HEALTHCARE SECTOR STOCK PITCH

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Background: Novo Nordisk (NVO)

- Global leader in diabetes and obesity care
- Core Products: Ozempic, Wegovy (GLP-1)
- Business Model: RND heavy with strong patent protection

- Revenue: ~$48.2B USD
  - $43.8B (90%): diabetes & obesity
  - 10% rare diseases (hemophilia, growth disorders)

Operating Margin	Market Cap	Share of US Obesity Market
44.53% TTM	**~$136.61B**	**~40%**

Recommendation

Date as of 4/16/2026

Metric	Details
Company	Novo Nordisk (NVO)
Action	**BUY**
Current Stock Price	$40.93
Purchase Order	+5% of Portfolio
Target Price	$62
Expected Return	51.58%
Time Horizon	5 Years

Subsector ETF's

iShares Biotech ETF(IBB)
- Gilead Sciences - 7.75%

iShares US Pharma ETF (IHE)
- J&J - 23.02%
- Eli Lilly - 21.05%

iShares US Healthcare Providers (IHF)
- United Health – 22.48%
- CVS – 12.8%

Reallocation

Cash Needing Allocation ~$13,737

~28.08% of portfolio to allocate

Stocks/ETFs	Portfolio Weight
Boston Scientific (BSX)	**4%**
Vanguard Health (VHT)	**47%**
iShares US Med Devices(IHI)	**21%**
Novo Nordisk (NVO)	**5%**
iShares US Healthcare Providers (IHF)	**13%**
iShares Biotech (IBB)	**5%**
iShares US Pharma (IHE)	**5%**

Capital Structure

Cost of Equity (CAPM)	9.39%
Beta	0.9
Risk-free	3.91%
Expected Market Return	10%
Market Risk Premium	6.09%

Cost of Debt (After tax)	4.97%
Tax Rate	23.7%
Interest Expense	539.05
Total Debt	8278.08
Pre-tax Cost	6.51%

WACC = 8.4%

Industry Comparison		
	NVO	Industry
Debt to Capital	0.213	0.220
Debt to Equity	0.271	0.286
Debt to Assets	0.305	0.340

*Industry companies: Eli Lilly, Pfizer Inc, and J&J

DISCOUNTED CASH FLOW

Discounted Cash Flow Valuation

$ and shares in millions, except per share data

Most recent fiscal year end	12/31/25	Discount rate (WACC)	8.4%
End of first fiscal year	12/31/26	Share price (Public Co)	$40.89
Most recent quarter end date	12/31/25	Share price date	4/12/26
Valuation date	4/20/26	Midyear adjustment?	0
Portion of year 1 cash flows in forecast	69.7%	CAGR	3.0%

Unlevered Free Cash Flows

		Actual	Forecasts				
Fiscal year ended		12/31/25	12/31/26	12/31/27	12/31/28	12/31/29	12/31/30
Revenue		49,450	50,934	52,462	54,035	55,656	57,326
% growth			3.0%	3.0%	3.0%	3.0%	3.0%
EBITDA		23,762	24,652	25,391	26,153	26,938	27,746
% margin		48.1%	48.4%	48.4%	48.4%	48.4%	48.4%
EBIT		20,245	21,036	21,667	22,317	22,986	23,676
% margin		40.9%	41.3%	41.3%	41.3%	41.3%	41.3%
Tax on EBIT		4,353	4,607	4,853	5,088	5,356	5,611
Tax rate		21.5%	21.9%	22.4%	22.8%	23.3%	23.7%
NOPAT (aka EBIAT)		**15,892**	**16,429**	**16,813**	**17,228**	**17,630**	**18,065**
Depreciation & amortization		3,517	3,616	3,725	3,837	3,952	4,070
Changes in net working capital		(2,019)	207	214	220	227	233
Capital expenditures		(9,622)	(9,066)	(6,243)	(5,079)	(5,176)	(5,159)
as % of revenue		19.5%	17.8%	11.9%	9.4%	9.3%	9.0%
Unlevered free cash flows (UFCF)			**11,186**	**14,509**	**16,206**	**16,633**	**17,209**
Net working capital (WC Assets - WC liabilities)	(8,932)	(6,913)	(7,120)	(7,334)	(7,554)	(7,781)	(8,014)
as % of revenue		(14.0%)	(14.0%)	(14.0%)	(14.0%)	(14.0%)	(14.0%)

Outlook	Price	% Change from Current Price	WACC	Growth Rate & CAGR
Conservative	$61.36	50%	8.4%	2%
Base	$64.31	57%	8.4%	3%
Optimistic	$70.58	73%	8.4%	5%

Investment Thesis

Novo Nordisk

- Technology and A.I. will improve Novo Nordisk's operational efficiency, reducing cost, and identifying solutions for problems such as finding new patients.
- Hims and Hers presents itself as a possible acquisition and would help Novo Nordisk enter a new market of personal care.
- Novo will continue to profit for as long as their U.S. patent exist (Wegovy 2032)

Macro Tailwinds

- Growing obesity market
- Oral GLP-1s; removes injection barrier & opens new segment (needle-adverse patients and earlier-stage obesity)
- Potential benefits in other conditions such as Cardiovascular risk reduction
- Expanding reimbursement and insurance coverage.
- Novo Nordisk CEO Mike Doustdar says the company is aiming to capture 15 million new patients when Medicare starts covering obesity treatments (Feb 11, 2026, CNBC)

Comparable Companies

Novo Nordisk (NVO)

Metric	Novo	Industry (Average)
Price	260.40	----------
EV/EBITDA	8.39	14.59
EV/EBIT	9.30	19.04
EV/Sales	4.06	4.66
EV (M)	1,255,428.1	----------
EPS	1.65	----------
P/E	11.19	33.27
EBITDA Margin %	48.4	31.0
Gross Margin %	80.3	71.7

Source: FactSet

Selected Comparable Companies

Company	Ticker	Description
Novo Nordisk	NVO	Danish Pharma specializing in obesity treatments
Eli Lilly	LLY	US pharma in obesity and neuroscience
Pfizer	PFE	US pharma/biotech in vaccines and medicine
Sino Biopharmaceutical	1177.HK (Hong Kong SE)	Chinese pharma focused on drug creation and oncology
HK inno.n Corporation	195940.KS (Korea Exchange)	South Korea pharma focusing on specialty drugs

Catalysts and Risks

Catalysts

Him & Hers Partnership
-Easier consumer access through prescriptions

OpenAI Partnership
-Improves operating efficiency and may assist in the creation of new drugs

Risks

Patent Cliffs
-Loss of drug exclusivity

Competition
-Eli Lilly (Zepbound/tirzepatide popularity)

Side Effects
-Could create headlines and dissuade potential consumers

Takeaways

1. **Investing in NVO:** Taking advantage of GLP-1 growth trends, favorable partnerships and 40% share in a growing U.S. obesity market.

2. **ETF's:** Diversifying remaining funds across healthcare subsector ETFs

3. **Returns:** DCF shows even the conservative case has a +50% change in NVO price

Grounded Assumptions: 8.4% WACC based on NVO's below-market leverage and low beta

4. **Superior to Previous Strategy**: Undirected healthcare holdings vs. Growing GLP-1 trend catalyst with diverse ETF exposure

THANK YOU