



## Satisfactory 2018 performance, in line with initial outlook. 2019 guidance of 3-6% organic sales growth and 28-29% EBIT margin

Organic sales growth of +4% (Q4: +2%) in 2018: Bioenergy +12%, Food & Beverages +5%, Agriculture & Feed +3%, Household Care 0%, Technical & Pharma -6%. EBIT margin 28.3%. Net profit growth +3%. Free cash flow before acquisitions DKK 2.3 billion.

**Peder Holk Nielsen, President & CEO:** *“We had a satisfactory 2018, in line with the outlook parameters from the beginning of the year. This is good considering the negative impact from markets in the Middle East. In 2019, we expect to increase sales organically by between 3 and 6%. Growth comes from innovation and increased market penetration, particularly in the emerging markets. New game-changing solutions, such as freshness in laundry, Balancius™ for feed and yeast for Bioenergy, will make strong contributions to our topline – and make the world more sustainable. Although the outlook reflects uncertainties, our view on 2019 is positive.”*

**January 24, 2019**

Group financial statement for 2018.  
Company announcement no. 1

**Novozymes A/S**

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### Highlights 2018:

- Organic sales growth of +4% (Q4: +2%) and -1% in DKK (Q4: +1%)
- Bioenergy strong; Food & Beverages solid; Agriculture & Feed growing; Household Care flat
- +5% organic sales growth in emerging markets; developed markets +3%
- 8 impactful product launches across businesses; good progress on the eight priority platforms
- Solid EBIT margin of 28.3%, including productivity improvements and despite currency headwinds, increased commercial activity, increasing input costs and lower deferred income.
- Net profit growth of +3% from lower net financial costs and lower effective tax rate
- Free cash flow before acquisitions DKK 2.3 billion; net investments DKK 1.4 billion
- Proposed dividend of 5 DKK/share. 11.1% growth in dividend. 44.6% payout ratio

**2019 outlook:** Organic sales growth of 3-6%, with an addition of ~1 percentage point for growth in DKK. The 3-6% range reflects strong new product performance and geopolitical uncertainty. Q1 is expected to see a slight decline in organic sales y/y, due to the Middle East, Feed and US baking. Second half y/y expected to be much stronger. EBIT margin at 28-29% supported by solid productivity gains. Net profit growth of 0-5%. CAPEX at DKK 1.0-1.3 billion. Free cash flow bef. acq. at DKK 2.2-2.6 billion. ROIC expected at ~23% (~24% excl. IFRS 16 Leases). Stock buyback program of up to DKK 2 billion. Capital Markets Day with strategy update planned for June 17.

	2019 outlook*	Realized	
	24 January	12M 2018	12M 2017
Sales growth, organic	3-6%	4%	4%
EBIT margin	28-29%	28.3%	27.9%
Net profit growth	0-5%	3%	2%
Net investments excl. acquisitions (DKKbn)	1.0-1.3	1.4	1.7
Free cash flow before acquisitions (DKKbn)	2.2-2.6	2.3	2.4
ROIC (including goodwill)	~23%**	24.2%	25.6%

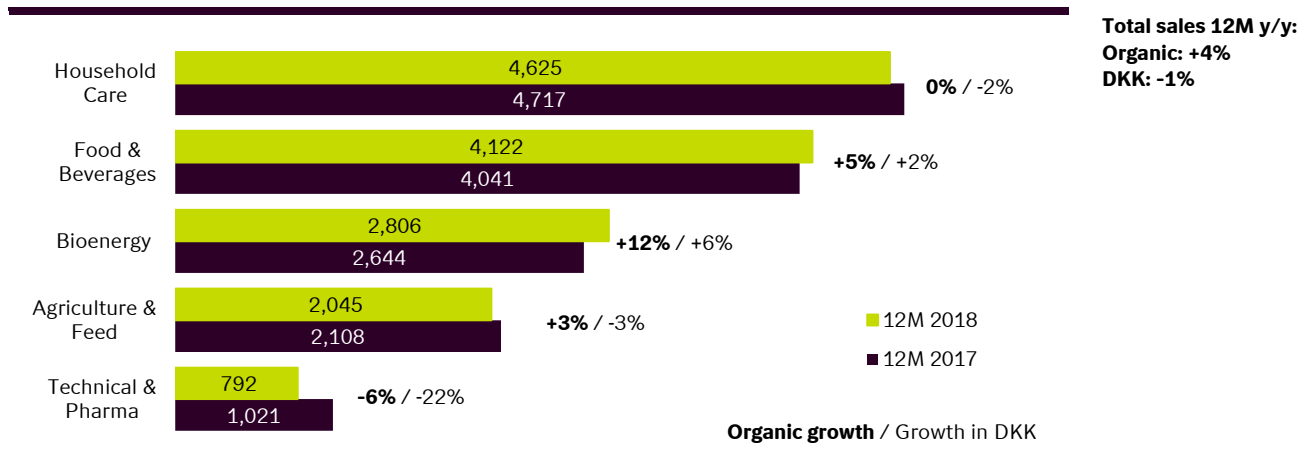
\* Assumes that the exchange rates for the company's key currencies remain at the rates on January 23 for the rest of 2019.  
\*\* The implementation of IFRS 16 Leases has a negative impact on ROIC of approximately 1 percentage point.

## Selected key data

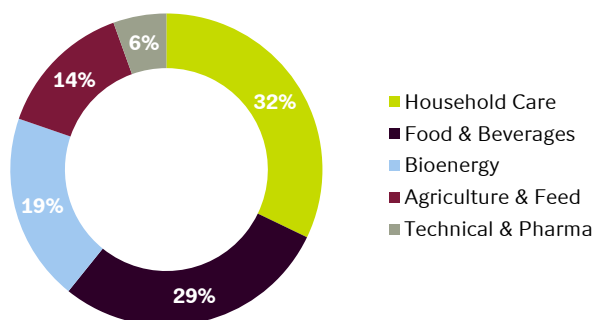
	12M 2018	12M 2017	Q4 2018	Q4 2017
<b>Sales growth, organic</b>	<b>4%</b>	<b>4%</b>	<b>2%</b>	<b>4%</b>
- Household Care	0%	1%	1%	-3%
- Food & Beverages	5%	9%	7%	9%
- Bioenergy	12%	11%	5%	14%
- Agriculture & Feed	3%	-3%	-3%	-7%
- Technical & Pharma	-6%	2%	-5%	22%
<b>Sales, DKKm</b>	<b>14,390</b>	<b>14,531</b>	<b>3,714</b>	<b>3,673</b>
Sales growth, DKK	-1%	3%	1%	-1%
Gross margin	57.4%	57.9%	57.1%	57.6%
EBITDA, DKKm	5,158	5,114	1,377	1,343
EBIT, DKKm	4,070	4,047	1,056	1,015
EBIT margin	28.3%	27.9%	28.4%	27.6%
Net profit, DKKm	3,227	3,120	837	794
Net profit growth	3%	2%	5%	-1%
Net investments excl. acquisitions, DKKm	1,388	1,665	501	687
Free cash flow before acquisitions, DKKm	2,291	2,398	311	285
Net debt/EBITDA (x)	0.5	0.3	0.5	0.3
ROIC (incl. goodwill)	24.2%	25.6%	24.7%	28.6%
EPS, DKK	11.11	10.56	2.91	2,71
EPS (diluted), DKK	11.03	10.49	2.89	2,69
Avg. USD/DKK	631	660	654	632

## Sales and markets

### Sales in DKK million and organic/DKK growth rates, 12M year-over-year (y/y)



### Distribution of sales, 12M 2018



### Household Care

In 2018, growth in sales to the Household Care industry were flat organically and down 2% in DKK compared with 2017. In the fourth quarter, sales grew by 1% y/y both organically and in DKK. Sales during 2018 were a bit softer than initially expected due to challenging Middle Eastern markets in the second half of the year as well as a truck strike in Brazil and a customer’s North American distribution issues in the second quarter of the year.

