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Pharmaceuticals business overview

6 May 2015

Three commercial portfolios to drive revenue growth



Pharmaceuticals



Sales and marketing of our pure pharma business

HIV



Sales organisation for ViiV*

Vaccines



In-country sales, marketing and commercialisation of vaccines portfolio

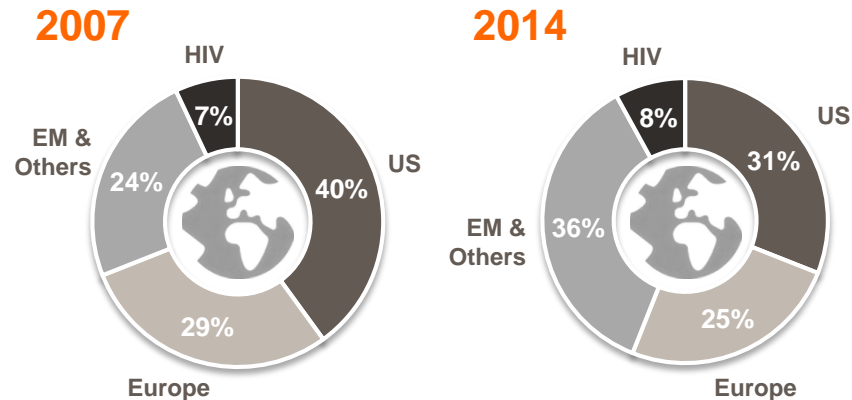
* In all markets excluding the 15 where ViiV has legal entities.

Successfully diversified our business to drive growth and manage risk



Changed the shape of our business

Total sales of pharmaceuticals & vaccines (% by geography)



Built a natural hedge in our portfolio

25 markets
selling
£100m or
more

30 products
generating
sales of at
least £100m

Challenges

- Pricing
- Emerging Markets (EM) slowdown and FX devaluations

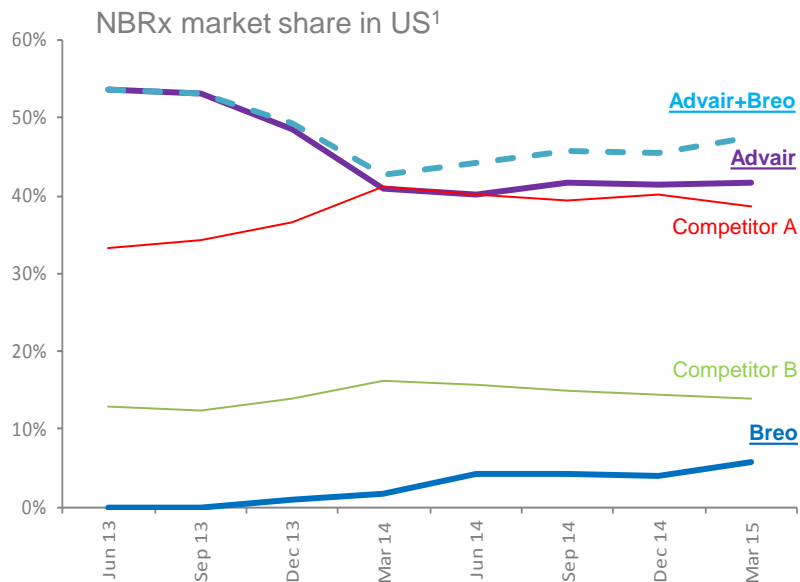
Opportunities

- Demographics
- Respiratory access and pipeline
- ViiV expansion
- Broad vaccines portfolio
- Sustainable R&D

Lack of visibility

Advair US generics timing and impact

Advair access in US stabilised and back to growth when combined with Breo



Implemented multiple strategies to help Seretide compete effectively outside the US

Europe: Seretide pricing initiatives implemented

Market	First generic launch	Market share of generic (Feb 15) ²
Germany	June 2012	3.6%
Italy	Sept 2013	1.0%
Netherlands	Oct 2013	1.4%

Emerging Markets: generics gained 2 volume share points in 24 months (in markets where a generic is present)³

+10% value

+13% volume

} Seretide 2-year total growth in EMs where generic present

¹ IMS rolling weekly sales shown by quarter (March 2015). ² IMS and other third party information. ³ IMS January 2015.

