



Pre-Quarterly Results Communication Q1 2019

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New information for Q1 2019

Key updates during Q1

22 January 2019: GSK completes acquisition of TESARO, an oncology focused biopharmaceutical company

www.gsk.com/en-gb/media/press-releases/gsk-completes-acquisition-of-tesaro-an-oncology-focused-biopharmaceutical-company/

8 February 2019: GSK Announces Availability of Authorized Generic ADVAIR DISKUS® (fluticasone propionate/salmeterol inhalation powder)

<https://us.gsk.com/en-us/products/advair-diskus-authorized-generic-statement/>

12 February 2019: Mylan Launches Wixela™ Inhub™ (fluticasone propionate and salmeterol inhalation powder, USP), the First Generic of ADVAIR DISKUS® (fluticasone propionate and salmeterol inhalation powder), at a List Price 70% Less than the Brand

<http://newsroom.mylan.com/2019-02-12-Mylan-Launches-Wixela-TM-Inhub-TM-fluticasone-propionate-and-salmeterol-inhalation-powder-USP-the-First-Generic-of-ADVAIR-DISKUS-R-fluticasone-propionate-and-salmeterol-inhalation-powder-at-a-List-Price-70-Less-than-the-Brand>

28 March 2019: GSK publishes product sales reporting changes and the impact of IFRS 16 'Leases'

<https://www.gsk.com/en-gb/media/press-releases/gsk-publishes-product-sales-reporting-changes-and-the-impact-of-ifrs-16-leases/>

02 April 2019: Publication of 2019 Notice of Annual General Meeting and Notice of General Meeting relating to the proposed Consumer Healthcare Joint Venture with Pfizer, Inc

<https://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/GSK/14025794.html>

Foreign exchange

Average rates for the quarter ended 31 March 2019 were \$1.31/£, €1.15/£ and Yen 144/£. On the basis of these rates, it is expected that the positive impact of foreign exchange on Q1 2019 sales will be around 1%.

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 2019 sterling Adjusted EPS will be greater than the positive impact on sales.

Average rates Quarterly	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Key currencies					
US\$	1.39	1.35	1.31	1.27	1.31
€	1.13	1.15	1.11	1.13	1.15
Yen	151	147	146	144	144
Other currencies					
Australian dollar	1.77	1.79	1.78	1.78	1.83
Brazilian real	4.53	4.89	5.10	4.88	4.96
Canadian dollar	1.76	1.74	1.72	1.70	1.74
Chinese yuan	8.82	8.68	8.90	8.84	8.81
Indian rupee	89.5	90.5	92.1	90.3	91.7
Russian rouble	79.0	83.4	84.5	85.9	86.7
FX impact on turnover	-6%	-4%	-3%	+2%	+1%
FX impact on adjusted EPS	-13%	-7%	-4%	+4%	n/a

Average rates Cumulative - YTD	3M 2018	6M 2018	9M 2018	12M 2018	3M 2019
Key currencies					
US\$	1.39	1.37	1.35	1.33	1.31
€	1.13	1.14	1.13	1.13	1.15
Yen	151	149	148	147	144
Other currencies					
Australian dollar	1.77	1.78	1.78	1.78	1.83
Brazilian real	4.53	4.71	4.84	4.85	4.96
Canadian dollar	1.76	1.75	1.74	1.73	1.74
Chinese yuan	8.82	8.75	8.80	8.81	8.81
Indian rupee	89.5	90.0	90.7	90.6	91.7
Russian rouble	79.0	81.2	82.3	83.2	86.7
FX impact on turnover	-6%	-5%	-4%	-3%	+1%
FX impact on adjusted EPS	-13%	-10%	-8%	-5%	n/a

The Q1 2019 period-end rates were \$1.31/£, €1.17/£ and Yen 145/£.

Period end rates	Dec 2017	Mar 2018	Jun 2018	Sept 2018	Dec 2018	Mar 2019
Key currencies						
US\$	1.35	1.40	1.32	1.30	1.27	1.31
€	1.13	1.14	1.13	1.12	1.11	1.17
Yen	152	149	146	148	140	145

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 Q1 2019 there was continued volatility in several currencies relative to Sterling.

