

# Novartis lifts sales outlook despite Q2 profit dip

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This Oct. 25, 2011 file photo shows the logo of Swiss pharmaceutical company Novartis AG on one of their buildings in Basel, Switzerland. Swiss pharmaceutical company Novartis AG raised its sales outlook for the full year on Wednesday July 17, 2013, despite posting a 5 percent net income drop in the second quarter. The Basel-based company said it expects full-year sales to grow at a rate in the low single-digits, boosted by delays in generic competition against its blockbuster Diovan. In April, the company had said in its first-quarter results that it expected sales to be in line with last year's. (AP Photo/Keystone, Georgios Kefalas, File).

(AP)—Swiss pharmaceutical company Novartis AG raised its sales outlook for the full year on Wednesday, despite posting a 5 percent net income drop in the second quarter.

The Basel-based company said it expects full-year sales to grow at a rate in the low single-digits, boosted by delays in generic competition against its blockbuster Diovan. In April, the company said in its first-quarter results that it expected sales to be in line with last years.

Diovan, which is generically known as Valsartan, is a treatment for high blood pressure which lost U.S. patent protection last year. Novartis has been counting on new product launches, such as Gilenya for multiple sclerosis and Afinitor for cancer, to offset patent expirations. A key one is blockbuster leukemia drug Gleevec, which is to begin losing U.S. patent protection in 2015.

Meantime, the company's board of directors announced that its outgoing board chairman, Daniel Vasella, would receive \$5.2 million in cash and unrestricted shares plus a guaranteed minimum fee of \$250,000 a year from 2014 through 2016, just to be available for consulting and coaching. He'll be paid a consulting rate of \$25,000 a day.

Vasella's departure touched off widespread anger in Switzerland—and led to a national debate over executives' pay—for the huge \$77 million severance package he was offered. He later declined to accept it because of the Swiss public's outcry.

Shares in Novartis closed down 0.43 percent at 68.80 Swiss francs on the Zurich exchange Wednesday.

Novartis said in its financial results that quarterly net income fell to \$2.548 billion, down from \$2.675 billion in the comparable period a year ago. The company pointed to loss of patents, pricing pressure and

the weakening Japanese yen as factors, though it said the currency impact "represents a larger proportion of operating income than sales."

Joseph Jimenez, CEO of Novartis, said the company delivered a solid second quarter, with sales of Gilenya a particular highlight.

"Despite having new competition in that space, Gilenya was up 66 percent versus a year ago," he told reporters. "There are many emerging markets where products that have already generic competition are still growing, because of the strength of those brands, and because of the high quality of those medicines."

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