GSK plc

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Graham Parry Analyst

Hey, welcome back, everybody. Thanks very much for joining us for our first European company for the morning session on day 2 of the conference. So I'm Graham Parry from BofA's European pharma team. It's my pleasure to be able to introduce Julie Brown, the CFO of GSK. So we've got about 40 minutes with Julie for a fireside chat and Q&A.

Graham Parry Analyst

So perhaps, Julie, I don't know if you want to start off with any kind of opening remarks on just your 1.5 years now, I think, roughly into your tenure. So what did you inherit? What do you think the key changes have been? And how are you on track to sort of meet those mid-term objectives?

Julie Brown Executive

Thank you very much, Graham, and good morning, everybody. Delighted to be here to speak to you this morning. I mean we've been through a significant change at GSK. I think, obviously, before I joined, we went through the demerger with Helion. And I think one of the major achievements with that was, obviously, the balance sheet was more secure in terms of future optionality for business development.

And then the second change was we became a pure-play biopharmaceutical company, which allowed a degree of focus on the pharmaceutical business, together with the amalgamation of the vaccines business. So now a pure-play biopharma focused on medicines and vaccines. In terms of the journey so far over the 1.5 years, we have been really focused on really 4 things. The first one is execution. And you will have seen the strength in the earnings and what we've delivered over the course of the last 1.5 years, 2 years in terms of upgrading our

performance and upgrading our longer-term outlooks.

This year is also very strong. So we've recently guided very positively. We've got 2 upgrades recently. So the momentum of the business is strong, and I would definitely call out the Specialty Care momentum, in particular, has proved to be very, very good. The second thing is the pipeline.

So we laid out an investor road map about a year ago now, actually, just over a year ago, which laid out the key milestones that we are measuring and watching because obviously, as each one occurs, you get an inflection point in the sales projection. And I think Tony Wood, our Head of R&D, has done a super job of clarification in research and development. And those assets -- you expect some to fail and some to succeed but those assets, you see largely a sea of green ticks that have come through from GSK over the last 12, 18 months. And the third area is capital allocation. And when I joined, I spent about the first 3 weeks just listening to investors and understanding their concerns and where they saw our opportunities.

And in terms of that, we've been very clear about capital allocation. We've clarified the 4 therapeutic areas of focus. We've clarified our positioning in oncology, which is really starting with hematology and gynecological cancers. And we've also been clear about our respiratory franchise. And you've probably seen us put increased emphasis on respiratory together with recent readouts in that area.

So I think capital allocation is purely focused on the pipeline, the pipeline development and also business development, improvement through business development in that pipeline. And then the fourth area is all about investors. So we've been really clear about investor engagement. We've set up our engagement with Congresses in terms of data readouts and also through, not just the quarters, but the roadshows and attendance of the big meetings. So I think those 4 areas have been the focus.

The longer-term focus is still very much on the sales growth, but also a competitive P&L. And you've probably seen us put more focus on the margin. The accretion through the margin this year will be considerable. Also, if you look at the period '21 to 2026, the guidance means that we need to deliver 500 basis points of margin improvement over that 5-year period, which is considerable. So yes, you can see we're a team that has a strong commitment to what we said to the market, and we're delivering on it, if not more.

Graham Parry Analyst

Good. So I think your midterm guidance, which you inherited, but then I think upticked slightly is for 7% -- so greater than 7% sales growth and greater than 11% operating income growth between 2021 and '26. So we're sort of midway through that. Consensus is already more optimistic at 9% and at 13%. So perhaps, is there any areas of particular caution you're focused on?

And what would be the threshold for you to -- if you're performing more in line with consensus to think about changing that guidance and addressing it and updating the market?

Julie Brown Executive

Yes. Well, I mean as you know, we updated only, well, 8 months ago now. And I would stress as well that the guidance has been carefully considered, and we would emphasize that it's more than so more than 7% on the top, more than 11% on the bottom and progression to more than a 31% margin over that period by 2026. Obviously, there are puts and takes in any business, both through the R&D pipeline and sometimes commercial. And we think we're in broadly the right place at this point in time.

