Press Release

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DSM reports H1 2018 results

H1 Highlights

- DSM reports a very good H1 with strong performance across all businesses
- Continued strong organic sales growth in underlying business estimated at 10%
- Adjusted EBITDA growth of underlying business estimated at 7%, despite significant FX headwind
- ROCE of underlying business estimated at 13.8%, up 160 bps
- Additional temporary vitamin price benefit estimated at €275m on Adjusted EBITDA
- Total Adjusted EBITDA up 45% and Net profit up 103% to €633m
- Cash from Operating Activities €503m up 53%
- Interim dividend of €0.77, reflecting the proposed dividend increase of about 25% for 2018
- Full year outlook reconfirmed

Key figures and indicators[1]

in € million	H1 2018			H1 2017	% Change				
	Underlying[2] business	Temporary[2] vitamin effect	Total Group	Reported	Underlying[2] organic growth	FX & 'other'[2]	Underlying[2] total growth	Temporary[2] vitamin effect	Total Group
Sales	4,429	365	4,794	4,320	10%	-7%	3%	8%	11%
Nutrition	2,840	365	3,205	2,778	10%	-8%	2%	13%	15%
Materials	1,492		1,492	1,426	9%	-4%	5%		5%
Adjusted EBITDA	771	275	1,046	721			7%	38%	45%
Nutrition	564	275	839	528			7%	52%	59%
Materials	261		261	241			8%		8%
Innovation	0		0	1					
Corporate	-54		-54	-49					
EBITDA	754	275	1,029	689					
Adjusted EBITDA margin	17.4%		21.8%	16.7%					

[1] Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

[2] Underlying business is defined in this press release as the performance measures sales and Adjusted EBITDA, corrected for DSM's best estimate of the vitamin effect, which is expected to be temporary.

CEO statement

Feike Sijbesma, CEO/Chairman DSM Managing Board, commented:

"Our ongoing focus on driving above market growth while pursuing efficiency initiatives and maintaining capital discipline, continues to drive our results. Following a strong start to the year, we are very pleased to report very good H1 results, with organic growth above market across all our businesses, and strong underlying Adjusted EBITDA growth despite significant foreign exchange headwinds. During the quarter, we also took another important step in monetizing our partnerships through announcing our exits from Fibrant and DSM Sinochem Pharmaceuticals. Our business conditions remain strong and we reiterate our full year 2018 outlook.

We are convinced our recent strategy update will create enhanced organic sales growth and continued EBITDA momentum, as DSM evolves further towards a purpose-led, science-based company in Nutrition, Health and Sustainable Living. The step-up in our dividend for 2018, already reflected in the interim dividend, demonstrates our confidence in our future earnings growth."

Q2 Highlights

- DSM reports a very good Q2 with strong performance across all businesses
- Continued strong organic sales growth in underlying business estimated at 8%
- Adjusted EBITDA growth of underlying business estimated at 6%, despite significant FX headwind
- Nutrition: an estimated 8% underlying organic sales growth and Adjusted EBITDA growth of underlying business estimated at 6%
- Materials: 7% organic sales growth and Adjusted EBITDA growth of 5%
- Additional temporary vitamin price benefit estimated at €110m on Adjusted EBITDA
- Total Adjusted EBITDA up 35%

Key figures and indicators[1]

in € million	Q2 2018			Q2 2017	% Change				
	Underlying[2] business	Temporary[2] vitamin effect	Total Group	Reported	Underlying[2] organic growth	FX & 'other'[2]	Underlying[2] total growth	Temporary[2] vitamin effect	Total Group
Sales	2,214	145	2,359	2,161	8%	-6%	2%	7%	9%
Nutrition	1,410	145	1,555	1,380	8%	-6%	2%	11%	13%
Materials	754		754	725	7%	-3%	4%		4%
Adjusted EBITDA	398	110	508	376			6%	29%	35%
Nutrition	287	110	397	271			6%	40%	46%
Materials	135		135	128			5%		5%
Innovation	1		1	0					
Corporate	-25		-25	-23					
EBITDA	393	110	503	355					
Adjusted EBITDA margin	18.0%		21.5%	17.4%					

[1] Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

[2] Underlying business is defined in this press release as the performance measures sales and Adjusted EBITDA, corrected for DSM's best estimate of the vitamin effect, which is expected to be temporary.

Outlook 2018

DSM confirms its full year outlook 2018, as provided at Q1 2018, and expects an Adjusted EBITDA growth towards 25% and a related higher ROCE growth. This is based on:

- a low double-digit Adjusted EBITDA growth in the underlying business at constant currencies,
- a negative foreign exchange effect on Adjusted EBITDA of about €70 million, and
- an additional Adjusted EBITDA benefit estimated at €275 million from a temporary exceptional vitamin pricing environment

Key figures and indicators[1]

in € million	H1 2018	H1 2017	% Change	Volume	Price/mix	FX	Other
Sales	**4,794**	4,320	11%	5%	13%	-7%	0%
Nutrition	**3,205**	2,778	15%	5%	18%	-9%	1%
Materials	**1,492**	1,426	5%	6%	3%	-4%	0%
Innovation Center	**75**	84					
Corporate Activities	**22**	32					

in € million	Q2 2018	Q2 2017	% Change	Volume	Price/mix	FX	Other
Sales	**2,359**	2,161	9%	3%	12%	-6%	0%
Nutrition	**1,555**	1,380	13%	2%	17%	-7%	1%
Materials	**754**	725	4%	5%	2%	-3%	0%
Innovation Center	**39**	41					
Corporate Activities	**11**	15					

in € million	H1 2018	H1 2017	% Change	Q2 2018	Q2 2017	% Change
Sales	**4,794**	4,320	11%	**2,359**	2,161	9%
Adjusted EBITDA	**1,046**	721	45%	**508**	376	35%
Nutrition	**839**	528	59%	**397**	271	46%
Materials	**261**	241	8%	**135**	128	5%
Innovation Center	**0**	1		**1**	0	
Corporate Activities	**-54**	-49		**-25**	-23	
Adjusted EBITDA margin	**21.8%**	16.7%		**21.5%**	17.4%	
EBITDA	**1,029**	689		**503**	355	
Adjusted EBIT	**817**	478	71%	**394**	256	54%
EBIT	**800**	441		**389**	235	
Capital Employed	**8,115**	7,692				
Average Capital Employed	**7,874**	7,831				
ROCE (%)[2]	**20.8%**	12.2%				
Effective tax rate[3]	**18.0%**	18.0%				
Adjusted net profit[4]	**643**	338	90%	**306**	175	75%
Net profit - Total DSM[4]	**633**	312	103%	**302**	163	85%
Adjusted net EPS	**3.64**	1.90	92%	**1.73**	0.98	77%
Net EPS - Total DSM	**3.58**	1.75		**1.70**	0.91	
Operating cash flow	**503**	329	53%	**193**	133	45%
Capital expenditures[5]	**295**	250		**125**	120	
Net debt	**831**	2,205				
Average number of ordinary shares	**175.0**	175.0		**175.2**	174.9	
Workforce (headcount end of period)	**20,697**	21,054 [6]				

