

Accelerating our strategy: GSK to acquire full ownership of Consumer Healthcare Business

Buyout of Novartis' stake

Strategic review of Horlicks and other
Consumer Healthcare Nutrition products



Cautionary statement regarding forward-looking statements



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A number of adjusted measures are used to report the performance of our business. These measures are defined in our Q4/FY 2017 earnings release and Annual Report on Form 20-F for 2017.

All expectations and targets regarding future performance should be read together with "Assumptions related to 2018 guidance and 2016-2020 outlook" on page 40 of our full year and fourth quarter 2017 earnings release.

Agenda



Strategic overview

Emma Walmsley,
Chief Executive Officer



Financial highlights

Simon Dingemans,
Chief Financial Officer



Winning in Consumer Healthcare

Brian McNamara,
CEO, Consumer Healthcare



Summary & Q&A

Emma Walmsley,
Chief Executive Officer



Emma Walmsley, CEO

Strategic overview



Balanced business to deliver growth and returns to shareholders



Pharmaceuticals

Leading positions in HIV and Respiratory

Vaccines

Broadest portfolio with leading position in meningitis and opportunity in shingles

Consumer Healthcare

Category leadership in Respiratory, Pain Relief and Oral Health



Common goal to improve health, from prevention to treatment

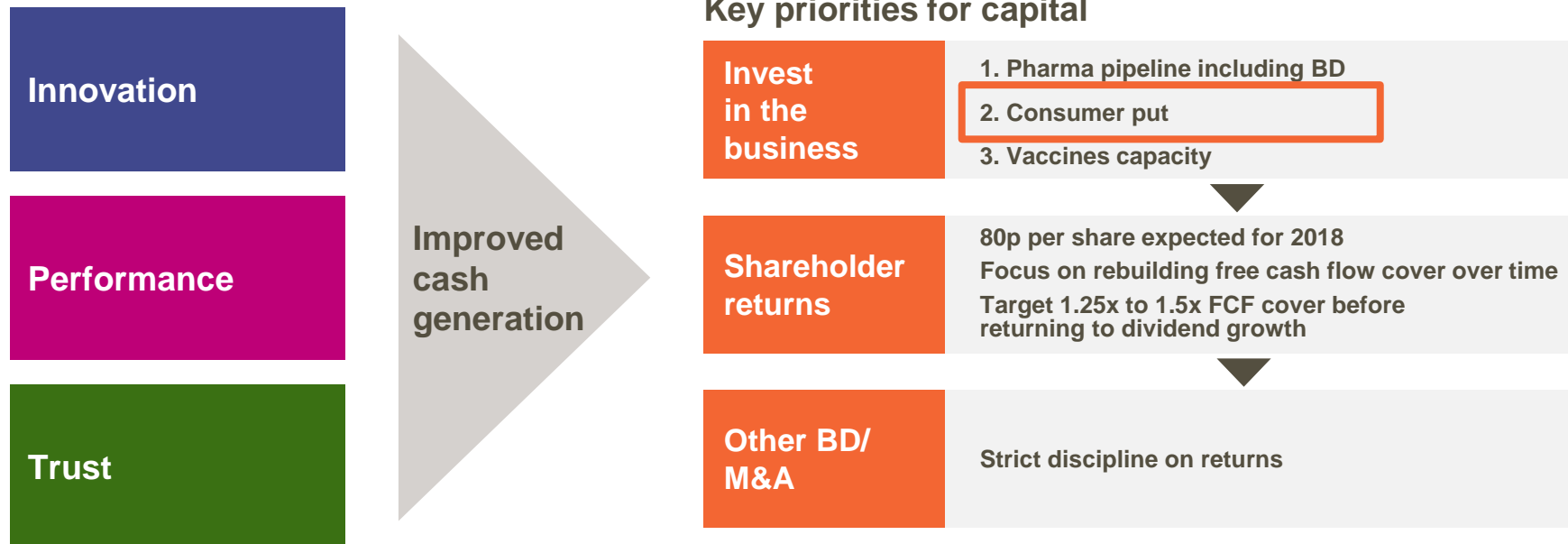
Therapeutic and category leadership

Global opportunities

Strategic and operational synergies

Balanced set of cash flows and returns

Advancing our priorities



Two important milestones for Consumer Healthcare



Buyout of Novartis' stake

Full ownership of Consumer Healthcare business

Strategic review

Horlicks and Consumer Nutrition products



Shareholders capture full value of world-leading Consumer Healthcare business

Benefits adjusted earnings and cash flows helping accelerate performance

Removes uncertainty and supports capital planning for Group's other priorities

Simon Dingemans, CFO

Financial Highlights



Financial Highlights



Consideration	<ul style="list-style-type: none">– \$13 billion (£9.2 billion¹)
Returns on JV²	<ul style="list-style-type: none">– +10% IRR– CFROI targets met
Financial effects	<ul style="list-style-type: none">– Expected to be accretive to adjusted earnings in 2018 and thereafter– Expected to strengthen cashflow generation– Supportive of target credit profile
Consumer Healthcare	<ul style="list-style-type: none">– Continue to expect operating margin of more than 20% by 2020 (at 2015 rates)– Targeting operating margins in 'mid-20s' percentages by 2022 (at 2017 rates)
Pharma & Vaccines	<ul style="list-style-type: none">– Incremental earnings and cashflows to invest in Pharma R&D and other growth drivers– Flexibility retained to invest capital in R&D and other capital allocation priorities
Outlooks	<ul style="list-style-type: none">– Increased confidence in delivering outlooks for 2020 Group sales and adjusted EPS– Continue to expect to pay a dividend of 80p in 2018

1. \$1.42/£ as at close 26 March 2018
2. Since formation of Novartis JV in 2015

Timing and considerations



Novartis buy-out

- Shareholder approval required
- Vote anticipated in 1H 2018

