



Solid 2017. Good momentum set to continue

Solid year with 4% organic sales growth (Q4: +4%); Household Care +1%, Food & Beverages +9%, Bioenergy +11%, Agriculture & Feed -3%, Technical & Pharma +2%. EBIT margin at 27.9% (around 29% excl. one-time costs). FCF before acquisitions DKK 2.4 billion.

February 7, 2018

Report for the full year 2017. Company announcement No. 1

Regarding the 2018 outlook, with good momentum in the business and a strong pipeline of products and opportunities, we see organic sales growth of 4-6% and an EBIT margin of ~28%.

Peder Holk Nielsen, President & CEO of Novozymes: *"2017 was satisfactory with solid growth and margins. Similar to other years, 2017 saw differences in divisional growth rates, but serving more than 40 industries with enzymes and microbes provides robustness. Our key priorities for 2018 are to increase our presence with new and existing customers, especially in emerging markets, and ensure we cater for individual customer needs with impactful innovation. And although uncertainties exist, with good momentum, a strong product pipeline and increased commercial activities, we see a promising outlook with accelerating growth for 2018 and beyond."*

Highlights:

- Organic sales growth of 4% (Q4: +4%) and 3% in DKK (Q4: -1%)
- 4 out of 5 areas grew; Food & Beverages and Bioenergy performed very well
- Agriculture & Feed lower, mainly due to poor agriculture markets
- 4 transformative innovations launched of the targeted 10 by 2020
- Reported EBIT margin of 27.9% (2016: 27.9%). Q4 2017: 27.6% (Q4 2016: 28.6%)
- Albumedix (non-core pharma) divested late 2017. DKK 66m negative Q4 EBIT charge
- M&G financial asset write-down of remaining DKK 60m (DKK 47m post-tax) in Q4
- Lower year-on-year tax rate despite one-off US tax charge of DKK ~30m in Q4
- Free cash flow before acquisitions solid at DKK 2.4 billion; higher investments as expected
- Proposed dividend payout of DKK 4.50/share. Dividend growth of 13%. 42% payout ratio
- **Full-year 2018 outlook:** Organic sales growth 4-6% (growth relatively stronger in 2H y/y), EBIT margin ~28%, FCF before acquisitions DKK 2.3-2.6 billion, ROIC 24-25%. Stock buyback program of up to DKK 2 billion. Long-term dividend payout ratio upped from ~40% to ~50% of net profit

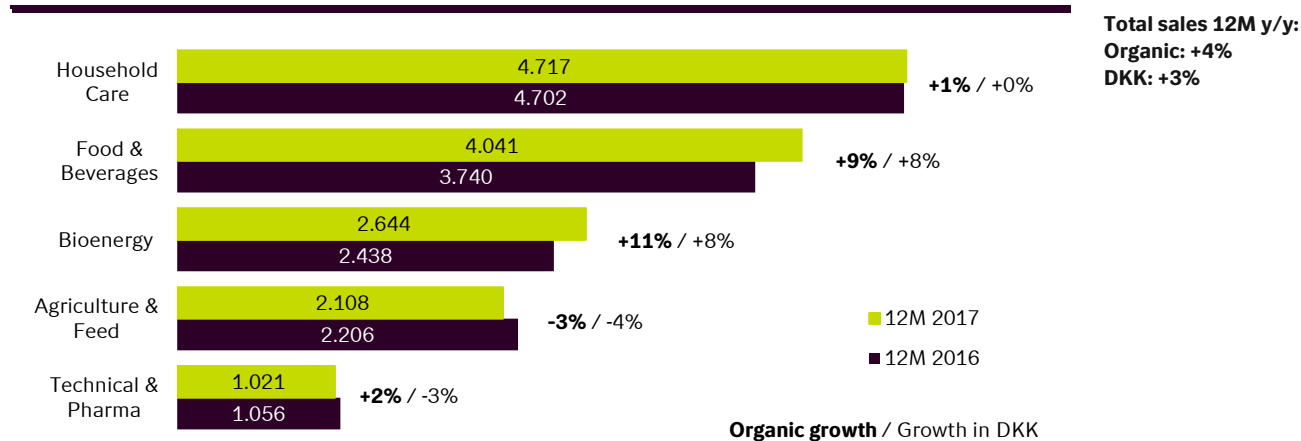
	Realized		
	2017 outlook (Oct.)	12M 2017	12M 2016
Sales growth, organic	3-5%	4%	2%
Sales growth, DKK	2-4%	3%	1%
EBIT growth	2-4%	3%	2%
EBIT margin	~28%	27.9%	27.9%
Net profit growth	2-5%	2%	8%
Net investments excl. acquisitions, DKKm	1,600-1,800	1,665	1,188
Free cash flow before acquisitions, DKKm	2,100-2,300	2,398	2,652
ROIC (including goodwill)	~25%	25.6%	25.1%

Selected key data

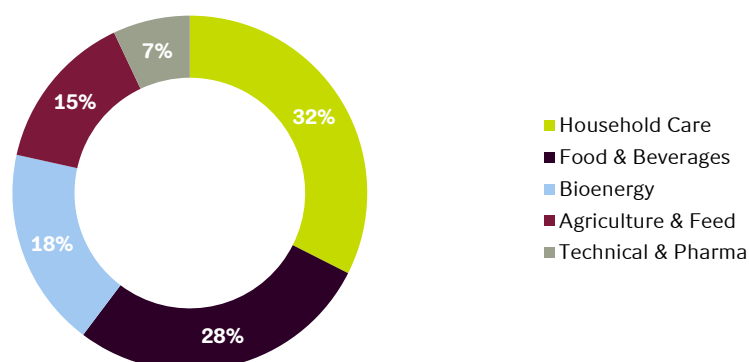
	12M 2017	12M 2016	Q4 2017	Q4 2016
Sales growth, organic	4%	2%	4%	6%
- Household Care	1%	2%	-3%	5%
- Food & Beverages	9%	2%	9%	4%
- Bioenergy	11%	-3%	14%	7%
- Agriculture & Feed	-3%	5%	-7%	22%
- Technical & Pharma	2%	13%	22%	-12%
Sales, DKKm	14,531	14,142	3,673	3,714
Sales growth, DKK	3%	1%	-1%	8%
Gross margin	57.9%	57.5%	57.6%	56.7%
EBITDA, DKKm	5,114	4,960	1,343	1,374
EBIT, DKKm	4,047	3,946	1,015	1,062
EBIT growth	3%	2%	-4%	10%
EBIT margin	27.9%	27.9%	27.6%	28.6%
Net profit, DKKm	3,120	3,050	794	805
Net profit growth	2%	8%	-1%	16%
Net investments excl. acquisitions, DKKm	1,665	1,188		
Free cash flow before acquisitions, DKKm	2,398	2,652		
Net debt/EBITDA (x)	0.3	0.2		
ROIC (including goodwill)	25.6%	25.1%		
EPS, DKK	10.56	10.15	2.71	2.71
EPS (diluted), DKK	10.49	10.06	2.69	2.69
Avg. USD/DKK	660	673	632	689

Sales and markets

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



Distribution of sales, 12M 2017



Household Care

Sales to the Household Care industry increased by 1% organically and were flat in DKK for 2017. In Q4 y/y, organic growth was -3% and -6% in DKK, explained by tougher comparables.

