
Financial Report

GlaxoSmithKline plc

from 2007 to 2014

Prepared by:

Ibisco d.o.o.
Dunajska 156
SI-1000 Ljubljana
www.ibisco.com
sales@ibisco.com



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Selected Financial Data

in millions of GBP	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Income statement highlights								
Net sales	22,716	24,352	28,368	29,786	31,276	32,840	34,481	36,206
Gross profit	17,399	17,937	20,988	22,037	23,139	24,296	25,511	26,787
<i>Gross margin</i>	76.6%	73.7%	74.0%	74.0%	74.0%	74.0%	74.0%	74.0%
EBITDA	8,615	8,372	9,987	10,042	10,551	11,089	11,656	12,254
<i>EBITDA margin</i>	37.9%	34.4%	35.2%	33.7%	33.7%	33.8%	33.8%	33.8%
Operating profit	7,593	7,141	8,425	8,379	8,819	9,284	9,773	10,290
<i>Operating margin</i>	33.4%	29.3%	29.7%	28.1%	28.2%	28.3%	28.3%	28.4%
Net profit	5,214	4,602	5,531	5,512	5,893	6,291	6,709	7,147
<i>Net profit margin</i>	23.0%	18.9%	19.5%	18.5%	18.8%	19.2%	19.5%	19.7%
Balance sheet highlights								
Cash and short-term investments	4,532	6,014	6,813	7,012	7,404	7,920	8,560	9,326
Property, plant and equipment	7,821	9,678	9,374	9,683	10,007	10,347	10,702	11,075
Total assets	31,003	39,393	42,862	44,067	45,537	47,191	49,033	51,065
Borrowings	10,571	16,187	16,257	14,475	12,775	11,075	9,375	7,675
Net borrowings	6,039	10,173	9,444	7,463	5,371	3,155	815	(1,651)
Total equity	9,910	8,318	10,742	13,086	15,582	18,230	21,032	23,990
Invested capital (average)	17,623	21,619	24,329	25,055	25,526	26,027	26,560	27,126
Other key financial data								
Return on equity	54.9%	52.5%	61.7%	49.4%	43.6%	39.2%	35.8%	33.1%
Return on invested capital (ROIC)	30.7%	23.4%	24.9%	24.0%	24.8%	25.6%	26.4%	27.3%
Current ratio	1.32	1.72	1.45	1.48	1.51	1.55	1.60	1.65
Debt-to-equity ratio	1.07	1.95	1.51	1.11	0.82	0.61	0.45	0.32
Number of employees (average)	103,483	99,003	99,913	99,913	99,913	99,913	99,913	99,913
Share data								
Shares outstanding (thousands)	5,507,806	5,185,806	5,189,806	5,189,806	5,189,806	5,189,806	5,189,806	5,189,806
Average shares outstanding - basic (thousands)	5,524,000	5,195,000	5,069,000	5,069,000	5,069,000	5,069,000	5,069,000	5,069,000
Average shares outstanding - diluted (thousands)	5,567,000	5,226,000	5,108,000	5,108,000	5,108,000	5,108,000	5,108,000	5,108,000
Book value per share (GBP)	1.74	1.53	1.93	2.37	2.84	3.35	3.88	4.45
Market price per share (GBP)	12.79	12.85	13.20	13.20	13.20	13.20	13.20	13.20
Basic earnings per share (GBP)	0.94	0.89	1.09	1.09	1.16	1.24	1.32	1.41
Diluted earnings per share (GBP)	0.94	0.88	1.08	1.08	1.15	1.23	1.31	1.40
Dividend per share (GBP)	0.53	0.57	0.61	0.63	0.68	0.73	0.78	0.83
P/E ratio	13.65	14.59	12.20	12.23	11.44	10.72	10.05	9.43
EV/EBITDA ratio	8.91	9.22	7.88	7.64	7.08	6.54	6.02	5.53
EV/Sales ratio	3.38	3.17	2.77	2.58	2.39	2.21	2.04	1.87
Price/book value	7.34	8.40	6.85	5.57	4.64	3.94	3.40	2.97
Dividend payout ratio	56.1%	64.3%	55.9%	58.3%	58.3%	58.5%	58.7%	58.9%
Dividend yield	4.1%	4.4%	4.6%	4.8%	5.1%	5.5%	5.9%	6.3%
Market capitalisation	70,445	66,638	68,505	68,505	68,505	68,505	68,505	68,505
Enterprise value	76,791	77,198	78,686	76,751	74,700	72,519	70,208	67,765

Financial Ratios

	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Profitability ratios								
Gross margin	76.6%	73.7%	74.0%	74.0%	74.0%	74.0%	74.0%	74.0%
Operating margin	33.4%	29.3%	29.7%	28.1%	28.2%	28.3%	28.3%	28.4%
Net profit margin	23.0%	18.9%	19.5%	18.5%	18.8%	19.2%	19.5%	19.7%
Return on equity	54.9%	52.5%	61.7%	49.4%	43.6%	39.2%	35.8%	33.1%
Return on assets	20.4%	15.8%	15.7%	14.8%	15.0%	15.2%	15.3%	15.5%
Return on invested capital (ROIC)	30.7%	23.4%	24.9%	24.0%	24.8%	25.6%	26.4%	27.3%
Activity ratios								
Days sales in inventories	44	53	52	51	51	51	51	51
Days sales outstanding	72	75	70	69	69	69	69	69
Operating cycle	117	128	122	120	120	120	120	120
Creditors payment period	21	21	26	31	31	31	31	31
Net cash flow days	96	107	96	89	89	89	89	89
Net sales to invested capital	1.29	1.13	1.17	1.19	1.23	1.26	1.30	1.33
Net sales per employee (in thousands of GBP)	220	246	284	298	313	329	345	362
Number of employees (average)	103,483	99,003	99,913	99,913	99,913	99,913	99,913	99,913
Financial condition ratios								
Quick ratio	1.02	1.31	1.11	1.13	1.16	1.19	1.23	1.27
Current ratio	1.32	1.72	1.45	1.48	1.51	1.55	1.60	1.65
Equity to total assets ratio	0.32	0.21	0.25	0.30	0.34	0.39	0.43	0.47
Debt-to-equity ratio	1.07	1.95	1.51	1.11	0.82	0.61	0.45	0.32
Net debt-to-equity ratio	0.61	1.22	0.88	0.57	0.34	0.17	0.04	0.00
Borrowings/EBITDA	1.23	1.93	1.63	1.44	1.21	1.00	0.80	0.63
Equity to non-current assets ratio	0.57	0.38	0.42	0.51	0.59	0.68	0.77	0.85
Long-term funds to non-current assets ratio	1.19	1.33	1.22	1.23	1.25	1.27	1.29	1.32
Interest coverage	17.50	8.61	10.94	11.15	13.23	15.91	19.53	24.66

Income Statement

in millions of GBP	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Net sales	22,716	24,352	28,368	29,786	31,276	32,840	34,481	36,206
Cost of sales	5,317	6,415	7,380	7,749	8,136	8,543	8,970	9,419
Gross profit	17,399	17,937	20,988	22,037	23,139	24,296	25,511	26,787
Other operating income	475	541	1,135	725	782	845	912	986
Research and development expenses	3,327	3,681	4,106	4,311	4,527	4,753	4,991	5,240
General administrative expenses	6,954	7,656	9,592	10,072	10,575	11,104	11,659	12,242
Operating profit	7,593	7,141	8,425	8,379	8,819	9,284	9,773	10,290
Income from equity method investments	50	48	179	188	197	207	218	228
Financial income	262	313	70	68	70	73	77	82
Financial expense	453	843	783	765	680	596	513	430
Profit before tax	7,452	6,659	7,891	7,870	8,407	8,967	9,555	10,171
Income tax expense	2,142	1,947	2,222	2,216	2,367	2,525	2,690	2,864
Profit after tax from continuing operations	5,310	4,712	5,669	5,654	6,040	6,442	6,864	7,307
Profit after tax from discontinued operations	0	0	0	0	0	0	0	0
Profit after tax	5,310	4,712	5,669	5,654	6,040	6,442	6,864	7,307
Thereof:								
Minority interests	96	110	138	142	146	151	155	160
Net profit	5,214	4,602	5,531	5,512	5,893	6,291	6,709	7,147
Basic earnings per share (GBP)	0.94	0.89	1.09	1.09	1.16	1.24	1.32	1.41
Diluted earnings per share (GBP)	0.94	0.88	1.08	1.08	1.15	1.23	1.31	1.40

