Pre-Quarterly Results Communication Q2 2021

Issued: Thursday 8th July 2021

This Q2 2021 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 Q1 2021 press release dated 28 April 2021, and our related Q1 2021 results presentation and analyst/investor call on that date. 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 since such statements were made (see the "Historic London Stock Exchange announcements (LSE announcements) and press releases" section of this Communication).

Any updates to these and other previously made statements would only be included in further communications by GSK to the market in our Q2 2021 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 Accordingly, the extracted statements should only be taken as speaking as at the date they were originally made, and the inclusion of the extracted statements herein should not be taken as an indication that they will not be updated in the future.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 Q1 2021 results announcement indicated, the potential impact of the ongoing COVID-19 pandemic on GSK's trading performance and all our Principal risks has been assessed with mitigation plans put in place. In the first quarter of 2021, as anticipated, the pandemic impacted Group performance primarily in demand for Vaccines as a result of governments' prioritisation of COVID-19 vaccination programmes and of ongoing containment measures impacting customers' ability and willingness to access vaccination services across all regions. We remain confident in the underlying demand for our Vaccine products and are encouraged by the rate at which COVID-19 vaccinations are being deployed in many countries, particularly the US and UK, which provides support for healthcare systems returning to normal. We continue to monitor the situation closely, as this continues to be a very dynamic and uncertain situation, with the ultimate severity, duration and impact unknown at this point including potential impacts on trading results, clinical trials, supply continuity and our employees. The situation could change at any time and there can be no assurance that the COVID-19 pandemic will not have a material adverse impact on the future results of the Group

Please read the cautionary statements regarding forward-looking statements set out on pages 42 and 43 of the Q1 2021 results press release and on the further reports, announcements, press releases issued by the Company, including the "Basis of preparation, assumptions and cautionary statement" section of the announcement issued by the Company on 23 June 2021 in relation to its Investor Update. Please also read the definitions and reconciliations for non-IFRS measures on page 41 of the Q1 2021 results release and the annual report on Form 20-F for FY 2020.

Contents

Key information for Q2 2021

Foreign exchange:

- We expect that the impact of foreign exchange on Q2 2021 sales will be around -9%.
- We expect that the negative impact of foreign exchange on Q2 2021 sterling Adjusted EPS will be significantly greater than the negative impact on sales.

Weighted average number of shares (WANS)

- The basic WANS in Q2 2021 was 5,004m (an increase of 0.5% relative to Q2 2020)

Outlook commentary relating to Q2 2021

Q1 2021 presentation slide 22: 2021 outlook - Group Q2 considerations

- Mid to high-single digit sales growth
- SG&A to increase broadly in line with sales
- R&D to increase mid-single digits

Pharma

Commentary from Q1 2021 analyst/ investor call: With regards to Q2 considerations for **Pharma** revenues, in addition to a favourable comparator due to de-stocking, we expect New and Specialty sales to continue to grow, including the HIV Q1 phasing to reverse. Partially offsetting this will be continued pressure in Established Pharma

Commentary from Q2 2020 analyst/ investor call:

- In **Pharma** as expected, the COVID-19 related customer stock-building in Q1, predominantly in Europe and the US, broadly reversed in Q2 with only a minor dolutegravir impact in Europe and the US remaining. We estimate that the impact of the stocking reversal on growth in Q2 was approximately 4%.
- In **HIV**, revenues were down 3%, with the dolutegravir franchise down 2% globally. Excluding the impact of customer-stocking, we estimate that sales would have increased slightly in Q2.

Vaccines

Commentary from Q2 2020 analyst/ investor call:

- In **Vaccines**, Q2 revenues were impacted by containment measures, informing customers' ability and willingness to access immunisation services across all regions.
- **Shingrix** declined 19% globally, primarily reflecting lower vaccination rates in the US, which was partly offset by favourable return and rebate movements.

Shingrix commentary from Q1 2021: We continue to believe the disruption to Shingrix is a timing issue. With strong underlying demand we continue to expect Shingrix growth to be weighted to H2, and assuming we progress towards more normal operating conditions in our key markets we expect a significant step up in Shingrix sales in 2022.

