Press Release

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DSM reports good start to the year in challenging environment

- DSM records higher Q1 EBITDA of €311 million (Q1 2012: €306 million)
- Healthy profitability in Life Sciences with Nutrition proving resilience
- Materials Sciences delivered a solid performance
- Integration of acquisitions and realization of synergies on track
- Good progress with implementation of Profit Improvement Program
- Outlook 2013 unchanged, moving towards EBITDA of €1.4 billion

Royal DSM, the Life Sciences and Materials Sciences company, today reported a first quarter EBITDA of €311 million compared to €306 million in Q1 2012 and €243 million in Q4 2012. The improvement compared to Q1 2012 was realized despite a negative caprolactam effect of €65 million. This was achieved in a context of uncertain global macro-economic conditions as the European economy remained weak, Asia continued to show good levels of growth whilst the US maintained its modest rate of recovery. Life Sciences delivered growth once again, driven by Nutrition, while Materials Sciences performed well, except for caprolactam. During the quarter DSM benefited from the sale of certain DSM Resins & Functional Materials related distribution activities.

Commenting on the results, Feike Sijbesma, CEO/Chairman of the DSM Managing Board, said:
"In a challenging economic environment, I'm pleased to report a good start to the year with a robust performance. Nutrition, which accounts for about 70% of group EBITDA, has proved the resilience and quality of its broad offering across the value chain, delivering another quarterly improvement in profitability, together with healthy margins."

"Where the last two years were characterized by acquisitions, in 2013 we will fully focus on the operational performance and the integration of acquisitions, with special attention to capturing synergies whilst also ensuring the successful execution of our group-wide profit improvement initiatives. We expect strong EBITDA growth in 2013, moving towards €1.4 billion."

Key figures

in € million	first quarter 2013	2012	+/-	volume	price/mix	exch. rates	other
Net sales	2,376	2,290	4%	3%	-3%	-1%	5%
Nutrition	988	900	10%	3%	-3%	-1%	11%
Pharma	178	175	2%	1%	2%	-1%	
Performance Materials	673	701	-4%	-2%	-1%	-1%	0%
Polymer Intermediates	437	430	2%	9%	-7%	0%	
Innovation center	38	16					
Corporate Activities	62	68					
EBITDA	311	306	2%				
Nutrition	215	192	12%				
Pharma	8	5	60%				
Performance Materials	80	79	1%				
Polymer Intermediates	29	69	-58%				
Innovation Center	-4	-15					
Corporate Activities	-17	-24					
Core net profit	129	149	-13%				
Net profit before exceptional items	121	145	-17%				
Net profit after exceptional items	119	145	-18%				
Core EPS (€/share)	0.76	0.91	-16%				
Net EPS before exceptional items (€/share)	0.70	0.87	-20%				
Net EPS after exceptional items (€/share)	0.69	0.87	-21%				
Cash flow from operations	-78	97					
Capital expenditures (cash)	164	126					
Net debt	1,932	1,668 *					
* year-end 2012							

In this report:

- *'net profit' is the net profit attributable to equity holders of Koninklijke DSM N.V.;*
- *'core net profit' is the net profit before exceptional items and before acquisition related (intangible) asset amortization.*

Review by cluster

Nutrition

	first quarter		
In € million	2013	2012	yoy
Net sales	988	900	10%
Organic growth			0%
EBITDA	215	192	12%
EBITDA margin	*21.8%*	*21.3%*	
EBIT	164	149	10%
Capital employed	4,298	4,122 *	

*year-end 2012

Sales in Q1 rose 10% compared to Q1 2012, driven primarily by acquisitions. Organic sales growth in Human Nutrition & Health and DSM Food Specialties was offset by lower sales in Animal Nutrition & Health. Overall 3% volume growth was offset by a 3% decline due to price/product mix effects.

