

# Presentation to Investors

## H1 2022 results

2 August 2022

HEALTH · NUTRITION · BIOSCIENCE



**DSM**

BRIGHT SCIENCE. BRIGHTER LIVING.



# Co-CEOs statement

*“Our Health, Nutrition & Bioscience businesses delivered a good half year performance, underpinned by resilient market demand and strong pricing. We are proud of our people who continue to deliver for our customers navigating difficult supply chain conditions. Whilst acknowledging the challenging global macroeconomic environment, we see continuing good market demand, positive pricing momentum and favorable foreign exchange effects supporting our full year outlook.*

*The first half marked a pivotal moment in our history as we reached the final phase of our exciting strategic transformation. We announced our intention to merge with Firmenich, the world’s largest privately-owned fragrance and taste company, to create the leading creation and innovation partner in nutrition, beauty and well-being. We also reached agreement to sell our two remaining Materials businesses.*

*As a purpose-led company, we are also accelerating our route to net zero again by enhancing our renewable electricity and greenhouse gas emissions reduction targets, as we constantly seek to enhance our positive impact for all stakeholders.”*

**Geraldine Matchett and Dimitri de Vreeze**



# Health, Nutrition & Bioscience delivered good performance, underpinned by resilient market demand and strong pricing <sup>1</sup>

## H1 2022

Organic Sales growth

**+10%**

€4,076m

Adj. EBITDA

**+7%**

€794m

Adj. EBITDA margin

**19.5%**

(-180bps)

- A good first half of the year underpinned by resilient market demand, strong pricing and despite supply chain constraints
- Adj. EBITDA up 7%, as higher prices largely offset the continuously rising cost inflation, albeit with a time lag
- Margin reflects the 160 bps dilutive effect of the price increases

Volumes  
+2%

Price/Mix  
+8%

FX  
+5%

M&A  
+2%

## Q2 2022

Organic Sales growth

**+10%**

€2,089m

Adj. EBITDA

**+5%**

€403m

Adj. EBITDA margin

**19.3%**

(-240bps)

- Solid quarter with continued resilient market demand, strong pricing and more favorable FX
- Adj. EBITDA up 5% despite COVID-19 lockdowns in China and supply chain constraints resulting in order backlogs
- Strong volume and price momentum going into Q3

Volumes  
+2%

Price/Mix  
+8%

FX  
+7%

M&A  
+2%

<sup>3</sup> 1. This presentation to Investors reflects the results of DSM's Health, Nutrition & Bioscience (HNB) unless otherwise specified. More details can be found on the DSM H1 2022 results press release, available on [www.dsm.com](http://www.dsm.com)



