



DSM Investor Event 2017

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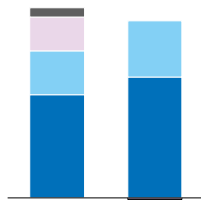
ROYAL DSM
HEALTH NUTRITION MATERIALS



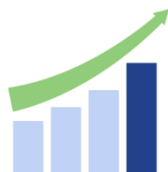
Safe harbor statement

- 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

DSM created a launch pad for growth in the period up to Strategy 2018



- Implemented important transformation steps
 - from Bulk Chemicals to specialty Nutrition and (bio-based) Materials
- Business portfolio streamlined and simplified

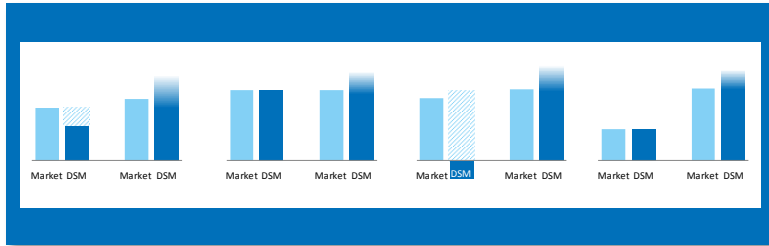


- Created good platform for growth
 - **Nutrition**: unique, global and broad portfolio in food/feed nutritional ingredients with deep solution offering capabilities
 - **Materials**: ‘silent’ transformation to more attractive, high-quality specialty materials portfolio with higher margins

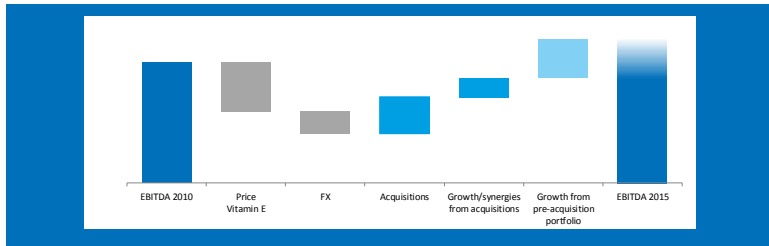


- More global, innovative and sustainable company

Focus areas identified to improve financial performance



- Return to above market growth rates

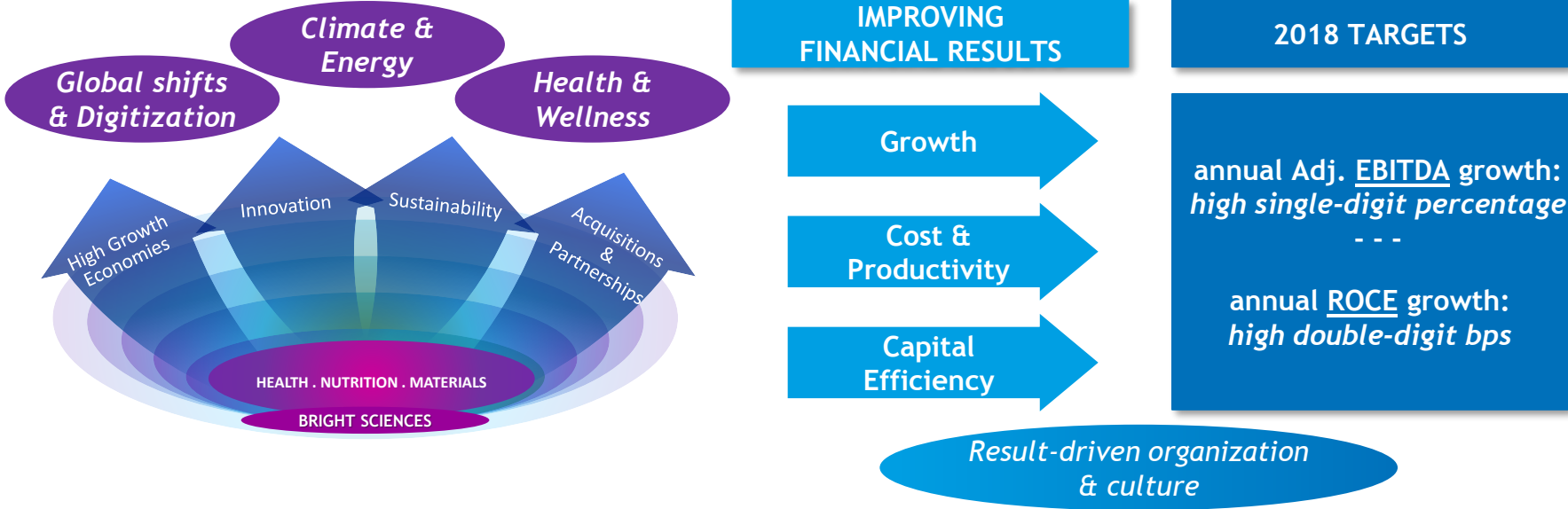


- Recovery of Nutrition's financial performance after Vitamin E and CHF impact



- Successfully executed acquisition strategy at attractive multiples (avg. ~8x EV/EBITDA)
- Further integration of acquisitions needed to capture full potential

