

DSM Capital Markets Day 2018

Human Nutrition & Health

Jeremy Xu | President Human Nutrition & Health

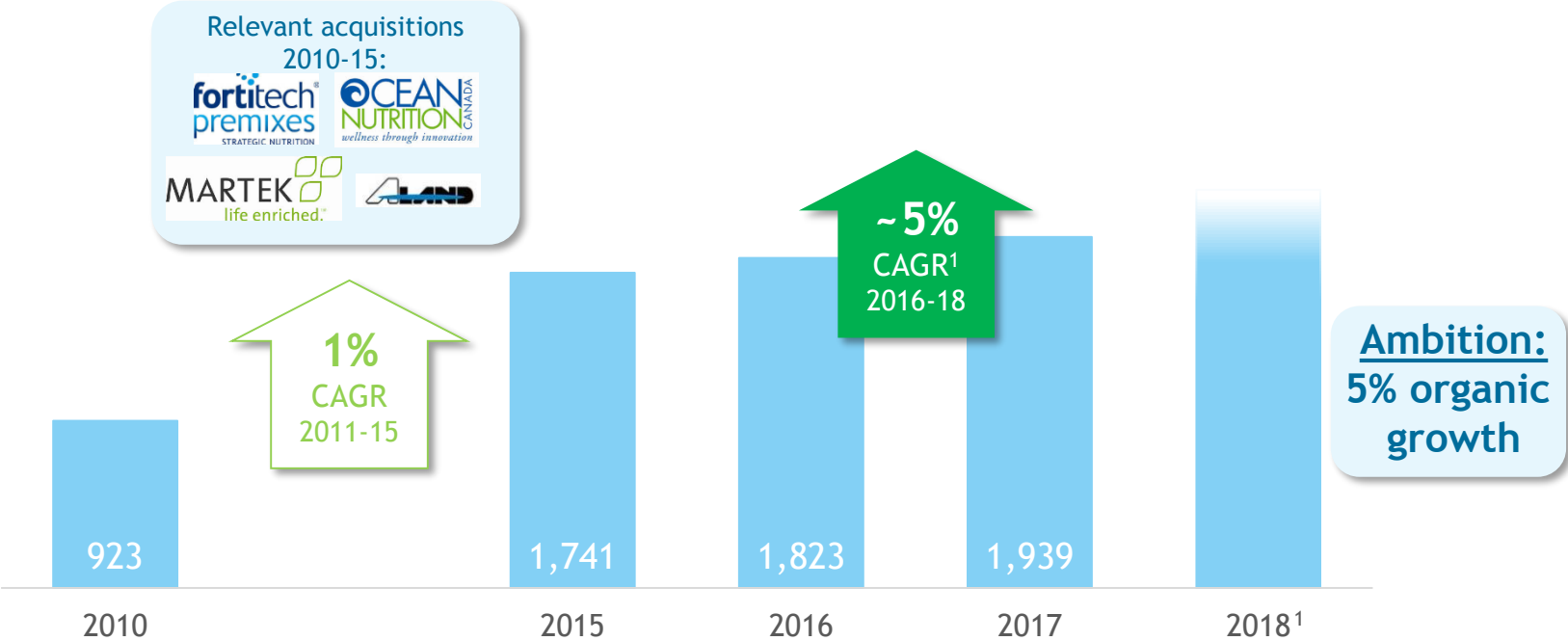
ROYAL DSM CAPITAL MARKETS DAY | LONDON (UK) 20 JUNE 2018



Safe harbor statement

- This presentation 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. 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 actual performance and position to differ materially from these statements. DSM has no obligation to update the statements contained in this presentation, unless required by law
- A more comprehensive discussion of the risk factors affecting DSM's business can be found in the company's latest Annual Report, which can be found on the company's corporate website, www.dsm.com

Human Nutrition & Health achieved its organic growth ambition for the last 3 years - Significant acceleration vs. previous period



1. Approximation using 2018LE, based on underlying business corrected for best estimate of the temporary vitamin effect

Outgrowing the relevant market through local solutions, forward integration and i-Health expansion

