

Poor lung drug sales hit GSK in Q1, CEO wary on M&A

Sales of its top-selling lung drug Advair fell 20% in the US

REUTERS

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GlaxoSmithKline posted a 10 per cent fall in quarterly sales on Wednesday, highlighting some of the industry pressures behind last week's decision to trade more than \$20 billion of assets with Swiss rival Novartis.

Amid a frenzy of M&A in the healthcare sector - including a potential \$100 billion bid by Pfizer for AstraZeneca - GSK Chief Executive Andrew Witty said he much preferred targeted deals like the tie-up with Novartis.

The company's perform-

ance in the three months ended March was hit by disappointing sales of its top-selling lung drug Advair in the US, where sales fell 20 per cent following reduced reimbursement coverage.

Sales of its new respiratory drug Breo have also been slower than anticipated due to delays in payer coverage, although GSK expects things to improve from next month.

Expecting growth

GSK said it still expected sales to grow over the year in constant exchange rate

terms, after a 2 per cent decline on this basis in the first quarter, but it is no longer giving a specific figure. Previously it had predicted 2 per cent growth.

In addition to the weak Advair performance, GSK also continued to be held back by difficulties in China, where sales fell 20 per cent from a year ago, following a damaging bribery scandal that broke last July.

The global drugs industry is having to contend with increasing pressure on healthcare spending, prompting a wave of restructuring as companies seek to focus on areas of strength and exit those where they lack the scale to compete.

Company