Novartis AG (NVS)

$135.03 (Stock Price as of 12/16/2025)

Price Target (6-12 Months): **$140.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/10/19) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM: A
	Value: B | Growth: B | Momentum: C	

Summary

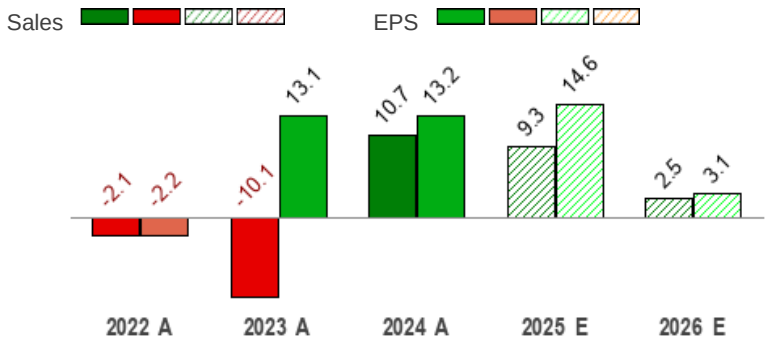
Novartis' performance in 2025 has been good despite generic competition for its blockbuster drug Entresto in the United States. It has a strong and diverse portfolio with drugs like Kisqali, Kesimpta, Pluvicto and Leqvio. The uptake of Pluvicto and Scemblix has been outstanding and propels top-line growth. Our model estimates for Pluvicto and Kisqali indicate a CAGR of 37.9% and 43.3%, respectively, over the next three years. Approval of new drugs and label expansion of existing drugs should enable Novartis to offset the adverse impacts of the generic competition for key drugs. The recent spate of acquisitions and collaborations has further strengthened its pipeline. The stock has outperformed the industry over the past year.

Price, Consensus & Surprise(1)

Data Overview

52 Week High-Low	**$136.66 - $96.06**
20 Day Average Volume (sh)	**1,702,388**
Market Cap	**$285.2 B**
YTD Price Change	**38.8%**
Beta	**0.52**
Dividend / Div Yld	**$2.60 / 1.9%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Bottom 23% (185 out of 243)**
Last EPS Surprise	**-0.4%**
Last Sales Surprise	**0.1%**
EPS F1 Est- 4 week change	**0.1%**
Expected Report Date	**01/30/2026**
Earnings ESP	**-3.2%**
P/E TTM	**15.1**
P/E F1	**15.1**
PEG F1	**1.7**
P/S TTM	**5.3**

Sales and EPS Growth Rates (Y/Y %)(2)



Sales Estimates (millions of $)(2)

	Q1	Q2	Q3	Q4	Annual*
2026	13,676 E	14,217 E	14,265 E	14,243 E	56,401 E
2025	13,233 A	14,054 A	13,909 A	13,806 E	55,002 E
2024	11,829 A	12,872 A	12,823 A	13,153 A	50,317 A

EPS Estimates(2)

	Q1	Q2	Q3	Q4	Annual*
2026	2.26 E	2.68 E	2.25 E	2.04 E	9.23 E
2025	2.28 A	2.42 A	2.25 A	2.00 E	8.95 E
2024	1.80 A	1.97 A	2.06 A	1.98 A	7.81 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/16/2025.
(2) The report's text, the analyst-provided estimates, and the price target are as of 12/15/2025.

Overview

Switzerland-based Novartis has one of the strongest and broadest portfolios of varied drugs that has enabled it to maintain its dominant position as a top pharma company over the years. It continues to build depth in core therapeutic areas like cardiovascular, renal and metabolic, immunology, neuroscience and oncology in geographies like the United States, China, Germany and Japan. Novartis' efforts to strengthen its wide portfolio by developing breakthrough treatments have made it even more formidable in this space. Kesimpta, Pluvicto, Scemblix, Kisqali, Leqvio and Fabhalta should fuel growth. Given the evolving and competitive nature of the pharma business, Novartis has constantly taken steps to reshape its business with prudent acquisitions and strategic divestitures. In January 2015, Novartis divested its Animal Health division to Lilly for approximately $5.4 billion. In July 2015, the company divested its influenza vaccines business to CSL Limited for $275 million. Novartis has also acquired The Medicines Company, adding Leqvio — a transformative cholesterol-lowering therapy — to its portfolio. Novartis sold its investment in Roche for $20.7 billion in 2021.

As of 12/15/2025

In July 2023, Novartis acquired DTx Pharma Inc., a U.S.-based, preclinical-stage biotechnology company focused on leveraging its proprietary FALCON platform to develop siRNA therapies for neuroscience indications. In August 2023, Novartis acquired Chinook Therapeutics, Inc., a U.S.-based, clinical-stage biopharmaceutical company with two late-stage medicines in development for rare, severe chronic kidney diseases.

The company recently acquired clinical-stage biopharmaceutical company Regulus Therapeutics for an upfront payment of $0.8 million. Regulus is focused on developing microRNA therapeutics. Lead asset farabursenis a potential first-in-class, next-generation oligonucleotide targeting miR-17 for the treatment of autosomal dominant polycystic kidney disease (ADPKD).

In 2024, Novartis acquired Germany-based global biopharmaceutical company MorphoSys AG.

In 2023, Novartis transformed into a pure-play innovative medicines business, with the successful spin-off of its generic business Sandoz. Consequently, Novartis now operates as a single global operating segment.

Sales in 2024 totaled $50.3 billion, up 11% year over year.

As of 12/16/2025

Reasons To Buy:

> Novartis has a strong oncology portfolio and continues to work on developing its immuno-oncology pipeline.

- **Ups Sales Projections**: Novartis projected sales to witness a compounded annual growth rate (CAGR) of 5-6% (at constant currencies) for 2025-2030. Management also upgraded its sales guidance for 2024-2029 to 6% from 5% (projected earlier). The upgrade can be attributed to continued strong momentum from in-market growth drivers and upcoming launches. Strong performance from key products such as Kisqali, Kesimpta, Pluvicto, and Scemblix continues to support the company's momentum. Novartis also raised its peak sales guidance for breast cancer drug Kisqali to more than $10 billion from the earlier projection of over $8 billion. The company now expects peak Scemblix sales of around $4 billion, up from the earlier estimate of $3 billion.

