Novartis International AG
Novartis Global Communications
CH-4002 Basel
Switzerland

https://www.novartis.com
https://twitter.com/novartisnews

MEDIA & INVESTOR RELEASE

Novartis unveils new focused strategy, underpinned by eight potential multi-billion dollar peak sales brands & deep pipeline, at Meet the Management event

- *Transformation to pure-play Innovative Medicines company nears completion*
- *Focusing strategy on five core Therapeutic Areas, key technology platforms, and the US*
- *Advancing eight in-market brands with multi-billion dollar peak sales potential and prioritizing pipeline to focus on high-value NMEs*
- *Continuing to deliver growing sales, Core Op Inc, and cash flows with consistent shareholder friendly capital allocation*

Basel, September 22, 2022 — Novartis executives are meeting investors and industry analysts in Basel today, sharing insights into the updated company strategy at the annual Meet Novartis Management event. The meeting will allow participants to learn more about Novartis journey to unite technology leadership in Research and Development with novel access approaches, helping to alleviate some of society's greatest disease burdens.

"*Novartis is transforming into a 'pure-play' Innovative Medicines company. Our strategy is focused on five core attractive therapeutic areas, key technology platforms, and the US market, with the aim to increase value per new molecular entity from our deep pipeline",* said Vas Narasimhan, CEO of Novartis. "*We will continue to deliver improved financials with +4% sales CAGR through 2027 and a Core Op Inc margin ~40%+ in the mid – long term. Our disciplined capital allocation will balance continued investment in the business and returning capital to our shareholders".*

Novartis is implementing this strategy with a clear focus on five therapeutic areas for investment - cardiovascular, immunology, neuroscience, solid tumors and hematology. Novartis has multiple significant in-market and pipeline assets in each of these areas, which represent significant disease burden and have the largest growth potential in the USD 1 Tn innovatives medicines market. Eight current in-market brands, Cosentyx, Entresto, Zolgensma, Kisqali, Kesimpta, Leqvio, Pluvicto and Scemblix, each hold multi-billion dollar peak sales potential.

Focus on US and other priority geographies including China, Germany, Japan
These eight brands are underpinning growth across all key geographies, supporting Novartis aspiration to improve competitive positioning and organically build its US business to become a top-five player in the US by 2027. A 'US-first' mindset, increasing share of US patients in clinical trials and building capability and talent, among other actions, will enable Novartis to acheive this objective. Novartis also aims to be a top-three player in China, a key growth market for the next decade, while maintaining leading positions in Germany and Japan.

Establishing Leadership across Key Technology Platforms
The Novartis portfolio of medicines is shifting toward biologics and technology platforms - recognizing their increasing power in tackling disease. In addition to two established platforms in chemistry and biotherapeutics, three newer platforms – gene & cell therapy, radioligand therapy, and 'xRNA' - are being prioritized for continued investment into new R&D capabilities and manufacturing scale. With over 50 projects in exploratory to early clinical development, Novartis is well positioned to lead the industry in developing these platforms and expand our business presence.

Rich Development Pipeline shifting to High-Value NMEs
Management outlined its approach to prioritization of Novartis rich pipeline. Increasing commercial focus in five core therapy areas, as well as renewed attention to high-value assets that have the potential to drive growth in the US, were highlighted. The company showcased a number of catalysts set to drive newsflow in the mid & near-term:

- **Kisqali** (ribociclib);data from the NATALEE trial in adjuvant HER2-negative breast cancer in both high- and intermediate-risk patients with breast cancer in 2023.
- **Iptacopan**; first phase 3 trial results in patients with paroxysmal nocturnal hemoglobinuria later this year with more data readouts in other indications in 2023.
- **Pluvicto**; phase 3 data from the PSMAfore trial in metastatic castration-resistant prostate cancer late 2022/early 2023.
- **Remibrutinib**; phase 3 data from two trials in chronic spontaneous urticaria in 2024 and from two phase 3 trials in relapsing multiple sclerosis in 2025.
- **Scemblix** (asciminib);data from the CML-CP trial in first line CML in 2024.

The high value late stage development pipeline is also expected to deliver a large number data readouts in the 2024-25 timeframe. Focused on driving operational excellence, Novartis shared insights into selected early clinical programs where strengthening integration within R&D will help accelerate development and release operational efficiency.

Continuing to deliver improved financials
The growing business, with sales expected to improve +4% CAGR 2021-2027, coupled with announced strategic moves, will enable improving financial performance in the coming years. Core operating income margin is expected to increase to ~40+% in the mid – long term, including the absorption of corporate costs. This improved profitability is set to drive improved Free Cash Flow and Return on Invested Capital (ROIC).
Management outlined Novartis disciplined shareholder-focused approach to capital allocation, highlighting USD 53bn distributed to shareholders from 2017-2021. Substantial cash generation will continue to allow us to balance returning capital to shareholders with investing in the business.

