



Novo Nordisk A/S ADR (NVO)

Updated February 24th, 2025 by Prakash Kolli

Key Metrics

Current Price:	\$91	5 Year CAGR Estimate:	10.9%	Market Cap:	\$392.23B
Fair Value Price:	\$87	5 Year Growth Estimate:	10.0 %	Ex-Dividend Date:	03/31/25
% Fair Value:	104%	5 Year Valuation Multiple Estimate:	-0.7%	Dividend Payment Date:	04/08/25
Dividend Yield:	2.0%	5 Year Price Target	\$141	Years Of Dividend Growth:	29
Dividend Risk Score:	B	Retirement Suitability Score:	C	Rating:	Buy

Overview & Current Events

Novo Nordisk A/S ADR is a large global pharmaceutical company headquartered in Denmark. The company focuses on two core business segments: Diabetes & Obesity Care and Rare Diseases. The Diabetes & Obesity Care segment manufactures insulin, related delivery systems, oral anti-diabetic products, and products to treat obesity. The Rare Diseases segment manufactures products for hemophilia and other chronic diseases. Novo Nordisk derives ~92% of revenue from diabetes and obesity. The company's products are marketed in 170 countries but approximately 48% of net sales are from North America and the rest is international sales.¹ Total revenue was nearly \$40.7B in 2024.

Novo Nordisk reported excellent full-year results on February 5th, 2025. Companywide sales were up 25% in Danish kroner to 290,403M (\$40,734M) from 232,261 (\$32,579M) and diluted earnings per share ("EPS") rose 22% to 22.63 DKK (\$3.17) from 18.62 DKK (\$2.61) on a year-over-year basis. Diabetes & Obesity sales increased 19% to 206,618M DKK (\$28,982M) driven by increases in Ozempic and Rybelsus (GLP-1), Wegovy (obesity), long-acting insulin, fast-acting insulin, premix insulin, offset by lower sales for Saxenda (obesity), Victoza (GLP-1), and human insulin. The Rare Disease segment sales rose 9% to 18,639M DKK (\$2,614M) caused by rising rare blood and endocrine disorders drugs. Sagroya was launched increasing rare endocrine disorder sales.

The firm's Novo Holdings is acquiring Catalent, a contract manufacturing firm in the U.S. to address lack of capacity. The firm is also expanding its blockbuster GLP-1 and obesity drugs to other indications.

The company raised its outlook to 16- 24% sales growth and 19%- 27% operating profit growth in 2025.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.98	\$2.12	\$2.48	\$2.44	\$2.47	\$2.97	\$3.04	\$3.51	\$2.69	\$3.17	\$3.36	\$5.41
DPS	\$0.73	\$1.41	\$1.14	\$1.27	\$1.23	\$1.30	\$1.47	\$1.60	\$2.06	\$1.61	\$1.84	\$2.58
Shares²	2,548	2,504	2,444	2,394	2,352	2,316	2,303	2,280	4,450	4,460	4,415	4,199

Novo Nordisk should generate sales growth from its portfolio of approved insulin products, Saxenda and Wegovy (obesity), Ozempic and Rybelsus (GLP-1), multiple hemophilia drugs, and Norditropin (growth disorder). According to Novo Nordisk, more than 460 million people around the world have diabetes and the numbers are expected to rise because of an increasingly overweight and aging population. The strategy seems to be working as the firm is quickly growing revenue, earnings, and market share. The company is the market leader in diabetes and obesity care and No. 3 in hemophilia. The two blockbuster GLP-1 drugs have high demand and are being expanded to other indications. We are now forecasting 10% growth in EPS out to 2030 due to new therapy launches, higher volumes, and pricing.

Novo Nordisk has been paying a growing dividend in DKK for 29 years. However, currency effects can influence this consistency when translated to USD. But on average we are forecasting 7% annual growth in the dividend out to 2030.

¹ Novo Nordisk trades as an American Depositary Receipt or 'ADR' on the NYSE. The company reports quarterly earnings in Danish kroner (DKK). This report will use USD at the prevailing exchange rates.

