



GEM Investment Club

Analysis of Novo Nordisk



By Cedrik Kouame, Anton Delmotte and Margaux Collet-Matrat



BUY – SELL – WAIT

Novo Nordisk is a Danish pharmaceutical company that develops diabetes drugs and treatments for obesity.

The firm has been performing well for a while – its net income is increasing every year. Its chart analysis is demonstrating a potential surge. Finally the news are quite good for its development.

Investment summary

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01

Company's Overview

What does the company do ?

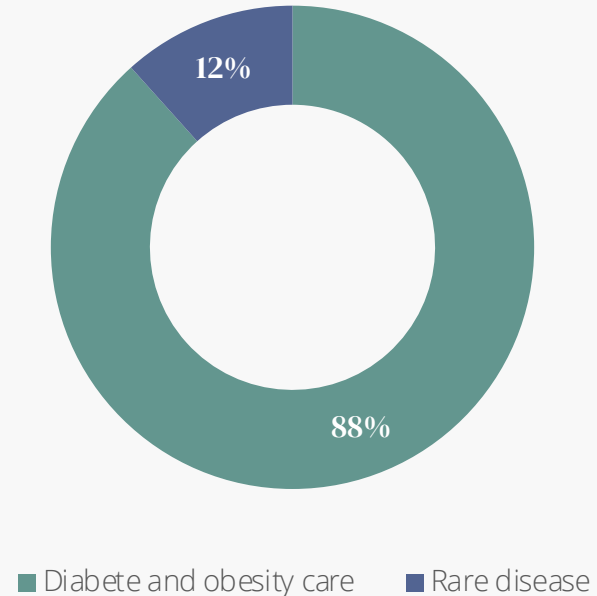
Novo Nordisk is a global healthcare company founded in 1923 by August Krogh, headquartered in Denmark.

Novo Nordisk address diverse medical needs, including diabetes, obesity and rare diseases.

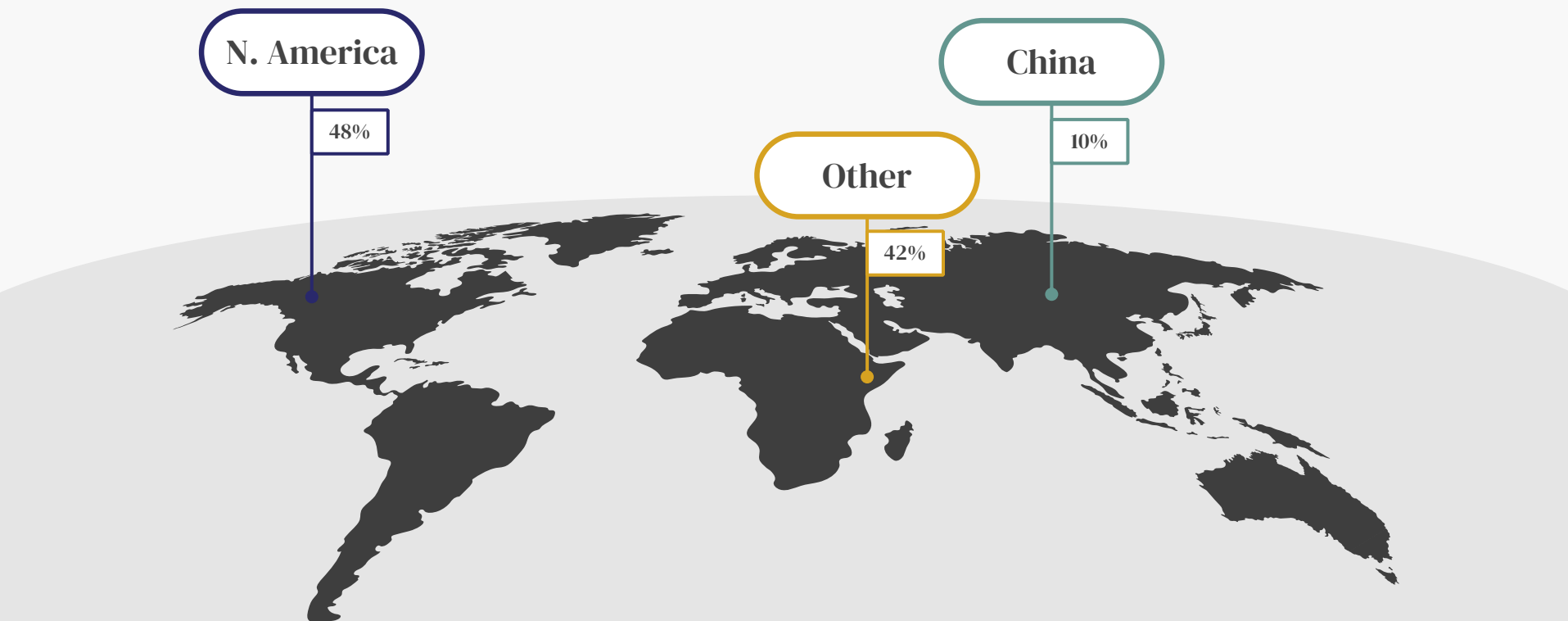
Their innovative solutions, like injectable pens have significantly improved the lives of millions globally, exemplifying a commitment to transformative healthcare.



