Positive end to a challenging year. Pipeline supports return to historical organic growth

Conference call - Full year 2016
January 18, 2017
Organic growth 2016 came in at +2%. EBIT margin expanded to the highest ever.

**Good progress on strategic priorities**
- Our pipeline of significant market-expanding opportunities is advancing as planned
- 4 new products launched in Q4 2016; 8 total launches in 2016
- Organization adjusted to invest in growth areas and pursue opportunities in emerging markets
- Customer relationships and near-market innovation

**2-5% organic growth in 2017**
- Main sales areas expected to grow
- EBIT margin maintained

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**5-year organic growth and DKKm**

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>DKK 11,234</td>
</tr>
<tr>
<td>2013</td>
<td>DKK 11,746</td>
</tr>
<tr>
<td>2014</td>
<td>DKK 12,459</td>
</tr>
<tr>
<td>2015</td>
<td>DKK 14,002</td>
</tr>
<tr>
<td>2016</td>
<td>DKK 14,142</td>
</tr>
</tbody>
</table>

**5-year net profit growth and DKKm**

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
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<tbody>
<tr>
<td>2012</td>
<td>DKK 2,016</td>
</tr>
<tr>
<td>2013</td>
<td>DKK 2,201</td>
</tr>
<tr>
<td>2014</td>
<td>DKK 2,525</td>
</tr>
<tr>
<td>2015</td>
<td>DKK 2,825</td>
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<tr>
<td>2016</td>
<td>DKK 3,050</td>
</tr>
</tbody>
</table>

**EBIT margin**

- +10% 2012
- +9% 2013
- +15% 2014
- +12% 2015
- +8% 2016

2-5% organic growth in 2017
- Main sales areas expected to grow
- EBIT margin maintained
Novozymes will maintain a significant R&D investment level
• Progress on adjusting pipeline and innovation programs
• Reallocation of resources to high-growth opportunities and growth markets
• Strengthening our technology leadership

Strong pipeline with significant potential
• Hygiene platform to launch first product in 2017
• BioAg launched first new product in 2016

Big opportunities in emerging markets
• Unlock potential in Asia Pacific, Africa and the Middle East; especially within Household Care and Food & Beverages
• Specific initiatives under way in India and Turkey

Long-term targets:
Return to historical growth rates
Organic growth
≥26% EBIT margin
≥25% ROIC incl. goodwill
Our six Impact targets will remain unchanged
Solid sales growth in Q4 taking 2016 to 2% growth

- This was driven by a strong contribution in Asia from new product launches in the liquid segment and good underlying market growth. North America grew as consumers traded up.
- Latin America declined, while Europe grew slightly.
- Our dishwasher segment grew strongly due to increased penetration. We also benefited from new innovation and market share gains. Laundry growth was more modest.

2017 focus on emerging markets and launch in hygiene

- New detergent formulation center in India will deliver solutions addressing opportunities we see in Asia, Middle East and Africa.
- We expect to launch our first technology in the hygiene area, which potentially can transition into a significant growth platform in the coming years.
Technical & Pharma did well in 2016, while Q4 was down

- Good uptake of our Pharma enzymes and albumin. We also saw increased royalties from GSK’s sale of Tanzeum®
- In sales to the Technical industries, textiles and wastewater treatment performed satisfactorily, while leather ended the year slightly positive
- Q4 ended down due to lumpiness in Pharma. Technical ended slightly positive for the quarter supported by continued growth in textile and wastewater treatment
Bioenergy was up 7% in Q4 and 3% down ended down 3% for the full year.

Market share in 2016 stable despite intense competition
• Full-year sales down 3%, despite ethanol production up 3% in the US, and 2% globally
• Continued product trialing by ethanol producers incl. enzymes and other solutions put pressure on price/mix

Q4 up 7% as both conventional and biomass contributed
• Strong performance in conventional biofuels, mainly from outside the US
• Sales for biomass closed Q4 strongly, as production of ethanol from biomass conversion becomes more stable

2017 will see new innovation to support sales
• New product launches expected in conventional biofuels, plus customer-specific upgrades in biomass conversion
• Working with customers to improve plant efficiency through digitalization and technical support
Agriculture & Feed grew 5% in 2016, driven by strong growth in Q4

2016 showed solid performance of enzymes for Animal Feed

• Animal feed enzyme grew steadily across main markets, plus good traction in trialing of our probiotics
• Modest growth in BioAg sales for 2016, as farmers were influenced by low crop prices leading to lower inoculant sales. New sales pattern led to a very strong Q4
• Commercial launch of Acceleron® B-300 SAT for corn

Strong growth of 22% in Q4

• Sales in BioAg grew strongly as preparation for the 2017 season in North America commenced in Q4
• Sales also included shipments of our newly launched Acceleron® B-300 SAT

Steady sales growth expected to continue in 2017

• Continued strong performance of feed enzymes; especially carbohydrases and proteases
• Acceleron® B-300 SAT on all new corn hybrids in 2017 with a target to reach 90 million acres by 2025
Food & beverages grew 2% in 2016. Beverages and Starch showed strong growth; Baking flat

