Pre-Quarterly Results Communication Q1 2016

Issued: Tuesday, 12 April 2016

New information for Q1 2016

Foreign exchange

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

Average rates Quarterly	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Key currencies					
US$	1.52	1.54	1.53	1.53	1.43
€	1.34	1.38	1.39	1.37	1.30
Yen	182	186	187	185	167
Other currencies					
Australian dollar	1.94	1.98	2.14	2.06	1.96
Brazilian real	4.33	4.73	5.49	5.81	5.54
Canadian dollar	1.88	1.90	2.01	2.01	1.95
Chinese yuan	9.49	9.57	9.68	9.66	9.33
Indian rupee	94.9	97.9	99.7	99.5	96.1
Russian rouble	94.7	84.1	97.5	101.3	104
FX impact on turnover	***-1%***	***-1%***	***-2%***	***-2%***	***+2% to 3%***
FX impact on CORE EPS	***-2%***	***-9%***	***-5%***	***-6%***	***n/a***

Average rates for the quarter ended 31st March 2016 were $1.43/£, €1.30/£ and Yen 167/£. On the basis of these rates, it is expected that the positive impact of foreign exchange on Q1 2016 sales will be around 2% to 3%.

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 Q1 2016 sterling core EPS will be greater than the positive impact on sales.

The Q1 2016 period-end rates were $1.44/£, €1.26/£ and Yen 162/£.

Period end rates	Mar 2015	Jun 2015	Sep 2015	Dec 2015	Mar 2016
Key Currencies					
US$	1.48	1.57	1.51	1.47	1.44
€	1.38	1.41	1.36	1.36	1.26
Yen	178	192	181	177	162

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 Q1 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)

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 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 Q4 2015 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 January average rates (£1/$1.45, £1/€1.33 and £1/Yen 175) for the rest of 2016, the estimated positive impact on 2016 Sterling turnover growth would be around 2% 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 5%."

We will update you on our latest view on the estimated impact of currencies in 2016 in our Q1 2016 press release on 27 April.

Basic weighted average number of shares (WANS)

The basic weighted number of shares in issue during Q1 2016 was 4,847m compared with 4,820m in Q1 2015 (an increase of 0.6%).

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

**excludes Treasury shares and shares held by ESOP Trusts*

Dividend

In the Q4 2015 press release we made the following comment on returns to shareholders:
"GSK expects to pay an annual ordinary dividend of 80p for 2016 and to pay the same amount of 80p per share for 2017.

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					80†
2017					80†

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

Segment information

In the Q4 2015 press release we made the following comment:

"Operating segments are reported based on the financial information provided to the Chief Executive Officer and the responsibilities of the Corporate Executive Team (CET). The completion of the Novartis transaction on 2 March 2015 has changed the balance of the Group and GSK has changed its segment reporting to reflect this. With effect from 1 January 2015, GSK has reported results under five segments: Global Pharmaceuticals, ViiV Healthcare, Pharmaceuticals R&D, Vaccines and Consumer Healthcare and individual members of the CET are responsible for each segment. Comparative information has been restated accordingly.

Corporate and other unallocated costs include the results of several Vaccines and Consumer Healthcare products which are being held for sale in a number of markets in order to meet anti-trust approval requirements, together with the costs of corporate functions.

... From 1 January 2016, the Global Pharmaceuticals and ViiV Healthcare segments will be combined and reported as one operating segment: Pharmaceuticals."

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 Q1 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 Q1 2016 versus Q1 2015.

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

Novartis transaction

On 2 March 2015 GSK completed the major three-part transaction with Novartis. As a consequence, Q1 2015 was impacted by a number of factors which will impact/distort year-on-year comparisons in Q1 2016.

- GSK consolidated two months of Oncology product sales and operating profits in Q1 2015.
- GSK consolidated one month of Novartis Vaccines and Consumer Health product sales and operating profits in Q1 2015

Overleaf we highlight the Q1 2015 sales and operating margin both on an as reported basis and also on a 3 month pro forma basis

(£bn)	Q1 2015 Core results		Q1 2015 3 month pro forma*	
	Turnover	Operating Margin	Turnover	Operating Margin
Total Pharma	3.5	28.2%	3.3	27.4%
Vaccines	0.7	23.0%	0.8	13.6%
Consumer	1.4	13.2%	1.7	11.7%
Corporate	0.0	-	0.0	-
Total	**5.6**	**23.2%**	**5.8**	**20.0%**

*3 month pro forma provided for modelling purposes

The major adjustments to sales and operating profit to calculate the restated figures above are to:

1. exclude Oncology;
2. add 2 months (i.e. January and February) of the acquired Novartis Consumer and Vaccines businesses.

