



2015 full year results

3 February 2016



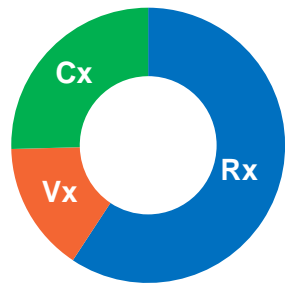
Sir Andrew Witty CEO

2015 full year results
3 February 2016

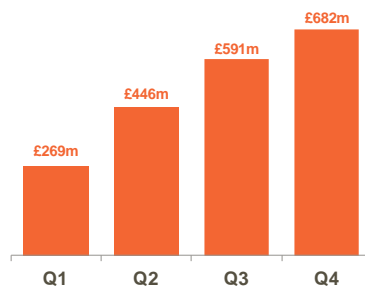
Significant progress made in 2015



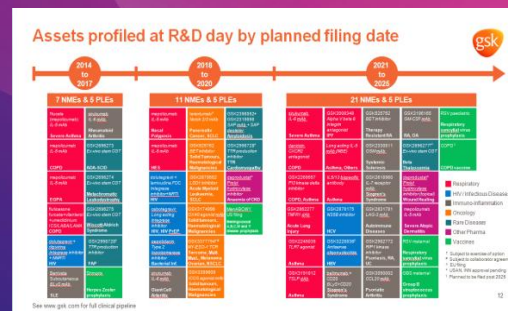
3 growth businesses



New product* contribution



Pipeline progressed

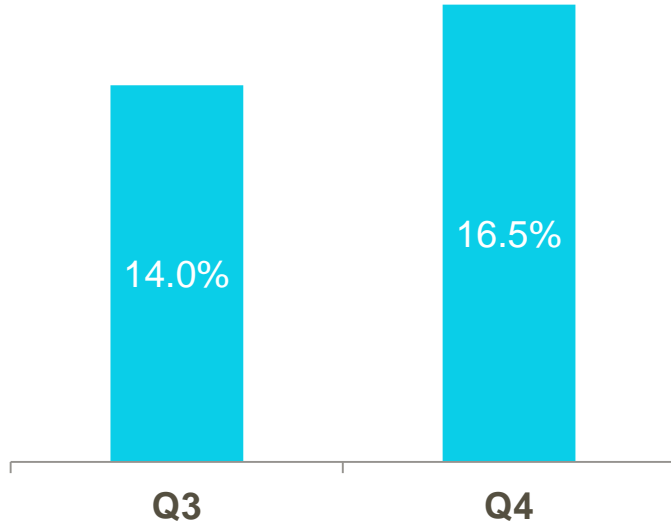


*New products defined as: Rx: Breo, Anoro, Incruse, Arnuity, Tanzeum, Nucala, Tivicay, Triumeq. Vx: Menveo, Bexsero, Shingrix (not yet launched)

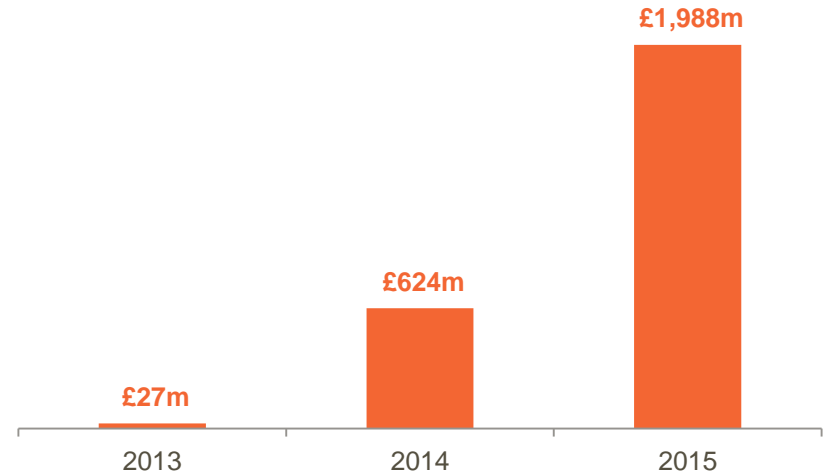
Increasing contribution from new products



New Pharma products* now make up 16.5% of overall pharmaceutical sales



Now expect £6bn from 11 new products** up to 2 years earlier (2018 v 2020)



*New Pharma products defined as: Breo, Anoro, Incruse, Arnuity, Tanzeum, Nucala, Tivicay, Triumeq

**New products defined as: Rx: Breo, Anoro, Incruse, Arnuity, Tanzeum, Nucala, Tivicay, 4 Triumeq. Vx: Menveo, Bexsero, Shingrix (not yet launched). 2014 proforma, with Menveo and Bexsero sales from March. 2013 sales do not include Menveo and Bexsero.

New commercial model directly supporting growth



Fundamental changes giving us competitive advantage

Sales force & HCPs

- Global incentive sales force compensation changes fully rolled out
- Stopped payments to HCPs worldwide to speak on our behalf
- Developing new digital and real-time applications to improve delivery of information to HCPs
- Strengthened expertise & capabilities of GSK medical organisation



Digital capabilities



- 1.8 million unique visitors to GSK HCP portals, +21% in 2015
- Typical global webinar reaches 4-7,000 HCPs with an average dwell time of 65-90mins
- 90 global respiratory webinars by GSK Medical Experts already scheduled for 2016
- HCPs can now 'click to chat' with GSK medical experts in real time
- 88% satisfaction scores from 2,300 virtual detailing sessions in Japan

