

January 21, 2010

Strong profit and cash flow in 2009. Positive outlook for 2010

Fourth-quarter sales and earnings had a strong development compared to the same quarter in 2008, resulting in **2009** ending at the upper end of the expectations.

- Sales in 2009 increased by 2% in local currency (LCY) and by 4% in DKK
- Sales in Q4 2009 improved by 13% in LCY and by 7% in DKK compared to Q4 2008
- Gross margin reached 55.6% for 2009 compared to 53.5% for 2008
- Operating profit for 2009 increased by 12% to DKK 1,688 million
- Operating profit margin was 20.0% for 2009 compared to 18.5% for 2008
- Net profit for the year was DKK 1,194 million, an increase of 12% compared to 2008
- Net investments for 2009 were DKK 978 million compared to DKK 942 million in 2008
- Free cash flow before acquisitions was DKK 839 million in 2009 against DKK 755 million in 2008
- ROIC for 2009 was 20.3% compared to 19.5% for 2008

2010 expectations for sales and earnings are both higher compared to 2009. Although the fourth quarter of 2009 had a strong development, there is still uncertainty as to the development of the global economy in 2010.

Assuming that 2010 exchange rates for the most important currencies remain at the spot rates on January 20 for the rest of the year, expectations are:

- Sales growth of 2–6% in LCY and 1–5% in DKK
- Operating profit growth of 3–7% in DKK
- Operating profit margin of ~ 20%
- Net profit growth of 9–13% in DKK
- Free cash flow before acquisitions of DKK 700–800 million
- Investments of DKK 1,000–1,100 million
- Return on invested capital (ROIC) of ~ 20%

Steen Riisgaard, President and CEO, says: "After a shaky start to 2009, I'm very pleased with the way we managed our business throughout the year. We were able to deliver on our earnings guidance communicated at the beginning of the year by responding rapidly to the challenging market conditions. Looking at 2010, we expect a positive development but with continued low visibility. And even with the current market conditions, we see very favorable long-term trends for Novozymes and remain confident of our ability to deliver on our long-term targets."

	Realized		2010 outlook
	2008	2009	January 21*
Sales, DKKm	8,146	8,448	
Sales growth, LCY	-	2%	2–6%
Sales growth, DKK	-	4%	1–5%
Operating profit, DKKm	1,504	1,688	
Operating profit growth	-	12%	3–7%
Operating profit margin	18.5%	20.0%	~ 20%
Net profit, DKKm	1,062	1,194	-
Net profit growth	-	12%	9–13%
Net investments, DKKm	942	978	1,000–1,100
Free cash flow before acquisitions, DKKm	755	839	700–800
ROIC	19.5%	20.3%	~ 20%
Avg. USD/DKK	510	536	527
EPS (diluted), DKK	16.86	18.93	-

* Assumes exchange rates for the company's key currencies remain at the spot rate on January 20 for the rest of 2010.

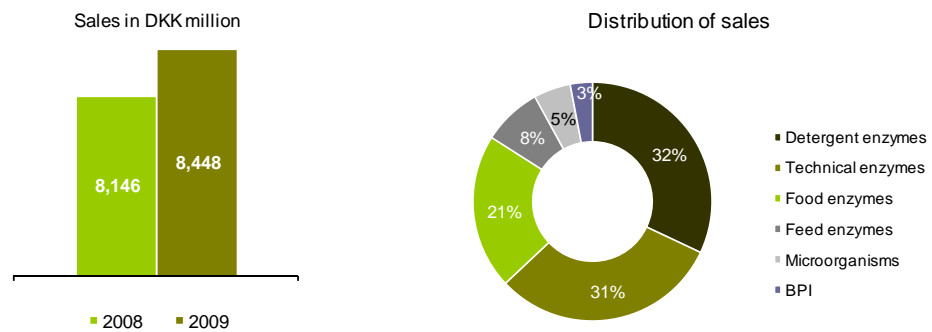
Sales

4% total sales growth in DKK, 2% in LCY

In 2009, **total sales** increased by 4% to DKK 8,448 million. Favorable exchange rate levels impacted sales positively by 2 %-points compared to 2008. Hence, total sales in LCY grew by 2%. There was a minor negative impact on sales growth from divestments during the year.

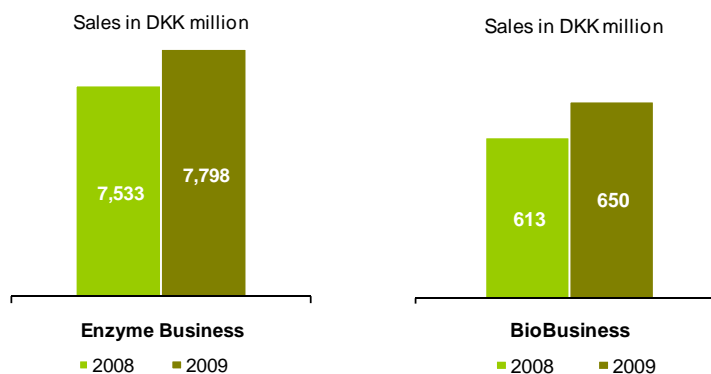
Fourth-quarter sales up 7% in DKK, 13% in LCY

Seen in isolation, **total sales in the fourth quarter** increased by 7% in DKK and by 13% in LCY compared to the fourth quarter 2008. Comparing the fourth quarter 2009 to the same quarter 2008, detergent, technical, and feed enzyme sales all experienced double-digit organic growth rates.



