

Q2 2015 results

29 July 2015

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.

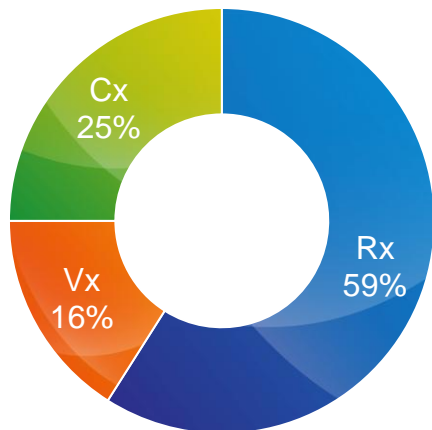
A number of adjusted measures are used to report the performance of our business. These measures are defined in our Q2 2015 earnings release and annual report on Form 20-F.

Balanced business, driven by new products and R&D innovation



Three world leading businesses*...

Positively exposed in more than **150 markets** to broad areas of healthcare demand and growth



... with new product growth...

Q2 highlights	Q2 sales
Rx: <i>Tivicay</i> and <i>Triumeq</i> continue to beat expectations	£294m
Vx: Newly acquired Meningitis vaccines <i>Bexsero</i> and <i>Menveo</i>	£73m
Cx: <i>Flonase</i> OTC launch	£45m

... and significant further potential from the pipeline

c.40 NMEs (drugs and vaccines) in Phase II/III clinical development, primarily focussed on HIV, Oncology, Vaccines, Cardiovascular, Immuno-Inflammation and Respiratory diseases

* 2014 sales restated to exclude Oncology and include 12 months of NVS sales.

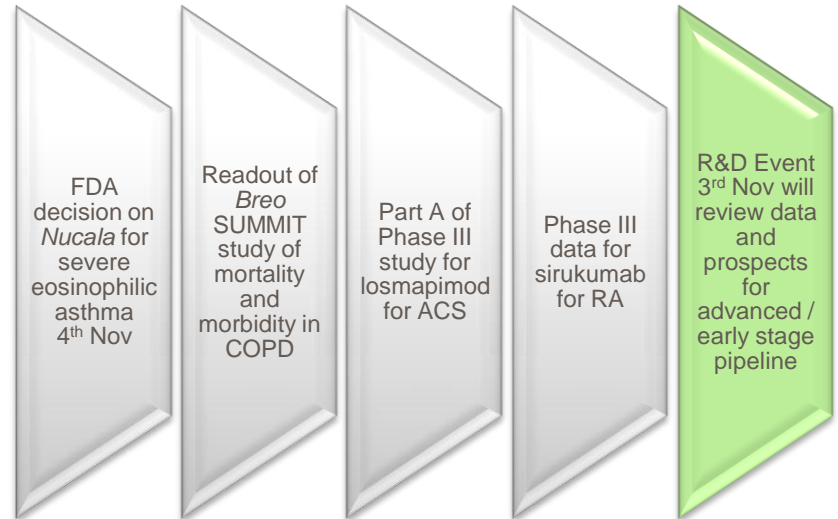
Sustained delivery of innovation in 2015



H1 regulatory progress includes



H2 milestones include



Earnings and returns to shareholders



2015 earnings guidance and 2016 outlook reiterated at second quarter

2015 Core EPS

Expected decline of high teens % *

2016 Core EPS

Expected to reach double digit % growth*

... and delivery of returns to shareholders

2015 Q2 dividend

19p per share declared

2015-2017 Dividends

Plan to pay annual ordinary dividend of 80p per share

* All growth rates CER. 2015 growth is compared to 95.4p core reported 2014 EPS. All expectations and targets regarding future performance should be read together with the "Cautionary statement regarding forward-looking statements" section of the Q2 Results Announcement

