DSM in motion: driving focused growth

Feike Sijbesma
CEO / Chairman Managing Board

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

- Building a higher value business
- Achievements 2010-2012
- Confidence in targets
DSM in motion: driving focused growth
Building a higher value business ...

- Portfolio transformed; significant presence in Nutrition
- Further progress Pharma; improvements & partnership discussions
- Solid development Performance Materials
- Global, low cost leadership position Polymer Intermediates
- Business set to realize 5-7% growth; supported by global presence and innovation pipeline
- Developing market leading positions Bio-based Products & Services and Biomedical Materials

* 2012 H1 including pro-forma sales Kensey Nash, ONC and Tortuga
...well positioned for further growth

- 67%* EBITDA 2012 H1 from Nutrition
- Synergistic acquisitions adding value
- Strong balance sheet provides ability to pursue further growth opportunities

* 2012 H1 including pro-forma EBITDA
Kensey Nash, ONC and Tortuga
...shifting towards more resilient end-markets

- Growing majority of portfolio geared towards attractive end-markets with low GDP sensitivity

- Acquisitions such as Kensey Nash, Ocean Nutrition Canada and Tortuga further improve resilience of portfolio

- Downward risk for DSM is limited, as most sensitive end-market (building & construction) is down since 2009

* Health & Nutrition includes Food, Feed and Personal Care
...in a truly global context

- Better international spread, capturing mega trend opportunities
- Moving towards 50% sales from High Growth Economies by 2015
- On target to double sales in China to > US$ 3bn by 2015 (2012 H1: US$ 0.9bn - 15% of DSM sales)
- Organizational moves from Europe to other regions (incl. BG HQs and Innovation/R&D centers)

* 2012 H1 DSM sales plus pro-forma H1 sales of Kensey Nash, ONC and Tortuga
Overview

- Building a higher value business
- Achievements 2010 - 2012
- Confidence in targets
Nutrition: continued sales & EBITDA growth

Strong growth in Nutrition, organically and through € 1.8bn acquisitions since 2010:
- broadening *portfolio*
- extension *value chain*
- increased *global presence*

* 2012 H1 Sales & EBITDA including pro-forma sales ONC & Tortuga
Nutrition: expanding portfolio & geo-spread

- Including Ocean Nutrition Canada and Tortuga, Nutrition businesses will have:
  - ~ € 4.4bn in revenues
  - 20-23% EBITDA
  - ~ 67% of total DSM EBITDA(*)
  - 55 pre-mix plants

- DSM created an unique position in nutritional ingredients/supplements markets

Expansion in food & feed (Sales € bn)

* Two times 2012 H1 plus pro-forma sales ONC & Tortuga
# Nutrition: acquisitions fuel further growth

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Portfolio</th>
<th>Key Region**</th>
<th>Sales</th>
<th>Growth***</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martek</td>
<td>Omega 3 DHA</td>
<td>N-AM</td>
<td>~ € 350m*</td>
<td>&gt; 10%</td>
<td>~ € 100m</td>
</tr>
<tr>
<td></td>
<td>Omega 6 ARA</td>
<td></td>
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</tr>
<tr>
<td>ONC</td>
<td>Omega 3 EPA</td>
<td>N-AM</td>
<td>~ € 150m</td>
<td>&gt; 10%</td>
<td>~ € 45m</td>
</tr>
<tr>
<td></td>
<td>Omega 3 DHA</td>
<td></td>
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</tr>
<tr>
<td>Tortuga</td>
<td>Organic Trace Minerals, Phosphorus</td>
<td>L-AM</td>
<td>~ € 385m</td>
<td>&gt; 10%</td>
<td>~ € 60m</td>
</tr>
<tr>
<td>Verenium Cargill bio****</td>
<td>Enzymes &amp; Cultures &amp; Enzymes, Natural Carotenoids</td>
<td>EUR/N-AM</td>
<td>~ € 80m</td>
<td>&gt; 10%</td>
<td>not disclosed</td>
</tr>
<tr>
<td></td>
<td>Natural Carotenoids</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Natural Carotenoids</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>€ 950-€ 1000m</td>
<td>&gt; 10%</td>
<td>&gt; € 200m</td>
</tr>
</tbody>
</table>

* Martek sales after deduction of internal DSM supplies
** All products are introduced/leveraged globally
*** 5 yr forward sales CAGR
**** Possible acquisition of Cargill’s cultures and enzymes business
...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>

