

Press Release

Heerlen (NL), 15 February 2017

Royal DSM
www.dsm.com

03E

DSM reports 2016 results

Full-year highlights

- Very strong 2016, well ahead of strategic goals
- Sales up 3% to €7,920m, with 4% organic growth
- Adjusted EBITDA¹ up 17% to €1,262m
- ROCE up 280 bps to 10.4% driven by 38% increase in Adjusted EBIT¹
- Cash from operating activities up 27% to €1,018m
- Net profit of €629m compared to €92m in 2015
- Proposed dividend increase from €1.65 to €1.75 per ordinary share

Full year key figures and indicators (continuing operations)

in € million	FY 2016	FY 2015	% Change	Volume	Price/mix	FX	Other
Sales	7,920	7,722	3%	4%	0%	-1%	0%
Nutrition	5,169	4,963	4%	3%	2%	-1%	0%
Materials	2,513	2,528	-1%	4%	-5%	-1%	1%
Adjusted EBITDA ¹	1,262	1,075	17%				
Nutrition	931	822	13%				
Materials	435	384	13%				
EBITDA	1,174	956					
ROCE (%)	10.4%	7.6%					

¹Main non-IFRS terms are explained on page 23 'Notes to the condensed financial statements'. A reconciliation is provided on pages 15 and 17.

CEO statement

Feike Sijbesma, CEO/Chairman of the DSM Managing Board, commented: *“With today’s results, we are clearly delivering on the goals we set out at the end of 2015. We are pleased to report a very good year, in which we achieved strong EBITDA and ROCE growth, well ahead of the mid-term targets set out in Strategy 2018: Driving Profitable Growth.*

Nutrition achieved a year of strong organic growth, in both Animal and Human Nutrition & Health. The Materials transformation is apparent in strong volume and margin growth, driven by our focus on specialties. In addition, we made good progress on our extensive improvement programs. Besides stepping up our financial performance, we were also able to drive our innovation and sustainability agenda in 2016, as well as taking further steps in anchoring the organizational agility and culture that we aim at.

While macro-economic conditions are uncertain, we are confident that in 2017 we will again deliver on our strategic objectives, despite a higher comparative base year. We will continue to execute our growth initiatives, and we are firmly on track with our ambitious, group-wide cost and productivity improvement programs. In addition, we will maintain our disciplined approach to capital allocation and working capital.”

Outlook 2017

DSM aims to deliver high single-digit percentage Adjusted EBITDA growth and high double-digit basis point ROCE growth in line with the targets set out in its Strategy 2018.

Q4 highlights

- Sales up 5% to €2,015m, with 2% organic growth
- Adjusted EBITDA¹ up 21% to €315m
- Nutrition: 2% organic sales growth; Adjusted EBITDA up 16%
- Materials: 7% volume growth; Adjusted EBITDA up 17%
- Cash from operating activities up 19% to €374m

Q4 2016 key figures and indicators (continuing operations)

in € million	Q4 2016	Q4 2015	% Change	Volume	Price/mix	FX	Other
Sales	2,015	1,926	5%	2%	0%	2%	1%
Nutrition	1,321	1,264	5%	0%	2%	3%	0%
Materials	639	601	6%	7%	-3%	1%	1%
Adjusted EBITDA ¹	315	261	21%				
Nutrition	238	206	16%				
Materials	105	90	17%				
EBITDA	270	230					
ROCE (%) ²	10.4%	7.6%					

¹ Main non-IFRS terms are explained on page 23 'Notes to the condensed financial statements'. A reconciliation is provided on pages 15 and 17.

² January until December

Key figures and indicators

in € million	Q4 2016	Q4 2015	% Change	Volume	Price/mix	FX	Other
Sales - Continuing Operations	2,015	1,926	5%	2%	0%	2%	1%
Nutrition	1,321	1,264	5%	0%	2%	3%	0%
Materials	639	601	6%	7%	-3%	1%	1%
Innovation Center	41	40	0%	-2%	0%	1%	1%
Corporate Activities	14	21					
Discontinued Operations	0	0					

full year							
in € million	2016	2015	% Change	Volume	Price/mix	FX	Other
Sales - Continuing Operations	7,920	7,722	3%	4%	0%	-1%	0%
Nutrition	5,169	4,963	4%	3%	2%	-1%	0%
Materials	2,513	2,528	-1%	4%	-5%	-1%	1%
Innovation Center	167	155	7%	6%	0%	0%	1%
Corporate Activities	71	76					
Discontinued Operations	0	1,213					

in € million	Q4 2016			full year		
	Q4 2016	Q4 2015	% Change	2016	2015	% Change
Sales - Continuing Operations	2,015	1,926	5%	7,920	7,722	3%
Adjusted EBITDA - Continuing Operations ¹	315	261	21%	1,262	1,075	17%
Nutrition	238	206	16%	931	822	13%
Materials	105	90	17%	435	384	13%
Innovation Center	-1	-1		1	-9	
Corporate Activities	-27	-34		-105	-122	
Discontinued Operations	0	1		0	95	
Adjusted EBITDA margin - Continuing operations ¹	15.6%	13.6%		15.9%	13.9%	
EBITDA - Continuing Operations	270	230		1,174	956	
Adjusted EBIT - Continuing Operations ¹	190	115	65%	791	573	38%
EBIT - Continuing Operations	139	36		685	362	
Capital Employed - Continuing Operations ²				7,889	7,553	
Average Capital Employed - Continuing Operations ²				7,627	7,512	
ROCE - Continuing Operations (%)				10.4%	7.6%	
Effective tax rate				18.3%	22.9%	
Adjusted net profit - Continuing Operations ¹	130	96	35%	520	381	36%
Net profit - Total DSM	87	29		629	92	
Adjusted net EPS - Continuing Operations ¹	0.73	0.53	38%	2.90	2.14	36%
Net EPS - Total DSM	0.48	0.12		3.52	0.45	
Cash Flow - Continuing Operations	374	313	19%	1,018	800	27%
Capital Expenditures - Continuing Operations ³	170	147		475	468	
Net debt ²				2,070	2,321	

¹ Main non-IFRS terms are explained on page 23 'Notes to the condensed financial statements'. A reconciliation is provided on pages 15 and 17.

