

**DSM**

**Life Sciences and Materials Sciences**

**Materials Sciences**

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Member of the Managing Board

DSM Capital Markets Days 2010



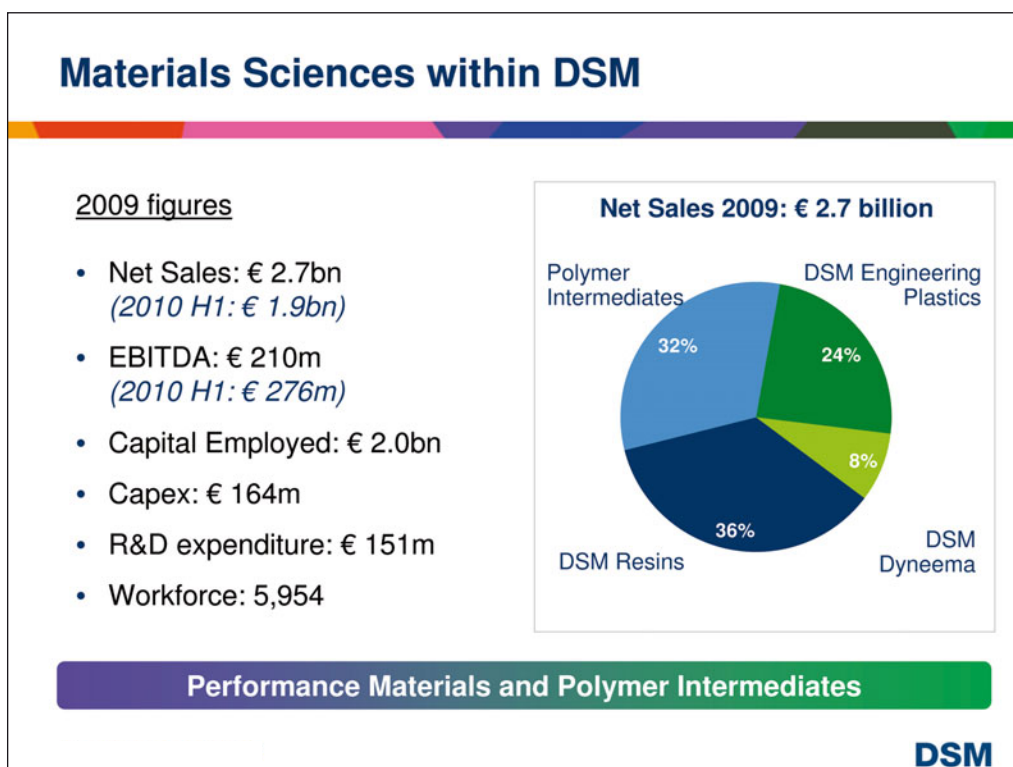
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## Agenda

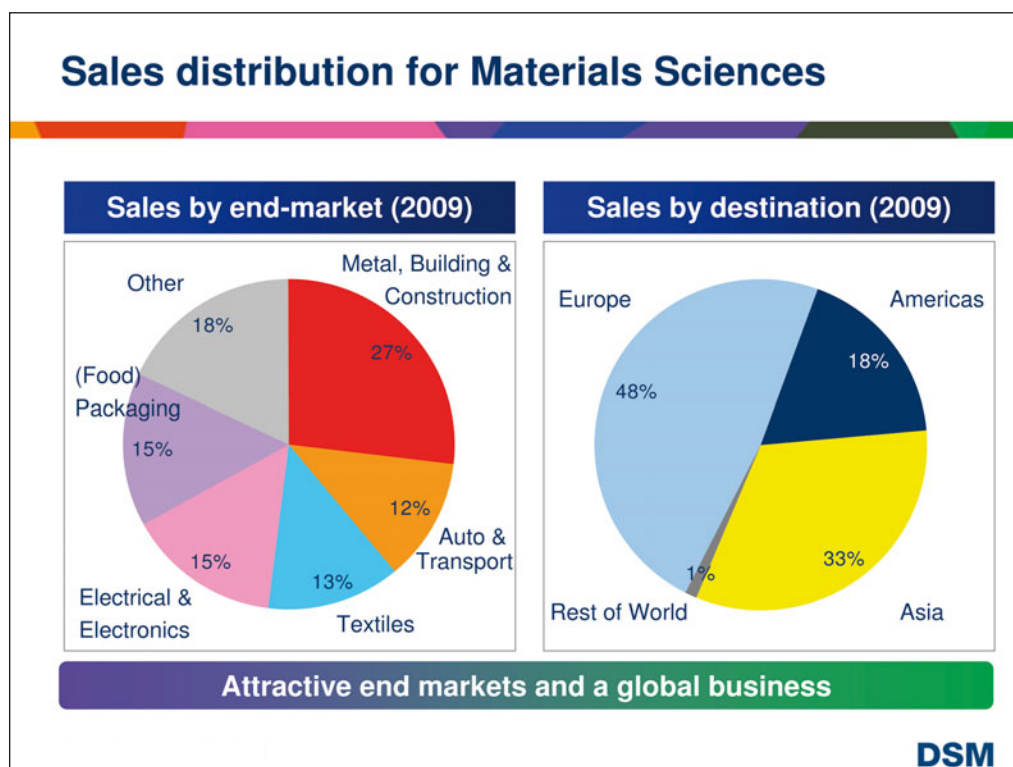


- **Introduction**
- Achievements and Strategy in Performance Materials
- Achievements and Strategy in Polymer Intermediates
- Conclusions

