

Novo Nordisk cuts profit forecast amid US challenges

October 28 2016

Shares in the world's largest maker of diabetes treatments, Novo Nordisk, fell by more than 19 percent on Friday after it cut its profit forecast, reflecting tough competition in the US market.

Investors sold the shares even as net profit in the third quarter rose by 17 percent to 9.8 billion kroner (1.3 billion euros, \$1.4 billion) and net sales jumped by 3 percent to 27.5 billion kroner.

"During 2016, the market environment in the US has become significantly more challenging, negatively impacting future pricing for Novo Nordisk's products," the company said in a statement.

Annual sales growth this year would be between five and six percent, instead of between five and seven percent, while operating profit would rise between five to seven percent instead of five to eight percent, it said.

For the second time this year, the company halved a long-term profit target that had been in place for 20 years.

"In terms of long-term financial targets, Novo Nordisk no longer deems it achievable to reach the operating profit growth target of 10 percent set in February 2016," the insulin maker said.

"As a result, the target has been revised and Novo Nordisk is now aiming for an average operating profit growth of 5 percent," the company added.

Sydbank analyst Soren Lontoft Hansen told news agency Ritzau that the company "is facing a completely different reality than it has previously been in".

The number of adults estimated to be living with diabetes nearly quadrupled between 1980 and 2014 to 422 million, according to the World Health Organization.

Novo Nordisk said in September that it would cut 1,000 jobs worldwide, representing about 2.4 percent of its staff.

In the same month, chief executive Lars Rebien Sorensen said he would be stepping down by the end of 2016.

Shares in the company were down by 14.4 percent in late morning trading on the Copenhagen bourse—where the main index was 2.6 percent lower—meaning the stock was down by over 40 percent in the year to date.

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Citation: Novo Nordisk cuts profit forecast amid US challenges (2016, October 28) retrieved 25 April 2024 from

<https://medicalxpress.com/news/2016-10-novo-nordisk-slashing-full-year-growth.html>

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