[1] Including temporary vitamin effect
[2] ROCE from underlying business H1 2018 is estimated at 13.8%
[3] Over Adjusted taxable result
[4] Including result attributed to non-controlling interest
[5] Cash, net of customer funding, investment grants and excluding financial leases
[6] Year-end 2017

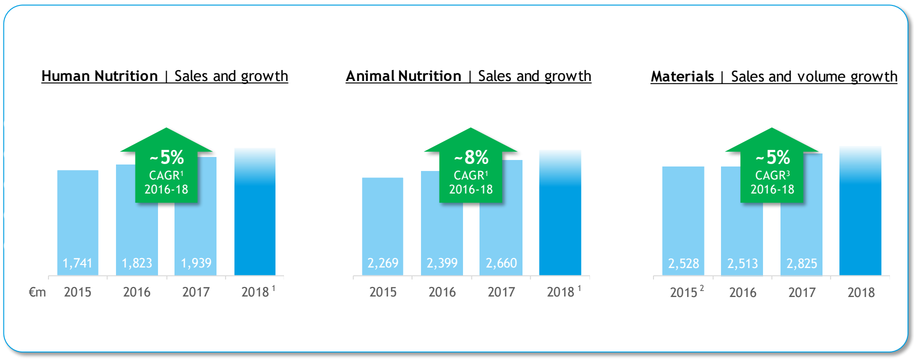
In this report:

- *'Organic sales growth' is the total impact of volume and price/mix;*
- *'Total Working Capital' refers to the total of 'Operating Working Capital' and 'non-Operating Working Capital'*

Strategy 2015-18: *Driving profitable growth*

DSM's Strategy 2015-18 has been highly successful. After transforming DSM over the period 2010-15, through various acquisitions and divestments, DSM delivered strong organic growth with greatly improved operational and financial performance and significant value creation in all its businesses. In addition, DSM took important steps to monetize its non-core Pharma and Bulk Chemicals joint ventures. DSM has become a growth company with ambitious sustainability efforts creating value for all stakeholders across the three dimensions of People, Planet and Profit:

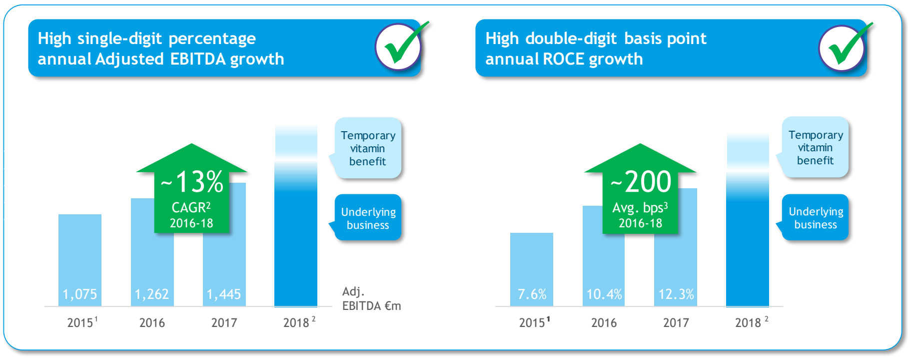
- Both Nutrition and Materials have been outpacing market growth and are expected to continue to grow at rates above the markets they operate in;



1. Approximation using 2018E, based on underlying business corrected for best estimate of the temporary vitamin effect
2. Continuing operations
3. CAGRs based on volume growth, CAGR 2016-18 is approximation using 2018E

- A strong and (re)focused innovation pipeline was created to enhance long-term growth;
- The execution of the extensive cost-reduction and improvement programs is well on track to deliver run-rate cumulative savings of ~€275 million by the end of 2018 versus the 2014 baseline;
- Consistent improvements in capital efficiency;
- Significant value was extracted from partnerships with the sale of DSM's holding in Patheon in 2017 as well as from the recently announced divestments of DSMs interest in Fibrant and DSM Sinochem Pharmaceuticals;
- Organizational adjustments enabled a stronger results-oriented company and culture.

As a result, DSM is delivering significantly ahead of its two headline financial 2015-18 targets: high single-digit percentage annual Adjusted EBITDA growth and high double-digit basis point annual ROCE growth, with all businesses outperforming:

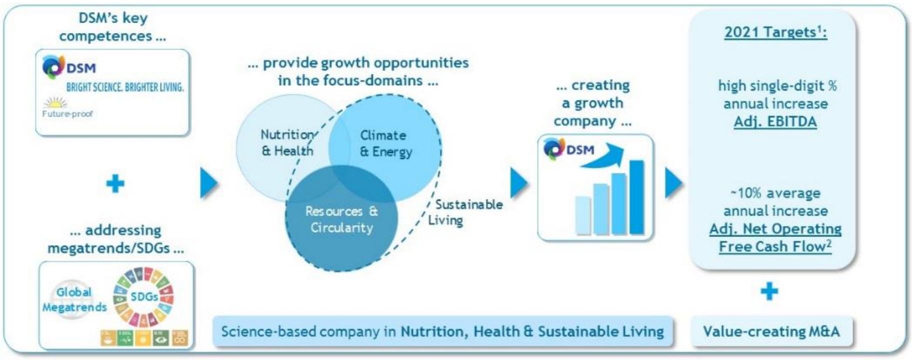


1. Continuing operations
2. Approximation using 2018E. For Nutrition, based on underlying business corrected for best estimate of the temporary vitamin effect
3. Approximation avg. annual growth using 2018E. For Nutrition, based on underlying business corrected for best estimate of the temporary vitamin effect

DSM strategy update: Growth & Value – Purpose led, Performance driven

On 20 June 2018, DSM presented its strategy update detailing how it will evolve further towards a purpose-led, science-based company in Nutrition, Health and Sustainable Living. DSM's strong growth platform, centered on developing innovative solutions addressing Nutrition & Health, Climate & Energy and Resources & Circularity, together with increased customer centricity and its large innovation projects, will drive above-market growth, while DSM will remain focused on cost control and operational excellence, allowing it to accelerate profit and cash generation. Organic growth will be complemented by acquisitions predominantly in Nutrition.

Two ambitious targets for profit growth and cash generation have been set for the period 2019-2021: high single-digit annual percentage increase in Adjusted EBITDA and about 10% average annual increase in adjusted net operating cash flow.



