Pre-Quarterly Results Communication Q3 2017

Issued: Tuesday, 10 October 2017

Contents

New information for Q3 2017

Foreign exchange

Average rates Quarterly	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Key currencies							
US$	1.43	1.41	1.33	1.27	1.25	1.29	1.30
€	1.30	1.28	1.17	1.17	1.17	1.15	1.13
Yen	167	153	139	137	141	143	148
Other currencies							
Australian dollar	1.96	1.92	1.76	1.68	1.66	1.70	1.68
Brazilian real	5.54	4.96	4.35	4.11	3.96	4.16	4.15
Canadian dollar	1.95	1.83	1.74	1.68	1.66	1.72	1.66
Chinese yuan	9.33	9.31	8.81	8.51	8.60	8.80	8.76
Indian rupee	96.1	95.1	88.4	84.4	83.2	83.4	84.8
Russian rouble	104	93.6	86.5	79.1	73.6	74.4	77.0
FX impact on turnover	***+3%***	***+7%***	***+15%***	***+18%***	***+14%***	***+9%***	***+2%***
FX impact on adjusted/CORE EPS	***+6%***	***+26%***	***+27%***	***+34%***	***+22%***	***+14%***	***n/a***

Average rates for the quarter ended 30 September 2017 were $1.30/£, €1.13/£ and Yen 148/£. Based on these rates, it is expected that the positive impact of foreign exchange on Q3 2017 sales will be around 2%. 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 Q3 2017 sterling Adjusted EPS will likely be slightly more than the positive impact on sales.

Average rates Cumulative - YTD	3M 2016	6M 2016	9M 2016	12M 2016	3M 2017	6M 2017	9M 2017
Key currencies							
US$	1.43	1.42	1.39	1.36	1.25	1.27	1.28
€	1.30	1.29	1.25	1.23	1.17	1.16	1.15
Yen	167	160	153	149	141	142	144
Other currencies							
Australian dollar	1.96	1.94	1.88	1.83	1.66	1.68	1.68
Brazilian real	5.54	5.25	4.95	4.74	3.96	4.06	4.09
Canadian dollar	1.95	1.89	1.84	1.80	1.66	1.69	1.68
Chinese yuan	9.33	9.32	9.15	8.99	8.60	8.70	8.72
Indian rupee	96.1	95.6	93.2	91.0	83.2	83.3	83.8
Russian rouble	104	98.8	94.7	90.8	73.6	74.0	75.0
FX impact on turnover	***+3%***	***+5%***	***+8%***	***+11%***	***+ 14%***	***+11%***	***+8%***
FX impact on adjusted/CORE EPS	***+6%***	***+16%***	***+20%***	***+23%***	***+22%***	***+17%***	***n/a***

Average rates for the nine months ended 30 September 2017 were $1.28/£, €1.15/£ and Yen 144/£. Based on these rates, it is expected that the positive impact of foreign exchange on 9M 2017 sales will be around 8%. We expect that the positive impact of foreign exchange on 9M 2017 sterling core EPS will be greater than the positive impact on sales primarily reflecting the benefit seen during H1.

The Q3 2017 period-end rates were $1.34/£, €1.13/£ and Yen 151/£.

Period end rates	Dec 2015	Mar 2016	Jun 2016	Sept 2016	Dec 2016	Mar 2017	June 2017	Sept 2017
Key currencies								
US$	1.47	1.44	1.33	1.30	1.24	1.25	1.30	1.34
€	1.36	1.26	1.20	1.16	1.17	1.17	1.14	1.13
Yen	177	162	137	132	144	139	146	151

Foreign exchange: 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 Q3 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)
2017	(12)	(20)			

Foreign exchange: 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

Foreign exchange: Currency impact 2017

In the Q2 2017 press release we made the following comment on the potential impact of currencies on sales and EPS in 2017:

"If exchange rates were to hold at the closing rates on 30 June 2017 ($1.30/£1, €1.14/£1 and Yen 146/£1) for the rest of 2017, the estimated positive impact on full-year 2017 Sterling turnover growth would be around 5% and if exchange losses were recognised at the same level as in 2016, the estimated positive impact on 2017 Sterling Adjusted EPS growth would be around 8%."

We will update you on our latest view on the estimated impact of currencies in 2017 in our Q3 2017 press release on 25 October.

Basic weighted average number of shares (WANS)

The basic weighted number of shares in issue during Q3 2017 was 4,890m compared with 4,865m in Q3 2016 (an increase of 0.5%).

In millions	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
WANS: Quarter	4,847	4,859	4,865	4,867	4,877	4,887	4,890
WANS: Cumulative - Year to date	4,847	4,853	4,857	4,860	4,877	4,882	4,884
Period end shares*	4,858	4,861	4,866	4,868	4,886	4,888	4,890

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

Dividend

In the Q2 2017 press release we made the following comment on returns to shareholders:

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

GSK recognises the importance of dividends to shareholders and aims to distribute regular dividend payments that will be determined primarily with reference to the free cash flow generated by the business after funding the investment necessary to support the Group's future growth.

The Board intends to maintain the dividend for 2018 at the current level of 80p per share, subject to any material change in the external environment or performance expectations. Over time, as free cash flow strengthens, it intends to build free cash flow cover of the annual dividend to a target range of 1.25-1.50x, before returning the dividend to growth."

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year	Special dividend
2014	19	19	19	23	80	-
2015	19	19	19	23	80	20
2016	19	19	19	23	80	-
2017 - expected	19	19			80†	-
2018 - expected					80†	

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

Factors impacting recent quarterly comparisons

As usual there were several events in 2017 to date and during 2016 which impact the year on year comparisons for Q3 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 Q3 2017 versus Q3 2016.

