Company Deep Dive

Novo Nordisk

Europe's most valuable company invented the modern obesity market, then lost it. How Novo fell from leader to challenger, what the Wegovy pill changes, and whether a stock on nine times earnings is a value opportunity or a value trap.

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Coverage summary. Three years ago Novo Nordisk was the most valuable company in Europe, its Ozempic and Wegovy injections synonymous with a medical and cultural revolution in weight loss. Today it is worth about $165 billion, roughly a sixth of Eli Lilly, and it expects its sales to be flat or lower this year. The decline has three causes that reinforce each other: Lilly's tirzepatide proved more effective and took the lead in the United States; US prices have fallen sharply under political pressure and a shift to cash-pay channels; and the patents on semaglutide, Novo's key molecule, are expiring in several large international markets. Against that, the new Wegovy pill has been one of the most successful drug launches in years, the company remains highly profitable and cash generative, and the shares trade on about nine times trailing earnings. This note examines how Novo got here and what is now priced in.

Share price (ADR) / mkt cap	2026 sales guidance	Trailing P/E	Dividend yield
$37 / $165bn	**0% to -6%**	**~9x**	**~3.4%**
-37% over one year	*at CER, adjusted*	*~12x forward*	*net cash balance sheet*

Exhibit A. Key figures

Metric	Figure	Note
Sales, 2025	DKK 309bn (~$47bn)	+10% at constant exchange rates (CER)
Adjusted sales, Q2 2026	DKK 78.5bn	+7% at CER; US +4%, International +10%
Wegovy injection, US, Q2	-22%	lower realised prices
Wegovy pill, US weekly prescriptions	~267,000	~90% of the oral GLP-1 market
Gross margin, Q2	78.2%	82.7% a year earlier
2026 outlook (adjusted, CER)	sales and operating profit 0% to -6%	raised from -5% to -13% in February
Headcount	-12,000	about 15% lower than a year earlier
Valuation	~9.3x trailing, ~11.8x forward P/E	EV/EBITDA ~6.8x; net cash ~$14.5bn
Eli Lilly market cap, for comparison	~$1.02tn	2026 revenue guidance $85bn to $87bn

Figures from company releases, earnings calls and market data as of the 2 October 2026 close; US dollar figures for Novo are approximate conversions. Colour convention (charts only): green marks growth or Novo's strengths, red marks decline or risk. All body and table text is set in black.

1.0 Executive Summary

Key takeaways

Novo has gone from monopoly to price-taker. For several years Novo effectively owned the GLP-1 market, the class of drugs that mimic a gut hormone to regulate blood sugar and appetite. Lilly's tirzepatide, sold as Mounjaro and Zepbound, delivered greater weight loss and now accounts for around 60 per cent of US obesity prescriptions and about 70 per cent of the injectable segment. Lilly expects revenue of $85 to $87 billion this year, almost double Novo's, and is

valued at roughly six times as much. At the same time US prices have fallen: Novo's US injectable Wegovy sales dropped 22 per cent in the second quarter as more patients moved to discounted cash-pay channels and the company agreed to price concessions with the US administration.

The pill is the one clear success, but it is cannibalising as well as growing. The oral version of Wegovy, launched in the US this year, reached about 267,000 weekly prescriptions by July and holds around 90 per cent of the oral GLP-1 market, with roughly four in five new users never having taken a GLP-1 before. It is expanding the market rather than just shifting patients. But it is sold at lower prices than the injections, and it now faces Lilly's own pill, Foundayo, whose prescriptions are growing quickly. Novo raised its 2026 guidance in August thanks to the pill, yet the outlook remains for flat to falling sales, with generic semaglutide arriving in Canada and Brazil in the second half and annualising in 2027.

The valuation now prices a long decline. At around nine times trailing and twelve times forward earnings, with a 3.4 per cent dividend yield, a net cash balance sheet and a return on invested capital close to 40 per cent, Novo is priced like a company in structural decline rather than one with a growing obesity market and a pipeline of new medicines. That could prove too pessimistic. But the September capital markets day, which targeted growth only in line with peers through 2030, showed that management itself is not promising a return to leadership. The shares will need evidence, most likely from the pipeline, before the market pays more.

