

VICKI MOONEY AND HER DAUGHTER MIA  
Vicki is living with obesity  
Spain



# **novo nordisk** – a focused healthcare company

Novo Nordisk  
Annual General Meeting

**21 March 2019**





# Board of Directors



**Helge Lund**



**Jeppe Christiansen**



**Brian Daniels**



**Andreas Fibig**



**Sylvie Grégoire**



**Liz Hewitt**



**Kasim Kutay**



**Martin Mackay**



**Anne Marie  
Kverneland**



**Stig Strøbæk**



**Mette Bøjer Jensen**

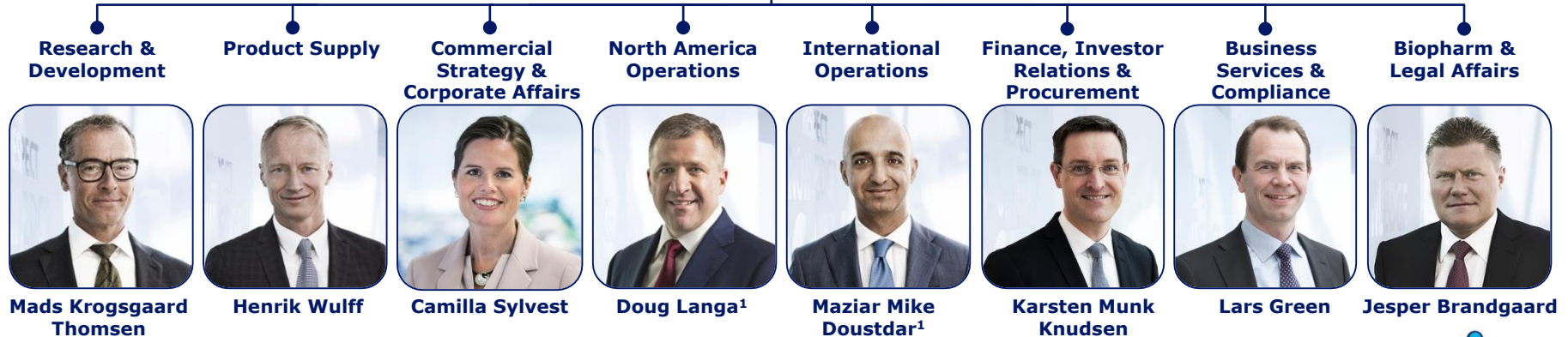


**Thomas Rantzau**

# Executive management



**President & CEO**  
**Lars Fruergaard Jørgensen**



<sup>1</sup> Not registered with the Danish Business Authority

## **Mogens Mogensen and Mads Melgaard**



# Klaus Søgaard



# Agenda - Annual General Meeting 2019

- 1. The Board of Directors' report on the company's activities in the past financial year**
- 2. Presentation and adoption of the statutory Annual Report 2018**
- 3. Approval of remuneration of the Board of Directors for 2018 and remuneration level for 2019**
- 4. Resolution to distribute the profit according to the adopted Annual Report 2018**
- 5. Election of members to the Board of Directors, including chair and vice chair**
- 6. Appointment of auditor**
- 7. Proposals from the Board of Directors**
- 8. Proposal from shareholder**
- 9. Any other business**

# Lars Fruergaard Jørgensen

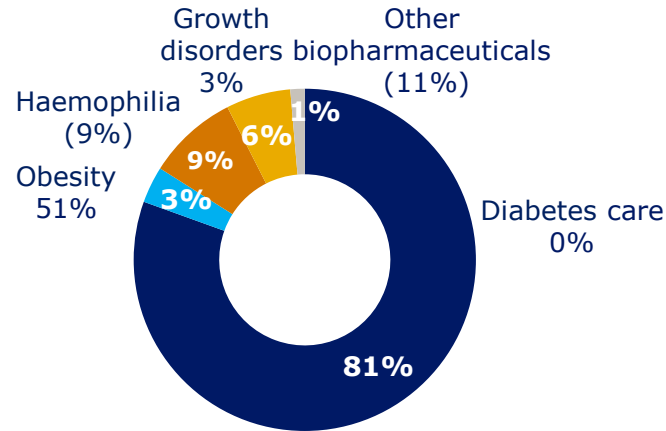
## President & CEO





# Sales growth of 5% mainly driven by Victoza<sup>®</sup>, Ozempic<sup>®</sup> and Saxenda<sup>®</sup>

Sales as reported in 2018



Sales of DKK 111.8 billion (0%)

