

Elphinstone Research Group x KAFK Capital Partners

*Equity Research Report*

**Novo Nordisk (CSE: NVO)**

*December 2025*



**Date:** 24 November

**Current Price:** USD 47.31

**Ticker:** NVON

**Target Price:** USD 101.96 (2029)

**Exchange:** CSE / NYSE

**Recommendation:** **STRONG BUY**

**Sector:** Healthcare

Novo Nordisk's sharp stock decline in 2025 reflects real and pressing concerns: the company cut its full-year guidance materially after reporting slowing U.S. demand for its GLP-1 drugs, Wegovy and Ozempic, largely due to competition from compounded semaglutide versions. Investor anxiety was further fueled by intensifying competition from Eli Lilly (which is rapidly gaining ground with its tirzepatide-based therapies) and mixed clinical data for Novo's next-gen obesity candidate, CagriSema. Leadership upheaval has added to the uncertainty: outgoing CEO Lars Fruergaard Jørgensen, criticised for strategy missteps, is being replaced in a transition that many see as a critical inflection point for the company.

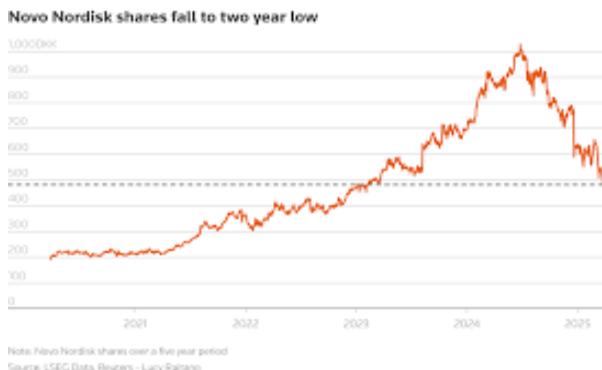


Figure 1: NovoNordisk Share Price over the last 2 years

Despite the turbulence, our fundamental analysis supports a **bullish long-term view**. Novo is aggressively defending its leadership with capacity expansion (via its Catalent acquisition), cost restructuring, and higher-margin direct-to-patient channels. Even more importantly, it is pushing into novel obesity-treatment modalities via high-value deals (e.g., with Septerna and Deep Apple), diversifying beyond injectable GLP-1s. Coupled with the company's strong cash flow, global distribution scale, and compelling pipeline, these are powerful tailwinds.

We believe the recent sell-off disproportionately reflects short-term execution risk rather than a permanent erosion of Novo's competitive moat. While we recognize near-term pressure on pricing and channel mix, the company's strategy to reinvent its go-to-market, broaden its therapy mix, and double down on core innovation gives us confidence in its ability to reaccelerate growth and recapture investor value over the medium-to-long term.

**This report arises from a collaborative research effort between Elphinstone Research Group and KAFK Capital Partners, leveraging cross-institutional expertise to present a nuanced, actionable outlook for Novo Nordisk's equity performance and strategic trajectory in 2025.**

**Novo Nordisk is a leading Danish multinational pharmaceutical company founded in 1923 and headquartered in Bagsværd, Denmark. With operations spanning 80 countries, the company has established itself as a pioneer in treating serious chronic diseases. The company serves over 45.2 million patients worldwide with diabetes and obesity treatments.**

### **Business Model**

Novo Nordisk's business model is structured around the following principle areas:

- **Targeting chronic diseases:** Novo Nordisk aims to defeat serious chronic diseases, including diabetes, obesity and rare diseases, through pharmaceutical innovations. The company's business model integrates the entire value chain, from research and development through manufacturing to global distribution and patient support.
- **Strong scientific background:** The company's competitive advantage comes from decades of expertise in protein and peptide chemistry, particularly in GLP-1 (glucagon-like peptide-1) based therapies. This scientific foundation, combined with substantial R&D investment, positions Novo Nordisk at the forefront of the pharmaceutical industry.
- **Technological innovation:** Novo Nordisk utilises AI-driven drug discovery, strategic partnerships and multiple technology platforms, including cell therapy, gene editing, and RNA interference, to facilitate scientific development.
- **Ownership Structure:** The company's unique ownership structure, where the non-profit Novo Nordisk Foundation is the controlling shareholder through Novo Holdings A/S, holding a majority of the voting shares (approximately 77%), provides stability and supports a long-term view on investment and strategy.

### **Operating/Product segments**

#### **Diabetes and Obesity Care**

The company's largest revenue contributor and key growth engine, focusing on treatments for type 1 and type 2 diabetes, obesity, and related cardiovascular conditions. Obesity care sales were a significant growth driver, increasing by 57% at constant exchange rates in 2024.

Its key products include:

- Ozempic and Rybelsus for type 2 diabetes
- Wegovy and Saxenda for obesity treatment.

#### **Rare Disease**

Includes products for rare blood disorders, endocrine disorders and hormone replacement therapies.

Its key products include:

- NovoSeven and Esperoct for haemostasis management
- Norditropin and Sogroya for growth hormone therapy.

#### **Other serious chronic diseases**

Novo Nordisk aims to build a competitive pipeline with a focus on CVD (Cardiovascular disease), NASH (Non-alcoholic steatohepatitis) and CKD (Chronic kidney disease).

## **Geography & Markets**

Headquartered in Bagsværd, Denmark, Novo Nordisk's products are marketed in approximately 170 countries worldwide, supported by global operations with affiliates in 80 countries and production sites in multiple nations, including the US, China, and France. To keep pace with surging global demand, particularly for its GLP-1-based medicines (Ozempic and Wegovy), the company has committed to massive manufacturing expansion projects. These include investments of more than DKK 80 billion in new active pharmaceutical ingredient (API) facilities, with work ongoing at sites in Denmark, France, Brazil, China, and the US. The company's commercial execution targets include delivering 6-10% sales growth in International Operations (IO) and transforming 70% of sales in the US to come from products launched since 2015.



Figure 2: NovoNordisk Global Operations

## **Management & Governance Highlights**

Novo Nordisk's long-term strategic stability is ensured by its unique ownership structure, which is managed by the Novo Nordisk Foundation through its own subsidiary, Novo Holdings A/S. The Foundation acts as the controlling shareholder, holding approximately 28.1% of the share capital and a majority 77.1% of the total voting rights. This structure differentiates between share capital and voting rights, providing the company with a stable view on strategic decision-making. It is guided by the Novo Nordisk Way and the Triple Bottom Line principle, balancing financial, environmental and social performance. Key leadership includes Lars Rebien Sorensen as Chair of the Board and Maziar Mike Doustar as President and CEO.