COVID immunisation progress in the US is tracked by the Centers for Disease Control and Prevention (CDC). For US COVID vaccine demographics including adoption by age you can visit: https://covid.cdc.gov/covid-data-tracker/#vaccination-demographic

Consumer

Commentary from Q1 2021 analyst/ investor call: With regards to Q2 considerations for Consumer, there will be a favourable comparator in Q2 for the continuing business as a result of last year's pantry unloading. In Q2 2020, there were sales of £116m for brands divested and under review, so there will be further impact from those brands on Consumer sales growth. Please also note that there was a 2-percentage point sales benefit in Q2 2020 as a result of the North America systems cutover that will not repeat.

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

Since the beginning of Q2 2021 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/

Key updates during Q2

23 June: New GSK to deliver step-change in growth and performance over next ten years driven by high-quality Vaccines and Specialty Medicines portfolio and late-stage pipeline | GSK
New GSK Investor update | GSK

20 May: GSK and Vir Biotechnology announce sotrovimab (VIR-7831) receives Emergency Use Authorization from the US FDA for treatment of mild-to-moderate COVID-19 in high-risk adults and paediatric patients | GSK

20 May: GSK announces sale of stake in Innoviva Inc | GSK

23 April: European Commission approves GSK's JEMPERLI (dostarlimab), the first anti-PD-1 therapy approved for recurrent or advanced endometrial cancer | GSK

22 April: FDA grants accelerated approval for GSK's JEMPERLI (dostarlimab-gxly) for women with recurrent or advanced dMMR endometrial cancer | GSK

30 March: GSK respiratory product sales reporting changes (investis.com)

11 February: GSK to sell Cephalosporin antibiotics business to Sandoz | GSK

For your reference, the following pages include tables with historical financial information. We have also included some additional detail to help with modelling Q2 2021 and full year estimates.

Basic information for Q2 2021

Foreign exchange

On the basis of the rates in the table below, it is expected that the negative impact of foreign exchange on Q2 2021 sales will be around -9%.

As a result of the mix of currency movements relative to the mix of costs, we expect that the negative impact of foreign exchange on Q2 2021 sterling Adjusted EPS will be significantly greater than the negative impact on sales.

Average rates Quarterly	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Key currencies						
US$	1.29	1.25	1.30	1.33	1.38	1.40
€	1.17	1.13	1.11	1.11	1.14	1.16
Yen	140	134	138	138	146	152
Other currencies						
Australian dollar	1.96	1.87	1.83	1.81	1.79	1.82
Brazilian real	5.77	6.54	7.04	7.18	7.55	7.29
Canadian dollar	1.74	1.71	1.74	1.73	1.75	1.72
Chinese yuan	9.02	8.81	9.00	8.81	8.94	8.98
Indian rupee	93.6	93.4	96.5	98.1	100.8	102.6
Russian rouble	87.2	88.5	97.7	101.3	103.5	103.4
FX impact on turnover	***+0%***	***+1%***	***-5%***	***-1%***	***-3%***	***-9%***
FX impact on adjusted EPS	***-1%***	***+1%***	***-9%***	***-1%***	***-6%***	***n/a***

Average rates Cumulative - YTD	3M 2020	6M 2020	9M 2020	12M 2020	3M 2021	6M 2021
Key currencies						
US$	1.29	1.27	1.28	1.29	1.38	1.39
€	1.17	1.15	1.13	1.13	1.14	1.15
Yen	140	137	137	137	146	149
Other currencies						
Australian dollar	1.96	1.92	1.89	1.87	1.79	1.80
Brazilian real	5.77	6.15	6.45	6.63	7.55	7.42
Canadian dollar	1.74	1.72	1.73	1.73	1.75	1.73
Chinese yuan	9.02	8.91	8.94	8.91	8.94	8.96
Indian rupee	93.6	93.5	94.5	95.4	100.8	101.7
Russian rouble	87.2	87.8	91.1	93.7	103.5	103.4
FX impact on turnover	***+0%***	***+0%***	***-2%***	***-2%***	***-3%***	***-5% to 6%***
FX impact on adjusted EPS	***-1%***	***+0%***	***-3%***	***-2%***	***-6%***	***n/a***