For further comments, please refer to quarterly press releases, presentations and transcripts.

Core results renamed Adjusted results to include 'ordinary course' legal charges

As an additional reminder, GSK made a number of changes to its financial reporting from Q1 2017. Most of the changes were highlighted in our press release published on 11 April - **Change to financial reporting framework** - which is available on gsk.com and can referenced on page 23 of this document.

(£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%

Core results were renamed Adjusted results and now 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 overleaf summarises historic Adjusted results revised for 'ordinary course' legal charges. The "change" reflects the impact in each of the respective periods.

Pharmaceuticals

Pharmaceuticals (£m)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017
Total turnover	3,586	3,882	4,061	4,575	16,104	4,189	4,357
Reported growth - CER	-1%	+2%	+6%	+4%	+3%	+4%	+3%
Pro forma* growth - CER	**+5%**	**n/a**	**n/a**	**n/a**	**+4%**	**n/a**	**n/a**
Adjusted operating profit**	1,143	1,351	1,391	1,603	5,488	1,440	1,464
Adjusted operating margin**	31.9%	34.8%	34.3%	35.0%	34.1%	34.4%	33.6%

** 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 and minor reallocation of costs between Pharma and Vaccines*

In the Q2 2017 results video on 26 July, Simon Dingemans made the following comments regarding the Pharmaceutical business:

"Sales within the Pharma business were up 3%, despite a drag of 2 percentage points from the Aspen and Romania disposals. Growth from new products significantly exceeded the declines in sales of older products in the portfolio."

Pharmaceuticals: Respiratory

Seretide/Advair (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017
US	1,865	339	487	447	556	1,829	339	476
Europe	1,014	226	213	195	201	835	206	182
International	802	188	200	215	218	821	207	190
Total	**3,681**	**753**	**900**	**857**	**975**	**3,485**	**752**	**848**
CER growth								
US	-13%	-19%	-7%	-2%	-21%	-13%	-12%	-11%
Europe	-18%	-24%	-25%	-24%	-24%	-24%	-17%	-21%
International	*-8%*	-11%	-11%	+5%	-11%	*-7%*	-4%	-11%
Total	***-13%***	**-19%**	**-13%**	**-7%**	**-20%**	***-15%***	**-12%**	**-14%**

In the Q2 2017 results video on 26 July, Simon Dingemans made the following comments on Seretide/Advair:

"On Seretide/Advair specifically, with no substitutable generic entry expected this year in the US, we continue to expect a decline of 15-20% globally this year, with the US in line with this range but Europe more at the 20% end.

Advair's H1 decline in the US was 12% but keep in mind this included the benefit of favourable RAR true up adjustments, which we are not expecting to recur during the second half of the year."

In the Q2 2017 results video on 26 July, Simon Dingemans made the following comments on closed triple (Trelegy Ellipta):

"We continue to prepare for the launch of our Closed Triple, which is on track for a potential approval later this year. This will be a key addition to the Ellipta portfolio, but do not expect significant sales before 2018, when we expect a steady build as we move beyond the initial launch phase."

Please note that Trelegy Ellipta was approved in the US on 18 September and received positive opinion from the CHMP in Europe on 15 September.

Pharmaceuticals: HIV

In the Q2 2017 results video on 26 July 2017, Simon Dingemans made the following comments regarding the HIV business:

"Moving to our HIV products, overall, our HIV portfolio grew 17% in Q2. The strong growth was again driven by the continued increase in market shares for Triumeq and Tivicay. In the US, dolutegravir remains the number one core agent. Epzicom/Kivexa continues to decline as a result of generic competition in Europe."

HIV (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017
Tivicay	588	188	225	250	290	953	301	340
Triumeq	730	328	409	468	530	1,735	539	648
Epzicom	698	154	157	143	114	568	78	63
Other HIV	306	59	74	79	88	300	67	65
Total turnover	**2,322**	**729**	**865**	**940**	**1,022**	**3,556**	**985**	**1,116**
CER growth	*+54%*	*+57%*	*+44%*	*+32%*	*+25%*	*+37%*	*+19%*	*+17%*

Pharmaceuticals: Established Pharmaceuticals

In the Q2 2017 results video on 26 July 2017, Simon Dingemans made the following comments regarding Established Pharmaceuticals:

"Established Pharmaceuticals which includes most of our off-patent products declined by 7% in Q2, including a headwind from disposals of 4% and a tough comparator for Avodart in the US, due to a favourable true up in Q2 2016. Avodart is expected to encounter generic competition throughout most of Europe over the second half. I continue to expect the overall rate of decline for Established Pharmaceuticals to be in the mid to high-single digit range for the rest of the year including the impact of divestments."

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)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017
US	262	258	725	354	1,599	363	316
Europe	339	325	389	370	1,423	389	394
International	281	377	499	413	1,570	400	401
Total turnover	**882**	**960**	**1,613**	**1,137**	**4,592**	**1,152**	**1,111**
Adjusted operating profit**	246	264	641	278	1,429	341	374
*Adjusted operating margin***	*27.9%*	*27.5%*	*39.7%*	*24.5%*	*31.1%*	*29.6%*	*33.7%*
CER growth							
US - reported	*+13%*	***-2%***	***+23%***	***+5%***	*+13%*	***+21%***	***+12%***
US - PF*	***+6%***	*n/a*	*n/a*	*n/a*	***+12%***	*n/a*	*n/a*
Europe - reported	*+48%*	***+11%***	***+10%***	***+11%***	*+18%*	***+4%***	***+10%***
Europe - PF*	***+33%***	*n/a*	*n/a*	*n/a*	***+16%***	*n/a*	*n/a*
International - reported	*+10%*	***+20%***	***+25%***	***-11%***	*+10%*	***+25%***	***-5%***
International - PF*	***+3%***	*n/a*	*n/a*	*n/a*	***+8%***	*n/a*	*n/a*
Total turnover							
- reported	*+23%*	***+11%***	***+20%***	***+0%***	*+14%*	***+16%***	***+5%***
- PF*	***+14%***	*n/a*	*n/a*	*n/a*	***+12%***	*n/a*	*n/a*

