



Annual Results 2014

Feike Sijbesma, CEO / Chairman Managing Board
Annual General Meeting April 30 2015

Safe harbor statement

This presentation 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 presentation, unless required by law.

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

WFP fundraising for Nepal



- Earthquake in **Nepal**: thousands of people have died; 8 million people in distress; almost 1.5 million people are in need of food aid
- The **World Food Program** of the UN is a strategic partner of DSM and is raising money to deliver food and supplies to Nepal
- DSM calls employees to action to donate to the WFP. DSM will match these donations up to \$100,000 'matchen', with a minimum of \$50,000.

Join us and donate at wfp.org/DSMNepal



DSM Year in review 2014 [movie]



In 2014, all of us at DSM strived to make the world a better place ...

Highlights year 2014

- 2014 sales of ~€9.2 billion with 3% organic growth
 - ✓ This includes ~€ 2.1 billion sales of the activities for which we announced a partnership (polymer intermediates, composite resins) in March 2015, of which DSM remains a 35% shareholder
 - ✓ This excludes ~€ 1.1 billion pro-forma (annualized) sales of non-consolidated Associates & JV's (mainly DPx, DSP)
- Relatively solid EBITDA of €1,168 million with good cash flow from operating activities, despite substantial negative exchange rate effects (€50m) and tough market conditions in Nutrition and caprolactam
 - ✓ Restated for the announced partnership, 2014 EBITDA is €1,038 million
 - ✓ This excludes ~€ 140 million pro-forma (annualized) EBITDA of non-consolidated Associates & JV's (mainly DPx, DSP)
- Proposed dividend stable at €1.65 per ordinary share

Highlights year 2014 cont.

Impressive progress on strategy

- Continued delivery on the strategic value drivers
 - ✓ High Growth Economies, Innovation and Sustainability
- DSM significantly transformed, including value creating partnerships
 - ✓ Partnerships in Pharma (DPx, DSP)
 - ✓ Partnership in Polymer Intermediates and Composite Resins announced
- DSM is now well positioned with attractive portfolio
 - ✓ High quality, Nutrition and Performance Materials businesses with a good growth and return profile
 - ✓ Attractive emerging business areas established (Innovation Center) providing significant future value

Results full year 2014 - Key figures

(€ million)	FY 2014	FY 2013	Δ%
Continuing operations before exceptional items:			
Net Sales	9,181	8,858	4%
EBITDA	1,168	1,261	-7%
EPS (€)	2.42	2.84	-15%
Core EPS (€)*	2.85	3.19	-11%
Total DSM before exceptional items:			
Net Sales	9,283	9,429	-2%
EBITDA	1,166	1,261	-8%
Total DSM after exceptional items:			
Net profit	145	271	-46%
EPS (€)	0.78	1.52	-49%

* Core EPS is the EPS from continuing operations before exceptional items and before acquisition related (intangible)asset amortization

EBITDA - development full year 2014

EBITDA (€ million)	FY 2014	FY 2013	Δ%
Nutrition	850	914	-7%
Performance Materials	343	319	8%
Polymer Intermediates	83	113	-27%
Innovation Center	-18	-9	
Corporate Activities	-90	-76	
Continuing Operations	1,168	1,261	-7%

- **Nutrition** EBITDA declined 7%, despite strong volume growth in Animal Nutrition. The decline was due negative currency effects, lower volumes in Human Nutrition and lower vitamin E prices
- **Performance Materials** EBITDA was up 8%. All three business groups contributed to this growth, mainly due to higher volumes and continued cost control
- **Polymer Intermediates** decreased given lower caprolactam margins and lower license income, despite higher volumes and lower costs
- EBITDA of the **Innovation Center** declined due to intensified innovation programs. DSM Biomedical performed well. DSM Advanced Surfaces made good progress
- EBITDA of **Corporate Activities** was lower due to the impact of a fire at DSM Nutritional Products on the result of DSM's captive insurance company

