



Annual Results 2016

Feike Sijbesma, CEO & Chairman Managing Board Royal DSM

Annual General Meeting, May 3 2017

ROYAL DSM
HEALTH NUTRITION MATERIALS



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

Agenda

Introduction to DSM

DSM's transformation & DSM today

Strategy 2018 -

Driving profitable growth through science-based, sustainable solutions
delivering higher value for all Stakeholders

Annual Results 2016

Profit, People, Planet

Future proofing DSM's results

Growth, Science & Innovation will drive earnings growth beyond 2018

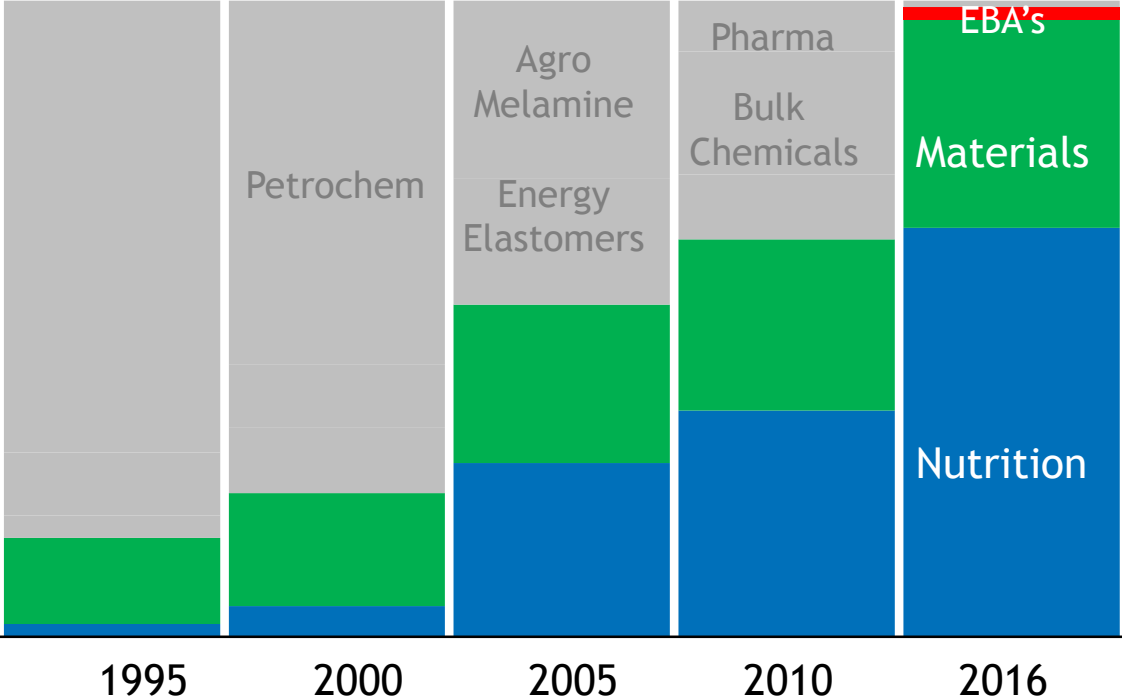
Highlights Q1 2017

Royal DSM's *successful transformation*

Coal Mining (Petro) Chemicals Life Sciences & Materials Sciences



New portfolio creates *good growth* platforms



- Divested bulk chemicals & pharma businesses
- Built broad, deep & global Nutrition business
- Upgraded Materials businesses
- Created 3 new growth platforms (EBA's)

History based on *science & innovation*

DSM (1902)

Energy, chemistry & polymer technology

Materials Sciences

Gist-brocades (1869)

Biotechnology

Life Sciences

Roche Vitamins / Fine Chemicals (1930)

Chemical synthesis & biotechnology

Food

Feed

Personal

Care

Materials

Green

Energy

Vitamins & Minerals
Omega's & Carotenoids
Premixes food & feed
Enzymes, Cultures & Yeasts
Nutraceuticals
Pharmaceuticals

