

# GSK Pharmaceuticals Limited India Investor Conference

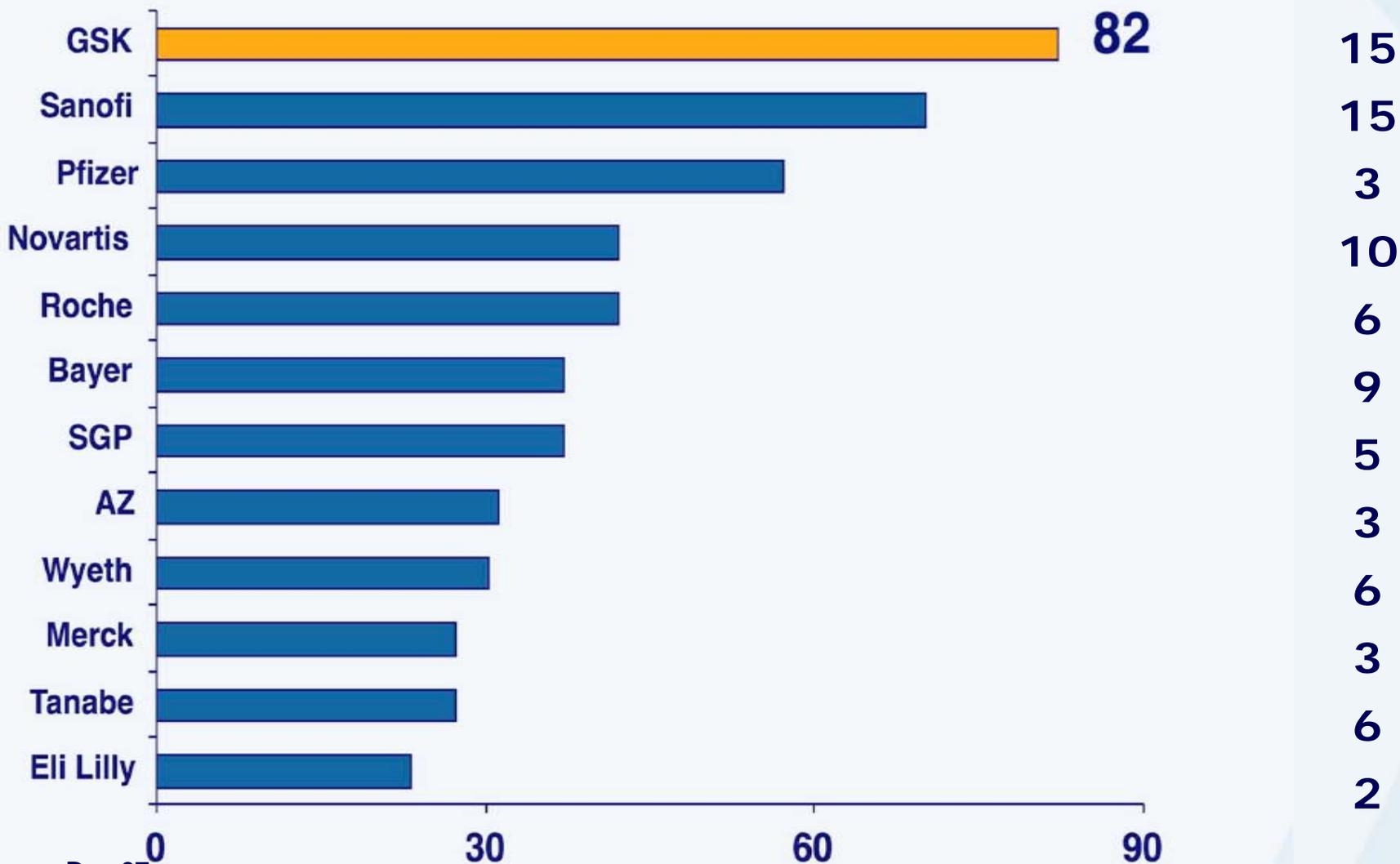
February 2008



# Leading the Industry in R&D

Mid-to-late-stage pipeline products

NDA's Filed



# Pipeline is delivering



**Upto 25 Potential launches 2007–2009\***

**12** NCEs  
**5** Vaccines  
**8** PLEs

**149 projects in clinical development**

**89** NCEs  
**37** PLEs  
**23** Vaccines

# Key projects in Phase III/Filed (STA-4783 (Synta) and Lunivia entered Phase III/Filed in Q3)

\* Includes launches which have taken place during 2007

# Late stage activity of key assets in 2007

NCE

PLE

Vaccine

## Approvals

## Submissions

## Phase 3 Starts

*Tykerb* (US)

*Volibris*<sup>†</sup> (EU)

*elesclomol*<sup>†</sup> (melanoma)

*Altabax* (US,EU)

*Promacta*<sup>†</sup> (US)\*

1838262<sup>†</sup> (RLS)

*Veramyst* (US)

*Lunivia*<sup>†</sup> (EU)

*belimumab*<sup>†</sup> (SLE)

*Arixtra* (ACS) (EU)

*Gepirone ER*<sup>†</sup> (US)

*ofatumumab*<sup>†</sup> (RA\*\*)

*ReQuip XL*<sup>†</sup> (PD) (EU)

*Avodart*-*α-blocker coRx* (US, EU)

*Tykerb* + *pazopanib* (IBC)

*Seretide TORCH* (EU)

*ReQuip XL*<sup>†</sup> (PD) (US)

*Tykerb* (H&N cancer)

*Wellbutrin XR*<sup>†</sup> (EU)

*Cervarix* (US)

*Promacta*<sup>†</sup> (hepC)

*Cervarix* (EU)

H5N1 (EU)

MenACWY-TT

*Synflorix* (EU)\*

MAGE-A3 ASCI (NSCLC)

<sup>†</sup> In-license or other alliance relationship

\* Expected to achieve milestone before year-end: *Promacta* submission to US FDA, *Synflorix* submission in EU and Int'l

