



Presentation to Investors

Q3 2016 results

ROYAL DSM
HEALTH NUTRITION MATERIALS



Safe harbor statement

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More details on DSM's Q3 2016 performance can be found in the Q3 2016 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

Highlights Q3 2016

- DSM reports another strong quarter
- Group sales up at €1,998m, with 3% organic growth, and EBITDA up 13% to €323m
- Nutrition: 5% organic sales growth, EBITDA up 8%
- Materials: 5% volume growth, EBITDA up 16%
- Group ROCE improved to 10.6% (end Q3 2015: 7.9%) driven by higher EBIT
- Net profit up 38% to €146m (€322m after exceptionals, including proceeds from Patheon IPO)
- Outlook maintained: “DSM continues to expect to deliver full-year 2016 results ahead of the medium-term targets set out in its Strategy 2018, with a mid-teens EBITDA growth and an increase in ROCE of over 200 basis points”

Quote from CEO Feike Sijbesma



Feike Sijbesma
CEO / Chairman of
the DSM Managing Board

"We are pleased to report another quarter of strong operational and financial progress. This was driven by both Materials and Nutrition, reflecting the progress we are making on delivering on our Strategy 2018 through our growth initiatives as well as ambitious improvement and cost savings actions.

Materials had a quarter of strong volume growth driven again by specialties, enhanced by particularly high margins as a result of a very favorable product mix and pro-active margin management, while still benefiting from low input costs. Nutrition delivered good EBITDA growth, despite additional costs in the quarter. Animal Nutrition benefited from increased vitamin prices, with solid volume growth against a tougher prior year comparison. Human Nutrition delivered strong volume growth.

While the global macro-economic environment remains a concern, we continue to expect that for the full year 2016, we will deliver ahead of our medium-term goals, given the strong ongoing performance of our business, underpinned by our continued focus on the improvement programs."

Key financials | Q3 2016

| in € million | | | | January - September | | |
|--|---------|---------|----------|---------------------|-------|----------|
| | Q3 2016 | Q3 2015 | % Change | 2016 | 2015 | % Change |
| Sales - Continuing Operations | 1,998 | 1,945 | 3% | 5,905 | 5,796 | 2% |
| EBITDA - Continuing Operations | 323 | 287 | 13% | 947 | 814 | 16% |
| EBITDA margin - Continuing operations | 16.2% | 14.8% | | 16.0% | 14.0% | |
| EBIT - Continuing Operations | 205 | 170 | 21% | 601 | 458 | 31% |
| ROCE - Continuing Operations (%) ¹ | | | | 10.6% | 7.9% | |
| Profit for the period, before exceptional items - Cont. Ops. | 146 | 106 | 38% | 390 | 285 | 37% |
| Profit for the period, after exceptional items - Total DSM | 322 | 33 | | 542 | 63 | |
| Net EPS before exceptional items - Cont. Ops. | 0.81 | 0.59 | 37% | 2.17 | 1.61 | 35% |
| Net EPS after exceptional items - Total DSM | 1.82 | 0.19 | | 3.04 | 0.33 | |
| Cash Flow - Continuing Operations | 325 | 300 | | 644 | 487 | |
| Exceptional items after tax ² | -24 | -65 | | -18 | -162 | |

¹ ROCE calculated based on weighted average capital employed, January until September

² Excluding share of profit of associates/ joint control entities

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Net sales development | Q3 2016

| in € million | Q3 2016 | Q3 2015 | % Change | Volume | Price/mix | FX | Other |
|--------------------------------|----------|------------|----------|--------|-----------|-----|-------|
| Sales - Continuing Operations | 1,998 | 1,945 | 3% | 3% | 0% | 0% | 0% |
| Nutrition | 1,303 | 1,253 | 4% | 3% | 2% | -1% | 0% |
| Materials | 634 | 631 | 0% | 5% | -5% | -1% | 1% |
| Innovation Center | 43 | 42 | 2% | 2% | 0% | 0% | 0% |
| Corporate Activities | 18 | 19 | | | | | |
| <i>Discontinued Operations</i> | <i>0</i> | <i>157</i> | | | | | |

