GLAXOSMITHKLINE
Q1 2022 RESULTS

Wednesday, 27 April 2022

Nick Stone (Head of Global Investor Relations): Hello everyone. Welcome to our Q1 2022 conference call and webcast for investors and analysts. The presentation was posted to GSK.com and it was sent by email to our distribution list earlier today. Please turn to slide 2.

Cautionary statement regarding forward-looking statements

This is the usual safe harbour statement and we shall be making comments on our performance using constant exchange rates or CER unless otherwise stated.

Agenda

This is today's agenda where we plan to cover all aspects of our Q1 2022 results. The presentation will last approximately 25 minutes with a further 35 minutes for questions. For those on the phone, please join the queue by pressing *1, and we request that you ask a maximum of two questions so that everyone has a chance to participate.

Today, our speakers are Emma Walmsley, Luke Miels, Deborah Waterhouse, Brian McNamara and Iain Mackay. The Q&A portion of the call will be joined by Hal Barron, Roger Connor and David Redfern. With that, I now hand the call over to Emma.

Strong start to a landmark year

Emma Walmsley (CEO): Thanks, Nick, and hello to everyone joining today's call. Please turn to slide 5.

Q1 2022: delivering a step change in performance

I am very pleased to share our Q1 2022 results, which demonstrate a strong start to this landmark year for GSK. With double digit sales growth, we are delivering on our financial commitments to a step change in performance.

In the first quarter, sales increased 32%, adjusted operating profit increased 39% and adjusted EPS grew 43% to 32.8 pence per share. Sales growth was driven by excellent commercial execution and strong demand across the whole portfolio. Biopharma sales increased 40% - 15% excluding *Xevudy*. Across the three biopharma business areas, that meant that Specialty Medicines delivered 97% growth to £3.1 billion with strong double digit

growth across all areas, particularly HIV. I was pleased to see *Xevudy* contribute to COVID-19 solutions at scale. Excluding *Xevudy*, Specialty Medicines also grew 15%.

Vaccine sales increased 36% to £1.7 billion, driven primarily by *Shingrix* which delivered its best quarter yet, more than doubling sales as we continue our global launch programme across several countries and patients' demand returned.

General Medicines also grew 3%, reflecting strong growth from *Trelegy*. Consumer Healthcare delivered 14% sales growth in the quarter, benefiting from strong growth across all categories, particularly Respiratory Health.

This is, of course, the last full quarter ahead of creating a new, independent company - Haleon - with a focused strategy to deliver sustainable, above-market growth and attractive returns to shareholders. As a new standalone company, dedicated to Consumer Health, Haleon is a compelling prospect with an outstanding brand portfolio and a fantastic leadership team led by CEO designate Brian McNamara.

We are absolutely on track with the demerger, having very successfully raised the necessary debt and delivered all significant technical system cutovers. Brian will share more on our progress and performance shortly, and I know he is very much looking forward to your questions.

On innovation-driven transformation, we continue to advance with recent regulatory approvals in Specialty Medicines, particularly HIV, with the US approval of *Cabenuva* every two months, the label update that makes the oral lead-in period optional, and the update for virologically-suppressed adolescents aged 12 years and older living with HIV.

In addition, the US FDA approved *Triumeq* paediatric, the first dispersible, single-tablet regimen containing dolutegravir as a once-daily treatment for children living with HIV. In Immunology, China approved *Benlysta* for active lupus nephritis.

In the quarter, we continued our investment in R&D with the proposed acquisition of Sierra Oncology for $1.9 billion. We have consistently said we are pursuing targeted business development to augment and complement our organic pipeline, great opportunities with strategic fit, and this acquisition aligns with our strategy of building a strong portfolio of new and specialty medicines alongside our Vaccines portfolio. The deal is expected to contribute to 2023 sales with adjusted EPS accretion in 2024. In a moment, Luke will highlight why we believe momelotinib has the potential to address a critical unmet medical need in myelofibrosis patients with anaemia and complements our haem-onc business.

Overall, we see these results as a very encouraging start to the year despite the reality of macroeconomic and geopolitical challenges today. We are very confident in

reaffirming our full-year 22 guidance – 5-7% sales growth and 12-14% adjusted operating profit growth at CER.

Excellent progress across all three strategic priorities

Turning to slide 6, the first quarter was another period of excellent progress across all three of our long-term strategic priorities.

In Innovation, in addition to the examples I just gave, we also received the US and EU regulatory submission acceptances for daprodustat, a potential best-in-class medicine for treating anaemia of chronic kidney disease, and the US FDA has set a PDUFA date of 1 February 2023.

In Performance, our executional edge continues to strengthen, as you will hear from the team shortly, and, although flattered by the comparison to Q1 2021, underlying demand is clearly strong.

Lastly, on Trust, we continue to progress our ESG leadership, executing our ambitious commitments to differentiate GSK on ESG delivery.

Significant R&D pipeline news flow continues

Turning to slide 7, as our innovation-driven transformation gains momentum, 2022 is an important year for several significant late-stage milestones. In Q2, we expect the results for RSV older adults, with an anticipated regulatory submission before the year-end, potentially putting us on a path for inclusion in the June 2023 ACIP meeting. This disease represents a significant unmet medical need, with RSV infections accounting for around 180,000 hospitalisations each year and about 14,000 deaths in the over-65 population in the US alone.

In the second half, we have several late-stage read-outs, including the pivotal DREAMM-3 trial for *Blenrep* in patients with third-line multiple myeloma and the Phase 2B data for bepirovirsen for patients with chronic Hep B infection. There is a significant unmet medical need for these patients, with over 300 million people living with Hep B, and the disease is responsible for over 900,000 deaths each year.

This is an exciting year for our high-quality pipeline and I am encouraged by the progress this quarter.

With that, I will now hand over to the team. Luke, first over to you.

Growth drivers

Luke Miels: Thanks, Emma. Please turn to slide 9.

Biopharma demonstrates continued strong performance

In the quarter, our commercial Pharma business continued to deliver strong performance. In Specialty Meds, including HIV – which Deborah will speak about momentarily – we increased sales by 15%, excluding *Xevudy*. We continued to see double-digit growth from our market-leading lupus medicine, *Benlysta*, up 18%, and were pleased to see the expansion into lupus nephritis in China and Japan driving new patient starts. In Oncology, sales increased 15% despite a headwind in the ovarian cancer area where, unfortunately, diagnosis rates are still depressed – down about 29% compared to pre-COVID levels.

We were also pleased to contribute pandemic solutions with around £1.3 billion of *Xevudy* sales in the first quarter and, as COVID is an ever-evolving landscape, we are having ongoing discussions with regulators and working at pace with Vir to add to the dataset.

On the right hand of the slide, you can see that we have spotlighted the fantastic performance of *Nucala*, up 16% in the quarter. *Nucala* remains the leading IL-5 in key markets like the US, Japan and the EU5, and it is the only biologic approved for four indications across eosinophilic diseases.

The new indications and deeper penetration in severe eosinophilic asthma represent further growth opportunities. These are complemented by our long-term life-cycle innovation plans with Phase 3 trials for *Nucala* in COPD and, of course, our long-acting IL-5, depemokimab, both expected to read out in 2024.