But we clearly keep it under review. This year, we have upgraded twice in terms of this year. We're now on 7% to 9% on the top line. We're now on 11% to 13% on the profit. That's actually an incredible performance because this is the year we lose the Gardasil royalties.

So actually, that means we lose 6 percentage points of growth this year due to Gardasil. So actually, what we're guiding effectively is up to a 19% profit growth this year on the back of 7% to 9% on the top line, which shows the considerable leverage we're getting out of the business because of that very strong execution and also a focus on ROI and delivery of the ROI in the business. So I think it's a case of watching this space.

Graham Parry Analyst

Yes. Got it. Okay. And then I think the part of your long-range guidance is the GBP 38 billion revenue, 2031. Consensus has been ticking up on that as you've had some of the pipeline readouts, so I think it's currently running at about GBP 35 billion.

But where do you see the sort of key gap? Is it just -- is it mostly pipeline? Or is it on when you look across the consensus numbers? Or is this the operating performance, where do you think Street might be underestimating relative to your internal plan?

Julie Brown Executive

Yes. I mean, first of all, you can get frustrated, but it's entirely natural that The Street is always usually below the company. And when you look at peers, it's the same because, obviously, we're tracking the assets as they're going through development and we apply a probability of success, PTRS, as we call it, technical and regulatory success. And therefore, the market will tend to be slower than that because you're always waiting usually for a Phase III readout, and we totally understand it. In terms of consensus itself, as you say, we've guided to more than GBP 38 billion by 2031.

That does not include BLENREP. And BLENREP we recently had an oncology meet with the management. And BLENREP, we see as having potential of more than GBP 3 billion. So first of all, there needs to be an adjustment for that. Consensus, Graham, as you mentioned, has actually moved GBP 5 billion by 2031, during the course of the last 12 months, which we're pleased with that in terms of consensus is moving.

We're also pleased with the fact that we've guided a stable margin through the dolutegravir patent expiry. And this was an area of concern for consensus. And again, consensus has moved up through that period. So I think there is a good dialogue with analysts and also very much with investors in terms of the trajectory of the company. In terms of you mentioned

where is the gap between consensus and ourselves, the major gap lies in the pipeline to your question.

And the major gap within the pipeline lies within Specialty Care. And there are 2 aspects within Specialty Care, where the focus is in terms of the difference between ourselves and consensus. And the first one is oncology, and some of that is expected because we are still building an oncology business. And we've actually had a brilliant track record with Ojjaara, we've recently launched together with BLENREP potentially and Jemperli life cycle management. And then the second area is respiratory immunology.

And respiratory immunology, we've got a number of readouts that were not being picked up by consensus that have happened in just the last month. So Nucala and depemokimab have just both had readouts. And obviously, together with that, you've got camlipixant coming next year. So this is refractory chronic cough. It will be the first asset in this class, given Merck were not successful.

And therefore, consensus understandably is waiting for that Phase III readout. So we're trying not to get too frustrated. And I do believe as the readouts come, that this will come through.

Graham Parry Analyst

Got it. Yes, super great. So pipeline, predominantly oncology, respiratory is the area you see the...

Julie Brown Executive

Those are the key areas, yes.

Graham Parry Analyst

And actually, within that is any of that, for example, new indications or expanded indications for Jemperli and the Ojjaara numbers where I'd say their recent performance has probably been ahead of expectations?

Julie Brown Executive

Yes. I think both of these are features. BLENREP is actually the largest difference, but you've also got Jemperli, we've got now increasing life cycle. We started in gynecological cancers. We're moving now into head and neck and other cancers for Jemperli.

So clearly, people are waiting for inflections on that. And then yes, Ojjaara has had a fabulous launch. It's the highest performing JAK1 launch in the industry. And I think people are gradually updating Ojjaara as they see the potential.