\*\* Centres initiated and ready to enroll

# Strengthening Biopharmaceuticals : 20% by 2015

## Transforming Technology

- Acquired Domantis
- dAb FTIH demonstrated

## Building Late Phase

- Ofatumumab†
- *Bosatria*
- Belimumab†
- *Syncria*†
- ToleRx anti-CD3

## Continued Investment

- mAb for MAG in Phase 1
- 26 mAbs & dAbs in CEDDs

# Vaccines, a key GSK growth engine

## Phase I

## Phase II

## Phase III

## Submitted

HIV

**Mosquirix**  
(Malaria)

**Simplirix**  
(Herpes Simplex Virus)

**Cervarix (BLA) (1)**  
(Cervical cancer)

S. pneumo adult

TB

New generation flu

**Flu Pre-pandemic (MAA)**

Cytomegalovirus

Epstein-Barr virus<sup>†</sup>

**MAGE-A3 ASCI**  
(Non Small Cell Lung Ca.)

**Flu Pandemic (MAA)**

Varicella Zoster

Hib-MenCY-TT

**Rotarix<sup>†</sup>(BLA) (1)**  
(Rotavirus)

**MAGE-A3 ASCI**  
(Melanoma)

MenACWY-TT

**Infanrix IPV/  
Kinrix (BLA)**  
(DTPa – IPV)

Hepatitis E<sup>†</sup>

**Synflorix**  
(s. pneumoniae & non-typeable Hib)

Dengue



Vaccine candidate containing a GSK proprietary adjuvant system

<sup>†</sup> In-license and other alliance relationship with third party  
(1) Marketing Authorisation already granted in Europe

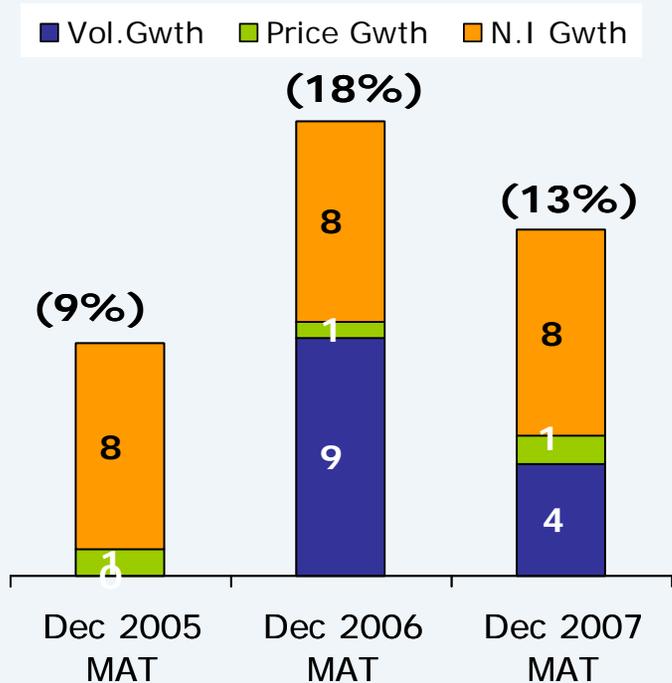


# **Business Environment**

# Market Dynamics

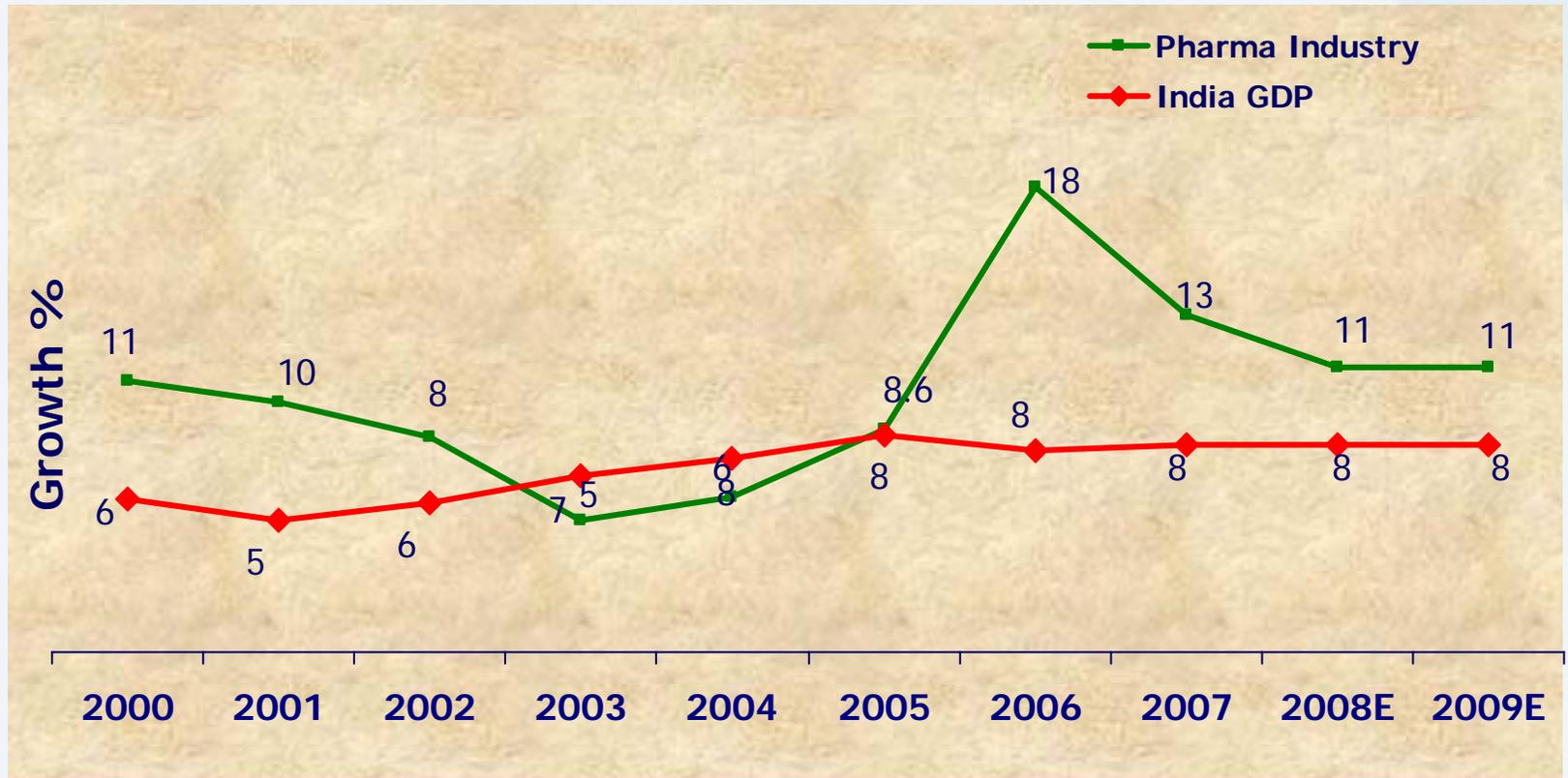
- Post new patent law, generic players reluctant to take the risk of launching “new” molecules.
- Accelerated activity to launch on market pre ‘95 molecules.
- Significant increase in competitive activity around GSK brands.
- Erosion of MNC shares.
- Market conditions to remain similar for the next few years; will gradually consolidate.
- GSK strategy to attempt holding prescriptions rather than gain through pricing.

