

Buy-sale
mix defines
mega deals

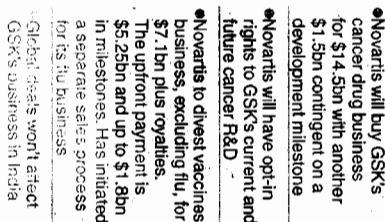
At the same time, Novartis said it would sell its vaccine business to GlaxoSmithKline for \$7.1 billion and combine its over-the-counter pharmaceutical business with Glaxo's consumer drug business.

Novartis, based in Basel, Switzerland, also said it had agreed to sell its animal health division to Eli Lilly for \$5.4 billion, and that it would put its flu vaccine business up for sale. The deals grew out of a strategic review begun last

● Novartis to acquire GSK's cancer drugs, sell its vaccines business in return and form a joint venture for the consumer healthcare business. Novartis to sell animal healthcare division to Eli Lilly for \$5.4bn

●The JV will combine Novartis's over-the-counter division with GSK's

consumer business — creating a leader in consumer healthcare with \$10bn in annual sales



- Novartis will buy GSK's cancer drug business for \$14.5bn with another \$1.5bn contingent on a development milestone
- Novartis will have opt-in rights to GSK's current and future cancer R&D
- Novartis to divest vaccines business, excluding flu, for \$7.1bn plus royalties. The upfront payment is \$5.25bn and up to \$1.8bn in milestones. Has initiated a separate sales process for its flu business

● Glaxo's deal won't affect GSK's business in India

It chose to do so because they were the only two countries that had "independently-run businesses" handling GSK's consumer healthcare products, a spokesperson for GSK told *The Telegraph* over the phone from London. She added that the decision was not based partly on cost, but also to disturb the existing arrangement.

India out of purview

STOCK WATCH

GSX Consumer Healthcare
Intro'd share price on SSE (in R\$)

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This is an area where there have been some big deals, including the acquisition of Shantha Biotechnics by Sanofi-Aventis in 2006.

For the year ended December 31, 2013, GlaxoSmithKline Pharmaceuticals Ltd. had an subsidiary, notched up sales of around Rs 565 crore from vaccines, marking a growth of 12 per cent over the preceding year.

While GSK is a major player in the private market for vaccines, it has a strong presence also in the public sector, providing to the government and to the states.

GlaxoSmithKline Pharmaceuticals Ltd. is a subsidiary of GlaxoSmithKline plc, a public company listed on the London Stock Exchange.

"The transactions mark a transformative process for us," said Novartis chief executive Joe Jimenez.

"They also improve our financial strength and are expected to add to our growth rates and margins immediately," he added. "This is about getting us into fighting shape for the next 10 years."

"Opportunities to build greater scale and combine high quality assets in vaccines and consumer health care are scarce," Andrew Witty, GlaxoSmithKline chief executive, said in a statement.

"With this transaction we will substantially strengthen two of our core businesses and

Over the next decade, pharmaceutical R&D systems will be under strain, trying to hold down costs as the number of older people grows rapidly. The winners will be the ones who can innovate, who have global scale, he said.

According to Thomson Reuters, deals this year in health care—driven by acquisitions by pharma companies—have resulted in global transactions worth about \$64.1 billion through April 10. That is the sector's strongest start to a year in 2009.

Cancer is a particular focus for some drug makers. Tuesday's deal will see Novartis strengthen its world No. 2

position in cancer behind Roche.

As well as strengthening its worldwide presence, GSK will be focusing on running a future oncology health business worth about £10 billion in turnover, with Novartis' annual revenue with Novartis. The British drug makers will return £4 billion to shareholders as well.

Jimenez said the deal would result in lower overall sales for the Swiss group, but higher profit as it swaps lower-margin vaccines for higher-margin oncology (cancer) drugs.

The announcement was positive for Novartis shares, which rose 5.5 per cent in mid-day trading in Zurich.

GSK shares were up 5.4 per cent to 1,065.5 pence.

From the new global entity's portfolio in India through GSK Consumer Healthcare, the Indian market, the GSKs are not. Negotiations could be done after the shareholders of the new entity pass an enabling resolution.

Earlier in the day, the bourses in India were informed that the new world-wide entity would "exclude GlaxoSmithKline Consumer Healthcare Limited, India, where GSK plc will continue to hold directly its interests in the listed entity."

GSK plc will have a majority control over the new consumer healthcare joint venture.

Some of the over-the-counter products sold by the company here in India include

Over the years, Horticor's range of products has grown to include a variety of health care products, including eye care, skin care, dental care, and oral care products. The company's products are available in over 100 countries, including the United States, Canada, Europe, and Asia. The company's products are sold through a network of distributors and retailers. The company's products are sold in over 100 countries, including the United States, Canada, Europe, and Asia. The company's products are sold through a network of distributors and retailers. The company's products are sold in over 100 countries, including the United States, Canada, Europe, and Asia. The company's products are sold through a network of distributors and retailers.

On the impact of the deal on its Indian operations, spokesperson for Novartis said, "All of these deals still need regulatory approvals so it is early to say what it means at a country level." Novartis has announced a portfolio transformation, which enables the company to focus on its leading businesses, building innovation power and global scale in pharmaceuticals, the spokesperson added.

VIVEK NAIR

Mumbai, April 22: GlaxoSmithKline Plc has deliberately left India and Nigeria out of the ambit of the new global joint venture that GSK and Novartis are forming for their consumer healthcare business.

Nigeria, India out of purview

This is an area where there have been some big deals, including the acquisition of Shantix Biotechnics by Sanofi-Aventis in 2009.

For the year ended December 31, 2013, GlaxoSmithKline

**Nigeria,
India out
of purview**

| GSK Consumer Healthcare 10-day share price on GSE (in Rs) | |
|--|-----------|
| 4410 | Open |
| 4400 | High 4400 |
| 4399 | Close |
| 4355 | 4358 |
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On September 30, 2013, GlaxoSmithKline Pharmaceuticals Ltd., the Indian subsidiary, notified the sales of around Rs 362 crore from vaccines, marking a growth of 12 per cent over the preceding year.

Over the past few years, the Indian market for oral care products has grown at a rapid pace. The market is now valued at Rs. 1,000 crore. The growth is driven by a number of factors, including the increasing awareness of oral hygiene, the growing middle class, and the increasing demand for branded products.

In the area of pharmaceuticals, Glaxo's latest deal with Novartis will have a deep impact on India. Industry sources said it would boost Glaxo's presence in the vaccines from Multinationals.

Horlicks is the flagship and has been sold in India for over a 100 years. SmithKline Beecham Consumer Healthcare (the earlier name of Glaxo Consumer Healthcare) set up a manufacturing plant at Nabha in Punjab in 1960 to make Horlicks for the first time in India.

On the impact of the deal on its Indian operations, a spokesperson for Novartis said, "All of these deals still need regulatory approvals so it is early to say what it means at a country level." Novartis has announced a portfolio transformation, which enables the company to focus on its leading businesses, building innovation power across the globe. In pharmaceuticals, the spokesperson added,