

Press Release

Heerlen (NL), 26 April 2016

Royal DSM
www.dsm.com

16E

DSM Q1 2016 results

Highlights

- DSM reports a strong first quarter
- Group net sales up at €1,913 million, with 2% organic growth
- Group EBITDA up 19% to €296 million
- Nutrition: 6% organic sales growth, EBITDA up 15%
- Materials: EBITDA up 10%, supported by low input costs
- Group ROCE: improved to 9.8% (Q1 2015: 6.8%) driven by EBIT growth
- Outlook maintained

Key figures and indicators (continuing operations)

in € million	Q1 2016	Q1 2015	% Change	Volume	Price/mix	FX	Other
Sales	1,913	1,886	1%	5%	-3%	-2%	1%
Nutrition	1,250	1,199	4%	7%	-1%	-4%	2%
Materials	600	632	-5%	1%	-6%	0%	
EBITDA	296	248	19%				
Nutrition	225	195	15%				
Materials	95	86	10%				
ROCE (%)	9.8%	6.8%					

CEO statement

Feike Sijbesma, CEO/Chairman of the DSM Managing Board, commented: *“We are pleased to report that we delivered a strong first quarter in terms of growth, profitability and returns, with all businesses seeing the effects of our improvement programs.*

Both Animal and Human Nutrition delivered above-market volume growth, with Human Nutrition showing a marked improvement, albeit against a relatively weak comparable quarter in 2015. Our efforts resulted in EBITDA growth and an improved margin in Nutrition. Materials remained robust, helped in part by the shift towards higher added-value products in the portfolio. In addition, low input prices continued to support margins during Q1 2016 despite softer volumes in some segments, although we expect this support to diminish somewhat going forward.

While the macro-economic environment remains uncertain, we are confident that we will deliver in line with our medium-term goals. This will be supported by innovation, our growth initiatives and underpinned by our group-wide cost and productivity improvement programs.”

Outlook 2016

DSM aims to deliver increased full-year EBITDA and ROCE in line with the targets set out in its Strategy 2018: *Driving Profitable Growth.*

Key figures and indicators (cont'd)

in € million	Q1 2016	Q1 2015	% Change	Volume	Price/mix	FX	Other
Sales - Continuing Operations	1,913	1,886	1%	5%	-3%	-2%	1%
Nutrition	1,250	1,199	4%	7%	-1%	-4%	2%
Materials	600	632	-5%	1%	-6%	0%	
Innovation Center	43	36	19%	19%	0%	0%	
Corporate Activities	20	19					
<i>Discontinued Operations</i>	0	506					

in € million	Q1 2016	Q1 2015	% Change	YTD Q1 2016	YTD Q1 2015	% Change
Sales - Continuing Operations	1,913	1,886	1%	1,913	1,886	1%
Nutrition	1,250	1,199	4%	1,250	1,199	4%
Materials	600	632	-5%	600	632	-5%
Innovation Center	43	36		43	36	
Corporate Activities	20	19		20	19	
<i>Discontinued Operations</i>	0	506		0	506	
EBITDA - Continuing Operations	296	248	19%	296	248	19%
Nutrition	225	195	15%	225	195	15%
Materials	95	86	10%	95	86	10%
Innovation Center	1	-5		1	-5	
Corporate Activities	-25	-28		-25	-28	
<i>Discontinued Operations</i>	0	38		0	38	
EBITDA margin - Continuing operations	15.5%	13.1%		15.5%	13.1%	
EBIT - Continuing Operations	185	131	41%	185	131	41%
Capital Employed - Continuing Operations ²	7,456	8,143		7,456	8,143	
Average Capital Employed ²	7,505	7,750		7,505	7,750	
ROCE - Continuing Operations (%)	9.8%	6.8%		9.8%	6.8%	
Profit for the period, before exceptional items - Cont. Ops.	109	69	58%	109	69	58%
Profit for the period, after exceptional items - Total DSM	85	-71		85	-71	
Net EPS before exceptional items - Cont. Ops.	0.60	0.39	54%	0.60	0.39	54%
Net EPS after exceptional items - Total DSM	0.46	-0.42		0.46	-0.42	
Cash Flow - Continuing Operations	137	84		137	84	
Capital Expenditures - Continuing Operations ¹	99	101		99	101	
Net debt²	2,269	2,321 ³		2,269	2,321 ³	