Household Care 12M y/y:
Organic: +1%
DKK: +0%

In Europe, the Middle East & Africa, sales were flat for the year. The trends we have seen throughout 2017 continued in the fourth quarter, with some of the large global customers reformulating, while others increasingly focused on performance and boosted their enzyme inclusion. Sales in North America grew over last year after a good pick-up in the fourth quarter.

Sales in Asia Pacific were solid both for the quarter and for 2017. Throughout the year, growth in Asia Pacific and especially China has enjoyed support from increased enzyme inclusion in the growing liquid segment. This positive development has been enabled by new innovation that has improved the stability of enzymes in liquid detergents.

In Latin America, sales ended down in Q4 and for 2017, mainly due to continued weak market conditions.

Sales for automatic and hand dishwash continued to deliver good growth, driven by innovation and sustainability, partly from increased demand for phosphate-free solutions.

The first shipments of enzymes from the freshness & hygiene platform occurred in the fourth quarter. Sales from the platform are expected to pick up over 2018 and impact sales growth in the second half of 2018.

Food & Beverages

Food & Beverages sales grew by 9% organically and by 8% in DKK for 2017. In Q4 y/y, organic growth was 9% and 4% in DKK.

Food & Beverages 12M y/y:

Organic: +9%

DKK: +8%

Throughout 2017, including the fourth quarter, Food & Beverages delivered solid, broad-based growth. Nutrition and starch were the most significant growth contributors. Sales in baking performed well despite headwinds in the US market for freshkeeping enzymes. Throughout 2017, we have implemented price reductions to position the US baking business ahead of a patent expiration in late Q1 2018. Baking enzyme sales in Europe, the Middle East and Africa performed well and more than offset the impact from the North American price reductions.

Sales of enzymes for nutrition were strong in 2017, supported by robust uptake of recent years' innovation. This was coupled with increased demand for lactose reduction in dairy products and gains in enzyme market share within infant nutrition.

Sales for starch conversion were solid across geographies. This was driven by good traction from innovation as well as a positive impact from favorable corn prices relative to sugar in the Chinese starch market. Growth in starch was flat in the fourth quarter relative to the same period last year.

Bioenergy

Bioenergy sales grew by 11% organically and by 8% in DKK compared with 2016. In Q4 y/y, organic growth was 14% and 5% in DKK.

Bioenergy 12M y/y:

Organic: +11%

DKK: +8%

The good performance in 2017 was driven by Novozymes' broader product portfolio and strong focus on tailoring process-specific solutions to individual customer needs. Sales of enzymes for conventional biofuels in North America were supported by increased production of ethanol, estimated to be 2-3% higher compared with 2016. While production grew in 2017, the US ethanol inventory level remains high, and producer margins are weak, as seen over the last couple of quarters. In the fourth quarter, sales were up 14% in a market where US ethanol volumes grew at a similar rate as the full year. Other geographies posted good growth but represent a smaller proportion of total Bioenergy sales.

Sales of enzymes for biomass conversion contributed marginally to Bioenergy sales growth in 2017.

Agriculture & Feed

In Agriculture & Feed, sales declined by 3% organically and by 4% in DKK compared with 2016. In Q4 y/y, sales declined by 7% organically and by 11% in DKK. Sales of microbes to the agricultural industry declined, primarily due to slow pick-up in demand in the fourth quarter of 2017 after a very strong Q3. Farm economics continue to be under pressure and impact sales negatively.

Agriculture & Feed 12M y/y:

Organic: -3%

DKK: -4%

In The BioAg Alliance with Monsanto, focus is on the development and rollout of new products as well as on expanding into new regions to drive long-term growth. The pipeline is making very good progress.

Animal health and nutrition organic sales growth rates in 2017 were on par with the year before

due to somewhat lower end-market demand for feed enzymes. Animal health sales continued to develop positively, albeit from a low base, as products are rolled out in the marketplace.

In 2017, Novozymes recognized DKK 202 million (Q4: DKK 80 million) of deferred income as revenue, compared with DKK 194 million (Q4: DKK 83 million) in 2016.

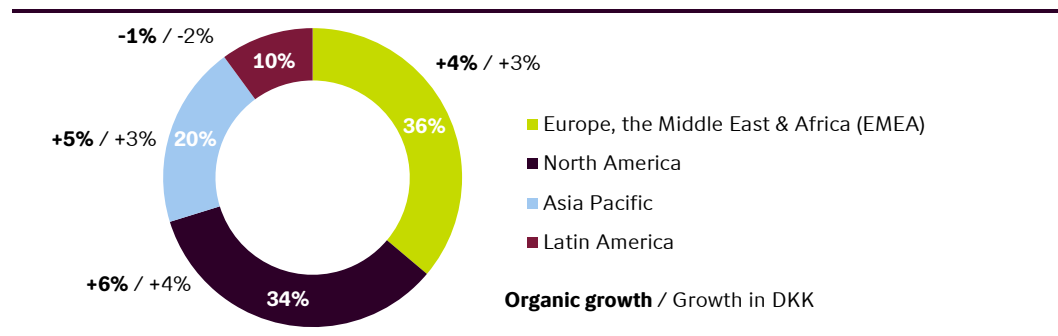
Technical & Pharma

Sales to the Technical & Pharma industries were up 2% organically and declined by 3% in DKK compared with 2016. In Q4 y/y, sales increased by 22% organically and by 16% in DKK.

Technical & Pharma 12M y/y:
Organic: +2%
DKK: -3%

Both Pharma and Technical industries grew in 2017. The double-digit organic growth of 22% in the fourth quarter mainly related to good year-on-year development in the more volatile Pharma business.

Sales by geography, 12M 2017



Emerging and developed markets grew organically by 3% and 5% respectively in 2017. Emerging market growth was impacted by the weak sales development in Latin America, accentuated by the 11% sales decline in Latin America in the fourth quarter.

Europe, the Middle East & Africa

Food & Beverages and Bioenergy posted good organic growth, whereas Household Care ended flat for the year. Agriculture & Feed and Technical & Pharma declined compared with 2016. Q4 y/y organic growth of 2% was mainly driven by Food & Beverages, Technical & Pharma and Bioenergy. Household Care and Agriculture & Feed ended down for the quarter.

EMEA 12M y/y:
Organic: +4%
DKK: +3%

North America

Bioenergy posted solid organic growth throughout the year, whereas Agriculture & Feed was negative. Q4 y/y organic growth of 12% was driven mainly by Bioenergy and Technical & Pharma, but Household Care also posted good growth.

North America 12M y/y:
Organic: +6%
DKK: +4%

Asia Pacific

All main areas contributed to growth in 2017. Technical & Pharma ended slightly down compared with 2016. Q4 y/y organic growth of 3% was mainly driven by Household Care and Technical & Pharma, while the remaining areas contributed modestly.

