

Annual Results 2020

**Geraldine Matchett &
Dimitri de Vreeze, co-CEOs Royal DSM**

Annual General Meeting
6 May 2021

NUTRITION · HEALTH · SUSTAINABLE LIVING



DSM

BRIGHT SCIENCE. BRIGHTER LIVING.

Safe harbor

This presentation may contain forward-looking statements with respect to DSM's future 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

More details on DSM's 2020 performance can be found in the 2020 results press release, published together with this presentation. 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

Agenda Presentation Annual Report for 2020

Geraldine Matchett

- 2020 – Highlights
- Q1 2021

Dimitri de Vreeze

- The strategic journey continues

2020? What a journey it has been ...

- Very grateful and proud of how everyone at DSM stepped up to the challenge of the **COVID-19 pandemic**
- DSM stood by its customers at all times, delivered solid financial results and made important steps on its strategic journey
- DSM acted quickly and did the right things in line with our purpose 'Creating Brighter Lives for All', our strategy and our long-standing company culture



Supporting our people and our societies throughout the pandemic

- As a **responsible employer**, we took care of physical and mental health, safety and wellbeing of DSM's employees and partners
 - ✓ Proactive measures such as preemptive travel restrictions
 - ✓ Working from home, strict hygiene and safety protocols
 - ✓ Monitoring wellbeing, medical support, personal health checks, lifestyle advise
- As global leader in **Health through Nutrition**, we:
 - ✓ Supplied Immunity-optimizing micronutrients (#optimizingyourimmunity)
 - ✓ Supplied personal protection equipment, face masks, disinfectants, test-kit equipment
 - ✓ To employees and their families around the world as well as to local communities



2020 People highlights

More inclusion, more diversity, more safety, health & wellbeing and more engagement

- Improved employee engagement to 76% (74% in 2019)
- Further improved Safety Frequency Recordable index to 0.24 from 0.28 (2019)
- 38% of the Supervisory Board, 50% of the Managing Board and the majority (57%) of the members of the DSM's Executive Committee is female
- Broadened its Inclusion & Diversity journey with 5 pillars on gender, generations, disability, LGBTQ+ and race, ethnicity and national identity
- New Culture Compass, providing direction on who we are and what we stand for at DSM

Ambitions

Employee engagement favorable score >75% by 2020

Safety SFRI index <0.25 by 2021

Female executives 25% by 2021

Realization 2020

76%

0.24

21%

Recognitions



2020 Planet highlights

DSM is on course to achieve **NetZero** GHG emissions across operations and value chains by 2050

- Further improved footprint of own operations incl. GHG reduction, energy efficiency and renewable electricity
- Continued engagement with suppliers to reduce emissions – CO2REDUCE program
- A rating for Climate Change Strategy, A- for Water Stewardship from CDP, while keeping leadership in leading ESG benchmarks
- Launched “We Make It Possible” strategic initiative to lead transformation towards more sustainable animal farming

Ambitions

GHG reduction
-30%
by 2030
vs 2016

Energy
efficiency
>1% avg. p.y.
till 2030

Purchased
renewable
electricity
75% by
2030

Brighter Living
Solutions
>65% by 2021

Realization 2020

18%
Reduction
vs 2016

5.7%
improvement
vs 2019

60%
compared with
50% in 2019

63%

Recognitions



2020 Profit highlights | Solid 2020 results

Solid results, led by good results in Nutrition and with a strong recovery in Materials in Q4

Net Sales*
€8,106m

+2%

organic sales
growth

Adj. EBITDA*
€1,534m

-1%

Adj. EBITDA
growth

Adj. Net
Operating
Free Cash Flow
€955m

+19%

Adj. Net Operating
FCF growth

Continuing operations:

- Solid results in a challenging COVID-19 environment
- Group sales of €8,106m (+1%) and Adj.EBITDA of €1,534m (-1%)
 - ✓ Nutrition: sales +6%, organic sales +6%, Adj. EBITDA +7%
 - ✓ Materials: sales -13%, volumes -6%, Adjusted EBITDA -27%
- Adjusted net profit down 5% to €711m

Total Group:

- Net profit of €508m, Adj. net profit of €769m
- Adjusted Net Operating Free Cash Flow of €955m, up 19%
- Proposed dividend stable at €2.40 per ordinary share

