

## Novo-Nordisk A/S (NVO)

**\$65.19** (As of 08/11/20)

Price Target (6-12 Months): **\$69.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 02/12/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**4-Sell**

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: A

### Summary

Novo Nordisk missed the sales estimates but beat the earnings expectations. The initial uptake of Rybelsus looks good. Ozempic, a once-weekly GLP-1, is off to a solid start. The label of Ozempic was further expanded by the FDA to include a cardiovascular indication. Novo Nordisk has one of the broadest diabetes portfolios in the industry. Tresiba, Victoza, Ozempic, Xultophy and Saxenda maintain momentum for the company. Label expansion of existing drugs will further boost sales for the company. Shares of the company have outperformed the industry in the past year. However, lower realized prices in the United States, loss of exclusivity for products in hormone replacement therapy and intensifying competition will impact sales. Moreover, the impact of COVID-19 will affect the performance in the upcoming quarters.

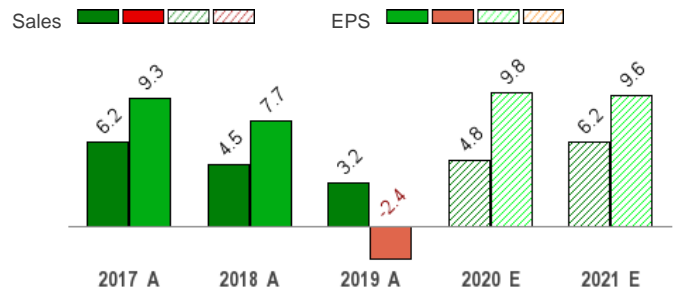
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$68.96 - \$48.60
20 Day Average Volume (sh)	1,096,479
Market Cap	\$153.5 B
YTD Price Change	12.6%
Beta	0.43
Dividend / Div Yld	\$0.74 / 1.7%
Industry	<a href="#">Large Cap Pharmaceuticals</a>
Zacks Industry Rank	Bottom 26% (188 out of 253)

### Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	4.7%
Last Sales Surprise	-1.3%
EPS F1 Est- 4 week change	0.2%
Expected Report Date	11/06/2020
Earnings ESP	0.0%
P/E TTM	25.0
P/E F1	24.1
PEG F1	2.7
P/S TTM	8.2

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021					20,373 E
2020	5,001 A	4,429 A	4,765 E	5,055 E	19,177 E
2019	4,456 A	4,523 A	4,510 A	4,805 A	18,296 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021					\$2.96 E
2020	\$0.75 A	\$0.67 A	\$0.64 E	\$0.59 E	\$2.70 E
2019	\$0.66 A	\$0.61 A	\$0.64 A	\$0.55 A	\$2.46 A

\*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/11/2020. The reports text is as of 08/12/2020.

## Overview

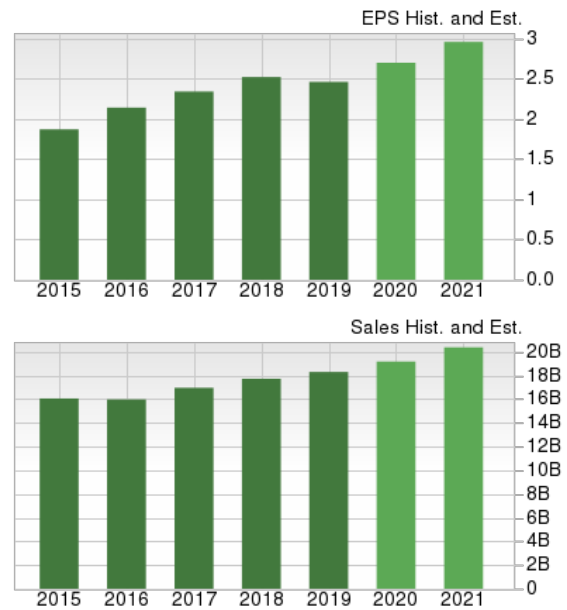
Bagsværd, Denmark-based Novo Nordisk is a global healthcare company and a leader in the worldwide diabetes market. The company is also a key player in hemophilia care, growth hormone therapy, hormone replacement therapy and obesity.

