

Financial report for the period 1 January 2019 to 31 March 2019

3 May 2019

Novo Nordisk's operating profit increased by 14% in Danish kroner and by 8% at constant exchange rates (CER) in the first three months of 2019

- Sales increased by 9% in Danish kroner and by 4% at CER to DKK 29.3 billion. Operating profit growth of 8% at CER was positively impacted by a reversal of write-downs of oral semaglutide prelaunch inventory.
- Sales in International Operations increased by 13% in Danish kroner (13% at CER), driven by growth in all regions and positively impacted by timing of shipments. Sales in North America Operations increased by 4% in Danish kroner (decreased 4% at CER), negatively impacted by inventory reductions.
- Sales within Diabetes and obesity increased by 10% to DKK 24.8 billion (5% at CER), driven by Diabetes growing 4% at CER and Obesity growing 51% at CER. Sales within biopharmaceuticals increased by 3% to DKK 4.5 billion (unchanged at CER).
- Sales of Ozempic[®] were DKK 1,425 million and it has now been launched in 19 countries. In the USA, the new-to-brand prescription market share for Ozempic[®] has now exceeded 30% bringing Novo Nordisk's combined GLP-1 new-to-brand prescription market share to 50%.
- Oral semaglutide has been filed for regulatory approval of glycaemic control in both the USA and the EU. Furthermore, oral semaglutide and Ozempic[®] have been filed for regulatory approval for CV risk reduction in the USA.
- For the 2019 outlook, sales growth is still expected to be 2-5% at CER, and operating profit growth is still expected to be 2-6% at CER.

PROFIT AND LOSS	Q1 2019	Growth as reported	Growth at CER*
DKK million			
Net sales	29,291	9%	4%
Operating profit	14,239	14%	8%
Net profit	10,445	(3%)	N/A
Diluted earnings per share	4.36	(1%)	N/A

* CER: Constant exchange rates (average 2018)

Lars Fruergaard Jørgensen, president and CEO: "We delivered very solid performance in International Operations, driven by sales growth in all regions, meanwhile, sales in the USA were negatively impacted by inventory reductions. The global launch of Ozempic[®], our new once-weekly GLP-1, is well on track and continues to gain market share. From a regulatory perspective, we achieved important milestones with the filing of oral semaglutide both in the USA and the EU. Based on the progress we made in the first quarter of 2019, we are on track to deliver on our outlook for the full-year."

On 3 May 2019 at 13.00 CEST, corresponding to 7.00 am EDT, a conference call will be held. Investors will be able to listen in via a link on novonordisk.com, which can be found under 'Investors'. Presentation material for the conference call will be available approximately one hour before on the same page.

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FINANCIAL PERFORMANCE

CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST THREE MONTHS OF 2019

PROFIT AND LOSS	Q1 2019	Q1 2018	% change Q1 2019 to Q1 2018
DKK million			
Net sales	29,291	26,930	9%
Gross profit	24,559	22,733	8%
<i>Gross margin</i>	83.8%	84.4%	
Sales and distribution costs	6,946	6,451	8%
<i>Percentage of sales</i>	23.7%	24.0%	
Research and development costs	2,678	3,321	(19%)
<i>Percentage of sales</i>	9.1%	12.3%	
Administrative costs	911	864	5%
<i>Percentage of sales</i>	3.1%	3.2%	
Other operating income, net	215	351	(39%)
Operating profit	14,239	12,448	14%
<i>Operating margin</i>	48.6%	46.2%	
Financial items (net)	(1,017)	1,161	N/A
Profit before income taxes	13,222	13,609	(3%)
Income taxes	2,777	2,858	(3%)
Effective tax rate	21.0%	21.0%	
Net profit	10,445	10,751	(3%)
<i>Net profit margin</i>	35.7%	39.9%	
OTHER KEY NUMBERS			
Depreciation, amortisation and impairment losses	1,058	732	45%
Capital expenditure (tangible assets)	2,101	2,310	(9%)
Net cash generated from operating activities	9,890	9,815	1%
Free cash flow	6,655	7,241	(8%)
Total assets	110,135	93,558	18%
Equity	47,319	44,238	7%
<i>Equity ratio</i>	43.0%	47.3%	
Average number of diluted shares outstanding (million)	2,394.6	2,442.3	(2%)
Diluted earnings per share / ADR (in DKK)	4.36	4.40	(1%)
Full-time equivalent employees end of period	42,453	42,688	(1%)

These unaudited consolidated financial statements for the first three months of 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies adopted in the preparation are consistent with those applied in the *Annual Report 2018* of Novo Nordisk, except for the adoption of new, amended or revised standards and interpretations ('IFRSs'), as published by the IASB, that are endorsed by the EU and effective as of 1 January 2019. This includes IFRS 16 'Leases' applied on a modified retrospective basis, see appendix 7. Furthermore, the financial report, including the consolidated financial statements for the first three months of 2019 and the Management's review, have been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies. Going forward, the term 'constant exchange rates' (CER) will be used in stead of 'local currencies'. There is no difference between the two terms.