- **Strong Oncology Portfolio**: Novartis has a strong oncology portfolio. The FDA's approval of Kisqali for the first-line treatment of postmenopausal women with hormone receptor-positive, human epidermal growth factor receptor-2 negative (HR+/HER2) advanced or metastatic breast cancer has significantly boosted the company's oncology portfolio with the drug now being one of the top growth drivers for the company. In particular, Kisqali has shown robust uptake in the metastatic breast cancer setting. The recent approval of a broader label for Kisqali in the United States and the EU for early breast cancer should further fuel its sales. Kisqali holds a dominant position in both metastatic breast cancer and early breast cancer.

  Novartis had earlier acquired Endocyteto expand its expertise in radiopharmaceuticals and transformational therapeutic platforms. The approval of Piqray (alpelisib) for advanced or metastatic breast cancer, Tabrecta for lung cancer, Scemblix for the treatment of adult patients with Philadelphia chromosome-positive chronic myeloid leukemia in the chronic phase (Ph+ CML-CP), previously treated with two or more tyrosine kinase inhibitors (TKIs) and Pluvicto for advanced prostate cancer further strengthened Novartis' solid oncology portfolio. The phenomenal uptake of Pluvicto and potential label expansion in prostate cancer are expected to significantly fuel the top line in the coming years.

  The new oncology drugs like Pluvicto, Scemblix and Kisqali have put up a stellar performance, setting the momentum for the coming years as well. Scemblix is on track to achieve blockbuster status in 2025. Our model estimates for Pluvicto and Kisqali indicate a CAGR of 37.9% and 43.3%, respectively, over the next three years.

- **Cosentyx Maintains Momentum**: Psoriasis drug Cosentyx maintains momentum for the company. Label expansion of Cosentyx for the indication of hidradenitis suppurativa has boosted its sales as well. Potential label expansion in additional indications (cell arteritis and polymyalgia rheumatica) should drive additional growth.

- **New Drug Approvals Provide Impetus**: Approval of drugs like Kesimpta as a subcutaneous injection for the treatment of relapsing forms of multiple sclerosis (RMS), including clinically isolated syndrome, relapsing-remitting disease and active secondary progressive disease, has boosted the company's position in the MS space. The uptake of the drug has been strong.

  Leqvio's (inclisiran) approval as an adjunct to diet and maximally tolerated statin therapy for treating atherosclerotic cardiovascular disease or heterozygous familial hypercholesterolemia in adult patients requiring the additional lowering of LDL-C has further strengthened the cardiovascular portfolio, which boasts of Entresto. Leqvio is on track to achieve blockbuster status in 2025.

  The FDA approved iptacopan as the first oral monotherapy for the treatment of adults with paroxysmal nocturnal hemoglobinuria under the brand name Fabhalta. The drug is expected to witness a strong uptake. Fabhalta was also approved for reducing proteinuria in adults with primary immunoglobulin A nephropathy who are at risk of rapid disease progression. Both Leqvio and Fabhlata are expected to contribute significantly to the top line in the coming years. The recent approval of Vanrafia for the reduction of proteinuria in adults with primary immunoglobulin A nephropathy (IgAN) at risk of rapid disease progression further broadens the renal portfolio. The FDA recently approved remibrutinib, under the brand name Rhapsido, as an oral treatment for adult patients with chronic spontaneous urticaria (CSU) who remain symptomatic despite H1 antihistamine treatment.

  Our model estimates for Leqvio and Fabhalta indicate a CAGR of 43.4% and 119.8%, respectively, over the next three years.

- **Gene Therapy Promises Growth**: Novartis is also looking to solidify its presence in the promising gene therapy space. The FDA approval of Zolgensma, the first and only gene therapy for pediatric patients with spinal muscular atrophy (SMA), a rare genetic disorder, was a significant boost for the company. Zolgensma addresses the genetic root cause of SMA by providing a functional copy of the human SMN gene to halt disease progression through sustained SMN protein expression with a single, one-time intravenous infusion. The uptake of the therapy has been strong. In March 2022, the company signed a deal with Voyager Therapeutics to license capsids from the latter for use in the development of adeno-associated virus (AAV) gene therapies.

- **Separation of Sandoz Business**: Novartis completed the spin-off of its generic and biosimilar unit, Sandoz, following which Sandoz became an independent company.

  The separation came after a strategic review of the Sandoz Division as industry-wide price competition among generic pharmaceutical companies and consolidation of buyers caused significant declines in the segment's sales and profits, particularly in the United States.

  The separation has enabled Novartis to focus better on its core pharmaceutical business. With the spin-off, Novartis transitioned into a focused, innovative medicine business that concentrated on four core therapeutic areas — cardiovascular, renal, metabolic, immunology, neuroscience and oncology. The company has a deep pipeline as well and priority will be given to the markets in the United States, China, Germany and Japan. The company had earlier spun off its eye care division, Alcon, into a new company.

- **Acquisitions to Expand Portfolio/Pipeline**: While organic growth continues to drive business, Novartis is also focused on strategic acquisitions to strengthen its pipeline. In 2024, Novartis acquired Germany-based global biopharmaceutical company MorphoSys AG to expand its oncology portfolio for an aggregate of €2.7 billion. The acquisition added late-stage candidate pelabresib (CPI-0610) to Novartis' pipeline. It is being evaluated in combination with Jakafi (ruxolitinib) for patients with myelofibrosis (MF), a rare bone marrow cancer. The MorphoSys acquisition should bolster Novartis' broad oncology portfolio, provided pelabresib wins FDA approval for MF.

