DSM Capital Markets Day 2018

Targets 2021 focused on growth, cash and value

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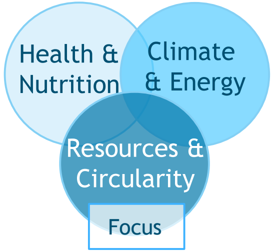
Safe harbor statement

- This presentation may contain forward-looking statements with respect to DSM’s future (financial) performance and position. Such statements are based on current expectations, estimates and projections of DSM and information currently available to the company. DSM cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements. DSM has no obligation to update the statements contained in this presentation, unless required by law

- A more comprehensive discussion of the risk factors affecting DSM’s business can be found in the company’s latest Annual Report, which can be found on the company's corporate website, www.dsm.com

Strategy Update: Growth & Value - Purpose led, Performance driven.



- **Purpose sets scope for DSM's further portfolio evolution:**
  - Focus on growth in **Nutrition, Health and Sustainable Living**

- **Organic growth enhanced by:**
  - Customer centricity
  - Solutions-oriented approach
  - Innovation focus

- **Inorganic growth further 'evolving' portfolio:**
  - Predominantly in Nutrition

- **Enabling programs for accelerated growth:**
  - Performance-driven organization, leadership & culture
  - Digitization
  - Sustainability leadership

2021 Targets[1]

High single-digit percentage annual **Adj. EBITDA** increase

~10% average annual **Adj. Net Operating Free Cash Flow[2]** increase

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Value-creating M&A

1. Based on underlying business', 2018 Base Line corrected for the temporary vitamin effect
2. Adjusted net operating free cash flow is cash flow before share purchases for options/ exercise of options, interest, dividend, M&A and financing activities

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Ambitious targets set on a higher base

	2016-18 Targets	2016-18 Achievements	2021 Targets[1]
EBITDA	High-single digit % annual increase from ~€1.0bn	13% CAGR 2016-18[2]	High-single digit % annual increase from ~€1.5bn
Adj. Net Operating Free Cash Flow		~5% CAGR 2015-17[3]	~10% average increase per year
ROCE	High double-digit annual bps growth from ~7%	~200 average bps growth per year[2]	Ambition of ~1% annual increase on ~13%

1. Based on 'underlying business', 2018 baseline is corrected for the temporary vitamin effect
2. Approximation using 2018E. For Nutrition, based on underlying business corrected for best estimate of the temporary vitamin effect
3. Adjusted net operating free cash flow is cash flow before share purchases for options/ exercise of options, interest, dividend, M&A and financing activities

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2021 Targets achieved by growth and capital efficiency

2021 Targets[1]
High single-digit percentage annual Adj. EBITDA increase
~10% average annual Adj. Net Operating Free Cash Flow[2] increase

Ambitions underpinning Group targets[1]	
1. Sales	Above-market sales growth (~5%) for Group, Nutrition and Materials
2. Adj. EBITDA margin	Nutrition: >20% Materials: 18-20%
3. Working capital	Reduce by 50 bps annually to ~16%
4. Capex	~6.5% of sales
5. ROCE	~1%-point increase per annum
6. Adj. EPS	Increase ahead of Adj. EBITDA growth

1. Based on ‘underlying business’, 2018 baseline is corrected for the temporary vitamin effect
2. Adjusted net operating free cash flow is cash flow before share purchases for options/ exercise of options, interest, dividend, M&A and financing activities

