

DSM STRATEGY 2018

Driving Profitable Growth in **Materials**

DIMITRI DE VREEZE - Member of the Managing Board

ROYAL DSM CAPITAL MARKETS DAY
4 NOVEMBER 2015 AMSTERDAM



Safe harbor statement

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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

Agenda

1 Strategy 2018

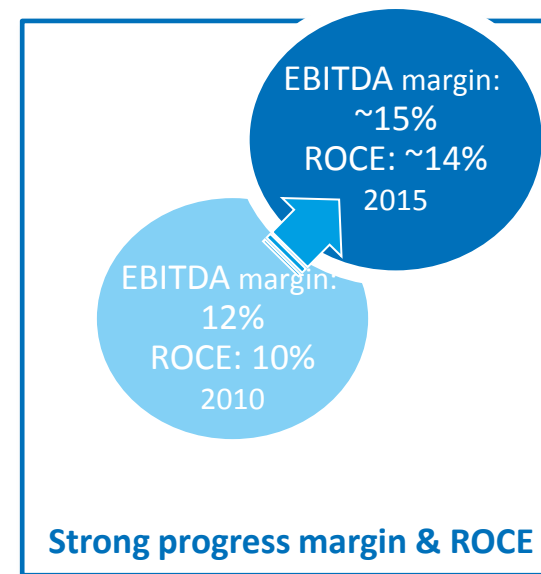
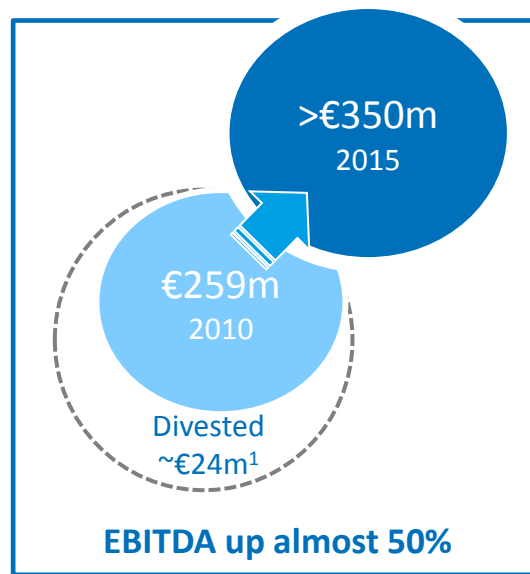
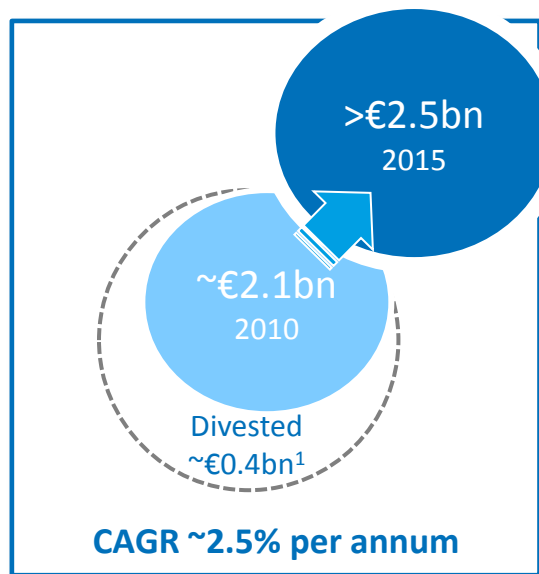
- Cost and capital discipline
- Increase growth

