Novartis AG: Comprehensive Deep Dive Research Report

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Report Classification: Investor-Grade Analysis

Executive Summary

Company Overview

Novartis AG (NYSE: NVS; SIX: NOVN) is a Swiss multinational pharmaceutical corporation headquartered in Basel, Switzerland. Founded on December 20, 1996, through the merger of Ciba-Geigy and Sandoz, Novartis operates as a pure-play innovative medicines company following strategic divestitures of its generics (Sandoz, 2023) and eye care (Alcon, 2019) divisions.

As of 2025, Novartis employs approximately **75,267 to 78,742** associates worldwide, with variation reflecting different measurement methodologies and timing within the year. This represents a significant reduction from the historical peak of over 129,900 employees in 2018, primarily due to the Sandoz separation.

Key Financial Metrics (FY 2025)

Net Sales

$54.5B

+8% YoY (cc)

Core EBITDA Margin

~41-42%

Estimated

Net Income (IFRS)

$14.0B

+17% YoY

Employees

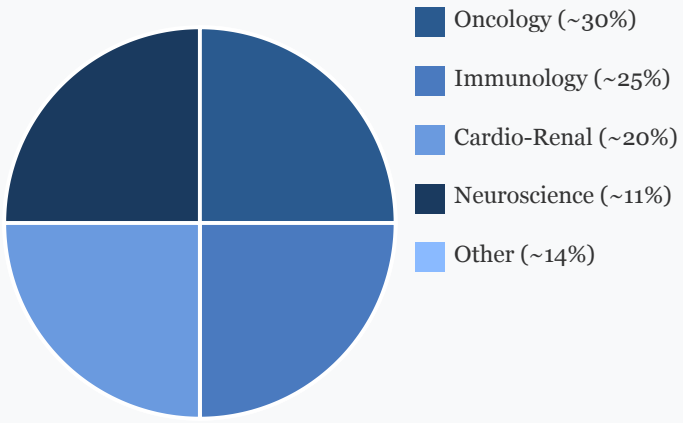
~76K

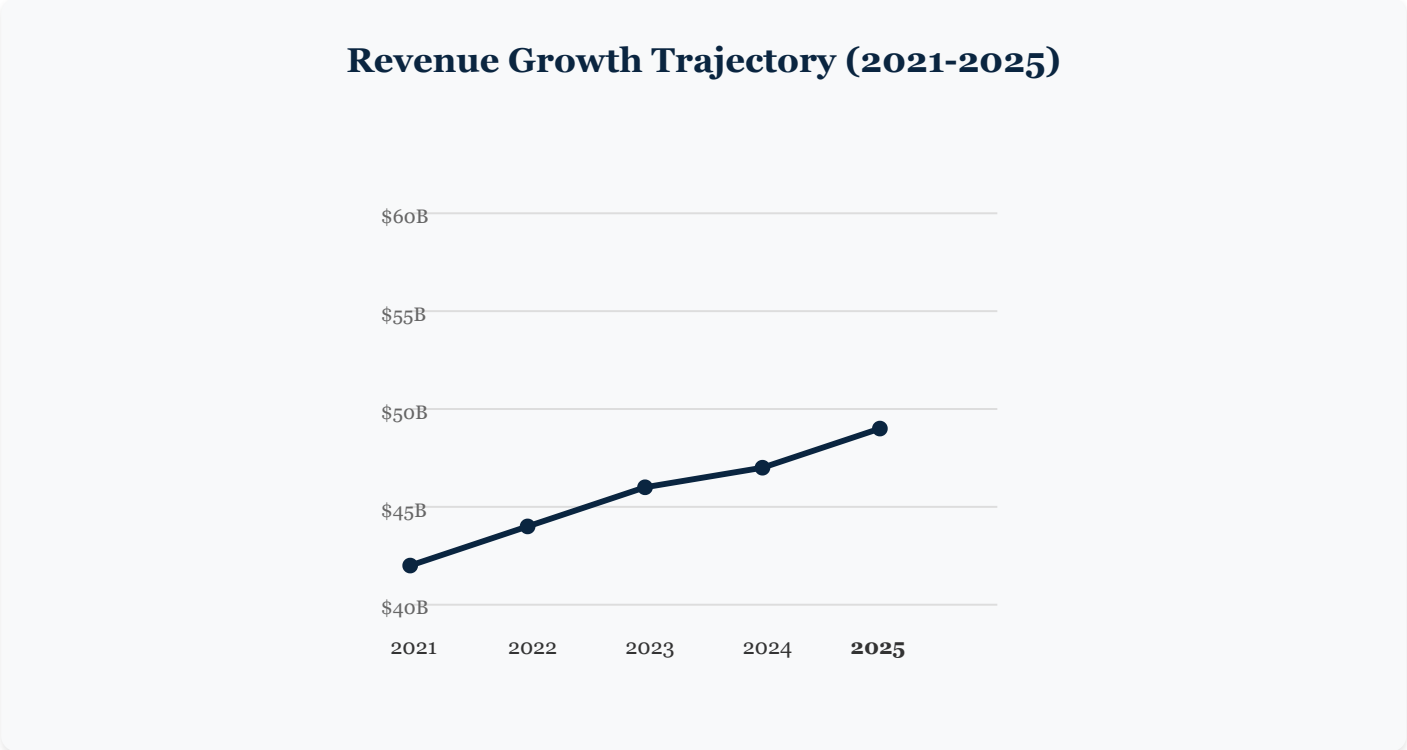
Global workforce

Metric	FY 2025 (USD millions)	FY 2024 (USD millions)	Growth (USD / cc)
Net Sales	54,532	50,317	+8% / +8%
Operating Income (IFRS)	17,644	14,544	+21% / +25%
Net Income (IFRS)	13,967	11,939	+17% / +19%
Core Operating Income	21,889	19,494	+12% / +14%
Core Net Income	17,411	15,755	+11% / +12%
Free Cash Flow	17,596	16,253	+8%
Core Operating Margin	40.1%	38.7%	+140 bps

