

Press Release

Heerlen (NL), 3 May 2022

DSM provides Q1 2022 trading update

Highlights¹

- DSM delivered a good first quarter
- Group sales +18% and Adjusted EBITDA +10%
 - Health, Nutrition & Bioscience: Sales +16%, organic sales +9%, Adjusted EBITDA +9%
 - Materials: Sales +25%, organic sales +21%, Adjusted EBITDA +11%
- Full Year outlook 2022 unchanged

Key figures²

in € million	Q1 2022	Q1 2021	% Change	Volume	Price/mix	FX	Other
Sales	2,590	2,194	18%	2%	10%	5%	1%
HNB	1,987	1,711	16%	3%	6%	5%	2%
ANH	881	778	13%	-3%	11%	5%	0%
HNC	726	625	16%	8%	3%	5%	0%
F&B	362	296	22%	7%	3%	3%	9%
Materials	582	467	25%	-4%	25%	4%	0%
Adjusted EBITDA	487	441	10%				
HNB	391	359	9%				
Materials	120	108	11%				
Corporate	-24	-26					
EBITDA	466	425					
Adjusted EBITDA margin	18.8%	20.1%					

Co-CEOs statement

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs, commented: *“DSM had a good start to the year with robust demand across our businesses and effective pricing measures to counteract inflation throughout the value chain. Despite the ongoing global logistics and supply chain challenges, the excellence of our people and our operations ensured we were able to continue to satisfy our customers’ needs. While we see ongoing volatility, resilient demand for our innovative and sustainability-focused solutions, together with our ability to drive effective pricing, leads us to reiterate our full year outlook.”*

Outlook 2022

DSM’s outlook for the full year is unchanged. DSM expects its Health, Nutrition & Bioscience activities to deliver a high-single digit Adjusted EBITDA increase. For the Group, it expects a mid-single digit Adjusted EBITDA increase, with a high-single Adjusted Net Operating Free Cash Flow increase. This outlook is based on DSM’s expectation of a stable Adjusted EBITDA in Materials following the strong performance in 2021.

¹ Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects results from usual operations. Organic sales growth is the total impact of volume and price/mix. Adjusted Net Operating Free Cash Flow is the cash flow from operating activities, corrected for the cash flow of the APM adjustments, minus the cash flow of capital expenditures and drawing rights.
² DSM’s Health, Nutrition & Bioscience structure became effective as of 1 January 2022. It consists of three businesses: Animal Nutrition and Health (ANH), Health, Nutrition and Care (HNC) and Food & Beverage (F&B). The preliminary comparative financial figures for 2021 were released in April 2022.

Review by Cluster

Health, Nutrition & Bioscience

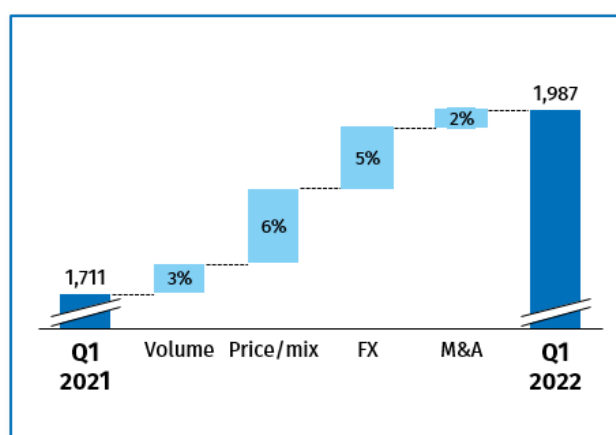
DSM's Health, Nutrition & Bioscience structure became effective as of 1 January 2022. This consists of the three business groups:

- **Animal Nutrition & Health** drives the development of sustainable animal farming through its essential products, performance solutions, and precision services serving the Poultry, Swine, Ruminants and Aquaculture market segments around the globe.
- **Health, Nutrition & Care** provides Health, Nutrition and Care solutions for markets such as Early Life Nutrition, Dietary Supplements, Pharma, Medical and Personal Care.
- **Food & Beverage** supports healthy diets through nutritious, delicious and sustainable solutions for several market segments including Bakery, Beverages & Brewing, Dairy, Savory, Plant-based Alternative Proteins, and Pet Food.

The [financial restatements](#) for these newly created business groups were made available in April 2022 for comparison purposes.

Health, Nutrition and Bioscience sales development

in € million	Q1 2022	Q1 2021	% Change
Sales	1,987	1,711	16%
Adjusted EBITDA	391	359	9%
Adjusted EBITDA margin	19.7%	21.0%	



Q1 2022 Sales

Health, Nutrition & Bioscience had a good start to the year with +9% organic sales growth as a result of good demand together with effective pricing measures across all business groups. Positive foreign exchange effects (+5%) and the contribution of acquisitions (+2%) led to a rise in total sales of +16% compared to the previous year.

