
Financial Report

GlaxoSmithKline plc

from 2005 to 2012

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November 2008

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Selected Financial Data

in millions of GBP	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Income statement highlights								
Net sales	21.660	23.225	22.716	22.637	23.082	24.236	25.448	26.720
Gross profit	16.896	18.215	17.399	17.091	17.427	18.298	19.213	20.174
<i>Gross margin</i>	78,0%	78,4%	76,6%	75,5%	75,5%	75,5%	75,5%	75,5%
EBITDA	7.867	8.958	8.638	8.642	8.848	9.289	9.750	10.232
<i>EBITDA margin</i>	36,3%	38,6%	38,0%	38,2%	38,3%	38,3%	38,3%	38,3%
Operating profit	6.874	7.808	7.593	7.458	7.604	7.984	8.384	8.803
<i>Operating margin</i>	31,7%	33,6%	33,4%	32,9%	32,9%	32,9%	32,9%	32,9%
Net profit	4.689	5.389	5.214	5.085	5.232	5.545	5.872	6.216
<i>Net profit margin</i>	21,6%	23,2%	23,0%	22,5%	22,7%	22,9%	23,1%	23,3%
Balance sheet highlights								
Cash and short-term investments	5.234	3.040	4.532	4.973	5.323	5.962	6.799	7.828
Property, plant and equipment	6.652	6.930	7.821	8.026	8.217	8.393	8.555	8.703
Total assets	27.198	25.553	31.003	31.963	32.936	34.459	36.193	38.133
Borrowings	6.471	5.490	10.571	9.518	8.582	7.740	6.983	6.301
Net borrowings	1.237	2.450	6.039	4.545	3.260	1.778	184	(1.527)
Total equity	7.570	9.648	9.910	11.882	13.565	15.452	17.443	19.541
Invested capital (average)	13.701	14.776	17.631	19.665	20.150	20.638	21.150	21.656
Other key financial data								
Return on equity	64,1%	64,6%	54,9%	48,1%	42,2%	39,1%	36,5%	34,2%
Return on invested capital (ROIC)	35,9%	37,3%	30,7%	27,0%	26,9%	27,6%	28,2%	29,0%
Current ratio	1,39	1,51	1,32	1,42	1,49	1,60	1,71	1,84
Debt-to-equity ratio	0,85	0,57	1,07	0,80	0,63	0,50	0,40	0,32
Number of employees (average)	100.728	102.695	103.483	104.518	106.608	108.740	110.915	113.133
Share data								
Shares outstanding (thousands)	5.821.220	5.756.517	5.507.806	5.507.806	5.507.806	5.507.806	5.507.806	5.507.806
Average shares outstanding - basic (thousands)	5.674.000	5.643.000	5.524.000	5.507.806	5.507.806	5.507.806	5.507.806	5.507.806
Average shares outstanding - diluted (thousands)	5.720.000	5.700.000	5.567.000	5.562.884	5.562.884	5.562.884	5.562.884	5.562.884
Book value per share (GBP)	1,26	1,63	1,74	2,10	2,40	2,74	3,11	3,49
Market price per share (GBP)	14,69	13,44	12,79	11,88	11,88	11,88	11,88	11,88
Basic earnings per share (GBP)	0,83	0,96	0,94	0,92	0,95	1,01	1,07	1,13
Diluted earnings per share (GBP)	0,82	0,95	0,94	0,91	0,94	1,00	1,06	1,12
Dividend per share (GBP)	0,44	0,48	0,53	0,57	0,65	0,66	0,70	0,75
P/E ratio	17,91	14,22	13,65	13,00	12,63	11,92	11,25	10,63
EV/EBITDA ratio	11,06	8,94	8,89	8,13	7,80	7,27	6,76	6,28
EV/Sales ratio	4,02	3,45	3,38	3,11	2,99	2,79	2,59	2,40
Price/book value	11,70	8,24	7,34	5,66	4,94	4,33	3,83	3,41
Dividend payout ratio	53,3%	50,3%	56,1%	61,5%	68,0%	66,1%	66,1%	66,1%
Dividend yield	3,0%	3,6%	4,1%	4,8%	5,4%	5,6%	5,9%	6,3%
Market capitalisation	85.514	77.368	70.445	65.433	65.433	65.433	65.433	65.433
Enterprise value	87.010	80.080	76.791	70.300	69.025	67.548	65.953	64.235

Financial Ratios

	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Profitability ratios								
Gross margin	78,0%	78,4%	76,6%	75,5%	75,5%	75,5%	75,5%	75,5%
Operating margin	31,7%	33,6%	33,4%	32,9%	32,9%	32,9%	32,9%	32,9%
Net profit margin	21,6%	23,2%	23,0%	22,5%	22,7%	22,9%	23,1%	23,3%
Return on equity	64,1%	64,6%	54,9%	48,1%	42,2%	39,1%	36,5%	34,2%
Return on assets	19,4%	22,2%	20,4%	18,1%	17,8%	18,0%	18,0%	17,9%
Return on invested capital (ROIC)	35,9%	37,3%	30,7%	27,0%	26,9%	27,6%	28,2%	29,0%
Activity ratios								
Days sales in inventories	37	36	44	50	50	49	49	49
Days sales outstanding	74	69	72	75	74	73	73	73
Operating cycle	111	105	117	125	124	122	122	122
Creditors payment period	20	20	21	22	21	21	21	21
Net cash flow days	91	86	96	103	102	101	101	101
Net sales to invested capital	1,58	1,57	1,29	1,15	1,15	1,17	1,20	1,23
Net sales per employee (in thousands of GBP)	215	226	220	217	217	223	229	236
Number of employees (average)	100.728	102.695	103.483	104.518	106.608	108.740	110.915	113.133
Financial condition ratios								
Quick ratio	1,08	1,15	1,02	1,10	1,17	1,25	1,35	1,47
Current ratio	1,39	1,51	1,32	1,42	1,49	1,60	1,71	1,84
Equity to total assets ratio	0,28	0,38	0,32	0,37	0,41	0,45	0,48	0,51
Debt-to-equity ratio	0,85	0,57	1,07	0,80	0,63	0,50	0,40	0,32
Net debt-to-equity ratio	0,16	0,25	0,61	0,38	0,24	0,12	0,01	0,00
Borrowings/EBITDA	0,82	0,61	1,22	1,10	0,97	0,83	0,72	0,62
Equity to non-current assets ratio	0,54	0,66	0,57	0,67	0,74	0,82	0,91	1,00
Long-term funds to non-current assets ratio	1,26	1,26	1,19	1,23	1,26	1,31	1,37	1,43
Interest coverage	16,10	24,87	17,50	15,36	17,38	20,24	23,56	27,42

Income Statement

in millions of GBP	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Net sales	21.660	23.225	22.716	22.637	23.082	24.236	25.448	26.720
USA	9.867	11.102	10.168	9.660	9.660	10.143	10.650	11.182
Europe	6.892	7.010	7.239	7.456	7.680	8.064	8.467	8.890
International	4.901	5.113	5.309	5.521	5.742	6.029	6.331	6.647
Cost of sales	4.764	5.010	5.317	5.546	5.655	5.938	6.235	6.546
Gross profit	16.896	18.215	17.399	17.091	17.427	18.298	19.213	20.174
Other operating income	364	307	475	473	483	507	532	559
Marketing and selling expenses	0	0	0	0	0	0	0	0
Research and development expenses	3.136	3.457	3.327	3.315	3.381	3.550	3.727	3.913
General administrative expenses	7.250	7.257	6.954	6.791	6.925	7.271	7.634	8.016
Other operating expenses	0	0	0	0	0	0	0	0
Operating profit	6.874	7.808	7.593	7.458	7.604	7.984	8.384	8.803
Income from equity method investments	52	56	50	50	51	52	53	54
Financial income	257	287	262	273	288	307	334	366
Financial expense	451	352	453	505	458	415	377	343
Other income (expense)	0	0	0	0	0	0	0	0
Profit before tax	6.732	7.799	7.452	7.275	7.486	7.928	8.393	8.880
Income tax expense	1.916	2.301	2.142	2.091	2.152	2.279	2.412	2.552
Profit after tax from continuing operations	4.816	5.498	5.310	5.184	5.334	5.649	5.980	6.327
Profit after tax from discontinued operations	0	0	0	0	0	0	0	0
Profit after tax	4.816	5.498	5.310	5.184	5.334	5.649	5.980	6.327
Thereof:								
Minority interests	127	109	96	99	102	105	108	111
Net profit	4.689	5.389	5.214	5.085	5.232	5.545	5.872	6.216
Basic earnings per share (GBP)	0,83	0,96	0,94	0,92	0,95	1,01	1,07	1,13
Diluted earnings per share (GBP)	0,82	0,95	0,94	0,91	0,94	1,00	1,06	1,12

