

NOVARTIS AG  
Form 20-F  
January 27, 2015

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[INDEX TO CONSOLIDATED FINANCIAL STATEMENTS](#)

[NOVARTIS GROUP INDEX TO CONSOLIDATED FINANCIAL STATEMENTS](#)

[Table of Contents](#)

As filed with the Securities and Exchange Commission on January 27, 2015

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

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**FORM 20-F**

o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
**Commission file number 1-15024**

**NOVARTIS AG**

*(Exact name of Registrant as specified in its charter)*

**NOVARTIS Inc.**

*(Translation of Registrant's name into English)*

**Switzerland**

*(Jurisdiction of incorporation or organization)*

**Lichtstrasse 35  
4056 Basel, Switzerland**

*(Address of principal executive offices)*

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Name of each exchange on which registered
American Depositary Shares each representing 1 share	New York Stock Exchange, Inc.
Ordinary shares, nominal value CHF 0.50 per share*	New York Stock Exchange, Inc.*

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

2,398,626,257 shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other  
If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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Not for trading but only in connection with the registration of American Depositary Shares representing such ordinary shares.

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Table of Contents**TABLE OF CONTENTS**

<u>INTRODUCTION AND USE OF CERTAIN TERMS</u>	4
<u>FORWARD-LOOKING STATEMENTS</u>	4
<u>PART I</u>	6
<u>Item 1. Identity of Directors, Senior Management and Advisers</u>	6
<u>Item 2. Offer Statistics and Expected Timetable</u>	6
<u>Item 3. Key Information</u>	6
<u>3.A Selected Financial Data</u>	6
<u>3.B Capitalization and Indebtedness</u>	8
<u>3.C Reasons for the offer and use of proceeds</u>	8
<u>3.D Risk Factors</u>	8
<u>Item 4. Information on the Company</u>	24
<u>4.A History and Development of Novartis</u>	24
<u>4.B Business Overview</u>	27
<u>Pharmaceuticals</u>	31
<u>Alcon</u>	73
<u>Sandoz</u>	82
<u>Vaccines</u>	91
<u>Consumer Health</u>	98
<u>4.C Organizational Structure</u>	102
<u>4.D Property, Plants and Equipment</u>	102
<u>Item 4A. Unresolved Staff Comments</u>	107
<u>Item 5. Operating and Financial Review and Prospects</u>	107
<u>5.A Operating Results</u>	107
<u>5.B Liquidity and Capital Resources</u>	188
<u>5.C Research &amp; Development, Patents and Licenses</u>	201
<u>5.D Trend Information</u>	202
<u>5.E Off-Balance Sheet Arrangements</u>	202
<u>5.F Tabular Disclosure of Contractual Obligations</u>	202
<u>Item 6. Directors, Senior Management and Employees</u>	203
<u>6.A Directors and Senior Management</u>	203
<u>6.B Compensation</u>	213
<u>6.C Board Practices</u>	261
<u>6.D Employees</u>	292
<u>6.E Share Ownership</u>	292
<u>Item 7. Major Shareholders and Related Party Transactions</u>	293
<u>7.A Major Shareholders</u>	293
<u>7.B Related Party Transactions</u>	295
<u>7.C Interests of Experts and Counsel</u>	295
<u>Item 8. Financial Information</u>	296
<u>8.A Consolidated Statements and Other Financial Information</u>	296

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	<u>8.B</u>	<u>Significant Changes</u>	<u>297</u>
<u>Item</u>	<u>9.</u>	<u>The Offer and Listing</u>	<u>297</u>
	<u>9.A</u>	<u>Offer and Listing Details</u>	<u>297</u>