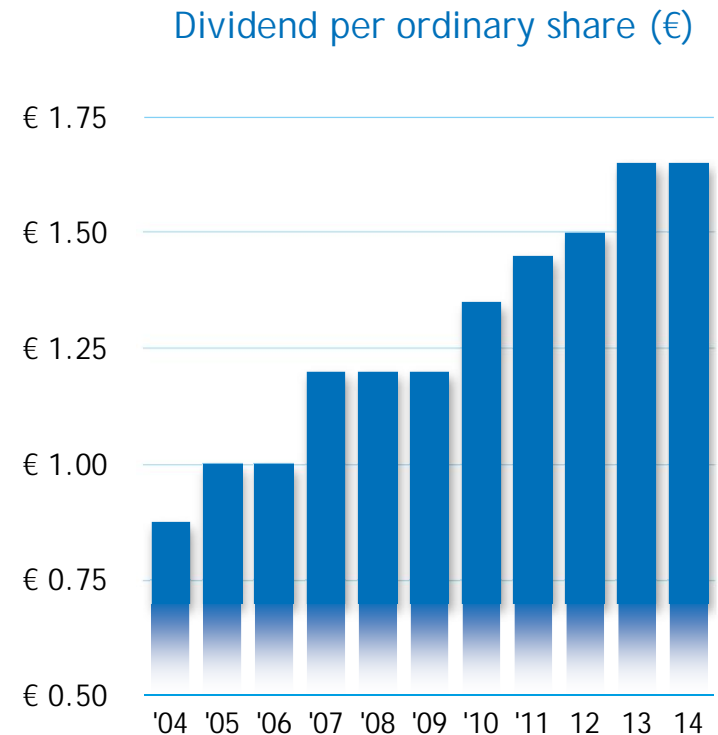
Headwinds impacting 2014 Nutrition growth & margin

Topic	Remarks/ actions
Vitamin E: price decline in Vitamin E due to intensified competition	<ul style="list-style-type: none"> • Actively protect market share leveraging our low cost base • Further reduce costs • Expand market: leverage strong science to move customers to increased inclusion levels • Product form differentiation
Sluggish Western Food & Beverage markets; declining consumer spending in mid-segment	<ul style="list-style-type: none"> • Supporting customers by launching new innovations • Focus on growth opportunities in HGE • Macro-blends and forward solutions strategy
Weakness US vitamins and fish-oil based Omega-3 Dietary Supplements markets	<ul style="list-style-type: none"> • US multivitamins coalition promoting Dietary Supplements • GOED Omega-3 industry coalition's campaign • Upgrade of the Omega-3 production facility
Asian Infant Nutrition markets have slowed down / destocking	<ul style="list-style-type: none"> • Offtake normalized albeit at lower than historic growth rates
Exchange Rates (FX)	<ul style="list-style-type: none"> • Hedging policy • Global asset spread

Organic growth impacted by ~3% and EBITDA >€100m

Dividend proposal to AGM: stable at € 1.65

- Dividend policy “stable and preferably rising”
- Proposal to AGM on 30 April 2015: Maintain the dividend of €1.65 per ordinary share
 - € 0.55 interim dividend (paid in August '14)
 - € 1.10 final dividend (payable in May '15)
- Payable in cash or ordinary shares at the option of the shareholder
- Dividend in cash will be paid after deduction of 15% Dutch dividend withholding tax
- The ex-dividend date: 5 May 2015



Overview

- 2014 Operational performance
- **Good progress on strategy**
- Partnership with CVC
- Highlights Q1 2015