Pharmaceuticals: Respiratory

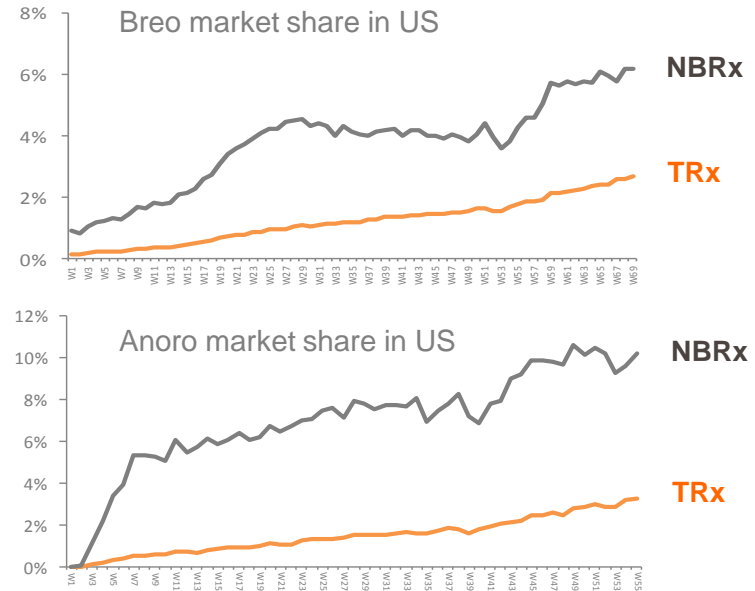
Strong US access for Breo and Anoro is driving uptake



Significant gains made in access over the last 12 months¹

Weekly uptake data improving as Breo and Anoro share gains continue²

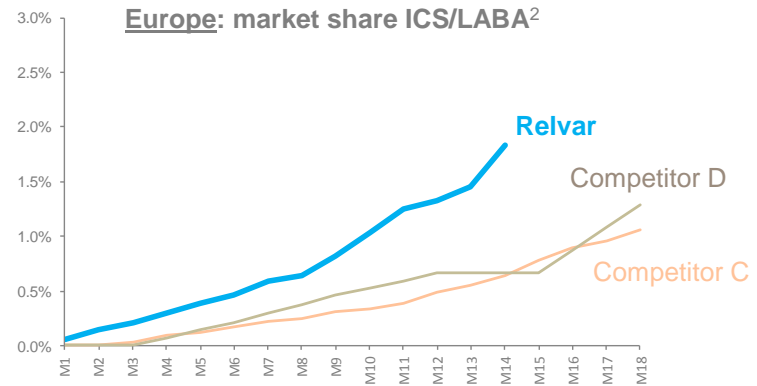
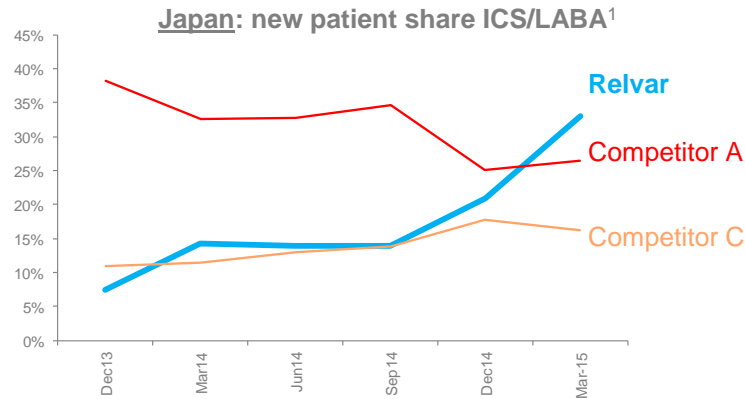
Access	March 2014	March 2015
Commercial		
Breo	49%	65%
Anoro	75%	83%
Medicare Part D		
Breo	35%	74%
Anoro	0%	67%



¹ MMIT March 2015. ² IMS Weekly Data (as of 27 April 2015).



Competing well in key major markets...



