



Eurobond Investor Presentation **November 2, 2005**



Henk van Dalen, Chief Financial Officer

Contents



- Investment Highlights
- Company Overview
- Strategy “Vision 2010”
- Key Credit Statistics

Investment Highlights



- Global leading specialty chemicals company
- Listed on Euronext Amsterdam with a market capitalization of € 6.2 bn
- Leadership positions in >70% of businesses
- Strong cash generation: free cash flow
- Vision 2010 building on strengths launched: increased focus on innovation and growth in BRIC countries
- Increased focus on higher valued added products → more stable earnings profile and more innovation potential
- Well-regarded management team with proven track record
- Well-balanced geographical and customer portfolio
- Strong credit ratings (A2 Stable / A- Stable)



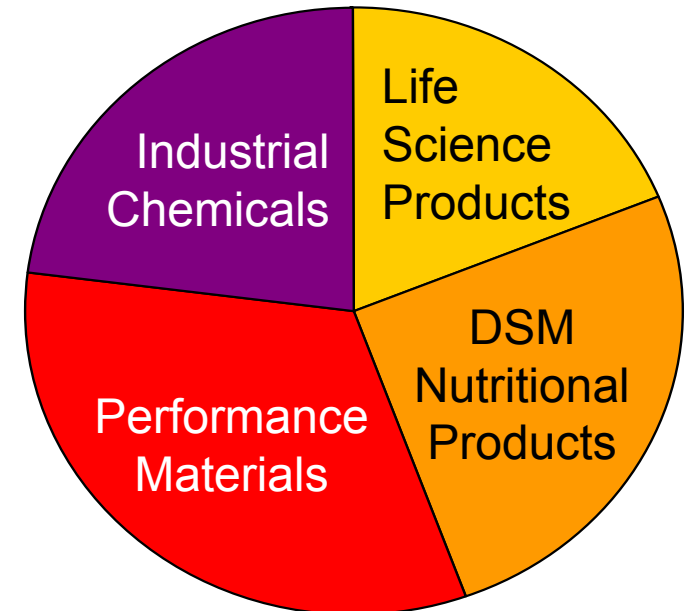
- Globally active multi-specialty chemical company
- More than 200 locations, ca. 25,000 employees
- Leadership positions in > 70% of portfolio
- Innovation driven: R&D spend ca. € 300 mln
- Financially sound: solid balance sheet
- Strong Corporate Governance based on more than 100 years of performance

DSM 2005: a strong base for the future



➤ Vision 2005 created a stronger DSM:

- Increase in specialties
- Key market and technology leadership positions
- More stable earnings
- Market capitalization doubled
- Strong balance sheet maintained