On page 4 of the Novartis Q1 2015 results release it was noted that:

"Net sales for the non-influenza Vaccines business and OTC up to March 2 amounted to USD 75 million and USD 455 million, respectively.

.... The remaining operating loss of USD 0.2 billion came from the operating performance of OTC and the non-influenza Vaccines business up to their disposal date, as well as a full quarter of the influenza Vaccines business."
https://www.novartis.com/sites/www.novartis.com/files/q1-2015-media-release-en.pdf

General comments on 2016

On the Q4 2015 results analyst/investor call on 3 February 2016, Simon Dingemans (Chief Financial Officer) made the following general comments:

"...we are re-confirming our original outlook for 2016 and continue to expect that we will return to growth in core EPS in constant currency terms at a rate that reaches double digits.

Given the Q1 comparator issues I've mentioned but also the fact that Oncology will still be in the base for the first two months of the year, the phasing of this earnings growth will be more weighted to the second half."

Consistent with the reporting in 2015, for Q1 2016 the Group plans to also present pro forma growth rates for turnover, core operating profit and core operating profit by business. Pro forma growth rates will be calculated comparing reported turnover and core operating profit for Q1 2016 with the turnover and core operating profit for Q1 2015 adjusted to include the equivalent three month's sales of the former Novartis Vaccines and Consumer Healthcare products and exclude the sales of the former GSK Oncology business during January and February 2015.

Pharmaceuticals

On the Q4 2015 results analyst/investor call on 3 February 2016, Simon Dingemans made the following comments on the Pharmaceuticals business:

"The biennial price cuts in Japan will occur this April and are expected to be in the 5% to 7% range, and this will negatively impact the year, particularly Q1.

Looking out for 2016 as a whole we expect total Pharmaceuticals to return to growth, with contributions from new products more than offsetting the continued declines in Seretide/Advair, the established products and Avodart.

You should watch out for a couple of additional drag factors in Europe as part of the overall simplification of the business, we are in the process of divesting a distributor in Romania, which had annual sales of around £150 million. This will complete, we expect, by the end of Q2, and remember, as we have previously announced, we have disposed of the remaining rights to Prolia, which were mainly in the international region and had sales of £43 million in 2015. This was acquired by Amgen in December."

Respiratory

On the Q4 2015 results analyst/investor call on 3 February 2016, Simon Dingemans made the following comments on Respiratory:

"Going forward, based on the underlying trends over the past year or so, I continue to believe that a 20% decline for Advair (in the US) is a reasonable expectation for 2016 for your models, factoring in continued price and competitive pressures in the marketplace, but also the impact of the transition in our new products.

In Europe Pharmaceutical sales declined 7% pro forma, the main headwind was Seretide, down 18%, reflecting the impact of generic competition which intensified during the second half, particularly in the UK. Based on current trends I expect Seretide in Europe will continue to move down this year, 2016, at rates more in line with the second half of 2015, i.e. again around 20%."

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

ViiV exit rights

On the Q4 2015 results analyst/investor call on 3 February 2016, Simon Dingemans made the following comments with respect to ViiV exit rights:

"You will find additional detail on the ViiV arrangements in today's press release, which hopefully will further clarify for you how these agreements work. Given the increasing importance to us of ViiV and our decision not to IPO the HIV business we have also now decided that we want to bring the liability for the put rights that Shionogi and Pfizer have onto our balance sheet. For us to be able to do this under IFRS we had to change the terms of the puts, which we have now done, and so you should expect to see a liability of around £2 billion booked in Q1; there is no charge to the P&L as it will be recognised directly in equity."

Further details can be found on page 19 of the Q4 2015 press release which can be accessed at: http://www.gsk.com/media/988818/q4-2015-results-announcement.pdf

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 quarterly results for the Vaccines business together with the 12 month pro forma results in and 2014 and 2015.