**Household Care 12M y/y:**  
**Organic: 0%**  
**DKK: -2%**

Sales to local customers maintained their good momentum throughout the year, and sales of enzymes for dishwashing solutions continued to deliver strong performance.

The emerging markets delivered solid performance driven by local customers. In China, penetration with enzymatic solutions for laundry detergents continues as the demand for liquid detergent formulations continues to grow. As expected, some of our global customers continued to reduce enzyme dosing during 2018, particularly in the developed markets.

The rollout of the first product from the freshness platform is tracking according to plan. Although, as expected, the contribution from the platform in 2018 was minor, we expect a relatively higher contribution during 2019 from further emerging markets being added as well as initial shipments to European markets.

## Food & Beverages

Food & Beverages sales grew by 5% organically and by 2% in DKK in 2018. In the fourth quarter y/y, growth was 7% both organically and in DKK.

Food & Beverages delivered solid and wide-ranging growth, including in the fourth quarter. Both emerging and developed markets posted growth in 2018 compared with 2017. Food & nutrition and beverages were the most significant growth contributors, while baking experienced a slight decline. This decline was caused by two main factors: the planned price decreases in the North American freshkeeping market and loss of business in the Middle East. However, sales of baking enzymes to the European and African markets performed well, almost offsetting the negatives.

The fourth quarter performed well, with growth from all industries except baking. Beverages stood out, together with significant progress in food & nutrition. Here, our solutions for low-lactose dairy, trans fat reduction and acrylamide reduction maintained their good momentum, supported by increasing health awareness trends among consumers. Also, sales to the starch industry were satisfactory, despite pressure from commodity pricing in Asia Pacific.

**Food & Beverages 12M y/y:**  
**Organic: +5%**  
**DKK: +2%**

## Bioenergy

Sales to Bioenergy grew by 12% organically and by 6% in DKK compared with 2017. In the fourth quarter, sales grew by 5% organically and 6% in DKK y/y.

The strong growth within enzymes for conventional biofuels continued throughout the year, driven by broad technology offerings and tailored customer solutions. Our newly launched yeast products, Innova® Drive and Innova® Lift, posted good growth in the second half of the year, albeit from a low base. Latin America continued to perform well, supported by new starch-based ethanol production capacity.

US and global ethanol production is estimated to be up ~1% in 2018 compared with 2017 (Q4: down ~3%). Ethanol producer margins were under pressure, and inventory levels elevated.

**Bioenergy 12M y/y:**  
**Organic: +12%**  
**DKK: +6%**

## Agriculture & Feed

In Agriculture & Feed, sales increased by 3% organically and were down 3% in DKK compared with 2017. Organic growth in the fourth quarter was -3%, while growth in DKK came in at -5% y/y.

BioAg performed very well in 2018. While agricultural markets in general were challenged by low crop prices and poor farm economics, growth in Novozymes' BioAg business was driven mainly by the combined Acceleron® B-300 SAT/B-360 ST corn product for the US market. However, fourth-quarter sales in BioAg were, as expected, impacted by a tough y/y comparison due to timing of sales between quarters.

Sales to the feed industry declined during 2018, as challenging feed enzyme markets, especially in Latin America, put pressure on volumes, including in the fourth quarter. Animal health sales developed well across the major geographies.

During 2018, Novozymes recognized DKK 169 million (Q4: DKK 60 million) of deferred income as revenue, compared with DKK 202 million in 2017 (Q4: DKK 80 million).

**Agriculture & Feed 12M y/y:**  
**Organic: +3%**  
**DKK: -3%**

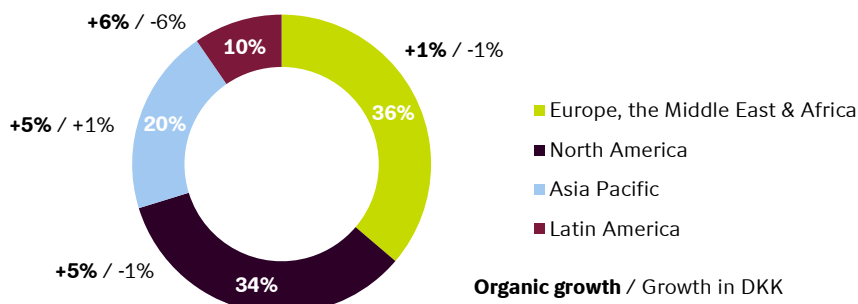
## Technical & Pharma

Sales to Technical & Pharma declined by 6% organically and by 22% in DKK in 2018. Organic sales growth in the fourth quarter declined by 5%. The divestment of Albumedix late 2017 impacted revenue negatively by DKK ~150 million in 2018, including DKK ~40 million in the fourth quarter. The divestment has no impact on organic sales growth.

**Technical & Pharma 12M y/y:**  
**Organic: -6%**  
**DKK: -22%**

Performance was weak across the various technical industries, as well as in Pharma. Sales to the textile industry were below expectations, following weak performance in the Middle East.

### Sales by geography, 12M 2018



Overall, organic sales grew by 4% in 2018 compared with 2017. Sales to the emerging markets grew organically by 5%, and developed markets were up 3% in the same period. Growth in the emerging markets came from both Asia Pacific and Latin America, where Household Care and Bioenergy in particular performed well. Food & Beverages also posted solid growth in Latin America during the year. Middle Eastern markets impacted sales growth negatively, especially in the second half of the year.

In the developed markets, sales to Household Care were the main negative during the year, whereas Bioenergy and BioAg were the strongest growth contributors.

In the fourth quarter of 2018, organic sales grew by 2% overall compared with the same period last year. Sales to the emerging markets grew by 4% organically and sales to the developed markets by 2%. In emerging markets, Agriculture & Feed was weak, mainly due to Latin America, whereas sales of enzymes for Food & Beverages were strong in Asia Pacific. Lower sales to the Middle Eastern markets in Household Care, Food & Beverages and textiles (Technical & Pharma) were a negative, whereas Latin America performed well, driven by Bioenergy. In the developed markets, Agriculture & Feed and Household Care both posted low growth.

