

Novo Nordisk plans to cut 9,000 jobs

Ozempic maker reduces profit guidance for the year amid Eli Lilly rivalry

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Novo Nordisk is to cut 11 per cent of jobs and has reduced its profit guidance for this year as the Danish maker of weight-loss drugs Ozempic and Wegovy struggles to fend off competition from US rival Eli Lilly.

The drugmaker said it would cut 9,000 jobs — including 5,000 in its home country of Denmark — out of a workforce of 78,400. It estimated it would

save Dkr8bn (\$1.3bn) a year by 2026 from the move.

Novo said that it would cost Dkr8bn in restructuring charges, leading it to cut its operating profit growth forecast for this year from 10-16 per cent to 4-10 per cent.

The move is one of the first by chief executive Mike Doustdar, who took over in July after Novo — once Europe's most valuable company — lost two-thirds of its market value following a disappointing drug trial, slowing growth and a profit warning.

"It is always difficult to see talented and valued colleagues go, but we are convinced that this is the right thing to do for the long-term success of Novo

Nordisk. We need a shift in our mindset and approach so we can be faster and more agile," Doustdar said yesterday.

Novo had increased its staff numbers

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by almost 75 per cent in the past five years as the drugmaker, traditionally strong in diabetes treatments, became a social media sensation for its Wegovy and Ozempic weight-loss treatments.

Doustdar said that Novo needed to

"evolve" to how obesity drugs were becoming "more competitive and consumer-driven".

He added: "This means instilling an increased performance-based culture, deploying our resources ever more effectively and prioritising investment where it will have the most impact — behind our leading therapy areas."

Novo's shares rose by nearly 3.7 per cent to close at Dkr351.15 yesterday.

Søren Løntoft Hansen, analyst at Sydbank, said that the cuts should be enough. Novo is "going from [being] a hypergrowth company to slower growth. They are doing this to reduce complexity in the organisation".

The job losses are likely to cause some

angst in Denmark, whose economy is heavily reliant on Novo and where growth had already been expected to slow sharply.

Some Novo investors and analysts had urged the new chief executive to cut carefully so the drugmaker could still invest in promotional activities to boost sales, as well research and development for future drugs.

Grégoire Biollaz, a senior investment manager in thematic equities at Pictet, questioned whether the cost base needed cutting at all. "It has to be rational and well explained," he said in comments before yesterday's cuts.

Additional reporting by Hannah Kuchler in London