High Performance Plastics
Coating Resins
Functional Materials
Super strong fibers
Biomedical materials
Bio-plastics

Advanced solar
Cellulosic bioethanol

DSM *today* (2016 in m€)



Sales
€7,920m

Adj. EBITDA
€1,262m

Adj. EBITDA%
15.9%

ROCE
10.4%

Nutrition

Sales
€ 5,169

Animal Nutrition

Human Nutrition

Adj. EBITDA
€ 931

Food Specialties

Adj. EBITDA%
18.0%

Personal Care &
Aroma Ingredients

EBA's

Sales
€ 167

Biomedical

Biobased

Solar

Materials

Sales
€ 2,513

Engineering
Plastics

Adj. EBITDA
€ 435

Resins &
Functional Materials

Adj. EBITDA%
17.3%

Dyneema

JV's deconsolidated (pro-rata¹ Sales €1,445m¹ and adj. EBITDA €190m¹)

¹ pro-rata Sales and adj. EBITDA calculated by multiplying DSM's share with the 100% basis as reported in IAR page 164



DSM today has *significant value* in legacy JV - associates



DSM Sinochem Pharmaceuticals

	2016
Sales (€m - 100%)	431
Adj.EBITDA	14 %



Patheon Pharma

	2016 ¹
Sales (€m - 100%)	1,786
Adj.EBITDA	20 %



ChemicalInvest

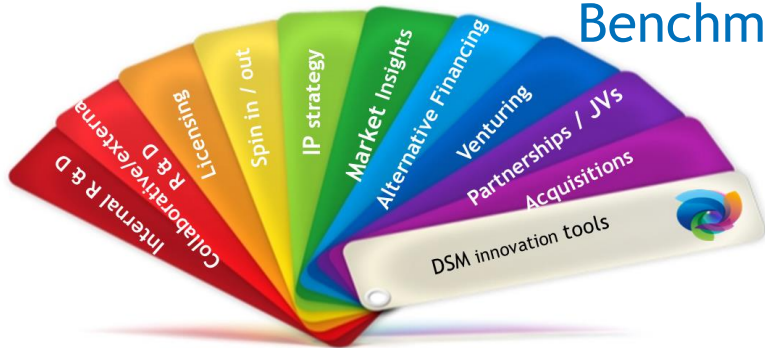
	2016
Sales (€m - 100%)	1,802
Adj.EBITDA	6 %

1. Book year 1 November until 31 October. Based on continuing operations

DSM transformed in an *intrinsically innovative* company

New Materials &
Biotech/Food Lab

Top Quartile
Innovation
Benchmark



22% (2016)

