



Q1 2022 Pre-Announcement Aide Memoire

Issued: Friday, 8 April 2022

GSK has prepared this Q1 2022 pre-announcement aide-memoire per our standard prior practice. It includes statements made in previous public communications by GSK as extracted from their original source and, therefore, by definition, they should only be taken as speaking as at the date they were initially made, and they do not reflect subsequent or recent events, circumstances, or developments. Any updates to these and other previously made statements would only be included in further communications by GSK to the market and the inclusion of the extracted statements herein should not be taken to indicate that they will not be updated in the future.

As our Q4 2021 stock-exchange announcement indicated, the potential impact of the COVID-19 pandemic on GSK's trading performance and all our principal risks has been assessed with mitigation plans put in place. In 2021, as anticipated, the pandemic impacted Group performance primarily in demand for Vaccines and reflected the prioritisation of COVID-19 vaccination programmes by governments, including social distancing rules resulting from COVID-19 that affected customers' ability and willingness to access vaccination services across all regions. We remain confident in the underlying demand for our Vaccines. We are encouraged by the rate at which COVID-19 vaccinations and boosters are being administered in many countries, which provides support for healthcare systems and the eventual return to normal. This continues to be a dynamic situation, with the future severity, duration, and impact unknown, including potential effects on trading results, clinical trials, supply continuity, and our employees. The situation could change at any time, and there can be no assurance that the COVID-19 pandemic will not have a material adverse impact on the future results of the Group.

Please read the assumptions and cautionary statements regarding forward-looking statements set out on pages 62 and 63 of the Q4 2021 stock-exchange announcement and the further reports, announcements, press releases issued by the Company, including the "Basis of preparation, assumptions and cautionary statement" section of the announcement issued by the Company on 23 June 2021 in relation to its Investor Update. Please also see the "Cautionary statement regarding forward-looking statements and assumptions" section of the "GSK introduces Haleon to investors" announcement issued on 28 February 2022. Please read the definitions and reconciliations for non-IFRS measures on page 61 of the Q4 2021 results release and the annual report on Form 20-F for FY 2021.

Full-year 2022 Guidance

GSK provided full-year 2022 guidance on 9 February 2022 for 'new GSK', the biopharma business, at the level of sales growth and adjusted operating profit growth (at Constant Exchange Rates). Guidance excluded the impact of COVID-19 solutions. Separate outlooks for the Consumer Healthcare Business were provided at a GSK Capital Markets Day for Haleon on 28 February 2022.

As previously stated, the Consumer Healthcare business is on track to be demerged in July 2022. Until such time as the formal criteria for treating Consumer Healthcare as a 'Discontinued operation' have been satisfied (currently expected in Q2 2022), GSK will continue to present the Consumer Healthcare business with 'Continuing operations' and will consolidate the business for reporting purposes until the demerger has completed.

Q1 2022 key information

Foreign exchange:

We expect that the impact of foreign exchange on Q1 2022 sales will be neutral.

Weighted average number of shares (WANS)

The basic WANS in Q1 2021 was 5,020m (an increase of 0.5% relative to Q1 2021).

The information set out below includes commentary from recent stock-exchange announcements, investor/analyst calls, and previously published outlook statements.

Q1 2021 Group sales commentary

The sales decline was informed by unfavourable year-on-year comparisons due to stocking and pantry-loading, the ongoing pandemic impact on vaccines, and Consumer's very weak cold and flu season.

2022 COVID-19 solutions expectations

Commentary from Q4 2021 stock-exchange announcement: In 2022, based on known binding agreements from governments, we expect that COVID-19 solutions will contribute a similar sales level to 2021 (£1,405m consisting of *Xevudy* sales of £958m and pandemic vaccines sales of £447m), but a substantially reduced profit contribution due to the increased proportion of lower margin *Xevudy* sales.

Sales: new GSK

2022 guidance: new GSK is expected to deliver 2022 sales growth of between 5% and 7% at CER, excluding the commercial impact of COVID-19 solutions.

