

## Group financial statement for 2014

January 20, 2015

### Positive outlook for 2015. Long-term targets updated

Sales growth in 2014 was in line with expectations. Organically, sales grew by 7% (6% DKK, 7% LCY) compared with 2013. In the fourth quarter alone, sales grew by 4% organically compared with Q4 2013. EBIT grew by 17% in 2014, and the EBIT margin was 27.2%, up 2.5 percentage points on 2013.

The 2015 outlook is positive. Organic sales growth is expected to be 7-9%. Currencies provide a positive tailwind, and sales in DKK are expected to increase by 13-15%. EBIT growth is expected to be 12-14% and the EBIT margin 26-27%.

Following a strategic business review, Novozymes today launches its new purpose statement, strategy and updated long-term targets. Through 2020, Novozymes targets annual organic sales growth of 8-10% on average, an EBIT margin of  $\geq 26\%$  and ROIC incl. goodwill of  $\geq 25\%$ . The dividend payout ratio is expected to increase to  $\sim 40\%$ . Finally, a new stock buyback program worth up to DKK 2 billion is set to run in 2015.

	Realized		2015 outlook January 20*	2014 outlook October 23
	2014	2013		
Sales, DKKm	12,459	11,746		
Sales growth, DKK	6%	5%	13-15%	$\sim 6\%$
Sales growth, LCY	7%	8%		$\sim 7\%$
Sales growth, organic	7%	7%	7-9%	7-8%
Gross margin	57.4%	57.2%		
EBIT, DKKm	3,384	2,901		
EBIT growth	17%	6%	12-14%	14-15%
EBIT margin	27.2%	24.7%	26-27%	26-27%
Net profit, DKKm	2,525	2,201		
Net profit growth	15%	9%	10-12%	13-14%
Net investments excl. acquisitions and The BioAg Alliance impact, DKKm	715	783	$\sim 1,000$	600-700
Free cash flow before acquisitions, DKKm	4,229	1,816	2,500-2,700	$\sim 4,300$
ROIC (including goodwill)	23.1%	20.0%	25-26%	22-23%
Avg. USD/DKK	562	562	641	560
EPS, DKK	8.10	7.01		
EPS (diluted), DKK	8.02	6.93		

\* Assumes exchange rates for the company's key currencies remain at the closing rates on January 19 for the rest of 2015.

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

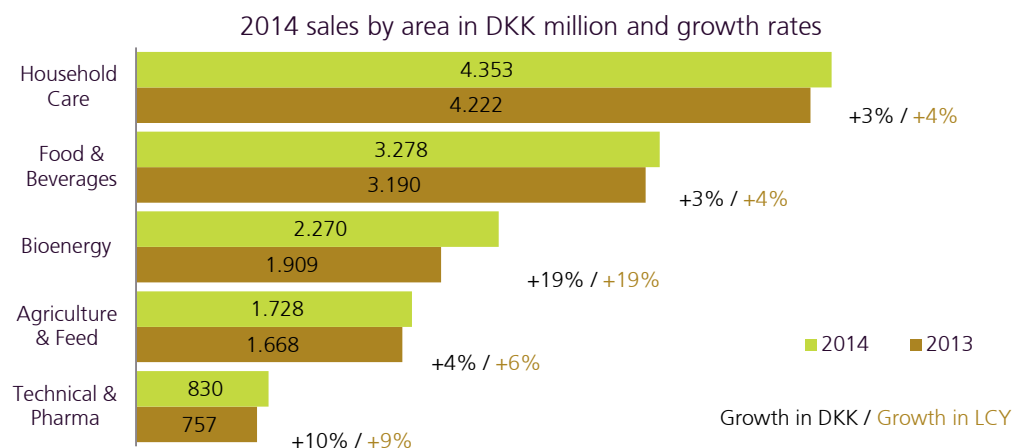
"2014 was a good year for Novozymes with 7% organic sales growth and a record EBIT margin. Bioenergy was the strongest growth driver, making up for slower growth in Food & Beverages and Household Care. Our growth platforms showed good progress, and in particular I'm excited about how well The BioAg Alliance has gotten off the ground. Novozymes is in a strong position today. Our technologies and solutions are in high demand. Going forward, we believe partnering will become more important for bringing innovation to customers. This is the outset for our new purpose and strategy – Partnering for impact. In extension of this, we've updated our long-term targets. Long-term organic sales growth is expected to be slightly lower than the previous target, whereas we increase the long-term targets for EBIT margin and return on invested capital. In the midst of a slow recovery and volatile markets, we expect 2015 to be another good year for Novozymes."

## Sales by industry

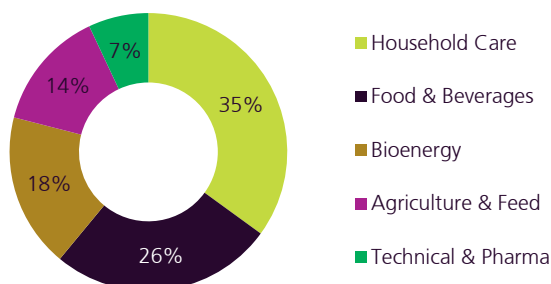
Total sales:  
 DKK: +6%  
 LCY: +7%  
 Organic: +7%

Total sales in 2014 were DKK 12,459 million, up 6% compared with 2013. Exchange rates had a negative impact on sales, and sales in LCY were up by 7%. Organically, sales also grew by 7%. Sales to the Bioenergy industry were the most significant contributor to sales growth.

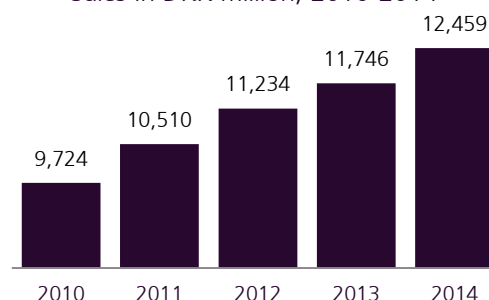
Novozymes estimates that the global industrial enzyme market grew by 5% in DKK to a total of DKK 23 billion in 2014. Novozymes estimates its global market share at 48%.



Distribution of sales, 2014



Sales in DKK million, 2010-2014



Household Care:  
 DKK: +3%  
 LCY: +4%

**Sales to the Household Care industry** increased by 3% in DKK and by 4% in LCY compared with 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 Europe and emerging markets were the most significant drivers of global growth in 2014.

Sales in the fourth quarter of 2014 grew by 1% organically compared with the strong fourth quarter of 2013. Growth was slower in the fourth quarter as markets remained dynamic with consumers trading from premium- to lower-tier products, and volatile sales indicating inventory destocking in some emerging markets in both Asia and Latin America.

Food & Beverages:  
 DKK: +3%  
 LCY: +4%

**Sales to the Food & Beverages industries** increased by 3% in DKK and by 4% in LCY compared with 2013. Sales to the baking industry and for the production of healthy foods were the most significant growth contributors. Sales to the starch industry declined due to the challenging Chinese market. Sales for freshkeeping applications in baking continued to be relatively stable throughout 2014.

Sales in the fourth quarter of 2014 were flat compared with the fourth quarter of 2013, in line with expectations. As anticipated, the Chinese starch market remained weak in the fourth quarter with sales on par with levels seen in the third quarter of 2014.

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

**Sales to the Bioenergy industry** were up by 19% in both DKK and LCY compared with 2013. U.S. ethanol production in 2014 is estimated to have grown by ~8% compared with 2013. In the fourth quarter in isolation, sales grew by 10% organically compared with the fourth quarter of 2013. U.S. ethanol production is estimated to have increased by ~3% in the same period.

The strong growth in Bioenergy sales was mainly driven by Novozymes' yield-discovery solutions Avantec<sup>®</sup>, Spirizyme<sup>®</sup> Achieve and Olexa<sup>®</sup>. Penetration of all three solutions increased throughout 2014, albeit at a slower level as the year progressed due to higher comparable sales and penetration levels in 2013. More than one-third of U.S. fuel ethanol is produced using one or more of these solutions.

Agriculture & Feed:  
 DKK: +4%  
 LCY: +6%

**Sales to the Agriculture & Feed industries** increased by 4% in DKK and by 6% in LCY compared with 2013. Organically, sales grew by 7%. Enzyme sales to the animal feed industry posted strong growth across markets and product categories, notably in the Americas.