Period end rates	Dec 2019	Mar 2020	June 2020	Sep 2020	Dec 2020	Mar 2021	June 2021
Key currencies							
US$	1.32	1.24	1.23	1.28	1.36	1.38	1.39
€	1.18	1.13	1.10	1.10	1.11	1.17	1.17
Yen	143	134	132	136	141	152	153

Foreign exchange: Ready reckoner

In the 2020 FY results presentation on 3 February 2021, the following ready reckoner was provided on slide 45 to help estimate the expected impact of foreign exchange movements on adjusted EPS*:

Currency	Impact on 2021 full year adjusted EPS
US dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-6.0%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-1.0%
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 2020 currency sales exposure for GSK:

Currency	2020 currency sales exposure
US dollar	43%
Euro	19%
Japanese yen	6%
Other‡	32%

‡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 2020

Basic weighted average number of shares (WANS)

In millions*	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
WANS: Quarter	4,953	4,965	4,977	4,980	4,981	4,993	5,004
YoY change	*+0.7%*	*+0.6%*	*+0.6%*	*+0.6%*	*+0.6%*	*+0.6%*	*+0.5%*
WANS: Cumulative - Year to date	4,947	4,965	4,971	4,974	4,976	4,993	4,999
YoY change	*+0.7%*	*+0.6%*	*+0.6%*	*+0.6%*	+0.6%	+0.6%	+0.6%
Period end shares	4,954	4,977	4,978	4,980	4,981	5,004	5,005

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

Dividend

In the press release issued on 23 June (New GSK to deliver step-change in growth and performance over next ten years driven by high-quality Vaccines and Specialty Medicines portfolio and late-stage pipeline | GSK) we made the following comments relating to the dividend

"In 2022, GSK shareholders will receive dividends from GSK and New Consumer Healthcare due to the expected mid-year timing of the demerger. Together, these are expected to amount to approximately 55p per share for the year, assuming a New Consumer Healthcare dividend at the lower end of the previously announced 30-50% pay-out ratio range and subject to approval from the Board of New Consumer Healthcare. This pro-forma full year 2022 dividend would be a 31% reduction compared to the expected 2021 dividend of 80p per share.

New GSK will adopt a progressive dividend policy targeting a dividend pay-out ratio equivalent to 40-60%, starting at 45p per share in 2023, the company's first full year of operation."

In describing slide 109 of the accompanying presentation (New GSK new ambitions for patients and shareholders: 23 June 2021) Iain Mackay stated *"There is no change in the expected dividend for full year 2021 of 80p per share."*

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2019	19	19	19	23	80
2020	19	19	19	23	80
2021 - expected	19				80[1]
2022 - expected					55[1,2]

[1]*The actual dividend amount is determined by the Board of Directors.*
[2] *This expected pro-forma, aggregate 55p per share dividend for full year 2022 is comprised of 44p representing New GSK's policy, and an expected 11p from the Consumer Healthcare business.*

Factors impacting recent quarterly comparisons

As usual there were several events in 2021 and during 2020 which impact the year on year comparisons for Q2 2021. 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 Q2 2021 versus Q2 2020.

For further comments, please refer to quarterly press releases, presentations and transcripts. Quarterly results | GSK. In particular, please also refer to slides 22 and 29 of the Q1 2021 Results presentation.

