An introduction to Royal DSM

A purpose-led science-based company active in Nutrition, Health and Sustainable Living
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DSM at a glance
Royal DSM is a purpose-led science-based company in Nutrition, Health and Sustainable Living.
Our purpose is to create brighter lives for all. We use our bright science to create solutions for people today and generations to come.
DSM @ a glance
(2017 numbers)

- Sales ~€8.6bn (9% growth in 2017)
- EBITDA €1,445m (15% growth in 2017)
- ROCE 12.3% (up 190bps)
- Global company with 65% of sales outside Europe
- Highly engaged workforce: ~23,000 employees
- Intrinsically innovative company: 21% sales from innovation
- ~ 45% sales from high-growth economies
- Strategy well aligned with the Sustainable Development Goals
Successful transformation future-proofing DSM

Coal mining (Petro)chemicals Nutrition, Health & Sustainable Living
Active in Nutrition, Health and Sustainable Living

DSM delivers innovative business solutions for human nutrition, animal nutrition, personal care and aroma, medical devices, green products and applications, and new mobility and connectivity.
DSM’s businesses address the Sustainable Development Goals

1. No Poverty
2. No Hunger
3. Good Health
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace and Justice
17. Partnerships for the Goals

Please see DSM's Integrated Annual Report 2017 for definitions and additional information.
DSM workforce

Global workforce (FTE)

~60% employees outside Europe (2017)
(37% - 2006*)

~25,000 employees incl. JVs/Associates
DSM sales

Net sales by destination (%)

- W-Europe: 28%
- Eastern Europe: 7%
- North America: 13%
- Latin America: 12%
- China: 10%
- India: 22%
- Japan: 3%
- Rest of Asia: 2%
- Rest of the World: 3%

65% sales outside Europe (2017) (48% - 2006*)
DSM offers products & solutions to a wide range of end-markets (2017 numbers)

- **Nutrition**
  - Early life nutrition
  - Dietary Supplements
  - Personal Care
- **Materials**
  - Building & Construction
  - Automotive
  - Electrical & Electronics
- **Food & Beverages**
  - (Food) Packaging
  - Dairy
  - RTE meals
  - Soups / Sauces / Spreads
  - Wine Beer Fruit drinks
  - Beverages
- **Animal Feed**
  - Dairy
  - RTE meals
  - Soups / Sauces / Spreads
  - Wine Beer Fruit drinks
  - Beverages
- **Other**
  - 14%
  - 10%
  - 7%
  - 6%
  - 6%
  - 5%
  - 4%
  - 32%
Nutrition at a glance (2017)

- DSM is the leading global supplier of vitamins, omegas, carotenoids, nutritional ingredients, UV filters, aroma intermediates, enzymes, yeasts, premixes offering nutritional solutions for human and animal nutrition & health.
- Its customers are global, regional and local feed and premix companies, animal protein producers and food, beverage, infant nutrition, dietary supplement, pharmaceutical, personal care and flavor & fragrance companies
Examples nutritional products of DSM

**Vitamins**
are essential nutrients required for growth and well-being. DSM has all 13 Vitamins including A, D, E, K, C, all B vitamins, folic acid and pantothenic acid.

**Carotenoids**
Essential antioxidants increasing performance and consistent pigmentation a/o for salmon, eggs.

**Nutritional Lipids**
Omega-3 and -6 play a critical role in proper brain function, vision process, immune and inflammatory responses and hormone-like molecules.

**Feed Enzymes**
Solutions developed to meet challenges of global livestock farming. Reducing costs by improving feed conversion and animal health.
More examples of nutritional products

Food & Beverage Enzymes
natural proteins that act as catalysts for biochemical reactions, used in dairy, baking, beverages, oil & fats and grain processing

Minerals for animals
that are needed by the body in very small amounts that cannot be made by living organisms

Yeast, cultures and probiotics
providing taste and texture and adding specific health benefits
DSM has developed a portfolio of specialized performance materials with higher value added businesses, serving the global automotive, electrical & electronics, building & construction, food-packaging, high-performance textiles & life protection end-markets.

DSM is a leading provider of sustainable innovations, meeting demands for greater energy efficiency, safer materials and improved environmental performance.
Examples of materials of DSM

**DSM Engineering Plastics** is supplier of high performance engineering thermoplastics as Stanyl®, ForTii®, ExoPaxx®, Akulon®, Arnite®, Xytron®, used in automotive, electronics, specialized industries and food packaging.

**DSM Dyneema** is the global supplier of Dyneema®, the world’s strongest fiber™, used for medical sutures, fishing, aquaculture nets, ropes, slings, cut-resistant gloves, vehicle & personal ballistic protection.

**Innovative resins for sustainable coatings systems**, including: waterborne resins, powder resins and 100% UV curable resins.

