

Novo Nordisk

Supply key to beat and raise; Amycretin positive, more details CMD

Reiterate Rating: BUY | PO: 875.00 DKK | Price: 748.20 DKK

Amycretin differentiated. Supply increasing. Newsflow

Our key takes from the call focussed 1) **On Amycretin:** Novo provided some additional colour, noting development of both oral and SubQ (initiated sept-23) to provide optionality and flexibility, where large market demand. Novo re-iterated prior aspirations for profile similar to Cagrisema, and with data in house, we assume this profile broadly met. We assume some internal debate on bioavailability for oral ongoing and how exactly to position alongside subcutaneous. Overall, we expect further visibility at the March CMD; 2) **On supply:** Novo noted broad aspiration to scale supply by a similar magnitude in FY24 as it did in FY23. On Wegovy, have doubled supply of the starter dose, with further increases possible. Other dosage supply to increase in coming months. Clarified they are 'on track' with 3 CMO lines but no more detail. Supply and gross-to-net remain biggest variables within guidance range.

Forecasts remain ahead of consensus; Supply biggest delta

FY24 guidance was solid for the start of the year and likely conservative, in our view, as was in evidence throughout FY23. Supply remains the key variable, where visibility is low, beyond the vague comments summarised above. We continue to forecast EBIT growth c8% ahead of guide. For Wegovy, our forecast assumes 5k additional TRx per week, with weekly TRx reaching c360k by ear-end. For Injectable GLP1 in diabetes, we forecast growth of 24% vs consensus 18%.

Buy. EPS upgrade cycle; Cagrisema PIII 2H24. Amycretin

Novo share price outperformance in the last 18m has been driven by a Ozempic/Wegovy EPS upgrade cycle. We expect the earnings upgrades cycle to continue, with us c8% ahead of cons. We also believe FY24 remains a busy pipeline year: 1) CagriSema first PIII with obesity data late 24E and diabetes 1H25. Across the programme Novo frames target HbA1c of c2-2.3% (directionally better vs tirzepatide), with weight loss in obesity of c25%, c20% in obese diabetics, and slightly slower in non-obese diabetics at high teens to low 20's percent (directionally better vs tirzepatide with greatest delta in diabetic population); 2) Further SELECT sub-analyses and FLOW CKD detailed data; 3) Semaglutide further indications with PIII STRIDE PAD mid-24E and NASH end-24.

Estimates (Dec) (DKK)	2022A	2023A	2024E	2025E	2026E
EPS (Reported Diluted)	12.2	18.6	25.2	30.5	35.7
EPS Change (YoY)	17.8%	52.4%	35.2%	21.2%	17.0%
Dividend / Share	6.06	9.40	12.7	15.4	18.0
ADR EPS (Reported Diluted - US\$)	1.73	2.70	3.66	4.44	5.19
ADR Dividend / Share (US\$)	0.86	1.36	1.85	2.24	2.62
Valuation (Dec)					
P/E	61.2x	40.2x	29.7x	24.5x	21.0x
Dividend Yield	0.81%	1.26%	1.70%	2.06%	2.41%
EV / EBITDA*	39.9x	29.3x	22.3x	18.4x	15.8x
Free Cash Flow Yield*	1.97%	2.48%	2.82%	3.76%	4.29%

* For full definitions of *IQmethodSM* measures, see page 7.

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Refer to important disclosures on page 8 to 11. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.

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31 January 2024

Equity

Key Changes

(DKr)	Previous	Current
2024E EPS	25.44	25.17
2025E EPS	31.08	30.52
2026E EPS	36.67	35.71
2024E DPS	12.62	12.71