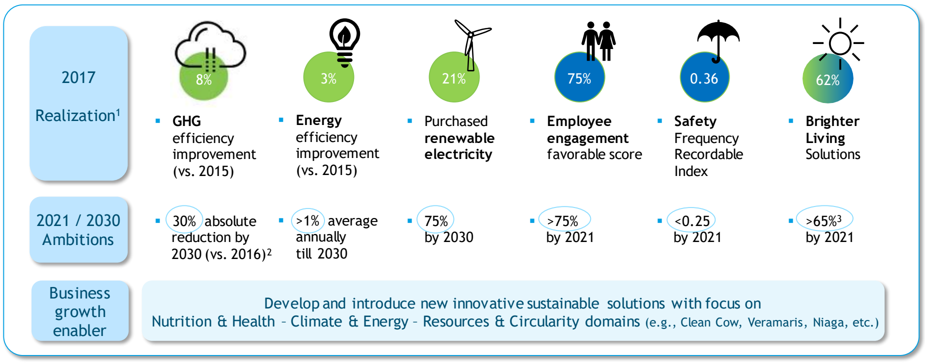
1. Based on 'underlying business' 2018 Base Line corrected for the temporary vitamin effect
2. Adjusted net operating free cash flow is cash flow before share purchases for options/ exercise of options, interest, dividend, M&A and financing activities

Purpose sets scope for further growth and evolution

With its unique science-based competences, DSM is ideally positioned to capture the growth opportunities offered by the global megatrends and Sustainable Development Goals (SDGs), with a particular focus on Nutrition & Health, Climate & Energy and Resources & Circularity. DSM will therefore evolve into a Nutrition, Health and Sustainable Living company:

- DSM's Nutrition business will focus on human nutrition (ingredients and solutions for food & beverages, as well as specialty nutrition, nutritional ingredients, consumer branded products and personalized nutrition), animal nutrition (covering all species with premix and specialty solutions) and personal care and aroma ingredients; while,
- DSM's Materials business will further develop into a high-growth, higher-margin specialty business and focus on health, bio/ green applications and new mobility & connectivity applications.

By improving the impact of its own operations, enabling sustainable solutions for its customers and advocating sustainable business, DSM can grow faster and reduce its cost and risk profile. DSM will further step-up its ambitions regarding the reduction of GHG emissions, energy efficiency and use of renewable energy:



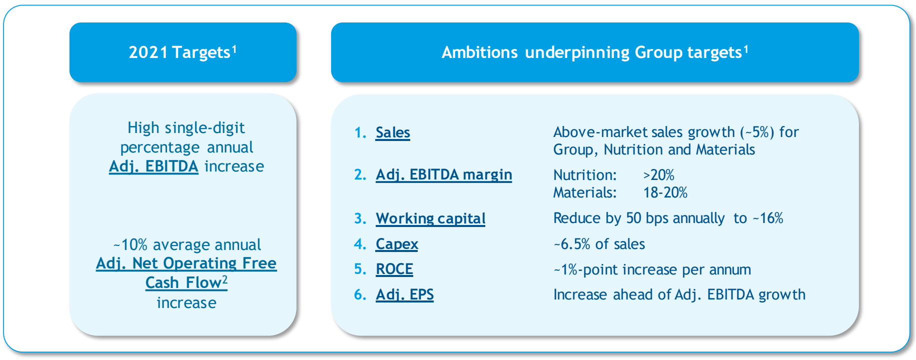
1. See DSM's Integrated Annual Report 2017 for definitions and additional information; in addition: Circular Businesses DSM in 2017: ~15% of total sales
2. Change from efficiency to absolute reduction (scope 1&2); scope 3 set in H2 '18 (part of Science Based Targets); GHG EI of 8% in '15/'17 is 26% vs. 2008 (target: ~40% by 2025)
3. KPI will be updated as part of the Responsible Care Plan update in 2020

Performance-driven to deliver growth and value

DSM has set two ambitious targets for profit growth and cash generation to drive value creation for the period 2019-2021:

- High single-digit annual percentage increase in Adjusted EBITDA
- About 10% average annual increase in adjusted net operating cash flow

These financial targets will be supported by an holistic value-creation approach:



1. Based on 'underlying business', 2018 baseline is corrected for the temporary vitamin effect
2. Adjusted net operating free cash flow is cash flow before share purchases for options/ exercise of options, interest, dividend, M&A and financing activities

DSM is committed to top-line growth ahead of market, resulting in about 5% organic growth, that will be supported by expanded solutions offerings, putting the customer even more in the center, and the delivery of large innovation projects. Approximately 45% of sales will come from high growth economies and 20% of sales will come from innovation. DSM continues to invest in differentiating science and technology with circa 5% of sales and harness digital capabilities to increase customer intimacy, improve productivity/efficiency and support new business models.

Greater efficiencies and an increased focus on higher-margin specialty solutions will enable new Adjusted EBITDA margin ambitions by 2021 for Nutrition (over 20%) and Materials (18-20%). Organic top-line growth combined with these enhanced margins will drive DSM's high single-digit Adjusted EBITDA growth.

DSM aims to accelerate growth in adjusted net operating free cash flow of about 10% average annual increase. This results in the ambition to reduce working capital levels of around 50 bps annually to about 16% of sales (from 18.4% in 2017), a disciplined approach to capex with an overall level of approximately 6.5% of sales, and the ambition to drive improvements in organic ROCE of around 1% annually.

DSM's overall deployment of capital is expected to drive Adjusted EPS growth ahead of Adjusted EBITDA growth.

DSM cash allocation policy remains unchanged and has a clear order of priority for cash deployment:

1. Disciplined capex for organic growth: about 6.5% of annual sales;
2. A stable, preferably rising dividend;
3. Disciplined M&A, predominantly in Nutrition;
4. In the absence of value-creating M&A, capital to be returned to shareholders.

DSM remains committed to maintaining a strong, investment grade credit rating.

While keeping its policy of a stable, preferably rising dividend unchanged, DSM will propose a dividend increase of about 25% to €2.30 per ordinary share over 2018, already reflected in the interim dividend over 2018 to be paid 24 August 2018. This step-up in dividend is linked to underlying earnings growth. In line with the targets set for the period 2019-21, DSM's performance is expected to result in further dividend growth, which could lead to an expected average payout of 40-50% of adjusted (underlying) earnings.

DSM targets M&A predominantly in Nutrition given its growth potential, resilience, strong leadership position and value creation potential.

