Pre-Quarterly Results Communication Q1 2017

Issued: Tuesday, 11 April 2017

New information for Q1 2017

GSK keeps its financial reporting framework under regular review to ensure that it remains current and in line with both the latest regulatory requirements and developing best practice within the Pharmaceutical industry. As a result of its latest review, GSK will be making a number of changes to its financial reporting from Q1 2017. Most of the changes are highlighted in our press release published on 11 April - Change to financial reporting framework - which is available on gsk.com.

Core results will be renamed Adjusted results and will include 'ordinary course' legal charges. The impact of this change would have been to reduce the amount of legal charges excluded in arriving at the Adjusted pre-tax profit by £100 million in 2016 and £70 million in 2015.

GSK will continue to present Total results before Adjusted results in all tables and commentaries and provide a reconciliation between the two.

To ensure comparability of future Adjusted results with prior periods, the table below summarises historic Adjusted results revised for 'ordinary course' legal charges. The "change" reflects the impact in each of the respective periods.

(£m)	2015	Q1'16	Q2'16	Q3'16	Q4'16	2016
Core turnover	23,923	6,229	6,532	7,542	7,586	27,889
Adjusted turnover	**23,923**	**6,229**	**6,532**	**7,542**	**7,586**	**27,889**
Change (£m)	-	-	-	-	-	-
Change (%)	-	-	-	-	-	-
Core operating profit	5,729	1,559	1,831	2,319	2,062	7,771
Adjusted operating profit	**5,659**	**1,524**	**1,822**	**2,298**	**2,027**	**7,671**
Change (£m)	-70	-35	-9	-21	-35	-100
Change (%)	-1.2%	-2.2%	-0.5%	-0.9%	-1.7%	-1.3%
Core operating margin	23.9%	25.0%	28.0%	30.7%	27.2%	27.9%
Adjusted operating margin	**23.7%**	**24.5%**	**27.9%**	**30.5%**	**26.7%**	**27.5%**
Change (percentage points)	-0.2%	-0.5%	-0.1%	-0.2%	-0.5%	-0.4%
Core profit attributable to shareholders	3,658	959	1,191	1,557	1,271	4,978
Adjusted profit attributable to shareholders	**3,605**	**926**	**1,183**	**1,540**	**1,240**	**4,889**
Change (£m)	-53	-33	-8	-17	-31	-89
Change (%)	-1.4%	-3.4%	-0.7%	-1.1%	-2.4%	-1.8%
Core EPS (p)	75.7	19.8	24.5	32.0	26.1	102.4
Adjusted EPS (p)	**74.6**	**19.1**	**24.3**	**31.7**	**25.5**	**100.6**
Change (p)	-1.1	-0.7	-0.2	-0.3	-0.6	-1.8
Change (%)	-1.5%	-3.5%	-0.8%	-0.9%	-2.3%	-1.8%

Foreign exchange

Average rates for the quarter ended 31 March 2017 were $1.25/£, €1.17/£ and Yen 141/£. On the basis of these rates, it is expected that the positive impact of foreign exchange on Q1 2017 sales will be around 13 to 14%

As a result of the mix of currency movements relative to the mix of costs, we expect that the positive impact of foreign exchange on Q1 2017 sterling Adjusted EPS will be greater than the positive impact on sales.

Average rates Cumulative - YTD	3M 2016	6M 2016	9M 2016	12M 2016	3M 2017
Key currencies					
US$	1.43	1.42	1.39	1.36	1.25
€	1.30	1.29	1.25	1.23	1.17
Yen	167	160	153	149	141
Other currencies					
Australian dollar	1.96	1.94	1.88	1.83	1.66
Brazilian real	5.54	5.25	4.95	4.74	3.96
Canadian dollar	1.95	1.89	1.84	1.80	1.66
Chinese yuan	9.33	9.32	9.15	8.99	8.60
Indian rupee	96.1	95.6	93.2	91.0	83.2
Russian rouble	104	98.8	94.7	90.8	73.6
FX impact on turnover	***+3%***	***+5%***	***+8%***	***+11%***	***+13 to 14%***
FX impact on adjusted/CORE EPS	***+6%***	***+16%***	***+20%***	***+23%***	***n/a***

Average rates Quarterly	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Key currencies					
US$	1.43	1.41	1.33	1.27	1.25
€	1.30	1.28	1.17	1.17	1.17
Yen	167	153	139	137	141
Other currencies					
Australian dollar	1.96	1.92	1.76	1.68	1.66
Brazilian real	5.54	4.96	4.35	4.11	3.96
Canadian dollar	1.95	1.83	1.74	1.68	1.66
Chinese yuan	9.33	9.31	8.81	8.51	8.60
Indian rupee	96.1	95.1	88.4	84.4	83.2
Russian rouble	104	93.6	86.5	79.1	73.6
FX impact on turnover	***+3%***	***+7%***	***+15%***	***+18%***	***+13 to 14%***
FX impact on adjusted/CORE EPS	***+6%***	***+26%***	***+27%***	***+34%***	***n/a***

The Q1 2017 period-end rates were $1.25/£, €1.17/£ and Yen 139/£.

