Highlights

Q1 sales in line with expectations; strong margins

- Organic sales growth: +2%
- Largest industries growing:
  - Household Care: +1%
  - Food & Beverages: +5%
  - Bioenergy: +9%
  - Agriculture & Feed: -5%
  - Technical & Pharma: -10%
- Q1 2018 as expected overall. Household Care slightly higher, Agriculture & Feed somewhat lower
- Negative currency impact on sales of close to 8%. USD/DKK -13%
- Strong EBIT margin at 28.9% despite currency headwind
- Healthy pipeline with many near-to-market opportunities and product launches expected during the year

2018 outlook maintained on all parameters

- Q1 in line to reach full-year 4-6% organic sales growth
- All segments expected to contribute to organic sales growth
- EBIT margin ~28%. Step-up in activity level
Organic sales growth by geography

- 33% of sales
  +1% Q1 y/y

- 36% of sales
  +1% Q1 y/y

- 9% of sales
  +1% Q1 y/y

- 22% of sales
  +13% Q1 y/y

- 35% Emerging markets
  +6% Q1 y/y

- 65% Developed markets
  +0% Q1 y/y
Household Care

Sales in Household Care slightly better than expected

- Organic growth Q1 2018 y/y +1%
- Mixed performance in laundry; soft start in developed markets offset by good development in emerging markets
- China, Southeast Asia and India delivered solid growth
- Global customers continue to focus on cost optimizations
- Strong growth in dishwash with new innovation targeting dried-in cereals

Top 20 customers, emerging markets and rollout of our freshness & hygiene platform remain top priorities in 2018

- The freshness & hygiene platform is being rolled out as planned and is expected to contribute to growth in the second half of 2018
- Emerging markets a top priority, supporting solid growth
- Tailored approach for top 20 customers will continue
Food & Beverages

Solid start to the year supported by recent product innovation and focused sales efforts

- Organic growth Q1 2018 y/y +5%
- Solid growth across all major industry segments
- Baking performed well despite reduced prices in North America. US Freshkeeping patent expired in March 2018. Strong growth in Asia Pacific and Latin America
- Nutrition performed well, supported by our Saphera® product for lactose reduction in dairy
- Starch delivered solid growth across markets
- Beverages flat compared to last year, distilling growth balanced by brewing decline

2018 priorities and new initiatives

- Leverage new baking lab in Turkey to pursue opportunities for baking customers in the Middle East and Africa
- Continued up-manning in 2018; focus on emerging markets
- Newly launched innovation for vegetable-oil processing and grain milling contributing positively to sales growth in 2018 from a low base

Quarterly y/y organic sales growth

- Q1'17: 6%
- Q2'17: 10%
- Q3'17: 11%
- Q4'17: 9%
- Q1'18: 5%

28% of sales
Bioenergy

Continued good momentum in enzymes for biofuels
- Organic growth Q1 2018 y/y +9%
- US and global ethanol production estimated to have been flat in Q1 2018. Producer margins are improving but inventories remain elevated
- Good growth in enzymes for conventional biofuel across all geographies
- Newly launched yeast product, Innova® Drive, well received by the market

Bioenergy priorities and market trends in 2018
- Continued strong focus on tailoring process-specific solutions to individual customer needs
- New innovation expected to be delivered during 2018
- US ethanol exports up. Potential trade conflict creates some uncertainty
- Our expectations are based on current political conditions
  - Mandates could drive volumes in China and Brazil
  - Opportunities, as well as uncertainties, to US biofuel policies

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Year</th>
<th>Growth (y/y)</th>
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<tbody>
<tr>
<td>Q1'17</td>
<td></td>
<td>6%</td>
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<td>Q2'17</td>
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<td>Q3'17</td>
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<td>16%</td>
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<tr>
<td>Q4'17</td>
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<td>14%</td>
</tr>
<tr>
<td>Q1'18</td>
<td></td>
<td>9%</td>
</tr>
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</table>
Agriculture & Feed

Soft start due to comparisons and poor farm economics
- Organic growth Q1 2018 y/y -5%
- Sales to animal feed ended down as expected due to tough comparisons
- BioAg sales decreased following continued poor farm economics and new import tariffs on pulses in India
- Registrations obtained for
  - Acceleron® B-360 ST
  - Alterion®, our first probiotic product for poultry, in all main regions

Strong focus on innovation and market expansion
- Strong pipeline development, new products and regional expansion in BioAg drive long-term growth
- New innovation expected in animal health & nutrition later this year
- Production and shipments of Acceleron® B-360 ST will commence in second half of 2018 as planned
R&D update

**Innova® Drive – improving ethanol yield through faster fermentation**

Our first launch within yeast for conventional biofuels that enables faster fermentation and works well under acidic and high-temperature conditions.

Innova® Drive enables leverage of our market-leading position within enzymes to perfectly match yeast and enzymes.

