Purpose-led, Performance-driven.

DSM Factbook 2020

Introduction to DSM
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.
Royal DSM is a purpose-led science-based innovative company in Nutrition, Health and Sustainable Living
DSM is the company that ....

- Is a global leader in **Nutritional ingredients** for Animal Nutrition & Health, Human Nutrition & Health
- Active in **Specialty Materials**, providing solutions for Sustainable Living
- Has a clear **strategic growth path**, growing the company:
  - **Performance driven**, delivering on its ambitious financial targets over the last years
  - **Purpose led**, delivering on its responsibilities towards people and planet
- Has an **impressive innovation pipeline** with large projects addressing key societal needs and the UN SDGs
- Has a **shareholder friendly dividend** policy and is determined to continue to create **sustainable value for all its stakeholders**
**DSM today**

*Global leader in animal nutrition, human nutrition and sustainable living*

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**Key figures**

- **GROUP ~€10bn sales**
  - ~20% sales from products and applications introduced in the last 5 years

- **Global footprint**
  - 200 locations over the world
  - 45% sales from emerging economies
  - EMEA sales: 35% - Americas: 35% - Asia/Row: 30%

- **A global & diverse workforce**
  - 106 nationalities represented
  - ~23,000 highly engaged employees
  - ~30% female / male ratio

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**A broad, global Nutrition business and a focused specialty materials portfolio**

- **Animal Nutrition & Health**
  - ~one third of DSM 2018 sales
  - Nutritional ingredients addressing the rising global demand for healthy animal protein around the world, Ingredients contributing to high-quality food, while looking after the welfare of the animals that produce it (and the planet we share with them)

- **Human Nutrition & Health**
  - ~one third of DSM 2018 sales
  - Nutritional ingredients keeping the world’s growing population healthy addressing various markets including food & beverages, dietary supplements, early-life nutrition, and medical nutrition

- **Specialty Materials**
  - ~one third of DSM 2018 sales
  - Advanced materials for high-performance, light-weight, safe and sustainable applications in a/o automotive, electric & electronics, building & construction
Introduction

DSM – global presence

**Sales by Origin (2018)**
- Netherlands: 25%
- Switzerland: 29%
- North America: 15%
- Asia: 10%
- Latin America: 6%
- Rest of Europe: 9%

**Sales by Destination (2018)**
- Netherlands: 4%
- Switzerland: 2%
- Rest of Europe: 3%
- Rest of the World: 1%
- China: 12%
- Asia: 16%
- Latin America: 12%
- North America: 22%

**Sales by business segment (2018)**
- Human Nutrition: 32%
- Animal Nutrition: 34%
- Materials: 32%
- Rest of the World: 3%
Building on an impressive history and has undergone a successful transformation
From coal mining into (bulk) chemicals into nutrition and sustainable living

1902
- Formation of coal mining company 'De Nederlandse Staatsmijnen' (Dutch State Mines)

1950 - 1980
- Continuous shift to (petro) chemical and fertilizer products incl. industrial chemicals and raw materials for synthetic/ polyethylene fibers and yarns

1989
- DSM listed on the AEX stock exchange

1998
- Acquisition of Gist-Brocades which was integrated into the DSM Life Science cluster
- Sale of Petrochemicals business
- Acquisition of Roche's Vitamins & Fine Chemicals division, subsequently renamed DSM Nutritional Products

2002-2003
- Focus on Life Sciences and Materials Sciences and divestment of non-core businesses Melamine, Agro, Elastomers

2005-2010

2011-2015
- DSM celebrates 150 years in biotechnology innovation
- Divestments of holdings in DSM Sinochem, Patheon and Fibrant
- Acquisition of Gist-Brocades which was integrated into the DSM Life Science cluster

2016-now
- DSM celebrates 150 years in biotechnology innovation
- Divestments of holdings in DSM Sinochem, Patheon and Fibrant

Extensive experience in chemical synthesis and biotechnology

Est. 1902
Royal DSM Chemistry, energy, polymer technology

Est. 1869
Gist-Brocades Biotechnology

Est. 1934
Hoffman La Roche Vitamins Chemical synthesis & biotechnology
Over the last strategy periods, DSM streamlined and simplified its portfolio. Exited (bulk) chemicals and accelerated its transformation into becoming a Nutrition company.