Net sales development | YTD Q3 2016¹

| in € million | January - September | | | Volume | Price/mix | FX | Other |
|--------------------------------|---------------------|-------|----------|--------|-----------|-----|-------|
| | 2016 | 2015 | % Change | | | | |
| Sales - Continuing Operations | 5,905 | 5,796 | 2% | 5% | -1% | -2% | 0% |
| Nutrition | 3,848 | 3,699 | 4% | 5% | 1% | -3% | 1% |
| Materials | 1,874 | 1,927 | -3% | 3% | -6% | -1% | 1% |
| Innovation Center | 126 | 115 | 10% | 10% | 0% | -1% | 1% |
| Corporate Activities | 57 | 55 | | | | | |
| <i>Discontinued Operations</i> | 0 | 1,213 | | | | | |

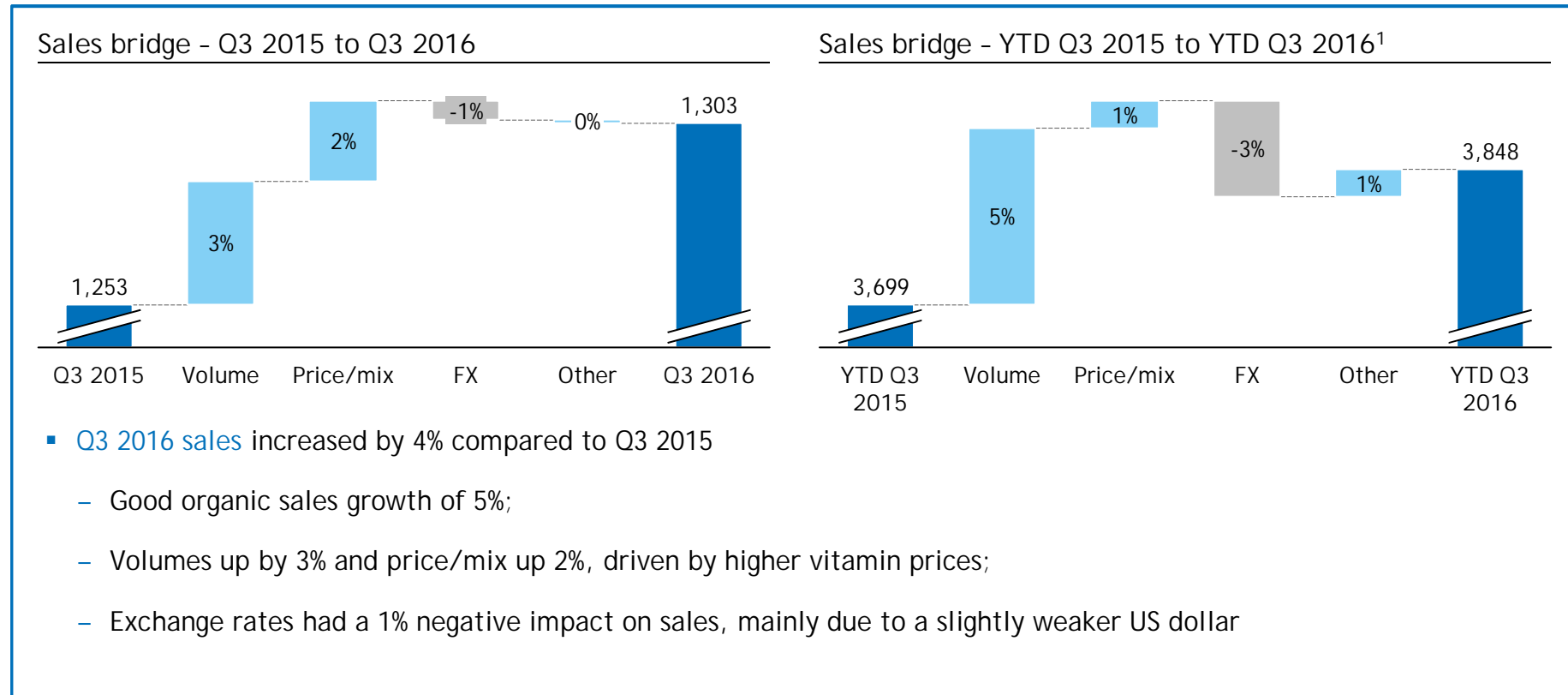
¹ YTD = January - September

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EBITDA development | Q3 2016

| in € million | | | | January - September | | |
|--------------------------------|---------|---------|----------|---------------------|------|----------|
| | Q3 2016 | Q3 2015 | % Change | 2016 | 2015 | % Change |
| EBITDA - Continuing Operations | 323 | 287 | 13% | 947 | 814 | 16% |
| Nutrition | 231 | 213 | 8% | 693 | 616 | 13% |
| Materials | 118 | 102 | 16% | 330 | 294 | 12% |
| Innovation Center | 1 | 0 | | 2 | -8 | |
| Corporate Activities | -27 | -28 | | -78 | -88 | |
| <i>Discontinued Operations</i> | 0 | 3 | | 0 | 94 | |