Food & Beverages growth driven by emerging markets and sales to the starch industry

- Strong growth in Asia Pacific, broadly across segments with baking and starch in China as key drivers
- The Middle East and Africa delivered good results, driven by brewing and starch
- Europe overall was flat, with solid growth in baking and starch offset by lost market share in infant nutrition
- Americas contracted, with modest growth in starch outweighed by a decline in baking

In 2017, we see growth coming from emerging markets, Starch and Food & Nutrition

- To support strong growth in the emerging markets, we are adding sales resources and technical service facilities – including a baking development lab in Turkey
- We are prioritizing our starch business to capture growth in the global starch-refining business and by opening a new growth platform in grain milling
- Food & Nutrition will return to growth as we recover in infant nutrition
- Baking growth opportunities in emerging markets, but price erosion expected in the North American freshkeeping market
Strong pipeline of significant market-expanding growth opportunities

On top of the flow of innovation to existing markets, Novozymes is currently investing in innovation to expand the market for enzyme and microbial technology and thereby grow sales. Most of the innovation programs below have the potential to impact sustainability positively.

<table>
<thead>
<tr>
<th>Area</th>
<th>Innovation</th>
<th>Feasibility</th>
<th>Discovery</th>
<th>Development</th>
<th>Launch</th>
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<tbody>
<tr>
<td>Household Care</td>
<td>Hygiene solutions</td>
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<td>Household Care</td>
<td>Tailored emerging markets solutions</td>
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<td>✔️</td>
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<tr>
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<td>New transformative BioAg solutions</td>
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<tr>
<td>Bioenergy</td>
<td>Biomass conversion</td>
<td>✔️</td>
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Arrows denote progress to next phase over the past 12 months

Total pipeline has:

- 8 programs with significant market-expanding potential
- Significant potential to boost organic growth
- >100 projects
- Projects that improve productivity
- Technology projects to expand the “toolbox”
Significant market-expanding growth opportunities in Household Care getting ready for launch

- First product launch in the Hygiene segment towards the end of 2017, with more products in the same innovation program on the way. This opens up a new segment within Household Care.

- Efforts across Novozymes to mature opportunities for the growing emerging markets. A new detergent formulation facility in India will support this effort.
Proof of concept has been reached in vegetable oil processing, while we have initiated a new project in grain milling.

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- Commercial plant trials have been carried out successfully in the vegetable oil processing project, giving higher oil yields. We are working in the development phase to test market our offering and refine the technical performance prior to launch.

- Grain milling is a new enzyme segment where we aim to provide higher starch and protein yields in corn and wheat milling. This innovation allows grain millers to improve profits by delivering more high-value products using fewer raw materials and less energy.
Good progress in 3 major concepts within Agriculture & Feed

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- Within animal probiotics (natural growth promotion) we have seen better-than-expected pickup from our newly launched product Alterion®. We are looking at many leads to further develop this new area

- First inoculant for corn shipped to Monsanto for seed treatment. It will be exciting to follow developments in the US in 1H 2017

- Multiple hits from the 2016 trial series being advanced to the ‘Discovery’ phase in the “New Transformative BioAg solution” pipeline. Very strong and encouraging pipeline
EBIT margin, net profit growth and ROIC targets all reached as guided back in Jan.16

**EBIT margin expanded through tight cost control**
- Underlying gross margin on par with last year
- Adjusting for the restructuring in 2016, the EBIT margin expanded to above 28%; mainly as a result of lower operational costs
- Net profit grew 8% as net financials improved from lower hedging costs

**In 2017, organic sales growth 2-5% and profitability to be maintained**

**New DKK 2bn stock buyback program planned for 2017**
- Proposed annual dividend, up 14% to DKK 4.00 per share
- New DKK 2 billion stock buyback program planned for 2017

<table>
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<tr>
<th>Key financials</th>
<th>Realized</th>
<th>2017 outlook</th>
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<tbody>
<tr>
<td>(DKKm) FY 2016</td>
<td>January 18</td>
<td></td>
</tr>
<tr>
<td>Sales growth Organic</td>
<td>+2%</td>
<td>2-5%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>27.9%</td>
<td>~28%</td>
</tr>
<tr>
<td>Net profit growth</td>
<td>8%</td>
<td>2-5%</td>
</tr>
<tr>
<td>Net Investments Excl. M&amp;A</td>
<td>1,188</td>
<td>1,700-1,900</td>
</tr>
<tr>
<td>Free Cash Flow Excl. M&amp;A</td>
<td>2,652</td>
<td>2,000-2,200</td>
</tr>
<tr>
<td>ROIC incl. goodwill</td>
<td>25.1%</td>
<td>24-25%</td>
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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) political conditions, such as acceptance of enzymes produced by genetically modified organisms; vii) 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 for 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.
Positive end to a challenging year. Pipeline supports return to historical organic growth

Targets for EBIT margin, net profit growth, and ROIC were all achieved in line with guidance in January 2016; cash target exceeded

To invest in growth opportunities, we have to lay off 198 Zymers in other parts of the organization

Novozymes remains the global leader in biotechnology, with ~48% market share in enzymes