Market growth

Human Nutrition & Health growth enhanced by

Specialty Nutrition



3-5%

Dietary Supplements



2%

Early Life Nutrition



4-6%

Pharma



1-2%

Food & Beverage

Σ

~2-3%

Human Nutrition
relevant market

Geographies



Premix



B2C / i-Health

A DIVISION OF DSM

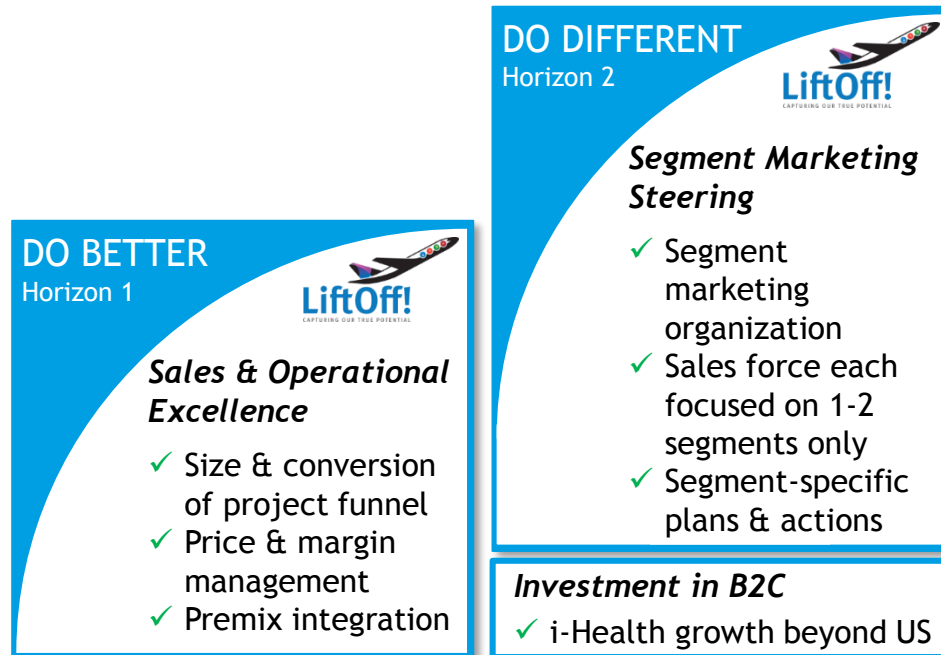


Σ

~5% organic sales growth ambition¹

1. Based on underlying business, excluding the temporary vitamin effect

Growth driven by LiftOff! program's two horizons and investment in B2C i-Health beyond US



Strategy 2018 (2016-2018)

Sustainable organic growth beyond relevant markets through Customer Centricity & Agility. Further investment in i-Health and Personalized Nutrition

DO BETTER

Horizon 1



Sales & Operational Excellence

- ✓ Size & conversion of project funnel
- ✓ Price & margin management
- ✓ Premix integration

DO DIFFERENT

Horizon 2



Segment Marketing Steering

- ✓ Segment marketing organization
- ✓ Sales force each focused on 1-2 segments only
- ✓ Segment-specific plans & actions

Investment in B2C

- ✓ i-Health growth beyond US

SHAPE THE MARKET

Horizon 3



Customer Centricity & Agility

- DSM value proposition: products & services
- End-to-end experience: supply chain, quality and institutionalized customer feedback
- Enhanced innovation and application capability

Investment in B2C/B2Me

- i-Health growth beyond US
- Personalized Nutrition

2016 - 2018

2019 -2021

Disruptive value chain shifts resulting in new opportunities for our Human Nutrition & Health business

Food & Beverage

- Prefers **local**, known brands
- Prefers **healthy** products with less sugar, salt & fat from natural origin



- **Local brands focus on M&S** and limit manufacturing and R&D
- **Global brands under pressure** to cut costs - manufacturing and R&D mainly impacted



- Requires brand-specific, **multiple ingredient solutions** with local application support
- Requires new, **clean-label ingredients** complementing/ replacing sugar, salt & fat



