

# Q1 2019 Results

1 May 2019



# Cautionary statement regarding forward-looking statements

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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, dividend payments and financial results.

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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 presentation, 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 FY 2018. 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 presentation.

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 our first quarter 2019 earnings release and Annual Report on Form 20-F for FY 2018.

All expectations and targets regarding future performance and the dividend should be read together with "Assumptions related to 2019 guidance and 2016-2020 outlook" on page 36 of our first quarter 2019 earnings release.

# Agenda



Q1 2019 progress

Emma Walmsley,  
Chief Executive Officer



Q1 2019 financial results

Iain Mackay,  
Chief Financial Officer



Pharma update

Luke Miels,  
President, Global Pharmaceuticals



David Redfern,  
Chief Strategy Officer, Chairman of ViiV Healthcare



Summary

Emma Walmsley,  
Chief Executive Officer



## Q&A:

Dr Hal Barron, Chief Scientific Officer and President, R&D

Brian McNamara, Chief Executive Officer, GSK Consumer Healthcare

Roger Connor, President, Global Vaccines

# Emma Walmsley, CEO

1 May 2019



# Strong start to an important year of execution



## Pharmaceuticals +2% CER

New Respiratory products +25%\*  
HIV sales +4%; dolutegravir +7%  
Benlysta +15%  
Zejula sales of £42m\*\*

## Vaccines +20% CER

Shingrix sales of £357m, > +100%  
Meningitis sales +18%

## Consumer Healthcare +1% CER

Oral health sales +4%;  
Wellness sales -1%

**Group sales growth  
of +5%**

**1pp improvement  
in Group Adjusted  
operating margin**

**Total EPS of  
16.8p, +42%;  
Adjusted EPS of  
30.1p, +18%**

**FCF £165 million**

All growth rates and margin changes at CER.

The definitions for non-IFRS measures are set out on pages 7,8 and 36 of our First Quarter 2019 earnings release, and reconciliations are set out on pages 18 and 35.

\* New Respiratory includes the Ellipta portfolio and Nucala

\*\* Zejula sales consolidated from 22 January 2019

# Q1 progress made on our 3 priorities



## 2019 focus

### Innovation

- Strengthen pipeline
- Execution of launches

### Performance

- Driving growth and operating performance
- Plan for the integration of Pfizer consumer health business

### Trust

- Regular updates on innovation
- Global health focused for impact
- Modern employer



Continued strong performance with new product launches



US approval for Dovato in HIV



US submission for CAB+RPV in HIV



Closed Tesaro acquisition and partnership with Merck KGaA<sup>1</sup>



Delivered growth and operating performance



On track to complete JV with Pfizer 2H 2019<sup>2</sup>



Integration planning underway; new leadership team announced



Focused Global Health approach embedding

Culture change

<sup>1</sup> Merck KGaA, Darmstadt, Germany

<sup>2</sup> Subject to shareholder and regulatory approvals

# Q1 2019 financial results

Iain Mackay, CFO



# Headline results



	Q1 2019	Reported growth %	
	£m	AER	CER
Turnover	<b>7,661</b>	6	5
Total operating profit	<b>1,428</b>	15	10
Total EPS	<b>16.8p</b>	50	42
Adjusted operating profit	<b>2,163</b>	12	9
Adjusted EPS	<b>30.1p</b>	22	18
Free cash flow	<b>165</b>	(50)	n/a



# Results reconciliation



Q1 2019

	<b>Total results</b>	Intangible amortisation	Intangible impairment	Major restructuring	Transaction related	Disposals, significant legal and other	<b>Adjusted results</b>
Turnover (£bn)	<b>7.7</b>						<b>7.7</b>
Operating profit (£bn)	<b>1.4</b>	0.2	<0.1	0.4	(0.1)	0.2	<b>2.2</b>
EPS (pence)	<b>16.8</b>	3.1	0.3	6.5	(0.7)	4.1	<b>30.1</b>
Q1 18 EPS (pence)	<b>11.2</b>	2.4	0.5	1.0	9.0	0.5	<b>24.6</b>

