



Q2 2011

Presentation to Investors & Analysts

26th July 2011



Andrew Witty
Chief Executive Officer

Sustained underlying growth with contribution from Pharma, Consumer and Vaccines

FY 2010

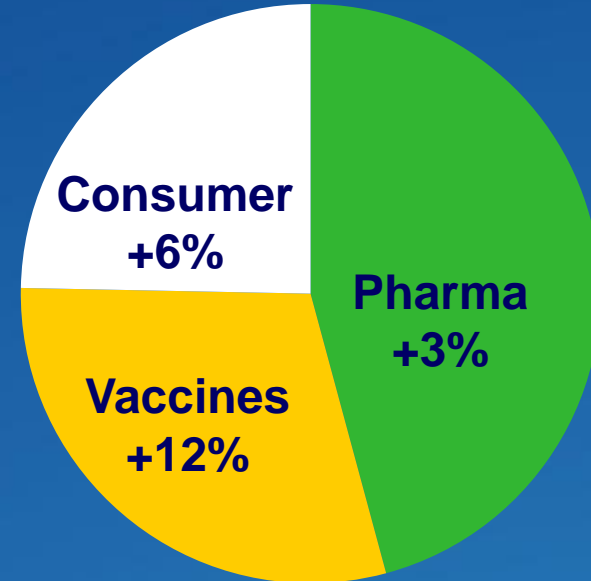
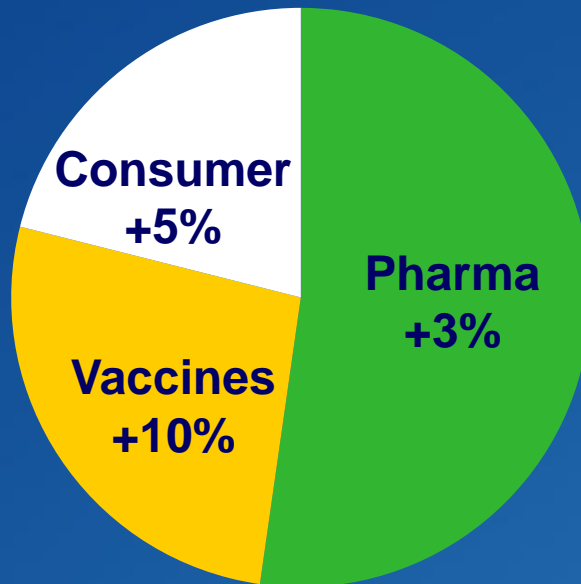
4.5%

1Q 2011

4%

2Q 2011

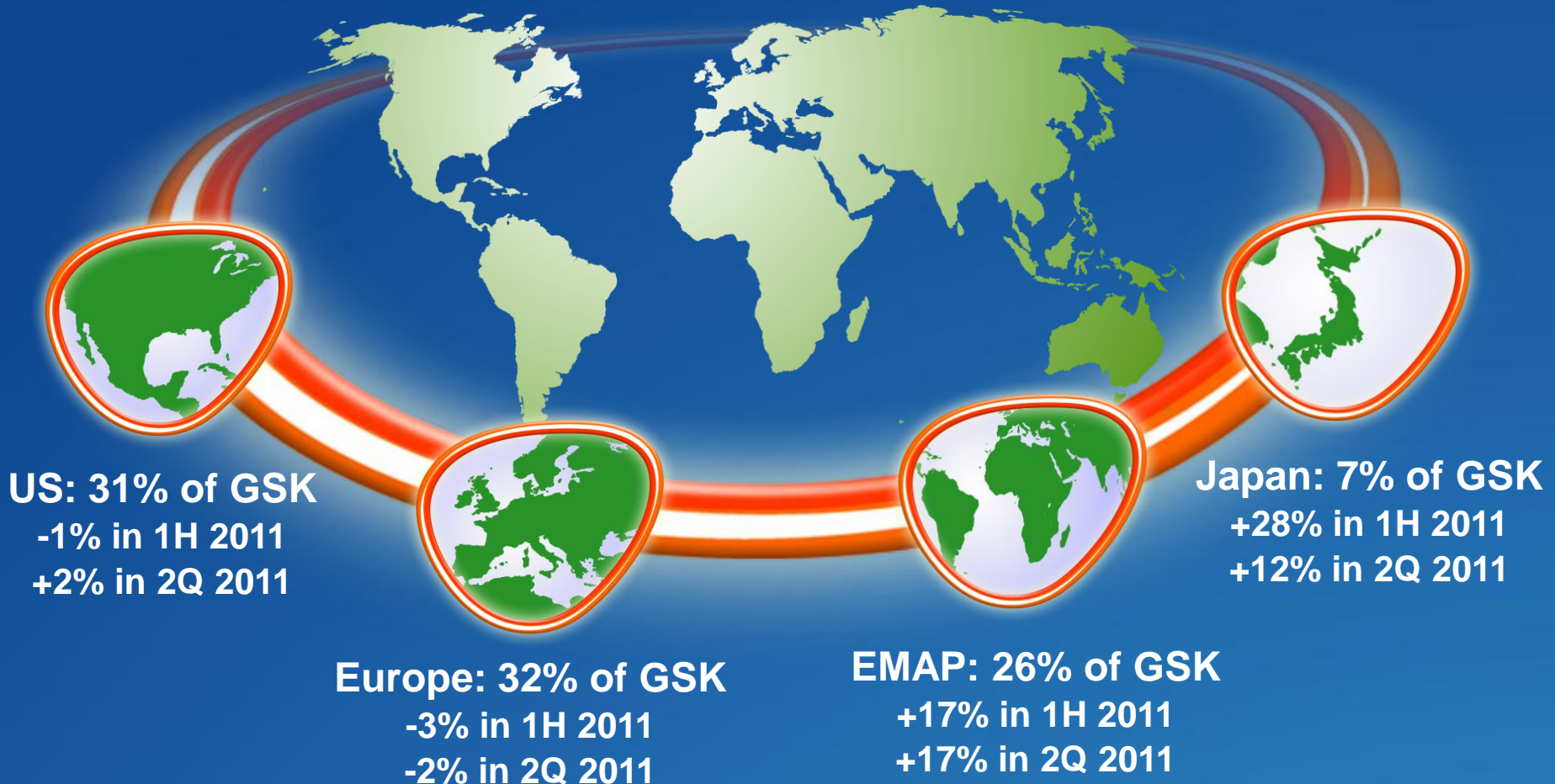
5%



Average quarterly growth of 4.5% over past 6 quarters

37% of GSK's overall business outside the US & Europe across Pharma, Consumer and Vaccines

Group underlying sales



US: 31% of GSK
-1% in 1H 2011
+2% in 2Q 2011

Europe: 32% of GSK
-3% in 1H 2011
-2% in 2Q 2011

EMAP: 26% of GSK
+17% in 1H 2011
+17% in 2Q 2011

Japan: 7% of GSK
+28% in 1H 2011
+12% in 2Q 2011

Group sales; CER growth rates

% of GSK excluding pandemic, Avandia and Valtrex

Excludes Canada, Puerto Rico and central sales £499m (+1% underlying growth) in 1H 2011

Reduced exposure to “white pills” and increased innovation are key drivers of sustainable long term growth



23% of Q2 sales
“white-pill western market”
decrease from ~40% in 2007



New Rx / Vx products £581m (+53%)
New consumer launches ~£175m



CER growth rates
 Rx and Vx new products defined as launches since 2007
 Consumer launches since Jan 2009 (calculated on a rolling 3 year basis hence no growth rate is shown)

