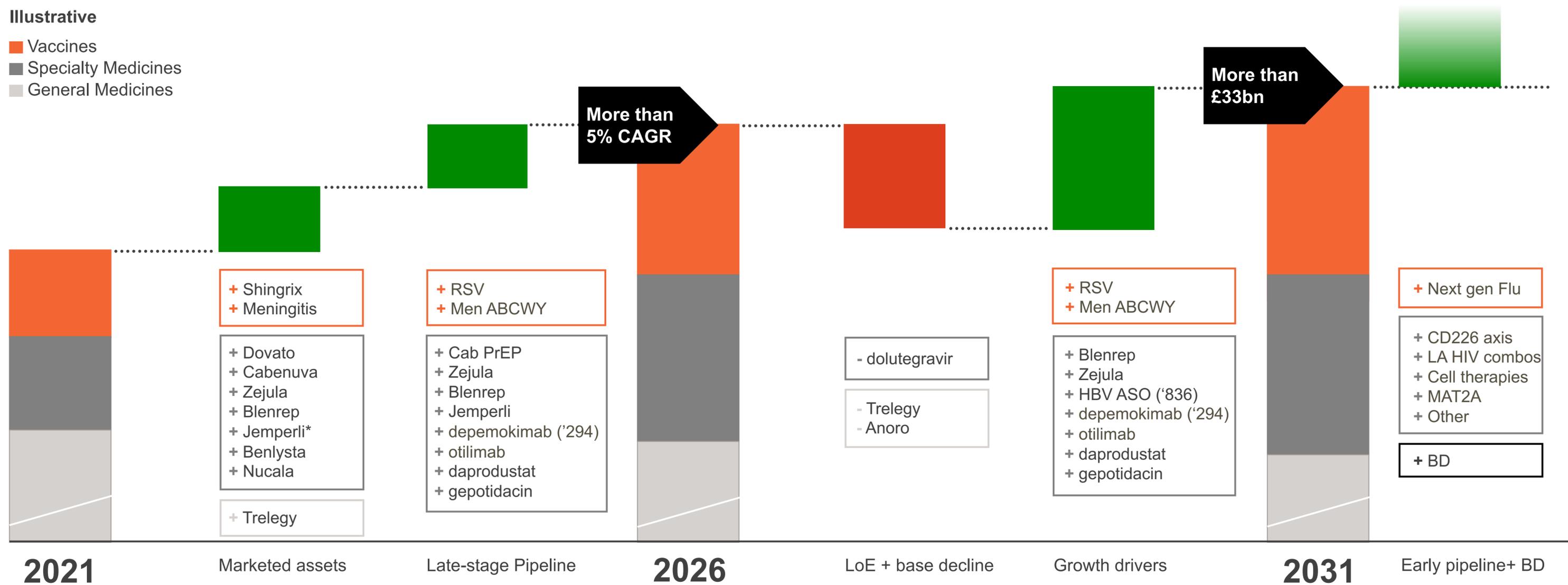
Competitive sales ambition

Pipeline productivity and commercial excellence



Illustrative

- Vaccines
- Specialty Medicines
- General Medicines



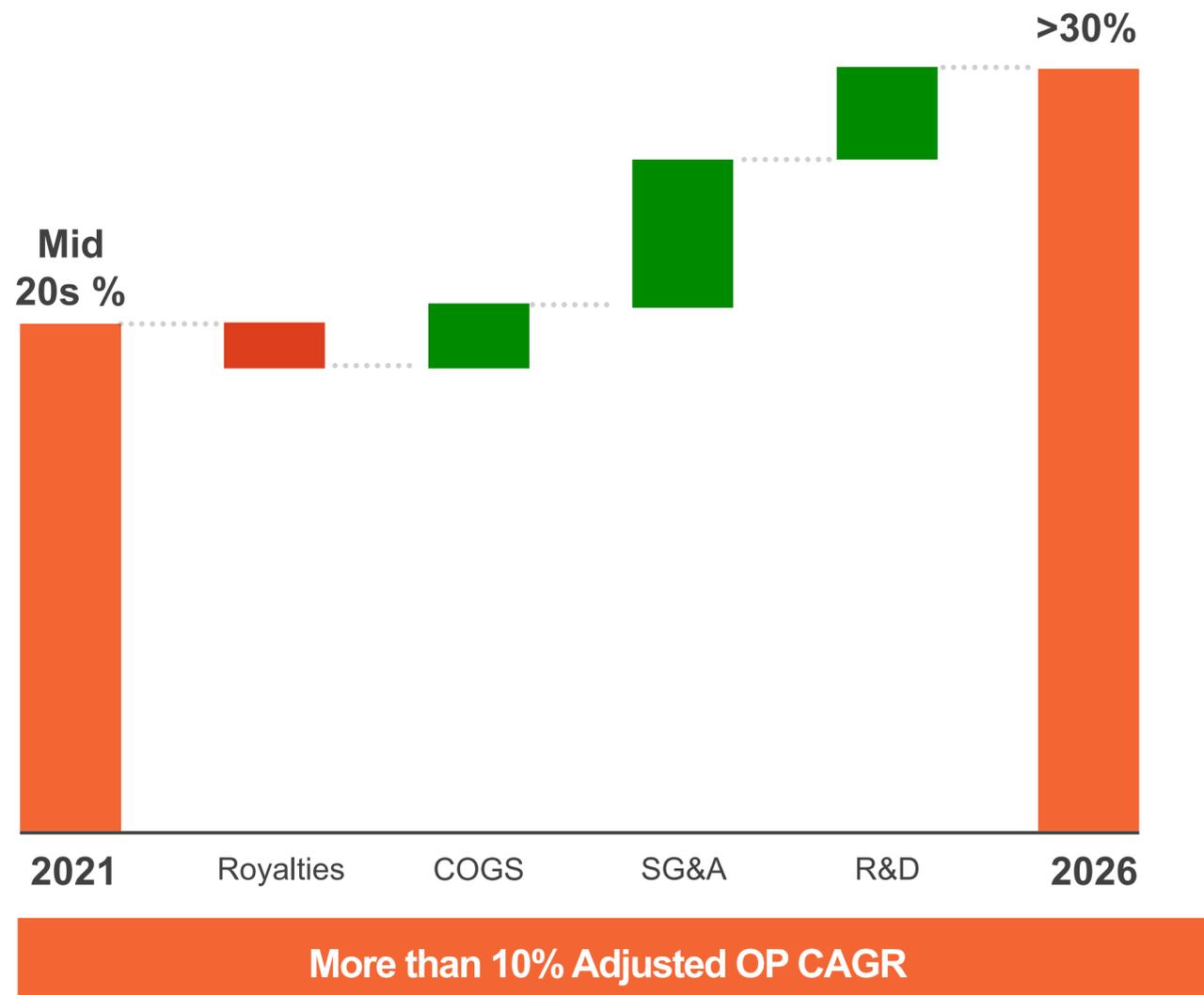
Note: Bars are not at scale. All outlook and ambition statements are given on a constant currency basis and use 2021 forecast exchange rates as a base, assuming a continuation of Q1 2021 closing rates. See basis of preparation and assumptions in Appendix. 2021-26 CAGR is for the 5 years to 2026, using 2021 as the base year. Pipeline sales are risk-adjusted and include anticipated sales of new products and Life Cycle Innovation (LCI) launched from 2021 onwards. Note: COVID therapeutic and vaccine solutions are excluded from the above. Assets highlighted reflect major contributions to growth in period shown.