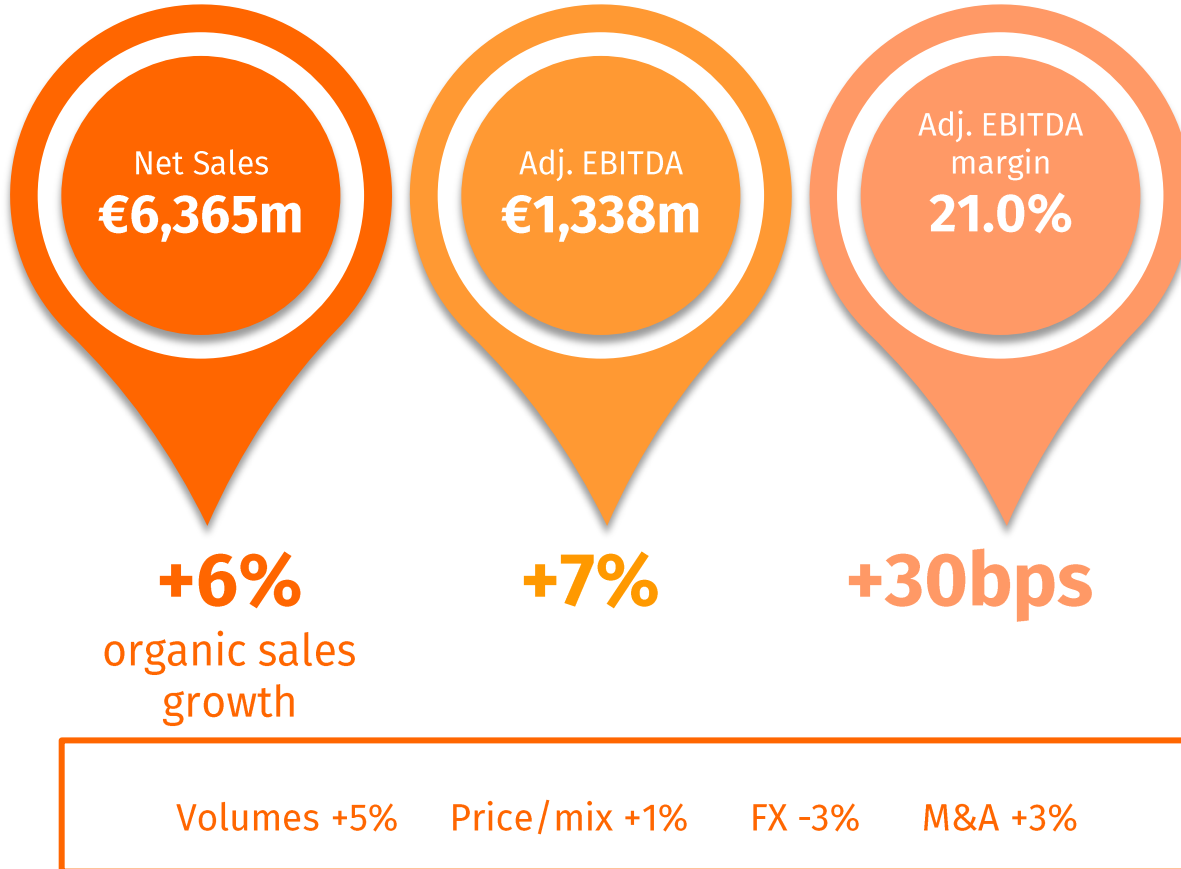
* Continuing Operations

Nutrition | progress in 2020

- Expanding portfolio of specialty nutrition activities through 3 acquisitions for a combined outlay of around €2 billion
 - ✓ CSK in Food Specialties
 - ✓ Glycom in Early Life Nutrition
 - ✓ Erber in specialty Animal Nutrition & Health
- Advancing in innovation projects:
 - ✓ First sales in JV's Avansya and Veramaris
 - ✓ Good progress in Clean Cow/Bovaer®
 - ✓ Expanding pipeline with new programs such as Ampli-D® and CanolaPRO™
- Updated market at CMD in November on:
 - Growth strategy for businesses
 - New dimension added to business model nutrition: Precision and Personalization
 - Innovation approach centered around 4 growth platforms: Precision, Prevention, Proteins and Pathways (4 P's)



Nutrition FY 2020 | Highlights



Full year 2020 Sales

- Good performance in 2020
- Slightly positive impact from COVID-19 overall
- Strong increase in demand for immunity-optimizing products in **Human Nutrition**
- Good demand for packaged food applications in **Food Specialties**
- Good demand growth in **Animal Nutrition**, but COVID-19 caused volatility in sales over the quarters due to stocking-effects at customers
- **Personal Care** was weak due to lower demand for sun care and cosmetics. Demand for detergents and disinfectants was good

