

Initiating Coverage:

Novo Nordisk (\$NVO)

Matter of Wits: Looking to Demonstrate Persistence in a New Norm

Key Take-away: Novo Nordisk finds itself in a challenging position. The company just recently endured a leadership transition as Lars Fruergaard Jørgensen announced his departure from the firm at the end of May of this year. Maziar Mike Doustdar was announced as the new CEO at the start of August, and he faces several threats including a growing prevalence in compounded GLP-1 drugs, rising competitive pressures as Eli Lilly and Co continues to capture market share, and a sharp decline in company stock price. The issue of compounded GLP-1 drugs for diseases such as diabetes and type-2 obesity impacts both Novo and Eli Lilly. The two major pharmaceutical companies falter in keeping up with the growing demand as they face supply shortage obstacles for their renowned products, Ozempic and Mounjaro respectively. Additionally, Novo shares have dropped 61% YTD even after strong H1 performance on paper, reflecting investor sentiment in the company's ability to navigate this new norm, with shares currently trading at ~56.93 USD. CEO Maziar Doustdar aims to swing the pendulum back towards growth through continued strategic partnerships and other organizational changes.

Leaning on Biotech Startup Innovation: Novo inked a new drug deal with emerging biotech startup, Replicate, in late August in hopes of accelerating the development for medicines for cardiometabolic diseases. Under this partnership, Novo will provide research funding and up to \$550M in milestone-based payments. Novo will also capitalize on the opportunity to use Replicate's self-replicating RNA (srRNA) technology to commercialize lead programs. In the near-term, this deal will show up as a drag on the income statement with an increase in R&D expense. This negative impact on EPS comes at a critical time as management lowered performance expectations as of August 6, 2025, now expecting 2025 sales growth of 8% to 14% at constant exchange rates (CER), from a prior outlook of 13% to 21%. In their recent investor presentation, the company also now expects the range for Free Cash Flow to fall between DKK 35 to 45 billion as opposed to earlier expectations suggesting DKK 56 to 66 billion for the year. The drop in expectation stems from lower expectations for Wegovy and Ozempic. Consequently, it is expected that Novo's flexibility regarding liquidity needs and ability to absorb shocks will become somewhat tighter. Still, CEO Maziar Doustdar is optimistic that upon successful therapy development from Novo's new partnership with Replicate, the short-term R&D hit will transform into a top-line driver over the long term as the company will accumulate new revenue streams. This drug deal expands from Novo's continued investment in RNA technology, including a \$3.3 billion purchase of Dicerna Pharmaceuticals, specialist in RNA interference drugs, and last year's \$1B purchase of Cardior, as they look to improve cardiovascular disease management.

Seeking Rebound through major Restructure: As Novo CEO Maziar Doustdar looks to protect 2026 margins, the company disclosed restructuring and cost-reset plans in September 2025 including job-cuts. Doustdar understands that the strong H1 performance from his company's income statement does not provide the complete



Consortium Research Group
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Stock Rating Overweight

Price Target: \$67.00

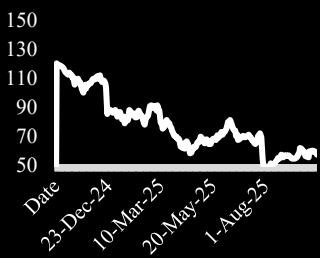
Price: \$56.93

Potential Upside/Downside: 17.7%

Ticker: \$NVO

Market Cap: \$203.1b
Shares Outstanding: 3.36b
Free float (%): 94.6%
Dividend Yield (%): 3.79%

