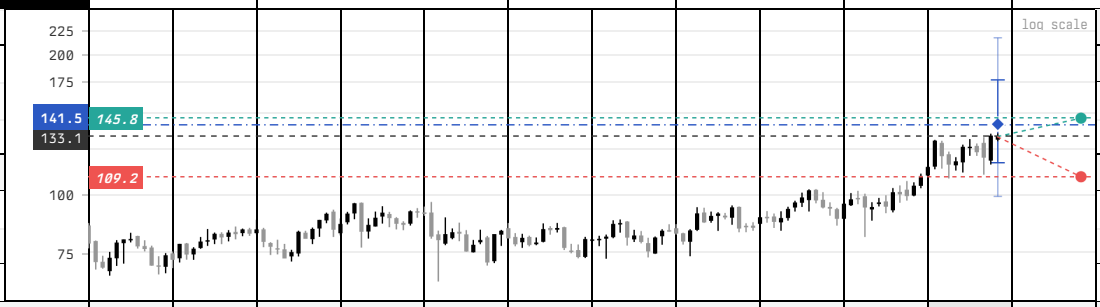
Novartis AG

Fr 133.08
As of Sun 8 Nov 2026, 12:00 UTC

SWX:NOVN	Healthcare	Country	Switzerland	PE (Fwd Adj)	16.33	TSR 10Y CAGR	12.46%	Div yield	2.86%	ROE	24.60%
Drug Manufacturers (General)		Beta (5Y)	0.45	PE TTM	31.00	TSR TTM	38.14%	Mkt cap	Fr 251.3B	ROIC	20.12%

SE Grade™	★☆☆
Value	★★☆
Quality	★★★
Moat	★☆☆
Consensus	Reference
Fr 128	*Fr 142*
(3.55%)	6.34%
Hold 4|4|11|1|3	



4Q25	1Q26	2Q26	3Q26
Earnings per share			$
1.25	1.65	1.71	**0.63**
(11.57%)	(9.34%)	(16.99%)	(68.81%)
Revenue			$B
13.86	13.52	14.95	**15.03**
2.23%	(0.70%)	0.78%	4.67%
Next earnings			27 Oct

