

# Presentation to Investors

*Full year 2020 results*



**DSM**

BRIGHT SCIENCE. BRIGHTER LIVING.

# Content

- Q4 & Full Year 2020 results Presentation to Investors
- Annex:
  - ✓ Summary Key Financials Q4 and Full Year 2020
  - ✓ The strategic journey continues - *new growth opportunities*



# Co-CEOs statement

*“When faced with the unprecedented challenges from the pandemic, we remained determined to keep delivering for our customers, something that would not have been possible without the passion, resourcefulness and commitment of our exceptional colleagues. This enabled us to record a good financial performance in our Nutrition business, while Materials was significantly impacted by COVID-19. In Q4, business conditions in Human Nutrition remained strong, primarily in dietary supplements, reinforcing the importance of ‘health through nutrition’, while Animal Nutrition growth resumed after the mid-year destocking. Materials saw a very strong demand recovery driven by the automotive sector.*

*We continued to make good progress on the execution of our long-term strategic plan, including three specialty nutrition acquisitions that enhance our offering to customers, the divestment of Resins & Functional Materials, and delivering against our purpose-led sustainability ambitions in people and planet. With our innovation-focused growth platforms, we are firmly on track to deliver strong sales and earnings growth in coming years.*

*Whilst global uncertainty remains, looking ahead, we have a positive outlook for DSM in 2021.”*

Geraldine Matchett and Dimitri de Vreeze



# Full year 2020 financial highlights | Solid results

*Solid results, led by good results in Nutrition and with a strong recovery in Materials in Q4*

Net Sales\*  
**€8,106m**

**+2%**

organic sales  
growth

Adj. EBITDA\*  
**€1,534m**

**-1%**

Adj. EBITDA  
growth

Adj. Net  
Operating  
Free Cash Flow  
**€955m**

**+19%**

Adj. Net Operating  
FCF growth

## Continuing operations:

- Solid results in a challenging COVID-19 environment
- Group sales of €8,106m (+1%) and Adj. EBITDA of €1,534m (-1%)
  - ✓ Nutrition: sales +6%, organic sales +6%, Adj. EBITDA +7%
  - ✓ Materials: sales -13%, volumes -6%, Adjusted EBITDA -27%
- Adjusted net profit down 5% to €711m

## Total Group:

- Net profit of €508m, Adj. net profit of €769m
- Adjusted Net Operating Free Cash Flow of €955m, up 19%
- Proposed dividend stable at €2.40 per ordinary share

\* Continuing Operations

# Q4 2020 highlights | A good Q4 despite significant negative FX



**+8%**  
organic sales  
growth



**+5%**  
Adj. EBITDA  
growth



**+26%**  
Adj. Net Operating  
FCF growth

## Continuing operations:

- DSM reports a good Q4 despite significant negative FX effects
- Group sales +8% and Adjusted EBITDA +5%:
  - ✓ Nutrition: sales +10%, organic sales +9%, Adjusted EBITDA +10%
  - ✓ Materials: sales +2%, volumes +14%, Adjusted EBITDA -10%
- Adjusted net profit up 2% to €167m

## Total Group:

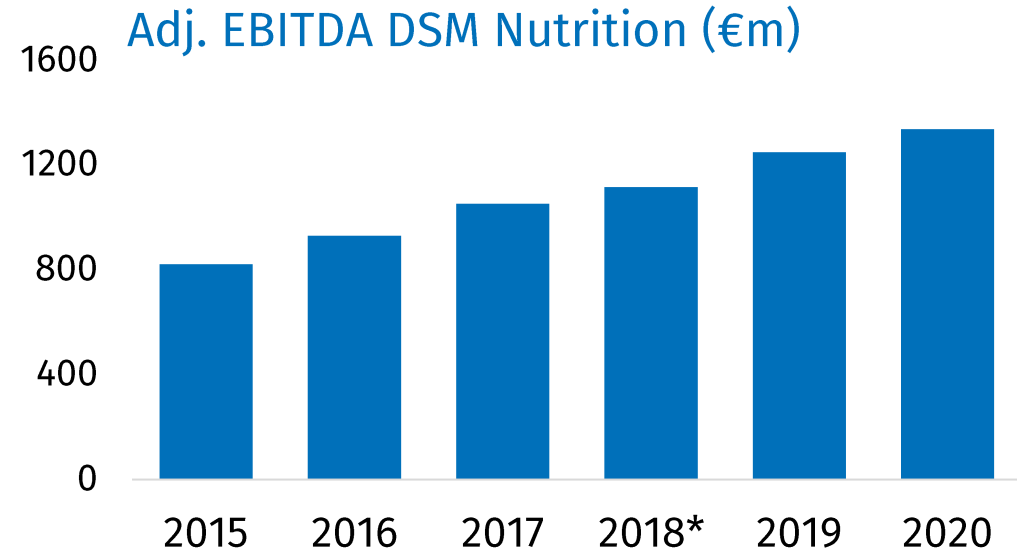
- Net profit of €55m, Adj. net profit of €178m
- Adjusted net operating free cash flow of €316m, +26% compared to Q4 2019

\* Continuing Operations



# Outlook 2021

- DSM expects to deliver an Adjusted EBITDA increase in Nutrition **at the upper end of its mid-term strategic ambition of high single digit growth**
- Together with continued recovery in Materials, DSM expects an **Adjusted EBITDA growth rate for the Group moving into double digits**, with a **continued good Adjusted Net Operating Free Cash Flow**



\* Underlying business

# Nutrition





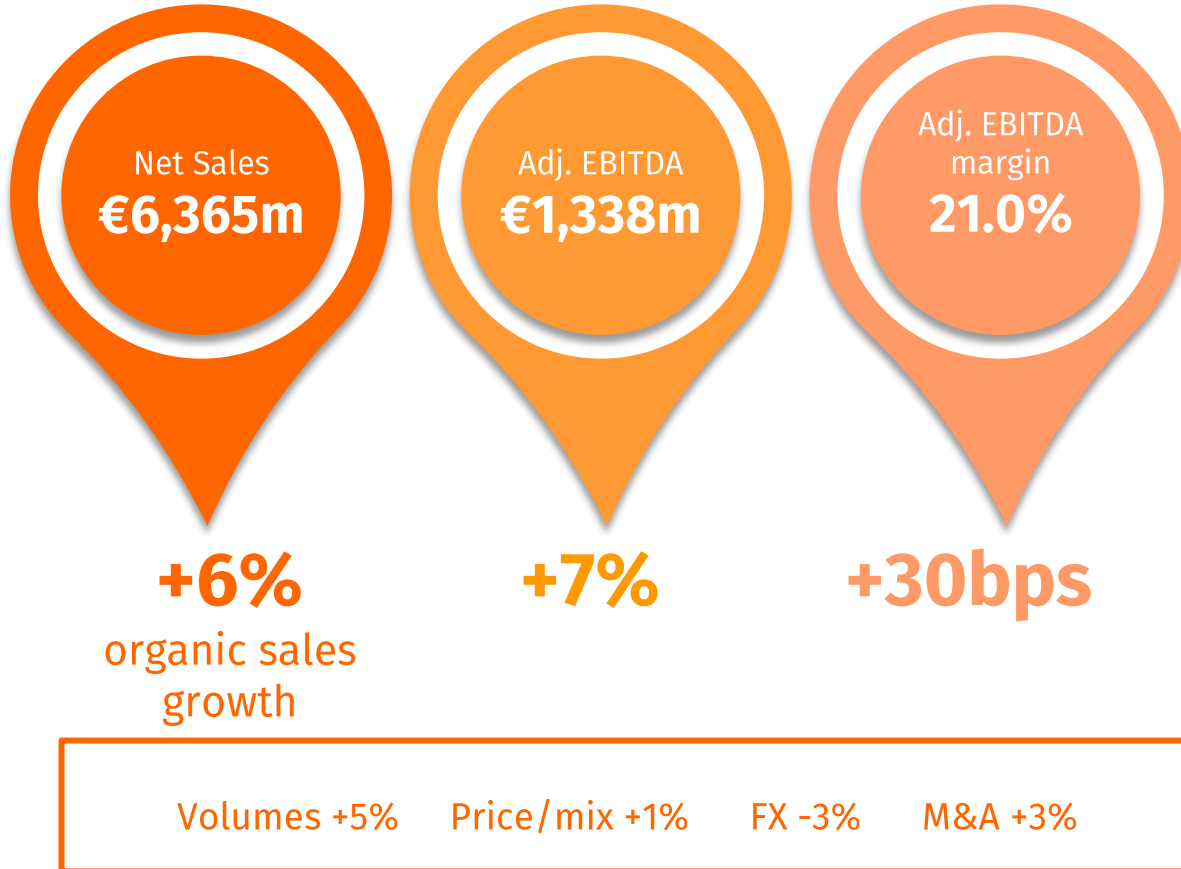
# Nutrition | progress in 2020

- Completing a change program ('Fit for Growth')
  - ✓ Positioned DSM closer to its customers
  - ✓ Further reducing internal costs and complexities
- Expanding portfolio of specialty nutrition activities through 3 acquisitions for a combined outlay of around €2 billion
  - ✓ CSK in Food Specialties
  - ✓ Glycom in Early Life Nutrition
  - ✓ Erber in specialty Animal Nutrition & Health
- Advancing in innovation projects including Clean Cow/Bovaer®, Avansya, Veramaris
- Expanding innovation pipeline with new programs such as Ampli-D and CanolaPRO
- Refocusing innovation approach centered around 4 growth platforms:
  - ✓ Precision, Prevention, Proteins and Pathways
- Adding new opportunities in 'Health through Nutrition'
  - ✓ Precision feeding in Animal Nutrition
  - ✓ Personalization in Human Nutrition (new venture called Hologram Sciences)





