



# novo nordisk – a focused healthcare company

Novo Nordisk  
Annual General Meeting

**22 March 2018**



Shirley Adelia Stewart has type 2 diabetes  
New Orleans, Louisiana, US



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# Board of Directors



**Göran Ando**



**Jeppe Christiansen**



**Brian Daniels**



**Sylvie Grégoire**



**Liz Hewitt**



**Liselotte Hyeved**



**Kasim Kutay**



**Anne Marie  
Kverneland**



**Helge Lund**



**Søren Thuesen  
Pedersen**

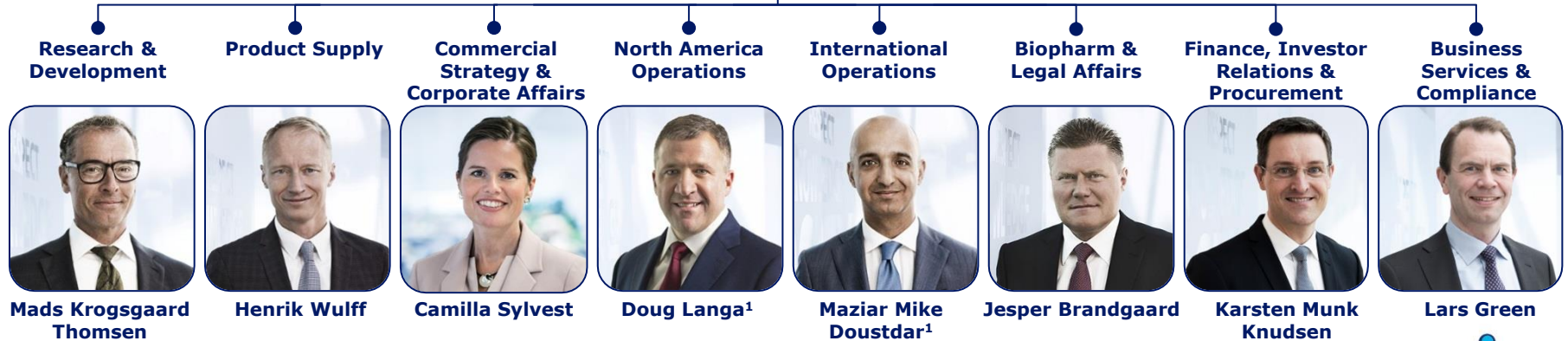


**Stig Strøbæk**

# Executive management



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



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

# Mogens Mogensen and Torben Jensen



# Klaus Søgaard



# Agenda - Annual General Meeting 2018

- 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 2017**
- 3. Approval of remuneration of the Board of Directors for 2017 and remuneration level for 2018**
- 4. Resolution to distribute the profit according to the adopted Annual Report 2017**
- 5. Election of members to the Board of Directors, including chairman and vice chairman**
- 6. Appointment of auditor**
- 7. Proposals from the Board of Directors**
- 8. Any other business**

