

Outlook for 2017

Sales outlook

Novozymes expects to deliver organic sales growth of 2-5%. All five business areas are expected to contribute to organic sales growth in 2017.

As the majority of the sales for BioAg is expected toward the end of the year, as in 2016, and since Q1 2016 is a relatively high comparison, organic sales growth for Novozymes in the first quarter of 2017 is expected to be roughly flat.

Household Care sales growth is expected to be higher in emerging markets. Growth in 2017 will also be supported by new product launches. Toward the end of 2017, the first product launch from the Hygiene platform is expected, but no material sales contribution from this is expected in 2017.

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Food & Beverages sales growth is expected to be driven primarily by new product launches in the starch industry made in 2016 and 2017. Growth is expected to be higher in emerging markets. Baking is expected to be negatively impacted by price reductions as a result of more competition in the US baking market.

Bioenergy sales growth is expected to be driven by new product launches. The North American market is expected to be dynamic in 2017. US ethanol production in 2017 is expected to be on par with 2016. Global sales to the emerging biomass conversion industry are expected to contribute to sales growth.

Agriculture & Feed sales growth is expected to be driven mainly by animal feed. Headwinds in agriculture, particularly low farmer income, are expected to create a somewhat challenging environment in BioAg. In 2017, Novozymes expects to recognize around DKK 200 million of the deferred BioAg income as sales. 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 sales are expected to be roughly on par with 2016.

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Outlook for 2017

	2016 realized	2017 outlook
Sales growth, organic	2%	2-5%
Sales growth, DKK	1%	3-6%
EBIT growth	2%	3-6%
EBIT margin	27.9%	~28%
Net profit growth	8%	2-5%
Net investments excl. acquisitions, DKKbn	1.2	1.7-1.9
Free cash flow before acquisitions, DKKbn	2.7	2.0-2.2
ROIC (including goodwill)	25.1%	24-25%
Avg. USD/DKK	673	696

Financial calendar

Feb. 22, 2017	Annual Shareholders' Meeting 2017
Apr. 26, 2017	Interim report for the first 3 months of 2017
Aug. 11, 2017	Interim report for the first half of 2017
Oct. 25, 2017	Interim report for the first 9 months of 2017
Jan. 18, 2018	Group financial statement for 2017

Profit outlook

EBIT growth is expected to be 3-6%, on par with the expected sales growth in DKK. Novozymes expects to maintain the current high level of profitability with an EBIT margin of around 28% in 2017.

The effective tax rate is expected to be around 21%.

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Net profit is expected to grow by 2-5%, on par with the expected organic sales growth. Net financial costs are expected to be higher than in 2016, given the expected USD/DKK exchange rate.

Net investments are expected to be DKK 1,700-1,900 million. Maintenance investments and manufacturing capacity expansions will drive investments, along with expansions in R&D, notably the new innovation campus in Denmark.

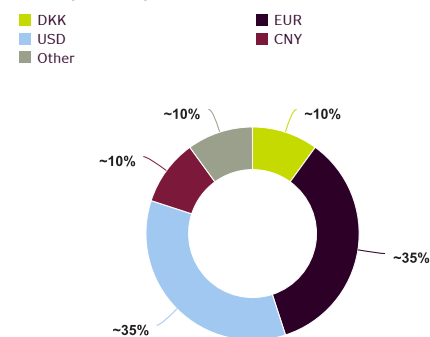
Free cash flow before acquisitions is expected to be DKK 2,000-2,200 million.

Return on invested capital including goodwill is expected at 24-25%.

Currency exposure

In 2017, EBIT will be most exposed to currency fluctuations in the USD and EUR.

Sales by currency 2016



Other things being equal, a +5% movement in USD/DKK is expected to have an annual positive impact on EBIT of DKK 100-120 million, and vice versa.

Other things being equal, a +5% movement in EUR/DKK is expected to have an annual positive impact on EBIT of DKK 150-200 million, and vice versa.

Sustainability outlook

The sustainability expectations for 2017 reflect our ambition to continuously improve our business operations across our value chain – making our operations more cost-effective, environmentally friendly and socially responsible.

We have categorized our sustainability outlook into Environment, Other and People.

Sustainability outlook

	2016 realized	2017 target	2020 target
Environment			
Estimated reduction in CO2 emissions through our customers' application of our products, in million tons	69	≥ 72	100
Water efficiency*	6%	4%	25%
Energy efficiency*	10%	7%	30%
CO2 intensity*	16%	9%	25%
Renewable energy	24%	24%	30%
Other			
Customer satisfaction	45	≥ 35	n/a
Medal class rating from RobecoSAM**	Silver	Medal	Gold
People			
Occupational accidents***	2.2	≤ 2.0	≤ 1.0
Employee absence	2.0%	≤ 2.0%	≤ 2.0%
Directors or higher who are women		≥ 25%	≥ 30%

* Efficiency/intensity is measured by dividing net consumption by gross profit. The improvement is calculated as the relative improvement in efficiency/intensity compared with the base year 2014.

** The distribution of medals will be announced in RobecoSAM's Sustainability Yearbook on Jan. 19, 2017. We expect silver.

*** Per million working hours.