



Royal DSM - Annual Results 2013

Feike Sijbesma - CEO / Chairman of the Managing Board
Annual General Meeting of Shareholders, May 7 2014

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

- Financial Results 2013
- Building a higher value business
- Strategy
- Wrap-up
- 2014

Results FY 2013 - Key figures

(€ million)	FY-2013	FY-2012	Δ%
Continuing operations before exceptional items:			
Net Sales	9,051	8,588	5%
EBITDA	1,263	1,073	18%
EPS (€)	2.84	2.59	10%
Core EPS (€)*	3.19	2.80	14%
Total DSM before exceptional items:			
Net Sales	9,618	9,131	5%
EBITDA	1,314	1,109	18%
Total DSM including exceptional items:			
Net profit	271	278	-3%
EPS (€)	1.52	1.62	-6%

* Core earnings per share' is understood to be earnings per share before exceptional items and before acquisition related (intangible) asset amortization

EBITDA - FY development

EBITDA (€ million)	2013	2012	2011	2010
Nutrition	914	793	735	684
Pharma	3	3	12	28
Performance Materials	324	280	293	283
Polymer Intermediates	113	129	380	223
Innovation Center	-17	-38	-57	-49
Corporate Activities	-74	-94	-91	-41
Continuing Operations*	1,263	1,073	1,272	1,128

- Continuing operations as reported (excluding discontinued activities)
When restated for 2014 changes in accounting rules for Joint Ventures, 2013 EBITDA is € 1,261 million

Very good cash flow & healthy financial base

Cash Flow (€ million)	FY '13	FY '12
Cash from operating activities	889	730
Cash from investing activities*	-1,188	-1,933
Free cash flow from operations	-299	-1,203

Balance sheet (€ million)	YE 2013	YE 2012
Net debt	1,862	1,668
Gearing	23%	22%

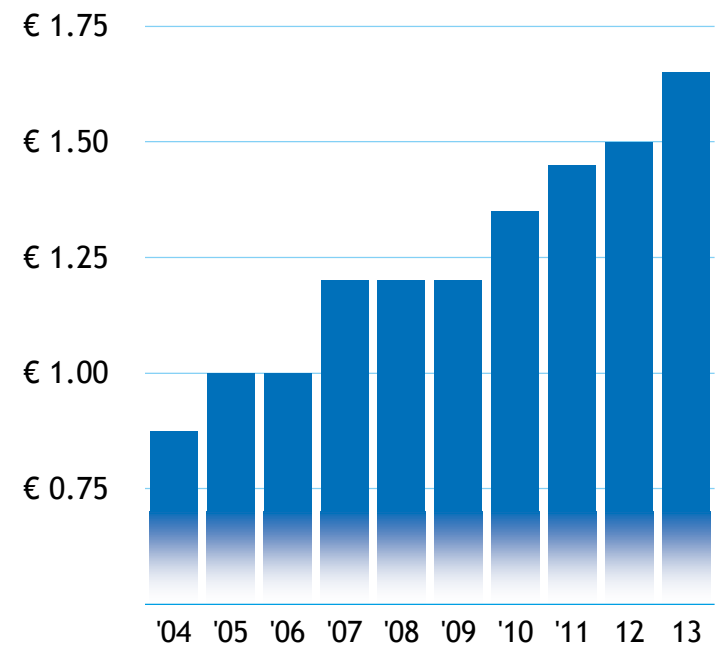
* Excl. changes in fixed-term deposits

Solid & flexible financial base: single A credit rating by Moody's (A3), S&P (A)

Dividend to increase for the 4th consecutive year

- Dividend policy “stable and preferably rising”
- Proposal to AGM (May 2014) to increase dividend by 10% from €1.50 to €1.65 per ordinary share
 - € 0.50 interim dividend (paid in August 2013)
 - € 1.15 final dividend (payable in June 2014)
- Payable in cash or ordinary shares at the option of the shareholder
- Dividend in cash will be paid after deduction of 15% Dutch dividend withholding tax
- The ex-dividend date is 9 May 2014

Dividend per ordinary share (€)



