

Valuation & Research Specialists (VRS)
Equity Research Team
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Share Price (16/04/2015)
(in USD) **103.31 \$**

of Shares (,000) 2,706.19
Market Cap (in USD mn) 279,576.49 \$
Ave. Volume (p) 1,545,463
Beta Co-efficient 0.87

Statistical Data

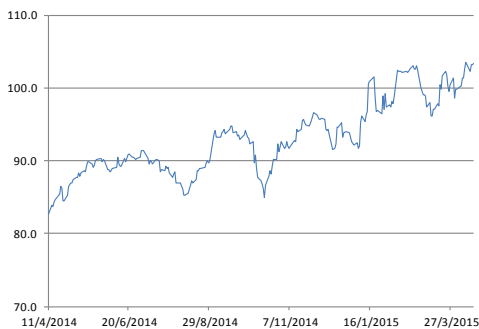
Max 52 week (in USD) 103.58 \$
Min 52 week (in USD) 82.67 \$
1-M Rtn 5.55%
6-M Rtn 17.53%
12-M Rtn 22.39%

Source: VRS Calculations,
Reuters, Bloomberg.

Company Profile

Novartis AG is a multinational group of companies specializing in the research, development, manufacturing and marketing of a range of healthcare products led by pharmaceuticals. The headquarters of the Company are located in Basel, Switzerland, whereas the Group includes subsidiaries all over the world.

Stock Price & Volume Performance (1 year, in USD)



Note: Share price performance based on share price close.
Period as day/month/year.

NOVARTIS

Listed on SIX Swiss Exchange, Switzerland, and U.S.A.

[Bloomberg Ticker: NOTX:SW] [Reuters Ticker: NOVNEE.SJ]

Business Sector: Health Care, Industry: Biotech & Pharma

Corporate & Investment Highlights

- The Group reported stabilized sales for FY 2014 with Growth Products representing 32% of Group net sales up by 18% versus FY 2013.
- During FY 2014, the Management unfolded a multifaceted strategy consisting of the following pillars: Strengthened innovation, continued focus on quality, portfolio transformation and capturing of cross-divisional synergies.

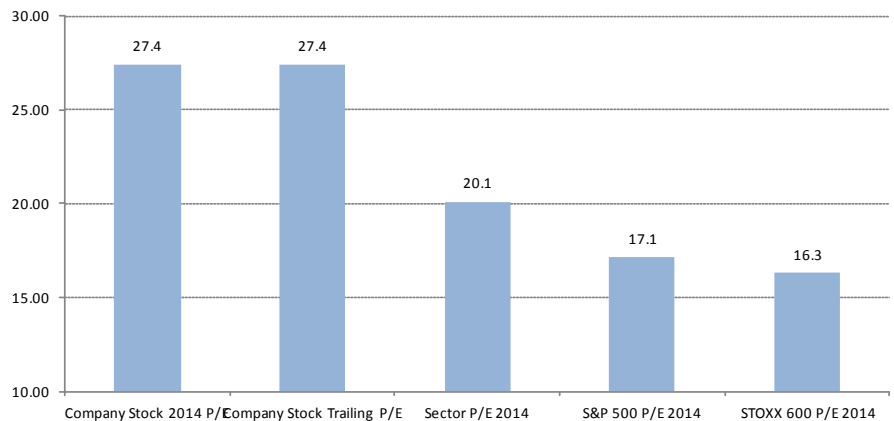
[As of the date of this report, the Company/Group had published financial statements until the full year 2014.]

2014 Annual Consolidated Results

(USD million)	12M 2014	%	12M 2013
Revenues	57,996.0	1.12%	57,355.0
EBT	12,272.0	13.56%	10,807.0
EAT (Net Income)	10,210.0	11.28%	9,175.0

Source: The Company.

Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

Important Note:

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Company Report

FLASH NOTE
April 16, 2015

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Business Sector: Health Care, Industry: Biotech & Pharma

BASIC FINANCIAL INDICATORS

(in USD million)	Sales	EBITDA	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT / EQUITY (x)	ROE %
2009	44,267.0	12,283.0	9,922.0	8,400.0	33.28	4.87	22.5	0.24	15%
2010	50,624.0	14,945.0	11,702.0	9,794.0	28.55	4.42	19.7	0.36	15%
2011	58,566.0	16,786.0	10,773.0	9,113.0	30.68	4.25	17.6	0.31	14%
2012	56,673.0	16,431.0	11,243.0	9,505.0	29.41	4.05	17.7	0.29	14%
2013	57,355.0	15,835.0	10,807.0	9,175.0	30.47	3.76	18.2	0.24	12%
2014	57,996.0	15,840.0	12,272.0	10,210.0	27.38	3.95	18.1	0.29	14%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price. Source: Official Consolidated Financial Statements, VRS Calculations. n/c stands for non calculable.

Group Sales Breakdown Period 2011 – 2014, per Business Segment

USD million, consolidated figures

	2014	2013	2012	2011
Pharmaceutical	31,791.00	32,214.00	32,153.00	32,508.00
Sales				
Alcon	10,827.00	10,496.00	10,225.00	9,958.00
Sales				
Sandoz	9,562.00	9,159.00	8,702.00	9,473.00
Sales				
Vaccines	1,537.00	1,423.00	1,858.00	1,996.00
Sales				
Consumer Health	4,279.00	4,064.00	3,735.00	4,631.00
Sales				
Total	57,996.00	57,356.00	56,673.00	58,566.00
Sales				

Note: Different aggregate sales in 2013 and 2014 are due to the Group's reporting policies. Source: The Company.

Group Sales Breakdown Period 2011 – 2014, per Geographic Area

USD million, consolidated figures

	2014	2013	2012	2011
Europe	21,298.00	20,908.00	19,708.00	21,507.00
Sales				
US	18,792.00	18,624.00	18,592.00	19,225.00
Sales				
Asia, Africa/Australasia	12,354.00	12,499.00	12,936.00	12,354.00
Sales				
Canada and Latin America	5,552.00	5,325.00	5,437.00	5,480.00
Sales				
Worldwide	57,996.00	57,356.00	56,673.00	58,566.00
Sales				

Note: Different aggregate sales in 2013 and 2014 are due to the Group's reporting policies. Source: The Company.

Working Capital Ratios

in USD million		2009	2010	2011	2012	2013	2014
Revenues	USD mn	44,267.00	50,624.00	58,566.00	56,673.00	57,355.00	57,996.00
Cost (net of depreciation)	USD mn	11,292.00	13,044.00	15,653.00	15,658.00	16,673.00	16,881.00
Gross Profit Margin	%	61.87%	74.23%	73.27%	72.37%	70.93%	70.89%
Net Income / Profit	USD mn	8,400.00	9,794.00	9,113.00	9,505.00	9,175.00	10,210.00
Net Profit Margin	%	19.0%	19.3%	15.6%	16.8%	16.0%	17.6%
Cash & Cash Equivalents	USD mn	17,449.00	8,134.00	5,075.00	8,119.00	9,222.00	13,862.00

Stock Days

Days	126	170	138	157	159	132
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Stock Inventory

USD mn	5,830.00	6,093.00	5,930.00	6,744.00	7,267.00	6,093.00
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Debtors Days

Days	69	71	64	65	63	52
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Debtors - Receivables

USD mn	8,310.00	9,873.00	10,323.00	10,051.00	9,902.00	8,275.00
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Creditors Days

Days	130	134	116	130	135	117
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Creditors - Suppliers

USD mn	4,012.00	4,788.00	4,989.00	5,593.00	6,148.00	5,419.00
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Operating Cycle (Days)

Days	195	242	203	222	222	184
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Cash Cycle (Days)

Days	65	108	86	92	88	67
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Source: Official Consolidated Financial Statements, VRS Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
NOVARTIS	NOTX:SW	NOVNEE.S	\$103.31 (USA)	April 16, 2015	----

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2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
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4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
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