

# GSK Pharmaceuticals Limited Analysts Meet

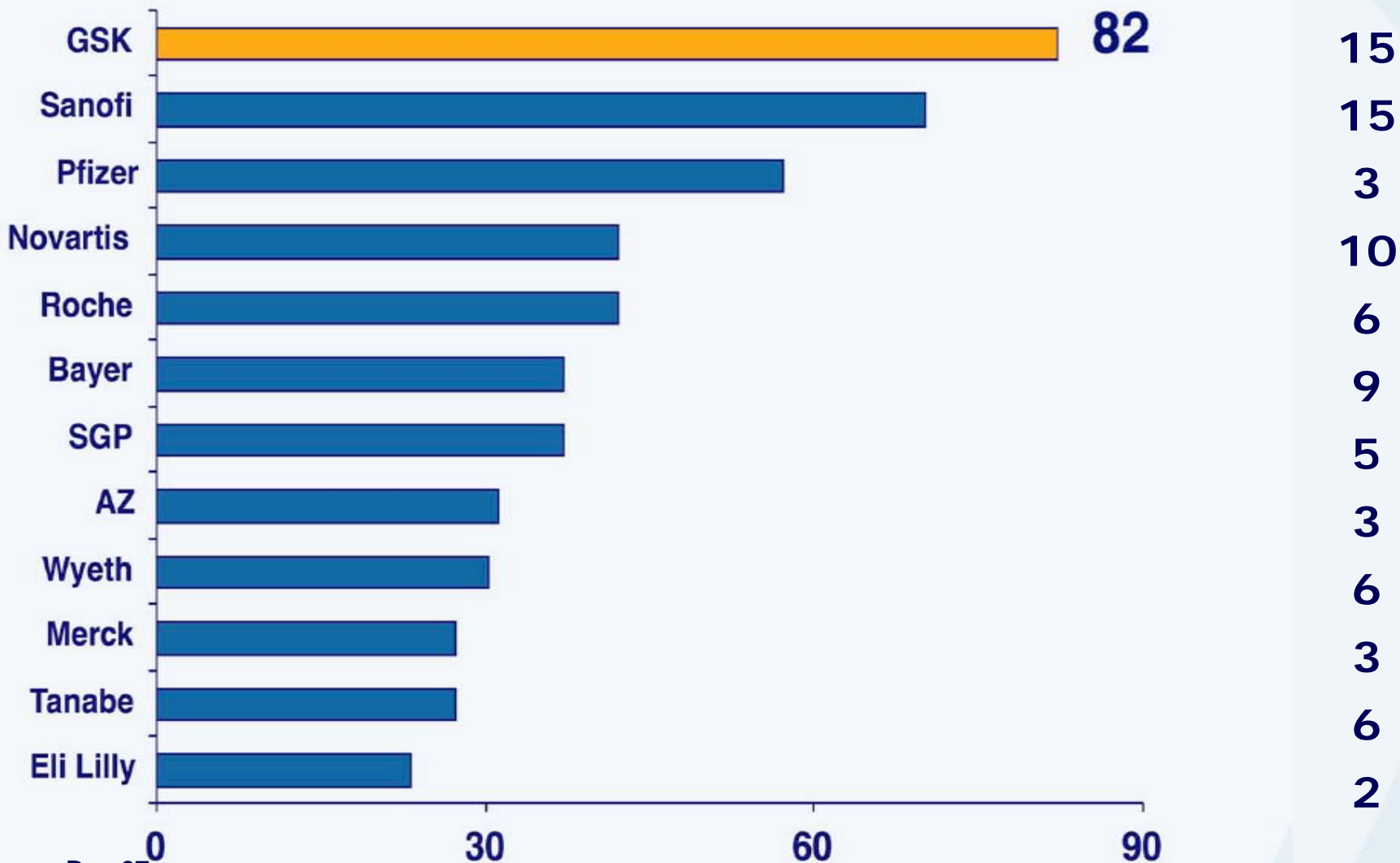
26<sup>th</sup> February 2008



# 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



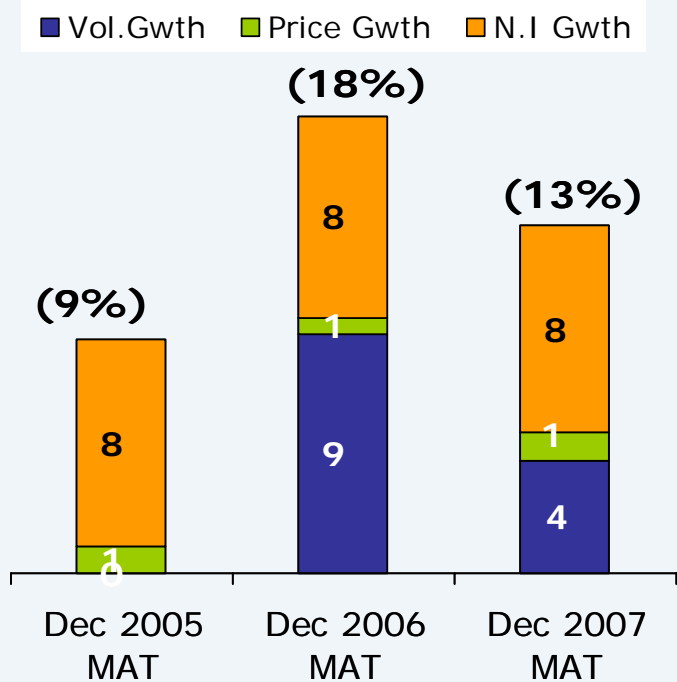
