

# Novo Nordisk

## Very Bullish CMD.

Maintain Rating: BUY | PO: 975.00 DKK | Price: 922.00 DKK

### Very positive investor day: Amycretin, Supply, Venn

We provide feedback from Novo's analyst day which was a very positive event with 5 key takes: 1) First oral Amycretin data in obesity, which confirmed potential for best in class efficacy profile in an oral formulation, with PIII start from 2H25; 2) Positive qualitative commentary on supply (detailed on second page); 3) Focus on Venn diagram of overlapping Semaglutide indications, to aid obesity/diabetes payor adoption and penetration; 4) Broader pipeline, with interesting first PI data for weekly GLP/GIP and focus on under-appreciated PIII assets (MIM8, ziltevekimab, ocedurenone); 5) Strong financials, with continuation of recent trends with falling S&D partially offset by growing R&D, both as a % of sales. Gross margin expected to be flattish (but declining including Catalent given D&A). Overall, EBIT margin expansion expected. Novo provided details on strategic targeting on investments across its therapy areas of focus. Buy.

### Amycretin PI 13% weight loss looks very good

Today Novo presented first oral data for their Amycretin in obesity 16 patients at 12wks. It showed 13.1% weight loss (12% placebo adjusted) at 12wks (see table overleaf) which compares to LLY Retradutide c11%, and LLY Orforglipron c7%, noting Novo CagriSema achieved absolute weight reduction of c10% at highest dose. Hence looks like it could be best in class with oral potential. Novo flag slope of curve looks promising/no sign of flatlining but caveat smaller PI with only 16 pts and limited detail on safety (saying safe and tolerable in line previous NN GLP1 And CagriSema trials). On next data, Amycretin subcut PI due 1H25, and PII diabetes data mid-25, with Novo wanting to see differentiation between doses on safety, efficacy, and Pk. Combination of above data could allow PIII start from 2H25.

### GIP/GLP1. Both daily (data) and monthly in development

Also first data today in obesity and T2DM for their daily GIP/GLP1, which we think look encouraging ahead of monthly formulation which is to be prioritised moving forward. Specifically, it showed 12% weight loss at 15 weeks in 31 people in obese (vs Viking similar molecule VK2735 GIP/GLP1 which showed c13% placebo-adj weight loss at 13wks), and in diabetes showing -0.6% HbA1c reduction at week 4 in 24 patients. Once monthly also in PI, results expected in 2025, with dosing cited as one of 3 key buckets for them on obesity profile (efficacy and scalability others).

### Significant comorbid overlap detailed for ASCVD and CKD

We have been vocal on the building Venn diagram of comorbid patients and LCM (CKD, MASH, PAD, HF, etc.) opportunity there in, and today it was a focus, and clearly helping adoption to date with c50% of patients in the US currently using having 2+ comorbidities. Novo broadly frame overlaps across the 115m patients with Obesity in US with c30m having 1+ comorbidity across ASCVD, HF, and T2DM, with c12m comorbid with MASH. Similarly for those with T2DM, c25m have 1+ comorbidity across ASCD, HF, and obesity, with c22m comorbid with MASH.

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#### Equity

**Sachin Jain, CFA** >>  
Research Analyst  
MLI (UK)  
[s.jain@bofa.com](mailto:s.jain@bofa.com)

**Graham Parry** >>  
Research Analyst  
MLI (UK)  
[graham.parry@bofa.com](mailto:graham.parry@bofa.com)

**Joe Bowden** >>  
Research Analyst  
MLI (UK)  
[jbowden@bofa.com](mailto:jbowden@bofa.com)

**Charlie Haywood** >>  
Research Analyst  
MLI (UK)  
[charlie.haywood@bofa.com](mailto:charlie.haywood@bofa.com)

#### Stock Data

Price (Common / ADR)	922.00 DKK / 135.00 USD
Price Objective	975.00 DKK / 140.00 USD
Date Established	19-Feb-2024 / 19-Feb-2024
Investment Opinion	B-1-7 / B-1-7
52-Week Range	476.05 DKK-932.00 DKK
Market Value (mn)	4,087,013 DKK
Shares Outstanding (mn)	4,432.8 / 4,432.8
Average Daily Value (mn)	394.96 USD
Free Float	73.3%
BofA Ticker / Exchange	NONOF / CPH
BofA Ticker / Exchange	NVO / NYS
Bloomberg / Reuters	NOVOB DC / NOVOb.CO
ROE (2024E)	83.8%
Net Dbt to Eqty (Dec-2023A)	-5.2%
ESGMeter™	High

