

The drug that saved Denmark from recession

For now it is party time but euphoria is mixed with concern for the future as *Eir Nolsøe* discovers

What do you do when you discover a “miracle” weight loss drug that may be one of the biggest-selling medicines of all time? Throw a huge party of course.

Novo Nordisk, the company behind slimming jab Wegovy, which launched in the UK yesterday, hosted what has been called “Denmark’s wildest staff party” late last month. It put on a day festival for 10,000 employees on a field in Roskilde, an area which only two months earlier had hosted one of Europe’s largest music festivals.

Some of the country’s biggest acts played across four stages including Tobias Rahim, a half-Kurdish, half-Danish pop star who has been dubbed a “phenomenon” by *The New York Times*.

There’s much to celebrate: Novo Nordisk’s value has nearly doubled in a year because of the huge success of Wegovy and Ozempic, a closely linked diabetes treatment it also developed.

Everyone from Boris Johnson to Elon Musk have been clamouring for its weight loss drug, not to mention the general public, leaving the company struggling to keep up with demand.

Revenue jumped by a quarter last year to 176bn Danish kroner (£20bn), driven by a 101pc jump in sales of Wegovy and another weight loss treatment, Saxenda.

Some analysts believe it may have stumbled upon what could be among the best-selling medicines in history. Sales are forecast to grow by as much as 33pc this year – a remarkable feat for a 100-year-old company.

Novo Nordisk’s scale of success cannot be underestimated. Worth almost £340bn after a recent surge in its share price, it is now more valuable than what the entire Danish economy produces in a year. It is close to being Europe’s most valuable business and is larger than the 10 next biggest Danish companies combined.

If it were not for its surging growth, Denmark’s national bank has said the country would be in a recession.

In a small Scandinavian country of six million, this meteoric rise has been met with a mix of euphoria and concern. Many of Novo Nordisk’s shareholders are ordinary Danes and locals are proud of a national champion bringing huge profits to the country, which is spending heavily on new factories, often in areas otherwise starved of investment.