# Good first half year in challenging macroeconomic conditions



## Animal Nutrition & Health

H1 2022  
Organic Sales  
growth

**+10%**

€1,839m

Q2 2022  
Organic Sales  
growth

**+11%**

€958m



## Health, Nutrition & Care

H1 2022  
Organic Sales  
growth

**+9%**

€1,464

Q2 2022  
Organic Sales  
growth

**+7%**

€738m



## Food & Beverage

H1 2022  
Organic Sales  
growth

**+10%**

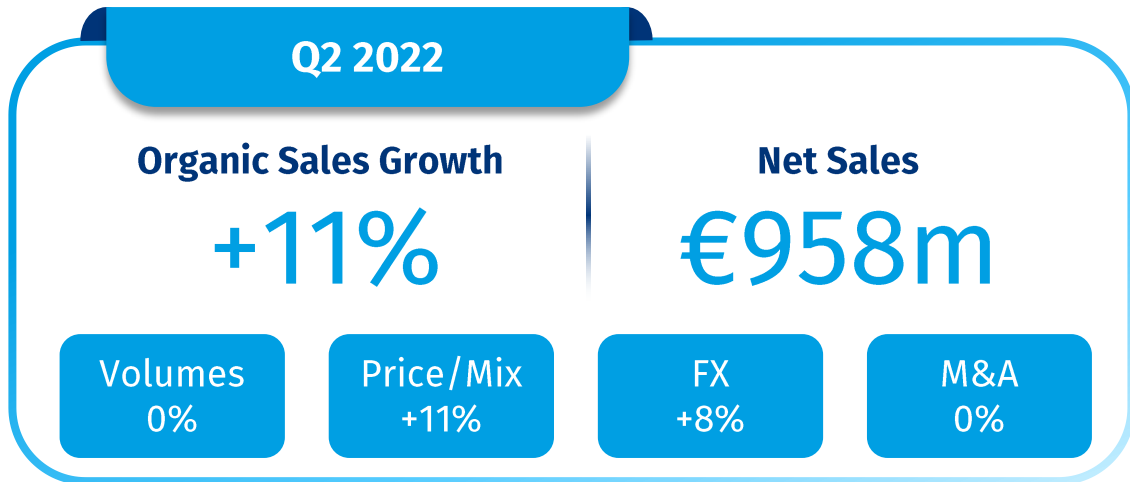
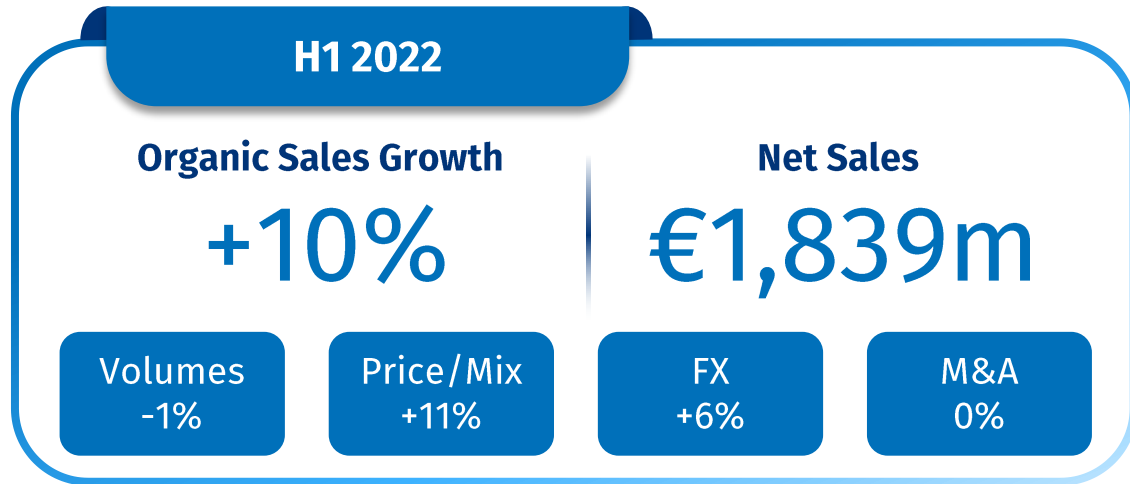
€753m

Q2 2022  
Organic Sales  
growth

**+10%**

€391m

# ANH | Resilient demand with strong pricing



## H1 2022

- Strong sales growth, driven by strong pricing to counter inflationary pressure. Demand for animal proteins remained resilient
- Volumes were impacted by customer destocking (mainly Q1) and the COVID-19 lockdowns in China in Q2
- Strong demand for poultry with beef and aquaculture demand good

## Q2 2022

- Strong pricing momentum maintained
- Volumes flat with China lockdowns having a -3% impact (mainly affecting pork) and some destocking
- Consumer demand for animal protein remained good; inclusion rates for DSM essential products largely unchanged with good ongoing demand for performance solutions



# HNC | Strong performance in all segments with good pricing

H1 2022

Organic Sales Growth

+9%

Volumes  
+5%

Price/Mix  
+4%

FX  
+7%

M&A  
0%

Net Sales

€1,464m

Q2 2022

Organic Sales Growth

+7%

Volumes  
+2%

Price/Mix  
+5%

FX  
+9%

M&A  
0%

Net Sales

€738m

H1 2022

- Pricing initiatives accelerated throughout the period
- Dietary supplements performed well with strong i-Health
- Early Life Nutrition continues its recovery with improving market conditions. Growing interest for HMOs products, especially given its regulatory readiness for China
- Pharma, Medical Nutrition, Personal Care & Aroma, and Biomedical all performed strongly

Q2 2022

- Business conditions similar to Q1 with good demand across all segments
- Volumes impacted by supply chain constraints leading to order backlogs; conditions began to ease towards the end of the quarter leading to a strong exit rate momentum
- The implementation of pricing initiatives accelerated through Q2

