



**GSK**

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Bank of America  
Healthcare Conference  
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# GSK strategy is delivering



Focus on innovation and portfolio optimisation to maximise returns

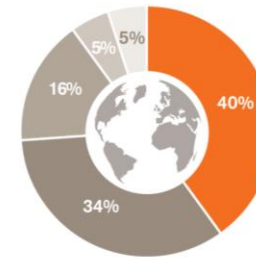


## Grow

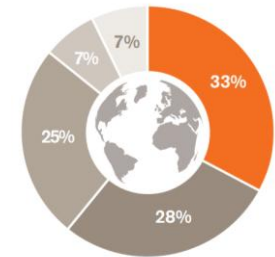
a diversified  
global business

**Non US/EU sales:**  
26% in 2008  
39% in 2013

Turnover by region 2008



Turnover by region 2013



## Deliver

more products  
of value

### Major approvals in the last 18 months:

Breo / Relvar Ellipta	Anoro Ellipta	Incruse Ellipta	Arnuity Ellipta	Mekinist
Tafinlar	QIV 'flu	Eperzan / Tanzeum	Tivicay	Triumeq



## Simplify

the operating  
model

- ~ £4bn annual OE/major change savings\*
- Plus structural savings: ~£300m in 2013, ~£200m in 2014

\* Includes £2.8bn of Operational Excellence annual savings already delivered and £1bn of Major Change annual savings due to be delivered by 2016

# Proposed Novartis transaction accelerates GSK strategy



Accelerating GSK strategy to generate sustainable, broadly sourced growth

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- **Unique opportunity to substantially strengthen two of our core businesses**
  - Creating a new global leader in Consumer Healthcare
  - Strengthening global leadership in Vaccines
  - Realising attractive value for oncology business now
- **Creates stronger, higher quality earnings profile**
  - Accretive to core EPS from the first year, with growing contribution from 2017 from cost savings and new growth opportunities
  - Potential annual cost savings of ~£1.0bn by year 5; ~50% by year 3
- **Drives significant value for shareholders**
  - Capital return of £4.0bn in 2015 (~5% reduction in shares), funded by net after-tax proceeds of \$7.8bn

# Strengthening our leadership in 3 core businesses



World class franchises driving better balance and quality of earnings

## Vaccines

14%



**Fluarix Quadrivalent**  
Influenza Virus Vaccine

**#1 global position**

~\$25bn market  
growing at ~10% p.a.

## Pharma

62%

including:

### Respiratory

27%



**#1 global position**

~\$34bn market  
growing at ~4% p.a.

### HIV

5%



**Tivicay**  
(dolutegravir) tablets

**Triumeq**  
abacavir 600 mg/dolutegravir 50 mg/  
lamivudine 300 mg tablets

**#2 globally**

~\$20bn market  
growing at ~8% p.a.

## Consumer

24%



**#1 OTC globally**

Total consumer  
market ~\$73bn,  
growing at ~4% p.a.

# Consumer Healthcare: focused on 4 key categories

- Highly complementary brand portfolios, with #1 or #2 positions in core categories
- Leveraging Pharmaceutical R&D and broader OTC/FMCG capabilities



FY2013  
Pro Forma  
Revenue<sup>(1)</sup>

## Wellness



**£3.4bn**

## Oral care



**£1.9bn**

## Nutrition



**£0.6bn**

## Skin Health

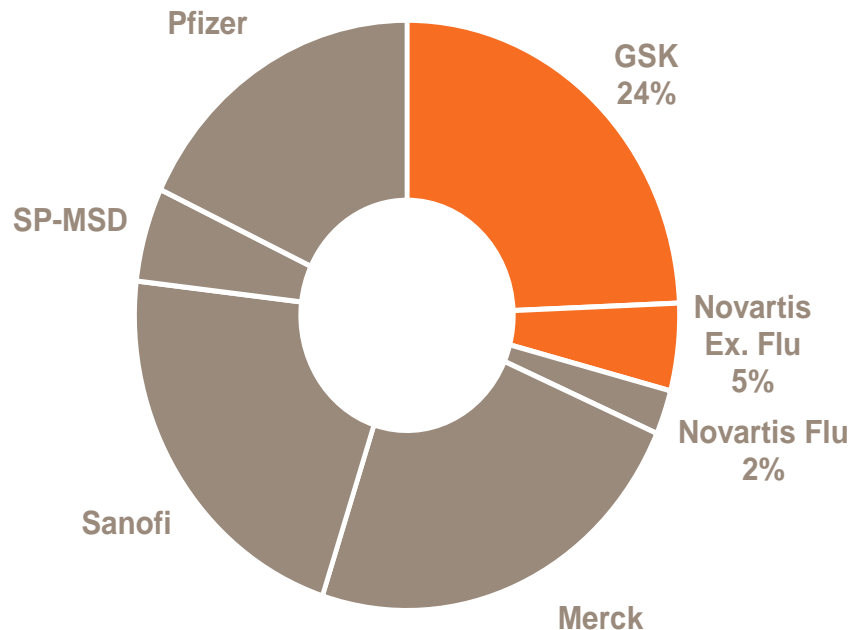


**£0.6bn**

Source: Individual company accounts, company guidance.  
Notes: (1) Includes revenues from GSK's Indian and Nigerian businesses.