Strategy 2018 | *Driving profitable growth* through science-based, sustainable solutions



Strategy 2018 | Initiatives to deliver improved financial results

- 1 Global organizational and operational adjustments
- 2 Outpace market growth through growth initiatives and innovation
- 3 Step up in sustainability aspirations
- 4 €250-300m cost reduction & efficiency improvements
- 5 Consistent improvements in capital efficiency
- 6 Extract value from Pharma and Bulk Chemicals JVs

Strategy 2018 | Initiatives to deliver improved financial results

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1 Strengthened organization drives profitable growth

Global organizational and operational adjustments implemented



- Organization, people, culture addressed:



New strengthened top structure



New operating model - Leveraged support functions



People: building strong leaderships teams



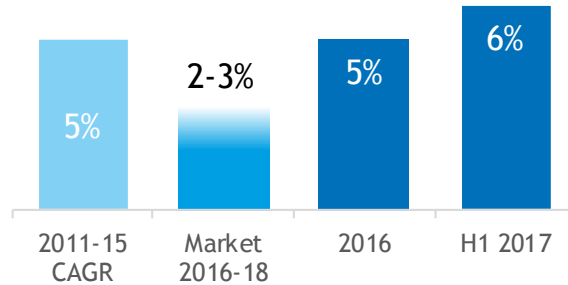
Culture focused on accountability and collaboration

2 DSM is outpacing market growth

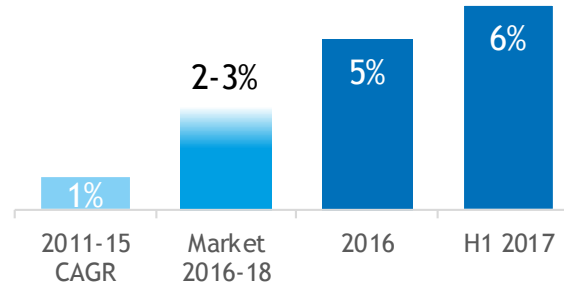
All businesses are delivering on the growth initiatives