Despite the highly inflationary environment and ongoing global supply chain challenges, all our businesses delivered a good quarter:

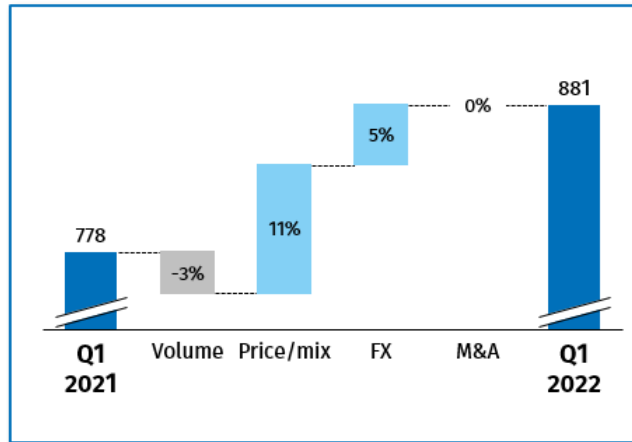
- Animal Nutrition and Health (+8% organic sales growth) continued to see resilient demand for animal proteins and was able to offset the inflationary costs through effective pricing actions. Sales volumes were however somewhat impacted by customers starting to reduce their high stocks which had been built up last year.
- Health Nutrition & Care (+11% organic sales growth) delivered strong volume growth with good pricing. Market conditions were favourable.
- Food & Beverage (+10% organic sales growth) saw continued good market conditions resulting in strong volume growth and pricing strength.

Q1 2022 Adjusted EBITDA

Adjusted EBITDA was up 9%, including a 4% contribution from acquisitions and foreign exchange effects. The underlying Adjusted EBITDA growth was mainly driven by higher volumes, as the effect of higher prices was largely offset by higher costs. This resulted in an Adjusted EBITDA margin of 19.7% that reflects the dilutive mathematical effect of these price increases and foreign exchange effects of combined 120bps.

Animal Nutrition & Health

Sales development



Q1 2022 Sales

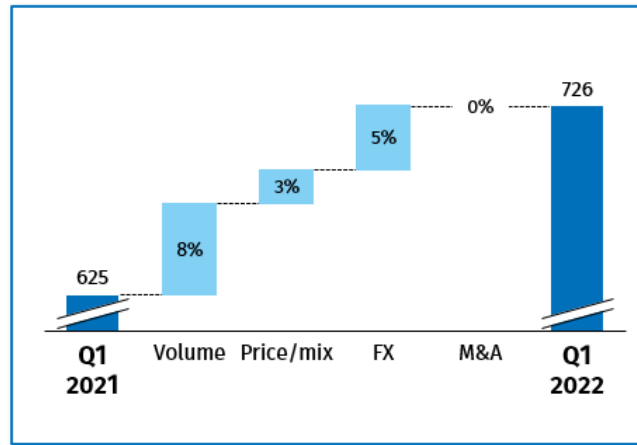
Animal Nutrition & Health delivered 8% organic sales growth, supported by resilient demand for animal proteins. Sales volumes (-3%) were impacted by customers starting to reduce high stock levels which had been built last year. Strong pricing (+11%) offset significant cost inflation but also reflected substantially higher pass-through costs.

Customers were confronted with rising feed costs due to sharp increases in soft commodity prices during the quarter. This resulted in strong growth in DSM's feed enzymes that improve the efficiency of feed conversion to proteins in animal, while at the same time some softness in gut health products. Continued resilient consumer demand for animal proteins consequently supported increased meat prices.

Demand for poultry and eggs was robust, while swine was soft, especially in China and APAC in part due to renewed COVID-19 restrictions. Beef performed well with continued strong exports from LatAm. Aquaculture benefitted from the reopening of economies in several regions.

Health, Nutrition & Care

Sales development



Q1 2022 Sales

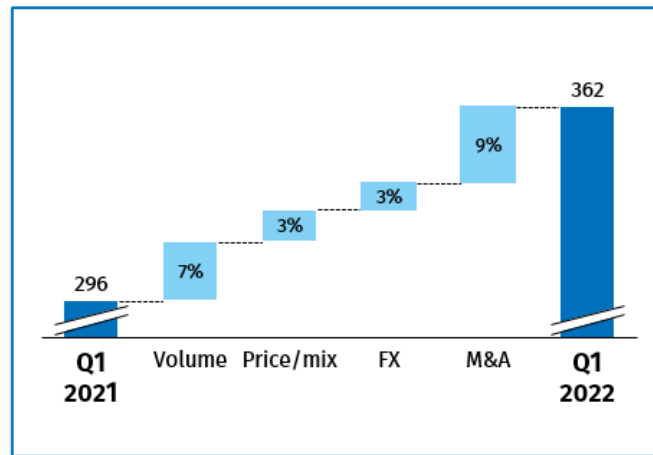
Health, Nutrition & Care delivered 11% organic sales growth with strong volumes (+8%) and good pricing (+3%), reflecting the inflationary environment.

Dietary supplements showed good results overall with a strong i-Health performance. The Pharma and Medical markets were very strong, and the Early Life Nutrition market continued its rebound after the softness of recent years, with especially good consumer demand returning in Europe and China.

