

Accelerating our IPT strategy

GlaxoSmithKline plc and Pfizer Inc to form new world-leading
Consumer Healthcare Joint Venture

Transaction lays foundation for separation of GSK to create two new
UK-based global companies



Information regarding forward-looking statements and non IFRS measures



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.

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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 presentation, 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 FY 2017. 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 presentation.

A number of adjusted measures are used to report the performance of our business, which are non IFRS measures. These measures are defined and reconciliations to the nearest IFRS measure are available in our third quarter 2018 earnings release and Annual Report on Form 20-F for FY 2017.

All expectations and targets regarding future performance should be read together with "Assumptions related to 2018 guidance and 2016-2020 outlook" on page 38 of our third quarter 2018 earnings release.

No statement in this presentation is intended as a profit forecast or profit estimate and no statement in this presentation should be interpreted to mean that the earnings per share of the Group, as altered by the transaction will necessarily match or exceed the historical or published earnings per share of the Group or the relevant entities which form the basis for the transaction.

Agenda



Strategic Overview

Emma Walmsley,
Chief Executive Officer



A new world-leading Consumer Healthcare Joint Venture

Brian McNamara,
Chief Executive Officer,
GSK Consumer Healthcare



Transaction details

Simon Dingemans,
Chief Financial Officer



3 long-term priorities for sustainable growth



Innovation

Performance

Trust

Platform for improved operating performance and reshaped portfolio



Innovation

Performance

Trust



New leadership and culture

Focus on launch execution

Restructuring Pharma business

New R&D approach

R&D programme prioritisation

Business Development

Buy out of the Novartis stake in Consumer JV

Divestment of non-core assets

Creation of a new world-leading Consumer Healthcare Joint Venture



All equity transaction

- GSK 68%; Pfizer 32%
- Sales of approximately £9.8 billion (\$12.7 billion)* and cost synergy opportunity of £0.5 billion
- Expected to be accretive to Total earnings in the second full year post close
- Expected to be accretive to Adjusted earnings and free cashflow in the first full year post close

GSK expects to pay 80p dividend per share
for each of 2018 and 2019

Shareholder and anti-trust approval required
Expect to close second half 2019

Separation

- Intention to separate Joint Venture via demerger
- Estimated timing within 3 years post close, once integration is substantially complete and with the continued progress we expect to make on strengthening our Pharma pipeline

*Based on 2017 reported results. £GBP figure includes: Pfizer 2017 revenues reported under US GAAP translated at 1.30 \$:£ and GSK JV sales reported under IFRS and adjusted for perimeter changes that GSK will make to the business it contributes to the new Joint Venture. Figure excludes any impact from potential future divestments.

Improved performance and increased value for shareholders



- Creates new world leader in Consumer Healthcare
- Offers significant opportunities for both cost synergies and growth
- Separation creates a new global company and investment proposition

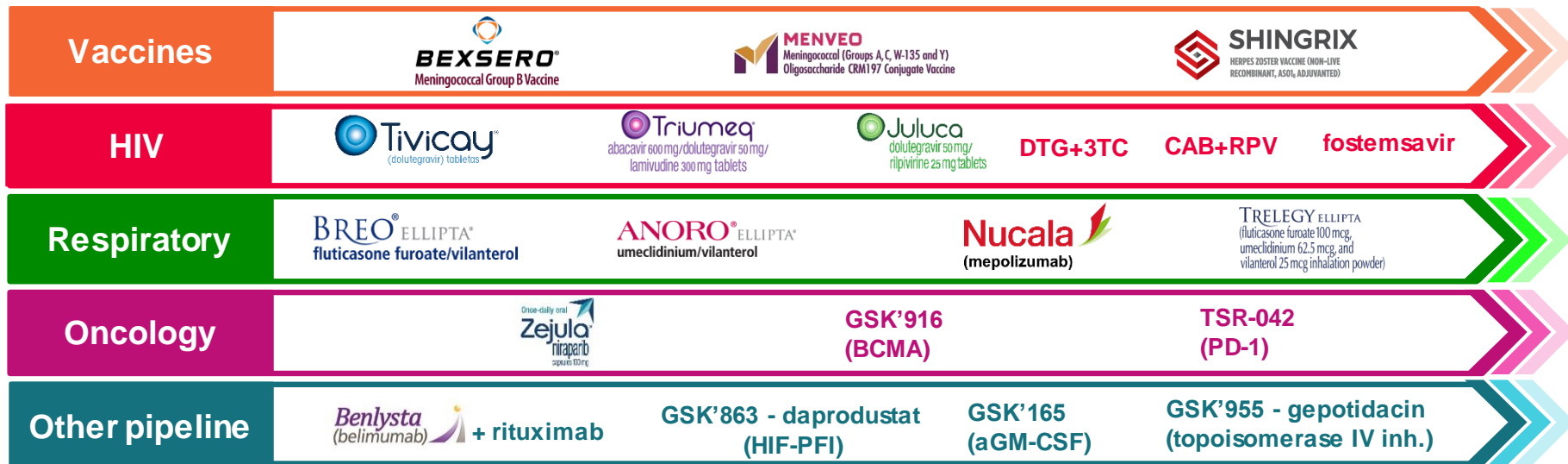
Supports our priority of strengthening Pharma



