

Interim report for the first 9 months of 2014

October 23, 2014

Increased expectations for full-year profit. 2014 sales growth on track

Sales growth in the first nine months was in line with expectations. Organically, sales grew by 8% (5% DKK, 8% LCY) compared with the first nine months of 2013. In the third quarter alone, sales grew by 9% organically compared with Q3 2013. EBIT grew by 16%, and the EBIT margin was 27.4%, up 2.4 percentage points compared with the first nine months of 2013. Around half of the EBIT margin increase was a result of the one-time positive impact from The BioAg Alliance and the other half due to improved underlying profitability. Free cash flow came in strongly at DKK 4,319 million due to the positive one-time impact from The BioAg Alliance, higher profit, a low level of CAPEX and a lower net working capital ratio.

The full-year organic sales growth outlook is narrowed in at the middle of the previous range to 7-8% from 6-9%. This is expected to translate into ~6% sales growth in DKK. Full-year expectations for EBIT growth are increased to 14-15% and for net profit growth to 13-14%, both up from 9-11%. The EBIT margin is now expected at 26-27%, up from around 26%. Expectations for ROIC, including goodwill, are increased to 22-23%, up from ~22%. Lastly, expectations for free cash flow are revised upward by DKK 400-500 million to DKK ~4,300 million, due to expectations of higher profit, lower CAPEX and a lower net working capital ratio.

	Realized		2014 outlook October 23*	2014 outlook August 14
	9M 2014	9M 2013		
Sales, DKKm	9,278	8,806		
Sales growth, DKK	5%	5%	~6%	4-6%
Sales growth, LCY	8%	7%	~7%	6-9%
Sales growth, organic	8%	6%	7-8%	6-9%
Gross margin	57.5%	57.3%		
EBIT, DKKm	2,541	2,198		
EBIT growth	16%	6%	14-15%	9-11%
EBIT margin	27.4%	25.0%	26-27%	~26%
Net profit, DKKm	1,922	1,638		
Net profit growth	17%	8%	13-14%	9-11%
Net investments excl. acquisitions and The BioAg Alliance impact, DKKm	355	558	600-700	700-800
Free cash flow before acquisitions, DKKm	4,319	1,235	~4,300	3,800-3,900
ROIC (including goodwill)	24.5%	19.8%	22-23%	~22%
Avg. USD/DKK	550	566	560	551
EPS, DKK	6.15	5.23		
EPS (diluted), DKK	6.08	5.17		

* Assumes exchange rates for the company's key currencies remain at the closing rates on October 22 for the rest of 2014. The outlook includes the impact from the agreement with Monsanto on The BioAg Alliance.

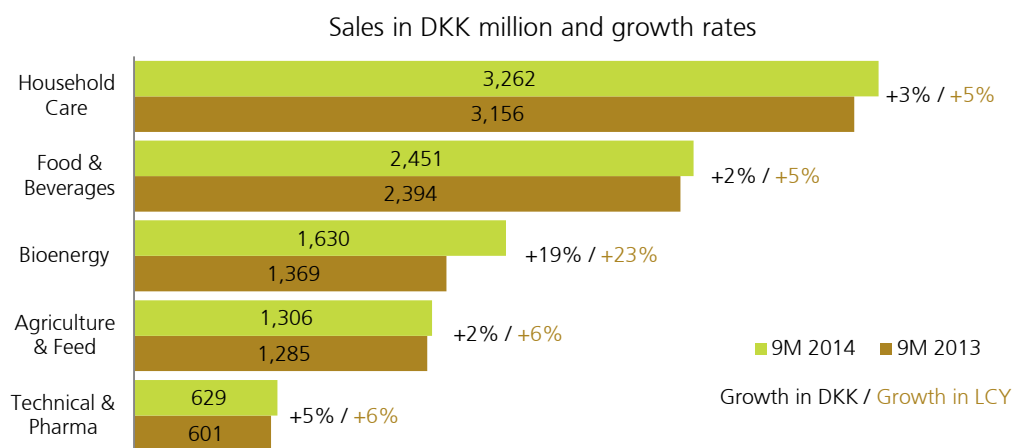
Peder Holk Nielsen, President and CEO of Novozymes, comments:

"We continue to see a good development in our business nine months into the year, and we increase the outlook for profit and cash flow for the full year. Innovation has been a key driver of top and bottom line, and recent currency developments are contributing positively to the outlook. Sales have been in line with expectations, and we narrow in the outlook for organic sales growth to the middle of the range. Uncertainties remain in a number of markets and in the macro environment, but our strong and diversified portfolio is broadly positioned for growth, and that is expected to prove valuable yet again."

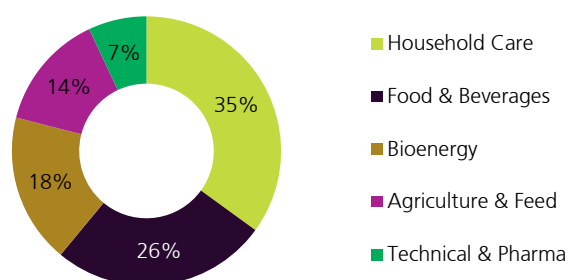
Sales by industry

Total sales:
DKK: +5%
LCY: +8%
Organic: +8%

Total sales in the first nine months of 2014 were DKK 9,278 million, an increase of 5% compared with the first nine months of 2013. Exchange rates had a negative impact on sales, and sales in LCY were up by 8%. Organically, sales also grew by 8% as acquisitions and The BioAg Alliance agreement had a minor impact on sales growth. Sales to the Bioenergy industry were the most significant contributor to sales growth.



Distribution of sales



Household Care:
DKK: +3%
LCY: +5%

Sales to the Household Care industry increased by 3% in DKK and by 5% in LCY compared with the first nine months of 2013. Growth was driven by increased enzyme penetration across detergent tiers to enhance wash performance, enable low-temperature washing and replace traditional chemicals in detergent formulations. Sales in emerging markets were a significant contributor to the global sales growth despite weakness in China.