Personal Care & Aroma registered very strong growth, driven by demand for skin and hair care as well as fine fragrances as economies reopened after COVID-19 related restrictions. Biomedical Solutions also saw positive momentum with the return of elective surgeries.

Food & Beverage

Sales development



Q1 2022 Sales

Food & Beverage delivered 10% organic sales growth, driven by strong volumes (7%) with good pricing (3%).

DSM sales were strong, as consumer demand for packaged food remained resilient despite food producers implementing price increases onto end consumers.

Good growth was also realized across dairy, bakery, savory and beverages. The reopening of economies led to higher sales for food services.

Plant-based alternatives to meat and fish continue to deliver double digit growth year-on-year thanks to product introductions with new and existing customers. Pet food, which is now part of the F&B business group, delivered strong growth.

[First Choice Ingredients](#), which develops clean label fermented dairy and dairy-based savoury flavourings for various applications including plant-based food and beverage, performed well, delivering €19m sales in the second quarter since acquisition.

[Vestkorn Milling](#), a leading supplier and innovator of pea- and bean-derived ingredients for plant-based protein products, also performed well and delivered €7m sales in its first quarter since acquisition.

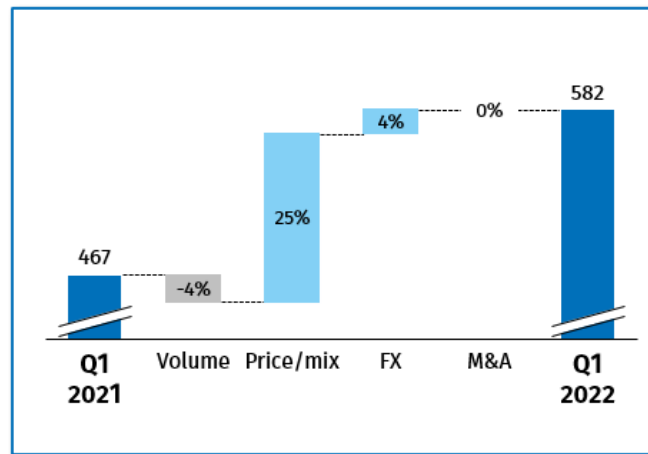
Materials

On April 20, 2022, DSM announced that it had reached an [agreement to sell its Protective Materials](#) business to Avient Corporation for an Enterprise Value of €1.44 billion. The transaction will include all of DSM’s Protective Materials activities, including Dyneema®, and represented €335 million of DSM’s total annual net sales and €105 million of DSM’s Adjusted EBITDA in 2021. DSM expects to receive €1.33 billion net in cash following closing, which is expected in H2 2022.

After the closing, DSM Materials will consist solely of DSM Engineering Materials, which offers a high-quality portfolio of specialty materials for global end-markets including electrical components and electronics, automotive, and food packaging.

Materials sales development

in € million	Q1 2022	Q1 2021	% Change
Sales	582	467	25%
Adjusted EBITDA	120	108	11%
Adjusted EBITDA margin	20.6%	23.1%	



Q1 2022 Sales

Materials delivered a strong quarter despite a very tough comparison of Q1 last year. High end-user demand with very difficult industry-wide supply chain conditions provided pricing strength (+25%), especially in DSM Engineering Materials, to offset high costs inflation.

Volumes were down in both DSM Protective Materials and DSM Engineering Materials with, for the latter, a very tough comparable Q1 2021 that saw strong re-stocking and relief supplies for competitors who faced supply chain disruptions.

Q1 2022 Adjusted EBITDA

Adjusted EBITDA was up 11% versus Q1 2021, driven by pricing. The Adjusted EBITDA margin normalized to almost 21%, down from 23.1% in Q1 2021, when the business experienced exceptional growth.

Notes to this trading update

The financial reporting in this trading update is prepared in accordance with the accounting policies as applied in DSM's 2021 Integrated Annual Report. The reported financial and non-financial data in this trading update have not been audited.

Heerlen, 3 May 2022
The Managing Board

Geraldine Matchett, Co-CEO
Dimitri de Vreeze, Co-CEO

Financial calendar

10 May 2022	Annual General Meeting of Shareholders
2 August 2022	Publication of the half year results of 2022
6 September 2022	Investor Day
1 November 2022	Publication of the trading update first nine months of 2022

Contact information

DSM Media Relations
Gareth Mead
tel. +31 (0) 45 5782420
email media.contacts@dsm.com

DSM Investor Relations
Dave Huizing
tel. +31 (0) 45 5782864
email investor.relations@dsm.com

DSM

Royal DSM is a global, purpose-led company in Health, Nutrition & Bioscience, applying science to improve the health of people, animals and the planet. DSM's purpose is to create brighter lives for all. DSM's products and solutions address some of the world's biggest challenges while simultaneously creating economic, environmental and societal value for all its stakeholders – customers, employees, shareholders, and society at large. The company was founded in 1902 and is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

Or find us on:    

Forward-looking statements

This press release 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 press release, unless required by law. The English language version of the press release is leading.