Full year 2020 Adj. EBITDA

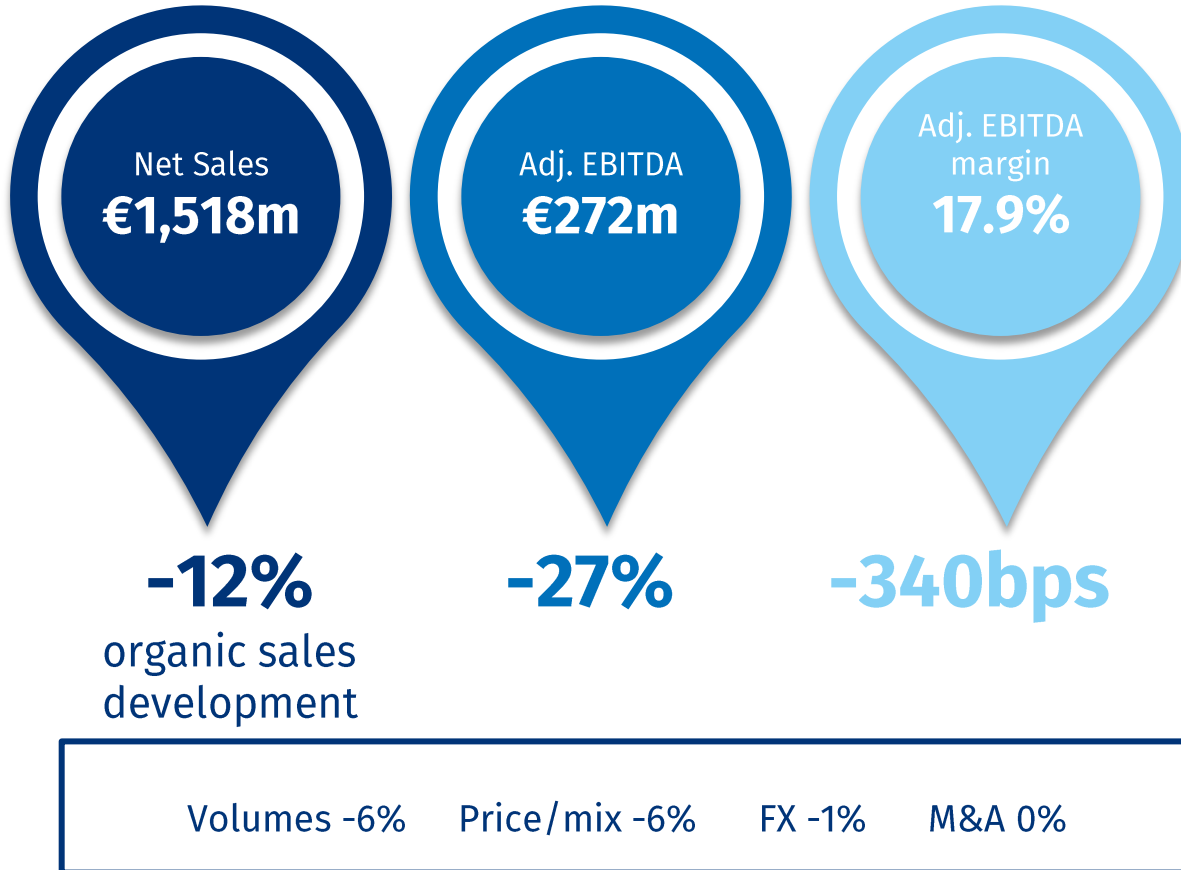
- 7% growth in Adj. EBITDA, supported by higher volumes, acquisitions (+4%) and partly offset by negative FX (-4%)
- Adj. EBITDA margin up at 21.0% owing to strong sales in Human Nutrition

Materials | Progress in 2020

- In response to the sudden drop in demand at the end of Q1, DSM acted promptly to minimize capex and operating costs
- After Q2, a new costs savings program started, part of an ongoing wider initiative to leverage synergies and increase operating agility
- Materials continued to develop innovative solutions for Sustainable Living to create higher-growth, high margin opportunities
- Divestment of DSM Resins & Functional Materials, incl. Niaga®, Additive Manufacturing and the coatings activities of Advanced Solar to [Covestro AG](#) for an Equity Value of €1.6 bn
 - ✓ Transaction closed on 1 April 2021
 - ✓ DSM received €1.4 billion net in cash



Materials FY 2020 | Highlights (continuing operations)



