GSK Investor Event

6 May 2015
Healthcare environment requires global, diversified and innovative offering

Growing population…

- >7 billion people
- >6 billion people outside US & Europe

Driven by significant new cohorts…

- 650m new babies by 2020
- ~1 billion 60+ year olds by 2020 (+20%)

Offset by sustained pricing pressure…

... and uncertainty of funding

Global footprint

Broad portfolio offering

Regulatory and quality competence

Science-led innovation
Long term strategic actions mean GSK is well positioned for new operating environment

Diversified business*

- Cx 25%
- Vx 16%
- Rx 59%

Diversified geographies*

- Int 41%
- EU 29%
- US 30%

Cost saving programmes £bn

- Rx, 1.0
- NVS, 1.0
- Major Change, 1.0

Offering value for money health interventions to prevent and treat illness

* 2014 sales restated to exclude Oncology and include 12 months of NVS sales.
Capital allocation strategy to support growth and returns

Investment

- Intention to retain full holding in ViiV

Flexibility

- Accelerate restructuring of Group
- Provide new flexibility for possible generic Advair and ViiV/Consumer put options

Shareholder return

- 3 year ordinary dividend of 80p 2015-2017
- £1bn special dividend with Q4 2015 ordinary dividend
GSK targeting improvements to financial performance 2016-2020

Rx sales
Low single digit*

Vx sales
Mid-to-high single digit*

Cx sales
Mid single digit*

Group sales
Expect low-to-mid single digit CAGR for the Group*

Core EPS
2016 expected to reach double digit CER growth
2016-2020 expected to be mid-to-high single digit CER CAGR*

* CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015. All growth rates at CER.

** 2014 sales restated to exclude Oncology and include 12 months of NVS sales.
Key success factors

**Rx**
New launches
Established products ex US/EU
Deliver pipeline

**Vx**
Expand coverage in USA
Improve reach in emerging markets
Expand margins

**Cx**
Accelerate growth with strengthened portfolio
Geographic footprint expansion
Expand margins

**R&D**
>£6bn sales from 11 new products by 2020
~40 Ph II/III NMEs
>30 DPUs

**Commercial model**
HCP
Sales force incentives
Digital

**Quality/Supply**
£11bn capital investments since 2008**
Volumes increased by 43% in emerging markets since 2008^1

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* Includes key recent and near-term launches plus late-stage assets. Rx: Breo, Anoro, Incruse, Arnuity, Tanzeum, Nucala, Tivicay, Triumeq, Vx: Menveo, Bexsero, Shingrix.
** Net PPE plus purchase of intangibles 2008-2014.
^1 IMS
Broader and diversified portfolio offers sustained revenue protection

*Advair, Flovent and Ventolin in the US, Europe and Japan.

**US, Europe and Japan.

***All sales not captured by other categories.
The GSK proposition

- High level exposure to broad healthcare markets and global GDP growth
- Volume driven capability to drive growth with reduced reliance on price
- Leadership positions in Consumer & Vaccines
  Pharma rebalanced
- Significant R&D pipeline opportunities and low concentration of patent risk, post Advair/Seretide
- Expect sales and EPS growth 2016-2020*

* CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
Cautionary statement regarding forward-looking statements

This presentation may contain forward-looking statements. Forward-looking statements give the Group’s current expectations or forecasts of future events. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as ‘anticipate’, ‘estimate’, ‘expect’, ‘intend’, ‘will’, ‘project’, ‘plan’, ‘believe’, ‘target’ and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, and financial results.

Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should, however, consult any additional disclosures that the Group may make in any documents which it publishes and/or files with the US Securities and Exchange Commission (SEC). All investors, wherever located, should take note of these disclosures. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

Forward-looking statements are subject to assumptions, inherent risks and uncertainties, many of which relate to factors that are beyond the Group’s control or precise estimate. The Group cautions investors that a number of important factors, including those in this document, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, but are not limited to, those discussed under Item 3.D ‘Risk factors’ in the Group’s Annual Report on Form 20-F for 2014 and those discussed in Part 2 of the Circular to Shareholders and Notice of General Meeting furnished to the SEC on Form 6-K on November 24, 2014. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this report.