i-Health  
A Division of DSM



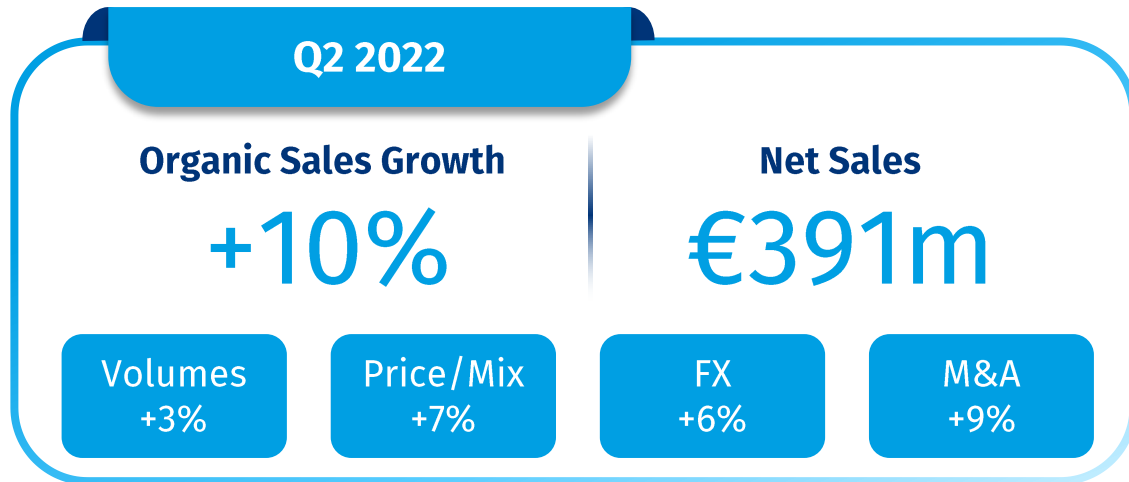
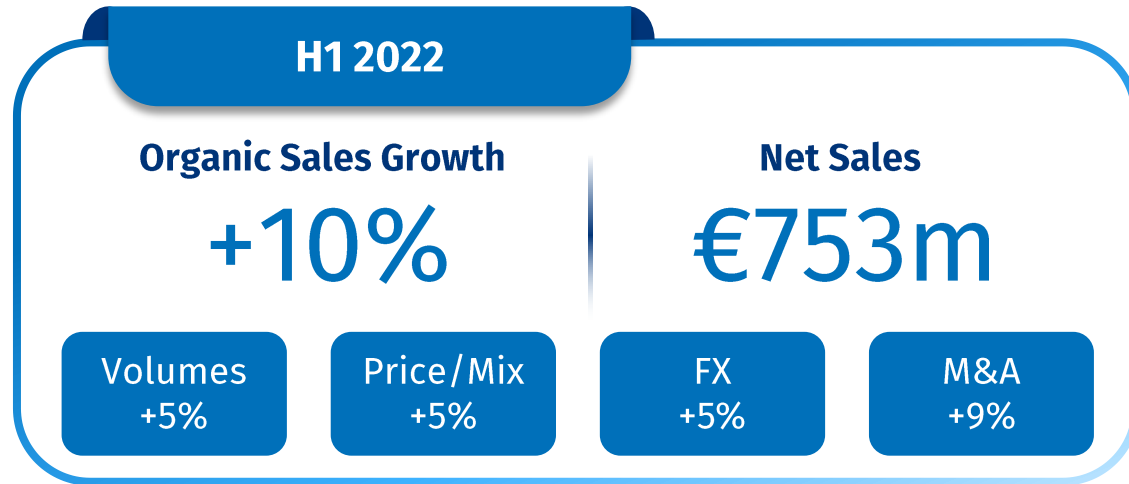
Hologram

ampli-D®





# F&B | Strong organic growth with accelerated pricing



## H1 2022

- Strong organic sales growth with good volumes. Pricing up +5% with accelerated momentum during the period to offset rising prices
- Resilient demand for packaged food with only limited downtrading
- Good organic growth in Dairy, Baking, Beverages and Savory. Continued good demand for meat and fish plant-based alternatives. Pet food delivered strong growth.

## Q2 2022

- Strong organic growth led by an acceleration of pricing initiatives
- Business conditions similar to Q1 with good market demand across segments.
- Volumes impacted by temporary supply chain challenges which mainly affected savory and beverages which led to a backlog of orders; however, the business saw a strong exit rate into Q3.



# Other Financial Highlights <sup>2</sup>

H1 2022

**Total Working Capital**  
as % of sales

**22.8%**

+170bps

**OWC**  
as % of sales

**30%**

+180bps

**Return on Capital  
Employed  
(excluding M&A)**

**8.8%**

-60bps

- **(Operating) Working capital** in absolute terms was impacted by exchange rate effects (~€0.2bn) and inflation. The effect of inflation, reflected both in inventory and receivables was partially offset by payables, resulting in a net increase of ~€0.3bn. As a result, (Operating) Working Capital as % of sales increased by ~1% from exchange rate effects, with the remainder largely stemming from higher inventory.