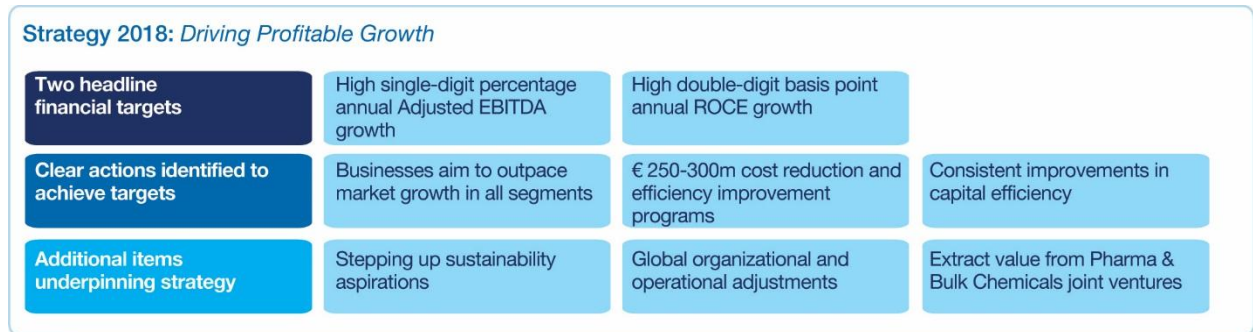
² Before reclassification to held for sale

³ Cash, net of customer funding

In this report:

- 'Organic sales growth' is the total impact of volume and price/mix;
- 'Discontinued operations' comprises net sales and operating profit (before depreciation and amortization) of DSM Fibre Intermediates and DSM Composite Resins up to and including 31 July 2015;
- 'Total Working Capital' refers to the total of 'Operating Working Capital' and 'non-Operating Working Capital'

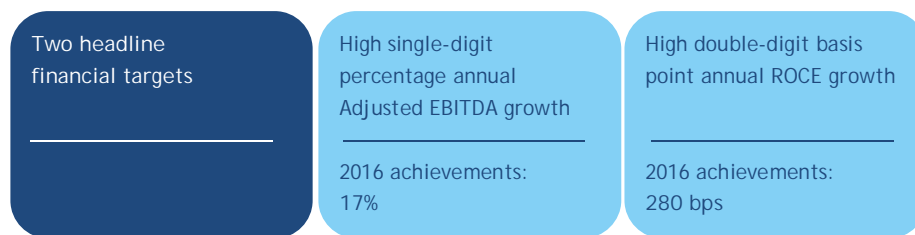
Strategy 2018: *Driving Profitable Growth*



Stepping up DSM's financial performance

DSM's Strategy 2018: *Driving Profitable Growth* is focused on ensuring that the potential of the business portfolio that has been created over recent years is translated into improved financial results. Reflecting its disciplined focus on performance, DSM has implemented a three-year strategic period with two headline financial targets: **high single-digit percentage annual Adjusted EBITDA growth** and **high double-digit basis point annual ROCE growth**.

In 2016, DSM's financial results were well ahead of these headline targets:



DSM has defined clear actions to achieve its targets, including **outpacing market growth**, **cost reduction and efficiency improvement programs** and making a continuous push for consistent improvements in capital efficiency.

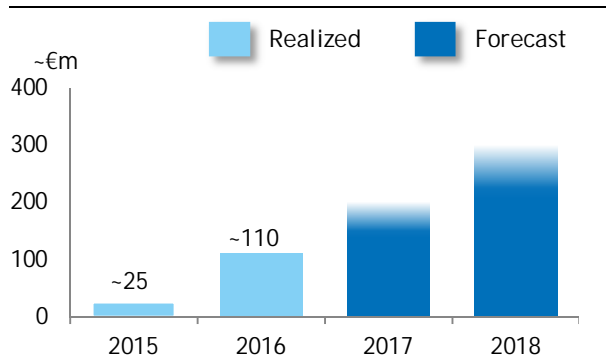


In 2016, both Nutrition and Materials showed above-market growth. The constant drive to improve capital efficiency ensured that Total Working Capital at year-end was better than the level we aspire to. There was also a significant increase in cash from operating activities.

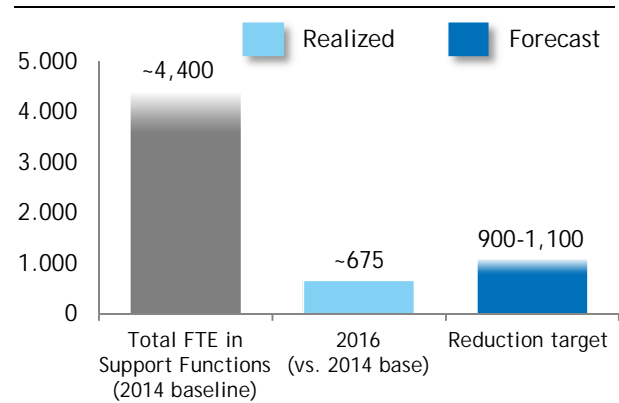
Cost-reduction and improvement programs

DSM has instigated extensive [cost-reduction and improvement programs](#) which will deliver €250-300 million versus the 2014 baseline. In 2016, all of these well-identified programs progressed as planned and the programs are on track to deliver the targeted benefits.

Timing of cumulative costs savings¹

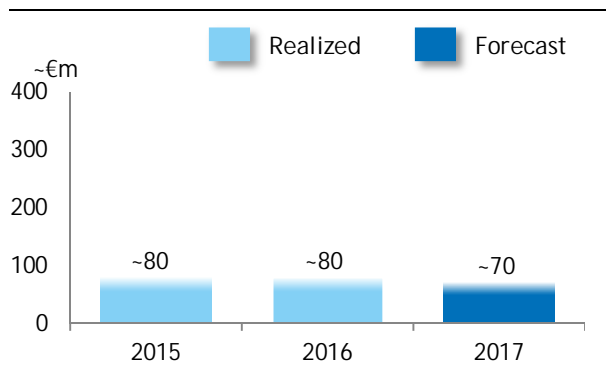


Cumulative FTE reduction¹



1. Versus 2014 baseline

One-time costs



Additional actions underpinning Strategy 2018

Strategy 2018: Driving Profitable Growth

Two headline financial targets	High single-digit percentage annual Adjusted EBITDA growth	High double-digit basis point annual ROCE growth	
Clear actions identified to achieve targets	Businesses aim to outpace market growth in all segments	€ 250-300m cost reduction and efficiency improvement programs	Consistent improvements in capital efficiency
Additional items underpinning strategy	Stepping up sustainability aspirations	Global organizational and operational adjustments	Extract value from Pharma & Bulk Chemicals joint ventures

Besides stepping up the financial performance of DSM's businesses, Strategy 2018 comprises additional elements aimed at future-proofing the company, providing a strong and sustainable basis for long-term value creation for all its stakeholders.

For DSM, [sustainability is a core value](#) as well as an [important business driver](#). DSM is focused on delivering science-based, sustainable and scalable solutions that help address the challenges the world faces and positively impact the value chain. Not only do these products and solutions ('Brighter Living Solutions') offer higher growth rates and better margins, the sustainability aspirations also provide DSM with a focus area to reduce operating costs by increasing its environmental efficiency.

