



## Q3 2022 Pre-Announcement Aide Memoire

Issued: Thursday, 13 October 2022

GSK has prepared this Q3 2022 pre-announcement aide-memoire per our standard prior practice. It includes statements made in previous public communications by GSK as extracted from their original source and, therefore, by definition, they should only be taken as speaking as at the date they were initially made, and they do not reflect subsequent or recent events, circumstances, or developments. Any updates to these and other previously made statements would only be included in further communications by GSK to the market and the inclusion of the extracted statements herein should not be taken to indicate that they will not be updated in the future.

As our Q2 2022 stock-exchange announcement indicated, the potential impact of the COVID-19 pandemic on GSK's trading performance and all its principal risks have been assessed, with appropriate mitigation plans put in place. GSK is encouraged by the uptake in demand in the first half for its medicines and vaccines, particularly Shingrix. The Company remains confident in the underlying demand for its medicines and vaccines, given the number of COVID-19 vaccinations and boosters administered worldwide. The pandemic continues to be challenging to predict and remains a dynamic situation with the worldwide rate of community infections presenting increasing due to Omicron subvariants BA.5 and BA.4; these variants of concern could potentially impact GSK's trading results, clinical trials, supply continuity, and its employees materially.

Please read the assumptions and cautionary statements regarding forward-looking statements set out on pages 69 and 70 of the Q2 2022 stock-exchange announcement and the further circulars, reports, announcements, press releases issued by the Company, including the information in paragraph 19 of Part 7 of the Circular to shareholders relating to the proposed demerger of the Consumer Healthcare business to form Haleon published on 1 June 2022 (the "Demerger Circular"); and the "Basis of preparation, assumptions and cautionary statement" section of the announcement issued by the Company on 23 June 2021 in relation to its Investor Update. Please read the definitions and reconciliations for non-IFRS measures on pages 37 and 68 of the Q2 2022 results release and the annual report on Form 20-F for FY 2021.

### **Full-year 2022 Guidance**

**Commentary from Q2 2022 stock-exchange announcement:** With the momentum from the business performance to date, GSK now expects 2022 sales to increase between 6 to 8 per cent and adjusted operating profit to increase between 13 to 15 per cent, excluding any contributions from COVID-19 solutions. Adjusted Earnings per share is expected to grow around 1 per cent lower than Operating Profit. We have delivered first half performance ahead of our full year guidance, slightly better than expected, informed by strong business delivery and the dynamics of prior year comparators.

Predominantly reflecting a more challenging H2 2021 sales comparator as well as an expected increase in R&D spend, we expect lower reported growth in the second half. Key external factors that will influence the second half of 2022 include the continued risk from COVID-19 dynamics and possible developments in the current uncertain global economic environment.

### **Q3 2022 key information**

#### **Foreign exchange:**

We expect that the positive impact of foreign exchange on Q3 2022 sales will be around +9%.

As a result of the mix of currency movements relative to the combination of costs, we expect that the positive impact of foreign exchange on Q3 2022 sterling adjusted operating profit will be more significant than the positive impact on sales.

#### **Weighted average number of shares (WANS)**

The basic WANS in Q3 2022 was 4,030m (an increase of 0.6% relative to Q3 2021).

The information below includes commentary from recent circulars, stock-exchange announcements, investor/analyst calls, and previously published outlook statements.

### **2022 COVID-19 solutions expectations**

**Commentary from Q2 2022 stock-exchange announcement:** The majority of expected COVID-19 solutions sales for 2022 have been achieved in the first half of this year. Based on known binding agreements with governments, we expect that sales of COVID-19 solutions will be substantially lower in the second half. Compared with 2021, sales will be at a reduced profit contribution due to the increased proportion of lower margin *Xevudy* sales. Given the higher-than-expected sales achieved in the year to date we now expect this to reduce Adjusted Operating profit growth (including COVID-19 solutions in both years) by between 4% to 6%.