Expected to be accretive to earnings and cashflows

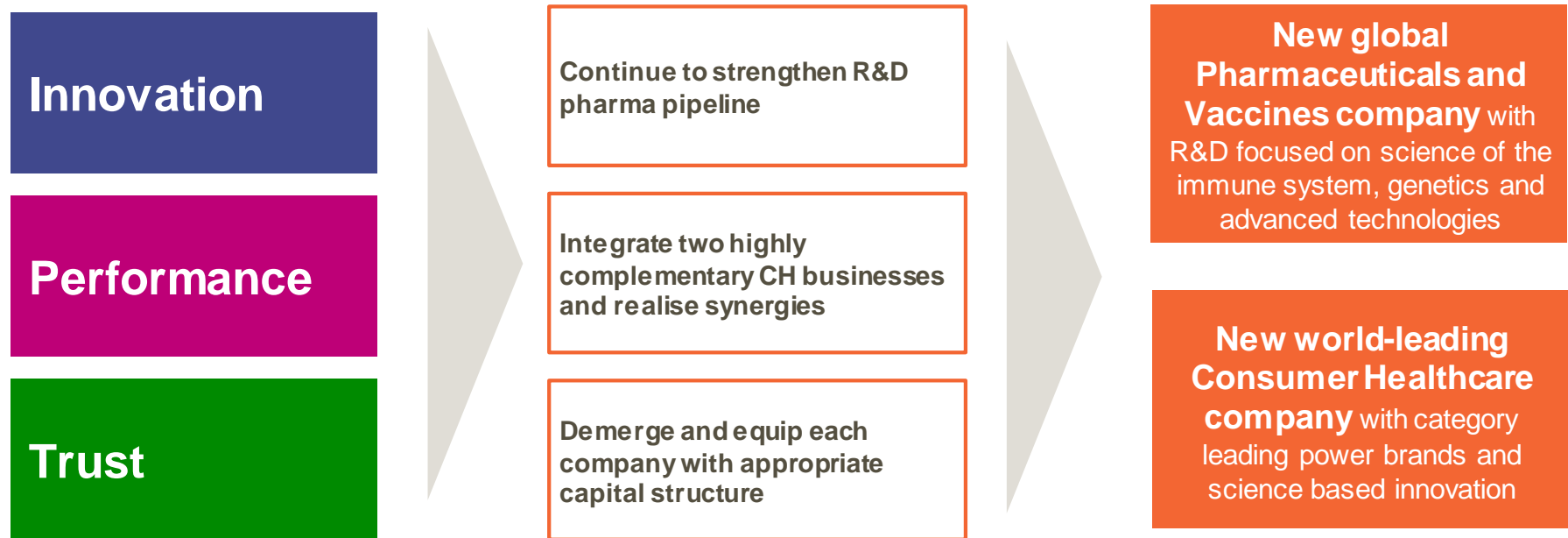
Visibility of separation supports capital planning

New capital structure post separation to fund investment



Includes current growth drivers and late stage pipeline assets with positive Ph2 data in hand; Zejula and TSR-042 are Tesaro assets – transaction expected to close Q1 2019 pending regulatory approvals

