

# Press Release

Heerlen (NL), 3 November 2020

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## DSM reports results first nine months 2020

### Nine months highlights<sup>1</sup>

Continuing operations results<sup>2</sup>:

- DSM reports a solid first nine months in a challenging COVID-19 environment, with a continuing robust performance in Q3, despite significant negative foreign exchange effects
- Group sales stable and Adjusted EBITDA -3%
  - Nutrition: sales +4%, organic sales +5%, Adjusted EBITDA +6%
  - Materials: sales -18%, volumes -13%, Adjusted EBITDA -33%
- Adjusted net profit down 8% to €544m

Total Group:

- Net profit: €453m
- Adjusted Net Operating Free Cash Flow of €639m, up 16% year to date
- Outlook 2020 unchanged

### Key figures and indicators – continuing operations<sup>2</sup>

in € million	Jan-Sept 2020	Jan-Sept 2019	% Change	Volume	Price/mix	FX	Other
<b>Sales</b>	<b>6,026</b>	6,064	-1%	1%	-1%	-2%	1%
Nutrition	4,771	4,573	4%	5%	0%	-3%	2%
Materials	1,092	1,327	-18%	-13%	-5%	-1%	1%
<b>Adjusted EBITDA</b>	<b>1,144</b>	1,178	-3%				
Nutrition	1,014	956	6%				
Materials	187	278	-33%				
Innovation	16	19					
Corporate	-73	-75					
EBITDA	1,020	1,133					
<b>Adjusted EBITDA margin</b>	<b>19.0%</b>	19.4%					

### Co-CEOs statement

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs, commented: *“The first nine months of 2020 were impacted by the COVID-19 pandemic, with Nutrition overall performing well in this environment and Materials significantly affected. During this period, we have taken timely actions to protect profitability and cash flow generation while we continued to execute our long term strategy. We closed two acquisitions in Nutrition, including the Erber Group in October, and announced the divestment of our Resins and Functional Materials businesses.*

*Our businesses performed in line with our expectations for the third quarter, as we set out in early August. Conditions were overall good in Nutrition, with momentum in Materials improving.*

*With a surge of COVID-19 cases in recent weeks impacting near term visibility, we remain vigilant and focused on the health and safety of our employees. We thank them for their commitment and for ensuring continued security of supply to our customers.”*

### Outlook 2020

DSM suspended its overall earnings outlook for the full year 2020 earlier this year owing to COVID-19 related uncertainties in Materials. For Nutrition, DSM indicated it expected to deliver at least a mid-single digit increase in Adjusted EBITDA for 2020, which is unchanged.

<sup>1</sup> Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

Organic sales growth is the total impact of volume and price/mix.

Adjusted Net Operating Free Cash Flow is the cash flow from operating activities, corrected for the cash flow of the APM adjustments, minus the cash flow of capital expenditures and drawing rights.

<sup>2</sup> Results excluding business held for sale

## COVID-19 impact

DSM has maintained stringent hygiene and safety precautions in its facilities and supply chain since the outbreak of the COVID-19 pandemic and continues to protect the wellbeing of its employees and partners while ensuring customer orders are met.

In the first nine months, DSM estimates that Nutrition saw a slightly positive impact on sales from COVID-19 overall. Materials saw a negative effect of slightly above 15% on volumes in that period and in response limited capital expenditure and minimized operating costs. As part of a wider restructuring initiative to leverage synergies and increase operating agility without compromising the potential of the business, DSM started to execute a next phase of the program as from September that will deliver annualized recurring cost savings of €15-20 million in Materials, excluding the portion previously attributable to the Resins and Functional Materials businesses. DSM will continue to monitor the evolution of COVID-19 and its potential impact on the different end markets it operates in, and is prepared to take further actions if needed.

DSM continues to apply its scientific know-how and resources to support the fight against COVID-19 through various global and local initiatives. These include the distribution of immunity-optimizing products to communities, healthcare workers and employees and their families, as well as the production of viral test equipment and disinfectant. DSM has also joined several global collaborative 'Build Back Better' initiatives.

## Recent acquisitions and disposals

On 30 September 2020, DSM [announced](#) an agreement to sell DSM Resins & Functional Materials, including DSM Niaga®, DSM Additive Manufacturing and the coatings activities of DSM Advanced Solar to Covestro AG for an Equity Value of €1.6 billion. These businesses represented €1,012 million of DSM's 2019 total annual net sales and €133 million of DSM's 2019 total Adjusted EBITDA. The transaction is expected to close in H1 2021 and DSM expects to receive approximately €1.4 billion net in cash following closing. As of Q3, the divested businesses are classified as 'held for sale' and the net result from these discontinued operations is separately reported in the income statement.

On 1 October 2020, DSM [completed](#) the acquisition of the majority of assets of the Erber Group, an important step in the expansion of its specialty Animal Nutrition and Health solutions, for an enterprise value of €980 million.

## Virtual investor event

DSM has created an online conference venue to hold its Virtual Investor Event. The venue, which opens today (3 November 2020, 10:00 CET), offers information on DSM's innovation-driven Nutrition growth platforms. This is in preparation for the live event tomorrow (4 November 2020, 14:00-17.15 CET), when DSM's Co-CEOs and other executives will present an update on the company's strategic progress and innovation pipeline, as well as discuss emerging opportunities and growth platforms in Nutrition. The event will end with a Q&A session hosted by DSM's Co-CEOs. Details on how to access this venue can be found on the DSM website [www.dsm.com/corporate/investors.html](http://www.dsm.com/corporate/investors.html).