## **Historical Snapshot**

Novo Nordisk's commitment to diabetes care began with the 1989 merger of two Danish pioneers, Nordisk Insulinlaboratorium, and Novo Terapeutisk Laboratorium, and Novo Terapeutisk Laboratorium, establishing the company as the world's largest insulin producer. This stable core has enabled active strategic expansion: the company aims to maintain a global value market share of more than 1/3 in Diabetes leadership, strengthening its Obesity care leadership and ensuring a sustained outlook for Rare disease. The company reported increased sales by 15% and Obesity care sales by 41% (at CER) in 2025. The US FDA approval of Wegovy for MASH (liver disease), the acquisition of Akero Therapeutics for its late-stage MASH asset and the initiation of Phase 3 trials for cagrilintide (weight management) marked a stable progress for the company's development. Novo Nordisk additionally targets the reduction of direct-to-consumer prices of Ozempic and Wegovy to compete in the growing cash-pay segment.

## ESG Overview

Novo Nordisk stands at the intersection of global health and sustainable innovation. As a leading biopharmaceutical company, its mission to defeat chronic diseases like diabetes and obesity is inherently tied to its environmental, social, and governance (ESG) responsibilities. In 2024, Novo Nordisk reached 45.2 million people with its medicines, underscoring its expanding reach. But with growth comes impact. The company's environmental footprint is rising - total CO<sub>2</sub>e emissions (Scopes 1, 2, and 3) increased by 23% compared to 2023. In response, Novo Nordisk has set ambitious targets, including a 33% cut in Scope 3 emissions by 2033 and a 30% reduction in plastic footprint per patient, rooted in science-based and nature-conscious planning. Their social strategy centres on access, equity, and quality of life. Governance-wise, ethical leadership is embedded into their structure — from linking executive pay to sustainability goals to consulting external expertise via their Sustainability Advisory Council.

### 1. Environmental (E)

#### 1.1 Carbon & Emissions Footprint

- Novo Nordisk's ESG framework is anchored in its Circular for Zero strategy, which aims to decouple business growth from environmental harm.
- Despite operational improvements, emissions rose significantly: overall CO<sub>2</sub>e emissions across Scopes 1, 2, and full Scope 3 jumped by 23% in 2024.
- Scope 3 (indirect emissions) is particularly large: accounting for ~96% of their total emissions.
- To counter this, they introduced a 33% reduction target for Scope 3 emissions by 2033, using 2024 as the baseline.

#### 1.2 Energy & Resource Use

- In 2023, total operational energy consumption was 3,784,000 GJ (1,000 GJ units).
- Their production sites have achieved 100% renewable power usage, a strong signal of commitment.
- Energy-saving projects in 2023 saved around 64,000 GJ annually, through dehumidification systems, more renewable natural gas, and process optimizations.

#### 1.3 Plastic, Nature & Biodiversity

- Novo Nordisk has set a target to reduce its plastic footprint per patient by 30% by 2033.
- They also introduced a nature roadmap, acknowledging impacts on biodiversity and ecosystems, seeking to integrate nature-based solutions into their operations.
- Their strategies include supporting suppliers in shifting to renewable energy, and exploring reusable injection devices to reduce plastic waste.

#### 1.4 Risk & Transparency

- Novo Nordisk has conducted a double materiality assessment, distinguishing both how their business impacts the environment and how environmental issues (like climate change) affect their business.
- They disclose via TCFD (Task Force on Climate-Related Financial Disclosures) aligned metrics, demonstrating governance around climate risk.
- Their emissions data (Scopes 1–3) is publicly auditable and reported in alignment with internationally accepted protocols (e.g., GHG Protocol).

## 2. Social (S)

### 2.1 Access to Medicines & Health Equity

- In 2024, Novo Nordisk provided its medicine to 45.2 million people globally.
- They targeted vulnerable populations: 8.4 million of those reached were vulnerable individuals with diabetes.
- Their 'Changing Diabetes in Children' program (launched in 2009) has served more than 64,000 children globally, helping bridge access gaps for pediatric care.
- They also expanded Cities for Better Health, an urban-health prevention initiative tackling health inequities in rapidly growing cities.

### 2.2 Ethical Conduct & Patient Safety

- Novo Nordisk places a strong emphasis on business conduct and ethical standards (including bioethics) as part of its material ESG topics.
- They maintain a Compliance Hotline, and report on substantiated cases and anti-bribery convictions in their governance disclosures.
- They assert patient protection and quality of life as core components of their sustainability ambition.

## 3. Governance (G)

### 3.1 Strategic Oversight & Sustainability Integration

- Novo Nordisk has a Sustainability Advisory Council (established in 2022), bringing in external perspectives from academia, patient advocacy, and public policy to guide ESG strategy.
- Executive compensation is tied to ESG performance: their remuneration package explicitly links pay to sustainability targets in addition to financial goals.
- Their governance framework reflects double materiality, indicating a mature understanding of both impact and financial risk.

### 3.2 ESG Risk Ratings & Reporting Quality

- Novo Nordisk holds an AAA ESG rating from MSCI, signaling leadership in long-term ESG resilience.
- According to Sustainalytics, they operate with a medium ESG risk relative to peers.
- On climate transparency, they have strong CDP performance, receiving high marks (e.g., "A" leadership in climate; improvement in water).
- Their reporting aligns with EU CSRD (Corporate Sustainability Reporting Directive) standards and disclosures.

### 3.3 Ethical & Tax Practices

- They uphold high ethical standards across their global operations, implementing anti-corruption policies and tracking compliance via internal audits.
- In terms of tax sustainability, their governance includes considering sustainable tax practices and paying tax where value is created.

## Market Trends

### A) Structural Health Catalysts

Global healthcare dynamics in 2025 are increasingly defined by chronic disease prevalence, ageing demographics, and rising obesity incidence, all trends that have transformed diabetes and metabolic care into one of the largest and fastest-growing therapeutic markets worldwide. The World Obesity Federation projects that by 2030, more than 1 billion people will be clinically obese, while the International Diabetes Federation estimates over 640 million adults will live with diabetes, up from 537 million in 2021. This epidemiological surge has repositioned metabolic disease as a structural, non-cyclical growth engine for global pharmaceuticals. Simultaneously, lifestyle-related comorbidities, cardiovascular disease, non-alcoholic steatohepatitis (NASH), and chronic kidney disease, have intensified policy urgency. Health systems are shifting from acute care to prevention and long-term disease management, favouring pharmacological interventions like GLP-1 receptor agonists that deliver measurable reductions in healthcare costs. Novo Nordisk's leadership in GLP-1 innovation therefore positions it at the epicentre of this secular health transition.

### B) Global Expansion of the GLP-1 Market

The global GLP-1 therapeutics market has expanded at an annualised rate of over 30% since 2021, driven by unprecedented clinical efficacy in both diabetes and obesity management. Analysts project the combined diabetes and obesity GLP-1 segment to exceed \$140–150 billion in annual sales by 2032, with the obesity sub-segment growing fastest as reimbursement widens and oral formulations reach scale. Novo Nordisk and Eli Lilly currently dominate the space, accounting for roughly 85% of global GLP-1 revenue. However, competitive intensity is accelerating as Pfizer, AstraZeneca, Amgen, and smaller biotech firms pursue next-generation incretins and combination molecules (GLP-1/GIP, GLP-1/glucagon). Novo's first-mover advantage through *Ozempic* (semaglutide for diabetes) and *Wegovy* (semaglutide for obesity) provides critical brand equity and supply-chain scale that rivals have yet to match. The upcoming oral semaglutide 50 mg formulation could further expand addressability by improving patient adherence and lowering delivery costs.