Clear pathway for creation of two new UK-based global companies



Brian McNamara

Chief Executive Officer, GSK Consumer Healthcare



Positive consumer healthcare industry trends



Increasing health awareness and self care

77%¹ of consumers want to take more control over decisions about their health

Emerging middle class

Almost **2.4 billion**³ more emerging middle class consumers by 2030 vs 2015



Ageing population

1.4 billion² aged 60+ by 2030, an increase of 0.5 billion vs 2015

Innovation

Unmet consumer needs (switches, products, formats, channels, devices)

Creation of a global leader in consumer healthcare

With scale and strong capabilities



Combined sales of approximately £9.8bn¹

#1 in OTC

- Leadership positions in Pain Relief, Respiratory and VMS³

#1 position in Therapeutic Oral Health²



Strong geographic footprint

- #1 in US, #2 in China³
- 29% of sales in Emerging Markets¹

Proven integration capability

Value creation

- £0.5bn cost synergy potential

1. Based on 2017 reported results. £GBP figure includes: Pfizer 2017 revenues reported under US GAAP translated at 1.30 \$:£ and GSK JV sales reported under IFRS and adjusted for perimeter changes that GSK will make to the business it contributes to the Joint Venture. Figure excludes any impact from potential future divestments.

2. GSK analysis based on Nielsen, IRI and Euromonitor data; 3. Nicholas Hall's DB6 Global OTC Database, 2017

Pfizer has a strong portfolio of category leading brands



Top 10 brands account for 80% of global sales

Pain Relief



Advil **#1** in US and global pain relief category

VMS



#1 in global OTC VMS category

Respiratory



#8 in global respiratory category

Digestive Health



Nexium **#1** in US indigestion and heartburn relief category

Skin Health



Strong portfolio in OTC dermatologicals category
#1 in lip care globally

Category leading positions of combined portfolio



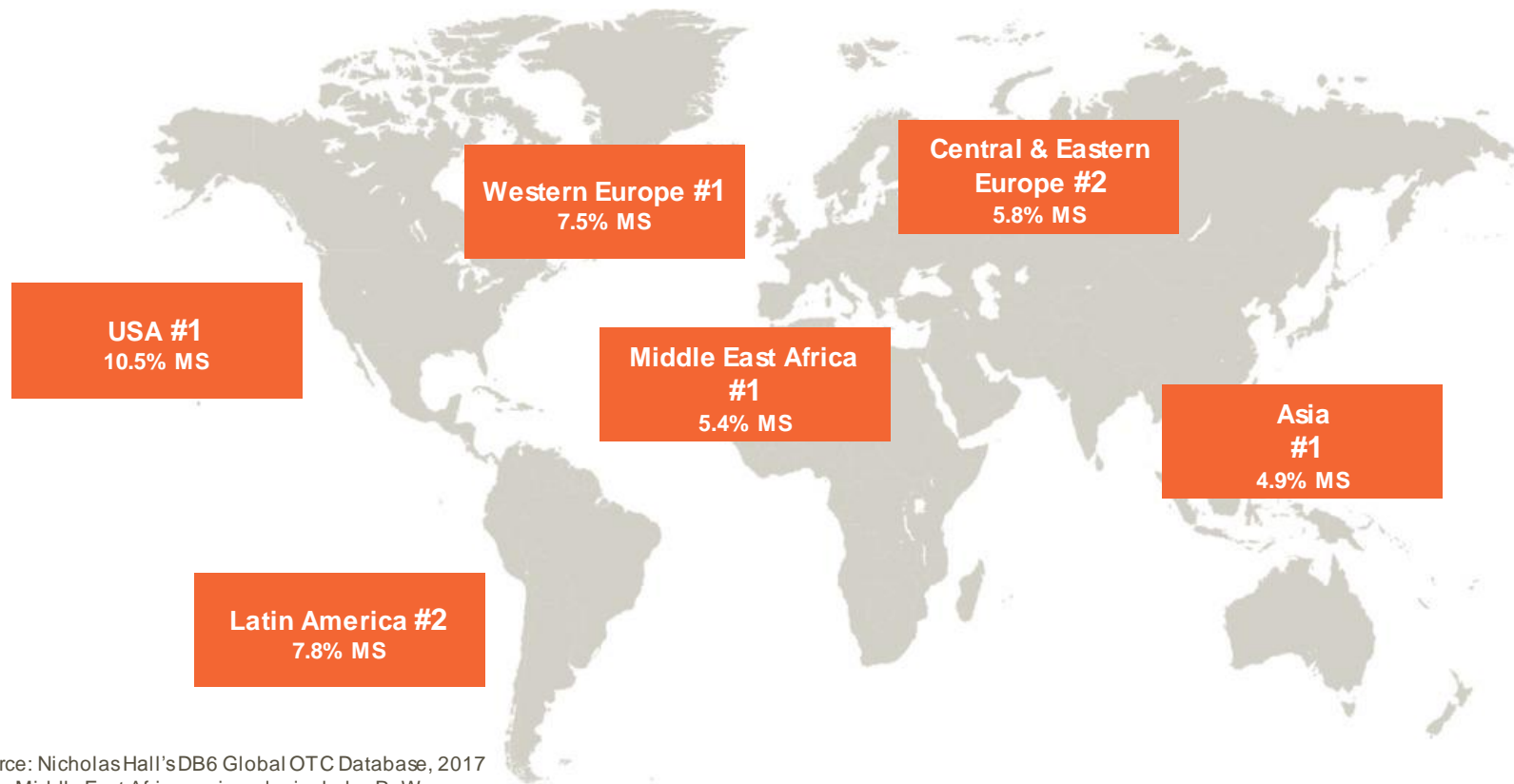
1. NicholasHall's DB6 Global OTC Database, 2017. For Skin Health, share and ranking based on OTC derms category. 2. GSK analysis based on Nielsen, IRI and Euromonitor data