2.0 Business Overview

A century of diabetes, three years of obesity

Novo Nordisk is a Danish pharmaceutical company founded in the 1920s to produce insulin, and for most of its history it was a specialist in diabetes care. Its transformation came with semaglutide, a long-acting GLP-1 drug sold for type 2 diabetes as Ozempic (injection) and Rybelsus (tablet), and at higher doses for obesity as Wegovy. When clinical trials showed weight loss of around 15 per cent, demand exploded, supply could not keep up, and Novo's sales and profits roughly doubled in three years. By 2025 semaglutide products accounted for the large majority of group revenue, and Wegovy alone generated DKK 79 billion, up 41 per cent.

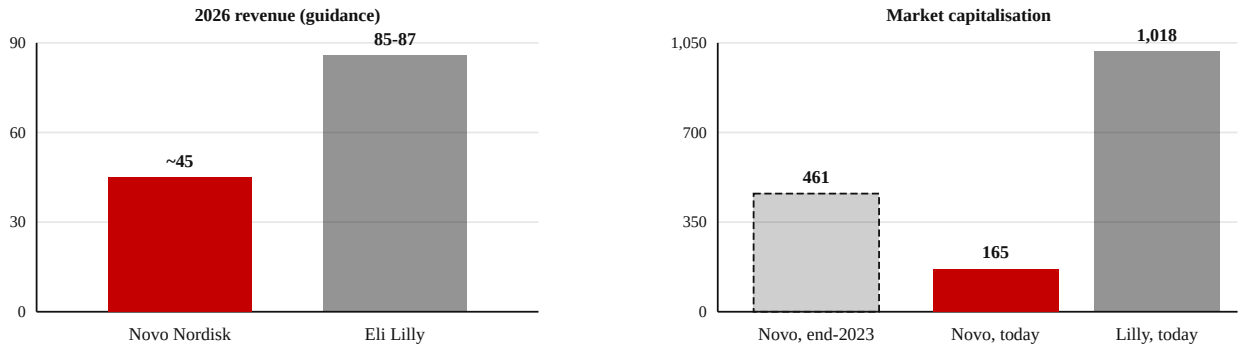
That concentration is now the central issue. Novo is in effect a single-molecule company: its fortunes depend on semaglutide's pricing, patent life and competitiveness against newer drugs. The company is controlled by the Novo Nordisk Foundation, through its holding company Novo Holdings, which holds a majority of the votes. That structure gives it a long-term horizon and stable ownership, but also contributed to a management shake-up in 2025, when the board replaced the chief executive with Mike Doustdar, previously head of international operations, and launched a restructuring that has reduced headcount by about 12,000.

3.0 Competitive Position

The loss of leadership

The turning point was Lilly's tirzepatide, which acts on two hormone receptors rather than one and produced average weight loss of around 21 per cent in trials, compared with roughly 15 per cent for semaglutide. Launched for diabetes in 2022 and obesity in late 2023, it overtook Novo's products in the US within two years, and by May 2026 Lilly had also overtaken Novo in GLP-1 sales outside the US. Lilly's combined Mounjaro and Zepbound sales reached $14.9 billion in the second quarter of 2026 alone, and its revenue grew 48 per cent. Lilly also moved faster on pricing and access, introducing lower-priced vials sold directly to consumers, which helped it capture the cash-pay market that Novo is now also chasing.

Exhibit 1. Novo Nordisk and Eli Lilly: 2026 revenue and market value ($bn)



Source: Andra Markets; company guidance and market data (October 2026). Novo 2026 revenue is an approximate conversion of 2025 sales of DKK 309bn adjusted for the guided range of 0% to -6%. Red marks Novo today.

The competitive gap is likely to persist in the near term. Lilly's pipeline includes retatrutide, a triple-agonist that has shown weight loss above 25 per cent, and its oral GLP-1, orforglipron (Foundayo), a small molecule that is cheaper to manufacture at scale than Novo's peptide-based pill. Novo's response rests on CagriSema, a combination of semaglutide with a second hormone analogue, whose US approval decision for obesity is expected at the end of 2026, and on amycretin, an earlier-stage candidate. Neither has yet shown a clear efficacy advantage over Lilly's leading drugs, which is why the market treats Novo as the follower in the next phase of competition.