Graham Parry Analyst

And then on the margin guidance that you alluded to, to keep margins flat through dolutegravir, loss of exclusivity. Obviously, it's very high margin revenue going away sort of 2028 to 2030. To keep margins flat, just to be clear, that's basically because you think you've got revenue replacement from pipeline as opposed to big cost cutting or any kind of reallocation of the cost base?

Julie Brown Executive

Yes, it's definitely coming from the pipeline. It's definitely coming from sales, not cost cutting. Just to clarify with that, we are growing SG&A. But we've been through a cycle of double-digit growth in SG&A over a number of years. We have now reached a point where the majority of launches are going in the therapeutic areas where we were already very strong, the 4 that we've already mentioned.

And therefore, the launches and the coverage, we can hold the SG&A growth rate at a lower rate than we have historically, which means you get the margin leverage. So that's the mechanic of what's going on. But you raised a good point about dolutegravir. Graham as you mentioned, dolutegravir is a high-margin product. And the reason we feel confident we can hold the margins stable through that period is really threefold.

The first one is HIV itself, and HIV has the ability to regenerate some of that business, largely because the market increasingly is moving to the longer-acting therapies. And those of you that know HIV patients, this means a huge amount to them because the stigma associated with the disease or the virus is considerable. So if they can move to a longer-acting therapy, and we've got every 2 months on the market at the moment with Cabenuva and Apretude, then people are moving. And there was a SOLAR study that was comparing once a day Biktarvy with Cabenuva, which is once every 2 months, and 90% of the people preferred Cabenuva. So people want to move to long acting.

So by the time we get to 2028, is when the patents first start to go, it's over the period of '28 to '30, then what happens is we're expecting 40% of our business to already be in long-acting HIV at that point. So there's a degree of protection ourselves. And then we're moving now, and we've got very good data on Q4M, which means every 4 months. And then in the pipeline later, we've got Q6M. Each of these innovations means the patent's expiry or the loss of exclusivity has extended further.

So Cabenuva to be on the end of the decade and Q6M is beyond that. So this is the strategy for HIV. So that's the first one. The second defense is obviously the GSK pipeline itself. And very importantly, we're pivoting the business more and more to Vaccines and Specialty Care.

And as soon as you pivot the business to Vaccines and Specialty Care, you get an automatic uplift in those margins because historically, we've had quite a sizable gen med business. So that's an important second inflection point. And the third inflection point is the drive for productivity from SG&A. So we've put increased tools in place using generative AI, and we've now got the ability to have real-time simulations of marketing mix models that involve not just marketing data, but finance data, commercial data, marketing data, competitor data, and you can adjust real time in terms of what is working, what is the marginal ROI and what is the ROI? So if you're seeing marginal ROIs come through, that's when you change the marketing mix.

This is a big -- I think we're leading edge in this now, and this is a big enabler for the business.

Graham Parry Analyst

Okay. Interesting stuff. AI is becoming, I think, more commonly talked about in pharma, in SG&A, as well as R&D now as well. So maybe shift gears to some marketing products. So

Arexvy obviously had a very strong launch.

The RSV vaccine had a very strong launch last year. Early season prescriptions this year so far have been well below the level that we were seeing this time last year. So perhaps just talk through the dynamics of that? What's driving it? Is it confusion around pace of changing the recommendation in June?

Is it you just -- you hit a lot of the low-hanging fruit last year. It's just harder to find people this year, for example, but perhaps just talk us through those dynamics.

Julie Brown Executive

Yes, sure. Yes. So you make a good point. The prescriptions this year are below where we were tracking last year. First of all, last year, as we guided in Q3, there was a large element of stocking in.

You'll recall conversations we were having this time last year. So we had around 3 million doses stocking in in Q3 in the channel. That level has reduced considerably as we've gone now. By the end of the second quarter this year, we had about 0.7 million doses in the channel. So there's a very different sort of stocking dynamic.