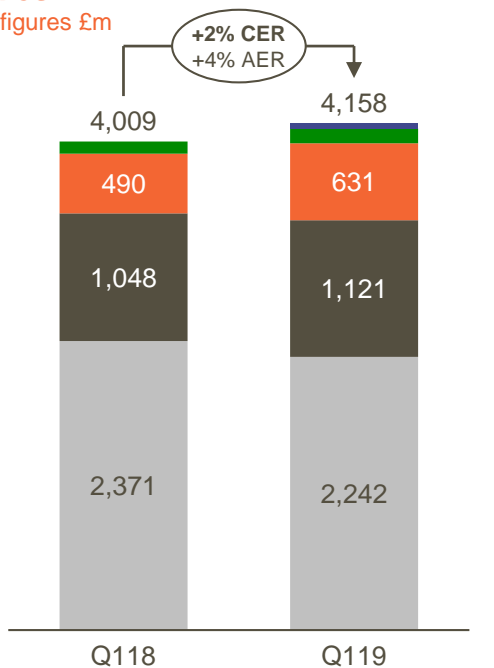
# Pharmaceuticals

Q1 2019



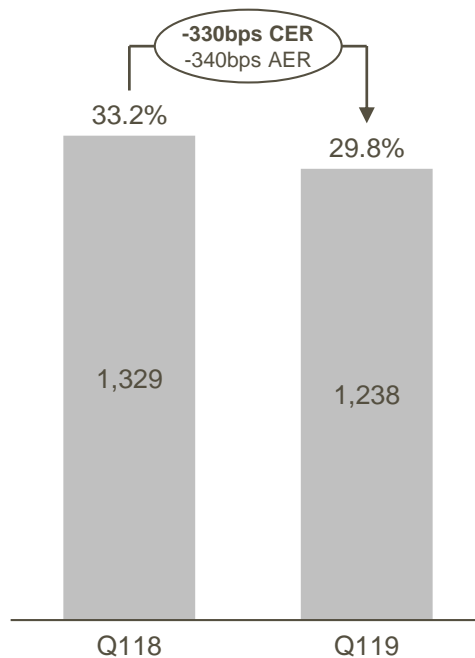
## Sales

All figures £m



■ Oncology    ■ Respiratory    ■ Established  
■ II            ■ HIV

## Operating margin



## Sales

- ⊕ New launches: Trelegy, Nucala, Juluca
- ⊕ Advair AG & Ventolin AG stocking
- ⊕ Initial sales from Zejula
- ⊖ Advair genericization impact
- ⊖ Established and older brands decline

## Operating profit

- ⊕ Tight control of costs
- ⊖ Impact of generic Advair
- ⊖ Investment in new products
- ⊖ Addition of Tesaro cost base

AG = Authorised Generic

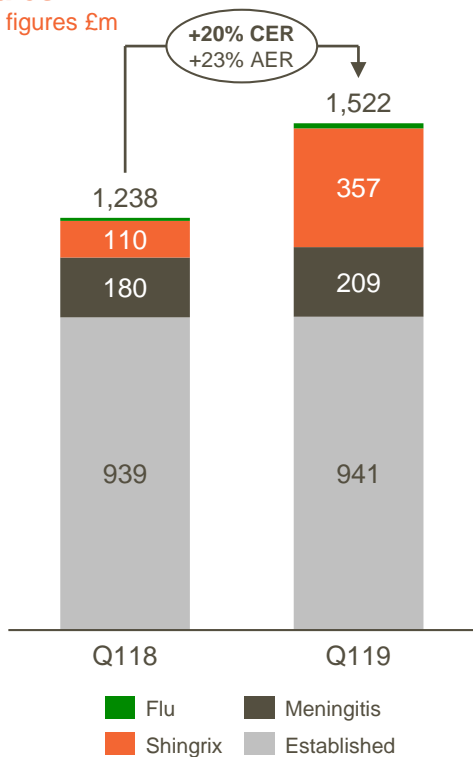
# Vaccines

Q1 2019

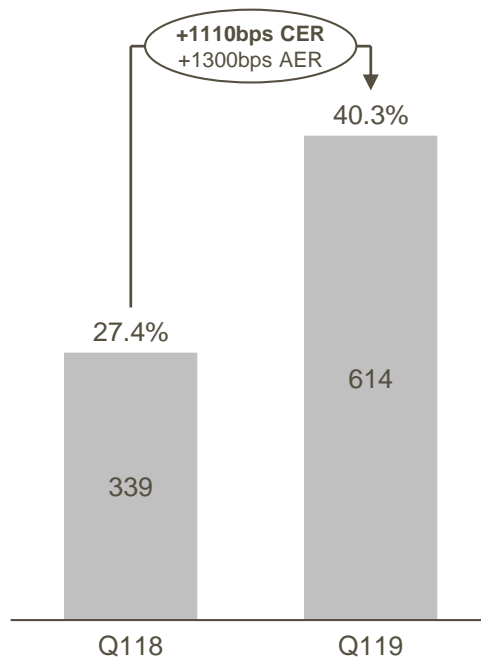


## Sales

All figures £m



## Operating margin



## Sales

- ⊕ Shingrix demand
- ⊕ Meningitis growth
- ⊕ Hepatitis CDC stockpile movements
- ⊖ Cervarix China comparator
- ⊖ Infanrix, Pediarix competition

## Operating profit

- ⊕ Shingrix operating leverage
- ⊕ Favourable inventory adjustments
- ⊕ Higher royalty income