Balance Sheet

in millions of GBP	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Dec 12	Dec 13	Dec 14
ASSETS	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Non-current assets	17,377	22,124	25,292	25,786	26,311	26,868	27,459	28,085
Property, plant and equipment	7,821	9,678	9,374	9,683	10,007	10,347	10,702	11,075
Intangible assets	5,826	7,970	11,544	11,599	11,666	11,746	11,840	11,946
Investment property	0	0	0	0	0	0	0	0
Equity method investments	329	552	895	913	931	950	969	988
Other financial assets	517	585	522	545	569	594	620	647
Deferred tax assets	2,196	2,760	2,374	2,445	2,519	2,594	2,672	2,752
Other non-current assets	688	579	583	600	619	637	656	676
Current assets	13,626	17,269	17,570	18,282	19,226	20,323	21,574	22,980
Inventories	3,062	4,056	4,064	4,267	4,481	4,705	4,940	5,187
Trade and other receivables	5,970	7,121	6,621	6,945	7,284	7,641	8,016	8,409
Current income tax receivable	58	76	58	58	58	58	58	58
Prepaid expenses	0	0	0	0	0	0	0	0
Short-term investments	1,153	391	268	268	268	268	268	268
Cash and cash equivalents	3,379	5,623	6,545	6,744	7,136	7,652	8,292	9,058
Other current assets	0	0	0	0	0	0	0	0
Assets held for sale	4	2	14	0	0	0	0	0
TOTAL ASSETS	31,003	39,393	42,862	44,067	45,537	47,191	49,033	51,065
Total equity	9,910	8,318	10,742	13,086	15,582	18,230	21,032	23,990
Shareholders' equity	9,603	7,931	10,005	12,304	14,759	17,371	20,144	23,079
Share capital	1,503	1,415	1,416	1,416	1,416	1,416	1,416	1,416
Share premium	1,266	1,326	1,368	1,368	1,368	1,368	1,368	1,368
Treasury shares	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained earnings	6,475	4,622	6,321	8,620	11,075	13,687	16,460	19,395
Reserves	359	568	900	900	900	900	900	900
Minority interest	307	387	737	782	823	858	888	911
Non-current liabilities	10,748	21,058	20,002	18,622	17,246	15,874	14,507	13,144
Long-term borrowings	7,067	15,231	14,786	13,286	11,786	10,286	8,786	7,286
Long-term provisions	1,035	1,645	985	985	985	985	985	985
Retirement benefit obligations	1,383	3,039	2,981	3,070	3,163	3,257	3,355	3,456
Deferred tax liabilities	887	714	645	645	645	645	645	645
Other non-current liabilities	376	429	605	635	667	700	735	772
Current liabilities	10,345	10,017	12,118	12,360	12,710	13,088	13,494	13,931
Short-term borrowings	3,504	956	1,471	1,189	989	789	589	389
Trade and other payables	5,123	6,724	6,784	7,115	7,462	7,827	8,210	8,612
Current income tax payable	826	780	1,451	1,524	1,600	1,680	1,764	1,852
Deferred income	0	103	156	164	172	181	190	199
Short-term provisions	892	1,454	2,256	2,369	2,487	2,612	2,742	2,879
Other current liabilities	0	0	0	0	0	0	0	0
Liabilities held for sale	0	0	0	0	0	0	0	0
TOTAL LIABILITIES AND EQUITY	31,003	39,393	42,862	44,067	45,537	47,191	49,033	51,065

Cash Flow Statement

in millions of GBP	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Profit after tax	5,310	4,712	5,669	5,654	6,040	6,442	6,864	7,307
Income tax expense	2,142	1,947	2,222	2,216	2,367	2,525	2,690	2,864
Depreciation, amortisation and impairment charges	1,022	1,231	1,562	1,662	1,732	1,805	1,882	1,963
(Gain)/loss from disposals of fixed assets	0	0	0	0	0	0	0	0
Change in long-term provisions and retirement benefit obligations	(449)	2,266	(718)	89	92	95	98	101
Change in other assets and liabilities	3	162	172	13	14	15	16	17
Income from equity method investments	(50)	(48)	(179)	(188)	(197)	(207)	(218)	(228)
Dividend income	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Interest income	(147)	(138)	(61)	(59)	(61)	(64)	(68)	(73)
Interest expense	434	829	770	752	667	583	500	417
Other non-cash income and expense	0	0	0	0	0	0	0	0
Operating profit before changes in working capital	8,265	10,961	9,437	10,140	10,653	11,194	11,765	12,367
Changes in working capital	(629)	(678)	2,401	(60)	(76)	(79)	(81)	(84)
Inventories	(625)	(994)	(8)	(203)	(213)	(224)	(235)	(247)
Trade and other receivables	(653)	(1,151)	500	(324)	(340)	(357)	(375)	(393)
Other current assets	8	2	(12)	14	0	0	0	0
Trade and other payables	252	1,601	60	331	347	365	383	402
Other current liabilities	389	(136)	1,861	122	129	137	146	155
Cash generated from operations	7,636	10,283	11,838	10,080	10,577	11,116	11,684	12,284
Interest paid	(434)	(829)	(770)	(752)	(667)	(583)	(500)	(417)
Income taxes paid	(2,142)	(1,947)	(2,222)	(2,216)	(2,367)	(2,525)	(2,690)	(2,864)
Cash flow from operating activities	5,060	7,507	8,846	7,112	7,543	8,007	8,493	9,003
Purchase of property, plant and equipment	(1,687)	(2,777)	(826)	(1,427)	(1,498)	(1,573)	(1,652)	(1,734)
Disposal of property, plant and equipment	0	0	0	0	0	0	0	0
Purchase of intangible assets	(2,001)	(2,455)	(4,006)	(600)	(625)	(651)	(679)	(708)
Disposal of intangible assets	0	0	0	0	0	0	0	0
Acquisition of subsidiary, net of cash acquired	(0)	(0)	(0)	0	0	0	0	0
Disposal of subsidiary, net of cash disposed of	(0)	(0)	(0)	0	0	0	0	0
Purchase of financial and other assets	(60)	(243)	(101)	147	155	164	172	181
Disposal of financial and other assets	0	0	0	0	0	0	0	0
Change in short-term investments	(118)	762	123	0	0	0	0	0
Interest received	147	138	61	59	61	64	68	73
Dividends received	0	0	0	0	0	0	0	0
Cash flow from investing activities	(3,719)	(4,575)	(4,749)	(1,821)	(1,907)	(1,997)	(2,090)	(2,188)
Proceeds from issuance of share capital	(2,178)	(3,296)	(153)	0	0	0	0	0
Acquisition of treasury stock	0	0	0	0	0	0	0	0
Proceeds from long-term borrowings	2,295	8,164	0	0	0	0	0	0
Repayments of long-term borrowings	0	0	(445)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Change in short-term borrowings	2,786	(2,548)	515	(282)	(200)	(200)	(200)	(200)
Dividends to shareholders and other profit distributions	(2,793)	(2,929)	(3,003)	(3,213)	(3,438)	(3,679)	(3,936)	(4,212)
Dividends to minority interests	(77)	(79)	(89)	(97)	(106)	(115)	(126)	(137)
Cash flow from financing activities	33	(688)	(3,175)	(5,092)	(5,244)	(5,494)	(5,762)	(6,049)
Net change in cash and cash equivalents	1,374	2,244	922	199	392	516	641	766
Cash and cash equivalents at beginning of period	2,005	3,379	5,623	6,545	6,744	7,136	7,652	8,292
Exchange rate movements	0	0	0	0	0	0	0	0
Cash and cash equivalents at end of period	3,379	5,623	6,545	6,744	7,136	7,652	8,292	9,058

Basel II Rating Analysis

	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Return on equity	54.9%	52.5%	61.7%	49.4%	43.6%	39.2%	35.8%	33.1%
Rating (1-5)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Return on assets	20.4%	15.8%	15.7%	14.8%	15.0%	15.2%	15.3%	15.5%
Rating (1-5)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Borrowings/EBITDA	1.23	1.93	1.63	1.44	1.21	1.00	0.80	0.63
Rating (1-5)	1.86	2.44	2.19	2.03	1.84	1.66	1.50	1.35
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Interest coverage	17.50	8.61	10.94	11.15	13.23	15.91	19.53	24.66
Rating (1-5)	1.00	1.62	1.00	1.00	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Equity to total assets ratio	0.32	0.21	0.25	0.30	0.34	0.39	0.43	0.47
Rating (1-5)	3.24	4.11	3.80	3.42	3.06	2.71	2.37	2.04
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Long-term funds to non-current assets ratio	1.19	1.33	1.22	1.23	1.25	1.27	1.29	1.32
Rating (1-5)	1.07	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Overall rating	1.53	1.86	1.66	1.58	1.48	1.40	1.31	1.23

Return on Invested Capital

in millions of GBP	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Invested capital, assets side	17,623	21,619	24,329	25,055	25,526	26,027	26,560	27,126
Property, plant and equipment	7,376	8,750	9,526	9,529	9,845	10,177	10,525	10,889
Intangible assets	4,939	6,898	9,757	11,572	11,633	11,706	11,793	11,893
Investment property	0	0	0	0	0	0	0	0
Other non-current assets	2,864	3,112	3,148	3,001	3,091	3,184	3,280	3,378
Net operating working capital	2,445	2,860	1,898	953	956	959	963	966
Operating current assets	9,139	10,811	11,752	11,862	12,402	12,969	13,565	14,190
Inventories	2,750	3,559	4,060	4,166	4,374	4,593	4,822	5,063
Trade and other receivables	5,644	6,546	6,871	6,783	7,114	7,463	7,828	8,212
Cash and cash equivalents	624	640	754	856	856	856	856	856
Other operating current assets	122	67	67	58	58	58	58	58
Operating liabilities	(6,694)	(7,951)	(9,854)	(10,909)	(11,446)	(12,010)	(12,602)	(13,224)
Trade and other payables	(4,997)	(5,924)	(6,754)	(6,949)	(7,288)	(7,644)	(8,018)	(8,411)
Other operating liabilities	(1,697)	(2,028)	(3,100)	(3,960)	(4,158)	(4,365)	(4,584)	(4,813)
Invested capital, liabilities side	17,622	21,619	24,329	25,055	25,526	26,027	26,560	27,126
Total equity	9,779	9,114	9,530	11,914	14,334	16,906	19,631	22,511
Non-current liabilities	9,694	15,903	20,530	19,312	17,934	16,560	15,190	13,825
Short-term borrowings	2,111	2,230	1,214	1,330	1,089	889	689	489
Financial assets	(791)	(992)	(1,277)	(1,437)	(1,479)	(1,522)	(1,566)	(1,612)
Short-term investments	(3,163)	(4,634)	(5,660)	(6,056)	(6,352)	(6,806)	(7,384)	(8,087)
Assets held for sale	(8)	(3)	(8)	(7)	0	0	0	0
Return on invested capital								
Operating profit	7,593	7,141	8,425	8,379	8,819	9,284	9,773	10,290
Effective income tax rate	28.7%	29.2%	28.2%	28.2%	28.2%	28.2%	28.2%	28.2%
Taxes on operating profit	2,183	2,088	2,372	2,359	2,483	2,614	2,752	2,898
NOPLAT	5,410	5,053	6,053	6,020	6,336	6,669	7,021	7,393
Invested capital	17,623	21,619	24,329	25,055	25,526	26,027	26,560	27,126
Return on invested capital (ROIC)	30.7%	23.4%	24.9%	24.0%	24.8%	25.6%	26.4%	27.3%
WACC	6.5%	5.7%	5.5%	5.9%	6.3%	6.7%	7.1%	7.4%
ROIC - WACC	24.2%	17.6%	19.4%	18.2%	18.5%	19.0%	19.4%	19.8%
Capital charge	1,150	1,239	1,343	1,469	1,601	1,736	1,873	2,012
Economic profit	4,260	3,814	4,709	4,550	4,735	4,934	5,148	5,381