**High-performance UV-curable optical fiber materials** for high-speed fiber networks connecting the world.
Three attractive innovation platforms

**DSM Biomedical**
Innovative materials that deliver more advanced clinical procedures and improved patient outcomes

**DSM Bio-based Products & Services**
Advanced enzymes and yeast platforms: enabling advanced bio-energy and bio-based chemicals

**DSM Advanced Solar**
Smart coatings and surface technologies to boost performance in the solar industry
62% sales of Brighter Living Solutions (ECO+/People+)

DSM’s solutions should be better for *people* and *planet*
Brighter Living Solutions

- **Anti-reflective coatings** for solar glass increasing efficiency of solar panels.
- **Dyneema®** for sustainable and durable cargo nets, reduces weight.
- Higher eco-efficiency and downstream cost benefits with **Brewers Clarex™** applied in beer.
Optimized vitamin-D, preventing osteoporosis and reducing fractures. Improving lives & reducing costs

Surgeons benefit from an effective barrier against bacteria and viruses with disposable medical gowns made from Arnitel® VT

DSM’s waterborne coating systems have less impact on health compared to solvent borne paints

ALPAFLOR® EDELWEISS: Preserves skin’s natural balance. Supports Alpine flora diversity and contributes to local prosperity
External recognition

- DSM named on Fortune Magazine’s ‘Change the World’ List for third consecutive year
- CEO Feike Sijbesma named among the World’s 50 Greatest Leaders by Fortune Magazine
- #1 in Sustainalytics for the second year in a row
- Again named in Carbon Disclosure Project ‘Climate A List’
- Among leaders in Dow Jones Sustainability World Index
- Once again confirmed as one of the 100 World’s Most Sustainable Corporations by Corporate Knights
- Named in the ‘2016-2017 Most Respected Companies in China’ list organized by The Economic Observer
- World Resources Institute honors Feike Sijbesma
- Received 2017 BioEconomy Leadership Award at the 39th Symposium on Biotechnology for Fuels and Chemicals
Strategy: Purpose led, Performance driven
WHY
Why we do things is driven by our Purpose
Creating brighter lives for all

HOW
How we achieve our Purpose and Strategy is defined by our ways of working
Doing something meaningful, every day

WHAT
What we do is laid out in our Strategy
Growth & Value – Purpose led, Performance driven
Purpose drives growth opportunities

DSM’s key competences ...

... addressing megatrends/SDGs

Global Megatrends ...

... providing growth opportunities in the focus-domains ...

Nutrition & Health

Climate & Energy

Resources & Circularity

Human Nutrition

Stevia

Project Clean Cow

Animal Nutrition

Biomedical

MixFit

Advanced Solar

Future-proof

+ 

... creating a growth company ...

... reaching ~2.5 bn people worldwide

Global SDGs

Nutrition & Health

Climate & Energy

Resources & Circularity

Veramaris

Animal Nutrition

Bio platforms

2G Biofuels

Niaga

Closed-loop solutions

Niaga Animal Nutrition

Closed-loop solutions
Strategy Update: Growth & Value - Purpose led, Performance driven.

- **Purpose sets scope** for DSM’s further portfolio evolution:
  - Focus on growth in Nutrition, Health and Sustainable Living

- **Organic growth** enhanced by:
  - Customer centricity
  - Solutions-oriented approach
  - Innovation focus

- **Inorganic growth** further ‘evolving’ portfolio:
  - Predominantly in Nutrition

- **Enabling programs** for accelerated growth:
  - Performance-driven organization, leadership & culture
  - Digitization
  - Sustainability leadership

**2021 Targets**

- High single-digit percentage annual Adj. EBITDA increase
- ~10% average annual Adj. Net Operating Free Cash Flow increase

Value-creating M&A

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1. Based on underlying business’ 2018 Base Line corrected for the temporary vitamin effect.
2. Adjusted net operating free cash flow is cash flow before share purchases for options/ exercise of options, interest, dividend, M&A and financing activities.
Growth enablers | Digitization drives growth and improves efficiency

**Customer intimacy**
- Improve top-line results

  - Customer data analytics
  - Omnichannel apps providing 24/7 customer experiences
  - Strong cloud technology stack
  - Digital collaboration tools

**Operational performance**
- Reduce costs by automation & data analytics

  - Increase productivity in support functions and manufacturing by automation/robotization
  - Data analytics for optimization of operational processes
  - Improve safety, quality and plant reliability

**New business models**
- Digital entrepreneurship & AI

  - Partnerships for digital value propositions
  - Digital business transformation
  - Pilots on personalized nutrition and animalized feed
  - Become trusted reference in nutritional knowledge

**Advanced Digital Technology Platform**
- Agile Organization & Ways of Working
Growth enablers | continued sustainability leadership step-up

2017 Realization¹

- GHG efficiency improvement (vs. 2015)
  - 8%

- Energy efficiency improvement (vs. 2015)
  - 3%

- Purchased renewable energy
  - 21%

- Employee engagement favorable score
  - 75%

- Safety Frequency Recordable Index
  - 0.36

- Brighter Living Solutions
  - 62%

2021 / 2030 Ambitions

- 30% absolute reduction by 2030 (vs. 2016)²

- >1% average annually till 2030

- 75% by 2030

- >75% by 2021

- <0.25 by 2021

- >65%³ by 2021

Business growth enabler

Develop and introduce new innovative sustainable solutions with focus on Nutrition & Health - Climate & Energy - Resources & Circularity domains (e.g., Project Clean Cow, Veramaris, Niaga, etc.)

1. See DSM’s Integrated Annual Report 2017 for definitions and additional information; in addition: Circular Businesses DSM in 2017: ~15% of total sales
2. Change from efficiency to absolute reduction (scope 1&2); scope 3 set in H2 '18 (part of Science Based Targets); GHG E1 of 8% in '15/'17 is 26% vs. 2008 (target: ~40% by 2025)
3. KPI will be updated as part of the Responsible Care Plan update in 2020
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