*Tesaro asset



Adjusted Operating Margin expansion to at least 30% by 2026

More than 10% Adjusted Operating Profit CAGR 2021-26



- Sales mix, shift to Vaccines and Specialty
- Operating leverage on sales
- Major restructuring programs complete
- R&D productivity slows investment rate
- Ongoing productivity initiatives across supply chain, commercial ops, global functions



- Investment in new launches & capabilities



- Gardasil royalties (end 2023)



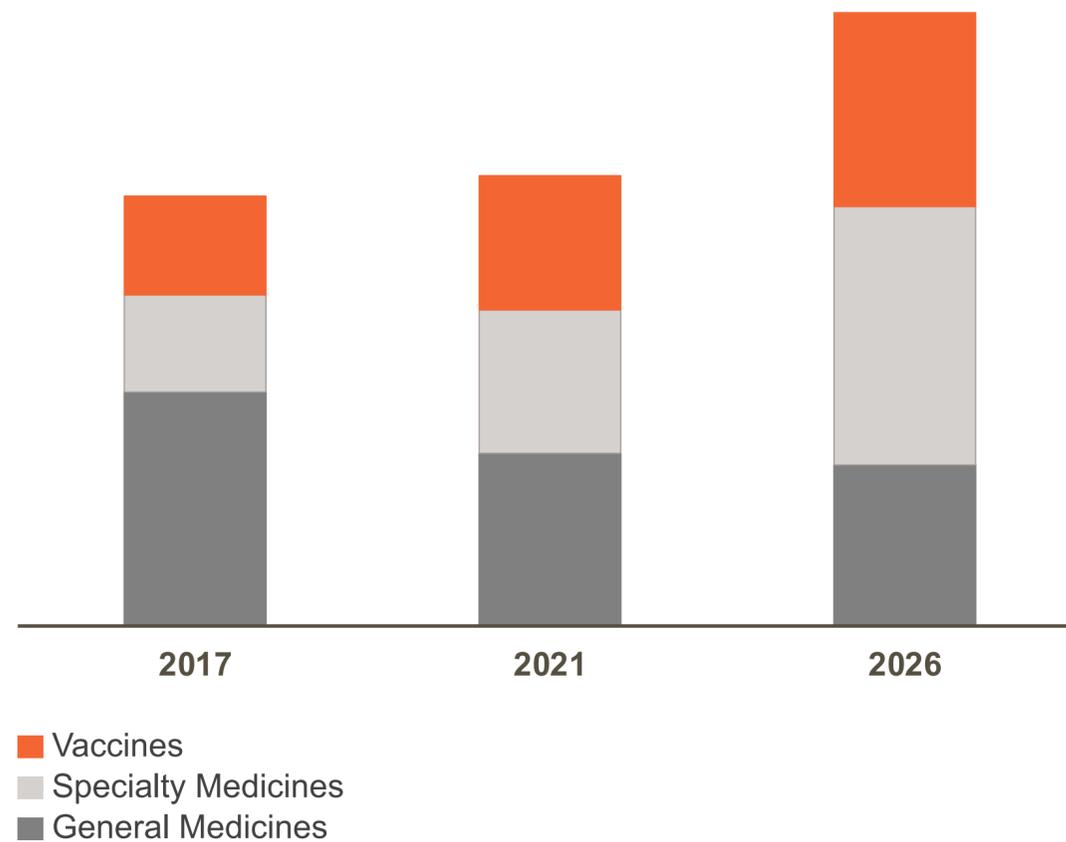
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Mix shift delivers improving margins



Sales mix

Illustrative



Ongoing focus on operating margin

- Fundamental change in portfolio mix towards higher margin Vaccines and Specialty Medicines
- Optimise General Medicines portfolio
- Sustained focus on operating efficiency and cost productivity across New GSK

Disciplined cost management

Major restructuring complete in 2022, ongoing productivity initiatives

2018-2021 (2018 Restructuring)



- Focused sales force behind growth drivers
- Decreased non-customer facing spend
- Reduced manufacturing sites from 55 to 41
- Rationalised brands (>400 to ~200 in GM)
- Established support functions regional hubs
- Reinvested in R&D pipeline

2021-2023 (Future Ready)



- Unlock R&D “One Development” synergies
- Improve R&D productivity
- Reduce manufacturing sites from 41 to 35
- Optimise commercial footprint
- Build top quartile global support functions
- +£200m savings from Future Ready