** 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.*
*** Adjusted results revised for 'ordinary course' legal charges and minor reallocation of costs between Pharma and Vaccines*

In the Q2 2017 results video on 26 July 2017, Simon Dingemans made the following comments regarding Vaccines:

"As I have said before, Vaccine sales are often lumpy. Q3 last year grew 20%, with the benefit of a very strong flu season and some phasing, so the business will have a tough comp in Q3.

We continue to expect regulatory decisions on Shingrix in the US and Europe in Q4 2017. We remain excited about the prospects for this product and launch preparations are well underway, but as with Closed Triple, we do not expect a meaningful contribution from Shingrix until we get into 2018 and beyond."

Consumer Healthcare

In the Q2 2017 results video on 26 July 2017, Simon Dingemans made the following comments regarding Consumer Healthcare:

"Looking forward, the second half of the year will also be impacted by the introduction of generic competition to one of our legacy Novartis products. The impact of this on second half sales is estimated at about £40million and the full year impact next year would be around £80million.

So, given all these factors, we are not now expecting much growth at the top line from the consumer business this year. Also, unless the market backdrop improves, we would not expect more than low-single-digit growth in sales next year either, especially when you factor in the drag from divestments, GST [in India] and the Novartis generic."

GSK Consumer Healthcare (£m)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017
Turnover	1,761	1,690	1,868	1,874	7,193	2,043	1,852
Reported growth - CER	*+26%*	***+7%***	***+5%***	***+2%***	*+9%*	***+2%***	***+0%***
Pro forma* growth – CER	***+4%***	*n/a*	*n/a*	*n/a*	***+5%***	*n/a*	*n/a*
Adjusted operating profit	303	238	301	274	1,116	351	328
Adjusted operating margin	*17.2%*	*14.1%*	*16.1%*	*14.6%*	*15.5%*	*17.2%*	*17.7%*

**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 * (£m)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017
Turnover	0	0	0	0	0	0	0
Adjusted operating profit (costs)**	(168)	(31)	(35)	(128)	(362)	(153)	(83)

**Corporate and other unallocated costs include the costs of corporate functions.*

*** Adjusted results revised for 'ordinary course' legal charges*

Operating and financial performance

Operating performance

Year-on-year annual cost savings (per Q2 2017 results presentation)

Annual savings (£bn)*	2016 December achieved	2017 June achieved	2017 December expected	2018 December expected	2019 December expected	2020 December expected
Annual savings at 2015 FX	2.8	3.1	3.3	3.5	3.7	4.0
Cumulative FX benefit	0.2	0.3	0.3	0.4	0.4	0.4
Total savings delivered/expected	**3.0**	**3.4**	**3.6**	**3.9**	**4.1**	**4.4**

** Expected phasing of annual savings. All expectations and targets regarding future performance should be read together with "Assumptions related to 2017 guidance and 2016-2020 outlook" on page 32 of our Q2 earnings release dated 26 July 2017 and the cautionary statement slide included with the Q2 2017 results presentation.*

In the Q2 2017 press release we made the following comments on restructuring:

"Major restructuring and integration charges incurred in the 6 months were £606 million (H1 2016: £422 million), reflecting increased non-cash charges for the write down of assets as well as provisions for R&D obligations as a result of the decision to withdraw Tanzeum progressively arising from the establishment of the Group's new business priorities. Cash payments made were £332 million (H1 2016: £600 million) including the settlement of certain charges accrued in previous quarters.

Charges for the combined restructuring and integration programme to date are £4.3 billion, of which cash charges are £3.2 billion, including £163 million in the quarter. Cash payments of £2.9 billion have been made to date. Non-cash charges are £1.1 billion, including £277 million in the quarter.

An extension to the existing combined programme has been agreed by the Board, with total cash charges of the combined programme now expected to be approximately £4.1 billion and non-cash charges up to £1.6 billion. The programme has now delivered approximately £3.4 billion of annual savings on a moving annual total basis, including a currency benefit of £0.3 billion. The extended programme is now expected to deliver by 2020 total annual savings of £4.0 billion on a constant currency basis, together with an estimated £0.4 billion of currency benefits. In 2017, approximately £600 million of cash charges are expected in addition to the settlement of cash charges accrued at the end of 2016, along with some non-cash charges."

Research and development

Adjusted R&D costs (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017
R&D	3,096	775	800	876	1,017	3,468	919	1,053
Reported growth - CER	*-2%*	-5%	**+4%**	**+8%**	**+6%**	+3%	**+8%**	**+24%**
Pro forma growth – CER	***-5%***	***-7%***	*n/a*	*n/a*	*n/a*	***+3%***	*n/a*	*n/a*

In the Q2 2017 results video on 26 July 2017, Simon Dingemans made the following comments regarding R&D costs:

"Our financial architecture continues to help drive value and alignment across the business so that we prioritise our investments more clearly and allocate them to where we see the greatest returns for the future. This includes re-allocation of existing funding as well as additional spend to our highest priorities: new products, new launches and advancing the R&D pipeline.

