Royal DSM N.V.
Q1 2010 Results

Life Sciences and Materials Sciences
Presentation to Investors
Operational Performance Q1 2010

Sustainability driving innovation

DSM Investor Relations
P.O. Box 6500
6401 JH Heerlen
The Netherlands

Tel. (31) 45 5782864
Fax (31) 10 45 90275
E-mail: investor.relations@dsm.com

www.dsm.com
Agenda

- Operational performance Q1 2010
- Sustainability drives innovation
Dear Investor,

“I am pleased to report that DSM has delivered a very strong start to 2010. Operating profit from our core businesses is not only up very strongly compared to Q1 2009, it has also returned to the level achieved in Q1 2008. This reflects the outstanding performance of our Nutrition business, a continuing strong recovery in our Materials Sciences businesses and cost savings initiatives taken last year which already deliver € 200 million on an annualized basis.”

“Throughout the downturn, DSM has stayed the course - fully committed to our customers, innovation and sustainability. The announced sale of DSM Agro and DSM Melamine marks another important step in our transformation towards a Life Sciences and Materials Sciences company. Whilst uncertainties remain in the medium term economic outlook, the strong Q1 result and continued positive business conditions give us confidence that 2010 will be a good year for DSM.”
• DSM had a very strong start to the year, which resulted in a significant improvement in operating profit, not only in comparison with the weak Q1 of 2009 but also in comparison with Q3 and Q4 of last year. DSM benefited from improved business conditions in most geographic areas and end markets.

• The Nutrition cluster showed sustained good performance and the Materials Sciences businesses continued their recovery. The growth in emerging markets (especially China) continued to be strong and sales are currently higher than before the economic downturn. In Materials Sciences and Base Chemicals and Materials there are indications that in some businesses the strong demand is not fully aligned with the developments in the end-markets, which would imply downstream re-stocking.

• The Nutrition cluster continued to show healthy volume growth at price levels that were comparable to the last quarters of 2009. The Pharma cluster faced lower volumes compared to Q4 2009.

• The Materials Sciences businesses continued to recover, driven by strong growth in emerging economies and also supported by further improvement in demand in the automotive, electronics and textile markets.

• The Base Chemicals and Materials cluster was significantly reduced in size reflecting the announced divestment of DSM Agro and DSM Melamine. At the end of Q1 these businesses were reclassified to assets held for sale and discontinued operations. The cluster currently contains DSM Elastomers (as the main activity), DSM Citric Acid, DSM Special Products, and the Maleic Anhydride (and derivatives) activity. These businesses benefited from the recovery of the markets with higher volumes at more or less stable price levels.

• Net profit increased from €13 million in Q1 2009 to €130 million in Q1 2010.

• Net earnings per share increased to €0.78 per ordinary share in Q1 2010 versus €0.06 in Q1 2009.

• Net finance costs amounted to €21 million in Q1 2010, €6 million lower than last year mainly as a result of a lower average net debt.

• The effective tax rate for the first quarter was 25%, the same as last year.
• The operating profit of the core activities (continuing activities, excluding Base Chemicals and Materials) of € 178 million is back at the level of Q1 2008 (€ 176 million), which was one of the strongest first quarters in DSM’s history.

• Nutrition profitability is at a very good level, which is a reflection of the successful strategy to focus on value via differentiation and innovation. The year-on-year improvement in operating profit was clearly driven by the Materials Sciences businesses, which benefited from a strong demand improvement. Despite strongly increasing raw material prices, margin management was successful in Materials Sciences, reflecting tight market conditions in some markets.

• Cost control programs were successfully implemented in all clusters.
• Organic sales growth for continuing operations was +25% compared to Q1 2009. Roughly 35% of this €400 million increase originated from China. With the exception of Pharma, all businesses delivered an increase. Nutrition is continuing its strong performance and although prices are below the top level of Q1 2009 they are at a similar level compared to recent quarters. In the Materials Sciences businesses and the non-core Base Chemicals and Materials cluster, net sales showed a strong increase in automotive, electronics and textile markets. DSM Dyneema achieved double digit growth and DSM Fibre Intermediates showed strong demand, especially in China, where the economy is growing very fast.
• The first quarter saw a continued strong performance of the Nutrition cluster with similar underlying dynamics in DSM Nutritional Products and DSM Food Specialties. The food and feed markets experienced a healthy growth compared to last year. Organic sales growth was +6% compared to Q1 2009, with growth in animal and human nutrition. While emerging economies such as China and Brazil are boosting sales growth, all geographies are performing well. Volumes remained stable and prices were robust compared to Q4 2009.

• Operating profit remained strong, broadly in line with both Q1 2009 and Q4 2009, reflecting the resilience of this business. The main drivers were a solid volume development, strong pricing, a continued focus on value, a strong production performance and continued strong cost management. Compared with Q1 2009 this improvement was partly offset by negative exchange rate developments.
• In Q1 organic sales development in the Pharma cluster was –5%, which was mainly due to a lower sales value within DSM Anti-Infectives. The activity level at DSM Pharmaceutical Products remained low as a result of shifts in industry dynamics. Sales were stable compared to Q1 2009. Lower API sales due to the loss of some important products in 2009 were offset by the completion of the H1N1 vaccine shipments in Q1 2010.

