

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 3 February 2016

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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Issued: Wednesday, 3 February 2016, London U.K.

Unaudited Preliminary Results Announcement for the year ended 31 December 2015

GSK delivers further progress against strategy with 2015 sales of £24 billion (+6%), core EPS 75.7p (-15%) and total EPS 174.3p, +>100% CER

2016 core EPS percentage growth expected to reach double digits (CER)

Core results	2015 £m	Growth CER%	£%	Q4 2015 £m	Growth CER%	£%
Turnover	23,923	6	4	6,286	4	2
Core operating profit	5,729	(9)	(13)	1,357	(18)	(23)
Core earnings per share	75.7p	(15)	(21)	18.1p	(28)	(34)

Total results	2015 £m	Growth CER%	£%	Q4 2015 £m	Growth CER%	£%
Turnover	23,923	6	4	6,286	4	2
Operating profit/(loss)	10,322	>100	>100	(254)	>(100)	>(100)
Earnings/(loss) per share	174.3p	>100	>100	(7.3)p	>(100)	>(100)

Summary

- Group sales +6% CER on a reported basis and +1% CER pro-forma
 - Pharmaceuticals £14.2 billion, -7% (-1% pro-forma); Vaccines £3.7 billion, +19% (+3% pro-forma); Consumer Healthcare £6 billion, +44% (+6% pro-forma)
- £2 billion of new product sales driven by HIV (Tivicay, Triumeq), Respiratory (Relvar/Breo, Anoro, Incruse) and Meningitis vaccines (Menveo, Bexsero)
 - Growing sales contribution: Q4 sales £682 million, (Q3: £591 million)
 - Nucala, a new biologic treatment for severe asthma, launched at the end of 2015
 - New product sales now expected to reach £6 billion target up to two years earlier (2018 vs 2020)
- Integration and restructuring programme on schedule
 - £1 billion incremental annual cost savings delivered in 2015 for costs of £1.9 billion
 - On track to deliver £3 billion of annual cost savings by end 2017
- 2015 core EPS 75.7p, -15% CER, ahead of financial guidance
 -

Reflects short-term dilution from transaction partly offset by integration and restructuring benefits

- 2015 total EPS 174.3p, +>100% CER
 - Reflects impact of transaction gains, partly offset by restructuring charges and revaluation of the contingent consideration relating to improved outlook for HIV business
- 2016 core EPS percentage growth expected to reach double digits CER
 - If FX rates held at January average levels estimated impact of +5% on 2016 Sterling core EPS growth
- 2015 ordinary dividend of 80p and special dividend of 20p confirmed
 - Special dividend to be paid alongside Q4 ordinary dividend in April 2016
 - Continue to expect 80p full year dividend for 2016 and 2017
- New R&D portfolio of ~40 assets to drive long-term performance; multiple development milestones expected in 2016/2017
 - Up to 10 regulatory filings include Shingrix (shingles vaccine), sirukumab (RA), Benlysta SC (lupus) and ICS/LABA/LAMA (COPD)
 - Up to 10 Phase III starts include cabotegravir (HIV), daprodustat (anaemia) and Men ABCWY vaccine
 - Up to 20 Phase II starts in Immuno-inflammation, Oncology, Respiratory and Infectious diseases
 - Estimated R&D rate of return maintained at 13%

The full results are presented under 'Income Statement' on page 37 and core results reconciliations are presented on pages 10 and 53 to 56. All commentaries are presented in terms of CER growth as defined on page 34, unless otherwise stated. All expectations and targets regarding future performance should be read together with "Assumptions related to 2016-2020 outlook" and "Assumptions and cautionary statement regarding forward-looking statements" on page 35.

Sir Andrew Witty, Chief Executive Officer, GSK said:

In 2015, we made substantial progress to accelerate new product sales growth, integrate new businesses in Vaccines and Consumer Healthcare and restructure our Global Pharmaceuticals business. This progress means the Group is well positioned to return to core earnings growth in 2016.

Group sales grew on a reported (+6% CER) and pro-forma basis (+1% CER) in 2015. New product sales were £2 billion in 2015 with Q4 sales of £682 million demonstrating continued positive momentum. We now expect sales of new products to meet our target of £6 billion in annual revenues up to two years earlier than previously stated (2018 vs 2020).