Pharmaceuticals

Pharmaceuticals (£m)	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Total turnover	**17,554**	**4,396**	**4,102**	**4,192**	**4,366**	**17,056**	**3,882**
Reported growth - CER	*+0%*	*+6%*	*-5%*	*-3%*	*-3%*	*-1%*	*-8%*
Adjusted operating profit	**4,595**	**1,183**	**976**	**1,175**	**851**	**4,185**	**1,119**
Reported growth - CER	*-22%*	*-5%*	*-23%*	*+16%*	*-16%*	*-7%*	*+2%*
Adjusted operating margin	26.2%	26.9%	23.8%	28.0%	19.5%	24.5%	28.8%

Commentary by Iain Mackay from Q1 2021 results analyst/investor call: *"With regards to Q2 considerations for Pharma revenues, in addition to a favourable comparator due to de-stocking, we expect New and Specialty sales to continue to grow, including the HIV Q1 phasing to reverse. Partially offsetting this will be continued pressure in Established Pharma.*

Looking at the full year for Pharma there is no change to overall expectations. We continue to expect flat to low-single digit percentage growth in Pharma revenues, excluding divestments, and including high-single digit decline in Established Pharma."

Commentary from Q2 2020 Press release: *"In the quarter, as expected, the COVID-19 related first quarter customer stockbuilding, which predominantly impacted Europe and the US, broadly reversed with only a minor dolutegravir impact in Europe and the US remaining. The quarter also saw lower levels of new patient prescriptions in the US and Europe, reduced market demand for allergy and antibiotic products in International and pressure on net prices in the US."*

Additional commentary by Iain Mackay from Q2 2020 results analyst/investor call: *"We estimate that the impact of the stocking reversal on growth in Q2 was approximately 4%."*

Pharmaceuticals: Respiratory

Respiratory (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Anoro	117	139	140	151	547	117
Trelegy	193	194	194	238	819	248
Nucala	210	241	251	292	994	254
Respiratory*	**520**	**574**	**585**	**681**	**2,360**	**619**
CER growth						
Anoro	+16%	+6%	+3%	+8%	+8%	+4%
Trelegy	>100%	+58%	+45%	+40%	+59%	+35%
Nucala	+38%	+21%	+29%	+34%	+30%	+26%
Respiratory	**+52%**	**+27%**	**+26%**	**+29%**	**+32%**	**+24%**

** With effect from Q1 2021 Relvar/Breo, Incruse and Arnuity reported under the "Established Respiratory" section of our "Established Pharmaceuticals" category*

Pharmaceuticals: HIV

HIV (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Tivicay	412	373	377	365	1,527	301
Triumeq	563	586	577	580	2,306	436
Juluca	120	113	123	139	495	112
Dovato	66	68	99	141	374	141
Dolutegravir products	***1,161***	***1,140***	***1,176***	***1,225***	***4,702***	***990***
Rukobia	-	-	3	8	11	7
Cabenuva	-	-	-	-	-	2
Other HIV	46	45	37	35	163	32
HIV	**1,207**	**1,185**	**1,216**	**1,268**	**4,876**	**1,031**
CER growth						
Dolutegravir products	*+9%*	*-2%*	*+1%*	*+2%*	*+2%*	*-11%*
HIV	***+8%***	***-3%***	***+0%***	***+2%***	***+1%***	***-11%***

Commentary by Iain Mackay from Q2 2020 results analyst/investor call: *"In HIV, Sales were impacted in the quarter by customer destocking following the increased demand in Q1 due to COVID-19. Excluding the impact of customer stocking, we estimate that HIV sales would have increased slightly in the quarter."*

Commentary by David Redfern from Q1 2021 results analyst/investor call: *"First quarter HIV sales declined 11%, reflecting a strong Q1 2020 comparator which benefited from around £100 million in stock-build and the timing of an international tender. Adjusting for these factors, Q1 sales would have been broadly flat versus the prior year. Looking ahead we expect this phasing impact to reverse in Q2 and we remain confident of delivering our full year growth objectives."*

Pharmaceuticals: Oncology

Oncology (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Zejula	81	77	92	89	339	88
Blenrep	-	-	8	25	33	21
Jemperli	-	-	-	-	-	-
Oncology	**81**	**77**	**99**	**115**	**372**	**110**

Commentary on Zejula and Blenrep by Luke Miels on Q1 2021 results analyst/investor call:

Zejula: *"On Zejula, our significant market share gains were offset in revenue terms by the suppressed ovarian cancer market and this is one of the many tragic consequences of course with COVID as patients remain undiagnosed. Since Q3 2020 debulking surgeries are down 20% which has impacted the number of patients initiating chemotherapy."*
Blenrep: "*We have now more than 1200 healthcare sites set up, with more than 1000 patients enrolled in the REMS programme in the US, and more than 1200 patients treated globally. Early uptake has been driven by myeloma experts in academic medical centres, and we are now expanding our reach into the community setting."*

Please note that during Q2 **Jemperli** (dostarlimab) was approved in both the US and EU.