• The lower operating profit in the cluster was due to the lower sales level and an unfavorable product mix.
• Organic sales growth compared to Q1 2009 was a strong +41%. The increase was most prominent in DSM Engineering Plastics as market sentiment improved substantially in the automotive and electronics industries with some indications of re-stocking. DSM Dyneema showed healthy sales growth driven by volumes and a favorable product mix. DSM Resins realized strong volume improvements although building and construction related markets remained weak. Compared to Q4 2009, organic sales growth for the cluster was +15%. This improvement was achieved across all businesses within the cluster thanks to higher volumes and generally favorable price developments.

• Operating profit for Q1 2010 improved by € 60 million compared to Q1 2009, when the industry was in the midst of the economic downturn. Increased volumes, favorable price developments and active cost and margin management contributed to the result improvement despite increasing raw material prices. Operating profit improved by € 19 million against Q4 2009, spread across all businesses.
• Organic sales growth was +135% compared to Q1 2009, when the downturn for Polymer Intermediates was at its strongest. Compared to Q4 2009, volumes increased by +5% and prices by +17% reflecting increasing raw material prices (which could be passed on) and strong demand especially in China, where the economy is growing very fast.

• As a result, compared to Q1 2009 as well as Q4 2009, operating profit showed a significant increase for both the caprolactam and the acrylonitrite businesses.
• Organic sales growth amounted to +38% compared to Q1 2009 and +14% compared to Q4 2009. At DSM Elastomers net sales improved due to a pick-up in the automotive industry as well as some re-stocking.

• The operating profit of € 18 million was mainly driven by DSM Elastomers as a result of a higher sales value combined with higher margins.
These comparative figures reflect the reclassification of DSM Agro and DSM Melamine from the Base Chemicals and Materials cluster to discontinued operations. This reclassification followed on the announced intended divestment of these businesses.
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• Cash flow from operating activities in Q1 amounted to €137 million.

• Cash flow related to capital expenditure in Q1 2010 amounted to €98 million compared to €116 million in Q1 2009.

• Compared to year-end 2009 net debt increased by €41 million to €871 million, representing a gearing level of 14%. This increase was the balance of a decrease due to a positive free cash flow and an increase because of a weaker euro.
• DSM’s focus on cash continued. Working capital increased by € 153 million mainly driven by receivables. Adjusted for the effects of the sale of DSM Agro and DSM Melamine and considerable changes in currency exchange rates, the level of working capital as a % of sales was comparable to the level at the end of 2009. Last year’s level was achieved after a substantial reduction during 2009.
• The program to reduce costs, that was started in Q4 2008, has been very successful, and already delivered substantial benefits of €200 million on an annualized basis.

• Following the restructuring programs the workforce decreased overall by 1,447 compared to the end of Q3 2008, the beginning of the economic downturn, and stood at 22,605 at the end of Q1 2010.

• DSM expects two thirds of the achieved savings to be sustainable. Some savings are not sustainable, such as temporarily closed manufacturing lines which are being start up again, travel restrictions, etc.

• In line with its continuous efforts to improve its cost base and to strengthen its competitive position, at the beginning of the second quarter DSM announced a number of structural cost-saving actions, such as the closure of the loss-making DSM Anti-Infectives site in Egypt. In Germany, DSM Nutritional Products started a project to improve the viability and competitiveness of the Grenzach site.
• Gearing at the end of Q1 was 14%, coming down from 28% at the end of 2008. Currently DSM strives for a gearing below 30%. However, within the boundaries of the desired Single A credit rating, gearing could be raised to a level of 30% - 40%.

• Most of DSM's external funding needs are financed through long-term debt. The spread of the maturity dates of the long-term debt provides adequate flexibility. Most long-term debt will mature as from 2014.

• DSM has a Commercial Paper program amounting to EUR 1,500 million and two committed credit facilities of EUR 500 million (until October 2012) and EUR 400 million (until April 2013). At present, no commercial paper is outstanding and the credit facilities are fully undrawn.

• Credit rating agencies have not changed their long-term credit ratings for DSM since the start of the downturn: Standard & Poor's rates DSM as A– with a stable outlook and Moody's rating is A3 with a stable outlook.

• DSM's pension funds remain sufficiently funded to be able to meet their pension commitments both now and in the future.

• The non-cash IFRS costs related to pensions in 2010 are expected to be € 6 million lower than in 2009.