Balance Sheet

in millions of GBP	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Dec 12
ASSETS	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Non-current assets	14.021	14.561	17.377	17.841	18.296	18.742	19.180	19.609
Property, plant and equipment	6.652	6.930	7.821	8.026	8.217	8.393	8.555	8.703
Intangible assets	4.079	4.051	5.826	5.966	6.108	6.250	6.394	6.540
Investment property	0	0	0	0	0	0	0	0
Equity method investments	276	295	329	336	342	349	356	363
Other financial assets	362	441	517	543	570	598	628	660
Deferred tax assets	2.214	2.123	2.196	2.262	2.330	2.400	2.472	2.546
Other non-current assets	438	721	688	709	730	752	774	798
Current assets	13.177	10.992	13.626	14.121	14.640	15.717	17.013	18.525
Inventories	2.177	2.437	3.062	3.101	3.162	3.320	3.486	3.660
Trade and other receivables	5.063	5.317	5.970	5.988	6.095	6.373	6.665	6.972
Current income tax receivable	416	186	58	59	60	62	63	64
Prepaid expenses	285	0	0	0	0	0	0	0
Short-term investments	1.025	1.035	1.153	1.188	1.223	1.260	1.298	1.337
Cash and cash equivalents	4.209	2.005	3.379	3.786	4.099	4.702	5.501	6.492
Other current assets	2	12	4	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0	0
TOTAL ASSETS	27.198	25.553	31.003	31.963	32.936	34.459	36.193	38.133
Total equity	7.570	9.648	9.910	11.882	13.565	15.452	17.443	19.541
Shareholders' equity	7.311	9.386	9.603	11.560	13.232	15.114	17.106	19.211
Minority interest	259	262	307	322	332	337	337	330
Non-current liabilities	10.117	8.640	10.748	10.104	9.577	9.159	8.803	8.504
Long-term borrowings	5.271	4.772	7.067	6.360	5.735	5.173	4.668	4.213
Long-term provisions	741	528	1.035	1.031	1.052	1.104	1.159	1.217
Retirement benefit obligations	3.069	2.339	1.383	1.424	1.467	1.511	1.557	1.603
Deferred tax liabilities	569	595	887	914	941	969	998	1.028
Other non-current liabilities	467	406	376	375	382	401	421	442
Current liabilities	9.511	7.265	10.345	9.976	9.794	9.848	9.947	10.089
Short-term borrowings	1.200	718	3.504	3.158	2.847	2.567	2.315	2.088
Trade and other payables	5.113	4.871	5.123	5.106	5.201	5.448	5.708	5.980
Current income tax payable	2.269	621	826	823	839	881	925	972
Deferred income	34	0	0	0	0	0	0	0
Short-term provisions	895	1.055	892	889	906	952	999	1.049
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	27.198	25.553	31.003	31.963	32.936	34.459	36.193	38.133

Cash Flow Statement

in millions of GBP	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Profit after tax	0	5.498	5.310	5.184	5.334	5.649	5.980	6.327
Income tax expense	0	2.301	2.142	2.091	2.152	2.279	2.412	2.552
Depreciation, amortisation and impairment charges	0	1.150	1.045	1.185	1.244	1.304	1.366	1.429
(Gain)/loss from disposals of fixed assets	0	0	0	0	0	0	0	0
Change in long-term provisions and retirement benefit obligations	0	(943)	(449)	38	63	97	101	105
Change in other assets and liabilities	0	(344)	3	(22)	(14)	(3)	(2)	(2)
Income from equity method investments	0	(56)	(50)	(50)	(51)	(52)	(53)	(54)
Dividend income	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Interest income	0	(203)	(147)	(154)	(166)	(182)	(204)	(233)
Interest expense	0	314	434	486	438	395	356	321
Other non-cash income and expense	0	0	0	0	0	0	0	0
Operating profit before changes in working capital	0	7.717	8.288	8.757	8.999	9.487	9.956	10.445
Changes in working capital	0	(1.656)	(629)	(116)	(81)	(145)	(151)	(158)
Cash generated from operations	0	6.061	7.659	8.641	8.918	9.343	9.804	10.287
Interest paid	0	(314)	(434)	(486)	(438)	(395)	(356)	(321)
Income taxes paid	0	(2.301)	(2.142)	(2.091)	(2.152)	(2.279)	(2.412)	(2.552)
Cash flow from operating activities	0	3.446	5.083	6.065	6.329	6.669	7.036	7.414
Purchase of property, plant and equipment	(0)	(1.113)	(1.710)	(1.100)	(1.133)	(1.167)	(1.202)	(1.238)
Disposal of property, plant and equipment	0	0	0	0	0	0	0	0
Purchase of intangible assets	(0)	(287)	(2.001)	(430)	(443)	(456)	(470)	(484)
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	(0)	(42)	(60)	17	17	17	16	15
Disposal of financial and other assets	0	0	0	0	0	0	0	0
Change in short-term investments	0	(10)	(118)	(35)	(36)	(37)	(38)	(39)
Interest received	0	203	147	154	166	182	204	233
Dividends received	0	0	0	0	0	0	0	0
Cash flow from investing activities	0	(1.249)	(3.742)	(1.393)	(1.428)	(1.462)	(1.489)	(1.513)
Proceeds from issuance of share capital	0	(735)	(2.178)	0	0	0	0	0
Acquisition of treasury stock	0	0	0	0	0	0	0	0
Proceeds from long-term borrowings	(0)	0	2.295	0	0	0	0	0
Repayments of long-term borrowings	0	(499)	0	(707)	(625)	(562)	(506)	(455)
Change in short-term borrowings	0	(482)	2.786	(346)	(311)	(280)	(252)	(227)
Dividends to shareholders and other profit distributions	(0)	(2.598)	(2.793)	(3.128)	(3.560)	(3.663)	(3.881)	(4.111)
Dividends to minority interests	(0)	(87)	(77)	(84)	(91)	(100)	(109)	(118)
Cash flow from financing activities	0	(4.401)	33	(4.265)	(4.587)	(4.605)	(4.748)	(4.911)
Net change in cash and cash equivalents	0	(2.204)	1.374	407	314	603	799	990
Cash and cash equivalents at beginning of period	0	4.209	2.005	3.379	3.786	4.099	4.702	5.501
Exchange rate movements	0	0	0	0	0	0	0	0
Cash and cash equivalents at end of period	0	2.005	3.379	3.786	4.099	4.702	5.501	6.492

Basel II Rating Analysis

	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Return on equity	64,1%	64,6%	54,9%	48,1%	42,2%	39,1%	36,5%	34,2%
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	19,4%	22,2%	20,4%	18,1%	17,8%	18,0%	18,0%	17,9%
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	0,82	0,61	1,22	1,10	0,97	0,83	0,72	0,62
Rating (1-5)	1,52	1,34	1,85	1,75	1,64	1,53	1,43	1,35
Weight	16,7%	16,7%	16,7%	16,7%	16,7%	16,7%	16,7%	16,7%
Interest coverage	16,10	24,87	17,50	15,36	17,38	20,24	23,56	27,42
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%
Equity to total assets ratio	0,28	0,38	0,32	0,37	0,41	0,45	0,48	0,51
Rating (1-5)	3,57	2,78	3,24	2,83	2,51	2,21	1,94	1,70
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	1,26	1,26	1,19	1,23	1,26	1,31	1,37	1,43
Rating (1-5)	1,00	1,00	1,07	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	1,52	1,35	1,53	1,43	1,36	1,29	1,23	1,17

