

Glaxo says China drugs sales slump on bribery probe (Update)

October 23 2013

British drugmaker GlaxoSmithKline revealed on Wednesday that pharmaceuticals and vaccines sales in China tumbled 61 percent in the third quarter, as it was rocked by a state bribery probe.

Worldwide sales however held steady at £6.51 billion (\$10.57 billion, 7.64 billion euros) in the third quarter or three months to September, compared with the same part of last year, GSK added in a results statement.

Profit after tax dropped 12 percent to £969 million in the reporting period.

GSK chief executive Andrew Witty said the group had experienced "a significant sales decline in China, where operations have been disrupted by the ongoing investigation into our business".

The company has previously warned that its financial performance in China would take a hit from Beijing's probe into bribery allegedly carried out by senior staff.

In afternoon deals on Wednesday, the group's share price slid two percent to 1,568.85 pence on London's FTSE 100 index of top companies, which was 0.47 percent lower at 6,663.98 points.

GSK admitted in July that senior employees at its China unit appeared to have breached local law—after Chinese authorities alleged that

employees had bribed government officials, pharmaceutical industry groups, hospitals and doctors to promote sales.

"We continue to co-operate with the authorities and we remain fully committed to supplying our products to patients in the country," added Witty in the earnings release.

"At this stage, it is still too early for us to quantify the longer-term impact of the investigation on our performance in China."

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