Consumer



Customer/
Brand owner



Ingredient
supplier

Specialty Nutrition esp. Dietary Supplements

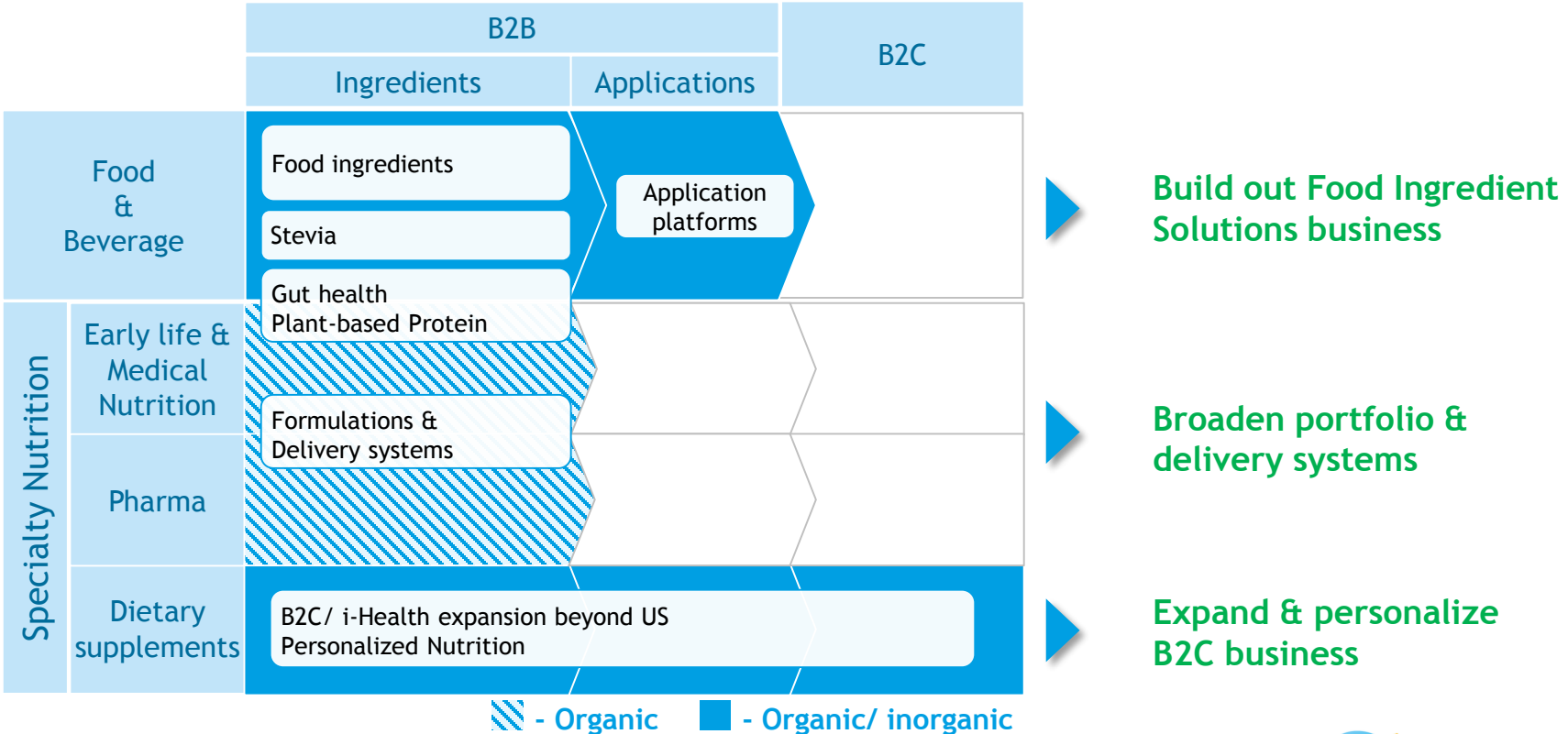
- More **health-conscious** and educated
- Wants **more personalized offers** based on genetic makeup, lifestyle and diet



- Dietary Supplement brands with **limited personalization options** through traditional retail
- Needs **offering beyond the product** e.g. individualized advice, delivery system, diagnostic tools

- More **integrated offering beyond ingredients** e.g., delivery systems and diagnostic tools
- **Consumerization of scientific know-how** into sound advice

Organic growth across all segments supported by inorganic growth targeted at Food & Beverage and Dietary Supplements



Food & Beverage - Our Fermentative Stevia as integral part of new food ingredient solutions

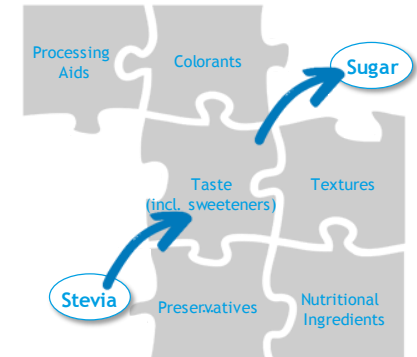
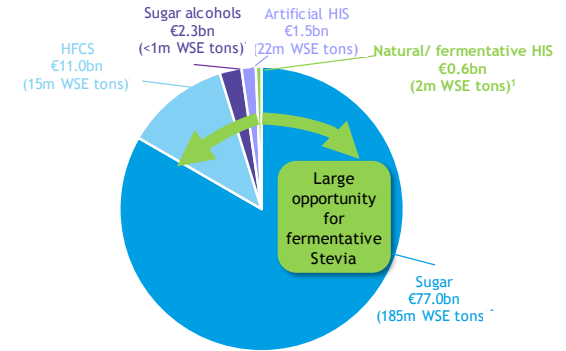
Ingredient