Full year 2020 sales development

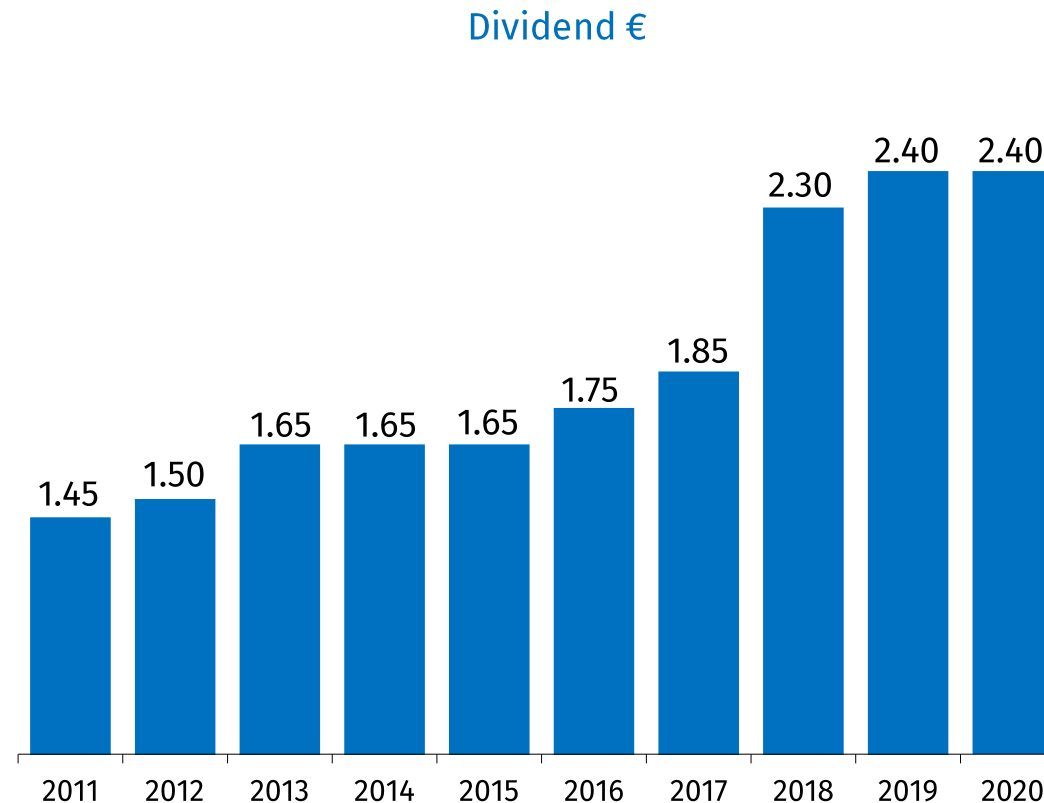
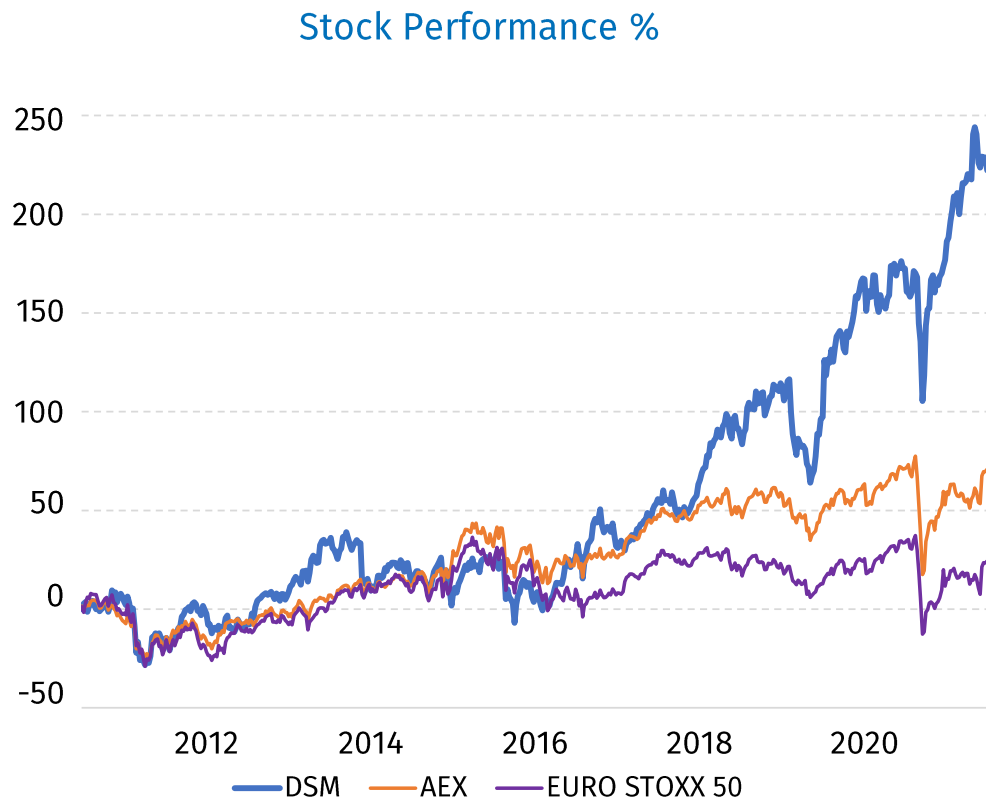
- Performance was significantly impacted by COVID-19
- Demand deteriorated abruptly at the end of Q1. Following a slow recovery over the summer, Materials saw a strong improvement from September onwards, especially in Engineering Materials, directly related to demand for automotive
- Volumes were down -6% in **Engineering Materials**, driven by automotive, and -9% in **Protective Materials**, driven by personal protection
- Prices were down 6% mainly reflecting lower input costs in DSM Engineering Materials

