This presentation contains 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 this presentation; 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 this presentation 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.
Participants

Vas Narasimhan
Chief Executive Officer

Susanne Schaffert
President, Novartis Oncology

Harry Kirsch
Chief Financial Officer

Richard Saynor
CEO, Sandoz

Marie-France Tschudin
President, Novartis Pharmaceuticals
In 2019, we kept executing on our strategy
Focus Novartis as a leading medicines company powered by advanced therapy platforms and data science

Our focus

Focus our company and capital
Strengthen our core
Accelerate key geographies

Our priorities

Deliver transformative innovation
Embrace operational excellence every day
Go big on data and digital
Unleash the power of our people
Build trust with society
We have focused Novartis as a medicines company

Medicinal chemistry and industrials
Diversified healthcare group
Portfolio transformation

Focused medicines company powered by advanced therapy platforms and data science

1920 - 1996
1996 - 2009
2009 - 2017
2018 - 2019

Acquired
USD 3.9bn

Divested OTC
USD 13bn

Acquired
USD 8.7bn

Acquired
USD 2.1bn

Spun off
USD 28bn\(^2\)

Acquired
USD 3.4bn\(^3\)

Acquired
USD 9.7bn

1. OTC – Consumer Healthcare
2. Alcon market capitalization on close of 1st day of trading
3. USD 3.4bn upfront + potential milestone payments of up to USD 1.9bn
## Leading pipeline with strong replacement power

### Scale

<table>
<thead>
<tr>
<th># of projects</th>
<th>Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>114</td>
<td>PHASE 1 / 2</td>
</tr>
<tr>
<td>37</td>
<td>PHASE 3</td>
</tr>
<tr>
<td>13</td>
<td>REGISTRATION</td>
</tr>
</tbody>
</table>

### Value

<table>
<thead>
<tr>
<th>Estimated 2024 sales from products launched between 2019-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Replacement power</td>
</tr>
</tbody>
</table>

### Innovation

<table>
<thead>
<tr>
<th>Advanced platform therapies in clinical development</th>
</tr>
</thead>
<tbody>
<tr>
<td>~90% Pipeline potentially first-in-class / first-in-indication</td>
</tr>
<tr>
<td>~80% Target areas of high unmet need</td>
</tr>
</tbody>
</table>

---

1. Including Global Health, excluding Sandoz.
2. Innovative medicine product sales excl. Vaccines and LCM products (e.g. new formulations, combinations with off patent molecules); compound-based analysis (Phase 2 and 3) with additional indications allocated to 1st launch. Inclisiran included. Source: Novartis peer group analysis based on data from Evaluate Pharma (download from November 27, 2019)
2019 was a breakthrough year for innovation

5 NME approvals of potential blockbusters

- aSPMS
- SMA
- Breast cancer
- Wet AMD
- Sickle cell disease

30+ major submissions

Select examples

- Entresto® (JP)
- Cosentyx® nr-AxSpA (US/EU)
- Ofatumumab (US)
- Adakveo® (US/EU)
- Beovu® (US/EU/JP)
- INC280 (US)
- QVM149 / QMF149 (EU/JP)
- Inclisiran (US)¹

30+ clinical data readouts

Select examples

- Zolgensma®
- Cosentyx®
- Ofatumumab
- Entresto®
- Fevipiprant
- Kisqali®
- INC280
- Inclisiran¹

Transformative innovation

- 30+ major submissions
- 30+ clinical data readouts

NME approvals of potential blockbusters

- aSPMS – Active secondary progressive multiple sclerosis
- SMA – Spinal muscular atrophy
- Wet AMD – age-related macular degeneration
- aSPMS – Active secondary progressive multiple sclerosis

¹ Readout / submission by The Medicines Company
Delivered strong performance in 2019

Continuing operations¹, FY 2019, TSR as of YE 2019

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>Change</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET SALES (USD)</td>
<td>47.4 bn</td>
<td>+9%</td>
<td>vs. 2018(cc²)</td>
<td></td>
</tr>
<tr>
<td>CORE OPERATING INCOME²(USD)</td>
<td>14.1 bn</td>
<td>+17%</td>
<td>vs. 2018(cc²)</td>
<td></td>
</tr>
<tr>
<td>FREE CASH FLOW²(USD)</td>
<td>12.9 bn</td>
<td>+15%</td>
<td>vs. 2018(USD)</td>
<td></td>
</tr>
<tr>
<td>IM CORE MARGIN²(%)</td>
<td>33.5%</td>
<td>+1.8% pts</td>
<td>vs. 2018(cc²)</td>
<td></td>
</tr>
<tr>
<td>CORE EPS²(USD)</td>
<td>5.28</td>
<td>+17%</td>
<td>vs. 2018(cc²)</td>
<td></td>
</tr>
<tr>
<td>1-YEAR TSR³(%)</td>
<td>22.3%</td>
<td>Top tier</td>
<td>RANKING³</td>
<td></td>
</tr>
</tbody>
</table>