# Nutrition FY 2020 | Highlights



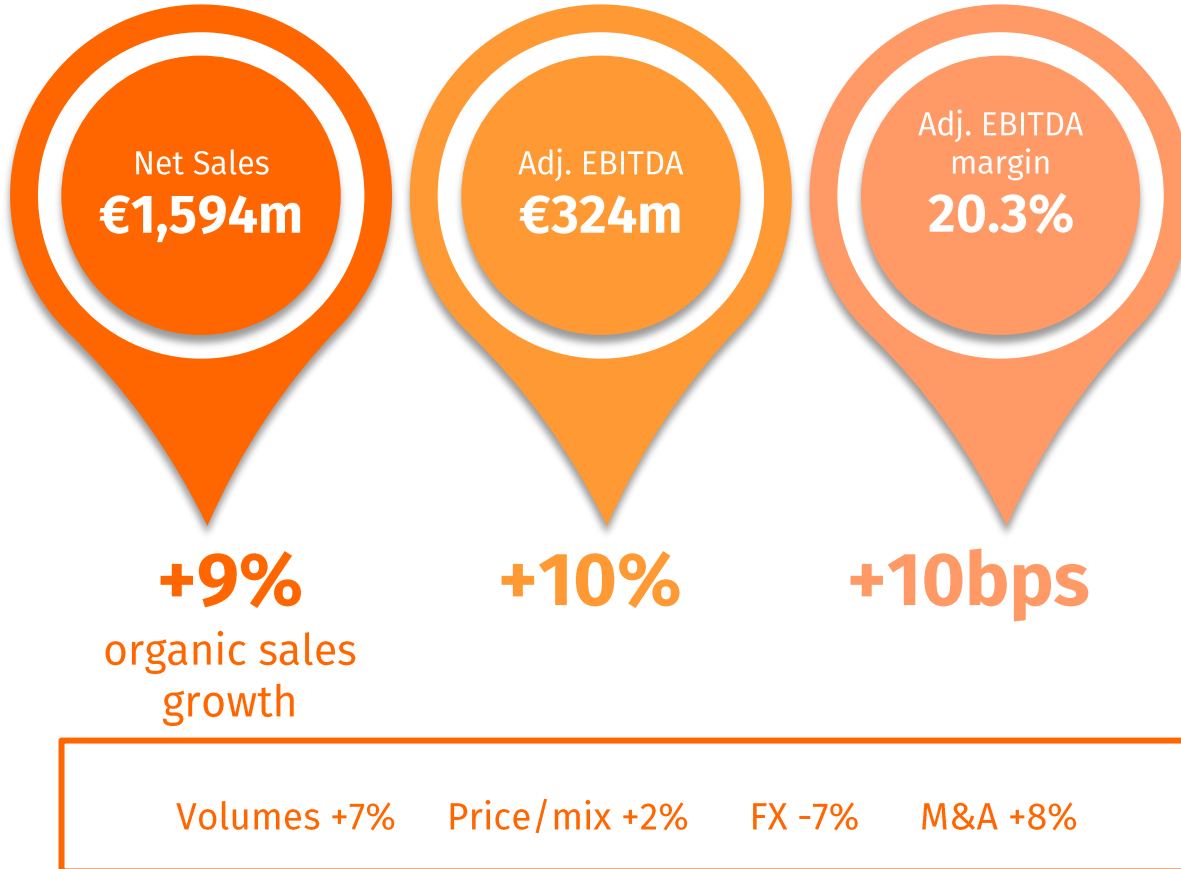
## Full year 2020 Sales

- Good performance in 2020
- Slightly positive impact from COVID-19 overall
- Strong increase in demand for immunity-optimizing products in **Human Nutrition**
- Good demand for packaged food applications in **Food Specialties**
- Good demand growth in **Animal Nutrition**, but COVID-19 caused volatility in sales over the quarters due to stocking-effects at customers
- **Personal Care** was weak due to lower demand for sun care and cosmetics. Demand for detergents and disinfectants was good

## Full year 2020 Adj. EBITDA

- 7% growth in Adj. EBITDA, supported by higher volumes, acquisitions (+4%) and partly offset by negative FX (-4%)
- Adj. EBITDA margin up at 21.0% owing to strong sales in Human Nutrition

# Nutrition Q4 2020 | Highlights



## Q4 2020 sales

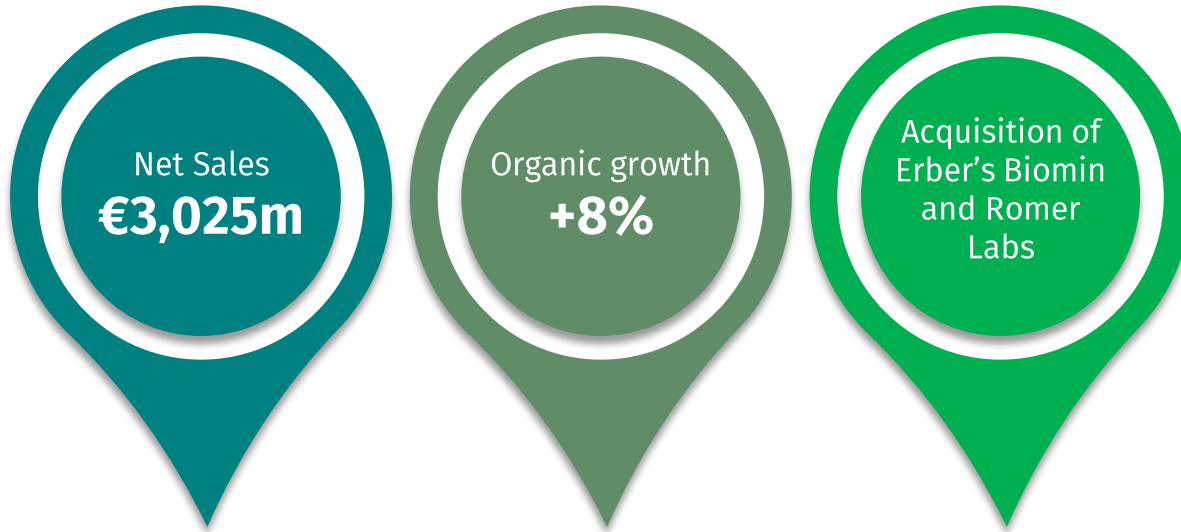
- Continued strong demand in Dietary Supplements and Pharma in Human Nutrition
- Resumption of good demand after destocking of Q2 and Q3 in Animal Nutrition
- Food Specialties had a strong finish to the year with strong demand for beverages and dairy
- Aroma Ingredients continued to perform well, while Personal Care saw some improvement in sun care and cosmetics when compared to previous quarters

## Q4 2020 Adjusted EBITDA

- Up 10%, with the contribution from acquisitions more than compensating the (-6%) negative FX especially from the Brazilian real and US dollar
- Adj. EBITDA margin was broadly stable at 20.3%



# Animal Nutrition FY 2020 | Highlights



**+5%**  
total sales  
growth

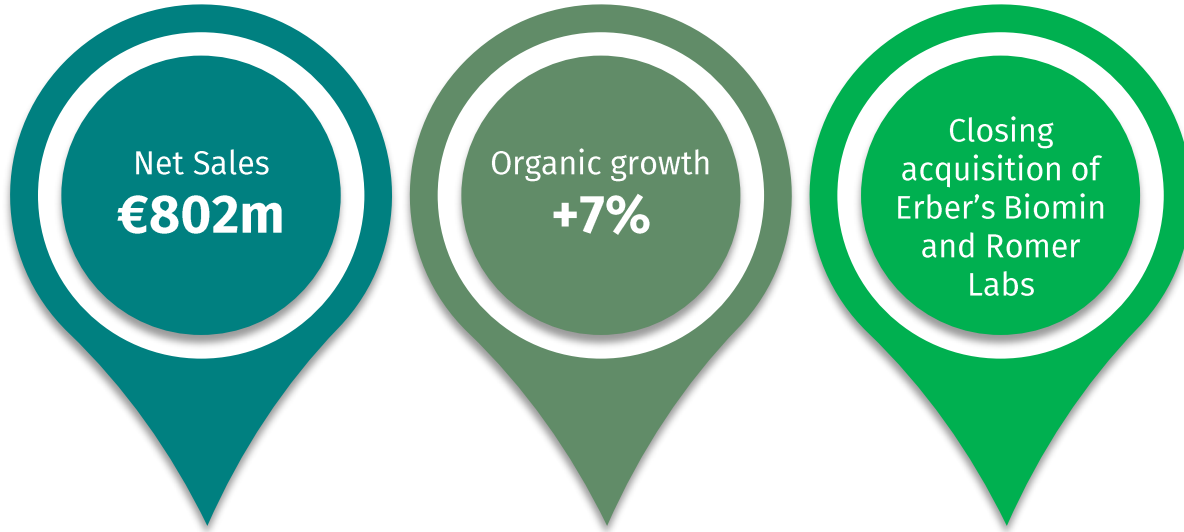


Volumes +4%   Price/mix +4%   FX -6%   M&A +3%

## Full year 2020 organic sales

- Q1 saw a strong COVID-19 accelerated purchasing effect that faded through Q2 and Q3 as customers unwound their inventories. In Q4, volumes were normalized at 5%
- **Poultry** saw good sales growth with higher demand for easy-to-prepare proteins. Growth was partly offset by softening demand in some emerging economies due to a general loss of household income
- **Pork** saw good demand with production in China picking up as the effects of African Swine Fever recede
- While global **beef** and **aquaculture** were in general soft due to significant exposure to food service channels, DSM performed well in these categories
  - ✓ Good sales growth in **ruminants** with strong Brazilian beef exports
  - ✓ Demand for **farmed salmonids** was solid
- **Pet food** saw strong demand

# Animal Nutrition Q4 2020 | Highlights



**+9%**  
total sales  
growth

Volumes +5%   Price/mix +2%   FX -9%   M&A +11%

## Q4 2020 organic sales

- With the destocking completed in Q3, DSM saw strong demand in **poultry** and **swine** and a continued good level of beef exports out of Brazil
- The reported 2% **higher prices** were largely driven by higher pre-mix sales

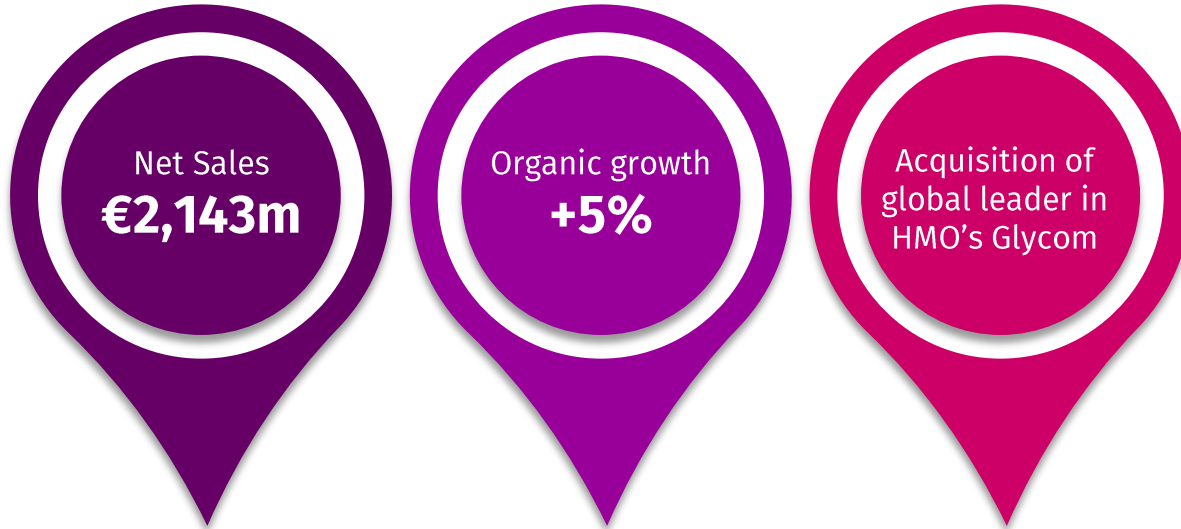


# Animal Nutrition Q4 2020 | Highlights

- Erber was consolidated from 1 October 2020
- Strong contribution in its first quarter within DSM (Q4 2020)
  - ✓ realizing €81 million sales, with a total Adjusted EBITDA of €18 million
- Erber acquisition:
  - ✓ Gives DSM market leadership in **mycotoxin prevention**
  - ✓ Consolidates its position as one of the world's largest and most innovative **suppliers of eubiotics** for animal health
  - ✓ Expands its capabilities in **diagnostic technology** and **innovative testing solutions**