Period end rates	Dec 2015	Mar 2016	Jun 2016	Sept 2016	Dec 2016	Mar 2017
Key currencies						
US$	1.47	1.44	1.33	1.30	1.24	1.25
€	1.36	1.26	1.20	1.16	1.17	1.17
Yen	177	162	137	132	144	139

Exchange Gains or (Losses)

Sharp movements and volatility in currencies during a quarter can result in Exchange Gains or Losses (EGOLs) which are recorded in SG&A. During Q1 2017 there was continued volatility in a number of currencies relative to Sterling.

EGOLs as reported (£m)	Q1	Q2	Q3	Q4	Full Year
2014	(20)	(27)	10	(19)	(56)
2015	(6)	(61)	0	13	(54)
2016	(3)	0	10	(42)	(35)

Ready reckoner

In the 2016 FY results presentation on 8 February 2017, the following ready reckoner was provided on slide 19 to help estimate the expected impact of foreign exchange movements on adjusted EPS*:

Currency	Impact on 2017 full year adjusted EPS
US dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-3.5%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-2.0%
Japanese yen	10 yen movement in average exchange rate for full year impacts EPS by approximately +/-1.5%

*Please note that the ready reckoner does not include the impact of inter-company exchange gains or losses

The slide also included 2016 currency sales exposure for GSK:

Currency	2016 currency sales exposure
US dollar	36%
Euro	20%
Japanese yen	7%
Other‡	37%

‡The other currencies that each represent more than 1% of Group sales are: Australian dollar, Brazilian real, Canadian dollar, Chinese yuan and Indian rupee. In total they accounted for 11% of Group revenues in 2016

Currency impact 2017

In the 2016 full year results presentation on slide 19 we made the following comment on the potential impact of currencies on sales and EPS in 2017:

"January 2017 average exchange rates were £1/$1.25, £1/€1.17 and £1/Yen 143.

If exchange rates were to hold at the January average rates for the rest of 2017, the estimated positive impact on 2017 Sterling turnover would be around 6% and if exchange losses were recognised at the same level as in 2016, the estimated positive impact on 2017 Sterling adjusted EPS would be around 9%." [core EPS within this quote has been renamed adjusted EPS]

We will update you on our latest view on the estimated impact of currencies in 2017 in our Q1 2017 press release on 26 April.

Basic weighted average number of shares (WANS)

The basic weighted number of shares in issue during Q1 2017 was 4,877m compared with 4,847m in Q1 2016 (an increase of 0.6%).

In millions	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
WANS: Quarter	4,838	4,847	4,859	4,865	4,867	4,877
WANS: Cumulative - Year to date	4,831	4,847	4,853	4,857	4,860	4,877
Period end shares*	4,840	4,858	4,861	4,866	4,868	4,886

**excludes treasury shares and shares held by ESOP trusts*

Dividend

In the Q4 2016 press release we made the following comment on returns to shareholders:

"GSK expects to pay an annual ordinary dividend of 80p for 2017.

In April 2016, GSK returned approximately £1 billion (20p per share) to shareholders via a special dividend paid alongside GSK's Q4 2015 ordinary dividend payment.

Any future returns to shareholders of surplus capital will be subject to the Group's strategic progress, visibility on the put options associated with ViiV Healthcare and the Consumer Healthcare joint venture, and other capital requirements."

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2014	19	19	19	23	80
2015 – ordinary dividend	19	19	19	23	80
2015 – special dividend	-	-	-	20	20
2016	19	19	19	23	80
2017 - expected					80†

†*The actual dividend amount is determined by the Board of Directors.*

Factors impacting recent quarterly comparisons

As usual there were a number of events in 2017 to date and during 2016 which impact the year on year comparisons for Q1 2017. This includes the following noteworthy items which you may wish to consider in your modelling.

Please note that the items listed below are not intended to be a complete list of all items that may impact the comparisons for Q1 2017 versus Q1 2016.

For further comments, please refer to quarterly press releases and webcast/analyst presentation transcripts.

Pharmaceuticals

Pharmaceuticals (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Total turnover	14,166	3,586	3,882	4,061	4,575	16,104
Reported growth - CER		-1%	+2%	+6%	+4%	+3%
Pro forma* growth - CER		**+5%**	**n/a**	**n/a**	**n/a**	**+4%**
Adjusted operating profit**	4,275	1,136	1,345	1,385	1,597	5,463
Adjusted operating margin**	30.2%	31.7%	34.6%	34.1%	34.9%	33.9%

** Pro-forma growth rates for Q1 2016 and FY 2016 are calculated comparing reported turnover for Q1 2016 and FY 2016 with the turnover for Q1 2015 and FY 2015 adjusted to exclude sales of the former GSK Oncology business for January and February 2015.*
*** Adjusted results revised for 'ordinary course' legal charges referenced on page 1 of this document*

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments on Pharmaceuticals:

"For Pharma in 2017, in addition to expecting continued growth from recently launched new products in Respiratory and HIV, we are preparing for the launch of closed triple which is on track for a potential approval in Q4. We think this is a very important addition to the Ellipta portfolio and has significant potential, but as we have flagged before, given the payor environment in the US and Europe it will take time to build coverage and so you should not expect significant sales before 2018."

