



Presentation to Investors

H1 2019 results

ROYAL DSM
NUTRITION HEALTH SUSTAINABLE LIVING



Quote from the CEO

Feike Sijbesma

“I am pleased to report a good performance for the first half year, achieved against a challenging macro-economic environment. The Nutrition business saw continued good business conditions and delivered a strong performance, demonstrating the quality of its innovative portfolio of value-added solutions. Materials experienced ongoing soft market conditions in some of its end-markets, especially in China. Through a continued strong performance in the Dyneema and Functional Materials businesses, combined with good margin management, our Materials business demonstrated resilience with stable earnings.

DSM continues to be well positioned to deliver on our ambitious Strategy 2021 targets, driven by our commitment to be a purpose led, performance driven science-based company in Nutrition, Health and Sustainable Living. We reiterate our outlook for the full year.”

Feike Sijbesma, CEO/Chairman of the Managing Board



H1 2019

Highlights

- DSM reports a good H1
- Results compared to the Underlying business in H1 2018:
 - ✓ Group sales +3%, Adjusted EBITDA up 12% (including 3% from IFRS 16)
 - ✓ Nutrition: organic sales +4%, Adjusted EBITDA up 13% (including 2% from IFRS 16)
 - ✓ Materials: organic sales -6%, Adjusted EBITDA flat (including 1% from IFRS 16)
- Adjusted Net Operating Free Cash Flow €257m, up 14% versus H1 2018
- Total Net profit €401m, up versus H1 2018 of €633m when correcting for the temporary vitamin effect of €275m EBITDA following an exceptional supply disruption in the industry
- Interim dividend of €0.77 per ordinary share
- Full year outlook maintained

Q2 2019

Highlights

- DSM reports another good quarter
- Results compared to the Underlying business in Q2 2018:
 - ✓ Group sales +3%, Adjusted EBITDA up 10% (including 3% from IFRS 16)
 - ✓ Nutrition: organic sales +4%, Adjusted EBITDA up 13% (including 3% from IFRS 16)
 - ✓ Materials: organic sales -7%, Adjusted EBITDA flat (including 1% from IFRS 16)

Group

Key Financials (comparison with H1 2018 excluding temporary vitamin effect)

in € million	H1 2019	H1 2018			% Change				
		Underlying ¹ business	Temp. vitamin effect	Total Group	Underlying ¹ Organic growth	FX & 'other' ¹	Underlying ¹ total growth	Temporary vitamin effect	Total Group
Sales	4,568	4,429	365	4,794	1%	2%	3%	-8%	-5%
Nutrition	3,029	2,840	365	3,205	4%	3%	7%	-12%	-5%
Materials	1,427	1,492		1,492	-6%	2%	-4%		-4%
Adjusted EBITDA	862	771	275	1,046			12%	-30%	-18%
Nutrition	639	564	275	839			13%	-37%	-24%
Materials	262	261		261			0%		0%
Innovation	11	0		0					
Corporate	-50	-54		-54					
EBITDA	823	754	275	1,029					
Adjusted EBITDA margin	18.9%	17.4%		21.8%					

1 In 2018 DSM benefitted from a temporary vitamin effect. Underlying (business) is defined as the performance measure sales and Adjusted EBITDA, corrected for DSM's best estimate of this temporary vitamin effect.

2 Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

3 DSM adopted IFRS 16 as per its effective date of 1 January 2019 and has not restated 2018.

Group

Key Financials (comparison with Q2 2018 excluding temporary vitamin effect)

in € million	Q2 2019	Q2 2018			% Change				
		Underlying ¹ business	Temp. vitamin effect	Total Group	Underlying ¹ Organic growth	FX & 'other' ¹	Underlying ¹ total growth	Temporary vitamin effect	Total Group
Sales	2,276	2,214	145	2,359	1%	2%	3%	-7%	-4%
Nutrition	1,512	1,410	145	1,555	4%	3%	7%	-10%	-3%
Materials	710	754		754	-7%	1%	-6%		-6%
Adjusted EBITDA	438	398	110	508			10%	-24%	-14%
Nutrition	323	287	110	397			13%	-32%	-19%
Materials	135	135		135			0%		0%
Innovation	5	1		1					
Corporate	-25	-25		-25					
EBITDA	407	393	110	503					
Adjusted EBITDA margin	19.2%	18.0%		21.5%					

1 In 2018 DSM benefitted from a temporary vitamin effect. Underlying (business) is defined as the performance measure sales and Adjusted EBITDA, corrected for DSM's best estimate of this temporary vitamin effect.

