DSM Capital Markets Day 2018

Growth & Value - Purpose led, Performance driven.

Feike Sijbesma | CEO
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: right strategy - successfully delivered

2. Purpose-led company created - ideally positioned for growth

Successful transformation future-proofing DSM

Coal mining (Petro)chemicals Health, Nutrition, Materials

1902

2018
Strategy 2018 to demonstrate value of growth platforms created in 2010-15

Transformation | 2010-15

Out
- Melamine
- Agro
- Elastomers
- ChemicalInvest (JV)

In
- Martek
- ONC
- Fortitech
- Aland
- Tortuga
- Kensey Nash

Demonstrating value | 2015-18: driving profitable growth

Global shifts & Digitization
Climate & Energy
Health & Wellness

IMPROVING FINANCIAL RESULTS
- Growth
- Cost & Productivity
- Capital Efficiency

2018 TARGETS
- Annual Adj. EBITDA growth: high single-digit percentage
- Annual ROCE growth: high double-digit bps

Result-driven organization & culture

BRIGHT SCIENCES
HEALTH . NUTRITION . MATERIALS

Global shifts & Digitization
Climate & Energy
Health & Wellness

IMPROVING FINANCIAL RESULTS
- Growth
- Cost & Productivity
- Capital Efficiency

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- Annual Adj. EBITDA growth: high single-digit percentage
- Annual ROCE growth: high double-digit bps

Result-driven organization & culture

BRIGHT SCIENCES
HEALTH . NUTRITION . MATERIALS
“DSM confirms its full year outlook 2018 as communicated with the Q1 pre-release on 12 April 2018, and expects an Adjusted EBITDA growth towards 25% and a related higher ROCE growth, based on:

• low double-digit Adjusted EBITDA growth in the underlying business at constant currencies,
• negative foreign exchange effect on Adjusted EBITDA of about €80 million, and
• additional Adjusted EBITDA benefit estimated at €250 - 300 million from an exceptional vitamin pricing environment, that is expected to be temporary and heavily weighted towards the first half of the year”
Nutrition’s unique approach resulted in strong growth

Above-market organic growth (>2-3%)

Human Nutrition | Sales and growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€m)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,741</td>
<td>1% CAGR 2011-15</td>
</tr>
<tr>
<td>2016</td>
<td>1,823</td>
<td>~5% CAGR 2016-18</td>
</tr>
<tr>
<td>2017</td>
<td>1,939</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Animal Nutrition | Sales and growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€m)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,269</td>
<td>5% CAGR 2011-15</td>
</tr>
<tr>
<td>2016</td>
<td>2,399</td>
<td>~8% CAGR 2016-18</td>
</tr>
<tr>
<td>2017</td>
<td>2,660</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Approximation using 2018E, based on underlying business corrected for best estimate of the temporary vitamin effect
Materials successfully focused on higher growth, specialties segments

Above-market organic growth (>2-3%)

Materials | Sales and volume growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,528</td>
</tr>
<tr>
<td>2016</td>
<td>2,513</td>
</tr>
<tr>
<td>2017</td>
<td>2,825</td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
</tbody>
</table>

1. Continuing operations
2. CAGRs based on volume growth, CAGR 2016-18 is approximation using 2018E
Business performance supported by well-balanced growth drivers

Well-balanced growth drivers sustained

**Ambitions¹:**

- Sales from *High Growth Economies*: ~45%

**Achievements (2017):**

- Sales from *High Growth Economies*: 44%
- Sales from *Innovation²*: 21%
- Sustainable *Brighter Living Solutions³*: ~65%

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1. Strategy 2018 ambitions; as well as 2021
2. Sales from new products and new applications introduced within the last 5 years
3. Brighter Living Solutions have a better environmental footprint or societal impact compared with mainstream solutions
Building a strong and focused innovation pipeline

Key innovation projects

Increased focus on customer-driven innovation projects

Emerging Business Areas

Well on track to deliver €30 million EBITDA in 2018 in Biomedical - Solar - Bio-based

Large key programs with significant potential ready for commercialization (2019/20)

>20% sales from innovation (at higher margins)

Full pipeline of (large) innovation projects for 2020-2025
Clear initiatives further improved **financial performance**