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

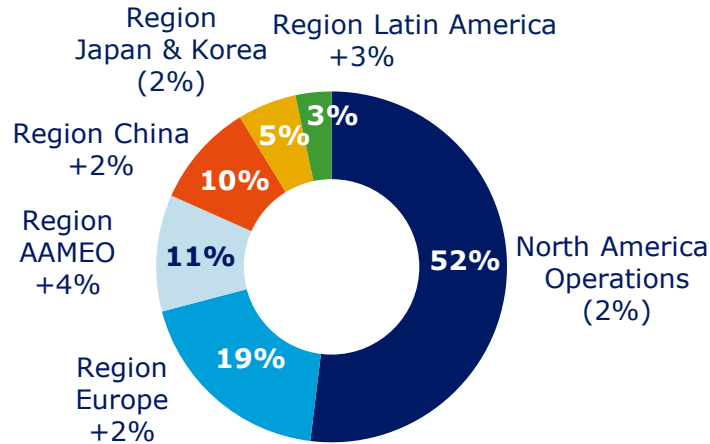






# Sales growth driven by International Operations

## Sales as reported – full year 2017



**Sales of DKK 111.7 billion (0%)**

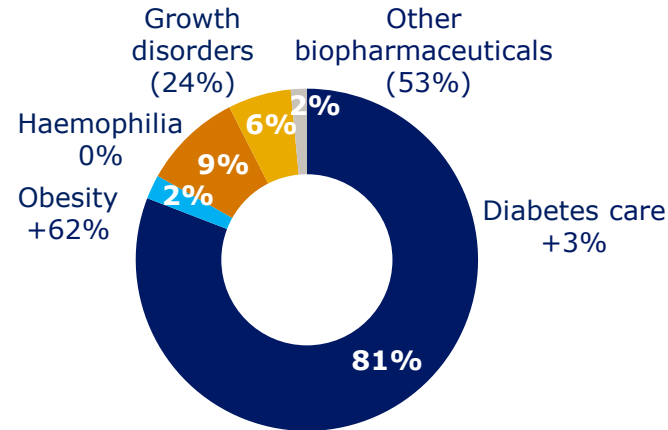
## Growth analysis – full year 2017

Local currencies	Growth	Share of growth
<b>North America Operations</b>	<b>(0.2%)</b>	<b>(5%)</b>
Hereof USA	(0.4%)	(10%)
<b>International Operations</b>	<b>5.0%</b>	<b>105%</b>
Region Europe	3.5%	29%
Region AAMEO	8.0%	36%
Region China	5.9%	24%
Region Japan & Korea	2.2%	6%
Region Latin America	7.1%	10%
<b>Total sales</b>	<b>2.3%</b>	<b>100%</b>

AAMEO: Africa, Asia, Middle East & Oceania

# Sales growth is driven by new-generation insulin, Victoza® and Saxenda®

## Sales as reported – full year 2017



Sales of DKK 111.7 billion (0%)

## Growth analysis – full year 2017

Local currencies	Growth	Share of growth
New-generation insulin <sup>1</sup>	98%	173%
Modern insulin	(4%)	(76%)
Human insulin	(7%)	(29%)
Victoza®	18%	140%
Other diabetes care <sup>2</sup>	(3%)	(5%)
<b>Total diabetes care</b>	<b>6%</b>	<b>203%</b>
Obesity (Saxenda®)	64%	40%
<b>Diabetes care and obesity total</b>	<b>7%</b>	<b>243%</b>
Haemophilia <sup>3</sup>	2%	7%
Growth disorders	(22%)	(76%)
Other biopharmaceuticals <sup>4</sup>	(52%)	(74%)
<b>Biopharmaceuticals</b>	<b>(16%)</b>	<b>(143%)</b>
<b>Total</b>	<b>2%</b>	<b>100%</b>

<sup>1</sup> Comprises Tresiba®, Xultophy®, Ryzodeg® and Fiasp®

<sup>2</sup> Primarily NovoNorm® and needles

<sup>3</sup> Comprises NovoSeven®, NovoEight®, NovoThirteen® and Refixia®

<sup>4</sup> Primarily Vagifem® and Actively®

# Key milestones within research and development

**OZEMPIC®**  
semaglutide injection

- Ozempic® approved in the USA and the EU
- Ozempic® demonstrated superiority to dulaglutide on HbA<sub>1c</sub> and body weight in SUSTAIN 7 trial

**VICTOZA®**  
liraglutide injection 1.2mg/1.8mg

- Victoza® was approved in the USA and the EU as the only GLP-1 for treatment of type 2 diabetes with an indication to reduce cardiovascular risk.

**TRESIBA®**  
insulin degludec injection

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

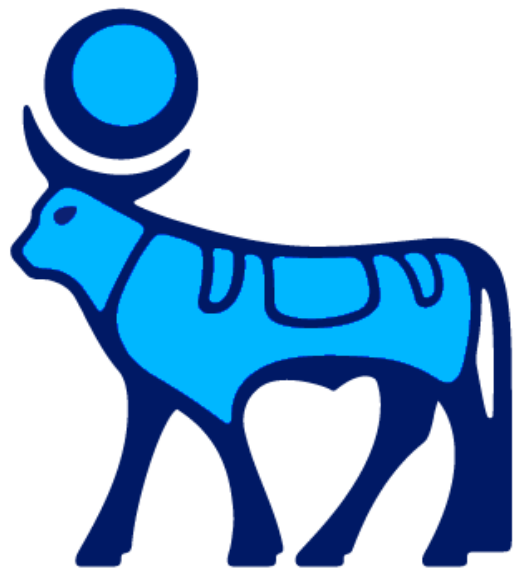
**Fiasp®**  
fast-acting insulin aspart

- Fiasp®, fast-acting insulin apart, approved in the USA and the EU

**Semaglutide  
in obesity**

- Semaglutide in obesity demonstrated 16.2% weight loss vs placebo in phase 2 trial in the highest dose arm