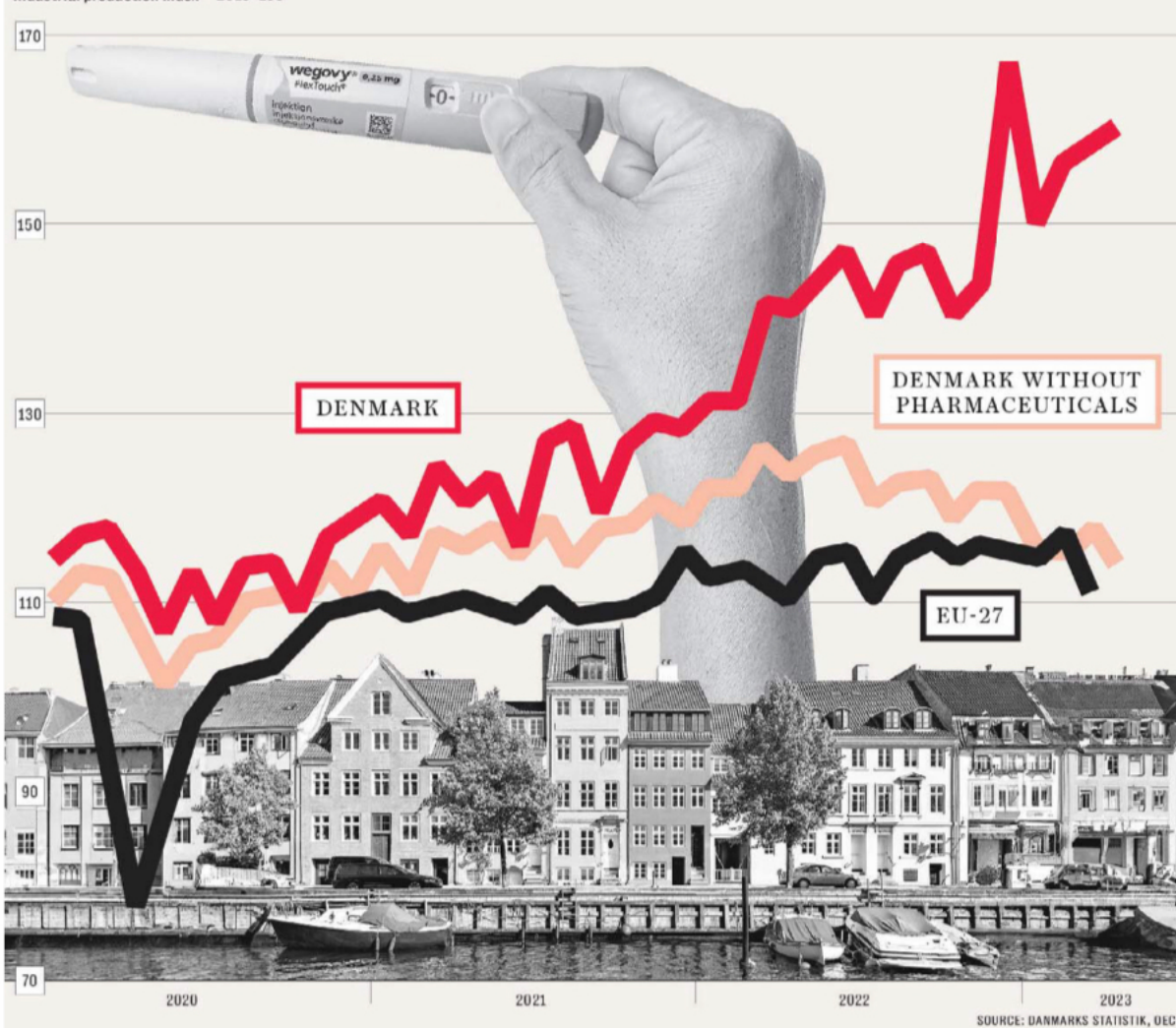
However, there are concerns that an overdependence on one business could be risky if boom turns to bust.

“There are other big companies in Denmark and they are also important but we have not had something as big as this and we have not had something growing as fast as this,” Las Olsen, chief economist at Danske Bank, says. “Novo Nordisk is by far the biggest taxpayer in Denmark and that’s only increasing.”

It is one of Denmark’s oldest businesses, founded by Nobel-winning

Strong pharma exports boost Danish economy

Industrial production index 2015=100



‘We have not had something as big as this and we have not had something growing as fast as this’

physiologist August Krogh. It was the first company to produce and sell insulin in Scandinavia and today produces half of the world’s supplies, including that used by the NHS.

For decades the company made a solid business out of supplying insulin to treat diabetes but its recent surging success has been fuelled by weight-loss drug Wegovy, which has been found to help patients shed as much as 12pc of their body weight.

By mimicking a gut hormone that the body releases after a meal, it vastly reduces appetite – meaning people struggling to stick to rigorous diets and exercise regimes can still lose weight.

The diabetes drug Ozempic, which has also been prescribed off label by clinicians for obesity, has also proved to be a huge seller. Novo Nordisk’s share price was given an extra boost last month when a study found that Wegovy reduced the risk of heart attacks by a fifth, providing a greater incentive for health insurers to include it in their coverage.

The incredible clinical results and the breakthrough in the treatment of

obesity have led Wegovy to be dubbed a “miracle” drug in the press. The treatment has certainly delivered an economic miracle in Denmark.

“For the past year, if it hadn’t been for this growth, actually there would have been a contraction in Danish GDP,” Olsen says of Novo Nordisk’s surging sales.

The Economy Ministry mentioned Novo Nordisk 31 times in a recent flagship publication on the outlook for the Danish economy. In a press conference, Economy Minister Jakob Ellemann-Jensen acknowledged that highlighting one company so many times was “a bit bizarre” and “certainly not something that happens normally”. He said: “Things wouldn’t be looking quite as good [for the economy] if you removed Novo Nordisk from the equation. But luckily, it is part of the equation.”

