Household Care
Innovation & emerging markets

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Session outline

• Market and technology position
• Growth and opportunities in developed and emerging markets
• Unilever: Views on emerging markets and partnerships
• Innovation priorities
A strong portfolio of innovation with global relevance – built over the last 50 years

300+ brands

300+ countries

~100 countries

300+ brands

Albania, Algeria, Argentina, Australia, Austria, Bangladesh, Belarus, Belgium, Bolivia, Bosnia-Herz., Brazil, Bulgaria, Cameroon, Canada, Chile, Colombia, Costa Rica, Croatia, Cyprus, Czech, Republic, Denmark, Dominican Rep., Ecuador, Egypt, El Salvador, Estonia, Ethiopia, Finland, France, Germany, Great Britain, Greece, Guatemala, Honduras, Hong Kong, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Ivory Coast, Japan, Jordan, Kenya, Lebanon, Lithuania, Luxembourg, Malaysia, Mauritius, Mexico, Morocco, Myanmar, Netherlands, New Zealand, Nigeria, Norway, Oman, P.R. China, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Puerto Rico, Qatar, Romania, Russian Fed., Saudi Arabia, Serbia, Singapore, Slovakia, South Africa, South Korea, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syria, Taiwan, Tanzania, Thailand, Trinidad & Tobago, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, USA, Uzbekistan, Venezuela, Vietnam, Yemen

10 best-in-class product families

Coronase®, Liquanase®, Savinase®, Stainzyme®, Amplify®, Lipex®, Carezyme®, Celluclean®, Mannaway®, xPect®, Intensa EviTy®, Blaze EviTy®

New stabilization technology

Novozymes EviTy® is a range of highly robust and stable enzymes

6 enzyme classes

Protease

Amylase

Lipase

Cellulase

Mannanase

Pectate lyase

1 platform of enzyme and microbial technology
Business mix has changed since the IPO

→ Innovation, diversification, penetration

- Largest business in Novozymes – largest innovation effort
- Predominantly laundry detergents
- 13 new nonexclusive products and 2 technology platforms launched within last 5 years
- Enzyme market leader with +60% global market share
- Current market dynamics adds uncertainty short-term, but long-term case intact

2000
- ~80% of sales from 5 customers
- ~30% emerging markets

2014
- ~80% of sales from 20 customers
- ~45% from emerging markets
The laundry detergent market grows in line with GDP

Volume & value of laundry detergent* market 2008-2018 by Novozymes regions

- China, South East Asia, Eastern Europe, Middle East & Africa and Latin America are the major growth regions
- Developed markets represent 1/3 of global market and volumes are stable

Source: Euromonitor 2014

* Laundry detergents include hand wash, soap bars & fine fabrics
In emerging as well as developed markets, we see large opportunities for increasing enzyme inclusion in every wash load.

<table>
<thead>
<tr>
<th>Enzyme spend index per wash load</th>
<th>2008</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>European high-performance detergent</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>European high-performance detergent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European average-performance detergent</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>U.S. average-performance detergent</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Emerging markets average-performance detergent</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

All European high-performance detergents contain enzymes. Over time, enzyme inclusion can increase with innovation.

Average-performance detergents offer dual opportunities; to penetrate more brands and to increase performance with enzyme-including brands (in the EU, 70-75% contain enzymes today; in the US, 65-70%)

Emerging markets offer vast opportunities for increasing penetration (~40% today) and performance.
OUR HOUSEHOLD CARE ASPIRATION

Together with our partners, we use biological innovation to solve consumers’ cleaning challenges sustainably, making lives better now and for generations to come.

OUR HOUSEHOLD CARE STRATEGY

Be the preferred enzyme partner for the top detergent producers worldwide and enable their growth

Unlock emerging markets growth with dedicated innovation

Leverage enzyme technology for performance and positioning
NOVOZYMES
CAPITAL MARKETS DAY
Biswaranjan Sen
Vice President Chemicals Procurement
OUR BUSINESS MODEL IS
PURPOSE DRIVEN

PURPOSE

VISION

POSITIVE SOCIAL IMPACT

DOUBLE THE BUSINESS

REDUCE ENVIRONMENTAL FOOTPRINT
Unilever’s growth priorities

- WINNING THROUGH CONTINUOUS IMPROVEMENT
- WINNING WITH PEOPLE
- WINNING IN THE MARKETPLACE
- WINNING WITH BRANDS & INNOVATION
Fast facts - 2014

- €1 BILLION invested in R&D worldwide
- €48.4 BILLION turnover at end of 2014
- 190 countries in which our products are sold
- 172,000 employees at the end of the year
- Emerging markets now represent 57% of turnover
- 57% of turnover
Our €1 billion brands

