

Transforming obesity

Creating shared value for Novo Nordisk, its patients, and society

Novo Nordisk
CCC GLOBAL 2024



By implementing the BMI strategy, Novo Nordisk can solidify its leading position in Obestria and the global obesity market



Context



Novo Nordisk is a **global leader** in the healthcare sector on a mission to **defeat serious chronic diseases** by pioneering scientific breakthroughs, **utilizing partnerships**, expanding access to medicines, and working to **prevent and cure diseases** such as obesity.

Obesity is both multifaceted and fast-growing, and the global healthcare systems are not equipped to meet the needs of PwO, who require a **holistic approach** to their treatment experience - and whose well-being is shaped by the disease's long history of **stigmatisation and societal misconceptions**

Question



How can Novo Nordisk address the needs of PwO and grow its obesity medication business with an **operating profit of 4 DKKbn by 2027**, and **cement its market leadership towards 2035**, by improving the PwO Treatment Experience?

The BMI Strategy

Beyond single use
Improve handling of obesity medication to increase convenience and sustainability

Mutual support networks
Introduce obesity support groups to increase community feeling and decrease loneliness

Involving the youth
Instigate an educational content for children and parents to destigmatize obesity

Impact

BMI operating profit (in 2027)

4,600 DKKm

Efficiency-driven cost reductions (2035)

+2,761 DKKm

Additional patients in treatment (in 2035)

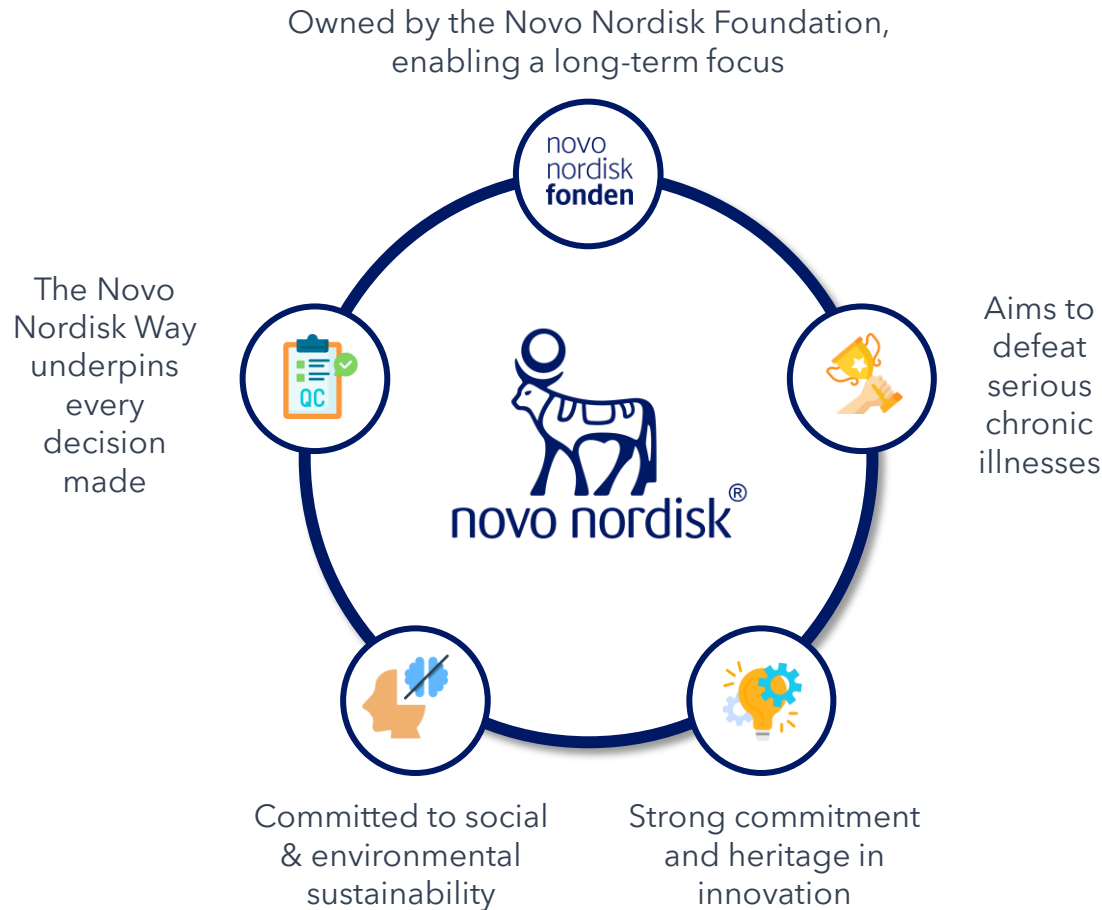
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Adherence to the Novo Nordisk Way can enable a successful capture of the Obestria and global obesity markets



Novo Nordisk at a glance



Obestria market characteristics

- 
High demand for obesity medication
 65% of adults living with overweight or obesity, with patient pull driving 50-60% of obesity medication prescriptions
- 
Attractive regulatory environment
 Low regulatory and political risk due to democratic multi-party system, resulting in foreseeable support schemes - and with obesity medication reimbursement likely to materialise in 2-3 years
- 
Healthcare focus
 Stable increase in healthcare spending, up from 5% to 7% of GDP between 2013-2023
- 
Societal values
 Innovative and progressive society, ensuring receptibility to initiatives