Despite some softness in established Food & Beverage markets, Q1 delivered good organic growth in Human Nutrition & Health, driven by increased volumes with slightly lower prices, mainly due to mix effects. Ocean Nutrition Canada (ONC) and Fortitech delivered healthy double digit growth in line with expectations. ONC has been successfully integrated in DSM Nutritional Products and is therefore no longer reported separately. In Q1 Fortitech realized sales of €52 million and EBITDA of €9 million.

Animal Nutrition & Health experienced a decline in volume and an unfavorable price/mix impact, driven by the after-effects of the historically high grain prices in 2012 and the resulting lower demand that rolled through the production and downstream value chains for animal protein. Price increases for some vitamins were announced in Q1 2013.

DSM Food Specialties showed higher sales through organic growth and the contribution of the Cultures & Enzymes business acquired from Cargill.

The integration of Ocean Nutrition Canada, Fortitech and Cargill's Cultures & Enzymes business is proceeding well and the acquired businesses are meeting expectations. The integration of Tortuga started after the closing on 5 April 2013.

EBITDA for Q1 was €215 million, up 12% compared to Q1 2012, driven by strong operational performance including acquisitions, with an overall EBITDA margin of 21.8%, well within the target range.

Pharma

In € million	2013 (first quarter)	2012 (first quarter)	yoy
Net sales	178	175	2%
Organic growth			3%
EBITDA	8	5	60%
EBITDA margin	4.5%	*2.9%*	
EBIT	-6	-8	
Capital employed	816	766 *	

*year-end 2012

Organic sales growth was 3% compared to Q1 2012, mainly driven by higher prices at DSM Sinochem Pharmaceuticals (DSP). Volumes at DSP were stable. Sales of DSM Pharmaceutical Products were at the same level as in Q1 2012.

EBITDA for the quarter was €8 million versus €5 million in Q1 2012. The increase was mainly caused by lower fixed costs at DSM Pharmaceutical Products.

Performance Materials

In € million	2013 (first quarter)	2012 (first quarter)	yoy
Net sales	673	701	-4%
Organic growth			-3%
EBITDA	80	79	1%
EBITDA margin	*11.9%*	*11.3%*	
EBIT	47	48	-2%
Capital employed	2,142	2,026 *	

*year-end 2012

Organic sales development was -3%. Volumes declined at DSM Resins & Functional Materials especially in Europe in building and construction, but were up at DSM Engineering Plastics and DSM Dyneema. Price increases at DSM Resins & Functional Materials could not fully offset the negative impact of caprolactam in DSM Engineering Plastics.

Q1 EBITDA was stable compared to the same period last year as continuous cost savings offset the –anticipated- lower margins in the polyamide-6 value chain caused by caprolactam. Q1 results included a one-time book profit of a high single digit amount on the sale of certain DSM Resins & Functional Materials related distribution activities. Compared to Q4 2012 EBITDA improved significantly, benefiting from a 3% increase in sales, stable margins in the polyamide-6 value chain and lower costs.

Polymer Intermediates

	first quarter		
In € million	2013	2012	yoy
Net sales	437	430	2%
Organic growth			2%
EBITDA	29	69	-58%
EBITDA margin	*6.6%*	*16.0%*	
EBIT	20	62	-68%
Capital employed	530	447 *	

*year-end 2012

Organic sales growth was 2%, driven by higher volumes, which were partly offset by lower prices. Volumes in Q1 2012 were impacted by the turnaround of the caprolactam plant in Europe. In Q1 2013 there was no turnaround.

EBITDA declined significantly versus Q1 2012 mainly due to lower caprolactam prices and substantially higher benzene prices. Q1 included a high single digit income as the initial effect from a long-term license agreement with Shenyuan in China for a caprolactam plant. Compared to Q4 2012 EBITDA improved due to higher production volumes, as Q4 results were impacted by a turnaround in the US.

