

Novozymes delivers resilient full-year results despite the COVID-19 pandemic and is confident about getting back to growth in 2021

Novozymes delivered flat organic sales growth in the 2020 financial year and an EBIT margin of 26.1%. In 2021 the company expects 2-6% organic growth supported by innovation, stronger commercial presence, and gradual industry recovery. EBIT margin is expected at a solid 25-26%.

COPENHAGEN, Denmark – February 2, 2021. In the fourth quarter of the 2020 financial year, Novozymes' organic sales growth was -3% with reported sales in DKK of -8%. Full-year organic sales growth was 0% with reported sales in DKK down by 3% and an EBIT margin of 26.1%. Full-year ROIC including goodwill was 18.9%.

"We deliver flat organic sales growth and an EBIT margin of 26% in a year unlike any other in recent history. Our advances through 2020 are a testament to the Novozymes purpose, culture, and well-diversified business model. I'm extremely proud of the work teams across the entire organization have done under these very difficult circumstances. We have managed to make progress and deliver resilient performance despite the pandemic," says Ester Baiget, President & CEO and continues:

"Despite the prevailing uncertainties, I'm confident that we will get back to growth in 2021. Growth will be supported by a more streamlined organization, a stronger commercial presence, innovation, and a gradual recovery in the industries negatively impacted by the COVID-19 pandemic. Our global manufacturing sites are fully operational in terms of production and supply chain, and the company continues to fully meet demand."

For the full year, organic growth rates by business area were 5% (Q4: 0%) in Household Care, 1% (Q4: -4%) in Food, Beverages & Human Health, -9% (Q4: -4%) in Bioenergy, -1% (Q4: -4%) in Grain & Tech Processing, and 1% (Q4: -6%) in Agriculture, Animal Health & Nutrition.

Household Care delivered solid organic sales growth driven by the rollout of the Freshness platform, strong market penetration in emerging markets, and changes to consumer behavior induced by COVID-19. Food, Beverages & Human Health organic sales were up slightly as food and human health grew while beverages declined due to COVID-19 effects.

Organic sales declined in Bioenergy and Grain & Tech Processing as COVID-19 impacted ethanol and textile production. In Agriculture, Animal Health & Nutrition, organic sales grew slightly supported by the rollout of Balancius™, stronger inoculant sales in BioAg as well as a one-off.

For the full year, organic growth rates by geography were 3% (Q4: -1%) in Europe, Middle East & Africa, -4% (Q4: -5) in North America, -1% (Q4: -3) in Asia Pacific, and 6% (Q4: -3) in Latin America.

2020-highlights

Novozymes launched 18 products across business areas in 2020 and made good progress on the commercialization of the innovation in key platforms such as Freshness and Balancius. Among others, the company reached a key milestone with its first internal Human Health product launch; BioFresh® 4+. The Human Health business also advanced by two game-changing acquisitions.

In June, Novozymes acquired PrecisionBiotics Group to strengthen its Human Health business and advance its activities in the area of biological solutions for human oral and gut health. In December, Novozymes acquired US-based Microbiome Labs adding a strong position in the North American probiotics market and gaining access to the company's network of health practitioners.

Financial guidance for 2021

Novozymes is guiding for 2-6% organic sales growth reflecting continued covid-19 related uncertainty but a gradual recovery in those markets that were negatively affected by the pandemic.

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Sales in reported DKK are expected to be 1 percentage point less than the organic growth outlook of 2-6%. Novozymes expects a reported EBIT margin in DKK of 25-26% including negative impact from currency and M&A-related effects of around 1 percentage point each.

Food, Beverages & Human Health and Grain & Tech Processing are expected to grow mid-single-digits while Bioenergy is expected to grow between mid-to-high single digits in 2021. The growth outlook for Household Care is low-single-digits following the strong performance in 2020. Agriculture, Animal Health & Nutrition is expected between flat to low-single-digit growth.

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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