



Presentation to Investors

Full year 2019 results

ROYAL DSM
NUTRITION HEALTH SUSTAINABLE LIVING



CEO statement

“We are pleased to have delivered a good financial performance, as well as achieving our key milestones in the first year of Strategy 2021. Given the softer trading conditions seen in some of our markets, we are focused on driving growth, costs and operational excellence initiatives across the company to offset these adverse macro-economic conditions. Our outlook for 2020 is based on our own strength and self-help actions, and underlines our commitment to DSM’s Strategy 2021 targets. Our businesses are well positioned to capitalize on strong fundamental growth drivers related to the world’s most pressing challenges and we expect our large innovation programs to begin to contribute in 2020, and further expand during 2021 and beyond.”

Feike Sijbesma , outgoing CEO
Geraldine Matchett , incoming co-CEO
Dimitri de Vreeze , incoming co-CEO



Highlights full year 2019

- DSM reports another good year
- Results compared to underlying business in 2018:
 - ✓ Group sales: +2%, Adjusted EBITDA up 10% (including 3% from IFRS 16)
 - ✓ Nutrition: sales +5%, organic sales +2%, Adjusted EBITDA up 12% (including 3% from IFRS 16)
 - ✓ Materials: sales -6%, volume -5%, Adjusted EBITDA -1% (including 1% from IFRS 16)
- Net Profit €764m. Adjusted net profit €830m, up 8% versus underlying business in 2018
- Adjusted Net Operating Free Cash Flow €801; up 47% versus underlying business in 2018
- Proposed dividend increase from €2.30 to €2.40 per ordinary share
- Full year outlook 2020: mid-single digit increase in Adjusted EBITDA

Highlights Q4 2019

- DSM reports a solid Q4
- Group sales -3%, Adjusted EBITDA up 7% (including 4% from IFRS 16)
- Nutrition: sales +1%, organic sales -1%, Adjusted EBITDA up 9% (including 3% from IFRS 16)
- Materials: sales -9%, volume -6%, Adjusted EBITDA -1% (including 2% from IFRS 16)

Key financials full year 2019

Comparison with full year 2018 Underlying business

in € million	Full year 2019	Full year 2018			% Change				
		Underlying ¹ business	Temp. vitamin effect	Total Group	Underlying ¹ Organic growth	FX & 'other' ¹	Underlying ¹ total growth	Temporary vitamin effect	Total Group
Sales	9,010	8,852	415	9,267	-1%	3%	2%	-5%	-3%
Nutrition	6,028	5,722	415	6,137	2%	3%	5%	-7%	-2%
Materials	2,746	2,913		2,913	-8%	2%	-6%		-6%
Adjusted EBITDA	1,684	1,532	290	1,822			10%	-18%	-8%
Nutrition	1,250	1,117	290	1,407			12%	-23%	-11%
Materials	509	512		512			-1%		-1%
Innovation	22	8		8					
Corporate	-97	-105		-105					
EBITDA	1,586	1,464	290	1,754					
Adjusted EBITDA margin	18.7%	17.3%		19.7%					

¹In 2018 DSM benefitted from a temporary vitamin effect. Underlying (business) is defined as the performance measure sales and Adjusted EBITDA, corrected for DSM's best estimate of this temporary vitamin effect.

²Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

³DSM adopted IFRS 16 as per its effective date of 1 January 2019 and has not restated 2018.



Key financials Q4 2019

Comparison with Q4 2018 Underlying business

in € million	Q4 2019	Q4 2018			% Change				
		Underlying ¹ business	Temp. vitamin effect	Total Group	Underlying ¹ Organic growth	FX & 'other' ¹	Underlying ¹ total growth	Temporary vitamin effect	Total Group
Sales	2,152	2,208	-	2,208	-5%	2%	-3%		-3%
Nutrition	1,455	1,444	-	1,444	-1%	2%	1%		1%
Materials	632	698		698	-12%	3%	-9%		-9%
Adjusted EBITDA	396	370	-	370			7%		7%
Nutrition	294	270	-	270			9%		9%
Materials	118	119		119			-1%		-1%
Innovation	6	7		7					
Corporate	-22	-26		-26					
EBITDA	347	340		340					
Adjusted EBITDA margin	18.4%	16.8%		16.8%					

¹In 2018 DSM benefitted from a temporary vitamin effect. Underlying (business) is defined as the performance measure sales and Adjusted EBITDA, corrected for DSM's best estimate of this temporary vitamin effect.

²Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

³DSM adopted IFRS 16 as per its effective date of 1 January 2019 and has not restated 2018.



Key financials

Comparison with 2018 including temporary vitamin effect

in € million, including IFRS 16 impact, where applicable	Full year			Q4 2019	Q4 2018	% Change
	2019	2018	% Change			
Sales	9,010	9,267	-3%	2,152	2,208	-3%
Adjusted EBITDA	1,684	1,822	-8%	396	370	7%
Adjusted EBITDA margin	18.7%	19.7%		18.4%	16.8%	
ROCE (%)	12.0%	16.8%				
Effective tax rate¹	18.2%	17.4%				
Adjusted net profit²	830	1,034	-20%	171	182	-6%
Net profit - Total DSM²	764	1,079	-29%	124	258	-52%
Adjusted net EPS	4.64	5.84	-20%	0.96	1.02	-5%
Net EPS - Total DSM	4.27	6.10		0.70	1.46	
Operating cash flow	1,385	1,391	0%	444	458	-3%
Adjusted Net Operating Free Cash Flow	801	810	-1%	251	281	-11%

¹ Over Adjusted taxable result

² Including result attributed to non-controlling interest

Nutrition | Key financials

in € million (estimated)	Full year		
	2019	2018	
Sales	6,028	5,722	5%
Adjusted EBITDA ¹	1,250	1,117	12%
Adjusted EBITDA margin (%) ¹	20.7%	19.5%	
ROCE (%)	13.9%	14.9%	

Temporary vitamin effect

in € million (estimated)	temp. vit. effect 2018
Sales	415
Adjusted EBITDA	290

Total cluster

in € million	Full year			Q4 2019	Q4 2018	% Change
	2019	2018	% Change			
Sales	6,028	6,137	-2%	1,455	1,444	1%
Adjusted EBITDA ¹	1,250	1,407	-11%	294	270	9%
Adjusted EBITDA margin (%) ¹	20.7%	22.9%		20.2%	18.7%	
Adjusted EBIT	881	1,111	-21%	194	193	1%
Capital Employed	6,731	5,683				
Average Capital Employed	6,347	5,574				
ROCE (%)	13.9%	19.9%				
Total Working Capital	1,644	1,410				
Average Total Working Capital as % of Sales	27.8%	24.9%				

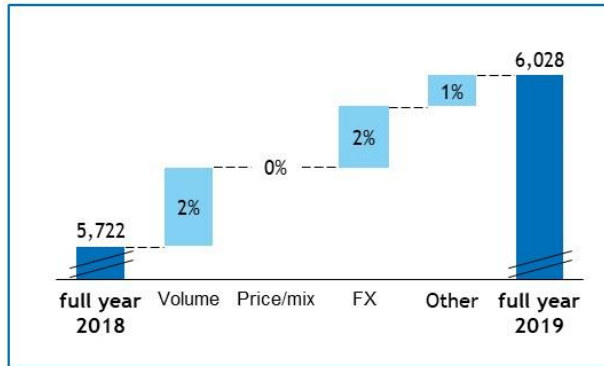
¹Including IFRS 16 impact of €8 million in Q4 2019 and €30 million for the full year 2019

- ‘Underlying’ business is defined as the sales and Adjusted EBITDA, corrected for the **temporary vitamin effect** due to exceptional supply disruptions in the industry which occurred in the first nine months of 2018. This event provided additional sales for **€415 million** and a corresponding Adjusted EBITDA of **€290 million** in the first nine months of 2018, as estimated and reported last year.



Nutrition | Business overview

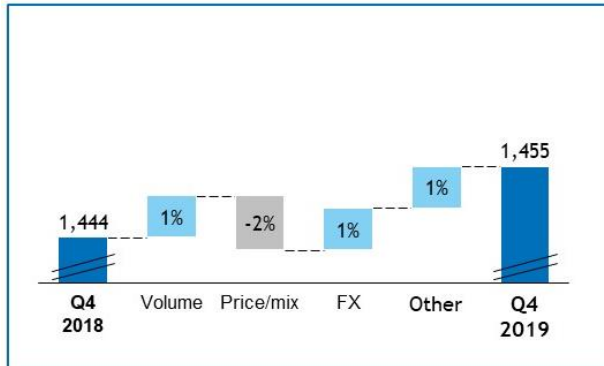
Sales bridge | FY 2018 to FY 2019 (€m)



- **Full year 2019 sales:** Sales were 5% higher compared to 2018, with 2% organic growth, 1% from the consolidation of Andre Pectin and 2% from exchange rates driven by the US dollar.
- **Q4 2019 sales:** Nutrition reported minus 1% organic growth, with volumes up 1% and prices down 2%. Overall, sales were up 1% with the contribution of Andre Pectin and positive exchange rates.

