



SUMMARY OF INVESTMENT ANALYSIS

Name of the company: Novartis AG (ADR).

Ticker (Exchange)/Price of share: NVS (NYSE)/ 46.04 (closing price for 02.09.09)

Sector: Healthcare, Pharmacy

Industry: Drug Manufacturer, Vaccines

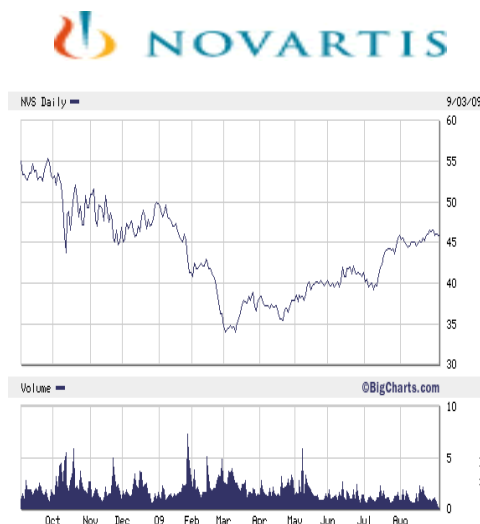
Description:

Novartis AG is a Switzerland-based holding which is engaged in the research, development, manufacture and marketing of healthcare product. The focus of Novartis is healthcare products for hearth, respiratory and infectious diseases, transplantations, dermatology, vaccines and diagnostic devices. The company also produces generic pharmaceuticals (through its subsidiary Sandoz) and animal health medicines. The company has 97 thousand employees worldwide.

Commentary:

- Novartis AG announced today (03.09.09) that the developed vaccine by the company against the so called swine flu (H1N1) has
- led to a positive result elicited a strong immune response and was well tolerated. The trial was run by the United Kingdom-based University of Leicester and University Hospitals of Leicester. The vaccine, to be called Celtura, was tested with 100 healthy volunteers, aged between 18 and 50. The trial evaluated the tolerability and immunogenicity of the vaccine. **Results showed that the serum antibody responses were highest among subjects who received two doses of vaccine, however a single vaccine dose also induced responses associated with protection against influenza. These results would satisfy the immunogenicity criteria as set out by European and US regulators.**
- For 2008 the revenues of Novartis are 42.58 bln USD, compared to 38.95 bln., USD in 2007 and this represent a 8.5% growth. The quarterly results of the company announce July, show that inspite recession Novartis AG succeeds to manage the difficult economic conditions. The net income jumped 6.8% to 2.03 bln dollars from 1.9 bln. dollars for the first quarter of 2009. So far the sales of the company are better that last year. Measured in local currency they represent a 8% growth.
- NVS is part of the prestigious NYSE Composite, Philadelphia Drug Index (9.76%). It pays dividend on regular basis which for 2008 is 1.7143 USD per share (dividend yield 4.26%)

Graph:



Short-term target price, defined using both technical and fundamental analysis*: \$ 55

* A potential risk for the company and for the stock price could be the following: slowing economy, decreasing revenues, lower cash flows, decreasing recommendations of analysts and others. Due to a great number of factors reaching the target price is not guaranteed, all data are based on the expectations for the company development. In case of short-term speculations and abrupt changes we recommend selling in order to minimize the loss to 10%.



Basic fundamental data:

Market Capitalization:	103.7 bln. USD	P/E (price/earnings) TTM:	13.90
Beta:	057	P/S (price/sales) TTM:	2.48
ROA:	9.07%	P/B (price/book value) MRQ:	2.07
ROE:	14.82%	Net Profit Margin (TTM)	18.09%

Main competitors and related companies:

Johnson and Johnson (JNJ)
Merck (MRK)
Pfizer (PFE)

Updated at: 03.09.09

Sources: www.bloomberg.com, www.reuters.com, www.yahoo.com; www.biqcharts.com; www.businessinsider.com

For Global Markets Ltd. prepared by: Konstantin Sirakov, Investment adviser

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