Stable and preferably rising dividend; 4th consecutive increase

Unrelated headwinds impacting Q4

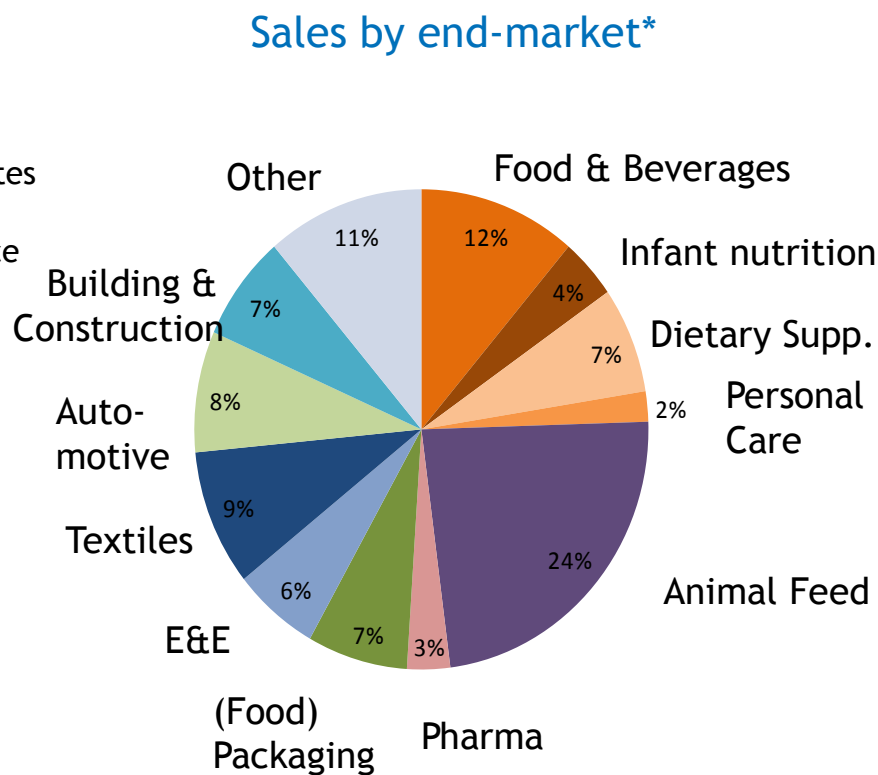
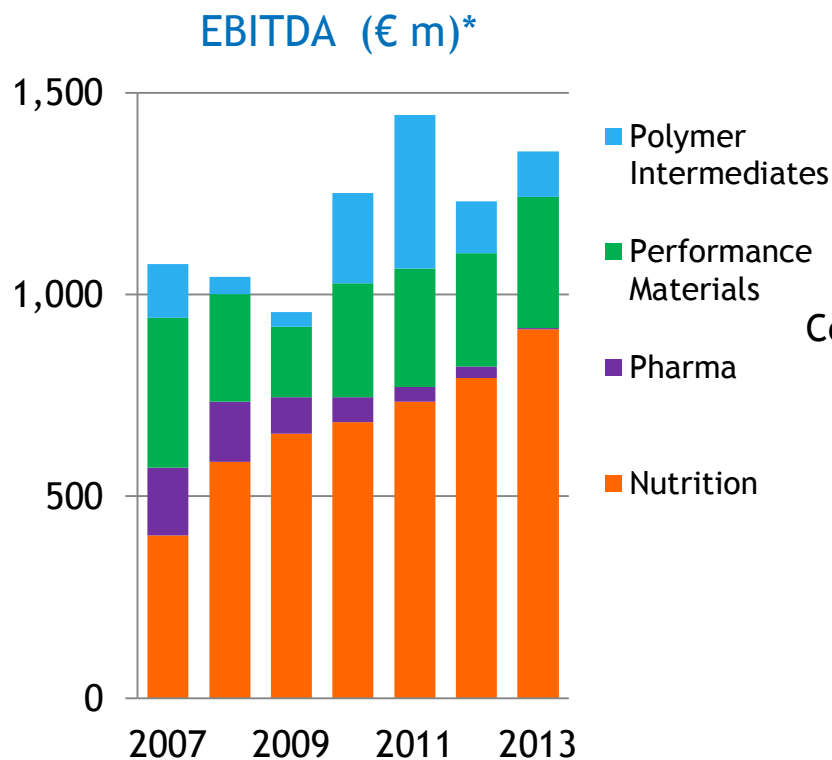
- Unfavorable **currency developments** impacting margins and profit
- Lower prices in **vitamin E**, due to weak market conditions in H1 2013 and the threat of a new entrant
- Weakness in **US dietary supplements markets**, with inventory adjustments in the retail supply chain at end of 4th quarter, as reaction to negative publications doubting certain positive effects of dietary supplements
- Declining **US fish-oil based Omega-3 market**, after years of strong growth. Increased fish-oil costs in 2013 were passed through, leading to sharp increases in retail prices. This, combined with the prevalence of multiple negative media events, led to a volume decline of 10% in 2013
- Softness in **Western food & beverages** markets in recent years; consumers spent less on food, impacting A-labels of our customers