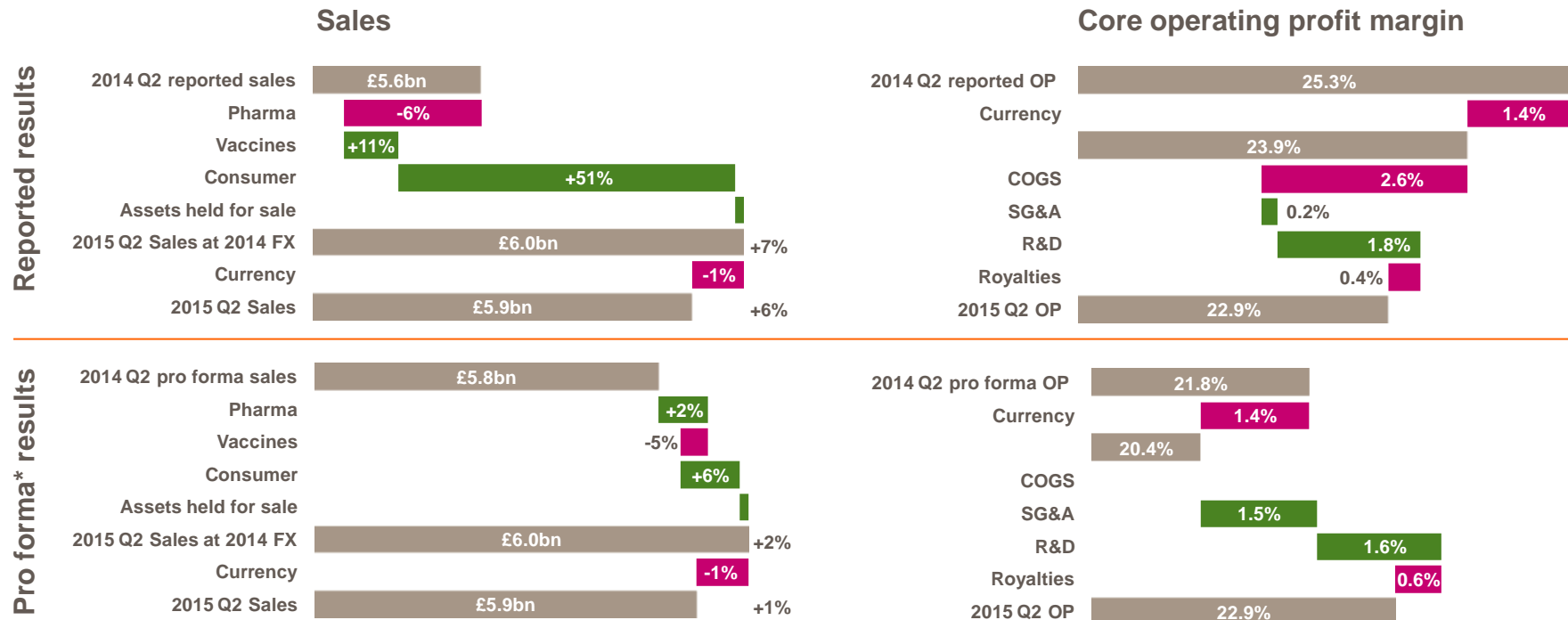
Headline results from Q2 and H1



Core results £m	Q2 2015 £m	Q2 Growth		H1 2015 £m	H1 Growth	
		CER%	£%		CER%	£%
Turnover	5,888	7	6	11,510	4	3
Core operating profit	1,349	3	(4)	2,654	(6)	(10)
Core EPS	17.3p	-	(9)	34.6p	(8)	(14)