*Note that H1 2022 Xevudy sales were £1,773m with no contribution from pandemic vaccines.*

### **Impact of COVID-19 solutions**

In £ millions	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Turnover (£m)	-	276	209	920	1,405	1,307	466
Adjusted Operating profit (£m)	(12)	233	97	214	532	194	58
Adjusted EPS (p) *	(0.2)	4.8	1.9	4.7	11.2	4.1	1.2



## **Sales: GSK**

**2022 full year guidance:** Sales expected to grow between 6% and 8% at CER (excluding the commercial benefit of COVID-19 solutions).

### **Q2 2022 comment on phasing for H2**

**Q3:** Strong comparator; expect sales and Adj. OP growth below full-year expectations

**Q4:** Favourable comparator; expect sales and Adj. OP growth ahead of Q3

**H2:** Expect to see lower growth (note: H1 +12%) based on a more challenging H2 sales comparator and the expected increase in R&D spend

## **Specialty**

**2022 outlook:** Revenues expected to increase approximately 10% for Specialty, excluding *Xevudy* sales. HIV is expected to grow at a mid to high single-digit rate.

### **HIV**

**Commentary at Q2 2022:** Momentum is firmly behind our innovation portfolio, which delivered more than one billion pounds in the first half of the year and now accounts for 41 per cent of our sales. Our ambition for the year is now to deliver mid to high single-digit sales growth.

***Cabenuva* - Commentary at Q2 2022:** Sales almost doubled in the quarter delivering £72m. 11,000 patients are now taking *Cabenuva*, an increase of 5,000 through this quarter, and around 1,200 HCPs are prescribing the medicine. The approval and launch of the every-two-monthly dosing in the US in February and the removal of the oral lead-in requirement in the US has simplified and improved patient experience and delivered a significant inflection for this injectable therapy. Underlying patient demand is high, and we are therefore very confident about the potential of this medicine to transform the treatment paradigm of HIV.

***Apretude* - Commentary at Q2 2022:** It was launched in the US in January 2022. This quarter we received the J-Code for *Apretude*, which is an important step as it enables prescribers to 'buy and bill' and simplifies reimbursement for the medicine. With around 1,700 patients already taking *Apretude* in the US, we have high levels of ambition for this medicine and launch activity continues to centre on building awareness and access

**Commentary at Q4 2021:** we remain confident that *Apretude* will deliver significant benefits to patients in the years ahead and significant commercial value beginning in 2023.

***Zejula* - Commentary at Q2 2022:** In Oncology, sales increased 23% as we are seeing signs in the US of ovarian cancer and surgery rates stabilising. We are well positioned as the market recovers with half of new first line ovarian cancer maintenance patients receiving *Zejula*

## **Vaccines**

**2022 outlook:** Sales are expected to grow at a low to mid-teens percentage at CER (excluding pandemic adjuvant sales).

### **Meningitis**

**2022 outlook:** expected to increase mid to high single-digit.

### **Flu**

**2022 outlook:** Sales are expected to be slightly down compared to 2021.

### **Shingrix**

**2022 outlook:** expected to deliver a record year for sales, with strong double-digit growth. *Shingrix* H2 sales expected to be slightly down on H1



**Commentary at Q2 2022:** We remain on track for a record year with strong double-digit sales growth this year. Previously, we expected sales to be weighted to the second half, but following the earlier than anticipated channel inventory build, we now expect slightly lower sales in H2 than in H1, reflecting an anticipated one million doses of inventory burn.