And, finally, our general meds portfolio was up 3% this quarter, with classic and established product declines more than offset by strong *Trelegy* growth, up 35% in the quarter. We continue to lead the triple market in the US and Japan, with increasing new-to-brand prescription and overall market share gains.

Please turn to slide 10.

Vaccines: *Shingrix* delivers record quarter of sales

Moving to Vaccines, we had a very strong recovery for *Shingrix*, which helped drive sales growth of 36%. *Shingrix* sales more than doubled, delivering a record quarter of nearly £700 million of turnover. The strong performance is reflected in the benefit of a favourable comparator, good demand and channel inventory build, including a large retail purchase that we do not expect to repeat in Q2.

In the US, encouragingly, pharmacists are beginning to prioritise *Shingrix* as the second preferred vaccine, with around 52% now indicating that they are looking to increase shingles vaccinations.

In Europe, strong growth benefitted from high demand in Germany and contributions from new launches as our geographic expansion is making *Shingrix* more widely available.

Shingrix is now available in 19 countries globally. Our unconstrained supply position puts us on track to expand to 35 countries by 2024, making *Shingrix* available in nearly 90% of the global vaccine market. As shown on this slide, we have seen increased contributions from our geographic expansion efforts. This year, we are on track for a record year for *Shingrix*, with double-digit sales growth, and we expect contributions to build from new launch markets as we move through the year, versus the stronger comparator quarters in the second half.

Shingrix will be a key driver of this year's expected low teens sales growth in Vaccines, excluding pandemic solutions. And *Shingrix* is well-positioned to deliver the ambitions we laid out last year for our 2026 commitments to growth.

Please turn to slide 11.

Anaemia is intrinsic to myelofibrosis

Earlier, you heard Emma highlight the strategic rationale for our proposed acquisition of Sierra Oncology. I want now to focus on the benefit of momelotinib as a potential new medicine to address a critical unmet need in myelofibrosis patients with anaemia.

Anaemia is a significant issue in myelofibrosis, caused by two drivers: first, the natural progression of the disease, where the bone marrow is progressively failing, causing cytopenia, of which anaemia is the most frequent, and second, the standard of care treatment for myelofibrosis is dominated by myelosuppressive JAK inhibitors.

Many patients sooner or later will become transfusion-dependent, and on the left side of slide 11, you can see the transfusion is an independent prognostic factor, with transfusion-dependent patients having significantly worse survival. This is a significant challenge, with the right side showing how significant a challenge it is – up to 30% of patients who have still not received a JAK inhibitor already require a transfusion. That number goes up to 70% in patients who have already been treated with JAK inhibitors.

With momelotinib, we're excited to have an opportunity to bring a potential new medicine to GSK, which is differentiated in a segment of patients with a high unmet medical need.

With that, I will now hand over to Deborah on slide 12.

HIV: delivering on growth targets

Deborah Waterhouse: Thanks, Luke. Our Q1 performance demonstrates continued momentum towards delivering our objective of remaining innovation leaders in HIV and achieving a mid-single-digit sales CAGR to 2026.

We have seen continued momentum throughout the quarter in our innovation sales, which now account for 38% of our portfolio, and all regions reported growth. Sales grew 14% during the quarter, reflecting strong confidence levels in our two-drug regimens and building momentum for *Cabenuva*. Q1 performance benefitted from favourable tender phasing in the International Region and stocking patterns in the US, accounting for around nine percentage growth points. Our ambition for the year remains to deliver mid-single-digit growth.

Dovato continues to perform strongly, delivering £257 million of sales, representing 82% year-on-year growth. Dolutegravir-based regimens continue to hold the number one position in the share of the switch market across the US and Europe. *Dovato* is on track to deliver at least £1 billion of sales in 2022 with significant further growth potential beyond.

Turning to our injectable portfolio – *Cabenuva* is our first-in-class, long-acting treatment regimen for HIV. Sales doubled quarter-on-quarter, delivering £38 million, and more than 6,000 people living with HIV are now taking the medicine. The US FDA approved several label updates, simplifying the patient and physician experience. The approval and launch of the every-two-month dosing in the US in February has driven a positive inflection in the medicine. *Cabenuva* oral lead-in is now optional. We believe removing the oral lead-in requirement will expedite the initiation of this injectable therapy. The US FDA also approved an expanded indication for *Cabenuva* to include virologically suppressed adolescents aged 12 and older living with HIV.

Moving on to prevention, we have launched *Apretude* in the US. *Apretude* is the world's first long-acting injectable for the prevention of HIV, dosed every two months. We have high levels of ambition for this medicine, and the initial launch activity centres on building awareness and access for *Apretude* with positive early demand from patients and prescribers.

I am also pleased that we have made significant progress to enable access to this medicine in resource-poor countries by announcing an extension of our partnership with the

Medicines Patent Pool, which has been incredibly successful in enabling access to more than 22 million people now taking a dolutegravir-based regimen.

Finally, the US FDA approved *Triumeq* paediatric, the first dispersible single-table regimen containing dolutegravir, a once-daily treatment for children living with HIV. To ensure that none of the 1.7 million children living with HIV is left behind, this approval means that we are one step closer to closing the gap between the HIV treatment options available for adults and children.

I will now turn it over to Brian. Please turn to slide 13.

Global leader in Consumer Healthcare

Brian McNamara: Thanks, Deborah, turning to Consumer Healthcare.

Before taking you through first quarter results, let me give you an update on the demerger process, where we have made significant progress as we enter the final stages of separation.

During the quarter, we launched our new company name, Haleon; hosted our first capital markets day; and appointed six members to the Designate Board.

We also secured the long-term capital structure of the business, raising bonds across a variety of maturities at attractive rates, and we established our debt facilities. Finally, we completed the technology systems cut-over, a significant milestone for us. Looking ahead, the next major steps include the publication of the equity prospectus in June, with a shareholder vote in July.

In the first quarter, we had a strong start to the year. Revenue was up 14%, and up 16% organically driven by robust commercial performance with broad-based growth across all of our categories and regions. Strong cold and flu performance delivered a 5 percentage point benefit to overall growth, and advance sales ahead of the systems cutover in April contributed a 2% uplift.

Our first quarter organic revenue growth was split 3% from price and 13% from volume and mix. This growth was also competitive, with positive momentum in our overall market share, with seven of the nine power brands holding or gaining share.

E-commerce sales continued to see strong growth in the high-teens and this is now 9% of revenue.

Similar to consumer peers, we saw continued pressure from cost inflation. However, operating leverage and pricing combined with the delivery of the Pfizer synergies enabled us

to increase operating margin by 230 basis points at constant exchange rates to 24.7%, whilst increasing investment in A&P and R&D.

Given the very strong growth in the quarter we remain confident in delivering full year sales in line with our medium term organic annual revenue guidance of 4-6%.

Please turn to Slide 14.

Q1 2022: strong consumer healthcare performance across all categories

Taking you through our performance starting with growth for the quarter across our categories at constant exchange rates as a segment of GSK.

In Oral Health, sales increased 9% with continued strength in *Sensodyne* and *Parodontax* supported by a continued rebound in denture care.

Pain Relief was up double-digit with over 30% growth in *Advil* and *Panadol* positively impacted by Omicron, along with a stable performance in *Voltaren.*

Across Vitamins, Minerals and Supplements, 15% growth was driven by the strength in *Centrum* and *Emergen-C*, benefitting from increased capacity to meet strong consumer demand.