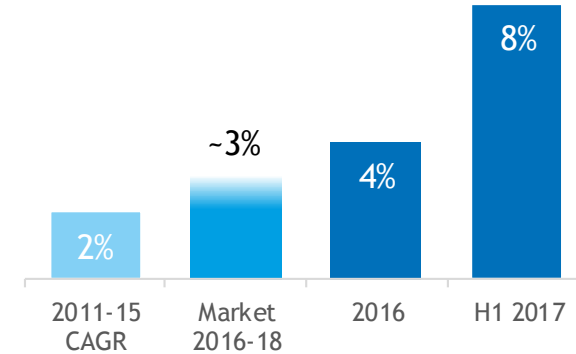
Animal Nutrition organic growth



Human Nutrition organic growth

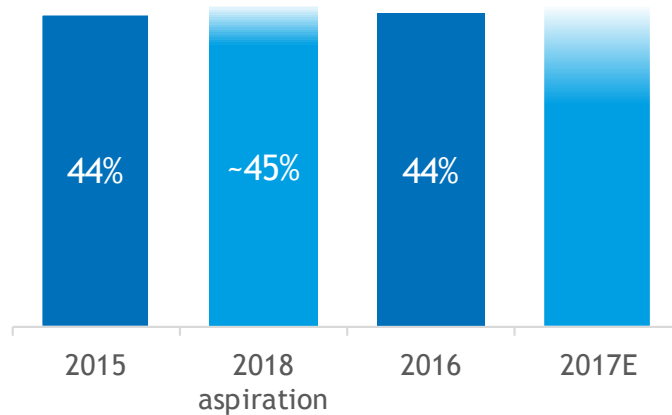


Materials volume growth

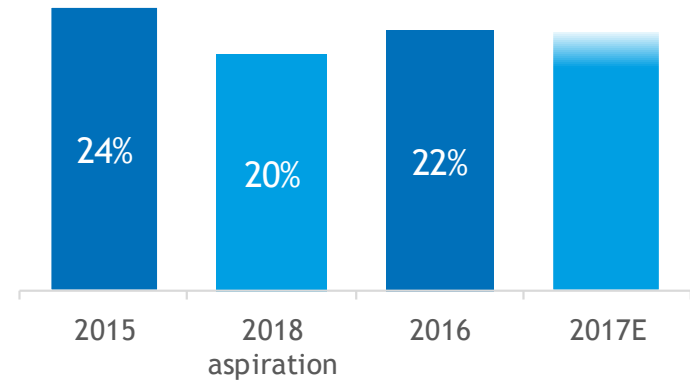


2 Maintained well balanced growth drivers

% sales to High Growth Economies



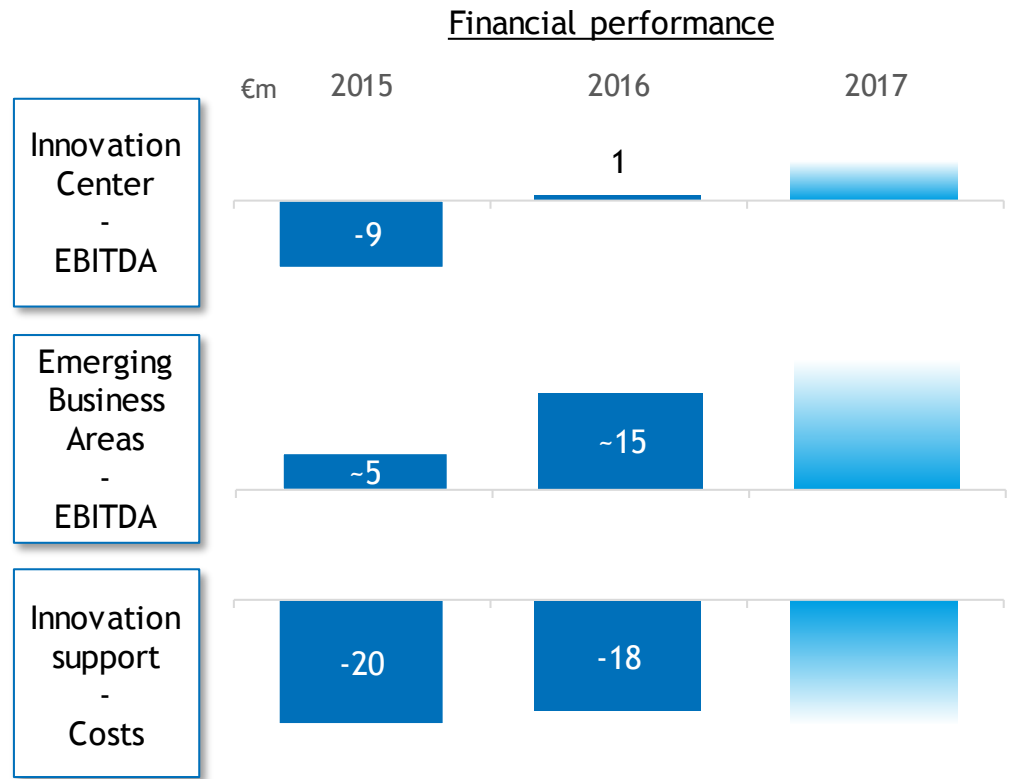
% sales from Innovation



1. Sales from products and applications introduced within the last 5 years

2 Innovation Center | Focused platform with deep value

- Adjusted EBITDA contribution of the Emerging Business Areas
 - €30m in 2018
- Cost of global, company-wide innovation support
 - ~€20m EBITDA/year



2 Emerging Business Areas provide long-term growth platforms

Biomedical



- Kensey Nash acquisition successful; steady progress despite market setbacks
- Higher volumes esp. in high growth segments (cardiology, ophthalmics, orthopedics)

Bio-based Products & Services



- Good progress made by POET-DSM Advanced Biofuels after a period of significant delays
 - New pre-treatment developed and installed
- New enzymes from DSM improved effectiveness and efficiency
 - Construction of on-site enzyme manufacturing facility started

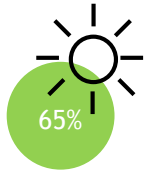
Advanced Solar



- Good growth in anti-reflective coatings
- Recently expanded portfolio with (sustainable) backsheets via Sunshine technology acquisition

DSM has stepped up its sustainability aspirations¹

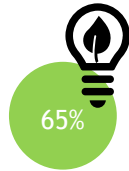
Creating value for all stakeholders



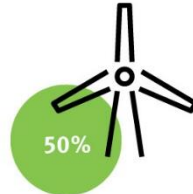
- Brighter living solutions 65% of DSM products by 2020