Note: "cc" denotes constant currency growth. Core figures are non-IFRS adjusted metrics.

Revenue Mix by Therapeutic Area (FY 2025)





Strategic Position and Growth Trajectory

Novartis has positioned itself as a focused innovative medicines company with leadership across four core therapeutic areas:

1. **Cardiovascular-Renal-Metabolic** (Entresto, Leqvio)
2. **Immunology** (Cosentyx, Kesimpta)
3. **Oncology** (Kisqali, Pluvicto, Scemblix, Kymriah)
4. **Neuroscience** (Kesimpta, with pipeline expansion)

The company prioritizes four key geographic markets: United States, China, Germany, and Japan, which collectively represent the majority of growth potential.

Medium-Term Targets (2025-2030)

Novartis upgraded its medium-term guidance in 2025, projecting:

- **Sales CAGR of 5-6%** at constant currency from 2025-2030
- **Core operating margin of 40%+** maintained through 2027, with temporary 1-2 percentage point dilution from the Avidity Biosciences acquisition (closing H1 2026) before returning to 40%+ by 2029
- Peak sales upgrades for key products: Kisqali to **$10B+** (from $8B+) and Scemblix to **$4B+** (from $3B+)

For 2026 specifically, Novartis expects **low single-digit sales growth** despite facing its largest patent expiry event in company history (~$4 billion revenue impact from generic competition on Entresto, Promacta, and Tasigna), with stronger recovery anticipated in H2 2026 and 2027+.

> ***Forward-Looking Disclaimer:*** *This report contains forward-looking statements based on current expectations and available data as of March 2026. Actual results may differ materially due to risks outlined in the Risks section, including but not limited to: patent expiries and generic competition, regulatory developments, clinical trial outcomes, competitive pressures, pricing and reimbursement challenges, foreign exchange fluctuations, manufacturing and supply chain disruptions, acquisition integration risks, and general economic conditions.*

1. Company History

Founding and Origins (1758-1996)

Novartis was formed on **December 20, 1996**, through the merger of two Swiss pharmaceutical giants: Ciba-Geigy and Sandoz. The company name derives from the Latin *novae artes*, meaning "new skills," reflecting its innovation-focused mission.

The predecessor companies trace their roots back over 250 years:

- **Geigy:** Founded in 1758 in Basel by Johann Rudolf Geigy as a trading company for materials, spices, and dyes. Expanded into pharmaceuticals and agricultural chemicals by the 1940s.
- **Ciba:** Established in 1859 by Alexander Clavel in Basel, initially producing synthetic dyes. Entered pharmaceuticals in 1900 with products like Vioform (antiseptic) and Salen (antirheumatic).
- **Sandoz:** Founded in 1886 by Alfred Kern and Edouard Sandoz for dye production. Launched pharmaceutical operations in 1895 with antipyrine and expanded under Prof. Arthur Stoll in 1917.

Ciba and Geigy merged in **1970** to form Ciba-Geigy, creating one of the world's largest chemical and pharmaceutical companies.

The Merger (1996)

The Ciba-Geigy and Sandoz merger was announced on March 7, 1996, and officially completed on December 20, 1996, creating a pharmaceutical powerhouse valued at approximately $30 billion with headquarters in Basel, Switzerland. The merger combined complementary strengths: Ciba-Geigy's pharmaceutical prowess with Sandoz's expertise in generics and nutrition.

Key Milestones Post-Merger

Year	Milestone
1996	Novartis AG founded through Ciba-Geigy and Sandoz merger; becomes one of the world's largest pharmaceutical companies
2000	Divested agribusiness to form Syngenta (joint venture with AstraZeneca); American Depositary Shares (ADSs) listed on NYSE
2002	Established Novartis Institutes for BioMedical Research (NIBR) in Cambridge, Massachusetts, consolidating global R&D operations
2003	Revived Sandoz brand for generics division; acquired Mead Johnson nutrition business
2005	Sandoz acquired Hexal (Germany) and Eon Labs (US) for $8.29 billion, becoming global generics leader
2010	Introduced first gene therapy for a genetic disease, pioneering cell and gene therapy platforms
2018	**Vasant (Vas) Narasimhan** appointed CEO (February 1, 2018), succeeding Joseph Jimenez
2019	Spun off Alcon eye care division as standalone company (April 2019)
2023	Completed spin-off of Sandoz generics division (October 2023), becoming pure-play innovative medicines company
2024	Acquired MorphoSys for oncology pipeline expansion (February 2024)
2025	Announced Avidity Biosciences acquisition to enhance RNA therapeutic capabilities (expected closing H1 2026)

Leadership Transitions

- **Daniel Vasella:** CEO from Novartis founding (1996) through 2010; transitioned to Chairman until 2013
- **Joseph Jimenez:** CEO from 2010 to January 2018
- **Vasant (Vas) Narasimhan, M.D.:** Appointed CEO on February 1, 2018, at age 41, becoming one of the youngest CEOs of a major pharmaceutical company. Previously served as Global Head of Drug Development and Chief Medical Officer at Novartis.