Asia Pacific 12M y/y:
Organic: +5%
DKK: +3%

Latin America

The Latin American market continued to be impacted by weak consumer confidence. Bioenergy and Technical & Pharma posted good growth, but this was more than offset by a decline in Food & Beverages, Household Care and Agriculture & Feed. Q4 y/y declined organically by 11%, explained by Household Care, Agriculture & Feed and Bioenergy.

Latin America 12M y/y:
Organic: -1%
DKK: -2%

Costs and profit

Total costs excluding net financials, share of losses in associates and tax were DKK 10,484 million, an increase of 3% or DKK 288 million compared with 2016.

Total costs: +3%

Gross profit increased by 4%, and the gross margin was 57.9% for 2017, up from 57.5% last year. Productivity improvements had a positive impact on the gross margin, somewhat offset by unfavorable mix and price changes. Excluding one-time costs, the gross margin was ~58% for both years.

Gross margin: 57.9%

Operating costs were DKK 4,363 million, an increase of 2% or DKK 66 million, mainly caused by higher costs related to research and development. Operating costs as a percentage of sales were 30%, roughly on par with 2016.

Operating costs: +2%

- Sales and distribution costs were unchanged, representing 11.1% of sales
- R&D costs increased by 3%, representing 13.2% of sales
- Administrative costs increased by 3%, representing 5.7% of sales

Other operating income was a net loss of DKK 3 million in 2017, compared with a net income of DKK 117 million in 2016. Novozymes realized a net charge of DKK 66 million in the fourth quarter relating to the divestment of Albumedix (included in the Technical & Pharma area) late 2017. Albumedix was separated as a stand-alone pharma entity in January 2016 to enable the best environment and growth opportunities for the business. After a careful review of the future activities and needs of Albumedix, it has been concluded that the entity no longer benefits from being part of Novozymes. Novozymes and Albumedix have found a good future ownership solution for Albumedix, with Novozymes retaining 8% ownership of the company.

Depreciation, amortization and impairment losses were DKK 1,067 million, an increase of 5% from DKK 1,014 million in 2016. The increase in depreciation was mainly attributable to acquisitions, such as Organobalance GmbH in 2016.

Depreciation, amortization and impairment losses: DKK 1,067 million

EBIT increased by 3% to DKK 4,047 million, up from DKK 3,946 million in 2016, and the EBIT margin at 27.9% was on par with last year. Excluding the one-time costs relating to layoffs in the first quarter of 2017, the cost associated with the change to the Executive Leadership Team in the second quarter, and the charge relating to the Albumedix divestment in December 2017, the EBIT margin was ~29%, somewhat higher than 2016 excluding one-time costs. The EBIT margin for the fourth quarter in isolation was 27.6% and was impacted by the DKK 66 million one-time charge relating to the divestment of Albumedix.

EBIT: DKK 4,047 million

EBIT margin: 27.9%

Net financial costs were DKK 157 million in 2017, compared with DKK 34 million in 2016. Net financial costs were impacted by a write-down of DKK 60 million in the third and fourth quarters on a financial asset related to a guarantee provided by M&G, as 2G projects in Beta Renewables have not commercialized as expected. The write-down is a consequence of M&G experiencing financial difficulties. While these difficulties are not linked to M&G's activities at the 2G Crescentino facility or Beta Renewables, we have now written down the full DKK 120 million recognized financial asset. The impact on full-year net profit (post-tax) is DKK 94 million (DKK 47 million in both Q3 and Q4).

Net financial costs and share of losses in associates: DKK -171 million

Novozymes posted a DKK 27 million currency hedging/revaluation gain compared with a loss of DKK 2 million in 2016. As well as the write-down of the financial asset mentioned above, Other financial items was also impacted negatively by higher costs associated with employee stock appreciation rights (SARs). Interest expenses were DKK 20 million, compared with DKK 26 million in 2016. The share of losses in associates was DKK 14 million, compared with a loss of DKK 31 million in 2016.

Profit before tax was DKK 3,876 million, roughly flat compared with the figure of DKK 3,881 million in 2016.

The effective tax rate was 19.5%, compared with 21.4% in 2016. In 2017, Novozymes transferred intellectual property (IP) from Switzerland to Denmark. This had a positive impact on the 2017 effective tax rate (ETR) of roughly 2 percentage points (accumulated in Q4 for the full year). Additional IP transfer will take place in 2018, and we expect to carry out further transfers over the next three years. Following these transfers, Novozymes is likely to see a higher ETR. Due to the US tax reform enacted in 2017, we realized a one-time charge of roughly DKK 30 million in the fourth quarter of 2017 relating to revaluation of deferred tax to the new US corporate tax rate.

Effective tax rate: 19.5%

Net profit was DKK 3,120 million, an increase of 2% from DKK 3,050 million in 2016. This was driven by higher EBIT and a lower tax rate, but partly offset by the write-down of a financial asset in the third and fourth quarters, and higher costs relating to SARs.

Net profit: DKK 3,120 million

Cash flow and balance sheet

Cash flow from operating activities was DKK 4,063 million in 2017, up 6% compared with DKK 3,840 million in 2016. Higher net profit impacted cash flow positively, while higher net working capital impacted cash flow negatively by DKK 249 million. This was mainly due to higher inventory levels partly offset by higher payables.

Operating cash flow: DKK 4,063 million

Net investments excluding acquisitions totaled DKK 1,665 million, an increase of DKK 477 million compared with 2016. The higher net investments were related to building a new greenfield facility in Mumbai, India, capacity expansion in Nebraska, US, and our innovation campus in Denmark.

Net investments: DKK 1,665 million

Free cash flow before net acquisitions decreased by DKK 254 million, or 10%, to DKK 2,398 million, mainly because of higher net investments, offset to some extent by higher operating cash flow compared with 2016.

Free cash flow before acquisitions: DKK 2,398 million

Total shareholders' equity at December 31, 2017, was DKK 11,267 million, compared with DKK 11,745 million at year-end 2016. Shareholders' equity was 61.3% of the balance sheet total, a decrease from 62.9% at year-end 2016.

Equity ratio: 61.3%

At December 31, 2017, Novozymes had net interest-bearing debt of DKK 1,642 million, compared with DKK 990 million at year-end 2016. Net interest-bearing debt-to-EBITDA was 0.3, compared with 0.2 at year-end 2016.

Net interest-bearing debt-to-EBITDA: 0.3

Return on invested capital (ROIC) including goodwill was 25.6%, compared with 25.1% in 2016. The increase was mainly a result of higher EBIT and a lower tax rate, partly offset by higher net investments.

ROIC: 25.6%

At December 31, 2017, the holding of treasury stock was 12,051,096 B shares, equivalent to 4.0% of the common stock. During the year, Novozymes repurchased 6,770,271 B shares with a transaction value of DKK 2 billion under the stock buyback program initiated on January 25, 2017.

