Pre-Quarterly Results Communication Q1 2020

Issued: Wednesday 8th April 2020

This Q1 2020 Pre-Quarterly Results Communication has been prepared by GSK in accordance with our standard prior practice. This Communication includes statements made previously by GSK in communications such as our 2019 FY results presentation on 5 February 2020, our Q4 2019 press release, our Q4 2019 results presentation and our Q4 2019 results analyst/investor call. These statements are extracted from their original source and therefore, by definition, do not reflect subsequent or recent events, circumstances or developments, including divestments and the impact of the coronavirus outbreak (see "Key updates during Q1" below).

Any updates to these and other previously made statements would only be included in further communications by GSK to the market in our Q1 2020 release or otherwise. Accordingly, the extracted statements should only be taken as speaking as at the date they were originally made, and the inclusion of the extracted statements herein should not be taken as an indication that they will not be updated in the future.

As our 2019 Annual Report indicated, the potential impact of the coronavirus outbreak on GSK's trading performance and supply continuity remains uncertain. We continue to monitor the situation closely, including the potential impacts on trading results, our supply continuity and our employees. The situation could change at any time and there can be no assurance that the coronavirus outbreak will not have a material adverse impact on the future results of the Group.

Contents

New information for Q1 2020

Key updates during Q1

31 December 2019: GSK completes divestment of rabies and tick-borne encephalitis vaccines to Bavarian Nordic
https://www.gsk.com/en-gb/media/press-releases/gsk-completes-divestment-of-rabies-and-tick-borne-encephalitis-vaccines-to-bavarian-nordic/

05 March 2020: GSK receives EC approval for the sale of ThermaCare
https://www.gsk.com/en-gb/media/press-releases/gsk-receives-ec-approval-for-the-sale-of-thermacare/

25 March 2020: Update on GSK actions to support the global response to COVID-19
https://us.gsk.com/en-us/media/press-releases/our-contribution-to-the-fight-against-novel-coronavirus-covid-19/

30 March 2020: GSK publishes Consumer Healthcare product sales category reporting changes.
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1383018

30 March 2020: GSK FAQs on COVID-19
https://www.gsk.com/en-gb/media/resource-centre/our-contribution-to-the-fight-against-2019-ncov/gsk-faqs-on-covid-19/

01 April 2020: GSK completes divestment of Horlicks and other Consumer Healthcare nutrition products in India and certain other markets
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1383657

06 April 2020: GSK and Vir Biotechnology enter collaboration to find coronavirus solutions
https://www.gsk.com/en-gb/media/press-releases/gsk-and-vir-biotechnology-enter-collaboration-to-find-coronavirus-solutions/

For comprehensive list of news flow events, see pages 19-25

Foreign exchange

On the basis of the rates in the table below, it is expected that the impact of foreign exchange on Q1 2020 sales will be around -1% to flat.

Average rates Quarterly	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Key currencies					
US$	1.31	1.28	1.23	1.30	1.29
€	1.15	1.14	1.11	1.17	1.17
Yen	144	140	133	141	140
Other currencies					
Australian dollar	1.83	1.83	1.80	1.88	1.96
Brazilian real	4.96	4.99	4.94	5.27	5.77
Canadian dollar	1.74	1.71	1.63	1.71	1.74
Chinese yuan	8.81	8.73	8.64	9.10	9.02
Indian rupee	91.7	89.0	86.4	92.6	93.6
Russian rouble	86.7	82.6	79.9	82.7	87.2
FX impact on turnover	***+1%***	***+2%***	***+5%***	***-2%***	***-1% to flat***
FX impact on adjusted EPS	***+4%***	***+5%***	***+8%***	***-5%***	***n/a***

Average rates Cumulative - YTD	3M 2019	6M 2019	9M 2019	12M 2019	3M 2020
Key currencies					
US$	1.31	1.29	1.27	1.28	1.29
€	1.15	1.14	1.13	1.14	1.17
Yen	144	142	139	139	140
Other currencies					
Australian dollar	1.83	1.83	1.82	1.84	1.96
Brazilian real	4.96	4.97	4.96	5.04	5.77
Canadian dollar	1.74	1.73	1.69	1.70	1.74
Chinese yuan	8.81	8.77	8.73	8.82	9.02
Indian rupee	91.7	90.3	89.0	89.9	93.6
Russian rouble	86.7	84.7	83.1	83.0	87.2
FX impact on turnover	***+1%***	***+1%***	***+3%***	***+2%***	***-1% to flat***
FX impact on adjusted EPS	***+4%***	***+4%***	***+5%***	***+3%***	***n/a***

The Q1 2020 period-end rates were $1.24/£, €1.13/£ and Yen 134/£.

