

# Drugmaker GSK reveals lower profits, restructuring

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British drugs firm GlaxoSmithKline on Wednesday unveiled a 13-percent drop in annual net profits and outlined a plan for more restructuring in Europe to deliver greater savings and offset weaker sales across the region.

Profit after taxation fell to £4.565 billion (\$7.153 billion, 5.285 billion euros) in 2012 from £5.261 billion a year earlier, the pharmaceuticals firm said in a results statement.

Pre-tax profits meanwhile sagged four percent to £7.635 billion and revenues dropped 3.5 percent to £26.431 billion amid the "challenging" economic outlook.

GSK, which also has a large consumer healthcare division, added that it was weighing its options for drinks brands Lucozade and Ribena as part of its extended European restructuring plans.

The London-listed company added that the proposed restructuring measures, alongside changes to manufacturing and research and development, would deliver annual cost savings of at least £1.0 billion by 2016, at an overall cost of £1.5 billion.

"The clear adverse impact to performance in 2012 was weaker than expected sales from our European business," said chief executive Andrew Witty in the earnings release.

He added: "As we reduce our European cost base, we are also evaluating further strategic options to ensure we develop new capabilities and are able to maximise the value of our current and future portfolio in this region. I expect us to make progress on this work during 2013.

"This additional restructuring supports our strategy to change the shape of our business and deliver sustainable long-term growth."

As part of the new strategic plans, Witty said GSK would evaluate options for the Lucozade and Ribina brands, which are primarily established in western markets.

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