Breakdown of revenue by segment

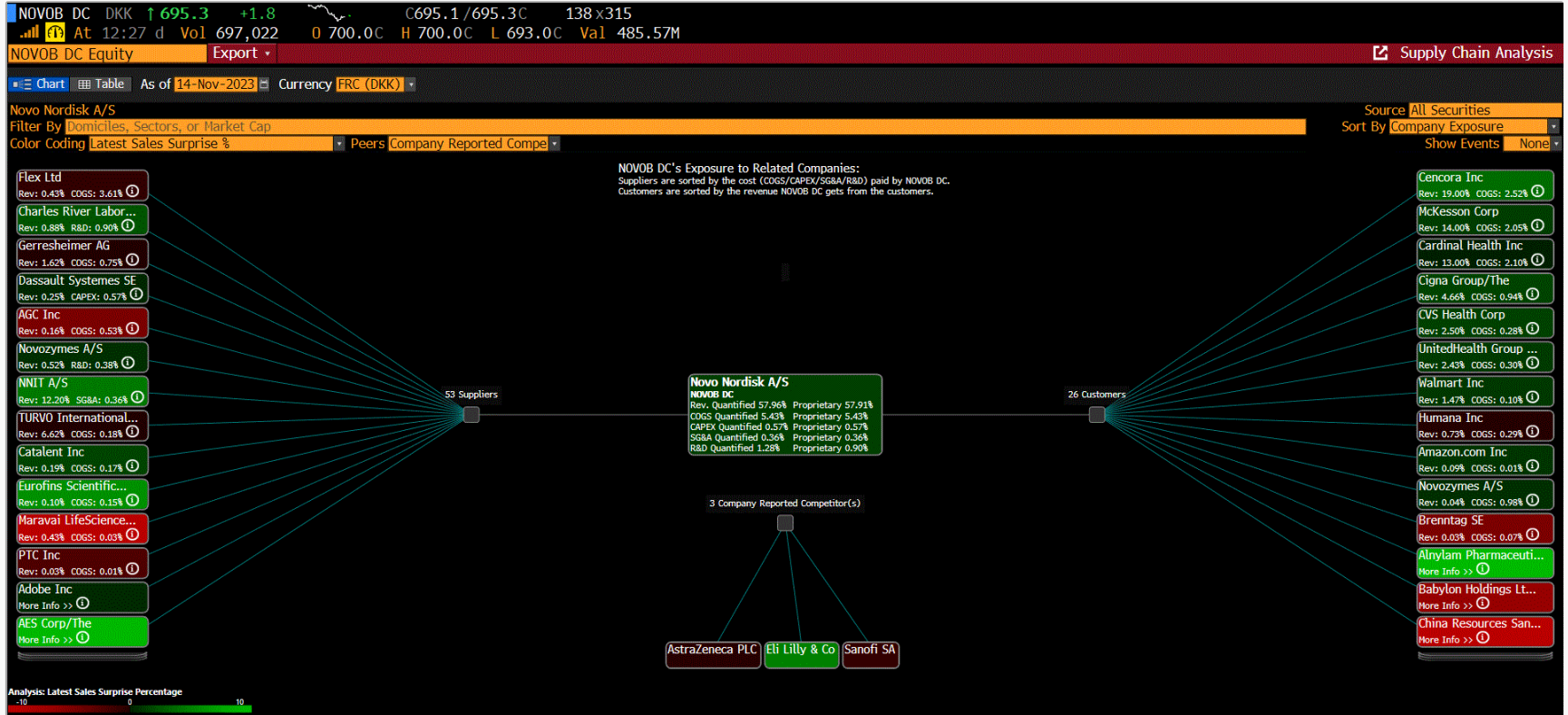


Where the company is doing business*



* In percentage of revenue per geographic area

Supply Chain Analysis



Strategy



Purpose and sustainability (ESG)

- Progress towards zero environmental impact
- Ensure distinct core capabilities and evolve culture

Financials

- Attain 6-10% sales growth in IO and transform 70% of sales in the US.
- Deliver free cash flow to enable attractive capital allocation to shareholders

Innovation and therapeutic focus

- Elevate the standard of innovation in the realm of diabetes treatment.
- Establish a foothold in addressing other significant chronic conditions, with a focus on cardiovascular disease (CVD), non-alcoholic steatohepatitis (NASH), and chronic kidney disease (CKD).

Strenghts



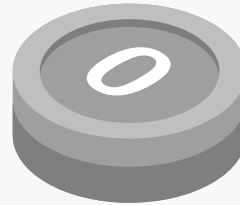
- Strong R&D activity
- Leadership position in global diabete market
- Improved financial performance

Weaknesses



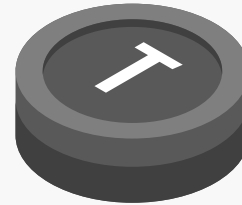
- Low current ratio could affect liquidity position
- Gaps in the product range

Opportunities



- Global pharmaceutical market to provide growth
- Acquisition of Forma Therapeutics in 2022
- Strategic partnerships to expend business

Threats



- Labor costs in Europe
- Competition could erode margins
- Foreign exchange risks could impact profits