Period end rates	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019	Mar 2020
Key currencies						
US$	1.27	1.31	1.27	1.23	1.32	1.24
€	1.11	1.17	1.12	1.13	1.18	1.13
Yen	140	145	137	133	143	134

Foreign exchange: Ready reckoner

In the 2019 FY results presentation on 5 February 2020, the following ready reckoner was provided on slide 44 to help estimate the expected impact of foreign exchange movements on adjusted EPS*:

Currency	Impact on 2020 full year adjusted EPS
US dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-5.5%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-1.5%
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 2019 currency sales exposure for GSK:

Currency	2019 currency sales exposure
US dollar	41%
Euro	18%
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 2019

Currency impact 2020

In the Q4 2019 press release we made the following comment on the potential impact of currencies on sales and EPS in 2020:

"If exchange rates were to hold at the closing rates on 31 January 2020 ($1.31/£1, €1.19/£1 and Yen 143/£1) for the rest of 2020, the estimated negative impact on 2020 Sterling turnover growth would be around 3% and if exchange gains or losses were recognised at the same level as in 2019, the estimated negative impact on 2020 Sterling Adjusted EPS growth would be around 5%."

We will update you on our latest view on the estimated impact of currencies in 2020 in our Q1 2020 press release on 29 April.

Basic weighted average number of shares (WANS)

The basic weighted average number of shares in issue during Q1 2020 was 4,965m compared with 4,936m in Q1 2019 (an increase of 0.6%).

In millions*	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
WANS: Quarter	4,920	4,936	4,947	4,951	4,953	4,965
WANS: Cumulative - Year to date	4,914	4,936	4,942	4,945	4,947	4,965
Period end shares	4,923	4,947	4,948	4,952	4,954	4,977

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

Dividend

In the Q4 2019 press release we made the following comments regarding the dividend:

"The Board intends to maintain the dividend for 2020 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	19	19	19	23	80
2020 - 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 2020 and during 2019 which impact the year on year comparisons for Q1 2020. 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 2020 versus Q1 2019.

For further comments, please refer to quarterly press releases, presentations and transcripts. This includes slide 43 of the Q4 2019 Results presentation.
https://www.gsk.com/media/5824/fy-2019-results-slides-vfinal-slides-only.pdf

Pharmaceuticals

Pharmaceuticals (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Total turnover	**17,269**	**4,158**	**4,307**	**4,531**	**4,558**	**17,554**
Reported growth - CER	*+2%*	*+2%*	*-1%*	*+3%*	*-4%*	*+0%*
Adjusted operating profit	**5,744**	**1,238**	**1,256**	**1,093**	**1,008**	**4,595**
Reported growth - CER	*+0%*	*-8%*	*-19%*	*-24%*	*-33%*	*-22%*
Adjusted operating margin	33.3%	29.8%	29.2%	24.1%	22.1%	26.2%

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding the Pharmaceuticals business:

"Overall, we expect to see Pharma sales decline slightly in 2020 excluding divestments, as the growth of our new products is offset by a decline in Established Pharma."

Pharmaceuticals: Respiratory

Respiratory (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Anoro	476	102	128	143	141	514
Arnuity	44	7	14	12	15	48
Incruse	284	68	57	60	77	262
Relvar/Breo	1,089	215	238	249	269	971
Trelegy	156	87	120	139	172	518
Ellipta products	***2,049***	***479***	***557***	***603***	***674***	***2,313***
Nucala	563	152	195	203	218	768
Total Respiratory	**2,612**	**631**	**752**	**806**	**892**	**3,081**
CER growth						
Ellipta products	+32%	+20%	+6%	+15%	+4%	+10%
Nucala	+66%	+41%	+33%	+33%	+28%	+33%
Total Respiratory	**+38%**	**+25%**	**+12%**	**+19%**	**+9%**	**+15%**

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding Relvar/Breo:

"….. Relvar/Breo, which declined 13% globally, driven by 37% decline in the US, reflecting the impact of generic Advair on pricing in the ICS/LABA class. We continue to have good growth expectations outside the US, where sales grew 12% in Europe and 19% in international."

Pharmaceuticals: HIV

HIV (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Tivicay	1,639	383	412	441	426	1,662
Triumeq	2,648	614	646	651	638	2,549
Juluca	133	70	84	101	111	366
Dovato	-	-	5	18	33	56
Dolutegravir products	***4,420***	***1,067***	***1,147***	***1,211***	***1,208***	***4,633***
Other HIV	302	54	62	56	49	221
HIV	**4,722**	**1,121**	**1,209**	**1,267**	**1,257**	**4,854**
CER growth						
Dolutegravir products	*+16%*	*+7%*	*+0%*	*+2%*	*+2%*	*+2%*
HIV	***+11%***	***+4%***	***-2%***	***+0%***	***+0%***	***+1%***

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding the HIV business:

"We continue to build moment with the two-drug regimens as access and physician acceptance increases. As the transition in our portfolio continues this year, we expect 2020 revenues for HIV to be broadly flat, excluding any material contribution from cabotegravir plus rilpivirine."