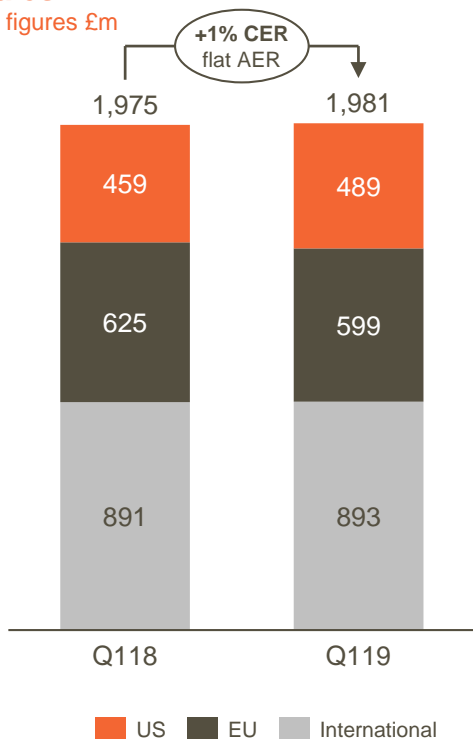
# Consumer Healthcare



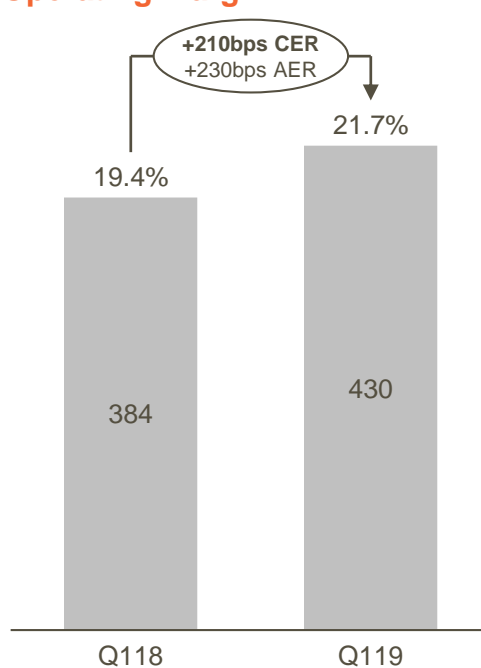
Q1 2019

## Sales

All figures £m



## Operating margin



## Sales

- + Sensodyne performance
- + International performance
- Ongoing turnaround in Europe
- Divestments & phasing out of contract manufacturing c.1%
- Tough US cold & flu comparator

## Operating profit

- + Manufacturing restructuring benefits
- + Improved product mix
- + Continued strong cost control

