

# Introducing GSK Consumer Healthcare

Exane BNPP European  
CEO Conference



10 June 2021

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- A number of adjusted measures are used to report the performance of our business, which are non-IFRS measures. These measures are defined and reconciliations to the nearest IFRS measure are available in the GSK first quarter 2021 earnings release and Annual Report on Form 20-F for FY 2020.
- All expectations and targets regarding future performance and the dividend should be read together with the section "Outlook, assumptions and cautionary statements" on pages 42 and 43 of the GSK first quarter 2021 earnings release.

# Brian McNamara

## CEO, GSK Consumer Healthcare

**2016-2021**

**CEO, GSK Consumer Healthcare**  
Member of GSK Corporate Executive Team

**2015**

Joined GSK following joint venture with Novartis

**2004-2015**

**Head of Novartis OTC**  
Member Novartis Corporate Executive Committee  
Joined Novartis to Head North American OTC

**1988-2004**

Proctor and Gamble, Marketing/Brand Management  
and Supply Chain



# Sector more relevant than ever

Supported by favourable underlying fundamentals



Increased  
consumer  
focus on health  
and wellness



Emerging  
middle class



Ageing  
population



Increasing  
pressure on  
public  
healthcare  
systems



Unmet  
consumer  
needs

# Global Consumer Healthcare a £130+ billion market

GSK the market leader, in a market with annual growth of 3.6%<sup>1</sup>

	Oral Care	Vitamins, Minerals, & Supplements	Over-the-Counter Medicines		
			Pain Relief	Resp. Health	Digestive Health
<b>Market CAGR (%) 2016-2020</b>	3.1%	4.8%	4.0%	2.0%	3.6%
<b>Expected Medium-Term Growth (%)</b>	3-4%	4-5%	2-3%		
<b>Primary Routes to Market</b>	<ul style="list-style-type: none"> <li>• Mass retail</li> <li>• eCommerce</li> </ul>		<ul style="list-style-type: none"> <li>• Pharmacy</li> <li>• Mass market including US/UK and where allowed given regulation</li> </ul>		
<b>Regulatory Environment</b>	<ul style="list-style-type: none"> <li>• Generally less regulated</li> </ul>		<ul style="list-style-type: none"> <li>• Highly regulated production and manufacturing requirements</li> <li>• Stringent quality checks</li> <li>• Non medicated similar to FMCG<sup>2</sup></li> </ul>		
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Consumer driven</li> <li>• Fast paced</li> <li>• Science is a differentiator</li> </ul>		<ul style="list-style-type: none"> <li>• Heavily scientific especially Rx to OTC switch</li> <li>• Longer timelines</li> </ul>		

<sup>1</sup> CAGR 2016-2020 Data is N. Hall for OTC and VMS; Euromonitor, Nielsen and IRI for Oral Care. 2020 Manufacturers Sale Prices (est. consumption at Manufacturers price, no gross to net adjustments, etc). Growth rate is based on an aggregate of these sources

<sup>2</sup> Fast moving consumer goods

<sup>3</sup> Transfer of proven prescription drugs to non-prescription, OTC status

# GSK Consumer Healthcare in a snapshot

#1

Overall CH  
player globally

£10bn<sup>1</sup>

Annual 2020  
Net Sales

+4%<sup>2</sup>

Net sales growth  
2020

22.1%<sup>3</sup>

2020 Operating  
Margin

5

Global categories  
with #1 position<sup>4</sup>

20

GSK CH brands  
>£100M sales

~100

Markets served

23k<sup>5</sup>

Employees  
globally

9 Power  
Brands



parodontax



Advil



Otrivin



1 Sales including Brands divested / under review, £9.5bn Continuing sales

2 CER Proforma excluding brands divested/under review

3 Consumer Healthcare operating margin

4 Therapeutic Oral Health, Pain Relief, Respiratory, Vitamins, Minerals, and Supplements and Digestive Health

5 Excludes certain shared general and administration functions currently shared with GSK



**We are different**

A 100% focused global leader in Consumer Healthcare

# Our purpose:

To deliver better everyday  
health with humanity





# A unique competitive advantage

Combining trusted science and human understanding



- Strong scientific capabilities
- Clinical trials and studies experience
- Best-in-class regulatory capabilities
- Trusted relationships with health care professionals
- Leading R&D capabilities and investment