Growth break down in 2018

Local currencies	Growth	Share of growth
Long-acting insulin <sup>1</sup>	(2%)	(7%)
Premix insulin <sup>2</sup>	0%	0%
Fast-acting insulin <sup>3</sup>	1%	3%
Human insulin	(1%)	(3%)
<b>Total insulin</b>	<b>(1%)</b>	<b>(7%)</b>
GLP-1 <sup>4</sup>	18%	78%
Other diabetes care <sup>5</sup>	3%	2%
<b>Total diabetes care</b>	<b>4%</b>	<b>73%</b>
Obesity (Saxenda <sup>®</sup> )	60%	30%
<b>Diabetes care and obesity total</b>	<b>6%</b>	<b>103%</b>
Haemophilia <sup>6</sup>	(5%)	(10%)
Growth disorders (Norditropin <sup>®</sup> )	7%	9%
Other biopharmaceuticals <sup>7</sup>	(8%)	(2%)
<b>Biopharmaceuticals</b>	<b>(1%)</b>	<b>(3%)</b>
<b>Total</b>	<b>5%</b>	<b>100%</b>

<sup>1</sup> Comprises Tresiba<sup>®</sup>, Xultophy<sup>®</sup> and Levemir<sup>®</sup>; <sup>2</sup> Comprises Ryzodeg<sup>®</sup> and NovoMix<sup>®</sup>

<sup>3</sup> Comprises Fiasp<sup>®</sup> and NovoRapid<sup>®</sup>; <sup>4</sup> Comprises Victoza<sup>®</sup> and Ozempic<sup>®</sup>

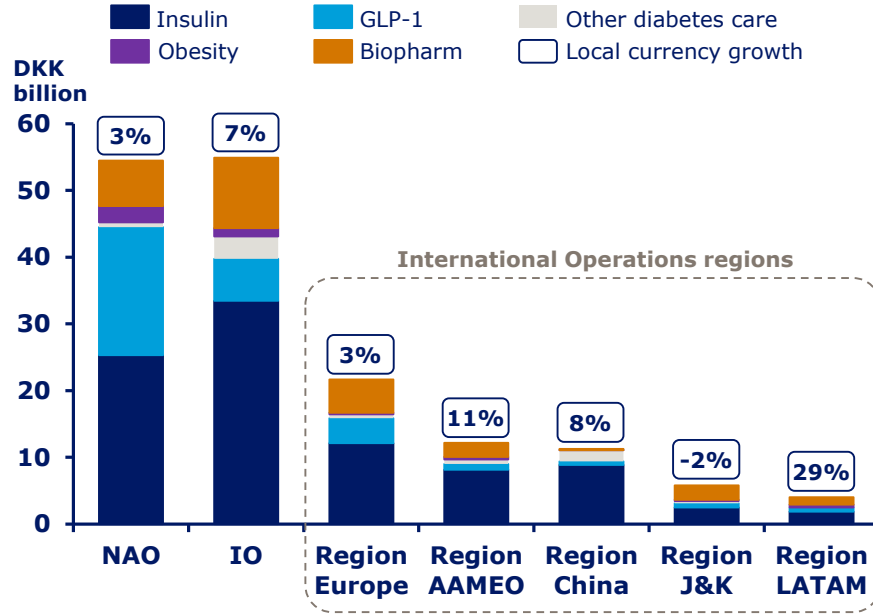
<sup>5</sup> Primarily NovoNorm<sup>®</sup> and needles; <sup>6</sup> Comprises NovoSeven<sup>®</sup>, NovoEight<sup>®</sup>, NovoThirteen<sup>®</sup> and Refixia<sup>®</sup>;