Impact through end of year was more pronounced than anticipated

Overview

- Financial Results 2013
- Building a higher value business
- Strategy
- Wrap-up
- 2014

Shift to higher quality earnings

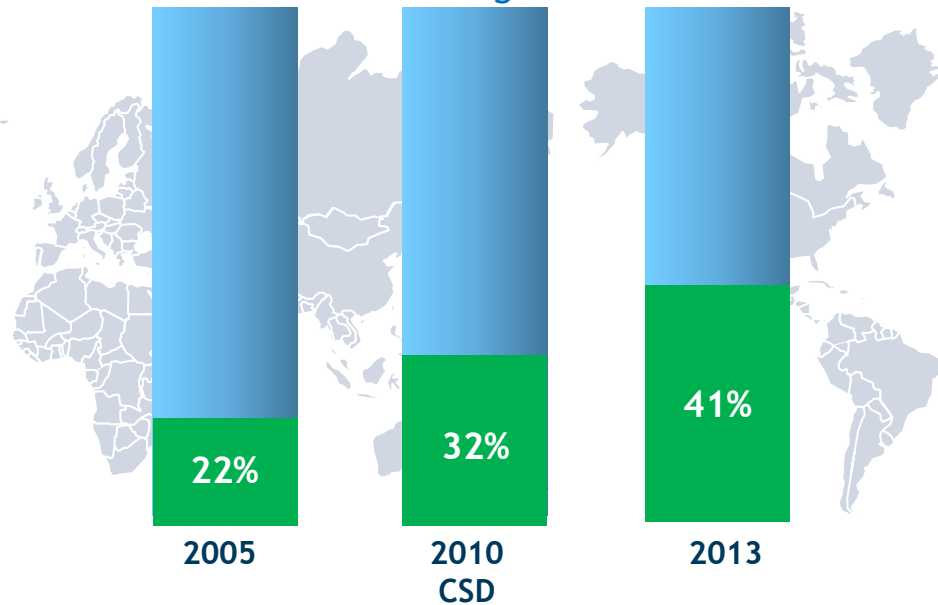


- Excluding Innovation Center and Corporate Activities
Pharma: as from 2013, continuing operations only

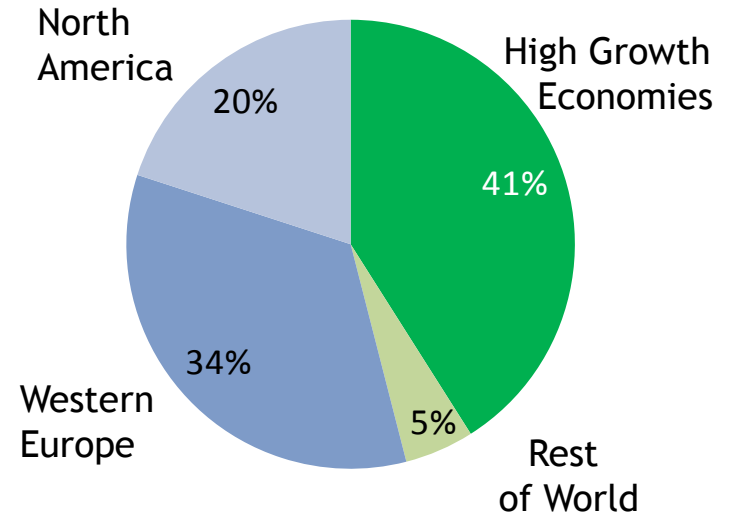
Majority of sales are now to end-markets with lower macro-dependency