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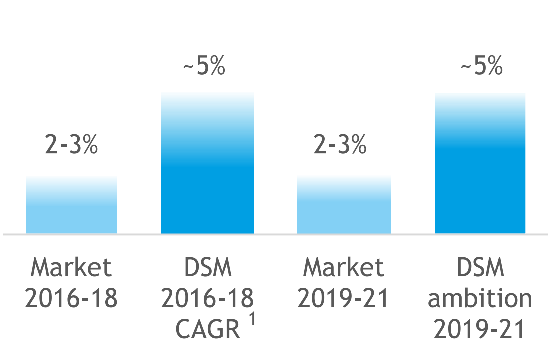
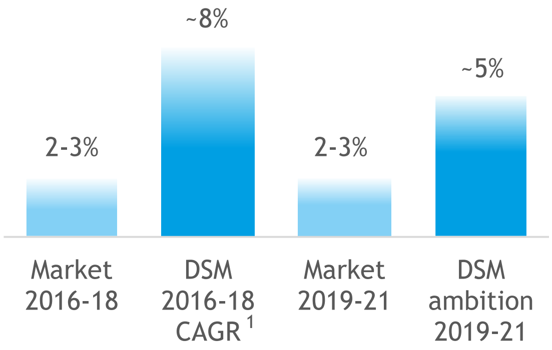
1 DSM will continue its above-market growth

Nutrition

Human Nutrition organic growth

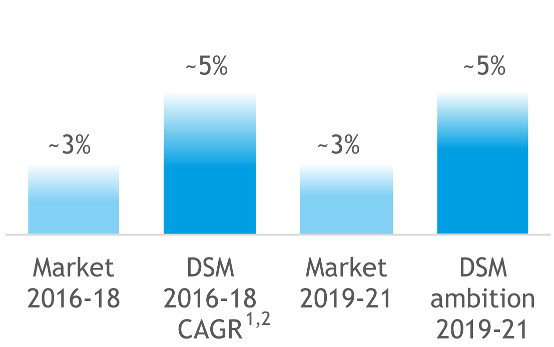


Animal Nutrition organic growth



Materials

Materials volume growth

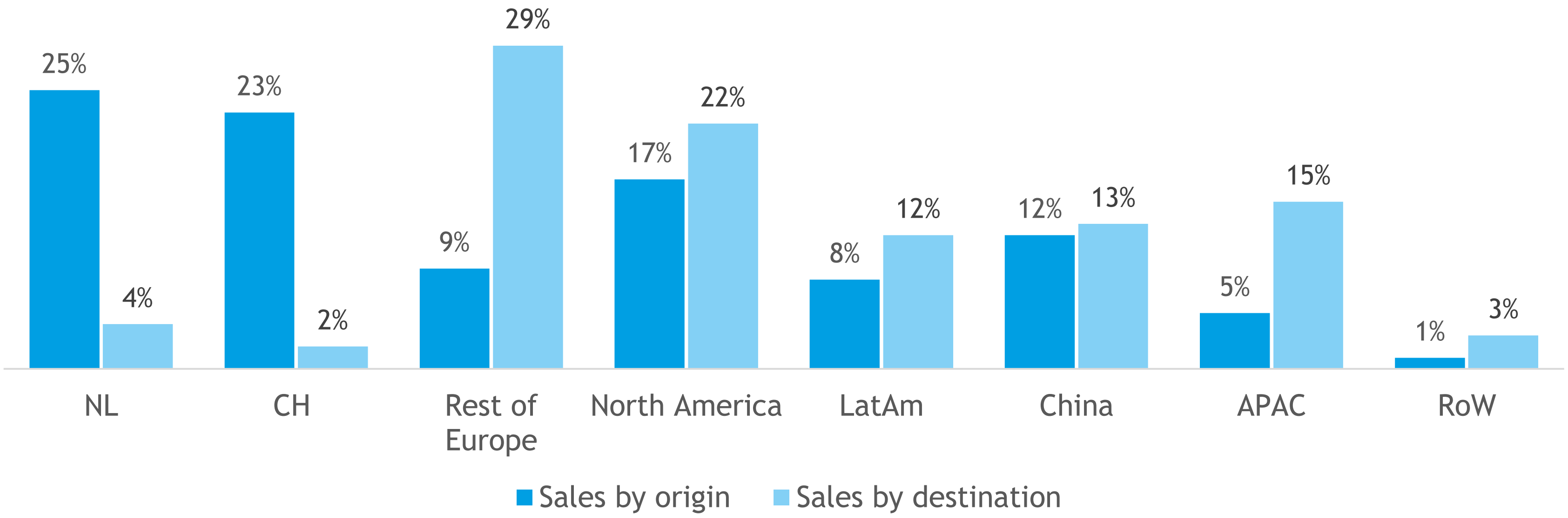


1. Approximation using 2018E. In Nutrition, underlying business corrected for best estimate of the temporary vitamin effect
2. Continuing operations

