

NOVARTIS AG
Form 6-K
January 24, 2007

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

Report on Form 6-K dated January 24, 2007

(Commission File No. 1-15024)

This Report on Form 6-K shall be incorporated by reference in our Registration Statements on Form F-3 as filed with the Commission on May 11, 2001 (File No. 333-60712) and our Registration Statements on Form S-8 as filed with the Commission on September 5, 2006 (File No. 333-137112) and on October 1, 2004 (File No. 333-119475), in each case to the extent not superseded by documents or reports subsequently filed by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, in each case as amended

Novartis AG

(Name of Registrant)

Lichtstrasse 35

4056 Basel

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Switzerland

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F: x Form 40-F: o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes: o **No: x**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes: o **No: x**

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes: o **No: x**

Enclosure: **Novartis AG Announces Results for the Fourth Quarter and Full Year of 2006**

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Novartis strategic healthcare portfolio drives sustained strong performance with record full-year results in 2006

Dynamic 2006 Group performance:

Net sales rise 15% (+14% in local currencies) to USD 37.0 billion

Operating income advances 18% as productivity initiatives more than offset acquisition costs and investments in new pharmaceutical product launches

Net income up 17% to USD 7.2 billion

EPS rise 16% to USD 3.06 per share in the fifth consecutive year of double-digit profit expansion

Excluding Chiron acquisition-related charges, Group operating income climbs 28% and net income up 25%

Dividend proposed to shareholders for 2006 of CHF 1.35 per share, a 17% increase from 2005 and representing the tenth consecutive year of a higher payment

Recent acquisitions and plans to divest Medical Nutrition strengthen strategic focus on healthcare portfolio

Novartis strategic healthcare portfolio drives sustained strong performance with record full-year results in 2006

Novartis preparing for multiple new product launches in 2007-2008, led by Exforge and Tekturna/Rasilez (hypertension), Galvus (diabetes) and Lucentis (blindness)

Key Group figures

Full year

	2006		2005		% Change	
	USD m	% of net sales	USD m	% of net sales	USD	lc
Net sales	37 020		32 212		15	14
Operating income	8 174	22.1	6 905	21.4	18	
Net income	7 202	19.5	6 141	19.1	17	
Basic earnings per share/ADS	USD 3.06		USD 2.63		16	

Fourth quarter

	Q4 2006		Q4 2005		% Change	
	USD m	% of net sales	USD m	% of net sales	USD	lc
Net sales	10 053		8 657		16	12
Operating income	1 824	18.1	1 488	17.2	23	
Net income	1 663	16.5	1 352	15.6	23	
Basic earnings per share/ADS	USD 0.70		USD 0.58		21	

All product names appearing in italics are trademarks owned by or licensed to Novartis Group Companies

Basel, January 18, 2007 Commenting on the results, Dr. Daniel Vasella, Chairman and CEO of Novartis, said, *The strong performance in 2006 stems from our commitment to innovation and reflects the impact of strengthening our healthcare portfolio. All divisions, particularly Pharmaceuticals, performed very well. I also have high expectations for further dynamic growth in our new Vaccines and Diagnostics Division. Launches are planned for several innovative medicines in 2007 and 2008, and we will keep investing aggressively in Research & Development to sustain our performance. I am confident of another year of record sales and earnings in 2007.*

2006 net sales

	2006	2005	% Change	
	USD m	USD m	USD	lc
Pharmaceuticals	22 576	20 262	11	11
Vaccines and Diagnostics	956			
Sandoz	5 959	4 694	27	25
Consumer Health continuing operations	6 540	6 049	8	8
Net sales from continuing operations	36 031	31 005	16	16
Consumer Health discontinuing operations	989	1 207	-18	-18
Total	37 020	32 212	15	14

Group net sales advance 15% (+14% lc) to USD 37.0 billion

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Dynamic 2006 Group performance with 15% net sales growth from the strong business expansion in all divisions as well as contributions from recent acquisitions. Higher sales volumes added six percentage points to Group net sales growth and acquisitions seven percentage points, while net price changes and currency translations each led to an increase of one percentage point.

Pharmaceuticals net sales up 11% (+11% lc) to USD 22.6 billion

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Pharmaceuticals delivered its sixth consecutive year of market share gains and double-digit net sales growth, reaching 11%. The Cardiovascular and Oncology franchises provided dynamic performances as *Diovan* (+15% 1c) exceeded USD 4 billion and *Gleevec/Glivec* (+17% 1c) topped USD 2.5 billion. New product launches, particularly *Xolair*, *Exjade* and *Prexige*, supported the performance. US net sales were up 17%, outpacing the market.

Vaccines and Diagnostics net sales of USD 956 million

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The turnaround of the influenza vaccine business led the performance. This new division, created from the Chiron acquisition in April 2006, increased net sales 42% in the eight-month period compared to the same period in 2005 reported by Chiron. Diagnostics products, primarily used for testing blood donations, showed continued good growth.

Sandoz net sales rise 27% (+25% 1c) to USD 6.0 billion

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Net sales advanced 27% thanks to strengthening positions in fast-growing generics markets, especially in Europe, as well as successful new product launches, many of which are difficult-to-make products. Also supporting growth were the Hexal and Eon Labs acquisitions.

Consumer Health continuing operations net sales up 8% (+8% 1c) to USD 6.5 billion

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Net sales were driven by double-digit expansions in the OTC and Animal Health businesses, which improved their global rankings thanks to their focus on strategic brands.

Consumer Health discontinuing operations net sales of USD 989 million

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Consumer Health discontinuing operations reflects net sales of the Medical Nutrition business, which is being sold to Nestlé, as well as the contribution of the Nutrition & Santé business before its divestment in February 2006.

2006 operating income

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	2006		2005		Change
	USD m	% of net sales	USD m	% of net sales	In %
Pharmaceuticals	6 703	29.7	6 014	29.7	11
Vaccines and Diagnostics	-26				