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Internal (robert.stoekenbroek@populationhp.com)

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January 31, 2024

Investor Updates

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## Key insights from Novo Nordisk's quarterly/full-year 2023 call

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### Summary and Implications

- Strong sales growth (36% YoY), driven by the GLP-1 portfolio for diabetes (52% growth) and obesity (154% growth). Both sales and earnings came in ahead of consensus, mostly because sales of Ozempic were higher than expected.
- Successful oral amycretin Phase I trial prompts the oral GLP-1/amylin combination asset to be progressed into further development. Positive STEP 9 data for Wegovy in osteoarthritis were also reported.
- On Wegovy supply to the US, Novo confirmed that they have doubled the availability of Wegovy starter doses.

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### Context

Aside from company performance (particularly Ozempic and Wegovy sales and volume growth), areas of interest for the quarterly call included trial and pipeline updates, drug supply and manufacturing capacity, and 2024 guidance.

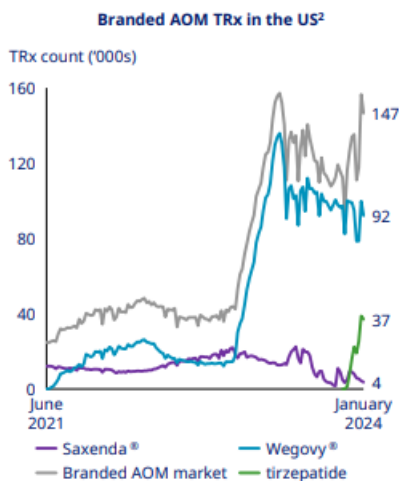
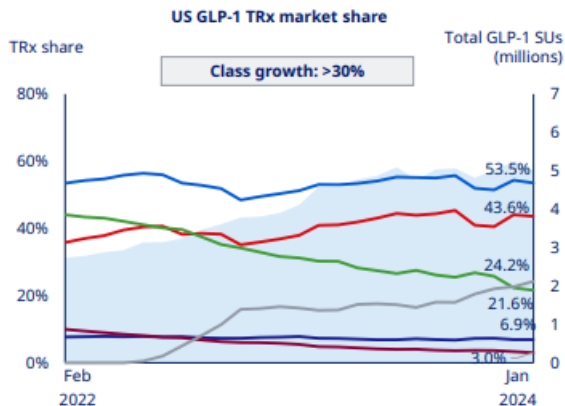
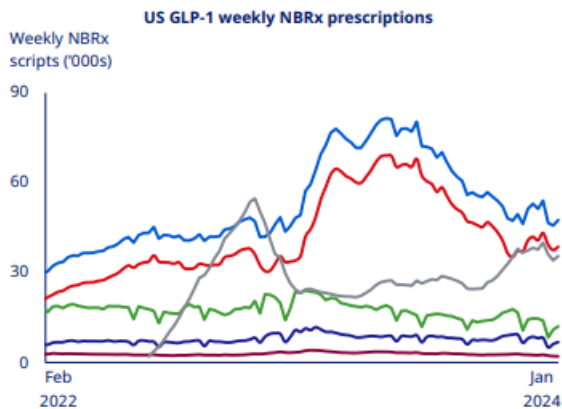
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### Content

## Performance and market developments

Overall, Novo Nordisk sales growth of 36% is driven largely by growth in GLP-1 sales (52% for the full year 2023) and obesity care sales (154% for the full year 2024). Obesity care sales growth was driven mostly by North America (212% growth), and to a lesser extent (albeit still significant) by international operations (47% growth). In the US, the GLP-1 market grew by >30% year-over-year. The volume growth of the global branded obesity market was 116%. In the US, Wegovy sales grew by 393%, reflecting the commercial re-launch in 2023.

— Ozempic® — Rybelsus® — Victoza® — NN GLP-1  
— dulaglutide — tirzepatide — Total monthly GLP-1 scripts



### *Manufacturing capacity*

Shortages of the various GLP-1 products continue to persist. However, after restrictions of supply of lower Wegovy doses in May 2023 to safeguard continuity of treatment, Novo more than doubled the supply of lower doses in January 2024 and will gradually increase availability further throughout this year.

Novo invested 26B DKK (almost \$4B) in manufacturing capacity in 2023 and anticipates investments to increase to 45B DKK (almost \$7B) in 2024. CAPEX to sales ratio is expected to remain in low-double digits in coming years (i.e., several billion USD annually). These investments are both in API and fill/finish capacity.

### *Pipeline*

This past year was notable particularly for the positive read-outs of the SELECT cardiovascular outcomes trial of Wegovy in obesity, the FLOW renal outcomes trial with Ozempic in T2DM, the STEP HFpEF trials of Wegovy in HFpEF patients with T2DM and without T2DM, the STEP-9 trial of Wegovy in osteoarthritis, and the Phase 1 trial of oral amycretin (oral GLP-1RA/amylin combination). Regarding the latter, the decisions were made to 1) continue development of oral amycretin, and 2) initiate a Phase 1 study of subcutaneous amycretin. No further results were disclosed for the completed amycretin Phase 1 study.

In 2024, in addition to full data for some of the trials mentioned in the previous paragraph, we can expect read-outs for the SOUL CVOT (Rybelsus in T2DM and ASCVD or CKD), the STRIDE trial (Ozempic in T2DM and peripheral arterial disease), two Phase 1 studies with weekly and monthly GLP-1/GIP combination therapy, initial Phase 3 results for CagriSema, and the ESSENCE NASH trial (semaglutide).

### *2024 guidance*

Novo Nordisk guided for “Sales growth of 18-26% at CER” and “Operating Profit growth of 21-29% at CER”. This guidance is better than expected, leading to 1-4% upgrades to 2024 Consensus. Considering that Novo is operating in a supply-constrained environment, manufacturing capacity is a key driver of guidance.

### *Analyst questions*

Analysts were particularly interest in the early pipeline (amycretin performance and the monthly GLP-1/GIP injectable), 2024 supply/capacity expansion, and coverage/rebate pressure.

- Novo Nordisk emphasized confidence that monthly GLP-1/GIP would not increase tolerability issue vs. weekly administration. Novo did not want to comment on the technology enabling monthly dosing.
- Novo Nordisk did not comment on amycretin performance, other than highlighting that its development will be progressed and that performance would have to be in line with

CagriSema. The reason for also developing a subcutaneous version is to provide “flexibility” considering the high demand in the market.

- Wegovy supply of lower doses has doubled, and supply of both low and high doses will be gradually expanded, to hopefully avoid the “stop-go” pattern we have seen. Three fill/finish lines are currently online, but Novo did not want to comment on future developments / line expansion. All elements of the manufacturing capacity (API, cartridges, fill/finish, etc.) are being expanded.
- Novo expects that SELECT may unlock “some” Part D access, but not overnight, and highlighted that semaglutide is the only anti-obesity medication with cardiovascular outcomes data. Novo indicates that they continue to see “broad market access” for Wegovy (in the commercial market) with ~90% covered, with increases in opt-ins.
- Novo commented that they expect prices of GLP-1RAs to “gradually come down” while volume will continue to grow.

In addition, when prompted on international performance, Novo commented that obesity care growth in 2023 was predominantly US-driven. In 2024, Novo expects that pattern to continue, although Novo will launch Wegovy in a “volume-based way” in international markets as well.

Lastly, in response to a question about Lilly’s launch of LillyDirect, Novo expressed confidence in NovoCare.

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Robert Stoekenbroek | +1-908-206-6357  
[www.populationhp.com](http://www.populationhp.com)