Review of Horlicks & Nutrition products

- Review to conclude around end of 2018

Brian McNamara

CEO Consumer Healthcare

Winning in Consumer Healthcare



Global leader in Consumer Healthcare



£7.8¹ billion net sales

Attractive returns

Strong portfolio



Competitive geographic footprint

Proven track record of delivery

Strong and increasing capabilities

1. 12 month net sales year ending 31 December 2017.

Industry dynamics

Positive long term drivers



Increasing health awareness and self care

77%¹ of consumers want to take more control over decisions about their health

Emerging middle class

Almost **2.4 billion**³ more emerging middle class consumers by 2030 vs 2015



Ageing population

1.4 billion² aged 60+ by 2030, an increase of 0.5 billion vs 2015

Innovation

Unmet consumer needs (switches, products, formats, channels, devices)

Industry dynamics



Sources of short-term variability



Seasonal

Timing and strength of allergy and cough/cold season

Switches

Growth followed by private label entry

Emerging market dynamics

Economic variability (e.g. Brazil, Saudi Arabia)
Government regulatory changes
(e.g. Indian GST and demonetisation)

Emerging trends



Phenomenal digital opportunity

100 billion Google healthcare searches each year

e-commerce

A challenge and an opportunity

Emergence of local brands

Increased quality of local competition

Leadership in key categories and segments



OTC: £99 billion market ¹

Oral Health: £22 billion market ⁴

Pain Relief



#1 in global
pain market ¹

Respiratory



#1 in global
respiratory market ¹

Digestive Health



#3 in global
digestive health
market ¹

Sensitivity



#1 in global
sensitivity ²

Gum Health



#1 in gum health ³

Denture Care



#1 in global
denture ⁴

Our Consumer Healthcare priorities



Our purpose:

to help people do more, feel better, live longer

Our strategy:

meet the everyday healthcare needs of consumers by building consumer preferred and expert recommended brands, differentiated by science and insight-driven innovation

Our priorities:

Innovation

- Brilliant execution of launches
- Strong, differentiated pipeline of consumer-led, science-based innovation and claims

Performance

- Sustained above market growth
- Competitive cost structure, margin and cash flow.

Trust

- Reliable supply
- Improved reputation
- Highly engaged employees

Building a competitive advantage through consumer-led, science-based innovation



Innovation



Integrated category and
R&D innovation hubs

Scientific and technical excellence

Novel packaging, sensorials and claims

Emerging markets and digital innovation

External innovation and partnerships

This focus is driving a pipeline transformation



Major focus of spend and capability on Power and Core brands

Halved the number of projects whilst increasing overall pipeline value (vs. '15)

Top 10 projects (by value) have doubled in size (vs. '16)

5-fold increase in external innovation pipeline value

A strong set of launches across categories in 2018

Key launches in past 12 months:



Flonase Sensimist
"Gentle mist,
powerful relief"



parodontax US launch
"Leave bleeding
gums behind"



Voltaren No Mess Applicator
"Triple effect pain relief,
now with clean hands!"