Treasury stock: 4.0%

Sustainability

Sustainability performance in 2017 varied. Performance on CO₂ intensity reduction and occupational accidents exceeded the targets. Water and energy efficiency improvement on 2014 were both below target following a higher utilization rate than expected. Also, the rate of absence was slightly higher than the target set for 2017. Novozymes will introduce annual sustainability targets until new targets

have been established. You can read more about the reasoning behind this and the targets in the Outlook section of this announcement.

	12M 2017	2017 target
Water efficiency improvement on 2014	-2%	4%
Energy efficiency improvement on 2014	4%	7%
CO ₂ intensity reduction on 2014	11%	9%
Energy from renewable sources	24%	24%
Occupational accidents with absence per million working hours	1.6	≤ 2.0
Rate of absence	2.1%	≤ 2.0%

Pipeline update

Novozymes' innovation pipeline contains more than 100 research projects across the business. In 2017, Novozymes launched eight new products. The table below shows some of the major innovation areas. These areas represent significant market-expanding growth opportunities, most with the further potential to impact the world in a sustainable way, enabling us to live up to our purpose of delivering biological answers for better lives in a growing world. In 2017, progress was made in most programs – four of which resulted in product launches. Four of the eight existing programs progressed to the next phase, and one new program – “Solutions for water” – was added.

Area	Innovation	Feasibility	Discovery	Development	Launch	Commercial
Household Care	Freshness and Hygiene solutions	✓	✓	✓	→	●
Household Care	Tailored emerging-market solutions	✓	✓	✓	→	●
Food & Beverages	Vegetable oil processing	✓	✓	✓	→	●
Food & Beverages	Grain milling	✓	✓	✓	→	●
Agriculture & Feed	Animal health	✓	✓	✓	→	●
Agriculture & Feed	New transformative BioAg solutions	✓	✓	→	●	
Bioenergy	Biomass conversion	✓	✓	✓	→	●
Technical	Solutions for Water	●				

Arrows denote progress to next phase over the past 12 months

In **Household Care**, the first product from the freshness & hygiene platform was launched in December 2017. Freshness & hygiene solutions deliver completely new functionality, and consumers experience clothes that feel cleaner and fresher. With Progress® In, we delivered the first specifically developed enzyme solution tailored for the broad markets of unpenetrated detergents, making enzyme-enabled laundry benefits available to more consumers. Following these launches, both programs advanced to the “Launch” phase of the pipeline.

In **Food & Beverages**, we saw significant development within the grain-milling program with the launch of Frontia®, a solution enabling grain-milling processors to obtain significantly more starch and gluten during the grain fiber-milling process yet with lower water and energy consumption. In vegetable oil processing, we launched Palmora®, which improves yield and process performance in palm oil production by reducing viscosity in the production process and improving the separation of oil from the palm fruit pulp. Both programs advanced to the “Launch” phase after the first products were launched in the second quarter of 2017.

In **Agriculture & Feed**, all three innovation tracks progressed. The animal health platform covers a broad portfolio of projects, including the animal probiotic Alterion®, which we launched together with Adisseo, but also more projects, which we will explain in more detail in 2018. The development with Monsanto of new transformative microbes for corn, soybeans and wheat progressed to “Development.” These new BioAg products open up opportunities in brand-new crop categories and bode well for the potential of The BioAg Alliance. The enhanced corn inoculant Acceleron® B-300 SAT, which we launched together with Monsanto, has been commercialized and has therefore been removed from the innovation pipeline overview.

In **Technical industries**, we added “Solutions for water” as a new innovation program. We are exploring the feasibility of biotechnological solutions that target key challenges within water and wastewater treatment. We find the water treatment space to be an exciting opportunity for Novozymes to leverage our core technologies to help address one of the world’s most significant challenges.

2018 outlook

	2018 outlook February 7*
Sales growth, organic	4-6%
EBIT margin	~28%
Net profit growth	~0%
Net investments excl. acquisitions, DKKm	1,300-1,500
Free cash flow before acquisitions, DKKm	2,300-2,600
ROIC (including goodwill)	24-25%
Avg. USD/DKK*	6.00

* Assumes that the exchange rates for the company’s key currencies remain at the rates on February 6 for the rest of 2018

Sales outlook

Novozymes expects 4-6% organic growth for 2018. Using current spot levels as full-year estimates for the major currencies, Novozymes expects to see a negative 2018 impact of ~5 percentage points on sales growth in DKK. The Albumedix divestment late 2017 is expected to impact DKK sales growth negatively by around 1 percentage point. Lower recognition of deferred income (BioAg) in 2018 relative to 2017 (DKK 202 million) by some DKK 30 million also reduces reported sales. We expect a pick-up in organic sales growth throughout the year, mainly due to Agriculture & Feed seasonality and the Household Care contribution from the freshness & hygiene platform expected to impact the second half of the year.

Organic sales growth: 4-6%

Agriculture-related markets remain uncertain. However, based on current 2018 insight, we believe the uncertainty is covered within the guided range. As we move through 2018, we keep an eye especially on high US ethanol inventories and low prices, as well as selected crop prices, in particular corn and soybeans.

Household Care (organic: +1% 12M 2017 y/y) organic sales growth is expected to be driven by increased penetration in emerging markets, where we intend to tap into consumer trends with our innovative enzymes for liquid detergents. The first sales from the freshness & hygiene platform are expected to increasingly contribute to growth from the second half of 2018. We expect the reformulation focus from some of our large customers to continue, especially at the beginning of the year, which puts a dampener on growth. While the developed markets continue to be dynamic, innovation, performance and differentiation remain in focus for both existing and new customers.

Food & Beverages (organic: +9% 12M 2017 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 new products. Baking is still expected to be impacted by price reductions in the North American freshkeeping market, while sales are expected to perform well in other markets. Enzymes for low-lactose dairy products are expected to continue their positive growth trend. In general, we expect continued good growth across industries.

Bioenergy (organic: +11% 12M 2017 y/y) organic sales growth is expected to be driven mainly by new product launches and increased penetration from innovation. We expect US ethanol production for 2018 to be roughly on par with 2017, but note that US ethanol inventory levels remain high. Good sales development is expected to continue, as technology introduced over the last 18 months is being adopted in the marketplace. Yeast is added to the product portfolio early 2018 and will contribute to growth. Sales of enzymes for biomass-based ethanol are expected to increase, but make up a small proportion of overall Bioenergy sales.

Agriculture & Feed (organic: -3% 12M 2017 y/y) organic sales growth is expected to be driven primarily by good growth in BioAg, but animal health and nutrition (Feed) are also expected to deliver growth. New product launches will benefit sales, especially in the second half of the year. The changed sales pattern and shift of revenue from the first to the second half of the year that has been ongoing over the past years should now largely be completed. We will continue to monitor the potential acquisition of Monsanto by Bayer, but currently do not expect this to have implications for our BioAg business in 2018. Sales to the agriculture-related markets are subject to some uncertainty, due primarily to global farm economics.

Novozymes expects to recognize around DKK 170 million of the deferred income in BioAg as revenue in 2018. Deferred income does not impact the calculation of organic sales growth rates; it impacts realized sales growth in DKK and has no cash flow impact.

