



Life Sciences and Materials Sciences
Presentation to Investors

Q2 2014 Results, 5 August 2014

HEALTH • NUTRITION • MATERIALS



Safe harbor statement

This presentation 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 presentation, unless required by law.

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

Overview

- Q2 2014 Operational performance
- Business conditions and outlook
- Our strategy

Highlights

DSM reports Q2 2014 results

- Q2 2014 EBITDA from continuing operations €293 million
- Q2 2014 EBITDA includes negative currency effect of about €29 million and a €16 million impact from the fire at a nutrition plant in Switzerland
- Nutrition delivered improved result versus last two quarters with €222 million EBITDA
- Performance Materials Q2 EBITDA of €88 million up compared to Q2 2013 and Q1 2014
- Q2 cash flow from operating activities €126 million
- Interim dividend of €0.55 per ordinary share
- Full year 2014 outlook in line with current market expectations

Quote from Feike Sijbesma

“DSM delivered improved results versus the first quarter, despite persistent currency headwinds. Performance Materials saw continued positive momentum in a number of end-markets, whereas Polymer Intermediates has seen weaker business conditions for caprolactam.

Market conditions in Nutrition have shown some improvement with good Animal Nutrition performance in Q2, while Human Nutrition still operates in a low growth macro environment for some end-markets due to ongoing pressure on consumer spending. In this environment, the resilience of our integrated value chain is demonstrated by robust margins, highlighting the quality of our Nutrition business. In addition we are undertaking initiatives in the US to reinforce the attractiveness of our dietary supplements end-user categories.

We continue to focus on efficiencies to protect profitability and improve cash flow in the current environment. Despite the weakness in caprolactam, we continue to anticipate to deliver improving financial results in the coming quarters.”



*Feike Sijbesma CEO /
Chairman of the Managing Board*

Results Q2/H1 2014 - Key figures

Q2 -2014	Q2-2013	Δ%	(€ million)	H1-2014	H1-2013	Δ%
Continuing operations before exceptional items:						
2,288	2,282	0%	Net Sales	4,484	4,470	0%
293	332	-12%	EBITDA	565	633	-11%
0.64	0.80	-20%	EPS (€)	1.21	1.51	-20%
0.73	0.89	-18%	Core EPS (€)*	1.39	1.67	-17%
Total DSM before exceptional items:						
2,288	2,421	-5%	Net Sales	4,586	4,741	-3%
293	345	-15%	EBITDA	563	653	-14%
Total DSM after exceptional items:						
78	112	-30%	Net profit	159	231	-31%
0.45	0.64	-30%	EPS (€)	0.90	1.33	-32%

* Core net EPS is the EPS from continuing operations before exceptional items and before acquisition related (intangible) asset amortization

Net sales growth Q2-2014 versus Q2-2013

(€ million)	Q2 2014	Q2 2013	Diff.	Volume	Price/ Mix	FX	Other
Nutrition	1,073	1,111	-3%	2%	-1%	-5%	1%
Performance Materials	702	709	-1%	3%	-2%	-3%	1%
Polymer Intermediates	429	375	14%	25%	-8%	-3%	
Innovation Center	38	39	-3%	2%	0%	-5%	
Corporate Activities	46	48					
Continuing Operations	2,288	2,282	0%	6%	-2%	-4%	0%

Net sales growth H1-2014 versus H1-2013

(€ million)	H1-2014	H1-2013	Diff.	Volume	Price/ Mix	FX	Other
Nutrition	2,120	2,101	1%	3%	-2%	-4%	4%
Performance Materials	1,372	1,378	0%	4%	-2%	-2%	0%
Polymer Intermediates	834	812	3%	13%	-8%	-2%	
Innovation Center	72	76	-5%	-1%	0%	-4%	
Corporate Activities	86	103					
Continuing Operations	4,484	4,470	0%	5%	-3%	-3%	1%

EBITDA - development Q2

EBITDA (€ million)	Q2-2014	Q2-2013	Δ%
Nutrition	222	250	-11%
Performance Materials	88	80	10%
Polymer Intermediates	17	27	-37%
Innovation Center	-5	-2	
Corporate Activities	-29	-23	
Continuing Operations*	293	332	-12%

- Continuing operations (excluding discontinued activities)

EBITDA - development H1

EBITDA (€ million)	H1-2014	H1-2013	Δ%
Nutrition	425	465	-9%
Performance Materials	165	159	4%
Polymer Intermediates	37	55	-33%
Innovation Center	-11	-4	
Corporate Activities	-51	-42	
Continuing Operations*	565	633	-11%

- Continuing operations (excluding discontinued activities)

Nutrition

Q2-2014	Q2-2013	Δ%	(€ million)	H1-2014	H1-2013	Δ%
1,073	1,111	-3%	Net sales	2,120	2,101	1%
		1%	Organic growth			1%
222	250	-11%	EBITDA	425	465	-9%
20.7%	22.5%		<i>EBITDA margin</i>	20.0%	22.1%	
165	190	-13%	EBIT	308	353	-13%
			Capital employed	4,809	4,496*	

- Sales in Q2 declined by 3% compared to Q2 2013, as organic growth and the contribution of new consolidations was offset by 5% weaker currencies. Organic sales growth was 1% versus Q2 2013, with volume growth (2%) partly offset by lower prices (-1%)
- EBITDA for Q2 was €222 million, down 11% compared to Q2 2013. The combination of good demand in Animal Nutrition and the continued soft consumer demand in some of DSM's Human Nutrition end-markets resulted in total into a modest organic growth of 1%, which was offset by the foreign exchange impact. The EBITDA margin of 20.7% reflecting the significant impact of foreign exchange rates compared to Q2 2013 was within DSM's target range of 20-23%
- DSM Food Specialties delivered good organic growth in enzymes and cultures driven by a continued focus on innovation and high margin applications

* year-end 2013

Page

Human Nutrition & Health

Q2-2014	Q2-2013	Δ%	(€ million)	H1-2014	H1-2013	Δ%
403	444	-9%	Net sales	826	887	-7%
		-6%	<i>Organic growth</i>			-4%

