



**Julian Heslop**  
**Chief Financial Officer**

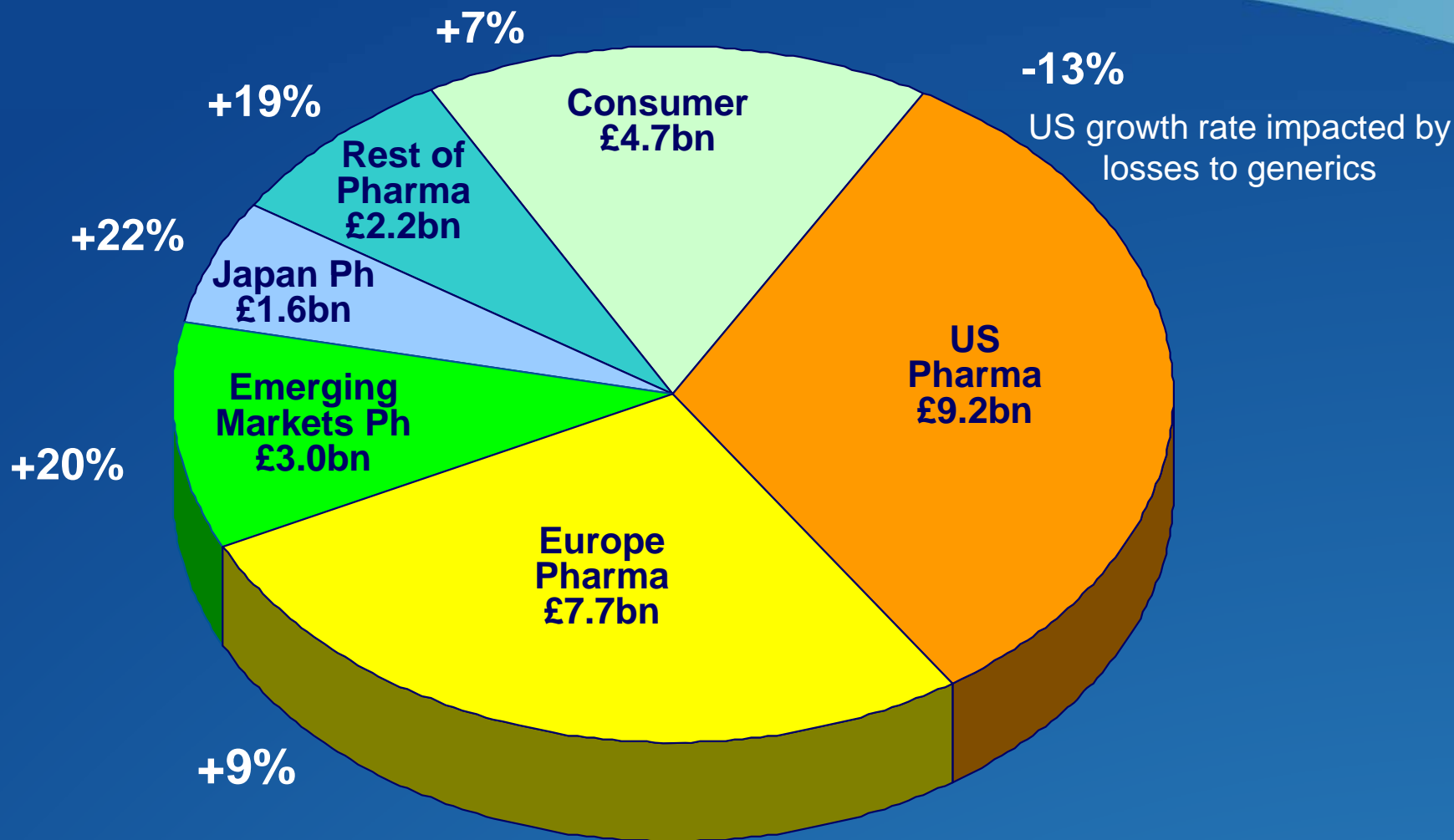
**Cowen Healthcare Conference**  
**10<sup>th</sup> March 2010**

# 2009 Performance summary

Before  
restructuring costs

	2009 £m	2008 £m	% Change	
			CER	£
<b>Turnover</b>	28,368	24,352	3	16
<b>EPS</b>	121.2p	104.7p	2	16
<b>Free Cash Flow</b>	5,254	4,679		12