  Earlier, Novartis acquired clinical-stage biopharmaceutical company Chinook Therapeutics for $3.5 billion to strengthen its renal pipeline. This acquisition added atrasentan and zigakibart (BION-1301) for immunoglobulin A nephropathy to Novartis' pipeline. Atrasentanwas recently approved by the FDA as Vanrafia. Novartis also in-licensed PTC Therapeutics' PTC518. The candidate is an oral disease-modifying therapy in development for Huntington's disease. The deal strengthens Novartis' neuroscience pipeline.

  Novartis has also acquired Kate Therapeutics to strengthen its portfolio of gene therapies. The recent acquisition of Regulus further strengthens its pipeline. Regulus is focused on developing microRNA therapeutics. Lead asset farabursen is a potential first-in-class, next-generation oligonucleotide targeting miR-17 for the treatment of autosomal dominant polycystic kidney disease. The company recently completed a phase Ib multiple-ascending dose clinical study.

- **Debt Profile**: As of Sep 30, 2025, the company's debt-to-total capital ratio was 40.2%, lower than the industry's 41%. Novartis seems to be fairly leveraged and in a sound position to meet its debt obligations.

Reasons To Sell:

- **Generic Threat to Key Products**: The loss of patent protection for some of the key drugs in Novartis' portfolio is a concern. Gleevec/Glivec, Diovan and Exforge face continued and increasing generic competition in major markets. This has negatively impacted the top line. Generic versions of Sandostatin SC are available in the United States, the EU and Japan. Tasigna and Promacta are also facing generic competition. Entresto also lost patent protection in the United States.

> Novartis is expected to face challenging conditions ahead due to generic competition for several of its key drugs.

- **Pipeline Setbacks A Concern**: Novartis suffered quite a few pipeline setbacks. The company received a complete response letter from the FDA for its application on Leqvio due to unresolved facility inspection-related conditions at a third-party manufacturing facility in Europe. Moreover, Novartis' efforts to expand the Zolgensma label also took a hit, with the FDA putting a partial clinical hold on the study for the same. The late-stage CANOPY-A study was evaluating adjuvant treatment with canakinumab (ACZ885) in patients with non-small cell lung cancer failed. Earlier, the phase III CANOPY-2 study evaluating canakinumab in combination with docetaxel did not meet its primary endpoint. This failure was a setback for Novartis as the successful development of the candidate would have boosted its solid oncology portfolio. Similar setbacks will weigh on the company as it looks to revive its core pharmaceutical business.

Last Earnings Report

Q3 Earnings, Announces $12B Avidity Biosciences Acquisition

FY Quarter Ending	12/31/2024
Earnings Reporting Date	Oct 28, 2025
Sales Surprise	0.05%
EPS Surprise	-0.44%
Quarterly EPS	2.25
Annual EPS (TTM)	8.93

Novartis reported core earnings per share (excluding one-time charges) of $2.25 in the third quarter, which missed the Zacks Consensus Estimate by a penny. Nonetheless, the figure was up from $2.06 reported a year ago. The year-over-year improvement was driven by growth in sales.

Revenues of $13.9 billion climbed 8% from the year-ago reported figure and marginally beat the Zacks Consensus Estimate.

On a constant currency basis, sales increased 7%, driven by continued strong performances from Kisqali, Kesimpta, Scemblix, and Pluvicto, which more than offset the adverse impact of generic competition for Promacta, Tasigna, and Entresto in the United States.

Core Operating income was up 7% to $5.5 billion.

Detailed Performance of Top NVS Drugs in Q3

All growth rates mentioned below are on a year-over-year basis and at constant exchange rates.

With the successful spin-off of the Sandoz business in 2023, Novartis now focuses on four core therapeutic areas — cardiovascular-renal-metabolic, immunology, neuroscience and oncology.

Cardiovascular drug Entresto's sales decreased 1% from the year-ago level to $1.9 billion as sales were impacted by generic competition in the United States. Sales grew outside the country where the drug is approved for heart failure globally as well as hypertension in China and Japan.

Novartis is in a litigation with a generic manufacturer and FDA in the United States to protect its Entresto IP and regulatory rights.

Entresto's sales missed the Zacks Consensus Estimate of $2.1 billion and our model estimate of $2 billion.

Cosentyx's sales (psoriasis, spondylitis and arthritis) were down 1% to $1.7 billion as sales growth was negatively impacted by a one-time revenue deduction adjustment in the United States. Excluding this adjustment, Cosentyx sales were up 4%.

Cosentyx's sales missed the Zacks Consensus Estimate of $1.72 billion and our model estimate of $1.73 billion.

Kisqali (breast cancer) maintained its stellar performance, with sales surging 68% to $1.33 billion. Sales grew across all regions, driven by exemplary growth in the United States with strong momentum from the recently launched early breast cancer (eBC) indication as well as continued share gains in the metastatic breast cancer indication.

Kisqali sales beat the Zacks Consensus Estimate of $1.29 billion and our model estimate of $1.24 billion.

Kesimpta (multiple sclerosis) sales totaled $1.2 billion, which surged 44% on increased demand and strong access. The figure beat the Zacks Consensus Estimate of $1.11 billion and our model estimate of $1.1 billion.

Sales of Tafinlar + Mekinist were up 1% to $550 million. Jakavi sales were up 4% to $539 million.

However, Promacta sales declined 38% to $362 million due to discontinued promotion in most markets and recent generic entry in the United States in the second quarter of 2025.

Pluvicto (prostate cancer) raked in sales of $564 million, surging 45% on sustained demand growth in the United States following approval for pre-taxane metastatic castration-resistant prostate cancer (mCRPC) as well as continued expansion in the post-taxane mCRPC setting outside the country. The FDA's approval for earlier use of the drug before chemotherapy has approximately tripled the eligible patient population.

Sales beat the Zacks Consensus Estimate of $533 million and our estimate of $505 million.

Ilaris sales amounted to $473 million, which increased 26% year over year, driven by growth in all regions led by the United States, Europe and Japan. Strong performance in the Periodic Fever Syndromes and Still's disease indications contributed to this growth.