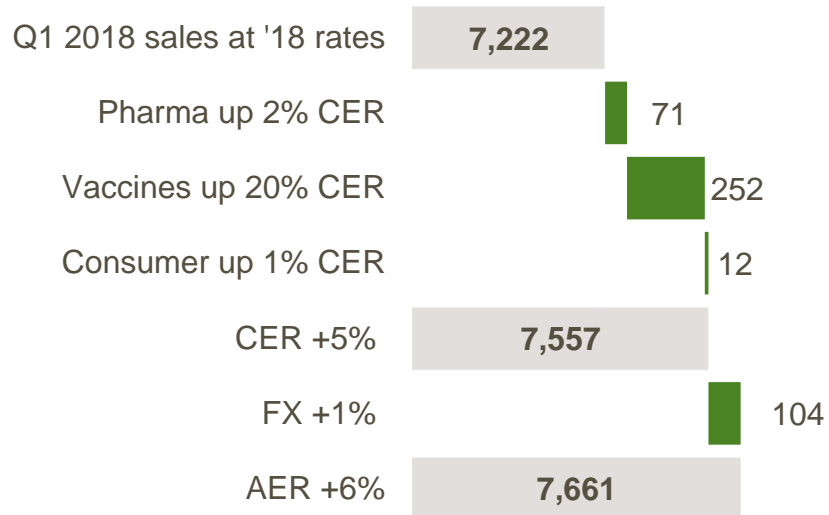
# Sales and Adjusted operating margins



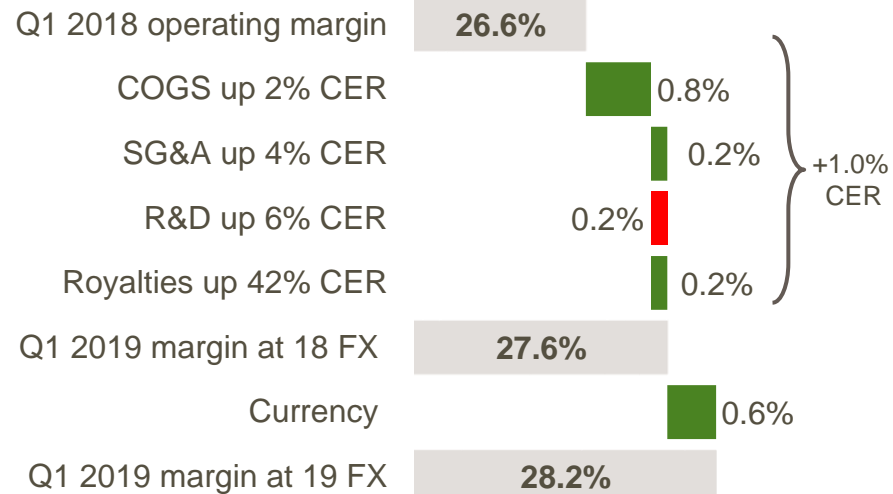
Q1 2019

## Sales

All figures £m



## Adjusted operating margin



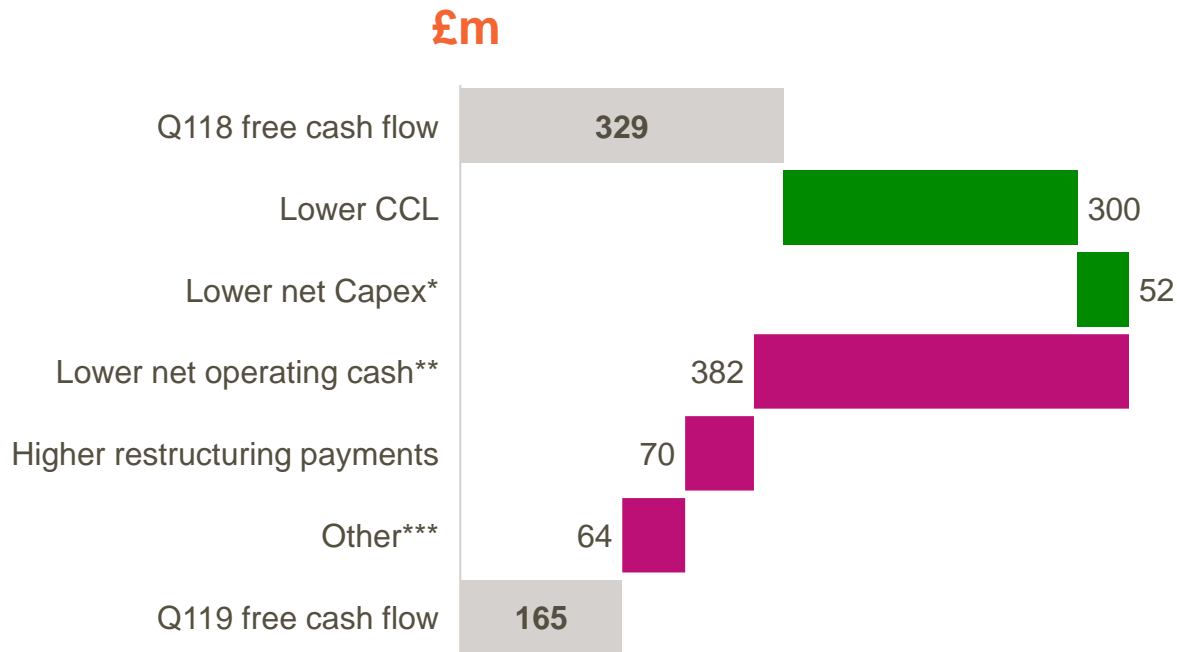
# Adjusted operating profit to net income



Continued delivery of financial efficiency

	Q1 18 £m	Q1 19 £m
<b>Operating profit</b>	1,923	2,163
Net finance expense	(139)	(187)
Share of associates	9	57
Tax	(362)	(400)
Tax rate	20.2%	19.7%
Minorities	(224)	(149)
<b>Net income</b>	1,207	1,484

# Free cash flow of £0.2bn



CCL: contingent consideration liability

\* Net Capex includes purchases less disposals of PP&E and intangibles

\*\* Net operating cash is net cash inflow from operating activities including changes in working capital, excluding restructuring, operating CCL, and significant legal payments.

\*\*\* Other includes significant legal payments, net interest paid, income from associates and JVs and distributions to minorities

# 2019 financial priorities



## 2019 guidance

### Adjusted EPS

Down 5 to 9% CER

## Priorities

Deliver improvements in working capital management and underlying cash generation

Sharpen allocation of resources to key priorities including our R&D pipeline and ensuring successful launch of new products

Integration of Tesaro, completion of Consumer JV and disposal of Nutrition business



# Pharma update

Luke Miels,  
President, Global Pharmaceuticals

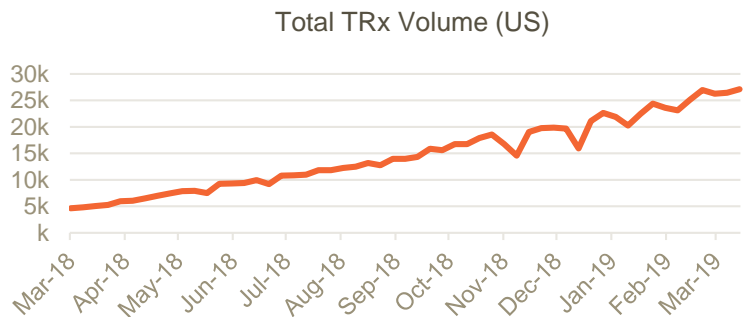
David Redfern,  
Chief Strategy Officer, Chairman of ViiV Healthcare