Consumer – strong performance from global brands and Emerging Markets



SENSODYNE

Sensodyne £311m +15%

- Nine quarters of double digit growth
- Repair and Protect now available in 29 markets; 50 by end 2011



Panadol

Panadol £267m +12%

- Panadol Extra Advance now in 28 markets; 40 by end 2012



Lucozade £192m +1%

- YES campaign launched April; 3.5m Youtube hits
- Strong growth in Africa +>30%



Horlicks £186m +17%

- Strong consumer marketing investment
- Continued expansion of range including glucose powder

Reshaped US business focused on delivering customer value to accelerate growth

Increased sales force productivity..... ~25% increase 2007 to 2011¹

Sales force incentive scheme..... Teamwork and customer access

New account management..... #1 on “Corporate Attitude”²

Launch excellence..... Votrient 15% share in 19 months

Customer contracting..... Leverage discounts eg Ventolin

Portfolio optimisation..... Revised agreements on Levitra / Entereg

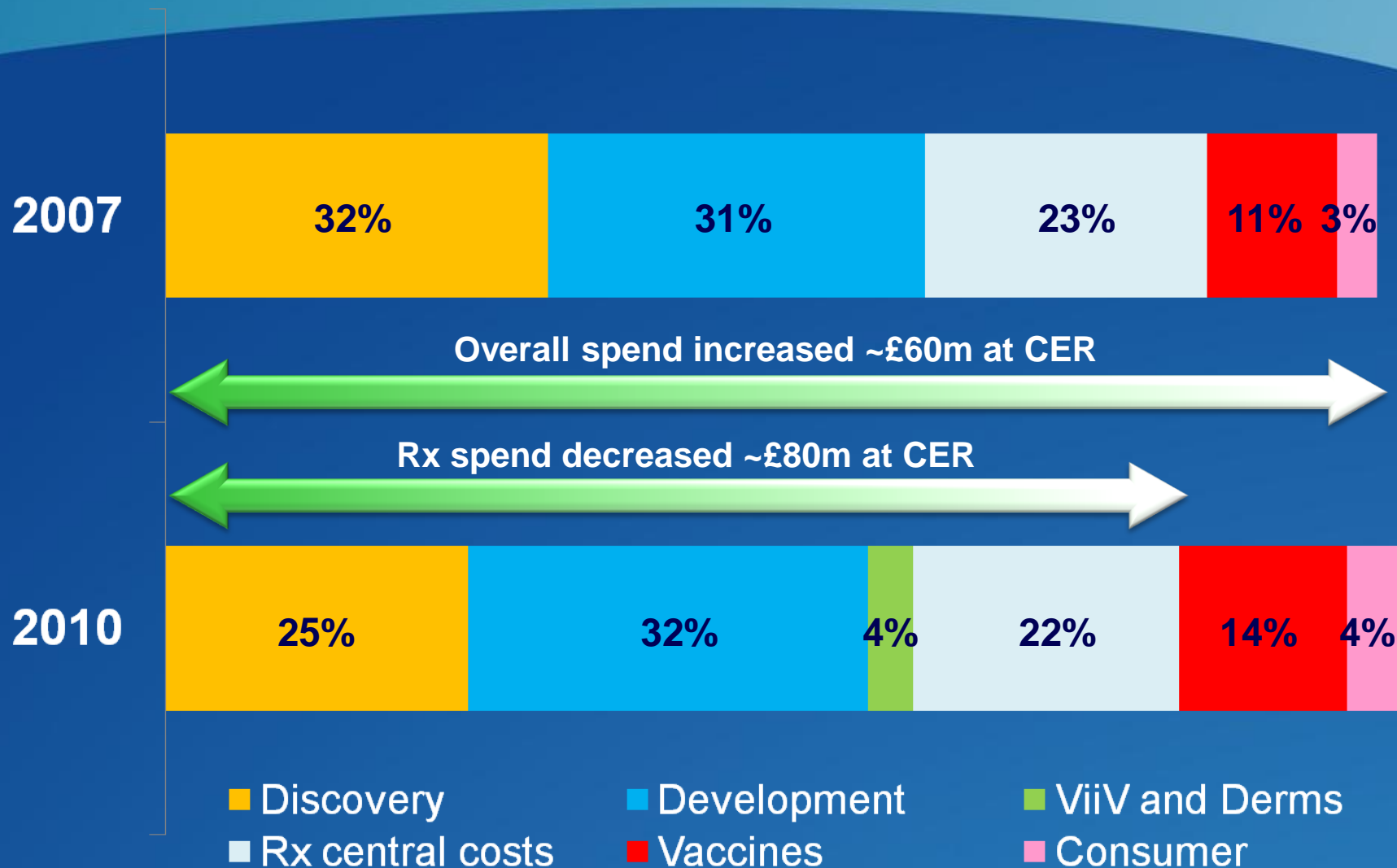
Asset value maximisation..... Lamictal +20% in Q2 driven by XR

¹ NorthStar IMS Top 50 Corp Report (May 2011), SDI 2011Q2 SFSS Report (calculated as sales per rep)

² Health Strategy Group March 2011 – Corporate Attitude defined as approach to interactions and overall value as a long-term business partner

Absolute R&D spend is broadly flat 2007 to 2010

Increases in Vaccines and Consumer offset declines in Pharma



Excludes intangible impairments and write-offs; central costs include facilities, central support functions (i.e. HR, IT, Finance, Legal), intangible amortisation for launched assets

Restructuring and investment drives reshaped R&D organisation

38
DPU's

7
Key therapy
areas

54
External
discovery
engines

45% decrease in
R&D footprint
since 2006

Pipeline delivery and visibility continues

Phase III studies for 15 assets in 2011 and 2012; data in house for 5 assets
>30 studies from 14 of these assets still to report by end 2012

	Data in house	Data to come
1120212 (MEK inhibitor)		
2118436 (BRAF inhibitor)		
2402968 (DMD)		
'444+'719 (LABA+LAMA)		
albiglutide (GLP-1 for T2D)		
dolutegravir (HIV integrase)		
IPX066 (Parkinson's disease)		
MAGE-A3 (therapeutic vaccine)		
migalastat HCl (Fabry's)		
Mosquirix (malaria vaccine)		
otelixizumab (type I diabetes)		
Promacta (hepatitis C)		
Relovair (LABA+ICS for asthma/COPD)		
Tykerb (cancer)		
Votrient (cancer)		

GSK Respiratory development portfolio spans multiple mechanisms and delivery methods

	ICS	LAMA	LABA	LAMA/ LABA	ICS/ LABA	MABA	p38	FLAIR	Anti- IL5
	✓	✓	✓	✓	✓	✓	✓	✓	✓
Company 2		✓	✓	✓	✓				
Company 3	✓	✓	✓	✓					
Company 4		✓	✓	✓	✓	✓			
Company 5		✓	✓	✓	✓				
Company 6	✓	✓	✓						✓
Company 7			✓			✓	✓		

Delivering the next generation respiratory portfolio

6

DPU's - Allergic Inflammation, Fibrosis, Neuronal Targets, Refractory Respiratory Inflammation, Stress & Repair, Therapeutic siRNA

7

Late stage development programmes
Relovair, LABA/LAMA, 5698 ICS, FLAIR, MABA, p38, anti-IL5

20,000

Patients in late stage clinical trials
Additional 25,000 expected to be recruited in next 12 months