**Licheninase – new enzyme class for automatic dishwash**

Novozymes has developed a novel enzyme class: a third enzyme class for automatic dishwasher. This enzyme targets tough soiling such as dried-in cereals, solving an everyday consumer challenge.
Q1’18 financials

Sales as expected; strong margins

- Overall sales growth as expected
- Largest industries growing
- 6% organic sales growth in emerging markets
- Negative currency impact of ~8% on sales, mainly from weak USD/DKK at -13%
- EBIT margin solid at 28.9% despite negative currency impact. On par with Q1 2017 excluding reorganization costs
- Net profit growth of 5% driven by higher EBIT, hedging gains, lower provision for SARs and lower tax rate
- Free cash flow impacted by timing in working capital

<table>
<thead>
<tr>
<th>Key financials (DKKm)</th>
<th>Realized Q1’18</th>
<th>Realized Q1’17</th>
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<tbody>
<tr>
<td>Organic sales growth</td>
<td>2%</td>
<td>3%</td>
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<tr>
<td>Currency impact on sales</td>
<td>~ -8%</td>
<td>+1%</td>
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<tr>
<td>Gross profit margin</td>
<td>57.8%</td>
<td>57.8%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>28.9%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Net profit growth</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Net investments excl. M&amp;A</td>
<td>281</td>
<td>271</td>
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<tr>
<td>Free cash flow excl. M&amp;A</td>
<td>403</td>
<td>738</td>
</tr>
<tr>
<td>ROIC incl. goodwill</td>
<td>25.2%</td>
<td>24.9%</td>
</tr>
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</table>
2018 outlook

Guidance maintained on all parameters

- Organic sales growth expectation of 4-6% with growth from all segments
- As communicated in February 2018, sales growth in the first half expected to be slower than in the second half of the year
- EBIT margin ~28%. Step-up in activity level as we move through the year. Currency headwind easing through the year based on current spot rates
- Free cash flow excl. M&A at DKK 2.3-2.6bn. Lower net investments relative to 2017

<table>
<thead>
<tr>
<th>Key financials (DKKm)</th>
<th>Realized</th>
<th>Outlook</th>
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<tr>
<td></td>
<td>Q1’18</td>
<td>2018</td>
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<tr>
<td>Organic sales growth</td>
<td>2%</td>
<td>4-6%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>28.9%</td>
<td>~28%</td>
</tr>
<tr>
<td>Net profit growth</td>
<td>5%</td>
<td>~0%</td>
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<tr>
<td>Net investments excl. M&amp;A</td>
<td>281</td>
<td>1,300-1,500</td>
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<tr>
<td>Free cash flow excl. M&amp;A</td>
<td>403</td>
<td>2,300-2,600</td>
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<tr>
<td>ROIC incl. goodwill</td>
<td>25.2%</td>
<td>24-25%</td>
</tr>
</tbody>
</table>
Summary

• On track to deliver 4-6% organic sales growth for the full year
• Delivering on key strategic initiatives
• Strong innovation agenda with many near-to-market opportunities
Our business is about turning amazing science into sustainable biological answers in a growing world

6,500
More than 6,500 active and pending patents

2nd
In 2017, Science Magazine ranked Novozymes the world’s second-best science employer

48%
Market leader in industrial enzymes with an estimated 48% of the global enzyme market in 2017

76 million
In 2017, our customers avoided an estimated 76 million tons of CO₂ by applying our products

⅓ sales
Roughly ⅓ of sales generated in emerging markets

13%
13% of our revenue is reinvested in R&D

8 new
In 2017, we launched eight new impactful products

6,200
More than 6,200 employees on six continents
Overview and Strategy
Novozymes at a glance

World leader in Bioinnovation

Global presence
- ~6,300 employees
- ~700 products sold in 140 countries
- Major production footprint in 3 regions

Market leader
- ~48% Novozymes
- Serving +40 different end markets

R&D focused
- ~1,400 people employed in R&D
- ~6,500 patents
- ~13% of sales invested in R&D
- Innovation focused on enzymes and microbes

Solid financials (2017)
- USD 2.4bn in sales
- ~28% EBIT margin
- ~25% ROIC

Majority owner Novo Holdings
- Controls ~25.5% of the capital
- ~70% of the votes
- 2 seats on the Board of Directors

Company background

Listed
2000

Ticker
NZYM B

Exchange
Nasdaq Copenhagen

5 years of organic growth & EBIT

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT margin</th>
<th>ROIC</th>
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<tr>
<td>2013</td>
<td>11.746</td>
<td>30%</td>
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<td>2014</td>
<td>12.459</td>
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<td>2015</td>
<td>14.002</td>
<td>28%</td>
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<tr>
<td>2016</td>
<td>14.142</td>
<td>27%</td>
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<tr>
<td>2017</td>
<td>14.531</td>
<td>26%</td>
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</tbody>
</table>

Market overview
- ~48% Novozymes
- Serving +40 different end markets

+7% +7% +4% +2% +4%
Experienced leadership team – with 22 years seniority on average

Tina Fanø
Executive Vice President, Agriculture & Bioenergy
Novozymes since 1993

Peder Holk Nielsen
CEO & President
Novozymes since 1984

Prisca Havranek-Kosicek
CFO & Executive Vice President, Finance, IR, IT & Legal
Novozymes since 2018

Anders Lund
Executive Vice President, Household Care & Technical Industries
Novozymes since 1999

Tina Fanø

Andrew Fordyce
Executive Vice President, Food & Beverages
Novozymes since 1993
Uniquely diversified group
- creates synergies and opportunities