### Europe, the Middle East & Africa

Organic sales growth in 2018 compared with 2017 was soft across most industries. Household Care was particularly soft, whereas Food & Beverages posted low growth. In the fourth quarter, organic sales growth was 1% compared with the same period last year, mainly driven by Food & Beverages. Sales to the Middle East declined in the fourth quarter, with sanctions and economic distress impacting all our businesses in the region: Household Care, Food & Beverages and Technical & Pharma.

**Europe, the Middle East & Africa 12M y/y:**  
**Organic: +1%**  
**DKK: -1%**

### North America

North America was solid overall with 5% organic sales growth in 2018 and 3% in the fourth quarter compared with 2017. Bioenergy and Agriculture & Feed were the main drivers, both for the year as a whole and the fourth quarter.

**North America 12M y/y:**  
**Organic: +5%**  
**DKK: -1%**

### Asia Pacific

Food & Beverages and Household Care were the main drivers of the 5% organic sales growth in 2018 compared with 2017. In the fourth quarter, Asia Pacific grew by 5% organically, with Food & Beverages as the main driver.

**Asia Pacific 12M y/y:**  
**Organic: +5%**  
**DKK: +1%**

## Latin America

Organic sales growth in Latin America was 6% in 2018 compared with 2017, driven by Bioenergy and Food & Beverages, whereas Household Care was lower. Comparing the fourth quarter of 2018 with the same period of 2017, Latin America grew by 1% organically, driven by Bioenergy and Food & Beverages, whereas Household Care and Agriculture & Feed were soft.

**Latin America 12M y/y:**  
**Organic: +6%**  
**DKK: -6%**

## Income statement

Total costs excluding net financials, share of losses in associates and taxes were DKK 10,363 million, a decrease of 1% or DKK 118 million compared with 2017.

**Total costs: -1%**

The gross margin was 57.4% for 2018, which is 0.5 percentage point lower than for 2017. Productivity gains and mix impacted the gross margin positively, whereas higher input costs and lower deferred income had a negative effect.

**Gross margin: 57.4%**

Operating costs were DKK 4,228 million, a decrease of 3% or DKK 135 million that was mainly driven by currencies as well as one-off reorganization costs in 2017. Operating costs as a percentage of sales were 29%, roughly 1 percentage point lower than for 2017.

**Operating costs: -3%**

- Sales and distribution costs decreased by 3%, representing 10.9% of sales
- R&D costs decreased by 3%, representing 13.0% of sales
- Administrative costs decreased by 5%, representing 5.5% of sales

Other operating income was DKK 43 million in 2018, compared with a negative figure of DKK 3 million in 2017, which included the divestment of Albumedix.

Depreciation and amortization were DKK 1,088 million, compared with DKK 1,067 million in 2017.

**Depreciation and amortization:**  
**DKK 1.088 million**

The EBIT margin was 28.3%, 0.4 percentage point higher than in 2017. Excluding the one-time costs relating to organizational changes in the first half of 2017 and the net charge in the fourth quarter of 2017 relating to the divestment of Albumedix, the EBIT margin was 0.7 percentage point lower. The lower underlying EBIT margin is mainly explained by increased commercial activity, negative currencies and a lower gross margin, including lower deferred income.

**EBIT: DKK 4,070 million**

**EBIT margin: 28.3%**

In total, net financial costs were DKK 117 million compared with DKK 157 million in 2017. The share of losses in associates was DKK 17 million, compared with DKK 14 million in 2017. Novozymes realized a DKK 89 million currency hedging/revaluation loss for 2018 compared with a gain of DKK 27 million for 2017. Other financial costs were DKK 25 million compared with DKK 164 million in 2017. Of the DKK 164 million in 2017, DKK 120 million related to the write-down of a financial guarantee provided by M&G Group. Net interest expenses were DKK 3 million compared with DKK 20 million in 2017.

**Net financial costs and share of losses in associates:**  
**DKK -134 million**

Profit before tax was DKK 3,936 million, an increase of 2% compared with DKK 3,876 million in 2017.

The effective tax rate was 18.0% in 2018, compared with 19.5% in 2017, and is mainly explained by the previously announced transfer of intellectual property assets from Switzerland to Denmark.

**Effective tax rate: 18.0%**

Net profit was DKK 3,227 million, an increase of 3% from DKK 3,120 million in 2017, driven by both a lower tax rate and lower net financial costs.

**Net profit: DKK 3,227 million**

## Cash flow and balance sheet

Cash flow from operating activities was DKK 3,679 million in 2018, compared with DKK 4,063 million in 2017. Higher net profit impacted cash flow positively, while higher net working capital had a negative impact. The development in working capital was caused by higher receivables and increasing inventories, as well as lower deferred income and contract liabilities.

**Operating cash flow:  
DKK 3,679 million**

Net investments excluding acquisitions totaled DKK 1,388 million, 17% lower than in 2017. Novozymes' main investment projects in 2018 were the greenfield facility in Mumbai, India, the capacity expansion in Nebraska, US, and the innovation campus in Lyngby, Denmark. The capacity expansion in Nebraska was completed during the second quarter, and the Mumbai plant initiated trial production in the fourth quarter. The investment in our new innovation campus in Lyngby will continue into 2019.

**Net investments excl. acq:  
DKK 1,388 million**

Free cash flow before net acquisitions decreased by DKK 107 million to DKK 2,291 million due to higher net working capital, offset by lower net investments and to some extent also higher net profit.

**Free cash flow before  
acquisitions: DKK 2,291 million**

Total shareholders' equity at December 31, 2018 was DKK 11,438 million, compared with DKK 11,267 million at December 31, 2017. Shareholders' equity was 58.1% of the balance sheet total, compared with 61.3% at December 31, 2017. The decline was mainly due to dividend payments and the continued share buybacks.

**Equity ratio: 58.1%**

On December 31, 2018, Novozymes had net interest-bearing debt of DKK 2,535 million, compared with DKK 1,642 million at the end of 2017. Net interest-bearing debt-to-EBITDA was 0.5x, compared with 0.3x at the end of 2017.

**Net interest-bearing debt-to-  
EBITDA: 0.5x**

Return on invested capital (ROIC) including goodwill was 24.2%, compared with 25.6% at year-end 2017. The lower ROIC was mainly due to higher net invested capital.

**ROIC: 24.2%**

At December 31, 2018, the holding of treasury stock was 9,405,806 B shares, equivalent to 3.2% of the common stock. During the year, Novozymes repurchased 6,167,092 B shares with a transaction value of DKK 2 billion under the DKK 2 billion stock buyback program initiated on February 14, 2018.

**Treasury stock: 3.2%**

## Sustainability

Novozymes has introduced annual sustainability targets until new longer-term targets have been established. The goal for 2018 was to grow the absolute consumption of water and energy and absolute CO<sub>2</sub> emissions at a lower rate than the organic sales growth. Novozymes reached most of the sustainability targets set for 2018, although the CO<sub>2</sub> emissions target came in slightly short of expectations because of mix changes that led to an unfavorable energy mix. Occupational accidents with absence per million working hours and employee absence both came in above their respective targets. Occupational accidents were higher due to minor injuries, mainly in production.