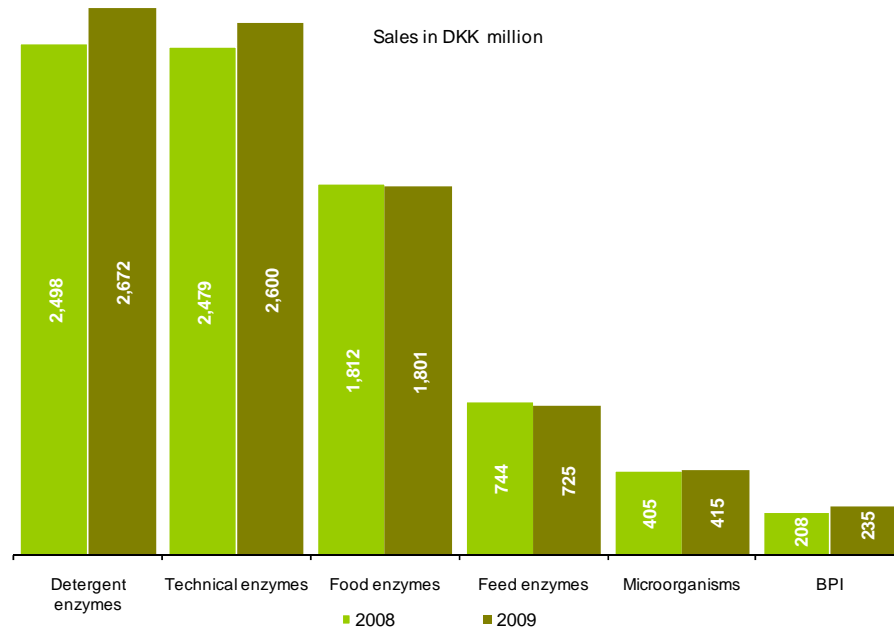
Enzyme sales up 4% in DKK, 1% in LCY

Enzyme Business sales increased by 4% in DKK for the year and by 1% in LCY. In absolute terms, enzyme sales amounted to DKK 7,798 million. 2009 was a challenging year due to the global recession, with high volatility and uncertainty from one quarter to the next. As a consequence, Enzyme Business experienced varying sales development across the different industries. Enzyme sales to the detergent and technical industries experienced organic sales growth, whereas sales to the food and feed industries were lower compared to 2008.



6% DKK and 8% LCY sales growth in BioBusiness

BioBusiness sales increased by 6% in DKK and by 8% in LCY in 2009 and amounted to DKK 650 million. Sales of biopharmaceutical ingredients (BPI) contributed in particular to the positive development, whereas the sales development for microorganisms was flat in LCY compared to 2008.



Detergent enzyme sales up 7% in DKK, 6% in LCY

Sales of detergent enzymes were up by 7% in DKK and by 6% in LCY in 2009. The satisfactory sales development was primarily driven by increased penetration of enzymes in mid- and low-tier detergents. Sales were, however, impacted negatively by consumers trading down to detergents with fewer or no enzymes. The recession has not impacted the potential for enzymatic solutions substituting traditional detergent ingredients, and Novozymes continues to see substantial potential going forward.

Technical enzyme sales up 5% in DKK, 1% in LCY

In 2009, **sales of technical enzymes** increased by 5% in DKK and by 1% in LCY. Enzyme sales to the biofuel and starch industries contributed to the growth, whereas sales to the textile industry experienced a decline compared to 2008. The negative development in textile enzyme sales seems to have come to a halt, with a positive sales growth development in the latter part of the year. The development in enzyme sales to the starch industry was driven by a robust demand for syrups.

Improved biofuel enzyme sales throughout the year

Enzyme sales to the biofuel industry in 2009 were up by 7% in DKK and by 3% in LCY. The development over the year was uneven, but enzyme sales improved throughout 2009 as the US biofuel industry recovered and more capacity became operational. However, the year as a whole was challenging for the US biofuel industry, and Novozymes' enzyme sales in 2009 were disproportionately impacted by some specific customers' lower biofuel outputs compared to 2008. However, Novozymes maintained a market share of more than 60% throughout 2009 and is almost back at the 2008 level. Enzyme sales to the European biofuel industry showed good growth development, although the industry is still small in comparison to the US industry.

Food enzyme sales 1% lower in DKK, 3% in LCY

Sales of food enzymes were 1% lower in DKK and 3% lower in LCY compared to 2008. Sales of enzymes to the baking industry developed positively compared to 2008. Stronger demand for more general baking enzymes and for healthy concepts in baked goods contributed positively to the development. Enzyme sales to the brewing industry decreased in LCY in 2009, with sales unfavorably impacted by lower raw material prices in particular but also by falling beer volumes in key markets. On a positive note, brewing enzyme sales showed an improvement in the latter part of the year.

Feed enzyme sales 3% lower in DKK, 5% in LCY

Sales of feed enzymes were 3% lower in DKK and 5% lower in LCY in 2009. Throughout the year phytase enzyme sales were impacted by relatively lower inorganic phosphate prices compared to 2008. Furthermore, phytase enzyme sales were negatively impacted by a competitive environment, particularly in Europe. Whereas the first half of 2009 was characterized by our partners' volatile inventory levels, more normal patterns were seen in the latter part of the year. RONOZYME[®] ProAct, introduced on selected emerging markets late 2008, performed well in 2009 with repeat sales and market expansion. The enzyme increases the nutritional value of protein in poultry diets. It is expected that RONOZYME ProAct will obtain approval in Europe and potentially also the US in the course of 2010.

Novozymes retains global market share of 47%

The **global enzyme market** is estimated at the same value in 2009 as in 2008: approximately DKK 16 billion. The industry did not see any major new market entrants in 2009, and the overall competitive positioning between existing players did not change either. Novozymes retained its global market share of 47%, albeit with some shifts between the industries. Novozymes' market shares in biofuel and feed enzymes were slightly lower compared to 2008, whereas the market share in detergent enzymes increased. Market shares in other industries were more or less unchanged compared to 2008.

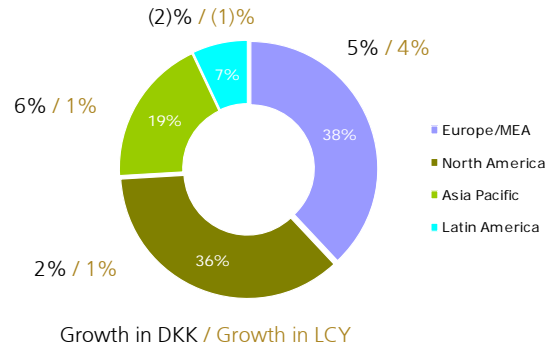
BioAg sales of > 40% drives growth

Sales of microorganisms were up by 2% in DKK and flat in LCY in 2009. Sales to the bioagricultural (BioAg) industry performed better than expected with a sales increase of more than 40% in LCY. Microorganism sales to the institutional & household cleaning and wastewater treatment segments declined due to the economic environment and ongoing pruning activities. In July 2009, the turf and landscape business was divested as part of the strategic focus on the core microorganism segments. The divestment impacted sales for the microorganism business negatively in 2009 by roughly 4 %-points.

Plectasin produced and delivered

Sales of biopharmaceutical ingredients (BPI) were up by 13% in DKK and by 23% in LCY in 2009. The positive development was related to the increased demand for the animal-free growth hormone Long[®]R³IGF-1, used in customers' clinical studies and biopharmaceutical productions, and also Protein A, used for the purification of biopharmaceutical drugs. Furthermore, in 2009 Novozymes produced and delivered the antimicrobial peptide plectasin to sanofi-aventis.