EGOLs as reported (£m)	Q1	Q2	Q3	Q4	Full Year
2017	(12)	(20)	(18)	(12)	(62)
2018	(32)	(15)	(15)	(8)	(70)

Foreign exchange: Ready reckoner

In the 2018 FY results presentation on 6 February 2019, the following ready reckoner was provided on slide 31 to help estimate the expected impact of foreign exchange movements on adjusted EPS*:

Currency	Impact on 2019 full year adjusted EPS
US dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-4.5%
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 +/-1.0%

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

The slide also included 2018 currency sales exposure for GSK:

Currency	2018 currency sales exposure
US dollar	39%
Euro	20%
Japanese yen	6%
Other‡	35%

‡The other currencies that each represent more than 1% of Group sales are: Australian dollar, Brazilian real, Canadian dollar, Chinese yuan, Indian rupee and Russian rouble. In total, they accounted for 13% of Group revenues in 2018

Currency impact 2019

In the Q4 2018 press release we made the following comment on the potential impact of currencies on sales and EPS in 2019:

“If exchange rates were to hold at the closing rates on 31 January 2019 (\$1.31/£1, €1.14/£1 and Yen 143/£1) for the rest of 2019, the estimated positive impact on 2019 Sterling turnover growth would be less than 1% and if exchange gains or losses were recognised at the same level as in 2018, the estimated positive impact on 2019 Sterling Adjusted EPS growth would be around 1%.”

We will update you on our latest view on the estimated impact of currencies in 2019 in our Q1 2019 press release on 1 May.

Basic weighted average number of shares (WANS)

The basic weighted average number of shares in issue during Q1 2019 was 4,936m compared with 4,903m in Q1 2018 (an increase of 0.7%).

In millions*	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
WANS: Quarter	4,891	4,903	4,914	4,917	4,920	4,936
WANS: Cumulative - Year to date	4,886	4,903	4,909	4,911	4,914	4,936
Period end shares	4,892	4,913	4,915	4,919	4,923	4,947

*excludes treasury shares and shares held by ESOP trusts

Dividend

In the Q4 2018 press release we made the following comments regarding the dividend:

“The Board intends to maintain the dividend for 2019 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
2017	19	19	19	23	80
2018	19	19	19	23	80
2019 - 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 Q1 2019 and during 2018 which impact the year on year comparisons for Q1 2019. 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 2019 versus Q1 2018.

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

Pharmaceuticals

Pharmaceuticals (£m)	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Total turnover	17,276	4,009	4,229	4,221	4,810	17,269
<i>Reported growth - CER</i>	+3%	+2%	+1%	+3%	+4%	+2%
Adjusted operating profit	5,927	1,329	1,492	1,361	1,562	5,744
<i>Reported growth - CER</i>	+1%	+0%	+7%	-2%	-6%	+0%
Adjusted operating margin	34.3%	33.2%	35.3%	32.2%	32.5%	33.3%

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding the Pharmaceutical business:

“With the approval of a generic competitor to Advair, we expect the pharmaceutical business, overall, to see a slight sales decline in 2019, before returning to growth in 2020, driven by our new products. This includes the expected top-line contribution from Zejula now that we have closed the TESARO acquisition”

Pharmaceuticals: Respiratory

Respiratory (£m)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Anoro	97	120	115	144	476
Arnuity	11	10	10	13	44
Incruse	48	74	75	87	284
Relvar/Breo	219	279	258	333	1,089
Trelegy	11	26	42	77	156
Ellipta products	386	509	500	654	2,049
Nucala	104	141	145	173	563
Total Respiratory	490	650	645	827	2,612
CER growth					
<i>Ellipta products</i>	34%	26%	35%	33%	32%
<i>Nucala</i>	86%	>100%	62%	38%	66%
Total Respiratory	42%	37%	40%	34%	38%

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding the Relvar/Breo:

“Relvar/Breo sales were up 10% for the year, driven by momentum in Europe and International which offset a slight decline in the US. Given the expected impact on the ICS/LABA class of generic Advair, we expect Breo will see a sharper decline in the US in 2019, resulting in a slight global decline for Relvar/Breo despite continued good growth expectations outside of the US.”

On the same call, Emma Walmsley made the following comments regarding Nucala:

“In 2019 we do expect the competition to intensify and near-term growth will be lower but we believe the market opportunity is still significant with less than 25% of suitable patients receiving therapy today, and we are excited about the opportunity to provide the convenience of home administration and have filed for US and EU approval of an autoinjector.”

