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## **DSM confirms Vision 2010 targets and updates 2008 guidance**

**Royal DSM N.V., the global Life Sciences and Materials Sciences company headquartered in the Netherlands, will update analysts and investors at its annual conference in Vaalsbroek on 25 and 26 September 2008 on the progress made in its *Vision 2010* strategy. DSM is also updating its 2008 EBIT guidance today, from EUR 970 million, with potential upside, to EUR 1,025-1,075 million on the back of continued strength in some of DSM's businesses, particularly DSM Agro.**

*"DSM continues to benefit from favorable market conditions, particularly in Nutrition and Fertilizers, and our Materials Sciences activities are showing sufficient resilience to the more difficult macro-economic environment from which of course nobody is completely immune,"* said Feike Sijbesma, Chairman of the DSM Managing Board. *"Since the publication of our Q2 2008 results, we have seen a continuation of these trends, which allows us to further specify our full year guidance."*

*"Our decision to focus our accelerated Vision 2010 strategy on Life Sciences and Materials Sciences is based on global trends that are here to stay. It puts us in an excellent position to reap financial benefits from opportunities in our markets and create value for all our stakeholders in the future,"* Sijbesma said.

### ***Vision 2010 update***

DSM's acceleration of the strategic program *Vision 2010*, announced in September 2007, focuses on delivering faster growth, higher margins and improved earnings quality from the company's portfolio. The strategy will see the transformation of DSM into a Life Sciences and Materials Sciences company capable of sustainable growth and reduced sensitivity to economic cycles.

DSM recently completed the carve-out of most of the businesses which do not fit with the accelerated shift towards Life Sciences and Materials Sciences. The divestment process for Agro and Melamine, Elastomers and Urea Licensing has commenced in the form of a controlled auction process and the divestments are expected to be completed within the timeframe of *Vision 2010*, as planned.

DSM is confident that the *Vision 2010* targets will be achieved. In Nutrition, the performance of the vitamins business has improved on the back of heightened customer quality awareness, changing dynamics in China and the current balanced market due to strong market growth, in combination with reduced or stable production capacities. These changing dynamics are in large part expected to be sustainable over the medium term and have resulted in substantially higher profitability for the Nutrition cluster. In the four quarters up to and including Q2 2008, the Nutrition cluster met its EBITDA margin target of at least 18%.

Performance Materials continues to demonstrate sufficient resilience against economic headwinds, based on a well thought-out market and innovation strategy. Polymer Intermediates continues to benefit from a sustained healthy supply-demand balance, which is an important prerequisite for the profitability of this business.

Earlier this month, DSM successfully increased its outstanding EUR 300 million 4.00% bond due 2015 by EUR 200 million. DSM continues to enjoy a Single A rating from the rating agencies.

### **DSM Dyneema investment program**

Earlier this year, plans for the largest investment program ever for DSM Dyneema were announced, expected to involve up to USD 450 million over the next 2-3 years, to increase production capacity for the worlds strongest fiber(TM). Under Phase 1 of this program, projects have been approved to build additional capacity for UD (UniDirectional) and fiber, and construction has begun in DSM Dyneema's Greenville (North Carolina, United States) facility, with completion due in early 2009 and 2010, respectively. In addition, investments have been made in process improvements in the company's existing plants, the benefits of which are already being seen. As a consequence of both these initiatives, DSM will substantially increase fiber capacity and effectively double UD capacity by 2009.

In addition to the USD 450 million program, it has also been decided to build the first dedicated line for manufacturing Dyneema Purity® fiber at the Greenville facility. Dyneema Purity® is used among other things for high strength medical sutures. Its versatile properties make Dyneema Purity® a suitable material in the development of several other innovative medical devices. The line will be operational by mid 2010.

### **Trading Update and Outlook**

Market conditions in Nutrition continue to be favorable, as expected, and Performance Materials and Polymer Intermediates are showing sufficient resilience against the deteriorating economic climate. In some of DSM's other businesses, particularly DSM Agro, trading conditions are more favorable than anticipated. As a result, based on the currently available information and barring unforeseen circumstances, DSM is updating its guidance on operating profit from continuing operations (before exceptional items) for the year to EUR 1,025-1,075 million.

### **Webcast**

The annual conference for analysts can be followed via an audio webcast. For a link see the Investors section on the DSM corporate website.

### **DSM - the Life Sciences and Materials Sciences Company**

Royal DSM N.V. creates innovative products and services in Life Sciences and Materials Sciences that contribute to the quality of life. DSM's products and services are used globally in a wide range of markets and applications, supporting a healthier, more sustainable and more enjoyable way of life. End markets include human and animal nutrition and health, personal care, pharmaceuticals, automotive, coatings and paint, electrics and electronics, life protection and housing. DSM has annual sales of almost EUR 8.8 billion and employs some 23,000 people worldwide. The company is headquartered in the Netherlands, with locations on five continents. DSM is listed on Euronext Amsterdam. More information: [www.dsm.com](http://www.dsm.com)

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*Forward-looking statements*

*This press release contains forward-looking statements. These statements are based on current expectations, estimates and projections of DSM and information currently available to the company. The statements involve certain risks and uncertainties that are difficult to predict and therefore DSM does not guarantee that its expectations will be realized. Furthermore, DSM has no obligation to update the statements contained in this press release.*

*The English language version of the press release is leading.*