Sales by geographical area



Strongest LCY sales development in Europe/MEA

Sales in Europe, the Middle East, and Africa (Europe/MEA) were up by 5% in DKK and by 4% in LCY in 2009. The sales development was positively impacted by good momentum within both detergent enzyme sales and enzymes for the European biofuel industry. Also, sales of biopharmaceutical ingredients developed very well. However, lower sales to the food and feed industries impacted sales growth negatively.

North America sales up 1% in LCY

Sales in North America were up by 2% in DKK and by 1% in LCY in 2009. Enzyme sales to the food, detergent, and biofuel industries, as well as microorganism sales to the BioAg industry, contributed positively to the development. Sales of biopharmaceutical ingredients and enzyme sales to the feed industry were down.

Asia Pacific sales were up by 6% in DKK and by 1% in LCY in 2009. Sales of textile, food, and feed enzymes affected sales negatively, whereas detergent enzyme sales and enzyme sales for starch conversion developed positively in the period.

Latin America sales were down by 2% in DKK and by 1% in LCY in 2009. Sales of food enzymes developed positively in 2009, whereas sales of enzymes for feed and detergents had a negative development.

9 new products launched in 2009

4 products launched in the fourth quarter

Nine new **products and concepts** were launched in 2009, four of which were launched in the fourth quarter:

- Lipoclean[®] – a detergent enzyme removing fat and grease stains. It enables substitution of surfactants to a larger degree as part of the multienzymatic DREAM concept
- Gold Crust[®] – a baking enzyme enhancing crust color and decreasing baking time, as well as reducing crust separation in prebaked bread
- Opticake[®] Fresh – a baking enzyme providing longer-lasting freshness in cakes and improved quality
- Novamyl[®] Pro – a baking enzyme that further enhances freshness in bread and improves quality

Costs & Other operating income

Total costs up 2%

In 2009, **total costs** excluding net financials and tax increased by 2% to DKK 6,824 million. Higher other operating costs and currencies increased the cost level, offset to some extent by the 1% lower cost of goods sold. Cost of goods sold was unfavorably affected by currencies, whereas productivity improvements and slightly lower input prices compared to 2008 were the driving factors behind the 1% improvement. As the 2008 figures were negatively affected by acquired inventories, the underlying reduction in cost of goods sold was slightly lower than 1%.

Gross profit margin 55.6%

Gross profit increased by 8% in 2009, resulting in a gross profit margin of 55.6% compared to 53.5% in 2008. Favorable exchange rate developments, productivity improvements, and an improved gross margin in BioBusiness were the reasons behind the strong development.

In 2009, the gross profit margin for Enzyme Business was 57.4%, an improvement of slightly more than 1 %-point on 2008. The gross margin was positively affected by favorable exchange rates and productivity improvements, partly offset by higher depreciation.

BioBusiness' gross profit margin was 34.5 % in 2009, an improvement of 14 %-points on 2008. The gross margin was favorably affected by higher BioAg sales and pruning of lower-margin products. In 2008, the gross profit margin for BioBusiness was unfavorably affected by one-offs related to adjustments of acquired activities and closure of activities. As a consequence, the underlying gross profit margin improvement in 2009 was approximately 7 %-points.

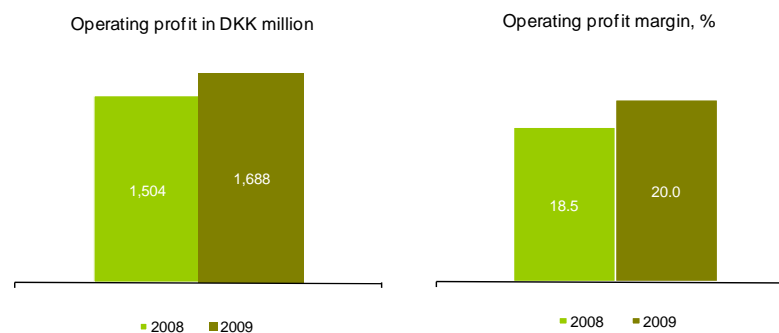
Other operating costs increased by 6% to DKK 3,076 million in 2009. The development was primarily due to the increased activity level initiated during 2008 and also stronger foreign currencies compared to last year. A cost-cautious approach throughout the year and throughout the organization helped to reduce the growth in other operating costs.

R&D represents 14% of revenue

- Sales, distribution, and business development costs increased by 5%, representing 13% of revenue
- R&D costs increased by 10%, representing 14% of revenue
- Administrative costs increased by 1%, representing 9% of revenue

Other operating income increased by DKK 17 million to DKK 64 million in 2009. The development was mainly related to the US Department of Energy-funded cellulosic biofuel enzyme project DECREASE.

Depreciation and amortization rose to DKK 564 million in 2009, an increase of 1% compared to 2008, reflecting a higher level of capital expenditure.



12% growth in operating profit

Operating profit increased by 12% to DKK 1,688 million compared to DKK 1,504 million in 2008.

Operating profit margin 20.0%

The **operating profit margin** was 20.0% for 2009 compared to 18.5% for 2008. Exchange rate levels in combination with the improved gross margin and relatively low growth in operating costs had a positive impact on the operating profit margin.

Net financial expenses down DKK 18 million

Net financial expenses for 2009 fell by DKK 18 million to DKK 67 million compared to DKK 85 million in 2008. A significantly higher net currency hedging/revaluation gain contributed positively to the development, whereas the reduced gain of roughly DKK 40 million in relation to employee stock option schemes contributed negatively to the development compared to 2008. Higher net interest expenses, which increased by DKK 34 million to DKK 140 million in 2009, also impacted net financials negatively.

In 2009, Novozymes realized a currency gain of DKK 56 million. This was DKK 90 million higher than in 2008. The increase was due to significantly higher gains on currency hedging contracts, which, to some extent, were offset by a less positive currency revaluation of the balance sheet.

At the end of 2009, net interest-bearing debt was DKK 949 million compared to DKK 1,380 million at end 2008.

Profit before tax increased by 14% to DKK 1,621 million from DKK 1,419 million in 2008.

In 2009, the effective tax rate was 26.3%, compared to 25.2% in 2008.

12% net
profit growth

Net profit increased by 12% to DKK 1,194 million against DKK 1,062 million in 2008.

