Pre-Quarterly Results Communication Q4 2020

Issued: Tuesday 12th January 2021

This Q4 2020 Pre-Quarterly Results Communication has been prepared by GSK in accordance with our standard prior practice. This Communication includes statements made previously by GSK in communications such as our Q3 2020 results presentation on 28 October 2020, our Q3 2020 press release, and our Q3 2020 results analyst/investor call. These statements are extracted from their original source and therefore, by definition, do not reflect subsequent or recent events, circumstances or developments, including divestments and the impact of the coronavirus outbreak (see "Historic London Stock Exchange announcements (LSE announcements) and press releases").

Any updates to these and other previously made statements would only be included in further communications by GSK to the market in our Q4 2020 release or otherwise. Accordingly, the extracted statements should only be taken as speaking as at the date they were originally made, and the inclusion of the extracted statements herein should not be taken as an indication that they will not be updated in the future.

As our Q3 results announcement indicated, the potential impact of the ongoing COVID-19 pandemic on GSK's trading performance and all our Principal risks has been assessed with mitigation plans put in place. The pandemic, has as anticipated, impacted the Group performance during the first nine months of 2020 primarily in demand for Vaccines as a result of containment measures impacting customers' ability and willingness to access vaccination services across all regions. We continue to monitor the situation closely, as this is clearly a very dynamic and uncertain situation, with the ultimate severity, duration and impact unknown at this point including the potential impacts on trading results, our clinical trials, our supply continuity and our employees. The situation could change at any time and there can be no assurance that COVID-19 will not have a material adverse impact on the future results of the Group.

Please read the cautionary statement regarding forward-looking statements and the definitions and reconciliations for non-IFRS measures on pages 63 and 64 of the Q3 2020 results press release.

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New information for Q4 2020

Foreign exchange

Average rates Cumulative - YTD	3M 2019	6M 2019	9M 2019	12M 2019	3M 2020	6M 2020	9M 2020	12M 2020
Key currencies								
US$	1.31	1.29	1.27	1.28	1.29	1.27	1.28	1.29
€	1.15	1.14	1.13	1.14	1.17	1.15	1.13	1.13
Yen	144	142	139	139	140	137	137	137
Other currencies								
Australian dollar	1.83	1.83	1.82	1.84	1.96	1.92	1.89	1.87
Brazilian real	4.96	4.97	4.96	5.04	5.77	6.15	6.45	6.63
Canadian dollar	1.74	1.73	1.69	1.70	1.74	1.72	1.73	1.73
Chinese yuan	8.81	8.77	8.73	8.82	9.02	8.91	8.94	8.91
Indian rupee	91.7	90.3	89.0	89.9	93.6	93.5	94.5	95.4
Russian rouble	86.7	84.7	83.1	83.0	87.2	87.8	91.1	93.7
FX impact on turnover	***+1%***	***+1%***	***+3%***	***+2%***	***+0%***	***+0%***	***-2%***	***-2%***
FX impact on adjusted EPS	***+4%***	***+4%***	***+5%***	***+3%***	***-1%***	***+0%***	***-3%***	**n/a**

On the basis of the rates in the table above, it is expected that the negative impact of foreign exchange on 2020 sales will be around -2%.

As a result of the mix of currency movements relative to the mix of costs, we expect that the negative impact of foreign exchange on 2020 sterling Adjusted EPS will be greater than the negative impact on sales. Over the first nine months of 2020, the negative impact of currencies to adjusted EPS was -3% compared with the -2% impact to sales.

Average rates Quarterly	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Key currencies								
US$	1.31	1.28	1.23	1.30	1.29	1.25	1.30	1.33
€	1.15	1.14	1.11	1.17	1.17	1.13	1.11	1.11
Yen	144	140	133	141	140	134	138	138
Other currencies								
Australian dollar	1.83	1.83	1.80	1.88	1.96	1.87	1.83	1.81
Brazilian real	4.96	4.99	4.94	5.27	5.77	6.54	7.04	7.18
Canadian dollar	1.74	1.71	1.63	1.71	1.74	1.71	1.74	1.73
Chinese yuan	8.81	8.73	8.64	9.10	9.02	8.81	9.00	8.81
Indian rupee	91.7	89.0	86.4	92.6	93.6	93.4	96.5	98.1
Russian rouble	86.7	82.6	79.9	82.7	87.2	88.5	97.7	101.3
FX impact on turnover	***+1%***	***+2%***	***+5%***	***-2%***	***+0%***	***+1%***	***-5%***	***-1%***
FX impact on adjusted EPS	***+4%***	***+5%***	***+8%***	***-5%***	***-1%***	***+1%***	***-9%***	**n/a**

The Q4 2020 period-end rates were $1.36/£, €1.11/£ and Yen 141/£.

Period end rates	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020	Dec 2020
Key currencies									
US$	1.27	1.31	1.27	1.23	1.32	1.24	1.23	1.28	1.36
€	1.11	1.17	1.12	1.13	1.18	1.13	1.10	1.10	1.11
Yen	140	145	137	133	143	134	132	136	141

Foreign exchange: Ready reckoner

In the 2019 FY results presentation on 5 February 2020, the following ready reckoner was provided on slide 44 to help estimate the expected impact of foreign exchange movements on adjusted EPS*:

Currency	Impact on 2020 full year adjusted EPS
US dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-5.5%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-1.5%
Japanese yen	10 yen movement in average exchange rate for full year impacts EPS by approximately +/-1.0%

*Please note that the ready reckoner does not include the impact of inter-company exchange gains or losses

The slide also included 2019 currency sales exposure for GSK:

Currency	2019 currency sales exposure
US dollar	41%
Euro	18%
Japanese yen	6%
Other‡	35%

‡The other currencies that each represent more than 1% of Group sales are: Australian dollar, Brazilian real, Canadian dollar, Chinese yuan, Indian rupee and Russian rouble. In total, they accounted for 13% of Group revenues in 2019

Basic weighted average number of shares (WANS)

The basic weighted average number of shares in issue during 2020 was 4,976m compared with 4,947m in 2019 (an increase of 0.6%).