Key data 2005*

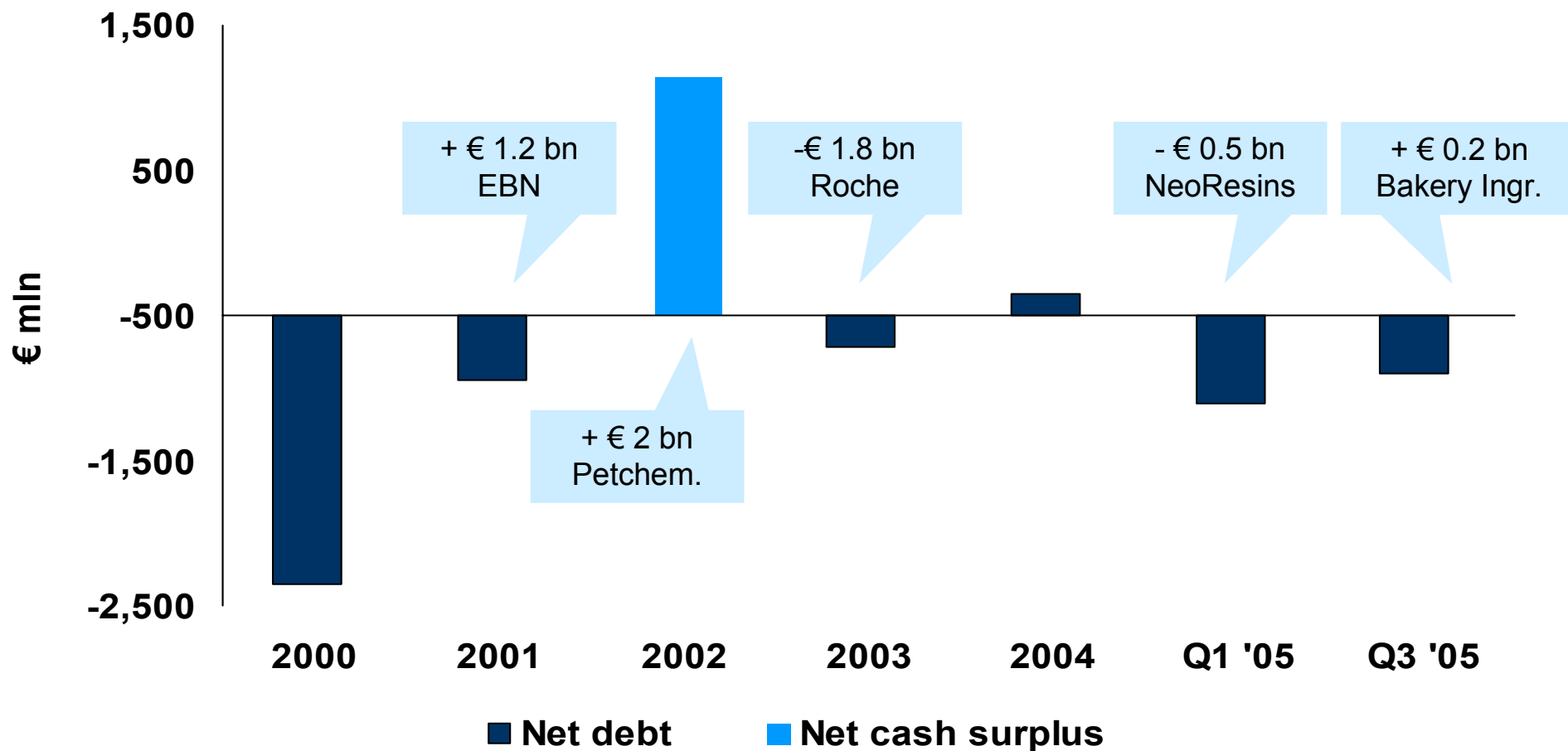
Sales : ~ € 8 billion

EBITDA: ~ € 1.3 billion

EBIT: ~ € 0.8 billion

* based on outlook

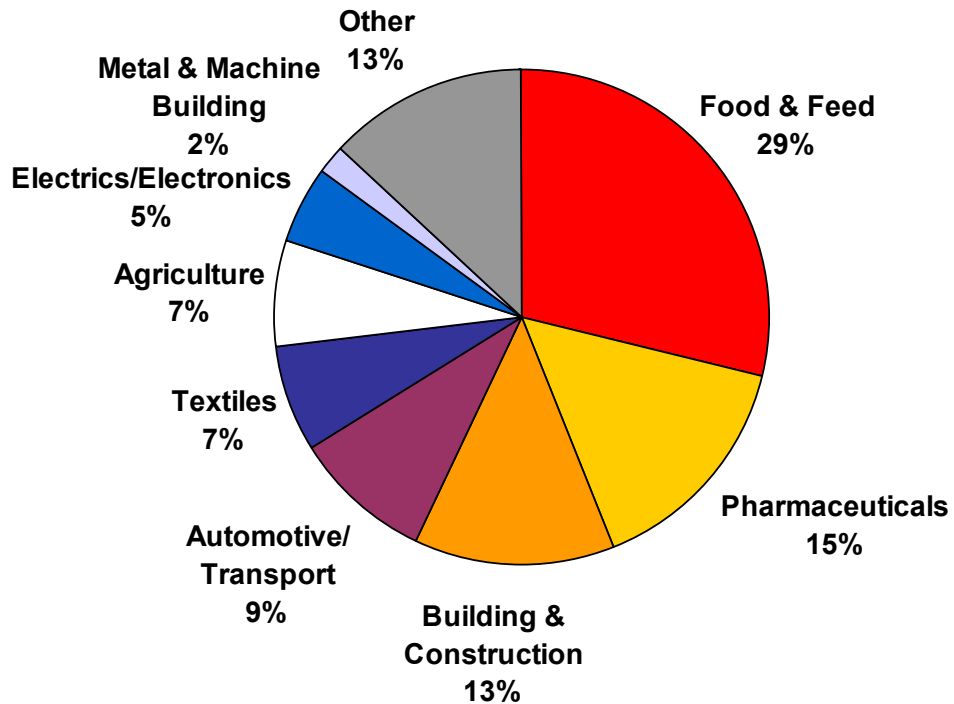
Solid Balance Sheet During Transformation



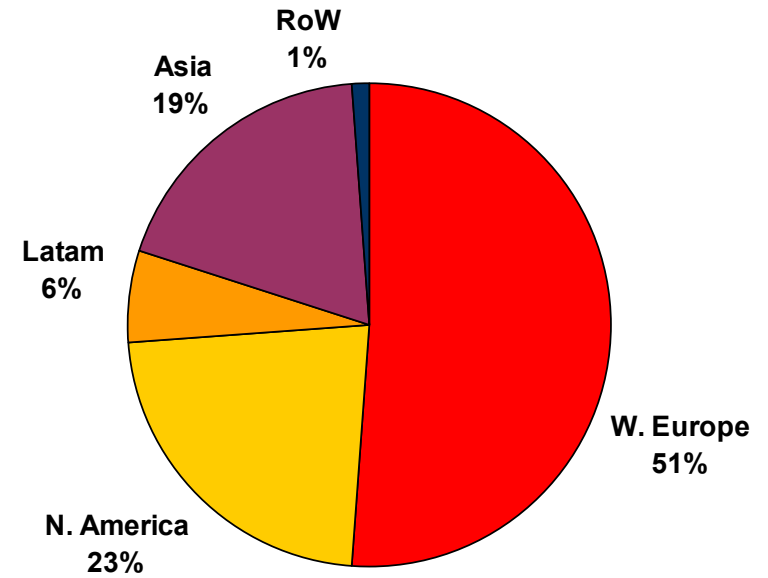
End Markets



Breakdown by End Market (1)



Geographic Split (1)



(1) 2004. Geographic split based on sales by destination.