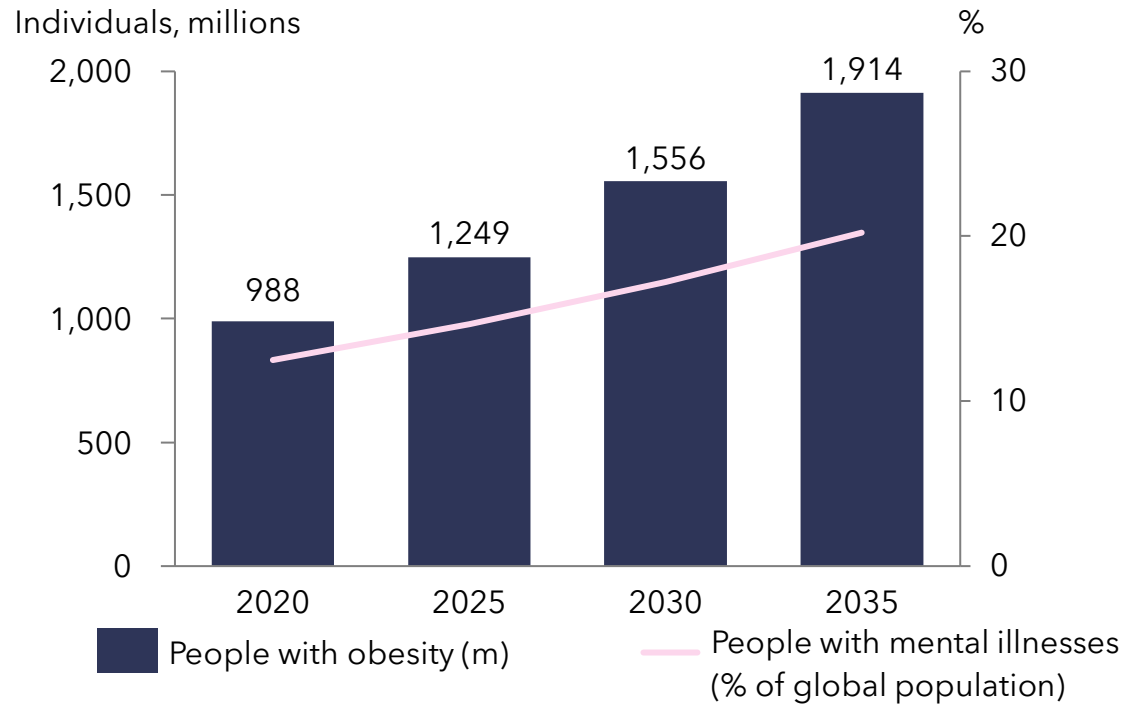
Takeaway: Novo Nordisk's values and strategic aspirations align with Obestria's near-term needs and support for obesity medication



However, with obesity rapidly rising, Novo Nordisk must think beyond just treatment to ensure holistic care for PwO



Obesity and other related diseases are growing at an alarming rate



“We now need to **increase efforts to prevent, manage and treat obesity** throughout the life course. **Action must be decisive, people-centred and integrated** [...]”

World Obesity Atlas 2023

However, despite its prevalence, patients face low treatment rates & stigma



1.3 billion people in **2025** are expected to live with obesity, with high projected growth until 2035



Of these, **only 2% are using obesity medication** to manage their disease



Despite being declared a disease, **54% of women and 71% of men don't consider obesity a disease**. However, educational sessions saw attitude changes of +30% compared to reference groups



1/3 of Novo Nordisk obesity medication users maintain their prescriptions a year later - approximately three times higher than previous treatments (~13%)



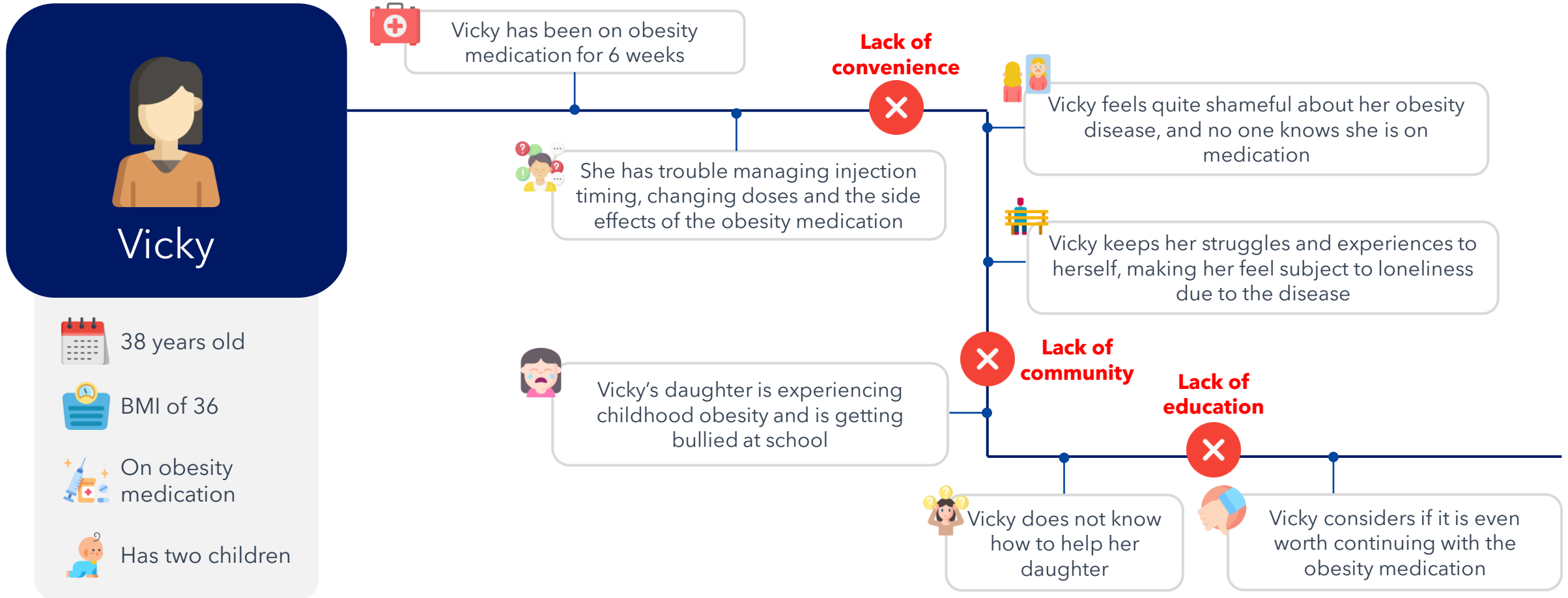
Research shows that 30-50% of prescribed medications **are not taken as recommended**



Takeaway: The rapid growth of obesity and related diseases overburdens national healthcare systems, making Novo Nordisk's innovation and success imperative for the safety and well-being of patients globally



A deep dive into a person living with obesity shows the PwO Treatment Experience lacks convenience, community, and education



Takeaway: The lack of convenience, community, and education compromise the PwO Treatment Experience