Novo Nordisk operates through two segments: Diabetes and obesity care and Biopharmaceuticals. While the Diabetes and obesity care segment covers insulins, glucagon-like peptide 1 (GLP-1), other protein-related products, obesity and oral anti-diabetic drugs, the Biopharmaceuticals segment includes hemophilia, growth hormone therapy and hormone replacement therapy.

Novo Nordisk's most well-known drugs include Levemir, NovoRapid, Victoza, Ozempic, NovoMix 30, NovoMix 50, NovoMix 70, NovoSeven, NovoThirteen and Norditropin. The company launched its first product for weight management, Saxenda, in the United States in May 2015.

In August 2018, Novo Nordisk announced that it has acquired all of the shares of Ziylo Ltd. Ziylo is a University of Bristol spin-out company based at Unit DX science incubator in the United Kingdom. The acquisition gives Novo Nordisk full rights to Ziylo's glucose binding molecule platform to develop glucose responsive insulins (GRIs). Novo Nordisk is focused on developing this technology in order to develop this next generation of insulin, which would lead to a safer and more effective insulin therapy.

Novo Nordisk reported 2019 revenues of \$18.3 billion, up 9% in DKK. Sales of diabetes and obesity products increased 16% at CER. Sales of biopharmaceutical products increased 4% in CER.



## Reasons To Buy:

- ▲ **Share Price Performance:** Novo Nordisk's stock has outperformed the industry in the past year.
- ▲ **Strong Foothold in the Diabetes Market:** Novo Nordisk has a strong presence in the Diabetes care market with one of the broadest diabetes portfolios in the industry. Novo Nordisk has improved its global diabetes value market share over the last 12 months from 28.2% to 29.0%, driven by an improved global insulin market share and expansion of the GLP-1 segment as well as market share. With the encouraging uptake of Ozempic and the launch of Rybelsus, Novo Nordisk has gained market leadership of around 58% and is the GLP-1 market leader measured on total prescriptions with around 49% market share.

Novo Nordisk has a strong presence in the Diabetes Care market and boasts of a strong pipeline, with focus on therapeutic proteins within insulin. Victoza remains the growth engine for the company.

- ▲ **Other Drugs Performing Well:** Obesity drug, Saxenda (liraglutide 3 mg) was launched in the United States in 2015 and the drug is doing well. The FDA approved Ozempic (semaglutide) once-daily pre-filled pen to improve glycemic control in type II diabetes patients in December 2017. In January 2020, Ozempic was approved in the United States for cardiovascular (CV) risk reduction in people with type II diabetes and established cardiovascular diseases.

In September 2019, the FDA approved semaglutide in a tablet form, which is marketed under the brand name, Rybelsus. It is approved as an adjunct to diet and exercise to improve glycemic control in adults with type II diabetes mellitus. The drug is off to a good start in the United States. It is the first approved glucagon-like peptide-1 (GLP-1) receptor agonist in a tablet form. The FDA also updated the Rybelsus label with additional information from the PIONEER 6 CV outcomes study. Rybelsus was recently approved in Europe for the treatment of adults with insufficiently controlled type II diabetes to improve glycemic control as an adjunct to diet and exercise. In June 2020, the Japanese Ministry of Health, Labour and Welfare approved Rybelsus for the treatment of adults with Type II diabetes. The approval of Rybelsus in Japan is based on results from the PIONEER study, which involved more than 9,500 adults with Type II diabetes, including about 1,300 adults from Japan. Approval in other geographies should boost sales.

- ▲ **Encouraging Pipeline Progress:** Novo Nordisk is making efforts to broaden its portfolio.