- Human Nutrition & Health net sales were €403 million in Q2. Organic sales development was negative at -6% compared to Q2 2013 owing to lower volumes. The price/mix development was flat
- Sales in dietary supplements for vitamins and fish-oil based Omega-3 in the US were down versus the same period last year. Recovery of these end-markets is slower than expected. Promotional initiatives and industry wide campaigns are being launched to support the vitamins and Omega-3 dietary supplements markets. Momentum for dietary supplements outside the US continued to be positive. Demand for i-Health remained robust

US retail volumes Dietary Supplements

Ingredient	Q1'14 vs Q1'13	Q2'14 vs Q2'13
Vitamin A	-6%	-5%
Vitamin C	-8%	+4%
Vitamin D	+4%	+5%
Vitamin E	+5%	+5%
Multivitamins	-4%	-3%
Omega-3	-14%	-13%

Source: IRI (July 13, 2014)

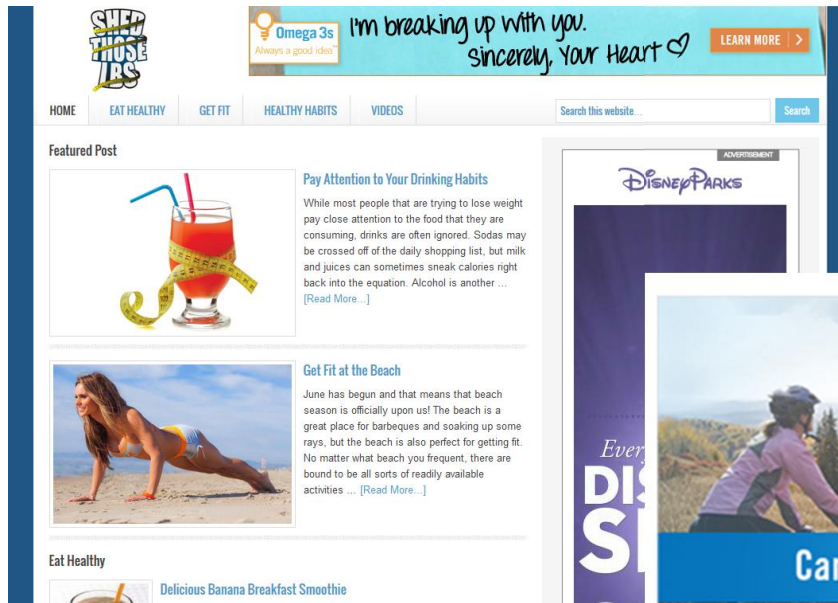


Human Nutrition & Health-continued

- Sales in infant nutrition were weaker compared to the same period last year due to the after-effects from the false botulism scare, with China and South East Asia markets being the most affected. Furthermore, recent changes in Chinese regulatory policy have created additional uncertainty for the industry. As a result infant nutrition suppliers have reduced their inventories
- Food & beverage markets have continued to show sluggish growth, while demand for premixes stayed healthy. In order to stimulate growth, “A-label” customers are investing in new product launches, promotional campaigns and acceleration of innovations



Promotional initiatives in Omega-3



- Promotional initiatives and industry wide campaigns are being launched to support the Omega-3 dietary supplements markets
- Omega-3 dietary supplements campaigns mainly focused on North American customers
- Campaigns via internet, social-media, television, magazines
- Impact expected 1-2 months after launch (Q4 2014)
- Similar initiatives in vitamin dietary supplements

Animal Nutrition & Health

Q2-2014	Q2-2013	Δ%	(€ million)	H1-2014	H1-2013	Δ%
519	521	0%	Net sales	985	917	8%
		5%	<i>Organic growth</i>			6%

- Animal Nutrition and Health net sales were €519 million in Q2. Organic sales growth in Q2 was 5% driven by good global volume growth. Overall, the price/mix effect was flat
- Market conditions in animal feed continued to improve in Q2 as premix businesses showed strong performance. Vitamin E volumes and prices were lower versus the same period last year

Vitamin E50 spot prices/kg
(www.feedinfo.com)



- Source www.feedinfo.com (until July 1, 2014)



Performance Materials

Q2-2014	Q2-2013	Δ%	(€ million)	H1-2014	H1-2013	Δ%
702	709	-1%	Net sales	1,372	1,378	0%
		1%	Organic growth			2%
88	80	10%	EBITDA	165	159	4%
12.5%	11.3%		<i>EBITDA margin</i>	12.0%	11.5%	
54	46	17%	EBIT	98	92	7%
			Capital employed	1,947	1,902*	

- Organic sales growth in Q2 2014 was 1% compared to Q2 2013 with 3% volume growth driven by improved market demand and 2% lower prices. Adverse currency effects amounted to 3%. DSM Engineering Plastics showed good volume growth, while polyamide 6 prices were slightly lower, due to lower caprolactam prices. DSM Resins & Functional Materials saw good volume growth, while prices were down due to lower input costs and some product mix effects. DSM Dyneema Q2 sales were lower compared to same period last year as a result of the timing of large orders
- EBITDA in Performance Materials for the quarter was up by 10% compared to Q2 2013 largely driven by volume growth, good cost control and improved efficiencies. DSM Resins & Functional Materials showed a strong improvement in EBITDA. DSM Engineering Plastics also reported a higher EBITDA despite lower results in the polyamide 6 value chain. In Q2 DSM Dyneema delivered EBITDA that was in line with last year after a substantially higher EBITDA in Q1

* year-end 2013

Polymer Intermediates

Q2-2014	Q2-2013	Δ%	(€ million)	H1-2014	H1-2013	Δ%
429	375	14%	Net sales	834	812	3%
		17%	Organic growth			5%
17	27	-37%	EBITDA	37	55	-33%
4.0%	7.2%		<i>EBITDA margin</i>	4.4%	6.8%	
2	17	-88%	EBIT	9	37	-76%
			Capital employed*	732	570*	

- Organic sales growth in Q2 was 17% compared to the same quarter of 2013, with 25% higher volumes and 8% lower prices. Sales were negatively impacted by currency effects of 3%. Volumes were up due to increased caprolactam production from the 2nd line in China
- EBITDA for the quarter declined compared to Q2 2013 resulting from the maintenance stop of the caprolactam plants in Europe and lower caprolactam margins resulting from lower prices, while benzene costs remained high. Acrylonitrile results were in line with last year

