

NOVO NORDISK A/S

NYSE: NVO | CPSE: NOVO-B | Large-Cap Pharma | May 2026

After a 56% Collapse: Buying Opportunity or Value Trap?

HOLD**12-Month Target: \$45.90 | Upside: +2.1% | Total Return: +6.1%**

Share Price (22 May 2026)	\$44.96	Market Cap	\$199 bn
Enterprise Value	\$216 bn	Net Debt (Q1'26)	DKK 116 bn
P/E (Trailing)	10.6x	P/E (Forward)	13.4x
EV/EBITDA (TTM)	8.1x	Dividend Yield	4.01%
52-week Range	\$35.12 – \$81.44	Off ATH (Jun'24)	-67%
YTD Performance	-22.1%	TTM Performance	-55.0%
Consensus PT (14 analysts)	\$46.72 (Buy)	Our PT (math-derived)	\$45.90

KEY CATALYST

Wegovy pill Q3 2026 prescription trajectory + Medicare Bridge launch 1 Jul 2026 + CagriSema FDA decision Oct 2026.

KEY RISK

Wegovy WAC -50% list price cut effective Jan 2027 + Lilly orforglipron/Foundayo competition + CagriSema commercial weakness post REDEFINE 4 failure.

THE ONE METRIC

Wegovy pill weekly TRx (target $\geq 200k$ sustained through Q3 2026). Currently at 200k+ as of Apr 17 2026.

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DISCLAIMER: For portfolio and educational purposes. Not investment advice. Data sourced from Novo Nordisk AR 2025, Q1 2026 Form 6-K (6 May 2026), Q1 2026 Investor Presentation, Google Finance, Yahoo Finance, S&P; Capital IQ, IQVIA, GuruFocus, TradingEconomics. All market data as of 22 May 2026 close.

Executive Summary

Novo Nordisk has fallen 67% from its June 2024 all-time high of \$137.40 and 22% year-to-date, reflecting a structural re-rating from a 'growth-pharma at-any-price' name to a question mark. The de-rating is justified by data: ROIC collapsed from 88.5% (FY23) to 39.3% (FY25); FY26 adjusted sales guidance was set at -4% to -12% CER; CagriSema, the next-generation obesity asset, failed its head-to-head trial vs Lilly's Zepbound (REDEFINE 4, Feb 2026); the Wegovy WAC list price will be cut 50% effective Jan 2027; and net debt grew DKK 116bn in 12 months as Doustdar's M&A; pace accelerated.

Yet Novo still operates one of the most profitable franchises in global pharma — 45-49% EBITDA margins, 45.6 million patients on its products, and the Wegovy pill (launched Jan 2026) is exceeding consensus by 2x. The question is whether the multiple compression (now 8.1x EV/EBITDA, ~40% discount to peer median) is the bottom or the trap door.

Our independent, scenario-weighted, three-method valuation derives a 12-month price target of \$45.90 — essentially fair value relative to the current \$44.96 share price. Upside of 2.1% before dividends, 6.1% total return inclusive of the 4.01% dividend yield. The math falls within \$0.82 of the S&P; sell-side consensus of \$46.72, lending calibration confidence to the output.

Recommendation: HOLD. Novo is not a value trap — the asset quality, dividend, and Wegovy pill trajectory rule that out. But the deep discount to peers reflects a real and quantifiable deterioration in returns on capital, growth profile, and competitive position vs Lilly. The cheap multiples are *justified*, not anomalous. The 4% dividend pays you to wait. The right action is to neither chase the dip nor add weight to it.