During the second quarter of 2020, Novo Nordisk reported the successful completion of the phase III programme with semaglutide 2.4 mg, the phase II study with AM833 and the phase I combination study with AM833 and semaglutide 2.4 mg, all in obesity care. A multi-dose pharmacokinetics study of AM833 and semaglutide is expected to be initiated in second half of 2020 and phase III development programme is expected to begin in 2021.

In June 2020, Novo Nordisk successfully completed the first human dose phase I study with PCSK9i peptide. The study investigated the safety, tolerability, pharmacokinetics and pharmacodynamics of single subcutaneous administrations of PCSK9i peptide in healthy people and in patients with hypercholesterolaemia on statin treatment. The PCSK9i peptide appeared to have a safe and well tolerated profile in the study. Following the completion of the trial, further clinical development is now being evaluated.

The company is planning to initiate the phase III program for the first-in-class once-weekly insulin icodec before the end of 2020. It also expects regulatory submission in the United States for semaglutide 2.4 milligrams in obesity towards end of 2020. The successful development of these candidates will be a boost for the company.

- ▲ **Diversification other than diabetes:** We are encouraged by the company's efforts to develop new treatments. In February 2019, the FDA approved Novo Nordisk's biologics license application (BLA) for Esperoct (turoctocog alfa pegol, N8-GP) for the treatment of hemophilia A in adults and children. The drug is approved for the routine prophylactic to reduce the frequency of bleeding episodes, on-demand treatment and control of bleeding episodes plus perioperative management of bleeding in the given patient population. In July, the European Commission granted marketing authorization to the drug for the treatment of adolescents (>12 years of age) and adults with hemophilia A. The authorization covers all 28 European Union member states.

- ▲ **Acquisitions To Boost Portfolio:** In June 2020, Novo Nordisk announced that it has agreed to buy AstraZeneca Plc's spin-off, Corvidia Therapeutics, for an upfront payment of \$725 million in cash. With the acquisition, the company seeks to expand presence across a range of cardiometabolic diseases that are closely linked to Novo Nordisk's core business within diabetes and obesity. The acquisition was completed in July 2020 and will be accounted for as an asset acquisition in the third quarter of 2020.

Corvidia's leading drug candidate, ziltivekimab, is in mid-stage clinical trials. Ziltivekimab is being evaluated in a phase IIb dose-finding study-RESCUE in patients who have an increased risk of atherosclerotic cardiovascular disease (ASCVD) with chronic kidney disease (CKD) and inflammation. Novo Nordisk remains optimistic about ziltivekimab and believes that the candidate has the potential to become a first- and best-in-class treatment to lower the burden of cardiovascular disease in a patient population that is at high risk of major adverse cardiovascular events. This acquisition recognizes the important scientific work Corvidia has been doing over the last five years in cardiovascular diseases with a focus on inflammation.

In November 2019, Novo Nordisk and UBE Industries Ltd. announced that the former obtained an exclusive worldwide license to UBE's preclinical asset UD-014, a selective Semicarbazide-Sensitive Amine Oxidase/Vascular Adhesion Protein-1 (SSAO/VAP-1) inhibitor small molecule, which has shown promising efficacy in preclinical studies for its anti-inflammatory mechanism of action and antioxidative effect on endothelial cells, and can potentially be used for the treatment of NASH. Per the agreement, UBE will receive an upfront payment as well as development and sales milestones plus tiered royalties on the annual net sales. Novo Nordisk will be responsible for the further development, manufacturing and commercialization of UD-014.

In the same month, Novo Nordisk and Dicerna announced an agreement to discover and develop novel therapies for the treatment of liver-related cardio-metabolic diseases using Dicerna's proprietary GalXC RNAi platform technology. The collaboration aims at exploring more than 30 liver cell targets and may deliver multiple clinical candidates for disorders.

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In October 2019, Novo Nordisk and bluebird entered a three-year research collaboration to jointly develop next-generation vivo genome editing treatments for genetic diseases, including hemophilia. Per the agreement, both companies will focus on identifying a development gene-therapy candidate to offer people with hemophilia A a lifetime free of factor replacement therapy.

