

Novartis financial analysis

Business



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There are many different types of financial statements involved in Healthcare Finance and they are all very important.

Balance sheets are crucial in providing needed information about businesses assets, liabilities, and shareholders equity. The balance sheet presents a snapshot of the financial position of an organization at a given period of time. This data changes as a business increases or decreases its assets or financing situation. Assets are physical property and supplies owned by the company, as well as things that hold value the company has invested in. Liabilities are responsibilities the company has to other entities on behalf of the company, i.

e. rent. Shareholders equity is money that is left over that belongs to owners if the company sells. The balance sheet is set up in a simple manor, which is fairly easy to read. The income statement will give a wealth of information about a company's earning status over a certain time period. This statement shows how a company is fairing financially.

The income statement reports a company's profits, losses, shares, net income, operating expenses as well as income taxes. Cash flow statements fluctuate due to the inflow and out flow of cash. The cash flow explains how much or little cash has been generated through the company, the income statement is not capable of that. The cash flow statement is divided into investing activities, operating, and financing activities. These three steps analyze a company's cash flow from net loss; it shows flow from purchases i.

e. plant, property, and equipment. And lastly, it shows cash flow by selling stocks and bonds or paying back a loan so to speak. Novartis is a leading

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company that is focused on developing and successfully marketing products that potentially will prevent and/or cure diseases. The purpose of these products is to enhance the quality of one life. Novartis is made up of pharmaceuticals, generics, eye care products, consumer health products, and vaccines and diagnostic tools.

Novartis Financial Report
 Income Statement 2010 2009
 Net Sales 50,624 14,267
 Operating Income 11,526 9,982
 Return on Net Sales 22.8% 22.5%
 Net Income 9,969 8,454
 Basic Earnings per Share 4.28 3.70
 Operating Income 14,006 11,437
 Return on Core Net Sales 27.

725.8
 Net Income 12,029 10,267
 Basic Earnings/Share 5.15 4.50
 Of Net Sales 16.0% 16.5%
 Net Sales for US 15,863
 2010 Net Sales: Pharmaceuticals- 30,558
 Vaccines and Diagnostics- 2,918
 Consumer Health- 6,204
 2010 Core Operating Income: Pharmaceuticals- 9,909
 Vaccines and Diagnostics- 1,066
 Consumer Health- 1,253
 2010 Net Sales: US 10,043
 Vaccines and Diagnostics- 1,184
 Consumer health- 2,006
 Balance Sheet 2010 2009
 Number of Associates 119,418 99,834
 Return on average Equity 15.

715.7
 Research and Development 8,080 7,287
 Purchased Goods and Services 44% 48%
 Taxes 15% 15%
 Debt 19% 15%
 Equity 56% 60%
 Liabilities 25% 25%
 Statement of Cash 2010 2009
 Dividend 2.20 2.10
 Cash flow from operating Activities 14,067 12,191
 Free Cash Flow 7,860 5,505
 Purchase of Intangible, non current and financial assets 693 1084
 Non current assets 650 226
 Operating income increased 15% on expanding its business and improvements. Net sales increased by 14% by increased growth.

22% of the operating income has increased. Net income has increased 18% and the core income has increased by 17%. References: Novartis.

com/downloads/newsroom/corporate-publications/Novartis-annual-reporat-2010-en. pdfHealthcare Finance. An Introduction to Accounting and Financial Management.

Gapenski. 4th ed. September 2011. Health Administration Press. AUPHA.