Return on Invested Capital

in millions of GBP	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Invested capital, assets side	13.701	14.776	17.631	19.665	20.150	20.638	21.150	21.656
Property, plant and equipment	6.652	6.791	7.376	7.924	8.121	8.305	8.474	8.629
Intangible assets	4.079	4.065	4.939	5.896	6.037	6.179	6.322	6.467
Investment property	0	0	0	0	0	0	0	0
Other non-current assets	2.652	2.748	2.864	2.927	3.015	3.106	3.199	3.295
Net operating working capital	318	1.172	2.453	2.918	2.977	3.049	3.155	3.266
Operating current assets	8.629	8.601	9.147	9.748	9.859	10.163	10.611	11.082
Inventories	2.177	2.307	2.750	3.081	3.131	3.241	3.403	3.573
Trade and other receivables	5.063	5.190	5.644	5.979	6.041	6.234	6.519	6.819
Cash and cash equivalents	686	653	624	627	627	627	627	627
Other operating current assets	703	451	130	61	60	61	62	63
Operating liabilities	(8.311)	(7.429)	(6.694)	(6.830)	(6.883)	(7.114)	(7.457)	(7.816)
Trade and other payables	(5.113)	(4.992)	(4.997)	(5.115)	(5.154)	(5.325)	(5.578)	(5.844)
Other operating liabilities	(3.198)	(2.437)	(1.697)	(1.715)	(1.729)	(1.789)	(1.879)	(1.973)
Invested capital, liabilities side	13.701	14.775	17.630	19.665	20.150	20.638	21.150	21.656
Total equity	7.570	8.609	9.779	10.896	12.723	14.508	16.447	18.492
Non-current liabilities	10.117	9.379	9.694	10.426	9.841	9.368	8.981	8.654
Short-term borrowings	1.200	959	2.111	3.331	3.003	2.707	2.441	2.201
Financial assets	(638)	(687)	(791)	(862)	(895)	(930)	(966)	(1.004)
Short-term investments	(4.548)	(3.484)	(3.163)	(4.126)	(4.521)	(5.015)	(5.754)	(6.687)
Assets held for sale	0	0	0	0	0	0	0	0
Return on invested capital								
Operating profit	6.874	7.808	7.593	7.458	7.604	7.984	8.384	8.803
Effective income tax rate	28,5%	29,5%	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%
Taxes on operating profit	1.956	2.304	2.183	2.144	2.186	2.295	2.410	2.530
NOPLAT	4.918	5.504	5.410	5.314	5.418	5.689	5.974	6.273
Invested capital	13.701	14.776	17.631	19.665	20.150	20.638	21.150	21.656
Return on invested capital (ROIC)	35,9%	37,3%	30,7%	27,0%	26,9%	27,6%	28,2%	29,0%
WACC	4,9%	5,0%	4,9%	4,8%	5,0%	5,2%	5,3%	5,4%
ROIC - WACC	31,0%	32,2%	25,8%	22,2%	21,9%	22,4%	22,9%	23,5%
Capital charge	672	744	869	948	1.012	1.068	1.123	1.177
Economic profit	4.246	4.761	4.542	4.366	4.406	4.622	4.850	5.096

Cost of Capital

in millions of GBP	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Dec 12
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Sources of finance								
Short-term borrowings	1.200	718	3.504	3.158	2.847	2.567	2.315	2.088
Long-term borrowings	5.271	4.772	7.067	6.360	5.735	5.173	4.668	4.213
Minority interest	259	262	307	322	332	337	337	330
Preference shares and other capital	0	0	0	0	0	0	0	0
Ordinary equity								
Book value	7.311	9.386	9.603	11.560	13.232	15.114	17.106	19.211
Market value	85.514	77.368	70.445	65.433	65.433	65.433	65.433	65.433
DCF value	-	-	96.526	102.463	108.764	115.453	122.553	130.090
Cost of capital								
Short-term borrowings	4,0%	4,0%	4,0%	4,5%	4,5%	4,5%	4,5%	4,5%
Long-term borrowings	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Tax shield on interest expense	28,5%	29,5%	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%
Minority interest	6,2%	6,2%	6,2%	6,2%	6,2%	6,2%	6,2%	6,2%
Preference shares and other capital	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Ordinary equity	6,2%	6,2%	6,2%	6,2%	6,2%	6,2%	6,2%	6,2%
Risk free rate	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%
Risk premium	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Corporate beta	0,53	0,53	0,53	0,53	0,53	0,53	0,53	0,53
Premium for other risks	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Weighted Average Cost of Capital								
Book value WACC, end of period	4,9%	5,2%	4,7%	4,9%	5,1%	5,2%	5,4%	5,5%
DCF WACC, end of period	-	-	5,8%	5,8%	5,8%	5,9%	5,9%	5,9%

Income Statement Forecast Variables

	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Growth rate in net sales	0,0%	7,2%	(2,2%)	(0,3%)	2,0%	5,0%	5,0%	5,0%
USA	0,0%	12,5%	(8,4%)	(5,0%)	0,0%	5,0%	5,0%	5,0%
Europe	0,0%	1,7%	3,3%	3,0%	3,0%	5,0%	5,0%	5,0%
International	0,0%	4,3%	3,8%	4,0%	4,0%	5,0%	5,0%	5,0%
Operating expenses as % of net sales								
Cost of sales	22,0%	21,6%	23,4%	24,5%	24,5%	24,5%	24,5%	24,5%
Marketing and selling expenses	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Research and development expenses	14,5%	14,9%	14,6%	14,6%	14,6%	14,6%	14,6%	14,6%
General administrative expenses	33,5%	31,2%	30,6%	30,0%	30,0%	30,0%	30,0%	30,0%
Depreciation and amortisation rates								
Land and buildings	0,0%	3,7%	3,8%	3,8%	3,8%	3,8%	3,8%	3,8%
Machines and equipment	0,0%	8,6%	8,4%	8,4%	8,4%	8,4%	8,4%	8,4%
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	0,0%	6,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Capitalised development expenses	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Other intangible assets	0,0%	14,0%	11,2%	11,2%	11,2%	11,2%	11,2%	11,2%
Depreciation	738	835	819	895	942	991	1.040	1.090
Land and buildings	138	157	163	178	188	199	210	221
Machines and equipment	600	678	656	717	754	792	830	869
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	255	315	226	290	301	314	326	339
Trade marks, patents, licences and other rights	169	219	146	200	205	209	214	219
Capitalised development expenses	0	0	0	0	0	0	0	0
Other intangible assets	86	96	80	90	97	104	112	120
Yields of financial assets								
Equity method investments	18,8%	19,6%	16,0%	15,0%	15,0%	15,0%	15,0%	15,0%
Cash and cash equivalents	4,0%	5,4%	3,6%	3,0%	3,0%	3,0%	3,0%	3,0%
Short-term investments	1,5%	3,4%	4,5%	4,0%	4,0%	4,0%	4,0%	4,0%
Non-current financial assets	0,0%	0,0%	0,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Interest rates for financial liabilities								
Short-term borrowings	0,0%	0,0%	0,0%	4,5%	4,5%	4,5%	4,5%	4,5%
Long-term bank borrowings	0,0%	0,0%	0,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Bonds	8,7%	6,7%	7,6%	5,0%	5,0%	5,0%	5,0%	5,0%
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%	5,0%	5,0%	5,0%	5,0%	5,0%
Other borrowings	0,0%	0,0%	0,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Income taxes								
Accounting profit before tax	6.732	7.799	7.452	7.275	7.486	7.928	8.393	8.880
Adjusted profit before taxation	6.732	7.799	7.452	7.275	7.486	7.928	8.393	8.880
<i>Income tax rate</i>	28,5%	29,5%	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%
Income tax expense	1.916	2.301	2.142	2.091	2.152	2.279	2.412	2.552
Other taxes and adjustments	0	0	0	0	0	0	0	0
Total income tax expense	1.916	2.301	2.142	2.091	2.152	2.279	2.412	2.552
Current tax	2.019	2.710	2.414	2.091	2.152	2.279	2.412	2.552
Deferred tax	(103)	(409)	(272)	0	0	0	0	0
<i>Effective income tax rate</i>	28,5%	29,5%	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%
Dividends								
Payout ratio as a percentage of net profit	0,0%	55,4%	51,8%	60,0%	70,0%	70,0%	70,0%	70,0%