Ongoing savings through embedded cost discipline culture

Digitise interactions to reduce T&E spend

Continue investment in automation and AI to improve efficiency and effectiveness

Rationalise commercial real estate footprint in alignment with flexible working

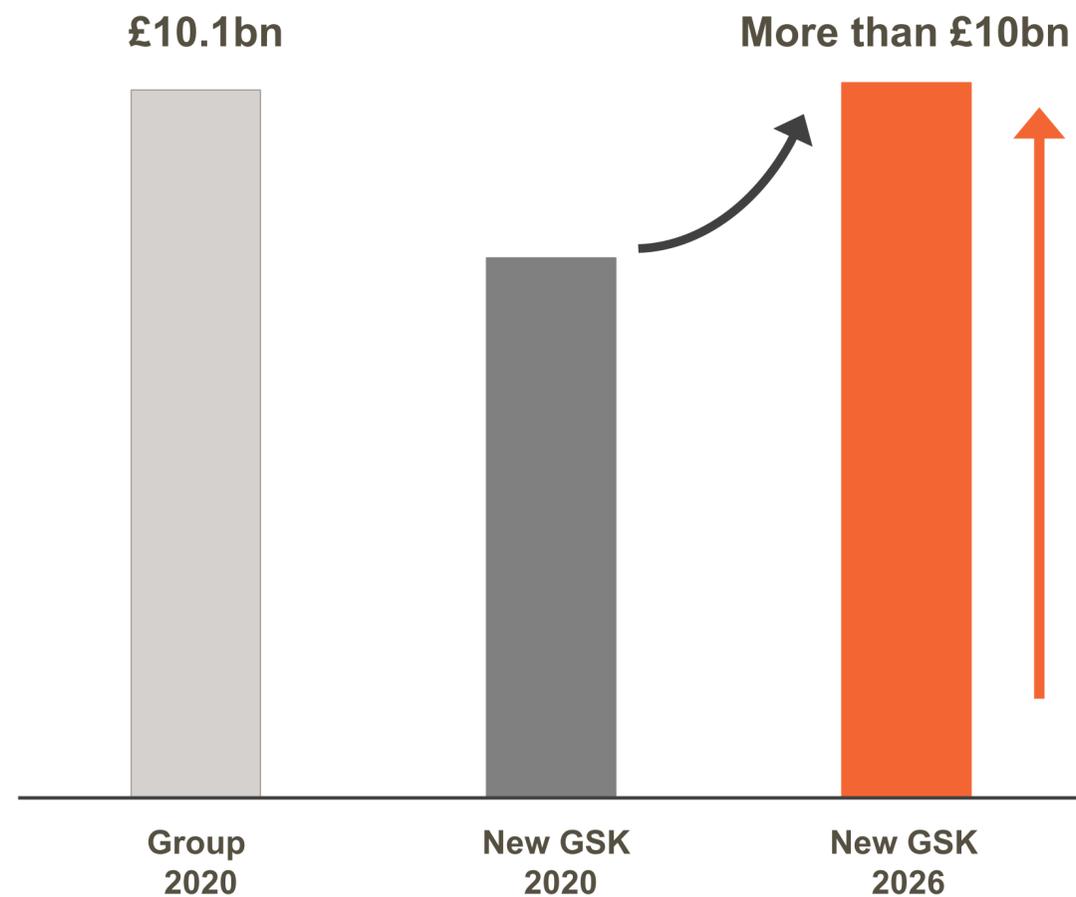
Prioritise ROI, priority markets and growth drivers to grow top and bottom lines

Capital Allocation Board and Portfolio Investment Board used to review, challenge and prioritise capital and R&D spend

Cash and working capital



Cash generated from operations



Strengthen cash generation and conversion:

- Revenue growth ✓
- Margin expansion ✓
- Working capital management ✓
- Restructuring and separation programmes complete ✓

Working capital and cash management:

- Top quartile performance in DSO, DPO and RAR
- Increase focus on DIO, significant but long cycle opportunity
- Corp treasury delivering top quartile cash management, funding strategy and cost of funds

Target short-term credit ratings of A-1/P-1 and commensurate long term-ratings

Cash generated from operations is Net Cash Flow inflow from operating activities before tax paid
DSO Days Sales Outstanding; DPO Days Payables Outstanding; RAR Returns and Rebates; DIO Days Inventory Outstanding;