## Q3 Highlights

Continuing operations results:

- DSM reports a solid Q3 despite significant negative foreign exchange effects
- Group sales -4% and Adjusted EBITDA -1%:
  - Nutrition: sales stable, organic sales +4%, Adjusted EBITDA +7%
  - Materials: sales -17%, volumes -6%, Adjusted EBITDA -31%
- Adjusted net profit down 20% to €176m.

Total Group:

- Total net profit: €183m
- Adjusted Net Operating Free Cash Flow of €297m, up 1% compared to Q3 2019

## Key figures and indicators – continuing operations

in € million	Q3 2020	Q3 2019	% Change	Volume	Price/mix	FX	Other
<b>Sales</b>	<b>1,961</b>	2,035	-4%	1%	-1%	-5%	1%
Nutrition	<b>1,547</b>	1,544	0%	3%	1%	-6%	2%
Materials	<b>362</b>	435	-17%	-6%	-8%	-3%	0%
<b>Adjusted EBITDA</b>	<b>383</b>	388	-1%				
Nutrition	<b>340</b>	317	7%				
Materials	<b>62</b>	90	-31%				
Innovation	<b>5</b>	6					
Corporate	<b>-24</b>	-25					
EBITDA	<b>337</b>	378					
<b>Adjusted EBITDA margin</b>	<b>19.5%</b>	19.1%					

Trading conditions during Q3 were in line with expectations as communicated in August with the Q2 results. Nutrition performed well, despite a significant negative foreign exchange effect of minus 6%. Materials, whilst still impacted by COVID-19, showed an improving volume trend relative to the prior quarter, especially in September.

## Key figures and indicators

in € million	January - September						
	2020	2019	% Change	Volume	Price / mix	FX	Other
<b>Sales - continuing operations</b>	<b>6,026</b>	6,064	-1%	1%	-1%	-2%	1%
Nutrition	<b>4,771</b>	4,573	4%	5%	0%	-3%	2%
Materials	<b>1,092</b>	1,327	-18%	-13%	-5%	-1%	1%
Innovation Center	<b>133</b>	133					
Corporate Activities	<b>30</b>	31					

in € million	Q3 2020						
	Q3 2020	Q3 2019	% Change	Volume	Price / mix	FX	Other
<b>Sales - continuing operations</b>	<b>1,961</b>	2,035	-4%	1%	-1%	-5%	1%
Nutrition	<b>1,547</b>	1,544	0%	3%	1%	-6%	2%
Materials	<b>362</b>	435	-17%	-6%	-8%	-3%	0%
Innovation Center	<b>42</b>	47					
Corporate Activities	<b>10</b>	9					

Continuing operations in € million	January - September			Q3 2020	Q3 2019	% Change
	2020	2019	% Change			
<b>Sales</b>	<b>6,026</b>	6,064	-1%	<b>1,961</b>	2,035	-4%
<b>Adjusted EBITDA</b>	<b>1,144</b>	1,178	-3%	<b>383</b>	388	-1%
Nutrition	<b>1,014</b>	956	6%	<b>340</b>	317	7%
Materials	<b>187</b>	278	-33%	<b>62</b>	90	-31%
Innovation Center	<b>16</b>	19		<b>5</b>	6	
Corporate Activities	<b>-73</b>	-75		<b>-24</b>	-25	
<b>Adjusted EBITDA margin</b>	<b>19.0%</b>	19.4%		<b>19.5%</b>	19.1%	
EBITDA	<b>1,020</b>	1,133		<b>337</b>	378	
<b>Adjusted EBIT</b>	<b>710</b>	767	-7%	<b>238</b>	250	-5%
EBIT	<b>586</b>	711		<b>192</b>	240	
Capital Employed	<b>9,018</b>	8,415				
Average Capital Employed	<b>8,723</b>	7,954				
<b>ROCE (%)</b>	<b>10.9%</b>	12.9%				
<b>Effective tax rate<sup>1</sup></b>	<b>18.1%</b>	18.9%				
<b>Adjusted net profit<sup>2</sup></b>	<b>544</b>	589	-8%	<b>176</b>	220	-20%
<b>Net profit<sup>2</sup></b>	<b>407</b>	573	-29%	<b>167</b>	215	-22%
<b>Adjusted net EPS</b>	<b>3.14</b>	3.29	-5%	<b>1.01</b>	1.23	-18%
<b>Net EPS</b>	<b>2.34</b>	3.20		<b>0.96</b>	1.20	
<b>Operating cash flow</b>	<b>906</b>	865	5%	<b>361</b>	406	-11%
<b>Adj. Net Operating Free Cash Flow</b>	<b>593</b>	506	17%	<b>263</b>	280	-6%
<b>Capital expenditures<sup>3</sup></b>	<b>337</b>	374		<b>107</b>	131	

