Value creation

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Chief Financial Officer

Capital Markets Days 2012
Safe harbor statement

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The English language version of this document is leading.

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
Overview

- Value creation at DSM
- Achieving the 2013 and 2015 targets
Financial policies as business enablers

- Priorities for cash allocation unchanged:
  1. Capex for organic growth
  2. Dividend
  3. Acquisitions
  4. Cash return to shareholders

- Dividend policy
  “stable and preferably rising dividend”

- Commitment to Single A rating

- Systematic, risk-management-oriented hedging strategy
Committed to a solid and flexible financial base

- 2012 H1 gearing 11%
- No commercial paper outstanding

Achievements
- Successfully renewed €500m committed credit facility
- The additional €400m facility expected to be replaced in 2013
- Updated Commercial Paper program of €1.5bn
- Change in Dutch pension plan from defined benefit plan into defined contribution plan

Cash position
- Cash position at end of Q2’12: €1.9bn, of which ~ €420m has been used for ONC and ~ €465m is needed for Tortuga
Debt situation well under control

- Most long-term debt will mature as from 2014
- No covenants in outstanding bonds
- Successful risk mitigation, including hedging of currency exposures
- Counter party limits of banks have been reduced and geographic spread adjusted
Two-thirds of growth capex in High Growth Economies

Western Europe:
- Asset Base: 75%
- Capex 2012 E: 50%
- Growth Capex: 25%

North America:
- Asset Base: 25%
- Capex 2012 E: 25%
- Growth Capex: 50%

High Growth Economies:
- Asset Base: 25%
- Capex 2012 E: 50%
- Growth Capex: 75%

Expected total capex 2012 > € 600m

* Geographic distribution as % of total DSM
Dividend increased for 2\textsuperscript{nd} consecutive year

- Dividend policy “stable and preferably rising”
  - In cash or ordinary shares

- May 2012 (AGM): dividend increase of € 0.10 to € 1.45
  - Since announcement of new CSD, dividend has been increased by 21% from € 1.20 to € 1.45

- Interim dividend for the year 2012: € 0.48 per ordinary share, which, as usual, represents one third of the total dividend paid for the previous year (2011)
Limited impact new pension accounting rules

- Impact from new IFRS rules for defined benefit pension plans applicable as from 2013:
  - Expected return on pension assets is no longer used for the determination of annual pension costs. Instead, interest costs/benefits will be calculated on the net balance of pension assets and liabilities. This will increase annual pension cost by ~ € 10m*
  - Return on plan assets and interest costs on defined benefit obligations are currently reported in EBITDA but have to be reported in Financial Income and Expense. This will improve EBITDA with ~ € 5m*
  - Application of the corridor is abolished and all actuarial gains and losses have to be recognized in other comprehensive income immediately. This will not impact DSM because immediate recognition has already applied since 2006

- Changes have no impact on pension related cash flows

* Amounts mentioned are high-level estimates on the basis of 2012.
Overview

- Value creation at DSM
- Achieving the 2013 and 2015 targets
Conservative & successful acquisition approach

<table>
<thead>
<tr>
<th>Strategic / Business fit</th>
<th>Balance sheet / Cash</th>
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</thead>
<tbody>
<tr>
<td>Add / increase leadership positions</td>
<td>Sustained Single A rating</td>
</tr>
<tr>
<td>Strengthening market / technology position</td>
<td>Cash EPS accretive from beginning</td>
</tr>
<tr>
<td>Increase innovation potential</td>
<td>Supportive to other financial</td>
</tr>
<tr>
<td>Contribute to our geographic ambitions</td>
<td>targets</td>
</tr>
<tr>
<td>Add to our sustainability drive</td>
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One or more of the above

All of the above
Creating attractive shareholder value

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>EV</th>
<th>EBITDA</th>
<th>EBITDA /Sales</th>
<th>EV/EBITDA‘12</th>
<th>Full NPV*</th>
<th>FCF Yield (year 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martek</td>
<td>~ € 730m</td>
<td>~ € 100m</td>
<td>~ 30%</td>
<td>7.3</td>
<td>€ 1.4bn</td>
<td>~7%</td>
</tr>
<tr>
<td>ONC</td>
<td>~ € 420m</td>
<td>~ € 45m</td>
<td>~ 30%</td>
<td>9.0</td>
<td>€ 850m</td>
<td>~8%</td>
</tr>
<tr>
<td>Tortuga</td>
<td>~ € 465m</td>
<td>~ € 60m</td>
<td>~ 16%</td>
<td>7.8</td>
<td>not disclosed</td>
<td>~8.9%</td>
</tr>
</tbody>
</table>