- Development program well on track:
 - Focus on fermentation-derived steviol glycosides (Reb-M)
 - First regulatory approvals obtained in US and Mexico
 - Pilot material available as of H2 2018 for selected early-adopters (US & Mexico), ramp-up to full-scale production expected in 2020
- Market potential for fermentative sweeteners of >€3bn by 2025

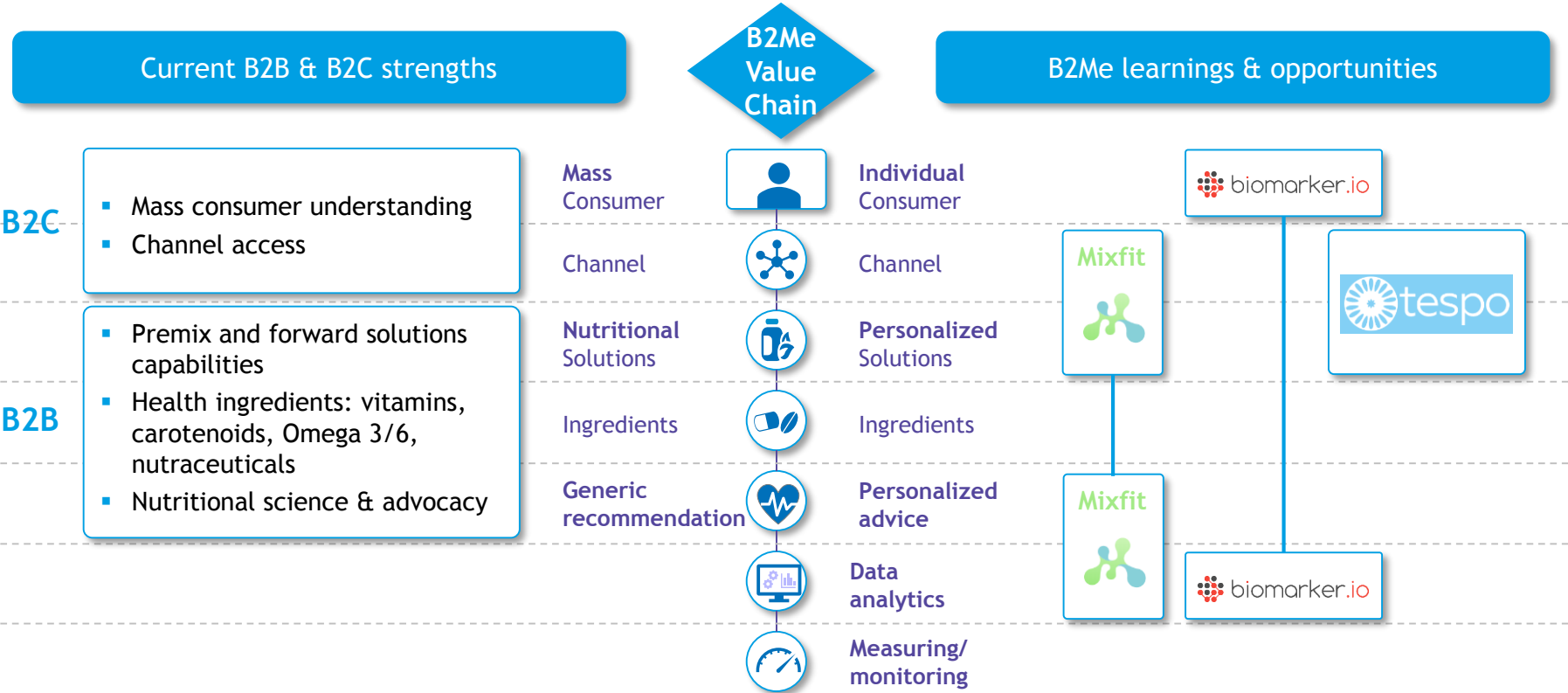
Application

- Replacing sugar not only matter of replacing sweetness
 - With its broad product offering (e.g., textures), DSM is well positioned to address sugar's multiple functionalities

Global sweeteners market ~€90bn



Personalized Nutrition - Building on existing B2B and B2C strengths and acquiring B2Me learnings from leading startups



Human Nutrition & Health ambitions underpinning DSM's 2021 Targets

Continue to grow the business above-market

- Market growth estimated to continue to be at ~2-3%
- Further organic growth by:
 - Building upon implemented Sales & Operational Excellence and Segment Steering
 - Driving Customer Centricity & Agility through strengthening value propositions on products and services, focused end-to-end customer experience, and enhanced innovation and application capability
 - Continued investment in B2C/B2Me through i-Health growth and expansion in B2C and personalized nutrition

~5% organic growth



BRIGHT SCIENCE. BRIGHTER LIVING.™