The basic weighted average number of shares in issue during Q4 2020 was 4,981m compared with 4,953m in Q4 2019 (an increase of 0.6%).

In millions*	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
WANS: Quarter	4,920	4,936	4,947	4,951	4,953	4,965	4,977	4,980	4,981
WANS: Cumulative - Year to date	4,914	4,936	4,942	4,945	4,947	4,965	4,971	4,974	4,976
Period end shares	4,923	4,947	4,948	4,952	4,954	4,977	4,978	4,980	4,981

**excludes treasury shares and shares held by ESOP trusts*

Dividend

In the Q3 2020 press release we made the following comments regarding the dividend:

"The Board currently intends to maintain the dividend for 2020 at the current level of 80p per share, subject to any material change in the external environment or performance expectations. Over time, as free cash flow strengthens, it intends to build free cash flow cover of the annual dividend to a target range of 1.25-1.50x, before returning the dividend to growth."

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2017	19	19	19	23	80
2018	19	19	19	23	80
2019	19	19	19	23	80
2020 - expected	19	19	19		80†

†*The actual dividend amount is determined by the Board of Directors.*

Factors impacting recent quarterly comparisons

As usual there were several events in 2020 and during 2019 which impact the year on year comparisons for Q4 and full year 2020. This includes the following noteworthy items which you may wish to consider in your modelling.

Please note that the items listed below are not intended to be a complete list of all items that may impact the comparisons for Q4 2020 versus Q4 2019.

For further comments, please refer to quarterly press releases, presentations and transcripts. https://www.gsk.com/en-gb/investors/quarterly-results/

Pharmaceuticals

Pharmaceuticals (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Total turnover	**4,158**	**4,307**	**4,531**	**4,558**	**17,554**	**4,396**	**4,102**	**4,192**
Reported growth - CER	*+2%*	*-1%*	*+3%*	*-4%*	*+0%*	*+6%*	*-5%*	*-3%*
Adjusted operating profit	**1,238**	**1,256**	**1,093**	**1,008**	**4,595**	**1,183**	**976**	**1,175**
Reported growth - CER	*-8%*	*-19%*	*-24%*	*-33%*	*-22%*	*-5%*	*-23%*	*+16%*
Adjusted operating margin	29.8%	29.2%	24.1%	22.1%	26.2%	26.9%	23.8%	28.0%

On the Q2 2020 results analyst/investor call Iain Mackay made the following comments regarding the Pharmaceuticals business:

"We continue to expect Pharma sales to decline slightly in 2020, excluding divestments."

On the Q3 2020 results analyst/investor call he made the following additional comments:

"Overall revenues were in line with expectations, down 3% in Q3, and down 1% in the year-to-date. Excluding Established Pharma, revenue grew 12% in the quarter, and was up 12% in the year-to-date, reflecting our strong commercial delivery."

Pharmaceuticals: Respiratory

Respiratory (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Anoro	102	128	143	141	514	117	139	140
Arnuity	7	14	12	15	48	9	8	14
Incruse	68	57	60	77	262	57	59	56
Relvar/Breo	215	238	249	269	971	285	242	323
Trelegy	87	120	139	172	518	193	194	194
Ellipta products	***479***	***557***	***603***	***674***	***2,313***	***661***	***642***	***727***
Nucala	152	195	203	218	768	210	241	251
Total Respiratory	**631**	**752**	**806**	**892**	**3,081**	**871**	**883**	**978**
CER growth								
Ellipta products	+20%	+6%	+15%	+4%	+10%	+38%	+14%	+26%
Nucala	+41%	+33%	+33%	+28%	+33%	+38%	+21%	+29%
Total Respiratory	**+25%**	**+12%**	**+19%**	**+9%**	**+15%**	**+38%**	**+16%**	**+26%**

On the Q3 2020 results analyst/investor call Luke Miels made the following comments regarding Respiratory:

"Nucala had another great quarter, delivering a strong, competitive performance, maintaining our leadership in the IL-5 class. This remains a market with significant growth opportunities, with unfortunately only 27% of eligible patients in the US receiving a biologic, and we're leading share of both new and total IL-5 with patients in the US, and remain the leader in other key markets around the world.

With Trelegy, we continue to not only lead the way in once daily single inhaler triple therapy for COPD, but grow the market as well. We are growing our share in the US, where we are the market leader, as well as in other major markets around the world."

Pharmaceuticals: HIV

HIV (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Tivicay	383	412	441	426	1,662	412	373	377
Triumeq	614	646	651	638	2,549	563	586	577
Juluca	70	84	101	111	366	120	113	123
Dovato	-	5	18	33	56	66	68	99
Dolutegravir products	***1,067***	***1,147***	***1,211***	***1,208***	***4,633***	***1,161***	***1,140***	***1,176***
Rukobia	-	-	-	-	-	-	-	3
Other HIV	54	62	56	49	221	46	45	37
HIV	**1,121**	**1,209**	**1,267**	**1,257**	**4,854**	**1,207**	**1,185**	**1,216**
CER growth								
Dolutegravir products	*+7%*	*+0%*	*+2%*	*+2%*	*+2%*	*+9%*	*-2%*	*+1%*
HIV	***+4%***	***-2%***	***+0%***	***+0%***	***+1%***	***+8%***	***-3%***	***+0%***

On the Q3 2020 results analyst/investor call David Redfern made the following comments regarding the HIV business:

"We still expect HIV revenue growth overall to be broadly flat for 2020 but anticipate a return to growth in 2021, building on the momentum we have established for Juluca and Dovato, and with the expected US launch of Cabenuva in the first quarter of 2021."