Table of Contents

	<u>9.B</u>	<u>Plan of Distribution</u>	<u>298</u>
	<u>9.C</u>	<u>Markets</u>	<u>299</u>
	<u>9.D</u>	<u>Selling Shareholders</u>	<u>299</u>
	<u>9.E</u>	<u>Dilution</u>	<u>299</u>
	<u>9.F</u>	<u>Expenses of the Issue</u>	<u>299</u>
<u>Item</u>	<u>10.</u>	<u>Additional Information</u>	<u>299</u>
	<u>10.A</u>	<u>Share Capital</u>	<u>299</u>
	<u>10.B</u>	<u>Memorandum and Articles of Association</u>	<u>299</u>
	<u>10.C</u>	<u>Material Contracts</u>	<u>304</u>
	<u>10.D</u>	<u>Exchange Controls</u>	<u>305</u>
	<u>10.E</u>	<u>Taxation</u>	<u>305</u>
	<u>10.F</u>	<u>Dividends and Paying Agents</u>	<u>310</u>
	<u>10.G</u>	<u>Statement by Experts</u>	<u>310</u>
	<u>10.H</u>	<u>Documents on Display</u>	<u>311</u>
	<u>10.I</u>	<u>Subsidiary Information</u>	<u>311</u>
<u>Item</u>	<u>11.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>311</u>
<u>Item</u>	<u>12.</u>	<u>Description of Securities Other than Equity Securities</u>	<u>311</u>
	<u>12.A</u>	<u>Debt Securities</u>	<u>311</u>
	<u>12.B</u>	<u>Warrants and Rights</u>	<u>311</u>
	<u>12.C</u>	<u>Other Securities</u>	<u>311</u>
	<u>12.D</u>	<u>American Depositary Shares</u>	<u>312</u>
<u>PART II</u>			<u>314</u>
<u>Item</u>	<u>13.</u>	<u>Defaults, Dividend Arrearages and Delinquencies</u>	<u>314</u>
<u>Item</u>	<u>14.</u>	<u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	<u>314</u>
<u>Item</u>	<u>15.</u>	<u>Controls and Procedures</u>	<u>314</u>
<u>Item</u>	<u>16A.</u>	<u>Audit Committee Financial Expert</u>	<u>314</u>
<u>Item</u>	<u>16B.</u>	<u>Code of Ethics</u>	<u>315</u>
<u>Item</u>	<u>16C.</u>	<u>Principal Accountant Fees and Services</u>	<u>315</u>
<u>Item</u>	<u>16D.</u>	<u>Exemptions from the Listing Standards for Audit Committees</u>	<u>315</u>
<u>Item</u>	<u>16E.</u>	<u>Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	<u>316</u>
<u>Item</u>	<u>16F.</u>	<u>Change in Registrant's Certifying Accountant</u>	<u>316</u>
<u>Item</u>	<u>16G.</u>	<u>Corporate Governance</u>	<u>316</u>
<u>Item</u>	<u>16H.</u>	<u>Mine Safety Disclosure</u>	<u>316</u>
<u>PART III</u>			<u>317</u>
<u>Item</u>	<u>17.</u>	<u>Financial Statements</u>	<u>317</u>
<u>Item</u>	<u>18.</u>	<u>Financial Statements</u>	<u>317</u>
<u>Item</u>	<u>19.</u>	<u>Exhibits</u>	<u>318</u>



Table of Contents

**INTRODUCTION AND USE OF CERTAIN TERMS**

Novartis AG and its consolidated affiliates publish consolidated financial statements expressed in US dollars. Our consolidated financial statements found in Item 18 of this annual report on Form 20-F (Form 20-F) are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Unless the context requires otherwise, the words "we," "our," "us," "Novartis," "Group," "Company," and similar words or phrases in this Form 20-F refer to Novartis AG and its consolidated affiliates. However, each Group company is legally separate from all other Group companies and manages its business independently through its respective board of directors or other top local management body. No Group company operates the business of another Group company. Each executive identified in this Form 20-F reports directly to other executives of the Group company which employs the executive, or to that Group company's board of directors.

In this Form 20-F, references to "US dollars" or "\$" are to the lawful currency of the United States of America, and references to "CHF" are to Swiss francs; references to the "United States" or to "US" are to the United States of America, references to the "European Union" or to "EU" are to the European Union and its 28 member states, references to "Latin America" are to Central and South America, including the Caribbean, and references to "Australasia" are to Australia, New Zealand, Melanesia, Micronesia and Polynesia, unless the context otherwise requires; references to "associates" are to employees of our affiliates; references to the "FDA" are to the US Food and Drug Administration, references to "EMA" are to the European Medicines Agency, an agency of the EU, and references to the "CHMP" are to the Committee for Medicinal Products for Human Use of the EMA; references to "ADR" or "ADRs" are to Novartis American Depositary Receipts, and references to "ADS" or "ADSs" are to Novartis American Depositary Shares; references to the "NYSE" are to the New York Stock Exchange, and references to the "SIX" are to the SIX Swiss Exchange; references to "GSK" are to GlaxoSmithKline plc, references to "Lilly" are to Eli Lilly and Company, and references to "CSL" are to CSL Limited.

All product names appearing in *italics* are trademarks owned by or licensed to Group companies. Product names identified by a "@" or a " " are trademarks that are not owned by or licensed to Group companies.