1 Year History



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picture. In its earnings report, the company reported a first-half sales increase from 18% CER to DKK 154.9 billion and operating profit increased 29% to DKK 72.2 billion. Net profit also jumped 22% to DKK 55.5 billion. Management reported that H1-2025 benefitted from one-time boost gross-to-net adjustments that will not repeat. The company further explained that operating profit in 2024 took a hit because of a one-off R&D impairment that reduced growth by 6 percentage points. Novo ended an ocedurenone (CKD) program in 2024 after a failed outcome and recorded an impairment of about DKK 5.7bn. Furthermore, Novo shares have dropped 61% YTD, and trackers including the S&P Global expect Eli Lilly and Co. to overtake Novo in GLP-1 leadership reinforcing investor worries regarding company growth. Eli Lilly has demonstrated strong momentum this year with their lead program Zepbound recording about 419k weekly U.S. prescriptions compared to just about 282k for Novo's Wegovy, giving Lilly the lead in current U.S. obesity scripts. Eli Lilly also reported that their other drug Mounjaro's revenue increased +68% YoY. To initiate the company's rebound, Novo CEO Doustdar announced plans to lay off more than 9,000 workers. The move is expected to save Novo Nordisk \$1.26 billion by end of 2026. Doustdar says the layoffs will help the company become more agile as the Novo faces increased competition in the obesity market and a declining stock price.

Valuation: We initiate coverage with a \$67 PT and an **Overweight** rating.

Company Overview

Novo Nordisk is a global pharmaceutical company headquartered in Denmark. Novo is a leader in the GLP-1 drug market with a market capitalization of \$203 billion. The firm's most notable drugs are Ozempic, Rybelsus, and Wegovy. Novo specializes in two primary segments raking in \$39.4 billion in sales for 2024 in its diabetes and obesity segment and another \$2.7 billion in its rare disease segment. While its direct competitor is Eli Lilly & Co., which is the firm that places the most pressure on Novo, other notable competitors include AstraZeneca PLC, Novartis AG, and Sanofi S.A. With new CEO of the firm, Maziar Doustdar leading the way, the firm is optimistic about overtaking Eli Lilly to reclaim the top provider spot of the semaglutide medicine prescription.

Committed to Innovation and Operational Excellence: One of Novo's most outstanding qualities is its continued investment in new drug therapies and ability to scale. Novo reinvests heavily into R&D as this expense makes up 14% of the company's revenue and totaled roughly \$7 billion in 2024. The company is willing to bet on themselves and take a hit in R&D expense in the short term to set themselves up for long-term success, driving up its intrinsic value. This is evident in the company's new partnerships with bio-tech startup Replicate as well as artificial intelligence leaders Nvidia and Danish Center for Artificial Intelligence.

Vertically Integrated Business: Novo develops and produces its own active ingredients like insulin and semaglutide rather than outsourcing them. On top of that, the company has seen great success operating as a vertically integrated business, overseeing all aspects of the supply chain and taking full control over cost efficiency and pricing power. As a result, the industry median for operating margin is 4.7%; however, Novo saw a 47.8% operating margin for the year 2024, making them an industry leader in efficiency.

Industry Overview

Growth and Versatility of GLP-1 Drugs: The use of GLP-1 drugs are increasing from both pharmaceutical companies and customers for the treatment of diabetes and weight loss. The drugs are becoming more versatile and even equipped to be suitable for reducing the risk of various heart diseases. Research over the past decade has provided measurements highlighting the drug's ability to lower A1C, blood pressure, inflammation, and total cholesterol. Additionally, this rapid increase in GLP-1 drug applications is largely due to the success of the growing DTC marketing, which is also expected to be the fastest growing end-user channel. Further, the GLP-1 drug market is expected to grow from \$48.3 billion in 2024 to \$121.1 billion by 2034 according to Towards Healthcare, which reflects a CAGR of 9.63%. In 2024, the largest share of the GLP-1 drug market was assumed by Novo's semaglutide prescriptions including Ozempic, Wegovy, and Rybelsus, taking up forty-nine percent. With the growing incidence of Type 2 Diabetes and overall weight gain, the demand for these lead programs are expected to grow even more.

