DSM in motion: driving focused growth

Annual results 2011

Feike Sijbesma
CEO / Chairman Managing Board

Annual General Meeting of Shareholders 2012
Safe harbor statement

This presentation 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 presentation, unless required by law.

The English language version of this document is leading.

A more comprehensive discussion of the risk factors affecting DSM’s business can be found in the company’s latest Annual Report, which can be found on the company's corporate website, www.dsm.com
Overview

- **Operational performance 2011**
- Progress on strategy
- Transforming our organization
- Outlook 2012
DSM reports another strong year and increases dividend

- Full year EBITDA continuing operations increased 12% to €1,296 million
- Life Sciences delivered further EBITDA growth through Nutrition
- Strong year Materials Sciences with record Polymer Intermediates results
- Good strategic progress: Martek acquisition & joint venture Sinochem
- EPS (before exceptional items, continuing operations) up 22% to €3.53
- Dividend increase by €0.10 to €1.45 per ordinary share proposed for 2011
- Cautiously optimistic outlook; on the way to achieve 2013 targets
## Results FY 2011 - Key figures

<table>
<thead>
<tr>
<th>(€ million)</th>
<th>FY - 2011</th>
<th>FY - 2010</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations before exceptional items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>9,048</td>
<td>8,176</td>
<td>+11%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,296</td>
<td>1,161</td>
<td>+12%**</td>
</tr>
<tr>
<td>EBIT</td>
<td>866</td>
<td>752*</td>
<td>+15%</td>
</tr>
<tr>
<td><strong>Total DSM before exceptional items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>9,193</td>
<td>9,050</td>
<td>+2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,325</td>
<td>1,278</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>Total DSM including exceptional items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>814</td>
<td>507</td>
<td>+61%</td>
</tr>
<tr>
<td>EPS (€)</td>
<td>4.86</td>
<td>3.03</td>
<td>+60%</td>
</tr>
</tbody>
</table>

* of which €33 million IFRS pension adjustment

**15% if IFRS pension adjustment is excluded
## EBITDA - DSM continuing business

<table>
<thead>
<tr>
<th>EBITDA (€ million)</th>
<th>2011</th>
<th>2010</th>
<th>2009 (*)</th>
<th>2008 (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition</td>
<td>735</td>
<td>684</td>
<td>655</td>
<td>585</td>
</tr>
<tr>
<td>Pharma</td>
<td>36</td>
<td>61</td>
<td>91</td>
<td>150</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>293</td>
<td>283</td>
<td>174</td>
<td>266</td>
</tr>
<tr>
<td>Polymer Intermediates</td>
<td>380</td>
<td>223</td>
<td>36</td>
<td>43</td>
</tr>
<tr>
<td>Innovation Center (*)</td>
<td>-57</td>
<td>-49</td>
<td>(**)</td>
<td>(**)</td>
</tr>
<tr>
<td>Corporate Activities (*)</td>
<td>-91</td>
<td>-41</td>
<td>-122</td>
<td>-80</td>
</tr>
<tr>
<td><strong>DSM core business</strong></td>
<td>1,296</td>
<td>1,161</td>
<td>834</td>
<td>964</td>
</tr>
</tbody>
</table>

* 2008 & 2009 not restated for changes in pension accounting and corporate research costs
** 2008 & 2009 Innovation Center was reported in Corporate activities
### Cash flow

<table>
<thead>
<tr>
<th>Cash Flow (€ million)</th>
<th>FY ’11</th>
<th>FY ’10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operating activities</td>
<td>882</td>
<td>1,103</td>
</tr>
<tr>
<td>Cash from investing activities*</td>
<td>-741</td>
<td>-132</td>
</tr>
<tr>
<td>Free cash flow from operations*</td>
<td>141</td>
<td>971</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance sheet (€ million)</th>
<th>YE 2011</th>
<th>YE 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>318</td>
<td>-108</td>
</tr>
<tr>
<td>Gearing</td>
<td>5%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

*: Excl. fixed-term deposits

### OWC development Q1’09 - Q4’11

- **OWC (€m)**: OWC development over the period Q1’09 to Q4’11.
- **% OWC/Sales (right axis)**: Percentage of OWC relative to sales.

- **YEC 2011**: Year-end cash flow.