Total Group in € million	January - September			Q3 2020	Q3 2019	% Change
	2020	2019	% Change			
<b>Net profit<sup>2</sup></b>	<b>453</b>	640	-29%	<b>183</b>	239	-23%
<b>Net EPS</b>	<b>2.59</b>	3.57	-27%	<b>1.05</b>	1.33	-21%
<b>Operating cash flow</b>	<b>990</b>	941	5%	<b>406</b>	434	-6%
<b>Adj. Net Operating Free Cash Flow</b>	<b>639</b>	550	16%	<b>297</b>	293	1%
<b>Net debt</b>	<b>1,982</b>	852				
<b>Average number of ordinary shares</b>	<b>171.3</b>	176.3		<b>171.8</b>	176.2	
<b>Workforce (headcount end of period)<sup>4</sup></b>	<b>21,844</b>	22,174				

<sup>1</sup> Over Adjusted taxable result

<sup>2</sup> Including result attributed to non-controlling interest

<sup>3</sup> Cash, net of customer funding, investment grants and excluding leases

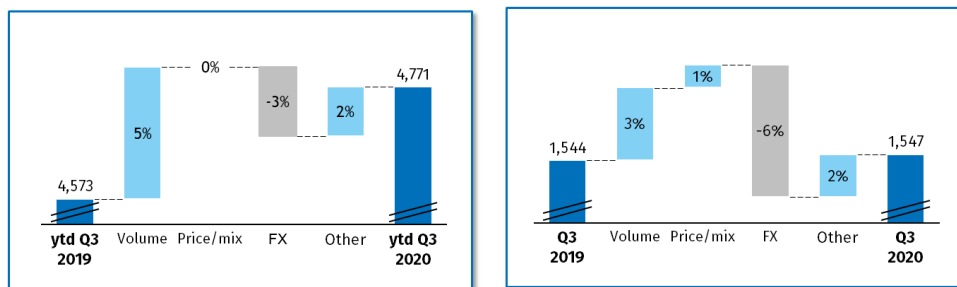
<sup>4</sup> Headcount 2019 refers to headcount at year end

## Review by Cluster

### Nutrition

in € million	January - September			Q3 2020	Q3 2019	% Change
	2020	2019	% Change			
Sales	<b>4,771</b>	4,573	4%	<b>1,547</b>	1,544	0%
Adjusted EBITDA	<b>1,014</b>	956	6%	<b>340</b>	317	7%
Adjusted EBITDA margin (%)	<b>21.3%</b>	20.9%		<b>22.0%</b>	20.5%	
Adjusted EBIT	<b>717</b>	687	4%	<b>239</b>	225	6%
Capital Employed	<b>7,369</b>	6,626				
Average Capital Employed	<b>7,067</b>	6,251				
ROCE (%)	<b>13.5%</b>	14.6%				
Total Working Capital	<b>1,661</b>	1,746				
Average Total Working Capital as % of Sales	<b>26.9%</b>	27.8%				

### Sales development



#### 9M 2020 sales

DSM Nutrition delivered a good performance in the first nine months in a challenging economic environment, with COVID-19 having a slightly positive impact on Nutrition sales overall, but offset by increasingly negative foreign exchange effects moving through the period. Organic sales were up 5% driven by volumes. Including a 2% contribution from the CSK and Glycom acquisitions and a negative foreign exchange effect of -3%, total reported sales were up 4%.

#### 9M Adjusted EBITDA

The reported Adjusted EBITDA growth was 6% with a negative foreign exchange effect of 3% offsetting the contribution from the CSK and Glycom acquisitions. The Adjusted EBITDA margin was up to 21.3% versus 20.9% in the same period last year.

#### Q3 2020 sales

Nutrition reported 4% organic growth in Q3 with volumes up 3%, driven by Human Nutrition, and prices up 1% driven by Animal Nutrition. Overall, sales were stable as the contribution from the acquired businesses CSK and Glycom were more than offset by the impact of foreign exchange movements, especially in Animal Nutrition.

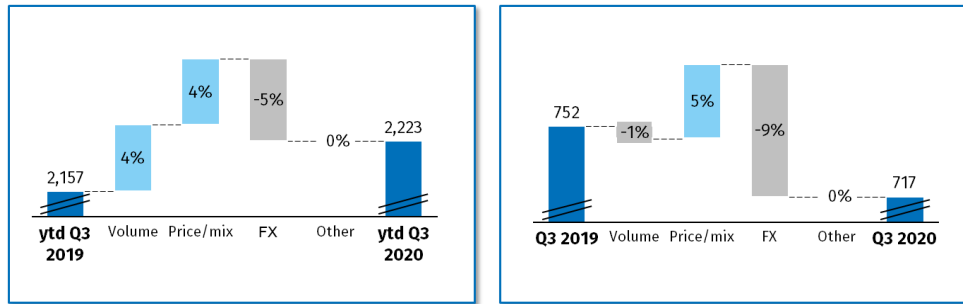
#### Q3 2020 Adjusted EBITDA

The reported Adjusted EBITDA growth was 7%, with a significant negative foreign exchange effect of 6% more than offsetting the contribution from the CSK and Glycom acquisitions.

The Adjusted EBITDA margin increased to 22.0% versus 20.5% in the same period last year.

## Animal Nutrition

### Sales development



### 9M 2020 organic sales

In the first nine months, Animal Nutrition delivered 8% organic growth, with a 4% volume increase. After the initial strong stocking effect in Q1 (+12% volume) driven by COVID-19 disruptions, the second and third quarters witnessed an unwinding of inventory.

