

# Annual Results 2021

Geraldine Matchett &  
Dimitri de Vreeze

Co-CEOs Royal DSM

Annual General Meeting  
Heerlen, 10 May 2022

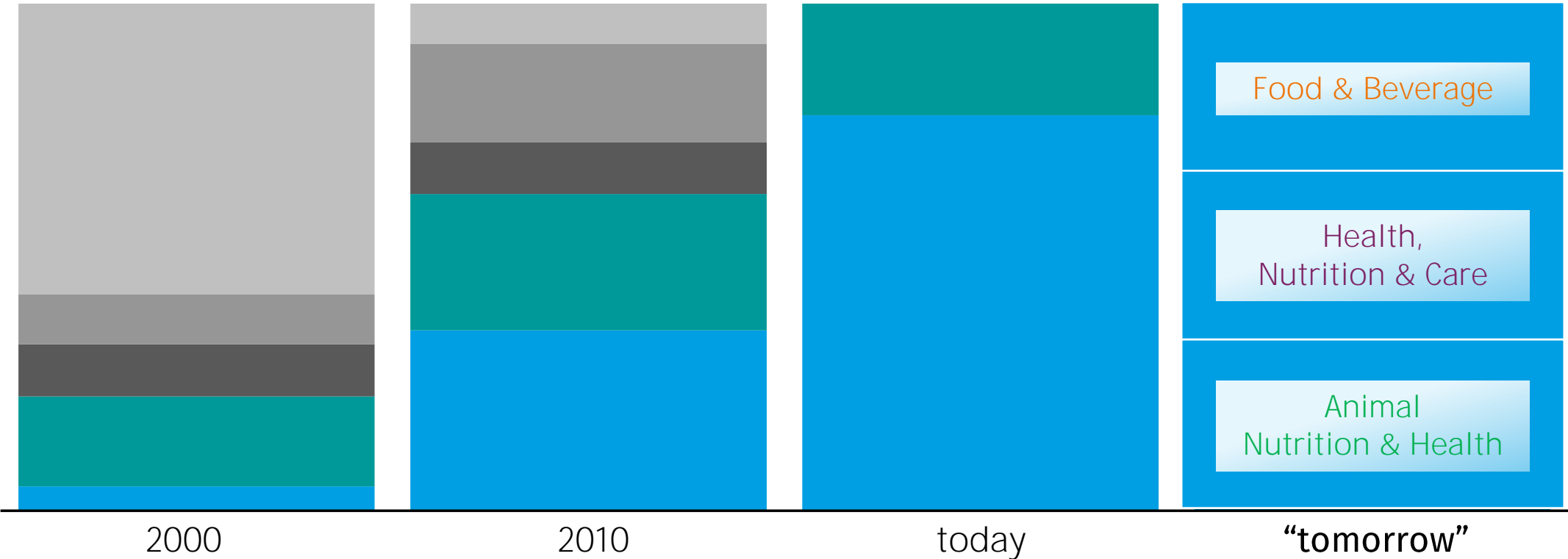
HEALTH · NUTRITION · BIOSCIENCE



**DSM**

BRIGHT SCIENCE. BRIGHTER LIVING.

# Over two decades, DSM has transformed into a pure play health, nutrition and bioscience company



- Petrochemicals, Base Chemicals, Plastic Products
- Polymer Intermediates & Composite Resins
- Pharma
- Materials
- Nutrition



# DSM has more than 150 years of deep scientific heritage, with bioscience facilities around the world

**1902**  
**Royal DSM**  
Chemical synthesis & biotechnology

**1869**  
**Gist-Brocades**  
Biotechnology

**1930s**  
**F. Hoffman La Roche's Vitamins**  
Chemical synthesis & biotechnology

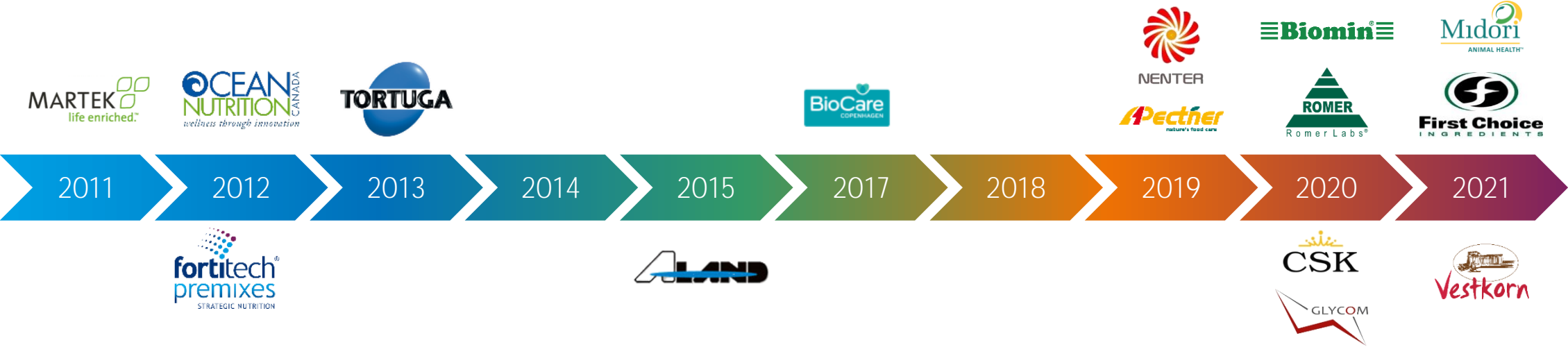
Today  
~1,250 scientists in 20 bioscience research laboratories worldwide



