

Novartis cites momentum in three percent profit rise

July 17 2014, by John Heilprin



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 posted a 3 percent rise in second-quarter profits Thursday, July 17, 2014, reflecting what it described as solid growth and an increased focus on core products. Profits during the April-June quarter rose to \$3.28 billion, up from \$3.18 billion in the same quarter of 2013, helped by "strong innovation momentum" and rising sales in some of its household brands, the Basel-based company reported.(AP Photo/Keystone, Georgios Kefalas, File)

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Earlier this year, the company launched a major overhaul of its [business](#) with a series of multibillion-dollar deals with Britain's GlaxoSmithKline PLC and the U.S.'s Eli Lilly & Co., a reflection of the restructuring that's occurring in the fast-changing industry.

Novartis confirmed its outlook for 2014 is for mid-to-high single-digit sales growth, partly due to its confidence from progress and approvals for cancer and heart drugs that are in development.

CEO Joseph Jimenez told reporters the company delivered a solid quarter and is benefiting from "a sweeping transformation" of its commercial portfolio.

Novartis said Thursday its deal to buy GSK's cancer-drug business for \$14.5 billion, plus up to \$1.5 billion more if certain milestones are met, is now expected to close in the first half of 2015. The Swiss [company](#) has agreed to sell most of its vaccines business to GSK for \$7.1 billion, plus royalties, giving GSK better market position with Bexsero, a meningitis B vaccine. The two firms are also creating a new consumer health care business.

Separately, Novartis is selling its animal health division to Eli Lilly for about \$5.4 billion, in a deal it said Thursday is now expected to close in the first quarter of 2015. The Indianapolis-based Lilly has been hit hard

by patent expirations and has staked its recovery in part on new drugs it develops and its animal health business.

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