# Turnover growth despite decline in US Pharma

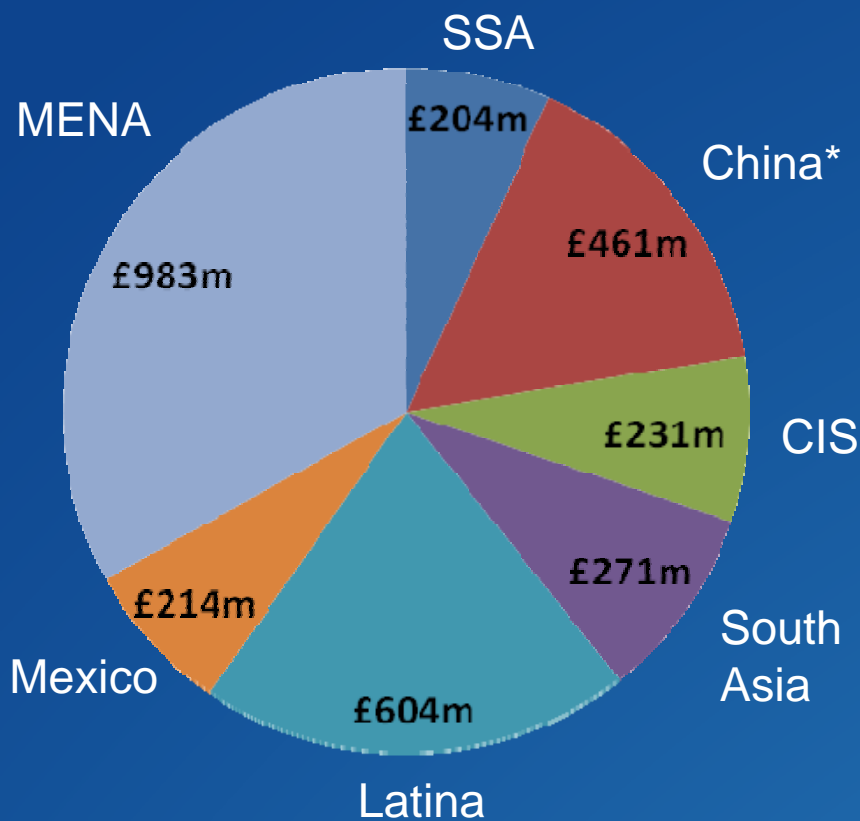


**2009 Turnover £28.4bn (+3%)**

# GSK Emerging Markets Pharma 2009 turnover

2009 £3.0bn (+20%)

## By region



## Top markets



GSK ranking # 11 5 3 13 7 1 16 1 1

\*China includes HK

Source: Turnover and growth is GSK 2009 as reported. Growth rates are CER. Rankings are IMS MAT Dec 09  
Emerging markets by "industry definitions" incl Consumer and additional markets was £ 5.6bn (+16%)

# Pharmaceuticals turnover analysis

	2009 £m	2008 £m	% Change CER
Core*	19,060	15,992	+5%
Influenza**	1,814	338	>100%
Core + influenza	20,874	16,330	+12%
Avandia	771	805	-16%
Products impacted by generics***	2,069	3,246	-45%
Total	23,714	20,381	+2%

\* Core includes £378m related to 2009 bolt-on acquisitions (e.g. Stiefel and transactions in EMs).

\*\* Influenza includes Relenza and vaccines related to annual influenza, H5N1 pre-pandemic and H1N1 pandemic.

\*\*\* Products impacted by generics comprises US sales of Coreg, Imitrex, Lamictal, Paxil, Requip, Valtrex, Wellbutrin and Zofran plus Europe sales of Imitrex, Lamictal, Paxil and Zofran.

# 2009 Pharmaceuticals key growth drivers

Advair	£4,977m	+5%
Vaccines*	£3,706m	+30%
Relenza	£720m	>100%
Epzicom	£546m	+8%
Avodart	£530m	+16%
Ventolin	£477m	+26%
Lovaza	£450m	+31%
Arixtra	£254m	+29%
Tykerb	£169m	+45%
Veramyst	£142m	+72%
<b>Subtotal</b>	<b>£11,971m</b>	<b>+23%</b>
<b>All others</b>	<b>£8,903m</b>	<b>+1%</b>
<b>Subtotal</b>	<b>£20,874m</b>	<b>+12%</b>