- Addressing real consumer health needs
- Educating on better health solutions
- Drive consumer experience to maximise satisfaction with trusted brands
- Ongoing consumer engagement
- Inspiring innovations to excite and make healthcare more enjoyable

# Focused Strategy to drive sustainable growth and superior value

## Sustainable growth

- Drive focused Portfolio
- Building brilliant brands



## Superior value creation

- Strong cost and cash control
- Strategic disciplined capital allocation and investment

## Guided by our purpose

- ESG focus tackling barriers to everyday health
- Purpose and performance driven organisation and culture

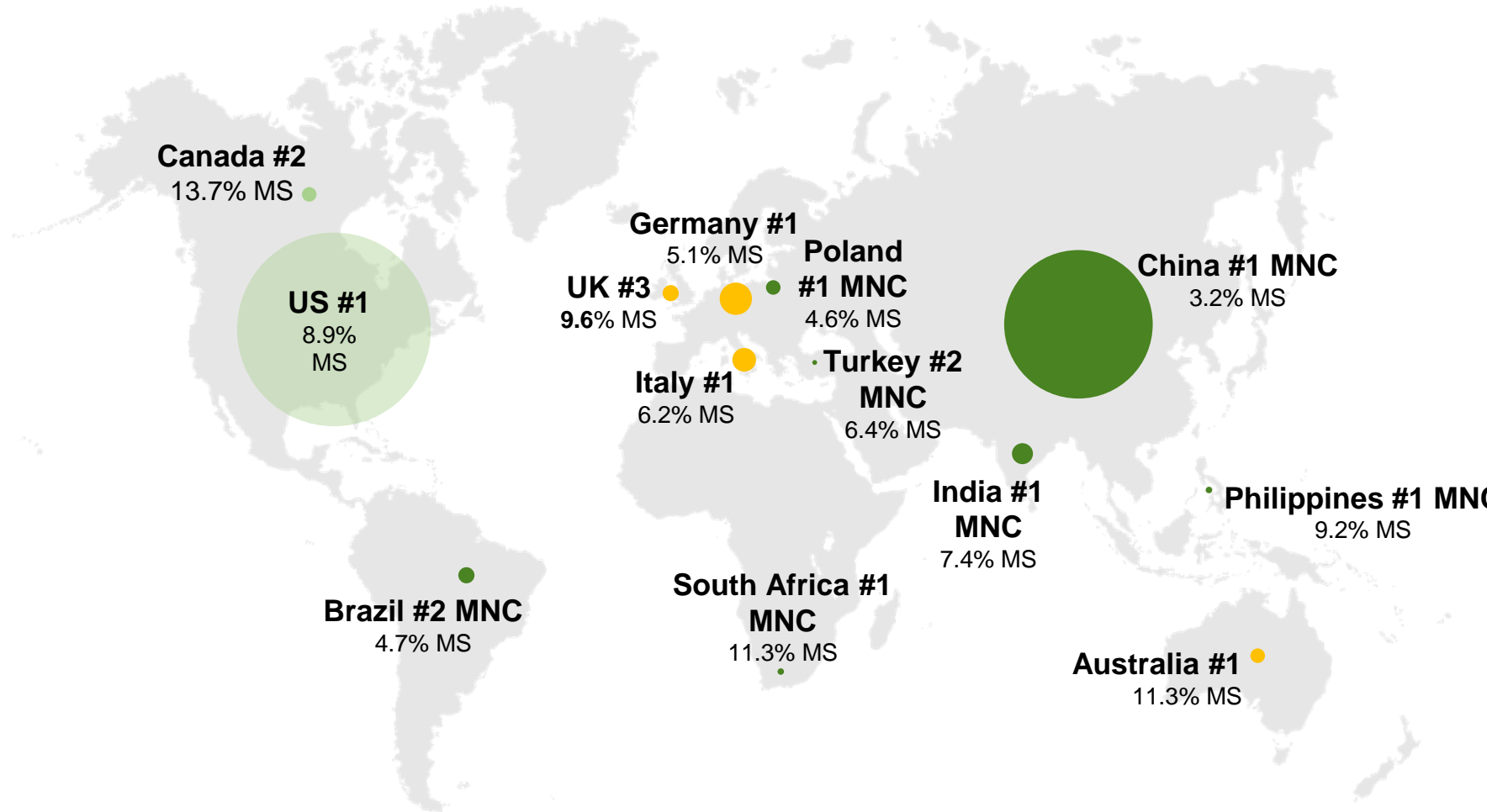
# World class portfolio with category-leading positions