# Vaccines: Strengthening global leadership

**\$25bn** global vaccines market

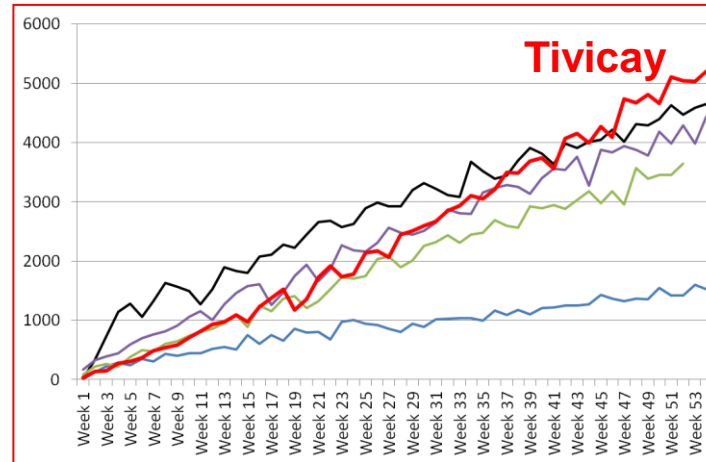


## Novartis transaction

- **Clear strategic rationale**
  - Strengthen the breadth of GSK's portfolio and pipeline – notably in meningitis
  - Complementary R&D organisations
  - Strengthens US market access
  - EM opportunity for Novartis portfolio
- **Improved flexibility and competitiveness of supply chain in Vaccines**
  - Vertical integration of paediatric franchise
- **Substantial cost saving opportunities**

# Pharma: ViiV Healthcare (HIV) positioned for sustained growth

## Tivicay launch in US outpacing all other recent launches in HIV



USA TRx Comparison: Weeks Post Launch

**ARV Drug Portfolio**  
Incl. Kivexa /  
Epzicom & Celsentri  
/ Selzentry

**Advanced  
Therapeutics**



**Integrase Inhibitor  
in Combinations**



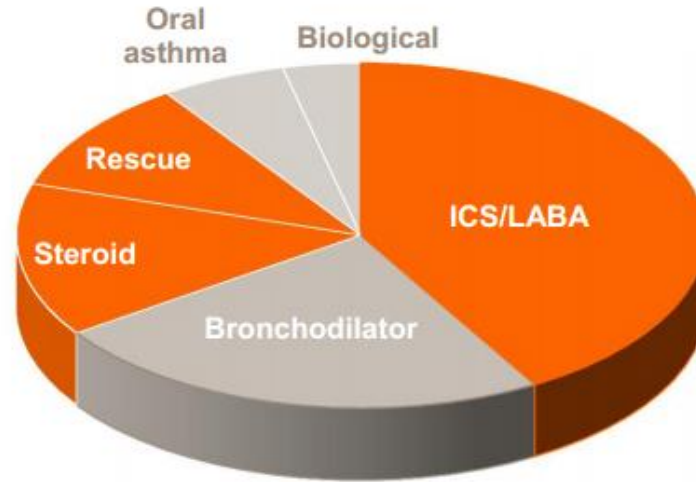
**New Treatment  
Paradigms**  
744 Long Acting  
Integrase

**New Indications &  
ARVs**  
Prevention,  
paediatrics

**Search for Cure  
Collaborations**

# Pharma: Continued respiratory leadership

33% share of ~\$34bn global market



## New launches & late stage pipeline gives GSK unrivalled breadth

	SABA	ICS	LABA	ICS / LABA	LAMA	LAMA / LABA	IGE	Anti IL 5	LABA / ICS / LAMA	MABA	ICS / LAMA	p38	Anti IL 13
	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	
Company 1			✓		✓	✓	✓					✓	
Company 2			✓		✓	✓							
Company 3			✓	✓	✓	✓				✓			
Company 4		✓	✓	✓	✓	✓		✓	✓	✓		✓	✓
Company 5				✓					✓				
Company 6							✓						✓