Balance Sheet Forecast Variables

in millions of GBP	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Net additions to fixed assets	1.503	1.761	3.463	1.530	1.576	1.623	1.672	1.722
Land and buildings	108	244	271	300	309	318	328	338
Machines and equipment	516	699	784	800	824	849	874	900
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	290	468	479	0	0	0	0	0
Goodwill	383	126	542	200	206	212	219	225
Trade marks, patents, licences and other rights	145	134	1.309	150	155	159	164	169
Capitalised development expenses	0	0	0	0	0	0	0	0
Other intangible assets	61	90	78	80	82	85	87	90
Advance payments and assets under development	0	0	0	0	0	0	0	0
Accumulated depreciation of disposed assets	427	664	318	443	465	486	508	530
Land and buildings	53	35	17	30	31	32	33	34
Machines and equipment	356	516	274	358	377	396	415	434
Other equipment, fixtures and office equipment	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0
Trade marks, patents, licences and other rights	10	76	26	40	41	42	44	45
Capitalised development expenses	0	0	0	0	0	0	0	0
Other intangible assets	8	37	1	15	15	16	16	17
Current assets as days in net sales								
Inventories	36,7	38,3	49,2	50,0	50,0	50,0	50,0	50,0
Raw materials and supplies	12,1	12,0	17,8	18,0	18,0	18,0	18,0	18,0
Work in progress	9,3	9,8	12,4	12,0	12,0	12,0	12,0	12,0
Finished goods	15,2	16,5	19,1	20,0	20,0	20,0	20,0	20,0
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	74,3	68,5	74,7	75,0	75,0	75,0	75,0	75,0
Receivables, gross	74,3	68,5	74,7	75,0	75,0	75,0	75,0	75,0
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	7,0	13,0	12,7	13,0	13,0	13,0	13,0	13,0
Prepaid expenses	4,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other current assets	0,0	0,2	0,1	0,0	0,0	0,0	0,0	0,0
Current liabilities as days in net sales								
Trade payables	13,8	13,6	15,0	15,0	15,0	15,0	15,0	15,0
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	13,5	11,3	13,0	13,0	13,0	13,0	13,0	13,0
Social security liabilities	1,7	1,6	1,9	1,9	1,9	1,9	1,9	1,9
Tax payables other than income taxes	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other liabilities	54,2	49,4	48,2	48,2	48,2	48,2	48,2	48,2
Deferred income	0,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0
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	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Operating profit	0	7.808	7.593	7.458	7.604	7.984	8.384	8.803
<i>Effective income tax rate</i>	0,0%	29,5%	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%
Taxes on operating profit	0	(2.304)	(2.183)	(2.144)	(2.186)	(2.295)	(2.410)	(2.530)
NOPLAT	0	5.504	5.410	5.314	5.418	5.689	5.974	6.273
Depreciation, amortisation and impairment charges	0	1.150	1.045	1.185	1.244	1.304	1.366	1.429
Change in long-term provisions	0	(213)	507	(4)	20	53	55	58
Change in net working capital	0	(1.773)	(848)	(73)	(60)	(154)	(162)	(170)
Change in other assets net of other liabilities	0	(957)	(734)	(20)	(12)	(0)	(0)	0
Operating cash flow	0	3.711	5.380	6.402	6.611	6.892	7.233	7.590
Investment in property, plant and equipment	0	(1.113)	(1.710)	(1.100)	(1.133)	(1.167)	(1.202)	(1.238)
Investment in intangible assets	0	(287)	(2.001)	(430)	(443)	(456)	(470)	(484)
Free cash flow	0	2.311	1.669	4.872	5.035	5.269	5.561	5.868
Required short-term investments	1.000	1.000	1.000	997	1.016	1.067	1.120	1.176

DCF Valuation Summary

in millions of GBP	GlaxoSmithKline plc		
	Free cash flow	Discount factor	Present value
2008	4.872	0,97	4.737
2009	5.035	0,92	4.626
2010	5.269	0,87	4.574
2011	5.561	0,82	4.561
2012	5.868	0,77	4.544
Continuing value	106.281	0,75	79.984
Value of operations			103.026
+ Excess short-term investments			3.532
+ Financial assets			846
+ Other non-operating assets			0
Enterprise value			107.404
- Short-term borrowings			3.504
- Long-term borrowings			7.067
- Minority interest			307
- Preference shares and other capital			0
Ordinary equity value			96.526
Shares outstanding (thousands)			5.507.806
Ordinary share value (GBP)			17,5

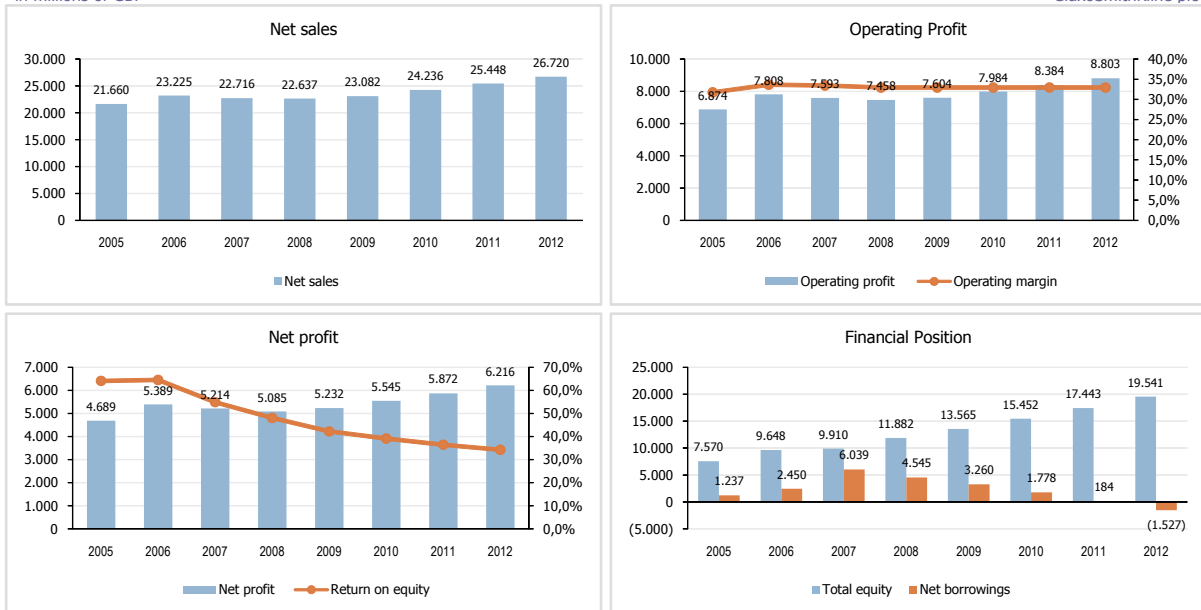
Valuation summary

GlaxoSmithKline plc				
	Value (Mill. GBP)	Per share (GBP)	Multiple (2007)	Weight
DCF valuation	96.526	17,5	-	40,0%
P/Book valuation	30.730	5,6	3,2	15,0%
P/E valuation	67.782	12,3	13,0	15,0%
EV/EBITDA valuation	97.310	17,7	12,0	15,0%
EV/Sales valuation	48.172	8,7	2,4	15,0%
Ordinary equity value	75.210	13,7	-	-

Selected Financial Data (Charts)

in millions of GBP

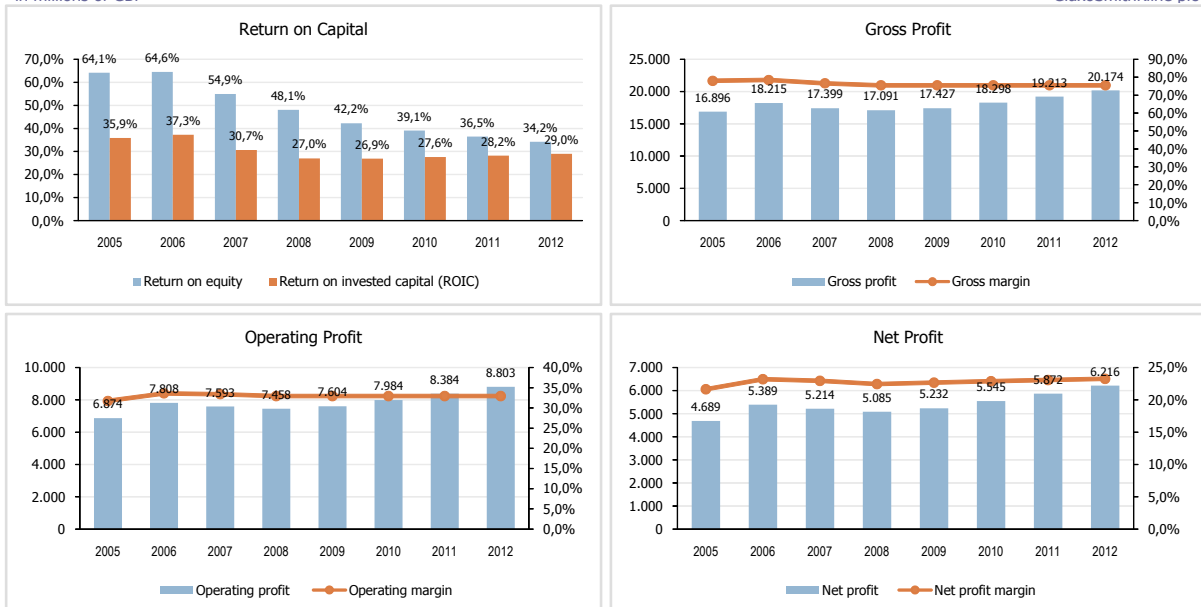
GlaxoSmithKline plc



Profitability Ratios (Charts)

