

Novartis to buy back \$5 bn in shares

January 25 2017

Swiss pharmaceutical giant Novartis announced Wednesday a \$5.0 billion share buyback even though competition from generics ate away at sales and earnings last year.

Net profit plunged by 62 percent over the previous year to \$6.7 billion, although 2015 earnings were doped by a series of sales of units to rivals as Novartis refocused its portfolio.

Compared against continuing operations, [net profit](#) was down by 5.0 percent, and up by 1.0 percent when [currency fluctuations](#) were stripped out.

Sales from continuing operations were up by 6.0 percent in volume, but in value dipped by 2.0 percent to \$48.5 billion, although they were flat when corrected for currency changes.

"Novartis delivered a solid performance in 2016," chief executive Joseph Jimenez said in a statement, noting that sales of [new products](#) helped absorb the loss of exclusivity in the United States on its Gleevec chemotherapy drug.

Sales of new products jumped by 20 percent.

Meanwhile Novartis said it would eye options for its ophthalmological division Alcon, including a stock market listing.

For 2017, Novartis said it expected [sales](#) to remain stable on a constant

currency basis as generics continued to nibble away at its older products.

The company said it would increase its dividend by 2.0 percent to to 2.75 Swiss francs per [share](#).

It announced a share buyback of \$5.0 billion "as a sign in the growth prospects of Novartis".

Following the news, Novartis saw its share price inch up 0.9 percent to 70.20 Swiss francs a piece in early morning trading, as the Swiss stock exchange's main SMI index rose nearly 0.6 percent.

© 2017 AFP

Citation: Novartis to buy back \$5 bn in shares (2017, January 25) retrieved 26 April 2024 from <https://medicalxpress.com/news/2017-01-novartis-bn.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.