

Working in Russia: a holistic approach

Novartis Commitment to Caring and Curing

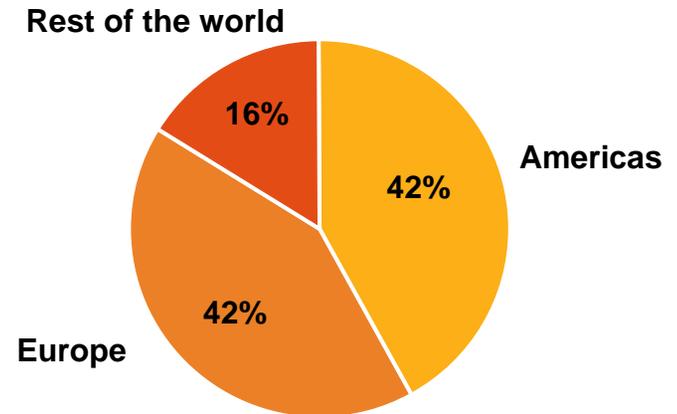
Novartis is a world-leading healthcare company

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

Key figures²

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

Sales by region – 2007



¹ Source: IMS quarterly data in top 65 countries, 2008 Q1 YTD

² 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?

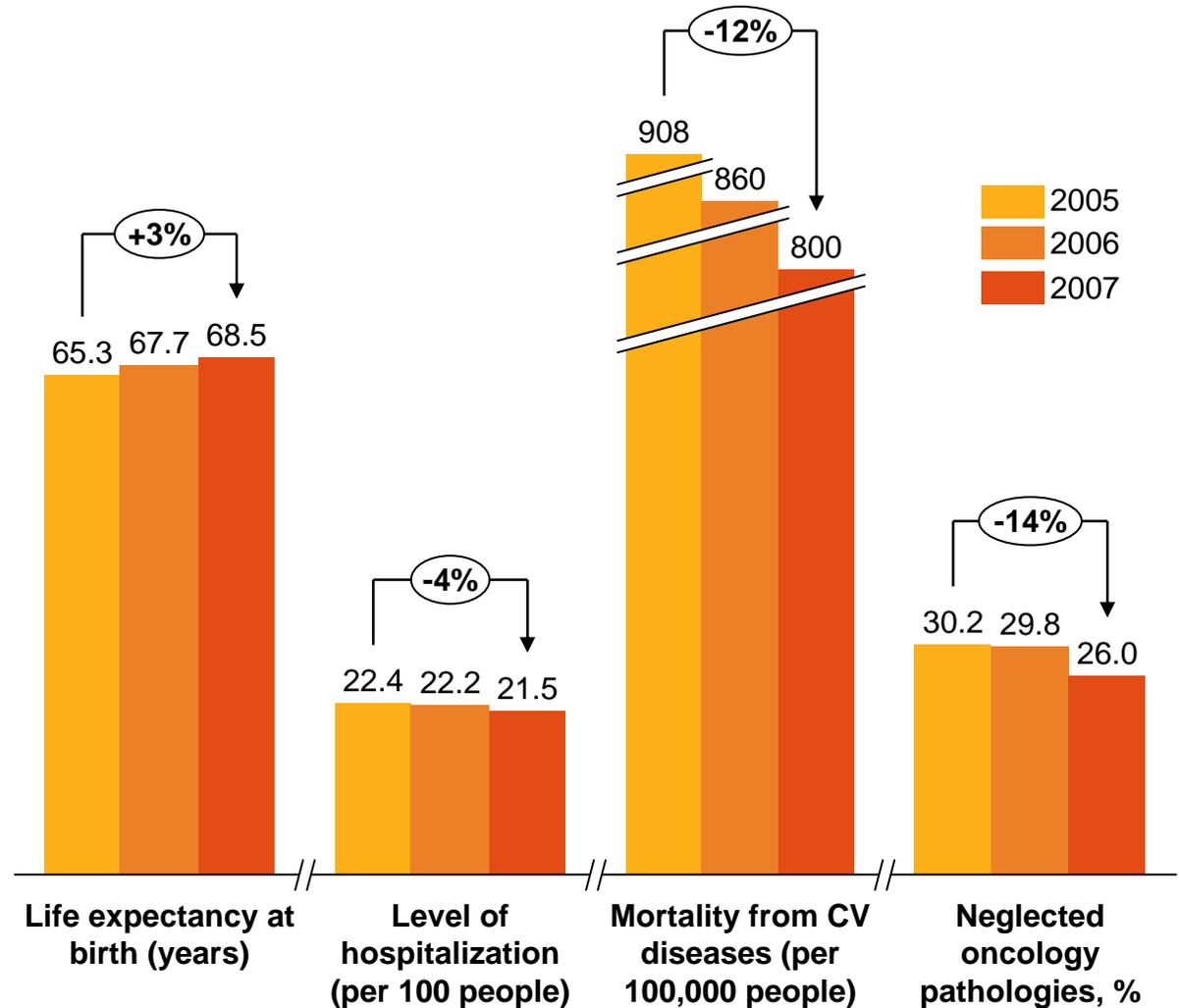
- The goals of healthcare development are the following:
 - Stop Russian population decrease and stabilize the population at 143 million people by 2010
 - Increase by 2020 life expectancy to 75 years and reduce mortality in 1.5 times
 - Educate people to lead a healthy way of life
 - Improve the quality 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