Pharmaceuticals: Oncology

Zejula sales (£m)	Q1	Q2	Q3	Q4	Year
2019 reported	42	57	64	66	229
2019 incl sales prior to acquisition*	56	57	64	66	243

**GSK announced completion of acquisition of TESARO on 22 January 2019*

Pharmaceuticals: Established Pharmaceuticals

Established Pharmaceuticals (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Established Respiratory	4,316	1,083	913	939	965	3,900
Established other	5,147	1,159	1,225	1,284	1,208	4,876
Total turnover	**9,463**	**2,242**	**2,138**	**2,223**	**2,173**	**8,776**
CER growth						
Established Respiratory	*-13%*	*-2%*	-14%	-12%	-16%	*-11%*
Established other	*-4%*	*-9%*	*-1%*	*+1%*	*-12%*	*-6%*
Total turnover	***-8%***	***-6%***	***-7%***	***-5%***	***-14%***	***-8%***

From Q1 2019 we are reporting the Ellipta portfolio and Nucala within the Respiratory category and all other respiratory products, including Advair/Seretide under established products.

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding Established Pharmaceuticals:

"Our Established Pharmaceuticals portfolio declined 8% overall, driven by US Advair sales, which were down 56%, as expected given generic competition. We expect pricing pressure in the ICS LABA class to continue. This was offset by continued upside in Ventolin from the Authorised Generic launch in the US early in the year, which you will remember is an in-year benefit ahead of the introduction of substitutable generics expected in 2020. We also saw favourable RAR true-ups in the US, primarily on Flovent.

Outside Respiratory, the remainder of the Established Pharma portfolio declined by 6% in 2019, in line with our expectation of a mid-to-high single digit decline for the longer term for this part of our established products portfolio, excluding Respiratory."

Seretide/Advair (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
US	1,097	176	105	117	104	502
Europe	599	133	129	121	119	502
International	726	177	178	180	191	726
Total	**2,422**	**486**	**412**	**418**	**414**	**1,730**
CER growth						
US	-30%	-27%	-61%	-64%	-64%	-56%
Europe	-20%	-19%	-15%	-9%	-18%	-16%
International	*-4%*	*+4%*	*-1%*	*-2%*	-4%	*-1%*
Total	***-21%***	***-15%***	***-31%***	***-35%***	**-35%**	***-29%***

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 below the 2019 quarterly results for the Vaccines business.

Vaccines (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Meningitis	881	209	235	371	203	1,018
Influenza	523	15	17	371	138	541
Shingrix	784	357	386	535	532	1,810
Established Vaccines	3,706	941	947	1,031	869	3,788
Total turnover	**5,894**	**1,522**	**1,585**	**2,308**	**1,742**	**7,157**
Adjusted operating profit	**1,943**	**614**	**612**	**1,162**	**578**	**2,966**
Adjusted operating margin	*33.0%*	*40.3%*	*38.6%*	*50.3%*	*33.2%*	*41.4%*
CER growth						
Meningitis	*+2%*	*+18%*	*+26%*	*+9%*	*+14%*	*+15%*
Influenza	*+10%*	*+67%*	*+6%*	*+15%*	*-26%*	*+1%*
Shingrix	*>100%*	*>100%*	*>100%*	*+76%*	*>100%*	*>100%*
Established Vaccines	*+0%*	*-1%*	*+5%*	*-1%*	*+2%*	*+1%*
Total turnover	***+16%***	***+20%***	***+23%***	***+15%***	***+21%***	***+19%***
Adjusted operating profit	***+25%***	***+69%***	***+64%***	***+30%***	***+42%***	***+46%***

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding Shingrix and vaccines overall revenues:

"Shingrix continues to benefit from our actions to increase our supply capacity, with revenues in Q4 of £532 million driven by continued strong uptake in the US, as well as in Germany and Canada. We have been successful in expanding our supply capacity in 2019. Annualising the Q4 performance with some slight improvements is, we believe, a reasonable run rate outlook for 2020. With supply capacity acceleration achieved in 2019, at this time we see limited opportunity for further growth beyond 2020 until we bring our new facility on line, which we don't expect before 2024.

In our Meningitis portfolio, which had revenues of over £1 billion in 2019, Bexsero continued to perform well, growing 16% with share gains in the US and strong demand across all regions. The operating margin of 41.4% in 2019 is higher than our medium-term expectation due to enhanced operating leverage from Shingrix, positive inventory adjustments and higher royalties. In the longer term we continue to anticipate a margin in the mid-30s, as we increase investment in SG&A as we expand Shingrix geographically, and in R&D as we invest behind priority assets.

*Note that we completed the divestment of travel vaccines Rabipur and Encepur in December (*https://www.gsk.com/en-gb/media/press-releases/gsk-completes-divestment-of-rabies-and-tick-borne-encephalitis-vaccines-to-bavarian-nordic/*) which will have a slight drag on sales growth this year."*

In the table below we highlight the combined quarterly sales of the products in 2019.

