# Pre-Quarterly Results Communication Q3 2016

Issued: Tuesday, 11 October 2016

## New information for Q3 2016

**Foreign exchange**

| Average rates Quarterly | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
|---|---|---|---|---|---|---|---|
| **Key currencies** | | | | | | | |
| US$ | 1.52 | 1.54 | 1.53 | 1.53 | 1.43 | 1.41 | 1.33 |
| € | 1.34 | 1.38 | 1.39 | 1.37 | 1.30 | 1.28 | 1.17 |
| Yen | 182 | 186 | 187 | 185 | 167 | 153 | 139 |
| **Other currencies** | | | | | | | |
| Australian dollar | 1.94 | 1.98 | 2.14 | 2.06 | 1.96 | 1.92 | 1.76 |
| Brazilian real | 4.33 | 4.73 | 5.49 | 5.81 | 5.54 | 4.96 | 4.35 |
| Canadian dollar | 1.88 | 1.90 | 2.01 | 2.01 | 1.95 | 1.83 | 1.74 |
| Chinese yuan | 9.49 | 9.57 | 9.68 | 9.66 | 9.33 | 9.31 | 8.81 |
| Indian rupee | 94.9 | 97.9 | 99.7 | 99.5 | 96.1 | 95.1 | 88.4 |
| Russian rouble | 94.7 | 84.1 | 97.5 | 101.3 | 104 | 93.6 | 86.5 |
| | | | | | | | |
| ***FX impact on turnover*** | ***-1%*** | ***-1%*** | ***-2%*** | ***-2%*** | ***+3%*** | ***+7%*** | ***+15%*** |
| ***FX impact on CORE EPS*** | ***-2%*** | ***-9%*** | ***-5%*** | ***-6%*** | ***+6%*** | ***+26%*** | ***n/a*** |

Average rates for the quarter ended 30th September 2016 were $1.33/£, €1.17/£ and Yen 139/£. On the basis of these rates, it is expected that the positive impact of foreign exchange on Q3 2016 sales will be around 15%. As a result of the relative mix of sales and costs we expect that the positive impact of foreign exchange on Q3 2016 sterling core EPS growth will likely be greater than the positive impact on sales.

| Average rates Cumulative - YTD | 3M 2015 | 6M 2015 | 9M 2015 | 12M 2015 | 3M 2016 | 6M 2016 | 9M 2016 |
|---|---|---|---|---|---|---|---|
| **Key currencies** | | | | | | | |
| US$ | 1.52 | 1.53 | 1.53 | 1.53 | 1.43 | 1.42 | 1.39 |
| € | 1.34 | 1.36 | 1.37 | 1.37 | 1.30 | 1.29 | 1.25 |
| Yen | 182 | 184 | 185 | 185 | 167 | 160 | 153 |
| **Other currencies** | | | | | | | |
| Australian dollar | 1.94 | 1.96 | 2.02 | 2.03 | 1.96 | 1.94 | 1.88 |
| Brazilian real | 4.33 | 4.53 | 4.85 | 5.09 | 5.54 | 5.25 | 4.95 |
| Canadian dollar | 1.88 | 1.89 | 1.93 | 1.95 | 1.95 | 1.89 | 1.84 |
| Chinese yuan | 9.49 | 9.53 | 9.58 | 9.60 | 9.33 | 9.32 | 9.15 |
| Indian rupee | 94.9 | 96.4 | 97.5 | 98.0 | 96.1 | 95.6 | 93.2 |
| Russian rouble | 94.7 | 89.4 | 92.1 | 94.4 | 104 | 98.8 | 94.7 |
| | | | | | | | |
| ***FX impact on turnover*** | ***-1%*** | ***-1%*** | ***-1%*** | ***-2%*** | ***+3%*** | ***+ 5%*** | ***+ 8%*** |
| ***FX impact on CORE EPS*** | ***-2%*** | ***-6%*** | ***-5%*** | ***-6%*** | ***+6%*** | ***+16%*** | ***n/a*** |

Average rates for the nine months ended 30th September 2016 were $1.39/£, €1.25/£ and Yen 153/£. On the basis of these rates, it is expected that the positive impact of foreign exchange on 9M 2016 sales will be around 8%. We also expect that the positive impact of foreign exchange on 9M 2016 sterling core EPS will likely be greater than the positive impact on sales.

The Q3 2016 period-end rates were $1.30/£, €1.16/£ and Yen 132/£.

| Period end rates | Mar 2015 | Jun 2015 | Sep 2015 | Dec 2015 | Mar 2016 | Jun 2016 | Sept 2016 |
|---|---|---|---|---|---|---|---|
| **Key currencies** | | | | | | | |
| US$ | 1.48 | 1.57 | 1.51 | 1.47 | 1.44 | 1.33 | 1.30 |
| € | 1.38 | 1.41 | 1.36 | 1.36 | 1.26 | 1.20 | 1.16 |
| Yen | 178 | 192 | 181 | 177 | 162 | 137 | 132 |

**Exchange Gains or (Losses)**

Sharp movements and volatility in currencies during a quarter can result in Exchange Gains or Losses (EGOLs) which are recorded in SG&A. During Q3 2016 there was continued volatility in a number of currencies relative to Sterling.

| EGOLs as reported (£m) | Q1 | Q2 | Q3 | Q4 | Full Year |
|---|---|---|---|---|---|
| 2014 | (20) | (27) | 10 | (19) | (56) |
| 2015 | (6) | (61) | 0 | 13 | (54) |
| 2016 | (3) | 0 | | | |

**Ready reckoner**

In the 2015 full year results presentation on 3 February 2016, the following ready reckoner was provided on slide 28 to help estimate the expected impact of foreign exchange movements on core EPS*:

| Currency | Impact on 2016 full year core EPS |
|---|---|
| US dollar | 10 cents movement in average exchange rate for full year impacts EPS by approximately +/-3.5% |
| Euro | 10 cents movement in average exchange rate for full year impacts EPS by approximately +/-2.0% |
| Japanese yen | 10 yen movement in average exchange rate for full year impacts EPS 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 2015 currency sales exposure for GSK:

| Currency | 2015 currency sales exposure |
|---|---|
| US dollar | 34% |
| Euro | 19% |
| Japanese yen | 6% |
| Other‡ | 41% |

*‡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 12% of Group revenues in 2015*

**Currency impact 2016**

In the Q2 2016 press release we made the following comment on the potential impact of currencies on sales and EPS in 2016:

*"If exchange rates were to hold at the June closing rates (£1/$1.33, £1/€1.20 and £1/Yen 137) for the rest of 2016, the estimated positive impact on 2016 Sterling turnover growth would be around 9% and if exchange losses were recognised at the same level as in 2015, the estimated positive impact on 2016 Sterling core EPS growth would be around 19%."*

We will update you on our latest view on the estimated impact of currencies in 2016 in our Q3 2016 press release on 26 October.