The second point is, I think ACIP have changed the position from where they were this time last year, as Graham alluded to. And last year, we had what was called shared decision-making 60 to 74 age group. And ACIP have changed that to adults more at risk in that 60 to 74 age group. So there's going to be, I think, a level of complexity in understanding which patients are actually eligible. So that's brought an additional complication.

Overall, though, in terms of Arexvy, we've also got a macro dynamic taking place with regard to ACIP's recommendation about vaccinations for COVID. So we've seen a big uptake in COVID vaccinations during the course of this period, somewhat understandably given the dynamics in the U.S. But we've just seen about a tenfold increase in the vaccinations that are going in for COVID. So what this all means is we still believe there is a golden opportunity for Arexvy. At the end of last year, Pfizer and GSK, we were the only 2 players in the market this time last year.

And the penetration level of the market was 14%. So considering this is a deadly disease, it tends to affect older adults and babies, but it is a deadly disease. It results in about 100,000 hospitalizations in America in this season and about 14,000 deaths. So it's a very serious virus. And therefore, the penetration we'd anticipate overall, not being like a Shingrix, but being much more like flu, where you're dealing with a 60% to 70% -- or 60% to 65% penetration level.

So over the course of time, and I stress over the course of time, not immediately, but over the course of time, I think a strong vaccine with strong efficacy has a role to play in protecting people against RSV, protecting health care systems against RSV and yielding a strong penetration level. So that's where we see our position.

Graham Parry Analyst

Okay. So the COVID interruption, do you think that's temporary? Or do you think that we

should be thinking about total vaccinations in the second half of this year and this season being lower than what we saw between -- across the whole market between both you and Pfizer?

Julie Brown Executive

Yes, we would anticipate that. And we indicated this at Q2. That I mean last year, the launch was phenomenal, and there was a large element of stocking, which we called out. This year, because of the ACIP change, because of the surge in COVID vaccinations due to priorities that ACIP have decided are appropriate, we would see more pressure on that year-on-year position. Having said that, we still -- we've said we expect to achieve more than GBP 3 billion peak year sales, this is Sterling for Arexvy, and we still anticipate that.

But clearly, it's not going to be the same growth rate because of what we achieved last year. It was a phenomenal launch. I think it surprised everybody.

Graham Parry Analyst

Yes. No, you placed a high hurdle.

Julie Brown Executive

We did. We did.

Graham Parry Analyst

And if I look at the split between you and Pfizer, obviously, they started contracting later last season. This season, you're all in the mix together with Moderna as well. I think latest scripts are showing you sort of dropped about 50% of the share, and you could tell on the Q2 call that you'd -- contracted the market leadership, but is that sort of 50% where we should be thinking you're going to sort of stay for the rest of the season? Or is market leadership sub-50% share number?

Julie Brown Executive

Yes. Well, according to our data, we're running at around a 62% share. So we're still beating Pfizer. As you know, we beat Pfizer considerably last year. Pfizer wanted to come back out fighting, but we're very pleased with the overall contracting position where Luke and the U.S.

team arrived at. Moderna, as you say, there's a third player in -- or a third boxer in the ring this year, which is Moderna. They do have -- obviously, they're later to the party, but also their efficacy -- their duration of efficacy has waned quite significantly. So I think their data was around 8.8 months, and it was down already to about the low 60% range. So that's a very different picture to both GSK and Pfizer.

So Moderna have got only a small share of the market. The major competition is really between ourselves and Pfizer. But we're pleased with the contracting. The performance through the contracting period has been strong. Pfizer, as we mentioned, we've got 62%.

So what we're seeing at the moment with the scripts, I know you follow them weekly as we do, the problem at the moment is more the COVID dynamic and probably the ACIP

recommendation. Now we've obviously got October ACIP coming up, and we're preparing data packages associated with that. I think the agenda will be announced in the next couple of weeks. So we'll have a lot more clarity as we go through October ACIP in terms of the trajectory over the next 12 to 18 months.