Travellers Vaccines (£m)	Q1 2019	Q2 2019	Q3 2019	Q4` 2019	FY 2019
Sales	43	55	43	36	177

Consumer Healthcare

Consumer Healthcare (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2018	FY 2018
Turnover	**7,658**	**1,981**	**1,917**	**2,526**	**2,571**	**8,995**
CER growth – reported	*+2%*	*+1%*	*+4%*	*+25%*	*+37%*	*+17%*
CER growth – pro forma	-	-	-	+3%	+0%	+2%
Adjusted operating profit	**1,517**	**430**	**391**	**613**	**440**	**1,874**
CER growth – reported	*+15%*	*+12%*	*+8%*	*+34%*	*+33%*	*+22%*
CER growth – pro forma	-	-	-	*+8%*	*-8%*	*+4%*
Adjusted operating margin	*19.8%*	*21.7%*	*20.4%*	*24.3%*	*17.1%*	*20.8%*

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding Consumer Healthcare revenues:

"Revenues of the new Consumer Healthcare JV were up 2% on a pro-forma basis, despite a drag of around 1% from the combined impact of divestments and the phasing out of low margin contract manufacturing.

We saw good performance from our Power Brands, particularly in the US and International, although we saw some adverse impact in International during Q4, due to the alignment of in-market inventory levels of some Pfizer brands."

"We expect the divestment of the Indian nutrition business to Hindustan Unilever to close around the end of Q1, subject to legal and regulatory approvals.

We are moving forward with other divestments which will continue through this year, and as previously announced we are expecting to generate net proceeds of £1 billion from these tail-brand disposals, which will fund integration and restructuring activities within Consumer Healthcare. These disposals, along with the Indian nutrition business, represented 2019 revenues of approximately £1 billion. "

Corporate and other unallocated turnover and costs

Corporate and other unallocated turnover and costs include the results of certain Consumer Healthcare products which are being held for sale in a number of markets in order to meet anti-trust approval requirements, together with the costs of corporate functions.

On 5 March 2020 GSK received EC approval for the sale of ThermaCare (https://www.gsk.com/en-gb/media/press-releases/gsk-receives-ec-approval-for-the-sale-of-thermacare/)

Corporate and other unallocated turnover (£m)	Q1	Q2	Q3	Q4	Full Year
2019	-	-	20	28	48

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)
2019	(119)	(88)	(82)	(174)	(463)

Operating and financial performance

Operating performance

Expected costs and savings under Major Restructuring Programmes

In our Q4 2019 results presentation we included the table below.

Annual savings: (£bn)[1]	Cumulative actuals to 2018	2019 actuals	2020 projected	2021 projected	2022 projected	2023 projected
Combined Integration & Restructuring Programme[3] (Announced 2015)						
Savings[2]	3.9	4.2	4.3			
Total charges	5.2	0.1	0.1			
Cash payments	3.6	0.3	0.1			
2018 Restructuring Programme incl. Tesaro (Announced Q2'18)						
Savings[2]		0.2	0.4	0.5		
Total charges	0.4	0.8	0.4	0.2		
Cash payments	0.0	0.2	0.3	0.2	0.1	
Consumer Joint Venture (Announced Dec-18)						
Synergies[2]			0.2	0.4	0.5	
Total charges		0.3	0.5	0.1	0.1	
Cash payments		0.2	0.4	0.1	0.0	
Separation Preparation Programme[4] (Announced Q4'19)						
Savings[2]			0.1	0.3	0.7	0.8
Total charges			0.9	0.9	0.6	0.0
Cash payments			0.5	0.7	0.4	0.0

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

[2] *Savings and synergies shown are cumulative for the programme to date throughout the table*

[3] *The Combined Integration and Restructuring programme is substantially complete, therefore GSK will cease external reporting of total costs and benefits for this programme from 2020 onward.*

[4] *Does not include additional one-time costs to prepare Consumer Healthcare for separation, estimated at £600-700m, excluding transaction costs*

Operating costs: SG&A and R&D

On slide 43 of the Q4 results presentation we highlighted that R&D investment to grow at a similar rate to 2019 and a Continued investment in new launches and building specialty capability.

Selling, General and Administration

Adjusted SG&A costs (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
SG&A	9,642	2,397	2,433	2,768	3,117	10,715
Reported growth - CER	**+4%**	**+4%**	**+2%**	**+16%**	**+23%**	**+12%**
Pro forma growth - CER	**-**	**-**	**-**	**+8%**	**+11%**	**+7%**

Research and development

Adjusted R&D costs (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
R&D	3,735	971	1,040	1,164	1,164	4,339
Reported growth - CER	**-2%***	**+6%**	**+16%**	**+17%**	**+16%**	**+14%**
Pro forma growth - CER	**-**	**-**	**-**	**+15%**	**+13%**	**+13%**

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

Royalty income

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2017	82	98	107	69	356
2018	53	73	94	79	299
2019	73	78	118	82	351
2020 outlook					Around £300m

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding royalties:

"On royalties, these were higher in 2019 driven by Gardasil. We expect royalties for 2020 to be around £300 million due to reductions in some of the other royalty streams."