Nutrition | Sales overview



¹ YTD = January - September

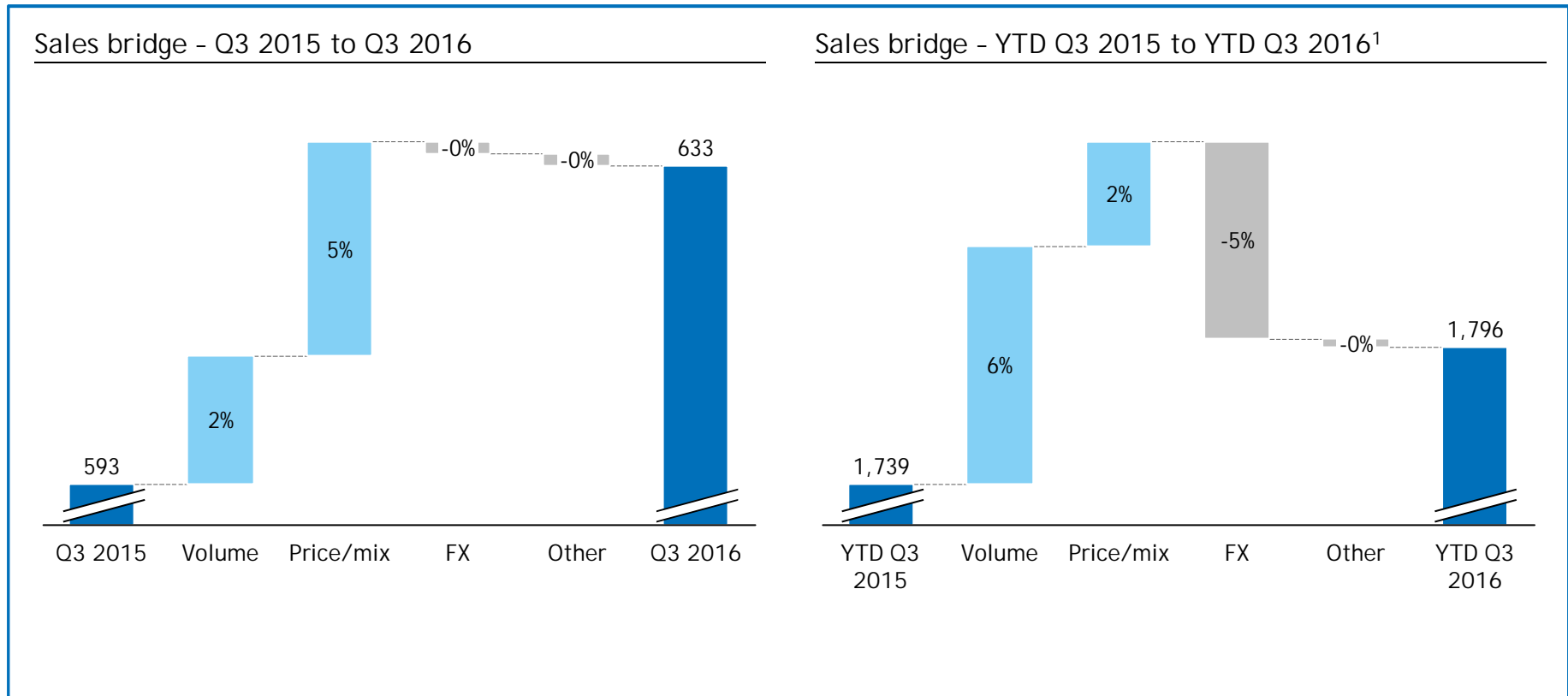
Nutrition | Key financials

| in € million | | | | January - September | | |
|--|---------|---------|----------|---------------------|-------|----------|
| | Q3 2016 | Q3 2015 | % Change | 2016 | 2015 | % Change |
| Sales | 1,303 | 1,253 | 4% | 3,848 | 3,699 | 4% |
| EBITDA | 231 | 213 | 8% | 693 | 616 | 13% |
| EBITDA margin (%) | 17.7% | 17.0% | | 18.0% | 16.7% | |
| EBIT | 159 | 146 | 9% | 485 | 412 | 18% |
| Capital Employed | | | | 5,384 | 5,247 | |
| Average Capital Employed | | | | 5,334 | 5,316 | |
| ROCE (%) | | | | 12.1% | 10.3% | |
| Total Working Capital | | | | 1,492 | 1,413 | |
| Total Working Capital as % of Sales ¹ | | | | 28.6% | 28.2% | |

1) Annualized last quarter sales

- Q3 2016 EBITDA** up 8% compared to Q3 2015
 - Result of good organic growth and the effects of the improvement programs, despite higher costs related to the M&S campaigns in human nutrition and the costs related to the maintenance shut downs in vitamin E and vitamin C. The vitamin C plant in China had an extended shut down for improvement projects
- Q3 2016 EBITDA margin** of 17.7% compared to 17.0% in the same period last year, reflecting the good organic growth, supported by the progress made on the improvement programs
 - Margin slightly below Q2 2016 (18.3%), as a result of higher costs in the quarter as mentioned above

