



Balfour Capital Group Novartis AG

Company Overview

Novartis AG (NVS) is a **global healthcare leader** headquartered in **Basel, Switzerland**, with approximately **78,000 employees** across 150 countries. The company develops, manufactures, and markets innovative therapies across **oncology, neuroscience, immunology, cardio-metabolic, respiratory, and rare diseases**, with an expanding presence in cell and gene therapy.

Novartis' strategy focuses on becoming a **pure-play innovative medicines company**, following the spin-off of Sandoz. Core growth is driven by key brands including **Kisqali®**, **Pluvicto®**, **Kesimpta®**, **Scemblix®**, **Leqvio®**, and **Cosentyx®**, supported by a robust late-stage pipeline.

In **Q3 2025**, Novartis reported **net sales of USD 13.9 billion (+7% YoY)** and **core operating income of USD 5.5 billion (+7%)**, achieving a **core margin of 39.3%**. **Free cash flow** rose 26% year-to-date to **USD 15.9 billion**, reflecting operational efficiency and disciplined capital deployment.

1. Top 5 Competitors

- **Roche Holding AG (RHHBY)**: Swiss peer focused on oncology, diagnostics, and immunology.
- **AstraZeneca PLC (AZN)**: Global competitor with strength in oncology and respiratory medicine.
- **Merck & Co. Inc. (MRK)**: Leader in oncology and vaccines.
- **Eli Lilly & Co. (LLY)**: Diversified innovator with strong diabetes and obesity franchise.
- **Novo Nordisk A/S (NVO)**: Dominant in diabetes and metabolic care.



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2. Largest Institutional Shareholders

Shareholder	Approx. % Ownership	Notes
BlackRock Inc.	~6.5%	Long-term healthcare investor
Vanguard Group Inc.	~5.8%	Global index exposure
Norges Bank Investment Management	~2.9%	European sovereign fund
Capital Group	~2.7%	Global value and income fund
State Street Global Advisors	~2.5%	Passive and active fund exposure

Institutional investors collectively own **~35% of Novartis shares**, demonstrating stable long-term backing from global asset managers.



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3. Management Team

- **Vas Narasimhan, M.D.** — Chief Executive Officer
- **Harry Kirsch** — Chief Financial Officer
- **Marie-France Tschudin** — President, Innovative Medicines International
- **Shreeram Aradhya** — President, Development & Chief Medical Officer
- **Steffen Lang** — President, Operations
- **Kerry Russell** — General Counsel

CEO Vas Narasimhan has led the company's transformation into a focused, innovation-led biopharma enterprise, emphasizing digitalization and productivity.

4. Revenue

Fiscal Year	Revenue (USD Billion)	YoY Growth
FY2023	46.7	—
FY2024	51.7	+11%
Q3 2025	13.9	+7%
9M 2025	41.2	+11%

Operating Income (Q3 2025): USD 4.5 billion (+27%)

Net Income (Q3 2025): USD 3.9 billion (+25%)

Free Cash Flow (9M 2025): USD 15.9 billion (+26%)



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Novartis reaffirmed its **FY2025 guidance for high single-digit sales growth and low-teens growth in core operating income**, supported by expanding product launches.

5. Institutions with Buy Recommendations

- **Argus Research** — Buy, Target USD 138 (Nov 2025)
- **Morgan Stanley** — Overweight, PT USD 140 (Oct 2025)
- **Goldman Sachs** — Buy, PT USD 145 (Oct 2025)
- **UBS Group** — Buy, PT USD 135 (Sep 2025)
- **J.P. Morgan** — Overweight, PT USD 142 (Sep 2025)
- **Deutsche Bank** — Buy, PT USD 138 (Aug 2025)

Analyst consensus reflects optimism in Novartis' pipeline strength, balance sheet health, and share repurchase **momentum**.

6. Analyst Sentiment Summary

- **Consensus Rating:** Buy / Outperform
- **Breakdown:** 20 Buy / 5 Hold / 0 Sell
- **Average 12-Month Target:** USD 137–140
- **High Target:** USD 145
- **Low Target:** USD 125

Key Positives:

- Strong performance from growth brands (Kisqali, Kesimpta, Leqvio, Scemblix, Pluvicto).
- Expanding indications and positive late-stage readouts (e.g., Rhapsido, lanalumab, Fabhalta).
- Record-high free cash flow and shareholder returns (USD 25B distributed in 2025).
- Conservative leverage (Net debt/EBITDA <1.0x).



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Risks:

- Generic erosion in legacy brands.
- Regulatory or clinical setbacks in immunology pipeline.
- Currency fluctuations impacting reported results.

7. Insider Buying and Selling (Last 24 Months)

- **Vas Narasimhan (CEO):** No significant sales; continued option exercises under long-term incentive plan.
- **Harry Kirsch (CFO):** No material trading.
- **Board members:** Periodic sales aligned with compensation programs.

No large insider disposals have been reported since 2024, signaling **confidence in long-term growth**.