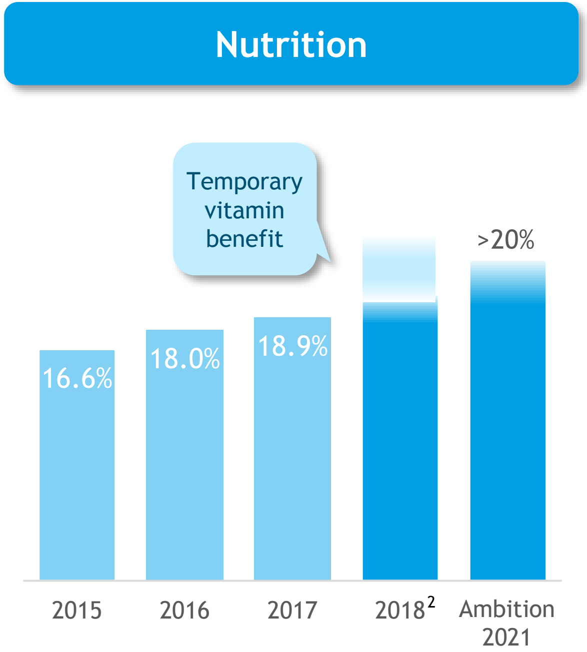
1 Well-balanced **geo-split** provides natural hedge for growth & FX impact

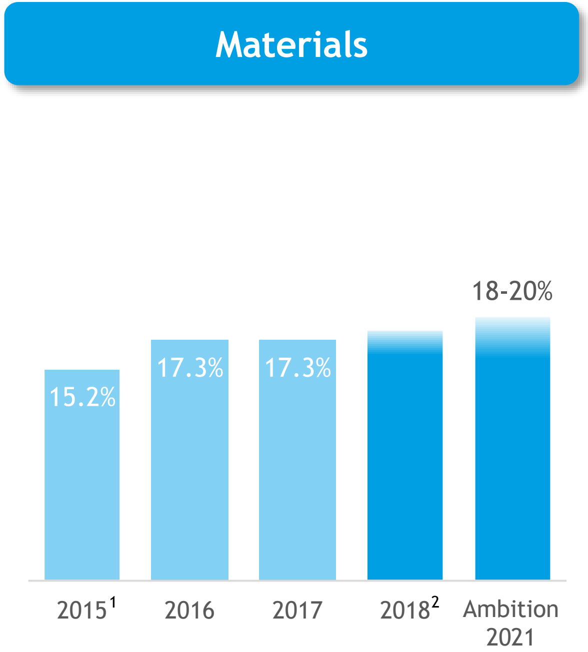
Geographical footprint

Sales by origin and destination | FY2017



2 Improving **margins** by further shift to higher-margin, specialty solutions





1. Continuing operations
2. Approximation using 2018E. In Nutrition, underlying business corrected for best estimate of the temporary vitamin effect

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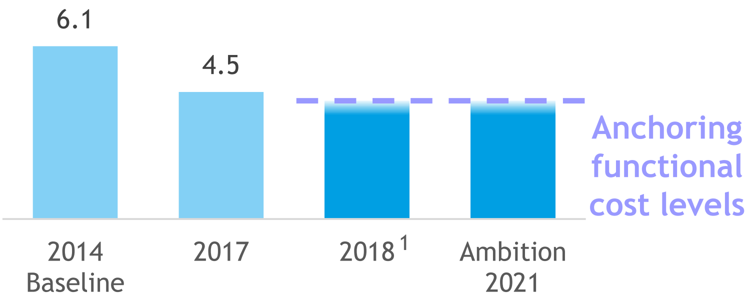
2 Growing while retaining efficiency is safeguarding **margins**