The AI Takeover: Artificial intelligence has seemingly found its place in almost every industry including the GLP-1 drug market. AI tools are rapidly transforming the way pharmaceutical companies operate from the discovery phase through the commercialization of lead programs. These tools analyze real-world Electronic Health Record (EHR) data, and identify patterns in adherence, side effects, and discontinuation, which enable smarter and more efficient trials. Alicia Abella, who is the AI Product Lead at Novo Nordisk stated that the company is effectively using AI to reduce the time-to-market for campaigns by allowing GenAI to automate ad copy variations, create short video content, and support early-stage creative development. Because of AI's profound and multifaceted impact, Novo has forged several partnerships with leading AI using Microsoft's Azure AI to scale predictive modeling across cardiovascular risk, metabolic pathways, and GLP-1 efficacy, as well as Nvidia's BioNeMo, NeMo, and NIM platforms to accelerate early-stage research and clinical

development. Furthermore, Novo has access to Nvidia's Gefion sovereign AI supercomputer which is said will help the company run experiments at an unprecedented scale.

Consumers Despise the Needle: Studies show that a significant number of type 2 diabetes patients are reluctant to take needle-based injections. One finding that conducted face-to-face interviews with patients examined the prevalence of primary non-adherence with insulin revealing that 47% of patients delayed their insulin treatment, and 35% of those who delayed treatment reported needle phobia due to fear of pain. Because of this shared commonality of being uncomfortable with taking daily injections, there has been a shift from pharmaceutical companies like Novo Nordisk and Eli Lilly & Co in providing injectable GLP-1s to oral incretin therapies. A successful transition to being able to provide oral treatment will potentially reshape the entire GLP-1 drug market. Many of the oral small-molecule GLP-1s are moving through late-stage trials and await FDA approval. It is important to mention that not all oral treatments will make it. Pfizer discontinued its danuglipron program, a GLP-1 drug receptor, due safety concerns. Therefore, companies like Novo must be proactive in ensuring tolerability and investing in long-term safety studies to maintain regulatory confidence and patient trust as the GLP-1 class expands.

Peer Comparisons

Comparable Companies					
\$mm					
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
Novartis AG (SWX:NOVN)	\$257,264	\$283,039	15.0x	\$55,186	\$23,552
AstraZeneca PLC (LSE:AZN)	\$266,279	\$291,649	19.3x	\$56,501	\$19,128
Eli Lilly and Company (NYSE:LLY)	\$759,233	\$795,324	51.6x	\$53,258	\$24,775
Sanofi (ENXTPA:SAN)	\$119,575	\$127,936	11.7x	\$53,134	\$14,036
Novo Nordisk	\$203,267	\$255,371	15.9x	\$46,042	\$24,778
Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	Yr Rev Growth Rate LF
Novartis AG (SWX:NOVN)	12.0x	76.3%	42.7%	34.8%	13.0%
AstraZeneca PLC (LSE:AZN)	15.2x	82.3%	33.9%	25.4%	15.0%
Eli Lilly and Company (NYSE:LLY)	32.1x	82.6%	46.5%	43.0%	36.8%
Sanofi (ENXTPA:SAN)	9.1x	71.3%	26.4%	20.5%	15.7%
Novo Nordisk	10.3x	84.3%	51.1%	47.7%	20.9%
High	32.10x	84.3%	51.1%	47.7%	36.8%
75th Percentile	15.25x	82.6%	46.5%	43.0%	20.9%
Average	15.76x	79.4%	40.1%	34.3%	20.3%
Median	12.02x	82.3%	42.7%	34.8%	15.7%
25th Percentile	10.31x	76.3%	33.9%	25.4%	15.0%
Low	9.11x	71.3%	26.4%	20.5%	13.0%