Robust capital allocation framework

Priorities aligned on growth drivers, improving productivity, enhancing RoI



Research & Development

(including BD)

Continued investment in innovation and productivity

Value creating bolt on acquisitions and strategic collaborations to strengthen the pipeline:

- 4 core TAs and other large-scale opportunities, R&D strategy aligned
- First-in-Class or Best-in-Class potential
- Evaluate non-organic vs organic opportunities
- Discipline on NPV and IRR criteria

SG&A

(Commercial excellence, customer/patient facing)

Product launches, data & analytics, competitive intelligence, customer and patient insights

Capital Expenditure

(Sustainability and productivity)

£1-1.5bn capital projects, focus on technology platforms, supply chain network, sustainability

Dividends

Progressive dividend policy
40%-60% EPS pay-out ratio

Dividend



GSK 2021: expect 80p/share

New GSK Dividend policy

- Progressive dividend policy
- Guided by 40-60% EPS pay-out ratio

New Consumer Healthcare Dividend policy

- Guided by 30-50% EPS pay-out ratio

GSK 2022 FY: expect 55p/share

H1 27p expect dividend for GSK Group

New GSK pro-forma FY dividend 44p/share

H2 28p expect dividend in aggregate for New GSK and New Consumer Healthcare

New Consumer Healthcare pro-forma FY dividend 11p/share

New GSK 2023: expect 45p/share

Separation of Consumer mid 2022



Focus:

1. Unlock potential in New GSK and New Consumer Healthcare

2. Strengthen New GSK balance sheet

3. Maximise shareholder value

New Consumer Healthcare

Demerge at least 80% of GSK holding to shareholders

Retain up to 20%, monetise to strengthen GSK balance sheet

Expected premium LSE listing

Intended to be tax efficient as compared to alternative separation options

Leverage up to 4.0x net debt/Adjusted EBITDA at separation – targeting investment grade credit rating

New GSK

New GSK balance sheet strengthened from CH pre-split dividend of up to £8bn and monetisation of retained stake

Expected leverage of <2.0x net debt/Adjusted EBITDA

Supports growth-focused capital allocation strategy

Target A-1/P-1 short-term credit ratings, commensurate LT ratings

Financial outlooks confirm expectations for strong sales, profit growth and returns

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Appendix

Basis of preparation, assumptions and cautionary statement



Assumptions relating to the 2021-2026 sales and adjusted operating profit growth outlooks, 2026 cash generated from operations outlook, 2031 sales ambition and 2021-2023 dividend expectations

In outlining the growth outlooks for the period 2021-2026, the 2026 cash generated from operations outlook, the 2031 sales ambition and the 2021-2023 dividend expectations (the “Relevant Statements”), GSK has made certain assumptions about the healthcare sector (including regarding possible governmental, legislative and regulatory reform), the different markets and competitive landscape in which it operates and the delivery of revenues and financial benefits from its current portfolio, its development pipeline of drugs and vaccines, its restructuring programmes and its plans for the separation of Consumer Healthcare, details of which are set out in this document.

GSK expects and assumes the next several years to be challenging for the healthcare industry with continued uncertainty related to the impact of the COVID-19 pandemic on adult vaccinations and continued pressure on pricing of pharmaceuticals. GSK assumes no premature loss of exclusivity for key products over the period. GSK also expects volume demand for its products to increase, particularly for Shingrix in the US, as healthcare systems are expected to return to normal following disruption from governments’ prioritisation of COVID-19 vaccination programmes and ongoing measures to contain the pandemic, and for Shingrix in China.

The assumptions underlying the Relevant Statements include: successful delivery of the ongoing and planned integration and restructuring plans and the planned demerger of Consumer Healthcare; the delivery of revenues and financial benefits from its current and development pipeline portfolio of drugs and vaccines (which have been assessed for this purpose on a risk-adjusted basis, as described further below); regulatory approvals of the pipeline portfolio of drugs and vaccines that underlie these expectations (which have also been assessed for this purpose on a risk-adjusted basis, as described further below); no material interruptions to supply of the Group’s products; no material mergers, acquisitions or disposals or other material business development transactions; no material litigation or investigation costs for the Company (save for those that are already recognised or for which provisions have been made); no share repurchases by the Company; and no change in the shareholdings in ViiV Healthcare.