1. Continuing operations as defined on page 45 of the Condensed Financial Report, excludes Alcon, includes the businesses of Innovative Medicines and Sandoz (including the US generic oral solids and dermatology portfolio), as well as the continuing corporate functions.  
2. Constant currencies (cc), core results and free cash flow are non-IFRS measures. An explanation of non-IFRS measures can be found on page 58 of the Condensed Financial Report.  
3. TSR in USD from Jan 1st 2019, using 1 day average price at start and 3 month average price at end; ranking when compared to the global HC peer group as defined in the Novartis 2019 Annual Report.
Committed to driving consistent margin expansion

Innovative Medicines
Core margin (% rounded)

+ Sales momentum of key growth drivers and operational excellence on upcoming launches
+ Productivity programs in Novartis Technical Operations and Novartis Business Services
+ Resource allocation in commercial units

- Generic erosion
- Launch investments for potential future blockbusters, including inclisiran
Sandoz delivered accretive growth in 2019 by implementing refined strategy

**Operational excellence**

<table>
<thead>
<tr>
<th>Sales growth (vs. PY, cc)</th>
<th>Core operating income growth (vs. PY, cc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>+2% GLOBAL</td>
<td>+10%</td>
</tr>
<tr>
<td>+7% EX-US</td>
<td></td>
</tr>
<tr>
<td>+16% BIOPHARMACEUTICALS</td>
<td></td>
</tr>
</tbody>
</table>

**Refined strategy**

- **EU**: Solidifying #1 position
- **JP**: Closing Aspen acquisition and investing
- **US**: Stabilizing the business
  - In the process of concluding oral solids business divestment
  - Launching pegfilgrastim
- **Creating Sandoz TechOps organization**
- **Building biosimilar pipeline further - trastuzumab / natalizumab deals**
- **Appealing US Erelzi® decision**
- **Gx Advair® discontinued further development**
Go big on data and digital

Four core elements to our digital transformation

Scale 12 digital lighthouses

Spanning the entire value chain, from development to commercial operations
In full flight with 2-3 year implementation horizon
Investing in technology platforms, including CRM, MDM, API

Make Novartis digital

>1,500 associates mobilized
Rapidly build Data Science and AI capabilities
Move to One Digital global collaboration platform
Dedicated leadership capability program

Become the #1 partner in tech ecosystem

Scale novel partnership accelerator: the Novartis Biome
Complement internal skills and capabilities
Closely linked to business priorities

Pursue bolder moves

Getting ready for disruptive healthcare scenarios through large-scale alliances, e.g.:
- Microsoft: AI Innovation Lab
- AWS1: TechOps optimization
- Tencent: Heart Failure patient solution in China

---

1. AWS: Amazon Web Services
Unleash the power of our people

Broad set of initiatives to drive culture change

**Inspired**

Connect to our purpose and provide an inspiring working environment

- Spark live to 83,000 associates, 230,000 recognitions given in 2019
- Minimum 14 weeks paid leave for all parents, regardless of gender

**Curious**

Go big on learning

- Coursera: ~3,500 courses completed by 7,000+ users (~85,000 hours)
- LinkedIn Learning: ~14,000 courses available, 12,500+ users

**Unbossed**

Build leadership self-awareness and capabilities

- 18 countries visited by CEO in 2019
- Unbossed Leadership Experience (ULE) to be completed in 2020 for the top 300 leaders in the company

**Team Perspectives**

Leadership Perspectives 360°

- 18 countries visited by CEO in 2019
- Unbossed Leadership Experience (ULE) to be completed in 2020 for the top 300 leaders in the company
Introducing ambitious 2020 ESG targets which are deeply embedded in our operating model

Holistic set of ESG targets for 2020...

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Standards</td>
<td>Transparency on clinical trials</td>
</tr>
<tr>
<td></td>
<td>Strengthen Third Party Risk Management</td>
</tr>
<tr>
<td></td>
<td>Fully integrate Human Rights into TPRM</td>
</tr>
<tr>
<td>Pricing &amp; Access</td>
<td>Increase patient reach</td>
</tr>
<tr>
<td></td>
<td>Enhance access</td>
</tr>
<tr>
<td></td>
<td>Implement pricing principles</td>
</tr>
<tr>
<td>Global Health</td>
<td>Malaria: Advance development of new drugs</td>
</tr>
<tr>
<td></td>
<td>Sickle cell disease: Expand coverage</td>
</tr>
<tr>
<td></td>
<td>Chagas: Progress on clinical trial</td>
</tr>
<tr>
<td>Corporate Citizenship</td>
<td>Reduce energy &amp; carbon</td>
</tr>
<tr>
<td></td>
<td>Reduce waste</td>
</tr>
<tr>
<td></td>
<td>Reduce water</td>
</tr>
</tbody>
</table>