Significant portfolio transformation (in % of DSM sales)

- Petrochemicals, Base Chemicals & others
- Polymer Intermediates & Composite Resins
- Pharma
- Innovation Center
- Materials
- Nutrition
Successful M&A accelerated DSM’s transition into a global leader in Nutrition

DSM became a more global, innovative & sustainable company through portfolio transformation

- Strengthened our broad & global Nutrition business with nutritional ingredients for ruminants (Tortuga); marine-based poly-unsaturated fatty acids (Ocean Nutrition Canada); algae & fungi based (fermentation) Omega-3 and Omega-6 (Martek); tailored (integrated) premix solutions (Fortitech); vitamins (Jiangsu, Nenter) and textures/hydrocolloids (a/o Andre Pectin)

- Upgraded Materials by exiting several non-core businesses, focusing on and expanding in high-end specialty solutions, including Dyneema®, acquisition of SRF (India) specialty materials business. Added biomedical solutions (Kensey Nash), and advanced solar
DSM today has a broad range of sciences and technologies capabilities
Enabling DSM to leverage its technologies for developing innovative sustainable solutions

- Fundamental understanding of science behind Nutrition and Materials
- Capability to develop new ingredients and materials
- Biotech competences providing sustainable alternatives for chemical synthesis, and plant/animal-derived ingredients
- Fundamental understanding of material synthesis/characterization and capability to convert in Sustainable Living applications
- R&D investments at 5% of sales
DSM offers products & solutions to a wide range of end-markets

- DSM addresses with its products and solutions some of the world’s biggest challenges - while creating economic, environmental and societal value for all its stakeholders – customers, employees, shareholders, and society at large.

- DSM delivers innovative solutions for e.g. green products and applications, medical devices, new mobility and connectivity, human nutrition, animal nutrition and personal care.
DSM’s workforce has become very international
60% of employees (2018) is based outside Europe

~23,000 Employees, ~60% Employees outside Europe - employee engagement: 76%
Successfully delivered on financial targets

DSM has been outperforming on Adjusted EBITDA growth and ROCE growth since 2015

Performance

High single-digit %
annual Adjusted EBITDA (€m) growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EBITDA (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,075</td>
</tr>
<tr>
<td>2016</td>
<td>1,262</td>
</tr>
<tr>
<td>2017</td>
<td>1,445</td>
</tr>
<tr>
<td>2018</td>
<td>1,822</td>
</tr>
</tbody>
</table>

~13% CAGR\(^1\) 2016-18

Temporary vitamin benefit

290

Underlying business

High double-digit basis point
annual ROCE (%) growth

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7.6%</td>
</tr>
<tr>
<td>2016</td>
<td>10.4%</td>
</tr>
<tr>
<td>2017</td>
<td>12.3%</td>
</tr>
<tr>
<td>2018</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

~190 Avg. bps\(^1\) 2016-18

Temporary vitamin benefit

3.5%

Underlying business

\(^1\)CAGR and average bps of underlying business
Successfully delivered
*DSM outpaced market growth in both Nutrition and Materials segments*

**Underlying sales growth** (€m)

- **Human Nutrition**
  - 2015: 1,741
  - 2016: 1,823
  - 2017: 1,939
  - 2018: 1,989
  - CAGR 2016-18: ~5%

- **Animal Nutrition**
  - 2015: 2,269
  - 2016: 2,399
  - 2017: 2,660
  - 2018: 2,749
  - CAGR 2016-18: ~7%

- **Materials**
  - 2015: 2,528
  - 2016: 2,513
  - 2017: 2,825
  - 2018: 2,913
  - CAGR 2016-18: ~5%
Purpose led, performance driven

Strategy 2021
DSM; a purpose led, performance driven company

*We balance the need to generate profitable growth with the need to have a positive contribution to the world*

10 years ago
Start DSM's new/next sustainability journey

10 years from now
DSM's purpose approach is fully anchored in its strategy *Creating Brighter Lives for All*

**Good financial returns**
*will* go together with purpose

**Doing financially well**
*can* go together with doing well for the world

**Doing well**
Focus on profit

**Doing good**
Improving the world

**Doing well** or **Doing good**
DSM’s key competences are addressing the UN Sustainable Development Goals

By focusing on sustainable solutions, DSM can grow faster and reduce its cost and risk profile

