



Q2 2022 Pre-Announcement Aide Memoire

Issued: Tuesday, 12 July 2022

GSK has prepared this Q2 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 Q1 2022 stock-exchange announcement indicated, the potential impact of the COVID-19 pandemic on GSK's trading performance and all its principal risks have been assessed, with appropriate mitigation plans put in place. GSK is encouraged by the uptake in demand in the first quarter for its medicines and vaccines, particularly Shingrix. Overall, the Company remains confident in the underlying demand for its medicines and vaccines. GSK is encouraged by the rate at which COVID-19 vaccinations and boosters have been administered worldwide, providing support for healthcare systems ahead of the anticipated return to normal. This continues, however, to be a dynamic situation with the risk of future variants of concern unknown; these variants of concern could potentially impact GSK's trading results, clinical trials, supply continuity, and its employees materially.

Please read the assumptions and cautionary statements regarding forward-looking statements set out on page 43 of the Q1 2022 stock-exchange announcement and the further circulars, reports, announcements, press releases issued by the Company, including the information in paragraph 19 of Part 7 of the Circular to shareholders relating to the proposed demerger of the Consumer Healthcare business to form Haleon published on 1 June 2022 (the "Demerger Circular"); and 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 read the definitions and reconciliations for non-IFRS measures on page 42 of the Q1 2022 results release and the annual report on Form 20-F for FY 2021. Please also read the press release dated 8 July 2022 (GSK to disclose discontinued operations from Q2 2022).



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. This guidance was repeated in the Demerger Circular. Separate outlooks for the Consumer Healthcare Business were provided at a GSK Capital Markets Day for Haleon on 28 February 2022 and repeated in the Haleon prospectus published on 1 June 2022.

GSK will, as a consequence of its proposed demerger of the Consumer Healthcare business on 18 July 2022, disclose its Q2 2022 results on 27 July 2022 in accordance with the requirements of IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. GSK has now satisfied the formal criteria for treating Consumer Healthcare as a 'Discontinued operation' effective from 30 June 2022; accordingly, GSK will no longer present the Consumer Healthcare business within 'Continuing operations'.

The press release issued on 5 July 2022 outlined the impact of the application of the requirements of IFRS 5 ('Non-current Assets Held for Sale and Discontinued Operations'):

[GSK to disclose discontinued operations from Q2 2022 \(investis.com\)](#)

Q2 2022 key information

Foreign exchange:

We expect that the positive impact of foreign exchange on Q2 2022 sales will be around +6%.

As a result of the mix of currency movements relative to the combination of costs, we expect that the positive impact of foreign exchange on Q2 2022 sterling adjusted operating profit will be more significant than the positive impact on sales.

Weighted average number of shares (WANS)

The basic WANS in Q2 2022 was 5,031m (an increase of 0.5% relative to Q2 2021).

This figure is based on the current pre-consolidation GSK share capital structure. It is expected to be adjusted following the GSK share consolidation, which is expected to occur on Monday, 18 July 2022, following the closing of trading on the London Stock Exchange (LSE).

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

2022 COVID-19 solutions expectations

Commentary from Q4 2021 stock-exchange announcement and repeated in demerger circular:

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. We expect this to reduce the new GSK Adjusted Operating profit growth (including COVID-19 solutions in both years) by between 5% to 7%.

Note that Q1 2022 Xevudy sales were £1,307m with no contribution from pandemic vaccines.

Impact of COVID-19 solutions

In £ millions	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
Turnover (£m)	-	276	209	920	1,405	1,307
Adjusted Operating profit	(12)	233	97	214	532	194



Sales: new GSK

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

Q1 2022 comment on phasing

Q2: Expect sales growth to be lower than Q1 (Q1 2022 sales +15%)

H1: Expect sales growth to be slightly ahead of full-year expectations

Specialty

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

HIV

Commentary at Q1 2022: Q1 2022 performance benefitted from favourable tender phasing in the International Region and stocking patterns in the US, accounting for around nine percentage growth points. Our ambition for the year remains to deliver mid-single-digit growth.