...with full launch potential still to be reflected

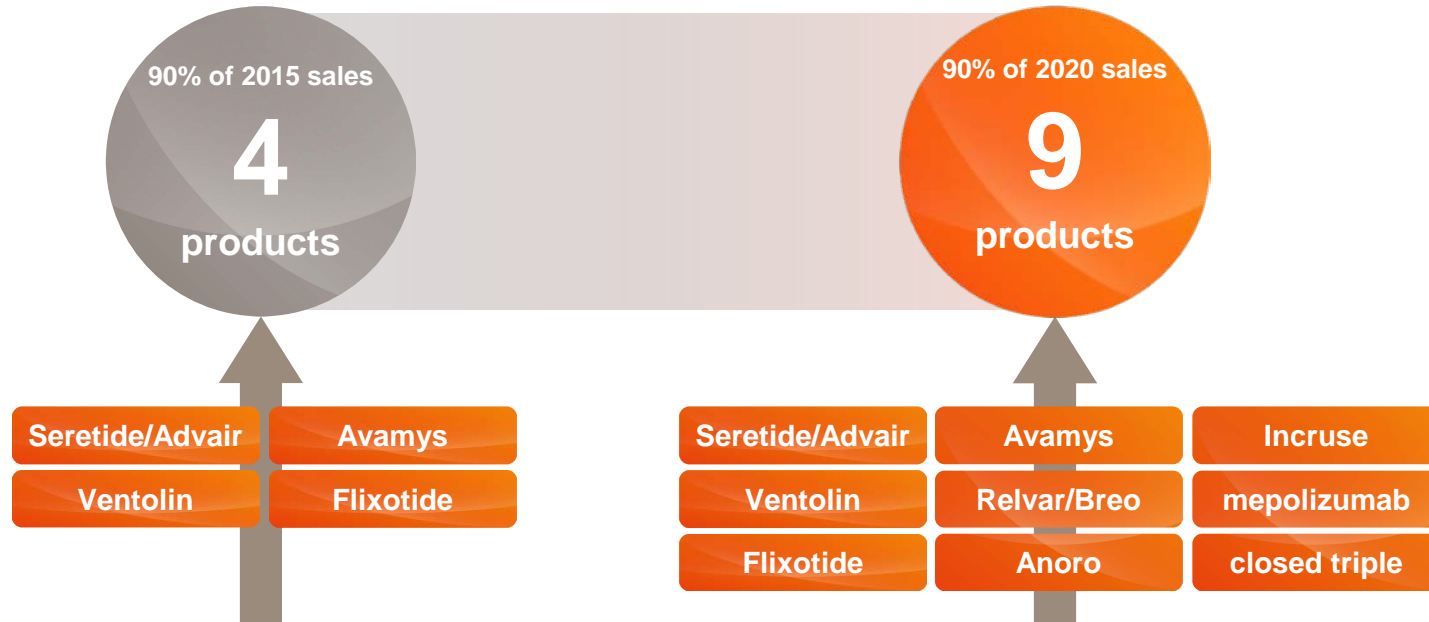
- Major European markets and Australia now have access
- Brazil and Mexico have launched; 16 EM launches planned to year-end
- SUMMIT data in 2H 2015 and Salford Lung study COPD data in 2H 2016 provide potential for upside
- Additional near-term pipeline (mepolizumab, closed triple) and Ellipta platform leverage

¹ Rolling 3 month average (JMIRI G5 March 2015). ² IMS

Pharmaceuticals: Respiratory

Portfolio de-risked with balanced growth as new products gain scale 

2020 expect total respiratory sales to be at or above sales in 2015, whether or not there is US generic competition to Advair





Applying commercial expertise to late-lifecycle management and access

Promote to Grow (60%): Drive volume post-patent expiry through low cost promotion

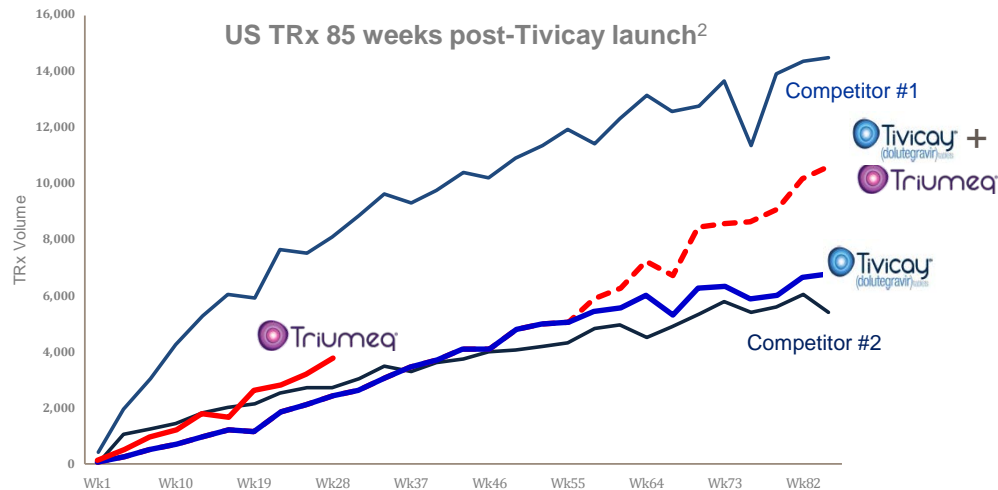
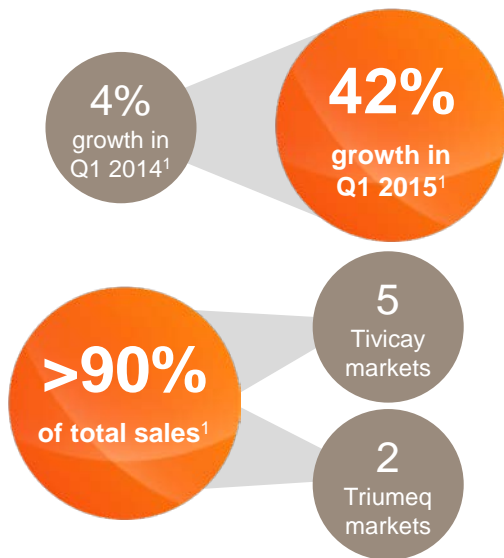
- Key assets growing low single digits outside US
- Centre of excellence in India
- Maximise existing supply

