



do more
feel better
live longer

GlaxoSmithKline Pharmaceuticals Limited

Analyst Update

August 22, 2016

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The Company's accounting year has been changed from January - December to April - March, the financial results for the current period are for twelve months ended 31st March, 2016. The comparable results for the previous period are for fifteen months ended 31st March, 2015. The unaudited pro forma financial information in this presentation has been prepared to illustrate the effect of an annualised performance for the twelve months ending 31st March 2016 as compared to the preceding twelve months ending 31st March 2015.

The unaudited pro forma financial information has been prepared for illustrative purposes only and by its nature, addresses a hypothetical situation and, therefore does not represent the Company's reported financial position or results. The unaudited pro forma financial information does not constitute financial statements required as per law.

Beginning April 1, 2016, the Company has for the first time adopted Ind AS with a transition date of April 1, 2015. The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions which may be contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. The Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes.

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Our Business

2

Financial Highlights:

i. Year Ended 31 March 2016

ii. Q1 2016 / 2017

3

Market Outlook



Pharmaceuticals

We develop and make medicines to treat a range of conditions across disease therapy areas



7products
in the Top 50 Industry brands *



Vaccines

We research and make vaccines for children and adults that protect against infectious diseases



Leader in private
segment

A high-performance company



GSK has a portfolio of over 140 brands and 250 SKUs in India.

Pharmaceuticals

Immuno-inflammation
Respiratory
Dermatology
Nutrition
Gastrointestinal
Rare diseases



