

Note: Below are extracts from articles published by The Financial Times (23rd January 2024) and The Irish Times (16th January, 2024) as referenced below.

Insights into the rapidly growing obesity drug market and a focus on the surge in Irish customers using Revolut to trade securities.



Novo Nordisk and Eli Lilly set to face new challenger in weight-loss race.

Highlighted in our most recent podcast, the weight-loss drug market is a rapidly growing sector and one where new entrant to the market Danish biotech group Zealand Pharma is developing an alternative obesity treatment to compete with the big rivals....

In his recent Financial Times article, Johnston (2024) reveals how the rapidly growing obesity drug market, dominated by key players Novo Nordisk and Eli Lilly, has a new entrant, ready to compete with these two market leaders, according to the Danish biotech's CEO:

Other drugmakers could still “win” the race in the rapidly growing obesity market dominated by Novo Nordisk and Eli Lilly, according to the chief executive of biotech company Zealand Pharma. The claim by Adam Steensberg follows a 100 per cent surge in the company's share price in the past year as investors bought the stock thanks to the potential of its anti-obesity drugs. Zealand's products in development will have to compete with the popular Wegovy and Zepbound drugs already on the market and made by Novo Nordisk and Eli Lilly respectively, which suppress appetite.

However, Steensberg stressed his company, which joined forces with German pharma group Boehringer Ingelheim more than a decade ago to develop a weight loss drug that is now in late-stage trials, wanted to partner with other groups for future treatments rather than sell to a large company. “We are not interested in people looking to catch up. . . It’s about joining forces with someone who has a strategy of how they would win in obesity,” he told the Financial Times. “I think it’s a big misperception to say others are too late. This is just the start.”

A number of celebrity endorsements and the success of Novo Nordisk and Eli Lilly’s treatments in helping users lose weight have made the drugs hugely popular, sparking supply shortages. This has proved lucrative for the companies. Trial results in November showing that Wegovy cut the risk of death by 18 per cent helped Novo Nordisk become Europe’s largest drugmaker by market capitalisation last year.

Johnston (2024)

According to Johnston (2024), Goldman Sachs sees the potential for the weight-loss drug market to grow to \$100 billion by the end of the decade. This is further evidenced by other major pharmaceutical companies entering the market in recent times and by a desire for greater choice, given the ever-widening range of diseases associated with obesity:

With more products to come on the market in the years ahead, Goldman Sachs researchers say the weight-loss drugs market could grow from \$6bn to as much as \$100bn by the end of the decade. Despite Novo Nordisk and Eli Lilly’s lead, Steensberg believed there was space for others to develop weight-loss products. “There are 220 diseases that you can associate with obesity in the future, there needs to be more choices,” he said. Investor excitement about Zealand comes as pharma groups seek to follow Novo Nordisk and Eli Lilly into the lucrative obesity market. Swiss company Roche acquired obesity drug developer Carmot Therapeutics for \$3.1bn last month, while AstraZeneca signed a \$2bn licensing agreement with Eccogene, a Chinese maker of an oral obesity drug in November. US rival Pfizer in December abandoned plans for a weight-loss pill to be taken twice a day after trials showed significant side effects. Boehringer and Zealand are also testing their weight loss treatment survodutide, a GLP-1 or glucagon-like peptide 1 agonist drug similar to Wegovy, for its effectiveness in tackling NASH, a chronic liver disease that is estimated to affect up to 6.5 per cent of US adults.

Johnston (2024)

Zealand Pharma is one company for investors to watch out for, writes Johnston (2024) in his FT article. With alternative weight-loss treatments in development, Zealand could be a ripe target for acquisition, particularly if its alternative treatments achieve similar weight-loss, but with reduced side effects, sometimes associated with the current drugs available from the market leaders, a point made strongly by Zealand Pharma CEO, Adam Steensberg:

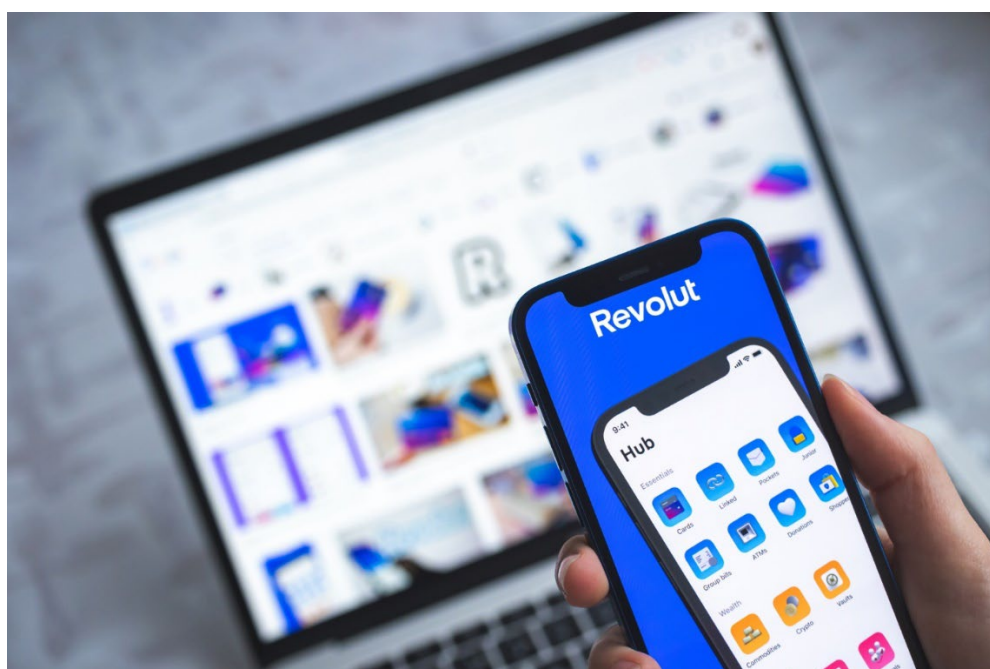
Zealand expects about 10 per cent royalties from potential sales of the weight loss drug. The company, valued at \$4bn, is also developing alternative treatments — based on a hormone called amylin — that promotes a feeling of fullness after eating, rather than suppressing appetite.

“GLP-1s reduce your appetite. You turn up at the buffet and you say you can’t eat anything because you don’t have any appetite. That’s not the most pleasant experience. Amylin works on satiety it’s a different way to induce less calorie intake,” Steensberg said.

Steensberg said early-stage trials of the drug suggested it could achieve similar weight loss with reduced side effects of vomiting, nausea and constipation associated with GLP-1s, generating more excitement among investors. “Within one year, probably 20 to 30 per cent of users of GLP-1s drop off due to these side effects,” said Steensberg. “Even though you have patients with a good experience, one drug doesn’t fit everyone.”

Further positive trial results could spark more interest in the company. One banker following the sector said Zealand’s amylin treatment was “one of the most advanced” in development and would make it an attractive acquisition target.

Johnston (2024)



Surge in Irish customers using Revolut to trade securities.

Tesla, Heineken and Momentus shares among top traded stocks in the Republic.

This Curran (2024) article investigates the 22% surge in Revolut users buying securities in Ireland during 2023 and their demographic breakdown. He examines the most popular shares traded here and describes how Revolut users are reflecting the strong growth in stock markets generally last year:

The number of Irish Revolut users who used the platform to trade securities last year surged 22 per cent with Tesla and Heineken among the top traded stocks in 2023. The fintech said the average size of a trading account in the Republic at the end of the year was €1,295 with men typically holding larger sums than women.

The average male customer had higher levels of activity, Revolut said, and their portfolio was more than twice the size of the average female user at €1,650 compared with €612, a trend observed across Europe.

Tesla shares were the most traded US stock among retail investors in the Republic with a 53 per cent buy and 47 per cent sell percentage, the data indicates. Shares in American space flight company Momentus, which have collapsed by close to 44 per cent since the start of 2024, were also popular as was the “meme stock” company AMC. The most traded European stocks, meanwhile, were Heineken and its fellow drinks giant Anheuser-Busch, German energy group Uniper and Volkswagen among others.

“As we reflect on 2023, the stock market’s impressive surge of over 24 per cent by S&P 500 index and astonishing 54 per cent by Nasdaq 100 index has been a testament to the resilience and adaptability of the financial landscape,” said Rolandas Juteika, European head of wealth and trading at Revolut.

Curran (2024)

Revolut’s ambitions don’t stop there, according to Curran (2024) in his Irish Times article, informing readers that the fintech plans to roll out a bond-trading feature in 2024, all of which supports the recent growth in its company revenues posted for y/e 2022:

With interest rates set to fall this year, presenting opportunities for investors in corporate and government bonds, Mr Juteika said Revolut plans to roll out a bond trading feature to its customers in the Republic and elsewhere. The fintech, which published long-delayed results for 2022 in December, said it added close to 10 million customers last year, a record, driving deposits up by 71 per cent in the year to end of December 2022.

Revolut said it was on track to reach \$2 billion (€1.8 billion) in annual revenues in 2023 despite a number of setbacks that prompted shareholders to write down the value of their stake in the group.

Curran (2024)

References

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