The Relevant Statements also factor in all divestments and product exits announced to date as well as material costs for investment in new product launches and R&D. Pipeline risk-adjusted sales are based on the latest internal estimate of the probability of technical and regulatory success for each asset in development.

Notwithstanding the Relevant Statements, there is still uncertainty as to whether our assumptions, targets, outlooks expectations and ambitions will be achieved, including based on the other assumptions outlined above.

The statement that GSK estimates that certain assets in late-stage development have the potential to deliver peak year sales of more than £20 billion on a non-risk adjusted basis is an aggregation, across the relevant portfolio of assets, of the maximum sales that GSK considers might be achieved from each such asset (including from lifecycle innovation) in the year that that asset attains its highest sales level, in all cases before taking into account any risks that could impair GSK’s ability to reach that level of sales for that asset, including risks relating to technical and regulatory success, trial outcomes, launch dates and execution, exclusivity periods and the impact of changes in the market and healthcare landscape for that asset. The aggregation is of the peak year sales of each individual asset within the portfolio and not for one particular year. Accordingly, the statement of estimated non-risk adjusted potential peak year sales of the relevant assets in late-stage development does not comprise, is wholly different in nature to, and is subject to very significantly higher levels of uncertainty than the Relevant Statements. As such, while GSK does not expect to achieve the aggregate amount of those estimated non-risk adjusted peak year sales, a risk-adjusted assessment of sales of relevant assets during the relevant periods is (as stated above) taken into account, where relevant, within the Relevant Statements.

All outlook and ambition statements are given on a constant currency basis and use 2021 forecast exchange rates as a base, assuming a continuation of Q1 2021 closing rates (£1/\$1.38, £1/€1.17, £1/Yen 152). 2021-2026 outlook refers to the 5 years to 2026 with 2021 as the base year.

Basis of preparation, assumptions and cautionary statement



Assumptions and cautionary statement regarding forward looking statements

The Group's management believes that the assumptions outlined above are reasonable, and that the targets, outlooks, ambitions and expectations described in this document are achievable based on those assumptions. However, given the forward-looking nature of these assumptions, targets and expectations, they are subject to greater uncertainty, including potential material impacts if the above assumptions are not realised, and other material impacts related to foreign exchange fluctuations, macro-economic activity, the impact of outbreaks, epidemics or pandemics, such as the continued COVID-19 pandemic and ongoing challenges and uncertainties posed by the COVID-19 pandemic for businesses and governments around the world, changes in legislation, regulation, government actions or intellectual property protection, product development and approvals, actions by our competitors, and other risks inherent to the industries in which we operate.

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Reporting definitions

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GSK provides earnings guidance to the investor community on the basis of Adjusted results. This is in line with peer companies and expectations of the investor community, supporting easier comparison of the Group's performance with its peers. GSK is not able to give guidance and outlooks for Total results, including Total Operating Profit and Total Operating Margin as it cannot reliably forecast certain material elements of the Total results, particularly the future fair value movements on contingent consideration and put options that can and have given rise to significant adjustments driven by external factors such as currency and other movements in capital markets. Therefore a reconciliation of the guidance for Adjusted results to equivalent guidance for Total results is not available without unreasonable effort.

Compound Annual Growth Rate (CAGR) is defined as the compound annual growth rate and shows the annualised average rate of revenue or profit growth between two given years, at constant currency, assuming growth takes place at an exponentially compounded rate.

Adjusted EBITDA is defined as Adjusted Earnings before interest and tax, depreciation and amortisation.

New GSK financial reporting considerations



IFRS income statement

Operating segments

Commercial
Revenue and Adjusted OP

R&D
Adjusted OP

**Corporate / other /
adjusting items**
OP

Product Area Revenues

Vaccines

Specialty Medicines

General Medicines

Revenue and Revenue by key product



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