Respiratory

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments on Seretide/Advair:

"Focussing on Advair, before any impact from a substitutable generic in the US we expect Seretide/Advair to continue to decline globally in the face of price and other competitive pressures, but also as we continue the transition to new products. Overall we expect Seretide/Advair to be down around 15-20% globally, similar to the trend of the last couple of years with the US in line with this range, but Europe more at the 20% end given the different stage of transition in our portfolio."

Seretide/Advair (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
US	1,865	339	487	447	556	1,829
Europe	1,014	226	213	195	201	835
International	802	188	200	215	218	821
Total	**3,681**	**753**	**900**	**857**	**975**	**3,485**
CER growth						
US	-13%	-19%	-7%	-2%	-21%	-13%
Europe	-18%	-24%	-25%	-24%	-24%	-24%
International	*-8%*	-11%	-11%	+5%	-11%	*-7%*
Total	***-13%***	**-19%**	**-13%**	**-7%**	**-20%**	***-15%***

HIV

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to the HIV business in 2017:

*"*In HIV we expect dolutegravir to continue to be a strong growth driver but from a higher base so the overall percentage growth in HIV sales is likely to be lower, particularly when you take into account that there are now *Epzicom/Kivexa* generics in most of our major markets. "

HIV (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Tivicay	588	188	225	250	290	953
Triumeq	730	328	409	468	530	1,735
Epzicom	698	154	157	143	114	568
Other	306	59	74	79	88	300
Total turnover	**2,322**	**729**	**865**	**940**	**1,022**	**3,556**
CER growth	*+54%*	*+57%*	*+44%*	*+32%*	*+25%*	*+37%*

Please note that generic versions of Epzicom/Kivexa were launched during 2016 in the US, Canada and several European markets, including Germany and the UK.

Established Products

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to Established Products:

"Elsewhere in the Pharma portfolio, 2016 saw a better performance from our Established Products business as improved supply and mix partly offset the impact of biennial price revisions in Japan and the reshaping of our China business away from older products.

Going forward we continue to expect similar mid-to-high single digit declines from this portfolio before any disposals given its generic profile, but we will also continue to manage it to optimise its cash returns either through operating performance or targeted disposals such as those recently agreed with Aspen.

The products being sold to Aspen contributed approximately £100 million of sales to 2016 that will act as a further drag to the Established Products business during 2017 of around 4%."*

*Please see page 15 of this document for an update on the progress of these agreements with Aspen.

Other pharmaceuticals

On the Q4 2015 results analyst/investor call on 3 February 2016, Simon Dingemans made the following comments:

"You should watch out for a couple of additional drag factors in Europe as part of the overall simplification of the business, we are in the process of divesting a distributor in Romania, which had annual sales of around £150 million. This will complete, we expect, by the end of Q2 [2016]…."

The disposal completed in Q4 2016. Sales of the business in Q1 2016 and in full year 2016 up to the date of divestment were £32m and £109m respectively.

Vaccines

Sales of vaccines are vulnerable to volatility on a quarterly basis – particularly in emerging markets. Since quarterly sales can be very lumpy due in part to the impact of large tenders as well as competitor outages we highlight in the tables below the 2016 quarterly results for the Vaccines business.

GSK Vaccines (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
US	1,258	262	258	725	354	1,599
Europe	1,097	339	325	389	370	1,423
International	1,302	281	377	499	413	1,570
Total turnover	**3,657**	**882**	**960**	**1,613**	**1,137**	**4,592**
Adjusted operating profit	964	253	270	647	284	1,454
Adjusted operating margin	*26.4%*	*28.7%*	*28.1%*	*40.1%*	*25.0%*	*31.7%*
CER growth						
US - reported		*+13%*	***-2%***	***+23%***	***+5%***	*+13%*
US - PF*		***+6%***	*n/a*	*n/a*	*n/a*	***+12%***
Europe - reported		*+48%*	***+11%***	***+10%***	***+11%***	*+18%*
Europe - PF*		***+33%***	*n/a*	*n/a*	*n/a*	***+16%***
International - reported		*+10%*	***+20%***	***+25%***	***-11%***	*+10%*
International - PF*		***+3%***	***n/a***	***n/a***	***n/a***	***+8%***
Total turnover						
- reported		*+23%*	***+11%***	***+20%***	***+0%***	*+14%*
- PF*		***+14%***	*n/a*	*n/a*	*n/a*	***+12%***

** Pro forma growth rates for Q1 2016 and FY 2016 are calculated comparing reported turnover for Q1 2016 and FY 2016 with the turnover for Q1 2015 and FY 2015 adjusted to include the two months of sales for January and February 2015 of the former Novartis Vaccines business.*

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to Vaccines:

"Moving to Vaccines, sales up 12% pro forma. This is driven by strong execution across the business particularly around the meningitis franchise, and Bexsero in particular. We continue to invest to expand production capacity but this is a long cycle process and supply is likely to remain tight for some time.

