Sustainability drives our growth
Safe harbor statement

- This factbook 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 factbook, 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
Materials

A high-quality specialties portfolio focused on well-defined, higher-growth specialty segments

- The Materials cluster comprises DSM Engineering Plastics, DSM Resins & Functional Materials and DSM Dyneema
- The cluster consists of a high-quality portfolio of specialty materials serving global automotive, electrical & electronics, building & construction, consumer goods, flexible food-packaging, high-performance textiles and life protection industries
- Key trend is substitution; customers are looking to replace existing parts and materials with newer, more sustainable alternatives
- DSM has been future-proofing the Materials business by focusing on higher-growth and higher-margin applications in Sustainable Living. DSM is a leading provider of sustainable innovations, meeting demands for greater efficiency, safer materials and improved environmental performance
**Materials**

*End-market segments offer growth options enhanced by substitution based on application development*

- **DSM Engineering Plastics**
- **DSM Dyneema**
- **DSM Resins & Functional Mat.**
- **DSM Biomedical**
- **DSM Advanced Surfaces**

- **Automotive**
- **Electronics**
- **Life Protection**
- **Fiber Solutions**
- **Sustainable Coatings**
- **Functional Materials**
- **Regenerative Biomaterials**
- **Solar**

- Replace metals & hazardous materials
- Replace steel/aluminum & aramids
- Environmentally friendly solutions
- Replace traditional solutions
- Fossil fuel replacement

**Growth via end-markets and substitution based on application development**
Materials
Sales (2018) overview by end-market and geography

Sales by end-market (%)
- Building & Construction: 17%
- Food Packaging: 18%
- Electrics & Electronics: 15%
- Other: 27%
- Automotive & Transport: 23%

Sales by Geography (%)
- Europe: 21%
- China: 30%
- North America: 20%
- Asia: 18%
- Rest of the World: 10%

€2.9bn (2018)

Key financial data

Sales (€ million) | % organic growth
---|---
2015 | 2500
down to | 3000
2016 | 2500
down to | 2500
2017 | 3000
down to | 3000
2018 | 3000

6% CAGR organic growth 2016-2018
Materials

Key financial data

<table>
<thead>
<tr>
<th>Sales (€m) &amp; sales volume growth (%)</th>
<th>Adj. EBITDA (€m) &amp; Adj. EBITDA margin (%)</th>
<th>Adj. EBIT (€m) &amp; Adj. EBIT margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015: 2,528, -4%</td>
<td>2015: 384, 15.2%</td>
<td>2015: 250, 9.9%</td>
</tr>
<tr>
<td>2016: 2,513, -1%</td>
<td>2016: 435, 17.3%</td>
<td>2016: 311, 12.4%</td>
</tr>
<tr>
<td>2017: 2,825, 7%</td>
<td>2017: 488, 17.3%</td>
<td>2017: 361, 12.8%</td>
</tr>
<tr>
<td>2018: 2,913, 5%</td>
<td>2018: 512, 17.6%</td>
<td>2018: 383, 13.2%</td>
</tr>
</tbody>
</table>

ROCE (%)

| 2015: 14.4%                       |
| 2016: 17.6%                       |
| 2017: 20.0%                       |
| 2018: 20.6%                       |

Capital Employed (€m)

| 2015: 1723                          |
| 2016: 1807                          |
| 2017: 1,786                         |
| 2018: 1,878                         |

Capital Expenditure (€m)

| 2015: 98                            |
| 2016: 106                           |
| 2017: 124                           |
| 2018: 132                           |
Purpose drives new growth opportunities in Materials

Addressing Focus Domains ...

... provides growth platforms ...

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

... and have strong fit with DSM’s competences
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 application
- Sustainable & safer solvent-free resins for wall paints
Green products & applications drive move towards bio-based resources

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
Materials Strategy 2021 – Growth & Value

Capturing opportunities in Sustainable Living

Strategic ambitions

- Above-market volume growth
- Adj. EBITDA margin 18-20%
- High single-digit % annual Adjusted EBITDA growth

Enhanced by programs

- Global customer centricity
- Commercialization of large innovation programs
Commercialization of large innovation programs in Materials

- **New biomedical products**
  - Tissue repair
  - Ophthalmology

- **Advanced solar materials**
  - Coatings/Backsheets

- **3D Printing – Additives**
  - New world manufacturing

- **Niaga®**
  - Redesign for full circular

- **eBOOST**
  - Enzymes/Yeasts
  - 1.5-2G bio-ethanol

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

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**Programs combined leading to:**
- Expected Sales after 2020: ~€250m and expected Adj. EBITDA after 2020: ~€100m
Materials Strategy 2021 – Growth & Value

Future-proofing Materials through focus on Sustainable Living

Growth-driven by winning segments:

- Focus on capturing growth from macro themes & SDGs, 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

Above market volume growth
High single-digit annual Adj. EBITDA growth
Adj. EBITDA margin of 18-20%
Materials

Global presence in R&D and production supporting preferred partnerships in winning segments
BRIGHT SCIENCE. BRIGHTER LIVING.™