ANALYSIS OF NOVO NORDISK

Executive Summary

Company Name:	Novo Nordisk A/S
Sector/Industry:	Healthcare
Head Office:	Copenhagen, Denmark
Employees:	78 000
CEO:	Maziar Mike Doustdar
Founded:	1923
Revenue/Turnover:	$290 403M
Market Position:	duopolist
Competitors:	Eli Lilly
Date:	03/10/25-
Analyst:	Jasper Geens
Version:	1

Inhoudsopgave

Key Findings & Proposal

Strategic Fit in the portfolio:

Novo Nordisk offers strong exposure to the global healthcare megatrends of obesity and diabetes management. Its leadership in GLP-1 therapies provides a balance between growth and defensiveness, supported by exceptionally high margins and robust cash flow. The company's disciplined capital allocation and low leverage make it a stabilizing anchor in a diversified equity portfolio, while its valuation near decade lows offers asymmetric upside potential. Novo adds both innovation-driven growth and resilience, complementing cyclical or tech-heavy holdings with a high-quality, dividend-paying healthcare compounder.

Risks:

High dependency on a narrow product base — over 70 % of revenue from semaglutide-based drugs (Ozempic, Wegovy, Rybelsus) exposes Novo to concentration and patent-expiry risk after 2032.

Rising competition from Eli Lilly and new entrants (Pfizer, Amgen, Boehringer, Roche) threatens market share and pricing power.

Regulatory and pricing pressures, particularly from U.S. Medicare negotiations, could reduce GLP-1 profitability by up to 30–70 %.

Opportunities:

Strong late-stage pipeline (CagriSema, Amycretin, EVOKE, CORAMITUG) with potential to extend leadership beyond 2030.

Structural global demand growth driven by the obesity epidemic and expanding reimbursement coverage.

Expansion into emerging markets and oral GLP-1 formulations increases accessibility and market penetration.

Continued operational scale-up and tactical acquisitions (e.g., Akero Therapeutics) to diversify revenue and enhance R&D capability.

Buy proposal:

# shares	*Buy price*	*Total Price*	*target weight in wallet*
11	***335DKK***	***3685 DKK***	***3,5%***

SWOT Highlights:

Strengths

- Global leader in diabetes and obesity treatments with dominant market share in GLP-1 and insulin products.
- Exceptional profitability and efficiency, reflected in industry-leading margins (gross 84 %, operating 48 %, net 36 %).
- Strong balance sheet and capital discipline with high ROE (79 %) and low leverage (Debt/EBITDA 0.69).
- Foundation ownership structure ensures strategic stability and a long-term innovation focus.
- Proven management team with deep operational experience and successful cost optimization initiatives.

Weaknesses

- Heavy dependence on a limited number of blockbuster drugs (over 70 % of sales from Ozempic, Wegovy, and Rybelsus).
- Low liquidity ratio (0.74) and high CapEx commitments reduce short-term financial flexibility.
- Low switching costs in GLP-1 therapies increase vulnerability to competitive substitution.
- Slower innovation cycle risk if R&D pipeline underperforms amid growing competition.

Opportunities

- Rapidly expanding global obesity and diabetes markets driven by demographic and lifestyle trends.
- Advancement of next-generation drugs (CagriSema, Amycretin, EVOKE, CORAMITUG) to sustain leadership post-2030.
- Increasing accessibility through oral GLP-1 drugs and expansion into emerging markets.
- Strategic acquisitions and capacity expansions to strengthen production and diversify revenue streams.

Treats

- Patent expirations for semaglutide (Ozempic/Wegovy/Rybelsus) beginning 2032 may trigger sharp revenue declines.
- Intensifying competition from Eli Lilly, Pfizer, Amgen, Boehringer, and Roche eroding pricing power and share.
- Regulatory and reimbursement pressures, including potential Medicare-driven price cuts of up to 70 %.

1. Business Model

Novo Nordisk is a Danish multinational pharmaceutical company founded in 1923 and headquartered in Bagsværd, Denmark. It specializes in the development and manufacturing of treatments for chronic diseases, particularly diabetes and obesity, and also focuses on rare blood disorders and hormone replacement therapies. The company employs over 77,000 people globally and markets its products in 170 countries

- ***Primary Products/Services:***

  - **Ozempic**: A GLP-1 receptor agonist used for the treatment of type 2 diabetes.
  - **Wegovy**: A higher-dose formulation of semaglutide approved for chronic weight management.
  - **Rybelsus**: An oral form of semaglutide for type 2 diabetes.
  - **Insulin**: Novo Nordisk, together with Eli Lilly and sanofi control more than 90% of the insulin market share.
  - **Rare diseases:** Alhemo & NovoSeven for rare blood disorders and Norditropin & sogroya for rare endocrine disorders

- ***Research and Development Pipeline:***

  -diabetes:

  - **Cagrisema**: A combination of semaglutide and cagrilintide aimed at enhacing weight loss effficacy. Trials results thus far have been mixed. PHASE 3 results (REIMAGINE 3) in Q4 2025
  - **Oral/Sc Amycretin:** Amycretin is a dual-acting experimental drug from Novo Nordisk that targets both the amylin and GLP-1 receptors to improve blood sugar control and promote weight loss. PHASE 2 results in Q4 2025

  -obesity care:

  - ***Oral sema 25 mg:*** Oral version of Wegovy in 25 mg dosis, US decision expected in Q4 2025.
  - ***Cagrisema:*** see diabetes section, this time for weight loss. Phase 3 studies initiated in Q2 2025.
  - ***Oral/Sc Amycretin:*** see diabetes section, advancement to Phase 3 in Q2 2025

  -Rare disease:

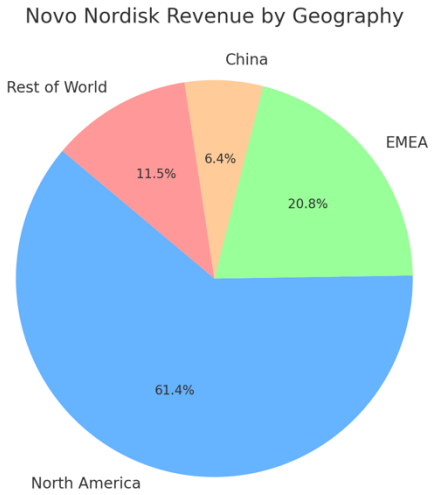
  - Most drugs in the pipeline will be submissed to the EU, US or JP before Q4 2025

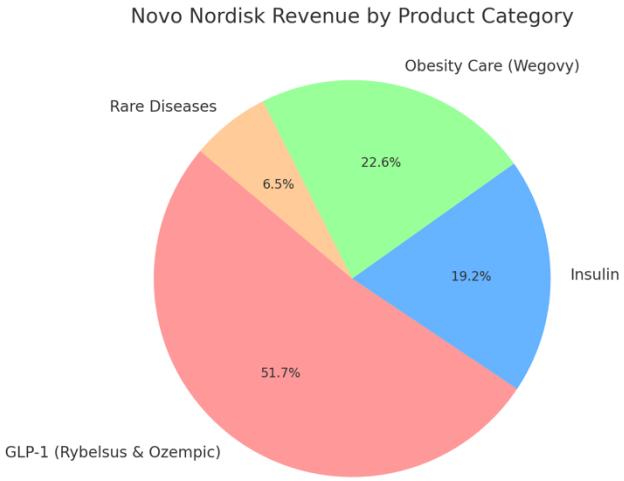
  -Cardiovascular & Emerging therapies:

  - ***EVOKE:*** Evoke is Novo Nordisk's large-scale cardiovascular outcomes trial program studying the effects of semaglutide in people with Alzheimer's disease. PHASE 3 results expected in Q4 2025

- ***CORAMITUG:*** Coramitug is an investigational antibody from Novo Nordisk designed to treat ATTR amyloidosis with cardiomyopathy by selectively removing misfolded transthyretin protein deposits in the heart while preserving the normal protein. In simpler terms, it's a drug that helps clear harmful protein clumps from the heart without affecting the healthy proteins. PHASE 2 expected in Q3 2025 en PHASE 3 initiation expected in Q4 2025

- ***Revenue Sources:***





- ***Recurring Revenue (%) of the total revenue:***
  /

- ***One-time Revenue (%) of the total revenue:***
  /

- ***Scalability Assessment of the total revenue:***

Scalability:
On a per-unit basis, Novo Nordisk's revenue is highly scalable, as the marginal cost of producing additional doses remains low. However, the company's short-term cost structure is influenced by substantial capital investments needed to expand production capacity. Scalability is therefore strong, but it depends on Novo's ability to absorb and efficiently utilise these large fixed investments.

Economies of scale:
In manufacturing and fill-finish operations, larger scale lowers unit costs, improves plant utilisation, and reduces overhead per dose. The company's recent expansion of fill-finish capacity, including the acquisition of Catalent sites and the construction of new facilities, is aimed directly at capturing these efficiencies and preventing the supply shortages seen

in the past. On the commercial side, Novo benefits from a global sales force, strong payer relationships, and widespread formulary access. Once a product gains coverage and physician adoption, incremental sales to those channels come with relatively low additional marketing costs. The company's dominant market share in branded obesity and diabetes treatments further reinforces this commercial scale advantage.

- ***Revenue Diversification:***

Novo Nordisk relies on Ozempic, Rybelsus, Wegovy, and similar products for more than 70% of its revenue. While this has been a blessing in recent years, with these drugs performing exceptionally well and driving over 25% annual revenue growth alongside a gross margin of 84%, this dependence has started to expose certain weaknesses. With rising competition from both established pharmaceutical companies and illegal compounders, revenue growth is expected to slow. Looking further ahead, as Novo's patents begin to expire and generic manufacturers enter the market with semaglutide-based drugs, it's not unrealistic to expect revenues from these products to drop by more than 80% if the company's R&D investments fail to deliver new successful treatments.

That said, Novo's strong focus on the obesity and diabetes market gives its R&D a clear advantage, allowing it to concentrate on areas where it already has deep expertise and a higher chance of developing another blockbuster drug. Finally, it's worth remembering that while Novo Nordisk's explosive growth has been driven by GLP-1 drugs, it remains one of the three largest insulin producers in the world — a position it will likely maintain for the foreseeable future.

.

- ***Overview***
  1. ***Product type: based on financial report Q2 2025***

Product/services	*Type Revenue*	*Revenue (mDKK)*	*Revenue/total revenue*	*Growth first 6 months 25*
Injectible GLP-1 (diabetes)	sales	66 592	43%	10%
rybelsus	sales	11 348	7%	5%
insulin	sales	27 743	18%	4%
Obesity care	sales	38 796	25%	58%
Rare blood disorders	sales	6 017	4%	6%
Rare endocrine disorders	sales	2 732	2%	49%

2. ***Geographic representation: based on Q2 2025***

Country/Region	*Revenue*	*Revenue/ Total Revenue*	*Growth first 6 months 25*
EUCAN	31 212	20%	16%
Emerging Markets	16 334	11%	22%
APAC	10 209	7%	35%
Region China	9 910	6%	6%
US operations	87 279	56%	17%

APAC: Japan, Korea, Oceania and Southeast Asia; **China**: Mainland China, Hong Kong and Taiwan; **Emerging Markets**: mainly Latin America, Middle East and Africa; **EUCAN**: Europe and Canada; **IO:** International Operations; **US:** United States