We also had a very successful 'flu season, especially in the US, driving overall pro forma growth in Vaccines to 12%. This was above our medium-term expectations for the business and creates a tough comparator for 2017, but underlying momentum remains encouraging even though, quarter to quarter, Vaccines remains a lumpy business.
Looking forward, we expect regulatory decisions on Shingrix in the US and Europe in Q4 2017 and our launch preparations are progressing well. That said, the timing of any approval remains uncertain and so, while there may be some sales reported in 2017, we would not expect a meaningful contribution from Shingrix until we get into 2018."

On the Q4 2016 results analyst/investor call on 08 February 2017, Andrew Witty made the following additional comments with respect to Vaccines:

"As we look forward between '16 and '17, I fully expect us to continue to grow the Vaccines business, I just wouldn't expect it to grow as fast as it grew in '16. Now partly that was because we had the effect of Bexsero coming off a very, very low base into a very much bigger base, but partly it was a consequence of having a very big 'flu season which may or may not repeat but we all know 'flu can be seasonal. So there is a likelihood the Vaccines business might grow a bit slower, but it will still grow I think during the year.
In terms of margins, I think we've shown really very quickly how we could essentially take the Novartis and the GSK Vaccines businesses, essentially fix that margin issue that was there and return ourselves to where we believe we need to be and I think broadly speaking we will want to maintain that level, but in any particular year, particularly as I think forward into 2017 as we invest to launch Shingrix, there are bound to be specific investment opportunities which might, excuse the pun, but at the margin affect the margin.
And that is the kind of thing you are going to see over the next couple of years, so I think we are very much where we want to be. Can I guarantee you it's going to look like that every quarter? No, because the Vaccines business is inevitably a bit lumpy and there will be some discrete investment opportunities we want to take to drive future growth."

Consumer Healthcare

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to Consumer Healthcare:

"Some of these pressures and comparator issues will continue as we go into 2017 and will likely take growth for Consumer overall this year down a notch, relative to the medium-term trend – especially when you factor in the possible impact of a general sales tax on reported sales in India. However, momentum in the rest of the business continue, with the launch of another OTC switch, Sensimist, already underway as we have announced today, and other innovation investments supporting continued growth of the key power brands globally. "

GSK Consumer Healthcare (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Turnover	6,028	1,761	1,690	1,868	1,874	7,193
Reported growth - CER		*+26%*	***+7%***	***+5%***	***+2%***	*+9%*
Pro forma* growth – CER		***+4%***	*n/a*	*n/a*	*n/a*	***+5%***
Adjusted operating profit	684	303	238	301	274	1,116
Adjusted operating margin	*11.3%*	*17.2%*	*14.1%*	*16.1%*	*14.6%*	*15.5%*

**Pro forma growth rates for Q1 2016 and FY 2016 are calculated comparing reported turnover for Q1 2016 and FY 2016 with the turnover for Q1 2015 and FY 2015 adjusted to include the two months of sales for January and February 2015 of the former Novartis Consumer products.*

Corporate and other unallocated turnover and costs

Corporate and other unallocated as reported* (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Turnover	72	0	0	0	0	0
Adjusted operating profit (costs)**†	(264)	(168)	(31)	(35)	(128)	(362)

**Corporate and other unallocated costs include the results of several Vaccines and Consumer Healthcare products which were held for sale in a number of markets in order to meet anti-trust approval requirements and divested in Q3 2015, together with the costs of corporate functions.*
*** Adjusted results revised for 'ordinary course' legal charges referenced on page 1 of this document*
†In 2015, the total Adjusted operating costs were net of the profit from the unallocated turnover.

Operating and financial performance

Operating performance

Year-on-year annual cost savings (per Q4 2016 results)

Restructuring and structural savings (£bn)	2014 December achieved	2015 December achieved	2016 December achieved
Restructuring savings (cumulative)	0.6	1.6	2.8
Structural savings	0.2	-	-
FX benefit	-	-	0.2
Total savings delivered	**0.8**	**1.6**	**3.0**
Incremental annual savings		+1.0*	+1.4

**Net incremental savings of £0.8bn in 2015 after taking into account structural savings credit in 2014 SG&A.*

In the Q4 2016 press release we made the following comments on restructuring:

"Major restructuring and integration charges of £970 million have been incurred (2015: £1,891 million), reflecting the phasing of planned restructuring projects following the completion of the Novartis transaction in Q1 2015, as well as reduced charges for Pharmaceuticals restructuring projects as this programme enters its later stages. Cash payments made were £1,077 million (2015: £1,131 million) including the settlement of certain charges accrued in previous quarters.

Charges for the combined restructuring and integration programme to date are £3.7 billion, with cash charges of £2.9 billion and cash payments to date of £2.7 billion. The anticipated total cash charges of the combined programme were expected to be up to £3.65 billion and the non-cash charges up to £1.35 billion. The programme delivered incremental cost savings of £1.4 billion in 2016, including a currency benefit of £0.2 billion, and has now delivered approximately £3.0 billion of annual savings (including the currency benefit). The programme remains on track to deliver the originally targeted total annual savings of £3 billion on a constant currency basis during 2017. Some residual costs, both cash and non-cash, will be charged during 2017, to deliver the targeted £3 billion of savings."