Cash flow & Balance sheet

Operating
cash flow
DKK 1,817
million

Cash flow from operating activities increased by 7% to DKK 1,817 million compared to 2008. The positive development was primarily caused by higher net profit and higher non-cash costs such as depreciation and unrealized foreign exchange losses. The development in working capital affected operating cash flow negatively. Increased receivables were to some extent offset by reduced inventories and higher payables.

Slightly higher
investment
level

Net investments excluding acquisitions were DKK 978 million in 2009, compared to DKK 942 million in 2008. The continued relatively high investment level was the result of the commencement of two new production facilities: the enzyme facility in Nebraska, USA, and the cGMP hyaluronic acid facility built on existing premises in Tianjin, China. The 2009 investment level was lower than expected at the beginning of the year, primarily due to the restaging of the Nebraska facility. The facility, with an expected total investment of USD 160–200 million, will now be built over three years instead of two as first anticipated. The slower development in demand during 2009 and stronger productivity improvements freed up capacity in existing facilities, enabling the restaging. Novozymes expects the plant in Nebraska to be finalized by the end of 2011 and fully operational in the middle of 2012. The cGMP hyaluronic acid plant in Tianjin is expected to be finalized late 2010, and production is expected to start in 2011.

In 2009, **free cash flow before acquisitions** reached DKK 839 million against DKK 755 million in 2008. The increase in free cash flow was primarily a result of the higher operating cash flow.

Net debt-to-equity ratio of 16%

ROIC of 20.3%

Shareholders' equity was DKK 5,841 million at December 31, 2009, up from DKK 4,476 million at year-end 2008. Shareholders' equity was increased by comprehensive income and decreased by dividend payments of DKK 326 million. Shareholders' equity represented 54% of the balance sheet total against 45% at year-end 2008.

Net debt-to-equity was 16% at year-end 2009 compared to 31% at year-end 2008. The lower net debt-to-equity ratio is the result of both lower net debt of DKK 431 million and increased equity.

For 2009, **return on invested capital (ROIC)** was 20.3% compared to 19.5% for 2008, primarily explained by the higher operating profit.

At December 31, 2009, the holding of treasury stock was 2.8 million B shares, equivalent to 4.3% of the total number of shares outstanding.

Sustainability discussion

Water and energy consumption well within target

Consumption of water related to goods sold fell by 4%, while the **consumption of energy** related to goods sold fell by 5% compared to 2008. The target for 2009 was to limit the increase in water and energy consumption to 2 %-points less than realized sales growth in LCY. With sales growth of 2% in LCY, both targets were met.

Slightly higher level of occupational accidents

The frequency of reported occupational accidents resulting in absence was 5.1 per million working hours in 2009 compared to 4.9 in 2008. This was higher than the 2009 target of less than 4.5 occupational accidents per million working hours. Actions are being taken to reduce the frequency of occupational accidents.

Lower rate of employee turnover

The rate of employee turnover in 2009 was 6.7% compared to 11.3% in 2008. The target for 2009 was a turnover of less than 9%.

The rate of absence was 2.3% in 2009, similar to the rate of absence for 2008. The target for 2009 was a rate of less than 3%. Both targets were met.

No significant spills

There were no significant **spills** in 2009.

Events occurring after the end of the year

No significant events have occurred after December 31, 2009.

Accounting policies

IAS 34

The Group financial statement for 2009 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of quarterly financial statements by listed companies. The Group financial statement for 2009 follows the same accounting policies as the Group financial statement for 2008, except for capitalization of borrowing costs for larger investment projects and presentation of comprehensive income, which is now shown in a separate statement.

Capitalization of borrowing costs for larger investment projects has been applied for 2009 and forward; the positive effect on net financials in 2009 was approximately DKK 7 million.

Outlook for 2010

2–6% growth
in LCY

Total sales are expected to grow by 2–6% in LCY. Divestments are expected to impact growth negatively by roughly 0.5 %-points. Currencies are expected to impact sales growth negatively, and growth in DKK is expected at 1–5%. Novozymes' sales growth expectations are based on the assumptions that there will be no weakening of demand in the major industries and that US biofuel production for 2010 will be 12–12.5 billion gallons. Fulfillment of the expectations further requires the technical and market assumptions for newly launched products and concepts across industries to materialize.

Both Enzyme Business and BioBusiness are expected to grow by 2–6% in LCY. Detergent and technical enzymes are expected to be the strongest growth drivers for Enzyme Business, whereas the microorganism business is expected to be the strongest growth driver for BioBusiness. Divested activities in 2009 impact the 2010 growth rate by roughly 0.5 %-points, split evenly between microorganisms and food enzymes.

Operating
profit growth
of 3–7% in
DKK

Operating profit is expected to grow by 3–7% in DKK as a result of stronger productivity improvements and a careful approach to cost expansion across the organization.

Operating profit margin is expected to be ~ 20%.

Net profit
growth of
9–13%

Net profit in DKK is expected to grow by 9–13% in 2010. While current exchange rate levels are expected to affect sales and operating profit growth negatively, hedging contracts are expected to impact net profit positively. In late 2008, Novozymes entered into hedging contracts for the USD and the JPY covering 2009 and 2010. Net cash flow for the USD exposure is hedged at a DKK/USD rate of 591 for the full year, whereas DKK/JPY cash flow exposure is hedged at 6.53 for the full year.

Investments of
DKK 1.0–1.1
billion

Investments are expected to be in the range of DKK 1.0–1.1 billion, which is slightly higher than the investment level in 2009. The new USD 160–200 million enzyme production facility in Nebraska, USA, initiated in 2009 and built over a period of three years, makes up roughly DKK 200–300 million of the 2010 investment needs. The new hyaluronic acid facility in China, expected to be

completed at the end of 2010, makes up DKK 200 million. It is expected that the operating cash flow generated will cover annual investment needs for 2010.

FCF before
acq. DKK
700–800
million

ROIC ~ 20%

Free cash flow before acquisitions is expected to be in the range of DKK 700–800 million.

Return on invested capital (ROIC) is expected to be around 20%. A relatively higher level of invested capital is expected to affect ROIC negatively, whereas increased earnings are expected to impact ROIC positively.

The 2010 outlook is based on exchange rates for the company's key currencies remaining at the spot rates on January 20, 2010, for the full year. Novozymes' key currencies are: EUR, USD, JPY, and CNY.