02 Top Management

Board

Heldge Lund



Chairman of the board

**Jorgensen Lars
Fruergaard**



President, CEO

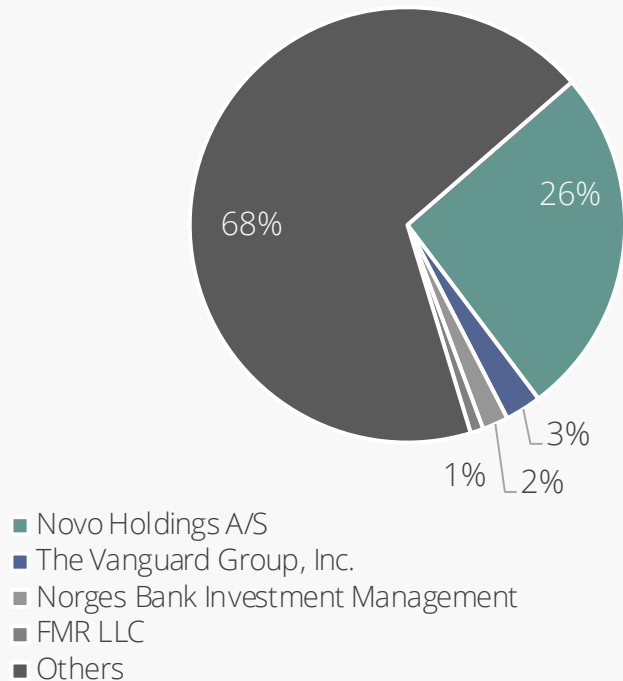
Karsten Munk Knudsen



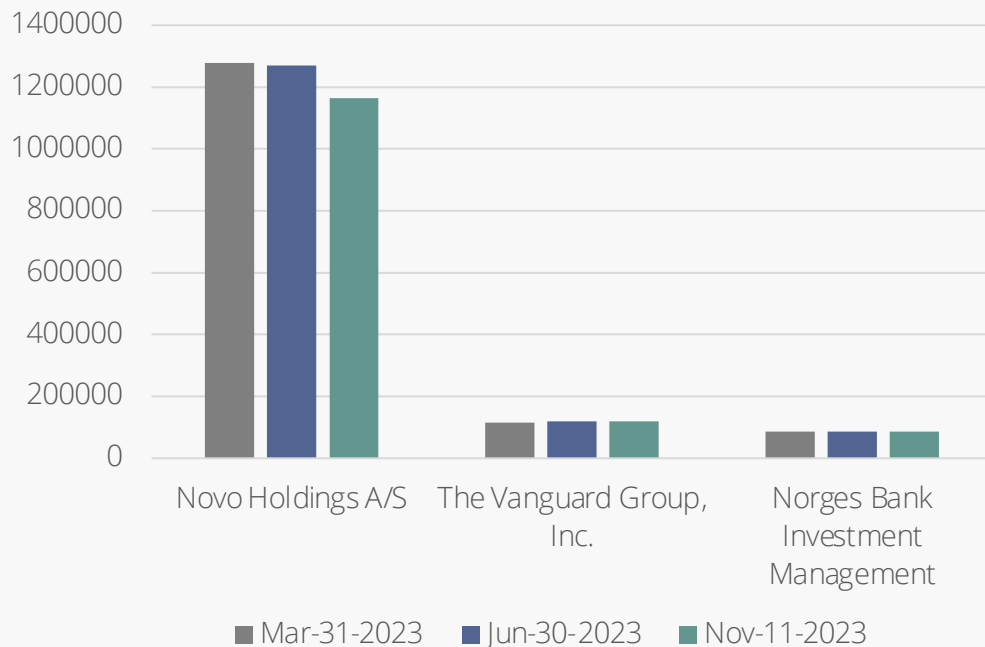
Executive VP, CFO

Stockholders

% Ownership



Current Top Holders Activity¹



¹ Variations in Common Stock Equivalent Held

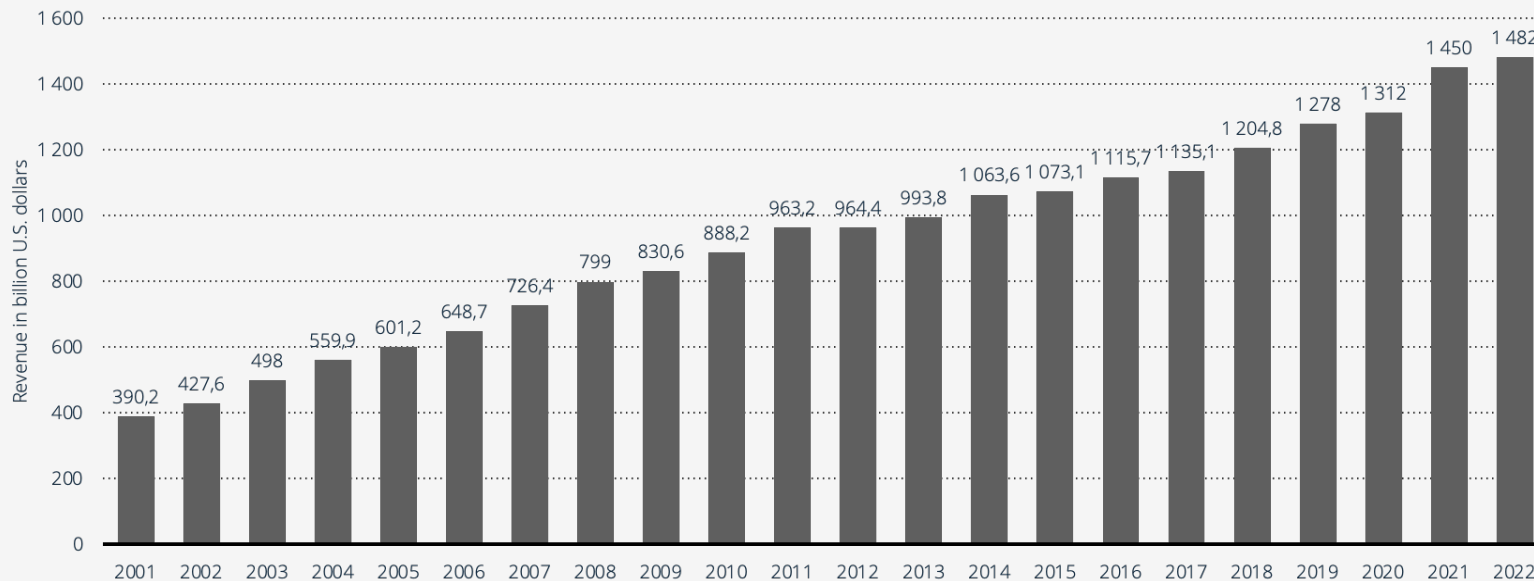
03

Market Analysis

Analysis of the market



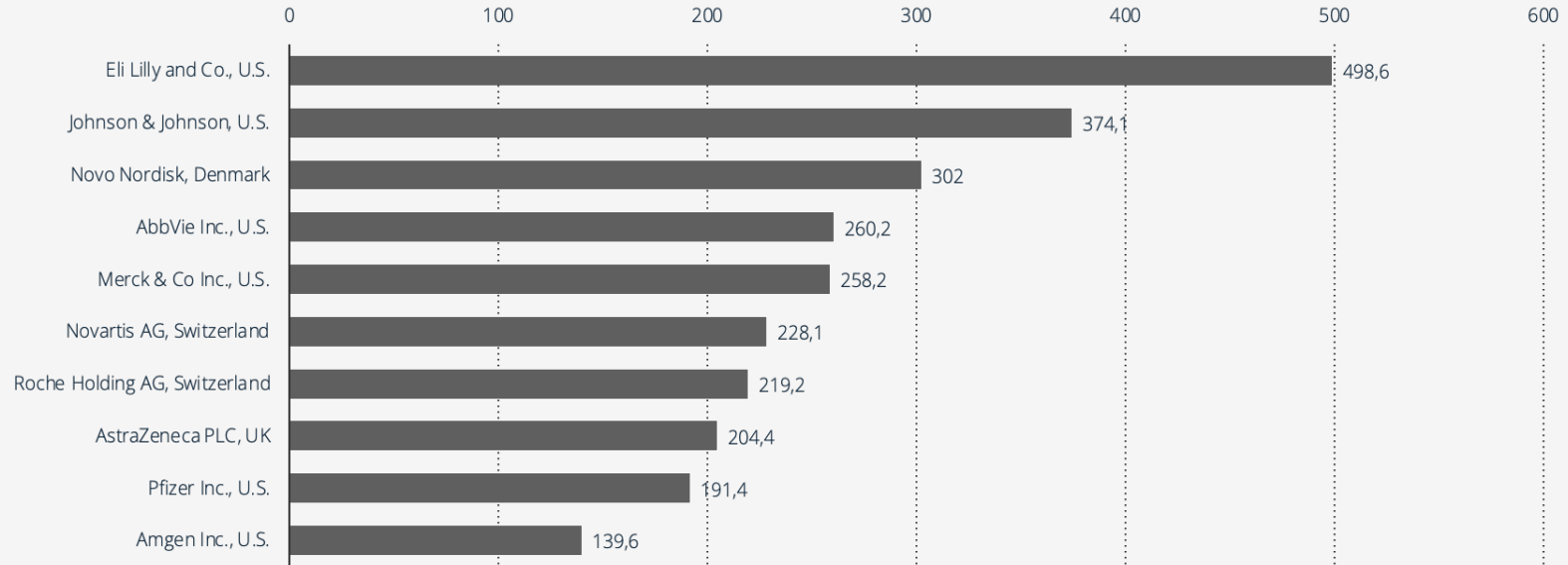
Revenue of the worldwide pharmaceutical market from 2021 to 2022
(in billion U.S. dollars)



Analysis of the market



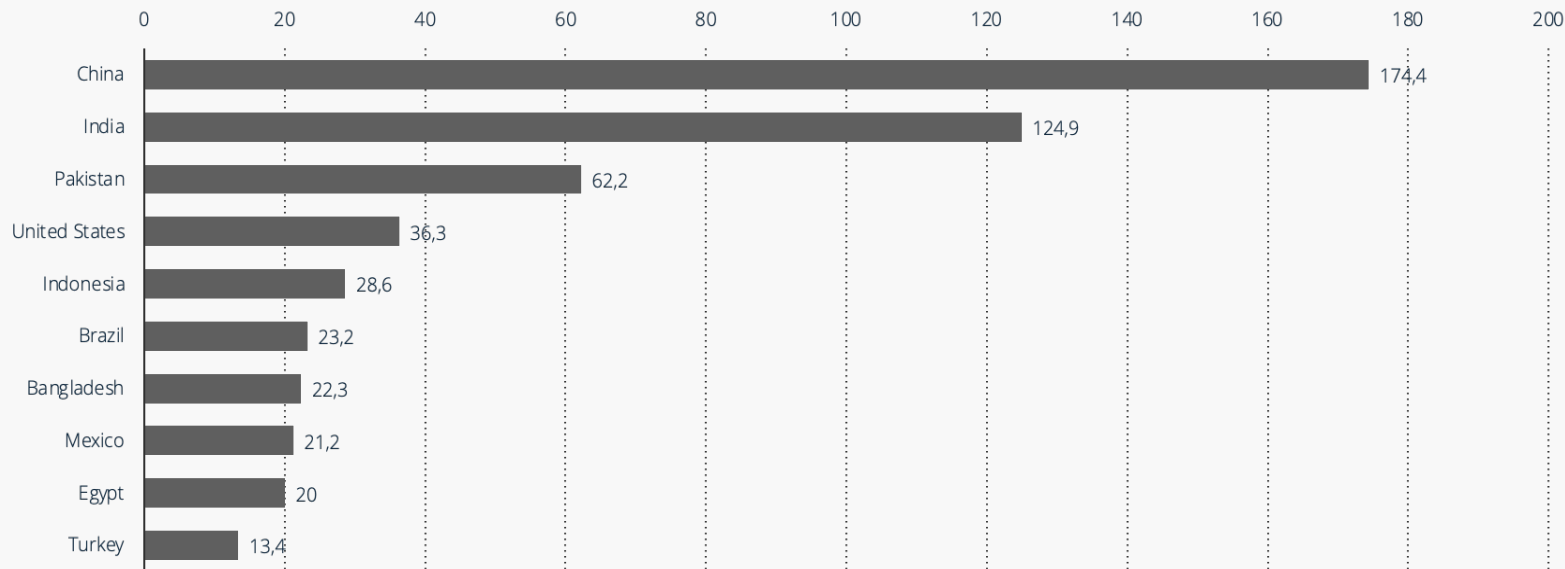
Leading 10 biotech and pharmaceutical companies worldwide based on market capitalization (in billion U.S. dollars)