Animal Nutrition & Health | Sales overview

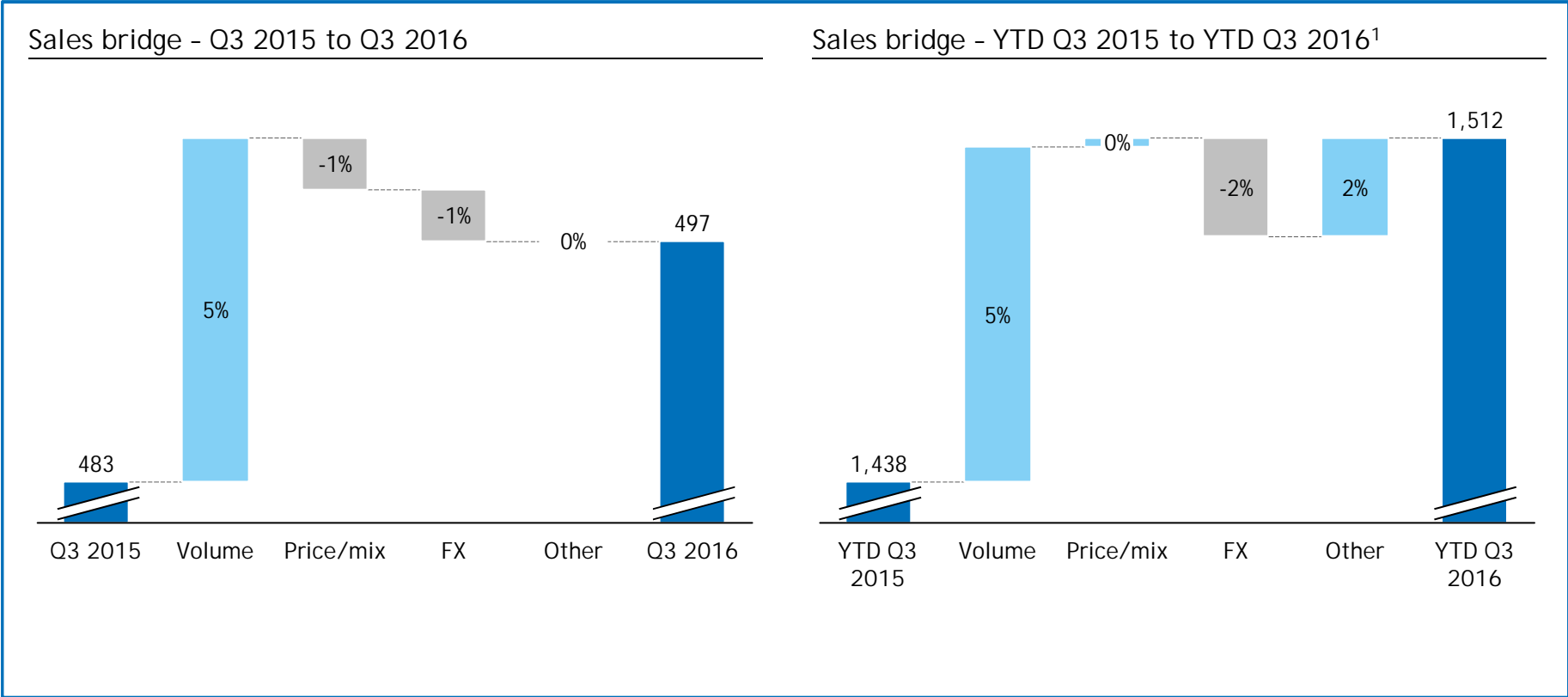


¹ YTD = January - September

Animal Nutrition & Health | Sales overview (cont'd)

- Q3 2016 sales in animal nutrition delivered 7% organic growth
 - 2% volume growth and 5% improvement in price/mix compared to Q3 2015
 - Volume growth of 2% was achieved against the background of strong comparative figures in 2015 (10% volume growth)
 - Good growth was realized in premix, carotenoids and feed enzymes