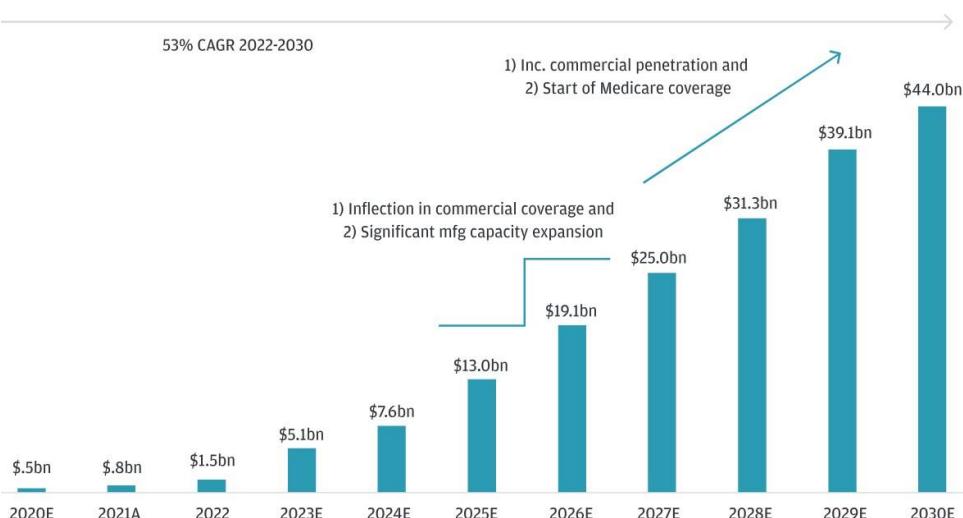


Figure 3: GLP-1 Historical and Projected Market Expansion

### C) Geographical Demand and Access Catalysts

Emerging markets now account for nearly 40% of incremental diabetes cases, with Asia-Pacific and Latin America representing the largest untreated patient pools. Rising middle-class incomes, increased screening, and expanded public insurance coverage have catalysed adoption of advanced therapeutics. China's inclusion of GLP-1 analogues in national reimbursement lists (NRDL), and Brazil's approval of semaglutide for obesity treatment in 2024, exemplify the acceleration of access. In developed markets, U.S. and European reimbursement reform is broadening eligibility for anti-obesity drugs beyond high-BMI cohorts. Medicare's evolving coverage framework and European Medicines Agency (EMA) fast-track designations are expected to expand the reimbursable population by 30–40% over the next five years. Novo's extensive distribution and regulatory infrastructure, spanning approximately 170 countries, provides a significant logistical and compliance moat against newer entrants.

### D) Therapeutic Adjacencies and Pipeline Diversification

Beyond obesity and diabetes, Novo Nordisk is strategically extending its GLP-1 platform into cardiovascular risk reduction, NASH, Alzheimer's disease, and chronic kidney disease, areas representing a combined potential market exceeding \$500 billion by the mid-2030s. Clinical trials such as *SELECT* and *FLOW* demonstrate tangible outcomes in cardiovascular mortality reduction and renal protection, strengthening the value proposition for payers and positioning GLP-1s as cornerstone therapies in systemic metabolic health. Novo's pipeline diversification, including amyretin (dual GIP/GLP-1 agonist), CB1 antagonists, and oral small-molecule incretins, targets a cumulative total addressable market (TAM) that could exceed \$350–400 billion across obesity, diabetes, and cardiometabolic segments by 2035.

### E) Supply, Manufacturing, and Ecosystem Effects

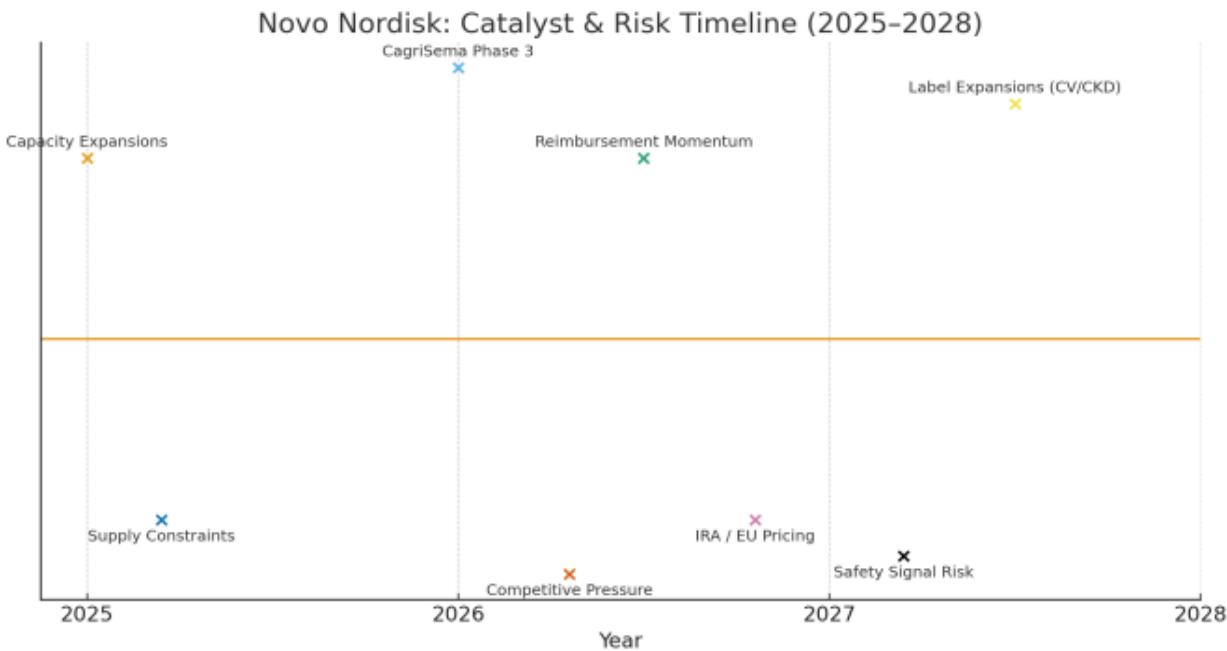
The GLP-1 boom has introduced new operational dynamics across the biopharma supply chain. Demand for APIs, sterile fill-finish capacity, and injection devices has outpaced global manufacturing capability. Novo's heavy investment; over DKK 50 billion in 2024–2025; in Danish, U.S., and French production facilities, gives it a critical capacity moat estimated at two to three years ahead of peers. Moreover, the expansion of contract manufacturing partnerships with Catalent, Thermo Fisher, and others indicates that scalability will determine near-term market share far more than marginal efficacy differentials. This reinforces Novo's position as both a technological and logistical leader in the obesity and diabetes supply ecosystem.

