

Novo Nordisk A/S (NOVO-B)

Denmark | OMXC | Nasdaq Copenhagen | Healthcare & Pharmaceuticals

2026-02-04

Rating:

BUY

12 M Target price: 386,75 DKK
Current price: 304,65 DKK
Difference: 26,95%

Oral GLP-1 Upside Underappreciated by the Market

Novo Nordisk is a global leader in diabetes and obesity care. The stock currently trades at a discount to intrinsic value despite strong fundamentals. We see significant upside driven by the successful rollout of Novo Nordisk's oral obesity therapy, which we believe will capture a larger share of the GLP-1 obesity market than currently implied by market expectations.

Based on our five-year DCF analysis, we derive a target price of DKK 386,75 per share, corresponding to an upside of 26,95% from the current share price of DKK 304,65. This target price reflects a 12-month investment horizon and incorporates our conviction that the market is underestimating Novo Nordisk's long-term earnings power driven by oral obesity treatments.

We initiate a Buy recommendation

Key insights

Efficacy Trumps Convenience: Historically, superior clinical outcomes consistently outweigh minor friction in chronic care. We argue that the market is over-discounting Novo Nordisk's oral potential, pointing to a significant asymmetry where real-world evidence is likely to drive upward market share revisions.

Margin Defense via Strategic M&A: Simultaneously, Novo Nordisk is aggressively decoupling growth from political pricing pressure. By actively targeting acquisitions of margin-enhancing synthesis and delivery platforms, management is constructing a defensive moat that radically optimizes unit economics, protecting profitability even as net prices face headwinds.

Refined R&D De-risks Terminal Value: Finally, the strategic pivot in R&D allocation effectively de-risks the long-term outlook. By prioritizing high-conviction assets like CagriSema and oral Amycretin, Novo Nordisk positions itself to lead the >\$130bn market with a tiered portfolio depth that competitors cannot match.

Analyst

Oscar Haevaker Fund Analyst
Alexander Gardos Ek Fund Analyst

Market Data

Exchange	Nasdaq Copenhagen
Trading Currency	DDK
Share Class	Ordinary B
Shares OS ('000)	4 453 900
Market Cap ('000)	1 642 135 DDK
EV ('000)	1 714 560 DDK

Metrics & Drivers	2025E	2026E	2027E
EV/EBITDA	10,20	11,90	10,90
EBITDA Margin	48,49%	47,23%	48,21%
P/E	13,90	16,70	15,80
EPS	23,48	21,68	22,96
Free Cash Flow Margin	14,94	20,83	25,92

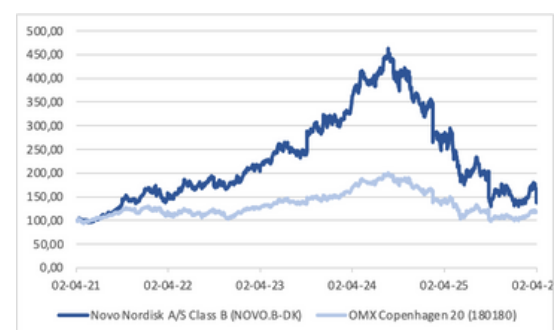
Major Shareholders (votes)

Novo Holdings A/S	5,24% (77,28% Votes)
The Vanguard Group	3,64%
Norges Bank Investment Management	2,38%
Capital International Ltd.	2,05%
BlackRock Fund Advisors	1,81%

Management

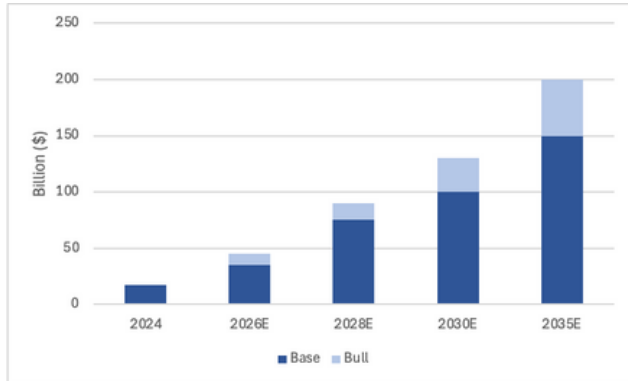
Maziar Mike Doutsdar, CEO
Karsten Munk Knudsen, CFO
Filip Krag Knop, CMO
Martin Holst Lange, CSO

Novo Nordisk A/S Class B compared to OMX Copenhagen 20 (Index 2021 = 100)