* year-end 2013

Innovation Center

Q2-2014	Q2-2013	Δ%	(€ million)	H1-2014	H1-2013	Δ%
38	39	-3%	Net sales	72	76	-5%
-5	-2		EBITDA	-11	-4	
-12	-10		EBIT	-26	-21	
			Capital employed*	473	469*	

- Sales in Q2 2014 were slightly down compared to Q2 2013 due to negative currency effects (-5%). Organic growth in DSM Biomedical is progressing well, with new products in the pipeline. DSM Advanced Surfaces continues to make progress by testing its new anti-reflecting coatings at large solar parks. In Bio-based Products and Services the second generation advanced biofuels plant of the POET/DSM joint venture in Iowa is in the start-up phase
- EBITDA declined due to increased costs resulting from intensified innovation programs. The underlying business did well

* year-end 2013

Corporate Activities

Q2-2014	Q2-2013	(€ million)	H1-2014	H1-2013
46	48	Net sales	86	103
-29	-23	EBITDA	-51	-42
-44	-35	EBIT	-78	-65

- EBITDA in Q2 2014 benefitted from lower project costs, but the captive insurance was negatively impacted by a fire at an intermediates plant at DSM Nutritional Products in Sisseln, Switzerland. Of the total damages caused by the fire, an amount of €15 million is retained by DSM's captive insurances and as such accounted for in Q2. Nutrition incurred €1 million. Costs above these €16 million are covered by external insurers

Pharma Activities and other Associates

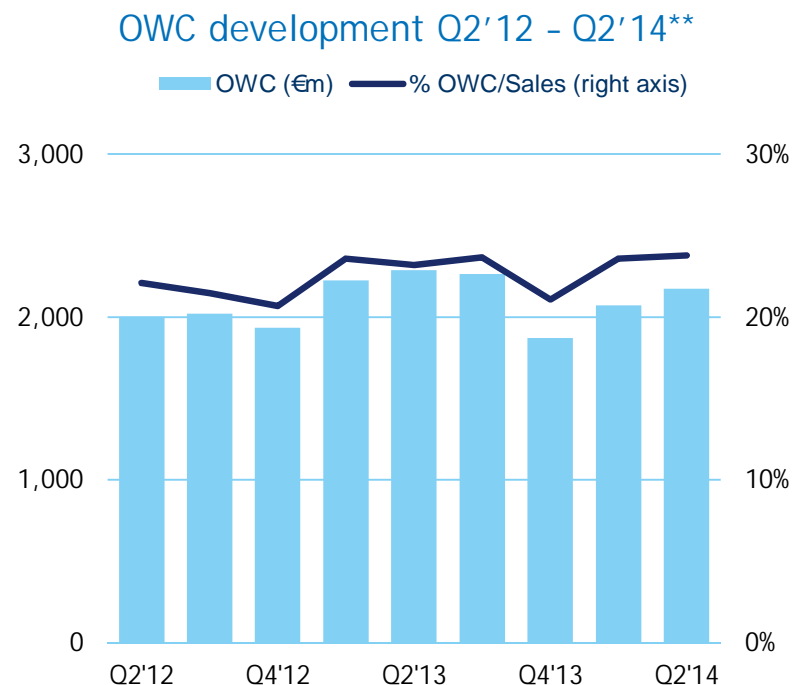
- Total Q2 2014 sales of joint ventures amounted to €116 million (100% base) of which €108 million coming from DSM Sinochem Pharmaceuticals (Q2 2013: €98 million)
- DPx Holdings (49% DSM) realized total sales (100%) of €217 million from 11 March up to and including April with good margins. The DSM share in the net result of DPx was impacted by €25 million exceptional items related to the formation and start-up of the new company

Cash flow

Cash Flow (€ million)	H1'14	H1'13
Cash from operating activities	89	202
Cash from investing activities*	-219	-681
Free cash flow from operations	-130	-479

Balance sheet (€ million)	June 30 2014	YE 2013
Net debt	2,393	1,841
Gearing	29%	23%

* Excl. changes in fixed-term deposits

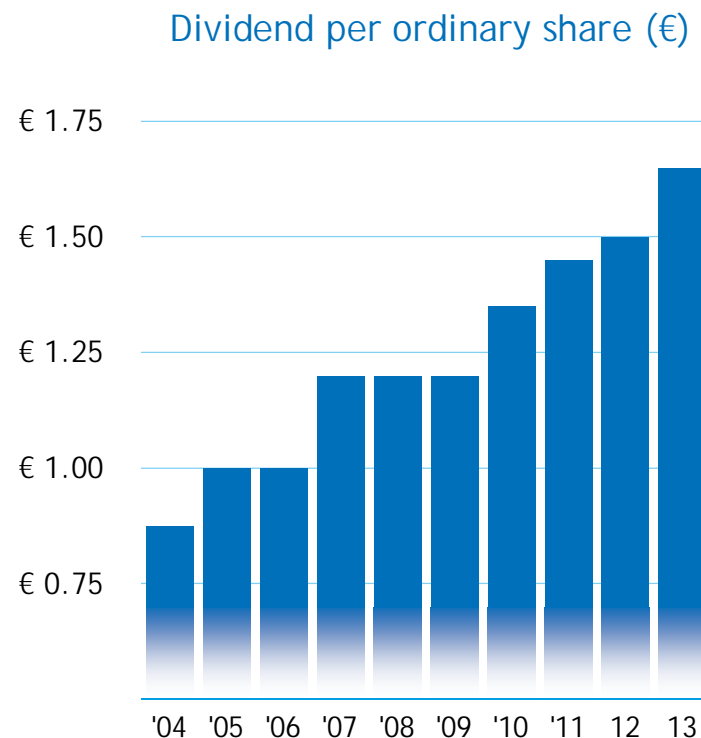


** As reported [not restated]

- *Cash provided by operating activities* in Q2 2014 was €126 million (Q2 2013: €251 million)
- *Operating working capital* increased from €1,843 million at year-end of 2013 to €2,178 million at the end of Q2 2014 due to higher inventories and receivables. Expressed as a percentage of annualized sales this represents 23.8% compared to 23.2% in Q2 2013

Interim dividend: €0.55

- Dividend policy “stable and preferably rising”
- In May 2014, the 2013 dividend was increased by 10% from €1.50 to €1.65 per ordinary share
- Interim dividend for the year 2014: €0.55 per ordinary share, which, as usual, represents one third of the total dividend paid over the previous year (2013)
- Payable in cash or ordinary shares at the option of the shareholder
- The ex-dividend date is 6 August 2014. The interim dividend will be payable as from 27 August 2014