Graham Parry Analyst

And so is the strategy to try and preserve price and share, but ultimately try and preserve pricing, not -- especially with Moderna coming into the market not see a race to the bottom on price here?

Julie Brown Executive

Yes. I mean we obviously -- we wouldn't see a race to the bottom on price as a great strategy at all. We believe we've got an incredibly strong vaccine with very strong efficacy and duration of efficacy against a deadly virus. And we saw last year as just the beginning. We're here for the long game.

And very importantly, the focus has been, as usual, in the early stages, the U.S. market. As we move now into the subsequent years, obviously, building an international presence, I mean you've seen what we've done with Shingrix, the international presence over time, it doesn't happen immediately. It really builds. I mean we would start with the private pay markets across Europe and international.

And then you move obviously into national immunization programs. It's in our interest to know exactly the duration of efficacy before you go into those national immunization programs if you've got a very competitive, best-in-class vaccine. So that's our strategy. I think it definitely wouldn't be priced. And in fact, we've been prepared to forsake price.

The U.K. is one example of that, where Pfizer got the contract. So we're taking a long-term view of this.

Graham Parry Analyst

Yes. And so they said we should get data, which gives you a further update on third season efficacy and duration. And I think to me, the messaging seems to have shifted a little bit more towards, we've got a low GBS risk, Guillain-Barre syndrome and a long-duration vaccine. But that would start pointing towards a vaccine that maybe doesn't need a booster next year. So when you look at your guidance for sort of growth in Arexvy next year and the GBP 3 billion peak, does that assume boosters are happening?

Or do you now see this is more of a vaccine where you roll it out globally, but is the preferred vaccine in the market, but maybe boosters are either not happening or they're happening much less frequently than that?

Julie Brown Executive

I mean, I think we're in the process of analyzing the data at the moment. And there are 2 factors within this. You've got the efficacy of the vaccine and then you've got the immunogenicity and whether the booster gives benefit. We do believe there is some waning

-- I think you've seen the data, there is some waning happening with regard to Arexvy. It's a different profile to Shingrix.

So therefore, we would expect at some point, there would be a booster. In terms of the forecast, the major factor besides boosting is the penetration level. And if you've got the potential for a best-in-class vaccine and at the moment, we're 14% penetrated, and we believe a flu type -- this virus is very seasonal in the same way that flu is and deadly in the same way that flu is, we believe that the penetration level can increase -- will increase over time. And as we mentioned, we're here for the long game.

Graham Parry Analyst

Yes. Which seems a sensible strategy, I guess the challenge for that is as you look at 2025 if there's no booster and you haven't really rolled out in Europe yet. You're already -- I think we estimate by the end of this season, you could be over 30% penetrated, which is where Shingrix sort of stopped growing year-on-year. Is growth in '25 in Arexvy then a real challenge?

Julie Brown Executive

I think we -- it's still early days. We've got a number of milestones coming. I think clarity of the data around second or third season is coming and it will come before ACIP. It will be discussed with ACIP. So I think this is the first major consideration.

And then our projection around our profile versus the competitor's, we believe we're much stronger than Moderna, for example. Our profile versus the competitor's and the penetration level. I think also virus or disease awareness is a big factor in this. Flu is really, really well established. Everybody knows the dangers of flu.

We did major DTC campaigns last year associated with RSV. People, we raised awareness, I mean prior to that, it was unknown, totally unknown. I think that's why the launch surprised everybody in the way that it did. Again, we've got that activated again. This is where having 3 players in the party rather than 2 is actually advantageous because you raise the awareness.

So I think the penetration level is the thing to now watch for and separate out, our competitive position versus macro factors such as ACIP focusing on COVID this year and that type of thing. But look, I think this next few weeks is going to be really important as we lead into ACIP and as we get the final immunogenicity data for Arexvy.