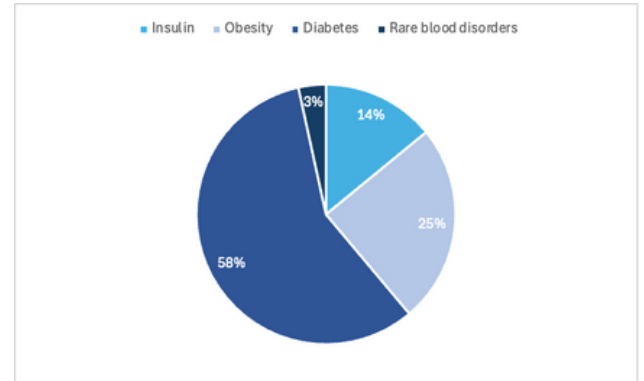
Investment Thesis Overlook

Obesity TAM



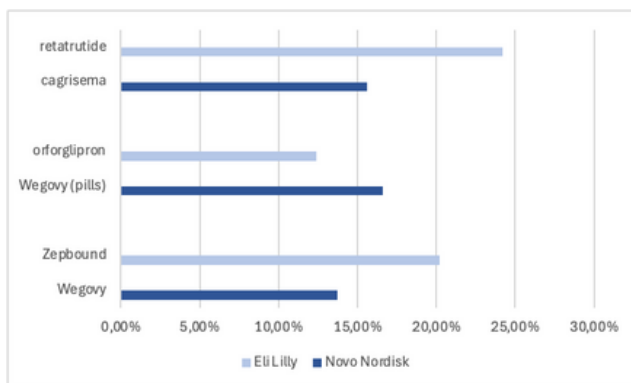
Source: Morgan Stanley

Revenue stream distribution (Q3 2025)



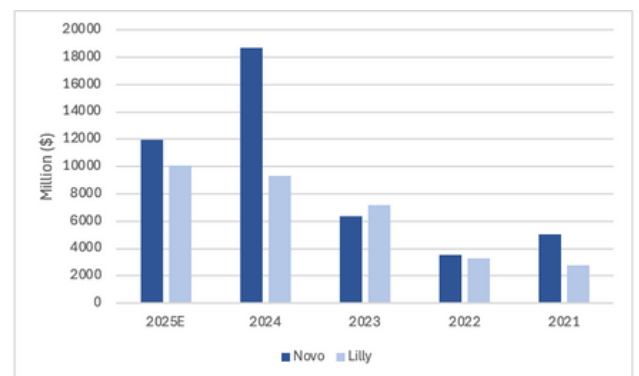
Source: FACTSET

Efficacy between Blockbuster products



Source: Team analysis

Comparing Novo vs Lilly Net Investing Cash Flow



Source: FACTSET

Novo Nordisk R&D Pipeline

Diabetes

Project	Phase
CagriSema in T2D	● ● ○
FUSE	○ ○ ● ●
Oral Amycretin	○ ○ ● ●
Once weekly GLP-1/GIP	○ ○ ● ●
Monlunabant in DKD	○ ○ ● ●
Subcutaneous Amycretin	○ ○ ● ●
Glucose sensitive insulin	○ ○ ● ●
Pumpsulin	● ○ ○

Obesity

Project	Phase
CagriSema	● ● ○
Cagrilintide	● ● ○
Oral Amycretin	○ ○ ● ●
Subcutaneous Amycretin	○ ○ ● ●
FUSE	○ ○ ● ●
Triple	○ ○ ● ●
Monlunabant	○ ○ ● ●
Amylin 355	○ ○ ● ●
UBT251 (GGG tri-agonist)	○ ○ ● ●
Amylin 1213	○ ○ ● ●

Cardiovascular Disease

Project	Phase
Ziltivekimab ASCVD	● ● ○
Coramitug	● ● ○
Ziltivekimab HFpEF	● ● ○
Ziltivekimab AMI	● ● ○
CDR132L	○ ○ ● ●
CNP	○ ○ ● ●
NLRP3 inhibitor	○ ○ ● ●

Emerging Therapy Areas

Project	Phase
Oral Semaglutide Alzheimer's	● ● ○
SLC25A5	○ ○ ● ●
NLRP3 inhibitor	○ ○ ● ●

Rare Blood Disorders

Project	Phase
Etavopivat (Sickle Cell Disease)	● ● ○
NDec	○ ○ ● ●
Etavopivat	○ ○ ● ●
TMPRSS6	○ ○ ● ●
Inno8	○ ○ ● ●