### TAM and Outlook

By 2030, global spending on obesity and diabetes therapeutics is expected to exceed \$300 billion, with GLP-1 and next-generation incretins accounting for more than two-thirds of the total. Novo Nordisk's established brands, manufacturing scale, and deep R&D pipeline confer durable competitive advantages in a structurally expanding market. As demographic and policy trends reinforce chronic disease management as a fiscal priority, Novo's total addressable market is both defensive and compounding, anchored by sustainable demand, premium pricing power, and ongoing innovation in delivery mechanisms.

**Novo Nordisk occupies a distinctive position in the global pharmaceutical market, as the leader in diabetes and obesity care, underpinned by its leading GLP-1 therapies such as Ozempic.** Its competitive advantage lies in clinical efficacy and ESG-driven corporate strategy, which reinforces its reputation in Europe and across the world. Relative to its competitors, Novo Nordisk's strength is in its specialisation and leadership in metabolic care, however, its risk profile is heightened by a lot of concentration in one therapeutic area. The firm's ability to sustain growth will depend largely on pipeline diversification, navigation of pricing battles and geographic expansion in the obesity treatment market. Below is a comparative table outlining Novo Nordisk's strategic positioning relative to its key competitors in the pharmaceutical industry:

Company	Revenue	Strategic Strengths	Key Risks	Position vs. Novo Nordisk
Novo Nordisk	~\$46.7bn	Global leader in diabetes/ obesity treatment, strong R&D pipeline	Pricing pressure, reliance on GLP-1 franchise	Market leader in obesity treatment, but vulnerable to margin erosion
Eli Lilly	~\$64.0bn	Strong US presence, competitive GLP-1 portfolio	Intense competitive scene on obesity drugs, regulatory scrutiny	Direct rival in obesity treatment, Novo have superior European footprint
Pfizer	~\$62.0bn	Broad pharma portfolio, obesity pipeline through the Metsera acquisition	Dependence on 'blockbuster' drugs, integration risk	Larger scale, Novo more specialised in metabolic diseases
Sanofi	~\$32.3bn	Established diabetes portfolio, extends to cardiovascular drugs	Declining revenues from insulin treatment, biosimilar competition	Novo stronger in innovation Sanofi more diversified, losing positioning in diabetes
Astra-Zeneca	~\$58.1bn	Leadership in oncology, cardiovascular drugs	Pipeline execution risk, competitive overlap	AZ is broader but less dominant in obesity whilst Novo is more concentrated in the latter
Roche	~\$57.9bn	Oncology domination, strong biotech innovation	Limited exposure to obesity/ diabetes treatments	Novo stronger in metabolic niche, not quite direct competitors



This timeline offers a structured sequencing of Novo Nordisk's major catalysts and risks over 2025–2028, mapping events distinctly above and below the central axis to visually reinforce their respective directional impacts. Catalysts (manufacturing expansions, key Phase 3 readouts, reimbursement improvements, and potential label extensions) are all plotted above the timeline, signalling their anticipated contribution to upside valuation. Meanwhile, risks such as competitive pressure, pricing headwinds, supply constraints, and safety concerns are shown below the line, highlighting their potential to exert downward force on the company's growth trajectory. By laying out these events in temporal sequence, stakeholders can better appreciate windows where upside momentum appears to dominate and periods when extrinsic threats may temporarily disrupt the outlook.

## Key Catalysts

### 1. Sustained Demand Momentum in Obesity and GLP-1 Franchise Expansion

GLP-1 therapies are central to Novo Nordisk's growth strategy, driving both topline and franchise durability. This momentum is fuelled by soaring global demand as obesity and type 2 diabetes reach epidemic levels, alongside an increasingly favourable payer environment that recognises obesity as a treatable chronic disease. More health systems and insurers are expanding access as new data solidifies these drugs' benefits in weight reduction and broader cardiometabolic health. The positive cycle is set to continue with fresh data readouts (like SELECT follow-ups) and label expansions into cardiovascular and kidney indications, each opening new patient segments and extending product lifecycles. This factor is positioned high above the timeline and towards the left, reflecting its large valuation impact and substantial near-term visibility; regular clinical and regulatory updates ensure investors can track its evolution closely.

## 2. Manufacturing Scale-Up and Resolution of Supply Constraints

Novo Nordisk's manufacturing initiatives (especially for high-demand high-dose semaglutide) are an essential strategic lever. As obesity drug sales surged, capacity proved a bottleneck, resulting in intermittent shortages. Multiyear investments in US and European fill-finish facilities aim to unlock much-needed volume, and new capacity coming online from 2025 onwards should boost prescription uptake and market share for GLP-1 therapies. Crucially, markets and payers closely monitor these expansions, translating announcements into near-immediate sentiment adjustments. Thus, this catalyst sits at the upper section and nearer-term on the timeline, denoting noticeable positive impact and high visibility as each project milestone is publicised, directly linking operational improvements to sequential financial growth.

## 3. Pipeline Optionality Beyond GLP-1s (CagriSema, Amycretin, NASH/Metabolic Compounds)

Investor attention is broadening beyond Novo's core GLP-1s towards next-generation agents like CagriSema (a combination GLP-1/GIP therapy currently in Phase 3 trials) and other early-stage metabolic compounds. These candidates promise differentiated efficacy (potentially superior weight loss or cardiometabolic outcomes), fewer side effects, and greater dosing convenience. If successful, they can drive a second wave of innovation, help Novo Nordisk leapfrog competitors, and reduce reliance on existing blockbusters. The timeline places these readouts high for impact, but centrally for visibility—the uncertainty and data dependence of clinical development means these events can surprise to the upside or downside, and investors await pivotal milestones for direction.

## 4. Policy Tailwinds and Improving Reimbursement Environment

Reimbursement coverage for obesity and diabetes drugs remains inconsistent globally, but the tide is gradually turning. Key legislative pushes (in the US, such as the Treat & Reduce Obesity Act; in Europe, emerging reimbursement protocols in select health systems) could dramatically expand eligibility for treatment, increasing addressable markets and reducing out-of-pocket costs for patients. Such changes are slow to surface but, once realised, have outsized and enduring effects on sales and valuation. The timeline locates this catalyst centrally above, balancing its moderate visibility with the scale of its potential impact—policy discussions and pilot programs appear in news cycles, but step-changes in coverage are rare and emerge gradually.

## Key Risks

### 1. Intensifying Competitive Landscape in Obesity and Diabetes

Novo Nordisk faces mounting competition in GLP-1 therapies and the broader obesity market, most notably from Eli Lilly's tirzepatide franchise (Mounjaro/Zepbound) and the next wave of oral GLP-1 treatments. Other pharmaceutical giants and nimble biotech players are racing to bring new molecules to market, which threatens Novo's pricing power and share leadership. The intense commercial rivalry (already causing share and margin pressure) could escalate further as capacity scales, reimbursement improves, and oral therapies lower barriers to adoption. The timeline places this risk below the line at moderate impact and high near-term visibility; new launches, pricing decisions, and head-to-head trial data are highly publicised and have immediate effects on forecasts.