Vaccines

Paediatric
Adolescent
Adult

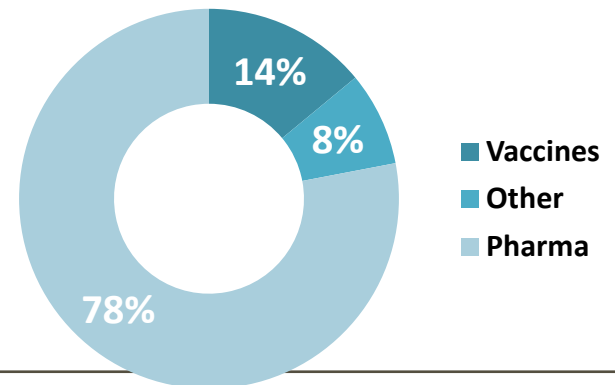


GSK's total revenue in FY15-16

₹ 2878 crores

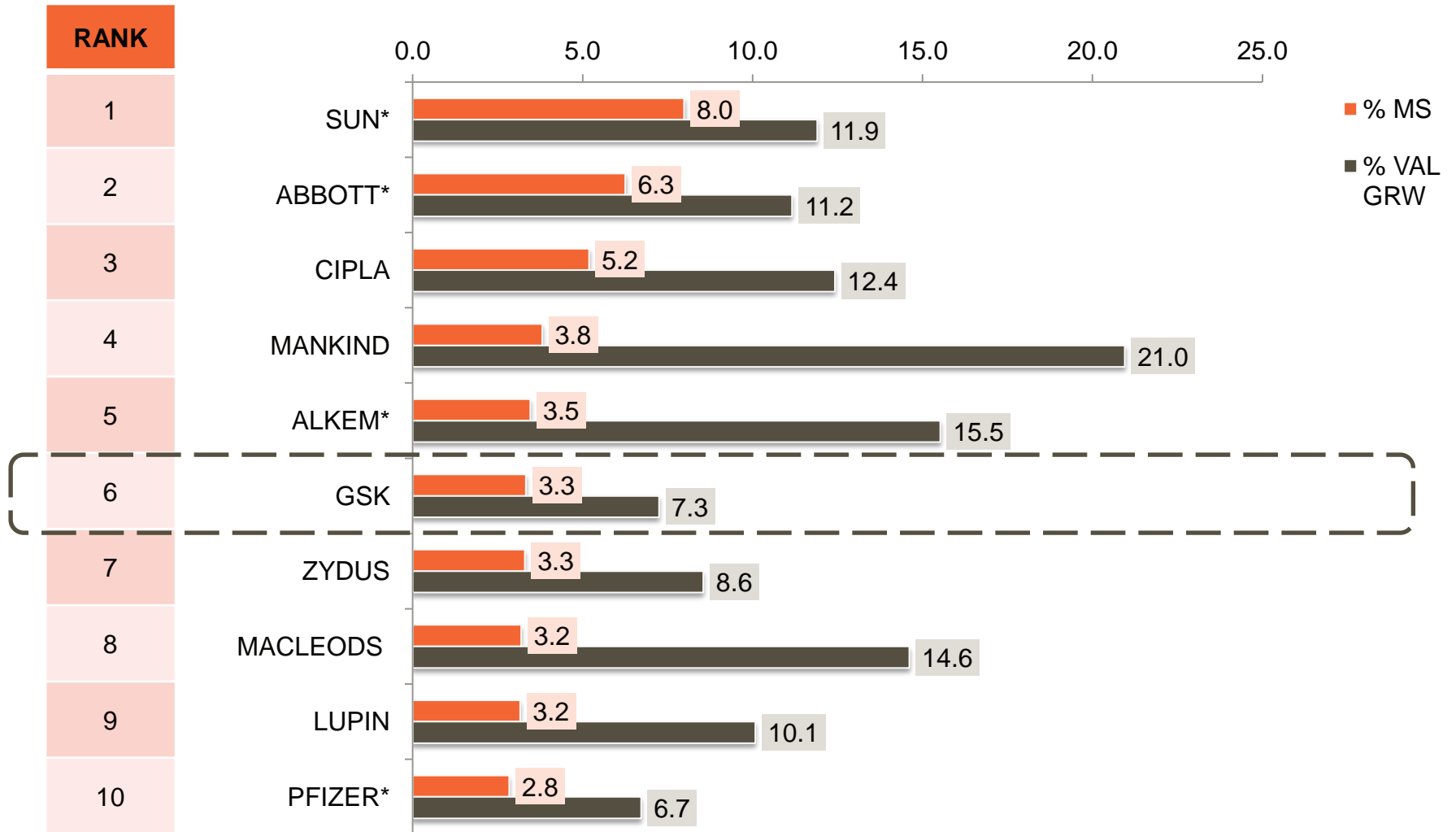
GSK's profit before tax in FY15-16

₹ 577 crores



% Revenue from Operations by product class

Industry valued at 1,08,362crs: MAT growth at +13.3%; Q1 16/17 at +6.4%



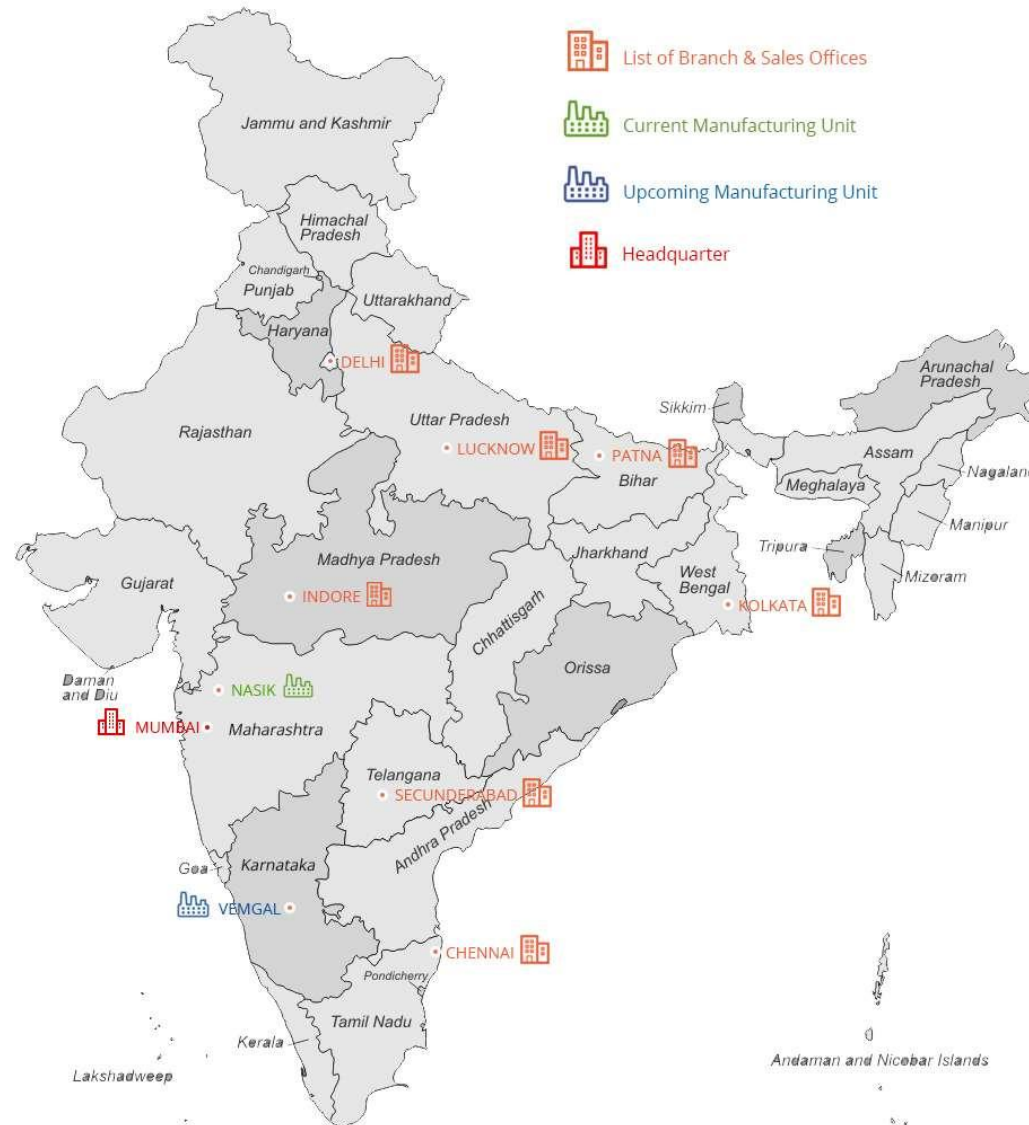
(Source: IMS TSA Jul'16 dataset)

