

GSK's Shingrix supply recovers thanks to drop in vaccinations, uninterrupted production



Shingrix is among GlaxoSmithKline's top growth drivers. (GSK)

GlaxoSmithKline's shingles vaccine Shingrix shot out of the gate after its 2017 launch and performed so well that the drugmaker eventually ran into supply shortages due to higher-than-expected demand.

More recently, though, the COVID-19 pandemic put the brake on routine healthcare visits for most Americans. That's led to a drop-off in vaccinations, which gave GSK some time to catch up on production. The company has produced "without interruption" during the pandemic, a spokesman said.

Now, GSK's Shingrix is no longer on the CDC's shortages list, and a spokesman said the company has supply "available to meet demand across all distribution channels." When GSK had limited supplies, the company implemented order limits and delayed TV advertising for the popular vaccine.

Of course, the drop in vaccinations will hurt sales for the company's superstar vaccine. GlaxoSmithKline reports second-quarter sales later this month.

Through March 2020, about 17 million people had received the vaccine. About 80% of them have completed their two-dose series, but that number has declined more recently due to the drop in vaccinations.

Looking forward, as lockdowns are eased, GSK expects immunization rates to begin to rebound. The company will "be prepared to reinstate inventory management measures, if needed, as demand for the vaccine increases," GSK's spokesman said.

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After its 2017 launch, Shingrix sales climbed to £1.8 billion last year, representing one of the drug giant's top growth drivers. In the first quarter, before many of the pandemic lockdowns, sales reached £647 million, a 79% jump versus the same period last year at constant exchange rates.

The company reports second-quarter sales later this month, so it isn't yet known to what degree the lockdowns affected sales.

So far in its Shingrix rollout, GSK has focused mostly on the lucrative U.S. market, although it has also won approvals in Canada, Europe, Japan and China. GSK execs have said they expect production for the vaccine to jump in 2024, when a new bioreactor is expected to come online. The company is also pushing to make incremental supply gains until then.