



EXPLAINER SERIES

THE GROWING MARKET FOR GLP-1 DRUGS

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As obesity rates swell worldwide, popular GLP-1 (Glucagon-like peptide-1) drugs, such as Ozempic and Wegovy, have generated considerable investor interest. Demand for these drugs has outstripped supply, and two companies in particular – Novo Nordisk and Eli Lilly – have a strong hold on overall market share. Beyond these firms, investors should also consider broader market opportunities and the cross-sector implications of GLP-1 drugs.

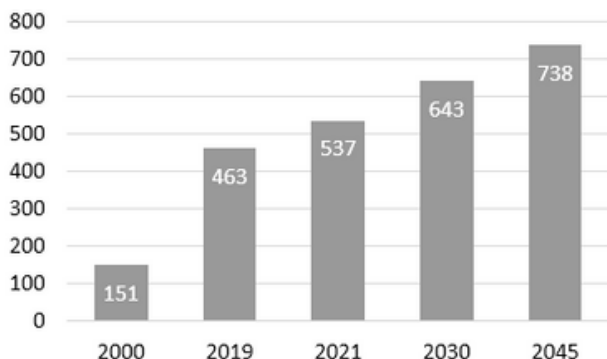
A GROWING MARKET

As diabetes and obesity rates continue to rise globally, the demand for GLP-1 drugs is expected to surge. GLP-1 drugs work by mimicking hormones released in the gastrointestinal tract in response to eating, stimulating insulin production (reducing blood glucose) and interacting with the brain to reduce appetite and to signal a feeling of being satisfied more quickly.

“~40% of US adults now have obesity. Of the ~764 million people living with obesity globally, only 2% are medically treated today¹.”

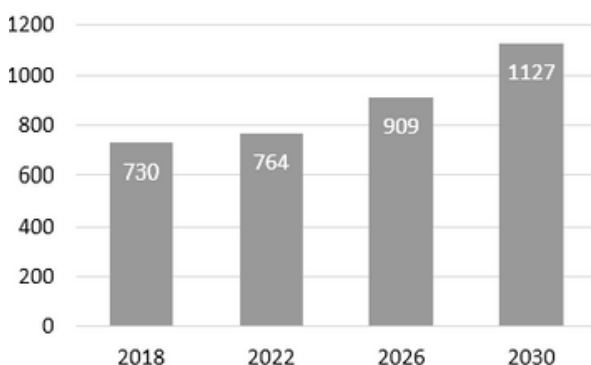
While GLP-1 drugs date back to 2005 as targeted treatments for Type 2 diabetes, interest in GLP-1 has skyrocketed following evidence of its efficacy in weight management and approval by the US Food and Drug Administration (FDA) for use in the treatment of obesity. The strong preliminary evidence of cardiovascular benefits (including a ~20% reduction in heart attack and stroke) and other possible use cases has further boosted perceptions of the enormous addressable market opportunity².

Chart 1: Number of people with diabetes globally (mil), 2000-2045



Source: Mirova; Redburn Atlantic; IDF Diabetes Atlas 2021. Figures for 2030 and 2045 are estimates only.

Chart 2: Number of people with obesity globally (mil), 2018-2030



Source: Mirova; Company reports; Berenberg estimates. Figures for 2026 and 2030 are estimates only.

CLEAR WINNERS

Global GLP-1 sales, around \$40bn in 2023, could approach \$150bn by 2032 (15.8% CAGR), with Novo Nordisk and Eli Lilly together comprising close to 100% of the market for now (competitive entrants are assumed to take up to 15% share by 2032). We believe that Novo Nordisk and Eli Lilly will see tremendous long-term GLP-1 opportunities that include newer pipeline drugs now in Phase 3 testing, with supply-constrained double-digit revenue growth likely through 2028 at least.

“Novo Nordisk and Eli Lilly together comprise close to 100% of the market. We believe that Novo Nordisk and Eli Lilly will see tremendous long-term GLP-1 opportunities.”

The healthcare wild card is the extent to which this drug class has the potential to affect other therapeutic areas such as cardiovascular and kidney disease, with some now in late-stage clinical trials. Cardiovascular disease is the leading cause of death globally and the drug market is projected to reach \$64bn by 2026 (3.8% CAGR). The global chronic kidney disease drug market is expected to expand to \$19.8bn by 2030 (5.2% CAGR). If GLP-1 clinical results are highly positive on these diseases, market volumes could be much larger than the sales figures above. Additionally, several medical device companies, such as Thermo Fisher, that supply analytical instruments, diagnostics, and drug delivery systems could benefit as well.