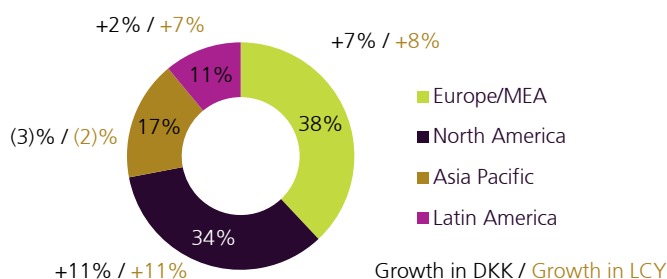
Sales to the BioAg industry were flat organically compared with 2013. BioAg sales in the fourth quarter in isolation were challenged by tough Latin American markets, particularly in Argentina.

Following the change in revenue recognition in BioAg after the completion of The BioAg Alliance, Novozymes recognized DKK 27 million of deferred income as revenue in the fourth quarter of 2014, making a total of DKK 208 million for 2014 as a whole.

Technical & Pharma:  
 DKK: +10%  
 LCY: +9%

**Sales to the Technical & Pharma industries** increased by 10% in DKK and by 9% in LCY compared with 2013. Sales of enzyme solutions and albumin for the manufacture and formulation of pharmaceutical ingredients were the main drivers of sales growth. Sales to the textile, leather and wastewater industries increased moderately.

## Sales by geography



Europe/MEA:  
 DKK: +7%  
 LCY: +8%

Sales in Europe, the Middle East & Africa (Europe/MEA) grew by 7% in DKK and by 8% in LCY compared with 2013. All sales areas contributed to sales growth. Sales to the Household Care and Food & Beverages industries were the strongest growth drivers.

North America:  
 DKK: +11%  
 LCY: +11%

Sales in North America increased by 11% in DKK and in LCY compared with 2013. Sales to the Bioenergy and Agriculture & Feed industries were the main growth drivers, whereas sales to the Food & Beverages industries declined in 2014.

Asia Pacific:  
 DKK: (3)%  
 LCY: (2)%

Sales in Asia Pacific were down by 3% in DKK and by 2% in LCY compared with 2013. Sales in Asia Pacific were especially challenged in China. From a market perspective, sales declined as a result of lower Food & Beverages and Household Care sales.

Latin America:  
 DKK: +2%  
 LCY: +7%

Sales in Latin America were up by 2% in DKK and by 7% in LCY compared with 2013. Sales to the Bioenergy and Household Care industries were the main growth drivers, whereas sales to the Agriculture & Feed industries were lower for the full year following a challenging fourth quarter for BioAg in Argentina in particular.

## Costs, Other operating income and EBIT

Total costs: +6%	<p>Total costs excluding net financials and tax were DKK 9,414 million, an increase of 6% compared with 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 6% compared with 2013 as a result of a higher activity level, write-downs, and higher depreciation and amortization. Raw material costs were slightly lower compared with 2013.</p>
Gross profit: +6%	<p>Gross profit increased by 6%, and the gross margin was 57.4%, an increase of 0.2 percentage point from 57.2% in 2013. The higher gross margin came as a result of continued productivity improvements, and favorable developments in product mix and raw material costs. These factors offset a negative impact from The BioAg Alliance and other one-time items.</p> <p>Operating costs increased by 7% to DKK 4,104 million. The ratio of operating costs to sales was 33%, on par with 2013.</p> <ul style="list-style-type: none"> <li>• Sales and distribution costs decreased by 5%, representing 11% of sales</li> <li>• R&amp;D costs increased by 20%, representing 15% of sales</li> <li>• Administrative costs increased by 4%, representing 7% of sales</li> </ul> <p>Sales and distribution costs decreased as the absence of sales and marketing costs in BioAg on completion of The BioAg Alliance agreement more than offset higher costs from the higher activity level.</p> <p>The increase in R&amp;D costs was driven primarily by the higher activity level, especially within BioAg in the second half of 2014, and write-downs on tangible R&amp;D assets.</p>
Gross margin: 57.4%	
Other operating income: DKK 339 million	<p>Other operating income was DKK 339 million, compared with DKK 13 million in 2013. DKK 237 million of other operating income came from the one-time realized gain from the transfer of predominantly intangible assets to Monsanto. The remaining DKK 102 million was unrelated to The BioAg Alliance and represents a mix of government grants, reversals of earn-outs, milestone payments and other items across the growth platforms.</p> <p>Of the DKK 111 million of other operating income in the fourth quarter, around DKK 90 million was of a one-time character with more than half relating to The BioAg Alliance. As this first year in The Alliance comes to a close, a final assessment of risks and valuation of assets have led to this one-time impact.</p>
Depreciation and amortization: DKK 1,016 million	<p>Depreciation and amortization increased to DKK 1,016 million in 2014, up from DKK 738 million in 2013. DKK 150 million of the increase was a result of write-downs, of which DKK 50 million fell in the first quarter following the completion of The BioAg Alliance and DKK 100 million in the fourth quarter. The write-downs in the fourth quarter related to biopharma and were distributed evenly between cost of goods sold and R&amp;D costs.</p> <p>The remaining increase in depreciation and amortization was driven by a higher level of depreciation and amortization following recent years' higher investment levels, acquisitions and The BioAg Alliance.</p>
EBIT: +17%	<p>EBIT grew by 17% to DKK 3,384 million, up from DKK 2,901 million in 2013. EBIT increased as a result of the one-time realized gain from The BioAg Alliance agreement, higher sales and other operating income, continued productivity improvements, favorable product mix changes, and a favorable development in raw material costs. These elements more than offset the higher operating costs, write-downs, higher depreciation and amortization, and a slight headwind from currencies compared with 2013.</p>
EBIT margin: 27.2%	<p>The EBIT margin was 27.2%, an increase of 2.5 percentage points from 24.7% in 2013. Around 1 percentage point of the EBIT margin increase was a result of the net one-time</p>

positive impact from The BioAg Alliance and other one-time items. The remaining ~1.5 percentage points were a result of improved underlying profitability.

Disregarding the one-time positive impact from The BioAg Alliance and other one-time items, the underlying EBIT margin increased to just above 26%. Disregarding the business area of BioAg altogether, the EBIT margin would still have improved as a result of the underlying improvement in gross margin from continued productivity improvements, favorable product mix changes, a favorable development in raw material costs and higher other operating income.

## Net financials and Net profit

Net financial costs: DKK 105 million	Net financial costs were DKK 105 million, down from DKK 142 million in 2013. The decrease was mainly the result of a DKK 5 million gain on net currency hedging/revaluation compared with a loss of DKK 22 million in 2013, and a DKK 12 million decrease in net interest costs.
	Profit before tax was DKK 3,279 million, an increase of 19% compared with 2013.
Effective tax rate: 23.0%	The effective tax rate in 2014 was 23.0%, against 20.2% in 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: +15%	Net profit grew by 15% to DKK 2,525 million in 2014, up from DKK 2,201 million in 2013. EBIT growth drove net profit higher, whereas the increase in tax of around DKK 200 million had a negative impact on net profit.

## Cash flow and Balance sheet

Operating cash flow: DKK 4,525 million	Cash flow from operating activities was DKK 4,525 million, up from DKK 2,599 million in 2013. The higher operating cash flow was mainly a result of The BioAg Alliance agreement, 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 operating cash flow as a positive change in net working capital.
Net investments excl. acq. and The BioAg Alliance: DKK 715 million	Net investments excluding acquisitions and The BioAg Alliance agreement were DKK 715 million, down from DKK 783 million in 2013.
Free cash flow before acq.: DKK 4,229 million	Free cash flow before acquisitions was DKK 4,229 million, compared with DKK 1,816 million in 2013. Free cash flow was positively affected by the increase in operating cash flow and the transfer of assets to Monsanto. All in all, the net impact of The BioAg Alliance agreement was DKK ~1,700 million.
Equity ratio: 61%	At December 31, 2014, shareholders' equity was DKK 11,280 million, up 2% from DKK 11,066 million at year-end 2013. Shareholders' equity increased moderately, as dividend payments and purchases of treasury stock almost offset comprehensive income.
Net cash holding: DKK 716 million	Shareholders' equity represented 61% of the balance sheet total, down from 67% at year-end 2013.
	Novozymes has a net positive cash holding of DKK 716 million at year-end 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 the transfer of assets to Monsanto more than offset dividend payouts of DKK 788 million, stock buybacks of DKK 2,000 million and net investments, excluding The BioAg Alliance, of DKK 715 million.

Net interest-bearing debt-to-EBITDA was a negative 0.2 at December 31, 2014.

ROIC: 23.1% Return on invested capital (ROIC), including goodwill, was 23.1%, up 3.1 percentage points from 20.0% in 2013. The BioAg Alliance was the main driver of the increase in ROIC due to its positive impact on net profit and lower average invested capital.

Treasury stock: 3.6% At December 31, 2014, the holding of treasury stock was 11.5 million B shares, equivalent to 3.6% of the common stock. In 2014, Novozymes bought back 7.7 million B shares with a transaction value of DKK 2,000 million under the stock buyback program initiated on February 17, 2014 and completed on December 10, 2014.