• DSM aims to provide a stable and preferably rising dividend. For 2009, an unchanged dividend of € 1.20 per share has been approved by the AGM. The dividend per share has been increased by almost 40% since 2004.
DSM’s priorities for using its cash are:
- Funding of market-driven organic growth and innovation, including smaller acquisitions aimed to support new business development. This also includes investments in process improvements, safety, health & environment.
- At the same time safeguarding a stable and preferably rising dividend for DSM’s shareholders.
- Funds available after these first two priorities is used for further strengthening the Life Sciences and Materials Sciences businesses by means of selective acquisitions.
- If and when leverage potential is available thereafter, DSM may choose to buy back shares if excess cash is available in the context of a medium-term analysis of primary cash-flow-allocation requirements and a sustained Single A rating.

DSM’s acquisition criteria form an important element of its financial strategy. A key criterion is that the business concerned should be compatible with DSM in terms of technological and/or market competencies.

Acquired companies are in principle required to contribute to DSM’s cash earnings per share from the very beginning and to meet the company’s profitability and growth requirements. There are however exceptions to this rule; the requirement may for instance not be appropriate in the case of small innovative growth acquisitions.

As a basis for and contribution to effective risk management and to ensure that the company will be able to pursue its strategies even during periods of economic downturn, DSM retains a strong balance sheet and limits its financial risks.
To date, DSM has made substantial progress with the portfolio transformation. Following the divestment of DSM Energy and the urea licensing subsidiary Stamicarbon BV last year and the announced sale of DSM Agro and DSM Melamine this quarter (with an expected closing in Q2 2010) a significant proportion of the planned divestment program will have been completed. The selling process for most of the remaining businesses in Base Chemicals and Materials is underway.

Other actions to improve the portfolio included the closure of the citric acid plant in Wuxi (China) and the reduction in the number of DSM Anti-Infectives’ sites (e.g. closure of Strängnäs (Sweden) where mainly clavulanic acid was produced, a management buy out of the side chain business DSM Deretil (Spain) and the closure of the loss-making DSM Anti-Infectives site in Egypt as communicated in April, the costs of which are to be recognized in Q2 2010).

Only a limited number of smaller acquisitions and venturing investments have been made, the most important one being the acquisition of The Polymer Technology Group by DSM Biomedical.
A large proportion of group revenues and earnings are now in high margin, high quality businesses that have significantly lower cyclicality. A testament to the quality of this business is that by the first quarter of 2010 profits from these core operations were at the same level as in 2008.
• DSM managed to accomplish some major portfolio changes in Q1 2010.

• On 30 March 2010, DSM and Orascom Construction Industries (OCI) announced that they had reached an agreement for the sale of DSM Agro and DSM Melamine to OCI for EUR 310 million on a cash and debt-free basis with effect from 1 January 2010. The intended sale is expected to close in Q2 2010, subject to regulatory and other customary approvals and notifications.

• Since 2008, DSM Agro and DSM Melamine have been grouped in the Base Chemicals and Materials cluster together with a number of other activities that do not fit in with DSM’s strategic focus. The selling process for most of the remaining businesses in this cluster is underway.

• DSM Engineering Plastics announced that it has signed the contracts with Mitsubishi Chemical Corporation (MCC) enabling DSM to acquire MCC’s Novamid® polyamide business in exchange for DSM’s Xantar® polycarbonate business. The transaction is subject to various external approvals. Closing is expected in Q2 2010.

• DSM has acquired full control of the polyamide 6 polymerization facility of Nylon Polymer Company, LLC (NPC) in Augusta (Georgia, USA). Previously Shaw Industries and DSM Chemicals North America were joint venture partners in NPC. As a result of the transaction, the facility was fully integrated into DSM Engineering Plastics’ activities as of 1 January 2010.

• DSM Nutritional Products (Animal Nutrition & Health) reached agreement to acquire the industrial premix business from Bayer Korea in March 2010. The acquired business will be fully integrated in DNP Korea Ltd., which will supply the Korean customers with high quality products. The transaction will be completed after approval has been received from the Korean authorities.

• DSM also opened a new plant for the production of wet polyesters and other specialty resins in Meppen (Germany). Total investment costs amounted to € 15 million.

• In the Emerging Business Areas, where DSM is developing at least two new growth platforms, DSM White Biotechnology made further progress in its cooperation with Roquette. The demonstration plant produced the first commercial bio-based succinic acid in Q1 2010. The development of DSM Biomedical is also well on track.
• DSM continues to experience growth in emerging economies.

• In China, DSM has had a significant presence for a number of years. China is transforming from the world’s manufacturing base into one of the world’s leading economies with the highest growth rates.

• DSM realized record sales in China in Q1 2010. Net sales more than doubled compared to Q1 2009 to USD 405 million, driven by the Materials Sciences clusters although Nutrition also showed a very healthy double digit sales growth. Compared to Q4 2009, sales in China increased by 8%. DSM expects to achieve the USD 1.5 billion target for 2010. The focus on and efforts put into the development of DSM’s position in China are clearly paying off.

• DSM made good progress in other emerging economies too e.g. Brazil with almost 50% sales growth year-on-year.
• The food and feed markets are expected to grow in line with GDP in 2010. The Nutrition cluster is expected to achieve sustained good performance with results approaching those of last year, with an ongoing increase in demand and relatively stable price levels in both the food and feed markets.