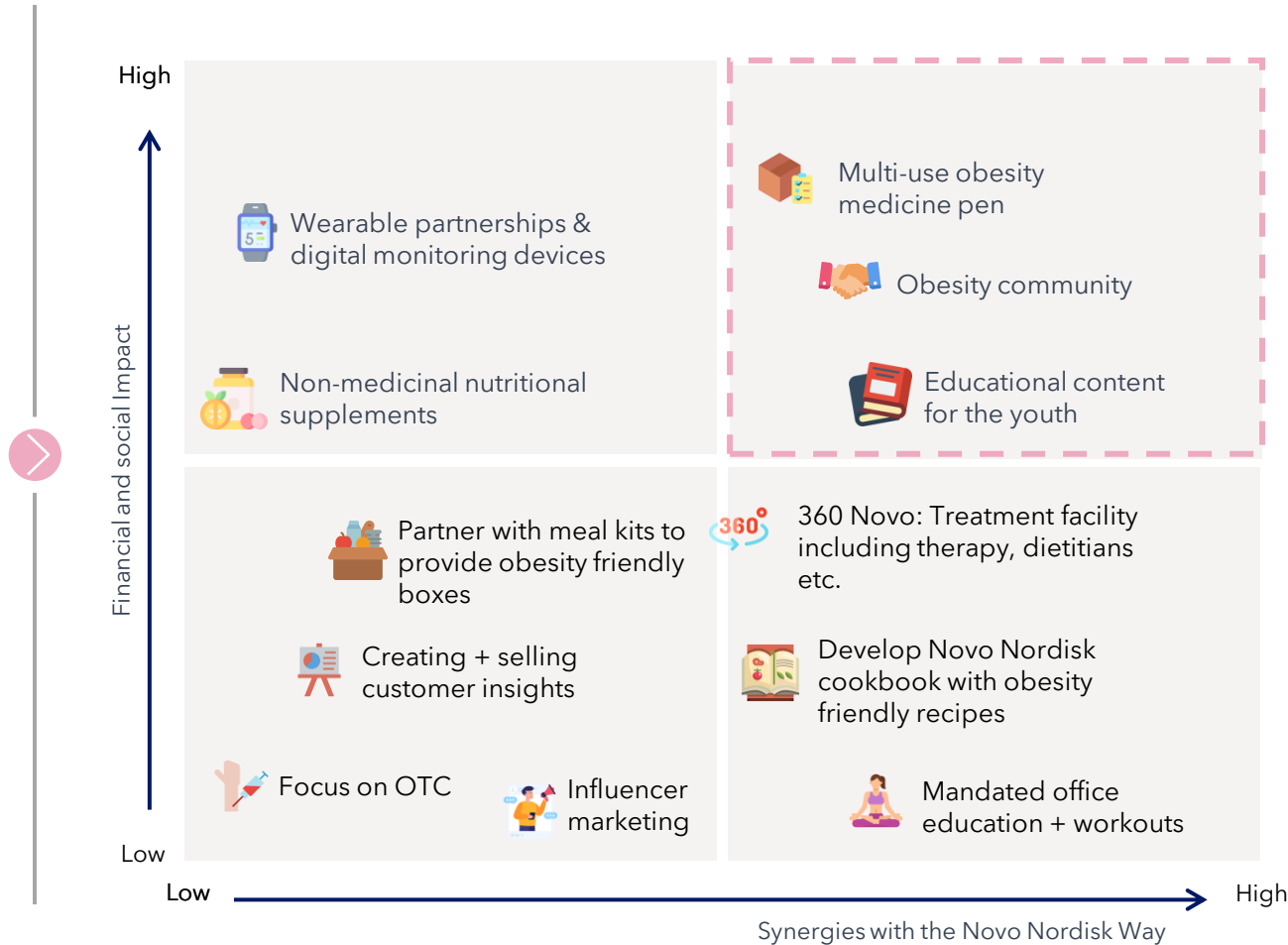


To overcome the identified pain points, Novo Nordisk must introduce the BMI Strategy to change the narrative and improve the PwO Treatment Experience



Identified pain points

- Lack of **convenience**
- Lack of **community**
- Lack of **education**



The BMI Strategy

Beyond single use

Improve handling of obesity medication to increase convenience and sustainability

Mutual support networks

Introduce obesity support groups to increase community feeling and decrease loneliness

Involving the youth

Instigate an educational content for children and parents to destigmatize obesity





B

Beyond single use

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M

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Beyond single use



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By moving beyond single use pens and introducing the PenPal reminder system, Novo Nordisk can differentiate and stay ahead of new market entrants



Heighten the PwO Treatment Experience with the new Novo EcoPen



Flexible, reusable design

Reusable pen with replaceable cartridges. Strength-based color-coding of cartridges to minimize risk of patient error



Convenience

Recording time (day+hour) since last dose, incorporate "PenPal" reminder and display doses left in the cartridge



Seamless integration

An NFC chip at the top enables new possibilities for opt-in-based data collection and transfer to end-users and healthcare professionals



Leveraging existing capabilities

By leveraging knowledge from previous R&D and sustainability capabilities Novo can lower the cost of development, production, and product approval



Introducing the PenPal reminder system



What is PenPal?

An opt-in SMS-based reminder system for users of the EcoPen



Timing mechanism

The timer gets reset with each logged injection through the NFC chip

Why add new product features now?



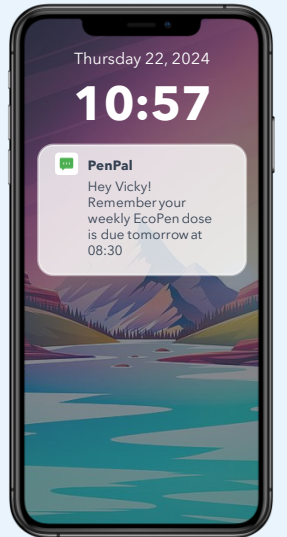
10 new obesity medication products are expected to be introduced over the next decade



Build customer loyalty before competitors enter the market



Increase optimal treatment adherence amongst product users



Takeaway: By extending its core product features, Novo Nordisk can utilize the competitive lag to solidify its market leading position





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By introducing the support group, Beyond the Scale, Novo Nordisk can help introduce a community and reduce loneliness and stigma associated with obesity



Support groups can help alleviate the loneliness caused by obesity...

 NIH Research shows **obesity is significantly associated with** increased levels of loneliness

 **62% of adults with bad health** feel lonely, compared to only 18% of people with good health

 Individuals actively **engaged in support groups** are more likely to complete the entire treatment

 85% who engage in support groups admit to feeling a sense of **improved personal value**



Alcoholics Anonymous data shows that high meeting attendance improved alcohol abstinence and **allowed participants to express emotions**, improve motivation, and feel understood.