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PI/II/III = Phase 1/2/3

GLP= Glucagon like peptide

GIP = glucose-dependent insulinotropic polypeptide

Pts = patients

NN = Novo Nordisk

T2DM = Type 2 diabetes mellitus

PK = Pharmacokinetics

MASH = Metabolic associated steatohepatitis

HbA1c = Glycated haemoglobin

ASCVD = atherosclerosis cardiovascular disease

LCM = lifecycle management

HF = Heart failure

## Few supply specifics. But API 4x 21-23. Capex to continue

Nothing specific on Wegovy supply timelines, main focus on stepping up capex investments across full value chain and CTLT acq still expected to close end 2024 with starting to add additional capacity from 2026 (remind we discussed capex to date in preview note [here](#)). However did detail step ups to date, with 21-23 Ozempic devices 3x, API 4x, with CTLT addition making 14 fill and finish sites (noting typical time to build API manufacturing is 5 years and fill finish 3 years). Final slide in the supply section showed c40m patient reach in 2023, with illustrative ambition of 100m in 2030.

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

Novo share price outperformance has been driven by a Ozempic/Wegovy EPS upgrade cycle. We expect the earnings upgrades cycle to continue, with us c8% ahead of consensus. We also believe FY24 remains a busy 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 detailed FLOW CKD detailed data; 3) Semaglutide further indications with PIII STRIDE PAD mid-24E and NASH end-24.

**Table 1 Overview of rough estimated weight loss profiles for key assets in development for obesity, through time**

Estimates are combination of numerical data and chart data, with estimations made therein

					Rough estimated placebo adjusted weight loss, %				
Drug	Mechanism	Stage of dev	Admin	Dosing	4wks	8wks	12wks	20wks	52wks
Zealand									
Survodutide	GLP1 + Glucagon	PIII	Subcut	Weekly	1	3	5	9	17^
Novo									
Wegovy	GLP1	Approved	Subcut	Weekly	1	2	4	7	13
Cagrisema	GLP1 + Amylin	PIII	Subcut	Weekly	2	4	6	7	
Rybelsus	GLP1	PIII	Oral	Daily	1	2	4	7	14
NN9487	Amycretin	PI	Oral	Daily	4	8	12		
NN9541	GLP1 + GIP	PI	Subcut	Daily			12''		
Eli Lilly									
Zepbound	GLP1 + GIP	Approved	Subcut	Weekly	2	4	7	11	19
Retatrutide	GLP1 + GIP + Glucagon	PIII	Subcut	Weekly	4	7	11	13	22*
Orforglipron	GLP1	PIII	Oral	Daily	3	5	7	9	13**
Altimmune									
Pemvidutide	GLP1 + Glucagon	PII	Subcut	Weekly	2	4	6	8	14*
Amgen									
MariTide (AMG133) 420mg	GLP1 + GIP	PII	Subcut	Every 4 weeks	7	12	16		
Structure									
GSR-1290 120mg	GLP1	PI/II	Oral	Daily	3	5			
Roche									
CT388	GLP1 + GIP	PI/II	Subcut	Weekly	8				
Viking									
VK2735	GLP1 + GIP	PII	Subcut	Weekly	6		13'		
VK2735	GLP1 + GIP	PI	Oral	Daily					
Innovent									
Mazdutide	GLP1 + Glucagon	PIII	Subcut	Weekly				15^^	19*
Pfizer									
Danuglipron	GLP1	Pk data 1H24							

Source: Source: Journal info, Company info, BofA Global Research

CagriSema placebo arm is on top of semaglutide

\*results at 48wks \*\*results at 36wks ^results at 46wks ^^results at 24wks 'results at 13wks '' results at 15wks

Placebo arm contains semaglutide

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## Price objective basis & risk