2. Capability of Management

In May 2025, Novo unexpectedly announced that then-CEO Lars Fruergaard Jorgensen would step down. The board and Jorgensen had reached a mutual agreement that a change in leadership would be in the best interest of the company. This decision is a reaction to the fact that the company's share price has tumbled since reaching its peak in the summer of 2024 and that the board felt it had lost its first-mover advantage to Eli Lilly. Since then, the Danish drug producer has announced its new CEO, Maziar Mike Doustdar. Doustdar has worked at Novo Nordisk for 33 years and is the first non-Danish CEO of the company. Many analysts had hoped for an American outsider to fill the position, mainly to revive the sales growth of Ozempic and Wegovy in the US market, where it has lost ground to competitors. I have confidence in the board's choice because Doustdar has an excellent track record in the company (see track record summary). His main priorities are securing a growth rebound in the US and penetrating untapped international markets. He has also focused on decreasing costs with the layoff of 9,000 employees and has invested $5.2 billion in the acquisition of Akero Therapeutics to further strengthen the pipeline.

- ***Track Record Summary:***
  CEO: Maziar Mike Doustdar
  - 1992: mailroom
  - 1993: finance
  - 2000: IT-manager Eastern European Operation, Russia and South America
  - 2007: general manager Novo Nordisk Near East: managed 150 employees, realized remarkable growth
  - 2012: Vice President South East Asia: managed 750 employees
  - 2013: Vice President Emerging Markets: managed 4500 employees and 12 billion DKK turnover

- 2015: Executive Vice President of international operations: 5 regions, 20.000 employees, doubled sales to 112DKK
- 2025: CEO Novo Nordisk

CFO: Karsten Munk Knudsen

- Worked at Novo for 22years and 10 months

R&D and CSO: Martin Holst Lange

- 1997-2002: clinical research national university hospital Denmark
- 2002 - …: occupied varies positions at Novo Nordisk within the companies R&D sections

- ***Insider Ownership (%):***
  Novo Nordisk's ownership structure is quite unique for a public company. The company's equity is for roughly 28% controlled by the Novo Nordisk Foundation. Whilst 28% doesn't seem that unusual, these shares account for 75-77% of the voting rights. In practical terms this means that the Foundation holds veto power of major decisions and takeover, via its holding. This is advantageous, as it allows the management to focus on long term goals and innovation instead of being subjected to the whims of public shareholders. The company's management has no notable insider ownership.

Total (%)	"CEO" (%)	CFO (%)	CTO (%	Board Members (%)	Other Key Managers (%)
/	/	/	/	/	/

- ***Relevant Industry Experience:***

- ***Incentive Structure:***
  1. ***CEO***

Incentive type	% of total compensation	Performance Link (KPI)	Notes
Base Salery	/	/	/
Bonus	/	/	/
Equity/options	/	/	/

  2. ***Other Key Managers***

Incentive type	% of total compensation	Performance Link (KPI)	Notes
Base Salery	/	/	/
Bonus	/	/	/
Equity/options	/	/	/

3. Sustainable Competitive Advantage

1. Switching Costs — Rating: 4 (Insulin), 2 (GLP-1)

Insulin:
Switching costs remain high. Clinicians, patients, and payers are locked into insulin regimens, delivery systems, and monitoring protocols. Changing insulin brands involves retraining, dose adjustments, safety monitoring, and reconciliation with formularies—making switching painful and slow. This helps Novo sustain pricing and margin stability in the insulin business for years to come.

GLP-1:
Switching costs are low (rating 2). GLP-1 therapies are more fungible: doctors can move patients to a competitor's molecule or dosing regimen with relatively little hassle, especially when efficacy differences or cost incentives exist. As more GLP-1 entrants emerge, the friction to switch will further decline.

---

2. Network Effects — Rating: 1 (Insulin), 1 (GLP-1)

Novo's businesses do not exhibit meaningful network effects in the classical sense. There is no platform whose value increases with user volume. Familiarity with Novo's devices or data presence gives only a marginal edge—not a self-reinforcing moat. Over time, as competitors replicate clinical support, those modest advantages fade.

---

3. Intangible Assets: Patents, Brand, and Real-World Competition — Rating: 5 (Insulin), 3 (GLP-1)

Insulin:
Novo's strong brand reputation and decades of experience in diabetes care remain powerful intangible assets. In insulin, the combination of manufacturing know-how, device integration, regulatory relationships, and quality control is a durable barrier—even where patents alone are less relevant.

GLP-1:
On paper, semaglutide and related analogs have patent protection that grants exclusivity for years. In reality, the moat is under pressure. Illegal compounders (unauthorized

manufacturers producing off-patent or borderline compounds) are increasing competition in certain jurisdictions.

- In the U.S., semaglutide's **primary patents** are expected to expire in 2032, with some formulation or device patents lasting slightly longer.
- In Europe, data protection / patent bundles vary by country; some expiry as early as **2028–2030**, depending on the region and legal challenges.
- According to Morningstar, **Pfizer, Amgen, AstraZeneca, and Boehringer** are expected to launch competing GLP-1 or metabolic therapies from **2027 onwards**, increasing competitive pressure as Novo's exclusivity window narrows.

Thus, while brand and patent "theory" are strong, real competitive entry is already encroaching, reducing the effective strength of this moat.

---

4. Cost Advantage / Pricing Power — Rating: 4 (Insulin), 3 (GLP-1)

Novo's scale, process maturity, and vertical integration give it a solid cost advantage in insulin. It can produce at lower marginal cost than smaller players and defend pricing resilience even under pressure. That structural efficiency is one of the reasons Novo has historically maintained net margins above 30%.