Core Clusters



- **Nutrition:** Leading supplier of vitamins, carotenoids (pigments and antioxidants), enzymes and flavourings used in human and animal nutrition
- **Performance Materials:** Global leadership position in high-performance value-added materials such advanced fibres (Dyneema®), engineering plastics (Stanyl®), elastomers (synthetic rubbers), coating and structural resins
- **Pharma:** Leading supplier of fine chemicals (benzoic acid, iodine), anti-infectives (penicillin, cephalosporin) and active pharmaceutical ingredients for the life sciences industries
- **Industrial Chemicals:** Fully integrated, low cost producer of industrial chemicals including fibre intermediates, melamines and fertilizers with attractive proprietary technology position

Profit & Loss Summary



(€ mln)	Dutch GAAP				IFRS	
	2001	2002	2003	2004	2004	LTM
Net sales*	7,970	6,665	6,050	7,752	7,886	8,124
EBITDA*	1,042	892	723	1,013	1,071	1,257
<i>EBITDA Margin (%)</i>	<i>13.1%</i>	<i>12.1%</i>	<i>12.0%</i>	<i>13.1%</i>	<i>13.6%</i>	<i>15.5%</i>
EBIT*	521	450	294	489	567	756
<i>EBIT Margin (%)</i>	<i>6.5%</i>	<i>6.1%</i>	<i>4.9%</i>	<i>6.3%</i>	<i>7.2%</i>	<i>9.3%</i>

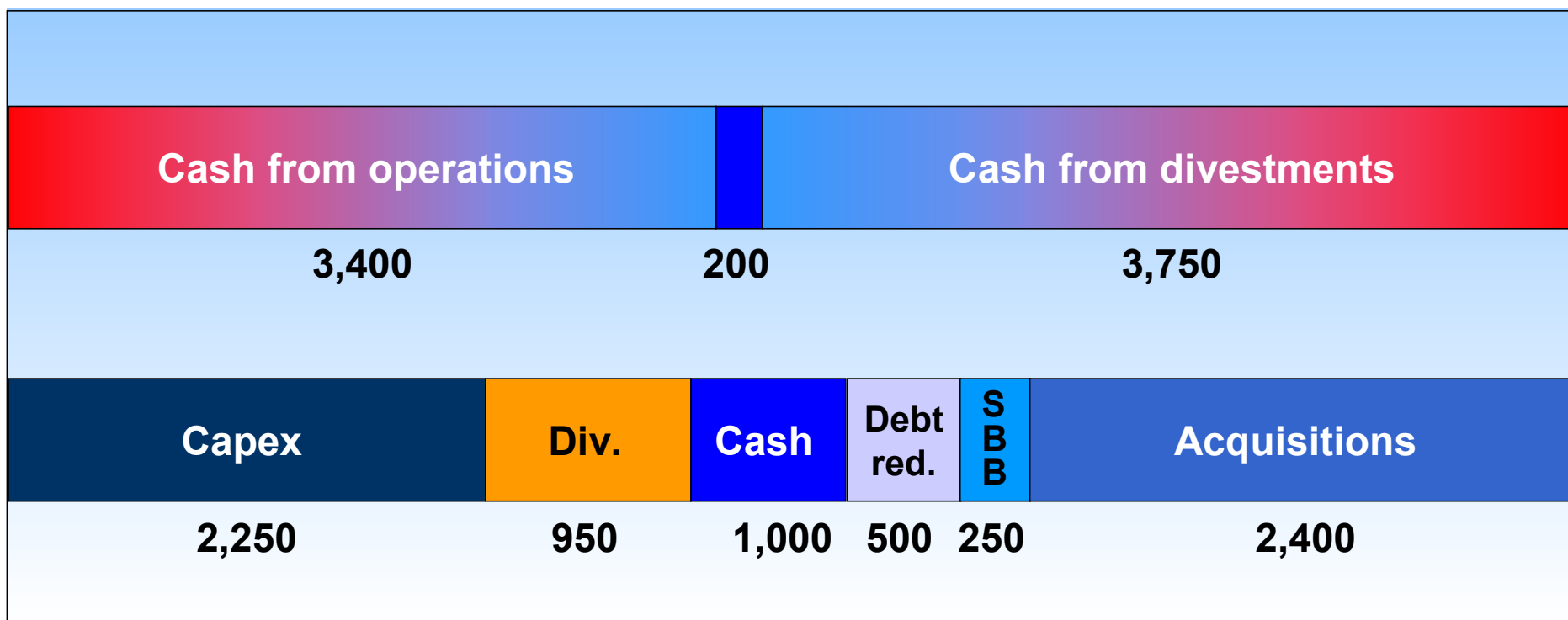
* Ordinary activities

Strong Cash Performance



(€mln)