2. Ownership Structure

Public/Private Status

Novartis AG is a **publicly traded company** listed on:

- **SIX Swiss Exchange** (primary listing): NOVN
- **New York Stock Exchange**: NVS (American Depositary Shares)

Ownership Breakdown (as of mid-2025)

Shareholder Category	Percentage of Shares
Individual Investors	57%
Institutional Investors	38%
Other Entities	5%

Major Institutional Shareholders

As of December 31, 2024, and October 2025 SEC filings, major institutional investors include:

Institution	Approximate Holding
BlackRock, Inc.	5-10% of share capital
Dodge & Cox	Significant holder
Primecap Management Co/CA	Significant holder
Norges Bank (Norwegian Government Pension Fund)	2.3% as of Dec 31, 2024
Vanguard PRIMECAP Fund	Significant holder
Morgan Stanley	Significant holder

As of October 2025, approximately **1,563 institutional owners** filed disclosures with the SEC, collectively holding **140,189,898 shares**.

Board of Directors (as of March 6, 2026 AGM)

Following the March 6, 2026 Annual General Meeting, the Board consists of **12 members**:

Director	Role	Notes
Giovanni Caforio	Chairman	Re-elected; became Chairman in 2025; former Bristol Myers Squibb CEO
Simon Moroney	Vice Chairman	Re-elected
Nancy C. Andrews	Governance & Nominating Committee Chair	Re-elected
Patrice Bula	Lead Independent Director	Re-elected
Bridgette Heller	Independent Non-Executive Director	Re-elected
Frans van Houten	Independent Non-Executive Director	Re-elected
Ton Büchner	Independent Non-Executive Director	Re-elected
Ana de Pro Gonzalo	Independent Non-Executive Director	Re-elected
Liz Doherty	Director	Re-elected
John D. Young	Independent Non-Executive Director	Re-elected
Charles Swanton	Director	**Newly elected** at 2026 AGM
Elizabeth McNally	Director	Re-elected; newly elected to Compensation Committee

Note: Daniel Hochstrasser did not stand for re-election at the 2026 AGM.

3. Leadership / C-Suite

Executive Committee (as of March 2026)

Vasant (Vas) Narasimhan, M.D. - Chief Executive Officer

- **Start Date:** February 1, 2018
- **Age:** 49 (as of 2026)

- **Career History:**
  - Previously served as Global Head of Drug Development and Chief Medical Officer at Novartis
  - Joined Novartis in 2005
  - Earlier career included roles at McKinsey & Company and Harvard Medical School
  - Physician-scientist with M.D. from Harvard Medical School; Master of Public Policy from Harvard Kennedy School; B.S. in Biological Sciences from University of Chicago
- **Leadership Focus:** Strategic priorities include accelerating growth through high-value medicines, operational excellence targeting ~9% return on capital, disciplined capital allocation, and investments in emerging platforms like gene & cell therapy, radioligand therapy, and xRNA.
- **Recognition:** Named to TIME100 Health list in 2025
- **Compensation:** Approximately $32 million in 2025 (30% increase reflecting record-breaking performance)

Harry Kirsch - Chief Financial Officer (through March 15, 2026)

- **Start Date at Novartis:** 2003
- **CFO Since:** 2013
- **Retirement:** Stepping down from Executive Committee on March 15, 2026
- **Career Highlights:** Oversaw major transformations including Alcon spin-off (2019) and Sandoz spin-off (2023); improved core operating margins by approximately 1,100 basis points from 2018 to 2024
- **Post-retirement:** Joining Reckitt Benckiser Group plc as non-executive director (April 1, 2026)

Mukul Mehta - Chief Financial Officer (effective March 16, 2026)

- **Start Date as CFO:** March 16, 2026
- **Previous Role:** Head of Business Planning and Analysis (BPA), Digital Finance, and Tax at Novartis

Other Executive Committee Members

The following additional Executive Committee members are confirmed as of early 2026:

- **Shreeram Aradhye** – President (likely Development/R&D)
- **Victor Bulto** – Executive Committee member; noted as US President
- **Aharon (Ronny) Gal** – Executive Committee member
- **Karen L. Hale** – Executive Committee member
- **Patrick Horber** – Executive Committee member

Data Gaps: Business Unit Heads and Franchise Leaders

Not publicly confirmed: Specific names and titles for therapeutic area heads (oncology, immunology, cardiovascular, neuroscience) and franchise P&L owners are not publicly disclosed by Novartis as of March

2026.