### **Established Vaccines**

**2022 outlook:** sales are expected to be broadly flat to a slight decrease.

**COVID immunisation progress in the US** is tracked by the CDC. For US COVID vaccine demographics, including adoption by age, you can visit:

<https://covid.cdc.gov/covid-data-tracker/#vaccination-demographic>

### **General Medicines**

**2022 outlook:** Slight decrease in revenues expected.

## **Financials (adjusted) for new GSK**

### **Operating profit**

**2022 Full-year guidance:** The adjusted operating profit is expected to grow between 13% and 15% at CER (excluding the commercial benefit of COVID-19 solutions). Please note that H1'22 adjusted operating profit grew 27%

### **Cost of goods sold**

**2022 Full-year outlook:** COGS expected to increase at a rate below turnover.

**Q3 comment on the impact of pandemic solutions:** Q3 2021 sales of £209m consisted of £114m of Xevudy (high COGS) and £95m of pandemic vaccines (low COGS). In Q3 2022, we expect any sales to be predominantly of *Xevudy*. For *Xevudy*, GSK books all sales and pays a 72.5% profit share through COGS.

### **SG&A**

**2022 outlook:** expected to increase at a rate slightly above turnover.

### **R&D**

**2022 outlook:** expected to increase at a rate slightly below turnover.

### **Royalties**

From 1 February 2022 until 5 October 2027, Gilead will pay a 3% royalty on all future sales of *Biktarvy* (2021 US *Biktarvy* sales were \$7,049m/ £5,108m). [GSK announces settlement between ViiV Healthcare and Gilead Sciences, Inc., resolving litigation relating to \*Biktarvy\* and ViiV's dolutegravir patents and entry into a patent licence agreement | GSK](#)

### **Associates**

**2022 Outlook:** expected to be negligible.

### **Net Interest payable**

**2022 Outlook:** £750m to £800m.

### **Tax**

**2022 Outlook (new GSK):** expected to be around 16%, similar to 2021 for new GSK and aligned to medium-term outlook.



## **Historic London Stock Exchange announcements (LSE announcements) and press releases**

Since the beginning of Q3 2022, we have issued several LSE announcements and press releases, each of which can be accessed using the following links:

<https://www.gsk.com/en-gb/media/press-releases/>

<https://us.gsk.com/en-us/media/press-releases/>

<https://us.gsk.com/en-us/products/>

<https://www.gsk.com/en-gb/investors/stock-exchange-announcements/london-rns/>

### **Key updates during Q3**

**26 September:** [Iain Mackay, Chief Financial Officer, to retire from GSK, Julie Brown appointed as successor | GSK](#)

**22 September:** [GSK and Spero Therapeutics announce exclusive licence agreement for tebipenem HBr, a late-stage antibiotic that may treat complicated urinary tract infections | GSK](#)

**06 September:** [GSK announces update on US FDA regulatory review of daprodustat in anaemia of chronic kidney disease | GSK](#)

**06 September:** [WHO grants prequalification to GSK's Mosquirix – the first and only approved malaria vaccine | GSK](#)

**17 August:** [US FDA accepts new drug application for GSK's momelotinib for the treatment of myelofibrosis | GSK](#)

**16 August:** [Statement: Zantac \(ranitidine\) U.S. litigation | GSK](#)

**16 August** [GSK completes acquisition of Affinivax, Inc. | GSK](#)

**11 August** [Statement: Zantac \(ranitidine\) litigation | GSK](#)

**03 August** [GSK Announces Offer to Repurchase Exchangeable Senior Notes Due 2023 | GSK](#)

**28 July:** [ViiV Healthcare announces new data at AIDS 2022 from unblinded phase of HPTN 084 study in women in sub Saharan Africa showing continued superior efficacy of injectable cabotegravir long-acting for PrEP over daily, oral TDF/FTC tablets | GSK](#)

**25 July:** [ViiV Healthcare to present new data from innovative HIV treatment and prevention portfolio at AIDS 2022 | GSK](#)

**11 July** [GSK prepares US for 2022-23 flu season with over 50 million influenza vaccine doses | GSK US](#)

**05 July** [GSK disclose discontinued operations from Q2 2022 \(investis.com\)](#)

**01 July** [GSK completes acquisition of Sierra Oncology | GSK](#)

**For your reference, the following pages include tables with historical financial information. We have included additional details to help with modelling Q3 2022 and full-year estimates.**

## Essential information for Q3 2022

### Foreign exchange

Based on the rates in the table below, it is expected that the positive impact of foreign exchange on Q3 2022 sales will be around +9%. As a result of the mix of currency movements relative to the mix of costs, we expect that the positive impact of foreign exchange on Q3 2022 sterling adjusted operating profit will be more significant than the positive impact on sales.