Cost of Capital

in millions of GBP	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Dec 12	Dec 13	Dec 14
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Sources of finance								
Short-term borrowings	3,504	956	1,471	1,189	989	789	589	389
Long-term borrowings	7,067	15,231	14,786	13,286	11,786	10,286	8,786	7,286
Minority interest	307	387	737	782	823	858	888	911
Preference shares and other capital	0	0	0	0	0	0	0	0
Ordinary equity								
Book value	9,603	7,931	10,005	12,304	14,759	17,371	20,144	23,079
Market value	70,445	66,638	68,505	68,505	68,505	68,505	68,505	68,505
DCF value	-	-	72,463	78,913	85,936	93,584	101,913	110,983
Cost of capital								
Short-term borrowings	4.0%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Long-term borrowings	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
Tax shield on interest expense	28.7%	29.2%	28.2%	28.2%	28.2%	28.2%	28.2%	28.2%
Minority interest	9.0%	9.0%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Preference shares and other capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ordinary equity	9.0%	9.0%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Interest rate on long-term borrowings	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
Risk premium	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Weighted Average Cost of Capital								
Book value WACC, end of period	6.1%	5.4%	5.7%	6.1%	6.5%	6.9%	7.2%	7.6%
DCF WACC, end of period	-	-	7.9%	8.0%	8.1%	8.2%	8.3%	8.4%

Income Statement Forecast Variables

	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Growth rate in net sales	(2.2%)	7.2%	16.5%	5.0%	5.0%	5.0%	5.0%	5.0%
Operating expenses as % of net sales								
Cost of sales	23.4%	26.3%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Research and development expenses	14.6%	15.1%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
General administrative expenses	30.6%	31.4%	33.8%	33.8%	33.8%	33.8%	33.8%	33.8%
Depreciation and amortisation rates								
Land and buildings	4.2%	4.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
Machines and equipment	8.0%	8.1%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%
Other equipment, fixtures and office equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Trade marks, patents, licences and other rights	4.0%	4.3%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Capitalised development expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other intangible assets	11.2%	12.0%	11.3%	9.7%	9.3%	8.8%	8.5%	8.1%
Depreciation	796	920	1,130	1,118	1,174	1,234	1,296	1,362
Land and buildings	177	228	283	284	302	321	340	361
Machines and equipment	619	692	847	833	872	913	956	1,001
Other equipment, fixtures and office equipment	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0
Amortisation	226	311	432	545	558	571	586	601
Trade marks, patents, licences and other rights	146	215	319	445	458	471	486	501
Capitalised development expenses	0	0	0	0	0	0	0	0
Other intangible assets	80	96	113	100	100	100	100	100
Yields of financial assets								
Equity method investments	16.0%	10.9%	24.7%	20.8%	21.4%	22.0%	22.7%	23.3%
Cash and cash equivalents	3.6%	2.4%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
Short-term investments	4.5%	4.0%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Non-current financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest rates for financial liabilities								
Short-term borrowings	0.0%	0.0%	0.0%	4.8%	4.8%	4.8%	4.8%	4.8%
Long-term bank borrowings	0.0%	0.0%	0.0%	4.9%	4.9%	4.9%	4.9%	4.9%
Bonds	7.6%	7.5%	5.2%	4.9%	4.9%	4.9%	4.9%	4.9%
Convertible bonds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance lease liabilities	0.0%	0.0%	0.0%	4.9%	4.9%	4.9%	4.9%	4.9%
Other borrowings	0.0%	0.0%	0.0%	4.9%	4.9%	4.9%	4.9%	4.9%
Income taxes								
Accounting profit before tax	7,452	6,659	7,891	7,870	8,407	8,967	9,555	10,171
Non tax-deductible expenses	0	0	0	0	0	0	0	0
Non taxable revenues	0	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	0	0
Adjusted profit before taxation	7,452	6,659	7,891	7,870	8,407	8,967	9,555	10,171
<i>Income tax rate</i>	28.7%	29.2%	28.2%	28.2%	28.2%	28.2%	28.2%	28.2%
Income tax expense	2,142	1,947	2,222	2,216	2,367	2,525	2,690	2,864
Other taxes and adjustments	0	0	0	0	0	0	0	0
Total income tax expense	2,142	1,947	2,222	2,216	2,367	2,525	2,690	2,864
Current tax	2,414	1,878	2,414	2,216	2,367	2,525	2,690	2,864
Deferred tax	(272)	69	(192)	0	0	0	0	0
<i>Effective income tax rate</i>	28.7%	29.2%	28.2%	28.2%	28.2%	28.2%	28.2%	28.2%
Dividends								
Payout ratio as a percentage of net profit	51.8%	56.2%	65.3%	58.1%	62.4%	62.4%	62.6%	62.8%

Balance Sheet Forecast Variables

in millions of GBP	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Net additions to fixed assets	2,690	2,405	3,248	2,027	2,123	2,224	2,331	2,442
Land and buildings	271	416	497	522	548	575	604	634
Machines and equipment	784	1,068	862	905	950	998	1,048	1,100
Other equipment, fixtures and office equipment	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0
Advance payments and assets under construction	479	(49)	68	0	0	0	0	0
Goodwill	542	294	1,376	0	0	0	0	0
Trade marks, patents, licences and other rights	536	591	391	500	525	551	579	608
Capitalised development expenses	0	0	0	0	0	0	0	0
Other intangible assets	78	85	54	100	100	100	100	100
Advance payments and assets under development	0	0	0	0	0	0	0	0
Accumulated depreciation of disposed assets	318	350	648	831	866	903	941	982
Current assets as days in net sales								
Inventories	49.2	60.8	52.3	52.3	52.3	52.3	52.3	52.3
Raw materials and supplies	17.8	16.9	14.8	14.8	14.8	14.8	14.8	14.8
Work in progress	12.4	19.4	18.5	18.5	18.5	18.5	18.5	18.5
Finished goods	19.1	24.5	19.0	19.0	19.0	19.0	19.0	19.0
Merchandise	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade receivables	74.7	79.9	70.6	70.6	70.6	70.6	70.6	70.6
Receivables, gross	74.7	79.9	70.6	70.6	70.6	70.6	70.6	70.6
Value adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Advance payments given	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables from related parties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax receivables other than income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other receivables	12.7	13.4	12.7	12.7	12.7	12.7	12.7	12.7
Prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities as days in net sales								
Trade payables	15.0	17.3	23.9	23.9	23.9	23.9	23.9	23.9
Advance payments received	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payables to related parties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to employees	13.0	14.2	14.0	14.0	14.0	14.0	14.0	14.0
Social security liabilities	1.9	2.2	1.6	1.6	1.6	1.6	1.6	1.6
Tax payables other than income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	48.2	55.8	45.6	45.6	45.6	45.6	45.6	45.6
Deferred income	0.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Valuation Cash Flow

in millions of GBP	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Operating profit	7,593	7,141	8,425	8,379	8,819	9,284	9,773	10,290
<i>Effective income tax rate</i>	28.7%	29.2%	28.2%	28.2%	28.2%	28.2%	28.2%	28.2%
Taxes on operating profit	(2,183)	(2,088)	(2,372)	(2,359)	(2,483)	(2,614)	(2,752)	(2,898)
NOPLAT	5,410	5,053	6,053	6,020	6,336	6,669	7,021	7,393
Depreciation, amortisation and impairment charges	1,022	1,231	1,562	1,662	1,732	1,805	1,882	1,963
Change in long-term provisions	507	610	(660)	0	0	0	0	0
Change in net working capital	(856)	57	2,096	(3)	(3)	(3)	(3)	(3)
Change in other assets net of other liabilities	(734)	1,081	431	31	33	34	36	38
Operating cash flow	5,349	8,032	9,482	7,710	8,097	8,505	8,936	9,390
Investment in property, plant and equipment	(1,687)	(2,777)	(826)	(1,427)	(1,498)	(1,573)	(1,652)	(1,734)
Investment in intangible assets	(2,001)	(2,455)	(4,006)	(600)	(625)	(651)	(679)	(708)
Free cash flow	1,661	2,800	4,650	5,683	5,974	6,281	6,605	6,948
Required short-term investments	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

DCF Valuation Summary

in millions of GBP	GlaxoSmithKline plc		
	Free cash flow	Discount factor	Present value
2010	5,683	0.96	5,471
2011	5,974	0.89	5,326
2012	6,281	0.83	5,182
2013	6,605	0.76	5,038
2014	6,948	0.70	4,895
Continuing value	83,182	0.68	56,315
Value of operations			82,227
+ Excess short-term investments			5,813
+ Financial assets			1,417
+ Other non-operating assets			0
Enterprise value			89,457
- Short-term borrowings			1,471
- Long-term borrowings			14,786
- Minority interest			737
- Preference shares and other capital			0
Ordinary equity value			72,463
Shares outstanding (thousands)			5,189,806
Ordinary share value (GBP)			14.0