Innovation Sales

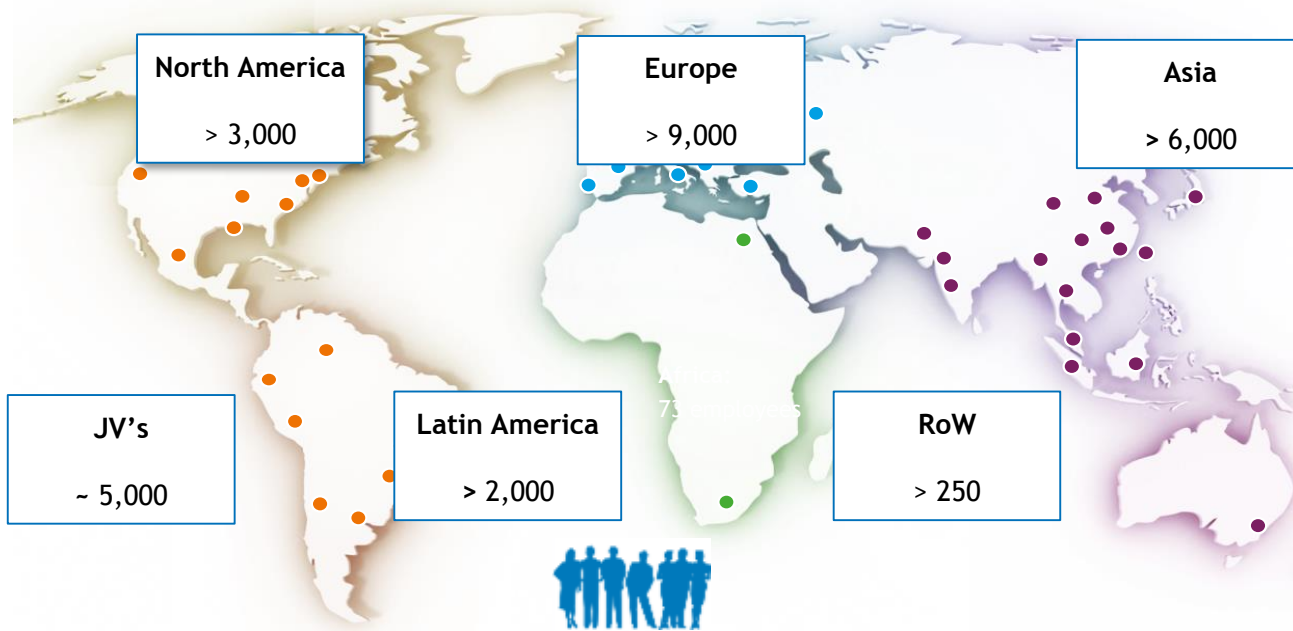
(2% - 2006*)

All @ Higher Gross Margins

* As reported in 2006 Annual Report / 2006 Triple P report (not restated)

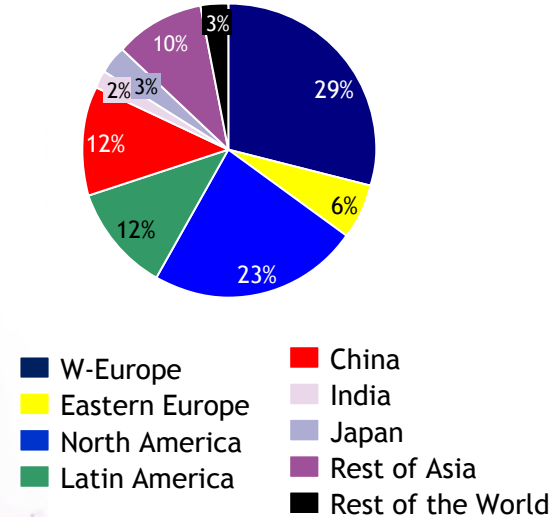
DSM has become a *true global* company

Global workforce (FTE)



56% employees outside Europe (2016)
(37% - 2006*)

Net sales by destination (%)



65% sales outside Europe (2016)
(48% - 2006*)

* As reported in 2006 Annual Report / 2006 Triple P report (not restated)

With a more *diverse, more agile, highly engaged* workforce



Engagement score

71 %

Female Executives

> 15% (7% - 2006*)

* As reported in 2006 Annual Report / 2006 Triple P report (not restated)

Committed to improve *health & safety* everywhere



 0.33 (2016)

Frequency Index
recordable accidents

(0.89 - 2006*)

* As reported in 2006 Annual Report / 2006 Triple P report (not restated)

Impressive improvement *reducing DSM's ECO footprint*

2006*

Greenhouse Gas Emissions
(m CO₂ eq.): 10.4

Energy-use (PJ): 74



1.5 (-85%)

22.6 (-70%)

2025: GHG reduction: 45%
Renewable Electricity: 50%

2016

* As reported in 2006 Annual Report / 2006 Triple P report (not restated)