Household Care
Laundry detergents, Dishwash detergents, Cleaning products

- 32% of sales
- Organic growth, average ~3%

Food & Beverages
Baking, Starch to syrups, Brewing & alcohol, Healthy concepts

- 28% of sales
- Organic growth, average ~5%

Bioenergy
Conventional biofuels Cellulosic biofuels

- 18% of sales
- Organic growth, average ~7%

Agriculture & Feed
Animal feed Animal health BioAgriculture

- 15% of sales
- Organic growth, average ~7%

Technical & Pharma
Textile & leather, Pulp & paper, Wastewater

- 7% of sales
- Organic growth, average ~7%
Solid financial track record driven by innovation

Strong performance since 2000
- ~3x Sales
- ~5x EBIT
- ~6x Net Profit
- DKK ~26bn in FCF

Innovation is the core
- DKK ~22bn spent on R&D since IPO
- +100 new product launches
- Close to 600bps in gross margin expansions mainly through productivity improvements
## Priority innovation platforms

<table>
<thead>
<tr>
<th>Area</th>
<th>Innovation</th>
<th>Feasibility</th>
<th>Discovery</th>
<th>Development</th>
<th>Launch</th>
<th>Commercial</th>
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<tbody>
<tr>
<td>Household Care</td>
<td>Freshness and Hygiene solutions</td>
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<tr>
<td>Household Care</td>
<td>Tailored emerging-market solutions</td>
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<tr>
<td>Food &amp; Beverages</td>
<td>Vegetable oil processing</td>
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<td>Food &amp; Beverages</td>
<td>Grain milling</td>
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<td>Agriculture &amp; Feed</td>
<td>Animal health</td>
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<tr>
<td>Agriculture &amp; Feed</td>
<td>New transformative BioAg solutions</td>
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<tr>
<td>Bioenergy</td>
<td>Biomass conversion</td>
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<tr>
<td>Technical</td>
<td>Solutions for Water</td>
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</table>

Arrows denote progress to next phase over the past 12 months
Our global business serves a large number of local markets and industries

- **EMEA**
  - NZ: HQ, Production R&D
  - Main markets: HHC, F&B, Feed
  - Acc CAPEX: ~DKK 6.9bn
  - FTE’s: ~2,900
  - 5Y Avg growth: +5%

- **LATIN AMERICA**
  - NZ: Production, R&D
  - Main markets: HHC, Feed, BioAg & F&B
  - Acc CAPEX: ~DKK 400m
  - FTE’s: ~350
  - 5Y Avg growth: +6%

- **NORTH AMERICA**
  - NZ: Production, R&D
  - Main markets: Bioenergy, HHC, F&B, BioAg
  - Acc CAPEX: ~DKK 4bn
  - FTE’s: ~1,300
  - 5Y Avg growth: +4%

- **ASIA PACIFIC**
  - NZ: Production, R&D
  - Main markets: F&B, HHC, Tech & Feed
  - Acc CAPEX: ~DKK 2,8bn
  - FTE’s: ~1,800
  - 5Y Avg growth: +4%
Our set of competitive advantages across the value chain has led to a unique market leading position

**Scale**
- Production: 5 core plants in 3 regions
- Novozymes’ R&D investment equals 2/3 of total industry investments
- Technical services: half of commercial organization “on site”
- Market & technology coverage

**Quality**
- Superior logistical agility due to full control of value chain
- Ability to tailor solutions to specific customer and market needs
- First mover in a number of markets lead by ability to innovate
- High quality products that meet regulatory requirements
- Wide range of solutions and product offerings

**Sustainability**
- Sustainability is in our DNA helping our customers to save an estimated 76 million tons of CO₂ (2017)
- Triple bottom line
- Pioneering life cycle assessment documentation

**High barriers**
- Unique market-leading position in a global niche
- Strong technology backbone and competences
- More than 6,500 patents
- Diverse biotech know how and investments needed to compete
- Long term trusted partner for our customers
- Extensive know-how and manufacturing expertise
Developing new technology and business platforms

Continued development in our technology base…

Molecular biology
Strain development using protein engineering, genetic modification, DNA sequencing, etc

Bio-informatics & Systems biology
Application of computer algorithms in the computational discovery of enzymes in DNA databases

Screening systems
Application of high-throughput robotics to find the best enzyme candidates

Industrial-scale fermentation
Production of enzymes and proteins whilst continuously optimizing and improving yields

…creates opportunities to develop new business platform

- Bio-Agriculture
- Yeast
- Vegetable oil processing
- Water
- Freshness & hygiene
- Grain milling
- Sugarcane platform

Developing new technology and business platforms
Enzyme technology improves Novozymes’ profitability

3 ways to gain productivity improvements:
Novozymes dedicates 10-15% of R&D spend to productivity improvement programs

1. Improve production strain
   Ability to produce more enzymes per m3 fermentation tank through genetic engineering of host organism

2. Optimize industrial production
   Process optimization
   Equipment optimization
   Input optimization

3. Improve enzyme efficacy
   Protein engineering of enzymes improves efficacy. Customers buy efficacy, not volume
Household Care overview

Business Characteristics

• Mainly laundry detergents but expanding into dishwash
• Top three detergent producers make up ~50% of the global market; top 20 at ~80%
• Developed markets ~2/3 of global market