A number of adjusted measures are used to report the performance of our business. These measures are defined in our Q1 2015 earnings release and annual report on Form 20-F.
Unaudited pro forma financial information

The unaudited pro forma financial information in this presentation has been prepared to illustrate the effect of (i) the disposal of the oncology assets, (ii) the Consumer Healthcare joint venture (i.e. the acquisition of the Novartis OTC Business), and (iii) the acquisition of the Vaccines business (which excludes the Influenza Vaccines business) on the results of the Group as if they had taken place as at January 1, 2014.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position or results. The unaudited pro forma financial does not purport to represent what the Group’s financial position actually would have been if the disposal of the Oncology assets, the Consumer Healthcare joint venture and the Vaccines acquisition had been completed on the dates indicated; nor does it purport to represent the financial condition at any future date.

In addition to the matters noted above, the unaudited pro forma financial information does not reflect the effect of anticipated synergies and efficiencies associated with the Oncology disposal, the Consumer Healthcare joint venture and the Vaccines acquisition.

The unaudited pro forma financial information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. The unaudited pro forma financial information in this presentation should be read in conjunction with the financial statements included in (i) the Group’s Q1 2015 earnings report dated May 6, 2015 and furnished to the SEC on Form 6-K, (ii) the Group’s Annual Report on Form 20-F for 2014 and (iii) the Circular to Shareholders and Notice of General Meeting furnished to the SEC on Form 6-K on November 24, 2014.
The value of vaccination

Widely recognised as one of the very best investments in healthcare

Tremendous progress for global health...

- ~3m deaths prevented annually
- ~1bn 60+ year olds by 2020 (+20%)

...but still underserved populations

- ~22m infants still missing basic vaccines

Target populations are growing...

...and major diseases remain without vaccines

- RSV
- Group B Strep
- TB
- HIV
- & more...
Vaccines is an attractive business

- Growing market: ~£17bn in 2014
- Few global players
- Large capital investment
- Complex manufacturing
- Importance of combinations/lifecycle management
- Intellectual property
- Very long product lifecycles
- Pharma like operating margins

#1 global company 2014 sales

1 Market data from Evaluate Pharma, GSK internal estimates.

GSK ~27% pro forma

2014 Annual Reports. Sales value for top 5 vaccine manufacturers (~80% of market). GSK sales pro forma eliminating DT bulk sales.
GSK Vaccines: a snapshot

* CapEx excludes Novartis investments. All other data represents pro forma business.

**Includes major market approvals: Arepandrix, Bexsero, Cervarix, Fendrix, Fluarix / FluLaval (QIV), Ixiaro, Menhibrix, Menitorix, Menveo, Pandemrix, Prepandrix, Priorix Tetra, Rotarix, Synflorix. Excludes Nimenrix (to be divested).
Strong track record of growth

Supply constraints impacted 2014 growth (-1% CER)

CAGR 2006-2014 ~8% CER (ex Novartis)

CAGR 2006-2014 uses 2005 as base year.
## Key immunisation segments

### Pediatric
- Diphtheria, tetanus, & acellular Pertussis (DTaP)
- DTaP hexa
- Inactivated Polio (IPV)
- Haemophilus influenzae type b (Hib)
- Meningitis ACWY
- Meningitis B
- Pneumococcal
- Measles, Mumps, Rubella (MMR) and Varicella
- Rotavirus
- Hepatitis A and B
- Influenza

### Adolescent
- Human papillomavirus (HPV)
- Tdap booster
- Meningitis ACWY
- Meningitis B
- Hepatitis A and B
- Influenza

### Adults/Travellers
- Tdap booster
- YF
- JE
- TBE
- Rabies
- Typh
- Hepatitis A and B
- Influenza

### Elderly
- Zoster
- Pneumococcal
- Influenza

**P** – Project in late stage pipeline
### Key Immunisation Segments

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**Broadest Vaccines Portfolio Offering Worldwide** *(pre-transaction)*

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**P** – Project in late stage pipeline
## Vaccines business