Sales in the third quarter of 2014 grew by 6% organically compared with the third quarter of 2013. Growth was driven by solid performance across emerging and developed markets and supported by recently launched innovations. The detergent market continued to be a competitive and dynamic space in the third quarter.

Food & Beverages:
DKK: +2%
LCY: +5%

Sales to the Food & Beverages industries increased by 2% in DKK and by 5% in LCY compared with the first nine months of 2013. Sales to the baking industry and for the production of healthy foods were the most significant growth contributors, whereas sales to the starch industry witnessed a minor decline due to the continued challenging Chinese starch market. Sales to the baking industry increased as a result of good growth in dough conditioning and other application areas. Sales for freshkeeping applications were stable.

Bioenergy:
DKK: +19%
LCY: +23%

Sales to the Bioenergy industry were up by 19% in DKK and by 23% in LCY compared with the first nine months of 2013. The U.S. Energy Information Administration estimates that U.S. ethanol production in the first nine months of 2014 grew by ~10% compared with the same period last year.

The strong growth in Bioenergy sales was mainly driven by continued positive developments in Novozymes' yield discovery solutions Avantec[®], Spirizyme[®] Achieve and Olexa[®]. Penetration of all three solutions continued to increase in the first nine months of 2014, albeit at a slower level over the last two quarters due to higher comparable sales levels in 2013 and because more than one-third of U.S. fuel ethanol is already produced using one or more of these solutions.

Agriculture & Feed:
 DKK: +2%
 LCY: +6%

Sales to the Agriculture & Feed industries increased by 2% in DKK and by 6% in LCY compared with the first nine months of 2013. Organically, sales grew by 8%. Sales to the animal feed industry grew strongly as a result of good performance across markets and product categories and strong growth in the Americas.

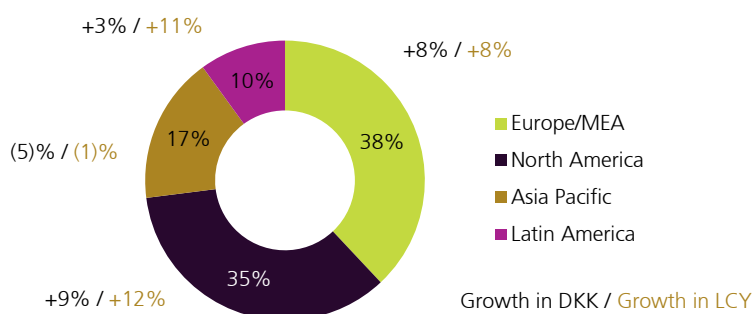
Sales to the BioAg industry were roughly flat organically compared with the same period last year. As expected, timing of sales to one specific customer continued to impact the sales numbers for the first nine months, as sales to that customer are due in the fourth quarter of 2014. BioAg sales in the low third quarter in isolation developed satisfactorily, following a slower start to the Latin American planting season.

Following the change in revenue recognition in BioAg after the completion of The BioAg Alliance, Novozymes recognized a total of DKK 181 million of deferred income as revenue in the first nine months of 2014 (DKK 37 million in Q3).

Technical & Pharma:
 DKK: +5%
 LCY: +6%

Sales to the Technical & Pharma industries increased by 5% in DKK and by 6% in LCY compared with the first nine months of 2013. Sales of enzyme solutions for the manufacture of pharmaceutical ingredients were the main driver of sales growth, while sales to the textile, leather and other technical industries were flat.

Sales by geography



Europe/MEA:
 DKK: +8%
 LCY: +8%

Sales in Europe, the Middle East & Africa (Europe/MEA) grew by 8% in DKK and by 8% in LCY compared with the first nine months of 2013. All sales areas contributed to sales growth. Sales to the Household Care and Food & Beverages industries were the most significant growth drivers.

North America:
 DKK: +9%
 LCY: +12%

Sales in North America increased by 9% in DKK and by 12% in LCY compared with the first nine months of 2013. All sales areas contributed to the strong sales growth. Sales to the Bioenergy and Agriculture & Feed industries were the main growth drivers.

Asia Pacific:
 DKK: (5)%
 LCY: (1)%

Sales in Asia Pacific were down by 5% in DKK and by 1% in LCY compared with the first nine months of 2013. Sales to the Bioenergy industry were the main contributor to sales growth, whereas sales to the Food & Beverages and Household Care industries were lower. China was an especially challenging market in the first nine months, among other things due to the continued tough market environment for starch conversion.

Latin America:
 DKK: +3%
 LCY: +11%

Sales in Latin America were up by 3% in DKK and by 11% in LCY compared with the first nine months of 2013. All industries contributed to the strong sales growth. Household Care was the most significant growth contributor.