## Sustainability performance

All resource efficiency and organizational targets were met in 2014. In particular, the improvements in the occupational accidents rate and in water and energy efficiency mark a successful year on the sustainability side.

	2014	2013	2014 target	
All sustainability targets met	Water efficiency (compared with 2005)	37%	33%	34%
	Energy efficiency (compared with 2005)	43%	40%	42%
	CO <sub>2</sub> efficiency (compared with 2005)	56%	54%	>50%
	Occupational accidents per million working hours	1.7	2.4	<3.0
	Number of employees on December 31	6,454	6,236	-
Lowest-ever rate of occupational accidents per million working hours	Rate of employee turnover	8.1%	7.5%	4-9%
	Rate of absence	1.8%	1.8%	<3%
	Supplier adherence to our supplier program	99%	97%	97.5%
	"Satisfaction and motivation" score in employee survey	77	77	75
	"Opportunities for professional and personal development" score in employee survey	75	74	75
	New leaders appointed who are women	34%	26%	30%
	New leaders appointed of a nationality other than Danish	71%	44%	55%
	Rating from RobecoSAM in the Sustainability Yearbook 2014; awarded early 2015	Medal Class	Gold	Medal Class
	CO <sub>2</sub> emission reductions (million tons) from customers' application of Novozymes' products	60	52	56
	Novozymes succeeded in meeting its target of ensuring that biofuels were included as a High Impact Opportunity in the U.N.-led Sustainable Energy for All initiative in 2014.			

## Outlook for 2015

	2015 outlook January 20*	2014 realized
Sales growth, organic	7-9%	7%
Sales growth, DKK	13-15%	6%
EBIT growth	12-14%	17%
EBIT margin	26-27%	27.2%
Net profit growth	10-12%	15%
Net investments excl. acquisitions and The BioAg Alliance impact, DKKm	~1,000	715
Free cash flow before acquisitions, DKKm	2,500-2,700	~4,229
ROIC (including goodwill)	25-26%	23.1%
Avg. USD/DKK	641	562

\* Assumes exchange rates for the company's key currencies remain at the closing rates on January 19 for the rest of 2015.

The outlook for 2015 is positive, despite a general feeling that uncertainty increased toward the end of 2014 with growth concerns in developed and emerging markets, volatile commodity prices – especially the recent drop in oil prices – and significant exchange rate fluctuations. It is challenging to gauge the full impact of these ongoing developments on our end markets, but with current visibility we expect a continuation of the business trends seen in 2014. We therefore expect good underlying sales growth and similarly high profitability in 2015, even with increasing investments in R&D and business development.

**Sales growth:** On the sales side, Novozymes expects organic sales growth of 7-9%. Based on exchange rates at January 19, 2015, currencies will provide a tailwind, and sales growth in DKK is expected to be 13-15%.  
**Organic:** 7-9%  
**DKK:** 13-15%

Novozymes expects a positive contribution to sales growth from all five sales areas. In relative terms, Bioenergy and Agriculture & Feed are expected to be the most significant growth contributors.

**Household Care** sales are expected to be driven by higher enzyme inclusion in detergents across tiers to enhance wash performance, including at low temperatures, and to optimize detergent formulation costs. Emerging markets are expected to be a significant contributor to sales growth. We expect sales growth to be tempered by the uncertainty in the global economy and the currently dynamic consumer markets. Growth in Household Care sales is expected to be low in the first quarter of 2015 due to high comparables in the first quarter of 2014.

**Food & Beverages** sales growth is expected to be driven by a continuation of the positive trends and developments seen in baking, and a stabilization of the Chinese starch conversion market. Healthy concepts are also expected to contribute to sales growth. Growth in Food & Beverages sales is expected to be low in the first quarter of 2015 due to high comparables in the first quarter of 2014.

**Bioenergy** sales are expected to benefit from the annualization effect of the penetration growth achieved in 2014 by Novozymes' Avantec®, Spirizyme® Achieve and Olexa®, as well as a further increase in the penetration of these solutions in 2015. Growth will also come from new innovations expected to be launched in the first half of the year. The 2015 sales outlook is based on the expectation that U.S. fuel ethanol production in 2015 will be at the same level as in 2014.

**Agriculture & Feed** sales are expected to benefit from continued growth in Feed, albeit at a lower level than in 2014. BioAg organic sales growth is expected to return to normalized levels in line with prior years' growth rates. In 2015, Novozymes expects to recognize DKK ~225 million of the deferred income as sales. Deferred income does not impact the calculation of organic sales growth rates. Deferred income impacts the realized sales growth in DKK, but has no cash flow impact.

Sales to the **Technical & Pharma** industries are expected to grow, primarily due to an expected increase in Pharma sales. Sales growth in the first quarter of 2015 is expected to be low due to high comparables in the first quarter of 2014.

**EBIT growth:** EBIT growth is expected to be 12-14%. Higher sales and a positive contribution from currencies are expected to drive the strong EBIT growth and more than offset the negative impact from the absence of the one-time net gain from The BioAg Alliance and other one-time items realized in 2014, expected lower other operating income, and an expected cost expansion in R&D, and sales and business development. The EBIT margin is expected to be 26-27%.  
**EBIT margin:** 26-27%

**Tax rate:** 22-23% The effective tax rate is expected to be 22-23%.

**Net profit growth:** Net profit is expected to grow by 10-12%, driven by growth in EBIT, which is expected to be offset slightly by higher net financial costs caused by the recent surge in the USD, which will lead to a loss on forward currency contracts.  
 10-12%

Around 85% of expected USD/DKK net exposure for 2015 has been hedged. Around half of the 85% has been hedged with forward contracts at 5.73, whereas the other half has been hedged via options at 5.65. In 2014, around 75% of the USD/DKK net exposure was hedged with forward contracts at 5.79.

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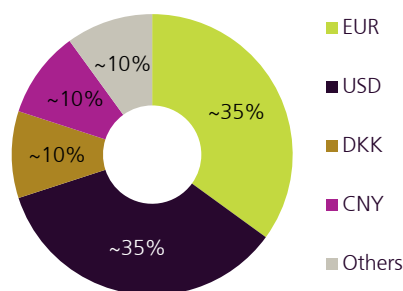
Net investments : Net investments are expected to be DKK ~1,000 million. Besides maintenance CAPEX, DKK ~1,000 million most investments target operational efficiency improvements and expansions in R&D.

FCF before acq. : Free cash flow is expected to be DKK 2,500-2,700 million.

Return on invested capital including goodwill is expected to be 25-26%.

ROIC: 25-26%

**Sales by currency in 2014 and exposure in 2015**



From a currency perspective, EBIT is most exposed to fluctuations in USD and EUR.

Other things being equal, a 5% movement in USD/DKK is expected to have an annual impact on EBIT of DKK 80-100 million.

Other things being equal, a 0.5% movement in EUR/DKK is expected to have an annual impact on EBIT of DKK 15-20 million.

The outlook is based on exchange rates for the company’s key currencies remaining at the closing rates on January 19, 2015, for the full year.

(DKK)	EUR	USD	BRL	CNY
Average exchange rate 2013	746	562	262	91
Average exchange rate 2014	745	562	239	91
Closing rate January 19, 2015	743	641	244	103
Estimated average exchange rate 2015*	743	641	244	103
Change in estimated exchange rate 2015 compared with average exchange rate 2014	0%	14%	2%	13%

\* Estimated average exchange rate is the closing exchange rate on January 19.

**Sustainability expectations**

The following sustainability expectations are included in the outlook for 2015. With an updated baseline from 2014, in 2015 we will target:

**Environment:**

- 10% improvement in energy efficiency over 2014
- 10% improvement in water efficiency over 2014
- 4% reduction in CO<sub>2</sub> intensity over 2014
- 24% of our energy to come from renewable sources
- 96.5% adherence to our supplier program
- Save 50 million tons of CO<sub>2</sub>
- Obtain Medal Class rating from RobecoSAM in the Sustainability Yearbook
- Be included in the Carbon Disclosure Project A List

**People:**

- ≤ 1.7 occupational accidents per million working hours
- ≤ 2.0% employee absence
- ≥ 75 score for “satisfaction and motivation” in our employee survey
- ≥ 75 score for “opportunities for professional and personal development”
- ≥ 35% of employees promoted are women



## Strategic update

### New purpose, strategy and updated long-term targets

During 2014, Novozymes' Executive Leadership Team led an in-depth strategy process with the aim of developing a new purpose statement and strategy to provide direction for the future.

