

GlaxoSmithKline, Parent Company of Stiefel, a GSK Company



GSK (NYSE: GSK) Founded: 2000
(Merger of Glaxo Wellcome and SmithKline Beecham)

Stiefel Founded: 1847, Acquired by GSK in 2009

Based: London, UK and Research Triangle Park, NC (Stiefel)

Number of Employees: 96,500+

On the Web: www.gsk.com
www.stiefel.com

Officers: Andrew Witty, Chief Executive Office; Simon Bicknell, Senior Vice President, Governance, Ethics and Assurance; John Clarke, President, Consumer Healthcare; Deirdre Connelly, President, North American Pharmaceuticals; Simon Dingemans, Chief Financial Officer; Marc Dunoyer, President, Asia Pacific/Japan; Eddie Gray, President, Pharmaceuticals Europe; Abbas Hussain, President, Emerging Markets and Asia Pacific; Bill Louv, Chief Information Officer; David Pulman, President, Global Manufacturing and Supply; David Redfern, Chief Strategy Officer; Moncef Slaoui, Chairman, Research & Development; Jean Stéphane, President and General Manager, Biologicals; Claire Thomas, Senior Vice President, Human Resources; Dan Troy, Senior Vice President and General Counsel; Patrick Vallance, Senior Vice President, Medicines Discovery and Development; Phil Thomson, Senior Vice President, Global Communications

For more than 160 years, Stiefel, a GSK company, has been committed to dermatology. Following a series of acquisitions in the latter part of the last decade (Connetics Corp. in 2006 and Barrier Therapeutics in 2008), Stiefel itself was acquired by GlaxoSmithKline (GSK) in July 2009. GSK, a global pharmaceutical company, has the third highest revenues of any pharmaceutical company globally. The company's primary therapeutic areas include asthma, anti-virals, anti-infectives, cancer, diabetes, mental health, and now dermatology. Its large consumer division markets several market-leading products, including the world's fastest growing toothpaste brand for the last five years (Sensodyne).

Since the acquisition, Stiefel remains focused on dermatology, with a portfolio of OTC and prescription drugs for the treatment in a wide range of dermatologic therapeutic areas, including acne, psoriasis, aesthetics, antifungal, anti-itch, and dry skin.

Stiefel's development in recent years has focused on novel foam vehicle formulations, including recent additions Sorilux (calcipotriene) and Extina (ketoconazole), and the antibacterial Altanax (retapamulin ointment). Stiefel, which has long been a significant presence in the field of prescription acne therapeutics, recently launched its popular PanOxyl Acne Creamy Wash (4% and 8% benzoyl peroxide) over-the-counter. PanOxyl had been the most-prescribed BPO acne wash formulation.

The OTC launch of PanOxyl follows Stiefel's recent successful introduction of the non-prescription MaxClarity acne system. Promoted in television infomercials, the only foam-based acne system features the company's VersaFoam technology. The system includes a foaming cleanser, day treatment, and rejuvenating evening toner.

Financial Facts

GSK Stock Price (as of April 28, 2011):	\$43.51
52-week Low:	\$32.15
52-week High:	\$43.70
Market Cap:	\$110.73B
Div & Yield:	2.46 (5.90%)

Earnings

Earnings per share, Q 1 2011:	48.0¢
Analysts' mean earnings per share estimate, upcoming quarter:	0.83
P/E ratio:	41.35

GSK recently announced a \$161 million investment into the Stiefel business over the next three years. This is in addition to a pledge by Stiefel to invest \$47 million into self-funded R&D projects.

Philosophy: With over 160 years in dermatology, Stiefel remains “dedicated to dermatology,” says William “Bill” Humphries, President, Dermatology for Stiefel. He notes that, while now part of one of the world’s largest pharmaceutical companies, Stiefel still retains the “best of legacy Stiefel,” including a passion for dermatology.

Supported by the R&D resources of GSK, Stiefel maintains the ability for “collaborative development,” Mr. Humphries says. Drug developers have the flexibility to develop and modify formulations with relative speed. In fact, formulations can sometimes be modified on the spot in response to focus group feedback, and updated products can be presented back to the group, he says.

“The values that guide us are transparency, integrity, patient focus and respect,” Mr. Humphries says. Stiefel functions like a smaller company, where communication is emphasized and employee involvement is encouraged. For example, Mr. Humphries hosts monthly open breakfast meetings where any member of the staff is invited to attend to learn more about the unit’s operations, ask questions, or offer suggestions. “Sometimes, we have to face the tough questions,

and that is when we know we are getting at the real issues; when people are comfortable enough to discuss the elephant in the room, we are having meaningful conversations,” he says.

As part of its dedication to the specialty, Mr. Humphries notes that Stiefel has three areas of focus: sales reps that educate, support, and assist clinicians; marketing professionals who work closely with clinicians to understand their needs and the needs of patients; and strong connections with physicians through its dedicated Research and Development efforts. Stiefel continues to provide financial support for educational meetings and philanthropic initiatives, such as the Children’s Skin Disease Foundation’s Camp Wonder (csdf.org/camp-wonder.html).

Pipeline. GSK reports that it has roughly 30 assets in late-stage development and that 10 compounds or vaccines have started phase III clinical trials since the start of 2010.

Stiefel maintains its own R&D functions within its business unit. Beyond the \$161 million investment from GSK, Stiefel has access to GSK’s portfolio of more than 65 million molecules from which 22 promising new chemical entities for possible dermatologic applications have already been identified and three of them have advanced into proof of concept studies. Business growth will continue to focus on the US and European markets, as well as Asia, with a keen focus on rapid growth in Emerging Markets.

Continued OTC growth is also expected. Expansion into the OTC market is a response to the needs of patients, and it balances the desires of dermatologists, Mr. Humphries says. “Our message to patients is, ‘if it doesn’t work, please see your dermatologist’,” he says. ■

For more updates on the dermatology pharmaceutical industry, look for future installments of “Dermatology on Wall Street.” An industry overview is available online at PracticalDermatology.com in our May 2010 issue. In coming months, we’ll take another look at drug development in dermatology with an emphasis on the overall pipeline.