Key industry trends

• Growth in the liquid and unit dose market, driven by consumer convenience and stronger investments in these categories
• Rising demand for solutions tailored to emerging-market needs such as hot and humid conditions and demand for mild hand-washing alternatives
• Certain global customers under pressure leading to formulation changes

Product launches 2017

• Medley® 2.0 – The second generation of our multienzyme solution for laundry detergents ensuring strong and stable wash performance
• Progress® excel – A new premium liquid detergent enzyme that enables superior wash performance at all temperatures
• Progress® In – A new enzymatic solution to help detergent producers in emerging markets develop better detergents
• Freshness & hygiene – First groundbreaking solution from the freshness & hygiene platform in Household Care

5 year organic growth

<table>
<thead>
<tr>
<th>Year</th>
<th>+9%</th>
<th>+4%</th>
<th>+1%</th>
<th>+2%</th>
<th>+1%</th>
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<tbody>
<tr>
<td>2013</td>
<td>4.222</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>2014</td>
<td>4.353</td>
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<td></td>
<td></td>
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<tr>
<td>2015</td>
<td>4.632</td>
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<tr>
<td>2016</td>
<td>4.702</td>
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<tr>
<td>2017</td>
<td>4.717</td>
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Applications

• Laundry detergents (+85%)
• Automatic dishwash
• Hand dishwash
• Professional cleaning

NZ market share

• >60%

Competition

• Dupont
Our enzyme technology adds significant benefits

- Eliminate harsh chemicals
- Remove stains, boost whiteness
- Decrease dose, increase performance
- Preserve fabric texture, color
- Save energy, water, time
- Deal with complex hygiene issues
Consumers are shifting from traditional detergents to new formats and increased performance

Big differences in detergent applications across geographies
Food and Beverages overview

Business Characteristics

Processing agricultural inputs
- Relatively few product categories
- Fragmented global customer base
- ~60% direct sales

Food products
- Baking main market
- Broad customer/application base
- ~80% direct sales

5 year organic growth

<table>
<thead>
<tr>
<th>Year</th>
<th>+3%</th>
<th>+4%</th>
<th>+5%</th>
<th>+2%</th>
<th>+9%</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>3.190</td>
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<td>2014</td>
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<td>2015</td>
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<td>2016</td>
<td>3.740</td>
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<td>2017</td>
<td>4.041</td>
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</tr>
</tbody>
</table>

Applications
- Baking
- Starch conversion
- Brewing and Beverage alcohol
- Nutrition

NZ market share
- 30-40%

Competition
- DSM, Dupont, regional

Key industry trends
- Consumer focus on health, wellness and natural products
- Raw material volatility and focus on production process optimization
- Customers consolidating operations in order to increase overall efficiency

Product launches 2017
- Palmora® – Our first solution for the palm oil industry, which improves yield and plant performance for palm oil producers
- Frontia® – A new technology for grain-milling customers that delivers better yields in starches and gluten and reduces energy consumption in wheat and corn-milling operations
The grain value chain

- Significant presence in starch - industry leaders in enzymatic starch conversion for sweeteners
- Portfolio that includes LpHera®, Extenda®, Secura® and Sweetzyme®
- Frontia® opens a new segment with our starch customers in wet milling, enhancing the yield of key value streams - protein and starch
Bioenergy overview

Market Characteristics

Conventional biofuels
- Starch based ethanol is mainly a US market (+85%)
- US corn ethanol industry affected by corn and ethanol prices
- Ethanol makes up ~10% of US gasoline consumption

Biomass Conversion
- Global business
- Dependency on political mandates
- Few players – investments can hard to attract

Key industry trends
- Growing calls for CO2 reduction in the transportation sector
- Political push in favor of biofuels in several regions
- Volatility in commodity prices affects customer margins

Product launches 2017/18
- Spirizyme® T – An advanced suite of glucoamylases that free up residual sugar in corn so that it can be fermented into ethanol, thereby increasing ethanol yield
- Innova® Drive – a new yeast strain that help ethanol producers reduce process complexity and impact from process upsets – and get more ethanol from their raw materials

5 year organic growth
+12% +19% -5% -3% +11%

Sales in DKKm
2013 2.270 2.543 2.438 2.644
2014 2.270 2.543 2.438 2.644
2015 2.543 2.438 2.644
2016 2.438 2.644
2017 2.644

Applications
- Corn ethanol
- Biomass Conversion
- Yeast (new)
- Sugarcane

NZ market share
- >50%

Competition
- Dupont, regionals and other technologies
Ethanol production

Global ethanol production

Price development in ethanol and corn

Ethanol producer margin

US Ethanol inventories

Sources: EIA, Ethanol RFA
Addressing complexity in bioethanol production

**Designing enzymes for individual plants**
Using our diagnostic program to deliver custom fermentation solutions, tailored to a plant’s unique operating conditions

From standard to more customized solutions

- **Past**: Basic products for liquefaction and saccharification
- **Present**: Multiple offerings across liquefaction, saccharification and now also yeast
- **Future**: Increasingly customized solutions for liquefaction and saccharification, novel solutions for other process steps

The Ethanol Process:
Enzymes are applied in multiple stages, along with yeast in fermentation

- **Liquefaction enzymes**
  - Slurry
  - Jet Cooker
  - Liquefaction

- **Saccharification enzymes**
  - Fermentation

- **Yeast**
  - Distillation
  - Ethanol

Convert feedstock into fermentable sugars
Ferment sugars to EtOH
Policy objectives point to a doubling of ethanol by 2030 vs. today