GEOGRAPHIC SALES DEVELOPMENT

Sales increased by 9% measured in Danish kroner and by 4% at CER to DKK 29,291 million in the first three months of 2019. Sales in International Operations increased by 13% in both Danish kroner and at CER, positively impacted by timing of shipments primarily in Region AAMEO and Region Latin America. Sales in North America Operations increased by 4% measured in Danish kroner and decreased by 4% at CER, negatively impacted by inventory reductions.

Sales split per region	Sales Q1 2019 DKK million	Growth as reported	Growth at CER	Share of growth at CER
International Operations	15,387	13%	13%	143%
- Region Europe	5,505	5%	5%	22%
- Region AAMEO	3,738	29%	29%	70%
- Region China	3,375	11%	9%	22%
- Region Japan & Korea	1,458	16%	9%	10%
- Region Latin America	1,311	14%	20%	19%
North America Operations	13,904	4%	(4%)	(43%)
- USA	13,211	3%	(5%)	(59%)
Total sales	29,291	9%	4%	100%

International Operations

Sales in International Operations increased by 13% in both Danish kroner and at CER. Sales growth was driven by growth in all regions, and key drivers being Region AAMEO growing 29% (CER), Region Europe growing 5% (CER) and Region China growing 9% (CER). Sales growth was driven by increasing insulin, GLP-1 and obesity sales while sales in Biopharm were broadly unchanged.

Region Europe

Sales in Region Europe increased by 5% in both Danish kroner and at CER. Sales growth was driven by Diabetes growing 7% (CER) from increased GLP-1 and new-generation insulin sales, and Obesity growing 74% (CER), partly offset by Biopharm declining by 4% (CER).

Region AAMEO

Sales in Region AAMEO increased by 29% in both Danish kroner and at CER. Sales growth was driven by Diabetes growing 27% (CER) from increased insulin sales, Obesity growing 149% (CER) and Biopharm growing by 18% (CER). Sales were positively impacted by timing of shipments, mainly in Diabetes.

Region China

Sales in Region China increased by 11% measured in Danish kroner and by 9% at CER. Sales growth was driven by Diabetes growing 8% (CER) from increased modern insulin and GLP-1 sales.

Region Japan & Korea

Sales in Region Japan & Korea increased by 16% measured in Danish kroner and by 9% at CER. Sales growth was driven by Obesity following the introduction of Saxenda® in Korea in 2018 and Biopharm growing by 9% (CER), while Diabetes sales were unchanged at CER.

Region Latin America

Sales in Region Latin America increased by 14% measured in Danish kroner and by 20% at CER. Sales growth was driven by Diabetes growing 37% (CER) from increased insulin and GLP-1 sales, and Obesity growing 90% (CER), partly offset by Biopharm declining by 17% (CER) reflecting timing of tender shipments.

North America Operations

Sales in North America Operations increased by 4% measured in Danish kroner and decreased by 4% at CER. Sales decline was driven by the USA declining by 5% (CER) negatively impacted by inventory reductions, adjusted hereof, sales are broadly unchanged, which reflects increased GLP-1 sales, partly offset by declining insulin sales as well as increased Obesity sales, partly offset by declining Biopharm sales.

SALES DEVELOPMENT ACROSS THERAPEUTIC CATEGORIES

Total sales growth in the first three months of 2019 of 9% in Danish kroner and 4% measured at CER was driven by solid growth in Diabetes of 4% (CER) and Obesity growth of 51% (CER), partly offset by unchanged Biopharm sales when measured at CER.

