

# DSM in motion: *driving focused growth*

Annual results 2011

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CEO / Chairman Managing Board

Annual General Meeting of Shareholders 2012

# 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.

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, which can be found on the company's corporate website, [www.dsm.com](http://www.dsm.com)

# Overview

- Operational performance 2011
- Progress on strategy
- Transforming our organization
- Outlook 2012

# Highlights FY 2011

DSM reports another strong year and increases dividend

- Full year EBITDA continuing operations increased 12% to €1,296 million
- Life Sciences delivered further EBITDA growth through Nutrition
- Strong year Materials Sciences with record Polymer Intermediates results
- Good strategic progress: Martek acquisition & joint venture Sinochem
- EPS (before exceptional items, continuing operations) up 22% to €3.53
- Dividend increase by €0.10 to €1.45 per ordinary share proposed for 2011
- Cautiously optimistic outlook; on the way to achieve 2013 targets

# Results FY 2011 - Key figures

(€ million)	FY - 2011	FY - 2010	Δ%
Continuing operations before exceptional items:			
Net Sales	9,048	8,176	+11%
EBITDA	1,296	1,161	+12%**
EBIT	866	752*	+15%
Total DSM before exceptional items:			
Net Sales	9,193	9,050	+2%
EBIT	1,325	1,278	+4%
Total DSM including exceptional items:			
Net profit	814	507	+61%
EPS (€)	4.86	3.03	+60%

\* of which €33 million IFRS pension adjustment

\*\*15% if IFRS pension adjustment is excluded

# EBITDA - DSM continuing business

EBITDA (€ million)	2011	2010	2009 (*)	2008 (*)
Nutrition	735	684	655	585
Pharma	36	61	91	150
Performance Materials	293	283	174	266
Polymer Intermediates	380	223	36	43
Innovation Center (*)	-57	-49	(**)	(**)
Corporate Activities (*)	-91	-41	-122	-80
<b>DSM core business</b>	<b>1,296</b>	<b>1,161</b>	<b>834</b>	<b>964</b>

\* 2008 & 2009 not restated for changes in pension accounting and corporate research costs

\*\* 2008 & 2009 Innovation Center was reported in Corporate activities

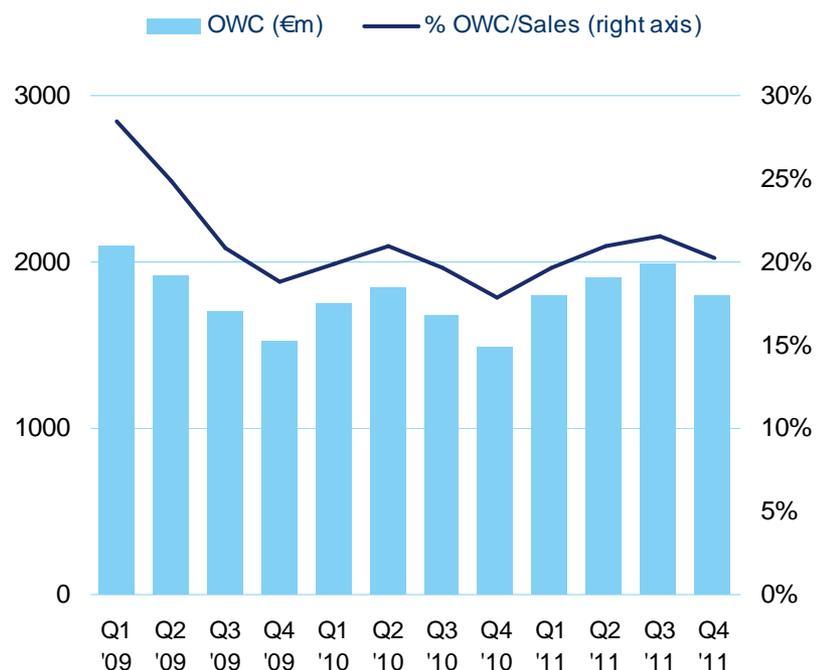
# Cash flow

Cash Flow (€ million)	FY '11	FY '10
Cash from operating activities	882	1,103
Cash from investing activities*	-741	-132
Free cash flow from operations*	141	971