GSK Vaccines (£m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
US	217	240	526	275	1,258
Europe	224	274	308	291	1,097
International	258	300	347	397	1,302
Total turnover	**699**	**814**	**1,181**	**963**	**3,657**
Operating profit	161	177	464	164	966
Operating margin	*23.0%*	*21.7%*	*39.3%*	*17.0%*	*26.4%*
CER growth					
US – reported	*+14%*	*+13%*	*+42%*	*+15%*	*+24%*
US – PF*	***+11%***	***-5%***	***+22%***	***+0%***	***+9%***
Europe – reported	*+4%*	*+27%*	*+31%*	*+30%*	*+23%*
Europe –PF*	***-3%***	***+12%***	***+14%***	***+11%***	***+9%***
International – reported	*+13%*	*-2%*	*+22%*	*+16%*	*+12%*
International – PF*	***+3%***	***-16%***	*+3%*	*-8%*	*-5%*
Total turnover – reported	*+10%*	*+11%*	*+32%*	*+20%*	*+19%*
Total turnover – PF*	***+3%***	***-5%***	***+13%***	***-1%***	***+3%***
Operating profit					
– reported	*-31%*	*-32%*	*+30%*	*-23%*	*-9%*
– PF*	***-24%***	***-10%***	***+44%***	***-5%***	***+7%***

**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*

GSK Vaccines (£bn)	FY 2014 12 month pro forma	FY 2015 as reported	FY 2015 12 month Pro Forma
Total turnover	**3.7**	**3.7**	**3.7**
Operating profit	0.8	1.0	0.9
Operating margin	*22.4%*	*26.4%*	*24.6%*

The data in the table above was originally published in our GSK Investor Event slides on May 6th 2015 (slide 76) and in our 2015 full year results slide deck (slide 27)

On the Q4 2015 results analyst/investor call on 03 February 2016, Simon Dingemans made the following comments with regard to Vaccines business including the outlook for 2016:

"We are very pleased also with the progress we are making in accelerating the meningitis portfolio, with reimbursement now in place in the US as well as a number of material European markets, including the UK, where Bexsero has been included in the UK national immunisation programme.

We are ramping-up Bexsero capacity to meet this acceleration of demand and expect to progress improvement in supply as we move through the year, but we will see some impact on Bexsero growth due to supply constraints in the first half, particularly in the first quarter.

These overall growth contributions were partly offset in international by the impact of higher trade inventories of the brands we acquired as well as previously identified supply constraints around the hepatitis portfolio and Infanrix sales. The economic slowdown that we talked about was also felt in this portfolio with demand weaker, with a number of governments cutting back funding for immunisation programmes and this is not expected to improve in the near term.

2016 as a whole, with growing contributions from the meningitis vaccines we remain confident in achieving the mid-single digit pro forma growth that we outlined back in May. In the medium term we also continue to expect to move the growth of Vaccines from mid-single digits to mid-to-high-single digits as we expand supply and deliver the Shingrix launch."

Consumer Healthcare

Below are the 12 month pro forma results for 2014 and 2015:

GSK Consumer Healthcare (£bn)	FY 2014 12 month pro forma	FY 2015 As reported	FY 2015 12 month pro forma
Total turnover	**6.1**	**6.0**	**6.3**
Operating profit	0.7	0.7	0.7
Operating margin	*11.0%*	*11.3%*	*11.1%*

The data in the table above was originally published in our GSK Investor Event slides on May 6th 2015 (slide 76) and in our 2015 full year results slide deck (slide 27)

Here are the quarterly results for the Consumer Healthcare business in 2015:

GSK Consumer Healthcare (£m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
Turnover	1,381	1,509	1,576	1,562	6,028
Reported growth - CER	*+24%*	*+51%*	*+55%*	*+47%*	*+44%*
Pro forma* growth – CER	***+8%***	***+6%***	***+7%***	***+5%***	***+6%***
Operating profit	182	108	210	180	680
Reported growth - CER	*+53%*	*+41%*	*+92%*	*+73%*	*+66%*
Pro forma* growth - CER	***+35%***	***+0%***	***+22%***	***+38%***	***+24%***
Operating margin	*13.2%*	*7.2%*	*13.3%*	*11.5%*	*11.3%*

**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 vaccines business in Q1 and three months of the former Novartis vaccines business in Q2, Q3 and Q4.*

On the Q4 2015 results analyst/investor call on 3 February 2016, Simon Dingemans made the following comments relating to the outlook for 2016:

"Overall for the current year we continue to expect pro forma growth for the Consumer business to be in the mid-single digit range. Remember though that Q1 is likely to be impacted in growth terms because of the strong and difficult comparator with the Flonase performance in Q1 last year."