DSM made good progress toward its sustainable operations aspirations in 2016. DSM was again named the global leader in the Materials industry group in the Dow Jones Sustainability World Index in 2016, the seventh time the company has held the number one position. DSM's drive to improve its environmental efficiency is fully on track, with reductions in both greenhouse-gas emissions and energy efficiency in 2016. A significant step was also taken in the amount of electricity purchased from renewable sources. 2016 also saw an improvement on a number of important social parameters; the employee engagement favorable score was up versus a year ago, while safety also improved compared with prior year.

Key sustainability focus areas

- Nutrition
- Climate change and renewable energy
- Circular and bio-based economy

Sustainability as Business Growth Driver

Eco+	People+	<p>Brighter Living Solutions: ECO+ and People+</p> <ul style="list-style-type: none"> ▪ Profitable solutions better for people and planet ▪ Aspiration: 65% of DSM products by 2020 	<p><u>2016</u></p> <p>63%</p>
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Securing Sustainable Operations

GHG and Energy Efficiency Renewable energy	Health & Safety Engagement Diversity	<p>Operational Aspirations</p> <ul style="list-style-type: none"> ▪ Leading in reporting benchmarks ▪ GHG efficiency improvements ▪ Energy efficiency improvements ▪ Purchased electricity from renewables ▪ Employee engagement favorable score ▪ Safety: Frequency recordable index 	<p><u>Long-term goals</u></p> <p>Gold class DJSI</p> <p>40-45% (2008-2025)</p> <p>>10% (2016-2025)</p> <p>50% by 2025</p> <p>75% by 2020</p> <p>0.25 by 2020</p>	<p><u>2016</u></p> <p>Gold class</p> <p>23%</p> <p>2%</p> <p>8%</p> <p>71%</p> <p>0.33</p>
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Please see DSM's Annual Report for definitions and additional information

DSM is [adjusting its global organization and operating model](#) to support the company's growth and to create a more agile, commercially-focused and cost-efficient business. The implementation of new target operating models in ICT, Finance, HR, Indirect Sourcing, Communication and Legal are now well underway. Programs to embed the new way of working in order to change mindset and behaviors are progressing well. An example is the DSM Continuous Improvement program, which is now running across ~40% of the manufacturing footprint. [Talent management and development](#) is a further strategic cornerstone. DSM continued to invest in its talent pipeline to ensure it can sustainably address future challenges and demands, and rolled out a new company-wide talent management approach in 2016. Inclusion & Diversity is an important enabler for a high-performing organization and DSM continues to strive to achieve a balanced and representative workforce.

DSM ultimately intends to [monetize the partnerships](#) that have been established for its former pharma activities (DSM Sinochem Pharmaceuticals and Patheon) and for the remaining bulk chemical businesses (ChemicalInvest). A first step was taken in July 2016 with the sale of 4.8m shares in Patheon N.V. in connection with its successful IPO. This resulted in a first gain for DSM of €232m in Q3 2016. DSM still holds 49m shares in Patheon, a ~34% stake in the company.

DSM is building for [further growth beyond 2018](#). DSM's Innovation Center develops Emerging Business Areas outside the direct scope of the current Nutrition and Materials portfolio. The Innovation Center reached EBITDA break-even in 2016 as planned. Good progress was also made with a number of promising programs in the company's innovation pipeline, which for Nutrition includes a.o. Clean Cow, the Green Ocean partnership and the fermentative stevia sweetener platform and for Materials, Niaga®, ForTii® and Dyneema® Carbon Composites. DSM expects these and other initiatives to contribute to the company's EBITDA growth in the years beyond 2018.

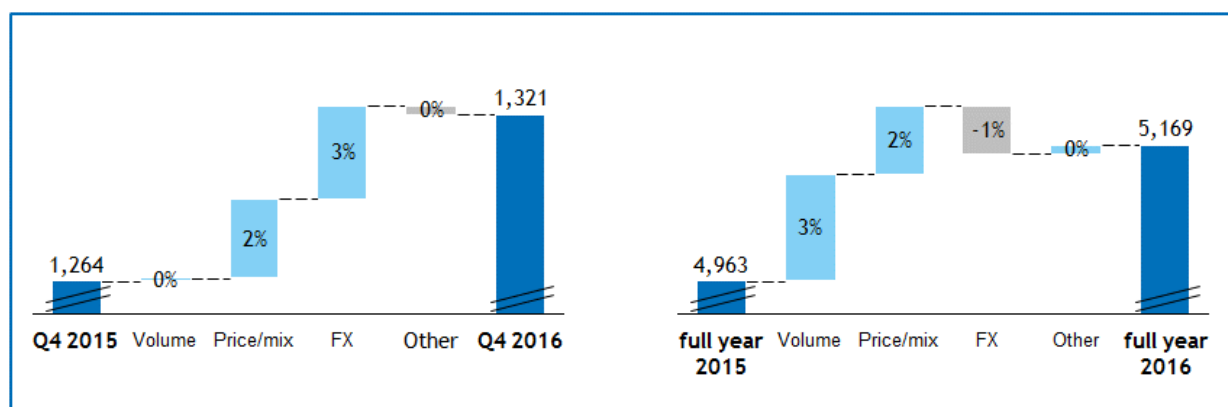
Review by Cluster

Nutrition

FY 2016: Nutrition had a strong year with 5% organic growth and Adjusted EBITDA up 13% versus 2015. All businesses contributed well to this growth. Adjusted EBITDA also benefited from the efficiency and cost-saving programs.

in € million	Q4 2016	Q4 2015	% Change	full year		
				2016	2015	% Change
Sales	1,321	1,264	5%	5,169	4,963	4%
Adjusted EBITDA	238	206	16%	931	822	13%
Adjusted EBITDA margin (%)	18.0%	16.3%		18.0%	16.6%	
Adjusted EBIT	160	123	30%	645	535	21%
Capital Employed				5,537	5,309	
Average Capital Employed				5,375	5,192	
ROCE (%)				12.0%	10.3%	
Total Working Capital				1,414	1,368	
Average Total Working Capital as % of Sales				28.1%	29.4%	