Strong performance reflected in *higher dividend and share price*



↑ +75%



Agenda

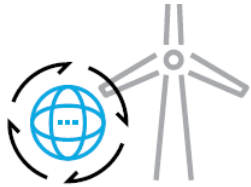
Strategy 2018

Delivering higher value for all Stakeholders

DSM's strategy well aligned with *UN Sustainable Development Goals*



NUTRITION



CLIMATE & ENERGY

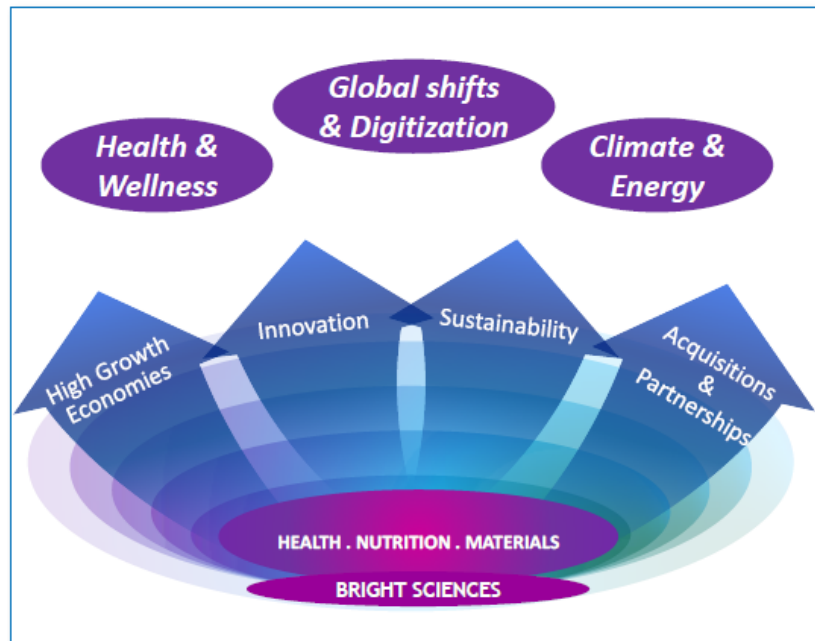


CIRCULAR & BIO-BASED ECONOMY



Strategy 2018

Driving profitable growth through science-based, sustainable solutions



IMPROVING
FINANCIAL RESULTS

2018 TARGETS

Growth

annual EBITDA growth:
high single-digit

Cost &
Productivity

Capital
Efficiency

annual ROCE growth:
high double-digit bps

*Result-driven
organization & culture*

Growth above market | strategy in Nutrition

① Expand the core

- Vitamin B6 plant
- Expansion gellan-gum and pectin
- Expanding premix network

② Add new products and solutions

- Eubiotics for antibiotic-free poultry
- Stevia (low calorie natural sweetener)
- “GreenOcean” & “CleanCow”



Clean Cow: > 25% methane reduction



Growth above market | strategy in Nutrition

3 Expand in new segments/regions

- MEG-3® Ultra (high-concentrate) DHA (EPA)
- Expansion fast-growing i-Health consumer line



