



# Novo Nordisk Stock Pitch



## Firm Summary

<u>Key figures</u>  Market cap: \$470.4B  Revenue 2023 TTM: \$30.98B  DIVIDEND : 1.77% (5Y average)  EMPLOYEES: 59,000+	<u>Global Presence</u>  16 production sites in nine countries  10 research and development centers in five countries  168 countries where products are sold
<u>Products and Services</u>  Roughly a third of the global diabetes market, largest manufacturer in the world.  Also have a biopharmaceutical department that make up roughly 10% of revenue	<u>Purpose and Sustainability</u>  Consistent reduction in CO2 emissions compared to 2019  Reaching 41,000 children in Changing Diabetes in children program

## Novo Nordisk Story



Novo Nordisk was founded in 1923 in Denmark, with a mission to deliver solutions that improve the lives of people with diabetes. They were the first company to produce insulin, which is essential for the regulation of blood sugar levels in people with diabetes. Today, Novo Nordisk's products are used by millions around the world and have saved countless lives. The companies groundbreaking research has resulted in their stock price quadrupling in the last 5 years.

### 'Ozempic Maker Novo Nordisk Invests \$2.3 Billion in France Site'



Novo Nordisk recent announcement, \$2.3 billion investment in production site, to keep up with product demand. Construction expected to be completed between 2026-2028.

### 'Wegovy and Ozempic are being tested to treat addiction and dementia'



Already evidence to suggest GLP-1 drugs can reduce buildup of amyloid and tau, two proteins thought to be responsible for Alzheimer's disease.

Several years of trial data point to GLP-1 medication being efficient in reducing drug and alcohol intake in animals.

### Business direction

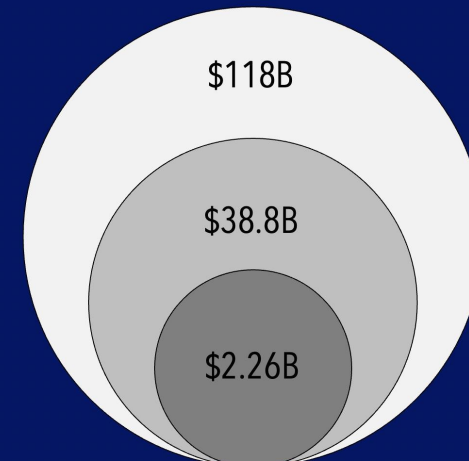
- Transform 70% of sales in the US, Ozempic 2.0 recently approved in the US
- Establishing presence in other chronic diseases
- Deliver free cash flow to enable attractive capital allocation to shareholders



\$ 118B Projected worth of diabetes market (2032)

\$ 38.8B Untapped sales potential in diabetes market

\$ 2.26B Research and Development Investments





# ESG – 24.1 rating (Top 15% of its peers)

<b>Environmental</b>	<b>Carbon emissions from Operations and Transportation decreased by 29% Compared to 2019</b>	<b>Operational waste management</b>
<b>Social</b>	<b>Providing medical treatment to 36.3 million with diabetes</b>	<b>Reaching more than 41,000 children in Changing Diabetes® in Children programme</b>
<b>Governance</b>	<b>Responsible sourcing standards</b>	<b>Patient safety and product quality</b>

SWOT analysis

Strengths	<ul style="list-style-type: none"><li>- Leading position in diabetes care.</li><li>- Robust research and development capabilities.</li><li>- Global presence and diverse product portfolio.</li></ul>
Weaknesses	<ul style="list-style-type: none"><li>- Intense competition in the pharmaceutical industry.</li><li>- Pricing pressures affecting profitability.</li><li>- Dependency on diabetes-related products.</li></ul>
Opportunities	<ul style="list-style-type: none"><li>- Expansion of product portfolio beyond diabetes.</li><li>- Entry into new therapeutic areas.</li><li>- Growing global demand for healthcare.</li></ul>
Threats	<ul style="list-style-type: none"><li>- Increased competition from generics.</li><li>- Evolving regulatory landscape.</li><li>- Fluctuations in healthcare policies and reimbursements.</li></ul>

Financials

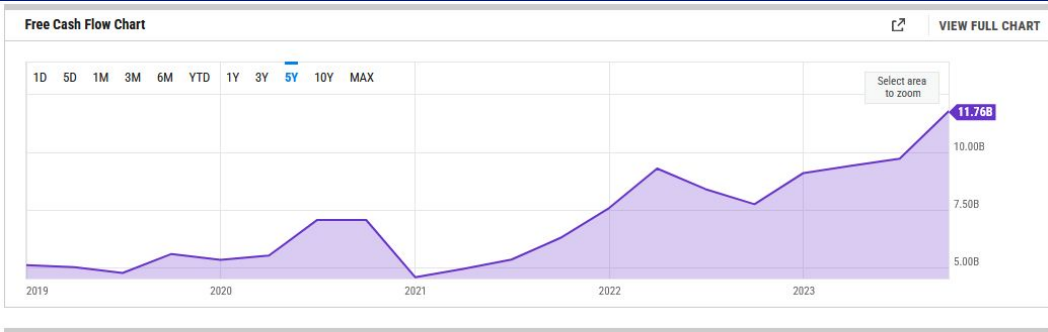
- Novo Nordisk has a current net income of 7.86B. Their total revenue has increased since 2019, with this year's ttm being 214.49B and quarterly revenue growth of 28.90%. Indication of good financial health and increase in profits