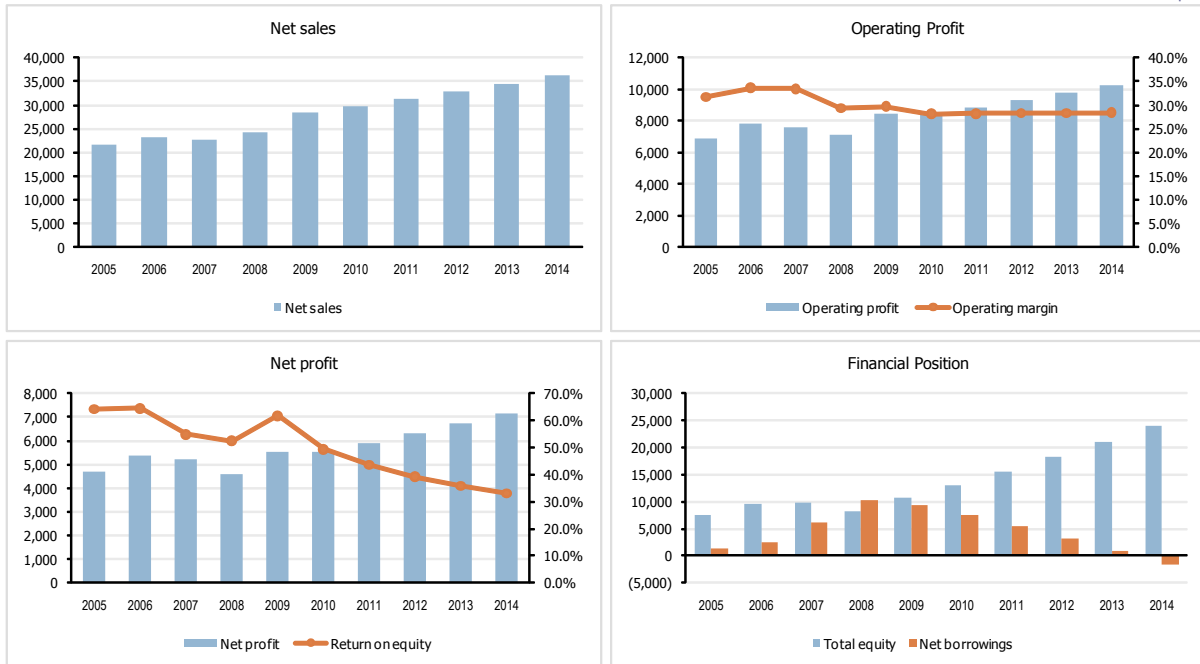
Valuation summary

GlaxoSmithKline plc				
	Value (Mill. GBP)	Per share (GBP)	Multiple (2009)	Weight
DCF valuation	72,463	14.0	-	40.0%
P/Book valuation	35,618	6.9	3.6	15.0%
P/E valuation	82,135	15.8	14.9	15.0%
EV/EBITDA valuation	79,103	15.2	8.9	15.0%
EV/Sales valuation	70,100	13.5	2.8	15.0%
Ordinary equity value	69,029	13.3	-	-

Selected Financial Data (Charts)

in millions of GBP

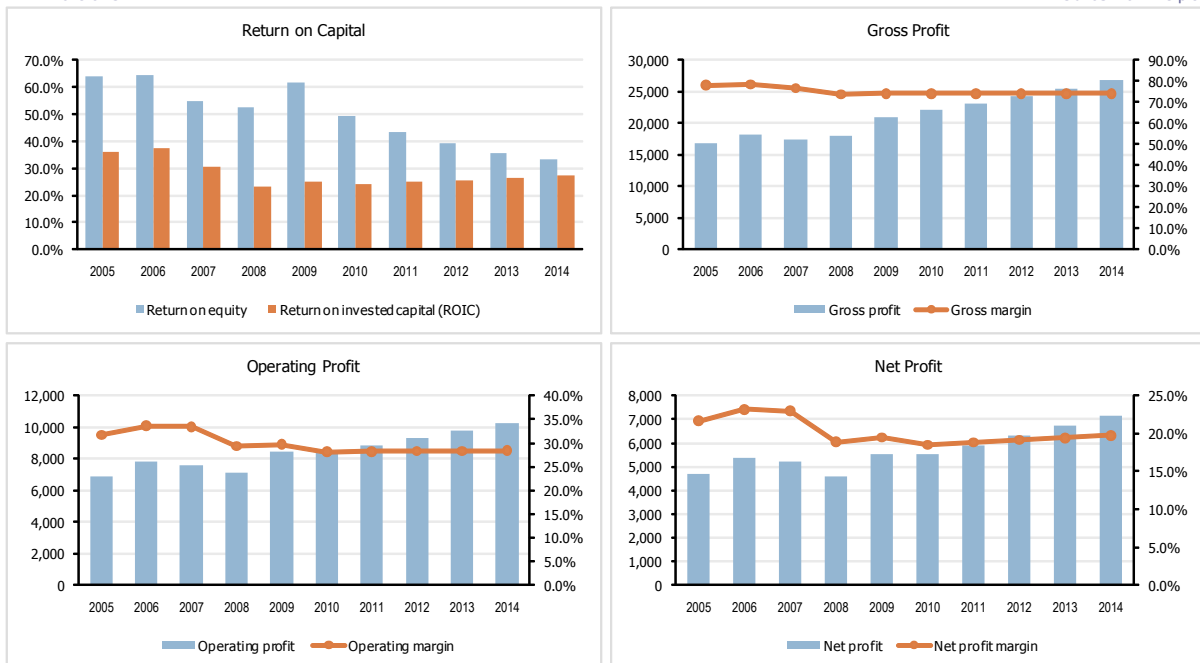
GlaxoSmithKline plc



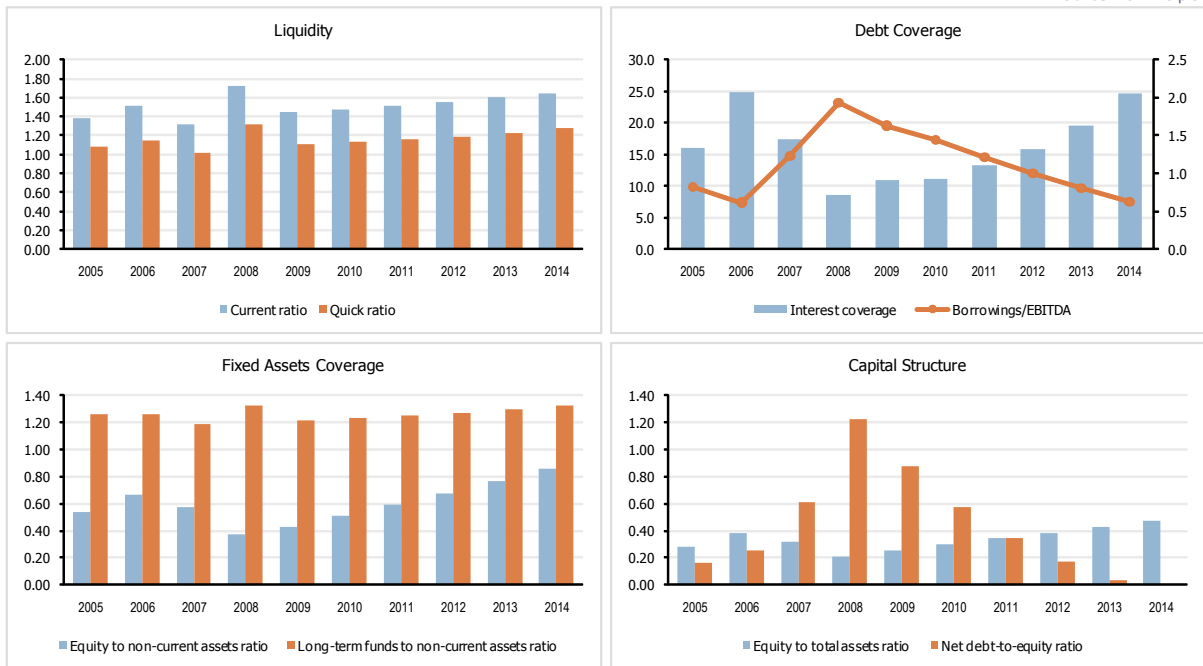
Profitability Ratios (Charts)

in millions of GBP

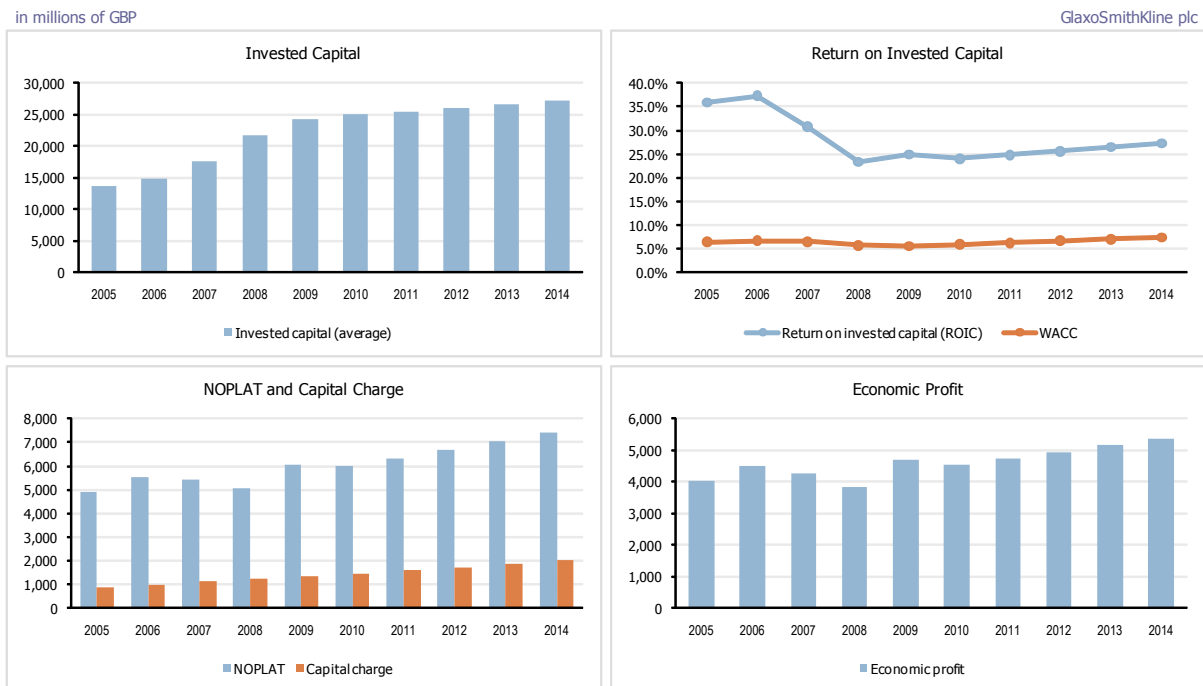
GlaxoSmithKline plc



Financial Condition Ratios (Charts)