**Cost reduction and efficiency programs**

- DSM-wide support functions €125-150m¹ (by end 2017)
- Nutrition Program €130-150m² (by 2018)

**Consistent improvement in capital efficiency**

1. **18%**
   - Average working capital³ (in line with <20% aspiration)

2. **6.4%** (~€550m p.a.)
   - Average capex as % of sales⁴ (within 6.5% guidance)

3. **5%**
   - Adjusted net operating free cash flow (CAGR 2015-17)⁵

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1. Vs. 2014 baseline
2. Vs. 2015 baseline
3. At FY2017
4. Average capex as percentage of sales for period 2016-2018E
5. Adjusted net operating free cash flow is cash flow before share purchases for options/ exercise of options, interest, dividend, M&A and financing activities

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**Expected run-rate cumulative savings end of 2018¹,²**

~€275m
Organizational adjustments enabled a stronger results-oriented culture

Organization well positioned for (in)organic growth

- **New top structure**
  Businesses represented in Executive Committee
  Simplified structure

- **New operating model**
  Businesses focused on prime functions
  Globally leveraged support functions

- **Change in leadership teams**
  ~15% reduction number of executives\(^1\)
  ~50% of executives renewed\(^1\)

**Culture**

- customers
- accountability
- agility
- collaboration
- diversity

Focus & Agility

Speed & Performance

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1. Over last 4 years
DSM significantly outperformed its headline financial targets ...

High single-digit percentage annual Adjusted EBITDA growth

- 2015\(^1\) & 1,075 & 2016 & 1,262 & 2017 & 1,445 & 2018\(^2\) & ~13% CAGR\(^2\) 2016-18
- Underlying business
- Temporary vitamin benefit

High double-digit basis point annual ROCE growth

- 2015\(^1\) & 7.6\% & 2016 & 10.4\% & 2017 & 12.3\% & 2018\(^2\) & ~200 Avg. bps\(^3\) 2016-18
- Underlying business
- Temporary vitamin benefit

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1. Continuing operations  
2. Approximation using 2018E. For Nutrition, based on underlying business corrected for best estimate of the temporary vitamin effect  
3. Approximation avg. annual growth using 2018E. For Nutrition, based on underlying business corrected for best estimate of the temporary vitamin effect
... with all businesses outperforming

### Adjusted EBITDA (€m)

**Nutrition**

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EBITDA %</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>16.6%</td>
<td>18.0%</td>
<td>18.9%</td>
<td></td>
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**Materials**

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<th>Year</th>
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<tr>
<td></td>
<td></td>
<td>15.2%</td>
<td>17.3%</td>
<td>17.3%</td>
<td></td>
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### ROCE (%)

**Nutrition**

<table>
<thead>
<tr>
<th>Year</th>
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<th>2016</th>
<th>2017</th>
<th>2018²</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>10.3%</td>
<td>12.0%</td>
<td>14.1%</td>
<td></td>
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**Materials**

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<th>Year</th>
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<tr>
<td></td>
<td></td>
<td>14.4%</td>
<td>17.6%</td>
<td>20.0%</td>
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1. Continuing operations
2. Approximation using 2018E. For Nutrition, based on underlying business corrected for best estimate of the temporary vitamin effect
3. Approximation avg. annual growth using 2018E. For Nutrition, based on underlying business corrected for best estimate of the temporary vitamin effect
Highly successful partnerships paying off

Value from partnerships enhanced and already substantially monetized

1. Cash in 2017: €1.5bn, earlier €0.5bn
2. Last twelve months as of end of March
3. Incl. Fibrant exit announced on May 2, 2018 (€0.2bn), which is expected to be completed in 3Q 2018, subject to customary regulatory approvals

- **Joint Venture**
  - **Value extracted**
  - **Exit**

  - Total proceeds: ~€2bn¹

- **Business Performance (continuing operations)**
  - Improved performance; EBITDA: from €57m (2015) to €82m (LTM²)
  - AnQore & Aliancys remain; EBITDA: from €60m (2015) to €88m (LTM²)
  - Further value creation from combination Aliancys & AOC

