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Sandoz acquires antibiotics production facility in Spain

Acquisition strengthens in-house production and adds freeze-drying technology

Vienna, 11 December 2003 – Sandoz, the generics business unit of Novartis, announced today that it has acquired the production plant of Amifarma S.L. in Palafolls, which is located north of Barcelona, Spain, for an undisclosed sum.

Amifarma – whose product range is focused on sterile, injectable bulk antibiotics – generated sales of EURO 23.5 million in 2002. Its 13 000 m² plant began operations in 1996 and is currently staffed by 41 employees, who will be integrated into the Spanish affiliate of Sandoz.

This deal follows a number of strategic acquisitions by Sandoz in recent years to complement its fast-growing generic pharmaceuticals business, the largest and most recent being the acquisition of Lek just over a year ago.

Christian Seiwald, CEO of Sandoz, commented: "The Palafolls plant is an important strategic fit in our operations. It offers us additional new technology and enhances our position in the niche segment of sterile penicillins, complementing our industry-leading range of anti-infectives. Amifarma has already been supplying some important active ingredients to Sandoz affiliates, so this acquisition also increases our level of vertical integration."

Heinrich Scherfler, Global Head of the Sandoz Industrial Products Franchise, added: "Our existing state-of-art plant in Les Franqueses, Spain, is already a leading center of excellence for Sandoz' production of oral semi-synthetic penicillins. Palafolls now provides us with freeze-drying-technology for antibiotics and complements our sterile production capacity."

As one of the world's leading manufacturers of antibiotics, Sandoz has a broad range of anti-infective comprising penicillins, cephalosporins, makrolides and combination products, such as the highly successful antibiotic AmoxC, a generic version of Augmentin¹.

Sandoz, a Novartis company, is a world leader in generic pharmaceuticals and develops, manufactures and markets these medicines as well as pharmaceutical and biotechnological active ingredients. Long-standing experience and know-how make Sandoz a renowned partner in the Pharmaceuticals, Biopharmaceuticals and Industrial Product franchises. With approximately 11 500 employees worldwide, Sandoz posted sales of USD 1.8 billion in 2002.

¹ Augmentin[®] is a registered trademark of GlaxoSmithKline

This release contains certain “forward-looking statements”, relating to both the Novartis Group’s and Sandoz’ businesses, which can be identified by the use of forward-looking terminology such as “will” or similar expressions or by discussions of strategy, plans or intentions. Such statements reflect the current views of Novartis with respect to future events and are subject to certain risks, uncertainties and assumptions. These risks include uncertainties relating to production development, potential labor relations issues, unexpected regulatory delays or government regulation generally, and obtaining and protecting intellectual property, as well as factors discussed in the Form 20-F filed by Novartis with the US Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

Novartis AG (NYSE: NVS) is a world leader in pharmaceuticals and consumer health. In 2002, the Group’s businesses achieved sales of CHF 32.4 billion (USD 20.9 billion) and a net income of CHF 7.3 billion (USD 4.7 billion). The Group invested approximately CHF 4.3 billion (USD 2.8 billion) in R&D. Headquartered in Basel, Switzerland, Novartis Group companies employ about 78 200 people and operate in over 140 countries around the world. For further information please consult <http://www.novartis.com>.

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