<table>
<thead>
<tr>
<th>Nutrition &amp; Health</th>
<th>Climate &amp; Energy</th>
<th>Resources &amp;Circularity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NO POVERTY</td>
<td>7. AFFORDABLE AND CLEAN ENERGY</td>
<td>13. CLIMATE ACTION</td>
</tr>
<tr>
<td>2. ZERO HUNGER</td>
<td>8. GOOD JOBS AND ECONOMIC GROWTH</td>
<td>14. LIFE BELOW WATER</td>
</tr>
<tr>
<td>3. GOOD HEALTH AND WELL-BEING</td>
<td>9. INNOVATION AND INFRASTRUCTURE</td>
<td>15. LIFE ON LAND</td>
</tr>
<tr>
<td>4. QUALITY EDUCATION</td>
<td>10. REDUCED INEQUALITIES</td>
<td>16. PEACE AND JUSTICE</td>
</tr>
<tr>
<td>5. GENDER EQUALITY</td>
<td>11. SUSTAINABLE CITIES AND COMMUNITIES</td>
<td>17. PARTNERSHIPS FOR THE GOALS</td>
</tr>
<tr>
<td>6. CLEAN WATER AND SANITATION</td>
<td>12. RESPONSIBLE CONSUMPTION AND PRODUCTION</td>
<td></td>
</tr>
</tbody>
</table>

Please see DSM’s Integrated Annual Report 2018 for definitions and additional information
Strategy 2021: Growth & Value – Purpose led, Performance driven

Our purpose is to create brighter lives for all

With our Employees
With our Customers and Suppliers
With our Shareholders
For Society

Science-based competences in Nutrition, Health and Sustainable Living

Global Megatrends

Sustainable Development Goals

Growth in focus domains: Purpose led, Performance driven

Nutrition & Health
Climate & Energy
Resources & Circulariry

Sustainable living

We are already reaching ~2.5 billion people worldwide

More engagement
More sustainability
More growth
**2021 Financial Targets**

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

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**Ambitions underpinning DSM Group targets**

1. **Sales**
   - Above-market sales growth for Group, Nutrition and Materials

2. **Adj. EBITDA margin**
   - Nutrition: >20%
   - Materials: 18-20%

3. **Working capital**
   - Reduce by 50 bps annually to ~16%

4. **Capex**
   - ~6.5% of sales

5. **ROCE**
   - ~1%-point increase per annum

6. **Adj. EPS**
   - Increase ahead of Adj. EBITDA growth
DSM will continue its above-market growth
- Above-market growth for total DSM, Nutrition and Materials
- Supported by a well-balanced geo-split (45% sales will come from high-growth economies)
- About 20% of sales will come from innovations

DSM will improve margins by further shifting to higher-margin, specialty solutions
- Support growth while retaining efficiency through a returns-focused M&S organization and anchoring of support function savings

DSM aims to bring down Average Total Working Capital by around 50 basis points annually
- Customer-centric supply chain & digitization enable inventory reduction
- Automation & data analytics support accounts receivable optimization

Disciplined CAPEX allocation: investments focused on growth and efficiency
- About 6.5% of annual sales
- Focus on enhancing growth capabilities (i.e. 2/3 CAPEX in Nutrition)
- ~50-60% of CAPEX focused on growth

EBITDA growth and capital efficiency drive ROCE improvement
- Around 100 bps increase per annum & ROCE towards ~15%

For the period 2019-2021
Strategy 2021 | Sustainability ambitions are integral part of our strategy
Stepping-up our ambitions regarding the reduction of GHG emissions, energy efficiency

### Realization 2018

- **GHG absolute reduction (vs. 2016)**: ~8%<sup>1</sup>
- **Energy efficiency improvement year-on-year**: 1.4%<sup>3</sup>
- **Purchased renewable electricity**: 41%
- **Employee engagement favorable score**: 76%
- **Safety Frequency Recordable Index**: 0.33
- **Brighter Living Solutions**

### 2021 / 2030 Ambitions

- **30% absolute reduction by 2030 (vs. 2016)**<sup>2</sup>
- **>1% average annually till 2030**
- **75% by 2030**
- **>75% by 2021**
- **<0.25 by 2021**
- **>65%<sup>5</sup> by 2021**

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<sup>1</sup> We estimate the effect of the underlying structural improvements in absolute GHG emissions to be roughly 8% versus 2016, while the total absolute GHG emission reduction versus 2016 is approximately 18% (from 1.5 million tons to 1.23 million tons).

<sup>2</sup> An additional Scope 3 intensity reduction target of 28% by 2030 (versus 2016) has been agreed which, together with our Scope 1 + 2 target, meets the criteria for a Science-Based Target.

<sup>3</sup> Our energy efficiency improvement was 5.1% over the past strategic period.

<sup>4</sup> Excluding temporary vitamin effect.