# Human Nutrition FY 2020 | Highlights



**+5%**  
total sales  
growth

Volumes +7%   Price/mix -2%   FX -2%   M&A +2%

## Full year 2020 organic sales

- **Dietary Supplements** and **Pharma** recorded a very strong performance throughout 2020, as COVID-19 drove strong consumer demand for immunity-optimizing products
- **Food & Beverages** performed well with strong demand for packaged food recorded in the first two quarters normalizing in the second half
- **Early Life Nutrition** sales were soft especially due to weak market conditions in China, the biggest market for infant formula
- **Prices** significantly improved
  - ✓ The lower vitamin C price effect faded during the year
  - ✓ Early Life Nutrition saw lower contractual prices in 2020
- **Total full year 2020 sales** were 5%, as the -2% foreign exchange effect fully offset the +2% contribution from the **Glycom acquisition**

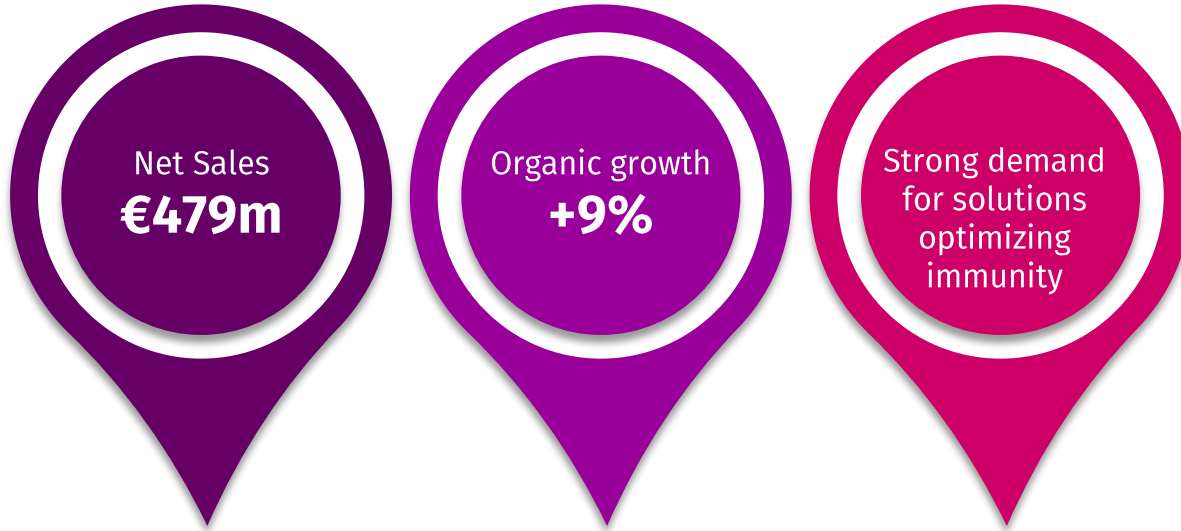


# Human Nutrition FY 2020 | Highlights

- Acquisition of **Glycom**, the world's largest developer and producer of **human milk oligosaccharides (HMOs)**
  - ✓ Consolidated as from 1 April 2020, delivered €43 million sales and Adjusted EBITDA of €21 million (Q2-Q4)
  - ✓ In Q4, Glycom delivered €14 million sales and Adjusted EBITDA of €7 million
  - ✓ Results reflected ongoing soft market conditions in Early Life Nutrition, with COVID-19 also impacting Glycom's development work at customers
- The work on its **second** and **third generation HMOs** continued at pace, with Glycom strengthening its innovation pipeline and reinforcing its industry leadership in early life nutrition
- The exciting potential of cross-innovation outside Early Life Nutrition was highlighted in Q4 2020 through the launch by DSM's i-Health business of a **new Culturelle product** range containing HMOs to support a healthy gut microbiome and helping the management of irritable bowel syndrome (IBS)



# Human Nutrition Q4 2020 | Highlights



**+5%**  
total sales  
growth

Volumes +7%   Price/mix +2%   FX -7%   M&A +3%

## Q4 2020 organic sales

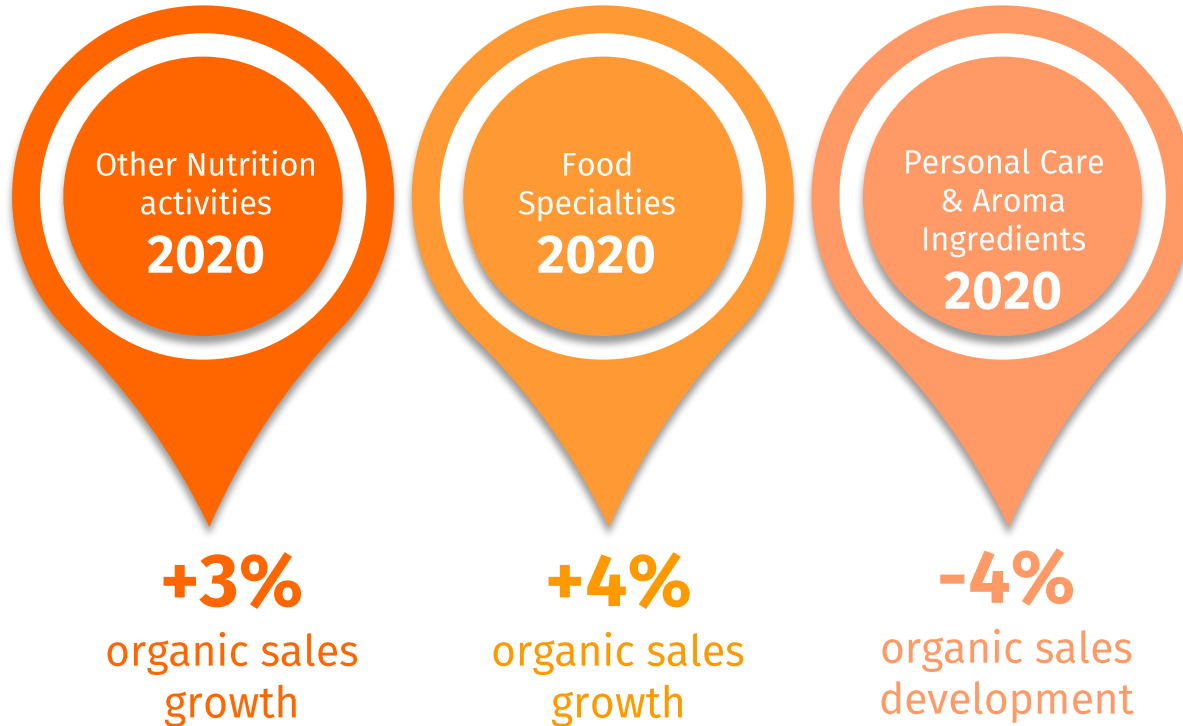
- Strong results in **Dietary Supplements** and **Pharma**
- Performance in **Food & Beverages** was solid
- **Early Life Nutrition** was weak
- **Prices** significantly improved, with a positive +2% effect in Q4
  - ✓ Early Life Nutrition still saw lower contractual prices
  - ✓ Q4 benefitted from lower levels of typical promotional activities in i-Health
- **Total Q4 2020 sales** were below the reported 9% organic growth at +5% due to a significant negative FX impact of -7%, only partly offset by the +3% contribution of Glycom



**DSM sales from  
immunity optimizing  
ingredients are  
already more than 1  
billion euros in 2020**



# Other Nutrition activities FY 2020 | Highlights



## Full year 2020 organic sales

- **DSM's other Nutrition activities** (Food Specialties and Personal Care & Aroma Ingredients) delivered +3% organic growth in 2020
  - ✓ Good performance in Food Specialties and Aroma Ingredients and a weak performance in Personal Care
  - ✓ Strong Q4 with +15% organic growth thanks to strong business conditions at Food Specialties, continued good conditions at Aroma Ingredients and some recovery in Personal Care
- **Food Specialties** delivered a good performance (+4%) with an overall neutral effect from COVID-19 on sales
  - ✓ Demand for savory and dairy was good throughout the year
  - ✓ Demand for hydrocolloids was soft
  - ✓ Q4 saw very strong demand across most product categories, with likely some stocking effects
- **Personal Care & Aroma Ingredients** recorded -4% organic sales development in 2020
  - ✓ Weak demand in sun protection and cosmetics which started to recover in Q4
  - ✓ Sales of Aroma Ingredients were good supported by increased demand for detergents and disinfectants



# Other Nutrition activities FY 2020 | Highlights

- On December 30, 2019 DSM completed the acquisition of specialty dairy solutions provider [Koninklijke CSK Food Enrichment C.V. \("CSK"\)](#)
  - ✓ Highly complementary combination of DSM's dairy business and CSK's business greatly strengthens DSM's ability to serve the needs of dairy industries worldwide
  - ✓ Makes DSM well-placed to address the fast-growing and attractive dairy cultures market
  - ✓ Strengthened Food Specialties' portfolio of taste, texture and bio-preservation solutions for semi-hard cheeses
- CSK recorded a strong performance in 2020, completing the integration ahead of schedule, delivering €69 million of sales and a total Adjusted EBITDA of €16 million, well ahead of the business plan for the initial year
- In Q4, CSK delivered €16 million sales and €4 million Adj. EBITDA