Analysis of the market



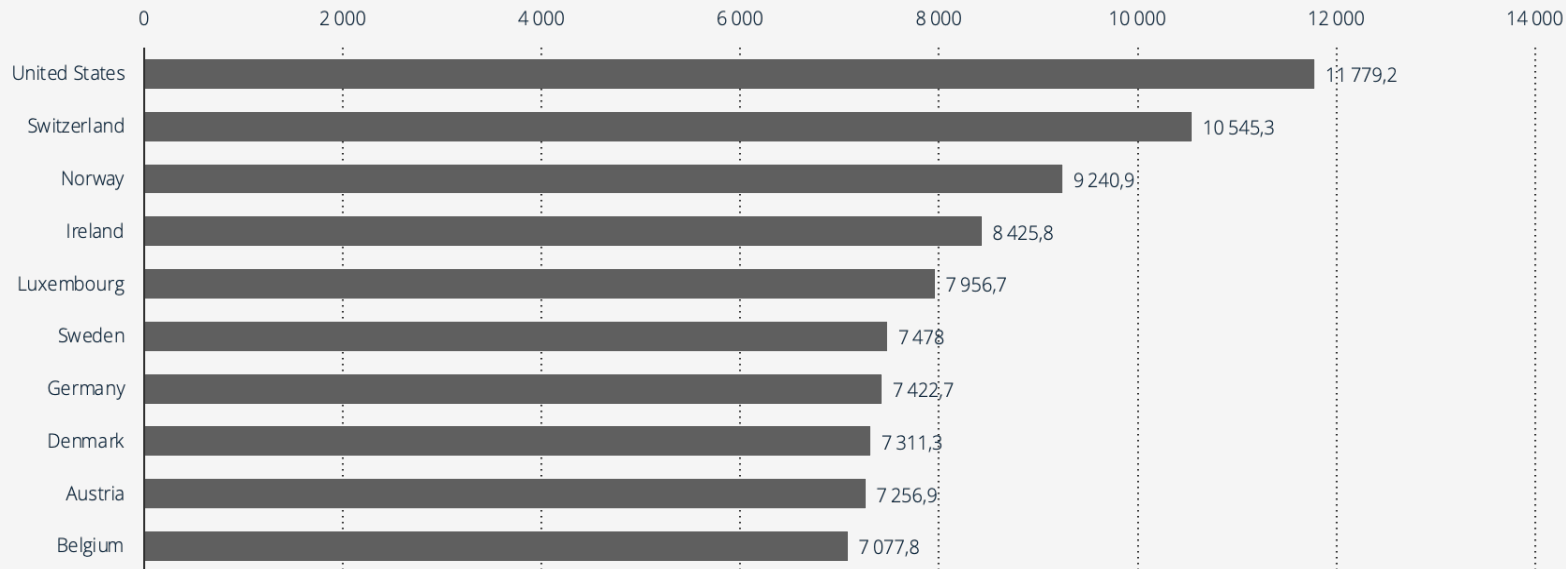
Countries with the highest projected number of diabetics worldwide in 2045
(in millions)



Analysis of the market



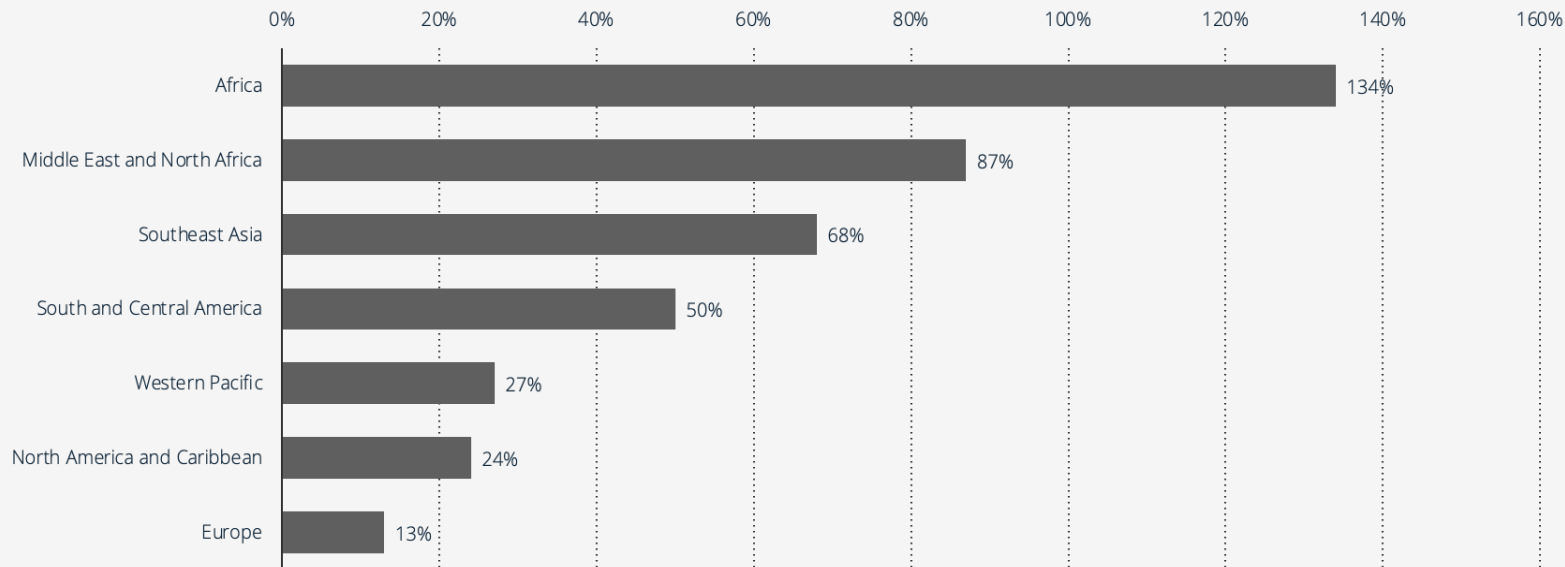
Leading 10 countries with the highest spending per patient with diabetes in 2021
(in U.S. dollars)