Divisional operating margins

Adjusted operating margin (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Pharma	33.3%	29.8%	29.2%	24.1%	22.1%	26.2%
Vaccines	*33.0%*	*40.3%*	*38.6%*	*50.3%*	*33.2%*	*41.4%*
Consumer Healthcare	*19.8%*	*21.7%*	*20.4%*	*24.3%*	*17.1%*	*20.8%*
Group	**28.4%**	**28.2%**	**27.8%**	**29.7%**	**20.8%**	**26.6%**

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding divisional adjusted operating margins:

Pharmaceuticals: *"Turning to the operating margin, we saw a decline in the year, informed by an anticipated unfavourable product mix, and price impacts, including, notably, the impact of generic Advair, as well as non-restructuring related manufacturing facility impairments and a number of legal settlements; and, importantly, by strategic choices we made to invest in R&D behind priority assets, promotional activity for new launches, as well as building specialty capability."*

Vaccines: *"The operating margin of 41.4% in 2019 is higher than our medium-term expectation due to enhanced operating leverage from Shingrix, positive inventory adjustments and higher royalties. In the longer term we continue to anticipate a margin in the mid-30s, as we increase investment in SG&A as we expand Shingrix geographically, and in R&D as we invest behind priority assets."*

Consumer: *"The operating margin for the year was 20.8%, reflecting the strong ongoing focus on cost control, and benefits from restructuring in manufacturing, while we continue to increase investment in key brands."*

Financial performance

Net finance expense

Adjusted net finance costs (£m)	Q1	Q2	Q3	Q4	Full Year
2017	(169)	(176)	(177)	(135)*	(657)
2018	(139)**	(165)	(221)***	(173)	(698)
2018 – restated for IFRS16	*(146)*	*(172)*	*(229)*	*(181)*	*(728)*
2019	(187)	(220)	(206)****	(197)	(810)
2020 outlook					Around £850 to 900m

** 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*
***** includes fair value gain on interest rate swaps*

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding net finance expense:

"In interest expense, we continue to see the benefit of our refinancing activities with interest of £810 million, which also included a fair value gain on interest rate swaps. We expect an interest expense of between £850-900 million for 2020"

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
2019	57*	(4)	17	4	74

** includes one-time benefit of £51 million, reflecting our increased share of after-tax profits of Innoviva, as a result of a non-recurring tax benefit*

On the Q1 2019 results analyst/investor call Iain Mackay made the following comments regarding associates:

"On Associates, we had a one-time benefit of £51m reflecting our increased share of after-tax profits of Innoviva as a result of a non-recurring income tax benefit"

Taxation

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	19.7%	15.4%	15.8%	12.5%	16.0%
2020 outlook					Around 17%

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding the tax rate:

"The effective tax rate of 16%, which was slightly better than expected, reflects our ongoing progress in settling historic tax matters in key jurisdictions. We continue to expect to see an average effective tax rate of 19% over the medium term, although this will be slightly lower in the near term with our expectation for 2020 at around 17%."

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

Adjusted profit/(loss) attributable to non-controlling interests (£m)	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
ViiV	501	123	127	141	121	512
Novartis Consumer Healthcare	118	-	-	-	-	-
Pfizer Consumer Healthcare	-	-	-	103	101	204
Other	55	26	11	31	3	71
Total	**674**	**149**	**138**	**275**	**225**	**787**

On the Q4 2019 results analyst/investor call Iain Mackay made the following comments regarding the non-controlling interests:

"On non-controlling interests, Q4 saw the first full quarter of Pfizer share of profits of the new Consumer Healthcare JV, and this will continue through 2020."

Balance Sheet and Cashflow

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
2019	165	370	*535*	1,939	*2,474*	2,599	5,073

**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 2019 results analyst/investor call Iain Mackay made the following comments regarding cashflow:

"On free cashflow, we remain focused on driving greater cash discipline across the Group and generated £5.1 billion of free cashflow in the year, reflecting good progress, although, as expected, it was a step down versus 2018 given the impact of Advair genericisation.

Key drivers of free cashflow were improved operating cashflow and working capital management, as well as the benefit from FX and proceeds from the sale of the travel vaccines, offset by the launch of generic Advair and related phasing of rebates, and the upfront payment of €300 million to Merck KGaA.

We expect a step-down in 2020 as we pay out higher distributions to non-controlling interests, as we see the continued flow-through of rebates relating to Advair and as a result of the separation preparation programme we have announced today.

However, we have made great progress on cashflow and working capital management in 2019 and our focus here will continue into 2020. As in 2019, we expect cashflows to be weighted to the second half of the year."