Sensodyne Rapid
"Clinically proven relief
in just 60 seconds"



Tums Chewy Bites
"Fast relief in every bite"



Polident Max Seal
"All day hold and maximum
food seal protection"

A winning strategy for growth

Sustained above market growth and strong operating margin progression



Performance



Building consumer preferred and expert recommended brands

Winning with shoppers, customers and experts

Seizing the digital opportunity

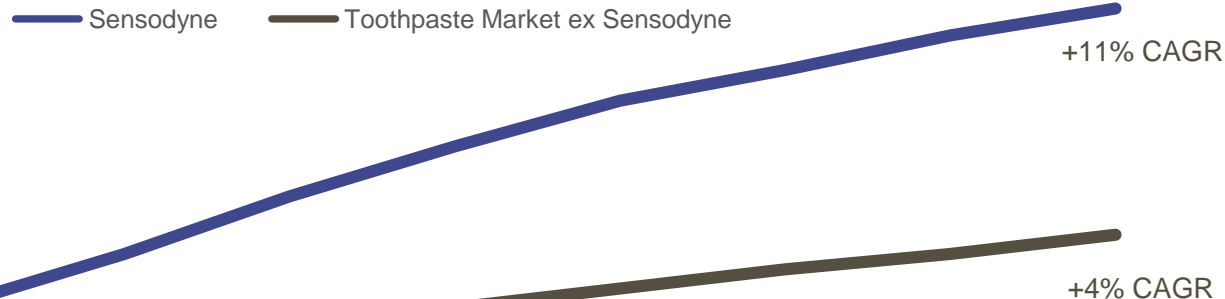
Drive gross margin improvement, operational efficiencies & cash discipline

Building consumer preferred and expert recommended brands



Sensodyne: > £1 billion net sales and over ten years of double digit growth

Sensodyne vs Toothpaste market
Sales indexed to 2007¹

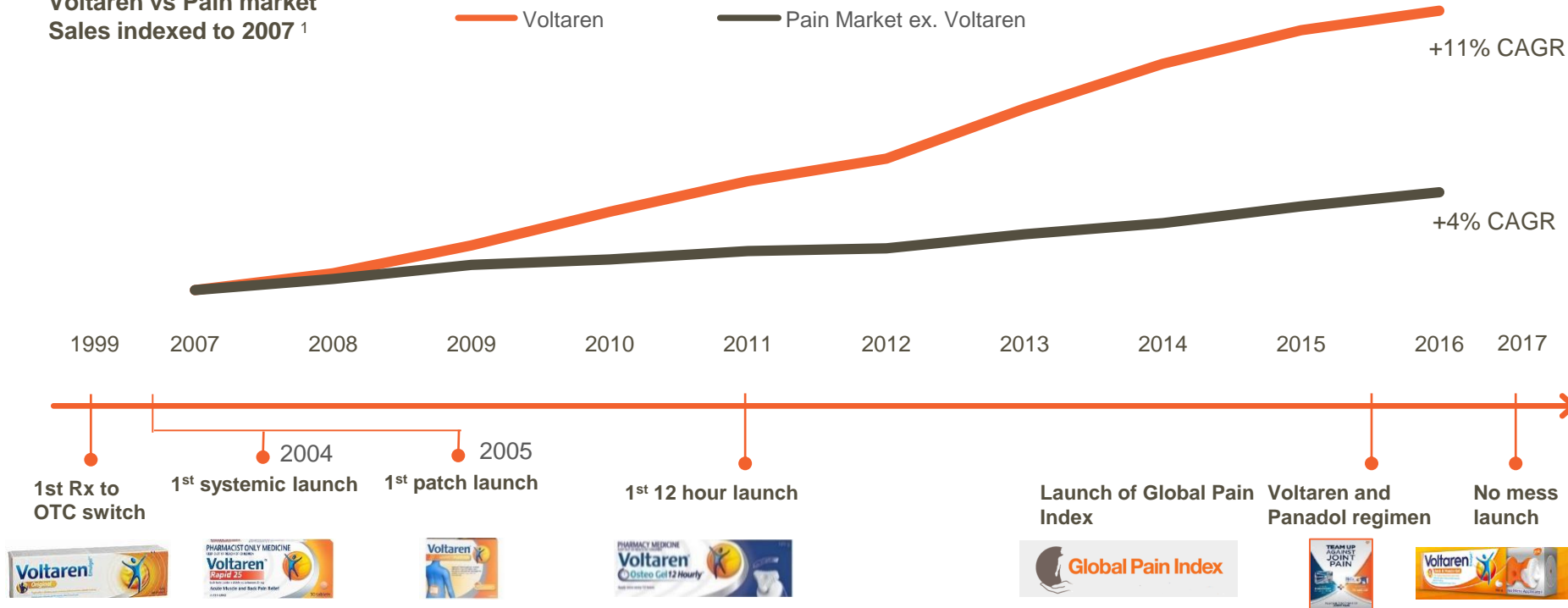


Building consumer preferred and expert recommended brands



Voltaren: creating the world's leading topical analgesic, >£600 million net sales