² Share count is in millions. The ADRs had a 2-for-1 stock split on 20 September 2023.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	27.1	23.0	17.2	19.8	20.8	21.8	27.9	39.5	38.5	27.1	27.0	26.0
Avg. Yld.	1.4%	2.9%	2.7%	2.8%	2.5%	2.0%	1.7%	1.2%	2.0%	1.9%	2.0%	1.8%

Novo Nordisk's stock price declined again since our last report on negative sentiment, competition, and political risks. We again lowered our 2024 earnings estimate to consensus. Our fair value multiple is 26X, slightly below the ten-year average. Our current fair value is now \$87. Our 5-year price target is now \$141.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024	2030
Payout	37%	67%	46%	52%	50%	44%	48%	46%	77%	51%	55%	48%

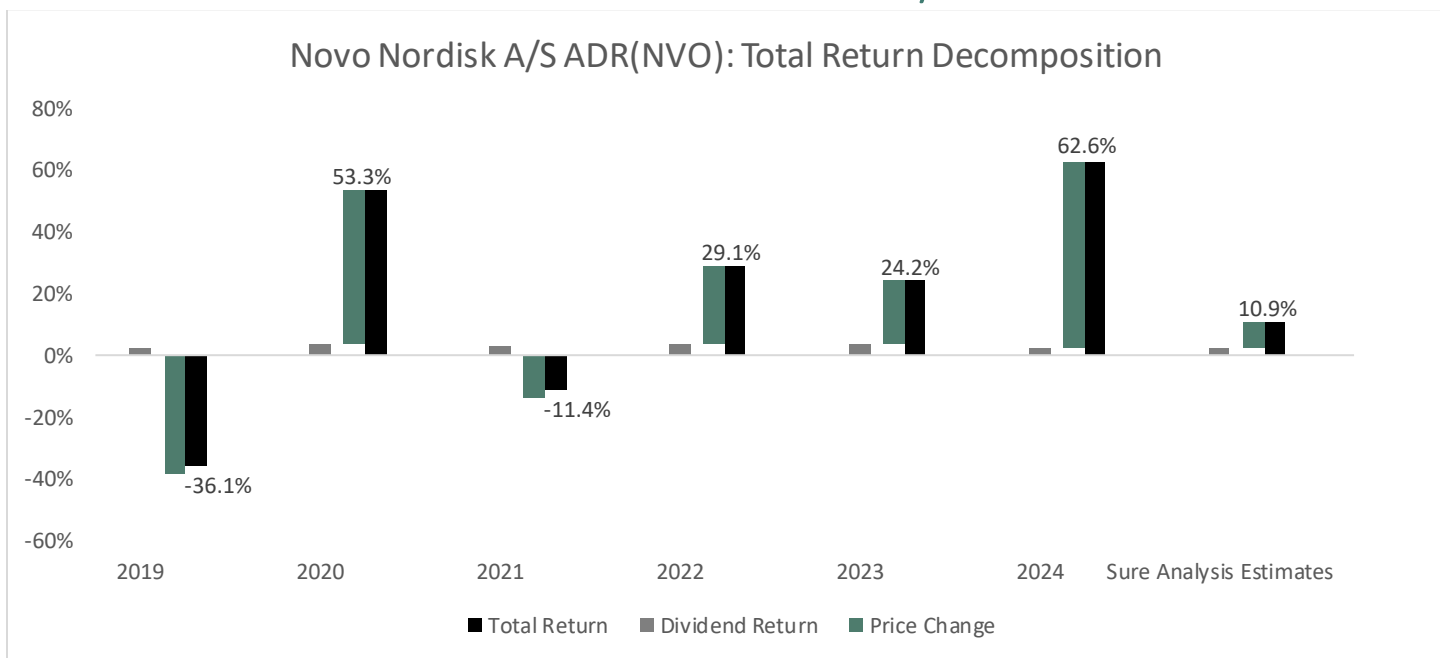
Novo Nordisk has a solid competitive advantage with ~43.3% market share of the global insulin market, about 33.7% of the global diabetes market, roughly 86% of the global obesity care market, about 63% of the GLP-1 market, and 10%+ of the hemophilia market. The company has global R&D, manufacturing, distribution, and marketing scale to maintain this market share. The company is also active in M&A to expand its pipeline in cardiovascular and renal diseases.