<sup>7</sup> Primarily Vagifem<sup>®</sup> and ActiVelle<sup>®</sup>

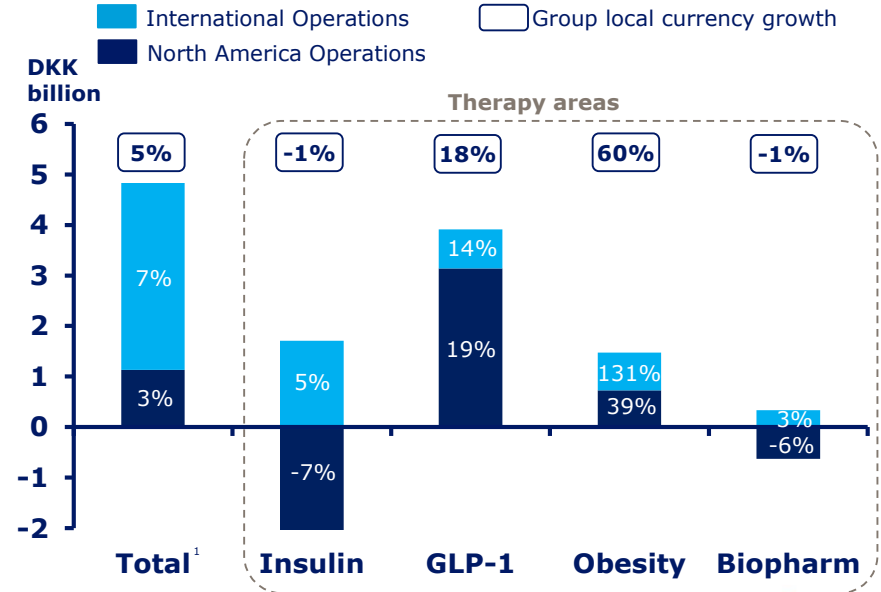
Note: Refixia<sup>®</sup> and NovoThirteen<sup>®</sup> are launched as Rebinyn<sup>®</sup> and TRETEN<sup>®</sup>, respectively, in the USA

# 5% sales growth is primarily driven by 18% growth in GLP-1 sales, while insulin sales are broadly unchanged

Reported sales split in 2018 and local currency growth



Added sales between 2018 and 2017 and local currency growth



NAO: North America Operations; IO: International Operations; LATAM: Latin America; AAMEO: Africa, Asia, Middle East & Oceania; J&K: Japan & Korea

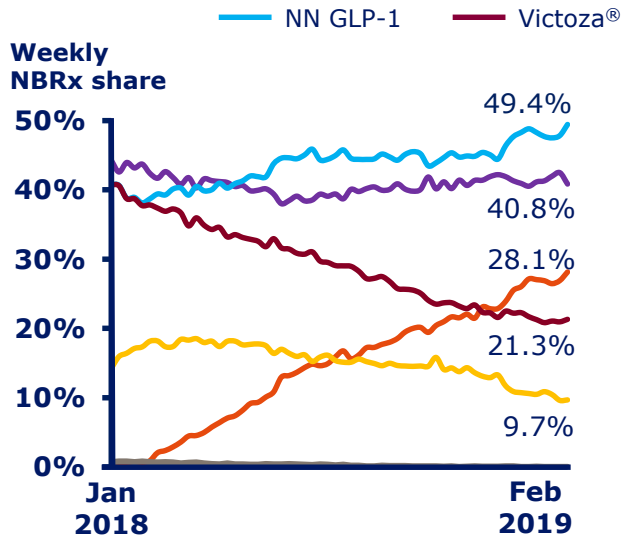
<sup>1</sup> "Other diabetes care" is included in Total



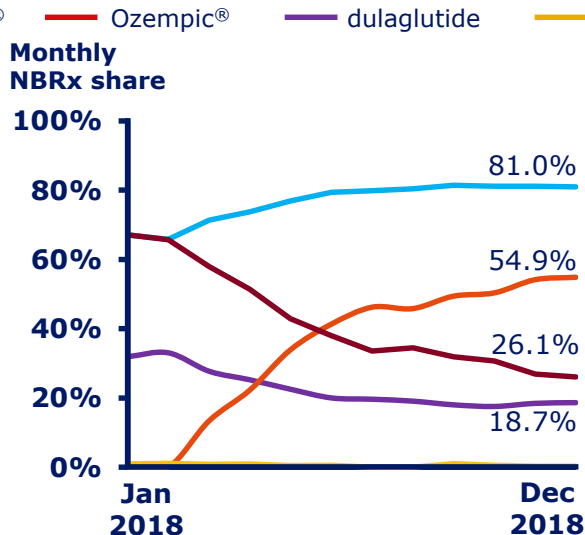
# Ozempic® gains market share and is now launched in 11 countries