Key Conclusions

- **Math-derived target \$45.90 is the headline.** Derived from DCF (50% weight, scenario-weighted \$46.80), forward P/E (30% weight, \$43.41), and EV/EBITDA (20% weight, \$47.38). No analyst overlay — the formula determines the recommendation, not the reverse.
- **Wegovy pill is the swing factor.** Q1 2026 sales DKK 2.26bn (2x consensus), 200k+ weekly TRx, 65% of new US GLP-1 scripts. If the trajectory holds through Q3 2026, the Base case (\$48.32 DCF target) is the right anchor. If it plateaus or Foundayo catches up faster than 30%, the Bear case (\$21.43) becomes credible.
- **Pipeline value exists but is back-loaded.** Risk-adjusted peak sales DKK 75-85bn (probability-weighted), but 75% sits in Phase 3+ programs with readouts in 2026-2028. CagriSema's commercial value is impaired but not zero — narrow approval Q4 2026 likely (60% POA).
- **Cheap valuation is justified, not anomalous.** NVO trades at 8.1x EV/EBITDA (~40% discount to peer median 13.8x) and 13.4x forward P/E (~20% discount). But Sanofi trades cheaper still at 8.94x fwd P/E. The 'discount' reflects real deterioration in ROIC, guidance momentum, and competitive position.
- **Dividend is safe under stress scenarios.** 50% FY25 payout ratio, FY26 FCF guidance DKK 36-46bn covers the ~DKK 52bn annual dividend; buybacks already cut from DKK 30bn (FY23) to DKK 1.4bn (FY25). Even under -15% revenue + -500bps margin stress, dividend coverage holds.
- **The asymmetric risk is to the downside in 2027.** WAC list price -50% takes effect Jan 1 2027 — the FY27 P&L; impact is the single largest 12-month unknown. Mgmt expects volume offset via Medicare Bridge; that is unproven at scale.

1. Company Overview & Business Model

Novo Nordisk A/S (CPSE: NOVO-B / NYSE: NVO) is a Danish multinational pharmaceutical company headquartered in Bagsværd, Denmark. Founded in 1923 by mergers including Nordisk Insulinlaboratorium, it is the world's largest insulin manufacturer and, as of 2026, the second-largest pharma company by obesity-care revenue (behind Eli Lilly). 45.6 million patients use Novo products globally as of FY25.

Segment Composition (FY2025 Sales DKK 309bn)

Segment	FY25 Sales (DKKm)	% of Total	Growth CER	Key Products
Obesity Care	82,347	26.6%	+31%	Wegovy injectable, Wegovy pill (Jan 26), Wegovy HD (Apr 26), Saxenda
Diabetes Care — GLP-1	153,972	49.8%	+5%	Ozempic, Rybelsus, Victoza (declining)
Diabetes Care — Insulin	53,137	17.2%	-1%	Tresiba, NovoRapid, Awiqli (once-weekly basal)
Rare Disease	19,608	6.3%	+9%	NovoSeven, Norditropin, Sogroya, Mim8 (pending)
TOTAL	309,064	100%	+10.3%	

Geographic mix: 60% North America, 25% International Operations (EUCAN, APAC, China), 10% IO ex-China, 5% rest. US is the profit center (highest list prices) and the structural pressure point.

Ownership Structure (Critical Context)

Novo Holdings A/S — the Novo Nordisk Foundation — controls ~28% economic interest but ~77% of voting rights via A-shares. This effectively prevents hostile takeover and gives the Foundation veto over major strategic decisions. The Foundation is chaired by Lars Rebien Sørensen (Novo CEO 2000-2017). An EGM in early 2026 addressed 'different visions for the pace of board renewal' — unusual airing of governance disagreement, now resolved with a 'reconfigured Board.'

2. The Growth Story — Built, Then Broken

Between FY2019 and FY2023, Novo Nordisk delivered one of the great growth stories in modern pharma: semaglutide-driven revenue went from DKK 122bn (FY19) to DKK 232bn (FY23), with peak ROIC of 88.5%. Wegovy's 2021 US approval and the cultural moment for GLP-1 obesity drugs created an unprecedented consumer pull, with the share price reaching \$137.40 in June 2024 — a 5x return from 2019 levels.

The Pivot Point (2024-2026)

FY24 was the year the narrative began breaking. Three structural shifts collided:

- **Eli Lilly's tirzepatide caught up.** Mounjaro (T2D) launched 2022, Zepbound (obesity) launched late 2023. By 2025, Zepbound had 41% US obesity GLP-1 share (Wegovy 59%). REDEFINE 4 head-to-head (Feb 2026) confirmed tirzepatide's efficacy advantage: 25.5% weight loss vs Wegovy + CagriSema 23.0%.
- **Compounded semaglutide undercut pricing.** Throughout 2024, compounding pharmacies legally sold semaglutide copies during FDA-declared shortage, eroding ~DKK 15bn revenue at peak. FDA enforcement Q3 2025 ended the practice but the channel transition damaged Novo's premium positioning.
- **Catalent acquisition and the manufacturing race.** Dec 2024: Novo's parent company acquired Catalent for \$16.5bn, transferring three fill-finish sites to Novo to expand Wegovy supply. The deal solved capacity constraints but consumed DKK 82bn in FY24 cash (driving reported FCF negative DKK -15bn). Capex went from 4.5% of sales (FY21) to 19.5% (FY25).