 - Tortuga volumes were only down slightly, which was a good performance considering the tough market conditions in Latin America
 - Market conditions remained good in North America, Asia and Europe
- Prices showed a 5% increase versus the same period last year, driven by higher vitamins and premixes prices

Human Nutrition & Health | Sales overview



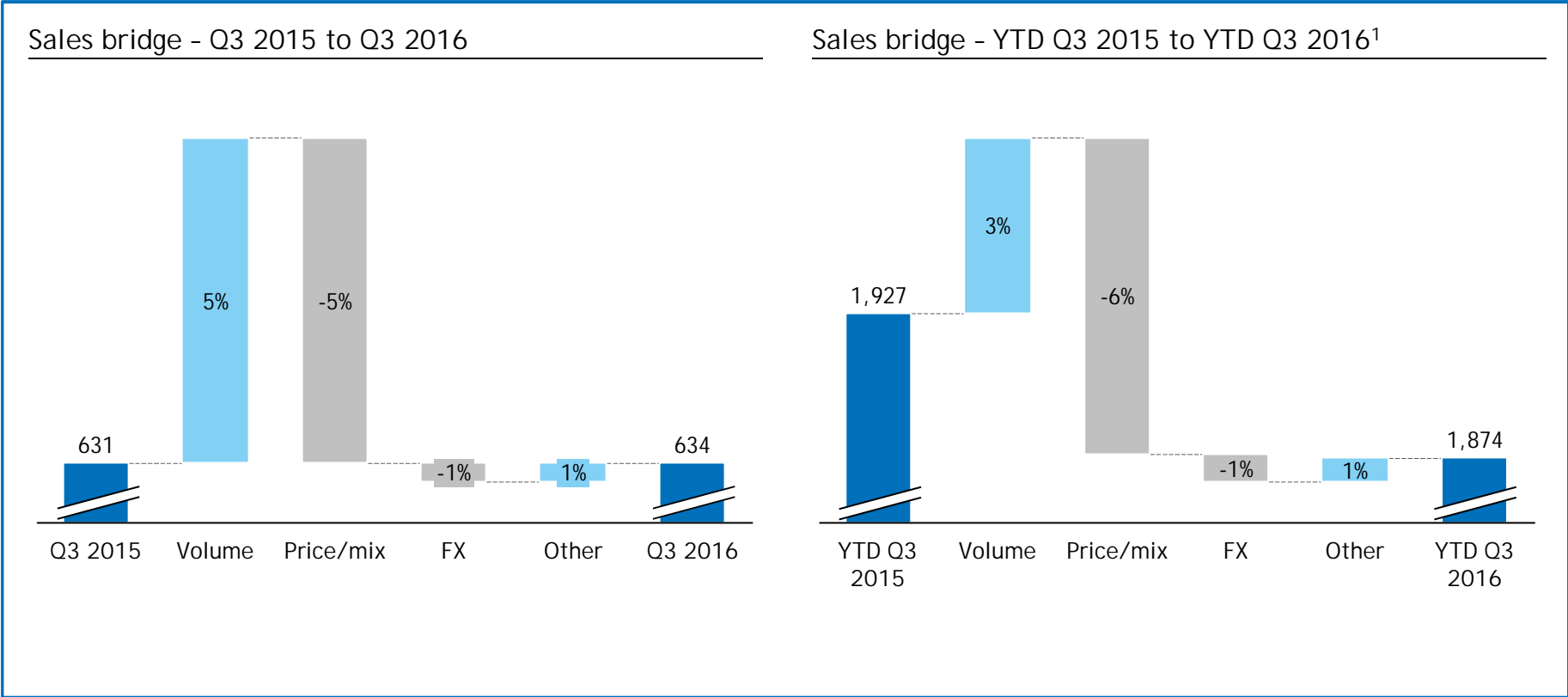
¹ YTD = January - September



Human Nutrition & Health | Sales overview (cont'd)

