Frequently Asked Questions

Tab:

Financial questions

Where can I learn more about Novartis financial results?

Our Financial Data [1] section provides links to:

- Annual Results [2] and Quarterly Results [3], including a five-years results archive
- Novartis SEC Filings [4]
- The Novartis Annual Reporting Suite [5]
- Latest Top 20 Product Sales [6]
- Fixed-Income Securities information [7]
- And monthly information about the Expected Currency Impact [8] on our results

Upcoming releases and more events are listed in our Event Calendar [9].

How do you calculate your earning per share?

Basic earnings per share (EPS) is calculated by dividing net income attributable to shareholders of Novartis AG by the weighted average number of shares outstanding in a reporting period. This calculation excludes the average number of issued shares purchased by the Group and held as treasury shares.

For diluted EPS, the weighted average number of shares outstanding is adjusted to assume the vesting of all restricted shares, restricted share units, and the conversion of all potentially dilutive shares arising from options on Novartis shares that have been issued.

No options were excluded from the calculation of diluted EPS in 2019, 2018 or 2017, as all options were dilutive in all years.

Per-share information

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to shareholders of Novartis AG (USD millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>- Continuing operations</td>
<td>7 412</td>
<td>12 797</td>
<td>7 499</td>
</tr>
<tr>
<td>- Discontinued operations</td>
<td>4 590</td>
<td>-186</td>
<td>204</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11 732</strong></td>
<td><strong>12 611</strong></td>
<td><strong>7 703</strong></td>
</tr>
</tbody>
</table>

**Number of shares (in millions)**

- Weighted average number of shares outstanding used in basic earnings per share
  - 2019: 2 291
  - 2018: 2 319
  - 2017: 2 346

- Adjustment for vesting of restricted shares, restricted share units and dilutive shares from options
  - 2019: 28
  - 2018: 25
  - 2017: 25

- Weighted average number of shares in diluted earnings per share
  - 2019: 2 319
  - 2018: 2 344
  - 2017: 2 371

**Basic earnings per share (USD)**

- Continuing operations
  - 2019: 3.12
  - 2018: 5.52
  - 2017: 3.20

- Discontinued operations
  - 2019: 2.00
  - 2018: -0.08
  - 2017: 0.08

- Total
  - 2019: 5.12
  - 2018: 5.44
  - 2017: 3.28

**Diluted earnings per share (USD)**

- Continuing operations
  - 2019: 3.08
  - 2018: 5.46
  - 2017: 3.17

- Discontinued operations
  - 2019: 1.98
  - 2018: -0.08
  - 2017: 0.08

- Total
  - 2019: 5.06
  - 2018: 5.38
  - 2017: 3.25

Learn more about share ownership [10]

When does the fiscal year end for Novartis?

Novartis uses the 12-month calendar year, ending December 31, as its fiscal year.

Are there any limitations on voting rights for registered shareholders?

The Company’s Articles of Incorporation state that no person or entity shall be registered with the right to vote for more than 2% of the share capital, as set forth in the commercial register. In particular cases, the Board of Directors may allow exemptions from the limitation for registration in the Novartis Share Register.
According to the Novartis Share Register, shareholders owning 2% or more of the Company’s capital at December 31, 2019, and being entitled to voting rights on all of their shares, excluding treasury shares held by Novartis AG or its fully owned subsidiaries, are as follows:

<table>
<thead>
<tr>
<th>% holding of share capital Dec 31, 2019</th>
<th>% holding of share capital Dec 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emasan AG, Basel</td>
<td>3.5</td>
</tr>
<tr>
<td>Novartis Foundation for Employee Participation, Basel</td>
<td>2.1</td>
</tr>
<tr>
<td>UBS Fund Management (Switzerland) AG, Basel</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Where can I find historical financial information about Novartis?


What is the exposure to exchange rate risk for Novartis?

We transact our business in many currencies other than the US dollar, our reporting currency. The following provides an overview of net sales and operating expenses for our continuing operations based on IFRS values for 2019, 2018 and 2017, for currencies most important to the Group:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Net sales 2019 %</th>
<th>Net sales 2018 %</th>
<th>Net sales 2017 %</th>
<th>Operating expenses 2019 %</th>
<th>Operating expenses 2018 %</th>
<th>Operating expenses 2017 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar (USD)</td>
<td>37</td>
<td>35</td>
<td>36</td>
<td>36</td>
<td>31</td>
<td>37</td>
</tr>
<tr>
<td>Euro (EUR)</td>
<td>28</td>
<td>29</td>
<td>28</td>
<td>26</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>Swiss franc (CHF)</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>16</td>
<td>20</td>
<td>17</td>
</tr>
<tr>
<td>Japanese yen (JPY)</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Chinese yuan (CNY)</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>
Canadian dollar (CAD)  Net sales  3  3  3  
                      Operating expenses  2  2  1  
British pound (GBP)  Net sales  2  2  2  
                      Operating expenses  2  2  2  
Brazilian real (BRL)  Net sales  2  2  2  
                      Operating expenses  1  1  1  
Russian ruble (RUB)  Net sales  2  2  2  
                      Operating expenses  1  1  1  
Australian dollar (AUD)  Net sales  1  1  2  
                        Operating expenses  1  1  1  
Other currencies  Net sales  12  14  13  
                        Operating expenses  8  9  8  

Operating expenses in the above table include cost of goods sold, selling, general and administration, research and development, other income and other expense.