2 Business Group Strategies

- Engineering Plastics
- Dyneema
- Resins & Functional Materials

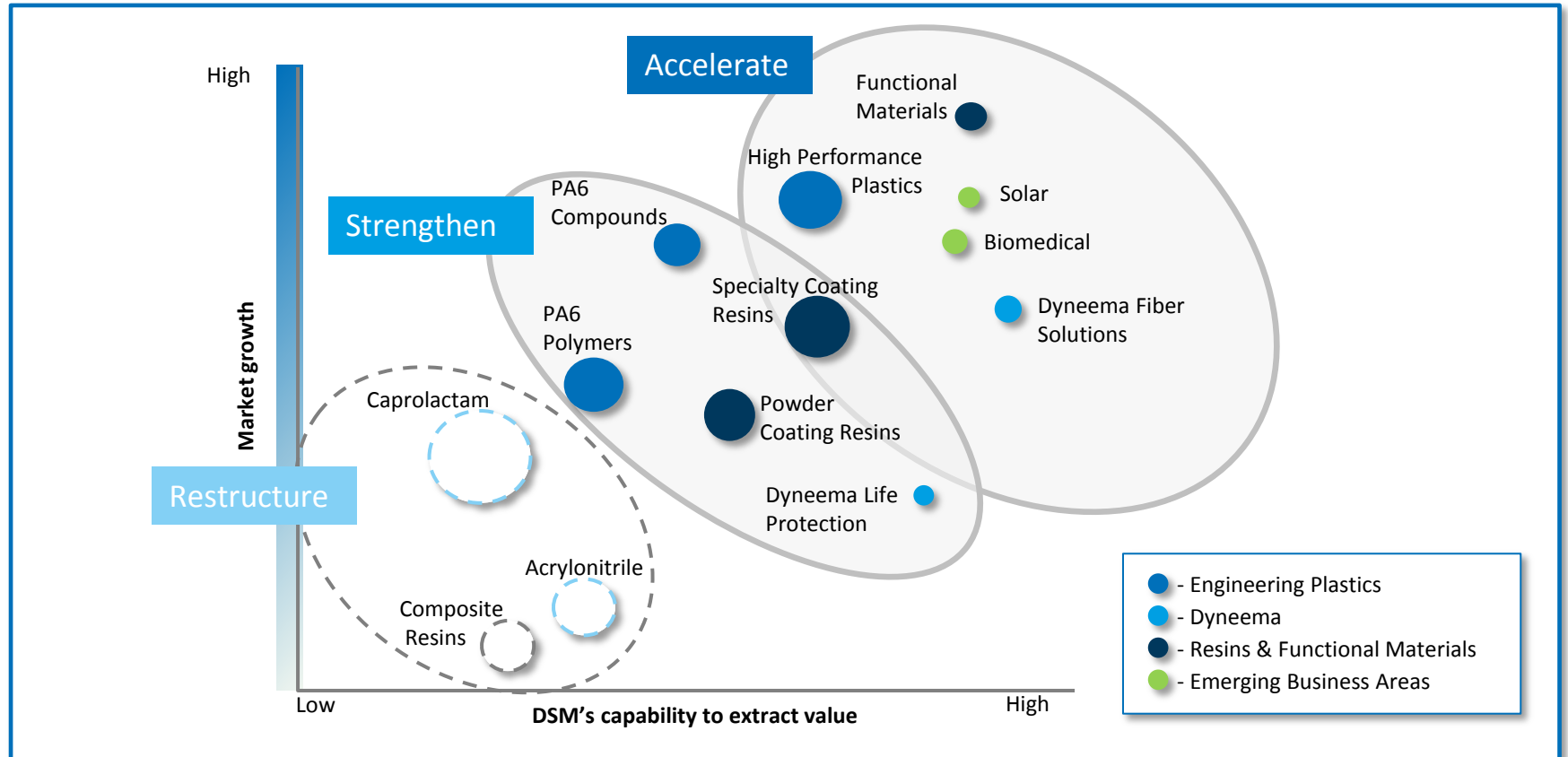
3 Wrap-up

Strategy 2010-15: Performance Materials has shown solid financial performance

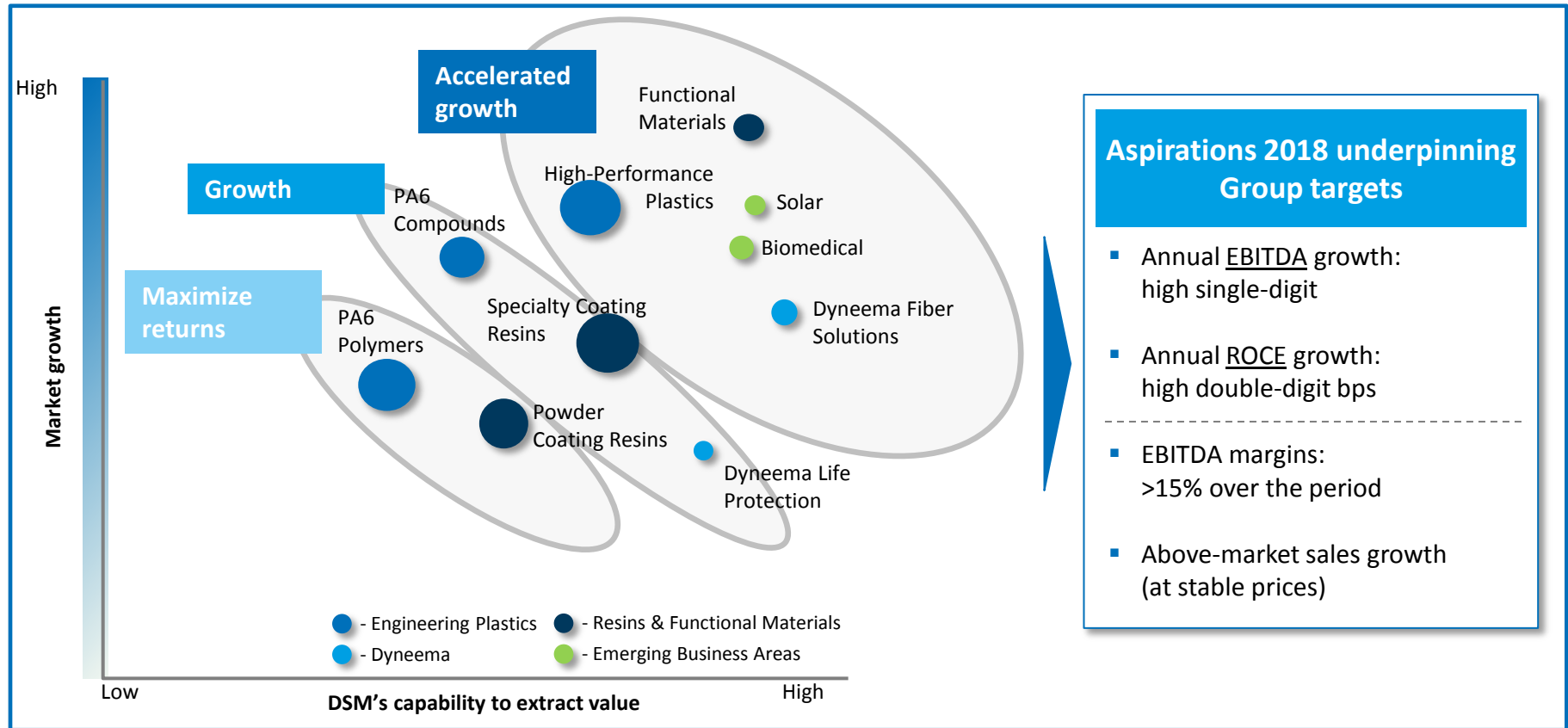


¹ Divestitures include Composite Resins (~€300m sales), Euroresins (~€80m sales) and Synres (~€60m sales)

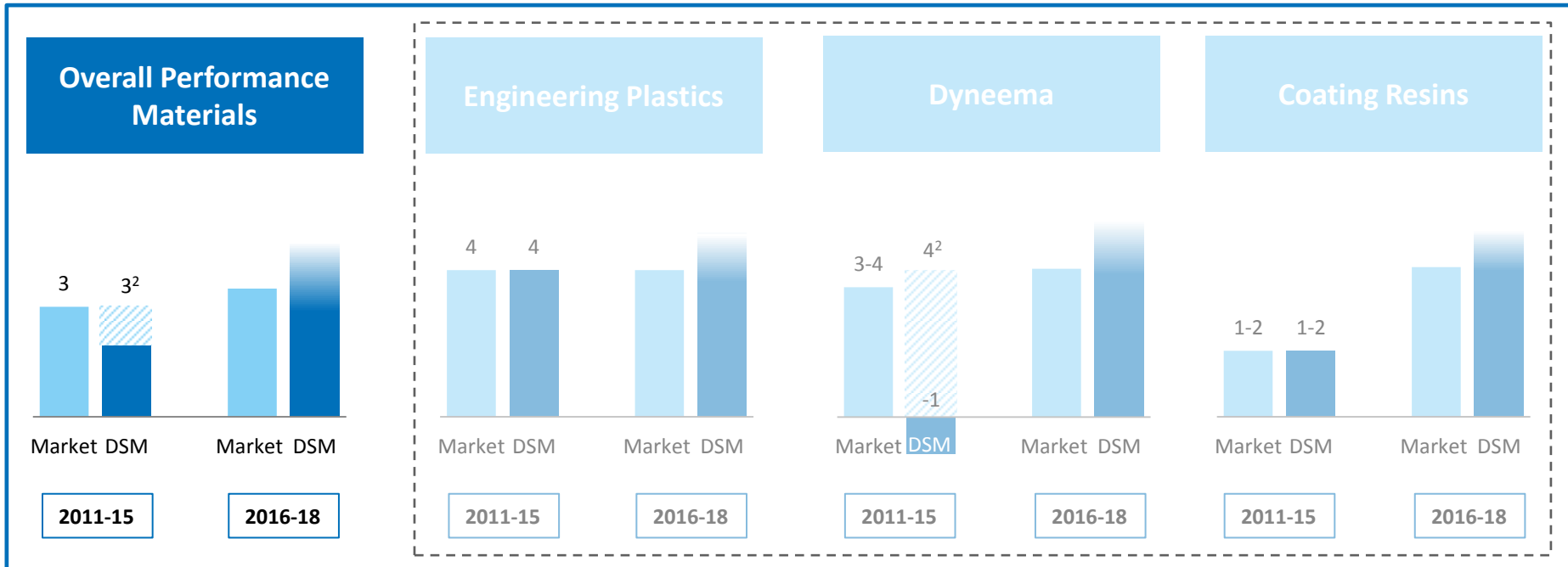
More differentiated approach in recent years has led to a more attractive business portfolio, with a higher growth and returns profile



Strategy 2018: Focus on well-defined, higher-growth specialty segments, while maximizing returns in PA6 Polymers and Powder Coating Resins



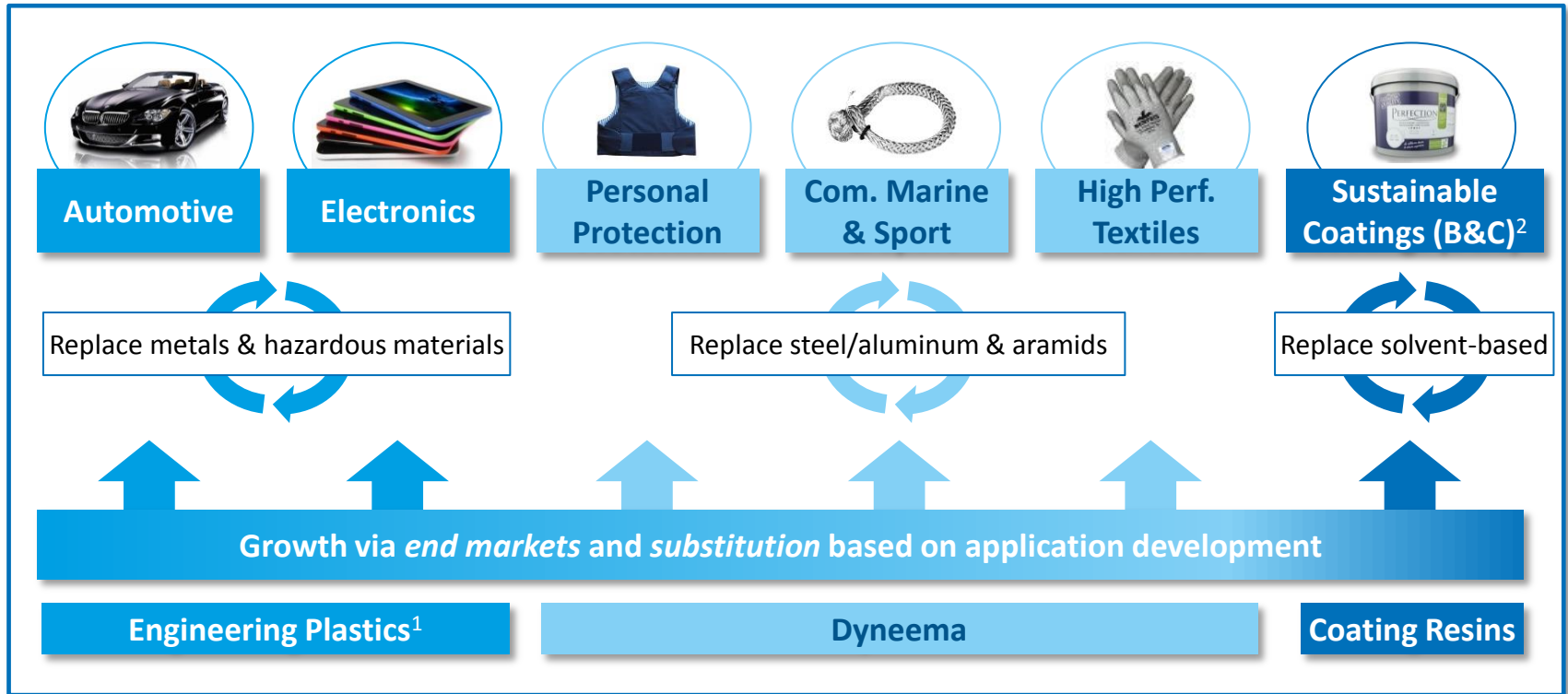
Building upon **Strategy 2018**, Performance Materials expects to grow sales above market growth¹