Review by Cluster

Nutrition

Underlying business

in € million (estimated)	H1 2018	H1 2017	% Change	Q2 2018	Q2 2017	% Change
Sales	2,840	2,778	2%	1,410	1,380	2%
Adjusted EBITDA	564	528	7%	287	271	6%
Adjusted EBITDA margin (%)	19.9%	19.0%		20.4%	19.6%	
ROCE (%)	15.4%	13.9%				

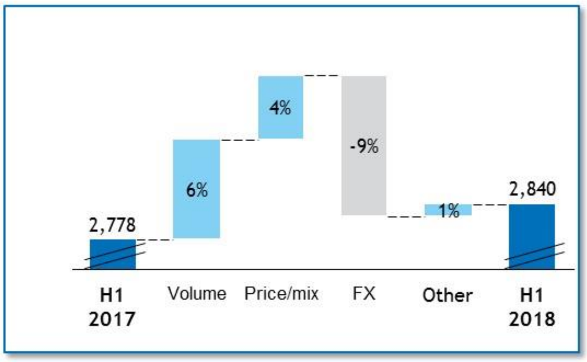
Temporary vitamin effect

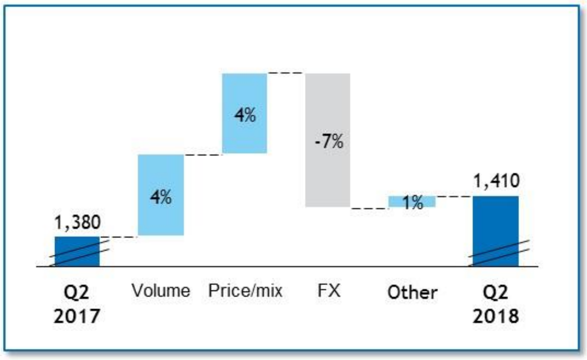
in € million (estimated)	H1 2018	Q2 2018
Sales	365	145
Adjusted EBITDA	275	110

Total cluster

in € million	H1 2018	H1 2017	% Change	Q2 2018	Q2 2017	% Change
Sales	3,205	2,778	15%	1,555	1,380	13%
Adjusted EBITDA	839	528	59%	397	271	46%
Adjusted EBITDA margin (%)	26.2%	19.0%		25.5%	19.6%	
Adjusted EBIT	698	383	82%	328	198	66%
Capital Employed	5,689	5,431				
Average Capital Employed	5,505	5,508				
ROCE (%)	25.4%	13.9%				
Total Working Capital	1,669	1,548				
Average Total Working Capital as % of Sales	24.3%	27.6%				

Sales development (underlying business)





Nutrition continues to deliver on its above-market growth ambition through an expanding portfolio of higher-value feed and food solutions as well as through customer-led innovation and marketing & sales excellence.

H1 2018 organic sales growth in the underlying Nutrition business was an estimated 10%, driven by continued strong volume growth of 6%, well above market. 4% higher prices partly off-set 9% negative foreign currency effects and higher input costs.

Q2 2018 organic sales growth was an estimated 8% in the underlying Nutrition business. This was driven by 4% volume growth, with continued strong performance in both Animal and Human Nutrition. Furthermore, prices were up 4%, in line with Q1.

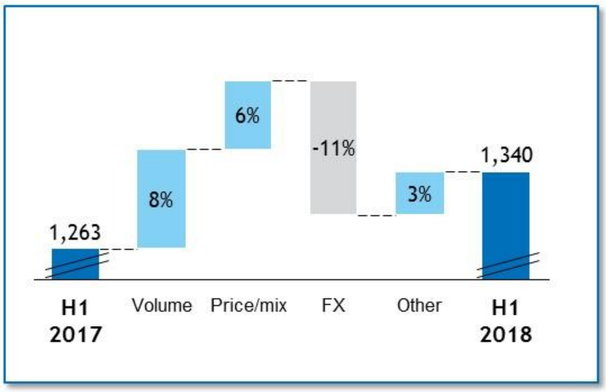
H1 2018 Adjusted EBITDA growth in the underlying business was estimated at 7%. This was mainly driven by volume growth and the contributions from the savings and efficiency improvement programs partly offset by negative foreign exchange effects. The estimated Adjusted EBITDA margin was 19.9%, up 90 bps.

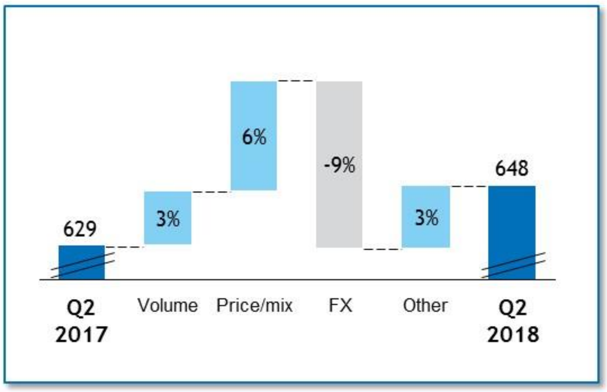
Q2 2018 showed an estimated Adjusted EBITDA growth of 6% in the underlying business, despite significant negative foreign exchange effects. The estimated Adjusted EBITDA margin was 20.4%, a step-up of 80 bps versus Q2 2017.

Temporary vitamin effect
In addition, due to the exceptional supply disruptions in the industry, the first half year also benefited from an estimated €275 million additional Adjusted EBITDA contribution from an exceptional temporary vitamin price environment. This vitamin price effect was mainly related to animal nutrition with prices normalizing by the end of the quarter.

Animal Nutrition & Health (underlying business)

Sales development





Animal Nutrition continues to benefit from its strong position in higher growth, well diversified, premix solutions activities through its ability to address a wide range of species, as well as its diversified geographic presence. Covering all major growth areas in the world, while introducing innovative specialty ingredients, DSM continues to realize above-market growth.

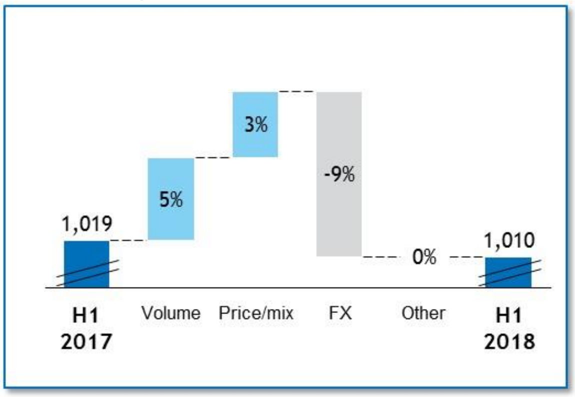
H1 2018 organic sales growth was an estimated 14% in the underlying business. Volumes were up 8% driven by very strong premix solutions sales with strong business conditions in all regions, with the exception of Brazil, where the ongoing unrest continues to impact the local economy.
H1 2018 benefitted from an exceptionally strong first quarter as a result of customers focusing on security of supply, driven predominantly by the environmental 'Blue Skies policies' in China and the introduction of reformulated forms due to new European regulations. Markets normalized in Q2.