**Biofuels**
- Overall biofuels represent 4% of ROAD transport fuels today. In US biofuels make up 10%, while its 27% in Brazil
- Ethanol makes up 3/4 of all biofuels produced today
- US and Brazil dominate the global market with 70% of biofuels production (85% of ethanol) - mainly from corn or sugarcane

**EUROPEAN UNION**
- EU Renewable Energy Directive: 10% in transport by 2020*
- Post 2020 framework under development incl. mandate for 2G
- Ambitious national policies
  - 1G and/or 2G in FIN, SE, DK, IT, FR, SK
  - ~ 1bn gl/year
  - +1bn gl by 2030

**NORTH AMERICA**
- Renewable Fuel Standard: 36bn gallons ethanol per year by 2022 of which 16bn gallons are cellulosic. US moving slowly from E10 towards E15
  - ~ 16bn gl/year
  - +13bn gl by 2025/2030

**LATIN AMERICA**
- Brazil: E27 + doubling of volumes of ethanol needed by 2030 to achieve climate ambition
- Argentina: E12
- Mexico: E10
  - ~ 8bn gl/year
  - +4-6bn gl by 2030

**CHINA**
- E10 by 2020: 5 billion gallons
- By 2025 ambition to have large scale production of 2G

**INDIA**
- Strong governmental push for public investment in 2G
- 11 biorefineries by 2022
- 22.5% ethanol blending goals by 2022
  - ~ 250m gl/year
  - +150m gl/year 2G by 2030

**TOTAL ADDITION BY 2030**
- ~ 24bn gallons/year
- ~ 90bn liters/year

* indicative 0,5% for 2G and max 7% 1G
Agriculture and Feed overview

Market Characteristics

Animal Health & Nutrition
• Sales and distribution through partnerships
• Applications mainly for mono-gastric animals (poultry and swine)

BioAg
• Sales and distribution through partnership with Monsanto
• Americas ~90% of sales
• Key crops: Soy, corn, pulses and canola

Key industry trends
• Consumer focus on health, wellness and natural products
• Focus on yield-gains
• Sensitivity to fluctuations in commodity prices among farmers
• Consolidation of large agricultural companies

Product launches 2017
• BioAg: Acceleron® B-200 SAT – By enabling additional upstream treatment in soybeans, this enhanced isoflavonoid stimulates beneficial microbe growth in the soil and improves nutritional uptake
• BioAg: Acceleron® B-300 SAT – a biological upstream seed treatment product containing a fungus, Penicillium bilaii to boost corn yields (Novozymes launch in Q4’16 – Alliance launch in Q1’17)

5 year organic growth

<table>
<thead>
<tr>
<th>Year</th>
<th>+5%</th>
<th>+7%</th>
<th>+19%</th>
<th>+5%</th>
<th>-3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.669</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1.728</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.130</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2.207</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>2.108</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales in DKKm

- 2013
- 2014
- 2015
- 2016
- 2017

Applications
• Enzymes for animal feed
• Animal probiotics
• Bioyield enhancement and Biocontrol in Agriculture

NZ market share
• 25-30% (Feed enzymes)
• Leading producer of inoculants (BioAg)

Competition
• Feed: Dupont, AB Vista,
• BioAg: BASF, Bayer etc.
Inoculants hold significant opportunity for market expansion across crops and geographies

<table>
<thead>
<tr>
<th>Factors driving inoculant growth:</th>
<th>Soybean</th>
<th>Pulses</th>
<th>Alfalfa</th>
<th>Canola</th>
<th>Corn</th>
<th>Wheat</th>
<th>Cotton</th>
<th>Rice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market expansion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significant opportunity across crops and geographies</td>
<td>~ 260m</td>
<td>~190m</td>
<td>~15m</td>
<td>~85m</td>
<td>~425m</td>
<td>~549m</td>
<td>~80m</td>
<td>~400m</td>
</tr>
<tr>
<td>Inoculants Treated Acres</td>
<td>~55-60%</td>
<td>~15%</td>
<td>~50%</td>
<td>~5%</td>
<td>~5%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

Immediate commercial portfolio
Working from strong starting position with existing commercial products

<table>
<thead>
<tr>
<th>BioAg Existing Product Portfolio</th>
<th>NA</th>
<th>LATAM</th>
<th>RoW</th>
</tr>
</thead>
</table>

Advantageous commercial footprint
Monsanto’s broad global footprint enabling upstream distribution and leveraging relationships with distributor and retail channels

<table>
<thead>
<tr>
<th>Current Inoculants Treatment Regime</th>
<th>Upstream (Seed Company)</th>
<th>Midstream (Distributor/Retailer)</th>
<th>Downstream (Grower)</th>
</tr>
</thead>
</table>

1. Source: FAO stats and Internal estimates
2. Internal 2014 estimates

1. Strong product position
2. Moderate product position
3. Minor product position
4. No current product position
BioAg Alliance Pipeline
Industry’s most advanced microbials platform and R&D capability

The BioAg Alliance: R&D Development Pipeline

<table>
<thead>
<tr>
<th>DISCOVERY:</th>
<th>PHASE 1: PROOF OF CONCEPT</th>
<th>PHASE 2: EARLY DEVELOPMENT</th>
<th>PHASE 3: ADVANCED DEVELOPMENT</th>
<th>PHASE 4: PRE-LAUNCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>10’s of Thousands of Microbes</td>
<td>Thousands of Candidates</td>
<td>Hits</td>
<td>Confirmed Hits / Commercial Leads</td>
<td>Commercial Candidates</td>
</tr>
</tbody>
</table>

**Pipeline Advancement**

**Commercial Highlights**

Biological products like Acceleron B-300 SAT can increase nutrient availability, which can lead to enhanced root and shoot development, supporting stress tolerance, increased yield potential and ability to absorb and store carbon.