£3.6bn

Sales in 1H 2011 (+3%)
from Advair, Flovent, Ventolin and the allergy portfolio

50-75m

Patients on GSK respiratory medicines

125m

Advair devices in 2011

>500m

Inhaled device manufacturing capacity

40

Years since 1st GSK respiratory product launched



GlaxoSmithKline



Simon Dingemans
Chief Financial Officer

Headline results

Before major restructuring

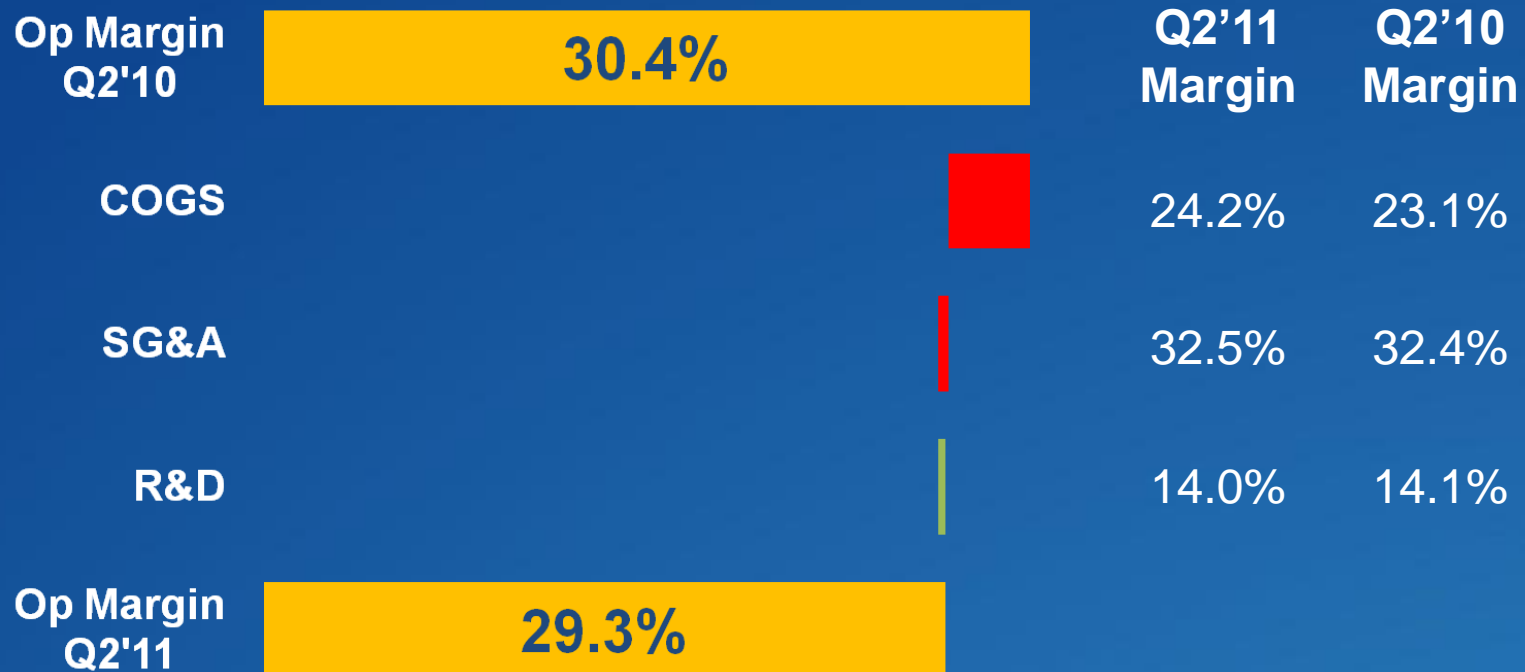
£m	Q2 2011	Growth %		H1 2011	Growth%	
		CER	£		CER	£
Turnover	6,720	-2	-4	13,305	-6	-7
Underlying turnover	6,592	5	3	13,037	4	3
Operating profit (excluding legal)	2,030	-9	-8	4,200	-11	-13
EPS	25.0	>100%	>100%	57.3	75	72
EPS (excluding legal)	26.0	-11	-10	58.3	-6	-8
Free cash flow	630	n/a	-57	1,227	n/a	-62
Free cash flow (excluding legal)	943	n/a	-49	1,991		-45

Consistent underlying turnover growth

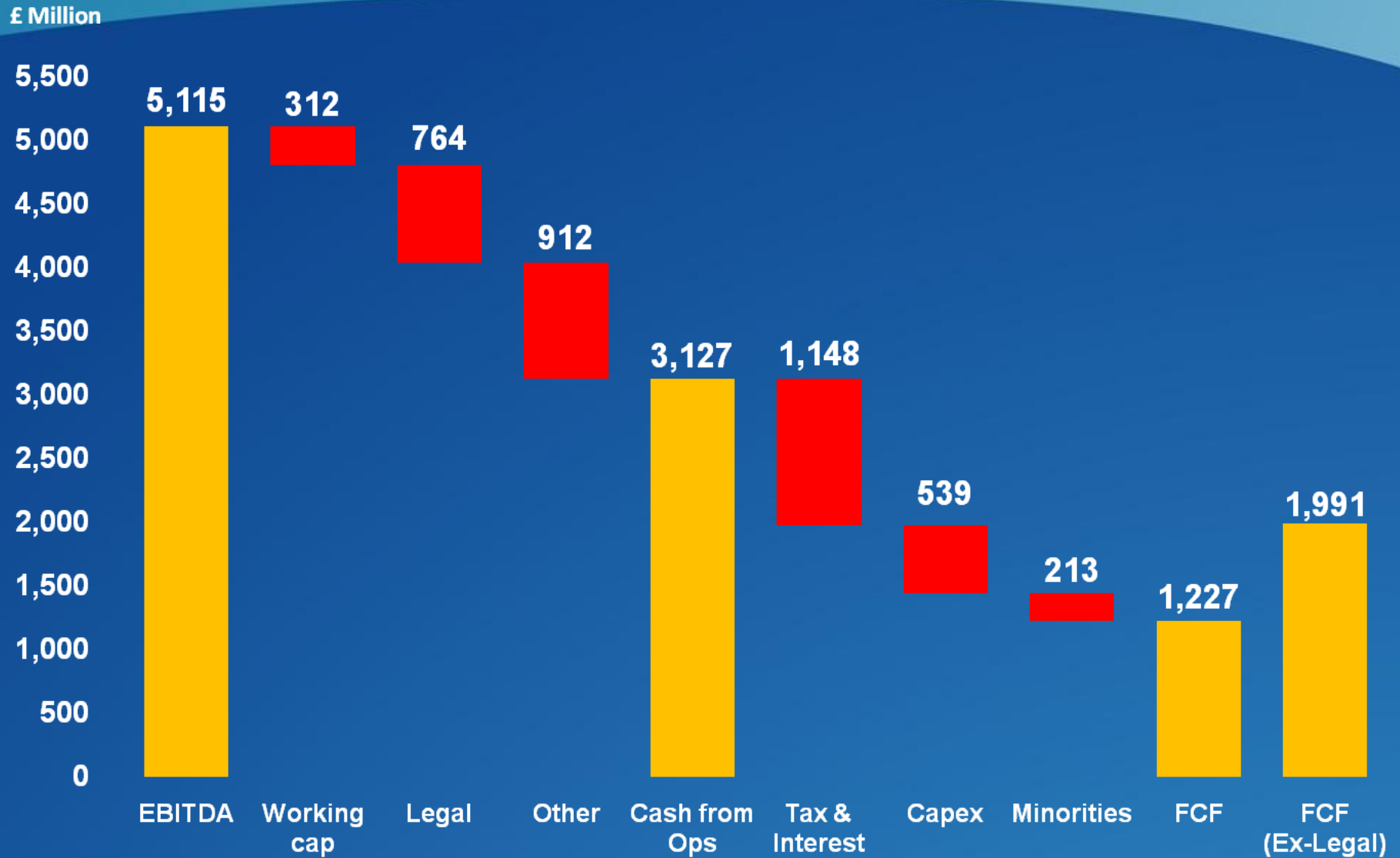
Ongoing washout of pandemic, Avandia and Valtrex