Best practice

and Novo Nordisk has the partnerships to create and strengthen this community

Facilitated by individuals from Novo Nordisk's Truth About Weight (TAW) program

Referral to a group when prescribed obesity meds or part of TAW community

The support groups can be facilitated in partnership with governments, pension funds and life insurance firms



Guidelines for the Beyond the Scale support group

 Independently managed **without interference of Novo Nordisk** - hosted **by people** living with obesity **for people** living with obesity

 Safe place to share tips and **get advice on challenges** or experiences to **strengthen motivation** for treatment and life with obesity as a disease

Takeaway: With Beyond the Scale, Novo Nordisk can help create community feeling and increase the well-being and the experience of PwO





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To further reduce obesity's stigmatization, Novo Nordisk must educate the youth through a series of focused and strategic educational content



Involving the youth



Get involved

Novo Nordisk can use its expertise to shape a healthy & scientifically grounded stance towards obesity amongst youth, raising topical awareness and understanding



Collaborative campaigning

Novo Nordisk must avoid conflict of interests and can therefore only serve as a product-agnostic advisor to public entities and educational institutions and through public awareness campaigns and research support (in collaboration with the Novo Nordisk Foundation, pension funds and life insurance firms that share public health incentives)



Engaging the leaders of tomorrow

Educational content is well-suited for physical education, biology and social science classes, and should be engaging and student-centered - for example by quizzing students against common misconceptions or incorporating class-wide discussions

Best-practice examples



Green Schools: Holistic educational programs in environmental preservation, climate change and natural resource depletion - includes classroom resources, teacher development opportunities and educational newsletters



Global School Health Initiative: Holistic educational and engagement program spanning three decades. Promotes healthy lifestyle choices, including obesity prevention efforts

Long-term program aspirations



Up to 80% of obese children and adolescents remain obese during adulthood. Addressing early obesity may greatly **reduce preventable instances of obesity and related illnesses**

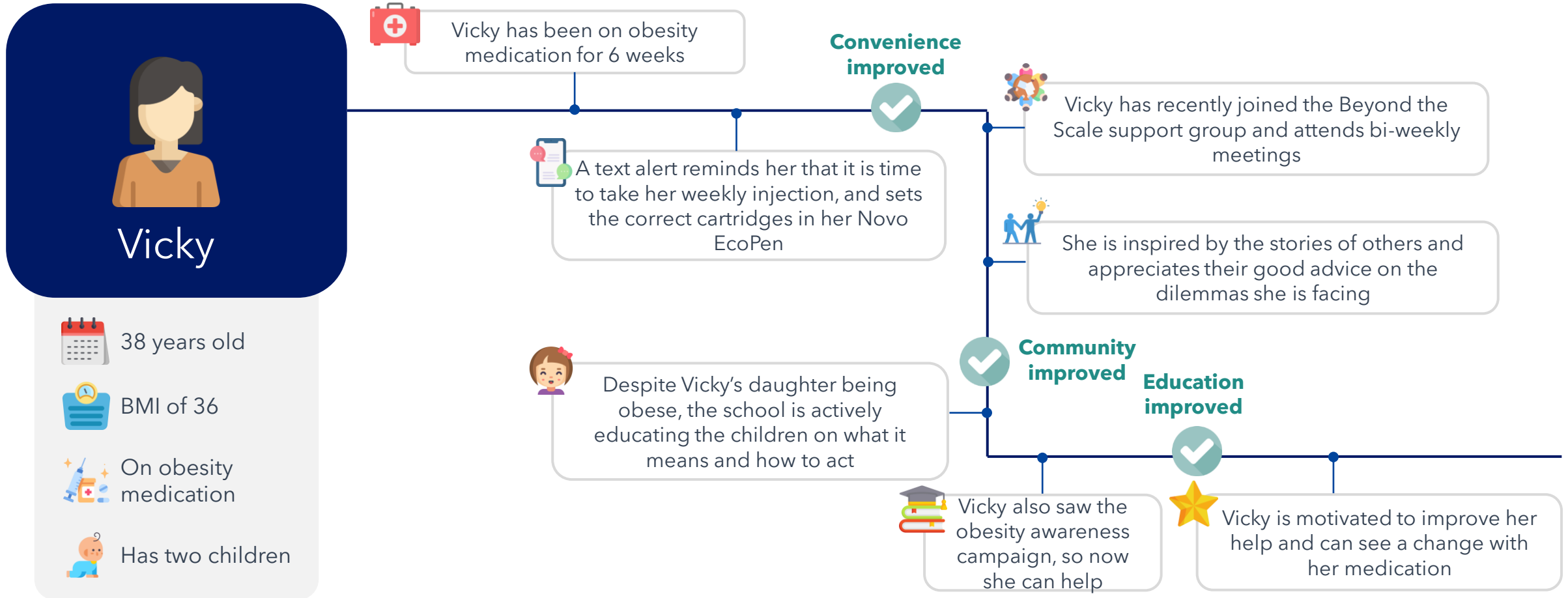


By raising awareness of the health complications of obesity, as well as its multifaceted nature and treatment options, medical treatments of obesity may see an **increase in market penetration** (up from 2%)

Takeaway: By involving the youth, Novo Nordisk can help shape the public debate around obesity for generations to come



Through the implementation of the BMI strategy, Vicky's Treatment Experience now has improved convenience, community, and education



Takeaway: The BMI strategy helps PwO to achieve an improved holistic approach to their Treatment Experience



A controlled launch of the BMI strategy accounts for potential supply challenges of obesity medication and ensures a successful roll-out in Obestria and globally