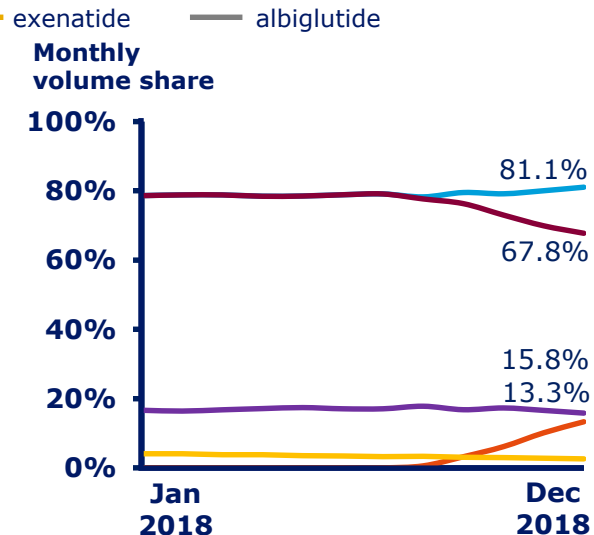
## USA GLP-1 NBRx market share



## Canada GLP-1 NBRx market share



## European<sup>1</sup> GLP-1 volume market share



Source: NBRx-IQVIA LRx Weekly, week ending 24 Feb 2019  
 Ozempic® has been launched in: the USA, Canada, Denmark, Switzerland, Ireland, Sweden, the Netherlands, Iceland, the UK, Norway and Finland

Source: NBRx-IQVIA monthly, Dec 2018

Source: IQVIA monthly, Dec 2018  
<sup>1</sup> Markets include: Denmark, Switzerland, Ireland, Sweden and the Netherlands

# Key milestones within development

## Oral semaglutide

- Successful completion of the phase 3a PIONEER programme for oral semaglutide
- Two new drug applications have been submitted to the US FDA

## Ozempic®

- A supplemental new application for a cardiovascular risk reduction indication in adults with type 2 diabetes has been submitted to the US FDA

## Tresiba®

- Label updated in the USA to include data from the DEVOTE trial demonstrating that Tresiba® statistically significantly reduces the risk of severe hypoglycaemia

## Semaglutide in obesity

- The phase 3 programmes, STEP and SELECT (CVOT), both with once-weekly 2.4 mg injectable semaglutide for people with obesity have been initiated

## Esperoct®

- Esperoct®, an extended half-life factor VIII molecule, approved in the USA and undergoing regulatory review in the EU and Japan

## Concizumab

- Successful completion of two phase 2 trials with concizumab, which confirmed clinical proof of concept and phase 3 preparation is initiated

## Sompacitan

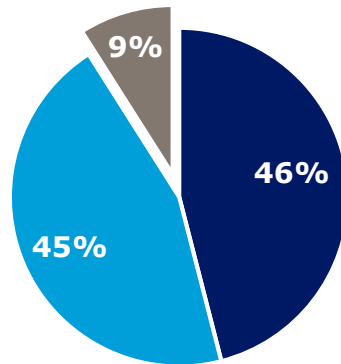
- Completion of the phase 2 trial, REAL 3, in growth hormone deficiency and completion of the phase 3 trial, REAL 1, in adult growth hormone deficiency



# US insulin net prices have declined in recent years, yet some patients still struggle with affordability

## The US population by health insurance coverage

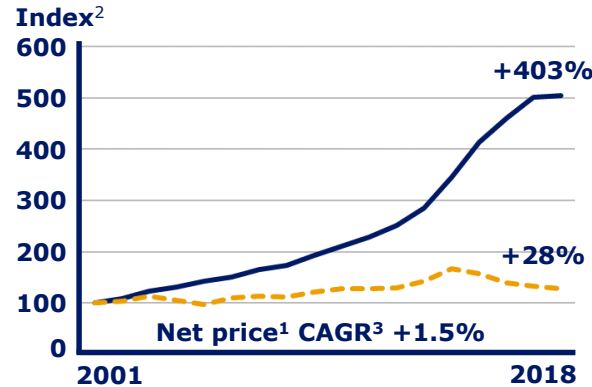
■ Private insurance schemes    ■ Uninsured  
■ Government insurance schemes