Where Growth Comes From Now (2026-2030)

The forward growth story rests on five pillars, in declining order of certainty:

- **(1) Wegovy pill (oral semaglutide 25mg).** Launched US Jan 5 2026. Q1 sales DKK 2.26bn = 2x consensus. 200k+ weekly TRx by Apr 17 2026. EU approval CHMP positive opinion May 22 2026. EU launches H2 2026. Peak sales potential DKK 18-22bn (Bull) or DKK 9-12bn (Base). IP runway to mid-2030s.
- **(2) Wegovy HD (sema 7.2mg high dose).** Launched US Apr 7 2026. 20.7% mean weight loss STEP UP trial. Premium pricing + retention. EU SDD summer 2026. Peak ~DKK 6-8bn.
- **(3) Akerio EFX (efruxifermin, MASH).** \$5.2bn acquisition closed Dec 2025. FGF21 analogue. Phase 3 SYMMETRY readout Q4 2026 is the validation event. Peak DKK 8-15bn if Ph3 positive.
- **(4) Etavopivat (sickle cell + thalassemia).** Phase 3 HIBISCUS hit both co-primary endpoints Apr 2026. US submission Q3 2026. Peak DKK 6bn.
- **(5) Denecimig / Mim8 (haemophilia A).** FRONTIER trials. US+EU decisions Q4 2026. Competes with Roche Hemlibra. Peak DKK 5-6bn.
- **(6+) CagriSema, zenagamtide, amycretin, Awiqli, ziltivekimab.** Combined risk-adjusted DKK 30bn but most contribute post-2028.

3. Competitive Landscape

Novo's competitive position has bifurcated. In diabetes, where the company has 31% global market share and Ozempic remains the largest single GLP-1 by revenue (DKK 127bn FY25), the franchise is mature and defensive. In obesity, where Wegovy carries Novo's growth narrative, the competitive dynamic has shifted from monopoly (2021-22) to oligopoly with Lilly as a strong #2-becoming-#1.

Eli Lilly: The Primary Threat

Lilly's tirzepatide franchise (Mounjaro T2D + Zepbound obesity) generated ~\$25bn in FY25 and is now the leading GLP-1 by combined indication revenue. Critically, Lilly has three structural advantages:

- **Better efficacy data.** Zepbound's SURMOUNT trials show ~22.5% weight loss vs Wegovy's 16-17%. REDEFINE 4 (Feb 2026) confirmed tirzepatide superiority head-to-head against CagriSema (25.5% vs 23.0%).

- **Oral pipeline depth.** Orforglipron (Foundayo) approved US Apr 1 2026 — a small-molecule GLP-1 with manufacturing advantages over Novo's peptide-based Wegovy pill. Retatrutide (triple agonist) in Phase 3 showed ~24% weight loss in trials.
- **Manufacturing scale.** Lilly has invested \$35bn+ in obesity manufacturing capacity since 2022. Novo's Catalent acquisition was a defensive response to closing that gap.

The competitive reality is that Wegovy is now the #2 obesity GLP-1 in the US (~59% share down from 100% in 2021) and Lilly's combined GLP-1 share exceeds Novo's. Wegovy pill's first-mover advantage in oral GLP-1 is the only material structural edge remaining — Foundayo's market trajectory is currently ~30% of Wegovy pill's, but that gap could close.

Peer Multiples vs. NVO (22 May 2026)

Company	Mkt Cap (\$bn)	P/E TTM	P/E Fwd	EV/EBITDA	EV/Sales
Eli Lilly (LLY)	\$930	35.1x	26.7x	25.3x	n/a
Roche (RHHBY)	\$335	20.4x	16.0x	12.9x	4.1x
Novartis (NVS)	\$290	21.8x	17.2x	14.7x	5.2x
AstraZeneca (AZN)	\$290	28.2x	18.4x	15.2x	4.8x
Sanofi (SNY)	\$108	19.6x	8.9x	12.6x	2.0x
Amgen (AMGN)	\$192	24.6x	15.6x	14.3x	n/a
Peer Median (ex-LLY)	\$241	23.2x	16.6x	13.8x	4.5x
Novo Nordisk (NVO)	\$199	10.6x	13.4x	8.1x	4.3x
<i>NVO Discount</i>		<i>-54%</i>	<i>-19%</i>	<i>-41%</i>	<i>-4%</i>

Interpretation: NVO's 41% discount on EV/EBITDA is the most striking, but the smaller forward P/E discount (19%) suggests the market is pricing in lower forward earnings, not just lower multiples. Notably, Sanofi trades cheaper than NVO on forward P/E (8.9x vs 13.4x) — NVO is not the cheapest pharma. The right peer benchmark is Roche/Novartis (defensive large-cap), against which NVO trades fairly given its operational uncertainty.

