

NOVARTIS AG
Form 6-K
October 27, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

Report on Form 6-K dated October 26, 2014

(Commission File No. 1-15024)

Novartis AG

(Name of Registrant)

Lichtstrasse 35

4056 Basel

Switzerland

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Edgar Filing: NOVARTIS AG - Form 6-K

Form 20-F: **Form 40-F:**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes: No:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes: No:

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes: No:

Novartis International AG

Novartis Global Communications

CH-4002 Basel

Switzerland

<http://www.novartis.com>

MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG

Novartis announces divestiture of influenza vaccines business to CSL for USD 275 million

- *CSL to acquire Novartis influenza vaccines business, including development pipeline, for USD 275 million*
- *Announcement follows a transaction announced on April 22, 2014 to divest the non-influenza segments of Novartis Vaccines to GlaxoSmithKline*

Basel, Switzerland, October 26, 2014 Novartis today announced it has entered into a definitive agreement to divest its influenza vaccines business to CSL Limited (CSL) for an agreed price of USD 275 million. This transaction requires regulatory approvals and is expected to close in the second half of 2015.

CSL has more than 40 years of experience in the influenza vaccines business and operates in 27 countries with more than 13,000 employees worldwide. In addition to vaccines, CSL has established businesses in plasma-driven therapies, pharmaceuticals, antivenoms and immunohematology. The Novartis influenza vaccines unit will be combined with CSL's subsidiary, bioCSL.

In CSL, we have found not only an owner for the influenza business that shares our commitment to protecting public health, but also a strong growth platform for the business and our associates, said Joseph Jimenez, CEO of Novartis.

The Novartis influenza vaccines business has a strong track record of delivering almost 1 billion doses of seasonal and pandemic influenza vaccines globally over the last 30 years. The company was the first and only manufacturer with the flexibility of two production technologies egg-based vaccines for seasonal, pandemic and pre-pandemic, and cell-culture-based vaccines for antibiotic-free production with the potential for rapid scale-up to protect against pandemic threats. The business also benefits from access to a proprietary adjuvant platform and leadership in pandemic preparedness.

Edgar Filing: NOVARTIS AG - Form 6-K

Novartis remains fully committed to the influenza business during the transition period to closing, including honoring agreements with customers, research and development for influenza vaccines and product launches.

Related transactions and deal terms

Until the transaction with CSL is completed, Novartis will continue to operate its influenza vaccines business and report its results under discontinuing operations. The influenza vaccines business will be reported together with the non-influenza business until such time as the non-influenza vaccines business is divested to GlaxoSmithKline plc (GSK) as part of the previously announced transaction.

As a result of today's announcement, IFRS requires a separate valuation of the influenza vaccines assets. This immediately triggers the recognition of an exceptional impairment charge of approximately USD 1.1 billion (pre-tax) as the book value of the influenza vaccines assets are above the selling price. This charge is a non-cash accounting impact and will be excluded from the Group's core results. Upon closing the deal with GSK for the remaining non-influenza vaccines business, Novartis expects to record a substantial

About Novartis

Novartis provides innovative healthcare solutions that address the evolving needs of patients and societies. Headquartered in Basel, Switzerland, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, eye care, cost-saving generic pharmaceuticals, preventive vaccines, over-the-counter and animal health products. Novartis is the only global company with leading positions in these areas. In 2013, the Group achieved net sales of USD 57.9 billion, while R&D throughout the Group amounted to approximately USD 9.9 billion (USD 9.6 billion excluding impairment and amortization charges). Novartis Group companies employ approximately 135,000 full-time-equivalent associates and sell products in more than 150 countries around the world. For more information, please visit <http://www.novartis.com>.

Novartis is on Twitter. Sign up to follow @Novartis at <http://twitter.com/novartis>.

Novartis Media Relations

Central media line : +41 61 324 2200

Eric Althoff

Novartis Global Media Relations

+41 61 324 7999 (direct)

+41 79 593 4202 (mobile)

eric.althoff@novartis.com

e-mail: media.relations@novartis.com

Liz Power

Novartis Global Media Relations

+1 212 830 2466 (direct)

+1 617 583 3015 (mobile)

elizabeth.power@novartis.com

For Novartis multimedia content, please visit www.thenewsmarket.com/Novartis

For questions about the site or required registration, please contact: journalisthelp@thenewsmarket.com.

Novartis Investor Relations

Central phone:

Samir Shah

Pierre-Michel Bringer

Thomas Hungerbuehler

Isabella Zinck

+41 61 324 7944

+41 61 324 7944

+41 61 324 1065

+41 61 324 8425

+41 61 324 7188

North America:

Stephen Rubino

Susan Donofrio

+1 862 778 8301

+1 862 778 9257

e-mail: investor.relations@novartis.com

e-mail: investor.relations@novartis.com

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Novartis AG

Date: October 26, 2014

By: /s/ MALCOLM B. CHEETHAM

Name: Malcolm B. Cheetham
Title: Head Group Financial
Reporting and Accounting