DSM has become truly global

Increase in % of sales to High Growth Economies*



2013 Sales by destination*



* Sales from continuing operations

41% of DSM's sales* are now sold into High Growth Economies

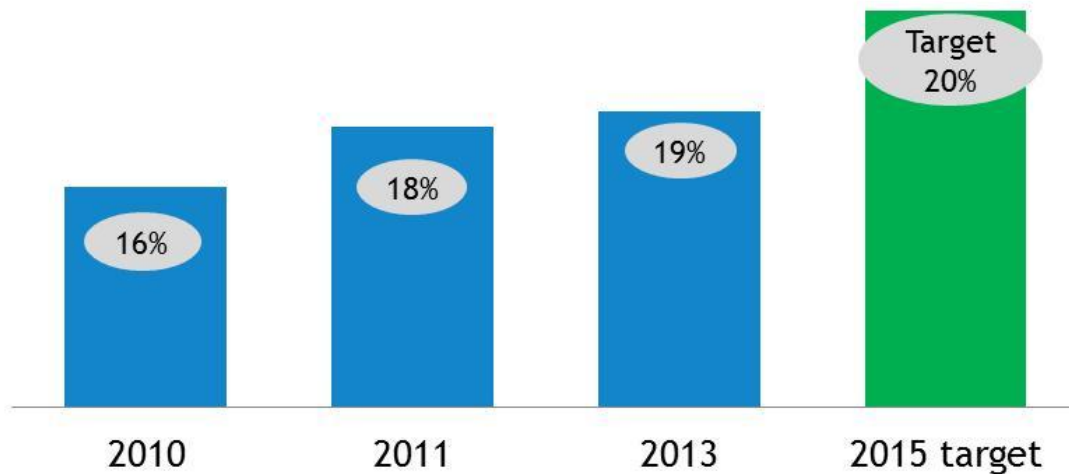
Well on track with successful acquisitions

Acquisition	Acquired	
Martek	2011	<ul style="list-style-type: none"> • Martek exceeded expectations • Double digit growth • Integrated in Business Unit Nutritional Lipids • Successful launches of Martek products outside US
ONC	2012	<ul style="list-style-type: none"> • Integrated in Business Unit Nutritional Lipids • Impacted by market headwinds towards the end of 2013
Fortitech	2012	<ul style="list-style-type: none"> • Fortitech exceeded expectations • On track with realizing synergies and integration (premix) facilities of DSM Human Nutrition & Health and Fortitech
Tortuga	2013	<ul style="list-style-type: none"> • Fully in line with expectations • On track with integration
Kensey Nash	2012	<ul style="list-style-type: none"> • Fully in line with expectations • Integrated into one DSM Biomedical business



Innovation underpins further growth & profit

Innovation Sales (as % of total sales)



Maxarome® replacing salt, reducing health risks, whilst maintaining a good taste



Higher eco-efficiency and renewable content composite resin Palapreg® a/o for bridges

Innovation strongly contributes to DSM's sales growth and EBITDA growth with on average >5% higher gross margins

Three exciting growth platforms established

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



Attractive end-markets growing by more than double GDP growth

Three dimensional value generation

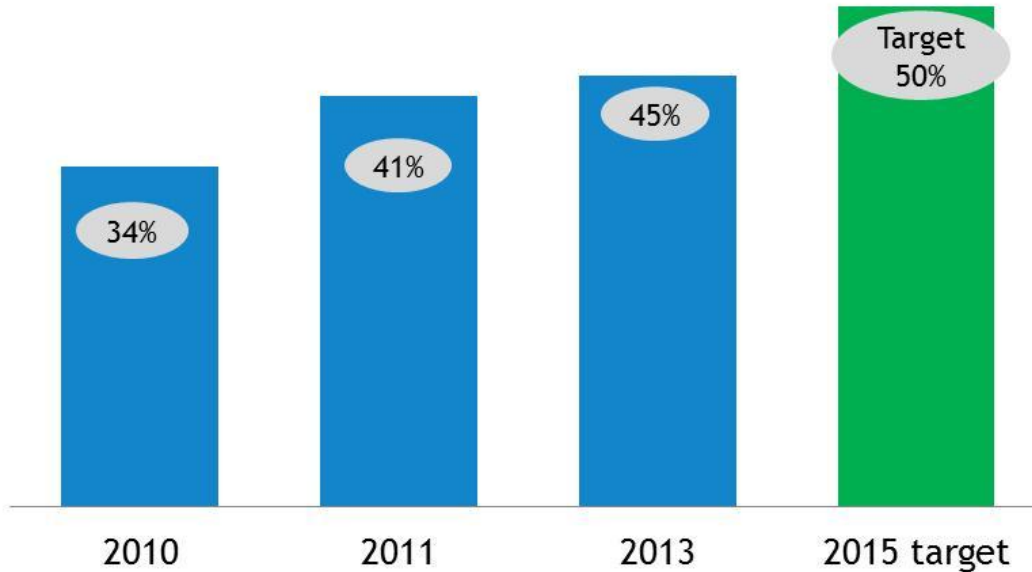
People - Planet - Profit

- **People+:**
Product solutions creating measurable better impact on people's live than competing alternatives
- **ECO+:**
Product solutions creating more value with less environmental impact than competing alternatives

Our mission is
to create brighter lives
for people today
and generations to come.