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."

Corporate and other unallocated as reported (£m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full Year 2015
Turnover	19	25	30	(2)	72
Total core operating profit (costs)†	(31)	(52)	(35)	(50)	(168)

†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 2015 full year results presentation)

Restructuring and structural savings (£bn)*	2014	2015	2016	2017
Restructuring savings (cumulative)	0.6	1.6	2.4	3.0
Structural savings	0.2	-	-	-
Total savings delivered/expected	0.8	1.6	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 Q4 2015 Results Announcements dated 3rd February 2016 and the cautionary statement slide included with the 2015 full year results presentation.*
*** Net incremental savings of £0.8bn after taking into account structural savings credit in 2014 SG&A*

In the Q4 2015 press release we made the following comments on restructuring:

"Major restructuring charges accrued in the year were £1,891 million (2014: £750 million) and reflected the acceleration of a number of integration projects following completion of the Novartis transaction, as well as further charges as part of the Pharmaceuticals restructuring programme. Cash payments made in the year were £1,131 million (2014: £566 million). The programme has delivered approximately £1 billion of incremental benefits in 2015 compared with 2014, with a net impact on 2015 of £0.8 billion after taking into account the £219 million structural credit recognised in Q3 2014.

Charges for the combined restructuring and integration programme to date are £2.7 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. By the end of 2015, the programme had delivered approximately £1.6 billion of annual savings and 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. "

In the Q4 2015 results analyst/investor call on 03 February 2016, Simon Dingemans made the following comments on cost savings:

"The restructuring programmes are ahead of schedule and this has enabled us to bring forward additional savings into both 2015 and 2016. We expect another £1.4 billion of annual savings by the end of 2017 when the programmes are expected to be completed with £800 million of that falling into 2016."

Financial performance

Net finance costs

On the Q4 2015 results analyst/investor call on 3 February 2016, Simon Dingemans (Chief Financial Officer) made the following comments:

"Turning to the bottom half of the P&L on the next slide, our core finance expenses of £636 million were £10 million lower than 2014 and while we continue to focus on financial efficiency, I am expecting finance costs to be a little bit higher in 2016 as net debt increases from using some of the cash we're holding from the transaction to fund the restructuring programmes, continue to upgrade capacity but in particular to fund the return of the £1 billion special dividend from the transaction proceeds."

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

Associates and joint ventures

In the Q4 2015 press release we made the following comments relating to associates:

"The share of losses of associates and joint ventures was £2 million (2014: £30 million profit). In March 2015, GSK reduced its shareholding in Aspen Pharmacare Holdings Limited, from 12.4% to 6.2% of the issued share capital. As a result, GSK no longer accounts for Aspen as an associate."

In the 2015 Annual Report page 166 includes the following regarding the Group's one significant associate at 31 December 2015:

"The Group held one significant associate at 31 December 2015, Theravance, Inc., which changed its name to Innoviva, Inc. on 8 January 2016. At 31 December 2015, the Group owned 32 million shares or 27.8% of Theravance Inc. (now Innoviva Inc.), which is a biopharmaceutical company listed on NASDAQ. The company partnered with GSK in the development of Relvar/Breo Ellipta and Anoro Ellipta and receives royalty income from sales of these products. It is also eligible to receive royalty income from sales of vilanterol monotherapy, if approved and commercialised, and retains a 15% economic interest in future payments made by GSK for earlier-stage programmes partnered with Theravance Biopharma, Inc. GSK recognised Theravance as an associate on 1 September 2015, following the expiry of a governance agreement related to the Group's investment in the company. Under the terms of that governance agreement, the Group was required (with certain limited exceptions) to vote its shares either in support of the recommendation of the independent directors of the board or in proportion to other shareholders' votes cast. The expiry of the governance agreement and removal of this voting rights' restriction was considered to provide the Group with the ability to exert significant influence over the activities of the company."