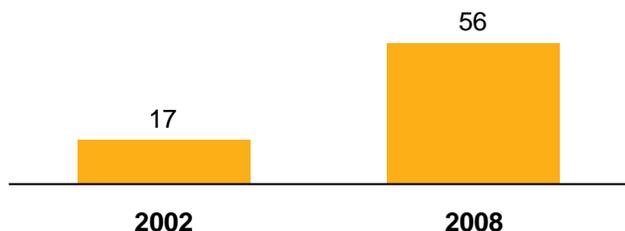
Research

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

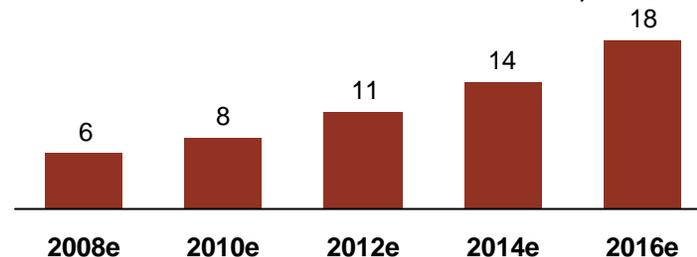
¹ G-protein coupled receptors which are targeted by many drugs on the market

Current growth in number of Clinical trials in Russia

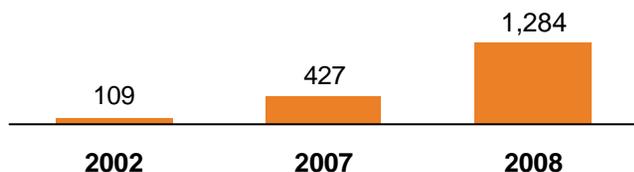
Number of clinical trials¹ in Russia



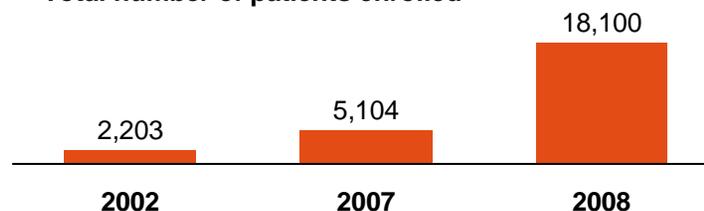
Investment in Global clinical trials in Russia, Mio USD



Number of sites¹



Total number of patients enrolled¹



- 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 trails² in 2008** for Russian population: cost ~1 Mio s USD, **13,130 patients**

¹ Indicates only global trial numbers. Local trials are additional and incremental

² 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

- **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

THANK YOU!