Sustainability as a strong business driver

ECO+ Sales (as % of total sales)



Eco+: Dyneema® for cargo nets reduces weight, fuel-consumption while improving durability



People +: Optimized vitamin-D reduces fractures by 20%: Improving lives & reducing costs

Sustainable solutions delivering higher growth and higher margins

On track with sustainability aspirations

Sustainability aspirations 2011 - 2015		2013
Dow Jones Sustainability Index	Top ranking (“SAM Gold Class”)	Gold class per 2014
Eco+ (innovation)	at least 80% of pipeline is ECO+	>95%
Eco+ (running business)	from ~34% towards 50%	45%
Energy efficiency	20% improvement in 2020, compared to 2008	13% improvement
Greenhouse Gas Emissions	-25% (absolute) by 2020, compared to 2008	2013: 2% increase
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



Sustainable partnerships to combat malnutrition

Offering tailored nutritional solutions to fight hunger and malnutrition around the world

- DSM - UN World Food Program partnership strengthened to combat global malnutrition: double number of beneficiaries to 30 million per year by 2015
- DSM is engaged in various nutrition partnerships, including: Scaling Up Nutrition movement (SUN), US Agency for International Development (USAID), Mercy Corps' food cart social enterprise KeBAL, World Vision International, Partner for Food Solutions, etc
- DSM also supports healthier diets in the Western world by its increasing awareness, innovations, etc.