CORE associates and joint ventures (£m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
Aspen	10	-	-	-	10
Other associates	(3)	(2)	(2)	(5)	(12)
Total associates	**7**	**(2)**	**(2)**	**(5)**	**(2)**

Taxation

In the Q4 2015 press release we made the following comments on taxation:

"The percentage growth in core EPS for 2016 anticipated in the 2016 guidance factors in an expectation of upward pressures on the core effective tax rate given the likely changes in the mix of the Group's businesses and, in particular, an anticipated higher proportion of sales from its US businesses. Subject to the actual future geographic mix of the Group's profits and, in particular, the proportion arising in the US and other higher tax rate jurisdictions, it is expected that this will lift the effective core tax rate in 2016 to 20-21%. Further moderate upward pressure over the next several years is also likely for the same reasons."

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					20% to 21%

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

In the Q4 2015 press release we made the following comments

"The allocation of earnings to non-controlling interests amounted to £440 million (2014: £222 million), including the non-controlling interest allocations of Consumer Healthcare profits of £138 million (2014: £nil) and the allocation of ViiV Healthcare profits, which increased to £224 million (2014: £132 million)."

On the Q4 2015 results investor/analyst call on 3 February 2016, Simon Dingemans made the following comments relating to the 2016 outlook for minority interests:

"Lastly, in 2016 we are also likely to see another step up in the minority interest due to the continued growth in ViiV and the Consumer joint venture, which remember will be in 2016 for 12 months versus the ten months in 2015."

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

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

Acquisitions and divestments

GSK's global HIV business ViiV Healthcare completes transactions to acquire Bristol-Myers Squibb's R&D HIV assets

GlaxoSmithKline plc (LSE: GSK) today announced that ViiV Healthcare, the global specialist HIV company majority owned by GSK, with Pfizer Inc. and Shionogi Limited as shareholders, has completed two previously announced transactions with Bristol-Myers Squibb to acquire its late-stage HIV R&D assets and its portfolio of preclinical and discovery stage HIV research assets. The completion of both transactions follows antitrust approval by the relevant regulatory authorities in the US, with the integration process beginning immediately.

Under the terms of the transactions, ViiV Healthcare acquired late-stage HIV R&D assets from Bristol-Myers Squibb for an initial upfront payment of $317 million followed by development and first commercial sale milestones of up to $518 million, and tiered royalties on sales. ViiV Healthcare also acquired Bristol-Myers Squibb's preclinical and discovery stage HIV research business for an upfront payment of $33 million, followed by development and first commercial sales milestones of up to $587 million, and further consideration contingent on future sales performance.

ViiV Healthcare has acquired:

- Late stage assets, including fostemsavir (BMS-663068), an attachment inhibitor currently in phase III development for heavily treatment experienced patients. Fostemsavir has received a Breakthrough Therapy Designation from the FDA and is expected to be filed for regulatory approval in 2018. The second late stage asset is a maturation inhibitor (BMS-955176), and is currently in phase IIb development for both treatment-naive and treatment experienced patients. A back-up maturation inhibitor candidate (BMS-986173) is also included in the purchase.
- Assets in preclinical and discovery phases of development including a novel biologic (BMS-986197) with a triple mechanism of action, an additional maturation inhibitor, an allosteric integrase inhibitor and a capsid inhibitor.

(LSE announcement 22 February 2015)

GSK and Adaptimmune expand strategic immunotherapy collaboration

- Agreement accelerates development of Adaptimmune's lead T-cell therapy targeting NY-ESO-1 toward pivotal trials
- Creates opportunity for up to eight combination studies

GlaxoSmithKline plc (LSE/NYSE: GSK) and Adaptimmune Therapeutics plc (Nasdaq: ADAP), a leader in the use of T-cell receptor (TCR) engineered T-cell therapy to treat cancer, today announced that the companies have expanded the terms of their strategic collaboration agreement to accelerate Adaptimmune's lead clinical cancer programme, an affinity enhanced T-cell immunotherapy (GSK3377794) targeting NY-ESO-1 toward pivotal trials in synovial sarcoma.
Adaptimmune and GSK announced a strategic collaboration and licensing agreement in June 2014 for up to five programmes, including the lead NY-ESO TCR programme. GSK has an option on the NY-

ESO- 1 programme through clinical proof of concept, and, on exercise, will assume full responsibility for the programme. **(Press release 02 February 2016)**

GSK completes divestment of rights to ofatumumab for auto-immune indications to Novartis

GlaxoSmithKline plc (LSE/NYSE: GSK) today announced the completion of its transaction to divest its rights to ofatumumab for auto-immune indications to Novartis Pharma AG ("Novartis Pharma"), a subsidiary of Novartis AG, following regulatory approval.

