

GLAXOSMITHKLINE PLC

Form 6-K

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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For period ending 23 July 2014

GlaxoSmithKline plc
(Name of registrant)

980 Great West Road, Brentford, Middlesex, TW8 9GS
(Address of principal executive offices)

Indicate by check mark whether the registrant files or
will file annual reports under cover Form 20-F or Form 40-F

Form 20-F Form 40-F

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Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under the
Securities Exchange Act of 1934.

Yes No

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Results Announcement for the second quarter and Interim Management Report for the half-year 2014

GSK delivers Q2 2014 turnover £5.6 billion (-4%) and core EPS 19.1p (-12%) on ex-divestment basis (both CER). Q2 dividend 19p (+6%)

Core results*

	Q2 2014			H1 2014		
	£m	CER%	£%	£m	CER%	£%
Turnover	5,561	(4)	(13)	11,174	(3)	(12)
Core operating profit	1,407	(14)	(25)	2,937	(7)	(22)
Core earnings per share	19.1p	(12)	(25)	40.1p	(5)	(22)

Total results

	Q2 2014			H1 2014		
	£m	CER%	£%	£m	CER%	£%
Turnover	5,561	(8)	(16)	11,174	(7)	(15)
Operating profit	1,137	(8)	(21)	2,203	(10)	(27)
Earnings per share	13.6p	(23)	(37)	27.5p	(14)	(34)

Summary

Significant strategic progress made in H1 2014 with 3-part Novartis transaction on track for completion during H1 2015 and continued momentum in new product launches in respiratory and HIV.

Pharmaceutical and Vaccines sales -4% primarily due to continued increased competition in US respiratory market and generic competition to Lovaza. Strong performance from Emerging Markets (+11%) partially offset declines in Japan (-7%) and the US (-10%). Europe sales flat.

Transition of respiratory portfolio underway. With declining Advair sales, new sales growth expected from Breo, Anoro and Incruse, together with anticipated pipeline products. Expect to maintain respiratory leadership position well into next decade.

HIV sales +13% driven by very strong uptake of recently launched integrase inhibitor, Tivicay.

- Vaccines +5% with strong growth in Emerging Markets (+26%) driven by phasing of tenders.
- Consumer Healthcare down 4%, impacted by previously highlighted supply interruptions in US and Europe. Supply position now beginning to improve; Consumer Healthcare sales for full year expected to be broadly flat.
- Further significant pipeline launches, approvals and filings:
 - Breo for asthma filed in the US. FDA decision on ICS asthma monotherapy and filing of mepolizumab for severe asthma due in H2 2014. Phase III development for the first triple combination product (FF/VI/UMEC) for COPD underway
 - Positive CHMP opinion for combination HIV treatment Triumeq received in quarter; FDA decision due in H2
 - Tanzeum, once weekly treatment for type II diabetes, now being launched in the US
- Pipeline opportunity remains substantial with over 40 NMEs in late stage development. Around 30 assets in R&D have potential to be first in class in areas such as respiratory, immuno-inflammation, epigenetics and cardiovascular.
- Process started to divest certain US and European brands in Established Products Portfolio with expected total 2014 sales of around £1 billion.
- Given impact of recent sustained strength of Sterling on free cash flow, share repurchases over balance of 2014 likely to be immaterial.
- Full year 2014 core EPS now expected to be broadly similar to 2013 (at CER and on an ex-divestment basis).

The full results are presented under 'Income Statement' on page 27 and Core results reconciliations are presented on pages 45 to 48.

*For explanations of the measures 'Core results', and 'CER', see page 25. 2014 core performance is measured against 2013 core results excluding divestments completed during 2013.

GSK's strategic priorities

We have focused our business around the delivery of three strategic priorities, which aim to increase growth, reduce risk and improve our long term financial performance:

- Grow a diversified global business
- Deliver more products of value
- Simplify the operating model

Chief Executive Officer's review

We have made significant strategic progress during the first half of this year, announcing our innovative 3-part transaction with Novartis and progressing the launches of multiple new products in our core therapy areas of Respiratory and HIV.

As we have said previously, synchronisation of new product delivery with managing the impact of competition elsewhere in the portfolio is challenging.

However, this is a critical moment to make the right strategic choices, particularly around investment, for the long-term health of the Group and this is reflected in the decisions we have made in the quarter.

Our good progress on newly launched products is being offset by pricing and contracting pressure in the US. As we highlighted last quarter, this has resulted in a “step change” reduction in Advair market share and pricing and it is now clear that these pressures are likely to continue.

Our strategy to transition and diversify our respiratory portfolio is underway. While sales of Advair will continue to reduce, we expect new products such as Breo, Anoro and Incruse, together with anticipated pipeline products, to generate new sales growth. Already we are seeing some recovery in our overall volume share as new product launches progress, albeit at lower price points given the scale of price competition in the market. We expect the transition of this portfolio to continue over the next 2-3 years and remain confident that GSK will maintain its leadership position in respiratory well into the next decade.

Performance in the US this year has also been impacted by generic competition to Lovaza, which has been more substantive and began earlier than we expected.

Our performance in the US was the primary reason for Pharmaceutical and Vaccines sales declining 4%. Outside of the US, our Emerging Markets business grew 11% and in Europe sales were flat for the quarter. Japan sales were down 7% in the quarter due to destocking following the consumption tax increase, but up 5% year to date.