### Keys to success

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<th>Supply</th>
<th>World class, some volume constraints</th>
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<tr>
<td>Recommendations</td>
<td>&gt;90% of portfolio with US/EU universal recommendations</td>
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<tr>
<td>Portfolio breadth by segment</td>
<td>Strong ex-US, improving in US</td>
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<td>Geographic footprint</td>
<td>177 countries, global Rx benefits</td>
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<td>Price/Volume</td>
<td>Best in class mix</td>
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<td>R&amp;D productivity and clinical trials</td>
<td>Over 1 million subjects in clinical trials since 2000</td>
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<td>infrastructure</td>
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**Best in class** (GSK estimate)  **Growth opportunities**
Our strategic focus

- Reliable sustainable supply
- Focus on US approvals and success
- Bolster innovation pipeline
- Build broader talent pool
- Flawless execution
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Novartis transaction accelerates strategy
# Strong portfolio synergy post-transaction

## Key immunisation segments

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<td><strong>Adults/Travellers</strong></td>
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<td>Tdap booster</td>
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<td>Rabies</td>
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<td>Hepatitis A and B</td>
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<td>Influenza</td>
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<td><strong>Elderly</strong></td>
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<td>Pneumococcal</td>
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P – Project in late stage pipeline.
Key focus areas for 2015-2016

Novartis integration – well underway

- Commercial operations in countries almost complete
- R&D: accelerated and portfolio review completed
- Manufacturing: ongoing above site, no disruption within sites
- Delivery of cost synergies: ~£400m by 2017

Subject to "hold-separate" requirements of the vaccines businesses to be divested under EU commitments
Vaccines global R&D centre in US
Rockville, Maryland
Key focus areas for 2015-2016

Proactive upgrading of supply network

1. Designed to meet and exceed regulatory requirements: quality and current GMP
2. Ensure sustainability for the long term

State-of-the-art pertussis mfg site
Key growth drivers

Key near term drivers 2015-2016
Meningitis franchise, Flu QIV, Synflorix, Rotarix
Key growth drivers

New products 2017-2018
Expected launches: Shingrix (HZ/su), malaria, MMR US
Late stage development: Group B Strep, RSV, MenABCWY

Key near term drivers 2015-2016
Meningitis franchise, Flu QIV, Synflorix, Rotarix
Shingrix HZ(su):
Significant opportunity to prevent herpes zoster

- Risk of shingles doubles every decade over age 50
- Non-live, recombinant, 2-dose, adjuvanted vaccine
- Excellent efficacy across all age groups, ~97%
- Acceptable safety and tolerability
- Ongoing trials in 70+ and immuno-compromised
- Expect US, EU, Japan filings in 2016
- Low global penetration of current marketed vaccine
Key growth drivers

New segments 2019-2020 and beyond
Pregnant women

New products 2017-2018
Expected launches: Shingrix (HZ/su), malaria, MMR US
Late stage development: Group B Strep, RSV, MenABCWY

Key near term drivers 2015-2016
Meningitis franchise, Flu QIV, Synflorix, Rotarix
Key growth drivers

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New products 2017-2018
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- Late stage development: Group B Strep, RSV, MenABCWY

New segments 2019-2020 and beyond
- Pregnant women

Expected CAGR 2016-20*

Mid-to-high single digit sales growth*

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* Expected CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015. All sales growth rates at CER.
Margin improvements

GSK Vx (35.4%) + NVS loss making
~22% OPM 2014 pro forma

Improved leverage from sales growth
(CoGS, SG&A and disciplined R&D investments)
Transaction cost savings ~£400m by 2017
Maintain CapEx investments

Overall vaccines margin 30%+ by 2020

All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
Positioned to be global leader for a very long time

- Reliable sustainable supply
- Focus on US approvals and success
- Bolster innovation pipeline
- Build broader talent pool
- Flawless execution

Novartis transaction accelerates strategy

Strong prospects for revenue and profit growth

All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
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### Three commercial portfolios to drive revenue growth

<table>
<thead>
<tr>
<th>Pharmaceuticals</th>
<th>HIV</th>
<th>Vaccines</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Pharmaceuticals" /></td>
<td><img src="image2" alt="HIV" /></td>
<td><img src="image3" alt="Vaccines" /></td>
</tr>
</tbody>
</table>