- Q3 2016 organic sales growth in human nutrition was 4% compared to Q3 2015
 - Driven by 5% higher volumes
 - Price/mix slightly down
- Q3 2016 sales by segment:
 - Food & beverage performed well, driven by good sales volumes in Asia and Europe
 - Dietary Supplements sales to North America remained relatively weak, both in multi-vitamins and fish-oil based omega-3. Outside North America, sales of these products continued to show good growth
 - i-Health delivered strong volume growth in Q3 2016 supported by marketing & sales campaigns
 - Infant Nutrition continued to perform well, with solid volume growth in Q3. New regulations in China have brought some volatility to the market

Materials | Sales overview



¹ YTD = January - September



Materials | Sales overview (cont'd)

- Q3 2016 sales in line with Q3 2015
 - 5% volume growth driven by specialties compensating for 5% lower prices, which reflected lower input costs
 - Currency effect was slightly negative in Q3 2016 driven by the US dollar
- DSM Engineering Plastics
 - Volumes were slightly up compared to Q3 2015 driven by growth in specialties, partly offset by planned lower volumes in polyamide 6 polymers
 - Sales in automotive in the US and Europe were good, and stable in China
 - Sales to the E&E segment improved in Q3, but were still slightly below the same period last year
 - Prices were lower reflecting lower input costs, notably in polyamide 6
- DSM Resins and Functional Materials
 - Volumes were up in all segments compared to Q3 2015
 - The quality of the mix improved further
 - The business group benefited from improving conditions in the European building & construction markets
 - Specialty Resins made good progress in China and the US.
 - Functional Materials delivered another quarter with growth in fiber-optic materials
 - Prices were lower reflecting lower input costs
- DSM Dyneema
 - Sales were slightly up, with strong growth in life protection, for law enforcement and personal protection, partly offset by weak sales in high performance textiles and commercial marine. Sales to the performance apparel segment are developing well

Materials | Key financials

| in € million | | | | January - September | | |
|--|---------|---------|----------|---------------------|-------|----------|
| | Q3 2016 | Q3 2015 | % Change | 2016 | 2015 | % Change |
| Sales | 634 | 631 | 0% | 1,874 | 1,927 | -3% |
| EBITDA | 118 | 102 | 16% | 330 | 294 | 12% |
| EBITDA margin (%) | 18.6% | 16.2% | | 17.6% | 15.3% | |
| EBIT | 86 | 69 | 25% | 234 | 196 | 19% |
| Capital Employed | | | | 1,798 | 1,833 | |
| Average Capital Employed | | | | 1,763 | 1,851 | |
| ROCE (%) | | | | 17.7% | 14.1% | |
| Total Working Capital | | | | 333 | 332 | |
| Total Working Capital as % of Sales ¹ | | | | 13.1% | 13.2% | |

1) Annualized last quarter sales

- **Q3 2016 EBITDA** increased by 16% compared with Q3 2015
 - Result of disciplined margin management, strong growth in the specialty segments, lower input costs, and the benefits of the efficiency and cost saving programs carried out over recent years
- **Q3 2016 EBITDA margin** was particularly high at 18.6%, up from 16.2% in Q3 2015 (and 18.3% in Q2 2016), reflecting a very favorable mix while still benefiting from low input costs

Innovation Center | Key financials

| in € million | | | | January - September | | |
|------------------|---------|---------|----------|---------------------|------|----------|
| | Q3 2016 | Q3 2015 | % Change | 2016 | 2015 | % Change |
| Sales | 43 | 42 | 2% | 126 | 115 | 10% |
| EBITDA | 1 | 0 | | 2 | -8 | |
| EBIT | -5 | -7 | | -15 | -29 | |
| Capital Employed | | | | 553 | 563 | |