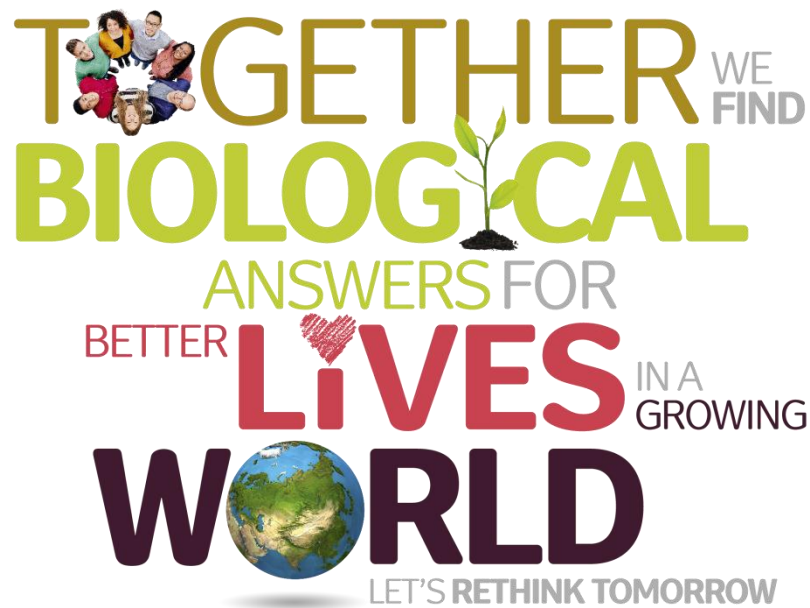
As an extension of this review, and as the previous long-term sustainability targets were set to expire at the end of 2015, Novozymes has also updated its long-term financial and sustainability targets for the period 2015-2020.

### New purpose

Novozymes' new purpose statement replaces our previous vision statement and encapsulates what we strive to achieve as a company: "Together we find biological answers for better lives in a growing world – Let's rethink tomorrow."

This purpose is deeply rooted in Novozymes' heritage and accomplishments. It also looks ahead to what we can achieve together with customers, consumers, governments, organizations and others in finding the sustainable answers that the world needs.

Success will be determined by our ability to pool our insight and expertise in order to reach common milestones – we invite the world to rethink tomorrow together with us.



### New strategy: Partnering for impact

The new strategy sets out what the company will focus on in the coming period. The four focus areas will not only be addressed at a corporate level but also be reflected in the separate strategies for each industry (Household Care, Bioenergy, Animal Health & Nutrition, etc.).

By working closely with those around us, we can gain the necessary insights into how we can help them succeed. Only by truly understanding the social, political and economic realities of our partners can we create real and sustained impact.

We can do that by optimizing our partners' processes while reducing their environmental footprint, improving their profitability, and creating breakthrough products and more jobs. We are already doing this today, but we can do much more to raise our impact by benefiting our partners, building a better world and growing our company at the same time.

### The four focus areas of the strategy

- **Rally for change**

We will form partnerships and networks with customers, organizations and governments to make a sustainable difference. Rally for change is about Novozymes actively engaging in global discussions, and being a driving force in bringing together like-minded partners with shared goals and ambitions to create more sustainable growth for the world.

- **Lead innovation**

We excite our customers by delivering more significant innovation, tailored to their local markets. Thus, we will accelerate the translation of customer needs into significant biological solutions that address local needs. The technology race is speeding up, and we have to stay ahead. Our innovation goes beyond the lab, extending into every interaction that we have with customers and consumers.

- **Focus on opportunities**

We will prioritize the customers, markets and activities that hold the biggest opportunities for creating impact. With such a broad portfolio of markets and activities, it is critical that we hone our ability to focus on the key priorities and drive home the value.

- **Grow people**

We want to be better at enabling our employees to develop their professional and leadership skills. We will support Novozymes' employees and people around us in realizing their full potential. This will include more effective development programs, customized to the needs of specific parts of the organization. At the same time, we believe that we can contribute knowledge of biology to people around us: everything from working with technicians at customers' plants to help them optimize production to helping in classrooms.

## Updated long-term targets

### Novozymes' long-term targets, 2015-2020

<b>Financial targets:</b>	<b>Impact targets:</b>
8-10% organic sales growth on average ≥ 26% EBIT margin ≥ 25% ROIC incl. goodwill	REACH 6 billion people with our biological solutions EDUCATE 1 million people about the potential of biology CATALYZE 5 global partnerships for change DELIVER 10 transformative innovations SAVE 100 million tons of CO <sub>2</sub> ENABLE Novozymes' employees to develop
<b>2020 operational targets</b>	
<i>Environment:</i>	<i>People:</i>
<ul style="list-style-type: none"> <li>• 30% improvement in energy efficiency</li> <li>• 25% improvement in water efficiency</li> <li>• 25% reduction in CO<sub>2</sub> intensity</li> <li>• 30% renewable energy</li> <li>• 99% adherence to supplier program</li> <li>• Gold Class rating from RobecoSAM</li> </ul> 2014 is baseline for all efficiency improvements.	<ul style="list-style-type: none"> <li>• ≤ 1.0 occupational accident per million working hours</li> <li>• ≤ 2.0% employee absence</li> <li>• ≥ 75 "satisfaction and motivation" in employee survey</li> <li>• ≥ 75 "opportunities for development" in employee survey</li> <li>• ≥ 30% of senior management are women</li> </ul>

## Long-term financial targets

Novozymes' long-term financial performance will continue to be measured through the rate of annual organic sales growth in local currency, the EBIT margin and the return on invested capital (ROIC) including goodwill.

### Organic sales growth

Novozymes' updated long-term organic sales growth target is 8-10% in local currency on average throughout the period from 2015 to 2020. This replaces the previous target of more than 10%.

The updated target reflects current visibility on the global economy and end markets, our innovation pipeline and an acknowledgement that two of the three assumptions behind the previous target did not hold:

- The U.S. gasoline market has not moved toward E15, but remained at 10% ethanol
- The revenue contribution expected from Novozymes delivering enzymes to at least 15 commercial biomass conversion plants by 2017 is now believed to have been delayed compared with what was expected back in 2013, due to a slower ramp-up of the industry

### EBIT margin

Novozymes' updated long-term target for the EBIT margin is 26% and above. This replaces the previous target of more than 24% and is expected to be achievable throughout the period. Novozymes continues to believe that it is in the best long-term interests of the company and its stakeholders to further strengthen its innovation and commercial capabilities and invest in future growth over targeting a higher EBIT margin.

### ROIC incl. goodwill

Novozymes' updated long-term target for ROIC including goodwill is 25% and above. This replaces the previous target of more than 22%. This is expected to be reached throughout the period on an average basis as a result of the anticipated higher profit generation over the period in combination with lower growth in invested capital than over the past five years, when a number of large investments and minor acquisitions were made in preparation for growth in the period up to and beyond 2020.

## Perspectives on the coming period, 2015-2020

The new long-term financial targets are based on current visibility on the global economy and end markets, and on our innovation pipeline. The following section looks in detail at the worldview on which our targets and strategy are based.

<b>Summary of assumptions</b>	Global economy does not become increasingly volatile and recession-struck
	No major changes in the currency exposure
	No major changes in the competitive landscape
	Success in key markets: Household Care, Bioenergy (1G+2G) and BioAg

### Assumptions

GDP growth is under pressure in a number of important developed markets, and there is uncertainty surrounding growth in emerging markets. In combination with the recent volatility of oil prices and currency exchange rates, this makes the outlook for the global economy unclear. The new long-term financial targets allow for this uncertainty to the extent possible with current visibility, but do not factor in an increasingly volatile or recession-struck economy.

Novozymes' ability to grow does not hinge on high oil prices. Novozymes offers technologies that for many of our customers are, in essence, sustainable efficiency tools that allow them to market performance improvements or improve their cost profile and sustainability position. As such, we help customers address higher demands from consumers, regulators and investors as well as higher and volatile input costs. Other things being equal, sustained low oil prices could temper the need for our customers to address higher input costs and volatility. This could be offset by their continued focus on sustainability. Low oil prices might bring short-term benefits of higher GDP growth and consumer spending, but long term they might dampen the growing interest in biological solutions. For exactly which industries, and when and at which thresholds, is not obvious, but it is a risk. Sustained low oil prices might deter politicians from supporting biofuels. When we look to the coming period, our scenarios are not based on a given oil price, but on a belief that pricing will bounce back somewhat following the steep plunge since summer 2014.

Currencies have also been through a volatile six months. The long-term targets assume no major changes in Novozymes' currency exposure and that the DKK remains pegged to the EUR at current levels. From a currency exposure perspective, ~35% of sales in 2014 were in EUR, ~35% in USD, ~10% in DKK, ~10% in CNY and ~10% in other currencies. We have not factored in large shifts on the demand side due to currency volatility, which is a factor in our markets and the global competitiveness of industries and players, but is not very transparent.