Source: Novo Nordisk

Investment Thesis

Market Overreaction to Convenience in the Oral Obesity Space

Current market consensus, which projects Eli Lilly to capture approximately 60% of the oral obesity market by 2030, rests on an aggressive overestimation of administration convenience as the primary driver of market share. This thesis assumes that Eli Lilly's orforglipron will dominate simply because it lacks dietary restrictions, but this view critically overlooks the most vital metric for patients and providers: clinical efficacy. Available data indicates that Novo Nordisk's oral pill demonstrates superior weight loss - reaching approximately 15–17% compared to the roughly 12–13% observed in Lilly's trials. In the clinical reality of obesity treatment, where the primary objective is to maximize metabolic health and resolve comorbidities, a 3-to-4-percentage-point advantage in weight loss is a powerful differentiator that dictates physician prescribing patterns.

The market's current skepticism toward Novo Nordisk is largely centered on the fact that its pill is inconvenient, requiring patients to take it on an empty stomach and wait 30 minutes before eating or drinking. While this administration requirement may negatively impact adherence for a subset of patients, the market is overreacting by assuming this inconvenience will lead to a 40-point deficit in market share. Historically, superior clinical outcomes have consistently outweighed minor lifestyle friction in chronic disease management. By over-indexing on Lilly's ease of use and underestimating Novo's efficacy advantage, the market has created a significant valuation disconnect. As real-world evidence begins to favor the stronger clinical profile of Novo Nordisk's treatment, a substantial upward revision of its long-term market share - and a corresponding correction in valuation - is likely.

A Robust, Diversified Pipeline Meets an Exponentially Expanding Market

Novo Nordisk's long-term investment case is powerfully underpinned by a highly diversified pipeline that extends well beyond its current blockbuster therapies, securing its leadership in a market that is undergoing explosive structural growth. As analysts project the global obesity market to exceed \$100 billion to \$130 billion by 2030, Novo Nordisk is not merely riding this wave but actively shaping its next phase with next-generation assets like CagriSema and Amycretin. CagriSema, a dual-agonist combination, has demonstrated the potential to reset efficacy standards with weight loss outcomes exceeding 20%, while Amycretin represents a breakthrough in oral delivery, showing early promise for rapid and potent metabolic control. This pipeline strength is not accidental, it is the direct result of the management's strategic restructuring, which has deprioritized non-core areas to concentrate resources on the cardiometabolic and obesity segments. This sharpened focus significantly de-risks the future GLP-1 and amylin-based portfolio, ensuring that R&D capital is efficiently allocated to high-conviction assets. Consequently, Novo Nordisk is positioned to offer a tiered portfolio of treatments - ranging from oral options to high-efficacy injectables - allowing them to capture a broad demographic in a supply-constrained market where demand continues to outstrip projections. This combination of a deep, best-in-class pipeline and a hyper-focused strategic allocation creates a clear pathway for sustained double-digit growth, making the company's future prospects appear far more resilient than current market sentiment suggests.

Unlocking Hidden Value: Semaglutide Beyond Diabetes and Obesity

While semaglutide has already redefined the treatment landscape for type 2 diabetes and obesity, its therapeutic journey is only beginning. The molecule's clinical versatility represents a significant source of "hidden" value, as Novo Nordisk aggressively pursues high-potential indications beyond its core segments. Most notable is the expansion into Metabolic Dysfunction-Associated Steatohepatitis (MASH), a progressive liver disease with a high global prevalence and a profound unmet medical need. Phase 2 and Phase 3 clinical data have demonstrated semaglutide's ability to achieve what was previously considered a "holy grail" in hepatology: significant improvements in liver histology and the reduction of both inflammation and fibrosis. As the first pharmacological treatments for MASH begin to reach the market, Novo Nordisk is positioned to capture a dominant share of this multi-billion dollar opportunity. A positive outcome in ongoing registrational trials would not only provide a massive new revenue stream but also solidify the company's transition from a diabetes specialist to a broader cardiometabolic and hepatology powerhouse.

Company Overview

Novo Nordisk is a premier global pharmaceutical giant, founded in 1923, that currently stands as one of Europe's most valuable companies by market capitalization. Historically recognized as the world leader in diabetes care, producing approximately 50% of the global insulin supply, the company has successfully transitioned from a volume-driven insulin business into a high-margin biopharmaceutical innovator. This evolution is centered on the blockbuster success of its semaglutide molecule (Ozempic and Wegovy), which has secured Novo Nordisk a duopoly dominance in the obesity care market alongside Eli Lilly.