1 At steady prices, CAGR %

2 Excluding Vehicle Protection tenders

'Winning segments' selected to profit from enhanced substitution growth



1 Food packaging is the 3rd application area for Engineering Plastics

2 The Building and Construction Industry (B&C) is the main area of application for Resins

Performance Materials **Strategy 2018**: 2 pillars to drive the high single-digit annual EBITDA growth

Increase growth

- **Accelerated Growth** in High-Performance Plastics, Functional Materials and Dyneema Fiber Solutions
- **Growth** in PA6 Compounds, Specialty Coating Resins and Dyneema Life Protection
- **Maximize returns** for PA6 Polymers and Powder Coating Resins

Cost and capital discipline

- Implement company-wide savings program in support functions and services
 - ~€35-40m (2016-2018)¹
- Continue cost, capex and working capital discipline in Performance Materials
- Build upon the successful Profit Improvement Program 2011-15 to look for further savings and optimizations
 - Program to be announced in the course of 2016-18

¹ Company-wide savings target of €125-150m (vs. 2014) already announced in August 2015, €35-40m is the expected positive impact by 2018 for Performance Materials

Agenda

1

Strategy 2018

- Cost and capital discipline
- Increase growth

2

Business Group Strategies

- Engineering Plastics
- Dyneema
- Resins & Functional Materials

3

Wrap-up

Engineering Plastics

A global provider of highly specified engineering plastic solutions



Accomplishments Strategy 2010-15

Solid growth and strong financial performance

Reduced costs

- Reduced costs and improved efficiencies through the 2012-14 Profit Improvement Program

Upgraded portfolio

- Continued shift towards specialty materials, adding Stanyl ForTii and a new range of HPP products to the portfolio
- Formed Joint Venture in PPS with NHU

Application development

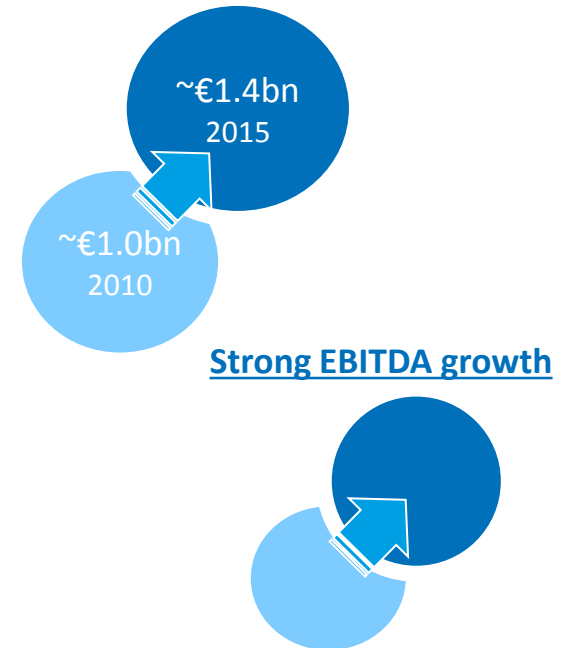
- Strengthened application development capabilities
- Exited less innovative segments; focus on 'winning' segments paid off

Increased globalization

- Further strengthened unique position in Asia
- Strategic partnerships in Russia and China