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Stock Data

Price (Common / ADR)	748.20 DKK / 109.02 USD
Price Objective	875.00 DKK / 125.20 USD
Date Established	6-Nov-2023 / 6-Nov-2023
Investment Opinion	B-1-7 / B-1-7
52-Week Range	450.80 DKK-756.50 DKK
Market Value (mn)	3,316,598 DKK
Shares Outstanding (mn)	4,432.8 / 4,432.8
Average Daily Value (mn)	247.69 USD
Free Float	73.3%
BofA Ticker / Exchange	NONOF / CPH
BofA Ticker / Exchange	NVO / NYS
Bloomberg / Reuters	NOVOB DC / NOVOb.CO
ROE (2024E)	84.8%
Net Dbt to Eqty (Dec-2023A)	-5.2%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

iQprofileSM Novo Nordisk

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(DKr Millions)					
Sales	176,954	232,261	303,445	368,290	428,799
EBITDA Adjusted	82,171	111,987	147,185	178,453	207,724
Depreciation & Amortization	(7,362)	(9,413)	(8,999)	(10,762)	(12,501)
EBIT Adjusted	74,809	102,574	138,187	167,691	195,222
Net Interest & Other Income	(5,747)	2,100	1,284	163	(464)
Tax Expense / Benefit	(13,537)	(20,991)	(27,894)	(33,571)	(38,952)
Net Income (Adjusted)	55,525	83,683	111,577	134,283	155,807
Average Fully Diluted Shares Outstanding	4,545	4,496	4,432	4,400	4,363

Key Cash Flow Statement Data	2022A	2023A	2024E	2025E	2026E
Net Income (Reported)	55,525	83,683	111,577	134,283	155,807
Depreciation & Amortization	7,362	9,413	8,999	10,762	12,501
Change in Working Capital	(5,336)	(12,245)	(21,753)	(19,815)	(18,491)
Deferred Taxation Charge	0	0	0	0	0
Other CFO	21,336	28,057	38,558	35,124	32,776
Cash Flow from Operations	78,887	108,908	137,381	160,354	182,594
Capital Expenditure	(12,146)	(25,806)	(44,000)	(36,829)	(42,880)
(Acquisition) / Disposal of Investments	(7,075)	0	0	0	0
Other CFI	(5,697)	(18,086)	0	0	0
Cash Flow from Investing	(24,918)	(43,892)	(44,000)	(36,829)	(42,880)
Share Issue / (Repurchase)	(24,086)	(29,924)	(20,000)	(30,000)	(30,000)
Cost of Dividends Paid	(25,303)	(31,767)	(41,668)	(67,320)	(78,118)
Increase (decrease) debt	(861)	1,222	0	0	0
Other CFF	(1,785)	(2,808)	0	0	0
Cash Flow from Financing	(52,035)	(63,277)	(61,668)	(97,320)	(108,118)
Total Cash Flow (CFO + CFI + CFF)	1,934	1,739	31,713	26,205	31,596
FX and other changes to cash	5,192	4,534	0	0	0
Change in Cash	7,126	6,273	31,713	26,205	31,596
Change in Net Debt	(7,987)	(5,051)	(31,713)	(26,205)	(31,596)
Net Debt	(517)	(5,568)	(37,281)	(63,486)	(95,082)

Key Balance Sheet Data	2022A	2023A	2024E	2025E	2026E
Property, Plant & Equipment	66,671	90,961	127,953	156,011	188,380
Goodwill	0	0	0	0	0
Other Intangibles	51,416	60,406	58,415	56,424	54,433
Other Non-Current Assets	14,976	23,473	23,473	23,473	23,473
Trade Receivables	50,560	64,770	84,621	102,704	119,578
Cash & Equivalents	26,301	32,574	64,287	90,492	122,088
Other Current Assets	31,333	42,302	55,267	67,077	78,098
Total Assets	241,257	314,486	414,016	496,181	586,050
Long-Term Debt	24,318	20,528	20,528	20,528	20,528
Other Non-Current Liabilities	12,513	17,742	17,742	17,742	17,742
Short-Term Debt	1,466	6,478	6,478	6,478	6,478
Other Current Liabilities	119,474	163,177	212,798	258,000	300,180
Total Liabilities	157,771	207,925	257,546	302,748	344,928
Total Equity	83,486	106,561	156,470	193,433	241,122
Total Equity & Liabilities	241,257	314,486	414,016	496,181	586,050

Business Performance*	2022A	2023A	2024E	2025E	2026E
Return On Capital Employed	52.4%	61.8%	63.7%	61.5%	59.7%
Return On Equity	72.0%	88.1%	84.8%	76.8%	71.7%
Operating Margin	42.3%	44.2%	45.5%	45.5%	45.5%
Free Cash Flow (MM)	66,741	83,102	93,381	123,525	139,714

Quality of Earnings*	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.42x	1.30x	1.23x	1.19x	1.17x
Asset Replacement Ratio	2.11x	3.40x	6.28x	4.20x	4.08x
Tax Rate	19.6%	20.1%	20.0%	20.0%	20.0%
Net Debt/Equity	-0.62%	-5.23%	-23.8%	-32.8%	-39.4%
Interest Cover	12.5x	NM	NM	NM	NM

* For full definitions of iQmethodSM measures, see page 7.