- **Pharmaceuticals**: Sales and marketing of our pure pharma business
- **HIV**: Sales organisation for ViiV*
- **Vaccines**: In-country sales, marketing and commercialisation of vaccines portfolio

*In all markets excluding the 15 where ViiV has legal entities.*
Successfully diversified our business to drive growth and manage risk

**Changed the shape of our business**

Total sales of pharmaceuticals & vaccines (% by geography)

<table>
<thead>
<tr>
<th>Year</th>
<th>HIV</th>
<th>EM &amp; Others</th>
<th>US</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>7%</td>
<td>24%</td>
<td>40%</td>
<td>29%</td>
</tr>
<tr>
<td>2014</td>
<td>8%</td>
<td>36%</td>
<td>31%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Built a natural hedge in our portfolio**

- 25 markets selling £100m or more
- 30 products generating sales of at least £100m

Internal financial data.
Positioning us to succeed in a tough environment

Challenges
- Pricing
- Emerging Markets (EM) slowdown and FX devaluations

Opportunities
- Demographics
- Respiratory access and pipeline
- ViiV expansion
- Broad vaccines portfolio
- Sustainable R&D

Lack of visibility
Advair US generics timing and impact
Pharmaceuticals: Respiratory
Proactively managing the decline of Seretide/Advair

Advair access in US stabilised and back to growth when combined with Breo

Implemented multiple strategies to help Seretide compete effectively outside the US

Europe: Seretide pricing initiatives implemented

<table>
<thead>
<tr>
<th>Market</th>
<th>First generic launch</th>
<th>Market share of generic (Feb 15)²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>June 2012</td>
<td>3.6%</td>
</tr>
<tr>
<td>Italy</td>
<td>Sept 2013</td>
<td>1.0%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Oct 2013</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Emerging Markets: generics gained 2 volume share points in 24 months (in markets where a generic is present)³

+10% value
+13% volume

Seretide 2-year total growth in EMs where generic present

---

¹ IMS rolling weekly sales shown by quarter (March 2015).² IMS and other third party information.³ IMS January 2015.
Pharmaceuticals: Respiratory
Strong US access for Breo and Anoro is driving uptake

Significant gains made in access over the last 12 months\(^1\)

<table>
<thead>
<tr>
<th>Access</th>
<th>March 2014</th>
<th>March 2015</th>
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</thead>
<tbody>
<tr>
<td><strong>Commercial</strong></td>
<td></td>
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</tr>
<tr>
<td>Breo</td>
<td>49%</td>
<td>65%</td>
</tr>
<tr>
<td>Anoro</td>
<td>75%</td>
<td>83%</td>
</tr>
<tr>
<td><strong>Medicare Part D</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breo</td>
<td>35%</td>
<td>74%</td>
</tr>
<tr>
<td>Anoro</td>
<td>0%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Weekly uptake data improving as Breo and Anoro share gains continue\(^2\)

1 MMIT March 2015. 2 IMS Weekly Data (as of 27 April 2015).
Competing well in key major markets...

**Japan**: new patient share ICS/LABA

- **Relvar**
- **Competitor A**
- **Competitor C**

**Europe**: market share ICS/LABA

- **Relvar**
- **Competitor D**
- **Competitor C**

**...with full launch potential still to be reflected**

- Major European markets and Australia now have access
- Brazil and Mexico have launched; 16 EM launches planned to year-end
- SUMMIT data in 2H 2015 and Salford Lung study COPD data in 2H 2016 provide potential for upside
- Additional near-term pipeline (mepolizumab, closed triple) and Ellipta platform leverage

---

1 Rolling 3 month average (JMIRI G5 March 2015). 2 IMS
2020 expect total respiratory sales to be at or above sales in 2015, whether or not there is US generic competition to Advair

- 90% of 2015 sales from 4 products: Seretide/Advair, Avamys, Flixotide, Ventolin.
- 90% of 2020 sales from 9 products: Seretide/Advair, Avamys, Relvar/Breo, Incruse, mepolizumab, Anoro, closed triple.