13 Unilever brands have a turnover of €1 billion or more
PURPOSE

Brighten every Home

Lighten every Load
Home Care: a €9 billion business with strong brands

- Fabric cleaning: €6bn
- Fabric conditioners: €1bn
- Household care: €2bn

Nearly 80% of sales from emerging markets
## OUTSTANDING INNOVATIONS

<table>
<thead>
<tr>
<th>Segregated capsules</th>
<th>Fab Con new fragrances</th>
<th>Ancillary launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Re-launch of core</td>
<td>Direct to floor application</td>
<td>Rotating rim block</td>
</tr>
</tbody>
</table>
LEADING POSITIONS IN EMERGING MARKETS

Fabric Cleaning
- Argentina: 1
- Brazil: 1
- Chile: 1
- China: 4
- India: 1
- Indonesia: 2
- South Africa: 1
- Thailand: 1
- Turkey: 1
- Vietnam: 1

Fabric Conditioner
- Argentina: 1
- Brazil: 1
- Chile: 1
- China: 1
- India: 1
- Indonesia: 1
- South Africa: 2
- Thailand: 1
- Turkey: 1
- Vietnam: 1

Household care
- Argentina: 1
- Brazil: 1
- Chile: 1
- China: 1
- India: 1
- Indonesia: 1
- South Africa: 1
- Thailand: 1
- Turkey: 1
- Vietnam: 1

Nearly 80% of sales from emerging markets

Source: Nielsen / Euromonitor / Unilever estimates
TRANSFORMING THE OPPORTUNITY

Per capita consumption (PCC) for Homecare vs. Per capita GDP

Source: Euromonitor
OUR COLLABORATION MODEL IS EVOLVING

From Hub and Spoke

.....

.... to drawing the full value of opening the partner web
Joint efforts and joint rewards!
TRANSFORMATIONAL RELATIONSHIPS

Co location: new way of working
2013: 1 project
2014: 7 projects & areas
2015: >10 projects

Extend to Multi-Partner collaboration
2013: 0 projects
2014: 1 project
2015: >4 projects

Transformational Business Growth
With over 700 products used in 130 countries, Novozymes is the main supplier of enzymes to Unilever’s Home Care business

- Delivered two enzyme innovations.
- Enabled Unilever to deliver enhanced liquid laundry solutions to the market.
- New technologies have resulted in improved product performance for Unilever, increased market penetration in the D&E markets and the ability to target premium brand solutions.
3 priorities govern Household Care R&D

1. Build and strengthen partnerships with global innovators
2. Enable broader penetration in emerging markets
3. Explore novel biological solutions and new wash categories
1. Build and strengthen partnerships with global innovators

We have a lot to offer …

- Access to future innovation and Novozymes’ supply & quality set up
- Innovation infrastructure & access to R&D
- Unique enzyme and detergent know-how

… and a lot to gain

- Critical application insights for enzyme development
- Innovators are trendsetters. The broader market tends to follow over time
- Sharing of opportunities and growth

We invest in these relationships to build long-term value
2. Enable broader penetration in emerging markets

Focus areas for unlocking emerging markets growth

Stability
- Long supply chains
- Hot supply chains
- Liquid solutions
- Different chemicals

Cost/Performance
- Stains and wash habits differ
- Dedicated innovation needed
- Different performance/cost levels

Ease of use
- Limited experience with enzymes
- Limited capacity to store, handle & dose multiple enzymes
3. Explore novel biological solutions and new wash categories

Novel biological solutions
New opportunities for enzyme and/or microbial technologies:

• Make entire enzyme portfolio fit for 20°C
• Address hygiene issues arising from cold-water wash
• Increase performance levels of applied enzyme classes to take larger share of costs
• New enzyme classes for new or inherently stubborn stains

Except for automatic laundry and dishwash detergents, the world of cleaning is unexplored

<table>
<thead>
<tr>
<th></th>
<th>Enzymes</th>
<th>Microbes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automatic laundry</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>Automatic dishwash</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>Soap bars</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>Hand dishwash</td>
<td>●</td>
<td>○</td>
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<tr>
<td>Commercial cleaning</td>
<td>●</td>
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<tr>
<td>Hard-surface cleaning</td>
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<td>●</td>
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<tr>
<td>Carpet and fabric cleaning</td>
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<td>●</td>
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<tr>
<td>Medical device cleaning</td>
<td>○</td>
<td>●</td>
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<tr>
<td>Industrial</td>
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</table>
Conclusion

• A strong business built on technology, relationships and years of experience

• Structural opportunity in emerging markets to drive long-term growth, supported by technology development

• Significant growth opportunities in developed markets. Focus on performance at low temperatures, formulation optimizations and new claims