2015 core EPS was 75.7p (-15%), ahead of the financial guidance we set out at our Investor Day in May. Total EPS was 174.3p (+>100%) reflecting gains from the recent 3-part transaction, partly offset by restructuring charges and a revaluation of the contingent consideration due to Shionogi

relating to the improved outlook of our HIV business.

For 2016, we continue to expect core EPS percentage growth to reach double-digits on a constant currency basis, although we are also mindful that the macro-economic and healthcare environment will continue to be challenging. As a result, we remain focused on improving commercial execution and realising the benefits of our integration and restructuring programme.

As we detailed to investors in November 2015, we see significant opportunities for the Group's new R&D portfolio of ~40 assets, of which approximately 80% have the potential to be first in class. In 2016/2017, development milestones are expected for assets such as: Shingrix, sirukumab, ICS/LABA/LAMA, cabotegravir, daprodustat and our Men ABCWY vaccine. We also expect up to 20 Phase II starts for assets in Immuno-inflammation, Oncology, Respiratory and Infectious diseases. Today, we have also published our latest estimate for the rate of return in R&D, which has been maintained at 13%.

We have confirmed a full year ordinary dividend of 80p and, as previously announced, a special dividend of 20p. The Group continues to expect to pay an ordinary dividend of 80p for 2016 and 2017.

Information regarding today's results, including video interviews with Sir Andrew and other executives are available on: www.gsk.com/investors.

Group strategy and outlook

GSK has created a Group of three world-leading businesses in Pharmaceuticals, Vaccines and Consumer Healthcare, which aims to deliver growth and improving returns to shareholders through development of innovative healthcare options for patients and consumers.

GSK has a strong portfolio of innovative products across its three businesses with a presence in more than 150 markets. Revenues are split across Pharmaceuticals 58%, Consumer Healthcare 26% and Vaccines 16% on a 2015 pro-forma basis. R&D innovation underpins all three businesses. In November 2015, the Group profiled to investors an R&D portfolio of ~40 assets focused on Oncology, Immuno-inflammation, Vaccines and Infectious, Respiratory and Rare diseases. All three businesses are supported by proprietary technologies and manufacturing capabilities in areas such as devices, adjuvants, bio-electronics and formulations. The Group aims to improve returns from its R&D innovation by striking a balance between pricing and volume generation.

At its Investor Day on 6 May 2015, GSK outlined a series of expectations for its performance over the five year period 2016-2020. This included an expectation that Group core EPS would grow at a CAGR of mid-to-high single digits on a CER basis. The introduction of a generic alternative to Advair in the US was factored into the Group's assessment of its future performance. The Group also stated it expects to pay an annual ordinary dividend of 80p for each of the years 2015-2017.

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Group performance

The Novartis transaction completed on 2 March 2015 and so GSK's reported year to date results include ten month's turnover of the former Novartis Vaccines and Consumer Healthcare products and exclude sales of the former GSK Oncology business from 2 March. The Group has restated its segment information for the change in its segments described on page 45.

In addition, the Group has presented pro-forma growth rates for turnover, core operating profit and core operating profit by business. Pro-forma growth rates are calculated comparing reported turnover and core operating profit for Q4 2015 with the turnover and core operating profit for Q4 2014 adjusted to include the equivalent three month's sales of the former Novartis Vaccines and Consumer Healthcare products and exclude the sales of the former GSK Oncology business during Q4 2014. Similarly, pro-forma growth rates for the year are calculated comparing reported turnover and core operating profit for the year to December 2015 with the turnover and core operating profit for the year to December 2014 adjusted to include the equivalent ten month's sales of the former Novartis Vaccines and Consumer Healthcare products and exclude the sales of the former GSK Oncology products from March to December 2014.

Group turnover by business and geographic region

Group turnover by business

		2015	2015		Q4 2015	Q4 2015
		Reported growth CER%	Pro-forma growth CER%		Reported growth CER%	Pro-forma growth CER%
	£m			£m		
Global Pharmaceuticals	11,844	(14)	(7)	3,068	(17)	(9)
HIV	2,322	54	54	695	51	51

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Pharmaceuticals	14,166	(7)	(1)	3,763	(9)	(1)
Vaccines	3,657	19	3	963	20	(1)
Consumer Healthcare	6,028	44	6	1,562	47	5
	23,851	6	1	6,288	5	-
Corporate and other unallocated turnover	72	(9)	(25)	(2)	>(100)	>(100)
Group turnover	23,923	6	1	6,286	4	-

Group turnover by geographic region

2015

2015

Q4 2015

Q4 2015