

Novartis sees 2018 profit soar 64% after exiting GSK venture

January 30 2019

Swiss pharmaceuticals giant Novartis said Wednesday that the sale of its stake in a joint venture with Britain's GlaxoSmithKlein helped boost net profit last year by 64 percent.

Novartis said in a statement that it had raked in a [net profit](#) of \$12.6 billion for 2018, including a \$5.7 net gain on its exit from the consumer healthcare [joint venture](#) it created with GSK in 2015.

Sales came in at \$51.9 billion—up six percent from a year earlier but just missing forecasts of analysts polled by Swiss financial news wire AWP, who had anticipated \$52.1 billion.

Following the news, Novartis saw its share price slip 1.38 percent in mid-morning trading to 84.48 Swiss francs as the Swiss stock exchange's main SMI index was basically flat.

Novartis chief Vas Narasimhan hailed the results as evidence that the company's strategic shift since he took the reins early last year was paying off.

"In 2018 we re-imagined Novartis," he said in the statement.

"We took major steps towards becoming a medicines company that focuses its capital on developing, launching, and creating global access to breakthrough medicines," he said.

"Together with delivering strong accretive growth, we also advanced our strategic priorities including building new advanced therapy platforms, ramping up productivity and digital efforts, and creating a new culture," he added.

In addition to cutting loose Novartis's stake in the GSK joint venture, the company has since Narasimhan's arrival made a large acquisition in the genetic therapy realm, opened discussions on selling off its Alcon eye care unit and announced thousands of upcoming job cuts in Switzerland and Britain.

In 2018, the group's two blockbuster drugs, Cosentyx for psoriasis and its Entresto heart treatment, along with its cancer medications, helped push its pharmaceutical division sales eight percent higher to \$34.5 billion, the company said.

Alcon, which Novartis said it aimed to part with during the first quarter of 2019, meanwhile saw sales rise six percent last year to \$7.1 billion, while Sandoz, its generic drug arm, saw sales dwindle two percent, to \$9.9 billion, amid heavy pricing pressure in the United States.

For 2019, Novartis said it expected to see overall sales continue to rise by around five percent, while its operating profit should grow between one and five percent.

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