We prepare our consolidated financial statements in US dollars. As a result, fluctuations in the exchange rates between the US dollar and other currencies can have a significant effect on both the Group’s results of operations as well as the reported value of our assets, liabilities and cash flows. This in turn may significantly affect reported earnings (both positively and negatively) and the comparability of period-to-period results of operations.

For purposes of our consolidated balance sheets, we translate assets and liabilities denominated in other currencies into US dollars at the prevailing market exchange rates as of the relevant balance sheet date. For purposes of the Group’s consolidated income and cash flow statements, revenue, expense and cash flow items in local currencies are translated into US dollars at average exchange rates prevailing during the relevant period. As a result, even if the amounts or values of these items remain unchanged in the respective local currency, changes in exchange rates have an impact on the amounts or values of these items in our consolidated financial statements.

Because our expenditures in Swiss francs are significantly higher than our revenues in Swiss francs, volatility in the value of the Swiss franc can have a significant impact on the reported value of our earnings, assets and liabilities, and the timing and extent of such volatility can be difficult to predict.

There is also a risk that certain countries could devalue their currency. If this occurs, it could impact the effective prices we would be able to charge for our products and also have an adverse impact on both our consolidated income statement and balance sheet.

How can I get a copy of your Annual Report?
You will find detailed information about the 2019 Annual Report on our Annual Reporting Suite page.

Novartis shares

What is the new cost basis for of my Novartis and Alcon shares following the spin-off of Alcon from Novartis?

Information about allocation of tax basis for U.S. holders may be found in the Form 8937: Basis of Securities (PDF 0.1 MB). With regard to non-U.S. holders, please note that the allocation of tax basis for Novartis and Alcon shares following the spin-off depend on the applicable local tax provisions and each shareholder’s individual circumstances. Accordingly, all shareholders and ADR holders are asked to consult their own tax advisor regarding the tax basis allocation calculations.

Where are Novartis shares traded?

Novartis shares are listed and traded on the SIX Swiss Exchange (Valor No. 001200526, ISIN CH0012005267, symbol: NOVN) as well as on the NYSE in the form of American Depositary Receipts (ADR) (Valor No. 567514, ISIN US66987V1098, symbol: NVS).

What are the ticker symbols for Novartis?

<table>
<thead>
<tr>
<th>Shares</th>
<th>SIX (Reuters / Bloomberg)</th>
<th>NOVN.S / NOVN SW</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADRs</td>
<td>NYSE (Reuters / Bloomberg)</td>
<td>NVS / NVS US</td>
</tr>
</tbody>
</table>

What is an ADR/ADS?

ADR stands for American Depositary Receipt. ADS stands for American Depositary Share. An ADR is a receipt for a number of shares of a foreign-based corporation held by a US depositary bank, entitling the ADR holder to all dividends and capital gains.

What is the number of outstanding shares in Novartis?

Key Novartis share data

Calculated on the weighted average number of shares outstanding

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Issued shares  
2 527 374 820  
2 550 624 820  
2 616 844 820  

Treasury shares¹  
262?366?332  
239?453?391  
299?388?321  

Outstanding shares at December 31  
2?265?008?488  
2?311?171?429  
2?317?456?499  

Weighted average number of shares outstanding  
2?290?792?782  
2?319?322?369  
2?345?783?843  

1. Approximately 118 million treasury shares (2018: 122 million; 2017: 131 million) are held in Novartis entities that restrict their availability for use.

What is the number of outstanding ADRs in Novartis?

Key data on ADRs issued in the US

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-end ADR price (USD)</td>
<td>94.69</td>
<td>85.81</td>
<td>83.96</td>
</tr>
<tr>
<td>Number of ADRs outstanding¹</td>
<td>315 073 094</td>
<td>338 641 387</td>
<td>320 833 039</td>
</tr>
</tbody>
</table>

1. The depositary, JPMorgan Chase Bank, N.A., holds one Novartis AG share for every ADR issued.

What is the date of your Annual General Meeting?

The Annual General Meeting 2019 took place on February 28, 2019 in Basel, Switzerland.

The next Annual General Meeting of Novartis AG will take place on February 28, 2020 in Basel, Switzerland.

Visit the Annual General Meeting section [13]

When is your dividend going to be paid?

The dividend payment date has been set for March 05, 2020.

What is the dividend history for Novartis shares?

The Novartis Board of Directors will propose a dividend of CHF 2.95 per share to the
shareholders for approval at the Annual General Meeting to be held on February 28, 2020.