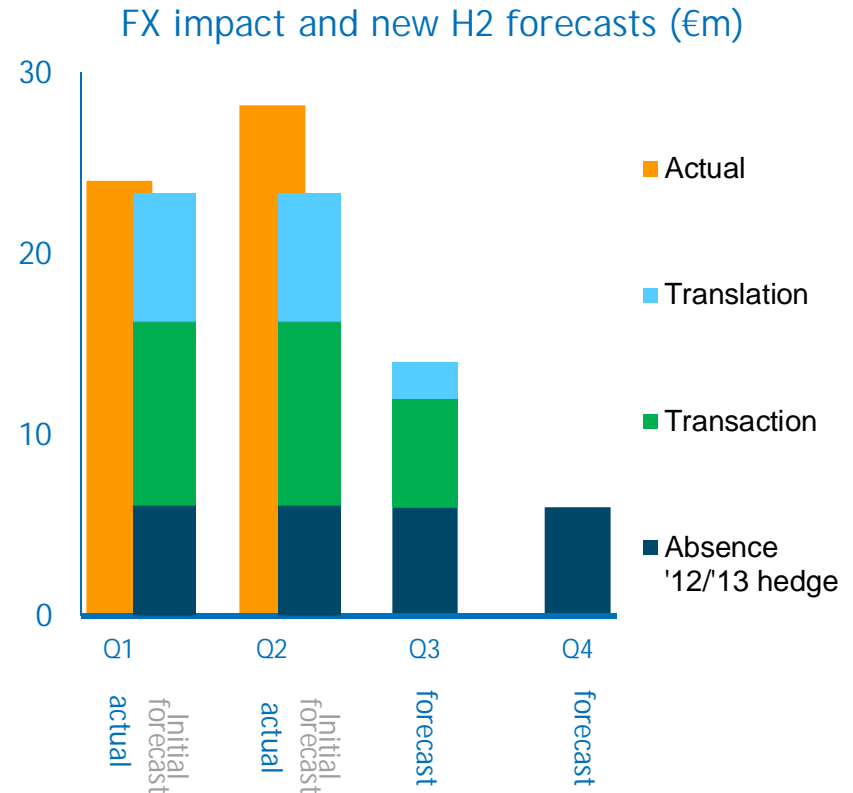
Overview

- Q2 2014 Operational performance
- [Business conditions and outlook](#)
- Our strategy

Negative currency effects in 2014

EBITDA in 2014 is expected to be negatively impacted by about €70 million, due to:

1. Less favorable hedge results from the 2013/2014 hedges versus the more favorable 2012/2013 hedges
2. Negative transaction impact from 2014 vs 2013 for the non-hedged transactions exposure:
 - DSM has hedged for 2014, 50% of the net transaction exposure of Euro/US\$, US\$/CHF, CHF/JPY, GBP/CHF
3. Negative translation impact which increased due to the €2.8bn acquisitions in recent years mainly outside Europe



FX impact in H1 2014 higher than initially estimated

Business Conditions

Animal Nutrition

- Continued positive momentum in global animal protein markets with good premix demand:
 - ✓ There are local disturbances from animal diseases in various species, but these effects are expected to be off-set in other species & regions
- Vitamin E prices are expected to remain volatile

Human Nutrition

- Food & Beverages operating in low growth macro environment, with consumer spending still under pressure
- Continued favorable market conditions in premix
- Recovery of Vitamins- and fish-oil based Omega-3 dietary supplements in US, is slower than expected
- Asian Infant Nutrition market is expected to stabilize, albeit at lower than historical growth rates
- Food Specialties markets remain strong

Performance Materials

- Business conditions in various European end-markets show continued positive momentum, with improving demand in most businesses
- Ongoing -high- volatility in Polyamide-6 value chain (DSM Engineering Plastics)

Polymer Intermediates

- Continuous pressure on caprolactam margins resulting from high volatility in benzene prices
- Scheduled maintenance stop of caprolactam plants in the US and China in Q3
- License incomes will be at lower level vs 2013
- Continued strong market positions for acrylonitrile

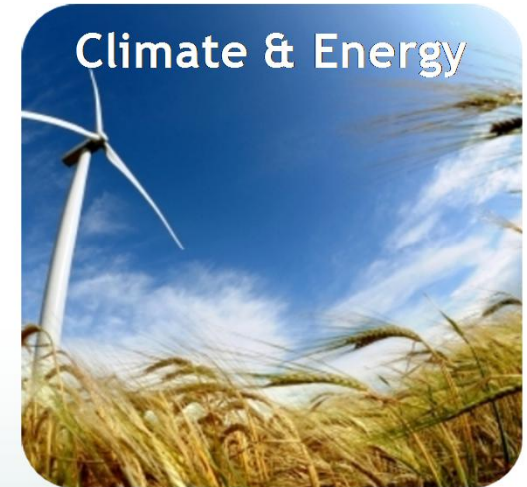
2014 Outlook

- DSM targets for 2014 to deliver an improved underlying business performance in a challenging macro environment. DSM is on track to meet current market expectations, notwithstanding the adverse impact from foreign exchange rates of about €70 million and weakness in the caprolactam supply-chain

Overview

- Q2 2014 Operational performance
- Business conditions and outlook
- [Our strategy](#)

