

Q4 2024 Pre-Announcement Aide Memoire

Issued: Monday 13 January 2025



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Please read the assumptions and cautionary statements regarding forward-looking statements set out on page 317 of the Annual Report 2023 and "Guidance and outlooks, assumptions and cautionary statements" on page 54 of the Q3 2024 results release. Please read the definitions and reconciliations for non-IFRS measures on pages 18-25, 52 and 53 of the Q3 2024 results release and the annual report on Form 20-F for FY 2023.

Full-year 2024 guidance

Commentary from Q3 2024 stock-exchange announcement (page 2)

GSK confirms its full-year sales, core profit and EPS guidance at constant exchange rates (CER) and expects to deliver broadly around the middle of the existing ranges. All guidance, expectations and full-year growth rates exclude any contributions from COVID-19 solutions.

- **Turnover** is expected to increase between 7% to 9%.
- **Core operating profit** is expected to increase between 11% to 13%.
- **Core earnings per share** is expected to increase between 10% to 12%.

Additional commentary on Q3 results call

For FY 2024, we confirm our guidance range of 7-9% sales growth and 11-13% profit growth and expect to land broadly around the middle of these ranges, notwithstanding the loss of Gardasil royalties, which will reduce profit growth by 6 percentage points this year.

Key information for Q4 2024

Foreign exchange (FX)

We expect that the negative impact of FX on FY 2024 sales will be around -4%. As a result of the mix of currency movements relative to the combination of costs, we expect that the negative impact of FX on FY 2024 sterling Core operating profit will be more significant than the negative impact on sales. Over the first nine months of 2024, the negative impact of currencies to Core operating profit was -6% compared with the -4% impact on sales.

Weighted average number of shares (WANS)

The basic WANS in FY 2024 was 4,077m (an increase of 0.6% relative to 4,052m in FY 2023).

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

2024 COVID-19 solutions expectations

Commentary from Q3 2024 stock-exchange announcement (page 3): For the full year 2024, GSK does not anticipate any further COVID-19 pandemic-related sales or operating profit. Consequently, and in comparison to 2023, it is anticipated that the full year growth in sales and Core operating profit will be adversely impacted by one and two percentage points, respectively.

Impact of COVID-19 solutions on Q4 and FY 2023 Core results

	Reported	COVID-19 solutions contribution (£m)	COVID-19 solutions contribution (%)	Excluding COVID-19 solutions
2023				
Turnover (£m)	30,328	194	0.6%	30,134
Core operating profit (£m)	8,786	179	2.0%	8,607
Core EPS (p)	155.1	3.8	2.5%	151.3
Q4 2023				
Turnover (£m)	8,052	20	0.2%	8,032
Core operating profit (£m)	1,752	8	0.5%	1,744
Core EPS (p)	28.9	0.2	0.7%	28.7

Note that in FY 2023 COVID-19 solutions sales totalled £194m of which £150m from pandemic vaccines. And £44m from Xevudy

Commentary on Q3 results call relating to 2024 phasing: The gross margin has been strong in the first 9 months of the year driven by mix and efficiencies. In Q4, we expect gross margin to be down YoY as we plan to make further investments to drive future supply chain efficiencies, with additional charges of around £100m. For the full year, we expect Gross Margin to be slightly ahead of 2023. SG&A is expected to grow ahead of sales in Q4 due to the phasing of spend between quarters, investments into product launches, and the drive for efficiencies through increased digitisation. For the FY, we maintain our guidance of SG&A growth at a LSD %, given our focus on sharp resource allocation and improved productivity.

Zantac litigation – settlement agreements

Commentary from Q3 2024 stock-exchange announcement: On 9 October 2024 GSK reached agreements with 10 plaintiff firms who together represent 93% (approximately 80,000 claimants) of the Zantac state court product liability cases pending against GSK in the United States. Under these agreements, GSK will make an aggregate payment of up to \$2.2 billion to resolve all U.S. state court product liability cases handled by these plaintiff firms that meet agreed eligibility and participation criteria (the “State Courts Settlement”). The participating plaintiff firms are unanimously recommending to their clients that they accept the terms of the State Courts Settlement, which is expected to be fully implemented by the end of H1 2025. Terms of the agreements are confidential. On 9 October 2024 GSK also reached an agreement in principle to pay a total of \$70 million to resolve the Zantac qui tam complaint previously filed by Valisure. The agreement in principle is subject to final approval from the Department of Justice (the “Qui Tam Settlement”). GSK took a charge in Q3 2024 of £1.8 billion (\$2.3 billion) in relation to the State Courts Settlement, the Qui Tam Settlement, and the remaining 7% of pending state court product liability cases, partially offset by reduced future legal costs.