Anchoring of support function savings

- Functional costs reduced significantly
- Anchoring efficiencies ensuring stable costs in top-quartile benchmark

Total support function costs as % of sales[2]



Returns-focused M&S organization

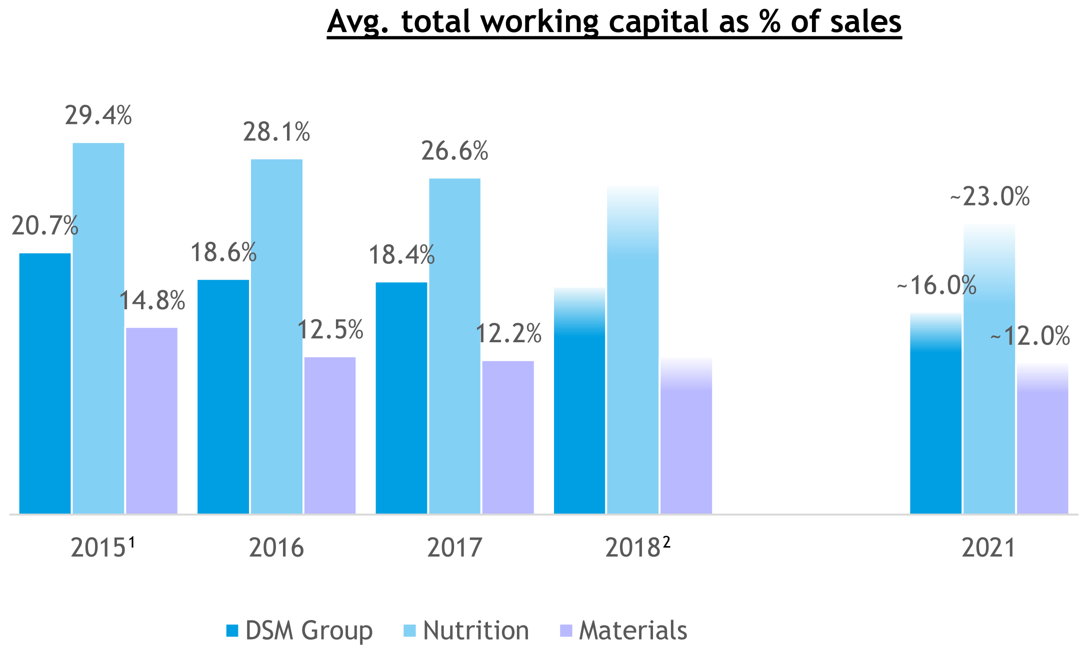
- Focus on effectiveness of M&S organization while growing the business
- Effectiveness anchored around core KPIs

1. Approximation using 2018E. In Nutrition, underlying business corrected for best estimate of the temporary vitamin effect
2. Total support function costs incl. Finance, GP&O, GiS/IT, Indirect Purchasing, Communications and Legal costs

3 DSM aims bringing down **Average Total Working Capital** to ~16%

Strategy 2018 accomplishments

Ambitions underpinning Targets 2021



- Working Capital improvement from:
  - Inventory reduction: Customer-centric supply chain and Digitization enable customer behavior modelling
  - Accounts receivable optimization: Automation and data analytics support optimal customer terms, identification of customers enabling corrective actions, etc.

1. Continuing operations
2. Approximation using 2018E. In Nutrition, underlying business corrected for best estimate of the temporary vitamin effect