Time horizon

2024

2025

2026

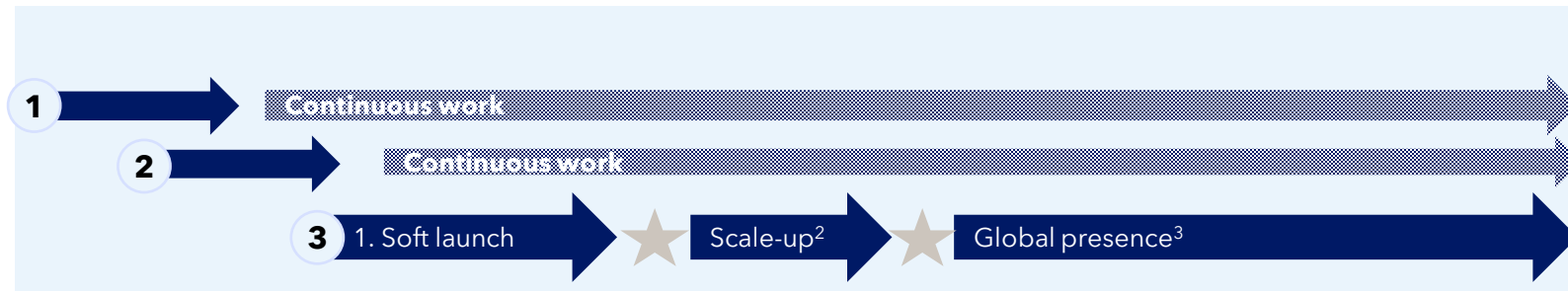
2027

2028-2035

Risks & Mitigation

Beyond single use

- 1 Regulatory compliance and quality control
- 2 Preparations at production facilities
- 3 Market launch



Supply chain bottlenecks mean demand cannot be met

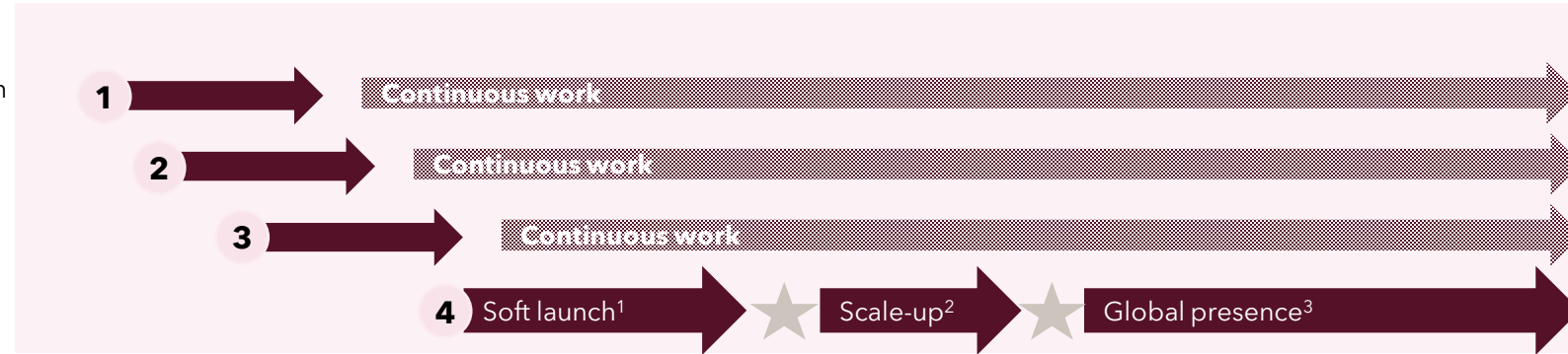
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Slow down/delay rollout plan

Mutual support networks

- 1 Contact governments, pension funds and life insurance firms
- 2 Coordinate with Truth about Weight (TAW)
- 3 Finding people to organize meetings within TAW
- 4 Support early development



Stigma resulting in low attendance

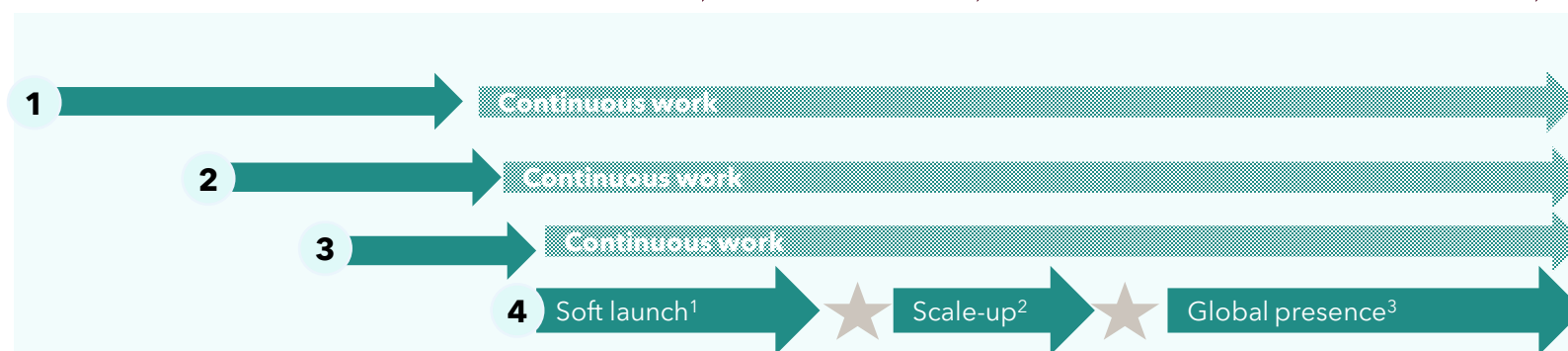
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Heighten push from doctors and healthcare professionals and reach out to public community figures to run sessions

Involving the youth

- 1 Identify and educate potential campaign collaborators
- 2 Assist in the development of educational material
- 3 Develop strategic public awareness campaigns
- 4 Testing & targeted roll-out



School and governments are unreceptive

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Work more closely to align goals and increase lobbying attempts. Ensure material is relevant and non redundant

15 ★ Evaluation & revision

1. Soft launch in Obestria, 2. Scale-up in second-tier markets, and 3. Global roll-out, starting in the key markets. Roll-out depending on prior success

Executive Summary

Insights

Solution

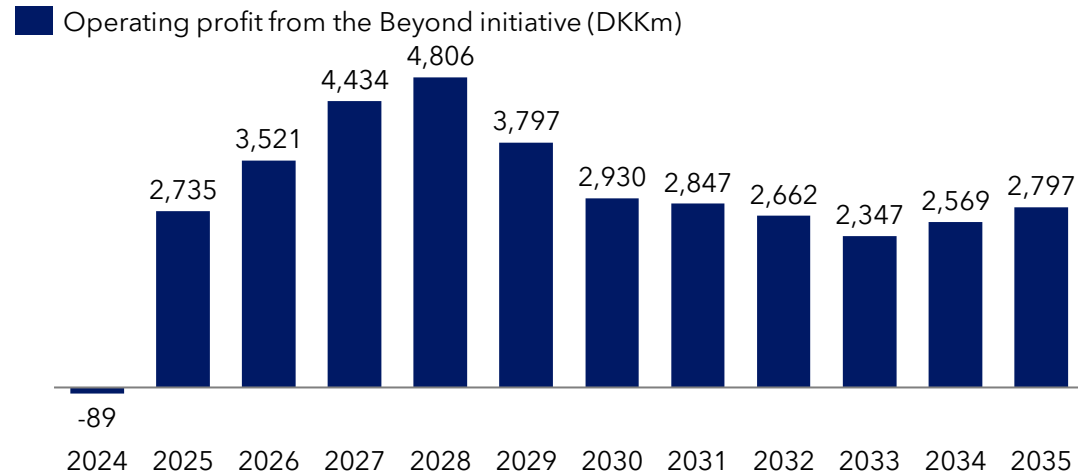
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Appendix