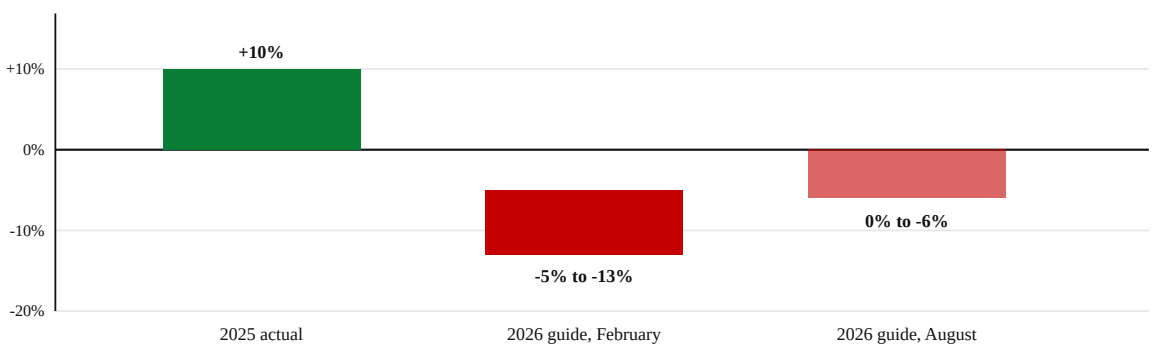
4.0 Pricing and Patent Expiry

Two structural headwinds

The second pressure is price. In the United States, the largest and most profitable market, list prices for GLP-1s have been under political attack for years. In late 2025 Novo and Lilly reached agreements with the Trump administration to lower prices in government programmes and cash-pay channels, including a starter price of $149 for the first month of the Wegovy pill. More importantly, the market itself has shifted: self-pay prescriptions, sold at lower net prices than insured ones, rose from 10 to 15 per cent of Novo's injectable prescriptions to around 35 per cent. The result is visible in the accounts, with gross margin falling to 78.2 per cent in the second quarter from 82.7 per cent a year earlier, partly also because of a one-off manufacturing charge. A new Medicare bridge programme, offering obesity drugs to around 20 million seniors at $50 a month from July, will expand volumes further but at modest prices.

The third pressure is patent expiry. Semaglutide's patents have expired or are expiring in a group of large markets, including China, India, Canada and Brazil, and generic versions are launching. Management says these early markets are expanding as cheaper products become available and that Novo is retaining volume, but at lower prices. The full effect of generics in Canada and Brazil will be felt in 2027. In the United States and Europe semaglutide remains protected until the early 2030s, which gives Novo time, but it also sets a clock on the company's core molecule.

Exhibit 2. Sales growth at constant exchange rates: from 2025 to the 2026 guidance range (%)



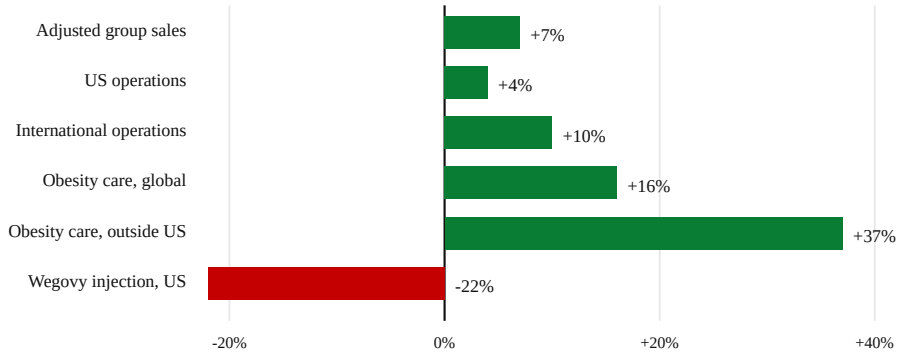
Source: Andra Markets; Novo Nordisk annual and interim reports. 2026 ranges refer to adjusted sales at constant exchange rates; bars show the range from top to bottom of guidance. Green marks growth, red decline.