**Basic weighted average number of shares (WANS)**

The basic weighted number of shares in issue during Q3 2016 was 4,865m compared with 4,835m in Q3 2015 (an increase of 0.6%).
The basic weighted number of shares in issue during 9M 2016 was 4,857m compared with 4,829m in 9M 2015 (an increase of 0.6%).

| In millions | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
|---|---|---|---|---|---|---|---|---|
| **WANS**: Quarter | 4,809 | 4,820 | 4,832 | 4,835 | 4,838 | 4,847 | 4,859 | 4,865 |
| **WANS**: Cumulative - Year to date | 4,808 | 4,820 | 4,826 | 4,829 | 4,831 | 4,847 | 4,853 | 4,857 |
| Period end shares* | 4,811 | 4,830 | 4,834 | 4,836 | 4,840 | 4,858 | 4,861 | 4,866 |

**excludes treasury shares and shares held by ESOP trusts*

**Dividend**

In the Q2 2016 press release we made the following comment on returns to shareholders:

*"GSK expects to pay an annual ordinary dividend of 80p for each of the next two years (2016-2017).*

*In April 2016, GSK also returned approximately £1 billion (20p per share) to shareholders via a special dividend paid alongside GSK's Q4 2015 ordinary dividend payment.*

*Any future returns to shareholders of surplus capital will be subject to the Group's strategic progress, visibility on the put options associated with ViiV Healthcare and the Consumer Healthcare joint venture and other capital requirements."*

| Dividend per share (p) | Q1 | Q2 | Q3 | Q4 | Full Year |
|---|---|---|---|---|---|
| 2014 | 19 | 19 | 19 | 23 | 80 |
| 2015 – ordinary dividend | 19 | 19 | 19 | 23 | 80 |
| 2015 – special dividend | - | - | - | 20 | 20 |
| 2016 | 19 | 19 | | | 80† |
| 2017 | | | | | 80† |

†*The actual dividend amount is determined by the Board of Directors.*

## Factors impacting recent quarterly comparisons

As usual there were a number of events in 2016 to date and during 2015 which impact the year on year comparison for Q3 2016 and 9M 2016. This includes the following noteworthy items which you may wish to consider in your modelling.

**Please note that the items listed below are not intended to be a complete list of all items that may impact the comparisons for Q3 2016 versus Q3 2015.**

For further comments, please refer to quarterly press releases and webcast/analyst presentation transcripts.

### General comment on H1 vs. H2 2016 performance

On the Q2 2016 results analyst/investor call on 27 July 2016, Simon Dingemans made the following comments on the Q2 2016 performance:

*"After this strong start to the year, we now expect growth for the two halves of the year to be more evenly balanced than we had previously thought. With the additional visibility that we now have, we have tightened up the range for our guidance to the higher end of the range previously provided. So, while there is still a great deal to do, we now expect core EPS growth for the full year in the 11% to 12% range on a constant currency basis."*

### Pharmaceuticals

| Pharmaceuticals (£m) | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|---|---|---|---|---|---|---|---|
| Total Turnover | 3,523 | 3,540 | 3,340 | 3,763 | 14,166 | 3,586 | 3,882 |
| *Reported growth - CER* | -7% | -6% | -7% | -9% | -7% | -1% | +2% |
| ***Pro forma* growth - CER*** | **-5%** | **+2%** | **+1%** | **-1%** | **-1%** | **+5%** | **n/a** |
| | | | | | | | |
| Operating profit | 993 | 1,116 | 1,079 | 1,063 | 4,251† | 1,153 | 1,348 |
| *Reported growth - CER* | -17% | -1% | -5% | -24% | -12% | +8% | +4% |
| ***Pro forma* growth - CER*** | **-15%** | **+11%** | **+7%** | **-16%** | **-4%** | **+19%** | **n/a** |
| | | | | | | | |
| **Operating margin** | 28.2% | 31.5% | 32.3% | 28.2% | 30.0%† | 32.1% | 34.7% |

**pro forma growth rates for Pharmaceuticals for Q1 to Q4 2015 were calculated by comparing reported turnover for the quarter with the corresponding quarter of 2014 adjusted to exclude the sales of the former GSK Oncology business. Pro-forma growth rates for Q1 2016 are calculated comparing reported turnover for Q1 2016 with the turnover for Q1 2015 adjusted to exclude sales of the former GSK Oncology business for January and February 2015.*
*†Full year 2015 pro forma sales £14.0bn; operating profit £4.2bn; operating margin 29.7%*

### Respiratory

On the Q2 2016 results analyst/investor call on 27 July 2016, Simon Dingemans made the following comments on Respiratory:

*"... but newer products in the US grew total Respiratory sales 6% as they more than offset a 7% reported decline for Advair which did benefit from an increase in wholesaler and retailer inventory levels in the quarter compared to a decrease we saw this time last year and there was a small favourable payer rebate adjustment.*

*As we've said in the past, the various pricing dynamics we are now seeing in the category are likely to lead to a bit more volatility in RAR adjustments quarter to quarter. The underlying decline for Advair was more in line with what we saw in the first quarter, so around 15-20% and we continue to expect US Advair sales to be down around 20% for the full year in part because of the tougher comparator we have with Q4 last year.*

*In Europe, Pharma sales were down 7% reflecting a 25% reduction in Seretide due to the impact of generics, but also the ongoing transition to our new Ellipta products. For the full year, partly as a result of accelerating the pace of our transition to the Ellipta portfolio, I continue to expect Seretide to be down a little more than 20%."*

| Seretide/Advair (£m) | FY 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|---|---|---|---|---|---|---|---|---|
| US | 1,972 | 392 | 484 | 397 | 592 | 1,865 | 339 | 487 |
| Europe | 1,330 | 291 | 267 | 224 | 232 | 1,014 | 226 | 213 |
| International | 927 | 215 | 209 | 173 | 205 | 802 | 188 | 200 |
| **Total** | **4,229** | **898** | **960** | **794** | **1,029** | **3,681** | **753** | **900** |
| | | | | | | | | |
| ***CER growth*** | | | | | | | | |
| *US* | -25% | -21% | -17% | -18% | +2% | -13% | -19% | -7% |
| *Europe* | -5% | -11% | -16% | -23% | -22% | -18% | -24% | -25% |
| *International* | *n/a* | -4% | +0% | -13% | -14% | *-8%* | -11% | -11% |
| ***Total*** | ***-15%*** | **-14%** | **-13%** | **-19%** | **-8%** | ***-13%*** | **-19%** | **-13%** |

**Cardiovascular, metabolic and urology**

In the Q2 2016 press release we made the following comments relating to Avodart and Prolia:

"*The Avodart franchise was down 14% to £178 million, primarily due to a 36% decline in the US following the launch of generic competition in Q4 2015, and supply disruption in Japan. .... Prolia was divested at the end of 2015 and therefore no sales were recorded in Q2 2016, compared with £10 million in Q2 2015."*

**HIV**

On the Q2 2016 results analyst/investor call on 27 July 2016, Simon Dingemans made the following comments with regard to the HIV business:

*"HIV sales were up 44%, Triumeq and Tivicay growing strongly in all regions and we continue to expect strong momentum from both products during the second half. Remember however, Epzicom*

*also goes generic in the US in Q3 and we continue to expect to see some generic activity in Europe in the second half."*

| HIV (£m) | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|---|---|---|---|---|---|---|---|
| Tivicay | 112 | 145 | 157 | 174 | 588 | 188 | 225 |
| Triumeq | 81 | 149 | 211 | 289 | 730 | 328 | 409 |
| Epzicom | 176 | 185 | 175 | 162 | 698 | 154 | 157 |
| Other | 77 | 80 | 79 | 70 | 306 | 59 | 74 |
| **Total turnover** | **446** | **559** | **622** | **695** | **2,322** | **729** | **865** |
| *CER growth* | *+42%* | *+59%* | *+65%* | *+51%* | *+54%* | *+57%* | *+44%* |

Please note that generic versions of Epzicom/Kivexa are now available in the US, Canada, Germany and the UK.

**Vaccines**

Sales of vaccines are vulnerable to volatility on a quarterly basis – particularly in emerging markets. Since quarterly sales can be very lumpy due in part to the impact of large tenders as well as competitor outages we highlight in the tables below the 2015 and 2016 to date quarterly results for the Vaccines business.

On the Q2 2016 results analyst/investor call on 27 July 2016, Simon Dingemans made the following comments with regard to Vaccines:

*"For Vaccines the business reported 11% growth reflecting a strong performance from our new meningitis portfolio and growing shares for several products in the US and Europe as well as the benefit of some phasing of international tenders for Synflorix and Rotarix and some improvements in Bexsero supply in the US which came through somewhat earlier than expected."*

On the same call, Andrew Witty made the following additional comments with respect to Vaccines:

*"Vaccines: very good quarter. Good shipments of Bexsero; we got quite a bit of Bexsero away in the last few weeks of the quarter. I would expect the rest of the year to be pretty robust for the Vaccine business but, as we keep reminding you, there is some volatility around quarter-to-quarter. For example, in this quarter we got a tender away to Mexico which we were originally expecting to be in Q3; it actually came in Q2. It happens all the time. Sometimes those things net-net well for a quarter, sometimes they net-net less well for a quarter. Year end is also always a bit strange because a number of governments manage their financial year across literally the end of the calendar year.*

*... As far as margin is concerned, we said we would get this business back up into close to 30%* margin over the next several years, we are up in that high 20s, very close to 30%, I think we are going to bounce around there. I don't see this dramatically changing. It is quite sensitive to the sales levels, so if you have a quarter where a couple of big tenders slip out then you can see the margin affected that way and vice versa, but broadly speaking on a multi-quarter basis I think we are now getting up*

*into the territory we would expect to be, with the inevitable quarter-to-quarter volatility."*
*Please note that 30%+ refers to our target for the Vaccines operating margin in 2020.

Here are the quarterly results for the Vaccines business in 2015 and 2016 to date:

| GSK Vaccines (£m) | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|---|---|---|---|---|---|---|---|
| US | 217 | 240 | 526 | 275 | 1,258 | 262 | 258 |
| Europe | 224 | 274 | 308 | 291 | 1,097 | 339 | 325 |
| International | 258 | 300 | 347 | 397 | 1,302 | 281 | 377 |
| **Total turnover** | **699** | **814** | **1,181** | **963** | **3,657†** | **882** | **960** |
| Operating profit | 161 | 177 | 464 | 164 | 966† | 253 | 270 |
| *Operating margin* | *23.0%* | *21.7%* | *39.3%* | *17.0%* | *26.4%†* | *28.7%* | *28.1%* |
| | | | | | | | |
| ***CER growth*** | | | | | | | |
| *US - reported* | *+14%* | *+13%* | *+42%* | *+15%* | *+24%* | *+13%* | *-2%* |
| ***US - PF**** | ***+11%*** | ***-5%*** | ***+22%*** | ***+0%*** | ***+9%*** | ***+6%*** | ***n/a*** |
| *Europe - reported* | *+4%* | *+27%* | *+31%* | *+30%* | *+23%* | *+48%* | *+11%* |
| ***Europe - PF**** | ***-3%*** | ***+12%*** | ***+14%*** | ***+11%*** | ***+9%*** | ***+33%*** | ***n/a*** |
| *International - reported* | *+13%* | *-2%* | *+22%* | *+16%* | *+12%* | *+10%* | *+20%* |
| ***International - PF**** | ***+3%*** | ***-16%*** | *+3%* | *-8%* | *-5%* | ***+3%*** | ***n/a*** |
| *Total turnover- reported* | *+10%* | *+11%* | *+32%* | *+20%* | *+19%* | *+23%* | *+11%* |
| ***Total turnover - PF**** | ***+3%*** | ***-5%*** | ***+13%*** | ***-1%*** | ***+3%*** | ***+14%*** | ***n/a*** |
| ***Operating profit*** | | | | | | | |
| *- reported* | *-31%* | *-32%* | *+30%* | *-23%* | *-9%* | *+56%* | *+39%* |
| ***- PF**** | ***-24%*** | ***-10%*** | ***+44%*** | ***-5%*** | ***+7%*** | ***>100%*** | ***n/a*** |

**PF (pro forma) growth rates for vaccines for Q1 to Q4 2015 were calculated by comparing reported turnover for the quarter with the corresponding quarter of 2014 adjusted to include the equivalent one month's sales of the former Novartis vaccines business in Q1 and three months of the former Novartis vaccines business in Q2, Q3 and Q4. Pro forma growth rates for Q1 2016 are calculated comparing reported turnover for Q1 2016 with the turnover for Q1 2015 adjusted to include the two months of sales for January and February 2015 of the former Novartis Vaccines business.*
*†Full year 2015 pro forma sales £3.7bn; operating profit £0.9bn; operating margin 24.6%.*

**Consumer Healthcare**

On the Q2 2016 results analyst/investor call on 27 July 2016, Simon Dingemans made the following comments with regard to Consumer Healthcare:

*"Consumer Healthcare sales were up 7% in Q2 with double digit growth of Sensodyne in every region. The US saw continued strong performance in oral care, new innovations helped Flonase to grow despite increasing competition from private label.*
*The Consumer business in Europe was up 1%. This was expected with many integration activities proceeding during the quarter and some phasing impact as a result but many power brands also continue to grow share.*
*International grew 9% with Sensodyne, Voltaren and Otrivin all delivering strong growth."*