# Respiratory: continued strong growth from new products



## Trelegy: steady volume growth



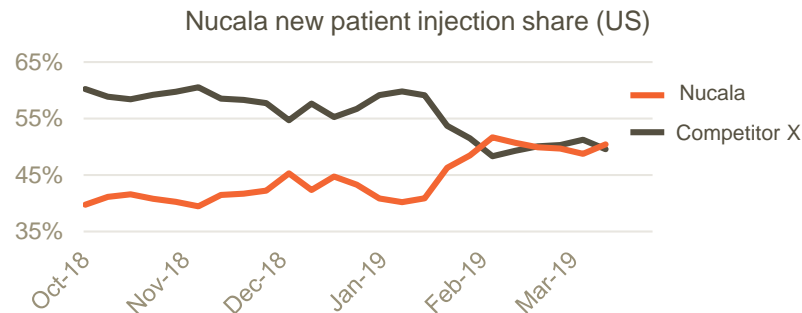
Steady growth continues after first full year on market; Q1 sales of £87 million

Launched in 30 markets to date, including recent Japan launch; China approval and launch expected later 2019

CAPTAIN study data in asthma reports 1H 2019

Source: TRx data from IQVIA

## Nucala: competitive new SEA patients starts



Continued strong growth; Q1 sales of £152 million, +41% CER

Solid share of new patient starts, a key area of focus as an estimated <25% of suitable patients currently receive therapy

Implementation of HCP programmes in US; aim to replicate in other markets

At-home self-administration approval expected in 2019

Source: IQVIA NBRx data factored for indication and business within retail (Xponent) and non-retail (DDD)

# Zejula continues to lead the PARP class in share of 2<sup>nd</sup> line maintenance ovarian cancer patients



## Solid sales; opportunity for expansion

GSK reported sales of £42m in Q1 2019\*

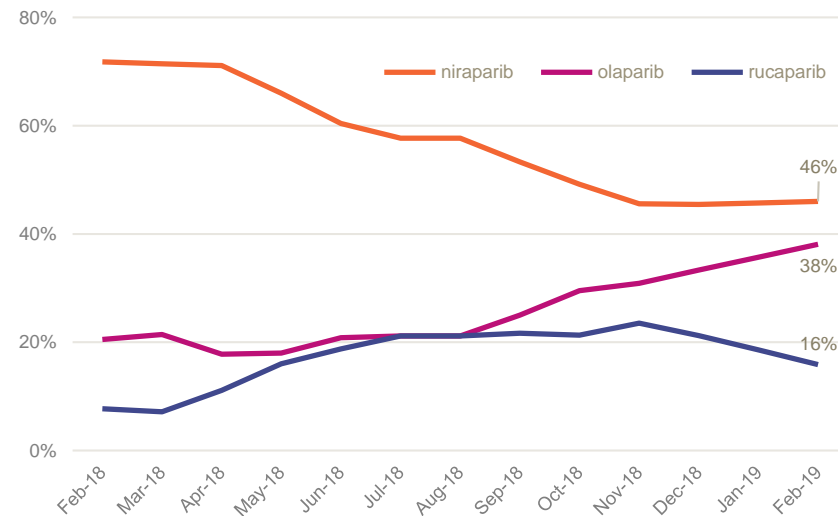
Approved in 35 countries:

- Launched: US, Germany, UK & Italy
- Planned: France, Spain & Hong Kong\*\*
- Submitted for approval in China

Opportunity to help many more patients (HRD positive – and potentially “all comers”) – in 1L maintenance ovarian cancer setting

PRIMA study in 1L maintenance ovarian cancer expected in H2 2019

## PARPi patient share; 2L+ maintenance setting



\* Consolidated from 22 January; Q1 total sales of \$73m (£56m), +49% CER

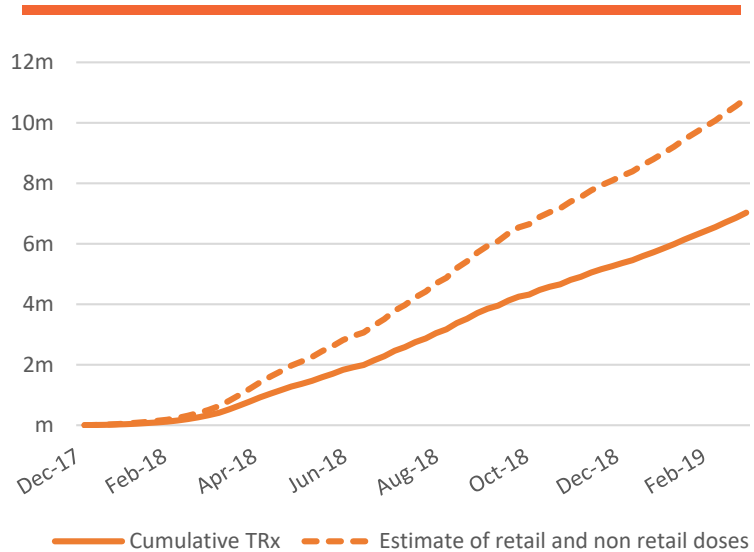
\*\* Partnering with Zai Lab on Hong Kong launch

Source: Flatiron Health data through Feb 28, 2019 (<https://flatiron.com/real-world-evidence/>); monthly new + continuing patients

# Shingrix: US launch driving vaccines growth



## Strong uptake in US continues



\* IQVIA TRx data estimated to represent ~65% of doses supplied to market

## Capacity expansion on track

Sales of £357 million for Q1 2019 driven by significant step up in supplies for US market

