



# Full Year Results 2007

7th February 2008

# Topics today

- 2007 results, 2008 guidance
- Pharmaceutical industry 2007 legacy

# 2007 earnings at high end of guidance\*

	£	CER	Actual
<b>Sales</b>	<b>22.7bn</b>	<b>2%</b>	(2)%
<b>Profit before tax</b>	<b>7.8bn</b>	<b>6%</b>	0%
<b>EPS</b>	<b>99.1p</b>	<b>10%</b>	4%
<b>Dividend</b>	<b>53p</b>	<b>+10%</b>	

\*GSK earnings guidance 8th February 2007: "2007 EPS growth expected to be 8% to 10% in CER terms."

# As expected, many products contributed strong growth in 2007...

## Growth drivers

*Advair* +10%

*Vaccines* +20%

*Lamictal* +18%

*Valtrex* +18%

## New contributors

*Avodart* +38%

*Boniva* +79%

*Arixtra* +81%

*Rotarix* >100%

*Tykerb* + *Veramyst*  
£72m

**But, *Avandia* underperformed expectations...**



***Avandia*  
products  
-22%**

# Outperformance in other parts of the business

## Consumer turnaround

£3.5bn +14%

*alli* £150m

*BreatheRight* and  
*Fiber Choice* +24%\*

*Aquafresh* +12%

*Sensodyne* +16%

*Lucozade* +16%

## Effective cost control

## Pandemic preparations

*Relenza*  
£262m

H5N1  
vaccine  
£146m

## 2008 issues...

- *Avandia*
- New generic competition

# 2008 issues...and opportunities

- *Avandia*
- New generic competition
- Growth drivers
- New products

# Growth drivers...

**ADVAIR DISKUS**  
(fluticasone propionate and salmeterol inhalation powder)

**VALTREX**  
valacyclovir HCl  
500 mg, 1000 mg PEG CAPSULES

**Arixtra**  
(fondaparinux sodium)

ONCE-A-DAY  
**COREG CR**  
Carvedilol Phosphate  
extended-release capsules

- New ACS indication -

**Boniva**  
ibandronate

**AVODART**  
(dutasteride)

**Havrix**  
Hepatitis A Vaccine,  
Inactivated

**Infanrix**

**Fluarix**

H5N1  
pre-pandemic

# Growth drivers...and new products

**ADVAIR DISKUS<sup>®</sup>**  
(fluticasone propionate and salmeterol inhalation powder)

**VALTREX<sup>®</sup>**  
valacyclovir HCl  
500 mg, 1000 mg, 2000 mg tablets

**Arixtra<sup>®</sup>**  
(fondaparinux sodium)  
- New ACS indication -

ONCE-A-DAY  
**COREG CR<sup>™</sup>**  
Carvedilol Phosphate  
extended-release capsules

**Cervarix<sup>®</sup>**

**Tykerb<sup>®</sup>**  
(lapatinib)

**Boniva**  
ibandronate

**AVODART<sup>®</sup>**  
(dutasteride)

**Veramyst<sup>™</sup>**  
(fluticasone furoate)  
Nasal Spray

**ALTABAX<sup>™</sup>**  
retapamulin ointment, 1%

**REQUIP<sup>®</sup> XL**  
(ropinirole  
extended-release tablets)

**Havrix**  
Hepatitis A Vaccine,  
Inactivated

**Infanrix**

**PROMACTA<sup>™</sup>**  
(eltrombopag olamine)

**Rotarix**  
(US)

**Fluarix**

H5N1  
pre-pandemic

**Synflorix**  
(EU+Int'l)

**Treximet**

# 2008 issues...and opportunities

- *Avandia*
- New generic competition
- Growth drivers
- New products
- *Lovaza*

# Reliant acquisition provides strong new addition to US sales portfolio

- Only FDA-approved prescription omega-3 product
- Dramatic reductions in triglycerides - in a very natural way
- A product with '**No Warnings**'