Pharmaceuticals: HIV

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding the HIV business:

“We continue to expect HIV will be a meaningful growth driver, including in 2019, as we build on the successful launch of Juluca and expand our two-drug regimens”

HIV (£m)	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Tivicay	1,404	348	407	432	452	1,639
Triumeq	2,461	606	682	669	691	2,648
Juluca	5	10	24	37	62	133
Total dolutegravir	3,870	964	1,113	1,138	1,205	4,420
Epzicom	234	37	26	24	30	117
Other HIV	246	47	50	47	41	185
Total turnover	4,350	1,048	1,189	1,209	1,276	4,722
<i>CER growth</i>	<i>+16%</i>	<i>+14%</i>	<i>+11%</i>	<i>+12%</i>	<i>+6%</i>	<i>+11%</i>

Pharmaceuticals: Oncology

On 22 January 2019, GSK completed the acquisition of TESARO.

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding Zejula:

“Zejula sales for 2018 were \$230 million, impacted by some adverse mix and some de-stocking in Q4, but overall share at the end of the year was very much as we expected. Our focus in 2019 will be on building the penetration of the class, but the PRIMA readout later this year will be key in expanding the market and our share.”

Zejula sales * (\$m)	Q1	Q2	Q3	Q4	Year
2018	49	54	63	64	230

*Source: TESARO Quarterly reports (Form 10-Q)

Pharmaceuticals: Established Pharmaceuticals

From Q1 2019 we will report the older respiratory products, including Advair/Seretide, within established Pharmaceuticals. We issued a press release on 28 March 2019 (GSK publishes product sales reporting changes and the impact of IFRS 16 'Leases') outlining the changes.

Established Pharmaceuticals (£m)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Established Respiratory	1,085	1,046	1,021	1,164	4,316
Established other	1,286	1,230	1,224	1,407	5,147
Total turnover	2,371	2,276	2,245	2,571	9,463
CER growth					
Established Respiratory	-12%	-17%	-9%	-12%	-13%
Established other	-5%	-5%	-9%	+1%	-4%
Total turnover	-8%	-11%	-9%	-5%	-8%

On the Q4 2018 results analyst/investor call Emma Walmsley made the following comments regarding Advair:

“US Advair sales in 2018 were £1.1 billion, a decline of 30% and with the recent approval of a generic we have factored into our guidance a significant decline in Advair in 2019. In the short term, you should also expect particular volatility across Q1 and Q2 as the market adjusts inventory levels and responds to the supply available.”

Seretide/Advair (£m)	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
US	1,610	229	260	309	299	1,097
Europe	736	166	151	132	150	599
International	784	171	179	178	198	726
Total	3,130	566	590	619	647	2,422
CER growth						
US	-16%	-25%	-43%	-19%	-31%	-30%
Europe	-17%	-21%	-17%	-20%	-20%	-20%
International	-8%	-12%	-2%	-2%	+2%	-4%
Total	-14%	-20%	-28%	-15%	-20%	-21%

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 table overleaf the 2017 and 2018 quarterly results for the Vaccines business.

GSK Vaccines (£m)	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Meningitis	890	180	184	329	188	881
Influenza	488	9	17	304	193	523
Shingrix	22	110	167	286	221	784
Established Vaccines	3,760	939	885	1,005	877	3,706
Total turnover	5,160	1,238	1,253	1,924	1,479	5,894
Adjusted operating profit	1,644	339	357	827	420	1,943
<i>Adjusted operating margin</i>	31.9%	27.4%	28.5%	43.0%	28.4%	33.0%
CER growth						
<i>Meningitis</i>	+27%	-2%	-3%	+15%	-9%	+2%
<i>Influenza</i>	+12%	-23%	-14%	-7%	+69%	+10%
<i>Shingrix</i>	n/a	n/a	n/a	n/a	n/a	>100%
<i>Established Vaccines</i>	+1%	+3%	+1%	-3%	-3%	+0%
Total turnover	+6%	+13%	+16%	+17%	+18%	+16%
Adjusted operating profit	+11%	+18%	+3%	+26%	+71%	+25%

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding Vaccines revenues:

“Shingrix sales were slightly ahead of our 2018 guidance as we made further progress in accelerating our production plans. More than nine million doses have been administered since launch a little over a year ago, and we continue to target high-teens millions of doses over the next two or three years.