Underlying business conditions in poultry and pork were solid with an increased demand in western markets, due to a shift from food services to eating-at-home, which increased the consumption of these easy-to-prepare proteins. In some emerging economies the consumption of poultry and pork softened due to the general loss of household income.

Global demand for beef softened, being overweight in food services channels, however DSM saw good sales growth as Brazilian beef exports remained strong. Demand for fish feed was solid, despite softness in food services' demand for farmed fish, especially in salmonids.

The African Swine Fever continues to recede in China and the steady rebuilding of the swine population continues. DSM is benefitting from the increased demand for its higher value-added nutrition and gut health solutions, owing to the increased professionalization of farming and recent regulatory changes that reduce the use of antibiotics in the food chain.

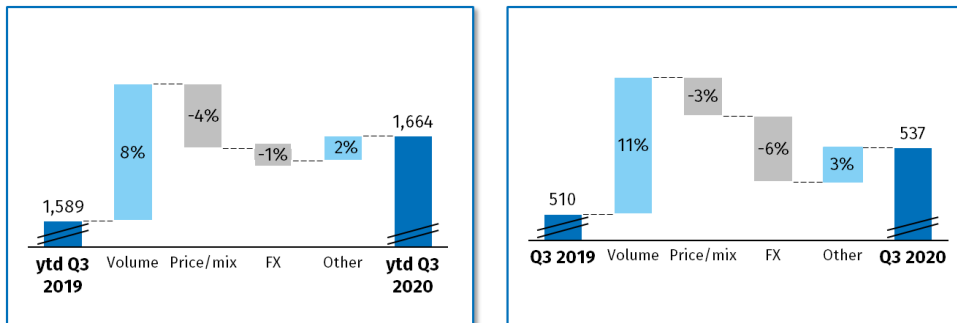
### Q3 2020 organic sales

Animal Nutrition reported 4% organic growth, with volumes down 1% and prices increasing by 5%. The volume development reflected customer uncertainty as to how the market will develop in the short term due to ongoing COVID-19 challenges in large parts of the world. By the end of this quarter however de-stocking was largely complete with customer sentiment improving.

The reported 5% higher prices were partly driven by higher prices of externally sourced ingredients and foreign exchange-related price increases in Brazil.

## Human Nutrition

### Sales development



### 9M 2020 organic sales

In the first nine months, Human Nutrition delivered 4% organic growth, with volumes up 8% and prices down 4%. Food & Beverages' volumes were positively impacted by pantry loading of packaged foods in Q2, normalizing in Q3, whilst demand for immunity-optimizing solutions remained elevated since the start of the COVID-19 pandemic, particularly supporting Dietary Supplements and Pharma sales. Early Life Nutrition sales were down on weak market conditions in China.

Total sales were up 5%, supported by the recent Glycom acquisition (2%), but partly offset by negative foreign exchange effects (-1%).

### Q3 2020 organic sales

Human Nutrition reported 11% volume growth, with continued strong demand for immunity-optimizing products in Dietary Supplements and Pharma. Food & Beverages still benefitted somewhat from good demand for packaged foods. Early Life Nutrition sales remained soft, but Glycom delivered a good performance in a challenging environment.

Prices were down 3% with lower contractual prices in Early Life Nutrition and mix effects.

Organic growth was 8%. With a 3% contribution from Glycom and a 6% negative foreign exchange impact, total sales ended up at 5%.

**Glycom**, which was consolidated as from 1 April 2020, delivered €14 million sales with an Adjusted EBITDA of €8 million in Q3.

## Other Nutrition activities

**Food Specialties** delivered a good performance in the first nine months, with good demand in Baking, Dairy and Savory, but softness in Hydrocolloids and Brewing. Recently acquired CSK delivered a very strong performance, well ahead of the business plan for the initial year, with €53 million sales during the first nine months and a total Adjusted EBITDA of €12 million.

**Personal Care & Aroma Ingredients** had a weak nine months due to soft demand in its Personal Care segment directly related to COVID-19, especially in sun care and cosmetics, but with positive signs of recovery starting in Q3. Sales of Aroma Ingredients were supported by increased demand for detergents and disinfectants.

Overall these **Other Nutrition activities** delivered good financial results despite recording a -1% organic sales development in the first nine months and -2% in Q3.



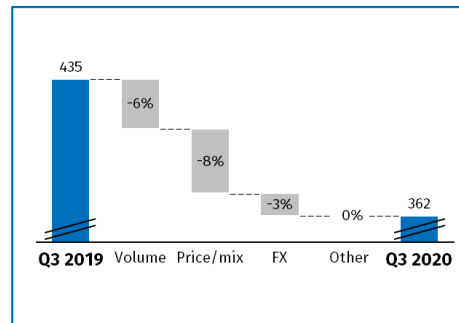
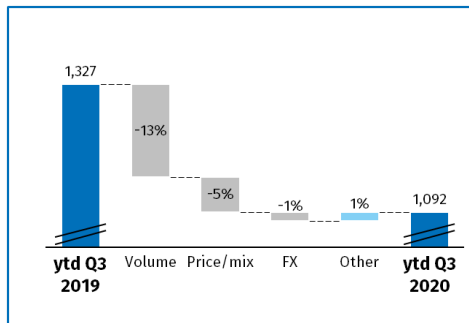
## Materials

Following the announcement of the sale of DSM's Resins & Functional Materials businesses, the following tables include only the continuing operations of the Materials business.

