

Novartis holds off on drug price hikes in US amid Trump pressure

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Pharmaceutical firms like Novartis have come under pressure from US Donald Trump to lower prices.

Swiss pharmaceutical giant Novartis said Wednesday it would not hike drug prices in the United States this year, following a similar decision by

rival Pfizer amid pressure from the White House.

"We don't plan to take any further price increases in the United States for 2018," Novartis chief executive Vas Narasimhan told journalists on an earnings call.

The comment came after Pfizer last week reversed price increases on some drugs in the United States after President Donald Trump threatened action and said on Twitter drug companies should be "ashamed" for boosting costs.

Trump's administration in May outlined a plan for lower [prices](#) but critics have said it does not go far enough.

Narasimhan said Novartis's decision to hold the line on prices in the United States was voluntary and that the company aimed to have a "system that can support breakthrough innovation ... but still ensure affordability."

He did not mention the Trump threat, but in an interview with Bloomberg said that after looking at the US "policy environment ... we thought the prudent thing to do was to pull back on any further price increases in 2018."

Positive on Trump blueprint

He also said Novartis was "very positive on the blueprint" the Trump administration has put forward on prices.

Narasimhan, who took charge of Novartis in February, spoke after the drugmaker reported better-than-expected profits.

Following the call, the company saw its share price swell 2.6 percent in

mid-afternoon trading to 80.26 Swiss francs a piece, as the Swiss stock exchange's main SMI index added 0.77 percent.

The company saw its net profit in the second quarter rise to \$7.8 billion (6.7 billion euros), as net sales jumped nine percent to \$13.2 billion.

During the quarter, Novartis, in the midst of a dramatic makeover, completed the sale of its stake in its consumer healthcare joint venture to Britain's GlaxoSmithKline for \$13 billion.

It also snapped up US gene therapy company AveXis for \$8.7 billion, and decided to cut loose its Alcon eye care division during the second quarter.

"We made significant progress this quarter to transform Novartis into a focused medicines company," Narasimhan said in the earnings statement.

But price erosion and sharper competition in the United States has taken a toll on Novartis's Sandoz generics unit.

Novartis reiterated its overall full-year forecast of between one and five percent sales growth and a between five and nine percent hike in its operating profit, but revised down its expectations for Sandoz.

The company also highlighted steps taken to strengthen its ethics following revelations that it had paid Trump lawyer Michael Cohen to try to get insight into the new administration's healthcare policy.

A report by four top Democratic senators concluded last week that the drugmaker's ties to Cohen were deeper than it has acknowledged.

"The Novartis leadership team, at all levels of the organisation, continues

to reinforce the message of never compromising on ethical standards and values," the [company](#) said in its earnings report.

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