Specialty

2022 outlook: Revenues expected to increase approximately 10% for Specialty, excluding *Xevudy* sales. HIV expected to grow at a mid-single-digit rate.

***Cabenuva*:** As with any new class of medicine, sales of *Cabenuva* will take time to build, and the COVID environment is constraining switch activity, particularly where a patient needs to visit a physician's office. Nevertheless, over 4500 people living with HIV are already taking *Cabenuva/Vocabria*, *Rekombys*, and the outlook for this important new medicine is for strong brand recognition and market access exceeding 80%. (Commentary at Q4 2021).

***Apretude*:** As a new paradigm, we need to educate physicians, patients, and payers, so this year our focus is on building awareness and access for *Apretude*. The early signs are encouraging with positive feedback from patients and prescribers and with political will



supportive of medicines for HIV prevention. Consequently, we remain confident that *Apretude* will deliver significant benefits to patients in the years ahead and significant commercial value beginning in 2023. (Commentary at Q4 2021).

Zejula: COVID continues to impact the ovarian cancer market with diagnosis and debulking surgery still below pre-pandemic levels. We continue to perform exceptionally well in market share terms, with one in two new patients receiving a PARP prescribed *Zejula*. (Commentary at Q4 2021).

Vaccines

2022 outlook: Sales are expected to grow at a low teens percentage at CER (excluding pandemic adjuvant sales).

Meningitis 2022 outlook: expected to increase mid to high single-digit

Flu 2022 outlook: Sales expected to be stable compared to 2021

***Shingrix* 2022 outlook**: expected to deliver a record year for sales, with strong double-digit growth

Established Vaccines 2022 outlook: sales are expected to be broadly stable to a slight decrease

COVID immunisation progress in the US is tracked by the Centers for Disease Control and Prevention (CDC). For US COVID vaccine demographics, including adoption by age, you can visit:

<https://covid.cdc.gov/covid-data-tracker/#vaccination-demographic>

General Medicines

2022 outlook: Slight decrease in revenues expected.

Consumer Healthcare

2022 outlook: Haleon expects to achieve organic sales growth between 4-6% for 2022.

[GSK introduces Haleon to investors | GSK](#)

Financials (adjusted) for new GSK

Operating profit

2022 guidance: Adjusted operating profit expected to grow between 12% to 14% at CER (excluding the commercial impact of COVID-19 solutions).

Cost of goods sold

2022 Outlook (new GSK excluding impact of COVID-19 solutions): COGS expected to increase at a rate below turnover.

Q1 comment: Including pandemic solutions, COGS is expected to be significantly impacted by likely high *Xevudy* sales where GSK books all sales and a 72.5% profit share through COGS.

SG&A

2022 Outlook (new GSK excluding impact of COVID-19 solutions): SG&A expected to increase at a rate similar to turnover.



Q1 2021 comment: SG&A in Q1 2021 included favourable legal settlements (~£60m). This will impact comparisons for Q1 2022.

R&D

2022 Outlook (new GSK excluding impact of COVID-19 solutions): expected to increase at a rate similar to turnover.

Royalties

From 1 February 2022 until 5 October 2027, Gilead will pay a 3% royalty on all future sales of *Biktarvy* (2021 US *Biktarvy* sales were \$7,049m/ £5,108m). [GSK announces settlement between ViiV Healthcare and Gilead Sciences, Inc., resolving litigation relating to *Biktarvy* and ViiV's dolutegravir patents and entry into a patent licence agreement | GSK](#)

Associates

2022 Outlook: expected to be negligible.

Net Interest payable

2022 Outlook: £750m to £800m.

Tax

2022 Outlook (new GSK): expected to be around 16%, similar to 2021 for new GSK and aligned to medium-term outlook.

Q1 comment: Note that the tax rate for the current Group will be higher than for new GSK. (by ~2%)