### Continuing operations

in € million	January - September			Q3 2020	Q3 2019	% Change
	2020	2019	% Change			
Sales	<b>1,092</b>	1,327	-18%	<b>362</b>	435	-17%
Adjusted EBITDA	<b>187</b>	278	-33%	<b>62</b>	90	-31%
Adjusted EBITDA margin (%)	<b>17.1%</b>	20.9%		<b>17.1%</b>	20.7%	
Adjusted EBIT	<b>112</b>	204	-45%	<b>37</b>	65	-43%
Capital Employed	<b>1,013</b>	1,127				
Average Capital Employed	<b>1,045</b>	1,084				
ROCE (%)	<b>14.3%</b>	25.3%				
Total Working Capital	<b>253</b>	317				
Average Total Working Capital as % of Sales	<b>18.2%</b>	17.4%				

### Sales development



### 9M 2020 Sales development

After a solid start to the year, Materials saw an abrupt deterioration in business conditions in Q2 due to the COVID-19 pandemic. Following a slow recovery in the period June-August, Materials saw a strong improvement in momentum in September and into Q4.

- DSM Engineering Materials:** Volumes were significantly down driven especially by a very sharp demand contraction in global automotive in Q2. Q3 saw a recovery in volumes, especially towards the end of the quarter.
- DSM Protective Materials:** Personal Protection activities were significantly down from the end of Q1 and into Q2, as orders under the typical large contracts were postponed. These orders slowly restarted in Q3.

9M Adjusted EBITDA was -33% compared to previous year. This negative leverage results from lower volumes especially in high margin specialties which recorded a very strong performance in same period last year. 9M 2020 Adjusted EBITDA margin was 17.1% compared to 20.9% in 9M 2019.

#### Q3 2020 Sales development

Materials reported 6% lower volumes but with a strongly improving momentum during the quarter. Where volumes in July-August were down about 10%, September volumes were slightly positive versus same period last year. This recovery is driven by re-stocking effects and more positive end user demand. Materials started the fourth quarter with September conditions continuing into October, but significant uncertainty persists over market conditions going forward especially as the resurgence of COVID-19 in recent weeks could change the outlook quickly as seen in March this year.

Prices were down 8%, reflecting lower input costs.

Q3 Adjusted EBITDA was -31% compared to previous year driven by negative operating leverage, owing again to lower volumes especially in the high margin specialties, and negative foreign exchange effects. Lower operating costs provided a small benefit. Q3 2020 Adjusted EBITDA margin increased from 12.6% in Q2 to 17.1% compared to 20.7% in Q3 2019.

## Innovation Center

Following the announcement of the sale of DSM's Resins & Functional Materials businesses, the following table include only the continuing operations of the Innovation Center.

### Continuing operations

in € million	January - September			Q3 2020	Q3 2019	% Change
	2020	2019	% Change			
Sales	133	133	0%	42	47	-11%
Adjusted EBITDA	16	19		5	6	
Adjusted EBIT	-13	-7		-4	-4	
Capital Employed	576	605				

9M sales were flat with Biomedical softening during the period. After a good start to the year, COVID-19 related postponement of many elective surgery procedures especially in the US, started to impact the business as from June, which continued throughout Q3. Biobased Products & Services' licensing business was stable over the period.

9M Adjusted EBITDA declined compared to the same period last year due to softening Biomedical sales and a negative USD effect. In Q3 DSM received licensing income of a few millions from Aerie Pharmaceuticals following an accelerated completion from certain milestones, compensating the shortfall from Biomedical.

## Corporate Activities

in € million	January - September		Q3 2020	Q3 2019
	2020	2019		
Sales	30	31	10	9
Adjusted EBITDA	-73	-75	-24	-25
Adjusted EBIT	-106	-117	-34	-36

9M Adjusted EBITDA was in line with previous year.

## Discontinued Operations

in € million	January - September		Q3 2020	Q3 2019
	2020	2019		
Sales	700	794	233	255
Adjusted EBITDA	97	110	33	38
Adjusted EBIT	63	77	21	26

Discontinued Operations captures the result of DSM's Resins & Functional Materials businesses, which were previously included in the Materials and Innovation section.

Resins & Functional Materials saw continued good recovery of demand throughout the third quarter with volume growth at 4% and Adjusted EBITDA at -13% compared to the same period last year.

## Condensed Cash Flow Statement and (Operating) Working Capital

in € million	Continuing operations				Total Group			
	January - September		Q3 2020		January - September		Q3 2020	
	2020	2019	Q3 2020	Q3 2019	2020	2019	Q3 2020	Q3 2019
Cash provided by Operating Activities	906	865	361	406	990	941	406	434
- Cash from APM adjustments	60	33	19	14	61	37	19	14
- Cash from capital expenditures	-359	-384	-113	-136	-398	-420	-124	-151
- Cash from drawing rights	-14	-8	-4	-4	-14	-8	-4	-4
Adjusted Net Operating Free Cash Flow	593	506	263	280	639	550	297	293
Operating Working Capital (OWC)	2,168	2,322						
Average OWC as % of Sales	27.5%	27.9%						
OWC as % of Sales - end of period	27.6%	28.5%						
Total Working Capital (WC)	1,795	1,927						
Average Total WC as % of Sales	22.5%	22.3%						
Total WC as % of Sales - end of period	22.9%	23.7%						

**Adjusted Net Operating Free Cash Flow** amounted to €639 million in the first three quarters of 2020 being an increase of 16% compared to previous year. The step-up in cash flow is amongst others driven by a reduced cash-out related to working capital of €55 million as well as lower capital expenditures.