Company Sector

Pharmaceuticals

Company Description

Novo Nordisk is a Denmark-based world leader in insulin and diabetes care and also manufactures and markets a variety of other pharmaceutical products. Key products include Wegovy and Semaglutide (GLP-1) and long acting basal insulins.

Investment Rationale

We have a Buy rating on Novo Nordisk given strong c11% 2025-28E sales CAGR driven by Wegovy launch layers on top of a solid diabetes franchise with strong GLP1 driven growth and mid-term pipeline options.

Stock Data

Shares / ADR	1.00
Price to Book Value	21.1x

Quarterly Earnings Estimates

	2023	2024
Q1	4.39A	5.46E
Q2	4.31A	5.91E
Q3	5.01A	6.64E
Q4	4.91A	7.16E

Key Changes

(US\$)	Previous	Current
2024E EPS	3.70	3.66
2025E EPS	4.52	4.44
2026E EPS	5.33	5.19
2024E DPS	1.83	1.85

Exhibit 1: Novo Nordisk Sales Model

BofA product forecasts

December Year-End (DKKbn)	2022A	2023A	1Q 24E	2Q 24E	3Q 24E	4Q 24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	% Chg			CAGR 25-28E
															2022A	2023A	2024E	
Human Insulin (Diabetes)	8,186	7,594	1,905	1,904	1,610	1,922	7,341	7,281	7,234	7,198	7,172	7,156	7,149	7,149	-10	-7	-3	-0.5
Tresiba (Diabetes)	9,353	7,752	1,912	1,610	1,783	1,788	7,093	7,209	7,353	7,500	6,296	5,667	4,976	4,380	-4	-17	-9	-4.4
Levemir (Diabetes)	4,579	3,934	1,001	689	846	950	3,486	3,422	3,364	3,314	3,285	3,260	3,238	3,218	-19	-14	-11	-1.3
Xultophy (IDegLira) (Diabetes)	2,809	3,219	823	920	874	861	3,478	3,331	3,192	3,061	2,938	2,772	2,582	2,412	6	15	8	-4.1
Ryzodeg	2,889	3,730	1,123	1,164	1,041	1,467	4,795	5,274	5,011	4,760	4,522	4,296	4,081	3,877	69	29	29	-5.0
Novo Rapid (Diabetes)	15,460	13,776	3,783	2,998	3,196	3,447	13,425	13,514	13,604	13,694	13,786	13,879	13,972	14,066	-3	-11	-3	0.7
Faster acting insulin aspart (Diabetes)	2,003	2,173	543	477	622	685	2,327	2,443	2,565	2,694	2,774	2,858	2,671	2,325	15	8	7	4.3
Novo Mix (Diabetes)	7,673	5,844	1,734	1,440	1,360	1,220	5,754	5,744	5,734	5,725	5,716	5,708	5,700	5,692	-19	-24	-2	-0.2
Victoza (Diabetes)	12,322	8,664	2,033	1,454	1,643	1,293	6,424	5,254	4,570	4,134	3,824	3,581	3,377	3,195	-18	-30	-26	-10.0
Ozempic (Diabetes)	59,750	95,718	25,685	29,503	32,005	36,026	123,220	155,093	182,954	207,231	230,988	255,395	273,035	281,226	77	60	29	14.2