Branded and off-patent generic insulin competitors exist. However, complex manufacturing requirements, high upfront costs, and low insulin pricing will keep most generics at bay. Novo Nordisk has recession resistant characteristics, as patients require insulin and diabetes drugs in good times or bad. The company does face patent expiration risk, price cuts from U.S. Medicare and Medicaid, and regulatory approval risks.

Final Thoughts & Recommendation

At present we are forecasting a 10.9% annualized total return through 2030 from a dividend yield of 2.0%, 10% EPS growth, and -0.7% P/E multiple contraction. Novo Nordisk is executing well, and its product portfolio is in high demand, especially the obesity drugs, driving the top and bottom lines. The company is leveraging its strengths and growth should continue. At the current share price, we changed our rating to a buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	16057	16615	17002	17715	18296	19451	22404	25085	33721	42134
Gross Profit	13648	14061	14318	14924	15284	16244	18640	21052	28529	35675
Gross Margin	85.0%	84.6%	84.2%	84.2%	83.5%	83.5%	83.2%	83.9%	84.6%	84.7%
SG&A Exp.	4786	4807	4890	5277	5372	5652	6533	7185	8943	9776
D&A Exp.	440	475	484	622	849	881	959	1044	1367	1240
Operating Profit	7356	7199	7454	7484	7869	8293	9331	10605	14892	18621
Operating Margin	45.8%	43.3%	43.8%	42.2%	43.0%	42.6%	41.6%	42.3%	44.2%	44.2%
Net Profit	5186	5637	5804	6119	5840	6456	7599	7871	12150	14652
Net Margin	32.3%	33.9%	34.1%	34.5%	31.9%	33.2%	33.9%	31.4%	36.0%	34.8%
Free Cash Flow	4743	5952	4950	5102	5331	4577	7577	9092	10165	10107
Income Tax	1283	1467	1606	1424	1440	1684	1802	1919	3048	3802

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	13447	13871	16495	16969	18832	23953	29611	34724	46692	64986
Cash & Equivalents	2479	2658	3038	2396	2320	2109	1632	1821	2137	2184
Acc. Receivable	2268	2877	3250	3491	3735	4584	6187	7277	9617	10038
Inventories	1869	2039	2477	2503	2645	3064	2987	3510	4723	5699
Goodwill & Int.	316	386	536	788	875	3414	6572	7400	8969	15499
Total Liabilities	6567	7433	8467	9027	10198	13487	18841	22708	30871	44968
Accounts Payable	722	855	904	1035	953	945	1350	2243	3802	4025
Long-Term Debt	157	33	273	79	99	1105	3428	3059	3159	13397
Total Equity	6880	6438	8028	7941	8634	10467	10770	12016	15821	20019
LTD/E Ratio	0.02	0.01	0.03	0.01	0.01	0.11	0.32	0.25	0.20	0.67

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	39.9%	41.3%	38.2%	36.6%	32.6%	30.2%	28.4%	24.5%	29.8%	26.2%
Return on Equity	77.1%	84.7%	80.2%	76.6%	70.5%	67.6%	71.6%	69.1%	87.3%	81.8%
ROIC	75.5%	83.5%	78.6%	75.0%	69.7%	63.6%	60.0%	53.8%	71.4%	55.9%
Shares Out.	2,548	2,504	2,444	2,406	2,346	2,339	2,303	2,272	4,495	4,463
Revenue/Share	6.23	6.55	6.86	7.31	7.69	8.31	9.73	11.04	7.50	9.44
FCF/Share	1.84	2.35	2.00	2.10	2.24	1.96	3.29	4.00	2.26	2.26

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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