Costs, Other operating income and EBIT

Total costs: +5%	<p>Total costs excluding net financials and tax were DKK 6,966 million, an increase of 5% compared with the first nine months of 2013. The increase in total costs was due in equal part to higher cost of goods sold and higher operating costs.</p> <p>Cost of goods sold increased by 5% compared with the same period last year due to a higher activity level and higher depreciation and amortization. Raw material costs were lower compared with the first nine months of 2013.</p>
Gross profit: +6%	<p>Gross profit increased by 6%, and the gross margin was 57.5%, an increase of 0.2 percentage point from 57.3% in the same period last year. The higher gross margin was a result of continued productivity improvements and favorable developments in product mix and raw material costs. Together, these factors more than offset the negative impact from the new sales recognition in BioAg, currencies, and the higher depreciation and amortization.</p> <p>Operating costs increased by 6% to DKK 3,025 million. The ratio of operating costs to sales was 33% compared with 32% for the same period last year.</p> <ul style="list-style-type: none"> • Sales and distribution costs were flat, representing 12% of sales • R&D costs increased by 14%, representing 14% of sales • Administrative costs increased by 3%, representing 7% of sales <p>Sales and distribution costs were flat as sales and marketing responsibility and costs were transferred to Monsanto on completion of The BioAg Alliance agreement. The positive impact from this BioAg transfer of sales and marketing costs to Monsanto offset higher costs from the higher activity level. The increase in R&D costs was driven primarily by the higher activity level.</p>
Gross margin: 57.5%	
Other operating income: DKK 229 million	<p>Other operating income was DKK 229 million, compared with DKK 2 million in the first nine months of 2013. Around 75% of the other operating income stemmed from the one-time realized gain from the transfer of predominantly intangible assets to Monsanto on completion of The BioAg Alliance agreement in the first quarter of 2014. The remaining other operating income (around 25%) was unrelated to The BioAg Alliance and represents a mix of government grants, milestone payments and other items.</p> <p>Depreciation and amortization increased to DKK 715 million in the first nine months of 2014, up from DKK 552 million in the same period last year. The increase was driven by a higher level of depreciation and amortization following recent years' higher investment levels and acquisitions and by the write-down of DKK 50 million realized in the first quarter of 2014.</p>
EBIT: +16%	<p>EBIT grew by 16% to DKK 2,541 million, up from DKK 2,198 million in the first nine months of 2013. EBIT increased as a result of the one-time realized gain from The BioAg Alliance agreement and higher sales and other operating income, continued productivity improvements, favorable product mix changes and a favorable development in raw material costs. Together, these elements more than offset the higher operating costs, higher depreciation and amortization, and an unfavorable development in currency exchange rates compared with the same period last year.</p>
EBIT margin: 27.4%	<p>The EBIT margin was 27.4%, an increase of 2.4 percentage points from 25.0% in the first nine months of 2013. Around half of the EBIT margin increase was a result of the one-time positive impact from The BioAg Alliance and the other half due to improved underlying profitability.</p> <p>Disregarding the one-time positive impact from The BioAg Alliance, the underlying EBIT margin increased to around 26%. Disregarding the business area of BioAg altogether, the EBIT margin would also have increased as a result of the underlying improvement in gross margin from continued productivity improvements, favorable product mix changes and a favorable development in raw material costs.</p>

Net financials and Net profit

Net financial costs: DKK 44 million	Net financial costs were DKK 44 million, down from DKK 146 million in the first nine months of 2013. The decrease was mainly the result of a DKK 47 million gain on net currency hedging/revaluation compared with a loss of DKK 61 million in the same period last year.
	Profit before tax was DKK 2,497 million, an increase of 22% compared with the first nine months of 2013.
Effective tax rate: 23.0%	The effective tax rate in the first nine months of 2014 was 23.0% against 20.2% in the first nine months of 2013. The effective tax rate increased due to a lower benefit from the U.S. Advanced Energy Manufacturing tax credit relating to the plant in Nebraska and the absence of the deferred tax effect realized in 2013 following the enactment of new lower corporate tax rates in Denmark.
Net profit: +17%	Net profit increased by 17% to DKK 1,922 million in the first nine months of 2014, up DKK 284 million from DKK 1,638 million in the first nine months of 2013, due to the higher EBIT and lower net financial costs.

Cash flow and Balance sheet

Operating cash flow: DKK 4,255 million	Cash flow from operating activities was DKK 4,255 million, up from DKK 1,793 million in the first nine months of 2013. The higher operating cash flow was mainly a result of The BioAg Alliance agreement coupled with a favorable development in net working capital and higher net profit. The deferred income received through The BioAg Alliance is recognized as a liability and impacts the operating cash flow as a positive change in net working capital.
Net investments excl. acq.: DKK (64) million	Net investments excluding acquisitions were negative at DKK 64 million, compared with a positive figure of DKK 558 million in the first nine months of 2013. Net investments were negative as the transfer of assets to Monsanto as part of The BioAg Alliance agreement more than offset the low CAPEX of DKK 355 million in the period.
Free cash flow before acq.: DKK 4,319 million	Free cash flow before acquisitions was DKK 4,319 million, up from DKK 1,235 million in the first nine months of 2013. The free cash flow was positively affected by the increase in operating cash flow and the negative net investments.
	At September 30, 2014, shareholders' equity was DKK 11,078 million, on par with the DKK 11,066 million at year-end 2013. Shareholders' equity was stable, as dividend payments and purchase of treasury stock offset comprehensive income.
Equity ratio: 59%	Shareholders' equity represented 59% of the balance sheet total, down from 67% at year-end 2013.
Net cash holding: DKK 1,273 million	Novozymes is free of debt on a net basis, with a positive cash holding of DKK 1,273 million at September 30, 2014, compared with net interest-bearing debt of DKK 805 million at December 31, 2013. The BioAg Alliance agreement was the main driver in Novozymes becoming net cash positive. Cash flow from operating activities and negative net investments impacted net debt positively, whereas dividend payouts of DKK 788 million and net purchase of treasury stock of DKK 1,449 million had a negative impact.
	Net debt-to-equity was minus 11% at September 30, 2014, compared with 7% at year-end 2013.
ROIC: 24.5%	Return on invested capital (ROIC), including goodwill, was 24.5%, up 4.7 percentage points from 19.8% in the first nine months of 2013. The extraordinary increase in ROIC was a result of higher net profit and lower average invested capital. The invested capital decreased as a result of negative net investments, depreciation and amortization, and lower net working capital.

Treasury stock: 3.1% At September 30, 2014, the holding of treasury stock was 9.8 million B shares, equivalent to 3.1% of the common stock. Year-to-date September 30, 2014, Novozymes had repurchased 5.9 million shares worth approximately DKK 1,520 million within the expected DKK 2,000 million stock buyback program in 2014.

Sustainability

All resource efficiency and organizational targets are on track to be met for the full year after a good performance nine months into the year.