- Acquisitions with conservative multiples providing 100% strategic & operational fit, creating profitable growth and shareholder value

* DSM base case including synergies
Acquisitions contributing to EBITDA growth

ACQUISITIONS

Nutrition
- Martek (microbial DHA/ARA)
- Vitatene (natural carotenoids)
- Premix plants (Romania, Italy)
- Food enzymes business and technology (Verenium)
- Ocean Nutrition Canada (fish derived Omega-3)
- Tortuga (animal dietary supplements)

Innovation center
- Kensey Nash (biomedical materials)
- C5 Yeast Company (cellulosic bioethanol)

Performance Materials
- ICD China; High performance fibers
- AGI Taiwan; UV resins

~ € 1.8bn

~ € 0.3bn

~ € 0.1bn

PARTNERSHIPS

Nutrition
- Premix plant Russia

Pharma
- DSM Sinochem Pharmaceuticals

Innovation center
- POET; cellulosic bio-ethanol
- DuPont: Actamax, biomedical materials

Performance Materials
- KuibyshevAzot Russia; PA6
- Kemrock India; composite resins

~ € 1.8bn

~ € 0.3bn

~ € 0.1bn

Total acquisitions now reaching ~ € 2.2bn*
Adding ~ € 250m high quality EBITDA to DSM

* Since September 2010
### 2013 Targets: Profit Improvement Program

<table>
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<tr>
<th>Profit Improvement Program</th>
<th>2013</th>
<th>2014</th>
</tr>
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<tbody>
<tr>
<td>Benefits of 2012 plan</td>
<td>~ € 75m</td>
<td>~ € 150m</td>
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</table>

- Company-wide program with main focus on costs & efficiency
- Expected structural annual benefits of € 150m
- Reduction in global headcount of ~1,000 positions
- In addition to the previously announced restructuring at DSM Resins (€ 25-30m EBITDA by 2013)
- Committed to seeking additional efficiencies
Examples of a broad range of projects started

**Life Sciences**
- Improving competitiveness of key vitamins (Bs and C) with projects in Grenzach (D) and Dalry (UK)
- Reduction of the Swiss Franc dependency
- Closing of the LTP plant in Sweden
- Termination of Percivia’s Biosimilar business
- Other programs in Pharma

**Materials Sciences**
- Reduce fixed costs, improve efficiency at DSM Engineering Plastics
- Alignment of DSM Dyneema with vehicle protection business
- Intensifying the previously announced restructuring initiatives at DSM Resins (further initiatives focused on Composite Resins)

**Other**
- Standardizing and offshoring transactional services in accounting and ICT
Savings to be fully effective by 2014

<table>
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<tr>
<th></th>
<th>Annual Savings by 2014</th>
<th>Provisions / Impairments 2012</th>
<th>Headcount Reduction</th>
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</thead>
<tbody>
<tr>
<td>Life Sciences</td>
<td>~ € 55m</td>
<td>~ € 60m</td>
<td>~ 500</td>
</tr>
<tr>
<td>Materials Sciences*</td>
<td>~ € 50m</td>
<td>~ € 40m</td>
<td>~ 300</td>
</tr>
<tr>
<td>Other</td>
<td>~ € 45m</td>
<td>~ € 50m</td>
<td>~ 200</td>
</tr>
<tr>
<td>Total DSM</td>
<td>~ € 150m</td>
<td>~ € 150m</td>
<td>~ 1,000</td>
</tr>
</tbody>
</table>

* excluding the program announced in Q3’11 at DSM Resins
2013 EBITDA target confirmed

Assuming no further deterioration of the economic conditions, and based on its strategy, financial strength, and the additional actions now taken, DSM will move towards the 2013 strategic targets.

The ROCE target is unlikely to be achieved due to accelerated acquisitions and deterioration in global macro-economic conditions.
Conclusions

- Successful strategic progress continued
- Biggest share of ~ € 2.2bn M&A since CSD announcement, has been realized in Nutrition
- These acquisitions contribute ~ € 250m high quality EBITDA to DSM’s portfolio, but in the short term, they have a negative impact on the ROCE
- A company wide € 150m Profit Improvement Program has been announced to mitigate the impact from macro economic developments
- Outlook 2012 confirmed
- Assuming no further deterioration of the economic conditions, and based on its strategy, financial strength, and the additional actions now taken, DSM will move towards the 2013 strategic targets
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