In line with these priorities, we've stepped up pharma R&D spending over the last several quarters. HIV is a particular focus and during the second quarter we took the decision to invest, for the first time, in a Priority Review Voucher to accelerate the FDA's review of a key asset - our first two-drug regimen in HIV. The 106 million pound cost of the PRV was charged to R&D expenses in Q2"

Royalty income

In the Q2 2017 results video on 26 July 2017, Simon Dingemans made the following comments regarding royalty income:

"Royalties were up 12% and we continue to expect around £300m for the full year."

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2015	77	62	99	91	329
2016	91	83	107	117	398
2017 outlook	82	98			Around £300m

Financial performance

Net finance costs

On the Q4 2016 results analyst/investor call on 8 February 2017, Simon Dingemans made the following comments regarding 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	(169)	(176)			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
2017	5	(1)			

Taxation

In the Q2 2017 results video on 26 July 2017, Simon Dingemans made the following comments regarding the 2017 tax rate:

"The tax rate was 21.2%, similar to last year. And we continue to expect to be in the 21-22% range for 2017 as a whole."

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	22.0%	21.2%			21% to 22%

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

In the Q2 2017 press release we made the following comments relating non-controlling interests:

"The allocation of Adjusted earnings to non-controlling interests amounted to £174 million (Q2 2016: £121 million), including the non-controlling interest allocations of Consumer Healthcare profits of £80 million (Q2 2016: £67 million) and the allocation of ViiV Healthcare profits, of £81 million (Q2 2016: £79 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 quarter, as well as the non-controlling interest allocation of the Priority Review Voucher expensed in Q2 2017. The increase in allocation also reflected comparison with the reduction in the allocation to non-controlling interests due to higher net losses in some of the Group's other entities with non-controlling interests in Q2 2016."

Adjusted profit/(loss) attributable to non-controlling interests (£m)	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017
ViiV	224	66	79	86	93	324	113	81
Novartis Consumer Healthcare	138	46	67	73	103	288	74	80
Other	78	35	(25)	(2)	16	25	12	13
Total	**440**	**147**	**121**	**157**	**212**	**637**	**199**	**174**

Total results

In the Q2 2017 press release we made the following comments:

"Total operating loss was £20 million in Q2 2017 compared with a £151 million loss in Q2 2016. The reduction in operating loss reflected the reduced impact of accounting charges related to re-measurement of the liabilities for contingent consideration, put options and preferential dividends, together with an improved operating margin driven by strong sales growth, particularly in Vaccines, and a more favourable mix in the Pharmaceutical business, continued benefits from restructuring and integration and tight control of ongoing costs across all three businesses. This was partly offset by continued price pressure, particularly in Respiratory, supply chain investments and increased restructuring costs and asset impairments, including a charge of £448 million in aggregate relating to the progressive withdrawal of Tanzeum.

…. The Total loss per share was 3.7p, compared with a loss per share of 9.0p in Q2 2016. The reduced loss primarily reflected a reduced impact 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, as well as improved performance and reduced restructuring costs, partly offset by the impact of the Priority Review Voucher in the quarter."

Net debt

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
2017	13,743	14,800		

In the Q2 2017 press release we made the following comments:

"At 30 June 2017, net debt was £14.8 billion, compared with £13.8 billion at 31 December 2016, comprising gross debt of £18.9 billion and cash and liquid investments of £4.1 billion. Net debt increased as the cost of dividends paid to shareholders of £2,049 million more than offset the improved free cash flow of £368 million and disposal proceeds of £322 million, together with favourable translation movements."

In the Q2 2017 results video on 26 July 2017, Simon Dingemans made the following comments regarding cash generation and net debt:

"On cash flow and net debt, free cash flow for the Group during the first half of the year was £368m, up over £300m compared with last year, even after the £106 million investment in the PRV in Q2 and a significant increase in inventory, as planned, for shipments and launches during the second half. The inventory build during the first half offset significant progress in many areas including tighter management of capex and reduced restructuring spend.

Net debt now stands at £14.8bn, slightly less than this time last year and £1bn higher than year-end 2016, primarily reflecting £2.0 billion of dividends paid to our shareholders only partly offset by free cash flow and disposal proceeds.

Due in part to a significant seasonal impact on parts of the Group's businesses including flu vaccines sales and respiratory products, we expect free cash flow for the year to be significantly weighted to the second half."

Put options

In the Q2 2017 press release we made the following comments:

"At 30 June 2017, the estimated present value of the potential redemption amount of the Consumer Healthcare Joint Venture put option recognised in Other payables in Current liabilities was £8,271 million (31 December 2016: £7,420 million reported within Other non-current liabilities). The estimated present value of the potential redemption amount of the Pfizer put option related to ViiV Healthcare was £1,259 million (31 December 2016: £1,319 million), which is also recorded in Other payables in Current liabilities."

Put options (£m)	31 Dec 2015	31 Mar 2016	30 June 2016	30 Sept 2016	31 Dec 2016	31 Mar 2017	30 Jun 2017
Consumer Healthcare joint venture	6,287	6,547	7,141	7,287	7,420	7,541	8,271
ViiV Healthcare	-	1,999	2,299	2,523	1,319	1,205	1,259
Total	**6,287**	**8,546**	**9,440**	**9,810**	**8,739**	**8,746**	**9,530**

Contingent consideration

In the Q2 2017 press release we made the following comments:

"Contingent consideration amounted to £6,043 million at 30 June 2017 (31 December 2016: £5,896 million), of which £5,351 million (31 December 2016: £5,304 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £646 million (31 December 2016: £545 million) represented the estimated present value of contingent consideration payable to Novartis related to the Vaccines acquisition. The liability due to Shionogi included £214 million in respect of preferential dividends. The liability for preferential dividends due to Pfizer at 30 June 2017 was £27 million (31 December 2016: £23 million)."