# Pharma Market – Key Drivers in '07



KEY GROWTH DRIVERS	% to Mkt Total	Growth %
Systemic Antibacterials	17.5	11
A-Acid, A-Flat A-Ulcerant	5.2	16
Drugs Used In Diabetes	5.0	26
Agents: Renin-Angiotensin	2.8	25
Antianaemics	2.5	15
Anti-Asthma & Copd Prod	2.4	18
A-Diar Oral Elec+A-Infla	2.4	14
Sex Hormones Systemic	2.1	23
Anti-Epileptics	2.0	19
Calcium Antagonists	1.9	20
Lipid-Reg/Anti-Atheroma	1.7	31
Mineral Supplements	1.6	17

# Rx Market forecast to grow ~ 11% in medium term





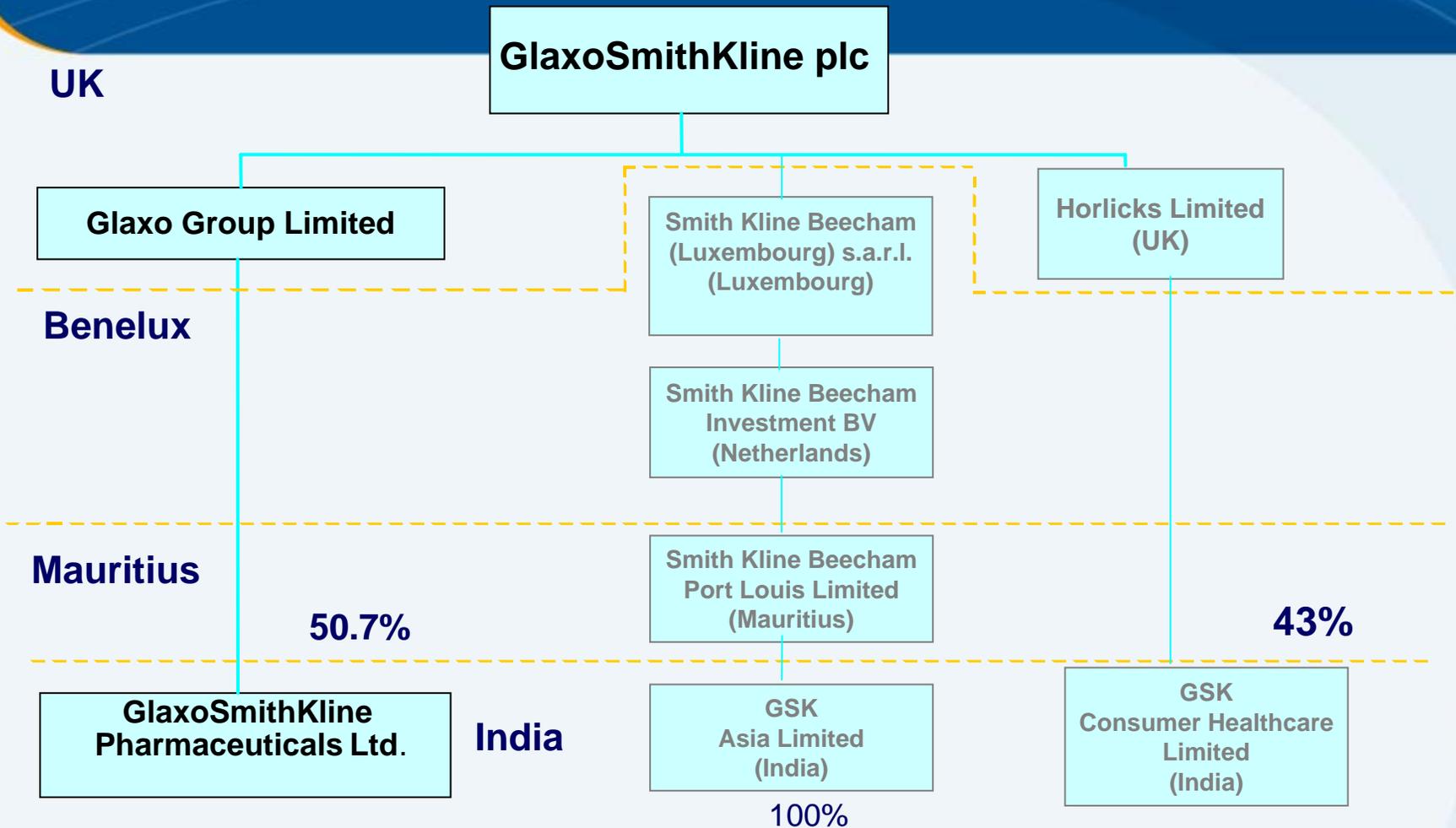
# **GSK India Business**

# GSK – leadership for 2 decades in a challenging market

- Household name + \$730 M sales ('06 published results)
  - Rx \$425 M ; Cx \$305 M
- Rx Leadership for over 25 years, 6.4 % M.S (IMS IIPA Audit Dec07)
- About 3900 people, >2200 in sales force
- Largest prescription generator
- Board well represented by independent directors
- Led by eminent non executive chairman, Mr Deepak Parekh
- Strong Corporate Governance in line with GSK plc



