

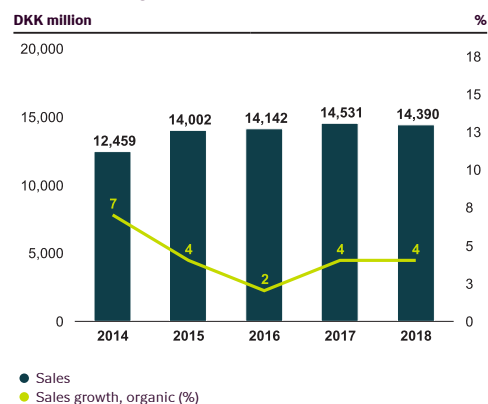
Sales and earnings

Sales

Total sales in 2018 were DKK 14,390 million, an increase of 4% organically and a decrease of 1% in DKK.

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

Sales and sales growth



Gross profit and margin

Gross profit decreased by 2% to DKK 8,255 million from DKK 8,413 million in 2017. The gross margin was 57.4%, down from 57.9% in 2017. Productivity improvements and mix had a positive impact on the gross margin, whereas higher input costs and lower deferred income had a negative effect.

Operating costs

Operating costs decreased by 3% to DKK 4,228 million. Operating costs as a percentage of sales were 29%.

- Sales and distribution costs decreased by 3%, representing 10.9% of sales
- Research and development costs decreased by 3%, representing 13.0% of sales
- Administrative costs decreased by 5%, representing 5.5% of sales

Other operating income

Other operating income was a net income of DKK 43 million, compared with a net loss of DKK 3 million in 2017, which included the divestment of Albumedix.

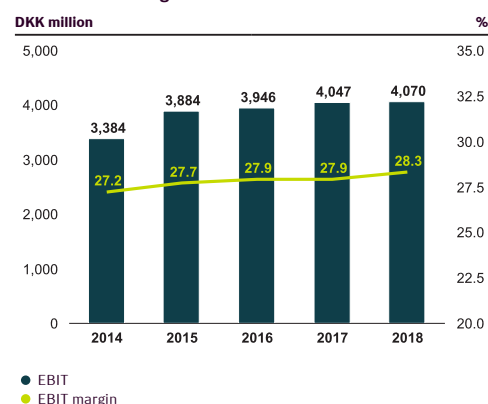
EBITDA

EBITDA increased by 1% to DKK 5,158 million, up from DKK 5,114 million in 2017. Depreciation, amortization and impairment losses were DKK 1,088 million in 2018, up 2% from DKK 1,067 million in 2017.

EBIT and EBIT margin

EBIT increased by 1% to DKK 4,070 million, up from DKK 4,047 million in 2017. The EBIT margin ended at 28.3%, up from 27.9% in 2017. Excluding the one-time costs incurred in 2017 relating to organizational changes and the divestment of Albumedix, the EBIT margin in 2018 was 0.7 percentage point lower than in 2017.

EBIT and EBIT margin



Net finance

Net financial costs were DKK 117 million in 2018, compared with DKK 157 million in 2017. 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. In 2018, Novozymes realized a DKK 89 million currency hedging/revaluation net loss, compared with a net gain of DKK 27 million in 2017.

Tax

The effective tax rate was 18%, compared with 19.5% in 2017. In 2017 and 2018, Novozymes transferred intellectual property from Switzerland to Denmark. This had a positive impact on the effective tax rate of 2.5 and 3.1 percentage points respectively.

Net profit

Net profit grew by 3% to DKK 3,227 million in 2018, up from DKK 3,120 million in 2017, driven by a lower tax rate and lower net financial costs.

Earnings per share (diluted)

Earnings per share (diluted) increased by 5% to DKK 11.03, compared with DKK 10.49 in 2017, 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	2018	2017
Revenue	2.1, 2.2	14,390	14,531
Cost of goods sold	2.3, 3.1, 3.2, 4.1	(6,135)	(6,118)
Gross profit		8,255	8,413
Sales and distribution costs	2.3, 3.1, 3.2	(1,571)	(1,619)
Research and development costs	2.3, 2.4, 3.1, 3.2	(1,865)	(1,913)
Administrative costs	2.3, 3.1, 3.2	(792)	(831)
Other operating income, net	2.5	43	(3)
Operating profit / EBIT		4,070	4,047
Share of result in associates		(17)	(14)
Financial income	5.2	47	90
Financial costs	5.2	(164)	(247)
Profit before tax		3,936	3,876
Tax	2.6	(709)	(756)
Net profit		3,227	3,120
Attributable to			
Shareholders in Novozymes A/S		3,226	3,119
Non-controlling interests		1	1
		3,227	3,120
Proposed dividend per share		DKK 5.00	DKK 4.50
Earnings per share	2.7	DKK 11.11	DKK 10.56
Earnings per share, diluted	2.7	DKK 11.03	DKK 10.49

Statement of comprehensive income

DKK million	Note	2018	2017
Net profit		3,227	3,120
Items that may be reclassified subsequently to the income statement:			
Currency translation adjustments			
Subsidiaries and non-controlling interests		181	(970)
Tax on currency translation adjustments	(5)	(5)	37
Currency translation adjustments		176	(933)
Cash flow hedges			
Fair value adjustments		(133)	115
Tax on fair value adjustments		29	(25)
Cash flow hedges reclassified to financial costs		42	(5)
Tax on reclassified fair value adjustments		(9)	1
Cash flow hedges		(71)	86
Other comprehensive income		105	(847)
Comprehensive income for the year		3,332	2,273
Attributable to			
Shareholders in Novozymes A/S		3,331	2,273
Non-controlling interests		1	-
		3,332	2,273