Novo Nordisk Relative Valuation					
Implied Enterprise Value (25th Percentile)				\$	255,371
Implied Enterprise Value (Median)				\$	297,769
Implied Enterprise Value (75th Percentile)				\$	377,792
Implied Share Price (25th Percentile)				\$	71.75
Implied Share Price (Median)				\$	84.26
Implied Share Price (75th Percentile)				\$	107.86

Source: CapIQ and Refinitiv

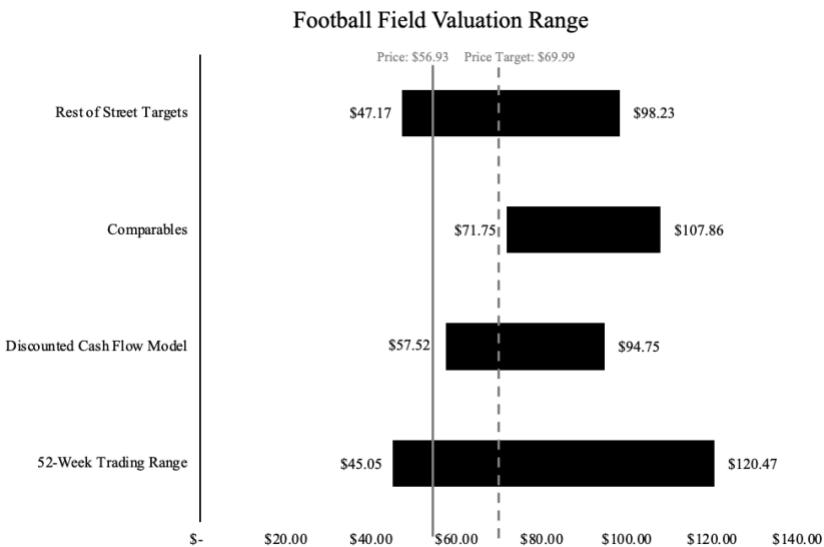
Investment Theses

Large Cap Equity with Small Cap Growth Potential: As Novo's stock price dips 61% YTD after a challenging year consisting of a major executive leadership change and main competitor Eli Lilly and Co. overtaking the media and headlines, declining investor confidence goes without saying. Despite these setbacks, of which every major player in every industry inevitably experiences, Novo's market capitalization as of October 2025 is \$203.4 Billion USD, which ranks them at 40th in the world's most valuable companies according to Companies Market Cap. The fact remains that Novo dominated the incretin-based GLP-1 drugs category for T2D and obesity in 2024. Novo led the category in revenue reporting Ozempic bringing in DKK ~120B and Wegovy DKK ~58B for the year. Novo is already looking forward to protecting themselves for the long term as seen in their recent restructuring announcement to cut back on costs and striking deals with Replicate and Cardior increasing earnings potential in the long run. The pharma company is dedicated to advancing next-gen modalities. While the momentum carried forth by Eli Lilly & Co. presents a real threat, the weight loss market is rapidly evolving and expanding at a rate that can facilitate the growth of both major players. Given Novo's profound expertise and size in the obesity and diabetes markets, a successful rebound will not come as a surprise as the opportunity exists now for investors to capitalize off the sharp decline in stock price.

Oral GLP-1 Expands TAM: Novo Nordisk is on track for extended coverage of their Wegovy program. Senior Vice President of Clinical Development, Medical & Regulatory Affairs at Novo, Anna Windle stated that we are in a new era of obesity care where patients prioritize individualized treatments plans and yearn for optionality. Because of this prevalent desire, Novo pushed forward plans to provide semaglutide 25 mg in the form of a pill, which would serve as the first oral GLP-1 treatment for weight-loss. The latest update regarding the oral treatment is that the FDA has accepted the pharma company's filing application. The FDA action date to decide on the Wegovy oral approval will be in Q4 2025. In a September 17 press release, Novo found that during the 64-week mark in Novo's Oasis 4 trial, oral Wegovy participants, who were given the actual treatment, achieved an average weight loss of 16.6% versus just 2.7% average weight loss for patients on placebo. It was also found that "34.4% of patients who took Novo's oral obesity option as prescribed lost 20% or more of their body weight, versus 2.9% of patients in the trial's control arm." It is also worth noting that main competitor Eli Lilly and Co. is also in the race for providing an oral GLP-1 treatment; however, much evidence points toward Novo currently leading the way as Eli Lilly has yet to file an application. Novo's Chief Scientific Officer and Executive Vice President of R&D, Martin Lange stated that Novo is manufacturing the oral pill ahead of FDA approval. Therefore, Novo has already established their competitive positioning in meeting the expected sizeable demand. This hopeful oral option for the pharma giant may amplify sales as needle-averse patients are accounted for.