Pharmaceuticals: Established Pharmaceuticals

Established Pharmaceuticals (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Established Respiratory	1,316	1,114	1,118	1,092	4,640	1,127
Established other	1,121	975	981	1,004	4,081	815
Total turnover *	**2,437**	**2,089**	**2,099**	**2,096**	**8,721**	**1,942**
CER growth						
Established Respiratory	*-4%*	*-9%*	*-6%*	*-17%*	*-9%*	*-11%*
Established other	*-2%*	*-20%*	*-19%*	*-16%*	*-14%*	*-24%*
Total turnover	***-3%***	***-15%***	***-13%***	***-16%***	***-12%***	***-17%***

** With effect from Q1 2021 Relvar/Breo, Incruse and Arnuity reported under the "Established Respiratory" section of our "Established Pharmaceuticals" category*

Commentary by Iain Mackay from Q1 2021 results analyst/investor call regarding full year revenue expectations: *"Looking at the full year for Pharma there is no change to overall expectations. We continue to expect flat to low-single digit percentage growth in Pharma revenues, excluding divestments, and including high-single digit decline in Established Pharma"*

Vaccines

Vaccines (£m)	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Meningitis	1,018	225	167	363	274	1,029	190
Influenza	541	21	15	445	252	733	18
Shingrix	1,810	647	323	374	645	1,989	327
Established Vaccines	3,788	912	628	850	841	3,231	689
Total turnover	**7,157**	**1,805**	**1,133**	**2,032**	**2,012**	**6,982**	**1,224**
Adjusted operating profit	**2,966**	**858**	**265**	**899**	**691**	**2,713**	**306**
Adjusted operating margin	*41.4%*	*47.5%*	*23.4%*	*44.2%*	*34.3%*	*38.9%*	*25.0%*
CER growth							
Meningitis	*+15%*	*+11%*	*-29%*	*+1%*	*+36%*	*+3%*	*-13%*
Influenza	*+1%*	*+53%*	*-6%*	*+21%*	*+85%*	*+37%*	*-5%*
Shingrix	*>100%*	*+79%*	*-19%*	*-25%*	*+23%*	*+11%*	*-47%*
Established Vaccines	*+1%*	*-3%*	*-34%*	*-15%*	*-3%*	*-14%*	*-23%*
Total turnover	***+19%***	***+19%***	***-29%***	***-9%***	***+16%***	***-1%***	***-30%***
Adjusted operating profit	***+46%***	***+39%***	***-58%***	***-18%***	***+26%***	***-6%***	***-60%***

Commentary by Iain Mackay from Q1 2021 results analyst/investor call:

"To reiterate what we've said previously, progress in mass immunisation programs and easing of pandemic conditions are the key factors informing pace and scale of recovery in vaccines revenues. The advances to date this year are encouraging, particularly in markets such as the US and UK. Accordingly, and in line with Luke's earlier comments, we expect to see progress in recovery of vaccines revenues in the remainder of the year with growth weighted to the second half.

In the full year for Vaccines, we continue to expect flat to low-single digit percentage revenue growth."

"Despite this short-term impact, we remain confident in demand for our products, and expect strong recovery and contribution to growth, in particular from Shingrix, in the second half of the year."

Commentary by Iain Mackay from Q2 2020 results analyst/investor call:

"As expected, Q2 revenues were impacted by containment measures, informing customers' ability and willingness to access immunisation services across all regions."

Consumer Healthcare

Commentary on Consumer outlook by Iain Mackay from Q1 2021 results analyst/investor call:

"With regards to Q2 considerations for Consumer, there will be a favourable comparator in Q2 for the continuing business as a result of last year's pantry unloading. In Q2 2020, there were sales of £116m for brands divested and under review, so there will be further impact from those brands on Consumer

sales growth. Please also note that there was a 2 percentage point sales benefit in Q2 2020 as a result of the North America systems cutover that will not repeat.