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# Consolidated income statement

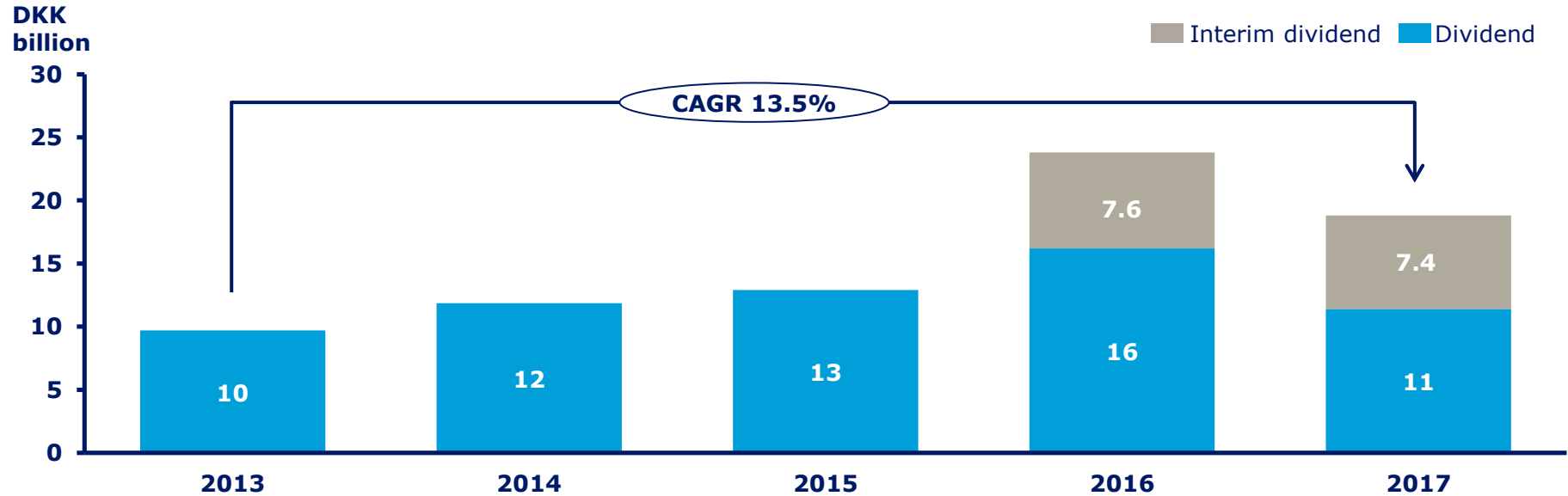
DKK million	2017	2016	Change
<b>Sales</b>	<b>111,696</b>	<b>111,780</b>	(0%)
Cost of goods sold	17,632	17,183	3%
Sales and distribution costs	28,340	28,377	(0%)
Research and development costs	14,014	14,563	(4%)
Administration costs	3,784	3,962	(4%)
Other operating income, net	1,041	737	41%
<b>Operating profit</b>	<b>48,967</b>	<b>48,432</b>	<b>1%</b>
Net financials	(287)	(634)	(55%)
<b>Profit before income taxes</b>	<b>48,680</b>	<b>47,798</b>	<b>2%</b>
Income taxes	10,550	9,873	7%
<b>Net profit</b>	<b>38,130</b>	<b>37,925</b>	<b>1%</b>

## Consolidated balance sheet per 31 December 2017

<b>Assets (DKK million)</b>	<b>2017</b>	<b>2016</b>	<b>Liabilities (DKK million)</b>	<b>2017</b>	<b>2016</b>
Non-current assets	42,275	37,773	Equity	49,815	45,269
Inventories, trade receivables and other current assets	41,228	41,076	Non-current liabilities	5,484	4,834
Cash at bank and on hand	18,852	18,690	Current liabilities	47,056	47,436
<b>Total assets</b>	<b>102,355</b>	<b>97,539</b>	<b>Total equity and liabilities</b>	<b>102,355</b>	<b>97,539</b>