# **Business Environment**

# 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.

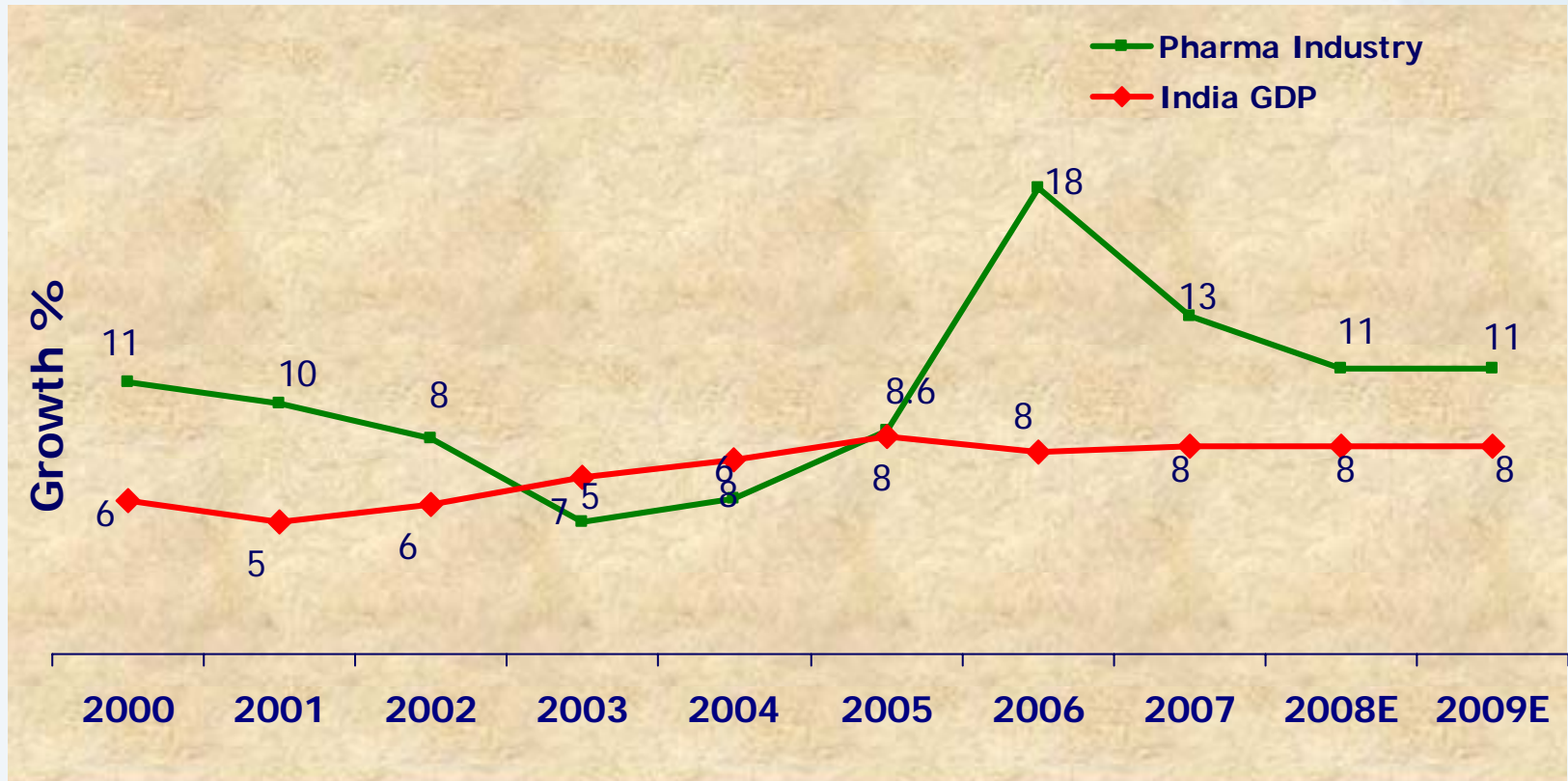


# Pharma Market – Key Drivers in '07



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



# 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

# 