As in the other businesses, for Consumer there is no change to expectations for the full year. Excluding brands divested or under review, we expect low to mid-single digit percentage revenue growth, outperforming the market."

Consumer Healthcare (£m)	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Turnover excl brands divested/under review	**7,897**	**2,598**	**2,273**	**2,342**	**2,298**	**9,511**	**2,261**
CER growth – pro forma	n/a	+14%	*+0%*	*+3%*	*+1%*	*+4%*	*-9%*
Brands divested/under review	1,098	264	116	80	62	522	51
Turnover	**8,995**	**2,862**	**2,389**	**2,422**	**2,360**	**10,033**	**2,312**
CER growth – reported	*+17%*	*+46%*	*+25%*	*+2%*	*-7%*	*+14%*	*-16%*
CER growth – pro forma	+2%	+11%	*-6%*	*-6%*	-7%	-2%	n/a
Adjusted operating profit	**1,874**	**766**	**521**	**541**	**385**	**2,213**	**535**
CER growth – reported	*+22%*	*+82%*	*+33%*	*-2%*	*-12%*	*+22%*	*-25%*
CER growth – pro forma	*+4%*	*+26%*	*-11%*	*-9%*	*-12%*	*-1%*	*n/a*
Adjusted operating margin	*20.8%*	*26.8%*	*21.8%*	*22.3%*	*16.3%*	*22.1%*	*23.1%*

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.

Corporate and other unallocated turnover (£m)	Q1	Q2	Q3	Q4	Full Year
2019	-	-	20	28	48
2020	27	-	-	1	28
2021	-				

Adjusted corporate and other unallocated operating profit (costs) (£m)	Q1	Q2	Q3	Q4	Full Year
2018	(129)	(99)	(93)	(138)	(459)
2019	(119)	(88)	(82)	(174)	(463)
2020	(132)	(13)	50[1]	(110)	(205)
2021	(79)				

[1] *includes one-off benefit from restructuring of post-retirement benefits*

Operating and financial performance

Operating performance

Expected costs and savings under Major Restructuring Programmes

In our Q4 2020 results presentation we included the table below.

Annual savings: (£bn)	Cumulative actuals to 2019	2020 actuals	2021 projected[1]	2022 projected[1]	2023 projected[1]	Total lifetime
2018 Restructuring Programme incl. Tesaro (Announced Q2'18)						
Savings[2]	0.2	0.3	0.5			0.5
Total charges	1.2	0.3	0.3			1.75
Cash payments	0.2	0.1	0.2	0.2		0.7
Consumer Joint Venture (Announced Dec-18)						
Synergies[2]	<0.1	0.3	0.4	0.5		0.5
Total charges	0.3	0.3	0.2	-		0.8
Cash payments	0.2	0.3	0.2	-		0.7
Separation Preparation Programme[4] (Announced Feb-20)						
Savings[2]		0.1	0.3	0.7	**0.8***	**0.8***
Total charges		0.8	1.1	0.5	-	2.4
Cash payments		0.2	0.6	0.6	0.1	1.5
Separation Costs[3]						
Total charges		0.1	0.3	0.2	-	0.6
Cash payments		0.1	0.3	0.2	-	0.6

[1] *All expectations and targets regarding future performance should be read together with the "Outlook, assumptions and cautionary statements" sections of the Fourth Quarter 2020 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] *Additional one-time costs to prepare Consumer Healthcare for separation, excluding transaction costs*

**At our June 23rd New GSK Investor Update, it was announced that we expect to deliver an additional £200m savings for a new total of £1bn from our Separation Preparation Programme (Future Ready), with no additional implementation cost.*

Operating costs: COGS, SG&A and R&D

Commentary by Iain Mackay from Q1 2021 results analyst/investor call:

"With regards to key P&L considerations for Q2, we anticipate that SG&A will increase broadly in line with sales and that our investment in R&D will increase mid-single digits."