TTM	FYE 31 Dec	USD	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E	Trend	5Y	10Y	Peers
57.36	Revenue	$B	49.39	43.40	46.10	48.68	49.90	43.97	43.46	46.66	51.72	56.67	*57.38*		2.58%	1.54%	77
1.76	*Revenue growth*	*%*	–	*(12.11)*	*6.21*	*5.59*	*2.51*	*(11.87)*	*(1.17)*	*7.36*	*10.85*	*9.57*	***1.25***		*7.36*	*5.59*	20
75.19	*Gross margin*	*%*	*64.89*	*69.09*	*68.52*	*70.37*	*69.70*	*74.10*	*73.35*	*73.27*	*75.22*	*75.97*	***81.31***		*74.10*	*71.82*	72
31.91	*Operating margin*	*%*	*18.40*	*20.61*	*19.36*	*18.67*	*20.35*	*24.93*	*21.20*	*21.93*	*31.55*	*33.53*	***34.38***		*24.93*	*20.90*	70
17.49	*Net margin*	*%*	*13.59*	*17.75*	*27.36*	*24.10*	*16.18*	*54.63*	*16.00*	*31.83*	*23.09*	*24.67*	***23.67***		*24.67*	*23.59*	59
31.00	P/E ratio (avg)	x	27.07	24.69	15.35	17.77	24.75	8.265	27.00	13.60	18.00	16.61	***18.11***^{adj}		16.61	17.89	46
18.87	EV/EBIT	x	21.79	23.41	23.53	24.93	22.31	18.39	21.39	20.95	14.28	13.50	***17.81***		18.39	21.59	50
5.04	*FCF yield (avg)*	*%*	*5.29*	*5.94*	*6.72*	*5.87*	*6.19*	*7.05*	*7.09*	*6.63*	*7.56*	*7.58*	***4.34***		*7.09*	*6.68*	60
27.29	*FCF margin*	*%*	*19.47*	*26.03*	*28.24*	*25.16*	*24.80*	*31.85*	*30.65*	*28.71*	*31.42*	*31.05*	***23.96***		*31.05*	*28.48*	93
1.561	FCF / Net income	x	1.432	1.466	1.032	1.044	1.533	0.583	1.915	0.902	1.361	1.258	***1.012***		1.258	1.310	67
20.12	*ROIC*	*%*	*8.54*	*7.99*	*8.61*	*8.62*	*10.58*	*13.29*	*11.14*	*15.05*	*23.55*	*24.48*	***22.71***		*15.05*	*10.86*	53
24.60	*Return on equity*	*%*	*8.97*	*10.34*	*16.51*	*17.50*	*14.41*	*38.66*	*10.95*	*28.02*	*26.33*	*31.01*	***36.86***		*28.02*	*17.00*	68
8.56	*Return on assets*	*%*	*5.16*	*5.79*	*8.66*	*9.91*	*6.32*	*18.23*	*5.92*	*14.86*	*11.68*	*12.60*	***11.67***		*12.60*	*9.29*	66
5.27	EPS	$	2.80	3.25	5.38	5.06	3.52	10.63	3.17	7.10	5.87	7.15	***9.01***^{adj}		15.26%	11.00%	–
(29.03)	*EPS growth*	*%*	–	*16.17*	*65.60*	*(5.97)*	*(30.51)*	*202.32*	*(70.22)*	*124.23*	*(17.34)*	*21.90*	***0.33***^{adj}		*21.90*	*16.17*	21
19.54	Bookvalue per sh	$	31.18	31.28	33.54	23.92	24.65	29.94	27.01	22.31	21.64	23.60	***18.81***		(0.87%)	(3.05%)	–
8.22	FCF per share	$	4.01	4.76	5.55	5.28	5.39	6.20	6.06	6.40	7.99	9.00	***7.09***		10.80%	9.41%	–
4.67	Dividend per sh	$	2.72	2.94	2.84	3.12	3.39	3.40	3.46	3.92	3.86	4.67	***4.37***		6.59%	6.18%	–
2.86	*Div yield (avg)*	*%*	*3.59*	*3.66*	*3.44*	*3.47*	*3.90*	*3.87*	*4.05*	*4.06*	*3.66*	*3.93*	***2.68***		*3.93*	*3.77*	71
–	*Payout ratio*	*%*	*97.14*	*90.29*	*52.78*	*61.67*	*96.33*	*31.98*	*109.09*	*55.17*	*65.80*	*65.26*	***62.37***		*65.26*	*65.53*	81
1.889	Shares (diluted)	B	2.400	2.371	2.344	2.319	2.296	2.260	2.197	2.092	2.035	1.955	***1.940***		(3.16%)	(2.25%)	96
1.80	*Buyback yield*	*%*	–	*1.21*	*1.14*	*1.07*	*0.99*	*1.57*	*2.79*	*4.78*	*2.72*	*3.93*	***0.79***		*2.79*	*1.57*	96
1.286	D/E ratio	x	0.318	0.384	0.409	0.528	0.671	0.458	0.471	0.566	0.712	0.762	***1.312***		0.566	0.499	24
345.4	Enterprise value	$B	198.0	209.3	210.0	226.5	226.5	201.6	197.1	214.4	233.1	256.6	***351.5***		2.52%	2.92%	83
38.38	LT debt	$B	17.90	23.22	22.47	22.06	27.98	24.52	21.78	20.03	22.93	29.59	***38.38***		1.13%	5.75%	83

Peers (US$308.2B)	Cap (US$)	PE
Roche Holding AG	382.6B	26.09x
Galderma Group AG	54.84B	64.97x
Sandoz Group AG	44.46B	70.61x
AstraZeneca PLC	290.7B	26.20x