5.0 Recent Performance

Volumes up, prices down

The second quarter illustrates the tension between rising volumes and falling prices. Adjusted sales grew 7 per cent at constant exchange rates to DKK 78.5 billion, with the US up 4 per cent and international operations up 10 per cent. Obesity care grew 16 per cent globally and 37 per cent outside the US, and Novo says it now treats almost 70 per cent more people with obesity than a year earlier, nearly five million in total. Yet US injectable Wegovy fell 22 per cent as prices dropped, and adjusted operating profit grew 11 per cent only because of heavy cost cutting. Reported figures were also affected by DKK 6.3 billion of impairments on pipeline assets, including monlunabant, and by the failure of the ZEUS cardiovascular trial of ziltivekimab, a setback for Novo's efforts to diversify beyond semaglutide. First-half reported sales were also lifted by a large one-off item of about DKK 27 billion in the first quarter, which is why the adjusted figures are the more meaningful measure.

Exhibit 3. Q2 2026 growth by segment, at constant exchange rates (%)



Source: Andra Markets; Novo Nordisk Q2 2026 results and earnings call. Green marks growth, red decline.

The Wegovy pill is the bright spot. More than five million prescriptions have been written since its US launch, it holds around 90 per cent of the oral GLP-1 market, and its UK launch reached 300,000 patients in three weeks. About 80 per cent of new US users are new to GLP-1 treatment, which supports management's argument that the pill widens the market rather than simply moving patients from the injection. The chief executive has defended its economics despite lower prices, arguing that volume and a broader patient base will compensate. The question for investors is whether that remains true once Lilly's oral drug, which has the advantage of being cheaper to produce, gains scale.

6.0 Strategy and Pipeline

The 2030 plan

At its capital markets day in London on 21 September, Novo set out its ambitions to 2030. It aims for revenue growth in line with its industry peers, a broadly stable adjusted operating margin, more than five blockbuster launches by 2030 and over DKK 150 billion of sales from its current pipeline by 2035. It plans to expand manufacturing capacity to serve ten times more people with obesity and reach more than 60 million patients globally by 2030, and to keep paying an attractive dividend. The shares fell 6 per cent on the day: the targets were framed as ambitions rather than guidance, and growth "in line with peers" is a modest goal for a company that only recently grew at more than 20 per cent a year.

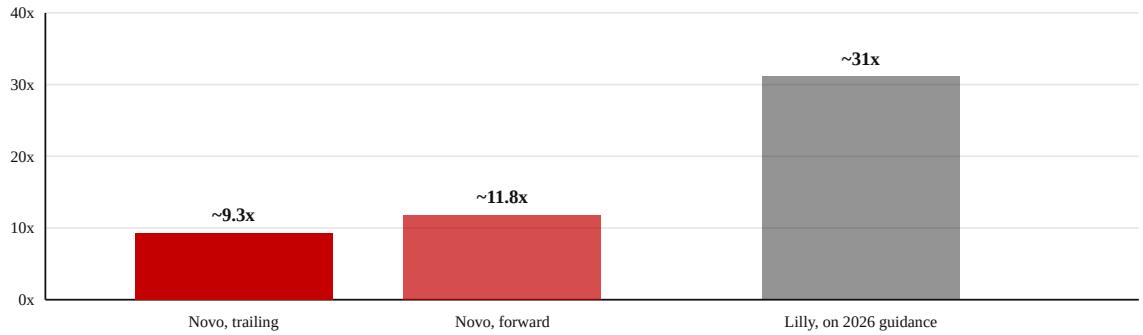
The pipeline is the key to whether Novo can exceed those targets. In the near term the focus is on CagriSema, the next-generation combination for obesity, and on higher-dose versions of Wegovy, including a 7.2 mg injection showing average weight loss of about 21 per cent, comparable to tirzepatide. Further out, amycretin and other incretin-based candidates aim to compete with Lilly's retatrutide. Recent setbacks outside obesity, the ZEUS trial and the monlunabant impairment, have reinforced the perception that Novo's diversification is lagging. Meanwhile, the restructuring is lowering costs, but cost cuts protect margins without restoring growth.