Driving growth by embracing global megatrends



Aging population

Population growth

Resources constraints

Healthcare costs

Urbanization

Energy security

Food security

Wealth

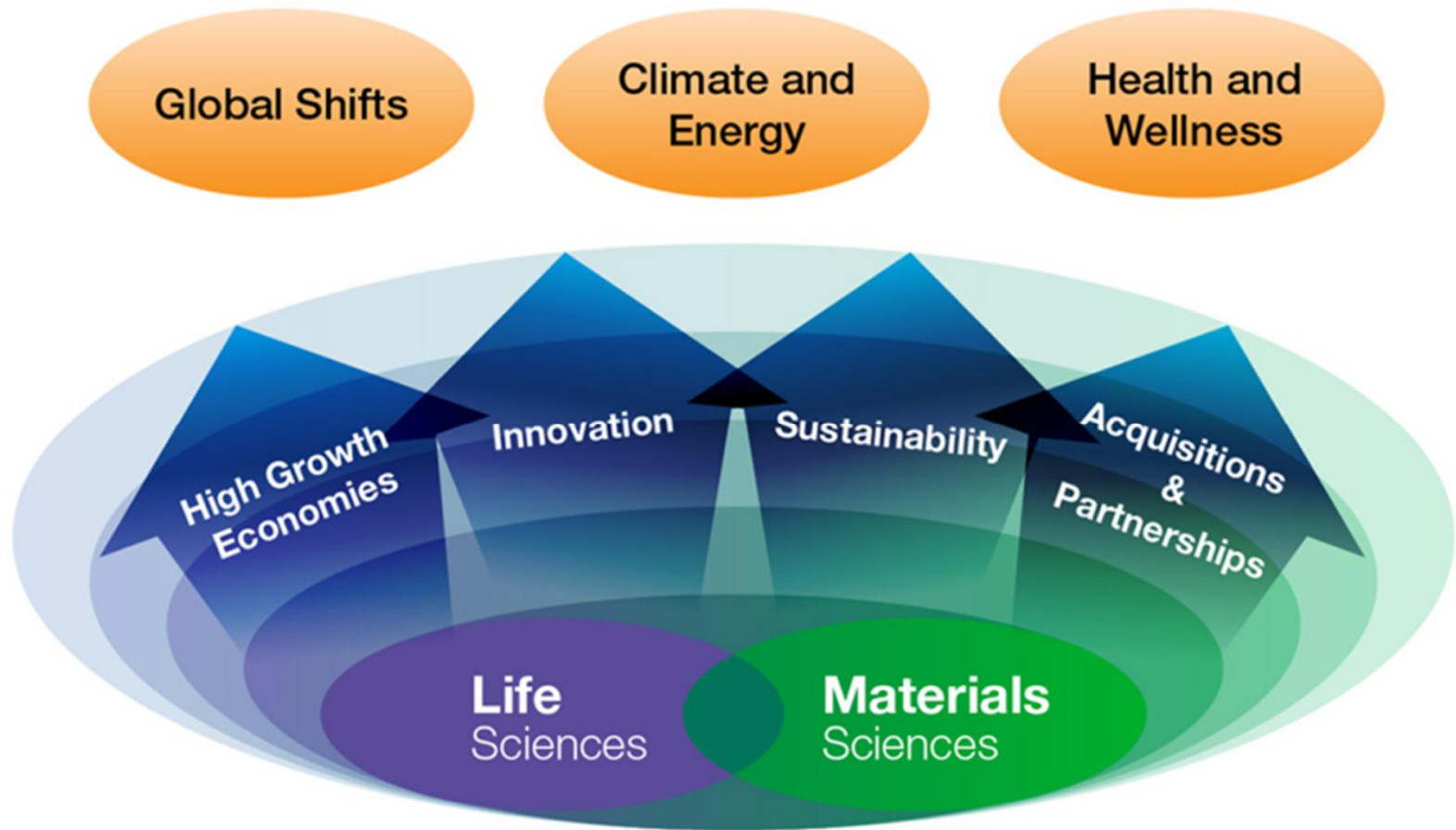
Sustainability

Health

Nutrition

Materials

DSM in motion: *driving focused growth*



2015 targets

Profit targets 2015

- EBITDA margin (%) 14% - 15%
- ROCE 11% - 12%

Sales target 2015

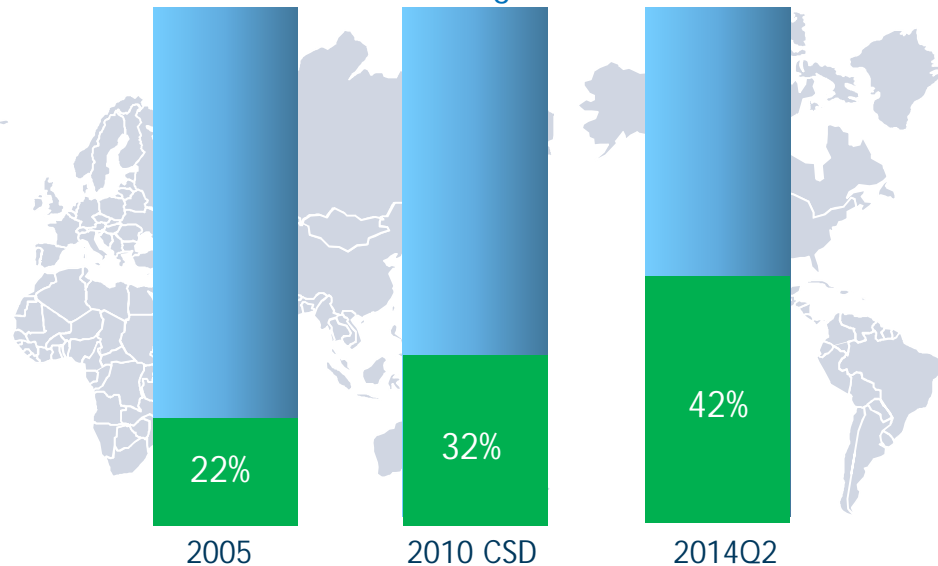
- Organic sales growth 5%-7% annually
- China sales towards US\$ 3bn
- High Growth Economies sales about 45% of total sales
- Innovation sales 20% of total sales
- ECO+ sales towards 50% of total sales

Cluster targets 2015

- Nutrition EBITDA margin 20% - 23%
Sales growth GDP+2%
- Performance Materials EBITDA margin 13% - 15%
Sales growth at double GDP

