DSM Capital Markets Day 2018

Nutrition

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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.
How did we enter the 2016-18 strategic period?

- **Further enhanced our Nutrition portfolio** through 5 major acquisitions

- Started a new comprehensive **Nutrition Improvement Program** accelerating growth & providing a step-up in EBITDA

- Leveraging the power of **Nutrition’s unique business model**
Outperforming our Strategy 2018 targets on organic sales and Adj. EBITDA growth from underlying business


- Organic Sales Growth per year
  - +5%
- Annual Adjusted EBITDA growth in %
  - High single-digit %
- Adj. EBITDA margin
  - 18-20%

1. Approximation using 2018E, based on underlying business corrected for best estimate of the temporary vitamin effect
Outperforming ROCE target, but high OWC (inventory) reduced EBITDA-to-cash conversion

Outperforming ROCE targets
(high-double digit basis points annual ROCE growth)

Slipping EBITDA-to-cash conversion

1. Approximation avg. annual growth using 2018E, based on underlying business corrected for best estimate of the temporary vitamin effect
2. Cash = EBITDA - Δ OWC - CAPEX

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Both businesses accelerated their underlying organic growth significantly, but through different levers.

### Human Nutrition & Health
- 2010-2015: ~1%
- 2016-2018: ~5%¹

### Animal Nutrition & Health
- 2010-2015: ~5%
- 2016-2018: ~8%¹

#### Main levers (amongst others)

**M&S Excellence + Invest in B2C**

**Biz-model leverage + Auctus Strategy**

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¹ Approximation using 2018E, based on underlying business corrected for best estimate of the temporary vitamin effect
Our overall Gross Margin today relies on many products and therefore tends to be more resilient - Temporary vitamin benefit 2018 separated!

GPx distribution by product

1. Excluding mixing margin
2. Of Nutrition GPx; GPx is Gross Profit

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The comprehensive Nutrition Improvement Program did mostly work ...

Strategy 2018

-5% organic growth per year

1% OWC/Sales reduction/yr

~€300m capex per year

€130-150m savings

Major impact beyond 2018

Nutrition
Adj. EBITDA back to range of 18-20%

Human Nutrition

LiftOff!

Animal Nutrition

Integrated Business Planning

Product Portfolio

Operations

Innovation

More focused portfolio ...

Platforms

Projects ...

... and higher speed to market

Staff & Services
DSM-wide savings of €125-150m

Staffs & Support functions

Raw materials purchasing

Fixed costs

Max. throughput

Yield & energy

ACT (DICI/PIP)

For existing and new products

More focused portfolio ...

Platforms
... and will be followed up by an ambitious phase-2

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**Strategy 2021**

- **-5% organic growth per year**
- **Operating Cash Flow growth > EBITDA growth**
- **Economies of scale**

**Nutrition**
- High single-digit Adj. EBITDA growth

**Animal Nutrition**

**Human Nutrition**

**End-to-end customer experience**

- M&S excellence incl. Customer Centricity
- Supply Chain & Inventory Management
- Continuous cost improvement

**Staff & Services**

**End-to-end customer experience**

**Major impact**

- **Innovation**
  - More focused portfolio... 
  - Delivery of large innovation projects

Economies of scale

Operations

- End-to-end customer experience

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Economies of scale

Operations
Five key macro-trends - Two have a disruptive impact on strategy

Animal Nutrition & Health
- Antibiotic resistance
- Environmental footprint
- Overfishing
- Greenhouse gas emissions
- New Market Opportunities

Human Nutrition & Health

Food & Beverage
- Focus on M&S
- “Less of ...” strategy

Specialty Nutrition
- Personalization
- Vertical integration

Macro Economy
- Growth & Productivity
- Health & Wellness
- Value Chain Shifts

Sustainability
Distinct organic & inorganic growth drivers per business for 2019 - 2021

Human Nutrition & Health

Animal Nutrition & Health

M&S Excellence

Strategic Growth fields

B2B
Ingredients Applications

B2C
Specialty Nutrition Dietary supplements

Early life & Medical Nutrition

Pharma

Dietary supplements

Build out Food Ingredient Solutions business

Broader portfolio & delivery systems

Expand & personalize B2C business

- Organic
- Organic/inorganic

Build out Food Ingredient Solutions business

Strengthen Gut health Solutions

Geo-broaden Core

Innovate Species

Focus B2F
Ambitions for Nutrition underpinning DSM’s 2021 Targets

- Organic Sales growth: ~5%
- Adjusted EBITDA growth: High single-digit %
- Adjusted EBITDA margin: >20%
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