Innovation Center

	first quarter		
In € million	2013	2012	yoy
Net sales	38	16	138%
EBITDA	-4	-15	
EBIT	-13	-17	
Capital employed	539	507 *	

*year-end 2012

DSM Biomedical showed a strong increase in sales versus Q1 2012, mainly due to the contribution of Kensey Nash (€19 million). All other activities at the Innovation Center were at the same level as in Q1 2012. The POET-DSM Advanced Biofuels JV is making good progress with the construction of the cellulosic bio-ethanol refinery, which is on track for timely completion.

EBITDA increased by €11 million compared to Q1 2012 of which €7 million was due to the contribution of Kensey Nash.

Corporate Activities

	first quarter	
In € million	2013	2012
Net sales	62	68
EBITDA	-17	-24
EBIT	-29	-34

EBITDA in Q1 2013 improved compared to Q1 2012, which was mainly due to lower share-based payments costs as a result of a lower share price increase in Q1 2013 compared to Q1 2012.

Financial overview

Exceptional items
Total *exceptional items* in the first quarter amounted to €11 million before tax (€2 million after tax), including €22 million expenses related to the Profit Improvement Program and €13 million due to acquisition and other costs, which is partly compensated for by the book profit of €24 million on the sale of DEXPlastomers V.o.F.

Net profit
Financial income and expense in Q1 2013 amounted to -€35 million, which is €24 million more negative than Q1 2012. This was mainly caused by hedge results being positive in Q1 2012 (+€8 million) and negative in Q1 2013 (-€3 million), higher interest and expense due to increased debt (-€5 million), lower interest income due to less cash (-€1 million), lower contributions from venturing participations (-€4 million) and a change in presentation of pension related interest income and expense (-€3 million).

The effective tax rate was 18%, in line with the full year 2012.

Net profit before exceptional items in Q1 2013 decreased by €24 million compared to Q1 2012 and stood at €121 million. Main reasons were higher depreciation and amortization mainly due to the acquisitions of last year as well as higher net finance costs.

Net earnings per ordinary share (continuing operations, before exceptional items) amounted to €0.70 in Q1 2013 compared to €0.87 in Q1 2012.

Cash flow, capital expenditure and financing
Cash provided by operating activities in Q1 2013 was -€78 million (Q1 2012: €97 million).

Operating working capital increased from €1,936 million per end of 2012 to €2,226 million per end Q1 2013 (in percentage of annualized sales an increase from 20.7% to 23.6%). This increase is mainly caused by the higher trade receivables, which is partly related to the seasonal pattern with especially higher sales in March.

Cash used for *capital expenditure* amounted to €164 million in Q1 2013 compared to €126 million in Q1 2012. The increase is among other things due to investments in the joint venture with POET for advanced bio-fuels and the new ammonium sulphate plant for Polymer Intermediates.

Net debt increased by €264 million compared to year-end 2012 and stood at €1,932 million (gearing 24%).

DSM in motion: *driving focused growth*

DSM in motion: *driving focused growth* is the strategy that the company embarked on in September 2010. It marks the shift from an era of intensive portfolio transformation to a strategy of maximizing sustainable and profitable growth. DSM's strategic focus on Life Sciences (Nutrition and Pharma) and Materials Sciences (Performance Materials and Polymer Intermediates) is fueled by three main societal trends: Global Shifts, Climate & Energy and Health & Wellness. DSM aims to meet the unmet needs resulting from these societal trends with innovative and sustainable solutions.

Below is an overview of DSM's strategic achievements in Q1 2013.

High Growth Economies: from reaching out to being truly global

DSM entered into a license agreement with Fujian Shenyuan New Materials Co., Ltd. in China to supply DSM's proprietary HPO+™ technology for the production of caprolactam in a new plant consisting of two 200kt lines. This license agreement underlines DSM's position as the global technology leader in caprolactam. A long-term supply agreement, with an initial term of 3 years, has been concluded under which DSM secures a substantial part of the output of the new caprolactam plant currently under construction in China.

DSM signed a Memorandum of Understanding (MOU) for a strategic partnership with Rostekhnologii (Rostec), a Russian State Corporation, in the fields of biotechnology and functional materials. DSM also signed an MOU with the Ministry of Health Care in the Republic of Tatarstan with the aim of modernizing the Republic's public health sector through fortified nutrition.