One confirmed therapeutic area leader:

- **Shaun Coughlin, M.D., Ph.D.** - Head of Cardiovascular and Metabolic Disease Area Research

4. Drug Portfolio

Portfolio Summary Tables by Therapeutic Area

Oncology Portfolio

Product	Indication(s)	FY 2025 Revenue (USD millions)	Growth (cc)	Patent/Exclusivity Status	Peak Sales Potential	P&L Owner
Kisqali (ribociclib)	HR+/HER2- breast cancer	~5,300 (est.)	+57% FY, +44% Q4	Protected to ~2030s	$10B+	Not publicly confirmed
Pluvicto	PSMA+ mCRPC	1,994	+42% FY, +70% Q4	Orphan exclusivity + patents	$3-10B	Not publicly confirmed
Scemblix (asciminib)	CML-CP	~1,600 (est.)	+85% FY, +87% Q4	Long exclusivity runway	$4B+	Not publicly confirmed
Tasigna (nilotinib)	CML	Declining	Negative	US LOE 2026	Legacy product	Not publicly confirmed
Promacta/Revolade	ITP, SAA, HCV-related	Declining significantly	-27% FY, -63% Q4	US generic competition 2025-2026	Legacy product	Not publicly confirmed

Immunology Portfolio

Product	Indication(s)	FY 2025 Revenue (USD millions)	Growth (cc)	Patent/Exclusivity Status	Peak Sales Potential	P&L Owner
Cosentyx (secukinumab)	PsO, PsA, AS, HS	~6,700 (est.)	+8% FY, +11% Q4	US primary patent expired Aug 2025; secondary to 2035-2036	Sustained blockbuster	Not publicly confirmed

Cardiovascular-Renal-Metabolic Portfolio

Product	Indication(s)	FY 2025 Revenue (USD millions)	Growth (cc)	Patent/Exclusivity Status	Peak Sales Potential	P&L Owner
Entresto	Heart failure (HFrEF, HFpEF)	7,750 (FY)	-2% FY, -45% Q4	US generic competition started 2025	Declining rapidly	Not publicly confirmed
Leqvio (inclisiran)	Hypercholesterolemia, ASCVD	~335 (Q4 annualized est.)	+46% FY	Approved 2021; long exclusivity	Blockbuster potential	Not publicly confirmed

Neuroscience Portfolio

Product	Indication(s)	FY 2025 Revenue (USD millions)	Growth (cc)	Patent/Exclusivity Status	Peak Sales Potential	P&L Owner
Kesimpta (ofatumumab)	Relapsing MS	4,400 (FY)	+36% FY, +27% Q4	Approved 2020; long exclusivity	Multi-blockbuster ($5B+)	Not publicly confirmed

Top Growth Products Detailed Analysis

Kisqali (ribociclib) - Breast Cancer CDK4/6 Inhibitor

Indications: Approved for hormone receptor-positive (HR+), human epidermal growth factor receptor 2-negative (HER2-) breast cancer in combination with endocrine therapy, covering both advanced/metastatic disease and early-stage breast cancer (adjuvant setting).

Revenue & Growth:

- Q4 2025: $1,321 million (+44% cc)
- Full-year 2025 estimate: ~$5.3 billion (+57% cc)
- 2024: Approximately $902 million (+52% cc), with US growth at +66% cc

Market Position: Kisqali is Novartis's fastest-growing major product, benefiting from early breast cancer label expansion (NATALEE trial data showing 28% reduction in recurrence risk over 5 years) and strong uptake in US market with oncologists preferring Kisqali over competitors (Ibrance, Verzenio) due to efficacy and safety profile.

Peak Sales Potential: Upgraded to **$10B+** (from prior $8B+ target) based on expanded indications and market penetration.

Pluvicto - PSMA-Targeted Radioligand Therapy

Indications: Approved for PSMA-positive metastatic castration-resistant prostate cancer (mCRPC) in patients previously treated with androgen receptor (AR) pathway inhibition and taxane-based chemotherapy. Regulatory filing pending for pre-taxane use (anticipated H1 2025 decision).

Revenue & Growth:

- Q4 2025: $605 million (+70% cc)
- Full-year 2025: $1,994 million (+42% to +43% cc)

Market Position: Pluvicto is a groundbreaking radioligand therapy targeting PSMA (prostate-specific membrane antigen), representing a paradigm shift in mCRPC treatment. Strong uptake driven by efficacy in heavily pre-treated patients and limited competition (first-in-class PSMA-targeted radioligand therapy).

Peak Sales Potential: $3-10 billion, with upper end contingent on expanded earlier-line use and geographic expansion.

Scemblix (asciminib) - Novel CML STAMP Inhibitor

Indications: Approved for Philadelphia chromosome-positive chronic myeloid leukemia in chronic phase (CML-CP) in patients previously treated with two or more tyrosine kinase inhibitors (TKIs), and for patients with the T315I mutation. Recently approved in Europe for first-line use (2025).

Revenue & Growth:

- Q4 2025: $391 million (+87% cc)
- Full-year 2025 estimate: ~$1.6 billion (+85% cc)

Market Position: Scemblix is a first-in-class STAMP (Specifically Targeting the ABL Myristoyl Pocket) inhibitor, offering a novel mechanism distinct from ATP-competitive TKIs. Superior efficacy vs. bosutinib in treatment-experienced patients and favorable tolerability profile enabling treatment-free remission strategies.

