Press Release

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DSM updates financial markets at its Capital Markets Day

Royal DSM, the global Life Sciences and Materials Sciences company, recently provided a review of its strategic progress and an update on its 2015 targets at its annual Capital Markets Day being held in Vaalsbroek, The Netherlands. DSM also provided an update on current trading conditions.

Feike Sijbesma, CEO and Chairman of the DSM Managing Board, said: "Three years ago we announced our strategy DSM in Motion: driving focused growth, setting out ambitious targets and aspirations. Since then we have significantly transformed our portfolio, which has resulted in more stable, higher quality earnings. This progress is being underpinned by an extensive Profit Improvement Program. DSM remains firmly on track to achieve the strategic objectives set out in 2010 and our focus will continue to be on improving profitability. "

At the Capital Markets Day DSM addressed:

- The transformation of the portfolio, which is well aligned to global megatrends, and supported by the four compelling growth drivers (high growth economies, innovation, sustainability and acquisitions & partnerships).
- The strong strategic progress that has been achieved in the past 3 years, including a total of €2.8 billion in value enhancing acquisitions (of which €2.4 billion have been in Nutrition).
- Its shift to becoming a truly global company. DSM is well positioned for accelerated growth in High Growth Economies, where approximately 40% of sales are currently realized.
- Innovation and sustainability, both of which are driving future growth and profitability. The three exciting Emerging Business Areas: Bio-based Products and Services, Biomedical and Advanced Surfaces are creating very interesting new business opportunities.
- Its updated targets for 2015. These targets reflect a transformed portfolio and market dynamics and include a new group EBITDA margin target of 14-15% with a ROCE target of 11-12%.

Furthermore, DSM outlined its priorities for the coming two years:
- Completing the strategic actions for DSM Pharmaceutical Products and Polymer Intermediates
- Integrating the acquired companies, capturing full synergies and driving organic growth
- Improving the operational performance of its businesses

During the Capital Markets Day DSM also further detailed the current market conditions:
- The challenging macro-economic environment experienced during H1 2013 continues, with little or no growth in Europe. Asia continues to show good levels of economic activity, though at more modest levels, while the US maintains a modest rate of recovery.
- **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.

Share repurchase program to cover existing option plans
In Q4 2013 DSM expects to launch a share repurchase program for 4-5 million shares to cover its commitments under existing management and personnel option plans, which is anticipated to continue into Q1 2014.

DSM – Bright Science. Brighter Living.™
Royal DSM is a global science-based company active in health, nutrition and materials. By connecting its unique competences in Life Sciences and Materials Sciences DSM is driving economic prosperity, environmental progress and social advances to create sustainable value for all stakeholders. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, pharmaceuticals, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials. DSM's 23,500 employees deliver annual net sales of around €9 billion. The company is listed on NYSE Euronext. More information can be found at www.dsm.com.

DSM began trading with China in 1963 and established its first China sales office and first manufacturing facility in early 1990s. The company currently has 40 affiliates in China including 26 manufacturing sites and employs about 3,500 people. DSM China regional headquarters and China Science and Technology Center is located in Shanghai. DSM's business is growing healthily and steadily in China with revenue of USD1.7 billion in 2012. For further information, please visit www.dsm.com.cn.

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