Animal Nutrition delivered a solid result with strong sales growth across regions and species. Volumes were partly impacted by the continued spread of the African swine fever in China and South-East Asia. Human Nutrition had a weak quarter on the back of some softer end-markets. The Other Nutrition activities performed strongly.

Sales bridge | Q4 2018 to Q4 2019 (€m)



- **Full year 2019 Adjusted EBITDA:** The Adjusted EBITDA growth was 12%, including a 3% contribution from IFRS 16 and 2% from Andre Pectin (€24 million), driven by higher volumes, lower costs and a small positive foreign exchange effect. The adjusted EBITDA margin was 20.7% (including 0.5% impact from IFRS 16) versus 19.5% in same period last year.
- **Q4 2019 Adjusted EBITDA:** Nutrition reported 9% growth in Adjusted EBITDA (including 3% impact from IFRS 16), driven by positive mix effects, lower costs and the consolidation of Andre Pectin. The Q4 2019 Adjusted EBITDA margin was 20.2% (including 0.5% impact from IFRS 16) versus 18.7% in Q4 2018.

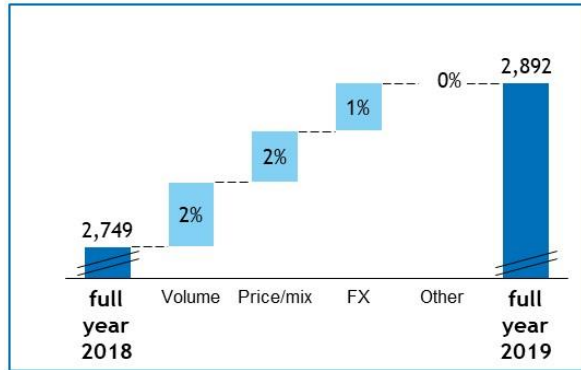


Fit for Growth

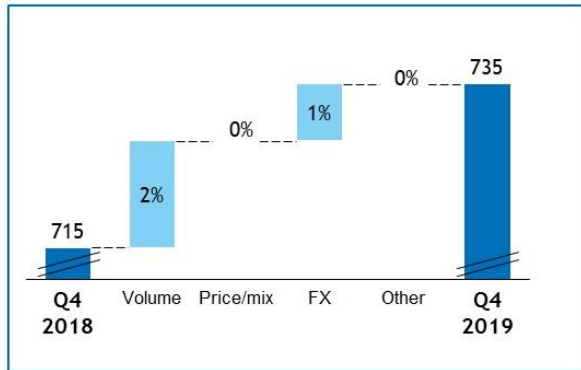
- DSM has launched a program in Nutrition to drive above market profitable growth through increasing its agility
- By simplifying the operating model and further improving business steering, the program aims to better serve customers and respond to the differentiated needs of their respective end markets
- In both the Animal and Human Nutrition businesses, two business lines will be introduced with focused customer facing teams and differentiated go-to-market approaches
- These changes will also lead to a more efficient organizational structure, entailing 350 redundancies

Animal Nutrition & Health | Sales overview

Sales bridge | FY 2018 to FY 2019 (€m)



Sales bridge | Q4 2018 to Q4 2019 (€m)



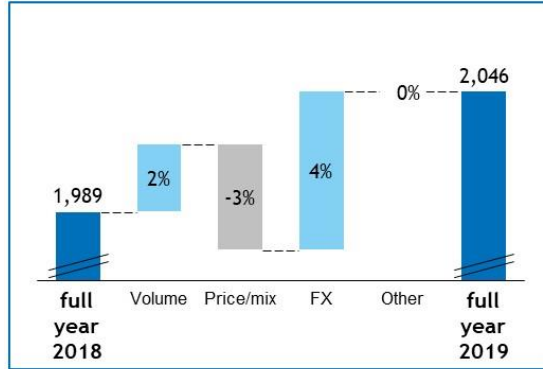
- **Full year 2019 sales:** Animal Nutrition reported 4% organic growth, against a strong 8% last year and despite the negative effect of the African swine fever (ASF). This demonstrates the resilience of the integrated and diversified business model and DSM's ability to address a wide range of species as well as a diversified geographical presence.