1) Cash, net of customer funding

2) Before reclassification to held for sale

3) Year-end 2015

In this report:

- The 'Performance Materials' cluster is henceforth referred to as 'Materials';
- 'Organic sales growth' is the total impact of volume and price/mix;
- 'Discontinued operations' comprises net sales and operating profit (before depreciation and amortization) of DSM Fibre Intermediates and DSM Composite Resins up to and including 31 July 2015;
- 'Total Working Capital' refers to the total of 'Operating Working Capital' and 'non-Operating Working Capital'.

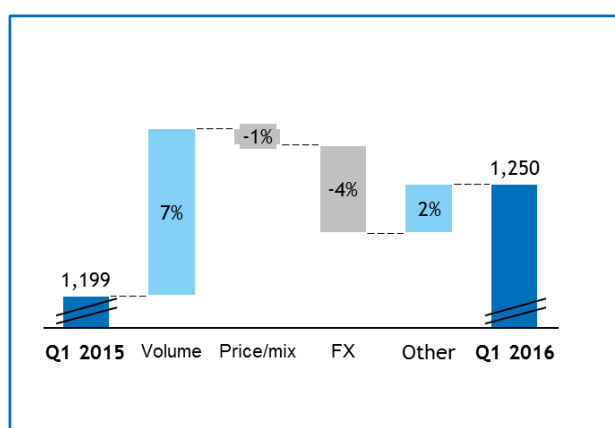
Review by Cluster

Nutrition

in € million	Q1 2016	Q1 2015	% Change	YTD Q1 2016	YTD Q1 2015	% Change
Sales	1,250	1,199	4%	1,250	1,199	4%
EBITDA	225	195	15%	225	195	15%
EBITDA margin (%)	18.0%	16.3%		18.0%	16.3%	
EBIT	161	129	25%	161	129	25%
Capital Employed				5,252	5,509	
Average Capital Employed				5,281	5,234	
ROCE (%)				12.1%	9.9%	
Total Working Capital				1,399	1,438	
Total Working Capital as % of Sales ¹				28.0%	30.0%	

1) Annualized last quarter sales

Sales development:



Q1 2016 sales were up 4% compared to Q1 2015. Nutrition delivered 6% organic sales growth driven by strong volume growth in Human Nutrition and continued good volume development in Animal Nutrition. Price/mix was slightly down. Exchange rates had a 4% negative impact on sales, mainly due to the effect of the Brazilian real in Animal Nutrition.

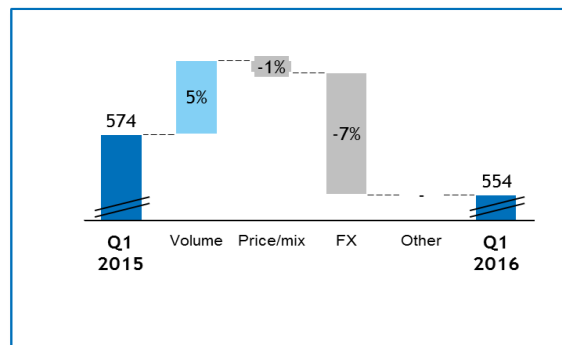
Q1 2016 EBITDA was €225 million, up 15% compared to Q1 2015. EBITDA benefitted from strong organic growth and the effects of the improvement and savings programs. All businesses contributed to this strong improvement in results, especially Human Nutrition, albeit against relatively weak comparable figures in 2015.

Q1 2016 EBITDA margin was 18.0%, markedly up compared to the same period last year (16.3%), reflecting a proportionally higher contribution from Human Nutrition relative to Animal Nutrition, as well as a favorable product mix within Human Nutrition.