Cash Generation & Allocation



YE 2000 – Q3 2005

Management With Good Track Record



From left to right: Jan Zuidam, Feike Sijbesma, Peter Elverding, Henk van Dalen, Chris Goppelsroeder

- Peter Elverding – Member of the Board since October 1995; Chairman since 1999
- Jan Zuidam – Member of the Board since January 1998; deputy chairman since January 2001
- Henk van Dalen – Member of the Board since January 2000
- Feike Sijbesma – Member of the Board since July 2000
- Chris Goppelsroeder – Member of the Board since April 2005

Triple P policy



➤ DSM leading according to DJ Sustainability Index

- 2003/2004: DSM #1 Euro Chemicals
- 2004/2005: DSM #1 Global Chemicals
- 2005/2006: DSM #1 Global Chemicals



➤ DSM is included in the FTSE4Good Europe Index and the FTSE4Good Global Index



Vision 2010: Preparing for the Future



Outside – In

- **A changing world**
 - Highly differentiated growth
 - Opportunities for growth
 - Threats from LCCs for established products
 - Opportunities for growth via innovation in Western world
- **Innovation pockets**
 - Emerging from global mega trends in society and technology
- **Diverging RM prices**
 - Oil-based vs. bio-based

Inside – Out

- **Portfolio quality & growth**
 - Focus on growth Specialty Leadership businesses
 - Safeguard & strengthen Cost Leadership businesses
- **Boost innovation**
 - Accelerate selected projects
 - Initiate innovation EBAs
- **Improve geo-spread**
 - Improve global balance
 - Grow in emerging economies
- **Operational excellence**

Vision 2010: Building on Strengths



- New strategy announced in October 2005



Building on Strengths

**Market-driven growth
and innovation**

**Increased Presence
Emerging Economies**

**Operational
Excellence**

Value Creation

Vision 2010: Company targets



- Realigned clusters: Focus on value creation
- Specialty leadership: Increase to 50-60% of portfolio
- Sales growth: On average 3-5% p.a., underlying
- Sustainability: Retain top position in rankings

- Boost innovation: Up to € 1 bn sales
- Emerging economies: Double sales in China to \$ 1 bn
- Operational Excellence: Extend success in OpEx programs

- Financial position: Retain single A credit rating
- Value creation: CFROI 50 bp \geq WACC

Total shareholder return to exceed peer group average

* Based on 'basic economic scenario': €/ \$ 1.2, oil price at \$50, balanced supply/demand.

2006: Clusters realigned

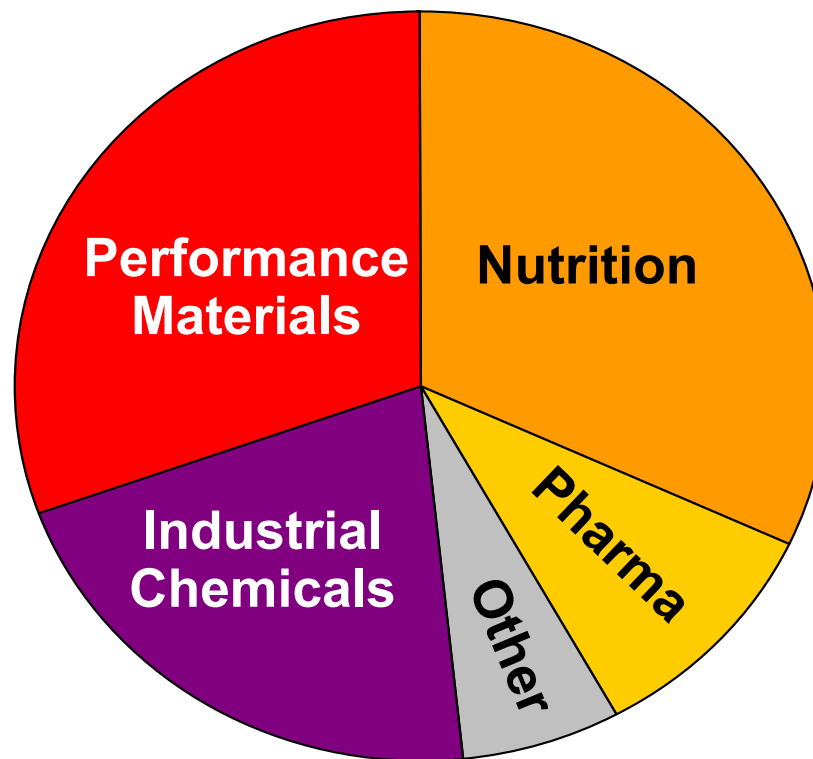


Performance Materials

Sales ~ € 2.4 bn
EBITDA ~ € 350 mln

Industrial Chemicals

Sales ~ € 1.7 bn
EBITDA ~ € 250 mln



Nutrition

Sales ~ € 2.5 bn
EBITDA ~ € 450 mln

Pharma

Sales ~ € 0.8 bn
EBITDA ~ € 135 mln

Other
Sales ~ € 0.5 bn

H2'04 + H1'05 adjusted

Vision 2010: Cluster targets



Performance Materials

Grow & Strengthen

- Focus on growth Dyneema[®], Resins&Engineering Plastics
- Operational Excellence
- Market-driven innovation
- Accelerate growth in Asia