# Other Financial Highlights <sup>2</sup>

H1 2022

Adjusted Net Operating  
Free Cash Flow

€0m

Interim  
dividend

€0.93

per share +€0.13

Net  
Debt

€1,395m

€1,019m (end of 2021)

- **Adjusted Net Operating Free Cash Flow** was mostly impacted by an increase in (operating) working capital, caused by higher inventory levels reflecting higher costs and supply chain constraints. In addition, receivables are up due to higher sales following increased pricing. Capital expenditures were up to pre COVID-19 levels.
- An **interim dividend** for the year 2022 of €0.93 per ordinary share and €0.04 for cumulative preference shares A was recognized as a liability in the second quarter of 2022. The total distribution will amount to €163m. The interim dividend will be solely payable in cash after deduction of 15% Dutch dividend withholding tax. The ex-dividend date is 4 August 2022. The interim dividend will be payable as from 26 August 2022.



# Full Year 2022 outlook unchanged

- Following the announcements in April and May 2022 of the intended sale of DSM's two remaining Materials businesses, these are now reported as assets held for sale in Discontinued Operations. Going forward, DSM will only provide an outlook for its Continuing Operations (Health, Nutrition & Bioscience, and Corporate Activities). The outlook for these continuing activities is unchanged: DSM expects to deliver a high-single digit Adjusted EBITDA increase.



# Sustainability

ESG-Performance  
2022 H1



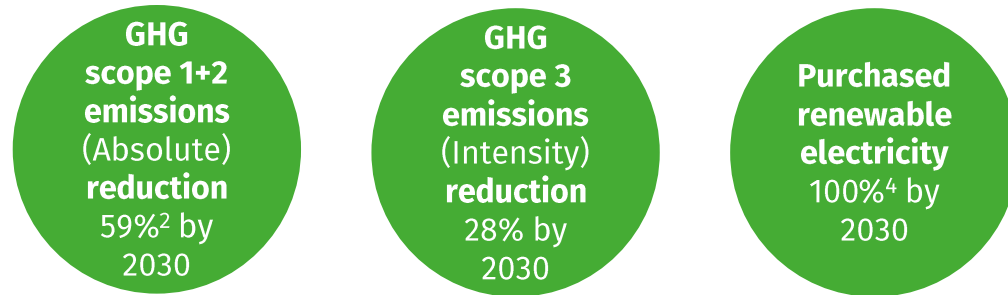
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# Accelerating the path towards net zero

## 2019/2022 ESG ambitions



## H1 2022 realization<sup>1</sup>



- DSM is targeting 100% renewable electricity worldwide by 2030, up from 75%
- DSM is revising its scope 1 and 2 emissions reduction targets upward, to 59% and submitted them for independent assessment
- DSM will move from a relative intensity target for the reduction of scope 3 GHG emissions to an absolute reduction target. The exact target will be proposed for validation with the SBTi next year.
- DSM is on a path to reach net-zero greenhouse gas emissions across its value chain by 2050
- DSM has developed a new methodology for product portfolio steering which will allow greater comparability, support reporting against new and future requirements of regulating authorities, plus create transparency on our contribution towards achieving the UN SDGs. Details of this methodology are available on the corporate website ([www.dsm.com](http://www.dsm.com))

<sup>1</sup>These sustainability performance metrics are for the total Group and prepared in accordance with the reporting policies as included in the management report of DSM's Integrated Annual Report 2021.

<sup>2</sup>Revised in 2022 and under evaluation by the Science Based Targets initiative. Set at 30% by 2030 in 2019 and strengthened to 50% by 2030 in 2021.

<sup>3</sup>The effect of the underlying cumulative structural improvements in absolute GHG emissions is estimated to be approximately 25% in H1 2022 versus the 2016 baseline. The total cumulative absolute reduction was 30% versus the 2016 baseline.

<sup>4</sup>Revised in 2022. Set at 75% by 2030 in 2019.

# Long-standing priority remains safety, health and well-being of people

## 2019/2022 ESG ambitions



## H1 2022 realization<sup>1</sup>



- DSM plans on obtaining reasonable assurance on the quantifiable progress of the food system commitments announced in September 2021 aimed at addressing urgent societal and environmental challenges linked to how the world produces and consumes food
- DSM has expanded local health initiatives for employees and facilitated hybrid working where feasible.
- DSM has also continued to make progress on its broad inclusion and diversity efforts, endorsing highly motivated employee resource groups and accelerating female representation at the executive level
- DSM's improvement in recordable safety incidents reversed after reaching all-time lows in January. With the company striving to be incident and injury free, DSM has increased face-to-face trainings with site visits now feasible again following COVID-19 limitations

<sup>1</sup>These sustainability performance metrics are for the total Group and prepared in accordance with the reporting policies as included in the management report of DSM's Integrated Annual Report 2021.

<sup>2</sup>From October 2021. Survey of payroll employees, excluding recent acquisitions and divestments, occurs annually in H2.

# Safe harbor

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

More details on DSM's 2022 H1 performance can be found in the 2022 H1 results press release. 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](http://www.dsm.com)



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