Margins in Q1 2016 also improved when compared to Q4 2015, when the margin –adjusted for the maintenance shutdown as reported in Q4 2015– was slightly above 17%.

Animal Nutrition & Health

Sales development



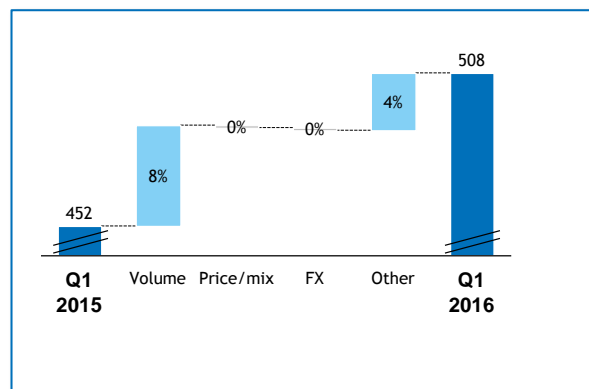
Q1 2016 sales in Animal Nutrition showed a 4% organic growth, including 5% volume growth, compared to Q1 2015. This was a good result in particular considering the positive year-end effects on the timing of orders reported in Q4 2015.

Business conditions in all major regions remained robust, with the exception of Latin America, where export conditions in Brazil were good but domestic demand was soft.

Overall, prices showed a 1% decline versus the same period last year while currencies had a 7% negative impact on sales owing to the exposure of the business to the Brazilian real.

Human Nutrition & Health

Sales development



Q1 2016 sales in Human Nutrition developed strongly, with 8% organic growth, albeit against a relatively weak comparable quarter in 2015. Prices as well as currency effects in this business were stable compared with Q1 2015. Margins in the quarter were supported by a favorable product mix with a good contribution from higher-margin businesses. As of this quarter, the Aland vitamin C business (renamed DSM Jiangshan) is included in the results of Human Nutrition and reported under 'Other'. It made a 4% contribution to growth in Q1.

- **Food & beverage** performed well overall, despite continued weak market conditions in the US and especially in Latin America.
- **Dietary Supplements** showed improved sales of both fish oil- and (multi) vitamin-based supplements, as customers' branded products performed better even though conditions in North American markets were soft overall. i-Health, DSM's consumer business, again delivered double-digit sales growth in Q1 2016.
- **Infant Nutrition** performed well in a healthy market.

Food Specialties

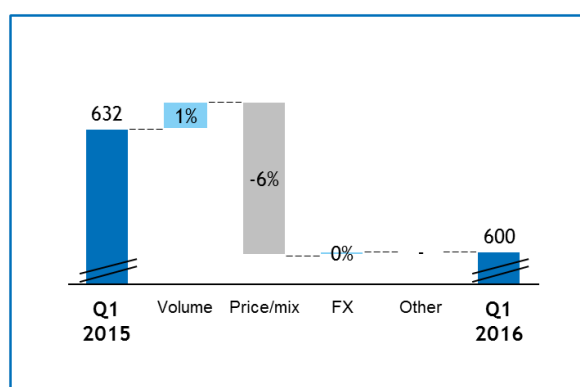
The Food Specialties businesses delivered 4% organic growth in the first quarter of 2016 driven by food enzymes and hydrocolloids.

Materials

in € million	Q1 2016	Q1 2015	% Change	YTD Q1 2016	YTD Q1 2015	% Change
Sales	600	632	-5%	600	632	-5%
EBITDA	95	86	10%	95	86	10%
EBITDA margin (%)	15.8%	13.6%		15.8%	13.6%	
EBIT	62	53	17%	62	53	17%
Capital Employed				1,755	1,930	
Average Capital Employed				1,739	1,837	
ROCE (%)				14.4%	11.6%	
Total Working Capital				293	418	
Total Working Capital as % of Sales ¹				12.2%	16.5%	

1) Annualized last quarter sales

Sales development



Q1 2016 sales were 5% below Q1 2015. While volumes were slightly up (+1%), prices were down 6% versus prior year on the back of lower input costs. Key markets remained soft in Q1 2016.