Antibacterials £789m -1%
Urology £805m +1%
Epilepsy £622m +5%

Manage for Cash (40%): Rationalise tail products and allocate based on margin

- Reduce complexities and simplify SKUs
- Targeted divestments
- Decreased SG&A

Removed over 4,500 SKUs; delivering 1% improvement in gross margin



¹ Internal financial data. ² IMS NPA Audit (4/3/15) and Symphony Health Solutions, CRx (3/27/15).



1

Marketed Portfolio

- Driving uptake in unvaccinated populations
- Sales synergies from Novartis portfolio



2

Meningitis Portfolio

- Driving top-line synergies in Menveo (US & International)
- Accelerating uptake of Bexsero globally



3

Pipeline

- Successfully launching Shingrix
- Launching Mosquirix in Africa

Sustainable pipeline flow in existing and new growth areas

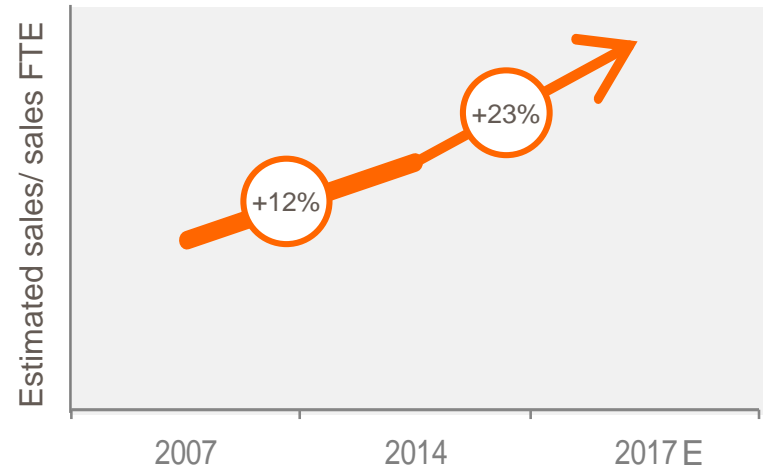
- Breo (asthma US decision, SUMMIT COPD)
 - mepolizumab (severe asthma decision)
 - sirukumab (RA PhIII data)
 - '273 (ADA-SCID EMA filing)
- 2015 Milestones

- closed triple (COPD)
 - cabotegravir (HIV)
 - '863/PHI (anaemia)
 - Shingrix (zoster vaccine)
- PhII/III Assets

- Respiratory (PI3K δ)
 - Inflammation (RIP kinases)
 - Cardio-metabolic (TRPV4)
 - Oncology (BETi, EZH2, LSD-1)
- Early Stage

OpEx programmes are delivering improved overall productivity

Sales productivity (Rx+Vx+ViiV)¹ (est. sales per sales FTE)