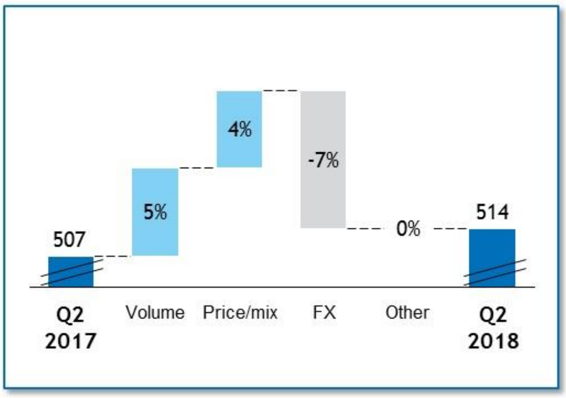
The 6% higher prices in the underlying business were driven by price initiatives to mitigate higher input costs and the impact of negative exchange rate developments, led by the weaker US dollar and the Brazilian real. Furthermore, prices were supported by the effects of the 'Blue Skies policies'.

Q2 2018 organic sales growth in the underlying business was an estimated 9%. The reported 3% volume growth was negatively impacted by the trucker strikes in Brazil. Without this event, volume growth would have been 6%. Prices were up 6%, in line with Q1.

Human Nutrition & Health (underlying business)

Sales development





Human Nutrition continued to deliver on its strong growth trajectory, with all regions and segments contributing.

Food & beverage markets are being successfully addressed through tailored premix solutions while moving the business closer to regional and local customers.

Growth in dietary supplements is driven by sales excellence programs, the introduction of new multi-vitamins and omega-3 solutions and continued double-digit growth in i-Health which is benefitting from its ongoing expansion into China. DSM's unique position in nutritional ingredients for Early Life Nutrition continues to provide a solid growth platform.

H1 2018 organic sales growth in the underlying business was an estimated 8%. In both Q1 and Q2 2018 volumes were up 5%, with well above market growth across all regions and market segments. Volume growth was specifically strong in premix solutions as well as in the i-Health business.

Prices were up 3% resulting from a combination of a favorable mix due to strong growth in premix and i-Health, as well as benefits from higher prices for premix and advanced formulations, supported by the effects of the 'Blue Skies policies' in China.

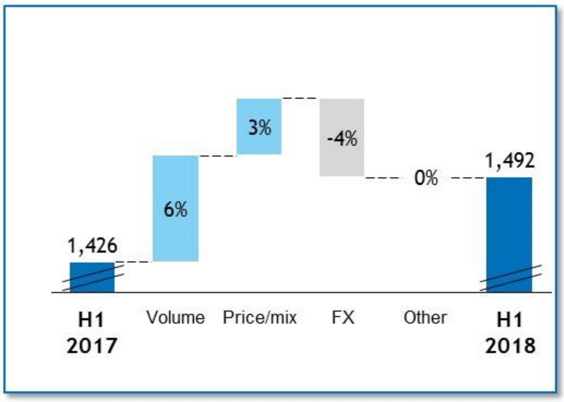
Other Nutrition activities

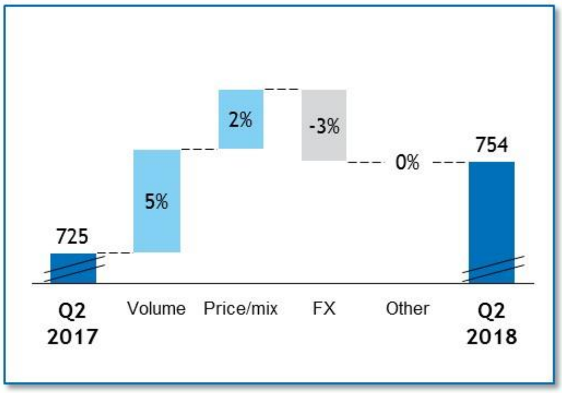
DSM's other activities in Nutrition, which include Food Specialties, Personal Care, Aroma Ingredients and Hydrocolloids, delivered an overall strong performance in H1 2018 with a mid-single digit organic sales growth. DSM's key innovation project for an advanced sweetener called AVANSYA Reb M™ ('fermentative Stevia') is well on track, introducing initial quantities to select customers in North America on a trial basis.

Materials

in € million	H1 2018	H1 2017	% Change	Q2 2018	Q2 2017	% Change
Sales	**1,492**	1,426	5%	**754**	725	4%
Adjusted EBITDA	**261**	241	8%	**135**	128	5%
Adjusted EBITDA margin (%)	**17.5%**	16.9%		**17.9%**	17.7%	
Adjusted EBIT	**199**	177	12%	**104**	96	8%
Capital Employed	**1,901**	1,807				
Average Capital Employed	**1,837**	1,815				
ROCE (%)	**21.6%**	19.5%				
Total Working Capital	**417**	353				
Average Total Working Capital as % of Sales	**12.8%**	12.2%				

Sales development





Materials continues its ongoing ‘silent transformation’, focusing strongly on higher growth, higher margin specialty materials, aimed at more sustainable, innovative lightweight, environmentally friendlier, safer, and higher-performing solutions. By directing its unique segment-specific application development skills more towards customer-driven innovation in health, bio/ green applications and new mobility & connectivity applications, Materials aims to continue its above-market growth ambitions.

H1 2018 organic sales growth was 9%, with 6% higher volumes and 3% higher prices, reflecting price increases to offset higher raw material costs. Q2 2018 organic sales growth was 7%, with 5% higher volumes and 2% higher prices.

- DSM Engineering Plastics delivered a very strong sales performance throughout H1, benefitting from its continued efforts to shift its portfolio towards higher-value, sustainable, specialty materials for the electrics & electronics and automotive industries. Strong growth was supported by the launch of new applications, as well as clean energy initiatives.

- DSM Resins & Functional Materials had a strong start to the year, after which Q2 saw a moderation in the rate of sales growth. While Functional Materials continued to deliver strong growth, the coatings businesses showed a mixed picture: North America and Asia kept performing well, including continued strong demand in China for environmentally-friendly specialty resins solutions. In Europe, there is some uncertainty amongst the coating players in the chain on how the building and construction market will develop throughout the current high season period.

- DSM Dyneema had a very strong performance throughout H1 driven by high demand in personal protection.

H1 2018 Adjusted EBITDA was up 8%, driven by good volume growth and its specialty portfolio. The Adjusted EBITDA margin was 17.5%, versus 16.9% in H1 2017.

Innovation Center

in € million	H1 2018	H1 2017	% Change	Q2 2018	Q2 2017	% Change
Sales	75	84	-11%	39	41	-5%
Adjusted EBITDA	0	1		1	0	
Adjusted EBIT	-12	-12		-6	-7	
Capital Employed	589	592				

The Innovation Center ensures that DSM has a robust innovation and growth pipeline. It serves as a center of excellence to accelerate the innovation power of DSM's core businesses. It is also responsible for developing DSM's Emerging Business Areas, bringing long-term sustainable growth platforms in promising end-markets.