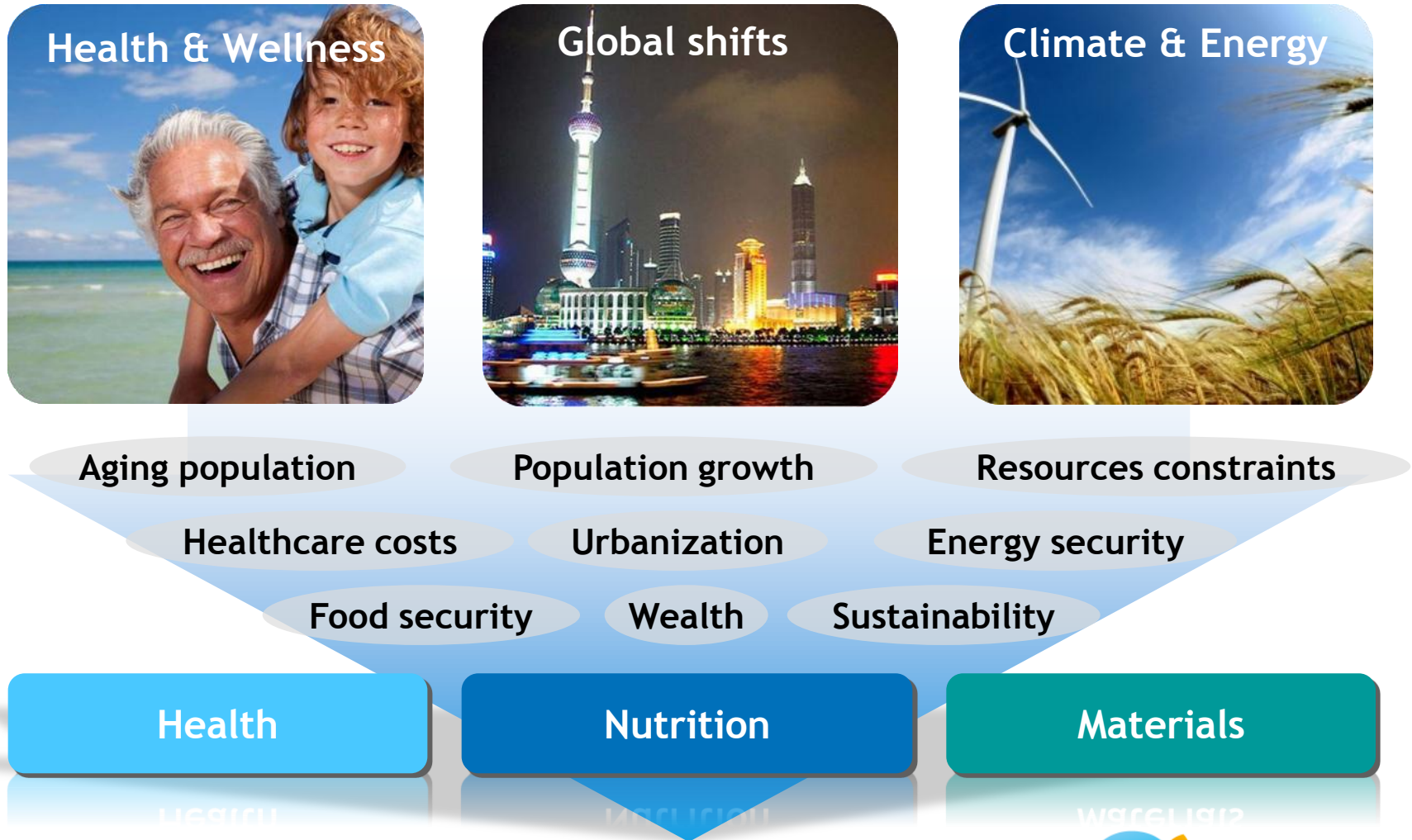


People, Planet, Profit: We can't be successful in a world that fails

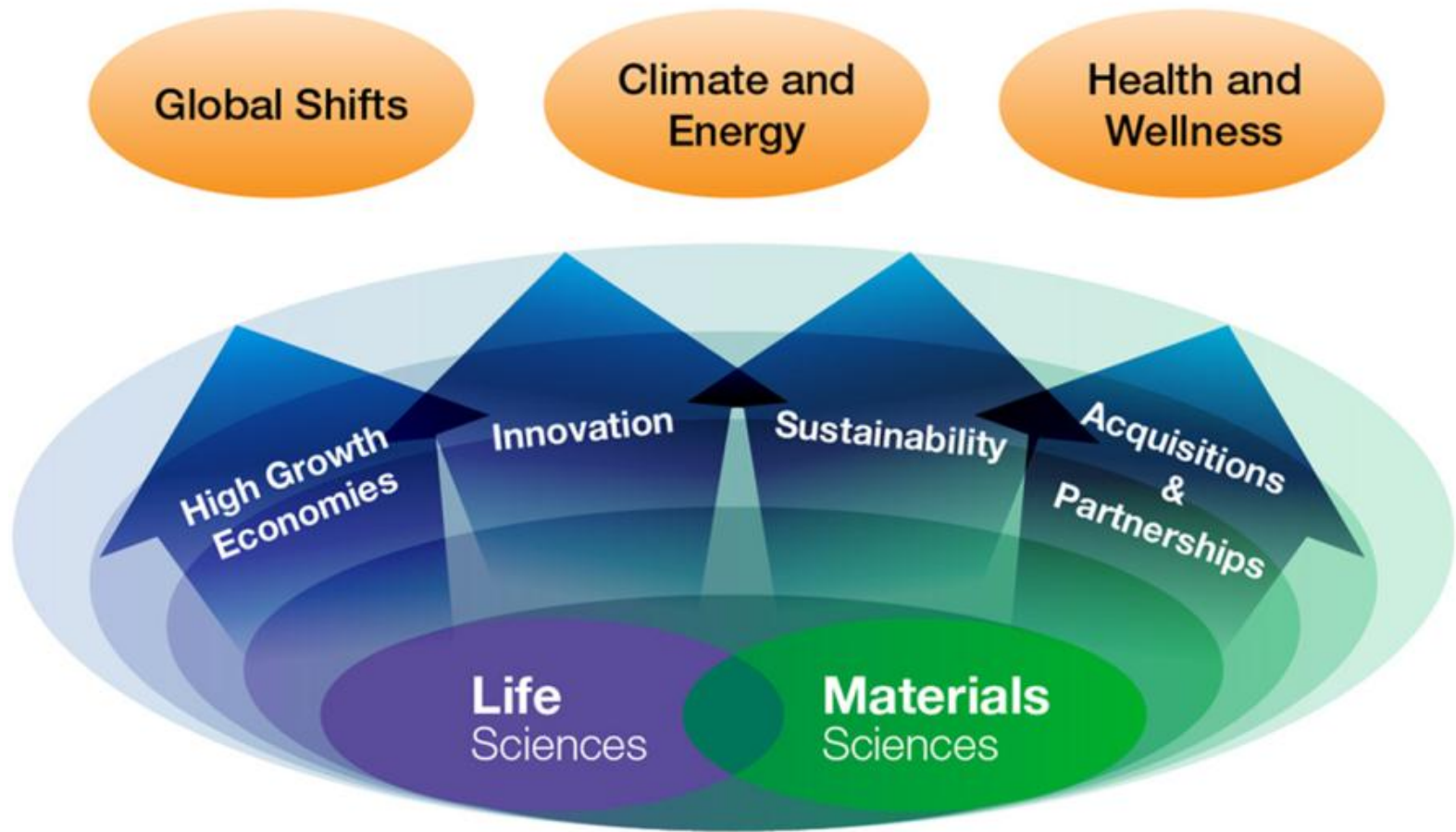
Overview