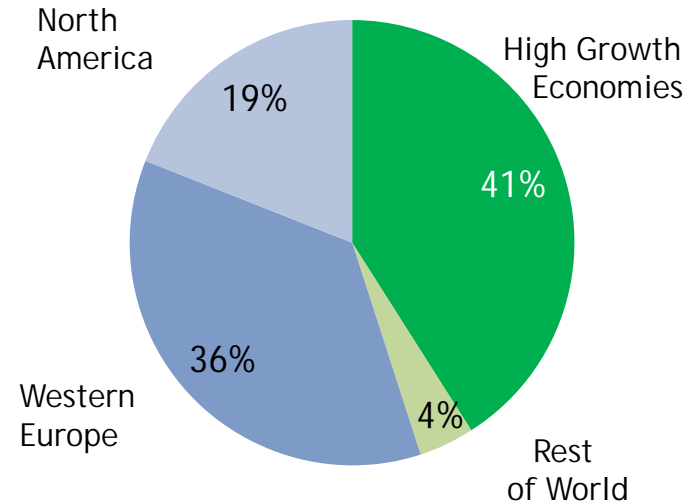
DSM has become truly global

Increase in % of sales to High Growth Economies*



* Sales from continuing operations

2014 H1 Sales by destination*



* Sales from continuing operations

- Sales to High Growth Economies reached a level of 42% of total sales in Q2 2014 versus 39% in Q2 2013. Sales in China amounted to USD 487 million, versus USD 395 million in Q2 2013
- DSM opened its China Animal Nutrition Center in Bazhou, south of Beijing. The facility will support the development of tailored solutions to meet the needs of the fast growing poultry and swine markets in China

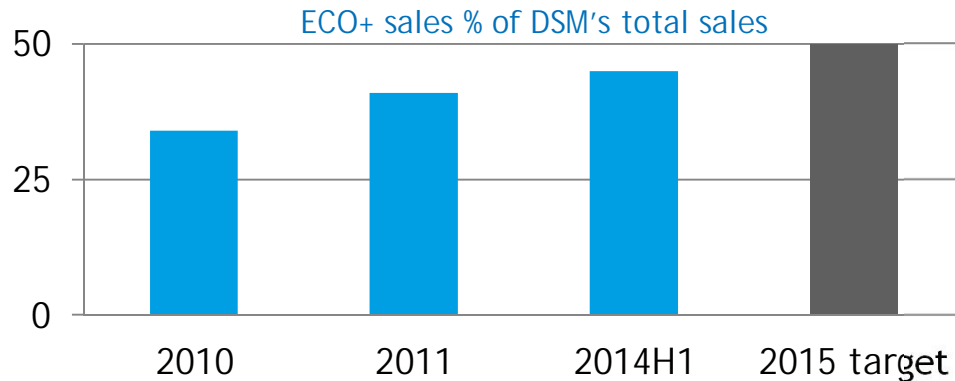
42% of DSM's Q2'14 sales* (41% of H1'14) are to High Growth Economies

On track with sustainability aspirations

Sustainability aspirations 2011 - 2015		2014 H1
Dow Jones Sustainability Index	Top ranking ("SAM Gold Class")	Gold class
Eco+ (innovation)	at least 80% of pipeline is ECO+	>90%
Eco+ (running business)	from ~34% towards 50%	45%
Energy efficiency	20% improvement in 2020, compared to 2008	16% improvement
Greenhouse Gas Emissions	-25% (absolute) by 2020, compared to 2008	7% decrease
Employee Engagement Survey	towards High Performance Norm	2013: 71% favorable
Diversity People+	Women in executive positions 21% DSM People LCA	2013: 11% Draft framework in place



Sustainability as a strong business driver

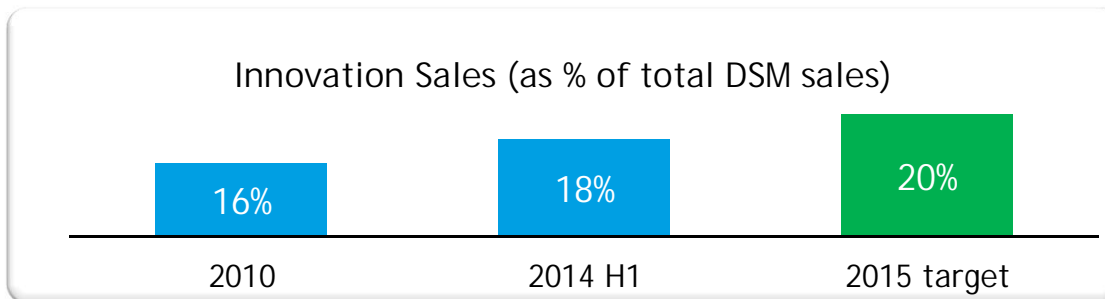
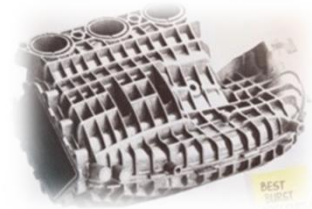


- Share of ECO+ solutions in running portfolio in 2014H1 slightly ahead of 45%, well on track towards the 2015 aspiration of 50%
- Share of ECO+ products in DSM's innovation pipeline was well above 90% in H1 2014, higher than the 2015 aspiration of 80%

ECO+ solutions delivering higher growth and higher margins

Innovation underpins further growth & profit

- Innovation sales in H1-2014 reached 18% of total sales, which is close to DSM's 2015 target
- Examples of innovations, recently launched are:
 - ✓ The world's first high-heat plastic air intake manifold with integrated charge air cooler made from Stanyl® Diablo
 - ✓ Rapidase® Pro Color, DSM's colored fruit enzymes that helps to obtain the highest possible enzymatic juice yield
 - ✓ A high intensity sweetener platform based on fermentation of steviol glycosides, the sweet tasting molecules present in Stevia
 - ✓ A new coagulant, Maxiren® XDS that helps cheese producers to maximize their value



Innovation strongly contributes to DSM's growth

Three attractive innovation platforms (EBA's)



DSM Biomedical

Innovative materials that deliver more advanced clinical procedures and improved patient outcomes



DSM Bio-based Products & Services

Advanced Enzymes and Yeast platforms: enabling Advanced Bio-Energy and Bio-based chemicals