Price Target & Valuation

Our analysis gives (\$NVO) a price target of \$69.99 and an Overweight rating.



Potential Downsides to Our Rating

Execution Risk for Partnership Success: Contributing significantly to our Overweight rating is our confidence in Novo's ability to maximize their recent partnerships to set the company up for long term success. However, the firm has had more than one instance where a new partnership failed including an April 2025 collaboration with Hims & Hers, of which they discontinued the partnership within less than two months. Novo's leadership stated that Hims & Hers began selling fake versions of its leading weight-loss drug, Wegovy, and attempted to disguise these sales as personalization. Further adding to the point, Novo takes pride in driving up R&D expenses in hopes of accumulating new revenue streams and betting on itself to be the number one GLP-1 drug provider. As a result, the pharmaceutical company's success hinges on its ability to choose the right license agreements and to optimize this access to new resources for sustained growth.

FDA Rejection: Novo is currently behind direct rival competitor Eli Lilly & Co. after a great year for Eli Lilly's Mounjaro drug for type 2 diabetes and Zepbound drug for weight-loss, enabling the firm to capture a market capitalization of just under \$800 billion. Attempting to get the tables to turn, Novo launched at the opportunity to be the first to fuel the growing demand for an oral weight-loss solution drug by submitting a filing application to the FDA. However, if the FDA declines Novo's application, the firm's chances to completely reclaim

Our Price Target: \$70.00

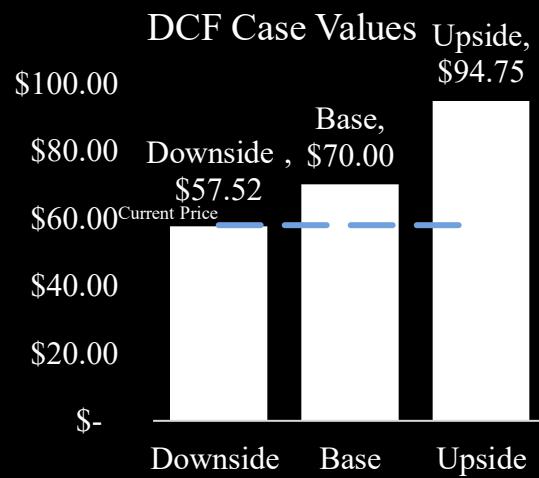
Our PT is based on the assumption that new CEO Maziar Doustdar can realign the company's strategic focus and operational efficiency given the new flexibility from the employee layoffs in addition to maintaining the company's long-term innovation advantage through its commitment to disciplined R&D spending

Our Upside Case: \$94.75

Our upside case assumes FDA approval of the oral semaglutide weight-loss pill and that Novo will capitalize on its partnerships with Replicate and leading AI companies, Nvidia and Microsoft, to create and sustain new revenue streams, help maximize cost efficiency, and achieve an unprecedented scale

Our Downside Case: \$57.52

Our downside case is that Eli Lilly continues seeing significant growth in its drug programs Zepbound and Mounjaro, and the FDA rejects Novo's filing application for its oral weight-loss semaglutide in the midst of an increasingly crowded GLP-1 drug market



the top GLP-1 drug provider spot dwindles significantly. The matter becomes considerably worse if Eli Lilly's eventual application gets accepted first. It is also true that an FDA setback could trigger investor skepticism about Novo's growth ceiling and execution, which may compress multiples and drive down company stock price. Meanwhile, Eli Lilly would likely absorb the momentum and reinforce its narrative as the category's innovation leader.

