

DSM Press Release

DSM, Corporate Communications,
P.O. Box 6500, 6401 JH Heerlen, The Netherlands
Telephone (31) 45 5782421, Fax (31) 45 5740680
Internet: www.dsm.com
E-mail : media.relations@dsm.com



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DSM updates market on trading conditions and strategy progress at its annual Analysts Conference

Royal DSM N.V., the global Life Sciences and Materials Sciences company headquartered in the Netherlands, today will update investors and analysts at its annual Analysts Conference in Amsterdam (NL) on the progress made with its *Vision 2010* strategy. DSM is also providing an update on recent trading conditions.

[Feike Sijbesma](#), Chairman of the DSM Managing Board, comments: *“Customer demand in some markets improved in Q3 2009 compared to Q2, which is reflected in further improved results compared to the previous quarters. The extent to which this improved demand will be sustained in the coming quarters remains uncertain.*

“We continue our strategic commitment to our customers, innovation and values. DSM remains in good shape as a result of ongoing resilience of the Life Sciences businesses, early and aggressive action to reduce costs, a focus on cash, stringent management of working capital and a strong balance sheet. Our net debt continues to decrease. We are in an excellent position to take advantage of opportunities that will arise. DSM is staying the course.”

Strategy progress

During today's conference, DSM will update the investment community on progress made with its accelerated *Vision 2010* strategy which is aimed at DSM's transformation into a Life Sciences and Materials Sciences company. The following information will be given:

- Strategic commitment to customers, innovation and values maintained.
- Continued innovation growth despite the downturn. Additional innovation-related sales compared to 2005 are expected to reach approximately EUR 770 million in 2009, a nearly 30% increase on 2008.
- An ongoing strategic focus on emerging economies, which continue to grow (approaching 30% of DSM sales in 2008).
- Progress with the intended partnership with North China Pharmaceutical Corporation Ltd. (NCPC) to create three joint ventures in the areas of nutritional products and anti-infectives is delayed due to the acquisition of Hebei SASAC's stake in NCPC by JiZhong Energy Co.
- Continuation of the disposal program, with the aim of completing the disposals by the end of 2010.

Trading update

During Q3 2009 DSM has seen a continuation of the trends that were visible at the end of the second quarter with ongoing robust performance in Nutrition and a further improvement in Materials Sciences. The potential risk of temporarily lower demand during the summer did not materialize.

As a result of a better performance by the two Materials Sciences clusters and by the Base Chemicals & Materials cluster in July and August, operating profit from continuing operations before exceptional items for Q3 2009 is expected to be about double the EUR 58 million of Q2 2009.

Despite the improved performance in Q3 2009 compared to the previous quarter, customer demand is still fragile and the economic outlook remains uncertain. The movements in inventories in the value chain as well as the development of end-demand are difficult to separate and predict. Therefore DSM will continue to focus on cash and cost, but will at the same time continue its strategic commitment to customers, innovation and values. This is confirmed by the recent ranking as the sector number 1 in the Dow Jones Sustainability World Index.

For the Nutrition cluster, DSM continues to expect full year results to be somewhat above the 2008 level. Pharma results are expected to be substantially lower than last year although the results of DSM Pharmaceutical Products are expected to be better towards the end of the year.

In Performance Materials and Polymer Intermediates demand has clearly improved in Q3 compared to the first two quarters of the year. At Polymer Intermediates this improved situation could now lead to an operating result around break-even for the cluster in 2009. Uncertainty regarding demand for the rest of the year continues for both clusters.

The Base Chemicals & Materials cluster is still expected to be loss-making in 2009, in spite of a strong improvement in Q3.

In view of the uncertain economic conditions and the lack of clarity about future demand, DSM will provide no quantitative outlook for the full year 2009.

Webcast

The annual conference for analysts can be followed from 11.00 until 13.00 hrs (CET) 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, electrical and electronics, life protection and housing. DSM has annual net sales of EUR 9.3 billion and employs some 23,500 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.

For more information:

DSM Corporate Communications
Herman Betten
tel. +31 (0) 45 5782017
fax +31 (0) 45 5740680
e-mail media.relations@dsm.com

DSM Investor Relations
Hans Vossen
tel. +31 (0) 45 5782864
fax +31 (0) 45 5782595
e-mail investor.relations@dsm.com

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.