Sales were strong for all species and in all regions, except for sales to the swine business in China and South-East Asia which were impacted by the ASF. This region accounts for more than half of global pork production, with culling measures introduced in response to the ASF, affecting 35-50% of pork production in the area. The rapid spread of this disease has disrupted the global equilibrium of animal protein in the short term. As a result, in the second half, DSM was unable to fully offset the decline in pork production in the region, with increases in production from other regions and species. Overall, volumes and prices were up 2%. The price increase was due to positive sales mix effects, as well as price increases earlier in the year for some ingredients to compensate for higher costs.

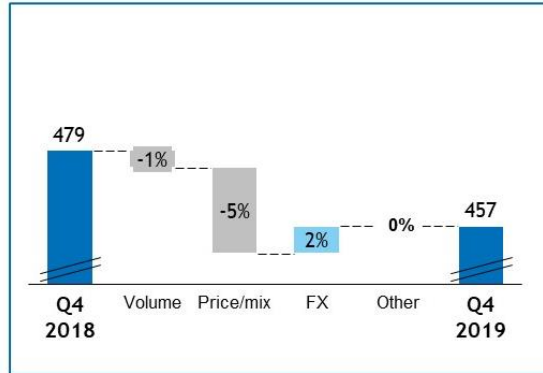
- **Q4 2019 sales:** Q4 saw continued good business conditions across almost all regions and species. Animal Nutrition delivered an organic growth of 2%, driven by volumes. Same as in Q3, the strong performance across the world, was partly offset by the negative effects of the ASF in China and South-East Asia.

Human Nutrition & Health | Sales overview

Sales bridge | FY 2018 to FY 2019 (€m)



Sales bridge | Q4 2018 to Q4 2019 (€m)



- **Full year 2019 sales:** Human Nutrition delivered 3% sales growth driven by foreign exchange effects, which were largely US dollar related. Organic growth was minus 1%, against a tough comparison of +7% organic growth in 2018, in increasingly challenging end-markets. Volumes were up 2% and prices were down 3%.

After a strong start to the year, softer macro-economic conditions increasingly weighed on the food & beverages segment, especially in North America. The softness is most pronounced at larger customers. Smaller customers have been less impacted. Medical Nutrition and Dietary Supplements (driven by the double-digit growth in the i-Health segment, DSM's business-to-consumer business) performed well over the year. Early Life Nutrition showed a strong performance in the first three quarters of the year, with a softer fourth quarter. Lower prices for vitamin C and negative mix effects resulted in 3% lower prices.

- **Q4 2019 sales:** Human Nutrition reported minus 6% organic growth, with volumes down 1% and prices down 5%. Business conditions in Food & Beverage remained sluggish in the quarter especially in North America. Early Life Nutrition had a softer quarter, reflecting the weakness in demand at DSM's global customers who saw their sales to China slowing. Medical Nutrition and Dietary Supplements performed well and the i-Health business performed strongly. The minus 5% price effect resulted from lower prices for vitamin C and negative mix effects (especially due to lower sales in Early Life Nutrition).

Other Nutrition activities

- **Food Specialties:** Full year 2019 sales were 17% higher versus the previous year, resulting from 4% organic growth, 12% from the consolidation of Andre Pectin following the increase in DSM's shareholding from 29% to 75% and 1% from exchange rate effects..

All major business lines performed well over the year, with especially good sales growth in cultures and food enzymes in dairy and baking. The re-integration of Andre Pectin went very smoothly, and the business performed well.

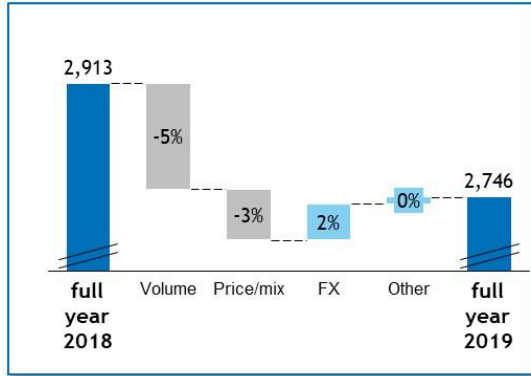
DSM acquired Royal CSK per 27 December 2019, a Dutch company primarily active in cheese cultures. This highly synergetic business will allow DSM to better serve its largest food and beverage segment of fast-growing and attractive dairy culture markets.