The map is not to scale

1 Upgrading existing site at Nashik and expanding current capacity

2 Upcoming manufacturing site at Vemgal to serve patients across the country

3 Approximately, 20% of revenue comes from imported products



Leaders in Anti-infectives

Our brand, *Augmentin*, serving nearly 2 crore patients a year, is the leader in anti-infectives in India.



Our leading brands

By value



Pharmaceuticals

BETNOVATE[®]

AUGMENTIN[®]

Calpol[®]
Paracetamol

Zinetac[®]
Ranitidine hydrochloride 150mg/300mg Tablets

ELTROXIN[®]

Vaccines


Synflorix[®]

RABIPUR[®]
Rabies vaccine

Rotarix[®]
Rotavirus Vaccine (RIX-4414) Live Attenuated

Havrix[®]
Inactivated Hepatitis A Vaccine (Adsorbed)

Varilrix[™]
VARICELLA VACCINE LIVE



Our Pipeline over the next 3 years



- Respiratory- Three new products
- Diabetes
- Probiotic



- Newly launched Priorix Tetra July 2016
(A combined measles, mumps, rubella and varicella vaccine)
- Vaccines- Three new products



- Business Development
-

Providing benefits beyond patients via our sustainable business



Our **sustainable business** provides:

- Health benefits to patients
- Improved shareholder returns
- Support for wider society via employment and corporate social responsibility initiatives

₹ 14.7 crores

In community support through CSR initiatives



Volunteering

3,000

employees volunteered

13,000

volunteering hours



Corporate Social Responsibility



Lead CSR Project: Partnering India to Eliminate LF

- Lead CSR Project:
 - Albendazole fights LF, a Neglected Tropical Diseases (NTDs)

 - 1/5th of the world's population is at risk of LF and in India, cases of LF have been recorded in 250 districts in 20 states/Union Territories

 - We have donated over 2.3 billion Albendazole tablets since 2,000 to make India LF free.

- Newborn Survival

- Employability Training at Vemgal (Karnataka)

- Sanitation at Nashik (Maharashtra)



Women with LF making shell decorations in a rehabilitation group in Mandakadu in Tamil Nadu

2.ia

12 months ended 31st March 2016 v
12 months ended 31st March 2015
(Unaudited pro forma)

2.ib

12 months ended 31st March 2016 v
15 months ended 31st March 2015
(Statutory Comparison)

2.ii

Quarter ended 30th June 2016

2.ia

12 months ended 31st March 2016 v
12 months ended 31st March 2015
(Unaudited pro forma)

12 months ended March 2016

Unaudited pro forma Financial Summary



	2015-16	2014-15	Growth %
Net Sales	2,728	2,653	2.8
Total Materials consumed	1,232	1,211	
Gross Margin	1,496	1,442	3.7
<i>% to Sales</i>	<i>55%</i>	<i>54%</i>	
Profit from Operations	453	498	(9.1)
<i>% to Sales</i>	<i>17%</i>	<i>19%</i>	
Investment Income / Other Income	122	154	
PBT before Exceptionals	574	652	(11.9)
<i>% to Sales</i>	<i>21%</i>	<i>25%</i>	
Exceptional Items	3	(55)	
PAT	577	597	(3.3)
<i>% to Sales</i>	<i>21%</i>	<i>22%</i>	
EBITDA	479	520	
<i>% sales</i>	<i>18%</i>	<i>20%</i>	

