



Solid half-year performance despite significant Bioenergy-headwinds in the second quarter; first half organic sales growth of 4% (Q2 -2%) and a preliminary EBIT margin of ~27.5% (Q2 ~26%).

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Company announcement
No. 43

In accordance with EU Regulation no. 596/2014 of 16 April 2014, also known as the "Market Abuse Regulation", and as Novozymes has suspended its 2020 outlook, we release this announcement ahead of schedule. The announcement includes sales and organic sales growth for the first half year and the second quarter as well as a preliminary EBIT margin.

Novozymes' top priorities remain keeping employees safe and ensuring supply to our customers as countries and economies carefully reopen following COVID-19 lockdowns. This is done in compliance with guidelines from local, national, and global healthcare authorities.

Sales in the first six months of the year grew organically by 4% (3% in DKK). Household Care delivered organic growth of 11%, Food & Beverages 7%, and Agriculture and Feed posted 17% growth. Bioenergy and Technical & Pharma both declined by 15% and 22%, respectively. In the first half year, different elements of demand and consumer and customer stockpiling effects relating to the COVID-19 pandemic had an impact on Household Care and Food & Beverages, in particular. Additionally, first half performance in Bioenergy to a large extent reflected the estimated underlying volume decline in the U.S. marketplace, as reported by EIA (Energy Information Administration).

In the second quarter, overall organic sales declined by 2% (decline of 3% in DKK) compared with the same quarter last year. Household Care performed very strong in the second quarter with organic sales growth of 11% supported by the continued roll-out of our freshness technology and increased enzymatic penetration of detergents, especially in emerging markets. Food & Beverages organic sales grew 3% in the second quarter driven by baking and food & nutrition while sales in beverages, particularly brewing, declined. Both Household Care and Food & Beverages are impacted by the COVID-19 situation also in the second quarter, and it continues to be difficult to assess the level of and impact from stockpiling, at-home consumption, social distancing as well as the inventory situation across the distribution chain.

The U.S. ethanol industry experienced severe demand disruption in the second quarter as stay-at-home restrictions enforced in late March due to the COVID-19 situation led to a sharp drop in gasoline consumption. The U.S. ethanol production volumes improved towards the end of the quarter from the trough levels seen in April/May but are estimated to be down by some 35% in the second quarter year on year, according to EIA. Novozymes' organic Bioenergy sales declined by 37% in the second quarter. Organic sales in Agriculture & Feed grew 27% in the second quarter with both Feed and BioAg contributing positively. The organic sales growth in Agriculture & Feed was positively impacted by a one-off settlement related to the former BioAg setup. Excluding the one-off settlement, Agriculture & Feed still delivered healthy double-digit growth in the quarter, with Feed

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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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sales likely supported by timing. Organic sales in Technical & Pharma declined by 34% in the second quarter as the textile industry remained under severe pressure.

The preliminary EBIT margin is estimated at ~27.5% for the first six months and ~26% for the second quarter. The preliminary underlying EBIT margin in the second quarter is roughly on par with the ~25% underlying EBIT margin in the second quarter of last year.

Novozymes' 2020 outlook remains suspended due to continued high uncertainty, especially for the Bioenergy business, which is related to the COVID-19 pandemic. While Novozymes continues to actively manage and align cost and capital expenditures to ensure efficient use of resources, Novozymes remains committed to investing for long-term growth. The stock buyback program totaling up to DKK 1.5 billion is expected to continue as planned, and the dividend policy and capital structure policy remain unchanged.

Conference call

Novozymes will host a conference call today at 12:00 pm CEST. The call is expected to last 30 minutes. You can access the webcast here: investors.novozymes.com. Please only dial-in by phone in case you want to ask questions: +45 3544 5577, +44 333 300 0804 or +1 631 913 1422 and use pin code 80029840#. The webcast will be posted on investors.novozymes.com shortly after the conference call has ended.

	1H 2020	1H 2019	Q2 2020	Q2 2019
Sales performance, organic	4%	-3%	-2%	-2%
Household Care	11%	-2%	11%	-1%
Food & Beverages	7%	-2%	3%	-3%
Bioenergy	-15%	-4%	-37%	-1%
Agriculture & Feed	17%	-6%	27%	-7%
Technical & Pharma	-22%	2%	-34%	-2%
Sales, DKKm	7,135	6,939	3,350	3,458
Household Care	2,498	2,267	1,227	1,122
Food & Beverages	2,162	2,023	1,049	1,028
Bioenergy	1,135	1,339	439	716
Agriculture & Feed	1,033	902	512	404
Technical & Pharma	307	408	123	188