- **DSM Engineering Plastics:** Volumes were down slightly in Q1 versus the previous year as overall market conditions remained weak. Prices were lower reflecting lower input costs, notably in polyamide 6 polymers.
- **DSM Resins and Functional Materials:** Volumes were up slightly compared to Q1 2015, in a continued soft volume environment in key markets. Prices reflected lower input costs.
- **DSM Dyneema** showed good organic sales growth in the quarter.

Q1 2016 EBITDA increased by 10% compared with Q1 2015 as result of the efficiency and cost saving programs carried out over recent years, good margin management with support from low input costs and the focus on improving the quality of the portfolio.

Q1 2016 EBITDA margin was 15.8%, up from 13.6% in Q1 2015 supported by the significant effects of lower input costs, although this effect faded somewhat towards the end of the quarter.

Innovation Center

in € million	Q1 2016	Q1 2015	% Change	YTD Q1 2016	YTD Q1 2015	% Change
Sales	43	36	19%	43	36	19%
EBITDA	1	-5		1	-5	
EBIT	-5	-12		-5	-12	
Capital Employed				549	572	

Q1 2016 sales were 19% above Q1 2015, with the increase fully driven by higher volumes. There was good volume development at DSM Biomedical, which saw sales volumes normalize following de-stocking in 2015. DSM Advanced Surfaces also showed a healthy development in volumes.

Q1 2016 EBITDA was slightly positive, demonstrating significant progress when compared with Q1 2015 and previous years. This improvement was driven by higher sales, more focused innovation activities and cost savings.

Corporate Activities

in € million	Q1 2016	Q1 2015	YTD Q1 2016	YTD Q1 2015
Sales	20	19	20	19
EBITDA	-25	-28	-25	-28
EBIT	-33	-39	-33	-39

Q1 2016 EBITDA was €3 million better than Q1 2015, supported in part by the effects of the savings implemented in the DSM-wide support functions.

Key Joint Ventures and Associates

in € million, based on 100%		Q1 2016	Q1 2015	% Change	YTD Q1 2016	YTD Q1 2015	% Change
DSM Sinochem:	Sales	112	117	-4%	112	117	-4%
	EBITDA%	16%	13%		16%	13%	
Patheon ¹ :	Sales	376	377	0%	376	377	0%
	EBITDA%	15%	18%		15%	18%	
ChemicalInvest:	Sales	455	n.a.	n.a.	455	n.a.	n.a.
	EBITDA%	4%	n.a.		4%	n.a.	

1) Patheon (formerly reported as DPx Holding) respective periods are from 1 November - 31 January

- **DSM Sinochem Pharmaceuticals (50% DSM)** EBITDA improved, supported by favorable exchange rates and growth in new products.
- **Patheon (49% DSM)** Q1 EBITDA was lower versus prior year due to required, non-recurring quality improvement activities at the Ferentino (Italy) site.
- **ChemicalInvest (35% DSM)** EBITDA was low due to caprolactam results.

Discontinued Operations

in € million	Q1 2016	Q1 2015	YTD Q1 2016	YTD Q1 2015
Sales	0	506	0	506
EBITDA	0	38	0	38
EBIT	0	20	0	20

Financial Overview

Exceptional Items

Exceptional items in the first quarter amounted to -€25 million (-€19 million after tax) of which -€24 million were related to restructuring costs and -€1 million related to acquisition costs.