Balance sheet (€ million)	YE 2011	YE 2010
Net debt	318	-108
Gearing	5%	-2%

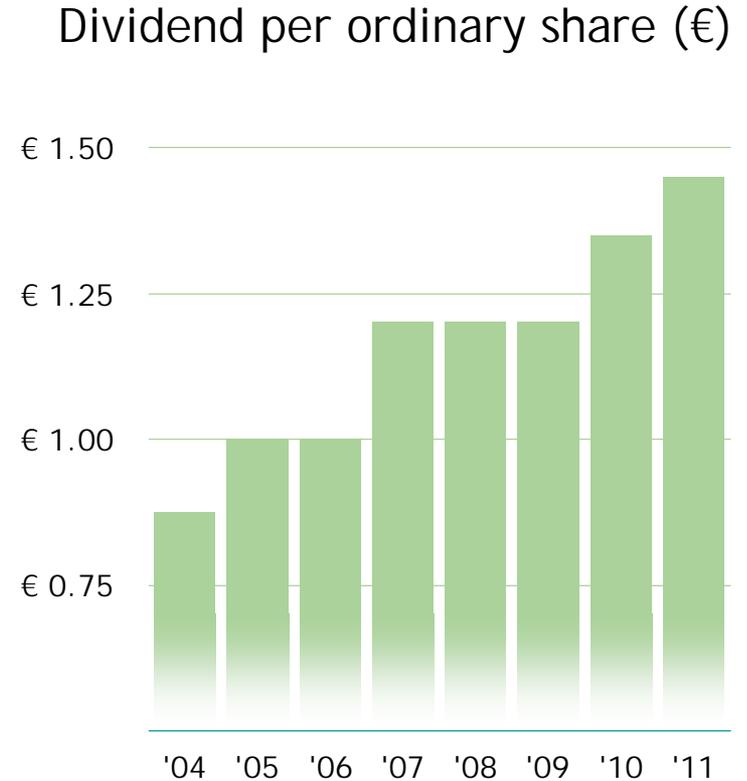
\*: Excl. fixed-term deposits

## OWC development Q1'09 - Q4'11



# Dividend increased for the 2<sup>nd</sup> consecutive year

- Dividend policy:  
“stable and preferably rising”
- Proposal to AGM:  
€0.10 increase to €1.45 (7 % increase)
  - € 0.45 interim dividend
  - € 1.00 final dividend
- Payable in cash or ordinary shares



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# Bright Science. Brighter Living.™ creating value for

