

Vision 2010 strategy update



“To address the economic downturn, DSM is committed to taking swift action, including cost savings, to support its profitability and cash generation. However, DSM will never compromise its Values, including Sustainability.”

Rolf-Dieter Schwalb
Member of the DSM Managing Board and Chief Financial Officer
With DSM since October 2006

DSM's accelerated *Vision 2010* — *Building on Strengths* strategy builds on the company's track record of portfolio transformation and sharpens its focus on Life Sciences and Materials Sciences at an increased pace. This focus is fueled by a number of societal trends. DSM aims to capture the opportunities offered by these trends.

DSM's focus on Life Sciences and Materials Sciences offers attractive growth potential, not just in the two individual fields but also in their combination. The cross-fertilization potential between Life Sciences and Materials Sciences is high. DSM is convinced that biotechnology, traditionally associated with Life Sciences, will increasingly play a role in developing new biomaterials while at the same time materials will be increasingly used in Life Sciences applications.

Description	Accelerated <i>Vision 2010</i> target
Organic Sales growth	> 5%
EBITDA margins	
• Nutrition	> 18%
• Pharma	> 19%
• Performance Materials	> 17%
• Polymer Intermediates	> 13% (average)
Sales in China	USD 1.5 bn by 2010
Growth from innovation	€ 1 bn by 2010
CFROI	WACC (7.5%) + 100bp
Sustainability	Energy savings target doubled Other targets confirmed
Total shareholder return	Above average for peer group

The company has defined four Emerging Business Areas (EBAs) to create growth platforms that are based on the strengths and synergies of DSM's positions in Life Sciences and Materials Sciences. These EBAs are Biomedical, Personalized Nutrition, Specialty Packaging and White Biotechnology.

With a unique combination of market positions and technologies, as illustrated by the company's leading position in white biotechnology, its long history in advanced chemical synthesis and its strong know-how with regard to Materials Sciences DSM has ample opportunities for innovative growth.

The main building blocks of DSM's accelerated *Vision 2010* transformation include reshaping the portfolio at an increased pace, the setting of ambitious new targets, measures related to DSM's shareholders and a reinforcement of DSM's Triple P policy.

At the same time DSM continues to see market-driven growth and innovation, an increased presence in emerging economies and operational excellence as its key strategic drivers.

The acceleration of DSM's portfolio transformation is an important prerequisite for increasing the focus on Life Sciences and Materials Sciences. *Vision 2010* entails the carve-out of businesses which do not fit with the accelerated strategy. These activities are grouped in the Base Chemicals and Materials cluster.