Xolair (asthma and allergies) sales grew 3% to $440 million driven by the chronic spontaneous urticaria (CSU) indication, with contributions from Europe and emerging growth markets. Novartis and Roche co-promote Xolair in the United States.

Tasigna (leukemia) sales plummeted 48% to $221 million due to lower demand and increasing competition, including the entry of generics both in the United States and outside the country.

Gene-therapy Zolgensma (spinal muscular atrophy) sales of $301 million were down 5% due to a lower incidence of spinal muscular atrophy compared to the prior year.

Scemblix sales skyrocketed 95% to $358 million, driven by continued growth in chronic myeloid leukemia indication and strong momentum from the recently launched early-line indication in the United States and Japan. Sales beat the Zacks Consensus Estimate of $348 million and our estimate of $333 million.

Cholesterol drug Leqvio sales soared 54% to $308 million on steady growth in demand, with a focus on increasing accounts and patient adoption.

The figure, however, missed the Zacks Consensus Estimate of $323 million and our estimate of $327 million.

Luthathera (cancer) sales totaled $213 million, up 11%. Sales grew mainly in the United States, Europe and Japan due to increased demand and earlier line adoption.

Sales of Lucentis nosedived 42% to $148 million due to generic competition.

Fabhalta generated sales of $149 million, driven by continued launch execution across all markets in paroxysmal nocturnal hemoglobinuria and the launch progress in primary IgA nephropathy and C3 glomerulopathy in the United States.

Novartis Reiterates 2025 Guidance

Net sales are expected to grow in high single digits. Core operating income is anticipated to grow in the low teens.

NVS Announces RNA Acquisition

Novartis announced that it will acquire San Diego-based Avidity Biosciences, Inc. for $12 billion to strengthen its late-stage neuroscience pipeline.

As part of the agreement, Avidity will separate its early-stage precision cardiology programs into a new company prior to closing of the acquisition.

Avidity is developing RNA therapeutics called Antibody Oligonucleotide Conjugates (AOCs) for serious, genetic neuromuscular diseases.

The acquisition will bolster neuroscience franchise for Novartis with three late-stage programs in myotonic dystrophy type 1 (DM1), a rare progressive neuromuscular disorder with a poor prognosis, facioscapulohumeral muscular dystrophy (FSHD), a rare hereditary disorder causing relentless loss of muscle function and progressive disability; and Duchenne muscular dystrophy (DMD), a severe, early-onset disease marked by progressive muscle damage and reduced life expectancy.

The companies expect the merger to be closed in the first half of 2026.

Other Updates From NVS

Novartis received FDA approval for remibrutinib, under the brand name Rhapsido, as an oral treatment for adult patients with CSU who remain symptomatic despite H1 antihistamine treatment. The approval makes it the first FDA-approved Bruton's tyrosine kinase inhibitor (BTKi) for CSU.

The phase III NEPTUNUS-1 and -2 studies evaluating ianalumab in adults with active Sjögren's disease met their primary endpoint, showing statistically significant improvements in disease activity as measured by a reduction in ESSDAI compared to placebo. Novartis plans to submit applications for ianalumab to health authorities globally.

Recent News

Data on Ianalumab – Dec. 9

Novartis announced positive results from VAYHIT2, a phase III study evaluating ianalumab plus eltrombopag in patients with primary immune thrombocytopenia (ITP) previously treated with corticosteroids.

Ianalumab (9 mg/kg) plus eltrombopag extended ITP disease control by 45%, based on the primary endpoint of time to treatment failure (TTF), which assesses how long patients maintain safe platelet levels during and after the treatment period.

62% of patients treated with ianalumab plus eltrombopag achieved sustained platelet response at six months compared to 39% with placebo plus eltrombopag.

Ianalumab, administered as four once-monthly intravenous doses in the ITP setting, has the potential to reduce the need for chronic treatment and deliver durable disease control in ITP.

Novartis plans to submit VAYHIT2 data from second-line ITP with results from ongoing first-line ITP trial, VAYHIT1, to health authorities in 2027.

FDA approval for Itvisma – Nov. 24

Novartis obtained FDA approval for onasemnogene abeparvovec-brve, a gene replacement therapy, for children two years and older, teens, and adults with spinal muscular atrophy (SMA).

The therapy was approved under the brand name Itvisma for SMA patients with a confirmed mutation in the survival motor neuron 1 (SMN1) gene.

The therapy is specifically designed to target the genetic root cause of SMA with a one-time, fixed dose that requires no adjustment for age or body weight. By delivering a functional SMN1 gene, Itvisma can enhance motor function and may reduce the need for ongoing, chronically administered therapies.

Ups Sales Projections as Key Drugs and Collaborations Fuel Growth – Nov. 20

Novartis held an investor event, wherein management projected sales to witness a compounded annual growth rate (CAGR) of 5-6% (at constant currencies) for 2025-2030.

Management also upgraded its sales guidance for 2024-2029 to 6% from 5% (projected earlier).

The upgrade can be attributed to continued strong momentum from in-market growth drivers and upcoming launches.

While generic competition for its blockbuster drug Entresto in the United States poses a major headwind, strong performance from key products such as Kisqali, Kesimpta, Pluvicto, and Scemblix continues to support the company's momentum.

Novartis also raised its peak sales guidance for breast cancer drug Kisqali to more than $10 billion from the earlier projection of over $8 billion.

The company now expects peak Scemblix sales of around $4 billion, up from the earlier estimate of $3 billion.

Novartis now has eight de-risked, in-market drugs — Kisqali, Cosentyx, Kesimpta, Pluvicto, Scemblix, Leqvio, Fabhalta, and Rhapsido — each with peak sales potential of $3-$10 billion.

In the first nine months of 2025, NVS registered a core operating income margin of 41.2%, a couple of years ahead of its original target. The company now expects to generate operating margin of more than 40% by 2029.

The estimate includes absorbing 1-2 percentage points of dilution from the planned acquisition of San Diego-based Avidity Biosciences, Inc.