**Operating Working Capital and Total Working Capital:** Operating working capital end Q3 2020 showed a decrease of €154 million compared to end of Q3 2019 which was mainly due to the impact of exchange rates. OWC as % of sales end-of-period showed a decrease of 0.9% compared to end of Q3 2019 driven by strong collection efforts, reducing our days sales outstanding.

### Overview of Alternative Performance Measures (APM) adjustments

The following overview provides a summary of the APM adjustments for the first nine months of 2020 (for the reconciliation see page 15).

**Nutrition:** EBITDA adjustments amounted to -€99 million (EBIT -€99 million) of which -€70 million related to restructuring cost and -€29 million to acquisition related costs.

**Materials:** EBITDA adjustments amounted to -€23 million (EBIT -€23 million) of which -€22m related to restructuring costs and -€1 million to acquisition related costs.

**Innovation Center:** EBITDA adjustments amounted to -€4 million (EBIT -€4 million) fully related to restructuring costs.

**Corporate Activities:** EBITDA adjustments amounted to +€2 million (EBIT +€2 million) as -€1 million related to restructuring costs offset by €3 million profit regarding earlier divestments.

### Alternative Performance Measures (APM) related to the result of associates / jointly controlled entities

APM adjustments related to associates / jointly controlled entities amounted to a net result of negative €43 million due to the impairment of the remaining invested amount in the POET joint venture and its related assets (€59 million net of tax). The APM adjustments related to associates were further impacted by the release of a provision.

## Sustainability performance

### First nine months sustainability highlights

#### COVID-19

- DSM's long-standing priority remains the health, safety and well-being of its employees and partners so DSM has taken various proactive measures such as preemptive travel restrictions, working from home where possible, and heightening hygiene and safety protocols in line with local conditions. DSM also distributed free immunity-optimizing micro-nutrients to all employees and their families worldwide and provided employee assistance programs across the globe.
- DSM continues to apply its scientific know-how and resources, including financial contributions and donating large quantities of personal protective equipment, disinfectant, test kit equipment, and immunity-optimizing micro-nutrients to help ease the impact of COVID-19 through various local and global initiatives.
- DSM continues to advocate on the role of business in response to COVID-19, as part of its ongoing commitment to a more sustainable, fair and resilient future, including at the World Economic Forum's Sustainable Development Impact Summit and during the UN General Assembly.

#### People highlights

- DSM continued its Inclusion & Diversity journey having created employee resource groups including: Rainbow Group, supporting LGBTQ+ colleagues; the Valuable group, supporting colleagues with disabilities; and the Black Employee Network at DSM called BLEND.
- The percentage of women in DSM's Executive Committee remains at 57%. DSM's Managing Board comprises 50% women and its Supervisory Board 38% women. With these percentages, DSM is achieving its aim of having at least 30% male and at least 30% female members in each.
- DSM extended its partnership with UNICEF and Sight and Life, to increase access to micronutrient powders for children and multiple micronutrient supplements for maternal nutrition in Nigeria to ensure healthy lives for the next generation.

#### Planet highlights

- DSM further improved the environmental impact of its own operations:
  - DSM is well on track with respect to its greenhouse gas, energy efficiency and purchased renewable electricity targets, having signed two new Power Purchase Agreements (PPAs) covering approximately 25% of its current total annual electricity consumption. DSM also continues to invest in improvements such as installing new chillers at its Greenville, US, factory to cut energy use.
  - DSM continues to engage with key suppliers to reduce and report greenhouse gas emissions reductions related to products supplied to DSM under its CO2REDUCE program.
- DSM enabled its customers to deliver more sustainable solutions to their (end) consumers:
  - DSM launched a new strategic initiative to lead a robust and achievable transformation in sustainable animal protein production worldwide.
  - DSM unveiled its portfolio of integrated solutions for plant-based meat alternatives and established a joint venture with Avril to develop and produce plant-based proteins.
- DSM joined the COP26 Business Leaders network in preparation for the UN Climate Change Conference in 2021 and in order to accelerate its Race to Zero carbon emissions campaign across sectors and supply chains.
- Co-CEO Geraldine Matchett has been appointed to Champions 12.3, an organization focused on reducing food loss and waste at scale worldwide.

#### Other highlights

DSM holds a platinum sustainability medal from EcoVadis putting DSM in the top 1% of its industry. DSM is already ranked first out of 120 companies in its industry by Sustainalytics, has an AAA rating from MSCI, has Prime Status with ISS-ESG and has a leading position in the rankings of Vigeo Eiris.