### 2. Manufacturing and Supply Chain Vulnerabilities

The production of biologic drugs like semaglutide is technically demanding and exposed to various operational threats, from regulatory audits to component shortages and sterility failures. Even as Novo Nordisk invests to boost capacity, any delay in project delivery, quality lapse, or raw material disruption could limit product availability just as demand peaks. This risk is portrayed early in the timeline and with distinctly high visibility, operational setbacks rapidly ripple through financial projections and market sentiment, with recent history underscoring investors' heightened vigilance on these issues.

### 3. Regulatory, Pricing, and Reimbursement Pressure

The chronic therapeutic space faces increasing scrutiny over drug pricing and value-for-money, particularly as payers grapple with cost inflation. In the US, the Inflation Reduction Act risks triggering formal price negotiations for GLP-1 therapies, while European governments are expanding the use of price caps and tendering. Novo Nordisk's recent acceptance of regulated prices for semaglutide is emblematic of the pressures ahead. These risks are mapped further along the timeline and somewhat lower in visibility, given the slow-moving nature of regulatory and legislative processes, but their ultimate financial impact could be significant if negotiations prove unfavourable.

### 4. Clinical and Safety Setbacks Across the GLP-1 and Cardiometabolic Pipeline

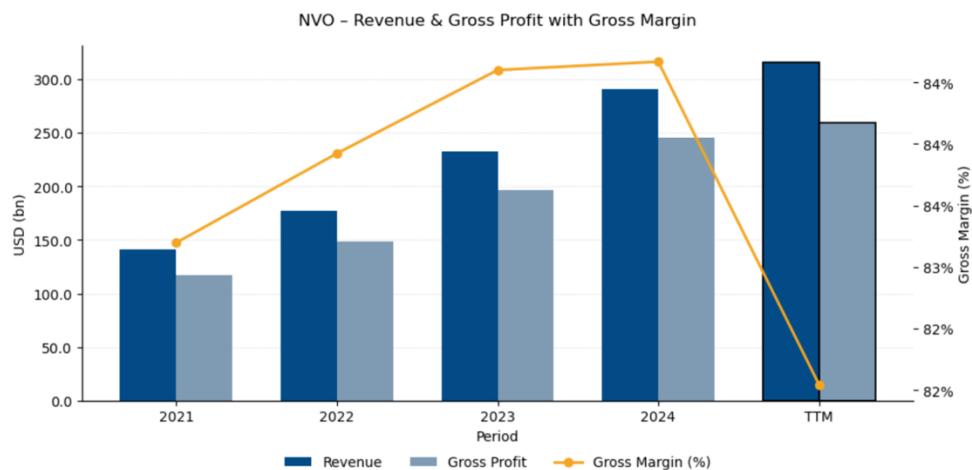
While GLP-1 therapies have favourable safety records, the expansion to broader patient populations increases the possibility of rare adverse events. Should new data uncover complications like pancreatitis, thyroid disorders, or class-wide safety signals, both the franchise and pipeline prospects would suffer. Similarly, disappointing late-stage trial outcomes (such as CagriSema Phase 3 underperformance) would dampen innovation narratives and growth expectations. Placed at the far right and lower area of the timeline, these risks reflect both their low predictability and potentially high impact if realised; such surprises tend to be infrequent but can shift the sector's prospects rapidly.

## Financial Overview: Revenue, EBITDA & Net Income

Novo Nordisk has achieved strong top- and bottom-line growth, maintaining superior margins even as it scales production and invests heavily in expanding access and sustainability initiatives.

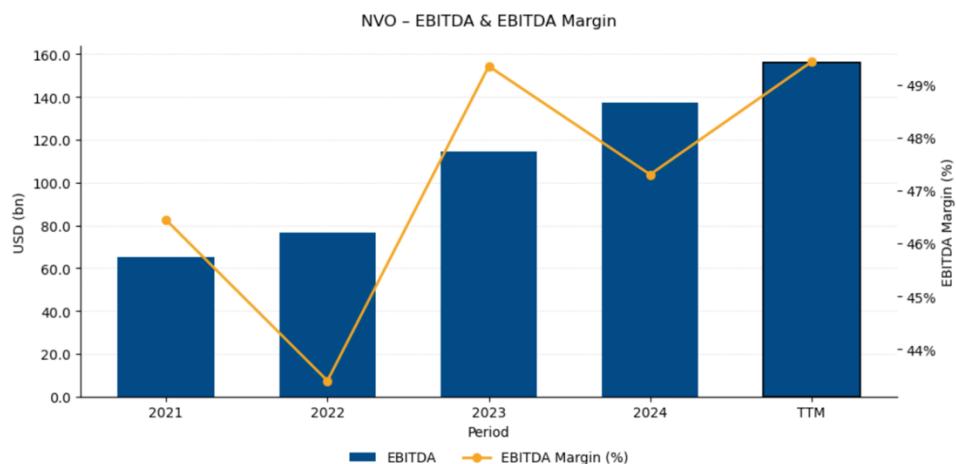
### Revenue & Gross Profit (USD)

	Revenue (bn)	Gross Profit (bn)	Gross Margin %
2021	140.80	117.14	83.2
2022	176.95	148.51	83.9
2023	232.26	196.50	84.6
2024	290.40	245.88	84.7
TTM	315.60	258.94	82.0



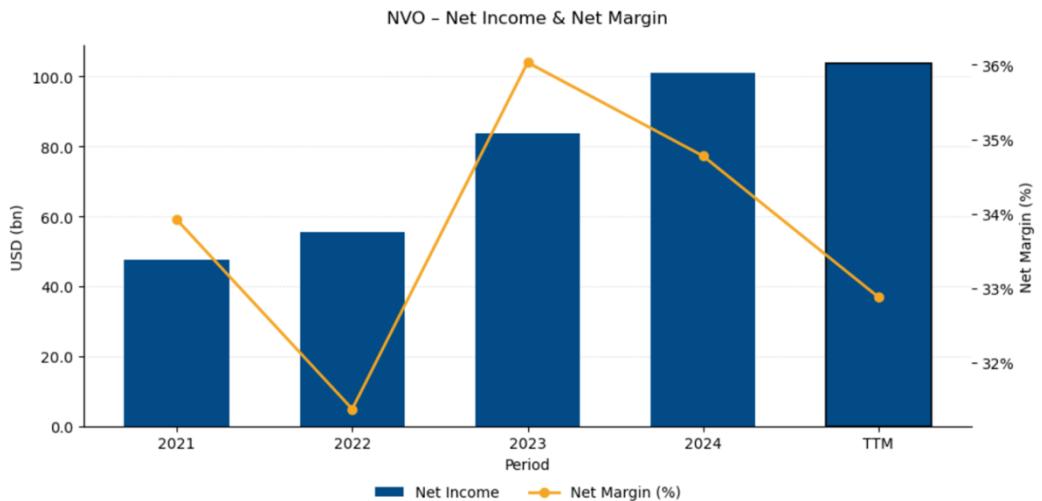
### EBITDA (USD)