**DSM**



- DSM's Materials Sciences businesses include the Performance Materials and Polymer Intermediates clusters.
- The Performance Materials cluster comprises the business groups DSM Engineering Plastics, DSM Dyneema and DSM Resins. These business groups specialize in the manufacture of technologically sophisticated, high-quality products that are tailored to meet customers' performance criteria. DSM Engineering Plastics is a global supplier of high-performance engineering thermoplastic solutions. DSM Dyneema is the global supplier of the world's strongest fiber. DSM Resins is a global supplier of innovative high-quality resins solutions for paints and coatings, composite materials and fiber optic coatings.
- The Polymer Intermediates cluster consists of DSM Fibre Intermediates. DSM Fibre Intermediates produces caprolactam and acrylonitrile, which are raw materials for synthetic fibers and plastics. Caprolactam is a key feedstock for DSM Engineering Plastics' polyamide production. DSM Fibre Intermediates is the world's largest merchant caprolactam supplier.



- The innovative products from DSM's Materials Sciences clusters are used in a wide variety of attractive, fast growing end-use markets. The building & construction industry is the largest end-market, followed by the electrical & electronics industry, the (food) packaging industry, textiles, the automotive industry and others, including the life protection, sports and leisure industries.
- DSM's engineering plastics are used mainly in technical components for the electrical and electronics, automotive, engineering and packaging industries. Dyneema<sup>®</sup>, the world's strongest fiber<sup>™</sup>, is used in many applications in various end-markets, such as life protection, shipping, fishing, offshore, sailing, medical and textiles. DSM Resins' main end-markets include building and construction, automotive & transport and telecom. DSM Fibre Intermediates' materials are used in textiles, floor coverings, industrial yarns (building & construction) and engineering plastics.
- The Materials Sciences clusters have built up a strong position in Asia and the Americas. As economic prosperity is being spread more evenly over the world, rapid market growth in the High Growth Economies is expected to continue. Growth of engineering plastics and resins is high in these regions as a result of increased local demand and a shift in global manufacturing bases.
- A substantial part of the capacity expansion of DSM's Materials Sciences businesses has taken place in High Growth Economies such as China and India. These investments will enable DSM to better capture the opportunities that these fast-growing economies offer to its Materials Sciences businesses.

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- Climate change and the adverse effects of over-dependence on fossil fuels continue to be the most important trends driving the materials industry. DSM's customers in virtually every sector are seeking products that reduce energy use or emissions in their own operations or, even more importantly, throughout their value chains. In many cases DSM is active in the business of replacing metals with lighter alternatives, for example, and supports customers who are increasingly seeking polymer solutions that are based on renewable (rather than fossil based) raw materials and solvent-free products and processes that can help create more sustainable value chains. Resource scarcity, which also impacts on cost, is increasingly contributing to these developments.
- Energy reduction is key. This means not only finding new, less energy-intensive ways to manufacture our own products, but also, for example, developing resins systems that require less energy for curing, saving energy in the application of our products. By providing lighter weight solutions than, for instance, conventional metal structures, our products help reduce energy consumption during use as well, this making a significant contribution to the reduction of energy and carbon footprints across the planet.
- Workplace health and safety standards are becoming more common across the world as prosperity grows. Health and wellness also translates into meeting the needs of an increasing elderly population. These needs require new thinking, and new applications.
- An ageing population is just one of the radical global shifts DSM is now seeing. The world has become multi-polar and more difficult to predict, with rapidly growing prosperous middle classes in many formerly 'emerging' countries. Demand for plastics and resins is therefore high/increasing in these markets, not only because manufacturers are seeking to meet growing local needs, but also because global manufacturing has shifted to these countries.
- At the same time, concerns about personal safety and global threats have not diminished. Innovation in this area is needed.

## Key achievements in Performance Materials




- ~8% p/a average sales growth in last two decades
- High-growth in China and India
- Excellent growth of innovation related sales
- Acknowledged sustainability leader
- Continued shift to higher-value-added portfolio
- Strong recovery out of the downturn

- The Performance Materials cluster has expanded significantly in the last two decades from just over €0.5bn in sales in FY 1990 to around €2.3bn in 2008 – and most recently €1.2bn in H1 2010.
- With major investments in High Growth Economies such as China and India, the Performance materials cluster is making a major contribution to DSM's growth in Asia. For instance, both DSM Engineering Plastics and DSM Resins have opened new plants in China in the last years. DSM Engineering Plastics has opened a new facility in India.
- The Performance Materials cluster outperformed its innovation target. Despite the downturn, innovations in performance materials continued to accelerate. Contributing to this excellent growth are halogen-free engineering plastics solutions, heat-resistant plastics such as Stanyl®, DSM Dyneema's Tape Technology™ for vehicle and personal protection, DECOVERY™, a range of innovative high-performance, eco-friendly waterborne resins. Exciting examples of new innovations are EcoPaXX™, the green polymer that is being enthusiastically welcomed in multiple end-use markets, Palapreg® ECO (the new bio-based composite resins used in the automotive industry) and the new ultra lightweight air cargo container panels made with DSM's Dyneema® fiber and Aeronite® resins.
- With the great majority of these innovations driven by sustainability, DSM's Performance Materials cluster is recognized as a front-runner in creating and introducing sustainable innovative solutions.
- During the last two decades, the portfolio in Performance Materials has clearly evolved towards more specialized, higher-value-added businesses. Innovations, branding and continued operational excellence programs in the more mature part of the portfolio have contributed to a continuous increase in average contribution margin over sales.
- The cluster reacted quickly and very flexibly to the downturn, focusing strongly on operating working capital reduction, implementing cost-saving plans and reducing fixed costs. As a result, the Performance Materials cluster is recovering very effectively as economic growth returns. Indeed, in some key segments, DSM has been clearly gaining market share by staying focused on innovation and sustainability and by remaining close to its customers.