Rybelsus (Diabetes)	11,299	18,750	5,782	5,472	6,194	8,657	26,105	31,597	36,693	38,686	39,847	40,644	41,457	42,286	134	66	39	8.0
Icodec (LA basal insulin) Diabetes	0	0	200	350	500	660	1,710	2,850	3,800	4,560	5,035	5,320	5,510	5,700	nm	nm	nm	20.9
Others Diabetes	3,225	2,312	690	644	582	323	2,237	2,193	2,149	2,106	2,064	2,022	1,982	1,942	-10	-28	-3	-2.0
Diabetes total including pipeline	139,548	173,466	47,213	48,626	52,258	59,297	207,394	245,204	278,224	304,662	328,247	352,557	369,729	377,470	23	24	20	10.2
Wegovy Obesity	6,188	31,343	11,556	16,170	21,732	20,071	69,529	93,792	116,523	133,141	140,630	146,017	149,999	154,114	342	407	122	14.5
Saxenda Obesity	10,676	10,289	2,364	2,142	2,014	1,397	7,917	5,161	4,387	3,729	3,170	2,694	2,290	1,947	53	-4	-23	-15.0
Cagrilintide Obesity & Diabetes	0	0	0	0	0	0	0	2,800	5,600	7,700	8,750	9,275	9,625	9,800	nm	nm	nm	46.2
Sema NASH NASH	0	0	0	0	0	0	0	1,750	3,000	4,000	4,500	4,750	4,900	5,000	nm	nm	nm	37.0
Total Obesity	16,864	41,632	13,919	18,311	23,746	21,469	77,446	103,503	129,510	148,570	157,050	162,736	166,814	170,861	101	147	86	24.3
NovoSeven (Haemophilia)	8,308	7,958	2,033	1,767	2,066	1,963	7,829	7,829	7,829	7,829	7,829	7,829	7,829	7,829	15	-4	-2	0.0
Haemophilia A	2,338	2,422	684	727	588	568	2,567	2,758	2,963	3,183	3,369	3,565	3,714	3,838	11	4	6	6.9
Rare endocrine (Growth Hormone)	7,138	3,836	1,486	1,217	737	1,672	5,111	5,145	5,180	5,217	5,255	5,294	5,335	5,377	-2	-46	33	0.7
EtaVIPivatic Sickle cell disease	0	0	0	0	0	0	0	375	1,250	2,250	3,200	3,600	3,900	4,100	nm	nm	nm	104.3
Other Rare disease	1,698	1,551	393	378	410	374	1,554	1,581	1,608	1,635	1,663	1,692	1,721	1,750	1	-9	0	1.7
Rare disease total	20,542	17,163	4,873	4,434	4,128	4,991	18,426	18,667	18,925	19,201	19,443	19,698	19,909	20,097	7	-16	7	1.4
Ziltivekimab IL6, CV disease	0	0	0	0	0	0	0	0	0	900	1,800	1,950	2,040	2,100	nm	nm	nm	nm
Concizumab (TFP inhibitor) Haemophilia	0	0	0	0	0	180	180	300	390	450	510	555	585	600	nm	nm	nm	19.3
Sema Alzhemiers Alzhemiers	0	0	0	0	0	0	0	240	500	760	1,000	1,100	1,160	1,200	nm	nm	nm	60.9
Total Sales	176,954	232,261	66,005	71,372	80,132	85,937	303,445	368,290	428,799	476,793	511,250	542,197	564,138	576,428	26	31	31	11.6

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 2: Novo Nordisk Profit and Loss Model