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

## 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

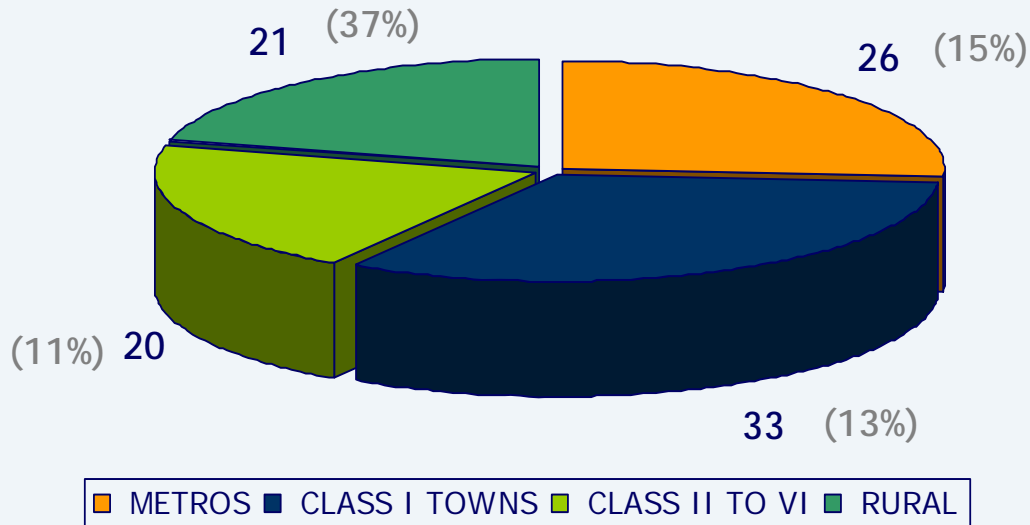
- Develop channels for hospitals to leverage GSK scale, optimise marketing spends and develop expertise.