# GlaxoSmithKline India – Holding Pattern



- Publicly quoted co – actively traded stock
- Significant local shareholding
- Independent Board with non-exec chairman

# Ranked No 1 on corporate image by Doctors

Company	Rank
<b>GlaxoSmithKline</b>	<b>1</b>
Ranbaxy	2
Cipla	3
Dr. Reddy's	4
Pfizer	5

# Leadership in major doctor segments

Key Specialities	GSK Rank
General Practitioner	1
Consulting Physician	1
Paediatricians	1
Gynaecologists	1
General Surgeons	1
Dermatologists	1
ENT	1
Oncologists	1
Cardiologists	2
Gastroenterologists	3
Diabetologists	3
Chest Physicians	4

# GSK Leads MNCs in Market Standing

Corporations	Val in crs	Val MS
<b>MNC Total</b>	<b>6161</b>	<b>100.0%</b>
GLAXOSMITHKLINE	1504	24.4%
PFIZER	781	12.7%
ABBOTT	708	11.5%
SANOFI AVENTIS	694	11.3%
NOVARTIS	517	8.4%
MERCK LIMITED	260	4.2%
WYETH LIMITED	241	3.9%
ASTRAZENECA	201	3.3%
JANSSEN-CILAG	147	2.4%
SOLVAY PHARMA	137	2.2%

# Hospital Business : GSK is the leader

Corporations	Val in crs	Val MS
<b>Total Hosp Market</b>	<b>2435</b>	<b>100.0%</b>
GLAXOSMITHKLINE*	160	7
CIPLA	116	5
SANOFI AVENTIS*	107	4
SUN*	101	4
ALKEM*	100	4

# Strong Commercialisation capability : New launches continue to do well despite several generics

Brands	Rank in Rep Mkt	L.Date	Val in crs	Val MS	# of competitors
Cobadex CZS	1	Oct'03	13	5.4%	230
PARIT	5	Sep'05	8	6.0%	82
WINIDAMET	1	May'05	4	25%	12
WINDIA	4	May'05	4	18%	12

# New Launches in '07

**Zemetril<sup>®</sup>** 250 mg

**AriXtra<sup>™</sup>** 2.5 mg/0.5 ml

**CARZEC<sup>®</sup>**  **Tablets**

 **INFLAPEN<sup>®</sup>** **Tablets**

# GSK Pipeline

(contd.)

## New Pharma Products

NCE	India launch	Key Differentiation
Tykerb	2008	1st in Class. Dual mechanism to cut of blood supply to the tumor
Inlicensed - Cardio Vascular	H1-2008	Cardiovascular
Inlicensed - Critical Care	2009	Critical Care
Allermist	2009	New corticosteoid in a novel device - works on both nasal and ocular symptoms of allergy
Eltrombopag	2010	Thrombocytopenia

# GSK Pipeline

Vx Portfolio Growth

NCE	India launch	Key Differentiation
Rotarix	Q2-2008	Rotavirus - biggest cause of diarrhoea
Cervarix	2009	Cervical cancer vaccine
Infanrix Hexa	2009	DTPa + Hib + HB + IPV
Synflorix	2010	Strep-Pneumonia - vaccine

# A partner of choice for In-licensing

- Maximize opportunities through strong Sales, marketing & Distribution
  - Access to about 100,000 doctors
  - Pharmacies across the country
- Track record of successful India specific licensing deals

# GSK India – Reasons for success

- Country specific business model
- Offerings across all segments and price points
- Deep distribution penetration
- Sourcing and manufacturing to support low price business model
- Sales & Marketing capabilities built to optimise opportunities in all segments

*Consequently largest Rx generator in India with Market Leadership for past 25 years*