Megatrends more significant than ever; driving our growth

Health & Wellness



Aging population

Healthcare issues

Food composition

Health

Global Shifts



Population growth

Urbanization drive

Wealth increase

Nutrition

Climate & Energy



Sustainability concerns

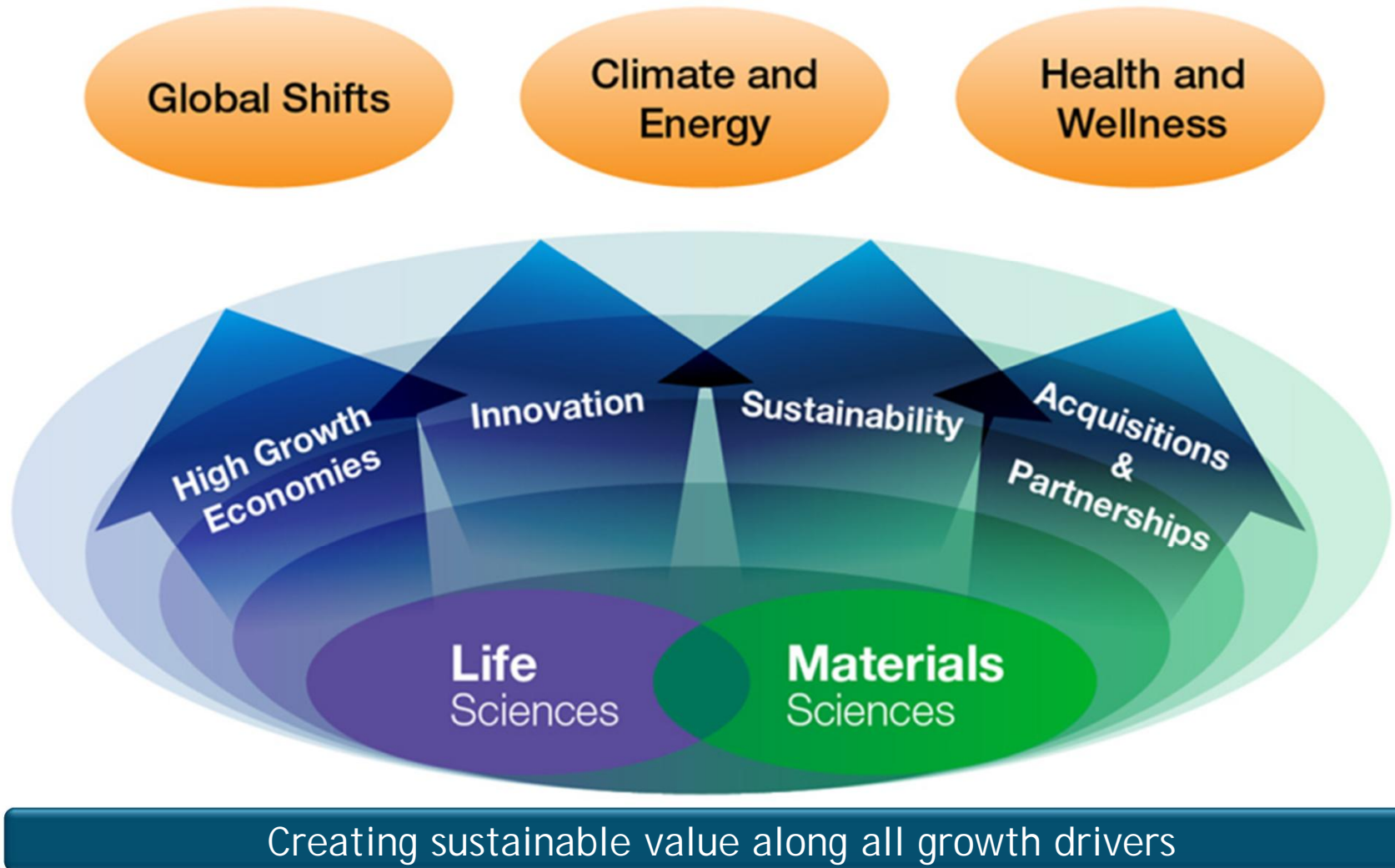
Resources constraints

Energy concerns

Materials

DSM well positioned to capitalize on key megatrends

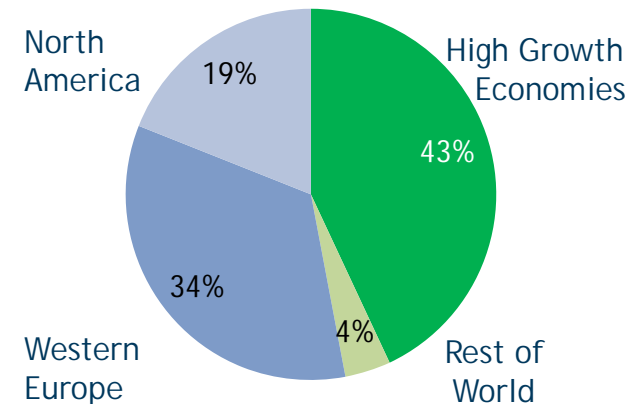
DSM in motion: *driving focused growth*



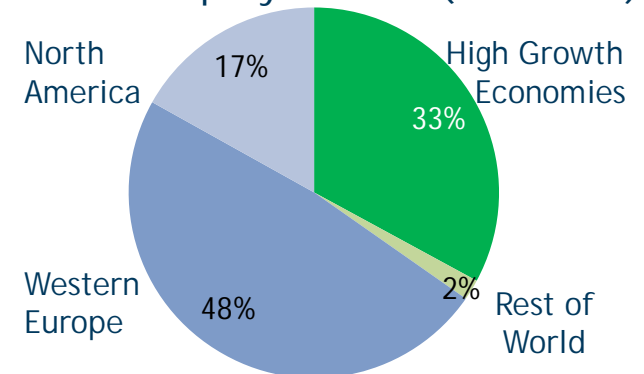
Significantly expanding global presence

- Sales to High Growth Economies (HGEs) increased from 32% in 2010 to 43% in 2014
- Current slowdown HGEs likely not structural
- DSM will continue to expand presence in HGEs (incl. Africa) driving growth from these regions:
 - Locally tailored products/services
 - Continue to expand local presence (research, innovation, production, M&S)
 - Since 2010, >60 executive positions moved outside the Netherlands