7.0 Valuation

Priced for decline

At $37.32 per share for the US-listed ADR, Novo is valued at about $165 billion. That is roughly 9 times trailing and 12 times forward earnings and 6.8 times EV/EBITDA, with a dividend yield of 3.4 per cent, net cash of around $14.5 billion and free cash flow of more than $11 billion a year. By the standards of large pharmaceutical companies these are low multiples; by Novo's own history they are extraordinary, given that it traded above 40 times earnings at its peak. The comparison with Lilly, at roughly 31 times this year's guided earnings, captures the market's view: one is priced for continued leadership in a growing market, the other for gradual erosion.

Exhibit 4. Price-to-earnings: Novo Nordisk versus Eli Lilly (x)



Source: Andra Markets; market data as of 2 October 2026. Lilly multiple is an Andra Markets approximation from market capitalisation, share count and the midpoint of 2026 EPS guidance. Red marks Novo.

Whether the stock is cheap depends on the shape of the decline. If US prices stabilise, the pill keeps growing and generics erode international sales only gradually, Novo's earnings could hold roughly flat for several years, and a company with that profile, high returns and a 3 to 4 per cent dividend is arguably undervalued at nine to twelve times earnings. If instead prices keep falling, Lilly's oral drug takes share from the Wegovy pill and CagriSema disappoints, earnings could fall for several years, and today's multiple would prove fair or even generous. Analysts' average price target of about $46, around 23 per cent above the current price, sits between the two but carries a consensus Hold rating, reflecting the lack of a clear catalyst.

8.0 Risk Considerations

Where the case could break

The downside risks centre on price and competition. Further political action on US drug prices, broader adoption of cash-pay channels at lower prices, or more aggressive pricing by Lilly could compress margins faster than volumes grow. Lilly's oral drug and retatrutide could widen the efficacy and cost gap, and the speed of generic erosion in international markets could exceed management's expectations. On the pipeline, a disappointing CagriSema decision or further late-stage failures would reinforce the view that Novo cannot regain leadership. Concentration on a single molecule remains the structural vulnerability.

There are also upside risks that the current valuation may underweight. The obesity market is still in its early stages, with large untreated populations in the US and abroad, and Novo's manufacturing scale and global reach position it well to serve volume-driven, lower-price markets, including through Medicare. A strong CagriSema label, faster pill uptake internationally, or an expansion of reimbursement in Europe could improve sentiment quickly from a low base. Currency is a further variable for a Danish company reporting in kroner with most of its profits in dollars; this year it has been a headwind, with growth in kroner running below growth at constant exchange rates.

9.0 Outlook and Monitoring Points

What to watch

The next results are due on 4 November, when the market will look for confirmation that the raised 2026 outlook holds and for an early read on 2027, which will absorb the full year of generic competition in Canada and Brazil. The weekly

prescription data for the Wegovy pill against Lilly's Foundayo are the most important real-time indicator, followed by US net pricing trends and the share of cash-pay prescriptions. The US regulatory decision on CagriSema, expected by the end of the year, is the main binary event. Beyond those, investors will watch gross margin for signs of stabilisation, the pace of cost savings from the restructuring, and any further detail on capital allocation, including buybacks, which a net cash balance sheet would allow. Novo is no longer the market leader, but it remains a large, profitable and cash-generative company in a growing market; the question is whether nine times earnings already reflects that, or whether the erosion has further to run.

Methodology and Source Notes

Method. This note is a fundamental review of Novo Nordisk based on company results for 2025 and the first half of 2026, the second-quarter earnings call, the 21 September 2026 capital markets day, Eli Lilly's second-quarter results and market data as of 2 October 2026. Growth rates are at constant exchange rates and on an adjusted basis unless stated. US dollar figures for Novo are approximate conversions from Danish kroner. Lilly's multiple is an approximation. This note is analysis, not investment advice.

Principal sources. Novo Nordisk Q2 2026 interim report (GlobeNewswire, 4 August 2026) and earnings call coverage (BigGo Finance); BioPharma Dive, on 2025 results and the initial 2026 outlook (February 2026); Yahoo Finance, on the capital markets day (September 2026); Eli Lilly Q2 2026 earnings call coverage (BigGo Finance); GxP News and Telehealth Ally, on market share; StockAnalysis and CompaniesMarketCap, for valuation and market data.

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