

Divestment gains boost net earnings at drug company Novartis

April 23 2015

Swiss-based pharmaceutical company Novartis reported a large jump in first-quarter net profit Thursday as it recorded one-time gains from deals with other drug companies.

Net profit rose to \$13.005 billion from \$2.968 billion in the year-ago quarter. Profit was boosted by a \$10.8 billion gain from transactions with GlaxoSmithKline PLC and Eli Lilly and Co.

Novartis sold its animal health business to Lilly. It also bought cancer drugs from GSK and sold its non-flu vaccines business, while Novartis and GSK combined their consumer health care businesses. The deals reshaped the company to focus it on three core businesses: pharmaceuticals, generic drugs and eye care.

Disregarding those transactions, the company saw sales and earnings fall due to a stronger dollar, which shrinks earnings in other currencies. Net sales fell 7 percent to \$11.935 billion; profit fell 6 percent in dollar terms to \$2.306 billion.

CEO Joseph Jimenez said Thursday that the company turned in a "very solid financial performance" during the quarter. If the rise in the dollar is removed, sales rose 3 percent and [net profit](#) rose 9 percent.

Sales leaders included multiple sclerosis drug Gilenya, up 26 percent in constant currencies, and cancer drug Afinitor, up 18 percent. The company has high hopes for Cosentyx, a treatment for moderate to

severe psoriasis that was approved in the U.S. and European Union during the quarter.

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