

## Novartis investors put faith in new chief



[Madeleine Armstrong](#)

Novartis's outgoing chief executive, Joe Jimenez, might still have another week in the job, but the group's annual press conference was all about Vas Narasimhan. And investors seem optimistic that the incoming leader will usher in a new era, with the Swiss group's share price up 3% today on the latest numbers.

Positive news included Alcon's apparent turnaround, another strong quarter for Cosentyx, and Entresto hitting its 2017 revenue target. But Novartis still has plenty of work to do. To complete its turnaround Mr Narasimhan must deliver an ambitious list of blockbuster launches, prove that CAR-T can be a commercial success and weather the US generic pricing storm.

The incoming chief exec delivered an upbeat assessment of the company's pipeline, including reiterating details of 12 upcoming potential blockbuster launches, the progress of which will be followed closely. Novartis believes that each of these projects can surpass the magical \$1bn mark in these indications alone.

Notably, many in the list below have yet to attract any forecasts from financial analysts for these uses, according to *EvaluatePharma*, although some are already expected to be successful in prior indications.

### Novartis's upcoming "blockbuster" launches

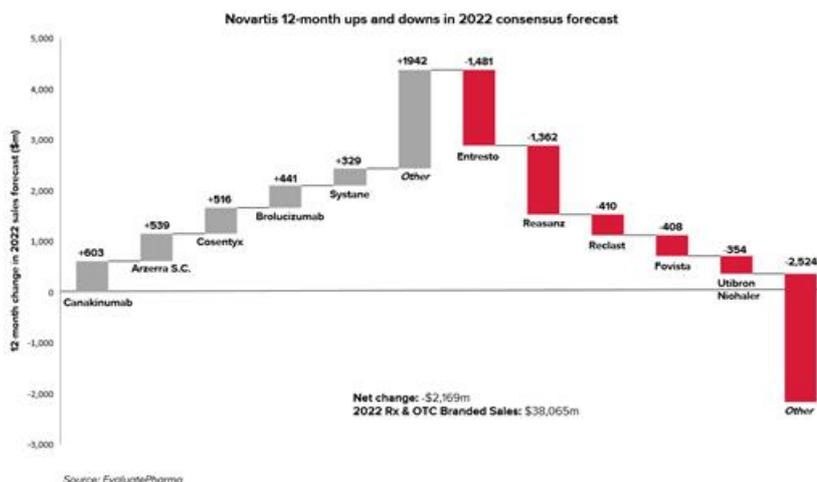
Project	Indication	Launch due	Current 2022e sales, all indications (\$m)
Aimovig	Migraine	2018	472
Kymriah	Diffuse large B-cell lymphoma	2018	992
Lutathera	Neuroendocrine tumours	2018	*
Canakinumab	Cardiovascular risk reduction	2019	1,121
BAF312	Secondary progressive MS	2019	1,023
RTH258 (brolucizumab)	Age-related macular degeneration	2019	937
Cosentyx	Non-radiographic axial spondyloarthritis	2020	4,554
Entresto	Heart failure with preserved ejection fraction	2020	3,400
OMB157 (Arzerra SC)	Relapsing MS	2020	572
QAW039	Asthma	2020	80
QVM149 (triple inhaled therapy)	Asthma	2020	139
SEG101	Sickle cell disease	2020	265

*Source: Company presentation; EvaluatePharma. \*Consensus from Novartis analysts not yet available.*

Of course it is not a given that Novartis's pipeline will live up to the company's lofty expectations. There are still doubts about the migraine candidate Aimovig, which looks set to enter a crowded anti-CGRP space, while canakinumab, if approved in cardiovascular disease, will be limited to a subgroup of high responders.

Nevertheless, the latter has seen the biggest boost in expectations over the past year, according to

EvaluatePharma sellside consensus.



Meanwhile, the jury is still out over whether the excitement around Kymriah can translate into significant sales. Today Mr Narasimhan dodged questions about the launch of the flagship CAR-T therapy, only saying there had been "bumps in the road"; the company is now seeing strong acceleration and a regular flow of patients in its currently approved use, paediatric ALL, he added.

He maintained that Kymriah could still become a blockbuster across its various indications, including lymphoma, where it was recently granted priority review status in the US. But Novartis's ongoing leadership in this field is far from assured, as news of Tmunity's strategy shift amply illustrated ([Tmunity parks its tanks on Novartis's lawn, January 24, 2018](#)).

## Reshaping generics

More troubling is the performance of Novartis's Sandoz division, which like many generic players has struggled with US pricing pressure.

Novartis says it plans to "reshape" the unit - in the US this appears to involve focusing on biosimilars and complex products such as generic versions of Advair, while more competitive areas will be exited.

When asked if this could involve a spin-out of part of the business, Sandoz's chief executive, Richard Francis, suggested that this was unlikely. He told *EP Vantage* that decisions would be made on a product-by-product and market-by-market basis, pointing out that branded generics were growing rapidly in some countries outside the US.

"We constantly assess our pipeline and portfolio in the US and beyond, so we either discontinue or divest products now on a regular basis," he said. "We've already been doing that for the last two years; the question is do we accelerate that?"

He dashed any hopes that the US generic environment could improve any time soon. "The only way I could think about it changing is if the channel unconsolidates - I don't think that's going to happen - or if the FDA approves fewer molecules."

While Scott Gottlieb is at the agency's helm the second scenario also seems unlikely, so the tough times for generics makers look set to continue. Luckily for Novartis the company has plenty of novel projects too - even if some of these still have much to prove.

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