Voltaren vs Pain market
Sales indexed to 2007¹



Seizing the digital opportunity



Digital is **half**¹ of all media consumption

Almost **half**³ of offline sales are influenced by online information



When consumers go online, they consider **40%**² more brands

4.6%⁴ total FMCG sales via e-commerce (~**2%** for OTC)

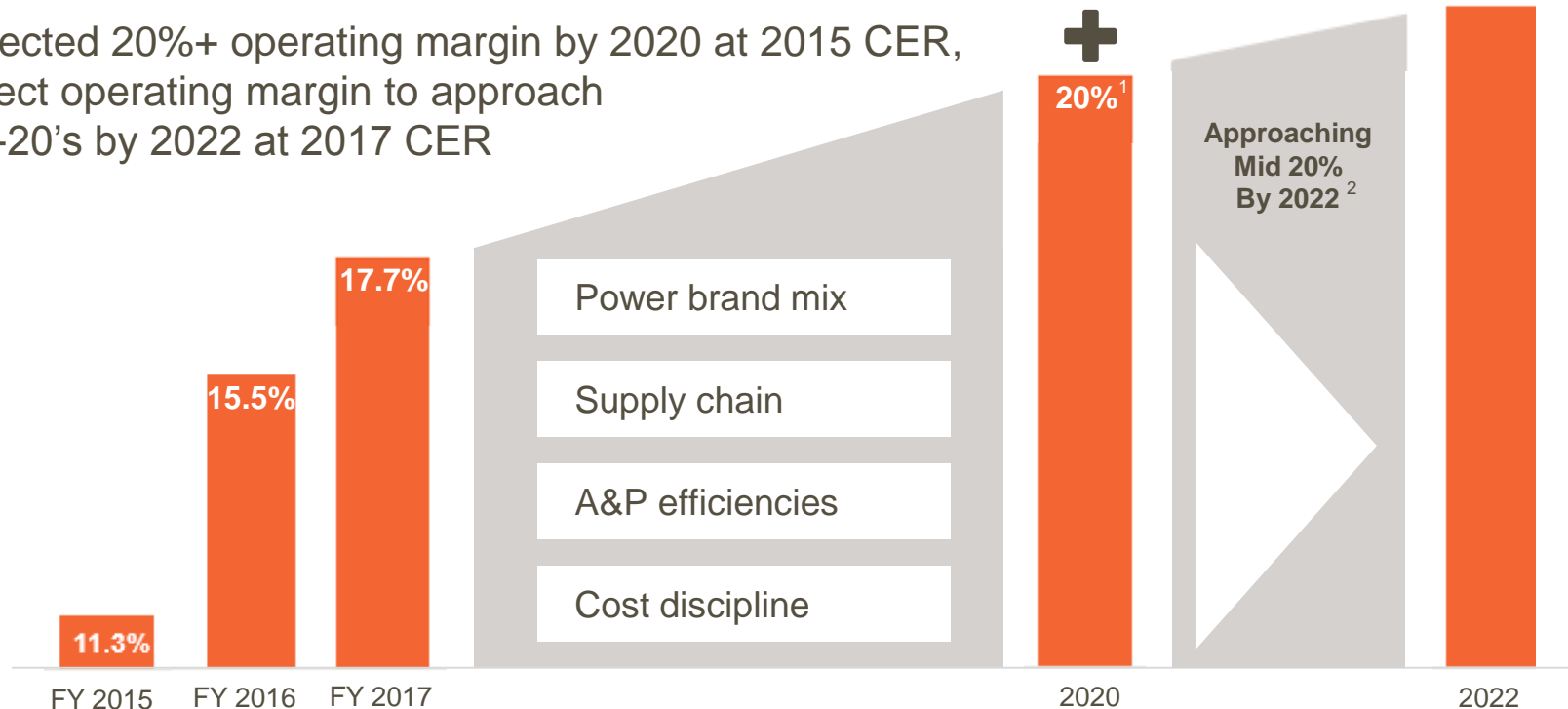
Investing in digital capability to win



Drive gross margin improvement, operational efficiencies and cash discipline



Expected 20%+ operating margin by 2020 at 2015 CER,
expect operating margin to approach
mid-20's by 2022 at 2017 CER



¹At constant, 2015 exchange rates

²At 2017 exchange rates

Fundamentals in place to lead Consumer Healthcare



Sustained above market growth and strong operating margin progression

Category leadership

Strong pipeline

**Proven track record
of delivery**



**Strong and
increasing capability**

**Seizing digital
opportunities**

**Clear margin
progression
roadmap**

Emma Walmsley, CEO

Summary



Accelerating our strategy



Shareholders capture full value of world-leading Consumer Healthcare business

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Innovation

Performance

Trust

Q&A