	12M 2018	2018 target
Growth in absolute water consumption	1%	< 4-6%
Growth in absolute energy consumption	1%	< 4-6%
Growth in absolute CO <sub>2</sub> emissions	7%	≤ 4-6%
Energy from renewable sources	23%	23%
Occupational accidents with absence per million working hours	2.4	≤ 1.5
Employee absence	2.1%	≤ 2.0%
Women in senior management	30%	≥ 27%

## 2019 outlook

	2019 outlook* January 24
Sales growth, organic	3-6%
EBIT margin	28-29%
Net profit growth	0-5%
Net investments excl. acquisitions (DKKbn)	1.0-1.3
Free cash flow before acquisitions (DKKbn)	2.2-2.6
ROIC (including goodwill)	~23%**

\* Assumes that the exchange rates for the company's key currencies remain at the rates on January 23 for the rest of 2019.

\*\* The implementation of IFRS16 Leases has a negative impact on ROIC of approximately 1 percentage point.

## Sales outlook

Novozymes expects 3-6% organic sales growth for 2019. Growth is supported by strong innovation and increased market penetration, especially in the emerging markets. The 3-6% range also reflects geopolitical uncertainty such as the one in the Middle East (affecting Household Care, Food & Beverages and Technical & Pharma), the future setup of our BioAg business as well as volatile agricultural markets.

**Organic sales growth: 3-6%**

Using current spot rates as full-year estimates for the major currencies, and including lower recognition of deferred income (BioAg), Novozymes expects to see a positive impact of approximately 1 percentage point for growth in DKK. Roughly DKK 113 million of deferred income will be recognized in 2019, compared with DKK 169 million in 2018.

The first quarter of 2019 is expected to see a modest decline in organic sales y/y, mainly due to annualization of the Middle Eastern impact from the second half of 2018, a challenging Feed comparison and the enzyme price reductions in US baking coming to an end. Organic sales growth in the second half of the year is expected to be much stronger thanks to an easier Middle East comparison, the freshness platform in Household Care entering Europe, BioAg seasonality, an easing y/y price effect in US baking and Bioenergy volume growth picking up in the US market.

**Household Care** (organic: 0% 12M 2018 y/y) organic sales growth is expected to be supported by a broader rollout for the freshness platform and increased penetration in emerging markets, where we tap into consumer trends with our innovative enzymes for both liquid and powder detergents. The development of the freshness platform is tracking according to plan, and we expect to ship to more emerging markets through the year and to Europe in late 2019. The dose reductions at some of our large customers are likely to continue, although at a lower level. This puts a dampener on growth. We expect low-single-digit organic sales growth for Household Care, including annualization of the Middle Eastern impact.

**Food & Beverages** (organic: +5% 12M 2018 y/y) organic sales growth is expected to be driven by continued step-up in commercial presence, especially in the emerging markets, as well as by ramp-up of newly launched innovations, such as Frontia® and Palmora®. There is a modest positive expectation for baking, including planned price decreases in the US coming to an end in the first quarter. Food & nutrition is expected to continue its good momentum, supported by the enduring health awareness trends. We expect continued solid growth across all industries with mid-single-digit



organic sales growth overall in Food & Beverages, including annualization of the Middle Eastern impact.

**Bioenergy** (organic: +12% 12M 2018 y/y) organic sales growth is expected to be driven mainly by increased penetration from innovation as well as volume growth outside the US market. We expect US ethanol production in 2019 to be slightly lower than in 2018, with ethanol inventory levels remaining high into 2019. As such, we expect first-quarter US ethanol production to decline, before improving for the rest of the year. We expect high-single-digit growth in Bioenergy for the full year.

**Agriculture & Feed** (organic: +3% 12M 2018 y/y) sales to the agriculture-related markets are subject to uncertainty, due primarily to global farm economics and trade-related concerns. We are negotiating with Bayer regarding the future setup of the BioAg business, which is also a source of uncertainty. Feed sales are expected to grow modestly for the year. We expect a low-single-digit decrease to a mid-single-digit increase in organic sales for Agriculture & Feed for the year.

Novozymes expects to recognize roughly DKK 113 million of the deferred income in BioAg as revenue in 2019. Deferred income does not impact the calculation of organic sales growth rates; it impacts realized sales growth in DKK but has no cash flow impact.

**Technical & Pharma** (organic: -6% 12M 2018 y/y). The business was impacted by the challenging markets in the Middle East during the second half of 2018, a situation that is expected to continue in the first half of 2019. We expect low-single-digit organic sales growth for the year, including annualization of the Middle Eastern impact.

## Profit outlook

For 2019, we expect an EBIT margin of 28-29%, including a minor positive impact from currencies. As currencies are experiencing high volatility, in particular the US dollar, a weakening relative to what has been assumed in the guidance for the full year could impact the EBIT margin negatively. The DKK ~60 million lower deferred income expected in 2019 relative to 2018 impacts EBIT, and the EBIT margin, negatively. Sales growth and productivity improvements are expected to be supportive of margins, mitigating the effects of higher input costs.

**EBIT margin: 28-29%**

Given the current visibility and interpretation of various country-specific tax rules and levels, Novozymes expects an effective tax rate of 18-20% for 2019.

**Effective tax rate: 18-20%**

Net profit growth is expected to be 0-5%. The USD currency exposure has been hedged through forward contracts at an average exchange rate of 6.21 USD/DKK for 2019.

**Net profit growth: 0-5%**

Net investments are expected to be DKK 1.0-1.3 billion (2018: DKK 1.4 billion). The investment level for 2019 reflects general maintenance CAPEX, expansion CAPEX as well as the finalization of the innovation campus in Lyngby, Denmark.

**Net investments:  
DKK 1.0-1.3 billion**

Free cash flow before acquisitions is expected to be in the range of DKK 2.2-2.6 billion (2018: DKK 2,291 million). The reclassification of lease payments (IFRS 16) is expected to impact free cash flow positively by around DKK 0.1 billion.

**Free cash flow before acq.:  
DKK 2.2-2.6 billion**

Return on invested capital (ROIC) including goodwill is expected at around 23% (2018: 24.2%). The average calculation of invested capital now includes a higher end balance following the major investment programs that we announced early in 2017. The implementation of IFRS 16 Leases has a negative impact on ROIC of approximately 1 percentage point.

**ROIC: ~23%  
(~24% excl. IFRS16)**

## Sustainability outlook

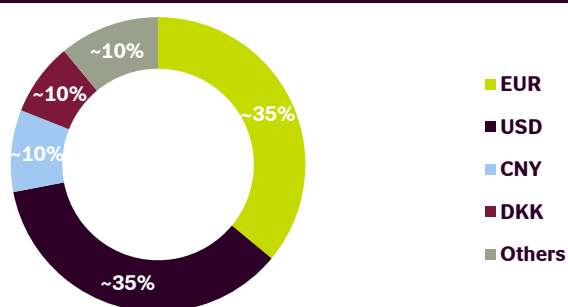
Novozymes remains committed to continuously improving the sustainability performance of our own operations and supply chain. Improving sustainability performance is a long-term undertaking, and we will continue to pursue and prioritize opportunities to make our operations more cost-effective, environmentally friendly and socially responsible. For 2019, we will continue with annual targets to keep our resource consumption and CO<sub>2</sub> emissions lower than our organic sales growth, while working to define better long-term targets in these areas. We will work to improve the share of renewable energy in our energy mix to support us on our journey of decoupling our business growth from the impact it has on the environment. We will also sharpen focus on our safety culture and continue our global initiatives to improve our safety behavior to reduce the number of accidents in 2019.