## 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



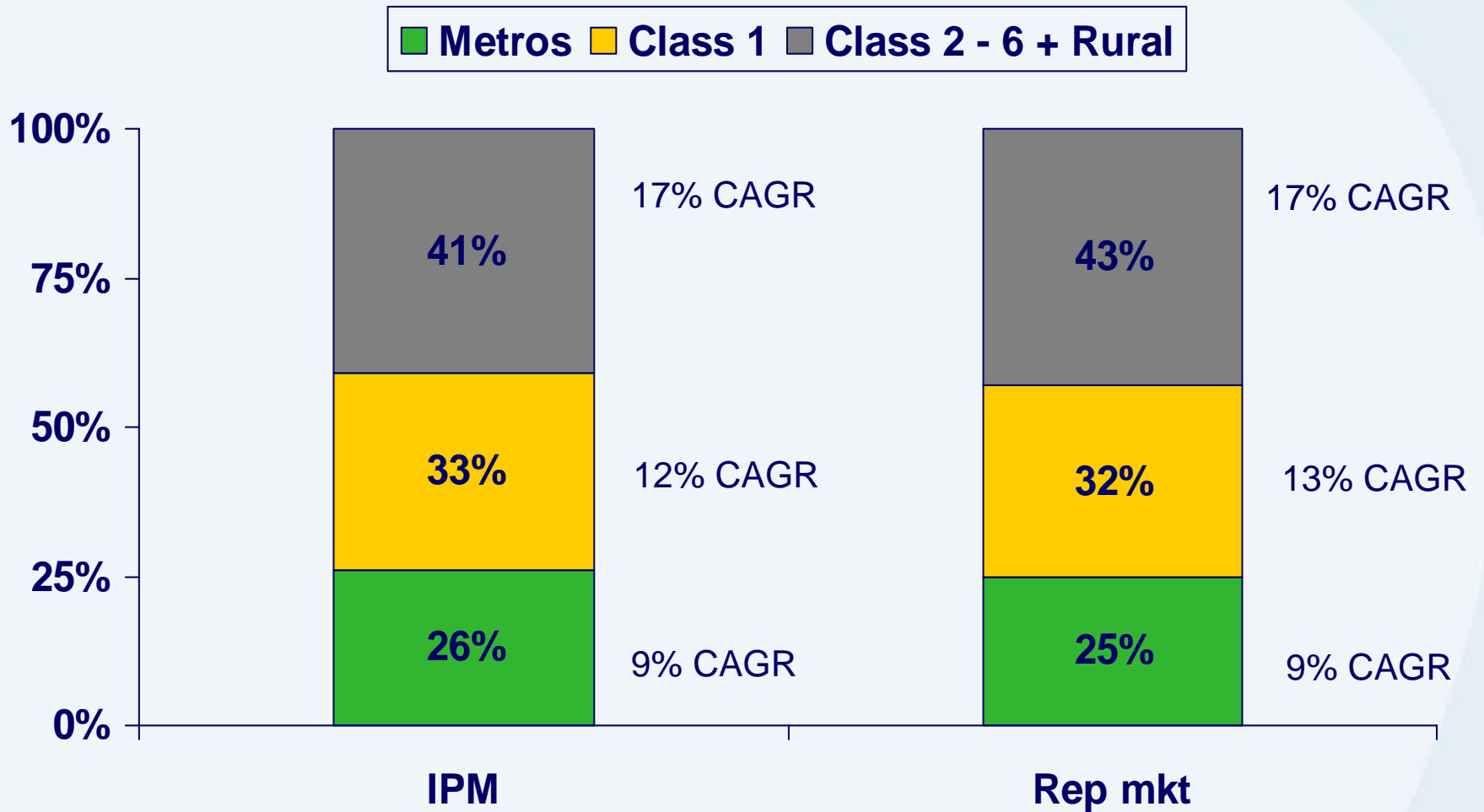
23 Metro cities account for 26%, next 300 towns account for another 33%; whereas high growth rate seen in rural areas

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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## Rural Opportunity

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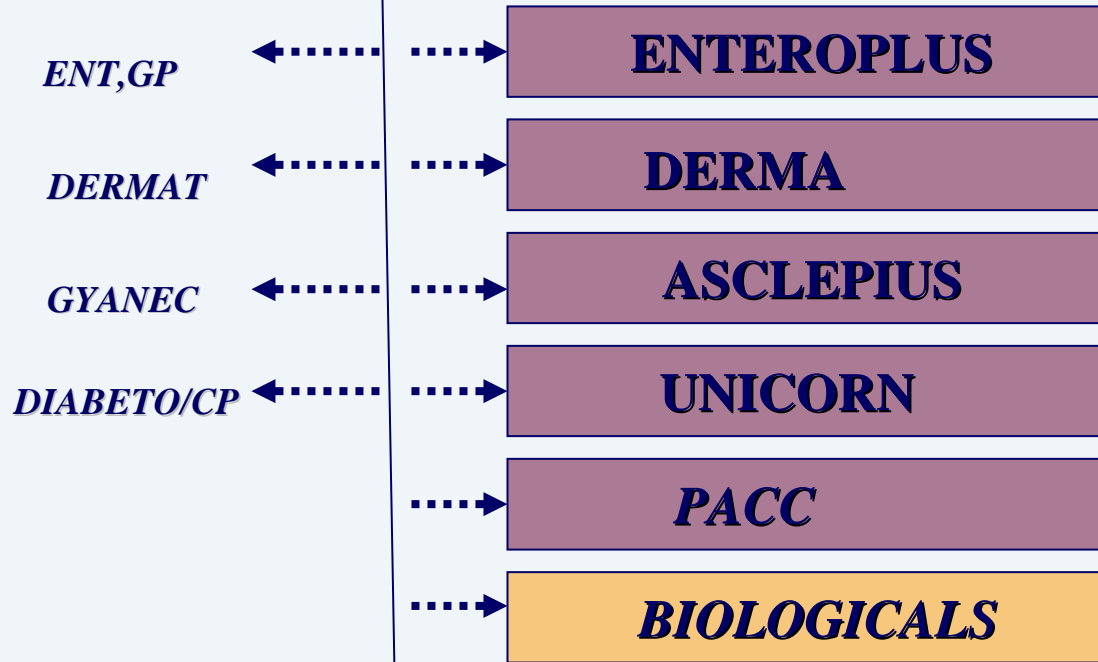
## Improved Therapy Focus