Full year 2020 Adjusted EBITDA

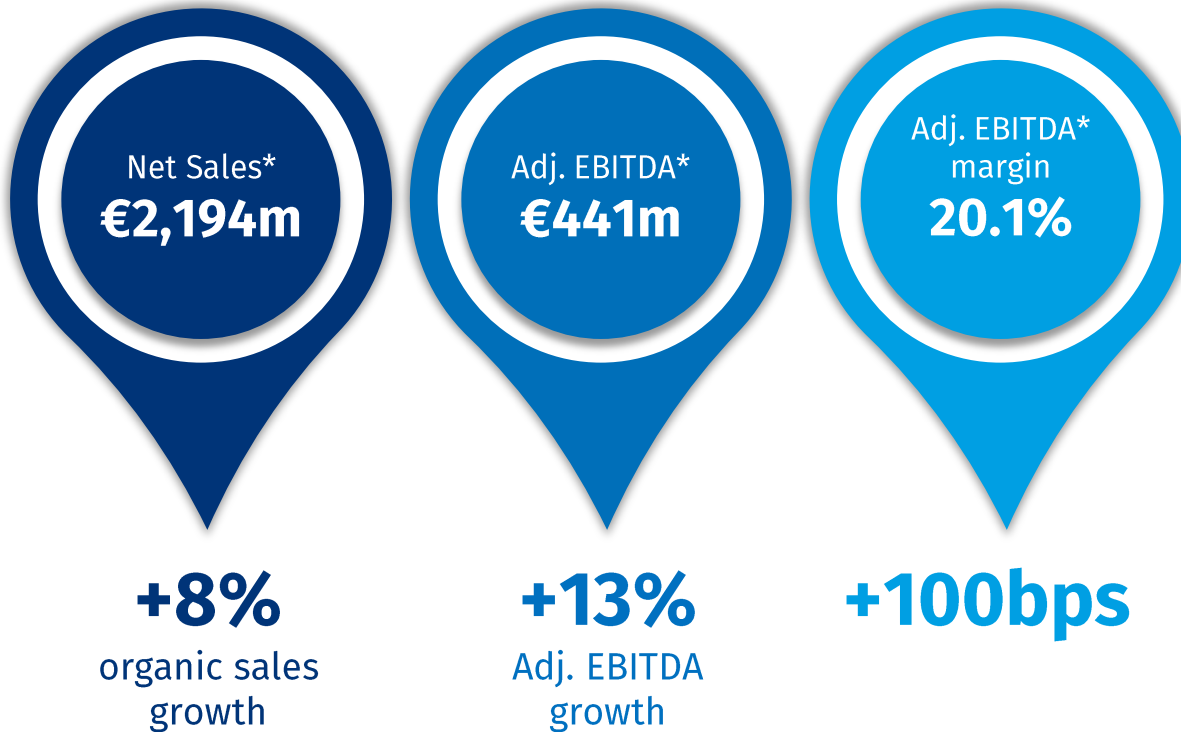
- 27% Lower compared to previous year driven by a negative operational leverage and particularly lower volumes in high margin specialties which recorded a strong performance in the same period last year
- FX had a small negative impact. The Adj. EBITDA margin was 17.9%

Determined to create sustainable value for all stakeholders

Delivering 340% Total Shareholder Return in the last decade



Q1 2021 Highlights | trading update



* Continuing Operations

Highlights Q1 2021

- DSM delivered a very good first quarter
- Group sales +7% and Adjusted EBITDA +13%
 - ✓ Nutrition: sales +7%, organic sales +7%, Adjusted EBITDA +9%
 - ✓ Materials: sales +13%, volumes +21%, Adjusted EBITDA +27%

Outlook 2021 updated to reflect stronger Materials recovery:

- For FY 2021, DSM continues to expect an Adj. EBITDA increase in Nutrition at the upper end of its mid-term strategic ambition of high single digit growth
- Together with a stronger recovery in Materials than foreseen at the FY 2020 results release, DSM now expects an Adj. EBITDA growth rate for the Group moving towards the mid-teens, with a continued good Adj. Net Operating Free Cash Flow

The strategic journey continues

Consumer press campaign:

Articles, tv-shows, radio interviews
reaching an audience of

+100M people



California =
largest dairy
state of US

-12% greenhouse gas
footprint for dairy

-0.5% total GHG
emissions in California

DSM sales from
immunity optimizing
ingredients are
already more than 1
billion euros in 2020



World Recourses
Institute:
"one of the 10
breakthrough
technologies that
can help feed the
world without
destroying it"



DSM

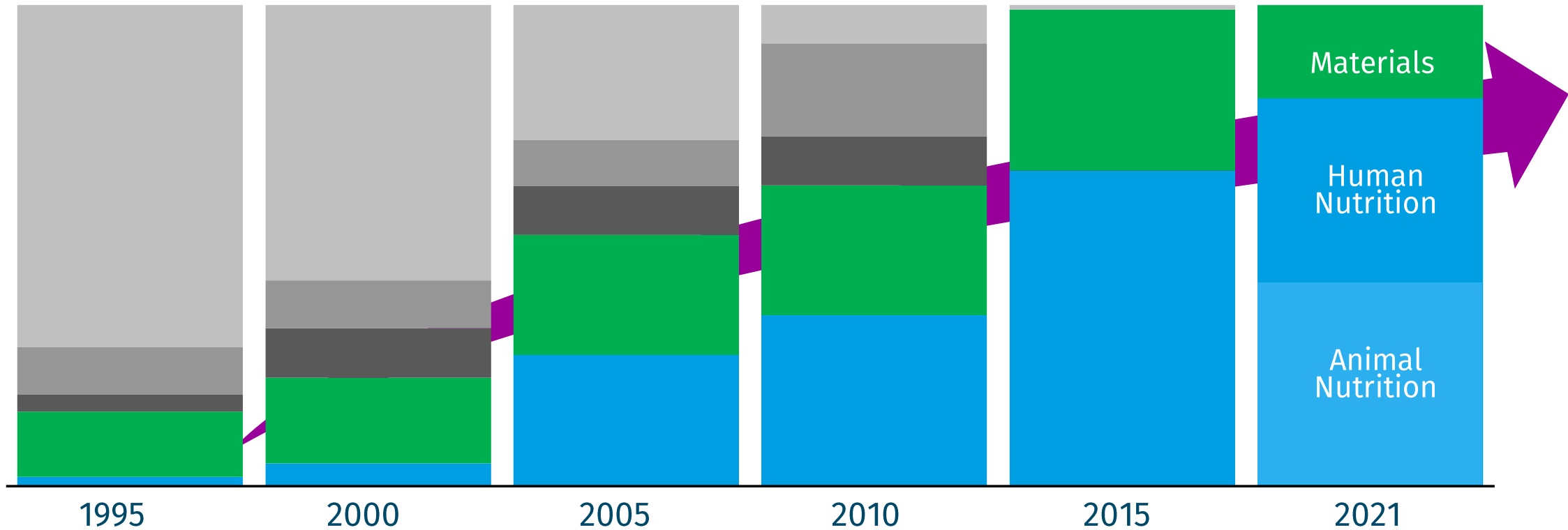
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NUTRITION • HEALTH • SUSTAINABLE LIVING