£m	2010				2011	
	H1	Growth % CER	H2	Growth % CER	H1	Growth % CER
Reported turnover	14,382	7	14,010	-8	13,305	-6
Underlying turnover	12,655	5	13,452	4	13,037	4
Pandemic, Avandia & Valtrex sales	1,727		558		268	

Operating margin reconciliation Q2 2010 to Q2 2011 (excluding legal & OOI)



~£2bn free cash flow (ex legal) in H1 2011



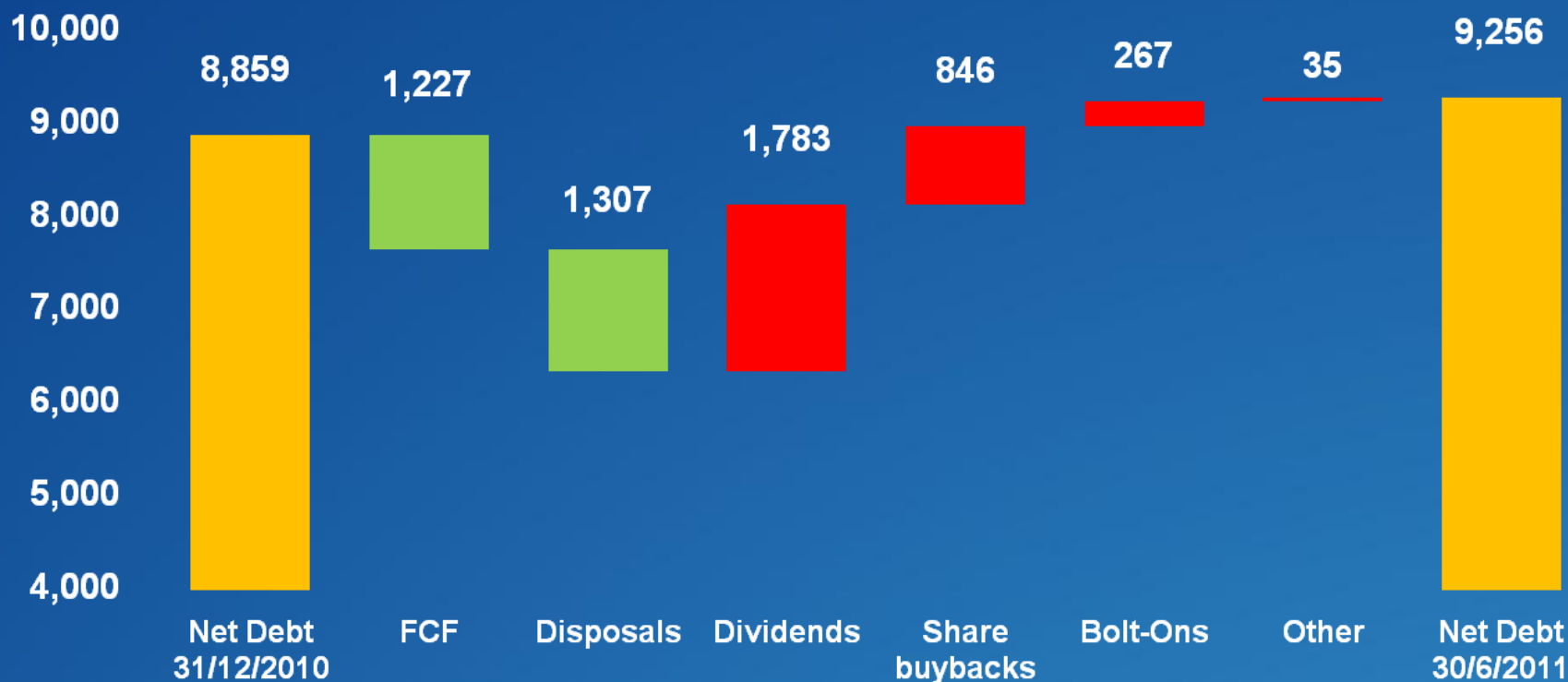
EBITDA is reported (includes major restructuring)

Other primarily includes accounting gains on Quest and Zovirax disposals

Change in net debt H1 2011

£m	30 June 2011
Gross debt:	
Short term	(1,039)
Long & medium term	(14,229)
Liquid investments	166
Cash / cash equivalents	5,846
Closing net debt	(9,256)