Contingent consideration (£m)	31 Dec 2015	31 Mar 2016	30 June 2016	30 Sept 2016	30 Dec 2016	31 Mar 2017	31 Mar 2017	30 June 2017
Shionogi – relating to ViiV Healthcare	3,409	3,686	4,462	4,768	5,304	5,193	5,193	5,351
Novartis – relating to Vaccines acquisition	405	426	468	458	545	554	554	646
Other	41	40	44	45	47	47	47	46
Total	**3,855**	**4,152**	**4,974**	**5,271**	**5,896**	**5,794**	**5,794**	**6,043**

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)

News flow on key assets during the quarter and to date

Since the beginning of Q3 2017 we have issued several 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 receives approval for Benlysta in Japan for the treatment of systemic lupus erythematosus
GSK announced today that the Japanese Ministry of Health, Labour and Welfare (MHLW) has approved Benlysta (belimumab) for the treatment of adult patients with systemic lupus erythematosus (SLE) who are inadequate responders to existing therapies. Benlysta is for use as an

add-on therapy in autoantibody positive SLE patients. SLE is a chronic, incurable, autoimmune disease associated with a range of symptoms that can fluctuate over time, affecting almost any system in the body. **(Press Release 27 September 2017)**

GSK and Innoviva report positive headline results from IMPACT study showing single inhaler triple therapy Trelegy Ellipta reduced COPD exacerbations

- ***Trelegy Ellipta met study primary endpoint demonstrating reduction in exacerbations compared with the dual therapies Anoro Ellipta and Relvar/Breo Ellipta in patients with COPD***

GlaxoSmithKline plc (LSE/NYSE: GSK) and Innoviva, Inc. (NASDAQ: INVA) today announced positive headline results from the landmark phase III IMPACT study of Trelegy Ellipta, the first and only FDA approved once-daily single inhaler triple therapy comprising an inhaled corticosteroid (ICS), long-acting muscarinic antagonist (LAMA) and long-acting beta agonist (LABA).
Trelegy Ellipta (fluticasone furoate/umeclidinium/vilanterol, FF/UMEC/VI) is approved for the long-term, once-daily, maintenance treatment of patients with chronic obstructive pulmonary disease (COPD) who are receiving Breo (fluticasone furoate/vilanterol, FF/ VI) and require additional bronchodilation or who are receiving Breo and Incruse (umeclidinium, UMEC).

The IMPACT study, which involved 10,355 patients, met its primary endpoint demonstrating statistically significant reductions in the annual rate of on-treatment moderate/severe exacerbations for FF/UMEC/VI (100/62.5/25mcg) when compared with two, once-daily dual COPD therapies from GSK's existing portfolio. The study showed a:

- 15% reduction for FF/UMEC/VI compared with Relvar/Breo Ellipta (FF/VI,100/25mcg); 0.91 vs 1.07 per year; p<0.001
- 25% reduction for FF/UMEC/VI compared with Anoro Ellipta (UMEC/VI, 62.5/25mcg); 0.91 vs 1.21 per year; p<0.001

In addition, statistically significant improvements were observed across all pre-specified key secondary endpoints and associated treatment comparisons:

- Change from baseline trough FEV1 at week 52 for FF/UMEC/VI compared with FF/VI was 97mL; <0.001 and for FF/UMEC/VI compared with UMEC/VI was 54mL; p<0.001
- Change from baseline St George's Respiratory Questionnaire at week 52 for FF/UMEC/VI compared with FF/VI was -1.8 units; p<0.001 and for FF/UMEC/VI compared with UMEC/VI was -1.8 units; p<0.001
- Analysis of time to first on-treatment moderate/severe COPD exacerbation demonstrated a 14.8% reduction in risk for FF/UMEC/VI compared with FF/VI; p<0.001, and a 16.0% reduction in risk for FF/UMEC/VI compared with UMEC/VI; p<0.001

Based on review of the headline data, the safety profile of FF/UMEC/VI was consistent with the known profile of the individual medicines and their dual combinations. The most common adverse events across the treatment groups were viral upper respiratory tract infection, worsening of COPD, upper respiratory tract infection, pneumonia and headache. The incidences of the most frequent serious adverse events were worsening of COPD: 11%, 11% and 13% for FF/UMEC/VI, FF/VI and

UMEC/VI, respectively; and pneumonia: 4%, 4% and 3% for FF/UMEC/VI, FF/VI and UMEC/VI, respectively.

Full results will be presented at upcoming scientific meetings and in peer-reviewed publications. Global regulatory filings with the IMPACT study are expected to commence in the second quarter of 2018 for consideration of expansion of the indicated patient population.
(LSE announcement 20 September 2017)

Trelegy Ellipta approved as the first once-daily single inhaler triple therapy for the treatment of appropriate patients with COPD in the US
GlaxoSmithKline plc (LSE/NYSE: GSK) and Innoviva, Inc. (NASDAQ: INVA) today announced that the US Food and Drug Administration (FDA) has approved once-daily, single inhaler triple therapy fluticasone furoate/umeclidinium/vilanterol (FF/UMEC/VI), under the brand name Trelegy Ellipta, for the long-term, once-daily, maintenance treatment of patients with chronic obstructive pulmonary disease (COPD), including chronic bronchitis and/or emphysema, who are on a fixed-dose combination of fluticasone furoate and vilanterol for airflow obstruction and reducing exacerbations in whom additional treatment of airflow obstruction is desired or for patients who are already receiving umeclidinium and a fixed-dose combination of fluticasone furoate and vilanterol. Trelegy Ellipta is not indicated for relief of acute bronchospasm or the treatment of asthma.
(LSE announcement 18 September 2017)