4. Financial Deep Dive — FY2021-FY2025

Five-Year Income Statement Summary (DKKm)

	FY21	FY22	FY23	FY24	FY25	5Y CAGR
Net Sales	140,800	176,954	232,261	290,403	309,064	21.7%
Growth CER	13.8%	16.4%	35.6%	25.7%	10.3%	—
Operating Profit	58,644	74,809	102,574	128,339	127,658	21.4%
Operating Margin	41.7%	42.3%	44.2%	44.2%	41.3%	—
EBITDA	64,669	82,171	111,987	147,446	149,640	23.3%
EBITDA Margin	45.9%	46.4%	48.2%	50.8%	48.4%	—
Net Profit	47,757	55,525	83,683	100,988	102,434	21.0%
Diluted EPS (DKK)	10.37	12.22	18.62	22.63	23.03	22.1%
R&D; % Sales	12.6%	13.6%	14.0%	16.6%	16.8%	—
Capex (DKKm)	6,335	12,146	25,806	47,164	60,140	57%
FCF Reported	29,319	57,362	68,326	(14,707)	28,295	-1%
FCF Normalised (ex M&A;)	29,319	57,362	68,326	67,456	28,295	-1%
ROIC	69.0%	73.6%	88.5%	63.9%	39.3%	—
Net Debt (positive=cash)	(5,031)	2,319	8,950	(69,713)	(95,424)	—

Three observations matter: (1) Revenue CAGR 21.7% (FY21-25) decelerating to ~10% (FY25), guided -8% mid (FY26); (2) FCF turned negative in FY24 due to Catalent's \$11bn outflow — normalising it shows DKK 67bn underlying (the PE-standard adjustment); (3) ROIC has fallen from 88.5% (FY23) to 39.3% (FY25) — still very high in absolute terms, but the trajectory suggests further compression toward 25-30% as capex remains elevated and acquisitions dilute returns.

Q1 2026 Trajectory

Q1 2026 reported sales DKK 96.8bn (+24% DKK, +32% CER), distorted by a one-off \$4.2bn 340B Drug Pricing Program provision reversal. **Adjusted** sales were DKK 70.1bn (-10% DKK, -4% CER) — the underlying trend matters. Adjusted EBIT DKK 32.9bn at 46.9% margin (-6% CER). Wegovy pill DKK 2.26bn was the standout, and management **raised** FY26 guidance from -5%/-13% to -4%/-12% on the back of it. Net debt grew to DKK 116bn (vs DKK 95bn YE25) following the Akeru close.

5. FY2026 Guidance Bridge — How the Math Works

FY26 adjusted sales guidance midpoint of -8% CER translates to ~DKK 284bn from DKK 309bn FY25 base. The bridge can be reconstructed as follows (figures in DKKm):

Step	Driver	Impact	% Sales	Tag
0	FY25A Adjusted Net Sales (starting point)	309,064	100.0%	BASE
1	US realised price decline (Wegovy + Ozempic)	(27,500)	(8.9%)	■ RED
2	MFN agreement Medicare/Medicaid pricing	(8,000)	(2.6%)	■ RED
3	Semaglutide LoE intl mkts (CA, BR, IN, CN late)	(3,000)	(1.0%)	■ AMB
4	Compounded semaglutide reversal (FDA enforcement)	2,500	0.8%	■ GRN
5	Wegovy injectable volume growth (GLP-1 market exp.)	6,500	2.1%	■ GRN
6	Wegovy pill ramp (NEW oral category)	9,500	3.1%	■ GRN
7	Wegovy HD 7.2mg launch (Apr 2026)	2,000	0.6%	■ GRN
8	Ozempic decline (US share loss to Lilly)	(7,500)	(2.4%)	■ RED
9	Rybelsus decline (deprioritised vs Wegovy pill)	(3,500)	(1.1%)	■ AMB
10	Rare Disease growth (Etavopivat, Sogroya, EFX)	1,000	0.3%	■ GRN
11	International Operations growth (EUCAN +23%, APAC +22%)	5,000	1.6%	■ GRN
12	FX (USD softening vs DKK)	(6,500)	(2.1%)	■ AMB
13	Net other / rounding	(209)	(0.1%)	■ AMB
★	FY26E Adjusted Net Sales (derived)	284,355	-8.0%	TARGET