# Materials



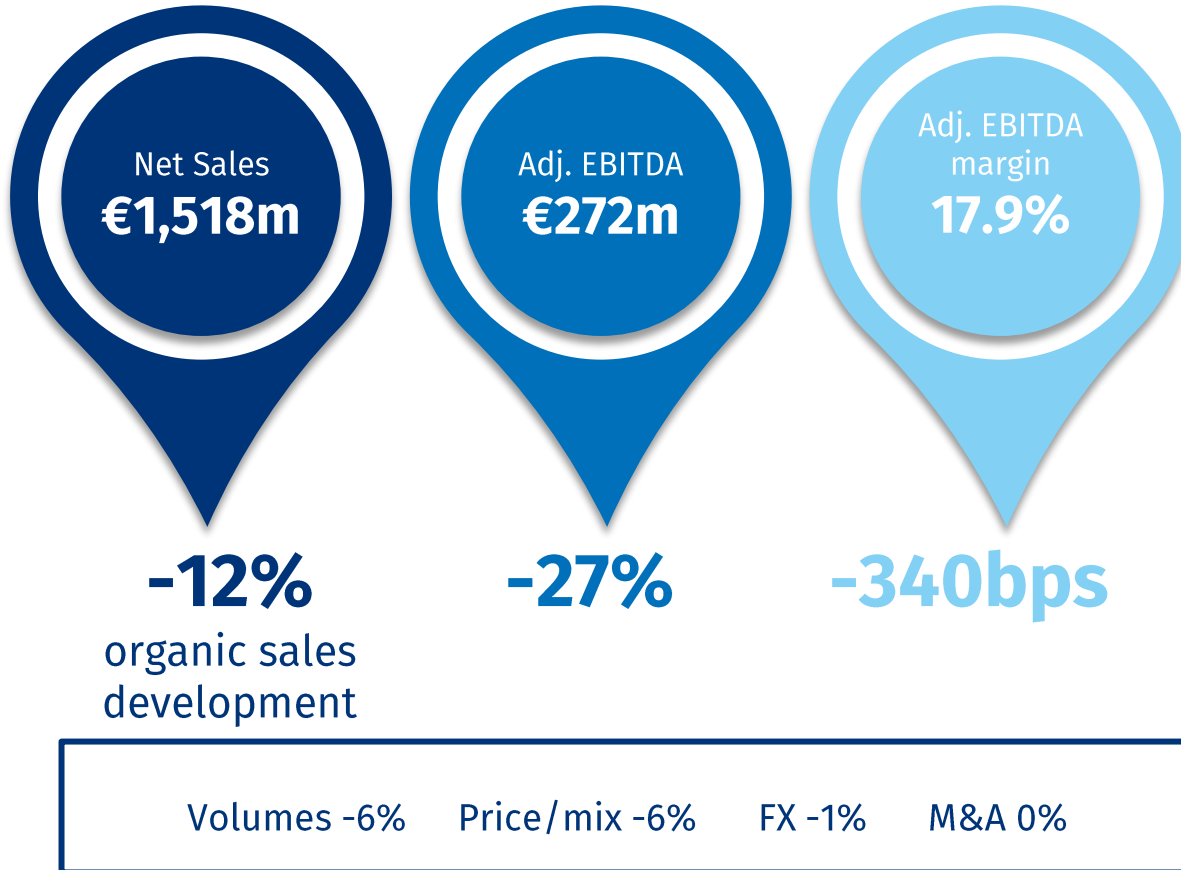
# Materials | Progress in 2020

- In response to the sudden drop in demand at the end of Q1 owing to the pandemic, DSM acted promptly to minimize capex and operating costs
- After the summer a new costs savings program started, part of an ongoing wider structuring initiative to leverage synergies and increase operating agility
- DSM Materials continued to develop innovative solutions for Sustainable Living to create higher-growth, high margin opportunities
- DSM announced an agreement to sell DSM Resins & Functional Materials, including DSM Niaga®, DSM Additive Manufacturing and the coatings activities of DSM Advanced Solar to [Covestro AG](#) for an Equity Value of €1.6 billion
  - ✓ Transaction is expected to close in H1 2021
  - ✓ DSM expects to receive approximately €1.4 billion net in cash
  - ✓ As of Q3 2020, the divested businesses are classified as 'held for sale' and the net result from these discontinued operations is separately reported in the income statement





# Materials FY 2020 | Highlights (continuing operations)



## Full year 2020 sales development

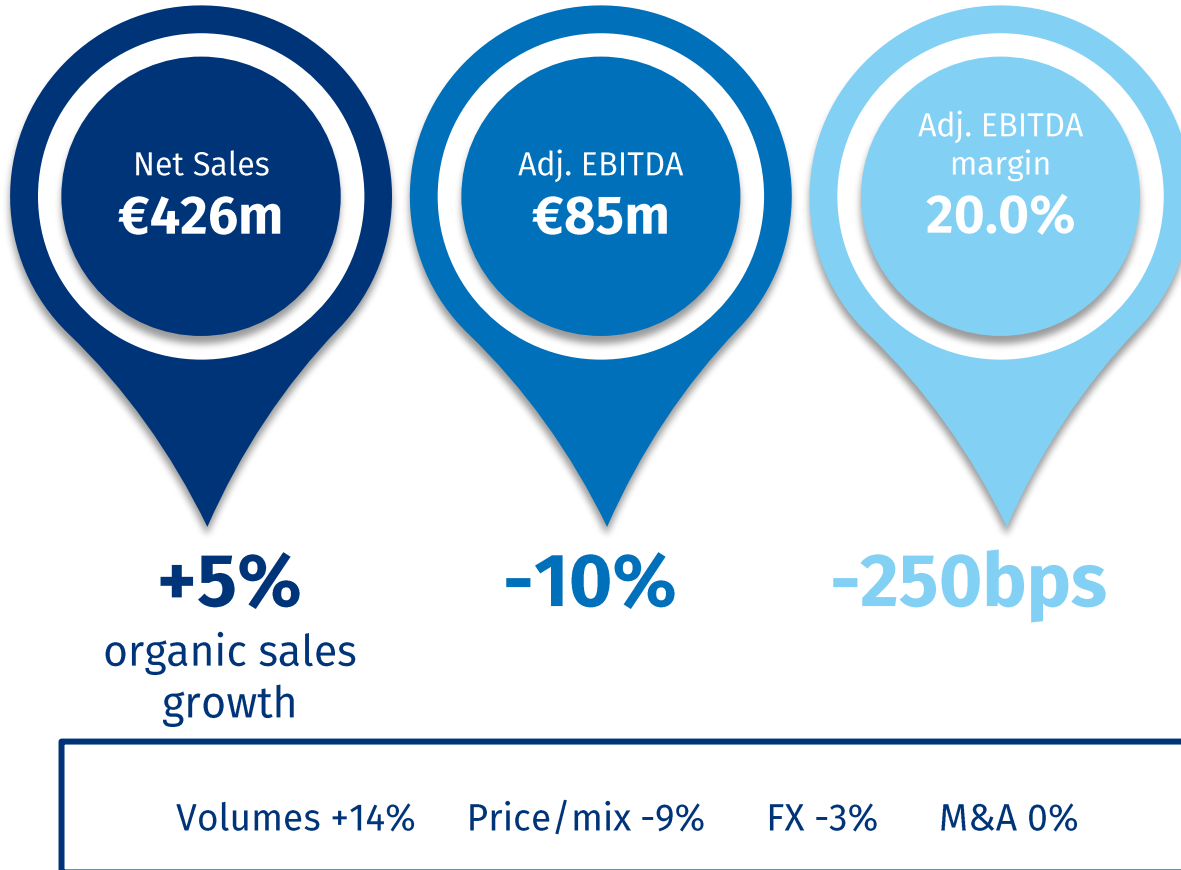
- Performance was significantly impacted by COVID-19
- Demand deteriorated abruptly at the end of Q1. Following a slow recovery over the summer, Materials saw a strong improvement from September onwards, especially in Engineering Materials, directly related to demand for automotive
- Volumes were down -6% in **Engineering Materials**, driven by automotive, and -9% in **Protective Materials**, driven by personal protection
- Prices were down 6% mainly reflecting lower input costs in DSM Engineering Materials

## Full year 2020 Adjusted EBITDA

- 27% Lower compared to previous year driven by a negative operational leverage and particularly lower volumes in high margin specialties which recorded a strong performance in the same period last year
- FX had a small negative impact. The Adj. EBITDA margin was 17.9%



# Materials Q4 2020 | Highlights (continuing operations)



## Q4 2020 sales development

- **Engineering Materials** reported an exceptionally strong quarter with +17% volume growth owing to a strong return in global car builds and stocking through the automotive value chain. Electronics continued to record good sales growth for personal computers and portable devices
- **Protective Materials** reported +6% volume growth. Personal protection activities were still significantly impacted by delays in large orders by local authorities and governments, despite a healthy order book
- **Prices** were down 9%, reflecting lower input costs in Engineering Materials and a negative mix in DSM Protective Materials. At the end of the quarter, raw material cost started to increase leading to price increase initiatives in DSM Engineering Materials

## Q4 2020 Adjusted EBITDA

- Down 10% due to weak performance in personal protection compared to the strong performance in Q4 2019
- The Adj. EBITDA margin was 20.0% showing good recovery versus Q2 (12.6%) and Q3 (17.1%)

# Innovation Center | Highlights (continuing operations)



In line with 2019  
(€184m)



below 2019  
(€26m)



In line with 2019  
(€51m)

- In 2020, the **Innovation Center** continued to support the creation of innovation-based opportunities for future earnings growth throughout DSM
- **Full year sales** were in line with the previous year. **DSM Biomedical** delivered a solid performance even with the postponement of elective surgeries due to COVID-19
- **Full year Adjusted EBITDA** was below the prior year with a solid performance of Biomedical, offset by lower results in the back sheet business of Advanced Solar
- **Q4 2020 sales** were in line with last year with **Q4 2020 adj. EBITDA** of €5 million, versus €7 million same period prior year
- In Q4, DSM recorded a **write down** of €56 million on its solar assets following the sale to Covestro. This write down is expected not to impact the total net gain of about €500 million on the divestment of the Resins & Functional Materials businesses
- Additionally, DSM recorded a €56 million **impairment** in its bio-based products and services activities, owing to an expected subdued market for biofuels

# Strong Cash generation & reduction Working Capital in 2020



**+18%**

Adj. Net Operating FCF growth



**350bps**

improvement vs end of 2019



**Up**

(€1,144m end of 2019)

- **Adjusted Net Operating Free Cash Flow\*** is up 18% versus 2019 on the back of good working capital management throughout the year. With this strong performance, both in 2019 and 2020, DSM is well ahead of its strategic target of an average annual increase of 10%
- **Operating Working Capital and Total Working Capital:** The strong collection efforts and good Q4 sales resulted in a 3% improvement in Operating Working Capital and Working Capital at the end of the year
- **Net debt** increased in 2020 by €1,433m, from €1,144m at year-end 2019 to €2,577m. The main contributors to this increase were the acquisition of Glycom and Erber
- **2020 ROCE** from continuing operations was 10.4%, versus 12.3% in 2019. When excluding M&A, 2020 ROCE is 12.2%

\* Continuing Operations



An aerial photograph of a winding asphalt road that curves through a dense, lush green forest. The road is light gray and has white lane markings. The forest is composed of various types of trees, creating a rich, textured green canopy. The lighting is bright, suggesting a sunny day, and the overall scene conveys a sense of nature and tranquility.

**Purpose led | Performance driven**

**DSM fully committed to  
its *sustainability* ambitions**



# Full year 2020 sustainability highlights

DSM well on track achieving its sustainability ambitions

2021/2030 ambition



2021/2030 ambition



# Introducing Team DSM: Being the best we can be

*Purpose-driven partnership with pro-cycling Team DSM*





# Summary Key Financials



# Key financials (continuing operations)

in € million	2020	2019	% Change	Q4 2020	Q4 2019	% Change
<b>Sales</b>	<b>8,106</b>	<b>7,998</b>	<b>1%</b>	<b>2,080</b>	<b>1,934</b>	<b>8%</b>
<b>Adj. EBITDA</b>	<b>1,534</b>	<b>1,551</b>	<b>-1%</b>	<b>390</b>	<b>373</b>	<b>5%</b>
<b>Adj. EBITDA margin</b>	<b>18.9%</b>	<b>19.4%</b>		<b>18.8%</b>	<b>19.3%</b>	
EBITDA	1,368	1,457		348	324	
ROCE (%)	10.4%	12.3%				
Effective tax rate <sup>1</sup>	18.5%	19.1%				
Adjusted Result - continuing operations <sup>2</sup>	711	752	-5%	167	163	2%
Result - continuing operations <sup>2</sup>	457	689	-34%	50	116	-57%
Adj. net EPS	4.12	4.21	-2%	0.98	0.92	7%
Net EPS	2.64	3.85		0.30	0.65	
Operating Cash Flow	1,360	1,265	8%	454	400	14%
Adj. Net Operating Free Cash Flow	872	736	18%	279	230	21%