- DSM is active in the major groups of biosciences including microbial technologies with bacteria, yeasts, fungi and microalgae
- Close to 50% of DSM's current (2021) sales of nutritional ingredients is produced out of biobased and/or input materials directly extracted from nature



# Leadership in Health, Nutrition & Bioscience enhanced through high quality M&A

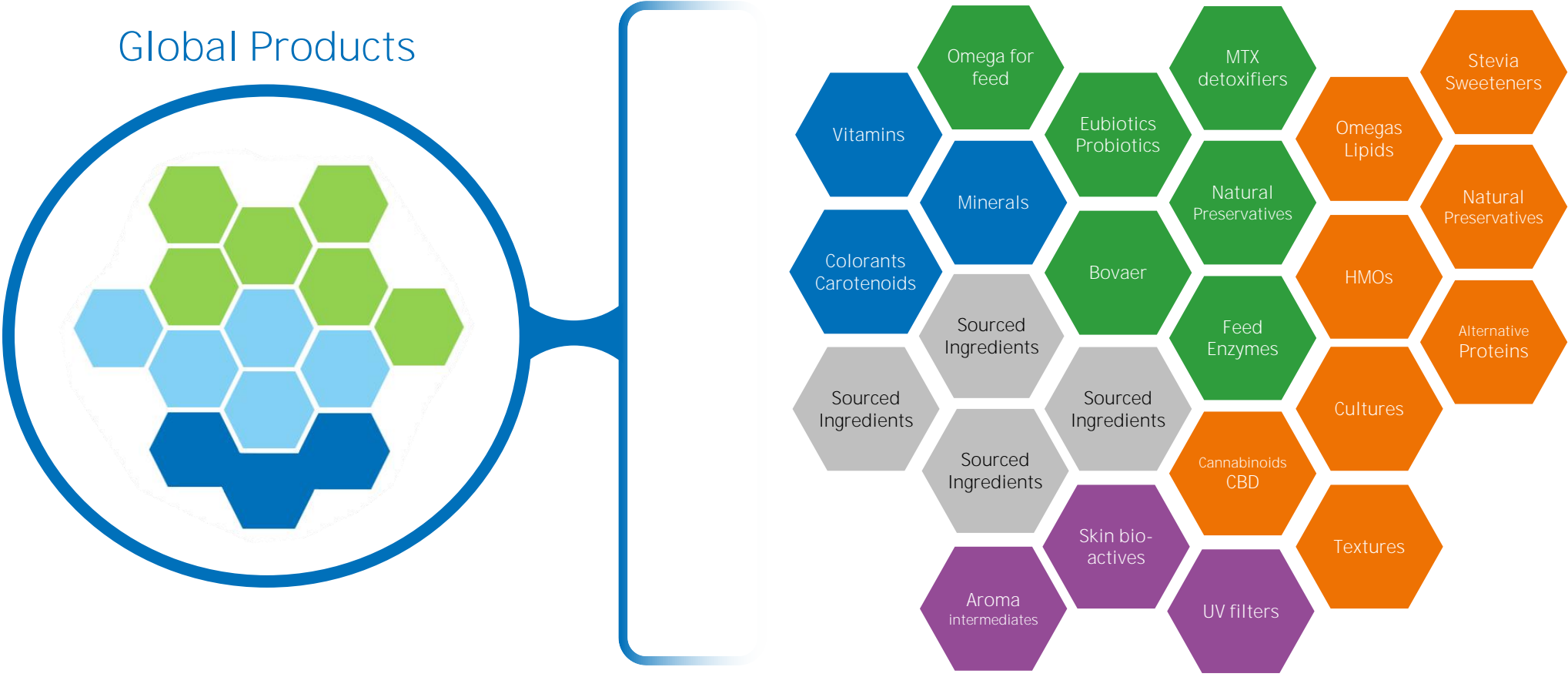


Added new product categories, building the most comprehensive portfolio of nutritional ingredients