The Emerging Business Areas reported slightly lower organic sales in H1 2018 as a result of timing of orders at DSM Biomedicals and a slowdown of sales at DSM Advanced Solar following a policy change by the Chinese government to reduce the number of subsidized solar parks to be installed. Nevertheless, DSM is progressing well with its innovation activities, creating the basis for good growth.

Corporate Activities

in € million	H1 2018	H1 2017	Q2 2018	Q2 2017
Sales	22	32	11	15
Adjusted EBITDA	-54	-49	-25	-23
Adjusted EBIT	-68	-70	-32	-31

H1 2018 Adjusted EBITDA was slightly below H1 2017, mainly due to higher insurance claims at DSM's captive insurance company.

Joint Ventures and Associates

in € million, based on 100%		H1 2018	H1 2017	% Change	Q2 2018	Q2 2017	% Change
DSM Sinochem	Sales	239	217	10%	118	107	10%
	Adjusted EBITDA%	16%	15%		15%	14%	
ChemicaInvest	Sales	1,015	996	2%	483	461	5%
	Adjusted EBITDA%	9%	8%		9%	7%	

On 17 May 2018 Fibrant Holding BV announced the proposed sale of Fibrant BV and 60% of the shares of Fibrant China to the Highsun Holdings Group Ltd. Through the joint venture ChemicaInvest, DSM indirectly owns 35% of the shares of Fibrant BV. The intended sale is subject to customary regulatory approvals and consultations. It is estimated that DSM will receive about €200 million in cash following the closing of the transaction with Highsun Holdings Group Ltd.

On 29 June 2018 DSM announced the sale of DSM Sinochem Pharmaceuticals to Bain Capital and has now classified its interest in this company as held for sale. The transaction is subject to customary regulatory approvals and consultations. DSM will receive about €250 million for its equity stake, excluding an earn-out (estimated at around €50 million) and transaction costs. DSM expects to receive approximately €275 million in cash following closing, including repayment of debt and after transaction costs.

Net result contribution of joint ventures / associates

in € million	H1 2018	H1 2017	Q2 2018	Q2 2017
DSM Sinochem (50%)	7	4	3	1
Patheon[1]	0	7	0	-2
ChemicaInvest (35%) [2]	12	0	5	0
Other associates / joint ventures	-11	-14	-5	-10
Total before APM adjustments	8	-3	3	-11
APM adjustments	-1	2	-1	4
Share of the profit of associates/joint ventures	7	-1	2	-7

[1] DSM completed the divestment of its share in Patheon on 29 August 2017.

[2] DSM does not recognize losses below zero equity value as DSM has no obligation to fund beyond its net interest.

Condensed Cash Flow Statement and (Operating) Working Capital

in € million	H1 2018	H1 2017	Q2 2018	Q2 2017
Cash provided by Operating Activities	503	329	193	133
Operating Working Capital	2,347	2,062		
Average Operating Working Capital as % of Sales	23.2%	23.9%		
Total Working Capital	1,807	1,591		
Average Total Working Capital as % of Sales	18.3%	18.9%		

Cash flow from operating activities amounted to €503 million in H1 2018 showing an increase of €174 million (+53%) compared to H1 2017.

Total Working Capital amounted to €1,807 million at the end of H1 2018 compared to €1,591 million at the end of H1 2017. Average Total Working capital as a percentage of sales amounted to 18.3%. The increase in Operating Working Capital was due to higher working capital in Nutrition following inventory built up in view of the scheduled maintenance stops in H2 2018 as well as higher receivables as a result of higher sales levels.

Dividend and equity

On 1 June 2018, the **final dividend** of €1.27 per share for the year 2017 was paid to holders of ordinary shares and a dividend of €0.11 per share was paid to holders of cumulative preference shares A. The total distribution to shareholders amounting to €227 million was recorded against retained earnings.

An **interim dividend** for 2018 of €0.77 per ordinary share and €0.06 for cumulative preference shares A was recognized as a liability in the second quarter of 2018. This distribution to shareholders amounting to €138 million will take place in Q3 2018. The interim dividend represents about one third of the total proposed dividend for 2018, which is an about 25% increase versus 2017. The interim dividend will be payable in cash or in the form of ordinary shares at the option of the shareholder, with a maximum of 40% of the total dividend amount available for stock dividend. If more than 40% of the total dividend is requested by the shareholders to be paid out in shares, those shareholders who have chosen to receive their dividend in shares will receive their stock dividend on a pro rata basis, the remainder being paid out in cash. Dividend in cash will be paid after deduction of 15% Dutch dividend withholding tax. The ex-dividend date is 3 August 2018. The interim dividend will be payable as from 24 August 2018.

In the first half of 2018, 2.4 million **shares** were released into circulation in connection with stock dividend, the exercise of options and delivery of performance shares. In the same period, 1.6 million shares were repurchased to cover existing option plans and stock dividends.

Overview of Alternative Performance Measures (APM) adjustments to EBIT(DA)

The following overview gives a summary of H1 2018 APM adjustments (for reconciliation see page 16).

Nutrition: EBITDA adjustments amounted to +€1 million (EBIT +€1 million) of which -€9 million costs regarding the profit improvement programs, -€1 million acquisition related costs and +€11 million profit following the deconsolidation of Yantai Andre Pectin and the subsequent revaluation of the equity interest to fair value.

Materials: EBITDA adjustments amounted to -€13 million (EBIT-€13 million) of which -€14 million related to restructuring programs and +€1 million due to the release of a provision.

Innovation: EBITDA adjustments amounted to -€1 million (EBIT-€1 million) all relating to restructuring programs.

Corporate Activities: EBITDA adjustments amounted to -€4 million (EBIT -€4 million) of which -€8 million relating to restructuring programs and +€4 million due to a received earn-out from a previous divestment.

Condensed consolidated statement of income for the first half

in € million	H1 2018	H1 2017
Sales	4,794	4,320
EBITDA	1,029	689
Operating profit (EBIT)	800	441
Financial income and expense	-43	-62
Profit before income tax expense	757	379
Income tax expense	-131	-66
Share of the profit of associates/ joint control entities	7	-1
Net profit	633	312
Of which:		
Profit attributable to non-controlling interests	-2	-2
Net profit attributable to equity holders of DSM	631	310
Dividend on cumulative preference shares	-4	-4
Net profit available to holders of ordinary shares	627	306

Depreciation and amortization	229	248

Reconciliation to Alternative Performance Measures for the first half

in € million	H1 2018	H1 2017
EBITDA	1,029	689
Acquisitions/divestments	-14	7
Restructuring	32	26
Other	-1	-1
Sub-total APM adjustments to EBITDA	17	32
Adjusted EBITDA	1,046	721
Operating profit (EBIT)	800	441
APM adjustments to EBITDA	17	32
Impairments of PPE and Intangible assets	0	5
Sub-total APM adjustments to operating profit (EBIT)	17	37
Adjusted operating profit (EBIT)	817	478
Net profit	633	312
APM adjustments to operating profit (EBIT)	17	37
APM adjustments to financial income and expense	0	0
Income tax related to APM adjustments	-8	-9
APM adjustments to share of the profit of associates/joint control entities	1	-2
Sub-total APM adjustments to net profit	10	26
Adjusted net profit	643	338
Net profit available to holders of ordinary shares	627	306
APM adjustments to net profit	10	26
Adjusted net profit available to holders of ordinary shares	637	332