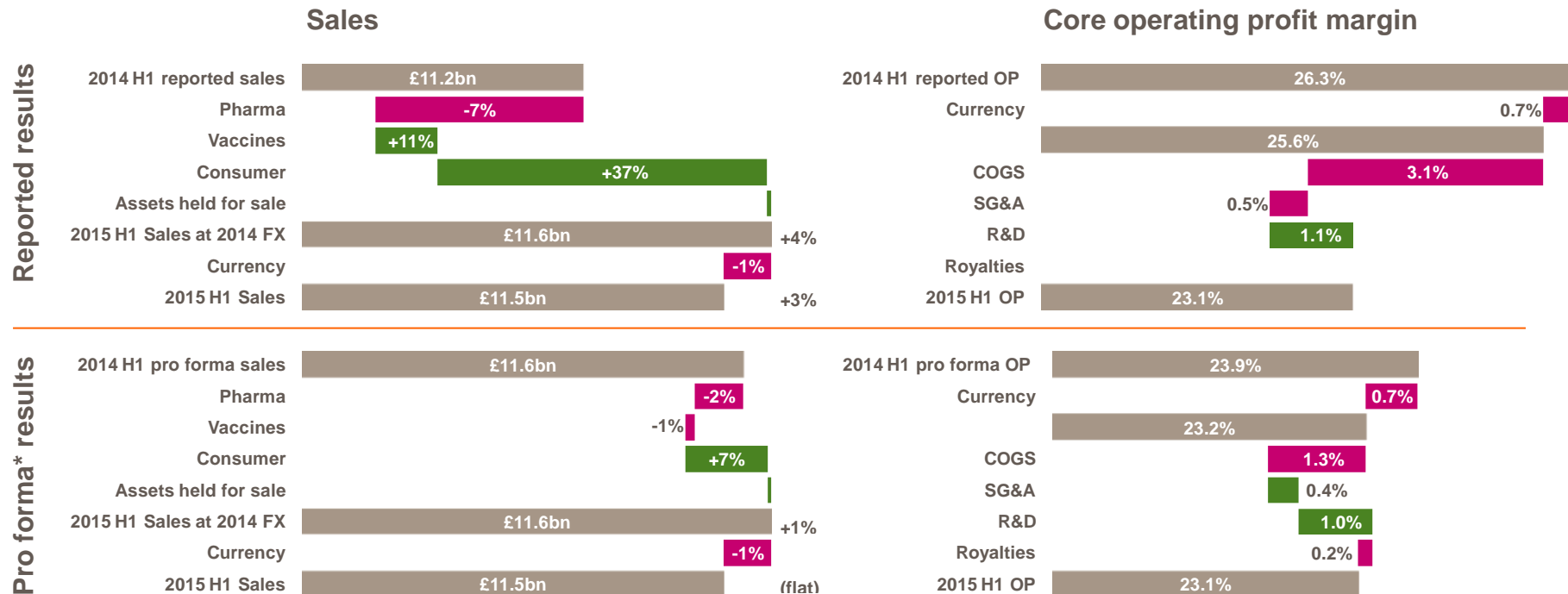
Total results £m	Q2 2015 £m	Q2 Growth		H1 2015 £m	H1 Growth	
		CER%	£%		CER%	£%
Turnover	5,888	7	6	11,510	4	3
Operating profit	335	(61)	(71)	9,551	>100	>100
EPS	3.1p	(63)	(77)	170.7p	>100	>100

Q2 2015 sales and core operating profit margin



* 2014 pro forma includes restatements to exclude Oncology and include NVS businesses from March 2014

H1 2015 sales and core operating profit margin

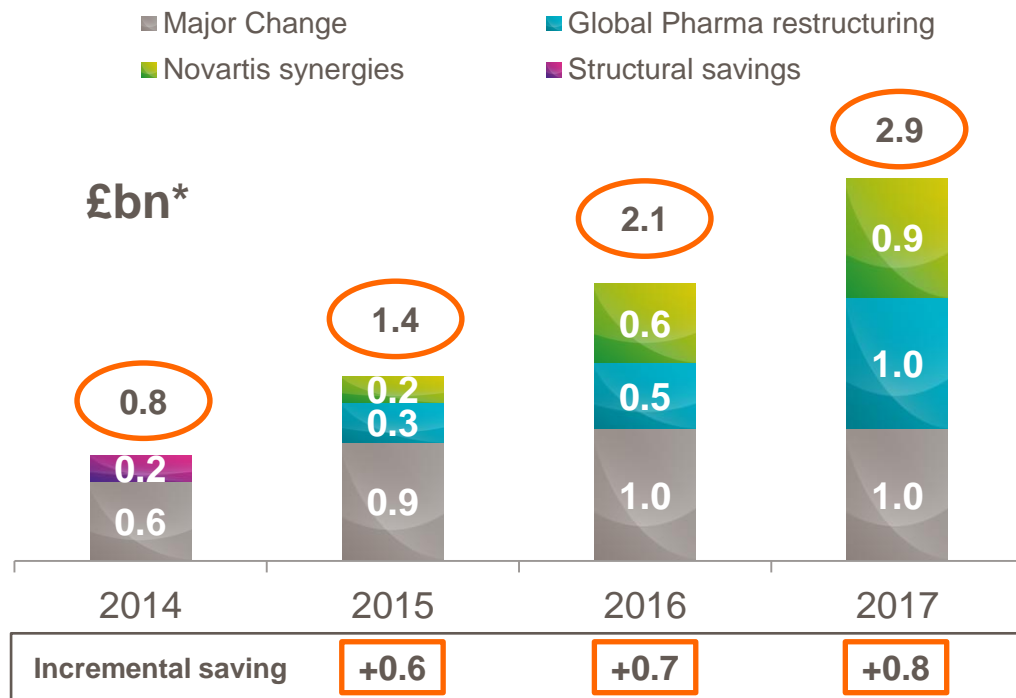


* 2014 pro forma includes restatements to exclude Oncology and include NVS businesses from March 2014

Restructuring on track



Total expected benefits from all three programmes ~£3bn



* Expected phasing of annual savings. All expectations and targets regarding future performance should be read together with the "Assumptions and cautionary statement regarding forward-looking statements" sections of the Q2 Results Announcements dated 29 July 2015.

