

NOVARTIS AG  
Form 6-K  
July 23, 2002

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### FORM 6-K

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#### 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 July 23, 2002  
Incorporated by reference into Novartis AG's  
Registration Statements on Form F-3,  
as filed with the Commission on May 11, 2001 (File No. 333-60712)  
and on January 21, 2002 (File No. 333-81862)

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### Novartis AG

(Name of Registrant)

Lichtstrasse 35  
4056 Basel  
Switzerland

(Address of Principal Executive Offices)

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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

Form 40-F

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

No

Enclosure: Second Quarter 2002 Results Presentation 22 July 2002.

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## **Growth Momentum Carries On**

### **Second Quarter Results 22 July 2002**

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**This presentation contains certain "forward-looking statements" relating to the Company's business:**

**The statements can be identified by the use of forward-looking terminology or by discussions of strategy, plans or intentions.**

**The statements include descriptions and anticipated expenditures of the Company's investment in research and development programs, descriptions of new products expected to be introduced by the Company and anticipated customer demand for these and existing products in the Company's existing portfolios.**

**The statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions.**

**Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by the forward-looking statements. These factors can be found in the Annual Reports the Company has filed with the U.S. Securities and Exchange Commission.**

**Specific risk factors include unexpected regulatory delays, uncertainties relating to clinical trials and product development, the introduction of competing products, increased government pricing pressures, and the Company's ability to obtain or maintain patent and other proprietary intellectual property protection.**

**If any of these risks materialize, or underlying assumptions prove incorrect, actual results may vary materially from those one might expect on the basis of this presentation.**

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## **Agenda**

**Overview**

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**D. Vasella**

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**Pharmaceuticals**

**D. Vasella**

**Key financial data**

**R. Breu**

**Outlook**

**D. Vasella**

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## **Novartis' Share Outperforms SMI and Pharmaceutical Index in 1st Half 2002**

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## **Continued Dynamic Growth Momentum**

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**Growth momentum carries on**

**Performance driven by double-digit sales growth trend in Pharmaceuticals**

**Additional impetus from strong performance of Generics**

**Double digit operating income expansion in CHF and margin improvement despite currency impact**

**Good result with net financial income in very difficult environment**

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## Double-Digit Operating Income Expansion

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in CHF m	1st Half 2002	1st Half 2001	in % CHF	in %LC
Sales	16 254	15 267	6	13
Operating income	3 957	3 480	14	15
<i>as a % of sales</i>	24.3	22.8		
Net financial income	680	952	-29	
Net income	3 848	3 729	3	
<i>as a % of sales</i>	23.7	24.4		
EPS (CHF)	1.51	1.44	5	

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## Dynamic Performance Delivered Through Pharmaceuticals and Generics

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**Sales: CHF 16 bn, +13% in local currencies, +6% in CHF**

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## **Performance Driven by Volume Increase**

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**Half Year Operating Income up 14%**

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<sup>1</sup> Including integration costs associated with the Wesley Jessen acquisition of CHF 31m in 2001.

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## Agenda

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Overview	D. Vasella
<u>Pharmaceuticals</u>	<u>D. Vasella</u>
Key financial data	R. Breu
Outlook	D. Vasella

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## Highlights in Pharmaceuticals

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**Continued dynamic sales growth trend with + 15% in LC**

**Strong growth across all regions with US up 19% in LC**

**Cardiovascular and Oncology franchises outpace their segments:**

**Diovan expands leadership in US ARB segment  
Lotrel makes inroads vs. Norvasc  
Lescol builds on excellent profile**

**Gleevec submitted for 1st line therapy  
fast switch from Aredia to Zometa**

**Successful launch of Elidel**

**First approval for Xolair with Australia  
labeling discussions with FDA for Zelnorm**

**New Research Institute to be based in Cambridge, Mass.**

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## **Strong Pharmaceutical Sales Growth in Key Regions**