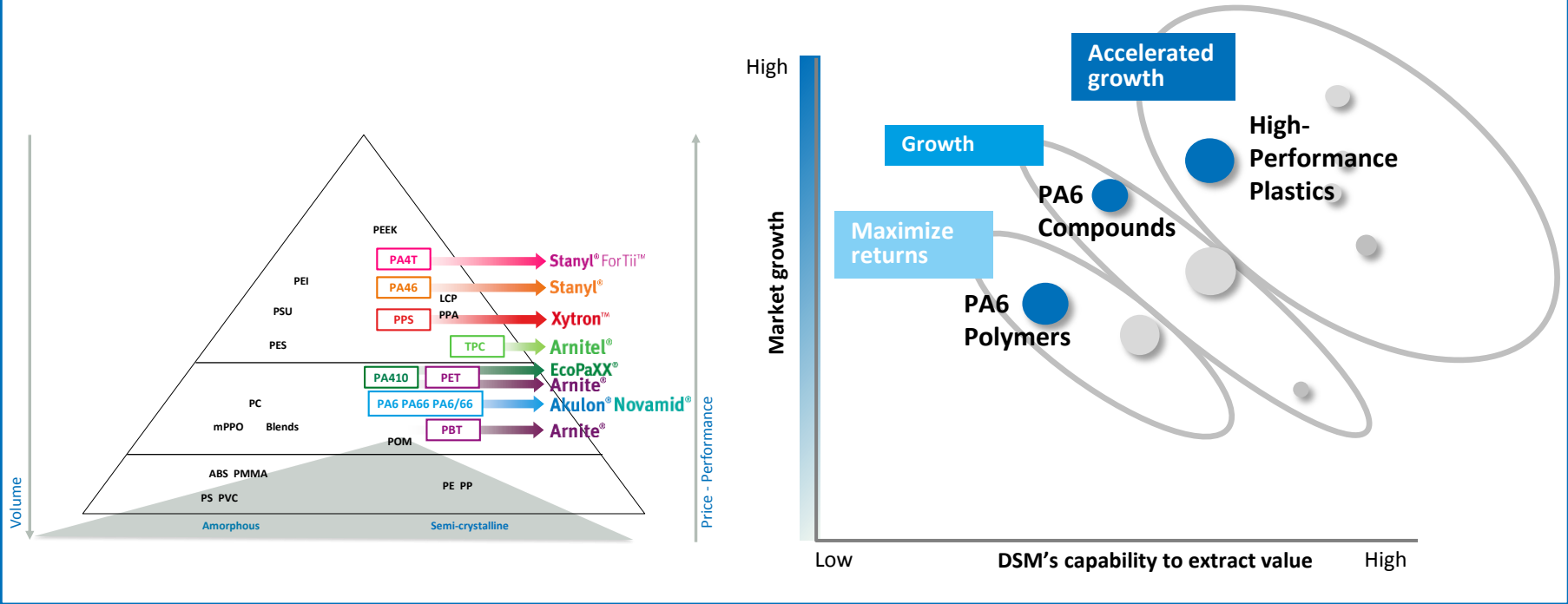
Financial performance 2010-15

Revenues up ~40% in 5 years

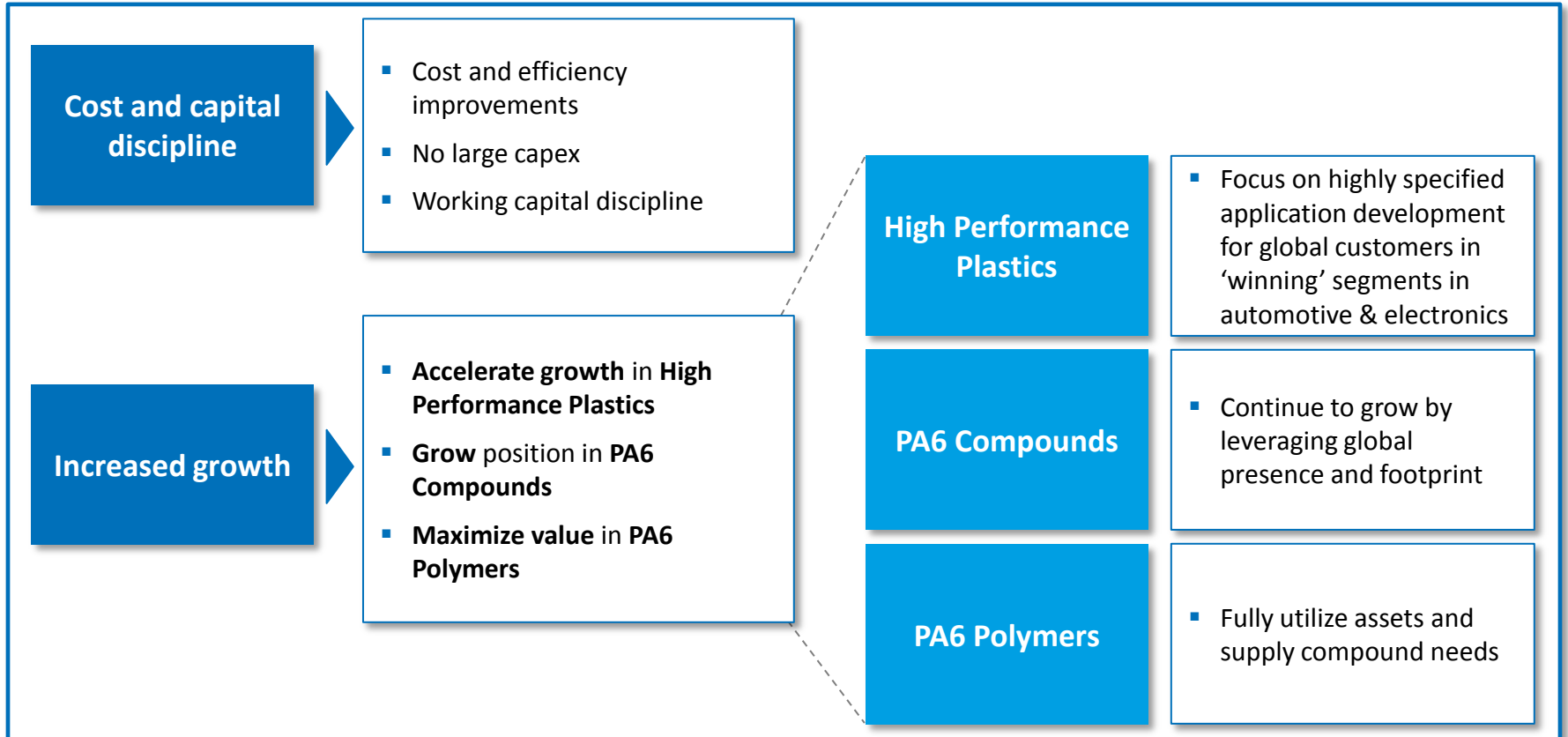


Global Engineering Plastics player with a uniquely broad range of value-added polyamides and polyesters

Extensive high-performance plastics portfolio

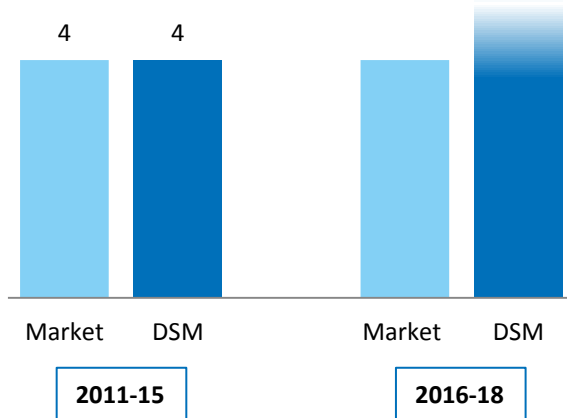


Strategy 2018 for Engineering Plastics translates into clear actions per product segment



Engineering Plastics is uniquely positioned to thrive from its application knowhow-based relationships and substitution growth

Sales growth



Accelerate 'winning' segments

- Further build on strong position in high-growth segments in Automotive and Electronics
- Substitution growth favoring high-performance plastics

Global presence

- Global presence (in R&D and production) supporting preferred partnerships
- Ability to multiply technical solutions across the globe

Strong customer partnerships


- Well diversified, global customer base
- Broad portfolio (incl. PA66 through agreement w/ Ascend)
- High share of specified products
- Application development excellence

Excellent position in HGE

- Unmatched Asia position
- Partnerships in Russia (w/ KuibyshevAzot for PA6) and China (w/ NHU for PPS)
- Profit from push to Specialty Plastics due to higher standards


Strong partnerships in winning segments where demand for specialty plastics solutions is growing significantly

Accelerate winning segments



Automotive

- Weight reduction
- Safety
- Comfort



Electronics

- Elimination of hazardous substances
- Miniaturization

Growth drivers

- Full portfolio
- Application solution development
- Global footprint

DSM strengths

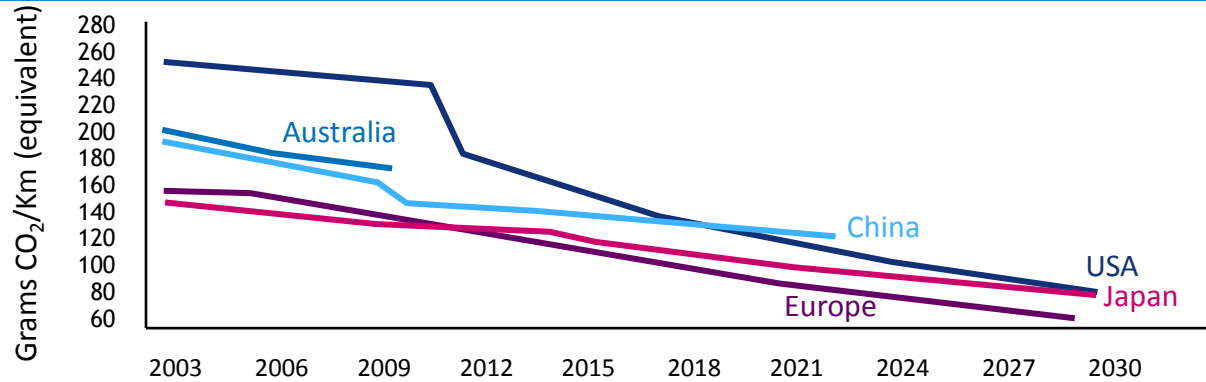
- Specialty platforms
 - PA 4.6
 - Co-polyesters
- Non-hazardous flame-retardant solutions

Strong customer partnerships

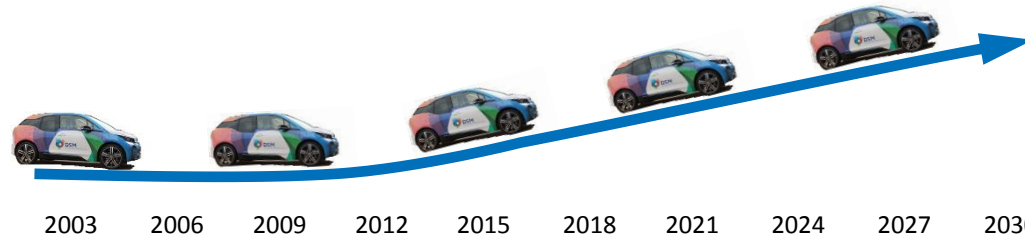


Stricter environmental regulations drive further substitution growth towards lighter materials in Automotive

CO₂
requirements in
different
regions



Engineering
Plastics in a car



New solutions **today** - For BMW, application development with Engineering Plastics means high performance at 250°C

Stanyl® Diablo delivers performance in the world's first high-heat plastic air intake manifold

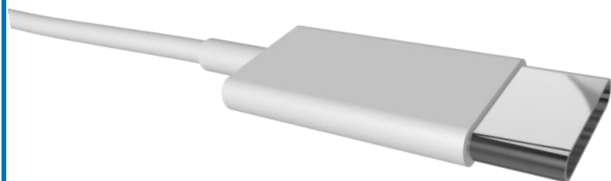


- For the i8, BMW was looking for a high-heat thermoplastic solution for its AIM/CAC¹ that offered superior performance and thermal stability and stiffness
- With Stanyl® Diablo, Engineering Plastics offered the solution leading to the world's first high-heat plastic AIM/CAC combination:
 - Revolutionary design of air intake manifolds
 - Eliminates need to return to metals due to increasing temperature requirements
 - Higher-performing engine while still meeting new emission limits
 - Weight reduction of up to 40% over aluminum

1 Air Intake Manifold with integrated liquid-cooled Charged Air Cooler

New solutions for today and **tomorrow** - Stanyl® ForTii™ for USB Type-C connectors offers unparalleled toughness and stiffness for the connector of the future