Other

Total  | ~ € 1.8bn | > € 200m | ~ 23%        | < 8          |

Acquisitions at conservative multiples provide full strategic & operational fit, creating profitable growth and shareholder value

* DSM base case including synergies
### DSM paying conservative multiples in Nutrition

#### DSM’s acquisitions in Nutrition

- Martek: 7.3
- ONC: 9.0
- Tortuga: 7.8

**Total EV/EBITDA < 8**

#### Nutrition - Industry References*

- Chr.Hansen - IPO: 12.6
- Cognis: 9.6
- Danisco: 14.9
- Provimi: 10.3

**Total EV/EBITDA ~ 9-15**

* Multiple based on published EV and last actual reported EBITDA before acquisition
**Nutrition: unique portfolio has been created**

<table>
<thead>
<tr>
<th>Vitamin Forms</th>
<th>Carotenoids</th>
<th>Enzymes</th>
<th>Yeasts</th>
<th>PUFAs</th>
<th>Cultures</th>
<th>Organic Trace Minerals</th>
<th>Premixes</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSM</td>
<td>Vitatene Microbia</td>
<td>Verenium Cargill bio</td>
<td>C5 Comp</td>
<td>Martek ONC</td>
<td>Cargill bio</td>
<td>Tortuga</td>
<td>Romania Italy Tortuga</td>
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<td>BASF</td>
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<tr>
<td>Cargill</td>
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<tr>
<td>Chr. Hansen</td>
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<td>Dupont Danisco</td>
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<tr>
<td>Novozymes</td>
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<td>Nutreco</td>
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</tbody>
</table>

- **Leading position**
- **Medium sized position**
Further enhancing our value chain positions

From (2003)

Active Ingredients
- Vitamins
- Carotenoids
- Enzymes
- Yeasts

Formulations
Premixes

85% of vitamins sold as active ingredients

To (now)

Active Ingredients
- Vitamins
- (Natural) Carotenoids
- Enzymes
- Yeasts
- PUFAs
- Cultures
- Organic Trace Minerals
- Phosphorus / DCPs

Formulations
Premixes
Blends, Services

15% of vitamins sold as active ingredients

- Value acquired active ingredients leveraged via DSM’s value chain and global network
- In current portfolio, <45% of sales is vitamin / carotenoids related
Nutritional Lipids: a new growth platform

2012 Sales: ~ € 500m*
Growth: double digit
2012 EBITDA: > € 145m*

Omega-3 (DHA) & Omega-6 (ARA) algae derived
Omega-3 (EPA/DHA) Fish derived

DSM Nutritional Lipids: market leader in PUFAs;
strong growth in Infant Nutrition - Dietary Supplements - Food & Beverages

* Including i-Health™
Developing leading positions in food specialties

2012 Sales: > € 400m (DSM Food Specialties, incl. Verenium & Cargill bio-products)
Growth: double digit

Oilseed processing enzymes
Food enzymes licenses; Biodiversity libraries

Cargill Bio-products

Expanding in highly attractive > € 1bn food enzymes & cultures markets
Making progress in anti-infectives

- DSM Sinochem Pharmaceuticals JV (anti-infectives) making progress
- 6-APA plant being on stream
- Enzymatic biotechnology plant advanced antibiotics ($2^{nd}$ generation SSC) under construction in China (2013)
- Product differentiation pipeline expanded:
  - Generic API, Atorva, successfully launched. European registration approvals received

HSR

- Global reach with strong brand
- Market leader
- Technology leader
- Global production footprint

Sinochem

- One of the biggest Chinese state-owned chemical companies
- Large pharma sales network
- Track record in accelerated growth
Development DSM Pharmaceutical Products

- Partnership strategy DSM Pharmaceutical Products being pursued
- Own strength initiatives ongoing; including further restructurings
- Organic growth improving: several new CMO agreements (incl. pipeline)
- Good progress in DSM Biologics
  - Bio-pharma plant in Brisbane (Australia) under construction (startup in 2013, first manufacturing contracts signed)
  - US patents granted for high density technology (XD™)
Strong market positions Performance Materials

- Sales/market share growth attractive markets
- Shift to higher-added value via innovative, sustainable (green/Eco+) solutions
- Accelerated growth High Growth Economies a/o via M&A (AGI/Taiwan, ICD/China and KuibyshevAzot/Russia)
- Active margin and cost management to grow EBITDA margin to 17% in 2015
- Portfolio set to outperform once global macro-economic conditions improve
Strong position Caprolactam via cost-leadership