Customer engagement



- #1 in customer trust* for both GSK Respiratory and Vaccines in the US
- GSK Consumer Healthcare awarded Healthcare Vendor of the Year by CVS Pharmacy in the US
- Interactions via multi-channel with US physicians up >25% in Dec'15
- 100% NPI launch on time for all key new Rx products across all markets
- Consumer Healthcare supply: service levels of 96% OTIF (on time in full)**

*Customer trust rankings as demonstrated in GSK annual customer value survey of over 4,000 customers

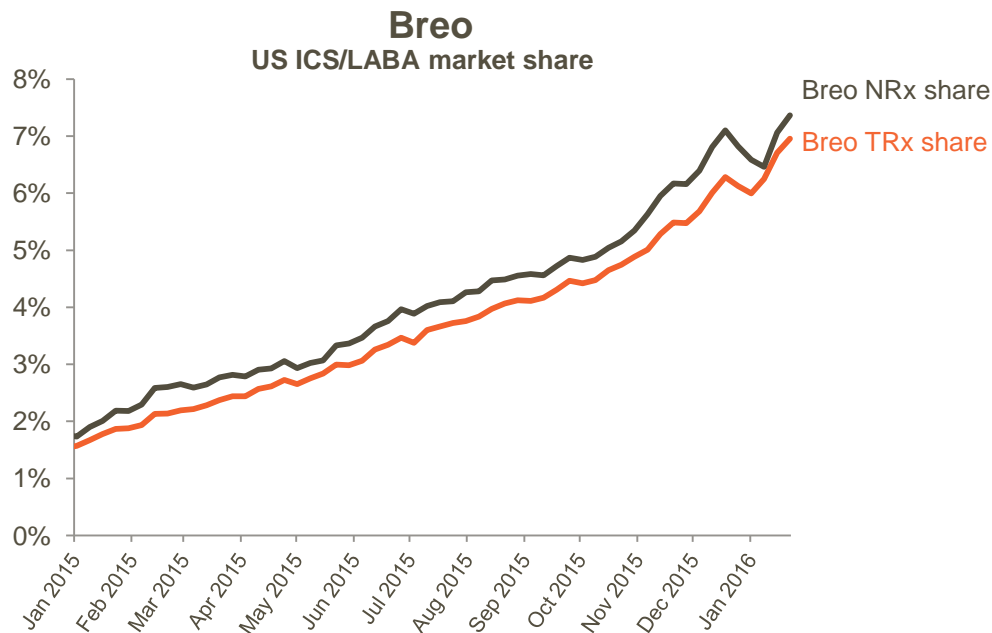
NPI = New Product Introduction

**Legacy GSK brands

Significant momentum in the respiratory portfolio



Breo upward trajectory in US market share



ICS/LABA US market growth of ~6% in 2015

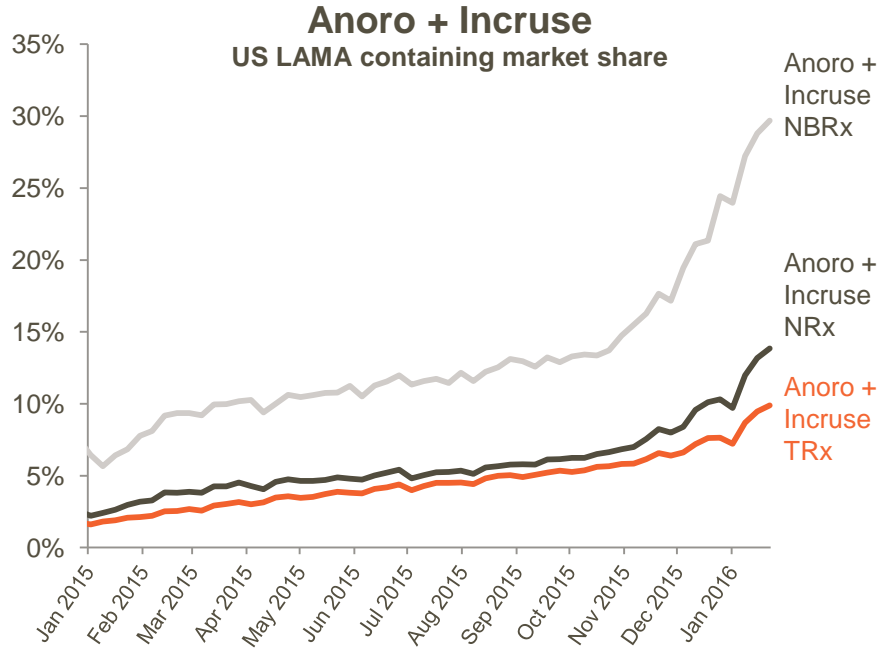
Breo TRx volume now >35k weekly, supported by:

- Asthma indication launched mid 2015
- Improved formulary coverage: Commercial 79% and Medicare Part D 72% favourable access
- Improved commercial execution including sales force support

Significant momentum in the respiratory portfolio



Anoro and Incruse supporting growth



LAMA containing US market growth of 4.5% in 2015

Anoro + Incruse TRx volume now >19k weekly, supported by:

- Launch of Incruse in open triple in Q4 (Incruse + Breo)
- Improved formulary coverage Anoro Commercial 90% and Medicare Part D 74%; Incruse Commercial 70% and Medicare Part D 44% favourable access

Significant momentum in the respiratory portfolio



Nucala provides opportunity for future growth



Nucala

First in class treatment for severe eosinophilic asthma

- 53% reduction in exacerbations
- Significant reduction in daily oral corticosteroid dose while maintaining control seen in trials
- Dosing every 4 weeks, no weight adj. required