We are seeing an increasing level of third-party assessment and engagement with our investors on our sustainability performance. In an effort to streamline our reporting on sustainability to various channels, we decided to discontinue our participation in the RobecoSAM corporate sustainability assessment. However, our commitment to improving our sustainability performance and disclosure remains intact.

	<b>2019 target</b>
Growth in absolute water consumption	< organic sales growth
Growth in absolute energy consumption	< organic sales growth
Growth in absolute CO <sub>2</sub> emissions	≤ organic sales growth
Energy from renewable sources	28%
Occupational accidents with absence per million working hours	≤ 1.5
Employee absence	≤ 2.0%
Women in senior management	≥ 29%

## Currency exposure

### Sales by currency, 12M 2018



From a currency perspective, we expect 2019 EBIT to be most exposed to fluctuations in the USD.

Other things being equal, a 5% movement in USD/DKK is expected to have an annual positive/negative impact on EBIT of DKK 130-160 million, and a 5% movement in EUR/DKK is expected to have an annual positive/negative impact on EBIT of DKK ~200 million.

## Hedging of net currency exposure

	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>USD</b>	100% hedged via forward contracts at 6.18 USD/DKK				100% hedged via forward contracts at 6.21 USD/DKK			

Since October 2018, we have hedged our expected USD cash flow using 12-month rolling contracts. 2018 was fully hedged at an average of USD/DKK 6.18. 2019 is fully hedged at an average of USD/DKK 6.21.

The outlook is based on exchange rates for the company's key currencies remaining at the closing rates on January 23 for the full year.

DKK	EUR	USD	BRL	CNY
Average exchange rate 12M 2018	745	631	174	95
Average exchange rate 12M 2018 compared with 12M 2017	0%	-4%	-16%	-2%
Rate on January 23, 2019	747	657	173	97
Estimated average exchange rate 2019*	747	657	173	97
Estimated average exchange rate 2019 compared with 2018	0%	4%	0%	2%

\* Estimated average exchange rate on January 23, 2019.

## Dividend for 2018

At the Annual Shareholders' Meeting on February 27, 2019, the Board of Directors will propose a dividend payment of DKK 5 per share for the 2018 financial year. This is an increase of 11% compared with 2017 and translates into a payout ratio of 44.6% of net profit in 2018.

## New stock buyback program in 2019

Novozymes has decided to initiate a new stock buyback program for 2019 worth up to DKK 2 billion in total or a maximum of 20 million shares.

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 decided.

The buyback program will run in accordance with Regulation (EU) No 596/2014 of April 16, 2014, also known as the "Market Abuse Regulation," and Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016. Subject to approval at the Annual Shareholders' Meeting, cancellation of shares will take place after the program is finished.

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 Copenhagen during the preceding 20 business days.

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

## Incentive programs for selected employees in 2019 with a value of up to DKK 3 million

As in previous years, the Board of Directors has renewed the nonexecutive annual incentive program, now established for 2019. The aim of the program is for the registered executives of Novozymes A/S to be able to award stock or stock options to employees as a personal bonus for outstanding efforts or for retention purposes. Given the nature of the program, the recipients of the incentives are not known at this point. The registered executives of Novozymes A/S cannot be awarded incentives under this program. The awarded stock options have a vesting period of up to four years, after which there is an exercise period of five years. The awarded stock has a vesting period of three years. The total cost of the program cannot exceed DKK 3 million, which at current valuation corresponds to about 10,000 shares or 60,000 stock options.

## Accounting policies

The Group financial statement for 2018 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 2018 follows the same accounting policies as the annual report for 2017, 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, 2018. Of these, IFRS 9 Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities and IFRS 15 Revenue from Contracts with Customers are considered most relevant. Refer to Note 1 in the Annual Report 2018 for a description of the impact of the implementation of IFRS 9 and IFRS 15. The note also describes the impact that the implementation of IFRS 16 Leases will have on the consolidated financial statements.

## 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 market-expanding growth platforms, notably the development of microbial solutions for broad-acre crops; vi) political conditions, such as acceptance of enzymes produced by genetically modified organisms; vii) global economic and capital market conditions, including, but not limited to, currency exchange rates (USD/DKK and EUR/DKK in particular, but not exclusively), interest rates and inflation; viii) significant price decreases for inputs and materials that compete with Novozymes' biological solutions. The company undertakes no obligation to update any forward-looking statements as a result of future developments or new information.

## Contact information

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## Statement of the Board of Directors and Executive Management

The Board of Directors and the Executive Leadership Team have considered and approved the Annual Report of Novozymes A/S for 2018, including the audited consolidated financial statements. The Board of Directors and the Executive Leadership Team have also approved this Group financial statement for 2018, containing condensed financial information. This Group financial statement for 2018 has not been audited or reviewed by the company's independent auditor.

The consolidated financial statements in the Annual Report 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

This Group financial statement for 2018 has been prepared in accordance with IAS 34, the accounting policies as applied in the audited consolidated financial statements for 2018 and further requirements in the Danish Financial Statements Act.

In our opinion, the accounting policies used are appropriate, the Group's internal controls relevant to preparation and presentation of this Group financial statement are adequate, and this Group financial statement gives a true and fair view of the development in the Group's activities and business and of the Group's assets, liabilities, net profit and financial position at December 31, 2018, and of the results of the Group's operations and cash flows for 2018. Furthermore, this Group financial statement for 2018 gives, together with what is disclosed in the Annual Report 2018, a description of the most significant risks and uncertainties to which the Group is subject.

Bagsvaerd, January 24, 2019

### **EXECUTIVE MANAGEMENT**

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Peder Holk Nielsen  
President & CEO

Thomas Videbæk  
COO

Prisca Havranek-Kosicek  
CFO

### **BOARD OF DIRECTORS**

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Jørgen Buhl Rasmussen  
Chairman

Agnete Raaschou-Nielsen  
Vice Chairman

Lars Green

Lena Bech Holskov

Anders Hentze Knudsen

Kasim Kutay

Lars Bo Køppler

Patricia Malarkey

Kim Stratton

Mathias Uhlén

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**Appendix 1 Main items and key figures****1.1 Key figures**