➤ EBITDA margin: $\geq 16\%$

Nutrition

Grow & Strengthen

- Grow Specialty Leadership
- Accelerate innovation, NBD
- Strengthen Cost Leadership
- Increase presence in LCCs

➤ EBITDA margin: $> 18\%$

Industrial Chemicals

Actively maintain

- Focus on cost leadership
- Captive use caprolactam
- Capture growth in Asia
- Focus portfolio

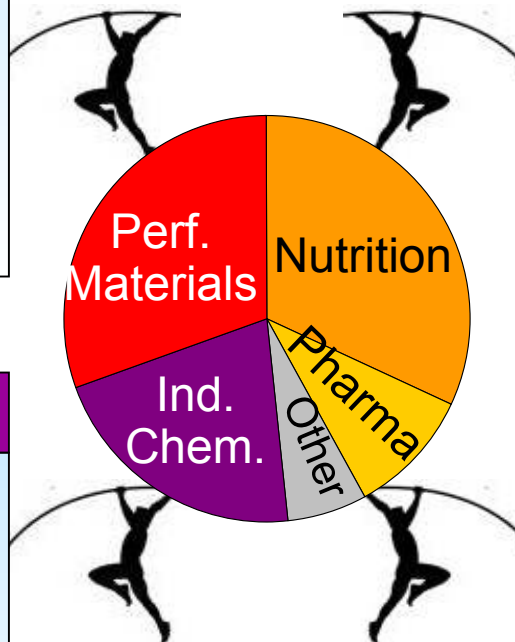
➤ EBITDA margin: $\geq \text{avg. } 14\%$

Pharma

Improve & Strengthen

- Execute restructurings
- Further scrutinize asset base
- Expand steriles
- Innovation PER.C6[®] & DAI
- Sourcing in LCCs

➤ EBITDA margin: $> 18\%$



Vision 2010: Value Creation



Input

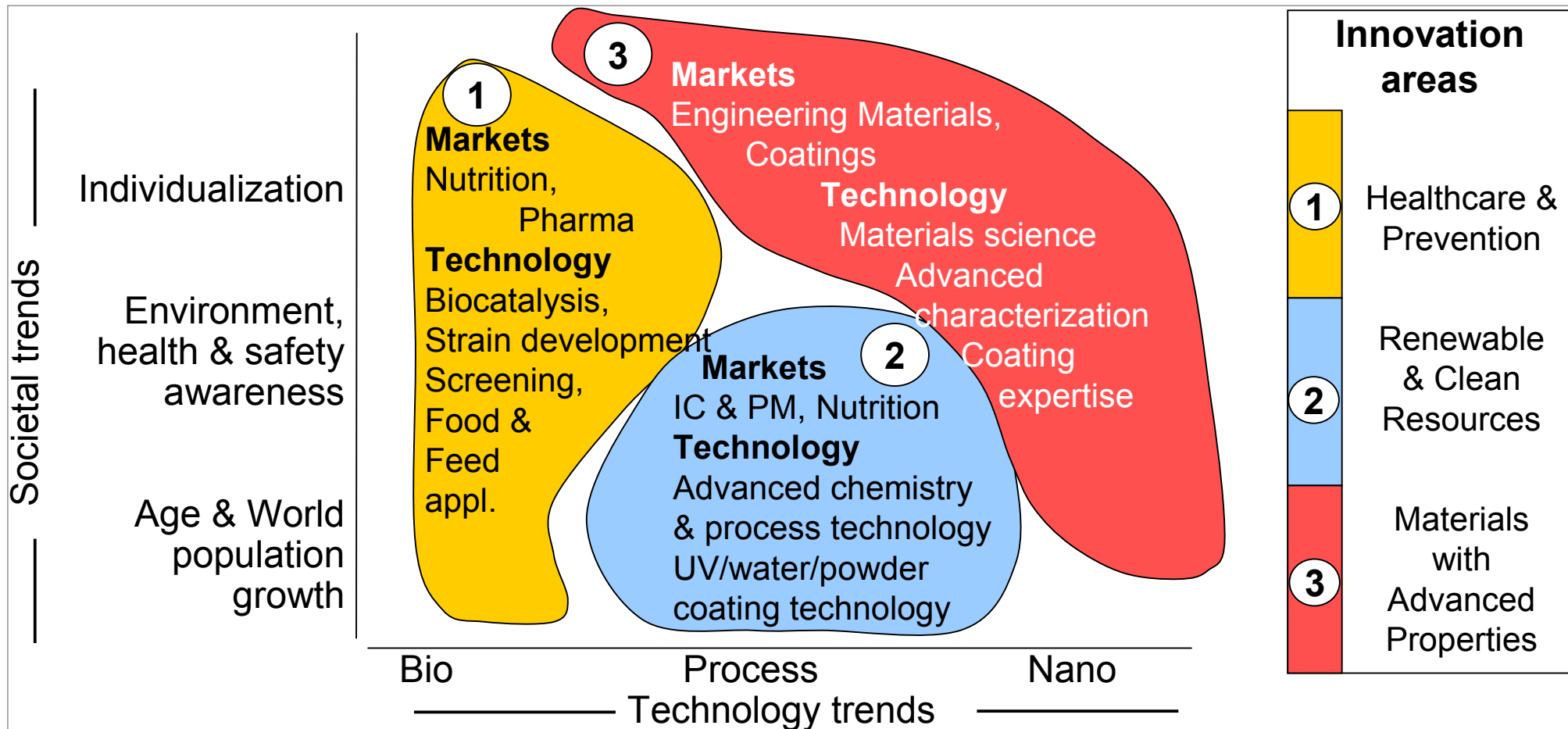
- Stronger Specialty profile
- Innovation boost
- Improved geo-spread
- Operational Excellence
- Capex av. € 500-575 mln/y
- Balance sheet leverage
- Selective M&A



