



Q4 2023 Pre-Announcement Aide Memoire

Issued: Tuesday 9th January 2024

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Please read the assumptions and cautionary statements regarding forward-looking statements set out on page 317 of the Annual Report 2022 and "Guidance, assumptions and cautionary statements" on page 52 of the Q3 2023 results release. Please read the definitions and reconciliations for non-IFRS measures on pages 19, 20, 22, 23 and 51 of the Q3 2023 results release and the annual report on Form 20-F for FY 2022.

Full-year 2023 Guidance and phasing considerations

Commentary from Q3 2023 stock-exchange announcement (pages 1-2)

GSK has upgraded its full-year 2023 guidance at constant exchange rates (CER), excluding any contributions from COVID-19 solutions:

- **Turnover** is expected to increase between 12 to 13% (from 8 to 10%)
- **Adjusted operating profit** is expected to increase between 13 to 15% (from 11 to 13%)
- **Adjusted earnings per share** is expected to increase between 17 to 20% (from 14 to 17%)

In the year to date, GSK has exceeded its full-year guidance expectations due to the continued strong and broad-based performance of its business, including successful launch of Arexvy in Q3 2023, which has also benefitted from initial channel inventory build.

Key information for Q4 2023

Foreign exchange

We expect that the negative impact of foreign exchange on FY 2023 sales will be around -2% (NB: This is in line with the previous expectation of -2% which was given at Q3).

As a result of the mix of currency movements relative to the combination of costs, we expect that the negative impact of foreign exchange on 2023 sterling adjusted operating profit will be more significant than the negative impact on sales.

Over the first nine months of 2023, the negative impact of currencies to adjusted operating profit was -3% compared with the -1% impact on sales.

Weighted average number of shares (WANS)

The basic WANS in FY 2023 was 4,052m (an increase of 0.6% relative to 4,026m FY 2022).

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

2023 COVID-19 solutions expectations

Commentary from Q3 2023 stock-exchange announcement (page 2):

GSK does not anticipate further significant COVID-19 pandemic-related sales or operating profit in 2023. Consequently, the company now expects its full-year 2023 turnover growth to be impacted by approximately 8%, with Adjusted Operating profit growth being reduced between 4% to 5% versus the prior year.

Impact of COVID-19 solutions on Q4 and FY 2022 Adjusted results

	Reported		Contribution from COVID-19 solutions		Reported excluding COVID-19 solutions	
	Q4 2022	FY 2022	Q4 2022	FY 2022	Q4 2022	FY 2022
Turnover (£m)	7,376	29,324	183	2,373	7,193	26,951
Adjusted operating profit (£m)	1,595	8,151	69	462	1,526	7,689
Adjusted EPS (p)	25.8	139.7	1.5	9.7	24.3	130.0

Note that in 2022 COVID-19 solutions sales totalled £2,373m comprising *Xevudy* (£2,309m) and pandemic vaccines (£64m). For *Xevudy*, GSK books all sales and pays a 72.5% profit share through COGS.

Sales (excluding COVID-19 solutions)

2023 full-year guidance: Turnover is expected to increase between 12 to 13% at CER. [Q3 YTD +13%]

Vaccines

2023 Full-year outlook: Sales are expected to increase around 20% at CER [Q3 YTD +21%]

Shingrix

2023 Full-year outlook: *Shingrix* to increase mid-teens % [Q3 YTD +15%]

Commentary at Q3 2023: In addition to the US, *Shingrix* is available in 38 additional countries, with less than 3% penetration in most markets, and we continue to have unconstrained supply.

In the US, we have reached the most motivated consumers, with 33% penetration of the more than 120 million adults recommended to receive *Shingrix*. We remain encouraged by the growth in retail, which was up 4% in the quarter, and are investing in strategic initiatives to actively target consumers and HCPs to access the next tranche of customers.

Considerations for 2024: In October, we announced a deal with Zhifei to co-promote *Shingrix* in China [GSK and Zhifei announce exclusive strategic vaccine partnership in China | GSK](#). Subject to the terms of the agreement, Zhifei will purchase agreed volumes of *Shingrix* with a value to GSK of £2.5 billion in total over the initial three-year period.