Importantly, we now have in place the detailed capacity plans necessary to deliver the meaningful increase in doses this target implies.

Those plans include a significant step-up in doses for 2019 so that we can maintain the momentum that was established through the second half of last year behind this important vaccine and ensure patients can complete their two-dose course.

Flu sales up 10% as we increased share, delivering 43 million doses in the US. Across the year we saw some pricing pressure, which we expect to continue into 2019 with increasing competition in this category.

The Meningitis franchise overall was more mixed. Bexsero was up 9% with demand and share gains in the US, but more widely, momentum was dragged by the completion of cohort catch-up vaccination programmes in Europe, and Bexsero growth was also largely offset by Menveo, which was impacted by supply constraints and unfavourable CDC stock-pile movements. We expect a return to stronger growth for the Meningitis portfolio in 2019.

The momentum in the Vaccines business continues to give us confidence in the mid-to-high single digit outlook for sales compound annual growth out to 2020.”

Consumer Healthcare

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding Consumer Healthcare revenues:

“Turning to Consumer, sales grew 2% for the year, despite a drag of around one percentage point from the combined impact of the divestment of non-strategic brands and the final quarter’s impact of GST in India.

Reported growth was impacted, though, by a weaker performance in Europe, particularly in the second half, when we saw a much tougher competitive environment. We have responded, but these plans will take through Q1 to make a full impact.

In 2019 we expect reported growth also to be impacted by the loss of around £100 million of revenue from the smaller divestments completed at the end of last year, and the phasing out of low margin contract manufacturing as we restructure the Consumer Supply Chain.

Given this drag, we now expect 2019 reported revenue growth for Consumer in the low single digits, assuming we keep the India Nutrition sales for the full year.”

GSK Consumer Healthcare (£m)	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Turnover	7,750	1,975	1,828	1,947	1,908	7,658
<i>CER growth</i>	+2%	+2%	+3%	+3%	+1%	+2%
Adjusted operating profit	1,373	384	352	429	352	1,517
<i>CER growth</i>	+11%	+18%	+13%	+16%	+14%	+15%
<i>Adjusted operating margin</i>	17.7%	19.4%	19.3%	22.0%	18.4%	19.8%

Corporate and other unallocated costs

Adjusted corporate and other unallocated operating profit (costs) (£m)	Q1	Q2	Q3	Q4	Full Year
2017	(153)	(83)	(48)	(92)	(376)
2018	(129)	(99)	(93)	(138)	(459)

Operating and financial performance

Operating performance

Expected costs and savings under Major Restructuring Programmes

In our Q4 results presentation we included the table below.

Annual savings: (£bn)*	2018 actuals	2019 projected	2020 projected	2021 projected	2022 projected
Integration & Restructuring Programme					
Savings**	3.9	4.2	4.4		
Total charges	0.4	0.4	0.1		
Cash payments	0.5	0.3	0.2		
2018 Restructuring Programme					
Savings**		0.2	0.3	0.4	
Total charges	0.4	0.9	0.3	0.1	
Cash payments	0.0	0.4	0.2	0.1	0.1
Consumer Joint Venture					
Synergies**			0.2	0.4	0.5
Total charges		0.3	0.6	0.2	0.1
Cash payments		0.2	0.4	0.2	0.1

**All expectations and targets regarding future performance should be read together with the "Outlook assumptions and cautionary statement" sections of the Full Year and Q4 2018 Results Announcement dated 6th February 2019 and the cautionary statement slide included with this presentation*

***Savings and synergies shown are cumulative for the programme to date*

Selling, General and Administration

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding SG&A costs:

"With the TESARO acquisition now closed, in consolidating the costs fully, you should expect about half of the operating costs to be for R&D, and the rest for Commercial, Medical and other SG&A."

Adjusted SG&A costs (£m)	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
SG&A	9,341	2,286	2,334	2,313	2,529	9,642
Reported growth - CER	+1%	+2%	+6%	+4%	+3%	+4%

Research and development

On the Q4 2018 results analyst/investor call, Simon Dingemans made the following comments regarding R&D costs:

“Investment in Oncology accelerated in the second half, and we continue to expect overall R&D spending to pick up significantly in 2019. With the TESARO acquisition now closed, in consolidating the costs fully, you should expect about half of the operating costs to be for R&D, and the rest for Commercial, Medical and other SG&A.”