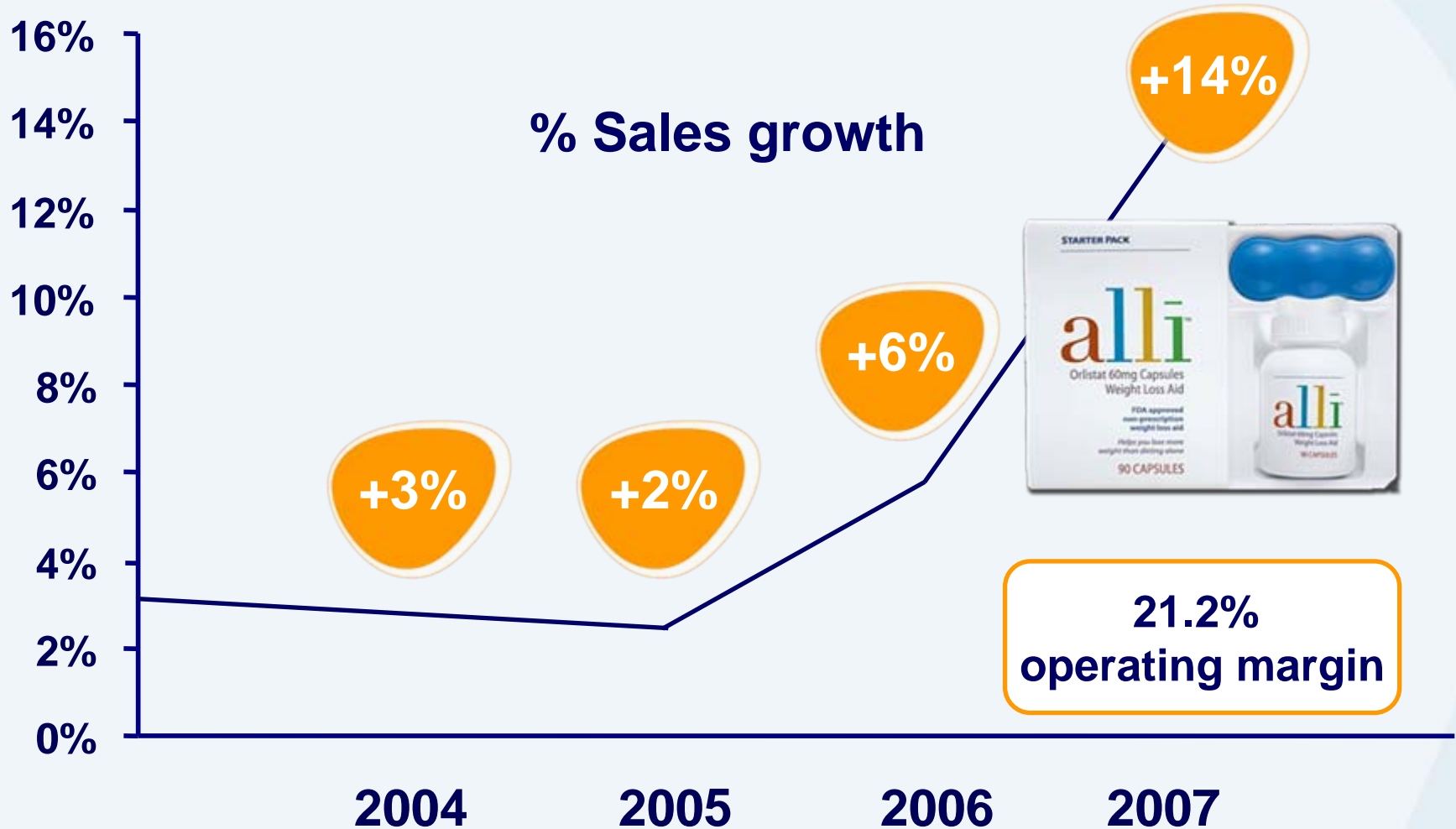
LOVAZA™  
omega-3-acid ethyl esters

**2007 sales  
£157 million\*  
>100%**

# 2008 issues...and opportunities

- *Avandia*
- New generic competition
- Growth drivers
- New products
- *Lovaza*
- Consumer Healthcare