Financial efficiency on track



Net finance costs

Sustained funding efficiency

Profits from associates

Not material post reduction of Aspen shares

Tax rate

No material change due to transaction:

→ Maintain expectation of 20% for 2015

→ Longer term subject to external environment

Minority interest

Step up reflecting Consumer and ViiV

Capital expenditure

Increased investment in 2015/16 - driving synergy & returns

2014 currency sales exposure*

US \$	32 %
Euro €	20 %
Japanese ¥	7 %
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 13% of Group revenues in 2014.

2015 core EPS ready reckoner

US \$

10 cents movement in average exchange rate for full year impacts EPS by approx. +/- 3%

Euro €

10 cents movement in average exchange rate for full year impacts EPS by approx. +/- 2%

Japanese ¥

10 Yen movement in average exchange rate for full year impacts EPS by approx. +/- 1%

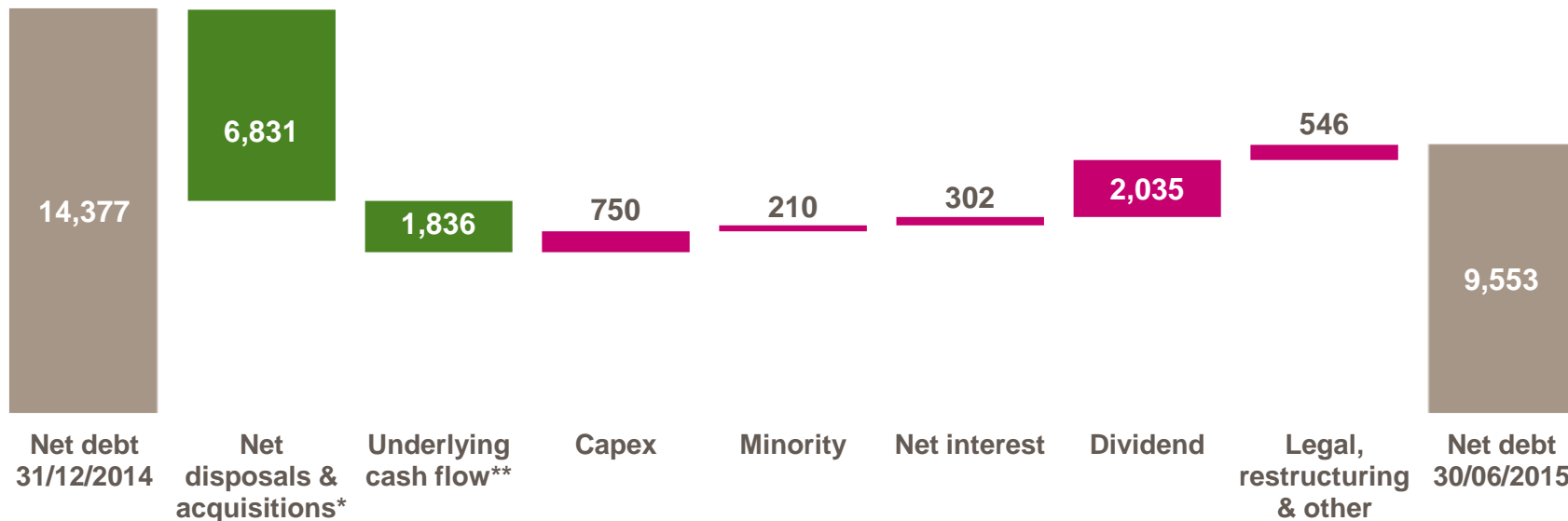
Period end exchange rates for June 2015 were £1/\$1.57, £1/€1.41 and £1/Yen 192

If exchange rates were to hold at the June 2015 period end rates for the rest of 2015, the estimated adverse impact on 2015 sterling turnover would be around 2%, and if there were no further exchange gains or losses, the estimated adverse impact on 2015 sterling core EPS would be around 6%.

Cash generation and net debt



£m



* Net disposals & acquisitions includes £511m tax payment on the sale of oncology products

** Underlying cash flow is net cash inflow from operating activities excluding: £236m paid to settle legal disputes, £511m tax payment on the sale of oncology products and £502 million of cash restructuring costs



Thank you