

Press Release

Heerlen (NL), 5 May 2021

DSM provides Q1 2021 trading update

Highlights¹

- DSM delivered a very good first quarter
- Group sales +7% and Adjusted EBITDA +13%
 - Nutrition: sales +7%, organic sales +7%, Adjusted EBITDA +9%
 - Materials: sales +13%, volumes +21%, Adjusted EBITDA +27%
- Outlook 2021: Group Outlook updated to reflect stronger Materials recovery

Key figures – continuing operations²

in € million	Q1 2021	Q1 2020	% Change	Volume	Price/mix	FX	Other
Sales	2,194	2,045	7%	9%	-1%	-6%	5%
Nutrition	1,678	1,575	7%	7%	0%	-6%	6%
Materials	467	413	13%	21%	-4%	-4%	0%
Adjusted EBITDA	441	390	13%				
Nutrition	352	324	9%				
Materials	108	85	27%				
Innovation	6	5					
Corporate	-25	-24					
EBITDA	425	326					
Adjusted EBITDA margin	20.1%	19.1%					

Co-CEOs statement

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs, commented: *“We made a very good start to the year despite the ongoing challenging COVID-19 environment. Our Nutrition business continued to perform well, with positive momentum in line with the trading conditions we saw during the second half of 2020.*

The strong recovery of our Materials business at the end of last year has continued into Q1, supported by ongoing restocking by customers. Our increasing confidence in the recovery for Materials, combined with our unchanged positive outlook for Nutrition, leads us to increase our overall outlook for the Group for 2021.”

Outlook 2021

For the full year, DSM continues to expect an Adjusted EBITDA increase in Nutrition at the upper end of its mid-term strategic ambition of high single digit growth. Together with a stronger recovery in Materials than foreseen at the FY 2020 results release, DSM now expects an Adjusted EBITDA growth rate for the Group moving towards the mid-teens, with a continued good Adjusted Net Operating Free Cash Flow.

¹ Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects results from usual operations. Organic sales growth is the total impact of volume and price/mix. Adjusted Net Operating Free Cash Flow is the cash flow from operating activities, corrected for the cash flow of the APM adjustments, minus the cash flow of capital expenditures and drawing rights.

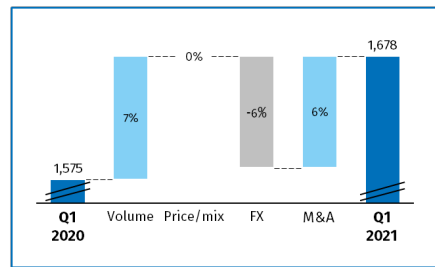
² Results and KPIs throughout this document reflect continued operations, excluding the Resins & Functional Materials and associated businesses which were classified as ‘held for sale’ in September 2020. The sale was finalized on 1 April 2021.

Review by Cluster

Nutrition

in € million	Q1 2021	Q1 2020	% Change	Q1 2021	Q1 2020	% Change
Sales	1,678	1,575	7%	1,678	1,575	7%
Adjusted EBITDA	352	324	9%	352	324	9%
Adjusted EBITDA margin (%)	21.0%	20.6%		21.0%	20.6%	

Sales development



Q1 2021 Sales

Nutrition had a good start to the year with 7% organic sales growth. The contributions from the acquisitions of Glycom and Erber were offset by strong negative foreign exchange effects.

All Nutrition businesses enjoyed a good quarter:

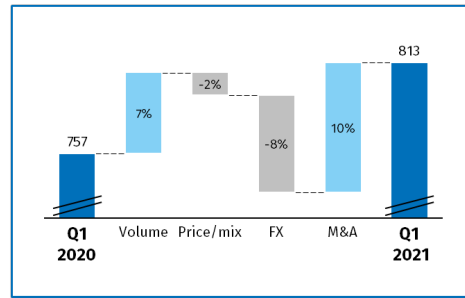
- Animal Nutrition (5% organic growth) saw good business conditions.
- Human Nutrition (11% organic growth) experienced continued strong demand for immunity-optimizing products.
- Other Nutrition reported 6% organic sales growth, with Food Specialties having a strong quarter. Personal Care & Aroma Ingredients recorded a continued good performance in Aroma Ingredients and a further recovery in Personal Care, although these activities are not yet fully back to pre-COVID levels.

Q1 2021 Adjusted EBITDA

Adjusted EBITDA was up 9% driven by higher volumes. The strong contribution from the Glycom and Erber acquisitions (9%) was almost fully offset by negative foreign exchange effects (-8%). The Adjusted EBITDA margin was up 40 bps to 21.0% despite the negative foreign exchange effects.

Animal Nutrition

Sales development



Q1 2021 Sales

Animal Nutrition delivered 7% volume growth compared to an exceptionally strong Q1 2020 period that benefitted from COVID-19 stocking effects. Q1 2021 sales were again positively impacted by high levels of customer pre-buying driven by concerns relating to logistics disruptions, including the shortages in sea container transport.