Strengthened bioscience capabilities and expanded global reach

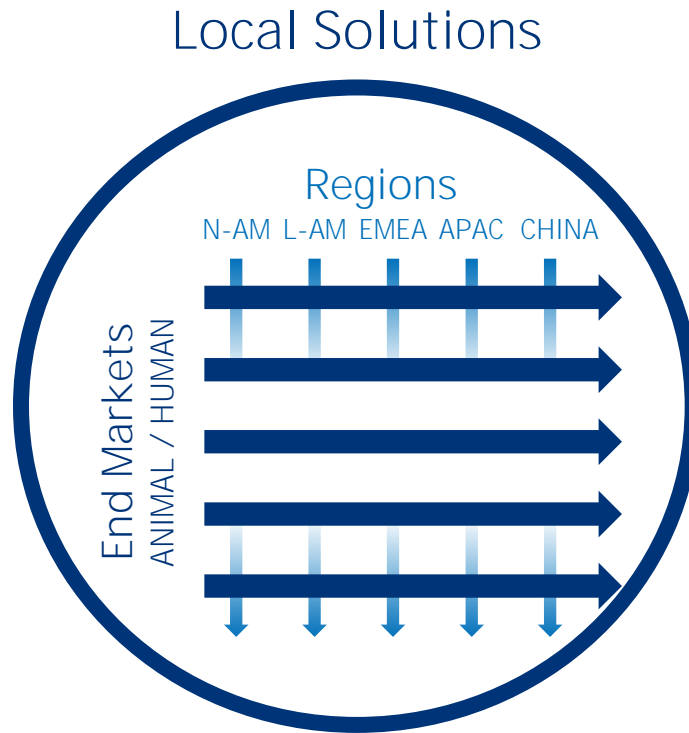
Built a unique business model with solutions/premix and extended this into precision and personalization

# DSM has most complete portfolio of nutritional ingredients



# Offering complete solutions – “more than an ingredients provider”

DSM is a reliable, end-to-end, innovative, purpose-led partner powered by experts to deliver science-backed nutrition and health products and quality customized solutions



**ANH capabilities range from formulations to premix solutions and precision to drive sustainable animal farming**

**Formulations**

- A broad range of technologies transform 85% of our **Nutritional ingredients** into **formulations**, for example a fat-soluble vitamin oil into a powder form
- This increases performance in terms of stability, shelf-life, heat resistance, bio-availability, physical properties

**Premix Solutions**

- DSM offers its clients regional and segment-specific premix solutions: a broad network of more than 55 premix facilities allows DSM to offer tailor-made, localized customer-driven solutions
- 65% of total Nutrition and premix solutions

**Precision**

- DSM offers an intelligent sustainability service that combines the most advanced environmental footprint calculation tool with expert sustainability, animal production and nutritional

**HNC - Offering a broad range of (premix) solutions**  
DSM is more than an ingredients supplier – DSM is the preferred partner in all stages of the product life cycle

**(Customized) Premix Solutions**

**Coloration Solutions**

**Market-Ready Solutions**

Customized blends of desired functional ingredients in one single, efficient, homogenous premix. DSM delivers more than nutrition. DSM offers an advantage in every phase of product development and processing. DSM can combine two, ten or even dozens of nutritional ingredients in a single premix, sourcing from more than 1,400 ingredients – each carefully tested, qualified and researched specifically for your needs

DSM's color solutions provide a red, our carotenoid-based color product line, makes products look vibrant

One-stop-shop service. DSM can provide all the ingredients and goods, ready for the retail shelf

**F&B operates in all stages developing integrated solutions**  
From process expert to full concept developer

Integrated solution provider

Customer Process Expert	Premix, Blends (supply chain expert)	Application Expert	Product Concept Expert
<ul style="list-style-type: none"> <li>Example: <b>Brewing enzymes</b></li> <li>Fully understand the customer's brewing process &amp; partner with customer to finetune</li> <li>Focus on process efficiency without compromising final product quality</li> </ul>	<ul style="list-style-type: none"> <li>Example: <b>F&amp;B premixes</b></li> <li>Blend nutritional, functional ingredients into one premix</li> <li>Purchasing, supply chain efficiencies for customers</li> </ul>	<ul style="list-style-type: none"> <li>Example: <b>Toolbox for texture</b></li> <li>In-depth knowledge of application of enzymes in baked goods like tortilla - able to improve freshness, rollability and to prevent shrink</li> </ul>	<ul style="list-style-type: none"> <li>Example: <b>Cross-nutrition dairy</b></li> <li>Translation of functional and health benefits into a final product combining lactase, cultures, probiotics, bioprotective cultures</li> <li>Can be tested directly with brand owners</li> </ul>