<sup>5</sup> KPI will be updated as part of the Responsible Care Plan updated in 2020.
Sustainability as growth opportunity
Addressing the Sustainable Development Goals & grow in the focus domains

**Nutrition & Health**
- Provide adequate macro-/micronutrients
- Fight malnutrition (undernutrition, obesity)
- Enable sustainable animal protein production
- Help reduce salt, sugar, saturated fat
- Fight antimicrobial resistance
- Support health & longevity w/biomedical solutions

**Climate & Energy**
- Reduce own operations’ greenhouse gas emissions (GHG)
- Enable customers’ reductions of emissions (GHG, nitrogen)
- Advocate a low carbon economy & carbon pricing
- Step up renewable energy

**Resources & Circularity**
- Enable circular & bio-based solutions: reduce, replace, extend, design, recover
- Increase resource efficiency & yields
- Reduce food loss and waste
- Promote sustainable land use for farming and food production
- Preserve marine biodiversity

**Partnerships for the broadest reach:**

![Partnerships](wfp.org, unicef, World Vision, Partners in Food Solutions, Scaling Up Nutrition)
Sustainability | DSM’s performance recognized by benchmarks

*Leading in integrating sustainability in operations and business*

- 3rd year on Fortune’s Change the World list (2018)
- AAA - Top-rating in ESG index (2019)
- Sector Leader in ESG ranking (2020)
- Prime Rating (2019)
- Constituent (2018)
- A- for Climate (2018)
- B- for Water (2018)
Corporate Governance

The General meeting of Shareholders appoints members of the Managing Board and Supervisory Board.

The Supervisory Board supervises the policy pursued by the Managing Board, its performance and the company's general course of affairs. The SB approves the annual financial statements. It is organized around committees including Audit, Nomination, Remuneration and Sustainability Committees. Members are appointed for 4 years (reappointed up to 8 years).

The Managing Board is responsible for the Strategy, portfolio management, deployment of human and financial capital, risk management, financial and sustainability performance.

The Executive Committee focuses on strategy and direction, review of business results, functional and regional strategies, budget-setting, and people and organization. It includes the MB members and four senior Managers (currently the leaders of Nutritional Products, Food Specialties & Strategy, Innovation center and People & Organization).
Managing Board

Feike Sijbesma (Dutch, 1959)
- CEO & Chairman of the Managing Board since May 2007, member of the MB since 2000.
- Joined DSM in 1998 with the acquisition of Gist-Brocades (from 1987)

Geraldine Matchett (British, French, Swiss, 1972)
- CFO and Member of the Managing Board since 2014
- Joined DSM in 2014

Dimitri de Vreeze (Dutch, 1967)
- Member of the Managing Board since 2013
- Joined DSM in 1990

Executive Committee

Chris Goppelsroeder (Swiss, 1959)
- President and CEO, DSM Nutritional Products since 2013
- Joined DSM in 2003 with the acquisition of Roche Vitamins & Fine Chemicals

Patricia Malarkey (British/American)
- Chief Innovation Officer
- Joined DSM in 2019

Philip Eykerman (Belgian, 1968)
- Executive Vice-President Corporate Strategy & Acquisitions
- Joined DSM in 2011

Judith Wiese (German)
- Executive Vice President Group People & Organization
- Joined DSM in 2017
Supervisory Board

Rob Rout (Dutch, 1946), Chair
- First appointed: 2010. Chair of the Nomination Committee, member of the Remuneration Committee
- Last position held: Executive Director Downstream and member of the Board of Royal Dutch Shell plc

Pauline van der Meer Mohr (Dutch, 1960)
- First appointed: 2011. Chair of the Remuneration Committee, member of the Nomination Committee
- Last position held: President of the Executive Board of Erasmus University Rotterdam

John Ramsay (British, 1957)
- First appointed: 2017. Chair of the Audit Committee, member of the Remuneration Committee
- Last position held: Chief Financial Officer of Syngenta AG

Fritz van Paasschen (Dutch and American, 1961)
- First appointed: 2017. Member of the Audit Committee Sustainability Committee
- Last position held: CEO of Starwood Hotels and Resorts

Eileen Kennedy (American, 1947)
- First appointed: 2012. Chair of the Sustainability Committee, member of the Nomination Committee
- Position: Professor Nutrition Friedman School of Nutrition Science & Policy (Tufts, Boston, USA)

Victoria Haynes (American, 1947)
- First appointed: 2012. Member of the Audit Committee and Remuneration Committee
- Last position held: President and CEO of the Research Triangle Institute International

Pradeep Pant (Singaporean, 1953)
- First appointed: 2016. Member of the Audit Committee and member of the Sustainability Committee
- Last position held: EVP & President, APAC and EMEA of Mondelēz International

Erica Mann (Australia, 1958)
- Last position held: Member of the Board of Management of the Bayer Group and Global President of Bayer’s Consumer Health Division.