Overleaf are the quarterly results for the Consumer Healthcare business in 2015 and 2016 to date:

| GSK Consumer Healthcare (£m) | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|---|---|---|---|---|---|---|---|
| Turnover | 1,381 | 1,509 | 1,576 | 1,562 | 6,028† | 1,761 | 1,690 |
| *Reported growth - CER* | *+24%* | *+51%* | *+55%* | *+47%* | *+44%†* | *+26%* | *+7%* |
| ***Pro forma* growth – CER*** | ***+8%*** | ***+6%*** | ***+7%*** | ***+5%*** | ***+6%*** | ***+4%*** | ***n/a*** |
| | | | | | | | |
| Operating profit | 182 | 108 | 210 | 180 | 680† | 303 | 238 |
| *Reported growth - CER* | *+53%* | *+41%* | *+92%* | *+73%* | *+66%* | *+59%* | *>100%* |
| ***Pro forma* growth - CER*** | ***+35%*** | ***+0%*** | ***+22%*** | ***+38%*** | ***+24%*** | ***+49%*** | ***n/a*** |
| | | | | | | | |
| *Operating margin* | *13.2%* | *7.2%* | *13.3%* | *11.5%* | *11.3%†* | *17.2%* | *14.1%* |

**pro forma growth rates for Consumer Healthcare for Q1 to Q4 2015 were calculated by comparing reported turnover for the quarter with the corresponding quarter of 2014 adjusted to include the equivalent one month's sales of the former Novartis Consumer products business in Q1 and three months of the former Novartis Consumer products business in Q2, Q3 and Q4. Pro forma growth rates for Q1 2016 are calculated comparing reported turnover for Q1 2016 with the turnover for Q1 2015 adjusted to include the two months of sales for January and February 2015 of the former Novartis Consumer products.*
*†Full year 2015 pro forma sales £6.3bn; operating profit £0.7bn; operating margin 11.1%*

**Corporate and other unallocated turnover and costs**

In the Q4 2015 press release we made the following comments on corporate and other unallocated turnover:

*"The Corporate and unallocated turnover of £72 million represented sales of several Vaccines and Consumer Healthcare products, which were being held for sale in a number of markets. GSK was required to dispose of these products in specific markets in order to meet the requirements of the anti-trust approvals for the Novartis transaction. The disposals were completed in Q3 2015."*

On the Q1 2016 results analyst/investor call on 27 April 2016, in response to a question, Simon Dingemans made the following comments relating to corporate and other unallocated costs:

*"We are a bit higher than trend in the quarter, probably about £50 to £70 million higher, so if you were taking £70 or £80 million as a quarterly run-rate that is probably more normalised. It is a little bit part of the quarterly volatility point we were just flagging in our earlier remarks."*

| Corporate and other unallocated as reported* (£m) | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|---|---|---|---|---|---|---|---|
| Turnover | 19 | 25 | 30 | (2) | 72 | 0 | 0 |
| Total core operating profit (costs)† | (31) | (52) | (35) | (50) | (168) | (150) | (25) |

**Corporate and other unallocated costs include the results of several Vaccines and Consumer Healthcare products which were held for sale in a number of markets in order to meet anti-trust approval requirements and divested in Q3 2015, together with the costs of corporate functions.*
*†In 2015, the total core operating costs were net of the profit from the unallocated turnover.*

## Operating and financial performance

### *Operating performance*

**Year-on-year annual cost savings (per Q2 2016 results presentation)**

| Restructuring and structural savings (£bn)* | 2014 December achieved | 2015 December achieved | 2016 June achieved | 2016 December expected | 2017 December expected |
|---|---|---|---|---|---|
| Restructuring savings (cumulative) | 0.6 | 1.6 | *2.3* | 2.4 | 3.0 |
| Structural savings | 0.2 | - | - | - | - |
| Total savings delivered/expected | 0.8 | 1.6 | *2.3* | 2.4 | 3.0 |
| Incremental savings | | +1.0** | | +0.8 | +0.6 |

** Expected phasing of annual savings. All expectations and targets regarding future performance should be read together with the "Assumptions related to the 2016-2020 outlook," the "Assumptions and cautionary statement regarding forward-looking statements" sections of the Q2 2016 Results Announcements dated 27 July 2016 and the cautionary statement slide included with the Q2 2016 results presentation.*
*** Net incremental savings of £0.8bn after taking into account structural savings credit in 2014 SG&A*

In the Q2 2016 press release we made the following comments on restructuring:

*"Major restructuring and integration charges of £422 million have been accrued (H1 2015: £881 million), reflecting the phasing of planned restructuring projects following the completion of the Novartis transaction in Q1 2015, as well as reduced charges for Pharmaceuticals restructuring projects as this programme enters its later stages. Cash payments made were £600 million (H1 2015: £502 million) including the settlement of certain charges accrued in previous quarters.*

*Charges for the combined restructuring and integration programme to date are £3.2 billion with cash payments of £2.2 billion. The total cash charges of the combined programme are expected to be approximately £3.65 billion and the non-cash charges up to £1.35 billion. The programme delivered incremental cost savings of £0.7 billion in H1 2016 and has now delivered approximately £2.3 billion of annual savings on a moving annual total basis. It remains on track to deliver £3 billion of annual savings in total. The programme is expected to be largely complete by the end of 2017.*

On the Q2 2016 results analyst/investor call on 27 July 2016, in response to a question, Simon Dingemans made the following comments:

*"On the cost savings, clearly as we have said in the remarks at the beginning of the call, we are well on track and in many of the programmes we are a bit ahead. There is still quite a lot to do in the second half of the year so let's get a bit further before we call where we are going to eventually end up, but as I highlighted, the second half of the year is up against significantly tougher comps in that sense in that we started to ramp up in Q3 and particularly Q4 last year, so the incremental amounts, you should expect those to be significantly smaller as we head into the second half of the year. I think direction of travel pretty clear, but a bit early to call that."*

**Royalty income**

In the Q2 2016 press release we made the following comments relating to the H1 2016 performance:

*"Royalty income was £174 million (H1 2015: £139 million) reflecting increased royalty income primarily from Gardasil sales as well as benefiting from a prior year catch-up adjustment."*

| CORE royalties (£m) | Q1 | Q2 | Q3 | Q4 | Full Year |
|---|---|---|---|---|---|
| 2014 | 70 | 72 | 101 | 67 | 310 |
| 2015 | 77 | 62 | 99 | 91 | 329 |
| 2016 outlook | 91 | 83 | | | around £250 to £300 million |

## *Financial performance*

**Net finance costs**

On the Q2 2016 results analyst/investor call on 27 July 2016, Simon Dingemans made the following comments:

*"In the bottom half of the P&L core financing costs were down £15 million to £163 million, reflecting the maturing of some debt with higher interest costs last year. I continue to expect a modest increase in interest costs for the year as a whole at constant exchange rates."*

| CORE net finance costs (£m) | Q1 | Q2 | Q3 | Q4 | Full Year |
|---|---|---|---|---|---|
| 2014 | (161) | (156) | (161) | (168) | (646) |
| 2015 | (156) | (178) | (148) | (154) | (636) |
| 2016 outlook | (159) | (163) | | | Modest increase reflecting higher debt |

**Associates and joint ventures**

| CORE associates and joint ventures (£m) | Q1 | Q2 | Q3 | Q4 | Full Year |
|---|---|---|---|---|---|
| 2015 | 7 | (2) | (2) | (5) | (2) |
| 2016 | 0 | (2) | | | |

**Taxation**

On the Q2 2016 results analyst/investor call on 27 July 2016, Simon Dingemans made the following comments:

*"The core effective tax rate was 21.3% in the quarter versus 20% last year, with the increase due, in part, to the higher levels of profits being made in the US and for the full year I continue to expect a*

*tax rate of between 20 and 21%, although the mix of trading and currency may create some upward pressure towards the top-end of that range."*

| CORE tax rate (%) | Q1 | Q2 | Q3 | Q4 | Full Year |
|---|---|---|---|---|---|
| 2014 | 22.0% | 22.0% | 20.0% | 15.3% | 19.6% |
| 2015 | 20.0% | 20.0% | 20.0% | 17.9% | 19.5% |
| 2016 outlook | 21.0% | 21.3% | | | 20% to 21% |

**Profit / (loss) attributable to non-controlling interests (minority interests)**

In the Q2 2016 press release we made the following comments:

*"The allocation of earnings to non-controlling interests amounted to £121 million (Q2 2015: £99 million), including the non-controlling interest allocations of Consumer Healthcare profits of £67 million (Q2 2015: £29 million) and the allocation of ViiV Healthcare profits, which increased to £79 million (Q2 2015: £62 million) including the impact of changes in the proportions of preferential dividends due to each shareholder based on the relative performance of different products in the quarter. The allocation also reflects higher losses, including bad debt provisions, in other entities with non-controlling interests"*

On the Q2 2016 results analyst/investor call on 27 July 2016, in response to a question Simon Dingemans made the following additional comments:

*"On the minorities, there is definitely some phasing between Q1 and Q2 and I think if you look at the half as a whole then you will the trend more in line with what you were probably previously expecting. In Q2 we saw a number of bad debt provisions in some of the other minority interests we have around the Group, not the two big ones that we have just talked about, and obviously those create a credit in minority interests, so it is a bit lower than you would otherwise expect, but just look at the half as a whole [i.e. for others] and you will be, you know, in a more sensible place."*

| CORE profit/(loss) attributable to non-controlling interests (£m ) | FY 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|---|---|---|---|---|---|---|---|---|
| ViiV | 132 | 51 | 62 | 65 | 46 | 224 | 66 | 79 |
| Novartis Consumer Healthcare | n/a | 12 | 29 | 57 | 40 | 138 | 46 | 67 |
| Other | 90 | 28 | 8 | 19 | 23 | 78 | 35 | (25) |
| **Total** | **222** | **91** | **99** | **141** | **109** | **440** | **147** | **121** |

**Total results**

In the Q2 2016 press release we made the following comments:

*"Total operating loss was £151 million in Q2 2016 compared with a total operating profit of £335 million in Q2 2015. Non-core items in the quarter resulted in an aggregate net charge of £1,982 million (Q2 2015: £1,014 million), primarily reflecting the impact of further accounting charges related to re-measurement of the contingent consideration related to the former Shionogi-ViiV Healthcare joint venture, along with re-measurement of the value attributable to the Consumer Healthcare put option and the Shionogi/Pfizer ViiV put options and preferential dividends. A significant majority of the re-measurements were driven by changes in exchange rate assumptions following the Brexit vote in June, which have increased the estimated total Sterling values of GSK's Consumer Healthcare and ViiV Healthcare businesses, and forecasted sales that will require increased future consideration payments. Non-core items also included the continued impact of charges for restructuring costs related to the integration of the former Novartis businesses and the Pharmaceuticals restructuring programme and certain other adjusting items.*

*The total loss per share was 9.0p, compared with earnings per share of 3.1p in Q2 2015. The decrease primarily reflected the increased re-measurement charges driven by changes in the Sterling valuations of the contingent consideration and the put options liabilities associated with the Group's Consumer Healthcare and HIV businesses."*

**Net debt**

On the Q2 2016 results analyst/investor call on 27 July 2016, Simon Dingemans made the following comments:

*"Net debt at the end of June was £14.9 billion compared to £10.7 billion at the year-end. We are moving through the peak period of net debt this year as I have described for you before and, excluding the impact of translation, net debt is in-line with our expectations.*

*The increase mainly reflects the £3 billion of cash we have returned to shareholders in the first half through dividend payments, including the special dividend of £1 billion, and roughly £1.3 billion of translation effects."*

| Net debt (£m) | 31 Mar | 30 Jun | 30 Sep | 31 Dec |
|---|---|---|---|---|
| 2014 | 13,660 | 14,423 | 14,788 | 14,377 |
| 2015 | 8,098 | 9,553 | 10,551 | 10,727 |
| 2016 | 12,495 | 14,910 | | |

**Put options**

In the Q2 2016 press release we made the following comments:

*"At 30 June 2016, the estimated present value of the potential redemption amount of the Consumer Healthcare Joint Venture put option recognised in Other non-current liabilities was £7,141 million (31 December 2015: £6,287 million). The estimated present value of the potential redemption amount of the put options related to ViiV Healthcare was £2,299 million, of which £1,209 million was recorded in other payables in current liabilities and £1,090 million in Other non-current liabilities. The ViiV Healthcare put options liability was recognised in the six months, with £1,999 million recorded directly in equity on initial recognition, and the remainder recognised in the income statement. The increases in both liabilities in the six months reflected the increased estimated Sterling values of the two businesses."*

| Put options (£m ) | 31 Dec 2015 | 31 March 2016 | 30 June 2016 |
|---|---|---|---|
| Consumer Healthcare joint venture | 6,287 | 6,547 | 7,141 |
| ViiV Healthcare | - | 1,999 | 2,299 |
| **Total** | **6,287** | **8,546** | **9,440** |

**Contingent consideration**

In the Q2 2016 press release we made the following comments:

*"Contingent consideration amounted to £4,974 million at 30 June 2016 (31 December 2015: £3,855 million), of which £4,462 million (31 December 2015: £3,409 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare. This included £179 million in respect of preferential dividends of which £154 million was recognised directly in equity in the six months. The liability for preferential dividends due to Pfizer at 30 June 2016 was £24 million. An explanation of the accounting for the non-controlling interests in ViiV Healthcare is set out on page 56. The estimated present value of amounts payable to Novartis related to the Vaccines acquisition was £468 million (31 December 2015: £405 million)"*

| Contingent consideration (£m ) | 31 Dec 2015 | 31 March 2016 | 30 June 2016 |
|---|---|---|---|
| Shionogi – relating to ViiV Healthcare | 3,409 | 3,686 | 4,462 |
| Novartis – relating to Vaccines acquisition | 405 | 426 | 468 |
| Other | 41 | 40 | 44 |
| **Total** | **3,855** | **4,152** | **4,974** |

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

### Acquisitions and divestments

**GlaxoSmithKline Consumer Nigeria PLC announces the Completion of the Divestment of the Drinks Bottling and Distribution Business to Suntory Beverage & Food Nigeria Limited**

Today, we announce the completion of the divestment of the GSK Consumer Nigeria plc Drinks bottling and distribution business to Suntory Beverage & Food Nigeria Limited (SBFN). This follows the recent approvals obtained from the shareholders and the Nigeria Securities & Exchange Commission (SEC).

Following this approval, GSK has transferred ownership of the Drinks business in Nigeria to Suntory Beverage & Food Nigeria Ltd effective 1st October 2016.

**(Nigerian Stock Exchange announcement 30 September 2016)**

http://www.nse.com.ng/Financial_NewsDocs/15036_GLAXOSMITHKLINE_PRESS_RELEASE_CORPORATE_ACTIONS_SEPTEMBER_2016.pdf

**GlaxoSmithKline completes sale of remaining Aspen shares**

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**(LSE announcement 29 September 2016)**

http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/GSK/12983208.html

**GSK divests non-core assets to Aspen**

GlaxoSmithKline plc (LSE/NYSE: GSK) today announces a series of agreements with Aspen (JSE: APN) aligned with GSK's strategy of simplification through focusing on core therapeutic areas.

GSK will divest its anaesthesia portfolio to Aspen for £180 million plus milestones of up to £100 million. In addition to this divestment, GSK and Aspen have entered into parallel agreements to terminate their collaboration in Sub-Saharan Africa and for Aspen to exercise its option to acquire GSK's remaining thrombosis business in certain retained markets.

The agreements announced today are subject to the relevant anti-trust and regulatory clearances.

**(Press release 12 September 2016)**

## News flow on key assets during the quarter and to date

Since the beginning of Q3 we have issued a number of LSE announcements and press releases, each of which can be accessed using the following links:
http://www.gsk.com/en-gb/media/press-releases/
http://us.gsk.com/en-us/media/press-releases/

**New data published for GSK's Nucala investigating hospitalisation reduction in severe asthma patients with an eosinophilic phenotype**
GlaxoSmithKline plc (GSK) today announced the publication of a meta-analysis in the Journal of Allergy and Clinical Immunology, which demonstrates that the risk of hospitalisations or emergency room visits caused by asthma attacks was halved (51% reduction p<0.001) in severe asthma patients with an eosinophilic phenotype who received Nucala® (100mg fixed dose subcutaneous injection of mepolizumab) or an investigational dose of mepolizumab, compared to placebo and in addition to standard of care. **(Press release 07 October 2016)**

**GSK announces US regulatory submission for sirukumab in rheumatoid arthritis**
GlaxoSmithKline plc (LSE/NYSE: GSK) today announced the submission of a Biologics License Application (BLA) to the United States Food and Drug Administration (FDA) by Janssen Biotech, Inc., (JBI), seeking approval of a subcutaneous formulation of sirukumab, a human anti-interleukin (IL)-6 monoclonal antibody, for the treatment of adult patients with moderately to severely active rheumatoid arthritis (RA) who have failed or are intolerant to one or more disease-modifying antirheumatic drugs (DMARDs).
Sirukumab is being co-developed for RA as part of a collaboration with Janssen Biologics (Ireland) [Janssen], an affiliate of JBI. **(LSE announcement 23 September 2016)**

**GSK announces regulatory submissions for subcutaneous formulation of Benlysta® (belimumab) for patients with systemic lupus disease**
GSK today announced that it has filed regulatory submissions in the US and Europe for Benlysta® (belimumab) for approval as a subcutaneous formulation in patients with active, autoantibody-positive systemic lupus erythematosus (SLE). The submissions comprise:

- A Biologics Licence Application (BLA) to the US Food and Drug Administration for belimumab administered subcutaneously for the treatment of adult patients with active, autoantibody‑positive SLE who are receiving standard therapy
- An extension Marketing Authorisation Application (MAA) to the European Medicines Agency for belimumab administered subcutaneously as add-on therapy in adult patients with active autoantibody-positive SLE with a high degree of disease activity (e.g. positive anti-dsDNA and low complement) despite standard therapy.

Regulatory filings in other countries are planned during the course of 2016 and 2017. The subcutaneous formulation of Benlysta is currently not approved for use anywhere in the world.
**(Press release 23 September 2016)**

**GSK's candidate shingles vaccine shows high efficacy against shingles and its complications in adults aged 70 years and over in phase III study published in NEJM**

**GSK on track to file regulatory applications in 2016**

GSK (LSE/NYSE: GSK) today announced the publication of detailed results from a randomised phase III study (ZOE-70) of its investigational shingles vaccine, Shingrix™, showing 90% efficacy in adults aged 70 years and older that is maintained for at least four years. The results were published in the New England Journal of Medicine (NEJM).

The study, from which headline results were reported in October 2015, showed that the two-dose candidate shingles vaccine had 90% efficacy (95% confidence interval: 84-94%) compared to placebo in people over 70 years old. Vaccine efficacy was maintained across the various age groups included in the study, ranging between 90% in people aged 70-79 years (95% confidence interval: 83-94%) and 89% in those aged 80 years and above (95% confidence interval: 74-96%).

**(LSE announcement 14 September 2016)**

**GSK announces EU regulatory submission for sirukumab in rheumatoid arthritis**

GlaxoSmithKline plc (LSE/NYSE: GSK) today announced the regulatory submission of a Marketing Authorisation Application (MAA) to the European Medicines Agency (EMA) seeking approval of subcutaneous formulation of sirukumab, a human anti-interleukin (IL)-6 monoclonal antibody, for the treatment of adult patients with moderately to severely active rheumatoid arthritis (RA). The MAA seeks approval for sirukumab in combination with methotrexate in RA patients who have failed or are intolerant to conventional or biologic disease-modifying antirheumatic drugs (DMARDs) and as a monotherapy in these patients for whom treatment with methotrexate is inappropriate.