## Today's leadership positions


**DSM Engineering Plastics**

- Market leadership in automotive, E&E and packaging segments
- Portfolio of sustainable solutions
- High commercialization rate of market-driven innovations
- Backwards integrated in leading caprolactam player




**DSM Dyneema**

- Global leader in high-performance fibers
- High commercialization rate of new innovative applications
- Strong product, application & value chain know-how
- Strong and healthy IP position
- Recognized brand value of Dyneema®, the world's strongest fiber™
- Sustainability: significant in-use benefits



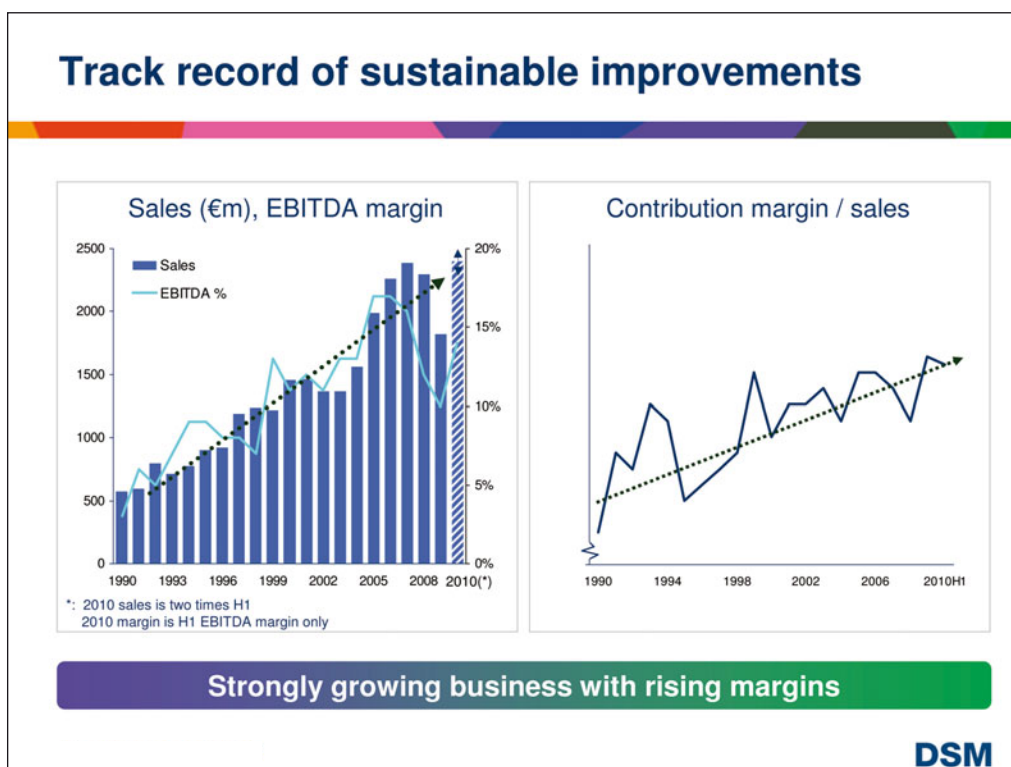
**DSM Resins**

- Global market leadership in coating resins, optical fiber coatings
- European leader in unsaturated polyester resins
- High commercialization rate of new innovative sustainable solutions
- Leading technology platforms geared towards markets and sustainability