Good progress on large innovation program:

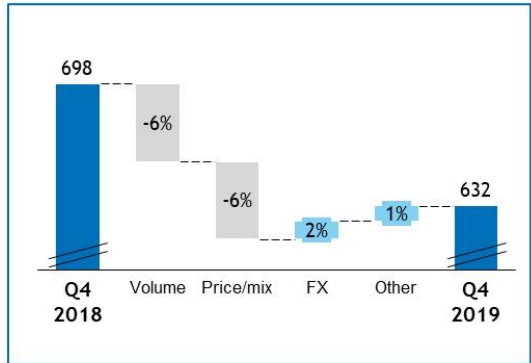
- ✓ **Avansya**, DSM's joint venture with Cargill for sweetener, started commercial production of its fermentative stevia at its plant in Blair, Nebraska (USA) in November. Avansya expects first customers products containing its sweetener solutions to arrive in designated test markets soon.
- **Personal Care & Aroma Ingredients:** Full year 2019 sales were up 11%, with a very strong 9% organic growth and a 2% contribution from foreign exchange. All personal care product lines, including sun-, skin- and hair care delivered good above-market growth, with aroma ingredients also performing well in 2019. Successful commercialization of the innovation pipeline further contributed to a very good year for the business.

Materials | Sales overview

Sales bridge | FY 2018 to FY 2019 (€m)



Sales bridge | Q4 2018 to Q4 2019 (€m)



- **Full year 2019 sales** Materials reported minus 8% organic growth, with volumes recording minus 5% and prices minus 3%. The lower prices fully reflect lower input costs.
 - ✓ **DSM Engineering Plastics** reported minus 10% organic growth. The business saw persistent softness in China and in the global automotive segment. Electrical & Electronics saw some signs of improvement in the second half. Business conditions in other end-segments were solid.
 - ✓ **DSM Resins & Functional Materials** reported minus 6% organic growth. Business conditions in Coating Resins stabilized versus previous year: while the European end-markets remained weak, the business experienced a small uptick in the Chinese Building & Construction sector. Functional Materials saw its sales of specialty coatings for glass fiber optic cables decline in the second half of the year. The 4G network investments started to fade out in anticipation of the upcoming infrastructure investments for the 5G networks, which led to temporarily lower sales.
 - ✓ **DSM Dyneema** reported minus 4% organic growth. The focus on strong growth in the high margin personal protection business resulted in lower volumes in other segments. The shift had a strong positive effect on the margins. New production capacity was started up by the end of the year, which will allow the business to continue its growth.
- **Q4 2019 sales** The reported organic growth was minus 12% with volumes down 6% and prices down 6%. This price decline reflected developments in input cost.

Materials | Key financials

in € million	Full year			Q4 2019	Q4 2018	% Change
	2019	2018	% Change			
Sales	2,746	2,913	-6%	632	698	-9%
Adjusted EBITDA ¹	509	512	-1%	118	119	-1%
Adjusted EBITDA margin (%) ¹	18.5%	17.6%		18.7%	17.0%	
Adjusted EBIT	363	383	-5%	78	85	-8%
Capital Employed	1,927	1,878				
Average Capital Employed	1,951	1,856				
ROCE (%)	18.6%	20.6%				
Total Working Capital	356	376				
Average Total Working Capital as % of Sales	15.2%	13.3%				

¹ Including IFRS 16 impact of €2 million in Q4 2019 and €7 million for the full year 2019

- **Full year 2019 Adjusted EBITDA** was minus 1% compared to previous year (including 1% impact from IFRS 16). DSM's specialty portfolio demonstrated its relative earnings resilience in current market circumstances. Due to the strong performance of the higher margin businesses (especially Dyneema), good margin management, cost control and some benefit from currencies, Materials reported almost flat earnings in 2019. The Adjusted EBITDA margin was 18.5% (including 0.2% impact from IFRS 16) compared to 17.6% achieved in the previous year.
- **Q4 2019 Adjusted EBITDA** was minus 1% compared to previous year (including 2% from IFRS 16). Q4 2019 Adjusted EBITDA margin was 18.7% (including 0.3% impact from IFRS 16) compared to 17.0% in Q4 2018.