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	<b>1H Sales 2002 CHF m</b>	<b>Growth in LC</b>	<b>Market Growth<sup>1</sup></b>
<b>US</b>	<b>4 521</b>	<b>19%</b>	<b>13%</b>
<b>Europe</b>	<b>3 313</b>	<b>11%</b>	<b>8%</b>
<b>Japan</b>	<b>1 066</b>	<b>14%</b>	<b>4%</b>
<b>Asia/Pacific</b>	<b>653</b>	<b>14%</b>	<b>n/a</b>
<b>LatAm</b>	<b>618</b>	<b>16%</b>	<b>-10%</b>

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	1H Sales 2002 CHF m	Growth in LC	Market Growth <sup>1</sup>
<b>Total<sup>2</sup></b>	<b>10 546</b>	<b>+15%</b>	<b>12%</b>

<sup>1</sup> IMS monthly YTD May, 16 countries

<sup>2</sup> Total includes Canada and others

## Strategic Products Drive Growth

Brands (1 to 10)	Market segment	Sales CHF m	Growth % LC
Diovan®/Co-Diovan®	Hypertension	1'284	+69
Sandimmun®/Neoral®	Transplantation	877	+0
Cibacen®/Lotensin®	Hypertension	863	+30
of which Lotrel®		486	+46
Lamisil®	Fungal infections	574	-3
Voltaren®	Antirheumatics	488	-2
Sandostatin®	Acromegaly	487	+25
Lescol®	Cholesterol reduction	423	+30
Glivec®	Oncology	418	+670
Miacalcic®	Osteoporosis	312	-15
Tegretol®	Epilepsy	309	+2

## Sandimmun®/Neoral® Slow Generic Erosion in US

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## **Key Franchises Outperforming the Market**

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Source: IMS

\* Cardiovascular: Antihypertensives, Statins, Fibrates, OAD

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## **Diovan® Leadership in US**

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Source: IMS weekly, US TRx share in ARB segment

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## Dynamic Sales Performance of Lotrel®

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**H1 sales CHF 486 m, +46% (LC)**

**Share growth continues 4.0% NRx(+0.5% pts) in Hypertension**

**Lotrel 10/20 approved**

**Better blood pressure control, less edema than Norvasc**

**Powerful blood pressure control, with the benefits of an ACE**

**Convenience for patient**

<sup>1</sup> Source: IMS weekly

<sup>2</sup> LOGIC study

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## Lescol® Growth Accelerates

Data source for graph: IMS Monthly, May YTD

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## **Glivec®/Gleevec      Strong Roll-Out Continues**

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**Sales of CHF 418m worldwide**

**ca. 60% patient penetration in CML<sup>1</sup>**

**Approved for GIST<sup>1</sup> in US and EU**

**Filed in US and EU for first line treatment of newly diagnosed CML**

**More effective than Interferon + Chemotherapy with Improved quality of life for patients**

- <sup>1</sup> Chronic myeloid leukemia  
<sup>2</sup> Gastrointestinal Stromal Tumor

## Conversion to Zometa® is Accelerating Key Markets on Track

	Zometa® Launch date	% of franchise <sup>1</sup> converted YTD June '02
US	Aug 2001	55%
Germany	Apr 2001	45%
Italy	Feb 2002	33%
France	Jan 2002	18%
Worldwide		45%

<sup>1</sup> % of average YTD sales in 2001 of Aredia® and Zometa® franchise

## Zometa® Building a Potential Blockbuster

Fast uptake compensating for generic erosion of Aredia

Approved for bone metastasis in 23 countries

EU approval anticipated Q3 '02

## Visudyne Growth Continues

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**H1 sales CHF 228 m, +35% (LC)**

**Patient penetration increased to 26% of total CNV potential**

**Positive opinion received in EU for occult subfoveal CNV<sup>1</sup>**

**Filed in Japan (April)**

**Reimbursement is key to sales growth**

**Public Service Announcement  
Canada**

<sup>1</sup> **Choroidal neovascularisation secondary to age-related macular degeneration**