**(LSE announcement 12 September 2016)**

**GSK presents positive results from phase III FULFIL study of closed triple combination therapy FF/UMEC/VI versus Symbicort® Turbohaler® in COPD at ERS International Congress**

- **Improvements in lung function and health-related quality of life supported by statistically significant reductions in exacerbations**

GlaxoSmithKline plc (LSE/NYSE: GSK) and Innoviva, Inc. (NASDAQ: INVA) today announced the presentation of further data from the pivotal phase III FULFIL study with investigational closed triple combination therapy fluticasone furoate/umeclidinium/vilanterol (FF/UMEC/VI 100/62.5/25 mcg) in patients with chronic obstructive pulmonary disease (COPD), at the European Respiratory Society International Congress taking place in London this week. **(LSE announcement 06 September 2016)**

**'Real world' data shows 83 percent effectiveness for Bexsero® in infants in first year of UK national meningitis B immunisation programme**

**- Cases of meningitis B halved after ten months**

Preliminary data from the world's first national meningitis B immunisation programme with Bexsero, launched one year ago in the UK, shows the estimated effectiveness of the vaccine at 83 percent against any meningitis B strain and 94 percent against vaccine preventable strains, for all children receiving the first two of three recommended doses. Reported cases of the disease have dropped 50 percent in the vaccine-eligible population in the first ten months of the programme, compared to the average number of cases over the last four years. These data were presented today by Public

Health England (PHE) at the International Pathogenic Neisseria Conference (IPNC) in Manchester, UK. **(Press release 05 September 2016)**

**GSK announce positive results from the COPD Salford Lung Study published in the NEJM and presented at European Respiratory Congress**

GlaxoSmithKline plc (LSE/NYSE: GSK) and Innoviva, Inc. (NASDAQ: INVA) today announced that the results from the pioneering Salford Lung Study (SLS) have been published in the New England Journal of Medicine (NEJM). This unique study, which reported headline results in May 2016, was designed to evaluate the effectiveness and safety of Relvar® Ellipta® in patients with chronic obstructive pulmonary disease (COPD), compared with their 'usual care' administered in an everyday clinical practice setting. Data from the study are being presented at the European Respiratory Society (ERS) International Congress on Sunday 4th September in London, (abstract number OA249).
**(LSE announcement 05 September 2016)**

**NEJM publishes results of GSK's long-term LABA safety study of Advair® Diskus® in children aged 4-11 years with asthma**

GlaxoSmithKline plc (GSK) today announced publication of results from the paediatric 'LABA' (long acting beta2-agonist) safety study, VESTRI (SAS115358) in the New England Journal of Medicine (NEJM). Headline results reported in March, demonstrated that the study had achieved its primary endpoint. The study compared Advair® Diskus®, a combination of the LABA, salmeterol and inhaled corticosteroid (ICS), fluticasone propionate (FP) to FP monotherapy, to assess the safety profiles of each medicine when used to treat children 4-11 years of age with asthma. This was assessed by the composite endpoint of serious asthma-related events (deaths, intubations or hospitalisations). These results are also being presented at the European Respiratory Society (ERS) International Congress in London, UK on 7th September, (Abstract number: OA4798).
The primary endpoint of the study showed the salmeterol/FP combination (FSC) twice-daily (100/50mcg, 250/50mcg) demonstrated non-inferiority compared to corresponding doses of FP twice-daily (100mcg, 250mcg), Hazard Ratio (HR) 1.285, (95% CI 0.726, 2.272) p=0.006 on the risk of serious asthma-related events. In the study a non-statistically significant reduction of 14% was observed in the risk of time-to-first asthma exacerbation for FSC compared to FP (HR 0.859; 95% CI 0.729, 1.012). **(Press release 01 September 2016)**

**GSK's continued commitment to innovative respiratory research demonstrated in European Respiratory Society congress data presentations**

GlaxoSmithKline plc (GSK) will provide updates on emerging areas of research with data from across its comprehensive respiratory portfolio of approved medicines, investigational programmes and scientific collaborations, at the European Respiratory Society (ERS) International Congress, 3rd -7th September, London, UK. More than 30 abstracts from the company will be featured at the meeting. Highlights include data from a number of key studies:

- FULFIL, the pivotal phase III study for the investigational once-daily 'closed' triple combination therapy, fluticasone furoate/umeclidinium/vilanterol (FF/UMEC/VI 100/62.5/25mcg), a combination inhaled corticosteroid, long-acting muscarinic antagonist, long-acting beta2 agonist, compared to the inhaled corticosteroid and single bronchodilator treatment, budesonide/formoterol (400/12mcg) delivered in the Turbohaler® inhaler in

patients with chronic obstructive pulmonary disease (COPD). Results will report on the co-primary endpoints of lung function and health-related quality of life as measured by SGRQ, as well as a secondary endpoint assessing annual rate of moderate/severe exacerbations and safety data over 24 weeks and 52 weeks of treatment. Headline data from the study were announced in June, and regulatory submissions for the closed triple therapy in the US and Europe are anticipated by end of 2016.

- The Salford Lung Study in COPD, an innovative randomised controlled trial, designed to measure the effectiveness and safety of Relvar® Ellipta® (fluticasone furoate/vilanterol or FF/VI 100/25mcg) when compared with patients' usual care for COPD and undertaken in an everyday clinical practice setting. Results will report on the primary endpoint of annual rate of moderate/severe exacerbations and safety findings.
- Vestri, GSK's long-term safety study for Advair® Diskus® (fluticasone propionate/salmeterol) comparedto fluticasone propionate monotherapy, to treat children aged 4-11 years with asthma. This was undertaken by GSK as a post-marketing requirement of the US Food and Drug Administration (FDA). Results will report on the primary safety endpoint and primary efficacy data.

Data will also be presented which provide insight into the burden of severe asthma and characterize the role of GSK's anti-IL 5 monoclonal antibody, Nucala® (mepolizumab), in the treatment of patients with severe refractory eosinophilic asthma. Exploratory data for GSK's dual bronchodilator treatment for COPD, Anoro® Ellipta® (umeclidinium/vilanterol, UMEC/VI), investigates the risk of experiencing clinically important deteriorations in COPD, following an escalation of treatment from single bronchodilator tiotropium to UMEC/VI. **(Press release 27 August 2016)**

**ViiV Healthcare launches phase III programme evaluating a two-drug regimen combining dolutegravir and lamivudine for HIV-1 treatment**

ViiV Healthcare today announced the start of a phase III programme to support regulatory filings for a two-drug regimen of dolutegravir (Tivicay®) and lamivudine (Epivir®) as a treatment for HIV-1 infection in adults who have not received prior antiretroviral therapy.