£ Million



£2.6bn cash returned to shareholders in H1 2011

Dividends

£1,783m in H1

Q1 +7%

Q2 +7%

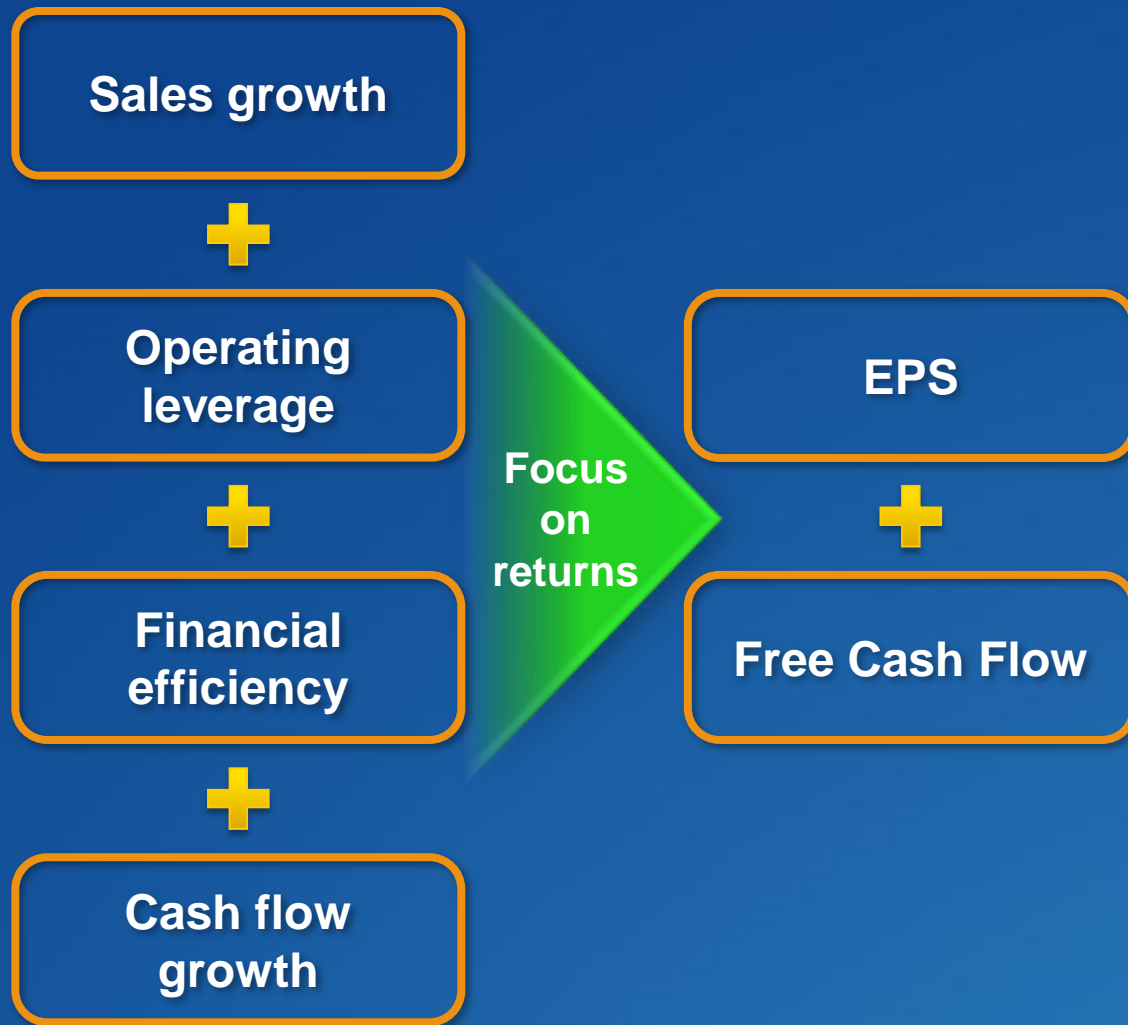
Buyback

£892m in H1

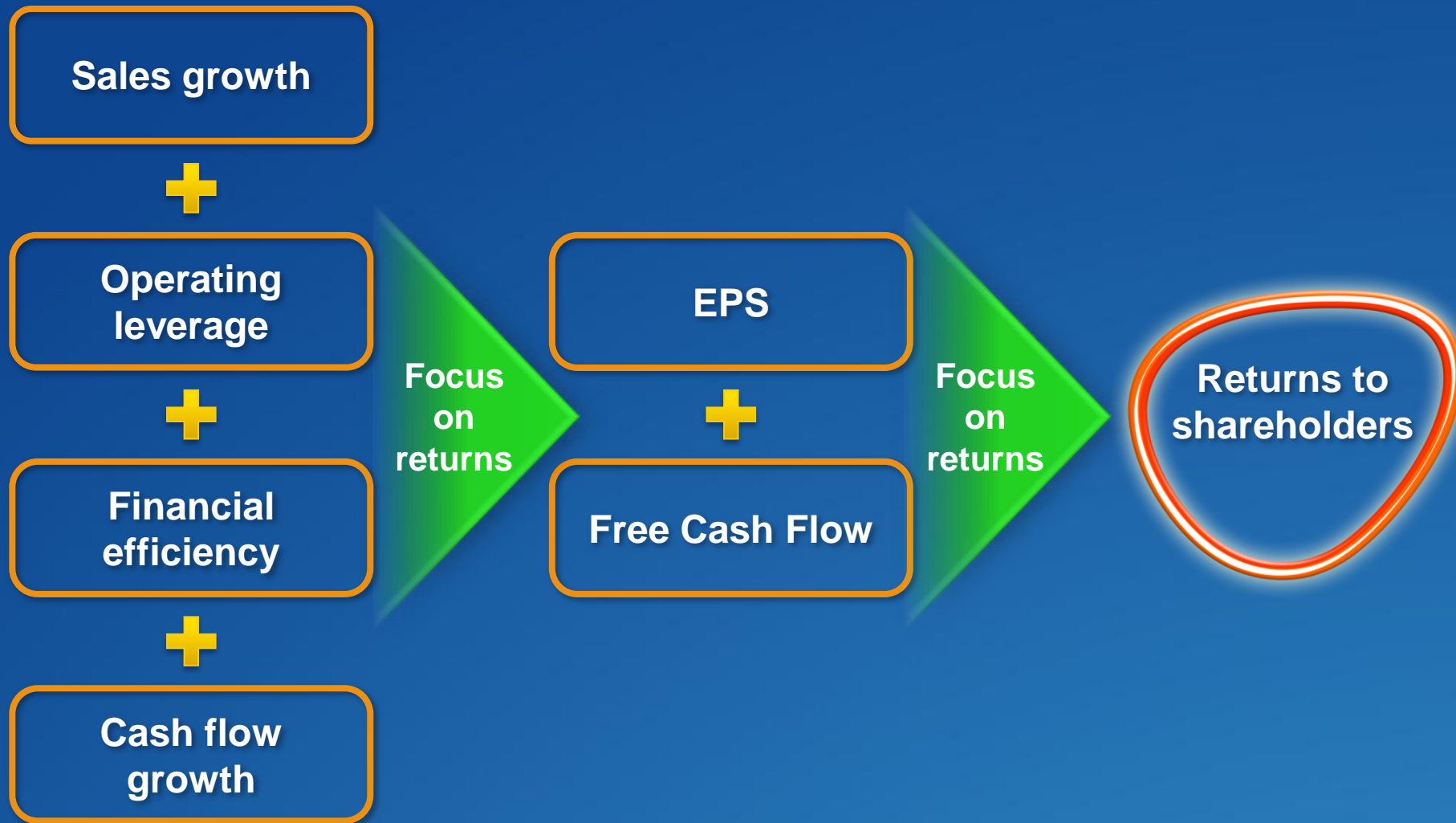
Top end of
£1-2bn in 2011

GSK Financial architecture to drive returns

GSK Financial architecture to drive returns



GSK Financial architecture to drive returns



GSK Financial architecture to drive returns

Sales growth



Operating
leverage



Financial
efficiency



Cash flow
growth

GSK Financial architecture to drive returns

Sales growth



**Operating
leverage**

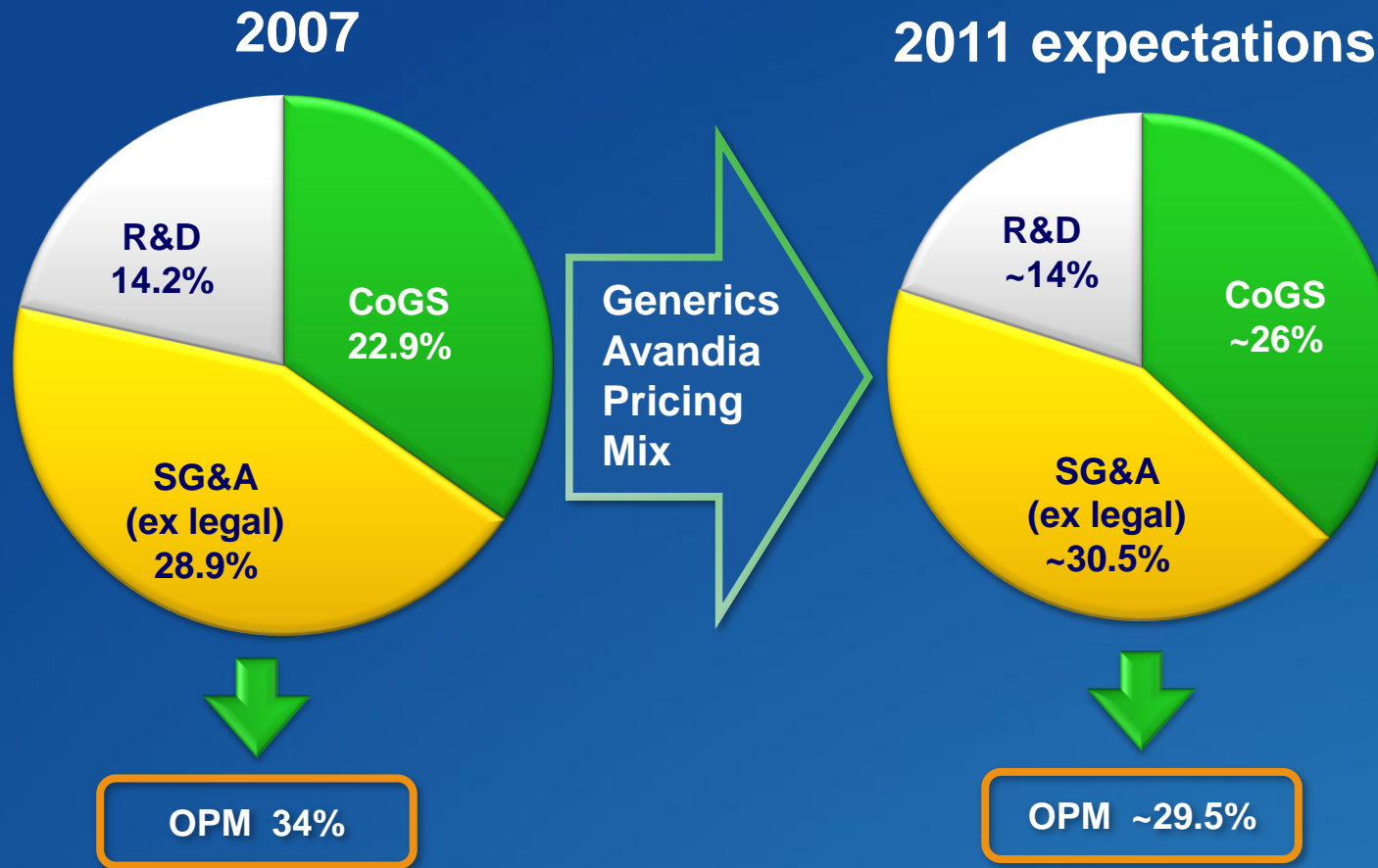


**Financial
efficiency**