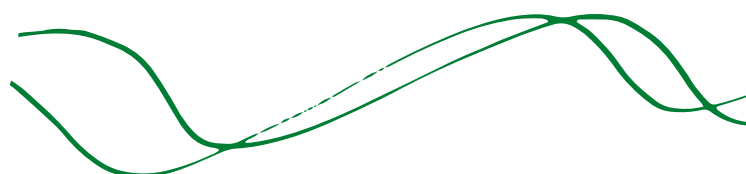
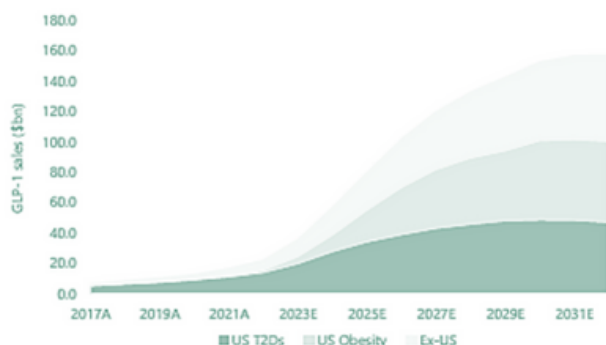


Chart 3: Global GLP-1 Market Expectations



Source: Mirova; Jefferies Research; IQVIA IMS, All Rights Reserved. Figures for 2023-2031 are estimates only.

IMPLICATIONS FOR OTHER INDUSTRIES

Treating obesity has far-reaching implications for various industries, particularly healthcare and food & beverage. Obesity is linked to numerous chronic illnesses, and GLP-1 drugs encourage healthier diets and decrease appetites which will likely shift consumer trends.

- **Med-tech:** insulin pump makers may face higher risk, while companies producing continuous glucose monitors may be less affected. In the realm of heart valve disease, GLP-1's impact is likely minimal, but its potential to extend lifespans could lead to a growing patient cohort for heart valve replacement/repair products. Similarly, for kidney dialysis equipment providers, GLP-1 may initially reduce the patient funnel but could contribute to longer-term growth. In orthopaedics, weight reductions from GLP-1 therapy could reduce joint damage and the need for replacements.
- **Food & beverages:** GLP-1's effects on the food & beverage industry are concentrated in categories like sugary drinks, confectionary, and greasy foods, as it reduces the desire for these items. Additionally, GLP-1 may lead to a reduction in restaurant traffic, but

adaptation and menu changes should lessen this impact. Fast food outlets may be more exposed, while healthier alternatives could benefit with an increased focus on healthier eating habits.

MANAGING RISKS AND ENGAGEMENT

While the growth prospects for companies like Novo Nordisk and Eli Lilly are strong, as the use of GLP-1 for weight loss becomes more common, there are risks to consider including:

- Off-label marketing/promotion of obesity and diabetes drugs
- Social media promotion
- Drug pricing
- Patient safety

Mirova continues to engage with companies like Novo Nordisk and Eli Lilly to discuss these risks and share best practices. Both companies are actively monitoring online activities and addressing emerging risks associated with social media, including the sale of counterfeit medicines, and have communicated sales and marketing practices in line with Mirova's ethical standards. Additionally, they are working with authorities to improve the serialisation process and are emphasising the importance of prescribing drugs based on FDA approval to the physicians they collaborate with.

While investors should consider the risks alongside the opportunities and medical treatment should be combined with prevention and healthier lifestyle choices, in many cases medical treatment is necessary and can help reduce co-morbidities. As we are in the very early stages in the global fight against obesity, these drugs are likely to play

an important role, offering long-term business opportunities for the companies involved in this space. Mirova continues to

advocate for healthy products and better nutrition policies.

SOURCES

[1] Source: Novo Nordisk Capital Market Day.

[2] Source: Company announcement; Novo Nordisk.

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- have a minimum investment timeframe of seven years*
- have a high or very high risk/return profile for that portion of their investment portfolio, and*
- require the ability to have access to capital within one week of request.*

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