Adjusted R&D costs (£m)	FY 2017*	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
R&D	3,862	887	868	961	1,019	3,735
Reported growth - CER	+8%	+2%	-15%	+8%	-1%	-2%

*R&D in Q2 2017 includes £106m cost of the Priority Review Voucher.

Royalty income

On the Q4 2018 results analyst/investor Simon Dingemans made the following comments regarding royalty income:

“Royalties were £299 million for the year, down 17%, primarily reflecting the patent expiry of Cialis, and I would expect 2019 royalties to be at broadly similar levels to 2018.”

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2017	82	98	107	69	356
2018	53	73	94	79	299
2019 outlook					Broadly similar to 2018

Financial performance

Net finance costs

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding net finance costs:

“For 2019, as we finance TESARO but continue to optimise our funding mix, we expect net financing costs of £900-950 million. This includes the expected impact of IFRS16”

Adjusted net finance costs (£m)	Q1	Q2	Q3	Q4	Full Year
2017	(169)	(176)	(177)	(135)*	(657)
2018	(139)**	(165)	(221)***	(173)	(698)
2019 outlook					Net finance costs of £900- 950m

* includes £23m credits for interest on tax resulting from a number of settlements during the year

** includes the benefit of a one-off accounting adjustment to the amortisation of long-term bond interest charges of £20 million

***includes additional interest of £23 million on a historic tax settlement

Associates and joint ventures

Adjusted associates and joint ventures (£m)	Q1	Q2	Q3	Q4	Full Year
2017	5	(1)	7	2	13
2018	9	2	15	5	31

Taxation

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding taxation:

“On tax the Adjusted rate was at the lower end of our expectations at 19% for the year and we expect the 2019 rate also to be around 19%. ”

Adjusted tax rate (%)	Q1	Q2	Q3	Q4	Full Year
2017	22.0%	21.2%	21.0%	20.0%	21.0%
2018	20.2%	20.0%	18.6%	17.5%	19.0%
2019 outlook					Around 19%

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

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding minority interests:

“The charge for NCIs was £674 million down by £119 million from 2017, as a result of the Novartis buy-in. We shall update you on the impact on minority interests of the Pfizer JV once we have more specificity on the timing of closing.”

Adjusted profit/(loss) attributable to non-controlling interests (£m)	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
ViiV	414	111	135	125	130	501
Novartis Consumer Healthcare	344	102	16	0	0	118
Other	35	11	19	16	9	55
Total	793	224	170	141	139	674

Free cash flow

Free cash flow* (£m)	Q1	Q2	H1	Q3	9M	Q4	FY
2017 – revised	650	(264)	386	1,282	1,668	1,817	3,485
2018	329	492	821	1,554	2,375	3,317	5,692

*With the introduction of the new R&D strategy in Q2 2018, GSK has revised its definition of free cash flow, a non-IFRS measure, to include proceeds from the sale of intangible assets.

On the Q4 2018 results analyst/investor call Simon Dingemans made the following comments regarding cashflow:

“The focus on cash conversion will continue into 2019 but, as in previous years, you should expect cash flows to be weighted to the second half. 2019 cash flows will see a step-down as the Advair generic flows through and we pay out the rebate payments on pre-generic sales of Advair. This will likely take a few quarters to unwind.”

Net debt

IFRS 16 “Leases” was issued in January 2016 and has been implemented by the Group from 1 January 2019. The Standard replaces IAS 17 “Leases” and will require lease liabilities and ‘right of use’ assets to be recognised on the balance sheet for almost all leases. This has resulted in a significant increase in both assets and liabilities recognised. The costs of operating leases previously included within operating costs will be split and the financing element of the charge will be reported within finance expense.

GSK has implemented IFRS 16 by applying the modified retrospective approach. For larger leases, the right of use asset at 1 January 2019 has been calculated based on the original lease inception date and for smaller leases the right of use asset has been set equal to the lease liability, adjusted for any prepaid or accrued lease payments, onerous lease provisions and business combination fair value adjustments.