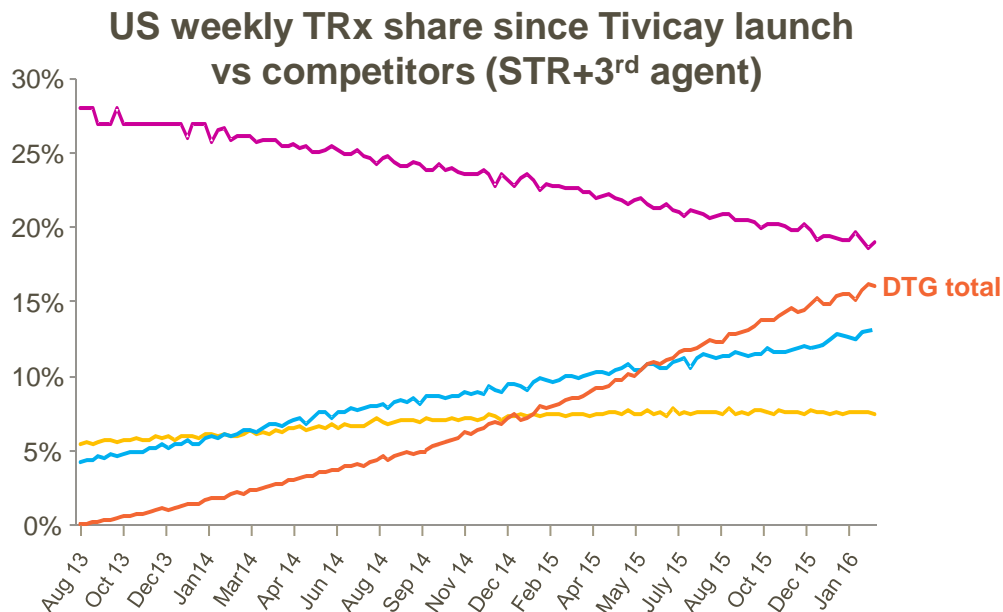
Launched in the US

Approved in EU

Japan regulatory decision expected H1 2016

COPD filings expected in 2017

HIV growth acceleration, with pipeline to be further bolstered by BMS transactions



HIV US market growth of 20% in 2015

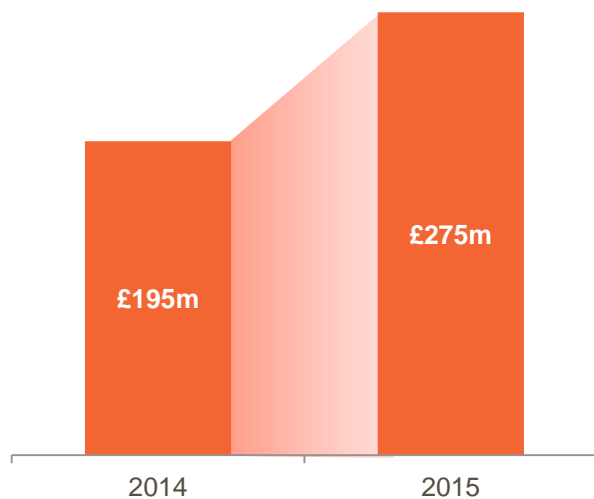
DTG TRx volume >19k weekly with nearly 1 in 6 patients on a DTG regimen

The DTG portfolio launches have exceeded all analogues in TRx performance; now rivalling the best HIV launch of all time

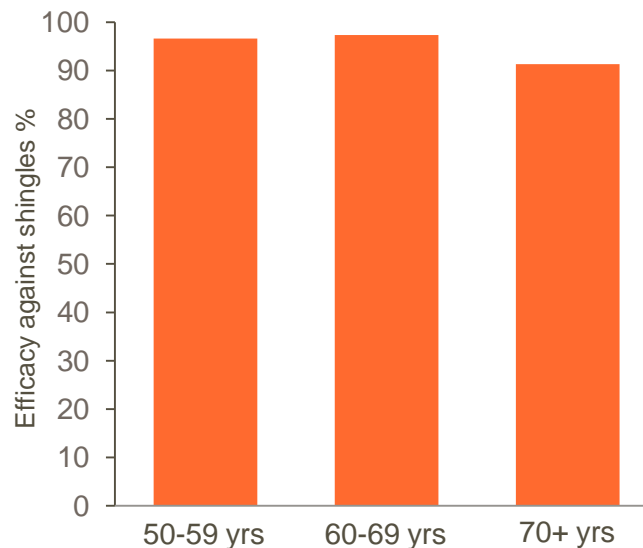
Broad Vaccines portfolio driving growth, realising benefits from integration and ongoing investments



**Bexsero & Menveo
global sales +43%***



**Shingrix 90-97% efficacy against
shingles in two Phase III studies**



Proactive supply network upgrades enabled accelerated delivery schedule of Flu vaccines in Q315 vs 2014

Established three global R&D centres in Rixensart, Belgium; Siena, Italy and Rockville, Maryland

*Based on 2015 pro-forma (CER) for newly acquired meningitis portfolio

Consumer business on track to deliver 2020 targets



6% net sales growth CER*

- Innovation** ~14% of net sales
- Supported by share gains in key categories

Integration synergies on track

- Over 7,000 appointments
- 54 site consolidations
- Completion of required divestments

180 bps margin improvement CER*

*Based on 2015 pro-forma

**Product introductions within the last three years on a rolling basis

Focused brand strategy and innovation fuelling growth



Wellness

£3.0bn

Oral health

£1.9bn

Nutrition

£0.7bn

Skin health

£0.5bn

Consumption MAT growth:

+13%



Gel delivered share gains in 35 markets where launched

+39%



Driven by innovation in US and supply recovery

+ >100%



No. 1 doctor recommended allergy brand in 1st year of US launch

+16%



Double digit sales growth in key emerging markets

+10%



Double digit growth in all 3 regions

+10%



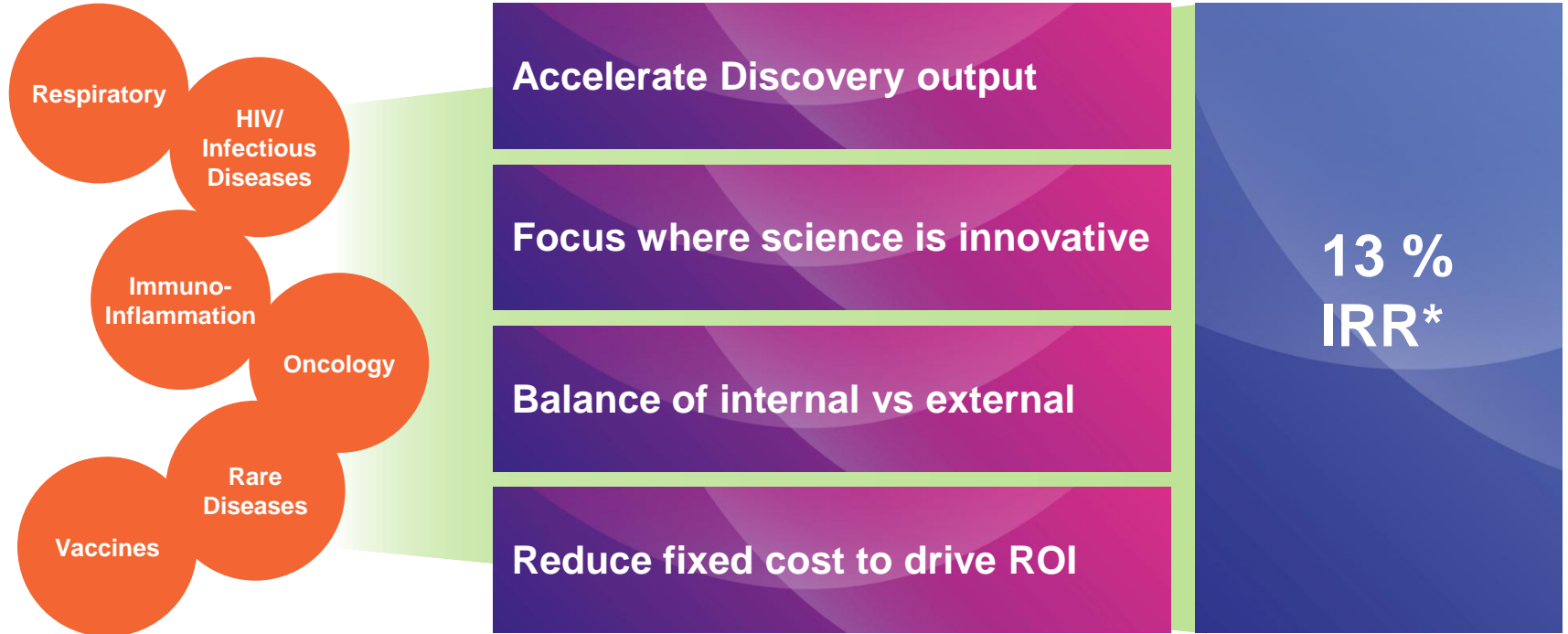
Nutrition loved by generations, trusted by experts, delivered all time share high

+9%



New branding and focus on expert engagement

Pipeline delivery: Focused on long term sustainable innovation



*Detailed IRR calculation methodology on slide 31

Pipeline delivery: 2016/17 key pipeline milestones

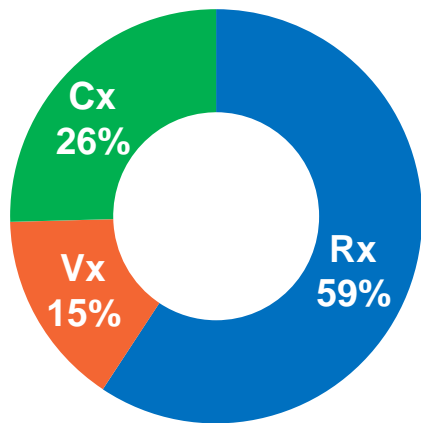


GSK is well positioned to deliver growth in 2016

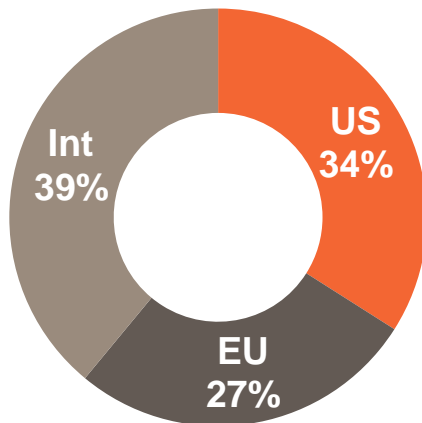


2016 core EPS expected to reach double digit growth CER

3 growth businesses



Balanced geographies



- Drive new product momentum
- Leverage new commercial model
- Deliver the pipeline

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Simon Dingemans CFO

2015 full year results
3 February 2016

Headline results



Ahead of financial guidance after year of transformation

| £m | 2015 | Reported growth % | | Pro-forma growth % |
|------------------------|---------------|-------------------|------|--------------------|
| | £m | CER | £ | CER |
| Turnover | 23,923 | 6 | 4 | 1 |
| Core operating profit | 5,729 | (9) | (13) | (3) |
| Core EPS | 75.7p | (15) | (21) | n/a |
| Total operating profit | 10,322 | 100+ | 100+ | |
| Total EPS | 174.3p | 100+ | 100+ | |
| Ordinary dividend | 80p | n/a | Flat | |
| Special dividend | 20p | n/a | n/a | |