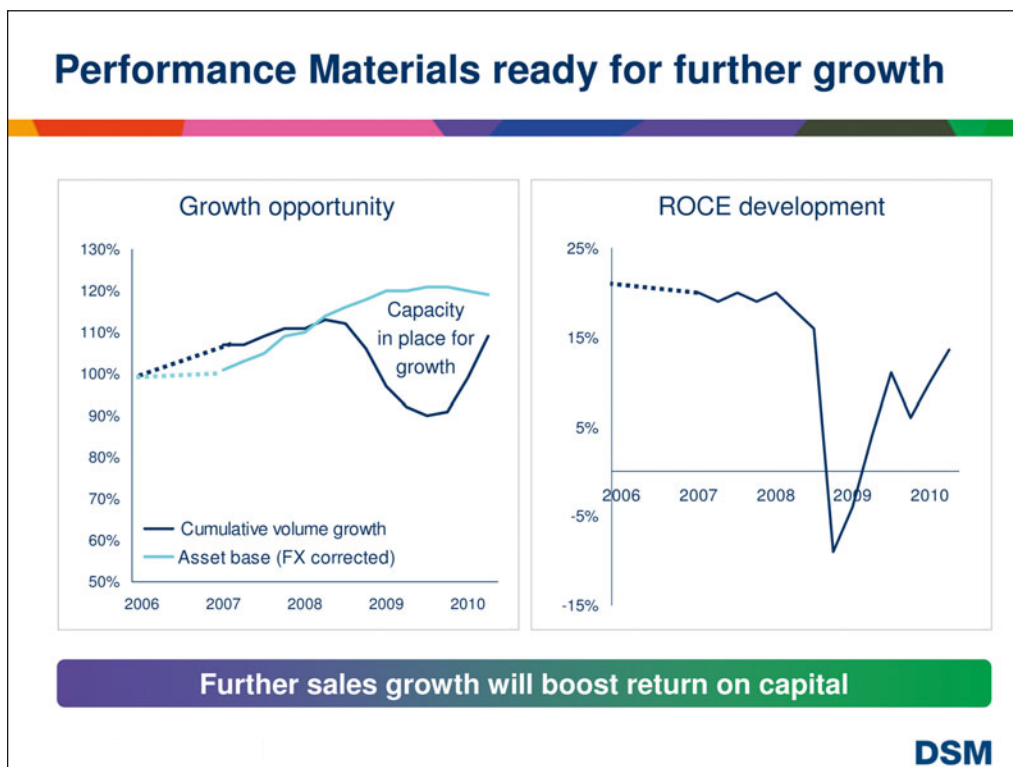


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- The businesses in the Performance Materials cluster have achieved strong leadership positions in chosen segments of the global markets for advanced materials.
- DSM Engineering Plastics has a focused portfolio of products; with each of them it has realized global leadership. DSM Engineering Plastics is the global number 3 in the overall market for semi-crystalline engineering plastics. DSM is the global market leader in high-temperature polyamides. In polyamide 6, DSM holds a number 2 position, as it does in thermoplastic copolyesters. DSM Engineering Plastics offers an industry-leading portfolio of green thermoplastic technologies. Its leadership in sustainable solutions is demonstrated by its complete portfolio of halogen-free engineering plastics, developed for a wide range of high-performance applications. This has been further strengthened by the successful launch of new innovations, of which Stanyl® ForTii™, the new breakthrough high-temperature polyamide with halogen-free flame retardant grades, is an excellent example.
- Dyneema® is respected as the global premium brand for Ultra-High-Molecular-Weight Polyethylene Fiber. DSM Dyneema manufactures and sells products in several forms including fiber, tape and uni-directional (UD) sheets. The powerful Dyneema® brand is used in a wide and ever-increasing range of applications such as medical sutures, commercial fishing and aquaculture nets, ropes, slings, high-performance fabrics such as cut-resistant gloves and apparel and vehicle and personal ballistic protection. DSM Dyneema is an undisputed and highly successful leader in innovation: since the introduction of Dyneema®, DSM's goal has been to help create new innovative and sustainable products and services that improve people's quality of life.
- DSM Resins ranks among the global leaders in the markets for resin systems for industrial coatings and decorative coatings. DSM is a global leader in fiber optic coatings, with a market share of more than 75%, protecting more than one billion kilometers of fiber optic cables around the world. As a leader in sustainable solutions, DSM is recognized as a front-runner in the development and production of environmentally friendly waterborne coating resins and powder coating resins. DSM Resins is the European market leader in unsaturated polyester resins and is rapidly building a position in the fast growing markets of China.



- The story of Performance Materials is about more than two decades of sales growth, interrupted only by the worst recession in 70 years.
- Similarly, margins have also increased steadily over the same period (although these too were predictably impacted during the downturn). This contribution margin increase has been driven by:
  - growth of higher-value-added products, from innovation;
  - investments in high-value-added businesses such as DSM Dyneema and DSM Desotech;
  - creating customer value, by understanding what our customers need and where we can add value to their businesses;
  - operational excellence: improving efficiency and driving out cost.
- Sales is back at its pre-downturn levels, but for the EBITDA margin this recovery is taking longer than predicted (see next page).



- The growth drivers outlined earlier in the presentation fueled considerable volume growth before the downturn. DSM anticipated this market growth, and – before the downturn started - put in place a large capital investment program to strengthen the Performance Materials asset base, thereby investing in the future of Performance Materials. Examples of these investments are listed below.
- In Engineering Plastics, DSM:
  - acquired 100% of the shares in a PA6 polymerization facility from Nylon Polymer Company LLC (NPC) in Augusta;
  - built a new engineering plastics compounding plant in India (the largest polyamide and polyester compounding facility in the country), which tripled capacity for the production of Akulon® PA6, Arnite® PBT and PET and Stanyl® PA46;
  - doubled Stanyl® polymer capacity;
  - opened an Akulon® PA6 polymer plant in China;
  - expanded compounding facilities in China;
  - started up 1<sup>st</sup> and 2<sup>nd</sup> market development units for Stanyl® ForTii™.
- In Dyneema®, DSM started a large investment program to increase the Dyneema® Life Protection capacity.
- In Resins, DSM:
  - inaugurated a new plant for the production of wet polyesters and other specialty resins in Germany;
  - invested in new capacities for waterborne acrylic resins in the Netherlands and China;
  - expanded the manufacturing facility of DSM Desotech in Shanghai.
- Clearly, this investment program had a short-term negative impact on ROCE and cost positions, particularly during the economic downturn. Although DSM is now seeing sales volumes return to pre-crisis levels, this is not yet reflected in full utilization of these new or expanded assets.
- These pre-crisis investments will allow Performance Materials to fully benefit from rising customer demand, and to grow strongly using the current asset base. DSM expects a clear improvement in ROCE in the coming strategy period, even if further investments for growth are still needed in High Growth Economies and in high-potential innovations.