Creates OTC leadership positions in key geographies



Leadership OTC positions in some of the world's most important markets:

US #1, Germany #1, India #1 , Russia #2, China #2



Source: NicholasHall'sDB6 Global OTC Database, 2017

Note: Middle East Africa region also includes RoW

Proven integration capability through GSK-Novartis joint venture



Delivered average annual sales growth of ~4% through integration¹

Over-delivered on cost synergy targets of £400m

Improved operating margin 470bps 2015-2017²

Built more efficient, scalable organisation model

Leveraged both companies to upgrade capabilities

1. Average annual revenue growth over the 2015-2017 period at 2015 constant exchange rates

2. At constant 2015 exchange rates. At actual exchange rates, margin improvement was 640bps

Leverage strengths of both companies to deliver sustained profitable growth



Innovation

- External innovation
- Strong track record of delivery
- Scientific excellence, Rx/OTC switch expertise

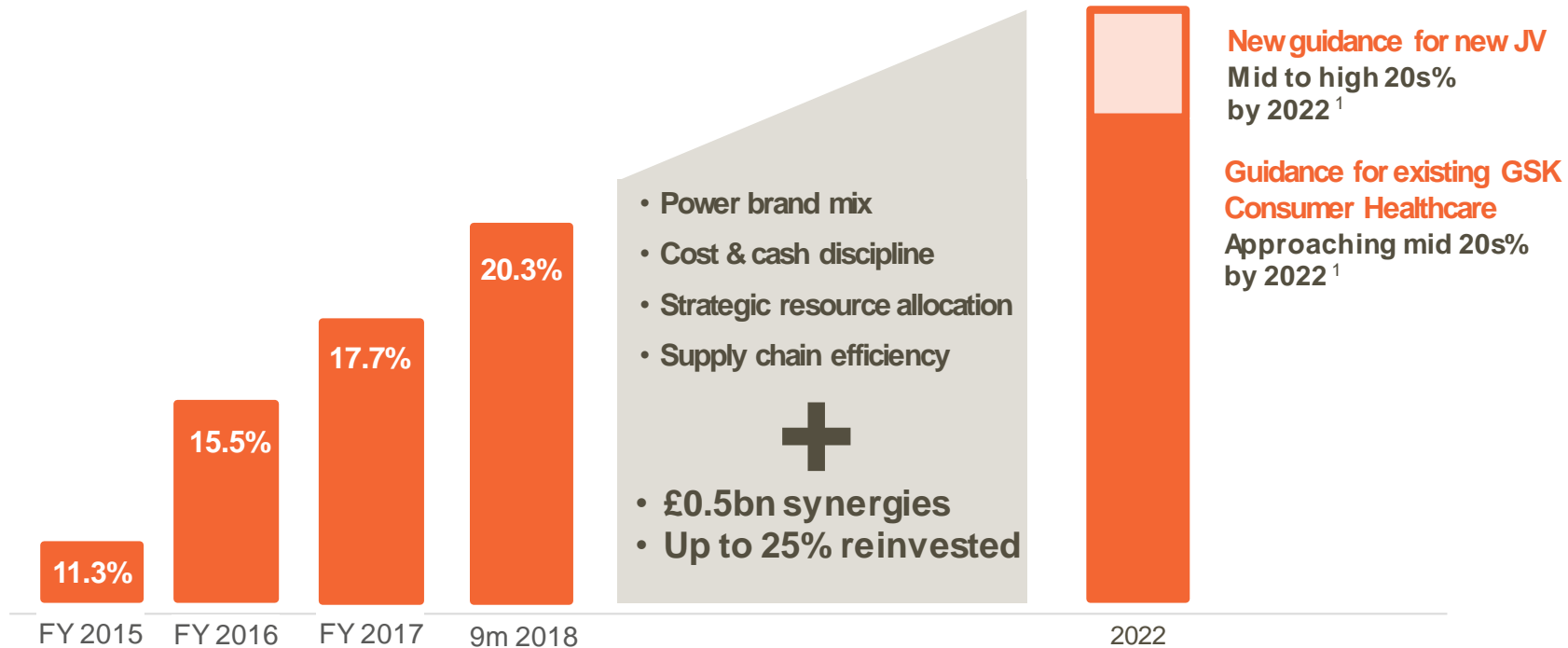
Performance

- Digital transformation
- Strong sales, retail and expert capabilities
- Global marketing/category model

Trust

- Strong quality/compliance culture
- Strong track record of supply chain efficiencies and customer service

Deliver an industry leading margin



¹At 2017 constant exchange rates. Expected 20%+ operating margin by 2020 at 2015 constant exchange rates. Historical margins shown for the GSK Consumer Healthcare segment are at respective actual rates

Simon Dingemans

Chief Financial Officer



Proposed transaction: financial details



New entity

Proposed all equity transaction
GSK will have a controlling equity interest of 68% and Pfizer 32%

Timing

Expect transaction to close in the second half of 2019, pending shareholder and anti-trust approvals
Separation of Consumer JV expected within 3 years from closing

Financial impact

Integration synergies expected to generate total annual cost savings of £0.5 billion¹ by 2022 for expected cash costs of £0.9 billion¹ and non cash costs of £0.3 billion¹
Targeting a JV adjusted operating margin in mid-to-high 20s percentage range by 2022¹
Expected to be accretive to Total earnings in second full year post close, reflecting timing of upfront costs for implementation of integration versus timing of synergy benefits
Expected to be accretive to Adjusted earnings and free cashflow in the first full year post close

Dividend

No change to current dividend policy
GSK expects to pay 80p dividend per share for each of 2018 and 2019
Transaction enhances GSK's position to deliver returns to shareholders alongside continued investment in our strategic priorities

¹At 2017 constant exchange rates.

Significant cost synergy potential for the JV, with cash restructuring costs offset by divestments