The targets are based on an assumption that competition in our core markets will remain strong and that the industrial biotechnology industry will continue to attract interest from potential new entrants. Novozymes expects to keep its leadership position in the coming period and does not expect major changes in the competitive landscape.

The new financial targets are built on certain assumptions across the various markets and pipeline opportunities. These assumptions could prove too optimistic, but also too pessimistic. If the assumptions are too optimistic, this will challenge realization of the targets. The general business risk associated with forward-looking statements could also prevent realization of the new targets.

Novozymes will continue to strengthen its diversified end-market model and sell biological solutions to more than 40 industries globally. Most of the growth in the coming period is expected to come from existing and established industries, notably Household Care, Bioenergy and BioAg.

### Household Care

We continue to see an increasing demand for biological solutions to improve wash performance, including at low temperatures, to optimize detergent formulation costs and volatility, and to deliver sustainability to the consumer. These trends are long term. The eagerness of customers to address these agendas fluctuates over

time, but the trends remain. Novozymes continues to see ample opportunities to innovate in the Household Care market and meet the above needs. We expect sales growth to increase from current levels in the coming years. The recent drop in oil prices is not believed to have decreased the opportunities within Household Care from either an innovation or a commercial perspective, but it might modestly temper the long-term trends as customers contemplate how recent price fluctuations are impacting their business and how to react in the medium to long term.

### **Bioenergy**

Novozymes has shown over the past couple of years how innovation can decouple sales growth from underlying market growth. We expect this to continue in the coming period. Novozymes expects global production volumes of first-generation biofuel to increase slowly during the period. The recent drop in oil prices is not expected to have significant impact on global biofuel volumes, as these remain politically regulated to a large extent. If recent oil price movements affect political sentiment toward biofuels to a degree that supports regime changes in major markets, this could change the outlook for our global Bioenergy business.

The future role of biofuels in the U.S. energy mix has been under political discussion in recent years, and there is uncertainty surrounding the Renewable Fuel Standard, which mandates the use of biofuels in the U.S. We expect this uncertainty to continue. Novozymes expects U.S. domestic demand for ethanol to comprise no less than ~10% of gasoline consumption over the coming period. Novozymes still believes that the U.S. will move toward E15, but slowly and depending, to some degree, on how the political debate develops. As a consequence, E15 is not expected to have a significant impact on the U.S. biofuel market in the coming years.

### **Growth platforms**

Novozymes' portfolio of growth opportunities includes both a wide variety of small and medium-sized projects and a number of larger projects, four of which have been designated growth platforms. The two platforms Biopharma and Animal Health & Nutrition are expected to be good growth contributors, whereas Biomass Conversion and BioAg are considered to have the greatest long-term potential.

### **Biomass Conversion**

Novozymes expects the emerging biomass conversion industry to continue to grow and demonstrate its viability over the coming period. The previous assumption that Novozymes would supply enzymes to at least 15 commercial-scale facilities by 2017 may still hold. However, we have not based our targets on the fulfillment of the previous assumption. Novozymes has over the past two years experienced that it has taken longer than expected for the first movers to roll out these facilities and build up their capacity utilization. Novozymes has also seen a number of new production models and feedstock opportunities being explored by partners worldwide. This has meant that the plants in the pipeline today come in numerous shapes and sizes. Exactly how many plants will be built in this first wave of commercialization is uncertain, but we expect to supply technology to around 15 plants operating at full capacity at the end of the decade.

Biomass Conversion is expected to be a good growth contributor to Novozymes through 2020, as we serve the first movers and learn from our partnerships. The potential transformative aspects of Biomass Conversion depend on what shape the second wave of commercialization will take going into the next decade post 2020. If political support for biofuels makes for an improved investment environment, this timeline could prove too conservative and Novozymes' growth could be positively impacted toward the end of this decade. Political support for advanced biofuels from biomass is an important factor when assessing how quickly this emerging industry will be established. If the recent drop in oil prices erodes political support for advanced biofuels, the global establishment of the industry will, other things being equal, take longer.

### **BioAg**

Over the past 12 months, Novozymes and Monsanto have been able to confirm the significant long-term potential of The BioAg Alliance. Over the coming period, The BioAg Alliance expects growth to be driven by existing commercial solutions and optimized versions of these solutions. The Alliance will furthermore benefit from Monsanto's commercial capabilities and reach, which should ensure strong organic sales growth over the period. Revenue from novel microbial solutions currently under development is not expected to have significant impact until the end of the decade.

**Other financial perspectives**

**CAPEX:** Novozymes expects a CAPEX-to-sales ratio of around 8% on average in the period 2015-2020. This estimate allows for:

- Continued efforts to ensure that Novozymes' production facilities are of a high standard and constantly improve their use of energy, water and raw materials
- The expected level of capacity expansion needed over the coming period, notably a new enzyme-manufacturing facility in Brazil and an expansion of enzyme-manufacturing capacity in Europe
- The construction of new R&D facilities in Denmark, as well as for BioAg in the U.S.

Should Biomass Conversion, BioAg or another growth platform require further significant investments during the period to secure future growth, Novozymes will allow the ratio to exceed the 8% average.

**R&D:** Novozymes expects R&D costs to average around 14% of revenue. Levels in any given year will depend on the opportunity set and exchange rates, and investments above 14% may be warranted in some years. Novozymes will continue its historical practice of expensing all R&D costs as they are incurred. Novozymes is currently undertaking a significant investment in innovation within the growth platforms BioAg and Biomass Conversion. These investments are assumed not to have significant impact on sales growth for Novozymes until the end of the decade. However, each of the investments has the potential to positively affect Novozymes' total sales growth if it materializes within a shorter time frame than currently expected.

**Tax:** Novozymes expects the effective tax rate to be around 22-23% through 2020.

**Mergers & acquisitions:** Novozymes continues to be interested in acquiring companies and technologies that fit strategically with its overall objectives and can balance the portfolio in terms of risk, future value creation, market access and resource utilization. Novozymes will also continue to search for new partnership opportunities, and to acquire and divest activities to ensure a balanced portfolio.

**Capital structure:** Novozymes will continue to favor a conservative balance sheet, but with no desire to be net cash positive. As a consequence, Novozymes will aim at a target for net interest-bearing debt of 0-1x EBITDA.

**Dividends:** Novozymes has decided to increase its annual payout ratio to around 40% of net profit. This replaces the previous target of around 35% and is expected to be reached gradually over the next couple of years. For 2014, a payout ratio of 36.6% is proposed. For more information on the proposed dividend for 2014, please see below.

Novozymes has increased its annual dividend for 14 years in a row since the IPO in 2000 and expects to continue to do so going forward. If the proposed dividend for 2014 is approved at the Annual Shareholders' Meeting in February 2015, Novozymes will have returned close to DKK 6 billion in dividends since 2000.

**Stock buybacks:** Since the IPO in 2000, Novozymes has returned DKK 7.7 billion to its shareholders via stock buybacks. Novozymes expects to continue to use buybacks as a means to return excess capital to shareholders. For 2015, Novozymes has decided to run a new program worth up to DKK 2 billion. For more information on the new program, please see below.

## Long-term sustainability targets

In order to measure our impact on the world as well as our own sustainability, Novozymes will have two types of sustainability targets going forward: impact targets and operational targets. Both sets of targets will be integrated into incentive schemes throughout the organization to align the company's performance and direction.

### Impact targets

We will measure the success of our purpose statement and strategic focus areas using a number of new long-term impact targets. These targets reflect our belief that increasing the use of our biological solutions will have a real and positive impact on the world.

**Reach** – We want to reach 6 billion people by 2020. Our solutions touch people's lives across the world, and nowhere does sustainability become more real than when people have access to products that combine high performance and a small sustainable footprint.

**Educate** – We want to provide knowledge of the potential of biology to 1 million people from 2015 to 2020. We want to step up our contribution – from training in factories to local-community outreach to involvement with universities and business schools. Education is a precondition for global sustainable development, and we have a lot to offer. This target will challenge us to share knowledge and insights outside of Novozymes. The more people we can educate, the more can take part in creating sustainable biological solutions in the future.

**Catalyze** – We want to catalyze five global partnerships for change from 2015 to 2020: high-impact partnerships with public and private organizations to create answers for a sustainable world. Good examples include The BioAg Alliance, which is working on making a sustainable change in modern agriculture, and the U.N.-led Sustainable Energy For All initiative. We want to play our part in rallying the willing to make the changes the world needs.

**Deliver** – We want to deliver 10 transformative innovations from 2015 to 2020 that really change the lives of many people. Every piece of innovation we deliver has an impact, and this target is a reflection of our power to create technological breakthroughs.