Capital	TTM	5Y	10Y
Leverage x	1.724	0.681	1.073
EBIT/Int x	11.61	13.93	11.95
Own earn %	25.31	29.11	26.82
Sh yield %	4.66	6.84	5.44

Owners		
Insiders/Inst %	0.11	43.99
Short interest %		–
SBC / revenue %		1.98

Record	10Y
Profitable years	10/10
Revenue growth years	6/9
EPS growth years	5/9
Dividend streak yrs	28
Op margin range %	18-34
$1 test x	2.2
Incr. ROIC %	–

Novartis returned to growth in the third quarter. Revenue of $15.03B rose 4.7%, as priority brands grew 29% on Kisqali, Kesimpta, Scemblix and Leqvio. Gross margin gains and SG&A productivity drove core margin expansion, and Pluvicto grew on ex-U.S. momentum and U.S. pre-taxane use. Reported diluted EPS of $0.63 fell 68.8%. We judge the stock fairly priced, with Quality and Moat already paid for: SE fair value of CHF 142 is 6.3% above the price.

Management raised full-year core operating income guidance to in line to growing low double digits, up from a low single-digit decline. Full-year net sales growth stayed at low single digits, and second-half sales growth stayed at mid to high single digits. Analysts pressed on the ianalumab approval delay. The CEO said, "We do expect an action by the end of the year." The PSMAddition launch in prostate cancer ramps into next year, and a remibrutinib MS filing is due this quarter.

Consensus has adjusted EPS rising 0.3% in FY2026 and then 11.0% in FY2027, so the gain the raised guidance points to lands mostly next year. FY2026 revenue growth is forecast at 1.3%. The price implies revenue growth of 4.3% a year, 3.1pp above that consensus, so the market already counts on the second-half acceleration lasting. EPS has beaten estimates in 6 of the last 8 quarters.

Profitability has stepped up sharply. Operating margin moved from 21.2% in FY2022 to 33.5% in FY2025. ROE rose from 11.0% to 31.0% over the same span. ROIC climbed from 11.1% to 24.5%. FCF margin has held steady at 27.3%, with no notable gap to its median. These are high returns, but the ten-year record is thinner: ROIC topped 15% in only three of ten years. That shorter history is what keeps the Moat pillar low.

Debt/equity of 1.29x is +127% against its 5Y median, which leaves less balance-sheet room than in past years. SE fair value of CHF 142 is 6.3% above the price, with high confidence. The trailing P/E of 31.0x sits 73% above its 10Y median, though that figure is on reported EPS. The analysts' star- and recency-weighted average target of CHF 128 is 3.6% below the price. For the price to hold, priority brands must outrun Entresto generic erosion in Europe and Xolair biosimilars. Revenue growth slipping back toward the 0.8% of Q2 would show they are not.

The SE Score is 1 of 3. Quality earns three stars on ROIC of 24% against a 6.2% cost of capital, with free cash flow covering 104% of net income over five years. Moat earns one star because median ROIC over ten years is 11% and returns topped 15% in only three of those years, despite a stable gross margin. Value earns two stars, with SE fair value near the price. That left the business tier as it was, so the overall score stays at one.

Q3 2026

Novartis AG researches, develops, manufactures and sells pharmaceutical medicines in Switzerland and internationally, focusing on cardiovascular, renal and metabolic, immunology, neuroscience, oncology and hematology. Products include Entresto for heart failure, Cosentyx for psoriasis and arthritis, Leqvio to reduce LDL cholesterol, Pluvicto for prostate cancer, Zolgensma for spinal muscular atrophy, and Xolair for allergic asthma.

Revenue by segment	Revenue	Trend	9Y CAGR	Rel growth	Revenue by region	Top 3 90%	Trend	Reinvestment returns	10Y median	Trend
Oncology	29.70%		-	-	United States	41.17%		Reinvestment rate	2.28%	
Established Brands	21.98%		-	-	Europe	29.52%		Return on capital	10.86%	
Immunology	18.16%		24.70%	6.35×	Asia/Africa/Australasia	19.05%		Spread over hurdle	3.11%	

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