Respiratory sales were up over 50%, driven by a strong cold and flu performance where brands were up nearly 90%, overall delivering about a five-percentage point benefit to overall growth.

Digestive Health and other sales were down 1% but excluding brands divested, up 4%. In Digestive Health, *Eno* and *Tums* performed particularly well.

Please turn to Slide 15.

Q1 2022: attractive consumer healthcare growth across all regions

The top of this slide shows how GSK reports our business by region. However, I would like to take you through the Haleon regional detail and our organic revenue growth. This is how we will report going forward and is consistent with what we shared at our Capital Markets Day.

North American sales increased 17%, helped by strong growth in respiratory in the US where cold and flu was ahead of 2019 levels. Additionally, during the quarter, pain relief was up over 20% driven by strong *Advil* sales benefitting from retail stocking patterns and the Omicron wave. We also saw strong growth in VMS, particularly in *Emergen-C.*

AsiaPacific was up 15% helped by COVID-related demand with double-digit growth in South-East Asia, India and Australia. In China we also saw double-digit growth, with

Centrum up over 20% and good growth in *Caltrate* and *Sensodyne*. In Australia, we saw strong growth of *Panadol* with sales up nearly 50%.

Finally, looking at Europe, Middle East &Africa and Latin America, first quarter sales were up 14% or 10% excluding the sell-in ahead of the systems cutover and a distribution model change. There was particularly strong growth in Latin America and Central Eastern Europe.

Additionally, Southern Europe saw double-digit growth in Spain and Italy. The strong growth in respiratory was a key factor along with good growth across a number of our Power Brands including *Sensodyne*, *Paradontax*, *Panadol* and *Centrum.* All of this offset some weakness from *Voltaren* in the region.

So, overall, a very good start to the year clearly demonstrating the strength of execution across our markets. Looking ahead, we do expect macroeconomic pressures to increase over the course of the year and in the back half we have a tougher comparator with double-digit growth in 2021.

We remain confident in delivering on our in-year and medium-term guidance of 4% to 6% organic annual revenue growth.

Finally, I am incredibly proud of our teams and the businesses' ability to navigate the volatile trading environment over the last couple of years, while at the same time making strong progress towards separation. Along with everyone across the business, I am excited about the potential of Haleon and our future as a standalone business from July. I look forward to engaging with you more on Haleon as we get closer to separation and thereafter.

With that, I will hand it over to Iain.

Financial results and 2022 guidance

Iain Mackay (CFO): Thank you, Brian. As I cover the financials, references to growth are at constant exchange rates unless stated otherwise.

Please turn to Slide 17.

Q1 2022: headline results and total to adjusted reconciliation

For the first quarter of 2022, turnover was £9.8 billion, up 32% and adjusted operating profit was £2.6 billion, up 39%. Total earnings per share were 35.9 pence, up 66%, while adjusted earnings per share were 32.8 pence, up 43%.

Pandemic solutions contributed approximately 11 points of growth to adjusted operating profit and 15 points of growth to adjusted earnings per share. The currency impact was neutral on sales and adjusted earnings per share.

The main adjusting items of note in Q1 were in disposals and other, which primarily reflected the upfront income from the settlement with Gilead and in transaction related primarily reflected ViiV CCL movements which were mainly associated with foreign exchange.

My comments from here onwards are on adjusted results unless stated otherwise.

Turning to Slide 18.

Q1 2022: turnover: £9.8bn, +32% CER, +32% AER

Total sales growth was 32%, driven by strong performance across the Group. Total sales growth for GSK's Commercial Operations segment was 40% overall and 15% excluding pandemic-related sales. This reflected strong all-round performance as all product areas benefitted from strong demand trends and the continued recovery from pandemic-related disruptions which provided a favourable Q1 comparator.

Of the 15% ex-pandemic growth, around 4 percentage points were from *Shingrix* in the US, including the channel inventory build, as well as broad demand recovery. Around 3 percentage points were from HIV of which about two-thirds were tender phasing, US ordering patterns and US channel inventory movement that we expect to reverse in Q2, with approximately an additional point for each of *Augmentin*'s seasonable rebound and favourable RAR adjustments.

Taken together, adjusting for the benefit of *Xevudy* and the dynamics I've mentioned, commercial operations growth was in the high single digit range. Brian has already taken you through the sales performance on Consumer and the key category drivers are set out in this slide.

Q1 2022: adjusted operating margin

The group delivered a 130 basis points improvement to 26.7% adjusted operating margin, supported by positive operating leverage from the 32% sales growth. Within cost of goods sold, the increase primarily related to higher sales of *Xevudy*, which increased the cost of sales margin by 7 percentage points. Excluding *Xevudy*, cost of goods sold were a 1.7 point benefit to margin, driven by a favourable business mix with 60% of commercial operation sales ex-pandemic being from Specialty Medicines and Vaccines, compared to 55% in Q1 last year. This mix benefit was partly offset by a modest increase in commodity prices and freight costs, which we continue to manage closely.

Within SG&A, we continue to see tight control of costs, which remains a key focus for us, as well as restructuring benefits. The SG&A growth reflected increased investment in launches, particularly in HIV, Vaccines and a more normal level of brand investment in Consumer. There was also a beneficial legal settlement in Q1 last year of around £60 million.

Moving to R&D, the 7% increase was primarily driven by increases in the Vaccines portfolio, including RSV for older adults, meningitis and mRNA.

Specialty Medicines investment decreased with reductions in the late stage Specialty Medicines portfolio partly offset by increased research investment as several early stage assets progressed into Phase 1.

Royalties benefited from higher sales of Gardasil, along with the first contribution of royalty income from the Gilead settlement which started in February.

For the group, excluding Consumer Healthcare, adjusted operating profit was £2 billion, up 44%, and the adjusted operating margin was 27.5%. The benefit from pandemic sales contributed approximately 15 percentage points of growth to adjusted operating profit growth, and reduced the adjusted operating margin by approximately 2.5 percentage points.

Overall, our margin progression is shaping up well as we execute against the plan we set out in June last year. We do expect some quarterly variation in light of the 2021 phasing but fully expect 2022 to deliver improvement on last year and represent a positive step towards our 2026 targets.

Q1 2022: adjusted operating profit to net income

Moving to the bottom half of the P&L, I would highlight that interest expense was £202 million, slightly higher due to adverse movements in foreign exchange and newly-issued Haleon bond debt, and that the effective tax rate of 17.9% was aligned with expectations for the group.

On the next slide, I'll cover cash flow.

Q1 2022: free cash flow of £1.7 billion

In Q1, we delivered £1.7 billion of free cash flow and cash generated from operations of £2.8 billion. The key drivers of higher free cash flow were as follows: a significant increase in operating profit, including the upfront income from the Gilead settlement; favourable timing of collections and profit share payments for *Xevudy* sales, though note we expect to see an opposite impact in Q2; and lower seasonal increases in inventory. These factors were partly offset by lower proceeds from disposals and higher purchases of

intangible assets, primarily Alector and Arrowhead, as well as higher tax payments and capital expenditure. We still expect to share comparators for new GSK cash flow around the middle of the year.

Turning now to guidance on slide 22.