Results reconciliation

2015 FY results

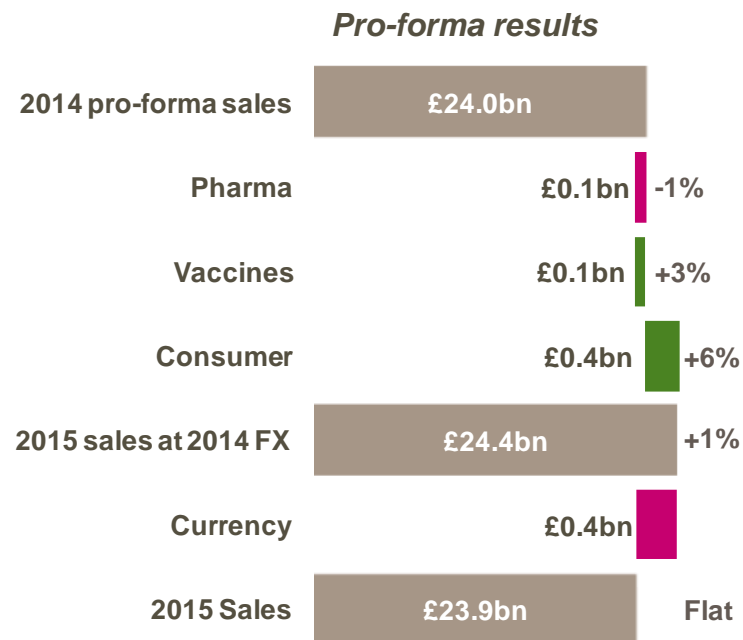
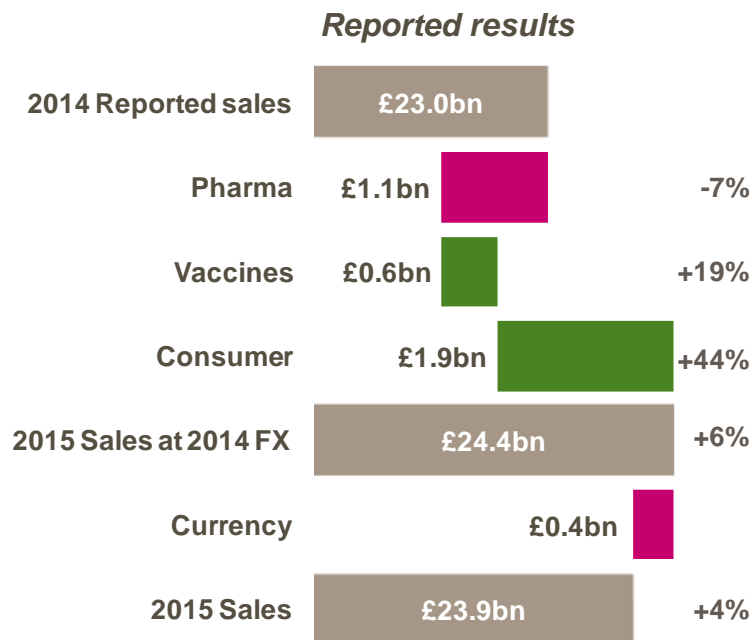


| | Total Results | Intangible amortisation and impairment | Major restructuring | Legal | Acquisition related | Disposals | Core Results |
|------------------------|---------------|--|---------------------|-------|---------------------|-----------|--------------|
| Turnover (£bn) | 23.9 | | | | | | 23.9 |
| Operating profit (£bn) | 10.3 | 0.8 | 1.9 | 0.2 | 2.2 | (9.7) | 5.7 |
| EPS (pence) | 174.3 | 11.5 | 30.1 | 4.1 | 28.8 | (173.1) | 75.7 |

Sales growth +6% reported, +1% pro-forma



Growth from new Rx products and Vx & Cx offsetting Seretide/Advair decline



Core operating profit



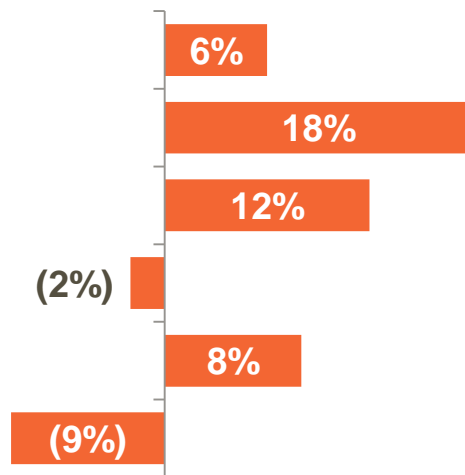
Pro-forma operating profit -3% CER, after investments in new products

| 2015 Core P&L | | |
|------------------------------|---------------|--------------|
| | £m | % of sales |
| Sales | 23,923 | 100.0 |
| COGS | (7,520) | (31.4) |
| SG&A | (7,907) | (33.1) |
| R&D | (3,096) | (12.9) |
| Royalty income | 329 | 1.3 |
| Core operating profit | 5,729 | 23.9 |

Change in core operating margin (CER)

2015 vs 2014

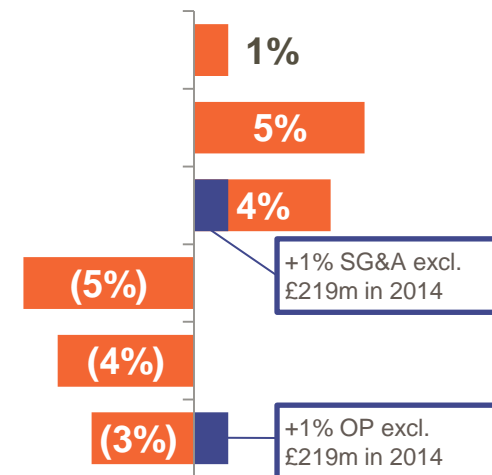
CER reported growth



(4.1%)