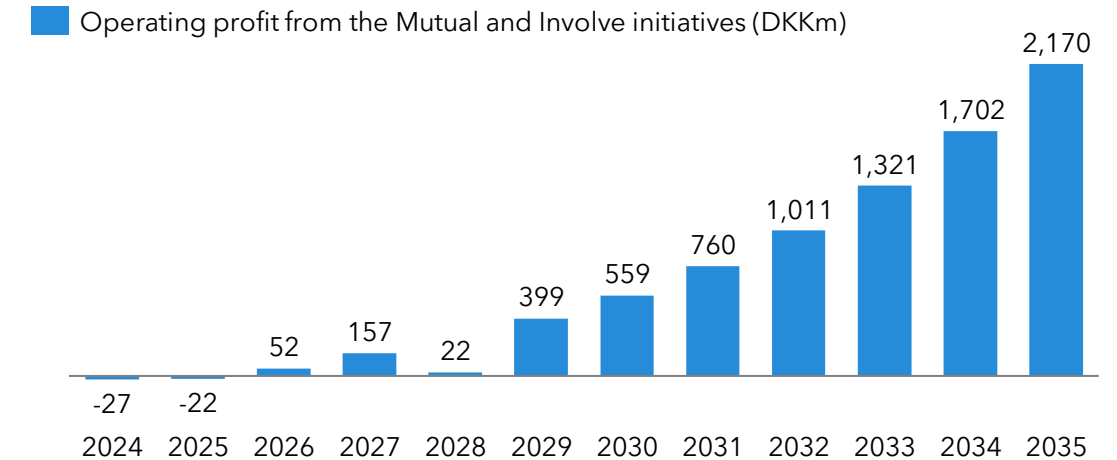
Despite low CAPEX requirements, the BMI Strategy achieves substantial operating profit growth as Novo Nordisk's production capacity scales up



The Beyond initiative ensures strong growth until 2027...



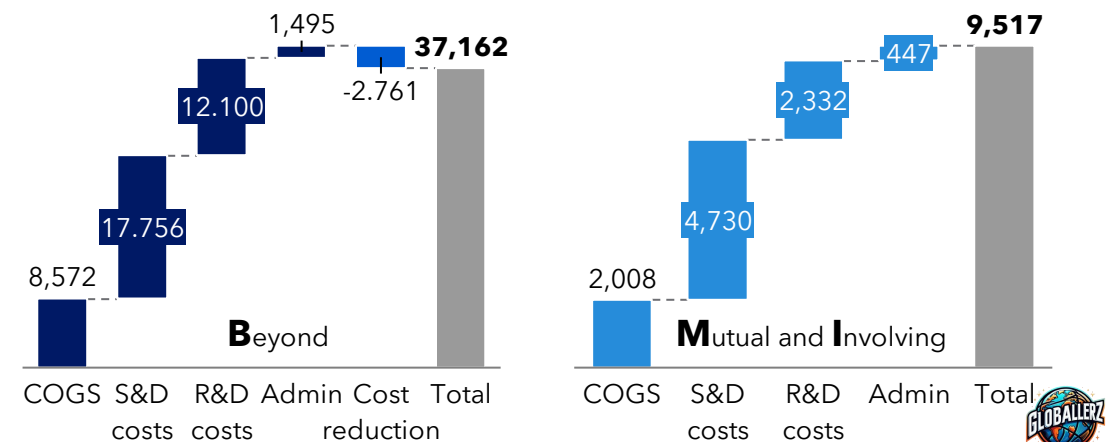
... while Mutual and Involving cement the leadership position for the future



Knowledge of revenue and cost drivers secures financial impact...

Revenue/Profit Drivers	Cost Drivers
Higher number of retained customers	Quality control and testing
Cost reduction from reusable pens	Assistance to health authorities
Increased brand awareness	Public relations (PR) efforts across initiatives

... and the BMI strategy requires incremental investments in fixed costs



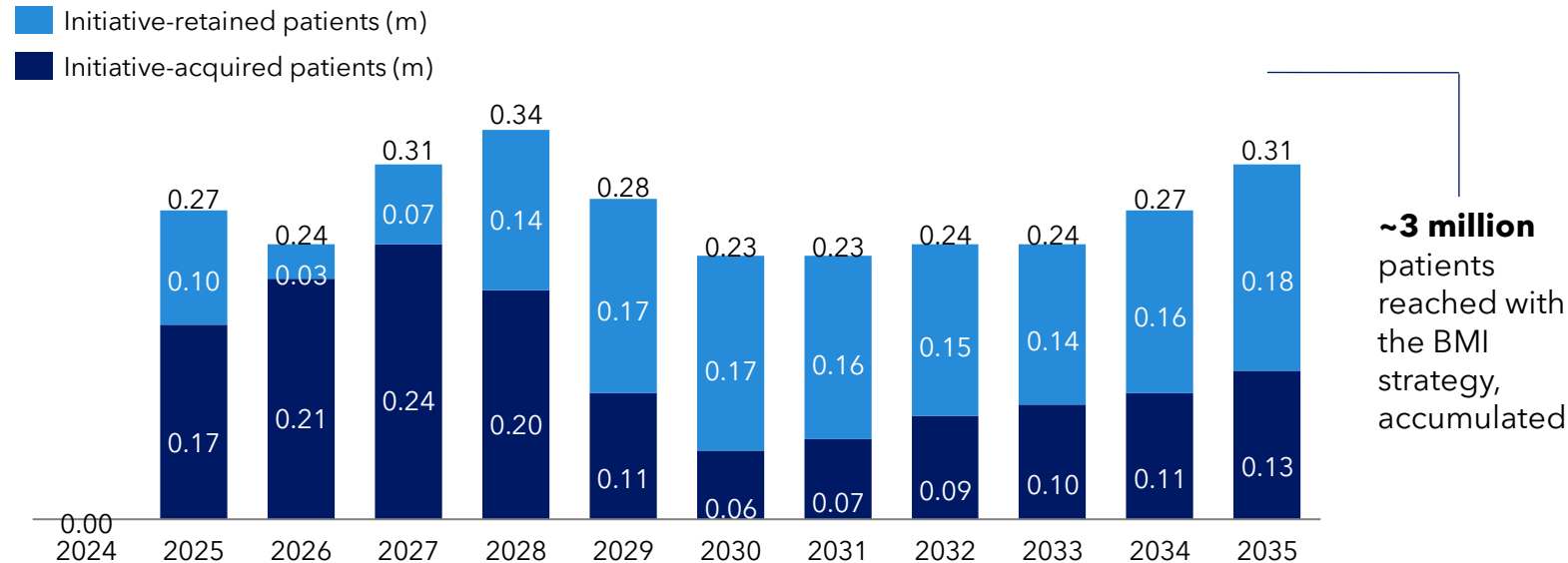
16 Sources: Novo Nordisk's annual report 2023, Team analysis