	9M 2014	9M 2013	2014 target	
Improved sustainability performance	Water efficiency (compared with 2005)	36%	30%	34%
	Energy efficiency (compared with 2005)	43%	38%	42%
	CO ₂ efficiency (compared with 2005)	56%	53%	>50%
	Occupational accidents per million working hours	1.6	2.3	<3.0
	Number of employees on September 30, 2014	6,314	6,213	-
	Rate of employee turnover	8.6%	7.5%	4-9%
	Rate of absence	1.8%	1.8%	<3%

Outlook for 2014

	2014 outlook October 23*	2014 outlook August 14	2014 outlook April 24	2014 outlook January 21
Sales growth, DKK	~6%	4-6%	4-6%	4-7%
Sales growth, LCY	~7%	6-9%	6-9%	6-9%
Sales growth, organic	7-8%	6-9%	6-9%	6-9%
EBIT growth	14-15%	9-11%	8-10%	6-9%
EBIT margin	26-27%	~26%	~26%	25-26%
Net profit growth	13-14%	9-11%	8-10%	6-9%
Net investments excl. acquisitions and The BioAg Alliance impact, DKKm	600-700	700-800	900-1,000	900-1,100
Free cash flow before acquisitions, DKKm	~4,300	3,800-3,900	3,300-3,400	3,200-3,300
ROIC (including goodwill)	22-23%	~22%	21-22%	~21%
Avg. USD/DKK	560	551	541	550

* Assumes exchange rates for the company's key currencies remain at the closing rates on October 22 for the rest of 2014. The outlook includes the impact from the agreement with Monsanto on The BioAg Alliance.

Monsanto impact included in 2014 outlook

On February 10, 2014, The BioAg Alliance agreement with Monsanto was completed. The financial outlook for 2014 includes the expected financial impact from the agreement.

Sales growth: Organic: 7-8%
LCY: ~7%
DKK: ~6%

The business developed well in the first nine months. Earnings and cash flow grew strongly, and sales growth was in line with expectations. As a result, the full-year outlook for organic sales growth is narrowed in at the middle of the previous range to 7-8% from 6-9% at previous guidance in August. In LCY, ~7% sales growth is now expected for the full year. Based on exchange rates at October 22, 2014, full-year sales growth in DKK is now expected to be ~6%, adjusted from 4-6% at previous guidance.

Novozymes continues to expect a positive contribution to sales growth from all five sales areas despite a general feeling that the macro environment in a number of industries and regions has grown more uncertain over the course of 2014. Bioenergy is expected to be the most significant growth contributor in 2014.

Looking at the fourth quarter of 2014 in comparison with the first nine months, organic sales growth is expected to be slightly lower, mainly as a consequence of expected lower growth rates in Bioenergy and Food & Beverages.

Household Care sales are expected to be driven by the continued desire of customers to improve wash performance, enable low-temperature washing and replace chemicals. Emerging markets are expected to contribute significantly to sales growth. Household Care organic sales growth for the full year is expected on level with that of the first nine months of 2014, as market trends and competitive dynamics among the detergent producers are expected to continue as experienced for the remainder of 2014.

Food & Beverages sales growth is expected to be driven by sales to the baking industry and for the production of healthy foods. Sales for starch conversion are now expected to be slightly lower than 2013 sales given the continued challenging conditions on the Chinese starch market. In the fourth quarter of 2014, we expect a lower growth rate than in the first nine months of 2014 due to expectations of slightly lower sales across a number of markets.

Bioenergy sales are expected to grow, mainly as a result of the increased penetration of Novozymes' yield discovery solutions Avantec[®], Spirizyme[®] Achieve and Olexa[®]. The 2014 sales outlook is based on the expectation that U.S. fuel ethanol production in 2014 will be just above 14 billion gallons. This means that U.S. ethanol production in the fourth quarter of 2014 is expected to be on level with that of Q4 2013.

Technical & Pharma sales are expected to grow, primarily due to an expected strong development in pharma sales.

The BioAg Alliance

On February 10, 2014, Novozymes' BioAg sales recognition changed to reflect the equal value share with Monsanto. In 2014, the lower sales recognition is still expected to be partly counterbalanced by DKK ~200 million in deferred income. DKK 181 million of the deferred income was recognized as sales in the first nine months of 2014.

Agriculture & Feed sales in DKK and LCY are still expected to be impacted negatively by up to 7 percentage points net in 2014 due to the changed sales recognition following the completion of The BioAg Alliance (up to 1% of total Group sales). The positive contribution to sales growth from TJ Technologies, which was acquired in June 2013, is still expected to offset about half of the 7 percentage points, resulting in a net negative impact from acquisitions and divestments on Agriculture & Feed sales in DKK and LCY of 3-4 percentage points.

Organically, BioAg sales are now expected to deliver a satisfactory performance as a result of growth in North America – despite the late planting season and what now looks to be a more challenging Latin American season. This is expected to keep organic sales growth moderate in BioAg for the full year. Feed sales have developed strongly in the first nine months of the year and are expected to maintain momentum for the remainder of the year.

The expected net impact on Novozymes' gross margin in 2014 of Novozymes and Monsanto splitting revenue and of the deferred income remains a negative impact of around 1 percentage point.

Total sales and distribution costs as a percentage of sales for Novozymes are also still expected to decrease by around 1 percentage point, given the transfer of marketing responsibility to Monsanto. This roughly evens out the negative impact from the lower gross margin.

In the first quarter of 2014, Novozymes realized a one-time gain from the transfer of predominantly intangible assets to Monsanto, as the transaction value of the assets exceeded the book value. The positive contribution to the EBIT margin in 2014, net of transaction costs, transition costs and increased R&D spend in 2014, is now expected at ~1 percentage point, adjusted from 0.5-1 percentage point at previous guidance.

2014 financial outlook

EBIT growth: 14-15% Expectations for EBIT growth are increased to 14-15%, up from 9-11% at previous guidance. Higher expectations for profitability in the underlying business, a favorable development in currency exchange rates since previous guidance and a slightly higher contribution from The BioAg Alliance are the drivers of this.

EBIT margin: 26-27% The EBIT margin is now expected to be 26-27%, up from ~26% at previous guidance. Expectations for EBIT margin include a one-time positive impact of ~1 percentage point from The BioAg Alliance, adjusted from 0.5-1 at previous guidance.