2015 vs 2014

CER pro-forma growth



(1.1%)

(0.2%)
excl. £219m SG&A credit

Delivery of integration and restructuring benefits



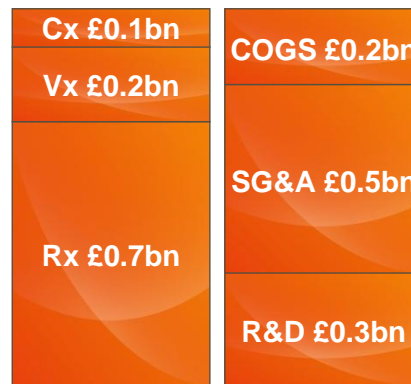
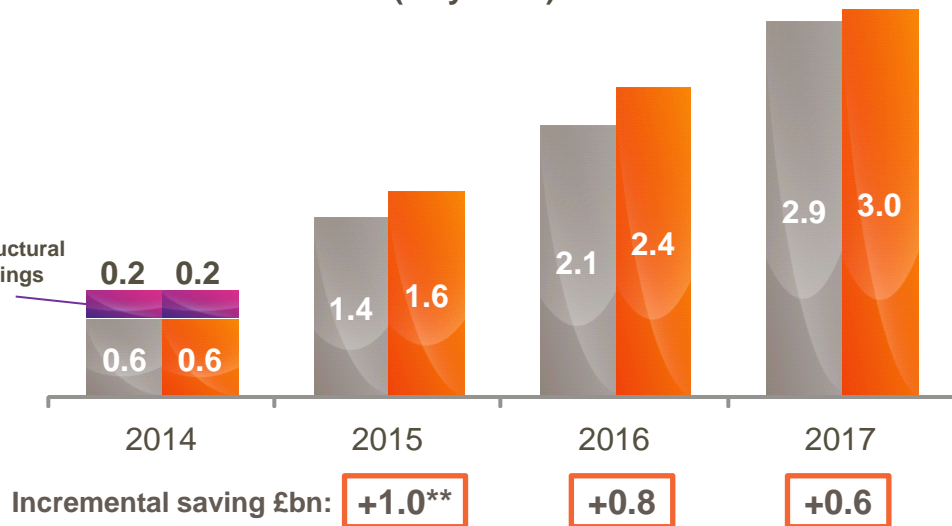
Accelerating delivery: £2.4bn by 2016 and full £3bn by 2017

£bn*

■ Prior estimate (May 2015) ■ Latest estimate

2015 incremental
£1.0bn annual savings

Structural savings



Total costs of £5bn

- ~£3.65bn cash
- ~£1.35bn non cash

P&L expensed to date

- £2.2bn cash
- £0.5bn non cash

*Expected phasing of annual savings. All expectations and targets regarding future performance should be read together with the "Assumptions related to the 2016-2020 outlook," the "Assumptions and cautionary statement regarding forward-looking statements" sections of the Q4 2015 Results Announcements dated 3rd February 2016 and the cautionary statement slide included with this presentation.

** Net incremental savings of £0.8bn after taking into account structural savings credit in 2014 SG&A

Financial Efficiency



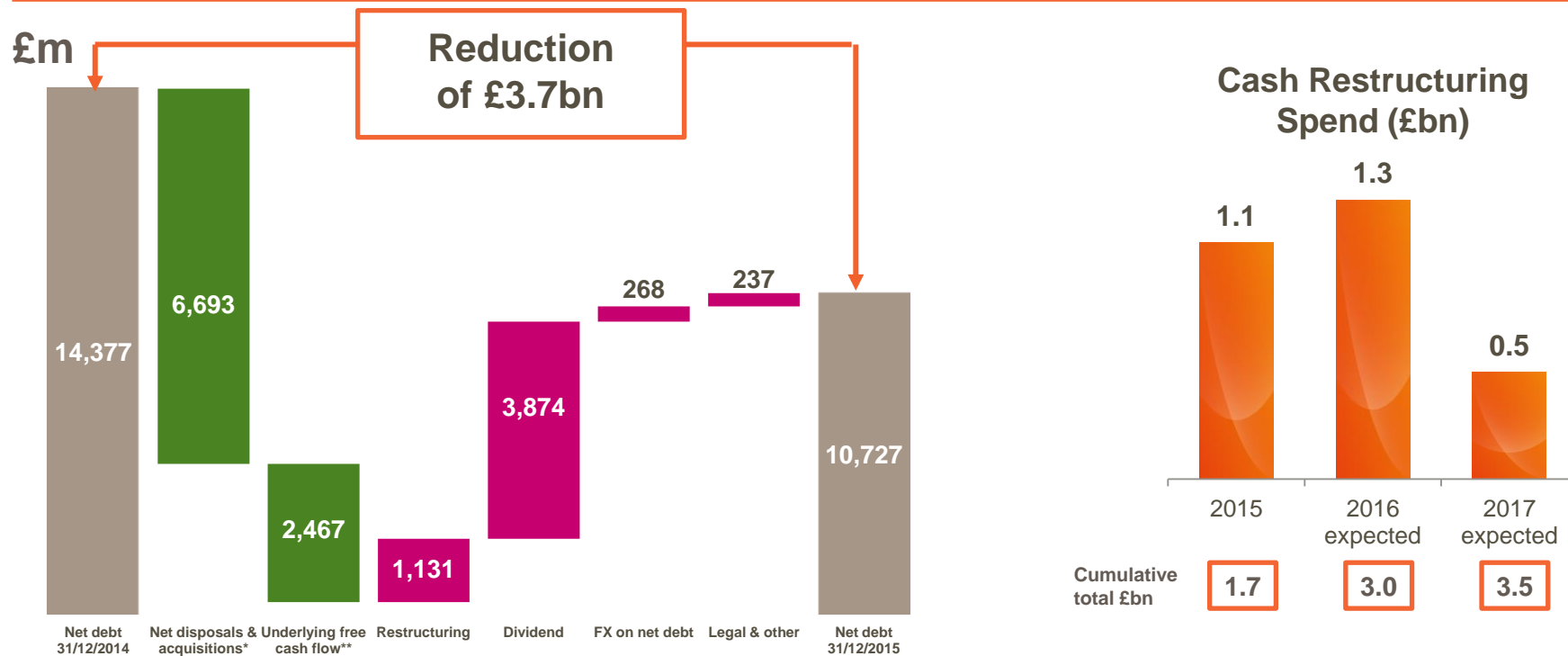
Sustained contribution from financial architecture