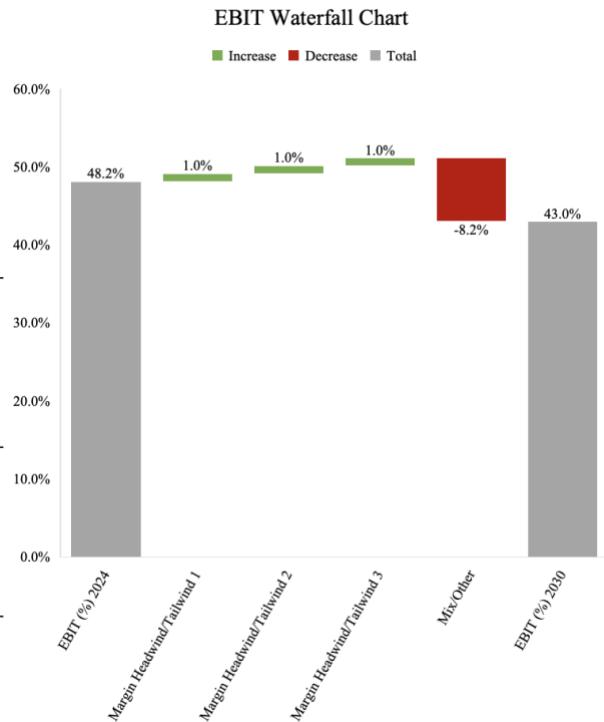
Operational Bottlenecks: Novo must be able to sustain its supply chain management in a market filled with demand fluctuations, resource shortages, geopolitical instability, trade disputes, and local manufacturing requirements. GLP-1 demand has outpaced supply several times already, creating shortages and elevating costs. This issue ties together with the rise of compounded GLP-1 drugs as these lower-quality versions capitalize on opportunities when major players like Novo and Eli Lilly fall short in their supply. Production delays are another problem that Novo has experienced in the past as the company had three fires in June 2024 alone across its facilities, with one impacting company headquarters, and a fourth in July 2024. The company is mindful of these challenges and emphasized that careful planning and management of production capacity and supply chain will help mitigate these risks.

Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	43,560	54,451	60,985	67,845	74,969	19.8%
EBITDA	22,225	27,225	33,542	36,687	39,846	21.5%
EBIT	20,982	25,592	31,712	34,601	37,485	21.3%
NOPAT	6,470	7,184	9,312	12,556	17,051	38.1%

Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	51.0%	50.0%	55.0%	54.1%	53.2%	52.6%
EBIT Margin	48.2%	47.0%	52.0%	51.0%	50.0%	49.6%
Revenue Growth	25.0%	25.0%	12.0%	11.3%	10.5%	16.8%
EBIT Growth	33.6%	22.0%	23.9%	9.1%	8.3%	19.4%

Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	14.5x	9.4x	7.6x	7.0x	6.4x	9.0x
EV/Sales	4.8x	3.9x	3.4x	3.1x	2.8x	3.6x
EV/EBITDA	9.5x	7.7x	6.3x	5.7x	5.3x	6.9x
FCF Yield	6.9%	10.6%	13.2%	14.4%	15.5%	12.1%



About \$NVO

Novo Nordisk (\$NVO), founded in 1923, operates as a global pharmaceutical company. It develops, manufactures, and markets therapies for serious chronic diseases such as diabetes, obesity, and others. The company's business segments include diabetes care (insulin, devices, non-insulin therapies), obesity treatments, and medicines for rare diseases; it has headquarters in Denmark, production in multiple countries, and markets in 168+ countries. What makes it unique is its long focus (over 90 years) on chronic disease, its scale in insulin manufacture, and its success in newer GLP-1 medicines such as semaglutide. Novo's primary mission is to "drive change to defeat serious chronic diseases".