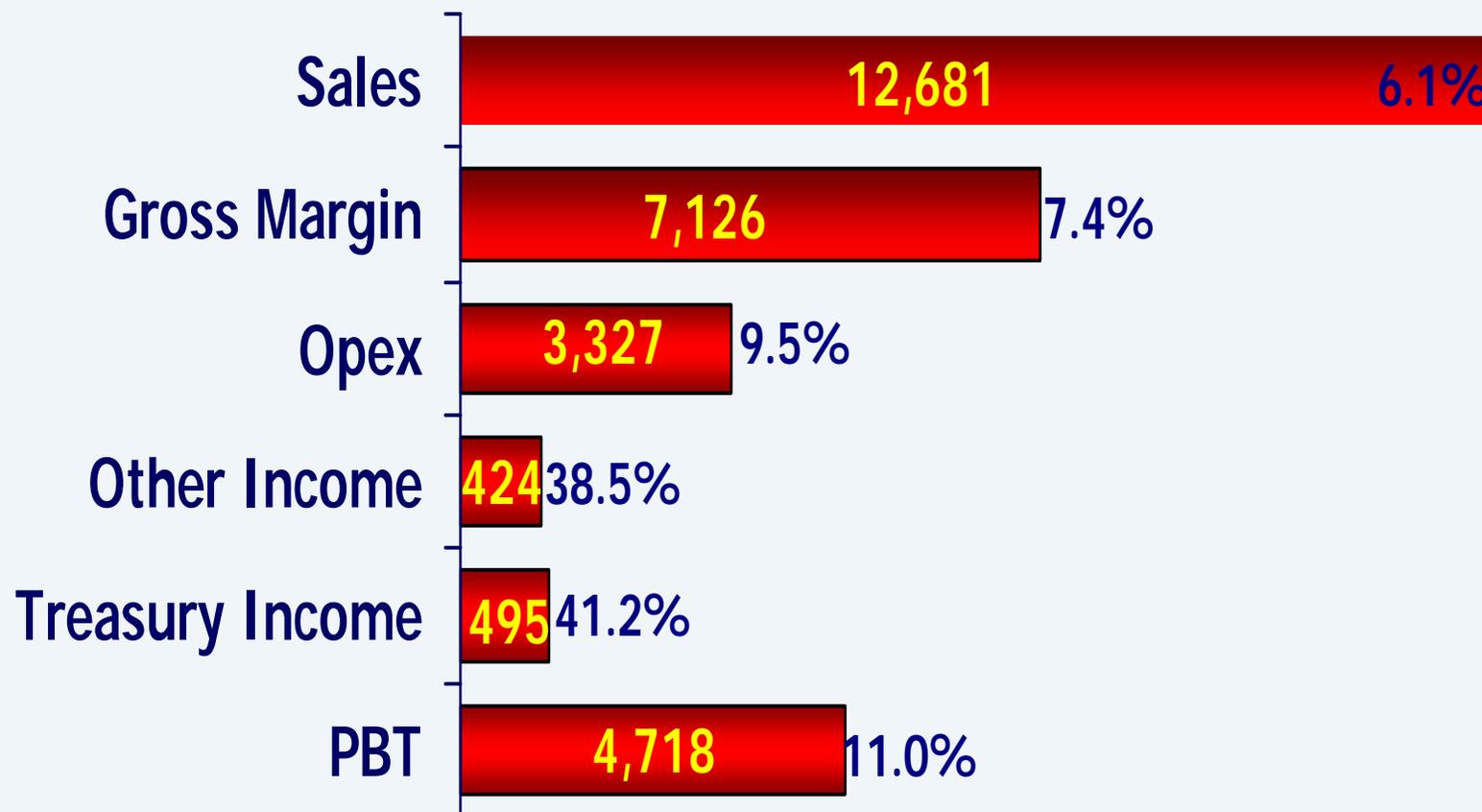


# Overview 2007

# Growth YTD 9M 2007

*Excluding QFC/AFC*

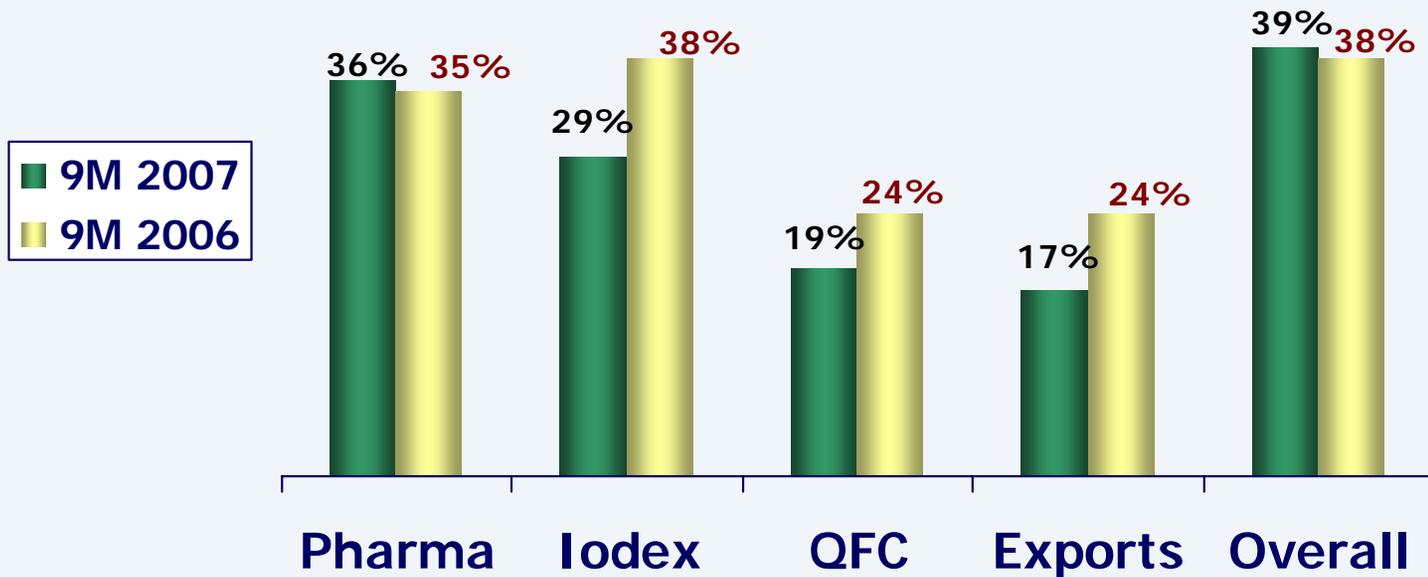
*In INR Mn*



# Segmental Performance

Sales ( <i>Rs. Mn</i> )	<b>11,902</b>	<b>484</b>	<b>769</b>	<b>294</b>	<b>13,450</b>
	<i>5.3</i>	<i>17.9</i>	<i>8.3</i>	<i>24.9</i>	<i>6.3</i>