Net debt

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
2019	27,058	28,721	28,139	25,215*

*includes £507m of cash and cash equivalents reported in assets held for sale

In the Q4 2019 press release we made the following comments:

"At 31 December 2019, net debt was £25.2 billion, compared with £21.6 billion at 31 December 2018, comprising gross debt of £30.5 billion and cash and liquid investments of £5.3 billion, including £0.5 billion reported within Assets held for sale. Net debt increased due to the £3.9 billion acquisition of Tesaro Inc as well as £0.2 billion of Tesaro net debt, together with the £1.3 billion impact from the

implementation of IFRS 16, the dividend paid to shareholders of £4.0 billion and other net investing activities of £0.1 billion, partly offset by £0.7 billion net favourable exchange impacts from the translation of non-Sterling denominated debt and exchange on other financing items and £5.1 billion of free cash flow.

At 31 December 2019, GSK had short-term borrowings (including overdrafts and lease liabilities) repayable within 12 months of £6.9 billion with loans of £3.2 billion repayable in the subsequent year."

Contingent consideration

Contingent consideration (£m)	31 Dec 2018	31 Mar 2019	30 June 2019	30 Sep 2019	30 Dec 2019
Shionogi – relating to ViiV Healthcare	5,937	5,658	5,664	5,713	5,103
Novartis – relating to Vaccines acquisition	296	292	300	359	339
Other	53	50	64	54	37
Total	**6,286**	**6,000**	**6,028**	**6,126**	**5,479**

In the Q4 2019 press release we made the following comments:

The contingent consideration liability amounted to £5,479 million at 31 December 2019 (31 December 2018: £6,286 million), of which £5,103 million (31 December 2018: £5,937 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £339 million (31 December 2018: £296 million) represented the estimated present value of contingent consideration payable to Novartis related to the Vaccines acquisition.

Of the contingent consideration payable (on a post-tax basis) to Shionogi at 31 December 2019, £730 million (31 December 2018: £815 million) is expected to be paid within one year."

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

Since the beginning of Q1 2020 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 Vir Biotechnology enter collaboration to find coronavirus solutions

- **Companies will combine their unique scientific and technical expertise to combat COVID-19 and potential future coronavirus outbreaks**
- **Promising antibody candidates for SARS-CoV-2 to be accelerated into phase 2 clinical trials within the next three to five months**
- **GSK to make equity investment of $250 million in Vir**

https://www.gsk.com/en-gb/media/press-releases/gsk-and-vir-biotechnology-enter-collaboration-to-find-coronavirus-solutions/
(LSE announcement 06 April 2020)

GSK completes divestment of Horlicks and other Consumer Healthcare nutrition products in India and certain other markets
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1383657
(LSE announcement 01 April 2020)

GSK receives EC approval for the sale of ThermaCare
https://www.gsk.com/en-gb/media/press-releases/gsk-receives-ec-approval-for-the-sale-of-thermacare/
(Press release 05 March 2020)

STADA becomes a major Consumer Healthcare player by acquiring 15 well-established GSK brands
https://www.stada.com/blog/posts/2020/february/stada-becomes-a-major-consumer-healthcare-player-by-acquiring-15-well-established-gsk-brands
(STADA Press release 24 February 2020)

GSK completes divestment of rabies and tick-borne encephalitis vaccines to Bavarian Nordic

- **GlaxoSmithKline plc (LSE/NYSE: GSK) today announced the completion of the divestment of travel vaccines Rabipur (tradename Rabavert in the US) for the prevention of rabies, and Encepur for the prevention of tick-borne encephalitis, to Bavarian Nordic.**

https://www.gsk.com/en-gb/media/press-releases/gsk-completes-divestment-of-rabies-and-tick-borne-encephalitis-vaccines-to-bavarian-nordic/
(Press release 31 December 2019)

GSK completes transaction with Pfizer to form new world-leading Consumer Healthcare Joint Venture
https://www.gsk.com/en-gb/media/press-releases/gsk-completes-transaction-with-pfizer-to-form-new-world-leading-consumer-healthcare-joint-venture/
(LSE announcement 01 August 2019)

News flow on key assets during the quarter and to date

Nucala (mepolizumab) is the first anti-IL5 biologic to report positive phase 3 results in patients with nasal polyps
Pivotal data support regulatory filing for additional eosinophil-driven disease
https://www.gsk.com/en-gb/media/press-releases/nucala-mepolizumab-is-the-first-anti-il5-biologic-to-report-positive-phase-3-results-in-patients-with-nasal-polyps/
(Press release 03 April 2020)

Guidance for clinical trial investigators
Conducting clinical research during the COVID-19 pandemic
https://www.gsk.com/en-gb/media/resource-centre/our-contribution-to-the-fight-against-2019-ncov/guidance-for-clinical-trial-investigators/
(Statement 25 March 2020)

Update on GSK actions to support the global response to COVID-19
https://us.gsk.com/en-us/media/press-releases/our-contribution-to-the-fight-against-novel-coronavirus-covid-19/
(Press release 25 March 2020)

ViiV Healthcare announces first global regulatory approval of CABENUVA; the first complete, long-acting, regimen for the treatment of HIV