Analysis of the market



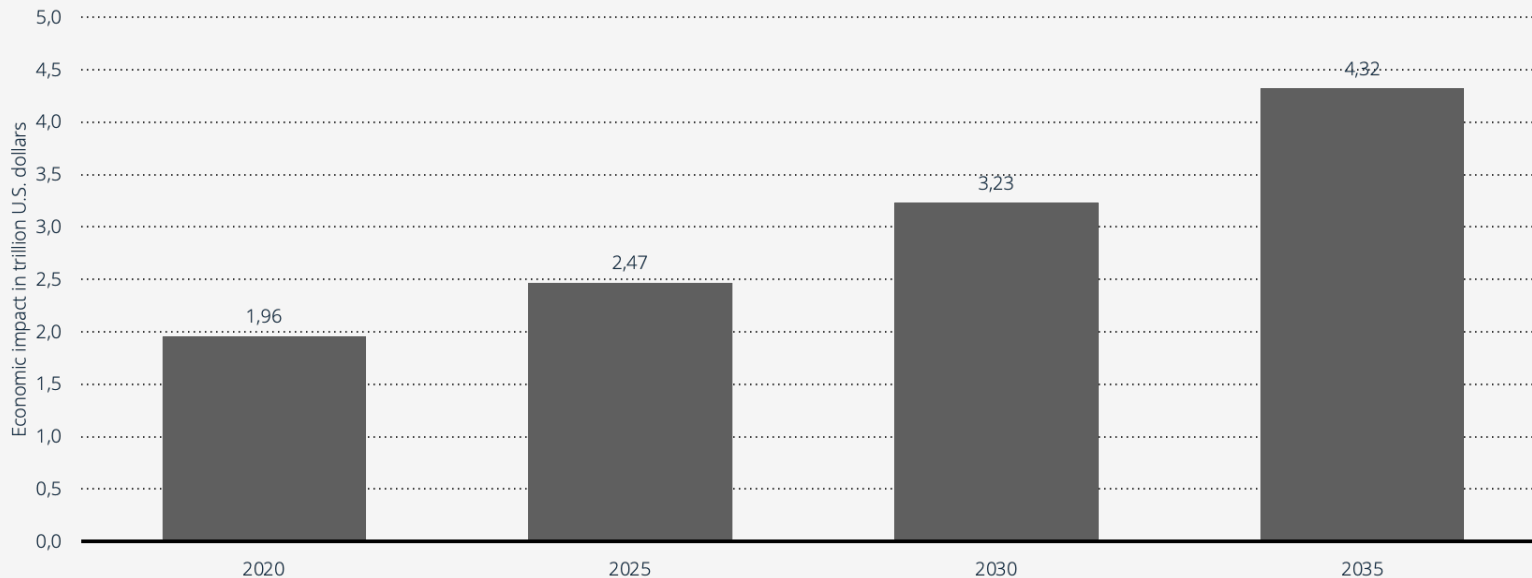
Increase in number of diabetics worldwide between 2021 and 2045, by region



Analysis of the market



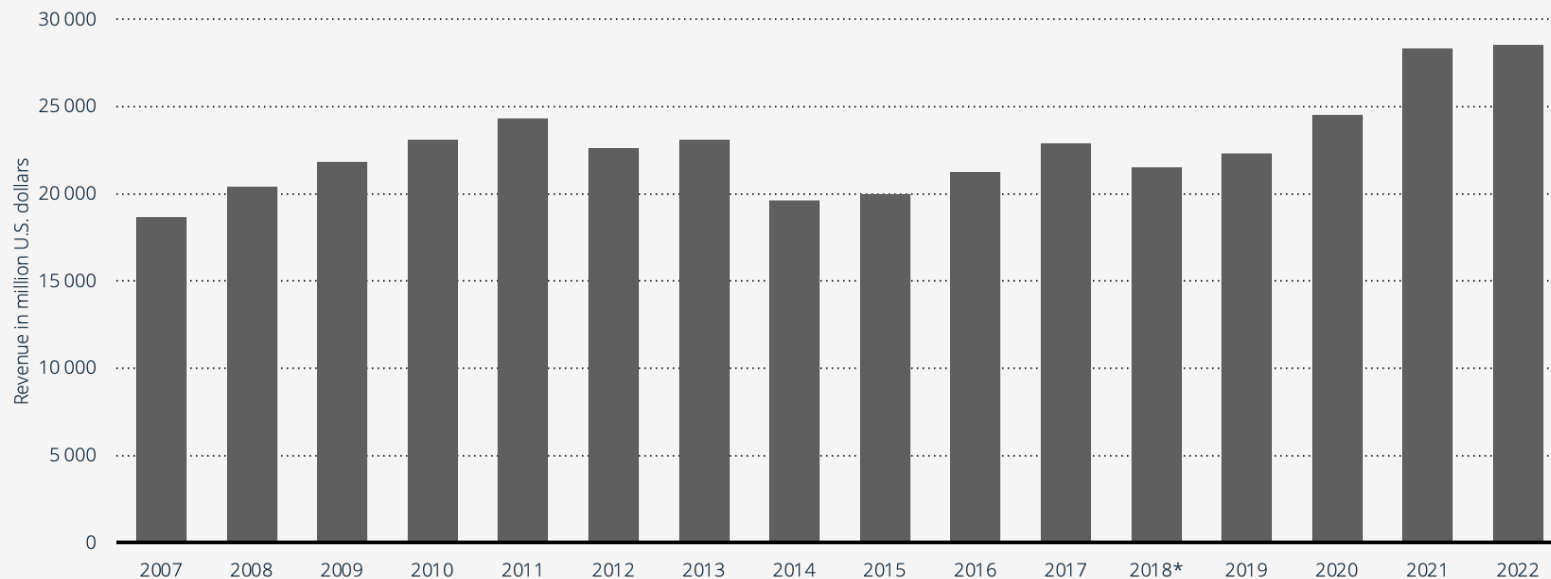
Global economic impact of overweight in obesity in 2020 and forecasts to 2035 (in trillion U.S. dollars)



Analysis of the market



Revenue of Eli Lilly and Company from 2007 to 2022 (in million U.S. dollars)



Porter Analysis on competitive rivalry

The pharma market is a dynamic industry with a rapid growth and the potential for high profit. However, a new drug need requires millions of dollars invested in R&D and testing before it can arrives on the market.

Suppliers

Low power of suppliers because there is a lot of suppliers' option.



New Entry

Market entry can be difficult due to high R&D and testing costs.



Buyers

Limited bargaining power of buyers because of the uniqueness of drugs, brand loyalty and the critical nature of many pharmaceutical products.



Substitution

Low threat of substitutes due to the limited alternatives for many medical conditions.





**The eye of the
experts**

04 News

Nov 11 2023

Novo Nordisk will invest \$6 billion to boost Wegovy production



Oct 20 2023

Collaboration agreement between GE health care and Novo Nordisk

Sept 29 2023

Novo Nordisk holds 97.8% of the capital of biocorp

Sept 04 2023

Novo Nordisk launches its weight loss drug Wegovy in the UK

April 13 2023

Credit Suisse raises its opinion on Novo Nordisk from 'neutral' to 'outperform'

June 2021

Launch of Wegovy in the USA and a dazzling success

Earnings



08/10/2023

-1,8%

2nd Quarter

01/31/2024



4th Quarter

1st Quarter

+2%

05/04/2023

3rd Quarter

-0,6%

11/02/2023

05 ESG Analysis

ESG Analysis

2,85/3

Environment

They prioritize the climate with substantial investments, but improvement is needed, especially in energy consumption and recycling.