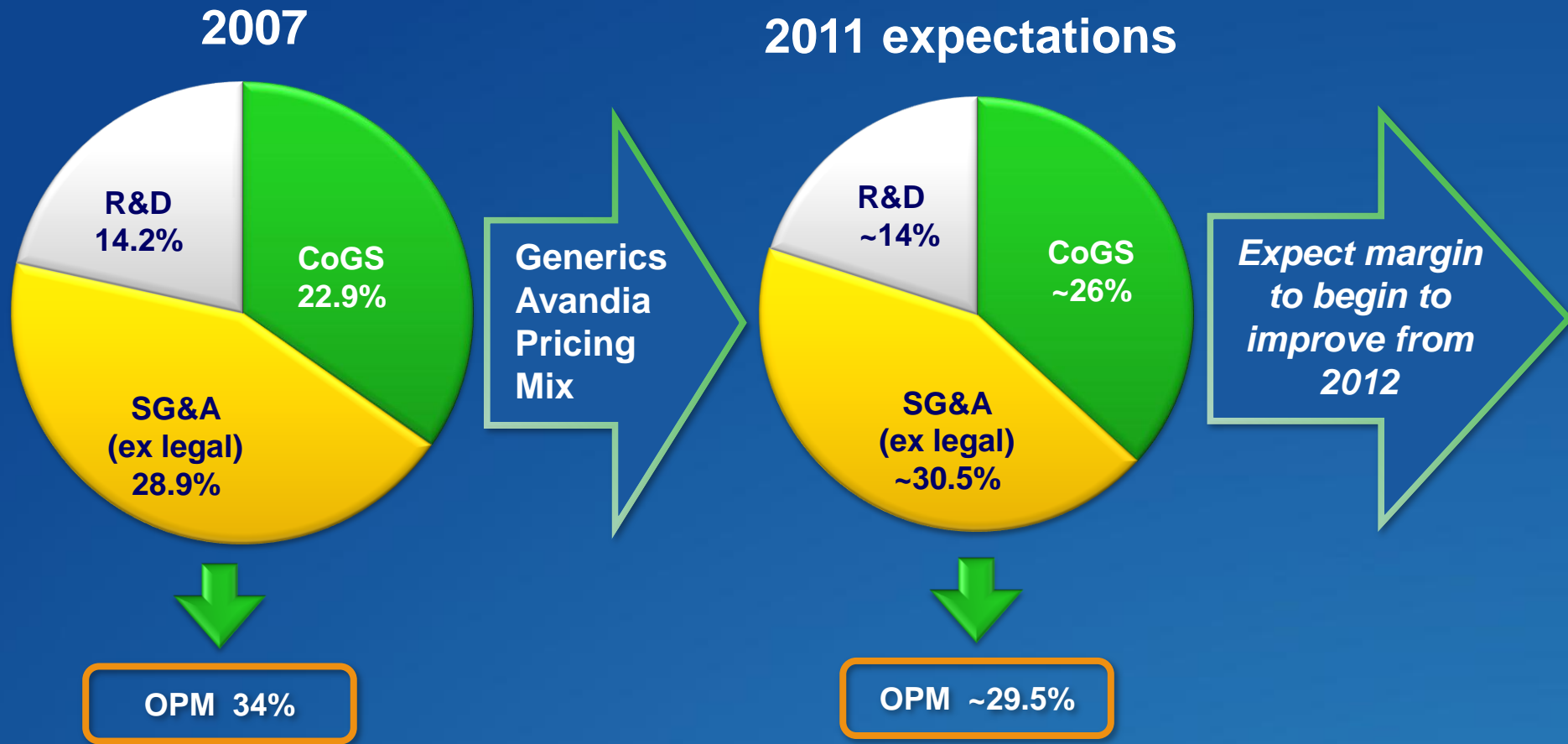
**Cash flow
growth**

Savings from OE programme helped mitigate impact of significant high margin products



* OPM = Operating profit margin excluding legal; OOI and major restructuring

Savings from OE programme helped mitigate impact of significant high margin products



* OPM = Operating profit margin excluding legal; OOI and major restructuring

OE programme now expected to deliver ~£300m of additional savings for the same cost

£2.2bn of savings delivered 18 months ahead of schedule

	Original Total		Revised Total
Annual benefits	£2.2bn	+ £300m savings	£2.5bn
Total costs	£4.5bn	Cost unchanged	£4.5bn