## CUSTOMERS

Meeting consumer demands, becoming supplier of choice

## EMPLOYEES

Engaged, motivated and talented team



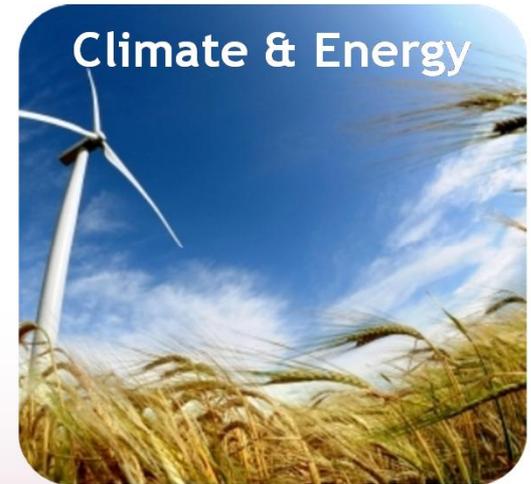
## SHAREHOLDERS

Delivering sustainable value creation

## SOCIETY

Innovations addressing:  
Global Shifts  
Health & Wellness  
Climate & Energy

# Global societal trends drive DSM's markets



Ageing population

Population growth

Resources constraints

Healthcare costs

Urbanization

Energy security

Food security

Wealth

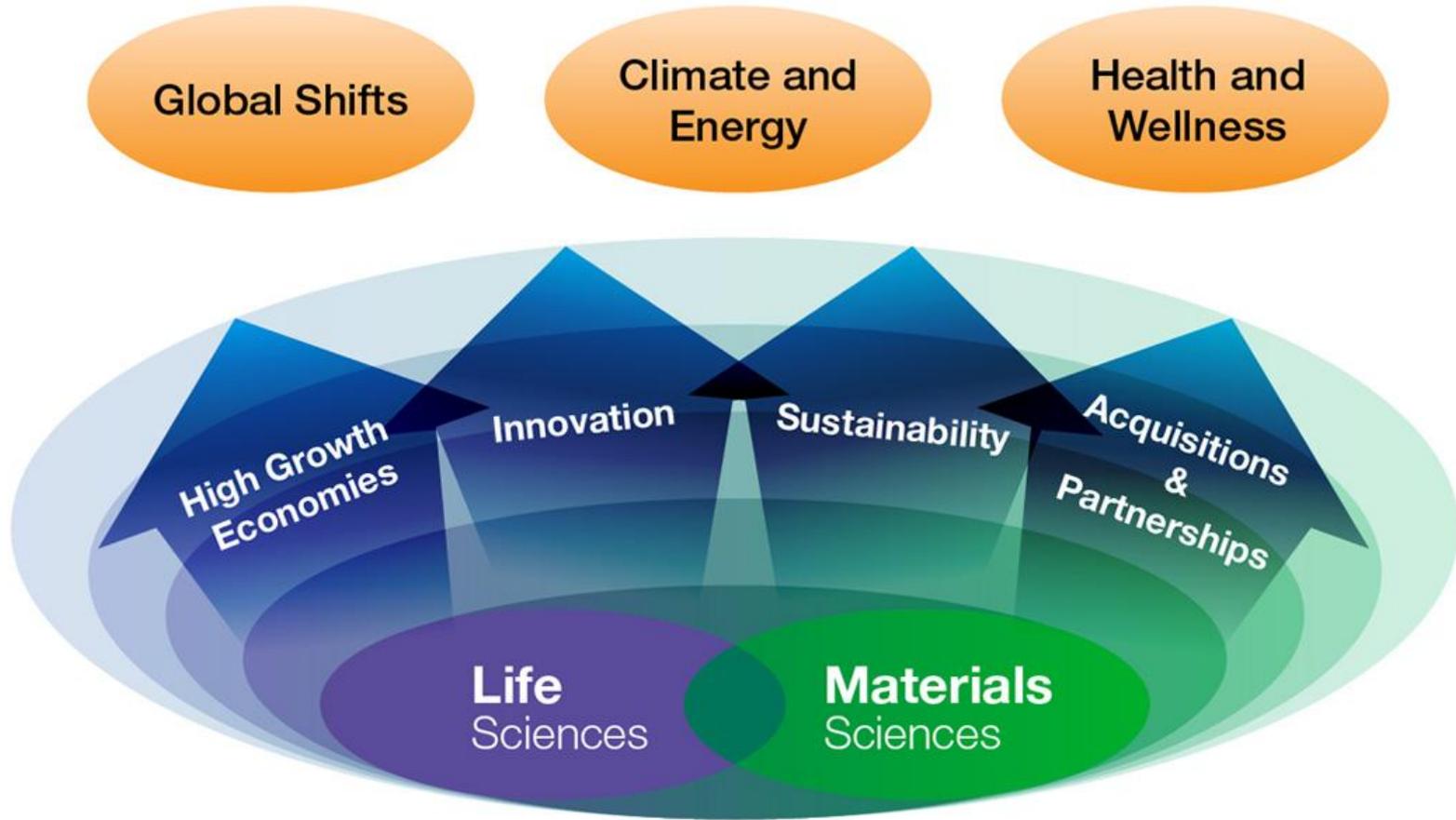
Sustainability

Health

Nutrition

Materials

# DSM in motion: *driving focused growth*



# On track towards achieving ambitious targets

Profitability targets 2013		2011
EBITDA	€ 1.4 - 1.6bn	€ 1,296m
ROCE	>15%	14%

Sales targets 2015		2011
Organic sales growth	5% - 7% annually	11%
China sales	from US\$ 1.5bn to >US\$ 3bn	US\$ 2bn
High Growth Economies	from ~32% towards 50% of sales	39%
Innovation	from ~12% to 20% of total sales	18%

EBA aspiration 2020		2011
EBA sales	>€ 1bn	Good progress

# Good progress towards sustainability aspirations

Sustainability aspirations 2011 - 2015		2011
Dow Jones Sustainability	Index top ranking ("Gold")	No 1 Chemical sector
ECO+ (innovation pipeline)	at least 80% of pipeline is ECO+	94%
ECO+ (running business)	from ~34% towards 50%	41%
Energy efficiency	20% improvement from 2008 till 2020	13% improvement*
Greenhouse Gas Emissions	25% reduction from 2008 till 2020	8% increase*
Engagement Survey	towards High Performance Norm	71% Favorable**
Diversity & People+	to be updated in 2011	Updated***