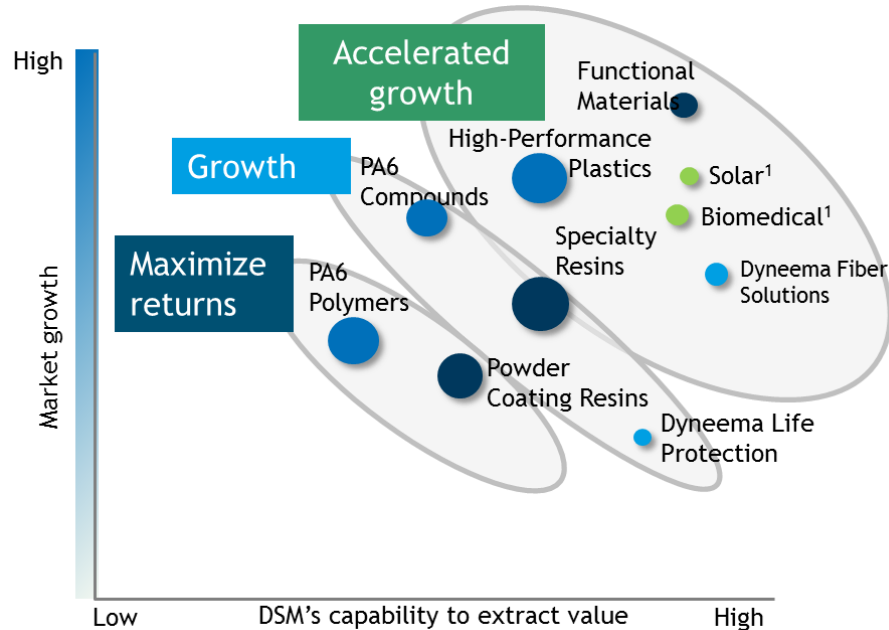
4 New business models

- Business to farmer network



Growth above market | strategy in Materials

Accelerate growth in specialties



Engineering Plastics

ultra-thin USB connectors
(high-temperature polyamides)

Resins & Functional Materials

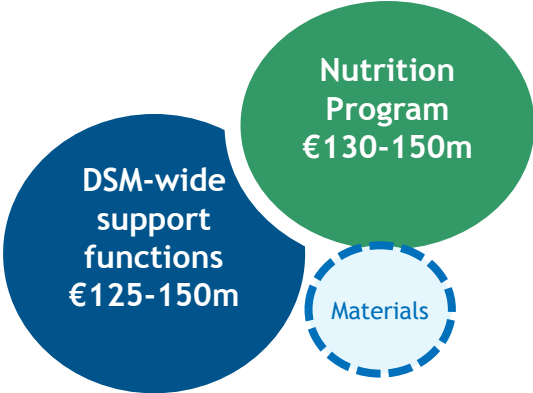
waterborne coatings
Niaga - recycle carpets