This acquisition is scheduled to be closed in the first half of 2026, subject to the separation of cardiology programs from Avidity and other customary closing conditions.

Phase III Malaria Study Meets Key Non-Inferiority Endpoint – Nov 12

Novartis reported positive top-line data from a late-stage study of its investigational new malaria treatment candidate, KLU156 (ganaplacide/lumefantrine, or GanLum).

The phase III KALUMA study evaluated GanLum against Coartem (artemether-lumefantrine), the current standard of care from Novartis, for treating acute, uncomplicated Plasmodium falciparum malaria in adults and children. Conducted in sub-Saharan Africa, the study enrolled 1,668 patients, including those with mixed infections. Participants receiving GanLum were treated with a once-daily, three-day course administered as granule sachets.

Per Novartis, GanLum successfully met the primary endpoint of the KALUMA study, demonstrating non-inferiority to Coartem. Using an estimand framework, a conservative approach required to support regulatory submissions, the drug achieved a 97.4% PCR-corrected cure rate compared to 94.0% with Coartem at Day 29. The above efficacy figures translate to cure rates of 99.2% and 96.7%, respectively, based on conventional per-protocol analysis.

Opens New Radioligand Therapy Manufacturing Facility – Nov 10

Novartis announced the opening of a new 10,000-square-foot radioligand therapy (RLT) manufacturing facility in Carlsbad, California. This state-of-the-art site represents a key milestone in the company's previously announced $23 billion investment in the United States infrastructure over the next five years.

Acquires Tourmaline Bio – Oct 28

Novartis acquired Tourmaline Bio, Inc., a clinical-stage biopharmaceutical company, for $1.4 billion.

The acquisition adds a phase III-ready candidate, pacibekitug, to Novartis' cardiovascular pipeline.

Tourmaline is developing pacibekitug, an anti-IL-6 monoclonal antibody, as a treatment option for atherosclerotic cardiovascular disease ("ASCVD").

Pacibekitug is an investigational anti-IL-6 IgG2 human monoclonal antibody designed to mitigate systemic inflammation implicated in ASCVD and has demonstrated high affinity binding to IL-6.

The addition of pacibekitug complements Novartis' cardiovascular strategy by targeting IL-6, a key upstream cytokine that promotes systemic inflammation.

To Acquire Avidity Biosciences – Oct 26

Novartis announced that it has entered into an agreement to acquire Avidity Biosciences, Inc., a San Diego-based, biopharmaceutical company focused on a new class of therapeutics enabling RNA delivery to muscle, for $12 billion to strengthen its late-stage neuroscience pipeline. The acquisition will follow the separation of Avidity's early-stage precision cardiology programs.

As part of the agreement, Avidity will separate its early-stage precision cardiology programs into a new company prior to closing of the acquisition.

Avidity is developing RNA therapeutics called Antibody Oligonucleotide Conjugates (AOCs) for serious, genetic neuromuscular diseases.

The acquisition will bolster neuroscience franchise for Novartis with three late-stage programs in myotonic dystrophy type 1 (DM1), a rare progressive neuromuscular disorder with a poor prognosis, facioscapulohumeral muscular dystrophy (FSHD), a rare hereditary disorder causing relentless loss of muscle function and progressive disability; and Duchenne muscular dystrophy (DMD), a severe, early-onset disease marked by progressive muscle damage and reduced life expectancy.

The companies expect the merger to be closed in the first half of 2026.

Data on Kisqali – Oct 22

Novartis announced results from the five-year analysis of the late-stage NATALEE trial of Kisqali (ribociclib) that demonstrated a sustained benefit at a median of two years after a three-year treatment with Kisqali (median follow-up: 58.4 months). Results showed a 28.4% reduction in risk of recurrence in the broadest population of patients with high-risk stage II and III hormone receptor-positive/human epidermal growth factor receptor 2-negative (HR+/HER2-) early breast cancer (EBC) treated with Kisqali plus endocrine therapy (ET) compared to ET alone.

Positive CHMP Opinion – Oct 17

Novartis announced today that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has adopted a positive opinion and recommended granting marketing authorization for Scemblix (asciminib) for the treatment of adult patients with Philadelphia chromosome-positive chronic myeloid leukemia in chronic phase (Ph+ CML-CP) in all lines of treatment.

Valuation

Novartis' shares are up 36.3% in the years so far and up 35.6% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Medical Sector are up 15.9% and 6.3%, respectively in the year so far. Over the past year, the Zacks sub-industry is up 12.2% and the sector is up 2.4%. The S&P 500 Index is up 18.3% year to date and up 14.2% in the past year.

The stock is currently trading at 14.56X forward 12-month earnings per share which compares to 16.98X for the Zacks sub-industry, 20.95X for the Zacks sector and 23.35X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 16.06X and as low as 11.45X, with a 5-year median of 13.55X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $140.00 price target reflects 15.4X forward 12-month earnings per share.

The table below shows summary valuation data for NVS.

Valuation Multiples - NVS

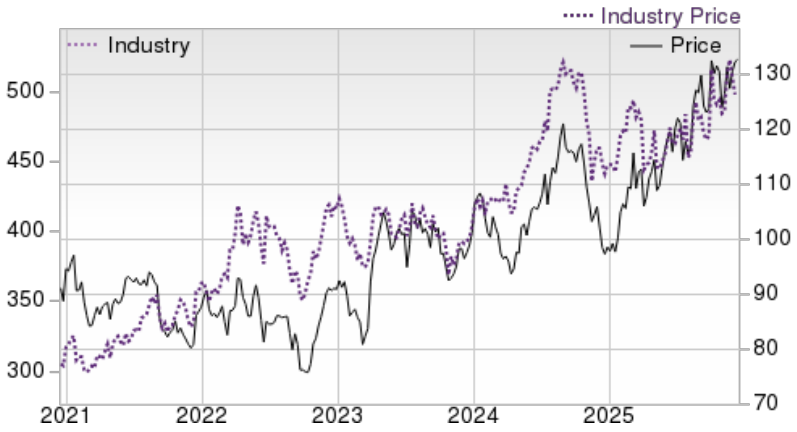
	Stock	Sub-Industry	Sector	S&P 500
Current	14.56	16.98	20.95	23.35

