

Novozymes delivers strong Q2 results and narrows full-year guidance to the high-end of the range

Novozymes delivered 9% organic sales growth in the second quarter and 6% organic sales growth in the first half of 2021. The company has narrowed its full-year financial guidance from previously 2-6% and now expects organic sales growth of 4-6% and an EBIT margin of ~26%, from previously 25-26%.

COPENHAGEN, Denmark – August 12, 2021. With 9% organic sales growth in Q2 and 6% organic sales growth in the first six months, Novozymes takes another important step in fulfilling its long-term growth strategy although uncertainties related to the pandemic remains. In the first half year, Novozymes delivers an EBIT-margin of 28.6% and ROIC including goodwill is 22.2%.

“Our results for the first half of the year are strong and we continue to deliver on our strategy, Better Business with Biology. Novozymes is built for growth and we are very pleased to narrow our full-year guidance to the high end of the range. We delivered good performance, especially in the emerging markets, and I also want to highlight our strong performance in Food and Beverages. I continue to be impressed by the organization’s ability to deliver and our results is a clear testament to our ability to adapt to changing conditions while still serving customers.” says Ester Baiget, President & CEO and continues:

“Our growth is supported by continued execution on our strategic direction and today we reached yet another milestone by executing on our commitment to the strategic opportunity area Advanced Protein Solutions by investing DKK 2 billion in one of the fastest growing consumer segments of the food industry. Novozymes draws from decades of experience with fermented catalytic proteins and the investment marks our commitment to feed the world sustainably, showcasing the true power of biotechnology.”

The investment follows the agreement by Novozymes to enter a long-term contract with an anchor customer and key player in the plant-based industry and delivers on Novozymes’ stated purpose of creating better lives in a growing world, by feeding the world sustainably.

Business area results

For the first half of the year, organic performance by business area were -2% in Household Care, 14% in Food, Beverages & Human Health, 16% in Bioenergy, 17% in Grain & Tech Processing, -9% in Agriculture, Animal Health & Nutrition.

In Food, Beverages & Human Health, organic sales were led by particularly strong performance in the food business with dairy and plant-based solutions doing very well. Growth was supported by the two recent acquisitions in Human Health. As expected, organic sales in Household Care declined compared to the same period last year. Sales of enzymes for laundry and dishwashing detergents in developed markets declined while the Freshness platform and increased enzymatic penetration in emerging markets contributed to growth.

Bioenergy delivers strong results and organic sales was mainly driven by recovering U.S. ethanol production and capacity expansion of corn-based ethanol production in Latin America. Sales of solutions for Biodiesel contributed positively. Grain & Tech Processing grew across most subareas in both grain and tech and was led by strong demand for solutions in grain and gradual recovery in textile.

Agriculture, Animal Health & Nutrition declined compared to the same period last year. The decline was expected and mainly due to negative base effects from a DKK ~60 million one-off payment related to the former BioAg setup and a comparison with a stockpiling-inflated first half of 2020 in animal nutrition.

Regional results

For the first half of the year, organic growth rates by geography were 1% in Europe, Middle East & Africa, 2% in North America, 13% in Asia Pacific, and 27% in Latin America.

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Sales in emerging markets grew 17% organically and developed markets were flat. All five business areas contributed to the strong growth in emerging markets, while Agriculture, Animal Health & Nutrition, and Household Care declined in developed markets against the same period last year.

Financial guidance for 2021

Novozymes is now guiding for 4-6% organic sales growth for 2021, with sales in reported DKK slightly less than 1 percentage point lower, and an EBIT margin at ~26%. ROIC incl. goodwill is upped and now expected at 19-20%.

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

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