• For Pharma, results are expected to be lower than in 2009 due to ongoing challenges at DSM Pharmaceutical Products and continued low prices at DSM Anti-Infectives. The Pharma cluster clearly has some very tough quarters ahead of it.
• DSM is experiencing recovery in its Materials Sciences end markets and has seen additional demand in the automotive, electronics and textile markets. Demand in building and construction and marine markets remained at relatively low levels compared to the pre-recession situation.

• The favorable business conditions are currently expected to continue, although with a potentially lower impact on demand in the later part of 2010 from re-stocking. Strict margin management is being applied to pass on the increasing costs of raw materials in the current favorable trading conditions. DSM Dyneema is on track to return to double digit sales growth in 2010. Sales volumes in Polymer Intermediates are expected to be somewhat lower in Q2 and Q3 2010 due to planned turnarounds.

• Results in the Performance Materials and Polymer Intermediates clusters are expected to be substantially better than in 2009.
• Most of the markets that are relevant to DSM saw a strong recovery in the first quarter with activities in emerging markets well above pre-crisis levels. Going forward, continued growth is expected. Of course there are still macro-economic risks that could affect the sustainability of this global recovery. Whilst DSM has been capturing growth opportunities, a focus on cash generation and cost saving programs remain important. This will secure financial flexibility and a strong balance sheet to take advantage of opportunities that will arise.

• The Nutrition cluster is expected to achieve sustained good performance with results approaching those of last year.

• For Pharma, results are expected to be lower than in 2009. Pharma cluster clearly has some very tough quarters ahead of it.

• Results in the Performance Materials and Polymer Intermediates clusters are expected to be substantially better than in 2009.

• Operating profit in the non-core Base Chemicals and Materials is expected to be clearly positive in 2010.

• The strong Q1 2010 results and the continued positive business conditions give DSM confidence that 2010 will be a good year for the company.
• DSM is convinced it has chosen the right strategy and will continue to execute this strategy in 2010.

• DSM remains focused on cash generation and continues the execution of the announced cost savings programs. This will secure financial flexibility and a strong balance sheet so that DSM will be able to afford to invest further in customer intimacy, innovation and sustainability.

• In addition to the cost saving programs and intensified cash management, we continue to ensure that we are grasping current and potential future business opportunities. Therefore DSM continues to focus on its customers and although we have reduced our workforce, the people facing customers (in marketing and sales and innovation) have hardly been affected.

• DSM continues its focus on innovation, including a longer-term perspective in order to optimally benefit from the economic upturn. DSM will proceed with its various innovation programs and projects and will execute relatively small acquisitions of a bolt-on nature, directly adding to the company’s ambitions and objectives.

• DSM’s capability to benefit from an upturn has not been materially affected by the cost savings program. In the event of a further market recovery, DSM will be able to react fast by increasing production output to fulfill the additional demand. DSM also has the financial strength to finance the potentially required cash to grow the business again.

• In 2010 DSM will also define the strategy for the next period to come.
Agenda

- Operational performance Q1 2010
- Sustainability drives innovation
• By ‘sustainable’ we mean meeting the needs of the present without compromising the ability of future generations to meet their own needs. This is the widely accepted definition that the Brundtland Commission published in 1987. Like the Commission, we believe that achieving sustainability means simultaneously pursuing economic prosperity, environmental quality and social equity, in other words, creating value on the three dimensions of People, Planet and Profit simultaneously.

• Our aim is to create sustainable growth by creating value via our products and services. At the same time, we aim to reduce our own eco-footprint, that of our customers and that of the value chains in which we operate. To create more value with less environmental impact, we combine:

  **Eco-efficiency** – reducing the negative impact of (running) activities.

  **Eco-effectiveness** – developing and designing products with end-of-life in mind.

  **Sustainable production and consumption** – more functionality using less material.

• DSM’s Triple P Report 2009 achieved a GRI A+ rating according to the guidelines of the Global Reporting Initiative (GRI). This is the highest score companies worldwide can achieve for the transparency of their sustainability reporting efforts.
• The quest for sustainable development will be the main trend in the coming decades. The world will be faced with the challenge of accommodating nine billion people who all want to live healthy and prosperous lives. Against this background, it will be essential to find solutions to scarcity, security and other constraints in order to maintain stability and prosperity.

• We already see a need for sustainable solutions is evolving in today’s business. Leading companies in several end-markets have set sustainability ambitions and are acting on them (e.g. Toyota has set a 20% renewables target for the polymers they source). In addition to this increasing market pull, active legislation is being put in place by authorities leading to more industry focus on sustainable development.

• In September 2009 two leading non-profit environmental organizations, ChemSec and Clean Production Action, published the report Greening Consumer Electronics: Moving Away From Bromine and Chlorine, in which DSM, alongside companies like Apple and Sony Ericsson, is mentioned as a leading company in halogen-free solutions.