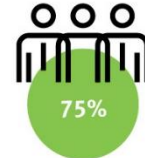
- GHG efficiency improvements 45% by 2025



- Energy efficiency improvements >10% (2016-2025)



- 50% purchased from renewable sources by 2025



- Employee engagement favorable score 75% by 2020



- Safety: Frequency Recordable Index of 25% by 2020



- Leading in reporting benchmarks

H1 2017

- 63%

- 27%

- 5%

- 19%

- 71%

- 35%

- DJSI Gold Class
- Leader in Sustainability

1. Please see DSM's Integrated Annual Report 2016 for definitions and additional information

Sustainability aspirations are well aligned with the Sustainable Development Goals¹



1. Please see DSM's Integrated Annual Report 2016 for definitions and additional information

Sustainability focus drives innovative growth and positively impacts society



3 DSM is recognized for 'doing well by doing good'

- Named #2 on Fortune Magazine's Change the World list



- Leader Dow Jones Sustainability Index and Sustainalytics



Strategy 2018 | Identified initiatives to deliver improved financial results

- 1 Global organizational and operational adjustments
- 2 Outpace market growth through growth initiatives and innovation
- 3 Step up in sustainability aspirations
- 4 €250-300m cost reduction & efficiency improvements**
- 5 Consistent improvements in capital efficiency**
- 6 Extract value from Pharma and Bulk Chemicals JVs**

Cost reduction and efficiency improvement programs rigorously executed

€250-300m cost reduction & efficiency improvements fully on track

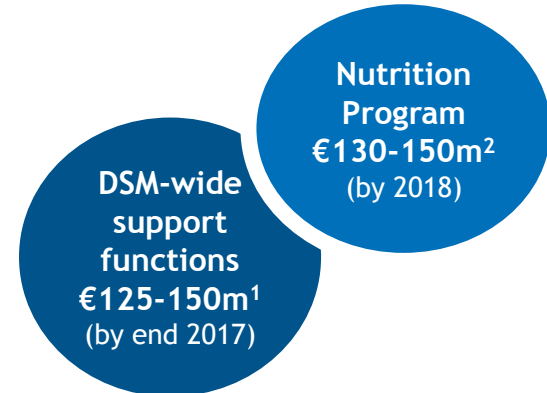


Actions

- Support functions & services program near finalization
 - Nutrition-specific Improvement Program actions on schedule, financial benefits gradually flowing in
- €250m minimal savings locked-in

Cost savings

Total €250-300m by 2018



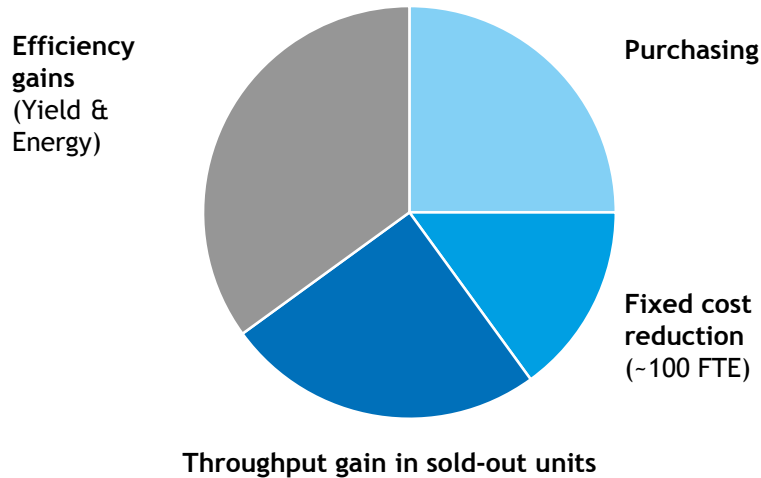
4 DSM-wide support functions efficiency program on track

Support
Funct.

Progress (%)	Remarks
Finance 	<ul style="list-style-type: none"> Shared Services Improvement Plan completed, incl. shift of most activities to Global Service Centre in India Finance Regions staffed and operational Implementation of cross-business, standardized reporting systems on track
HR 	<ul style="list-style-type: none"> Shared Services operational and payroll outsourced HR transformation program done; HR integration in Shared Service organization by end of year Updated processes and tools for talent development, career review, recruitment, learning & development
IT 	<ul style="list-style-type: none"> New IT model in implementation phase (60% of transfer realized) Standardization/outsourcing of personal workplaces and other saving initiatives realized
Ind. Sourcing 	<ul style="list-style-type: none"> Supplier base rationalization, FTE reduction and related savings in external on schedule to be finalized by year-end
Comms 	<ul style="list-style-type: none"> Global external & internal Communications function fully operational across regions and business groups Supplier rationalization in (Marketing-)Communications progressing well and close to target
Shared Services 	<ul style="list-style-type: none"> One Shared Services Organization with Global Delivery Centre in India and satellite in China live One multi-functional Service Desk and Portal and Performance Management & Reporting being implemented
Funct. Excell. Regions	<ul style="list-style-type: none"> Operating Models implemented (FTE reduction of ~40%); good progress in implementing new mandates Regional organizations brought in line with new DSM Operating Model; Finance, HR and IT implementing Functional Operating Models globally