- Q3 2016 sales were 2% above Q3 2015
 - Increase fully driven by higher volumes in DSM Biomedical
- Q3 2016 EBITDA slightly positive compared to the same period last year

Corporate Activities | Key financials

| in € million | | | January - September | |
|--------------|---------|---------|---------------------|------|
| | Q3 2016 | Q3 2015 | 2016 | 2015 |
| Sales | 18 | 19 | 57 | 55 |
| EBITDA | -27 | -28 | -78 | -88 |
| EBIT | -35 | -38 | -103 | -121 |

- Q3 2016 EBITDA improved by €1 million compared to Q3 2015

Key Joint Ventures and Associates | Key financials

| in € million, based on 100% | | | | | January - September | | |
|-------------------------------|----------------------|---------|---------|----------|---------------------|-------|----------|
| | | Q3 2016 | Q3 2015 | % Change | 2016 | 2015 | % Change |
| DSM Sinochem: | Sales | 103 | 103 | 0% | 329 | 332 | -1% |
| | EBITDA% | 13% | 10% | | 14% | 13% | |
| Patheon ¹ : | Sales | 425 | 403 | 5% | 1,216 | 1,177 | 3% |
| | EBITDA% | 24% | 23% | | 20% | 20% | |
| ChemicalInvest ² : | Sales | 408 | 365 | 12% | 1,300 | 365 | n.a. |
| | EBITDA% ³ | 5% | 3% | | 3% | 3% | |

1) Patheon (formerly reported as DPx Holding) respective periods are for the 3rd quarter from 1 May - 31 July and for YTD from 1 November - 31 July

2) ChemicalInvest in 2015 refers to the period from 1 August - 30 September

3) Q3 2016 EBITDA before PPA adjustment

- **DSM Sinochem Pharmaceuticals (50% DSM)** - Solid results in line with previous quarters
- **Patheon (33.5% DSM)** - Strong results
- **ChemicalInvest (35% DSM)** - Slightly improved results, although caprolactam market conditions remained challenging

Cash Flow and Working Capital development

Cash flow

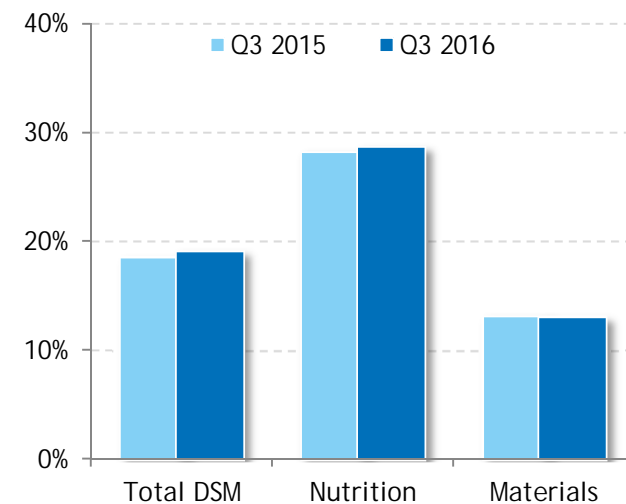
| in € million | Q3 2016 | Q3 2015 ¹ | January - September | |
|---|------------|----------------------|---------------------|-----------------------|
| | | | YTD 2016 | YTD 2015 ¹ |
| EBITDA | 323 | 290 | 947 | 908 |
| Change in Working Capital | 56 | 80 | -171 | -149 |
| Income Tax | -14 | -28 | -54 | -63 |
| Other | -40 | -61 | -78 | -314 |
| Cash from Operating Activities | 325 | 281 | 644 | 382 |
| <i>of which provided by Continuing Operations</i> | <i>325</i> | <i>300</i> | <i>644</i> | <i>487</i> |
| Cash from Investing Activities ² | 84 | 126 | -114 | -35 |
| Free Cash Flow from Operations | 409 | 407 | 530 | 347 |

1) DSM - Total (incl. discontinued operations)