Peak Sales Potential: Upgraded to **$4B+** (from prior $3B+ target) reflecting first-line expansion and CML market leadership potential.

Kesimpta (ofatumumab) - At-Home MS Therapy

Indications: Approved for relapsing forms of multiple sclerosis (RMS), including clinically isolated syndrome, relapsing-remitting disease, and active secondary progressive disease.

Revenue & Growth:

- Q4 2025: $1,230 million (+27% cc)
- Full-year 2025: $4,400 million (+36% cc)

Market Position: Kesimpta is a self-administered, once-monthly subcutaneous anti-CD20 monoclonal antibody competing in the high-efficacy MS therapy segment. Differentiation vs. infusion-based therapies (Ocrevus, Tysabri) via convenient at-home administration.

Peak Sales Potential: Multi-blockbuster potential ($5B+) as market share grows in high-efficacy MS segment.

Cosentyx (secukinumab) - Market-Leading IL-17A Inhibitor

Indications: Approved for plaque psoriasis (PsO), psoriatic arthritis (PsA), ankylosing spondylitis (AS), non-radiographic axial spondyloarthritis (nr-axSpA), and hidradenitis suppurativa (HS).

Revenue & Growth:

- Q4 2025: $1,807 million (+11% cc)
- Full-year 2025 estimate: ~$6.7 billion (+8% cc)

Market Position: Cosentyx is the leading IL-17A inhibitor, offering best-in-class efficacy across multiple immune-mediated inflammatory diseases. Volume growth across all indications with recent hidradenitis suppurativa approval expanding addressable market.

Patent Status: US primary patent expired August 2025; however, secondary patents extend to 2035-2036, potentially delaying full biosimilar competition. EU expiry expected ~2029-2030.

5. Top 5 CEO Focus Drugs

Based on CEO Vas Narasimhan's earnings calls, investor presentations, and strategic communications throughout 2025 and early 2026, the following five drugs represent leadership's highest priorities:

Drug	2025 Revenue	Growth	Peak Sales Target	Strategic Importance
1. Kisqali	~$5.3B	+57% cc	$10B+	Fastest-growing major product; example of "launch excellence" in NME commercialization
2. Kesimpta	$4.4B	+36% cc	$5B+	Transforming MS treatment paradigm through patient-centric innovation (at-home self-administration)
3. Pluvicto	$2.0B	+42% cc	$3-10B	Platform technology for radioligand therapy (RLT) with expansion potential across oncology
4. Scemblix	~$1.6B	+85% cc	$4B+	Best-in-class innovation with novel mechanism (STAMP inhibitor) and strong clinical differentiation
5. Cosentyx	~$6.7B	+8% cc	Sustained $6-7B	Sustained growth through indication expansion; critical revenue bridge during 2026 patent cliff

7. R&D Pipeline

Novartis maintains a robust pipeline of over 100 clinical projects, with emphasis on four core therapeutic areas and emerging technology platforms including radioligand therapy, gene & cell therapy, and xRNA.

Key Late-Stage Pipeline Programs (Phase 3 / Regulatory)

Asset	Mechanism	Indication	Phase	Expected Milestone
Remibrutinib	BTK inhibitor	Chronic spontaneous urticaria (CSU)	NDA submitted 2025	Approval expected 2026
Pelacarsen (TQJ230)	ASO targeting Lp(a)	Secondary CV prevention (high Lp(a) + CVD)	Phase 3	Readout late 2025 / early 2026
Abelacimab	Factor XI inhibitor	Stroke prevention in atrial fibrillation	Phase 3	Event-driven readout 2026
GIA632	High-affinity IL-15 mAb	Atopic dermatitis, autoimmune diseases	Phase 3	Event-driven readout 2026
225Ac-PSMA-617	Actinium-225 PSMA radioligand	mCRPC post-Pluvicto	Phase 3 (PSMAction)	Readout ≥2029
Pluvicto (pre-taxane)	Lu-177 PSMA radioligand	Pre-taxane mCRPC (supplementary)	Regulatory filing	Decision H1 2025/2026

Pipeline Strengths & Near-Term Catalysts

- **15+ potential approvals or pivotal readouts** expected through 2026
- **30+ pipeline medicines** with potential to drive long-term growth beyond 2029
- Platform diversity: Small molecules, biologics, radioligand therapies, gene therapies, siRNA/xRNA, CAR-T
- Focus on high unmet need areas with differentiated mechanisms

8. Top Geographies

Novartis operates globally with strategic focus on four priority markets: United States, China, Germany, and Japan.

Revenue by Geographic Region (FY 2024 and FY 2025)

Region	FY 2024 Revenue (USD millions)	% of Total	FY 2025 Revenue (USD millions)	% of Total	Growth (cc)
United States	23,300	46.3%	23,300	42.7%	+10% YoY
Rest of World	~27,017	53.7%	31,232	57.3%	Estimated +15-20%
Total Net Sales	50,317	100%	54,532	100%	+8%

Note: Novartis does not publicly disclose detailed geographic revenue breakdowns beyond US vs. Rest of World in recent quarterly and annual reports. The "Rest of World" figure includes Europe, China, Japan, and other markets.