Bridge takeaways: (i) Pricing drag (steps 1+2+12 = -DKK 42bn) is the structural overhang; (ii) Wegovy pill (+DKK 9.5bn) is the key offset — currently running at DKK 9bn annualised based on Q1; (iii) Ozempic/Rybelsus decline (-DKK 11bn combined) reflects deliberate Novo prioritisation toward Wegovy; (iv) bridge does NOT include the \$4.2bn 340B reversal — that's a reported-basis one-off boost. On reported basis, FY26 sales actually GROW slightly (-1% midpoint vs +11% EBIT) because 340B reversal adds back DKK 26.8bn.

6. Valuation — Math-Derived Target \$45.90

Our valuation uses three methods, three scenarios per method, with explicit probabilities and weights. No analyst overlay — the formula determines the recommendation.

Methodology

- **DCF (50% weight):** 5-year explicit forecast FY26E-FY30E + terminal value (average of Gordon Growth at $g=2.5\%$ and Exit Multiple). WACC bottom-up: R_f (Danish 10Y) 2.90% + β 0.85 × ERP 5.0% + Industry Risk Premium 1.0% = Cost of Equity 8.15%; WACC 7.59% with 10% D/V.
- **Forward P/E (30% weight):** Scenario P/E multiples (Bull 18x, Base 13.5x, Bear 9x) × consensus FY26E EPS (\$3.36 implied).
- **EV/EBITDA (20% weight):** Scenario exit multiples (Bull 14x, Base 11x, Bear 7.5x) × FY26E EBITDA (DKK 143.7bn); equity = EV - net debt.
- **Scenario probabilities:** Bull 20% / Base 55% / Bear 25%. Bear weight higher than typical because: (1) management credibility damaged post-Jørgensen, (2) FY26 guide is uncomfortable, (3) Lilly competitive threat real, (4) WAC -50% Jan 2027 unprecedented.

Scenario Outputs (USD/ADR)

Method	Bull (20%)	Base (55%)	Bear (25%)	Prob-Wtd	Weight	Contribution
DCF	\$74.32	\$48.32	\$21.43	\$46.80	50%	\$23.40
Forward P/E	\$60.39	\$45.30	\$25.67	\$43.41	30%	\$13.02
EV/EBITDA	\$63.03	\$48.70	\$31.98	\$47.38	20%	\$9.48
COMPOSITE 12M TARGET					100%	\$45.90

Calibration check: S&P; Capital IQ consensus PT \$46.72 (14 analysts) vs our \$45.90 = \$0.82 delta. Independent scenario-weighted derivation matching sell-side consensus closely is a calibration signal that our scenario probabilities and method weights are reasonable. Notable: Goldman Sachs cut to Neutral with \$41 PT in March 2026 (closer to our Bear-weighted DCF of \$46.80), while Citi maintains Buy with DKK 290 PT (above our Bull-leaning \$63 EV/EBITDA value).

Upside breakdown: \$45.90 target vs \$44.96 current = +2.09% price upside, +4.01% dividend yield = **+6.10% total 12-month return**. Recommendation derived via IF formula: upside >20% = BUY, upside >0% = HOLD, else AVOID. **HOLD is the math output.**

7. Patent Cliff Analysis

Semaglutide composition-of-matter patent expires US 2031 and EU 2031, with formulation patents extending some markets to 2033. Several non-US markets are already at-risk or imminently exposed. Cumulative revenue at risk under base haircut assumptions is approximately DKK 138bn — about 45% of FY25 sales — but the impact is heavily back-loaded to 2031-2034.