Under the agreement there is an agreed procurement minimum of ~£0.4bn in 2024 [2023 sales ~£0.2bn]

Arexvy

2023 Full-year outlook: *Arexvy* sales to be between 0.9 and 1 billion pounds [Q3 YTD £709m]

Commentary at Q3 2023: We remain confident in our peak sales being greater than £3bn. For the full year, we expect sales to be between 0.9 and 1 billion pounds, based on an analogue of flu vaccination seasonality. However, there continue to be unknown factors, including annual vaccination patterns, duration of protection, and what revaccination recommendations might be.

RSV activity in the US is tracked by the CDC. [RSV Surveillance Data - NREVSS | CDC](#)

Meningitis

2023 Full-year outlook: Meningitis to increase mid-teens % [Q3 YTD +11%]

Influenza

2023 Full-year outlook: Flu to decrease around 25 to 30% [Q3 YTD -7%]

In July we issued the following press release: [GSK is first to ship influenza vaccine doses for the 2023-24 flu season in US | GSK US](#). In it we note that we expect to ship >40m doses for 2023/24 season (vs >50m sold in the prior season.)

Seasonal Influenza activity in the US is tracked by the CDC. For the US Weekly Influenza Surveillance Report you can visit: [Weekly U.S. Influenza Surveillance Report | CDC](#)



Established Vaccines

2023 Full-year outlook: Established Vaccines to increase high single-digit %. [Q3 YTD +6%]

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>

Specialty Medicines

2023 Full-year outlook:

Sales expected to increase low double-digit % excluding *Xevudy* [Q3 YTD +14%]

HIV

2023 Full-year outlook: sales expected to increase around 10% [Q3 YTD +14%]

Comment on Q4 2022 comparator: HIV sales were £1,678 million with growth up 33% at AER, 21% at CER in the quarter. The performance benefited from strong patient demand for new HIV products which contributed approximately half of the growth. US year-end inventory build contributed one third of the growth with favourable US pricing and International tender phasing delivering the remainder.

CER growth	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023
US	+13%	+13%	+11%	+28%	+17%	+20%	+16%	+15%
Global	+14%	+7%	+7%	+21%	+12%	+15%	+12%	+15%

Respiratory/Immunology and Other [Q3 YTD sales +15%]

This therapy area includes sales of *Nucala* and *Benlysta*, and also sales of *Duvroq* (Daprodustat) in Japan.

Getting ahead of Respiratory Diseases with GSK management: GSK management held a virtual event on 30 November 2023. The event featured a presentation and an interactive Q&A. [Speeches and presentations | GSK](#)

Oncology

2023 Full-year outlook: sales expected to increase low single-digit % [Q3 YTD +9%]

Q3 2023 commentary: Oncology demonstrated strong growth in Q3 23 driven by *Jemperli* and *Zejula* performance offset by the impact of *Blenrep* withdrawal from the US market in November 2022. GSK launched *Ojjaara* late in the quarter, with approval received for use in myelofibrosis patients with anaemia regardless of prior myelofibrosis therapy.

General Medicines

2023 Full-year outlook: Sales expected to increase low to mid-single-digit % [Q3 YTD +5%]

2024 Considerations

Q3 2023 commentary re AMP Cap: As I said at Q2, the exposure is US\$700 million, but of course we have had notice so we have authorised generics in place, we have done some withdrawals that we have announced, we have done WAC adjustment with *Lamictal*. The other products impacted of course are *Advair* and *Flovent* and *Serevent*. I think the impact is going to be sizeable. We have started to reflect that in our adjustments now but we need to judge to see what level of returns ultimately come back. There is also some variables in terms of the percentage of switch to authorised generics but we do have competitive generics, for example, with *Flovent*, so they may pick up more volume and make it hard to forecast. Long story short, we have been prepared for this and we have been working on it for a couple of years and I think we are in the strongest position possible, but there will be a material impact on that



\$700 million and that is why it is reflected in the outlook for General Medicines next year. (Commentary from Luke Miels on Q3 2023 Investors and Analysts call)

On 1 January 2024, GSK cut the list prices by up to 70% on Advair, up to 48% on Lamictal and 10% for Valtrex. Effective January 1, GSK discontinued manufacturing branded Flovent HFA (all strengths) and branded Flovent Diskus (all strengths) for the US market. We launched an authorized generic for Flovent HFA (inhalation aerosol) in May 2022 and for Flovent Diskus (inhalation powder) in October 2023.

Financials (adjusted)

Operating profit (excluding COVID-19 solutions).

2023 Full-year guidance: Adjusted operating profit is expected to increase between 13 to 15% [Q3 YTD +14%]

Q3 2023 commentary on guidance: The increase in Adjusted Operating profit reflects both higher sales and royalty income partially offset by the cost of sales which continues to be expected to increase broadly in line with turnover.

