For Novo Nordisk, 2018 has been a year of

accelerated change With the full support of the

Board of Directors, the Executive Management

team has redefined the company’s approach to

research and development, reprioritised resources

towards key growth drivers and continued to

streamline and simplify across the organisation

– while delivering strong pipeline progress and

successfully launching innovative products

LETTER FROM THE CHAIR Although this transition has just begun, we are already seeing the

positive impact it is having on our business Under Lars Fruergaard

Jørgensen’s capable leadership, we are building a strong platform for

sustainable growth, and the Board of Directors has every faith that

he and his team have the vision, capabilities and execution power to

deliver long-term success for Novo Nordisk

Many of the challenges the company is confronted by are not

new, nor are there any quick fixes But with the changes Executive

Management has made across the organisation in 2018 and a dis-

ciplined focus on prioritising for growth, we are well on our way

towards creating a simpler, more dynamic organisation – one that is

better equipped to deal with the volatile, rapidly changing business

environment in which we are now operating

A clear example is the way that Novo Nordisk has redefined its

approach to research and development and is executing on the new

strategy that was set out last year The core capabilities and self-reliance

that have provided the foundation for past successes are no longer

enough to take us where we want to go Success in the long term can

only be realised through diversification of the product portfolio via entry

into other therapy areas with significant unmet patient needs The new

strategy is to complement in-house innovation with greater emphasis

on external collaboration and breakthrough innovation with the objec-

tive of delivering greater long-term value for patients and the business

Novo Nordisk’s purpose is more relevant than ever Driving change to

defeat diabetes and other serious chronic diseases is imperative if we

are to achieve more sustainable development The rising prevalence

of these diseases is an unintended consequence of socioeconomic

growth, and turning that tide will take more than providing medi-

cines I am encouraged and excited to see how Novo Nordisk stands

up as a leader that understands and is prepared to assume a broader

role in shaping a society in which people everywhere can thrive This

is what motivated me to join the Novo Nordisk Board of Directors and

remains a key driver for my engagement

It was an honour to be elected Chair of the Board of Directors at the

2018 Annual General Meeting I have huge respect for the responsibil-

ities that come with the role, and I am doing my utmost to repay that

trust by providing stable stewardship of the company I have spent

most of my professional life in the energy sector and see many paral-

lels with the pharmaceutical industry Both are complex, highly regu-

lated and fiercely competitive But more importantly they play a vital

role in society and the decisions they make have a huge impact for

generations to come In my role as Chair I am seeking to apply all the

relevant insights and expertise I have gained Most importantly, I strive

to always uphold the interests of the patients we serve and the share-

holders who are invested in the company, and I can say with absolute

certainty that this is a goal shared by the employees of Novo Nordisk

In conclusion, based on Novo Nordisk’s solid financial performance

over the course of 2018, at the Annual General Meeting in March

2019 the Board will propose a total dividend of 8 15 Danish kroner

per share As in previous years, the Board has decided to initiate a

new share repurchase programme of up to 15 billion Danish kroner,

which will commence in February 2019

On behalf of the Board, all that remains for me to say is thank you: to

Novo Nordisk’s leadership team for leading the organisation through

a year of accelerated change; to employees for their hard work and

commitment in uncertain times; and to you, our shareholders, for

your support throughout 2018

For everyone at Novo Nordisk, 2018 was a year of

change – and significant progress We delivered

on our targets for sales and operating profit We

successfully launched Ozempic®, our new once-

weekly GLP-1 for people with type 2 diabetes

and took crucial steps towards the regulatory

submission of oral semaglutide But we also had

to say goodbye to many good colleagues

We have a clear ambition to be a sustainable business, and our

actions in 2018 have significantly strengthened our platform for

sustainable growth We are simplifying our way of working to

become more robust and agile in the face of new challenges And we

continue to create long-term value for patients and shareholders by

driving innovation in-house and, notably, in collaboration with new

external partners Throughout, we have done all this in a financially,

environmentally and socially responsible way, reaffirming our com-

mitment to the Triple Bottom Line principle that drives our approach

to business

Let us look at some examples Within diabetes care, we significantly

strengthened our position in the GLP-1 segment with the successful

launch of Ozempic®, and we are preparing to submit oral semaglu-

tide for regulatory approval in 2019 We obtained a label update for

Tresiba® to reflect its superior safety profile with regard to severe

hypoglycaemia and risks of cardiovascular events We are strength-

ening our leadership position in obesity care, building on the success

of Saxenda® In the Biopharm business, our new strategy has set us

on course to return to growth In research and development, we are

stepping up external collaboration and digitalisation Finally, we are

investing in production capacity at an unprecedented level to help

prepare for an exciting future The expansion of our manufacturing

facility in Clayton, North Carolina, is scheduled to deliver products

from 2020 It is the largest single investment in the history of Novo

Nordisk

To ensure that we carry this momentum through 2019 and beyond,

we have implemented a number of organisational changes through-

out 2018 that have enhanced our ability to adapt and succeed in a

rapidly-changing business environment Regrettably, we have had to

reduce the workforce by around 1,300 employees globally, but it is

important to understand that this has not been an exercise in cutting

costs Rather, we have recognised the need to increase the agility

of our business by freeing up resources for reallocation towards our

future key growth drivers, and we can see that this is already having

a positive impact on our performance

Of course, it is not just what we do, but also how we do it that

makes Novo Nordisk a special company The Novo Nordisk Way is the

foundation for our strong workplace culture, which helps us steer

through times of change We encourage open and honest dialogue,

and employees are mandated to take decisive action to address the

increasingly complex issues we face – all while holding ourselves

accountable to the highest standards of compliance and integrity in

everything we do

Our purpose is clear to everyone in the organisation: driving change

to defeat diabetes and other serious chronic diseases That is what

motivates us as we go to work every day This sense of purpose

extends to our commitment to be a responsible corporate citizen,

playing our part in achieving the Sustainable Development Goals Let

me just mention a few examples from the past year: Novo Nordisk

has partnered with the Red Cross to improve care for people with

diabetes and other serious non-communicable diseases (NCDs) who

are affected by humanitarian crises We have become a founding

partner of Defeat NCDs – a public-private-people partnership backed

by the United Nations which seeks to improve access to treatment

for diabetes and other NCDs in low- and middle-income countries

Furthermore, in light of the environmental challenges the world

faces, we have embarked on a new environmental strategy, with the

ambition of having zero environmental impact And underpinning all

of that, we strengthened our commitment to respect human rights,

incorporating it into our Business Ethics Code of Conduct

In 2019, we will continue to focus on implementing the strategies

we have developed and started executing on, and we will continue

to drive simplicity, agility and sustainability across the organisation

We work hard and make every effort to make our innovative prod-

ucts accessible to patients in all parts of the world We expect to

improve our market position by growing market shares, so that we

can accelerate growth

In my role as CEO, I have made it clear that we aim to lead in all dis-

ease areas in which we are active Furthermore, I want Novo Nordisk

to be recognised by our employees, the patients we serve, our share-

holders and other stakeholders as an outstanding company – both

for what we do, and how we do it I believe we are making progress

on all counts, but the job is not yet done

I want to close by thanking everyone in Novo Nordisk for their dedi-

cation in the pursuit of our purpose I also want to express my appre-

ciation to our Board of Directors for their confidence in our leadership

team and for their strong stewardship And on behalf of everyone at

Novo Nordisk, I thank you – our shareholders – for your continued

support