

**2008**

## **GlaxoSmithKline Plc**

It was incorporated on 23<sup>rd</sup> June, 1971. In July 1979, it was approved for listing on the Nigerian Stock Exchange (NSE).

The company's areas of operations include; manufacturing, marketing and distribution of pharmaceutical, Oral care and nutritional products. The majority shareholder of this company is Glaxo Smithkline Luxembourg S.A. with 46.4% holding.

### **Board of Directors**

Chief O.O. Osunkeye, O.O.N	Chairman
Mr. Sameer Goel (Indian)	Managing Director
Dr. Gunther L. Faber (South African)	
Mrs. Osaretin E. Jaiyeola	
Mr. Edmund C. Onuzo	
Mr. Bharat L. Shah (Kenyan)	
Mr. John Sayers (British)	
Mr. Rangaswami Seshadri (Indian)	
Engr. Mansur Ahmed	



## Financial Summary

- **Net profit margin (NPM)**  
It effectively sums up in a single figure management's ability to run the business.
- **Operating profit margin (OPM)**  
This ratio is a more stringent measure of the company's ability to manage its resources.
- **Return on investment (ROI) : pre-tax**  
This ratio shows how well management has employed the assets at its disposal.
- **Return on equity (ROE) : after-tax**  
This ratio is of prime importance to common shareholders since it reflects the profitability of their capital in the business. And also, it is calculated on an after-tax basis.
- **Earnings Per Share (EPS)**  
This ratio is one of the most widely used and understood of all ratios. Simply put, it is earnings attributable to per share value.

For the year ended December 31, 2007 EPS was 0.75k against N1.13 recorded in 2006. The estimated EPS for 2006 is N1.41. The current NPM is 8.44% versus "others" average of 14.40% and market average of 10.54%.

In 2007, GSK ROE stood at 18.19% against the general market average of 19.51%. Over the last five years, ROE averaged 29.41%, while that of the market was 11.42%.

Pre-tax ROI for the company was 13.47% in 2007, lower than the 2006 figure. In 2007, GSK's ROI was 13.47%, while market average was 14.95%. Turnover fell from N10.39B to N9.92B. After-tax profit went down from N10.8B to N836.9M or a marginal loss of (22.68%) over 2006 figure. Meanwhile, the market average stood at 18.21% change over the same period a year ago.

Finally, OPM stood at 24.31% in 2007 against a market average of 29.55%.

### **Recommendation:**

#### **Long-term (1 year)**

Score: 30.68%

Grade: F

**Cautious Sell** (Valid until June 2009)

#### **20/3/2009**

NPM for Qtr IV ended December 31, 2008 came in at 10.18% versus market average of 9.34%. Estimated EPS for same quarter was N1.46k. The actual EPS came in at N1.33k . The directors are recommending a dividend of N0.60k per share to shareholders on record as of April 27,2009. The payment date is scheduled for May 21, 2009.

After-tax profit for the same period stood at N1.277B against the N836.9M seen in 2007, or a gain of 52.59%, with the market average at 74.5%.

The company's turnover for the same period was N12.55B against N9.92B achieved same period a year ago, or a gain of 26.59%. The market average stood at 28.38%