## Strong growth expected in Performance Materials

- Growth from major end-markets\*
  - Building and Construction: ~4%
  - Automotive: ~5%
  - Electrical & Electronics: ~ 7%
  - Dyneema® markets growth: ~10%
- Accelerated growth from the following mutually reinforcing drivers:
  - Investments in High Growth Economies
  - Commercialization of the innovation pipeline
  - Sustainability focus as business driver
  - Acquisitions & Partnerships



\*Global CAGR 2010-2015; Source: Global Insight, Sep 2010

**Sales expected to grow twice as fast as GDP level**

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- Many of the core end-markets for DSM's Performance Materials cluster have suffered during the current downturn. But just as DSM's sales volumes saw a serious decline in 2008, DSM expects to benefit from the strong return to growth in these sectors during the period from 2011 to 2013.
- Building and construction, automotive and electrical and electronics will all see above-GDP growth during the coming period.
- DSM's businesses will aim for faster growth than these sector averages by:
  - focusing investment, marketing and business development on High Growth Economies;
  - utilizing its understanding and technology lead in sustainable solutions to meet rapidly developing customer needs: lighter, stronger, more recyclable, and bio-based;
  - deepening its innovation leadership position in materials by getting great ideas to market even more quickly.
- Continued growth for sustainable and innovative solutions is fore seen. For the cluster, DSM expects sales to grow at double the GDP level.

## Strategy of DSM Engineering Plastics

- Continued investments in High Growth Economies
- Global footprint in M&S, R&T including R&D and Automotive Center in Shanghai
- Accelerated growth & innovation:
  - Strengthen top 3 market position
  - Extend application leadership
  - Sustainable innovative solutions: replacing hazardous materials, recycling, bio-based polymers / building blocks



Customers - our passion

Brighter Lives - Our Innovations



Greener Planet - Our Drive

Halogen free  
Stanyl® ForTii™  
Arnitel® XG



Recycling:  
Akulon® RC



Renewable resources  
EcoPaXX™  
Arnitel® Eco


**Bringing Sustainability to Life: Greener Planet – Our Drive**

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- To realize the opportunities in High-Growth Economies, DSM will continue to invest in these markets. DSM Engineering Plastics will set up a Materials Research and Automotive Development Center in Shanghai. This will be DSM's biggest research center for engineering plastics outside the Netherlands. DSM is a preferred supplier to the automotive industry in China. Through the research center, DSM will deliver its global capabilities in engineering plastics to the strategic Chinese market.
- DSM has the intention to move the global headquarters of DSM Engineering Plastics from the Netherlands to Asia. It is essential that the management of the business is as close as possible to the markets showing the strongest growth. DSM believes this will further increase our awareness of customer needs and will also help to internationalize this part of our organization.
- DSM's Engineering Plastics business focuses on strengthening its leading positions in heat-resistant resins and polyamides – in particular PA6 and copolyesters – and using its applications leadership to meet the needs of its customers, who are increasingly focused on creating sustainable, and at the same time profitable, products and value chains.
- DSM strives to further improve the environmental performance of its products. The most innovative developments in this field are new bio-based polymers and bio-based building blocks. DSM is already making good progress on this front: EcoPaXX™ is the best-performing green polymer available, and has a zero carbon footprint.
- Many of DSM's customers are looking for materials with high recyclability to improve the LCAs of their own products. DSM Engineering Plastics is leading the response to this need. Recognizing the growing interest in recycling with the ultimate goal of achieving closed-loop systems, DSM has adopted the Cradle to Cradle® concept as part of its sustainability strategy. DSM Engineering Plastics is also actively replacing hazardous materials, particularly by introducing 'halogen-free' alternatives, such as Arnitel® XG (used in consumer electronics cables), Stanyl® ForTii™ (especially in electronic connectors), and Arnite® XG (used in electrical insulation in white goods).
- An important prerequisite for DSM Engineering Plastics' ambitious growth is its strong upstream integration in a leading caprolactam player.

## Strategy of DSM Dyneema


- Continued > 15% top-line growth
- Maintain global leadership in high-end applications
- Improve position in High Growth Economies
- Accelerate innovation: time to market, co-creation with value chain players
- Product diversification into new product forms, applications & markets
- Strengthen partnerships with customers



Light weight containers  
Dyneema®



Transport slings  
from Dyneema®



Life protection

**Accelerate innovation to build on strength of Dyneema®**

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- DSM Dyneema is committed to supporting winning customers and to developing new products, forms, applications and markets.
- The Dyneema® brand is well known in the industries served, and DSM Dyneema is in the final stages of implementing a comprehensive brand licensing strategy which will result in a number of new licensees and enhanced control of their key assets. This strategy is particularly targeted at supporting key customers.
- DSM believes that it can continue to achieve top-line growth of more than 15% per year by increasing penetration in existing markets and expanding into new ones.
- Innovation remains key: DSM Dyneema's product portfolio already includes over 100 inventions protected by 500 patents or patent applications. DSM Dyneema has innovated in diverse applications ranging from developing new medical devices for surgeons to increasing the towing capacity of ocean salvage vessels.
- DSM will accelerate innovations and get them to market even quicker by extending its co-creation partnerships with leading value chain players.
- This will help DSM Dyneema to extend the penetration of the product into new markets. Dyneema®'s light weight strength has huge potential in areas yet untouched. Growth will be driven by even more creativity in application development.

