DSM in motion: *driving focused growth*

Annual results 2010

Feike Sijbesma
CEO / Chairman Managing Board

Annual General Meeting of shareholders 2011
Safe harbor statement

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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 2010
• Strategy Vision 2010 successfully completed
• DSM in motion: driving focused growth
• Outlook 2011
Highlights FY 2010

**DSM reports strong 2010 results and proposes dividend increase to € 1.35**

- *Vision 2010* strategy successfully completed; DSM will now drive focused growth
- Full-year operating profit from continuing operations up 74% to € 752 million
- Very good Nutrition performance drives Life Sciences results
- Significant improvement in Materials Sciences results
- Continued strong cash flow from operating activities of € 1.1 billion in 2010
- Dividend increase of 12.5% to € 1.35 per ordinary share proposed for 2010
- 2011 is expected to be a strong year for DSM towards achieving the 2013 targets
## Results FY 2010 - Key figures

<table>
<thead>
<tr>
<th></th>
<th>FY - 2010</th>
<th>FY - 2009</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>8,176</td>
<td>6,725</td>
<td>+22%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,161</td>
<td>834</td>
<td>+39%</td>
</tr>
<tr>
<td>EBIT</td>
<td>752</td>
<td>433</td>
<td>+74%</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>9,050</td>
<td>7,866</td>
<td>+15%</td>
</tr>
<tr>
<td>EBIT</td>
<td>838</td>
<td>443</td>
<td>+89%</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>507</td>
<td>337</td>
<td></td>
</tr>
<tr>
<td>EPS (€)</td>
<td>3.03</td>
<td>2.01</td>
<td></td>
</tr>
</tbody>
</table>
Operating Profit - DSM core business

<table>
<thead>
<tr>
<th>EBIT (€ million)</th>
<th>FY - 2010</th>
<th>FY - 2009</th>
<th>FY - 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition</td>
<td>569</td>
<td>521</td>
<td>447</td>
</tr>
<tr>
<td>Pharma</td>
<td>7</td>
<td>32</td>
<td>89</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>179</td>
<td>68</td>
<td>175</td>
</tr>
<tr>
<td>Polymer Intermediates</td>
<td>192</td>
<td>6</td>
<td>19</td>
</tr>
<tr>
<td>Others</td>
<td>-195</td>
<td>-194</td>
<td>-139</td>
</tr>
<tr>
<td><strong>DSM core business</strong></td>
<td><strong>752</strong></td>
<td><strong>433</strong></td>
<td><strong>591</strong></td>
</tr>
</tbody>
</table>

- Full year EBIT was € 752 million, which was 74% above 2009 and 27% above 2008
## Strong cash flow

### Cash Flow (€ million)

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operating activities</td>
<td>1,103</td>
<td>1,276</td>
</tr>
<tr>
<td>Cash from investing activities*</td>
<td>-132</td>
<td>-273</td>
</tr>
<tr>
<td>Free cash flow from operations*</td>
<td>971</td>
<td>1,003</td>
</tr>
</tbody>
</table>

### Balance sheet (€ million)

<table>
<thead>
<tr>
<th></th>
<th>YE 2010</th>
<th>YE 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>-108</td>
<td>830</td>
</tr>
<tr>
<td>Gearing</td>
<td>-2%</td>
<td>14%</td>
</tr>
</tbody>
</table>

* Excl. fixed term deposits

### OWC development Q3’08 - Q4’10

- OWC (€m)
- % OWC/Sales (right axis)

- YE: 17.9%

- Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 '08 '08 '09 '09 '09 '09 '10 '10 '10 '10
Proposal to AGM to increase dividend

- Dividend policy “stable - preferably rising”
- Proposal to AGM (April 2011):
  - Increase dividend by 12.5% to € 1.35
  - Introduce optional stock dividend
- Further dividend increase expected to at least € 1.50 in coming years
Overview

- Operational performance Q4 2010
- **Strategy Vision 2010 successfully completed**
- DSM in motion: *driving focused growth*
- Outlook 2011
DSM: Transformation completed

2000
- Petrochemicals
- Engineering
- Plastic Products
- Base Chemicals
- & Materials
- Others

