

# Working in Russia: a holistic approach

Novartis Commitment to Caring and Curing

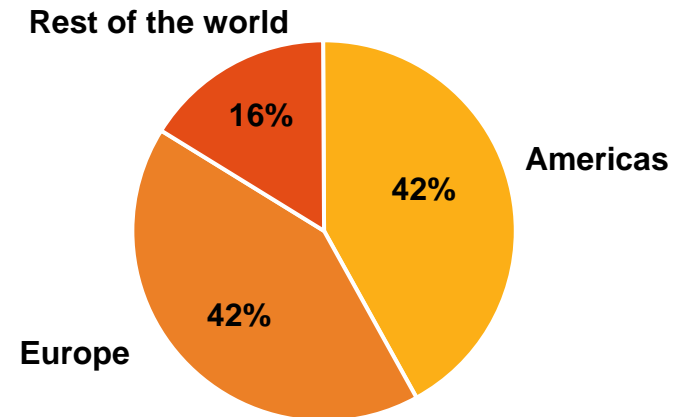
# Novartis is a world-leading healthcare company

- Among leading pharmaceutical and healthcare company
- One of 20 largest global companies by market capitalization
- Among most respected companies globally

## Key figures<sup>2</sup>

2007	USD billion
Net sales:	38.072
Net income:	6.54
R&D investment:	6.43

## Sales by region – 2007



<sup>1</sup> Source: IMS quarterly data in top 65 countries, 2008 Q1 YTD

<sup>2</sup> Excluding Consumer Health discontinued operations

# Novartis has an excellent portfolio to address changing patient needs

## Environment



## Patient needs

Innovative medicines

Prevention

Affordable options

Self-care

Full range of healthcare options

## Novartis portfolio

Pharmaceuticals

Vaccines and  
Diagnostics

Sandoz  
(Generics)

Consumer Health  
(OTC, Animal Health and  
CIBA Vision)

# At Novartis, we seek to constantly innovate

***Focusing on unmet medical needs inspires us to connect science with customer insights to develop new products and drive industry standards***

- Unrivaled pipeline with approximately 140 compounds in pharmaceutical development
- Highest amount of new US drug approvals since 2000
- One of the industry's biggest investors in research
  - 17% of annual net sales reinvested in R&D
- Innovation across the Novartis group



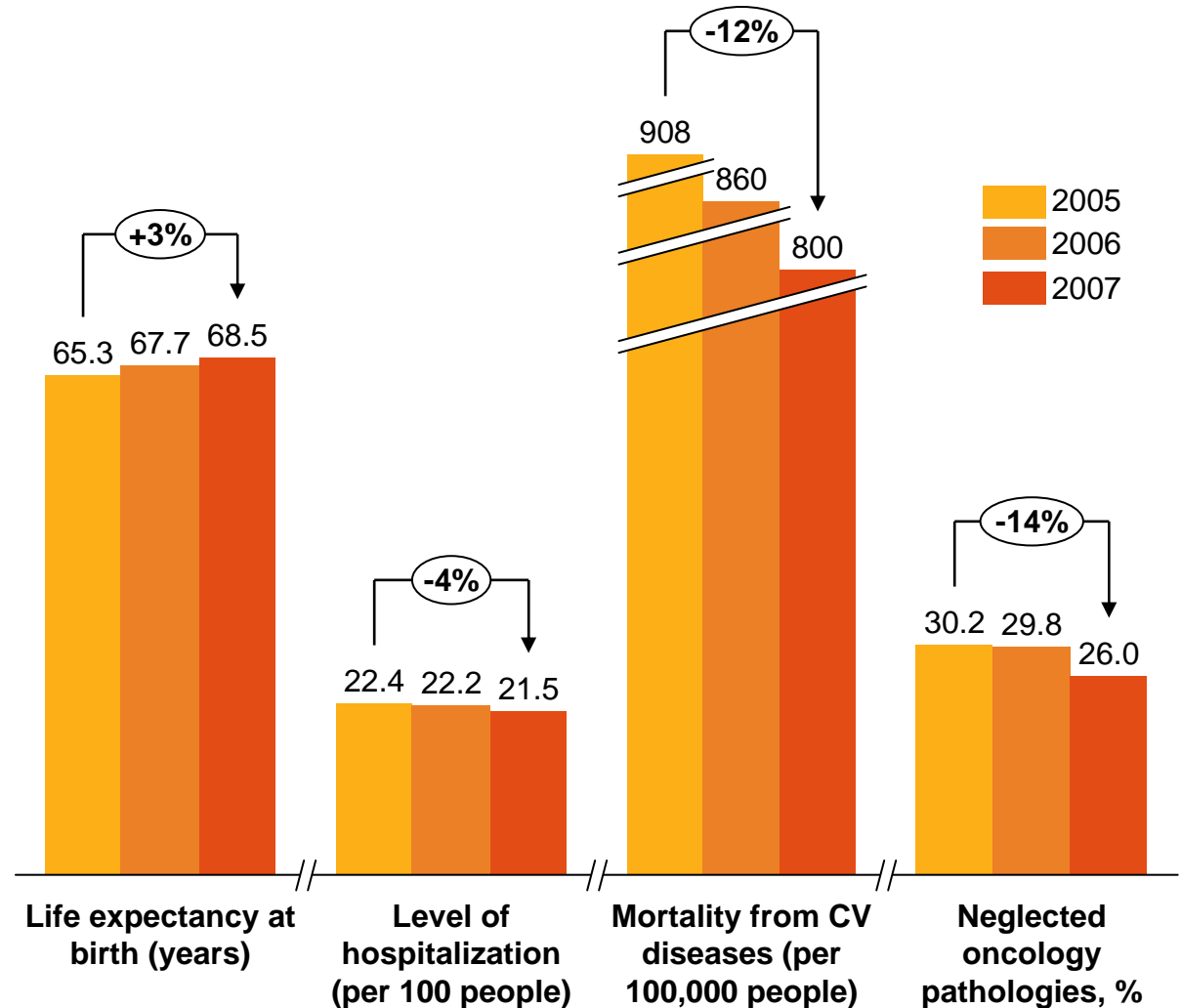
# What are the goals of the Russian government?