Sales development



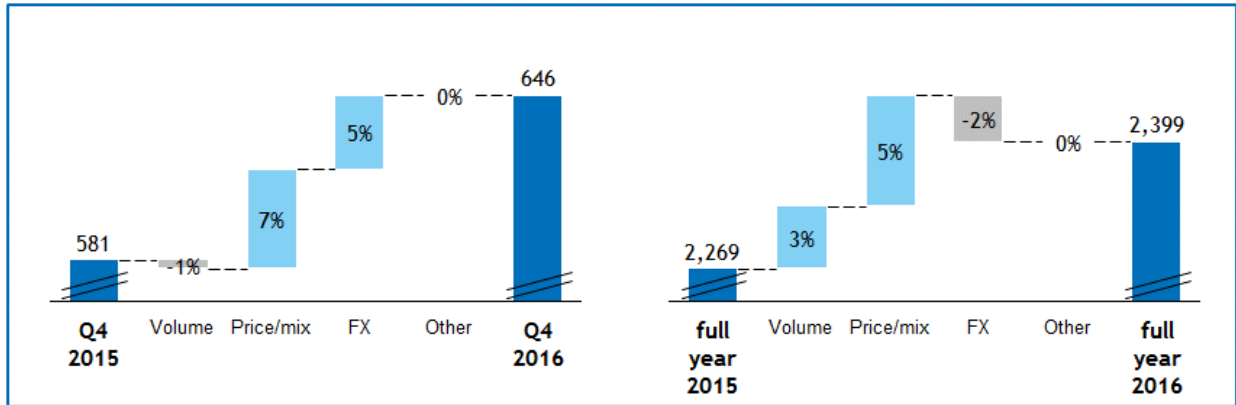
Q4 2016 sales increased by 5% compared to Q4 2015. Higher volumes in human nutrition and food specialties were offset by slightly lower volumes in animal nutrition, for which the reported growth percentage was impacted by a tough comparison with prior year. Prices in animal nutrition were up in a number of vitamins and premixes, while human nutrition showed a lower price/mix. Exchange rates had a 3% positive effect, mainly driven by a stronger US dollar and Brazilian real.

Q4 2016 Adjusted EBITDA was €238 million, up 16% compared to Q4 2015, resulting from organic growth and the contribution from the efficiency improvement and cost saving programs. There were some end of year incidental costs and marketing campaigns in human nutrition.

Animal Nutrition & Health

FY 2016: Animal nutrition had a strong year with 8% organic growth, driven by strong volume growth in all regions with the exception of Latin America, due to the weak economic conditions in that region. Prices were up in a number of vitamins and premixes.

Sales development

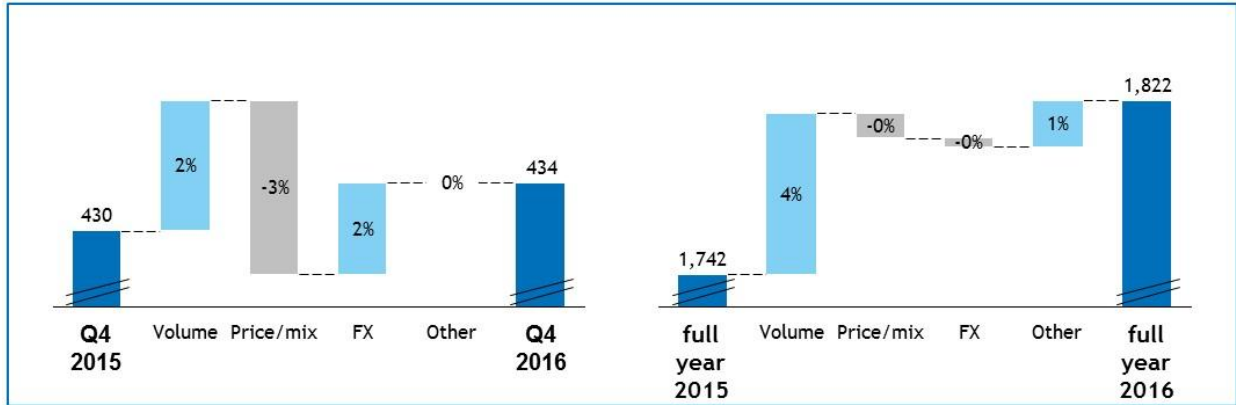


Q4 2016 sales were up 11% versus Q4 2015, with 6% organic growth mainly driven by positive price/mix, and positive FX effects. Europe, Asia and North America delivered good volume growth, reflecting continued good market conditions, whereas Latin America saw lower volumes. The reported Q4 volume growth percentage was impacted by a tough comparison with Q4 2015. Prices were up in a number of vitamins and premixes.

Human Nutrition & Health

FY 2016: Human nutrition delivered a significant step-up in organic growth in 2016 versus recent years at 4%. This highlights the successful implementation of the strategy to drive above-market growth through new market initiatives and innovation.

Sales development



Q4 2016 sales: There was good volume growth in i-Health, food & beverages and infant nutrition. This growth was partly offset by lower volumes in vitamin C as a result of the extended maintenance stop of our plant in China in Q3 2016. The lower price/mix was mainly due to some special price promotion actions in dietary supplements, and a less favorable product mix.

Food Specialties

FY 2016: Food Specialties delivered solid organic growth driven by strong volume developments in hydrocolloids and enzymes.

Q4 2016: Organic growth was strong versus the same period last year, with higher volumes in hydrocolloids, enzymes and savory.

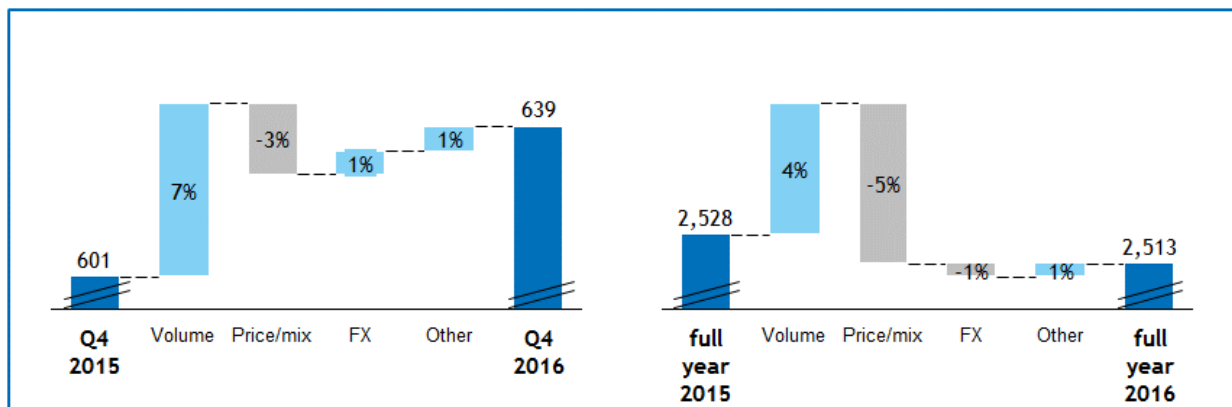
Materials

FY 2016: Strong financial performance reflected the success of the differentiated approach of focusing on higher-growth specialty businesses in the Materials portfolio.