in millions of GBP

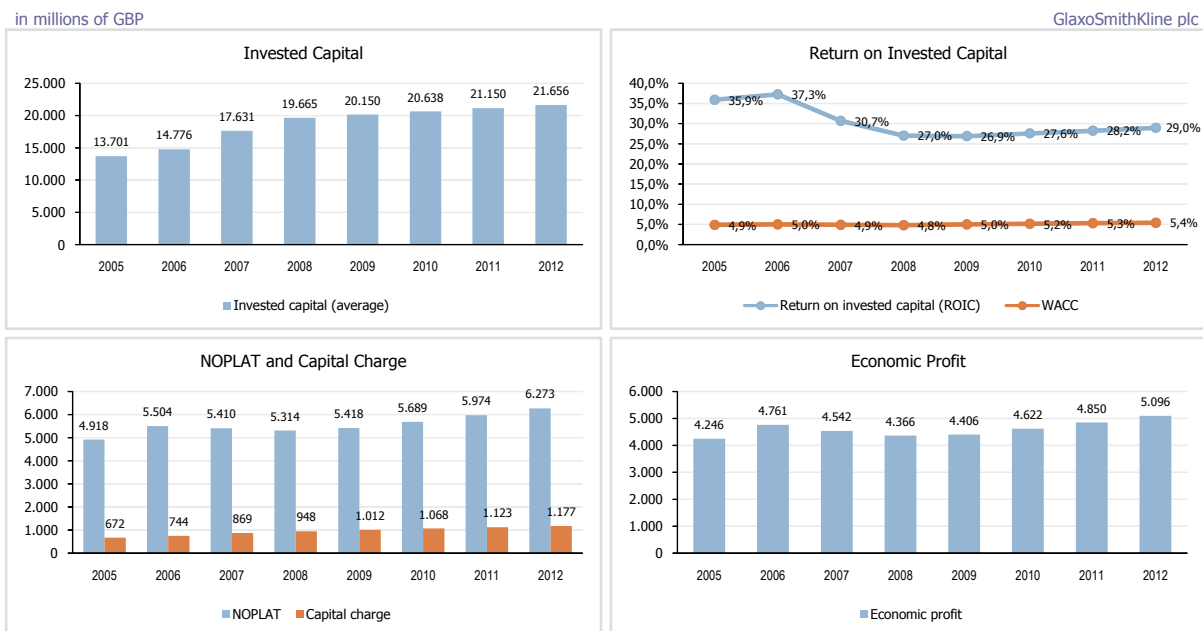
GlaxoSmithKline plc



Financial Condition Ratios (Charts)



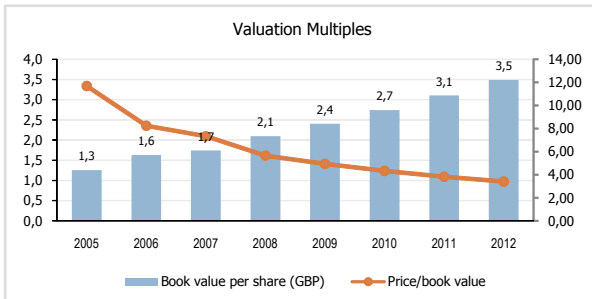
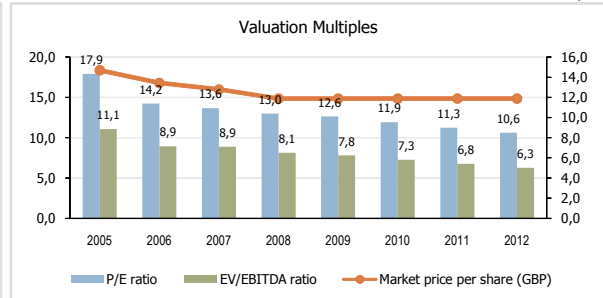
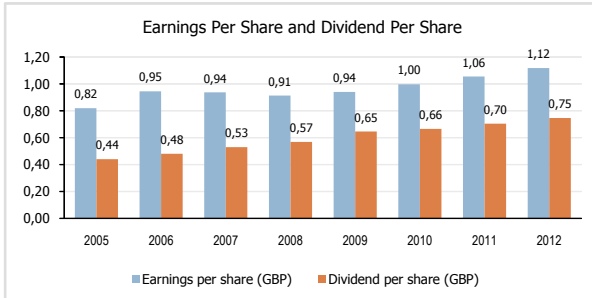
Return on Invested Capital (Charts)



Share Data (Charts)

in millions of GBP

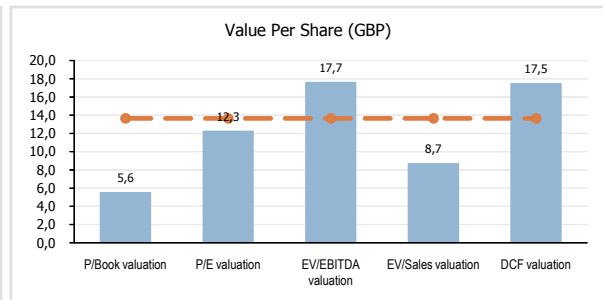
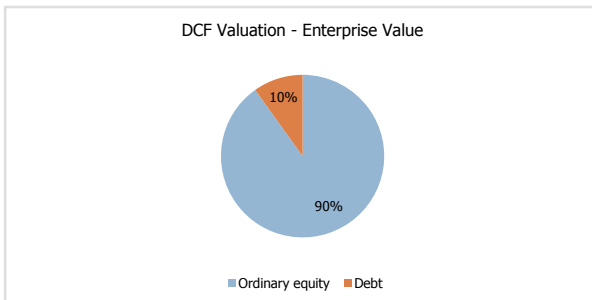
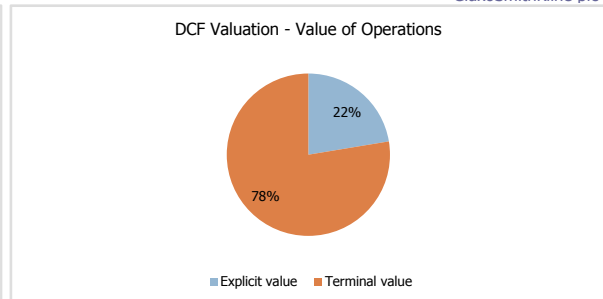
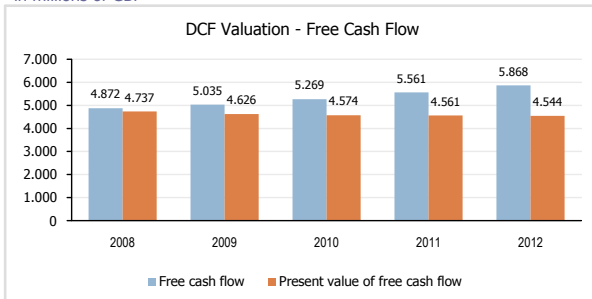
GlaxoSmithKline plc



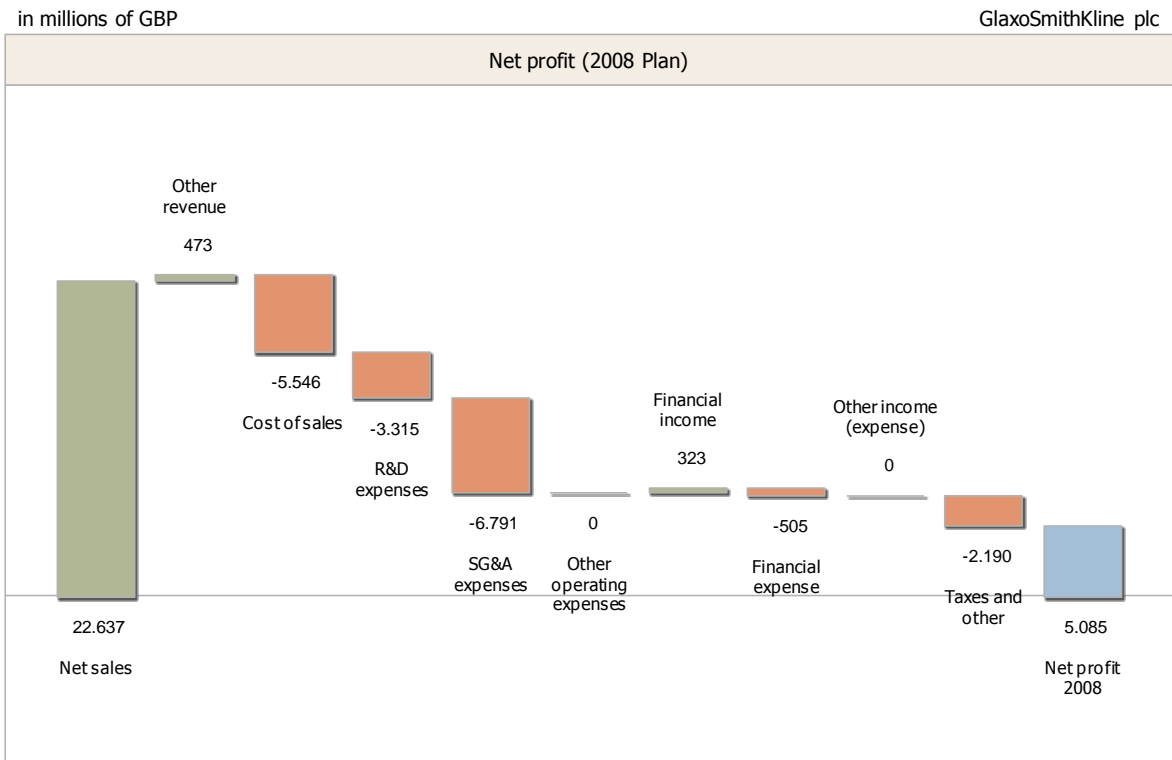
Valuation (Charts)

