

# From Waistlines to Bottom Lines: The GLP-1 Boom

## GLP-1s: What Is It, and Why Are We Talking About It?

Since the FDA's approval of Wegovy in 2021 for chronic weight management, sales of GLP-1 drugs have spiked. These drugs were originally developed to mimic natural hormones and regulate blood sugar in the treatment of type 2 diabetes. The discovery of the potent weight loss impact of GLP-1 drugs and broad criteria, for those with higher BMIs or related health issues, has sparked a sales boom. Pharmaceutical giants Novo Nordisk (Novo) and Eli Lilly (Lilly) GLP-1 sales growth over the last year effectively demonstrates this:

	Mounjaro + Zepbound	FY'22	\$0.5bn	➤	FY'23	\$5.3bn	11x	↑
	Ozempic + Wegovy	FY'22	\$9.3bn	➤	FY'23	\$18.4bn	2x	↑

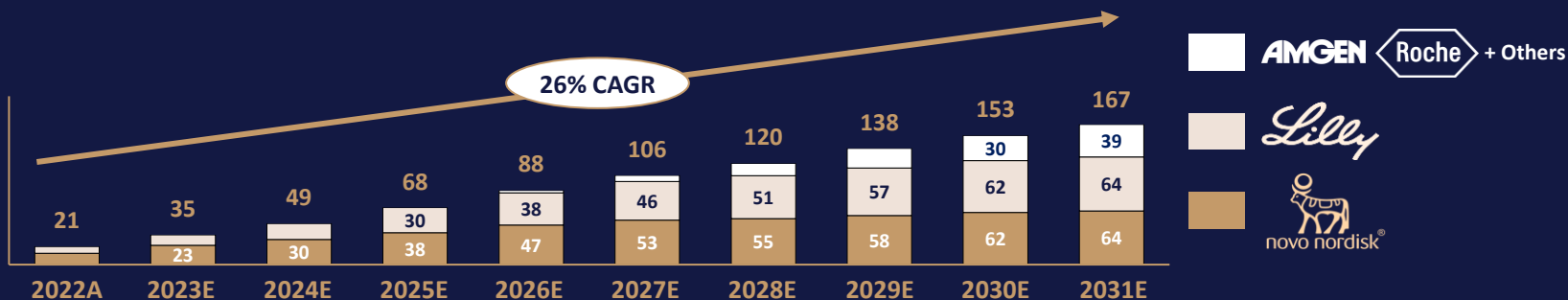
## Global Sales to Increase 8x Over 9 Years to \$167bn

With the prevalence of obesity in US adults alone climbing from 30% to 42% from 2000 to 2020, it is no surprise that such robust sales growth forecasts for GLP-1 drugs. Estimated to hold a combined market share of 77% in 2031, Novo and Lilly are poised to be the leading beneficiaries in the competitive race to \$167bn, thanks to substantial barriers to entry such as FDA approval, significant capital requirements, patent protection, and manufacturing complexities.

## ...But Pharma Giants Are Struggling to Meet Demand

Novo and Lilly are pouring billions into production expansion, including Novo's massive \$6bn investment into its Denmark facility and Lilly's \$2.5bn investment into a new manufacturing plant in Germany. Despite these aggressive moves, including Novo's strategic acquisition of contract development and manufacturing organisation (CDMO) Catalent for \$16.5bn, scaling up the intricate manufacturing remains a challenge. The rise of outsourcing to CDMOs continues, yet drug shortages persist, leading to caution in prescribing practices for weight loss medications and risking the momentum of these drugs.

Global Sales Projections of Leading Obesity Drug Developers (\$'bn)



## How Can Private Equity Support and Capitalise on this Growth?

### 1 Invest in the Supply of GLP-1s

- Specifically in businesses such as:
- Sterile fill-finish CDMO facilities used to fill the injection pens
  - Peptide and biological ingredient producers developing the active components used in the drug
  - Input manufacturers developing the autoinjectors and syringes used for treatment administration

### 2 Invest in the Patient Support Ecosystem

- When prescribing GLP-1 drugs, physicians recommend a hybrid model of prescription and lifestyle interventions – therefore we expect additional growth opportunities for investors in:
- Telehealth platforms and services
  - Weight management applications
  - Specialised clinics

## Leading investors are already catching on....

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Target							
Acquirer							
Vertical	CDMO	CDMO	CDMO	Peptide Production	Weight Mgmt. Platform	Telehealth	Weight Loss Clinics
Consideration	\$4.3bn	\$2.6bn	Undisclosed	Undisclosed	\$100.0m	Undisclosed	Undisclosed