Annual Results 2016
Feike Sijbesma, CEO & Chairman Managing Board Royal DSM
Annual General Meeting, May 3 2017
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.

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
- Gist-brocades (1869): Biotechnology
- Roche Vitamins / Fine Chemicals (1930): Chemical synthesis & biotechnology

**Materials Sciences**
- Vitamins & Minerals
- Omega’s & Carotenoids
- Premixes food & feed
- Enzymes, Cultures & Yeasts
- Nutraceuticals
- Pharmaceuticals

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

**Personal Care**
- Advanced solar
- Cellulosic bioethanol
### DSM today (2016 in m€)

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales</th>
<th>Adj. EBITDA</th>
<th>Adj. EBITDA%</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition</td>
<td>€5,169</td>
<td>€931</td>
<td>18.0%</td>
<td></td>
</tr>
<tr>
<td>EBA’s</td>
<td>€167</td>
<td>€435</td>
<td>17.3%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>€2,513</td>
<td>€435</td>
<td>17.3%</td>
<td></td>
</tr>
</tbody>
</table>

#### JVs deconsolidated (pro-rata<sup>1</sup> Sales €1,445m<sup>1</sup> and adj. EBITDA €190m<sup>1</sup>)

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

<table>
<thead>
<tr>
<th>DSM Sinochem Pharmaceuticals</th>
<th>Patheon Pharma</th>
<th>ChemicalInvest</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>34%</td>
<td>35%</td>
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DSM Sinochem Pharmaceuticals

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (€m - 100%)</td>
<td>431</td>
</tr>
<tr>
<td>Adj.EBITDA</td>
<td>14%</td>
</tr>
</tbody>
</table>

Patheon Pharma

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (€m - 100%)</td>
<td>1,786</td>
</tr>
<tr>
<td>Adj.EBITDA</td>
<td>20%</td>
</tr>
</tbody>
</table>

ChemicalInvest

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (€m - 100%)</td>
<td>1,802</td>
</tr>
<tr>
<td>Adj.EBITDA</td>
<td>6%</td>
</tr>
</tbody>
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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)

- North America: > 3,000
- Europe: > 9,000
- Asia: > 6,000
- Latin America: > 2,000
- RoW: > 250
- JV’s: ~ 5,000

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

Net sales by destination (%)

- Europe: 29%
- Asia: 23%
- North America: 12%
- Latin America: 12%
- W-Europe: 10%
- Eastern Europe: 6%
- India: 3%
- Rest of Asia: 2%
- Rest of the World: 2%

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*)

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* As reported in 2006 Annual Report / 2006 Triple P report (not restated)
Committed to improve **health & safety** everywhere

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*

<table>
<thead>
<tr>
<th>Greenhouse Gas Emissions (m CO₂ eq.)</th>
<th>10.4</th>
<th>1.5 (-85%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy-use (PJ)</td>
<td>74</td>
<td>22.6 (-70%)</td>
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</table>

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

* As reported in 2006 Annual Report / 2006 Triple P report (not restated)
Strong performance reflected in higher dividend and share price.

- **2006**
  - Dividend: €1.00
  - Share price: ~€35

- **2016**
  - Dividend: €1.75
  - Share price: ~€65

Graph showing the increase in share price from 2006 to 2016 with a 90% increase.
Agenda

Strategy 2018
Delivering higher value for all Stakeholders
DSM’s strategy well aligned with **UN Sustainable Development Goals**

1. No Poverty
2. No Hunger
3. Good Health
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Renewable Energy
8. Good Jobs and Economic Growth
9. Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace and Justice
17. Partnerships for the Goals
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)

- DSM-wide support functions: €125-150m
- Nutrition Program: €130-150m
- Materials: €250-300m (2018)

Timing cumulative cost savings

- Realized
- Forecast

2015: -25
2016: -110
2017: 
2018: 

Realized
Forecast
Stepping-up sustainability aspirations *Brighter Living Solutions*

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

Mission

Organizational and Operating model

Support functions

Strategy

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 - €

- 2011: €1.45
- 2012: €1.50
- 2013: €1.65
- 2014: €1.65
- 2015: €1.65
- 2016 proposal: €1.75

DSM’s shareholder value ~30% (~€3bn) higher since announcement of Strategy 2018, outperforming markets
Highlights Planet 2016

- GHG efficiency improvement 4% (target 2016-2025: 25%)
- Energy efficiency improvement 2% (target 2015-2025: >10%)
- Renewable electricity purchased 8% (target 2025: 50%)
- Waste recycled: 83% (target 2020: 80-90%)
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)
DSM CEO co-chair of World Bank **Carbon Pricing Leadership Coalition**
DSM’s Bright Minds Challenge is identifying innovative solutions and new materials that will fast-track the movement toward 100% renewable energy.
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
To summarize: DSM delivers on All targets | People, planet, profit
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

¹ Potential additional Adj. EBITDA (non risk adjusted)
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.™