Trelegy Ellipta once-daily single inhaler triple therapy receives positive opinion from the CHMP in Europe for appropriate patients with COPD
GlaxoSmithKline plc (LSE/NYSE: GSK) and Innoviva, Inc. (NASDAQ: INVA) today announced that the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP) has issued a positive opinion recommending marketing authorisation for fluticasone furoate/ umeclidinium/vilanterol (FF/UMEC/VI) as a maintenance treatment in adult patients with moderate to severe chronic obstructive pulmonary disease (COPD) who are not adequately treated by a combination of an inhaled corticosteroid and a long-acting beta2-agonist (for effects on symptom control see section 5.1). The proposed brand name is Trelegy Ellipta.
(LSE announcement 15 September 2017)

GSK receives CHMP positive opinion for self-injectable formulation of Benlysta for systemic lupus erythematosus
GSK today announced that the European Medicines Agency's Committee for Medicinal Products for Human Use (CHMP) has issued a positive opinion recommending approval for a new subcutaneous formulation of Benlysta (belimumab) as an add-on therapy in adult patients with active autoantibody-positive systemic lupus erythematosus(SLE) with a high degree of disease activity (e.g. positive anti-dsDNA and low complement) despite standard therapy. SLE is the most common form of lupus, a chronic, incurable autoimmune disease producing autoantibodies that can attack almost any system in the body. **(Press Release 15 September 2017)**

FDA Advisory Committee votes unanimously for Shingrix (HZ/su) in the US for prevention of herpes zoster (shingles) in adults ages 50 and over

GlaxoSmithKline plc [LSE/NYSE: GSK] announced today that the Vaccines and Related Biological Products Advisory Committee (VRBPAC) of the US Food and Drug Administration (FDA) voted unanimously that the data support the efficacy and safety of Shingrix for the prevention of herpes zoster (shingles) in adults ages 50 and over. FDA Advisory Committees provide non-binding recommendations for consideration by the FDA, with the final decision on approval made by the FDA. **(LSE announcement 13 September 2017)**

GSK announces phase III results published in NEJM of mepolizumab in patients with eosinophilic COPD at risk of exacerbations

- **Regulatory filings planned for 2017**

GlaxoSmithKline plc (LSE/NYSE: GSK) today announced the publication of full results from the phase III studies for mepolizumab in chronic obstructive pulmonary disease (COPD). Data from the investigational clinical development programme showed that treating eosinophilic COPD patients with the biologic medicine, mepolizumab, in addition to maximal guideline-recommended therapy, reduced exacerbations in these difficult-to-treat patients. Based on the full data, discussions with external experts and the recognised unmet medical need in this patient population, regulatory filings are planned for 2017. Mepolizumab is not approved for use anywhere in the world for COPD. **(LSE announcement 12 September 2017)**

Positive results from pioneering Salford Lung Study in asthma published in The Lancet, and presented at European Respiratory Congress

- **Relvar Ellipta was superior to usual care treatment in improving asthma control for patients in Salford Lung Study.**

GlaxoSmithKline plc (LSE/NYSE: GSK) and Innoviva, Inc. (NASDAQ: INVA) today announced positive results from the Salford Lung Study (SLS) in asthma have been simultaneously published in The Lancet journal and presented at the European Respiratory Society (ERS) International Congress in Milan.

The innovative study, which reported headline results in May 2017, showed that initiation of once-daily Relvar Ellipta (fluticasone furoate 'FF'/vilanterol 'VI' or 'FF/VI', called Breo Ellipta in the U.S.) 92/22mcg or 184/22mcg was superior to usual care in achieving a consistent improvement in patient's asthma control over the 12 month study duration, measured by the Asthma Control Test (ACT), compared with patients who continued to take their usual care medicines. Improvement was defined as an ACT total score ≥20 or an increase from baseline of ≥3. Statistically significant findings were also seen at 12, 40 and 52 weeks. **(LSE announcement 11 September 2017)**

GSK exercises option on phase I/II NY-ESO T-cell therapy (GSK3377794)

- **Today GSK announced that it has exercised the option to obtain an exclusive global license from Adaptimmune for an investigational SPEAR T-cell receptor therapy targeting NY-ESO-1 (GSK3377794). Upon exercise of this option and transition of the programme, GSK will assume responsibility for all development, manufacturing and commercialisation activities for the asset.**

Adaptimmune will receive up to £48 million from GSK over the course of the transition period. This includes development milestones of up to £18M and the option payment of £30 million, which also allows GSK to nominate two additional targets following completion of the transition. Successful

continuation of development and subsequent commercialisation of GSK3377794 would trigger additional payments for development milestones, tiered sales milestones and mid-single to low double digit royalties on worldwide net sales. **(Press Release 07 September 2017)**

GSK presents respiratory data from pipeline to clinical practice at ERS

- **45 abstracts will be shared adding to clinical and scientific knowledge about current and future treatments for patients with respiratory diseases**

GSK will be presenting data at the European Respiratory Society (ERS) conference, 9-13th September, Milan, Italy, from a comprehensive range of studies, spanning scientific discoveries informing understanding of future approaches and treatments for patients with respiratory conditions, through to current patient management in an everyday clinical care setting.
(Press Release 04 September 2017)

Switching to a dolutegravir regimen from a boosted protease inhibitor regimen maintained viral suppression and improved lipid fractions in patients with HIV and high cardiovascular risk