Additional savings to be delivered by end of 2012

GSK Financial architecture to drive returns

Sales growth



Operating
leverage



Financial
efficiency



Cash flow
growth

GSK Financial architecture to drive returns

Sales growth

+

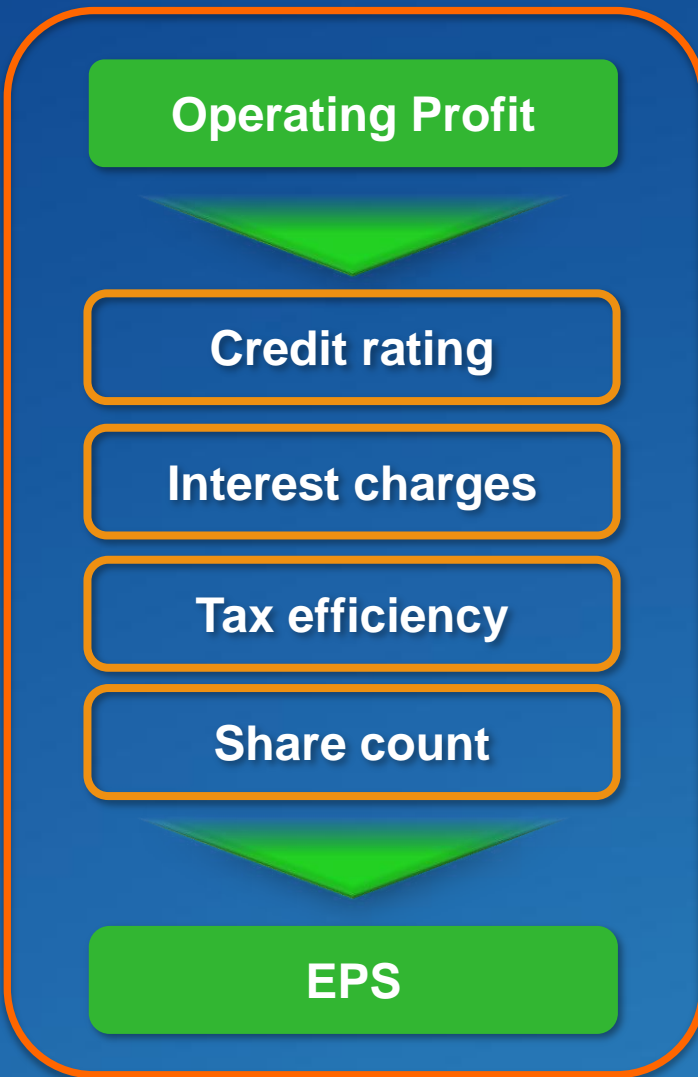
Operating leverage

+

Financial efficiency

+

Cash flow growth



GSK Financial architecture to drive returns

Sales growth



Operating
leverage

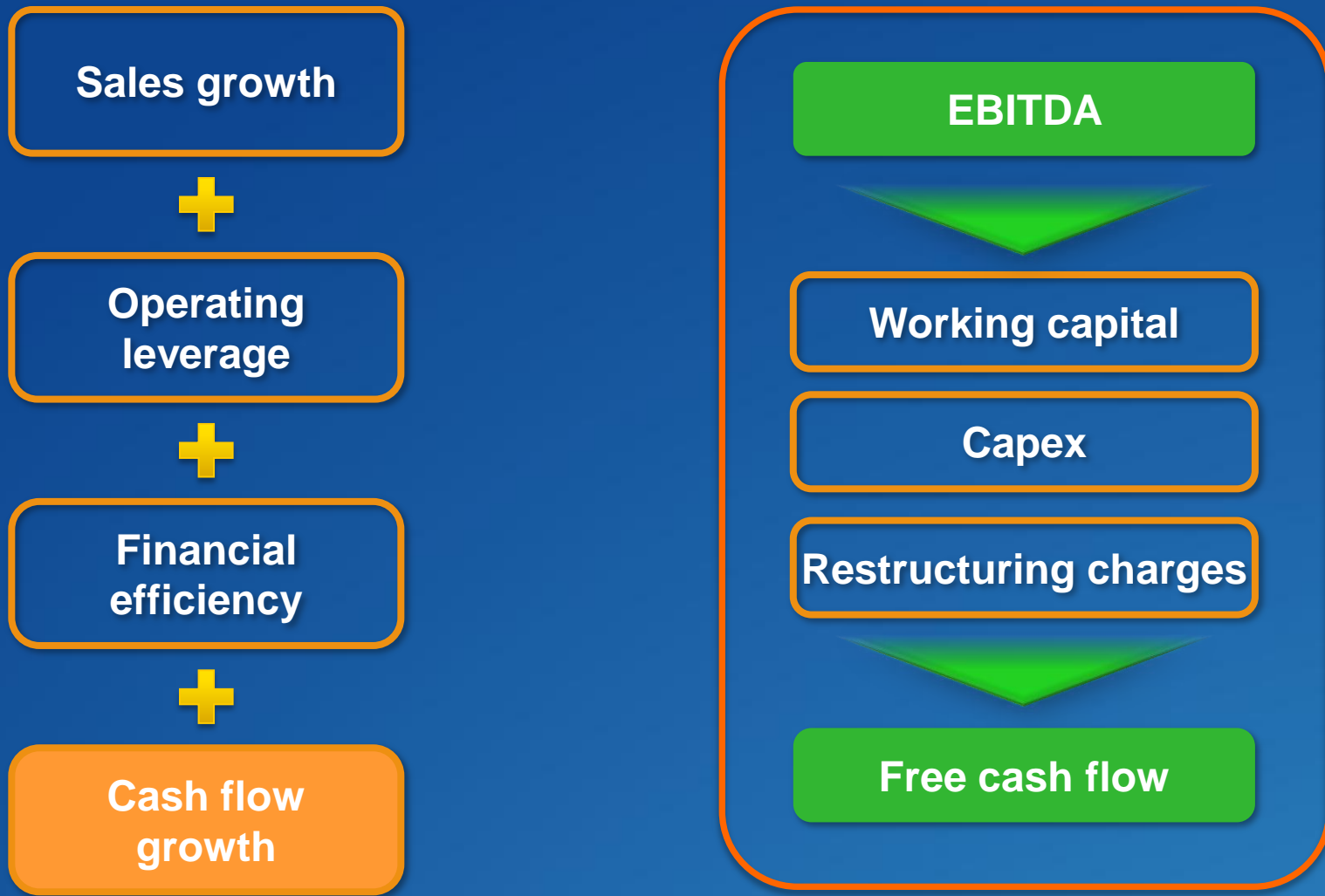


Financial
efficiency



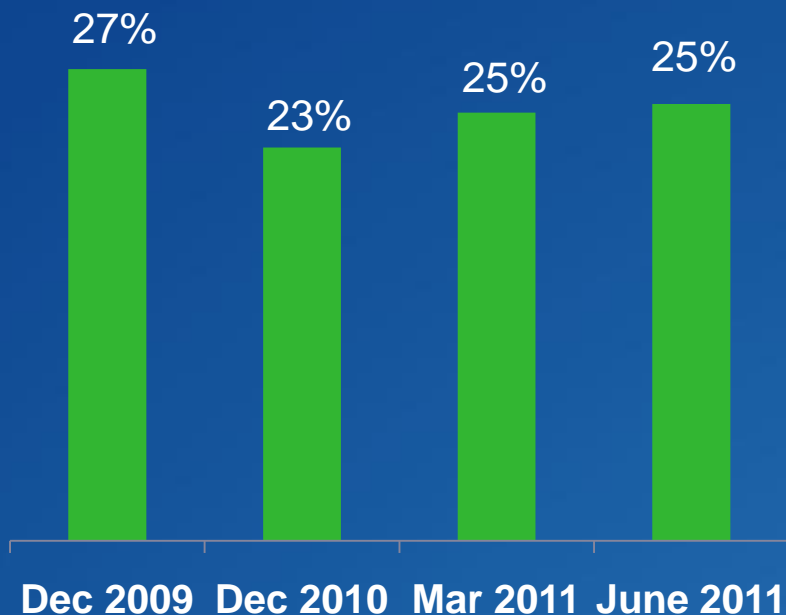
Cash flow
growth

GSK Financial architecture to drive returns



Some progress in reducing working capital but significant opportunity remains

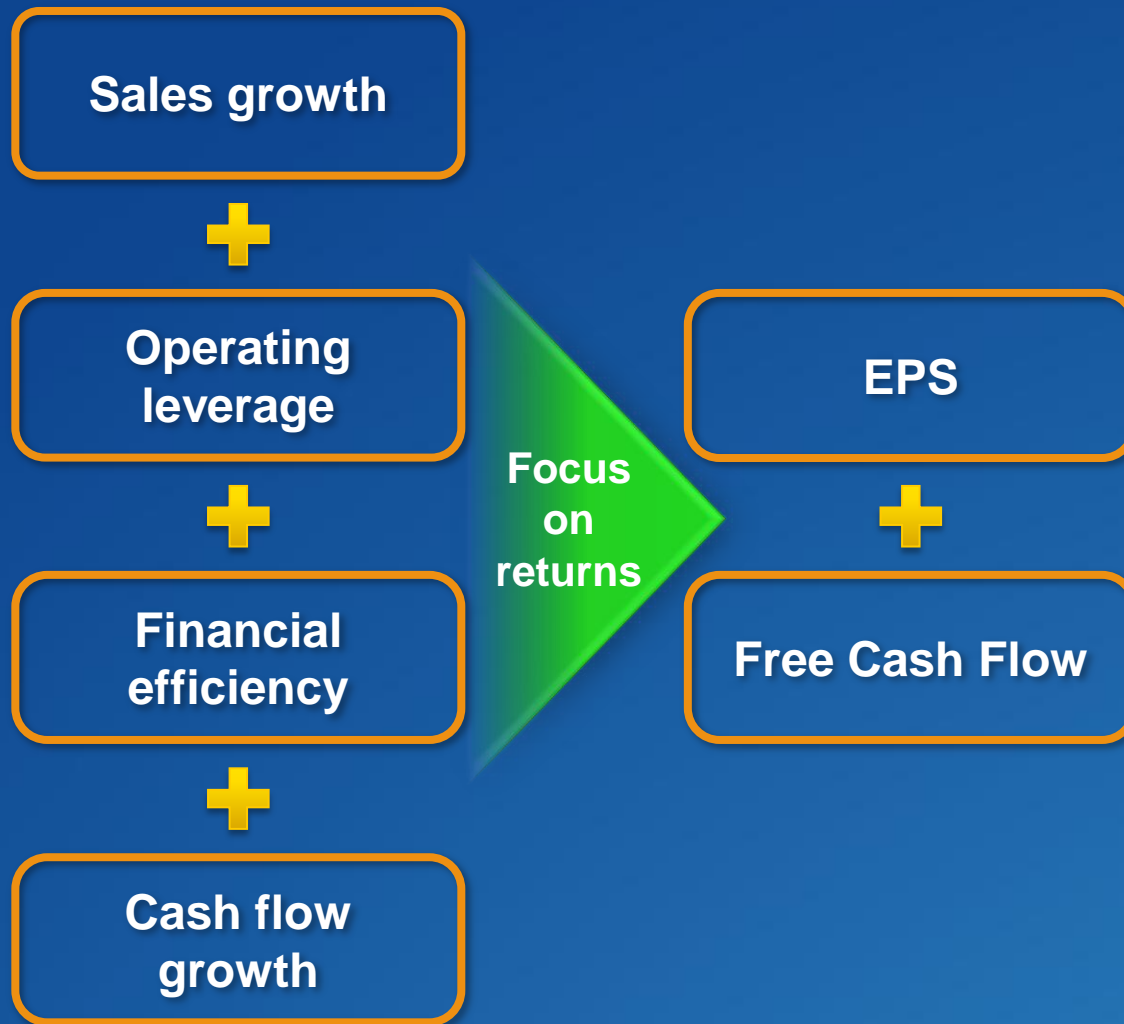
Working capital as % sales



Conversion cycle