Tax rate: ~23% The effective tax rate is still expected at ~23%.

Net profit growth: 13-14% Net profit is now expected to grow by 13-14%, up from 9-11% at previous guidance due to the higher EBIT growth, which is expected to be partly offset by higher net financial costs, driven by recent currency developments.

Around 75% of expected USD/DKK net exposure for 2014 has been hedged at 5.79. For the fourth quarter of 2014, 75% of the expected net exposure is also hedged at 5.79. In 2013, the full USD/DKK net exposure was hedged at 5.63.

For 2015, around 85% of the expected USD/DKK net exposure has now been hedged. Around half of the 85% is hedged with forward contracts at 5.73, whereas the other half is secured via options at 5.65.

Net investments: DKK 600-700 million Net investments, excluding The BioAg Alliance asset transfer to Monsanto in the first quarter, are revised downward to DKK 600-700 million from DKK 700-800 million at previous guidance. This is mainly due to timing of projects in the remainder of 2014, which will now be partly realized in 2015, and also due to CAPEX optimizations. Besides maintenance CAPEX, most investments still target operational efficiency improvements.

FCF before acq.: DKK ~4,300 million Expectations for free cash flow before acquisitions are increased by DKK 400-500 million to around DKK 4,300 million, up from DKK 3,800-3,900 million at previous guidance. Expectations for free cash flow are increased due to expectations of lower net investments of around DKK 100 million and higher net profit expectations. Improvements in net working capital make up the balance at DKK 200-300 million, partly due to The BioAg Alliance.

The free cash flow includes a positive impact from The BioAg Alliance agreement, now expected to be more than DKK 1,600 million, up from DKK 1,500 million at previous guidance. The main reason for the higher impact from The BioAg Alliance is a temporary reduction in net working capital.

ROIC: 22-23% Return on invested capital is adjusted to 22-23%, up from ~22% at previous guidance, following increased expectations for net profit. This includes a positive impact from The BioAg Alliance of around 1.5 percentage points.

The outlook is based on exchange rates for the company's key currencies remaining at the closing rates on October 22, 2014, for the full year.

(DKK)	EUR	USD	BRL	CNY
Average exchange rate 2013	746	562	262	91
Average exchange rate 9M 2013	746	566	269	92
Average exchange rate 9M 2014	746	550	241	89
Closing rate October 22, 2014	745	587	236	96
Estimated average exchange rate 2014*	746	560	239	91
Change in estimated exchange rate 2014 compared with average exchange rate 2013	0%	(0)%	(9)%	(0)%

* Estimated average exchange rate is calculated as the average exchange rate YTD combined with the closing rate Oct. 22 for the rest of 2014. Other things being equal, a 5% movement in the USD is expected to have an annual impact on EBIT of DKK 70-90 million.

The following sustainability expectations are included in the outlook for 2014:

- Improve water efficiency by 34% compared with 2005
- Improve energy efficiency by 42% compared with 2005
- Maintain CO₂ efficiency above 50% compared with 2005
- Keep the frequency of occupational accidents below 3.0 per million working hours
- Keep employee turnover between 4% and 9%
- Keep employee absence below 3%
- Ensure 97.5% supplier adherence to our supplier program for commercial, quality and sustainability performance
- Score at least 75 for “satisfaction and motivation” in our employee survey
- Score at least 75 for “opportunities for professional and personal development” in our employee survey
- Ensure that at least 30% of new leaders appointed are women
- Ensure that at least 55% of new leaders appointed are of a nationality other than Danish
- Obtain Medal Class rating from RobecoSAM in the Sustainability Yearbook 2015
- Ensure that biofuels are included as a High Impact Opportunity in the U.N.-led Sustainable Energy for All initiative
- Enable a 56 million ton reduction in CO₂ emissions through our customers' application of our products

Accounting policies

The Interim report for the first 9 months of 2014 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of quarterly interim reports by listed companies. The Interim report for the first 9 months of 2014 follows the same accounting policies as the annual report for 2013, except for all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on January 1, 2014. These IFRSs have not had any material impact on the Group's interim report.

Forward-looking statements

This company announcement contains forward-looking statements, including the financial outlook for 2014. Forward-looking statements are, by their very nature, associated with risks and uncertainties that may cause actual results to differ materially from expectations. The uncertainties may include unexpected developments in the international currency exchange and securities markets, market-driven price decreases for Novozymes' products, and the launch of competing products in Novozymes' core areas.

Contact information

Investor Relations:

Thomas Bomhoff (DK)	+45 3077 1226	tsbm@novozymes.com
Klaus Sindahl (DK)	+45 5363 0134	ksdh@novozymes.com
Martin Riise (USA)	+1 919 649 2565	mrsn@novozymes.com

Press and media:

Rene Tronborg (DK)	+45 3077 2274	retr@novozymes.com
Frederik Bjoerndal (Europe)	+44 (0) 7976 138 265	tfbh@novozymes.com
Paige Donnelly (USA)	+1 919 218 4501	pagd@novozymes.com
Meng Lian (China)	+86 136 9923 1164	mexl@novozymes.com
Henrique Pellini (Brazil)	+55 41 9288 0282	hqp@novozymes.com
Kanak Angirish (India)	+91 803 059 3500	kna@novozymes.com

Statement of the Board of Directors and Executive Leadership Team

The Board of Directors and the Executive Leadership Team have considered and approved the Interim report for Novozymes A/S for the first nine months of 2014. The interim report has not been audited or reviewed by the company's independent auditor.

The Interim report for the first nine months of 2014 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of quarterly interim reports by listed companies.

In our opinion the accounting policies used are appropriate, the Group's internal controls relevant to preparation and presentation of an interim report are adequate, and the Interim report gives a true and fair view of the Group's assets, liabilities, net profit and financial position at September 30, 2014, and of the results of the Group's operations and cash flow for the first nine months of 2014.