Sales by destination (FY 2014)



Global employee base (ult. 2014)



Well positioned to capture global growth including High Growth Economies

Innovation driving higher growth and margins

- DSM strongly committed to innovation in existing businesses as well as in emerging business platforms
- Good progress achieved:
 - ✓ Sales from innovative products / solutions, introduced over last 5 years, account for 18% of 2014 sales (target 20%)
 - Nutrition at 17%, Performance Materials at 24%
 - ✓ Three emerging business platforms (EBAs) established
- Sustainable innovations in existing businesses are delivering higher growth and >5% higher gross margins



DSM's FERMENTATIVE STEVIA



Improving financial performance through a younger, greener portfolio

Sustainability is a strong business driver

- FY 2014 ECO+ sales at 49%; well on track towards 2015 aspiration of 50%
- More than 90% of DSM's innovation pipeline is ECO+, strongly driving a greener portfolio
- ECO+ sales have grown ~10%/year since 2010
- ECO+ sales have significantly higher contribution margins versus non-ECO+ sales
- People+: DSM at the forefront of a new methodology to measure impact of products on people's life, creating credibility and transparency



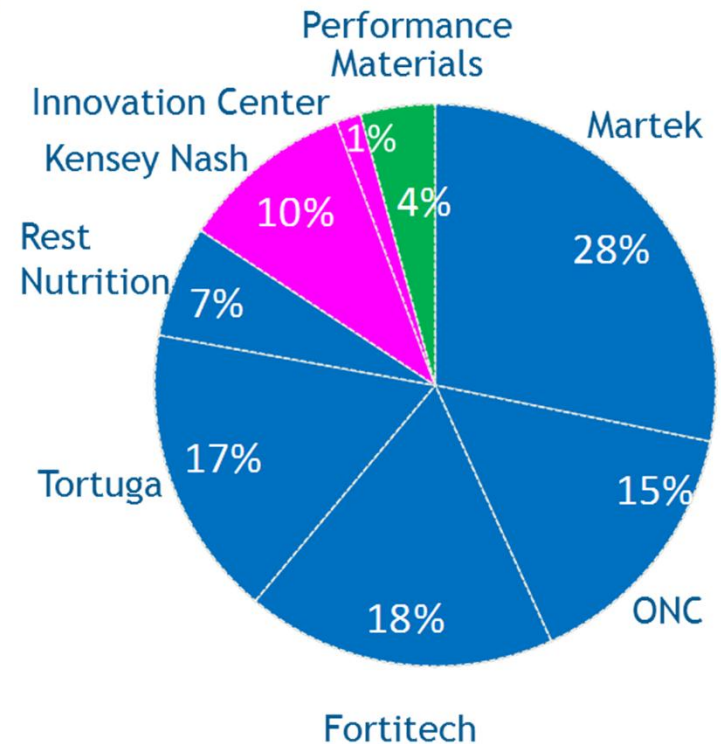
Bio-based Coating Resins

Sustainable solutions delivering higher growth and higher margins

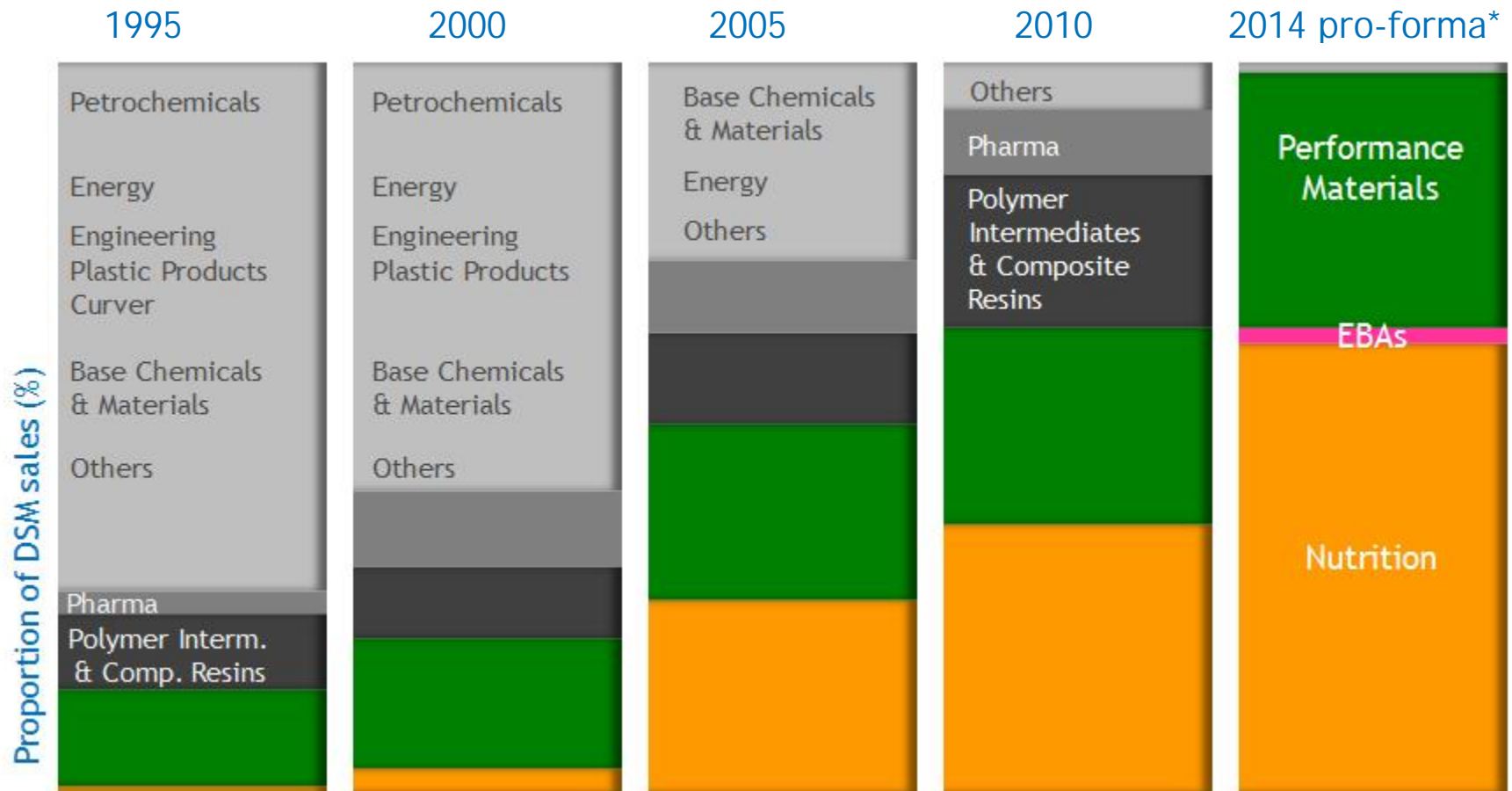
Active portfolio management delivering results

- More than €2.8bn of acquisitions since 2010:
 - ✓ Created a leading **Nutrition** business position
 - ✓ Established a new business: **DSM Biomedical**
- Value creation confirmed:
 - ✓ Martek/Fortitech/Tortuga: ~2.0x EV paid
 - ✓ Ocean Nutrition Canada: ~1.5x EV paid
- Partnerships established in Pharma:
 - ✓ DSM Sinochem Pharmaceuticals
 - ✓ DPx Holdings: 2015 value of DSM share estimated at ~€1bn
- Other value-enhancing partnerships:
 - ✓ POET-DSM Advanced Biofuels
 - ✓ Reverdia with Roquette
 - ✓ Actamax with DuPont