Average rates Quarterly	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Key currencies</b>							
US\$	1.38	1.40	1.37	1.36	1.34	1.26	1.18
€	1.14	1.16	1.16	1.18	1.19	1.18	1.16
Yen	146	152	151	154	156	162	161
<b>Other currencies</b>							
Australian dollar	1.79	1.82	1.87	1.85	1.84	1.77	1.73
Brazilian real	7.55	7.29	7.20	7.57	6.97	6.27	6.13
Canadian dollar	1.75	1.72	1.73	1.71	1.69	1.60	1.55
Chinese yuan	8.94	8.98	8.88	8.65	8.46	8.29	8.07
Indian rupee	100.8	102.6	101.5	101.2	100.2	97.0	93.6
<b>FX impact on turnover</b>					<i>flat</i>	<b>+6%</b>	<b>+9%</b>
<b>FX impact on adj operating profit</b>					<i>flat</i>	<b>+15%</b>	<i>n/a</i>
<b>FX impact on adj EPS</b>					<b>+3%</b>	<b>+17%</b>	<i>n/a</i>

Average rates Cumulative - YTD	3M 2021	6M 2021	9M 2021	12M 2021	3M 2022	6M 2022	9M 2022
<b>Key currencies</b>							
US\$	1.38	1.39	1.38	1.38	1.34	1.30	1.26
€	1.14	1.15	1.15	1.16	1.19	1.19	1.18
Yen	146	149	150	151	156	159	160
<b>Other currencies</b>							
Australian dollar	1.79	1.80	1.83	1.83	1.84	1.81	1.78
Brazilian real	7.55	7.42	7.34	7.40	6.97	6.62	6.46
Canadian dollar	1.75	1.73	1.73	1.73	1.69	1.65	1.61
Chinese yuan	8.94	8.96	8.94	8.86	8.46	8.38	8.27
Indian rupee	100.8	101.7	101.6	101.5	100.2	98.6	96.9
<b>FX impact on Group turnover</b>					<i>flat</i>	<b>+3%</b>	<b>+6%</b>
<b>FX impact on adjusted operating profit</b>					<i>flat</i>	<b>+7%</b>	<i>n/a</i>
<b>FX impact on adj EPS</b>					<b>+3%</b>	<b>+9%</b>	<i>n/a</i>

Period end rates	Dec 2020	Mar 2021	June 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022
<b>Key currencies</b>								
<b>US\$</b>	1.36	1.38	1.39	1.34	1.35	1.31	1.21	1.11
<b>€</b>	1.11	1.17	1.17	1.16	1.19	1.18	1.16	1.13
<b>Yen</b>	141	152	153	151	155	160	165	160

### Foreign exchange: Ready reckoner (new GSK)

Following the 2021 Full Year results, we provided the following ready reckoner to help estimate the expected impact of foreign exchange movements on adjusted operating profit:

Currency	Impact on 2022 full year adjusted operating profit (new GSK)
US dollar	10 cents movement in average exchange rate for full year impacts adjusted OP by approximately +/-7.0%
Euro	10 cents movement in average exchange rate for full year impacts adjusted OP by approximately +/-0.5%
Japanese yen	10 yen movement in average exchange rate for full year impacts adjusted OP by approximately +/-1.0%

\*Please note that the ready reckoner does not include the impact of inter-company exchange gains or losses

The slide also included 2021 currency sales exposure for **new GSK**:

Currency	2021 currency sales exposure (new GSK)
US dollar	49%
Euro	19%
Japanese yen	6%
Other‡	26%

‡The other currencies that each represent more than 1% of Group sales are: Australian dollar, Brazilian real, Canadian dollar, Chinese yuan and Indian rupee. In total, they accounted for 11% of Group revenues in 2021