PBT margins



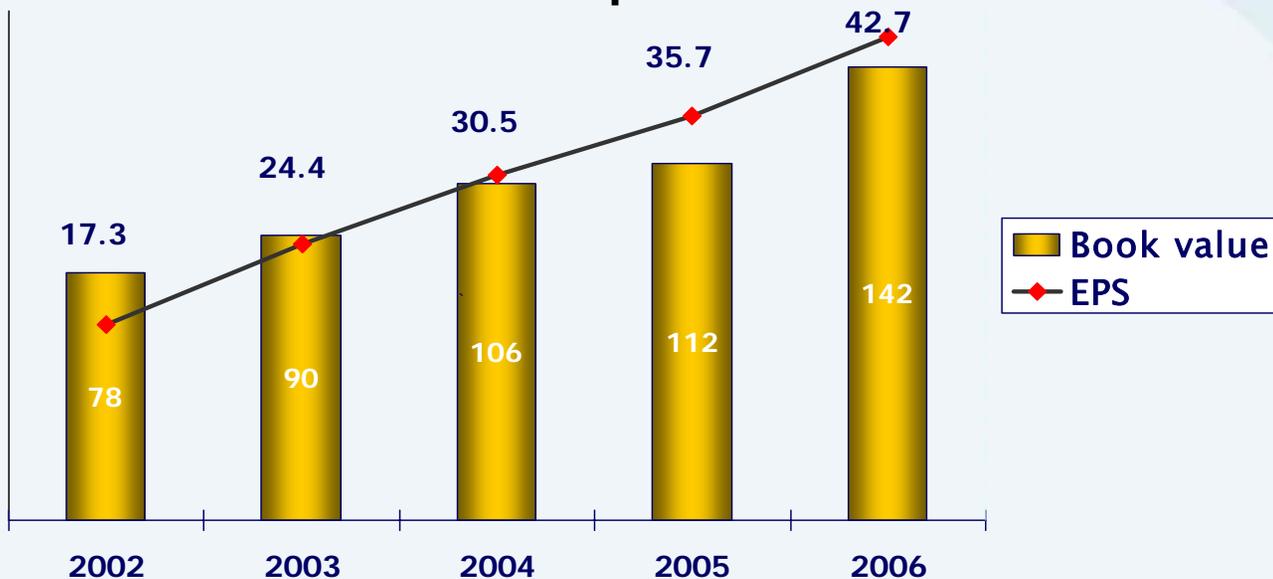
Profit ( <i>Rs. Mn</i> )	<b>3,964</b>	<b>142</b>	<b>133</b>	<b>59</b>	<b>4,851</b>
	<i>9.8</i>	<i>(8.5)</i>	<i>(12.5)</i>	<i>2.2</i>	<i>10.2</i>

# Focus Products drive growth

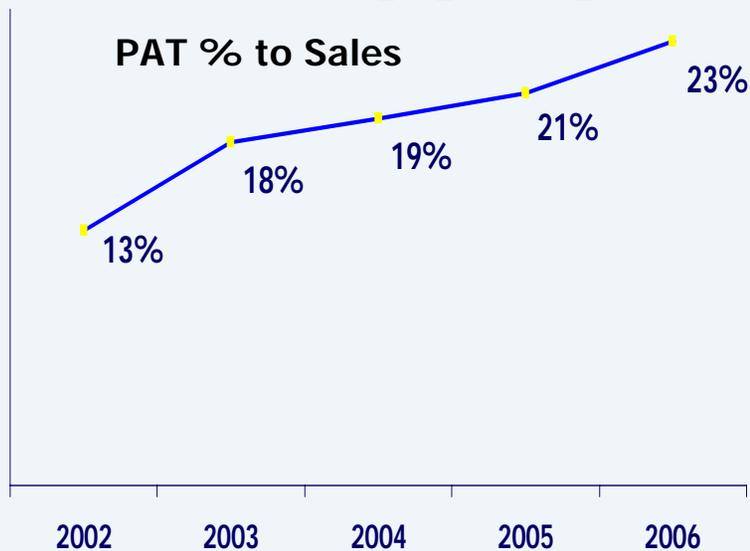
Category	<i>In INR Mn</i>		<i>Gr%</i>
	<b>9M '06</b>	<b>9M '07</b>	
Priority Focus	3,551	3,908	10%
Vaccines	656	638	-3%
Priority Others	3,472	3,741	8%
Price Controlled	3,554	3,563	0%
Iodex	411	484	18%
<b>Total Sales</b>	<b>11,712</b>	<b>12,386</b>	<b>6%</b>

# Financial performance

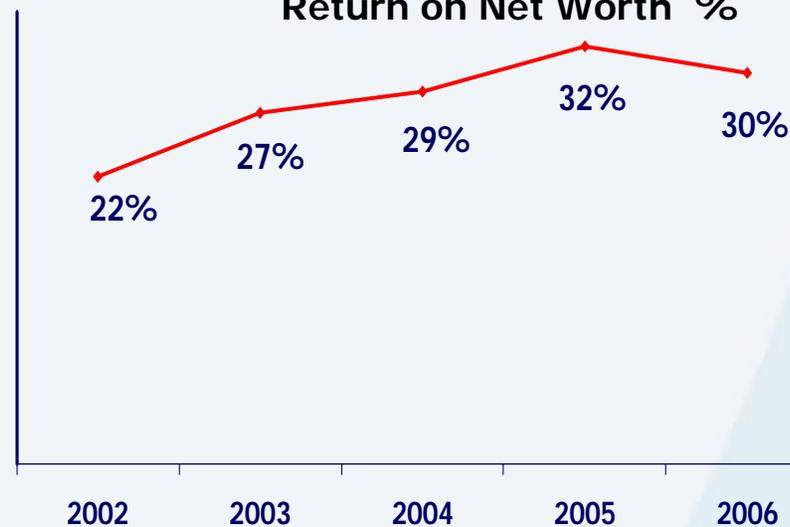
## EPS and Book Value per share



## PAT % to Sales



## Return on Net Worth %





# Future Outlook

# Critical Issues & Challenges

- Growing a mature and ageing portfolio under threat from significantly increased competitive pressures. Growth in private hospitals resulting in margin pressure.
- Maximising impact of Vaccine new product launches. Exclusivity for older vaccines under threat as local players develop expertise.
- Possibility of arbitrary price reductions. Shaping and influencing government policy for pricing of patented products.
- Skills on Regulatory front to meet timelines for new launches.
- Managing attrition / retention of talent

# Strategies Actions & Opportunities

- Continued emphasis on improving product mix. Focus (high margin) products to drive growth
- Growth in 2008 driven by new Vx, new products (Carzec, Tykerb, Arixtra).
- Augment vaccines portfolio:
  - launching Rotarix in Q2 '08 to drive Vx portfolio performance. Prepare for successful launch of Cervarix in '09
- Target improvements in sales-force structure in order to access newer opportunities.
  - Develop channels for hospitals to leverage GSK scale, optimise marketing spends and develop expertise.
  - Develop channels for tapping rural opportunity.
  - Expand resourcing non promoted products through contract field force.
- Continue to expand entry into chronic therapies through in-licensing opportunities and brand acquisitions.