- Financial Results 2013
- Building a higher value business
- [Strategy](#)
- Wrap-up
- 2014

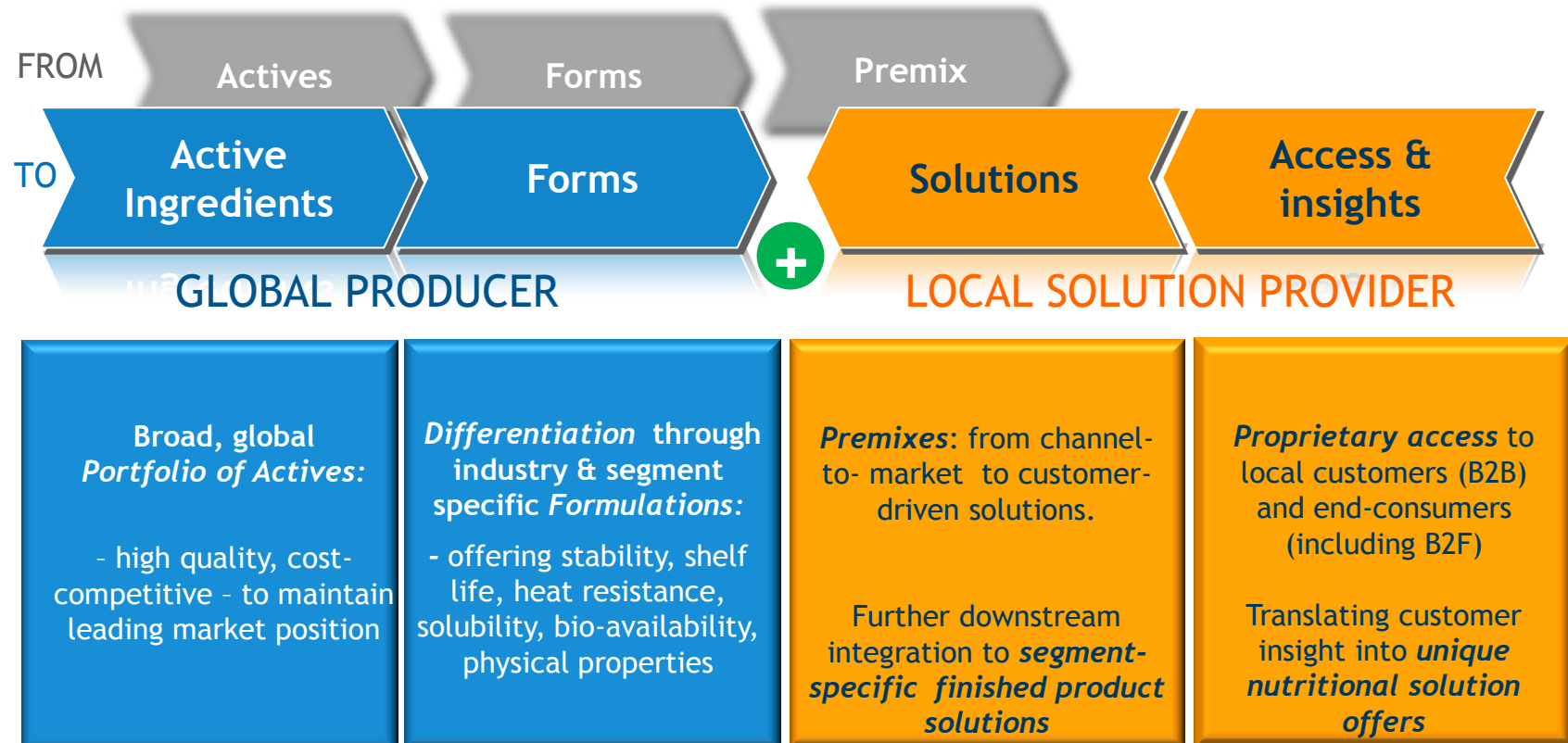
Driving growth by embracing global megatrends