- **Simultaneous approval of VOCABRIA (cabotegravir oral tablets), for short-term treatment in conjunction with CABENUVA (cabotegravir and rilpivirine extended-release injectable suspensions), also granted by Health Canada**
- **CABENUVA reduces treatment dosing days from 365 to 12 per year**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-announces-first-global-regulatory-approval-of-cabenuva-the-first-complete-long-acting-regimen-for-the-treatment-of-hiv/
(Press release 20 March 2020)

ViiV Healthcare presents positive long-term data from phase III study demonstrating efficacy and safety of cabotegravir and rilpivirine, its investigational, long-acting, injectable treatment regimen in adults living with HIV-1

- **Findings from the phase III FLAIR study presented at the 2020 Conference on Retroviruses and Opportunistic Infections showed that participants who switched to the long-acting regimen experienced a higher degree of treatment satisfaction compared to individuals taking daily oral therapy**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-presents-positive-long-term-data-from-phase-iii-study-demonstrating-efficacy-and-safety-of-cabotegravir-and-rilpivirine/
(Press release 09 March 2020)

ViiV Healthcare presents positive 48-week data from phase III study showing every-two-month regimen of investigational long-acting, injectable cabotegravir and rilpivirine has similar efficacy to once-monthly dosing

- **Findings from the ATLAS-2M phase III study showed that the administration of injectable cabotegravir and rilpivirine every two months was as effective and safe as once-monthly administration and preferred by almost all study participants**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-presents-positive-48-week-data-from-phase-iii-study-showing-every-two-month-regimen-of-investigational-long-acting/
(Press release 09 March 2020)

ViiV Healthcare and UNC-Chapel Hill announce five-year renewal of innovative HIV cure partnership

- **Unique public-private collaboration provides continued funding for HIV Cure Center and Qura Therapeutics, the joint venture that brings academic and pharmaceutical research scientists together**

https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-and-unc-chapel-hill-announce-five-year-renewal-of-innovative-hiv-cure-partnership/
(Press release 09 March 2020)

FDA approves GSK's Advil Dual Action with Acetaminophen for over-the-counter use in the United States

- **First combination of ibuprofen and acetaminophen for pain relief to be available OTC in 2020**

https://www.gsk.com/en-gb/media/press-releases/fda-approves-gsk-s-advil-dual-action-with-acetaminophen-for-over-the-counter-use-in-the-united-states/
(Press release 02 March 2020)

GSK filing accepted by European Medicines Agency for Trelegy Ellipta use in adult patients with asthma

- **Submission supported by pivotal CAPTAIN study demonstrating statistically significant improvement in lung function compared with the ICS/LABA, Relvar/Breo Ellipta**
- **At least 30% of asthma patients continue to experience symptoms even when adherent to ICS/LABA treatment**

https://www.gsk.com/en-gb/media/press-releases/gsk-filing-accepted-by-european-medicines-agency-for-trelegy-ellipta-use-in-adult-patients-with-asthma/
(Press release 27 February 2020)

European Medicines Agency accepts submission of GSK's Marketing Authorisation Application for Zejula (niraparib) in first-line maintenance treatment for women with platinum-responsive advanced ovarian cancer

- **Submission based on data from the Phase III PRIMA clinical study that demonstrated clinically meaningful outcomes of niraparib maintenance treatment in the first-line setting regardless of biomarker status**

https://www.gsk.com/en-gb/media/press-releases/european-medicines-agency-accepts-submission-of-gsk-s-marketing-authorisation-application-for-zejula-niraparib-in-first-line-maintenance-treatment/
(Press release 27 February 2020)

U.S. FDA accepts GSK's sNDA application for Zejula (niraparib) for first-line maintenance treatment for women with platinum-responsive advanced ovarian cancer

- **Submission based on data from the Phase III PRIMA clinical study that demonstrated clinically-meaningful outcomes of niraparib maintenance treatment in the first-line setting regardless of biomarker status**
- **The application is being reviewed under the FDA's Real-Time Oncology Review pilot program**

https://www.gsk.com/en-gb/media/press-releases/us-fda-accepts-gsk-s-snda-application-for-zejula-niraparib-for-first-line-maintenance-treatment-for-women-with-platinum-responsive-advanced-ovarian-cancer/
(Press release 24 February 2020)

Clover and GSK announce research collaboration to evaluate coronavirus (COVID-19) vaccine candidate with pandemic adjuvant system
https://www.gsk.com/en-gb/media/press-releases/clover-and-gsk-announce-research-collaboration-to-evaluate-coronavirus-covid-19-vaccine-candidate-with-pandemic-adjuvant-system/
(Press release 24 February 2020)

FDA approves GSK's Voltaren Arthritis Pain for over-the-counter use in the United States

- **First and only prescription strength NSAID gel for arthritis pain to be available OTC**

https://www.gsk.com/en-gb/media/press-releases/fda-approves-gsk-s-voltaren-arthritis-pain-for-over-the-counter-use-in-the-united-states/
(Press release 17 February 2020)

