

GlaxoSmithKline opts to hold on to HIV business

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This April 20, 2009 file photo shows signage at the offices of pharmaceuticals firm GlaxoSmithKline, in London. GlaxoSmithKline on Wednesday, May 6, 2015 opted to keep its stake in its stand-alone HIV business as it set out its strategy following a big deal with Switzerland's Novartis. (AP Photo/Sang Tan, File)

British-based drugmaker GlaxoSmithKline opted Wednesday to keep its stake in its stand-alone HIV business as it set out its strategy following a big deal with Switzerland's Novartis.

GSK said it has cancelled an initial public offering of its holding in the HIV business, ViiV Healthcare, opting instead to retain its full holding in the joint venture with equity partners Pfizer and Shiongi.

Drugmakers have been trying to either grow or eliminate noncore investments to focus on their strengths amid pressure from generic drugmakers. Those deals included GSK's sale of its cancer-drug business to Novartis in a swap for the Swiss company's vaccines business and cash.

GSK said it would reduce a planned return to shareholders from the Novartis deal. It will give shareholders 1 billion pounds (\$1.5 billion) in a special dividend in the fourth quarter, a fourth of what was planned.

Transaction cost savings from the Novartis deal will be accelerated, with over 50 percent of total savings of 1 billion pounds expected in 2016, versus 2017. GSK said it has three major restructuring programs underway and expects to deliver 3 billion pounds annually annual cost savings.

GSK has faced in-house problems, including a bribery scandal in China. It is restructuring and is in a period of transformation, with the new chairman, Philip Hampton, taking charge.

The company reported sales of 5.6 billion pounds, a 1 percent increase from the same quarter in the previous year. Sales of Advair, which is used to prevent asthma attacks, continued to decline because of competition from generic competitors.

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