Internal financial data. All expectations and targets regarding future performance should be read together with the "2015-2020 Outlook" and "Assumptions and cautionary statement regarding forward-looking statements" sections of the Q1 Results Announcements dated 6 May 2015.
Pharmaceuticals: Base Brands*

Generating volume and cash to support innovative brands

Applying commercial expertise to late-lifecycle management and access

**Promote to Grow (60%): Drive volume post-patent expiry through low cost promotion**

- Key assets growing low single digits outside US
- Centre of excellence in India
- Maximise existing supply

**Manage for Cash (40%): Rationalise tail products and allocate based on margin**

- Reduce complexities and simplify SKUs
- Targeted divestments
- Decreased SG&A

Internal financial data. * Pharma ex-ViiV and ex-Respiratory.

Antibacterials £789m -1%
Urology £805m +1%
Epilepsy £622m +5%

Removed over 4,500 SKUs; delivering 1% improvement in gross margin
HIV
Rapidly growing business, transforming the market

4% growth in Q1 2014

42% growth in Q1 2015

>90% of total sales

5 Tivicay markets

2 Triumeq markets

Legacy portfolio

Tivicay

Triumeq

DTG-based regimens

cabotegravir (‘744)

New ARVs

Search for cure

1 Internal financial data. 2 IMS NPA Audit (4/3/15) and Symphony Health Solutions, CRx (3/27/15).
Balanced sources expected to drive growth from 2016-2020

1. Marketed Portfolio
   - Driving uptake in unvaccinated populations
   - Sales synergies from Novartis portfolio

2. Meningitis Portfolio
   - Driving top-line synergies in Menveo (US & International)
   - Accelerating uptake of Bexsero globally

3. Pipeline
   - Successfully launching Shingrix
   - Launching Mosquirix in Africa
Pipeline and productivity

Strong future asset flow while restructuring drives margin

Sustainable pipeline flow in existing and new growth areas

- **Breo** (asthma US decision, SUMMIT COPD)
- **mepolizumab** (severe asthma decision)
- **sirukumab** (RA PhIII data)
- **‘273** (ADA-SCID EMA filing)

2015 Milestones

- **closed triple** (COPD)
- **cabotegravir** (HIV)
- **‘863/PHI** (anaemia)
- **Shingrix** (zoster vaccine)

PhII/III Assets

- **Respiratory** (PI3Kδ)
- **Inflammation** (RIP kinases)
- **Cardio-metabolic** (TRPV4)
- **Oncology** (BETi, EZH2, LSD-1)

Early Stage

OpEx programmes are delivering improved overall productivity

Sales productivity \( (Rx+Vx+ViiV)^1 \) (est. sales per sales FTE)

- 2007
- 2014
- 2017E

- +12%
- +23%

1 Internal estimates. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
Portfolio approach at market level gives flexibility to deliver revenue growth

Expected CAGR 2016-20*

- **Vaccines**: Long-term growth creation with a strong perpetuity value
- **HIV**: Immediate growth driver with untapped potential
- **Pharma (Respiratory)**: Maintain topline and reduce dependency on Seretide/Advair
- **Pharma (Base Brands**)**: Promote to Grow and Manage for Cash

Strong operational management
Restructuring and Novartis synergies
Sustainable R&D pipeline

* Expected CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015. All sales growth rates at CER.

**Pharma ex-ViiV and ex-Respiratory.**
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The consumer healthcare opportunity

Growing consumer healthcare market
- ~4% sales growth\(^1\)
- Healthy gross margin\(^*\)

Increased health awareness
- Digital
- Consumer
- Retailer

Favourable demographics
- Ageing population
- Emerging market consumer

Pharma + FMCG = FMCH capabilities

---
\(^1\) Euromonitor. \(^*\) Versus comparable businesses.
Our new portfolio strengthens category leadership positions

£6.1bn sales¹

**OTC / Wellness – 49%²**

- **Pain relief**
  - £14bn³ market

- **Respiratory**
  - £22bn⁴ market

- **Gastro-intestinal**
  - £10bn³ market

**FMCG – 51%²**

- **Specialist oral health**
  - £5bn³ market

- **Nutrition**
  - £65bn⁵ market

- **Skin health**
  - £8bn³ market

¹ 12 month pro forma for 2014, including India & Nigeria. ² Internal data. ³ Euromonitor. ⁴ Euromonitor - Total respiratory and smokers health. ⁵ Euromonitor, includes global powdered drinks, sports nutrition, Vitamins.
Competitive geographic footprint, sharper market focus