## Strategy of DSM Resins

- Investment in High Growth Economies:
  - Growth in Asia, Turkey and US clearly above market growth
- Accelerated growth & innovation
  - Sustainability-driven innovations
  - Increase in radical innovations
  - Focus on specialty functionality of the resins to capture more value
  - Selective M&A

Light weight containers  
Aeronite®

Waterborne solvent free

Palapreg® ECO

Neocryl®  
Food compliant

**Be the most sustainable, innovative and global resins company**

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- Like other materials businesses of DSM, DSM Resins will focus on High Growth Economies. This means its investments will also largely be in these economies. For DSM Resins, the main High Growth Economies are Asia and Turkey. Furthermore, the US is an interesting growth market for DSM resins.
- DSM Resins' focus is on accelerating growth, particularly via innovations, and on meeting the sustainability demands of its customers and its customers' customers. The business group will continue to do this by carefully selecting combinations of end-markets and regions with high-growth, attractive margins and that can benefit from DSM's advanced technologies.
- DSM Resins' waterborne coatings range already delivers significant advantages to its paint customers, who are faced with regulatory pressures and have to meet social responsibility demands. An example is NeoCryl®, a newly created family of waterborne resins that meet food safety standards and can therefore be used in inks and overprint varnishes that come into direct contact with foods.
- DSM's resins also deliver considerable advantages in creating light weight composites used in containers, cars, trucks and trains, wind-turbine blades and a range of other applications related to improving energy efficiency. Moreover, with Palapreg® ECO, DSM has created a resin with 55% bio-renewable content (the highest bio-based content in resins on the market) which has excellent properties while simultaneously supporting the sustainability in the value chain. DSM will further increase the flow of radical innovations. DSM Resins' ongoing focus on and commitment to both customers and innovations gives DSM a strong competitive advantage versus the competition.
- With its range of innovative specialty resins, DSM is able to differentiate itself from the competition. In many cases, the resin is the key differentiator for the end-product. DSM Resins is creating customer value by understanding what its customers need and where it can add to their business and their customers' businesses. Strengthening value-based pricing by focusing on specialty functionality will add value to our customers and our company.
- DSM Resins will also look to grow through selective M&A.

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**DSM**

## Polymer Intermediates



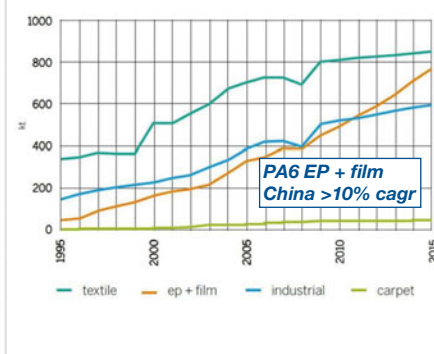
Leadership positions	Achievements
<ul style="list-style-type: none"> <li>• Global presence, strong position in China</li> <li>• 20% Global market share in caprolactam</li> <li>• 25% of European acrylonitrile market</li> <li>• Forward integrated in leading PA6 player</li> <li>• Strong partnerships with winning customers</li> <li>• Leading proprietary technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened global leadership in caprolactam</li> <li>• Established strong position in China with solid partnership</li> <li>• Business has emerged stronger from the downturn: strong financial recovery</li> </ul>

- DSM Fibre Intermediates is the global leader in the production and supply of caprolactam, the raw material for polyamide 6. With production facilities on three continents, total production capacity is almost 700 kt. DSM holds a market share of around 20%. With a market share of 25%, DSM is also a major player in the acrylonitrile market in Europe.
- A strong advantage is the forward integration in DSM Engineering Plastics. DSM Fibre Intermediates supplies important intermediates to DSM Engineering Plastics, providing security of supply, enabling growth in all regions and thus contributing to the success of DSM Engineering Plastics.
- Besides offering caprolactam of world-class quality, DSM Fibre Intermediates provides a high level of service to build long-term valuable partnerships with customers.
- Over 40% of the caprolactam on the total market is produced using DSM's proprietary technology. The fact that even DSM's competitors use its technology is proof of its leadership reputation. DSM Fibre Intermediates continues to invest in its proprietary technology, making it greener and more sustainable. Technological leadership is the pillar of commercial success and will be even more important in the future, when polyamide 6 is set to be used in increasingly demanding applications with increasingly sophisticated and strict performance requirements.
- By continuing its strong focus on the potential of High Growth Economies, sustainability and technological innovation and by showing an unwavering commitment to its customers, DSM Fibre Intermediates has further strengthened its global leadership position.
- The business group has established a strong position in China, resulting in excellent and, as it turned out, crisis-proof partnerships with winning customers in downstream polyamide 6 industries. This confirms that having a significant position with a local presence and assets in the Asian market is a true asset.
- Although DSM Fibre Intermediates was heavily impacted by the downturn in Q4 2008 and Q1 2009, its markets and its profitability recovered quickly. The economic downturn has confirmed how important the High Growth Economies are for DSM Fibre Intermediates. The lessons learned and the actions taken will result in a reduced impact from future economic downturns. DSM Fibre Intermediates has emerged stronger from downturn, with improved yields, reduced variable and fixed costs and a continued full focus on customers and sustainability.