\* Cumulative improvement from 2008 till FY 2011

\*\* Measured end 2011, 8% below High Performance Norm

\*\*\* People+ refers to DSM product solutions that create a measurable better impact on people (health, well-being etc.) than mainstream competing solutions. The framework is established, people+ measurement is under development

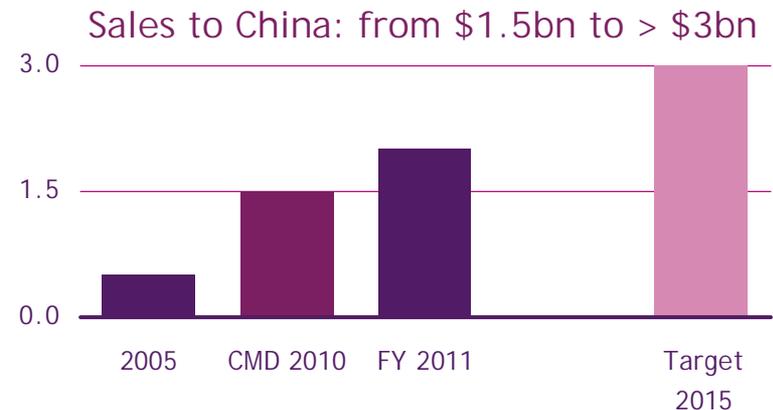
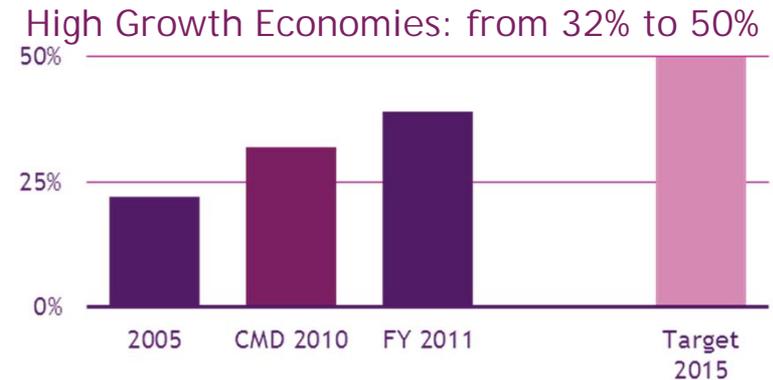
# 2011 step up in High Growth Economies

## Step up in High Growth Economies

- High Growth economies up to 40% total sales
- Sales China increased to US\$ 2bn in 2011

## Organizational change

- Business Group HQ's moved to Asia:
  - Engineering Plastics to Singapore
  - Fiber Intermediates to Shanghai
  - DSM Sinochem Pharma JV to Hong Kong
- Innovation centers in China & India
- Strengthened regional capabilities (China, India, Russia and LAM)