\* Includes H1N1 sales  
CER growth rates

# New products contributed £1.3bn in 2009 (+55%) £2.1bn incl. pandemic vaccine

Prepandrix™

**ALTABAX™**  
retapamulin ointment, 1%

**COREG CR™**  
Carvedilol Phosphate  
extended-release capsules

**REQUIP XL™**  
ropinirole  
extended-release tablets

**Cervarix®**

**Tykerb™**  
lapatinib ditosylate

**Veramyst™**  
(fluticasone furoate)  
Nasal Spray

2007

**Rotarix™**  
Rotavirus Vaccine,  
Live, Oral US

**Treximet™**  
sumatriptan/  
naproxen sodium

**Kinrix™**

**ENTEREG™**  
(elvitegravir)

**NEW Volibris™**  
ambicantan

**PROMACTA™**  
(eltrombopag olamine)

Prepandrix™

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Nasal Spray

2008

**LAMICTAL XR™**  
(LAMOTRIGINE)  
EXTENDED-RELEASE TABLETS

**Arzerra™**  
ofatumumab

**LAMICTAL ODT™**  
(LAMOTRIGINE)  
ORALLY DISINTEGRATING TABLET

**Hiberix™**

**Pandemrix™**

**Votrient™**  
pazopanib

**Synflorix™**

**Rotarix™**  
Rotavirus Vaccine,  
Live, Oral US

**Treximet™**  
sumatriptan/  
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2009

# Innovative products coming from R&D

**~30 phase III assets**

**Examples of innovative products  
in late-stage development**

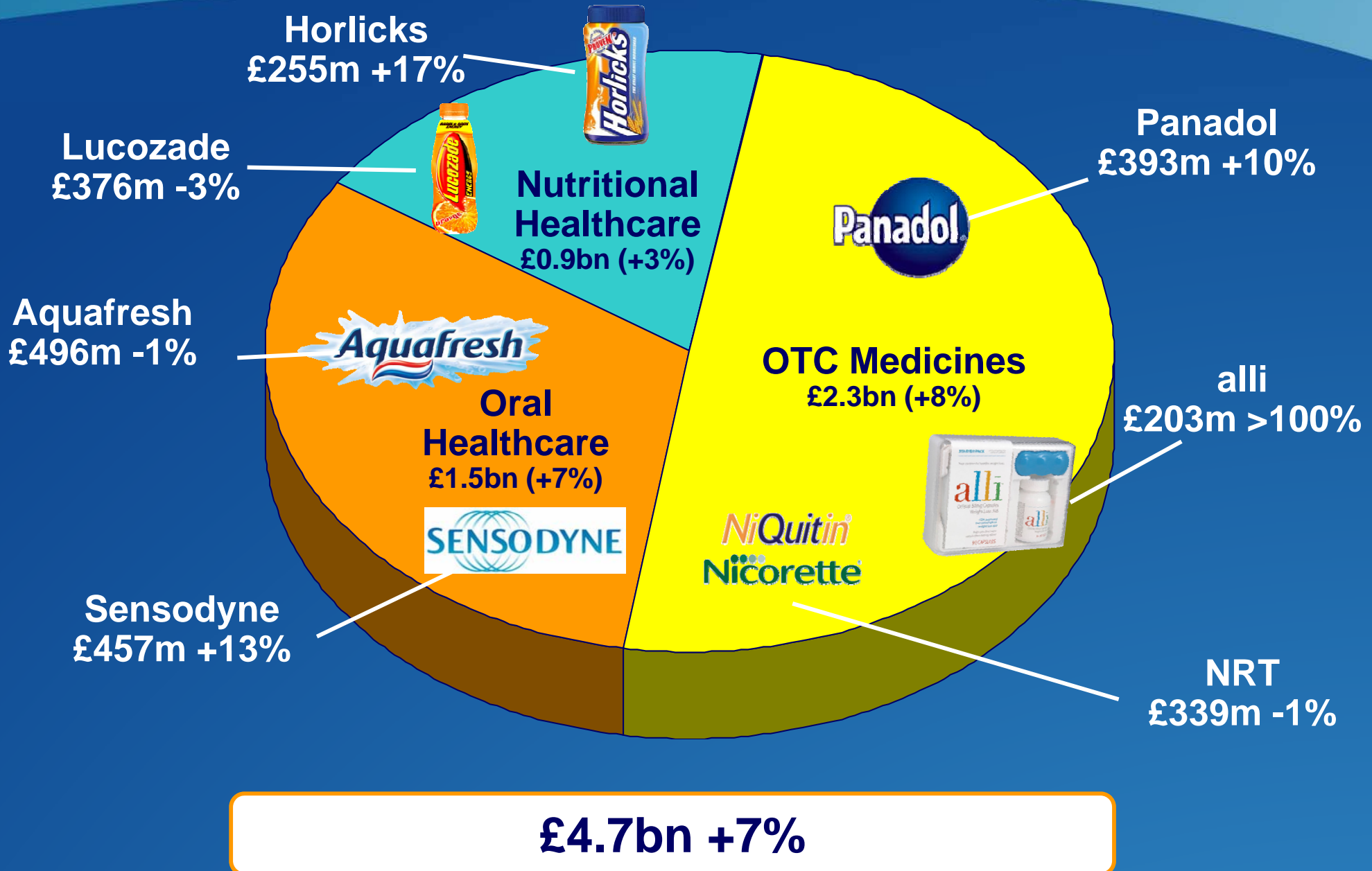
**Benlysta**

**darapladib**

**MAGE-3**



# 2009 Consumer Healthcare turnover



# 2009 Performance summary

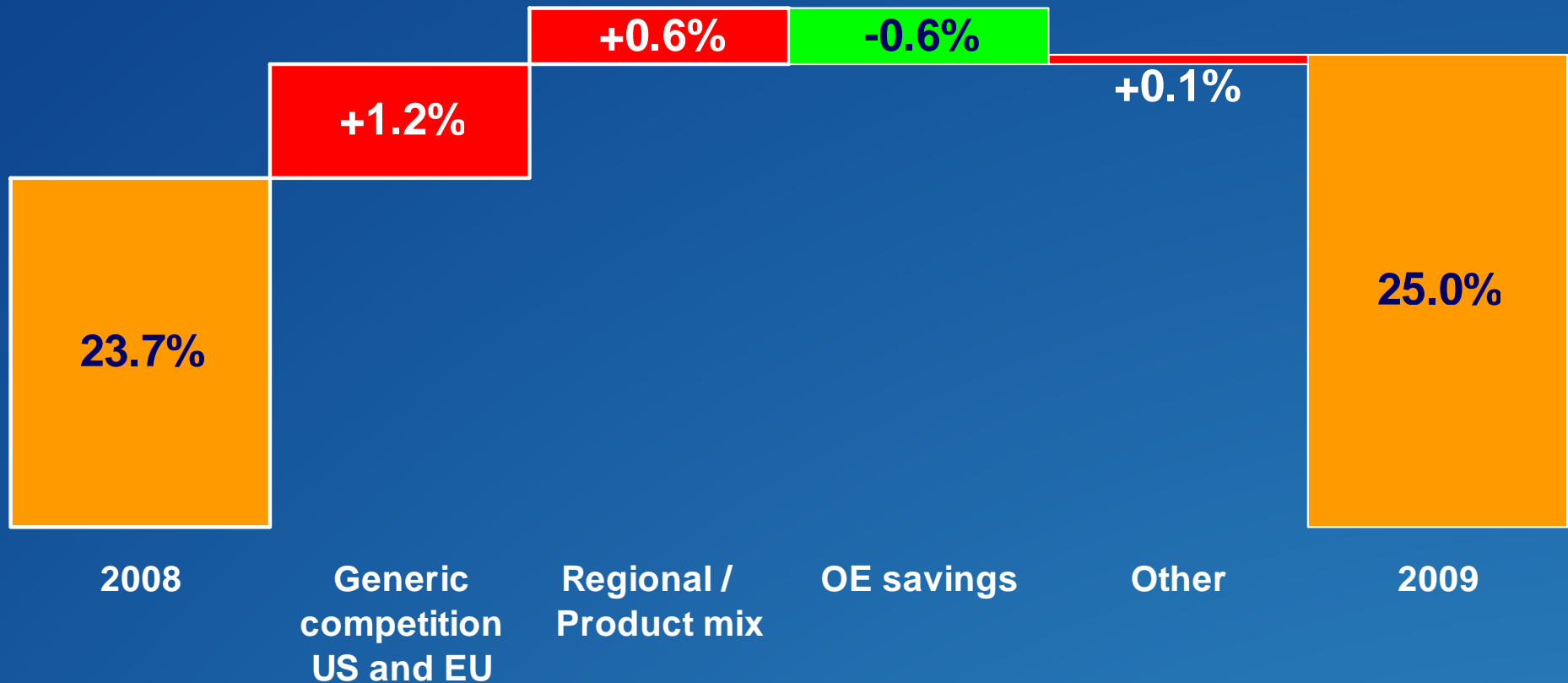
Before  
restructuring costs

	2009	2008	% Change	
	£m	£m	CER	£
<b>Turnover</b>	28,368	24,352	3	16
<b>Cost of goods</b>	(7,095) <i>25.0%</i>	(5,776) <i>23.7%</i>	13	23
<b>SG&amp;A: Core</b>	(8,609) <i>30.3%</i>	(6,741) <i>27.7%</i>	8	28
<b>Legal costs</b>	(591)	(611)	(18)	(3)
<b>Total SG&amp;A</b>	(9,200) <i>32.4%</i>	(7,352) <i>30.2%</i>	6	25

