

## Financial

- **FY 2016 Sales** £27.9bn (+6% CER/+5% pro-forma CER) /
  - **FY 2016 Pharma sales** £16.1bn (+3% CER /+4% pro-forma CER)
  - **FY 2016 Vaccine sales** £4.6bn (+14% CER /+12% pro-forma)
  - **FY 2016 Consumer Healthcare** £7.2bn (+9% CER /+5% pro-forma CER)
  - **FY 2016 New Pharma and Vaccine product sales** of £4.5bn in FY 2016 – New Pharmaceuticals product sales represented 24% of total 2016 Pharmaceuticals sales
- **FY 2016 core EPS** 102.4p (+12% CER)
- Group turnover by geography
  - **USA: FY 2016** £10.2bn (+10% CER / +11% pro-forma CER)
  - **Europe: FY 2016** £7.5bn (+6% CER /+5% pro-forma CER)
  - **International: FY 2016** £10.2bn (+1% CER / flat pro-forma CER)
- Market capitalisation (as at 1 March 2017): £~82bn
  - GSK's market cap among the top 15 large cap pharma
- Continue to expect to pay an ordinary dividend of 80p per year for 2017.

## Our Business

### **Global:**

- Leading Consumer Healthcare, Vaccines and Pharmaceuticals businesses (particularly in respiratory and HIV for the latter).
  - Consumer Healthcare business, focused on five key areas: Pain Relief, Respiratory, Oral Health, Nutrition/Gastro Intestinal and Skin Health. The seven power brands are Sensodyne (oral health), Polident/Poligrip/Corega (denture care), Parodontax/Corsodyl (gum health), Otrivin, Panadol, Voltaren and Theraflu.

#### Consumer business growing ahead of peers

- 13% of Consumer Healthcare sales in 2016 were from product innovations launched over the past three years
- #1 in core OTC globally and in 36 markets
- #1 in specialist oral health globally and in 50 markets
- #1 in Specialist Oral Health and Pain Relief
- Sensodyne became the first £1bn consumer healthcare brand in 2016
- GSK Vaccines business has the largest portfolio of the industry
  - Vaccines for every stage of people's lives – infants, teenagers, adults, travellers and older people.
  - A portfolio of 41 vaccines that offer protection against 22 diseases such as hepatitis A, hepatitis B, diphtheria, tetanus, whooping cough, measles, mumps, rubella, polio, typhoid, influenza and bacterial meningitis.
  - Distribute two million vaccines per day to people in over 160 countries
  - 14 vaccines in development for a range of diseases
  - ~4 in 10 of children globally receive at least one GSK vaccine
  - The Wavre site (Belgium) is the largest vaccines manufacturing site anywhere in the world with a total size of 550,000 m<sup>2</sup> which is more than 70 football (soccer) fields
- Pharmaceuticals products in a number of areas including respiratory, HIV, cardiovascular, immuno-inflammation and our established products portfolio.
  - We have launched our last six new products in the US priced similar or below those we aim to replace
  - We have the broadest respiratory portfolio in the industry – our expectation is that by 2020, 9 products will account for approximately 90% of respiratory sales, compared to four in 2015.
  - Every second, more than five packets of *Augmentin*<sup>™</sup> and *Ventolin*<sup>™</sup> are sold worldwide

- Classic and Established Products portfolio is a £6.8 billion business with over 400 products and accounted for a significant proportion of Pharma turnover in 2016 and the vast majority of total volume in 2016
  - We sell 47% more volume in our emerging markets business than our nearest competitor
  - More than 40% of all GSK pharmaceutical sales come from products that are no longer patented
  - More than 15 of our prescription medicines generate sales of over £100 million each
- We operate in more than 150 markets
  - We have around 100,000 employees globally
  - More than 80 manufacturing sites globally
  - Launched ViiV Healthcare in 2009, a HIV joint venture with Pfizer (Shionogi subsequently joined ViiV in October 2012)
    - Includes successful recent launches of new HIV products – *Tivicay* and *Triumeq*
    - Accounted for 20% of Pharmaceuticals sales in 2016

**UK:**

- ~14,000 regular employees in the UK, plus a further ~3,000 contingent workers (as at 20 February 2017)
  - ~6,000 manufacturing employees
  - ~4,500 R&D employees (across Rx and Cx)
  - ~3,000 employees in support functions
  - ~500 Pharma employees / ~80 Vaccines employees / ~700 Consumer Healthcare employees
- Largest pharmaceutical company by value (and headquartered) in the UK
- ~£1bn R&D spend each year in the UK across Rx, Cx and Vx
- 9 manufacturing sites (Barnard Castle, Irvine, Maidenhead, Montrose, Slough, Ulverston, Ware and Worthing (x2))
  - We have completed manufacturing investments of ~£1.3bn since 2012
- We export ~80% of what we make in the UK
- Stevenage R&D site is one of two global R&D hubs. Scientists also based at Cambridge, Harlow, Stevenage, Stockley Park, Ware and Weybridge