	Revenue (bn)	EBITDA (bn)	EBITDA Margin %
2021	140.80	65.39	46.4
2022	176.95	76.80	43.4
2023	232.26	114.63	49.4
2024	290.40	137.38	47.3
TTM	315.60	156.02	49.4



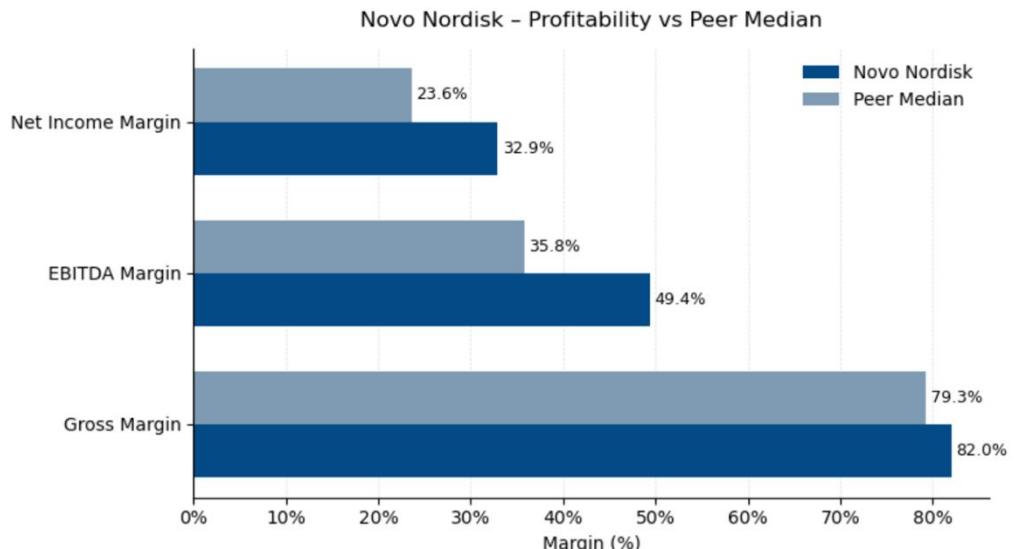
## Net Income (USD)

	Revenue (bn)	Net Income (bn)	Net Margin %
2021	140.80	47.76	33.9
2022	176.95	55.52	31.4
2023	232.26	83.68	36.0
2024	290.40	100.99	34.8
TTM	315.60	103.77	32.9



## Key Profitability Metrics

	Novo Nordisk (%)	Peer Median (%)
Gross Margin	82.0	79.3
EBITDA Margin	49.4	35.8
Net Income Margin	32.9	23.6



## Financial Overview: Balance Sheet & Cashflow Metrics

Novo Nordisk demonstrates strong balance sheet health while operating with leverage levels comfortably below industry norms.

### Balance Sheet Health – Key Metrics

	Debt/Equity	Net Debt/EBITDA	EBITDA / Interest	Current Ratio	Quick Ratio	Cash Conversion Cycle (days)
ticker						
AZN	71.05	1.60	9.18	0.88	0.68	114.97
LLY	178.52	1.99	19.51	1.55	0.72	278.25
NVO	59.57	0.63	83.77	0.78	0.53	188.83
NVS	71.55	0.96	20.59	0.88	0.58	85.14
SNY	29.58	0.95	14.73	1.06	0.29	115.24

Balance Sheet Health – Key Metrics		
	Novo Nordisk	Peer Company Median
Debt to Equity	59.57	71.30
Net Debt to EBITDA	0.63	1.28
EBITDA / Interest Expense	83.77	17.12

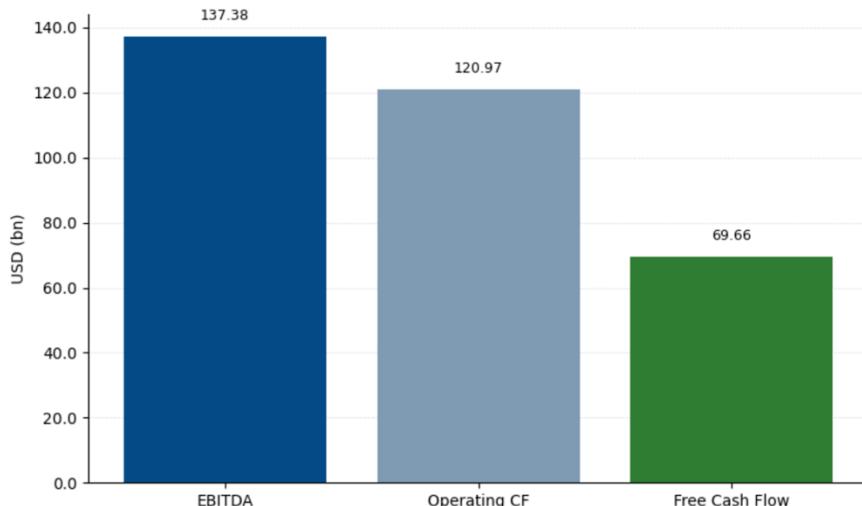
Liquidity & Cash Conversion – Key Metrics		
	Novo Nordisk	Peer Company Median
Current Ratio	0.78	0.97
Quick Ratio	0.53	0.63
Avg. Cash Conversion Cycle (days)	188.83	115.10

### Cash Conversion Bridge (USD FY2024)

	Amount (bn)
EBITDA	137.38
Operating CF	120.97
Free Cash Flow	69.66

NVO – Cash Conversion (FY2024)

NVO – Cash Conversion (FY2024)

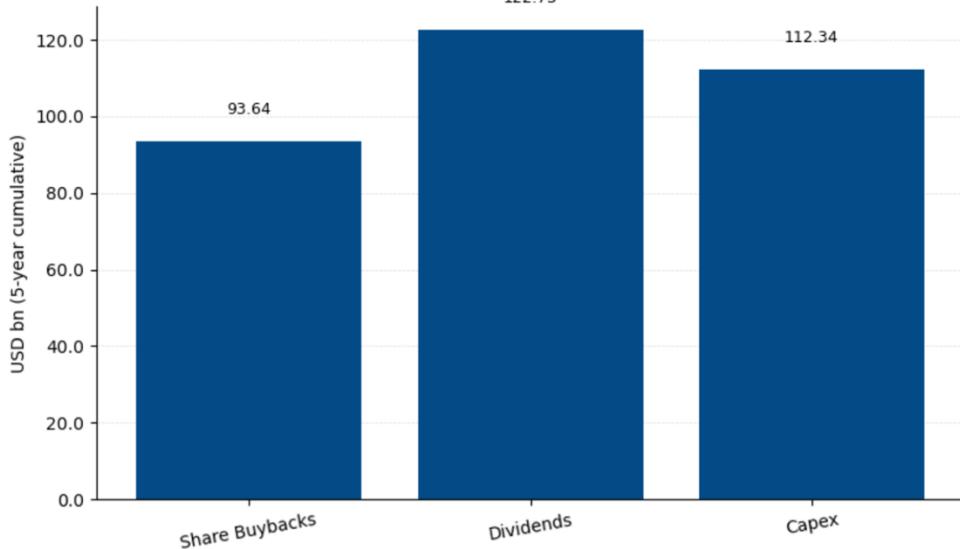


## Capital Allocation (USD last 5yr)

Amount (bn)	
Share Buybacks	93.64
Dividends	122.73
Capital Expenditure	112.34

Approx. ROIC: 55.86% (FY2024)