## Strong growth expected in Asia

- Global demand growth 3% p.a.
  - Highest growth in engineering plastics (> 6% p/a global, 10% p/a in China)
- Asia consumes more than half of global caprolactam demand
- China currently imports half of its PA6 demand and two-thirds of its caprolactam needs
- High GURs expected coming years
- Polymer Intermediates benefits from forward integration in DSM Engineering Plastics

Caprolactam demand China & Taiwan



Demand exceeds capacity by far in China

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- Caprolactam is the key intermediate for polyamide 6, of which approximately 4 million tonnes are produced worldwide. While PA6 is the main outlet for caprolactam, polyamide 6 markets are very diverse, covering many end-markets, from carpets and textiles to cars, electrical devices and packaging film. Some of these are sensitive to the larger economic cycle (automotive, housing, luxury electronics), while others (like textiles) are quite stable.
- The future of the caprolactam industry looks bright. In the near future, consumption growth will be mainly driven by the increased use of polyamide 6 in engineering plastics and film. The forecast figures for the coming years look promising, with more than 6% annual growth for engineering plastics and film combined. The main drivers are on the one hand the increased demand from the automotive industry, strengthened by the plastic-for-steel replacements for lighter, fuel-efficient cars and the global increase in car ownership, and on the other hand the increased demand for home and leisure electronic appliances.
- In the Chinese region (China and Taiwan), consumption of polyamide 6, and therefore demand for caprolactam, will grow rapidly in the coming years, primarily driven by strong growth in engineering plastics and film segments (CAGR > 10%).
- China is largely dependent on imports to satisfy the demand for polyamide 6. Half of the polyamide 6 demand is imported and approximately two-thirds of the caprolactam needed for the production of polyamide 6 has to be imported as well. China will reduce this dependency and consequently much more locally produced caprolactam will be needed.
- With projected increases both in demand and capacity, the GURs (global utilization rates) are expected to remain high the coming years (over 90%).
- DSM Engineering Plastics has ambitious plans to accelerate its growth in polyamide 6 in the coming years. DSM Fibre Intermediates is confident that it can fully support DSM Engineering Plastics, while simultaneously growing in High Growth Economies. For this support, for strengthening its own cost leadership position, and for benefiting from the growth in China, a second caprolactam line in Nanjing will be crucial.

## Strategy of DSM Fibre Intermediates

- Support DSM Engineering Plastics' growth ambitions by strengthening backward integration
- Further strengthen leadership position in Asia by doubling production in China by 2014
- Reduce exposure (partnering, JVs)
- Keep US and European plants in prime condition too (sustainability, costs)
- Commitment to sustainability

Region	Captive+Committed (%)	Merchant (%)
Europe	50	50
Asia	30	70
Americas	35	65

**Strengthen backward integration for DSM Engineering Plastics**

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- DSM Fibre Intermediates has a uniquely strong starting point: its global market position, a solid partnership in China, excellent performance, technological leadership and a growing secured supply to DSM Engineering Plastics. Building on these foundations, DSM Fibre Intermediates can grow further and faster by:
  - further strengthening backward integration for DSM Engineering Plastics and supporting this business group's ambitious growth plans, and
  - strengthening its own global market position to consolidate its industry-leading position.
- DSM Fibre Intermediates has chosen a threefold approach to capitalize on the opportunities that are arising: doubling production capacity in China; continuously improving existing assets by means of Life Time Extension and Variable Cost Reduction projects; and a firm commitment to sustainability.
- The rapidly increasing demand (both captive and merchant), the Chinese government's intention to replace imported caprolactam by local production, and improving margins provide sound foundations for expanding capacity. By building a second line in China, DSM aims to double its capacity in the country by 2014 (with the second line in China on stream in 2013).
- The actual capital expenditure on this second line will be lower for DSM because of Sinopec's participation in the project. At the same time, DSM will reduce its exposure and limit capacity intensity in mature markets by pursuing further partnership deals with customers who acquire a certain share of DSM's capacity, following the model of the existing partnership with Shaw.
- DSM intends to move the global headquarters of DSM Fibre Intermediates from the Netherlands to Asia. It is essential that business group management is as close as possible to the markets that are showing the strongest growth.
- DSM's caprolactam technology is one of the most energy efficient and least wasteful available, which makes DSM a front-runner in 'green' caprolactam. By further investing in sustainability improvement, DSM Fibre Intermediates will be able to add 'green value' to the polyamide 6 its customers produce, thereby further increasing its own margins at the same time.
- With its tight connections to DSM Engineering Plastics, its green focus and its powerful presence in High Growth Economies, DSM Fibre Intermediates is an asset that will bring sustained value to DSM.

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## Conclusions Materials Sciences

### Performance Materials

#### **Growing via innovative sustainable solutions**

- Expand leadership in selected segments
- Accelerate growth in High Growth Economies
- Sustainability driving innovation
- Sales growth at double GDP level
- EBITDA margin >17%

### Polymer Intermediates

#### **Strengthen backward integration for DEP**

- Doubling production in China by 2014
- Implementing new sustainable technology
- Further improve competitive position
- EBITDA margin ~ 14% on average over the cycle



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**DSM****DISCLAIMER**

This document 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.

Examples of forward-looking statements include statements made or implied about the company's strategy, estimates of sales growth, financial results, cost savings and future developments in its existing business as well as the impact of future acquisitions, and the company's financial position. These statements can be management estimates based on information provided by specialized agencies or advisors.

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These factors include, but are not limited to, macro-economic, market and business trends and conditions, (low-cost) competition, legal claims, the ability to protect intellectual property, changes in legislation, changes in exchange and interest rates, changes in tax rates, pension costs, raw material and energy prices, employee costs, the implementation of the company's strategy, the company's ability to identify and complete acquisitions and to successfully integrate acquired companies, the company's ability to realize planned disposals, savings, restructuring or benefits, the company's ability to identify, develop and successfully commercialize new products, markets or technologies, economic and/or political changes and other developments in countries and markets in which DSM operates.