Technical & Pharma (organic: +2% 12M 2017 y/y) is impacted by the divestment of Albugenix late 2017. (Albugenix 2017 revenue roughly DKK 150 million: 10% in Q1 and ~30% in each of Q2, Q3 and Q4). The divestment will not impact the organic growth. Looking ahead, the divestment will reduce some of the quarterly lumpiness in sales.

Profit outlook

Reported EBIT margin in 2017 was 27.9%. Excluding one-time costs, the EBIT margin in 2017 was ~29%. Guidance for 2018 is ~28%. For 2018, we expect a strong negative impact from currencies, as well as a higher activity level on the commercial side to support growth opportunities, particularly in emerging markets. As currencies are experiencing high volatility, in particular the US dollar, a further weakening relative to what has been assumed in the guidance (USD/DKK at 6.00) could impact EBIT margin negatively. The DKK ~30 million lower deferred income expected in 2018 relative to 2017 also reduces reported EBIT by an identical amount. Sales growth and productivity improvements are expected to be supportive to margins.

EBIT margin: ~28%

In 2017, Novozymes transferred IP from Switzerland to Denmark. This had a positive impact on the 2017 effective tax rate (ETR) of roughly 2 percentage points. Additional IP transfer will take place in 2018, and we expect to carry out further transfers over the next three years. Following these transfers, Novozymes is likely to see a higher ETR. Given the current visibility and interpretation of different country-specific tax legislation and levels, including in the US, Novozymes expects an ETR of 19-21% over the next 3-4 years. We are still evaluating the real net effect not only of the lowered US corporate tax rate, but also of other US tax changes.

Effective tax rate: 19-21%

Net profit growth is expected to be ~0% (2017: 2%) in 2018. The USD has been hedged through forward contracts at an average exchange rate of 6.18 USD/DKK. At this level, the US dollar is 6% lower than the average USD/DKK in 2017.

Net profit growth: ~0%

Net investments are expected to be DKK 1,300-1,500 million (2017: DKK 1,665 million). The relatively high investment level for 2018 concerns a continuation of the building of the innovation campus in Lyngby, Denmark, as well as the completion of the enzyme production facility in Mumbai, India, and the final parts of the capacity expansion in Nebraska, US.

Free cash flow before acquisitions is expected to be DKK 2,300-2,600 million (2017: DKK 2,398 million).

Free cash flow before acq.: DKK 2,300-2,600 million

Return on invested capital including goodwill is expected at 24-25% (2017: 25.6%). The average calculation for invested capital now includes a higher end balance following the large investment programs that we announced early in 2017.

ROIC: 24-25%

As Novozymes has reached its target of a dividend payout ratio of ~40% (42.3% proposed for 2017), it will be proposed to increase the long-term payout ratio to ~50%.

Sustainability outlook

Novozymes has an ambition to continuously improve business operations across the value chain – making our operations more cost-effective, environmentally friendly and socially responsible. The triple bottom line is fundamental in terms of how our business is run.

Sustainability reporting is long term by nature, and determining metrics and type of reporting is under constant review and development. Novozymes aims for the targets to reflect our commitment to transparent sustainability reporting, and at the same time, to be relevant to Novozymes from a materiality perspective and auditable.

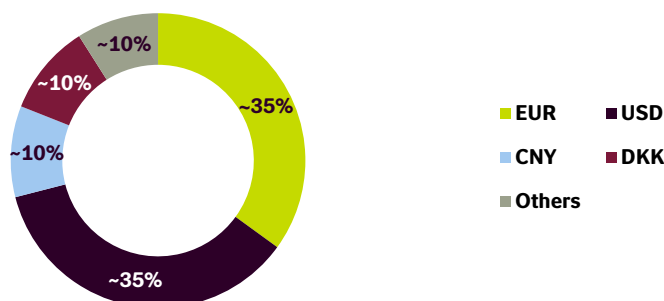
In January 2015, Novozymes introduced three long-term environmental targets for 2020, with the aim of measuring our resource efficiency relative to gross profit, in other words: the resource intensiveness of our gross profit. However, this way of measuring progress has not proven to be optimal, as short-term changes in gross profit, caused by e.g. currency movements, revised sales growth expectations and product mix, distort the picture of the actual sustainability performance. We have decided to explore a more optimal way of measuring our sustainability performance, as we want to stay at the forefront in this matter. Consequently, we have decided to cancel the three 2020 environmental targets. While exploring better long-term sustainability measurements, we introduce annual targets for water, energy and CO₂ emissions relative to organic sales growth. In general, we aim to keep growth in resource consumption lower than organic sales growth.

We remain committed to continuing our legacy of taking a lead on sustainability disclosure and providing detailed information on resource consumption data and types of resources in our annual reports.

- The environmental and key employee targets for 2018 are:
- Growth in absolute water consumption < organic sales growth
- Growth in absolute energy consumption < organic sales growth
- Growth in absolute CO₂ emissions ≤ organic sales growth
- Renewable energy as a percentage of total energy consumption at 23% or higher
- ≤ 1.5 occupational accidents per million working hours
- ≤ 2.0% employee absence
- ≥ 27% of senior management should be women

Currency exposure

Sales by currency, 2017



From a currency perspective, we expect 2018 EBIT to be most exposed to fluctuations in the USD and EUR.

Other things being equal, a 5% movement in USD/DKK is expected to have an annual positive/negative impact on EBIT of DKK 110-130 million.

Other things being equal, 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			
Q1	Q2	Q3	Q4
100% hedged via forward contracts at 6.18 USD/DKK			
-	-	-	-

The outlook is based on exchange rates for the company's key currencies remaining at the closing rates on February 6 for the full year.

DKK	EUR	USD	BRL	CNY
Average exchange rate 2016	745	673	194	101
Average exchange rate 2017	744	660	207	98
Average exchange rate 2017 compared with 2016	0%	-2%	7%	-3%
Average exchange rate Q4'17 compared with Q4'16	0%	-9%	-7%	-5%
Rate as of February 6, 2018	744	600	185	95
Estimated average exchange rate 2018*	744	600	185	95
Estimated average exchange rate 2018 compared with 2017	0%	-9%	-11%	-3%

* Estimated average exchange rate as of February 6, 2018

Dividend for 2017

At the Annual Shareholders' Meeting on March 13, 2018, the Board of Directors will propose a dividend payment of DKK 4.50 per share for the 2017 financial year. This is an increase of 13% compared with 2016 and translates into a payout ratio of 42.3% of net profit in 2017.

New stock buyback program in 2018

Novozymes has decided to initiate a new stock buyback program worth up to DKK 2 billion in total or a maximum of 15 million shares. The program is expected to begin early 2018 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 decided.

The repurchase 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.

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

Changes to the Board of Directors

On June 8, 2017, Novozymes A/S and Heinz-Jürgen Bertram mutually decided that he would resign from Novozymes' Board of Directors with immediate effect. Heinz-Jürgen Bertram had been a strong contributor to Novozymes' strategic work since he joined the Board of Directors in 2015. However, the Board of Directors and Heinz-Jürgen Bertram decided to part ways to avoid any potential conflict of interest as the world of ingredients and industrial biotechnology develops.