BoFA P/L forecasts

December Year-End (DKKm)	2022A	2023A	1Q 24E	2Q 24E	3Q 24E	4Q 24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	% Chg			CAGR
															2022A	2023A	2024E	25-28E
Sales	176,954	232,261	66,005	71,372	80,132	85,937	303,445	368,290	428,799	476,793	511,250	542,197	564,138	576,428	26	31	31	11.6
COGS	-28,448	-35,765	-10,231	-11,063	-12,420	-13,320	-47,034	-56,717	-66,035	-73,426	-78,732	-83,498	-86,877	-88,770	20	26	32	11.6
% of sales	16.1	15.4	15.5	15.5	15.5	15.5	15.5	15.4	15.4	15.4	15.4	15.4	15.4	15.4				
Gross profit	148,506	196,496	55,774	60,309	67,711	72,616	256,411	311,573	362,764	403,367	432,517	458,699	477,260	487,658	27	32	30	16.3
Margin %	83.9	84.6	84.5	84.5	84.5	84.5	84.5	84.6	84.6	84.6	84.6	84.6	84.6	84.6				
SG&A	-50,684	-61,598	-16,501	-17,843	-20,033	-21,484	-75,861	-91,336	-105,484	-116,814	-125,256	-130,127	-135,393	-138,343	23	22	23	11.1
% of sales	28.6	26.5	25.0	25.0	25.0	25.0	25.0	24.8	24.6	24.5	24.5	24.0	24.0	24.0				
Sales & Distribution	-46,217	-56,743	-15,181	-16,415	-18,430	-19,765	-69,792	-83,970	-96,909	-107,278	-115,031	-119,283	-124,110	-126,814	25	23	23	11.1
% of sales	26.1	24.4	23.0	23.0	23.0	23.0	23.0	22.8	22.6	22.5	22.5	22.0	22.0	22.0				
Administration	-4,467	-4,855	-1,320	-1,427	-1,603	-1,719	-6,069	-7,366	-8,576	-9,536	-10,225	-10,844	-11,283	-11,529	10	9	25	11.6
% of sales	2.5	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0				
R&D	-24,047	-32,443	-9,241	-9,992	-11,218	-12,031	-42,482	-52,665	-62,176	-69,135	-74,131	-78,619	-81,800	-83,582	35	35	31	12.1
% of sales	13.6	14.0	14.0	14.0	14.0	14.0	14.0	14.3	14.5	14.5	14.5	14.5	14.5	14.5				
Operating profit, pre-license	73,775	102,455	30,032	32,474	36,460	39,101	138,068	167,572	195,103	217,418	233,130	249,953	260,067	265,733	27	39	35	11.6
Margin %	41.7	44.1	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.6	45.6	46.1	46.1	46.1				
License and other income	1,034	119	30	30	30	30	119	119	119	119	119	119	119	119	211	-88	0	0.0
Operating profit	74,809	102,574	30,062	32,504	36,490	39,131	138,187	167,691	195,222	217,537	233,249	250,072	260,186	265,852	28	37	35	11.6
Margin %	42.3	44.2	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.6	45.6	46.1	46.1	46.1				
Net financials	-5,747	2,100	278	278	278	451	1,284	163	-464	-323	-173	-9	169	355	nm	nm	-39	-202.0
Pretax income	69,062	104,674	30,340	32,782	36,767	39,582	139,471	167,854	194,759	217,214	233,076	250,062	260,356	266,207	17	52	33	11.6
Tax charge	-13,537	-20,991	-6,068	-6,556	-7,353	-7,916	-27,894	-33,571	-38,952	-43,443	-46,615	-50,012	-52,071	-53,241	20	55	33	11.6
Tax rate %	19.6	20.1	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	2	2	-0	
Net profit	55,525	83,683	24,272	26,225	29,414	31,666	111,577	134,283	155,807	173,771	186,461	200,050	208,284	212,966	16	51	33	11.6
Margin %	31.4	36.0	36.8	36.7	36.7	36.8	36.8	36.5	36.3	36.4	36.5	36.9	36.9	36.9				
D&A	7,362	9,413	2,250	2,250	2,250	2,250	8,999	10,762	12,501	14,477	16,633	18,932	21,346	23,834	22	28	-4	15.6
EBIT	74,809	102,574	30,062	32,504	36,490	39,131	138,187	167,691	195,222	217,537	233,249	250,072	260,186	265,852	28	37	35	11.6
Margin %	42.3	44.2	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.6	45.6	46.1	46.1	46.1				
EBITDA	82,171	111,987	32,312	34,754	38,739	41,381	147,185	178,453	207,724	232,014	249,882	269,003	281,532	289,686	27	36	31	11.9
Margin %	46.4	48.2	49.0	48.7	48.3	48.2	48.5	48.5	48.4	48.7	48.9	49.6	49.9	50.3				
Per share data																		
GAAP EPS (diluted)	12.22	18.61	5.46	5.91	6.64	7.16	25.17	30.52	35.71	40.16	43.45	46.98	49.29	50.78	18	52	35	12.5
DPS	6.06	9.40	0.00	0.00	0.00	0.00	12.71	15.41	18.03	20.28	21.94	23.72	24.89	25.64	18	55	35	12.5
Shares average	4,531	4,483	4,429	4,423	4,416	4,410	4,420	4,387	4,350	4,314	4,279	4,245	4,213	4,181	-1	-1	-1	-0.8
Shares diluted, average	4,545	4,496	4,442	4,436	4,429	4,422	4,432	4,400	4,363	4,327	4,292	4,258	4,226	4,194	-1	-1	-1	-0.8