- 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



# Overview 2007

# Financials – As Is basis

Jan - Dec 06			Jan - Dec 07		Change	
Rs. L.	% to Sales		Rs. L.	% to Sales	Rs. L.	% Growth
1677,57		Sales	1712,84			<i>2.1</i>
124,65		Less: Excise Duty on Sales	135,70			
<b>1552,92</b>	<b>100.0</b>	<b>Net Sales</b>	<b>1577,14</b>	<b>100.0</b>	<b>24,22</b>	
20,61		Other Income	19,21		(1,40)	
15,06		Treasury Income	25,40		10,34	
34,26		Interest income	45,23		10,97	
<b>1622,85</b>		<b>Total Income</b>	<b>1666,98</b>			
624,52	40.2	Materials Consumed	628,46	39.8	3,94	<i>(0.6)</i>
14,50	0.9	Excise Duty on stock/samples	6,84	0.4	(7,66)	
412,03	26.5	Operating and Other Expenses	404,34	25.6	(7,69)	<i>1.9</i>
15,85		Depreciation	16,16		31	
<b>1066,90</b>	<b>68.7</b>	<b>Total Expenditure</b>	<b>1055,80</b>	<b>66.9</b>		<i>1.0</i>
<b>555,95</b>	<b>35.8</b>	<b>PBT before exceptional</b>	<b>611,18</b>	<b>38.8</b>	<b>55,23</b>	<i>9.9</i>
194,23	12.5	Provision for Taxation (incl. FBT)	211,46	13.4	17,23	
<b>361,72</b>	<b>23.3</b>	<b>PAT before exceptional</b>	<b>399,72</b>	<b>25.3</b>	<b>38,00</b>	<i>10.5</i>
183,79		Exceptional net of tax	137,94			
<b>545,51</b>		<b>Net Profit</b>	<b>537,66</b>			



# Summary

In INR Mn

Continuing Businesses

	Q4 2007	2007
<b>Net Sales</b>	<b>3,393</b>	<b>15,083</b>
<i>% of Growth over PY</i>	<i>14</i>	<i>7</i>
Other Income	76	189
<b>Gross Margin*</b>	<b>2,030</b>	<b>9,130</b>
<i>% of Sales</i>	<i>60</i>	<i>61</i>
<i>% of Growth over PY</i>	<i>13</i>	<i>9</i>
Expenses*	1,006	3,887
<i>% of Sales</i>	<i>30</i>	<i>26</i>
<i>% of Growth over PY</i>	<i>4</i>	<i>5</i>
<b>EBITDA</b>	<b>1,100</b>	<b>5,433</b>
<i>% of Sales</i>	<i>32</i>	<i>36</i>
<i>% of Growth over PY</i>	<i>22</i>	<i>11</i>
Interest Income	108	452
Treasury Income	103	254
Depreciation	50	161
<b>PBT</b>	<b>1,261</b>	<b>5,978</b>
<i>% of Growth over PY</i>	<i>25</i>	<i>14</i>

\* Adjusted for Excise on Stocks

# Key Highlights

*In INR Mn*

- Rx Business Sales growth led by focus products 10%.
- Momentum up in Q3 and Q4 with sales growth of 7% and 14% respectively.