(DKK)	EUR	USD	JPY	CNY
Average exchange rate 2009	745	536	5.73	78.47
Spot rate January 20, 2010	744	527	5.78	77.14
Change in estimated average exchange rate for 2010 compared to average exchange rate in 2009*	0%	-2%	1%	-2%

* Estimated average exchange rate 2010 = spot rate January 20, 2010

	January 21
Sales growth, LCY	2–6%
Sales growth, DKK	1–5%
Operating profit growth	3–7%
Operating profit margin	~ 20%
Net profit growth	9–13%
Net investments, DKKm	1,000–1,100
Free cash flow before acquisitions, DKKm	700–800
ROIC	~ 20%

Note: Other things being equal, a 5% movement in the USD is expected to have an annual impact on operating profit of DKK 45–65 million, which is similar to the sensitivity given for 2009.

Due to the global recession and the weakening of currencies, Novozymes no longer deems it possible to reach the ambition of sales of DKK 10 billion in 2010. The 10-in-10 ambition was initiated in 2007 to increase focus on sales growth in the business. The 2007 ambition was complemented by the existing long-term growth targets launched at the beginning of 2009.

The prerequisite for granting stock options within the employee stock option program initiated in 2007 was that Management and the Board of Directors deemed it possible to reach sales of DKK 10 billion in 2010. As this is no longer deemed possible, no employee stock options will be granted for 2010.

The following sustainability expectations are also included in the outlook for 2010. Reference points for some of the targets have been changed compared to 2009; this is explained in more detail in Strategic update below.

- Enable a 28–29 million ton reduction in CO₂ emissions in 2010 through our customers' application of our products
- Improve energy efficiency by 30% in 2010 compared to 2005
- Reduce CO₂ emissions by 25% in 2010 compared to 2005
- Improve water efficiency by 20% in 2010 compared to 2005

6–8 new products

Six to eight new products are expected to be launched in 2010.

Strategic update

Ambition from 2009 retained

At the beginning of 2009, the new ambition "Changing the world together with our customers" was communicated. This turned attention toward greater goals and more demanding long-term targets. All those long-term targets are retained, with some, more demanding, changes to the sustainability targets:

Financial long-term targets:

Financial long-term targets

- Organic sales growth of more than 10% p.a.
- Operating profit margin of more than 20%
- Return on invested capital (ROIC) of more than 22%

Sustainability long-term targets:

Sustainability long-term targets

- Enable a 75 million ton reduction in CO₂ emissions per year by 2015 through our customers' application of our products
- Improve energy efficiency by 50% in 2015 compared to 2005
- Reduce our CO₂ emissions by 50% in 2015 compared to 2005
- Increase energy supply from renewable and CO₂-neutral sources to 50% in 2020
- Improve water efficiency by 40% in 2015 compared to 2005
- Be recognized as a global leader within sustainability
- Be a preferred employer globally

The focus on both financial and sustainability targets enables Novozymes to secure the right balance between better business, cleaner environment, and better lives. The robustness of the business has been proven, and the ability to deliver growth in both sales and earnings, while at the same time keeping a strong focus on environmental and social responsibility, is well defined.

Enzyme Business

Just as today, Enzyme Business is expected to be the strongest absolute growth contributor in a longer-term perspective. Different industries will contribute differently to growth in a specific year. This has always been the case for Novozymes' business and is expected to continue to be the case in the years ahead. Sales of enzymes for advanced biofuels are not included in the target as it is too early to discern a reliable growth trend for this application. When a more reliable growth outlook for these advanced biofuels is identified, the long-term growth target will be adjusted to reflect this opportunity.

BioBusiness

BioBusiness activities are also expected to contribute positively to the organic growth rate, but due to its current size – representing roughly 8% of total sales in 2009 – the overall impact is smaller from an absolute growth perspective. However, Novozymes wants to grow BioBusiness into a multibillion DKK business by 2018 so, from a relative growth perspective, BioBusiness needs on average to grow at a faster pace than Enzyme Business. This requires the successful development and commercialization of products in the company's pipeline, as well as success for its customers' biopharmaceutical products currently in different phases of development. This will be a challenge and is to some extent outside the company's control, but Novozymes is making progress toward its ambitious target. The company is also pursuing ways of supporting the target through acquisitions within areas with a technological and a competency fit.

Productivity improvements and earnings

A unique cornerstone of Novozymes' business model is productivity improvements within Enzyme Business. Novozymes expects to continue to increase throughput in its production facilities and reduce the relative enzyme cost by at least the same rate as has been achieved in the past. Productivity improvements are important for realizing the ambition of an operating profit margin of more than 20%.

In BioBusiness, stronger sales in combination with product-pruning activities and optimization of production facilities should improve profitability over time. Compared to Enzyme Business, lead times are longer in BioBusiness as many products are included in customers' biopharmaceutical clinical studies. This requires relatively high upfront investments and R&D expenditure on Novozymes' part before a more substantial sales development can be realized.

Historically, annual organic sales growth of around 8% has been achieved with a maintenance investment level of around 6–7% of sales, as productivity improvements have enabled a continuously increased throughput in existing production facilities. However, the higher annual sales growth target requires additional investments. Hence, until 2011, the investment level as a percentage of sales will be higher than historical levels. After 2011, and if no new, currently unknown opportunities arise, investments should be lower than 8% of sales, supporting 10% average annual organic sales growth.

Investments

Investments are in some cases required upfront to enable a market to materialize and are needed when demand is expected to pick up. The higher level of investment needed until 2011 is expected to be financed through operating cash flow. Given the expectation of improved profit margins and improved utilization of fixed assets, the long-term ROIC target of more than 22% is expected to be reached through relatively strong earnings and the aforementioned improvement in the utilization of fixed assets.

New reference points for sustainability

Throughout 2009, existing long-term environmental targets have been refined. In a mid- to long-term perspective, the target years are 2015 and 2020, while the baseline year is 2005. These years refer to national and international negotiations on different climate change targets, and Novozymes has decided to use the same years as reference points.

Resource efficiency target

Targets for resource efficiency with regard to energy and water have been set. Energy efficiency will be improved by 50%, whereas water efficiency will be improved by 40%. These indicators are linked directly to minimizing environmental impact, increasing cost efficiency, and long-term risk management. In addition to the efficiency targets, the ambition is to use 50% renewable or CO₂-neutral energy by 2020.

CO₂ efficiency target

Novozymes has defined a new CO₂ efficiency target related to own production and a target for absolute CO₂ emission reductions in a product life cycle perspective. The latter represents Novozymes' overall carbon footprint. The new long-term emission reduction target has replaced and improved on the target presented last year, when the baseline year was 2007 instead of 2005.