<sup>1</sup> Over Adjusted taxable result

<sup>2</sup> Including result attributed to non-controlling interest

# FY 2020 and Q4 2020 Sales & Adj. EBITDA (margin) – (continuing operations)

in € million	Full year 2020	Full year 2019	% Change	Volume	Price/mix	FX	Other
<b>Sales</b>	<b>8,106</b>	<b>7,998</b>	<b>1%</b>	<b>3%</b>	<b>-1%</b>	<b>-3%</b>	<b>2%</b>
Nutrition	6,365	6,028	6%	5%	1%	-3%	3%
Materials	1,518	1,744	-13%	-6%	-6%	-1%	0%
<b>Adj. EBITDA</b>	<b>1,534</b>	<b>1,551</b>	<b>-1%</b>				
Nutrition	1,338	1,250	7%				
Materials	272	372	-27%				
Innovation	21	26					
Corporate	-97	-97					
EBITDA	1,368	1,457					
<b>Adj. EBITDA margin</b>	<b>18.9%</b>	<b>19.4%</b>					

in € million	Q4 2020	Q4 2019	% Change	Volume	Price/mix	FX	Other
<b>Sales</b>	<b>2,080</b>	<b>1,934</b>	<b>8%</b>	<b>9%</b>	<b>-1%</b>	<b>-6%</b>	<b>6%</b>
Nutrition	1,594	1,455	10%	7%	2%	-7%	8%
Materials	426	417	2%	14%	-9%	-3%	0%
<b>Adj. EBITDA</b>	<b>390</b>	<b>373</b>	<b>5%</b>				
Nutrition	324	294	10%				
Materials	85	94	-10%				
Innovation	5	7					
Corporate	-24	-22					
EBITDA	348	324					
<b>Adj. EBITDA margin</b>	<b>18.8%</b>	<b>19.3%</b>					

Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects results from usual operations

# Financial details by cluster

## DSM Nutrition

in € million	2020	2019	% Change	Q4 2020	Q4 2019	% change
<b>Sales</b>	<b>6,365</b>	<b>6,028</b>	<b>6%</b>	<b>1,594</b>	<b>1,455</b>	<b>10%</b>
<b>Adj. EBITDA</b>	<b>1,338</b>	<b>1,250</b>	<b>7%</b>	<b>324</b>	<b>294</b>	<b>10%</b>
<b>Adj. EBITDA margin (%)</b>	<b>21.0%</b>	<b>20.7%</b>		<b>20.3%</b>	<b>20.2%</b>	
Adj. EBIT	919	881	4%	202	194	4%
Capital Employed	8,308	6,731				
Average Capital Employed	7,315	6,347				
ROCE (%)	12.6%	13.9%				
Total Working Capital	1,565	1,644				
Average Total Working Capital as % of Sales	27.0%	27.8%				

## DSM Materials (continuing operations)

in € million	2020	2019	% Change	Q4 2020	Q4 2019	% change
<b>Sales</b>	<b>1,518</b>	<b>1,744</b>	<b>-13%</b>	<b>426</b>	<b>417</b>	<b>2%</b>
<b>Adjusted EBITDA</b>	<b>272</b>	<b>372</b>	<b>-27%</b>	<b>85</b>	<b>94</b>	<b>-10%</b>
<b>Adjusted EBITDA margin (%)</b>	<b>17.9%</b>	<b>21.3%</b>		<b>20.0%</b>	<b>22.5%</b>	
Adjusted EBIT	168	270	-38%	56	66	-15%
Capital Employed	953	1,060				
Average Capital Employed	1,026	1,079				
ROCE (%)	16.4%	25.0%				
Total Working Capital	215	250				
Average Total Working Capital as % of Sales	17.1%	17.1%				



# Financial details

## Innovation Center (continuing operations)

in € million	2020	2019	Q4 2020	Q4 2019
<b>Sales</b>	<b>184</b>	<b>184</b>	<b>51</b>	<b>51</b>
<b>Adjusted EBITDA</b>	<b>21</b>	<b>26</b>	<b>5</b>	<b>7</b>
<b>Adjusted EBIT</b>	<b>-17</b>	<b>-12</b>	<b>-4</b>	<b>-5</b>
Capital Employed	436	599		

## Corporate Activities

in € million	2020	2019	Q4 2020	Q4 2019
<b>Sales</b>	<b>39</b>	<b>42</b>	<b>9</b>	<b>11</b>
<b>Adjusted EBITDA</b>	<b>-97</b>	<b>-97</b>	<b>-24</b>	<b>-22</b>
<b>Adjusted EBIT</b>	<b>-141</b>	<b>-150</b>	<b>-35</b>	<b>-33</b>

## Discontinued Operations

in € million	2020	2019	Q4 2020	Q4 2019
<b>Sales</b>	<b>932</b>	<b>1,012</b>	<b>232</b>	<b>218</b>
<b>Adjusted EBITDA</b>	<b>116</b>	<b>133</b>	<b>19</b>	<b>23</b>
<b>Adjusted EBIT</b>	<b>82</b>	<b>86</b>	<b>19</b>	<b>9</b>

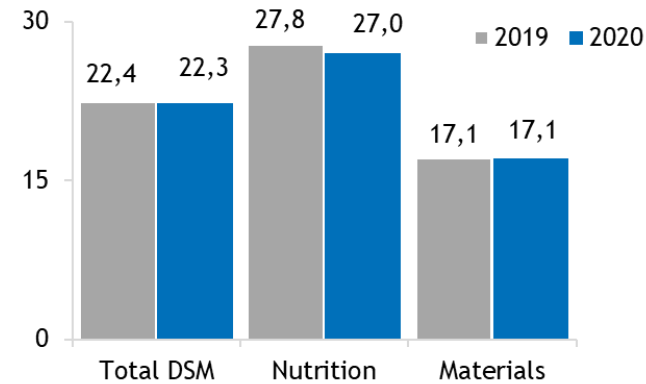
- Discontinued Operations captures the result of DSM's Resins & Functional Materials businesses, which were previously included in the Materials and Innovation segment
- Resins & Functional Materials saw continued good recovery of demand throughout the fourth quarter with volume growth at 21%. Adjusted EBITDA amounted to €19 million in Q4 2020 compared to €23 million in Q4 2019

# Cash Flow, Working Capital and ROCE%

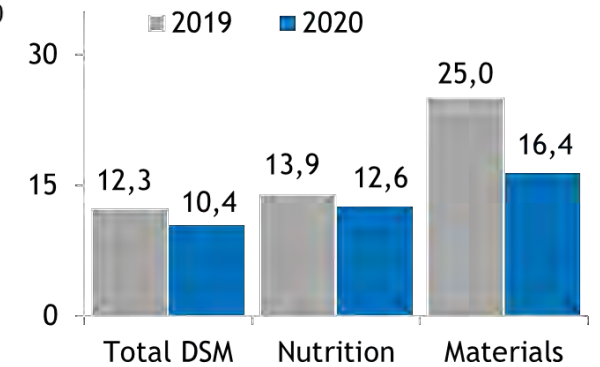
## Condensed Cash Flow statement and (Operating) Working Capital

in € million	2020	2019	Q4 2020	Q4 2019
Cash provided by Operating Activities	1,360	1,265	454	400
Cash from APM adjustments	86	53	26	20
Cash from capital expenditures	-557	-568	-198	-184
Cash from drawing rights	-17	-14	-3	-6
Adjusted Net Operating Free Cash Flow	872	736	279	230
Operating Working Capital	2,052	2,137		
Average Operating Working Capital as % of Sales	27.3%	27.9%		
Operating Working Capital as % of Sales - end of period	24.6%	27.6%		
Total Working Capital	1,580	1,743		
Average Total Working Capital as % of Sales	22.3%	22.4%		
Total Working Capital as % of Sales - end of period	19.0%	22.5%		

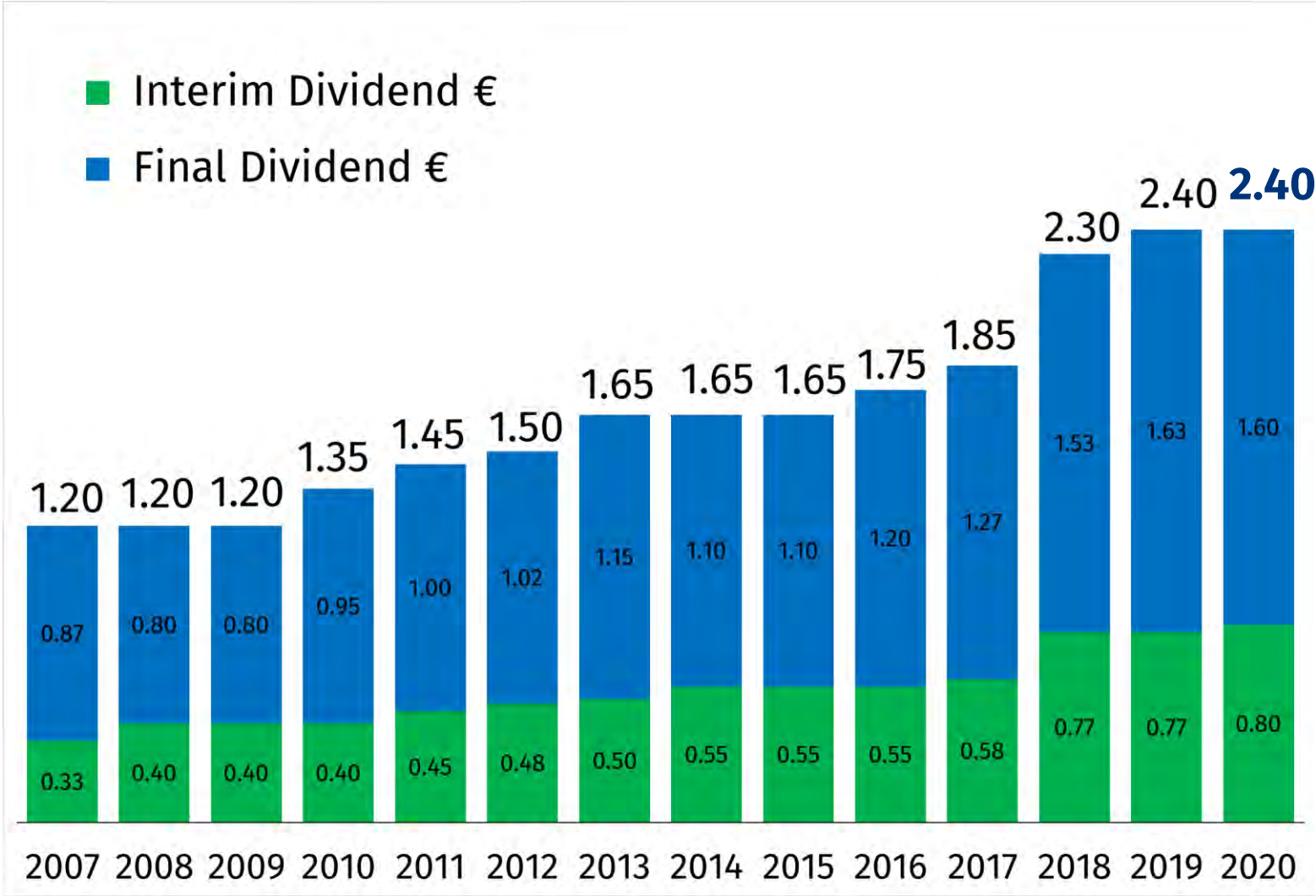
## Average Total Working Capital as % of Sales



## ROCE (%)



# Proposed Total Dividend for 2020: stable at €2.40 per ordinary share





# The strategic journey continues

Consumer press campaign:

Articles, tv-shows, radio interviews  
reaching an audience of

**+100M people**



World Recourses Institute:  
"one of the 10  
breakthrough  
technologies that  
can help feed the  
world without  
destroying it"

California =  
largest dairy  
state of US

-12% greenhouse gas  
footprint for dairy  
~0.5% total GHG  
emissions in California

DSM sales from  
immunity optimizing  
ingredients are  
already more than 1  
billion euros in 2020

