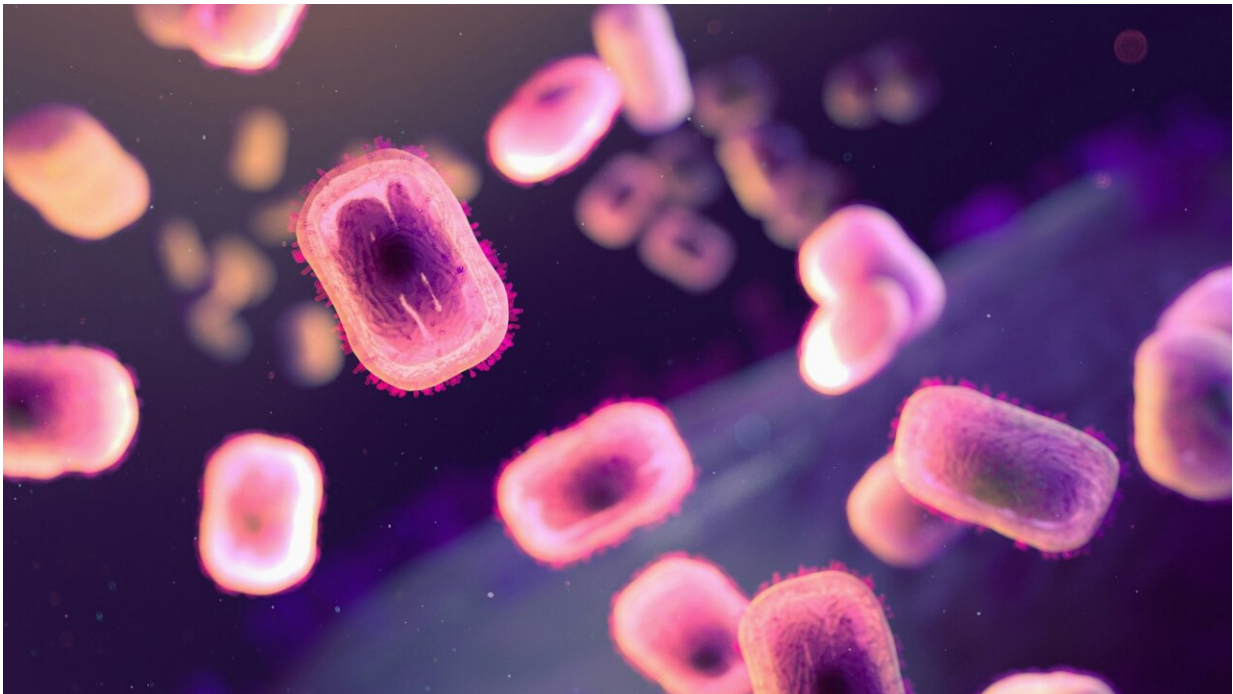


# Mpox gives Denmark another way to flex its pharma power

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After the World Health Organization this week warned that a fast-spreading strain of mpox poses a global threat, Denmark has a potential solution and underscores its capacity to outshine traditional powerhouses in the U.S. and the U.K.

From treatments for diabetes to depression, the Nordic nation of 6

million people has punched above its weight with its prowess in pharmaceuticals, and Bavarian Nordic A/S's mpox vaccine—the only regulator-approved inoculation for the deadly virus—serves as the latest milestone.

What might seem like a sudden sensation has been decades in the making, and much of it comes from a cluster effect created by Novo Nordisk A/S. The maker of blockbuster diabetes treatment Ozempic and weight-loss substance Wegovy has fed a talent pool and spawned new peers on its way to becoming Europe's most valuable company in September last year.

"A lot of people want to repeat what's happening here, but it's not that easy," said Christian Grondahl, a Danish biotech entrepreneur who has previously founded and sold two startups. "You need a lot of ingredients to replicate the success."

The roots of the development go back more than 100 years, when the first Danish pharma companies were founded. Novo Nordisk was established in 1923, following the likes of depression-pill maker H Lundbeck A/S.