We further consider that the Management review in the preceding pages gives a true and fair view of the development in the Group's activities and business, the profit for the period and the Group's financial position as a whole, and a description of the most significant risks and uncertainties to which the Group is subject.

Bagsvaerd, October 23, 2014

Executive Leadership Team

Peder Holk Nielsen
President & CEO

Benny D. Loft

Per Falholt

Andrew Fordyce

Thomas Nagy

Thomas Videbæk

Board of Directors

Henrik Gürtler
Chairman

Agnete Raaschou-Nielsen
Vice Chairman

Mathias Uhlén

Anders Hentze Knudsen

Lars Bo Køppler

Lena Bech Holskov

Lena Olving

Lars Green

Jørgen Buhl Rasmussen

Appendices

Appendix 1	Main items and key figures
	1.1 Key figures
	1.2 Income statement
	1.3 Statement of comprehensive income
Appendix 2	Distribution of revenue
	2.1 By industry
	2.2 By geography
Appendix 3	Statement of cash flows
Appendix 4	Balance sheet and Statement of shareholders' equity
	4.1 Balance sheet
	4.2 Statement of shareholders' equity
Appendix 5	Final opening balance, TJ Technologies Inc. & logen Bio-Products
Appendix 6	Product launches in 2014
Appendix 7	Company announcements for the fiscal year 2014 (excluding management's trading in Novozymes shares, major shareholder announcements and share buyback status)
Appendix 8	Financial calendar

Appendix 1: Main items and key figures

1.1 Key figures

(DKK million)	9M 2014	9M 2013	% change	Q3 2014	Q3 2013	% change
Revenue	9,278	8,806	5%	3,184	2,936	8%
Gross profit	5,337	5,044	6%	1,812	1,657	9%
Gross margin	57.5%	57.3%		56.9%	56.4%	
EBITDA	3,256	2,750	18%	1,078	940	15%
EBITDA margin	35.1%	31.2%		33.9%	32.0%	
Operating profit / EBIT	2,541	2,198	16%	831	755	10%
EBIT margin	27.4%	25.0%		26.1%	25.7%	
Net financials	(44)	(146)		(3)	(44)	
Profit before tax	2,497	2,052	22%	828	711	16%
Tax	575	414	39%	191	143	34%
Net profit	1,922	1,638	17%	637	568	12%
Earnings per DKK 2 share	6.15	5.23	18%	2.05	1.81	13%
Earnings per DKK 2 share (diluted)	6.08	5.17	18%	2.03	1.79	13%
Net investments	(64)	558				
Free cash flow before acquisitions	4,319	1,235	250%			
Return on invested capital after tax, ROIC, incl. goodwill	24.5%	19.8%				
Net interest-bearing debt	(1,273)	1,354				
Equity ratio	58.7%	66.5%				
Return on equity	23.1%	21.7%				
Debt-to-equity ratio	-11.5%	12.8%				

1.2 Income statement

(DKK million)	9M 2014	9M 2013	Q3 2014	Q3 2013
Revenue	9,278	8,806	3,184	2,936
Cost of goods sold	3,941	3,762	1,372	1,279
Gross profit	5,337	5,044	1,812	1,657
Sales and distribution costs	1,092	1,093	350	332
Research and development costs	1,305	1,145	443	369
Administrative costs	628	610	209	200
Other operating income, net	229	2	21	(1)
Operating profit / EBIT	2,541	2,198	831	755
Net financials	(44)	(146)	(3)	(44)
Profit before tax	2,497	2,052	828	711
Tax	575	414	191	143
Net profit	1,922	1,638	637	568
Attributable to				
Shareholders in Novozymes A/S	1,923	1,639	639	568
Non-controlling interests	(1)	(1)	(2)	-
Details of net financials				
Foreign exchange gain/(loss), net	47	(61)	18	(16)
Interest income/(costs)	(42)	(37)	(18)	(14)
Other financial items	(49)	(48)	(3)	(14)
Net financials	(44)	(146)	(3)	(44)
Earnings per DKK 2 share	6.15	5.23	2.05	1.81
Average no. of A/B shares outstanding (million)	312.9	313.6	311.0	314.0
Earnings per DKK 2 share (diluted)	6.08	5.17	2.03	1.79
Average no. of A/B shares, diluted (million)	316.2	317.2	314.2	317.5

1.3 Statement of comprehensive income

(DKK million)	9M 2014	9M 2013	Q3 2014	Q3 2013
Net profit	1,922	1,638	637	568
Currency translation of subsidiaries and non-controlling interests	297	(217)	307	(146)
Tax on currency translation adjustments	4	-	3	-
Currency translation adjustments	301	(217)	310	(146)
Fair value adjustments of cash flow hedges	(75)	81	(65)	88
Fair value adjustment reclassified to financial income/costs	(41)	19	(5)	(2)
Tax on value adjustments of hedging instruments	25	(25)	15	(21)
Cash flow hedges	(91)	75	(55)	65
Other comprehensive income	210	(142)	255	(81)
Comprehensive income	2,132	1,496	892	487
Attributable to				
Shareholders in Novozymes A/S	2,132	1,497	893	487
Minority interests	-	(1)	(1)	-

Appendix 2: Distribution of revenue

2.1 By industry

(DKK million)	9M 2014	9M 2013	% change	% currency impact	% change in local currency
Household Care	3,262	3,156	3	(2)	5
Food & Beverages	2,451	2,394	2	(3)	5
Bioenergy	1,630	1,369	19	(4)	23
Agriculture & Feed	1,306	1,286	2	(4)	6
Technical & Pharma	629	601	5	(1)	6
Sales	9,278	8,806	5	(3)	8

(DKK million)	Q3 2014	Q3 2013	% change	% currency impact	% change in local currency
Household Care	1,138	1,078	6	-	6
Food & Beverages	852	823	4	-	4
Bioenergy	580	496	17	(1)	18
Agriculture & Feed	387	337	15	(3)	18
Technical & Pharma	227	202	12	1	11
Sales	3,184	2,936	8	(1)	9

