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Metsera Reports

February 5, 2024

Manufacturing Updates

Novo Holdings Takes Catalent Private and Novo Nordisk Acquires Three Sites

Summary and Implications

- Novo Holdings, the investment arm of Novo Nordisk's parent foundation, is buying Catalent in a deal valued at $16.5 billion.
- Novo Nordisk acquires three fill-finish sites from Novo Holdings for $11 billion, which will "provide Novo Nordisk with capacity faster, which will, over time, allow us to produce more Wegovy and Ozempic".
- The announcement comes in the context of Novo Nordisk's aggressive investments in manufacturing capacity.

Context

Over the last several years, Novo Nordisk has made substantial investments to expand their manufacturing footprint. These investments included expanding existing Novo facilities, acquiring external facilities, and forging partnerships with external manufacturing organizations (sometimes accompanied by investments – e.g., Ypsomed). To highlight the magnitude of Novo's investments: in the FY 2023 investor call last week, Novo Nordisk indicated that it had spent $4 billion on increasing its manufacturing capacity in 2023 and expects to spend $7 billion in 2024 (the latter likely does not include the deal announced today) – followed by multi-billion dollar annual investments in subsequent years.

Manufacturing capacity has put a ceiling on the sales growth of Wegovy and other Novo GLP-1RAs – e.g., Novo indicated that drug supply was the most important determinant of its 2024 sales and earnings guidance.

Content

This morning, Novo Holdings announced the acquisition of Catalent for $16.5 billion. Catalent is a leading Contract Development and Manufacturing Organization (CDMO), particularly known for its drug product manufacturing (e.g., fill/finish). In conjunction with the deal, Novo Nordisk acquired three fill/finish three of Catalent's fill-finish sites for $11 billion.

Novo Nordisk's share price, as well as analysts, have responded positively to the news. E.g., a JP Morgan analyst noted that "[…] conversion of Catalent sites over time to exclusive use by Novo will help the drugmaker boost output of Wegovy quicker than was expected before the announcement of the deal".

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