Commentary at Q2 2021: Q2 2021 growth ... the timing of *Tivicay* tenders in International, which accounted for six percentage points of CER growth.

Cabenuva - Commentary at Q1 2022: The approval and launch of the every-two-month dosing in the US in February have driven a positive inflection in the medicine. *Cabenuva* oral lead-in is now optional. We believe removing the oral lead-in requirement will expedite the initiation of this injectable therapy.

Apretude - Commentary at Q4 2021: 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.

Zejula - Commentary at Q1 2022: In Oncology, sales increased 15% despite a headwind in the ovarian cancer area where, unfortunately, diagnosis rates are still depressed – down about 29% compared to pre-COVID levels.

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.

Commentary at Q1 2022: Meningitis vaccines sales grew 12% AER, 12% CER% to £212 million, mainly driven by *Bexsero* (22% AER, 23% CER to £163 million), reflecting higher Centers for Disease Control and Prevention (CDC) purchasing in the US.

Flu

2022 outlook: Sales are expected to be stable compared to 2021.

Shingrix

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

Commentary at Q1 2022: Shingrix sales more than doubled, delivering a record quarter of nearly £700m of turnover. The strong performance is reflected in the benefit of a favourable comparator, good demand, and channel inventory build, including a large retail purchase that we do not expect to repeat in Q2.



Established Vaccines

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

Commentary at Q1 2022: Established Vaccines grew 8% AER, 8% CER to £741 million, mainly as a result of higher CDC purchases of *Infanrix/Pediarix* and Hepatitis vaccines, US demand, and share growth for *Boostrix*.

COVID immunisation progress in the US is tracked by the 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.

Financials (adjusted) for new GSK

Operating profit

2022 Full-year guidance: The adjusted operating profit is expected to grow between 12% and 14% at CER (excluding the commercial benefit of COVID-19 solutions).

Cost of goods sold

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

Q2 comment on the impact of pandemic solutions: Q2 2021 sales consisted predominantly of pandemic vaccines which have low COGS. In Q2 2022, we expect any sales to be predominantly of Xevudy. For *Xevudy*, GSK books all sales and pays a 72.5% profit share through COGS.

SG&A

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

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.



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

Since the beginning of Q2 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 Q2

11 July: [GSK prepares US for 2022-23 flu season with over 50 million influenza vaccine doses | GSK US](#)

06 July: [Result of General Meeting | GSK](#)

05 July: [GSK disclose discontinued operations from Q2 2022 \(investis.com\)](#)

01 July: [GSK completes acquisition of Sierra Oncology | GSK](#)

24 June: [GSK presents promising new data for bepirovirsen, an investigational treatment for chronic hepatitis B | GSK](#)

24 June: [Sanofi-GSK first to report a successful efficacy study against Omicron with COVID-19 Beta-containing vaccine | GSK](#)

10 June: [GSK announces positive pivotal phase III data for its respiratory syncytial virus \(RSV\) vaccine candidate for older adults | GSK](#)

01 June: [GSK publishes Prospectus and Circular for proposed demerger of its Consumer Healthcare business to form Haleon | GSK](#)

01 June: [Update: Proposed demerger of the Consumer Healthcare business from GSK to form Haleon | GSK](#)

31 May: [GSK to acquire clinical-stage biopharmaceutical company Affinivax, Inc. | GSK](#)

13 April: [GSK reaches agreement to acquire late-stage biopharmaceutical company Sierra Oncology for \\$1.9bn | GSK](#)

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

For your reference, the following pages include tables with historical financial information. We have included additional details to help with modelling Q2 2022 and full-year estimates.

Essential information for Q2 2022

Foreign exchange

Based on the rates in the table below, it is expected that the positive impact of foreign exchange on Q2 2022 sales will be around +6%. As a result of the mix of currency movements relative to the mix of costs, we expect that the positive impact of foreign exchange on Q2 2022 sterling adjusted operating profit will be more significant than the positive impact on sales.