## Condensed consolidated statement of income

	YTD Q3 2020	YTD Q3 2019	Q3 2020	Q3 2019
<b>Continuing operations in € million</b>				
<b>Sales</b>	6,026	6,064	1,961	2,035
<b>EBITDA</b>	1,020	1,133	337	378
Operating profit (EBIT)	586	711	192	240
Financial income and expense	-52	-81	-21	-24
<b>Profit before income tax expense</b>	534	630	171	216
Income tax expense	-89	-116	-33	-40
Share of the profit of associates/ jointly controlled entities	-38	59	29	39
<b>Net profit</b>	407	573	167	215
Of which:				
Profit attributable to non-controlling interests	0	-3	0	-1
<b>Net profit attributable to equity holders of DSM</b>	407	570	167	214
Dividend on cumulative preference shares	-6	-6	-2	-2
<b>Net profit available to holders of ordinary shares</b>	401	564	165	212
<b>Discontinued operations in € million</b>				
<b>Net profit</b>	46	67	16	24
Of which:				
Profit attributable to non-controlling interests	-3	-2	-1	-2
<b>Net profit attributable to equity holders of DSM</b>	43	65	15	22
<b>Total in € million</b>				
<b>Net profit</b>	453	640	183	239
Of which:				
Profit attributable to non-controlling interests	-3	-5	-1	-3
Net profit attributable to equity holders of DSM	450	635	182	236
Dividend on cumulative preference shares	-6	-6	-2	-2
<b>Net profit available to holders of ordinary shares</b>	444	629	180	234
Depreciation and amortization - continuing operations	434	422	145	138

**Reconciliation to Alternative Performance Measures**

	YTD Q3 2020	YTD Q3 2019	Q3 2020	Q3 2019
<b>Continuing operations in € million</b>				
<b>EBITDA</b>	<b>1,020</b>	<b>1,133</b>	<b>337</b>	<b>378</b>
Acquisitions/divestments	27	8	10	4
Restructuring	97	37	36	6
Other	0	0	0	0
Sub-total APM adjustments to EBITDA	124	45	46	10
<b>Adjusted EBITDA</b>	<b>1,144</b>	<b>1,178</b>	<b>383</b>	<b>388</b>
<b>Operating profit (EBIT)</b>	<b>586</b>	<b>711</b>	<b>192</b>	<b>240</b>
APM adjustments to EBITDA	124	45	46	10
Impairments of PPE and Intangible assets	0	11	0	0
Sub-total APM adjustments to operating profit (EBIT)	124	56	46	10
<b>Adjusted operating profit (EBIT)</b>	<b>710</b>	<b>767</b>	<b>238</b>	<b>250</b>
<b>Net profit</b>	<b>407</b>	<b>573</b>	<b>167</b>	<b>215</b>
APM adjustments to operating profit (EBIT)	124	56	46	10
APM adjustments to financial income and expense	0	0	0	0
Income tax related to APM adjustments	-30	-14	-11	-3
APM adjustments to share of the profit of associates/jointly controlled entities	43	-26	-26	-2
Sub-total APM adjustments to net profit	137	16	9	5
<b>Adjusted Net profit</b>	<b>544</b>	<b>589</b>	<b>176</b>	<b>220</b>
<b>Net profit available to holders of ordinary shares</b>	<b>401</b>	<b>564</b>	<b>165</b>	<b>212</b>
APM adjustments to net profit	137	16	9	5
<b>Adjusted net profit available to holders of ordinary shares</b>	<b>538</b>	<b>580</b>	<b>174</b>	<b>217</b>

**Condensed Consolidated Balance Sheet**

in € million	30 Sept. 2020	year-end 2019
Intangible Assets	3,686	3,515
Property, Plant & Equipment	3,647	4,040
Deferred Tax Assets	226	217
Share in Associates & Joint Ventures	89	155
Financial derivatives	56	27
Other Financial Assets	263	265
<b>Non-Current Assets</b>	<b>7,967</b>	8,219
Inventories	1,953	2,019
Trade Receivables	1,393	1,592
Income tax receivables	66	61
Other Current Receivables	46	45
Financial Derivatives	23	19
Current Investments	40	688
Cash & Cash Equivalents	1,686	800
<b>Sub-total</b>	<b>5,207</b>	5,224
Assets Held for Sale	1,098	-
<b>Current Assets</b>	<b>6,305</b>	5,224
<b>Total Assets</b>	<b>14,272</b>	13,443
Shareholders' Equity	7,323	7,731
Non-controlling interest	91	104
<b>Equity</b>	<b>7,414</b>	7,835
Deferred Tax Liabilities	351	296
Employee Benefits Liabilities	433	413
Provisions	116	120
Borrowings	3,449	2,464
Financial derivatives	5	7
Other Non-current Liabilities	158	145
<b>Non-current liabilities</b>	<b>4,512</b>	3,445
Employee Benefits	42	43
Provisions	81	48
Borrowings	316	189
Financial Derivatives	17	18
Trade Payables	1,178	1,345
Income tax payable	83	42
Other Current Liabilities	402	478
<b>Sub-total</b>	<b>2,119</b>	2,163
Liabilities Held for Sale	227	-
<b>Current Liabilities</b>	<b>2,346</b>	2,163
<b>Total Equity and Liabilities</b>	<b>14,272</b>	13,443
Net debt	1,982	1,144
Equity/Total Assets	52%	58%