Product / Geography	Expiry	FY25 Rev (DKKm)	Haircut	At Risk (DKKm)	RAG
Ozempic US	2031	69,900	65%	45,435	■
Ozempic EU	2031	31,800	60%	19,080	■
Ozempic Canada	2026	6,400	70%	4,480	■
Ozempic Brazil	2026	5,100	65%	3,315	■
Ozempic China	Q4 2026	5,100	60%	3,060	■
Ozempic India	2026	3,800	75%	2,850	■
Rybelsus Global	2031-32	22,093	70%	15,465	■
Wegovy injectable US	2031-32	41,000	55%	22,550	■
Wegovy injectable EU+Intl	2031-32	39,000	50%	19,500	■
Wegovy pill (oral 25mg)	2034-35	9,500	30%	2,850	■
Victoza (liraglutide)	LOE'd	3,020	95%	2,869	■
Insulin franchise	Various	53,137	10%	5,314	■
Rare Disease	Various	19,608	10%	1,961	■
TOTAL		308,458		148,729	

Key takeaways: (i) Cumulative revenue at risk ~DKK 138-148bn = 45-48% of FY25 sales — the headline exposure; (ii) Time profile is back-loaded: 2026-2030 cumulative impact <25% of total, the cliff hits 2031-34; (iii) US Ozempic is the largest single exposure (~DKK 45bn at risk) but with longest runway; (iv) Wegovy pill (DKK 9.5bn FY26E) is the IP extension story — protected to mid-2030s; (v) CagriSema, if approved Q4 2026, would reset combination IP to ~2040s but commercial value uncertain post REDEFINE 4.

8. Pipeline Scorecard — Risk-Adjusted Peak Sales

Novo's pipeline contains 24+ active programmes weighted heavily toward obesity and diabetes, with growing presence in MASH (via Akero), sickle cell (etavopivat), and haemophilia (Mim8). Risk-adjusted peak sales (POA × Peak Sales) total approximately DKK 75-85bn across all programmes. The pipeline value is back-loaded: ~75% of risk-adjusted value sits in Phase 3+ programmes with major catalysts in 2026-2028.

Top 10 Programmes by Risk-Adjusted Value

Programme	Indication	Phase	POA	Peak (DKKbn)	Risk-Adj	Key Catalyst
Wegovy pill (oral sema)	Obesity	Approved/Launched	95%	22.0	20.9	EU launch H2 2026
Zenagantide (SC) AMAZE	Obesity, OSA, OA	Ph3 init Q1'26	70%	18.0	12.6	Approval est Q4 2030
Akero EFX (efruxifermin)	MASH liver	Ph3 ongoing	60%	12.0	7.2	Ph3 SYMMETRY Q4'26
Wegovy HD (sema 7.2mg)	Obesity HD	Approved/Launched	95%	8.0	7.6	EU SDD summer 2026

Amycletin SC	Obesity	Ph3 Q1'26	55%	15.0	8.3	Approval est 2030
Etavopivat	Sickle cell, thalassemia	Ph3 done	80%	6.0	4.8	US filing Q3'26
CagriSema 2.4/2.4mg	Obesity	Submitted Dec'25	60%	8.0	4.8	FDA Oct 2026
Denecimig (Mim8)	Haemophilia A	Submitted	85%	5.5	4.7	Decision Q4'26
Wegovy MASH (2.4mg)	Liver fibrosis	Submitted EU+CN	75%	5.0	3.8	EU+CN H2 2026
Ziltivekimab	CV outcomes	Ph3	55%	6.0	3.3	Ph3 ZEUS Q4'26

Pipeline takeaways: (1) There is no obvious 'next semaglutide' before 2030 — zenagamtide approval is estimated Q4 2030; (2) Akero EFX (DKK 7.2bn risk-adj) is the most underappreciated M&A; driver, with Ph3 SYMMETRY readout Q4 2026 as the validation event for the \$5.2bn acquisition; (3) Wegovy pill (DKK 20.9bn risk-adj) is the anchor near-term catalyst; (4) CagriSema's commercial value is impaired but not zero — narrow Q4 2026 approval likely.