# Key Highlights

*In INR Mn*

## Despite:

- Sporadic Stock Shortages
- Vx competitive pressures
- Govt. enforced Price reductions & continued scrutiny of price increases taken
- Key acute segments (Pain, C&C, Antibio, Anti-hist) slowing down; high base effect

# Key Highlights

*In INR Mn*

## Offset by:

- Successful BD initiatives/  
New Launches
  - Carzec,
  - Inflapen,
  - Arixtra,
  - Zemetril
- Continued improvement in  
gross margin
- Expense control

# Key Highlights

*In INR Mn*

- Continuing businesses close at ~8% sales growth;
- PBT growth of ~14%
- Fine Chemicals business divested in September 2007. Exceptional Net Profit Rs.1385 Mn

# Sales Growth – Q4

*In INR Mn*

<b>Category</b>	<b>Q4 2006</b>	<b>Q4 2007</b>	<b>Gr%</b>
Priority Focus	948	1,055	11%
Vaccines	134	165	24%
Priority Others	958	1,150	20%
Price Controlled	946	1,029	9%
<b>Total Sales</b>	<b>3,003</b>	<b>3,423</b>	<b>14%</b>



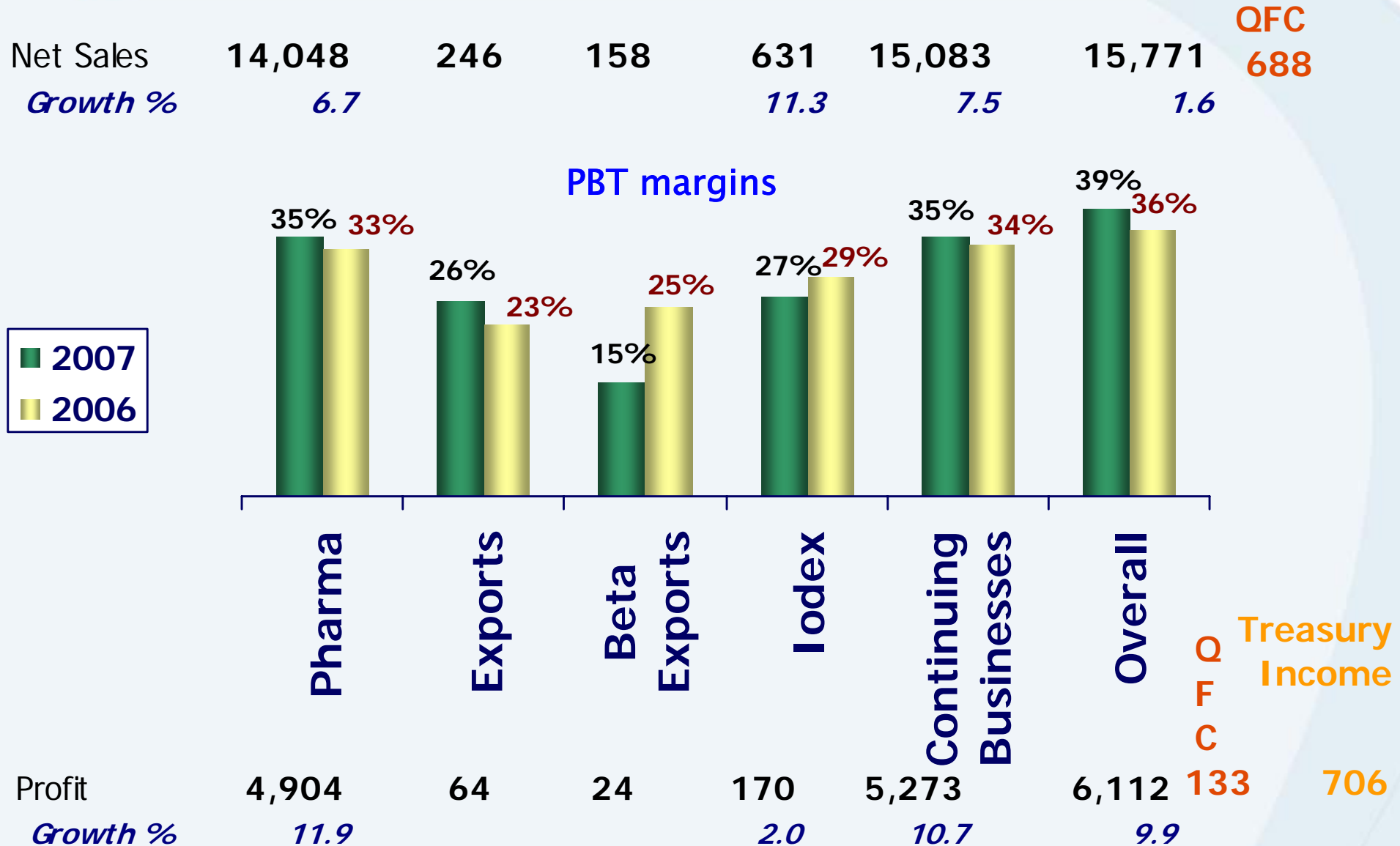
# Sales Evolution

*In INR Mn*

Category	2006	2007	Gr%
Priority Focus	4,499	4,963	10%
Vaccines	790	804	2%
Priority Others	4,431	4,891	10%
Price Controlled	4,499	4,592	2%
<b>Total Sales</b>	<b>14,304</b>	<b>15,325</b>	<b>7%</b>

# Segmental Performance

In INR Mn



# Exceptional Income

	2006	2007
<b>Gross Proceeds</b>	<b><u>2,071</u></b>	<b><u>2,400</u></b>
NBV of Assets	201	417
Commitment on working capital delivery		58
Provision for Claims		109
Expenses Incidental to Sale:	<u>7</u>	<u>7</u>
<b>Profit on sale business</b>	<b>1,864</b>	<b>1,809</b>
Voluntary Retirement Schemes		8
Provision for Pricing of Formulations	28	-
Tax thereon	(2)	421
<b>Profit net of tax</b>	<b><u>1,838</u></b>	<b><u>1,379</u></b>