**Condensed Consolidated Cash Flow Statement**

in € million	January - September	
	2020	2019
Cash, Cash Equivalents and Current Investments (at beginning of period)	1,488	2,558
Current Investments (at beginning of period)	688	1,277
<b>Cash &amp; Cash Equivalents (at beginning of period)</b>	<b>800</b>	<b>1,281</b>
<b>Operating Activities</b>		
EBITDA	1,116	1,239
Change in Working Capital	-152	-207
Income Tax	-68	-67
Other	94	-24
<b>Cash provided by Operating Activities (Operating cash flow)</b>	<b>990</b>	<b>941</b>
<b>of which provided by continuing operations</b>	<b>906</b>	<b>865</b>
<b>Investing Activities</b>		
Capital Expenditures	-398	-420
Payments regarding drawing rights	-14	-8
Acquisitions	-749	-411
Disposal of Subsidiaries, Businesses & Associates	-1	16
Disposal of Other Non-current Assets	47	4
Change in Fixed-term Deposits	649	424
Interest Received	5	7
Dividend and capital (re)payments	-18	12
Other	-7	12
<b>Cash used in Investing Activities</b>	<b>-486</b>	<b>-364</b>
<b>Financing Activities</b>		
Dividend	-289	-277
Interest Paid	-44	-52
Repurchase of shares	-309	-448
Proceeds from re-issued treasury shares	48	164
Change in Commercial Paper	224	
Proceeds from / repayments of corporate bonds	991	-300
Payment of lease liabilities	-40	-40
Other Cash from/ used in Financing Activities	-178	12
<b>Cash from / used in Financing Activities</b>	<b>403</b>	<b>-941</b>
Exchange Differences	-21	9
<b>Cash and Cash Equivalents (end of period)</b>	<b>1,686</b>	<b>926</b>
Current Investment (end of period)	40	853
<b>Cash and Cash Equivalents &amp; Current Investments (end of period)</b>	<b>1,726</b>	<b>1,779</b>

**Geographical Information**

<b>January - September 2020</b>	<b>The Netherlands</b>	<b>Rest of Western Europe</b>	<b>Eastern Europe</b>	<b>North America</b>	<b>Latin America</b>	<b>China</b>	<b>India</b>	<b>Japan</b>	<b>Rest of Asia</b>	<b>Rest of the World</b>	<b>Total</b>
<b>Net Sales by Origin - continuing operations</b>											
in € million	1,120	2,318	140	1,036	451	654	59	43	149	56	<b>6,026</b>
in %	19	38	2	17	7	11	1	1	3	1	<b>100</b>
<b>Net Sales by Destination - continuing operations</b>											
in € million	308	1,340	386	1,357	781	706	139	178	636	195	<b>6,026</b>
in %	5	22	6	23	13	12	2	3	11	3	<b>100</b>
Total Assets in € million*	4,488	3,943	162	2,687	831	1,379	149	155	366	112	<b>14,272</b>
Workforce (headcount, end of period)*	3,890	5,155	606	3,145	2,058	4,960	678	193	867	292	<b>21,844</b>
<b>January - September 2019</b>	<b>The Netherlands</b>	<b>Rest of Western Europe</b>	<b>Eastern Europe</b>	<b>North America</b>	<b>Latin America</b>	<b>China</b>	<b>India</b>	<b>Japan</b>	<b>Rest of Asia</b>	<b>Rest of the World</b>	<b>Total</b>
<b>Net Sales by Origin - continuing operations</b>											
in € million	1,218	2,137	147	1,034	495	661	68	70	166	68	<b>6,064</b>
in %	21	35	2	17	8	11	1	1	3	1	<b>100</b>
<b>Net Sales by Destination - continuing operations</b>											
in € million	275	1,314	371	1,376	823	699	159	198	640	209	<b>6,064</b>
in %	4	22	6	23	14	12	3	3	10	3	<b>100</b>
year-end 2019:											
Total Assets in € million*	4,111	3,109	156	2,874	944	1,406	165	148	419	111	<b>13,443</b>
Workforce (headcount)*	3,960	5,133	575	3,346	2,134	4,960	681	205	888	292	<b>22,174</b>

\* Refers to total Group

## Notes to the condensed financial statements

### Accounting policies and presentation

The consolidated financial statements of DSM for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounting policies are applied in these interim financial statements and need to be read in conjunction with the Integrated Annual Report 2019 (IAR 2019) and the Q3 2020 report by the Managing Board earlier in this press release.

### Audit

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

Heerlen, 3 November 2020  
The Managing Board

Geraldine Matchett, co-CEO  
Dimitri de Vreeze, co-CEO

### Financial calendar

4 November 2020	Virtual Investor Event
16 February 2021	Publication of full year 2020 results
5 May 2021	Publication of the results of the first three months of 2021
6 May 2021	Annual General Meeting of Shareholders
3 August 2021	Publication of the half year results of 2021
2 November 2021	Publication of the results of the first nine months of 2021

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### Additional Information

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

### **DSM – Bright Science. Brighter Living.™**

Royal DSM is a global, purpose-led, science-based company active in Nutrition, Health and Sustainable Living. DSM's purpose is to create brighter lives for all. DSM addresses with its products and solutions some of the world's biggest challenges while simultaneously creating economic, environmental and societal value for all its stakeholders – customers, employees, shareholders, and society at large. DSM delivers innovative 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 was founded in 1902 and is listed on Euronext Amsterdam. More information can be found at [www.dsm.com](http://www.dsm.com).

Find us on:    

### Forward Looking Statements

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. The English language version of the press release is leading.