NVO – Capital Allocation (Last 5 FYs)  
122.73



### Data Synthesis

Novo Nordisk delivered another year of exceptional financial performance, posting USD 42.1 billion in net sales in 2024, up 25% year-on-year, driven primarily by surging global demand for its diabetes and obesity GLP-1 portfolio. Operating profit rose to USD 18.6 billion, sustaining one of the strongest margins in global biopharma. Net profit reached USD 14.6 billion, reflecting disciplined cost control despite major expansionary spending. The company's aggressive investment cycle is most visible in cash flow: free cash flow turned negative largely because of the USD 11.7 billion acquisition of Catalent's fill-finish sites, alongside record capital expenditures exceeding USD 6.8 billion. On the balance sheet, total equity stood at USD 20.8 billion, underscoring the scale of reinvestment into manufacturing capacity, supply-chain resilience, and long-term pipeline development. Although leverage remains conservative and liquidity strong, short-term pressures are expected as Novo Nordisk accelerates infrastructure build-out to meet unprecedented global demand.

**Overall, the company combines best-in-class profitability with an unusually heavy growth-driven capex profile, positioning it for continued leadership but requiring careful balance-sheet management over the next several years, particularly regarding cash flow.**

## Investment Thesis and Overview

Novo Nordisk is emerging as one of the most structurally attractive growth stories in global pharmaceuticals, driven by its leadership in incretin-based metabolic disease therapeutics. With semaglutide forming one of the most important drug franchises in modern pharma, Novo Nordisk commands dominant global market share in diabetes and obesity while simultaneously expanding manufacturing scale, delivery system innovation, and pipeline breadth. The company's innovation led model mirrors the characteristics that underpin the premium valuation of Eli Lilly, yet the market continues to significantly underprice Novo relative to its growth trajectory.

Revenue grew 25% YoY in FY2024 to DKK 290.4 billion, supported by demand for GLP-1 and dual-agonist therapies. The company is strategically reinvesting its expanding cash flows into next-generation oral incretins, device improvements, manufacturing capacity (notably via the Catalent acquisition), and obesity-adjacent cardiometabolic indications. This strategy positions Novo as a durable compounder with one of the clearest multi-year visibility profiles in global large-cap pharma.

Despite this, Novo trades at valuation multiples far below Eli Lilly and only slightly above slow-growth European peers. Our analysis identifies a structural mispricing driven by temporary capacity constraints, conservative U.S. reimbursement assumptions, and compressed European multiples, conditions that are likely to ease as supply ramps, indications expand, and GLP-1 penetration broadens globally.

We maintain a very strong **BUY** recommendation supported by double digit FCF CAGR, multi-year EBITDA expansion, and a compelling peer-relative discount.

## Financial Performance and Margin Improvements

Novo Nordisk delivered robust 2024 results, demonstrating the scalability of its metabolic franchise, with revenue reaching DKK 290.4B (+25% YoY), operating profit reaching DKK 128.3B (+25% YoY), and net Profit reaching DKK 101B (+21% YoY).

Our forward model (2025-2029) implies the following key forecast metrics:

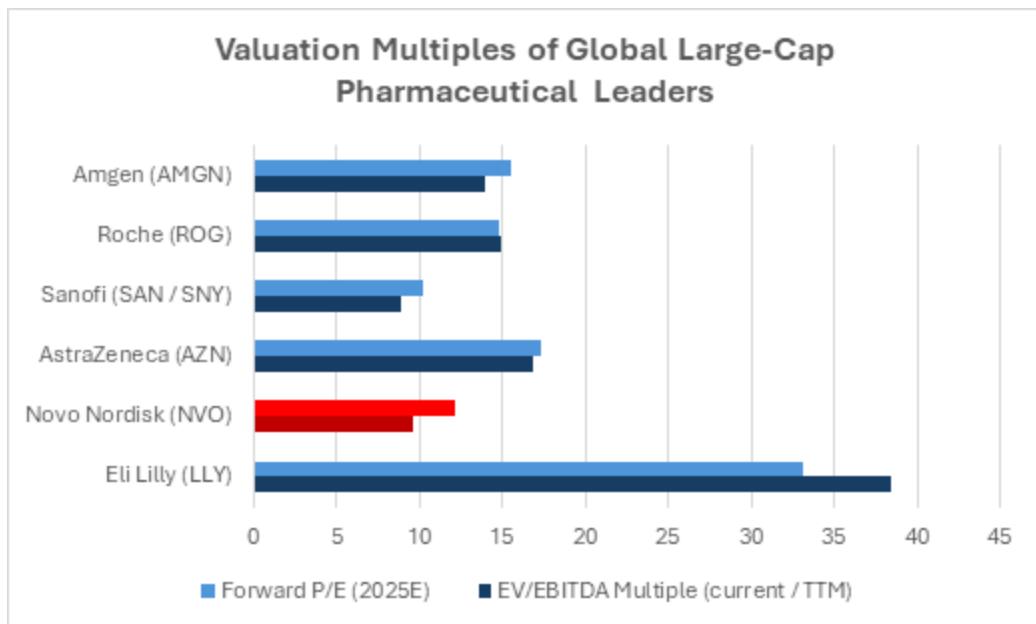
- Revenue CAGR:** 8.36%, driven by GLP-1 volume growth, global reimbursement expansion, and obesity market penetration.
- Gross Margin:** Expands from 82.6% → 87.9%, reflecting mix shift toward higher-margin obesity products.
- EBITDA Margin:** Strengthens from 60.1% → 66.9% as capacity bottlenecks resolve and SG&A normalises.
- Capex:** Elevated through 2026 (peak 14.5% of revenue) before tapering to 10% by 2029 as new facilities come online.
- FCF CAGR:** 12.04%, supported by strong working-capital discipline and declining capital intensity.