The consideration payable by Novartis Pharma to GSK may reach up to $1,034 million and comprises a series of milestone payments as follows:

- $300 million paid at closing
- $200 million payable subject to the start of a phase III study in relapsing remitting multiple sclerosis by Novartis
- further contingent payments of up to $534 million payable on the achievement of certain other development milestones

Novartis Pharma will also pay royalties of up to 12 per cent to GSK on any future net sales of ofatumumab in auto-immune indications.

Income generated from the divestment will be treated as non-core in line with the accounting policies outlined in the third quarter financial results announcement of 28 October 2015.

(LSE announcement 21 December 2015)

Amgen reacquires all product rights to Prolia® (denosumab), XGEVA® (denosumab) and Vectibix® (panitumumab) from GSK in 48 countries

http://wwwext.amgen.com/media/news-releases/2015/12/amgen-reacquires-all-product-rights-to-prolia-denosumab-xgeva-denosumab-and-vectibix-panitumumab-from-gsk-in-48-countries/

(Amgen press release 14 December 2015)

News flow on key assets during the quarter – to date

Since the beginning of Q1 we have issued a number of LSE announcements and press releases, each of which can be accessed using the following link:

http://www.gsk.com/en-gb/media/press-releases/

GSK receives positive CHMP opinion in Europe for Strimvelis, the first gene therapy to treat very rare disease, ADA-SCID

GlaxoSmithKline (LSE/NYSE: GSK) today announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA), in conjunction with the Committee for Advanced Therapies (CAT), has issued a positive opinion recommending marketing authorisation for Strimvelis to treat patients with a very rare disease called ADA-SCID (severe combined immunodeficiency due to adenosine deaminase deficiency). The medicine is a stem cell gene therapy created for an individual patient from their own cells which is intended to correct the root cause of the disease. If approved by the European Commission, the medicine - currently known as GSK2696273 (autologous CD34+ cells transduced to express ADA) - will be commercialised under the

brand name Strimvelis, for the treatment of patients with ADA-SCID for whom no suitable human leukocyte antigen (HLA)-matched related stem cell donor is available.
(LSE announcement 01 April 2016)

GSK receives marketing authorisation for Nucala® (mepolizumab) in Japan
GlaxoSmithKline plc (LSE/NYSE:GSK) today announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) has granted approval for Nucala® (mepolizumab) as a treatment for bronchial asthma in patients with refractory asthma whose symptoms are inadequately controlled with standard treatment. Nucala is licensed in Japan for adults and adolescents aged 12 years or older.
(LSE announcement 29 March 2016)

Vestri Study Results GSK Advair in Children 4-11. GSK's Advair® Diskus® achieves primary endpoint in LABA safety study of children aged 4-11 years with asthma
GlaxoSmithKline plc (LSE/NYSE:GSK) today announced results from the paediatric 'LABA' (long acting beta2-agonist) safety study. VESTRI (SAS115358) compared Advair® Diskus® (FSC), a combination of the LABA, salmeterol, and the inhaled corticosteroid (ICS), fluticasone propionate (FP), to FP monotherapy in children aged 4 – 11 years. The study assessed the composite endpoint of serious asthma-related events (deaths, intubations or hospitalisations). **(LSE announcement 17 March 2016)**

GSK and Miltenyi Biotec establish cell and gene therapy collaboration
Collaboration includes discovery programme for CAR-T cell-based oncology therapies
GSK and Miltenyi Biotec today announced a strategic collaboration that will bring together GSK's expertise in developing cell and gene therapy based treatments with Miltenyi Biotec's global leadership in cell processing and related technologies in cell therapy. The collaboration seeks to optimise the manufacture and delivery of these personalised therapies using increased automation and leading edge processing technology. **(Press release 16 March 2016)**