4 Nutrition-specific improvement program running well

Cost improvements

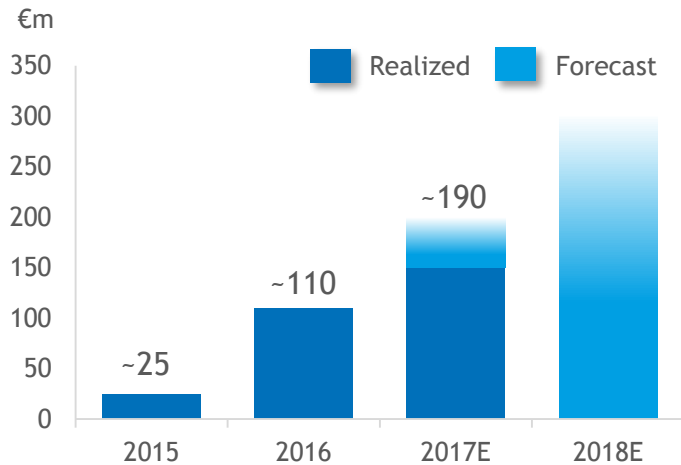


Work streams closely monitored and on track

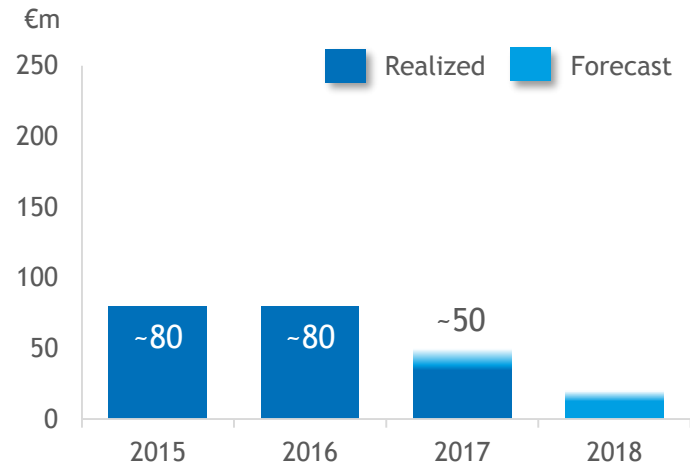
	<u>Current status as per end H1 2017:</u>	<u>Actions</u>	<u>Financial benefits</u>
Purchasing	<ul style="list-style-type: none"> Purchasing savings so far exceeding target 		
Fixed cost reduction	<ul style="list-style-type: none"> Cost reduction programs are being executed. Remaining part will be captured in the upcoming period 		
Throughput gains	<ul style="list-style-type: none"> Program on track and 2017 target confirmed 		
Efficiency gains	<ul style="list-style-type: none"> Program on track and 2017 target confirmed 		

4 One-time costs within budget


Timing of cumulative cost savings

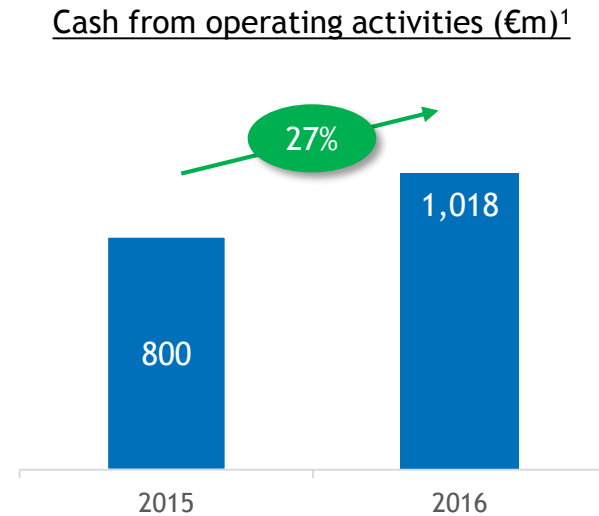
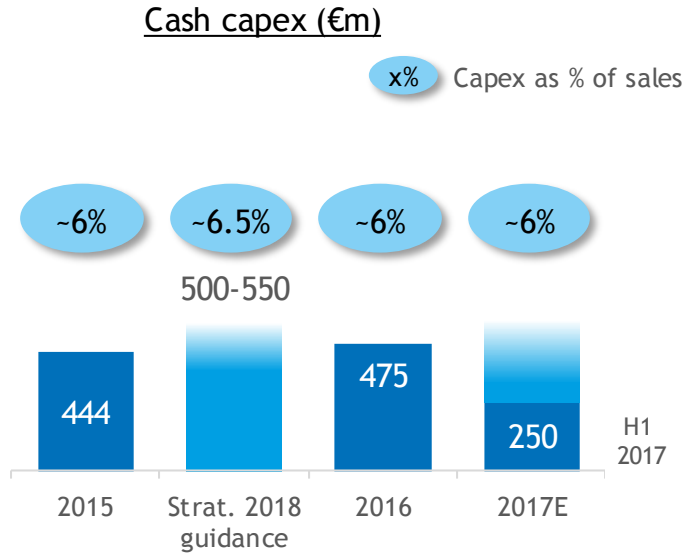