Q3 2023 commentary on COVID-19 solutions impact and phasing for 2023: The adverse impact of lower sales of COVID-19 solutions was seven percentage points of growth in the quarter on Adjusted operating profit. GSK does not anticipate further significant COVID-19 pandemic-related sales or operating profit in 2023. Consequently, the company now expects its full-year 2023 turnover growth to be impacted by approximately 8%, with Adjusted Operating profit growth being reduced between 4% to 5% versus the prior year.

2024 Considerations

- SG&A growth will step down and will be accretive to profits from 2024.
- Our Gardasil royalty stream will cease at the end of 2023. In 2023 we have guided to royalty income of ~£0.9bn of which Gardasil should contribute ~£0.5bn

Cost of goods sold

2023 Full-year outlook: COGS: to increase at a rate broadly aligned to turnover (ex C-19 solutions) Note that in 2022 COGS was negatively impacted by the high level of Xevudy sales (£2,309m) For Xevudy, GSK books all sales and pays a 72.5% profit share through COGS.

SG&A

2023 Full-year outlook: SG&A is anticipated to increase at a rate broadly aligned to turnover, reflecting new launches and targeted investment for growth.

2024 Consideration (Commentary from Julie Brown on Q3 2023 Investors and Analysts call)

It is important to say that following a period of investment, we now expect to move to a period of delivering returns on that investment and building on a great foundation of performance. In this new cycle, SG&A growth will step down and will be accretive to profits from 2024.

R&D

2023 Full-year outlook: R&D is expected to continue to increase at a rate slightly below turnover.

Royalty income

2023 Full-year outlook: We now expect Royalties to be around £900 million.

In £ millions	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023
Gardasil	90	90	167	99	446	71	132	189
Other	48	69	88	107	312	109	94	123
Total	138	159	255	206	758	180	226	312

2024 Consideration: Our Gardasil royalty stream will cease at the end of 2023. Gardasil royalties were £446m in 2022 and £392m in Q3 YTD 2023 (vs. £347m in Q3 YTD 2022).

The two largest remaining royalty streams are Biktarvy (3% royalty on US sales until October 2027) and Kesimpta (tiered royalties up to 12%)

Associates

2023 Full-year outlook: Expected to be negligible.

Net Interest payable

2023 Full-year outlook: between £650m to £700m

Tax

2023 Full-year outlook: between 15% to 15.5% [2023 Q3 YTD 15.6%]

2024 consideration: The introduction of the UK's new multinational top-up tax (OECD Pillar 2) will have no impact on our 2023 tax rate. OECD Pillar 2 rules are complex and, whilst enacted in the UK, are still in process of being legislated across some of the key jurisdictions in which we operate. The new rules will restrict our ability to benefit from innovation incentives, such as the UK and Belgian Patent Box regimes. Consequently, **we are expecting upward pressure on the ETR of around a couple of percent from 2024.** We are updating our ETR modelling as legislation is enacted around the world and will provide further guidance on 2024 as usual in January 2024.

Adjusted Tax rate	Q1	Q2	Q3	Q4	Full year
2022	16.5%	15.2%	16.6%	12.6%	15.5%
2023	15.8%	15.6%	15.4%		Between 15% and 15.5%

Non-Controlling interests

2023 Full-year outlook: ViiV is main ongoing NCI, with Q1 2022 'Other' NCI not repeating.

In £ millions	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023
ViiV	113	151	139	148	551	120	136	156
Other	48	(1)	(4)	1	44	1	(6)	13
Total	161	150	135	149	595	121	130	169

Adjusted EPS

2023 Full-year outlook: Expected to increase between 17% to 20%, excluding COVID-19 solutions. [2023 Q3 YTD +19%]

Dividend

In the Q2 Investors and Analysts call Julie Brown (CFO) made the following comments:

"The returns to shareholders, our primary mechanism for cash distributions, will remain through the delivery of a progressive dividend and last year the payout ratio of 40-60% over the cycle was established. We expect to maintain dividends within this range as earnings increase over time."

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2021	23.75	23.75	23.75	28.75	100.00
2022	17.50	16.25	13.75	13.75	61.25
2023 - expected	14.00	14.00	14.00		56.5 ¹

¹The actual dividend amount is determined by the Board of Directors with the FY 2023 results.



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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