Company Overview

Our purpose is to reimagine medicine to improve and extend people's lives. We use innovative science and technology to address some of society's most challenging healthcare issues. We discover and develop breakthrough treatments and find new ways to deliver them to as many people as possible. We also aim to reward those who invest their money, time and ideas in our company. Our vision is to be a trusted leader in changing the practice of medicine. Our strategy is to build a leading, focused medicines company powered by advanced therapy platforms and data science. As we implement our strategy, we have five priorities to shape our future and help us continue to create value for our company, our shareholders and society: unleash the power of our people; deliver transformative innovation; embrace operational excellence; go big on data and digital; and build trust with society.

Accordion:

Financial Figures

In 2019, Novartis achieved net sales from continuing operations of USD 47.4 billion, while net income from continuing operations amounted to USD 7.1 billion and total net income to USD 11.7 billion. Headquartered in Basel, Switzerland, our Group companies employed 104,000 full-time equivalent associates as of December 31, 2019. Our products are sold in approximately 155 countries around the world.

Global Operating Divisions

The Group comprises two global operating divisions:

- Innovative Medicines: Innovative patent-protected prescription medicines
- Sandoz: Generic pharmaceuticals and biosimilars

In April 2019, we completed the previously announced spin-off of Alcon into a separately traded standalone company. To comply with IFRS, Novartis has separated the Group’s reported financial data for the current and prior years into “continuing” and “discontinued” operations. Discontinued operations include the Alcon eye care devices business and certain Corporate activities attributable to the Alcon business prior to the spin-off, the gain on distribution of Alcon to Novartis AG shareholders and certain other expenses related to the spinoff.

Innovative Medicines Division

Our Innovative Medicines Division researches, develops, manufactures, distributes and sells...
patented prescription medicines to enhance health outcomes for patients and healthcare providers. Innovative Medicines is organized into two global business units: Novartis Oncology and Novartis Pharmaceuticals. Novartis Pharmaceuticals consists of the following global business franchises: Ophthalmology; Neuroscience; Immunology; Hepatology and Dermatology; Respiratory; Cardiovascular, Renal and Metabolism; and Established Medicines.

**Sandoz Division**

Our Sandoz Division develops, manufactures, distributes and sells prescription medicines as well as pharmaceutical active substances that are not protected by valid and enforceable third-party patents. Sandoz is organized globally into three franchises: Retail Generics; Anti-Infectives and Biopharmaceuticals. In Retail Generics, Sandoz develops, manufactures and markets active ingredients and finished dosage forms of small molecule pharmaceuticals to third parties across a broad range of therapeutic areas, as well as finished dosage form anti-infectives sold to third parties. In Anti-Infectives, Sandoz manufactures and supplies active pharmaceutical ingredients and intermediates – mainly antibiotics – for internal use by Retail Generics and for sale to third-party customers. In Biopharmaceuticals, Sandoz develops, manufactures and markets protein? or other biotechnology?based products, including biosimilars, and provides biotechnology manufacturing services to other companies.

**Cross-Divisional Organizational Units**

Our divisions are supported by the following organizational units: the Novartis Institutes for BioMedical Research, Global Drug Development, Novartis Technical Operations and Novartis Business Services. The financial results of these organizational units are included in the results of the divisions for which their work is performed.

The Novartis Institutes for BioMedical Research (NIBR) is the innovation engine of Novartis, which conducts drug discovery research and early clinical development trials for our Innovative Medicines Division. Approximately 5,600 full-time equivalent scientists, physicians and business professionals at NIBR are working to discover new medicines for various diseases at sites located in the US, Switzerland and China.

Our Global Drug Development (GDD) organization oversees drug development activities for our Innovative Medicines Division and collaborates with our Sandoz Division on development of its biosimilars portfolio. GDD works collaboratively with NIBR, Innovative Medicines and Sandoz to execute our overall pipeline strategy. The GDD organization includes centralized global functions such as Regulatory Affairs and Global Development Operations, as well as Global Development units aligned with our business franchises. GDD includes approximately 11,000 full-time equivalent associates worldwide.

Novartis Technical Operations (NTO) manages manufacturing operations, supply chain and quality across our Innovative Medicines and Sandoz Divisions. As the Novartis portfolio evolves, we continue to transform our operations to help ensure we can deliver the innovation and expertise needed to enable the production of new medical technologies, while increasing efficiency. NTO is expected to enhance capacity planning and adherence to quality standards, and to lower costs through simplification, standardization and external spend optimization. NTO includes approximately 25,100 full-time equivalent associates and 60 manufacturing
sites across our Innovative Medicines and Sandoz Divisions.