2,53/3

Governance

All genders and social categories are now somewhat balanced in high-responsibility positions.

7,73/10

1,7/3

Social

All genders are somewhat balanced in high-responsibility positions.

0,65/1

Transversal

Quality governance and a developed social side.

06 Fundamental Analysis

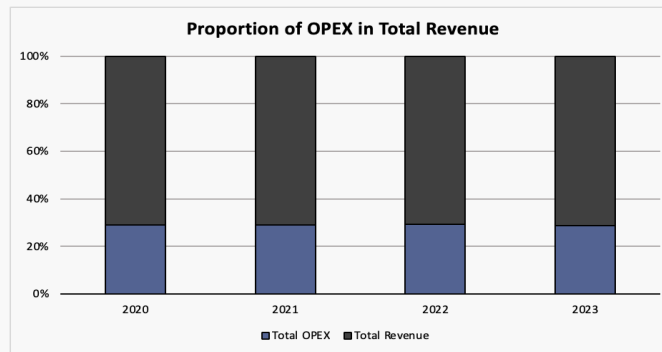
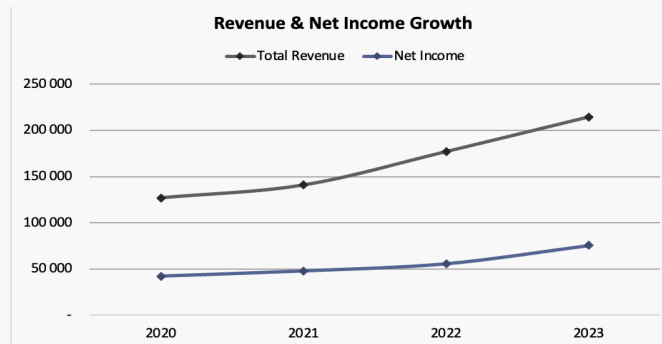
Income Statement



	2020		2021		2022		2023		Average Growth
Revenue	126 946,0		140 800,0		176 954,0		214 490,0		
Other revenue									
Total Revenue	126 946,0	100%	140 800,0	100%	176 954,0	100%	214 490,0	100%	
<i>Revenue Growth</i>	/		11%		26%		21%		19%
Cost of sales (COGS)	20 932,0	16%	23 658,0	17%	28 448,0	16%	34 013,0	16%	
Gross Profit	106 014,0	84%	117 142,0	83%	148 506,0	84%	180 477,0	84%	
SG&A	36 886,0	29%	41 058,0	29%	50 684,0	29%	58 063,0	27%	
R&D	15 462,0	12%	17 199,0	12%	23 287,0	13%	29 308,0	14%	
D&A		0%		0%		0%		0%	
Other operating expense/(income)	(460,0)	0%	(456,0)	0%	(1 085,0)	-1%	(600,0)	0%	
Total OPEX	51 888,0	41%	57 801,0	41%	72 886,0	41%	86 771,0	40%	
Operating Income	54 126,0	43%	59 341,0	42%	75 620,0	43%	93 706,0	44%	
Interest income	337,0	0%	231,0	0%	239,0	0%	239,0	0%	
Interest expenses	(390,0)	0%	(289,0)	0%	(378,0)	0%	(378,0)	0%	
Other non-operating income/(loss)	(943,0)	-1%	(203,0)	0%	(6 419,0)	-4%	(197,0)	0%	
Pretax Income	53 130,0	42%	59 080,0	42%	69 062,0	39%	93 370,0	44%	
Income tax expense	10 992,0	9%	11 323,0	8%	13 537,0	8%	18 058,0	8%	
Profit from continuing operations	42 138,0	33%	47 757,0	34%	55 525,0	31%	75 312,0	35%	
Earnings of discontinued operations		0%		0%		0%		0%	
Net Income to Company	42 138,0	33%	47 757,0	34%	55 525,0	31%	75 312,0	35%	
Minority interest		0%		0%		0%		0%	
Net Income	42 138,0	33%	47 757,0	34%	55 525,0	31%	75 312,0	35%	
<i>Net Income Growth</i>	/		13%		16%		36%		22%

In million €

Income Statement



Balance Sheet



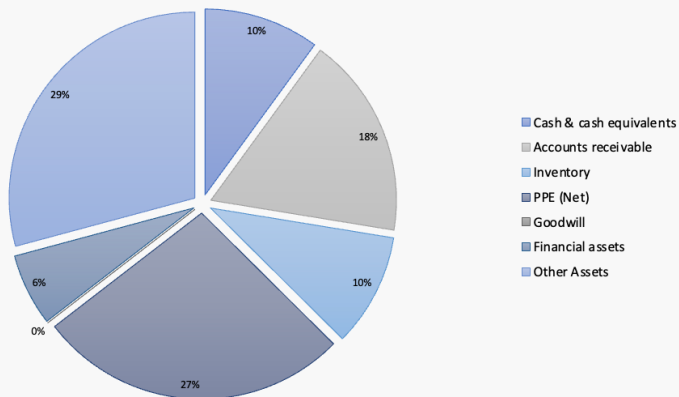
Assets									Liabilities and Equity																
	2020			2021			2022			2023				2020			2021			2022			2023		
-Current Assets	65 809,0	45%		85 595,0	44%		108 194,0	45%		142 199,0	47%		-Current Liabilities	70 273,0	48%		99 516,0	51%		120 940,0	50%		172 552,0	57%	
Cash & cash equivalents	12 757,0	9%		10 720,0	6%		12 653,0	5%		30 144,0	10%		Accounts payable	5 717,0	4%		8 870,0	5%		15 587,0	6%		20 106,0	7%	
Short term investments		0%		6 765,0	3%		10 921,0	5%		17 451,0	6%		Short term debt	6 684,0	5%		12 862,0	7%		69 657,0	29%		6 613,0	2%	
Accounts receivable	27 734,0	19%		40 643,0	21%		50 560,0	21%		52 602,0	18%		Cur. portion of LT debt	775,0	1%		822,0	0%		986,0	0%			0%	
Other receivable	4 450,0	3%		6 156,0	3%		6 945,0	3%		9 362,0	3%		Other current liabilities	57 097,0	39%		76 962,0	40%		34 710,0	14%		145 833,0	49%	
Inventory	18 536,0	13%		19 621,0	10%		24 388,0	10%		29 534,0	10%														
Prepaid expenses		0%			0%			0%			0%		-Long Term Liabilities	11 324,0	8%		24 246,0	12%		36 831,0	15%		34 558,0	12%	
Other current assets	2 332,0	2%		1 690,0	1%		2 727,0	1%		3 106,0	1%		Long term provisions	3 901,0	3%		9 858,0	5%		11 366,0	5%		8 498,0	3%	
													Long term debt	2 897,0	2%		9 654,0	5%		20 775,0	9%		19 924,0	7%	
-Long Term Assets	79 113,0	55%		108 913,0	56%		133 063,0	55%		157 902,0	53%		Other LT liabilities	4 526,0	3%		4 734,0	2%		4 690,0	2%		6 136,0	2%	
PPE (Gross)	86 686,0	60%		95 887,0	49%		111 426,0	46%		81 461,0	27%														
Depreciation	(36 417,0)	-25%		(40 525,0)	-21%		(44 755,0)	-19%			0%														
PPE (Net)	50 269,0	35%		55 362,0	28%		66 671,0	28%		81 461,0	27%														
Goodwill		0%		4 346,0	2%		5 092,0	2%			0%														
Other intangible assets	20 657,0	14%		38 825,0	20%		46 324,0	19%		55 726,0	19%														
Investment property	1 648,0	1%		1 441,0	1%		1 343,0	1%		1 471,0	0%														
Financial assets	5 865,0	4%		8 672,0	4%		13 427,0	6%		18 814,0	6%														
Other long term assets	674,0	0%		267,0	0%		206,0	0%		430,0	0%														
										</															