In April 2019, Novo Nordisk and Gilead Sciences, Inc. collaborated for developing treatments for non-alcoholic steatohepatitis (NASH).

▲ **Favorable Debt Profile:** Novo Nordisk has a favorable debt profile. As of June 30, 2020, the company's debt to total capital ratio stood at 6.5, which compares favorably to the industry's 48.7 and is also down from 7.0 at the end of the previous quarter. A lower ratio indicates lower financial risk. The company is in good financial health and is not likely to face insolvency.

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## Reasons To Sell:

▼ **Generic Competition a Threat to Key Products:** The patent expiry on some of the products in Novo Nordisk's portfolio is highly concerning. The formulation patent on Norditropin expired in the United States, Europe and Japan in 2017. Victoza is slated to lose patent protection in the United States and the EU in 2023. Novo Nordisk is also facing a risk from biosimilars in the human growth hormone market. Moreover, the diabetes market is already crowded with a number of drugs. Merck's Januvia and Janumet (type II diabetes), Eli Lilly's Trulicity (type II diabetes), Sanofi's Toujeo (type I and II diabetes) are already approved. The company also faces stiff competition from Eli Lilly and Astra Zeneca in the global GLP-1 market.

Novo Nordisk is going through a rough patch with several drugs in its portfolio losing patent protection. The company is also facing pricing pressure for some of its drugs.

▼ **Pipeline Setbacks:** With generic competition looming large over the company, Novo Nordisk's pipeline needs to deliver. The company received a setback with the discontinuation of the development of liraglutide as a joint therapy to insulin in type I diabetes. In August 2018, the first human dose trial investigating the short-acting glucagon analogue Hypopen-1513 was stopped due to a suboptimal PK/PD profile.

Novo Nordisk also halted three (two phase III and one phase II) ongoing studies investigating its anti-TFPI mAb, concizumab, in hemophilia A and B patients with or without inhibitors. The decision was taken due to the occurrence of non-fatal thrombotic events in three patients in the phase III studies. While the company will not recruit any additional patients in the studies, it will also cease further treatment of patients already enrolled in the studies. Novo Nordisk and an independent Data Monitoring Committee are evaluating all available data to decide whether to continue the studies.

▼ **Pricing Pressure:** Market conditions within the pharmaceutical industry continue to change with efforts by governmental entities to reduce or control costs. In most of the countries in which Novo Nordisk sells insulin, product prices are subsidized or are subject to price control. Moreover, the company continues to face pricing pressure from other players in the market. Going forward, the company may encounter a tough pricing environment in the United States basal insulin market. Downward pricing pressure could negatively impact future

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## Last Earnings Report

### Novo Nordisk's Q2 Earnings Beat Estimates, Sales Miss

Novo Nordisk reported second-quarter 2020 earnings of 67 cents per American Depositary Receipt (ADR), beating the Zacks Consensus Estimate of 64 cents and increasing from 61 cents in the year-ago quarter.

Revenues of \$4.43 billion remained unchanged both in Danish kroner and at constant exchange rate (CER). Revenues slightly missed the Zacks Consensus Estimate of \$4.49 billion. Sales were negatively impacted by fewer patients initiating treatment and COVID-19-related destocking following the stocking in March 2020.

All growth rates mentioned below are on a year-over-year basis.

### Quarter in Detail

Novo Nordisk operates in two segments — Diabetes and Obesity Care, and Biopharmaceuticals.

The Diabetes and Obesity Care segment sales grew 1% at CER. In Diabetes Care, fast-acting insulin (Fiasp and NovoRapid) revenues declined 8% and Human insulin revenues were up 9%. Premix insulin (Ryzodeg and NovoMix) revenues rose 7%. However, sales of long-acting insulin (Tresiba, Xultophy and Levemir) declined 22%. Ozempic had a strong launch and recorded sales of DKK 4.8 billion in the quarter.