Commentary on Q3 2024 results call: Through the 9 months, we have deployed capital to strengthen the pipeline and platforms through BD, and as recently announced, we have expedited retiring the risk from Zantac. We expect this to result in a £0.8bn cash outflow in Q424, with the remaining £1bn being paid in the first half of 2025 and included in CGFO.

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Turnover (excluding COVID-19 solutions)

2024 full-year guidance: Increase between 7% to 9% at CER (Q3 YTD +9% ex COVID).

Vaccines

2024 full-year outlook: Decrease low-single digit per cent in turnover at CER (Q3 YTD flat ex COVID).

Shingrix

Commentary at Q3 2024: YTD growth was driven outside the US, now 58% of the business. The average immunisation rate across the top 10 markets ex US is around 6% so there is still a very large opportunity here. Growth outside the US was 9% this quarter. US penetration was 39% at the end of the second quarter. Adding to US penetration remains a key focus, but the pace is slowing from around 6-7pts per year to 3-5pts making incremental growth more challenging.

Shingrix in China: On 5 December 2024 we announced revision of the terms on which Zhifei will commercialise *Shingrix* in mainland China. [GSK and Zhifei revise and extend strategic vaccine collaboration in China | GSK](#).

Please note that in the first nine months of 2024 we sold ~£240m in China (2023 \$0.2bn).

Arexvy

Commentary at Q3 2024: *Arexvy* performance was impacted by three factors:

- firstly, by changes in ACIP guidelines that restricted the recommended populations of older adults receiving RSV vaccinations
- secondly, by the prioritisation of COVID vaccinations in the US and
- thirdly, by lower seasonal RSV infections.

In addition, it was a tough comparator given two-thirds of sales in Q3 last year were related to stocking. Despite these dynamics, we retained our strong leadership market share.

We are still in the foothills of this vaccine's availability and usage. In the US, we continue to make data available to ACIP and to support them as they move towards making longer-term recommendations on the use of RSV vaccines, including requirements for revaccination and cohort expansion.

Beyond the US, *Arexvy* has now launched in 35 markets, 16 with national recommendations and 6 with national reimbursement programmes. More rollouts, across Europe and International, will come in 2025.

Commentary on ACIP meeting June 2024: [Statement: US Centers for Disease Control and Prevention's Advisory Committee on Immunisation Practices updates recommendations on adult RSV vaccines ahead of the next season | GSK](#)

Commentary on 2023 *Arexvy* sales in US: In Q3 2023 two thirds of the sales were stocking going into the channel, together with about 20% towards the end of the year.

RSV activity in the US is tracked by the CDC. [Interactive Dashboard | NREVSS | CDC](#)

Influenza

[GSK begins shipping influenza vaccine doses for 2024-25 season | GSK US](#)

[GSK is first to ship influenza vaccine doses for the 2023-24 flu season in US | GSK US](#)

Meningitis

Commentary at Q4 2023: *Menveo* grew full year and in the quarter due to the favourable impact of a US CDC (Center for Disease Control) stockpile borrow in Q3 2022 and replenishment in Q4 2023. Meningitis growth benefitted from the favourable impact of CDC stockpile movements by 6 percentage points in the full year and 14 percentage points in Q4 2023.

Established Vaccines

Commentary at Q4 2023: Full year Established Vaccines growth was driven by *Rotarix* favourable US CDC stockpile movements, MMR/V vaccines increased supply in International, and Hepatitis vaccine performance related to the travel market recovery. In the quarter, growth was driven by US CDC stockpile replenishment of *Infanrix/Pediarix* in the US and also MMR/V vaccines increased supply in International. Established Vaccines growth excluding the impact of CDC stockpile movements was 4% in the full year and 6% in Q4 2023. (+7% and +8% respectively including stockpile movements)

COVID immunisation progress in the US is tracked by the CDC. For US COVID vaccine demographics, including adoption by age, visit: <https://covid.cdc.gov/covid-data-tracker/#vaccination-demographic>

Specialty Medicines

2024 full-year outlook: Increase high teens per cent in turnover at CER (Q3 YTD +20% ex COVID).

HIV

2024 full-year outlook: Increase low double-digit percent at CER (Q3 YTD +13%).

Commentary on 2025 outlook at Q3 2024: Now turning to HIV, we continue to deliver strong performance and sustained double-digit growth, with Q3 sales up 12%. This growth was driven by strong patient demand as well as favourable pricing dynamics. For 2025, we do not expect the favourable pricing dynamics to continue, in part due to the introduction of the inflation reduction act, however, we are confident that the underlying demand of our medicines will remain strong.

Oncology

Commentary at Q3 2024: Focusing on Oncology, sales almost doubled in the quarter, and we have delivered >€1 billion in turnover so far this year.