Learn more about dividend information [14]

Where can I find historical data for Novartis shares?

You may use the interactive Share Monitor [15] under our Share Data & Analysis section to find the closing share price on a specific day.

How can I obtain the minutes of your Annual General Meeting?

A summary in German of our Annual General Meeting (AGM) 2019 is available in our Annual General Meeting [13] section.

ADR Shareholders [16]

Which ADR holders are entitled to direct JPMorgan to vote?

Holders of Novartis ADRs on the ADR record date for voting rights (referred to as “Record Date”) of January 23, 2020, will receive the proxy material and are entitled to direct JPMorgan, as the ADS depositary, to vote.

Can I attend the Annual General Meeting in person?

ADR holders may not attend the Annual General Meeting in person. ADR holders may give voting instructions to JPMorgan by mailing a Voting Instruction Card, through the Internet or on the telephone.

What happens if I do nothing and do not provide any voting instructions?

If you do not provide voting instructions, you will be deemed to have instructed JPMorgan, as the ADS depositary, to give a discretionary proxy to an uninstructed independent, who has to be a shareholder of Novartis. Such designee will vote any unvoted shares underlying the ADRs.

Why does Novartis need my personal information for me to give voting instructions?

Novartis needs the name, address and number of ADRs held from registered ADR holders and from beneficial ADR holders when your broker, bank or other nominee’s total holdings exceed 0.5% of Novartis’ registered share capital to ensure compliance with the requirements of Article 5 of Novartis’ Articles of Incorporation.

Will my vote be counted at the Annual General Meeting?

If you have mailed your properly completed and signed Voting Instruction Card so that it is
received before the voting deadline as noted on your Voting Instruction Card, or if you have properly submitted your vote by telephone or the Internet by the deadline for those voting methods as noted on your Voting Instruction Card, and, if required, you have authorized your financial institution (bank or broker) to disclose your name, address and the number of ADRs you hold as a registered ADR holder and/or as a beneficial ADR holder when your broker, bank or other nominee holdings exceed 0.5% of Novartis’ registered share capital (see “Beneficial Holders” on the previous page), JPMorgan will exercise the voting rights of the registered Novartis shares underlying your ADRs in the manner you have instructed, subject to the 2% limit of the registered share capital of Article 5 of the Novartis Articles of Incorporation (see “ADR Voting” on the previous page).

Am I restricted in trading my ADRs if I register my ADRs?

Neither the registration of ADRs with JPMorgan (in case of registered ADRs) nor the disclosure of your name, address and ADR holding to Novartis affects the transferability of your ADRs. No trading restriction on ADRs is imposed by JPMorgan or Novartis. ADR holders may, therefore, purchase or sell their ADRs at any time, including prior to a general meeting, regardless of the Record Date. The Record Date serves only to determine the right to direct JPMorgan to vote at Novartis’ Annual General Meeting.

Can I vote on additional and/or new motions presented by shareholders at the Annual General Meeting?

Agenda Item 10 of your Voting Instruction Card allows you to vote on alternative motions under the agenda items published in the Notice of Annual General Meeting and/or motions relating to additional agenda items according to Article 700 paragraph 3 of the Swiss Code of Obligations proposed at the Annual General Meeting as follows: Mark the FOR Box to vote according to the motions of the Board of Directors. Mark the AGAINST Box to vote against any alternative/new motion. Mark the ABSTAIN Box to abstain from voting. If no instruction on Agenda Item 10 is received from an ADR holder, such holder will be deemed to have instructed JPMorgan, through its Nominee or Nominees, to give a discretionary proxy to an uninstructed independent designee. Such designee has to be a shareholder of Novartis.

How can I get additional information about the ADR voting process and the Annual General Meeting?

If you are a registered or a beneficial ADR holder and have any questions about the ADR voting process or Novartis’ Annual General Meeting, please call JPMorgan at (877) 816-5333.

Services [17]
How can I obtain SEC documents, such as the 10-K or 20-F?

Because Novartis is a Swiss firm, we do not file some SEC documents (e.g., Forms 10-K and 10-Q). Instead, our results are reported to the SEC in the Form 20-F.

View or download the 20-F report [5]

How can I get information on your key pharmaceutical products?

An overview of our key products is available in our Product Portfolio [18] section.

How can I get information on the dates Novartis will report sales and earnings?

Please check the Novartis investor relations reporting dates in our Event Calendar [9].

Can I subscribe to receive Novartis news automatically?

We have a subscription form online where you can register to receive information. Each time something new is published on the investor relations section of our website, you will receive an alert by e-mail.

Subscribe to our news [19]

Source URL: https://www.novartis.com/investors/shareholder-information/frequently-asked-questions

Links
[16] https://www.novartis.com/investors/shareholder-information/frequently-asked-questions#tab-3
[17] https://www.novartis.com/investors/shareholder-information/frequently-asked-questions#tab-4