**Save** – In 2020 we want to save the world 100 million tons of CO<sub>2</sub> a year through customers applying our products.

**Enable** – We want to enable Novozymes employees to develop. It is our ability to ensure that employees develop their skills that will determine how successful we are. We will do this on an ongoing basis, but have set an ambitious target for 2020 in our annual employee survey.

### Operational targets

The long-term operational targets for sustainability below reflect Novozymes' ambitions to constantly increase the sustainability of its operations across the value chain to lead by example and ensure the long-term sustainable development of Novozymes as an international, inclusive and successful company.

With an updated baseline of 2014, we will strive to achieve the following by 2020:

#### Environment:

- 30% improvement in energy efficiency over 2014
- 25% improvement in water efficiency over 2014
- 25% reduction in CO<sub>2</sub> intensity over 2014
- 30% of our energy to come from renewable sources
- 99% adherence to our supplier program for commercial, quality and sustainability performance
- Gold Class rating from RobecoSAM in the Sustainability Yearbook

#### People:

- ≤ 1.0 occupational accident per million working hours
- ≤ 2.0% employee absence
- ≥ 75 score for "satisfaction and motivation" in our employee survey
- ≥ 75 score for "opportunities for professional and personal development" in our employee survey
- ≥ 30% of senior management are women

### Dividend for 2014

At the Annual Shareholders' Meeting on February 25, 2015, the Board of Directors will propose a dividend payment of DKK 3.00 per share for the 2014 financial year. This is an increase of 20% compared with 2013 and translates into a payout ratio of 36.6%. This should be seen in the context of Novozymes' intention to increase the annual payout ratio from around 35% to around 40% over the next couple of years.

### New stock buyback program in 2015

Novozymes has decided to initiate a new stock buyback program worth up to DKK 2 billion in total or a maximum of 20 million shares. The program is expected to begin early in 2015 and run for the remainder of the year.

The shares acquired within the program will be used to reduce the common stock and to meet obligations arising from employee share incentive programs. The specific starting date will be communicated once determined.

The program will run in accordance with the provisions of European Commission (EC) Regulation No. 2273/2003 of December 22, 2003, also referred to as the Safe Harbour Regulation. The cancellation of shares will take place after the program is finished and will be subject to approval at the Annual Shareholders' Meeting.

The maximum number of shares to be purchased by the company per daily market session will be equivalent to no more than 25% of the average volume of shares in the company traded on Nasdaq OMX Copenhagen during the preceding 20 business days.

The new stock buyback program will continue to allow Novozymes to maintain its financial flexibility when it comes to pursuing investment opportunities. However, the program is contingent upon no major strategic initiatives being decided upon that will require a significant amount of capital, for example a major acquisition.

To ensure there is no negative impact on the free float of Novozymes' stock capital, Novozymes' principal shareholder, Novo A/S, has informed Novozymes that it has the intention to reduce its relative holding of B shares so that it will continue to hold around 25.5% of the total stock capital following Novozymes' cancellation of stock as a result of the stock buyback program.

### Changes to the Board of Directors

At the forthcoming Annual Shareholders' Meeting, the Board of Directors will propose the re-election of Henrik Gürtler as Chairman and Agnete Raaschou-Nielsen as Vice Chairman. The Board of Directors will propose the re-election of Lena Olving, Jørgen Buhl Rasmussen, Lars Green and Mathias Uhlén, and the election of an additional member, Dr. Heinz-Jürgen Bertram.

Dr. Heinz-Jürgen Bertram, born 1958, currently serves as CEO and Chairman of the Executive Board of Symrise AG. The Board of Directors recommends the election of Dr. Heinz-Jürgen Bertram because of his relevant experience in international business and leadership as well as his competencies within the translation of R&D and biotechnology into commercial products and solutions.



## Accounting policies

The Group financial statement for 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 Group financial statement for 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 impact on the Group's interim report.

## Forward-looking statements

This company announcement 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 & 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 duty to update any forward-looking statements as a result of future developments or new information.

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### Statement of the Board of Directors and Executive Leadership Team

The Board of Directors and the Executive Leadership Team have considered and approved the Annual Report of Novozymes A/S for 2014 as well as this Group financial statement for Novozymes A/S for 2014. The Group financial statement for 2014 has not been audited or reviewed by the company's independent auditor.

The Group financial statement for 2014 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of Group financial statements by listed companies.

In our opinion, the accounting policies used are appropriate, the Group's internal controls relevant to preparation and presentation of a Group financial statement are adequate, and the Group financial statement gives a true and fair view of the Group's assets, liabilities, net profit and financial position at December 31, 2014, and of the results of the Group's operations and cash flow for 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, together with what is disclosed in the Annual Report for 2014, a description of the most significant risks and uncertainties to which the Group is subject.

Bagsvaerd, January 20, 2015

#### Executive Leadership Team

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Peder Holk Nielsen  
*President & CEO*

Benny D. Loft

Per Falholt

Andrew Fordyce

Thomas Nagy

Thomas Videbæk

#### Board of Directors

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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

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Appendix 1: Main items and key figures

1.1 Key figures

(DKK million)	2014	2013	% change	Q4 2014	Q4 2013	% change
<b>Revenue</b>	<b>12,459</b>	<b>11,746</b>	6%	<b>3,181</b>	<b>2,940</b>	8%
<b>Gross profit</b>	<b>7,149</b>	<b>6,716</b>	6%	<b>1,812</b>	<b>1,672</b>	8%
Gross margin	57.4%	57.2%		57.0%	56.9%	
<b>EBITDA</b>	<b>4,400</b>	<b>3,639</b>	21%	<b>1,144</b>	<b>889</b>	29%
EBITDA margin	35.3%	31.0%		36.0%	30.2%	
<b>Operating profit / EBIT</b>	<b>3,384</b>	<b>2,901</b>	17%	<b>843</b>	<b>703</b>	20%
EBIT margin	27.2%	24.7%		26.5%	23.9%	
Net financials	(105)	(142)		(61)	4	
<b>Profit before tax</b>	<b>3,279</b>	<b>2,759</b>	19%	<b>782</b>	<b>707</b>	11%
Tax	754	558	35%	179	144	24%
<b>Net profit</b>	<b>2,525</b>	<b>2,201</b>	15%	<b>603</b>	<b>563</b>	7%
<b>Earnings per DKK 2 share</b>	<b>8.10</b>	<b>7.01</b>	16%	<b>1.95</b>	<b>1.79</b>	9%
<b>Earnings per DKK 2 share (diluted)</b>	<b>8.02</b>	<b>6.93</b>	16%	<b>1.93</b>	<b>1.77</b>	9%
<b>Net investments</b>	<b>296</b>	<b>783</b>	(62)%			
<b>Free cash flow before acquisitions and purchase of financial assets</b>	<b>4,229</b>	<b>1,816</b>	133%			
<b>Return on invested capital (ROIC) incl. goodwill</b>	<b>23.1%</b>	<b>20.0%</b>				
<b>Net interest-bearing debt</b>	<b>(716)</b>	<b>805</b>				
<b>Equity ratio</b>	<b>61.2%</b>	<b>67.0%</b>				
<b>Return on equity</b>	<b>22.6%</b>	<b>21.3%</b>				
<b>NIBD/EBITDA</b>	<b>(0.2)</b>	<b>0.2</b>				
<b>Novozymes' stock</b>	<b>2014</b>	<b>2013</b>				
<b>Common stock (DKK million)</b>	<b>319.7</b>	<b>319.7</b>				
<b>Net worth per share</b>	<b>35.25</b>	<b>34.58</b>				
<b>Denomination of share</b>	<b>2.00</b>	<b>2.00</b>				
<b>Nominal value of common stock (DKK million)</b>	<b>639.4</b>	<b>639.4</b>				
<b>Treasury stock (million)</b>	<b>11.5</b>	<b>5.5</b>				