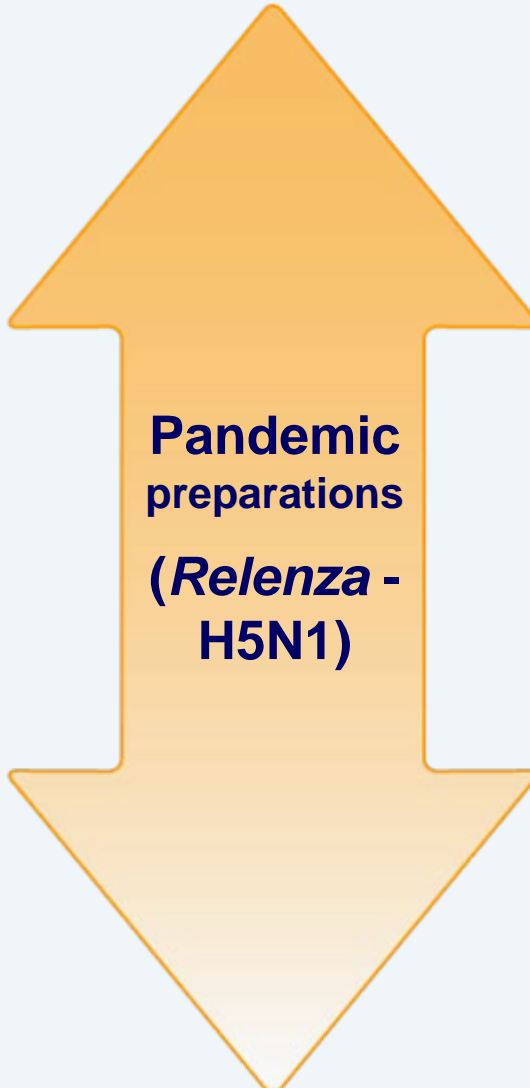
# Consumer Healthcare – strong growth



# 2008 key swing factors include...



***Avandia***



**Pandemic  
preparations  
(*Relenza* -  
H5N1)**



***Cervarix*  
launches**

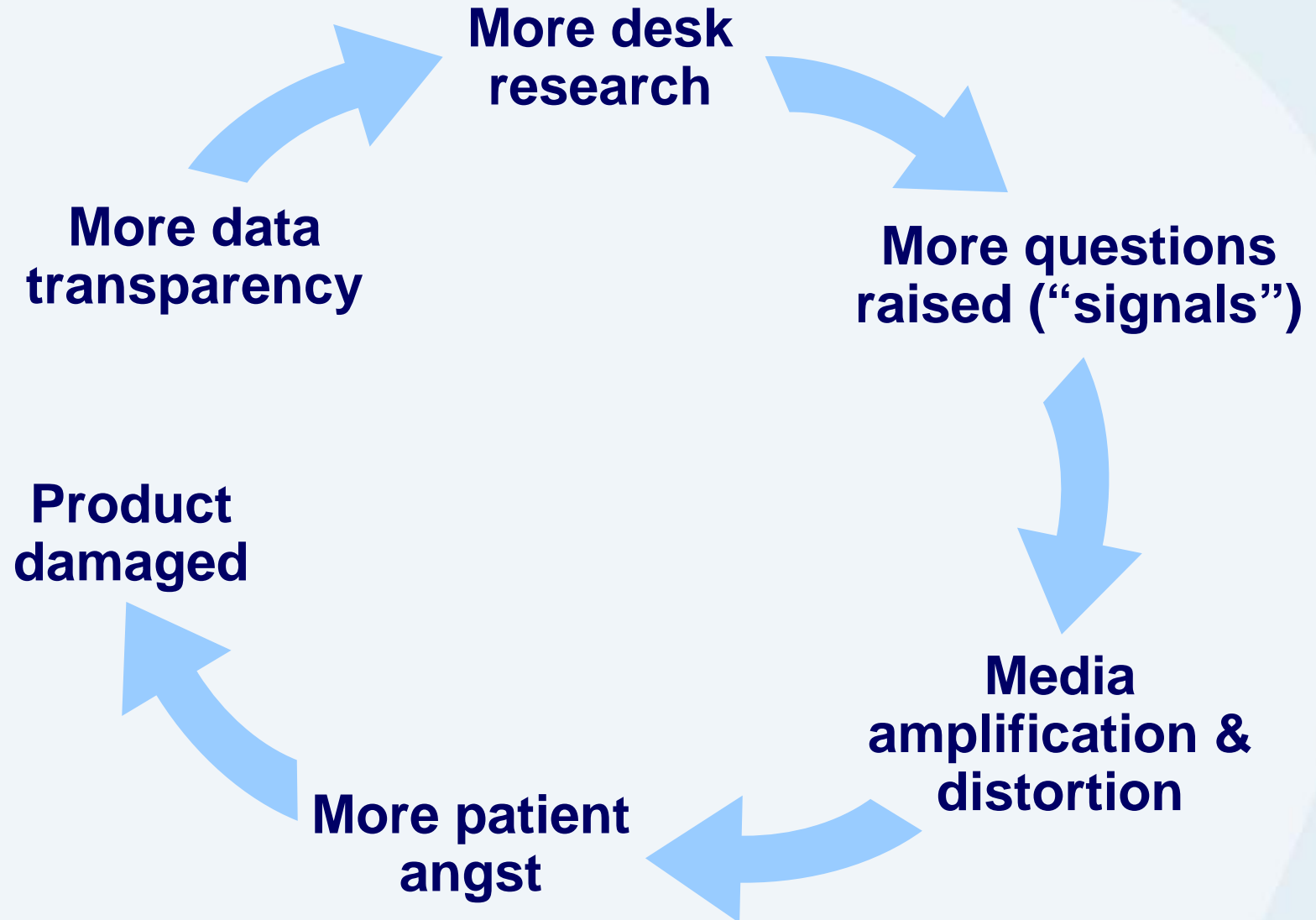
# Topics today

- 2007 results, 2008 guidance
- Pharmaceutical industry 2007 legacy

# The legacy of 2007

- “Risk” vs. “Risk/Benefit”

# Safety takes centre stage



# The legacy of 2007

- “Risk” vs. “Risk/Benefit”
- Behaviour of payers
- FDA slowdown

# The legacy of 2007

## Potential consequences

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- Changing efficacy measures
- The age of the “Progressive Blockbuster”
- R&D productivity

# R&D: “life blood of the company”

**Fixing the  
fundamentals**



# R&D fundamentals

- Organisation
- Open architecture
- Technology
- Project focus & leadership
- Winning culture