in millions of GBP

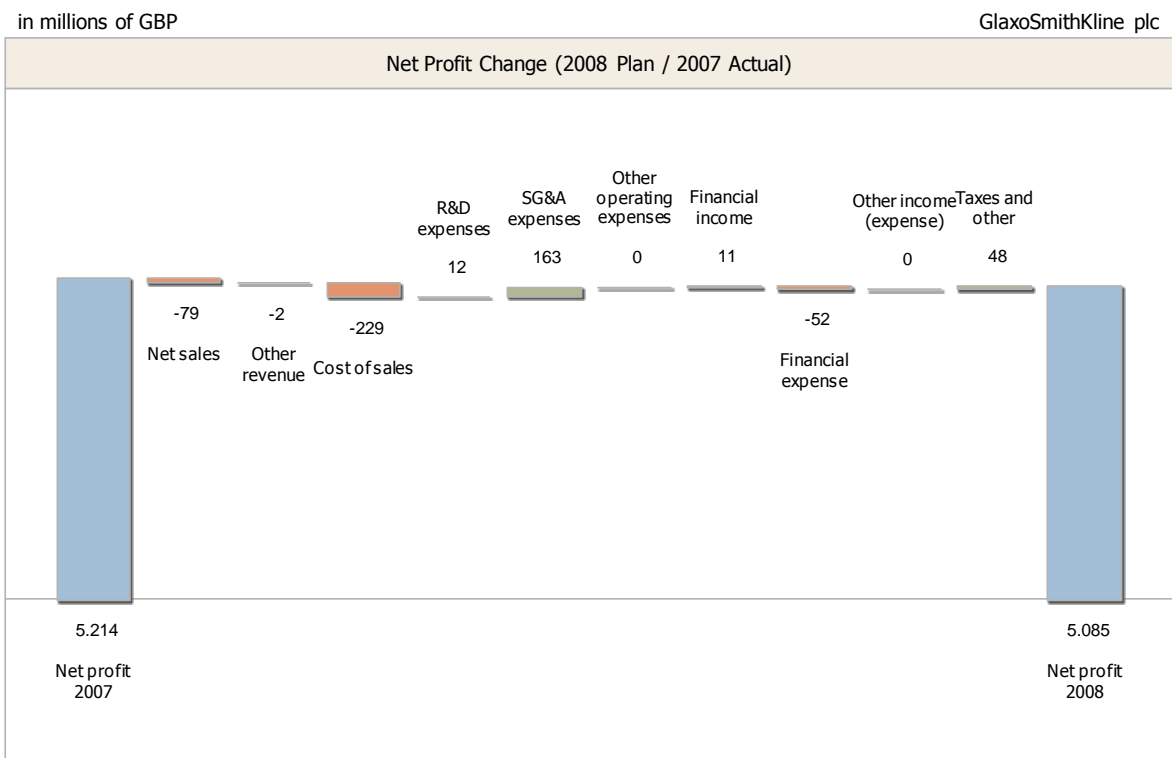
GlaxoSmithKline plc



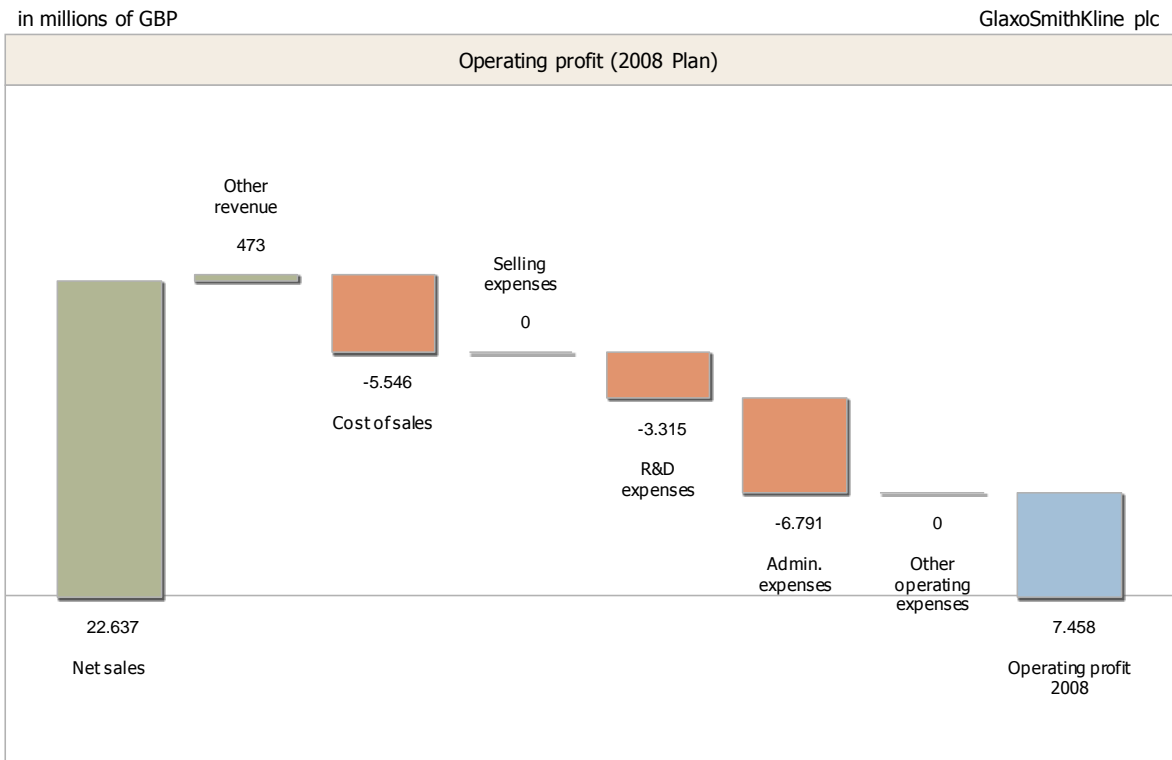
Net profit (Chart)



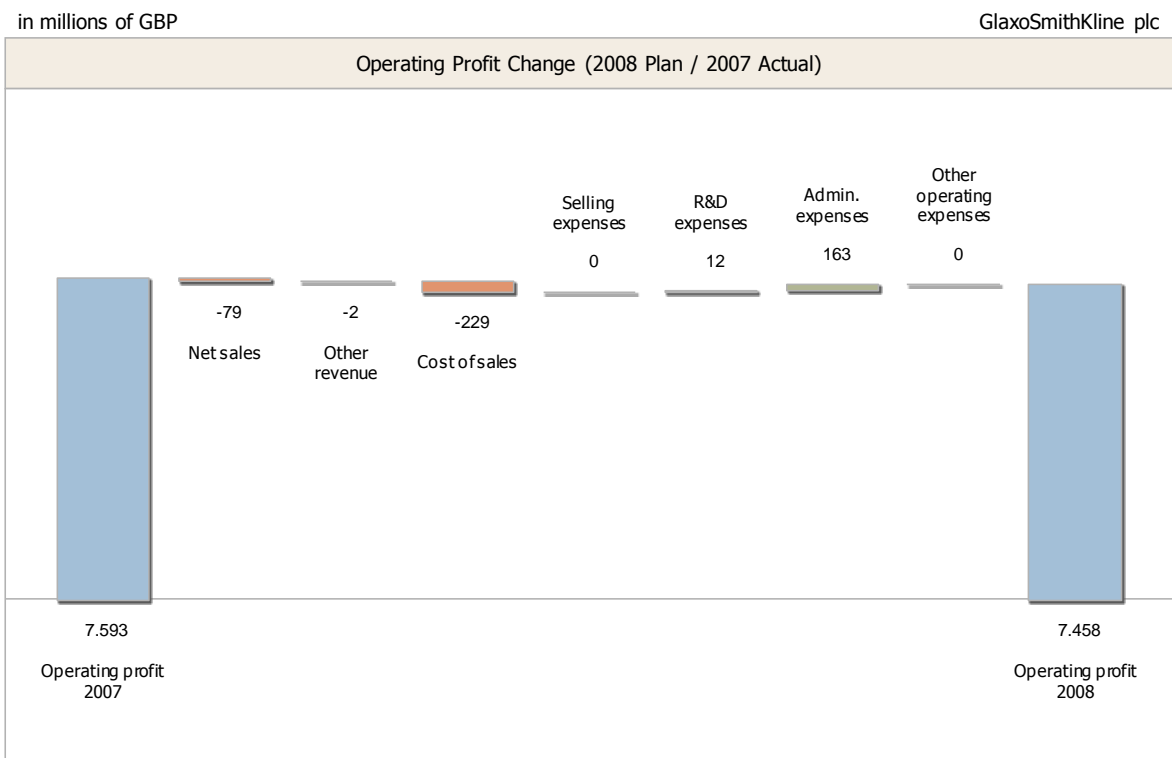
Net Profit Change (Chart)