(DKK million)	2018	2017	% change	Q4 2018	Q4 2017	% change
Revenue	14,390	14,531	(1)%	3,714	3,673	1%
Gross profit	8,255	8,413	(2)%	2,120	2,117	0%
Gross margin	57.4%	57.9%		57.1%	57.6%	
EBITDA	5,158	5,114	1%	1,377	1,343	3%
EBITDA margin	35.8%	35.2%		37.1%	36.6%	
Operating profit / EBIT	4,070	4,047	1%	1,056	1,015	4%
EBIT margin	28.3%	27.9%		28.4%	27.6%	
Share of result in associates	(17)	(14)		(9)	(6)	
Net financials	(117)	(157)		(43)	(41)	
<b>Profit before tax</b>	<b>3,936</b>	<b>3,876</b>	<b>2%</b>	<b>1,004</b>	<b>968</b>	<b>4%</b>
Tax	(709)	(756)	(6)%	(167)	(174)	(4)%
<b>Net profit</b>	<b>3,227</b>	<b>3,120</b>	<b>3%</b>	<b>837</b>	<b>794</b>	<b>5%</b>
Earnings per DKK 2 share	11.11	10.56	5%	2.91	2.71	7%
Earnings per DKK 2 share (diluted)	11.03	10.49	5%	2.89	2.69	7%
Net investments excl. acq.	1,388	1,665				
Free cash flow before net acq. and purchase of financial assets	2,291	2,398				
Return on invested capital (ROIC) incl. goodwill	24.2%	25.6%				
Net interest-bearing debt	2,535	1,642				
Equity ratio	58.1%	61.3%				
Return on equity	28.4%	27.1%				
Debt-to-equity	22.2%	14.6%				
NIBD / EBITDA	0.5	0.3				
Number of employees	6,427	6,245				
Novozymes' stock				<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	
Common stock (million)				297.0	305.0	
Net worth per share (DKK)				38.47	36.90	
Denomination of share (DKK)				2.00	2.00	
Nominal value of common stock (DKK million)				594.0	610.0	
Treasury stock (million)				9.4	12.1	



**1.2 Five-year statement 2014-2018**

(DKK million)	2018	2017	2016	2015	2014
Revenue	14,390	14,531	14,142	14,002	12,459
Gross profit	8,255	8,413	8,126	8,129	7,149
Gross margin	57.4%	57.9%	57.5%	58.1%	57.4%
Operating profit / EBIT	4,070	4,047	3,946	3,884	3,384
Operating profit margin	28.3%	27.9%	27.9%	27.7%	27.2%
Share of result in associates	(17)	(14)	(31)	(6)	(21)
Net financials	(117)	(157)	(34)	(257)	(84)
<b>Profit before tax</b>	<b>3,936</b>	<b>3,876</b>	<b>3,881</b>	<b>3,621</b>	<b>3,279</b>
Tax	(709)	(756)	(831)	(796)	(754)
<b>Net profit</b>	<b>3,227</b>	<b>3,120</b>	<b>3,050</b>	<b>2,825</b>	<b>2,525</b>
Non-controlling interests	1	1	-	2	(1)
Net profit to shareholders in Novozymes A/S	3,226	3,119	3,050	2,823	2,526
Foreign exchange gain/(loss), net	(89)	27	(2)	(158)	5
Interest income/(costs)	(3)	(20)	(26)	(27)	(49)
Other financial items	(25)	(164)	(6)	(72)	(40)
<b>Net financials</b>	<b>(117)</b>	<b>(157)</b>	<b>(34)</b>	<b>(257)</b>	<b>(84)</b>
Earnings per DKK 2 share	11.11	10.56	10.15	9.23	8.10
Average no. of A/B shares outstanding (million)	290.4	295.3	300.5	306.0	311.9
Earnings per DKK 2 share (diluted)	11.03	10.49	10.06	9.12	8.02
Average no. of A/B shares diluted (million)	292.4	297.2	303.1	309.4	315.1
Return on invested capital (ROIC) incl. goodwill	24.2%	25.6%	25.1%	25.9%	23.1%
Net interest-bearing debt	2,535	1,642	990	437	(716)
Equity ratio	58.1%	61.3%	62.9%	65.2%	61.2%
Return on equity	28.4%	27.1%	26.1%	24.7%	22.6%
NIBD/EBITDA	0.5	0.3	0.2	0.1	(0.2)

**1.3 Income statement**

(DKK million)	2018	2017	Q4 2018	Q4 2017
Revenue	14,390	14,531	3,714	3,673
Cost of goods sold	(6,135)	(6,118)	(1,594)	(1,556)
<b>Gross profit</b>	<b>8,255</b>	<b>8,413</b>	<b>2,120</b>	<b>2,117</b>
Sales and distribution costs	(1,571)	(1,619)	(413)	(375)
Research and development costs	(1,865)	(1,913)	(449)	(493)
Administrative costs	(792)	(831)	(220)	(197)
Other operating income, net	43	(3)	18	(37)
<b>Operating profit / EBIT</b>	<b>4,070</b>	<b>4,047</b>	<b>1,056</b>	<b>1,015</b>
Share of result in associates	(17)	(14)	(9)	(6)
Net financials	(117)	(157)	(43)	(41)
<b>Profit before tax</b>	<b>3,936</b>	<b>3,876</b>	<b>1,004</b>	<b>968</b>
Tax	(709)	(756)	(167)	(174)
<b>Net profit</b>	<b>3,227</b>	<b>3,120</b>	<b>837</b>	<b>794</b>
<b>Attributable to</b>				
Shareholders in Novozymes A/S	3,226	3,119	837	794
Non-controlling interests	1	1	-	-
<b>Specification of net financials</b>				
Foreign exchange gain/(loss), net	(89)	27	(34)	34
Interest income/(costs)	(3)	(20)	1	(4)
Other financial items	(25)	(164)	(10)	(71)
<b>Net financials</b>	<b>(117)</b>	<b>(157)</b>	<b>(43)</b>	<b>(41)</b>
<b>Earnings per DKK 2 share</b>	<b>11.11</b>	<b>10.56</b>	<b>2.91</b>	<b>2.71</b>
Average no. of A/B shares outstanding (million)	290.4	295.3	288.0	293.1
<b>Earnings per DKK 2 share (diluted)</b>	<b>11.03</b>	<b>10.49</b>	<b>2.89</b>	<b>2.69</b>
Average no. of A/B shares, diluted (million)	292.4	297.2	289.7	295.5

**1.4 Statement of comprehensive income**

(DKK million)	2018	2017	Q4 2018	Q4 2017
<b>Net profit</b>	<b>3,227</b>	<b>3,120</b>	<b>837</b>	<b>794</b>
Currency translation of subsidiaries and non-controlling interests	181	(970)	140	(94)
Tax on currency translation of subsidiaries	(5)	37	(5)	-
<b>Currency translation adjustments</b>	<b>176</b>	<b>(933)</b>	<b>135</b>	<b>(94)</b>
Fair value adjustments	(133)	115	(43)	13
Tax on fair value adjustments	29	(25)	9	(2)
Cash flow hedges reclassified to financial costs	42	(5)	25	(16)
Tax on reclassified fair value adjustments	(9)	1	(5)	3
<b>Cash flow hedges</b>	<b>(71)</b>	<b>86</b>	<b>(14)</b>	<b>(2)</b>
<b>Other comprehensive income</b>	<b>105</b>	<b>(847)</b>	<b>121</b>	<b>(96)</b>
<b>Comprehensive income</b>	<b>3,332</b>	<b>2,273</b>	<b>958</b>	<b>698</b>
<b>Attributable to</b>				
Shareholders in Novozymes A/S	3,331	2,273	958	698
Non-controlling interests	1	-	-	-

## Appendix 2 Distribution of revenue

### 2.1 Business

(DKK million)	2018 12M	2017 12M	% change	% currency impact	% M&A impact	% organic growth
Household Care	4,625	4,717	(2)	(2)	0	0
Food & Beverages	4,122	4,041	2	(3)	0	5
Bioenergy	2,806	2,644	6	(6)	0	12
Agriculture & Feed	2,045	2,108	(3)	(6)	0	3
Technical & Pharma	792	1,021	(22)	(1)	(15)	(6)
<b>Sales</b>	<b>14,390</b>	<b>14,531</b>	<b>(1)</b>	<b>(4) *</b>	<b>(1)</b>	<b>4</b>

\* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was -3.2%.