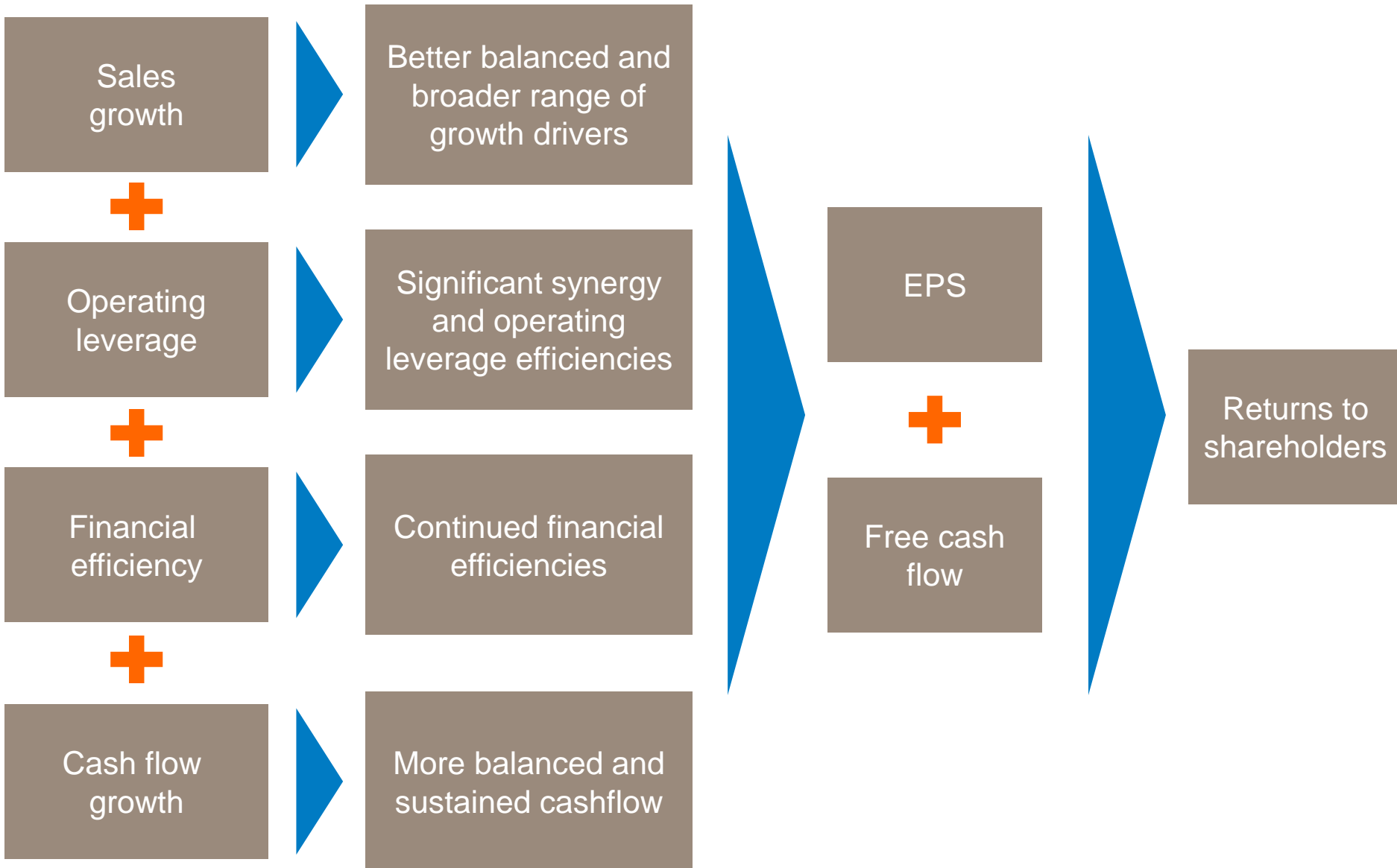


## 2014 H1 headline results

£m	H1 2014	Growth %	
		CER	£
Turnover	11,174	(3)	(12)
Core operating profit	2,937	(7)	(22)
Core EPS	40.1p	(5)	(22)
Adjusted net cash inflow from operations*	1,939		(36)

- Challenges: US Respiratory pricing/contracting; Lovaza generics; Consumer supply
- Strong H1 performances: EM (+7%), Japan (+5%), ViiV (+9%), Vaccines (+4%)
- 2014 guidance: Core EPS expected to be broadly similar to 2013 (at CER, ex divestments)

# Future of GSK: sustainable growth and improving returns



## Cautionary statement regarding forward-looking statements

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GSK cautions investors that any forward-looking statements or projections made by GSK, including those made in this presentation, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Such factors include, but are not limited to, those described under Item 3.D 'Risk factors' in the company's Annual Report on Form 20-F for 2013