Graham Parry Analyst

Got it. Okay. I might switch gears to Shingrix then because that's also been obviously a great success story, but it started to stall in the U.S. So do you think you can grow again in the U.S.? Or is this sort of now about just trying to find the pockets of the population that are harder to reach, but year-on-year growth is going to be very challenged in the U.S.

now?

Julie Brown Executive

Yes. So it's a good point. In terms of Shingrix, we're now around the 38% penetration level in

the U.S. market. It is a different virus totally to RSV and flu.

We wouldn't expect to get to those sorts of levels with Shingrix. The key thing with Shingrix is the growth is going to come ex-U.S. We've already seen the ex-U.S. position with Shingrix, whether it be Europe, whether it be Canada, whether it now be China with the Zhifei deal, that's where the growth is going to come from. The penetration levels now in the U.S.

are reasonably high. And we are coming up against those harder-to-reach cohorts. And we've pivoted the marketing approach. We've pivoted the targeting approach more towards health care professionals that are associated with those difficult-to-reach cohorts. So we are doing a lot of work in terms of, again, the marketing approach to these groups of people.

But I think basically, I would look for the rest of the world to be generating the growth. And Shingrix, I think it's clear, we were clear about this. Week-on-week, the prescriptions are improving now in Shingrix. But compared with last year, if you look at week to week, it's improving. But you compare it with last year, it's still down.

And we would expect it to be down compared with last year as we go and finalize the third quarter.

Graham Parry Analyst

Yes. And then in China, there was some sort of movement in the phasing of the deliveries to Zhifei. Perhaps just to kind of explain especially in the -- because I coincided with a bit of a bloodbath for Merck in terms of their Gardasil. I think people sort of quote them, put the 2 together. So perhaps you just explain specifically what was the inventory issue for GSK and how that did or didn't relate to what we're seeing with Merck?

Julie Brown Executive

Yes. Yes, absolutely. So obviously, the relationship with Zhifei is brand-new on Shingrix. They -- I think they're a great partner. And they've effectively given us access to about 30,000 points of vaccination as opposed to 9,000 that we had alone.

So it's definitely a very good way to reach the market and reach the Chinese consumer. Clearly, the Chinese consumer has been through some turbulence on a macro factor. And you mentioned Merck, I think we're in a very different time period than Merck. Gardasil is extremely well established. It's towards the end of its life cycle overall.

In our clinic position, we're in the early stages of the life cycle of Shingrix in China. And therefore, I think we would expect to see a different dynamic. As you say, there was a delay in one of the shipments. Instead of going out in June. It went out in July.

It was GBP 97 million. It came through in July as we planned. So I think we keep it under review. We're not immune to the situation in China. Obviously, it's a private pay market and the overall macro dynamics there.

And we keep it under review and I think we'll have a much clearer update at the end of the third quarter as we go through September and into visibility in the fourth quarter.

Graham Parry Analyst

So you're saying you're not immune to the dynamics in China. Just maybe expand on that a little.

Julie Brown Executive

Well, just in the sense of the consumer in China and the overall macro situation in China, they're obviously spending less in many areas, which are -- obviously, vaccines in China would still be a sort of discretionary spend. And therefore, we're not immune to the sense that other sectors have been impacted by the macro position.

Graham Parry Analyst

And then just to be clear that your deal with Zhifei, there were minimum contracted volumes. So they have to take GBP 400 million this year, GBP 800 million next year and GBP 1.2 billion the year after. Is there any scenario in which you wouldn't book that revenue out of Zhifei and they wouldn't take those volumes? Or is that set in stone in the contract?

Julie Brown Executive

There are minimum volumes, as you mentioned. But clearly, once -- we would take a long-term view with Zhifei in terms of the contracts. And we would always take a look as we do with a lots of our business. We'd look at the sell-in, and we'd also look at the sellout data because it's in our interest and their interest that the stocking levels are at the right level. So I mean, we have a very close relationship -- working relationship with them.