(DKK million)	2018 Q4	2017 Q4	% change	% currency impact	% M&A impact	% organic growth
Household Care	1,157	1,143	1	0	0	1
Food & Beverages	1,045	977	7	0	0	7
Bioenergy	740	698	6	1	0	5
Agriculture & Feed	571	599	(5)	(2)	0	(3)
Technical & Pharma	201	256	(21)	1	(17)	(5)
<b>Sales</b>	<b>3,714</b>	<b>3,673</b>	<b>1</b>	<b>0 *</b>	<b>(1)</b>	<b>2</b>

\* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was 0.6%.

(DKK million)	2018				2017				% change Q4/Q4
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Household Care	1,157	1,186	1,118	1,164	1,143	1,177	1,181	1,216	1
Food & Beverages	1,045	1,045	1,043	989	977	1,022	1,041	1,001	7
Bioenergy	740	723	695	648	698	637	628	681	6
Agriculture & Feed	571	517	441	516	599	499	428	582	(5)
Technical & Pharma	201	187	201	203	256	245	260	260	(21)
<b>Sales</b>	<b>3,714</b>	<b>3,658</b>	<b>3,498</b>	<b>3,520</b>	<b>3,673</b>	<b>3,580</b>	<b>3,538</b>	<b>3,740</b>	<b>1</b>

## 2.2 Geography

(DKK million)	2018 12M	2017 12M	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	5,214	5,251	(1)	(1)	(1)	1
North America	4,893	4,952	(1)	(4)	(2)	5
Asia Pacific	2,902	2,865	1	(4)	0	5
Latin America	1,381	1,463	(6)	(12)	0	6
<b>Sales</b>	14,390	14,531	(1)	(4) *	(1)	4
Developed markets	9,410	9,508	(1)	(3)	(1)	3
Emerging markets	4,980	5,023	(1)	(6)	0	5
<b>Sales</b>	14,390	14,531	(1)	(4)	(1)	4

\* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was -3.2%.

(DKK million)	2018 Q4	2017 Q4	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1,280	1,278	0	0	(1)	1
North America	1,366	1,340	2	1	(2)	3
Asia Pacific	736	707	4	0	(1)	5
Latin America	332	348	(5)	(6)	0	1
<b>Sales</b>	3,714	3,673	1	0 *	(1)	2
Developed markets	2,458	2,440	1	1	(2)	2
Emerging markets	1,256	1,233	2	(2)	0	4
<b>Sales</b>	3,714	3,673	1	0	(1)	2

\* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was 0.6%.

(DKK million)	2018				2017				% change
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4/Q4
Europe, Middle East & Africa	1,280	1,360	1,289	1,285	1,278	1,322	1,303	1,348	0
North America	1,366	1,217	1,162	1,148	1,340	1,160	1,161	1,291	2
Asia Pacific	736	685	717	764	707	683	739	736	4
Latin America	332	396	330	323	348	415	335	365	(5)
<b>Sales</b>	3,714	3,658	3,498	3,520	3,673	3,580	3,538	3,740	1
Developed markets	2,458	2,404	2,270	2,278	2,440	2,277	2,315	2,476	1
Emerging markets	1,256	1,254	1,228	1,242	1,233	1,303	1,223	1,264	2
<b>Sales</b>	3,714	3,658	3,498	3,520	3,673	3,580	3,538	3,740	1

**Appendix 3 Statement of cash flows****3.1 Statement of cash flows**

(DKK million)	<b>2018</b>	<b>2017</b>
<b>Net profit</b>	<b>3,227</b>	<b>3,120</b>
Reversals of non-cash items	2,062	2,065
Tax paid	(761)	(852)
Interest received	9	7
Interest paid	(11)	(28)
<b>Cash flow before change in working capital</b>	<b>4,526</b>	<b>4,312</b>
<b>Change in working capital</b>		
(Increase)/decrease in receivables and contract assets	(361)	(96)
(Increase)/decrease in inventories	(234)	(224)
Increase/(decrease) in payables, deferred income and contract liabilities	(265)	74
Currency translation adjustments	13	(3)
<b>Cash flow from operating activities</b>	<b>3,679</b>	<b>4,063</b>
<b>Investments</b>		
Purchase of intangible assets	(60)	(99)
Sale of property, plant and equipment	4	27
Purchase of property, plant and equipment	(1,332)	(1,593)
<b>Cash flow from investing activities before acquisitions, divestments and purchase of financial assets</b>	<b>(1,388)</b>	<b>(1,665)</b>
<b>Free cash flow before acquisitions, divestments and purchase of financial assets</b>	<b>2,291</b>	<b>2,398</b>
Business acquisitions, divestments and purchase of financial assets	(4)	(3)
<b>Free cash flow</b>	<b>2,287</b>	<b>2,395</b>
<b>Financing</b>		
Borrowings	2,093	965
Repayments of borrowings	(1,115)	(505)
Purchase of treasury stock	(2,000)	(2,000)
Sale of treasury stock	172	179
Dividend paid	(1,317)	(1,192)
<b>Cash flow from financing activities</b>	<b>(2,167)</b>	<b>(2,553)</b>
<b>Net cash flow</b>	<b>120</b>	<b>(158)</b>
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	(29)	(22)
<b>Change in cash and cash equivalents, net</b>	<b>91</b>	<b>(180)</b>
Cash and cash equivalents at January 1	632	812
<b>Cash and cash equivalents at December 31</b>	<b>723</b>	<b>632</b>

Undrawn committed credit facilities at December 31, 2018, were DKK 3,646 million.

