Eli Lilly's obesity pill trial disappoints investors and lifts rival Novo Nordisk

• Transatlantic weight-loss tussle • US company's shares slump 15% • Danish group's new chief buoyed

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The battle between US and European heavyweights in obesity drugs took a twist yesterday after Eli Lilly's experimental pill disappointed investors.

Shares in US-based Lilly fell 15 per cent after the trial results, while Danish arch-rival Novo Nordisk, the maker of the pioneering Ozempic weight-loss drug, saw its shares rise 7 per cent.

Novo Nordisk has been losing share to Lilly in the US in injectable weight-loss drugs. Backers of the American company had high hopes that its new pill would secure its position in the burgeoning market for years to come.

But Eli Lilly said yesterday that patients taking orforglipron lost an average of 12.4 per cent of their body weight, at the lower end of the market's hopes for the medicine. Trial participants taking a placebo lost 0.9 per cent.

A pill was always expected to offer less weight loss than injectables, where Lilly's Zepbound offers the most dramatic effect with an average weight loss of 23 per cent. Evan Seigerman, an analyst at BMO Capital markets, said investors had been hoping for a minimum weight loss of 13.7 per cent for the pill.

Novo Nordisk's oral weight loss drug, which has been submitted for approval in the US, helped trial participants lose about 15 per cent of their body weight.

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The Lilly trial showed the rate of side effects with its pill — nausea, vomiting and diarrhoea — was slightly worse than expected, Seigerman added.

The trial result was announced as Lilly reported second-quarter results, beating analysts' expectations, and raised the midpoint of its guidance for the full year. David Ricks, chief executive, said it was "another quarter of strong performance".

The pharmaceutical industry is under pressure from President Donald Trump to lower prices voluntarily or face a "most favoured nation" pricing policy that would peg US drug prices to the lower prices in other developed nations. Ricks warned against importing "foreign pricing controls", arguing it would harm patients and US competitiveness.

The company reported revenues of $15.6bn in the three months to June, up 38 per cent on the same period last year. Sales of Zepbound, prescribed for obesity, soared 172 per cent, and Mounjaro, for diabetes, jumped 68 per cent. Lilly now expects full-year revenue of between $60bn and $62bn, up from its previous range of $58bn to $61bn.

The financial performance is much better than at Novo Nordisk, which lowered its forecasts for profit and sales growth last week, wiping €60bn off its valuation. The Danish company has also suffered a blow from copycat versions of its weight loss and diabetes drugs.

The company's new chief executive, Maziar Mike Doustdar, took the helm yesterday, replacing Lars Fruergaard Jørgensen who was ousted because of the share price drop.

Seigerman said it was a "great first day" for Doustdar, who would try to be more "aggressive" and take advantage of the opening to sell Novo's obesity pill, which is likely to be approved first.

But, he added, the "fight isn't over", as Lilly had a significant advantage selling the drugs that were already on the market, as shown by its financial performance in the quarter.

While the Lilly trial result disappointed investors, the pill met the trial's goals, including showing it could have a positive impact on heart health, and the company said it was on track to submit it to regulators for approval this year.