DSM in motion: *driving focused growth*



Nutrition: continued value growth

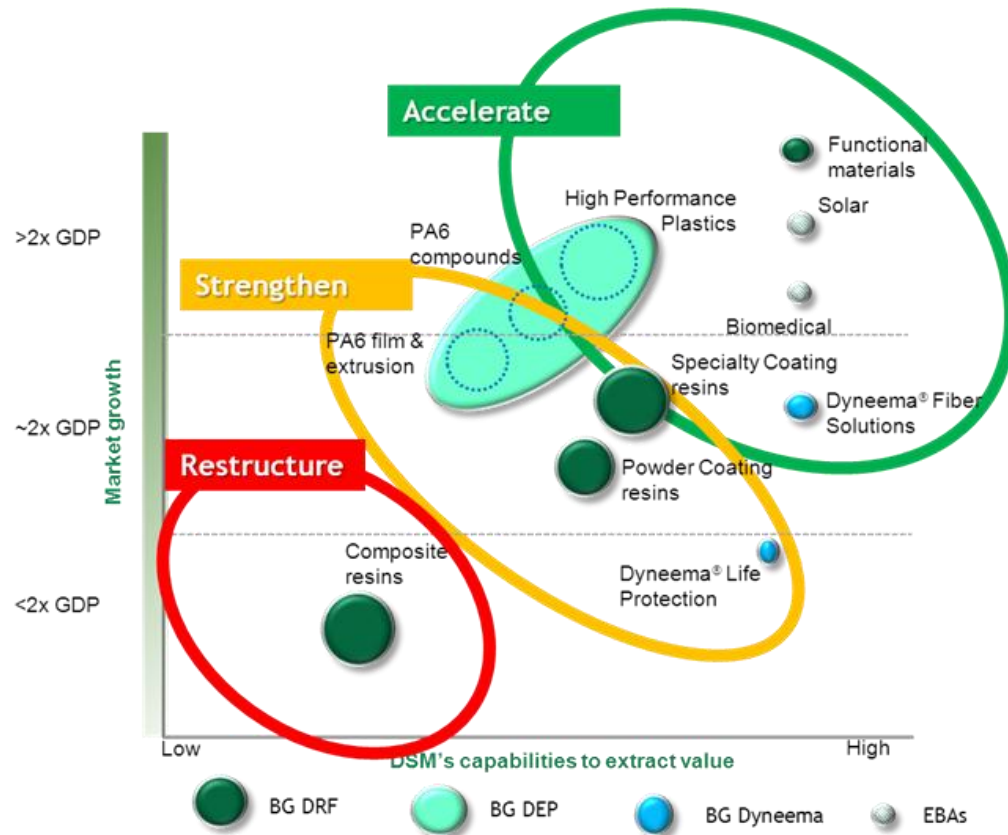


Unique business model: global producer & local solution provider

Performance Materials: Upgrade portfolio

Via differentiated strategy:

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



Pharma and Polymer Intermediates

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

Polymer Intermediates

- Continue to look for options to reduce the exposure to the merchant Caprolactam markets



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

Overview

- Financial Results 2013
- Building a higher value business
- Strategy
- [Wrap-up](#)
- 2014

Wrap-up 2013

- 2013 FY EBITDA substantially up to €1,314m (€1,261m continued activities)
- Strong cash generation operating activities in 2013 (€889m); solid financial base
- Dividend increase of 10% proposed to €1.65 per ordinary share
- Significant strategic progress & 2015 targets updated
- DPx partnership established
- Our strong progress is achieved against background of a challenging economic environment and while facing a combination of unrelated headwinds
- Target 2014 to improve business performance to at least offset negative currency impact

Overview

- Financial Results 2013
- Building a higher value business
- Strategy
- Wrap-up
- 2014

Highlights Q1 2014

DSM reports Q1 2014 results

- In Q1 2014 DSM delivered €272 million EBITDA from continuing operations, in line with expectations
- Q1 2014 EBITDA from continuing operations was €29 million below Q1 2013, of which about €23 million was due to adverse exchange rate developments
- The impact of the headwinds in Nutrition appear to have peaked in Q1
- In Performance Materials all business groups delivered good volume growth
- DSM maintains 2014 outlook, anticipating EBITDA improvements over the coming quarters



BRIGHT SCIENCE. BRIGHTER LIVING.™