In GLP-1, Novo currently enjoys premium pricing due to high demand and limited supply. But as competition intensifies and manufacturing expertise diffuses, pricing power will erode. The company's ability to maintain margins will depend on cost discipline, portfolio breadth (different GLP-1 formulations), and defensive pricing strategies.

---

5. Efficient Scale — Rating: 5 (Insulin), 4 (GLP-1)

Novo's scale is a formidable moat. Insulin production, global regulatory compliance, logistics, and market reach demand enormous upfront investment, limiting entry by new players. In GLP-1, the landscape is less mature but still scale-favored: Novo and Lilly control critical early capacity, supply chains, and trusted manufacturing systems.

According to Morningstar, **Novo Nordisk and Eli Lilly are expected to retain approximately two-thirds of the obesity/GLP-1 market through 2031**—an affirmation that scale incumbency can hold major market share until generic/commercial challengers fully scale.

However, from 2027 onward, Pfizer, Amgen, AstraZeneca, and Boehringer are expected to introduce competitive therapies, which could strain scale dominance over time.

4. Attractiveness of the Industry

The global GLP-1 market is projected to expand from approximately **$36–53 billion in 2023–2024** to between **$150 billion and $217 billion by 2030–2031**, according to estimates from Grand View Research, PwC, and Morningstar. Grand View projects a **compound annual growth rate of around 17 %**, driven by broader obesity indications, the rollout of oral formulations, and increasing prevalence of diabetes and obesity. Morningstar expects global treated patients to rise from **6.3 million in 2023 to 42.6 million by 2031**, implying penetration of roughly **16 % of U.S. adults**.

Price pressure is expected to intensify after 2027 as competition increases and payers gain leverage, with analysts anticipating **annual price declines of 10–15 %**. The United States will remain the dominant market due to higher reimbursement rates, while international adoption will depend on coverage expansion.

Novo Nordisk currently leads through its semaglutide portfolio (**Ozempic, Wegovy, Rybelsus**) and extensive manufacturing capacity. Morningstar projects Novo and **Eli Lilly** together to maintain about **67 % global market share by 2031**, though both will face margin compression as new peptide and oral competitors from firms such as Roche, Boehringer Ingelheim, and AstraZeneca enter the market. Novo's clinical data and brand strength should sustain leadership through the decade, but long-term pricing pressure and patent expirations are likely to erode its moat.

- ***Industry Growth Outlook (% CAGR):***

	2Y CAGR	5Y CAGR	10Y CAGR	15Y CAGR
Novo Nordisk	/	10-14%	/	/
Eli Lilly	/	10-20%	/	/
Boehringer Ingelheim	/	6%+	/	/
Sector average	/	17%	/	/

- ***Competition Intensity:***

The GLP-1 market is currently an effective duopoly dominated by Novo Nordisk and Eli Lilly. Together, they control nearly the entire commercial segment for diabetes and obesity treatments. According to IQVIA and company disclosures, Lilly's tirzepatide products (Mounjaro and Zepbound) and Novo's semaglutide brands (Ozempic and Wegovy) account for over 90 % of global prescription value in GLP-1 therapies. In some quarters of 2025, Lilly reported having surpassed Novo with market shares around 55–57 %, while Novo remains the leader in diabetes in several regions. Outside the legal market, a significant but hard-to-quantify portion of sales occurs through illegal

compounders and online pharmacies. Novo Nordisk estimates that roughly one million Americans may be using compounded or counterfeit GLP-1 products. These operators emerged during shortages and high prices, and while regulators are stepping up enforcement, compounded supply will likely persist in countries with weak oversight or limited reimbursement, though it should gradually decline as legitimate competition and lower-priced options increase after 2026.

Several new competitors are preparing to enter the GLP-1 segment before 2032, when Ozempic's core patent is expected to expire. Eli Lilly is furthest ahead with orforglipron, a once-daily oral GLP-1 that completed Phase III trials in 2025 and is expected to reach the market in 2026. Novo Nordisk is advancing CagriSema, a combination product that pairs semaglutide with other hormones, which should enter the market between 2026 and 2028, and is also developing its own oral GLP-1 candidate to compete directly with orforglipron. Boehringer Ingelheim and Zealand Pharma are running Phase III programs for survodutide, which could launch around 2027 or 2028, while Roche is moving its acquired compound CT-388 into late-stage testing with a potential entry at the end of the decade. Several Chinese and regional firms are also developing GLP-1 or dual-agonist drugs, some of which may reach their domestic markets as early as 2026.

Before 2031, the market will evolve from a duopoly into an oligopoly. Oral products and next-generation injectables will ease supply constraints and push prices down, but differentiation through efficacy, tolerability, and convenience will remain more important than price alone. Novo and Lilly will likely maintain a combined share above 70 % through most of the decade thanks to scale, brand recognition, and manufacturing capacity, while Boehringer, Roche, and a few others take mid-teen shares if their programs succeed.

In 2032, competition will intensify as Ozempic's core compound patent for diabetes expires in major markets. Generic and biosimilar producers are expected to enter progressively by country, leading to notable price erosion in the diabetes indication. The most plausible scenario is that Novo and Lilly together still capture around 50–70 % of global market value by 2032, supported by next-generation products and strong brand premiums, while generics and new entrants expand quickly in the lower-price segment. In short, the GLP-1 market will remain highly concentrated in the near term, but from the late 2020s onward, broader competition, the arrival of oral formulations, and staged patent expiries will gradually loosen Novo and Lilly's control over the category.

- ***Cyclicality / Defensive:***
  - Is the sector cyclical or defensive?

(delete what doesn't fit)

~~Cyclicality~~	Defensive

- ***Major Industry Trends / Regulations:***
  - Trends: (digitalization, sustainability, demography, etc.)

- Regulations: (legislation, subsidies, barriers, ESG requirements.)

