

Drugmaker GSK posts slumping Q1 profits

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British drugs firm GlaxoSmithKline on Wednesday said its first-quarter net profit tumbled by almost a third, with the group hit by falling sales and a poor economic climate.

[GSK](#), which also has a large consumer healthcare division, confirmed that it planned to sell drinks brands Lucozade and Ribena as part of its European restructuring plans.

Profit after tax dived to £961 million (\$1.47 billion, 1.12 billion euros) in the first quarter from £1.3 billion in the same part of 2012, the pharmaceuticals firm said in a results statement.

Pre-tax profit slid to £1.41 billion from £1.86 billion last time around.

Sales dropped three percent to £6.47 billion compared with the same period of last year, dented partly by the sale of GSK's non-core over-the-counter brands in 2012.

"The commercial environment in Europe remains challenging and unpredictable, and we continue to be cautious about the outlook here," chief executive Andrew Witty said in the statement.

He added that GSK had completed its strategic review into fruit-flavoured soft drink Ribena and energy drink Lucozade, which are both primarily established in Western markets.

"We... concluded that the tremendous growth potential of these iconic

brands, particularly outside the core Western markets, could be better leveraged by companies with existing category presence and infrastructure in these regions," he said.

"As a result, we have decided to pursue the divestment of these brands, subject to the realisation of appropriate value for GSK shareholders."

Witty added that GSK was "on track" to deliver total annual savings of at least £1.0 billion by 2016, under a restructuring programme that was launched earlier this year.

GSK also ramped up its shareholder dividend by six percent to 18 pence per share.

However, [Glaxo](#)'s share price fell 0.42 percent to 1,671.5 pence in late afternoon deals on London's FTSE 100 index of leading companies, which was 0.48 percent higher at 6,436.98 points.

Wednesday's result were published almost one week after GSK revealed that it had received a US recommendation for approval of its Breo Ellipta inhaler treatment for chronic obstructive pulmonary disease (COPD).

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