Stanyl® ForTii™ offers best balance of mechanical properties and precision molding



- USB is by far the most popular means of connecting peripherals with ~5bn ports produced each year
 - The reversible USB Type-C is ‘future proof’ and developed in anticipation of new EU legislation enforcing the use of a standard charging interface
- Stanyl® ForTii™ USB Type-C connectors developed in close co-operation with leading OEMs and tier 1 manufacturers and offer:
 - Unmatched electrical insulation
 - An ideal balance of toughness and stiffness
 - Flame retardant additive systems containing no halogens
 - Excellent processability offering flexibility in component structure

Dyneema
The world's strongest fiber



Accomplishments Strategy 2010-15: Successfully accessed new profitable growth markets offsetting negative effects from absence of vehicle tenders

Reduced costs

- Reduced costs and improved efficiencies through the 2012-14 Profit Improvement Program

Upgraded portfolio

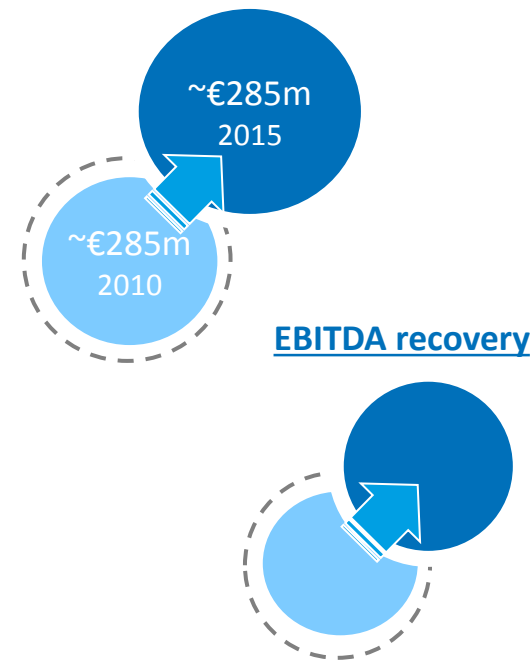
- Re-focus from declining Vehicle Protection to less volatile, higher-growth Personal Protection
- Entered Performance Apparel market; acquisition Cubic Tech (US) adds innovative, light-weight high-performance laminates & fabrics
- Acquisition ICD (China) - HMPE fiber producer repositioned for domestic market, launched 2nd brand (Trevu)

Application development

- Strong collaborative growth in innovative fiber solutions, e.g., for mooring, lifting and cut protection