NUTRITION • HEALTH • SUSTAINABLE LIVING

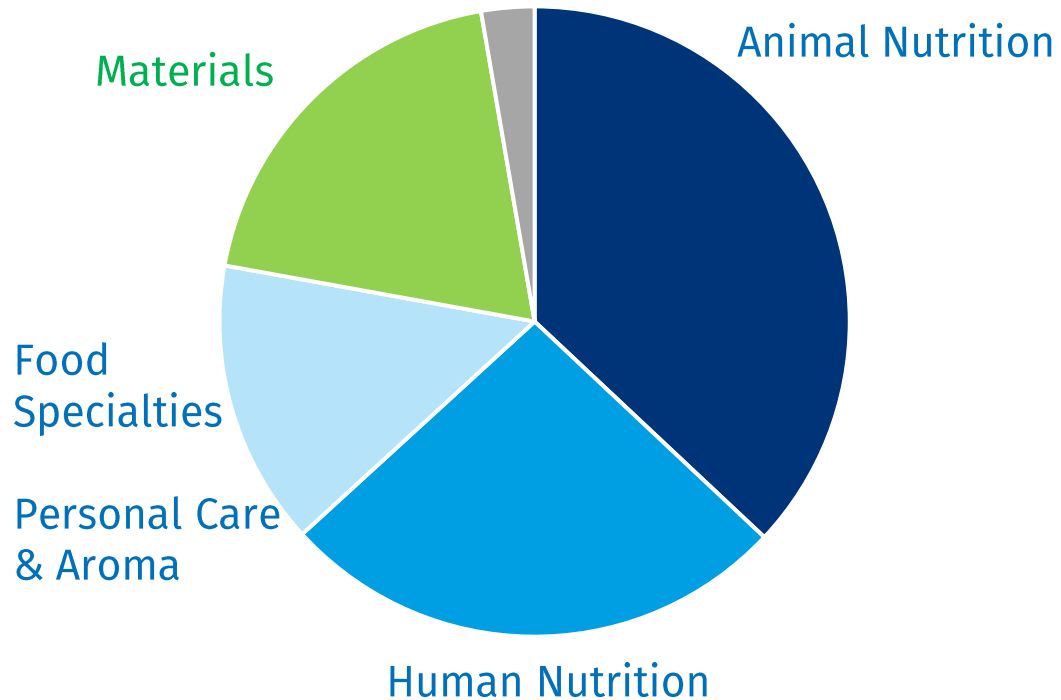


**DSM**

BRIGHT SCIENCE. BRIGHTER LIVING.



# Royal DSM @ a glance\* (2020)

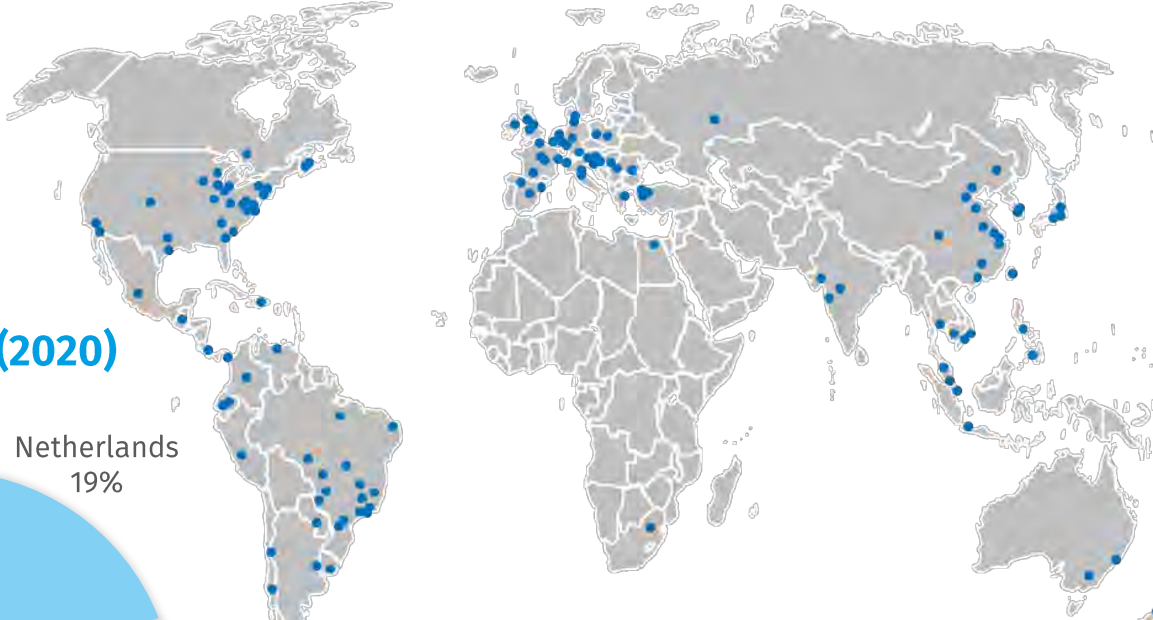


- History: Founded in 1902 (Netherlands)
- Sales: €8.1bn Sales, >80% in Nutrition
- Global: ~ 35% of sales to the Americas  
~ 35% of sales to Europe  
~ 30% of sales to Asia
- Workforce: ~ 21,000 employees
- Innovation: ~ 20% of sales (avg. last 5 years)
- Sustainability: ESG leader in MSCI, Sustainalytics

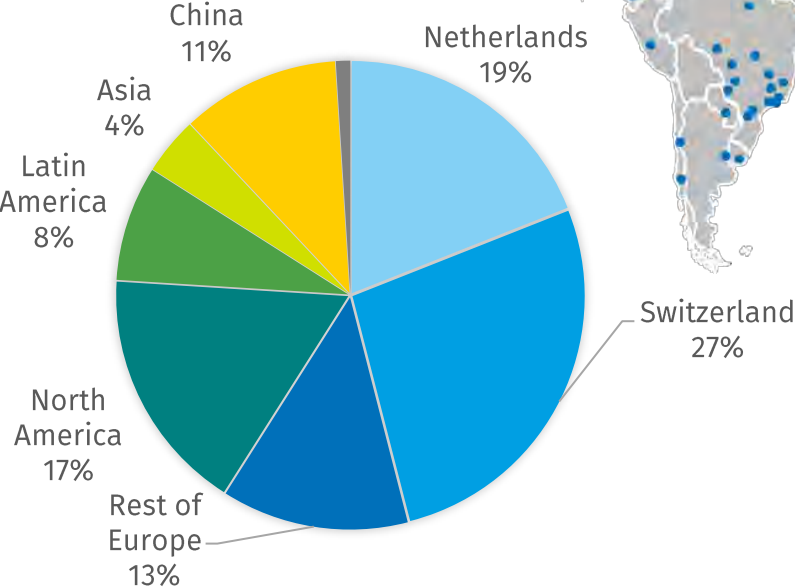
\*continuing operations only

# DSM's global presence\*

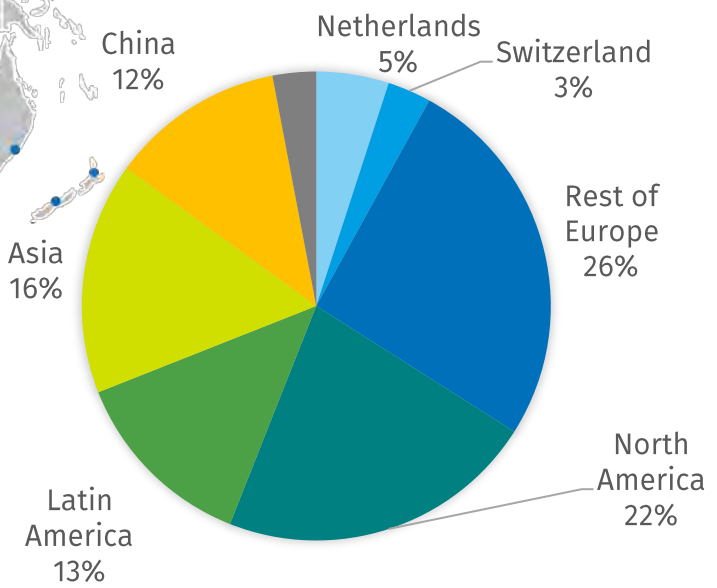
*Well balanced across the globe*



**Sales by Origin (2020)**



**Sales by Destination (2020)**



\*continuing operations only



# DSM's Strategy - Growth & Value

*Our Purpose led, Performance driven strategy stands firm*

Our competences and purpose...



Our key competences + addressing megatrends and the UN SDGs:



+

Mega trends

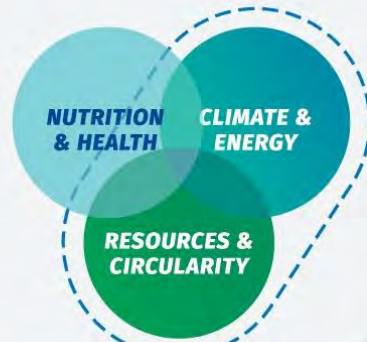
+



provide growth opportunities in our focus domains...



a science-based company active in Nutrition, Health and Sustainable Living:



SUSTAINABLE LIVING

creating a growth company...



Company growth



with targets that underpin our mission.

Our 2019–2021 targets:

High single-digit % annual increase in Adjusted EBITDA

~10% average annual increase in Adjusted net operating free cash flow

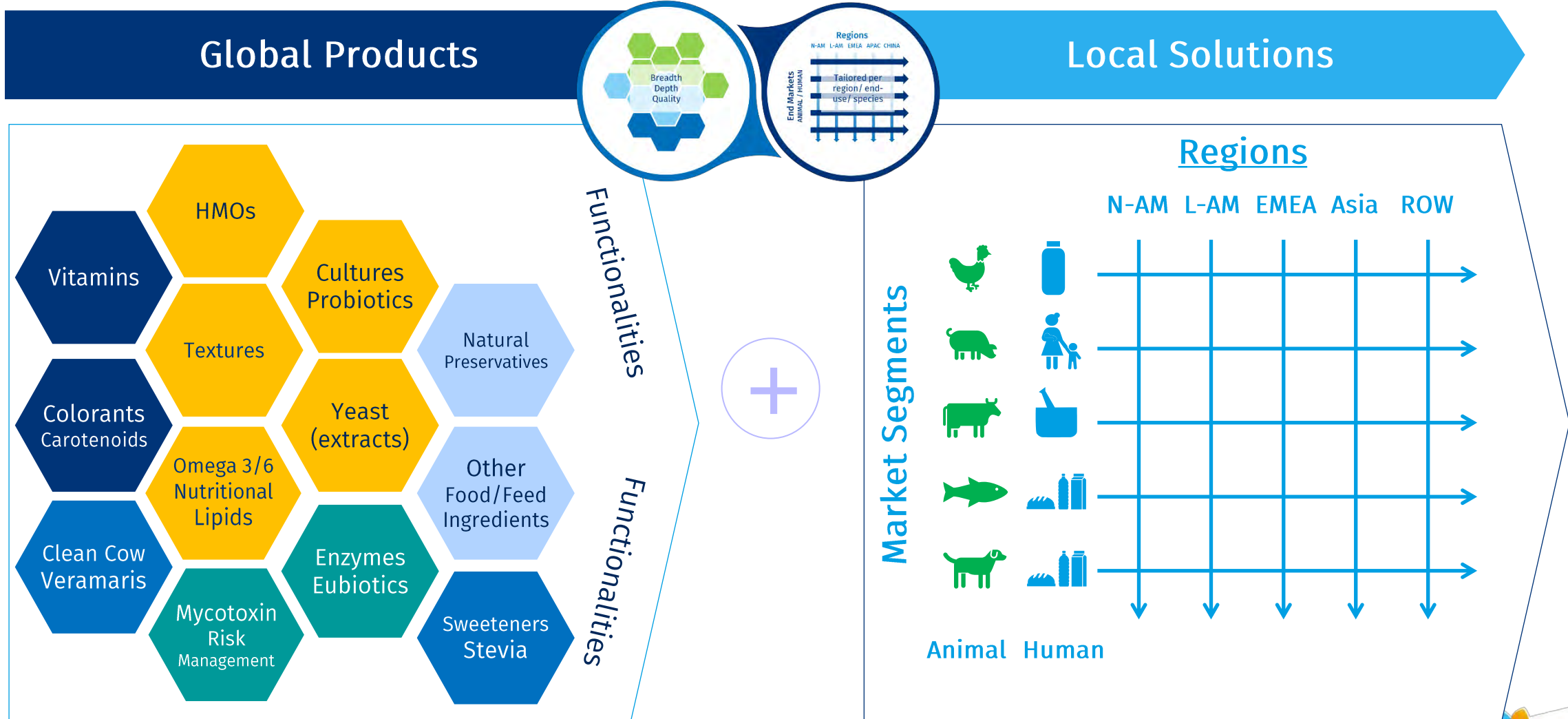
+

Value-creating M&A

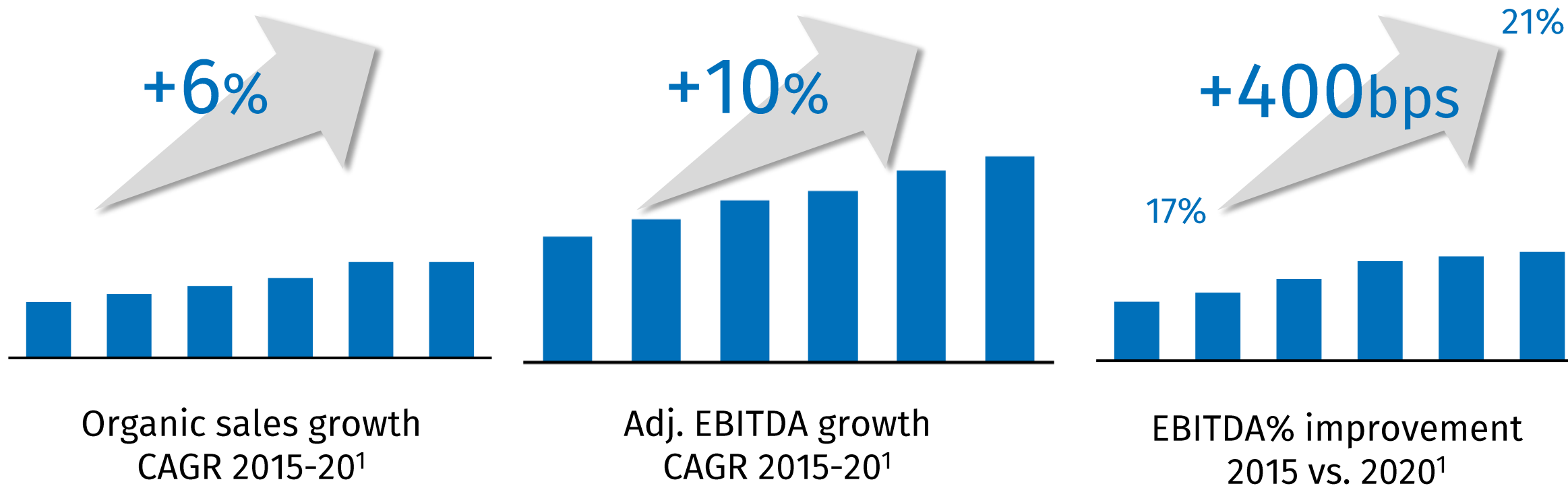


# DSM's unique and successful business model in Nutrition

Broad, global portfolio in nutritional ingredients & local solutions



# We have built a unique & successful Nutrition business

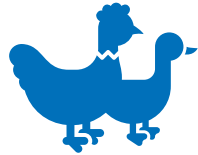


<sup>1</sup> Underlying business

# Drivers Animal Nutrition

Global population growth & sustainability drive mid-single digit growth

Sales  
(DSM €3.5bn  
incl Erber)



Poultry  
45%



Swine  
20%



Ruminants  
20%



Aqua  
10%



Pet  
5%

Growing Population

Ensure enough food for everyone within planetary boundaries

7 Bn  
(2011)



9.7 Bn  
(2050)





# Drivers Human Nutrition (incl Food Specialties and PCA)

Health solutions & end-market focus driving mid-single digit growth



**Early Life Nutrition**

€0.5 Bn



**Food & Beverage**

€0.9 Bn



**Dietary Supplements**

€0.8 Bn



**Pharma / Medical Nutrition**

€0.3 Bn



**Personal Care & Aroma**

€0.5 Bn

Sales  
(€3 Bn)

**KSF**

Quality

Application  
technology

Nutritional  
science

Regulatory

Consumer  
concept

**Innovation  
space**

Mothers' milk as  
gold standard

Taste, texture &  
health

Health benefits,  
e.g. immunity

Supporting disease  
treatment

Skin  
health



# Acquisitions and innovations strengthen our value propositions

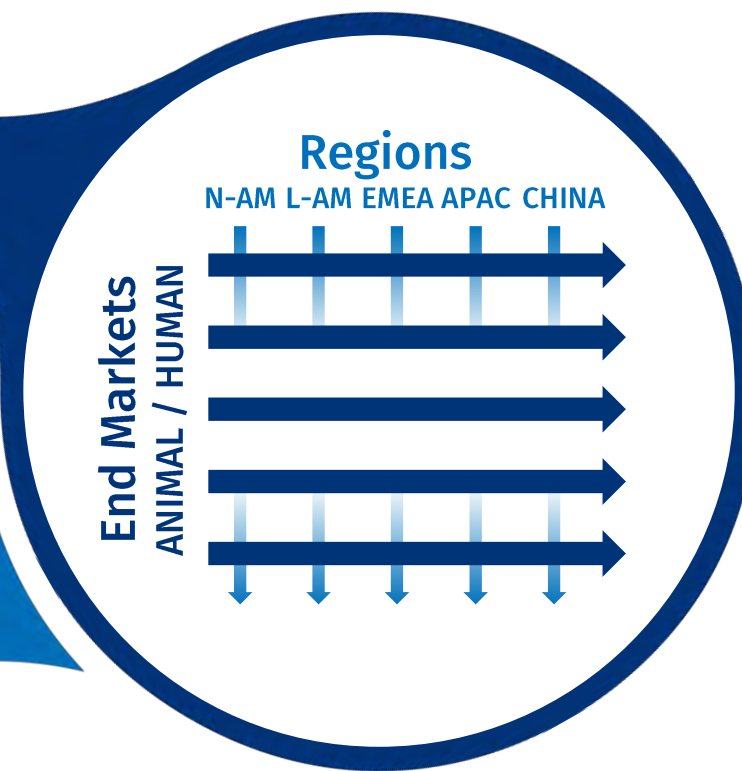
## Acquisitions



## Global Products



## Local Solutions



## Innovation projects



# Health through Nutrition – developments in science & technology opening up exciting new opportunities in Nutrition

## Trends and societal challenges



**Consumer**



**Society**



**Environment**

## Lifesciences & technology breakthroughs



**Biotechnology  
breakthroughs**



**Data & Digital**



**Precision &  
Personalization**

**Market opportunity for solutions that offer  
Health through Nutrition**

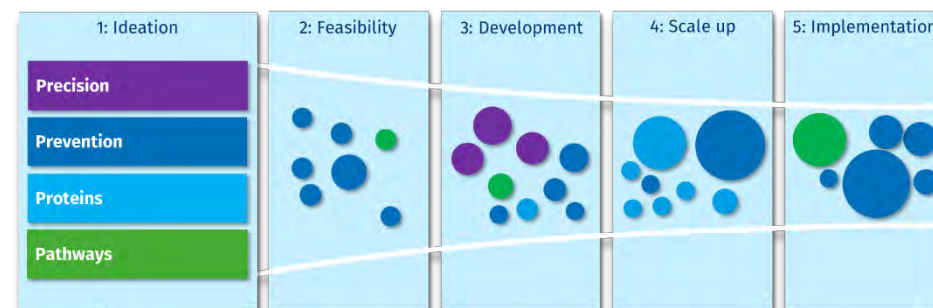
**Science & technology enabling  
Unprecedented Precision**



# Growth platforms support our innovation

*Providing focus to our deep innovation pipeline*

<p><b>Precision</b> <i>Digitally enabled business models</i></p>	<ul style="list-style-type: none"> <li>Personalized Nutrition</li> <li>Animal Precision Nutrition</li> </ul>
<p><b>Prevention</b> <i>Prevent health issues, boost immunity</i> <i>Healthy solutions provided by nature</i></p>	<ul style="list-style-type: none"> <li>Healthy Gut</li> <li>Immunity</li> <li>Sugar Reduction</li> <li>Cultures Powerhouse</li> <li>Pharmaceutical Nutrition</li> <li>Personal Care</li> <li>Animal Gut Health</li> </ul>
<p><b>Proteins</b> <i>Driving adoption of sustainable proteins to feed the population</i></p>	<ul style="list-style-type: none"> <li>Sustainable Food Proteins</li> <li>Low-footprint Feed Proteins</li> <li>Animal Emission Reduction</li> </ul>
<p><b>Pathways</b> <i>Sustainable (biotech-based) ingredients</i></p>	<ul style="list-style-type: none"> <li>Bio-based Vitamins &amp; Carotenoids</li> <li>Sustainable Lipids</li> </ul>



# Continuing to advance our innovation projects

While expanding its innovation pipeline with new programs

## Bovaer®



- ✓ ~14.5% of all Greenhouse Gas emissions comes from livestock
- ✓ DSM developed feed supplement reducing methane emission of cows with ~30%

12 Greenhouse Gas emissions  
13 Greenhouse Gas emissions



## Veramaris



EPA  
DHA

- ✓ DSM's Veramaris® joint venture with Evonik: Algae-based technology, producing EPA & DHA Omega-3 for fish feed
- ✓ Replacing fish oil from wild caught fish, conserves natural biodiversity of our oceans

2 Greenhouse Gas emissions  
3 Greenhouse Gas emissions  
12 Greenhouse Gas emissions  
14 Greenhouse Gas emissions




## AVANSYA

3 Greenhouse Gas emissions  
12 Greenhouse Gas emissions



## Balancius®



- ✓ Alliance with Novozymes since 1998
- ✓ Balancius™: feed enzyme improving gut health, enabling removal of antibiotics from animal feed

UNIQUE MODE OF ACTION

2 Greenhouse Gas emissions  
3 Greenhouse Gas emissions  
12 Greenhouse Gas emissions




## ampli-D

### IMMUNITY BOOST

FASTEST ABSORPTION OF VITAMIN D WITH IMMUNITY TARGETED INGREDIENTS

2 Greenhouse Gas emissions  
3 Greenhouse Gas emissions



## We are uniquely positioned to create the most value for our customers



- Enzymes, vitamins, minerals, lipids
- Taste: yeast extracts & process flavors
- Texture: hydrocolloids & CanolaPRO™
- Health: vitamins, minerals, lipids, protein