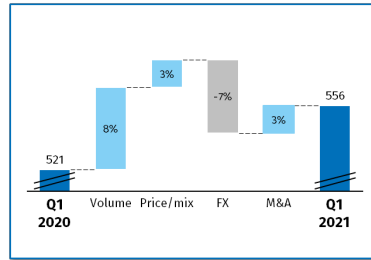
Business conditions continued to be good with an especially strong performance in China and LATAM. Poultry and swine performed well. Swine benefitted from the ongoing recovery from the African Swine Fever disease in China, although the rebuilding of swine herds slowed somewhat due to new outbreaks. DSM's beef business continued to benefit from strong exports from LATAM, especially to China.

Prices were -2% mainly driven by mix effects.

Erber, one of the world's largest suppliers of eubiotics and the market leader in mycotoxin risk management, which was consolidated from 1 October 2020, delivered a strong quarter with €80 million sales and with a total Adjusted EBITDA of €20 million.

Human Nutrition

Sales development



Q1 2021 Sales

Human Nutrition saw overall strong business conditions continue in the quarter with a strong performance in China, APAC and LATAM.

Dietary Supplements and Pharma recorded a strong performance supported by the ongoing strong demand for immunity-optimizing products. Food & Beverages delivered a solid performance driven by continued good demand for packaged foods. Early Life Nutrition sales continued to be negatively impacted by lower global birth rates exacerbated by COVID-19.

Prices were up 3%, supported by a recovery in vitamin C prices and strong demand for premixes.

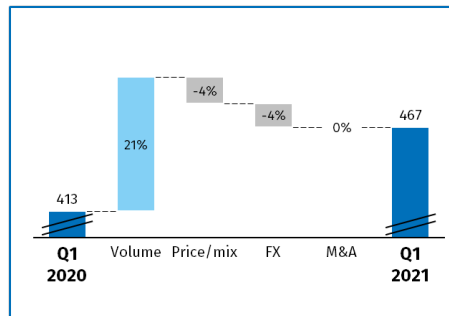
Glycom, the world's largest developer and producer of human milk oligosaccharides (HMOs), which was consolidated as from 1 April 2020, had a good quarter with €18 million sales and an Adjusted EBITDA of €10 million in line with their performance in Q1 2020.

Materials

Continuing operations

in € million	Q1 2021	Q1 2020	% Change	Q1 2021	Q1 2020	% Change
Sales	467	413	13%	467	413	13%
Adjusted EBITDA	108	85	27%	108	85	27%
Adjusted EBITDA margin (%)	23.1%	20.6%		23.1%	20.6%	

Sales development



Q1 2021 Sales

After a strong recovery in Q4 2020, especially in Engineering Materials, DSM saw a further acceleration of sales driven by strong end user demand, restocking, and tight supply chain conditions. Volumes were up 21% versus Q1 2020 (+12% versus Q1 2019).

The supply chain dynamics driving demand for Materials are much stronger than the increase in the actual production rate of end-products. Visibility as to the underlying end user demand going forward remains limited.

- Engineering Materials reported an exceptionally strong quarter driven by very strong demand for high performance specialty plastics from both automotive and electronics and electrics.
- Protective Materials started to see demand for personal protection recovering as COVID-19 related closures at customers are gradually being lifted.

Prices were down 4% due to mix effects.

Q1 2021 Adjusted EBITDA

Adjusted EBITDA was up +27% versus Q1 2020 (+19% versus Q1 2019), driven by strong operational leverage. The Adjusted EBITDA margin was 23.1%, up 250 bps versus Q1 2020 and up 280 bps versus Q1 2019, despite negative foreign exchange effects.

Notes to this trading update

The financial reporting in this trading update is prepared in accordance with the accounting policies as applied in DSM's 2020 Integrated Annual Report. The reported financial and non-financial data in this trading update have not been audited.

Heerlen, 5 May 2021
The Managing Board

Geraldine Matchett, Co-CEO
Dimitri de Vreeze, Co-CEO

Financial calendar

6 May 2021	Annual General Meeting of Shareholders
3 August 2021	Publication of the half year results of 2021
2 November 2021	Trading update for the first nine months of 2021

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Additional Information

Starting in 2021, DSM changed its reporting cycle, in line with the established practice of many of its consumer ingredients peers. From Q1 2021, DSM will provide a trading update for Q1 and Q3. DSM will organize media and analyst calls during half year and full year.

DSM – Bright Science. Brighter Living.™

Royal DSM is a global, purpose-led, science-based company active in Nutrition, Health and Sustainable Living. DSM's purpose is to create brighter lives for all. DSM addresses with its products and solutions some of the world's biggest challenges while simultaneously creating economic, environmental and societal value for all its stakeholders – customers, employees, shareholders, and society at large. DSM delivers innovative solutions for human nutrition, animal nutrition, personal care and aroma, medical devices, green products and applications, and new mobility and connectivity. DSM and its associated companies deliver annual net sales of about €10 billion with approximately 23,000 employees. The company was founded in 1902 and is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

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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.