As a result, DSM's actual future performance, position and/or financial results may differ materially from the plans, goals and expectations set forth in such forward-looking statements.

DSM has no obligation to update the statements contained in this document, unless required by law. The English language version of this document is leading.

A more comprehensive discussion of the risk factors affecting DSM's business can be found in the company's latest Annual Report, a copy of which can be found on the company's corporate website, [www.dsm.com](http://www.dsm.com)

<b>Abbreviation</b>	<b>Explanation</b>	<b>Abbreviation</b>	<b>Explanation</b>
<b>3P</b>	Triple P (People, Planet, Profit)	<b>GUR</b>	Global Utilization Rate
<b>6-APA</b>	6-amino-penicillanic acid	<b>HNH</b>	Human Nutrition & Health
<b>ACN</b>	Acrylonitrile	<b>ICT</b>	Information and Communication Technology
<b>Acq.</b>	acquisition	<b>Inno center</b>	Innovation Center
<b>7-ADCA</b>	7-amino-deacetoxycephalosporanic acid	<b>IFRS</b>	International Financial Reporting Standards
<b>AGM</b>	Annual General Meeting of Shareholders	<b>IP</b>	Intellectual property
<b>AM</b>	Advanced Manufacturing	<b>JV</b>	Joint Venture
<b>ANH</b>	Animal Nutrition & Health	<b>kt</b>	kiloton
<b>API</b>	Active pharmaceutical ingredients	<b>KPI</b>	Key Performance Indicators
<b>BF</b>	Bio-Fuel	<b>LATAM</b>	Latin America
<b>bn</b>	billion	<b>LS&amp;MS</b>	Life Sciences and Materials Sciences
<b>bps</b>	Basis Points	<b>m</b>	million
<b>BC&amp;M</b>	Base Chemicals and Materials	<b>M&amp;A</b>	Merger & Acquisitions
<b>BoP</b>	Base of the Pyramid	<b>M&amp;S</b>	Marketing and Sales
<b>CAGR</b>	Compound Annual Growth Rate	<b>MB</b>	Managing Board
<b>CAPEX</b>	Capital Expenditures	<b>MCC</b>	Mitsubishi Chemical Corporation
<b>CEO</b>	Chief Executive Officer	<b>NCPC</b>	North China Pharmaceutical Corporation
<b>CFO</b>	Chief Financial Officer	<b>NPC</b>	Nylon Polymer Company LLC
<b>CFROI</b>	Cash Flow Return On Investment	<b>OWC</b>	Operating Working Capital
<b>cGMP</b>	current good manufacturing practice	<b>p/a</b>	per annum
<b>CHF</b>	Swiss Franc	<b>PA6</b>	Polyamide 6
<b>CMO</b>	Contract Manufacturing Outsourcing	<b>PBT</b>	Polybutylene terephthalate
<b>COS</b>	Cost of Sales	<b>PEN</b>	Penicillin
<b>DAI</b>	DSM Anti-Infectives	<b>PET</b>	Polyethene terephthalate
<b>DBM</b>	DSM BioMedical	<b>PTG</b>	The Polymer Technology Group
<b>DBPS</b>	DSM Bio-based Products & Services	<b>P&amp;L</b>	Profit and Loss
<b>DD</b>	DSM Dyneema	<b>R&amp;D</b>	Research and Development
<b>DEC</b>	DSM Expert Center	<b>ROCE</b>	Return on Capital Employed
<b>DEP</b>	DSM Engineering Plastics	<b>SBB</b>	Share Buy-Backs
<b>DFI</b>	DSM Fibre Intermediates	<b>TPV</b>	Thermoplastic Vulcanizate
<b>DFS</b>	DSM Food Specialties	<b>Triple P</b>	Triple P (People, Planet, Profit)
<b>Divest.</b>	Divestment	<b>TSR</b>	Total Shareholder Return
<b>DJSI</b>	Dow Jones Sustainability Indexes	<b>UD</b>	Unidirectional
<b>DNP</b>	DSM Nutritional Products	<b>UHMwPE</b>	Ultra-High Molecular Weight Polyethylene
<b>DPP</b>	DSM Pharmaceutical Products	<b>US</b>	United States (of America)
<b>DR</b>	DSM Resins	<b>USA</b>	United States of America
<b>E&amp;E</b>	Electrical & Electronic Industry	<b>USD</b>	United States Dollar
<b>EBA</b>	Emerging Business Area	<b>US\$</b>	United States Dollar
<b>EBIT</b>	Earnings before Interest and Taxes	<b>WACC</b>	Weighted average cost of capital
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation and Amortization	<b>WTO</b>	World trade Organization
<b>ECO+</b>	The Greenhouse Dialogue		
<b>EDPM</b>	Ethylene Propylene Diene Monomer		
<b>EPS</b>	Earnings per Share		
<b>EU</b>	European Union		
<b>adj. FfO</b>	Adjusted Funds from Operations		
<b>FD</b>	Finished dosage / final dose		
<b>FDA</b>	Food and Drugs Administration		
<b>FOOP</b>	Fixed Out of Pocket costs		
<b>FX</b>	Foreign Exchange (exchange rates)		
<b>G&amp;A</b>	General and Administrative		
<b>GDP</b>	Gross Domestic Product		
<b>GHG</b>	Greenhouse Gas		
<b>GRI</b>	Global Reporting Initiative		