- The goals of healthcare development are the following:
  - Stop Russian population decrease and stabilize the population at 143 million people by 2010
  - Increase by 2020 life expectancy to 75 years and reduce mortality in 1.5 times
  - Educate people to lead a healthy way of life
  - Improve the quality of medical care
  
- How will this be achieved:
  - Introduce stage-by-stage pharmacological support and provision of medications for outpatients through the mandatory health insurance system
  - Make the state guarantees of free medical care to people more concrete
  - Provide for professional development of healthcare professionals and create a system of incentives to ensure high-quality work
  - Develop medical science, possibilities for and incentives to leading a healthy way of life by the population in the Russian Federation

# Recent improvement seen in health of population

## Good evolution of Russian Healthcare with remaining opportunities

- **“The Nation’s Health”** is a top priority for Russian Government, especially since 2005
- Introduction in 2006 of **“DLO” program** provided drug coverage to **certain under-privileged population**
- **First results show: Average life expectancy at birth increase, level of hospitalization decrease and mortality from CV disease decrease**
- **There is a big opportunity to extend coverage to the rest of population (currently 66% of healthcare spending is “out of pocket”)**
- As an example **World Bank report (2004)** suggests Russia could gain 6.7 yrs in life expectancy to **match the EUs CVD mortality rate**



Source: Ministry of Health and Social Development (Sept. 2007) report

# Novartis has a holistic approach in Russia: 5 pillars

1

## Drug Development

- **Global trials in Russia** (56 trials, 427 sites, 5,104 patients)
- Global trials investment to double by 2012 to ~11 Mio USD

2

## Stakeholder education

- **Disease awareness, diagnosis and training programs** for physicians, pharmacists, patients (specific programs in back up)
- Considering opening **Campus Training Center** (outside Moscow) by end 2009

3

## People

- **Number of employees** to increase from ~1,300 in 2007 to ~2700 by 2012
- **Constant training of employees** locally and abroad

4

## Local Manufacturing

- Currently only **local packaging partnerships**
- Greenfield or acquisition of **oral solid dosage** form facility under review

5

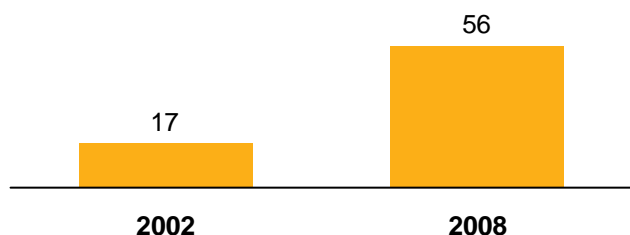
## Research

- Considering opening **Research Center or Research Cooperations** in Russia
- Possible **alliances** with Universities/ Government

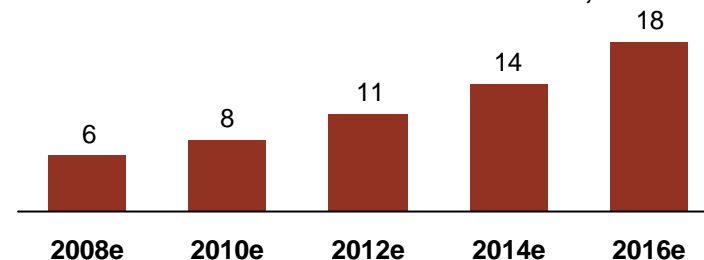
<sup>1</sup> G-protein coupled receptors which are targeted by many drugs on the market

