

GSK Buys Out Novartis' Share In Consumer Healthcare JV

GlaxoSmithKline announced today that it will buyout Novartis' 36.5% stake in their consumer healthcare joint venture for \$13 billion.

The move comes after GSK pulled out of a bid to buy pharma giant Pfizer's consumer healthcare business.

GSK-Novartis' consumer healthcare JV was formed as part of a three-part transaction between the pharmaceutical giants. The deal will allow GSK to capture the full value of their consumer healthcare growth—a booming arm for the pharmaceutical firm.

Last year, GSK's consumer healthcare business reported sales of \$11.1 billion and sales have grown 4% year on year since 2015.

The transaction is expected to increase adjusted earnings in 2018 and thereafter, and is expected to strengthen operational cash flows.

The sale will also help Novartis to focus on their core businesses, and also make acquisitions to provide shareholder value. Vas Narasimhan, CEO of Novartis, said: "While our consumer healthcare joint venture with GSK is progressing well, the time is right for Novartis to divest a non-core asset at an attractive price"

The transaction is subject to approval by GSK shareholders as Novartis is treated as a related party under U.K. Listing Rules, and the Board intends to unanimously recommend that shareholders vote in favor of the transaction.

To fund the transaction, GSK is initiating a strategic review of Horlicks and its other consumer healthcare nutrition products. The majority of Horlicks and other nutrition products sales are generated in India. Within the country, these products are sold by GlaxoSmithKline Consumer Healthcare Ltd, a public company listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The strategic review will include an assessment of GSK's 72.5% shareholding in the company.

GSK expects the outcome of the strategic review to be concluded around the end of 2018. There can be no assurance that the review process will result in any transaction.

India remains a priority market for GSK in terms of investment and growth. The company's consumer healthcare business will continue to invest in growth opportunities for its OTC and Oral Health brands such as Sensodyne and Eno. The group is also actively investing in its pharmaceutical and vaccines businesses in India, including building new manufacturing capacity in Vemgal, Karnataka and Nashik.

<https://forbesmiddleeast.com/gsk-buys-out-novartis-share-consumer-healthcare-jv>