Novartis AG (NVS)

Updated July 27th, 2026, by Nathan Parsh

Key Metrics

Current Price:	$155	**5 Year Annual Expected Total Return:**	5.1%	**Market Cap:**	$315 B
Fair Value Price:	$142	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date**	03/11/27[1]
% Fair Value:	109%	**5 Year Valuation Multiple Estimate:**	-1.8%	**Dividend Payment Date:**	03/16/27[2]
Dividend Yield:	3.1%	**5 Year Price Target**	$172	**Years Of Dividend Growth:**	30[3]
Dividend Risk Score:	C	**Sector:**	Health Care	**Rating:**	Hold

Overview & Current Events

Novartis researches, develops, and markets products to improve patients' health. The company offers medicines in the areas of oncology, cardiovascular, dermatology, respiratory, and several others. Novartis employs 75,000 people and has annual sales of about $57 billion. Novartis is incorporated in Switzerland, but U.S. investors have access to the company through an American Depositary Receipt, or ADR.

On February 4th, 2026, Novartis announced that it was raising its annual dividend 18.7% to $4.7402.

On July 21st, 2026, Novartis reported second quarter results for the period ending June 30th, 2026. All figures are in U.S. dollars. For the quarter, revenue grew 0.8% to nearly $15 billion, which was $894 million above expectations. Adjusted earnings-per-share of $2.41 compared unfavorably to $2.42 in the prior year, but this was $0.26 ahead of estimates.

For the quarter, volume grew 18% and currency exchange added 2% to results, but these gains were offset by a 14% headwind from generic competition and a 3% decline in pricing. Revenue for *Entresto*, which is used to treat chronic heart failure, declined 50% to $1.81 billion. *Cosentyx*, which treats plaque psoriasis, improved 10% to $1.82 billion. *Kisqali*, which is used to treat certain types of breast cancer, continues to post strong results as revenue was higher by 43% to $1.7 billion. Growth was driven by market share gains in the early breast cancer indication and metastatic breast cancer. Peak sales for the drug could reach $7 billion annually. Revenue for *Kesimpta*, which is used to treat patients with relapsing multiple sclerosis, grew 32% to $1.42 billion during the quarter due once again to higher demand and increased access. *Pluvicto*, which treats metastatic castration-resistant prostate cancer in adults, surged 43% to $651 million due to higher uptake levels in the U.S. and international expansion. The drug could produce as much as $5 billion annually as the company builds out manufacturing and approvals are received in additional markets. Novartis has repurchased a total of 18.2 million shares during the first half of 2026. The company initiated a $10 billion share repurchase authorization during Q2 2025 that is scheduled to be completed by the end of 2027. The company noted during the Q4 2025 conference call that it will have to navigate through the largest patent expiration in its history in 2026.

We now expect Novartis to earn $8.85 per share in 2026, down from $8.96 and $9.06 previously.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.82	$3.28	$5.14	$5.28	$5.78	$6.29	$6.12	$6.81	$7.81	$8.98	***$8.85***	***$10.77***
DPS	$2.72	$2.72	$2.94	$2.57	$3.09	$3.20	$3.33	$3.50	$3.74	$3.99	***$4.74***	***$5.77***
Shares[4]	2374	2318	2300	2230	2254	2254	2160	2100	2000	1950	***1909***	***1875***

Novartis increased earnings at a rate of 13.7% per year over the last decade and 7.1% over the last five years. The company has proven itself recession-resistant as it saw growth during the last recession. Healthcare companies often

[1] Estimated ex-dividend date
[2] Estimated dividend payment date
[3] In local currency
[4] Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

perform well during recessions as people will seek out treatments for aliments regardless of the economic climate. Due to continued strength of the company's top selling products, we are reiterating our expect earnings-per-share annual growth rate of 4%.

Novartis pays an annual dividend, with the company now having increased its dividend 30 consecutive years in local currency. The dividend for U.S. investors was maintained in 2016 and 2017 after being cut slightly in 2015 due to currency exchange. Dividends are declared in Swiss Francs.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	27.3	24.5	15.2	28.4	24.6	13.9	14.8	14.8	12.5	15.4	***17.5***	***16.0***
Avg. Yld.	3.5%	3.4%	3.6%	3.2%	3.5%	3.7%	3.7%	3.5%	3.8%	2.9%	***3.1%***	***3.3%***

Shares of Novartis have gained $10, or 6.9%, since our May 4th, 2026 update. Shares have an average P/E of ~19 over the last decade, but this figure falls to 14.0 when looking at the last five years. We maintain our target P/E of 16. This valuation is a premium to most peers, but we feel that the growth in the company's key products, as well as the expectation for new products to produce strong results, warrants the slight premium. Novartis trades at 17.5 times earnings estimates for the year. If shares were to reach our target P/E by 2031, then valuation could reduce annual returns by 1.8% over this period.