2022 GSK guidance reconfirmed

Today we are reconfirming our GSK guidance for 2022. Excluding COVID solutions, we still expect to see GSK sales growth of between 5-7% and adjusted operating profit growth of 12-14%, which continues to be predicated on the Consumer Healthcare business being demerged in July.

Our expectations for COVID solutions also remain unchanged with the overwhelming majority of sales delivered in Q1. We are assessing demand for the remainder of the year in light of the US FDA change to the emergency use authorisation for *Xevudy*.

We have delivered a very strong start to this pivotal year and I should share some considerations on the shape of the remainder of the year.

We anticipated a stronger Q1 in light of the phasing of the pandemic impact in 2021, and there has been some favourable phasing this quarter such as the timing of international tenders in HIV and in US vaccines ordering patterns.

In light of those Q1 dynamics and prior year performance, we expect quarters 2 and 3 to deliver lower sales growth with a favourable Q4 comparator also informing 2022 phasing. At the half year, we would expect to be slightly ahead of full year revenue guidance, with the second half growth more heavily influenced by Q4 given 2021 H2 comparators.

On dividends, we have declared 14 pence per share for the first quarter.

In summary, the strong start to the year and the momentum we have give us confidence in delivering our guidance, while also delivering the separation into two new companies. With that, operator, we shall now move to Q&A. Thank you.

Question & Answer Session

Graham Parry (Bank of America Merrill Lynch): Thanks for taking my questions. I just wanted to follow up on *Shingrix*, and if you could just quantify the benefit of inventory movements in the US as the retail channel restocked, and where inventory levels were at the start of Q2? Could we see any unwind there in Q2? Then, ex-US, is there any

bolus effect in Q1, or expected through the rest of the year as new launch markets come online?

Secondly, one for Brian on Consumer, the inflation impact on input costs that you are seeing, and any potential wage inflation going forward, could that impact your margin expectation at all, and could cost of living, affordability issues, start to see consumers downgrade from the premium brands in OTC and orals that GSK sells, to more towards cheaper generic or store brands? Thank you.

Emma Walmsley: Thanks, Graham. Because it is an important occasion for us, I am going to offer the first question there with great pleasure to Brian to answer, and then we will come back to Iain to give a bit more detail on *Shingrix* phasing, and I think he already made some comments.

Brian McNamara: Thanks for the question Graham. So, the question on inflation impact on input costs - I think as I laid out at Capital Markets Day, we are exposed to the same inflation costs that many of our consumer peers are seeing, but we are less exposed structurally, so if you look at the commodity and commodity-related costs, it is less than 10% of our overall sales. So, we are seeing those cost increases, but I feel really good about our margin delivery in Q1, and that margin delivery was driven by a combination of the continued delivery of the Pfizer synergies, along with operating leverage behind this strong sales growth.

It is also important to note as you look at that margin delivery in Q1, we are yet to see the full standalone Haleon costs we shared at Capital Markets Day of £175 to 200 million, they haven't ramped up yet in Q1. So, for the outlook on the year, nothing has changed from the margin building blocks we provided for 2022 which we laid out at Capital Markets Day and in our medium-term guidance of moderate margin expansion. We're managing all the other costs and, as we said, we manage it with a combination of efficiencies in the business and with pricing.

Your question on consumer behaviour. I have to say, to date, we have not seen consumer behaviour impacted on demand, and we see that in the strong volume growth that we had in Q1. We are staying very close to this and we're seeing how consumer behaviour shifts. It is also why we are very focused and conscious of where and how we take pricing across the business to make sure we don't gallop ahead of consumer behaviour. The other piece is that we are in everyday health - we're in consumer healthcare, and these products matter, and products like *Sensodyne* provide a real benefit to consumers; so while premium, we tend to see consumers sticking with those products that really matter.

Emma Walmsley: Right, 11% volume growth in Consumer in the quarter is a really strong underlying number. Iain, on *Shingrix*?

Iain Mackay: Brilliant. Thanks, Brian. Since it's your last quarter, do you want to take the question on *Shingrix* as well?

Brian McNamara: I'd love to, Iain. Thank you very much!

Iain Mackay: Graham, thanks for your question. A couple of comments I made during the presentation; we saw about 4 percentage points of our 15% ex-pandemic growth in Commercial Ops coming in *Shingrix* in terms of US phasing, in terms of the underlying demand recovery from patients which is incredibly encouraging, something which we're confident, but nonetheless encouraging to say. In terms of the channel bill and that phasing, if you look at inventory at the end of the first quarter, inventories sitting around 1.2 million doses, there's around 1.1 million doses at the end of the fourth quarter, so it really was very much about just building that demand that we saw coming through in the first quarter, so confident in that.

In terms of looking at how we see the contributions from geographic expansion, it will build as the year goes on, but when you look at markets that make the real difference at this point in time, it is that continued, underlying demand, strong demand, coming from the US, but also our German market in Europe plays a very important contribution now to overall *Shingrix* performance.

I just build on some of the comments that Luke made in that regard, that as we continue to expand on the back of unconstrained supply, we will see the contribution build, but key markets certainly in the current year we would expect to continue to be the US and Germany, to a somewhat lesser extent.

Emma Walmsley: Thanks. Luke, anything you want to add at all in terms of the consumer demand dynamic?

Luke Miels: I think there is quite a bit of colour there, just to build on Iain's point, Q1 2021, as Iain said, a million doses and Q4 2020 it was 0.8 million doses. So, I think if we have learnt one thing about the pandemic it is retail pharmacy chains in the US are pretty good at judging demand of *Shingrix*. As Iain said, there was a large order from a pharmacy chain in the US, and will unwind that in Q2, but they ordered it because they think they can sell it.

On the demand side, to Emma's point, the good thing is that the DTC we have is breaking through. Our target segments – we can see increased urgency and interest. Also, when we look at physicians, nine out of 10 of them are very willing to prescribe the product

in 60-plus years. That has actually jumped 10% in the 60-64 group, and it is also moving up in the 50-60 group as well.

What is also encouraging – but we are not yet out of the woods, and I will explain why in a second – is that we ran a survey with pharmacists, where we asked them to allocate 100 points in terms of their enthusiasm to recommend vaccines to patients. At the end of last year, they allocated 56 points to COVID-19; 10 to shingles; eight to pneumo, and 21 to flu – so there was some seasonal there. If you look at February, they allocated 39 to COVID; 23 to shingles with *Shingrix*; 17 to pneumococcal vaccines, and eight to flu. That is certainly encouraging in terms of them moving it up. Then when you asked them specifically on *Shingrix*, whether they were more willing to use the product, they have gone from 44% being 'extremely willing' at the end of last year, to 56%, so there is a real strengthening in terms of their enthusiasm for it. We are now starting to see that in the Rx trends. In 42 out of 50 states, we have more Rxs/TRxs, than the same time last year. Out of those 42, 36 are more than 10% up, and 10 of the 42 are more than 50% up. About half of those TRxs are first dose which, if we look at this time last year, was about one-third, 35%.

But – and this is why we are not out of the woods yet – we have seen COVID cases going up in the last two weeks in the majority of states. In the US, we have seen the new subvariant, the BA.2, and that is jumping in the North-East and the Mid-West. We have also seen the Biden administration approving boosters for the 50-plus population.