Average rates Quarterly	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Key currencies						
US\$	1.38	1.40	1.37	1.36	1.34	1.26
€	1.14	1.16	1.16	1.18	1.19	1.18
Yen	146	152	151	154	156	162
Other currencies						
Australian dollar	1.79	1.82	1.87	1.85	1.84	1.77
Brazilian real	7.55	7.29	7.20	7.57	6.97	6.27
Canadian dollar	1.75	1.72	1.73	1.71	1.69	1.60
Chinese yuan	8.94	8.98	8.88	8.65	8.46	8.29
Indian rupee	100.8	102.6	101.5	101.2	100.2	97.0
FX impact on turnover					flat	+6%
FX impact on adjusted operating profit					flat	n/a

Average rates Cumulative - YTD	3M 2021	6M 2021	9M 2021	12M 2021	3M 2022	6M 2022
Key currencies						
US\$	1.38	1.39	1.38	1.38	1.34	1.30
€	1.14	1.15	1.15	1.16	1.19	1.19
Yen	146	149	150	151	156	159
Other currencies						
Australian dollar	1.79	1.80	1.83	1.83	1.84	1.81
Brazilian real	7.55	7.42	7.34	7.40	6.97	6.62
Canadian dollar	1.75	1.73	1.73	1.73	1.69	1.65
Chinese yuan	8.94	8.96	8.94	8.86	8.46	8.38
Indian rupee	100.8	101.7	101.6	101.5	100.2	98.6
FX impact on Group turnover					flat	+3%
FX impact on adjusted operating profit					flat	n/a

Period end rates	Dec 2020	Mar 2021	June 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022
Key currencies							
US\$	1.36	1.38	1.39	1.34	1.35	1.31	1.21
€	1.11	1.17	1.17	1.16	1.19	1.18	1.16
Yen	141	152	153	151	155	160	165

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*	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
WANS: Quarter	4,993	5,004	5,007	5,008	5,020	5,031
YoY change	+0.6%	+0.5%	+0.6%	+0.5%	+0.5%	+0.5%
WANS: Cumulative - Year to date	4,993	4,999	5,001	5,003	5,020	5,026
YoY change	+0.6%	+0.6%	+0.5%	+0.5%	+0.5%	+0.5%
Period end shares	5,004	5,005	5,008	5,009	5,031	5,032

*excludes treasury shares and shares held by ESOP trusts

Please note that these figures are based on the current pre-consolidation GSK share capital structure. They will be adjusted following the GSK share consolidation, which is expected to occur on Monday 18 July 2022, following the closing of trading on the LSE. It is likely that GSK Admission and dealings in the new GSK shares on the LSE will commence at 8:00 am on Tuesday, 19 July 2022.

Dividend

In the Q1 2022 stock-exchange announcement, we made the following comments regarding the dividend:

"The Board has declared a first interim dividend for 2022 of 14 pence per share (Q1 2021: 19 pence per share).

As set out at the new GSK Investor Update in June 2021, from 2022 GSK will adopt a progressive dividend policy targeting a dividend payout ratio equivalent to 40 to 60% over the investment cycle. The

dividend policy, the total expected cash distribution, and the respective dividend pay-out ratios for new GSK and new Consumer Healthcare remain unchanged.

GSK expects to declare a 27p per share dividend payable by the current group for the first half. This comprises 22p per share for new GSK and 5p 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 45p per share for 2023.”

Commentary from Demerger Circular: Following the GSK Share Consolidation, [expected to take place on Monday 18 July 2022, following the close of trading on the LSE], which will reduce the number of GSK Shares in issue, the targeted dividend per share will increase in step with the GSK Share Consolidation in order to maintain the same aggregate dividend pay-out in absolute Pound Sterling terms.

Expected costs and savings under Major Restructuring Programmes

In our Q1 2022 results presentation, we included the table below.

Annual savings: (£bn)	Cumulative actuals to 2021	2022 projected ¹	2023 projected ¹	2024 projected ¹	Total lifetime
Consumer Joint Venture (Announced Dec-18)					
Synergies ²	0.5	0.6			0.6
Total charges	0.8	-			0.8
Cash payments	0.7	-			0.7
Separation Preparation Programme⁴ (Announced Feb-20)					
Savings ²	0.4	0.8	1.0	1.0	1.0
Total charges	1.2	0.9	0.2	0.1	2.4
Cash payments	0.6	0.6	0.3	0.1	1.6
Separation Costs³					
Total charges	0.4	0.2	-	-	0.6
Cash payments	0.4	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 First Quarter 2022 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.