Sales split per therapy	Sales Q1 2019 DKK million	Sales Q1 2018 DKK million	Growth as reported	Growth at CER	Share of growth at CER
Diabetes and obesity segment					
Long-acting insulin	5,244	4,873	8%	3%	11%
- Tresiba®	2,147	1,755	22%	16%	23%
- Xultophy®	477	338	41%	38%	11%
- Levemir®	2,620	2,780	(6%)	(10%)	(23%)
Premix insulin	2,757	2,642	4%	3%	6%
- Ryzodeg®	212	141	50%	49%	6%
- NovoMix®	2,545	2,501	2%	0%	0%
Fast-acting insulin	4,977	4,778	4%	0%	2%
- Fiasp®	231	83	178%	167%	12%
- NovoRapid®	4,746	4,695	1%	(3%)	(10%)
Human insulin	2,415	2,366	2%	0%	0%
Total insulin	15,393	14,659	5%	2%	19%
Victoza®	5,722	5,989	(4%)	(10%)	(48%)
Ozempic®	1,425	69	-	-	104%
Total GLP-1	7,147	6,058	18%	11%	56%
Other diabetes ¹⁾	1,067	1,121	(5%)	(7%)	(7%)
Total diabetes	23,607	21,838	8%	4%	68%
Obesity (Saxenda®)	1,211	770	57%	51%	33%
Diabetes and obesity total	24,818	22,608	10%	5%	101%
Biopharmaceuticals segment					
Haemophilia ²⁾	2,533	2,503	1%	(3%)	(6%)
- NovoSeven®	2,012	2,154	(7%)	(11%)	(19%)
- NovoEight®	393	296	33%	29%	7%
Growth disorders (Norditropin®)	1,555	1,481	5%	1%	1%
Other biopharmaceuticals ³⁾	385	338	14%	13%	4%
Biopharmaceuticals total	4,473	4,322	3%	0%	(1%)
Total sales	29,291	26,930	9%	4%	100%

¹⁾ Primarily oral antidiabetic products, needles and GlucaGen® HypoKit®.

²⁾ Comprises NovoSeven®, NovoEight®, NovoThirteen® and Refixia®.

³⁾ Primarily Vagifem® and Activelle®.

DIABETES AND OBESITY

Diabetes, sales development

Sales in Diabetes increased by 8% measured in Danish kroner and by 4% at CER to DKK 23,607 million driven by solid GLP-1 and insulin growth. Novo Nordisk has improved the global diabetes value market share over the last 12 months from 27.5% to 28.1%, driven by improved global insulin market share and growth of the GLP-1 segment, partly offset by declining GLP-1 market share.

In the following sections, unless otherwise noted, market data are based on moving annual total (MAT) from February 2019 and February 2018 provided by the independent data provider IQVIA.

Diabetes, regional development	Novo Nordisk's share of the total diabetes market (value, MAT)		Diabetes, sales development	
	February 2019	February 2018	Sales Q1 2019 DKK million	Growth at CER
Global	28.1%	27.5%	23,607	4%
International Operations	22.1%	22.3%	12,039	13%
- Region Europe	26.7%	26.9%	4,226	7%
- Region AAMEO *	21.8%	21.9%	2,925	27%
- Region China **	28.1%	30.1%	3,291	8%
- Region Japan & Korea	9.8%	10.4%	833	0%
- Region Latin America ***	16.4%	15.7%	764	37%
North America Operations	30.4%	29.6%	11,568	(5%)
- USA	30.7%	29.9%	11,105	(6%)

Source: IQVIA, February 2019 data. * Data available for 11 private markets representing approximately 70% of total Novo Nordisk's diabetes sales in the region. ** Data for mainland China, excluding Hong Kong and Taiwan. *** Data available for three private markets representing approximately 70% of total Novo Nordisk's diabetes sales in the region.

Insulin

Total sales of insulin increased by 5% measured in Danish kroner and by 2% at CER to DKK 15,393 million. Sales growth was driven by International Operations, partly offset by declining sales in the USA.

Sales of long-acting insulin increased by 8% measured in Danish kroner and by 3% at CER to DKK 5,244 million. Novo Nordisk has improved its global volume market share in the long-acting insulin segment from 30.9% to 32.1% the last 12 months. Sales were driven by Tresiba® and Xultophy®, partly offset by Levemir®. Tresiba® has now been launched in 79 countries, while Xultophy® now has been launched in 32 countries.

Sales of premix insulin increased by 4% measured in Danish kroner and by 3% at CER to DKK 2,757 million. Novo Nordisk is market leader in the segment and has improved its global volume market share in the premix insulin segment from 63.6% to 64.3% the last 12 months. The increase in sales was driven by Ryzodeg® while sales of NovoMix® were broadly unchanged. Ryzodeg® has been launched in 27 countries.

Sales of fast-acting insulin increased by 4% measured in Danish kroner, and remained unchanged at CER, to DKK 4,977 million. Novo Nordisk is market leader in the segment and the global volume market share in the fast-acting insulin segment of 51.0% has been unchanged over the past 12 months. The unchanged sales measured at CER were positively impacted by Fiasp®, offset by declining sales of NovoRapid®. Fiasp® has now been launched in 27 countries.

Sales of human insulin increased by 2% measured in Danish kroner, and remained unchanged at CER, to DKK 2,415 million.

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