

Company Overview

As a leading global medicines company, we use innovative science and digital technologies to create transformative treatments in areas of great medical need. In our quest to find new medicines, we consistently rank among the world's top companies investing in research and development. Novartis products reach more than 750 million people globally and we are finding innovative ways to expand access to our latest treatments. Our purpose is to reimagine medicine to improve and extend people's lives. Our vision is to be a trusted leader in changing the practice of medicine. Our strategy is to focus Novartis as a leading medicines company powered by advanced therapy platforms and data science.

Accordion:

Global Operating Divisions

Following the divestment of our Alcon Division in April 2019, our continuing operations comprise two global operating divisions, Innovative Medicines and Sandoz. We also separately report the results of Corporate activities. Discontinued operations include the business of Alcon and certain Corporate costs directly attributable to Alcon up to the spin-off date

Continuing Operations:

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

Discontinued Operations:

- Alcon: Surgical and vision care products
- Corporate: Certain costs directly attributable to Alcon up to the spin-off date

Cross-Divisional Organizational Units

Our continuing operations are supported by the following cross-divisional 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 global pharmaceutical research organization of Novartis. With an ongoing focus on diseases for which medical needs remain unmet, scientists and physicians at NIBR are dedicated to ensuring that Novartis maintains its

strong pipeline. NIBR has sites in Basel, Switzerland; Shanghai, China; Cambridge, Massachusetts; and three other US locations.

Our Global Drug Development (GDD) organization oversees all drug development activities for our Innovative Medicines Division and the biosimilars portfolio of our Sandoz Division. The development of small-molecule generics for our Sandoz Division is not included in GDD. GDD works collaboratively with NIBR, Innovative Medicines and Sandoz to execute our overall pipeline strategy and takes an enterprise approach to pipeline portfolio management. GDD incorporates 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) was established to centralize management of our manufacturing operations and supply chain across our Innovative Medicines and Sandoz Divisions, with a goal of further improving efficiency. NTO is expected to optimize capacity planning and adherence to quality standards, and to lower costs through simplification, standardization and external spend optimization. Centralization is also expected to improve our ability to develop next-generation technologies, implement continuous manufacturing and share best practices across divisions. NTO includes approximately 25,900 full-time equivalent associates and 64 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: people and organization, 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.

Financial Figures

In the first half of 2019, Novartis achieved net sales of USD 22.9 billion, while net income amounted to USD 4 billion. We are headquartered in Basel, Switzerland, About 108,000 people of more than 140 nationalities work at Novartis around the world.

Disclaimer:

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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,” 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 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 the share buyback plan; 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; 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 strategic benefits, synergies or opportunities expected from the Alcon and Sandoz transactions may not be realized or may be more difficult or take longer to realize than expected; the inherent uncertainties involved in predicting shareholder returns; the uncertainties inherent 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 will continue this year; safety, quality or manufacturing issues; 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; uncertainties involved in the development or adoption of potentially transformational technologies and business models; 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; uncertainties regarding potential significant breaches of data security or data privacy, or disruptions of our information technology systems; 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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