# Good progress on growth via innovation

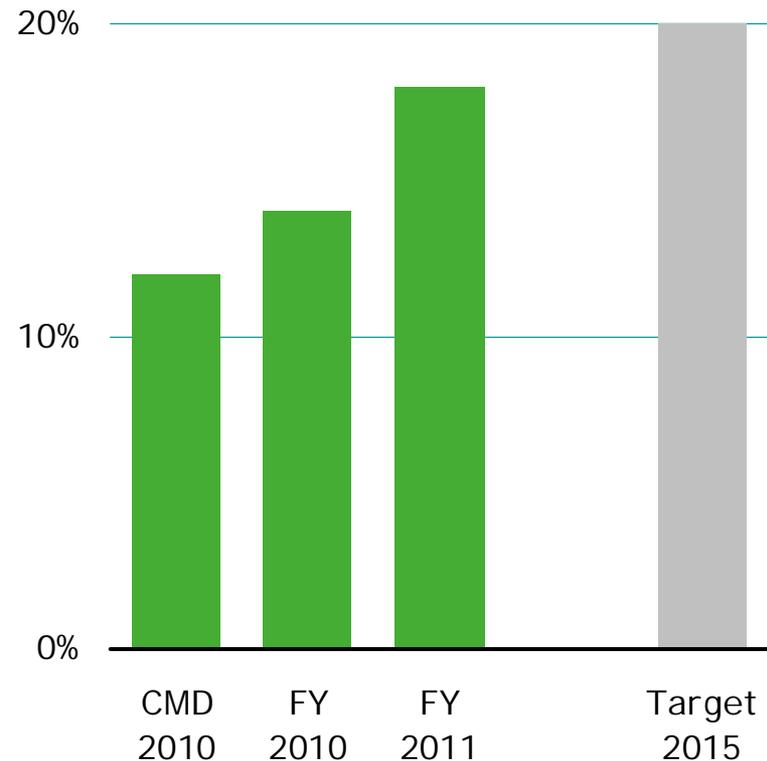
## Innovation

- Increased to 18% of sales

## Several business highlights:

- Acquisition C5 Yeast Company increased leadership cellulosic bio-ethanol
- DSM & Roquette JV start construction commercial bio-succinic acid plant
- DSM & DuPont set up surgical biomaterials JV
- DSM & POET established Advanced Biofuels JV to commercially demonstrate and license cellulosic bio-ethanol
- More than 300 patents filed (240 in 2010)

## Innovation from 12% to 20% of sales



# Well on track with sustainability ambitions

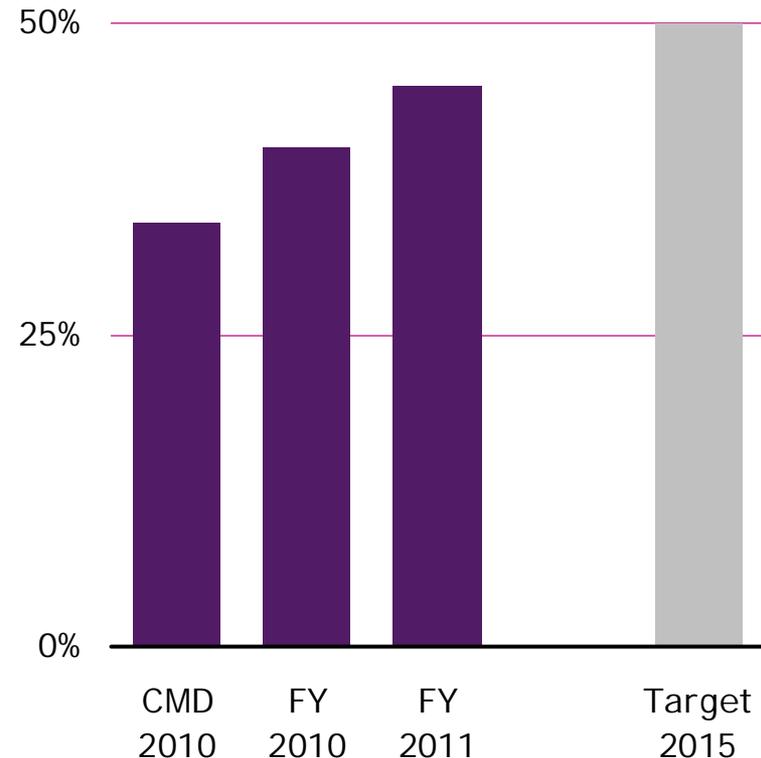
## Sustainability

- Sector leader Dow Jones Sustainability Index
- Eco+ sales ~41% of running business
- Eco+ innovations 94% of pipeline
- Energy efficiency of 13% well on track to reach 20% improvement by 2020 versus 2008

## Several business highlights:

- Sustainable high purity vitamin D (Quali-D®) to address deficiencies
- First full range of zero-styrene composite resins launched
- Using Cradle-to-Cradle® concept in several collaborations

## ECO+ % of running business on track



# Major steps in acquisitions and partnerships

## Acquisition of Martek Biosciences

- Leading market positions  
PUFAs & Infant Formula
- Excellent performance
- Integration completed

### Expectations 2015

- Double digit sales growth
- Stable to rising EBITDA margins

## DSM Sinochem Pharmaceuticals JV

- Strengthened  $\beta$ -lactam anti-infectives  
(esp China)
- Further growth announced;  
construction 6-APA & announcement SSCs