2 Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

3 DSM adopted IFRS 16 as per its effective date of 1 January 2019 and has not restated 2018.

Group

Key Financials (comparison with H1 2018 including temporary vitamin effect)

in € million, including IFRS 16 impact, where applicable	YTD			Q2 2019	Q2 2018	% Change
	H1 2019	H1 2018	% Change			
Sales	4,568	4,794	-5%	2,276	2,359	-4%
Adjusted EBITDA	862	1,046	-18%	438	508	-14%
Adjusted EBITDA margin	18.9%	21.8%		19.2%	21.5%	
ROCE (%)	13.1%	20.8%				
Effective tax rate ¹	18.0%	18.0%				
Adjusted net profit ²	415	643	-35%	215	306	-30%
Net profit - Total DSM ²	401	633	-37%	205	302	-32%
Adjusted net EPS	2.32	3.64	-36%	1.20	1.73	-31%
Net EPS - Total DSM	2.24	3.58		1.14	1.70	
Operating cash flow	507	503	1%	306	193	59%
Adjusted Net Operating Free Cash Flow	257	226	14%	197	72	174%

¹ Over Adjusted taxable result

² Including result attributed to non-controlling interest

Nutrition

Key Financials

Underlying						
in € million (estimated)	H1 2019	H1 2018		Q2 2019	Q2 2018	
Sales	3,029	2,840	7%	1,512	1,410	7%
Adjusted EBITDA ¹	639	564	13%	323	287	13%
Adjusted EBITDA margin (%) ¹	21.1%	19.9%		21.4%	20.4%	
ROCE (%)	15.1%	15.4%				

Temp vitamin effect			
in € million (estimated)		temp. vit. effect H1 2018	temp. vit. effect Q2 2018
Sales		365	145
Adjusted EBITDA		275	110

Total incl 2018 temp. effect						
in € million	H1 2019	H1 2018	% Change	Q2 2019	Q2 2018	% Change
Sales	3,029	3,205	-5%	1,512	1,555	-3%
Adjusted EBITDA ¹	639	839	-24%	323	397	-19%
Adjusted EBITDA margin (%) ¹	21.1%	26.2%		21.4%	25.5%	
Adjusted EBIT	462	698	-34%	234	328	-29%
Capital Employed	6,289	5,689				
Average Capital Employed	6,127	5,505				
ROCE (%)	15.1%	25.4%				
Total Working Capital	1,684	1,669				
Average Total Working Capital as % of Sales	27.2%	24.3%				

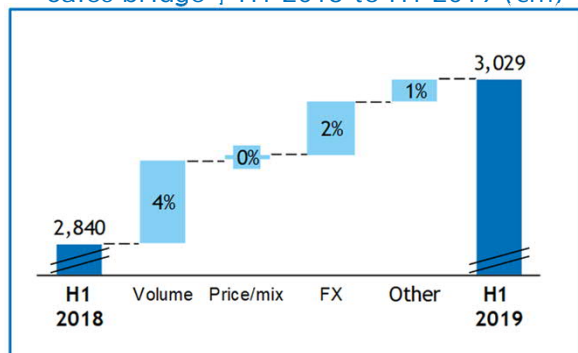
¹ Including IFRS 16 impact of €7 million in Q2 2019 and €14 million in H1 2019

- 'Underlying' business is defined as the sales and Adjusted EBITDA, corrected for the temporary vitamin effect due to exceptional supply disruptions in the industry which occurred in the first nine months of 2018. This event provided additional sales for €365 million and a corresponding Adjusted EBITDA of €275 million in H1 2018, as estimated and reported last year.