• The VOC Solvents Emissions Directive is new legislation for reducing industrial emissions of volatile organic compounds (VOCs) in the European Union. This legislation particularly pushes solvent-free resins systems used in coating applications which not only have a better environmental footprint, but are also much safer for the workers using them than conventional, solvent-based coatings. With the legislation in place since 2007 and now entering into a phase with more stricter requirements in 2010, market participation has toughened and players need to turn to more sustainable solutions.

• REACH is a new European Community Regulation on chemicals and their safe use. It deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances. The aim of REACH is to improve the protection of human health and the environment through better and earlier identification of the intrinsic properties of chemical substances.
• DSM continuously develops solutions that improve the eco-footprint throughout the value chains in which we operate. In 2009, 78% of all innovations we launched qualified as “ECO+” which means they had a positive impact on the value chain eco-footprint compared to mainstream alternatives. Our own eco-footprint is constantly improving as is reflected in our environmental targets among other things. Five out of our nine environmental targets for 2010 were already realized in 2009. Two others (energy efficiency and emission of NOX) are well on track and are expected to be realized. The realization of two targets (regarding emissions of VOC and SO2) is not yet certain and will depend on the timely realization of several projects.

• DSM takes its responsibility as a partner in society. Together with the World Food Programme and other partners, we are making an advocacy effort on a global level to generate greater awareness of the importance of improved food. DSM wants to specifically address the problem of so-called ‘hidden hunger’ via our vast expertise in the area of micronutrients. Using DSM’s key strengths in nutrition and innovation, several award-winning new products have been developed which are employed in these programs (e.g. Mixme™, NutrIrice®).

• DSM has redesigned its remuneration policy for its Managing Board. In the policy, approximately half of the Managing Board’s variable pay is linked to sustainability topics. The revised remuneration proposal better reflects and supports our acclaimed Triple P strategy, focusing on medium and long-term value creation for our stakeholders.

• The DSM Supervisory Board installed a Corporate Social Responsibility (CSR) Committee in 2009. The Committee supervises the Managing Board with respect to formulating, developing, implementing, monitoring and reporting on DSM’s social and environmental policies. The DSM Managing Board fully endorses the Supervisory Board’s initiative to create this new CSR Committee.
• Our purpose is to create brighter lives for people today and generations to come. This mission is supported by our core value, which is that our activities should contribute to a more sustainable world.

• DSM’s focus on Life Sciences (Nutrition and Pharma) and Materials Sciences (Performance Materials and Polymer Intermediates) is fueled by the four major societal trends: Climate Change and Energy; Health and Wellness; Functionality and Performance; and Emerging Economies. Life Sciences and Materials Sciences offer attractive growth potential in themselves and in combination. DSM’s EBA (Emerging Business Area) program, started with Vision 2010, creates growth platforms based on the strengths and synergies of DSM’s positions in Life Sciences and Materials Sciences. By focusing on Life Sciences and Materials Sciences, DSM can address the unmet needs reflected in the four main societal trends mentioned. Innovation solutions play a key role in this respect.

• On top of this, DSM is convinced that biotechnology, traditionally associated with life sciences, will increasingly play a role in developing new biomaterials and materials which will increasingly be applied in life sciences applications. The cross-fertilization potential between Life Sciences and Materials Sciences is high.

• The activities in DSM’s Nutrition cluster have positioned DSM as a leading, innovative producer of food and feed ingredients and provide an excellent platform towards the growing demand for innovative ingredients with a health-enhancing effect. DSM’s Pharma cluster is firmly positioned as a producer of pharmaceutical ingredients and services, based on a set of very strong technology positions. Similarly, DSM’s Performance Materials cluster has a unique portfolio of mainly in-house-developed successful materials with outstanding properties.
• DSM’s innovation effort is based on four global trends. The challenges posed by these trends require innovative and sustainable business solutions and offer a vast range of opportunities. Examples are given below.

• In all industries in which we are active, sustainability is increasingly being regarded as a key element of the value proposition. To capture this value, we focus on providing what we call ECO+ solutions. By this we mean products and services that, when considered over their entire life cycle, offer clear ecological benefits compared to the mainstream solutions they compete with. These ecological benefits can be created at any stage of the product life cycle – from raw material through manufacturing and use to potential re-use and end-of-life disposal. ECO+ solutions, in short, create more value with less environmental impact.

• In the field of Climate and Energy, we are for example working on the development of a portfolio of new and sustainable raw materials. EcoPaXX™ and Palapreg®, DSM’s new high-performance biobased polymers, are now in their market introduction phase. Furthermore, a dedicated unit within the DSM Innovation Center is working on the development of a platform of bio-based performance materials for a range of markets in close cooperation with the business groups, the industrial (white) biotechnology group and external partners.

• The health and wellness trend represents a host of opportunities to DSM. Examples of ECO+ innovations are waterborne paints providing a healthier working environment for professional painters, or the newly launched range of bromine and chlorine-free engineering plastics that enable producers of electrical and electronic equipment to continue to meet high(er) reliability, performance and quality requirements.