Dyneema

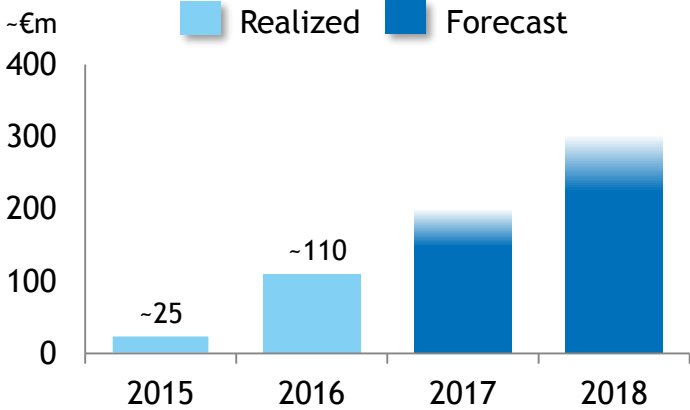
high performance fabric solutions

Ambitious *cost reduction & efficiency improvement* programs

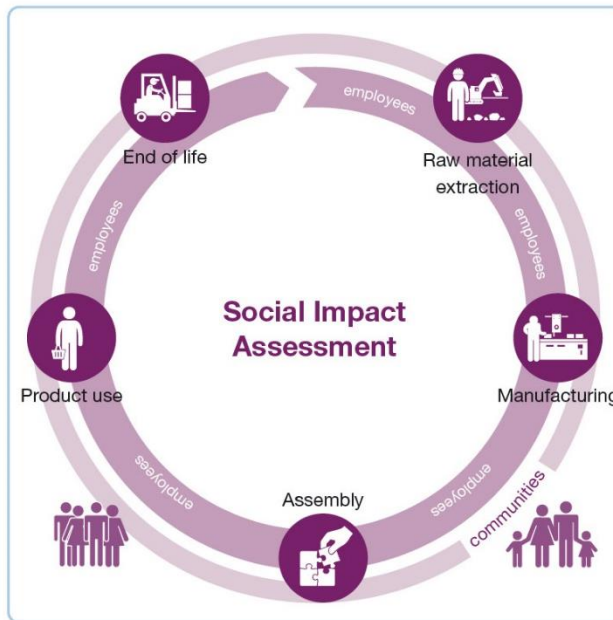
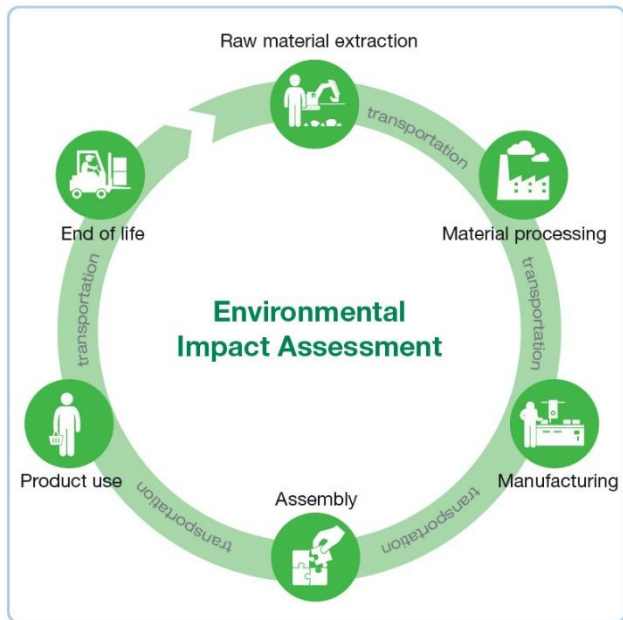
Cost savings of €250-300m (2018)



Timing cumulative cost savings



Stepping-up sustainability aspirations *Brighter Living Solutions*



65% DSM products by 2020

DSM's *profitable* solutions should be better for *people* and *planet*

Agenda



2016

Annual Results 2016 - Profit, Planet, People

Annual Results 2016: delivering higher value for all Stakeholders

Capital inputs

People

- Employees
- Training & development
- Stakeholder engagement & Public-Private Partnerships
- Philanthropy & sponsoring

Planet

- Raw materials (including renewables)
- Energy (including renewables)
- Water

Profit

- Shareholder equity
- Borrowings
- Partnerships & open innovation
- Purchased goods & services
- Manufacturing asset base

DSM's business



Value outcomes

People

- Safety & health
- Brighter Living Solutions
- Engaged workforce
- Skills & employability
- Employee benefits
- Improved nutrition

Planet

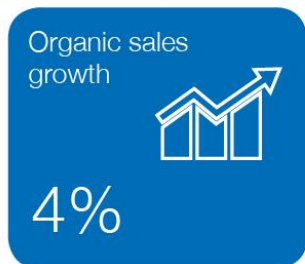
- Reduced environmental footprint
- Brighter Living Solutions
- Enabling transition to (bio-) renewable & circular economy
- Safer ingredients & materials

Profit

- Financial performance (Adjusted EBITDA & ROCE growth)
- Dividend
- Contribution to business success for customers & suppliers
- Contribution to civil society via tax
- Patents & royalties



Highlights Financials 2016

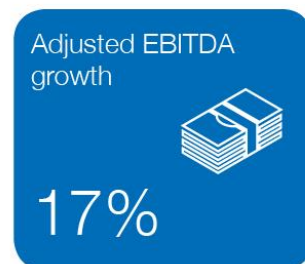


- Sales up 3% to €7,920m, with 4% organic growth
- Innovation sales at 22% of portfolio

- Adjusted EBITDA up 17% to €1,262m



- Cost savings on track: €110m
- Working Capital improved from 20.7 to 18.6%
- CAPEX of €475m within guidance (€500-550m)
- Cash from operating activities up 27% to €1,018m



- ROCE up 280 bps to 10.4%
- Net Debt reduced with €250m to €2,070m

Highlights Financials 2016 Nutrition and Materials

Nutrition:

- Strong 5% organic growth
 - ✓ Adj. EBITDA up 13% to €931m
 - ✓ 8% organic growth **Animal Nutrition**
(strong volume growth except Latin America)
 - ✓ Significant step-up organic growth **Human Nutrition** (+4%), highlighting implementation growth strategy

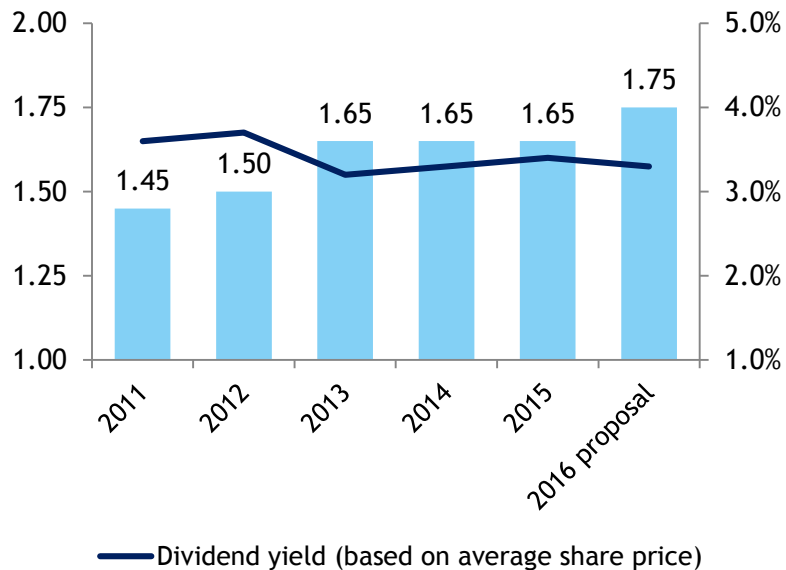
Materials:

- Strong performance, reflecting transformation to higher margin specialty businesses
 - ✓ Volumes up 4%
 - ✓ Adj. EBITDA up 13% to €435m; strong growth specialties, benefits of savings and support low input costs

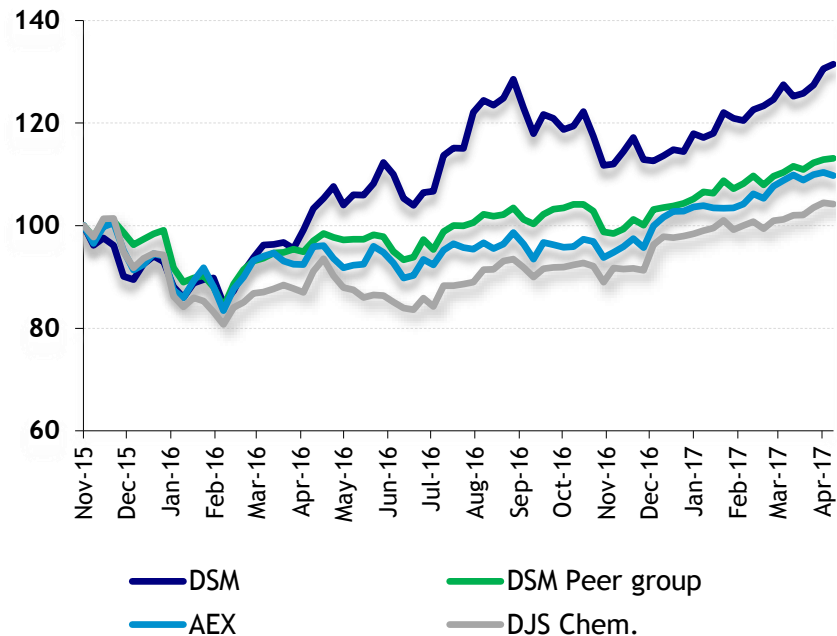


Strong performance reflected in *higher dividend* and *share price*

Dividend per ordinary DSM share - €



DSM vs. Peers, AEX & DJS Chemicals



DSM's shareholder value ~30% (~€3bn) higher since announcement of Strategy 2018, outperforming markets