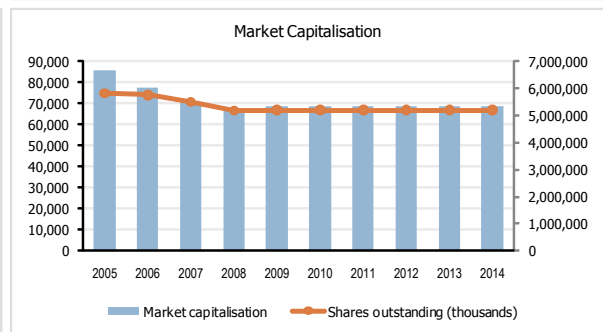
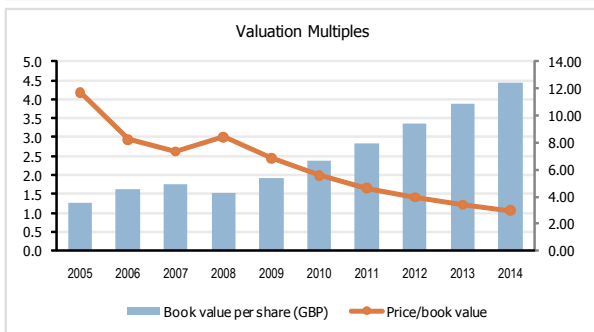
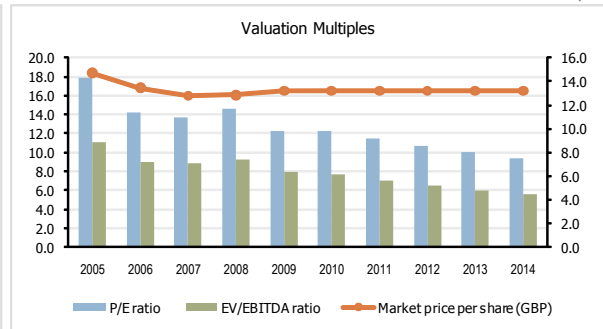
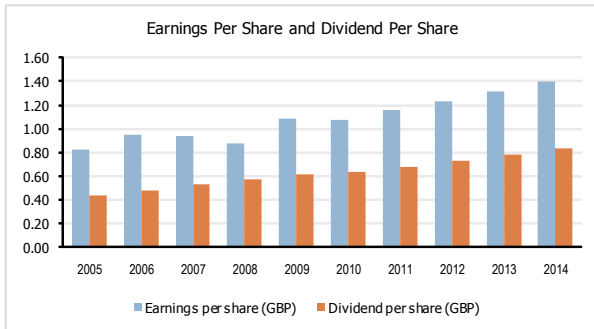
Return on Invested Capital (Charts)



Share Data (Charts)

in millions of GBP

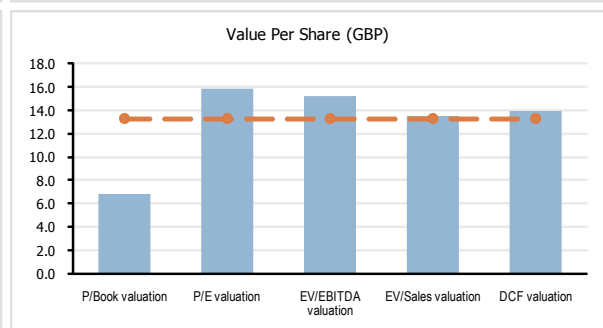
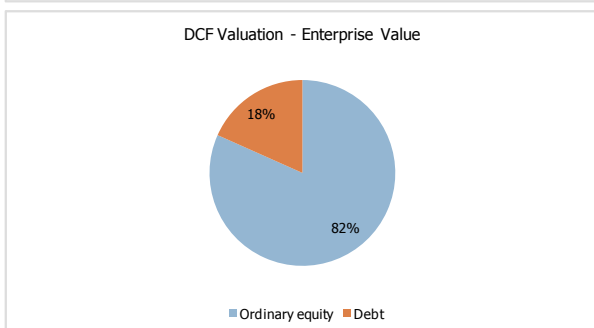
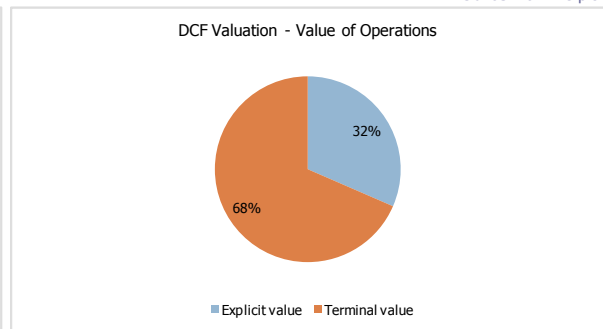
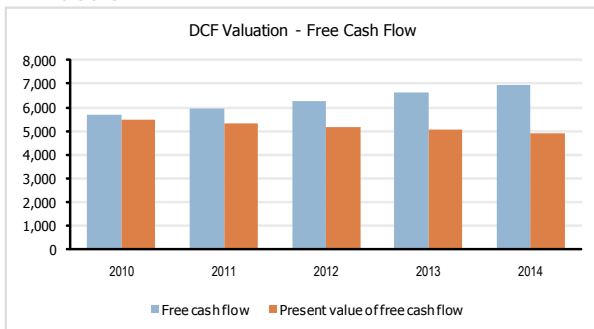
GlaxoSmithKline plc



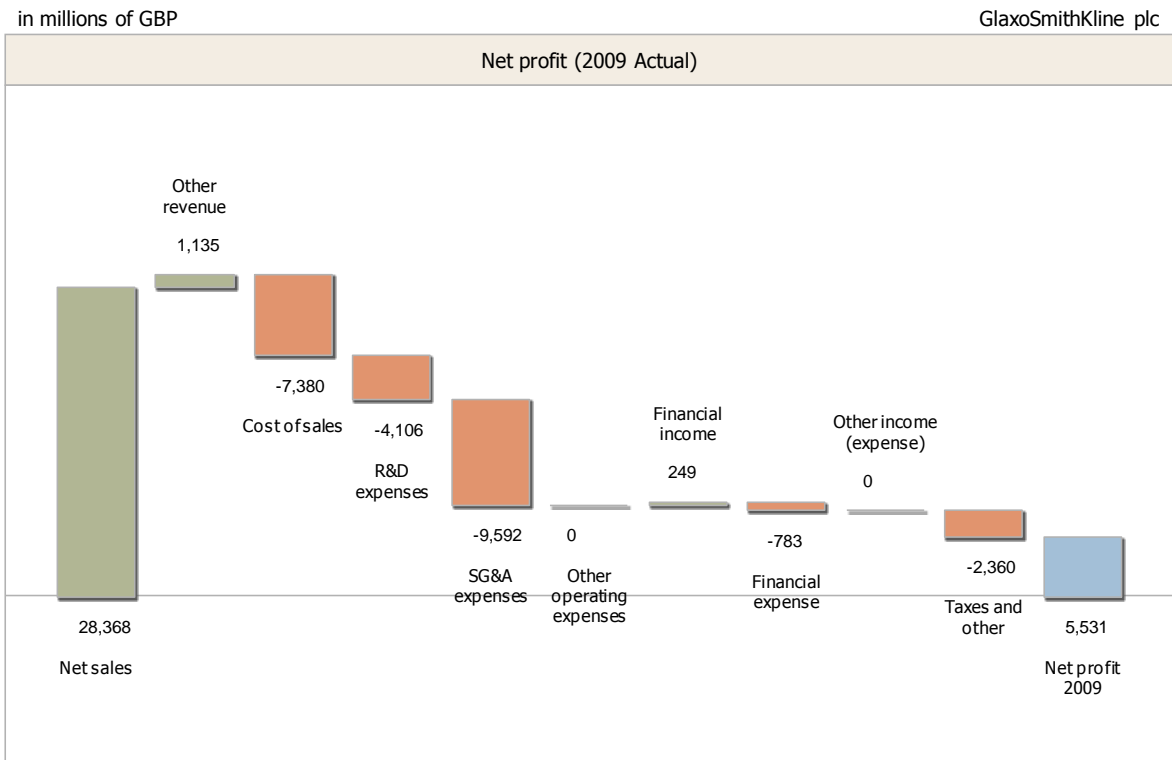
Valuation (Charts)