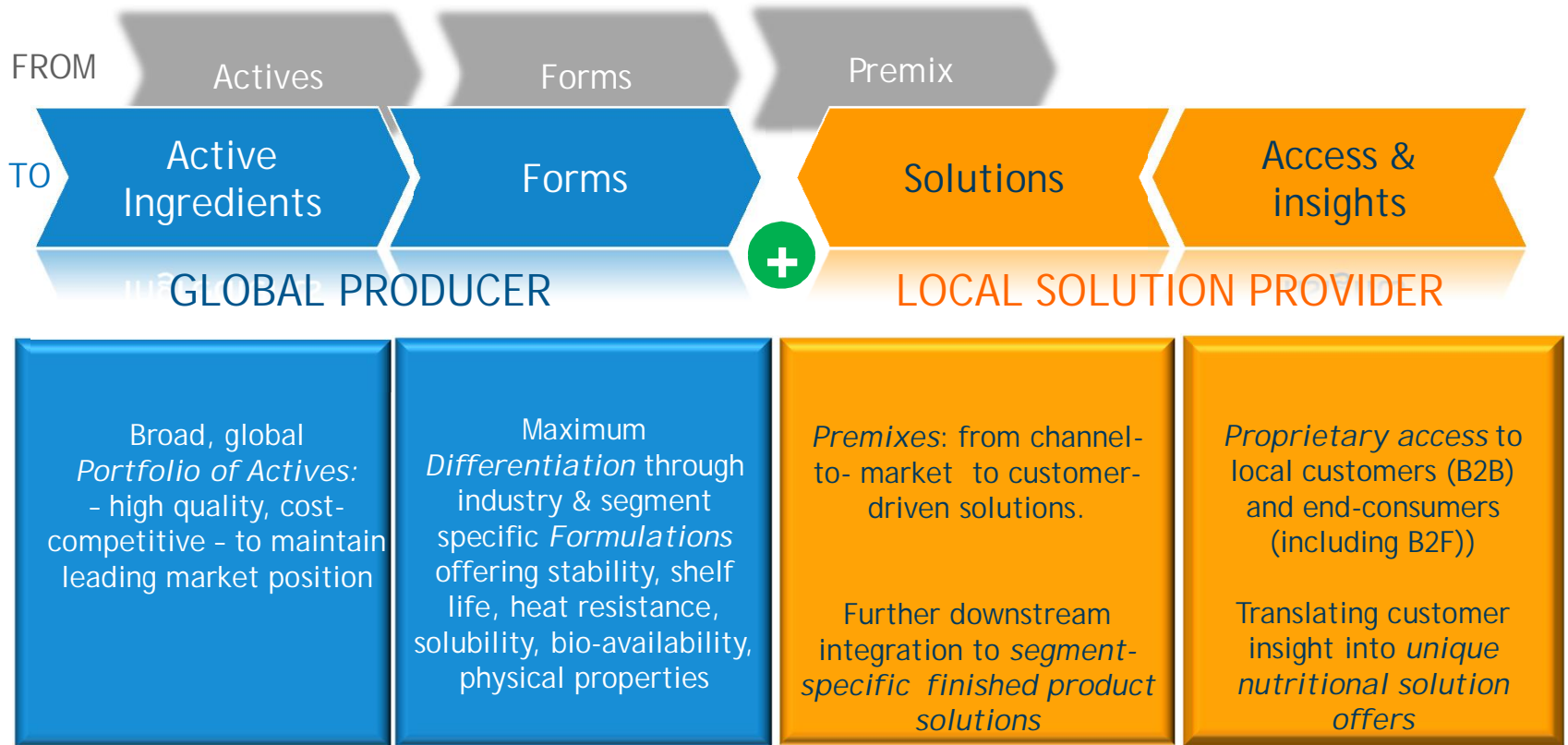


DSM Advanced Surfaces

Smart coatings and surface technologies to boost performance in the solar industry

Bringing Life Sciences and Materials Sciences competences together

Nutrition: continued value growth

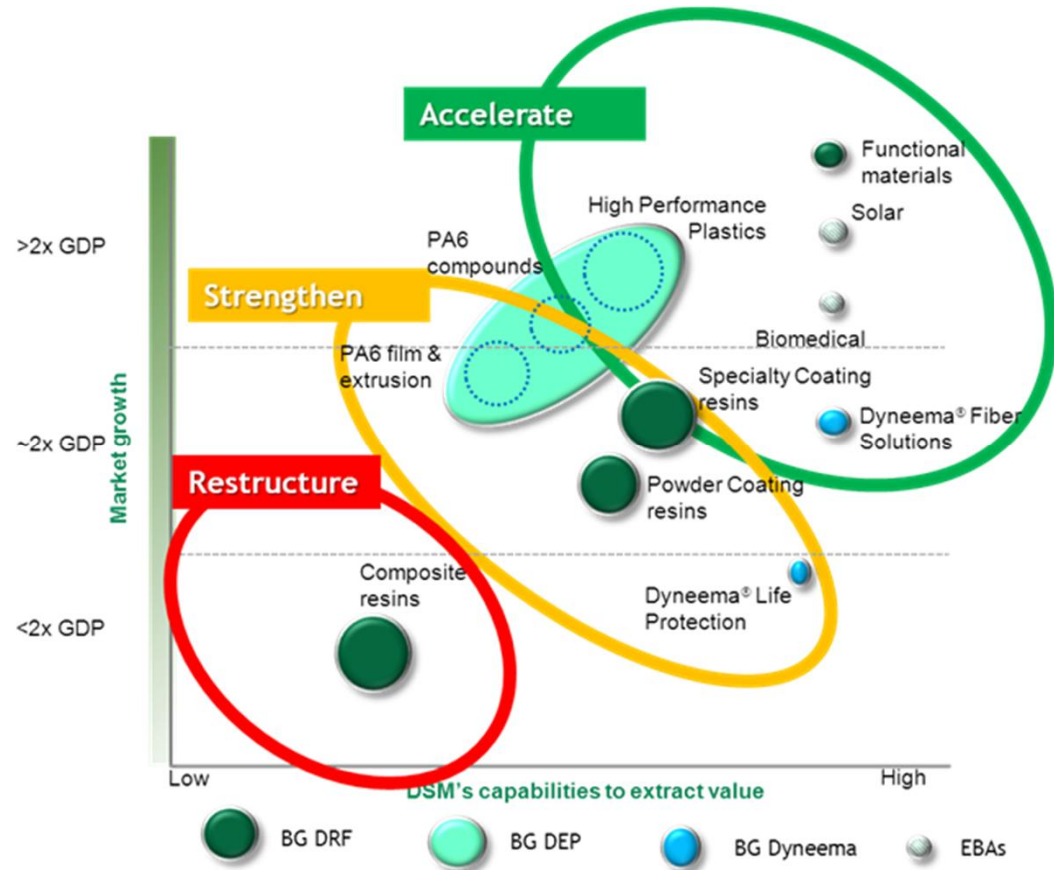


Unique business model: global producer & local solution provider

Performance Materials: Upgrade portfolio

Via differentiated strategy:

- Accelerate:
Accelerate growth in highly innovative markets to fully benefit from megatrends
- Strengthen:
Combine sustainable innovation sales growth with margin optimization programs
- Restructure:
Composite Resins



Pharma activities

Partnership established in Pharmaceutical Products: DPx Holdings

- Combining DPP and Patheon is another successful step in DSM's strategy execution as well as an excellent value creation opportunity
 - ✓ independent stand alone company, of which DSM owns 49%
 - ✓ anticipated 2014 sales of about US\$ 2bn (full year pro-forma)
 - ✓ unmatched combined offering compared to industry peers
- DSM and JLL will maximize the value of DPx

Partnership in anti-infectives: DSM Sinochem Pharmaceuticals

- Strategy of DSM Sinochem Pharmaceuticals is
 - ✓ strengthening the core, anti-infective API businesses
 - ✓ upgrading the portfolio attractiveness
 - ✓ stepping into formulations and finished dosages

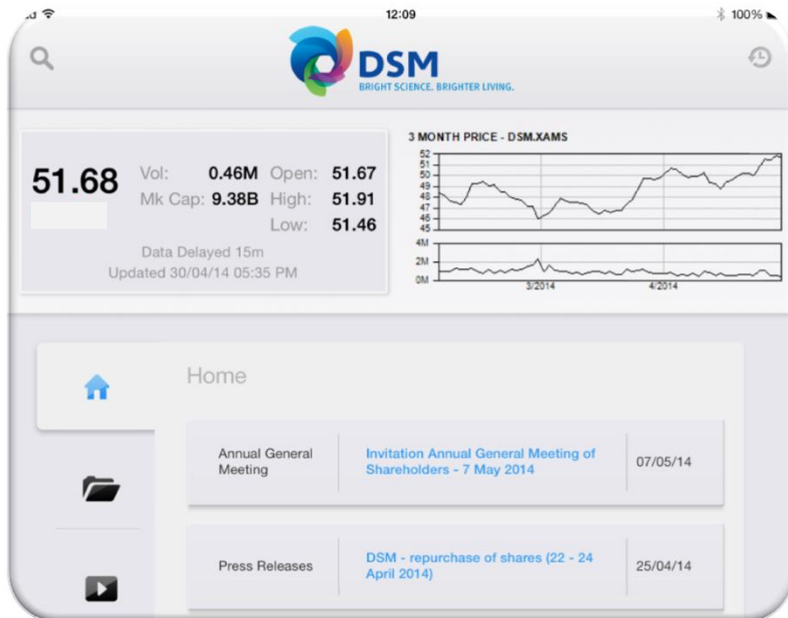


DSM's IR App @your service

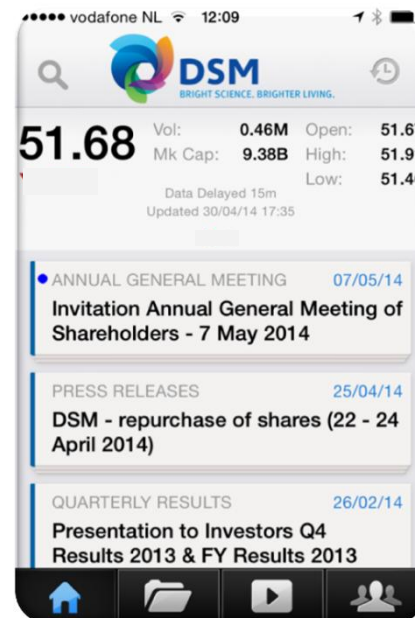
Download the mobile app at Apple's App store and Google Play

DSM Investor Relations released its Investor Relations App for iPhone, iPad and Android mobile devices. The App is available for free at [Apple's App Store](#) for the iPhone and iPad and at [Google Play](#) for Android mobile devices.

iPad / Tablet



iPhone /Mobile



Download here >



Annex: Restatement-1

<i>amounts in € million</i>	Quarters 2013				Year 2013
	Q1	Q2	Q3	Q4	
<i>Nutrition</i>					
Net sales	990	1,111	1,065	1,039	4,205
EBITDA	215	250	241	208	914
EBIT	163	190	185	142	680
<i>Performance Materials</i>					
Net sales	669	709	696	655	2,729
EBITDA	79	80	83	77	319
EBIT	46	46	49	39	180
<i>Polymer Intermediates</i>					
Net sales	437	375	374	393	1,579
EBITDA	28	27	28	30	113
EBIT	20	17	18	16	71
<i>Innovation</i>					
Net sales	37	39	35	39	150
EBITDA	-2	-2	-2	-3	-9
EBIT	-11	-10	-11	-11	-43
<i>Corporate Activities</i>					
Net sales	55	48	43	49	195
EBITDA	-19	-23	-19	-15	-76
EBIT	-30	-35	-33	-29	-127
<i>Total continuing operations</i>					
Net sales	2,188	2,282	2,213	2,175	8,858
EBITDA	301	332	331	297	1,261
EBIT	188	208	208	157	761

Annex: Restatement-2

<i>amounts in € million</i>	Quarters 2013				Year
	Q1	Q2	Q3	Q4	2013
<i>Total continuing operations</i>					
Net sales	2,188	2,282	2,213	2,175	8,858
EBITDA	301	332	331	297	1,261
EBIT	188	208	208	157	761
<i>Discontinued activities (DSM Pharmaceutical Products)</i>					
Net sales	132	139	141	159	571
EBITDA	7	13	12	19	51
EBIT	-3	4	0	11	12
<i>Total DSM</i>					
Net sales	2,320	2,421	2,354	2,334	9,429
EBITDA	308	345	343	316	1,312
EBIT	185	212	208	168	773
Key figures (continuing operations, before exceptional items)					
- Capex cash					602
- Operating working capital					1,843
- OWC / net sales					21.2%
- ROCE					10.1%
EBIT (continuing operations, before exceptional items)					761
Finex					-137
Tax					-107
Result associates					-20
Profit for the year					497



BRIGHT SCIENCE. BRIGHTER LIVING.™