(DKK million)	2014			2013				% change Q3/Q3
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Household Care	1,138	1,044	1,080	1,066	1,078	1,065	1,013	6
Food & Beverages	852	802	797	796	823	809	762	4
Bioenergy	580	536	514	540	496	475	398	17
Agriculture & Feed	387	464	455	382	337	439	510	15
Technical & Pharma	227	215	187	156	202	237	162	12
Sales	3,184	3,061	3,033	2,940	2,936	3,025	2,845	8

2.2 By geography

(DKK million)	9M 2014	9M 2013	% change	% currency impact	% change in local currency
Europe, Middle East & Africa	3,521	3,267	8	-	8
North America	3,200	2,933	9	(3)	12
Asia Pacific	1,615	1,692	(5)	(4)	(1)
Latin America	942	914	3	(8)	11
Sales	9,278	8,806	5	(3)	8

(DKK million)	Q3 2014	Q3 2013	% change	% currency impact	% change in local currency
Europe, Middle East & Africa	1,257	1,100	14	(1)	15
North America	1,046	905	16	-	16
Asia Pacific	534	569	(6)	-	(6)
Latin America	347	362	(4)	(4)	0
Sales	3,184	2,936	8	(1)	9

(DKK million)	2014			2013				% change Q3/Q3
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Europe, Middle East & Africa	1,257	1,106	1,158	1,112	1,100	1,100	1,067	14
North America	1,046	1,109	1,045	930	905	1,051	977	16
Asia Pacific	534	537	544	542	569	576	547	(6)
Latin America	347	309	286	356	362	298	254	(4)
Sales	3,184	3,061	3,033	2,940	2,936	3,025	2,845	8

Appendix 3: Statement of cash flows

(DKK million)	9M 2014	9M 2013
Net profit	1,922	1,638
Reversals of non-cash cost items	741	1,193
Tax paid	(241)	(336)
Interest received	1	-
Interest paid	(47)	(50)
Cash flow before change in working capital	2,376	2,445
Change in working capital		
(Increase)/decrease in receivables	330	(209)
(Increase)/decrease in inventories	(60)	(129)
Increase/(decrease) in trade payables and other liabilities	1,602	(309)
Increase/(decrease) in exchange gain/loss	7	(5)
Cash flow from operating activities	4,255	1,793
Investments		
Purchase of intangible assets	-	(12)
Sale of intangible assets	409	-
Sale of property, plant and equipment	10	2
Purchase of property, plant and equipment	(355)	(548)
Cash flow from investing activities before acquisitions and purchase of financial assets	64	(558)
Free cash flow before acquisitions and purchase of financial assets	4,319	1,235
Business acquisitions and purchase of financial assets	(5)	(621)
Free cash flow	4,314	614
Financing activities		
Borrowings	-	261
Repayments of borrowings	-	(264)
Purchase of treasury stock	(1,520)	-
Sale of treasury stock	71	158
Dividend paid	(788)	(690)
Cash flow from financing activities	(2,237)	(535)
Net cash flow	2,077	79
Unrealized gain/loss on currencies and financial assets, included in cash and cash equivalents	-	(16)
Net change in cash and cash equivalents	2,077	63
Cash and cash equivalents at January 1	942	330
Cash and cash equivalents at September 30	3,019	393

Undrawn committed credit facilities were DKK 4,117 million at September 30, 2014.

Appendix 4: Balance sheet and Statement of shareholders' equity

4.1 Balance sheet

Assets (DKK million)	Sept. 30, 2014	Sept. 30, 2013	Dec. 31, 2013
Completed IT development projects	72	31	86
Acquired patents, licenses and know-how	1,793	1,884	1,754
Goodwill	1,072	1,082	1,022
IT development projects in progress	2	56	2
Intangible assets	2,939	3,053	2,864
Land and buildings	2,535	2,515	2,480
Plant and machinery	3,900	3,281	3,578
Other equipment	516	475	527
Property, plant and equipment under construction	356	895	550
Property, plant and equipment	7,307	7,166	7,135
Deferred tax assets	501	212	456
Other financial assets (non-interest-bearing)	21	26	14
Investment in associate	39	46	45
Other receivables	158	104	162
Non-current assets	10,965	10,607	10,676
Raw materials and consumables	300	279	276
Goods in progress	491	469	467
Finished goods	1,245	1,222	1,159
Inventories	2,036	1,970	1,902
Trade receivables	2,232	2,229	2,242
Tax receivables	286	169	151
Other receivables	246	370	301
Receivables	2,764	2,768	2,694
Other financial assets (non-interest-bearing)	31	106	87
Cash at bank and in hand	3,072	473	1,003
Assets held for sale	-	-	144
Current assets	7,903	5,317	5,830
Assets	18,868	15,924	16,506

Liabilities and shareholders' equity (DKK million)	Sept. 30, 2014	Sept. 30, 2013	Dec. 31, 2013
Common stock	639	639	639
Other reserves	378	290	290
Retained earnings	10,050	9,649	10,125
Equity attributable to shareholders in Novozymes A/S	11,067	10,578	11,054
Non-controlling interests	11	12	12
Shareholders' equity	11,078	10,590	11,066
Deferred tax liabilities	985	1,033	956
Provisions	167	269	151
Deferred income	988	0	0
Other non-current liabilities	23	0	0
Other financial liabilities (interest-bearing)	1,225	1,717	1,716
Other financial liabilities (non-interest-bearing)	23	19	18
Non-current liabilities	3,411	3,038	2,841
Other financial liabilities (interest-bearing)	574	110	92
Other financial liabilities (non-interest-bearing)	320	17	13
Provisions	119	104	128
Trade payables	884	690	976
Deferred income	245	0	0
Tax payables	733	205	356
Other payables	1,504	1,170	1,034
Current liabilities	4,379	2,296	2,599
Liabilities	7,790	5,334	5,440
Liabilities and shareholders' equity	18,868	15,924	16,506