in millions of GBP

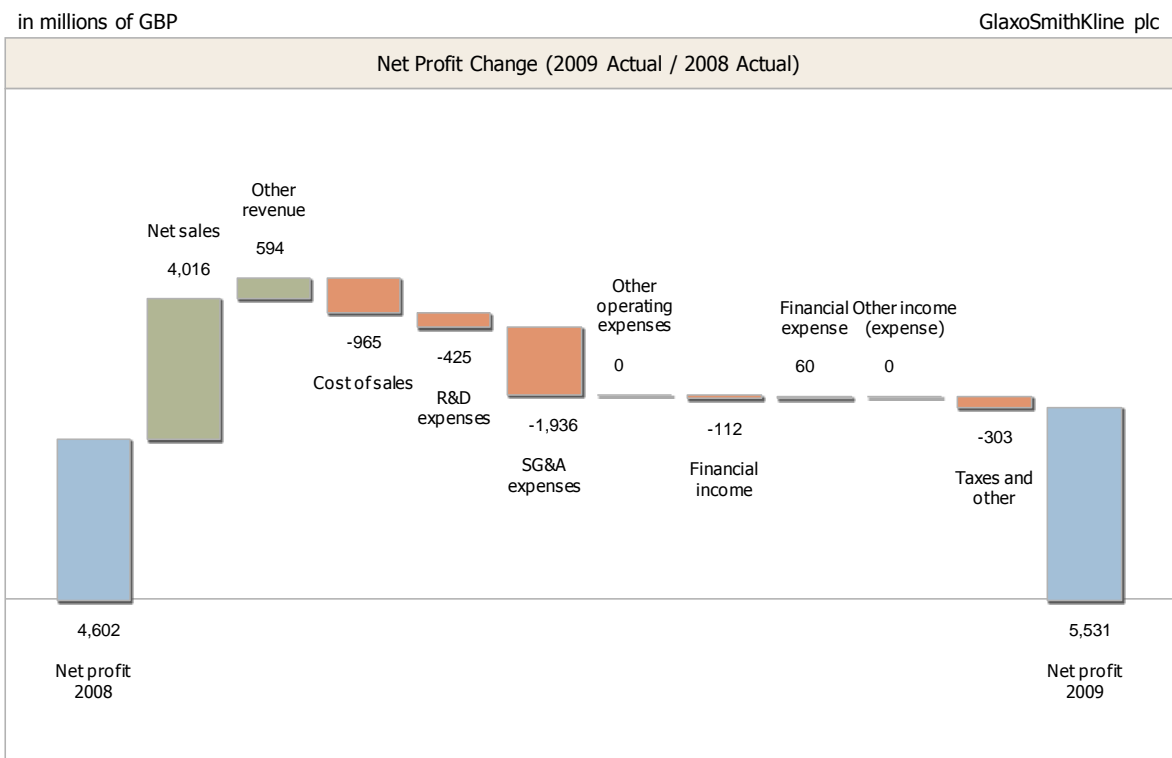
GlaxoSmithKline plc



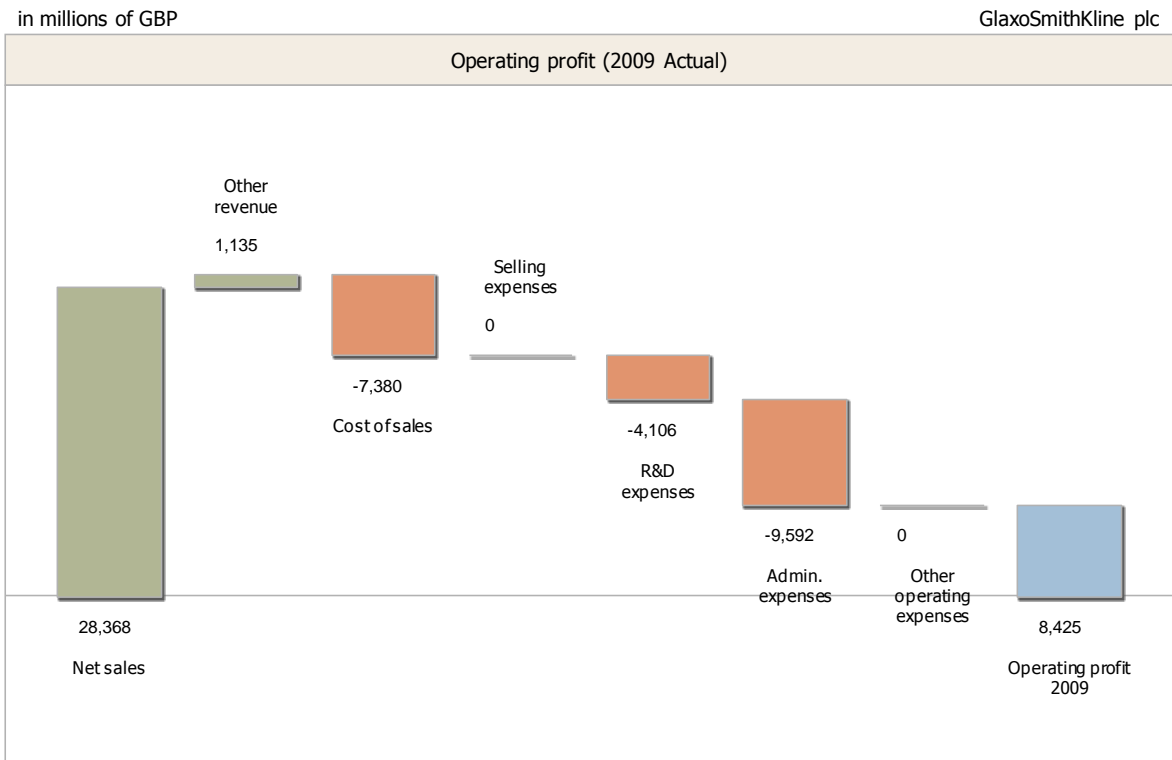
Net profit (Chart)



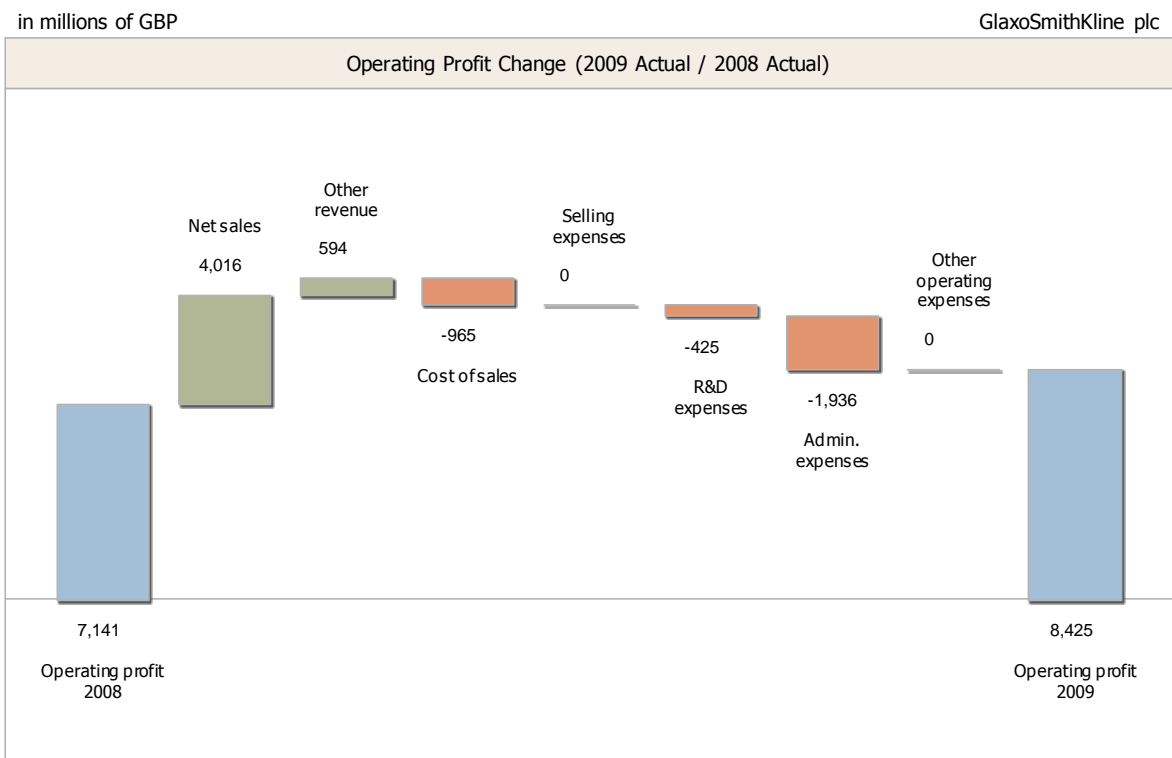
Net Profit Change (Chart)



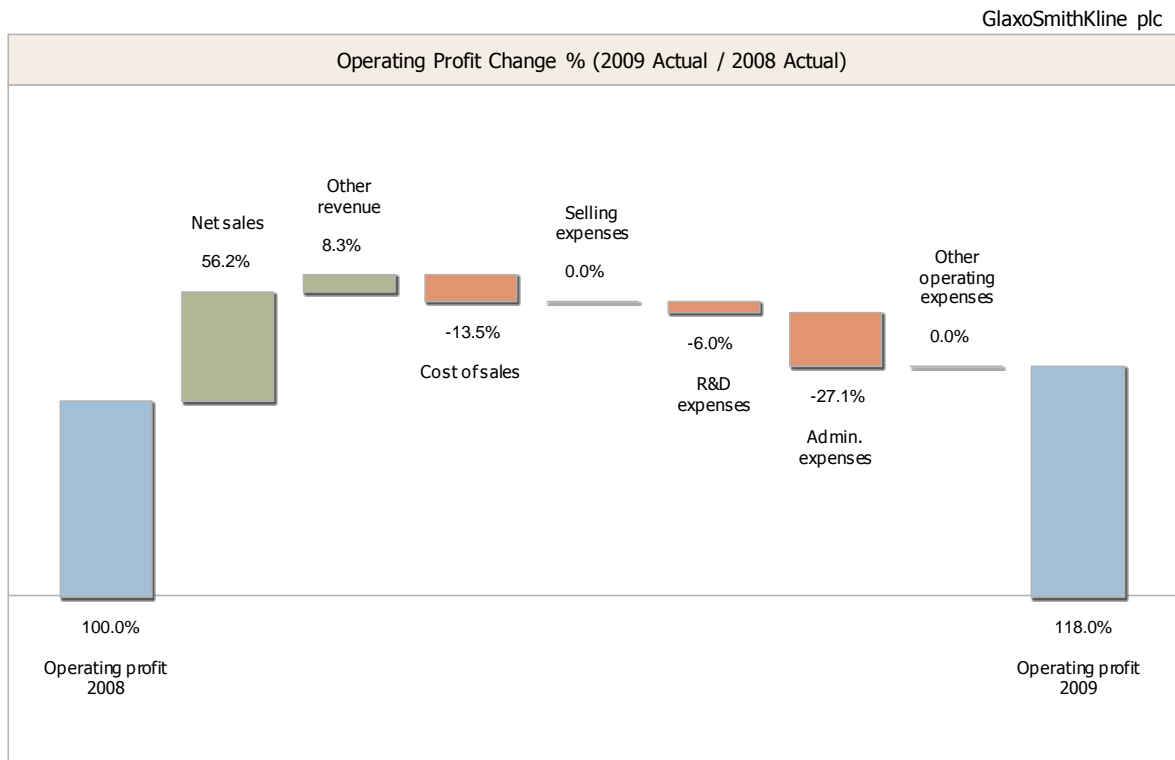
Operating profit (Chart)