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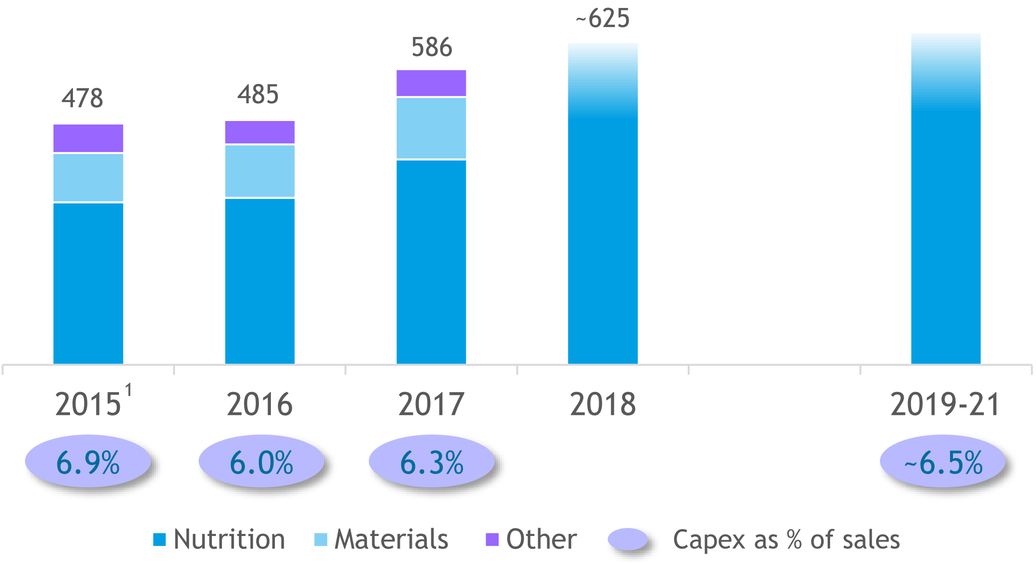
4 Strict capex allocation: investments focused on growth and efficiency

Strategy 2018 accomplishments | **Ambitions underpinning Targets 2021**

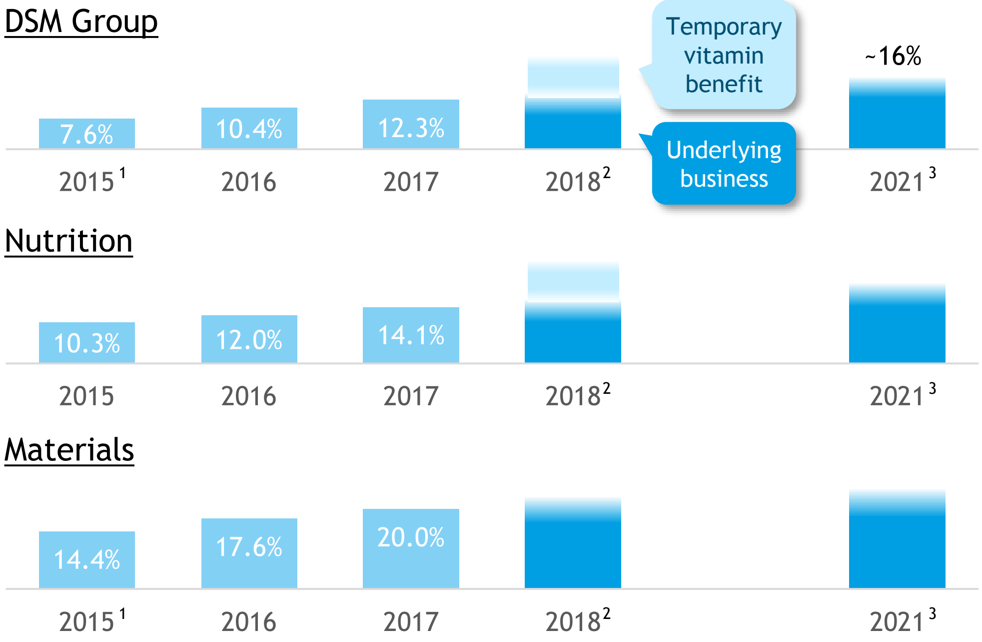


- Strategy 2018 capital allocation:
  - Strict and targeted allocation to growth areas
    - focus on enhancing Nutrition capabilities (2/3 capex in Nutrition)
    - ~50-60% of capex focused on growth