P/E F12M	5-Year High	16.06	20.8	23.6	23.78
	5-Year Low	11.45	13.09	17.86	15.73
	5-Year Median	13.55	16.07	20.66	21.22
	Current	4.95	7.2	2.11	5.27
P/S F12M	5-Year High	5	8.1	3.39	5.5
	5-Year Low	3.1	4.64	2.01	3.83
	5-Year Median	3.93	6.14	2.63	5.05
	Current	6.26	7.89	3.96	8.49
P/B TTM	5-Year High	6.64	10.98	6.08	9.17
	5-Year Low	2.62	5.56	3.57	6.6
	5-Year Median	4.12	7.4	4.53	8.05

As of 12/12/2025 *Source: Zacks Invesment Research*

Industry Analysis(1)

Zacks Industry Rank: Bottom 23% (185 out of 243)



Top Peers (1)

Company (Ticker)	Rec	Rank
AbbVie Inc. **(ABBV)**	Neutral	3
AstraZeneca PLC **(AZN)**	Neutral	3
Bayer Aktiengesellsc…**(BAYRY)**	Neutral	3
Eli Lilly and Compan…**(LLY)**	Neutral	3
Merck & Co., Inc. **(MRK)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Sanofi **(SNY)**	Neutral	3
Novo Nordisk A/S **(NVO)**	Underperform	5

Industry Comparison(1)

Industry: Large Cap Pharmaceuticals | Industry Peers

	NVS	X Industry	S&P 500	AZN	BAYRY	SNY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	B	A	D
Market Cap	285.24 B	243.91 B	38.58 B	283.32 B	40.42 B	116.49 B
# of Analysts	6	4.5	22	7	2	7
Dividend Yield	1.92%	1.92%	1.42%	1.11%	0.22%	3.37%
Value Score	B	-	-	B	A	B
Cash/Price	0.03	0.05	0.04	0.03	0.15	0.09
EV/EBITDA	14.36	12.21	14.55	17.51	7.11	9.74
PEG Ratio	1.74	1.62	2.20	1.69	5.14	1.29
Price/Book (P/B)	6.37	5.55	3.33	6.16	1.17	1.36
Price/Cash Flow (P/CF)	12.62	12.55	15.10	14.51	2.72	8.90
P/E (F1)	15.16	13.71	19.71	19.84	7.29	10.64
Price/Sales (P/S)	5.25	4.26	3.09	4.87	0.80	2.45
Earnings Yield	6.57%	7.29%	5.06%	5.04%	13.70%	9.40%
Debt/Equity	0.50	0.51	0.57	0.54	1.04	0.16
Cash Flow ($/share)	10.70	5.33	8.99	6.30	3.79	5.33
Growth Score	B	-	-	B	A	F
Hist. EPS Growth (3-5 yrs)	8.79%	1.54%	8.16%	16.75%	-8.33%	3.93%
Proj. EPS Growth (F1/F0)	14.60%	14.37%	8.57%	11.92%	2.92%	15.84%
Curr. Cash Flow Growth	-3.71%	-3.04%	6.75%	16.68%	-15.66%	-16.39%
Hist. Cash Flow Growth (3-5 yrs)	4.10%	4.00%	7.43%	18.63%	2.78%	-4.06%
Current Ratio	0.88	1.10	1.18	0.88	1.13	1.06
Debt/Capital	33.55%	36.28%	38.01%	34.95%	50.97%	13.73%
Net Margin	26.49%	26.88%	12.78%	16.17%	-0.68%	21.96%
Return on Equity	41.21%	36.97%	17.00%	32.89%	16.48%	12.70%
Sales/Assets	0.53	0.46	0.53	0.53	0.43	0.33
Proj. Sales Growth (F1/F0)	9.30%	7.43%	5.79%	8.90%	5.20%	16.40%
Momentum Score	C	-	-	D	A	D
Daily Price Chg	-0.12%	-1.93%	-0.24%	-0.23%	-2.32%	-0.79%
1 Week Price Chg	0.31%	0.58%	-0.59%	-0.39%	10.44%	-1.72%
4 Week Price Chg	5.48%	2.35%	2.76%	2.01%	30.03%	-6.36%
12 Week Price Chg	9.94%	9.94%	2.15%	20.25%	27.77%	1.19%
52 Week Price Chg	36.26%	27.53%	12.39%	35.98%	104.49%	-3.07%
20 Day Average Volume	1,702,388	3,386,098	2,743,646	5,554,908	545,717	2,648,919
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.06%	-0.02%	0.00%	0.09%	6.01%	0.00%
(F1) EPS Est 12 week change	-0.53%	-0.53%	0.69%	1.00%	7.22%	-1.82%
(Q1) EPS Est Mthly Chg	0.17%	0.00%	0.00%	-2.97%	13.33%	-2.82%

Analyst Earnings Model[2]

Novartis AG (NVS)