Condensed consolidated statement of income for the second quarter

in € million	Q2 2018	Q2 2017
Sales	2,359	2,161
EBITDA	503	355
Operating profit (EBIT)	389	235
Financial income and expense	-25	-29
Profit before income tax expense	364	206
Income tax expense	-64	-36
Share of the profit of associates/ joint control entities	2	-7
Net profit	302	163
Of which:		
Profit attributable to non-controlling interests	-1	-1
Net profit attributable to equity holders of DSM	301	162
Dividend on cumulative preference shares	-2	-3
Net profit available to holders of ordinary shares	299	159

Depreciation and amortization	114	120

Reconciliation to Alternative Performance Measures for the second quarter

in € million	Q2 2018	Q2 2017
EBITDA	503	355
Acquisitions/divestments	-4	7
Restructuring	10	14
Other	-1	0
Sub-total APM adjustments to EBITDA	5	21
Adjusted EBITDA	508	376
Operating profit (EBIT)	389	235
APM adjustments to EBITDA	5	21
Impairments of PPE and Intangible assets	0	0
Sub-total APM adjustments to operating profit (EBIT)	5	21
Adjusted operating profit (EBIT)	394	256
Net profit	302	163
APM adjustments to operating profit (EBIT)	5	21
APM adjustments to financial income and expense	0	0
Income tax related to APM adjustments	-2	-5
APM adjustments to share of the profit of associates/joint control entities	1	-4
Sub-total APM adjustments to net profit	4	12
Adjusted net profit	306	175
Net profit available to holders of ordinary shares	299	159
APM adjustments to net profit	4	12
Adjusted net profit available to holders of ordinary shares	303	171

Condensed Consolidated Statement of Comprehensive Income

in € million	H1 2018	H1 2017
Items that will not be reclassified to profit or loss		
Remeasurements of Defined Benefit Pension Plans	22	56
Change in Fair Value Reserve	26	-3
FX on Translation of Foreign Operations Related to Non-Controlling Interest	0	-6
Items that may subsequently be reclassified to profit or loss		
FX on Translation of Foreign Operations	82	-358
Change in Hedging Reserve	-15	60
Equity accounted investees - share of Other comprehensive income	-3	6
Other Comprehensive Income (before tax)	112	-245
Income Tax Expense	1	-23
Other Comprehensive Income (net of tax)	113	-268
Profit for the Period	633	312
Total Comprehensive Income	746	44

Condensed Consolidated Statement of changes in Equity

in € million	H1 2018	H1 2017
Total Equity (at beginning of the period)	7,065	6,180
Changes:		
Total Comprehensive Income	746	44
Dividend	-366	-322
Repurchase of Shares	-137	-160
Proceeds from Re-issue of Ordinary Shares	150	143
Other Changes	-54	8
Total Equity (end of period)	7,404	5,893

Condensed Consolidated Balance Sheet

in € million	30 June 2018	year-end 2017
Intangible Assets	3,045	3,058
Property, Plant & Equipment	3,353	3,313
Deferred Tax Assets	287	281
Prepaid pension costs	2	1
Share in Associates & Joint Ventures	140	227
Financial derivatives	15	16
Other Financial Assets	453	474
Non-Current Assets	7,295	7,370
Inventories	2,017	1,848
Trade Receivables	1,813	1,542
Income tax receivables	66	55
Other Current Receivables	92	93
Financial Derivatives	30	41
Current Investments	1,006	954
Cash & Cash Equivalents	813	899
Current Assets	5,837	5,432
Other asset held for sale	144	
Total Assets	13,276	12,802

Shareholders' Equity	7,368	6,962
Non-controlling interest	36	103
Equity	7,404	7,065
Deferred Tax Liabilities	283	259
Employee Benefits Liabilities	332	356
Provisions	139	151
Borrowings	2,568	2,551
Financial derivatives	11	4
Other Non-current Liabilities	159	188
Non-current liabilities	3,492	3,509
Employee Benefits	39	39
Provisions	44	53
Borrowings	86	77
Financial Derivatives	30	20
Trade Payables	1,483	1,452
Income tax payable	135	51
Other Current Liabilities	563	536
Current Liabilities	2,380	2,228
Total Equity and Liabilities	13,276	12,802

Net debt	831	742
Equity/Total Assets	56%	55%

Condensed Consolidated Cash Flow Statement

in € million	H1 2018	H1 2017
Cash, Cash Equivalents and Current Investments (at beginning of period)	1,853	1,548
Current Investments (at beginning of period)	954	944
Cash & Cash Equivalents (at beginning of period)	899	604
Operating Activities		
EBITDA	1,029	689
Change in Working Capital	-504	-293
Income Tax	-43	-37
Other	21	-30
Cash provided by Operating Activities (Operating cash flow)	503	329
Investing Activities		
Capital Expenditures	-319	-250
Payments regarding drawing rights	-17	-3
Acquisitions	-2	-47
Disposal of Subsidiaries, Businesses & Associates	30	-12
Disposal of Other Non-current Assets	1	9
Change in Fixed-term Deposits	-52	65
Interest Received	9	7
Dividend and capital (re)payments	-21	-45
Other	7	8
Cash used in Investing Activities	-364	-268
Dividend	-139	-135
Interest Paid	-25	-39
Repurchase of shares	-137	-146
Proceeds from re-issued treasury shares	58	57
Change in Commercial Paper		0
Proceeds from / repayments of corporate bonds		0
Other Cash from/ used in Financing Activities	33	-10
Cash from / used in Financing Activities	-210	-273
Exchange Differences	-15	-23
Cash and Cash Equivalents (end of period)	813	369
Current Investment (end of period)	1,006	869
Cash and Cash Equivalents & Current Investments (end of period)	1,819	1,238

Geographical Information

H1 2018	The Netherlands	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	1,175	1,799	107	636	287	454	56	63	162	55	**4,794**
in %	25	38	2	13	6	10	1	1	3	1	**100**
Net Sales by Destination											
in € million	216	1,190	323	1,052	526	567	121	165	484	150	**4,794**
in %	4	25	7	22	11	12	3	3	10	3	**100**
Total Assets (total DSM) in € million	4,633	2,592	147	2,963	916	1,132	123	161	504	105	**13,276**
Workforce (headcount, end of period)	3,814	4,990	525	3,265	2,165	4,016	558	193	880	291	**20,697**