• New materials are needed to support new functionalities such as increased safety or lighter weight with the same performance. In automotive, plastics and resins are increasingly used to replace metal, reducing weight, fuel consumption and emissions. In light of the climate debate on emission reduction, governments are tightening emission legislation and are increasingly stimulating the purchase and use of low-emission and/or electric cars. The new materials enable car manufacturers to meet new customer and legal requirements, for example with regard to weight reduction, flame retardance and coloring.

• The opening of the DSM China Campus in the Zhangjiang Hi-Tech Park in Pudong New Area, Shanghai marks a new phase of development and innovation in China for DSM. The Campus is DSM’s largest and most important research facility outside Europe and the USA, and is intended to act as an incubator for DSM’s local innovation competence. The Campus will advance local research and development competence and as it is one of the first LEED Gold-certified buildings in China, it will become a symbol of DSM’s sustainable development in China.
• Despite the downturn in 2009 DSM showed continued strong growth in innovation. In 2009 innovation sales were about € 810 million, 35% more than in 2008. This represents a good basis to reach the target of € 1 billion in additional sales in 2010 compared to 2005.

• The number of innovation launches in 2009 (62) remained at the high level achieved in 2008 (59). Since the start of DSM’s innovation boost in 2006, many innovation launches have taken place. These can be categorized into new products, new applications and other types of innovations such as innovative marketing concepts. These also include a range of cross-fertilization innovations which were developed using both the Life Sciences and Materials Sciences competences of DSM.

• In 2009, approximately 78% of the innovations we launched had an ECO+ score. To assess the ECO+ score consistently and comparably over time, we are currently developing a comprehensive approach including criteria, which we will continue in 2010.
• An engaged workforce is critical to DSM in realizing its Vision 2010 ambitions. Engagement is about creating an inclusive and high-energy working environment, where employees are aligned and energized to contribute to our business success. An engaged workforce delivers a competitive advantage – because engaged employees are highly motivated to give their best every day.

• For a company like DSM to take on change successfully, our employees need to understand and be committed to DSM and its strategic goals. From 16 March to 10 April 2009 we conducted our second worldwide Employee Engagement Survey, in 17 languages. Almost 20,000 colleagues in more than 40 countries completed the questionnaire on-line or on paper. This gave us a response rate of 86%, which is an industry record.

• The main element in the survey was the measurement of our company’s Engagement Index. This is a combination of four attributes: commitment, pride, advocacy and satisfaction. The results showed a 10% improvement in the level of engagement of our employees compared to the first survey in 2007. We are very proud of this, especially in these economically challenging times.

• In order to be better able to fulfill its strategy of meeting key global needs DSM will need to further adapt its culture. We are addressing this via the DSM Change Agenda. This Agenda is supported by the outcome of the 2009 DSM Employee Engagement Survey. The three main themes of the Change Agenda are:
  - stronger external orientation and innovation focus;
  - stronger accountability as a performance driver;
  - development of inspirational leadership.

• All three are based on our key value of sustainability and our joint belief that diversity will contribute to a better-performing company.
• Diversity is not an isolated agenda at DSM, but is firmly anchored in the transformation of our culture and will continue to be one of the fundamentals of our values. We will need to attract and keep the best talent available and encourage as much innovation as possible in order to be able to compete in our complex and fast-moving marketplace. Having people from different nationalities and genders will help to create a better mix of opinions and interactions and will better reflect the markets we serve.

• Diversity reduces organizational myopia. Research has shown that gender and nationality are the strongest differentiators for diversity in stimulating creativity and innovation. At DSM, diversity is centered on gender balance and nationality, underpinned by a clear link to our innovation strategy.

• The role of the DSM Diversity Council, chaired by Feike Sijbesma, is to facilitate diversity at DSM and to ultimately support all DSM businesses in creating a sustainable inclusive environment, where diversity is embraced. Examples include the launch of the DSM Women’s Network and website, and the inclusion of diversity as a major theme in all leadership and management programs and as a strong criterion in the selection of our recruitment vendor partners.

• The overall percentage of women in the company increased to 24% in 2009. An improvement compared to the 22% of 2005.

• Our aim is to have an average of 25% of executives joining from outside the company in the period from 2008 to 2010 to be women. In 2009 this figure was 14%. We recognize that our efforts in this area need to be increased. We did have a slight increase (from 7 to 8%) of female employees in the executive population.

• At the beginning of 2008, DSM decided that the intake of non-Dutch executives (55% in 2007) should be increased to an average of at least 60% inflow by the end of 2010. This was achieved by a clear margin during 2009, the score at 31 December being 71%.

• In 2009, we recruited a total of 349 professionals (graduates and experienced hires), of whom 79% were non-Dutch and 31% were women. This means we met our internal targets.
• On 19 March 2009 we signed a covenant with the Dutch government to put an end to large-scale transportation of ammonia by rail between our sites in Sittard-Geleen and IJmuiden. In the past, we had shipped ammonia from Sittard-Geleen to IJmuiden some 200 km away. We have received financial compensation from the government for the closure of the IJmuiden site.