- **Exit**

  - 50%
  - 35%

- **DSM Sinochem Pharmaceuticals**
  - Total proceeds thus far: ~€535m³

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1. Cash in 2017: €1.5bn, earlier €0.5bn
2. Last twelve months as of end of March
3. Incl. Fibrant exit announced on May 2, 2018 (€0.2bn), which is expected to be completed in 3Q 2018, subject to customary regulatory approvals
Agenda

1. Strategy 2018: right strategy - successfully delivered

2. Purpose-led company created - ideally positioned for growth

DSM creates value on all three dimensions: People, Planet & Profit for all stakeholders: Customers, Employees, Shareholders & Society at large

People

Engaging people

75% of employees feel good about working at DSM, a jump of 4% vs. 2016

27/73 Ratio female/male stable vs. 2016

17% Female executives +2% up vs. 2016

71% Inclusion index up from 70% in 2016

0.36 Frequency Index of Recordable Injuries, decline vs. 0.33 in 2016

Planet

Preserving our earth

62% Brighter Living Solutions sales (ECO+/ People+) working toward 65% (2020)

21% Purchased electricity from renewable resources, up from 8% in 2016

26% Greenhouse-gas efficiency improvement cumulative 23% up in 2016 compared to 2008

3% Energy efficiency improvement cumulative vs. 2015

A-rating

CDP Climate and Water. Ranks #1 Sustainalytics and Gold Class DJSI

Profit

Delivering profitable growth

+15% Adjusted EBITDA growth vs. 2016 to €1,445m

+190 ROCE growth (in bps) vs. 2016 to 12.3%

+9% Organic sales growth up from 2016

21% Innovation sales, meeting our 20% ambition

44% Sales to high-growth economies, providing a well-balanced geographical spread vs 45% ambition

1.95 Dividend per share, up from €1.75 for 2016

1. All descriptions and figures can be found in Integrated Annual Report over 2017
2. Per 100 DSM employees and contractors

Page 16
Purpose-led company created: doing well by doing good

- **Doing well**
  - Focus on profit
  - or
  - Improving the world

- **Doing good**

10 years ago
- Start DSM’s new/next sustainability journey

Today
- DSM’s purpose approach is fully anchored in its strategy
  - Creating Brighter Lives for All

10 years from now
- Good financial returns **must** go together with purpose
  - Doing financially well can go together with doing well for the world
Purpose drives performance: future-proofing by cost, growth & engagement

What we do:

- Improve: impact of our operations
- Enable: customers delivering sustainable and healthy solutions
- Advocate: creating a sustainable business environment

What we achieve:

- More sustainability: lower costs and risks
- More growth: innovative sustainable solutions
- More engagement: employees, shareholders & society

Purpose led ➔ Performance driven
Purpose drives growth opportunities

DSM’s key competences ...

... provide growth opportunities in the focus-domains ...

Nutrition & Health
Climate & Energy
Resources & Circularity

Human Nutrition
Stevia
MixFit
Biomedical
Clean Cow
Animal Nutrition
Advanced Solar

DSM's key competences ...

... addressing megatrends/SDGs ...

Global Megatrends
SDGs

... creating a growth company ...

... reaching ~2.5bn people worldwide

Purpose drives growth opportunities

Page 19
Agenda

1. Strategy 2018: right strategy - successfully delivered

2. Purpose-led company created - ideally positioned for growth

A Growth & Value strategy: Purpose led, Performance driven.

- **Purpose sets scope** for DSM’s further portfolio evolution:
  - Focus on growth in Nutrition, Health and Sustainable Living

- **Organic growth enhanced by**:
  - Customer centricity
  - Solutions-oriented approach
  - Innovation focus

- **Inorganic growth further ‘evolving’ portfolio**:
  - Predominantly in Nutrition

- **Enabling programs** for accelerated growth:
  - Performance-driven organization, leadership & culture
  - Digitization
  - Sustainability leadership
Scope | Purpose sets scope for growth and portfolio evolution

Clear direction set for growth and further portfolio development in Nutrition, Health and Sustainable Living ...

... offering significant business opportunities in attractive market segments providing Growth & Value in all parts of the DSM portfolio:

- Human Nutrition
- Animal Nutrition
- Personal Care & Aroma
- Biomedical
- Green products & applications
- New mobility & connectivity applications
**Scope | Focus impacts further business development ...**

... with growth in Nutrition, Health and Sustainable Living ...