DSM acquired Bayer's China feed mill and farm premix business in Chengdu, Sichuan province, China.

Innovation: from building the machine to doubling innovation output

DSM and its joint venture partners won two awards at the Sustainable Biofuels Awards 2013 ceremony: Global Deal of the Year (for POET-DSM Advanced Biofuels) and Partnership of the Year (for Reverdia, the DSM/Roquette joint venture for bio-based succinic acid).

DSM acquired a proprietary light trapping technology that can significantly increase the efficiency of solar panels. With this acquisition DSM expands its growing portfolio of solar energy enabling technologies in its Emerging Business Area Advanced Surfaces.

Sustainability: from responsibility to business driver

At the 2013 World Economic Forum in Davos, DSM and the United Nations' World Food Programma (WFP) signed an agreement to extend their existing partnership for three years (to 2015) to combat hidden hunger and malnutrition in the developing world. DSM and WFP will seek to double the number of people who benefit from their work together, from the current annual reach of 15 million to 25-30 million per year by 2015.

Acquisitions & Partnerships: from portfolio transformation to driving focused growth

DSM completed the sale of its participation in DEXPlastomers V.o.F., a 50/50 joint venture of DSM with an affiliate of ExxonMobil Chemical, to Borealis.

On 5 April 2013 DSM completed the acquisition of Tortuga, a privately held Brazilian company. Tortuga is a leading company in nutritional supplements with a focus on pasture raised beef and dairy cattle. The company is headquartered in São Paulo, Brazil with approximately 1,200 employees. The acquisition has more than doubled DSM's workforce in Latin America to around 2,000 people.

Outlook

The challenging macro-economic environment experienced during Q4 2012 has continued into 2013, with low or no growth in Europe. Asia continues to show good levels of economic activity while the US has maintained a modest rate of recovery.

DSM's outlook stays unchanged:

The Profit Improvement Program is fully on track and is expected to deliver structural annual EBITDA benefits of €150 million by 2014 and €200-250 million to be fully achieved by 2015.

Nutrition is expected to show clearly higher results than in 2012 due to organic growth moving towards the target of 2% above GDP and due to the acquisitions made.

Business conditions in Pharma are likely to remain challenging, but DSM is confident that it will be able to deliver substantially better results, notwithstanding the usual uneven delivery patterns between quarters.

Performance Materials is expected to show improved results in 2013, despite the expected negative effects of caprolactam, especially compared to the first half of 2012.

Polymer Intermediates is expected to show lower results than in 2012.

For the Innovation Center the activity level will be in line with 2012, with EBITDA clearly improving following the full year contribution of Kensey Nash.

Overall, based on current economic assumptions, DSM expects a step up in EBITDA during 2013 due to stronger organic growth, supported by DSM's Profit Improvement Program and as the benefits of acquisitions and a more resilient portfolio start to have impact. In 2013 the focus will be on the operational performance and integration of the acquisitions DSM completed in 2012 with special attention to capturing synergies. Overall, based on current economic assumptions, the above will enable DSM to move towards its 2013 EBITDA target of €1.4 billion.

Additional information
Today DSM will hold a conference call for the media from 07.30 AM to 08.00 AM CET and a conference call for investors and analysts from 09.00 AM to 10.00 AM CET. Details on how to access these calls can be found on the DSM website, www.dsm.com. Also, information regarding DSM's Q1 result 2013 can be found in the Presentation to Investors, which can be downloaded from the Investors section of the DSM website.