1. Continuing operations

5 EBITDA growth and capital efficiency drive **ROCE** improvement

Strategy 2018 accomplishments | **Ambitions underpinning Targets 2021**



- Ambition of ~1%-point ROCE increase per annum
- ROCE could be negatively impacted by M&A-related intangibles and goodwill
  - After M&A, DSM aspires to bring ROCE to ~15% as soon as possible

1. Continuing operations
2. Approximation using 2018E. In Nutrition, underlying business corrected for best estimate of the temporary vitamin effect
3. Estimate excluding M&A

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6 Stronger free cash flow and earnings per share[1]

High single-digit annual Adj. EBITDA growth	Improving EBITDA margins	Average Total Working Capital reduction	Balanced capex	Tax
Supported by above-market sales growth (~5%) in all businesses	Nutrition: >20% Materials: 18-20%	Reduce to ~16%	Disciplined capex; focus: growth & Nutrition (~6.5% of sales)	18-20%

~10% average annual increase of Adj. Net Operating Free Cash Flow

Earnings per share to increase ahead of Adj. EBITDA growth

1. Based on 'underlying business', 2018 baseline is corrected for the temporary vitamin effect

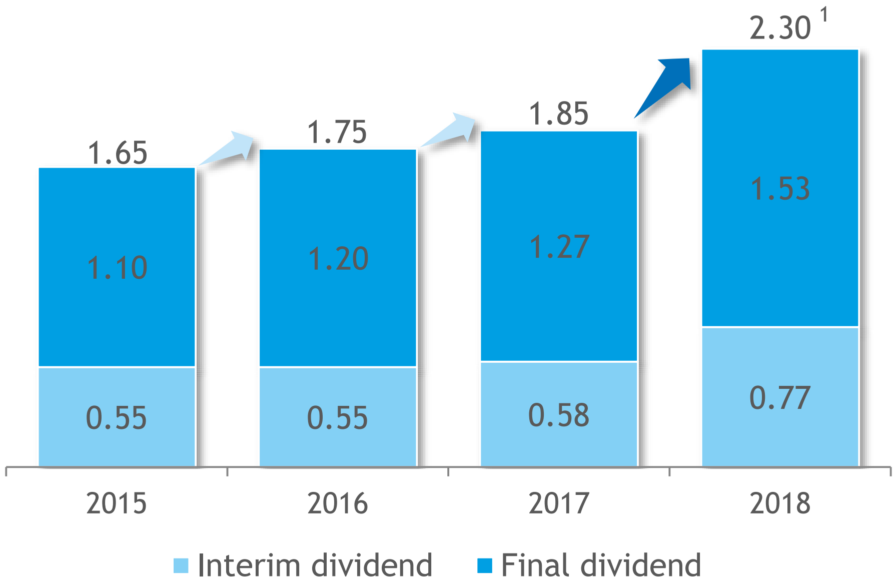
Cash allocation policy unchanged

1st	2nd	3rd	4th
Disciplined capex for organic growth	**Dividend**	**M&A**	**Share buy-backs**
▪ ~2/3 in Nutrition ▪ ~50-60% focused on growth	▪ Stable, preferably rising	▪ Prudent and disciplined approach ▪ Value creation is key	▪ To be considered in the absence of value-creating M&A

- **Mid-term capital structure: 1.5-2.5x net debt / Adj. EBITDA**
- **Committed to maintaining a strong investment grade credit rating**

Stable, preferably rising **dividend policy**; step-up linked to cash generation

Dividend per ordinary share (€)



- Maintaining dividend policy: *stable and preferably rising*
- Proposal to *increase* ordinary dividend with 25% over 2018 to €2.30 per share
  - Reflecting future earnings/ cash generation
  - DSM to pay one third of the proposed dividend over 2018 (€0.77 per ordinary share) as interim dividend in August
- DSM's performance expected to result in further dividend growth
- As a result, expected average *payout* of 40-50% of adjusted (underlying) earnings