Therapeutic Oral Health	Pain Relief	Vitamins, Minerals and Supplements	Respiratory
  	    	  	   
#1 Therapeutic Oral Health (#3 overall Oral Health)	#1	#1	#1

Top 4 categories shown, additionally #1 position in Digestive Health

<sup>1</sup> All categories ex Therapeutic Oral Health based on Nicholas Hall© DB6 Consumer Healthcare Database FY2020, Therapeutic Oral Health is based on Nielsen and IRI data

# Global scale, well positioned in key markets



- Industry's strongest scale and growth footprint in OTC and VMS
- #1 or #2 in 70% of market globally, these represent 76% of global market growth
- Good balance of growth and stability, with Emerging Markets c. 1/3 of sales<sup>1</sup>

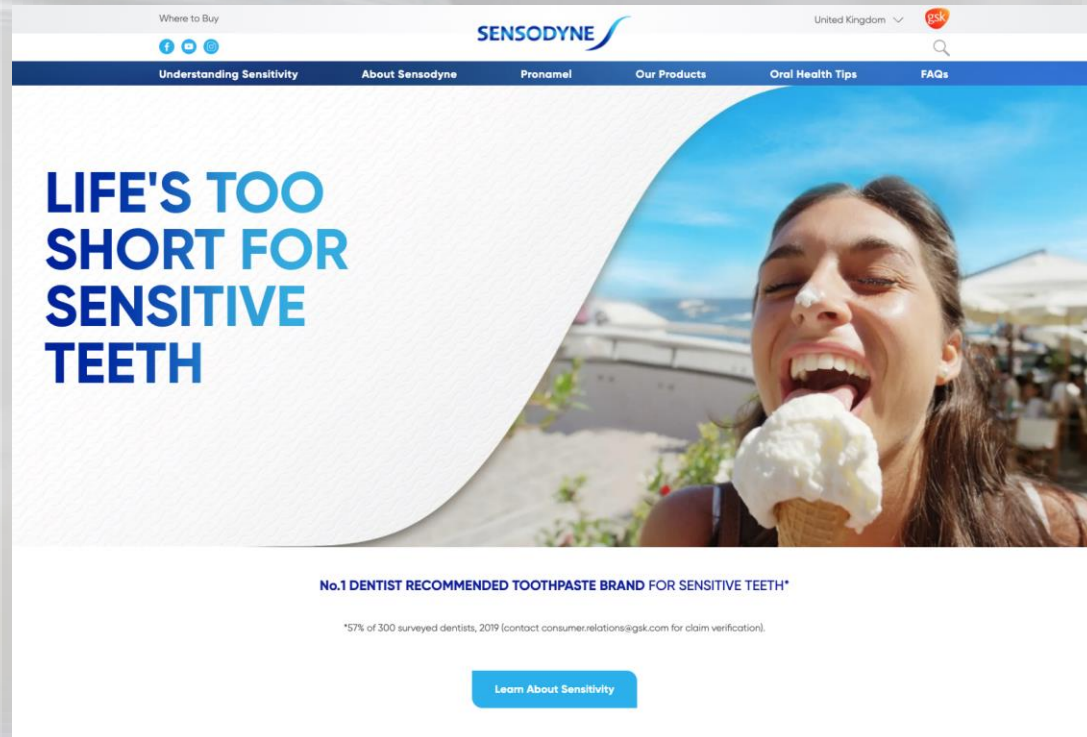
<sup>1</sup> Consumer Healthcare proforma sales excluding brands divested/under review FY20