Creating Value

- Organic growth 3-5% p.a.
- CFROI 50 bp > WACC
- EBITDA targets per cluster
- Single A retained
- Dividend increase ~ 15%
- TSR to exceed av. peers

Vision 2010: Market-driven innovation



DSM is uniquely positioned in global innovation areas

Highlights Q3 2005



Strong improvement across the portfolio

		Δ Q3'04
➤ Net sales*	€ 1,995 mln	+ 2 %
➤ EBITDA*	€ 342 mln	+ 22 %
➤ EBIT*	€ 220 mln	+ 44 %
➤ Main drivers:		
-	Continuing strong results in Nutrition & Performance Materials	
-	Significant improvement in Life Science Products	
➤ Outlook:	EBIT* 2005 > € 800 mln	

* Ordinary activities.

Q3 results 2005, key figures



(€ mln)	Q3 '05	Q3 '04	Δ %
Net sales*	1,995	1,963	+ 2 %
EBITDA*	342	280	+ 22 %
EBIT*	220	153	+ 44 %
Net profit	147	119	+ 24 %
Free cash (cash from operations -/- capex)	134	124	+ 8 %
CAPEX (excl. acquisitions)	120	72	+ 67 %
Depreciation & amortization	122	127	- 4 %

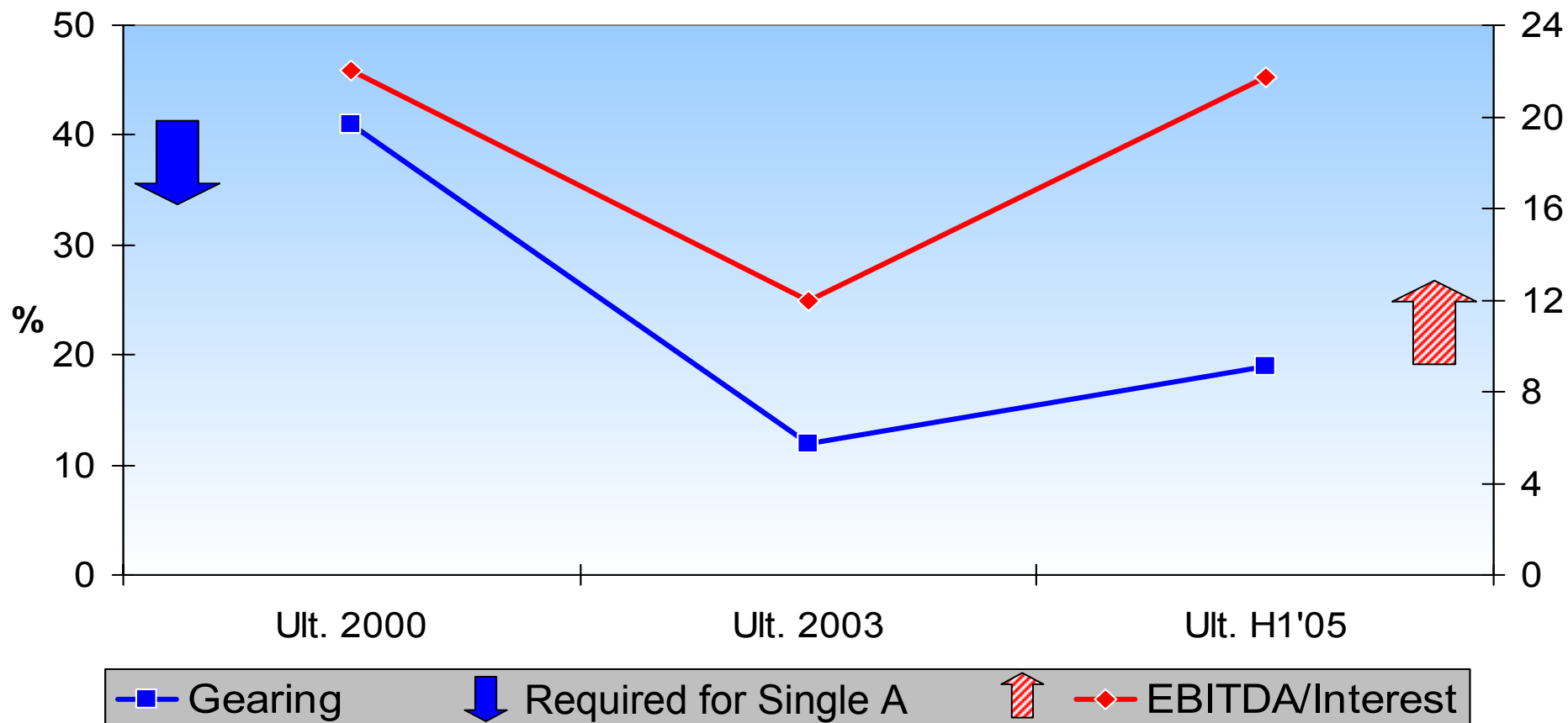
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Developments in October 2005