# 2009 Cost of goods analysis

Before restructuring costs

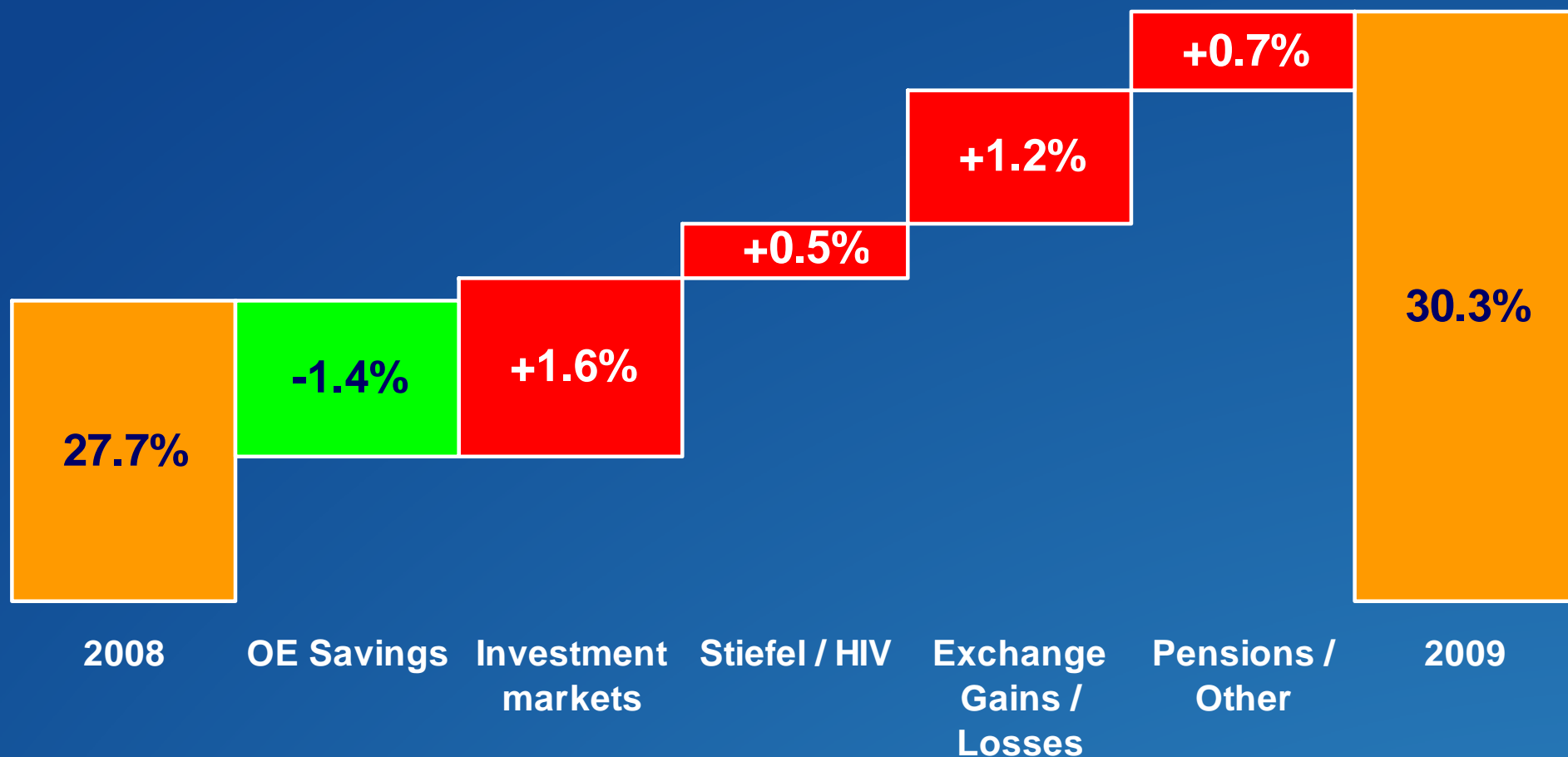
## Cost of goods sold as % of turnover



# 2009 SG&A analysis excl. legal

Before restructuring costs