Two products launched in 2017:

- Corn BioYield 1: Acceleron B-300 SAT in the U.S. with global expansion opportunity (launched by NZ in Q4’16)
- Soy BioYield 1: Acceleron B-200 SAT for soybeans in the U.S.

**Pipeline Highlights:**

- Corn BioYield 2 – Expected to commence production in the second half of 2018 for sales in 2019; branded as Acceleron B-360 ST
- Corn BioYield 3 strains progress in Phase 2 with broader testing, fermentation and formulation development
- Soy BioYield 2 inoculants advanced for North and South America, providing new longer life rhizobium and easier handling benefits

**Collaborative partnerships and research are driving innovative solutions to produce food in a sustainable way**

Our technologies are on >80M acres today

**BioYield Pipeline**

- Corn, Soy and Wheat BioYield Pipeline
- BioControl Pipeline

**BioControl Pipeline**

- Soy Bio-Nematicide
- Soy BioYield 2 for S.A.
- Soy BioYield 2 for N.A.

**Soy BioYield 2 Pipeline**

- Soy BioYield 2 for N.A.

**Corn BioYield 2 Pipeline**

- Corn BioYield 2 branded as Acceleron B360 ST"
### Market is sensitive to feed and meat price changes

70% of total cost of poultry production is feed including additives which is around 5%.

Poultry producer margins are low when:
- Feed prices are high
- Meat prices are low

Feed formulation is an art and the nutritionist is often the decision maker. The scientific & nutritional philosophies combined with commodity prices determine enzyme inclusion levels.

### Low margins leave the producer different options

In tough conditions the producer sees two options:
- Cost out = **reduce** enzyme inclusion
- Increase efficiencies = **increase** enzyme inclusion

The degree of enzymatic and nutritional understanding determines the decision:
- Advanced/'modern' customers **increase** enzyme inclusion
- Simple/traditional customers **reduce** enzyme inclusion

### Scientific education of customers to increase penetration

- Enzyme inclusion increases the efficiency of poultry producers
- Lack of scientific understanding drives uneconomical customer decisions
Attractive value propositions in feed enzymes

<table>
<thead>
<tr>
<th>Phytase phosphate</th>
<th>ProAct® protein</th>
<th>Others energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only 3-30% of phosphate in feed is available to the animal</td>
<td>Maximizing protein utilization and improving nutritional value</td>
<td>Xylanase &amp; glucanase increase non-starch polysaccharide digestion</td>
</tr>
<tr>
<td>Ronozyme NP® releases half of the phosphate bound – Ronozyme HiPhos® releases nearly all of it</td>
<td>Improves protein digestibility by &gt;20%, increasing feed conversion</td>
<td>Amylase improves starch digestibility, releasing more energy</td>
</tr>
<tr>
<td>Significant reduction in phosphorous excretion from animals as farmers can save 25-100% of added phosphate</td>
<td>Reduces need for additional protein feed, such as soybean meal</td>
<td>Cellulase improves fiber digestion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grain feed savings of ~2.5% and less pollution (ammonia, nitrate, nitrous oxide and CO2)</td>
</tr>
</tbody>
</table>

Forceful pursuit of science leadership with DSM alliance across species, product classes and regions

Estimated penetration across species

- Phytase: 80-90%
- Carbohydrase: 35-45%
- Protease: 10-15%
Animal health & nutrition

The world needs sustainable efficiency gains in animal production. Improving the yield in animal production would have **significantly positive impact** in terms of global warming and use of agricultural land

- 9+ billion people by 2050
- Protein demand to double next 40 years
- Feed costs in 50% of costs in animal production
- Arable land per capita expected to decrease by 35% from 2000 to 2050
- Antibiotic resistance and regulation are driving the need for alternatives to antibiotics

**Our partners**

In 2015 we initiated a partnership with Adisseo with the shared ambition to enter and develop the market for probiotics at grow-out farms

In 2016 H1, Alterion® was released together with Adisseo which is a probiotic for poultry at grow-out farms, as the first product in our innovation cluster “Natural growth promotion”

In March 2017 we embarked on a new strategic collaboration with Boehringer Ingelheim in probiotics for poultry hatcheries
Technical & Pharma overview

### Business Characteristics

#### Wastewater Treatment
- Microorganisms for industrial use in wastewater treatment
- New initiatives to target e.g. sludge watering and membrane cleaning

#### Textile, Leather and Pulp & paper
- Enzymatic solutions and technical support for processing textiles and leather
- Solutions for process optimization for paper producers