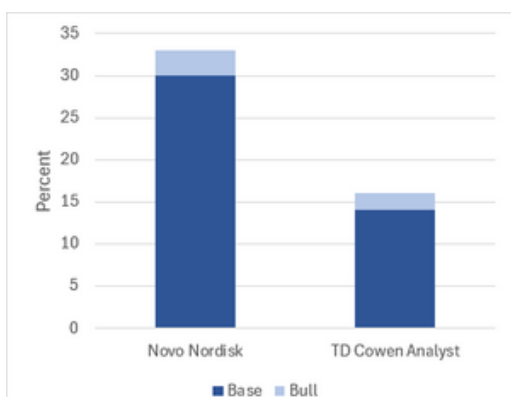
Business strategy:

Novo Nordisk's business strategy is centered on a high-conviction, recurring revenue model focused on chronic diseases, where long treatment durations translate into predictable cash flows and high patient retention. Management has deliberately streamlined the portfolio by deprioritizing non-core therapeutic areas, enabling capital and R&D resources to be concentrated on cardiometabolic diseases and obesity, segments characterized by large addressable markets and structurally attractive long-term economics. To support this focus, the company has adopted an aggressive capacity-expansion strategy aimed at alleviating global supply constraints that currently limit market penetration. This includes substantial organic investments as well as the strategic acquisition of manufacturing assets from Catalent, reinforcing Novo Nordisk's vertically integrated production model and strengthening long-term supply security.

Oral semiglutide:

A cornerstone of Novo Nordisk's 2026 growth trajectory is the successful commercial launch of its oral obesity medication, which commenced distribution in January. This product serves as a vital strategic differentiator by addressing the significant psychological barriers associated with injectable therapies, specifically catering to patients with needle phobia. By providing a non-invasive administration route, Novo Nordisk has substantially expanded its Total Addressable Market (TAM) to include a vast demographic of patients who have previously remained untreated due to a preference for oral convenience. Importantly, oral weight-loss drugs are now expected to account for a third or more of the overall GLP-1 market by 2030, exceeding Novo Nordisk's original expectations and highlighting the structural shift towards oral therapies. Notably, Novo Nordisk has secured a decisive first-mover advantage in this segment, reaching the market months ahead of Eli Lilly, whose competing oral therapy is not expected to launch until April. This early entry allows Novo Nordisk to establish brand loyalty and capture market share while leveraging its superior clinical profile—demonstrating 15–17% weight loss compared to the 12–13% observed in Eli Lilly's trials—thereby solidifying its leadership in the next generation of metabolic care.

Expectations for Oral GLP-1 Share of the Obesity Market by 2030



Source: Reuters



Market Overview

The global cardiometabolic market is experiencing strong structural growth, driven by secular tailwinds such as an aging population and a rapidly escalating global obesity epidemic. More than 750 million individuals worldwide are classified as obese, yet fewer than 5% of eligible patients currently receive pharmacological treatment, underscoring a significant and persistent treatment gap. Against this backdrop, consensus estimates project the total addressable market for obesity therapies alone to reach USD 100–130 billion by 2030, implying substantial long-term volume growth as access constraints and awareness improve.

At the same time, the market outlook is increasingly characterized by a dual dynamic of volume-driven growth and emerging pricing headwinds, particularly in the U.S. While Novo Nordisk and Eli Lilly currently operate a de facto duopoly protected by high barriers to entry - stemming from prohibitive R&D costs and the complexity of large-scale biologics manufacturing - political scrutiny around drug pricing is intensifying. Proposed prescription drug reforms under the so-called *Trump Rx* agenda aim to increase price transparency and reduce reimbursement levels for high-cost therapies, introducing potential downside risk to long-term pricing power. As a result, value creation in the sector is increasingly expected to be driven by market expansion, penetration gains, and manufacturing scale, rather than pure price increases. In this environment, Novo Nordisk's accelerated CAPEX strategy and expanded in-house production capacity position the company to capture disproportionate share through volume growth, even as unit pricing faces incremental pressure.

Valuation

Our valuation of Novo Nordisk is based on a five-year discounted cash flow (DCF) model, applying a WACC of 8.36% and a terminal growth rate (TGR) of 2.5%. Revenue projections are driven by the key catalysts outlined in our investment thesis, most notably our view that Novo Nordisk will capture a larger market share in oral obesity treatments than is currently reflected in consensus estimates. As a result, we take a more bullish stance on sales growth, expecting Novo Nordisk to deliver positive revenue growth in 2026 despite ongoing pricing pressure in the U.S. market. Looking further ahead, we see a significant expansion of the total addressable market (TAM), in Novo Nordisk most prioritized segment obesitas, supporting our expectation of stable and sustained growth from 2027 onwards.