One of the country’s largest financial papers recently ran an article asking whether the Danish economy was about to become a subsidiary of Novo Nordisk. Dependence on one company can be a risk in a global economy

where businesses are mobile. Ellemann-Jense has acknowledged that Denmark “must make sure Novo Nordisk keep being [here] so we don’t lose the income, the number of jobs and the pride we all feel.”

Birthe Larsen, of the Copenhagen Business School, says there is “always a risk” when a country becomes “too dependent on one company”.

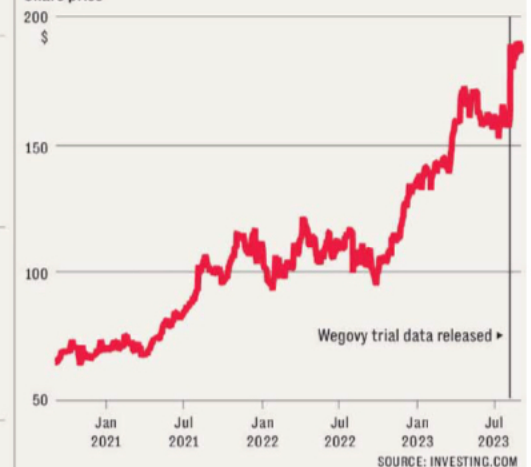
Nearby Nordic neighbour Nokia provides a cautionary tale. The mobile phone pioneer was at one point responsible for a fifth of Finnish exports. However, sales quickly plummeted after Apple triggered the smartphone revolution with the launch of the iPhone in 2007.

Nokia never fully recovered and its woes have been blamed for triggering a decade of stagnation for the Finnish economy. Olsen says: “If you gain a lot, you can also lose a lot. Clearly, some day it might go the other way for Novo Nordisk.”

The main risks would be if rival pharmaceutical companies develop a drug to eclipse Wegovy, or if Novo Nordisk were to decide to relocate for

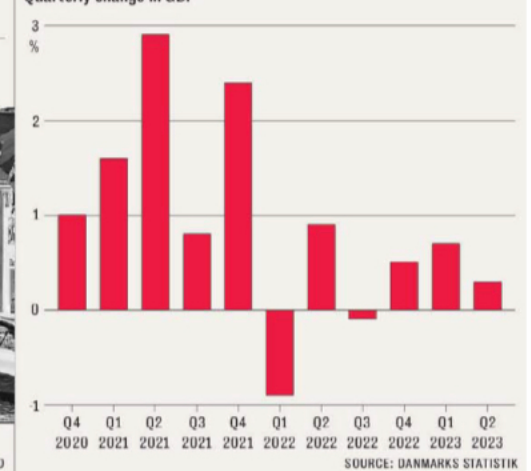
Novo Nordisk soars to record highs

Share price



Rebounding growth

Quarterly change in GDP



‘For the past year, if it hadn’t been for this growth, there would have been a contraction in GDP’

some reason. Most pharmaceutical majors are now racing to develop their own weight loss jab.

If boom does turn to bust, “then you would have all the effects in reverse,” says Olsen, “shareholders getting less money, the government getting less taxes, some good jobs disappearing, and GDP declining.”

Olsen believes Novo Nordisk’s deep roots in the country and Denmark’s highly skilled workforce will keep the company headquartered there.

“Of course, if we were to rest on our laurels and become very complacent and say, ‘Oh, we really don’t have to make an effort,’ then we are creating [this risk] for the future,” Olsen says. “But that’s not the situation right now.”

More broadly, he believes the Danish economy is resilient enough to withstand any unexpected shocks. It has in the past adapted to the decline of once-major industries such as textiles, agriculture and shipbuilding.

“We are used to big shifts.” For now, the Danes are enjoying the windfall from their miracle drug. And why not have a party while it lasts.