Cost of sales

Adjusted COGS (£m)	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
COGS	10,079	2,610	2,249	2,540	2,792	10,191	2,236
Reported growth - CER	+10%	+20%	+0%	-6%	-2%	+2%	-13%
Pro forma growth - CER	+5%	+9%	-8%	-8%	-2%	-3%	n/a

Selling, General and Administration

Adjusted SG&A costs (£m)	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
SG&A	10,715	2,786[1]	2,530	2,477[2]	2,924[3]	10,717	2,315[4]
Reported growth - CER	+12%	+18%	+4%	-7%	-4%	+2%	-15%
Pro forma growth - CER	+7%	+8%	-5%	-10%	-4%	-3%	n/a

[1] *Q1'20 – includes costs for a number of legal settlements*

[2] *includes one-off benefit from restructuring of post-retirement benefits*

[3] *includes a number of legal settlements*

[4] *includes a favourable legal settlement*

Research and development

Adjusted R&D costs (£m)	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
R&D	4,339	1,086	1,171	1,049[1]	1,297	4,603	1,077
Reported growth - CER	+14%	+11%	+11%	-6%	+12%	+7%	+3%
Pro forma growth - CER	+13%	+9%	+9%	-7%	+12%	+6%	n/a

[1] *Includes one-off benefit from recognition of pre-launch inventory following the successful approval of Blenrep for the treatment of multiple myeloma*

Commentary on 2021 R&D growth by Iain Mackay from Q1 2021 results analyst/investor call:

"We continue to expect R&D growth for the Group to be low double digit in the full year."

Royalty income

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2019	73	78	118	82	351
2020	67	75	85	91	318
2021 outlook	91				Between £300m and £350m

Divisional operating margins

Adjusted operating margin (£m)	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Pharma	*26.2%*	*26.9%*	*23.8%*	*28.0%*	*19.5%*	*24.5%*	*28.8%*
Vaccines	*41.4%*	*47.5%*	*23.4%*	*44.2%*	*34.3%*	*38.9%*	*25.0%*
Consumer Healthcare	*20.8%*	*26.8%*	*21.8%*	*22.3%*	*16.3%*	*22.1%*	*23.1%*
Group	**26.6%**	**29.4%**	**22.9%**	**30.8%**	**20.8%**	**26.1%**	**25.4%**

Commentary by Iain Mackay from Q2 2020 results analyst/investor call:

Pharmaceuticals: *"Turning to the Pharma operating margin, as anticipated we saw a decline in Q2 primarily reflecting sales performance while we continue to invest in R&D behind priority assets and promotional activity for new launches."*

Vaccines: *"The operating margin of 23.4% reflected the impact of reduced sales in the quarter. In the first half Vaccines revenues were down 6% CER, and adjusted operating margin was 38.2% CER."*

Consumer Healthcare: *"Operating margin for the quarter was down 120 basis points year on year. In the first six months Consumer revenues increased 2% CER proforma and 7% excluding the impact of divested/under review brands; proforma adjusted operating margin was 24.5%. With the integration on track, we are delivering synergies as anticipated, and continue to maintain strong cost control while investing behind our brands"*

Financial performance

Net finance expense

Adjusted net finance costs (£m)	Q1	Q2	Q3	Q4	Full Year
2019	(187)	(220)	(206)*	(197)	(810)
2020	(187)*	(227)	(197)	(233)	(844)
2021	(190)				Around £850 to 900m

** includes fair value gain on interest rate swaps*

Associates and joint ventures

Adjusted associates and joint ventures (£m)	Q1	Q2	Q3	Q4	Full Year
2019	57*	(4)	17	4	74
2020	9	19	11	(6)	33
2021	16				

** 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 20 May GSK announced the sale of its stake in Innoviva. GSK will no longer recognise a share of Innoviva profits. £41m was recognised in 2020 in total and adjusted results in share of after-tax profits of associates and JVs.