# Rapid developments in science & technology enable DSM to add next frontier to business model

## Trends and challenges



Consumer



Society



Environment

## Bioscience & technology advances



Biotechnology breakthroughs



Data & Digital



Precision & Personalization

Market opportunity for solutions that offer health through nutrition

Science & technology enabling unprecedented precision

# DSM extended its unique business model with 3<sup>rd</sup> muscle Added “Precision” and “Personalization”, powered by Data & Bioscience

Precision & Personalization  
Digitization & Bioscience as a know-how multiplier













Global Products  
Science, Scale, Quality



Local Solutions  
Global network offering  
local (customized) solutions



DSM has a rich innovation pipeline, predominantly bioscience-based  
**DSM's total innovation pipeline targeted to add 1.5% annually to sales growth and 2.5% to Adj. EBITDA growth for period up to 2025**

Growth Themes		Business Platforms	Examples of larger projects
<b>Precision</b> <i>Digitally enabled business models</i>		<b>Personalized Nutrition</b>	Hologram Sciences Inc.
		<b>Precision Animal Farming</b>	Verax (w/ Inside Tracker), Sustell (w/ Blonk)
<b>Prevention</b> <i>Healthy solutions provided by nature</i>		<b>Health from the Gut</b>	Probiotics, Prebiotics (e.g., Glycom human milk oligos), Vitamin Direct
		<b>Immunity</b>	Ampli-D
		<b>Brain Health</b>	CBDs/CBX (w/ Brains)
		<b>Sugar reduction</b>	Avansya (fermentative stevia) (w/ Cargill)
		<b>Antibiotics Reduction / ANH Gut Health</b>	Eubiotic enzymes (w/ Novozymes); Designer prebiotics (w/ Midori)
<b>Proteins</b> <i>Driving adoption of more sustainable proteins to feed the population</i>		<b>Sustainable Food Proteins</b>	CanolaPro (w/ Avril) and pea proteins (Vestkorn) for meat and dairy alternatives
		<b>Animal Emission Reduction</b>	Bovaer
		<b>Low-footprint Feed Proteins</b>	2 <sup>nd</sup> Gen Protease, 4 <sup>th</sup> Gen Phytase, Cornzyme (w/ Novozymes)
<b>Pathways</b> <i>Sustainable ingredient manufacturing</i>		<b>Sustainable Lipids Animal</b>	Veramaris
		<b>Sustainable Lipids Human</b>	Green Ocean Human; Pharma Customized Lipids;

# Examples of DSM's rich innovation pipeline addressing global food system challenges, contributing to sustainable growth

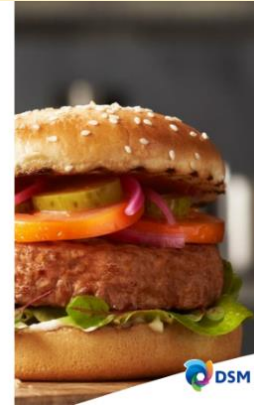
## Supporting the Immunity of people with micronutrient supplements

- COVID-19 has highlighted the need for easily accessible dietary solutions that support proactive immune health: sufficient nutrient intake is vital for people's immunity
- Nutritional ingredients including Quali®-C, Quali®-D, Quali®-B, life's™OMEGA, ampli-D®, Culturelle®
- Available in reliable and efficacious formulations, premixes, market-ready solutions, B2C



## Nutritious, tasty and sustainably produced plant-based meat, dairy and fish alternatives

- Authentic taste
- Compelling texture & mouthfeel
- Improve nutritional profile
- Managed salt, sugar, fat, allergens



## EVERSWEET™ Stevia: Calorie-free sweetness, inspired by nature

- Reduced- and zero-calorie options for food & beverage
- No compromise on taste,
- Support good health and well-being in our societies
- Consumer end-products launched successfully by our customers, with many more product development projects underway



## Bovaer™ - Reducing emissions from livestock

- Reducing methane emissions from ruminants by at least 30%
- Helping the dairy and beef value chain to significantly de-carbonize
- Supporting sustainable animal farming
- Regulatory approvals in Brazil and Chile and a positive EFSA opinion in Europe
- Large scale production capacity planned in Dalry, UK by 2025



## Veramaris® - reducing our reliance on marine resources

- Contributing to preserving marine biodiversity
- Essential for health Human & Animal: Fatty Omega-3 acids EPA & DHA
- 1kg Veramaris oil is equivalent to 60kg wild catch
- introduction of the product for shrimp farming, pet food and human nutrition