The long tradition was then fueled by a combination of public-sector collaboration, strong universities such as the Technical University of Denmark and easy access to financing. Bavarian Nordic, Genmab A/S and Zealand Pharma A/S—which is also working on a weight-loss drug—were all founded in the 1990s.

Ownership structures that prioritize long-term strategies over short-term profits further underpin the steady development. Both Novo and Lundbeck are controlled by foundations, a model that helps keep them in Danish hands.

The rise of Novo though has turbocharged the entire sector in recent years. "When you move around Danish biotech, you always meet people who have worked at Novo," Grondahl said. "It has turned into a snowball effect."

As the world's largest insulin maker, the homegrown giant has long been a stalwart for Danes, but it became a global phenomenon after discovering the weight-loss benefits of a diabetes treatment based on the body's natural GLP-1 hormone.

Production of Ozempic and Wegovy has since become so important that Novo has helped account for about half of the Danish economy's growth in 2023. Bolstered by the company's expansion, the government almost doubled its estimate for this year's growth to 2.7%—outpacing most other European Union economies. Economists have even coined the term "Novonomics" to describe just how influential the drugmaker has become.

But Denmark's exposure to the hit-or-miss nature of pharmaceuticals is not without risks. Novo's \$600 billion [market capitalization](#) is bigger than the entire Danish economy, and while its drugs have won over the rich and famous, trends can quickly change.

The country's sensitivity became evident when Prime Minister Mette Frederiksen earlier this year said she was a "huge fan" of Novo's treatments. It was a rare public show of support and came as the company faces mounting criticism in the U.S. over pricing.

Despite the growing weight of pharma, the mpox crisis shows how deep Denmark's offering has become. Bavarian's inoculation developed after the 9/11 attacks, when the U.S. decided to stock up on vaccines for smallpox as part of its anti-terrorism program.

Bavarian beat out U.K.-based Acambis Plc for the contract. Although unheralded at the time, the deal proved decisive in 2018, when the U.K. registered its first case of mpox—a smallpox variant that causes painful rashes and can lead to death. Bavarian's Jynneos vaccine was approved for mpox in the U.S. in 2019 and in Europe in 2022.

Last year, Jynneos sales nearly tripled to roughly 5 billion kroner (\$740 million), accounting for 71% of Bavarian's annual revenue. That potential could increase after the WHO's warning.

Bavarian said on Friday that it wants to extend formal approval of its mpox vaccine to include adolescents—sparking another rally in the shares, which have gained more than half this year.

"We have inventory and we have the capabilities," Bavarian Chief Executive Officer Paul Chaplin told Bloomberg earlier this week, assuring that the company can provide 10 million doses by the end of 2025. "What we're missing are the orders."

On Saturday, the company said it was working with the WHO to provide broad access to its mpox vaccine and was in talks with the Africa Centers for Disease Control and Prevention on expanding manufacturing capacity in the continent.

Aside from Bavarian's jump, investors have been flocking to the Danish drug sector. Novo has gained a third so far this year, and Gubra A/S—a smaller company developing an obesity drug—has seen its value surge nearly fivefold.

Zealand Pharma has more than doubled in value and is emblematic of how Denmark's drug sector is basking in Novo's halo. A recent \$1 billion capital increase was significantly oversubscribed in just three hours, despite Zealand being relatively unknown in Denmark, much less Wall

Street.

Although its weight-loss treatment is still in trial stages, interest is being propelled by the country's track record and speculation that Zealand could attract takeover interest from a major drug company in search of a weight-loss asset.

Zealand's market value has jumped to 66 billion kroner from 10 billion kroner in early 2023. The gains have secured it a spot in Denmark's benchmark OMX25 index, which now includes four drugmakers and five other medical-related companies.

Zealand CEO Adam Steensberg, a former Novo employee, pegged Denmark's pharma status to a steady stream of talent from universities and doctoral programs at Novo and Lundbeck, as well as the government's willingness to fund long-term projects. He noted that a parallel development has also been evident in green energy, where Denmark likewise is a world leader.

"In Denmark, we are willing to invest not just in problems the world is facing right now, but also in problems we know will come at a later stage," Steensberg said in an interview.

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