DSM is nowadays a **Nutrition, Health and Sustainable Living** company

Successful transformation supported by M&A and Innovation

Activities in % of DSM sales



- Petrochemicals, Base Chemicals, Plastic Products
- Polymer Intermediates & Composite Resins
- Pharma

- Materials
- Nutrition

DSM has a Purpose led, Performance driven growth strategy

Delivering positive impact towards people & planet while delivering on its ambitious financial targets

Our competences and purpose...

Our key competences + addressing megatrends and the UN SDGs:



+

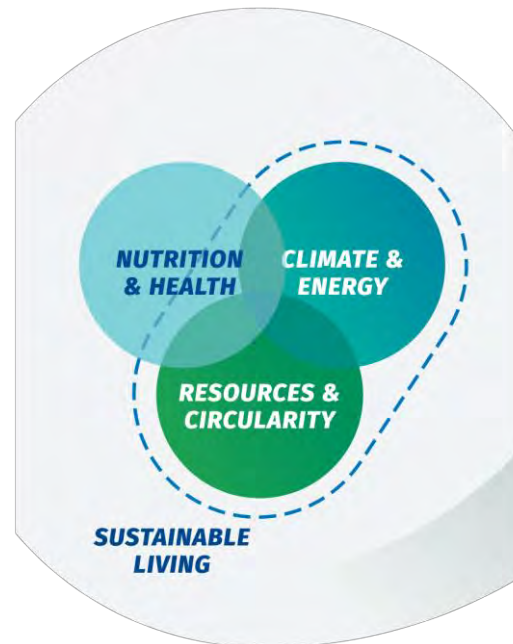


+



provide growth opportunities in the focus domains...

A science-based company active in Nutrition, Health and Sustainable Living:



creating a growth company...



with targets that underpin our purpose.

Our 2019-2021 targets:

High single-digit % annual increase in Adjusted EBITDA
+
~10% average annual increase in Adjusted net operating free cash flow
+
Value-creating M&A

Sustainability is key to what DSM stands for & DSM's key business driver



Partnerships for the broadest reach:



World Food Programme



World Vision



Key macro trends in Health & Nutrition drive growth

Health for the People and Health for the Planet



Consumer

- Consumers increasingly look for foods that are healthy, affordable, convenient, fitting cultural & personal preferences, and are sustainably produced
- Increased awareness for products that boost immunity



Society

- Growing global population requires a huge step up in food production to provide food security for all, while we currently still combat hunger and malnutrition
- Affordable healthcare for all is hampered by increasing healthcare costs resulting from unhealthy diets and lifestyles



Environment

- Sustainable production of sufficient food within planetary boundaries
- Protect biodiversity. Reduce land use, restore nature
- Sustainably use the oceans, seas and marine resources

M&A strengthened our business model and growth profile in Nutrition

DSM is the global leader in Nutritional Ingredients, active over full value chain

Global Products



Science, Scale,
Quality

- Unique portfolio of Nutritional Ingredients

Local Solutions



Global network offering
local (customized) solutions

- Premixes
- i-Health – B2C – products
- Retail ready products
- B2F(arm) products

Precision & Personalization



Data & Bioscience
as a know-how
multiplier

- Personalized Nutrition
- Precision Farming

Developments in biotechnology and digitization opening up next frontier for Nutrition...

Adding new dimension to the nutrition business model: personalized nutrition & precision farming



Biotechnology breakthroughs

DNA sequencing
Microbial testing



Data & Digital

Tracking wearable devices
Artificial intelligence

Precision & Personalization

Customer relevance & Reach

Broad regional network for Local Solutions

Science & Scale

Unique portfolio of Global Products

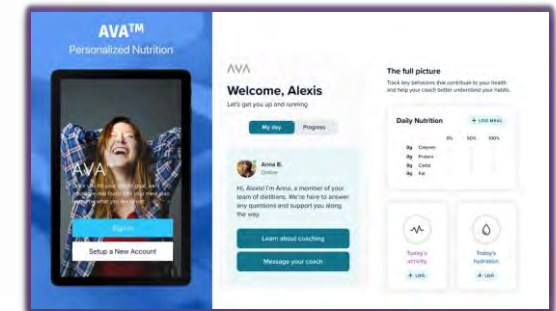
Precision Farming

Precision Farming - You can only act on what you measure

New DSM sustainability service creates transparency on environmental footprint for farmers