One-time costs



5 Disciplined approach to capital allocation maintained

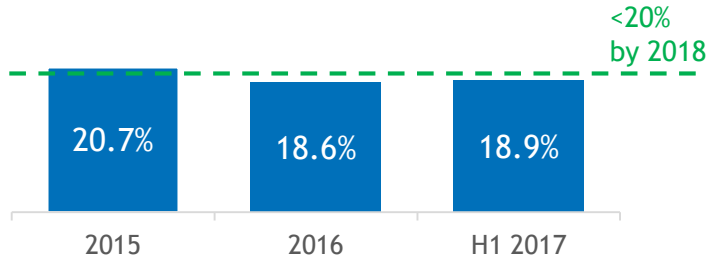
Consistent improvements in capital allocation 



1. Continuing operations (as reported)

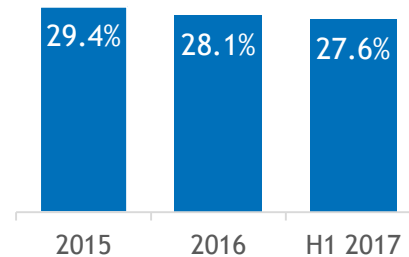
5 Ongoing actions to improve working capital level further

Total working capital as % of sales
(average)

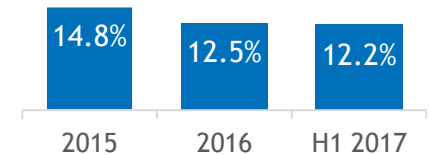


Total working capital as % of sales
(average) per cluster

Nutrition



Materials



6 Patheon transaction: realized cash proceeds of ~€1.5bn in 2017

Extracting value from partnerships ahead of schedule ✓



€m, 100%	2015	2016	H1 2017
Sales	201	201	201
Adj. EBITDA %	23%	20%	20%

Total cash proceeds ~€2bn

€m, 100%	2015	2016	H1 2017
Sales	418	431	217
Adj. EBITDA %	14%	14%	15%

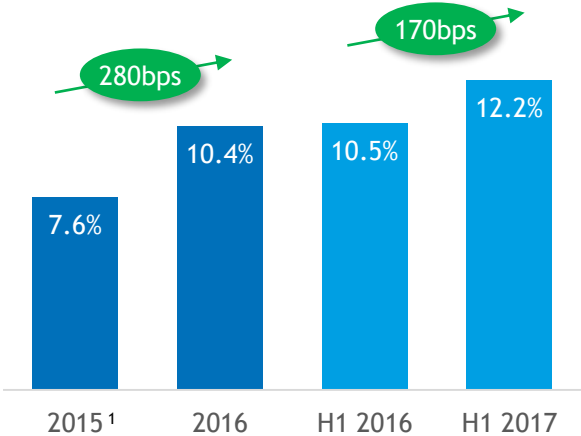
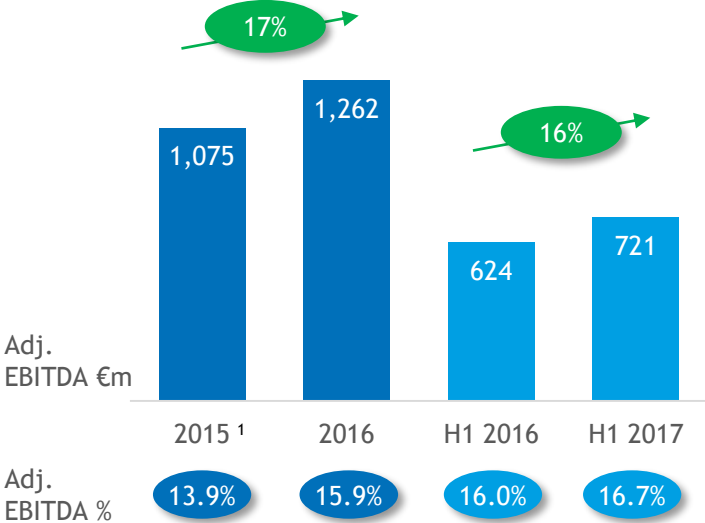
€m, 100%	2015 ¹	2016	H1 2017
Sales	756	1,802	996
Adj. EBITDA %	0%	6%	8%