The Board of Directors is proposing the election of one new member, Patricia Malarkey. She is an experienced R&D and business leader with more than 30 years' experience in the global agrochemical industry. The Board is convinced that Ms. Malarkey's strong research insight and development experience as well as global perspective on business matters will significantly contribute to the further development of Novozymes' innovation processes and agenda. Ms. Malarkey is 52 years of age and from Scotland.

Consequently, the Board of Directors has decided to propose the following candidates for the Board of Directors for election on March 13, 2018, for a one-year term:

- Jørgen Buhl Rasmussen as Chairman of the Board (current Chairman)
- Agnete Raaschou-Nielsen as Vice Chairman of the Board (current Vice Chairman)
- Lars Green as a member of the Board (current board member)
- Kasim Kutay as a member of the Board (current board member)
- Kim Stratton as a member of the Board (current board member)
- Mathias Uhlén as a member of the Board (current board member)
- Patricia Malarkey as a new member of the Board

Changes to the Executive Leadership Team

On December 20, 2017, Novozymes announced the appointment of Ms. Prisca Havranek-Kosicek as Chief Financial Officer effective February 1, 2018.

Until November 2017, Prisca Havranek-Kosicek served as CFO and a member of the Executive Board of Kuoni Group, a leading 8,000-employee service provider to the global travel industry. In the period 2011-2016, she held positions at Royal DSM, including Group Treasurer and CFO for DSM's pharmaceutical division, and from 2004 to 2008 she served as VP Corporate Subsidiaries and Investor Relations for Austrian Airlines Group.

Ms. Havranek-Kosicek is 42 years of age and an Austrian citizen. She currently lives in Zurich, Switzerland, but will relocate to Denmark during 2018 with her family. She has previously worked in Austria, Germany, the Netherlands, Malaysia and the US.

Ms. Havranek-Kosicek holds a Ph.D. in Business Administration from the Vienna University of Economics and Business. She serves as a member of the Supervisory Board of Allianz Elementar Versicherungs-AG and Allianz Elementar Lebensversicherungs-AG.

Ms. Havranek-Kosicek will take part in the 2017-2019 Executive Leadership Team's incentive program on a proportional basis from February 1, 2018. A description of this program, introduced on January 18, 2017, can be found in the "Group financial statement for 2016. Company announcement No. 1."

Accounting policies

The Group financial statement for 2017 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 2017 follows the same accounting policies as the Annual Report for 2017. The Annual Report for 2017 has been audited by the company's independent auditor.

Impact of new accounting standards in 2018

Novozyymes will adopt the following new IFRS standards from January 1, 2018:

- IFRS 15 – Revenue from Contracts with Customers
- IFRS 9 – Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities

We have performed an assessment of the impact of the standards and have concluded that the adoption of the new standards will have no significant impact on recognition and measurement in the consolidated financial statements for 2018. The adoption will lead to further and/or changed disclosures in the notes.

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.

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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 2017, including the audited consolidated financial statements. The Board of Directors and the Executive Leadership Team have also approved this Group financial statement for 2017, containing condensed financial information. This Group financial statement for 2017 has not been audited or reviewed by the company's independent auditor.

The consolidated financial statements in the Annual Report 2017 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 2017 has been prepared in accordance with IAS 34, the accounting policies as applied in the audited consolidated financial statements for 2017 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, 2017, and of the results of the Group's operations and cash flows for 2017. Furthermore, this Group financial statement for 2017 gives, together with what is disclosed in the Annual Report 2017, a description of the most significant risks and uncertainties to which the Group is subject.

Bagsvaerd, February 7, 2018

EXECUTIVE LEADERSHIP TEAM

Peder Holk Nielsen
President & CEO

Thomas Videbæk
COO

Prisca Havranek-Kosicek
CFO

BOARD OF DIRECTORS

Jørgen Buhl Rasmussen
Chairman

Agnete Raaschou-Nielsen
Vice Chairman

Lars Green

Lena Bech Holskov

Anders Hentze Knudsen

Kasim Kutay

Lars Bo Køppler

Kim Stratton

Mathias Uhlén

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Appendix 1 Main items and key figures

1.1 Key figures

(DKK million)	2017	2016	% change	Q4 2017	Q4 2016	% change
Revenue	14,531	14,142	3%	3,673	3,714	(1)%
Gross profit	8,413	8,126	4%	2,117	2,107	0%
Gross margin	57.9%	57.5%		57.6%	56.7%	
EBITDA	5,114	4,960	3%	1,343	1,374	(2)%
EBITDA margin	35.2%	35.1%		36.6%	37.0%	
Operating profit / EBIT	4,047	3,946	3%	1,015	1,062	(4)%
EBIT margin	27.9%	27.9%		27.6%	28.6%	
Share of result in associates	(14)	(31)		(6)	(12)	
Net financials	(157)	(34)		(41)	(29)	
Profit before tax	3,876	3,881	(0)%	968	1,021	(5)%
Tax	(756)	(831)	(9)%	(174)	(216)	(19)%
Net profit	3,120	3,050	2%	794	805	(1)%
Earnings per DKK 2 share	10.56	10.15	4%	2.71	2.71	0%
Earnings per DKK 2 share (diluted)	10.49	10.06	4%	2.69	2.69	(0)%
Net investments excl. acq.	1,665	1,188				
Free cash flow before net acq. and purchase of financial assets	2,398	2,652				
Return on invested capital (ROIC) incl. goodwill	25.6%	25.1%				
Net interest-bearing debt	1,642	990				
Equity ratio	61.3%	62.9%				
Return on equity	27.1%	26.1%				
Debt-to-equity	14.6%	8.4%				
NIBD / EBITDA	0.3	0.2				
Number of employees	6,245	6,441				
				Dec. 31, 2017	Dec. 31, 2016	
Novozymes' stock						
Common stock (million)				305.0	310.0	
Net worth per share (DKK)				36.90	37.85	
Denomination of share (DKK)				2.00	2.00	
Nominal value of common stock (DKK million)				610.0	620.0	
Treasury stock (million)				12.1	12.4	

1.2 Five-year statement 2013-2017

(DKK million)	2017	2016	2015	2014	2013
Revenue	14,531	14,142	14,002	12,459	11,746
Gross profit	8,413	8,126	8,129	7,149	6,716
Gross margin	57.9%	57.5%	58.1%	57.4%	57.2%
Operating profit / EBIT	4,047	3,946	3,884	3,384	2,901
Operating profit margin	27.9%	27.9%	27.7%	27.2%	24.7%
Share of result in associates	(14)	(31)	(6)	(21)	(8)
Net financials	(157)	(34)	(257)	(84)	(134)
Profit before tax	3,876	3,881	3,621	3,279	2,759
Tax	(756)	(831)	(796)	(754)	(558)
Net profit	3,120	3,050	2,825	2,525	2,201
Non-controlling interests	1	-	2	(1)	1
Net profit to shareholders in Novozymes A/S	3,119	3,050	2,823	2,526	2,200
Foreign exchange gain/(loss), net	27	(2)	(158)	5	(22)
Interest income/(costs)	(20)	(26)	(27)	(49)	(61)
Other financial items	(164)	(6)	(72)	(40)	(51)
Net financials	(157)	(34)	(257)	(84)	(134)
Earnings per DKK 2 share	10.56	10.15	9.23	8.10	7.01
Average no. of A/B shares outstanding (million)	295.3	300.5	306.0	311.9	313.8
Earnings per DKK 2 share (diluted)	10.49	10.06	9.12	8.02	6.93
Average no. of A/B shares diluted (million)	297.2	303.1	309.4	315.1	317.4
Return on invested capital (ROIC) incl. goodwill	25.6%	25.1%	25.9%	23.1%	20.0%
Net interest-bearing debt	1,642	990	437	(716)	805
Equity ratio	61.3%	62.9%	65.2%	61.2%	67.0%
Return on equity	27.1%	26.1%	24.7%	22.6%	21.3%
NIBD/EBITDA	0.3	0.2	0.1	(0.2)	0.2