### Basic weighted average number of shares (WANS)

In millions*	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
WANS: Quarter	3,995	4,003	4,006	4,007	4,016	4,025	4,030
YoY change	+0.6%	+0.5%	+0.6%	+0.6%	+0.5%	+0.5%	+0.6%
WANS: Cumulative - Year to date	3,995	3,999	4,001	4,003	4,016	4,021	4,024
YoY change	+0.6%	+0.6%	+0.5%	+0.6%	+0.5%	+0.5%	+0.6%
Period end shares	4,003	4,004	4,006	4,007	4,025	4,026	4,034

\*excludes treasury shares and shares held by ESOP trusts

**Please note that historic figures above have been restated to reflect the GSK share consolidation**



## Dividend

In the Q2 2022 stock-exchange announcement, we made the following comments regarding the dividend:

*“The Board has declared a second dividend for 2022 of 16.25p per share (Q2 2021: 23.75p per share) retrospectively adjusted for the Share Consolidation.*

*On 23 June 2021, at the new GSK Investor Update, GSK set out that from 2022 a progressive dividend policy will be implemented guided by a 40 to 60 percent pay-out ratio through the investment cycle. The dividend policy, the total expected cash distribution, and the respective dividend pay-out ratios for GSK remain unchanged.*

*GSK has previously stated that it expected to declare a 27p per share dividend for the first half of 2022, a 22p per share dividend for the second half of 2022 and a 45p per share dividend for 2023, but that these targeted dividends per share would increase in step with the Share Consolidation to maintain the same aggregate dividend pay-out in absolute Pound Sterling terms. Accordingly, using the consolidation ratio, GSK’s expected dividend for the second quarter of 2022 converts to 16.25p per new ordinary share. The expected dividend for the second half of 2022 converts to 27.5p per new ordinary share and the expected dividend for 2023 converts to 56.5p per new ordinary share, rounded-up from 56.25p.”*

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2021	23.75	23.75	23.75	28.75	100
2022 - expected	17.5	16.25			61.25 <sup>1</sup>
2023 - expected					56.5 <sup>1</sup>

<sup>1</sup>The actual dividend amount is determined by the Board of Directors.



## **Appendix: Impact of the application of the requirements of IFRS 5**

The stock-exchange announcement issued on 5 July 2022 outlined the impact of the application of the requirements of IFRS 5 ('Non-current Assets Held for Sale and Discontinued Operations'):

[GSK to disclose discontinued operations from Q2 2022 \(investis.com\)](https://investis.com)

### **Adjusted P&L for continuing operations**

<b>In £ millions</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>FY 2021</b>	<b>Q1 2022</b>	<b>Q2 2022</b>
<b>Turnover</b>	<b>5,155</b>	<b>5,838</b>	<b>6,627</b>	<b>7,076</b>	<b>24,696</b>	<b>7,190</b>	<b>6,929</b>
Cost of sales	(1,435)	(1,522)	(1,797)	(2,592)	(7,346)	(2,527)	(1,970)
Selling, general and administration	(1,462)	(1,646)	(1,623)	(2,018)	(6,749)	(1,769)	(1,955)
Research and development	(1,021)	(1,107)	(1,112)	(1,285)	(4,525)	(1,088)	(1,155)
Royalty income	88	78	114	136	416	138	159
<b>Adjusted Operating profit</b>	<b>1,325</b>	<b>1,641</b>	<b>2,209</b>	<b>1,317</b>	<b>6,492</b>	<b>1,944</b>	<b>2,008</b>
Net finance cost	(190)	(185)	(190)	(186)	(751)	(197)	(181)
Associates	16	16	3	(2)	33	(1)	(2)
<b>Adj. profit before tax</b>	<b>1,151</b>	<b>1,472</b>	<b>2,022</b>	<b>1,129</b>	<b>5,774</b>	<b>1,746</b>	<b>1,825</b>
Taxation	(195)	(244)	(402)	(77)	(918)	(291)	(277)
Tax rate %	16.9%	16.6%	19.9%	6.8%	15.9%	16.7%	15.2%
<b>Adj. profit after taxation</b>	<b>956</b>	<b>1,228</b>	<b>1,620</b>	<b>1,052</b>	<b>4,856</b>	<b>1,455</b>	<b>1,548</b>
Adj. profit attributable to non-controlling interests	(112)	(99)	(121)	(109)	(441)	(161)	(150)
<b>Attributable profit attributable to shareholders</b>	<b>844</b>	<b>1,129</b>	<b>1,499</b>	<b>943</b>	<b>4,415</b>	<b>1,294</b>	<b>1,398</b>
Average shares (m)*	3,995	4,003	4,006	4,007	4,003	4,016	4,025
<b>Adjusted EPS (p) *</b>	<b>21.1</b>	<b>28.2</b>	<b>37.4</b>	<b>23.6</b>	<b>110.3</b>	<b>32.3</b>	<b>34.7</b>