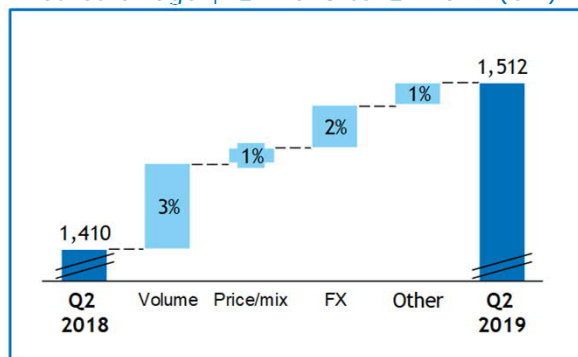
Nutrition

H1 2019 Business Overview

Sales bridge | H1 2018 to H1 2019 (€m)



Sales bridge | Q2 2018 to Q2 2019 (€m)

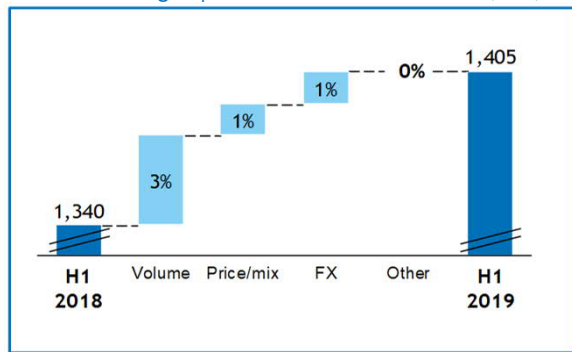


- H1 2019 sales:** Nutrition saw good business conditions across regions and business segments. Nutrition realized 4% -volume driven- organic growth, against 10% in H1 2018. Total sales were 7% higher compared to H1 2018 including 1% from the consolidation of Andre Pectin.
- Q2 2019 sales:** Overall, Nutrition reported 4% organic growth, which was -as in Q1 2019- largely driven by volume.
- H1 2019 Adjusted EBITDA:** The Adjusted EBITDA growth was 13%, including a 2% contribution from the IFRS 16 effect and 1% from Andre Pectin (€10 million), driven by higher volumes, lower costs and positive foreign exchange effects. The adjusted EBITDA margin was 21.1% (including a 0.5% impact from IFRS 16) versus 19.9% in H1 2018.
- Q2 2019 Adjusted EBITDA** Nutrition reported 13% growth in Adjusted EBITDA (including IFRS 16), fully in line with H1 2019, with same earnings drivers. The Q2 2019 Adjusted EBITDA margin was 21.4% (including a 0.5% impact from IFRS 16) versus 20.4% in Q2 2018.

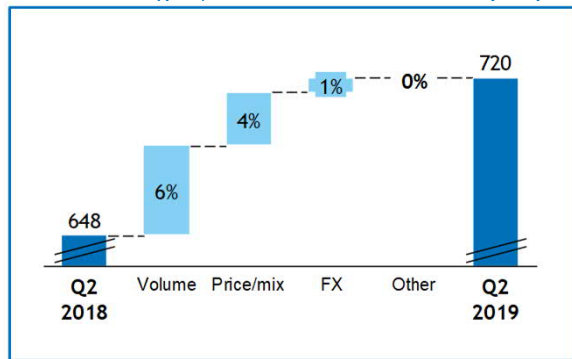
Animal Nutrition & Health

Sales Overview

Sales bridge | H1 2018 to H1 2019 (€m)



Sales bridge | Q2 2018 to Q2 2019 (€m)