Historic London Stock Exchange announcements (LSE announcements) and press releases

Since the beginning of Q1 2022, we have issued several LSE announcements and press releases, each of which can be accessed using the following links:

<https://www.gsk.com/en-gb/media/press-releases/>

<https://us.gsk.com/en-us/media/press-releases/>

<https://us.gsk.com/en-us/products/>

<https://www.gsk.com/en-gb/investors/stock-exchange-announcements/london-rns/>

Key updates during Q1

01 April: [GSK - segment and product sales reporting changes - 11:20:21 01 Apr 2022 - GSK News article | London Stock Exchange](#)

28 March: [Publication of 2022 AGM Notice - 13:00:08 28 Mar 2022 - GSK News article | London Stock Exchange](#)

04 March: [GSK publishes Annual Report 2021 - 11:03:50 04 Mar 2022 - GSK News article | London Stock Exchange](#)

24 March: [ViiV Healthcare announces label update for its long-acting HIV treatment, Cabenuva \(cabotegravir, rilpivirine\), to be initiated with or without an oral lead-in period | GSK](#)

28 February: [GSK introduces Haleon to investors | GSK](#)

01 February: [GSK announces settlement between ViiV Healthcare and Gilead Sciences, Inc., resolving litigation relating to Biktarvy and ViiV's dolutegravir patents and entry into a patent licence agreement | GSK](#)

01 February: [ViiV Healthcare announces US FDA approval of Cabenuva \(cabotegravir, rilpivirine\) for use every two months, expanding the label of the first and only complete long-acting HIV treatment | GSK](#)

20 December: [ViiV Healthcare announces US FDA approval of Apretude \(cabotegravir extended-release injectable suspension\), the first and only long-acting injectable option for HIV prevention | GSK](#)

For your reference, the following pages include tables with historical financial information. We have also included additional details to help with modelling Q1 2022 and full-year estimates.

Basic information for Q1 2022

Foreign exchange

Based on the rates in the table below, it is expected that the impact of foreign exchange on Q1 2022 **Group** sales will be neutral.

Average rates Quarterly	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Key currencies					
US\$	1.38	1.40	1.37	1.36	1.34
€	1.14	1.16	1.16	1.18	1.19
Yen	146	152	151	154	156
Other currencies					
Australian dollar	1.79	1.82	1.87	1.85	1.84
Brazilian real	7.55	7.29	7.20	7.57	6.97
Canadian dollar	1.75	1.72	1.73	1.71	1.69
Chinese yuan	8.94	8.98	8.88	8.65	8.46
Indian rupee	100.8	102.6	101.5	101.2	100.2
FX impact on Group turnover	-3%	-9%	-5%	-4%	flat
FX impact on adjusted EPS	-6%	-25%	-7%	-13%	n/a

Average rates Cumulative - YTD	3M 2021	6M 2021	9M 2021	12M 2021	3M 2022
Key currencies					
US\$	1.38	1.39	1.38	1.38	1.34
€	1.14	1.15	1.15	1.16	1.19
Yen	146	149	150	151	156
Other currencies					
Australian dollar	1.79	1.80	1.83	1.83	1.84
Brazilian real	7.55	7.42	7.34	7.40	6.97
Canadian dollar	1.75	1.73	1.73	1.73	1.69
Chinese yuan	8.94	8.96	8.94	8.86	8.46
Indian rupee	100.8	101.7	101.6	101.5	100.2
FX impact on Group turnover	-3%	-6%	-6%	-5%	flat
FX impact on adjusted EPS	-6%	-12%	-10%	-11%	n/a

Period end rates	Dec 2020	Mar 2021	June 2021	Sep 2021	Dec 2021	Mar 2022
Key currencies						
US\$	1.36	1.38	1.39	1.34	1.35	1.31
€	1.11	1.17	1.17	1.16	1.19	1.18
Yen	141	152	153	151	155	160

Foreign exchange: Ready reckoner (new GSK)