### **Novo Nordisk (NONOF / NVO)**

Our PO of DKK975/US\$140 assumes shares trade at c33x 2025E PE, above its prior absolute trading range given solid sales 25-28E CAGR (c12% 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

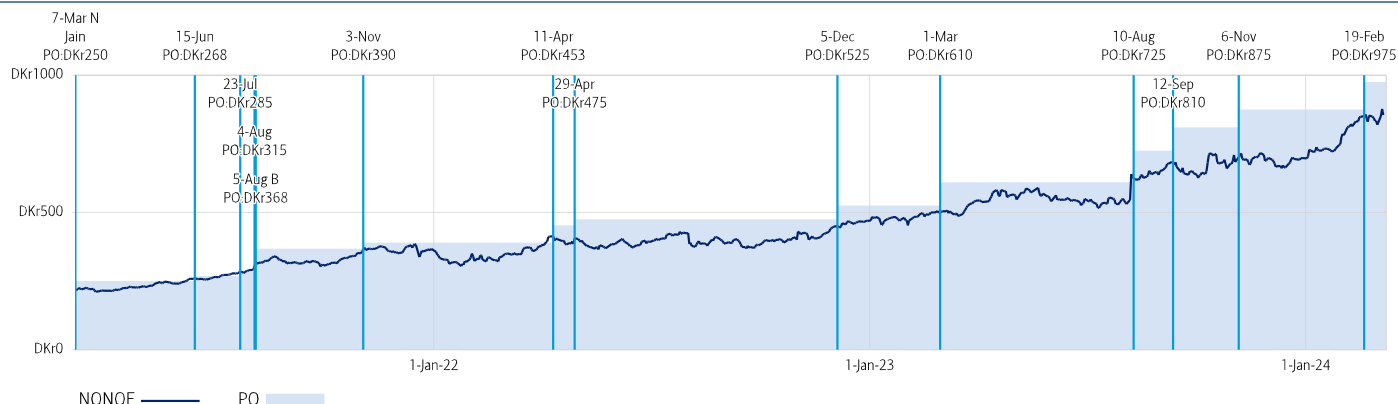
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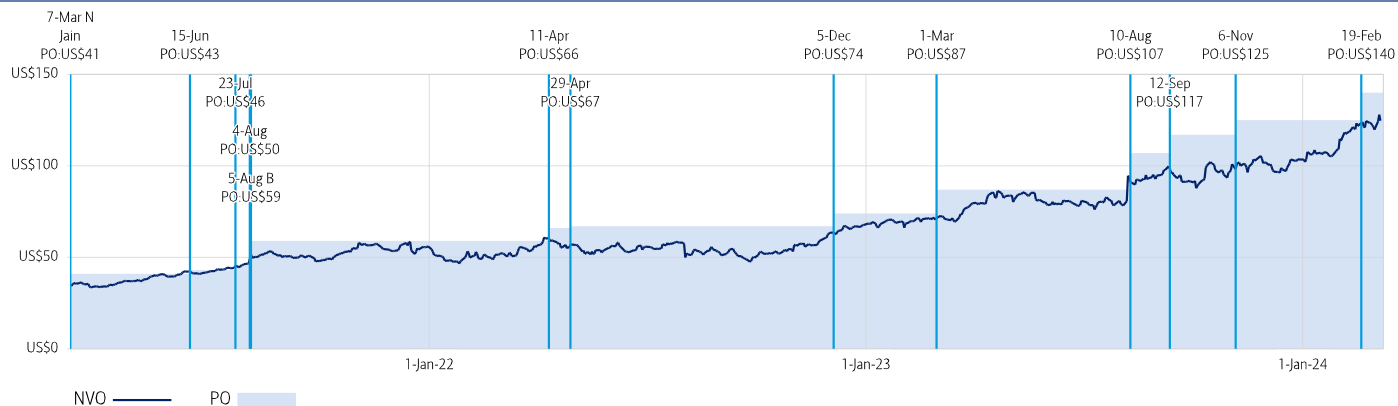
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### Novo Nordisk (NVO) Price Chart



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Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

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Sell	807	22.84%	Sell	383	47.46%

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