1. Subject to AGM approval

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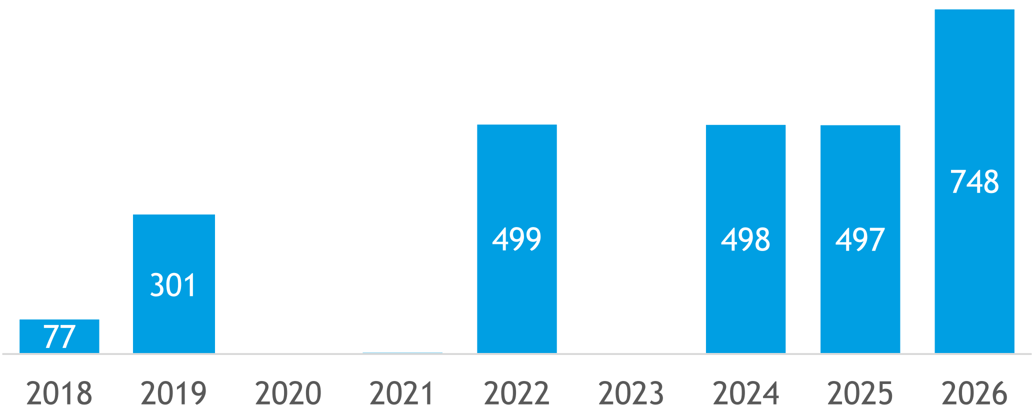
Balance sheet to enable organic and inorganic growth

Debt maturity profile



- Healthy debt maturity profile
- DSM linked GHG emission reduction to interest rate in new €1bn Revolving Credit Facility
- Net debt at €578m (as per Q1 2018)
- Extracting value from remaining partnerships will provide further financial headroom
- No significant liabilities in DSM's pension funds

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Key assumptions

- **No major macro-economic downturn assumed**
  - Global GDP growth rate of ~3.8%[1] is assumed for 2019-21
  - Stable geopolitical environment
- **No major shifts in key raw materials pricing assumed**
- **Well-balanced profile provides protection against certain risks**
  - No product/ customer represents more than 5% of underlying group sales and profit
  - Sound geographical and segment distribution provide natural hedge for growth

- **Assumed FX rates and sensitivities**
  - USD: 1.18 – CHF: 1.16
    BRL: 3.90 – RMB: 7.90
  - Hedging of ~50% of key USD and CHF exposure to EUR
  - Rules of thumb:
    Adj. EBITDA impact before hedging - at current FX:
    - 1 ct USD = ~€12m
    - 1 ct CHF = ~€5m
    - 10 ct BRL = €2.5m – 3.5m
    - 10 ct RMB = ~€1m

1. According to IMF World Economic Outlook Database, April 2018 - % change of GDP at constant prices: 3.943 (2019), 3.764 (2020), 3.750 (2021)

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DSM Strategy: Growth & Value - Purpose led, Performance driven

DSM's key competences …

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Future-proof

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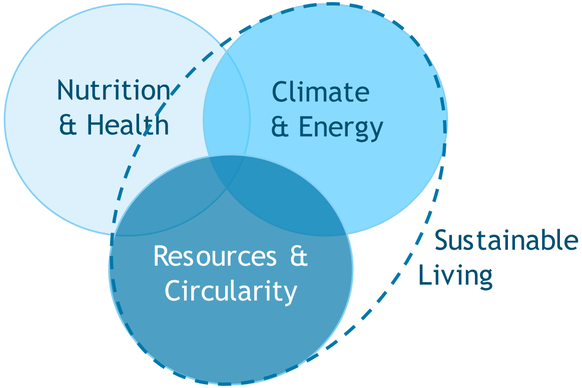
… addressing megatrends/SDGs …

Global Megatrends
SDGs

… provide growth opportunities in the focus-domains …



… creating a growth company …

2021 Targets[1]:

high single-digit % annual increase **Adj. EBITDA**

~10% average annual increase **Adj. Net Operating Free Cash Flow**

Science based company in **Nutrition, Health & Sustainable Living**

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Value-creating M&A

1. Based on 'underlying business', 2018 baseline is corrected for the temporary vitamin effect

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