1.3 Income statement

(DKK million)	2017	2016	Q4 2017	Q4 2016
Revenue	14,531	14,142	3,673	3,714
Cost of goods sold	(6,118)	(6,016)	(1,556)	(1,607)
Gross profit	8,413	8,126	2,117	2,107
Sales and distribution costs	(1,619)	(1,622)	(375)	(426)
Research and development costs	(1,913)	(1,865)	(493)	(475)
Administrative costs	(831)	(810)	(197)	(200)
Other operating income, net	(3)	117	(37)	56
Operating profit / EBIT	4,047	3,946	1,015	1,062
Share of result in associates	(14)	(31)	(6)	(12)
Net financials	(157)	(34)	(41)	(29)
Profit before tax	3,876	3,881	968	1,021
Tax	(756)	(831)	(174)	(216)
Net profit	3,120	3,050	794	805
Attributable to				
Shareholders in Novozymes A/S	3,119	3,050	794	806
Non-controlling interests	1	-	-	(1)
Specification of net financials				
Foreign exchange gain/(loss), net	27	(2)	34	(27)
Interest income/(costs)	(20)	(26)	(4)	(5)
Other financial items	(164)	(6)	(71)	3
Net financials	(157)	(34)	(41)	(29)
Earnings per DKK 2 share	10.56	10.15	2.71	2.71
Average no. of A/B shares outstanding (million)	295.3	300.5	293.1	297.6
Earnings per DKK 2 share (diluted)	10.49	10.06	2.69	2.69
Average no. of A/B shares, diluted (million)	297.2	303.1	295.5	299.7

1.4 Statement of comprehensive income

(DKK million)	2017	2016	Q4 2017	Q4 2016
Net profit	3,120	3,050	794	805
Currency translation of subsidiaries and non-controlling interests	(970)	140	(94)	357
Tax on currency translation of subsidiaries	37	(8)	-	(11)
Currency translation adjustments	(933)	132	(94)	346
Fair value adjustments	115	(70)	13	(54)
Tax on fair value adjustments	(25)	15	(2)	12
Cash flow hedges reclassified to financial costs	(5)	(8)	(16)	(32)
Tax on reclassified fair value adjustments	1	2	3	7
Cash flow hedges	86	(61)	(2)	(67)
Other comprehensive income	(847)	71	(96)	279
Comprehensive income	2,273	3,121	698	1,084
Attributable to				
Shareholders in Novozymes A/S	2,273	3,121	698	1,085
Non-controlling interests	-	-	-	(1)

Appendix 2 Distribution of revenue

2.1 By industry

(DKK million)	2017 12M	2016 12M	% change	% currency impact	% M&A impact	% organic growth
Household Care	4,717	4,702	0	(1)	0	1
Food & Beverages	4,041	3,740	8	(1)	0	9
Bioenergy	2,644	2,438	8	(3)	0	11
Agriculture & Feed	2,108	2,206	(4)	(1)	0	(3)
Technical & Pharma	1,021	1,056	(3)	(1)	(4)	2
Sales	14,531	14,142	3	(1) *	0	4

* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was -1.2%.

(DKK million)	2017 Q4	2016 Q4	% change	% currency impact	% M&A impact	% organic growth
Household Care	1,143	1,218	(6)	(3)	0	(3)
Food & Beverages	977	937	4	(5)	0	9
Bioenergy	698	663	5	(9)	0	14
Agriculture & Feed	599	676	(11)	(4)	0	(7)
Technical & Pharma	256	220	16	(6)	0	22
Sales	3,673	3,714	(1)	(5) *	0	4

* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was -5.0%.

(DKK million)	2017				2016				% change
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4/Q4
Household Care	1,143	1,177	1,181	1,216	1,218	1,154	1,154	1,176	(6)
Food & Beverages	977	1,022	1,041	1,001	937	947	930	926	4
Bioenergy	698	637	628	681	663	579	570	626	5
Agriculture & Feed	599	499	428	582	676	452	496	582	(11)
Technical & Pharma	256	245	260	260	220	258	279	299	16
Sales	3,673	3,580	3,538	3,740	3,714	3,390	3,429	3,609	(1)

2.2 By geography

(DKK million)	2017 12M	2016 12M	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	5,251	5,107	3	0	(1)	4
North America	4,952	4,755	4	(2)	0	6
Asia Pacific	2,865	2,791	3	(2)	0	5
Latin America	1,463	1,489	(2)	(1)	0	(1)
Sales	14,531	14,142	3	(1) *	0	4

* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was -1.2%.

(DKK million)	2017 Q4	2016 Q4	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1,278	1,260	1	(1)	0	2
North America	1,340	1,276	5	(7)	0	12
Asia Pacific	707	731	(3)	(6)	0	3
Latin America	348	447	(22)	(11)	0	(11)
Sales	3,673	3,714	(1)	(5) *	0	4

* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was -5.0%.

(DKK million)	2017				2016				% change
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4/Q4
Europe, Middle East & Africa	1,278	1,322	1,303	1,348	1,260	1,261	1,246	1,340	1
North America	1,340	1,160	1,161	1,291	1,276	1,063	1,141	1,275	5
Asia Pacific	707	683	739	736	731	673	695	692	(3)
Latin America	348	415	335	365	447	393	347	302	(22)
Sales	3,673	3,580	3,538	3,740	3,714	3,390	3,429	3,609	(1)

Appendix 3 Statement of cash flows

3.1 Statement of cash flows

(DKK million)	2017	2016
Net profit	3,120	3,050
Reversals of non-cash items	2,065	2,035
Tax paid	(852)	(905)
Interest received	7	4
Interest paid	(28)	(30)
Cash flow before change in working capital	4,312	4,154
Change in working capital		
(Increase)/decrease in receivables	(96)	13
(Increase)/decrease in inventories	(224)	(199)
Increase/(decrease) in payables and deferred income	74	(125)
Currency translation adjustments	(3)	(3)
Cash flow from operating activities	4,063	3,840
Investments		
Purchase of intangible assets	(99)	(140)
Sale of property, plant and equipment	27	28
Purchase of property, plant and equipment	(1,593)	(1,076)
Cash flow from investing activities before acquisitions, divestments and purchase of financial assets	(1,665)	(1,188)
Free cash flow before acquisitions, divestments and purchase of financial assets	2,398	2,652
Business acquisitions, divestments and purchase of financial assets	(3)	(161)
Free cash flow	2,395	2,491
Financing		
Borrowings	636	1,281
Repayments of borrowings	(438)	(773)
Purchase of treasury stock	(2,000)	(2,000)
Sale of treasury stock	179	69
Dividend paid	(1,192)	(1,061)
Cash flow from financing activities	(2,815)	(2,484)
Net cash flow	(420)	7
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	(22)	2
Change in cash and cash equivalents, net	(442)	9
Cash and cash equivalents, net, at January 1	805	796
Cash and cash equivalents, net, at December 31	363	805

Undrawn committed credit facilities at December 31, 2017, were DKK 3,944 million.