H1 2017	The Netherlands	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	1,112	1,260	88	787	327	483	42	58	128	35	**4,320**
in %	26	29	2	18	8	11	1	1	3	1	**100**
Net Sales by Destination											
in € million	123	1,087	273	991	515	519	106	150	424	132	**4,320**
in %	3	25	6	23	12	12	2	4	10	3	**100**
year-end 2017: Total Assets in € million	4,656	2,530	141	2,739	877	1,110	104	139	403	103	**12,802**
Workforce (headcount)	3,831	4,905	504	3,264	2,078	4,593	537	195	870	277	**21,054**

Notes to the condensed financial statements

Accounting policies and presentation

The consolidated financial statements of DSM for the year ended 31 December 2017 are prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

These accounting policies are applied in these interim financial statements that are in compliance with IAS 34 'Interim Financial Reporting' and need to be read in conjunction with the Integrated Annual Report 2017 (IAR 2017) and the H1 2018 report by the Managing Board earlier in this press release. Please note that, as mentioned in the IAR 2017, as of January 2018, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers were adopted by DSM. The adoption of these standards has not resulted in a significant impact on the interim financial information for the six-month period ended 30 June 2018 nor is it expected to have a significant impact on the full year financial statements as already disclosed in the IAR 2017. As of January 2019, IFRS 16 on leases will become effective. DSM is in the process of preparing the implementation of this standard and is well on track. In the IAR 2017 a preliminary impact assessment was provided, and the implementation process during the first half of 2018 indicated that this assessment is still valid.

Audit

The financial statements and other reported data in this press release have not been audited.

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.

Risks and uncertainties

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 IAR 2017 and in the governance section on www.dsm.com. DSM has reviewed the developments and incidents in the first half of 2018 and assessed the risks for the year. On the basis of these assessments DSM has concluded that the most important risks and responses reported in the Integrated Annual Report 2017 are still applicable.

Scope of the consolidation

There were no material changes in the scope of consolidation in the first half-year of 2018 other than the transactions mentioned below.

In this reporting period DSM finalized the purchase price allocations ('PPA') of certain acquisitions that took place in 2017. In accordance with IFRS 3, the purchase price was allocated to identifiable assets and liabilities acquired. The PPA for the acquisition of 59.5% of the shares in Inner Mongolia Rainbow Biotechnology Co., Ltd was finalized as well as the PPA for the Twilmij B.V. acquisition, the latter resulted in a reallocation of goodwill (-€31 million) to mainly other intangible assets for customer relations and the brand name. The PPA related to the acquisition of BioCare Copenhagen A/S resulted in a reallocation of goodwill (-€21 million) to other intangible assets for mainly technology and customer relations. The provisional PPA of Amyris will be finalized in the second half of 2018.

The PPA adjustments to the initial accounting of the 2017 acquisitions impacted the consolidated balance sheet in 2018 as follows (measured at the date of acquisition):

in € million	Twilmij NL	Inner Mongolia	BioCare Denmark	Total
Assets:				
Intangible assets	39	4	26	69
Property, plant and equipment	2			2
Other non-current assets		-2		-2
Receivables and Other current assets			2	2
Total Assets	**41**	**2**	**28**	**71**
Non-controlling interest		-1		-1
Non-current liabilities	10	1	6	17
Current liabilities			1	1
Total non-controlling interest and liabilities	**10**	**0**	**7**	**17**
Net assets at fair value	31	2	21	54
Goodwill	**-31**	**-2**	**-21**	**-54**

Furthermore, per 1 January 2018 DSM deconsolidated the Yantai Andre Pectin business.

Fair value of financial instruments

In the following tables, the carrying amounts and the estimated fair value of the financial instruments are given. For methods and assumptions used to determine the fair value as well as information on the fair value hierarchy used, please refer to the IAR 2017.

in € million	30 June 2018		year-end 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Other participations	120	120	89	89
Loans to associates and joint ventures	184	200	193	215
Loans to other participating interests	22	27	21	27
Other non-current receivables	130	130	155	155
Current receivables	1,958	1,958	1,690	1,690
Financial derivatives	45	45	57	57
Current investments	1,006	1,006	954	954
Cash and cash equivalents	813	813	899	899
Liabilities				
Non-current borrowings	2,568	2,653	2,551	2,649
Drawing rights liabilities	52	52	64	64
Current borrowings	86	86	77	77
Financial derivatives	41	41	24	24
Other current liabilities	2,181	2,181	2,039	2,039

Financial instruments at fair value (in € million)

	Fair value hierarchy	Assets	Liabilities	Total
Bonds	Level 1		-2,649	-2,649
Other participating interests	Level 1	47		47
Currency forward contracts related to investments	Level 2	1		1
Currency swaps and forward contracts	Level 2	39	-24	15
Commodity derivatives	Level 2	17		17
Earn-out receivables / payables	Level 3	85	-39	46
Other participating interests	Level 3	42		42
Balance at year-end 2017		**231**	**-2,712**	**-2,481**
Bonds	Level 1		-2,653	-2,653
Other participating interests	Level 1	68		68
Currency forward contracts related to investments	Level 2		-1	-1
Currency swaps and forward contracts	Level 2	29	-40	-11
Commodity derivatives	Level 2	17		17
Other participating interests	Level 2	23		23
Earn-out receivables / payables	Level 3	89	-30	59
Other participating interests	Level 3	29		29
Balance at 30 June 2018		**255**	**-2,724**	**-2,469**

Statement of the Managing Board

The half-yearly condensed financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of DSM and its consolidated companies. The half-yearly management report gives a true and fair view of the information required pursuant to section 5.25d paragraph 8 and 9 of the Dutch Act on Financial Supervision.

Heerlen, 1 August 2018
The Managing Board

Feike Sijbesma, CEO/Chairman
Geraldine Matchett, CFO
Dimitri de Vreeze

Financial calendar

31 October 2018	Publication of the results of the first nine months of 2018
14 February 2019	Publication of full year 2018 results
7 May 2019	Publication of the results of the first three months of 2019
8 May 2019	Annual General Meeting of Shareholders
1 August 2019	Publication of the half year results of 2019
5 November 2019	Publication of the results of the first nine months of 2019

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Additional Information

Today DSM will hold a conference call for **media** at 08:00 and a conference call for **investors and analysts** at 09:00. Details on how to access these calls can be found on the DSM website, www.dsm.com.

DSM – Bright Science. Brighter Living.™

Royal DSM is a purpose-led global science-based company in Nutrition, Health and Sustainable Living. DSM is driving economic prosperity, environmental progress and social advances to create sustainable value for all stakeholders. DSM delivers innovative business solutions for human nutrition, animal nutrition, personal care and aroma, medical devices, green products and applications, and new mobility and connectivity. DSM and its associated companies deliver annual net sales of about €10 billion with approximately 23,000 employees. The company is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

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Forward Looking Statements