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to restructuring:

"Restructuring spend came in under our original expectations, with cash spend in 2016 of £1.1 billion, compared to the £1.3 billion we had previously indicated. This reflects the continued scrutiny and tight approval processes we have in place before we implement any of our restructuring or integration initiatives. As I highlighted earlier, cash spend on the integration and restructuring programme is expected to decline sharply in 2017 to around £300 million as the programme completes the delivery of its targeted benefits."

Royalty income

On the Q1 2016 results analyst/investor call on 27 April 2016, Simon Dingemans made the following comments with regard to royalty income:

"Moving down the P&L, it is also worth flagging that the royalty income for Q1 included a positive catch-up from last year."

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to royalty income:

"We expect total royalties to be around £300 million in 2017."

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2015	77	62	99	91	329
2016	91	83	107	117	398
2017 outlook					Around £300m

Operating profit

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to operating margins:

"Looking to the future, we remain on track to achieve our 2020 divisional margin targets, though 2017 may see some fluctuation as we invest behind new products in Vaccines and Pharma, and continue the transition of our Respiratory business – particularly if we see a generic competitor to Advair this year. Also, remember that Vaccines benefitted from a royalty catch-up in 2016. We expect total royalties to be around £300 million in 2017.

In Consumer, we expect continued progress on margins and we remain on track to achieve our 20%-plus target by 2020."

Financial performance

Net finance costs

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to interest costs:

"In 2017, we expect a modest uptick in interest costs, reflecting the higher debt levels."

Adjusted net finance costs (£m)	Q1	Q2	Q3	Q4	Full Year
2015	(156)	(178)	(148)	(154)	(636)
2016	(159)	(163)	(160)	(170)	(652)
2017 outlook					Modest increase

Associates and joint ventures

Adjusted associates and joint ventures (£m)	Q1	Q2	Q3	Q4	Full Year
2015	7	(2)	(2)	(5)	(2)
2016	0	(2)	6	1	5

Taxation

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments with regard to the 2017 tax rate:

".....we expect an adjusted rate of 21% to 22%, again reflecting the changing geographical mix of our business.*"* [core tax rate within this quote has been renamed adjusted tax rate]

Adjusted tax rate (%)	Q1	Q2	Q3	Q4	Full Year
2015					19.4%
2016	21.4%	21.3%	20.8%	21.9%	21.3%
2017 outlook					21% to 22%

Profit / (loss) attributable to non-controlling interests (minority interests)

In the Q4 2016 press release we made the following comments relating to the 2016 performance:

"The allocation of earnings to non-controlling interests amounted to £637 million (2015: £440 million), including the non-controlling interest allocations of Consumer Healthcare profits of £288 million (2015: £137 million) and the allocation of ViiV Healthcare profits, which increased to £324 million (2015: £224 million) including the impact of changes in the proportions of preferential dividends due to each shareholder based on the relative performance of different products in the year. The allocation also reflected the impact on the contribution of some of the Group's other entities with non-controlling interests primarily as a result of net losses in those entities arising from exchange"

Adjusted profit/(loss) attributable to non-controlling interests (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
ViiV	224	66	79	86	93	324
Novartis Consumer Healthcare	138	46	67	73	103	288
Other	78	35	(25)	(2)	16	25
Total	**440**	**147**	**121**	**157**	**212**	**637**

Total results

In the Q4 2016 press release we made the following comments:

"Total operating profit was £2,598 million in 2016 compared with a total operating profit of £10,322 million in 2015, which benefited from the net disposal gains recorded following the disposal of the Oncology business as part of the Novartis transaction. Non-core items resulted in an aggregate net

charge of £5,173 million primarily reflecting the impact of further accounting charges related to re-measurement of the contingent consideration liability related to the former Shionogi-ViiV Healthcare joint venture, along with re-measurement in the year of the value attributable to the Consumer Healthcare Joint Venture put option and the liabilities first recognised in Q1 2016 for the Pfizer and Shionogi put options and preferential dividends in ViiV Healthcare. The liability for the Shionogi put option was de-recognised in Q4 2016 directly to equity.

… The total earnings per share was 18.8p, compared with earnings per share of 174.3p in 2015. The decrease primarily reflected the benefit in 2015 from the disposal of the Oncology business to Novartis that closed in Q1 2015, together with the impact in 2016 of charges arising from increases in the valuations of the liabilities for contingent consideration and the put options associated with increases in the Sterling value of the Group's HIV and Consumer Healthcare businesses, partly offset by improved performance and reduced restructuring costs."

Net debt

In the Q4 2016 press release we made the following comments:

"At 31 December 2016, net debt was £13.8 billion, compared with £10.7 billion at 31 December 2015, comprising gross debt of £18.8 billion and cash and liquid investments of £5.0 billion. The increase in net debt primarily reflects a £2.2 billion adverse exchange impact from the translation of non-Sterling denominated debt and exchange on other financing items, dividends paid to shareholders of £4.9 billion including the special dividend of £1.0 billion, partly offset by free cash flow of £3.1 billion and asset disposals of £1.0 billion.
At 31 December 2016, GSK had short-term borrowings (including overdrafts) repayable within 12 months of £4,129 million with loans of £2,216 million repayable in the subsequent year."