The phase III programme comprises two identical studies (GEMINI 1 and 2) comparing a two-drug regimen of dolutegravir plus lamivudine with a three-drug regimen of dolutegravir plus the fixed-dose tablet tenofovir/emtricitabine (Truvada®). The studies together will include approximately 1,400 men and women living with HIV and are being conducted at research centres in Europe, Central and South America, North America, South Africa and Asia Pacific.

**(LSE announcement 16 August 2016)**

**GSK and Verily to establish Galvani Bioelectronics – a new company dedicated to the development of bioelectronic medicines**

**Leaders in healthcare and technology to harness electrical signals in the body to treat chronic disease**

GSK (LSE/NYSE: GSK) today announced an agreement with Verily Life Sciences LLC (formerly Google Life Sciences), an Alphabet company, to form Galvani Bioelectronics to enable the research, development and commercialisation of bioelectronic medicines. GSK will hold a 55% equity interest in the new jointly owned company and Verily will hold 45%.

Galvani Bioelectronics will be headquartered in the UK, with the parent companies contributing existing intellectual property rights and an investment of up to £540 million over seven years, subject to successful completion of various discovery and development milestones.
**(LSE announcement 01 August 2016)**

**GSK in-licenses anti-IL-33R monoclonal antibody for severe asthma from Janssen**

**Agreement further strengthens respiratory pipeline of targeted biological therapies**

GSK today announced that it has entered into an exclusive, worldwide licence agreement with Janssen Sciences Ireland UC (Janssen) for CNTO 7160, an anti-IL-33R monoclonal antibody currently in phase I clinical development. The agreement covers all therapeutic fields.
**(Press release 27 July 2016)**

**GSK announces significant new investment in UK manufacturing network**

- **Total of £275 million to be invested in sites at Barnard Castle, Co. Durham; Montrose, Scotland; and Ware, Hertfordshire**
- **Investment in advanced manufacturing of new respiratory and biopharmaceuticals portfolio**

GSK today announced £275 million of new investments at three of its manufacturing sites in the UK to boost production and support delivery of its latest innovative respiratory and large molecule biological medicines. The vast majority of these products will be for export to global markets.
**(Press release 27 July 2016)**

**GSK ships 2016-17 seasonal influenza vaccines for US market**

**First-to-market with quadrivalent vaccine**

**Company to deliver up to 40 million doses**

GSK [LSE/NYSE: GSK] announced today it has begun shipping quadrivalent vaccine doses to US healthcare providers, following licensing and lot-release approval from the US Food and Drug Administration's (FDA) Center for Biologics Evaluation and Research. It is the first company to ship quadrivalent vaccine for the 2016-17 flu season.
The US Centers for Disease Control and Prevention (CDC) recommends flu vaccination as the single best measure for flu prevention. The CDC has a routine recommendation for Americans over the age of six months to get a flu vaccination each year as the first and most important step in protecting against this disease. GSK's flu vaccines are indicated for use in persons three years and older.
"Our goal is to be a reliable partner in the annual flu immunization campaign by developing and manufacturing high quality quadrivalent influenza vaccines for the US population," said Patrick Desbiens, Senior Vice President, US Vaccines. "This year we introduced new functionality to our eCommerce platform, www.GSKDirect.com, to allow those who stock and administer our vaccines to further accelerate delivery of their flu vaccines when they order directly from us. We believe this enhancement supports healthcare providers by helping to ensure that their patients have access to the vaccines they need."
Two different options of the four-strain vaccines will be available to customers. FLULAVAL® QUADRIVALENT comes in a 5-mL, multidose vial containing 10 doses (0.5mL each), while FLUARIX® QUADRIVALENT comes in a 0.5-mL, single-dose, prefilled syringe.

GSK expects to supply up to 40 million doses across both vaccines for the US market in the 2016-17 season. One hundred percent of GSK supply is quadrivalent doses.
**(Press release 20 July 2016)**

**ARIA study shows superior efficacy of Triumeq® for treatment-naïve women living with HIV**
ViiV Healthcare today presented 48-week data from the phase IIIb, open-label, international, multi-centre ARIA study which showed superior efficacy for Triumeq® (dolutegravir/abacavir/lamivudine) compared with atazanavir boosted with ritonavir (ATV/r) plus tenofovir disoproxil fumarate/emtricitabine (TDF/FTC) in 495 treatment-naïve women living with HIV. Results show statistically superior viral suppression (HIV-1 RNA <50 c/mL) rates at week 48: 82% versus 71% (adjusted difference 10.5%, 95% CI: 3.1%-17.8%, p=0.005) respectively. ARIA was a non-inferiority study with a pre-specified analysis for superiority. Both non-inferiority and superiority endpoints were met, with superiority being driven by lower rates of both virological failures and discontinuations due to adverse events (AEs) in the dolutegravir/abacavir/lamivudine group.
**(Press release 18 July 2016)**

## Other newsflow during the quarter and to date

**GlaxoSmithKline plc appoints Brian McNamara as CEO of GSK Consumer Healthcare**
GSK today announced that Brian McNamara, is appointed Chief Executive Officer (CEO) of GSK's Consumer Healthcare division effective immediately.
He succeeds Emma Walmsley who was last week appointed GSK CEO Designate succeeding Sir Andrew Witty as GSK CEO. In his new role, Brian will report to Andrew Witty until Emma becomes CEO. He will join GSK's Corporate Executive Team effective immediately and will continue as a member of the Board of the Consumer Healthcare Joint Venture with Novartis. He will be based in the UK.
Brian is currently Head of Europe & Americas at GSK Consumer Healthcare. He joined GSK from Novartis following completion of GSK's three-part transaction with Novartis and has been a member of GSK's Consumer Healthcare Executive Team since 2015.
Prior to joining GSK, Brian spent eleven years at Novartis and sixteen years at Procter & Gamble.
**(Press release 29 September 2016)**

**Emma Walmsley to succeed Andrew Witty as Chief Executive Officer of GlaxoSmithKline**
GSK today announces that Emma Walmsley, currently Chief Executive Officer (CEO) of GSK's Consumer Healthcare division, is appointed GSK CEO Designate and will succeed Andrew Witty as GSK CEO, when he retires on 31March 2017. Emma will join the GSK Board of Directors from 1 January 2017.
Emma is currently CEO of GSK Consumer Healthcare, one of the world's largest consumer health companies, established in 2015 following completion of GSK's three-part transaction with Novartis. Prior to this, Emma was President of GSK Consumer Healthcare and has been a member of GSK's Corporate Executive Team since 2011. Emma joined GSK in 2010 from L'Oreal where, over the course of her 17-year career, she held a variety of marketing and general management roles in the UK, Europe and USA. From 2007 she was based in Shanghai as General Manager, Consumer Products for L'Oreal China. **(LSE announcement 20 September 2016)**

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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