Trend:

Obesity has risen sharply around the world over the past decades. According to the WHO, over 2.5 billion adults are overweight, including nearly 890 million with obesity, affecting 43 % of adults globally. Children are also increasingly affected, with 160 million aged 5–19 living with obesity, up from 8 % in 1990 to 20 % in 2022. The rise is driven by higher consumption of energy-dense foods, less physical activity, urbanization, and socioeconomic changes. Obesity increases the risk of type 2 diabetes, cardiovascular disease, certain cancers, and musculoskeletal disorders.

Regulation:

Medicare currently only covers GLP-1 medication like Ozempic, Wegovy and Mounjaro for their FDA- approved uses with an exception for weight loss. This includes diabetes type 2, cardiovascular risk reduction and sleep apnea. Under the inflation reduction act of 2022, providers of GLP-1 medication are currently in negotiation for a price reduction. Some models project a 30% decrease in price, going into effect in 2027. However in previous medicare negotiations prices were cut in a range from 38-79%.

5. Main Risks

- ***Key Risks:***
  - ***Main risk:***

1. **Competition**
   Novo Nordisk faces intensifying competition in the GLP-1 and obesity market, with Eli Lilly already overtaking some U.S. market share and new entrants such as Pfizer, Amgen, Boehringer Ingelheim, and Roche progressing with Phase III programs. As a result, the company's market share and pricing power may decline, putting pressure on future revenue growth and margins.
2. **Revenue Concentration**
   Over 70 % of Novo Nordisk's revenue comes from a small set of drugs, mainly Ozempic, Wegovy, and Rybelsus, which makes the company highly exposed to any slowdown in sales or market shifts, and a decline in these key products could significantly impact overall revenue.
3. **Regulatory and Pricing Pressure**
   Novo Nordisk operates in a highly regulated environment, and projected Medicare and payer price reductions of 30–79 % for GLP-1 therapies, along with potential delays in new drug approvals, could directly lower revenue and profit margins.

- ***Minor risk:***

1. **R&D Uncertainty**
   Several pipeline drugs, including CagriSema, Amycretin, EVOKE, and CORAMITUG, are still in Phase 2–3 trials, and mixed or delayed results could slow revenue diversification and delay the introduction of next-generation therapies, potentially limiting growth in the coming years.
2. **Public Perception and ESG Risks**
   Growing scrutiny on obesity treatments, drug pricing, and corporate responsibility could affect Novo Nordisk's brand image and lead to increased regulatory attention, potentially influencing market adoption and payer coverage.
3. **Legal and Litigation Risk**
   As a global pharmaceutical company, Novo Nordisk faces potential lawsuits related to product safety, marketing practices, or patent disputes, which could result in financial penalties, reputational damage, or operational disruptions.

6. Balance Sheet

Novo Nordisk has a conservative balance sheet with low levels of debt and an excellent ability to pay its interest. The low goodwill to assets ratio shows that the company's value doesn't depend on intangible assets. The equity shows that there is leverage, however in comparison with peers it is acceptable. Only the liquidity is lower than liked, compared with peers.

Metric	*Novo Nordisk*	*Eli Lilly*	*Amgen*	*Sector average*	*interpretation*
Debt/Equity Ratio	0,70	2,20	10,2	/	<2 and lower than peers; good
Debt/EBITDA	0,69	2,29	4,67	/	<3 and lower than peers; good
Net Debt / Equity	0,53	2,12	8,18	/	good
Equity Ratio	0,31	0,18	0,06	/	>0,5; indicating leverage
Interest Coverage	13,80 (TTM)	25,14 (TTM)	2,46	/	>6; healthy
Current ratio	0,74	1,2	1,26	/	<1 ; could indicate lack of liquidity
Goodwill to assets	0,04	0,07	0,2	/	<0,2 ; good

7. Capital Intensity

The pharmaceutical sector is highly capital intensive due to heavy R&D spending and costly production facilities needed to meet strict quality standards. Novo Nordisk invests around 45 billion DKK annually in R&D and spent over 56 billion DKK on capital expenditures, with a striking 87% of this being growth CapEx to expand production capacity. Its CapEx-to-operating cash flow ratio of 0.5 indicates that half of its cash flow is reinvested, which could make it harder to self-fund future projects; ideally, we would prefer to see a ratio below 0.25. Compared to peers like Amgen, Novo Nordisk's growth investments are exceptionally high, reflecting its rapid expansion in response to strong demand for GLP-1 products. Overall, while this supports long-term growth, it also signals a period of intense capital requirements.

Metric	*NVO*	*Eli Lilly*	*Amgen*	*Sector avarege*	*Interpretation*
CapEx	-56,303 DKK (8761 USD)	-6,053.3 USD	-1,408 USD	/	High/low vs. turnover
Maintenance CapEx	12,7%	34,9%	Depreciation > capex so no accurate number	/	Necessary to maintain operations
Growth CapEx	87,3%	65,1%	/	/	Needed for expansion
CapEx/Operating CF	0,5	0,6	0,1	/	Seasonal / stable
R&D	45,288 DKK (7047 USD)	11826,40	6,404	/	/

8. Capital Allocation

Novo Nordisk applies a disciplined and balanced approach to capital allocation. The company prioritizes funding organic growth and tactical acquisitions, returning any excess capital to shareholders through dividends and share buybacks. With a dividend yield of 3.26%, a payout ratio of 46%, and seven consecutive years of dividend growth, shareholder returns are strong yet sustainable. High ROE (79%) and ROIC (33%) well above WACC (5.46%) indicate efficient use of capital and value-accretive investments.

Overall, Novo Nordisk combines growth investment with consistent shareholder returns in a highly effective manner.