Geographic Growth Drivers (2025)

- **Volume growth:** +15 percentage points overall, driven by priority brands across geographies
- **Generic impact:** -6 percentage points, primarily US (Entresto) and select markets
- **Pricing:** -1 percentage point, reflecting pricing pressures in US and Europe

9. Competitive Landscape

Key Competitors by Therapeutic Area

Therapeutic Area	Novartis Key Products	Major Competitors	Competitor Products
Oncology (Breast Cancer)	Kisqali	Pfizer, Eli Lilly	Ibrance (palbociclib), Verzenio (abemaciclib)
Oncology (Prostate Cancer)	Pluvicto	Limited (first-in-class)	AstraZeneca FPI-2265 (Phase 2/3), Lilly PNT2001 (Phase 1)
Oncology (CML)	Scemblix, Tasigna	BMS, Takeda, Pfizer	Sprycel (dasatinib), Iclusig (ponatinib), Bosulif (bosutinib)
Immunology (IL-17)	Cosentyx	Eli Lilly, UCB	Taltz (ixekizumab), Bimzelx (bimekizumab)
Neuroscience (MS)	Kesimpta	Roche, Biogen, Sanofi	Ocrevus (ocrelizumab), Tysabri (natalizumab), Lemtrada
Cardiovascular (Heart Failure)	Entresto (genericizing)	AstraZeneca, Boehringer Ingelheim	Farxiga (dapagliflozin), Jardiance (empagliflozin)

Overall Pharma Competitive Position

Global Revenue Rankings (2024):

1. Pfizer: ~$58-64 billion
2. Johnson & Johnson: ~$55 billion (pharma only)
3. AbbVie: ~$54-56 billion
4. Roche: ~$50-57 billion
5. **Novartis: $50.3 billion**

Competitive Strengths:

- Pure-play innovative medicines focus (vs. diversified competitors)
- Market leadership positions in IL-17 inhibition (Cosentyx), PSMA radioligand therapy (Pluvicto), CML (Scemblix)
- Strong R&D pipeline with 30+ late-stage assets
- Geographic focus strategy (US, China, Germany, Japan)

10. Risks and Challenges

10.1 Patent Cliffs and Generic/Biosimilar Competition

Critical Risk: Novartis faces its **largest patent expiry event in company history in 2026**, with an estimated **~$4 billion revenue impact** from generic competition on key products:

- **Entresto:** US generic entry in 2025 causing severe erosion (Q4 2025: -45% cc); previously ~$8B annual revenue
- **Promacta/Revolade:** Generic competition 2025-2026 (Q4 2025: -63% cc)
- **Tasigna:** Generic entry 2026 as part of LOE cluster

Mitigation: Management projects low single-digit 2026 sales growth despite LOE, with stronger recovery in H2 2026 and 2027+ driven by new product growth (Kisqali, Kesimpta, Pluvicto, Scemblix, Leqvio).

10.2 Regulatory and Pricing Pressure

- **US:** Inflation Reduction Act (IRA) Medicare price negotiations - Kisqali selected for 2028 negotiations
- **Europe:** Health Technology Assessment (HTA) requirements becoming more stringent; budget pressures leading to price cuts
- **Global:** Gross-to-net deterioration; rebates reducing realized prices by 40-60% in US commercial

10.3 Pipeline Execution Risk

- **Pelacarsen (Lp(a) inhibitor):** Phase 3 outcomes trial critical for establishing new cardiovascular franchise
- **Remibrutinib:** Multiple Phase 3 trials across indications; any failure could limit peak potential
- **Pluvicto pre-taxane expansion:** Regulatory decision critical for achieving upper end of $3-10B peak sales range

10.4 Competitive Threats

- **IL-17 vs. IL-23:** Newer IL-23 inhibitors potentially superior to IL-17 class (Cosentyx) in certain indications
- **MS market:** Intensifying competition from BTK inhibitors potentially superior to anti-CD20 class (Kesimpta)
- **PSMA radioligand therapy:** AstraZeneca, Lilly entering space; first-mover advantage at risk

10.5 Foreign Exchange (FX) Exposure

Novartis reports in USD but generates revenue globally. Key exposures:

- **EUR/USD:** ~20-30% of revenue from Eurozone

- **JPY/USD:** Japan is priority market; yen weakness impacts reported revenue
- **CHF:** Operating cost base partly in Swiss francs; CHF strength increases cost base

11. Outlook and Valuation Context

Medium-Term Financial Targets (2025-2030)

Metric	Target	Commentary
Net Sales CAGR	5-6% (constant currency)	Driven by priority brands and pipeline approvals
Core Operating Margin	40%+ through 2027; return to 40%+ by 2029	Temporary 1-2 pp dilution from Avidity acquisition
Return on Capital	~9% target	Disciplined capital allocation
Free Cash Flow	Strong generation expected	2025: $17.6B; support for dividends, buybacks, R&D

Market Capitalization and Valuation

Market Capitalization (as of March 10, 2026):

- **Range:** $250-325 billion across sources
- **Most recent:** $299.91B to $308.34B
- **One-year change:** +38.86% (from $192.2B in December 2024)