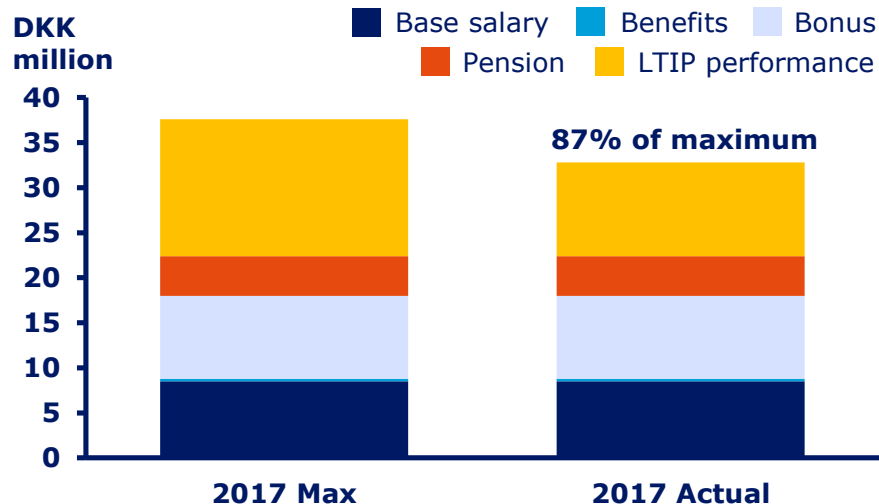
# Increase of dividend payments to shareholders



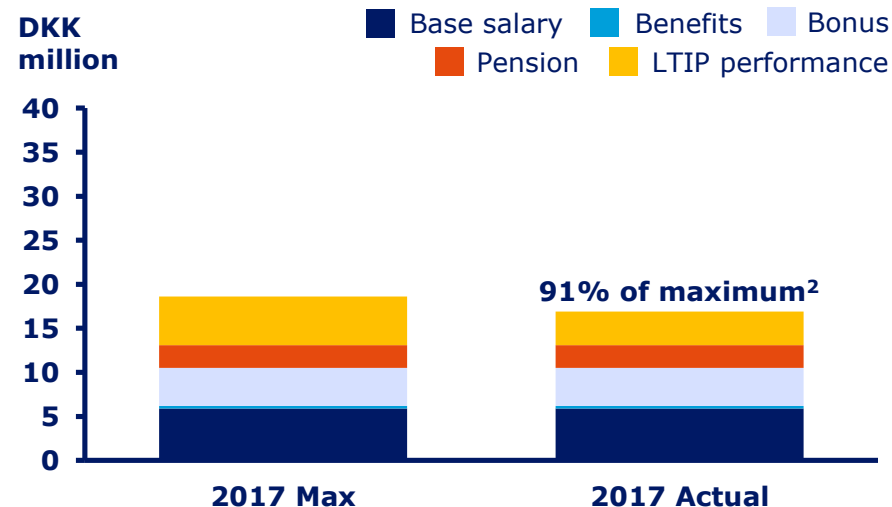
CAGR: Compounded annual growth rate

# Remuneration of executives for 2017

## Chief executive officer



## Other registered members of Executive Management<sup>1</sup>



LTIP: Long-term incentive programme

<sup>1</sup> Includes executives who have been registered with the Danish Business Authority in 2017

<sup>2</sup> Average of the registered members of executive management

# Financial outlook for 2018

	<b>Expectations 1 February 2018</b>
<b>Sales growth - local currencies</b>	2% to 5%
<b>Sales growth - reported</b>	Around 7 percentage points lower
<b>Operating profit growth - local currencies</b>	1% to 5%
<b>Operating profit growth - reported</b>	Around 10 percentage points lower
<b>Financial items (net)</b>	Gain of around DKK 2.5 billion
<b>Effective tax rate</b>	20-22%
<b>Capital expenditure</b>	Around DKK 9.5 billion
<b>Depreciation, amortisation and impairment losses</b>	Around DKK 3 billion
<b>Free cash flow</b>	Around DKK 27-32 billion

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 26 January 2018. Assumptions and key currencies per 26 January 2018; USD 598; CNY 95; JPY 5,5; GBP 852; CAD 486



## Agenda item 2

Presentation and adoption of the statutory Annual Report 2017

# Agenda item 3.1

## Approval of remuneration of the Board of Directors for 2017

	Board		Audit Committee		Nomination Committee		Remuneration Committee		R&D Committee	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chair	3.00	1,800,000	1.00	600,000	0.50	300,000	0.50	300,000	0.50	300,000
Vice chair	2.00	1,200,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member	1.00	600,000	0.50	300,000	0.25	150,000	0.25	150,000	0.25	150,000