- **Data presented at the International AIDS Society meeting in Paris**

ViiV Healthcare and NEAT-ID announced results from the NEAT 022 study of more than 400 patients with HIV and high cardiovascular risk. The study was conducted by the NEAT-ID group with support from ViiV Healthcare and St Stephen's AIDS Trust (SSAT), and showed that switching virologically suppressed patients at high risk of cardiovascular disease (CVD) from a boosted protease inhibitor regimen (PI/r) to a dolutegravir-based regimen maintained viral suppression while decreasing blood lipids. The study results were presented at the annual conference of the International AIDS Society (IAS) in Paris, France. **(LSE Announcement 25 July 2017)**

ViiV Healthcare announces superior efficacy of dolutegravir versus lopinavir/ritonavir in second-line HIV treatment in resource-limited settings

- **DAWNING study modified to allow patients the opportunity to receive dolutegravir-based regimens**

ViiV Healthcare, the global specialist HIV company, majority owned by GSK, with Pfizer Inc. and Shionogi Limited as shareholders, today announced positive interim results from DAWNING. This is a non-inferiority study conducted to compare second-line treatment of the protease inhibitor-sparing regimen of dolutegravir and 2 nucleoside reverse transcriptase inhibitors (NRTIs), with a current WHO-recommended regimen of lopinavir/ritonavir and 2 NRTIs in HIV-1-infected adults. Results are being presented at the International AIDS Society congress in Paris.
(LSE Announcement 25 July 2017)

Phase II study results showed comparable viral suppression rates at 96 weeks for a two-drug regimen of long-acting cabotegravir and rilpivirine and a three-drug regimen in patients with HIV

- **LATTE-2 study results published in The Lancet and presented at the International AIDS Society Meeting in Paris**

ViiV Healthcare, the global specialist HIV company majority owned by GSK, with Pfizer Inc. and Shionogi Limited as shareholders, today announced 96-week data from the LATTE-2 study. LATTE-2 is a phase IIb, open-label study investigating the long-acting, injectable formulations of cabotegravir (ViiV Healthcare) and rilpivirine (Janssen Sciences Ireland UC) as a two-drug treatment for patients

with HIV-1 infection who had already achieved viral suppression with a three-drug oral regimen of cabotegravir plus two nucleoside reverse transcriptase inhibitors (NRTIs). The study results were published online in The Lancet and were presented at the annual conference of the International AIDS Society (IAS) in Paris, France. **(LSE Announcement 24 July 2017)**

GSK submits US regulatory filing of Arnuity Ellipta in children with asthma

- **GSK today announced the filing of a supplementary New Drug Application (sNDA) to the US Food and Drug Administration (FDA) for the use of Arnuity Ellipta (fluticasone furoate) as maintenance treatment of asthma as prophylactic therapy in children aged 5 to 11 years (inclusive). The sNDA is seeking approval for a dose of 50mcg once-daily, delivered using the Ellipta inhaler in this group of patients.**

Arnuity Ellipta (fluticasone furoate 100mcg and 200mcg) is an inhaled corticosteroid (ICS) which was approved in the US in August 2014 for the maintenance treatment of asthma in patients aged 12 years and older.

Today's submission includes data from a pivotal study assessing the efficacy and safety of once daily fluticasone furoate, compared to placebo, in 593 children aged 5 to 11 years (inclusive) with asthma. The primary endpoint of the 12-week study was the mean change from baseline in daily morning peak expiratory flow (PEF). **(Press Release 24 July 2017)**

GSK submits EU filing for extended use of Relvar Ellipta in patients with controlled asthma on an ICS/LABA combination

- **GlaxoSmithKline plc (LSE/NYSE: GSK) and Innoviva, Inc. (NASDAQ: INVA) today announced a submission to the European Medicines Agency (EMA) for the extended use of once-daily Relvar Ellipta (fluticasone furoate/vilanterol, FF/VI), an inhaled corticosteroid (ICS) / long-acting β2-agonist (LABA) combination, in patients already adequately controlled on an ICS/LABA combination.**

FF/VI is currently indicated in Europe for the regular treatment of patients aged 12 and over with asthma who are not adequately controlled on both ICS and 'as-needed' short-acting β2-agonist (SABA) and where use of a combination product (ICS and LABA) is appropriate. The proposed indication, would also include those patients already adequately controlled on an ICS/LABA combination. **(LSE Announcement 21 July 2017)**

GSK receives FDA approval for a new self-injectable formulation of Benlysta (belimumab) for systemic lupus erythematosus

- **GSK receives FDA approval for a new self-injectable formulation of Benlysta (belimumab) for systemic lupus erythematosus**

GSK announced today that the US Food and Drug Administration (FDA) has approved a new subcutaneous formulation of Benlysta (belimumab) for the treatment of adult patients with active, autoantibody‑positive SLE who are receiving standard therapy. Systemic Lupus Erythematosus (SLE) is the most common form of lupus, a chronic, incurable autoimmune disease producing autoantibodies that can attack almost any system in the body. The approval marks the first subcutaneous self-injection treatment option for patients with SLE. **(Press Release 21 July 2017)**

ViiV Healthcare shares data from its innovative portfolio with HIV community at IAS 2017
22 abstracts related to HIV treatment and prevention to be presented at major international HIV conference

ViiV Healthcare, the global specialist HIV company majority owned by GSK, with Pfizer Inc. and Shionogi Limited as shareholders, will be presenting 22 abstracts at the annual conference of the International AIDS Society (IAS) 23–26 July, 2017, Paris, France.