<table>
<thead>
<tr>
<th>Human Nutrition</th>
<th>Animal Nutrition</th>
<th>Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Human Nutrition</td>
<td>▪ Strengthen position in premixes and species</td>
<td>▪ Capture opportunities in Materials in:</td>
</tr>
<tr>
<td>▪ Animal Nutrition</td>
<td>▪ Further build specialty business model with solutions capability and data management</td>
<td>▪ Biomedical/ health</td>
</tr>
<tr>
<td>▪ Personal Care &amp; Aroma</td>
<td>▪ Expand personal care and aroma ingredients offering</td>
<td>▪ Green products &amp; applications</td>
</tr>
<tr>
<td>▪ Biomedical</td>
<td></td>
<td>▪ New mobility &amp; connectivity a.o. via new applications and bio-based products</td>
</tr>
<tr>
<td>▪ Green products &amp; applications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ New mobility &amp; connectivity applications</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Organic growth | Customer-led innovation in Nutrition led by strong product portfolio and science

![Diagram of Global Products and Local Solutions]

Global Products
- Vitamins
- Colorants Carotenoids
- Nutra-ceuticals & Specialties
- Omega 3/6 Nutritional Lipids
- Clean Cow
- Veramaris
- Cultures Probiotics
- Yeast (extracts)
- Enzymes Eubiotics
- Natural Preservatives
- Other Food/Feed Ingredients

Local Solutions
- Vitamins
- Nutra-ceuticals & Specialties
- Omega 3/6 Nutritional Lipids
- Clean Cow
- Veramaris
- Cultures Probiotics
- Yeast (extracts)
- Enzymes Eubiotics
- Natural Preservatives
- Other Food/Feed Ingredients

Regions
- N-Am
- L-AM
- EMEA
- Asia
- RoW

Market Segments
- Animal
- Human

Scope
- Organic
- Inorganic
- Enablers
Organic growth | Segment-specific application development driven by customer needs in Materials
Organic growth | Customer Centricity enabling growth

Next phase: global customer centricity & agility program enabling strong above-market growth

Mindset
- Top-line focus
- Customer first

People
- Businesses focus on prime functions
- New stronger leadership/ people/ teams
- Stronger global presence
- Lead & Grow tools
- KPIs and Incentives

Marketing & Sales approach
- M&S organized by (winning) market segments
- Focus on customer needs (data-based)
- Customer-aligned innovations
- Balanced global/ local presence (better geo spread)
- Improved supply chain and distributor management
Organic growth | Leveraging unique technology capabilities for developing innovative sustainable solutions

- Fundamental understanding of science behind Nutrition
- Capability to develop new ingredients and proving benefits
- Biotech center providing sustainable alternatives for chemical synthesis, plant/animal-derived ingredients
- Fundamental understanding of material synthesis/characterization and capability to convert in Sustainable Living applications
- R&D investments remain at 5% of sales
Organic growth  |  Supported by large innovation projects

Recent market introductions
- Eubiotics/Gut Health (feed/food)
- i-Health (B2C nutrients)
- New biomedical products (tissue repair/ophthalmology)
- Solar (coatings/backsheets)
- New Functional Materials (5G)
- Apparel (Dyneema textile applications)
- ForTii (High-Performance Polymer)

New market introductions 2019-20
- Clean Cow
- Veramaris (Green Ocean)
- Stevia (fermentative)
- Enzymes/Yeast (1.5–2G ethanol)
- Niaga (recyclable carpets & more)
- Additive Manufacturing (3D)

Market introductions 2021-25
- Plant-based proteins (CanolaPRO)
- Bio-agri (fungicides/pesticides)
- Actamax (biomed adhesion barrier)

Expected Sales/Adj. EBITDA in 2021 and 2025 of large projects: ~€350m/€100m rising to ~€1bn/€0.4bn
Total innovation sales (at higher margins) remain at 20% of sales
Inorganic growth | M&A will further evolve DSM portfolio

- Value creating M&A will further evolve and develop DSM’s portfolio

- Acquisitions will be predominately in Nutrition, given the:
  - growth potential and resilience
  - current and attainable strong global leadership position
  - value creation potential

- Whilst further evolving our portfolio, DSM will remain focused on organic growth, and preserve our competence- and scale-leverage
Growth enablers | Organization, leadership & culture enabling continued performance

