

do more
feel better
live longer

Image HIV virus

Annual Summary 2017

CEO's statement



“Our ambition is to drive a high-performance culture, putting science at the heart of GSK, remaining true to our values and our purpose: to help people do more, feel better, live longer.”

In 2017, GSK delivered encouraging results from across the company with sales growth in each of our three global businesses, an improved Group operating margin, Adjusted EPS growth and stronger free cash flow.

The healthcare industry remains an attractive sector, however, it is entering a period of significant change bringing both challenges and opportunities. That's why in July, I set out three long-term priorities: Innovation, Performance and Trust. I believe these priorities enable us to focus on areas we can improve and allow us to respond more effectively to our operating environment. They will focus us on delivering improved performance and better returns for shareholders over both the short and long term, as well as a broader societal contribution.

I have been clear that we need to strengthen our Pharmaceuticals business and pipeline as this will ultimately drive sustainable, long-term growth for the company. During the year, we received approvals for three key new products: *Shingrix*, our new vaccine which represents a new standard for the prevention of shingles; *Juluca*, the first in a series of once-daily, single-pill, 2-drug regimens for HIV; and *Trelegy Ellipta*, which is the first once a day inhaler to combine three medicines in one device to treat COPD.

We have made changes in our senior leadership through the year, promoting great internal talent and bringing in fresh expertise from outside the company. Our ambition is to drive a high-performance culture, putting science at the heart of GSK, remaining true to our values and our purpose: to help people do more, feel better, live longer. During the year, I was pleased to see a meaningful improvement in employee engagement scores, which are an important driver of performance.

Looking ahead, given the momentum we are seeing in our new products and recent launches, the operating performance improvements we are driving and the benefit of US tax reform, despite the potential for generic competition to *Advair* in the US, we are increasingly confident in our ability to deliver our 2020 outlook of mid to high single digit growth in Adjusted EPS CAGR (2016-2020 at 2015 CER).

Finally, I want to say thank you to GSK employees, partners and customers for their work in 2017 and especially for their support to me in my first year as CEO.

A handwritten signature in black ink that reads "Emma Walmsley". The signature is fluid and cursive, written in a professional style.

Emma Walmsley
Chief Executive Officer

Our performance in 2017^a

£30.2bn

Group turnover

AER +8%

CER +3%

£6.7bn

New Product sales^b

AER +51%

CER +44%

£4.1bn

Total operating profit

AER +57%

CER +39%

£8.6bn

Adjusted operating profit

AER +12%

CER +5%

31.4p

Total earnings per share

AER +67%

CER +36%

111.8p

Adjusted earnings per share

AER +11%

CER +4%

£6.9bn

Net cash flow from operating activities

£3.4bn

Free cash flow

£3.9bn

Dividends declared for 2017

80p

2017 dividend per share

Footnotes

- a AER growth rates represent growth at actual exchange rates. We use a number of adjusted, non-IFRS, measures to report the performance of our business, as described on page 58 of our Annual Report 2017, including Adjusted results, free cash flow and CER growth rates. These measures are used by management for planning and reporting purposes and may not be directly comparable with similarly described measures used by other companies. Adjusted results exclude a number of items and are presented as management believes that Adjusted results allow the key trends and factors driving that performance to be more easily and clearly identified by shareholders. Non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS. A reconciliation of Total results to Adjusted results is set out on page 67 of our Annual Report 2017.
- b As defined in 2015, new products are as follows: Pharmaceuticals: *Relvar/Breo Ellipta*, *Incruse Ellipta*, *Anoro Ellipta*, *Annuity Ellipta*, *Eperzan/Tanzeum*, *Nucala*, *Tivicay*, *Triumeq*. Vaccines: *Menveo*, *Bexsero*, *Shingrix*.

GSK at a glance

Our purpose

To help people do more, feel better and live longer

Our goal

To be one of the world's most innovative, best performing and trusted healthcare companies.

Our strategy

Bring differentiated, high-quality and needed healthcare products to as many people as possible, with our three global businesses, scientific and technical know-how and talented people.

Our values and expectations

Our values and expectations are at the heart of everything we do and form an important part of our culture.

Our values
 Patient focus
 Transparency
 Respect
 Integrity

Our expectations
 Courage
 Accountability
 Development
 Teamwork

Three global businesses

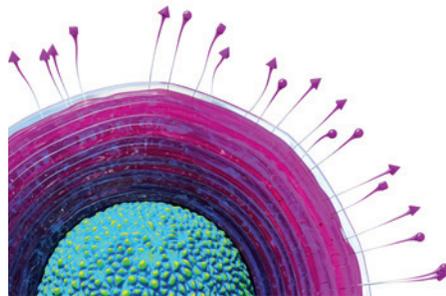


Immune system T-cells attacking a cancer cell

Pharmaceuticals

Leading positions in Respiratory and HIV

% of Group turnover

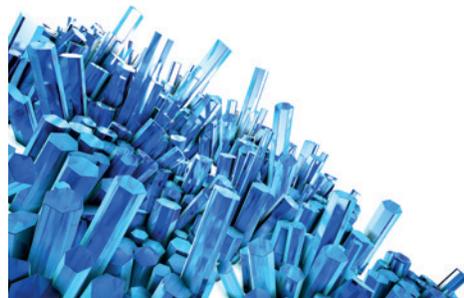


Herpes zoster virus of shingles

Vaccines

Broadest portfolio with leading position in meningitis and opportunity in shingles

% of Group turnover



Novamin, a key technology in Sensodyne Repair and Protect

Consumer Healthcare

Category leadership in Respiratory, Pain relief and Oral health

% of Group turnover



Focused on our new long-term priorities

Innovation

Performance

Trust

Shareholder information

Notice of availability 2017

The 2017 Annual Report and Notice of Annual General Meeting are now available at www.gsk.com. You can request printed copies of our 2017 Annual Report from Equiniti and BNY Mellon.

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Annual General Meeting

The GSK 2018 AGM will be held at 2.30pm on Thursday, 3 May 2018 at:

QEII Centre
Broad Sanctuary
Westminster
London SW1P 3EE

You may sign up for electronic communications and manage your shareholding online at www.shareview.co.uk or www.mybnymdr.com

You may vote online by appointing a proxy electronically. Full details are set out in the Notice of Annual General Meeting which can be found at www.gsk.com

*Lines are open from 8.30am to 5.30pm UK time, Monday to Friday, excluding public holidays in England and Wales.

Dividends

	Payment date	2017 pence	2016 pence
First interim	13 July 2017	19	19
Second interim	12 October 2017	19	19
Third interim	11 January 2018	19	19
Fourth interim	12 April 2018	23	23
Total		80	80

Dividend calendar

Quarter	Ex-dividend date	Record date	Payment date
Q4 2017	22 February 2018	23 February 2018	12 April 2018
Q1 2018	10 May 2018	11 May 2018	12 July 2018
Q2 2018	9 August 2018	10 August 2018	11 October 2018
Q3 2018	15 November 2018	16 November 2018	10 January 2019

Cautionary statement

GSK cautions investors that any forward-looking statements or projections made by GSK, including those made in this Summary, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Such factors include, but are not limited to, those described under 'Principal risks and uncertainties' in our Annual Report 2017. Please see the full Cautionary statement regarding forward-looking statements on the inside back cover of our Annual Report 2017.

Cover image

30 years after developing the first HIV medicine, our research into treatment and prevention of HIV continues. We remain at the forefront of helping people living with HIV, driving innovation and working with communities all over the world.