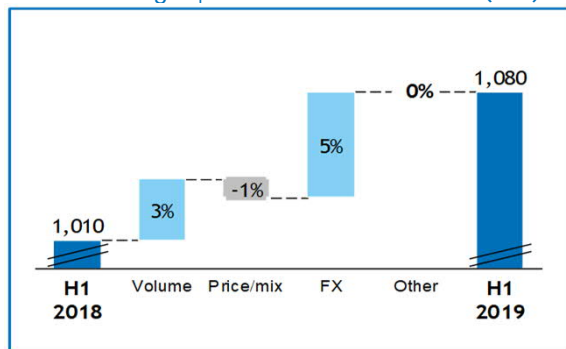


- H1 2019 organic sales:** The first six months saw continued good business conditions across all regions and species, except for China and South East Asia, where the African swine fever intensified. The impact for DSM continued to be largely compensated by higher poultry production in the region and higher pork production in other regions, demonstrating the value of DSM's global footprint and broad species coverage.
- Animal Nutrition reported 4% organic growth, driven by volumes, against 8% volume growth last year. Prices in the first six months were slightly up. Product mix effects caused the reported price swings over the first two quarters.
- Q2 2019 organic sales:** The second quarter saw strong organic growth of 10%. Volumes were up by 6%. Prices were up 4% reflecting a favorable product mix, supported by price increase actions to offset higher input costs. Additionally, prices continued to benefit from the effects of the environmental and safety enhancement policies implemented in China.

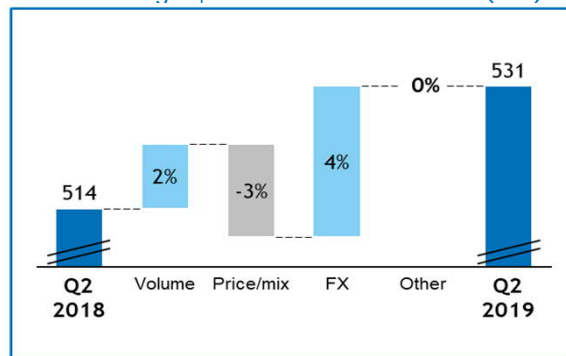
Human Nutrition & Health

Sales Overview

Sales bridge | H1 2018 to H1 2019 (€m)



Sales bridge | Q2 2018 to Q2 2019 (€m)



- H1 2019 organic sales:** Overall, business conditions remained good. Early life nutrition, pharma and dietary supplements performed well, with especially a strong growth in i-Health. Food & beverage had a softer second quarter in ingredient sales to large global customers. Premix sales to regional and smaller customers showed strong growth during the first half. Geographically, the business realized good sales in North America (supported by strong i-Health sales) and Asia, weak sales in Europe and strong sales in LatAM.
- In the first six months, organic growth was 2% compared with a strong 8% organic growth in the same period last year. Volumes were up 3% and prices were slightly down. Total sales were up 7% as sales growth was supported by a 5% foreign exchange effect which is largely US dollar related.
- Q2 2019 organic sales:** Human Nutrition reported -1% organic growth (with volumes up 2% and price/mix down 3%) against an organic growth of 9% last year (driven by 5% increase in volume and 4% increase in price). Food & beverage volumes to large global customers were soft, partly related to order patterns. The price decline was largely driven by the unfavorable comparison with a strong Q2 2018 which had benefitted, amongst others, from strong sales in i-Health and premixes. Total sales increased by 3% as the quarter benefitted from a foreign exchange effect driven by the US dollar.

Other Nutrition

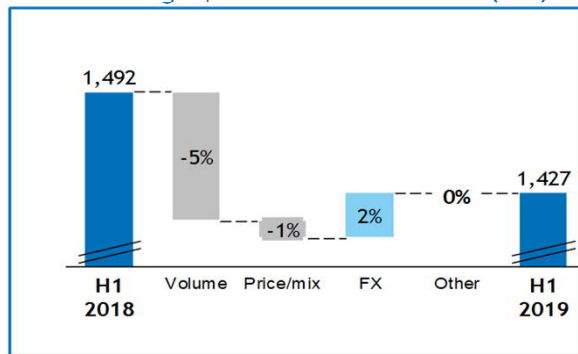
Food Specialties - Personal Care - Andre Pectin

- DSM's other Nutrition activities which include Food Specialties, Personal Care, Aroma Ingredients and Hydrocolloids, continued to deliver a good performance in Q2 2019 with 8% organic sales growth in H1 2019. Personal Care showed a very strong growth in sun and skin care. Food Specialties enjoyed good growth in enzymes and cultures in the dairy and baking segments. The established Avansya joint venture between DSM and Cargill for fermentative Stevia has successfully produced testing materials in the first half of 2019.
- Andre Pectin was re-consolidated as of Q1 2019 after DSM acquired an additional 46% of the shares in the company, bringing DSM's total shareholding in Andre Pectin to 75%. Andre Pectin realized an EBITDA of €10 million in H1 2019

