



PRESS RELEASE

Tuesday, 3rd February 2020, Mumbai

GlaxoSmithKline Pharmaceuticals Limited announces results for the quarter ended December 31, 2019

Q3 underlying sales growth at 6%

Zinetac recall necessitates exceptional impairment charges

GlaxoSmithKline Pharmaceuticals Limited today declared its financial results for the quarter ended 31st December 2019. Revenue for the quarter came in at Rs.779 crores and EBIDTA margin of 16%.

Following the recent decision to initiate a global voluntary recall (pharmacy/retail level) of ranitidine products including Zinetac in India, GSK is continuing with investigations into the potential source of the NDMA and has initiated a comprehensive strategic review of the impact of this recall on all related assets in India. As always, patient safety remains our utmost priority.

Exceptional items recognised in the quarter includes financial impact related to the voluntary recall of Zinetac, as detailed below:

As part of this review, GSK India has assessed the current financial impact of the voluntary recall and has taken a financial impairment of INR 640 crores connected to the under-utilisation of GSK India's manufacturing facilities; and INR 97 crores on account of other related assets / costs. As part of this strategic review, GSK India will explore future options for the Vemgal facility including a potential sale of the site.

The reported sales number for the quarter declined due to portfolio optimization and voluntary recall of Zinetac. Adjusting for the same the underlying sales growth is +6%.

Our YTD underlying sales growth stands at +13% and EBIDTA margins have improved on account of various operation efficiencies, cost saving and working capital initiatives taken during the year.

As part of our unwavering support to serving patients, GSK India will continue to invest to bring innovative medicines and vaccines to India. In 2019, GSK India launched Nucala in the unmet indication of Severe Eosinophilic Asthma and the Menveo vaccine for protection against meningococcal disease.

Commenting on the results, **A. Vaidheesh, Managing Director, GlaxoSmithKline Pharmaceuticals Limited** said,

"Our global Innovation, Performance & Trust (IPT) strategy underpinned by our culture, has guided investment of our resources in focus therapies which is continuing to show encouraging results with our promoted brands recording +11% growth for the quarter.

The results were impacted due to voluntary global recall of ranitidine products including Zinetac in India and trigger-based impairment charges primarily towards our manufacturing facility at Vemgal.

Our YTD underlying sales growth stands at +13% with our key promoted brands recording +20% growth.

We continue to witness strong performance of Nucala (Mepolizumab) which is a humanised monoclonal antibody and indicated as an add-on treatment for severe refractory eosinophilic asthma in adult patients.



We successfully launched Menveo vaccine for protection against meningococcal disease.

- At GSK we operate a global manufacturing network and keep our operations under regular review to ensure we deliver high-quality products that our patients need and deliver on our Innovation, Performance and Trust priorities. The strategic review and its outcomes will not affect GSK India's broader commitments to improving public health in India. We will continue with our existing commitments that support the government's larger vision of addressing the disease burden in India."

About GlaxoSmithKline Pharmaceuticals Limited

GlaxoSmithKline Pharmaceuticals Limited is a subsidiary of GlaxoSmithKline plc, one of the world's leading research-based pharmaceutical and healthcare companies, committed to improving the quality of human life by enabling people to do more, feel better and live longer. For more information, visit www.gsk-india.com

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