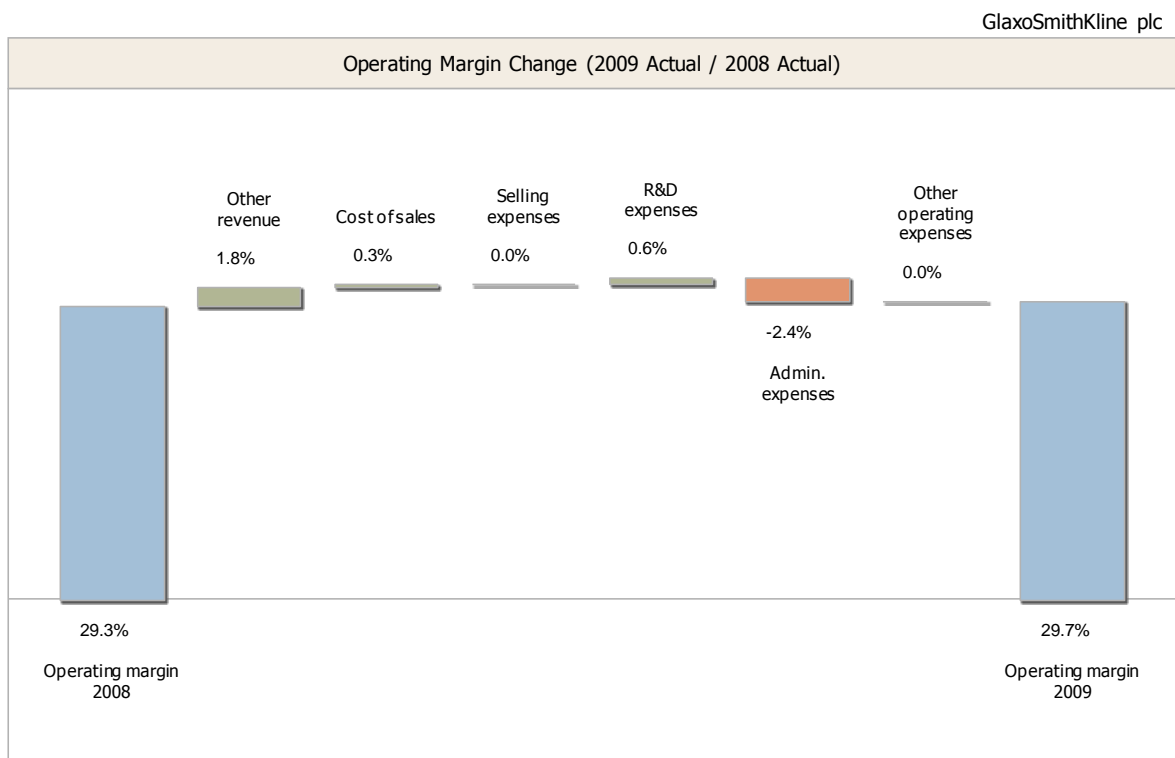
Operating Profit Change (Chart)



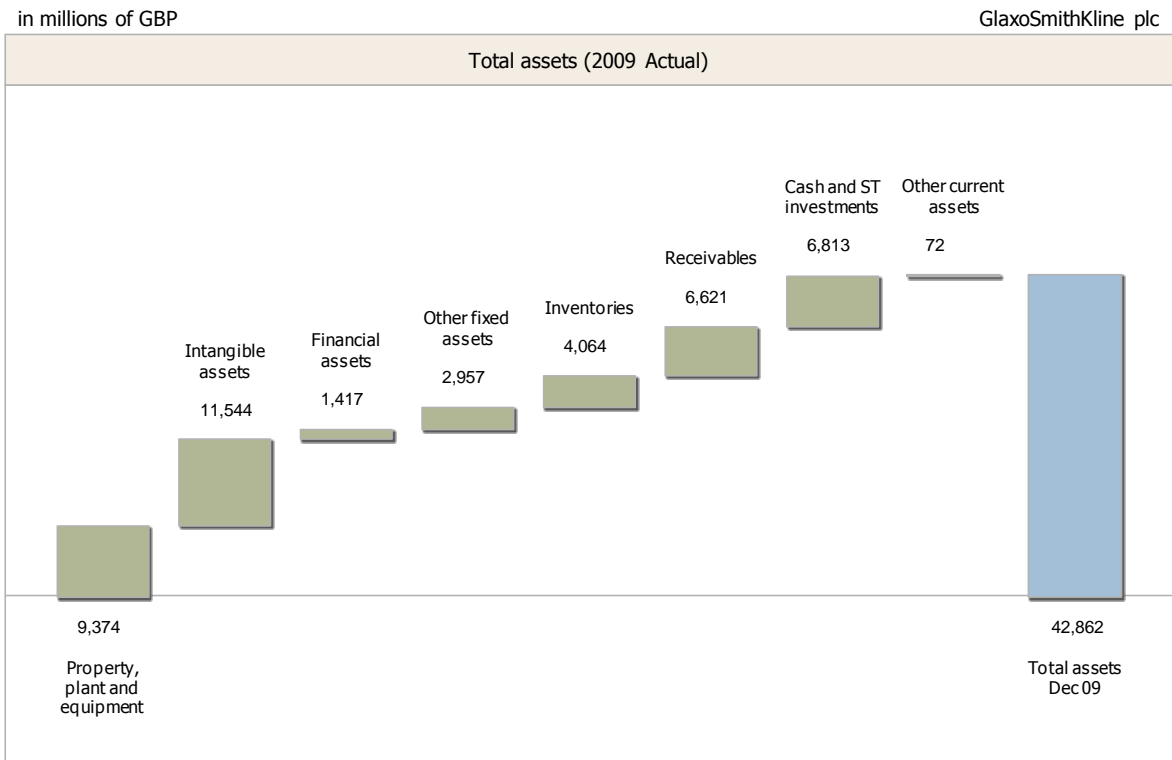
Operating Profit Change % (Chart)



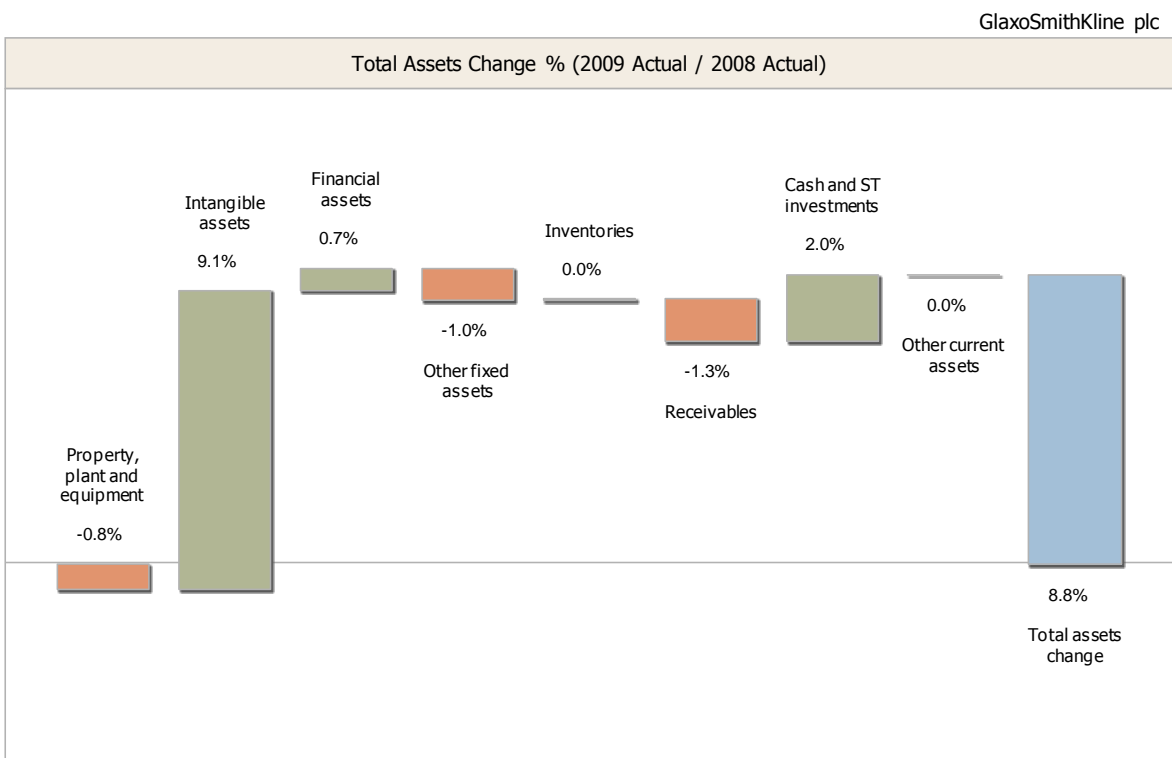
Operating Margin Change (Chart)



