DSM Capital Markets Day 2018

Materials

Dimitri de Vreeze | Member of the Managing Board
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

1. Strategy 2018 | Silent Transformation

A continuous journey of portfolio upgrades - a silent transformation

2010-2013
- Strengthen
- Accelerate
- Divide
- Acclerate
- DSM Engineering Plastics
- DSM Dyneema
- DSM Resins & Functional Materials
- DSM’s capability to extract value
- High
- Low
- Caprolactam
- PA6
- Acrylate
- DSM’s capability to extract value
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- Low
- DSM Engineering Plastics
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Divest
- Portfolio restructuring
- Exit of Bulk Chemicals

2014-2015
- Strengthen
- Accelerate
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Value
- Portfolio upgrade

2016-2018
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Grow
- Differentiated approach to drive growth
Strategy 2018: focusing on the higher-growth, specialty segments, using a differentiated approach

**Strategy 2018 ambitions**

- High single-digit percentage annual Adjusted EBITDA growth
- High double-digit basis point annual ROCE growth
- EBITDA margin >15% over the period
- Above-market sales growth (at stable prices)
- Underpinned by Cost and Capital discipline

1. Whilst not part of the cluster, the Emerging Business Areas of DSM Biomedical and DSM Advanced Solar are also related to Materials and represent promising growth platforms for the longer term
With capital allocation concentrated on the high-growth segments ...

Capex 2016-2018
(～5% of sales over period)

R&D 2016-2018
(～5% of sales over period)

Portfolio mix
(2011-2018)

Growth

Accelerated growth

Maximize returns

Growth

Accelerated growth

Maximize returns

1. Portfolio mix development based on sales per segment
... resulting in above-market volume growth ...

Volume growth - above market (>2-3%)

Volumes in “Accelerated growth” +8%

Innovation sales >20%

High Growth Economies ~40%

Brighter Living Solutions >65%

1. CAGRs based on volume growth, CAGR 2016-18 is approximation using 2018E
2. Continuing operations
3. Please see DSM’s Integrated Annual Report 2017 for definitions and additional information
... and a clear outperformance on profitability ambitions

**EBITDA margin >15%**
- 2015: 15.2%
- 2016: 17.3%
- 2017: 17.3%
- 2018: >17%

**High single-digit Adj. EBITDA growth**
- 2015: 384€
- 2016: 435€
- 2017: 488€
- 2018: >10% CAGR 2016-18

**High double-digit basis points annual ROCE growth**
- 2015: 14.4%
- 2016: 17.6%
- 2017: 20.0%
- 2018: >200 Avg. bps 2016-18

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1. Approximation using 2018E
2. Continuing operations
3. Approximation avg. annual growth using 2018E

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Agenda

1. Strategy 2018 | Silent Transformation

Purpose drives new growth opportunities

Addressing Focus Domains ...

... provides growth platforms ...

... that are propelled by our current growth drivers ...

... and have strong fit with DSM’s competences

Global Megatrends

- Nutrition & Health
- Climate & Energy
- Sustainable Living
- Resources & Circularity

Improved Health & Living
Green products & applications
New mobility & connectivity

Winning Segments
Substitution
Innovation
Sustainability

Advanced Materials portfolio
R&D - Application - biological sciences
Global reach, access to leading customers
Performance culture Operating leverage
Improved Health & Living drives new opportunities

Improved Health & Living

Global aging population
Active lifestyle & wellness
Consumer demand for sustainable solutions
Healthcare costs

New applications and innovative materials needed:

- Need for safer, less invasive medical procedures that are also more cost-effective
- Consumer-driven demand to more sustainable, safer, longer-lasting, higher performing and healthier materials solutions

DSM ideally positioned to benefit from this trend:

Biomedical materials and devices business addressing unmet health needs
3D-Additive Manufacturing for medical applications
Sustainable & safer solvent-free resins for wall paints
Green products & applications drive move towards bio-based resources

**Green products & applications**
- Circular/ sharing economy
- Consumer demand for sustainable solutions
- Regulatory pressure (Governments/NGOs)
- Bio-based Biotechnology

**Increased substitution to bio-based solutions:**
- Consumer-driven demand for innovative, sustainable materials with lower footprint
- New circular business models focused on recovery, recycling and sharing

**DSM ideally positioned to benefit from this trend:**
- Advanced solutions for Solar energy
- Bio-based solutions Green polymers
- Dyneema® slings/ lines make wind farm operations more efficient and reliable
New mobility & connectivity calls for new applications

New mobility & connectivity

- Electrification
- Autonomous driving
- Light-weighting
- Data-integrated value chains

New applications and innovative materials needed:

- Increasing demand for lighter-weight, higher-performance materials that can be used in new form factors:
  - Increased innovation challenge
  - Increased complexity
- Demand for new unforeseen applications including radically new designs

DSM ideally positioned to benefit from this trend:

- Leadership in light weight high-performance plastics
- Switchgears connectors, lighting, thinnovation
- Fiber-optic materials for high-speed internet connecting the world
Strategy - Growth & Value
Capturing opportunities in Sustainable Living

- Above-market sales growth, resulting in ~5% sales growth
- Adj. EBITDA margin 18-20%
- High single-digit % annual Adjusted EBITDA growth

Enhanced by programs
- Global customer centricity
- Commercialization of large innovation programs
Customer centricity focused on delivering organic growth

1. Growth performance anchoring into the organization

2. Innovation & application geared fully to customer insights & markets

3. Tuning towards geographic growth zones

4. Differentiated customer value propositions

5. Meet the needs of the world’s largest and new and upcoming brands (‘disruptors’), with focus on Improved Health & Living, Green Products & Applications and New Mobility & Connectivity

6. Customer engagement: monitoring & learning from customers
Commercialization of large innovation programs

New biomedical products
- Tissue repair
- Ophthalmology

Advanced solar materials
- Coatings/ Backsheets

Enzymes/Yeasts
- 1.5-2G bio-ethanol

3D Printing - Additives
- New world manufacturing

Niaga®
- Redesign for full circular

High performance materials
- ForTii®, Stanyl®, Arnitel®
- Next generation high performance polymers

Programs combined leading to:
- Expected Sales after 2020: ~€250m and expected Adj. EBITDA after 2020: ~€100m
Future-proofing Materials through focus on Sustainable Living

Growth driven by winning segments:
- Focus on capturing growth from macro themes & SDG’s, well aligned with DSM’s strengths in Sustainable Living:
  1. Improved Health & Living
  2. Green Products & Applications
  3. New Mobility & Connectivity
- Substitution, Sustainability & Innovation

Growth enhanced by:
- Commercialization large innovation programs
- Customer centricity and agility programs

-5% annual organic sales growth
High single-digit annual Adj. EBITDA growth
Adj. EBITDA margin of 18-20%
The successful journey continues

Divest
Portfolio restructuring
Exit of Bulk Chemicals

Value
Portfolio upgrade

Grow
Differentiated approach to drive growth

Growth & Value
Focus on higher-growth, higher-margin applications
BRIGHT SCIENCE. BRIGHTER LIVING.™