- ***Dividend Policy:***
  Novo Nordisk's guiding principle is that any excess capital, after the funding of organic growth opportunities and potential acquisitions, should be returned to investors. The company applies a pharmaceutical industry payout ratio to dividend payments, which are complemented by share repurchase programmes.
- ***Dividend Yield (%):***
  3,26
- ***Payout Ratio (%):***
  46,13
- ***Years of dividend growth***
  7
- ***Acquisitions / M&A Strategy:***
  Tactical acquisitions to increase production capacity or enlarge product portfolio and pipeline.
- ***Peer Benchmark Comparison:***

Capital allocation	*NOVO*	*Eli Lilly*	*Amgen*	*5yr average*
Dividend Yield (%)	3,26%	0,7%	3,1%	1,37%
ROE	79,2%	86,70%	99,14%	77,9%
ROIC (%)	33,47% (R&D capitalized) 48% (non-capitalized)	28,61%	13,98%	29,77%
WACC	5,46%	8,3%	7,6%	/
Payout Ratio (%)	46,13%	36,67%	75,78%	45,97%
Share Buybacks	yes	yes	no	/
Buyback Yield	0,69%	0,59%	0%	0,98%

9. Profitability

Novo Nordisk shows exceptional profitability, with consistently high margins. The cash conversion rate in 2024 fell below 100%, mainly due to significant investments in the acquisition of Catalent's production sites. While potential pricing pressure could weigh on margins, they are expected to remain well above industry averages and continue reflecting the company's strong profitability profile. The high ROA shows that the ROE isn't driven by debt.

- ***Gross Margin (%):***
  84,0
- ***Operating Margin (%):***
  47,7
- ***Net Margin (%):***
  35,6
- ***Cash Conversion (%):***
  73,1%
- ***FCF Margin (%):***

  25,4%
- ***EBITDA Margin (%)***
  51,1%
- ***ROE (%):***
  79,2
- ***ROA (%):***
  26,1

- ***Peer Benchmark Comparison:***

Ratio	*NOVO*	*10Y avg*	*Eli Lilly*	*Amgen*
Gross Margin (%)	***84,3***	***84,21***	***82,6***	***64,5***
Operating Margin (%)	***47,7***	***44,0***	***32,4***	***23,5***
Net Margin (%)	***35,6***	***33,79***	***25,9***	***19***
Cash Conversion (%)	***73,1***	***94,73***	***35,5***	***109,8***
FCF Margin (%)	***25,4***	***31,87***	***8,3***	***31,1***
EBITDA Margin (%)	***51,1***	***47,01***	***35,9***	***39,3***
ROE (%)	***79,2***	***77,32***	***84,6***	***99,5***
ROA (%)	***26,1***	***32,32***	***15,7***	***8,1***

10.Historical Growth

Since 2021 revenue growth has increased exponentially for the Danish company due to the increased demand for Ozempic. In the years following they have consistently reached revenue growth in the mid to high 20 percents and it is likely that they will likely continue this trend of strong revenue growth until the Ozempic patent expiration in 2032. Whilst I believe that the sale of specifically obesity medication is a structural trend with a massive market, I am uncertain that after the patent expiration Novo Nordisk will be able to keep growing at the current rate or even keep revenues at a stable level due to generic entry.

- ***Historical Growth Drivers:***
  - ***Organic growth***

	Value	*notes*
1 Year GLP-1 revenue growth (diabetes)	***21,10%***	*Typical yearly growth*
1 Year insulin revenue growth	***15%***	*Atypical, looking at revenue growth before Ozempic, 0 - 3% annual growth is normal*
1 Year rare diseases revenue growth	***8,6%***	*Typical yearly growth*

  - ***Inorganic growth***

I was unable to find data about specific KPI's of inorganic growth or the specific ROI of acquisitions. The company however has engaged in some mergers and acquisitions lately. Examples of these are the Catalent manufacturing sites with the goal of increasing production capacity and numerous smaller biotech companies to future proof their pipeline. Notable examples of these are: Dicerna Pharmaceuticals, Forma Therapeutics, Akero Therapeutics and a deal with Omeros.

- ***Peer / Industry Comparison:***

	Novo Nordisk	*Eli Lilly*	*Amgen*	*Industry average*
5-Year Revenue CAGR (%)	***18,9%***	***12,92%***	***5,62%***	***/***
10-Year Revenue CAGR (%)	***12,6%***	***8,48%***	***4,43%***	
5-Year diluted EPS CAGR (%)	***22,5%***	***11,46%***	***0,12%***	***/***
5-Year EBITDA CAGR (%	***21,8%***	***14,72%***	***0,17%***	***/***
5-Year FCF CAGR (%)	***9,86%***	***-5,95%***	***0%***	***/***

11. Outlook

Ozempic, Wegovy, and Rybelsus will continue to drive strong growth in the coming years. Cagrisema is expected to join the product portfolio in late 2026 or early 2027. Novo Nordisk and Eli Lilly are likely to remain the main players until then, with annual revenue growth projected in the high teens to low twenties. From late 2027 onwards, new competitors are expected to enter the market, though a Morningstar report estimates that the current leaders will retain about 68% market share until 2031. In 2032, the main patent for semaglutide, the active ingredient in Ozempic, Wegovy, and Rybelsus, expires in the U.S. Although secondary patents remain in place until 2041, biosimilars are expected to enter the market starting in 2032, likely causing a sharp decline in revenues. Grand View Research estimates a 30–40% drop in global revenues in a base case and up to 55% in a worst case, while historically, blockbuster drugs have lost as much as 80% of sales within a year of patent expiry. Notably, the Ozempic patent expires even earlier in Canada and China (2026), which may serve as an early signal of competitive dynamics. Novo Nordisk can defend its position only by developing next-generation drugs for which patients are willing to pay a premium, for example an oral weight-loss drug taken weekly, a monthly injectable, or one with minimal side effects and high efficacy.

