Overview

- Delivering on strategy
- Update on integration & synergies acquisitions
- Strategy forward
Nutrition: CSD aspirations in 2010

Continued value growth

Strategy for Nutrition

- Improve cost position at par with best of industry
- Use innovation headroom for further differentiation
- Selective acquisitions to leverage unique infrastructure / market access
- Leverage DSM’s strong position towards naturals trend

Aspirations (2015)

- Sales growth 2% above GDP
- EBITDA margin: 20% - 23%

Source: DSM CMD 2010
The existing strategy has served us well

A strong Product Portfolio...

... leveraged across the value chain...

... addressing attractive markets

Organic growth: GDP +2% and EBITDA margin 20-23%
Strong sales growth

- On average **10% CAGR sales growth** since 2010, driven by volumes (5%) and M&A (5%)

- **Organic growth** of 3% CAGR on average since 2010

- Animal & Human Nutrition grow at similar rates with Animal Nutrition growing faster at the beginning of the period and Human Nutrition growing faster more recently

- Stable market shares in Animal Nutrition and Human Nutrition

- Growth rates always fluctuate somewhat
Current market conditions

Animal Nutrition & Health
- Poultry and aquaculture protein markets continue to be impacted by diseases in several high growth economies
- Recovery in animal protein markets remain fragile creating some price pressure, especially in Vitamin E
  - DSM sticks to its value over volume strategy
- Decreasing agricultural commodity prices are supporting a steady but slow recovery in animal protein production

Human Nutrition & Health
- Favorable conditions for Infant Nutrition and Food Specialties’ bio Ingredients
- Food & Beverage customers face soft demand, particularly in Western markets
- Demand for fish oil based Omega 3 Dietary Supplements is being impacted by sharp price increases at retail, as the entire value chain has pushed through higher fish crude oil costs
- Fish oil prices expected to soften and value chain to rebalance
- Dietary supplements overall expected to resume growth

Foreign Exchange
- The US$, the Brazilian Real, Japanese Yen and several other HGE currencies, to which DSM has an increased exposure, have weakened recently versus the Euro

Expectations for remainder of 2013
- Full year organic growth estimated around 3%, moving to GDP+2% in Q4
Healthy EBITDA growth with high margins

- Since the start of the new CSD strategy period, **EBITDA margins** have remained stable at the high end of the 20%-23% target range.

- Healthy EBITDA growth driven by:
  - organic growth
  - M&A
  - Profit Improvement Programs
All together more than offsetting the negative FX impact from the stronger Swiss franc (about €130m)

- Nutrition EBITDA now ~70% of DSM’s Group Total

- EBITDA margins for H2 expected to be well within the 20-23% range
Fundamental growth drivers fully intact

- Growing population, urbanization and rising standards of living drive increased consumption of fish, meat, milk & eggs
- Public concern about quality, safety and sustainability
- Need for safe and efficient animal & marine protein production

- Growing population, urbanization and rising standards of living drive increased consumption of processed foods, requiring specialty food ingredients
- Desire for health, wellness, longevity & healthy ageing drive demand for
  - Infant Nutrition: Growth in HGE, Quality & traceability
  - Dietary Supplements: increasing health awareness
  - Healthy Food & Beverage choices for consumers

High market attractiveness supported by strong macro trends
Broadest portfolio with extended value chain

- Portfolio of **active ingredients** broadened:
  - Polyunsaturated fatty acids (PUFAs): Omega-3 (DHA, EPA), Omega-6 (ARA)
  - Natural carotenoids
  - Cultures, enzymes
  - Tortuga trace minerals

- **Global network** further expanded:
  - Animal Nutrition:
    - China, Colombia, Ecuador, Indonesia, India, Italy, Philippines, Romania, Russia, South Korea
    - Expanded animal market reach with Tortuga (Brazil)
  - Human Nutrition:
    - Premix network more than doubled with acquisition of Fortitech and Unitech (New Zealand)

- Value **chain further extended downstream** with customer-driven solutions and segment-specific finished-product solutions, incl. B2C
Global network for local markets

till 2010
new since 2010
The innovation partner in Human Nutrition

- **Specialty food ingredients:** € 42bn
  - vitamins
  - enzymes
  - antioxidants
  - lipids
  - carotenoids
  - colors
  - hydrocolloids
  - yeasts
  - cultures
  - minerals
  - probiotics

- **Macro food ingredients:** > € 710bn
  - dairy
  - fruits
  - cereals
  - proteins
  - meat/fish
  - oils
  - spices
  - flour
  - salt
  - sugar