GSK presents data at AAAAI on efficacy of Nucala® (mepolizumab) in severe asthma patients stratified by eosinophil levels
GlaxoSmithKline plc (LSE/NYSE: GSK) today presented results at the American Academy of Allergy, Asthma & Immunology (AAAAI) annual meeting from a post-hoc study which showed that severe asthma patients with a baseline blood eosinophil count of 150 cells/µL or above who received Nucala® (100mg fixed dose subcutaneous injection of mepolizumab) or an investigational dose of mepolizumab had a significant improvement in their exacerbation rates compared to those receiving placebo. The data showed that when these patients were stratified by baseline eosinophil levels, a significant improvement in exacerbation rates was observed in all groups receiving mepolizumab (≥150, ≥300, ≥400, ≥500 cells/µL) with the greatest improvement occurring in those patients with higher levels of eosinophils. **(Press release 07 March 2016)**

NEJM publishes results of GSK's long-term LABA safety study of Advair ® Diskus® in adults and adolescents with asthma
GlaxoSmithKline plc (LSE/NYSE:GSK) today announced publication of results from the 'LABA' (long acting beta2-agonist) safety study, AUSTRI (SAS115359) in the New England Journal of Medicine (NEJM). The study, which reported results in October, 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 adolescent and adult patients with asthma. This was assessed by the composite endpoint of serious asthma-related events (deaths, intubations or hospitalisations) and showed that Advair had a safety profile comparable to FP, including no asthma-related deaths in either arm. These results are being simultaneously presented at the American Academy of Asthma, Allergy and Immunology (AAAAI) Congress in Los Angeles, California.

AUSTRI was undertaken as a post-marketing requirement of GSK for the US Food and Drug Administration (FDA). Three other manufacturers of LABA-containing products, which are also indicated for the treatment of asthma, are undertaking identical studies designed to evaluate whether the addition of a LABA to an ICS increased the risk of an event in the composite endpoint of serious asthma-related events in adolescents and adults with asthma. AUSTRI is the first of the large-scale safety studies to report results and was conducted in over 11,000 patients.
(LSE announcement 06 March 2016)

GSK presents new data on the long-term efficacy & safety of Nucala® for the treatment of severe asthma with an eosinophilic phenotype
GlaxoSmithKline plc (LSE/NYSE: GSK) today presented new safety and efficacy data for Nucala® (mepolizumab) from the open-label COSMOS (MEA115661) study at the American Academy of Allergy, Asthma & Immunology annual meeting. The data shows that the risk/benefit profile generated through the pivotal studies for Nucala was maintained over an extended 52-week period. Exacerbation risk reduction, asthma control improvement and oral corticosteroid dose reduction seen in earlier trials was also demonstrated in the study. **(Press release 05 March 2016)**

New long-term organ damage analysis published for GSK's Benlysta® (belimumab)
GSK today announced publication of a new long-term analysis showing that patients with moderate-to-severe systemic lupus erythematosus (SLE) treated with Benlysta (belimumab) plus standard of care (SoC) over five years experienced low rates of organ damage progression, regardless of their baseline level of damage. Patients with SLE are at risk of irreversible organ damage which will accrue over time and is associated with increased risk of death. **(Press release 03 March 2016)**

ViiV Healthcare announces first phase II HIV prevention study results for investigational long-acting injectable cabotegravir
ViiV Healthcare, the global specialist HIV company majority owned by GSK, with Pfizer Inc. and Shionogi Limited as shareholders, today presented positive results from the 41 week phase IIa ECLAIR study, which evaluated the safety, tolerability, dosing and satisfaction with the investigational, long-acting, injectable cabotegravir as monotherapy for pre-exposure prophylaxis (PrEP) in HIV-uninfected healthy adult males not at high risk of acquiring HIV.1 Results were presented at the Conference on Retroviruses and Opportunistic Infections (CROI) in Boston.
(ViiV Healthcare press release 24 February 2016)

ViiV Healthcare announces phase II study results for first two drug, long-acting injectable regimen for HIV-1 treatment

32 week maintenance data presented at CROI showed comparable viral suppression rates between injectable regimen and three drug oral regimen

ViiV Healthcare, the global specialist HIV company majority owned by GSK, with Pfizer Inc. and Shionogi Limited as shareholders, today presented positive results from the LATTE-2 study at the Conference on Retroviruses and Opportunistic Infections (CROI) in Boston. Headline results were announced in November 2015. **(ViiV Healthcare press release 23 February 2016)**