Organization

- Keep cost discipline and further optimize support functions
- Develop further customer-centric organization, aligned with market/customer segments

Leadership & People

- Accelerate leadership development (people/teams) and effectiveness in growing our businesses
- Set global mindset by further internationalization (i.e. executives outside EU - location/nationality)

Culture

- Doing Something Meaningful, every day:
  - Customer Passion inspires innovation
    customer first & external orientation
  - Accountability & Agility spark success
    performance, speed & delivery
  - Inclusiveness brightens our future
    diverse people/perspectives, collaboration & connectivity

DSM Leadership Model

Organization DSM

- Business Groups (focus)
- Support Functions (leverage excellence)
- Regions (local)

ONE DSM

- Show
- Develop
- Connect
- Deliver

Scope

Organic

Inorganic

Enablers
Growth enablers | Digitization drives growth and improves efficiency

Customer intimacy
- Improve top-line results
  - Customer data analytics
  - Omnichannel apps providing 24/7 customer experiences
  - Strong cloud technology stack
  - Digital collaboration tools

Operational performance
- Reduce costs by automation & data analytics
  - Increase productivity in support functions and manufacturing by automation/robotization
  - Data analytics for optimization of operational processes
  - Improve safety, quality and plant reliability

New business models
- Digital entrepreneurship & AI
  - Partnerships for digital value propositions
  - Digital business transformation
  - Pilots on personalized nutrition and animalized feed
  - Become trusted reference in nutritional knowledge

Advanced Digital Technology Platform • Agile Organization & Ways of Working
Growth enablers | Continued sustainability leadership step-up

2017 Realization

- GHG efficiency improvement (vs. 2015) 8%
- Energy efficiency improvement (vs. 2015) 3%
- Purchased renewable electricity 21%
- Employee engagement favorable score 75%
- Safety Frequency Recordable Index 0.36
- Brighter Living Solutions 62%

2021 / 2030 Ambitions

- 30% absolute reduction by 2030 (vs. 2016)
- >1% average annually till 2030
- 75% by 2030
- >75% by 2021
- <0.25 by 2021
- >65% by 2021

Business growth enabler

Develop and introduce new innovative sustainable solutions with focus on Nutrition & Health - Climate & Energy - Resources & Circularity domains (e.g., Clean Cow, Veramaris, Niaga, etc.)

1. See DSM’s Integrated Annual Report 2017 for definitions and additional information; in addition: Circular Businesses DSM in 2017: ~15% of total sales
2. Change from efficiency to absolute reduction (scope 1&2); scope 3 set in H2 ‘18 (part of Science Based Targets); GHG EI of 8% in ‘15/’17 is 26% vs. 2008 (target: ~40% by 2025)
3. KPI will be updated as part of the Responsible Care Plan update in 2020
Strategy Update: Growth & Value - Purpose led, Performance driven.

- **Purpose sets scope** for DSM’s further portfolio evolution:
  - Focus on growth in Nutrition, Health and Sustainable Living

- **Organic growth** enhanced by:
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- **Inorganic growth** further ‘evolving’ portfolio:
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- **Enabling programs** for accelerated growth:
  - Performance-driven organization, leadership & culture
  - Digitization
  - Sustainability leadership

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**2021 Targets**

- **High single-digit percentage annual Adj. EBITDA increase**
- **~10% average annual Adj. Net Operating Free Cash Flow**
- **Value-creating M&A**

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1. Based on ‘underlying business’ 2018 Base Line corrected for the temporary vitamin effect
2. Adjusted net operating free cash flow is cash flow before share purchases for options/ exercise of options, interest, dividend, M&A and financing activities
DSM Strategy: Growth & Value - Purpose led, Performance driven

DSM’s key competences...

- Future-proof DSMS key competences...

... providing growth opportunities in the focus-domains...

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

... creating a growth company...

2021 Targets:

- High single-digit % annual increase Adj. EBITDA
- ~10% average annual increase Adj. Net Operating Free Cash Flow

Science based company in Nutrition, Health & Sustainable Living

Value-creating M&A

... addressing megatrends/SDGs...

Nutrition & Health
Climate & Energy
Resources & Circulariry
Sustainable Living

SDGs
Global Megatrends

Page 34
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