

30th November 2016

Healthcare

**Novo Nordisk**

Price DKK230.10

Full DEVOTE results now available

Fair Value DKK270 (+17%)

NEUTRAL

Bloomberg	NOVOB DC
Reuters	NOVOB.CO
12-month High / Low (DKK)	404.2 / 220.7
Market Cap (DKKm)	463,091
Avg. 6m daily volume (000)	3 670

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.1%	-26.5%	-38.0%	-42.5%
Healthcare	0.8%	-6.4%	-8.8%	-13.9%
DJ Stoxx 600	0.0%	-0.7%	-2.5%	-6.8%

	2015	2016e	2017e	2018e
P/E	17.0x	15.2x	14.9x	14.2x
Div yield (%)	2.8%	3.0%	3.0%	3.2%

#### ANALYSIS

- In March 2015, the company decided to resubmit the NDA of Tresiba (and Ryzodeg) in the US in the form of a class II resubmission that included pre-specified interim data from the cv outcome trial DEVOTE. DEVOTE was initiated in October 2013 and the required number of events was reached in January 2015 to carry out an interim analysis based on MACE, thus answering the initial question about a potential concern with the cardiovascular safety profile of the drug.
- Yesterday, Novo-Nordisk reported the final results of the study which compared Tresiba to Lantus on top of standard of care. More than 7,500 patients were treated for approximately two years. The study achieved its primary endpoint and Tresiba was therefore deemed as non-inferior to Lantus by the number of cv events computed during the treatment period (cv death, non-fatal MI, non-fatal stroke). The trial also showed a similar reduction of HbA1c in the populations treated with the two drugs. Lastly, the trial also reached its secondary endpoints and Tresiba demonstrated superiority over Lantus in reducing the risk of severe hypoglycemic events (-40%), the number of patients experiencing at least one episode (-27%) and the incidence of nocturnal severe episodes (-54%). Novo expects to file in H1 2017 and to get a claim in the label of Tresiba.
- We are obviously in an environment where minor improvements are no longer well rewarded when the price to pay is too high. Glargine U100 is available in Europe at a discount price already and Basaglar is coming soon in the US. Equivalence on cv outcomes data AND HbA1c reduction does not make life easy for Tresiba. Let's see how much it differs from Lantus on hypoglycaemia in absolute terms (likely at ADA 2017) and if there is evidence that the rate of severe hypos is predictive of the incidence of MACE.

#### VALUATION

- No change.

#### NEXT CATALYSTS

- Today 8am: Conference Call on DEVOTE - [Click here to download document](#)

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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