In Million €

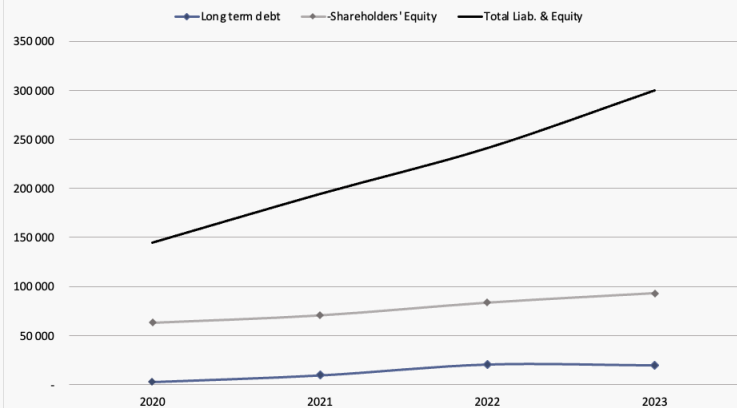
Balance Sheet



Assets' Weight (TTM)



LT Debt & Equity



Cash Flow Statement



	2020	2021	2022	2023		2020	2021	2022	2023
Net Income	42 138,0	47 757,0	55 525,0	75 312,0	ST Debt Issued				95,0
D&A	4 307,0	4 245,0	4 954,0	6 048,0	LT Debt Issued	5 682,0	22 160,0	11 215,0	-
Amort of Goodwil & Intangibles	1 096,0	866,0	1 404,0	1 404,0	ST Debt Repaid				
Stock based compensation	823,0	1 040,0	1 539,0	1 539,0	LT Debt Repaid	(950,0)	(6 689,0)	(13 623,0)	(1 336,0)
Other Operating Activities	7 544,0	9 150,0	19 484,0	23 708,0	Issuance of Com. Stock				
Change in acc. Receivable	(2 822,0)	(12 909,0)	(9 917,0)	(9 917,0)	Repurchase of Com. Stock	(16 855,0)	(19 447,0)	(24 086,0)	(27 702,0)
Change in Inventories	(895,0)	(1 085,0)	(4 767,0)	(4 767,0)	Com. Dividends Paid	(20 121,0)	(21 517,0)	(25 303,0)	(31 767,0)
Change in acc. Payable	(641,0)	3 153,0	6 717,0	6 717,0	Special Dividend Paid			-	-
Change in Unearned Revenue					Other Financing Activities				
Change in other Net Op. Assets	401,0	2 783,0	3 948,0	6 414,0					
Cash From Operations	51 951,0	55 000,0	78 887,0	106 458,0	Cash From Financing	(32 244,0)	(25 493,0)	(51 797,0)	(60 710,0)
CAPEX	(5 825,0)	(6 335,0)	(12 146,0)	(21 360,0)	Net Change in Cash	(2 729,0)	(2 098,0)	2 172,0	2 723,0
Cash Acquisitions		(18 283,0)	(7 075,0)	(7 075,0)					
Divestitures					Free Cash Flow	29 515,0	23 395,0	53 969,0	63 433,0
Invest. In Securities	(380,0)	(5 941,0)	(3 090,0)	(7 317,0)					
Net Decrease (Incr.) in loans									
Other Investing Activities	(16 231,0)	(1 046,0)	(2 607,0)	(7 273,0)					
Cash From Investing	(22 436,0)	(31 605,0)	(24 918,0)	(43 025,0)					

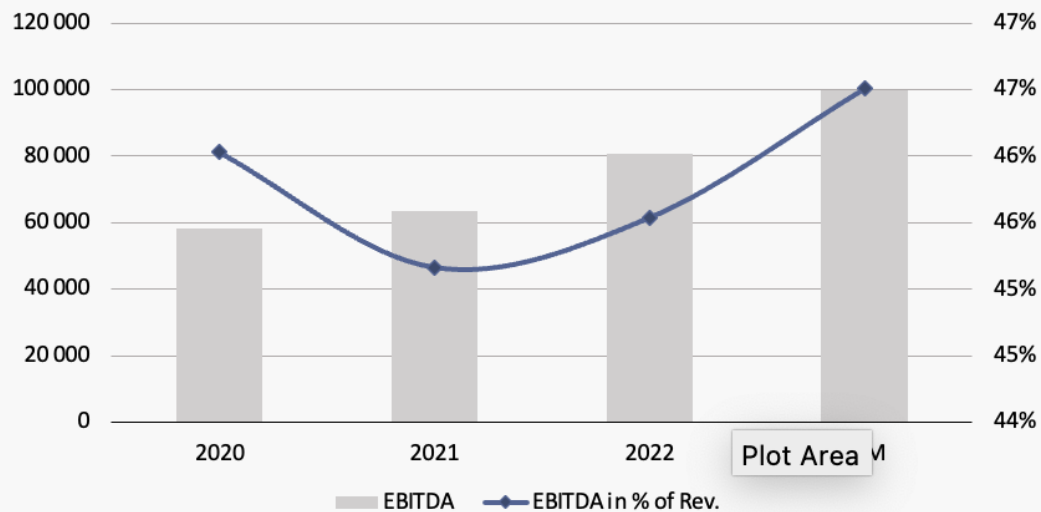
In Million €

Ratios



EBITDA	58 433	63 586	80 574	99 754
EBITDA in % of Rev.	46,03%	45,16%	45,53%	46,51%
EBIT	54 126	59 341	75 620	93 706
EBIT in % of Rev.	42,64%	42,15%	42,73%	43,69%