Volumes grew 4% in the year, and Adjusted EBITDA was up 13%, driven by strong volume growth in higher margin specialties, the benefits of the efficiency and cost-saving programs, and the support from low input costs.

in € million	Q4 2016	Q4 2015	% Change	full year		
				2016	2015	% Change
Sales	639	601	6%	2,513	2,528	-1%
Adjusted EBITDA	105	90	17%	435	384	13%
Adjusted EBITDA margin (%)	16.4%	15.0%		17.3%	15.2%	
Adjusted EBIT	77	54	43%	311	250	24%
Capital Employed				1,807	1,723	
Average Capital Employed				1,772	1,734	
ROCE (%)				17.6%	14.4%	
Total Working Capital				280	225	
Average Total Working Capital as % of Sales				12.5%	14.8%	

Sales development



Q4 2016 sales were 6% higher than the same quarter last year, with a strong 7% volume growth driven by specialties on the back of continued favorable trading conditions. Prices were 3% lower, fully reflecting the low input costs. Seasonality effects were less pronounced than usual in Q4 2016, which is understood as demonstrating good end-use demand in many end-markets, in combination with some stocking effects as raw material costs started to increase.

- DSM Engineering Plastics:**
 There was good volume growth in specialties versus Q4 2015, especially in automotive. Prices were lower reflecting low input costs.
- DSM Resins and Functional Materials:**
 Volumes showed strong growth in all business lines compared to Q4 2015, especially benefitting from improving conditions in the European building & construction markets, the Chinese markets for sustainable waterborne coating resins, and continued strong performance in Functional Materials. Prices reflected low input costs.

- DSM Dyneema:
Sales were up significantly compared to Q4 2015, driven by strong growth in life protection, especially for law enforcement.

Q4 2016 Adjusted EBITDA increased by 17% compared with Q4 2015 as a result of disciplined margin management, strong growth in the specialty segments, and the benefits of the efficiency and cost saving programs carried out over recent years. Input costs were still at a low level versus prior year.

The Adjusted EBITDA margin of 16.4% in Q4 2016 was below the level of approximately 18% seen in the previous two quarters. This was in part due to slightly higher input costs, and incidental costs, among others relating to DSM's activities at the site in Augusta (USA).

Innovation Center

in € million	Q4 2016	Q4 2015	% Change	full year		
				2016	2015	% Change
Sales	41	40	0%	167	155	7%
Adjusted EBITDA	-1	-1		1	-9	
Adjusted EBIT	-9	-14		-24	-43	
Capital Employed				576	560	

For the full year 2016, the Innovation Center made good progress with 6% organic growth, fully driven by higher volumes in both DSM Biomedical and DSM Advanced Surfaces. Profitability clearly improved due to a combination of organic growth, more focused innovation and reduction of costs. Adjusted EBITDA in 2016 achieved break-even, in line with the ambition of Strategy 2018.

Q4 2016 sales and Adjusted EBITDA were stable compared to Q4 2015.

Corporate Activities

in € million	Q4 2016	Q4 2015	full year	
			2016	2015
Sales	14	21	71	76
Adjusted EBITDA	-27	-34	-105	-122
Adjusted EBIT	-38	-48	-141	-169

Full year 2016 Adjusted EBITDA improved by €17 million compared to 2015, driven by higher result at DSM's captive insurance company, as well as the execution of cost savings and efficiency improvement programs in DSM's support functions.

Q4 2016 Adjusted EBITDA improved by €7 million compared to Q4 2015; the prior year result of DSM's captive insurance company was negatively impacted by a claim related to a warehouse fire at the Chemelot site in Sittard-Geleen (Netherlands).

Joint Ventures and Associates

Net result contribution of joint ventures / associates

in € million			full year	
	Q4 2016	Q4 2015	2016	2015
DSM Sinochem (50%)	1	1	6	8
Patheon (33.5%)	11	68	222	56
ChemicalInvest (35%)	0	-12	-9	-14
Other	-13	-9	-25	-20
Total share of the profit of associates/joint ventures	-1	48	194	30

DSM held a 49% stake in Patheon until the end of Q2 2016. Following the IPO of Patheon NV in Q3 2016, this became 33.5%. In 2016, the share of Patheon's contribution to DSM's net result includes the €232 million gain from IPO related transactions.

Financial overview of DSM's key joint ventures and associates

in € million, based on 100%					full year		
		Q4 2016	Q4 2015	% Change	2016	2015	% Change
DSM Sinochem	Sales	102	86	19%	431	418	3%
	Adjusted EBITDA%	15%	16%		14%	14%	
Patheon ¹	Sales	570	421	35%	1,786	1,621	10%
	Adjusted EBITDA%	22%	23%		20%	23%	
ChemicalInvest ²	Sales	502	391	28%	1,802	756	n.a.
	Adjusted EBITDA%	13%	-4%		6%	0%	

¹ Patheon (formerly reported as DPx Holding) respective periods are for the 4th quarter from 1 August - 31 October and for YTD from 1 November - 31 October. 2015 restated for comparative purposes

² ChemicalInvest in 2015 refers to the period from 1 August - 31 December

- **DSM Sinochem Pharmaceuticals (50% DSM)** showed good EBITDA growth in 2016, as well as in Q4 2016. This was the result of increased sales from several new product launches, a solid performance in its core antibiotics business, and supported by improved efficiencies.
- **Patheon (33.5% DSM)** posted good results for the year, as well as for Q4 ending 31 October 2016, as reported in their Annual report (10-K form) published on 23 December 2016.
- **ChemicalInvest (35% DSM)** reported mixed results over 2016, with weak performance in the first half of the year due to suppressed caprolactam results. Q4 showed improved caprolactam results. Acrylonitrile and Composite Resins continued to deliver good results.

Cash Flow, Capital Expenditures and Financing

in € million	Q4 2016	Q4 2015	full year	
			2016	2015
Cash from Operating Activities - Continuing Operations	374	313	1,018	800
Total Working Capital - Continuing Operations			1,481	1,343
Total Working Capital as % of Sales - Continuing Ops.			18.4%	17.4%
Capital Expenditure (cash, net of customer funding) - Continuing Operations	170	147	475	468
Net Debt (before reclassification to held for sale)			2,070	2,321

Cash flow from operating activities amounted to €374 million in Q4 2016 showing an improvement of €61 million compared to Q4 2015. Full year cash flow from operating activities increased by 27% from €800 million to €1,018 million.

Total Working Capital amounted to €1,481 million year-end 2016 compared to €1,343 million at the end of 2015, which represents 18.4% as a percentage of annualized Q4 sales (year-end 2015 17.4%). The increase of 1% was for 0.4% related to operating working capital and 0.6% related to non-operating working capital following lower cash-related liabilities to joint ventures. On average, the working capital as a percentage of net sales amounted to 18.6% in 2016 (20.7% in 2015).