Then the other thing we are watching very closely, which the survey found, is that 45% of them say that they have a very hard time hiring technicians and keeping them, and 40% say it is very different. This was the No. 1 reason for people not going for their shot: it is just the availability of the staff. As Emma said, there are good underlying trends, but we just need to watch, and that is why we are not changing the outlook.

Iain Mackay: There is probably one other detail to add, because I suspect we will be asked this question later. When you look at the volume through the retail chain versus through the healthcare provider's office, the practitioner's office, if you think about the third quarter of 2021, we saw 47% going through retail and 53% going through the practitioner's office. At the end of the first quarter, or for the first quarter, we have seen that start to move back to the more historical, pre-COVID trend that we have seen for *Shingrix*, with about 56% going through the retail chain and 44% going through the practitioner's office. That plays to exactly the survey data that Luke mentioned and so it is encouraging to see that as well. We are keeping a very close eye on how we see the ability of those retail chains to administer when they see competing forces coming through COVID.

Emma Walmsley: We will move on to the next question. We know that that is a really key one and, as you can hear, there is a great deal of vigilance, agility and optimism remaining for this great asset for us, before the next one comes. Next question please.

James Gordon (JP Morgan): Thank you for taking two questions – both pipeline, please.

The first one is on Vaccines. Older adult RSV Phase 3 read-out approaches: my question is about your latest thoughts on the competitive positioning. There are two parts within that. One is about dose frequency: is annual vaccination now the base case, in which case, the adjuvant may not make a big difference in terms of allowing multi-year dose intervals, so how are you thinking about that?

Also, competitor delays – is that a big boost to you? I have seen that Pfizer has significantly enlarged their trial enrolment - they are going to report this quarter - and I saw that J&J have started a trial with what looks to be a new viral vector, perhaps due to blood clot safety concerns. Might you be the only one that applies to ACIP next year? How are you thinking about that?

The other question was about the pipeline in Oncology. The Sierra deal and mome which looks like an attractive option for Jakavi-refractory patients but I know that there are quite a few other mechanisms out there in late stage development, like BETs, and BCL-2. How do you think it will stack up in refractory – is there one big segment that you have identified that you will go for, how we should segment the market? Longer term, is this just a refractory product or do you think you might be able to combine this with some of the other mechanisms so that it could be a frontline product as well?

Emma Walmsley: We will come to Hal in a moment, in terms of the trials. We have already confirmed our expectation to have those results on that, and then there are your comments on Oncology. First of all, however, perhaps Roger could comment on our overall ambitions and confidence in older adults and any further reflections on questions like dose frequency.

Roger Connor: Thank you very much for the question. Obviously, we have the data from our RSV older adult trials. This is an exciting time within Vaccines. Obviously, there is a disease burden and the world is waiting for a vaccine in this space. Emma mentioned the hospitalisation burden that exists and one thing to understand about that

hospitalisation is that the greatest burden comes from people that suffer from comorbidities in the older adult population.

I mention that because when you look at our unique technology platform which is the adjuvant combined with the antigen, we believe that's where we could see some differentiation in terms of performance. We have seen this in *Shingrix*, we know this platform well. We know that there is an opportunity to perform and create a higher efficacy in that older adult population and also in that at-risk group, the comorbidity group, within older adults as well, so we will have to see the data but that's where we really believe that we can make a difference.

It builds on the Phase 2 data and that's why we are confident when you see our Phase 2 in terms of neutralising antibody increase, but also the impact on T-cells, which again, our belief is that that has that link to severe disease outcomes. We believe that is the potential differentiation as well.

In terms of adjuvant and duration of protection, we think the biggest goal that we have at the start is to protect the whole year and ensure that we cover the season. That is going to be important and then we will obviously continue to monitor and see whether there is a duration of protection benefit greater or more than that season and the trial is designed to monitor that as well, but we will see that over time. I think that's important.

What I would emphasise is that we are getting ready for this launch and investing to be ready as well, not just from a commercial perspective with Luke, but also from a manufacturing perspective also to make sure that we are ready for what could be a differentiated vaccine and we are on track just to see that data in the first half of this year.

Emma Walmsley: Great, thanks. Hal, do you want to pick up any further comments on then and then also on Sierra Oncology.

Hal Barron: No, I think Roger hit all the points there, so nothing to add unless you have additional thoughts on that question.

For momelotinib I think it's a very exciting molecule for a very significant unmet medical need. The question you specifically asked about BET, BCL-2, other concomitant meds, I think it's important to really highlight what Luke said and why we are so excited about that molecule. What Sierra Oncology was able to do based on some pretty interesting preclinical data showing that not only is this a very effective JAK1 and 2 inhibitor, but it has a unique property that will differentiate it amongst other therapies for myelofibrosis and that is its inhibition of the so-called ACVR1 or ALK2, the activin-like receptor-2 kinase, and the

science behind that is that by blocking that receptor you are reducing hepcidin levels which are involved in iron storage in the liver.

As you know, and it's been highlighted, anaemia not only because of the disease but also because of JAK1 and 2 inhibition which occurs with Jakafi, this sort of unique aspect of its mechanism, both the JAK1 and 2 inhibitor plus this ALK2 provides a very unique and differentiated profile, so it will likely be differentiated amongst all JAK inhibitors and possibly as the drug of choice to combine with other things and so we are looking forward to seeing its life cycle management in the future.

Emma Walmsley: Right, thanks Hal.

Laura Sutcliffe (UBS): Hello, thank you. Just a follow-up to James's question on the RSV vaccine, please.

You have obviously mentioned that you might be able to get the data to an ACIP meeting mid next year but how do you think ACIP is going to handle a discussion around how often your product should be given if you don't have much data on that at the time and I think the relevant part of your trial will still be underway? It just seems unlikely they can make a recommendation without actually saying when you should have it.

And then secondly, on Consumer you mentioned Pain Relief benefitting from Omicron in the quarter. That doesn't sound sustainable, so perhaps just your view on the evolution of that sales line for the rest of the year. Thanks.

Emma Walmsley: Thanks. Brian, do you want to pick up on Pain Relief and then Hal any further comments on ACIP?

Brian McNamara: Yes, great. Thanks for the question. Omicron impacts our business in two ways. First, the Omicron symptoms are consistent with cold and flu, so that drove the growth in the cold and flu category that you saw, and as you know, the cold and flu category grew significantly versus 2021 when we had very little cold and flu, but this year was also above 2019 levels.

Second, in addition to higher cold and flu incidences, we also saw increased demand of systemic pain relief, especially brands like *Panadol* which treats fever and *Panadol* specifically had a very strong Q1, both from treating those cold and flu symptoms but also behind our Take Care campaign which helped people understand how *Panadol* could safely alleviate symptoms post-vaccination.

Now, unlike the beginning of 2020, where we saw a huge demand from COVID that was pantry-loading, this is real consumption, so consumers are buying the product and they are using the product. I just think about it as it being a strong cold and flu season and that is an extension of what happened in Q4 and continued, so that's how I would think about it. But I feel really good about the growth of both our Respiratory and Pain Relief in the context of that market because I feel we were very competitive in our growth rates.

Emma Walmsley: Great. Hal, any brief comments on ACIP? Obviously the work lies ahead.