## SG&A excluding legal as % of turnover



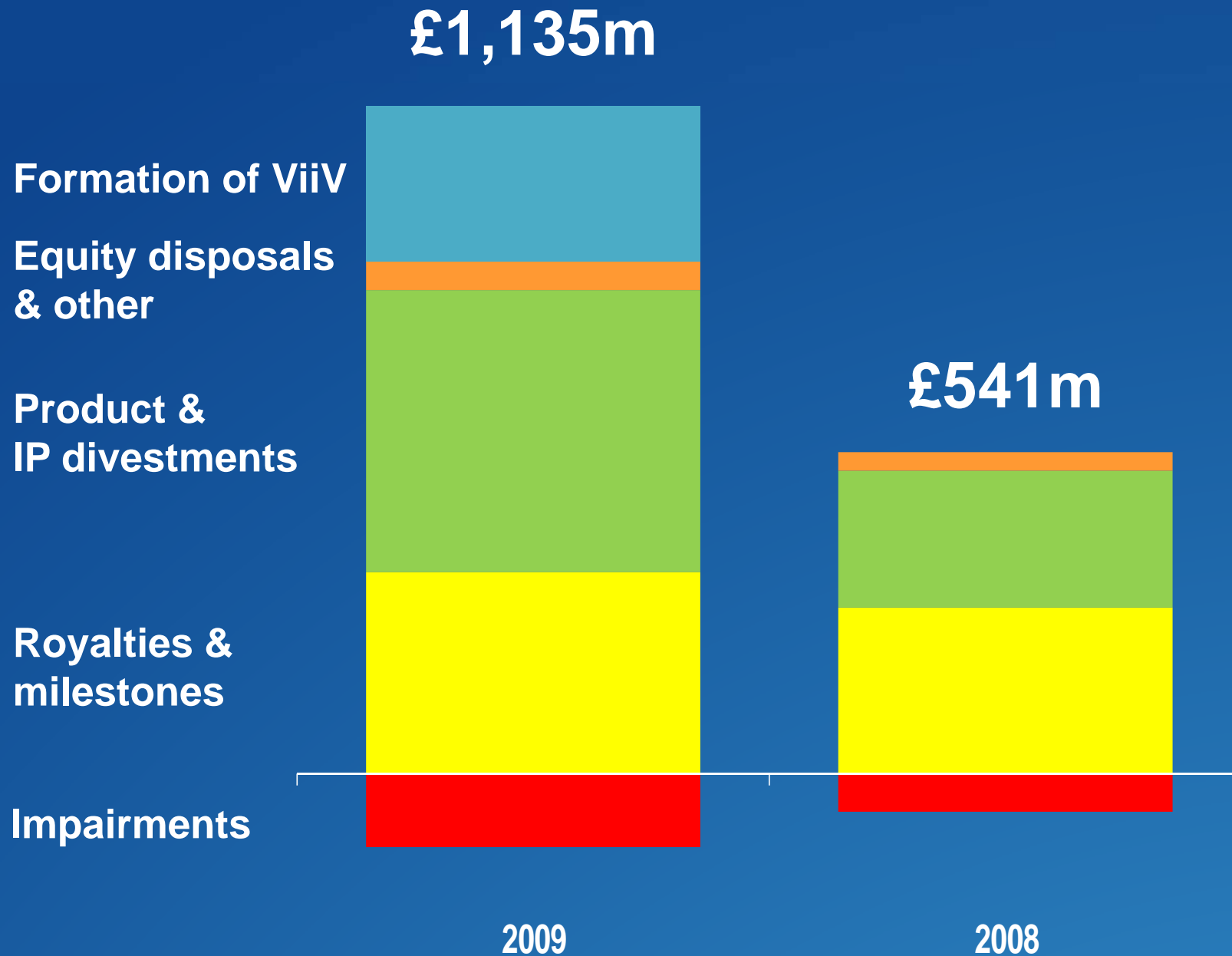
# 2009 Performance summary

Before  
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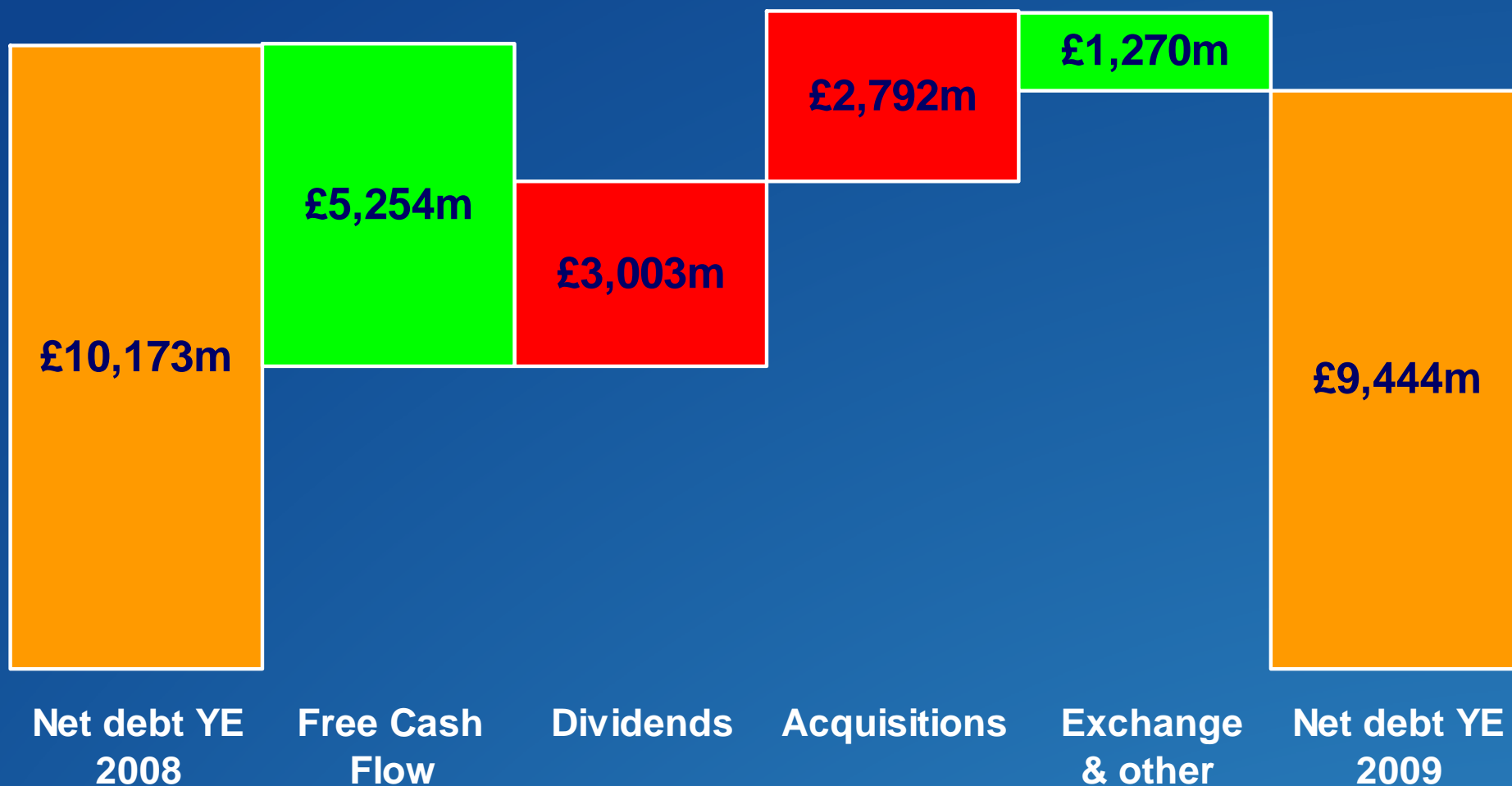
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<b>SG&amp;A</b>	(9,200) <i>32.4%</i>	(7,352) <i>30.2%</i>	6	25
<b>R&amp;D</b>	(3,951) <i>13.9%</i>	(3,506) <i>14.4%</i>	2	13
<b>Other oper. income</b>	1,135	541		
<b>Operating profit</b>	9,257 <i>32.6%</i>	8,259 <i>33.9%</i>	(1)	12