Personalized Nutrition



Sustainable innovations strengthen business model and growth profile

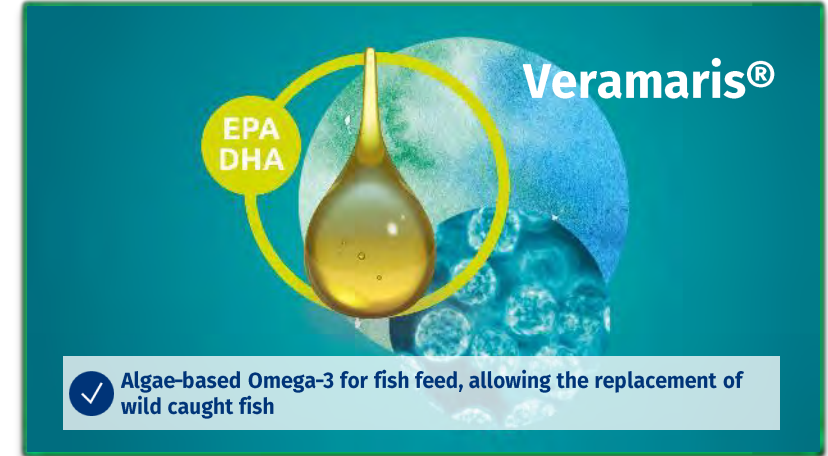
Prevention

Animal Gut Health



Pathways

Sustainable Lipids



Prevention

Sugar Reduction



Proteins

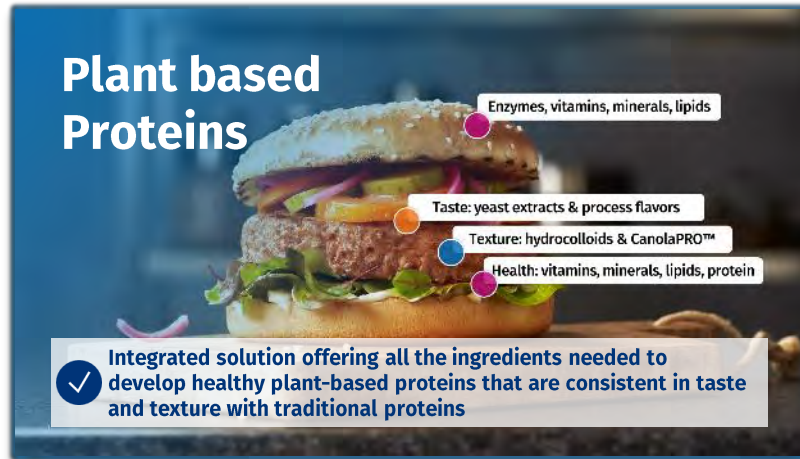
Animal Emission Reduction



Sustainable innovations strengthen business model and growth profile

Proteins

Meat Alternatives



Plant based Proteins

- Enzymes, vitamins, minerals, lipids
- Taste: yeast extracts & process flavors
- Texture: hydrocolloids & CanolaPRO™
- Health: vitamins, minerals, lipids, protein

✓ Integrated solution offering all the ingredients needed to develop healthy plant-based proteins that are consistent in taste and texture with traditional proteins

Prevention

Gut Health Immunity



i-Health®

✓ i-Health is DSM's leading consumer health and wellness brand. Leading B2C supplement products

Proteins

Sustainable Food Proteins



CanolaPRO®

✓ Sustainable, plant-based protein source from the rapeseed plant for vegan and vegetarian products

Prevention

Immunity



ampli-D®

✓ The next generation immune health solutions: Ampli-D® is a 3X faster and more effective form of vitamin D

'Health through Nutrition'- set for continued strong performance

Attractive market



+

Unique business model

=

Set for strong performance

Precision & Personalization



Global Products

Local Solutions

Mid single digit % organic sales growth

>20% adjusted EBITDA margin

High single digit % annual adjusted EBITDA growth

Sustainable living → Trends driving Materials' growth

Trends

Demand for lighter, stronger, high-performance materials

Demand and regulatory pressure for more circular and bio-based products with a reduced carbon footprint

Demand and regulatory pressure for safer materials



Offering of high-value, specialty, high performing polymer specialties



Bio-based and circular solutions for a range of our portfolio – with an improved carbon footprint