On the Q4 2016 results analyst/investor call on 08 February 2017, in response to a question Simon Dingemans made the following additional comments:

"On net debt, given the investments that I have described in my remarks, I think we would expect debt to start to come down in '17, not by very much, and then fall further as we go forward from there, as the cash generation comes out of the other side of the Advair impact. So that is a trend that I have described earlier, back last year, and I think the picture still looks very much the same, going forward."

Net debt (£m)	31 Mar	30 Jun	30 Sep	31 Dec
2014	13,660	14,423	14,788	14,377
2015	8,098	9,553	10,551	10,727
2016	12,495	14,910	14,663	13,804

Put options

In the Q4 2016 press release we made the following comments:

"At 31 December 2016, the estimated present value of the potential redemption amount of the Consumer Healthcare Joint Venture put option recognised in Other non-current liabilities was £7,420 million (31 December 2015: £6,287 million). The estimated present value of the potential redemption

amount of the Pfizer put option related to ViiV Healthcare was £1,319 million, which was recorded in Other payables in Current liabilities. The liabilities for the ViiV Healthcare put options held by both Pfizer and Shionogi were recognised in Q1 2016, with £1,996 million recorded directly in equity on initial recognition. The Shionogi put option related to ViiV Healthcare was de-recognised in Q4 2016 with its carrying value of £1,244 million credited to equity. The increases in put option liabilities in the year primarily reflected the increased estimated Sterling values of the two businesses."

Put options (£m)	31 Dec 2015	31 Mar 2016	30 June 2016	30 Sept 2016	31 Dec 2016
Consumer Healthcare joint venture	6,287	6,547	7,141	7,287	7,420
ViiV Healthcare	-	1,999	2,299	2,523	1,319
Total	**6,287**	**8,546**	**9,440**	**9,810**	**8,739**

Contingent consideration

In the Q4 2016 press release we made the following comments:

"Contingent consideration amounted to £5,896 million at 31 December 2016 (31 December 2015: £3,855 million), of which £5,304 million (31 December 2015: £3,409 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £545 million (31 December 2015: £405 million) represented the estimated present value of contingent consideration payable to Novartis related to the Vaccines acquisition. The liability due to Shionogi included £224 million in respect of preferential dividends of which £154 million was recognised directly in equity in the year. The liability for preferential dividends due to Pfizer at 31 December 2016 was £23 million."

Contingent consideration (£m)	31 Dec 2015	31 March 2016	30 June 2016	30 Sept 2016	30 Dec 2016
Shionogi – relating to ViiV Healthcare	3,409	3,686	4,462	4,768	5,304
Novartis – relating to Vaccines acquisition	405	426	468	458	545
Other	41	40	44	45	47
Total	**3,855**	**4,152**	**4,974**	**5,271**	**5,896**

Historic London Stock Exchange announcements (LSE announcements) and press releases

Acquisitions and divestments

GSK confirms closure of agreement to divest anaesthesia portfolio to Aspen

GlaxoSmithKline today announced the closure of an agreement with Aspen (JSE: APN) aligned with GSK's strategy of simplification through focusing on core therapeutic areas.

GSK has divested its anaesthesia portfolio to Aspen (excluding the US and Canada which had been previously divested) for £180m plus milestones of up to £100m. **(Press release 1 March 2017)**

GSK confirms closure of agreement to divest non-core assets to Aspen

GlaxoSmithKline today announced the closure of one of its series of agreements with Aspen Pharmacare Holdings Limited (JSE: APN) and certain of its subsidiaries ("Aspen"), which were the subject of announcements by both companies on 12 September 2016.

GSK and Aspen have terminated their collaboration in Sub-Saharan Africa and Aspen has exercised its option to acquire GSK's remaining thrombosis business in certain retained markets. The collaboration between GSK and Aspen in South Africa remains in place.

This transaction is aligned with GSK's strategy of simplification through focusing on core therapeutic areas.

- Both parties will continue to commercialise their own respective portfolios in SSA.
- In 2013, GSK divested its thrombosis portfolio to Aspen, but retained ownership of the franchise in certain territories. These 'Retained Markets' are defined as China including Hong Kong and Macau, India and Pakistan. Aspen has now exercised the existing option to acquire the Retained Markets.
- The net impact of the termination of the SSA collaboration and divestment of the thrombosis portfolio in the Retained Markets is not material to GSK.

As announced in September, GSK has also agreed to divest its anaesthesia portfolio, consisting of Ultiva, Nimbex, Tracrium, Mivacron and Anectine to Aspen in all countries (excluding US and Canada, which had been previously divested) for an upfront payment of £180m plus milestone payments of up to £100m. This deal is subject to anti-trust and regulatory clearances.