In $MM, except per share data

	2022A	2023A	2024A			2025E					2026E			2027E
FY Ends December 31st	FY Dec-22	FY Dec-23	FY Dec-24	1QA 31-Mar-25	2QA 30-Jun-25	3QA 30-Sep-25	4QE 31-Dec-25	FY Dec-25	1QE 31-Mar-26	2QE 30-Jun-26	3QE 30-Sep-26	4QE 31-Dec-26	FY Dec-26	FY Dec-27
Income Statement														
Net Sales From Continuing Operation	**$42,206.0**	**$45,440.0**	**$50,317.0**	**$13,233.0**	**$14,054.0**	**$13,909.0**	**$13,806.2**	**$55,002.2**	**$13,675.8**	**$14,216.7**	**$14,265.4**	**$14,243.4**	**$56,401.3**	**$57,533.6**
Other Revenues	**$1,255.0**	**$1,220.0**	**$1,405.0**	**$387.0**	**$782.0**	**$449.0**	**$403.5**	**$2,021.5**	**$483.5**	**$1,306.4**	**$541.6**	**$432.4**	**$2,763.8**	**$4,255.6**
Cost of Goods Sold, Core	$7,784.0	$8,701.0	$9,850.0	$2,503.0	$2,612.0	$2,847.0	$2,821.9	$10,783.9	$2,647.0	$2,795.5	$2,923.6	$3,139.6	$11,505.7	$11,658.5
Cost of Goods Sold, IFRS	$11,582.0	$12,472.0	$12,827.0	$3,227.0	$3,322.0	$3,539.0	$3,432.7	$13,520.7	$3,470.9	$3,482.9	$3,542.4	$3,712.9	$14,209.1	$14,465.9
Gross Profit From Continuing Operation, Core	**$35,591.0**	**$37,959.0**	**$41,872.0**	**$11,082.0**	**$11,915.0**	**$11,511.0**	**$11,387.7**	**$45,895.7**	**$11,512.3**	**$12,727.6**	**$11,883.4**	**$11,536.2**	**$47,659.4**	**$50,130.7**
Gross Profit From Continuing Operation, IFRS	**$31,879.0**	**$34,188.0**	**$38,895.0**	**$10,393.0**	**$11,514.0**	**$10,819.0**	**$10,776.9**	**$43,502.9**	**$10,688.5**	**$12,040.2**	**$11,264.6**	**$10,962.9**	**$44,956.1**	**$47,323.3**
Selling, General & Administration Expenses, Core	$12,143.0	$12,489.0	$12,564.0	$3,057.0	$3,441.0	$3,304.0	$3,711.6	$13,513.6	$3,358.1	$3,567.0	$3,651.0	$3,810.2	$14,386.3	$14,682.0
Selling, General & Administration Expenses, IFRS	$12,193.0	$12,517.0	$12,566.0	$3,058.0	$3,442.0	$3,308.0	$3,718.5	$13,526.5	$3,358.6	$3,582.3	$3,653.6	$3,813.7	$14,408.3	$14,699.9
Research & Development Expenses, Core	$8,267.0	$8,600.0	$9,302.0	$2,302.0	$2,553.0	$2,677.0	$2,689.0	$10,221.0	$2,599.8	$2,726.5	$2,806.5	$2,741.8	$10,874.5	$11,035.8
Research & Development Expenses, IFRS	$9,172.0	$11,371.0	$10,022.0	$2,366.0	$2,727.0	$2,944.0	$2,987.6	$11,024.6	$2,758.8	$2,866.2	$2,911.6	$3,008.7	$11,545.3	$11,653.4
Other Income, Core	$291.0	$392.0	$273.0	$79.0	$194.0	$96.0	$57.8	$426.8	$72.6	$155.5	$99.8	$43.9	$371.8	$408.9
Other Income, IFRS	$696.0	$1,772.0	$1,175.0	$226.0	$548.0	$269.0	$428.3	$1,471.3	$260.7	$432.3	$335.4	$239.9	$1,268.3	$1,409.9
Other Expenses, Core	$678.0	$890.0	$785.0	$227.0	$190.0	$166.0	$194.3	$777.3	$277.4	$214.8	$174.7	$175.0	$841.9	$835.2
Other Expenses, IFRS	$3,264.0	$2,303.0	$2,938.0	$532.0	$1,029.0	$335.0	$715.1	$2,611.1	$644.3	$804.5	$805.9	$725.7	$2,980.4	$2,875.0
Amortization of Intangible Assets	$3,585.0	$3,730.0	$3,174.0	$789.0	$770.0	$875.0	$923.9	$3,357.9	$737.4	$825.8	$893.1	$909.7	$3,366.1	$3,477.5
Depreciation, Amortization & Impairments	$6,965.0	$8,383.0	$6,114.0	$1,195.0	$1,252.0	$1,292.0	$1,853.2	$5,592.2	$1,393.3	$1,280.9	$1,046.2	$1,854.8	$5,575.1	$5,779.5
Operating Income From Continuing Operation, Core	**$14,794.0**	**$16,372.0**	**$19,494.0**	**$5,575.0**	**$5,925.0**	**$5,460.0**	**$4,850.6**	**$21,810.6**	**$5,349.6**	**$6,374.7**	**$5,351.0**	**$4,853.2**	**$21,928.6**	**$23,986.5**
Operating Income From Continuing Operation, IFRS	**$7,946.0**	**$9,769.0**	**$14,544.0**	**$4,663.0**	**$4,864.0**	**$4,501.0**	**$3,784.1**	**$17,812.1**	**$4,187.4**	**$5,219.4**	**$4,228.9**	**$3,654.6**	**$17,290.3**	**$19,504.8**
Core Adjustment to Loss from Associated Companies, Net of tax			$26.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Income/ (Loss) from Associated Companies	($11.0)	($13.0)	($38.0)	($3.0)	($3.0)	($4.0)	($5.2)	($15.2)	($18.3)	($2.7)	($4.3)	($4.3)	($29.6)	($23.1)
Interest Expense	$800.0	$855.0	$1,006.0	$270.0	$289.0	$281.0	$344.5	$1,184.5	$267.3	$314.4	$290.9	$326.6	$1,199.2	$1,245.7
Other Financial Income / (Expense), Core	$140.0	$430.0	$295.0	$46.0	($13.0)	($7.0)	$57.3	$83.3	$79.3	$27.5	$27.6	$74.5	$208.8	$144.5
Other Financial Income / (Expense), IFRS	$42.0	$222.0	$140.0	$17.0	($41.0)	($20.0)	$28.2	($15.8)	$12.3	$21.9	$4.2	$32.4	$70.7	$28.9