Key data highlights include:

- Phase III data comparing a dolutegravir-based regimen against lopinavir/ritonavir-based regimens in patients failing first-line therapy in resource-limited settings (DAWNING)
- A sub-study of SWORD 1 & 2: effect of switching from TDF-based regimens to dolutegravir and rilpivirine on bone mineral density and bone turnover markers
- Longer-term (96-week) safety and efficacy data from a phase II study of a long-acting, two-drug regimen including cabotegravir and rilpivirine (LATTE-2)
- Safety, efficacy and effects on lipid profiles of switching from a boosted protease-inhibitor-based regimen to dolutegravir-based regimen in HIV patients with high CV risk (NEAT 022)
- Phase II data from a safety and acceptability study of long-acting, injectable, cabotegravir in HIV-uninfected men and women (HPTN 077)
- Phase II safety and efficacy data for a two-drug regimen of dolutegravir and lamivudine in treatment-naïve patients in high- and low-baseline viral load (ACTG 5353)
- Results from an international survey of PLHIV to explore the impact of living with an HIV diagnosis on quality of life, outlook and aspirations

These data cover a wide range of important areas in HIV research, such as:

- Safety and efficacy in diverse populations including treatment-naïve, treatment-experienced individuals, paediatric patients and women living with HIV who are also pregnant.
- Quantitative and qualitative research into the lives of PLHIV, and their needs and expectations.

The breadth of this research is a result of ViiV Healthcare's holistic approach to innovation and dedication to advancing options to help lessen the lifetime burden of HIV therapy on the lives of PLHIV and to reduce the chance of infection altogether. **(Press Release 20 July 2017)**

GSK ships 2017-18 seasonal influenza vaccines for US market

- **First-to-market with quadrivalent vaccine**
- **Company to deliver up to 40 million doses**

GSK [LSE/NYSE: GSK] today announced it has begun shipping quadrivalent vaccine doses to US healthcare providers, following licensing and lot-release approval from the US Food and Drug Administration's (FDA) Center for Biologics Evaluation and Research.

The US Centers for Disease Control and Prevention (CDC) recommends flu vaccination as the single best measure for flu prevention. The CDC has a routine recommendation for people over the age of 6 months to get a flu vaccination each year as the first and most important step in protecting against this disease.

In November 2016, GSK received approval from the US FDA expanding the indication for FLULAVAL® QUADRIVALENT to include use in children aged 6 months and older. FLUARIX® QUADRIVALENT is indicated for use in persons aged three years and older. **(Press Release 14 July 2017)**

Other news flow during the quarter and to date

Publication of Base Prospectus

The following base prospectus dated 3 August 2017 has been approved by the UK Listing Authority and is available for viewing:

GlaxoSmithKline plc, GlaxoSmithKline Capital plc and GSK Capital K.K £15,000,000,000 Euro Medium Term Note Programme

Copies of the base prospectus and the documents incorporated by reference within it have been submitted to the National Storage Mechanism and will shortly be available for inspection at and can be downloaded from:

www.morningstar.co.uk/uk/NSM

(LSE announcement 04 August 2017)

Karenann Terrell appointed Chief Digital & Technology Officer, GSK

GlaxoSmithKline plc (LSE/NYSE: GSK) today announced that Karenann Terrell has been appointed Chief Digital & Technology Officer with a company-wide remit to transform how new technologies are used to improve performance across the Group. Karenann will join GSK on 4 September and will be a member of the Corporate Executive Team (CET).

In this new role for GSK, Karenann will be responsible for developing GSK's digital, data and analytics strategy. She will work with a wide range of partners from inside and outside the healthcare sector to bring new technologies to GSK, enhancing areas such as clinical trials and drug development; improving how we interact with HCPs, customers and consumers and making internal processes more efficient.

Karenann's previous role was Chief Information Officer for Walmart, where she led a multi-year effort to transform Walmart in the use of data, analytics and digital engagement with its customers.

(Press Release 25 July 2017)

GSK announces Board and Committee changes

GSK today announces that Dr Laurie Glimcher has been appointed to the Board of the Company as a Non-Executive Director and has been deemed a Scientific and Medical Expert. Dr Glimcher will join the Board on 1 September 2017. **(LSE announcement 21 July 2017)**

GSK updates on UK manufacturing network

GSK today set out several announcements made by the company to improve the efficiency and competitiveness of its manufacturing network. These include both investments for respiratory and HIV medicines manufacturing in the UK and strategic reviews, including the sale of several products and a proposal to close a UK manufacturing site.

Between now and 2020, the Company plans to invest more than £140million at its Ware, Hertfordshire, Barnard Castle, Co Durham and Montrose, Scotland sites. The investments will support expansion of manufacturing for respiratory and HIV medicines. This new investment is in

addition to the £275million announced last year and investment of over £1.2billion in UK manufacturing since 2012.

In pharmaceuticals, the company is to undertake a strategic review of its cephalosporins antibiotics business, with an option to sell the business including the associated manufacturing facilities. These medicines are produced at GSK sites in Ulverston, Cumbria, Verona in Italy and part of its Barnard Castle site. The Company has also decided to outsource some manufacturing activity at its Worthing site in the UK. GSK will continue to manufacture other antibiotics such as Augmentin and will continue to conduct research on new antibiotics. The company has also decided not to proceed with a previously planned investment to build a biopharmaceutical facility in Ulverston as it no longer needs the additional capacity.

In its Consumer Healthcare business, the company intends to sell its Horlicks brand in the UK and is proposing to close the associated manufacturing site in Slough where UK product is made. In addition, GSK intends to sell the MaxiNutrition brand in the UK. GSK is also exploring options to divest some other smaller non-core nutrition brands. **(Press Release 19 July 2017)**

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)

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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