Pharmaceuticals: Oncology

Oncology (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Zejula incl sales prior to acquisition*	56	57	64	66	243	n/a	n/a	n/a
Zejula reported	42	57	64	66	229	81	77	92
Blenrep	-	-	-	-	-	-	-	8

**GSK announced completion of acquisition of TESARO on 22 January 2019*

On the Q3 2020 results analyst/investor call Luke Miels made the following comments regarding Zejula and Blenrep:

Zejula: *"As of August, almost half of all patients starting on a PARP inhibitor are now getting Zejula and by now one in three, whether new or repeat patients, are on Zejula in the front line. In Q3 we saw a 50% increase in the average weekly new writers in the US, and we have doubled our overall market share from 14% in April to over 30% in August.*
We also know that there is significant opportunity to continue to penetrate the market with 'watch and wait' still, unfortunately, being used in more than 70% of women in the first line maintenance setting in the US."
Blenrep: *"We launched Blenrep for heavily pre-treated multiple myeloma patients at the end of August in the US and, though it's early days, we are seeing a positive response across the board from physicians, patients and advocacy groups. There is a high unmet need in multiple myeloma and over 500 HCPs and over 200 patients have already enrolled in a fully operationalised REMS programme."*

Pharmaceuticals: Established Pharmaceuticals

Established Pharmaceuticals (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Established Respiratory	1,083	913	939	965	3,900	965	805	725
Established other	1,159	1,225	1,284	1,208	4,876	1,121	975	981
Total turnover	**2,242**	**2,138**	**2,223**	**2,173**	**8,776**	**2,086**	**1,780**	**1,706**
CER growth								
Established Respiratory	*-2%*	-14%	-12%	-16%	*-11%*	*-11%*	*-12%*	*-18%*
Established other	*-9%*	*-1%*	*+1%*	*-12%*	*-6%*	*-2%*	*-20%*	*-19%*
Total turnover	***-6%***	***-7%***	***-5%***	***-14%***	***-8%***	***-6%***	***-17%***	***-18%***

From Q1 2019 we are reporting the Ellipta portfolio and Nucala within the Respiratory category and all other respiratory products, including Advair/Seretide under established products.

On the Q3 2020 results analyst/investor call Iain Mackay made the following comments regarding Established Pharmaceuticals:

"The Established Pharma portfolio declined 18%. Within this, Respiratory was down 18%, reflecting generic competition for Advair/Seretide, and Ventolin, plus accelerated brand erosion of Flovent in the US. The rest of the Established Pharma portfolio was down 19%, with COVID-19 impacting performance, particularly in antibiotics.

Additionally, we have seen increased government mandated generics in certain markets.

For the current year, we expect the total Established portfolio to be down mid-teens. Next year, we would expect the established portfolio to revert to its historical norm of mid- to high-single digit decline. We continue to review opportunities for divestments in this portfolio."

Seretide/Advair (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
US	176	105	117	104	502	106	143	112
Europe	133	129	121	119	502	127	113	104
International	177	178	180	191	726	162	165	152
Total	**486**	**412**	**418**	**414**	**1,730**	**395**	**421**	**368**
CER growth								
US	-27%	-61%	-64%	-64%	-56%	-40%	+34%	-1%
Europe	-19%	-15%	-9%	-18%	-16%	-3%	-13%	-14%
International	*+4%*	*-1%*	*-2%*	-4%	*-1%*	*-7%*	*-6%*	*-8%*
Total	***-15%***	***-31%***	***-35%***	**-35%**	***-29%***	***-18%***	***+2%***	***-8%***

Vaccines

Sales of vaccines are vulnerable to volatility on a quarterly basis – particularly in emerging markets. Since quarterly sales can be very lumpy due in part to the impact of large tenders as well as competitor outages, we highlight in the table below the 2019 and 2020 quarterly results for the Vaccines business.

Vaccines (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Meningitis	209	235	371	203	1,018	225	167	363
Influenza	15	17	371	138	541	21	15	445
Shingrix	357	386	535	532	1,810	647	323	374
Established Vaccines	941	947	1,031	869	3,788	912	628	850
Total turnover	**1,522**	**1,585**	**2,308**	**1,742**	**7,157**	**1,805**	**1,133**	**2,032**
Adjusted operating profit	**614**	**612**	**1,162**	**578**	**2,966**	**858**	**265**	**899**
Adjusted operating margin	*40.3%*	*38.6%*	*50.3%*	*33.2%*	*41.4%*	*47.5%*	*23.4%*	*44.2%*
CER growth								
Meningitis	*+18%*	*+26%*	*+9%*	*+14%*	*+15%*	*+11%*	*-29%*	*+1%*
Influenza	*+67%*	*+6%*	*+15%*	*-26%*	*+1%*	*+53%*	*-6%*	*+21%*
Shingrix	*>100%*	*>100%*	*+76%*	*>100%*	*>100%*	*+79%*	*-19%*	*-25%*
Established Vaccines	*-1%*	*+5%*	*-1%*	*+2%*	*+1%*	*-3%*	*-34%*	*-15%*
Total turnover	***+20%***	***+23%***	***+15%***	***+21%***	***+19%***	***+19%***	***-29%***	***-9%***
Adjusted operating profit	***+69%***	***+64%***	***+30%***	***+42%***	***+46%***	***+39%***	***-58%***	***-18%***

On the Q3 2020 results analyst/investor call Iain Mackay made the following comments regarding vaccines overall revenues:

"We are encouraged by the Vaccines business recovery through the quarter, with a stronger performance in September, which has continued so far in October, compared to a year ago.

In Vaccines across the age categories this recovery is mostly complete in paediatrics, while slightly slower in adolescents informed by the return to schools disruption. In older adults, the increasing

immunisation rates and uptake of Shingrix is encouraging, and demonstrates strong underlying demand.

Achieving our guidance does depend on sustaining this recovery of adult immunisation rates, particularly in Shingrix. We continue to make good progress in improving supply capacity for Shingrix ahead of our new facility coming online, and we will update you on the details behind this in Q1 next year."