Taxation

Adjusted tax rate (%)	Q1	Q2	Q3	Q4	Full Year
2019	19.7%	15.4%	15.8%	12.5%	16.0%
2020	13.7%*	20.5%	16.8%	13.9%	16.0%
2021 outlook	18.6%				Around 18%

**benefits from the cancellation by the UK Government of a reduction in the UK corporation tax rate from 19% to 17% resulting in an increase in the value of balance sheet deferred tax assets.*

Commentary by Iain Mackay from Q1 2021 results analyst/investor call:

"The effective tax rate of 18.6% was in line with expectations and reflected the timing of settlements with various tax authorities. We still expect a full year rate of around 18%, excluding the impact from any possible US or UK corporation tax changes.

Please also note that, as referenced in our Annual Report, if the 2021 UK Finance Bill is passed and results in an increase in the UK corporation tax rate from 19% to 25%, there would be a significant positive revaluation of deferred tax assets in the UK later in the year, which would be treated as an adjusting item."

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

Adjusted profit/(loss) attributable to non-controlling interests (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
ViiV	128	113	130	103	474	108
Pfizer Consumer Healthcare	139	138	147	91	515	114
Other	15	16	10	1	42	24
Total	**282**	**267**	**287**	**195**	**1,031**	**246**

Balance Sheet and Cashflow

Free cash flow

Free cash flow* (£m)	Q1	Q2	H1	Q3	9M	Q4	FY
2019	165	370	*535*	1,939	*2,474*	2,599	5,073
2020	531	1,949	*2,480*	(180)	*2,300*	3,106	5,406
2021	(3)						

Commentary by Iain Mackay from Q1 2021 results analyst/investor call:

"Improving cashflow continues to be a constant focus for the team, though it's worth noting Q2 will be much lower versus last year, which saw a step-up related to higher Q1 2020 sales which were collected in Q2, RAR timing and lower tax payments."

Commentary by Iain Mackay from Q4 2020 results analyst/investor call:

"We however anticipate lower free cash flow in 2021, informed by less cash from asset divestments, which was particularly strong in 2020, less favourable RAR timing compared to last year, along with continued investment in R&D-focused business development and higher outflows from restructuring, which we will largely complete this year."

Net debt

Net debt (£m)	31 Mar	30 Jun	30 Sep	31 Dec
2019	27,058	28,721	28,139	25,215*
2020	26,668**	23,435	23,882	20,780
2021	21,402			

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

**includes £483m of cash and cash equivalents reported in assets held for sale

In the Q1 2021 press release we made the following comments:

"At 31 March 2021, net debt was £21.4 billion, compared with £20.8 billion at 31 December 2020, comprising gross debt of £26.2 billion and cash and liquid investments of £4.8 billion. Net debt increased due to the dividends paid to shareholders of £0.9 billion and additional investments of £0.1 billion, partly offset by £0.4 billion net favourable exchange impacts from the translation of non-Sterling denominated debt and exchange on other financing items.

At 31 March 2021, GSK had short-term borrowings (including overdrafts and lease liabilities) repayable within 12 months of £3.2 billion with loans of £3.4 billion repayable in the subsequent year"

Contingent consideration

Contingent consideration (£m)	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021
Shionogi – relating to ViiV Healthcare	5,325	5,436	5,572	5,359	5,277
Novartis – relating to Vaccines acquisition	338	349	493	477	496
Other	37	45	40	33	35
Total	**5,700**	**5,830**	**6,105**	**5,869**	**5,808**

In the Q1 2021 press release we made the following comments:

"Contingent consideration amounted to £5,808 million at 31 March 2021 (31 December 2020: £5,869 million), of which £5,277 million (31 December 2020: £5,359 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £496 million (31 December 2020: £477 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 March 2021, £723 million (31 December 2020: £745 million) is expected to be paid within one year."

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:	James Dodwell	+44 20 8047 2406	(London)
	Mick Readey	+44 7990 339 653	(London)
	Joshua Williams	+44 7385 415 719	(London)
	Jeff McLaughlin	+ 1 215 751 7002	(Philadelphia)
	Frannie DeFranco	+ 1 215 751 4855	(Philadelphia)