

GSK announces new priorities; plans to offload 130 non-core brands

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In a major cost-saving drive, GSK plans to focus on 'real winners'- medicines that generate substantial returns



In a bid to cut costs and streamline research activities, Pharma giant GlaxoSmith Kline announced plans to cut nearly one in seven of the pharma group's clinical drug development programs. The company also said that it planned to offload 130 non-core brands and possibly sell off the unit that works on treatments for rare diseases.

"The Group has also undertaken a strategic review of its rare diseases unit and is now considering options for future ownership of these assets," the company said in a statement.

More than 30 pre-clinical and clinical programs will be stopped, GSK said. Ms Emma Walmsley, CEO, GSK stressed the research-and-development budget would not be cut and that the money saved would be spent on other areas. To improve the weak late-stage drug pipeline, research would focus on just four areas – respiratory, HIV and infectious diseases, cancer and immuno-inflammation conditions such as arthritis – and they would get 80% of the research spending.

Struggling with its R&D productivity, GSK plans to focus on 'real winners'- medicines that generate substantial returns. It is one of the first major moves by GSK under new chief executive Emma Walmsley, and is meant to help deliver an additional £1bn in annual cost savings by 2020.

"A key driver of the new savings will be through realising efficiency improvements in the Group's supply chain," GSK said.

The drugmaker plans to focus on treatments for respiratory conditions, HIV and other infectious diseases, while canceling programs that "may not generate sufficient returns."

Recently GSK had also announced plans to sell its Horlicks UK brand, shut the Slough factory where the malt drink is made, ditch plans for a new biopharmaceutical factory in Cumbria and outsource some manufacturing from its Worthing site in West Sussex, with the loss of 320 jobs in Britain.

GSK announced the additional cuts as part of its second quarter results, which showed a 12 per cent rise in revenue to £7.3bn. The group made a loss before tax of £178m, down from £318m.