# **New Initiatives : Restructuring for Growth**

# New Initiatives : Restructuring for growth

## Institutional Opportunity

- Develop channels for hospitals to leverage GSK scale, optimise marketing spends and develop expertise.

# Institutional Opportunity in India

- Growing Hospital Sales contribution expected
  - Over next 10 yr, addition of 780,000 beds & Capex of \$34Bn anticipated (Source: ORG IMS)
  - In India hospital Sales currently 9.2% of Total Mkt (compared to ~25% in dev mkts)

# Institutional Opportunity in India ... (contd.)

- Hospital sales, a major contributor to the industry worldwide contributions ~ 25 - 30%
- In India currently accounts for 10% to IPM and increasing steadily; this is a key growth driver of the IPM
- GSK is the leader in the hospital segment M.S. 7.4%
- Has dominant share of 12.5 % in anti infective market

**A strong emerging need for GSK to capitalise on this growing segment ; actively seek new/ in-license products to strengthen presence**

# New Initiatives: Restructuring for Growth

## Institutional Opportunity

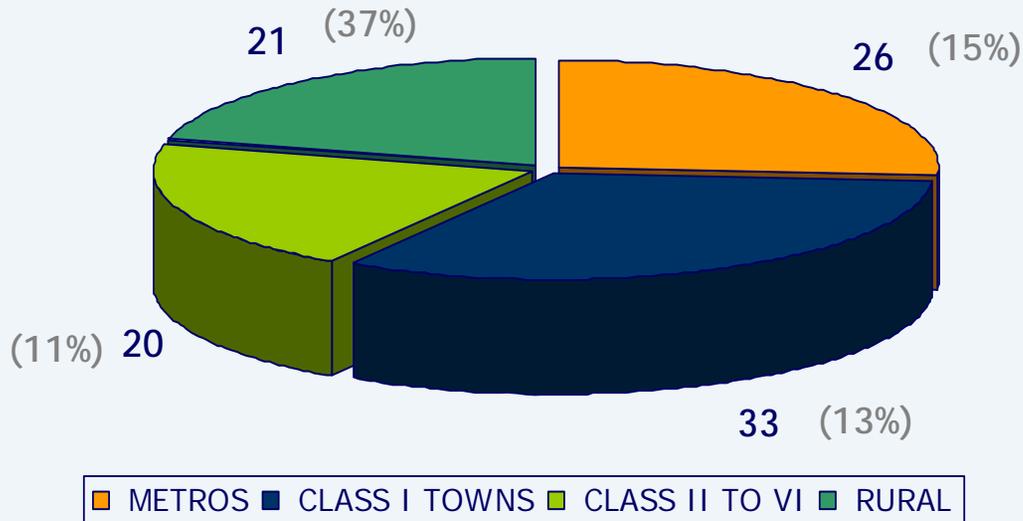
- Develop channels for hospitals to leverage GSK scale, optimise marketing spends and develop expertise.

## Rural Opportunity

- Develop channels & reach for tapping rural opportunity.
- Expand resourcing non promoted products through contract field force.

# Rural Market Insights / Opportunity

- 64% of India's Health Care spend from rural markets
- Only 28% of ethical Rx Sales from rural India – indicating low penetration, inadequate infrastructure
- Situation changing with use of innovative technology, NGO efforts