1. Refers to the period 1 August - 31 December

DSM has been outperforming its 2 headline financial targets...

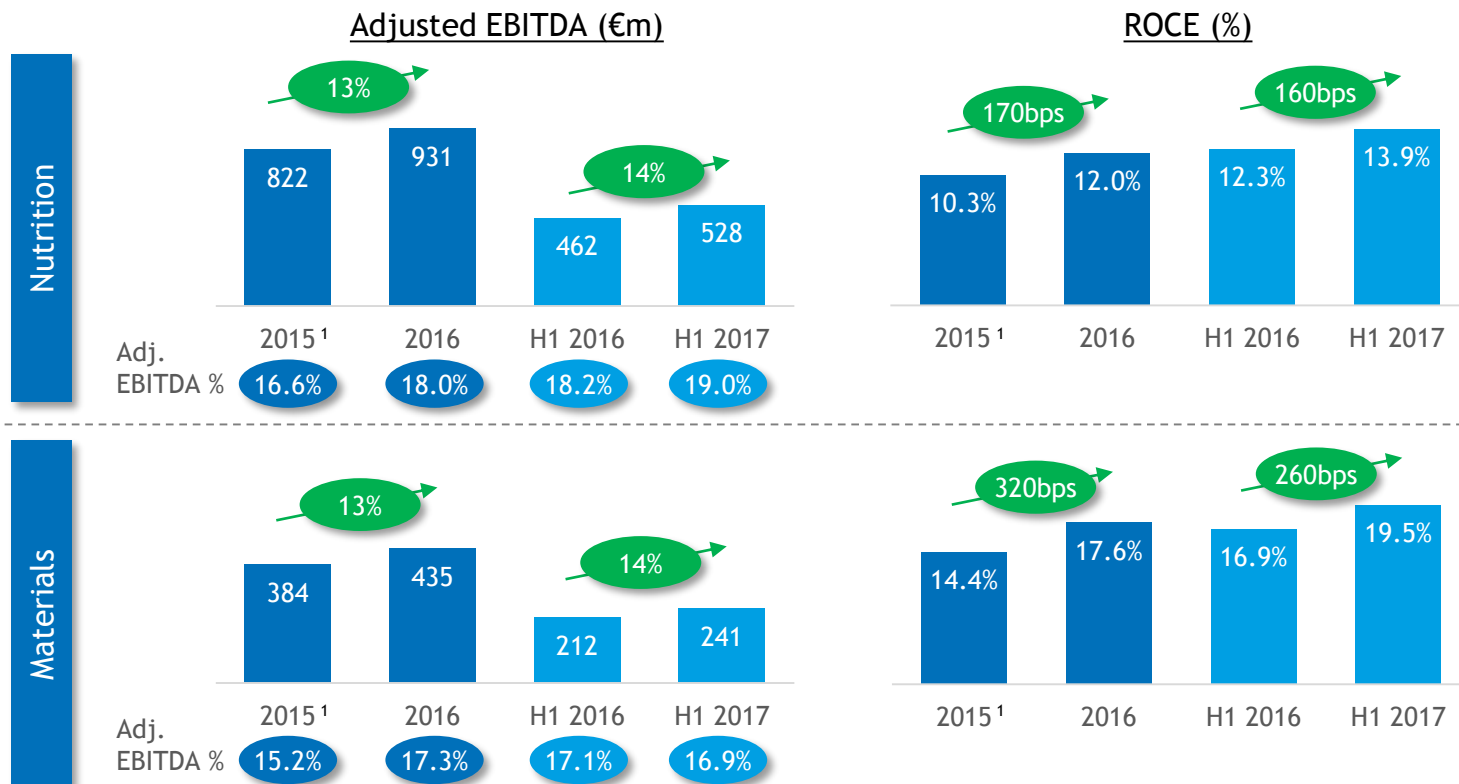
High single-digit percentage annual Adjusted EBITDA growth ✓

