

Norditropin® (growth hormone therapy)

Sales of Norditropin® increased by 13% measured in Danish kroner to DKK 5,698 million and by 8% measured in local currencies. The sales growth is primarily driven by North America and International Operations. Novo Nordisk is the leading company in the global growth hormone market, with a 24% market share measured by volume.

Other products

Sales of other products within biopharmaceuticals decreased by 1% in Danish kroner to DKK 2,508 million and by 6% measured in local currencies. This development reflects a negative impact from the decline in the total glucagon market for diagnostic purposes in Japan as well as generic competition to Activella®, countered by continued sales growth for Vagifem® in the US.

Development in costs and operating profit

The cost of goods sold grew by 7% to DKK 13,465 million, resulting in a gross margin of 82.7% compared with 81.0% in 2011. This development primarily reflects an underlying improvement of 1.0 percentage point driven by favourable price development in North America and a positive net impact from product mix due to increased sales of modern insulins and Victoza®. The gross margin was positively impacted by around 0.7 percentage point from currencies as a result of the appreciation of primarily the US dollar versus the Danish krone compared with 2011.

Total non-production-related costs increased by 12% to DKK 35,753 million and by 8% in local currencies.

Sales and distribution costs increased by 13% to DKK 21,544 million and by 8% in local currencies. The cost increase is driven by the expansion of the US sales force and other costs to prepare for the global launch of Tresiba® (insulin degludec).

Furthermore, costs increased due to sales and marketing investments in selected countries in International Operations as well as the Chinese sales force expansion in mid-2011. Growth in sales and distribution costs is being partly offset by a reversal of provisions for legal disputes that have been resolved during 2012.

Research and development costs increased by 13% to DKK 10,897 million and by 11% in local currencies. The cost increase is primarily driven by development costs related to the ongoing phase 3 trials for liraglutide in obesity and the phase 3a trials for IDegLira, a fixed-ratio combination of insulin degludec and liraglutide. Within biopharmaceuticals, costs are primarily related to the portfolio of development projects within haemophilia and the phase 2 trial for anti-IL-20, a recombinant human monoclonal antibody, in rheumatoid arthritis.

Administration costs increased by 2% to DKK 3,312 million and stayed flat in local currencies. The unchanged costs in local currencies reflect items of a non-recurring nature in 2011 and 2012, and an underlying increase of approximately 4%, primarily to support the expansion of the international sales organisation.

Licence fees and other operating income amounted to DKK 666 million compared with DKK 494 million in 2011. This development reflects a higher level of recurring royalty income.

Operating profit in 2012 increased by 32% to DKK 29,474 million. In local currencies, the growth was 20%.

Net financials and tax

Net financials showed a net expense of DKK 1,663 million compared with a net expense of DKK 449 million in 2011. As of 31 December 2012, foreign exchange hedging gains of around DKK 850 million have been deferred for recognition in the Income statement in 2013.

In line with Novo Nordisk's treasury policy, the most significant foreign exchange risks for the Group have

been hedged primarily through forward currency contracts. Reflecting the portfolio of foreign currency exchange hedging contracts, the foreign exchange result for 2012 was an expense of DKK 1,529 million compared with an expense of DKK 322 million in 2011. This development reflects losses on foreign exchange hedging, involving especially the US dollar due to its appreciation versus the Danish krone compared with the prevailing exchange rate level in 2011.

The effective tax rate for 2012 was 22.9%, amounting to DKK 6,379 million. Danish income tax amounted to DKK 3,527 million, and accounted for an estimated 11% of total Danish corporate tax contributions.

Capital expenditure and free cash flow

Net capital expenditure for property, plant and equipment for 2012 was DKK 3.3 billion compared with DKK 3.0 billion in 2011. The main investment projects in 2012 were primarily related to filling capacity in Denmark, Russia and France as well as device production facilities in the US, China and Denmark.

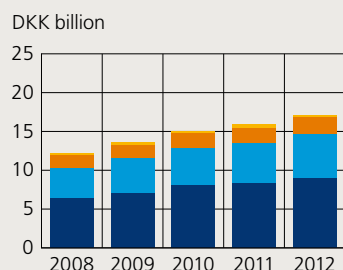
Free cash flow for 2012 was DKK 18.6 billion compared with DKK 18.1 billion in 2011. The limited increase compared with 2011 reflects non-recurring tax payments in 2012 related to income tax disputes from prior years.

Equity

Total equity was DKK 40,632 million at the end of 2012, equivalent to 61.9% of total assets, compared with 57.9% at the end of 2011. The increase in equity of DKK 3,184 million was primarily driven by the generated net profit of DKK 21,432 million, partly offset by dividend payments of DKK 7,742 million and share repurchases in 2012 of DKK 11,896 million. Please refer to Statement of changes in equity at 31 December on p 59.

