DSM in motion: driving focused growth

Anti-infectives partnership in China - a growth platform

17 December 2010
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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
Execution DAI strategy

• Demand and supply moving to Asia and high growth economies
• DSM strongest global player (market and technology position)
• DAI partnership in Asia/China key for further development
• Sinochem excellent JV partner in context of DAI strategy
• JV will enable accelerated growth in high growth economies
• Global 50/50 joint venture with Sinochem
  • Strategic focus of JV fully in line with DSM strategy
  • Strengthening position of the β-lactam anti infectives business, especially in China
  • Forward integration into finished dosage in selected markets
  • 50% Participation by Sinochem for € 210m
  • Closing expected in Q2 2011, following customary approvals and notifications

• Confidence in meeting DSM’s financial objectives

Major milestone in pharma strategy execution
Large β-lactam API market with accelerated growth

Geographical market distribution (SSP and SSC, 2010E)

- AMEA
- China
- LATAM
- EU & US

β-lactam APIs market development (SSP and SSC in kta)

- High growth economies
- RoW

China and AMEA are the largest markets
DAI: unique global reach, leading technology

2009 Sales € 326m, 2000 employees

Netherlands
- Delft
  - 7 ADCA
  - Enzymes

Italy
- Capua 1
  - Nysta

Mexico
- Saltillo
  - Pen
  - 6 APA
  - SSPs

Spain
- Almeria 1
  - SSPs
  - Sta. Perpetua
  - SSCs

China
- Yushu, Jilin
  - 6 APA

China
- Zhangjiakou
  - Pen
  - 6 APA
  - SSPs
  - Zibo
  - SSCs

India
- Toansa
  - 6 APA
  - SSPs

Strong market positions, biggest growth opportunity in China

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Complementary strengths of partners

**Unlimited. DSM**

- Market leader in β-lactam APIs - Biggest class of API within anti-infectives
- Technology leader - Lowest variable cost, most eco-friendly process
- Global reach, strong in Asia - Global M&S and regulatory competencies
- Price premium leveraging strong brand
- Global production footprint, with presence in High Growth Economies

**SINOCHEM GROUP**

- One of China’s biggest central-state owned enterprises
- Strategic intent and financial resources to grow business in (generic) pharmaceuticals
- Proven track record in accelerated growth in China
- Wide experience in global pharmaceuticals distribution
- Broader strategic intent to enter biochemicals industry

**Partnership will enable strong growth in China**
JV with Sinochem in β-lactam anti-infectives

• Focused growth in High Growth Economies accelerated through partnership

• Lowest cost process through proprietary DSM technology
  • Active portfolio expansion and going forward in the value chain

• Lowest energy consumption and waste production
  • DSM’s “Peace of mind” quality mindset with lowest cost position

• JV with global ambition between strong partners with complementary strengths

Strategic fit: Leveraging partnerships for growth

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Financial impact and expectations

Financial impact of JV
- 50% Participation by Sinochem for € 210m
- Transaction will have retro-active effect from 1 January 2011

Expectations by 2015
- DAI to increase its sales to > € 600m
- EBITDA margin >15%

Accounting effects
- proportionate consolidation by DSM for 50%

Closing is expected in Q2 2011 following customary approvals and notifications

Value creation now and tomorrow

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DSM
DAI growth strategy underway

End of 2011:
• New world-scale 6-APA plant on-stream to become production cost leader in β-lactam APIs

Improved position, access to new markets, lower PEN dependency
Conclusions

• Vision 2010 transformation completed with divestment of Elastomers

• Major milestone pharma strategy execution
  • DAI to increase sales to > € 600m by 2015
  • DAI EBITDA margin > 15% by 2015

• Confident about reaching DSM’s targets by 2013:
  • EBITDA of € 1.4 - 1.6 bn
  • ROCE >15%
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