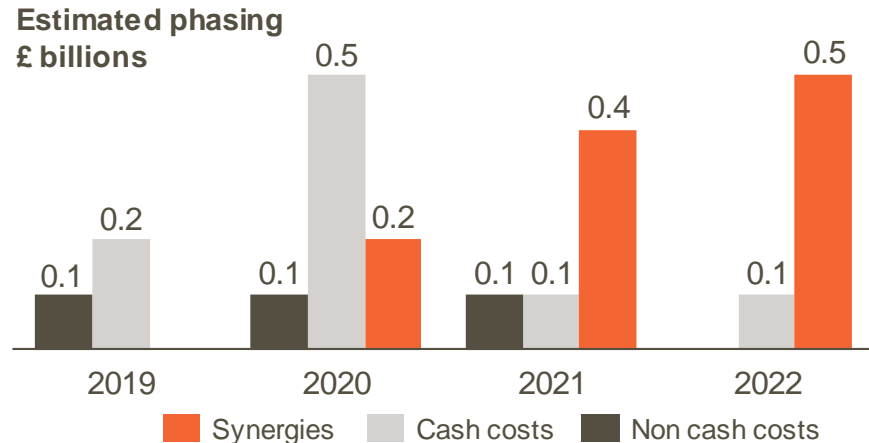


- Network rationalisation
- Logistics & infrastructure
- Advertising & marketing
- Sales & distribution
- Functional support

Estimated annual synergies £0.5 bn¹

Total costs £1.2bn¹
Cash £0.9bn¹
Non-cash £0.3bn¹

Targeting net divestment proceeds of ~£1bn over 2019-20 period¹



¹ At 2017 constant exchange rates.

Key financials



Standalone financials

FY17



Revenues

£7.1bn

£2.7bn

Total operating profit

£0.9bn

£0.4bn

Adjusted operating profit

£1.3bn

£0.5bn

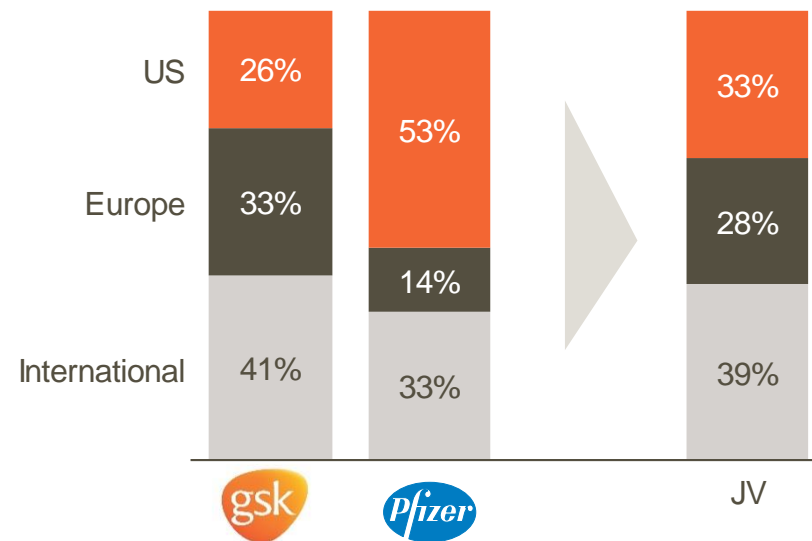
Adjusted operating margin

17.6%

17.3%

Geographic revenue split

FY17



¹ Reported results of the GSK Consumer Healthcare JV prepared under IFRS, excluding certain items, and adjusted for perimeter changes related to the planned divestment of Horicks and other consumer nutrition brands to Unilever.

² Reported revenue and assumed Adjusted operating profit for the perimeter of the business contributed to the new JV prepared under US GAAP in USD and translated into £GBP at the average 2017 exchange rate of 1.30 \$:£.

GSK uses a number of adjusted, non-IFRS, measures to report the performance of its business, as described in GSK's Q3 2018 results, including Adjusted operating profit which excludes certain items. Financial information relating to Pfizer is presented on a similar basis.

Enhances financial flexibility and investment capacity

Presents a clear pathway forward for GSK

Creates a new global Pharmaceuticals and vaccines company

and

New world-leading Consumer Healthcare company

Each with a balance sheet and capital structure appropriate to its requirements

New consumer healthcare company

Targeting investment grade balance sheet

Leverage of 3.5-4.0x net debt/Adjusted EBITDA at point of separation

Target payout ratio in the range of 30-50% of Adjusted earnings

A clear pathway for improved performance across both businesses



Unique opportunity to accelerate our IPT priorities

Supports capital planning and investment in the pipeline

Investment for future growth to benefit patients, consumers and shareholders

Clear pathway to creation of two UK based global companies

New global Pharmaceuticals and Vaccines company with R&D focused on science of the immune system, genetics and advanced technologies

New world-leading Consumer Healthcare company with category leading power brands and science based innovation

Q&A