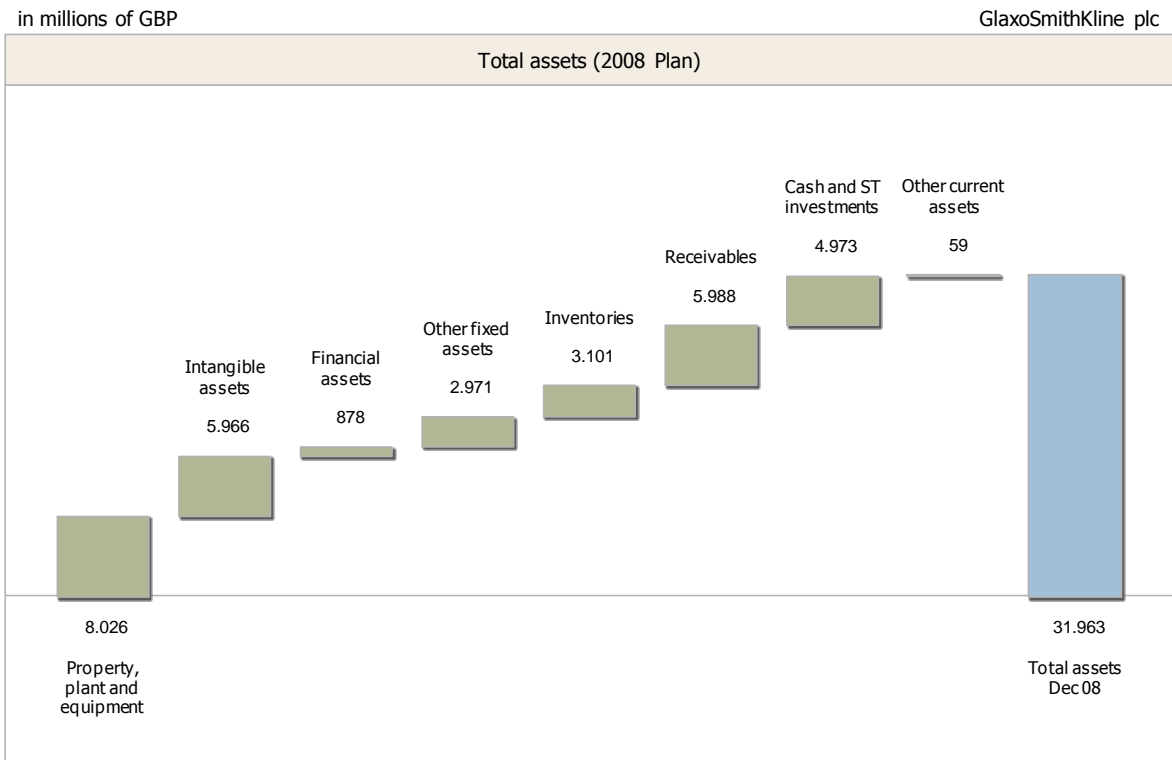
Operating profit (Chart)



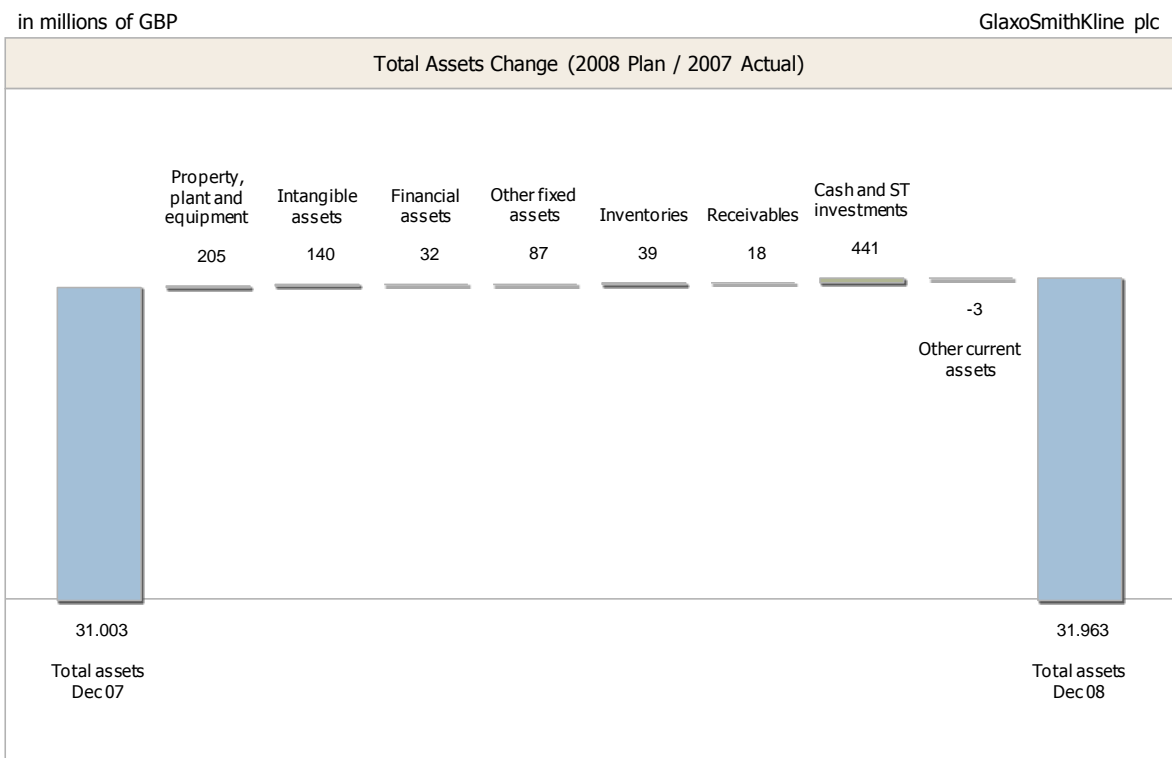
Operating Profit Change (Chart)



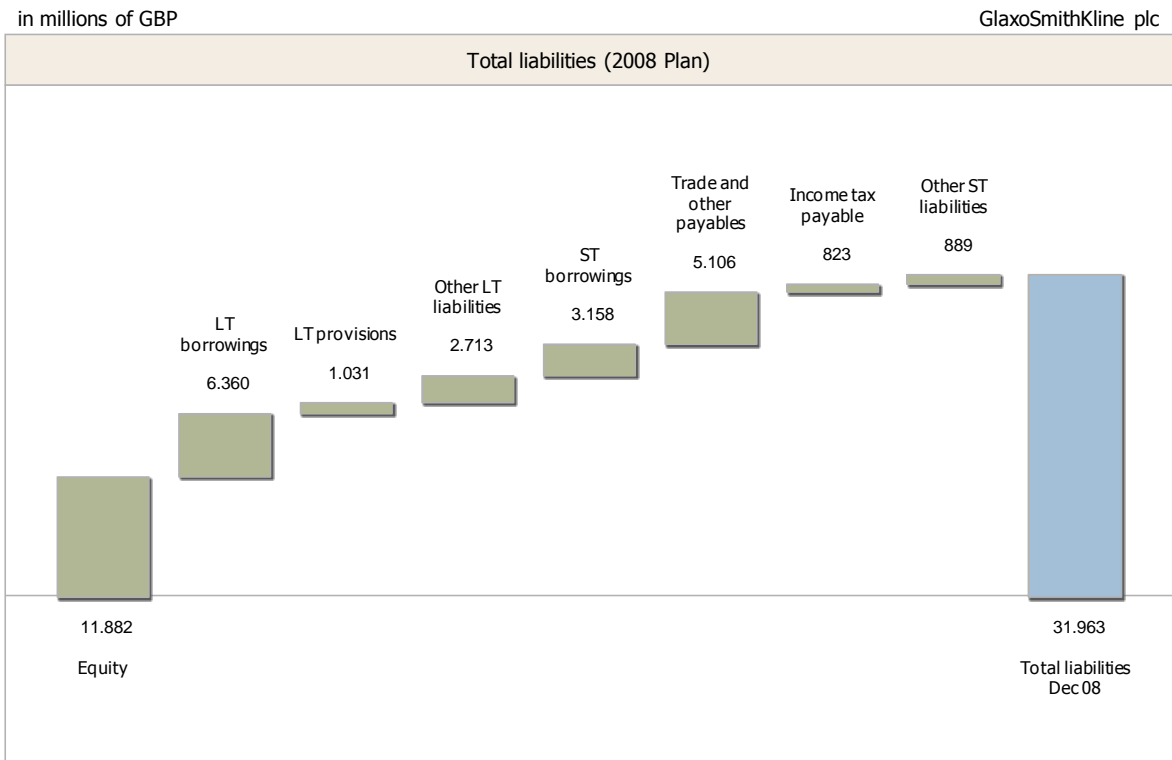
Total assets (Chart)