Following the 2021 Full Year results we provided the following ready reckoner to help estimate the expected impact of foreign exchange movements on adjusted operating profit*:

Currency	Impact on 2022 full year adjusted operating profit (new GSK)
US dollar	10 cents movement in average exchange rate for full year impacts adjusted OP by approximately +/-7.0%
Euro	10 cents movement in average exchange rate for full year impacts adjusted OP by approximately +/-0.5%
Japanese yen	10 yen movement in average exchange rate for full year impacts adjusted OP by approximately +/-1.0%

*Please note that the ready reckoner does not include the impact of inter-company exchange gains or losses

The slide also included 2021 currency sales exposure for **new GSK**:

Currency	2021 currency sales exposure (new GSK)
US dollar	49%
Euro	19%
Japanese yen	6%
Other‡	26%

‡The other currencies that each represent more than 1% of Group sales are: Australian dollar, Brazilian real, Canadian dollar, Chinese yuan and Indian rupee. In total, they accounted for 11% of Group revenues in 2021

Basic weighted average number of shares (WANS)

□ In millions*	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
WANS: Quarter	4,981	4,993	5,004	5,007	5,008	5,020
YoY change	+0.6%	+0.6%	+0.5%	+0.6%	+0.5%	+0.5%
WANS: Cumulative - Year to date	4,976	4,993	4,999	5,001	5,003	5,020
YoY change	+0.6%	+0.6%	+0.6%	+0.5%	+0.5%	+0.5%
Period end shares	4,981	5,004	5,005	5,008	5,009	5,031

*excludes treasury shares and shares held by ESOP trusts

Dividend

In the Q4 2021 stock-exchange announcement, we made the following comments regarding the dividend:

“GSK expects to declare a 27p per share dividend payable by the current group for the first half. This comprises 22 pence per share for new GSK and 5 pence per share representing Consumer Healthcare during the first half whilst part of the group. For the second half of 2022, new GSK continues to expect to declare a 22p per share dividend. As previously communicated, new GSK would expect to declare a dividend of 45 pence per share for 2023. In aggregate, this would represent on the full year 2022 basis the equivalent of a Group dividend of around 52p per share. Dividends payable by Consumer Healthcare will only be receivable by shareholders who remain invested in Consumer Healthcare post-separation and at the appropriate record dates.”

Expected costs and savings under Major Restructuring Programmes

In our Q4 2021 results presentation we included the table below.

Annual savings: (£bn)	Cumulative actuals to 2020	2021 Actuals	2022 projected ¹	2023 projected ¹	2024 projected ¹	Total lifetime
2018 Restructuring Programme incl. Tesaro (Announced Q2'18)						
Savings ²	0.3	0.5	0.5			0.5
Total charges	1.5	-	0.1			1.6
Cash payments	0.3	0.1	0.1			0.5
Consumer Joint Venture (Announced Dec-18)						
Synergies ²	0.3	0.5	0.5			0.5
Total charges	0.6	0.2	-			0.8
Cash payments	0.5	0.2	-			0.7
Separation Preparation Programme⁴ (Announced Feb-20)						
Savings ²	0.1	0.4	0.8	1.0	1.0	1.0
Total charges	0.8	0.4	0.9	0.2	0.1	2.4
Cash payments	0.2	0.4	0.6	0.3	0.1	1.6
Separation Costs³						
Total charges	0.1	0.3	0.2	-	-	0.6
Cash payments	0.1	0.3	0.2	-	-	0.6

¹All expectations and targets regarding future performance should be read together with the "Outlook assumptions and cautionary statement" sections of the full year and fourth Quarter 2021 Results Announcement and the cautionary statement slide included with this presentation.

² Savings and synergies shown are cumulative for the programme to date throughout the table

³ Additional one-time costs to prepare Consumer Healthcare for separation, excluding transaction costs and excluding Capex.



In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. All commentaries are presented in terms of CER growth, unless otherwise stated.

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