In US, demand remains high:

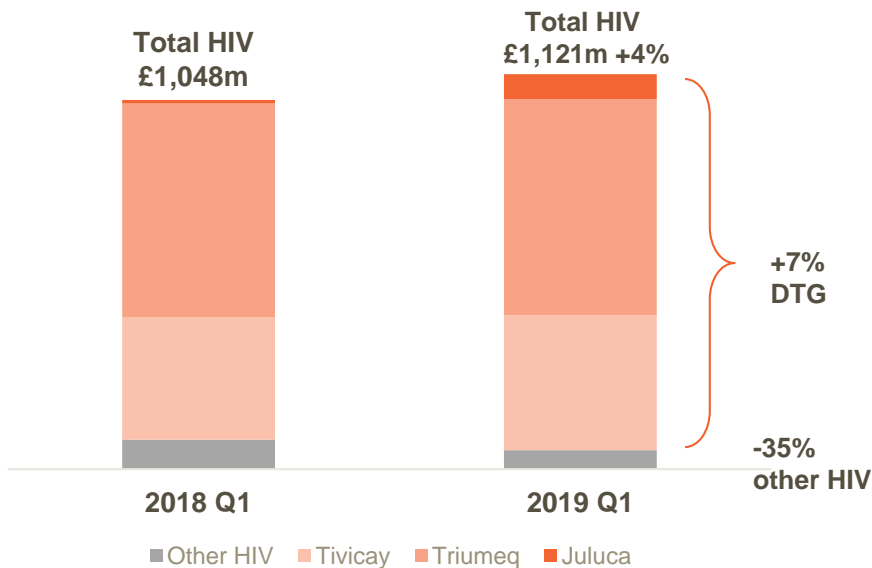
- >75% completing second dose in series
- ~35% under age 65
- ~35% previously vaccinated

Expansion on track for high teens millions of annual dose capacity with continued investment to expand further

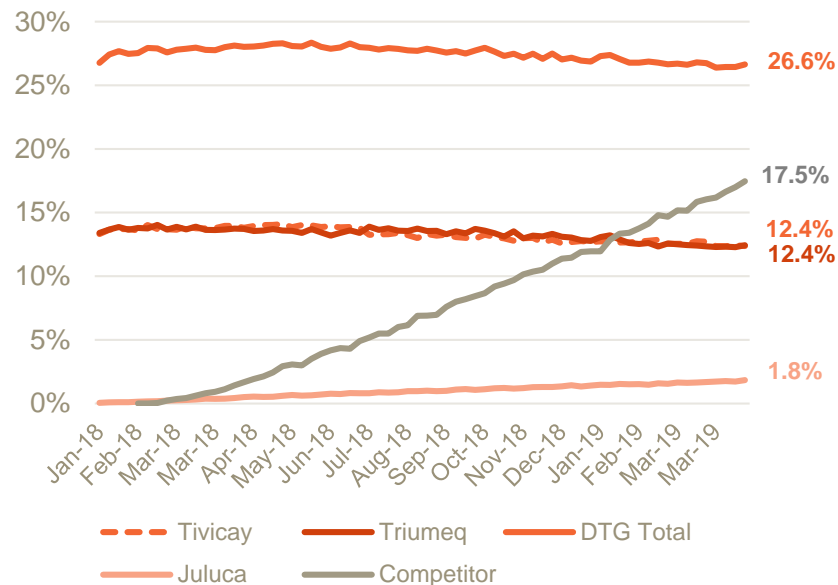
# HIV growth of 4% CER with DTG portfolio growth at +7% CER



**Juluca, our first 2DR, driving overall growth**  
CER growth



**Dolutegravir US total share at around 26.6%**



Source: IQVIA NPA w/e 4 April 2019

# Momentum building behind 2DR strategy with Dovato launch and further data flow through 2019



## Dovato US launch drives 2DR momentum



## 2019 data flow

### Dovato

Q3 2019	GEMINI I&II 96-week study readout
Q3 2019	Anticipated EU FDC approval
Q3 2019	TANGO switch study readout
Q4 2019	SALSA switch study begins
Ongoing	Phase IIIB/IV programme

### cabotegravir + rilpivirine

April/Q3 2019	US/EU filings
Q3 2019	ATLAS2M (8 week dosing) study readout
Q1 2020	Anticipated US approval
Ongoing	Prevention study data

### fostemsavir

H2 2019	US filing
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FDC: fixed dose combination

# Focus on delivering business priorities



## 2019 focus

### Innovation

- Strengthen pipeline
- Execution of launches

### Performance

- Driving growth and operating performance
- Plan for the integration of Pfizer consumer health business

### Trust

- Regular updates on innovation
- Global health focused for impact
- Modern employer

- Drive operating performance
- Progress pipeline
- Successful integration

**New global  
Pharmaceuticals and  
Vaccines company** with R&D  
focused on science of the immune  
system, human genetics and  
advanced technologies

**New world-leading  
Consumer Healthcare  
company** with category leading  
power brands and science based  
innovation

