

BOTH DARING AND RESPONSIVE

Novozymes' ambition is to change the world together with our customers, and our achievements over the past decade leave the company even better positioned to realize this ambition. We must continue to focus on innovation, optimization, and diversification.

We envision a future where our biological solutions create the necessary balance between better business, cleaner environment, and better lives. We are passionate about our work, we seek to understand the bigger picture, we dare to lead, and we strive to earn the trust of our partners.

But we recognize that we do not know what the future holds. The world is changing, and the only thing we can be sure of is that nothing is forever. We therefore need to be both daring and responsive. If we can ensure that we have the most innovative solutions that enable the world to change, this will not only secure Novozymes' future but also benefit our customers and the environment.

Novozymes' business is about innovation and rethinking. We are proud about the use of enzymes to clean our clothes, fuel our cars, produce our wine, and brew our beer. Over the past 10 years, we have achieved much that we could barely dream of when Novozymes was founded - not only for our customers but also for ourselves. In another 10 years, we will probably be working with technologies that we cannot even imagine today. The ability to rethink is key to the future - not only for Novozymes but for all societies.

Growth through diversification

Novozymes has matured since its establishment 10 years ago, and we have almost doubled our sales and more than tripled our net profit. It has been quite a journey, and I am equally excited when looking to the future.

Our long-term targets entail even higher sales growth and continued strong earnings growth. By being innovative and providing our customers with valuable solutions based on our industrial insight, we can help them change the world - while growing our business. And vice versa: By growing our business we will have a bigger impact and be better positioned to realize our ambition.

The Enzyme Business segment is expected to be our biggest growth engine in absolute terms in both the short and the medium term. Different industries will contribute to growth at different times as a natural consequence of our exposure to growth in many different areas. Given this level of diversification, the opportunities seem endless. For instance, we reformulate detergents to enhance their performance and sustainability profile while stabilizing costs for the

manufacturer. We reduce costs for poultry producers by maximizing the utilization and nutritional value of feed. And we are very positive about the opportunities in bioenergy, as cellulosic ethanol has the potential to transform both our business and the supply of energy to the transport sector.

We also use our technology beyond enzymes by driving innovation in new industries and applications in the BioBusiness segment. By their very nature, these are high-risk activities, but the potential rewards are also high, and they are expected to contribute to our long-term growth. Interesting examples are the development of an alternative plastic made from sugar instead of oil and the development of microorganisms that stimulate crop growth and reduce the need for fertilizers.

An unpredictable world

But size is not all that matters. It is just as important that we retain the responsiveness that often characterizes smaller businesses. As our business develops and the world evolves, sometimes things do not work out as we thought they would. In that situation it is crucial that we dare to respond, shift direction, kill our darlings, and seize the advantages of change.

A few years ago, for example, we developed various scenarios for turning cellulosic ethanol into a business area. Our models were based partly on the price of a barrel of oil. Our most optimistic scenario assumed a price per barrel of about USD 100, which seemed almost inconceivably high. Less than a year later, oil prices were up above USD 140 per barrel!

Oil prices have fluctuated since, but the change was beneficial for Novozymes as it supported the deployment of biofuels. This has naturally been extensively debated since, as it suddenly altered the fuel and grain markets in the US. Novozymes believes that, if produced and used correctly, biofuels will make a significant contribution to the sustainable energy solutions that society needs. This applies not only to biofuels from corn, but even more so to biofuels from biomass, which is why Novozymes is working hard to realize the full potential of converting biomass into fuel.

We launched a new enzyme in 2010, Cellic® CTec2, that enables the production of biofuel from agricultural residues such as straw and corn stover on a large scale. Combined with other available technologies, this makes it possible to produce cellulosic ethanol in the US for a price down to USD 2 per gallon - a production cost that is commercially viable, albeit unproven as yet on an industrial scale.

A need for sustainable solutions

Over the past couple of years, we have seen that the pressure on the world's scarce resources has made people more receptive to the necessity of sustainable solutions. Businesses see not only the necessity but also the benefits of using sustainability in their response to customer demand and regulation. We enable our customers to make more from less, as our solutions save energy and raw materials and reduce waste. The result is higher quality, lower costs, and a better environment. And that is exactly what our vision is all about.

I look forward to seeing what the next 10 years will bring!



Steen Riisgaard
President & CEO