- constraints 350 Cr

- favourable gross profit mix

- cost base includes: 15 Cr of non-recurring costs

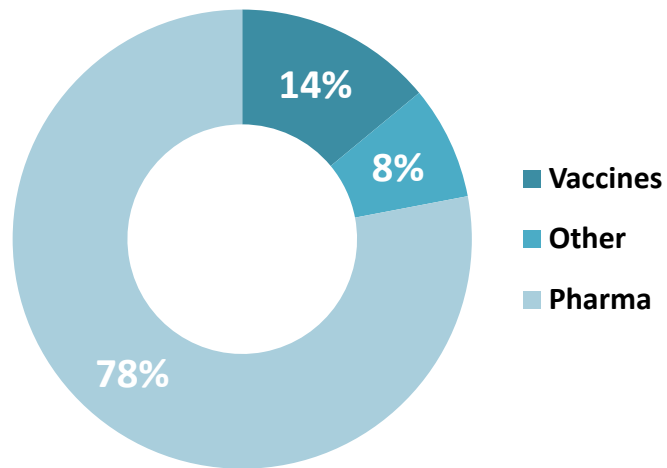
* EBITDA = "Profit from Operations before Other Income & Exceptional items" adjusted for Depreciation

12 months period ended March 16 – Exceptional Items

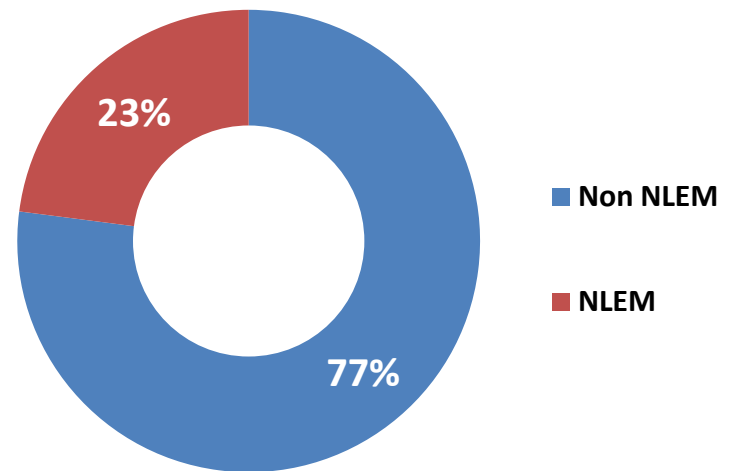


Exceptional Items	Year Ended 31st March, 2016	15 Months Ended 31st March, 2015
Portfolio Rationalisation	(5)	-
Novartis transaction integration costs	(8)	-
Rationalisation of capital assets	-	(30)
Actuarial Loss on Employee Benefits	-	(22)
Profit on sale of property	16	-
TOTAL	3	(52)