- ***Future Growth Drivers:***

Ozempic, Rybelsus, Wegovy, Cagrisema and other pipeline drugs

- ***Management Guidance:***
  The company cut its guidance repeatedly this year. It started at 16-24% sales growth for 2025, this was then lowered to 13-21% in May, and finally to 8-14%. Operating profit has undergone a similar evolution, starting at 19-27% and dropping to 4-10% this September. It must however be noted that this 4-10% is mainly due to one-time restructuring costs that the new CEO has announced and the previous expectation was 10-16%.
- ***Analyst Expectations:***

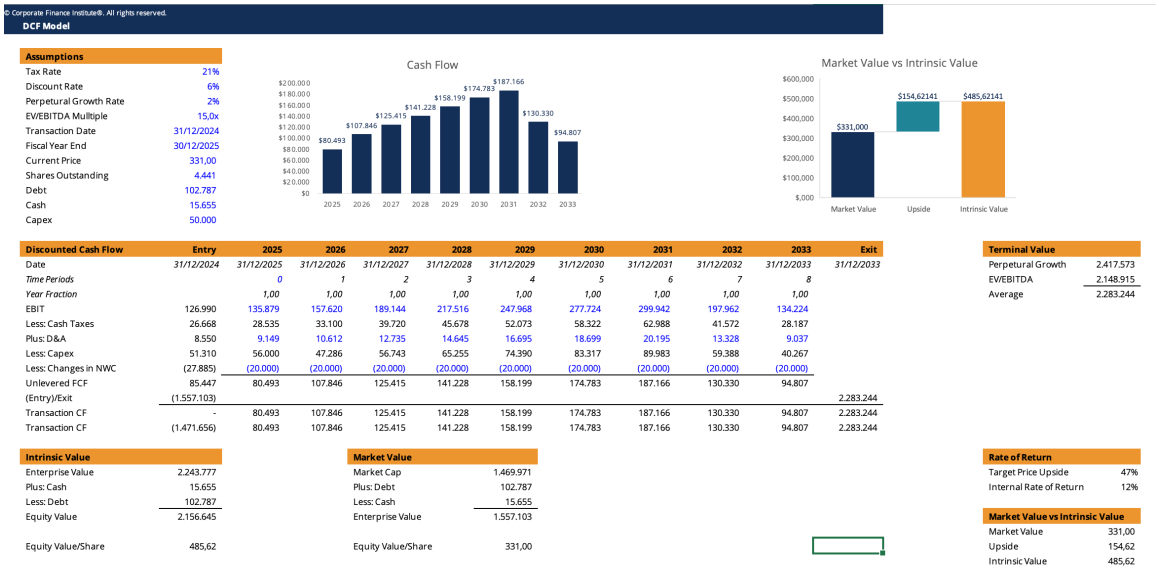
	Low 1yr	*Mid 1yr*	*High 1yr*	*EPS LT growth estimate*
Growth expectations (%)	***6,03%***	***7,92%***	***10,74%***	***8,9%***

12.Valuation

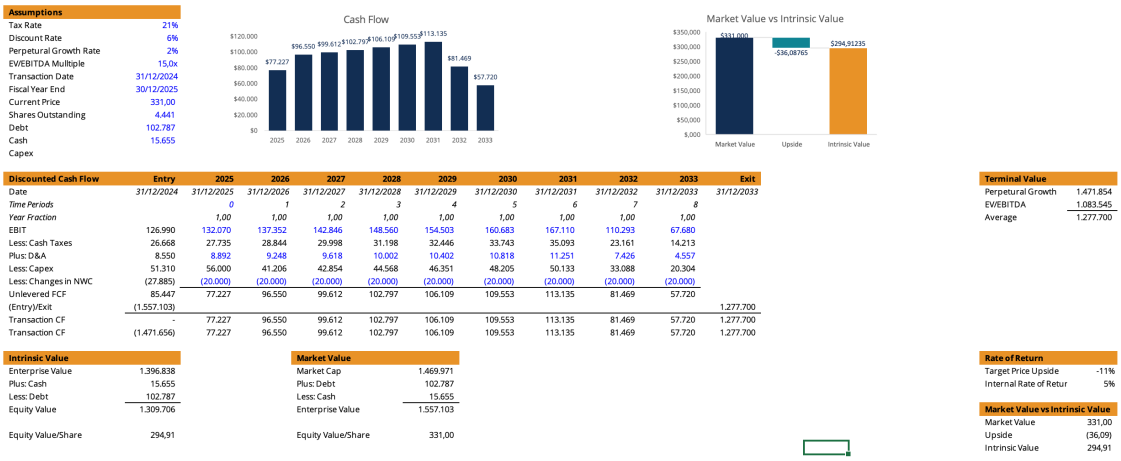
"***General impression"***

- ***Current Stock Price:***
  331,30 DKK
- ***Forward P/E:*** *lowest in 10 years*
  14,08
- ***Dividend Yield (%):***
  3,2
- ***EV/EBITDA:***
  11,2
- ***PEG Ratio:***
  1,42
- ***Implied Growth (Reverse DCF):***
  2,51%
- ***Comparison with the peer's***

	NOVO	*Eli Lilly*	*Amgen*
P/E	14,98	53,58	24,32
Dividend Yield (%)	3,2	0,73	3,27%
EV/EBITDA	19	39,23	13,11
PEG Ratio	1,42	0,90	0,96
Implied Growth	2,51	33,9%	-3,70



In the base case, EBIT is expected to grow in the mid-to-high teens annually, with a 65% EBIT decline on 85% of pre-patent-expiration levels within two years due to the patent cliff, implying a potential upside of 45%.