Net debt (£m)	31 Mar	30 Jun	30 Sep	31 Dec
2017	13,743	14,800	14,209	13,178
2018	13,377	23,935	23,837	21,621
IFRS 16 adoption impact				1,303
Net debt at 1 Jan 2019 after adoption of IFRS 16				22,924

In the Q4 2018 press release we made the following comments:

“At 31 December 2018, net debt was £21.6 billion, compared with £13.2 billion at 31 December 2017, comprising gross debt of £26.1 billion and cash and liquid investments of £4.5 billion, including £0.5 billion reported within Assets held for sale. Net debt increased due to the £9.3 billion acquisition from Novartis of the remaining stake in the Consumer Healthcare Joint Venture in June 2018, the £0.2 billion acquisition of the investment in 23andMe, £0.8 billion of unfavourable exchange impacts from

the translation of non-Sterling denominated debt, and dividends paid to shareholders of £3.9 billion, partly offset by increased free cash flow of £5.7 billion after the milestone payment to Novartis.

At 31 December 2018, GSK had short-term borrowings (including overdrafts) repayable within 12 months of £5.8 billion with loans of £1.8 billion repayable in the subsequent year.”

Contingent consideration

In the Q4 2018 press release we made the following comments:

“Contingent consideration amounted to £6,286 million at 31 December 2018 (31 December 2017: £6,172 million), of which £5,937 million (31 December 2017: £5,542 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £296 million (31 December 2017: £584 million) represented the estimated present value of contingent consideration payable to Novartis related to the Vaccines acquisition following a milestone payment of \$450 million made to Novartis in January 2018. The liability due to Shionogi included £252 million in respect of preferential dividends. The liability for preferential dividends due to Pfizer at 31 December 2018 was £15 million (31 December 2017: £17 million).”

Contingent consideration (£m)	31 Dec 2017	31 Mar 2018	30 June 2018	30 Sep 2018	31 Dec 2018
Shionogi – relating to ViiV Healthcare	5,542	5,314	5,879	5,885	5,937
Novartis – relating to Vaccines acquisition	584	251	243	296	296
Other	46	45	48	51	53
Total	6,172	5,610	6,170	6,232	6,286

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

Since the beginning of Q1 2019 we have issued several LSE announcements and press releases, each of which can be accessed using the following links:

<https://www.gsk.com/en-gb/media/press-releases/>

<https://us.gsk.com/en-us/media/press-releases/>

<https://us.gsk.com/en-us/products/>

<https://www.gsk.com/en-gb/investors/stock-exchange-announcements/london-rns/>

Acquisitions and divestments

GSK and Merck KGaA, Darmstadt, Germany announce global alliance to jointly develop and commercialise M7824, a novel immunotherapy with potential in multiple difficult-to-treat cancers

www.gsk.com/en-gb/media/press-releases/gsk-and-merck-kgaa-darmstadt-germany-announce-global-alliance-to-jointly-develop-and-commercialise-m7824-a-novel-immunotherapy-with-potential-in-multiple-difficult-to-treat-cancers/

(LSE announcement 05 February 2019)

GSK completes acquisition of TESARO, an oncology focused biopharmaceutical company

www.gsk.com/en-gb/media/press-releases/gsk-completes-acquisition-of-tesaro-an-oncology-focused-biopharmaceutical-company/

(LSE announcement 22 January 2019)

GlaxoSmithKline plc and Pfizer Inc to form new world-leading Consumer Healthcare Joint Venture

<https://www.gsk.com/en-gb/media/press-releases/glaxosmithkline-plc-and-pfizer-inc-to-form-new-world-leading-consumer-healthcare-joint-venture/>

(LSE announcement 19 December 2018)

GSK to divest Horlicks and other Consumer Healthcare nutrition products to Unilever

www.gsk.com/en-gb/media/press-releases/gsk-to-divest-horlicks-and-other-consumer-healthcare-nutrition-products-to-unilever/

(LSE announcement 03 December 2018)

News flow on key assets during the quarter and to date

ViiV Healthcare announces Juluca (dolutegravir/rilpivirine) maintains HIV viral suppression at 148-weeks

- **SWORD studies demonstrate long-term durable efficacy and tolerability of Juluca, the first complete 2-drug regimen, for the treatment of virologically suppressed adults with HIV**

<https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-announces-juluca-dolutegravirrilpivirine-maintains-hiv-viral-suppression-at-148-weeks/>