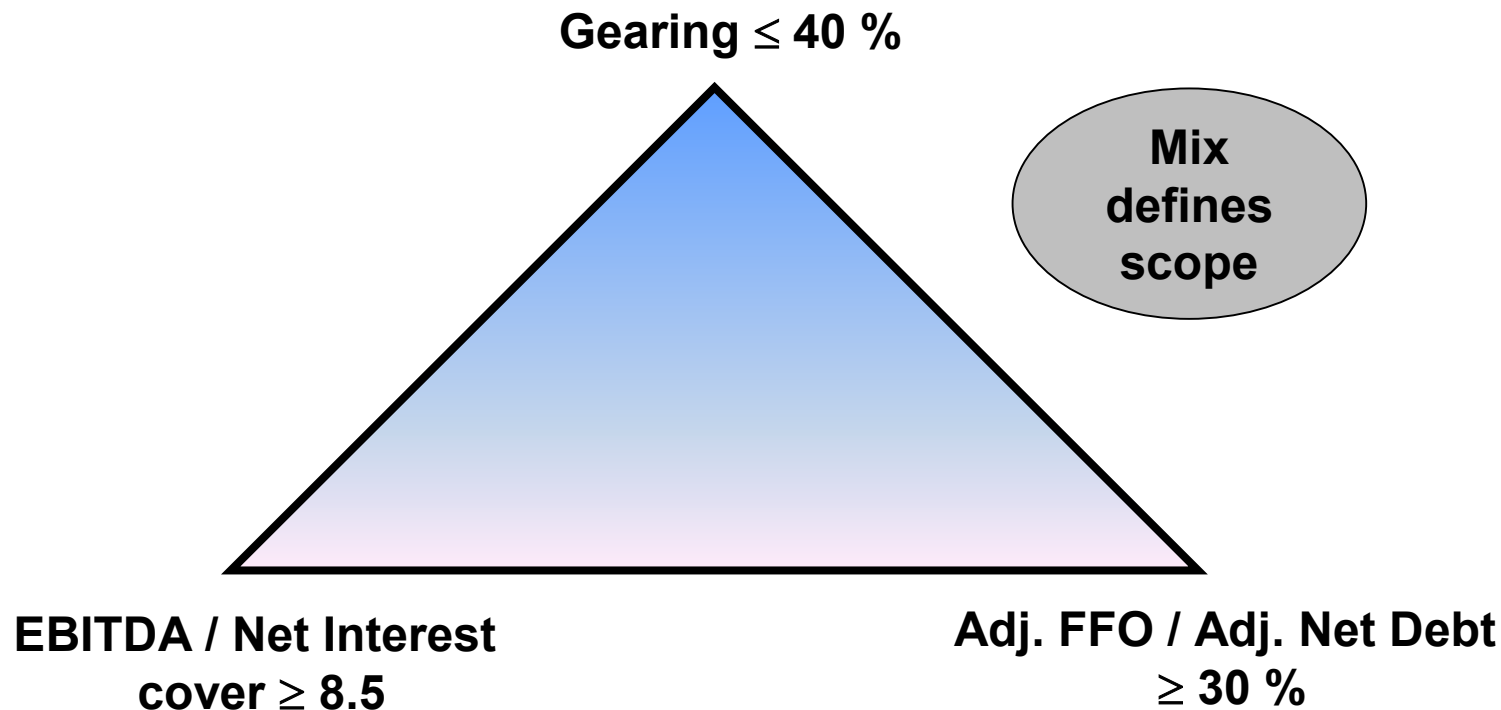


- Nutritional products and anti-infectives JVs with North China Pharmaceutical Group (NCPC)
 - DSM will acquire a minority stake in NCPC and a controlling interest in the two JVs
 - Cash investment for DSM: \$ 164 mln
 - NCPC will contribute its vitamin C & B12 and beta lactam antibiotics production units and marketing organizations
 - Expected JV sales: \$ 275 mln
- Acquisition of Syntech
 - Chinese coating resins producer with annual sales of \$ 30 mln
 - Will enable DSM to accelerate expansion in Chinese market
- Divestment of styrene-butadiene rubber business
 - Acquired by Lion Chemical Capital LLC
 - Transaction includes SBR plant in Baton Rouge, Louisiana, USA