Separation of Sandoz, via 100% spin-off, is in the best interests of shareholders
The Sandoz spin-off transaction is expected to be completed in H2 2023, supporting Novartis ambitions in becoming a fully focused medicines company. Sandoz is planned to be incorporated in Switzerland and to be listed on the SIX Swiss Exchange, with an American Depositary Receipt (ADR) program in the US, and expected to become the publicly traded #1 European generics company[1] and a global leader in biosimilars based in Switzerland.

Strengthening foundations - ESG

Aiming to continue strengthening the foundations of its business including improving broad access to innovation for patients, Novartis outlined key elements of its approach to ESG. These include ensuring access strategies are incorporated in all new product launches and increasing the diversity of patients in clinical trials, as well as ensuring innovative medicines reach more patients in low and middle income countries faster; neglected tropical diseases remain a focus for innovation. Novartis will continue to prioritize its leading position in third-party ESG ratings and confirmed that its innovative sustainability linked bond targets are on track.

Disclaimer

This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as “strategy,” “aspiration,” “aims,” “improving,” “ambition,” “potential,” “can,” “will,” “plan,” “may,” “could,” “would,” “expect,” “anticipate,” “seek,” “look forward,” “believe,” “committed,” “investigational,” “pipeline,” “launch,” or similar terms, or by express or implied discussions regarding potential marketing approvals, new indications or labeling for the investigational or approved products described in this press release; regarding potential future revenues from such products; regarding the potential completion of the proposed spin-off of Sandoz; regarding the future commercial performance of Novartis or of Sandoz; regarding potential strategic benefits, synergies or opportunities from the proposed spin-off; regarding our expectations of an improving financial profile; regarding leadership across key technology platforms; or regarding potential future growth in key geographies. You should not place undue reliance on these statements. Such forward-looking statements are based on our current beliefs and expectations 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. There can be no guarantee that the investigational or approved products described in this press release will be submitted or approved for sale or for any additional indications or labeling in any market, or at any particular time. Nor can there be any guarantee that suchproducts will be commercially successful in the future. Neither can there be any guarantee that the proposed spin-off will be completed in the expected form or within the expected time frame or at all. Nor can there be any guarantee that we will be able to improve our financial profile. Neither can there be any guarantee that we will achieve a leadership role across key technology platforms or achieve growth in key geographies. In particular, our expectations regarding our products could be affected by, among other things, the uncertainties inherent in research and development, including clinical trial results and additional analysis of existing clinical data; an unexpected failure to complete, or unexpected delays in completing, the proposed spin-off of Sandoz; an unexpected failure or delay in realizing the potential strategic benefits, synergies or opportunities from the proposed spin-off; regulatory actions or delays or government regulation generally; a failure to improve our financial profile; a failure to achieve a leadership role across key technology platforms or achieve growth in key geographies; global trends toward health care cost containment, including government, payor and general public pricing and reimbursement pressures and requirements for increased pricing transparency; our ability to obtain or maintain proprietary intellectual property protection; the particular prescribing preferences of physicians and patients; general political, economic and business conditions, including the effects of and efforts to mitigate pandemic diseases such as COVID-19; safety, quality, data integrity or manufacturing issues; potential or actual data security and data privacy breaches, 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 this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

About Novartis

Novartis is reimagining medicine to improve and extend people's lives. 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 nearly 800 million people globally and we are finding innovative ways to expand access to our latest treatments. About 108,000 people of more than 140 nationalities work at Novartis around the world. Find out more at https://www.novartis.com.

Novartis is on Twitter. Sign up to follow @Novartis at **https://twitter.com/novartisnews**
For Novartis multimedia content, please visit **https://www.novartis.com/news/media-library**
For questions about the site or required registration, please contact media.relations@novartis.com

[1] Based on IQVIA gross sales for combined generics and biosimilars market, referring to March 2022

# # #

Novartis Media Relations
E-mail: media.relations@novartis.com

Richard Jarvis
Novartis Strategy & Financial Communications
+41 61 696 7786
richard.jarvis@novartis.com

Julie Masow
Novartis US External Communications
+1 862 579 8456
julie.masow@novartis.com

Novartis Investor Relations
Central investor relations line: +41 61 324 7944
E-mail: investor.relations@novartis.com

Central		North America	
Samir Shah	+41 61 324 7944	Sloan Simpson	+1 862 345 4440
Nicole Zinsli-Somm	+41 61 324 3809	Alina Levchuk	+1 862 778 3372
Isabella Zinck	+41 61 324 7188	Parag Mahanti	+1 973 876 4912