### 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 600,000

## Agenda item 3.2

### Approval of remuneration level for 2018 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
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 4 - Adoption of the resolution to distribute the profit according to the adopted statutory Annual Report 2017

**DKK million**

**2017**

Net profit in the parent company, Novo Nordisk A/S		37,873
Proposed appropriation		
Interim dividend for the year – DKK 3.00 paid in August 2017	7,396	
Proposed final dividend – DKK 4.85 paid in March 2018	11,810	
Transfer to net revaluation reserve	5,637	
Transfer to retained earnings	13,030	37,873
Proposed dividend/net profit (pay-out ratio), consolidated financial statement		50.4%
Proposed dividend per share in DKK in total for 2017		7.85



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## Agenda item 5

Election of members to the Board of Directors, including chairman and vice chairman

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



# Helge Lund

## Management duties

- Operating advisor to Clayton Dubilier & Rice, US
- Member of the boards of Schlumberger Ltd., Curaçao, P/F Tjaldur, Faroe Islands, and Belron SA, Luxembourg
- Member of the board of trustees of the International Crisis Group



## Former positions

- Chief executive of BG Group plc, UK, the global oil and gas company, from 2015 to 2016 when the company was acquired by Shell
- President and chief executive officer of Statoil ASA, Norway, from 2004 to 2014
- President & chief executive officer of Aker Kvaerner ASA, Norway, from 2002 to 2004
- Member of the board of Nokia, Finland, from 2011 to 2014

## Education

- MBA, INSEAD, France, from 1991
- MA Economics, NHH Norwegian School of Economics & Business Administration, Norway, from 1987

Born October 1962, Norwegian national

# **Jeppé Christiansen**

## **Vice chairman**



# **Brian Daniels, Sylvie Grégoire, Liz Hewitt and Kasim Kutay**



# Andreas Fibig

## Management duties

- Chairman of the board and chief executive officer of International Flavours & Fragrances, Inc., based in the US
- Member of the board of Bunge Ltd., US, and member of both the audit committee and the finance and risk policy committee
- Member of the board of the German American Chamber of Commerce
- Executive director of the World Council for Sustainable Development



## Former positions

- President and chairman of the board of management of Bayer HealthCare Pharmaceuticals, Germany, from 2008 to 2014
- Senior Vice President of Pfizer, Inc., US, from 2007 to 2008, and president of Latin America, Africa and Middle East from 2003 to 2007

## Education

- Degree in Marketing, Berlin School of Economics, Germany, from 1982

Born February 1962, German national



# Martin Mackay

## Management duties

- Member of the board of Charles River Laboratories International, Inc., US

## Former positions

- Executive vice president and global head of Research and Development at Alexion Pharmaceuticals, Inc., US, from 2013 to 2017
- President of Global Research and Development at AstraZeneca plc., UK, from 2010 to 2013
- President and senior vice president within Research and Development at Pfizer, Inc., US, from 1995 to 2010

## Education

- BSc (First Class Honours) in Microbiology, Heriot-Watt University, Edinburgh, UK, from 1979
- Doctorate/Ph.D., University of Edinburgh, UK, from 1984

Born April 1956, US 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 – 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 392,512,800 to DKK 382,512,800 by cancellation of 50,000,000 B shares of DKK 0.20 each from the Company's own holdings of B shares at a nominal value of DKK 10,000,000
- After reduction of the B share capital, the Company's share capital will amount to DKK 490,000,000, divided into A share capital of DKK 107,487,200 and B share capital of DKK 382,512,800

## 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 2019, 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

## Approval of changes to the Remuneration Principles

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### Amendments for executives

- Increase of the maximum possible Long-term Incentive Programme (LTIP) share allocation for the chief executive officer and the executive vice presidents from currently 12 months to 18 and 13.5 months, respectively
- In addition, include a possibility to reduce or increase the number of shares allocated by 30% depending on the average sales growth in the vesting period resulting in a total possible grant of up to 24 months for the chief executive officer and 18 months for the executive vice presidents

## Approval of changes to the Remuneration Principles (continued)

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### Amendments for executives

- Ability to wholly or partially reduce the severance payment if the executive has or takes up new employment after the expiry of the notice period
- Severance payment under contracts entered into before 2017 with members of the Management Board may, however, not be reduced
- The Management Board consists of all members of Executive Management and senior vice presidents



# Agenda item 8

Any other business

# Liselotte Hyveled and Søren Thuesen Pedersen



# Göran Ando