Source: BofA Global Research, company reports

BoFA GLOBAL RESEARCH



Glossary

TRx = Total prescriptions

GTN = Gross to net

AHA = American heart association

CV = Cardiovascular

LCM = Lifecycle management

GLP1 = Glucagon like peptide 1

CMD = Capital markets day

CMO = Contract manufacturing organisation

SubQ = Subcutaneous

PAD = Peripheral arterial disease

HFpEF = Heart failure with preserved ejection fraction

TRx = total prescriptions

CKD = Chronic kidney disease

NASH = Non alcoholic steatohepatitis

Price objective basis & risk

Novo Nordisk (NONOF / NVO)

Our PO of DKK875/US\$125.2 assumes shares trade at c30x 2025E PE, above its prior absolute trading range given solid sales 25-28E CAGR (c11% versus sector c6%), increased confidence in growth from very positive outcomes data, and potential mid-term upside from strong obesity and continued strong GLP1 trends in diabetes

Our target sector multiple of c16x 25E PE is based on: 1) A 40% premium to the market average multiple which implies c15x 25E PE, a premium which is in line with the long-term historical trend for periods of growth for the sector during times of broader market uncertainty, 2) Regression analysis of historical sector forward PEs and three-year-forward EPS CAGR implies a target PE of c16x 25E PE based on sector growth of c7%, 3) Our DCF valuations imply c17x 25E PE

Upside risks to our PO are pipeline success, better-than-expected pipeline data/approvals, and better-than-expected launches of key products.

Downside risks to our PO are Wegovy & Rybelsus trajectory, China VBP insulin, risk of litigation, adverse currency moves, tirzepatide (Mounjaro) competition, and product concentration.

Analyst Certification

I, Sachin Jain, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - Pharma & Biotech Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AstraZeneca	AZN	AZN US	Sachin Jain, CFA
	AstraZeneca	AZNCF	AZN LN	Sachin Jain, CFA
	Genmab	GNMSF	GMAB DC	Sachin Jain, CFA
	Genmab	GMAB	GMAB US	Sachin Jain, CFA
	Grifols S.A.	GIFLF	GRF SM	Graham Parry
	Grifols S.A. - B	GRFS	GRFS US	Graham Parry
	Grifols S.A. - B	GIFO	GRF/P SM	Graham Parry
	Lonza AG	LZAGF	LONN SW	Charlie Haywood
	Lonza AG	LZAGY	LZAGY US	Charlie Haywood
	Merck KGaA	MKGAF	MRK GY	Sachin Jain, CFA
	Merck KGaA	MKKGY	MKKGY US	Sachin Jain, CFA
	Novartis	NVSEF	NOVN SW	Graham Parry
	Novartis	NVS	NVS US	Graham Parry
	Novo Nordisk	NONOF	NOVOB DC	Sachin Jain, CFA
	Novo Nordisk	NVO	NVO US	Sachin Jain, CFA
	Sandoz Group AG	SDZXF	SDZ SW	Graham Parry
	Sandoz Group AG	SDZNY	SDZNY US	Graham Parry
	Sanofi	SNYNF	SAN FP	Graham Parry
	Sanofi	SNY	SNY US	Graham Parry
	Sartorius AG	SUVPF	SRT3 GY	Charlie Haywood
NEUTRAL				
	H. Lundbeck A/S	HLUKF	HLUNB DC	Sachin Jain, CFA
	Idorsia	IDRSF	IDIA SW	Sachin Jain, CFA
	Ipser	IPSEF	IPN FP	Sachin Jain, CFA
	Roche Holdings	RHHBF	ROG SW	Sachin Jain, CFA
	Roche Holdings	RHHBY	RHHBY US	Sachin Jain, CFA
UNDERPERFORM				
	Bayer	BAYZF	BAYN GY	Sachin Jain, CFA