Important dates

Annual General Meeting of Shareholders	Friday, 3 May 2013
Report for the second quarter	Tuesday, 6 August 2013
Report for the third quarter	Tuesday, 5 November 2013

Condensed consolidated statement of income for the first quarter

first quarter 2013			*in € million*	first quarter 2012		
before exceptional items	exceptional items	total		before exceptional items	exceptional items	total
2,376		2,376	net sales	2,290		2,290
311	-11	300	EBITDA from continuing operations	306		306
			EBITDA from discontinued operations			
311	-11	300	EBITDA total DSM	306		306
183	-11	172	operating profit (EBIT) total DSM	200		200
			operating profit from discontinued operations			
183	-11	172	operating profit from continuing operations	200		200
-35		-35	net finance costs	-11		-11
			share of the profit of associates	1		1
148	-11	137	profit before income tax	190		190
-26	9	-17	income tax	-36		-36
122	-2	120	net profit from continuing operations	154		154
			net profit from discontinued operations			
122	-2	120	profit for the period	154		154
-1		-1	non-controlling interests	-9		-9
121	-2	119	net profit	145		145
121	-2	119	net profit	145		145
-3		-3	dividend on cumulative preference shares	-3		-3
118	-2	116	net profit used for calculating earnings per share	142		142
128		128	depreciation and amortization	106		106
		129	capital expenditure			106
		12	acquisitions			28
			net earnings per ordinary share in €:			
0.70	-0.01	0.69	- net earnings, total DSM	0.87		0.87
0.70	-0.01	0.69	- net earnings, continuing operations	0.87		0.87
0.76			- Core earnings per share	0.91		
		169.1	average number of ordinary shares (x million)			163.5
		169.5	number of ordinary shares, end of period (x million)			164.2
		23,318	workforce (headcount) at end of period			23,498 *
		5,896	of which in the Netherlands			6,007 *

* Year-end 2012

This quarterly report has not been audited.

Consolidated balance sheet: assets

in € million	31 March 2013		year-end 2012	
intangible assets	2,836		2,793	
property, plant and equipment	3,870		3,811	
deferred tax assets	356		340	
associates	43		40	
other financial assets	143		141	
non-current assets		7,248		7,125
inventories	1,879		1,803	
trade receivables	1,823		1,569	
other receivables	270		230	
financial derivatives	41		62	
current investments	6		12	
cash and cash equivalents	1,014		1,121	
		5,033		4,797
assets held for sale				44
current assets		5,033		4,841
total assets		12,281		11,966

Consolidated balance sheet: equity and liabilities

in € million	31 March 2013		year-end 2012	
shareholders' equity	6,049		5,874	
non-controlling interest	164		168	
equity		6,213		6,042
deferred tax liability	261		236	
employee benefits liabilities	392		388	
provisions	121		125	
borrowings	1,447		1,922	
other non-current liabilities	95		94	
non-current liabilities		2,316		2,765
employee benefits liabilities	32		42	
provisions	88		81	
borrowings	1,189		642	
financial derivatives	357		299	
trade payables	1,476		1,453	
other current liabilities	610		628	
		3,752		3,145
liabilities held for sale				14
current liabilities		3,752		3,159
total equity and liabilities		12,281		11,966
capital employed*		8,526		8,084
equity / total assets*		51%		50%
net debt*		1,932		1,668
gearing (net debt / equity plus net debt)*		24%		22%
operating working capital, continuing operations		2,226		1,936 *
OWC / net sales, continuing operations		23.6%		20.7%

* Before reclassification to held for sale

Condensed consolidated cash flow statement

		first quarter 2013		2012
in € million				
cash, cash equivalents and current investments at beginning of period		1,133		2,147
current investments at beginning of period		12		89
cash and cash equivalents at beginning of period		1,121		2,058
operating activities:				
- earnings before interest, tax, depreciation and amortization	300		306	
- change in working capital	-271		-150	
- interest and income tax	-60		-50	
- other	-47		-9	
cash provided by operating activities		-78		97
investing activities:				
- capital expenditure	-164		-126	
- acquisitions	-10		-28	
- disposal of subsidiaries and businesses	63			
- disposal of other non-current assets	3			
- change in fixed-term deposits	6		77	
- other	5		-7	
cash used in investing activities		-97		-84
- dividend	-3			
- proceeds from re-issued shares	24		25	
- other cash from/used in financing activities	58		-35	
cash used in financing activities		79		-10
changes exchange differences		-11		21
cash and cash equivalents end of period		1,014		2,082
current investments end of period		6		12
cash, cash equivalents and current investments end of period		1,020		2,094