	Novo Nordisk	Johnson & Johnson
ROE	90.53%	47.49%
Profit margin	35.11%	35.10%
Current ratio	0.82	0.99
Debt to equity ratio	0.29	0.42

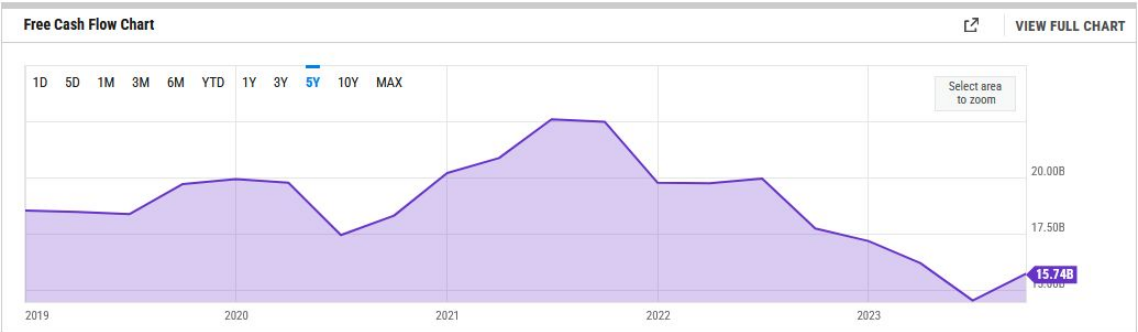
Year	Novo Nordisk EPS	Johnson & Johnson EPS
2023	\$2.86	\$14.09
2022	\$2.17	\$6.83
2021	\$1.99	\$7.93

- Johnson & Johnson ttm revenue is 98.66B, quarterly revenue growth of 6.8%
- Novo Nordisk FCF is currently 11.76B, Johnson & Johnson is 15.74B. Novo Nordisk has seen a steady increase since just before 2023, whereas Johnson & Johnson saw a large decrease within the same time.

NVO



JNJ



## Valuation

	Novo Nordisk	Johnson & Johnson	Eli Lilly and Company
P/E	41.28	28.45	107.22
P/B	34.7	5.12	50.07
EBITDA/EV	22%	9%	1.9%

- Novo Nordisk has a lower P/E than Eli and Lilly company, it is therefore more affordable out of the two
- Eli Lilly and company has the largest P/E, a larger ratio can equal to a company being overvalued
- Novo Nordisk already has multiple weight loss drugs approved for use, their obesity care sales doubling to \$1.2 billion within the first three months of the year



# Technical analysis and price forecast

- Stock price has grown significantly over the course of the calendar year. From approximately 68 – 101 USD per share. It is experiencing an uptrend
- Stock is currently trading well above the support line therefore not a good buy in the short term
- There's potential for the price to return towards the support line
- If so, could represent an opportunity to dollar cost average (DCA) into the stock rather than investing all in
- In terms of forecasts, Analysts offering 12-month price forecasts for Novo Nordisk A/S have a median target of 112.53 USD, with a high estimate of 128.80 USD and a low estimate of 50.84. The median estimate represents a +10.32% increase from the latest price of 102.00 USD





Possible risk and causes of volatility

Firms Beta

Risks

Beta 5Y monthly – 0.2, a good sign for a more conservative investment, however the company's recent growth in stock price make some analysts believe the company is in a hype cycle.

Mitigants

Continuous increases in revenue will retain shareholder confidence. Also, FED decreasing interest rates may result in capital moving back into the market.

Largest Competitor Eli Lilly

Risks

Novo Nordisk is number two compared to Eli Lilly in terms of market cap. This month, Eli Lilly recently had FDA approval for their weight loss drug ‘Zepbound’.

Mitigants

Novo Nordisk has an advantage on regulation with their product being approved since 2021. Giving them a 2-year advantage on market development in US.

Patient dependency on products and side effects

Risks

Obese people using products like Wegovy, can become reliant on the drug, which can lead to patients not exercising. This can cause other health problems in older years such as muscle atrophy.

Mitigants

Government are recommending prescribers to advocate exercise and dieting with prescription

Conclusion and recommendation

**Conclusion- Scalability**

Moving into different product areas by using their tools such as, capital, R&D and production resources. Also dominant in fast growing markets.

**Conclusion- Competitive advantage**

Novo Nordisk’s PE ratio is around 2.5x time lower than main rival Eli Lilly. Novo Nordisk are number 1 in market share.

**Conclusion- ESG**

Heading in the right direction to become net zero.

**Conclusion- Financials**

29% increase in sales YoY. Analysts predict 19.3% increase in 2024 sales



Recommendation

Buy- £3,500 Investment (DCA)

Buy price - \$100

Timeframe – 6 months-2 years

Potential earnings – 7%-20%

# “Thank you”