- **Food & Bev. manufacturers:** € 1,750bn
  - Nestlé
  - Unilever
  - Danone
  - Coca-Cola
  - Heinz
  - Kraft Foods

- **Retail brands:** € 2,295bn
  - Nike
  - Adidas
  - L’Oréal
  - Procter & Gamble
  - Johnson & Johnson

- **Dietary supplements companies:** € 34bn
  - Bayer
  - Pfizer
  - NBTY Inc.
  - Otsuka
  - Herbalife

- **Store brands:** € 315bn
  - Carrefour
  - Walmart
  - Costco
  - Tesco
  - Safeway

- **Food service:** ~€ 2,500bn
  - McDonald’s
  - Starbucks

- **Consumers:** > € 5,100bn (excl. unprocessed foods)
Current launches in Human Nutrition

**Infant Nutrition**

**New FloraGLO® Lutein Delivery Form**
New Lutein (for eye health) 1% SD/S form enables inclusion in new Infant Nutrition products in Asia, leveraging DSM's network.

**Dietary Supplements**

**New Forms enable Gummies with Life’s DHA, MEG-3, Science and innovation collaboration fuel new launches with vitamins, lutein, zeaxanthin a/o with Bayer, Church & Dwight, Bausch & Lomb, Alcon**

**Savory flavors**

**Maxagusto™: unmatched taste intensity and flavor that is truly evocative of homemade foods**
Customized to local food habits. Helping customers to move away from basic flavoring and get the mouth watering taste, whether you are in India or Indiana

**Food & Beverages**

**Whitewave Horizon: Organic, Back to School, Chocolate Milk with Life’s DHA in North America**
Life’s DHA in single serve containers. First ever launch of DHA fortified chocolate milk.
Innovation pipeline in Human Nutrition: Oatwell®

Oatwell®, with proven health benefits
From agriculture to consumer

Proven to lower blood cholesterol
Helps to reduce the risk of CVD
Innovation pipeline in Human Nutrition: Purifine®

Game changer for profitable oilseed crushing & refining

Enzymatic degumming of vegetable oils (soy, canola, sunflower) during crushing
  • Increased Yields,
  • Lower energy usage,
  • Avoidance of harsh chemicals

⇒ For soybeans alone this reflects > € 1bn in additional customer value

Leveraging Verenium acquisition and DSM Biotech capability and global footprint
Innovation pipeline in Human Nutrition: Stevia

Steviol Glycosides: sustainable, fermentative alternative to plant-based Stevia (sweetener)

DSM’s value proposition: Combine biotech and food know-how resulting in cleaner taste, cost competitive, more sustainable Steviol glycosides (IP-protected)

Market potential for high intensity sweeteners is ~ €3bn
Innovations in Personal Care: Alpaflor® Edelweiss

Discover a new level of protection for the ultimate skin sensation

Unique new variety of Edelweiss, Preserves skin’s natural balance
Strong anti-oxidative & protective properties
The innovation partner in Animal Nutrition

- **Compound Feed**
  - € 198bn
  - DSM
  - Evonik
  - Dupont
  - Alltech

- **Medicated Feed Additives**
  - > € 10bn
  - Merck Animal Health
  - Elanco
  - Zoetis

- **Specialty Feed Additives and Premix**
  - > € 10bn
  - DSM
  - Evonik
  - Dupont
  - Alltech

- **Feed Ingredients**
  - Soy, Corn, etc.
  - ~ € 140bn
  - Cargill
  - Bunge
  - ADM

- **Additives for Pasture Raised Animals**
  - Farmers

- **Processors**
  - Tyson
  - Nutreco
  - BRF

- **Retail/Food Service**
  - Walmart
  - Tesco
  - Safeway
  - McDonald’s
  - Starbucks
  - Costc

- **Antibiotic Growth Promoters, Vaccines, Therapeutics**
  - > € 1,200bn

- **Processors**
  - JBS
  - Bühler

- **Retail/Food Service**
  - > € 4,000bn
Current launches in Animal Nutrition

CRINA Poultry Plus
a combination of two proven products - essential oil components with the most effective organic acid - for better gut health

ROVIMIX® MaxiChick®
a unique poultry feed solution to improve egg fertility, embryo survival and chick viability

HyD® for Swine
Increases the profitability of sow herds. Better bone strength leads to higher selection rates of gilts and higher reproductive performance of sows

ANH in the App store
E-enabling customers and our sales force to be at the forefront of animal nutrition science
Livestock are responsible for methane emission, a GHG that causes global warming.

