



Novo Calls Position into Key Conference, Momentum Continuing

Ticker/Price: NVO \$56.25

Analysis:

Novo Nordisk (NVO) with buyers of more than 3,775 December \$57.50 calls up to \$1.20 today and also seeing some Nov. \$57.50 calls open 1800X into the modest pullback today to the rising 8-EMA. NVO has over 2,500 December \$55 calls in OI from buyers while the November \$55 calls with over 6000X expiring next week. Shares have been on a strong run since mid-October and nearing a big monthly breakout above \$58 that targets a run up to \$75 long-term. The \$102.1B pharma company trades 20.3X earnings, 5.8X sales, and 36.5X cash with a 2.2% yield. They are guiding to 14.75% and then 11.75% EPS growth the next two years with sales up 5.9% and 8% respectively, big bounce backs from 2019. NVO is coming off a strong quarter with 9% growth and improvements across all therapy areas with obesity helping outweigh insulin weakness. Analysts have an average target for shares of \$55. Citi upgrading to Buy in September. They think NVO's GLP-1 franchise across diabetes, obesity and nonalcoholic steatohepatitis is "burgeoning." The firm's survey of doctors suggests the company's volume penetration in diabetes could reach 25%-35% versus 7% now. Short interest is negligible. Hedge fund ownership rose 9.35% in Q2. Adage Capital, Glacier Peak, and RenTech notable holders. NVO will be at ASH on 12/7 to 12/9.

Hawk Vision:



Hawk's Perspective: NVO has been on a strong run and would prefer to see it consolidate a bit to set up a better risk/reward.

Confidence Ranking: \$\$