EBITDA & EBITDA Margin

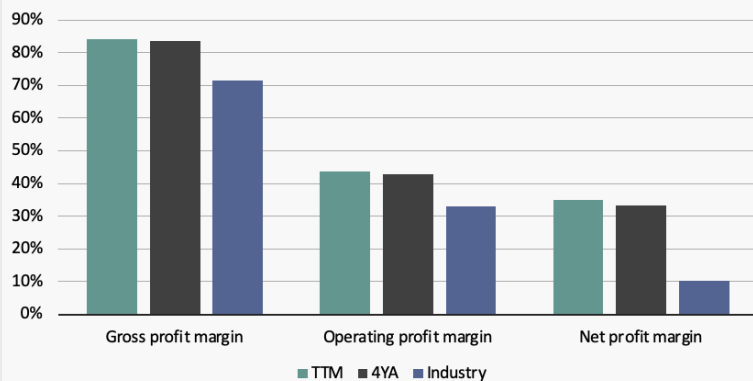


Ratios



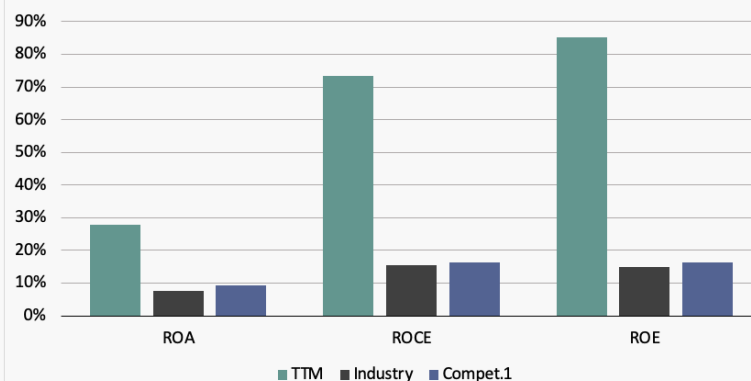
Margin Ratios	TTM	4YA	Industry
Gross profit margin	84,14%	83,69%	71,42%
Operating profit margin	43,69%	42,80%	32,90%
Net profit margin	35,11%	33,40%	10,22%

Margin Ratios : TTM vs 4YA vs Industry



Profitability Ratios	TTM	Industry	Compet.1
ROA	27,82%	7,62%	9,20%
ROCE	73,47%	15,54%	16,30%
ROE	85,35%	15,06%	16,30%

Profitability Ratios



Ratios



Liquidity Ratios	2020	2021	2022	TTM	Trend	Competitors
Current ratio	0,94	0,86	0,89	0,82		1,12
Quick ratio	0,58	0,58	0,61	0,58		0,66
Cash ratio	0,18	0,18	0,19	0,28		0,36

Solvency Ratios	2020	2021	2022	TTM	Trend	Competitors
LT Debt to Equity	5%	14%	25%	21%		63,66%
Debt to Equity	16%	33%	110%	29%		81,82%
Debt to Capital	14%	25%	52%	22%		43,22%
Debt to Assets	7%	12%	38%	9%		61,22%
Debt to EBITDA	18%	37%	113%	27%		140,68%

07 Valuation

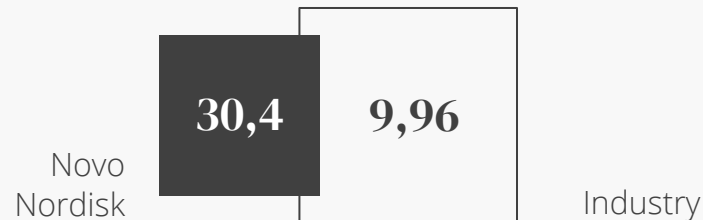
Market valuation



Market cap (in B \$)



EV/EBITDA



P/E ratio

Novo Nordisk	55,08	19,7	Merck
Sanofi	12,76	27,85	Novartis

08

Chart Analysis

Chart analysis



Chart analysis



Chart analysis



Our suggestions



09 Consensus Analysis

Consensus analysis



NOVOB DC DKK **694.8** **+1.3** C694.7 / 694.9C 369 x259
 At 12:30 d Vol 700,023 O 700.0C H 700.0C L 693.0C Val 487.655M

NOVOB DC Equity Actions Alert Export

Analyst Recommendations

Novo Nordisk A/S

Consensus Rating

Buy 56.3%

Holds 28.1%

Sells 15.6%

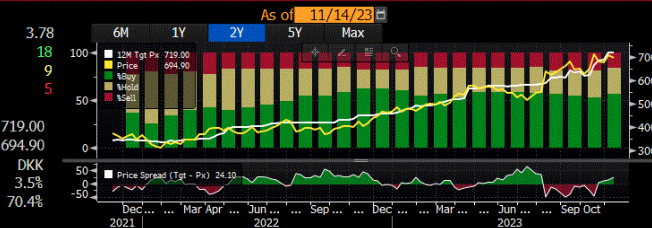
12M Tgt Px 31/34

Last Price

Pricing Currency

Return Potential

LTM Return



Showing 32 of 35 sources

	Firm	Analyst	Recommendation	Tgt Px	Date	1 Yr Rtn	BARR	Rank
1	Jyske Bank	Henrik Hallengreen	hold	745.00	11/14/23	20.02%	4	
2	Citi	Peter Verdult	buy	815.00	11/14/23	75.32%	1	10
3	Societe Generale	Florent Cespedes	sell	450.00	11/13/23	-75.32%	4	
4	Morgan Stanley	Mark Purcell	Overwt/In-Line	730.00	11/13/23	75.32%	1	
5	ABG Sundal Collier	Morten Larsen	buy	860.00	11/13/23	75.32%	1	9
6	SEB Bank	Martin Parkhoi	buy	835.00	11/13/23	75.32%	1	
7	Stifel	Eric Le Berrigaud	buy	800.00	11/13/23	75.32%	1	6
8	Oddo BHF	Martial Descoutures	outperform	800.00	11/13/23	68.21%	2	
9	Redburn Atlantic	Simon Baker	neutral	530.00	11/13/23	0.00%	5	
10	Jefferies	Peter Welford	underperform	430.00	11/12/23	-75.32%	13	
11	Nordea Bank	Michael Novod	buy	792.00	11/12/23	75.32%	1	7
12	Guggenheim	Seamus Fernandez	buy	800.00	11/12/23	75.32%	1	14
13	Cowen	Michael Nedelcovych	outperform	744.00	11/12/23	75.32%	1	1
14	DNB Markets	Rune Majlund Dahl	hold	750.00	11/12/23	57.00%	3	2
15	Barclays	Emily Field	overweight	825.00	11/12/23	75.32%	1	
16	BNP Paribas Exane	Dr Richard J Parkes	neutral	720.00	11/07/23	0.00%	5	
17	JP Morgan	Richard Vossler	overweight	800.00	11/06/23	75.32%	1	
18	Carnegie Group	Jesper Ilsoe	buy	785.00	11/06/23	75.32%	1	12
19	Nykredit Bank	Michael Droeschner	hold	750.00	11/06/23			
20	Svenska Handelsba	Mattias Haggblom	market perform		11/03/23	-17.31%		
21	DZ Bank AG Resear	Elmar Kraus	sell	596.00	11/03/23	-8.90%		15
22	Intron Health	Nareesh Chouhan	buy	800.00	11/03/23	75.32%	1	3
23	Deutsche Bank	Emmanuel Papadak	buy	775.00	11/02/23	75.32%	1	8
24	Morningstar	Karen Andersen	sell	475.00	11/02/23	-75.32%		

10 Risks & Opportunities

Risks

- The unknown consequences of Wegovy in the long term future
- Competition which could increase from Eli Lilly which displays remarkable results
- A risk of regulation which may increase especially in the pharmaceutical field

Opportunities

- Huge market that can still be exploited
- An increased conquest of the European market with the marketing of the drug Wegovy
- Countries like developing ones are spending more and more on medical aids and this could be very profitable for the company

Current Price

91,5€



Take profit

105 €

+15%



Stop Loss

84 €

-8%



The background of the slide is a grayscale photograph of the New York Stock Exchange (NYSE) facade. The image shows the ornate classical architecture with large sculptures of figures on the pediment and the words "NEW YORK" visible on the lower part of the building.

Let's Discuss