DSM is working on “CleanCow”, a feed additive(s) solution:

1. to reduce methane by 25-30% in vivo
2. with the potential for better performance (increased milk yield, increased body weight gain, etc.)
The fittest phytase – third generation phytase evolved to give you more

Increased production with less environmental impact

- Extracts more phosphorus from plant phytate
- Replaces more inorganic phosphorus in animal diets
- Gives faster growth and optimized feed cost savings...

...and even more reduction in phosphorus excretion
Nutrition: Delivering on the strategy

- Broadest range of active nutritional ingredients
- Fully leveraged across the value chain
- Global premix network, moving into solutions
- Innovation partner of choice for the food, feed & personal care industries
- Strong sales growth, with steady EBITDA growth and stable margins
- Successful, value creating acquisitions
Overview

- Delivering on strategy
- **Update on integration & synergies acquisitions**
- Strategy forward
Acquisitions creating attractive shareholder value

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>EV</th>
<th>NPV</th>
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</thead>
<tbody>
<tr>
<td>Martek</td>
<td>€ 730m</td>
<td>€ 1.4bn</td>
</tr>
<tr>
<td>ONC</td>
<td>€ 420m</td>
<td>€ 730m</td>
</tr>
<tr>
<td>Fortitech</td>
<td>€ 495m</td>
<td>€ 855m</td>
</tr>
<tr>
<td>Tortuga</td>
<td>€ 465m</td>
<td>€ 843m</td>
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</tbody>
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M&A adding > € 1.2bn in sales and > € 250m in EBITDA
Attractive growth expectations of > 10%
Martek: fully integrated with ONC

Reminder

Achieve leadership in nutritional lipids and infant nutrition
Expand PUFAs for Infant Nutrition outside the US market
Expand Martek’s PUFAs in non-infant applications such as food & beverages, dietary supplements

Financials:
Double-digit sales growth
Stable margins

What we have achieved

- Martek is fully integrated with significant synergies realized
- Nutritional Lipids growth platform created, together with ONC
- Successful penetration of Infant Nutrition markets outside the US, launches in all regions, sales outside the US have increased substantially, with highest growth in Asia
- Successful growth of PUFAs in Dietary Supplement applications
- Huge growth potential in food & beverage end-markets
- Martek products have continued to deliver double-digit organic growth and ~30% EBITDA margin
Ocean Nutrition Canada: fast integration

Reminder

Strengthen DSM in North American dietary supplements market

Leverage DSM’s global network to grow Omega-3 for dietary supplements, food & beverages outside the US

Financials:
Double-digit sales growth
Continued high margins

What we have achieved

- Nutritional Lipids growth platform created together with Martek
- Ocean Nutrition manufacturing and R&D fully integrated
- Global HNH Sales force trained and executing well
- Leveraging our increased access to NA retailers
- Mitigation of some price volatility linked to crude fish oil
- Ocean Nutrition Canada has delivered sales in line with acquisition business case and EBITDA close to business case, despite significantly higher fish oil prices
World leader in Nutritional Lipids

Exciting synergies achieved:

- Combination of Martek and ONC (algea-based and fish-oil based products) created a strong leader in nutritional lipids and has strong synergies with the ‘existing’ DSM activities as well
- Strongest growth for PUFAs in Asian Infant Nutrition - double digit
- North American dietary supplement market mature, with growth potential intact
- Latin America growing at double-digit pace albeit from a low base
- Europe with single-digit growth in Infant and Dietary Supplements

*including i-Health™
Fortitech: high customer centricity

Reminder

- Adds a strong position in customized food ingredient blends
- Expands DSM’s value chain presence offering complete solutions to customers globally

Financials:
- Double-digit sales growth
- Significant cost synergies plus capex avoidance

What we have achieved

- Integration well underway with new Human Nutrition & Health Premix structure preserving the Fortitech operational model. Focus is on high service and customized, local solutions.
- Significant cost and ingredient supply synergies confirmed and being realized in all regions
- Capex avoidance fully realized in North America and Latin America with DSM site consolidations and expansions at the Fortitech sites
- Market share fully maintained with favorable customer reception in all regions
- Forward integration projects, offering complete / turnkey solutions are accelerating, increasing DSM “share of wallet”
- Double-digit sales growth and EBITDA margin enhancement well in line with business case
Cultures and Enzymes business from Cargill

Reminder

Cultures market is a very attractive & growing market

Even stronger position with a broad offering to the global dairy industry

Leverage of core competences in biotechnology in enzymes & cultures

High synergy potential

What we have achieved

- The Cargill and DSM Cultures businesses have been fully merged into one organizational unit
- Successful offering of new value proposition in Dairy Enzymes & Cultures to leading global dairy players
- Integration of portfolio including brand and product rationalization
- Strongly improved profits, achieved by capturing significant synergies
Tortuga: step-up in Latin America