Ojjaara, which has launched in the US, Europe and very recently in Japan, has seen quick adoption with high quarter-on-quarter growth. In the US it's maintaining its fast launch uptake and there is still a large opportunity remaining in first-line.

Jemperli sales also continue to grow strongly. In August, the US FDA approved *Jemperli* plus chemotherapy for the treatment of adult patients with primary advanced or recurrent endometrial cancer. This approval broadens the previous indication to include the 70-75% of patients diagnosed with endometrial cancer who have mismatch repair proficient / microsatellite stable tumours. Treatment options have been limited for this cohort, so it's important *Jemperli* is now available to these patients. *Zejula*'s growth continued in Q3, driven by US pricing effects and higher demand outside the US.

Commentary at Q4 2023: *Zejula* demonstrated strong growth of 28% in Q4 2023, driven by continued US performance and growth following the launch of the tablet formulation, positively impacted by RAR movements, as well as continued positive momentum in Europe and International.

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General Medicines

2024 full-year outlook: Increase mid-single digit per cent in turnover at CER (Q3 YTD +7%).

Commentary at Q3 2024: General Medicines grew 7% in Q3, primarily driven by *Trelegy*. Use of authorised generic versions of *Advair* and *Flovent* are continuing to fully offset removal of the AMP Cap on Medicaid drug prices in the US. Given our stronger performance this year, we now expect mid-single digit per cent sales growth for General Medicines this year.

Commentary at Q4 2023: *Trelegy*: Growth in Q4 2023 was positively impacted by favourable RAR adjustments, accounting for 5 percentage points of growth
Seretide/Advair: In the US, growth was impacted by unfavourable RAR adjustments and the impact of US of channel inventory reduction ahead of 2024 price changes.

Note: 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 1 January 2024, GSK discontinued manufacturing branded *Flovent* HFA (all strengths) and branded *Flovent Diskus* (all strengths) for the US market. We launched an authorised generic for *Flovent* HFA (inhalation aerosol) in May 2022 and for *Flovent Diskus* (inhalation powder) in October 2023.

Commentary at Q3 on impact of Inflation Reduction act in 2025:

Looking forward, for the total business the US is expected to face pressure from the implementation of the US Inflation Reduction Act legislation in 2025. We expect the overall impact to be in the range of £400-500m including HIV.

Financials (Core)

Operating profit (excluding COVID-19 solutions)

2024 full-year guidance: Core operating profit is expected to increase between 11% to 13% at CER (Q3 YTD +19%).

Cost of goods sold

2024 full-year outlook commentary at Q3 2024: The gross margin has been strong in the first 9 months of the year driven by mix and efficiencies. In Q4, we expect gross margin to be down YoY as we plan to make further investments to drive future supply chain efficiencies, with additional charges of around £100m. For the full year, we expect Gross Margin to be slightly ahead of 2023.

SG&A

2024 full-year outlook commentary at Q3 2024: SG&A is expected to grow ahead of sales in Q4 due to the phasing of spend between quarters, investments into product launches, and the drive for efficiencies through increased digitisation. For the FY, we maintain our guidance of SG&A growth at a LSD %, given our focus on sharp resource allocation and improved productivity.

R&D

2024 full-year outlook: Expected to increase slightly below sales growth.

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Royalty income

2024 full-year outlook: Expected to be around £600 million.

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

In £ millions	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Gardasil	71	132	189	80	472	22	12	8
Other	109	94	123	155	481	129	132	160
Total	180	226	312	235	953	151	144	168
Gardasil share	39%	58%	61%	34%	50%	15%	8%	5%

Associates

2024 full-year outlook: Expected to be negligible.

Net Interest payable (Core)

2024 full-year outlook: lower than 2023 (£669m) at CER.

In £ millions	Q1	Q2	Q3	Q4	Full year
2023	(170)	(152)	(156)	(191)	(669)
2024	(132)	(148)	(114)		lower than 2023

Tax

2024 full-year outlook: Core tax rate expected to be around 17% (2023 15.5%).

Core Tax rate	Q1	Q2	Q3	Q4	Full year
2023	15.8%	15.6%	15.4%	15.1%	15.5%
2024	17.5%	17.9%	17.4%		around 17%

Non-Controlling interests (Core)

In £ millions	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
ViiV	120	136	156	154	566	147	161	154
Other	1	(6)	13	(2)	6	7	9	3
Total	121	130	169	152	572	154	170	157

Core EPS

2024 full-year outlook: Expected to increase between 10% to 12% at CER.

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Dividend

The expected dividend for 2024 is 60p.

Dividend per share (p)	Q1	Q2	Q3	Q4	Full year
2023 - paid	14.0	14.0	14.0	16.0	58.0
2024 - expected	15.0	15.0	15.0		60.0 ¹

¹The actual dividend amount is determined by the Board of Directors with the FY 2024 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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