

The Financial X-Ray

Page 1 - Executive summary

Novo Nordisk A/S (NVO)

Share price: \$47.42	Market cap: \$211B	Perf 7y: +109.6%	Perf YTD: -9.5%
Volatility: High	Upside: Medium	Rating: Medium	Date: 21-Feb-2026

Stock price development

in USD



Stock price vs global equity index (scaled)

Company assessment

Financial health: Medium — Rising net debt and a weak cash buffer limit flexibility, but margins and returns remain strong.



Management quality: Medium — Acquisition activity is measured and dilution risk is low, but recurring adjustments and average guidance execution limit this strength.



Growth outlook: Medium — Strong growth momentum exists, but forecast visibility and execution risk limit confidence in sustained high growth.



Valuation: Medium — The valuation appears attractive on a growth-adjusted basis, but weak balance-sheet support limits defensibility.



Competitive position

Economic moat: Novo Nordisk's strong segment margins and returns are offset by average free cash flow, limiting its overall competitive advantage.

Risks: Despite healthy margins, business vulnerability arises from regulatory and geopolitical risks and high dependence on North America.

Overall summary

Medium — Strong margins and growth support financial results, but rising debt and moderate balance-sheet support pose constraints.

Appendix

Page 2-3 - Detailed analysis & quantitative metrics

Novo Nordisk A/S (NVO)

Sector: Healthcare | **Industry:** Drug Manufacturers - General | **Country:** DK | **Volatility:**¹ 35.4%

1. Company overview

Company description: Novo Nordisk is a global pharmaceutical company specializing in diabetes, obesity, and rare disease therapies, with operations spanning multiple regions.

Business model: The company generates revenue through developing, manufacturing, and selling proprietary treatments for metabolic, endocrine, and rare disorders.

Market environment: Novo Nordisk operates in the defensive healthcare sector, with demand for diabetes and obesity care products demonstrating structural resilience.

Business segments: Revenue is dominated by North America at 63%, with EMEA at about 24% and the rest from other regions, reflecting major geographic dependence.

Competitive position: **Medium** — Novo Nordisk maintains strong margins and returns versus peers, but its competitive advantage is limited by moderate revenue growth stability and average free cash flow.

Concentration risk: **Medium** — Geographic and product concentration are both at medium risk, with a significant North American share and largest segment exceeding 60%.

2. Quantitative dashboard

Financial year (Dec) in million USD	2019 Act	2020 Act	2021 Act	2022 Act	2023 Act	2024 Act	2025 Act	TTM
Revenue	122,021	126,946	140,800	176,954	232,261	290,403	297,195	-
Year-over-year growth	-	4.0%	10.9%	25.7%	31.3%	25.0%	2.3%	-
EBITDA	54,434	59,273	65,394	76,802	114,629	137,376	143,937	-
EBITDA margin	44.6%	46.7%	46.4%	43.4%	49.4%	47.3%	48.4%	-
Net income	38,951	42,138	47,757	55,525	83,683	100,988	98,500	-
Net margin	31.9%	33.2%	33.9%	31.4%	36.0%	34.8%	33.1%	-
Free cash flow (FCF)	35,451	29,478	29,332	57,059	70,012	(12,504)	29,993	-
Capex as % of revenue	9.2%	17.4%	5.2%	8.3%	16.7%	17.7%	30.3%	-
Net debt	(1,651)	(395)	15,925	13,131	12,614	87,132	104,494	-
Net debt / EBITDA	(0.0x)	(0.0x)	0.2x	0.2x	0.1x	0.6x	0.7x	-
Return on equity (RoE)	-	442.1%	117.7%	72.0%	88.1%	80.8%	58.4%	-
Share buyback / equity	177.2%	161.9%	27.5%	28.9%	28.1%	14.1%	0.7%	-
Dividend yield	14.1%	12.3%	8.3%	8.2%	6.8%	11.5%	22.0%	-
Free cash flow yield	4.3%	3.3%	1.9%	2.9%	2.4%	(0.5%)	2.2%	-
EV / EBITDA	15.0x	15.1x	23.6x	25.2x	25.2x	19.4x	9.7x	9.0x
Price-to-earnings ratio (P/E)	3.5x	3.9x	5.4x	5.5x	5.6x	3.8x	2.3x	2.3x
Price-to-3-year-earnings ratio	-	-	6.0x	6.3x	7.5x	4.8x	2.4x	-
Price-to-book ratio (P/B)	15.9x	15.7x	3.6x	3.7x	4.4x	2.7x	1.2x	-

Revenue quality: **Medium** — Revenue growth outpaces sector peers with strong levels and a steady trend, though there is moderate variability. This supports expansion but introduces some cyclicalty.

EBITDA quality: **Medium** — EBITDA growth is strong and stable when compared to the sector, although results are somewhat variable from year to year.

Net margin quality: **Strong** — Margin levels are strong relative to peers and have remained stable, with consistently high sector-leading profitability.

Capital efficiency (RoE): **Medium** — Strong ROE compared to the sector, but recent declines and low stability highlight increased volatility affecting long-term returns.

¹ Volatility: Measured as annualised standard deviation of daily returns. Highest volatility among peers.

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Cash generation: Medium — Free cash flow levels compare moderately with the sector and trends are stable, but results are inconsistent, limiting reliability.

Balance sheet strength: Medium — Low leverage and conservative debt levels provide a buffer, but weak cash reserves and a rising net debt trend constrain stability.

Shareholder returns: Medium — Dividend yield is meaningful and attractive while buybacks have been disciplined, though erratic trends and unstable capital returns reduce predictability.

Valuation²: Medium — Valuation is compressed versus sector averages and supported by growth forms, but weak balance-sheet backing and moderate defensibility highlight downside sensitivity even if multiples appear low.

3. Quality of management

Acquisition discipline: Medium — Acquisition activity has been measured, indicating selective use of capital and containing integration risk for long-term shareholders.

Ownership dilution: Low — Stock-based compensation has contributed minimal dilution, which favors alignment and protects existing holders' interests.

Capital discipline: Strong — Share buybacks show disciplined timing, indicating value-conscious allocation and prudent financial management for equity holders.

Accounting cleanliness: Medium — Non-recurring adjustments occur at a moderate rate, resulting in some earnings smoothing and requiring extra vigilance in performance assessment.

Forecast accuracy: Medium — Results in recent years have featured a mix of beats and misses, indicating a moderate but not fully reliable pattern in management guidance.

4. Outlook & assessment

Opportunities: Strong demand for new GLP-1 therapies in obesity and global expansion of diabetes care provide new growth drivers.

Risks: Regulatory action, mandated drug price cuts, and geopolitical changes could all pressure profitability and growth.

Growth: Continued portfolio innovation and high global obesity/diabetes prevalence underpin above-sector long-term growth prospects.

Prospects: Current segment momentum supports future earnings, but dependence on a single region leaves results more exposed.

Price-to-earnings ratio comparison



NVO = Novo Nordisk A/S, ABT = Abbott Laboratories, AMGN = Amgen Inc., AZN = AstraZeneca PLC, GILD = Gilead Sciences, Inc., GSK = GSK plc

5. Summary

While margins and thematic growth remain strong, increasing leverage, weak liquidity buffers, and regional dependence limit earnings durability until balance-sheet support improves.

² Valuation metrics: FCF yield, Enterprise Value (EV) / EBITDA, P/E and P/B ratios.

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