Reminder

- Fundamentally strengthen DSM in Latin America with direct access to 35,000 Brazilian farmers
- Strengthen DSM’s ruminant position globally
- Create Organic Trace Mineral platform
- Financials: Deliver strong Growth and Earnings

What we have achieved

- Tortuga integration program on track and fully completed in 2014, with impact already visible in business results
- Product registrations progressing for expansion of the ruminant position in Latin America
- Ultimately creating additional value for ruminant solutions through Vitamin & Carotenoid supplementation
- Tortuga mineral program expansion into monogastric underway in the region
- Sales and earnings fully on track to deliver the business case
Integration process on track

Integrate acquisitions …

• Martek (NA)
• ONC (NA)
• Microbia (NA)
• Cargill’s Cultures & Enzymes
• Fortitech (global)
• Unitech (NZ)
• Tortuga (LATAM)

Joint category organization

Combined set-up & Proposition: Dairy Enzymes & Cultures

Build global DSM HNH Fortitech Premix business and organization

Create LATAM ANH Powerhouse for all species

2011 2012 2013 2014
Proven track-record in M&A

- DSM has added successful value creating acquisitions to its portfolio: integration & realization of synergies on track
- Completed 10 transactions since the start of the new CSD period
- Significant in-house capability to execute deals and highly experienced in integration
- DSM’s Nutrition cluster has evolved significantly following the acquisitions:
  - Increased customer relevance through broader portfolio
  - Improved customer access and regional footprint
  - New skills and capabilities added to DSM’s Nutrition cluster
- Resulting in multiple new growth ideas
Building a China based hydrocolloids platform

- Texture market presents an attractive growth opportunity for DSM, leveraging our world class biotechnology capabilities and unique, global customer access.

- Focus is on ~€ 6 billion market of hydrocolloids ingredients. Food hydrocolloids provide important functionalities such as gelling, thickening and stabilization in foods.

- First project - 2011: acquisition of China based Gellan gum producer proved very successful, albeit small.

- Now adding Andre Pectin, the only successful new global pectin entrant over the past 20 years. Annual sales around €30 million.

- Option rights to raise stake from 29% to majority, including 100%, over time.

- Global unit managed from China.
Overview

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Changing business environment

More & more...

**Markets**
- Demand growth is shifting further to High Growth Economies
- Locally specific consumer preferences, market and channel structures

**Customers**
- More demanding, requiring deeper insights and customized solutions
- Have more choice: supplier relevance and differentiation wins

**Value Chain**
- Unique presence across the value chain, driving:
  - Integrated profitability
  - Market focused Innovation
  - Quality assurance
  - Locally tailored solutions
  - Eco+, sustainable offering

- Industry developing into two sets of players, with totally different skill sets and assets:
  - product-centric "producers"
  - customer-centric "solution providers"

→ DSM is the only player with leading positions in both!
Unique business model with global & local capabilities

FROM
Actives

GLOBal PROducER

Active Ingredients

Forms

Premix

TO
Active Ingredients

Solutions

Access & insights

LOCAL SOLUTION PROVIDER

+ 

Broad, global Portfolio of Actives:
- high quality, cost-competitive - to maintain leading market position

Maximum Differentiation through industry & segment specific Formulations offering stability, shelf life, heat resistance, solubility, bio-availability, physical properties

Premixes: from channel-to-market to customer-driven solutions.
Further downstream integration to segment-specific finished product solutions

Proprietary access to local customers (B2B) and end-consumers (incl B2F)
Translating customer insight into unique nutritional solution offers

>100 active ingredients:
Vitamins A-Z, Carotenoids, Yeasts, Savory Flavors, Enzymes, Cultures, Lipids / Omega, Hydrocolloids, Antioxidants, Eubiotics, Organic trace minerals, Personal Care ingredients
Strategy implementation

- Drive continued organic growth:
  - Macro trends continue
  - Unique business model
  - Increased focus on HGEs (incl. acquisitions)
  - Additional regional application & research centers
  - Organization development

- Selected investments in existing portfolio:
  - Product forms
  - Vitamin B6 in China
  - Omega 3
  - Natural Carotenoids
  - Cultures & Enzymes
  - Savory flavors

- Assessing further M&A to strengthen our position
  - Global product portfolio
  - Local solutions and customer/channel access

Nutrition Targets confirmed:
- Organic growth GDP +2%
- EBITDA margin range 20-23%
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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