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

(DKK million)	Dec. 31, 2017	Dec. 31, 2016
Completed IT development projects	133	125
Acquired patents, licenses and know-how	1,130	1,404
Goodwill	1,108	1,159
IT development projects in progress	61	49
Intangible assets	2,432	2,737
Land and buildings	2,697	2,931
Plant and machinery	4,019	4,239
Other equipment	562	615
Assets under construction and prepayments	1,648	856
Property, plant and equipment	8,926	8,641
Deferred tax assets	755	607
Other financial assets (non-interest-bearing)	29	151
Investment in associate	59	73
Other receivables	35	57
Non-current assets	12,236	12,266
Raw materials and consumables	308	327
Goods in progress	727	671
Finished goods	1,551	1,490
Inventories	2,586	2,488
Trade receivables	2,554	2,680
Tax receivables	135	142
Other receivables	214	267
Receivables	2,903	3,089
Other financial assets (non-interest-bearing)	16	4
Other financial assets	16	4
Cash and cash equivalents	632	812
Current assets	6,137	6,393
Assets	18,373	18,659

4.2 Balance sheet, Liabilities

	Dec. 31, 2017	Dec. 31, 2016
(DKK million)		
Common stock	610	620
Currency translation adjustments	(262)	670
Cash flow hedges	45	(41)
Retained earnings	10,861	10,483
Equity attributable to shareholders in Novozymes A/S	11,254	11,732
Non-controlling interests	13	13
Shareholders' equity	11,267	11,745
Deferred tax liabilities	721	854
Provisions	159	231
Deferred income	337	540
Other financial liabilities (interest-bearing)	1,303	1,713
Other financial liabilities (non-interest-bearing)	9	14
Non-current liabilities	2,529	3,352
Other financial liabilities (interest-bearing)	971	89
Other financial liabilities (non-interest-bearing)	8	111
Provisions	86	61
Trade payables	1,341	1,194
Deferred income	205	248
Tax payables	483	437
Other payables	1,483	1,422
Current liabilities	4,577	3,562
Liabilities	7,106	6,914
Liabilities and shareholders' equity	18,373	18,659

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	
Shareholders' equity at January 1, 2017	620	670	(41)	10,483	11,732	13	11,745
Net profit for the period				3,119	3,119	1	3,120
Other comprehensive income for the period		(932)	86		(846)	(1)	(847)
Total comprehensive income for the period		(932)	86	3,119	2,273	-	2,273
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
Changes in shareholders' equity	(10)	(932)	86	378	(478)	-	(478)
Shareholders' equity at December 31, 2017	610	(262)	45	10,861	11,254	13	11,267
Shareholders' equity at January 1, 2016	626	538	20	10,396	11,580	13	11,593
Net profit for the period				3,050	3,050	-	3,050
Other comprehensive income for the period		132	(61)		71	-	71
Total comprehensive income for the period	-	132	(61)	3,050	3,121	-	3,121
Purchase of treasury stock				(2,000)	(2,000)		(2,000)
Sale of treasury stock				69	69		69
Write-down of common stock	(6)			6	-		-
Dividend				(1,061)	(1,061)	-	(1,061)
Stock-based payment				136	136		136
Tax related to equity items				(113)	(113)		(113)
Changes in shareholders' equity	(6)	132	(61)	87	152	-	152
Shareholders' equity at December 31, 2016	620	670	(41)	10,483	11,732	13	11,745

Appendix 5 Miscellaneous

5.1 Product launches in 2017

Q1 2017	Acceleron® B-200 SAT – an enhanced isoflavonoid formulation that enables additional upstream treatment in soybeans. The product stimulates the growth of beneficial microbes in the soil to improve nutritional uptake, leading to improved plant health.
Q1 2017	Spirizyme® T – an advanced suite of glucoamylase enzymes with trehalase, which is an enzyme that converts trehalose, a type of sugar that is normally hard to ferment into ethanol, thus reducing residual starch and sugars and increasing ethanol yield.
Q2 2017	Medley® 2.0 – second generation of our blended enzyme solutions. Medley® is a plug-and-play solution that ensures stability, performance and cost savings across the value chain, targeting small and medium-sized players in emerging markets.
Q2 2017	Progress® Excel – a new premium liquid protease that enables premium wash performance at all temperatures with increased flexibility.
Q2 2017	Palmora® – the first Novozymes offering for the palm oil industry. Palmora® improves yield and process for palm oil producers.
Q2 2017	Frontia® – a new technology for the grain-milling process based on Novozymes' capabilities within complex fiber and biomass structures. It delivers better yields and process improvements, adding to the competitiveness of our customers' operations.
Q4 2017	Progress® In – the first specifically developed protease for powder detergents tailored to low- and mid-tier formulators in Africa and Asia. Progress® In will make enzyme-enabled laundry benefits available to more consumers in these markets.
Q4 2017	Freshness & Hygiene – the first breakthrough product from the freshness & hygiene platform. This technology will help customers and consumers to overcome universal wash challenges from odor and grime that hide in the fibers of the clothes.

5.2 Company announcements for the fiscal year 2017

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

January 17, 2017	Group financial statement for 2016
January 24, 2017	Initiation of stock buyback program
January 31, 2017	Election of employee representatives to the Board of Directors
February 22, 2017	Novozymes A/S Annual Shareholders' Meeting 2017
March 24, 2017	Reduction of common stock
April 26, 2017	Interim report for the first three months of 2017
June 8, 2017	Changes to the Board of Directors
June 15, 2017	Changes to the Executive Leadership Team
August 11, 2017	Interim report for the first half of 2017
October 25, 2017	Interim report for the first nine months of 2017
December 11, 2017	Proposal of candidates to the Board of Directors
December 20, 2017	Changes to the Executive Leadership Team
February 7, 2018	Group financial statement for 2017

5.3 Financial calendar

March 13, 2018	Annual Shareholders' Meeting 2018
April 25, 2018	Interim report for the first three months of 2018
August 10, 2018	Interim report for the first half of 2018
October 24, 2018	Interim report for the first nine months of 2018
February 6, 2019	Group financial statement for 2018
March 6, 2019	Annual Shareholders' Meeting 2019

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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