- **Q1’09 to Q4’11**: Quarterly cash flow distribution.
Dividend increased for the 2\textsuperscript{nd} consecutive year

- **Dividend policy:**
  “stable and preferably rising”

- **Proposal to AGM:**
  €0.10 increase to €1.45 (7\% increase)
  - € 0.45 interim dividend
  - € 1.00 final dividend

- **Payable in cash or ordinary shares**
Overview

- Operational performance 2011
- Progress on strategy
- Transforming our organization
- Outlook 2012
Bright Science. Brighter Living.™ creating value for

CUSTOMERS
Meeting consumer demands, becoming supplier of choice

SHAREHOLDERS
Delivering sustainable value creation

EMPLOYEES
Engaged, motivated and talented team

SOCIETY
Innovations addressing:
Global Shifts
Health & Wellness
Climate & Energy
Global societal trends drive DSM’s markets

Health & Wellness

Global shifts

Climate & Energy

Ageing population

Population growth

Resources constraints

Healthcare costs

Urbanization

Energy security

Food security

Wealth

Sustainability

Health

Nutrition

Materials
DSM in motion: driving focused growth

- Global Shifts
- Climate and Energy
- Health and Wellness
- High Growth Economies
- Innovation
- Sustainability
- Acquisitions & Partnerships
- Life Sciences
- Materials Sciences
## On track towards achieving ambitious targets

<table>
<thead>
<tr>
<th>Profitability targets 2013</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>€ 1.4 - 1.6bn</td>
</tr>
<tr>
<td>ROCE</td>
<td>&gt;15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales targets 2015</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic sales growth</td>
<td>5% - 7% annually</td>
</tr>
<tr>
<td>China sales</td>
<td>from US$ 1.5bn to &gt;US$ 3bn</td>
</tr>
<tr>
<td>High Growth Economies</td>
<td>from ~32% towards 50% of sales</td>
</tr>
<tr>
<td>Innovation</td>
<td>from ~12% to 20% of total sales</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBA aspiration 2020</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBA sales</td>
<td>&gt;€ 1bn</td>
</tr>
</tbody>
</table>
Good progress towards sustainability aspirations

<table>
<thead>
<tr>
<th>Sustainability aspirations 2011 - 2015</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dow Jones Sustainability</td>
<td>No 1 Chemical sector</td>
</tr>
<tr>
<td>ECO+ (innovation pipeline)</td>
<td>94%</td>
</tr>
<tr>
<td>ECO+ (running business)</td>
<td>41%</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>13% improvement*</td>
</tr>
<tr>
<td>Greenhouse Gas Emissions</td>
<td>8% increase*</td>
</tr>
<tr>
<td>Engagement Survey</td>
<td>71% Favorable**</td>
</tr>
<tr>
<td>Diversity &amp; People+</td>
<td>Updated***</td>
</tr>
</tbody>
</table>

* Cumulative improvement from 2008 till FY 2011
** Measured end 2011, 8% below High Performance Norm
*** People+ refers to DSM product solutions that create a measurable better impact on people (health, well-being etc.) than mainstream competing solutions. The framework is established, people+ measurement is under development
2011 step up in High Growth Economies

Step up in High Growth Economies

- High Growth economies up to 40% total sales
- Sales China increased to US$ 2bn in 2011

Organizational change

- Business Group HQ’s moved to Asia:
  - Engineering Plastics to Singapore
  - Fiber Intermediates to Shanghai
  - DSM Sinochem Pharma JV to Hong Kong
- Innovation centers in China & India
- Strengthened regional capabilities (China, India, Russia and LAM)
Good progress on growth via innovation

Innovation

- Increased to 18% of sales

Several business highlights:

- Acquisition C5 Yeast Company increased leadership cellulosic bio-ethanol
- DSM & Roquette JV start construction commercial bio-succinic acid plant
- DSM & DuPont set up surgical biomaterials JV
- DSM & POET established Advanced Biofuels JV to commercially demonstrate and license cellulosic bio-ethanol
- More than 300 patents filed (240 in 2010)
Well on track with sustainability ambitions

Sustainability

- Sector leader Dow Jones Sustainability Index
- Eco+ sales ~41% of running business
- Eco+ innovations 94% of pipeline
- Energy efficiency of 13% well on track to reach 20% improvement by 2020 versus 2008

Several business highlights:

- Sustainable high purity vitamin D (Quali-D®) to address deficiencies
- First full range of zero-styrene composite resins launched
- Using Cradle-to-Cradle® concept in several collaborations

Slide 17
Major steps in acquisitions and partnerships

Acquisition of Martek Biosciences

- Leading market positions PUFAs & Infant Formula
- Excellent performance
- Integration completed

DSM Sinochem Pharmaceuticals JV

- Strengthened β-lactam anti-infectives (esp China)
- Further growth announced; construction 6-APA & announcement SSCs

Other

- Completion of non-core divestments
- 10 other partnerships and acquisitions
- 5 venturing investments

Expectations 2015
- Double digit sales growth
- Stable to rising EBITDA margins

Expectations by 2015
- JV to increase its sales to > € 600m
- EBITDA margin >15%
Overview

- Operational performance 2011
- Progress on strategy
- Transforming our organization
- Outlook 2012
High performance organization ‘One DSM’

Collaborating in

‘One DSM’

- Global high performance organization
- Business Groups as building blocks
- Strengthened by Regions
- Optimized via Shared Services & Functional Excellence

Supported by

Culture Change program

- Change Themes:
  - External Orientation
  - Accountability for Performance
  - Inspirational Leadership

- Based on joint belief in:
  - Sustainability & Diversity
Further internationalization of workforce

Expected development

Executives

2010

2015

Europe

US

HGE

Expected development

Top and High Potentials

2010

2015

Europe

US

HGE
Governance: committed to our values

- Living according to our values:
  - Valuable partnerships
  - Respect for people
  - Good corporate citizenship

- DSM supports the amended Dutch corporate governance code and applies all of its 113 Best Practices

- Continuous dialogue with all stakeholders

- Risk management system in place
Overview

- Operational performance 2011
- Progress on strategy
- Transforming our organization
- Outlook 2012
Highlights Q1 2012

DSM reports positive start to the year with robust Q1 results

- Q1 EBITDA from continuing operations €306 million (Q1 2011: €325 million)
- Strong results in Life Sciences due to continued growth in Nutrition
- Materials Sciences showed strong improvement compared to Q4 2011
- Joint venture with POET established to unlock the advanced biofuels opportunity
- Recently announced planned tender offer to acquire Kensey Nash to establish DSM Biomedical as new profitable growth platform
- Cautiously optimistic outlook, on the way to achieve 2013 targets
Two exciting new growth platforms established

Life Sciences  Materials Sciences

2 new growth platforms

**DSM Bio-based Products & Services**
- Bio-succinic acid
- Cellulosic bio-ethanol
- Bio-based adipic acid
  ...

**DSM Biomedical**
- Biomedical coatings
- Dyneema Purity®
- Polyurethanes Silicone
- Hydrogels (PTG)
- Kensey Nash
  ...

Outlook

- In **Nutrition** EBITDA is expected to be above 2011.

- **Pharma** is expected to deliver a slightly improved EBITDA despite the 50% deconsolidation of the anti-infectives business.

- Based on current insights, EBITDA of the **Performance Materials** cluster is expected to be somewhat higher than in 2011.

- For **Polymer Intermediates** another strong year is expected, at a level above the historical average, but EBITDA will be clearly lower than the exceptional result in 2011.

- Overall DSM remains cautiously optimistic for the year 2012, on its way to achieve the 2013 targets.
Wrap up

- Positive start to the year with robust Q1 results

- Good strategic progress
  - JV with POET to make advanced biofuels a reality
  - Acquisition of certain assets from Verenium
  - Recently announced planned tender offer to acquire Kensey Nash to establish DSM Biomedical as new profitable growth platform

- DSM is well placed in current macro-economic environment
  - Relatively resilient portfolio
  - Strong presence in High Growth Economies
  - Strong balance sheet

- Cautiously optimistic outlook, on the way to achieve 2013 targets
Contact:

DSM Investor Relations
P.O. Box 6500, 6401 JH Heerlen, The Netherlands
☎ (+31) 45 578 2864
e-mail: investor.relations@dsm.com
internet: www.dsm.com

visiting address: Het Overloon 1, Heerlen, The Netherlands
Mission of DSM

Our purpose is to create brighter lives for people today and generations to come.

We connect our unique competences in life sciences and materials sciences to create solutions that nourish, protect and improve performance.
Strengthened regional business management