... deeply embedded in our operating model

- Systematically reviewed
  - Tracked bi-monthly at the Trust & Reputation Committee, a sub-committee of the Executive Committee of Novartis (ECN) chaired by the CEO

- Linked to compensation
  - Cascaded into ECN personal objectives, and directly impacting compensation

- Transparently disclosed
  - To be included in 2020 Annual Report, providing disclosure on our goals and progress
Build trust with society

Bold long-term aspirations across the ESG spectrum

Select examples

Reduce **launch time lag** to **3 months** in LMICs

Implement **access strategy for advanced therapies** in LMICs

Transform treatment of **malaria** with **USD 100m** committed in R&D¹

Achieve **carbon neutrality** in own operations by **2025**

Deliver on **UN EPIC** and **LGBTI equity pledges**

Holistically address **sickle cell disease in Ghana**

¹ Commonwealth Heads of Government Meeting April 2018, commitment over the next 5 years  
LMICs – low and middle income countries

www.novartis.com/nisreport2019
Harry Kirsch
Chief Financial Officer
2019 financial results in line with upgraded guidance

<table>
<thead>
<tr>
<th>Group full year guidance (as revised in October 2019)</th>
<th>FY 2019 vs. PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>in cc</td>
<td>in cc</td>
</tr>
<tr>
<td><strong>“Sales expected to grow high single digit”</strong></td>
<td>9% ✔</td>
</tr>
<tr>
<td><strong>“Core operating income expected to grow mid to high teens”</strong></td>
<td>17% ✔</td>
</tr>
</tbody>
</table>
Strong sales growth drove double digit increases in core operating income and free cash flow

<table>
<thead>
<tr>
<th>Continuing operations¹</th>
<th>Q4 2019</th>
<th>Change vs. PY</th>
<th>FY 2019</th>
<th>Change vs. PY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% USD</td>
<td>% cc²</td>
<td>% USD</td>
<td>% cc²</td>
</tr>
<tr>
<td>Net Sales</td>
<td>12,403</td>
<td>8</td>
<td>47,445</td>
<td>6</td>
</tr>
<tr>
<td>Core Operating income²</td>
<td>3,462</td>
<td>11</td>
<td>14,112</td>
<td>12</td>
</tr>
<tr>
<td>Operating income</td>
<td>1,823</td>
<td>34</td>
<td>9,086</td>
<td>8</td>
</tr>
<tr>
<td>Net Income</td>
<td>1,129</td>
<td>-7</td>
<td>7,147</td>
<td>-44</td>
</tr>
<tr>
<td>Core EPS (USD)²</td>
<td>1.32</td>
<td>14</td>
<td>5.28</td>
<td>12</td>
</tr>
<tr>
<td>EPS (USD)</td>
<td>0.50</td>
<td>-6</td>
<td>3.12</td>
<td>-43</td>
</tr>
<tr>
<td>Free Cash Flow²</td>
<td>3,488</td>
<td>20</td>
<td>12,937</td>
<td>15</td>
</tr>
</tbody>
</table>

1. Continuing operations excludes Alcon and includes the Sandoz US dermatology and oral solids portfolio business
2. Constant currencies (cc), core results and free cash flow are non-IFRS measures. An explanation of non-IFRS measures can be found on page 58 of the Condensed Financial Report
Novartis proposes 23rd consecutive dividend increase to the AGM: 2.95 CHF / share\(^1\)

2019 dividend yield 3.2%
2019 dividend growth 3.5\(^3\)

1. Proposal to shareholders at the 2020 Annual General Meeting, taking place on February 28, 2020
2. Converted at historic exchange rates at the dividend payment dates as per Bloomberg; assumes an exchange rate of USD/CHF of 0.9690 as of December 31, 2019 for 2019
3. Growth in CHF
**2020 Novartis full year guidance**
Barring unforeseen events; growth vs. PY in cc

**Focused medicines company | full year guidance**
Excl. Sandoz US oral solids & dermatology businesses

**Sales expected to grow mid to high single digit**
- IM Division expected to grow **mid to high single digit**
- Sandoz expected to grow **low single digit**

**Core operating income expected to grow high single to low double digit**

---

Key assumption: Guidance above includes the forecast assumption that no Gilenya® or Sandostatin® LAR generics enter in 2020 in US

---

1. The announced sale of Sandoz US dermatology and oral solids portfolio to Aurobindo, expected to close during Q1 2020. 2019 FY sales and core operating of the Sandoz US oral solids and dermatology businesses were approximately USD 1.1bn and 0.3bn, respectively.
Vas Narasimhan
Chief Executive Officer
### 2020 catalysts maintaining long-term momentum