## Sustell™ - a powerful solution to measure, compare and improve the sustainability of animal protein

- Global service, built on validated protocols, calculation methodologies and proven processes that meet international standards
- Providing accurate, globally recognized, comparable analyses and results of environmental impact assessments, interventions and improvements throughout the animal protein value chain





*DSM has the capability and therefore the responsibility to make a meaningful impact on the global food systems, while this also creates exciting new market opportunities*



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# Transformation DSM into to a fully focused Health, Nutrition & Bioscience company

- Materials businesses managed largely on a standalone basis; reviewing strategic options, including a possible change of ownership
- New simplified Health, Nutrition & Bioscience organization through:
  - Creation of 3 Business Groups with strong market focus
    - Food & Beverage
    - Health, Nutrition & Care
    - Animal Nutrition & Health
  - Integration of innovation activities of DSM Innovation Center in 3 Business Groups: Fully equipped to drive impactful innovations
  - Alignment of global enabling functions and top structure



# Three Business Groups created with clear end-market orientation and large addressable markets



## Animal Nutrition & Health

Radically more sustainable animal farming

€3.3bn



## Health, Nutrition & Care

**Keeping the world's growing population healthy**

€2.6bn



## Food & Beverage

Healthy diets for all through nutritious, delicious and sustainable solutions

€1.3bn

2021 Performance

Royal DSM

# DSM's strategy is to deliver strong financial returns, creating a positive societal impact, while having best-in-class ESG performance

Global food systems face huge environmental and societal challenges and offer opportunities

DSM is uniquely positioned and has the capabilities to address these opportunities

This creates purpose-led positive impact for people and planet

Building a company that delivers long-term, performance-driven profitable growth

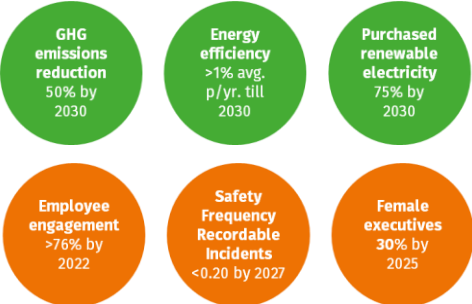


Rich innovation pipeline



Great People, unique Culture

Responsibility for our own footprint and people



Caring for the world with measurable food systems commitments



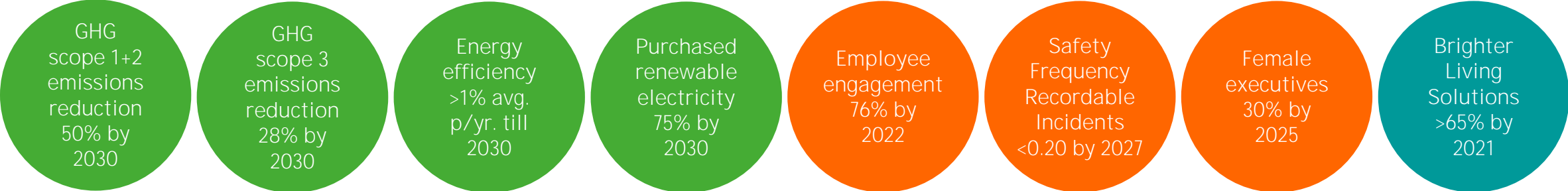
Ambitious mid-term profit targets

- Mid-single-digit % organic sales growth
- Adj. EBITDA margins >20%
- High-single digit % annual Adj. EBITDA growth