Disclosures & Ratings

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Overweight means the analyst team believes the stock price will materially outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months.

Equal Weight means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

DCF Analysis (\$mm)											
Stub	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/30/28	12/30/29	12/31/30
Revenue	19,042	21,120	26,543	34,839	43,560	54,451	58,807	63,070	67,170	71,032	74,583
Revenue Growth	0%	11%	26%	31%	25%	25%	8%	7%	7%	6%	5%
0.00	19,042	21,120	26,543	34,839	43,560	54,451	58,807	63,070	67,170	71,032	74,583
0.00	0	0	0	0	0	0	0	0	0	0	0
0.00	0	0	0	0	0	0	0	0	0	0	0
EBIT	8,119	8,883	11,343	15,705	20,982	25,592	27,639	29,012	30,226	31,254	32,071
EBIT Margin	43%	42%	43%	45%	48%	47%	47%	46%	45%	44%	43%
Tax Expense	1,649	1,698	2,031	3,149	3,930	3,540	3,814	4,091	4,353	4,594	4,811
Effective Tax Rate	20%	19%	18%	20%	19%	14%	14%	14%	14%	15%	15%
NOPAT	6,470.10	7,184.10	9,312.15	12,556.05	17,051.40	22,052.21	23,824.91	24,921.51	25,873.75	26,659.69	27,260.27
D&A	810	818	983	1,061	1,244	1,634	1,764	1,939	2,116	2,291	2,461
Capex	874	950	1,822	3,871	7,075	5,445	5,881	5,834	5,709	5,505	5,221
Changes in NWC	115	(1,194)	(2,570)	(2,836)	(2,410)	(2,723)	(2,940)	(2,680)	(2,351)	(1,953)	(1,492)
UFCF	6,292	8,246	11,043	12,583	13,630	20,963	22,649	23,707	24,631	25,399	25,992
PV of FCF						20,805	21,548	21,047	20,404	19,632	18,746

Weighted Average Cost of Capital (\$mm)		Terminal Value	Terminal Value
		Perpetuity Growth Method	Exit Multiple Method
Market Risk Premium	4.33%	2034 FCF \$25,992	2034 EBIT \$32,071
Beta	0.65	Growth 2.50%	EV/EBIT Exit Multiple 5.5x
Risk Free Rate	4.39%	Terminal Value \$556,546	Terminal Value \$126,390
Cost of Equity	7.16%	PV of Terminal Value \$401,397	PV of Terminal Value \$127,218
Weighted Average Cost of Debt	2.00%	PV of Projection Period \$122,182	PV of Projection Period \$122,182
Tax Rate	13.80%	PV of Terminal Value \$401,397	PV of Terminal Value \$127,218
Cost of Debt	0.01%	Implied TEV \$523,579	Implied TEV \$249,399
Total Equity	\$197,932	(-) Debt \$14,890	(-) Debt \$14,890
Total Debt	\$12,125	(+) Cash \$2,765	(+) Cash \$2,765
Equity/Total Capitalization	99.40%	Implied Equity Value \$511,454	Implied Equity Value \$237,274
Debt/Total Capitalization	0.60%	Basic Shares Outstanding 3,390	Diluted Shares Outstanding 3,390
WACC	7.17%	Implied Share Price \$150.87	Implied Share Price \$69.99
		Upside/Downside 165.00%	Upside/Downside 22.9%
		Implied Exit BF EV/EBIT 16.3x	Implied PGR -11.0%
		Blended Share Price	
		Perpetuity Growth Method 0%	0%
		Exit Multiple Method 100%	100%
		Blended Share Price \$69.99	\$69.99
		Upside/Downside 22.94%	22.94%