### Expectations by 2015

- JV to increase its sales to > € 600m
- EBITDA margin >15%

## Other

- Completion of non-core divestments
- 10 other partnerships and acquisitions
- 5 venturing investments

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# High performance organization 'One DSM'



Collaborating in

'One DSM'

- Global high performance organization
  - Business Groups as building blocks
  - Strengthened by Regions
  - Optimized via Shared Services & Functional Excellence

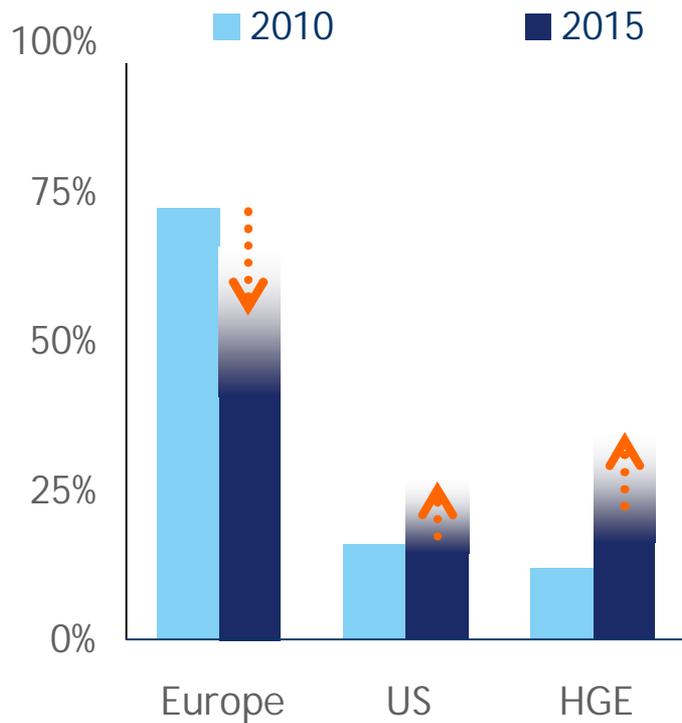
Supported by

Culture Change program

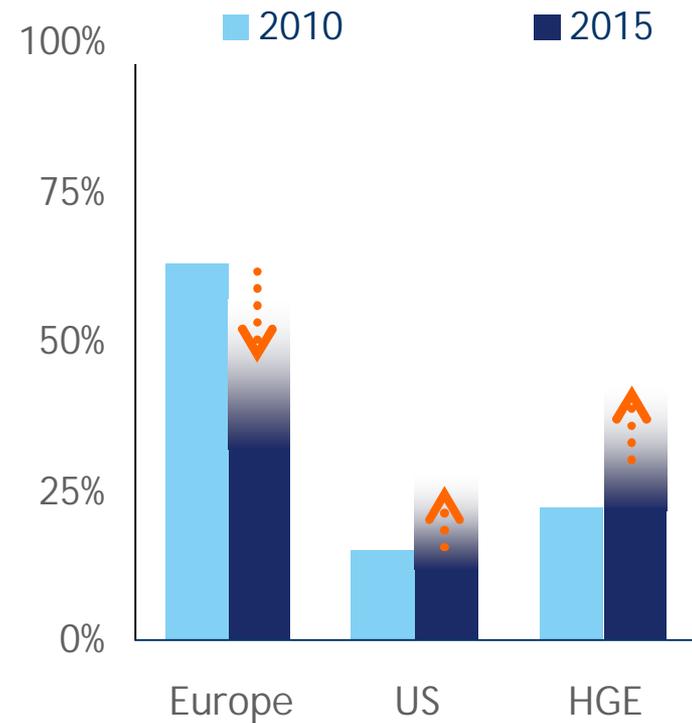
- Change Themes:
  - External Orientation
  - Accountability for Performance
  - Inspirational Leadership
- Based on joint belief in:
  - Sustainability & Diversity

# Further internationalization of workforce

Expected development  
Executives



Expected development  
Top and High Potentials



# Governance: committed to our values

- Living according to our values:
  - Valuable partnerships
  - Respect for people
  - Good corporate citizenship
- DSM supports the amended Dutch corporate governance code and applies all of its 113 Best Practices
- Continuous dialogue with all stakeholders
- Risk management system in place





**World Food Programme**

The world's frontline organisation fighting hunger



**DSM**

BRIGHT SCIENCE. BRIGHTER LIVING.