Solid Financial Base Maintained



Capital Structure Single A



- Secure on EBITDA / interest cover
- Normative gearing 30-40%, defined as Net Debt / Total Capital
- Scope for gearing level depends on adj. FFO / adj. Net Debt

Financial Targets & Key Credit Statistics



	Dutch GAAP				IFRS	
	2001	2002	2003	2004	2004	LTM
EBITDA / Net Interest	10.7x	63.7x	23.3x	19.9x	18.8x	20.3x
EBIT / Net Interest	5.4x	32.1x	9.5x	9.6x	9.9x	12.2x
Net Debt / EBITDA	0.8x	NM ⁽¹⁾	0.9x	0.3x	0.5x	0.7x
Net Debt / Capitalization ⁽²⁾	16.8%	NM ⁽¹⁾	12.0%	6,5%	6.3%	13.9%
Adj. FFO / Adj. Net Debt ⁽³⁾	38.3%	NM ⁽¹⁾	26.2%	75.1%	75.8%	26.0%

(1) DSM had a net cash position after the disposal of its petrochemical business to Sabic.

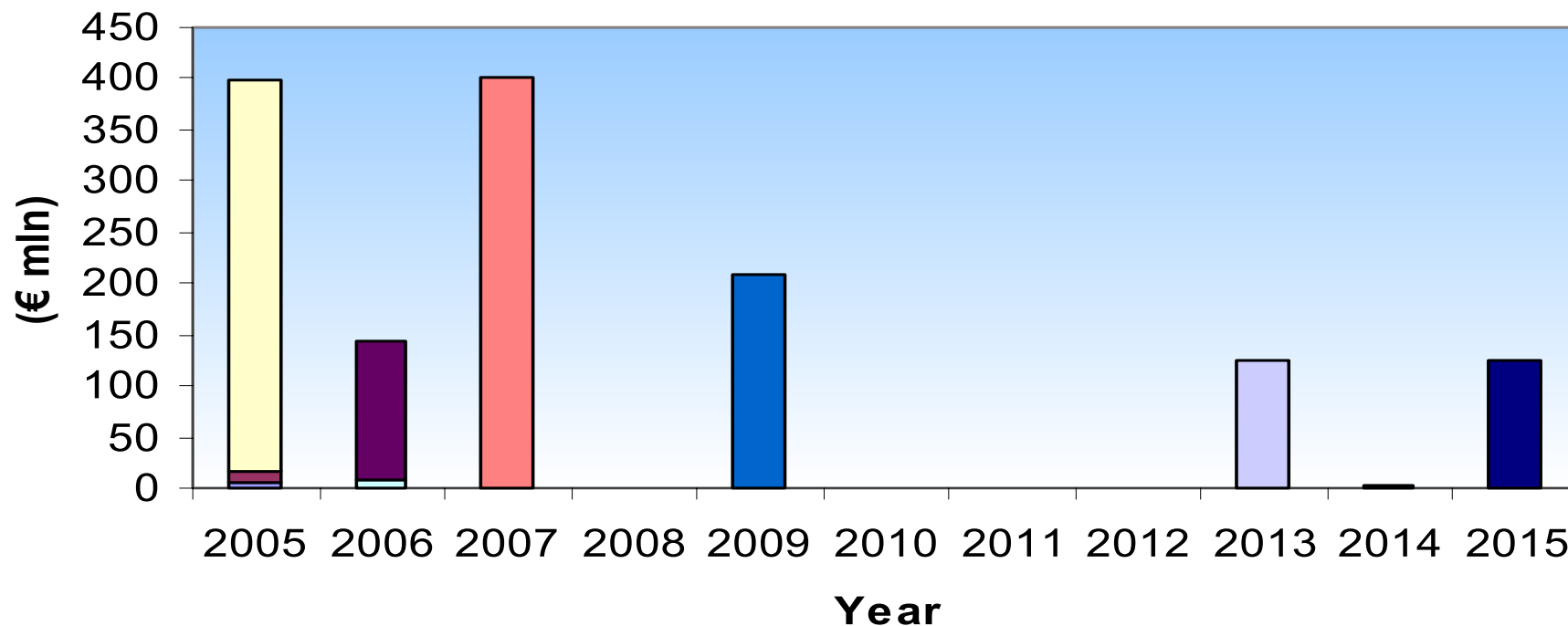
(2) Net Debt / Capitalization (equity + net debt) is calculated on the last day of the corresponding 12 month period.

(3) Adjusted Funds From Operations: Net Operating Cash Flow less Dividends.

Debt Maturity Profile



DSM Debt maturity profile



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Disclaimer



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