~85% of M&A spend in Nutrition



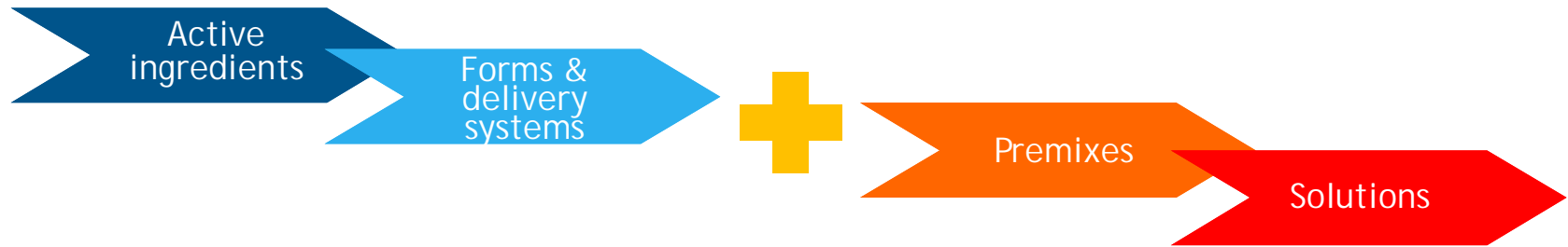
Significant value creation by portfolio transformation



Continuous shift to higher quality portfolio with reduced cyclicality

* Core is pro-forma split after deconsolidation of Polymer Intermediates and Composite Resins

Established a unique business in Nutrition



GLOBAL PRODUCER



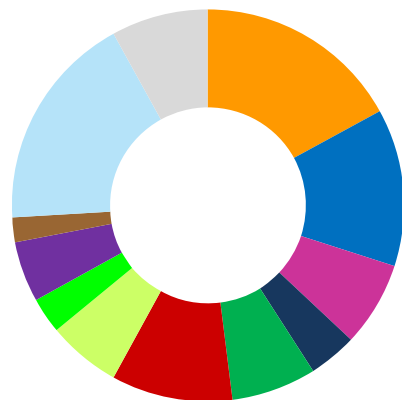
Estimated average EBITDA margins for the steps in the value chain

LOCAL SOLUTION PROVIDER



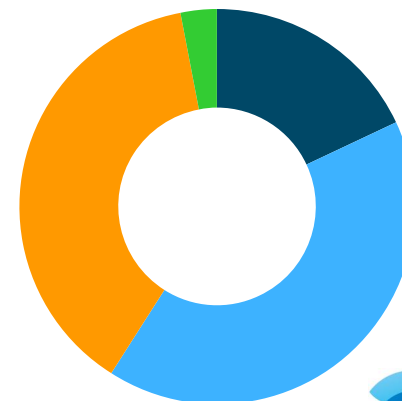
Broad portfolio providing resilience

Broadest portfolio of ingredients



- Fat soluble vitamins (e.g. A,D,E)
- Water soluble vitamins (e.g. B,C)
- Carotenoids
- Marine PUFAs
- Microbial PUFAs
- Enzymes & Cultures
- Minerals & DCP
- Savory / yeast extracts
- Nutraceutical ingredients
- Aroma intermediates
- Other blend ingredients
- Other