Net profit (continuing operations)

in € million	Q1 2016	Q1 2015	YTD Q1 2016	YTD Q1 2015
EBIT	185	131	185	131
Financial Income & Expense	-37	-52	-37	-52
Income Tax	-27	-14	-27	-14
<i>Effective Tax Rate (%)</i>			18.5%	18.0%
Share of profit of associates/Joint control entities	-12	4	-12	4
Non-controlling interest	-1	2	-1	2
Net Profit from Cont. Operations (before exceptional items) ¹	108	71	108	71
Net Earnings per ordinary share				
- Cont. Operations, before exceptional items (€)	0.60	0.39	0.60	0.39

¹ Net profit of continuing operations attributable to equity holders of Koninklijke DSM N.V.

Financial income and expense amounted to -€37 million in Q1 2016 compared to -€52 million in Q1 2015, whereas Q1 last year was impacted by the negative development in the valuation of derivatives.

Cash Flow, Capital Expenditures and Financing

in € million	Q1 2016	Q1 2015	YTD Q1 2016	YTD Q1 2015
Cash from Operating Activities - Continuing Operations	137	84	137	84
Total Working Capital - Continuing Operations			1,394	1,722
Total Working Capital as % of Sales - Continuing Ops.			18.2%	22.8%
Capital Expenditure (cash, net of customer funding)				
- Continuing Operations	99	101	99	101
Net Debt (before reclassification to held for sale)			2,269	2,321 ¹

¹ Year-end 2015

Total Working Capital amounted to €1,394 million at the end of Q1 2016 compared to €1,722 million at the end of Q1 2015, which represents 18.2% as a percentage of annualized Q1 sales (Q1 2015: 22.8%).

Net debt decreased by €52 million compared to the end of 2015 and stood at €2,269 million. The decrease was mainly due to the cash flow from operations and value changes of derivatives.

Condensed consolidated statement of income for the first quarter

in € million	Q1 2016			Q1 2015		
	Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
Sales - Continuing Operations	1,913		1,913	1,886		1,886
Sales - Discontinued Operations	0		0	506		506
Net sales - Total	1,913		1,913	2,392		2,392
EBITDA - Continuing Operations	296	-25	271	248	-22	226
EBITDA - Discontinued Operations	0	0	0	38	-4	34
EBITDA - Total	296	-25	271	286	-26	260
Operating Profit (EBIT) - Continuing Operations	185	-25	160	131	-22	109
Operating Profit (EBIT) - Discontinued Operations	0	0	0	20	-141	-121
Operating Profit (EBIT) - Total	185	-25	160	151	-163	-12
Operating Profit - Continuing Operations	185	-25	160	131	-22	109
Net finance costs	-37	0	-37	-52	0	-52
Profit before income tax	148	-25	123	79	-22	57
Income tax	-27	6	-21	-14	5	-9
Share of profit of associates/ Joint Control entities	-12	-5	-17	4	-10	-6
Profit for the period - Continuing Operations	109	-24	85	69	-27	42
Profit for the period - Discontinued Operations	0	0	0	15	-128	-113
Profit for the period - total DSM	109	-24	85	84	-155	-71
Non-controlling interests - Continuing Operations	-1	0	-1	2	0	2
Non-controlling interests - Discontinued Operations	0	0	0	-1	0	-1
Net profit attributable to equity holders of DSM	108	-24	84	85	-155	-70
Dividend on cumulative preference shares	-3	0	-3	-3	0	-3
Net profit used for calculating earnings per share	105	-24	81	82	-155	-73
Avg. no. of ordinary shares (million)			174.7			173.6
Number of ordinary shares, end of period (million)			174.1			173.9
Net profit used for calculating earnings per share	105	-24	81	82	-155	-73
Net earnings per ordinary share - Total DSM (€)	0.60	-0.14	0.46	0.47	-0.89	-0.42
Net profit used for EPS - Continuing Operations	105	-24	81	68	-27	41
Net earnings per ordinary share - Cont. operations (€)	0.60	-0.14	0.46	0.39	-0.16	0.23
Depreciation & Amortization	111	0	111	135	137	272
Capital Expenditure			63			119
Acquisitions			0			125
Workforce (headcount) continuing operations			20,757			20,750*
of which in the Netherlands			4,177			4,190*