9. Risk Matrix

HIGH-Priority Risks (Realised or Probable)

- **Wegovy WAC list price cut (-50%) Jan 2027 — CERTAIN, SEVERE.** Management announced 50% reduction in WAC for Wegovy 2.4mg/7.2mg/pill effective Jan 1 2027 (-\$675/month vs current \$1,350). Already in 2026 guidance but full impact hits 2027 cash flow. Could remove DKK 30-50bn from US revenue. Mitigation: volume offset via Medicare Bridge (1 Jul 2026 launch — 3.4m eligible at \$245/mo CMS rate).
- **Eli Lilly oral GLP-1 (orforglipron/Foundayo) ramp — REALISED, HIGH.** Foundayo approved Apr 1 2026 (3 months after Wegovy pill). Currently ~30% of Wegovy pill trajectory. If accelerates to 50%+ over 2 quarters, takes 5-8pp of oral GLP-1 share from NVO. Lilly's \$35bn manufacturing investment = supply advantage.
- **CagriSema commercial failure — HIGH PROBABILITY, MODERATE IMPACT.** Even if FDA approves CagriSema Oct 2026 (60% POA), REDEFINE 4 head-to-head failure vs Zepbound means physicians have data-driven reason to prefer tirzepatide. Peak sales now likely DKK 8-12bn vs pre-failure analyst estimates of DKK 25-40bn.
- **US pricing pressure structural (MFN + IRA negotiation) — REALISED, HIGH.** Most Favored Nations agreement (Nov 2025) + IRA Medicare negotiation (semaglutide targeted 2027 cuts) = sustained downward US pricing trajectory. Each 5% incremental price cut = ~DKK 8-10bn revenue.
- **Biosimilar semaglutide cascade — REALISED + IMMINENT, HIGH.** Generic semaglutide approved Canada Q1'26; launched India; Brazil contested; China LoE late 2026. Cumulative DKK 13bn at risk in 2026-27 from non-US markets alone. Major US/EU LoE 2031-32 but commercial pressure mounts earlier.

MEDIUM-Priority Risks

- **Manufacturing constraints on Wegovy pill scale-up.** Peptide drug — harder to scale than Foundayo (small molecule). Catalent sites added FY24 (\$11bn) help but capacity-bound vs demand.
- **M&A; execution risk (\$35bn analyst-modelled ceiling).** Jefferies' Leuchten estimated NVO could spend \$35bn on M&A.; Already \$5.2bn Akero + \$2.1bn Omeros + \$2.1bn Vivtex + \$2.4bn Septerna. Lost Metsera to Pfizer at \$10bn. Doustdar quote: 'looking for deals more than ever before.' Risk = overpayment.
- **FX headwinds (USD/DKK weakness).** USD/DKK at 6.78 = DKK strengthened ~10% vs USD in past year. Mgmt: DKK growth 2pp lower than CER for 2026 = DKK 6bn drag.

10. Management Assessment

Current CEO: Maziar Mike Doustdar (appointed August 2025)

Doustdar is a 30+ year Novo veteran, formerly head of International Operations (the segment growing fastest in FY25-26). Appointed CEO August 2025 to replace Lars Fruergaard Jørgensen during the height of the post-Wegovy de-rate. Mandate: stabilise franchise, execute Wegovy pill, redirect R&D; investment.

First 9 months record (Aug 2025 – May 2026):

- Closed Akero \$5.2bn acquisition Dec 2025 (MASH franchise).
- Launched Wegovy pill Jan 2026 — DKK 2.26bn Q1 (2x consensus).
- Launched Wegovy HD (7.2mg) Apr 2026 — 20.7% mean wt loss in STEP UP.
- Submitted CagriSema NDA Dec 2025 despite REDEFINE 4 setback (controversial call).
- Conducted DKK 8bn restructuring — largest workforce reduction in Novo's history.
- Raised Q1 2026 guidance from -5%/-13% to -4%/-12% CER.

Strategic doctrine:

- Focus exclusively on Obesity + Diabetes; deprioritise CVD/CKD as standalone TAs (MASH retained via EFX).
- Aggressive M&A.; 'looking for deals more than ever before' (CNBC May 6 2026).
- International expansion priority (EUCAN +23%, APAC +22% Q1'26 obesity).

- Capital discipline: buybacks cut from DKK 30bn to DKK 1.4bn FY25; capex declining DKK 60→55bn.

Verdict (Doustdar to date): NEUTRAL-POSITIVE. Wegovy pill execution is impressive. Restructuring was decisive and well-received. M&A; pace is concerning but small deals are sensible. Real test is Q4 2026 CagriSema FDA + Akero EFX Ph3 outcomes.

Historical Context: Lars Fruergaard Jørgensen era (2017 – Aug 2025)

Guidance track record: Generally MET or BEATEN until FY24-FY25 transition. FY21-23: sales growth at CER beat initial guide every year. FY24 mid-year guidance cut from 18-26% to 8-14% sales growth (finished +25.7% CER). FY25 initial guide 8-11% sales / 4-7% EBIT — finished within range at 10% / 6% CER.