We completed the divestment of travel vaccines Rabipur and Encepur in December 2019 (https://www.gsk.com/en-gb/media/press-releases/gsk-completes-divestment-of-rabies-and-tick-borne-encephalitis-vaccines-to-bavarian-nordic/)

In the table below we highlight the combined quarterly sales of the products in 2019.

Travellers Vaccines (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Sales	43	55	43	36	177

Consumer Healthcare

Consumer Healthcare (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Turnover	**1,981**	**1,917**	**2,526**	**2,571**	**8,995**	**2,862**	**2,389**	**2,422**
CER growth – reported	*+1%*	*+4%*	*+25%*	*+37%*	*+17%*	*+46%*	*+25%*	*+2%*
CER growth – pro forma	-	-	+3%	+0%	+2%	+11%	*-6%*	*-6%*
Adjusted operating profit	**430**	**391**	**613**	**440**	**1,874**	**766**	**521**	**541**
CER growth – reported	*+12%*	*+8%*	*+34%*	*+33%*	*+22%*	*+82%*	*+33%*	*-2%*
CER growth – pro forma	-	-	*+8%*	*-8%*	*+4%*	*+26%*	*-11%*	*-9%*
Adjusted operating margin	*21.7%*	*20.4%*	*24.3%*	*17.1%*	*20.8%*	*26.8%*	*21.8%*	*22.3%*

On the Q3 2020 results analyst/investor call Iain Mackay made the following comments regarding Consumer Healthcare revenues:

"Q3 revenues in Consumer Healthcare on a pro forma basis were up 3%, excluding brands either divested or under review. Including those brands, such as Horlicks, turnover declined 6% pro forma. Reversal of the Q2 systems cutover stocking benefit impacted overall growth by around 2 percentage points.

The pandemic has had a sustained positive impact on Vitamins, Minerals and Supplements, which grew 18% driven by increased consumer focus on personal health.

However, this growth was partially offset by weaker performance in Respiratory Health, with a lower cough and cold season so far, and in Pain Relief, informed principally by Advil market share.

The RX-to-OTC switch of Voltaren in the US is performing very strongly."

On the Q3 2020 results analyst/investor call Brian McNamara made the following comments:

"Our positive momentum has continued, despite the challenges related to the pandemic. Importantly, we have delivered significant milestones to date. 96% of the Pfizer Consumer Healthcare revenues are now on our system, with 71 markets having made this transition since the start of the pandemic. 87% of co-locations are complete, and 39 of the 41 warehouses identified for closure are now closed. Furthermore, all future market cutovers, employee transfers and production site integrations remain on track.

At the time of the transaction, we provided synergy and financial guidance for 2022 and this remains unchanged. We continue to expect annual synergies of £500 million by 2022, with up to 25% reinvested back into the business to drive growth.

We have also delivered on our divestment commitment, with transactions meeting our target of £1 billion in proceeds already signed. Through this process, we have divested more than 50 growth-dilutive brands, strengthening our existing portfolio.

Our separation programme is also on track, with work around the future organisational structure and systems separation well underway."

Corporate and other unallocated turnover and costs

Corporate and other unallocated turnover and costs include the results of certain Consumer Healthcare products which are being held for sale in a number of markets in order to meet anti-trust approval requirements, together with the costs of corporate functions.

Corporate and other unallocated turnover (£m)	Q1	Q2	Q3	Q4	Full Year
2019	-	-	20	28	48
2020	27	-	-		

Adjusted corporate and other unallocated operating profit (costs) (£m)	Q1	Q2	Q3	Q4	Full Year
2018	(129)	(99)	(93)	(138)	(459)
2019	(119)	(88)	(82)	(174)	(463)
2020	(132)	(13)	50		

Operating and financial performance

Operating performance

Expected costs and savings under Major Restructuring Programmes

In our Q4 2019 results presentation we included the table below.

Annual savings: (£bn)[1]	Cumulative actuals to 2018	2019 actuals	2020 projected	2021 projected	2022 projected	2023 projected
Combined Integration & Restructuring Programme[3] (Announced 2015)						
Savings[2]	3.9	4.2	4.3			
Total charges	5.2	0.1	0.1			
Cash payments	3.6	0.3	0.1			
2018 Restructuring Programme incl. Tesaro (Announced Q2'18)						
Savings[2]		0.2	0.4	0.5		
Total charges	0.4	0.8	0.4	0.2		
Cash payments	0.0	0.2	0.3	0.2	0.1	
Consumer Joint Venture (Announced Dec-18)						
Synergies[2]			0.2	0.4	0.5	
Total charges		0.3	0.5	0.1	0.1	
Cash payments		0.2	0.4	0.1	0.0	
Separation Preparation Programme[4] (Announced Q4'19)						
Savings[2]			0.1	0.3	0.7	0.8
Total charges			0.9	0.9	0.6	0.0
Cash payments			0.5	0.7	0.4	0.0

[1] *All expectations and targets regarding future performance should be read together with the "Outlook assumptions and cautionary statement" sections of the Fourth Quarter 2019 Results Announcement and the cautionary statement slide included with this presentation.*

[2] *Savings and synergies shown are cumulative for the programme to date throughout the table*

[3] *The Combined Integration and Restructuring programme is substantially complete, therefore GSK will cease external reporting of total costs and benefits for this programme from 2020 onward.*

[4] *Does not include additional one-time costs to prepare Consumer Healthcare for separation, estimated at £600-700m, excluding transaction costs*

Operating costs: SG&A and R&D

Selling, General and Administration

Adjusted SG&A costs (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
SG&A	2,397	2,433	2,768	3,117	10,715	2,786	2,530	2,477
Reported growth - CER	**+4%**	**+2%**	**+16%**	**+23%**	**+12%**	**+18%**	**+4%**	**-7%**
Pro forma growth - CER	**-**	**-**	**+8%**	**+11%**	**+7%**	**+8%**	**-5%**	**-10%**

On the Q3 2020 results analyst/investor call Iain Mackay made the following comments regarding SG&A expenditure:

"During Q3 in SG&A we realised a one-time benefit from restructuring of postretirement benefits, and the non-recurrence of high legal costs from Q3 '19."