4.2 Statement of shareholders' equity

(DKK million)	Attributable to shareholders in Novozymes A/S					Non-controlling interests	
	Common stock	Currency translation adjustments	Cash flow hedges	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity at January 1, 2014	639	74	95	10,246	11,054	12	11,066
Net profit for the period				1,923	1,923	(1)	1,922
Other comprehensive income for the period		300	(91)		209	1	210
Total comprehensive income for the period	-	300	(91)	1,923	2,132	-	2,132
Purchase of treasury stock				(1,520)	(1,520)		(1,520)
Sale of treasury stock				71	71		71
Write-down of common stock					-		-
Dividend				(787)	(787)	(1)	(788)
Stock-based payment				69	69		69
Tax related to equity items				48	48		48
Changes in shareholders' equity	-	300	(91)	(196)	13	(1)	12
Shareholders' equity at Sept. 30, 2014	639	374	4	10,050	11,067	11	11,078
Shareholders' equity at January 1, 2013	650	428	4	8,473	9,555	13	9,568
Net profit for the period				1,639	1,639	(1)	1,638
Other comprehensive income for the period		(217)	75		(142)		(142)
Total comprehensive income for the period	-	(217)	75	1,639	1,497	(1)	1,496
Sale of treasury stock				158	158		158
Write-down of common stock	(11)			11	-		-
Dividend				(690)	(690)	-	(690)
Stock-based payment				38	38		38
Tax related to equity items				20	20		20
Changes in shareholders' equity	(11)	(217)	75	1,176	1,023	(1)	1,022
Shareholders' equity at Sept. 30, 2013	639	211	79	9,649	10,578	12	10,590

Appendix 5: Final opening balance, TJ Technologies Inc. & logen Bio-Products

(DKK million)	TJ Technologies Inc.	logen Bio-Products
The assumed fair value of acquired assets and liabilities is as follows:		
Intangible assets	226	196
Property, plant and equipment	8	33
Inventories	23	28
Trade and other receivables	3	13
Deferred tax asset	-	35
Cash and cash equivalents	27	-
Provisions	(7)	(12)
Financial and other liabilities	(98)	(8)
Acquired net assets	182	285
The purchase price is as follows:		
Cash	237	374
Contingent consideration	11	62
Total purchase price	248	436
Goodwill	66	151
Cash flow for acquisition:		
Cash payment	237	374
Less cash and cash equivalents in acquired business	(27)	-
Cash flow for acquisition	210	374

TJ Technologies Inc.

On June 28, 2013, Novozymes acquired 100% of the voting shares in TJ Technologies Inc. The company provides North American farmers with biological solutions that enhance plant growth, increase stress tolerance and improve yields. Combining Novozymes' existing BioAg business with TJ Technologies' strong and proven portfolio, brands and regional market coverage will strengthen Novozymes' commercial position in important crop markets.

Goodwill of DKK 66 million is attributable to expected synergies in the existing BioAg business. The goodwill is not tax-deductible. The purchase agreement included a contingent consideration of up to DKK 34 million. The consideration was contingent on achievement of a number of specific registrations and sales targets and was recognized at the anticipated fair value at the acquisition date.

The valuation of acquired net assets was finalized as per March 31, 2014. The final valuations have led to only insignificant adjustments to previously reported numbers.

logen Bio-Products

On February 22, 2013, Novozymes acquired control of logen Bio-Products, an industrial enzyme business of Ottawa-based logen Corporation, through an asset deal. logen Bio-Products produces and sells enzymes for the pulp & paper, textile, grain-processing and animal feed industries, and the acquisition provides Novozymes with all commercial rights to logen Bio-Products' existing product portfolio, pipeline, facilities and know-how, complementing the current enzymes business.

Goodwill of DKK 151 million is attributable to acquired customer relations, the distribution network and expected synergies with the existing enzymes business. Goodwill of DKK 143 million is expected to be tax-deductible. The purchase agreement included a contingent consideration of up to DKK 69 million. The consideration was contingent on achievement of specified technology and market targets in 2013 and 2014.

The valuation of the acquired net assets was finalized as per March 31, 2014. The final valuation has led to recognition of goodwill of DKK 151 million (DKK 60 million previously reported), intangible assets of DKK 196 million (DKK 308 million previously reported) and a deferred tax asset of DKK 35 million (DKK 0 million previously reported).

Changes were recognized in Q1 2014. There have been no changes since.

Appendix 6: Product launches in 2014

Q1 2014	Novozymes LpHera® – an alpha-amylase for starch liquefaction that lowers liquefaction pH, reducing the need for pH-adjusting chemicals while improving crystallization and fermentation yields.
Q1 2014	RONOZYME® MultiGrain (GT) – a xylanase and beta-glucanase enzyme solution for the animal feed market that offers superior formulation flexibility when using highly variable raw materials.
Q3 2014	Medley® – a new enzyme solution with multiple enzyme activities for the Household Care market that makes it easier for detergent manufacturers to handle raw materials and to include more enzymes. Medley comes in different formulations.
Q3 2014	DeniLite® Cold – a peroxidase combined with a new mediator and H ₂ O ₂ source that bleaches indigo-dyed denim in cold water, allowing textile manufacturers to save on energy, water and time, while reducing the risk of fabric damage from chemicals.

Appendix 7: Company announcements for the fiscal year 2014 (excluding management's trading in Novozymes' stock, major shareholder announcements and stock buyback status)

January 21, 2014	Group financial statement for 2013
February 10, 2014	Novozymes and Monsanto complete closing of The BioAg Alliance
February 10, 2014	Initiation of stock buyback program
February 26, 2014	Novozymes A/S Annual Shareholders' Meeting 2014
April 24, 2014	Interim report for the first 3 months of 2014
August 14, 2014	Interim report for the first half of 2014
October 23, 2014	Interim report for the first 9 months of 2014

Appendix 8: Financial calendar

January 20, 2015	Group financial statement for 2014
February 25, 2015	Annual Shareholders' Meeting 2015