- Exceptional returns 2010/11 due to caprolactam supply shortages, driven by high growth in China
- High benzene prices, combined with weak end-use market caused a sharp deterioration of CPL margins in Q2’12
- New capacities in China will bring the GUR to 85% - 90% in period 2012-2014

What to expect

- Due to favorable cost position, DSM is well placed to show good average EBITDA margin over the cycle
- Opportunities to reduce exposure to the merchant CPL markets will be pursued
Two exciting new growth platforms established

Life Sciences

Materials Sciences

2 new growth platforms

**DSM Bio-based Products & Services**
- Bio-succinic acid
- Cellulosic bio-ethanol
- Bio-based adipic acid
- ...

**DSM Biomedical**
- Biomedical coatings
- Dyneema Purity®
- Polyurethane Silicone
- Hydrogels (PTG)
- Kensey Nash
- ...

[DSM Logo]
Frontrunner in bio-based materials and fuels

- Exciting partnerships established
  - Roquette: bio-succinic acid
    (10kt; start-up end ‘12)
  - POET: cellulosic bio-ethanol
    (~25 m gallon; start up end ‘13/early ‘14)
    (capex ~ US$ 250m)
  - BP: algae-based bio-diesel

- Leading technology position:
  - Yeasts (incl. acquisition C5 Yeast Co)
  - Enzymes
  - Algae

- Other renewable building blocks, such as adipic acid
Cellulosic bio-ethanol: very attractive opportunity

- Global cellulosic bio-ethanol market expected to grow to 18bn gallons in 2022 (~ US$ 50bn)
- Resulting in market value for enzymes & yeasts of ~ US$ 3-5bn in 2022
- US is leading, forecast ~ 7.5bn gallons of cellulosic bio-ethanol by 2022
- By 2022 about 150-200 plants to produce cellulosic bio-ethanol from corn crop residue could be required in the US

* derived from Hart’s Global Energy Study
Creating a leading biomedical business

- DSM Biomedical has shown 19% CAGR over the last 3 years, building on PTG
- In 2011, DSM and DuPont established the Actamax JV, which develops products for adhesion prevention, tissue sealing, hemostasis, and other surgical applications
- The acquisition of Kensey Nash in June 2012, has made DSM Biomedical a leading medical device materials supplier active in:
  - bio-passive materials: medical coatings & polymers
  - bio-active materials: resorbable polymers and drug delivery
  - bio-interactive materials: therapeutic materials and regenerative medicine
- Kensey Nash will roughly double sales of Innovation Center to ~ € 130m annualized
Kensey Nash: leader in regenerative medicine

Revenues*
- 2010/11: US$ 72m; Products: US$ 46m, Royalties: US$ 25.6m; EBITDA: US$ 29m (40% margin)

Customers
- Leading medical device companies incl. Synthes, Stryker, Arthrex, St. Jude & Medtronic

325 employees
- Of whom 95 in R&D & Technical positions

Core capabilities
- Biomaterials products for tissue repair and regeneration
- Innovative devices & tooling for delivery of biomaterials and cardiovascular procedures

Guidance (Kensey Nash Issued March 2012)

<table>
<thead>
<tr>
<th>Year*</th>
<th>Revenues</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>US$ 88.5m</td>
<td>US$ 30m</td>
</tr>
<tr>
<td>2012/13</td>
<td>US$ 100m</td>
<td>US$ 36m</td>
</tr>
</tbody>
</table>

Revenue distribution (H1 2011/12*, US$43m)
- Spine: 30%
- Sports Medicine: 16%
- CMF & Trauma: 17%
- Cardiovascular: 19%
- General Surgery: 15%
- Other: 3%

* Note: Fiscal year July 1- June 30
Overview

- Building a higher value business
- Achievements 2010-2012
- Confidence in targets
Well positioned in current economic climate

- The global macro-economic outlook remains uncertain. However, DSM is well positioned to secure its growth and profitability:
  - our business portfolio is far more robust with Nutrition EBITDA (including pro-forma EBITDA of acquisitions) ~ 67% of total EBITDA (2012 H1)
  - Materials Sciences highly leveraged to economic recovery as some end-markets like B&C are still running at levels similar to lowest point of the economic crisis

- Broader geographic spread with a significant and growing presence in N-America and High Growth Economies

- DSM has a strong balance sheet: set to maintain single A credit ratings

- We have an embedded efficiency culture, continuously focusing on further cost reductions and efficiency improvements
2013 EBITDA target confirmed

Profitability Targets | Target 2013 | Current Expectation
--- | --- | ---
| EBITDA | € 1.4 - € 1.6bn | ~ € 1.4bn |
| ROCE | > 15% | < 15%

- Assuming no further deterioration of economic conditions, and based on its strategy, financial strength and additional actions 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.