* End of 2015

Consolidated Balance Sheets - Assets

in € million	YTD Q1 2016	YE 2015
Intangible Assets	3,160	3,228
Property, Plant & Equipment	3,090	3,171
Deferred Tax Assets	380	366
Associates & Joint Ventures	772	872
Other Financial Assets	230	191
Non-Current Assets	7,632	7,828
Inventories	1,670	1,627
Trade Receivables	1,457	1,349
Other Receivables	161	207
Financial Derivatives	45	47
Current Investments	11	9
Cash & Cash Equivalents	538	665
Total	3,882	3,904
Assets Held for Sale	12	11
Current Assets	3,894	3,915
Total Assets	11,526	11,743

Consolidated Balance Sheets - Equity and Liabilities

in € million	YTD Q1 2016	YE 2015
Shareholders' Equity	5,476	5,541
Non-controlling interest	89	90
Equity	5,565	5,631
Deferred Tax Liabilities	296	319
Employee Benefits Liabilities	493	496
Provisions	99	98
Borrowings	2,552	2,557
Other Non-current Liabilities	226	228
Non-current liabilities	3,666	3,698
Employee Benefits	41	44
Provisions	44	41
Borrowings	127	253
Financial Derivatives	184	232
Trade Payables	1,218	1,168
Other Current Liabilities	680	674
Total	2,294	2,412
Liabilities Held for Sale	1	2
Current Liabilities	2,295	2,414
Total Equity and Liabilities	11,526	11,743

in € million	YTD Q1 2016	YE 2015
Capital Employed, continuing operations ¹	7,456	7,553
Equity/ Total Assets ¹	48%	48%
Net Debt ¹	2,269	2,321
Operating Working Capital - Continuing Operations ¹	1,913	1,811
OWC/ Net Sales - Continuing Operations	25.0%	23.5%
Total Working Capital - Continuing Operations ¹	1,394	1,343
Total WC/ Net Sales - Continuing Operations	18.2%	17.4%

1) Before reclassification to held for sale

Condensed Consolidated Cash Flow Statement

in € million	YTD Q1 2016	YTD Q1 2015
Cash, Cash Equivalents and Current Investments (at beginning of period)	674	675
Current Investments (at beginning of period)	9	6
Cash & Cash Equivalents (at beginning of period)	665	669
Operating Activities		
EBITDA	296	286
Change in Working Capital	-112	-102
Income Tax	-22	-21
Other	-25	-141
Cash provided by Operating Activities	137	22
of which provided by Continuing Operations	137	84
Investing Activities		
Capital Expenditures	-99	-138
Payments regarding drawing rights	-5	0
Acquisitions	-1	-73
Disposal of Subsidiaries & Businesses	0	5
Disposal of Other Non-current Assets	2	5
Change in Fixed-term Deposits	-2	0
Interest Received	4	4
Other	20	-13
Cash Used in Investing Activities	-81	-210
Dividend	0	0
Interest Paid	-6	-8
Repurchase of Shares	-52	0
Proceeds from Re-issued Shares	9	11
Change in Commercial Paper	-125	220
Other Cash from/ used in Financing Activities	-2	4
Cash used in Financing Activities	-176	227
Changes Exchange Differences	-7	57
Cash and Cash Equivalents (end of period)	538	765
Current Investment (end of period)	11	6
Cash and Cash Equivalents & Current Investments (end of period)	549	771

Condensed Consolidated Statement of Comprehensive Income

in € million	YTD Q1 2016	YTD Q1 2015
Items that will not be reclassified to profit or loss		
Remeasurements of Defined Benefit Pension Plans	0	0
FX on Translation of Foreign Operations Related to Non-Controlling Interest	-2	21
Items that may subsequently be reclassified to profit or loss		
FX on Translation of Foreign Operations	-113	285
Change in Fair Value Reserve	1	5
Change in Hedging Reserve	18	-46
Other Comprehensive Income (before tax)	-96	265
Income Tax Expense	-2	41
Other Comprehensive Income (net of tax)	-98	306
Profit for the Period	85	-71
Total Comprehensive Income	-13	235