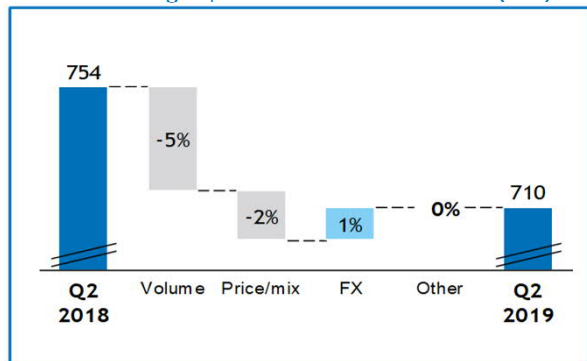
Materials

Sales Overview

Sales bridge | H1 2018 to H1 2019 (€m)



Sales bridge | Q2 2018 to Q2 2019 (€m)



- **Market conditions** for some of DSM's businesses remained challenging, especially in China. Automotive, building & construction and electrical & electronics markets experienced softness, while the market conditions in the other business segments remained robust, especially in Dyneema and Functional Materials.
- In the first six months, **organic growth** was down 6%, driven by a 5% decline in volumes.
 - ✓ **DSM Engineering Plastics** saw continued softness in automotive (China and Europe) and electrical & electronics (Asia). Business conditions in other segments remained robust.
 - ✓ **DSM Resins & Functional Materials** continued to experience uncertain building & construction markets, especially in Asia and Europe. The high-margin functional materials business performed well.
 - ✓ **DSM Dyneema** had a strong first half year, driven by continued high demand in personal protection. New production lines in the US and in the Netherlands are on track to be completed in H2 2019 to fulfil the growing demand, especially for law enforcement.
- **Q2 2019 sales** were in line with Q1 and H1 2019 with volumes down 5%. Prices reflected developments in input costs.

Materials

Key Financials

in € million	H1 2019	H1 2018	% Change	Q2 2019	Q2 2018	% Change
Sales	1,427	1,492	-4%	710	754	-6%
Adjusted EBITDA ¹	262	261	0%	135	135	0%
Adjusted EBITDA margin (%) ¹	18.4%	17.5%		19.0%	17.9%	
Adjusted EBIT	193	199	-3%	100	104	-4%
Capital Employed	1,938	1,901				
Average Capital Employed	1,933	1,837				
ROCE (%)	20.0%	21.6%				
Total Working Capital	432	417				
Average Total Working Capital as % of Sales	15.1%	12.8%				

¹ Including IFRS 16 impact of €2 million in Q2 2019

- **H1 2019 Adjusted EBITDA** was flat compared to the previous year (including 1% from IFRS 16). Lower volumes were compensated by a positive mix effect driven by Dyneema and Functional Materials. This was supported by margin management, cost control and a small benefit from currencies. The Adjusted EBITDA margin was 18.4% (including 0.3% from IFRS 16) compared to 17.5% achieved in the previous year.
- **Q2 2019 Adjusted EBITDA margin** was flat year-over-year (including 1% from IFRS 16) fully in line with H1. Margins in Q2 were supported by lower input costs. Q2 2019 Adjusted EBITDA margin was 19.0% (including 0.3% from IFRS 16) compared to 17.9% in Q2.

Innovation Center

Key Financials

in € million	H1 2019	H1 2018	% Change	Q2 2019	Q2 2018	% Change
Sales	90	75	20%	43	39	10%
Adjusted EBITDA ¹	11	0		5	1	
Adjusted EBIT	-6	-12		-5	-6	
Capital Employed	606	589				