Pre-Tax Income From Continuing Operation, Core	**$14,123.0**	**$15,934.0**	**$18,771.0**	**$5,348.0**	**$5,620.0**	**$5,168.0**	**$4,558.3**	**$20,694.3**	**$5,143.3**	**$6,085.2**	**$5,083.4**	**$4,596.8**	**$20,908.7**	**$22,862.3**
Pre-Tax Income From Continuing Operation, IFRS	**$7,177.0**	**$9,123.0**	**$13,640.0**	**$4,407.0**	**$4,531.0**	**$4,196.0**	**$3,462.6**	**$16,596.6**	**$3,914.1**	**$4,924.3**	**$3,937.8**	**$3,356.1**	**$16,132.3**	**$18,265.0**
Income Taxes, Core	$2,177.0	$2,488.0	$3,016.0	$866.0	$910.0	$838.0	$738.4	$3,352.4	$833.2	$985.8	$823.5	$744.7	$3,387.2	$3,772.3
Income Taxes, IFRS	$1,128.0	$551.0	$1,701.0	$798.0	$507.0	$266.0	$219.5	$1,790.5	$248.1	$312.2	$249.6	$212.8	$1,022.7	$1,157.9
Tax Rate, Core	15.4%	15.6%	16.1%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.5%
Tax Rate, IFRS	15.7%	6.0%	12.5%	18.1%	11.2%	6.3%	6.3%	10.8%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Net Income From Continuing Operation, Core	**$11,946.0**	**$13,446.0**	**$15,755.0**	**$4,482.0**	**$4,710.0**	**$4,330.0**	**$3,819.8**	**$17,341.8**	**$4,310.1**	**$5,099.4**	**$4,259.9**	**$3,852.1**	**$17,521.5**	**$19,090.0**
Net Income From Continuing Operation, IFRS	**$6,049.0**	**$8,572.0**	**$11,939.0**	**$3,609.0**	**$4,024.0**	**$3,930.0**	**$3,243.0**	**$14,806.0**	**$3,666.0**	**$4,612.1**	**$3,688.2**	**$3,143.4**	**$15,109.7**	**$17,107.1**
Net Income From Discontinued Operation, Core	$1,406.0	$889.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income From Discontinued Operation, IFRS	$906.0	$6,282.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income, Core	**$13,352.0**	**$14,335.0**	**$15,755.0**	**$4,482.0**	**$4,710.0**	**$4,330.0**	**$3,819.8**	**$17,341.8**	**$4,310.1**	**$5,099.4**	**$4,259.9**	**$3,852.1**	**$17,521.5**	**$19,090.0**
Net Income, IFRS	**$6,955.0**	**$14,854.0**	**$11,939.0**	**$3,609.0**	**$4,024.0**	**$3,930.0**	**$3,243.0**	**$14,806.0**	**$3,666.0**	**$4,612.1**	**$3,688.2**	**$3,143.4**	**$15,109.7**	**$17,107.1**
Non-Controlling Interest	$0.0	$4.0	($2.0)	$3.0	$1.0	$2.0	$2.0	$8.0	$2.0	$2.0	$2.0	$2.0	$8.0	$8.0
Net Income Attributable to Novartis AG, Core	**$13,352.0**	**$14,331.0**	**$15,757.0**	**$4,479.0**	**$4,709.0**	**$4,329.0**	**$3,817.8**	**$17,334.8**	**$4,308.1**	**$5,097.4**	**$4,257.9**	**$3,850.1**	**$17,513.5**	**$19,082.0**
Net Income Attributable to Novartis AG, IFRS	**$6,955.0**	**$14,850.0**	**$11,941.0**	**$3,606.0**	**$4,023.0**	**$3,928.0**	**$3,241.0**	**$14,798.0**	**$3,664.0**	**$4,610.1**	**$3,686.2**	**$3,141.4**	**$15,101.7**	**$17,099.1**
Basic Shares Outstanding	2,181.0	2,077.0	2,018.0	1,968.0	1,948.0	1,926.0	1,911.0	1,938.3	1,906.0	1,901.0	1,896.0	1,891.0	1,898.5	1,878.5
Diluted Shares Outstanding	2,197.0	2,092.0	2,035.0	1,979.0	1,960.0	1,940.0	1,925.0	1,951.0	1,920.0	1,915.0	1,910.0	1,905.0	1,912.5	1,892.5
Basic EPS From Continuing Operation, Core	**$5.48**	**$6.47**	**$7.81**	**$2.28**	**$2.42**	**$2.25**	**$2.00**	**$8.95**	**$2.26**	**$2.68**	**$2.25**	**$2.04**	**$9.23**	**$10.16**
Basic EPS From Continuing Operation, IFRS	**$2.77**	**$4.13**	**$5.92**	**$1.83**	**$2.07**	**$2.04**	**$1.70**	**$7.64**	**$1.92**	**$2.43**	**$1.95**	**$1.66**	**$7.96**	**$9.11**
Basic EPS, Core	**$6.12**	**$6.90**	**$7.81**	**$2.28**	**$2.42**	**$2.25**	**$2.00**	**$8.95**	**$2.26**	**$2.68**	**$2.25**	**$2.04**	**$9.22**	**$10.16**
Basic EPS, IFRS	**$3.19**	**$7.15**	**$5.92**	**$1.83**	**$2.07**	**$2.04**	**$1.70**	**$7.64**	**$1.92**	**$2.43**	**$1.94**	**$1.66**	**$7.95**	**$9.10**
Diluted EPS From Continuing Operation	**$2.77**	**$4.10**	**$5.87**	**$1.82**	**$2.06**	**$2.02**	**$1.68**	**$7.58**	**$1.91**	**$2.41**	**$1.93**	**$1.65**	**$7.90**	**$9.04**
Diluted EPS	**$3.17**	**$7.10**	**$5.87**	**$1.82**	**$2.06**	**$2.02**	**$1.68**	**$7.58**	**$1.91**	**$2.41**	**$1.93**	**$1.65**	**$7.89**	**$9.03**
Dividend Per Share (CHF)	3.20	3.30	3.50					3.50					3.60	3.60

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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Value Score	B
Growth Score	B
Momentum Score	C
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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