Sales of biopharmaceuticals

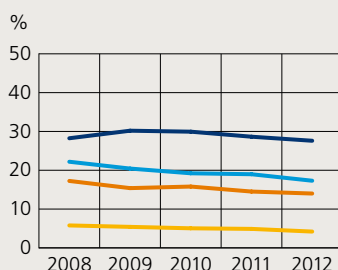
- Other products
- Hormone replacement therapy
- Growth hormone therapy
- Haemostasis management (NovoSeven®)



Development in costs

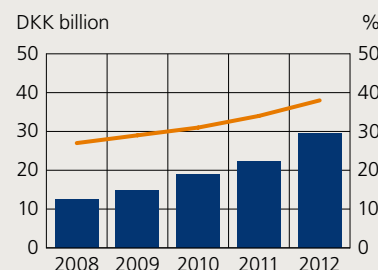
Costs in % of sales

- Sales and distribution
- Cost of goods sold
- Research and development
- Administration



Operating profit

- Operating profit (left)
- Operating profit margin (right)



Outlook 2013

The current expectations for 2013 are summarised in the table below:

Expectations are as reported, if not otherwise stated

Expectations 31 January 2013

Sales growth	8–11%
• in local currencies	Around 4.5 percentage points lower
• as reported	
Operating profit growth	Around 10%
• in local currencies	Around 7 percentage points lower
• as reported	
Net financials	Income of around DKK 1,400 million
Effective tax rate	Around 23%
Capital expenditure	Around DKK 3.5 billion
Depreciation, amortisation and impairment losses	Around DKK 3.0 billion
Free cash flow	Around DKK 22 billion

Novo Nordisk expects sales growth in 2013 of 8–11% measured in local currencies. This reflects expectations for continued robust penetration for the portfolio of modern insulins, a continued steady Victoza® performance and a positive sales contribution from Tresiba®, primarily in the US, the EU and Japan. These sales drivers are partly expected to be countered by an impact from the challenging pricing environments in major markets, generic competition to oral antidiabetic products, intensifying competition within diabetes care as well as biopharmaceuticals and the macroeconomic conditions in a number of markets in International Operations. Given the current level of exchange rates versus the Danish krone, the reported sales growth is now expected to be around 4.5 percentage points lower than growth measured in local currencies.

For 2013, operating profit growth is expected to be around 10% measured in local currencies. This reflects significant costs related to the expected global launch of Tresiba®, the expanded US sales force, as well as sales and marketing investments in China and in a selected number of countries in International Operations. Given the current level of exchange rates versus the Danish krone, the reported operating profit growth is now expected to be around 7 percentage points lower than growth measured in local currencies.

For 2013, Novo Nordisk expects a net financial income of around DKK 1,400 million. The current expectation primarily reflects gains associated with currency hedging contracts following the depreciation of the US dollar and the Japanese yen versus the

Danish krone compared with the average prevailing exchange rates in 2012. The expectations for gains related to currency hedging contracts are more than offset by the expected significant negative net impact on reported operating profit from the depreciation of invoicing currencies versus the Danish krone, primarily reflecting depreciation of non-hedged emerging market currencies.

The effective tax rate for 2013 is expected to be around 23%.

Capital expenditure is expected to be around DKK 3.5 billion in 2013, primarily related to investments in filling capacity and prefilled device production facilities, and new office buildings in Denmark. Depreciation, amortisation and impairment losses are expected to be around DKK 3.0 billion. Free cash flow is expected to be around DKK 22 billion.

All of the above expectations are based on the assumption that the global economic environment will not significantly change business conditions for Novo Nordisk during 2013, and that currency exchange rates, especially for the US dollar, will remain at the current level versus the Danish krone.

Novo Nordisk has hedged expected net cash flows in a number of invoicing currencies and, all other things being equal, movements in key invoicing currencies will impact Novo Nordisk's operating profit as outlined in the table below:

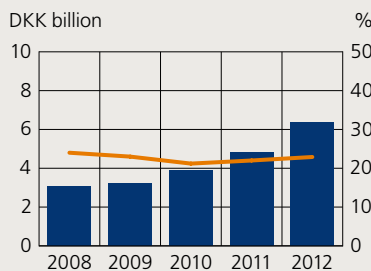
Key invoicing currencies	Annual impact on Novo Nordisk's operating profit of a 5% movement in currency	Hedging period (months)
USD	DKK 975 million	12
JPY	DKK 200 million	13
CNY	DKK 110 million ¹	12
GBP	DKK 85 million	12
CAD	DKK 55 million	8

1. USD used as proxy when hedging Novo Nordisk's CNY currency exposure.

The financial impact from foreign exchange hedging is included in 'Net financials'.

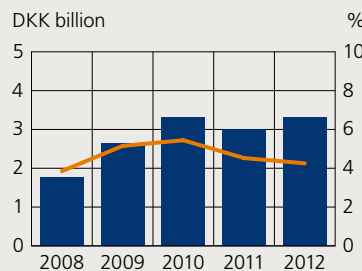
Tax contribution

■ Income tax (left)
— Effective tax rate (right)



Capital expenditure, net

■ Capital expenditure, net (left)
— Capital expenditure, net to sales (right)



Free cash flow

■ Free cash flow (left)
— Free cash flow to earnings (right)