Innovation center | Key financials

in € million	Full year			Q4 2019	Q4 2018	% Change
	2019	2018	% Change			
Sales	194	172	13%	54	54	0%
Adjusted EBITDA ¹	22	8		6	7	
Adjusted EBIT	-19	-14		-8	2	
Capital Employed	616	597				

¹ Including IFRS 16 impact of €1 million in Q4 2019 and €2 million for the full year 2019

- **Full Year 2019 sales** were up 13% with 9% organic growth and 4% contribution from exchange rates. Biomedical reported strong sales growth over the year. Bio-based Products & Services benefited from the license income for yeast technologies used for bio-based fuels. Solar was soft due to the challenging Chinese market.
- **Full Year 2019 Adjusted EBITDA** benefited from a strong increase in license income at Bio-based Products & Services as well as a good performance of Biomedical and a positive contribution from exchange rate effects.

Corporate activities | Key financials

in € million	Full year		Q4 2019	Q4 2018
	2019	2018		
Sales	42	45	11	12
Adjusted EBITDA ¹	-97	-105	-22	-26
Adjusted EBIT	-150	-135	-33	-35

¹ Including IFRS 16 impact of €3 million in Q4 2019 and €13 million for the full year 2019

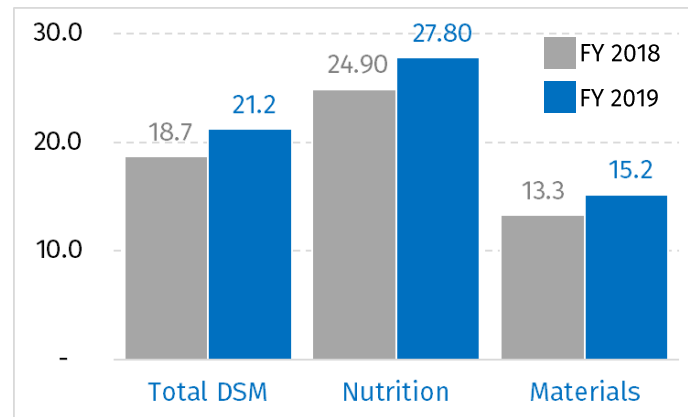
- **Full year 2019 Adjusted EBITDA** slightly improved compared to previous year, predominantly driven by the adoption of IFRS 16 which was partly offset by somewhat higher cost.

Cash Flow and Working Capital | overview

Condensed Cash Flow and (Operating) Working Capital

in € million	Full year			
	2019	2018	Q4 2019	Q4 2018
Cash provided by Operating Activities	1,385	1,391	444	458
- Cash from APM adjustments	57	94	20	28
- Cash from capital expenditures*	-627	-655	-207	-203
- Cash from drawing rights	-14	-20	-6	-2
Adjusted Net Operating Free Cash Flow	801	810	251	281
Adjusted Net Operating Free Cash Flow - Underlying buss.	801	545		
Operating Working Capital	2,266	2,138		
Average Operating Working Capital as % of Sales	26.3%	24.0%		
Operating Working Capital as % of Sales - end of period	26.3%	24.2%		
Total Working Capital	1,852	1,674		
Average Total Working Capital as % of Sales	21.2%	18.7%		
Total Working Capital as % of Sales - end of period	21.5%	19.0%		