The implementation of the BMI strategy will also yield non-financial impact, reaching an additional 3 million patients and contributing towards SDG goals



The BMI strategy ensures obesity medication for an additional ~3 million patients worldwide



Selected SDG impact



Novo Nordisk supports SDG 3 through **supporting long-term weight management**



By **reducing single-use plastics** Novo Nordisk contributes to **increased sustainable consumption and production patterns**



Through **encouraging effective partnerships** Novo Nordisk **utilizes the experience** of said partners

Pioneering change in the PwO Treatment Experience in times of excess demand

- Novo Nordisk struggles to keep up with the extensive demand and thus, they have invested heavily to **increase production capacities**. The effects of the investments will solidify from the end of 2025 to 2029
- As Novo Nordisk cannot fully meet the demand for obesity medication in the short term, the BMI strategy also **tackles the challenges of the PwO Treatment Experience through alternative solutions**, for example support groups for PwO and educational programs.
- This **holistic approach** to obesity management cements **Novo Nordisk's position as a market leader and drives pivotal change for PwO around the world.**

17 Sources: United Nations SDGs, Team analysis



By following the BMI Strategy and improving the PwO Treatment Experience, Novo Nordisk will cement its market leadership in the obesity market



QUESTION

RECOMMENDATION

IMPACT

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How can Novo Nordisk address the needs of PwO and grow its obesity medication business with an **operating profit of 4 DKKbn by 2027**, and **cement its market leadership towards 2035**, by improving the PwO Treatment Experience?

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Operating profit in 2027

**+4,600
DKKm**

Efficiency-driven cost reductions (2035)

**+2,761
DKKm**

Additional patients in treatment (in 2035)

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Appendix

Creating shared value for Novo Nordisk, its patients and society

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Appendix 1: Revenue breakdown



Actual values
 Assumptions based on sources

Baseline																	
Gross profit	Unit	A2021	A2022	A2023	E2024	E2025	E2026	E2027	E2028	E2029	E2030	E2031	E2032	E2033	E2034	E2035	Total
Revenue																	
Net sales from obesity care	Million DKK	8,400	16,864	41,632	62,448	109,284	163,926	245,889	307,361	353,465	406,485	467,458	537,577	618,213	710,945	817,587	
YoY growth	%		101%	147%	50%	75%	50%	50%	25%	15%	15%	15%	15%	15%	15%	15%	
Full-year customers	Millions	0.3	0.6	1.1	2.0	3.5	5.2	7.9	9.8	11.3	13.0	14.9	17.2	19.7	22.7	26.1	
Average customer value	Million DKK	0.03	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Cost of Goods Sold (COGS)																	
COGS from obesity care (based on revenue share)	Million DKK	-1,338	-2,523	-5,900	-8,547	-14,298	-20,712	-30,003	-36,733	-41,676	-47,285	-53,649	-60,869	-69,061	-78,355	-88,900	
YoY growth	%		89%	134%	45%	67%	45%	45%	22%	13%	13%	13%	13%	13%	13%	13%	
Gross profit	Million DKK	7,062	14,341	35,732	53,901	94,986	143,214	215,886	270,628	311,789	359,200	413,809	476,708	549,153	632,590	728,687	
Gross margin	%	84%	85%	86%	86%	87%	87%	88%	88%	88%	88%	89%	89%	89%	89%	89%	
Initiative # 1																	
Incremental revenue	Unit	A2021	A2022	A2023	E2024	E2025	E2026	E2027	E2028	E2029	E2030	E2031	E2032	E2033	E2034	E2035	Total
Existing customers																	
Full-year customers (millions)	Millions	0.3	0.6	1.1	2.0	3.5	5.2	7.9	9.8	11.3	13.0	14.9	17.2	19.7	22.7	26.1	
Persistence rate with Initiative # 1	%	32%	32%	32%	32%	37%	36%	35%	34%	33%	33%	33%	33%	33%	33%	33%	
Remaining customers from previous year	Millions				0.64	1.29	1.88	2.75	3.34	3.72	4.22	4.85	5.58	6.42	7.38	8.48	
Dropouts from previous year	Millions				1.36	2.20	3.35	5.10	6.48	7.56	8.76	10.08	11.59	13.32	15.32	17.62	
New sales in year	Millions				1.64	2.85	3.94	5.97	7.07	7.95	9.25	10.71	12.31	14.16	16.29	18.73	
Change in # of remaining customers					-	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
New customers																	
Assumed new customer acquisition	%				0.00%	0.25%	0.50%	0.75%	1.25%	1.25%	1.00%	0.75%	0.50%	0.25%	0.20%	0.15%	
# of new customers	Millions				-	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	
Total # of incremental customers	Millions				-	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.2	0.2	
Average customer value	Million DKK				0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Incremental revenue	Million DKK				-	5,737	7,377	9,221	9,989	7,953	6,097	5,843	5,376	4,637	4,977	5,314	72,521
As percentage of total revenue from obesity care					0%	5%	4%	4%	3%	2%	2%	1%	1%	1%	1%	1%	
Initiative # 2 & 3																	
Incremental revenue	Unit	A2021	A2022	A2023	E2024	E2025	E2026	E2027	E2028	E2029	E2030	E2031	E2032	E2033	E2034	E2035	Total
Brand perception from people with diabetes	1-100	81.5	81.3	81.4	77.9	77.9	78.3	78.7	79.1	79.5	79.9	80.3	80.7	81.1	81.5	81.9	
Brand perception from people with obesity	1-100	79.4	79.4	77.9													
Improved brand perception	1-100																
Assumed new customer acquisition	%				0.00%	0.00%	0.10%	0.15%	0.20%	0.25%	0.30%	0.35%	0.40%	0.45%	0.50%	0.55%	
# of new customers	Millions				-	-	0.01	0.01	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	
Average customer value	Million DKK				0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Incremental revenue	Million DKK				-	-	164	369	615	884	1,219	1,636	2,150	2,782	3,555	4,497	17,870
As percentage of total revenue from obesity care					0.0%	0.0%	0.1%	0.2%	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%	0.5%	0.6%	
Total																	
Incremental revenue	Unit	A2021	A2022	A2023	E2024	E2025	E2026	E2027	E2028	E2029	E2030	E2031	E2032	E2033	E2034	E2035	Total
Total customers reached	Millions				-	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.3	
Average customer value	Million DKK				0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Total incremental revenue	Million DKK				-	5,737	7,541	9,590	10,604	8,837	7,317	7,479	7,526	7,419	8,531	9,811	90,391