### Key industry trends
- Increasing demand for wastewater solutions due to increasing water quality/pollution cleanup regulations
- Consumer demand for improved textile quality and longevity
- Enzymatic solutions optimizing processes and lowering chemical use

#### Launch of new innovation priority platform “Solutions for water”
- Solving the world’s water challenges presents a monumental challenge for society. As part of the SDG’s the UN has defined Clean Water and Sanitation as goal #6
- We are investing in biotechnological solutions for water treatment that could be used for; cleaning fouling on water treatment systems, degrading compounds in process water and wastewater, removing and recovering nutrients from wastewater and generating energy, such as biogas from wastewater

### 5 year organic growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>+6%</td>
</tr>
<tr>
<td>2014</td>
<td>+9%</td>
</tr>
<tr>
<td>2015</td>
<td>+6%</td>
</tr>
<tr>
<td>2016</td>
<td>+13%</td>
</tr>
<tr>
<td>2017</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Sales in DKKm

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>757</td>
</tr>
<tr>
<td>2014</td>
<td>829</td>
</tr>
<tr>
<td>2015</td>
<td>982</td>
</tr>
<tr>
<td>2016</td>
<td>1,055</td>
</tr>
<tr>
<td>2017</td>
<td>1,021</td>
</tr>
</tbody>
</table>

Pharma divested end 2017 (~1/3 of business)

### Applications
- Wastewater / Textiles / Leather / Pulp & Paper / Biocatalysis

### Novozymes market share
- ~50% (enzymes only)

### Competition
- Dupont + regional
New long-term targets focus on world impact 2020

New IMPACT targets
- 10 transformative innovations
- 5 partnerships for change
- Educate 1 million people
- Enable Zymers to develop

World needs – areas where we can make an impact
- Climate change
- Sustainable growth
- Health and livelihoods
- Education
- Economic growth
- Job creation
- Supply chain management

Company performance – the traditional view on sustainability
- Resource efficiency
- Sustainable raw materials
- Product stewardship
- Human & labor rights
- Employee satisfaction
- Health & Safety
- Business integrity & antitrust
- Corporate governance

Novozymes’ unique contribution:
- 10 transformative innovations
- Save 100 million tons of CO₂
- Reach 6 billion people with our biological solutions

Updated operational targets
- Environment
  - Energy efficiency
  - Water efficiency
  - Reduction in CO₂ intensity
  - Renewable energy
  - Supplier program
  - Gold Class RobecoSAM rating
  - Carbon Disclosure Project A List

- People
  - Occupational accidents
  - Employee absence
  - Employee "satisfaction and motivation"
  - Employee "opportunities for development"
  - Women in senior management

Sustainable raw materials
Resource efficiency
Sustainable growth
Human & labor rights
Employee satisfaction
Health & Safety
Business integrity & antitrust
Corporate governance
Economic growth
Job creation
Supply chain management

Latest Results • Overview and Strategy • Market Overview • Sustainability • Financials and Governance
We plan to continue our journey of operational excellence

- Novozymes has over time proved how investments in efficiency and optimization programs pay off not only from a sustainability perspective but also from an economic perspective
- In the US we have a biogas plant which turns wastewater into steam
- 24% of the total energy consumed comes from renewable sources; mainly windfarms
We are reducing CO$_2$ emissions together with our customers by offering solutions that help produce more with less.

In 2017, Novozymes helped customers save 76 million tons of CO$_2$ through the application of Novozymes’ products.

- **Detergent:** 100 kg CO$_2$ per ton of laundry
- **Animal feed:** 80 kg CO$_2$ per ton of feed
- **Textile:** 1100 kg CO$_2$ per ton of fabric
- **Cereals:** 110 kg CO$_2$ per ton of bread
- **Agriculture:** 15 kg CO$_2$ per ton of corn
- **Beverage:** 25 kg CO$_2$ per 1000 liters of beer
- **Leather:** 100 kg CO$_2$ per ton of hide
- **Paper making:** 150 kg CO$_2$ per ton of pulp
- **Vegetable oil:** 44 kg CO$_2$ per ton of oil
- **Starch based biofuel:** 1100 kg CO$_2$ per 1000 liters of ethanol
- **Biomass based biofuel:** 2200 kg CO$_2$ per 1000 liters of ethanol
- **Cosmetics:** 190 kg CO$_2$ per ton of fatty acid ester
Novozymes’ remuneration principles for the Executive leadership team

Remuneration principles ensure close alignment with long term shareholder interests, links remuneration to shareholder gains and losses, and ensures management retention

**Annual remuneration scheme**

- **Salary and cash bonus**
  - Max 2 months of base salary cash bonus linked to fulfilment of EBIT and sustainability targets
  - Max 3 months of base salary cash bonus linked to fulfilment of personal targets
  - Base salary

**Conditions for long term program**

- The incentive program consists of 50% stock options and 50% stocks with the opportunity to double annual remuneration. Awards will depend on accumulated economic profit generated (75%) as well as average organic sales growth (25%).
- Economic profit is defined as: NOPAT - (Avg. inv. capital * WACC)
- NOPAT is adjusted for hedging result to eliminate impact of currency fluctuations as well as for any impacts from major acquisitions. A fixed WACC of 6% will be used during the entire program.
- Stock options will be awarded annually (3-year vesting period), stocks in 2020 (no vesting period). Maximum clause caps upside (max. cap = 2x intrinsic value at establishment ex. inflation).