Financial performance 2010-15

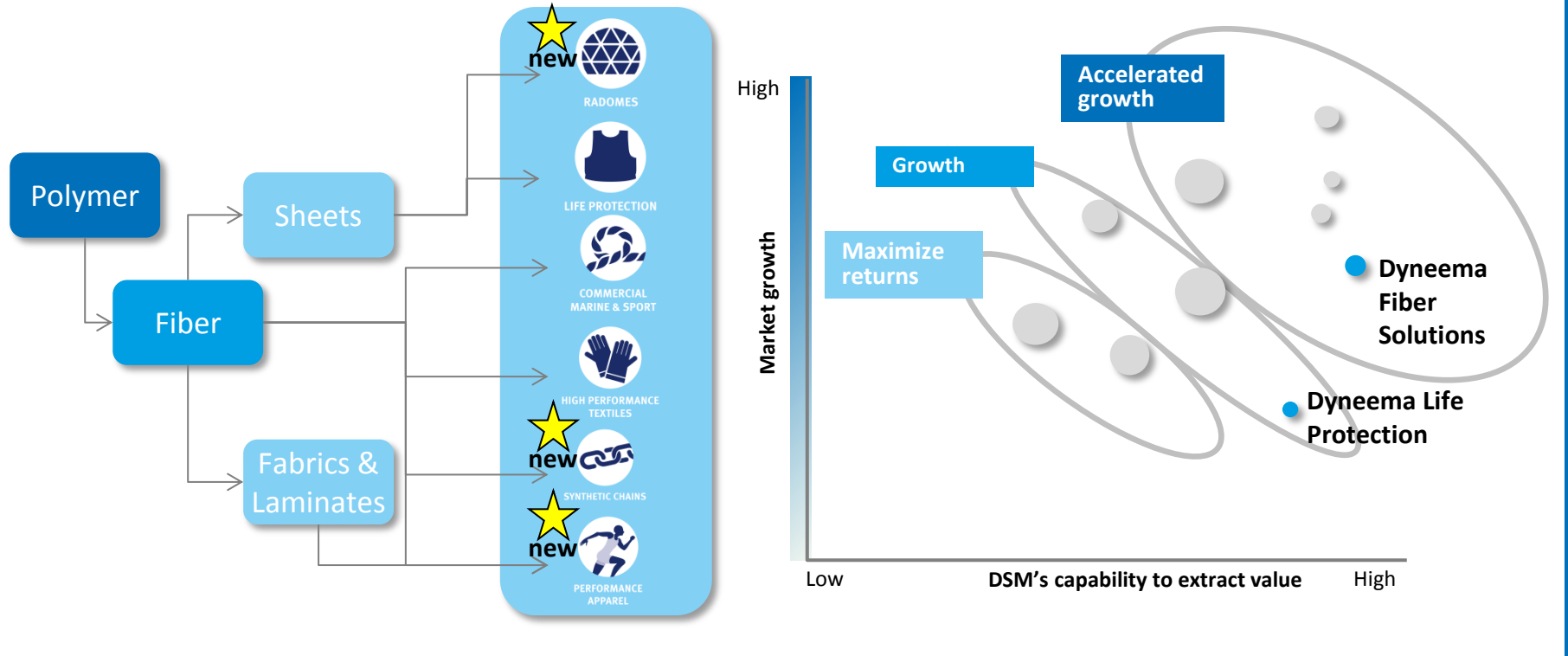
Revenues up ~4% p.a.¹



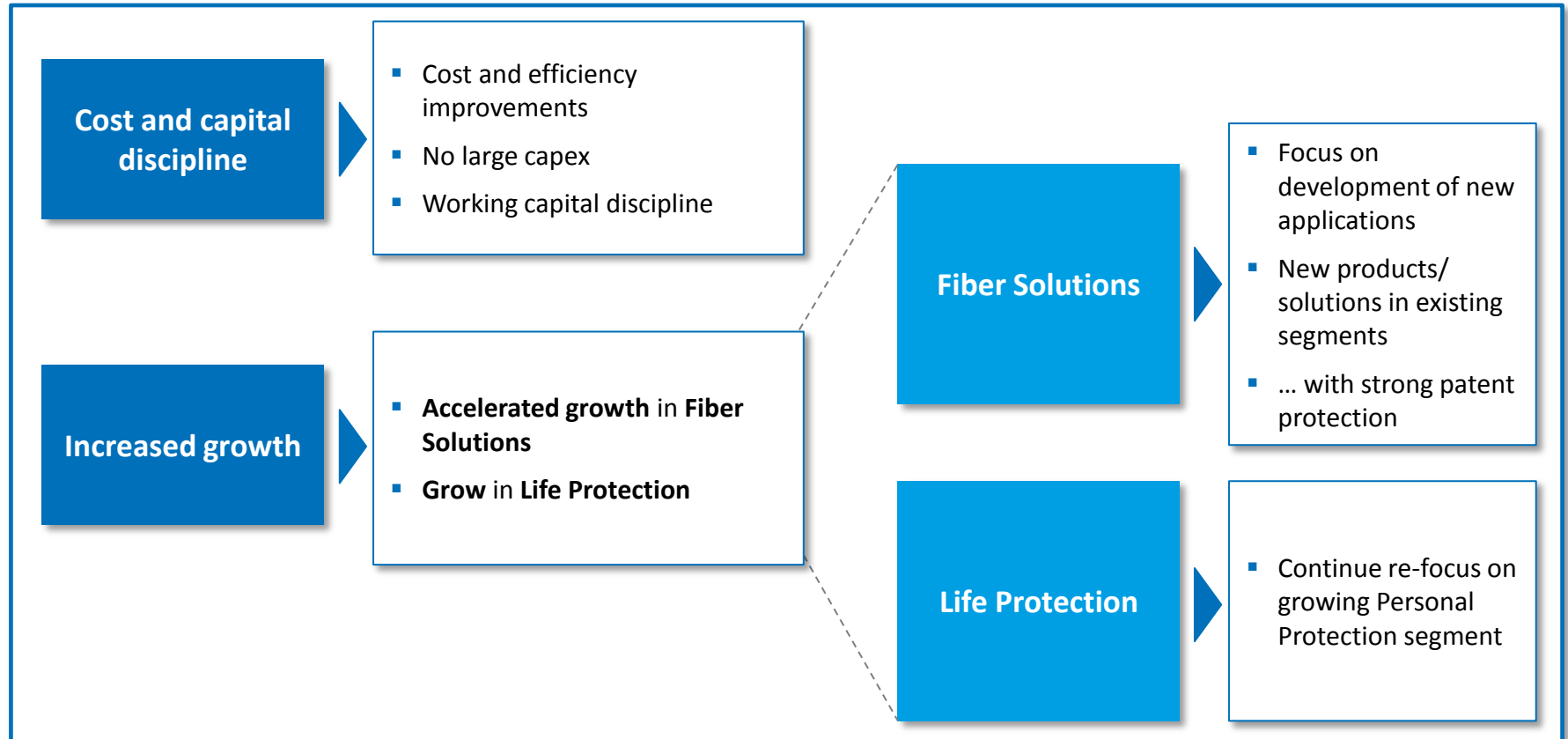
¹ Excluding Vehicle Protection tenders

As the world's 'lightest, strongest fibre', Dyneema is uniquely positioned in markets where continuous high performance is of utmost importance

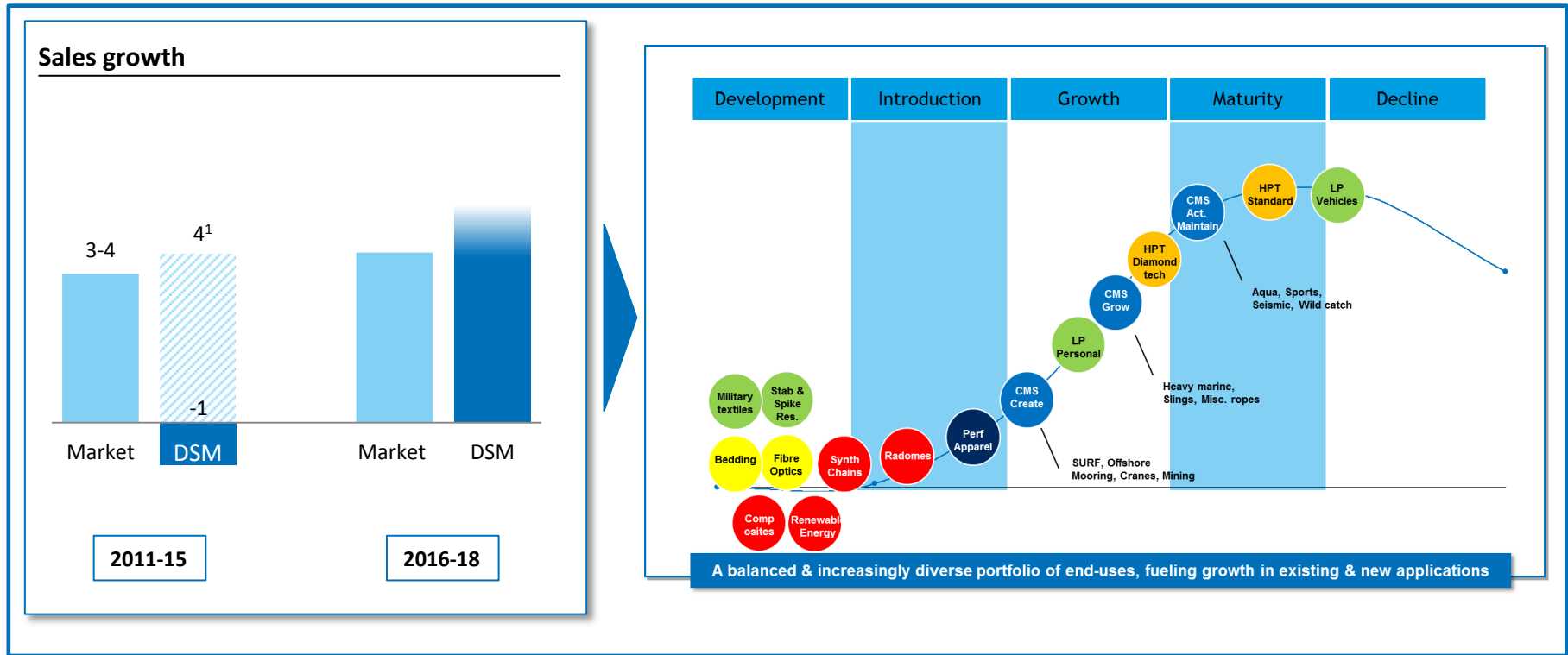
Current portfolio is well positioned and diversified



Strategy 2018 for Dyneema focuses on current premium portfolio while selectively adding new sustainable, innovative products and solutions

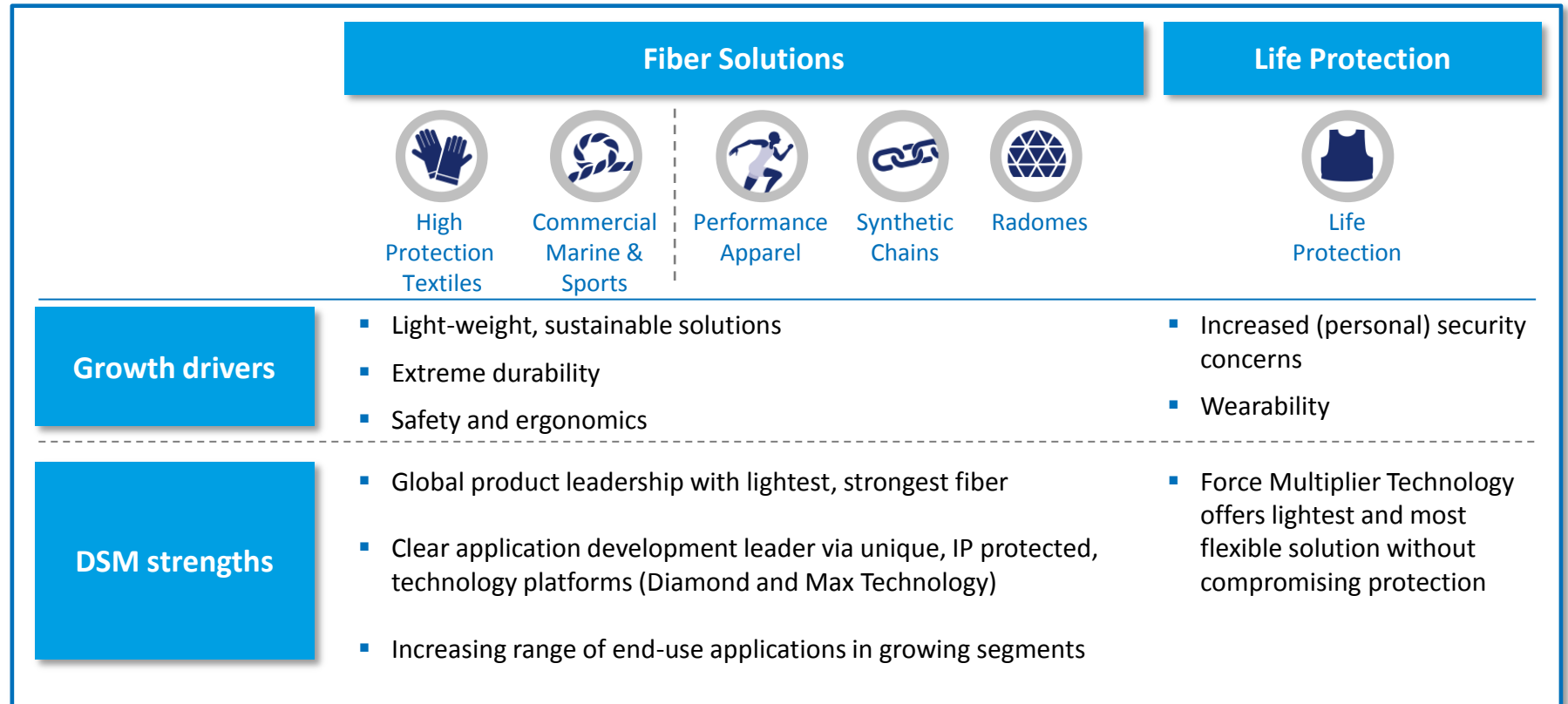


Dyneema's (new) technical platforms allow for further growth and new technologies and applications