U.S. Food and Drug Administration Grants Breakthrough Therapy Designation for Adaptimmune's Affinity Enhanced T-cell Therapy Targeting NY-ESO in Synovial Sarcoma

Adaptimmune Therapeutics plc (Nasdaq:ADAP), a leader in the use of TCR engineered T-cell therapy to treat cancer, today announced that the U.S. Food and Drug Administration (FDA) has granted Breakthrough Therapy designation for the company's affinity enhanced T-cell therapy targeting NY-ESO in synovial sarcoma for HLA-A*201, HLA-A*205 or HLA-A*206 allele-positive patients with inoperable or metastatic synovial sarcoma who have received prior chemotherapy and whose tumor expresses the NY-ESO-1 tumor antigen.

(Adaptimmune Therapeutics plc press release 09 February 2016)

http://ir.adaptimmune.com/phoenix.zhtml?c=253991&p=irol-newsArticle&ID=2136858

GSK announces US regulatory submission seeking expanded indication for FluLaval® Quadrivalent (Influenza Vaccine) for infants 6 mos+

GSK today announced the submission of a supplemental Biologics License Application (sBLA) to the U.S. Food and Drug Administration for FLULAVAL® QUADRIVALENT (Influenza Vaccine). This vaccine is currently approved for active immunisation against influenza A subtype viruses and type B viruses, in persons three years of age and older. The submission seeks an expanded indication for children six months through 35 months of age. With this approval, providers would be able to use the same dose of FLULAVAL® QUADRIVALENT (15 ug of hemagglutinin per virus strain in 0.5 mL) to cover all eligible persons from six months and up. **(Press release 02 February 2016)**

ViiV Healthcare to progress collaboration with Janssen to develop the first long-acting, two drug injectable regimen for treatment of HIV-1 infection

ViiV Healthcare, a global specialist HIV company with GSK, Pfizer Inc. and Shionogi Limited as shareholders, today formalised its collaboration with Janssen Sciences Ireland UC (Janssen) for the phase III investigation and commercialisation of the long-acting, injectable formulations of cabotegravir (ViiV Healthcare) and rilpivirine (Janssen) for the treatment of HIV-1 infection. The long-acting formulations of cabotegravir (CAB LA) and rilpivirine (RPV LA) are being investigated as an injectable maintenance treatment for patients who have achieved viral suppression.

(ViiV Healthcare press release 07 January 2016)

Other newsflow during the quarter and to date

Publication of 2016 Notice of Annual General Meeting

GlaxoSmithKline plc (the 'Company') will today publish on the Company's website, http://www.gsk.com/en-gb/investors/shareholder-information/annual-general-meeting/, its 2016 Notice of Annual General Meeting (the '2016 AGM Notice'), together with its 2015 Annual Summary (the '2015 Summary').

The Company's Annual General Meeting will be held on Thursday 5 May 2016 at 2.30 pm at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

(LSE announcement 30 March 2016)

Annual Report 2015 on Form 20-F

In accordance with Section 203.01 of the New York Stock Exchange Listed Company Manual, GlaxoSmithKline plc ("GSK") announces that on 18 March 2016 it filed with the Securities and Exchange Commission an Annual Report on Form 20-F that included audited financial statements for the year ended 31 December 2015. GSK's 2015 Annual Report on Form 20-F is available online at GSK's website at www.gsk.com/corporatereporting and also online at www.sec.gov.

(LSE announcement 21 March 2016)

Publication of 2015 Annual Report

GlaxoSmithKline plc (the 'Company') will today publish on the Company's website, www.gsk.com/corporatereporting, its Annual Report for the year ended 31 December 2015 (the '2015 Annual Report'). **(LSE announcement 17 March 2016)**

Sir Andrew Witty to retire from GSK in March 2017

in the publication of its 2015 Annual Report to shareholders, GSK plc today announced that Sir Andrew Witty, CEO, has indicated to the Board his intention to retire from the company in early 2017. The Board has agreed that he will retire on 31st March 2017. The Board will now conduct a formal search for a successor and will consider internal and external candidates for the role.

(LSE announcement 17 March 2016)

Directorate changes

The Company today announces that Sir Deryck Maughan, Dr Stephanie Burns, Dr Daniel Podolsky and Hans Wijers will not stand for re-election to the Board at GSK's Annual General Meeting on 5 May 2016 (the "AGM"). **(LSE announcement 17 March 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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