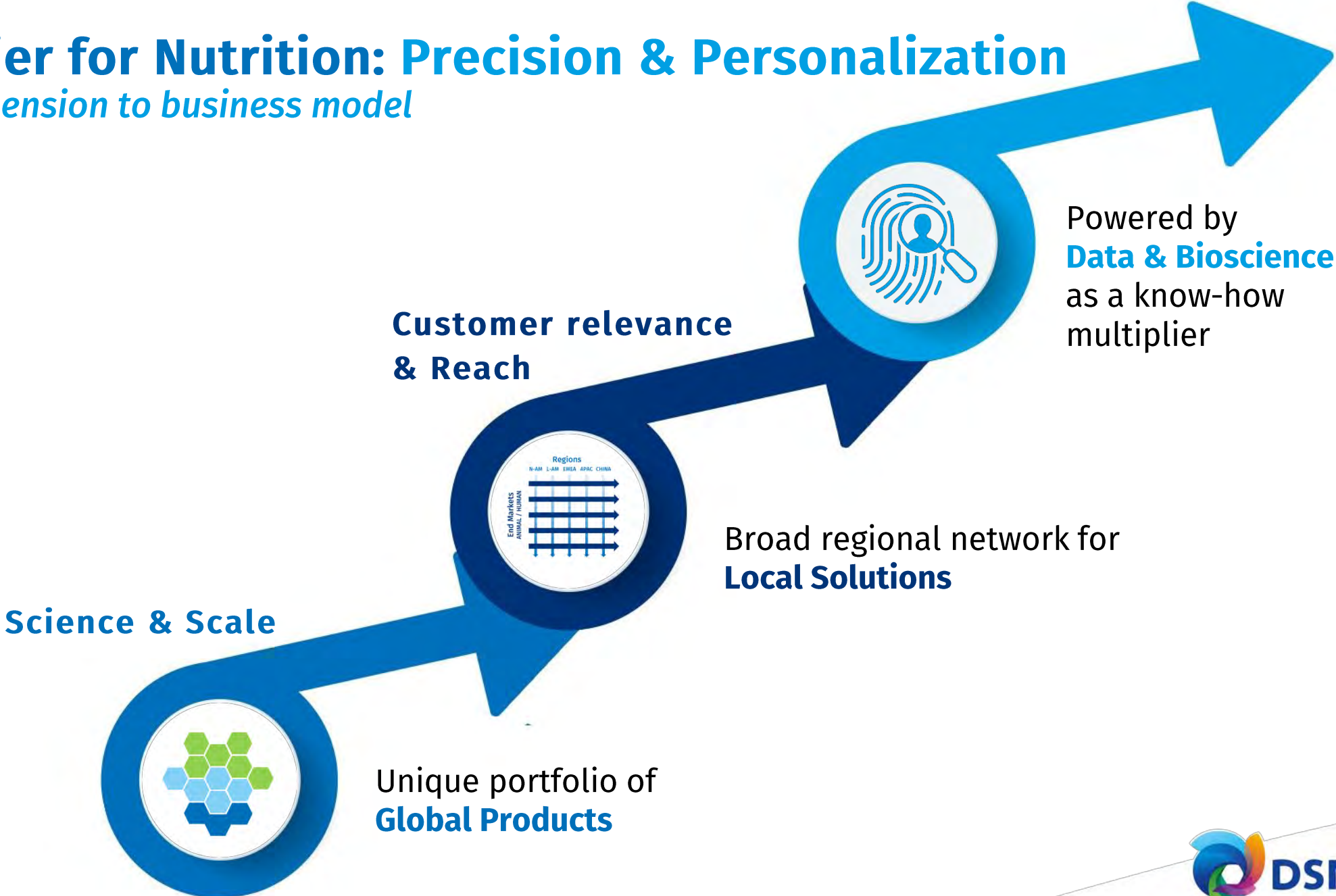
3 Greenhouse Gas emissions  
12 Greenhouse Gas emissions





# Next frontier for Nutrition: Precision & Personalization

*Adding new dimension to business model*





# Adding new opportunities in 'Health through Nutrition'

Precision feeding in animal nutrition and personalization in human nutrition

Precision Farming -You can only act on what you measure

New DSM sustainability service creates transparency on environmental footprint for farmers



AVA™  
Personalized Nutrition



AVA

Welcome, Alexis

Let's get you up and running

My day

Progress



Anna B.  
Online

Hi, Alexis! I'm Anna, a member of your team of dietitians. We're here to answer any questions and support you along the way.

Learn about coaching

Message your coach

The full picture

Track key behaviors that contribute to your health and help your coach better understand your habits.

Daily Nutrition

+ LOG MEAL

	0%	50%	100%
0g Calories			
0g Protein			
0g Carbs			
0g Fat			



Today's activity

+ LOG



Today's hydration

+ LOG

# Nutrition – Attractive market delivering strong performance via “Health through Nutrition”

Attractive market



+

Unique position

Precision & Personalization



Global Products

Local Solutions

=

Strong performance

Mid single digit %  
organic sales  
growth

>20% adjusted  
EBITDA margin

High single digit  
% annual  
adjusted EBITDA  
growth

# Materials | fully geared to benefit from global markets & customer megatrends

## Trends:

Demand for lighter, stronger, high-performance materials

Demand and regulatory pressure for more circular and bio-based products with a reduced carbon footprint

Demand and regulatory pressure for safer materials



DSM Materials ideally positioned to benefit from this trend:

Increased offering of high-value, specialty, high performing polymer specialties

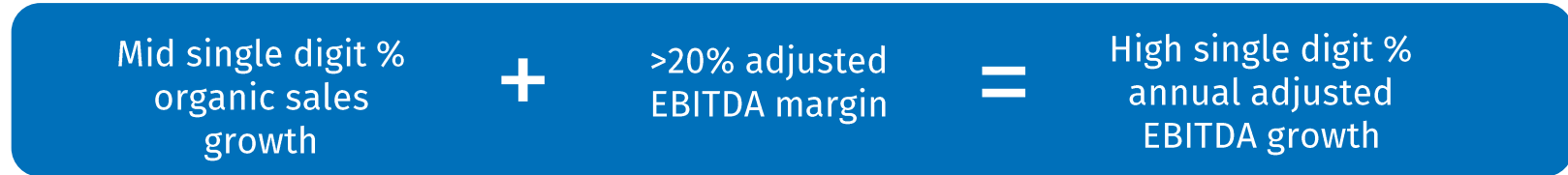
Bio-based and circular solutions for an increased range of our portfolio – with an improved carbon footprint

Safer solutions, free from hazardous substances



# Materials | Accelerating Profitable Growth

Accelerating our profitable growth



... with continued commitment to our business strategies...



... will involve focusing on our key growth levers...



... across our key market segments...



Building on our strong foundation



# DSM Group | Strategic priorities and key path forward

## Deliver on current performance expectations....

1 Maintain strong purpose led performance and be partner of choice for customers

2 Deliver on our innovation promise

3 Synergize recent M&A

7 Align organization to future needs

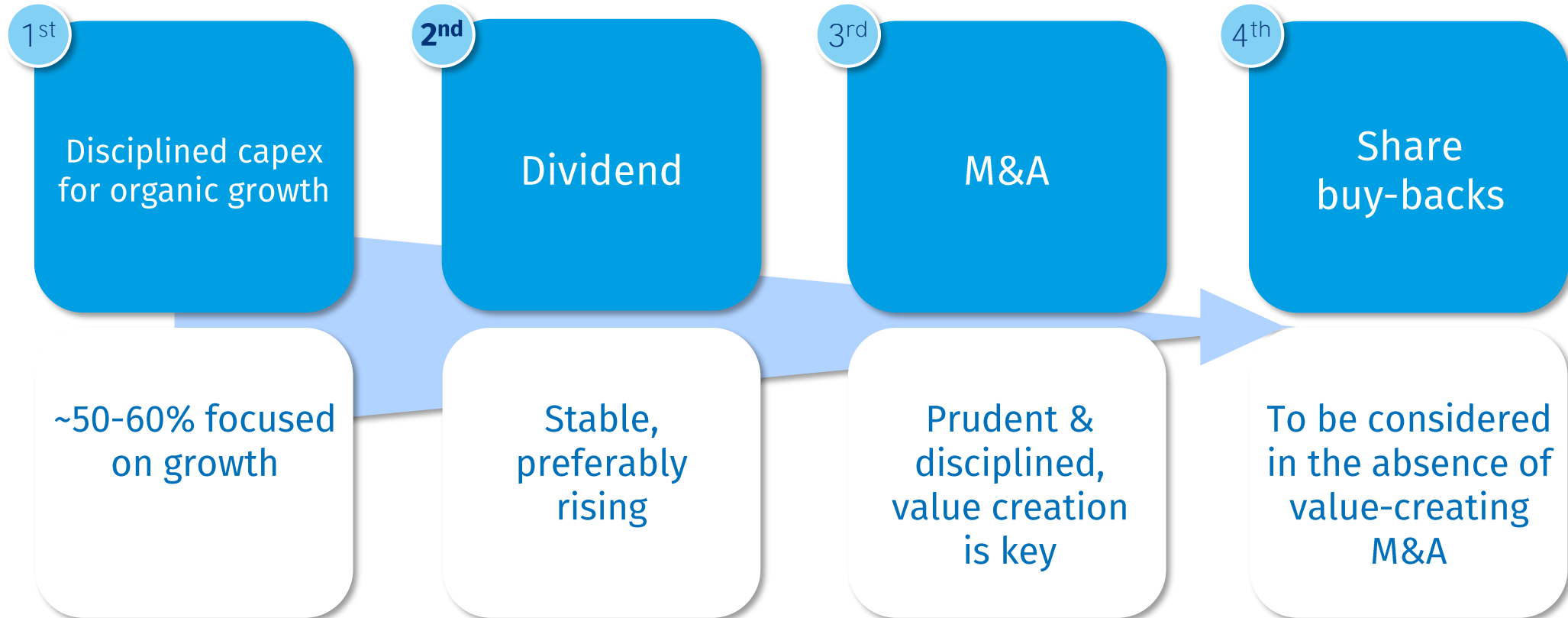
## ...and build the company of the future!

4 Build our future business model through digital & bioscience and M&A

5 Stronger branding focus on *Health through Nutrition*

6 People & Culture: flotilla organization

# DSM Group | Financial policies



Mid-term capital structure: 1.5-2.5x net debt / Adj. EBITDA  
Committed to maintaining a strong investment grade credit rating



# DSM is fully committed to its long-term sustainability ambitions

**GHG**  
-30%  
by 2030

**Energy  
efficiency**  
>1% avg. p/yr.  
till 2030

**Purchased  
Renew.  
electricity**  
75% by  
2030

**Employee  
engagement**  
>75% by 2021

**Safety  
SFRI**  
<0.25 by 2021

**Female  
executives**  
25%  
by 2021

**BLS**  
>65%  
by 2021

# DSM Factbook

For more information on DSM's portfolio, products & strategy, please visit our Factbook online

<https://www.dsm.com/corporate/investors/key-facts-figures-overview/key-market-data-factbooks.html>




# Safe harbor

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 2020 performance can be found in the 2020 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](http://www.dsm.com)





**BRIGHT SCIENCE. BRIGHTER LIVING.™**