(Press release 03 April 2019)

GSK announces further positive data from DREAMM-1 study of anti-BCMA antibody-drug conjugate in patients with relapsed/refractory multiple myeloma

- **Median progression-free survival extends to twelve months**

<https://www.gsk.com/en-gb/media/press-releases/gsk-announces-further-positive-data-from-dreamm-1-study-of-anti-bcma-antibody-drug-conjugate/>

(LSE announcement 21 March 2019)

Data from GARNET study indicates robust activity of dostarlimab in patients with advanced or recurrent endometrial cancer

- **GARNET is the single largest study to date of an anti-PD-1 monotherapy in women with advanced or recurrent MSI-H and MSS endometrial cancer**
- **Results demonstrate clinically meaningful and durable response rates of dostarlimab monotherapy, in MSI-H and MSS tumours**
- **BLA submission planned for dostarlimab in endometrial cancer at the end of 2019**

<https://www.gsk.com/en-gb/media/press-releases/data-from-garnet-study-indicates-robust-activity-of-dostarlimab-in-patients-with-advanced-or-recurrent-endometrial-cancer/>

(LSE announcement 19 March 2019)

ViiV Healthcare presents positive, 48-week data from two pivotal phase III studies showing long-acting, injectable two-drug regimen of cabotegravir and rilpivirine has similar efficacy to daily, three-drug oral treatment in adults living with HIV-1 infection

- **Comprehensive data from ATLAS and FLAIR studies presented today at the 2019 Conference on Retroviruses and Opportunistic Infections show investigational long-acting injectable to be effective in maintaining viral suppression.**

<https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-presents-positive-48-week-data-from-two-pivotal-phase-iii-studies/>

(LSE announcement 7 March 2018)

GSK receives a positive CHMP opinion for intravenous zanamivir for the treatment of complicated influenza

<https://www.gsk.com/en-gb/media/press-releases/gsk-receives-a-positive-chmp-opinion-for-intravenous-zanamivir-for-the-treatment-of-complicated-influenza/>

(Press Release 01 March 2019)

ADVAIR DISKUS Authorized Generic Statement

- **GSK Announces Availability of Authorized Generic ADVAIR DISKUS® (fluticasone propionate/salmeterol inhalation powder)**

<https://us.gsk.com/en-us/products/advair-diskus-authorized-generic-statement/>

(Press Release 8 February 2019)

Two positive phase III studies of tafenoquine for the radical cure of Plasmodium vivax malaria published in The New England Journal of Medicine

<https://www.gsk.com/en-gb/media/press-releases/two-positive-phase-iii-studies-of-tafenoquine-for-the-radical-cure-of-plasmodium-vivax-malaria-published-in-the-new-england-journal-of-medicine/>

(Press Release 16 January 2019)

GSK announces availability of Authorized Generic Albuterol Sulfate Inhaler for treatment or prevention of bronchospasm

- Effective, January 15, 2019, GSK announced the availability of an authorized generic (AG) of Ventolin HFA (albuterol sulfate) inhalation aerosol. The AG will be manufactured by GSK and distributed by Prasco LLC.

<https://us.gsk.com/en-us/products/ventolin-authorized-generic-statement/>

(Press Release 15 January 2019)

Other news flow during the quarter and to date

Publication of 2019 Notice of Annual General Meeting and Notice of General Meeting relating to the proposed Consumer Healthcare Joint Venture with Pfizer, Inc

https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1244923

(LSE announcement 02 April 2018)

GSK publishes product sales reporting changes and the impact of IFRS 16 'Leases'

<https://www.gsk.com/en-gb/media/press-releases/gsk-publishes-product-sales-reporting-changes-and-the-impact-of-ifrs-16-leases/>

(LSE announcement 28 March 2019)

GlaxoSmithKline plc: Annual Report 2018 on Form 20-F

https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1240700

(LSE announcement 18 March 2019)

GlaxoSmithKline plc: Publication of 2018 Annual Report

https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1239496

(LSE announcement 12 March 2019)

GSK response to SFO Statement

https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1235313

(LSE announcement 22 February 2019)



GSK announces succession plan to appoint new Chairman

<https://www.gsk.com/en-gb/media/press-releases/gsk-announces-succession-plan-to-appoint-new-chairman/>

(LSE announcement 21 January 2018)

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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