Sales Categories

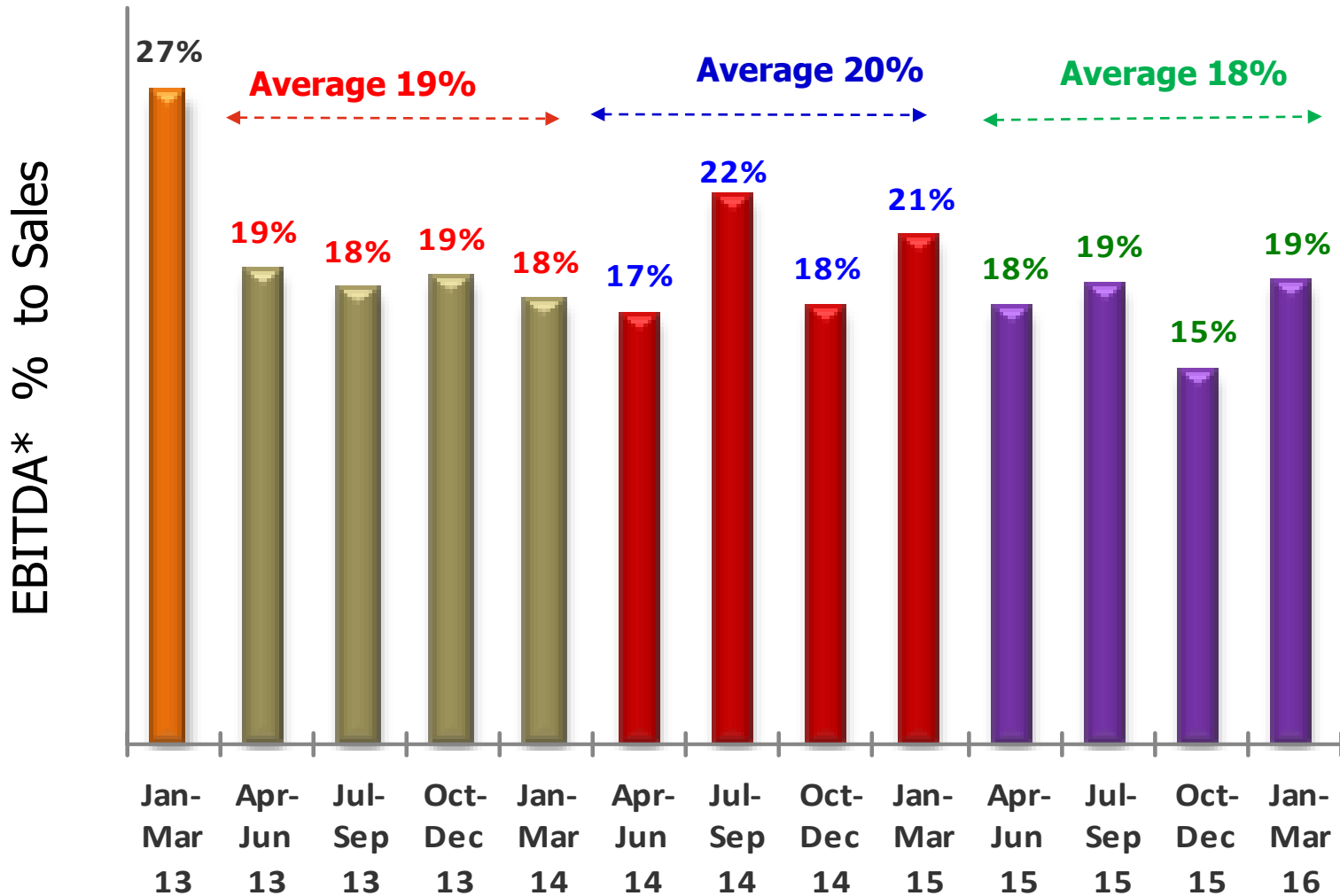


% Revenue from Operations



% Revenue from Operations

EBITDA % to Net Sales

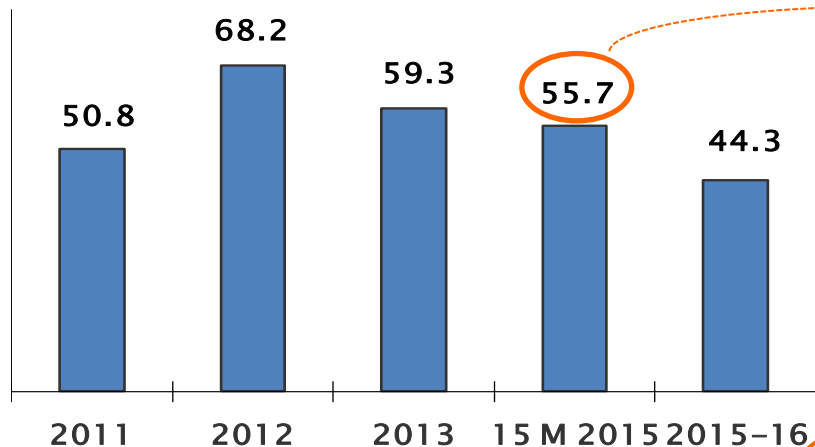


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Financial Performance



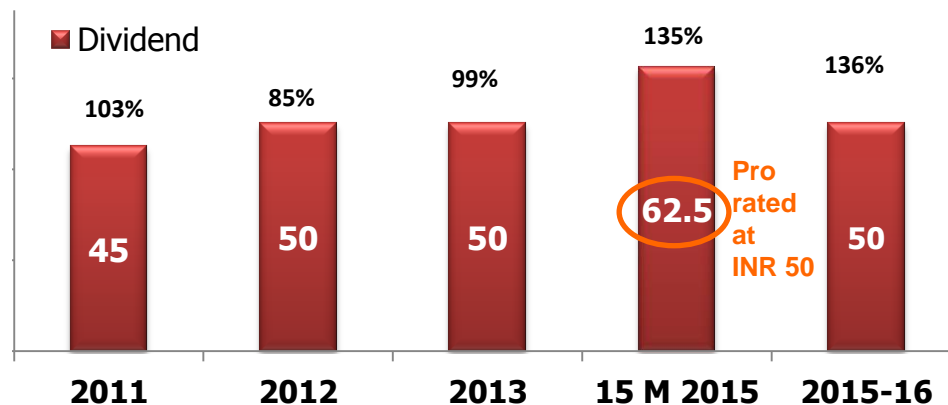
EPS (INR)



12 M March 2015: INR 44.4

$EPS = PAT / Total\ No.\ Of\ Shares$

Dividend Payout (INR)



Pro rated at INR 50

$Dividend\ Payout = Total\ Dividends / PAT$

2.ib

**12 months ended 31st March 2016 v
15 months ended 31st March 2015
*(Statutory Comparison)***

12 months period ended March 16 - Financial Summary



INR Cr

	2015-16	15 M Mar 15	Growth %
Net Sales	2,728	3,253	(16.1)
Total Materials consumed	1,232	1,505	
Gross Margin	1,496	1,748	(14.4)
<i>% to Sales</i>	55%	54%	
Profit from Operations	453	602	(24.8)
<i>% to Sales</i>	17%	18%	
Investment Income / Other Income	122	199	
PBT before Exceptionals	574	801	(28.2)
<i>% to Sales</i>	21%	25%	
Exceptional Items	3	(52)	
PAT	375	472	(20.4)
<i>% to Sales</i>	14%	14%	
EBITDA	479	629	
<i>% sales</i>	18%	19%	

* EBITDA = "Profit from Operations before Other Income & Exceptional items" adjusted for Depreciation

Cash Flow

INR Cr



	Apr 15-Mar 16	15 M Mar 2015
Profit before taxation and exceptional items	574	801
Depreciation	25	25
Other non-operating activities	(121)	(198)
Operating profit before working capital changes	478	628
Adjustments for :		
Movement in Working Capital	(127)	(30)
Cash generated from operations	351	598
Taxes Paid	(204)	(250)
Capex	(224)	(162)
Investment Income	141	178
Redemption of Investments	-	10
Cash flow before exceptional items	64	373