- **Brands sold in over 160 countries**
  - 42% sales in emerging markets

- **No. 1 OTC worldwide**
  - No. 1 markets from 13 to 36

- **No. 1 specialist oral health worldwide**
  - No. 1 in 50 markets

Top 3 OTC in world’s largest healthcare market in the US

Leader in OTC in Germany

Brands sold in over 60,000 pharmacies in Russia

No. 1 toothpaste in Turkey, 34% share

Leading pharmacy coverage in China

Nutrition brands in over 1 million stores in India

OTC  Specialist oral health

---

1 Internal data. 2 OTC, Euromonitor, Specialist Oral Care (Sensitivity, Denture Care, Gum Health, Dry mouth), IRI and Nielsen data via Compass.
7 Power Brands & 12 Core Brands will drive 90% of growth

**7 Power Brands**
- Theraflu
- Panadol
- Sensodyne
- Voltaren
- Otrivin
- Poligrip
- Flomax
- Severe & Co

**Growth drivers**
- Penetration opportunity
- Health care professional recommendation
- Innovation
- Emerging markets
- Prioritised, high ROI A&P

Theraflu includes carrier brands such as Beechams and Coldrex.
Track record of growth and innovation

- No. 1 dentist recommended
- Strong innovation: Repair & Protect / Complete / True White

- Fastest growing OTC brand
- Consumer insight: 12 hour claims and packaging

- Trusted brand
- Consumer access
- Distribution strength

---

1 Euromonitor Data, retail sales 2005-2014.
Investing for long term innovation strength

- Consumer and science led pipeline
- 6 co-located hubs, top talent
- Sensory, packaging, Shopper Science Lab
- Innovation >10% sales

1 Internal data.
Well placed to deliver sales growth

Expected CAGR 2016-20*

- Consumer and science based innovation
- FMCH talent and capability
- Geographic footprint
  Across 150 markets & sharper prioritisation
- Categories and brands
  Global leadership & sharper prioritisation

* Expected CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015. All sales growth rates at CER.
Clear drivers for margin improvement

2020

Supply chain improvement programme
SKU management, network consolidation

Power Brand focus

Transaction synergies: £400m by 2017
Headcount, procurement, standard processes

* Versus comparable businesses. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
A global consumer healthcare leader for the long term

Competitive brand portfolio and geographic footprint

Improved prioritisation and resource allocation

Investing for innovation

FMCH talent & capabilities

Simplification & cost reduction

Integration accelerates strategy

Strong prospects for revenue and profit growth

All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
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Novartis transaction accelerates our strategy and delivers against our financial objectives

Better balanced and broader range of growth drivers

Sales growth

Significant synergy and operating leverage efficiencies

Operating leverage

Sustained financial efficiency

Financial efficiency

More balanced and sustainable cash flow

Cash flow growth

EPS

Free cash flow

Returns to shareholders
Better balanced and broader range of growth drivers

Balanced segments*
- Cx: 25%
- Rx: 59%
- Vx: 16%

Balanced geographies*
- Int: 41%
- US: 30%
- EU: 29%

Balanced innovation**
- Vx: 3 New products
- Rx: 8 New products
- Cx: 10%+ Innovation sales

* 2014 sales restated to exclude Oncology and include 12 months of NVS sales.
** Includes key recent and near-term launches plus late-stage assets. Rx: Breo, Anoro, Incruse, Arnuity, Tanzeum, Nucala. Tivicay, Triumeq, Vx: Menveo, Bexsero, Shingrix.
Delivering medium term sales growth

**2016-2020 sales growth CAGR expectations**

**Vx**
- New segments 2019-2020 and beyond
  - Pregnant women
- New products 2017-2018
  - Expected launches: Shingrix (HZ/su), malaria, MMR US
  - Late stage development: Group B Strep, RSV, MenABCWY
- Key near term drivers 2015-2016
  - Meningitis franchise, Flu QIV, Synflorix, Rotarix