Hal Barron: Yes, I think the key thing is that of course we will be looking at whether this vaccine can be seen as super-seasonal by the duration of protection, which we have ongoing pivotal data that will assess the efficacy over not just this one-year time period where we'll obviously have data for ACIP, but to your point, over the ensuing years, and we have studies for three years that are looking at the impact of this, we will be able to generate the data. I think it is important to also note that the duration of efficacy during a season can give some hints as to whether one might be able to see a super-seasonal effect, but to your specific question, with one season's worth of data, that is what will have at ACIP.

Emma Walmsley: Right, thanks.

Simon Mathers (Exane BNP Paribas): Thank you. I have two questions, one for Brian and then one for Emma. Just in terms of OTC - you discussed stocking in the first quarter, should we expect that to unwind in Q2? Kind of related and please excuse my ignorance, but when you transition from the orange GSK emblem to a green Haleon, should we expect that to have an impact on revenues at all or is that just purely academic?

Secondly, on Pharma, one for Luke really just on oncology, talking about obviously the impact of COVID-19, I guess we had similar impact in the prior period, I am just wondering potentially when we could see an impact there, any data points because obviously your guidance is for I think £7 billion peak sales, and just whether or not we are going to get an interim readout with the GSI that could potentially give us more visibility on *Blenrep*? Thank you.

Emma Walmsley: Thanks. You cut in and out a little bit. I will ask Brian first of all to comment on your stocking and technical question. By the way, obviously philosophically, the concept of the demerger is to unlock tremendous growth for two new companies, so I will give you that, but I will let Brian talk. Then I think you were talking about oncology in the second question. It cut out for me a bit, but in which case, perhaps we can

ask Luke briefly to talk about commercial performance, and Hal briefly on the emerging oncology pipeline. It is still an emerging business for us. The numbers you referred to are obviously on a non-risk adjusted basis, but we do have some exciting prospects coming through, but Brian first.

Brian McNamara: Thanks for the question. First, your question on stocking in the quarter, so one thing will not repeat, and will come out of Q2, which is the forward buy from the systems cutover, so purely two points of growth that would have happened in Q2 came into Q1. So, we will see that unwind in Q2.

The other comments on inventory stocking patterns are obviously the strong demand ending last year meant inventory levels were a bit lower at the beginning of the year, so those inventories are now up. That is not something that would necessarily unwind as the year goes on, but certainly next year, in Q1, we have that inventory build that happens, but it is just a normal stocking pattern given the high demand across the business.

Your question about orange to green; by the way, I just wanted to say I love the colour orange, but I do like green better! There is really no impact, there is a slight difference in the perimeter in the Haleon numbers, and this is what you saw at the Capital Markets Day. We shared the historical financial information under that perimeter, and in the appendix of that presentation was a detailed list of what those changes are – very small. It doesn't have a significant impact on the reporting, but the numbers move around just slightly.

Emma Walmsley: Okay, great. Luke, do you want to talk about oncology momentum and then how long the pipeline is for GSI?

Luke Miels: I think I heard your question correctly. I will just go through the products and then finish on *Blenrep* as a segue to Hal on the pipeline reach there. I think with *Zejula* we have shown you the 29% suppression. I think another set of numbers which are really illustrative of the challenge for the clients actually is if you look at IQVIA US path initiations across all lines, you look at Q1 2020 it was 1629, if you look at Q1 2021 it was 1487, and the most recent figures we have with IQVIA are Q4 21, and they are 1198. So those patients, sadly those women are not presenting, they will present at some point. I frankly thought we would have seen a recovery by now just because of the underlying biology and the symptoms, but that is still lagging, so it's difficult to predict and then of course there is a debulking timeframe before they present for chemo and then maintenance therapy, so I think it is the second half of the year at earliest.

On the encouraging side though, with *Zejula*, when we do see those patients prescribed a path, we are able to match Lynparza one-to-one in terms of script volumes. So clearly that is a sign that we are cutting through in terms of the arguments there.

If you look at *Jemperli*, I think the RUBY first-line read-out in the second half of the year is quite exciting, and Hal will cover the CD96 potential combination. Clearly we have done momelotinib and I think to build on Hal's answer earlier, it is just a refractory population whereas there is a first-line sub-group who are indicated for ruxolitinib, but are precluded from that by NCCN guidelines because of their haemoglobin level. That is a natural group that ruxolitinib and fedratinib are challenged by, and if you look at the mechanisms which are being explored, they are really designed to drive efficacy in that first-line rather than address the underlying anaemia which we know from the lack of research is highly concerning for physicians. That is why we took the opportunity there at first and second line for momelotinib.

Finally, with *Blenrep*, and we have said this on a couple of earnings calls, we have to do a couple of things. We need to expand usage in the community. It is dominated by the academic centres, even though about a third of the volumes there. To do that, ultimately through partnering with Hal's organisation, we need to resolve the keratopathy rates that we see through a combination of dosing level, sequencing and combinations which Hal and the team are working on.

Hal, I will hand over to you for that part.

Hal Barron: Thanks. Briefly, just a comment on the pipeline. As you know, a little less than four years ago in 2018, when we made the commitment to Speciality Medicines, highlighting that Oncology was an ideal area to get back into given its potential, we made a lot of progress. At that time, I believe we had a handful of things in the pipeline and the most advanced was in Phase 1, and now we have three approved drugs, hopefully a fourth one soon with momelotinib.

To comment briefly, our focus has been within Oncology on immuno-oncology and synthetic lethality. With the immuno-oncology now, with the PVRIG entering the clinic this month, we have that CD96, TIGIT and dostarlimab, four reagents that we think will combine very interestingly on the CD226 axis, to potentially usher in this new era of immuno-oncology that is very exciting. Obviously, we have other reagents that are both in preclinical and in the clinic that will complement all four of those in synthetic lethality. As Luke mentioned, *Zejula* is a fantastic drug with the PRIMA data, really augmented by the Zai Lab's prime data which is very encouraging in reinforcing its unique best-in-class characteristics.

We have some life-cycle management going there and in synthetic lethality we also have a very robust pipeline in research and one in the clinic - this MAT2A inhibitor - that we are doing with IDEAYA for MTAP-deleted tumours, so there is some terrific progress. I won't say any more about momelotinib, but getting back to BCMA, we are really pleased with its approval and the excitement in the clinic in the fourth and latter lines. We have the DREAMM-3 study that will read out in earlier lines; DREAMM-7 and 8 that are exploring whether it could be superior to Velcade and Darzalex in two different studies, leveraging extending dosing intervals, altering the holding patterns and looking for synergy with pomalidomide in studies like Algonquin where we saw some pretty significant response rates of greater than 90% when given with pomdex.

As you put in your question, that combined with the idea of using gamma secretase inhibition to increase expression of BCMA on the plasma cells to further optimise the regimen by reducing the dose, which hopefully will maintain efficacy and, potentially, reduce ocular tox. We shall have some preliminary data shared at ASCO with more advanced and mature data later in the year.

Emma Walmsley: Thanks, Hal. I know there are a lot of questions still waiting, so we are going to run until 1.15. Let's take the next question please.

Tim Anderson (Wolfe Research): I have a couple of questions. On *Shingrix* at maturity, so years down the road, I wonder how you expect sales will split out between the US and rest of the world. If I look at a product like Prevnar, it is about 50/50 US, whereas if I look at Gardasil it is only one-third US, ex-US is two-thirds, so it is quite different. I wonder what *Shingrix* will look like years down the road from now: more like a Prevnar or Gardasil or something else?