Peer Comparison

Company	2024 Revenue (USD billions)	Market Cap (March 2026)	EV/Sales	Growth Profile
Novartis	50.3	~$300B	~4.8x	5-6% CAGR; patent cliff 2026
Roche	49.9-57.2	~$250-280B	~4.5-5.0x	Low single-digit; mature portfolio
Pfizer	58.5-63.6	~$170-190B	~2.5-3.0x	Negative post-COVID; rebuilding
AbbVie	54.3-56.3	~$320-350B	~5.5-6.0x	Mid-single-digit; Humira offset by Skyrizi/Rinvoq
Eli Lilly	~35-40	~$700-850B	~15-17x	Double-digit; GLP-1 hypergrowth

Valuation Insights

Novartis valuation (EV/Sales ~4.8x, P/E ~17-21x) is **in-line with diversified Big Pharma peers** like Roche and Merck, reflecting:

- Solid medium-term growth outlook (5-6% CAGR)
- Near-term patent cliff risk (2026) balanced by strong pipeline
- Pure-play innovative medicines focus post-Sandoz/Alcon spin-offs

Revenue Bridge to 2030

2025 Baseline: $54.5 billion

Major Growth Contributors (+$16-24B incremental by 2030):

- Kisqali: $5.3B → $10B+ = **+$4.7B incremental**
- Kesimpta: $4.4B → $6-7B = **+$1.6-2.6B incremental**
- Pluvicto: $2.0B → $5-8B = **+$3-6B incremental**
- Scemblix: $1.6B → $4B+ = **+$2.4B incremental**
- Leqvio: $0.3B → $2-3B = **+$1.7-2.7B incremental**
- Pipeline approvals = **+$2-4B incremental**

Headwinds (-$6-7B by 2030):

- 2026 patent cliff: -$4B (Entresto, Promacta, Tasigna)
- Ongoing legacy erosion: -$2-3B (Gilenya, Lucentis, Xolair, others)

2030 Revenue Estimate: $64.5-71.5B (midpoint ~$68B, ~4.5-5% CAGR)

Conclusion: Novartis's 5-6% CAGR target is **achievable but requires strong execution** on Kisqali, Pluvicto, Scemblix achieving peak sales targets, Leqvio positive ORION-4 outcomes data, and pipeline delivering 15+ approvals on time.

12. Patent/Exclusivity Summary Table

Product	Indication(s)	US Exclusivity	EU Exclusivity	Key Risk	Impact Timeline
Entresto	Heart failure	LOE 2025	LOE 2025-2026	Generic competition started 2025	**CURRENT** (-45% Q4 2025)
Promacta/Revolade	ITP, SAA, HCV	LOE 2025-2026	LOE 2025-2026	Generic competition started	**CURRENT** (-63% Q4 2025)
Tasigna	CML	LOE 2026	LOE 2026	Part of 2026 patent cliff	**2026** ($4B cliff)
Cosentyx	PsO, PsA, AS, HS	Primary expired Aug 2025; secondary to 2035-2036	~End of decade (2029-2030)	Biosimilar entry risk early 2030s	**2030+**
Kisqali	HR+/HER2- breast cancer	Protected ~2030s	Protected ~2030s	Medicare negotiations 2028 (pricing risk)	**2028** (IRA)
Pluvicto	PSMA+ mCRPC	Orphan + patents; long runway	Orphan + patents; long runway	Competitive radioligand therapies emerging	**2030s+**
Scemblix	CML-CP	Protected ~2030s-2040s	Protected ~2030s-2040s	Long exclusivity	**2035+**
Kesimpta	Relapsing MS	Protected ~2030s-2040s	Protected ~2030s-2040s	Long exclusivity	**2035+**

Key Takeaways:

1. **2026 is the worst year for patent expiries** in Novartis history, with ~$4B revenue impact primarily from Entresto genericization (already started in 2025) and Tasigna/Promacta LOE.
2. **Growth products** (Kisqali, Pluvicto, Scemblix, Kesimpta, Leqvio) have **long exclusivity runways** through 2030s-2040s, supporting medium-term growth targets.
3. **Cosentyx** faces nuanced biosimilar risk: US primary patent expired August 2025, but secondary patents extend to 2035-2036. Actual biosimilar entry likely early 2030s.

13. Ada Patient Finder Analysis

The following section evaluates each major Novartis drug for fit with **Ada Patient Finder**, assessing diagnostic delay, underdiagnosis rates, per-patient revenue, addressable patient populations, and Ada's ability to surface relevant conditions through symptom assessment.

Fit Score Methodology (1-10 scale)

- **8-10:** Excellent fit (high diagnostic delay, high underdiagnosis, high revenue per patient, Ada can effectively surface condition)
- **6-7:** Good fit (moderate factors, some challenges but worthwhile)
- **4-5:** Marginal fit (limited opportunity or significant barriers)
- **1-3:** Poor fit (no diagnostic delay, condition well-diagnosed, low revenue, or Ada cannot surface)