(Press release 3 January 2017)

GlaxoSmithKline Consumer Nigeria PLC announces the Completion of the Divestment of the Drinks Bottling and Distribution Business to Suntory Beverage & Food Nigeria Limited

Today, we announce the completion of the divestment of the GSK Consumer Nigeria plc Drinks bottling and distribution business to Suntory Beverage & Food Nigeria Limited (SBFN). This follows the recent approvals obtained from the shareholders and the Nigeria Securities & Exchange Commission (SEC). Following this approval, GSK has transferred ownership of the Drinks business in Nigeria to Suntory Beverage & Food Nigeria Ltd effective 1st October 2016.

(Nigerian Stock Exchange announcement 30 September 2016)

http://www.nse.com.ng/Financial_NewsDocs/15036_GLAXOSMITHKLINE_PRESS_RELEASE_CORPORATE_ACTIONS_SEPTEMBER_2016.pdf

News flow on key assets during the quarter and to date

Since the beginning of Q1 2017 we have issued a number of LSE announcements and press releases, each of which can be accessed using the following links:
http://www.gsk.com/en-gb/media/press-releases/
http://us.gsk.com/en-us/media/press-releases/

GSK starts phase III study with mepolizumab in patients with severe hypereosinophilic syndrome
GlaxoSmithKline today announced the start of a phase III study with mepolizumab, an interleukin 5 (IL-5) antagonist, in patients with severe hypereosinophilic syndrome (HES).
The study, which aims to randomise between 80-120 patients, is evaluating the effects of mepolizumab compared to placebo when added to the standard of care. The primary endpoint of the study is the proportion of patients who experience an HES flare (worsening of symptoms requiring escalation in therapy) during the 32-week study treatment period. Secondary endpoints aim to demonstrate supportive evidence for the benefit of mepolizumab compared with placebo and include time to first HES flare, the proportion of patients who experience an HES flare during week 20 through week 32, and fatigue severity. **(LSE announcement 31 March 2017)**

GSK announces US regulatory submission seeking expanded indication for Fluarix Quadrivalent (Influenza Vaccine) for infants 6 months and older
GSK today announced the submission of a supplemental Biologics License Application (sBLA) to the U.S. Food and Drug Administration (FDA) for FLUARIX® QUADRIVALENT (Influenza Vaccine). This vaccine is currently approved for active immunization against influenza A subtype viruses and type B viruses, in persons three years of age and older. The submission seeks an expanded indication for children six months through 35 months of age. With this approval, providers would be able to use the same dose of FLUARIX® QUADRIVALENT (15 ug of hemagglutinin per virus strain in 0.5 mL) to cover all eligible persons from six months and up. **(Press Release 15 March 2017)**

GSK's MUSCA study shows Nucala (mepolizumab) significantly improves quality of life and lung function in severe asthma patients with an eosinophilic phenotype
GlaxoSmithKline today announced data demonstrating that severe asthma patients, whose disease is driven by eosinophilic inflammation, treated with first-in-class biologic Nucala (mepolizumab) added-on to standard of care, achieved clinically and statistically significant improvements in their health-related quality of life and lung function, when compared to patients treated with placebo and standard of care. These results are from the phase IIIb MUSCA study (NCT02281318, 200862), which successfully met all its primary and secondary endpoints. **(LSE announcement 6 March 2017)**

Positive results for Relvar Ellipta lung function study in patients with well-controlled asthma
GlaxoSmithKline and Innoviva today announced positive headline results from a non-inferiority lung function study, which demonstrated that patients with well-controlled asthma were able to switch to the once-daily Relvar Ellipta (fluticasone furoate/vilanterol, FF/VI) 100/25, an inhaled corticosteroid (ICS)/long-acting beta2agonist (LABA) combination, from the twice-daily Seretide Accuhaler (fluticasone propionate /salmeterol, FP/SAL) 250/50, without compromising their lung function. **(LSE announcement 23 February 2017)**

ViiV Healthcare announces detailed positive phase III results for investigational two-drug regimen of dolutegravir and rilpivirine for HIV treatment

In the SWORD studies, the two-drug regimen showed comparable efficacy to three- or four-drug regimens in virologically suppressed patients.

ViiV Healthcare, the global specialist HIV company majority-owned by GSK, with Pfizer Inc. and Shionogi Limited as shareholders, today announced detailed study results from its phase III programme evaluating the safety and efficacy of switching virologically suppressed patients from a three- or four-drug antiretroviral regimen to a two-drug regimen of dolutegravir (ViiV Healthcare) and rilpivirine (Janssen Sciences Ireland UC). Headline results were announced in December 2016 and detailed study results are being presented at the annual Conference on Retroviruses and Opportunistic Infections in Seattle. **(LSE announcement 13 February 2017)**

GSK Consumer Healthcare Launches FLONASE® Sensimist™ Allergy Relief Nationwide

New OTC product with unique technology aims to help allergy sufferers find more complete relief. GSK Consumer Healthcare today announced the nationwide launch of FLONASE® Sensimist™ Allergy Relief (fluticasone furoate, 27.5 mcg spray), a new over-the-counter (OTC) treatment for symptoms associated with seasonal and perennial allergies. **(Press release 8 February 2017)**

Other newsflow during the quarter and to date

Change to financial reporting framework

GSK keeps its financial reporting framework under regular review to ensure that it remains current and in line with both the latest regulatory requirements and developing best practice within the Pharmaceutical industry. As a result of its latest review, GSK will be making the following change to its financial reporting from Q1 2017.