Exceptional items:	5	(7)
Dividend including Tax on Dividend	(636)	(496)
Net increase /(decrease) in cash and cash equivalents	(567)	(129)

2.ii

Quarter ended 30th June 2016

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Quarter ended June 16 - Financial Summary



	Quarter Ended June 2016	Quarter Ended June 2015	Growth %
Sales	685	635	8.0
Total Materials consumed	314	280	
Gross Margin	371	355	4.6
<i>% to Sales</i>	<i>54%</i>	<i>56%</i>	
Profit from Operations	85	106	(20.0)
<i>% to Sales</i>	<i>12%</i>	<i>17%</i>	
Investment Income / Other Income	24	40	
PBT before Exceptionals	109	146	(25.4)
<i>% to Sales</i>	<i>16%</i>	<i>23%</i>	
Exceptional Items	2	(2)	
PAT	72	94	(23.1)
<i>% to Sales</i>	<i>11%</i>	<i>15%</i>	
EBITDA	91	112	
<i>% sales</i>	<i>13%</i>	<i>18%</i>	

- DPCO impact (20 Cr) or 3% growth
- constraints at app 55Cr: Group 26 Cr, Neosporin
- margin predominantly price and some mix

* EBITDA = "Profit from Operations before Other Income & Exceptional items" adjusted for Depreciation

3

Market Outlook

Market Outlook

- ❖ Positive volume growth outlook of India Rx Market
- ❖ Irrational Fixed Dose Combinations
- ❖ Drug Price Control Order

GSK – capturing the opportunity

- ❖ DPCO Recovery Plan - refine business model towards opportunities
 - ❖ Capital investments to serve our future growth
 - ❖ Reducing impact of stock constraints
 - ❖ Drive towards margin improvement
-

Three overlapping, rounded, teardrop-shaped abstract shapes in various shades of orange and yellow, creating a layered, organic effect. The largest shape is in the center, with two smaller ones overlapping it from above and below.

Thank you

Back Up