# Appendix





## EPS/Dividend

### EPS guidance: unchanged

Decline of 5 to 9%

### Dividend

Expect 80p for 2019

## Pharmaceuticals

### Turnover

Low single digit decline

## Operating costs

### SG&A and R&D

Addition of Tesaro cost base  
R&D spend to pick up significantly

## Vaccines

### Turnover

Shingrix Q1 performance a good  
indicator of expected quarterly  
revenue run rate

## Other

### Royalties

Broadly similar to 2018

### Net finance expense

Around £900-950m

### Tax rate

Around 19%

## Consumer Healthcare

### Turnover

Low single digit increase

### Transactions

Consumer Healthcare JV expected to  
close in H2 2019<sup>1</sup>

Nutrition sale to Unilever expected  
by end 2019<sup>1</sup>

If exchange rates were to hold at the closing rates on 31 March 2019 (\$1.31/£1, €1.17/£1 and Yen 145/£1) for the rest of 2019, the estimated negative impact on 2019 Sterling turnover growth would be around 1% and if exchange gains or losses were recognised at the same level as in 2018, the estimated impact on 2019 Sterling Adjusted EPS growth would be negligible.

Note: all outlooks at CER. Full 2019 EPS guidance can be found on page 2 of our First Quarter 2019 press release. <sup>1</sup> Subject to regulatory and shareholder approvals

All expectations and targets regarding future performance should be read together with the "Outlook assumptions and cautionary statement" sections of the First Quarter 2019 Results Announcement and the cautionary statement slide included with this presentation

# Pipeline is advancing well

Today: 45 medicines, 34 immunomodulators, and 13 vaccines



## Phase 1

2831781* (LAG3) ulcerative colitis
3358699* (BET targeted inhibitor) RA
3858279* (CCL17 inhibitor) OA
2636771 (PI3kb inhibitor) cancer
2983559 (RIP2k inhibitor) IBD
3511294* (IL5 LA antagonist) asthma
2292767 (PI3kd inhibitor) respiratory diseases
1795091 (TLR4 agonist) cancer
3810109* (broadly neutralizing antibody) HIV
3537142* (NYSEO1 ImmTAC) cancer
3439171* (HPGD2 inhibitor) muscle repair
3145095 (RIP1k inhibitor) pancreatic cancer
3368715* (PRMT1 inhibitor) cancer
TSR-033* (LAG3) cancer
2269557 (nemiralisib PI3Kd inhibitor) APDS
3745417 (STING agonist) cancer
3174998* (OX40 agonist) cancer

## Phase 2

3196165* (GM-CSF inhibitor) RA
3389404/3228836* (HBV ASO) HBV
3359609* (ICOS receptor agonist) cancer
2982772 (RIP1k inhibitor) pso/RA/UC
3772847* (IL33r antagonist) asthma
3377794* (NY-ESO-1 TCR) cancer
2586881* (rhACE2) acute lung injury/PAH
2140944 (gepotidacin, topoisomerase IV inhibitor) antibacterial
2330811 (OSM antagonist) systemic sclerosis
2881078 (SARM) COPD muscle weakness
2862277 (TNFR1 antagonist) acute lung injury
525762 (molibresib, BET inhibitor) cancer
2330672 (linerixibat, IBAT inhibitor) cholestatic pruritus
3326595* (PRMT5 inhibitor) cancer
GR121619* (oxytocin) postpartum haemorrhage
TSR-022* (TIM-3 antagonist) cancer
3640254 (HIV maturation inhibitor) HIV
3036656* (leucyl t-RNA inhibitor) TB
M7824* (bintrafusp alfa, TGFβ trap/anti-PDL1 bispecific) NSCLC**

## Pivotal/Registration

Benlysta + Rituxan SLE**
cabotegravir** LA + rilpivirine* LA HIV
daprodustat (HIF-PHI) anemia
fostemsavir (AI) HIV
mepolizumab COPD/HES/nasal polyps
Trelegy* (FF, UMEC and VI) asthma
belantamab mafodotin* (BCMA ADC) multiple myeloma
Zejula* (PARP inhibitor) ovarian cancer maintenance**
dostarlimab* (PD-1 antagonist) cancer

## Vaccines

Rotavirus – Phase 3
MMR – Phase 3 (US)
Ebola – Phase 2
COPD – Phase 2
Hepatitis C – Phase 2
Malaria (next gen) – Phase 2
MenABCWY – Phase 2
Shigella – Phase 2
Tuberculosis – Phase 2
RSV paediatric – Phase 2
HIV – Phase 2
RSV older adults – Phase 1^
RSV maternal – Phase 1^

Immuno-modulator

Non Immuno-modulator

Vaccine

\*In-license or other alliance relationship with third party

\*\*Additional indications also under investigation

^ RSV for older adults and maternal are in Ph1/2 study

Note: For oncology where phase 1 studies are conducted in patients, the shift from phase1 to phase 2 is defined when expansion cohorts are started.