| | 2014 | 2015 | 2016 outlook |
|-------------------------|--------------|--------------|---|
| Core | £m | £m | |
| Operating profit | 6,594 | 5,729 | |
| Net finance expense | (646) | (636) | Modest increase, reflecting higher debt |
| Share of associates | 30 | (2) | |
| Tax | (1,172) | (993) | |
| <i>Tax rate</i> | <i>19.6%</i> | <i>19.5%</i> | 20% to 21% |
| Minorities | (222) | (440) | Growth in HIV and Cx JV |
| Net income | 4,584 | 3,658 | |

Financial Strategy



Retained proceeds to accelerate restructuring and maintain dividend during transformation



* Net disposals & acquisitions includes £1,071m tax payment on the sale of oncology products

** Underlying free cash flow excludes £420m paid to settle legal disputes, £1,071m tax payment on the sale of oncology products and £1,131 million of cash restructuring costs.

Transformation on track to return GSK to growth



2015 key achievements

- Completed Novartis transaction
- Integration on track
- Rx restructuring well advanced
- New product performance improving: increased investment allocation
- Ordinary dividend maintained at 80p
- Special dividend of 20p

Ahead of financial guidance

2016 outlook

- Continued progress in integration
- Completion of Rx restructuring
- Focus on execution for new products:
 - Rx, Vx and Cx
- Continued supply enhancements
- Continued R&D pipeline progress
- Ordinary dividend maintained at 80p

Growth in core EPS expected to reach double digits CER*

*Compared to 75.7p core GSK reported 2015 EPS. All expectations and targets regarding future performance should be read together with the "Assumptions related to the 2016-2020 outlook," the "Assumptions and cautionary statement regarding forward-looking statements" sections of the Q4 2015 Results Announcements dated 3rd February 2016 and the cautionary statement slide included with this presentation. If FX rates were to hold at the January average rates for the rest of 2016, the estimated positive impact on 2016 Sterling turnover growth would be ~2% and if exchange losses were recognised at the same level as in 2015, the estimated positive impact on 2016 Sterling core EPS growth would be ~5%.



Appendix

12 Month* Pro-Forma 2015



£bn at 2015 actual rates

| | 2015 Core Results | | | 2015 12 Month Pro-Forma | | |
|--------------|-------------------|------------------|------------------|-------------------------|------------------|------------------|
| | Turnover | Operating Profit | Operating Margin | Turnover | Operating Profit | Operating Margin |
| Total Pharma | 14.2 | 4.3 | 30.0% | 14.0 | 4.2 | 29.7% |
| Vaccines | 3.7 | 1.0 | 26.4% | 3.7 | 0.9 | 24.6% |
| Consumer | 6.0 | 0.7 | 11.3% | 6.3 | 0.7 | 11.1% |
| Corporate | 0.1 | -0.2 | | 0.1 | -0.2 | |
| Total | 23.9 | 5.7 | 23.9% | 24.1 | 5.6 | 23.3% |

* The major adjustments to sales and operating profit to calculate the restated 12 month proforma figures above were to exclude Oncology and include an extra 2 months of the acquired Novartis Consumer and Vaccines businesses. This 12 month pro-forma provided for modelling purposes. The pro-forma growth rates provided in the quarterly results adjust 2014 from March onwards, as explained within the Q4 press release. 27

2015 currency sales exposure

| | |
|-------------------|------|
| US \$ | 34 % |
| Euro € | 19 % |
| Japanese ¥ | 6 % |
| Other* | 41 % |

* The other currencies that each represent more than 1% of Group sales are: Australian Dollar, Brazilian Real, Canadian Dollar, Chinese Yuan, Indian Rupee. In total they accounted for 12% of Group revenues in 2015.

2016 core EPS ready reckoner

US \$

10 cents movement in average exchange rate for full year impacts EPS by approx. +/- 3.5%

Euro €

10 cents movement in average exchange rate for full year impacts EPS by approx. +/- 2.0%