*2010 EBITDA was € 1,127m (IFRS pension adjustment is excluded)*
2013 Targets: Profit Improvement Program

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

- Company-wide program: main focus on costs & efficiency
- Expected structural annual benefits: € 150m
- Reduction global headcount: ~1000 positions
- All in addition to the previously announced restructuring at DSM Resins (€ 25-30m EBITDA by 2013)
- Committed to seeking additional efficiencies
Well on track to achieve our 2015 sales targets

<table>
<thead>
<tr>
<th>Sales targets 2015</th>
<th>Target</th>
<th>Current Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic sales growth</td>
<td>5%-7% annually</td>
<td>✓</td>
</tr>
<tr>
<td>China Sales</td>
<td>from US$ 1.5bn to more than double &gt; US$ 3bn</td>
<td>✓</td>
</tr>
<tr>
<td>High Growth Economies</td>
<td>from ~32% towards 50% of total sales</td>
<td>✓</td>
</tr>
<tr>
<td>Innovation sales</td>
<td>from ~12% to 20% of total sales</td>
<td>✓</td>
</tr>
</tbody>
</table>
# 2015 Cluster aspirations confirmed

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Aspirations 2015</th>
<th>Confirmed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition</td>
<td>Sales growth 2% above GDP</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>EBITDA margin &gt;20% towards 23%</td>
<td>✓</td>
</tr>
<tr>
<td>Pharma</td>
<td>Leveraging partnership for growth</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>EBITDA towards 15% - 20% range</td>
<td>✓</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>Sales growth at double GDP level</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>EBITDA margin &gt; 17%</td>
<td>✓</td>
</tr>
<tr>
<td>Polymer Intermediates</td>
<td>Further improve cost position</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>EBITDA margin ~ 14%</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>(on average over the cycle)</td>
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Good progress toward sustainability aspirations

<table>
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<tbody>
<tr>
<td>Dow Jones Sustainability</td>
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<td></td>
</tr>
<tr>
<td>Index top ranking (“Gold”)</td>
<td>No 1</td>
<td></td>
</tr>
<tr>
<td>ECO+ (innovation pipeline)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>at least 80% of pipeline is ECO+</td>
<td>94%</td>
<td></td>
</tr>
<tr>
<td>ECO+ (running business)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>from ~34% towards 50%</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Energy efficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20% improvement (2008 till 2020)</td>
<td>13%*</td>
<td></td>
</tr>
<tr>
<td>Greenhouse Gas Emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% reduction from 2008 till 2020</td>
<td>8% increase*</td>
<td>x</td>
</tr>
<tr>
<td>Engagement Survey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>towards High Performance Norm</td>
<td>71% Favorable**</td>
<td>✓</td>
</tr>
</tbody>
</table>

* Cumulative improvement from 2008 till FY 2011; in 2012 a major improvement re GHG will be realized

** Measured at end of 2011, 8% below High Performance Norm
2012 Outlook confirmed

- In Nutrition, EBITDA is now expected to be clearly above 2011. Ocean Nutrition Canada will add about € 20 million EBITDA for remainder of the year
- Pharma is expected to deliver a slightly improved EBITDA, despite the 50% deconsolidation of the anti-infectives business
- Full year EBITDA for Performance Materials is expected to be in line with 2011, despite the weak market conditions for caprolactam
- For Polymer Intermediates, EBITDA is expected to be clearly below the exceptional result in 2011

- Overall, DSM is cautious with regard to the economic outlook for the remainder of 2012. DSM’s expectations for the year, as expressed at its Q2 2012 results, have not changed
Wrap-up

- DSM has been transformed into a different company since 2010

- DSM has a higher quality of earnings, with a substantial part of earnings coming from a highly resilient, high margin, growing nutrition business

- Materials Sciences highly leveraged to economic recovery

- We have made good progress along our selected growth drivers:
  - more international/better geo-spread and presence (eg HGEs)
  - more sustainable
  - an impressive innovation pipeline & new growth platforms
  - executed growth enhancing synergistic acquisitions

- Strong balance sheet allows continued pursuit of growth enhancing acquisitions