February 5, 2020

To,

BSE LIMITED
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400001

THE NATIONAL STOCK EXCHANGE OF INDIA
Exchange Plaza, 5th Floor, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400051

Dear Sir,

**Presentation for Analyst Meet**

Pursuant to regulation 30 of SEBI (Listing obligations and Disclosure Requirement), 2015 we are enclosing the presentation given in the Analyst / Institutional Investor Meeting held on 4\textsuperscript{th} February 2020.

The details of the presentation are also available at the Company’s website [www.GSK-india.com](http://www.GSK-india.com).

Thanking you,

Yours faithfully

For GlaxoSmithKline Pharmaceuticals Limited

\[\text{Signature}\]

Ajay Nadkarni
Vice President – Admin, Real Estate & Company Secretary

Encl:
Analysts’ Meet

4 February 2020
**Performance YTD / Q3 19-20**

YTD EBITDA margin +1%; YTD EPS +11%; GP margin +3%

### Performance YTD

**Headline Growth 3%; Underlying 13% (7% Volume + 6% Price)**

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Value</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Brands</td>
<td>1479Cr</td>
<td>+21%</td>
</tr>
<tr>
<td>Rx Key Brands</td>
<td>963Cr</td>
<td>+18%</td>
</tr>
<tr>
<td>Vx Key Brands</td>
<td>516Cr</td>
<td>+26%</td>
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</tbody>
</table>

### Performance Q3

**Q3 Sales**

- Sales: 770 Cr / -6%
- Underlying growth: +6%

**Portfolio**

- Key Brands: 479Cr +12%
- Rx Key Brands: 304Cr +8%
- Vx Key Brands: 176Cr +20%

**External Growth**

- 2x the market for Promoted brands with EI at 106
- Underlying external growth is 12% with EI of 102
YTD 2019-20 – Performance v PY YTD

Headline: Sales +3%, PAT before exceptional +11%
Exceptional Charge 336 Cr from impairment and related costs

Revenue from Operations

- Gross Profit +3% from better pricing mix and margin improvement due to Portfolio Optimisation

Gross Margin

- Employee Benefits underlying +8% mainly due to wage inflation
- Opex underlying -3% with operational efficiencies and cost control
- EBITDA margins show an improvement of 110bps
- YTD EPS before exceptional items growing at 11%

EBIDTA

- PAT includes exceptional income for sale of Thane land offset by charge on account of market recall for Zinetac, assets impairment

YP 2019 - 20 Performance v PY YTD

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EBIDTA

- PAT includes exceptional income for sale of Thane land offset by charge on account of market recall for Zinetac, assets impairment
Q3 2019-20 – Performance v PY

Headline: Sales - 6%, PAT (before exceptional) @ 9%
Exceptional Charge 737 Cr from impairment and related costs

- **Revenue from Operations**: 779 -> 825
- **Gross Margin**: 451 (57%) -> 443 (53%)
- **EBIDTA**: 125 (16%) -> 137 (17%)
- **PAT**: (644) -> 113

**Gross Profit** +4% from better pricing mix and margin improvement due to Portfolio Optimisation

- **Employee Benefits** underlying +13% on LTI, wage inflation and incentives
- **Opex** (excluding depreciation) -11%, on account of lower Sales Promo compensated by higher EGOL

PAT includes exceptional charge for impairment of manufacturing assets and other associated assets/costs
Agenda

- Financial Performance YTD / Q3 2019-20
- Vemgal Update
- Unexpected Development: Ranitidine
- India Growth Story
- Innovation Focus
### Background of Vemgal

<table>
<thead>
<tr>
<th>Situation</th>
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<tbody>
<tr>
<td>Nashik – multi dose form facility; severely under invested. Need for remediation to maintain the Global GSK standards</td>
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<tr>
<td>Need to increase capacity to cope up with strong business growth ambition; maintain market share and maintain commitment to patient safety</td>
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<table>
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<tr>
<th>Response / Objective</th>
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<tbody>
<tr>
<td>Planned robust futuristic supply chain for India -</td>
</tr>
<tr>
<td>Seamless supply &amp; business continuity to support strong business growth ambition; reduce reliance on Nashik</td>
</tr>
<tr>
<td>Compliance to GSK Global standards and maintain commitment to patient safety</td>
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<tr>
<td><strong>Proposal for a high volume Greenfield site for OSD (Oral Solid Dose)</strong></td>
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<tr>
<td>Greenfield project with 9bn dose capacity with INR 1000 cr investment – 60% capacity dedicated for Zinetac</td>
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<tr>
<td>Focus on high volume low complexity products</td>
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<tr>
<td>2013: Initial project approval</td>
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<tr>
<td>2014: Vemgal project initiation</td>
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<tr>
<td>2019: Manufacturing license received with commercialization planned in 2019-20</td>
</tr>
<tr>
<td>Sep 2019: Voluntary global recall of ranitidine products, including Zinetac in India.</td>
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</tbody>
</table>
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Unexpected Global Development: Ranitidine

- NDMA (N-nitrosodimethylamine) issue highlighted in mid Sept 2019 leading to voluntary recall of Zinetac

- GSK continues to respond to queries from global regulatory authorities
  - The EMA has initiated an investigation into the potential root causes for the formation of NDMA in Ranitidine containing products

- The investigation into the causes for the formation of NDMA is highly complex
  - Root cause analysis is on-going & multiple options are being explored
  - Currently testing a significant representation of batches of finished product (tablets, effervescent tablets, IV solution, and syrup dose forms)
  - 20 scientists working full time have analysed over 360 batches to date

- Patient safety remains a top priority and it is fundamental to maintaining trust
Financial Evaluation

Options explored

- Alternate SKU production at site; Additional capital investment required hence low financial viability;
- Low volumes for alternate products leading to significant under utilization of capacity at Vemgal

Financial Governance

- Ranitidine issue resulted in under-utilization and triggered an impairment
- Recognize financial impairment of INR 640 cr connected to the underutilization of GSK’s manufacturing facilities and INR 97 cr on account of other related assets / cost.
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## 2019-2021: Accelerating India Rx profitable growth

### Winning in right TAs
- Increased SoV on key brands to drive growth in AI, Derma and Vaccines
- Redeployment of 400 FTEs and increment of 200 FTE. Increase reach by 140K new HCPs
- Strengthen specialty pipeline with launch of Nucala and Menveo. Initiate registration process for Shingrix

### Winning in channels
- Build trust with channels
- Acquire/ Build capability to engage with channels
- Build technology platforms to commercially transact with 100K pharmacies
- Order fulfilment of distributed brands (Non-promoted)

### Winning with HCPs virtually
- Established a model for digital only promotion for 6 identified brands with agency onboard
- Enhance customer experience through increased touchpoint (1.5x) enabled by MCM
- Focus to drive higher Qualified Reach

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**Improved supply efficiency with focus on OTIF/Inventory**
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Innovation Focus

Innovation

- Continued success of Nucala (Mepolizumab) which is a humanised monoclonal antibody and indicated as an add-on treatment for severe refractory eosinophilic asthma in adult patients

- Launch of Menveo vaccine for protection against meningococcal disease.

- Continued commitment on introducing new therapies / specialities in the market both in Pharma and Vaccines with the initial success of Nucala and Menveo.