Obesity Care (Saxenda) declined 9% at CER.

Sales at the Biopharm segment decreased 3% at CER to DKK 4.7 billion. Hemophilia sales (NovoSeven and NovoEight) were down 10% to DKK 2.4 billion.

Research and development (R&D) expenses decreased 8% at CER due to the phasing of clinical studies and COVID-19 impacts on study recruitment and initiations.

Sales and distribution costs declined 2% at CER due to delayed promotional activities and lower general activities due to COVID-19. This is partly offset by higher distribution costs.

### Other Updates

In June 2020, the Japanese Ministry of Health, Labour and Welfare approved Rybelsus for the treatment of adults with type II diabetes. The approval in Japan is based on results from the PIONEER study. Novo Nordisk and Merck will be co-promoting Rybelsus in Japan.

In May and June, Novo Nordisk announced the headline results from STEP 1, 2, 3 and 4, the pivotal phase IIIa studies on once-weekly subcutaneous semaglutide 2.4 mg in obesity.

### 2020 Outlook Maintained

Novo Nordisk maintained its outlook for 2020 amid the coronavirus pandemic. It expects 3-6% sales growth at CER. This reflects a strong performance for the glucagon-like peptide-1 (GLP-1)-based diabetes care products, Ozempic, Victoza and Rybelsus; the portfolio of new-generation insulin; and the contribution from biopharm products. The guidance also reflects intensifying competition within Diabetes care and Biopharm, especially the hemophilia inhibitor segment.

The current COVID-19 pandemic leads to uncertainty regarding the number of patients initiating treatment and societal impacts such as the unemployment rate in the United States, which is impacting healthcare insurance coverage.

Quarter Ending **06/2020**

Report Date	Aug 06, 2020
Sales Surprise	-1.31%
EPS Surprise	4.69%
Quarterly EPS	0.67
Annual EPS (TTM)	2.61

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## Recent News

### Rybelsus Approved in Japan to Treat Type II Diabetes-June 29

Novo Nordisk announced that the Japanese Ministry of Health, Labour and Welfare has approved Rybelsus (oral semaglutide), the first and only oral glucagon-like peptide-1 receptor agonist (GLP-1 RA) in a tablet, for the treatment of adults with Type II Diabetes.

The approval of Rybelsus in Japan is based on results from the PIONEER study, which involved more than 9,500 adults with Type II diabetes, including about 1,300 adults from Japan.

Novo Nordisk will now initiate reimbursement negotiations and expects to launch Rybelsus® in Japan thereafter. Novo Nordisk and MSD will be co-promoting Rybelsus in Japan.

### Successfully completes AM833 Study and Combination trial of AM833 and Semaglutide in Obesity-June 18

Novo Nordisk announced the headline results from two studies with a novel once-weekly subcutaneous amylin analogue (AM833), a phase II monotherapy study and a phase I combination study of AM833 and once-weekly subcutaneous semaglutide 2.4 mg.

The 26-week blinded phase II monotherapy study with AM833 investigated safety, tolerability and efficacy for weight management in 706 people with obesity or overweight with at least one weight-related comorbidity. The patients were randomised to treatment with five different weekly doses of AM833 (0.3 mg, 0.6 mg, 1.2 mg, 2.4 mg, 4.5 mg), liraglutide 3.0 mg or placebo.

The study reached its primary endpoint by demonstrating a weight loss of 10.8% at week 26 with AM833 at the 4.5 mg dose, compared to a weight loss of 3.0 % with placebo. The treatment difference was statistically significant. AM833 appeared to have a safe and well-tolerated profile.

The 20-week multiple ascending dose phase I study investigated safety, tolerability, pharmacokinetics and weight loss potential of AM833 administered in combination with semaglutide 2.4 mg in 80 people with obesity or overweight.