**Rx**
- HIV
  - Immediate growth driver with untapped potential
- Pharma (Respiratory)
  - Maintain topline and reduce dependency on Seretide/Advair
- Pharma (Base Brands**)
  - Promote to Grow and Manage for Cash

**Cx**
- Consumer and science based innovation
- FMCH talent and capability
- Geographic footprint
  - Across 150 markets & sharper prioritisation
- Categories and brands
  - Global leadership & sharper prioritisation

**Group expectations: Low-to-mid single digit CAGR 2016-2020***

* Expected CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015. All growth rates at CER.
## Enhanced operating leverage opportunities 2016-2020

<table>
<thead>
<tr>
<th>Vx</th>
<th>Rx</th>
<th>Cx</th>
</tr>
</thead>
<tbody>
<tr>
<td>![22%](2014-Core OPMT) *<em>2014 Core OPM</em></td>
<td>![32%](2014-Core OPMT) *<em>2014 Core OPM</em></td>
<td>![11%](2014-Core OPMT) *<em>2014 Core OPM</em></td>
</tr>
<tr>
<td>![Cost synergies](Cost synergies) ![Revenue opportunities](Revenue opportunities) ![Pipeline &amp; new launches](Pipeline &amp; new launches) ![Pipeline investment](Pipeline investment) ![Supply chain investment](Supply chain investment)</td>
<td>![New launches](New launches) ![Restructuring benefits](Restructuring benefits) ![US pricing](US pricing) ![Product mix](Product mix) ![R&amp;D investment](R&amp;D investment)</td>
<td>![Cost synergies](Cost synergies) ![Revenue opportunities](Revenue opportunities) ![Supply chain improvement](Supply chain improvement) ![Brand support](Brand support) ![Innovation investment](Innovation investment)</td>
</tr>
</tbody>
</table>

**Targeting by 2020**

| 30%+ | Neutral vs 2015 | 20%+ |

* 2014 pro forma margin includes restatements to exclude Oncology and include 12 months of NVS business, as well as reallocation of corporate costs and after R&D.

** CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015. All growth rates at CER.
Restructuring and structural savings
Total expected benefits from all three programmes ~£3bn

Benefits delivery now accelerated
- Largely complete end 2017
- 20% reinvestment phased over ‘15-’17

Cash spend also accelerated in ’15-’16

Total costs of £5bn
- ~£3.65bn cash
- ~1.35bn non cash

Expensed to date
- £1.2bn cash
- £0.1bn non cash

* Expected phasing of annual savings. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
## Financial efficiency

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net finance costs</strong></td>
<td>Sustained funding efficiency</td>
</tr>
<tr>
<td><strong>Profits from associates</strong></td>
<td>Not material post reduction of Aspen shares</td>
</tr>
<tr>
<td><strong>Tax rate</strong></td>
<td>No material change due to transaction:</td>
</tr>
<tr>
<td></td>
<td>→ Maintain expectation of 20% for 2015</td>
</tr>
<tr>
<td></td>
<td>→ Longer term subject to external environment</td>
</tr>
<tr>
<td><strong>Minority interest</strong></td>
<td>Step up reflecting Consumer and ViiV</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>Increased investment in 2015/16 - driving synergy &amp; returns</td>
</tr>
</tbody>
</table>
Capital allocation and shareholder returns

Post transaction capital allocation review completed

- Maintain current credit ratings
- Prioritise cash flows to
  - Ordinary dividends
  - Investment to accelerate synergies
- Ensure flexibility to
  - Respond to possible ViiV and Cx puts
  - Absorb pressures of Gx Advair

Shareholder returns

80p dividend per share 2015-17

Special dividend Q4 2015
20p per share
2015 guidance

Novartis transaction
Sales step up for Vaccines and Consumer

Further decline in Rx
Respiratory transition, inc US price & Oncology exit offsetting new launches & ViiV

Significant margin shift
Novartis impact, mix, US Advair price & structural savings

Royalties
Lower associates
Increased minority interest

Transaction impacts and revised capital return

Expect high teens % decline in 2015 Core EPS (CER)*

* Compared to 95.4p core GSK reported 2014 EPS. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
NVS transaction impacts