¹ Including IFRS 16 impact of €0 million in Q2 2019 and €1 million in H1 2019

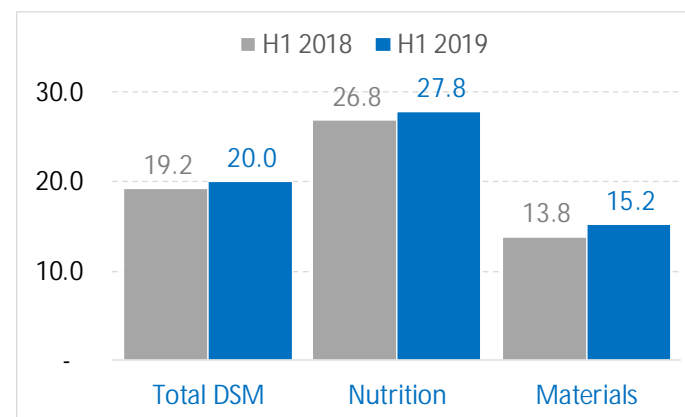
- Biomedical delivered solid top and bottom-line growth. Bio-based Products & Services also contributed strongly to the results partly based on new and recurring license income for yeast technologies used for bio-based fuels. Solar showed continued softness due to the subdued Chinese market. The Adjusted EBITDA increased to €11 million in H1 2019.

Cash Flow and (operating) Working Capital Overview

Condensed Cash Flow and (Operating) Working Capital

in € million	H1 2019	H1 2018	Q2 2019	Q2 2018
Cash provided by Operating Activities	507	503	306	193
- Cash from APM adjustments	23	41	12	22
- Cash from capital expenditures*	-269	-301	-119	-129
- Cash from drawing rights	-4	-17	-2	-14
Adjusted Net Operating Free Cash Flow	257	226	197	72
Operating Working Capital	2,361	2,347		
Average Operating Working Capital as % of Sales	25.8%	23.2%		
Operating Working Capital as % of Sales - end of period	25.9%	24.9%		
Total Working Capital	1,823	1,807		
Average Total Working Capital as % of Sales	20.7%	18.3%		
Total Working Capital as % of Sales - end of period	20.0%	19.2%		

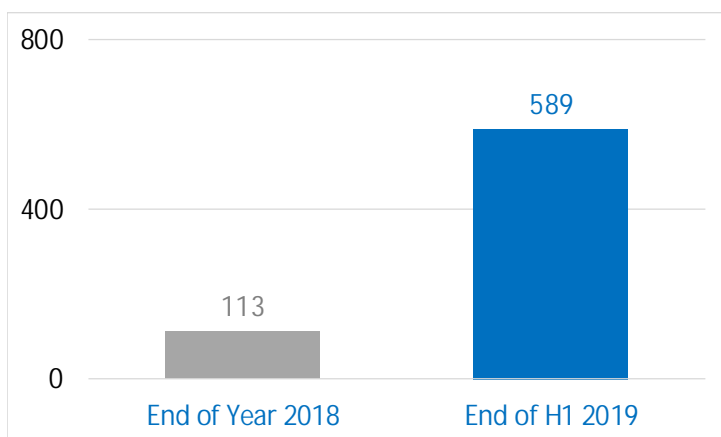
End of period Total Working Capital %



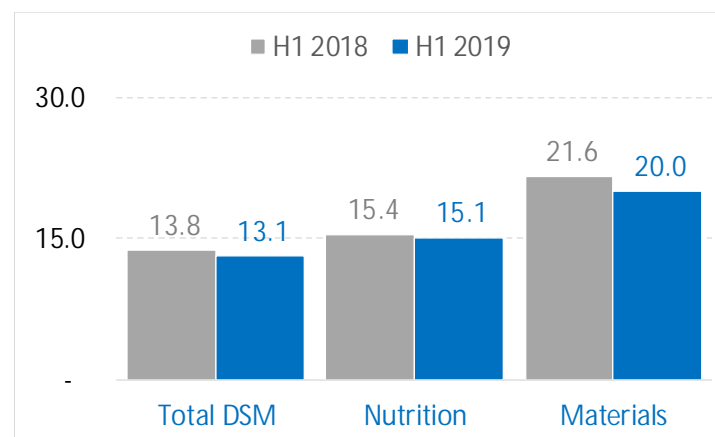
- **Adjusted Net Operating Free Cash Flow** amounted to €257 million in H1 2019, up 14% compared to €226 million in H1 2018 which included the impact from the temporary vitamin effect of €275 million EBITDA.
- **Operating Working Capital and Total Working Capital** end of June 2019 stayed in line with end of H1 2018. although as percentage of sales increased versus H1 2018 due to exchange rates, the re-consolidation of Andre Pectin and the absence of the temporary vitamin effect in 2019. The cash impact from working capital was -€239 million in H1 2019 versus -€504 million in the comparable period last year.

