

Letter from the Board of Directors

Setting the direction for growth



Letter from the Board of Directors

The world is facing serious and complex challenges that demand solutions. For a company such as Novozymes, this also presents opportunities. 2017 was a step in the right direction on our journey of pursuing our purpose and accelerating growth rates.

In 2017 alone, the world's population grew by more than 83 million people, meaning more mouths to feed, more clothes to produce and more goods to be transported from one location to another. With limited global resources, the need for sustainable answers is greater than ever. 2017 saw increased demand for Novozymes' biological solutions.

“It is Novozymes' ability to innovate that opens up completely new markets and safeguards our leading position in existing ones.”

We succeeded in bringing impactful innovations to the market – innovations which were received well by our customers and which also hold significant future potential. To a large extent, innovation is what drives revenue and earnings growth at Novozymes. It is Novozymes' ability to innovate that opens up completely new markets and safeguards our leading position in existing ones. Innovation

also makes it possible for us to produce enzymes and microbes more efficiently for less. This gives us the opportunity to invest even more in our business, while providing our shareholders with attractive returns.

Investing for the future and growth

Novozyymes invests for the long term. At the same time, we are keeping track with market developments and ensuring that we are in a position to seize short- to mid-term opportunities.

In 2017, the Board approved significant investments in Novozymes' future. Let me highlight a few of the key projects. In Denmark, we are building a state-of-the-art innovation campus which will become a global hub for biotech research and business development. In India, we are building new production facilities near Mumbai. In Blair, Nebraska, US, we have expanded our production capacity significantly. In addition to these investments, we continue to invest 13% of sales in R&D.



In 2017, Novozymes educated more than 188,000 people about the potential of biology.



Read more about our educational activities in Targets

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Novozymes sees great future potential in emerging markets. One way to get to know our customers in these markets better is to move into their neighborhood to understand their needs and challenges in the actual environments in which they operate.

Consequently, the Board also supports Novozymes' intention to deploy more people closer to customers in emerging markets.

2017 has been a truly eventful and exciting year, during which we have geared up for future growth and enhanced sustainable impact. We delivered 4% organic sales growth and solid earnings.

“Novozymes sees great future potential in emerging markets.”

Novozymes' share price increased by 46% in 2017. The Board is satisfied with developments and with the direction in which we are heading. However, 4% sales growth is not sufficient for a company with an ambition of changing the world. With our strong innovation pipeline, we will strive to do better in 2018.

Ensuring the right competencies

Novozymes operates under ever-changing market conditions. This creates both opportunities and risks. It is the Board's responsibility to ensure that Novozymes has the right competencies and succession planning in place to seize these opportunities and mitigate the risks.

In 2017, we made some changes to the Board. We welcomed Ms. Kim Stratton and Mr. Kasim Kutay to the Board in February. They bring new competencies in life sciences and international

business to the team, and the Board has already benefited from their valuable input. In December 2017, we announced the Board's proposal to elect Ms. Patricia Malarkey to the Board.

Ms. Malarkey has more than 30 years' experience in the global agrochemical industry. I am convinced that Ms. Malarkey's strong research insight and development experience will contribute significantly to the further development of Novozymes' innovation processes and agenda.

“The Board is satisfied with developments and with the direction in which we are heading.”

With these changes, we have ensured that we have a strong and well-diversified Board capable of delivering essential input regarding Novozymes' strategy and priorities. For a global company such as Novozymes, having a diverse and talented team is important to ensure future growth.

In December 2017, we announced the appointment of Ms. Prisca Havranek-Kosicek as new Chief Financial Officer, effective as of February 1, 2018. Ms. Havranek-Kosicek replaces Mr. Benny D. Loft, who left Novozymes earlier in 2017.

Ms. Havranek-Kosicek brings the right competencies and drive to support our future growth, and the Board looks forward to welcoming her as part of the Executive Leadership Team.

“For a global company such as Novozymes, having a diverse and talented team is important to ensure future growth.”

Looking ahead

To summarize, we are focusing on accelerating growth. With growth come many benefits for Novozymes and its stakeholders. We are not immune to what happens in the world and are sometimes challenged by factors beyond our control. What we can control is our focus on innovation and understanding market and customer trends, so that we can provide our customers with better solutions. In this respect, we are in good shape.

Thank you

On behalf of the Board, I would like to thank our shareholders for the support and trust they have shown Novozymes in 2017. I would also like to thank the Executive Leadership Team and Novozymes' employees for their achievements and hard work during the year.



Jørgen Buhl Rasmussen
Chairman

The Board of Directors
Novozymes A/S

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In 2017, Science Magazine ranked Novozymes the world's second-best employer within biotech, pharma and related industries.

Novozymes holds more than

6,500

active and pending patents.

13%

of Novozymes' total revenue is reinvested in R&D.