1.2 Five-year statement 2010-2014

(DKK million)	Full year				
	2014	2013	2012	2011	2010
<b>Revenue</b>	<b>12,459</b>	<b>11,746</b>	<b>11,234</b>	<b>10,510</b>	<b>9,724</b>
<b>Gross profit</b>	<b>7,149</b>	<b>6,716</b>	<b>6,423</b>	<b>5,908</b>	<b>5,412</b>
Gross margin	57.4%	57.2%	57.2%	56.2%	55.7%
<b>Operating profit (EBIT)</b>	<b>3,384</b>	<b>2,901</b>	<b>2,745</b>	<b>2,340</b>	<b>2,117</b>
Operating profit margin	27.2%	24.7%	24.4%	22.3%	21.8%
Net financials	(105)	(142)	(161)	75	6
<b>Profit before tax</b>	<b>3,279</b>	<b>2,759</b>	<b>2,584</b>	<b>2,415</b>	<b>2,123</b>
Tax	754	558	568	587	509
<b>Net profit</b>	<b>2,525</b>	<b>2,201</b>	<b>2,016</b>	<b>1,828</b>	<b>1,614</b>
Non-controlling interests	(1)	1	1	2	1
<b>Net profit to shareholders in Novozymes A/S</b>	<b>2,526</b>	<b>2,200</b>	<b>2,015</b>	<b>1,826</b>	<b>1,613</b>
Foreign exchange gain/(loss), net	5	(22)	(83)	190	68
Interest income/(costs)	(49)	(61)	(61)	(76)	(23)
Other financial items	(61)	(59)	(17)	(39)	(39)
<b>Total financial income/(costs)</b>	<b>(105)</b>	<b>(142)</b>	<b>(161)</b>	<b>75</b>	<b>6</b>
Return on invested capital after tax (ROIC) incl. goodwill	23.1%	20.0%	19.9%	21.3%	22.2%
<b>Earnings per DKK 2 share</b>	<b>8.10</b>	<b>7.01</b>	<b>6.42</b>	<b>5.79</b>	<b>5.15</b>
Average no. of A/B shares outstanding (million)	311.9	313.8	314.0	315.2	313.2
<b>Earnings per DKK 2 share (diluted)</b>	<b>8.02</b>	<b>6.93</b>	<b>6.33</b>	<b>5.71</b>	<b>5.05</b>
Average no. of A/B shares diluted (million)	315.1	317.4	318.3	320.0	319.4
Net interest-bearing debt	(716)	805	1,430	1,019	346
Equity ratio	61.2%	67.0%	63.3%	63.7%	62.2%
NIBD/EBITDA	(0.2)	0.2	0.4	0.3	0.1
Return on equity	22.6%	21.3%	21.9%	21.9%	23.6%

1.3 Income statement

(DKK million)	2014	2013	Q4 2014	Q4 2013
Revenue	12,459	11,746	3,181	2,940
Cost of goods sold	5,310	5,030	1,369	1,268
<b>Gross profit</b>	<b>7,149</b>	<b>6,716</b>	<b>1,812</b>	<b>1,672</b>
Sales and distribution costs	1,406	1,476	314	383
Research and development costs	1,841	1,528	536	383
Administrative costs	857	824	229	214
Other operating income, net	339	13	110	11
<b>Operating profit / EBIT</b>	<b>3,384</b>	<b>2,901</b>	<b>843</b>	<b>703</b>
Net financials	(105)	(142)	(61)	4
<b>Profit before tax</b>	<b>3,279</b>	<b>2,759</b>	<b>782</b>	<b>707</b>
Tax	754	558	179	144
<b>Net profit</b>	<b>2,525</b>	<b>2,201</b>	<b>603</b>	<b>563</b>
<b>Attributable to</b>				
Shareholders in Novozymes A/S	2,526	2,200	603	563
Non-controlling interests	(1)	1	-	-
<b>Specification of net financials</b>				
Foreign exchange gain/(loss), net	5	(22)	(42)	39
Interest income/(costs)	(49)	(61)	(7)	(24)
Other financial items	(61)	(59)	(12)	(11)
<b>Net financials</b>	<b>(105)</b>	<b>(142)</b>	<b>(61)</b>	<b>4</b>
<b>Earnings per DKK 2 share</b>	<b>8.10</b>	<b>7.01</b>	<b>1.95</b>	<b>1.79</b>
Average no. of A/B shares outstanding (million)	311.9	313.8	308.9	314.2
<b>Earnings per DKK 2 share (diluted)</b>	<b>8.02</b>	<b>6.93</b>	<b>1.93</b>	<b>1.77</b>
Average no. of A/B shares, diluted (million)	315.1	317.4	311.8	318.0

## 1.4 Statement of comprehensive income

(DKK million)	2014	2013	Q4 2014	Q4 2013
<b>Net profit</b>	<b>2,525</b>	<b>2,201</b>	<b>603</b>	<b>563</b>
<b>Currency translation adjustments</b>				
Currency translation of subsidiaries and non-controlling interests	365	(370)	68	(153)
Tax on currency translation adjustments	(7)	16	(11)	16
<b>Currency translation adjustments</b>	<b>358</b>	<b>(354)</b>	<b>57</b>	<b>(137)</b>
<b>Cash flow hedges</b>				
Fair value adjustments	(104)	113	(29)	32
Tax on fair value adjustments	22	(28)	7	(8)
Fair value adjustment reclassified to Financial income/costs	(31)	8	10	(11)
Tax on reclassified fair value adjustments	8	(2)	(2)	3
<b>Cash flow hedges</b>	<b>(105)</b>	<b>91</b>	<b>(14)</b>	<b>16</b>
<b>Other comprehensive income</b>	<b>253</b>	<b>(263)</b>	<b>43</b>	<b>(121)</b>
<b>Comprehensive income</b>	<b>2,778</b>	<b>1,938</b>	<b>646</b>	<b>442</b>
<b>Attributable to</b>				
Shareholders in Novozymes A/S	2,778	1,937	647	442
Non-controlling interests	-	1	(1)	-

Appendix 2: Distribution of revenue

2.1 By industry

(DKK million)	2014	2013	% change	% currency impact	% change in local currency
Household Care	4,353	4,222	3	(1)	4
Food & Beverages	3,278	3,190	3	(1)	4
Bioenergy	2,270	1,909	19	-	19
Agriculture & Feed	1,728	1,668	4	(2)	6
Technical & Pharma	830	757	10	1	9
<b>Sales</b>	<b>12,459</b>	<b>11,746</b>	<b>6</b>	<b>(1)</b>	<b>7</b>

(DKK million)	2014 Q4	2013 Q4	% change	% currency impact	% change in local currency
Household Care	1,091	1,066	2	1	1
Food & Beverages	827	796	4	4	-
Bioenergy	640	540	19	9	10
Agriculture & Feed	422	382	10	3	7
Technical & Pharma	201	156	29	7	22
<b>Sales</b>	<b>3,181</b>	<b>2,940</b>	<b>8</b>	<b>4</b>	<b>4</b>

(DKK million)	2014				2013				% change Q4/Q4
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Household Care	1,091	1,138	1,044	1,080	1,066	1,078	1,065	1,013	2
Food & Beverages	827	852	802	797	796	823	809	762	4
Bioenergy	640	580	536	514	540	496	475	398	19
Agriculture & Feed	422	387	464	455	382	337	439	510	10
Technical & Pharma	201	227	215	187	156	202	237	162	29
<b>Sales</b>	<b>3,181</b>	<b>3,184</b>	<b>3,061</b>	<b>3,033</b>	<b>2,940</b>	<b>2,936</b>	<b>3,025</b>	<b>2,845</b>	<b>8</b>

2.2 By geography

(DKK million)	2014	2013	% change	% currency impact	% change in local currency
Europe, Middle East & Africa	4,706	4,379	7	(1)	8
North America	4,286	3,863	11	-	11
Asia Pacific	2,167	2,234	(3)	(1)	(2)
Latin America	1,300	1,270	2	(5)	7
<b>Sales</b>	<b>12,459</b>	<b>11,746</b>	<b>6</b>	<b>(1)</b>	<b>7</b>

(DKK million)	Q4 2014	Q4 2013	% change	% currency impact	% change in local currency
Europe, Middle East & Africa	1,185	1,112	7	1	6
North America	1,086	930	17	9	8
Asia Pacific	552	542	2	6	(4)
Latin America	358	356	1	2	(1)
<b>Sales</b>	<b>3,181</b>	<b>2,940</b>	<b>8</b>	<b>4</b>	<b>4</b>

(DKK million)	2014				2013				% change Q4/Q4
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Europe, Middle East & Africa	1,185	1,257	1,106	1,158	1,112	1,100	1,100	1,067	7
North America	1,086	1,046	1,109	1,045	930	905	1,051	977	17
Asia Pacific	552	534	537	544	542	569	576	547	2
Latin America	358	347	309	286	356	362	298	254	1
<b>Sales</b>	<b>3,181</b>	<b>3,184</b>	<b>3,061</b>	<b>3,033</b>	<b>2,940</b>	<b>2,936</b>	<b>3,025</b>	<b>2,845</b>	<b>8</b>