**Short-term (3 months)**

Score : 50%

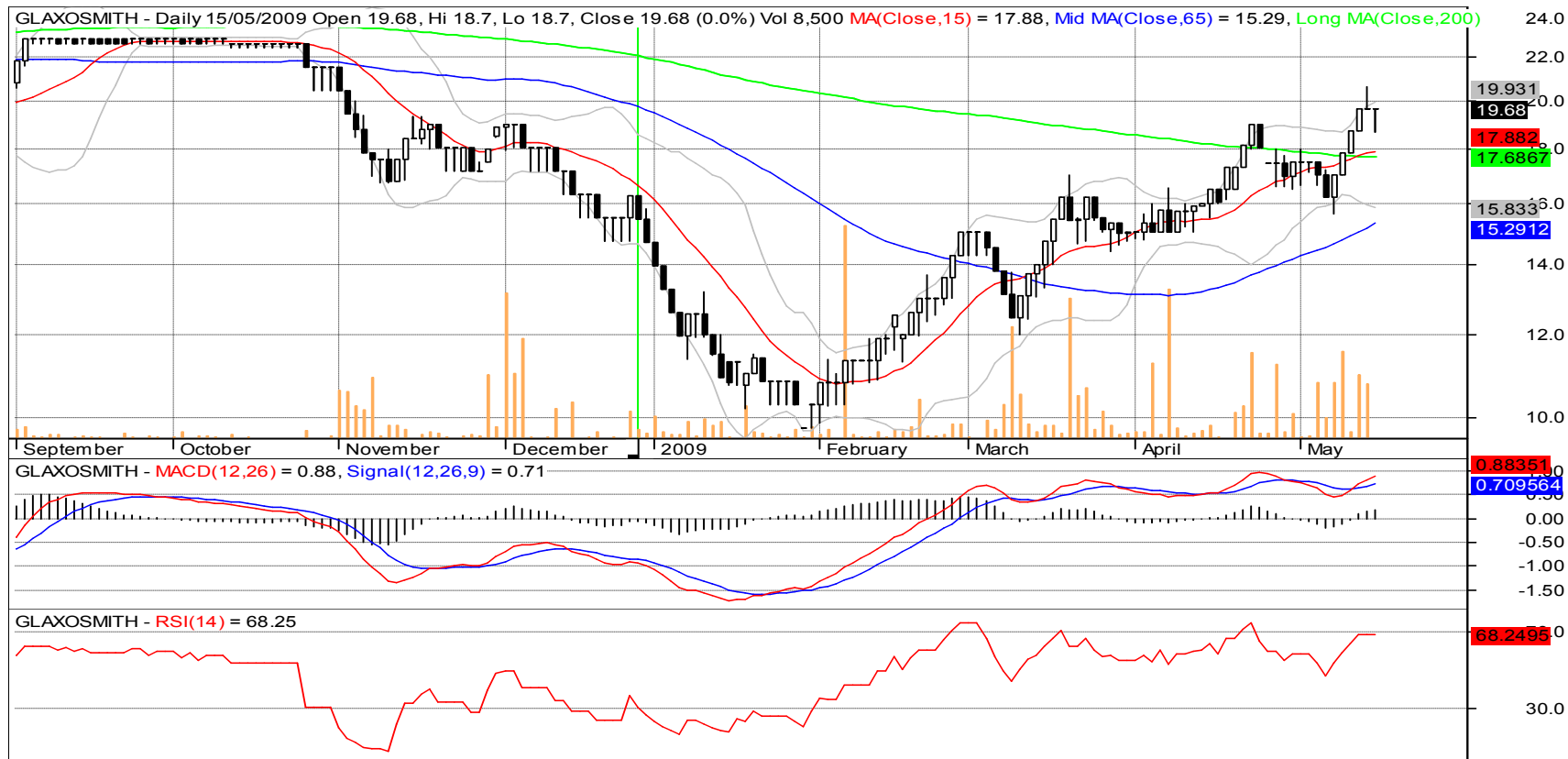
Grade: D

**Cautious Buy** (valid until May 2009)

**NOTE:** The score and grading are derived from a sophisticated method that involves evaluating individual corporate performance ratios versus the entire market performance.

**TECHNICAL PERSPECTIVE**

Expect price to oscillate at N16-N19 in the months ahead.



**Source:** TRW Stockbrokers Limited, 62/64 Campbell Street, 5<sup>th</sup> Floor (Rear) Kajola House, Lagos. Tel: 234-1-7646689  
234-1-2710224.  
Email: [info@trw-stockbrokers.com](mailto:info@trw-stockbrokers.com)

**WARNING:** These recommendations are not for speculative purposes. They are meant for value investors. For market timing (i.e. buying or selling) point, consult your stockbroker. Past performance is not a guarantee for future performances. **TRW Stockbrokers Limited** and its agents shall not be held liable for investment losses as a result of these recommendations.