326 million people

## List price and net price development for NovoLog® vial

— List price<sup>1</sup>    - - - Net price<sup>1</sup>



## Affordable human insulin available

Human insulin available for USD 25/vial  
Equivalent to daily treatment cost of USD 1-2



Note: Government insurance schemes cover Medicare, Medicaid and public exchanges

Source: Census.gov; Congressional Budget Office Health Insurance Coverage 2016-2026; Medicare Enrollment Dashboard; CMS Health Insurance Enrollment Projection 2015-2025; Medicaid and CHIP Enrollment Report Oct 2017; CMS Insurance Marketplace Fact sheet 2017; CDC.gov

<sup>1</sup> Adjusted for inflation

<sup>2</sup> Y-axis represents annual list and net price indices adjusted for CPI-U

<sup>3</sup> Compound annual growth rate



# Consolidated income statement

DKK million	2018	2017	Change
<b>Sales</b>	<b>111,831</b>	<b>111,696</b>	0%
Cost of goods sold	17,617	17,632	(0%)
Sales and distribution costs	29,397	28,340	4%
Research and development costs	14,805	14,014	6%
Administration costs	3,916	3,784	3%
Other operating income, net	1,152	1,041	11%
<b>Operating profit</b>	<b>47,248</b>	<b>48,967</b>	<b>(4%)</b>
Net financials	367	(287)	N/A
<b>Profit before income taxes</b>	<b>47,615</b>	<b>48,680</b>	<b>(2%)</b>
Income taxes	8,987	10,550	(15%)
<b>Net profit</b>	<b>38,628</b>	<b>38,130</b>	<b>1%</b>