My second question is on otilimab: updated level of confidence in the upcoming read-out and commercial opportunity. The last time Hal talked about the programme I believe at Q4, he was quite bullish but today when Emma went through key readouts on slide 7, it was not part of prepared remarks despite being in Phase 3. I wonder if you can tell us how you are thinking about that product?

Emma Walmsley: Let's come first to Hal on that one, I wasn't reading everything on the slide. Then perhaps, Luke, you can comment on the profile of *Shingrix*, with geographical expansion which has been and will continue to be a key contributor. Some additional comments from you on that would be good. Hal, first on oti?

Hal Barron: Let me try to answer your question. When you look at oti, it is part of a package with CCL17. What we stated in Q4, and on which we remain confident, is that in rheumatoid arthritis although there are a number of different therapies, the biggest unmet medical need for rheumatoid arthritis patients is reduction in pain, which results in a pretty significant number of patients switching drugs or looking for new opportunities. That, combined with the increasing safety concerns around some of the other reagents out there, we believe represents an opportunity.

Otilimab is a unique mechanism and it is important to remember that the Phase 2b failed to meet its primary endpoint but we did see encouraging trends in some of the endpoints that we believe are clinically meaningful that relate to the symptoms patients have like pain, which is why we moved that one forward.

However, when you think about the fact that the pain signals seem to be a little bit out of proportion to the anti-inflammatory effects, that when you inhibit GM-CSF when you look at what the transcription profile looks like, when you do that in a monocyte, one of the strongest signals we get is the CCL17 protein level changes and those things combined enabled us to move forward in Phase 3 but also initiate a programme with the antibody of CCL17 which has finished its Phase 1b randomised section for osteoarthritis pain.

We are thinking about it as a package and we should have data by the end of the year and we are hoping that there will be a new opportunity for patients to have their pain reduced by some pathways in GM-CSF and CCL17. More data later this year.

Emma Walmsley: Thanks, Hal. Luke.

Luke Miels: Thanks. Initially Prevnar-like - I think the US is going to continue to be very dominant. We have gone from 18% this time last year to about 30% ex-US, but there is still a large volume of patients that we can dose in the US.

If you go more than five years out, it starts to look more like HBV as you see markets like China and Brazil and the larger emerging markets pick up, and at that stage, initially it's very much an out of pocket or a concentrated immunocompromised reimbursed population and as we get further out in the plan we will switch to a combination of volume and tendering.

Clearly we are watching very closely Pfizer and Moderna, and our aim is by the time that they reach the market in 2026, we would have got the bulk of the US and European patients vaccinated and you know the efficacy profile of this product is quite striking at eight years plus. That's how it will look, it just depends on the timepoint that you assess the distribution between the US and the rest of the world.

Emma Walmsley: Thank you.

Kerry Holford (Berenberg): Two questions, please, firstly on M&A. Following the recent Sierra acquisition I would be interested to hear what appetite, capacity you now have for further M&A partnerships, particularly in the context of lower valuations out there in the market and tough IPO conditions. And also in the context of that, can we expect you to continue to focus on oncology or are you still looking across other therapeutic areas?

And then finally just a quick follow-up on RSV; when that Phase 3 study is complete, can we expect you to provide efficacy detail within a press release or might you just message at a very high level 'It works/it didn't work'? Thank you.

Emma Walmsley: Thanks, Kerry. First of all on BD, we have both appetite and capacity. I think we have been extremely consistent in emphasising that our number one priority continues to be the strengthening and the execution of the pipeline, that we expect to complement that with business development as well as driving forward our organic portfolio.

We are obviously delighted with the latest news on Sierra. To take a step back, this is across our Vaccines and Specialty portfolios. We want to pursue things that are in line with our strategy, in line with our key therapy areas and obviously with due financial discipline, depending on the state of it, whether that's IR, NPV or with the latest, our CFROI, so a lot of focus there.

If you think about it, even in the first quarter obviously we have made some moves in Oncology but in this quarter we contributed £1.3 billion from the business development partnership with Vir. We went into the clinic actually with our two CureVac mRNA unmodified assets, both on flu and on COVID and we will come in later with the others and we have seen all the progress we are making on two-drug regimens.

I am super excited hopefully later in the year to see some first data out on the combos with Halozyme and BD, so yes, we will continue to do more including in some structured partnerships. That obviously is one of the benefits, the strategic benefits, of the demerger is the continued strengthening of our balance sheet. To do so, but with all due discipline.

Hal, is there anything that you want to comment on in terms of data plans when the results come in on RSV?

Hal Barron: We are looking forward to completing the study and getting the data, interpreting the data and ideally sharing the data externally, the headline data, like we

typically do but it's often a case-by-case basis and we are going to have to take a look at all of that before deciding exactly what goes into the press release typically.

Emma Walmsley: Thanks.

Peter Welford (Jefferies): Hi, thanks. Two fairly quick ones; first on older adult RSV, again just following up on the timing of the data. Given what we have seen with the RSV cases which are now significantly coming down to almost zero I think in both Europe and the US, could you just confirm, do you have all the events you need for the analysis already and now it's just a case of analysis or are you still actually waiting for some of the events to occur? And I guess how should we think about it in regards to your confidence then of getting the readout in Q2?

Then this is probably more Consumer than anything else but, with regard to Russia and Ukraine, there was a comment about there being some provisions taken in the quarter. What was the impact, if any, on the Consumer margin? I guess I am thinking about whether that was a factor that we should consider, that was potentially a negative on the margin this quarter, given that the Consumer business is more extensively exposed to Russia than perhaps Glaxo is? Could you talk a little about cash collection as well, please, in Russia particularly – and whether you have had to take, or have seen, any decrease in the ability to get cash collection at all so far. Thank you.

Emma Walmsley: Great, thank you. There is lot of detail in those questions on Russia, which I will ask Iain to cover. It is one for the Group, and slightly more for Consumer than GSK, but I would not make that too wide a difference. Iain will comment on that.

Hal, is there anything to add on the older adult trial?

Hal Barron: No. As you know, these are event-driven analyses but we remain on track, as we have said, to read out by the end of Q2.

Emma Walmsley: Great, thanks. Iain?

Iain Mackay: Thanks, Emma. Thank you for the question, Peter. On Russia, for GSK – for biopharma and New GSK – less than 1% revenues, less than 1% adjusted operating profit.

In terms of provisions in the quarter, consequently, as you can imagine, they are of no relevance from a materiality perspective. The vast majority of our receivables in Russia are insured and subject, absolutely, to our compliance with any sanctions. At least, the

willingness to continue to pay the bills is coming through clearly from customers, whilst recognising the continued reshaping and prioritisation of the businesses, both from a biopharma and from a Consumer Healthcare perspective. The data that I have shared, and the facts that I have shared, are equally true across both Consumer and GSK.

At this stage in the proceedings, we are well covered from an insurance perspective and the willingness of customers, to the extent that they can pay with clear compliance with sanctions, is still very clear. To the extent that we have taken provisions in the quarter, they are not material either for GSK or for Haleon.

Emma Walmsley: Thank you.