• DSM has set itself the target of reducing the Frequency Index (FI) for recordable injuries (number of cases per 100 employees per year) by 50% between 2005 and 2010, from 0.95 in 2005 to 0.48 in 2010. This target includes both DSM employees and contractors. A reduction of 41% has been achieved since 2005. In 2009, the FI for Lost Workday Cases involving our own employees was 0.14, compared to 0.33 in 2005. This is a reduction of 58%.

• The above graph shows DSM’s environmental reduction targets for 2010 and the progress made relative to 2005. Most 2010 emission targets are well on track (green bars in the graph above). For a few targets, achievement depends on the timely realization of projects (yellow bars).

• Dust - Based on the improvements realized in previous years, the 75% reduction target for dust emissions in 2010 has already been achieved.

• N₂O - Emissions have decreased strongly by 70% due to reduction projects that were realized in the nitric acid plants of DSM Agro at the end of 2007.

• NOₓ (nitrogen oxides) emissions fell compared to 2008 but timely realization of the 20% reduction target in 2010 is still uncertain and will depend on the performance of several plants.

• SO₂ - Emissions have decreased significantly since 2005. Depending on the timely realization of other projects, we expect to realize the reduction target of 75% in 2010/2011.

• VOC - Total emissions of Volatile Organic Compounds decreased by approximately 1800 t/yr compared to 2008. Timely realization of other running projects will result in the realization of the 50% reduction target in 2010.

• COD - The discharge of oxidizable organic compounds was greatly reduced compared to 2008 (-2,100t). The target for 2010 has been amply achieved.

• Landfill - The land filling of non-hazardous waste was significantly reduced (by 9,300 tons) compared to 2008 and the target for 2010 has been amply achieved.

• Energy efficiency has improved by approx. 7% relative to 2005. DSM expects to realize the energy efficiency improvement target of 8% in 2010.
In addition to “green” market opportunities, our sustainability focus also brings value to the company due to a reduction in energy consumption and emissions. The energy savings we have realized to date are already resulting in substantial savings on our total energy bill. Other reductions such as GHG emission reductions bring their expected benefits in the future as prices for CO2 emission rights are expected to increase in the near future.

As in 2008, total energy consumption in 2009 decreased considerably (from 72 to 63 PJ) as a result of lower production volumes. Although the lower production volumes had an adverse effect on energy efficiency, the overall efficiency was still 7% better than in 2005. The main contributor to this improvement was DSM Anti-Infectives, which introduced more efficient technologies at several sites while at the same time increasing its output. In addition, DSM Fibre Intermediates managed to greatly increase the efficiency of caprolactam production at its plant in Nanjing, China by fully exploiting the technological modifications that had been made in 2008 and substantially increasing the plant’s output. However, the efficiency of our DSM Fibre Intermediates plant in Augusta, USA, was reduced as a result of reduced output.

Our total greenhouse-gas emissions include direct CO2 emissions (emissions from our own processes), indirect CO2 emissions (emissions from the generation of purchased electricity and steam) as well as emissions of N2O and other greenhouse gases. As a result of the decrease in energy consumption, greenhouse-gas emissions (especially CO2) were also significantly reduced. They amounted to 6.7 million tons in 2009, compared to 7.4 million tons in 2008.
• **Dow Jones Sustainability Index** - In 2009 DSM regained its number one position in the global chemical industry sector in the Dow Jones Sustainability Index. The Dow Jones Sustainability Index includes over 300 companies from 34 countries that rank among the top 10% in their industries in terms of corporate sustainability. In 2003 DSM was for the first time included in the Dow Jones STOXX Sustainability Index for Europe. In 2004, 2005 and 2006 DSM achieved a number one position in the global index. In 2007 and 2008 it ranked among the global leaders in sustainability.

• **Carbon Disclosure Project** - DSM topped the Carbon Disclosure Leadership Index (CDLI) for the Netherlands published by the Carbon Disclosure Project. The index highlights the companies listed at Euronext Amsterdam that display the most professional approach to climate change disclosure. High scores indicate good internal data management and understanding of climate-change related issues affecting the company. The Carbon Disclosure Project (CDP) is an organization based in the United Kingdom that works with shareholders and corporations to disclose the greenhouse-gas emissions of major corporations. The CDP represents 475 institutional investors, with a combined USD 55 trillion under management.

• **PDMA** - The Product Development and Management Association (PDMA), the leading advocate and comprehensive resource for the profession of product development and innovation, selected DSM as the winner of the 2009 Outstanding Corporate Innovator Award because of its strategic commitment to open innovation and its exceptional skill in continuously creating and capturing value through new product and service development.