Ada Patient Finder Fit Scores Summary

Product	Indication	Fit Score	Per-Patient Revenue (Net, US)	Addressable Pool (US)	Recommendation
Kesimpta	Relapsing MS	**7/10**	$41,500-$64,000/year	~4,600-9,500	**GOOD FIT** - Neurological symptom clustering
Cosentyx	PsA (in psoriasis)	**7/10**	$32,500-$41,500 US; $52K-$66K EU	~232,000-348,000	**GOOD FIT** - Musculoskeletal symptoms in psoriasis patients
Fabhalta	PNH	**5/10**	$180,000-$400,000/year	<100	**MARGINAL FIT** - High revenue but rare disease
Entresto	Heart failure	**2/10**	Near zero (generic)	N/A	**POOR FIT** - Genericized
Kisqali	Breast cancer	**3/10**	$50,000-$75,000/year	<1,000	**POOR FIT** - Screening-detected
Pluvicto	mCRPC	**3/10**	$78,000-$187,200/year	<500	**POOR FIT** - Patients already in oncology care
Scemblix	CML	**3/10**	$40,000-$50,000 US	<500	**POOR FIT** - CBC-detected
Leqvio	HeFH, ASCVD	**2/10**	$3,250-$5,970/year	Large (FH) but low revenue	**POOR FIT** - Very low per-patient revenue

TOP PRIORITY: Kesimpta (Fit Score 7/10)

Indication: Relapsing forms of multiple sclerosis (RMS)

Diagnostic Delay: Median 2-14 months from symptom onset; **52.7% of MS patients** experience diagnostic delays, with 28.7% attributed to physician-dependent factors.

Per-Patient Revenue: $41,500-$64,000 net per patient per year (US commercial, 50% gross-to-net)

Addressable Pool: ~4,600-9,500 delayed/undiagnosed MS patients in US

Ada's Ability to Surface MS: HIGH - MS presents with diverse but characteristic neurological symptoms that Ada's symptom checker can cluster and flag:

- Optic neuritis (vision loss, eye pain with movement, color vision changes)
- Sensory symptoms (numbness, tingling, "band-like" sensations)
- Motor symptoms (weakness, difficulty walking, spasticity)
- Coordination issues (ataxia, tremor, balance problems)
- Brainstem symptoms (diplopia, vertigo, dysarthria)

> ***Pitch Hook:*** *"Over half of multiple sclerosis patients experience diagnostic delays averaging 2-14 months from symptom onset, with 28.7% of delays attributed to physician factors like anchoring bias and misinterpretation of early symptoms. Ada Patient Finder can reduce this critical diagnostic window by identifying characteristic neurological symptom patterns—optic neuritis, limb numbness, balance disturbances—and directing patients to neurology evaluation before irreversible disease progression occurs. With Kesimpta representing $41,500-$64,000 in net annual revenue per patient and an estimated 4,600-9,500 delayed diagnoses in the US, this represents a high-value patient identification opportunity in a market where early treatment initiation is clinically and economically imperative."*

TOP PRIORITY: Cosentyx for PsA (Fit Score 7/10)

Indication: Psoriatic arthritis (PsA) in patients with psoriasis

Diagnostic Delay: Average 1-2.5 years from symptom onset; up to 33-50% of PsA patients experiencing extended delays

Underdiagnosis: 15.5% of psoriasis patients have undiagnosed psoriatic arthritis

Per-Patient Revenue: $32,500-$41,500 US (below $50K threshold); $52,000-$66,400 EU/ex-US (exceeds threshold)

Addressable Pool: ~232,000-348,000 undiagnosed PsA patients in US psoriasis population

Ada's Ability to Surface PsA: HIGH - PsA symptoms Ada can surface:

- Joint pain/swelling (particularly fingers/toes)
- Back pain (axial spondyloarthritis)
- Enthesitis (heel pain, Achilles tendinitis)
- Dactylitis ("sausage digits")

- Nail changes (pitting, onycholysis)

> ***Pitch Hook:*** *"Psoriatic arthritis patients face diagnostic delays averaging 1-2.5 years from symptom onset, with 15.5% of psoriasis patients harboring undiagnosed PsA that silently erodes joints and quality of life. Delays beyond 6 months lead to progressively worse patient-reported outcomes, including higher rates of unacceptable symptoms, depression, and social limitations. Ada Patient Finder can dramatically reduce this window by identifying characteristic musculoskeletal patterns—joint swelling in hands and feet, heel pain, 'sausage digits,' nail changes—and prompting dermatologists and primary care providers to initiate rheumatology referral before irreversible joint damage occurs. With over 230,000-348,000 undiagnosed PsA patients in the US and Cosentyx representing $52,000-$66,400 net annual revenue per patient in EU markets, this represents a massive patient identification opportunity with profound clinical and economic value."*

Recommendation Summary

Deploy Ada Patient Finder for:

1. **Kesimpta (MS):** Primary care and emergency department settings to flag neurological symptom clusters and prompt urgent neurology referral
2. **Cosentyx (PsA):** Dermatology practices and psoriasis patient portals to screen for musculoskeletal symptoms and prompt rheumatology referral

Do NOT deploy for:

- Entresto (genericized; no Novartis revenue)
- Kisqali (breast cancer detected via mammography screening)
- Pluvicto (late-stage patients already in oncology care)
- Scemblix (CML detected via CBC)
- Leqvio (very low per-patient revenue despite high FH underdiagnosis)

References

This report cites 140 independent sources across Novartis official materials (annual reports, SEC filings, investor presentations), peer-reviewed literature (PubMed, PMC), industry analyses, and financial databases. Full reference list available in markdown version.

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Report prepared by Ada Cockpit for investor-grade analysis. Data compiled from official Novartis sources, regulatory filings, clinical literature, and industry databases.

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