# Taking full responsibility for our OWN footprint and people

ESG ambitions (set in 2019) accelerated in 2021



2021 realization

2021 realization

23%

8%

6%

72%

76%

0.21

23%

64%

Reduction

Reduction

Improvement

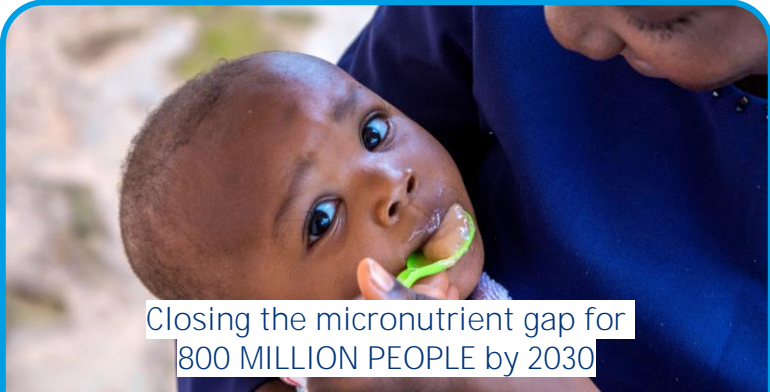


A for Climate A- for Water





# Quantifiable and auditable food system commitments set for 2030



Closing the micronutrient gap for 800 MILLION PEOPLE by 2030



Supporting the immunity of 500 MILLION PEOPLE by 2030

Health for People



DOUBLE DIGITS on-farm livestock emissions reduction by 2030



Reaching 150 MILLION PEOPLE with solutions for plant-based foods by 2030

Health for Planet



Supporting the livelihoods of 500,000 SMALLHOLDER FARMERS by 2030

Healthy Livelihoods



# Group | Strong full year 2021 results

2021

Organic Sales  
growth

**+13%**

€9,204m

Adj. EBITDA

**+18%**

€1,814m

Adj. Net  
Operating  
Free Cash Flow

**+9%**

€949m

- Strong full year results and strong performance on non-financial targets,
- Further step-up in sustainability ambitions and a more aggressive path towards net-zero
- Net profit of **€1,680m**, including profits from sale of AOC and Resins & Functional Materials (versus Net Profit 2020 of **€508m**)



# Nutrition | Strong Results – Demonstrating its superior operational performance and reliability as a supplier

2021

Organic Sales  
growth

**+8%**

€7,031m

Adj. EBITDA

**+8%**

€1,447m

Adj. EBITDA  
margin

**20.6%**

(-40bps)

- Successfully navigating significant supply chain and logistic disruptions affecting the market throughout the year
- Strong 8% Adjusted EBITDA growth largely related to increased volumes, with a 6% contribution from M&A and a 4% negative FX effect

Volumes  
**+8%**

Price/Mix  
**0%**

FX  
**-2%**

M&A  
**+4%**



# Materials | Very strong performance

FY 2021\*

Organic Sales  
growth

**+28%**

€1,935m

Adj. EBITDA

**+60%**

€435m

Adj. EBITDA  
margin

**22.5%**

(+460bps)

- Volumes up +14% vs 2020 and +6% vs 2019, while markets continued to struggle with semiconductor shortages and supply chain disruptions
- Adj. EBITDA up +60% vs 2020 and +17% vs 2019
- Results supported by customer restocking, operational leverage, manufacturing excellence and good pricing strength

Volumes  
+14%

Price/Mix  
+14%

FX  
-1%

M&A  
0%

\* Continuing Operations



# DSM made four important acquisitions in 2021

- [F&F bio-based intermediates business of Amyris, Inc.](#), extending offerings in Personal Care & Aroma Ingredients with annual sales of about **€20m**
- Full ownership of [Midori USA, Inc.](#), a biotechnology start-up developing targeted eubiotics for animals
- [First Choice Ingredients](#), a leading US supplier of dairy-based savory flavorings for a wide range of F&B applications including plant-based alternatives with annual sales of about **€70m**
- [Vestkorn Milling](#), a leading producer of pea- and bean-derived ingredients for plant-based protein products with annual sales of about **€20m**
- DSM also [divested](#) businesses in 2021:
  - It completed the sale of Resins & Functional Materials and associated businesses
  - Divestment of its stake in AOC



# Other 2021 Financial Highlights

End of 2021

Total Working Capital  
as % of sales

**18.7%**

- 40bps

OWC  
as % of sales

**24.1%**

- 50bps

Return on Capital  
Employed  
(excluding M&A)\*

**+14.3%**

+210bps

End of 2021

Proposed dividend

**€2.50**

per share +€0.10

Ordinary  
Shares Issued

**174.8m**

- 6.6m shares

Net Debt

**€1,014m**

€2,577m (end of 2020)

\* Including M&A, ROCE Continuing Operations was 11.2%, up 70bps compared to 2020 (10.4%)



# Purpose-led, Performance-driven (Nutrition '07-'21)

Ambitious mid-term profit targets:

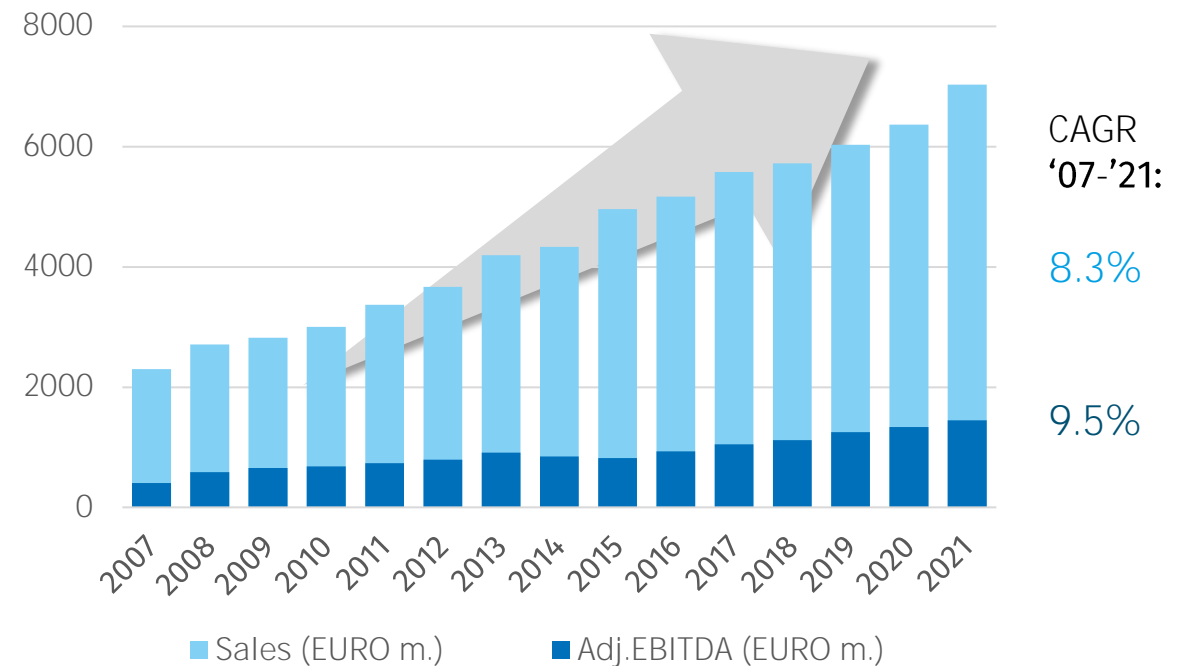
Mid-single digit % organic sales growth

Adj. EBITDA margins >20%

High-single digit % annual adjusted EBITDA growth

~ 10% avg. annual increase in Adj. Net Operating Free Cash Flow

Adj. EBITDA growth CAGR '07-'21 **+10%**



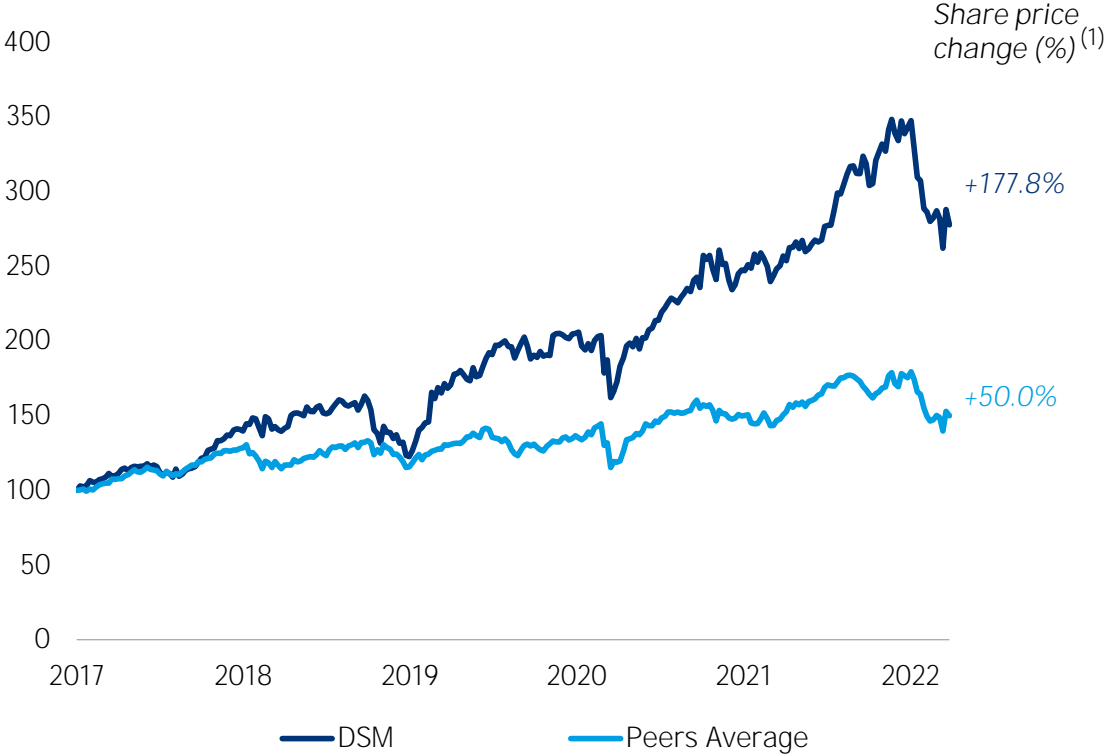
\*2018 figures show the results of the underlying business. This excludes an estimated €295m additional Adjusted EBITDA contribution from an exceptional temporary vitamin price environment, due to a force majeure situation in the industry. See Integrated Annual Report 2018.