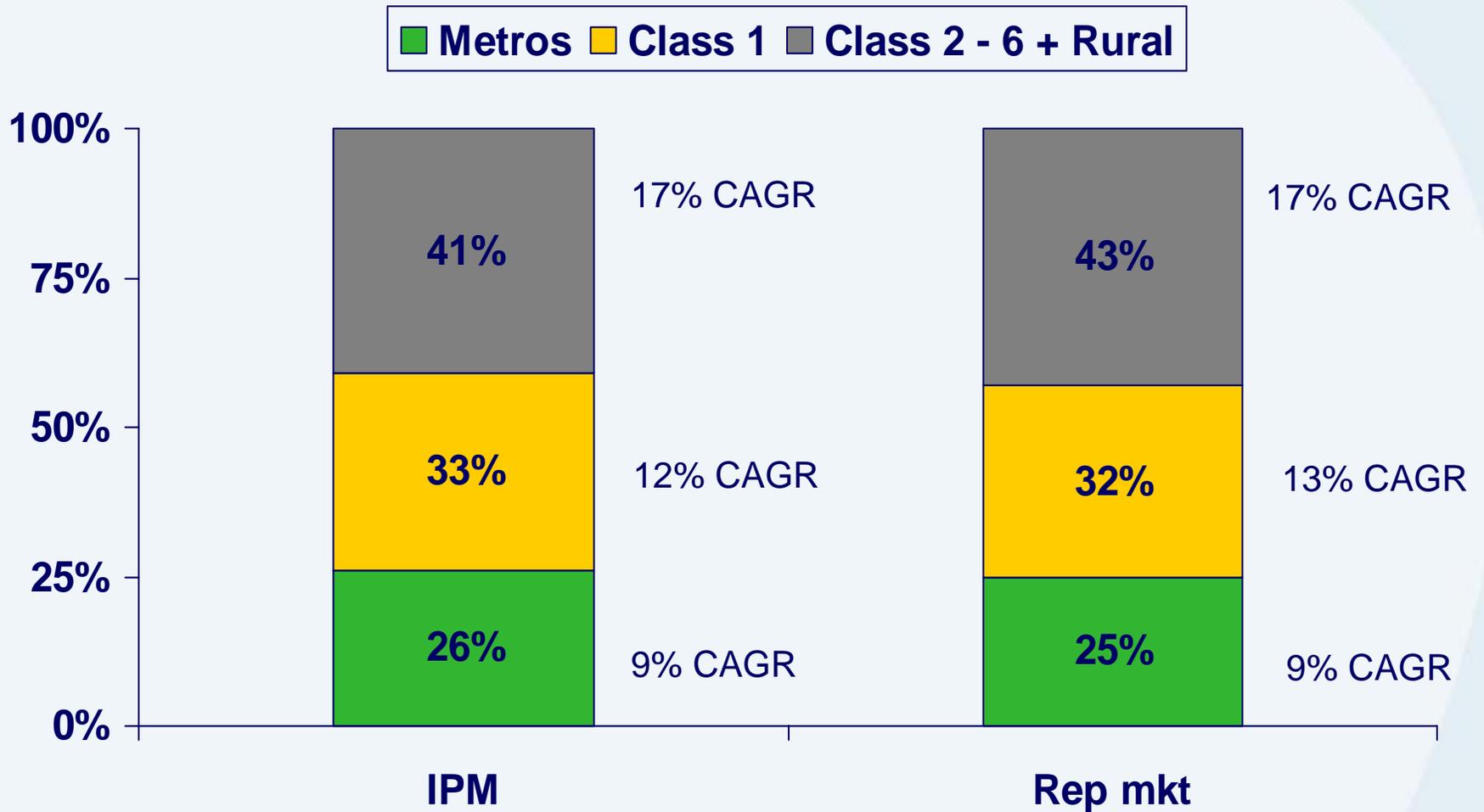
23 Metro cities account for 26%, next 300 towns account for another 33%; whereas high growth rate seen in rural areas

Though rural markets dominated by acute therapies, chronic segments have slowly started making inroads

Source : Stockist Secondary Audit, Dec 2006 MAT

IPM: 27,000 Cr

# Rural Market Growths



# New Initiatives: Restructuring for Growth

## Institutional Opportunity

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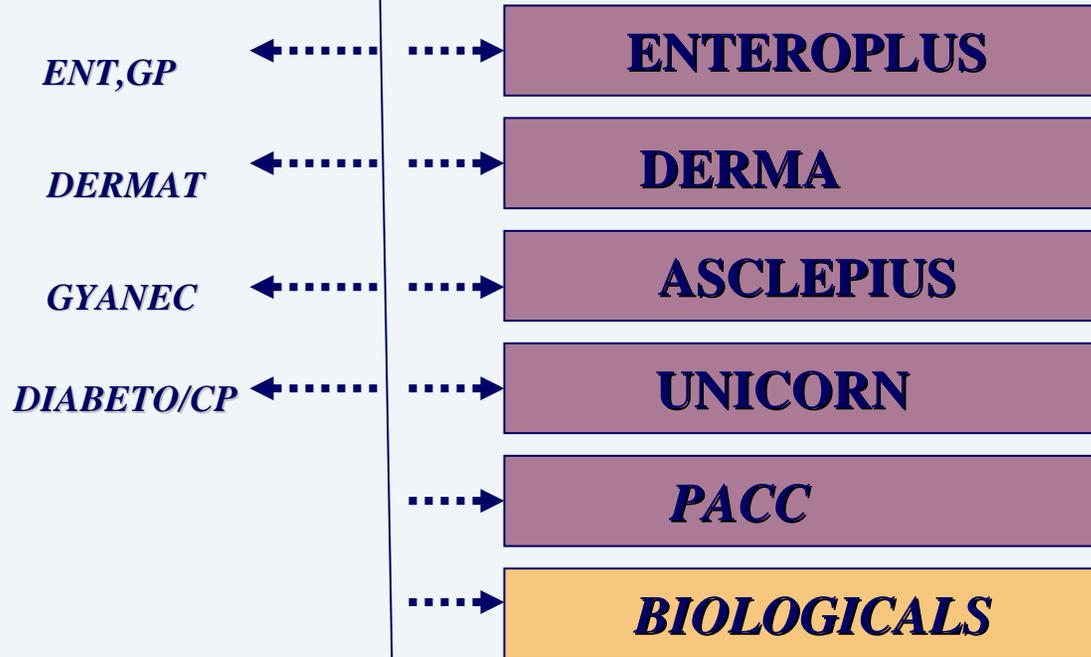
## Improved Therapy Focus

- Invest for future: Diabetes, CVS, Biologicals, Oncology
- Strengthen Dermatology & Critical Care franchises
- Balance Class–Mass imperatives

# Sales & Marketing organization today

## 6 Business units

P  
R  
I  
M  
A  
R  
Y  
  
C  
A  
R  
E



*Fragmented market*  
*Large no. of products*  
*Large Geographical area*  
*Ageing portfolio*

# New Sales & Marketing Structure

*EnteroPlus*

*ENT, GP*

*Derma*

*Derma*

*Asclepius*

*Gynae, Ortho*

*Unicorn*

*Diab / Cons Phy*

*Pul. & CriticalCare*

*Surgeons, Chest*

*Biologicals*

*Vaccinators*

*Fragmented market  
Large no. of products  
Large Geographical area  
Ageing portfolio*

*CVS & Diab*

*Oncology*

*Biologicals*

*Derma*

**+CSF**

*Asclepius*

**+HSF**

*P&CC*

**+HSF**

*EnteroPlus*

**+CSF**

*Unicorn*

**NEW  
Specialty  
Teams**

# What will this structure achieve

Consolidate GSK strength in Primary care

Enhance presence in growing therapy areas/specialties

Improve penetration in Rural /extra urban markets

Consolidate Presence in Hospitals

Maximize resources for growth



**END**