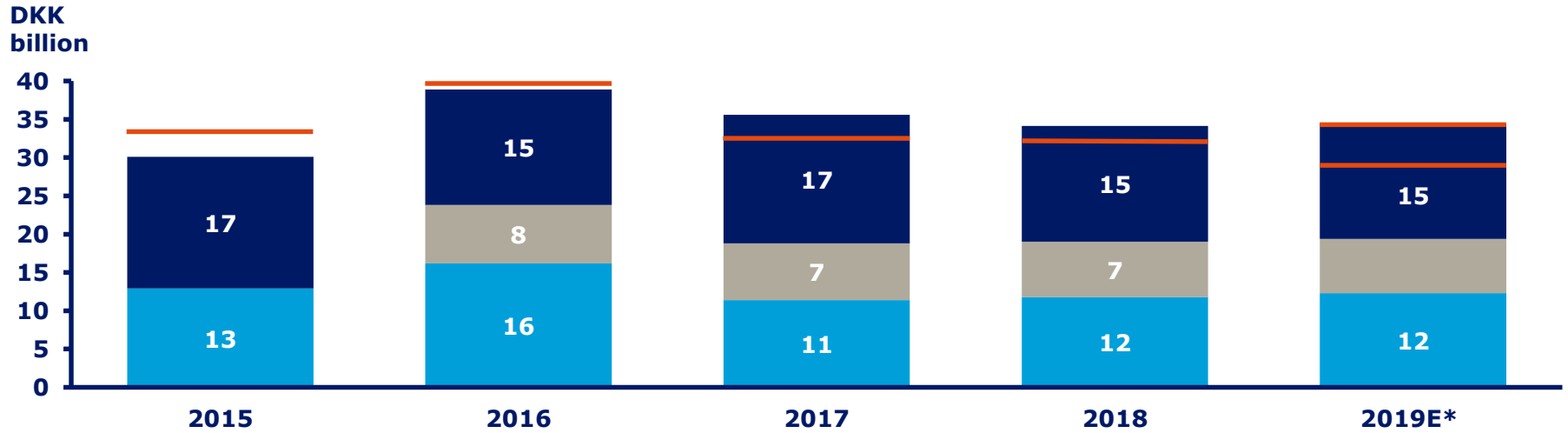


# Consolidated balance sheet per 31 December

<b>Assets</b>			<b>Equity and liabilities</b>		
(DKK million)	<b>2018</b>	<b>2017</b>	(DKK million)	<b>2018</b>	<b>2017</b>
Non-current assets	51,702	42,275	Equity	51,839	49,815
Inventories, trade receivables and other current assets	43,429	41,228	Non-current liabilities	4,766	5,484
Cash at bank	15,638	18,852	Current liabilities	54,164	47,056
<b>Total assets</b>	<b>110,769</b>	<b>102,355</b>	<b>Total equity and liabilities</b>	<b>110,769</b>	<b>102,355</b>

# Cash return to shareholders from 2015 to 2019

■ Share repurchase 
 ■ Interim dividend 
 ■ Final dividend  
— Free cash flow 
 — Free cash flow guidance



\*For 2019 expected free cash flow is DKK 29-34 billion

Note: Share repurchase programmes run for 12 months starting February until end of January the following year.



# Financial outlook for 2019 and adjusted long term financial targets

	<b>Expectations 1 Feb 2019</b>
Sales growth - local currencies	2% to 5%
Sales growth - reported	Around 2 percentage points higher
Operating profit growth - local currencies	2% to 6%
Operating profit growth - reported	Around 4 percentage points higher
Financial items (net)	Loss of around DKK 2.4 billion
Effective tax rate	20% to 22%
Capital expenditure	Around DKK 9.0 billion
Depreciation, amortisation and impairment losses	Around DKK 4.5 billion
Free cash flow	Around DKK 29 to 34 billion
OPAT/NOA target	<b>Adjusted to 80%</b> (previously 125%)
Cash to earnings target <sup>1</sup>	<b>Adjusted to 85%</b> (previously 90%)
Operating profit growth target <sup>2</sup>	5% (unchanged)

<sup>1</sup> Three-year average; <sup>2</sup> Average for the period of 3-5 years with 2015 as the base year.

The financial outlook is based on an assumption of a continuation of the current business environment and given the current scope of business activities and has been prepared assuming that currency exchange rates remain at the level as of 28 January 2019. OPAT/NOA: Operating profit after taxes to net operating assets.



# Agenda item 2

## Presentation and adoption of the statutory Annual Report 2018

# Agenda item 3.1

## Approval of remuneration of the Board of Directors for 2018

	Board		Audit Committee		Nomination Committee		Remuneration Committee		R&D Committee	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chair	3.00	2,100,000	1.00	700,000	0.50	350,000	0.50	350,000	0.50	350,000
Vice chair	2.00	1,400,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member	1.00	700,000	0.50	350,000	0.25	175,000	0.25	175,000	0.25	175,000

### Travel allowances for board members and board committee members

In home country with 5 hours or more air travel	Outside home country but on home continent	On another continent than the home country
EUR 5,000 per meeting	EUR 5,000 per meeting	EUR 10,000 per meeting

**Notes:**

Remuneration also includes payment of social security taxes and bank transfer fees

Multipliers relate to the fixed annual base fee of DKK 700,000

## Agenda item 3.2

### Approval of remuneration level for 2019 for the Board of Directors

	Board		Audit Committee		Nomination Committee		Remuneration Committee		R&D Committee	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chair	3.00	2,100,000	1.00	700,000	0.50	350,000	0.50	350,000	0.50	350,000
Vice chair	2.00	1,400,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member	1.00	700,000	0.50	350,000	0.25	175,000	0.25	175,000	0.25	175,000

#### Travel allowances for board members and board committee members

In home country with 5 hours or more air travel	Outside home country but on home continent	On another continent than the home country
DKK 37,500 per meeting	DKK 37,500 per meeting	DKK 75,000 per meeting

**Notes:**

Remuneration also includes payment of social security taxes and bank transfer fees

Multipliers relate to the fixed annual base fee of DKK 700,000





## Agenda item 4 - Adoption of the resolution to distribute the profit according to the adopted statutory Annual Report 2018