**Note:** Brazil #4 overall, South Africa, #2 overall, Poland, #4 overall, Philippines, #2 overall, Turkey #3 overall; China #2 overall; India #2 overall

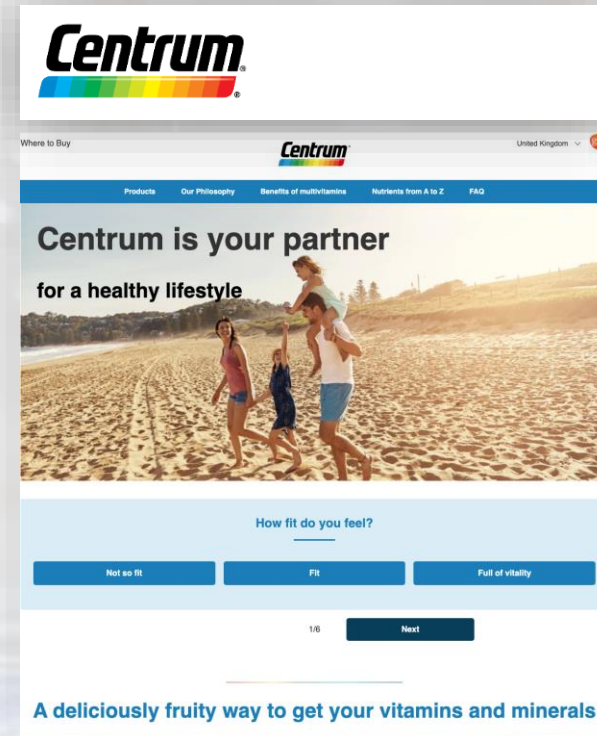
**Key:** Bubble size approximates market size ● <3% growth 2016-2020 CAGR, ● 3-5% growth, ● >=5% growth

**Source:** Nicholas Hall DB6 CH Database 2020, MSP Data. Standard N. Hall market definition.

# Brand-building: Sensodyne and Centrum



- #1 sensitivity
- #1 enamel protection



- #1 selling multivitamin worldwide
- #1 selling multivitamin in >20 markets

# Successfully innovating to drive top-line growth



## Diverse product innovations

- Efficacy or speed of delivery
- Packaging or format
- Sustainability
- Local relevance
- Brands entering new markets



## Market leader in Rx to OTC switch

- Clinical studies and regulatory experience in house
- Extensive R&D capabilities to support

# Innovation: Voltaren and Pronamel

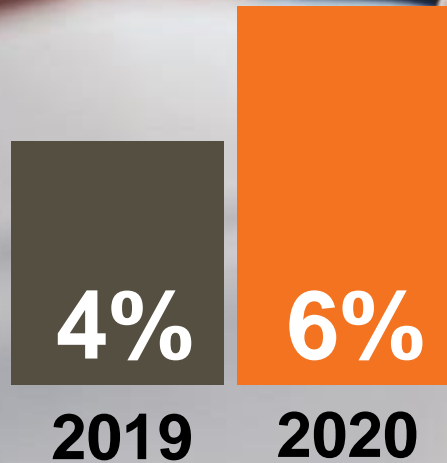


- Voltaren in OTC format without prescription
- FY20 c.80% of US Topical Pain relief category growth