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**FORWARD-LOOKING STATEMENTS**

This Form 20-F contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Other written materials filed with or furnished to the US Securities and Exchange Commission (SEC) by Novartis, as well as other written and oral statements made to the public, may also contain forward-looking statements. Forward-looking statements can be identified by words such as "potential," "expected," "will," "planned," "pipeline," "outlook," or similar terms, or by express or implied discussions regarding potential new products, potential new indications for existing products, or regarding potential future revenues from any such products; potential shareholder returns or credit ratings; or regarding the potential completion of the announced transactions with GSK and CSL, or regarding potential future sales or earnings of any of the businesses involved in the transactions with GSK, Lilly or CSL, or regarding any potential strategic benefits, synergies or opportunities as a result of these transactions; or regarding potential future sales or earnings of the Novartis Group or any of its divisions; or by discussions of strategy, plans, expectations or intentions. You should not place undue reliance on these statements.

Such forward-looking statements are based on the current beliefs and expectations of management 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,



Table of Contents

actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee that any new products will be approved for sale in any market, or that any new indications will be approved for any existing products in any market, or that any approvals which are obtained will be obtained at any particular time, or that any such products will achieve any particular revenue levels. Nor can there be any guarantee that the announced transactions with GSK and CSL will be completed in the expected form or within the expected time frame or at all. Neither can there be any guarantee that Novartis will be able to realize any of the potential strategic benefits, synergies or opportunities as a result of the transactions with GSK, Lilly or CSL. Neither can there be any guarantee that Novartis or any of the businesses involved in the transactions will achieve any particular financial results in the future. Nor can there be any guarantee that shareholders will achieve any particular level of shareholder returns. Neither can there be any guarantee that the Group, or any of its divisions, will be commercially successful in the future, or achieve any particular credit rating.

In particular, management's expectations could be affected by, among other things:

unexpected regulatory actions or delays or government regulation generally, including an unexpected failure to obtain necessary government approvals for the transactions, or unexpected delays in obtaining such approvals;

the potential that the strategic benefits, synergies or opportunities expected from the announced transactions, including the divestment of our former Animal Health Division to Lilly, may not be realized or may take longer to realize than expected;

the inherent uncertainties involved in predicting shareholder returns or credit ratings;

the uncertainties inherent in research and development, including unexpected clinical trial results and additional analysis of existing clinical data;

our ability to obtain or maintain proprietary intellectual property protection, including the ultimate extent of the impact on Novartis of the loss of patent protection and exclusivity on key products which commenced in prior years and will continue this year;

unexpected manufacturing or quality issues;

global trends toward health care cost containment, including ongoing pricing pressures;

uncertainties regarding actual or potential legal proceedings, including, among others, actual or potential product liability litigation, litigation and investigations regarding sales and marketing practices, government investigations and intellectual property disputes;

general economic and industry conditions, including uncertainties regarding the effects of the persistently weak economic and financial environment in many countries;

uncertainties regarding future global exchange rates, including as a result of recent changes in monetary policy by the Swiss National Bank;

uncertainties regarding future demand for our products;

uncertainties involved in the development of new healthcare products; and

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uncertainties regarding potential significant breaches of data security or disruptions of our information technology systems.

Some of these factors are discussed in more detail in this Form 20-F, including under "Item 3. Key Information 3.D. Risk factors," "Item 4. Information on the Company," and "Item 5. Operating and Financial Review and Prospects." Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Form 20-F as anticipated, believed, estimated or expected. We provide the information in this Form 20-F as of the date of its filing. We do not intend, and do not assume any obligation, to update any information or forward-looking statements set out in this Form 20-F as a result of new information, future events or otherwise.

Table of Contents**PART I****Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information****3.A Selected Financial Data**

The selected financial information set out below has been extracted from our consolidated financial statements prepared in accordance with IFRS as issued by the IASB. Our consolidated financial statements for the years ended December 31, 2014, 2013 and 2012 are included in "Item 18. Financial Statements" in this Form 20-F.

All financial data should be read in conjunction with "Item 5. Operating and Financial Review and Prospects". All financial data presented in this Form 20-F are qualified in their entirety by reference to the consolidated financial statements and their notes.

	<b>Year Ended December 31,</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	(\$ millions, except per share information)				
<b>INCOME STATEMENT DATA</b>					
<b>Group net sales</b>	<b>57,996</b>	<b>57,920</b>	<b>56,673</b>	<b>58,566</b>	<b>50,624</b>
<b>Net sales from continuing operations</b>	<b>52,419</b>	<b>52,090</b>	<b>51,330</b>	<b>52,195</b>	<b>43,539</b>