Appendix 2: Cost and operating profit breakdown



Actual values
 Assumptions based on sources

Initiative # 1				E2024	E2025	E2026	E2027	E2028	E2029	E2030	E2031	E2032	E2033	E2034	E2035	Total
Incremental costs																
Cost of Goods Sold (COGS)																
Incremental COGS based on current gross margin	Million DKK	A2021	A2022	A2023												
Total incremental COGS	Million DKK				-	-751	-932	-1,125	-1,194	-938	-709	-671	-609	-518	-548	-578
Total COGS (from existing and incremental sales)	Million DKK				-8,547	-15,048	-21,665	-31,173	-38,000	-42,718	-48,136	-54,507	-61,721	-69,889	-79,295	-89,967
Cost reduction from Initiative # 1	%				0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Cost reduction for total production	Million DKK				-	75	108	156	190	214	241	273	309	349	396	450
Total cost reduction					-	75	108	156	190	214	241	273	309	349	396	450
Sales and distribution (S&D) costs																
Incremental S&D costs based on current level					-	-1,400	-1,800	-2,250	-2,437	-1,940	-1,488	-1,426	-1,312	-1,131	-1,214	-1,297
Sales representatives					-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Public Relations (PR) efforts					-2	-2	-2	-2	-4	-4	-4	-4	-4	-4	-4	-4
Reduced shipping costs					0.006	0.011	0.017	0.025	0.031	0.036	0.042	0.048	0.055	0.063	0.073	0.084
Total incremental S&D costs	Million DKK				-4	-1,404	-1,804	-2,254	-2,443	-1,946	-1,493	-1,432	-1,317	-1,137	-1,220	-1,302
R&D costs																
Incremental R&D costs based on current level					-	-749	-963	-1,203	-1,304	-1,038	-796	-763	-702	-605	-650	-694
Regulatory compliance costs	Million DKK				-10	-7	-13	-20	-27	-33	-33	-33	-33	-33	-33	-33
Quality control and testing	Million DKK				-75	-50	-100	-150	-200	-250	-250	-250	-250	-250	-250	-250
Total incremental R&D costs					-85	-805	-1,076	-1,373	-1,530	-1,321	-1,079	-1,046	-985	-888	-933	-977
Administrative costs																
Incremental administrative costs based on current level	Million DKK				-	-118	-152	-190	-206	-164	-126	-120	-111	-96	-103	-110
Total incremental administrative costs					-	-118	-152	-190	-206	-164	-126	-120	-111	-96	-103	-110
Total fixed costs	Million DKK				-89	-2,328	-3,032	-3,817	-4,179	-3,432	-2,698	-2,598	-2,413	-2,121	-2,256	-2,389
Operating profit	Million DKK				-89	2,735	3,521	4,434	4,806	3,797	2,930	2,847	2,662	2,347	2,569	2,797
Operating profit margin					N/A	47.7%	47.7%	48.1%	48.1%	47.7%	48.1%	48.7%	49.5%	50.6%	51.6%	52.6%
Initiative 2 & 3				E2024	E2025	E2026	E2027	E2028	E2029	E2030	E2031	E2032	E2033	E2034	E2035	Total
Incremental costs																
Cost of Goods Sold (COGS)																
Incremental COGS based on current gross margin	Million DKK	A2021	A2022	A2023												
Total incremental COGS	Million DKK				-	-	-21	-45	-73	-104	-142	-188	-243	-311	-392	-489
Sales and distribution (S&D) costs																
Incremental S&D costs based on current level					-	-	-40	-90	-150	-216	-298	-399	-525	-679	-867	-1,097
Sales representatives					-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Public Relations (PR) efforts					-8	-8	-15	-15	-20	-25	-30	-35	-40	-45	-50	-55
Total incremental S&D costs	Million DKK				-10	-10	-57	-107	-172	-243	-330	-436	-567	-726	-919	-1,154
R&D costs																
Incremental R&D costs based on current level					-	-	-21	-48	-80	-115	-159	-214	-281	-363	-464	-587
Total incremental R&D costs					-	-	-21	-48	-80	-115	-159	-214	-281	-363	-464	-587
Administrative costs																
Incremental administrative costs based on current level	Million DKK				-	-	-3	-8	-13	-18	-25	-34	-44	-57	-73	-93
Wages for health authority advisors	Million DKK				-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Development of educational material	Million DKK				-15	-10	-7.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Total incremental administrative costs					-17	-12	-13	-12	-17	-23	-30	-38	-49	-62	-78	-97
Total fixed costs	Million DKK				-27	-22	-91	-167	-269	-381	-518	-688	-896	-1,151	-1,461	-1,838
Operating profit	Million DKK				-27	-22	52	157	272	399	559	760	1,011	1,321	1,702	2,170
Operating profit margin					N/A	N/A	32%	42%	44%	45%	46%	46%	47%	47%	48%	48%

21 Sources: Novo Nordisk's annual report 2023, Case material, Obesity Atlas