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## Elidel® US Launch Success

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<sup>1</sup>

Source: IMS weekly

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## **The Novartis Institutes for Biomedical Research: Main Research Centers**

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**Novartis A Swiss-American Company**

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## Significant Operating Income Expansion Through Productivity Gains and Volume Growth

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## **Sales Momentum Expands Operating Income**

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## **Significant Strengthening of CHF**

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## **Currency Risks 2002 Transactional Exposure in USD and JPY Fully Hedged**

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## Net Financial Income Reaches CHF 680 m in 1st Half 2002

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	1H/2002 CHF m	1H/2001 CHF m	Change in % CHF
<b>Total operating income</b>	<b>3 957</b>	<b>3 480</b>	<b>+14</b>
<b>Income associated companies</b>	<b>11</b>	<b>77</b>	<b>-86</b>
<b>Financial income, net</b>	<b>680</b>	<b>952</b>	<b>-29</b>
<b>Income taxes</b>	<b>-790</b>	<b>-768</b>	<b>+3</b>
<i>tax rate in %</i>	<i>17.0</i>	<i>17.0</i>	
<b>Minority interests</b>	<b>-10</b>	<b>-12</b>	<b>-17</b>
<b>Net income</b>	<b>3 848</b>	<b>3 729</b>	<b>+3</b>

## Attractive Net Financial Income in Difficult Market Conditions

in CHF m	1H 2002	1H 2001	in % CHF
Financial income <i>% of liquidity<sup>1</sup></i>	723 7.0%	1 335 14.8%	-46
Financial expense <i>% of debt<sup>1</sup></i>	-161 4.0%	-185 5.0%M	-13
Currency gains/losses	+118	-198	
Net financial income <i>% of net liquidity<sup>1</sup></i>	680 10.8%	952 17.7%	-29

<sup>1</sup> annualised

## Performance Return on Liquid Funds Beats the Benchmark at Market Values by 3.4% Points in CHF

Category	Return of portfolio	Return of benchmark	Value at risk <sup>1</sup> of portfolio
Shares	-10.4%	-20.1%	10.2%
Bonds	+2.5%	-1.7%	1.8%
Money market	+2.6%	+0.7%	0.7%
Overall	-0.8%	-4.2%	2.4%

<sup>1</sup> Value at risk in 10 days with 95% confidence

## Liquid Funds Portfolio<sup>1</sup> Equity Exposure Hedged

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**Total liquid funds end June 2002: CHF 19.1 bn**

<sup>1</sup>

Includes hedges

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**Increase in Free Cash Flow of CHF 0.2 bn  
to CHF 0.3 bn**

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## Group Outlook 2002

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**Growth momentum expected to continue, driven by Pharmaceuticals**



**Pharmaceuticals expects to grow around 10% in LC**

**Operating income growth trend expected to continue in LC**

**Zelnorm launch expected to result in a slight decline in Pharmaceutical operating margin vs. 2001. All other sectors expected to maintain margins on average**

**Significant currency impact expected USD and JPY hedged**

**Net financial income difficult to predict, expected to be slightly lower than last year**

**Net income expected to exceed last year's level, barring unforeseen events**

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## **Appendix**

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**Group Operating Margin 24.3%**

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## Half Year 2002 Sales Growth Components by Sector

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	Volume	Price	Acq./ Div.	Currency
Pharmaceuticals	+14%	+1%	0%	-6%
Generics	+19%	0%	+3%	-8%
OTC	-1%	+1%	+0%	-4%
Animal Health	+1%	+4%	+5%	-6%
Medical Nutrition	+1%	+1%	-%	-4%
Infant & Baby	+4%	+1%	-%	-5%
CIBA Vision	+8%	0%	-%	-6%