	Dec-10	Mar-11	Jun-11
DSO	66	71	64
DIO	190	204	206
DPO	(35)	(34)	(34)
Total	221	241	236

GSK Financial architecture to drive returns



GSK Financial architecture to drive returns



Measurement and reporting aligned with Financial architecture

- Simplified turnover disclosure
 - Regional
 - Business

- Greater visibility on R&D spend
- Core operating profit margin
- End of middle column

- Enhanced working capital metrics

Sales growth

+

Operating leverage

+

Financial efficiency

+

Cash flow growth

Focus on returns

EPS

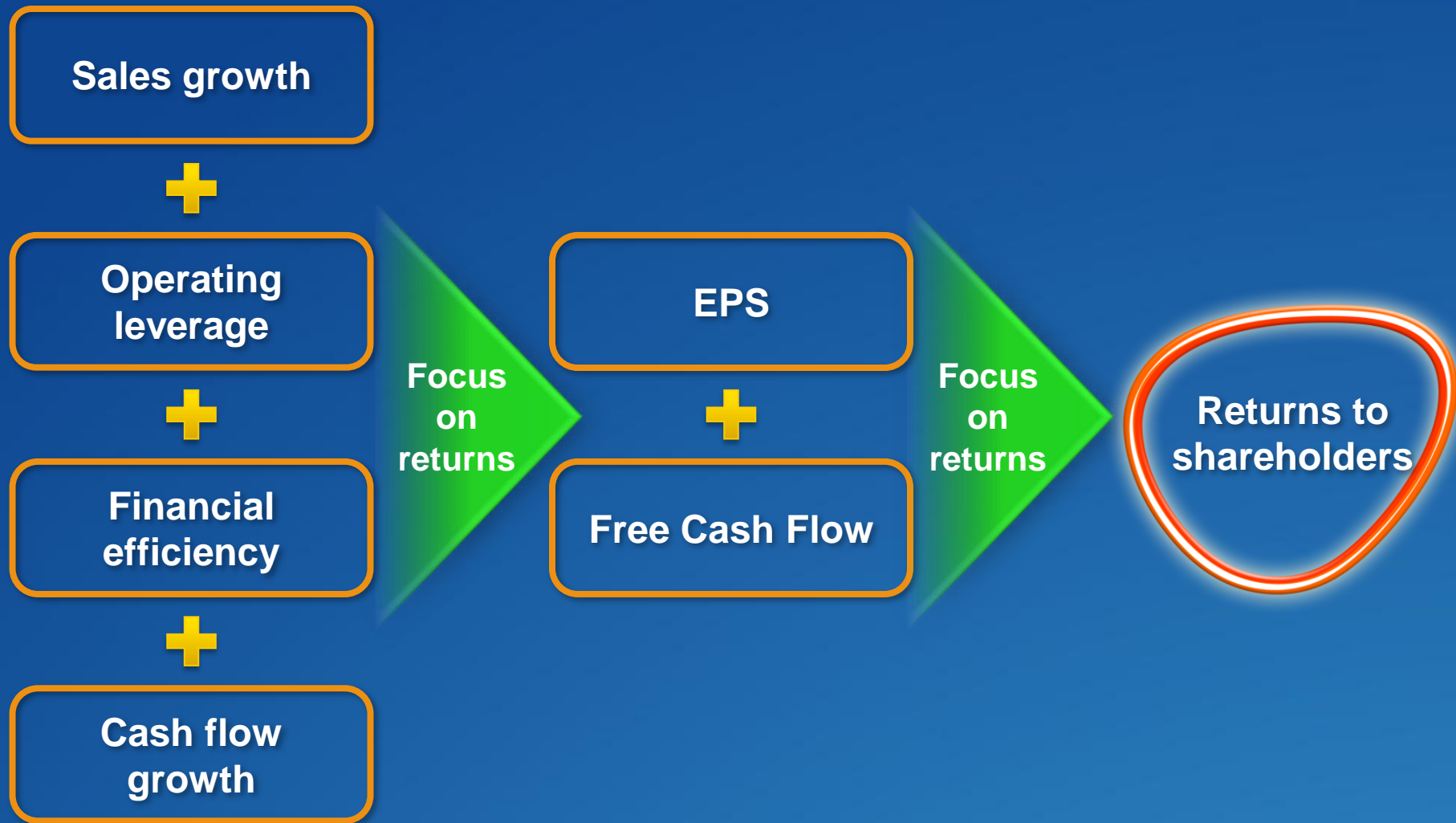
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Free Cash Flow

- Focus on Core EPS and free cash flow

- CFROI and IRR

GSK Financial architecture to drive returns





GlaxoSmithKline