Assumptions	
Tax Rate	21%
Discount Rate	6%
Perpetural Growth Rate	2%
EV/EBITDA Multiple	15,0x
Transaction Date	31/12/2024
Fiscal Year End	30/12/2025
Current Price	331,00
Shares Outstanding	4.441
Debt	102.787
Cash	15.655
Capex	

Discounted Cash Flow	Entry	2025	2026	2027	2028	2029	2030	2031	2032	2033	Exit
Date	31/12/2024	31/12/2025	31/12/2026	31/12/2027	31/12/2028	31/12/2029	31/12/2030	31/12/2031	31/12/2032	31/12/2033	31/12/2033
Time Periods		*0*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	
Year Fraction		*1,00*	*1,00*	*1,00*	*1,00*	*1,00*	*1,00*	*1,00*	*1,00*	*1,00*	
EBIT	126.990	132.070	137.352	142.846	148.560	154.503	160.683	167.110	110.293	67.680	
Less: Cash Taxes	26.668	27.735	28.844	29.998	31.198	32.446	33.743	35.093	23.161	14.213	
Plus: D&A	8.550	8.892	9.248	9.618	10.002	10.402	10.818	11.251	7.426	4.557	
Less: Capex	51.310	56.000	41.206	42.854	44.568	46.351	48.205	50.133	33.088	20.304	
Less: Changes in NWC	(27.885)	(20.000)	(20.000)	(20.000)	(20.000)	(20.000)	(20.000)	(20.000)	(20.000)	(20.000)	
Unlevered FCF	85.447	77.227	96.550	99.612	102.797	106.109	109.553	113.135	81.469	57.720	
(Entry)/Exit	(1.557.103)										1.277.700
Transaction CF	-	77.227	96.550	99.612	102.797	106.109	109.553	113.135	81.469	57.720	1.277.700
Transaction CF	(1.471.656)	77.227	96.550	99.612	102.797	106.109	109.553	113.135	81.469	57.720	1.277.700

Terminal Value	
Perpetural Growth	1.471.854
EV/EBITDA	1.083.545
Average	1.277.700

Intrinsic Value	
Enterprise Value	1.396.838
Plus: Cash	15.655
Less: Debt	102.787
Equity Value	1.309.706
Equity Value/Share	294,91

Market Value	
Market Cap	1.469.971
Plus: Debt	102.787
Less: Cash	15.655
Enterprise Value	1.557.103
Equity Value/Share	331,00

Rate of Return	
Target Price Upside	-11%
Internal Rate of Retur	5%

Market Value vs Intrinsic Value	
Market Value	331,00
Upside	(36,09)
Intrinsic Value	294,91

In the worst-case scenario, EBIT grows by 4% annually, with a 70% decline on 85% of pre-patent-expiration levels due to the patent cliff, implying a downside of 11.9%.

13.Historical Value Creation

- ***Key valua creation matrix:***

Metric	*Novo nordisk*	*5Y Avg*	*10Y Avg*	*Market Avg*
5-Year TSR (%)	***77,53%***	***/***	***/***	***43,05%***
10-Year TSR (%)	***105,60%***	***/***	***/***	***111,63%***
CAGR of Shareholder Value (%)	***/***	***12,16%***	***7,47%***	***/***

14. ESG

Is there anything of value for ESG?

Novo Nordisk is widely regarded as a leader in ESG, with strong commitments to renewable energy and reducing its environmental impact. The company also runs programs to improve access to insulin and obesity treatments in low-income countries. However, high prices in many markets limit patient access and remain a social concern. Overall, Novo combines strong governance and environmental initiatives with some social challenges that temper its ESG profile.

Sources:

https://www.chemistryworld.com/news/novo-nordisks-new-chief-cuts-9000-jobs/4022196.article

https://investor.novonordisk.com/q2presentation2025/?page=11

https://quartr.com/insights/edge/novo-nordisk-tipping-the-scale-of-innovation

https://www.compoundwithrene.com/p/from-reported-to-real-the-hidden

https://investor.novonordisk.com/q2presentation2025/?page=51

https://investor.novonordisk.com/q2presentation2025/?page=53

https://www.novonordisk.com/about/executive-management.html

https://quartr.com/insights/business-philosophy/maziar-mike-doustdar-novo-nordisks-new-ceo

https://www.ft.com/content/c5efa18b-ecf6-4104-a6f7-09cab02c79ab

https://finance.yahoo.com/news/novo-nordisk-buy-akero-therapeutics-103130784.html

https://www.morningstar.com/content/cs-assets/v3/assets/blt9415ea4cc4157833/bltf3035009f96b055f/6719576f776649ab4651ab84/Obesity_Drug_Market_Report_1.pdf

https://www.pharmavoice.com/news/glp-1-market-changes-eli-lilly-novo-nordisk-earnings/757312

https://www.zealandpharma.com/pipeline/survodutide

https://www.roche.com/media/releases/med-cor-2025-03-12

https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight

https://www.reuters.com/business/healthcare-pharmaceuticals/trump-says-price-ozempic-will-be-lowered-2025-10-16/

https://www.reuters.com/business/healthcare-pharmaceuticals/us-court-rejects-novo-nordisks-challenge-medicare-drug-pricing-plan-2025-10-06/

https://pharmaceutical-journal.com/article/feature/beyond-glp-1-the-next-wave-of-weight-loss-medication-innovation

https://www.novonordisk.com/investors/stock-information/dividend.html

https://www.drugpatentwatch.com/blog/the-impact-of-drug-patent-expiration-financial-implications-lifecycle-strategies-and-market-transformations

https://journals.library.columbia.edu/index.php/stlr/blog/view/653

https://www.grandviewresearch.com/market-trends/semaglutide-market-navigating-patent-cliff-strategic-implications

Morningstar

Fiscal.ai

Yahoo Finance