Pharma’s value proposition – how the industry must change

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GSK’s strategic priorities

- Grow a diversified global business
- Deliver more products of value
- Simplify the operating model
More medicines to those who need them

Improve access to GSK medicines

Current market

HAVE

Cancers
Heart disease

HAVE LESS

COPD
Diabetes
Asthma

HAVE NOT

Diarrhoeal Disease
Malaria
Geographic spread of GSK’s Emerging Markets business

- 85 countries
- ~13,000 sales reps

Emerging Markets FY10 £3.6bn (+22%) = 13% of GSK Group Turnover

Source: GSK FY10 reported turnover
GSK – a truly global company

c.99,000 employees working in 100 countries

Vaccines: 12% of GSK
+10% in 2010

Consumer Healthcare: 18% of GSK
+5% in 2010

Respiratory: 27% of GSK
+3% in 2010

Derm: 4% of GSK
+6% in 2010

Source: GSK FY 2010 turnover
Market access and flexible pricing initiatives across Emerging Markets

**Avodart in Russia: Optimal pricing delivers rapid uptake**

- **Avodart unit growth, BPH market**
  - # packs
  - 90% increase in number of units sold
  - Price reduction initiative since Jan 2010

**Tykerb in India: Optimal pricing delivers rapid uptake and fewer discontinuations**

- **50% increase in number of units sold**
- Price reduction initiative since July 2010

*Source: PharmExpert data*
Votrient in the UK

- Currently only one treatment for RCC recommended by NICE
- Votrient to be available at a discount of 12.5%
- Means it will be accessible to patients quickly
- Also offered a potential future financial rebate dependent on the outcome of a H2H trial vs current standard of care
- If the results are not successful, we will pay a rebate back to the NHS
Pipeline maturing while maintaining ~30 assets in late-stage development

Late stage examples

- RTS,S (Malaria vaccine)
- Darapladib (Atherosclerosis)
- MAGE-3 (Melanoma vaccine)
- Benlysta (SLE)
- Albiglutide (Type 2 Diabetes)
- Otelixumab (Type 1 Diabetes)
- Relovair (Asthma/COPD)
- Zoster (Herpes vaccine)
- Integrase '572 (HIV)
- IPX066 (Parkinson's Disease)
- Braf (Melanoma)
- MEK (Melanoma)
- LABA/LAMA combination (COPD)

Nine assets moved into late-stage development since July 2010...

...including three Rare Diseases assets

- 786 (Traficet) (Crohn's Disease)
- Ex vivo stem cell gene therapy (ADA-SCID)
- Prosensa PRO051 (DMD)

More to come with data expected on many key assets in 2011-12
Creating a broader portfolio of potential high value assets as generic exposure declines

New products contributions in 2010

- £1.73bn +36%
- Pandemic vaccine also added £1.2bn
Discovery Performance Units

**Respiratory**
- Fibrosis
- Neuronal Targets
- Therapeutic siRNA
- Allergic inflammation
- Refractory Resp Infl

**Metabolic Pathways**
- Heart Failure
- Lipid Metabolism
- Enteroendocrine
- Muscle metabolism

**Immuno-Inflammation**
- EpiNova
- Tempero
- Mechanistic Med
- Pattern Recognition

**Infectious Diseases**
- HCV
- HIV
- Antibacterial

**R&D China**
- Neurodegeneration
- Neuroimmunology
- Neural pathways

**Biopharm**
- Topical Delivery
- Novel Targets
- Dual targeting/Eng
- Targeted BP

**Cancer Research**
- Cancer Metabolism
- Ca Epigenetics
- Cancer Biopharms
- Protein dynamics

**ADD and Diversified**
- Stem Cells
- Academic DPU
- VPoC
- Sirtris
- Ophthiirs
- CEEDD
- DDW
- Rare Diseases
- Stiefel
Driving shareholder returns

- Sales growth
- Operating & financial leverage
- Dividend
- Share buy back

Cash generation

Total shareholder return
Responsible business

PULSE

Tres Cantos

Lymphatic Filariasis
Malaria
PHASE
HIV / AIDS
Positive Action
Product Donation
Least Developed Countries

- World's 50 poorest countries (UN definition)
- 50% survive on less than US$1 per day
- Weak healthcare infrastructure and regulation
- Price cap of 25% of western prices (patented medicines)
- Reinvest 20% of profits from medicines in LDCs back into healthcare infrastructure
- Active partnership: albendazole, malaria vaccine, Tres Cantos and open lab