Research and development

Adjusted R&D costs (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
R&D	971	1,040	1,164	1,164	4,339	1,086	1,171	1,049
Reported growth - CER	**+6%**	**+16%**	**+17%**	**+16%**	**+14%**	**+11%**	**+11%**	**-6%**
Pro forma growth - CER	**-**	**-**	**+15%**	**+13%**	**+13%**	**+9%**	**+9%**	**-7%**

Royalty income

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2018	53	73	94	79	299
2019	73	78	118	82	351
2020 outlook	67	75	85		Around £300m

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding royalties:

"On royalties, these were higher in 2019 driven by Gardasil. We expect royalties for 2020 to be around £300 million due to reductions in some of the other royalty streams."

Divisional operating margins

Adjusted operating margin (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Pharma	29.8%	29.2%	24.1%	22.1%	26.2%	26.9%	23.8%	28.0%
Vaccines	*40.3%*	*38.6%*	*50.3%*	*33.2%*	*41.4%*	*47.5%*	*23.4%*	*44.2%*
Consumer Healthcare	*21.7%*	*20.4%*	*24.3%*	*17.1%*	*20.8%*	*26.8%*	*21.8%*	*22.3%*
Group	**28.2%**	**27.8%**	**29.7%**	**20.8%**	**26.6%**	**29.4%**	**22.9%**	**30.8%**

On the Q3 2020 results analyst/investor call Iain Mackay made the following comments regarding divisional adjusted operating margins:

Pharmaceuticals: *"The Pharma operating margin was 28% in Q3. A 470 basis points increase reflected a favourable product mix that benefitted in the quarter from the recognition of pre-launch inventory and approval of Blenrep within R&D. There was a favourable comparison to 2019 pertaining to non-recurring manufacturing write-down and legal settlements, and tight control of costs and the benefit of restructuring actions. These were offset by increased investment in new product support in target priority markets and, in R&D, a focus mainly on oncology and COVID-19 programmes."*

Vaccines: *"The operating margin of 44.2% was 500 basis points lower, primarily reflecting the negative operating leverage from COVID-19-related sales decline and investment behind key brands such as Shingrix."*

Consumer Healthcare: *"Operating margin for the quarter was down 90 basis points year-on-year, mainly reflecting the impact of divested brands and increased brand investment, partially offset by synergy benefits from the Pfizer integration and tight control of costs."*

Financial performance

Net finance expense

Adjusted net finance costs (£m)	Q1	Q2	Q3	Q4	Full Year
2018	(139)*	(165)	(221)**	(173)	(698)
2018 – restated for IFRS16	*(146)*	*(172)*	*(229)*	*(181)*	*(728)*
2019	(187)	(220)	(206)***	(197)	(810)
2020 outlook	(187)***	(227)	(197)		Around £850 to 900m

** includes the benefit of a one-off accounting adjustment to the amortisation of long-term bond interest charges of £20 million*

*** includes additional interest of £23 million on a historic tax settlement*

**** includes fair value gain on interest rate swaps*

On the Q3 2020 results analyst/investor call Iain Mackay made the following comments regarding net finance expense:

"Interest expense was £197 million, mainly reflecting lower debt."

Associates and joint ventures

Adjusted associates and joint ventures (£m)	Q1	Q2	Q3	Q4	Full Year
2018	9	2	15	5	31
2019	57*	(4)	17	4	74
2020	9	19	11		

** includes one-time benefit of £51 million, reflecting our increased share of after-tax profits of Innoviva, as a result of a non-recurring tax benefit*

Taxation

Adjusted tax rate (%)	Q1	Q2	Q3	Q4	Full Year
2018	20.2%	20.0%	18.6%	17.5%	19.0%
2019	19.7%	15.4%	15.8%	12.5%	16.0%
2020 outlook	13.7%	20.5%	16.8%		Around 16%

On the Q3 2020 results analyst/investor call Iain Mackay made the following comments regarding the tax rate:

"The (Q3) effective tax rate of 16.8% was in line with expectations, and we still expect a full year effective tax rate of around 16%".

Profit / (loss) attributable to non-controlling interests (minority interests)

Adjusted profit/(loss) attributable to non-controlling interests (£m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
ViiV	123	127	141	121	512	128	113	130
Pfizer Consumer Healthcare	-	-	103	101	204	139	138	147
Other	26	11	31	3	71	15	16	10
Total	**149**	**138**	**275**	**225**	**787**	**282**	**267**	**287**

Balance Sheet and Cashflow

Free cash flow

Free cash flow* (£m)	Q1	Q2	H1	Q3	9M	Q4	FY
2017 – revised	650	(264)	386	1,282	1,668	1,817	3,485
2018	329	492	821	1,554	2,375	3,317	5,692
2019	165	370	*535*	1,939	*2,474*	2,599	5,073
2020	531	1,949	*2,480*	(180)	*2,300*		

**With the introduction of the new R&D strategy in Q2 2018, GSK has revised its definition of free cash flow, a non-IFRS measure, to include proceeds from the sale of intangible assets.*

On the Q3 2020 results analyst/investor call Iain Mackay made the following comments regarding cashflow:

"We have delivered cash flow of £2.3 billion in the year to September. The reduction primarily reflected higher dividends to non-controlling interests and adverse exchange impacts, partly offset by lower seasonal increase in trade receivables, beneficial timing of payments for returns and rebates, higher proceeds from disposals of intangible assets, and improved operating profits.

As we indicated at Q2, we expect free cash flow to be lower in the second half of 2020 than the first half, and we still expect cash flow for the year to be a step down from 2019."