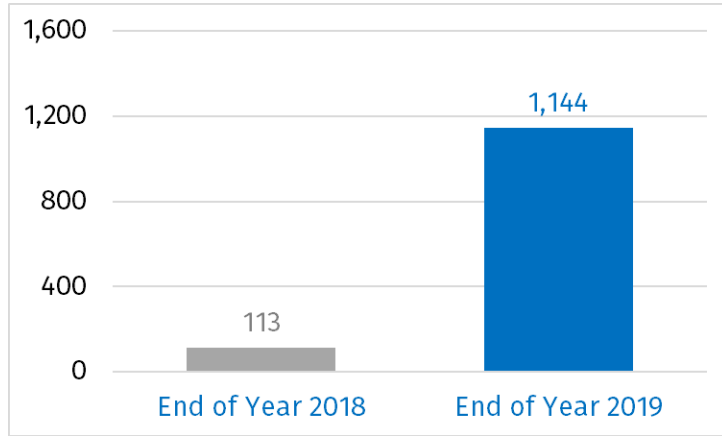
Average Total Working Capital %



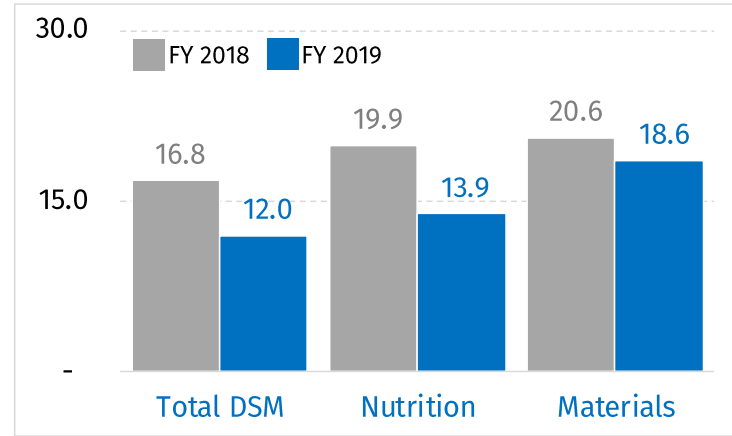
- **Adjusted Net Operating Free Cash Flow** amounted to €801 million in 2019 up 47% (including 10% impact from IFRS 16) versus the underlying business in 2018, well above the target of 10% average annual increase. The step-up in cash flow is driven by limited cash-out related to working capital in 2019 of €13 million, compared to €238 million in 2018.
- **Operating Working Capital and Total Working Capital** The increase end of 2019 versus 2018 is fully driven by the consolidation of acquisitions and exchange rate effects. OWC as % of sales was further negatively impacted by lower annualized Q4 sales in 2019.

Net debt and ROCE | overview

Net debt



ROCE (underlying business including IFRS 16)



- **Net debt** was €1,144 million, up from €113 million at the end of 2018, mainly driven by the inclusion of IFRS16 and the acquisitions (including Andre Pectin and Nenter), plus the share buy back.
- **ROCE** of underlying business is down 130bps to 12.0% versus 2018, mainly driven by higher capital employed (due to acquisitions, IFRS16 and FX).

Outlook 2020

- DSM expects to deliver a mid-single digit increase in Adjusted EBITDA for 2020 compared to prior year, together with an improvement in Adjusted Net Operating Free Cash Flow in line with our Strategy 2021 targets. This outlook is driven by DSM's own growth initiatives, innovation programs and self-help actions, and does not assume any significant improvement to the current macroeconomic environment. With regard to any potential impact of the current novel corona virus outbreak, DSM will monitor the situation closely.

Share Buy Back program

- DSM announced on 14 February 2019 a repurchase of shares with an aggregate market value of €1 billion, with the intention to reduce its issued capital. In 2019 DSM has repurchased 5.4 million shares for a total consideration of €600 million under this program. DSM intends to repurchase the remaining €400 million during the first half year of 2020, next to the usual repurchase programs which DSM executes from time to time to cover commitments under the share-based compensation plans and the stock dividend.

Progress on Strategy 2021:

Growth & Value – Purpose led, Performance driven

Purpose sets the scope for further growth and evolution

Strategy 2021: Growth & Value - Purpose led, Performance driven

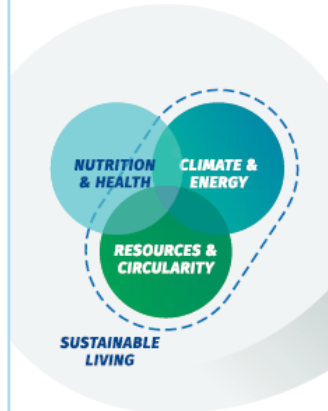
Our competences and purpose... ▶

DSM's key competences + addressing megatrends and the UN SDGs:



provide growth opportunities in the focus domains... ▶

A science-based company active in Nutrition, Health and 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 delivered on its key financial targets ..