Net debt decreased by €251 million compared to the end of 2015 and stood at €2,070 million. The decrease was mainly due to the receipt of dividend and proceeds from the secondary offering of Patheon amounting to a total of €235 million.

Overview of Alternative Performance Measures (APM) adjustments to EBIT(DA)

The following overview gives a summary of APM adjustments (for reconciliation see page 15 and 17).

Nutrition: Q4 2016 EBITDA adjustments amounted to -€4 million (EBIT-€4 million) relating to the efficiency improvement programs.

Materials: Q4 2016 EBITDA adjustments amounted to -€4 million of which -€2 million relating to restructuring programs and -€2 million acquisition-related costs. EBIT adjustments amounted to -€2 million including +€2 million asset impairment reversal.

Innovation: Q4 2016 EBITDA adjustments amounted to -€5 million relating to restructuring programs. EBIT adjustments amounted to -€13 million, including -€8 million asset impairment.

Corporate Activities: Q4 2016 EBITDA adjustments amounted to -€32 million (EBIT -€32 million), all related to restructuring programs.

Proposed dividend

DSM's dividend policy is to provide a stable and preferably rising dividend. Reflecting its confidence in the financial performance of the company, DSM proposes to increase the dividend from €1.65 to €1.75 per ordinary share for 2016. This will be proposed to the Annual General Meeting of Shareholders to be held on 3 May 2017. An interim dividend of € 0.55 per ordinary share having been paid in August 2016, the final dividend payment would then amount to €1.20 per ordinary share.

Condensed consolidated statement of income for the fourth quarter

in € million	2016 Q4			2015 Q4		
	Cont. operations	Discont. operations	Total	Cont. operations	Discont. operations	Total
Sales	2,015	0	2,015	1,926	0	1,926
EBITDA	270	0	270	230	6	236
Operating profit (EBIT)	139	0	139	36	14	50
Financial income and expense	-37	0	-37	-34	0	-34
Profit before income tax expense	102	0	102	2	14	16
Income tax expense	-14	0	-14	-18	-17	-35
Share of the profit of associates/joint control entities	-1	0	-1	48	0	48
Net profit	87	0	87	32	-3	29
Of which:						
Profit attributable to non-controlling interests	-3	0	-3	-1	-5	-6
Net profit attributable to equity holders of DSM	84	0	84	31	-8	23
Dividend on cumulative preference shares	2	0	2	-2	0	-2
Net profit available to holders of ordinary shares	86	0	86	29	-8	21
Average number of ordinary shares (million)			175.9			174.9
Net earnings per share (EPS) (in €)	0.48	0.00	0.48	0.17	-0.05	0.12
Depreciation and amortization	131	0	131	194	-8	186
Capital expenditures			209			187
Acquisitions			12			0
Workforce			20,786			20,796 ¹
of which in the Netherlands			4,026			4,166 ¹

¹ Corrected for comparability

Reconciliation to Alternative Performance Measures for the fourth quarter

in € million	2016 Q4			2015 Q4		
	Cont. operations	Discont. operations	Total	Cont. operations	Discont. operations	Total
EBITDA	270	0	270	230	6	236
Acquisitions/divestments	2	0	2	1	-5	-4
Restructuring	43	0	43	36	0	36
Other	0	0	0	-6	0	-6
Sub-total APM adjustments to EBITDA	45	0	45	31	-5	26
Adjusted EBITDA	315	0	315	261	1	262
Operating profit (EBIT)	139	0	139	36	14	50
APM adjustments to EBITDA	45	0	45	31	-5	26
Impairments of PPE and Intangible assets	6	0	6	48	-8	40
Sub-total APM adjustments to operating profit (EBIT)	51	0	51	79	-13	66
Adjusted operating profit (EBIT)	190	0	190	115	1	116
Net profit	87	0	87	32	-3	29
APM adjustments to operating profit (EBIT)	51	0	51	79	-13	66
APM adjustments to financial income and expense	0	0	0	0	0	0
Income tax related to APM adjustments	-13	0	-13	-17	14	-3
APM adjustments to share of the profit of associates/joint control entities	5	0	5	2	0	2
Sub-total APM adjustments to net profit	43	0	43	64	1	65
Adjusted net profit	130	0	130	96	-2	94
Net profit available to holders of ordinary shares	86	0	86	29	-8	21
APM adjustments to net profit	43	0	43	64	1	65
Adjusted net profit available to holders of ordinary shares	129	0	129	93	-7	86
Average number of ordinary shares (million)			175.9			174.9
Earnings per share (EPS) (in €):						
Net earnings per share	0.48	0.00	0.48	0.17	-0.05	0.12
Adjusted net earnings per share	0.73	0.00	0.73	0.53	-0.04	0.49

Condensed consolidated statement of income full year

in € million	2016 full year			2015 full year		
	Cont. operations	Discont. operations	Total	Cont. operations	Discont. operations	Total
Sales	7,920	0	7,920	7,722	1,213	8,935
EBITDA	1,174	-28	1,146	956	90	1,046
Operating profit (EBIT)	685	-28	657	362	-58	304
Financial income and expense	-133	0	-133	-164	-10	-174
Profit before income tax expense	552	-28	524	198	-68	130
Income tax expense	-89	0	-89	-46	-22	-68
Share of the profit of associates/joint control entities	194	0	194	30		30
Net profit	657	-28	629	182	-90	92
Of which:						
Profit attributable to non-controlling interests	-8	0	-8	2	-6	-4
Net profit attributable to equity holders of DSM	649	-28	621	184	-96	88
Dividend on cumulative preference shares	-4	0	-4	-10	0	-10
Net profit available to holders of ordinary shares	645	-28	617	174	-96	78
Average number of ordinary shares (million)			175.1			174.4
Net earnings per share (EPS) (in €)	3.68	-0.16	3.52	1.00	-0.55	0.45
Depreciation and amortization	489	0	489	594	148	742
Capital expenditures			485			570
Acquisitions			16			106
Workforce			20,786			20,796 ¹
of which in the Netherlands			4,026			4,166 ¹