After 20 weeks of treatment, participants receiving the highest dose lost an average of 17.1% body weight from a mean baseline body weight of 95.1 kg (secondary end-point)<sup>1</sup>.

The study investigated the number of treatment-emergent adverse events (primary end-point) and AM833 was well-tolerated, with the most common adverse events being gastrointestinal disorders including nausea and vomiting, the majority being non-serious and mild or moderate in severity. The level of gastrointestinal disorders observed for the combination of AM833 and semaglutide in the trial was comparable to what is generally seen for glucagon-like peptides-1 (GLP-1) in monotherapy.

### Once-weekly insulin Icodec Showed Comparable Efficacy and Safety-June 15

Novo Nordisk announced results from a phase II study of investigational insulin icodec, a once-weekly basal insulin analogue. In the trial, adults with type II diabetes randomised to once-weekly insulin icodec achieved similar blood sugar control and a similar safety profile compared with adults with type II diabetes randomised to once-daily insulin glargine U100.

This 26-week, phase II study involved 247 insulin-naïve adults with type II diabetes inadequately controlled with metformin with or without a DPP-4i. The primary endpoint showed that the change from baseline to week 26 in blood sugar control (HbA<sub>1c</sub>) was similar in participants receiving once-weekly insulin icodec compared to once-daily insulin glargine U100. Secondary endpoints included change in fasting plasma glucose (FPG) from baseline to week 26, which was similar for insulin icodec and insulin glargine U100, and the change from baseline to week 26 of the mean of the nine-point self-monitoring of blood glucose (SMBG) profile, which was greater for icodec.

### Reports Data from EXPERT and PATHWAY Studies-June 13

Novo Nordisk announced results from two real-world studies: EXPERT, which confirmed the efficacy Ozempic (once-weekly semaglutide) demonstrated in the SUSTAIN study, and PATHWAY, which supported recommendations in clinical guidelines by showing that initiation of a GLP-1 receptor agonist (GLP-1 RA) helps people with type II diabetes reach their blood sugar goals (measured by HbA<sub>1c</sub>) while also losing weight.

The EXPERT study showed that a switch to Ozempic from another GLP-1 RA in people with type II diabetes was associated with statistically significant reductions in blood sugar and weight, independent of the previous GLP-1 RA used.

The PATHWAY study showed that intensifying treatment with a GLP-1 RA resulted in a statistically significant increased likelihood of achieving HbA<sub>1c</sub> below 7% and weight reduction from baseline compared with adding a further oral antidiabetic. These blood glucose and weight reductions were more pronounced compared with insulin intensification, where those taking a GLP-1 RA were almost twice as likely to achieve HbA<sub>1c</sub> below 7% and approximately three times more likely to lose weight.

### Reports STEP 2 and STEP 3 Study Data- June 12

Novo Nordisk announced headline results from the final two phase IIIa studies investigating once-weekly subcutaneous (sc) semaglutide 2.4 mg for weight management. STEP 2 in adults with obesity and type II diabetes (T2D) and STEP 3 as an adjunct to intensive behavioural therapy (IBT) in adults with obesity.

STEP 2 study compared the efficacy and safety of once-weekly sc semaglutide 2.4 mg after 68 weeks to placebo and once-weekly sc

semaglutide 1.0 mg. Treatment was provided in conjunction with lifestyle intervention, in 1,210 adults with T2D and either obesity or overweight with comorbidities.

The study met both primary endpoints. In all people randomised<sup>1</sup>, a statistically significant greater weight loss of 9.6% was achieved at 68 weeks with sc semaglutide 2.4 mg, from a mean baseline bodyweight of 99.8 kg, compared to placebo (3.4% weight loss) and sc semaglutide 1.0 mg (7.0% weight loss). 68.8% of those who received sc semaglutide 2.4 mg achieved a weight loss of 5% or more after 68 weeks, compared to 28.5% with placebo.