High double-digit basis point annual ROCE growth ✓



1. Continuing operations

... with both businesses outperforming



1. Continuing operations

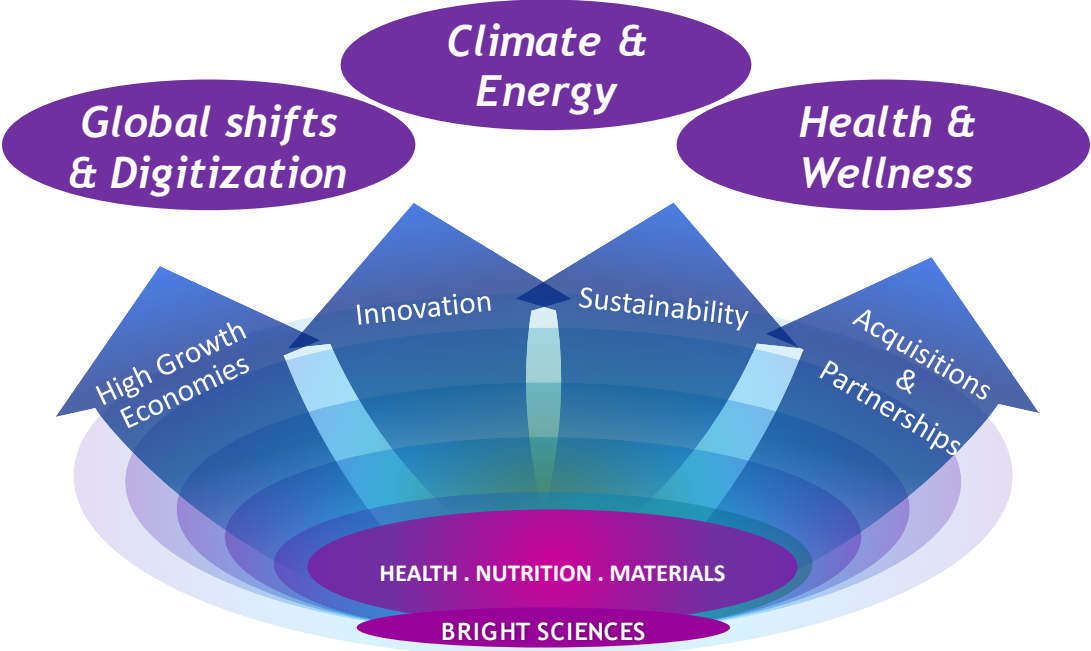
Full year 2017 outlook confirmed; aiming to continue growth in 2018

- DSM confirms its EBITDA and ROCE outlook for 2017 as communicated with the Q2 financial results despite today's slightly less favorable exchange rates
 - “DSM expects to deliver full-year 2017 results above the targets set out in its Strategy 2018, with an EBITDA growth for the year moving slightly up from high single-digit to double digit, and with a ROCE increase moving from double digit basis points to over 100 basis points”
- DSM aims to continue to deliver in 2018 against its Strategy 2018 “Driving Profitable Growth”, with full commitment to its growth initiatives as well as its cost-reduction and efficiency improvement programs



What's next?

DSM remains ideally positioned to profit from societal megatrends



DSM is confident on further sales growth and EBITDA margin improvements







Upside will come from innovation-driven growth

Nutrition

-  Fermentative stevia
-  Algae-based omega-3 for aquaculture
-  Clean cow
-  Hydrocolloids
-  Eubiotics
-  i-Health (B2C nutrients)
-  New bio colorants (blue/red)

Materials

-  ForTii® (HPPO polymer)
-  Niaga® (recycle carpets)
-  Decovery® (bio-based resins)
-  Apparel (Dyneema® textile apps)
-  Force multiplier technology (light personal protection)

Emerging Business Areas

-  3D options (combine Somos, Resins, Biomedical & Engineering Plastics)
-  Advanced solar materials
-  Bio-based products and services
-  New bio-medical products

Bring forward the strategy review process

- Key actions of Strategy 2018 are progressing well
- Financial results are well-ahead of the strategic targets
- Cash proceeds from Patheon came in earlier than expected



- DSM will bring forward its regular strategic review process for the period beyond 2018
- Aim to communicate conclusions before the summer of 2018

DSM will continue to drive profitable growth!

- ➔ Outlook 2017 confirmed
- ➔ Continued delivery in 2018
- ➔ Confident DSM will continue to outgrow its markets through organic and innovation driven growth
- ➔ Optionality of enhanced growth through M&A
- ➔ Bring forward the regular strategic review process



Q&A



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