EMEA - Pharma & Biotech Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Bayer	BAYRY	BAYRY US	Sachin Jain, CFA
	GSK Plc	GSK	GSK US	Graham Parry
	GSK Plc	GLAXF	GSK LN	Graham Parry
	Orion	ORINF	ORNBV FH	Graham Parry
	UCB	UCBJF	UCB BB	Graham Parry
	UCB	UCBJY	UCBJY US	Graham Parry

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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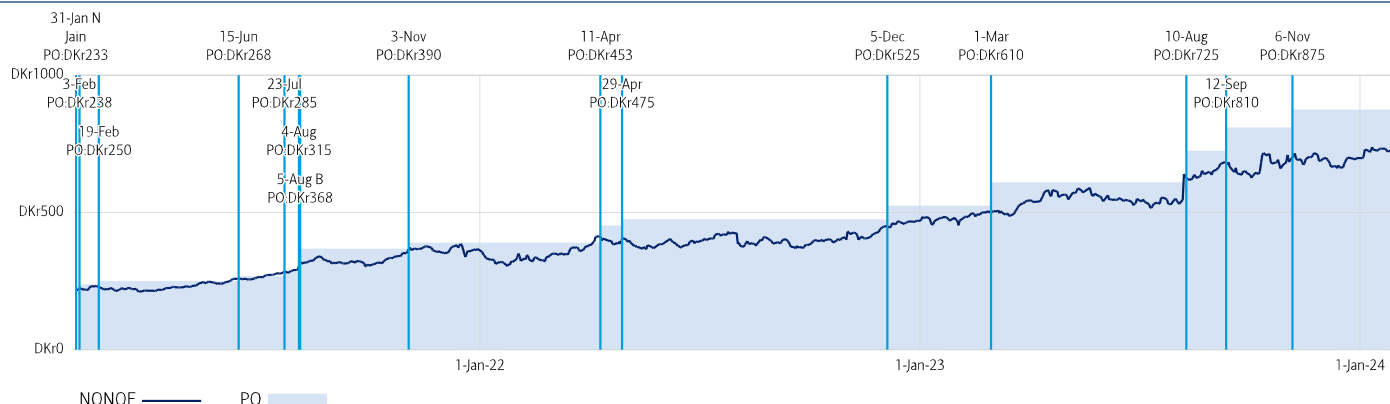
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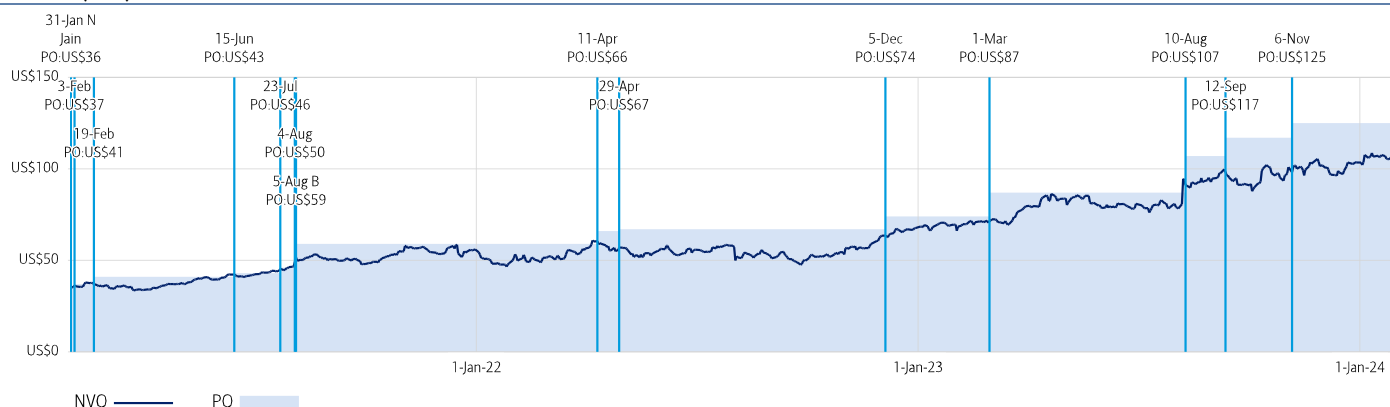
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Novo Nordisk (NONOF) Price Chart



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Novo Nordisk (NVO) Price Chart



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Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2}Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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