- Launched Q1 2021 in US, Japan & Germany
- Early days, encouraging results to date

## Growing GSK digital commerce sales



## Investment in digital driving growth and increasing consumer connectivity

Investment in digital driving share gain

E-commerce sales FY20 6% of sales

U.S. - e-commerce >10% of sales<sup>1</sup>

China - e-commerce driving Caltrate outperformance

Digital media spend c. 50% global spend

Leveraging consumer insight data

<sup>1</sup> US e-commerce Q1 2021



A woman with dark hair pulled back, wearing a light pink button-down shirt, stands in a pharmacy aisle. She is smiling slightly and looking towards the camera. The background shows shelves stocked with various pharmaceutical products.


**Winning route to  
market capabilities**

**Leading presence in mass retail**

**Strong and effective pharmacy coverage**

**Extensive expert network**

**Extended coverage through distributors**



# ESG integral to all we do and essential to deliver on our purpose

Aligned with our purpose to deliver everyday health with humanity

Ambitious commitments in 2025 and 2030 for a healthy planet

**Carbon:** Carbon Net Zero Scope 1 and 2, 100% renewable electricity, select brands Carbon Net Zero Scope 3

**Plastics and Packaging:** 100% packaging recyclable or reusable, quality and safety permitting

**Trusted Ingredients, Sustainably Sourced:** All materials sustainably sourced and deforestation free

Strong corporate governance development ongoing

Committed to the right organisation focused on operating responsibly

# Financial performance summary and outlook

## FY2020 Results

Revenue growth for FY20 +4%<sup>1</sup>

7 of the 9 power brands gained or held share, increased share overall

Operating margin 22.1% up 30bps CER

Completed £1.1bn divestment program

## FY22 Guidance shared by management in 2018

Margin mid- to high-20s% by 2022<sup>2</sup>

Investment grade balance sheet

Leverage net debt/Adjusted EBITDA  
3.5-4x at point of separation

Target payout ratio in the range 30-50%  
Adjusted earnings

<sup>1</sup> CER Proforma excluding brands divested / under review

<sup>2</sup> At 2017 constant exchange rates

# GSK Consumer Healthcare separation from GSK expected mid-2022

- **2015** JV completed with Novartis
- **2018** Acquisition of Novartis stake in CH JV
- **2018** Pfizer JV announced and guided to GSK Consumer Healthcare separation 3 years from transaction closure (~ August 2022)
- **April 2021** GSK Q1 2021 results confirmed separation firmly on track
- **June 2021** GSK Investor Update will provide detail on separation timing and approach



## Key messages

**First 100% Consumer Healthcare-listed company in 2022**

**Unique competitive advantage: Trusted science and human understanding in an increasingly relevant sector**

**Clear strategy to deliver sustainable growth and superior value creation, underpinned by purpose**

**Focused portfolio of category-leading brands combined with excellent capabilities and global scale ideally position us**