When it comes to targets for sourcing energy and reducing CO₂ emissions, it should be stressed that Novozymes is dependent on factors outside its control. The target for energy sourcing will require close cooperation with energy suppliers. Fulfillment of targets partly depends on markets for energy and the availability of preferred energy sources. Novozymes is particularly dependent on energy markets in China and the US.

Key indicators for resource consumption and climate change are in focus when defining long-term targets. However, sustainability also takes other areas into consideration. Other challenges such as phosphate scarcity and unequal distribution of food are further areas where modern biotechnology may provide solutions. Similarly, social challenges such as supporting human rights, fighting poverty, and managing anticorruption are increasingly finding a place on the business agenda.

Dividend

At the Annual Shareholders' Meeting on March 3, 2010, the Board of Directors will propose a dividend payment of DKK 5.75 per share for the 2009 financial year, an increase of 10% compared to 2008. In accordance with the established dividend policy of repaying approximately 30% of net profit for the year, the payout ratio for 2009 is 30.0% against 30.6% for 2008.

Forward-looking statements

This Company announcement contains forward-looking statements, including the financial outlook for 2010. Forward-looking statements are, by their very nature, associated with risks and uncertainties that may cause actual results to differ materially from expectations. The uncertainties may include unexpected developments in the international currency exchange and securities markets, market-driven price decreases for Novozymes' products, and the launch of competing products within Novozymes' core areas.

Bagsvaerd, January 21, 2010

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Statement of the Board of Directors and Executive Management

The Board of Directors and Executive Management have considered and approved the Group financial statement for Novozymes A/S for 2009.

The Group financial statement has been prepared in accordance with International Financial Reporting Standards (as adopted by the EU), and additional Danish regulations for the presentation of Group financial statements by listed companies.

In our opinion the accounting policies used are appropriate, the Group's internal controls relevant to preparation and presentation of a Group financial statement are adequate, and the Group financial statement gives a true and fair view of the Group's assets, liabilities, net profit, and financial position at December 31, 2009, and of the results of the Group's operations and cash flow for 2009.

We further consider that the Management's review in the preceding pages gives a true and fair view of the development in the Group's activities and business, the profit for the period, and the Group's financial position as a whole, and a description of the most significant risks and uncertainties to which the Group is subject.

Bagsvaerd, January 21, 2010

Executive Management:

Steen Riisgaard
President and CEO

Benny D. Loft

Per Falholt

Peder Holk Nielsen

Thomas Nagy

Thomas Videbæk

Board of Directors:

Henrik Gürtler
Chairman

Kurt Anker Nielsen
Vice-Chairman

Paul Petter Aas

Jerker Hartwall

Søren Jepsen

Ulla Morin

Michael Munksø

Walther Thygesen

Mathias Uhlén

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Appendix 1: Main items and key figures

1.1 Full year 2009

(DKK million)	2009	2008	% change	2009 Q4	2008 Q4	% change
Revenue	8,448	8,146	4%	2,167	2,025	7%
Gross profit	4,700	4,359	8%	1,242	1,103	13%
Gross margin	55.6%	53.5%		57.3%	54.5%	
Operating profit	1,688	1,504	12%	431	370	16%
Operating profit margin	20.0%	18.5%		19.9%	18.3%	
Net financials	(67)	(85)		(21)	(52)	
Profit before tax	1,621	1,419	14%	410	318	29%
Corporation tax	(427)	(357)	20%	(109)	(77)	42%
Net profit	1,194	1,062	12%	301	241	25%
Attributable to:						
Shareholders in the parent company	1,194	1,062	12%	301	241	25%
Equity minority interests	-	-		-	-	
Foreign exchange gain/(loss), net, etc.	56	(34)		45	(49)	
Interest income/(costs)	(140)	(106)		(59)	(10)	
Other financial items	17	55		(7)	7	
Total financial income/(costs)	(67)	(85)	21%	(21)	(52)	60%
Earnings per DKK 10 share	19.24	17.17	12%	4.85	3.89	25%
Average no. of A/B shares, outstanding (million)	62.1	61.9		62.1	61.9	
Earnings per DKK 10 share (diluted)	18.93	16.86	12%	4.76	3.83	24%
Average no. of A/B shares, diluted (million)	63.1	63.0		63.3	62.9	
Free cash flow before acquisitions	839	755	11%			
Return on invested capital after tax (ROIC), incl. goodwill	20.3%	19.5%				
Net interest-bearing debt	949	1,380	(31)%			
Equity ratio	53.6%	45.1%				
Return on equity	23.1%	26.1%				
Debt-to-equity ratio	16.2%	30.8%				

1.2 Five-year overview 2005–2009

(DKK million)	Full year				
	2009	2008	2007	2006	2005
Revenue	8,448	8,146	7,438	6,802	6,281
- Enzyme Business	7,798	7,533	6,893	6,320	5,898
- BioBusiness	650	613	545	482	383
Gross profit	4,700	4,359	3,949	3,655	3,345
Gross margin	55.6%	53.5%	53.1%	53.7%	53.3%
- Enzyme Business gross profit	4,476	4,233	3,818		
- Enzyme Business gross margin	57.4%	56.2%	55.4%		
- BioBusiness gross profit	224	126	131		
- BioBusiness gross margin	34.5%	20.6%	24.0%		
Operating profit (EBIT)	1,688	1,504	1,481	1,340	1,206
Operating profit margin	20.0%	18.5%	19.9%	19.7%	19.2%
Net financials	(67)	(85)	(96)	(122)	(56)
Profit before tax	1,621	1,419	1,385	1,218	1,150
Corporation tax	(427)	(357)	(343)	(307)	(289)
Net profit	1,194	1,062	1,042	911	861
Minority interests	-	-	6	(2)	(3)
Net profit including minority interests	1,194	1,062	1,048	909	858
Foreign exchange gain/(loss), net	56	(34)	5	(50)	(7)
Interest income/ (costs)	(140)	(106)	(78)	(26)	(23)
Other financial items	17	55	(23)	(46)	(26)
Total financial income/(costs)	(67)	(85)	(96)	(122)	(56)
Return on invested capital after tax (ROIC)	20.3%	19.5%	21.7%	20.2%	19.3%
Earnings per DKK 10 share	19.24	17.17	16.93	14.46	13.10
Average no. of A/B shares, (million)	62.1	61.9	61.9	62.9	65.5
Earnings per DKK 10 share (diluted)	18.93	16.86	16.47	14.09	12.79
Average no. of A/B shares, diluted (million)	63.1	63.0	63.6	64.5	67.1
Net interest-bearing debt	949	1,380	1,769	1,455	877
Equity ratio	53.6%	45.1%	41.3%	42.6%	51.9%
Return on equity	23.1%	26.1%	29.5%	25.4%	22.2%