STEP 3 study investigated the effect of once-weekly sc semaglutide 2.4 mg after 68 weeks compared to placebo in 611 adults with obesity or overweight with comorbidities. Both treatments were in conjunction with IBT, defined as weekly behavioural support, dietician counselling and reduced calorie diet.

The study met both of its primary endpoints. In all people randomised, a statistically significantly greater weight loss of 16.0% was achieved with sc semaglutide 2.4 mg as an adjunct to IBT, from a mean baseline bodyweight of 105.8 kg, compared to a 5.7% weight loss with placebo plus IBT after the 68-week treatment period. 86.6% of those treated with sc semaglutide 2.4 mg achieved a weight loss of 5% or more after 68 weeks as an adjunct to IBT, compared to 47.6% with placebo plus IBT.

## Novo Nordisk to Acquire Corvidia Therapeutics for \$725M Cash-June 11

Novo Nordisk announced that it has agreed to buy AstraZeneca Plc's spin-off, Corvidia Therapeutics, for an upfront payment of \$725 million in cash. With the acquisition, the company seeks to expand presence across a range of cardiometabolic diseases that are closely linked to Novo Nordisk's core business within diabetes and obesity. Upon meeting some regulatory and sales milestones, Novo Nordisk will make total payments of \$2.1 billion in cash to Corvidia's shareholders.

Corvidia's leading drug candidate, ziltivekimab, is in mid-stage clinical trials. Ziltivekimab is being evaluated in a phase IIb dose-finding study in patients who have an increased risk of atherosclerotic cardiovascular disease (ASCVD) with chronic kidney disease (CKD) and inflammation. Novo Nordisk remains optimistic about ziltivekimab and believes that the candidate has the potential to become a first- and best-in-class treatment to lower the burden of cardiovascular disease in a patient population that is at high risk of major adverse cardiovascular events. This acquisition recognizes the important scientific work Corvidia has been doing over the last five years in cardio-renal diseases with a focus on inflammation.

The transaction will not impact Novo Nordisk's previously communicated operating profit outlook for 2020. The company will fund the upfront payment from financial reserves, without affecting the ongoing share buyback program.

## Valuation

Novo Nordisk's shares are up 12.7% in the year-to-date period and up 25.8% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 0.5 % and down 0.3% in the Zacks Medical sector in the year-to-date period. Over the past year, the Zacks sub-industry is up 10.8% and the sector is up 6.4%.

The S&P 500 index is up 4.2% in the year-to-date period and up 15.0% in the past year.

The stock is currently trading at 22.53X forward 12-month earnings per share, which compares to 14.68X for the Zacks sub-industry, 21.86X for the Zacks sector and 22.62X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.38X and as low as 13.75X, with a 5-year median of 19.32X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$69.00 price target reflects 23.8X forward 12-month earnings per share.

The table below shows summary valuation data for NVO

Valuation Multiples - NVO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	22.53	14.68	21.86	22.62
	5-Year High	27.38	16.62	23.17	22.62
	5-Year Low	13.75	13.61	15.89	15.25
	5-Year Median	19.32	15.32	18.97	17.58
P/S F12M	Current	7.54	4.67	2.78	3.65
	5-Year High	9.03	4.85	3.41	3.65
	5-Year Low	4.73	3.88	2.22	2.53
	5-Year Median	6.77	4.4	2.89	3.05
P/B TTM	Current	17.31	5.33	4.35	4.64
	5-Year High	27.12	7.37	5.07	4.68
	5-Year Low	12.39	3.69	2.94	2.83
	5-Year Median	16.75	5.25	4.3	3.74

As of 08/11/2020

## Industry Analysis Zacks Industry Rank: Bottom 26% (188 out of 253)



## Top Peers

Company (Ticker)	Rec	Rank
AstraZeneca PLC (AZN)	Neutral	3
Bristol Myers Squibb Company (BMY)	Neutral	3
Gilead Sciences, Inc. (GILD)	Neutral	3
Eli Lilly and Company (LLY)	Neutral	3
MerckCo., Inc. (MRK)	Neutral	3
Novartis AG (NVS)	Neutral	3
Pfizer Inc. (PFE)	Neutral	3
Sanofi (SNY)	Neutral	3