# R&D: “life blood of the company”

Strengthening  
biopharm

Fixing the  
fundamentals



# R&D: “life blood of the company”

Externalising  
and  
Globalising

New CEDDs

Strengthening  
biopharm

Fixing the  
fundamentals



# Multiple deals executed in last 18 months, across the portfolio

## Technology / Early stage

**domantis**  
**PRAECIS**  
The Future in Drug Development

**TARGACEPT**

**OncoMed**  
PHARMACEUTICALS

**amira**  
pharmaceuticals

**SANTARIS PHARMA**

**BioFocus DPI**  
A Galápagos Company

**EPIX**  
PHARMACEUTICALS

**ANACOR**  
PHARMACEUTICALS

## Mid / Late stage

**Genmab**

**XenoPort**

**SYNTA**  
PHARMACEUTICALS®

**TOLERX**  
Immune resolve.

**EXELIXIS**

## Filed / Marketed

**LOVAZA**  
omega-3-acid ethyl esters

**Lunivia**  
(eszopiclone)

**Zegerid**  
omeprazole/sodium bicarbonate

**Breathe Right** Brand  
**Fiber Choice**

# R&D: “life blood of the company”

New CEDDs

Strengthening  
biopharm

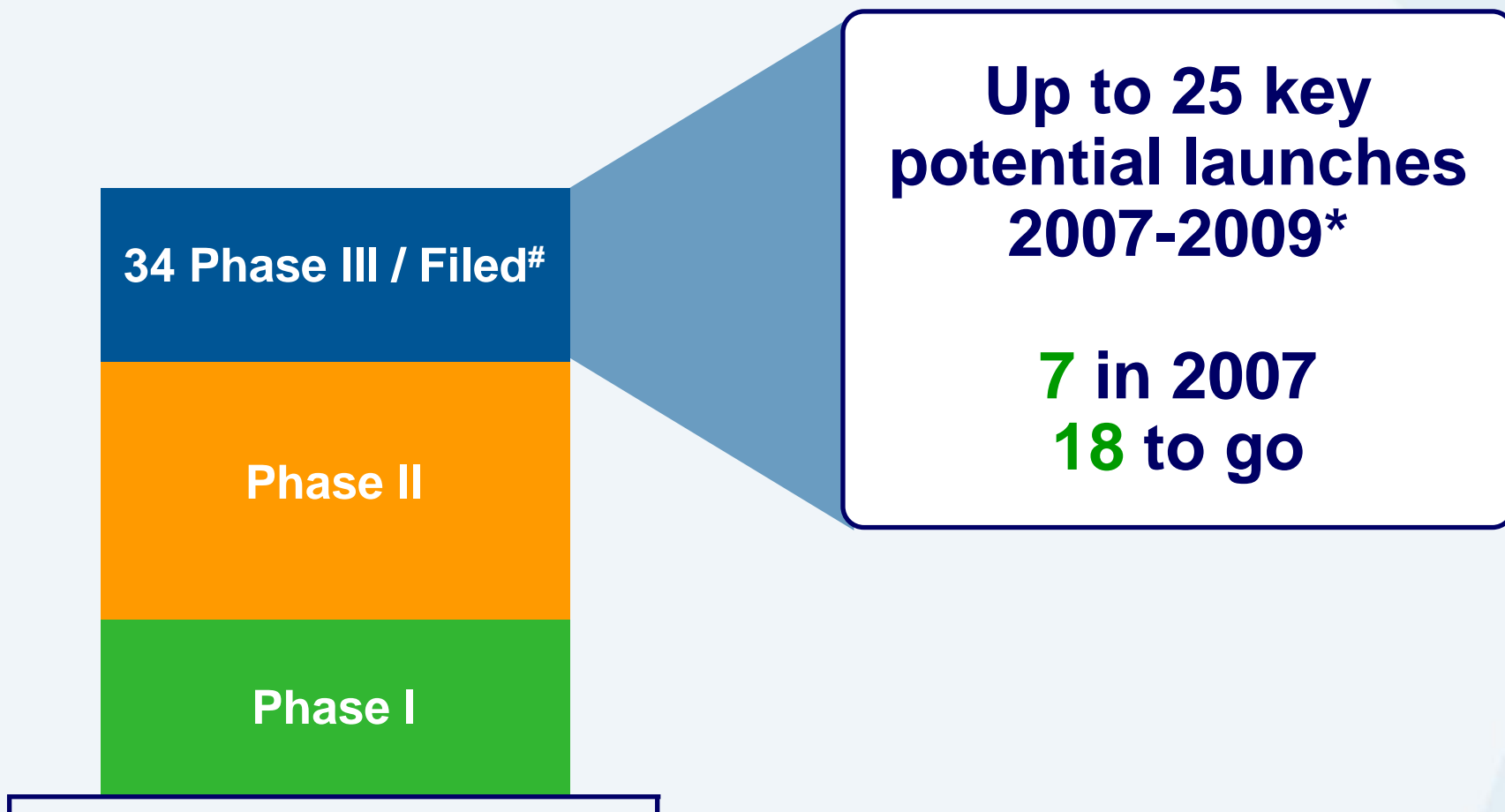
Fixing the  
fundamentals

Externalising  
and  
Globalising

Strong  
pipeline flow



# Pipeline is delivering

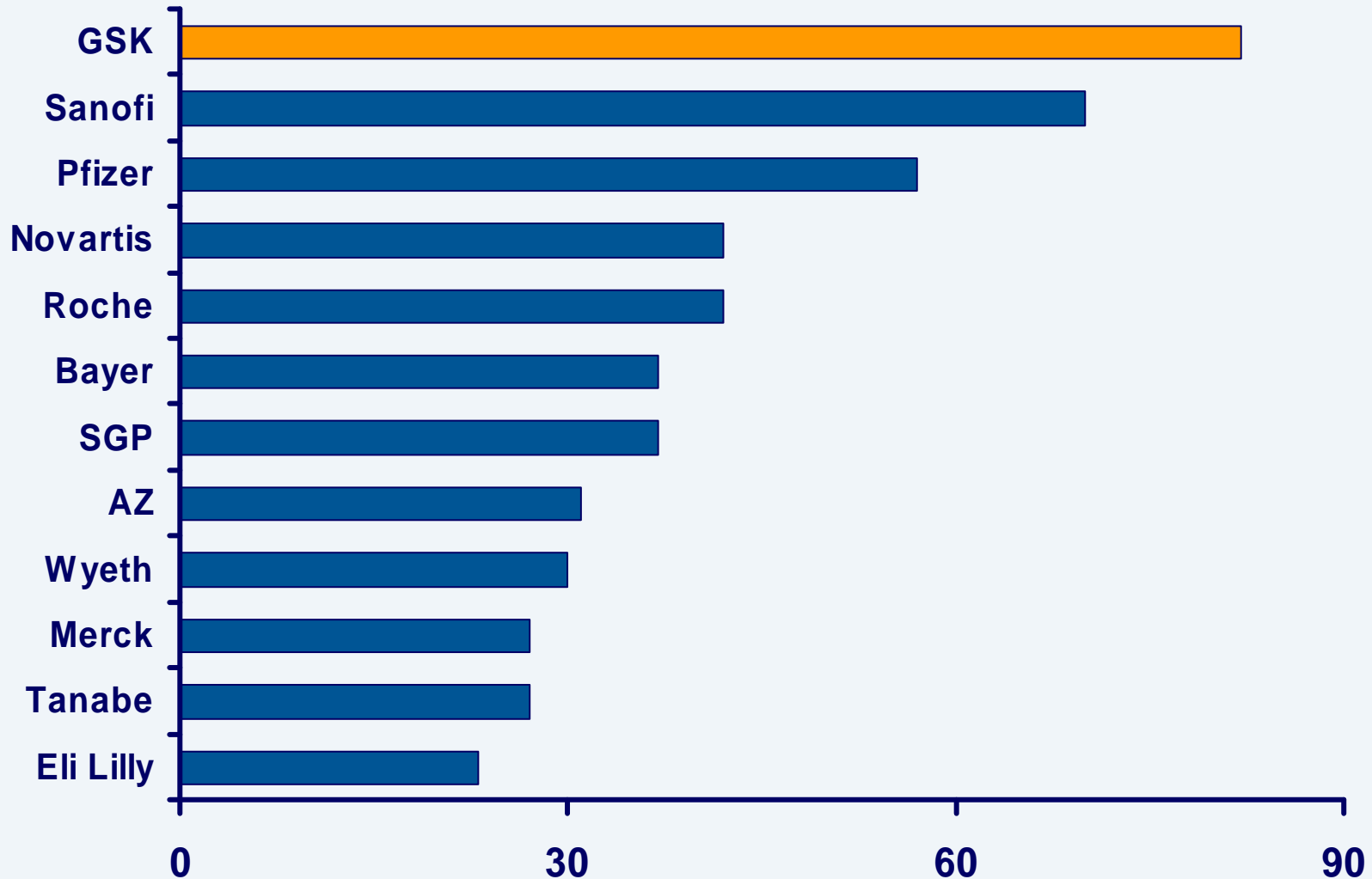


# key projects in Phase III/registration

\* 12 NCEs, 5 vaccines, 8 PLEs. Assumes on time regulatory reviews.