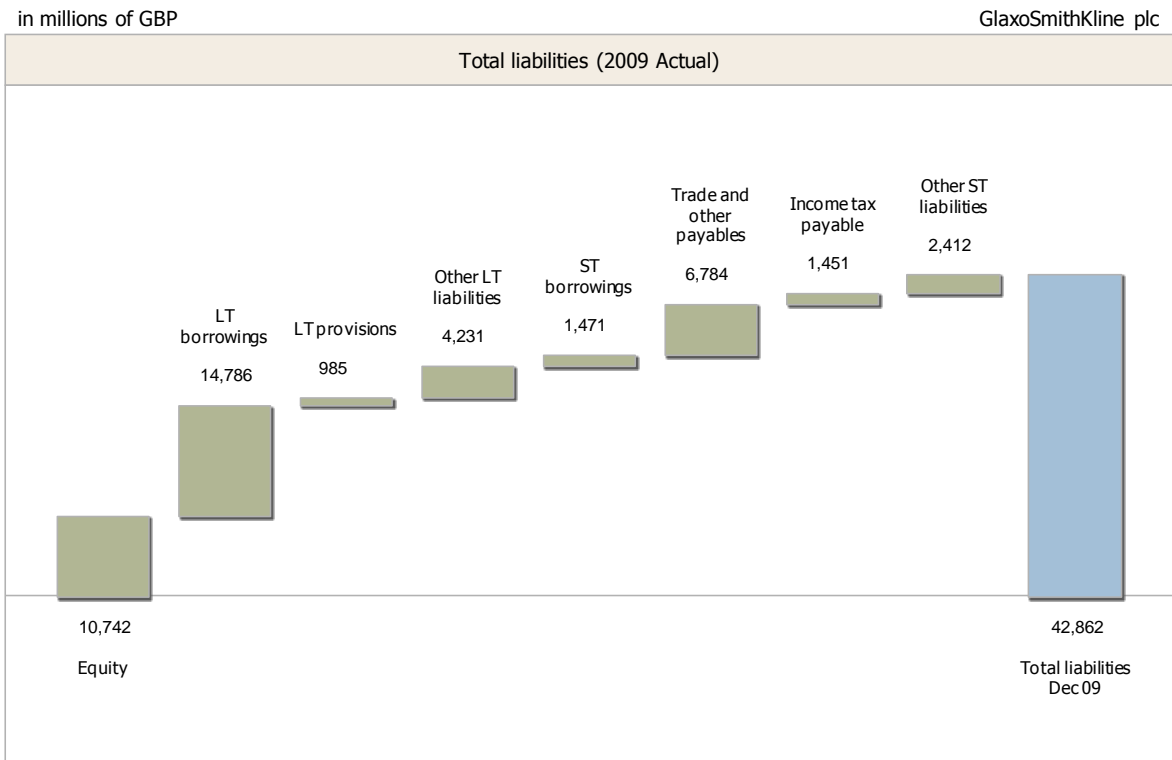
Total assets (Chart)



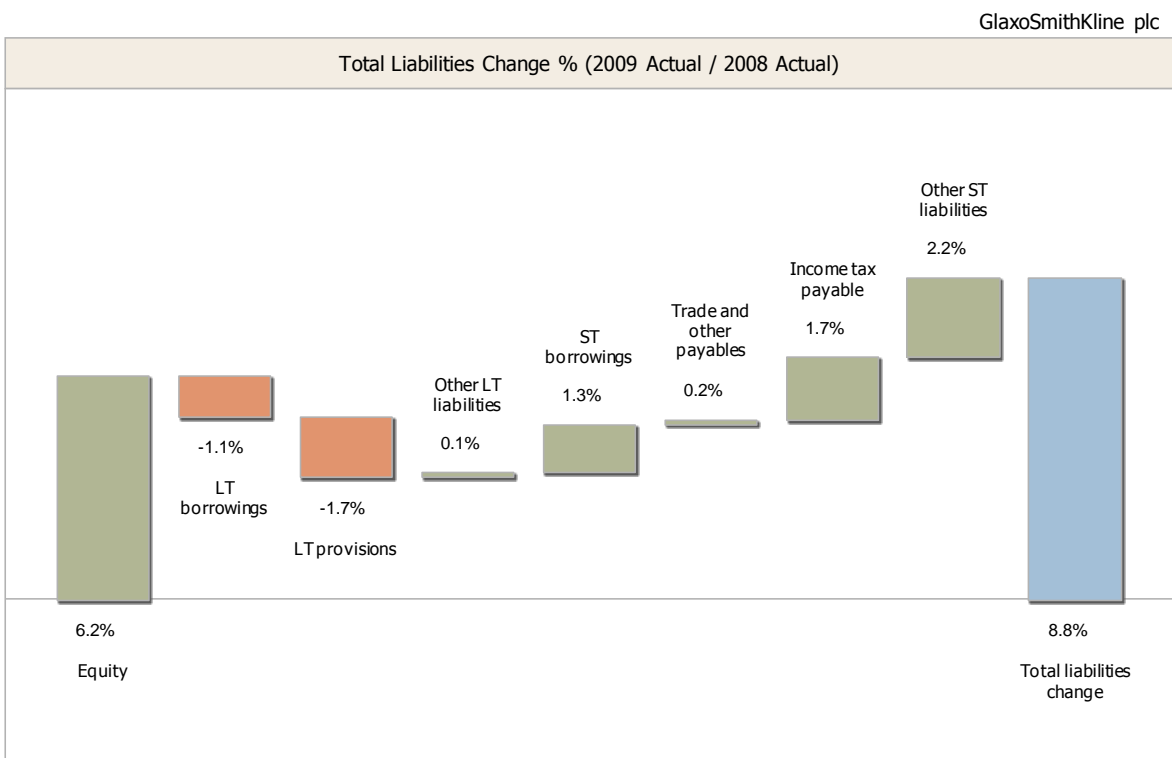
Total Assets Change % (Chart)



Total liabilities (Chart)

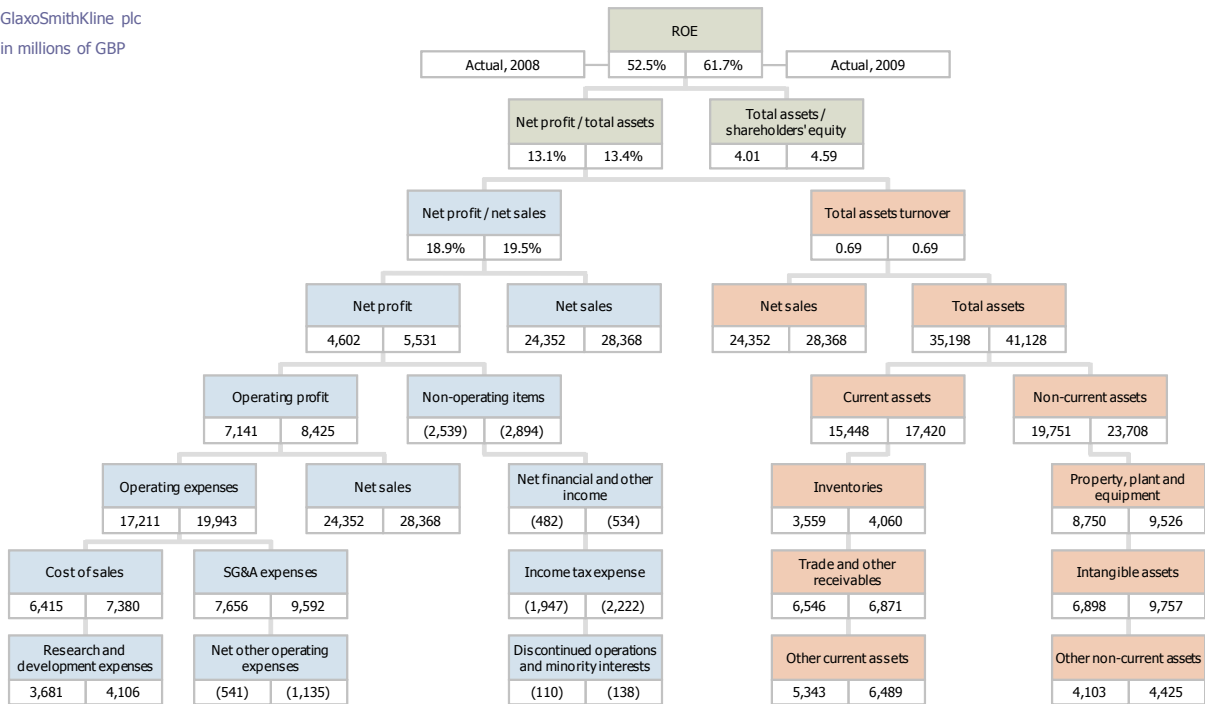


Total Liabilities Change % (Chart)



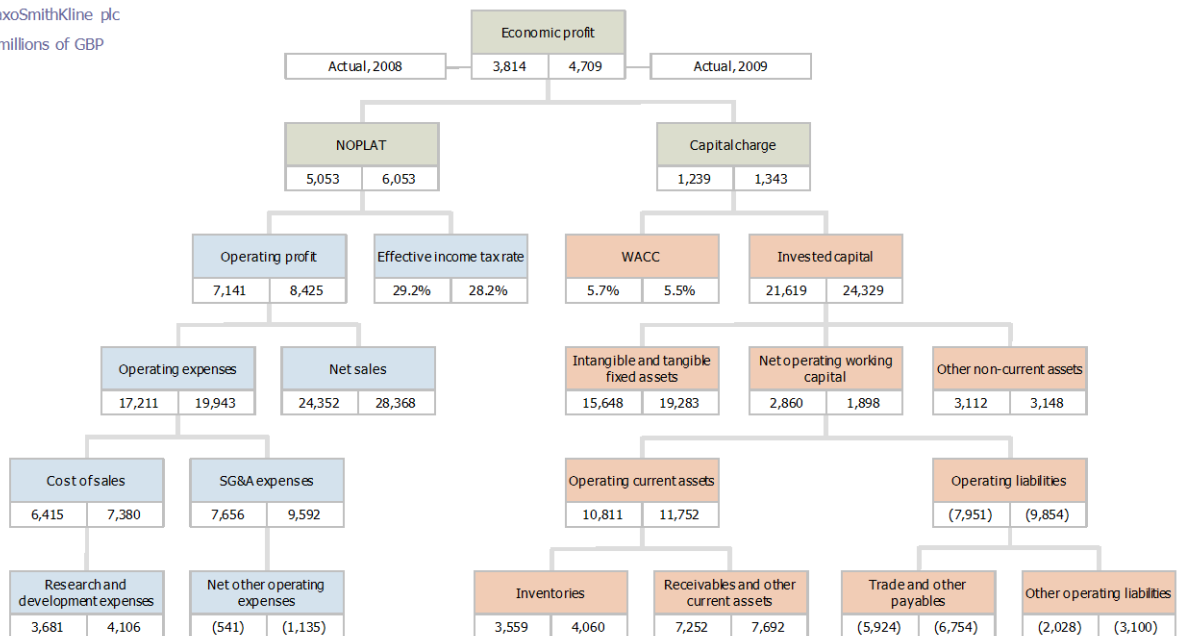
Du Pont Diagram

GlaxoSmithKline plc
in millions of GBP



Economic Profit Diagram

GlaxoSmithKline plc
in millions of GBP



Basel II Rating Diagram

GlaxoSmithKline plc