# Creating sustainable value for all stakeholders

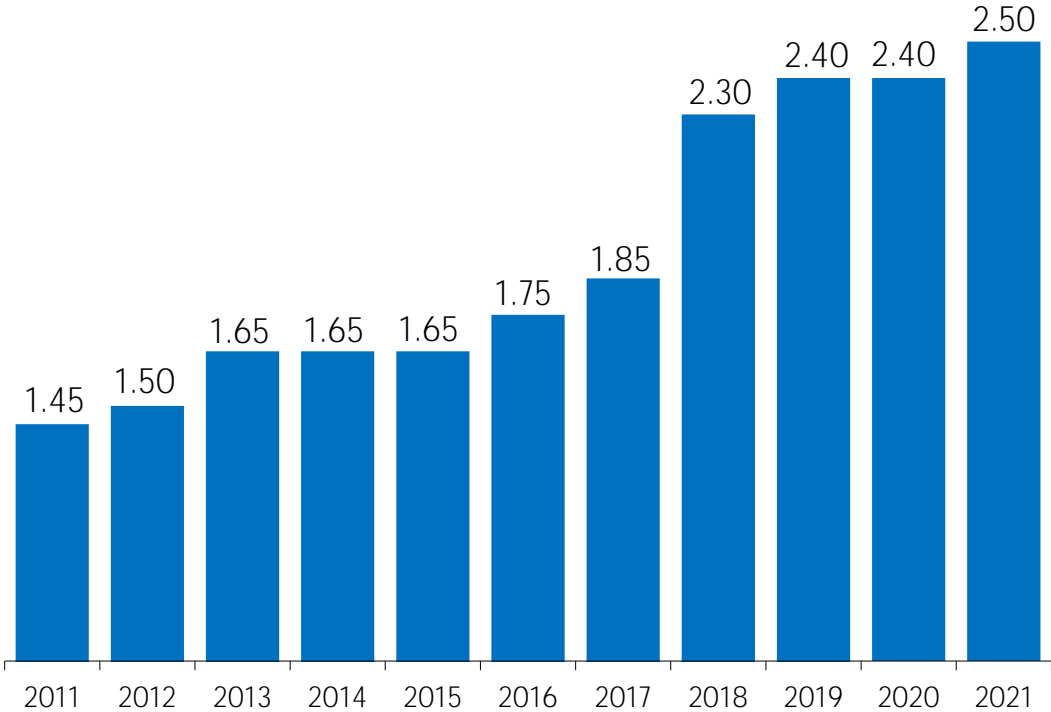
## Superior share price performance vs. peers and AEX

### Stock Performance % (since Jan-2017)

DSM achieved superior share price performance over the last 5 years



### Dividend €



Note: Peers include Symrise, Givaudan, Kerry, IFF, Novozymes, Chr Hansen. Share prices rebased to 100.  
 (1) Share price change between 1<sup>st</sup> January 2017 and end of Q1 2022





# 2022 Q1 & Outlook

# Q1 Results Highlights: DSM delivered a good first quarter

## 2022 Q1 Group

Organic Sales  
growth

+12%

€2,590m

Adj. EBITDA

+10%

€487m

- Group sales +18%
- **Robust demand across DSM's businesses**
- Effective pricing measures to counteract inflation throughout the value chain
- **Excellence of DSM's people and operations ensured DSM was able to continue to satisfy its customers' needs**

## 2022 Q1 HNB

Health, Nutrition & Bioscience

Organic Sales  
growth

+9%

€1,987m

Adj. EBITDA

+9%

€391m

- HNB sales +16%
- Despite highly inflationary environment and ongoing global supply chain challenges, all businesses delivered a good quarter

## 2022 Q1 Materials

Organic Sales  
growth

+21%

€582m

Adj. EBITDA

+11%

€120m

- Materials Sales +25%
- On April 20, 2022, DSM announced agreement to sell DSM Protective Materials to Avient Corporation for an Enterprise Value of **€1.44bn**

# Full Year 2022 outlook unchanged

- DSM expects for its Health, Nutrition & Bioscience activities to deliver a high-single digit Adjusted EBITDA increase
- For the Group, DSM expects a mid-single digit Adjusted EBITDA increase, with a high-single Adjusted Net Operating **Free Cash Flow increase. This outlook is based on DSM's expectation of a stable Adjusted EBITDA in Materials** following the strong performance in 2021



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