2005
- Base Chemicals
- & Materials
- Others

2010*
- Polymer
- Intermediates
- Performance
- Materials
- Pharma
- Nutrition

* Excluding discontinued
## Strong performance in a challenging period

<table>
<thead>
<tr>
<th></th>
<th>Actual 2010</th>
<th>Target 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic growth</strong>&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>19%</td>
<td>&gt; 5% per year on average</td>
</tr>
<tr>
<td><strong>EBITDA margins / net sales margin per cluster</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Nutrition</td>
<td>23.4%</td>
<td>&gt; 18%</td>
</tr>
<tr>
<td>• Pharma</td>
<td>8.8%</td>
<td>&gt; 19%</td>
</tr>
<tr>
<td>• Performance Materials</td>
<td>11.9%</td>
<td>&gt; 17%</td>
</tr>
<tr>
<td>• Polymer Intermediates&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>16.4%</td>
<td>&gt; 13%</td>
</tr>
<tr>
<td><strong>Growth from innovation</strong></td>
<td>€ 1.3bn</td>
<td>€ 1bn</td>
</tr>
<tr>
<td><strong>Sales in China</strong></td>
<td>US$ 1.6bn</td>
<td>US$ 1.5bn</td>
</tr>
<tr>
<td><strong>CFROI&lt;sup&gt;3)&lt;/sup&gt;</strong></td>
<td>9.2%</td>
<td>WACC (7.5%) + 100bp</td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td>All achieved</td>
<td>Energy savings 2% / year other targets</td>
</tr>
<tr>
<td><strong>Total Shareholders return</strong></td>
<td>130% vs. 146% for peer group&lt;sup&gt;4)&lt;/sup&gt;</td>
<td>Above peer group average</td>
</tr>
</tbody>
</table>

1) Average over the period 2006 - 2010: 5%
2) On average over the period 2006 - 2010: 9.2%
3) Achieved in 4 out of 5 years during the Vision 2010 period
4) Total Shareholder Return 2006 - 2010 DSM: 131%, peer group: 151%. This peer group consists of AkzoNobel, BASF, Clariant, Danisco, DuPont, EMS Chemie Holding, Kerry, LANXESS, Lonza Group, Novozymes, Rhodia and Solvay
Overview

- Operational performance Q4 2010
- Strategy *Vision 2010* successfully completed
- **DSM in motion: driving focused growth**
- Outlook 2011
A new era, a new brand

**Bright Science. Brighter Living.™** - symbolizes:
- The strategy: portfolio transformation completed, entering a new era of growth: DSM, the Life Sciences and Materials Sciences Company
- Our People, Planet, Profit approach; Sustainability: value to business driver
- The culture change program (adapting to our businesses)
- One DSM: the way we work together
DSM in motion: *driving focused growth*
Driving focused growth, ambitious targets

<table>
<thead>
<tr>
<th>Profitability targets 2013</th>
</tr>
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<tbody>
<tr>
<td>EBITDA</td>
</tr>
<tr>
<td>ROCE</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Sales targets 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic sales growth</td>
</tr>
<tr>
<td>China sales</td>
</tr>
<tr>
<td>High Growth Economies</td>
</tr>
<tr>
<td>sales</td>
</tr>
<tr>
<td>Innovation sales</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>EBA aspiration 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBA sales</td>
</tr>
</tbody>
</table>
## Clear sustainability aspirations support strategy

### Sustainability aspirations 2011 - 2015

<table>
<thead>
<tr>
<th><strong>Dow Jones Sustainability Index:</strong></th>
<th>Top ranking (“Gold”)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECO+ (innovation pipeline):</strong></td>
<td>at least 80% of pipeline is ECO+</td>
</tr>
<tr>
<td><strong>ECO+ (running business):</strong></td>
<td>from ~34% towards 50%</td>
</tr>
<tr>
<td><strong>Energy efficiency:</strong></td>
<td>20% improvement from 2008 till 2020</td>
</tr>
<tr>
<td><strong>Greenhouse Gas emissions:</strong></td>
<td>25% reduction from 2008 till 2020</td>
</tr>
<tr>
<td><strong>Engagement Survey:</strong></td>
<td>towards High Performance Norm</td>
</tr>
<tr>
<td><strong>Diversity &amp; People+:</strong></td>
<td>to be updated in 2011</td>
</tr>
</tbody>
</table>
High Growth Economies offer many opportunities

70% of DSM growth from High Growth Economies
Accelerating growth in High Growth Economies

From reaching out to becoming truly global

- Sales HGE (2010): 37% of total sales
- Expected Sales Growth DSM (2011-2015): 70% from HE