**Appendix 4 Balance sheet and Statement of shareholders' equity****4.1 Balance sheet, Assets**

(DKK million)	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>
Completed IT development projects	105	133
Acquired patents, licenses and know-how	880	1,130
Goodwill	1,086	1,108
IT development projects in progress	59	61
<b>Intangible assets</b>	<b>2,130</b>	<b>2,432</b>
Land and buildings	2,779	2,697
Plant and machinery	4,452	4,019
Other equipment	619	562
Assets under construction and prepayments	1,848	1,648
<b>Property, plant and equipment</b>	<b>9,698</b>	<b>8,926</b>
Deferred tax assets	938	755
Other financial assets (non-interest-bearing)	20	29
Investment in associate	42	59
Other receivables	34	35
<b>Non-current assets</b>	<b>12,862</b>	<b>12,236</b>
Raw materials and consumables	372	308
Goods in progress	828	727
Finished goods	1,620	1,551
<b>Inventories</b>	<b>2,820</b>	<b>2,586</b>
Trade receivables	2,606	2,554
Contract assets	279	
Tax receivables	174	135
Other receivables	219	214
<b>Receivables</b>	<b>3,278</b>	<b>2,903</b>
Other financial assets (non-interest-bearing)	14	16
<b>Other financial assets</b>	<b>14</b>	<b>16</b>
Cash and cash equivalents	723	632
<b>Current assets</b>	<b>6,835</b>	<b>6,137</b>
<b>Assets</b>	<b>19,697</b>	<b>18,373</b>

**4.2 Balance sheet, Liabilities**

(DKK million)	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>
Common stock	594	610
Currency translation adjustments	(86)	(262)
Cash flow hedges	(26)	45
Retained earnings	10,943	10,861
<b>Equity attributable to shareholders in Novozymes A/S</b>	<b>11,425</b>	<b>11,254</b>
Non-controlling interests	13	13
<b>Shareholders' equity</b>	<b>11,438</b>	<b>11,267</b>
Deferred tax liabilities	892	721
Provisions	132	159
Contract liabilities	199	
Deferred income	37	337
Other financial liabilities (interest-bearing)	1,469	1,303
Other financial liabilities (non-interest-bearing)	5	9
<b>Non-current liabilities</b>	<b>2,734</b>	<b>2,529</b>
Other financial liabilities (interest-bearing)	1,789	971
Other financial liabilities (non-interest-bearing)	110	8
Provisions	97	86
Trade payables	1,418	1,341
Contract liabilities	175	
Deferred income	13	205
Tax payables	575	483
Other payables	1,348	1,483
<b>Current liabilities</b>	<b>5,525</b>	<b>4,577</b>
<b>Liabilities</b>	<b>8,259</b>	<b>7,106</b>
<b>Liabilities and shareholders' equity</b>	<b>19,697</b>	<b>18,373</b>



**4.3 Statement of shareholders' equity**

(DKK million)	Attributable to shareholders in Novozymes A/S						Total
	Common stock	Currency translation adjustments	Cash flow hedges	Retained earnings	Total	Non-controlling interests	
<b>Shareholders' equity at January 1, 2018</b>	<b>610</b>	<b>(262)</b>	<b>45</b>	<b>10,861</b>	<b>11,254</b>	<b>13</b>	<b>11,267</b>
Net profit for the period				3,226	3,226	1	3,227
Other comprehensive income for the period		176	(71)		105	-	105
<b>Total comprehensive income for the period</b>		<b>176</b>	<b>(71)</b>	<b>3,226</b>	<b>3,331</b>	<b>1</b>	<b>3,332</b>
Purchase of treasury stock				(2,000)	(2,000)		(2,000)
Sale of treasury stock				172	172		172
Write-down of common stock	(16)			16	-		-
Dividend				(1,316)	(1,316)	(1)	(1,317)
Stock-based payment				97	97		97
Tax related to equity items				(113)	(113)		(113)
<b>Changes in shareholders' equity</b>	<b>(16)</b>	<b>176</b>	<b>(71)</b>	<b>82</b>	<b>171</b>	<b>-</b>	<b>171</b>
<b>Shareholders' equity at December 31, 2018</b>	<b>594</b>	<b>(86)</b>	<b>(26)</b>	<b>10,943</b>	<b>11,425</b>	<b>13</b>	<b>11,438</b>
<b>Shareholders' equity at January 1, 2017</b>	<b>620</b>	<b>670</b>	<b>(41)</b>	<b>10,483</b>	<b>11,732</b>	<b>13</b>	<b>11,745</b>
Net profit for the period				3,119	3,119	1	3,120
Other comprehensive income for the period		(932)	86		(846)	(1)	(847)
<b>Total comprehensive income for the period</b>		<b>(932)</b>	<b>86</b>	<b>3,119</b>	<b>2,273</b>	<b>-</b>	<b>2,273</b>
Purchase of treasury stock				(2,000)	(2,000)		(2,000)
Sale of treasury stock				179	179		179
Write-down of common stock	(10)			10	-		-
Dividend				(1,192)	(1,192)	-	(1,192)
Stock-based payment				104	104		104
Tax related to equity items				158	158		158
<b>Changes in shareholders' equity</b>	<b>(10)</b>	<b>(932)</b>	<b>86</b>	<b>378</b>	<b>(478)</b>	<b>-</b>	<b>(478)</b>
<b>Shareholders' equity at December 31, 2017</b>	<b>610</b>	<b>(262)</b>	<b>45</b>	<b>10,861</b>	<b>11,254</b>	<b>13</b>	<b>11,267</b>

## Appendix 5 Miscellaneous

### 5.1 Product launches in 2018

Q1 2018	Innova <sup>®</sup> Drive – Our first launch within yeast for conventional biofuels
Q1 2018	Licheninase – New enzyme class launched for automatic dishwashing targeting oat fibers such as dried-in cereals (exclusive launch)
Q3 2018	Acceleron <sup>®</sup> B-360 ST for higher corn yield and more sustainable farming
Q3 2018	Balancius <sup>™</sup> – Novel enzyme (muramidase) improving digestion and gut health in chickens
Q3 2018	Lipex <sup>®</sup> Evity 200 L – New premium liquid lipase for removal of grease stains
Q4 2018	BioSec <sup>®</sup> for sludge dewatering. The first product launched from the platform Solutions for water
Q4 2018	Cellusoft <sup>®</sup> Cold – Low-temperature cellulase for liquid denim abrasion and garment biopolishing
Q4 2018	Innova <sup>®</sup> Lift – Our second yeast product, targeting conventional biofuel plants with medium to long fermentation times

### 5.2 Company announcements for the fiscal year 2018

(Excluding Management's trading in the Novozymes stock, major shareholder announcements and stock buyback status)

February 7, 2018	Group financial statement for 2017
February 13, 2018	Initiation of stock buyback program
March 13, 2018	Novozymes A/S Annual Shareholders' Meeting 2018
April 12, 2018	Reduction of common stock
April 25, 2018	Interim report for the first three months of 2018
April 25, 2018	Financial calendar
August 10, 2018	Interim report for the first half of 2018
October 24, 2018	Interim report for the first nine months of 2018
December 11, 2018	Proposal of candidates to the Board of Directors

### 5.3 Financial calendar

February 27, 2019	Annual Shareholders' Meeting 2019
April 24, 2019	Interim report for the first three months of 2019
August 8, 2019	Interim report for the first half of 2019
October 23, 2019	Interim report for the first nine months of 2019
January 23, 2020	Group financial statement for 2019
February 26, 2020	Annual Shareholders' Meeting 2020

#### About Novozymes

Novozymes is the world leader in biological solutions. Together with customers, partners and the global community, we improve industrial performance while preserving the planet's resources and helping build better lives. As the world's largest provider of enzyme and microbial technologies, our bioinnovation enables higher agricultural yields, low-temperature washing, energy-efficient production, renewable fuel and many other benefits that we rely on today and in the future. We call it Rethink Tomorrow. [www.novozymes.com](http://www.novozymes.com)

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