**Running a responsible business integral to all we do**

**Financials on track and committed to sustainable growth**



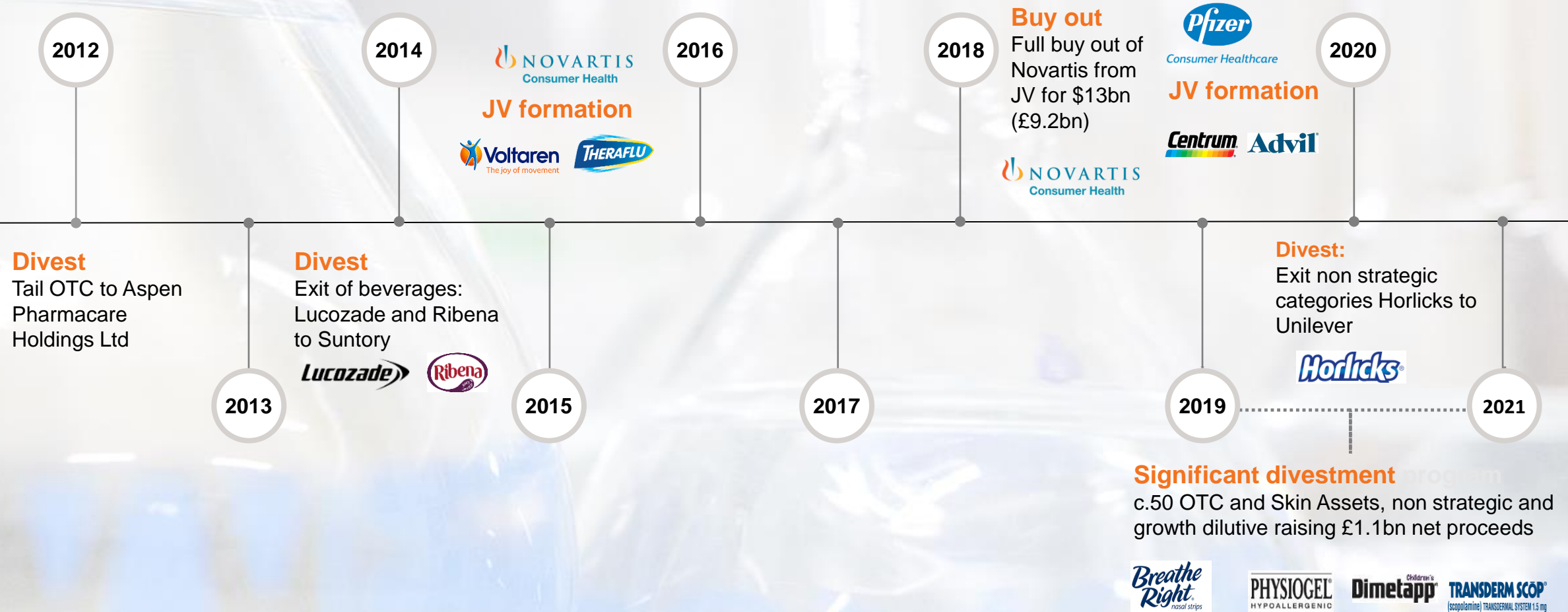
**Thank you**

# Appendix



# Formed through deliberate strategic divestment and targeted M&A

## Building a focused consumer healthcare portfolio



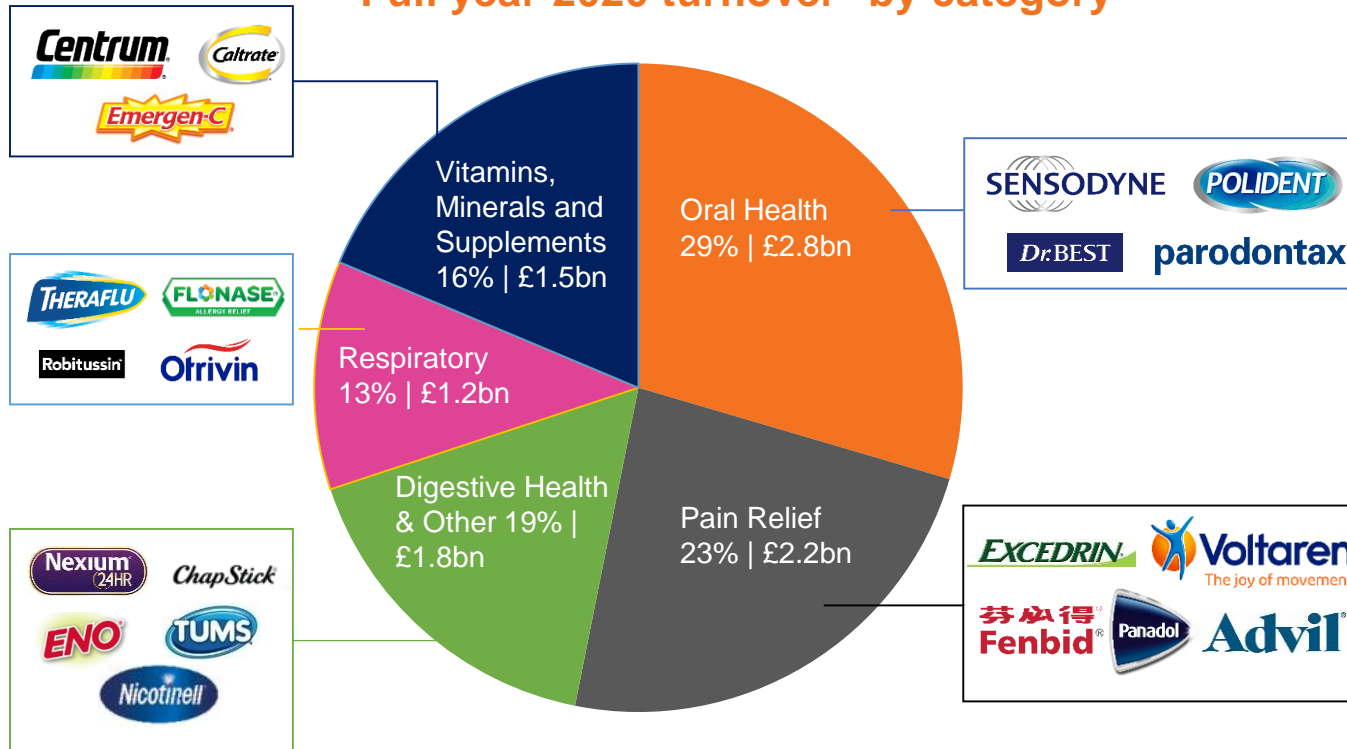
<sup>1</sup> Digestive Health & Other includes Smokers Health (#1 position), 7 OTC skin brands, Chapstick and smaller tail brands



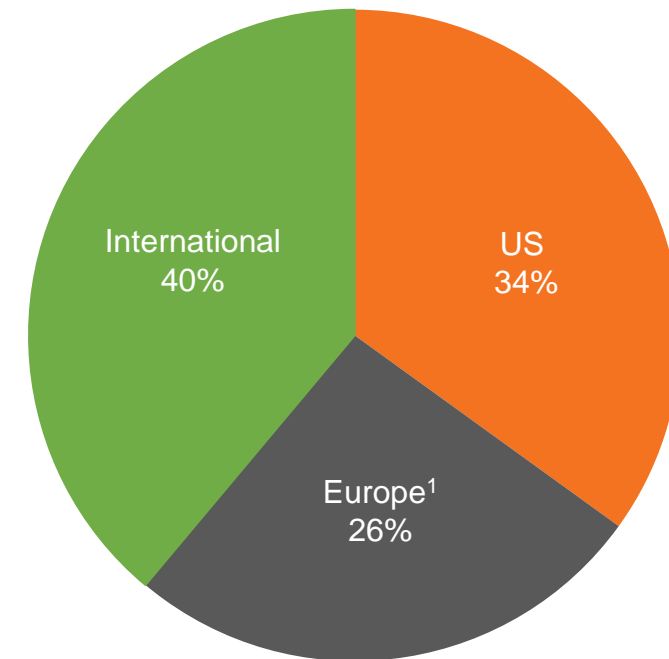
# Consumer Healthcare overview of portfolio and geographic split

Balanced growth and stability

Full year 2020 turnover<sup>2</sup> by category



Full year 2020 turnover<sup>3</sup> by geography



Focused portfolio with share and scale to drive sustainable outperformance

Good balance of growth and stability, c. 1/3 Emerging Markets

<sup>1</sup> Current GSK geographic reporting split

<sup>2</sup> Proforma excluding brands divested / under review

<sup>3</sup> Revenue including brands divested / under review