- Other recent highlights
  - Partnership Engineering Plastics Russia
  - JV Tatenergo (Tatarstan-Russia) in feed premixes
  - Manufacturing collaborations for resins in Turkey and India

High Growth Economies sales %

- 2005: 22%
- 2010: 37%
- 2015T: 50%
Intended regional setup with strategic ambition

Strengthening regional business management
Further step-up in China

Doubling China sales by 2015

- 2010 China sales is US$ 1.6bn
- Above Vision 2010 target

Other recent highlights:
- Partnership Sinochem (Anti-infectives)
- Premix network enlarged
- New research centers
- New 200kt caprolactam facility announced with Sinopec
- Acquisition in high performance fibers

Impressive growth China sales

- 2005 2010 2015T
- US$ 0.5bn
- US$ 1.6bn
- US$ 3.0bn
Innovation

From building the machine to doubling the output

- €1.3bn innovation sales (2010)
- €1.0bn 2010 target exceeded (despite strong headwinds)
- Further boosting innovation performance
  - Focused Innovation platforms
  - Regional Innovation Centers
  - Excellence in innovation practices
- 2015: innovation sales 20% of total sales (new definition)
- 2020: EBA sales >€1bn

Total innovation sales (€m)

2010: €1.3bn
EBAs: Building new growth platforms

- **DSM Biomedical**
  Biomedical materials & coatings (e.g. Dyneema Purity®)
  Drug delivery systems (e.g. Trancer™)

- **DSM Biobased Products & Services**
  Enzymes and yeast for 2nd generation biofuels
  Biobased materials (e.g. succinic acid)

- **DSM Advances Surfaces**
  Anti-reflective coatings (e.g. solar panels)

**Aspirations**
- Sales in 2020 > € 1bn
- High EBITDA margin

**Repositioned**
- Personalized Nutrition
- Speciality packaging
Sustainability

From responsibility to business driver

- 2010: no. 1 Dow Jones Sustainability Index (DJSI) for Chemicals (#1: 5 out of 7 years)
- ~ 89% of DSM innovation pipeline are ECO+
- ~ 40% of DSM’s running business is ECO+

Other recent highlights:
- Improved employee engagement
- Working with suppliers to reduce carbon footprint by 20% by 2020
- CEO Feike Sijbesma received the UN “Humanitarian of the Year” Award
Acquisitions and partnerships

From portfolio transformation to growth

- Partnership Sinochem in Anti-infectives
- DSM to acquire Martek (adding new growth platform)

Other recent highlights:
- Acquisition green winning UV resins in Taiwan
- Acquisition High Performance Fibre in China
- Engineering plastics; 2 JVs and licensing deal in Russia
- Composite resins partnership India
DSM in motion: Driving focused growth

High Growth Economies
from reaching out to becoming truly global

Innovation
from building the machine to doubling the output

Sustainability
from responsibility to business driver

Acquisitions & Partnerships
from portfolio transformation to growth

Life Sciences and Materials Sciences
addressing key global trends & exploiting cross fertilization in One DSM

Nutrition
continued value growth

Pharma
leveraging partnerships for growth

Perf Mat
growing via innovative sustainable solutions

Pol Int
strengthening backward integration for DEP

EBAs
building new growth platforms
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.
Next step in organizational development

Collaborating in ‘One DSM’

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

Supported by Culture Change program

- Change Themes:
  - External Orientation
  - Accountability for Performance
  - Inspirational Leadership
- Based on joint belief in:
  - Sustainability & Diversity
Overview

- Operational performance Q4 2010
- Strategy Vision 2010 successfully completed
- DSM in motion: driving focused growth
- Outlook 2011
Highlights Q1 2011

**DSM reports very strong Q1 2011 continuing its positive momentum**

- Q1 EBITDA from continuing operations up 14% to € 325 million
- Life Sciences results driven by ongoing good performance in Nutrition
- Materials Sciences posts solid results reflecting volume gains and pricing strength
- EPS € 0.91, 30% higher also due to a lower tax rate
- Martek integration underway; EBITDA in line with expectations
- 2011 is expected to be a strong year for DSM towards achieving the 2013 targets
Outlook 2011

• Nutrition results are expected to be clearly above last year
• Pharma results are expected to be lower than in 2010
• Performance Materials results are expected to be clearly above last year
• Polymer Intermediates is expected to continue its excellent performance
• 2011 is expected to be a strong year for DSM towards achieving the 2013 targets
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