Net debt

Net debt (£m)	31 Mar	30 Jun	30 Sep	31 Dec
2017	13,743	14,800	14,209	13,178
2018	13,377	23,935	23,837	21,621
IFRS 16 adoption impact				1,303
Net debt at 1 Jan 2019 after adoption of IFRS 16				22,924
2019	27,058	28,721	28,139	25,215*
2020	26,668**	23,435	23,882	

*includes £507m of cash and cash equivalents reported in assets held for sale

**includes £483m of cash and cash equivalents reported in assets held for sale

In the Q3 2020 press release we made the following comments:

"At 30 September 2020, net debt was £23.9 billion, compared with £25.2 billion at 31 December 2019, comprising gross debt of £28.3 billion and cash and liquid investments of £4.4 billion. Net debt decreased due to the £3.3 billion proceeds from the Horlicks and other Consumer brands disposal including shares in Hindustan Unilever of £2.7 billion and £0.6 billion of other assets, £0.5 billion of other business and asset disposals together with £2.3 billion free cash flow, partly offset by cash divested of £0.5 billion, dividends paid to shareholders of £3.0 billion, £0.4 billion in additional investments and £0.9 billion of unfavourable exchange impacts from the translation of non-Sterling denominated debt and exchange on other financing items.

At 30 September 2020, GSK had short-term borrowings (including overdrafts and lease liabilities) repayable within 12 months of £4.9 billion with loans of £2.7 billion repayable in the subsequent year."

Contingent consideration

Contingent consideration (£m)	31 Dec 2018	31 Mar 2019	30 June 2019	30 Sep 2019	30 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020
Shionogi – relating to ViiV Healthcare	5,937	5,658	5,664	5,713	5,103	5,325	5,436	5,572
Novartis – relating to Vaccines acquisition	296	292	300	359	339	338	349	493
Other	53	50	64	54	37	37	45	40
Total	**6,286**	**6,000**	**6,028**	**6,126**	**5,479**	**5,700**	**5,830**	**6,105**

In the Q3 2020 press release we made the following comments:

"Contingent consideration amounted to £6,105 million at 30 September 2020 (31 December 2019: £5,479 million), of which £5,572 million (31 December 2019: £5,103 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £493 million (31 December 2019: £339 million) represented the estimated present value of contingent consideration payable to Novartis related to the Vaccines acquisition.

Of the contingent consideration payable (on a post-tax basis) to Shionogi at 30 September 2020, £741 million (31 December 2019: £730 million) is expected to be paid within one year."

Historic London Stock Exchange announcements (LSE announcements) and press releases

Since the beginning of Q3 2020 we have issued several LSE announcements and press releases, each of which can be accessed using the following links:
https://www.gsk.com/en-gb/media/press-releases/
https://us.gsk.com/en-us/media/press-releases/
https://us.gsk.com/en-us/products/
https://www.gsk.com/en-gb/investors/stock-exchange-announcements/london-rns/

Acquisitions and divestments

GSK sells its holding in Hindustan Unilever
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1390064
(LSE announcement 07 May 2020)

GSK completes divestment of Horlicks and other Consumer Healthcare nutrition products in India and certain other markets
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1383657
(LSE announcement 01 April 2020)

News flow on key assets during the quarter and to date

ViiV Healthcare announces the Marketing Authorisation of the first complete long-acting injectable HIV treatment in Europe

- Marketing Authorisation granted by European Commission for ViiV Healthcare's Vocabria (cabotegravir injection and tablets) to be used with Janssen's Rekambys (rilpivirine injection) and Edurant (rilpivirine tablets)
- New treatment can enable people living with HIV to reduce the days they receive treatment from 365 to 12 or 6 per year
- The long-acting injectable regimen was preferred by majority of clinical trial patients who tried the treatment over their previous daily oral therapy

ViiV Healthcare announces the Marketing Authorisation of the first complete long-acting injectable HIV treatment in Europe | GSK **(LSE announcement 21 December 2020)**

GSK and Ahren Announce Co-Led Series A Investment in Adrestia, and Multi-Project Discovery Collaboration with Each of the Five Projects Eligible To Receive Up To $230M (£172M) in Post Option Milestones
GSK and Ahren Announce Co-Led Series A Investment in Adrestia, and Multi-Project Discovery Collaboration with Each of the Five Projects Eligible To Receive Up To $230M (£172M) in Post Option Milestones | GSK **(Press release 18 December 2020)**

FDA approves GSK's BENLYSTA as the first medicine for adult patients with active lupus nephritis in the US

- Approval builds on nearly 10 years of experience in lupus

FDA approves GSK's BENLYSTA as the first medicine for adult patients with active lupus nephritis in the US | GSK **(Press release 17 December 2020)**

Vir Biotechnology and GSK announce start of NIH-sponsored ACTIV-3 trial evaluating VIR-7831 in hospitalised adults with COVID-19

- Global Phase 3 trial will investigate the safety and efficacy of VIR-7831 in hospitalised adults with COVID-19

Vir Biotechnology and GSK announce start of NIH-sponsored ACTIV-3 trial evaluating VIR-7831 in hospitalised adults with COVID-19 | GSK **(Press release 17 December 2020)**

ViiV Healthcare announces positive CHMP opinion for Rukobia (fostemsavir), a first-in-class attachment inhibitor for the treatment of adults with multidrug-resistant HIV with few treatment options available

- Findings from pivotal phase III BRIGHTE study demonstrated that the majority (60%) of heavily treatment-experienced adults randomised to receive fostemsavir with an optimised background therapy achieved and maintained viral suppression at 96 weeks
- Fostemsavir addresses a critical unmet need in HIV care for those with little to no treatment options left

ViiV Healthcare announces positive CHMP opinion for Rukobia (fostemsavir), a first-in-class attachment inhibitor for the treatment of adults with multidrug-resistant HIV with few treatment options available | GSK **(Press release 11 December 2020)**

Sanofi and GSK announce a delay in their adjuvanted recombinant protein-based COVID-19 vaccine programme to improve immune response in the elderly