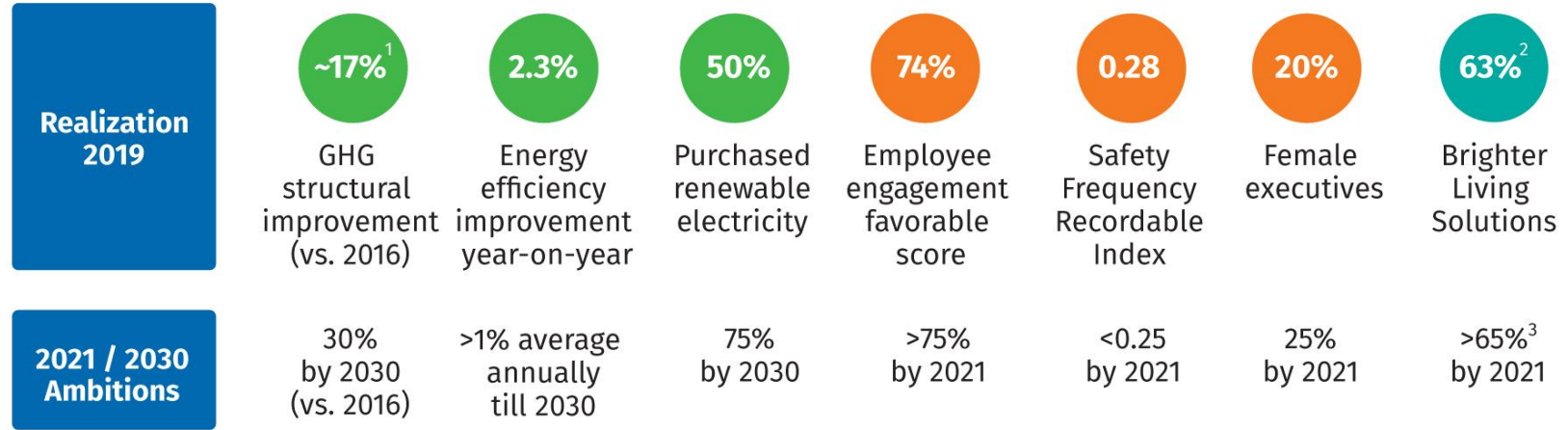
2021 targets ¹	Ambitions underpinning our targets ¹	
<p>High single-digit percentage annual Adjusted EBITDA increase ✓</p> <p>~10% average annual Adjusted net operating free cash flow ² increase ✓</p>	1. Sales	Above-market sales growth for Total DSM, Nutrition and Materials
	2. Adjusted EBITDA margin	Nutrition: >20% ✓ Materials: 18–20% ✓
	3. Working capital	Reduce by 50 bps annually to ~16%
	4. Capex	~6.5% of sales ✓
	5. ROCE	~1%-point increase per annum
	6. Adjusted EPS	Increase ahead of Adjusted EBITDA growth ✓

¹ Based on 2018 underlying business, defined as Sales and Adjusted EBITDA corrected for our best estimate of the temporary vitamin effect.

² Adjusted net operating free cash flow is the cash flow from operating activities, corrected for the cash flow of the APM adjustments, minus the cash flow of capital expenditures and drawing rights.

..as well as on its sustainability ambitions

Continued step-up in sustainability leadership



¹ We estimate that the effect of the underlying cumulative structural improvements in absolute GHG emissions was approximately 17% and 8% in 2019 and 2018 respectively, versus the 2016 baseline. The total cumulative absolute reduction was 25% and 18% respectively, versus the 2016 baseline.

² For a small percentage of sales (approximately 2%) classified as BLS, the environmental impact is considered 'best in class' together with other solutions.

³ KPI will be updated as part of the Responsible Care Plan update in 2020.

DSM made strides in its large innovation programs



- DSM filed for European registration to commercialize its '**Clean Cow**' product, targeted for late 2020/early 2021. This feed additive reduces methane emissions from ruminants by about 30%.



- **Veramaris** started the commercial production of its omega-3 fatty acids from marine algae for aquaculture, supplying three of the largest salmon feed producers and used by the largest salmon farmers. The first Veramaris-fed salmon were distributed by three major retailers across Europe. Sales volumes are expected to develop in line with the ramp-up of the plant with target production capacity to be reached early 2021



- After a successful introduction in the Americas in 2018, **Balancius**, a feed ingredient designed to improve the gastrointestinal functionality in poultry, was launched in Europe.



- **Avansya**, DSM's joint venture with Cargill for sweetener, started commercial production of its fermentative stevia at its plant in Blair, Nebraska (USA) in November. Avansya expects first customers products containing its sweetener solutions to arrive in designated test markets soon.

Sustainability performance recognized in ESG benchmarks



- DSM further improved its rankings in key ESG (Environmental, Social & Governance) indices, achieving leading positions in four important ESG indices for investors: DSM is #1 out of 120 in its industry in Sustainalytics, has an AAA rating in MSCI, has the Prime score in ISS-Oekom, and has a leading position in Vigeo.

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 Q4 2019 performance can be found in the Q4 2019 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



BRIGHT SCIENCE. BRIGHTER LIVING.™