

**We invest in winners.** This means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

### Novo Nordisk A/S

Novo Nordisk is one of our long-term investments. We have presented the Danish company in our monthly Investment Report three times. Novo Nordisk's specialisation in diabetes since its foundation in 1923 has given it a unique position in an oligopolistic market. The market share in insulin therapy is 50%. Around 32 million of the world's approximately 500 million diabetics are cared for by Novo Nordisk. However, overall only very few diabetes patients have access to adequate care. The International Diabetes Federation (IDF) estimates that about 700 million people will have diabetes by 2040. Individual lifestyles and demographic factors are the catalyst for this widespread disease. More than half of all adults in OECD countries are classified as overweight, and one in four as obese. This opens up considerable growth potential for Novo Nordisk for stable earnings based on insulin therapy, which is usually necessary for life. At the same time, the global market for obesity drugs is growing, and it is estimated that it will reach EUR 5 billion in 2025, compared to the current level of only EUR 1.3 billion. With sales of EUR 0.8 billion, Novo Nordisk is also the clear market leader in this growth segment. In June 2021, the US approved Wegovy as a weight-loss product. The blockbuster anti-diabetic drug Semaglutide is

behind this success. In studies, the drug has been proven to reduce the body weight of obese patients (even without diabetes) by an average of 15% of the initial weight after 68 weeks thanks to the natural satiety hormone GLP-1.

Novo Nordisk invests 15% of its annual revenue in new products. As a result, the company traditionally has the broadest range and most promising pipeline of biopharmaceuticals. Even after the expiry of patent protection, generics only play a subordinate role, as they are biosimilar but not identical to the original. Novo Nordisk is one of the most profitable and best capital allocators in the world. Earnings per share of DKK 144 have been generated over the past 15 years. Of this, DKK 74 was retained. Earnings have risen by DKK 16 (17% p.a.) to DKK 18 per share over the same period. This means that the retained earnings generated an internal rate of return of 22%. The ongoing buyback of its own shares contributes to this. The net volume over the past 15 years, amounting to 27% of the outstanding securities, generates an increase of DKK 4.9, or 37%, in earnings per share for current shareholders. We consider Novo Nordisk's shares to be a debt-free equity bond. The earnings yield is currently 3% and the expected annual growth rate is 7-9%. Accordingly, we will continue to bet on the rock-solid growth stock for our investors.

Sincerely yours



J. Henrik Muhle



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