Luke was out there just very recently. And I think we just keep it managed closely.

Graham Parry Analyst

Got it. Okay. So if the demand wasn't there, you wouldn't necessarily hold them to the GBP 400 million this year, GBP 800 million next year?

Julie Brown Executive

I think it's probably too early to judge it. There are minimums in the contract. So we've got every right to do it. But I think with every partner, as you've probably seen GSK behave with other partners, we would take a sensible approach to it if there was a macro situation that they were dealing with.

Graham Parry Analyst

Right. Understood. And then if I look at the European situation, so Germany, you had a fantastic initial launch there. That looks like it's more fully penetrated now. So which other markets should we be focused on where there are new launch -- I think you're just about to launch in France, for example.

And will -- do you think that that will be able to replace, I guess, the slowdown in Germany and actually still see growth out of Europe over there this year, next year?

Julie Brown Executive

Yes, and Germany was a great launch and a great market for us. It was somewhat atypical across Europe because the penetration level in Germany from memory was around the 25 -- mid- to high 20% range. The majority of other markets across the world is a low single-digit percentage. So -- and as you enter national immunization programs, that's usually when you see the big tick up. So France is in that position now.

So we're very focused on growth in Europe and the rest of the world. It is a big opportunity for us, and we still believe that. It takes longer, but Shingrix is an amazing vaccine. We've now got data to say that people only need to be vaccinated 11 years and still counting. So once people have had Shingrix -- if you haven't had the Shingrix vaccine, I would recommend it highly.

I shouldn't be advertising things in this audience, but I would because you've got 11 years protection against a very painful rash.

Graham Parry Analyst

There you go. Do you mind now, actually, let's go and get it. Fantastic. I might just move on to Zantac, which has obviously been a thorn in the side for GSK over the last 2 years or so. Obviously, had some good news recently with the Delaware Supreme Court saying they take up the appeal on the original Daubert ruling.

Julie Brown Executive

This is unusual.

Graham Parry Analyst

Yes. And it doesn't happen all the time. So just perhaps run us through the implications of that decision, your confidence that you can get that decision overturned and what the time frame for that might be.

Julie Brown Executive

Yes, sure. So first of all, in terms of Zantac and our level of confidence, we have got extremely strong scientific data that shows there's no causal link between ranitidine and cancer. There is now 16 independent epidemiological studies that support that there's no causal link? And secondly -- and this was a statistic that I wasn't aware of until the beginning of last year, those 16 studies involved more than 1.2 million people. So these are not small studies.

They're independent and they're a wide range of people. So I think the science that makes us believe very clearly that the science is on our side. But a number of us know the U.S. court system now in pharma and the litigious nature of it and that it's a risk of doing business unfortunately in America. So we clearly won the first major case, which was the multi-district litigation, which 5 cancer types went forward in Florida, December '22.

And we won that case. And the judge, Judge Rosenberg, threw out all of those cancers and said there's nobody outside this courtroom that believes there's any causal link. It was a very definitive judgment. We went to Delaware just recently in January, Judge Medinilla, and she

formed the opposite view. This was not expected, I think, by the market or ourselves.

We then appealed, as Graham mentioned, we went to the Supreme Court and got the interlocutory appeal which was unusual for us to get it, but now the Supreme Court is basically going to relook at the judgment by Judge Medinilla. She's since retired, and the cases have been handed over to another judge. In terms of Graham's question about the time line, the hearings will be probably during the course of November, towards the end of the year. And then we would anticipate a judgment around the middle of next year. It could be slightly earlier than that.

It obviously depends on the scheduling. In terms of, obviously, a new panel of judges now will look at that scientific evidence and will look at the evidence from the plaintiffs and decide whether to take it forward or not. So that's the next major milestone. In the meantime, of course, we are taking a very pragmatic approach to this because we know how important this is to shareholders, and we appreciate the impact this has had on the share price. We had a significant drop in the share price when the judgment came through at the beginning of June.