Strategic legacy: Led Novo through Ozempic and Wegovy launches. Made Catalent acquisition Dec 2024 (\$16.5bn for 3 fill-finish sites). Approved CagriSema Ph3 design without head-to-head vs tirzepatide — the REDEFINE 4 trial was added later and failed Feb 2026.

Strategic error in hindsight: Underestimated Lilly's ability to ship and scale tirzepatide. By the time REDEFINE 4 was designed, Zepbound was already gaining share. NVO's positioning of 'best-in-class GLP-1' became 'second-best in objective head-to-head.' This is the structural error that cost the franchise multiple expansion. Board judgment in replacing Jørgensen was harsh but defensible.

11. Investment Thesis & Path Forward

The Bottom Line

Novo Nordisk at \$44.96 is fairly valued. The math derives a \$45.90 target — essentially a tie with the current price. The 4% dividend yield brings total expected return to ~6%. This is neither a value trap nor a bargain; it is a stock that has correctly priced in real deterioration.

The Path to Bull Case (\$55-65+ implied)

Requires Wegovy pill to maintain 200k+/wk through Q3 2026, CagriSema clean Q4 2026 approval, Akero EFX Ph3 positive Q4 2026, and Foundayo trajectory holding below 50% of Wegovy pill. Probability assessment: 20% — meaningful but not the median outcome.

The Path to Bear Case (\$25-30 implied)

Requires Wegovy pill to plateau at 100-150k/wk (Foundayo catches up), CagriSema rejection or weak narrow label, EFX Ph3 mixed result, accelerated biosimilar uptake in EU. Probability assessment: 25% — higher than typical bear weight because management credibility is damaged and the WAC -50% Jan 2027 cliff is unprecedented.

Why Not Just BUY at \$45?

Two reasons. First, the math says ~2% upside before dividends — sub-threshold for a BUY rating. Second, the bear case (\$21-26) represents a real, quantifiable risk path. A scenario-weighted approach that honestly assigns 25% probability to severe downside cannot logically generate a BUY recommendation when the central case is roughly flat. Buying NVO here is a bet that the worst is behind, not a margin-of-safety trade.

Why Not SELL?

Three reasons. First, 4% dividend yield with solid coverage pays you to wait. Second, NVO trades below intrinsic fair value in the Base case (\$48.32 DCF, \$45.30 P/E, \$48.70 EV/EBITDA) — there is no margin of safety for shorts. Third, Wegovy pill outperformance in Q1 2026 demonstrated franchise resilience; the story is not over.

What Would Change the Rating

- **To BUY (upside >20%):** Wegovy pill sustained 250k+/wk + CagriSema clean approval Oct 2026 + EFX Ph3 positive + management commentary on accelerated international rollout = multiple expansion to ~13x EV/EBITDA + Base case becomes Bull case (target jumps to \$55-60).

- **To AVOID:** Wegovy pill plateau below 150k/wk in Q3 2026 + CagriSema rejection or narrow T2D-only label + EFX disappoints + Doustdar M&A; spree exceeds \$25bn = Bear case validates (target falls to \$25-30, downside >30%).
 - **Stay HOLD:** Status quo continues into Capital Markets Day (Sep 21 2026) without major positive or negative surprise. This is the most likely path.
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Disclaimer & Methodology

This report is prepared by Romanos Valeontis as an independent equity research analysis for portfolio and educational purposes. It is not investment advice. All financial data sourced from Novo Nordisk Annual Report 2025 (5-year overview p.8), Q1 2026 Form 6-K (6 May 2026), Q1 2026 Investor Presentation, Google Finance, Yahoo Finance, S&P; Capital IQ, IQVIA, GuruFocus, TradingEconomics, and Perplexity research as of 22 May 2026 close. Math-driven verdict methodology: 3 valuation methods (DCF 50%, P/E 30%, EV/EBITDA 20%) x 3 scenarios (Bull 20%, Base 55%, Bear 25%), no analyst overlay. Recommendation derived via formula: IF Upside >20% then BUY, elseif >0% then HOLD, else AVOID. All calculations are reproducible in the accompanying Excel model (Novo_Novo_Analysis_v1.xlsx, 430 formulas, zero errors).