## Appendix 3: Statement of cash flows

(DKK million)	2014	2013
<b>Net profit</b>	<b>2,525</b>	<b>2,201</b>
Reversals of non-cash cost items	1,123	1,565
Tax paid	(777)	(599)
Interest received	10	3
Interest paid	(61)	(63)
<b>Cash flow before change in working capital</b>	<b>2,820</b>	<b>3,107</b>
<b>Change in working capital</b>		
(Increase)/decrease in receivables	231	(277)
(Increase)/decrease in inventories	(186)	(82)
Increase/(decrease) in trade payables and other liabilities	1,659	(134)
Increase/(decrease) in exchange gain/loss	1	(15)
<b>Cash flow from operating activities</b>	<b>4,525</b>	<b>2,599</b>
<b>Investments</b>		
Purchase of intangible assets	(20)	(24)
Sale of intangible assets	409	-
Sale of property, plant and equipment	18	3
Purchase of property, plant and equipment	(703)	(762)
<b>Cash flow from investing activities before acquisitions and purchase of financial assets</b>	<b>(296)</b>	<b>(783)</b>
<b>Free cash flow before acquisitions and purchase of financial assets</b>	<b>4,229</b>	<b>1,816</b>
Business acquisitions and purchase of financial assets	(14)	(640)
<b>Free cash flow</b>	<b>4,215</b>	<b>1,176</b>
<b>Financing activities</b>		
Borrowings	-	263
Repayments of borrowings	-	(270)
Purchase of treasury stock	(2,000)	-
Sale of treasury stock	85	167
Dividend paid	(788)	(692)
<b>Cash flow from financing activities</b>	<b>(2,703)</b>	<b>(532)</b>
<b>Net cash flow</b>	<b>1,512</b>	<b>644</b>
Unrealized gain/loss on currencies and financial assets, included in cash and cash equivalents	(1)	(32)
<b>Net change in cash and cash equivalents</b>	<b>1,511</b>	<b>612</b>
Cash and cash equivalents at January 1	942	330
<b>Cash and cash equivalents at December 31</b>	<b>2,453</b>	<b>942</b>

Undrawn committed credit facilities were DKK 2,000 million at December 31, 2014.

Appendix 4: Balance sheet and Statement of shareholders' equity

4.1 Balance sheet

<b>Assets</b> (DKK million)	<b>Dec. 31, 2014</b>	<b>Dec. 31, 2013</b>
Completed IT development projects	82	86
Acquired patents, licenses and know-how	1,759	1,754
Goodwill	1,113	1,022
IT development projects in progress	-	2
<b>Intangible assets</b>	<b>2,954</b>	<b>2,864</b>
Land and buildings	2,537	2,480
Plant and machinery	3,884	3,578
Other equipment	553	527
Assets under construction and pre-payments	524	550
<b>Property, plant and equipment</b>	<b>7,498</b>	<b>7,135</b>
<b>Deferred tax assets</b>	<b>485</b>	<b>456</b>
<b>Other financial assets (non-interest-bearing)</b>	<b>29</b>	<b>14</b>
<b>Investment in associate</b>	<b>24</b>	<b>45</b>
<b>Other receivables</b>	<b>125</b>	<b>162</b>
<b>Non-current assets</b>	<b>11,115</b>	<b>10,676</b>
Raw materials and consumables	318	276
Goods in progress	431	467
Finished goods	1,435	1,159
<b>Inventories</b>	<b>2,184</b>	<b>1,902</b>
Trade receivables	2,244	2,242
Tax receivables	103	151
Other receivables	228	301
<b>Receivables</b>	<b>2,575</b>	<b>2,694</b>
Other financial assets (non-interest-bearing)	17	87
Cash at bank and cash equivalents	2,535	1,003
	<b>7,311</b>	<b>5,686</b>
<b>Assets held for sale</b>	<b>-</b>	<b>144</b>
<b>Current assets</b>	<b>7,311</b>	<b>5,830</b>
<b>Assets</b>	<b>18,426</b>	<b>16,506</b>

Liabilities and shareholders' equity (DKK million)	Dec. 31, 2014	Dec. 31, 2013
Common stock	639	639
Currency translation adjustments	431	74
Cash flow hedges	(10)	95
Retained earnings	10,209	10,246
<b>Equity attributable to shareholders in Novozymes A/S</b>	<b>11,269</b>	<b>11,054</b>
Non-controlling interests	11	12
<b>Shareholders' equity</b>	<b>11,280</b>	<b>11,066</b>
Deferred tax liabilities	784	956
Provisions	212	151
Deferred income	950	0
Other liabilities	17	0
Other financial liabilities (interest-bearing)	1,225	1,716
Other financial liabilities (non-interest-bearing)	17	18
<b>Non-current liabilities</b>	<b>3,205</b>	<b>2,841</b>
Other financial liabilities (interest-bearing)	594	92
Other financial liabilities (non-interest-bearing)	136	13
Provisions	67	128
Trade payables	1,122	976
Deferred income	258	35
Tax payables	389	356
Other payables	1,375	999
<b>Current liabilities</b>	<b>3,941</b>	<b>2,599</b>
<b>Liabilities</b>	<b>7,146</b>	<b>5,440</b>
<b>Liabilities and shareholders' equity</b>	<b>18,426</b>	<b>16,506</b>

#### 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	Total	Total
<b>Shareholders' equity at Jan. 1, 2014</b>	<b>639</b>	<b>74</b>	<b>95</b>	<b>10,246</b>	<b>11,054</b>	<b>12</b>	<b>11,066</b>
Net profit for the period				2,526	2,526	(1)	2,525
Other comprehensive income for the period		357	(105)		252	1	253
Total comprehensive income for the period	-	357	(105)	2,526	2,778	-	2,778
Purchase of treasury stock				(2,000)	(2,000)		(2,000)
Sale of treasury stock				85	85		85
Dividend				(787)	(787)	(1)	(788)
Stock-based payment				91	91		91
Tax related to equity items				48	48		48
Changes in shareholders' equity	-	357	(105)	(37)	215	(1)	214
<b>Shareholders' equity at Dec. 31, 2014</b>	<b>639</b>	<b>431</b>	<b>(10)</b>	<b>10,209</b>	<b>11,269</b>	<b>11</b>	<b>11,280</b>
<b>Shareholders' equity at Jan. 1, 2013</b>	<b>650</b>	<b>428</b>	<b>4</b>	<b>8,473</b>	<b>9,555</b>	<b>13</b>	<b>9,568</b>
Net profit for the period				2,200	2,200	1	2,201
Other comprehensive income for the period		(354)	91		(263)		(263)
Total comprehensive income for the period	-	(354)	91	2,200	1,937	1	1,938
Sale of treasury stock				167	167		167
Write-down of common stock	(11)			11	-		-
Dividend				(690)	(690)	(2)	(692)
Stock-based payment				55	55		55
Tax related to equity items				30	30		30
Changes in shareholders' equity	(11)	(354)	91	1,773	1,499	(1)	1,498

Shareholders' equity at Dec. 31, 2013	639	74	95	10,246	11,054	12	11,066
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## Appendix 5: Final opening balance, TJ Technologies Inc. &amp; logen Bio-Products

(DKK million)	TJ Technologies Inc.	logen Bio-Products
<b>The assumed fair value of acquired assets and liabilities is as follows:</b>		
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)
<b>Acquired net assets</b>	<b>182</b>	<b>285</b>
<b>The purchase price is as follows:</b>		
Cash	237	374
Contingent consideration	11	62
<b>Total purchase price</b>	<b>248</b>	<b>436</b>
<b>Goodwill</b>	<b>66</b>	<b>151</b>
<b>Cash flow for acquisition:</b>		
Cash payment	237	374
Less cash and cash equivalents in acquired business	(27)	-
<b>Cash flow for acquisition</b>	<b>210</b>	<b>374</b>
Cash payment in 2014 (contingent consideration)		38
<b>Cash outflow for acquisitions 2014</b>		<b>38</b>

**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).

The 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	Novozymes 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	Novozymes DeniLite® Cold – a peroxidase combined with a new mediator and H <sub>2</sub> O <sub>2</sub> 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.
Q4 2014	Novozymes Leviti™ – a liquid enzyme solution with multiple enzyme activities tailored to professional laundry chemistry formulators in Household Care.
Q4 2014	Novozymes Amplify® – a new starch-degrading amylase enzyme for consumer and professional laundry detergent solutions.
Q4 2014	Novozymes Lipex® – a new fat-hydrolyzing liquid lipase enzyme for consumer laundry detergent solutions.
Q4 2014	Novozymes Eversa® – a liquid enzyme solution that enables enzymatic production of biodiesel in a sustainable manner from lower-grade oils such as used cooking oils and waste oils.

**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
January 20, 2015	Group financial statement for 2014

**Appendix 8: Financial calendar**

February 25, 2015	Annual Shareholders' Meeting 2015
April 23, 2015	Interim report for the first 3 months of 2015
August 6, 2015	Interim report for the first half of 2015
October 22, 2015	Interim report for the first 9 months of 2015
January 19, 2016	Group financial statement for 2015
February 24, 2016	Annual Shareholders' Meeting 2016