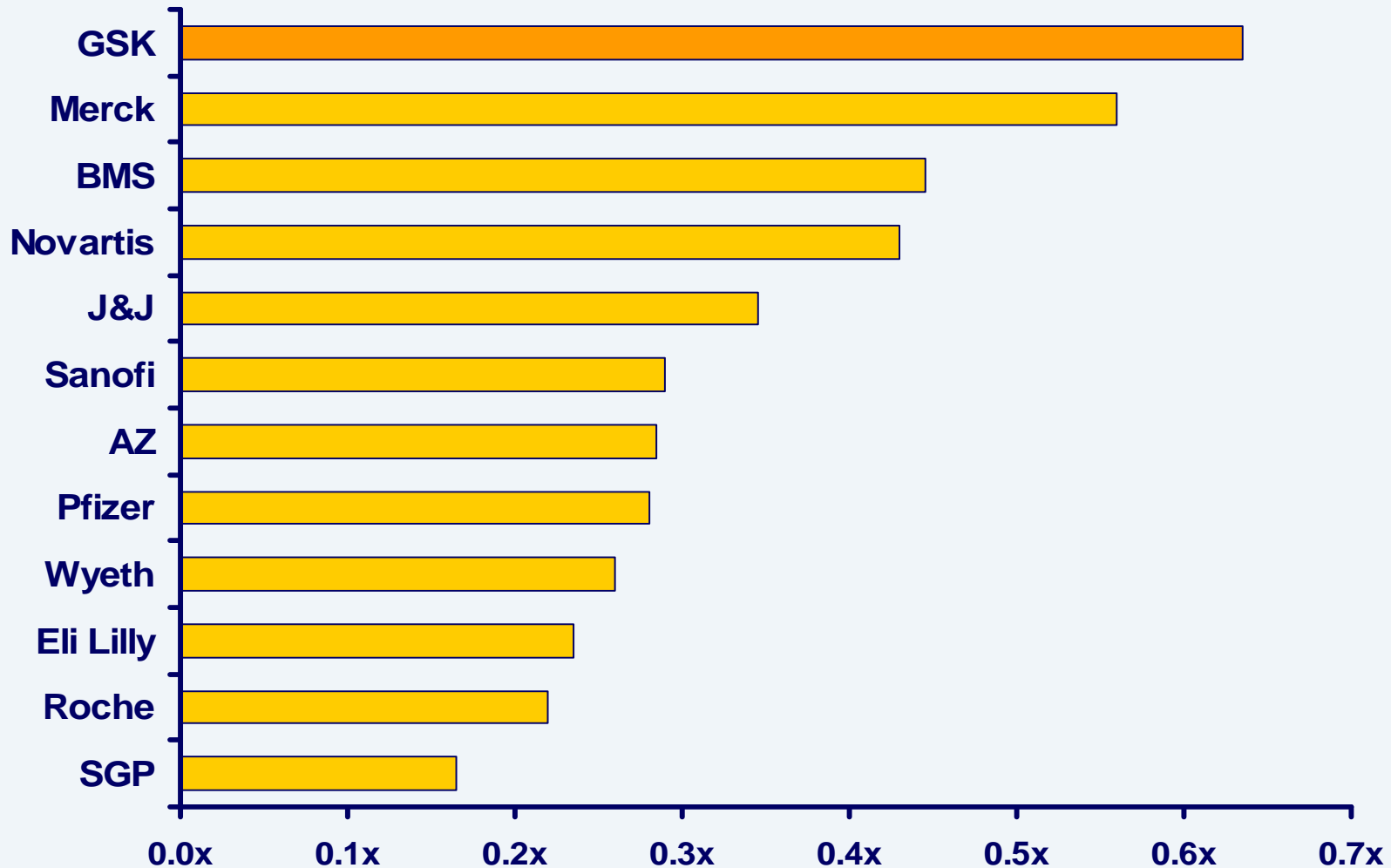
# Leading the industry...

## Mid-to-late-stage pipeline products



# ...with significant “reloadability”

Lehman Brothers PharmaPipelines (Sept 2007)  
Pharma Replacement Power – NPV



# Conclusion

- *GSK: Strong fundamentals*
- *Challenging and fast changing environment*
- *Need to continue to adjust the business model*



# **Andrew Witty**

**CEO Designate**



GlaxoSmithKline