Impact on 2015 EPS growth*

- Synergy phasing
- Inherited cost base
- Regulatory divestments
- Revised capital return

2015 Core EPS: Expected decline of high teens % (CER)*

2016 Core EPS: Expected to reach double digit % growth (CER)

* All growth rates CER. 2015 growth is compared to 95.4p core GSK reported 2014 EPS. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.
GSK reshaped: Delivering on our strategy and financial architecture

- **Vx sales**
  - Mid-to-high single digit growth*

- **Rx sales**
  - Low single digit growth*

- **Cx sales**
  - Mid single digit growth*

- **Core EPS expectations**
  - 2016-2020 mid-to-high single digit growth CER*

- **Returns to shareholders**
  - Plan to pay annual ordinary dividend of 80p per share 2015-2017
  - Special dividend of 20p with Q4 2015 dividend

* Expected CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015. All growth rates at CER.
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Appendix
## 12 month* pro forma 2014

£bn at 2014 actual rates

<table>
<thead>
<tr>
<th></th>
<th>Turnover</th>
<th>Operating Profit</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pharma</td>
<td>14.3</td>
<td>4.5</td>
<td>31.7%</td>
</tr>
<tr>
<td>Vaccines</td>
<td>3.7</td>
<td>0.8</td>
<td>22.4%</td>
</tr>
<tr>
<td>Consumer</td>
<td>6.1</td>
<td>0.7</td>
<td>11.0%</td>
</tr>
<tr>
<td>Corporate</td>
<td>0.1</td>
<td>0.1***</td>
<td></td>
</tr>
<tr>
<td><em><em>Total 12 month</em> pro forma</em>*</td>
<td><strong>24.2</strong></td>
<td><strong>6.1</strong></td>
<td><strong>25.2%</strong></td>
</tr>
</tbody>
</table>

The major adjustments to sales and operating profit to calculate the restated figures above are:
- exclude Oncology**;
- include 12 months of the acquired Novartis Consumer and Vaccines businesses;
- reallocate most corporate costs to more accurately reflect the profitability of each segment; and
- reallocate divestments required to Corporate.

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* 12 month pro forma provided for modelling purposes. The pro forma growth rates provided in the quarterly results adjust from March onwards, as explained within the Q1 press release.
**Oncology comprises the Company’s Marketed Oncology Portfolio, related R&D activities and rights to its AKT Inhibitors currently in development and also the grant to Novartis of the Oncology Commercialisation Partner Rights for future oncology products arising from GSK’s early-stage oncology pipeline.
*** Corporate operating profit includes a structural benefit of £219m that was realised in Q3 2014.
### Currency

#### 2014 currency sales exposure*

<table>
<thead>
<tr>
<th>Currency</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>US $</td>
<td>32%</td>
</tr>
<tr>
<td>Euro €</td>
<td>20%</td>
</tr>
<tr>
<td>Japanese ¥</td>
<td>7%</td>
</tr>
<tr>
<td>Other*</td>
<td>41%</td>
</tr>
</tbody>
</table>

*The other currencies that each represent more than 1% of Group sales are: Australian Dollar, Brazilian Real, Canadian Dollar, Chinese Yuan, Indian Rupee. In total they accounted for 13% of Group revenues in 2014.

#### 2015 core EPS ready reckoner

<table>
<thead>
<tr>
<th>Currency</th>
<th>Impact on EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>US $</td>
<td>+/- 3%</td>
</tr>
<tr>
<td>Euro €</td>
<td>+/- 2%</td>
</tr>
<tr>
<td>Japanese ¥</td>
<td>+/- 1%</td>
</tr>
</tbody>
</table>

10 cents movement in average exchange rate for full year impacts EPS by approx. +/- 3%

10 cents movement in average exchange rate for full year impacts EPS by approx. +/- 2%

10 Yen movement in average exchange rate for full year impacts EPS by approx. +/- 1%

Period end exchange rates for March 2015 were £1/$1.48, £1/€1.38 and £1/Yen 178

If exchange rates were to hold at the Q1 2015 period end rates for the rest of 2015, it is estimated that there would be no material currency impact on 2015 sterling turnover or core EPS

* 2014 legacy GSK.