1.3 Income statement

(DKK million)	2009	2008	% change Y/Y
Revenue	8,448	8,146	4
Cost of goods sold	(3,748)	(3,787)	(1)
Gross profit	4,700	4,359	8
Sales and distribution costs	(1,118)	(1,061)	5
Research and development costs	(1,207)	(1,096)	10
Administrative costs	(751)	(745)	1
Other operating income, net	64	47	36
Operating profit	1,688	1,504	12
Financial income	153	263	(42)
Financial costs	(220)	(348)	(37)
Profit before tax	1,621	1,419	14
Corporation tax	(427)	(357)	20
Net profit	1,194	1,062	12
Attributable to:			
Shareholders in the parent company	1,194	1,062	
Minority interests	-	-	

1.4 Statement of comprehensive income

(DKK million)	2009	2008
Net profit	1,194	1,062
Other comprehensive income		
Fair value adjustment of Novo Nordisk stock	-	(15)
- transferred to Financial income/costs	(29)	(38)
Currency translation of subsidiaries and minority interests	84	48
Hedges of net investments in foreign subsidiaries	-	(14)
Tax related to hedges of net investments in foreign subsidiaries	5	4
Cash flow hedges	195	18
- transferred to Financial income/costs	(75)	(62)
Tax related to cash flow hedges	5	5
Other comprehensive income, net of tax	185	(54)
Comprehensive income, total	1,379	1,008
Attributable to:		
Shareholders in the parent company	1,380	1,007
Minority interests	(1)	1

1.5 Segment information

(DKK million)	2009				2008				% change
	Enzyme Business	BioBusiness	Corporate	Total	Enzyme Business	BioBusiness	Corporate	Total	
Revenue	7,798	650	-	8,448	7,533	613	-	8,146	4%
Cost of goods sold	3,322	426	-	3,748	3,300	487	-	3,787	(1)%
Gross profit	4,476	224	-	4,700	4,233	126	-	4,359	8%
Gross margin	57.4%	34.5%		55.6%	56.2%	20.6%		53.5%	
Sales and distribution costs			1,118	1,118			1,061	1,061	5%
Research and development costs			1,207	1,207			1,096	1,096	10%
Administrative costs			751	751			745	745	1%
Other operating income, net			64	64			47	47	36%
Operating profit				1,688				1,504	12%
Capital expenditure									
Property, plant and equipment	731	171	107	1,009	585	52	265	902	
Capital expenditure, total	731	171	118	1,020	585	84	290	959	

Novozymes' operating segments reflect the way the activities are organized and controlled. Although revenue within Enzyme Business can be subdivided into further activities, the activities are considered to be integrated, as most of the production facilities are common to the segment as a whole. Gross profit is the primary parameter used when Management evaluates the performance of the segments.

The functions for Sales and distribution, Research and development, and Administrative are considered as working for both segments and their costs are therefore allocated to the Corporate function. Sales between the individual segments are deducted from the revenue of the selling company and amount to DKK 24 million in 2009 (DKK 24 million in 2008).

(DKK million)	Q4 2009				Q4 2008				% change
	Enzyme Business	BioBusiness	Corporate	Total	Enzyme Business	BioBusiness	Corporate	Total	
Revenue	2,022	145	-	2,167	1,876	149	-	2,025	7%
Cost of goods sold	850	75	-	925	809	113	-	922	0%
Gross profit	1,172	70	-	1,242	1,067	36	-	1,103	13%
Gross margin	58.0%	48.3%		57.3%	56.9%	24.16%		54.5%	
Sales and distribution costs			304	304			304	304	0%
Research and development costs			327	327			257	257	27%
Administrative costs			202	202			195	195	4%
Other operating income, net			22	22			23	23	(4)%
Operating profit				431				370	16%
Capital expenditure									
Property, plant and equipment	301	110	16	427	134	14	130	278	
Capital expenditure, total	289	104	13	406	134	35	146	315	

The functions for Sales and distribution, Research and development, and Administrative are considered as working for both segments and their costs are therefore allocated to the Corporate function. Sales between the individual segments are deducted from the revenue of the selling company and amount to DKK 4 million in Q4 2009 (DKK 12 million in Q4 2008).

Appendix 2: Distribution of sales

2.1 By industry

(DKK million)	2009	2008	% change	% currency impact	% change in local currency
Enzymes	7,798	7,533	4	3	1
- detergent enzymes	2,672	2,498	7	1	6
- technical enzymes	2,600	2,479	5	4	1
- food enzymes	1,801	1,812	(1)	2	(3)
- feed enzymes	725	744	(3)	2	(5)
BioBusiness	650	613	6	(2)	8
- Microorganisms	415	405	2	2	0
- BPI	235	208	13	(10)	23
Sales	8,448	8,146	4	2	2

2.2 By geographical area

(DKK million)	2009	2008	% change	% currency impact	% change in local currency
Europe, Middle East & Africa	3,212	3,057	5	1	4
North America	3,046	2,981	2	1	1
Asia Pacific	1,595	1,502	6	5	1
Latin America	595	606	(2)	(1)	(1)
Sales	8,448	8,146	4	2	2

2.3 Quarterly sales by industry

(DKK million)	2009				2008				% change
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4/Q4
Enzymes	2,022	1,988	1,877	1,911	1,876	1,960	1,859	1,838	8
- detergent enzymes	680	685	650	657	582	653	627	636	17
- technical enzymes	724	651	624	601	707	626	586	560	2
- food enzymes	433	463	449	456	415	486	453	458	4
- feed enzymes	185	189	154	197	172	195	193	184	8
BioBusiness	145	130	160	215	149	102	174	188	(3)
- Microorganisms	53	85	117	160	64	83	126	132	(17)
- BPI	92	45	43	55	85	19	48	56	8
Sales	2,167	2,118	2,037	2,126	2,025	2,062	2,033	2,026	7

Note: DKK 8 million was reallocated from BPI to technical enzymes in Q4 2008, and amounts of DKK 3, 2, and 3 million were moved from technical enzymes to BPI in Q1, Q2, and Q3 2008 respectively.

