Rolf-Dieter Schwalb, CFO / Member of the Managing Board

Driving focused growth

DSM Capital Markets Day 2013
Overview

- What has been achieved since 2010
- Mid-term review outcome
- Financial policies and metrics to steer the business
- Way forward
What we have delivered so far

### Profitability targets 2013

<table>
<thead>
<tr>
<th></th>
<th>2013 expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>€ 1.4 - 1.6bn</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>&gt;15%</td>
</tr>
<tr>
<td></td>
<td>Towards € 1.4bn</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>9-10%</td>
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### Sales targets 2015

<table>
<thead>
<tr>
<th></th>
<th>2013 H1 realization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic sales growth</strong></td>
<td>5% - 7% annually</td>
</tr>
<tr>
<td>China sales</td>
<td>from US$ 1.5bn to &gt;US$ 3bn</td>
</tr>
<tr>
<td>High Growth Economies sales</td>
<td>from ~32% towards 50% of total sales</td>
</tr>
<tr>
<td>Innovation sales</td>
<td>from ~12% to 20% of total sales</td>
</tr>
<tr>
<td></td>
<td>US$ 0.8bn</td>
</tr>
<tr>
<td></td>
<td>~40%*</td>
</tr>
<tr>
<td></td>
<td>18%</td>
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### EBA aspiration 2020

<table>
<thead>
<tr>
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<th>2013 H1 realization</th>
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<tbody>
<tr>
<td><strong>EBA sales</strong></td>
<td>&gt;€ 1bn</td>
</tr>
<tr>
<td></td>
<td>~€ 75m</td>
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* 40% in 2013 H1 is incl. pro forma sales Tortuga in Q1 2013

**DSM**

**BRIGHT SCIENCE. BRIGHTER LIVING.**
Overview

- What has been achieved since 2010
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# Updated 2015 targets

## Profit targets 2015
- EBITDA margin (%) 14% -15%
- ROCE 11% -12%

## Sales target 2015
- Organic sales growth 5%-7% annually
- China sales towards US$ 3bn
- High Growth Economies sales about 45% of total sales
- Innovation sales 20% of total sales
- ECO+ sales towards 50% of total sales

## Cluster targets 2015
- Nutrition EBITDA margin 20% - 23%
  Sales growth GDP +2%
- Performance Materials EBITDA margin 13% - 15%
  Sales growth at double GDP
Profit Improvement Program on track

Cumulative Benefits (€ million)

- Expected structural annual benefits of €250-280 million by 2015; several programs will continue thereafter
- PIP one-off costs in 2013 will be ~ €80 million
- Total cumulative EBITDA benefits of these PIP programs by end 2013 are estimated at ~ €160 million
Examples of broad range of projects started

**Life Sciences**
- The restructuring of DNP sites (Grenzach, Dalry) is progressing as planned
- Restructuring of Pharma Chemicals in Linz, Austria has started and will continue to run until 2015. Biosolutions in Capua, Italy is nearly completed
- Closure of anti-infectives site in Zhangjiakou, Hebei province, China

**Materials Sciences**
- In Engineering Plastics, a comprehensive program was initiated in 2012 to cut fixed costs, to improve operational efficiency, pricing and margin management and to accelerate the growth of innovative specialty products. This program is well under way
- Restructuring initiatives at Dyneema are being completed
- In Resins, a program was initiated in 2011 and resulted in strong cost reduction in 2013

**Corporate Activities**
- Worldwide payroll is being outsourced to 3rd party service provider
- Transfer of support activities to shared service centers in India and China ongoing
- Restructuring of the global IT support network ongoing

Headcount reductions on track with plan
Savings to be fully effective by 2015

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Life Sciences</strong></td>
<td>~ €90-100m</td>
<td>~ €70m</td>
<td>~ €25m</td>
</tr>
<tr>
<td><strong>Materials Sciences</strong></td>
<td>~ €110-120m</td>
<td>~ €40m</td>
<td>~ €10m</td>
</tr>
<tr>
<td><strong>Corporate Activities</strong></td>
<td>~ €50-60m</td>
<td>~ €40m</td>
<td>~ €45m</td>
</tr>
<tr>
<td><strong>Total DSM</strong></td>
<td>~ €250-280m</td>
<td>~ €150m</td>
<td>~ €80m</td>
</tr>
</tbody>
</table>
Overview

- What has been achieved since 2010
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- Way forward
Financial policies clearly defined and unchanged

- 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
Dividend paid to shareholders

- Dividend policy “stable and preferably rising”

- Since the announcement of the CSD in 2010, dividend has been increased by 25% from €1.20 to €1.50

- Payable in cash or ordinary shares

- Interim dividend for the year 2013: €0.50 per ordinary share, which, as usual, represents one third of the total dividend paid for the previous year (2012)
Supportive uptake of stock dividend

- Of the interim dividend paid on August 28, 49.5% was paid as stock dividend.

- Current number of treasury shares are sufficient to pay stock dividend until the FY dividend for 2015.