¹ Corrected for comparability

Reconciliation to Alternative Performance Measures full year

in € million	2016 full year			2015 full year		
	Cont. operations	Discont. operations	Total	Cont. operations	Discont. operations	Total
EBITDA	1,174	-28	1,146	956	90	1,046
Acquisitions/divestments	-13	28	15	7	5	12
Restructuring	101	0	101	102	0	102
Other	0	0	0	10	0	10
Sub-total APM adjustments to EBITDA	88	28	116	119	5	124
Adjusted EBITDA	1,262	0	1,262	1,075	95	1,170
Operating profit (EBIT)	685	-28	657	362	-58	304
APM adjustments to EBITDA	88	28	116	119	5	124
Impairments of PPE and Intangible assets	18	0	18	92	130	222
Sub-total APM adjustments to operating profit (EBIT)	106	28	134	211	135	346
Adjusted operating profit (EBIT)	791	0	791	573	77	650
Net profit	657	-28	629	182	-90	92
APM adjustments to operating profit (EBIT)	106	28	134	211	135	346
APM adjustments to financial income and expense	0	0	0	15	0	15
Income tax related to APM adjustments	-31	0	-31	-51	-6	-57
APM adjustments to share of the profit of associates/joint control entities	-212	0	-212	24	0	24
Sub-total APM adjustments to net profit	-137	28	-109	199	129	328
Adjusted net profit	520	0	520	381	39	420
Net profit available to holders of ordinary shares	645	-28	617	174	-96	78
APM adjustments to net profit	-137	28	-109	199	129	328
Adjusted net profit available to holders of ordinary shares	508	0	508	373	33	406
Average number of ordinary shares (million)			175.1			174.4
Earnings per share (EPS) (in €):						
Net earnings per share	3.68	-0.16	3.52	1.00	-0.55	0.45
Adjusted net earnings per share	2.90	0.00	2.90	2.14	0.19	2.33

Condensed Consolidated Statement of Comprehensive Income

in € million	full year	
	2016	2015
Items that will not be reclassified to profit or loss		
Remeasurements of Defined Benefit Pension Plans	-8	-60
FX on Translation of Foreign Operations Related to Non-Controlling Interest	0	14
Equity accounted investees - share of Other comprehensive income	-6	1
Items that may subsequently be reclassified to profit or loss		
FX on Translation of Foreign Operations	197	19
Change in Fair Value Reserve	7	6
Change in Hedging Reserve	-4	-5
Equity accounted investees - share of Other comprehensive income	-1	-18
Other Comprehensive Income (before tax)	185	-43
Income Tax Expense	8	1
Other Comprehensive Income (net of tax)	193	-42
Profit for the Period	629	92
Total Comprehensive Income	822	50

Condensed Consolidated Statement of Changes in Equity

in € million	full year	
	2016	2015
Total Equity (at beginning of the period)	5,631	5,936
Changes:		
Total Comprehensive Income	822	50
Dividend	-301	-310
Repurchase of Shares	-273	-122
Proceeds from Reissue of Ordinary Shares	253	176
Other Changes	48	-99
Total Equity (end of period)	6,180	5,631

Condensed Consolidated Balance Sheet - Assets

in € million	YE 2016	YE 2015
Intangible Assets	3,188	3,228
Property, Plant & Equipment	3,325	3,171
Deferred Tax Assets	355	366
Share in Associates & Joint Ventures	586	644
Other Financial Assets	463	419
Non-Current Assets	7,917	7,828
Inventories	1,800	1,627
Trade Receivables	1,504	1,349
Other Current Receivables	149	207
Financial Derivatives	40	47
Current Investments	944	9
Cash & Cash Equivalents	604	665
Total	5,041	3,904
Assets Held for Sale		11
Current Assets	5,041	3,915
Total Assets	12,958	11,743

Condensed Consolidated Balance Sheet - Equity and Liabilities

in € million	YE 2016	YE 2015
Shareholders' Equity	6,072	5,541
Non-controlling interest	108	90
Equity	6,180	5,631
Deferred Tax Liabilities	278	319
Employee Benefits Liabilities	490	496
Provisions	128	98
Borrowings	2,552	2,557
Other Non-current Liabilities	158	228
Non-current liabilities	3,606	3,698
Employee Benefits	40	44
Provisions	54	41
Borrowings	853	253
Financial Derivatives	253	232
Trade Payables	1,376	1,168
Other Current Liabilities	596	674
Total	3,172	2,412
Liabilities Held for Sale	0	2
Current Liabilities	3,172	2,414
Total Equity and Liabilities	12,958	11,743

in € million	YE 2016	YE 2015
Capital Employed, continuing operations ¹	7,889	7,553
Equity/Total Assets	48%	48%
Net Debt ¹	2,070	2,321
Operating Working Capital - Continuing Operations ¹	1,928	1,811
OWC/Net Sales - Continuing Operations ¹	23.9%	23.5%
Total Working Capital - Continuing Operations ¹	1,481	1,343
Total WC/Net Sales - Continuing Operations ¹	18.4%	17.4%

¹⁾ Before reclassification to held for sale

Condensed Consolidated Cash Flow Statement

in € million	full year	
	2016	2015
Cash, Cash Equivalents and Current Investments (at beginning of period)	674	675
Current Investments (at beginning of period)	9	6
Cash & Cash Equivalents (at beginning of period)	665	669
Operating Activities		
EBITDA	1,146	1,046
Change in Working Capital	-89	-12
Income Tax	-77	-75
Other	38	-263
Cash provided by Operating Activities	1,018	696
of which provided by Continuing Operations	1,018	800
Investing Activities		
Capital Expenditures	-476	-532
Payments regarding drawing rights	-19	-11
Acquisitions	4	-86
Disposal of Subsidiaries, Businesses & Associates	80	297
Disposal of Other Non-current Assets	7	10
Change in Fixed-term Deposits ²	-936	-2
Interest Received	40	66
Dividend and capital repayments from associates & joint ventures	117	92
Other	-11	-109
Cash used in Investing Activities	-1,194	-275
Dividend	-190	-174
Interest Paid ¹	-151	-303
Purchase of shares	-273	-122
Proceeds from re-issued treasury shares	137	39
Change in Commercial Paper	-150	-250
Proceeds from / repayments of corporate bonds	747	494
Other Cash from/ used in Financing Activities	-7	-124
Cash from / used in Financing Activities	113	-440
Exchange Differences	2	15
Cash and Cash Equivalents (end of period)	604	665
Current Investment (end of period) ²	944	9
Cash and Cash Equivalents & Current Investments (end of period)	1,548	674

¹ Impacted by -€27 million (-€129 million in 2015) due to settlement of interest rate pre-hedge of the bonds.

² Following the issuing of the €750 million bond launched in Q3 2016 together with additional cash balances, the current investments increased to €944 million in 2016.