2.4 Quarterly sales by geographical area

(DKK million)	2009				2008				% change
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4/Q4
Europe, Middle East & Africa	881	823	770	738	693	827	762	775	27
North America	719	750	740	837	789	715	737	740	(9)
Asia Pacific	403	396	394	402	378	361	390	373	7
Latin America	164	149	133	149	165	159	144	138	(1)
Sales	2,167	2,118	2,037	2,126	2,025	2,062	2,033	2,026	7

Appendix 3: Statement of cash flows and financial resources

(DKK million)	2009	2008
Net profit	1,194	1,062
Reversals of non-cash expenses	1,539	993
Corporation tax paid	(594)	(129)
Interest received	61	94
Interest paid	(210)	(198)
Cash flow before change in working capital	1,990	1,822
Change in working capital		
(Increase)/decrease in receivables	(264)	(199)
(Increase)/decrease in inventories	43	(243)
Increase/(decrease) in trade payables and other liabilities	48	317
Cash flow from operating activities	1,817	1,697
Investments		
Purchase of intangible assets	(11)	(57)
Sale of intangible assets	5	-
Sale of property, plant and equipment	37	17
Purchase of property, plant and equipment	(1,009)	(902)
Cash flow from investing activities before acquisitions	(978)	(942)
Free cash flow before acquisitions	839	755
Acquisition of activities and companies	-	-
Free cash flow after acquisitions	839	755

Appendix 4: Balance sheet and Statement of shareholders' equity

4.1 Balance sheet

Assets (DKK million, end of period)	2009 Q4	2008 Q4
Completed IT development projects	7	12
Acquired patents, licenses, and know-how	629	696
Goodwill	443	415
IT development projects in progress	45	56
Intangible assets	1,124	1,179
Land and buildings	2,023	1,807
Plant and machinery	1,549	1,388
Other equipment	326	343
Property, plant and equipment under construction	906	781
Property, plant and equipment	4,804	4,319
Deferred tax assets	62	68
Other financial assets (non-interest-bearing)	1	75
Total non-current assets	5,991	5,641
Raw materials and consumables	237	243
Goods in progress	411	342
Finished goods	887	972
Inventories	1,535	1,557
Trade receivables	1,468	1,450
Tax receivable	210	18
Other receivables	215	146
Receivables	1,893	1,614
Other financial assets (interest-bearing)	-	46
Other financial assets (non-interest-bearing)	187	70
Total other financial assets	187	116
Cash at bank and in hand	1,284	997
Total current assets	4,899	4,284
Total assets	10,890	9,925

Liabilities and shareholders' equity (DKK million, end of period)	2009 Q4	2008 Q4
Common stock	650	650
Treasury stock	(1,624)	(1,791)
Other comprehensive income	154	(32)
Retained earnings	6,651	5,638
Minority interests	10	11
Total shareholders' equity	5,841	4,476
Deferred tax liabilities	694	850
Long-term employee benefits	13	16
Non-current provisions	125	121
Non-current financial liabilities (interest-bearing)	1,674	1,511
Non-current financial liabilities (non-interest-bearing)	22	65
Total non-current liabilities	2,528	2,563
Financial liabilities (interest-bearing)	559	911
Financial liabilities (non-interest-bearing)	73	181
Provisions	30	33
Trade payables	531	630
Tax payable	97	161
Other current liabilities	1,231	970
Total current liabilities	2,521	2,886
Total liabilities	5,049	5,449
Total liabilities and shareholders' equity	10,890	9,925

4.2 Statement of shareholders' equity

(DKK million)	2009 Q4	2008 Q4
Shareholders' equity excl. minority interests – beginning of period	4,465	3,657
Dividend paid	(326)	(309)
Sale of treasury stock	36	24
Stock-based payment	61	40
Tax on equity items	215	46
Comprehensive income	1,380	1,007
Shareholders' equity excl. minority interests – end of period	5,831	4,465
Minority interests – beginning of period	11	10
Dividend paid	-	-
Change in minority interests	-	-
Comprehensive income	(1)	1
Minority interests – end of period	10	11
Total equity – end of period	5,841	4,476

Appendix 5: Product launches in 2009

Q1 2009	Cellic [®] CTec, a unique cellulase complex for cost-effective hydrolysis for production of biofuel from cellulosic feedstock. High conversion efficiency on acid and neutral pretreated feedstocks.
Q1 2009	Cellic HTec, a hemicellulase complex that provides a hydrolysis boost option over Cellic CTec, i.e., improves C5 sugar yields.
Q2 2009	CellPrime [®] rAlbumin AF-G, a recombinant animal-free cell culture supplement replacing human- or bovine-derived serum albumin in industrial-scale mammalian cell culture applications.
Q3 2009	Easyzyme [®] , a detergent enzyme for laundry bars, which makes it easier to hand-wash clothes and enables fewer rinses and reduced water consumption.
Q3 2009	Ondea [®] Pro, an enzyme for the brewing industry to produce beer from pure unmalted barley. This enables the breweries to save on raw material and cost and also reduces the carbon footprint of beer production.
Q4 2009	Lipoclean [®] , a detergent enzyme removing fat and grease stains. It enables substitution of surfactants to a larger degree as part of the multienzymatic DREAM concept.
Q4 2009	Gold Crust [®] , a baking enzyme enhancing crust color and decreasing baking time, as well as reducing crust separation in prebaked bread.
Q4 2009	Opticake [®] Fresh, a baking enzyme providing longer-lasting freshness in cakes and improved quality.
Q4 2009	Novamyl [®] Pro, a baking enzyme that further enhances freshness in bread and improves quality.

Appendix 6: Selected key figures, environmental and social data

	2009	2008	% change
Water consumption (related to goods sold), 1,000 m ³	5,090	5,319	(4)
Energy consumption (related to goods sold), 1,000 GJ	3,548	3,752	(5)
Significant spills	-	-	
Fatalities	-	-	
Frequency of occupational accidents per million working	5.1	4.9	
Number of employees on December 31	5,275	5,146	3
Rate of employee turnover	6.7%	11.3%	
Rate of absence	2.3%	2.2%	

Appendix 7: Company announcements for 2009

Excluding management's trading in Novozymes shares

January 22, 2009	Group financial statement for 2008
March 5, 2009	Annual Shareholders' Meeting 2009
April 29, 2009	Group financial statement for first quarter of 2009
August 13, 2009	Group financial statement for first half of 2009
October 28, 2009	Group financial statement for the first nine months of 2009

Appendix 8: Financial calendar 2010/2011

January 21, 2010	Group financial statement 2009
March 3, 2010	Annual Shareholders' Meeting
April 29, 2010	Group financial statement Q1 2010
August 12, 2010	Group financial statement 1H 2010
October 28, 2010	Group financial statement 9M 2010
January 21, 2011	Group financial statement 2010