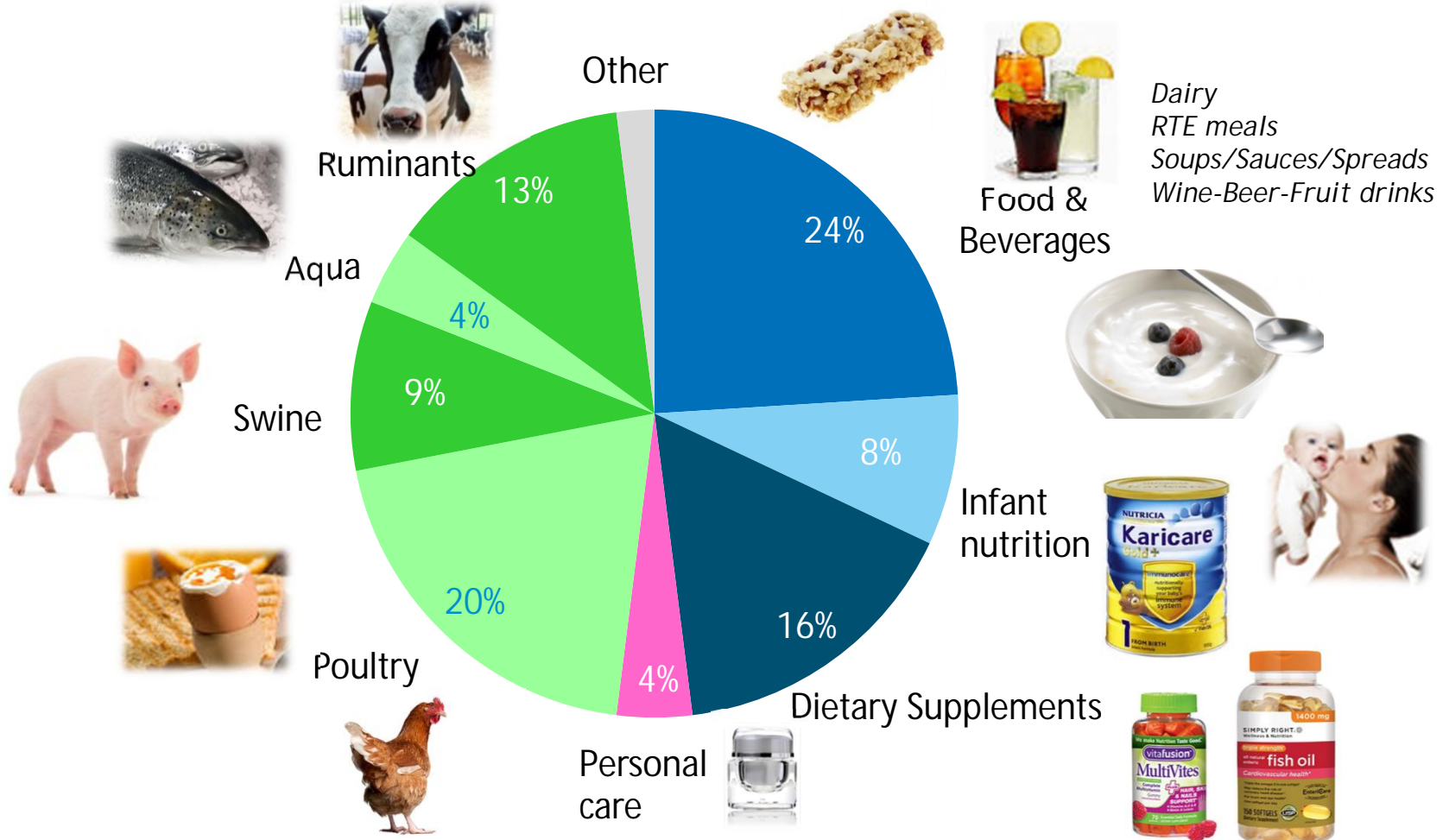
Sales, split over steps value chain



- Active ingredients
- Forms
- Premixes
- i-Health/B2C



Diversified into multiple end-markets

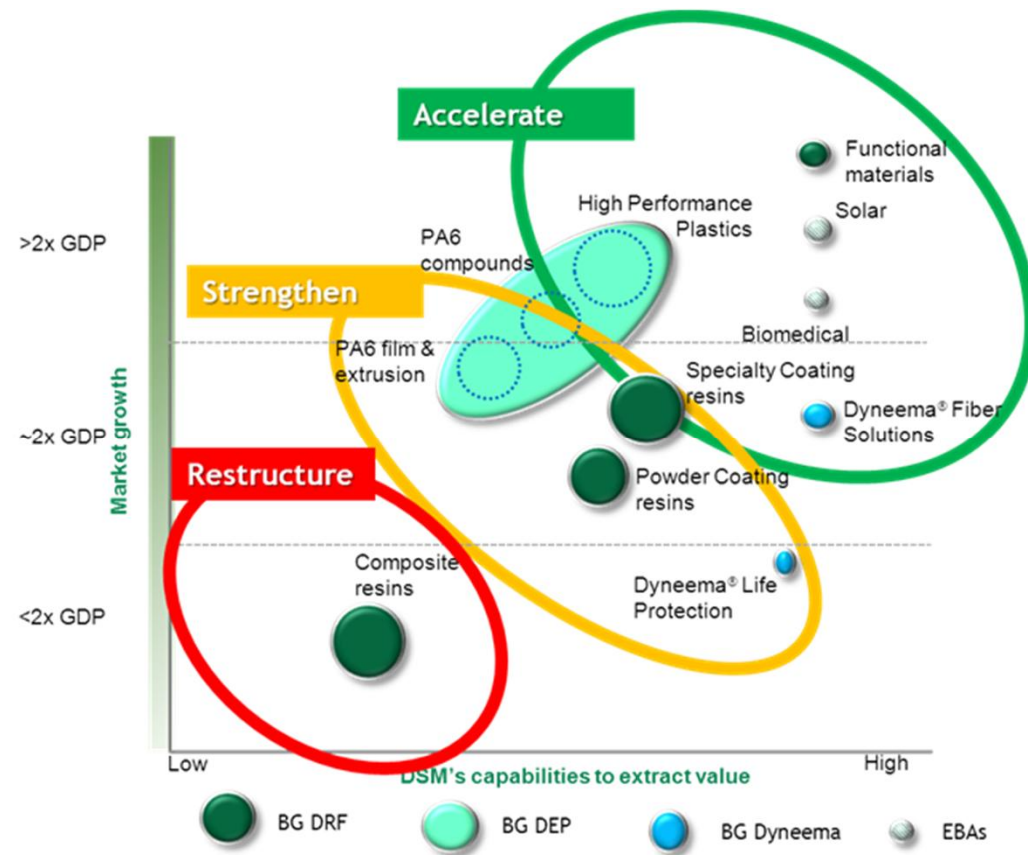


End-market diversification as strong natural hedge providing resilience

Clear Performance Materials strategy

Differentiated strategy:

- Accelerate:
Accelerate growth in highly innovative markets to fully benefit from megatrends
- Strengthen:
Combine sustainable innovation sales growth with margin optimization programs
- Restructure*:
Composite Resins*



* Partnership with CVC announced (16 March 2015)

Further portfolio upgrade via a differentiated strategy

Value creating emerging business areas established



DSM Biomedical

Innovative materials for Medical Devices delivering clinical improvements



DSM Bio-based Products & Services

Advanced enzymes and yeasts for Bio-Energy & Bio-based chemicals

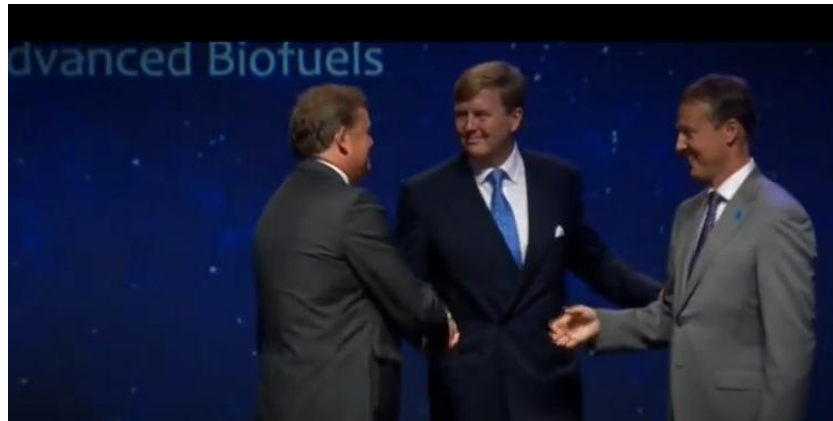


DSM Advanced Surfaces

Smart coatings and surface technologies boosting solar performance

Current value estimated at €0.5 - 1bn

POET-DSM: Grand Opening [movie]





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Partnership announced with CVC

- Partnership (NewCo) for Caprolactam, Acrylonitrile & Composite Resins business : 65% CVC, 35% DSM
- Pro-forma 2014 numbers for NewCo:
 - ✓ Third party sales of ~€2.1 billion
 - ✓ EBITDA of €106 million (excluding non controlling interest)
 - ✓ ~ 1,950 Employees
- The enterprise value of the transaction is €600m plus an earn-out of up to €175m
- NewCo to continue to supply caprolactam to DSM, securing DSM's position as a global leader in polyamide 6
- Closing of the transaction, subject to customary conditions and approvals, is expected in Q3 2015



DSM delivers on the strategic actions it announced for these businesses

Overview

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- [Highlights Q1 2015](#)

Highlights Q1 2015

- Sales of €1,886 million, up 11%, including 2% organic sales growth
- EBITDA up 4% to €248 million
- Nutrition delivered good organic growth of 4%, driven by volumes in animal nutrition
- Performance Materials continued to improve EBITDA through higher volumes and margins
- Cash from continuing operating activities improved to €84 million (Q1 2014: €11 million)
- Good progress with setting up a number of efficiency improvement and cost reduction programs especially in Nutrition and in all support functions across the company
- Outlook 2015 updated for positive foreign exchange developments:
DSM aims to deliver an EBITDA in 2015 ahead of 2014, the increase mainly driven by positive foreign exchange effects

Sales, EBITDA, operating working capital and cash flow refer to continuing operations



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