In addition to our DCF analysis, we have conducted a peer valuation for contextual purposes, which does not directly impact our target price. On a relative basis, Novo Nordisk trades at a clear discount to its peer group, with an EV/EBITDA multiple of 10.95x and a P/E of 15.84x, both below the peer median and significantly lower than its primary competitor, Eli Lilly, which trades at 35.82x EV/EBITDA and 51.29x P/E. Despite this valuation gap, Novo Nordisk exhibits materially stronger fundamentals, with a ROIC of 56.06% compared to 29.49% for Eli Lilly, alongside superior EBITDA margins. While Novo Nordisk's sales growth of 16.64% lags Eli Lilly's 45.41%, it remains stronger than that of the majority of other peers, reinforcing our view that Novo Nordisk's current valuation does not fully reflect its profitability and long-term growth profile.

Appendix

DCF

DCF DKK bn	2024	2025E	2026E	2027E	2028E	2029E
Revenue Growth - %	25,03%	6,00%	1,00%	7,00%	6,00%	6,00%
EBIT - %	47,92%	42,50%	43,16%	44,19%	45,15%	46,11%
EBIT	139,16	130,84	134,18	147,00	159,22	172,37
D&A	8,55	20,00	20,50	21,00	21,50	22,00
EBITDA	147,71	150,84	154,68	168,00	180,72	194,37
Tax	(28,67)	(26,2)	(26,67)	(29,43)	(32,03)	(34,7)
Tax Rate	20,60%	20,02%	19,88%	20,02%	20,12%	20,13%
CapEx	(51,31)	(63,71)	(48,76)	(39,21)	(35,26)	(29,9)
Change in OWC	(12,98)	(12,04)	(,56)	(6,33)	(5,72)	(6,03)
Unlevered FCF	--	48,88	78,68	93,02	107,71	123,74
Present Value of FCF	--	45,11	67,01	73,11	78,12	82,81

WACC	
Market Cap	1642135,80
% of Equity	94,11%
Risk Free Rate	2,62%
Beta	1,37
Market Risk Premium	4,33%
Cost of Equity	8,55%
Debt	102787
% of Debt	5,89%
Cost of Debt	6,72%
Tax Rate	20,60%
Total	1744922,80
WACC	8,3626%

DCF Valuation Breakdown (DKK bn)	
Sum of FCF	346,15
TV	1447,90
EV	1794,06
(-) Debt	102,79
(+) Cash	26,31
Equity Value	1717,58
Share outstanding	4,44
Equity Value per Share	386,75

Sensitivity table		Terminal value								
		0,00%	0,50%	1,00%	1,50%	2,00%	2,50%	3,00%	3,50%	
WACC	7,36%	328,41	349,16	373,18	401,29	434,64	474,85	524,28	586,50	
	7,86%	304,63	322,41	342,78	366,35	393,94	426,68	466,15	514,66	
	8,36%	283,72	299,08	316,53	336,53	359,67	386,76	418,89	457,64	
	8,86%	265,19	278,57	293,66	310,80	330,43	353,14	379,74	411,29	
	9,36%	248,67	260,41	273,55	288,36	305,18	324,46	346,76	372,87	

Peer Valuation

Company Name	Market Data		Key KPI:s (LTM)					Trading Multiples (LTM)	
	Market Cap (DKK)	Enterprise Value (DKK)	Sales Growth (%)	EBITDA Margin (%)	EBIT Margin (%)	Profit Margin (%)	ROIC (%)	EV/EBITDA	P/E
Novo Nordisk A/S	1642135,80	1710766,80	16,64	49,51	42,66	32,88	56,07	10,95	15,84
Eli Lilly	6196791,60	6403143,39	45,41	47,61	44,41	30,99	29,49	35,82	51,29
Pfizer	950086,67	1247272,03	3,89	41,65	30,99	15,60	5,33	7,55	15,41
AstraZeneca	1821861,50	1979310,04	10,20	33,15	21,84	16,18	10,63	15,53	29,29
Johnson & Johnson	3460284,94	3632397,50	6,05	37,90	27,43	28,46	14,13	16,10	20,57
Sanofi	715178,73	768940,32	6,20	36,22	32,67	11,32	5,55	6,52	12,37
Average			14,35	39,30	31,47	20,51	13,03	16,30	25,79
Median			6,20	37,90	30,99	16,18	10,63	15,53	20,57



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