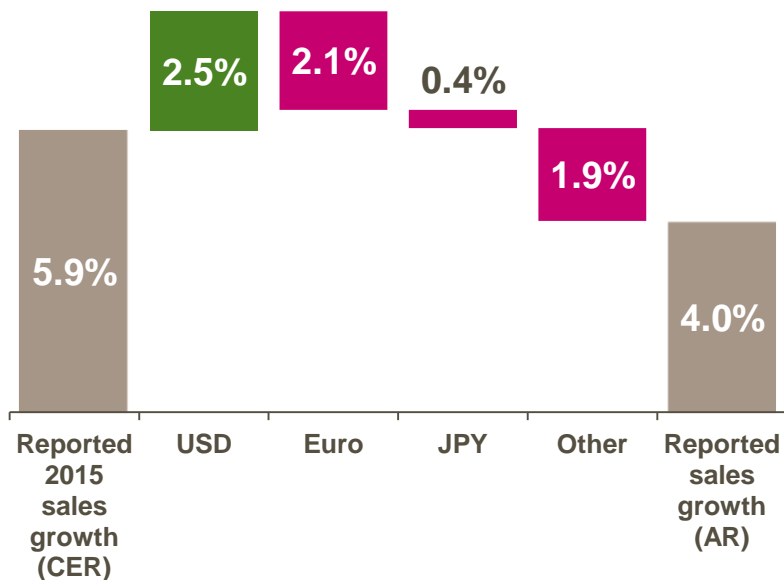
Japanese ¥

10 Yen movement in average exchange rate for full year impacts EPS by approx. +/- 1.0%

January 2016 average exchange rates for were £1/\$1.45, £1/€1.33 and £1/Yen 175

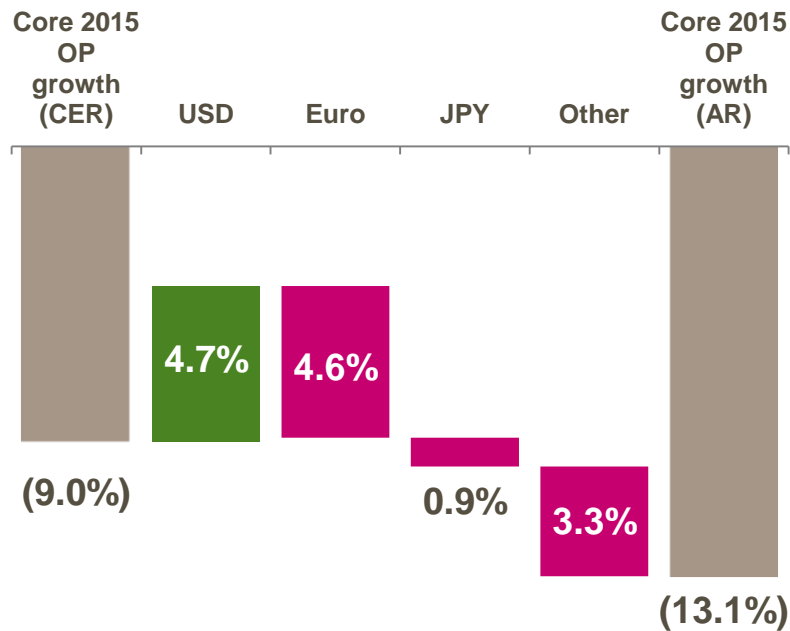
If exchange rates were to hold at the January average rates for the rest of 2016, the estimated positive impact on 2016 Sterling turnover would be around 2% and if exchange losses were recognised at the same level as in 2015, the estimated positive impact on 2016 Sterling core EPS would be around 5%.

2015 currency impact on turnover growth



| Impact on sales | |
|----------------------|---------------|
| Russia | (0.5%) |
| Brazil | (0.4%) |
| Canada | (0.2%) |
| Australia | (0.2%) |
| China | 0.2% |
| India | 0.1% |
| RoW | (0.9%) |
| Total "other" | (1.9%) |

2015 currency impact on core operating profit



| Impact on core operating profit | |
|---------------------------------|---------------|
| Russia | (0.9%) |
| Brazil | (0.6%) |
| Canada | (0.4%) |
| Australia | (0.5%) |
| China | 0.3% |
| India | 0.1% |
| RoW | (1.3%) |
| Total "other" | (3.3%) |

Methodology to estimate the IRR of GSK R&D's late stage pipeline



Estimated Sales

- Late stage pipeline includes pharma NCEs, additional indications for these, and vaccines launched from 2013 onwards plus current phase IIb & III pipeline (Sales taken from 2013 in order to match the R&D costs from 2007 onwards).
- Actual sales 2013-15 for products launched since 2013.
- Estimated future sales for all products through 2036.
- Future sales estimates include risk-adjustment which is inline with current industry attrition rates.

Key financial assumptions

- Forecast operating profit margins after deduction of COGS, selling and marketing and direct administration costs. Estimates are similar to current margin ratios.
- Includes estimates of capital investments and working capital requirements.
- Includes the UK Patent Box tax structure.

Novartis transaction

- For oncology assets in scope (i.e., products launched since 2013 and AKT), analysis includes estimated R&D costs and net inflows, including an estimated proportion of the after-tax sale proceeds. Proceeds for products launched before 2013 are excluded for consistency with our overall methodology.
- For Bexsero and Men ABCWY, the analysis includes the relevant proportion of acquisition costs, as well as the estimated cash flows after acquisition.
- The net impact on the estimated IRR is not material.

R&D Costs

- R&D costs associated with the development of our current late-stage pipeline projects are included (including the costs of failed assets as well as infrastructure costs).
- For pharma, the following approach was used:
 - Total R&D costs split proportionately into early stage (pre-CS), mid stage (CS-C2MD) and late stage (C2MD to launch).
 - In order to allocate all costs for this set of projects (e.g. late stage pipeline) as accurately as possible, costs were included as follows:
 - 2007-09: All early stage and 50% mid stage costs.
 - 2010-13: All mid stage and all late stage costs and regulatory support
 - 2014-15: All relevant late stage costs and regulatory support
 - 2016 and beyond: All late stage cost estimates for the assets which are included in the sales projections, and estimates for increasing regulatory support.
 - Actual upfront and milestone payments for in-licensed assets, as well as estimates for future milestone payments, were also included.
- For vaccines, a similar approach was used.

CS = Candidate Selection; C2MD = Commit to Medicines Development



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