Novartis profits dip as generic rival challenges cancer drug

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Swiss pharmaceuticals maker Novartis says net income from continued operations fell 13 percent in the first quarter as generic competition cut into sales of Gleevec, one of the first very effective cancer medicines.

The Basel-based company said Thursday that net income from continuing operations declined to $2.01 billion from $2.31 billion a year earlier. Sales dipped 3 percent to $11.6 billion.

Novartis noted the start of sales of a U.S. generic version of Gleevec—which had cost around $10,000 per month—in February. The company said its core operating margin fell because of the generic competition as well as investments in new product launches and a growth plan for its Alcon eye-care business.

Shares of Novartis were down 0.7 percent at 74.55 Swiss francs in mid-morning trading on the Six Swiss stock exchange.

The company reported net income fell 85 percent from $13 billion last year, which included the impact of a shake-up in its business with an acquisition of oncology and consumer health-care assets from GSK and the divestment of its vaccines and animal health businesses.

The company predicted revenues and core operating income this year would be "broadly in line" with those of 2015, and expects a rise in generic drugs to weigh on its sales by up to $3.2 billion this year, $1 billion more than in the previous year.

Novartis SA, whose group companies employ some 118,000 people worldwide, chalked up net sales of nearly $50 billion and spent nearly $9 billion on research and development in 2015.