DSM Resins & Functional Materials
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ROYAL DSM
HEALTH NUTRITION MATERIALS
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
DSM Resins & Functional Materials | A global coatings producer with a well-balanced portfolio in sustainable coatings

Extensive portfolio in sustainable specialty resins

Sales by region (%)
- Europe: €904m
- North America: €904m
- Asia: €904m
- Latin America: €904m

Sales by end market (%)
- Automotive
- Electronics
- Consumer Goods
- Food Packaging
- Construction
- Other

Sales: €904m
Upgraded portfolio of sustainable and higher-value coatings solutions going into Strategy 2018

- Portfolio upgraded
  - From solvent-borne systems to sustainable and higher-value coatings solutions (water, powder, UV)
  - Set worldwide standard for UV-curable fiber-optic coatings for fiber protection

- Significant step-up in margins
  - Supported by successful implementation of by the 2012-14 Profit Improvement Program
Market increasingly shifts away from solvent-borne coatings resins

Sales by end market (value)
- Market ~52mTs ~€100bn
- Sales by end market:
  - North America: 14%
  - China: 33%
  - Rest Of Asia: 14%
  - Middle East & Africa: 7%
  - Europe: 15%
  - CIS: 3%
  - Central and South America: 3%
  - Brazil: 3%
  - South America: 5%
  - Rest Of Asia: 3%
- Growth per geography

Continued substitution shift
- Substitution rate ~2% per year
- Continued shift in sales:
  - Water-borne: 44%
  - Solvent-borne: 48%
- Continued shift in sales:
  - UV: 2%
  - Powder: 6%
Strategy 2018 now focused on getting optimum performance from the portfolio.

- **Accelerated growth**
  - Functional Materials

- **Growth**
  - Specialty Coating Resins

- **Maximize returns**
  - Powder Coating Resins

- **Growth**
  - DSM’s capability to extract value

- **Cost management**
  - Increase EBITDA
  - Improve ROCE

- **Margin management**
  - Foundation
DSM Resins & Functional Materials ideally positioned as the industry is expected to continue to move to more sustainable coatings

- **Sales growth** driven by:
  - Demand for sustainable solutions;
  - Leading to substitution for environmental friendly materials;
  - While continuous innovation further enhances the characteristics of the offering;
  - And new applications are being developed using that expertise and know-how

- **Improving operating leverage** through:
  - Maximizing returns in powder coating resins
  - Prudent cost and capital allocation
Leading the transformation to sustainable solutions
Integral value chain approach

- Changing the value chain actively with lower carbon footprint products
- Creating demand for lower carbon footprint products
- Reducing the use of solvent-borne paints where possible
- Exploring in bio-based/renewable value chains
How we grow | Powder Coating Resins

- A sustainable alternative compared to solvent-borne
- Strong partner with all global players

Focus on:
- Maximize return growth through commercial and operational excellence
- Adjacent innovation growth
How we grow | Specialty Resins

- Full range of waterborne technology
- Strong end user market focus
- Unique ability to combine waterborne technologies

Focus on:
- Switch from solvent
- Innovation growth in key market segments (e.g. haptics - ‘the feel of coatings’)

[Image of shipping containers and people painting a wall]
How we grow | Functional Materials

- Technology leader in fiber-optic coatings
- Strong global market position
- Market growth with 4G, well positioned for 5G

Focus on:
- Outgrow market through best in class offering
- Key partnerships for innovation
- Expand global manufacturing network
3D printing as new application for Functional Materials

- Markets growing rapidly
- Materials play an essential role
- Building on Functional Materials expertise
  - SOMOS technology is key for prototyping
  - Well positioned with all key materials for 3D printing

- Focus on:
  - New application growth in:
    - Healthcare
    - Automotive
    - Aviation
  - Bring together all DSM technologies
Driving radical innovation growth with Niaga®

- Combination of unique capabilities and technologies
- Total sustainable solutions
- Disrupting value chains

Focus on:
- Radically change markets for:
  - Carpets
  - Mattresses
  - Shoes
  - ...?
DSM Resins & Functional Materials is well positioned for growth

- Sales growth driven by:
  - Demand shifts from sustainability trends
  - Substitution growth away from solvents
  - Targeted innovation growth
  - Application growth with new technologies

- Relentlessly aiming for improving operating leverage through:
  - Maximizing returns in powder coating resins
  - Commercial and operational excellence

Well-set to outgrow existing markets and to find new growth segments for new applications