#### Potential catalysts

<table>
<thead>
<tr>
<th>Major approvals¹</th>
<th>Ofatumumab (OMB157)</th>
<th>Capmatinib (INC280)</th>
<th>Cosentyx®</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Relapsing MS</td>
<td>NSCLC</td>
<td>nr-axSpA</td>
</tr>
<tr>
<td></td>
<td>QVM / QMF 149</td>
<td>Entresto®</td>
<td>Inclisiran (KJX839)</td>
</tr>
<tr>
<td></td>
<td>Asthma</td>
<td>HFP EF (US)</td>
<td>Hyperlipidemia (US)</td>
</tr>
<tr>
<td>Major submissions²</td>
<td>Inclisiran (KJX839)</td>
<td>AVXS-101 IT⁴</td>
<td>Alpelisib (BYL719)</td>
</tr>
<tr>
<td></td>
<td>Hyperlipidemia (EU)</td>
<td>SMA</td>
<td>PROS</td>
</tr>
<tr>
<td></td>
<td>¹⁷⁷Lu-PSMA-617</td>
<td>Spartalizumab (PDR001) combo</td>
<td>Entresto®</td>
</tr>
<tr>
<td></td>
<td>mCRPC</td>
<td>Metastatic melanoma</td>
<td>HFP EF (US)</td>
</tr>
<tr>
<td>Major readouts³ (Phase 3)</td>
<td>¹⁷⁷Lu-PSMA-617</td>
<td>Beovu®</td>
<td>Entresto®</td>
</tr>
<tr>
<td></td>
<td>mCRPC</td>
<td>DME</td>
<td>Post-acute MI (IA⁵)</td>
</tr>
<tr>
<td></td>
<td>Asciminib (ABL001)</td>
<td>Kisqali®</td>
<td>Jakavi®</td>
</tr>
<tr>
<td></td>
<td>Chronic Myeloid Leukemia</td>
<td>Breast cancer</td>
<td>Chronic GvHD</td>
</tr>
<tr>
<td>Phase 3 starts</td>
<td>TQJ230</td>
<td>LNP023</td>
<td>MBG453</td>
</tr>
<tr>
<td></td>
<td>CVRR</td>
<td>PNH</td>
<td>MDS</td>
</tr>
<tr>
<td></td>
<td>Tropifexor (LJN452)</td>
<td>Alpelisib (BYL719)</td>
<td>Beovu®</td>
</tr>
<tr>
<td></td>
<td>NASH</td>
<td>Multiple indications⁶</td>
<td>PDR</td>
</tr>
</tbody>
</table>

¹ First approval in any market.  ² First submission in any market  ³ Readouts enabling submission, label change or pivotal trial initiation  ⁴ FDA placed a partial clinical hold based on findings in a small preclinical animal study  ⁵ Planned interim analysis expected Q1 2020 (full readout 2021)  ⁶ HER2+ aBC, TNBC, ovarian cancer, head and neck cancer, PRCS

Transformative innovation
In-market growth drivers, major launches and a rich pipeline expected to sustain our long-term growth

- 15 ongoing / upcoming major launches
- 80+ major submissions planned to 2022
- 50+ late stage programs

### In-market growth drivers

- **Major launches**
  - Cosentyx® HS
  - Cosentyx® GCA
  - Cosentyx® LP
  - Cosentyx® JIA
  - Cosentyx® LN
  - Entresto® post-AMI
  - Beovu® DME
  - Beovu® RVO
  - Beovu® DR
  - Beovu® PDR
  - Ofatumumab pediatric
  - AVXS-101 IT

- **Novel assets**
  - Inclisiran
  - TQJ230
  - LNP023
  - Ligelizumab
  - AD portfolio
  - MBG453
  - Ascinimb
  - Canakinumab
  - Capmatinib
  - Spartalizumab
  - 177Lu-PSMA-617
  - QVM / QMF149

### New indications

- Cosentyx®® HS
- Cosentyx® GCA
- Cosentyx® LP
- Cosentyx® JIA
- Cosentyx® LN
- Entresto® post-AMI
- Beovu® DME
- Beovu® RVO
- Beovu® DR
- Beovu® PDR
- Ofatumumab pediatric
- AVXS-101 IT

### SELECT EXAMPLES

1. Ph3 / in registration
2. AD portfolio – atopic dermatitis portfolio incl. ZPL389, CEE321
Q&A session

Vas Narasimhan
Chief Executive Officer

Susanne Schaffert
President, Novartis Oncology

Harry Kirsch
Chief Financial Officer

Richard Saynor
CEO, Sandoz

Marie-France Tschudin
President, Novartis Pharmaceuticals
Q&A
Thank you