1 Excluding Vehicle Protection tenders

New applications and extended product offering in existing markets fuel growth



New solutions **today** – Providing Team Giant-Alpecin riders with protection while meeting critical comfort requirements

Cycling shorts reinforced with Dyneema reduce the risk of serious injuries



- For every cyclist, the thigh area is a very vulnerable body part
- Team Giant-Alpecin and DSM teamed up together with fabric manufacturer Taiana and clothing supplier Etxeondo to design cycling shorts that protect exactly that area
- The new shorts that feature Dyneema were introduced during the start of the Tour de France 2015 and meet the critical comfort requirements of the cyclist combined with enhanced protection, reducing the risk of serious injuries

New solutions for **today** and **tomorrow** – Extreme situations require innovative applications that last

A light-weight, safe, and reliable alternative to steel wire rope



- Together with Samson, Dyneema developed the first synthetic rope for mobile cranes
- The rope offers the same load pull and load chart as wire and is 80% lighter making for easy handling and installation, doesn't rust, and requires no lubing
- Crane wire ropes made with Dyneema make industrial operations faster, easier and safer

A woman and a young girl are seen from behind, painting a wall white. The woman is on the left, wearing a white t-shirt and blue jeans, and the girl is on the right, wearing a white t-shirt and blue pants. They are both holding paintbrushes and applying white paint to the wall. The wall is mostly white, with some grey patches still visible. The scene is brightly lit, and the overall atmosphere is one of a home improvement project.

Resins & Functional Materials

Leading the transformation to Sustainable Coatings

Accomplishments Strategy 2010-15: Impressive step-up in profitability driven by portfolio upgrade and Profit Improvement Program

Reduced costs

- Significant step-up in margins supported by successful implementation of the 2012-14 Profit Improvement Program

Updated portfolio

- From solvent-borne systems to sustainable and higher-value coatings solutions (water, powder, UV)
- Divested lower-margin Composite Resins, Euroresins and solvent-based alkyd resins (Synres)

Application development

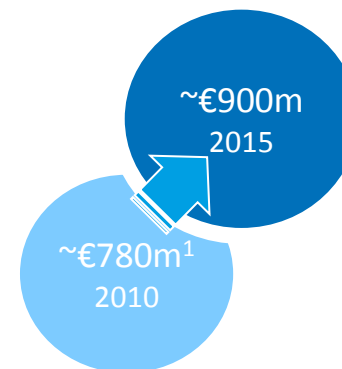
- Sustainable developments in close link with customers provided innovative, more sustainable solutions

Increased globalization

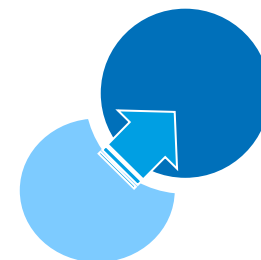
- Increased global organization with market penetration in China and other Asia while strengthening position in North America

Financial performance 2010-15

Revenues up ~15% in 5 years



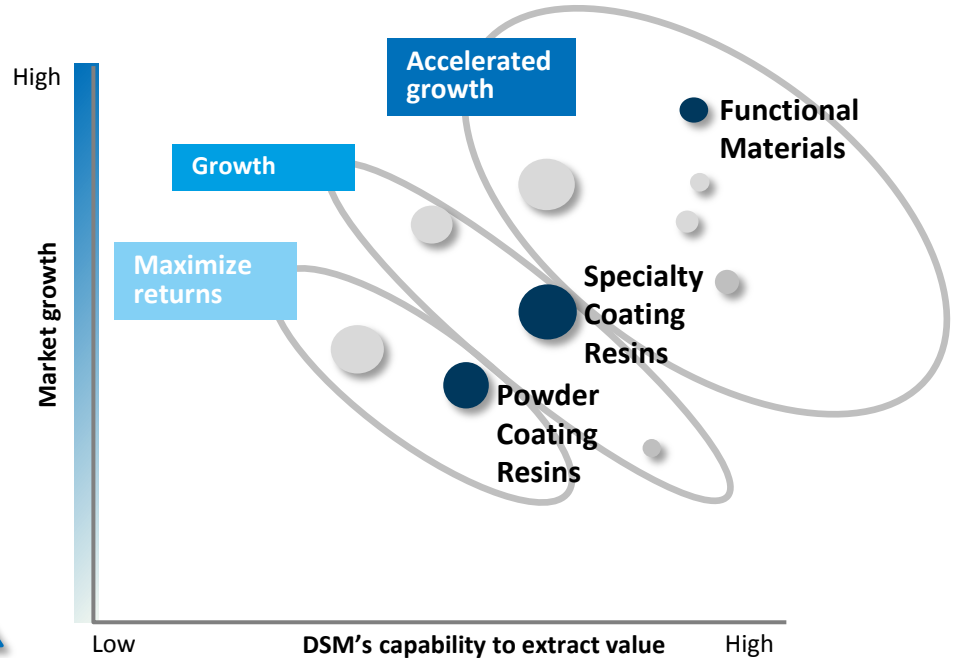
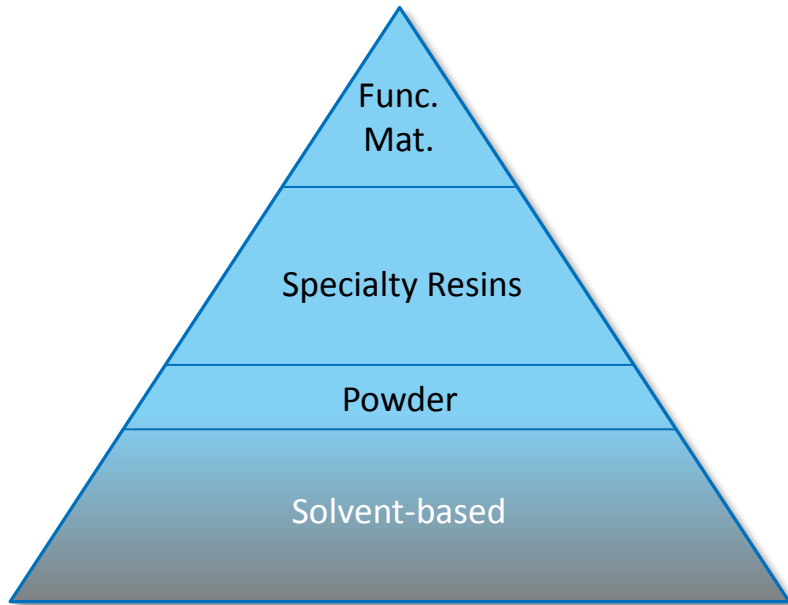
Strong EBITDA growth