- Phase 1/2 interim results showed an immune response comparable to patients who recovered from COVID-19 in adults aged 18 to 49 years
- Insufficient response in older adults demonstrates the need to refine the concentration of antigen in order to provide high-level immune response across all age groups
- Companies plan a Phase 2b study with an improved antigen formulation
- With support from BARDA as part of Operation Warp Speed, study to start in February 2021, including a proposed comparison with an authorised COVID-19 vaccine
- Product availability now expected in Q4 2021 pending successful completion of the development plan

Sanofi and GSK announce a delay in their adjuvanted recombinant protein-based COVID-19 vaccine programme to improve immune response in the elderly | GSK
(LSE announcement 11 December 2020)

FDA accepts GSK's filing of Nucala (mepolizumab) for use in chronic rhinosinusitis with nasal polyps

- If approved, Nucala would be the only treatment approved in the US for use in four eosinophil-driven diseases.

FDA accepts GSK's filing of Nucala (mepolizumab) for use in chronic rhinosinusitis with nasal polyps | GSK **(Press release 08 December 2020)**

GSK starts phase 3 study of RSV maternal candidate vaccine

- Currently no vaccine is available for respiratory syncytial virus (RSV)
- RSV-associated lower respiratory tract illnesses (LRTIs) cause significant global morbidity and mortality in infants under 6 months, including more than 1.4 million hospitalisations every year
- The GRACE study evaluates the safety of the candidate vaccine for pregnant mothers and infants, and its efficacy in infants born to vaccinated mothers
- Phase 1/2 trial demonstrated strong immunogenicity of vaccine candidate

GSK starts phase 3 study of RSV maternal candidate vaccine | GSK **(Press release 23 November 2020)**

GSK and MMV present positive data on treatment for Plasmodium vivax malaria in children from 6 months up to 15 years of age

GSK and MMV present positive data on treatment for Plasmodium vivax malaria in children from 6 months up to 15 years of age | GSK **(Press release 19 November 2020)**

ViiV Healthcare receives FDA Breakthrough Therapy Designation for investigational, long-acting cabotegravir for HIV prevention

ViiV Healthcare receives FDA Breakthrough Therapy Designation for investigational, long-acting cabotegravir for HIV prevention | GSK **(Press release 17 November 2020)**

GSK presents Phase 2b data on linerixibat for the treatment of cholestatic pruritus in primary biliary cholangitis (PBC)

- Data from the GLIMMER study presented as a late-breaking session at The Liver Meeting® 2020
- First study to leverage the GSK-23andMe collaboration as a pilot for accelerating trial recruitment
- Plans underway to progress linerixibat to Phase 3 in 2021 with potential to be the first new treatment in 60 years for cholestatic pruritus in PBC

GSK presents Phase 2b data on linerixibat for the treatment of cholestatic pruritus in primary biliary cholangitis (PBC) | GSK **(Press release 13 November 2020)**

ViiV Healthcare announces CHMP positive opinion for the first-ever dispersible-tablet formulation of dolutegravir, Tivicay, a treatment for children living with HIV in Europe

- **Dolutegravir is the first integrase inhibitor available as a dispersible tablet for children weighing at least 3kg and from four weeks of age[1]**
- **The positive opinion follows an FDA approval for Tivicay PD in June 2020**

ViiV Healthcare announces CHMP positive opinion for the first-ever dispersible-tablet formulation of dolutegravir, Tivicay, a treatment for children living with HIV in Europe | GSK
(Press release 13 November 2020)

Medicago and GSK announce start of Phase 2/3 clinical trials of adjuvanted COVID-19 vaccine candidate

- The COVID-19 vaccine candidate will contain GSK's pandemic adjuvant
- Phase 3 part of clinical trial to enrol over 30,000 volunteers worldwide

Medicago and GSK announce start of Phase 2/3 clinical trials of adjuvanted COVID-19 vaccine candidate | GSK **(LSE announcement 12 November 2020)**

GSK highlights progress from the BLENREP (belantamab mafodotin-blmf) development programme in multiple myeloma at ASH Annual Meeting

- Studies demonstrate potential of BLENREP in combination with standard therapies in earlier treatment settings.

GSK highlights progress from the BLENREP (belantamab mafodotin-blmf) development programme in multiple myeloma at ASH Annual Meeting | GSK **(Press release 11 November 2020)**

ViiV Healthcare announces investigational injectable cabotegravir is superior to oral standard of care for HIV prevention in women

- Interim analysis from HPTN 084 study shows long-acting injectable cabotegravir administered every two months is 89% more effective than daily pills in preventing HIV acquisition in women
- Findings follow data from HPTN 083, a partner HIV prevention study in men who have sex with men and transgender women, which also demonstrated long-acting injectable cabotegravir was superior to daily oral pills for PrEP

ViiV Healthcare announces investigational injectable cabotegravir is superior to oral standard of care for HIV prevention in women | GSK **(LSE announcement 09 November 2020)**

GSK Nucala (mepolizumab) filings accepted by European Medicines Agency for three additional eosinophil-driven diseases

- Submissions based on positive data from pivotal studies in hypereosinophilic syndrome, chronic rhinosinusitis with nasal polyps and eosinophilic granulomatosis with polyangiitis
- If approved in the EU, Nucala would be the only treatment indicated for four eosinophil-driven diseases

GSK Nucala (mepolizumab) filings accepted by European Medicines Agency for three additional eosinophil-driven diseases | GSK **(Press release 29 October 2020)**

European Commission approves Zejula (niraparib) as first-line monotherapy maintenance treatment in advanced ovarian cancer

- Zejula is the first PARP inhibitor approved as monotherapy in the European Union for patients with platinum-responsive advanced ovarian cancer, regardless of biomarker status

European Commission approves Zejula (niraparib) as first-line monotherapy maintenance treatment in advanced ovarian cancer | GSK **(Press release 29 October 2020)**