Net Debt and ROCE Overview

Net debt (€ million)



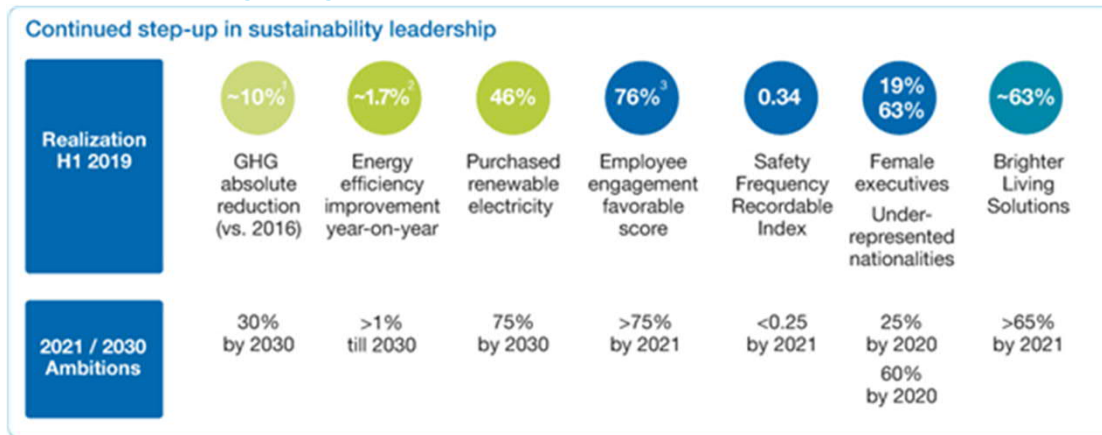
ROCE% (underlying business) - incl IFRS16



- **Net debt** was €589 million, up from €113 million at the end of 2018, due to the inclusion of IFRS16 and the acquisition of Andre Pectin.
- **ROCE** of underlying business is down 70bps to 13.1% versus H1 2018, mainly driven by higher capital employed in H1 2019 (due to IFRS16, FX effect, M&A and higher working capital) and higher H1 2019 D&A. Excl. IFRS16, H1 2019 ROCE is 13.4%.

Continued step up in Sustainability

H1 2019 highlights



Planet - DSM further improved the environmental impact of its own operations:

- Well on track to meet this year's targets regarding greenhouse gas, energy efficiency and purchased renewable electricity
- Increase in sales from Brighter Living Solutions (i.e. products and services with a better environmental (ECO+) and/or social (People+) benefit than the mainstream solutions)
- DSM now has the highest rankings in both MSCI and Sustainalytics

People - DSM continues its inclusion & diversity journey:

- 43% of DSM's Executive committee is female, following the appointment of the new Chief Innovation Officer
- 63% of DSM's Executives are from under-represented nationalities

Outlook 2019

- DSM maintains its full year outlook as provided at Q1 2019: DSM expects to deliver a full year 2019 high single digit increase in Adjusted EBITDA compared to prior year Underlying Adjusted EBITDA (pre-temporary vitamin effect), together with an improvement in Underlying Adjusted Net Operating Free Cash Flow in line with its Strategy 2021 targets.
- This outlook excludes the impact of IFRS 16.

Share Buy-Back program update

- On 1 April 2019, DSM commenced its ordinary share repurchase program of an aggregate market value of €1 billion, with the intention to reduce its issued capital, as first announced on 14 February 2019. This program is in addition to the regular repurchase programs to cover commitments under share-based compensation plans and the stock dividend. As per 30 June DSM has repurchased 2.6 million shares for a total consideration of €265 million; 2 million shares relate to the regular repurchase programs and 0.6 million shares relate to the €1 billion share buy-back program.

Safe Harbor Statement

This presentation may contain forward-looking statements with respect to DSM's future 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.

More details on DSM's H1 2019 performance can be found in the H1 2019 results press release, published together with this presentation. 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



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