Highlights Planet 2016

Greenhouse-gas emissions
(in million tons CO₂eq)

1.5

Greenhouse-gas emissions, efficiency improvement

4%

- GHG efficiency improvement 4%
(target 2016-2025: 25%)

Energy use
(in petajoules)

22.6



Energy efficiency improvement

2%



- Energy efficiency improvement 2%
(target 2015-2025: >10%)

Purchased electricity from renewables

8%



Purchased renewable raw materials

16.5%



- Renewable electricity purchased 8%
(target 2025: 50%)

Water consumption
(in million m³)

22



Recycled waste

83%



- Waste recycled: 83%
(target 2020: 80-90%)

Brighter Living Solutions
as % of net sales



63

Future-proofing DSM - thriving in a low (fossil) carbon economy

- Securing a cleaner future energy supply
- Enhancing efficiency
- Offering climate-relevant Brighter Living Solutions
- Shaping partnerships and policies that accelerate the shift
- Ensuring climate readiness (internal CO₂ price €50/ton)

THE CLIMATE GROUP



United Nations
Global Compact



DSM CEO co-chair of World Bank *Carbon Pricing Leadership Coalition*

You Retweeted

 **UN Spokesperson** 
@UN_Spokesperson 

Ban Ki-moon: We must put a price on pollution & provide incentives 2 accelerate a low carbon pathway. #ClimateAction



Reply to UN Spokesperson

 Home  Notifications  Messages  Me





DSM's Bright Minds Challenge is identifying innovative solutions and new materials that will fast-track the movement toward 100% renewable energy.

BRIGHT MINDS can Change the World

#BrightMindsChallenge

Highlights People 2016

Ratio female/male employees



27/73

Inclusion index



73%

Employee Engagement Index favorable score



71%

Average training hours per employee annually



25

Frequency Index of Recordable Injuries (per 100 DSM employees and contractors)



0.33

DSM-WFP beneficiaries annually



28 million

- UN Women's Empowerment Principles
- Employee Engagement favorable at 71% (2015 69%; target 2020: 75%)
- Frequency index recordable injuries to 0.33 (2015: 0.41; target 2020: 0.25)



- Proud on partnerships contributing to SDG's including UN-WFP and AIF

External *recognition* (2016) for our leadership

- Leader Dow Jones Sustainability Index
- Fortune 50 leading companies changing the world



- Corporate Knights Materials Leader
- Biofuels 40 Hottest Emerging Companies
- Best Ethical Corporation Responsible Business Awards
- Leader in Sustainalytics



The most heartwarming recognition



World Food Programme

To summarize: *DSM delivers on All targets* | People, planet, profit

2016



Agenda



Future proofing DSM -
Growth, Science & Innovation driving earnings growth *beyond 2018*

Science & Innovation driving earnings >2018 (> €300m profit potential) ¹⁾

Sustainable Stevia



Clean Cow



Omega-3 solution for aquaculture



Maternal nutrition



Niaga - recyclable carpet



High performance fabrics (Dyneema®)



Solar

+ *Bio-medical*

+ *Bio-based*



Agenda



Highlights Q1 Results

Highlights Q1 2017

- DSM reports a **very strong first quarter**
- **Sales** up 13% to €2,159m, with 9% organic growth
- **Adjusted EBITDA** up 17% to €345m
- **ROCE** up 150 bps to 11.3%
- **Cash** from operating activities up 43% to €196m
- **Net profit** up 75% to €149m
- **Outlook maintained:**
DSM aims to deliver high-single digit percentage Adjusted EBITDA growth and high double-digit basis point ROCE growth in line with the targets set out in its Strategy 2018



BRIGHT SCIENCE. BRIGHTER LIVING.™