	Volume	Price	Acq./ Div.	Currency
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Group	+11%	+1%	+1%	-7%
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## Highlights in Generics, OTC and Animal Health

### Generics

Recent launches in US in Retail Generics fuel growth to 19% in LC<sup>1</sup>

Generic Prozac (depression), July 2001

Generic Metformin (diabetes), January 2002

Generic Relifex (anti-inflammatory), February 2002

### OTC

Sales remain at last year's level. Excluding discontinued distribution agreements sales increased 6% in LC driven by:

Nicotinell®/ Habitrol® (smoking cessation)

Otrivin (nasal decongestant)

Lamisil® cream (fungal infection)

Maalox® (antacid)

### Animal Health

Recent acquisitions of vaccine businesses add 5% points to sales growth of 10% in LC

Farm animal business sees improvement over last year

<sup>1</sup> excluding acquisitions

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## Highlights in Medical Nutrition, Infant & Baby and CIBA Vision

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### Medical Nutrition (incl. Health and Functional Food)

**Supplement business in Medical Nutrition boosts sales**

**Health and Functional Food divestment on track**

### Infant & Baby

**Gerber Graduates and Tender Harvest underpin strong market position of Gerber in US**

**Gerber Wellness driving growth through sales to key accounts**

### CIBA Vision

**Innovation behind performance**

**Focus® DAILIES®**

**Focus® Night & Day**

**Freshlook®**

**Surgical lenses**

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Novartis AG**

Date: July 23, 2002

By:           /s/ DR. RAYMUND BREU          

Name: Dr. Raymund Breu

## QuickLinks

[Growth Momentum Carries On](#)  
[Second Quarter Results 22 July 2002](#)

[Agenda](#)  
[Novartis' Share Outperforms SMI and Pharmaceutical Index in 1st Half 2002](#)  
[Continued Dynamic Growth Momentum](#)  
[Double-Digit Operating Income Expansion](#)

[Dynamic Performance Delivered Through Pharmaceuticals and Generics](#)  
[Performance Driven by Volume Increase](#)  
[Half Year Operating Income up 14%](#)

[Agenda](#)  
[Highlights in Pharmaceuticals](#)  
[Strong Pharmaceutical Sales Growth in Key Regions](#)

[Strategic Products Drive Growth](#)  
[Sandimmun ® /Neoral ® Slow Generic Erosion in US](#)  
[Key Franchises Outperforming the Market](#)  
[Diovan ® Leadership in US](#)  
[Dynamic Sales Performance of Lotrel ®](#)  
[Lescol ® Growth Accelerates](#)

[Glivec ® /Gleevec Strong Roll-Out Continues](#)  
[Conversion to Zometa ® is Accelerating Key Markets on Track](#)  
[Zometa ® Building a Potential Blockbuster](#)  
[Visudyne Growth Continues](#)  
[Elidel ® US Launch Success](#)  
[The Novartis Institutes for Biomedical Research: Main Research Centers](#)

[Novartis A Swiss-American Company](#)  
[Agenda](#)  
[Significant Operating Income Expansion Through Productivity Gains and Volume Growth](#)  
[Sales Momentum Expands Operating Income](#)  
[Significant Strengthening of CHF](#)  
[Currency Risks 2002 Transactional Exposure in USD and JPY Fully Hedged](#)

[Net Financial Income Reaches CHF 680 m in 1st Half 2002](#)  
[Attractive Net Financial Income in Difficult Market Conditions](#)  
[Performance Return on Liquid Funds Beats the Benchmark at Market Values by 3.4% Points in CHF](#)  
[Liquid Funds Portfolio<sup>1</sup> Equity Exposure Hedged](#)  
[Increase in Free Cash Flow of CHF 0.2 bn to CHF 0.3 bn](#)

[Agenda](#)  
[Group Outlook 2002](#)  
[Appendix](#)

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SIGNATURES