Condensed consolidated statement of comprehensive income

in € million	first quarter	
	2013	2012
exchange differences on translation of foreign operations	45	-28
change in fair value reserve	-18	-2
change in hedging reserve	-1	32
income tax expense	3	-2
other comprehensive income	29	0
profit for the period	120	154
total comprehensive income	149	154

Condensed consolidated statement of changes in equity

in € million	first quarter	
	2013	2012
Total equity at beginning of period	6,042	5,974
changes:		
total comprehensive income	149	154
dividend	-3	0
proceeds from reissue of ordinary shares	25	25
other changes	0	5
total equity end of period	6,213	6,158

Geographical information

first quarter 2013	The Nether-lands	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	804	642	25	502	74	231	18	20	53	7	2,376
in %	34	27	1	21	3	10	1	1	2		100
net sales by destination											
in € million	179	699	139	516	158	321	36	60	213	55	2,376
in %	8	28	6	21	7	14	2	3	9	2	100
total assets in € million	3,638	2,549	104	3,709	368	1,280	102	133	324	74	12,281
workforce (headcount)	5,896	6,236	424	4,689	976	3,457	550	149	759	182	23,318

first quarter 2012	The Nether-lands	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	756	716	25	404	52	230	23	29	43	12	2,290
in %	33	31	1	18	2	10	1	1	2	1	100
net sales by destination											
in € million	144	705	130	438	160	348	39	80	191	55	2,290
in %	6	32	6	19	7	15	2	3	8	2	100
total assets in € million*	3,613	2,556	109	3,554	347	1,187	90	134	310	66	11,966
workforce (headcount)*	6,007	6,305	438	4,724	978	3,449	541	146	746	164	23,498

*year-end 2012

Notes to the financial statements

- Accounting policies and presentation

The consolidated financial statements of DSM for the year ended 31 December 2012 were 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 the current interim financial statements except for the implementation of IAS 19R 'Employee Benefits' that came into effect from 1 January 2013 and is explained below. These interim statements are in compliance with IAS 34 'Interim Financial Reporting' and need to be read in conjunction with the Integrated Annual Report 2012 and the discussion by the Managing Board earlier in this interim report.

- Audit

These interim financial statements have not been audited.

- Scope of the consolidation

In the first quarter of 2013 no significant acquisitions were closed. The sale of the DSM participation in DEX Plastomers V.o.F. and certain parts of Euroresins, classified as Assets and liabilities held for sale at 31 December 2012, was completed.

- Related party transactions

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

- Employee benefits (pensions)

From 1 January 2013 onwards DSM applies the revised IAS 19 'Employee Benefits'. This resulted in a changed presentation for pension costs and in a different approach to measurement. The expected return on pension assets is no longer used for the determination of annual pension costs. Instead interest costs or benefits are calculated on the net balance of pension assets and liabilities. Furthermore, return on plan assets and interest costs on defined benefit obligations which used to be reported in EBITDA are reported in financial income and expense from 1 January 2013. The impact of these changes is not sufficiently material to warrant restatement of prior year financial statements.

- 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 2012 and in the governance section on www.dsm.com.

- Seasonality

In cases where businesses are significantly affected by seasonal or cyclical fluctuations in sales, this is discussed in the 'Review by cluster' earlier in this report.

Heerlen, 2 May 2013

The Managing Board

Feike Sijbesma, CEO/Chairman
Rolf-Dieter Schwalb, CFO
Stefan Doboczky
Nico Gerardu
Stephan Tanda

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. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, pharmaceuticals, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials. DSM's 23,500 employees deliver annual net sales of around €9 billion. The company is listed on NYSE Euronext. More information can be found at www.dsm.com.

Or find us on:

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