**Long term incentive program (2017-2019)**

- **Economic Profit (75% of the program)**
  - Economic Profit: NOPAT - (Avg. inv. capital * WACC)
  - NOPAT is adjusted for hedging result to eliminate impact of currency fluctuations as well as for any impacts from major acquisitions. A fixed WACC of 6% will be used during the entire program.

- **Organic growth (25% of the program)**
  - Organic Sales growth
  - Conditions for long term program

---

Latest Results • Overview and Strategy • Market Overview • Sustainability • Financials and Governance
Financials and Governance
Historical performance demonstrates track of delivery

17 years of organic growth

Average organic growth ~6%

Profitability has benefitted from productivity improvements and operational leverage 2000-2017

Long term targets

Return to historical organic revenue growth rates

≥26%
EBIT margin
Historical performance demonstrates track of delivery

Net interest-bearing debt

ROIC

CAPEX

Long term targets

0-1x
Net interest bearing-debt-to-EBITDA

≥25%
ROIC incl. goodwill

~8%
CAPEX to Sales
Novozymes carries limited exposure to raw material fluctuations

Factors impacting COGS
- Productivity improvements, input prices, currency
- Note: accounting practice implies that there is a time lag between current price levels and COGS

Factors impacting Novozymes’ input prices
- Geographical location, e.g., differences in input
- Contractual agreements, e.g., timing, duration
- Substitution possibilities, i.e., flexibility in use of different inputs, not dependent upon one source
- Price development on other products produced by our suppliers from the same input

Split of Cost of Goods sold
Raw materials consist primarily of different carbohydrates. Approximately 50% of raw material input are e.g., sucrose, maltose, glucose, starch.
Since 2000 DKK ~25bn has been returned to shareholders through dividend or share buybacks

At the annual shareholders’ meeting in March 2018, a dividend of DKK 4.50 per share for the 2017 financial year (an increase of 13% compared with 2016), was approved. This resulted in a total dividend payment of approximately DKK 1,318 million, corresponding to a payout ratio of 42.3%.

Novozymes decided to initiate a new stock buyback program worth up to DKK 2.0 billion in total, or a maximum of 20 million shares. The program began in early 2018 and will run for the remainder of the year.

Accumulated dividends of DKK ~11bn and stock buybacks of DKK ~14bn have been returned to the shareholders since 2000.
Novozymes “B”-shares are listed on the Copenhagen stock exchange under the symbol “NZYM B”

Two share classes; A and B shares
• All “B”- shares listed in Copenhagen under the symbol “NZYM B”
• All “A” share capital and 24,031,400 “B”-shares are held by Novo Holdings, who is fully owned by the Novo Nordisk Foundation

As of December 2017
• Novo Holdings, owned 25.5% of the share capital and controls 71.2% of votes (all A shares & ~10% of B shares)
• Novozymes had more than 55,000 shareholders of whom 95% were private shareholders in Denmark
• ~50 institutional investors incl. Novo Holdings owned ~50% of the B-shares

Shareholder distribution of B common stock*
Novo Holdings was the only major stockholder holding more than 5% of Novozymes common stock

*Distribution equals where shares are managed, Dec 2017
Foundation ownership advocates long-term focus

**Purpose of the Foundation:**

The Novo Nordisk Foundation is an independent Danish foundation with corporate interests. The objective of the Novo Nordisk Foundation is twofold: to provide a stable basis for the commercial and research activities conducted by the companies within the Novo Group and to support scientific and humanitarian purposes.

**Structure of Novo Holdings and ownership**

- Free-float investments
- Venture capital
- Seed capital
- Novo Group companies:
  - Sonion
  - Chr. Hansen
  - Xellia

**No of shares – millions**

- A-shares
- B-shares
- No of shares (in millions)
- Free-float
- Treasury
- Foundation
Our investor relations team

Further investor relations information is available from the company homepage at investors.novozymes.com
Forward-looking statements

This presentation and its related comments contain forward-looking statements, including statements about future events, future financial performance, plans, strategies and expectations. Forward-looking statements are associated with words such as, but not limited to, "believe," "anticipate," "expect," "estimate," "intend," "plan," "project," "could," "may," "might" and other words of similar meaning.

Forward-looking statements are by their very nature associated with risks and uncertainties that may cause actual results to differ materially from expectations, both positively and negatively. The risks and uncertainties may, among other things, include unexpected developments in i) the ability to develop and market new products; ii) the demand for Novozymes’ products, market-driven price decreases, industry consolidation, and launches of competing products or disruptive technologies in Novozymes’ core areas; iii) the ability to protect and enforce the company’s intellectual property rights; iv) significant litigation or breaches of contract; v) the materialization of the company’s growth platforms, notably the opportunity for marketing biomass conversion technologies or the development of microbial solutions for broad-acre crops; vi) the political conditions, such as acceptance of enzymes produced by genetically modified organisms; vii) the global economic and capital market conditions, including, but not limited to, currency exchange rates (USD/DKK and EUR/DKK in particular, but not exclusively), interest rates and inflation; viii) significant price decreases on inputs and materials that compete with Novozymes’ biological solutions. The company undertakes no obligation to update any forward-looking statements as a result of future developments or new information.