

Novartis plans spinoff of Alcon, \$5 bn share buy-back

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Novartis wants to focus on its pharmaceutical business

Swiss pharmaceutical giant Novartis said Friday it planned to cut loose its Alcon eye care division, and aimed to buy back \$5.0 billion of its own shares by the end of 2019.

Novartis said that by spinning off Alcon, it would be able to better focus on its pharmaceutical business.

At the same time, Alcon "would become a publicly traded global medtech leader based here in Switzerland," Novartis chairman Joerg Reinhardt said in a statement.

"Our strategic review examined all options for Alcon ranging from retention, sale, IPO to spinoff," he explained.

"The review concluded that a spinoff would be in the best interests of Novartis shareholders," he said, adding that the Novartis board planned to seek shareholder approval at its 2019 general assembly.

The deal will also need the approval of competition authorities.

When Novartis snapped up Alcon in 2011, the eye care firm comprised of three divisions: surgery, vision care and ophthalmic pharmaceuticals.

But two years ago, Novartis transferred Alcon's ophthalmic pharmaceuticals unit in-house. That business, which last year raked in sales of \$4.6 billion, will remain part of the Swiss giant going forward.

"The Alcon Division is now fully focused on surgical and vision care, and continues to be the global leader in eye care devices," Novartis said.

The Swiss company meanwhile said it planned to start buying back \$5.0 billion in shares.

It said the purchase would be largely funded through proceeds of its divestment to GlaxoSmithKline of their consumer health joint venture, which was announced in March and is expected to rake in \$13 billion.

Following the announcement, Novartis saw its share price soar 3.18 percent to 74.72 Swiss francs a piece in mid-morning trading, as the Swiss stock exchange's main SMI index rose 1.44 percent.

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