CEPI and GSK announce collaboration to strengthen the global effort to develop a vaccine for the 2019-nCoV virus

- **GSK to make adjuvant technology available to support rapid development of candidate vaccines**

https://www.gsk.com/en-gb/media/press-releases/cepi-and-gsk-announce-collaboration-to-strengthen-the-global-effort-to-develop-a-vaccine-for-the-2019-ncov-virus/
(Press release 03 February 2020)

GSK announces European Medicines Agency (EMA) accepted marketing authorisation application for belantamab mafodotin for the treatment of relapsed or refractory multiple myeloma

- **Belantamab mafodotin accepted for accelerated assessment by the EMA's Committee for Human Medicinal Products (CHMP)**
- **Submission based on data from the pivotal DREAMM-2 study of immunoconjugate targeting B-cell maturation antigen (BCMA) recently published in The Lancet Oncology**

https://www.gsk.com/en-gb/media/press-releases/gsk-announces-european-medicines-agency-ema-accepted-marketing-authorisation-application-for-belantamab-mafodotin-for-the-treatment-of-relapsed-or-refractory-multiple-myeloma/
(Press release 03 February 2020)

World's first meningitis B national infant vaccination programme shows 75% drop in cases over three years

- **New England Journal of Medicine also publishes results of Australian carriage study with Bexsero, reinforcing the importance of individual protection1**

https://www.gsk.com/en-gb/media/press-releases/world-s-first-meningitis-b-national-infant-vaccination-programme-shows-75-drop-in-cases-over-three-years/
(Press release 23 January 2020)

US Food and Drug Administration (FDA) grants priority review of belantamab mafodotin for patients with relapsed or refractory multiple myeloma

- **Biologics License Application based on results from the pivotal DREAMM-2 study of immunoconjugate targeting B-cell maturation antigen (BCMA) in heavily pre-treated patient population who was refractory to an immunomodulatory drug and a proteasome inhibitor, and refractory or intolerant to an anti-CD38 antibody**
- **Belantamab mafodotin has potential to be the first anti-BCMA treatment available to patients**

https://www.gsk.com/en-gb/media/press-releases/us-food-and-drug-administration-fda-grants-priority-review-of-belantamab-mafodotin-for-patients-with-relapsed-or-refractory-multiple-myeloma/
(Press release 21 January 2019)

Dovato (dolutegravir/lamivudine), the once-daily, single-pill, 2-drug regimen for the treatment of HIV-1 infection, granted marketing approval by Japan Ministry of Health, Labour and Welfare
https://www.gsk.com/en-gb/media/press-releases/dovato-dolutegravirlamivudine-granted-marketing-approval-by-japan-ministry-of-health-labour-and-welfare/
(Press release 15 January 2020)

ViiV Healthcare submits regulatory application to the European Medicines Agency for fostemsavir, an investigational, first-in-class attachment inhibitor for the treatment of HIV in adults with few treatment options available
https://www.gsk.com/en-gb/media/press-releases/viiv-healthcare-submits-regulatory-application-to-the-european-medicines-agency-for-fostemsavir/
(Press release 10 January 2020)

Other news flow during the quarter and to date

GSK publishes Consumer Healthcare product sales category reporting changes
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1383018
(LSE announcement 30 March 2020)

Publication of Notice of Annual General Meeting 2020
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1381370
(LSE announcement 24 March 2020)

GSK appoints Charles Bancroft to the Board as a Non-Executive Director
https://www.gsk.com/en-gb/media/press-releases/gsk-appoints-charles-bancroft-to-the-board-as-a-non-executive-director/
(LSE announcement 20 March 2020)

EMTN Prospectus Supplement Update
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1379054
(LSE announcement 13 March 2020)

Annual Report 2019 on Form 20-F
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1377378
(LSE announcement 09 March 2020)

Publication of Annual Report 2019
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1376743
(LSE announcement 04 March 2020)

GSK publishes provisional dividend dates
https://otp.investis.com/clients/uk/GlaxoSmithKline2/rns_new/regulatory-story.aspx?cid=410&newsid=1357617
(LSE announcement 08 January 2020)

Deborah Waterhouse, CEO of ViiV Healthcare, to join GSK Corporate Executive Team (CET)
https://www.gsk.com/en-gb/media/press-releases/deborah-waterhouse-ceo-of-viiv-healthcare-to-join-gsk-corporate-executive-team-cet/
(Press release 08 January 2020)

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.

Analyst/Investor enquiries:	Sarah Elton-Farr	+ 44 (0) 20 8047 5194	(London)
	James Dodwell	+ 44 (0) 20 8047 2406	(London)
	Danielle Smith	+44 (0) 20 8047 7562	(London)
	Jeff McLaughlin	+ 1 215 751 7002	(Philadelphia)
	Frannie DeFranco	+ 1 215 751 4855	(Philadelphia)