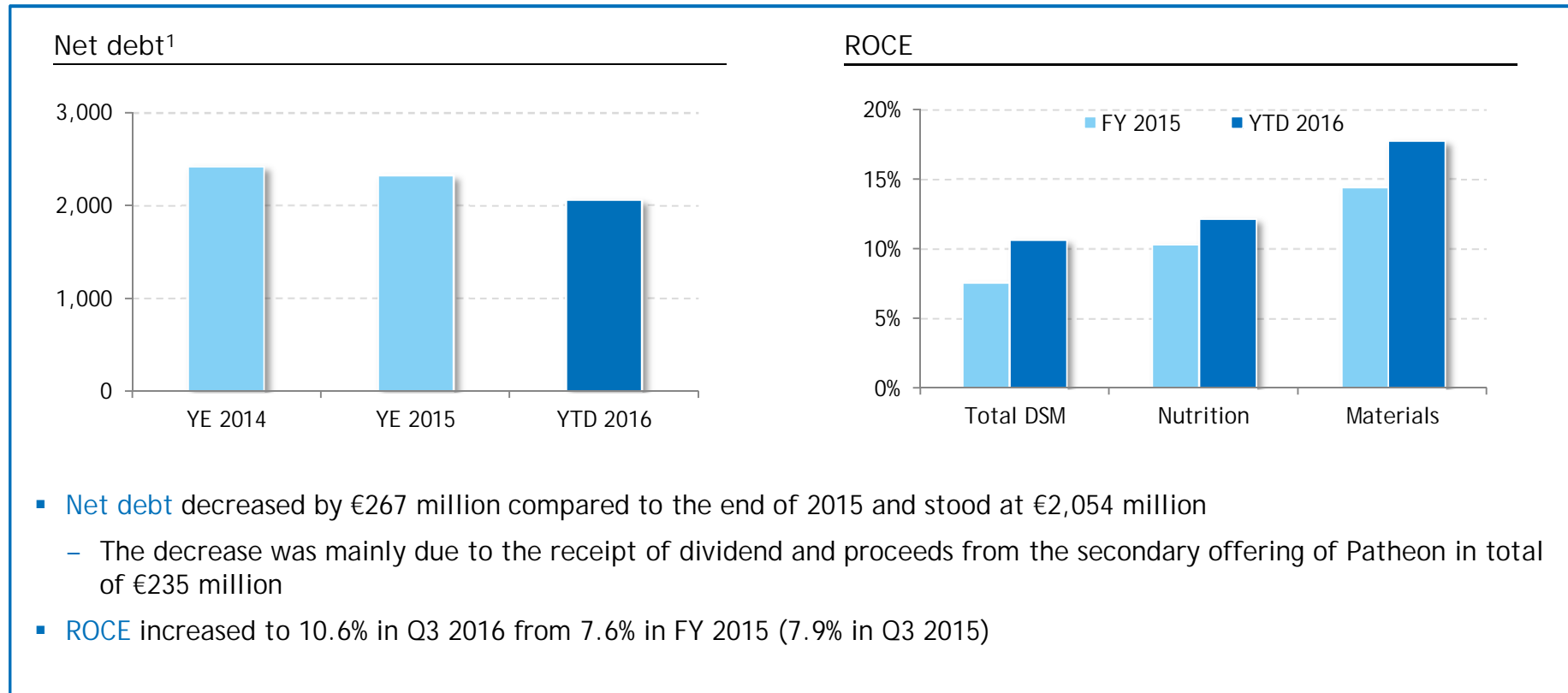
2) Excl. changes in fixed-term deposits, incl. acquisitions

- Q3 **Cash flow from operating activities** amounted to €325 million showing an improvement of €25 million compared to Q3 2015
- **Total Working Capital** amounted to €1,528 million at the end of Q3 2016 compared to €1,443 million at the end of Q3 2015, which represents 19.1% as a percentage of annualized Q3 sales (Q3 2015: 18.6%)
 - OWC as a percentage of annualized Q3 sales amounted to 25.4% vs. 24.9% in Q3 2015

Working Capital% - Annualized



Net debt and ROCE development



¹ Before reclassification to held for sale

Business conditions

Nutrition

- **Animal Nutrition**
 - Robust market conditions
 - Continued weak market conditions in Latin America
 - Positive vitamin price effects
- **Human Nutrition**
 - Robust market conditions in Asia and Europe
 - Continued softness in the Americas
 - Some volatility in the Chinese Infant Nutrition market due to new regulations

Materials

- Markets for specialties to remain robust, while polyamide 6 polymer remains weak
- Support from low input costs is likely to fade as raw material costs increase
- Typical seasonality in Q4



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