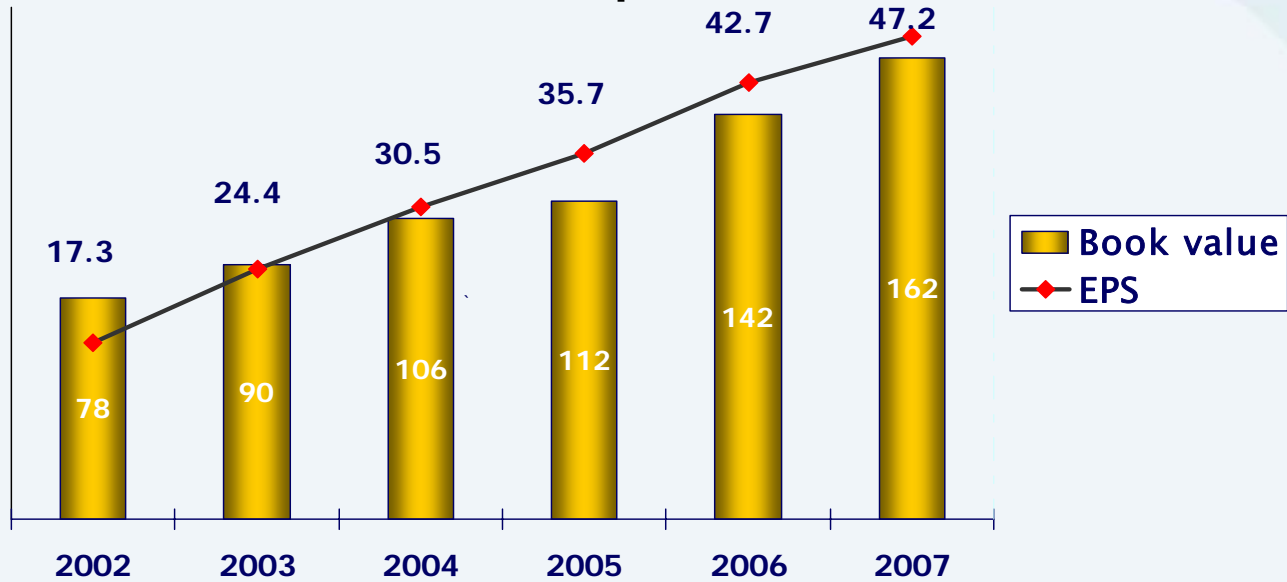
# Cash flow

*In INR Mn*

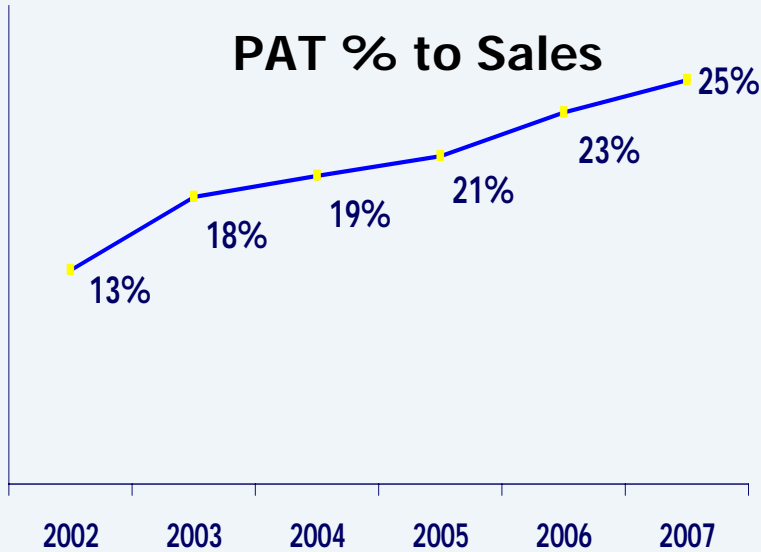
	<b>2007</b>	<b>2006</b>
<b>Cash from Operations</b>	<b>5,551</b>	<b>5,187</b>
Treasury income (Net)	697	398
Working Capital	65	(413)
Capex (net)	(149)	(153)
Tax Paid	(2,468)	(2,241)
<b>Sub-total</b>	<b><u>3,696</u></b>	<b><u>2,778</u></b>
Dividends encashed	(2,613)	(2,359)
Dividend Distribution Tax	(368)	(333)
<b>Increase in Cash / Investments</b>	<b><u><u>715</u></u></b>	<b><u><u>87</u></u></b>

# Financial performance

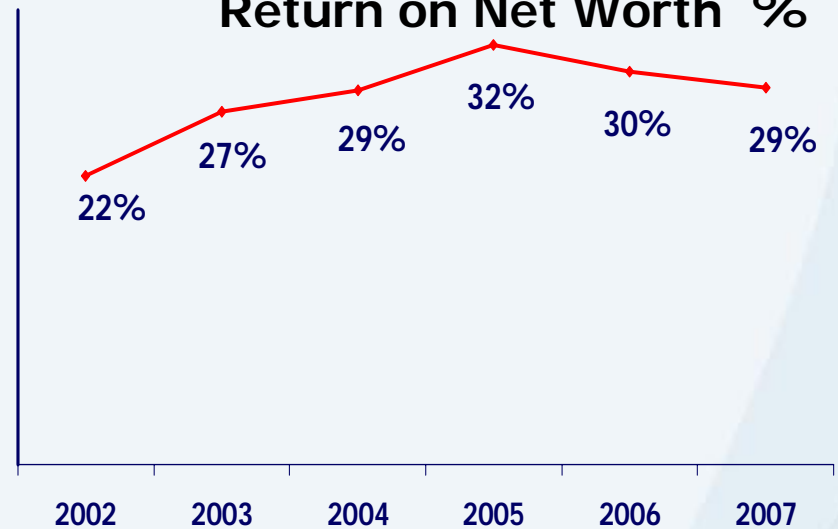
## EPS and Book Value per share



## PAT % to Sales



## Return on Net Worth %



A collage of diverse people in various settings, overlaid with a blue oval containing the text "Thank you!". The background is a blurred collage of people in various settings, including a classroom, a meeting, and a group of people. A large, semi-transparent blue oval is centered in the foreground, containing the text "Thank you!" in white, bold, sans-serif font. The oval is slightly tilted and has a white border. The background is a collage of people in various settings, including a classroom, a meeting, and a group of people. The people are of various ages and ethnicities, and are engaged in various activities, such as talking, looking at a phone, and smiling. The overall tone is positive and appreciative.

**Thank  
you!**