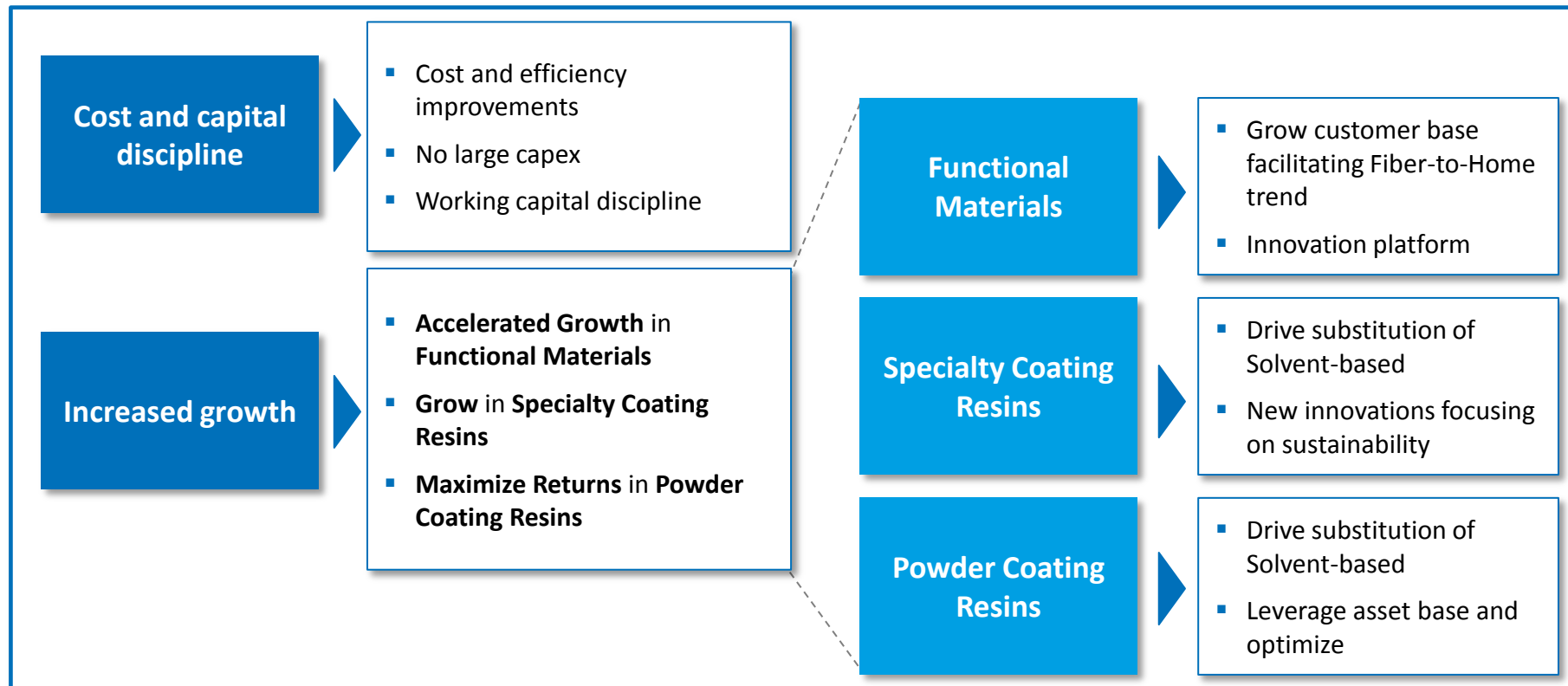
¹ Corrected for divestitures incl. Composite Resins (~€300m sales), Euroresins (~€80m sales) and Synres (~€60m sales)

Resins and Functional Materials is a global coatings producer with a well-balanced portfolio in sustainable coatings

Extensive portfolio in sustainable specialty coatings

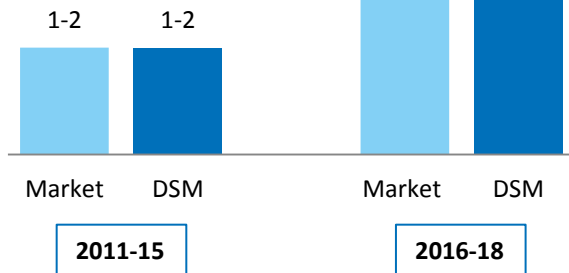


Strategy 2018: Resins & Functional Materials further builds on improving earnings and sustainable solutions



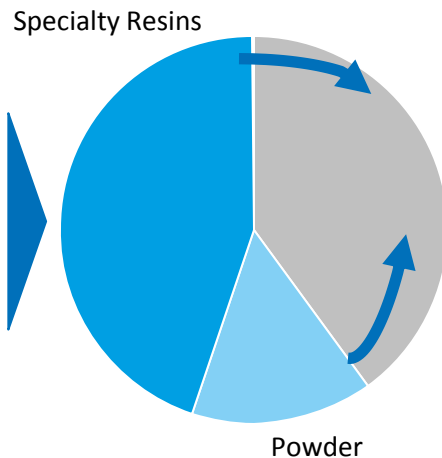
Resins & Functional Materials to profit from recovery in EU markets and continued substitution shift towards sustainable coating resins

Sales growth

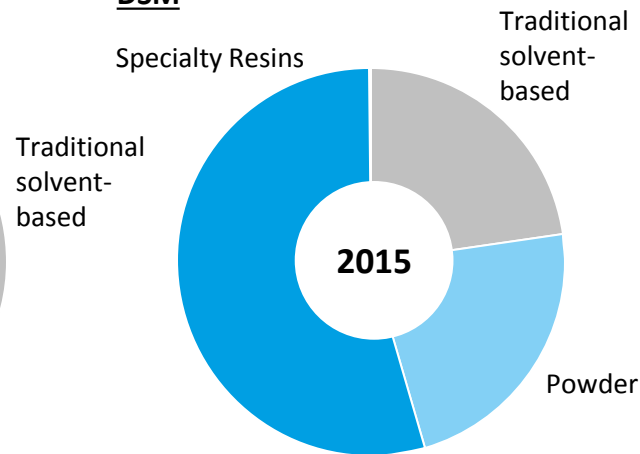


Market increasingly shifts away from solvent-based coatings

Market



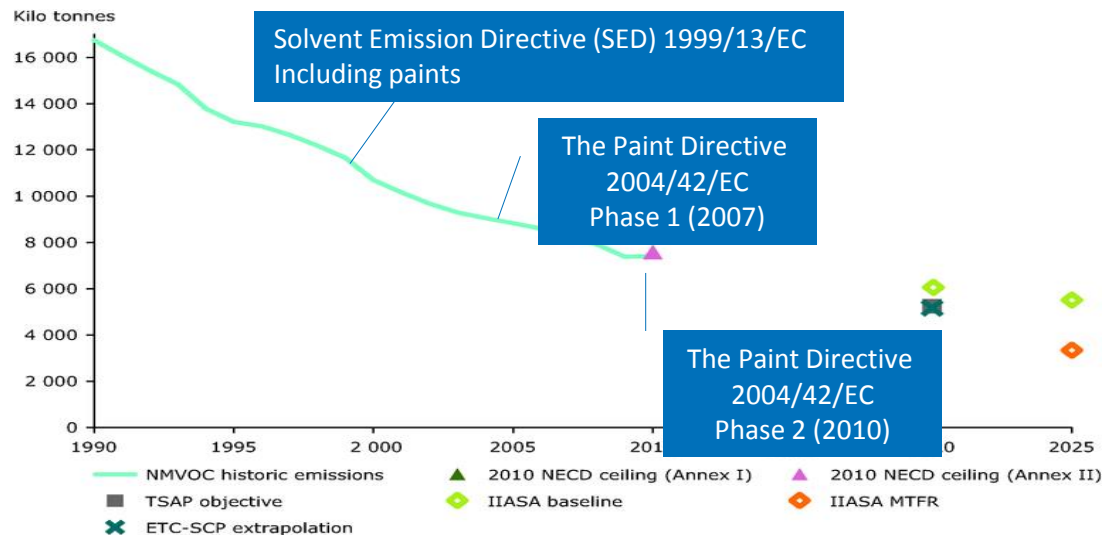
DSM



Reduction of emissions legislation important driver for shift to sustainable coatings

European legislation important driver for shift towards sustainable coating resins

EU-27 NMVOC emission trends



- Legislation Volatile Organic Compound ('VOC') emission reduction will continue to be an important driver
- Trend in Europe and North America to continue; China on the brink of change

New solutions **today** – DSM and Praxis introduce the new standard in sustainable decorative paints

First and important step in creating a more sustainable value chain



Doe het zelf. Doe het samen.



**NOMINATED
BEST PRODUCT OF THE YEAR
2015 - 2016**



- Praxis, one of the largest Dutch hardware store-chains, was looking for a sustainable solution for its premium range of private label decorative paints
- In close cooperation with DSM, Praxis was able to further improve quality and sustainability using Decovery
- Decovery plant-based resins are based on a novel process of converting renewable materials
- Free of Volatile Organic Compounds, has an extremely low odor and offers many additional benefits to the end-products

New solutions for **tomorrow** – Functional Solutions’ optical fiber coatings ensure greater signal reliability and field performance for 4G and 5G networks

Functional Solutions optical fiber coatings in ideal, protected position to profit from 4G and 5G roll-out



- China and India are speeding up investments in next generation mobile networks (4G/ 5G)
- Increases demand for high-quality optical cables to provide for growth in capacity and performance
- DSM sets standard for optical fiber protection and performance worldwide, ensuring greater signal reliability and field performance
- Global market share >70% with extensive intellectual property portfolio

Agenda

1

Strategy 2018

- Cost and capital discipline
- Increase growth

2

Business Group Strategies

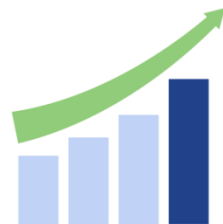
- Engineering Plastics
- Dyneema
- Resins & Functional Materials

3

Wrap-up

Driving profitable growth in Performance Materials

Value creation 2016-18 will be driven by:



- **EBITDA & ROCE growth**
- **Via higher growth at lower costs, with strengthened organization**



BRIGHT SCIENCE. BRIGHTER LIVING.™