- In Q4 2013, DSM expects to launch a share buyback program for 4-5 million shares to cover its commitments under existing management and personnel option plans. This program is anticipated to continue into Q1 2014.
Solid financial base, committed to Single A

- Total long term debt ~€2bn, no covenants in outstanding bonds
- Single A credit rating by Moody’s (A3) and S&P (A)
- Committed credit facilities of €1bn, fully undrawn
- Updated €4bn EMTN program
- Continued risk mitigation, including hedging of currency exposures
The move to higher value/specialties business and away from typical chemical commodities has not lead to a relevant change in the overall level of OWC since 2008.
OWC needs further improvement

Because our clusters have different OWC ratios, any mix effect on the overall OWC ratio
Nutrition OWC ratio needs improvement
For 2013, we expect OWC/sales on group level to be around 21%, at the same level as in 2012
• After a period of low capex, some special projects impacted the overall spending levels in 2012/2013:
  • New ammonium sulfate plant
  • Second line CPL Nanjing
  • 2G Biofuel POET
Capex mainly driven by growth ambitions
Towards an increase in ROCE

- Exceptional returns at Polymer Intermediates combined with low capital employed inflated ROCE in 2010/2011
- Over the mid term, the target remains to reach at least 15% ROCE
The Nutrition business before acquisitions continues to realize strong ROCE above 20%, despite the strengthening of CHF in 2011 affecting both operating earnings and capital employed.
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Changes in accounting policy

- From 2014 onwards DSM will have to apply IFRS 11 Joint Arrangements
- IFRS 11 changes the accounting for entities that are under joint control. This will have an impact on the financial reporting of DSM:

<table>
<thead>
<tr>
<th></th>
<th>Current reporting of JVs</th>
<th>JV reporting as of 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;L</td>
<td>Proportionate consolidation of 50% interest in all lines</td>
<td>Results will be shown below the EBIT line, in the line “share of the profit of associates”</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>Proportionate consolidation of 50% of the assets and liabilities in all lines</td>
<td>Net asset value in “Associates”</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>Included for 50% in the relevant lines</td>
<td>Capital payments, loans granted and dividends received are part of cash from investing activities.</td>
</tr>
<tr>
<td>Capital Employed</td>
<td>Assets and liabilities included for 50% (like PPE, Intangibles and WC)</td>
<td>Not included anymore.</td>
</tr>
</tbody>
</table>

- Currently, the following JVs are impacted by IFRS 11: DSM Sinochem Pharmaceuticals, POET-DSM Advanced Biofuels, Reverdia, Japan Fine Coatings Ltd, Actamax, Meltagel and Percivia
High level estimate of IFRS 11 impact

- Restated comparative figures for 2013 (per cluster) will be published prior to the Q1 2014 earnings announcement
- Information on proportionately consolidated JVs is available in the Integrated Annual Report 2012 (page 202)
- The table below presents an estimate of the impact on key performance indicators for the year 2013 for total DSM

<table>
<thead>
<tr>
<th>DSM</th>
<th>Impact of reporting change on 2013e pro forma</th>
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<tbody>
<tr>
<td>Sales</td>
<td>Decrease of around €200m</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Decrease of around €10m</td>
</tr>
<tr>
<td>EBIT</td>
<td>Negligible</td>
</tr>
<tr>
<td>OWC</td>
<td>Decrease of around €40m</td>
</tr>
<tr>
<td>CE</td>
<td>Decrease of around €200m</td>
</tr>
<tr>
<td>ROCE</td>
<td>Increase of 0.2% point</td>
</tr>
<tr>
<td>Capex</td>
<td>Decrease of around €100m</td>
</tr>
<tr>
<td>Headcount</td>
<td>Decrease of around 860 FTE</td>
</tr>
</tbody>
</table>
Information on joint ventures in future periods

• In the annual report:
  - Mandatory disclosure: Summarized balance sheet and profit and loss accounts for
    significant joint ventures individually and for all joint ventures in total
  - Based on the current evaluation, the only joint venture that currently qualifies as
    being significant is DSM Sinochem Pharmaceuticals

• In the quarterly report:
  - No mandatory disclosure according to IFRS
  - Voluntary DSM disclosure: net sales and business development for significant joint
    ventures individually and net sales for all joint ventures in total
2013 Outlook

- **Nutrition** is expected to show clearly higher results than in 2012 due to organic growth moving towards the target of 2% above GDP and the acquisitions made, with EBITDA margins well within the 20-23% range. However, the recovery in animal protein markets remains fragile, currently leading to some pricing pressure especially in Vitamin E. Additionally, fish oil-based Omega 3 sales are being impacted by somewhat lower consumer demand following recent sharp retail price increases. Overall, the compelling growth drivers of the Nutrition business remain unchanged.

- Business conditions in **Pharma** remain challenging, but DSM is confident that it will be able to deliver substantially better results, notwithstanding the usual uneven delivery patterns between quarters.

- **Performance Materials** is expected to show improved results in 2013, despite the negative effects of caprolactam.

- **Polymer Intermediates** is expected to show lower results than in 2012.

- For the **Innovation Center** the result of the second half of 2013 is expected to be in line with the second half of 2012.

- Overall, DSM expects a significant increase in EBITDA during 2013 from the €1.1 billion realized in 2012. This is a result of stronger organic growth, supported by DSM’s Profit Improvement Program, as the benefits of acquisitions and a more resilient portfolio are having an increased impact. Foreign exchange rates and the recently announced Dutch “crisis tax” renewal are likely to have a negative impact on EBITDA. Overall, based on current economic assumptions, DSM continues to expect to move towards its 2013 EBITDA target of €1.4 billion. The combination of the above factors could however result in an EBITDA for 2013 slightly below €1.35 billion.
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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, a copy of which can be found on the company's corporate website, www.dsm.com