It was around 7% of the share price. So therefore, we understand the importance of this, and we're taking a pragmatic approach. So you'll see just yesterday, we settled 2 cases in California. Interestingly, though, besides the epidemiological evidence in terms of the cases that have gone forward, 2 cases went forward and we won them. Two cases at the final judgment stage, they didn't go through.

That was obviously the Judge's decision. And then another 2 cases that were going to trial, the plaintiffs themselves decided to not to go to the final stage. So there have really been now 6 cases that have been tested to the wire and all 6 have been in favor of GSK. So we watch this, and we work on this very hard. We've got a very small group of people.

It's obviously the Chairman, the CEO, myself, General Counsel, looking at this, focused on the right strategy for this and obviously dealing with an external lawyer group, and we continue to work on this in the interest of shareholders.

Graham Parry Analyst

I guess people always sort of hope for a settlement, but 90 -- roughly about 90% of the claims are sitting in that Delaware appeal decision where an uptake on an appeal is a fairly rare thing. So is there any rational reason where you would settle until you've -- or come up with any kind of settlement until you've actually had that appeal ruling?

Julie Brown Executive

I think it's just a case of reviewing it, ensuring we've got the right strategy, working our way through it. As you say, we've got 79,000 cases, of which 74,000 were in Delaware. So very concentrated in that court system.

Graham Parry Analyst

Good. And then in terms of the rest of the strategy, so California, I think you've managed to settle all of the individual bellwether cases. Do you see a difference in the different court systems, so California settled; Illinois, you've actually gone to trial and won a few. California is

well known as a much more plaintiff-friendly state. So does that kind of play into the decision of where you settle and where you allow trials to go -- claims to go to trial?

Julie Brown Executive

Yes. It is a risk balanced approach. The court systems are different in the different countries -- or different states, I should say. Yes, so we're just being very pragmatic about it. And the thing that guides us, that's really important to us is shareholders' interests.

We will be always acting in shareholders' interest.

Graham Parry Analyst

Good. We're getting close to time, but a question I've been getting a lot recently is your HIV competitive dynamic. So we saw with Gilead, they've shown now some 6 monthly dose lenacapavir data in prophylaxis setting. Perhaps just help us understand how GSK sees that as a threat to, firstly, Apretude, but longer term the potential for them to have a 6 monthly dose treatment paradigm as well?

Julie Brown Executive

Yes. So Gilead -- first of all, as you quite rightly say, their product lenacapavir is targeting the prophylaxis, it is targeting the prevention market, which is about a 10% of the total market for HIV. So the Holy Grail with HIV is obviously the treatment market, which is 90% of the market. We are the only player with a solution for treatment because you need the combination. And at the moment, Gilead have not got the combination.

So the first thing is Cabenuva has been on the market now for a number of years. It's got patent protection out to 2030, 2031. We've also -- it's every 2 months, which is as we saw it's 90% preferred in the SOLAR study. And we've got the real opportunity now in combination with rilpivirine from Janssen to take it to every 4 months. So this is a major, major innovation.

Lenacapavir, like we say, is for prevention, but also we believe there are nodules forming in the injection site. This is an audience, obviously, that is very, very body conscious. So if you've got marks on your body that could last for 6 months, this is a major problem. So I think it's worth interrogating that lenacapavir data when it's fully available, both in men and in women importantly as well. So we're confident in the HIV pipeline.

As I mentioned, we've got the 2 months. We've got a pathway to the 4 months. We would hope to launch the 4 months for treatment, for prevention in '26, for treatment in '27. And then we've also got a development program that is working towards a 6-monthly solution for HIV patients, which would be absolutely incredible if we could do that.

Graham Parry Analyst

Great. So well, the clock's telling me that we're out of time. So thanks very much for your time, thanks Julie. Thanks for being with us today.

Julie Brown Executive

Okay. Thank you very much. Thank you.