### **Impact of COVID-19 solutions**

<b>In £ millions</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>FY 2021</b>	<b>Q1 2022</b>	<b>Q2 2022</b>
Turnover (£m)	-	276	209	920	1,405	1,307	466
Adjusted Operating profit	(12)	233	97	214	532	194	58
Adjusted EPS (p) *	(0.2)	4.8	1.9	4.7	11.2	4.1	1.2

## Turnover for continuing operations

In £ millions	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
HIV	1,031	1,235	1,251	1,260	4,777	1,181	1,404
Oncology	110	119	128	132	489	127	154
Immuno-inflammation, respiratory and other	434	509	526	558	2,027	520	680
<b>Specialty Medicines excluding pandemic</b>	<b>1,575</b>	<b>1,863</b>	<b>1,905</b>	<b>1,950</b>	<b>7,293</b>	<b>1,828</b>	<b>2,238</b>
Pandemic	-	16	114	828	958	1,307	466
<b>Specialty Medicines</b>	<b>1,575</b>	<b>1,879</b>	<b>2,019</b>	<b>2,778</b>	<b>8,251</b>	<b>3,135</b>	<b>2,704</b>
Meningitis	190	225	352	194	961	212	235
Influenza	18	33	384	244	679	18	32
Shingles	327	295	502	597	1,721	698	731
Established vaccines	689	758	841	682	2,970	741	717
<b>Vaccines excluding pandemic</b>	<b>1,224</b>	<b>1,311</b>	<b>2,079</b>	<b>1,717</b>	<b>6,331</b>	<b>1,669</b>	<b>1,715</b>
Pandemic vaccines	-	260	95	92	447	-	-
<b>Vaccines</b>	<b>1,224</b>	<b>1,571</b>	<b>2,174</b>	<b>1,809</b>	<b>6,778</b>	<b>1,669</b>	<b>1,715</b>
Respiratory	1,492	1,514	1,492	1,550	6,048	1,535	1,649
Other General Medicines	864	874	942	939	3,619	851	861
<b>General Medicines</b>	<b>2,356</b>	<b>2,388</b>	<b>2,434</b>	<b>2,489</b>	<b>9,667</b>	<b>2,386</b>	<b>2,510</b>
<b>Commercial Operations</b>	<b>5,155</b>	<b>5,838</b>	<b>6,627</b>	<b>7,076</b>	<b>24,696</b>	<b>7,190</b>	<b>6,929</b>
Pandemic solutions	-	276	209	920	1,405	1,307	466
<b>Commercial Operations excluding pandemic</b>	<b>5,155</b>	<b>5,562</b>	<b>6,418</b>	<b>6,156</b>	<b>23,291</b>	<b>5,883</b>	<b>6,463</b>

To illustrate underlying performance, it is the Group's practice to discuss its results in terms of CER growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. All commentaries are presented in terms of CER growth unless otherwise stated.

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