# Overview

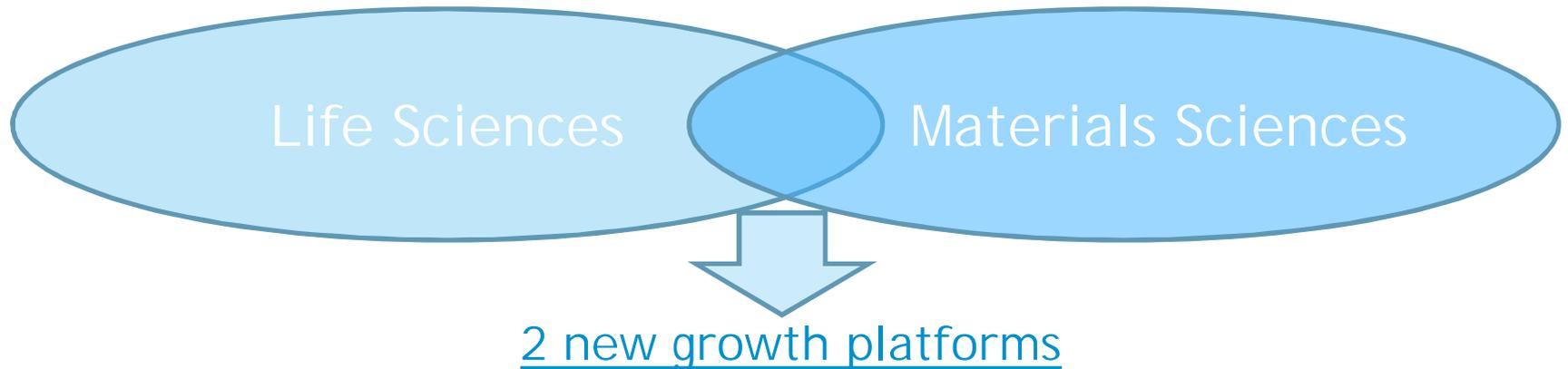
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# Highlights Q1 2012

DSM reports positive start to the year with robust Q1 results

- Q1 EBITDA from continuing operations €306 million (Q1 2011: €325 million)
- Strong results in Life Sciences due to continued growth in Nutrition
- Materials Sciences showed strong improvement compared to Q4 2011
- Joint venture with POET established to unlock the advanced biofuels opportunity
- Recently announced planned tender offer to acquire Kensey Nash to establish DSM Biomedical as new profitable growth platform
- Cautiously optimistic outlook, on the way to achieve 2013 targets

# Two exciting new growth platforms established



## DSM Bio-based Products & Services

Bio-succinic acid  
Cellulosic bio-ethanol  
Bio-based adipic acid  
...



## DSM Biomedical

Biomedical coatings  
Dyneema Purity<sup>®</sup>  
Polyurethanes Silicone  
Hydrogels (PTG)  
Kensey Nash  
...

# Outlook

- In Nutrition EBITDA is expected to be above 2011.
- Pharma is expected to deliver a slightly improved EBITDA despite the 50% deconsolidation of the anti-infectives business.
- Based on current insights, EBITDA of the Performance Materials cluster is expected to be somewhat higher than in 2011.
- For Polymer Intermediates another strong year is expected, at a level above the historical average, but EBITDA will be clearly lower than the exceptional result in 2011.
- Overall DSM remains cautiously optimistic for the year 2012, on its way to achieve the 2013 targets.

# Wrap up

- Positive start to the year with robust Q1 results
- Good strategic progress
  - JV with POET to make advanced biofuels a reality
  - Acquisition of certain assets from Verenum
  - Recently announced planned tender offer to acquire Kensey Nash to establish DSM Biomedical as new profitable growth platform
- DSM is well placed in current macro-economic environment
  - Relatively resilient portfolio
  - Strong presence in High Growth Economies
  - Strong balance sheet
- Cautiously optimistic outlook, on the way to achieve 2013 targets

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# Mission of DSM

Our purpose is  
to create brighter lives  
for people today  
and generations to come

We connect our unique competences  
in life sciences and materials sciences  
to create solutions that nourish,  
protect and improve performance

# Strengthened regional business management

