



G L O B A L M A R K E T S

## SUMMARY OF INVESTMENT ANALYSIS

**Name of the company: GlaxoSmithKline plc (ADR)**

**Ticker (Exchange)/Price of share: GSK (NYSE)/ 38.98 USD / After Hours: 38.29 USD**

**Sector: Healthcare**

**Industry: Drugs manufacture**

### Description:

GlaxoSmithKline plc (GSK is a global healthcare group, which is engaged in the creation and discovery, development, manufacture and marketing of pharmaceutical products, including vaccines, medicines and health-related consumer products. GSK's principal pharmaceutical products include medicines in the therapeutic areas, such as respiratory, central nervous system, anti-virals, anti-bacterials, metabolic, vaccines, cardiovascular and urogenital, oncology and emesis. The Company operates in two segments: Pharmaceuticals (prescription pharmaceuticals and vaccines) and Consumer Healthcare. The Company has operations in some 114 countries and products sold in over 150 countries.

### Commentary:

- The British pharmaceutical giant GlaxoSmithKline Plc, announced a rise in profit for the second quarter 2009, supported by good performance in emerging markets and increased sales of new products and the drug against swine flue Relenza. The drug manufacturer said it expects improvement to continue in the second half of 2009
- GlaxoSmithKline manufacture the vaccine Relenza, which is one of the most effective against swine flu, this fact was announced from the World Health Organization. Glaxo has supplied 100,000 packs of Relenza and 170,000 additional doses of its seasonal influenza vaccine to the Mexican authorities at their request, the British drug maker said. The company said it is continuing to discuss with the Mexican authorities whether further support is needed. Glaxo said it is assessing how to increase production of Relenza. Sales of these drugs skyrocketed in late 2005, when health officials' world-wide worried that a strain of bird flu that had emerged in Asia could result in a global epidemic.
- Company's operating profit rose to 2.20 GBP billion from 1.93 billion GBP, reported year earlier. Earnings distributed to shareholders have increased from 1.46 billion or 28.1 pence per share of GBP 1.31 billion or 24.4 pence per share last year, which is a growth of 15%.
- Glaxo announced that the production capacity of vaccine Relenza will reach 190 million manipulation course by the end of the year, exceeding more than three times the initial announced increase of 60 million courses. On August 4 the company received new orders for 96 million doses of vaccine against the virus H1N1.
- Sales of Relenza for the second quarter have increased to 60mln. GBP, from GBP 3 million in the previous year, which is growth by 1900%! This is due to orders from governments around the world because of the danger of pandemic of swine flu.
- Glaxo announced that it has negotiated with more than 50 governments for the supply of pork products against flu and expects significant orders and shipments in the second half of 2009 and early 2010.
- At the end of July the company announced a partnership with the largest biotech company Amgen.

### Graph:



**Short-term target price, defined using both technical and fundamental analysis\*: \$ 46**

- The company announced that the current restructuring has helped for cost savings for the year amounted to 900 GBP and is on track to reach an annual rate 1.7 billion GBP at the end of 2011.
- All these helped the company to increase by more than 40 % since the beginning of March and about 18 % just in two months.



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*\* A potential risk for the company and for the stock price could be the following: slowing economy, decreasing revenues, lower cash flows, decreasing recommendations of analysts and others. Due to a great number of factors reaching the target price is not guaranteed, all data are based on the expectations for the company development. In case of short term speculations and abrupt changes in the stock price below \$ 42, we recommend selling in order to minimize the loss to 5%.*

### **Basic fundamental data:**

Market cap:	101.12 bln.. USD	P/E (Price/Earnings):	12.90
Beta:	0.65	P/S (Price/Sales):	2.27
EPS:	28.1 p	P/B (Price/Book Value):	7.75
ROA:	15.60%	ROE:	72.95%
EBITD margin	-	Net Profit margin:	21.65%

### **Main competitors and related companies:**

Roche Holding Ltd. (ADR)  
Novartis AG (ADR)  
Pfizer Inc.  
Merck & Co., Inc.  
AstraZeneca plc (ADR)  
Johnson & Johnson

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**Sources:** [www.bloomberg.com](http://www.bloomberg.com), [www.reuters.com](http://www.reuters.com), [www.nyse.com](http://www.nyse.com), [www.yahoo.com](http://www.yahoo.com); [www.bigcharts.com](http://www.bigcharts.com); [www.wsj.com](http://www.wsj.com), [www.qsk.com](http://www.qsk.com)

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*The information above represents investment research as it is defined in art. 42, para. 6 - Ordinance № 38/2007of FSC, for the requirements of the activities of the investment intermediaries, respectively it is not conformed to the investment objectives, financial statement, experience and the respond of the specific investor to the risk. It is in your interest, before taking an investment decision on the basis of this investment research, to receive an investment advice, appropriate for your specific characteristics as an investor.*

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