Safer solutions, free from hazardous substances

DSM ideally positioned to benefit from this trend

Set for strong mid-term performance

Mid single digit % organic sales growth

>20% adjusted EBITDA margin

High single digit % annual adjusted EBITDA growth

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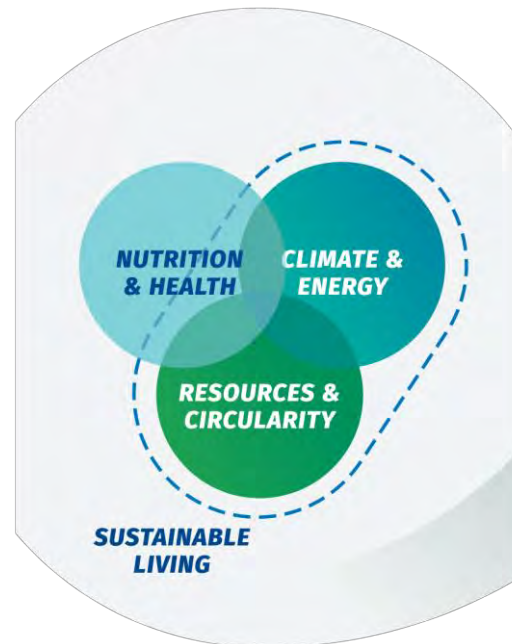
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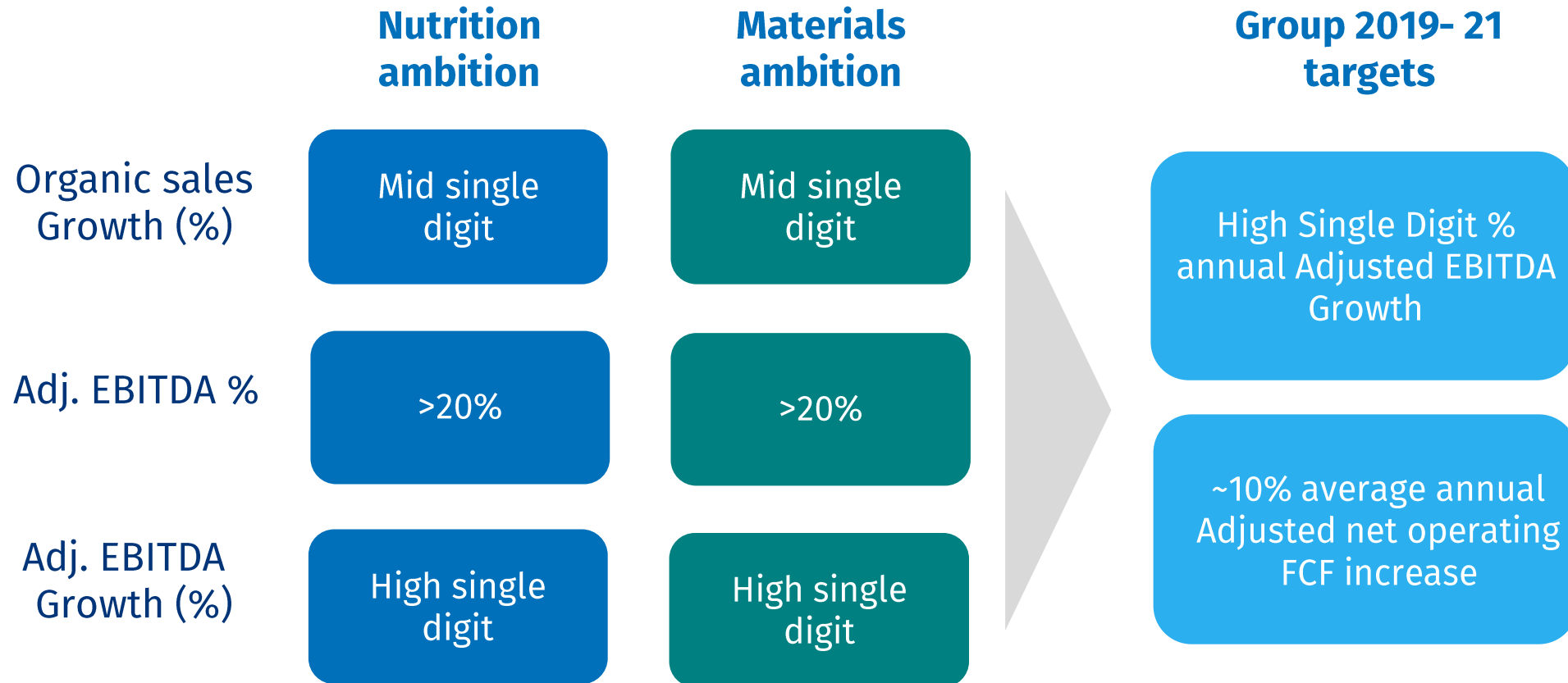
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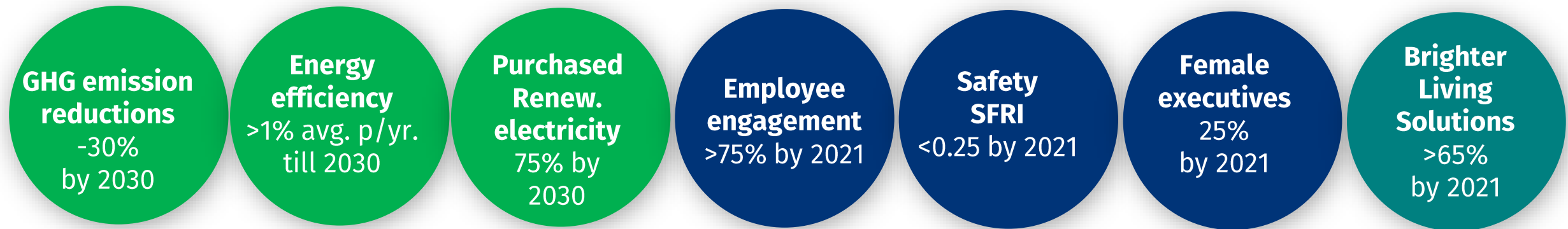
creating a growth company...




DSM is well positioned for **continued strong financial performance ...**



.... and fully committed to its long-term sustainability ambitions







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