Geographical Information (continuing operations)

full year 2016	The Netherlands	Rest of Western Europe	Eastern Europe	North America	Latin America	China	India	Japan	Rest of Asia	Rest of the World	Total
Net Sales by Origin											
in € million	2,006	2,444	160	1,436	544	842	73	100	241	74	7,920
in %	25	31	2	18	7	11	1	1	3	1	100
Net Sales by Destination											
in € million	303	1,877	494	1,795	989	989	178	264	787	244	7,920
in %	4	25	6	23	12	12	2	3	10	3	100
Total Assets (total DSM) in € million	4,560	2,495	126	3,110	885	1,077	87	144	367	107	12,958
Workforce (headcount, end of period)	4,026	4,715	439	3,187	2,069	4,594	475	193	828	260	20,786
full year 2015	The Netherlands	Rest of Western Europe	Eastern Europe	North America	Latin America	China	India	Japan	Rest of Asia	Rest of the World	Total
Net Sales by Origin											
in € million	1,938	2,123	154	1,451	719	837	76	73	272	79	7,722
in %	25	27	2	19	9	11	1	1	4	1	100
Net Sales by Destination											
in € million	280	1,851	467	1,779	1,053	937	153	209	740	253	7,722
in %	4	24	6	23	14	12	2	3	9	3	100
Total Assets (total DSM) in € million	3,838	2,038	119	3,486	749	882	82	95	361	93	11,743
Workforce (headcount, end of period)	4,166	4,732	439	3,161	2,020	4,556	501	144	821	256	20,796

Notes to the condensed financial statements

Accounting policies and presentation

The consolidated financial statements of DSM for the year ended 31 December 2016 are prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union and valid as of the balance sheet date. These accounting policies are applied in this report and need to be read in conjunction with the Integrated Annual Report 2016 and the discussion by the Managing Board earlier in this report.

Alternative Performance Measures ('APMs')

In presenting and discussing DSM's financial position, operating results and cash flows, management uses certain alternative performance measures not defined by IFRS. These alternative performance measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Alternative performance measures do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

Respectively Adjusted EBITDA, organic growth and ROCE are important measures of the group's performance and are the basis for measuring management performance. ROCE is defined as Adjusted EBIT as a percentage of weighted average capital employed. 'EBIT' is an alternative term for the IFRS performance measure 'operating profit'. Where a non-financial measure is used to calculate an operational or statistical ratio this is also considered an APM.

For DSM the main purpose to apply APMs is to provide clear-reporting on the underlying developments of the business. These adjustments may impact the EBIT(DA), net profit and the EPS. A reconciliation of the main alternative performance measures to the most directly comparable IFRS measures can be found on page 15 and 17 of this press release.

Alternative Performance Measurement ('APM') Adjustments Policy

Up until now DSM used the term exceptional items to refer to material items of income or expense. As of 2016 DSM has changed this term from "Exceptional Items" to "APM Adjustments". These APM adjustments to operating profit relate to material items of income and expense arising from circumstances such as:

- Acquisitions/divestments
- Restructuring
- Impairments
- Other

'Other' APM adjustments can relate to onerous contracts and litigation settlements. Other than items related to acquisition and integration costs incurred in the first year from the acquisition date (including non-recurring inventory value adjustments), the threshold for APM adjustments is > €10 million.

Scope of the consolidation

In order to further strengthen and integrate its Resins business, DSM agreed with joint venture partner JSR Corporation to increase its stake in Japan Fine Coatings (JFC) to 70% in the coming years. As a first step, DSM has increased its shareholding from 50.0% to 50.1% in July 2016. Based on the changes in the joint venture agreement and the articles of incorporation, together with acquiring the voting rights of JFC, DSM obtained a controlling interest in JFC in July. Prior to obtaining control, DSM accounted for this investment in accordance with the equity method. Revaluation of this existing 50% investment in JFC to fair value resulted in a book profit of €6 million. From the date of control, the financial statements of JFC are consolidated by DSM and reported in the Materials cluster. In accordance with IFRS 3, the purchase price of JFC was allocated to identifiable assets and liabilities acquired. Goodwill amounted to €10 million. The goodwill relates to the expected synergies from integrating JFC within the existing Coating Resins business of DSM. The non-controlling interest in JFC was measured at the proportionate share of the fair value and amounted to €6 million at the acquisition date.

Acquisition of JFC	
<i>in € million</i>	Fair value
<i>Assets</i>	
Intangible assets	9
Property, plant and equipment	11
Other non-current assets	-4
Inventories	4
Receivables and Other current assets	3
Cash and cash equivalents	5
Total Assets	28
<i>Non-controlling interests</i>	6
<i>Liabilities</i>	
Non-current liabilities	2
Current liabilities	19
Total non-controlling interests and liabilities	27
Net assets at fair value	1
Consideration	16
Elimination book value Associate (in Assets and Consideration)	-5
Goodwill	10

The consolidation of JFC contributed €18 million to net sales and €6 million to Adjusted EBITDA (€5 million to EBITDA) in 2016.

Related party transactions

Transactions with related parties are conducted at arm's length conditions.

Risks

DSM has a risk management system in place. A description of the system and an overview of potentially important risks for DSM is provided in the Integrated Annual Report 2016 and in the governance section on www.dsm.com.

Dividends and equity

On 24 May 2016 the final dividend of €1.10 per share for the year 2015 was paid to holders of ordinary shares and a dividend of €0.15 per share was paid to holders of cumulative preference shares A. The total distribution to shareholders amounting to €198 million was recorded against retained earnings.

DSM will propose to the Annual General Meeting of Shareholders, to be held on 3 May 2017, to increase the dividend for 2016 from €1.65 to €1.75 per ordinary share. An interim dividend for 2016 of €0.55 per ordinary share and €0.03 per preference share A was paid in Q3 2016. This distribution to shareholders amounted to €98 million. Subject to the before mentioned approval of the Annual General Meeting of Shareholders, a final dividend payment of €1.20 per ordinary share will be made on 26 May 2017. This €1.20 being the dividend over 2016 of €1.75 minus the interim dividend of €0.55 already paid on 25 August 2016.

In 2016, 5.2 million shares were repurchased while 5.3 million shares were released into circulation in connection with stock dividend, the exercise of options and delivery of performance shares.

Heerlen, 15 February 2017
The Managing Board

Feike Sijbesma, CEO/Chairman
Geraldine Matchett, CFO
Dimitri de Vreeze

Financial calendar

Beginning of March	Publication of Integrated Annual Report 2016
2 May 2017	Publication of Q1 2017 Results
3 May 2017	Annual General Meeting of Shareholders
5 May 2017	Ex-dividend
1 August 2017	Publication of Q2 2017 Results
2 November 2017	Publication of Q3 2017 Results

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Additional Information

Today DSM will hold a conference call for media from 08:00 to 08:30 and a conference call for investors and analysts from 09:30 to 10:30. Details on how to access these calls can be found on the DSM website, www.dsm.com.

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 simultaneously. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials. DSM and its associated companies deliver annual net sales of about €10 billion with approximately 25,000 employees. The company is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

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Forward Looking Statement

This press release 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 press release, unless required by law.