# Current growth in number of Clinical trials in Russia

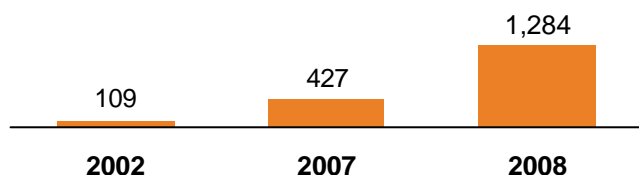
Number of clinical trials<sup>1</sup> in Russia



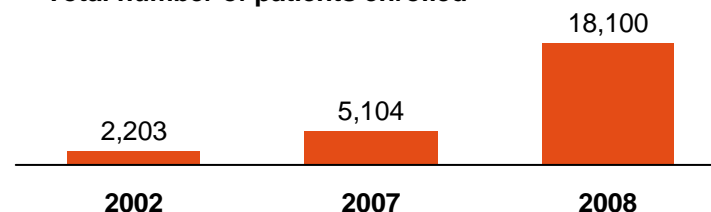
Investment in Global clinical trials in Russia, Mio USD



Number of sites<sup>1</sup>



Total number of patients enrolled<sup>1</sup>



- Russia – **top 5 country for Novartis Pharma** in terms of patients enrolled and growth of investments
- Focus on additional indications for in-market products and NMEs in **CV, immunology and infectious disease and respirator**
- **2008 Global trial estimates:** 46 trials, 330 sites, **3,800 patients**
- Estimated **additional 19 Phase IV clinical trails<sup>2</sup> in 2008** for Russian population: cost ~1 Mio s USD, **13,130 patients**

<sup>1</sup> Indicates only global trial numbers. Local trials are additional and incremental

<sup>2</sup> For NVS products in osteoporosis (ACLASTA, MIACALCIC), CV (EXFORGE, DIOVAN, LESCOL), respiratory (FORADIL, XOLAIR), transplant (MYFORTIC, CERTICAN), immunology and infectious disease (SEBIVO)



# Medical education and awareness programs

## Physicians

- **Medical Education programs** for physicians/key opinion leaders in CV, Respiratory, Osteoporosis, Ophthalmology, Dermatology, Infectious Disease
- **OTC sponsoring medical congresses/exhibitions** in Dermatology, Pain and Pediatrics for physician education and awareness (11,500 specialists trained / year)
- **Vaccines conferences** with key opinion leaders and policy makers

## Pharmacists

- **“Round table” drug benefit and medical education programs** for pharmacy personnel (5000 events per year, covering 90% of A&B pharmacies).

## Patients

- **Schools for patient education** and awareness on Diet/Lifestyle, Asthma and Pain management, Herpes prophylaxis, World Hypertension/ Diabetic Day.
- **Support of oncology patient organizations**  
(51 CML patients schools opened and operational all over Russia)

## Equipment and diagnostic kit donations

- **Bone densitometer** machines for osteoporosis diagnosis
- **Ophthalmologic lasers** to centers for AMD treatment
- **Oncology Diagnostics programs:** purchasing of equipment and diagnostic kits for social disease CML (cytogenesis and CR laboratories), GIST, Acromegaly, etc.

# Other Novartis contributions: now and in the future

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- **Education of physicians / scientists:**

- Basic science education for teachers / community learning center
- Training local scientists, physicians and other healthcare professionals

- **University alliances:**

- Joint research projects to bring additional resources to universities
- Academic exchange and curriculum support to ensure world-class facilities to attract talent

- **Government alliances:**

- Drug safety through information sharing and technical assistance for counterfeit detection
- Joint research into unprofitable illnesses (e.g., bird flu, tuberculosis)

# Russia – Strategic Market for Novartis

- Russia is a growing strategic market for Novartis
- We continue to **invest along 5 broad dimensions** ranging from funding of basic **research**, **educating physicians, pharmacists and patients**, expanding our **local presence**, and plans for investments in **manufacturing**.
- Doing Business in Russia is not only strengthening and enlarging company's infrastructure, but also **bringing value to Russian citizens**.
- Novartis objective is to work with the Government to collaboratively **create an environment that will result in greater investments in healthcare** and ultimately **better health of the population**.
- Unmet needs remain. **CV disease is still the leading cause of death in Russia** accounting for 56% of all mortalities, while **Oncology is the 2nd leading cause of death** accounting for 14% of mortality in 2006.
- Novartis looks forward to **work collaboratively to complement the great strides Russia Government is already making in improving the nation's health**.

# Novartis: a holistic approach

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**THANK YOU!**