Sanofi and GSK to support COVAX with 200 million doses of adjuvanted, recombinant protein-based COVID-19 vaccine

- COVAX Facility is led by Gavi and aims to secure successful and equitable access to COVID-19 vaccines worldwide

Sanofi and GSK to support COVAX with 200 million doses of adjuvanted, recombinant protein-based COVID-19 vaccine | GSK **(LSE announcement 28 October 2020)**

ViiV Healthcare presents continued positive findings from first-ever implementation science study on integrating an investigational once-monthly injectable HIV treatment into US healthcare practices

- Interim data presented at IDWeek 2020 showed the majority of patient participants continue to find once-monthly injectable cabotegravir plus rilpivirine to be acceptable for treating their HIV and appropriate for their daily lives
- Further findings from interviews with healthcare providers and clinical staff revealed key recommendations for clinic set-up, injection administration, and appointment management to facilitate the implementation of the once-monthly regimen into practice

ViiV Healthcare presents continued positive findings from first-ever implementation science study on integrating an investigational once-monthly injectable HIV treatment into US healthcare practices | GSK **(Press release 22 October 2020)**

ViiV Healthcare presents positive new findings from two studies of its investigational, long-acting regimen of cabotegravir and rilpivirine, including five-year data showing long-term durability, efficacy, safety, and tolerability

- Five-year data from the LATTE-2 study and 12-month data from the rollover POLAR study show the long-acting injectable regimen, which may reduce treatment days from 365 to as few as six, to be effective in maintaining viral suppression of HIV

ViiV Healthcare presents positive new findings from two studies of its investigational, long-acting regimen of cabotegravir and rilpivirine, including five-year data showing long-term durability, efficacy, safety, and tolerability | GSK **(Press release 22 October 2020)**

ViiV Healthcare announces analysis showing no antiretroviral therapy interruptions due to COVID-19 across its clinical development programme for investigational, long-acting cabotegravir and rilpivirine

- Positive findings presented at IDWeek™ 2020 from a pooled analysis of six ongoing clinical trials in 16 countries showed 93% of participants maintained their injection visits in the midst of the COVID-19 pandemic with no instances of virologic failure or development of resistance

ViiV Healthcare announces analysis showing no antiretroviral therapy interruptions due to COVID-19 across its clinical development programme for investigational, long-acting cabotegravir and rilpivirine | GSK **(Press release 21 October 2020)**

GSK presents positive clinical data on maternal and older adults RSV candidate vaccines

- Phase I/II data presented at ID Week show that the two FDA fast-tracked candidate vaccines trigger robust immune response and are well-tolerated

- There is currently no vaccine for respiratory syncytial virus (RSV), which causes significant morbidity and mortality in infants and older adults
- Phase III studies are on track to start in the coming months

GSK presents positive clinical data on maternal and older adults RSV candidate vaccines | GSK **(Press release 21 October 2020)**

ViiV Healthcare receives positive CHMP opinion for long-acting regimen for the treatment of HIV

- ViiV Healthcare's Vocabria (cabotegravir injection) used in combination with Janssen Pharmaceutical Companies of Johnson & Johnson's Rekambys (rilpivirine injection) reduces treatment dosing days from 365 to 12 or 6 per year
- Long-acting regimen is based on co-administration of cabotegravir and rilpivirine injections once-monthly or once every 2-months to treat HIV-1
- Vocabria (cabotegravir) tablets for use as an oral lead-in therapy with Edurant (rilpivirine tablets) prior to starting the long-acting regimen also receives positive CHMP opinion

ViiV Healthcare receives positive CHMP opinion for long-acting regimen for the treatment of HIV | GSK **(LSE announcement 16 October 2020)**

ViiV Healthcare presents long-term switch data for Dovato demonstrating non-inferior efficacy in adults with HIV-1 and zero cases of virologic failure versus continuation of a 3-drug TAF-based regimen

- The TANGO 96-week data presented at HIV Glasgow 2020 also confirm Dovato's well-established safety and tolerability profile

ViiV Healthcare presents long-term switch data for Dovato demonstrating non-inferior efficacy in adults with HIV-1 and zero cases of virologic failure versus continuation of a 3-drug TAF-based regimen | GSK **(Press release 08 October 2020)**

Vir Biotechnology and GSK announce global expansion to Phase 3 of COMET-ICE study evaluating VIR-7831 for the treatment of COVID-19

- Independent Data Monitoring Committee recommended on September 30, 2020 that the study continues into Phase 3 based on a positive evaluation of safety and tolerability data from the Phase 2 lead-in.
- Initial Phase 3 results may be available as early as the end of 2020; results for the primary endpoint are expected in the first quarter of 2021, with current estimates at January 2021.
- If successful, VIR-7831 has the potential to advance outpatient treatment for COVID-19.
- Patient enrolment underway; website live at https://vircovid19study.com/

Vir Biotechnology and GSK announce global expansion to Phase 3 of COMET-ICE study evaluating VIR-7831 for the treatment of COVID-19 | GSK
(Press release 06 October 2020)

ViiV Healthcare announces dolutegravir plus lamivudine three-year data confirming long-term viral suppression non-inferior to a 3-drug regimen for treatment-naïve adults with HIV-1

ViiV Healthcare announces dolutegravir plus lamivudine three-year data confirming long-term viral suppression non-inferior to a 3-drug regimen for treatment-naïve adults with HIV-1 | GSK
(Press release 05 October 2020)

Other news flow during the quarter and to date

GSK publishes provisional dividend dates
GSK publishes provisional 2021 dividend dates (investis.com)
(LSE announcement 27 November 2020)

GSK sets new environmental goals of net zero impact on climate and net positive impact on nature by 2030
GSK sets new environmental goals of net zero impact on climate and net positive impact on nature by 2030 | GSK **(LSE announcement 03 November 2020)**

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. All commentaries are presented in terms of CER growth, unless otherwise stated.

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