# Upcoming milestones that will inform our progress



Anticipated submission

1H 2019

cabotegravir+rilpivirine LA HIV treatment<sup>2</sup> ✓  
 Zejula 4L ovarian cancer sNDA (QUADRA)

2H 2019

fostemsavir (attachment inhibitor) HIV  
 Trelegy asthma  
 belantamab mafodotin (BCMA) 4L MM monotherapy  
 dostarlimab BLA recurrent MSI-H tumours (inc MSI-H endometrial cancer) (GARNET)

1H 2020

mepolizumab HES  
 Zejula 1L ovarian cancer (PRIMA)

2H 2020

mepolizumab NP

1H 2021

belimumab+rituximab SLE  
 cabotegravir HIV PrEP  
 Zejula + dostarlimab 2L+PROC sNDA ovarian cancer (MOONSTONE)

Pivotal data

Trelegy asthma

belantamab mafodotin (BCMA) 4L MM monotherapy  
 mepolizumab HES  
 Zejula 1L ovarian cancer (PRIMA)  
 dostarlimab recurrent MSI-H tumours (inc MSI-H endometrial cancer) and recurrent MSS endometrial cancer (GARNET)

mepolizumab NP

belimumab+rituximab SLE  
 cabotegravir HIV PrEP  
 GSK'863 (daprodustat) anemia\*  
 Zejula + dostarlimab 2L+PROC ovarian cancer (MOONSTONE)

PoC data

GSK'294 (IL5 LA antagonist) asthma\*  
 GSK'772 (RIP1 kinase) RA  
 GSK'847 (IL33R) asthma  
 GSK'404 (HBV ASO) hepatitis B  
 Zejula vs Zejula + bev. recurrent ovarian cancer (AVANOVA)<sup>1</sup>  
 dostarlimab recurrent MSS endometrial cancer (GARNET) ✓  
 GSK'881 (ACE2) PAH

GSK'772 (RIP1 kinase) UC  
 GSK'254 (maturation inhibitor) HIV  
 GSK'595 (PRMT5) cancer monotherapy<sup>3</sup>  
 Zejula + bev. 1L ovarian cancer (OVARIO)  
 Zejula + dostarlimab + bev. 2L+PROC ovarian cancer (OPAL)  
 belantamab mafodotin (BCMA) 2L MM combo therapy  
 belimumab+rituximab Sjogren's syndrome  
 GSK'762 (BET inh) ER+ breast combo therapy

GSK'811 (oncostatin M) SSc\*\*  
 GSK'078 (SARM) COPD muscle weakness  
 belantamab mafodotin (BCMA) 1L MM combo therapy\*\*\*  
 GSK'998 (OX40) + GSK'091 (TLR4) cancer combo therapy<sup>4</sup>  
 GSK'794 (NY-ESO) NSCLC & MM mono/combo therapy

GSK'781 (LAG3) UC\*  
 GSK'091 (TLR4) + ICOS/pembro cancer combo therapy\*  
 GSK'656 (leucyl t-RNA) tuberculosis  
 GSK'762 (BET inh) mCRPC combo therapy  
 GSK'762 (BET inh) hem malignancies monotherapy  
 GSK'609 (ICOS) +CTL4 cancer combo therapy  
 TSR-022 NSCLC (AMBER)  
 COPD vaccine  
 RSV older adults vaccine

GSK'109 (bNAb N6LS) HIV

✓ Announced

\*Interim/ Preliminary Efficacy \*\*PoM \*\*\*Safety run data : 1. Investigator Sponsored Study, 2. CAB + RPV filing expected Q2/Q3 2019 3. From initial cohorts data HES: hypereosinophilic syndrome; MM: multiple myeloma; NP: Nasal polyposis; PAH: pulmonary arterial hypertension; RA: rheumatoid arthritis; SLE: systemic lupus erythematosus; SSc: systemic sclerosis; UC: ulcerative colitis; NSCLC: non-small cell lung cancer ER+; estrogen receptor + ; mCRPC: metastatic castration resistant prostate cancer; MSI-H: Microsatellite Instable- high; MSS: Microsatellite Stable; bev: bevacizumab

## Changes to pipeline

New to Phase I	New to Phase II	New to Pivotal	New to Registration
GSK3745417 (STING agonist) cancer	GSK3640254 (HIV maturation inhibitor) HIV GSK3036656 (leucyl t-RNA inhibitor) TB		
Removed from Phase I	Removed from Phase II	Removed from Pivotal	Removed from Registration
Flu Universal (Vaccine)	Strep pneumoniae next gen (Vaccine) GSK3174998 (OX40 agonist) cancer*		Dovato (D3) dolutegravir + lamivudine HIV – <b>Approved</b> by FDA on 8 Apr 2019 Dectova (zanamivir) influenza – <b>Approved</b> by EC on 26 Apr 2019

\*In Phase 1 for OX40-TLR combo study

## Changes to milestones

belimumab+rituximab Sjogren's syndrome: **PoC data 1H20 to 2H19**

belantamab mafodotin (BCMA) 2L MM combo therapy: **PoC data 1H19 to 2H19**

TSR-022 NSCLC (AMBER): **PoC data 1H20 to 2H20**