

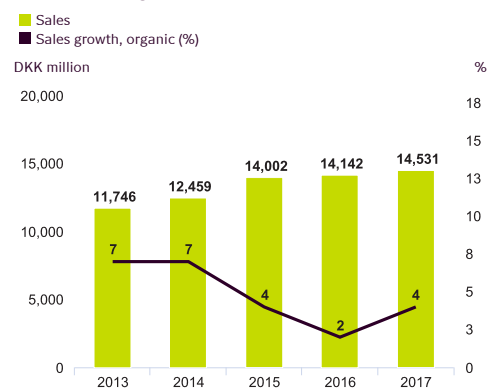
Sales and earnings

Sales

Total sales in 2017 were DKK 14,531 million, an increase of 4% organically and 3% in DKK.

“Sales to Food & Beverages and Bioenergy were the most significant contributors to organic sales growth.”

Sales and sales growth



Gross profit and margin

Gross profit increased by 4% to DKK 8,413 million from DKK 8,126 million in 2016. The gross margin was 57.9%, up from 57.5% in 2016. Productivity improvements had a positive impact on the gross margin, somewhat offset by unfavorable mix and price changes.

Operating costs

Operating costs increased by 2% to DKK 4,363 million. Operating costs as a percentage of sales were 30%.

- Sales and distribution costs were unchanged, representing 11% of sales
- Research and development costs increased by 3%, representing 13% of sales
- Administrative costs increased by 3%, representing 6% of sales

Other operating income

Other operating income was a net loss of DKK 3 million, compared with a net income of DKK 117 million in 2016. The decrease in 2017 was mainly caused by a loss of DKK 66 million relating to the divestment of Albumedix late 2017. After careful review of Albumedix's future activities and needs, Novozymes concluded that the entity no longer benefits from being part of the Group. Novozymes and Albumedix have found a good future ownership solution for Albumedix, with Novozymes retaining 8% ownership of the company.

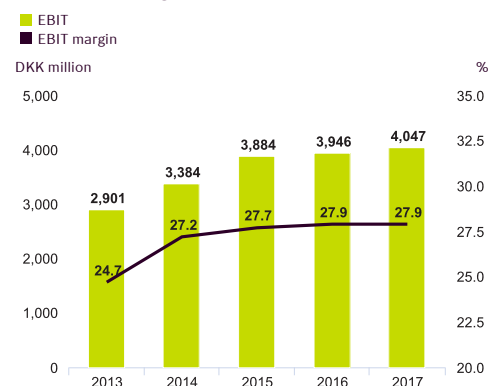
EBITDA

EBITDA increased by 3% to DKK 5,114 million, up from DKK 4,960 million in 2016. Depreciation, amortization and impairment losses were DKK 1,067 million in 2017, up 5% from DKK 1,014 million in 2016. The increase in depreciation was mainly attributable to acquisitions, such as Organobalance GmbH in 2016.

EBIT and EBIT margin

EBIT increased by 3% to DKK 4,047 million, up from DKK 3,946 million in 2016. The EBIT margin ended at 27.9%, unchanged from 2016. Excluding the one-time costs relating to layoffs at the beginning of 2017, the cost associated with the change to the Executive Leadership Team during the year and the loss on the divestment of Albumedix, the EBIT margin was around 29%.

EBIT and EBIT margin



Net finance

Net financial costs were DKK 157 million in 2017, compared with DKK 34 million in 2016. Net financial costs in 2017 were impacted by a write-down of DKK 120 million on a financial asset related to a guarantee provided by M&G. Due to financial difficulties in the M&G Group, it is now assessed that the financial asset will not be recovered and it has been written down.

Tax

The effective tax rate was 19.5%, compared with 21.4% in 2016. In 2017, Novozymes transferred intellectual property from Switzerland to Denmark. This had a positive impact on the effective tax rate of roughly 2 percentage points. The one-time negative impact of adjusting the deferred tax to the new US tax rate was almost 1 percentage point.

Net profit

Net profit grew by 2% to DKK 3,120 million in 2017, up from DKK 3,050 million in 2016, driven by higher EBIT and a lower tax rate, but partly offset by the write-down included in financial items.

Earnings per share

Earnings per share increased by 4% to DKK 10.56, compared with DKK 10.15 in 2016, due to higher net profit and cancellation of shares.

[Read more about the Novozymes stock in The Novozymes stock](#)

Consolidated statements of income

Income statement

DKK million	Note	2017	2016
Revenue	2.1, 2.2	14,531	14,142
Cost of goods sold	2.3, 3.1, 3.2, 4.1	(6,118)	(6,016)
Gross profit		8,413	8,126
Sales and distribution costs	2.3, 3.1, 3.2	(1,619)	(1,622)
Research and development costs	2.3, 2.4, 3.1, 3.2	(1,913)	(1,865)
Administrative costs	2.3, 3.1, 3.2	(831)	(810)
Other operating income, net	2.5	(3)	117
Operating profit / EBIT		4,047	3,946
Share of result in associates	3.4	(14)	(31)
Financial income	5.2	90	32
Financial costs	5.2	(247)	(66)
Profit before tax		3,876	3,881
Tax	2.6	(756)	(831)
Net profit		3,120	3,050
Attributable to			
Shareholders in Novozymes A/S		3,119	3,050
Non-controlling interests		1	-
		3,120	3,050
Proposed dividend per share		DKK 4.50	DKK 4.00
Earnings per share	2.7	DKK 10.56	DKK 10.15
Earnings per share, diluted	2.7	DKK 10.49	DKK 10.06

Statement of comprehensive income

DKK million	Note	2017	2016
Net profit		3,120	3,050
Items that may be reclassified subsequently to the income statement:			
Currency translation adjustments			
Subsidiaries and non-controlling interests		(970)	140
Tax on currency translation adjustments		37	(8)
Currency translation adjustments		(933)	132
Cash flow hedges			
Fair value adjustments		115	(70)
Tax on fair value adjustments		(25)	15
Cash flow hedges reclassified to financial costs		(5)	(8)
Tax on reclassified fair value adjustments		1	2
Cash flow hedges		86	(61)
Other comprehensive income		(847)	71
Comprehensive income for the year		2,273	3,121
Attributable to			
Shareholders in Novozymes A/S		2,273	3,121
Non-controlling interests		-	-
		2,273	3,121