Condensed Consolidated Statement of Changes in Equity

in € million	YTD Q1 2016	YTD Q1 2015
Total Equity (at beginning of the period)	5,631	5,936
Changes:		
Total Comprehensive Income	-13	235
Dividend	0	0
Repurchase of Shares	-55	0
Proceeds from Reissue of Ordinary Shares	11	11
Other Changes	-9	7
Total Equity (end of period)	5,565	6,189

Geographical Information (continuing operations)

YTD Q1 2016	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	501	611	39	340	117	197	18	14	13	63	1,913
in %	26	32	2	18	6	10	1	1	1	3	100
Net Sales by Destination											
in € million	86	476	122	452	224	216	42	54	185	56	1,913
in %	4	25	6	24	12	11	2	3	10	3	100
Total Assets (total DSM) in € million	3,615	2,044	115	3,427	755	940	86	99	351	94	11,526
Workforce (headcount, end of period)	4,177	4,702	441	3,132	2,000	4,583	510	147	810	255	20,757
YTD Q1 2015											
Net Sales by Origin											
in € million	492	575	32	342	170	170	20	14	55	16	1,886
in %	26	30	2	18	9	9	1	1	3	1	100
Net Sales by Destination											
in € million	32	517	105	437	261	214	38	50	173	59	1,886
in %	2	27	6	23	14	11	2	3	9	3	100
Total Assets (total DSM, year-end 2015) in € million	3,838	2,038	119	3,486	749	882	82	95	361	93	11,743
Workforce (headcount, year-end 2015)	4,190	4,682	426	3,151	2,021	4,551	521	145	811	252	20,750

Notes to the financial statements

Accounting policies and presentation

The consolidated financial statements of DSM for the year ended 31 December 2015 were prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union and valid as of the balance sheet date. The same accounting standards are applied in the current interim financial statements. These interim statements are in compliance with IAS 34 'Interim Financial Reporting' and need to be read in conjunction with the Integrated Annual Report 2015 and the discussion by the Managing Board earlier in this interim report.

Audit

These interim financial statements have not been audited.

Scope of the consolidation

In the first quarter of 2016 no significant acquisitions or disposals were completed.

Risks

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 Integrated Annual Report 2015 and in the governance section on www.dsm.com.

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.

Equity

In the first three months of 2016 1.2 million shares were repurchased.

Heerlen, 26 April 2016

The Managing Board

Feike Sijbesma, CEO/Chairman

Geraldine Matchett, CFO

Stephan Tanda

Dimitri de Vreeze

Financial Calendar

29 April 2016	General meeting of Shareholders
3 May 2016	Ex-dividend
2 August 2016	Publication of Q2 2016 Results
3 November 2016	Publication of Q3 2016 Results
15 February 2017	Publication of Q4 2016 Results

Contact Information

Investor Relations [Dave Huizing](#)
 t. +31 (0) 45 578 28 64
 e. investor.relations@dsm.com

Media Relations [Stephen Hufton](#)
 t. +31 (0) 45 578 7029
 e. media.contacts@dsm.com

Additional Information

Today DSM will hold a conference call for **media** from 08:00 to 08:30 and a conference call for **investors and analysts** from 09:00 to 10:00. 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 global science-based company active in health, nutrition and materials. By connecting its unique competences in life sciences and materials sciences DSM is driving economic prosperity, environmental progress and social advances to create sustainable value for all stakeholders simultaneously. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials. DSM and its associated companies deliver annual net sales of about €10 billion with approximately 25,000 employees. The company is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

Find us on:    

Forward Looking Statement

This press release may contain forward-looking statements with respect to DSM's future (financial) performance and position. Such statements are based on current expectations, estimates and projections of DSM and information currently available to the company. DSM cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements. DSM has no obligation to update the statements contained in this press release, unless required by law.