In Consumer Healthcare, we have experienced supply interruptions for several brands, in particular smoking control products. As a result sales fell 4% in the quarter. The supply position is beginning to improve but will continue to impact the performance of this business for the remainder of this year. Overall, we expect Consumer Healthcare sales to be broadly flat for 2014.

Importantly, we are progressing the launches of our new products.

Tivicay, for the treatment of HIV is set to become one of GSK's most successful launches with “new to brand” prescription trends firmly above those seen for recent competitor launches at a similar time post-launch. Tivicay now has 11% market share of the treatment-naive patient population, helping ViiV Healthcare deliver 13% sales growth in the quarter. Further development work around this product continues. In the quarter, we received a positive CHMP opinion for our combination HIV treatment, Triumeq and expect an FDA decision before the end of the year. We also announced a new collaboration with Janssen Pharmaceuticals to develop a combination of Tivicay with the NNRTI, rilpivirine.

Market access for our new respiratory products is building. Breo for COPD now has around 70% Medicare Part D coverage and we are seeing positive prescription uptake amongst

pulmonologists. Anoro currently has 30% Medicare Part D coverage following launch in late April. We have now launched Relvar in Europe and Japan. Anoro is also launched in Europe.

Late stage respiratory development continues on several fronts. During the quarter we filed Breo for asthma in the US and last week we began phase III development for the first triple combination product for COPD in the Ellipta device. Looking ahead to the second half of the year, we expect an FDA regulatory decision on our ICS monotherapy product for asthma. Our first biologic in respiratory, the IL-5 antagonist mepolizumab, for severe asthma, will also be filed with regulators by the end of the year.

This week we are launching Tanzeum, our new once weekly treatment for type II diabetes, in the US. We also continue to see excellent progress for our recent oncology launches, Tafinlar and Mekinist.

These new products represent new sales growth opportunities for the Group and we are investing behind them.

To do so it is important that we continue to manage our costs and deliver financial efficiencies. Our ongoing restructuring programmes delivered further savings but these were more than offset by investments made in supporting our multiple new launches and continued investments in manufacturing capacity and new technologies. Most notably this led to SG&A expenses increasing 3% in the quarter. Higher investments combined with the 4% decline in sales led to EPS decreasing 12% in CER terms.

Maintaining support for the substantial portfolio of new launches is key to the long-term health of the company. Taking all factors into account, it is now unlikely that we will deliver sales growth this year and we now expect full year core EPS on a CER and ex-divestment basis to be broadly similar to last year.

Our dividend for the quarter is 19 pence per share, up 6%.

Given the impact of the recent sustained strength of Sterling on free cash flow in the year to date it is likely that share repurchases over the balance of 2014 will be immaterial.

Looking ahead, we remain confident in GSK's medium and long-term growth prospects and in our strategy to generate sustainable sales growth.

The 3-part transaction with Novartis provides the opportunity to reshape the Group fundamentally and strengthen our position in the long-term growth businesses of Vaccines and Consumer Healthcare. Subject to consultation and necessary approvals, these businesses will represent around half of Group revenues over the coming years and are expected to be capable of generating mid-single digit sales growth on a more consistent basis.

Allied to Vaccines and Consumer Healthcare will be GSK's Pharmaceuticals business, which will benefit from the recent new launches, increasing demand from emerging markets and an R&D pipeline with over 40 NMEs in late stage development. In total across the R&D pipeline we believe around 30 assets have the potential to be first-in-class in areas such as respiratory, immuno-inflammation, epigenetics and cardiovascular disease. We are confident we can deliver a regular flow of new product introductions over the next few years and this will provide a clear basis for growth in Pharmaceuticals in the future as the performance for this division becomes progressively less dependent on Seretide/Advair.

Elsewhere in pharmaceuticals, we continue to evaluate options to maximise the value of our established products. To this end, we have started a process to divest US and European products in our Established Products Portfolio with total sales of around £1 billion. Subject to achieving appropriate shareholder value, we anticipate reaching agreement before the end of the year.

Sir Andrew Witty
Chief Executive Officer

A video interview with CEO Sir Andrew Witty and CFO Simon Dingemans discussing today's results is available on www.gsk.com

All forward looking statements are based on 2013 core numbers adjusted to exclude divestments, at CER and barring unforeseen circumstances. See 'Cautionary statement regarding forward-looking statements' on page 25.

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Group performance

Group turnover by division, geographic region and segment

Group turnover by division

	Q2 2014		H1 2014	
	£m	Growth CER%	£m	Growth CER%*
Pharmaceuticals	3,773	(6)	7,601	(5)
Vaccines	766	5	1,424	4
Pharmaceuticals and Vaccines	4,539	(4)	9,025	(4)
Consumer Healthcare	1,022	(4)	2,149	(2)
Group turnover	5,561	(4)	11,174	(3)
Group turnover including divestments	5,561	(8)	11,174	(7)

Group turnover by geographic region

	Q2 2014		H1 2014	
	£m	Growth CER%	£m	Growth CER%*
US	1,722	(12)	3,432	(11)
Europe	1,592	(3)	3,236	(2)
Emerging Markets	1,525	3	2,992	3
Japan	343	(10)	802	-
Other	379	8	712	3
Group turnover	5,561	(4)	11,174	(3)
Group turnover outside US and Europe	2,247	1	4,506	2

Group turnover by segment

	Q2 2014		H1 2014	
£m	Growth CER%	£m	Growth CER%*	