

GLAXOSMITHKLINE PLC

Form 6-K

July 24, 2013

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 24 July 2013

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 2013

GSK delivers Q2 2013 core EPS growth of 4% on sales growth of 2% (both CER)

Core results*

	Q2 2013			H1 2013		
	£m	CER%	£%	£m	CER%	£%
Turnover	6,618	2	2	13,089	-	-
Core operating profit	1,943	-	(2)	3,868	(5)	(4)
Core earnings per share	26.3p	4	1	53.2p	(1)	-

Total results

	Q2 2013			H1 2013		
	£m	CER%	£%	£m	CER%	£%
Turnover	6,618	2	2	13,089	-	-
Operating profit	1,438	(13)	(16)	3,018	(20)	(19)
Earnings per share	21.5p	(11)	(14)	41.4p	(21)	(19)

Summary

Group turnover growth of +2%:

- Pharmaceuticals and Vaccines sales +1%: US +5% with strong growth in Respiratory, Oncology & Vaccines, EMAP +2% (negatively impacted by timing of vaccine tender shipments, Pharma +7%), Europe flat and Japan -5% (primarily reflecting generic erosion of Paxil)
- Consumer Healthcare +2% (+5% excluding divestments)

Continued R&D pipeline delivery:

- Three major approvals in the US: Breo Ellipta for COPD, Tafinlar and Mekinist monotherapies for metastatic melanoma
- Positive CHMP opinions for Tafinlar for metastatic melanoma and Tyverb in combination with Herceptin (dual blockade)
- MEK/BRAF combination use for metastatic melanoma filed in the US

Continued delivery of financial efficiencies, cash generation and returns to shareholders:

- Net cash inflow from operating activities of £1.7 billion, in line with Q2 2012
- Q2 core tax rate 24%; continue to expect full year core tax rate of 24%
- Core EPS of 26.3p (+4%)
-

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Q2 dividend: 18p; +6%; total share repurchases for the year expected to be £1-2 billion

Further measures to drive strategic focus and improve growth outlook:

- Offer received from Aspen Group to acquire two anticoagulant products and the related manufacturing site for approximately £700 million (of which £100 million relates to inventory)
- Divestment of Lucozade and Ribena on track; expect to reach agreement by the end of 2013

Guidance for 2013:

Continue to expect core EPS growth in 2013 of 3-4%, with turnover growth of around 1% (both CER)

The full results are presented under 'Income Statements' on page 25 and Core results reconciliations are presented on pages 43 to 46.

* For explanations of the measures 'Core results', 'Adjusted net cash inflow from operating activities' and 'CER', see page 23.

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

Five years ago, we set out a strategy to fundamentally re-shape GSK to deliver sustainable sales growth, increase financial returns to shareholders and improve productivity in R&D.

This quarter has seen significant further progress in delivering against this strategy. We saw particularly encouraging progress in delivery of our late stage pipeline with approvals received in the United States for Breo Ellipta for COPD and two new treatments for metastatic melanoma, Tafinlar and Mekinist. We now have received approvals for three of the six key assets we recently filed with regulators. With Phase III data expected on 13 assets during 2013/2014, I remain confident of R&D's productivity and our ability to deliver valuable new product flow on a sustainable basis.

In the quarter, Group sales grew 2% with growth broadly based across Pharmaceuticals and Vaccines, up 1%, and a continued strong contribution from Consumer Healthcare, up 2% (5% excluding divestments).

At a regional level, we continue to see improvements in our US business with sales up 5% in the quarter, driven by strong growth in Respiratory, Oncology and Vaccines. We have now launched Tafinlar and Mekinist in the US and expect to begin launch activities for Breo Ellipta

in Q3/Q4. While the rate of uptake for each product may vary, we believe all of these assets represent significant sales opportunities for GSK in the coming years.

In Emerging Markets, Pharmaceutical and Vaccines sales grew 2%, impacted by the previously highlighted timing of vaccine tender shipments. Excluding Vaccines, Pharmaceuticals sales continued to perform well with growth of 7%. Going forward, we continue to expect sales to grow broadly across Emerging Markets. Clearly, we are likely to see some impact to our performance in China as a result of the current investigation, but it is too early to quantify the extent of this. We are co-operating fully with the Chinese authorities in this matter. Our Japan business, down 5%, was impacted in the quarter by generic competition to Paxil but continues to make encouraging progress more broadly, with good contributions from recent product launches. European Pharmaceuticals and Vaccines sales were flat, reflecting the annualisation of some government price cuts, but also the early results of our strategy to restructure our European operations and re-allocate resources to support identified growth opportunities in the region. Nonetheless, we remain cautious about the outlook in Europe and expect austerity pressures to continue.

We continue to implement measures to improve the Group's focus by executing targeted divestments of non-core assets. We have received an offer from Aspen Group of approximately £700 million (of which £100 million relates to inventory) for two anticoagulant products and the related manufacturing site. Our previously announced plan to divest the nutritional drinks brands, Lucozade and Ribena, remains on track and we expect to reach an agreement by the end of the year.

We remain focused on managing our cost structure to reallocate our resources more effectively and invest behind our pipeline. Our financial efficiency measures are also continuing to contribute and supported the delivery of core EPS growth of 4% in the quarter. We continue to expect core EPS growth of 3-4% (CER) for the full year on reported sales growth of around 1% (CER).

Cash flow generation remains a focus and we have delivered net cash flow from operating activities of £3 billion in the first half of the year. We continue to allocate capital where it can deliver the best returns to our shareholders. Today, we have confirmed a further 6% increase in the dividend to 18 pence. Our commitment is to use free cash flow to support increasing dividends, share repurchases or, where returns are more attractive, bolt-on acquisitions. We continue to target share repurchases of £1-2 billion in 2013.

Sir Andrew Witty
Chief Executive Officer

A video interview with CFO Simon Dingemans discussing today's results is available on www.gsk.com

All forward looking statements are based on 2012 restated numbers adjusted for IAS 19R, at CER and barring unforeseen circumstances. See 'Cautionary statement regarding forward-looking statements' on page 23.

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Group performance

Group turnover by division, geographic region and segment

Group turnover by division	Q2 2013		H1 2013	
	£m	Growth CER%	£m	Growth CER%
Pharmaceuticals	4,523	2	8,967	-
Vaccines	786	-	1,466	(5)
Pharmaceuticals and Vaccines	5,309	1	10,433	(1)
Consumer Healthcare	1,309	2	2,656	1
	6,618	2	13,089	-

Group turnover by geographic region

	Q2 2013		H1 2013	
	£m	Growth	£m	Growth

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		CER%		CER%
US	2,157	5	4,227	-
Europe	1,893	(1)	3,740	(2)
EMAP	1,740	3	3,401	4
Japan	435	(3)	945	(5)
Other	393	(3)	776	(2)
	6,618	2	13,089	-
Group turnover outside US and Europe	2,568	1	5,122	1

Group turnover by segment	Q2 2013		H1 2013	
	£m	Growth CER%	£m	Growth CER%
Pharmaceuticals and Vaccines				
-US	1,790	5	3,486	(1)
-Europe	1,294	-	2,562	(2)
-EMAP	1,205	2	2,324	5
-Japan	383	(5)	830	(6)
-ViiV Healthcare	339	(4)	657	(5)
-Other trading and unallocated pharmaceuticals	298	(1)	574	(2)
Pharmaceuticals and Vaccines	5,309	1	10,433	