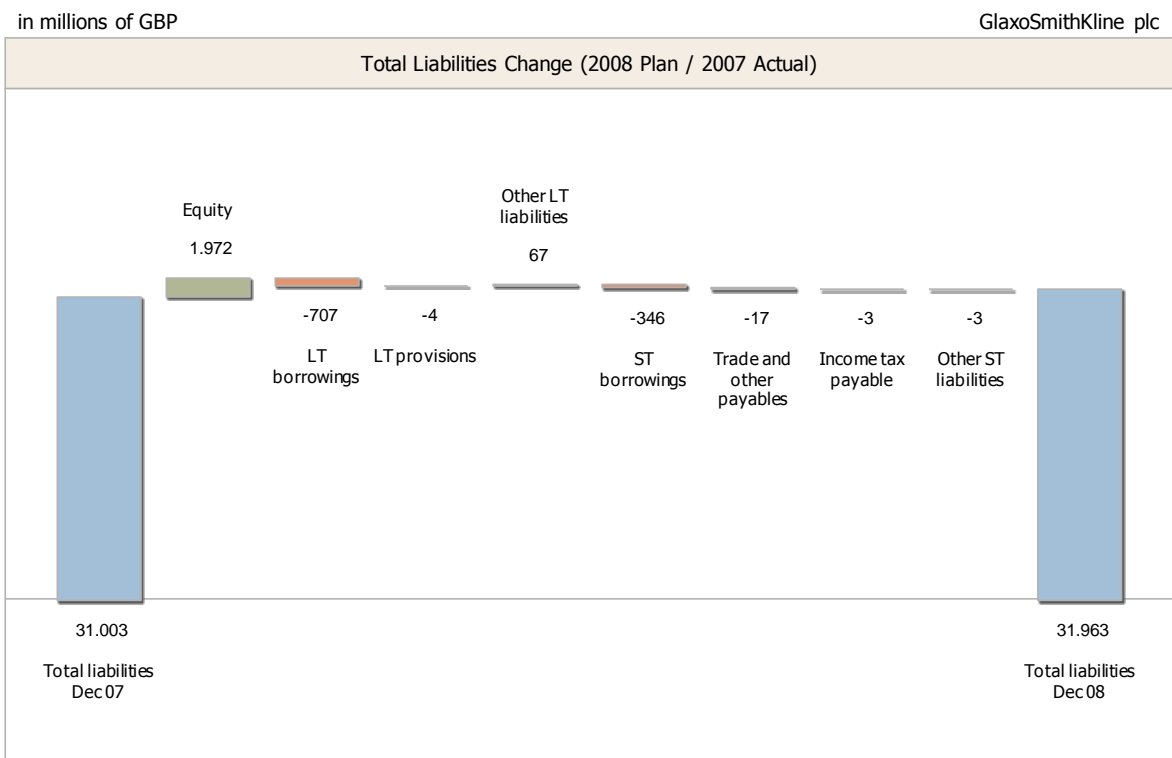
Total Assets Change (Chart)



Total liabilities (Chart)

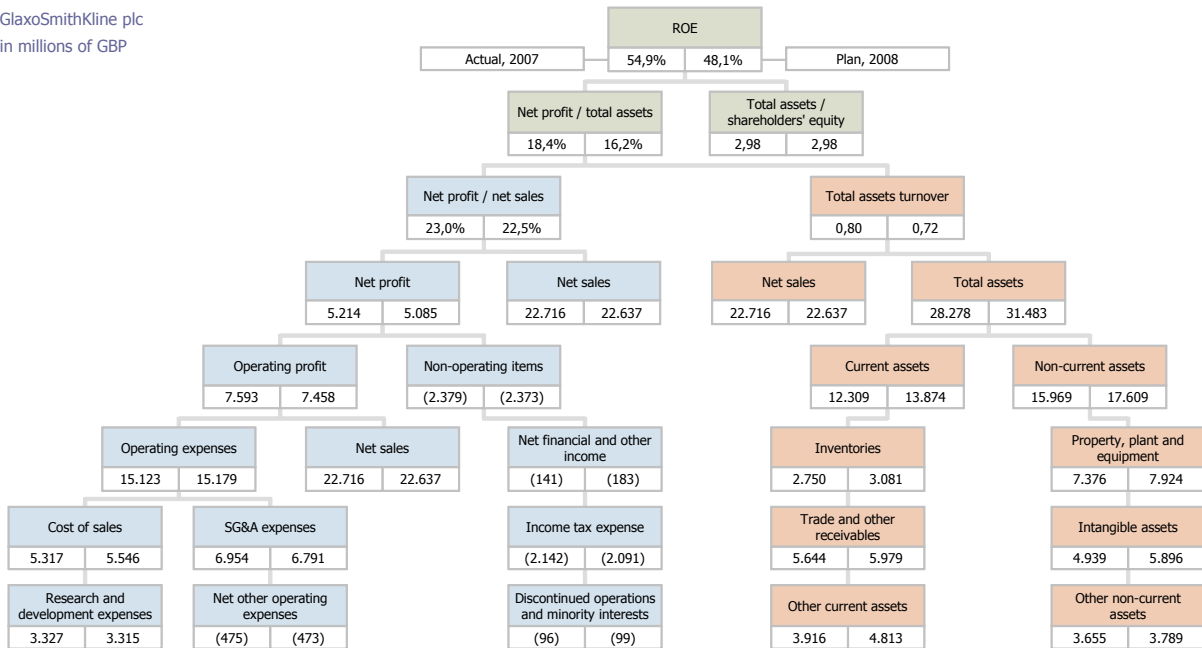


Total Liabilities Change (Chart)



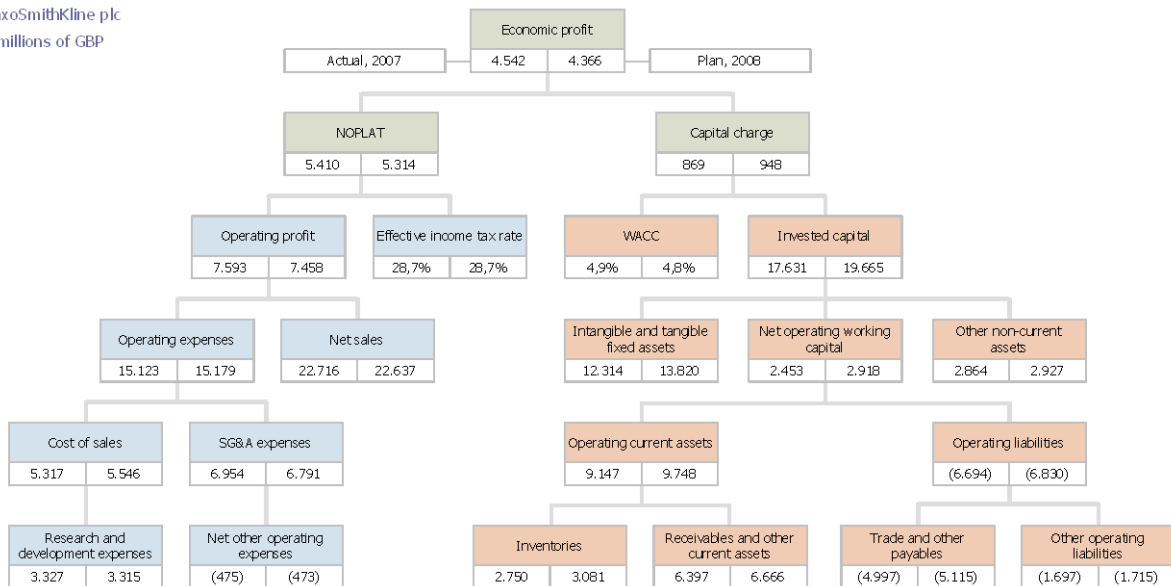
Du Pont Diagram

GlaxoSmithKline plc
in millions of GBP



Economic Profit Diagram

GlaxoSmithKline plc
in millions of GBP



Basel II Rating Diagram