Core results will be renamed Adjusted results and will include 'ordinary course' legal charges

Treatment and reporting of legal charges

From Q1 2017, only Significant legal charges and expenses will be excluded in order to present Adjusted results. All other legal charges and expenses will be included in Adjusted results. Significant legal charges and expenses are those arising from the settlement of litigation or a government investigation that are not in the normal course and materially larger than more regularly occurring individual matters. They also include certain major legacy legal matters. Any new Significant legal matters excluded in order to present Adjusted results will be disclosed at the time.

Revised Adjusted results

The tables below set out revised reconciliations of Total to Adjusted results, the Adjusted profit and the segment profits for the quarters of 2016 and full year 2015 on the basis that the change described above had taken effect in those years. The impact of this change would have been to reduce the amount of legal charges excluded in arriving at the Adjusted pre-tax profit by £100 million in 2016 and £70 million in 2015.

Ongoing legal charges and expenses for the full year 2017 are expected to be at broadly similar levels to 2016 and 2015, and so this change is not expected to affect the Group's previously announced guidance for 2017 or the Group's outlook for the five-year period 2016-2020, provided to investors in May 2015.

Historic Adjusted results will be revised for this change to ensure comparability of future Adjusted results with prior periods. An Excel version of this data is available on www.gsk.com.

Presentation of Total and Adjusted results

GSK will continue to present Total results before Adjusted results and provide a reconciliation between the two. Charges and expenses arising from Significant legal matters will be aggregated into this reconciliation and reported in a new column, 'Divestments, Significant legal charges and other items'.

The Remuneration Committee will consider the impact of this change on outstanding and future incentive awards for senior executives, to ensure that performance continues to be assessed on a fair basis.

Adjusted results will now exclude the following items and their tax effects:

- amortisation and impairment of intangible assets (excluding computer software) and goodwill;
- major restructuring costs, including those costs following material acquisitions;
- transaction-related accounting adjustments for significant acquisitions;
- Significant legal charges (net of insurance recoveries) and expenses on the settlement of litigation and government investigations, and
- other items, including disposals of associates, products and businesses, and other operating income other than royalty income.

(LSE announcement 11 April 2017)

Publication of 2017 notice of Annual General Meeting

GlaxoSmithKline plc (the 'Company') will today publish on the Company's website, http://www.gsk.com/en-gb/investors/shareholder-information/annual-general-meeting/, its 2017 Notice of Annual General Meeting (the '2017 AGM Notice'), together with its Annual Summary 2016. The Company's Annual General Meeting will be held on Thursday 4 May 2017 at 2.30 pm at The Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

(LSE announcement 30 March 2017)

Annual Report 2016 on Form 20-F

In accordance with Section 203.01 of the New York Stock Exchange Listed Company Manual, GlaxoSmithKline plc ("GSK") announces that on 17 March 2017 it filed with the Securities and Exchange Commission an Annual Report on Form 20-F that included audited financial statements for the year ended 31 December 2016. GSK's 2016 Annual Report on Form 20-F is available online at GSK's website at www.gsk.com/corporatereporting and also online at www.sec.gov.

Ordinary Shareholders may also elect to receive notification by email of the publication of financial reports by registering on www.shareview.co.uk. **(LSE announcement 17 March 2017)**

Publication of 2016 Annual Report

GlaxoSmithKline plc (the 'Company') will today publish on the Company's website, http://annualreport.gsk.com/, its Annual Report for the year ended 31 December 2016 (the '2016 Annual Report').

A hard copy version of the 2016 Annual Report, together with the 2016 Annual Summary (the '2016 Summary') and 2017 Notice of Annual General Meeting (the '2017 AGM Notice'), will be sent to those shareholders who have elected to receive paper communications on or about 30 March 2017. Shareholders who have not elected to receive paper communications will be sent the 2016 Summary notifying them of the availability of these documents on the Company's website.
(LSE announcement 14 March 2017)

Abbas Hussain to leave GSK
GlaxoSmithKline today announced that Abbas Hussain, President, Global Pharmaceuticals has decided to leave the company. He has agreed with GSK that he will leave the company later this year.
Abbas joined GSK in 2008 and has held roles of increasing responsibility within the company's pharmaceutical business. He is a member of GSK's executive team and a board member of ViiV Healthcare. **(LSE announcement 19 January 2017)**

Luke Miels appointed President, Global Pharmaceuticals, GSK
GlaxoSmithKline today announced that Luke Miels has been appointed President, Global Pharmaceuticals, GSK. He will be responsible for a portfolio of medicines and vaccines with annual sales of more than £15 billion and operations in over 100 markets.
Luke will report to Emma Walmsley, who is currently CEO Designate and will become CEO of GSK in April 2017. His start date will be announced in due course. **(LSE announcement 19 January 2017)**

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (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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