Safety, Quality, Competitive Advantage, & Recession Resiliency

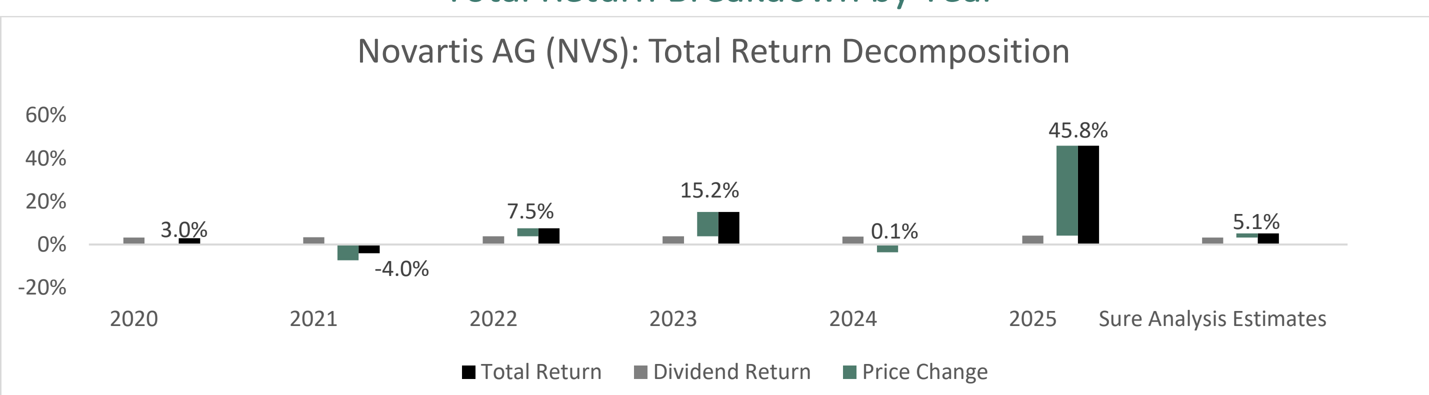
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	97%	83%	57%	49%	53%	51%	54%	51%	48%	44%	***54%***	***54%***

The chief competitive advantage for Novartis is its Innovative Medicines division, which has shown impressive growth over the last year. More than 10 different products have reached the $1.0 billion annual sales mark. Another key advantage for the company is Novartis' willingness to spend on research and development. The company spends more than $10 billion annually on R&D. This level of R&D spending should pay off as Novartis expects to bring to market about 20 different products over the next few years with the potential for at least a billion dollars in peak sales.

Final Thoughts & Recommendation

Novartis is now expected to return 5.1% annually through 2031, down from our prior estimate of 6.8%. This projection stems from a 4% earnings growth rate and a starting yield of 3.1% that is partially offset by a small headwind from multiple compression. Novartis' most important products continue to show strong growth rates, especially the newer drugs. However, we have lowered our five-year price target $2 to $172 due to earnings estimates for the year. We continue to rate shares of Novartis as a hold due to projected returns and a mediocre dividend risk score.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Novartis AG (NVS)

Updated July 27th, 2026, by Nathan Parsh

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	48,518	49,109	44,936	47,498	48,659	51,626	42,288	45,440	50,289	54,811
Gross Profit	30,998	31,934	30,392	33,073	33,538	35,759	30,840	32,867	37,481	41,122
Gross Margin	63.9%	65.0%	67.6%	69.6%	68.9%	69.3%	72.9%	72.3%	74.5%	75.0%
SG&A Exp.	14,192	14,997	13,717	14,369	14,197	14,886	12,193	12,517	12,559	13,316
D&A Exp.	5,350	5,210	5,223	5,826	5,110	5,429	6,718	8,277	6,066	5,352
Operating Profit	8,335	9,185	8,859	10,092	10,819	11,602	10,386	11,867	15,418	17,074
Op. Margin	17.2%	18.7%	19.7%	21.2%	22.2%	22.5%	24.6%	26.1%	30.7%	31.2%
Net Profit	6,698	7,703	12,829	7,147	8,071	24,018	6,061	8,572	11,932	14,039
Net Margin	13.8%	15.7%	28.6%	15.0%	16.6%	46.5%	14.3%	18.9%	23.7%	25.6%
Free Cash Flow	8,596	9,904	11,611	11,308	11,004	12,039	12,019	11,705	13,797	15,322
Income Tax	1,119	1,296	1,298	1,793	1,807	2,119	1,130	551	1,700	2,397

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets ($B)	130.39	133.23	145.65	118.41	132.19	135.88	121.77	103.82	106.76	115.57
Cash & Equivalents	7,777	9,485	15,952	11,446	11,563	28,329	18,930	14,428	13,457	11,590
Acc. Receivable	8,202	8,600	8,727	8,301	8,217	8,005	8,066	7,107	7,423	8,937
Inventories	6,255	6,867	6,956	5,982	7,131	6,666	7,175	5,913	5,723	6,269
Goodwill & Int.	62,320	61,747	74,013	55,311	66,808	63,777	60,945	50,220	51,671	54,978
Total Liabilities	55,496	59,003	66,954	62,862	75,523	68,062	62,342	57,074	62,637	69,020
Accounts Payable	4,873	5,169	5,556	5,424	5,403	5,553	5,146	4,926	4,572	4,456
Long-Term Debt	18,075	23,583	25,660	24,304	30,536	27,419	24,274	22,455	26,525	30,649
Total Equity	74,832	74,168	78,614	55,474	56,598	67,655	59,342	46,667	44,046	46,130
LTD/E Ratio	0.32	0.38	0.41	0.53	0.67	0.46	0.47	0.56	0.71	0.77

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.1%	5.8%	9.2%	5.4%	6.4%	17.9%	4.7%	7.6%	11.3%	12.6%
Return on Equity	8.8%	10.3%	16.8%	10.6%	14.4%	38.6%	9.5%	16.1%	26.3%	31.0%
ROIC	6.8%	7.7%	12.0%	7.3%	9.0%	24.8%	6.5%	10.7%	16.1%	17.8%
Shares Out.	2374	2318	2300	2230	2254	2254	2160	2100	2000	1950
Revenue/Share	20.22	20.71	19.17	20.48	21.19	22.84	19.25	21.72	24.71	28.04
FCF/Share	3.58	4.18	4.95	4.88	4.79	5.33	5.47	5.60	6.78	7.84

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.