### DKK million

		<b>2018</b>
Net profit in the parent company, Novo Nordisk A/S		38,530
Proposed appropriation		
Interim dividend for the year – DKK 3.00 paid in August 2018	7,238	
Proposed final dividend – DKK 5.15 paid in March 2019	12,309	
Transfer to net revaluation reserve	(3,469)	
Transfer to retained earnings	22,452	38,530
Proposed dividend/net profit (pay-out ratio), consolidated financial statement		50.6%
Proposed dividend per share in DKK in total for 2018		8.15



# Agenda item 5

## **Election of members to the Board of Directors, including chair and vice chair**

- 5.1 Election of chair
- 5.2 Election of vice chair
- 5.3 Election of other members to the Board of Directors



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# Helge Lund Chair



# **Jeppe Christiansen**

## **Vice chair**



# **Brian Daniels, Andreas Fibig, Sylvie Grégoire, Liz Hewitt, Kasim Kutay and Martin Mackay**





# Laurence Debroux

## Position and management duties

- Group Chief Financial Officer, Executive Board Member, Heineken N.V., the Netherlands
- Member of the Board of Exor N.V., the Netherlands, and of HEC Paris Business School, France

## Former positions

- Group Chief Financial Officer, Executive Board Member, at JCDecaux SA, France (2010 to 2015)
- Chief Strategic Officer, Chief Financial Officer and Deputy Chief Financial Officer at Sanofi Aventis SA (previously Synthelabo SA), (1996 to 2010)
- Positions in corporate finance at Elf Aquitaine, France (1993 to 1996), as an Analyst in Corporate Finance for Merrill Lynch, UK, (1992 to 1993) and as a Research Analyst for Putnam, Hayes & Bartlett, USA (1989 to 1990)

## Education

- Master Degree from HEC Paris, Ecoles des Hautes Etudes Commerciales, France (1992)

Born July 1969, French national





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# Mette Bøjer Jensen, Anne Marie Kverneland, Thomas Rantzau and Stig Strøbæk



# Agenda item 6

## Appointment of PriceWaterhouseCoopers as auditor

# Agenda item 7

## Proposals from the Board of Directors

- Re item 7.1 – Reduction of the Company's B share capital
- Re item 7.2 – Authorisation to the Board of Directors to repurchase own shares
- Re item 7.3 – Authorisation to the Board of Directors to increase the share capital
- Re item 7.4 – Approval of changes to the Remuneration Principles

# Agenda item 7.1

## Reduction of the Company's B share capital

- Reduction of the Company's B share capital from DKK 382,512,800 to DKK 372,512,800 by cancellation of part of the Company's own holding of B shares at a nominal value of DKK 10,000,000 divided into 50,000,000 B shares of DKK 0.20 each
- After reduction of the share capital, the Company's share capital will amount to DKK 480,000,000 divided into A share capital of DKK 107,487,200 and B share capital of DKK 372,512,800

## Agenda item 7.2

### Authorisation to the Board of Directors to repurchase own shares

- Authorisation of the Board of Directors, until the Annual General Meeting in 2020, to allow the Company to repurchase own shares of up to 10% of the share capital, subject to a holding limit of 10% of the share capital
- The repurchase must take place at a price equal to the share price quoted at the time of the repurchase with a deviation of up to 10%

## Agenda item 7.3

### Authorisation to the Board of Directors to increase the share capital

- Extend the Board of Directors' authorisations in Article 5.3 (for employees without pre-emptive rights for shareholders) for a period of two years until 21 March 2021 and limit the maximum share capital increase to be a total of nominally DKK 2,000,000
- Extend the Board of Directors' authorisations in Article 5.4 (with or without pre-emptive rights for existing shareholders) for a period of two years until 21 March 2021 and limit the maximum share capital increase to a total of nominally DKK 48,000,000
- Subject to a total cap of nominally DKK 48,000,000 for both proposals



## Agenda item 7.4

### Approval of changes to the Remuneration Principles

- To ensure that Novo Nordisk is able to reclaim incorrect pay-outs of incentives based on a misstatement of data regardless of whether this originates due to willful misconduct or gross negligence
- To reflect that the Research & Development Committee has become a permanent committee

# Agenda item 8.1

## Shareholder proposal from Frank Aaen

- The shareholder proposes that Novo Nordisk reduces the price of insulin and other products, if the return on equity in Novo Nordisk exceeds 7%

# Agenda item 9

**Any other business**



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