Industry Comparison Industry: Large Cap Pharmaceuticals				Industry Peers		
	NVO	X Industry	S&P 500	LLY	MRK	SNY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	3	3	3
VGM Score	A	-	-	A	A	A
Market Cap	153.51 B	149.16 B	23.61 B	144.07 B	204.64 B	127.26 B
# of Analysts	4	2	14	6	7	5
Dividend Yield	1.72%	2.59%	1.69%	1.97%	3.02%	2.31%
Value Score	B	-	-	B	A	A
Cash/Price	0.02	0.05	0.07	0.02	0.05	0.14
EV/EBITDA	17.21	13.94	13.32	24.12	14.53	11.10
PEG Ratio	2.73	2.02	2.95	1.37	2.15	1.89
Price/Book (P/B)	17.31	5.15	3.22	33.72	7.36	1.82
Price/Cash Flow (P/CF)	23.08	11.27	12.79	21.27	12.09	7.65
P/E (F1)	24.85	14.63	22.02	21.38	14.48	14.72
Price/Sales (P/S)	8.19	4.34	2.57	6.28	4.34	3.17
Earnings Yield	4.14%	6.83%	4.29%	4.68%	6.91%	6.79%
Debt/Equity	0.05	0.78	0.77	3.53	0.94	0.34
Cash Flow (\$/share)	2.82	4.22	6.94	7.08	6.69	6.64
Growth Score	A	-	-	A	B	B
Hist. EPS Growth (3-5 yrs)	6.46%	7.34%	10.41%	17.69%	9.70%	1.54%
Proj. EPS Growth (F1/F0)	9.65%	7.23%	-6.51%	16.67%	7.62%	3.98%
Curr. Cash Flow Growth	-0.50%	2.90%	5.22%	-7.51%	5.54%	26.95%
Hist. Cash Flow Growth (3-5 yrs)	7.63%	7.37%	8.55%	9.27%	0.15%	5.29%
Current Ratio	1.09	1.24	1.34	1.22	1.32	1.85
Debt/Capital	4.36%	43.67%	44.59%	77.91%	48.53%	25.17%
Net Margin	32.73%	19.20%	10.13%	24.48%	22.20%	13.88%
Return on Equity	73.42%	31.21%	14.59%	183.80%	52.94%	24.71%
Sales/Assets	0.98	0.43	0.51	0.57	0.55	0.63
Proj. Sales Growth (F1/F0)	4.82%	4.93%	-1.45%	6.61%	3.59%	7.95%
Momentum Score	A	-	-	B	B	C
Daily Price Chg	0.88%	0.02%	-0.17%	-1.55%	0.00%	-0.18%
1 Week Price Chg	-1.06%	-0.08%	2.30%	1.76%	0.97%	-1.79%
4 Week Price Chg	-0.46%	-1.08%	6.41%	-8.09%	3.40%	-2.48%
12 Week Price Chg	1.12%	0.59%	15.42%	-3.87%	4.33%	7.67%
52 Week Price Chg	25.70%	14.84%	2.88%	30.19%	-6.01%	20.71%
20 Day Average Volume	1,096,479	2,255,847	2,007,486	2,761,438	7,939,225	1,112,798
(F1) EPS Est 1 week change	1.12%	0.00%	0.00%	0.00%	0.00%	0.64%
(F1) EPS Est 4 week change	0.19%	1.30%	1.84%	7.17%	7.63%	6.07%
(F1) EPS Est 12 week change	1.12%	1.59%	2.40%	7.27%	7.53%	2.18%
(Q1) EPS Est Mthly Chg	-3.03%	-0.67%	0.72%	-0.19%	3.47%	10.35%

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## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	A
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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### Disclosures

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