



Novo Nordisk: Upside Potential and Rising Dividends!

Novo Nordisk's business is almost recession-proof. Despite increasing health awareness in society, so-called "lifestyle diseases" like diabetes and hypertension are on the rise, often requiring lifelong treatment. Unfortunate for those affected, a burden for healthcare systems, but a business opportunity for pharmaceutical companies. Danish company Novo Nordisk, a pioneer in diabetes treatment with insulin and now a market leader in this field, is considered an absolute foundational investment in any long-term portfolio.

Robust Business Model: A long-term portfolio should ideally consist of at least ten stocks to achieve sufficient diversification. If forced to limit ourselves to this number, Novo Nordisk would still be part of the portfolio. Like in sports, in investment, emphasis should be on defense.

Prudent Management: Over the past three years, there have been some significant and sometimes very expensive deals in the pharmaceutical sector. We still appreciate the strategy of the Danes to strengthen their portfolio through smaller acquisitions and collaborations. This makes more sense than spending a lot of money on big names. It has been possible to increase dividends consistently for the last 23 years.

Wegovy as a Beacon of Hope: Studies indicate that patients suffering from obesity and related diseases like diabetes type 2 lose 17 to 18 percent of weight with Wegovy in a little over a year. Novo Nordisk, primarily known for its insulin preparations for diabetes treatment, expects solid earnings contributions from Wegovy and slightly more independence from the fiercely competitive insulin market. Expectations were accordingly high. However, a closer look at the quarterly figures reveals that revenues for this drug fell by 8.5 percent to DKK 776 million in year-on-year comparison. For a hopeful product, this is considered insufficient. Novo Nordisk had already warned investors at the end of last year about some difficulties related to Wegovy. There are issues in production that can affect sales. While such setbacks can happen, they are not a deal-breaker for long-term investors.

Analysts' Views on the Company: We deliberately want to share a critical perspective: Swiss bank UBS has maintained its rating for Novo Nordisk at "Sell" with a target price of DKK 700 (approx. \$94). The competitive situation for the diabetes specialist has recently worsened, according to a study. For instance, Eli Lilly's drug Mounjaro against obesity poses serious competition for Wegovy and Novo Nordisk's Ozempic. On the contrary, US bank JPMorgan has maintained its rating for Novo Nordisk at "Overweight" with a target price of DKK 925 (approx. \$124). In response to the figures and the pharmaceutical company's increased annual outlook, the analyst from JPMorgan slightly raised revenue and profit forecasts. The recent price weakness is seen as a favorable buying opportunity. Our assessment: No one knows what will happen tomorrow, but Novo Nordisk has ALWAYS delivered in the long run!

Long-Term Portfolio: Novo Nordisk

Novo Nordisk In Our Stock Check:

Profit Growth:	Strong profit growth expected	+
Debt:	Healthy balance sheet	+
P/E Ratio Evaluation:	Not quite cheap with a P/E23e of 26.4	+ -
Industry Outlook:	Very good	+
Technical Analysis:	Long-term uptrend intact	+
Market Leader:	Yes, alongside Eli Lilly	+
Management Quality:	Prudent management - we like it	+
Dividend Yield:	Rising dividends, relatively low yield	+ -
Business Model:	Future-proof	+
Insider Buys/Sells:	No noticeable activities	+

Novo Nordisk in USD (10 years)



Novo Nordisk <https://www.novonordisk.com/>

ISIN	DK0060534915
Current Price	\$106.57
Market Capitalization	\$238.32 billion
Profit Growth 2021 to 2024e	+85,2%
Dividend 2022e	12.08 DKK
Dividend Yield 2022e	1.5%
Earnings Per Share 2022e	24.37 DKK
P/E Ratio 2022e	32.5

Buy-Order

ISIN	DK0060534915
Transaction	Buy
Exchange	NYSE
Quantity	9
Current Price	\$106.57
Buy-Limit	\$108

Our conclusion: 9 out of 10 points is an outstanding value. The business model is future-proof and relatively independent of economic cycles. The steadily increasing dividend is also a positive aspect. Of course, even a top stock can experience a decline in price, especially when the valuation is no longer considered low. However, we are happy to invest another monthly saving..