Iain Simpson (Barclays): I have a couple of questions if I may? I understand that you have made the point about tough comps in the second half of this year but if I look back to the performance in 2020 and try to think about the two-year stack and where you sit versus pre-pandemic levels, the comps aren't all that tough. They are a couple of percent tougher, perhaps, for the full year versus the Q1. You clearly had a very strong Q1 print. I am just trying to think about your guidance of being between 4% and 6% for the full year. Is there an element of you wanting to be conservative given how limited visibility is and how much we have seen things change globally in the last few months?

My second question is, when I think about your margin again, clearly there was a strong start to the year, but how should I think about the phasing of the standalone costs building as we go through the year. You said you had done some systems transfer but at what point does that standalone cost really start to kick in? Thank you very much.

Emma Walmsley: Both questions are for Brian. Just as a reminder, it is only Q1, in terms of outlook for the year, from our perspective. Brian, would you like to comment?

Brian McNamara: Yes, absolutely. Thanks, Iain. Once again, I would like to reinforce that I feel very good about our start to the year and our performance, given the organic sales growth which was pretty broad-based across category and regions, and across power brands. I have talked about the 2% forward-buy and the impact of cold and flu. It is early in the year, and we are managing through a very uncertain geopolitical and macro-economic environment. As I have said, I am very confident in our 4% to 6% guidance for the year but, at this point, I think it would be premature to say anything else.

On your comps, it is quarter-by-quarter and it can be up and down as you know. Two years ago, at Q1, we were at +14%, and last year at -9%, and this year +16%. That is the

ups and downs of cold and flu, and the forward buys. If we look at the back half, we know that in Q4, we had a cold and flu season that was similar to what we are seeing in Q1 of this year; That is where my comment on the comps really comes from.

On the margin, once again there was a strong start to the year. I feel good about how we have been able to navigate a very tough economic environment but, as I have said, the £175-£200 million of costs to run Haleon as an independent company aren't fully ramped up. They are being more ramped up in Q2 and then, as we become an independent company, you would expect us to be pretty much fully in place as we think about the back half. Again, nothing has changed from the building blocks we shared at our Capital Markets Day for 2022, or in the medium-term guidance of moderate margin expansion.

Emma Walmsley: Fantastic. We are obviously all looking forward to the next steps and the deployment ahead of the demerger.

Mark Purcell (Morgan Stanley): Just going back to two topics, firstly on RSV, could you help us to understand what would be considered a positive read-out from the RSV-006 trial. J&J have set a benchmark, I guess, with the CYPRESS data, so is that what we should be thinking about? Otherwise what sort of benchmark should we be thinking about?

Secondly, on *Shingrix*, a follow-up to Tim's question, where are we at the moment in Germany relative to the US in terms of uptake, and how should we think about the progress of other ex-US countries compared to Germany, maybe using that as a proxy?

Luke, you talked to how you felt that you captured the European market in five years, so just trying to understand the progress there and where we are with upgrades such as the liquid formulation and looking at trials in immuno-compromised adults above 18 years of age as well to build the market further?

Emma Walmsley: Okay, great. Hal, can you go first, please, just quickly on RSV trial data and then, Luke, over to you.

Hal Barron: Thanks, Mark, for the question. As we have said previously it is both hard to predict efficacy, and it is hard to predict efficacy relative to competitors without any data, but as we look at our own immunogenicity data, the aggregate packages that have been presented by other companies, and in discussions with clinicians, we are pretty confident that effects that are more than 50% are probably clinically meaningful. In fact, anything greater than 70% is a very good response, and we think it will be a very successful vaccine, and should we get up to see above 80, that is truly outstanding.

Luke Miels: If you look at Germany, it is about 133 of the 160. We are at early stages with Germany. What is attractive about Germany is you have heavy levels of support from the sick funds, so there is not a high out-of-pocket exposure. That varies across the rest of Europe. Some countries have concentrated on the immunocompromised for reimbursement. Other countries have a cut-off in terms of age, so it is going to be more staged with those markets. Then if you look beyond Europe, we have seen a good uptake in Canada. We just started to get going in Australia. We will launch in Brazil later this year, and markets like Saudi, we expect to pick up. Again, the strategy is in the initial out-of-pocket segment at a consistent price globally and then we will go to tiers and tenders later in the life cycle of the product. So it is very much starting out.

Then China finally is very much on hold right now because all vaccinations in China have to occur through points of vaccinations which are run by the government and, of course, right now they are heavily focused on COVID vaccines, as well as the restrictions that people have in China right now.

Emma Walmsley: Thanks, and one last question, please.

Simon Baker (Redburn): Thank you very much for squeezing me in. Two questions. First, one for Brian on oral health. It is an important driver because historically it has grown above the 4-6 growth rate that you have been targeting. I just wonder if you could provide us with some colour on how the market is evolving and your share within it, and any innovations you are pursuing within *Sensodyne* to continue that growth.

Then a question for Hal, touching on something you mentioned; you talked about dostarlimab, the CD96 antagonist, and TIGIT and you do have a Phase 1 study trying those in triple combination, which I saw was expanded and delayed last week. The trial has been expanded, it has been pushed out about 18 months to August 2024, so any colour you could give us on the reason for the expansion and the delay would be great. Thanks very much.

Emma Walmsley: Hal, let's come first to you, and then we can fittingly finish with a question for Brian.

Hal Barron: Thanks for the question. We are very excited about our immuno-oncology portfolio. We think the CD226 access highlighted by TIGIT, but also complemented by CD96, and as I mentioned earlier, the addition of PVRIG is an exciting opportunity for GSK being leaders in this new area of immuno-oncology should it end up being successful.

The programmes are challenging to develop a TIGIT monotherapy, TIGIT combination, identifying doses for both of those, adding in CD96 with dostarlimab, adding CD96 with a triplet, so these studies are all quite complicated to find doses and whatnot, so the expansion of the trials are really to highlight the ability to find the right dose, make sure they are safe, and look for efficacy for signals, and we are doing that across different tumour types, so it is a very robust programme, but we are going to have to enrol a number of patients before we get the answers to the triplet combination.

Emma Walmsley: Thanks, and Brian, on oral health.

Brian McNamara: Thanks for the question. So, first of all, really good performance in oral health in Q1; it grew 9% versus a year ago. It was really strength across all three main brands – high single-digit growth in *Sensodyne,* double-digit growth in *Paradontax*, double-digit growth in denture care which had a bit of a rebound from softer consumption in the pandemic. Importantly, we grew share on all three of those brands on a global basis.

From an innovation perspective, we launched *Sensodyne Nourish* in the US and are beginning to roll that out. *Sensodyne Nourish* is still providing the sensitivity benefit, but also has herbal ingredients, it is in recycled, freecycle toothpaste tubes and packaging, and is attracting a younger consumer base into the franchise. Early days, but we are encouraged by where that will take us. So, I feel very good about our oral care franchise and the way the year started.

Emma Walmsley: Great! Thank you everybody for the call. Obviously, a strong start to this landmark year for GSK and we are now very excited to be in the final stages of the plan to demerge Consumer and create two companies with new chapters for growth. It is wonderful to take this momentum across the business, recognising phasing patterns, the underlying strength is very much there and we all remain extremely focused on maximising shareholder value, patient impact and building businesses with people that can thrive.

Thank you very much and we look forward to speaking to you all in the coming days and weeks.

[*Ends*]