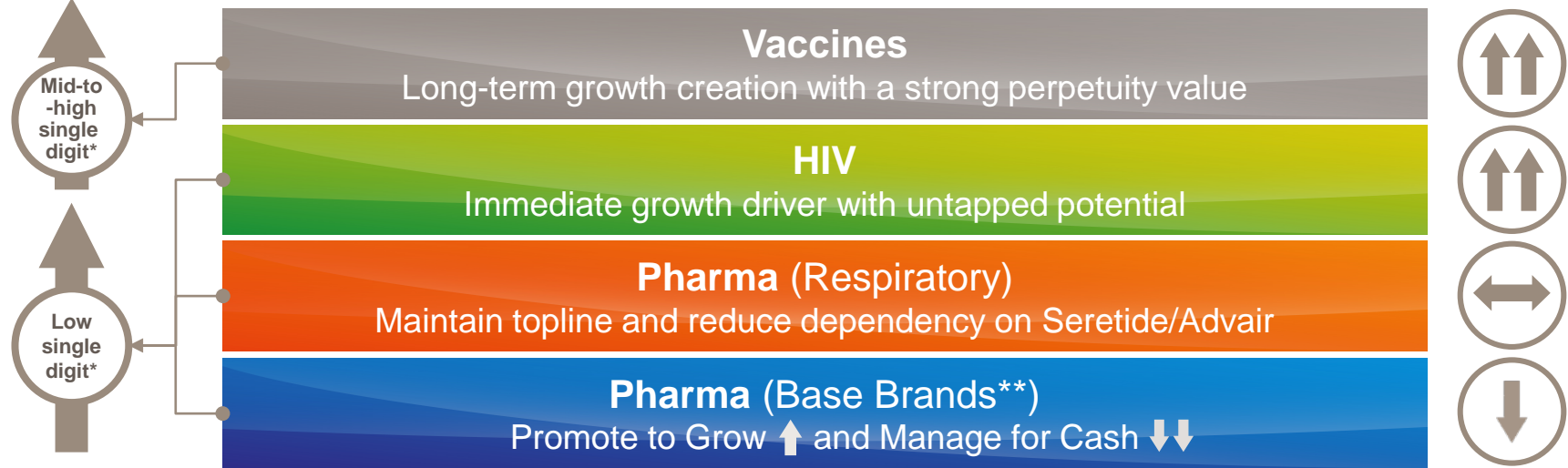


¹ Internal estimates. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.

Portfolio approach at market level gives flexibility to deliver revenue growth



Expected CAGR 2016-20*



Strong operational management
Restructuring and Novartis synergies
Sustainable R&D pipeline

* Expected CAGR to 2020, using 2015 as the base year. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015. All sales growth rates at CER.

**Pharma ex-ViiV and ex-Respiratory.

Cautionary statement regarding forward-looking statements



This presentation may contain forward-looking statements. Forward-looking statements give the Group's current expectations or forecasts of future events. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as 'anticipate', 'estimate', 'expect', 'intend', 'will', 'project', 'plan', 'believe', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, and financial results.

Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should, however, consult any additional disclosures that the Group may make in any documents which it publishes and/or files with the US Securities and Exchange Commission (SEC). All investors, wherever located, should take note of these disclosures. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

Forward-looking statements are subject to assumptions, inherent risks and uncertainties, many of which relate to factors that are beyond the Group's control or precise estimate. The Group cautions investors that a number of important factors, including those in this document, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, but are not limited to, those discussed under Item 3.D 'Risk factors' in the Group's Annual Report on Form 20-F for 2014 and those discussed in Part 2 of the Circular to Shareholders and Notice of General Meeting furnished to the SEC on Form 6-K on November 24, 2014. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this report.

A number of adjusted measures are used to report the performance of our business. These measures are defined in our Q1 2015 earnings release and annual report on Form 20-F.

Unaudited pro forma financial information



The unaudited pro forma financial information in this presentation has been prepared to illustrate the effect of (i) the disposal of the oncology assets, (ii) the Consumer Healthcare joint venture (i.e. the acquisition of the Novartis OTC Business), and (iii) the acquisition of the Vaccines business (which excludes the Influenza Vaccines business) on the results of the Group as if they had taken place as at January 1, 2014.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The unaudited pro forma financial does not purport to represent what the Group's financial position actually would have been if the disposal of the Oncology assets, the Consumer Healthcare joint venture and the Vaccines acquisition had been completed on the dates indicated; nor does it purport to represent the financial condition at any future date.

In addition to the matters noted above, the unaudited pro forma financial information does not reflect the effect of anticipated synergies and efficiencies associated with the Oncology disposal, the Consumer Healthcare joint venture and the Vaccines acquisition.

The unaudited pro forma financial information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. The unaudited pro forma financial information in this presentation should be read in conjunction with the financial statements included in (i) the Group's Q1 2015 earnings report dated May 6, 2015 and furnished to the SEC on Form 6-K, (ii) the Group's Annual Report on Form 20-F for 2014 and (iii) the Circular to Shareholders and Notice of General Meeting furnished to the SEC on Form 6-K on November 24, 2014.