## Data Analysis

Projection Period - Novo Nordisk (DKK million)						
	2025E	2026E	2027E	2028E	2029E	CAGR (2025-29)
<b>Operating Assumptions &amp; Forecast (2025-2029)</b>						
Revenues	331,056	367,472	396,870	426,635	456,500	8.36%
% Growth	11.0%	8.0%	7.5%	7.0%	6.0%	
<b>COGS</b>	(57,694)	(57,225)	(56,287)	(55,818)	(55,349)	-1.03%
YoY %	23.00%	22.00%	20.00%	19.00%	18.00%	
% Revenues	17%	16%	14%	13%	12%	
<b>Gross Profit</b>	273,362	310,247	340,583	370,817	401,151	10.06%
YoY %	10%	13.5%	9.8%	8.9%	8.2%	
% Margin	82.57%	84.43%	85.82%	86.92%	87.88%	
<b>SG&amp;A</b>	(74,488)	(81,946)	(87,311)	(91,727)	(95,865)	6.51%
YoY %	9.20%	10.01%	6.55%	5.06%	4.51%	
% Sales	22.50%	22.30%	22.00%	21.50%	21.00%	
<b>EBITDA</b>	198,874	228,301	253,271	279,090	305,286	11.31%
% Margin	60.07%	62.13%	63.82%	65.42%	66.88%	
<b>D&amp;A</b>	(17,000)	(18,200)	(18,800)	(19,000)	(18,700)	2.41%
% Sales	-5.14%	-4.95%	-4.74%	-4.45%	-4.10%	
<b>EBIT</b>	181,874	210,101	234,471	260,090	286,586	12.04%
% Margin	54.94%	57.17%	59.08%	60.96%	62.78%	
Taxes @ 21 %	(38,194)	(44,121)	(49,239)	(54,619)	(60,183)	
<b>EBIAT</b>	143,680	165,979	185,232	205,471	226,403	12.04%
CapEx	(60,000)	(58,000)	(52,000)	(46,000)	(42,000)	
% Sales	14.50%	13.50%	12.50%	11.00%	10.00%	
Δ NWC	(3,311)	(2,940)	(2,778)	(2,560)	(2,282)	
<b>Free Cash Flow</b>	97,370	123,240	149,254	175,912	200,820	12.04%
Discounted FCF	89,330	113,064	136,931	161,387	184,239	
<b>Terminal Value</b>						
EBITDA (2029E)	305,286					
Exit Multiple	11x					
<b>Terminal Value (EV)</b>	3,358,142					
<b>Implied Perpetuity Growth Rate</b>						
FCF Terminal (2029E)	200,820					
Terminal Value	3,358,142					
<b>WACC (Discount Rate)</b>	9.00%					
<b>Implied Growth Rate</b>	2.00%					
Discount Period	5 years					
<b>Present Value of TV</b>	2,182,562					
<b>Implied Share Price</b>						
PV of Free Cash Flows	684,950					
Present Value of TV	2,182,562					
<b>Enterprise Value (EV)</b>	2,867,512					
Cash & Cash Equivalents	2,058					
Net Debt	22,086					
Equity Value (USD)	455,268					
Shares Outstanding (M)	4,465					
<b>Implied Share Price (USD)</b>	101.96					
<b>Current Share Price (USD)</b>	49.768					
Upside / Downside	104.9%					

All figures originally reported in DKK were converted to USD using a floating FX rate of 0.16 USD/DKK (Morningstar, 18 Nov 11:13 UTC), ensuring consistency with prevailing market exchange conditions.

## Peer Benchmarking and Comparables



### Amgen (AMGN):

Amgen is valued similarly to a stable pharmaceutical rather than a growth platform, trading at lower to mid-teens multiples. Amgen lacks the growth drivers seen in Novo, and faces product decline while still relying on acquisitions such as Horizon Therapeutics. Amgen's focused positioning in biologics creates strong cash flows, but the absence of a transformative pipeline makes Novo's discount to Amgen even more notable, given Novo's long-term growth outlook.

rating potential as GLP-1 penetration expands and manufacturing scale improves.

### AstraZeneca (AZN):

AstraZeneca represents a strong diversified benchmark with exposure across oncology, rare diseases, cardiovascular, and immunology. AstraZeneca lacks meaningful exposure to obesity therapeutics, however, its oncology franchise (Tagrisso, Imfinzi, Enhertu) provides durable multibillion-dollar revenue streams that cushion cyclical. Novo trades at a discount to AZN on both, despite materially stronger revenue CAGR and superior gross margins. AZN is used here as a midpoint valuation anchor to demonstrate the degree of undervaluation embedded in Novo's current multiple relative to peers with lower growth trajectories.

### Eli Lilly (LLY):

Eli Lilly is Novo Nordisk's closest and most direct competitor in the global GLP-1 obesity and diabetes market. Both companies dominate incretin therapeutics, but Lilly currently commands a substantially higher valuation multiple driven by its faster revenue trajectory and broader therapeutic diversification. Lilly's Mounjaro/Zepbound franchise has rapidly taken U.S. market share, surpassing 55% of the GLP-1 category in mid-2025, while Novo's Ozempic/Wegovy remain global leaders but are facing manufacturing and supply constraints. Lilly also benefits from stronger pipeline breadth in areas such as Alzheimer's (donanemab) and oncology, supporting its "growth-stock" rerating. Lilly thus trades at significantly higher premiums than Novo Nordisk.

## Final Remarks

Novo Nordisk stands at a defining moment in its century-long history. The turbulence of 2025-marked by unprecedeted stock volatility, cautious guidance revisions, intensifying competition, and a disruptive surge in compounded semaglutide, has challenged the market's previous assumption of uninterrupted, frictionless growth in the GLP-1 era. Yet when viewed through a longer strategic lens, these pressures do not signify a structural reversal in Novo Nordisk's leadership or its capacity to generate durable value. Instead, they reveal the growing pains of a company operating at the centre of one of the most consequential therapeutic revolutions in modern healthcare.

The sharp drawdown in sentiment underscores several realities: how heavily the company's valuation has become tethered to execution in obesity care; how sensitive investors are to short-term data noise in highly visible Phase 3 programs; and how quickly competitive narratives can shift in a market dominated by two players. But these headwinds have not altered the fundamentals that inform our medium- and long-term conviction. As the report has shown, Novo Nordisk continues to command a globally scaled GLP-1 franchise with unmatched brand equity, remains two to three years ahead of competitors in manufacturing capacity, and is translating its semaglutide success into a broader cardiometabolic strategy that extends far beyond injectable weight-loss drugs. The company's aggressive reinvestment, particularly the Catalent acquisition and sustained capex cycle, illustrates a strategic pivot toward supply self-sufficiency, higher-margin channels, and future-proof pipeline diversification.

Looking ahead, the company's trajectory will be defined by its ability to execute on several pivotal fronts: restoring capacity to fully meet global demand, achieving regulatory and reimbursement breakthroughs that widen obesity-care access, and delivering favourable data readouts for next-generation incretins such as CagliSema and amycrin. While competitive pressure from Eli Lilly will remain intense, the size of the global cardiometabolic market and the structural forces expanding it create ample room for multiple winners. Novo Nordisk's combination of scientific depth, operational scale, and international reach places it in a uniquely strong position to remain a central architect of this therapeutic category.

In sum, the recent sell-off reveals uncertainty, not erosion. The market has rapidly priced in short-term execution risks while largely discounting the company's long-term advantages and its expanding optionality in adjacent disease areas. As supply constraints ease, pipeline visibility improves, and policy momentum strengthens in favour of chronic obesity treatment, we expect Novo Nordisk to re-rate materially higher and reassess its leadership in the global pharmaceutical landscape. Our recommendation remains firmly aligned with this view: Novo Nordisk is not a story of fading growth, but one of temporary dislocation in an otherwise powerful, multi-decade structural ascent.