Novartis Business Services (NBS), our shared services organization, delivers integrated solutions to all Novartis divisions and units worldwide. NBS seeks to drive efficiency and effectiveness across Novartis by simplifying and standardizing services across six service domains: human resources, real estate and facility services, procurement, information technology, commercial and medical support activities, and financial reporting and accounting operations. NBS has approximately 10,000 full-time equivalent associates in more than 30 countries. NBS works to leverage the full scale of Novartis to create value across the Company and to free up resources to invest in innovation and our product pipeline. NBS continues to transfer the delivery of selected services to its five Global Service Centers in Dublin, Ireland; Hyderabad, India; Kuala Lumpur, Malaysia; Mexico City, Mexico; and Prague, Czech Republic.

As of January 1, 2019, Novartis Internal Audit, our SpeakUp Office (formerly Business Practices Office) and Global Security were combined into one function called Novartis Business Assurance & Advisory (NBAA).

In 2019, we created a new Global Health and Corporate Responsibility (GH&CR) function to support the integration of our activities in the areas of ethics, pricing and access, global health and corporate responsibility into our core business strategy, and to help align our initiatives, funding and communications in these areas.

Disclaimer:

These materials contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, that can generally be identified by words such as “potential,” “expected,” “will,” “planned,” “pipeline,” “outlook,” “may,” “could,” “would,” “anticipate,” “seek,” or similar expressions, or by express or implied discussions regarding potential new products, potential new indications for existing products, potential product launches, or regarding potential future revenues from any such products; or regarding the development or adoption of potentially transformational technologies, treatment modalities and business models; or regarding potential future or pending transactions, including the potential outcome, or financial or other impact on Novartis, of the proposed divestiture of certain portions of our Sandoz Division business in the US; or regarding the potential impact of share buybacks; or regarding potential future sales or earnings of the Group or any of its divisions or potential shareholder returns; or by discussions of strategy, plans, expectations or intentions. Such forward-looking statements are based on the current beliefs and expectations of management regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. You should not place undue reliance on these statements. In particular, our expectations could be affected by, among other things: global trends toward healthcare cost containment, including ongoing government, payor and general public pricing and reimbursement pressures and requirements for increased pricing transparency; uncertainties regarding potential significant breaches of data security or data privacy, or disruptions of our information technology systems; regulatory actions or delays or
government regulation generally, including potential regulatory actions or delays with respect to the proposed transactions or the development of the products described in these materials; the potential that the proposed divestiture of certain portions of our Sandoz Division business in the US or the planned acquisition of the Japanese operations and associated assets of Aspen Global Incorporated may not be completed in the expected time frame, or at all; the potential that the strategic benefits, synergies or opportunities expected from the acquisition of The Medicines Company, the proposed divestiture of certain portions of our Sandoz Division business in the US, or the planned acquisition of the Japanese operations and associated assets of Aspen Global Incorporated, and other transactions described, may not be realized or may be more difficult or take longer to realize than expected; the successful integration of The Medicines Company into the Novartis Group and the timing of such integration; potential adverse reactions to the transaction by customers, suppliers or strategic partners; dependence on key personnel of The Medicines Company; dependence on third parties to fulfill manufacturing and supply obligations; the uncertainties involved in predicting shareholder returns; the uncertainties in the research and development of new healthcare products, including clinical trial results and additional analysis of existing clinical data; our ability to obtain or maintain proprietary intellectual property protection, including the ultimate extent of the impact on Novartis of the loss of patent protection and exclusivity on key products that commenced in prior years and is expected to continue this year; safety, quality, data integrity, or manufacturing issues; uncertainties involved in the development or adoption of potentially transformational technologies and business models; uncertainties regarding actual or potential legal proceedings, including, among others, product liability litigation, disputes and litigation with business partners or business collaborators, government investigations generally, litigation and investigations regarding sales and marketing practices, and intellectual property disputes; our performance on environmental, social and governance measures; general political, economic and trade conditions, including uncertainties regarding the effects of ongoing instability in various parts of the world; uncertainties regarding future global exchange rates; uncertainties regarding future demand for our products; and other risks and factors referred to in Novartis AG’s current Form 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in these materials as of this date and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

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