% in italics are % of turnover

# Other operating income

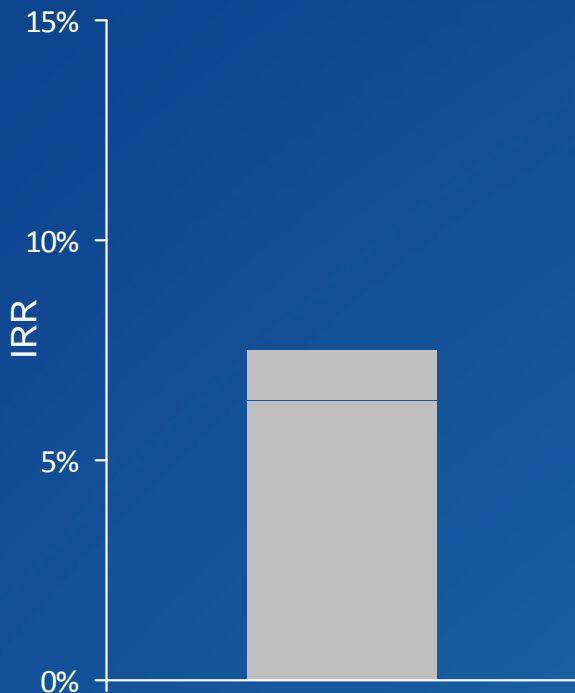


# Net debt / Free cash flow

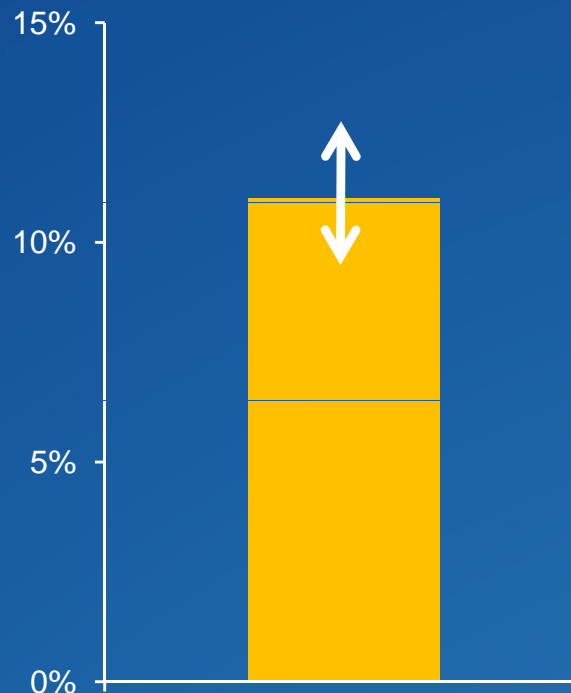


# Committed to improving returns in R&D

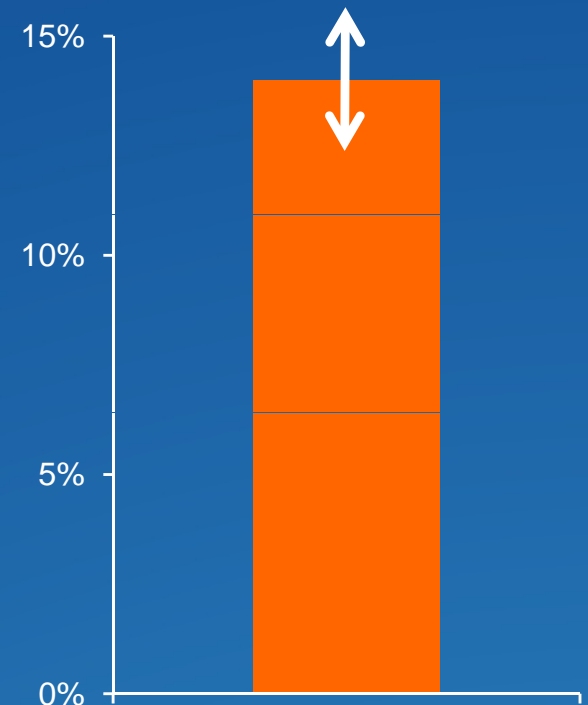
R&D returns over the last decade have been disappointing<sup>1</sup>



Our estimates for GSK's late-stage portfolio<sup>2</sup>



Our goal is to improve this return by 25% via our R&D strategy



1. McKinsey, *Nature Reviews, Drug Discovery* (Aug 09) for small molecules. 13% for biopharms.
2. We have estimated the projected rate of return based on the investment made to create our late stage pipeline and our expectations on future long term sales performance. Our current late-stage portfolio includes pharma assets (eg small molecules and biopharms) and vaccines launched from 2007 onwards plus current phase IIb & III pipeline.



# Highlights

- GSK returned to growth in 2009: +3% CER
- Diversification is progressing well: Stiefel, HIV
- Restructuring saving has been reinvested in growth markets
- Additional restructuring will deliver significant savings (£500m by 2012; ~70% to the bottom line)
- R&D model is working and new product flow is improving
  - Actions ongoing to improve returns in R&D
- Strong cash generation continued in '09: FCF of £5.3bn (+12%)
- Dividend growth continues (+7% to 61 pence)
- Disclosure of operating profit components within each segment begins 1Q10



GlaxoSmithKline