**US:**

- Dolutegravir launch is best-in-class in recent years
- ~15,000 employees, plus a further ~1,000 contingent workers (as at 20 February 2017)
  - ~4,500 R&D employees (across Rx, Vx and Cx)
  - ~3,800 manufacturing employees
  - ~2,000 employees in support functions
  - ~3,800 Pharma employees / ~900 Vaccines employees / ~700 Consumer Healthcare employees
- Upper Providence (Pennsylvania) is one of two global R&D hubs. Scientists also based at Upper Merion, (Pennsylvania), Cambridge, Waltham (both Massachusetts) and Rockville (Maryland)
- 10 manufacturing sites – 3 x Pharma - Upper Merion (Pennsylvania), Rockville (Maryland) and Zebulon (North Carolina), 5 x Consumer – Aiken (South Carolina), Oak Hill (New Jersey), Memphis (Tennessee), St. Louis (Missouri) and Lincoln (Nebraska); 2 Vaccines – Marietta (Pennsylvania), Hamilton (Montana)
  - 3 additional North America manufacturing sites: Pharma – Mississauga (Canada); Consumer – Humacao (Puerto Rico); and Vaccines – Ste Foy, Quebec (Canada)

**R&D/Pipeline:**

- 2016 core R&D spend: £3.47bn
  - £2.63bn in Rx
  - £0.6bn in Vx
  - £0.24bn in Cx
- ~16,000 R&D employees globally, of which ~11,500 in Rx, ~3,500 in Vx and ~1,000 in Cx (as at 23 Feb 2017)
- Six key focus areas of research: Respiratory, HIV/Infectious Diseases, Immuno-Inflammation, Oncology, Rare Diseases, Vaccines
- 20-30 assets with data expected by the end of 2018

- Around 30 Discovery Performance Units (DPUs), of which two-thirds are from the original 2009 set
- More than 1,500 collaborations with academia, public-private partnerships, biotech and pharma
- Rate of return on R&D estimated at 13% (based on calculation as of December 2015)

**Global Public Health/Responsibility:**

- New sales force compensation programme, removing individual sales targets, rolled out globally and changing how we interact with HCPs. As of January 2016 we also no longer pay HCPs to speak to other prescribers about our medicines and vaccines.
- Strategic investments in Africa to increase access to medicines, build capacity and deliver sustainable growth, including:
  - Creation of first R&D Open Lab – with a hub in Stevenage – to increase understanding of non-communicable diseases and support development of new medicines for Africa
  - Training up to 10,000 community health workers across Nigeria, Kenya and Ghana
  - Investing in academia in Africa, such as through collaborating with the Royal Society of Chemistry's Pan African Chemistry Network, and Universities across Sub-Saharan Africa, to train over 500 scientists.
- Topped the Access to Medicines Index in 2016 (for the fifth consecutive time)
- Scored within the top 5% of our sector in the Dow Jones Sustainability Index in 2016, and are listed in both the World and Europe Indexes
- Expanded graduated approach to patents and intellectual property in March 2016 to widen access to medicines in the world's poorest countries including not filing for patent protection in LDCs and low income countries and granting of licenses to generic manufacturers in lower middle income countries (other than G20 countries) to supply versions of GSK medicines
- 20% of profits made in LDCs reinvested back into those countries to develop health infrastructure through training front line health workers
- Committed to provide access to anonymised patient-level data from our clinical trials
- Committed to provide Gavi with more than 850 million vaccine doses at reduced prices to help protect 300 million children in the developing world by 2024.
- ViiV Healthcare extended Medicines Patent Pool licence agreement for dolutegravir to cover all lower middle-income countries in April 2016
- 100,000,000 employees and family members across 75 countries have access to preventative healthcare services as part of Partnership for Prevention programme. The programme continues to be rolled out globally.
- One third of our vaccines in development target diseases particularly prevalent in the developing world, including all three WHO infectious disease priorities: HIV, malaria and TB
- Our malaria vaccine candidate is the first to receive positive regulatory review
- Created a five-year partnership with Comic Relief in December 2015 to fight malaria and strengthen health systems
- *Save the Children* - Innovative global partnership with Save the Children to share our expertise and resources to make a lasting change for the world's most vulnerable children. Through the partnership we aim to help save the lives of 1 million children, through focussing in particular on:
  - developing child-friendly medicines
  - increasing access to vaccination
  - increasing investment in the training, reach and scope of health workers in the poorest communities