Appendix: Impact of the application of the requirements of IFRS 5

The stock-exchange announcement issued on 5 July 2022 outlined the impact of the application of the requirements of IFRS 5 ('Non-current Assets Held for Sale and Discontinued Operations'):

[GSK to disclose discontinued operations from Q2 2022 \(investis.com\)](https://investis.com)

Adjusted P&L for continuing operations

In £ millions	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
Turnover	5,155	5,838	6,627	7,076	24,696	7,190
Cost of sales	(1,435)	(1,522)	(1,797)	(2,592)	(7,346)	(2,527)
Selling, general and administration	(1,462)	(1,646)	(1,623)	(2,018)	(6,749)	(1,769)
Research and development	(1,021)	(1,107)	(1,112)	(1,285)	(4,525)	(1,088)
Royalty income	88	78	114	136	416	138
Adjusted Operating profit	1,325	1,641	2,209	1,317	6,492	1,944
Net finance cost	(190)	(185)	(190)	(186)	(751)	(197)
Associates	16	16	3	(2)	33	(1)
Adj. profit before tax	1,151	1,472	2,022	1,129	5,774	1,746
Taxation	(195)	(244)	(402)	(77)	(918)	(291)
Tax rate %	16.9%	16.6%	19.9%	6.8%	15.9%	16.7%
Adj. profit after taxation	956	1,228	1,620	1,052	4,856	1,455
Adj. profit attributable to non-controlling interests	(112)	(99)	(121)	(109)	(441)	(161)
Attributable profit attributable to shareholders	844	1,129	1,499	943	4,415	1,294
Average shares (m)*	4,993	5,004	5,007	5,008	5,003	5,020
Adjusted EPS (p) *	16.9	22.6	29.9	18.8	88.2	25.8

Impact of COVID-19 solutions

In £ millions	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
Turnover (£m)	-	276	209	920	1,405	1,307
Adjusted Operating profit	(12)	233	97	214	532	194
Adjusted EPS (p) *	(0.2)	3.8	1.5	3.8	8.8	3.2

*Please note that these figures are based on the current pre-consolidation GSK share capital structure. They will be adjusted following the GSK share consolidation, which is expected to occur on Monday 18 July 2022, following the closing of trading on the LSE. It is likely that GSK admission and dealings in the new GSK Shares on the LSE will commence at 8:00 am on Tuesday, 19 July 2022.

Turnover for continuing operations

In £ millions	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
HIV	1,031	1,235	1,251	1,260	4,777	1,181
Oncology	110	119	128	132	489	127
Immuno-inflammation, respiratory and other	434	509	526	558	2,027	520
Specialty Medicines excluding pandemic	1,575	1,863	1,905	1,950	7,293	1,828
Pandemic	-	16	114	828	958	1,307
Specialty Medicines	1,575	1,879	2,019	2,778	8,251	3,135
Meningitis	190	225	352	194	961	212
Influenza	18	33	384	244	679	18
Shingles	327	295	502	597	1,721	698
Established vaccines	689	758	841	682	2,970	741
Vaccines excluding pandemic	1,224	1,311	2,079	1,717	6,331	1,669
Pandemic vaccines	-	260	95	92	447	-
Vaccines	1,224	1,571	2,174	1,809	6,778	1,669
Respiratory	1,492	1,514	1,492	1,550	6,048	1,535
Other General Medicines	864	874	942	939	3,619	851
General Medicines	2,356	2,388	2,434	2,489	9,667	2,386
Commercial Operations	5,155	5,838	6,627	7,076	24,696	7,190
Pandemic solutions	-	276	209	920	1,405	1,307
Commercial Operations excluding pandemic	5,155	5,562	6,418	6,156	23,291	5,883

To illustrate underlying performance, it is the Group's practice to discuss its results in terms of 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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