• **GAIN** - DSM and Bühler AG were jointly awarded the international GAIN (Global Alliance for Improved Nutrition) Business Award for Innovation in Nutrition 2008 for the development of NutriRice®, a new rice fortification technology producing rice kernels that are indistinguishable from unfortified rice in looks and taste and that remain highly nutritious after washing and cooking. The GAIN Business Award for Innovation in Nutrition was set up by GAIN and the International Business Leaders Forum to recognize companies displaying outstanding innovation in the development of new products and services to combat malnutrition, improve public health and promote sustainable development.
DISCLAIMER

This document 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.

Examples of forward-looking statements include statements made or implied about the company’s strategy, estimates of sales growth, financial results, cost savings and future developments in its existing business as well as the impact of future acquisitions, and the company's financial position. These statements can be management estimates based on information provided by specialized agencies or advisors.

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 the company’s actual performance and position to differ materially from these statements.

These factors include, but are not limited to, macro-economic, market and business trends and conditions, [low-cost] competition, legal claims, the ability to protect intellectual property, changes in legislation, changes in exchange and interest rates, changes in tax rates, pension costs, raw material and energy prices, employee costs, the implementation of the company’s strategy, the company’s ability to identify and complete acquisitions and to successfully integrate acquired companies, the company’s ability to realize planned disposals, savings, restructuring or benefits, the company’s ability to identify, develop and successfully commercialize new products, markets or technologies, economic and/or political changes and other developments in countries and markets in which DSM operates.

As a result, DSM’s actual future performance, position and/or financial results may differ materially from the plans, goals and expectations set forth in such forward-looking statements.

DSM has no obligation to update the statements contained in this document, unless required by law. 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, a copy of which can be found on the company’s corporate website, www.dsm.com
### Information about ordinary DSM shares

DSM ordinary shares (ISIN code NL0000009827, fondscode 00982) are listed on the stock exchanges of Amsterdam. Options on DSM shares are traded on the European Option Exchange in Amsterdam. In the USA a sponsored unlisted American Depositary Receipts program is being run via Citibank NA (Cusip 780249108); four ADRs represent one ordinary DSM share.

<table>
<thead>
<tr>
<th>per ordinary share in €</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>net profit before exceptional items</td>
<td>1.44</td>
<td>3.64</td>
<td>3.07</td>
<td>2.85</td>
<td>2.82</td>
</tr>
<tr>
<td>net profit</td>
<td>2.01</td>
<td>3.45</td>
<td>2.35</td>
<td>2.83</td>
<td>2.68</td>
</tr>
<tr>
<td>cash flow</td>
<td>6.05</td>
<td>6.20</td>
<td>5.56</td>
<td>5.21</td>
<td>5.65</td>
</tr>
<tr>
<td>shareholders' equity</td>
<td>28.92</td>
<td>27.12</td>
<td>30.42</td>
<td>30.03</td>
<td>27.59</td>
</tr>
<tr>
<td>dividend:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· interim dividend</td>
<td>1.20</td>
<td>1.20</td>
<td>1.20</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>· final dividend</td>
<td>0.80</td>
<td>0.80</td>
<td>0.87</td>
<td>0.67</td>
<td>0.71</td>
</tr>
<tr>
<td>pay-out including dividend on cumulative preference shares as % of net profit before exceptional items</td>
<td>84%</td>
<td>36%</td>
<td>35%</td>
<td>38%</td>
<td>33%</td>
</tr>
<tr>
<td>dividend yield (based on average price of an ordinary DSM share)</td>
<td>4.8%</td>
<td>3.9%</td>
<td>3.3%</td>
<td>2.9%</td>
<td>3.4%</td>
</tr>
<tr>
<td>share prices on Euronext Amsterdam:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· highest price</td>
<td>34.84</td>
<td>41.27</td>
<td>39.87</td>
<td>39.70</td>
<td>35.22</td>
</tr>
<tr>
<td>· lowest price</td>
<td>16.93</td>
<td>15.76</td>
<td>31.63</td>
<td>28.58</td>
<td>23.07</td>
</tr>
<tr>
<td>· at 31 December</td>
<td>34.46</td>
<td>18.33</td>
<td>32.33</td>
<td>37.43</td>
<td>34.50</td>
</tr>
<tr>
<td>number of ordinary shares outstanding: (x 1,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· at 31 December</td>
<td>163,037</td>
<td>162,227</td>
<td>166,897</td>
<td>184,850</td>
<td>190,923</td>
</tr>
<tr>
<td>· average</td>
<td>162,364</td>
<td>164,196</td>
<td>178,541</td>
<td>189,550</td>
<td>190,783</td>
</tr>
<tr>
<td>daily trading volumes on Euronext Amsterdam:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· average</td>
<td>1,270</td>
<td>1,783</td>
<td>1,590</td>
<td>1,301</td>
<td>1,063</td>
</tr>
<tr>
<td>· lowest</td>
<td>75</td>
<td>152</td>
<td>94</td>
<td>267</td>
<td>238</td>
</tr>
<tr>
<td>· highest</td>
<td>4,376</td>
<td>5,894</td>
<td>11,347</td>
<td>5,268</td>
<td>6,563</td>
</tr>
</tbody>
</table>