

Press Release

Heerlen (NL), 2 November 2021

DSM provides first nine months 2021 trading update

Highlights^{1,2}

- DSM delivered a very good nine months of the year
- Group sales +13% and Adjusted EBITDA +20%
 - Nutrition: sales +8%, organic sales +7%, Adjusted EBITDA +8%
 - Materials: sales +32%, organic sales +35%, Adjusted EBITDA +79%
- Full Year outlook 2021 unchanged

Key figures – continuing operations²

in € million	Jan-Sept 2021	Jan-Sept 2020	% Change	Volume	Price/mix	FX	Other
Sales	6,787	6,026	13%	11%	1%	-3%	4%
Nutrition	5,172	4,771	8%	8%	-1%	-4%	5%
Materials	1,446	1,092	32%	24%	11%	-3%	0%
Adjusted EBITDA	1,374	1,144	20%				
Nutrition	1,096	1,014	8%				
Materials	334	187	79%				
Innovation	17	16					
Corporate	-73	-73					
EBITDA	1,304	1,020					
Adjusted EBITDA margin	20.2%	19.0%					

Co-CEOs statement

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs, commented: *“Good end-user demand throughout the quarter continued the positive momentum of both our Nutrition and Materials businesses. We have delivered another strong period by actively managing the volatile global supply chain dynamics and therefore ensuring we remain able to meet the needs of our customers within the current challenging environment.*

During the quarter we also provided an update on the acceleration of our strategy as a purpose-led, performance-driven leader in Health, Nutrition & Bioscience, including our new food system commitments.”

Outlook 2021

For the full year, DSM continues to expect an Adjusted EBITDA increase in Nutrition at the upper end of its mid-term strategic ambition of high single digit growth. Together with the strong performance in Materials, DSM expects an Adjusted EBITDA growth rate for the Group in the mid-teens, with a continued good Adjusted Net Operating Free Cash Flow.

¹ Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects results from usual 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.

² Results and KPIs throughout this document reflect continued operations, excluding the Resins & Functional Materials and associated businesses which were classified as ‘held for sale’ in September 2020. The sale was finalized on 1 April 2021.

Q3 Highlights

- DSM delivered a very good third quarter
- Group sales +17% and Adjusted EBITDA +17%
 - Nutrition: sales +14%, organic sales +8%, Adjusted EBITDA +8%
 - Materials: sales +31%, organic sales +30%, Adjusted EBITDA +65%

Key figures and indicators

in € million	Q3 2021	Q3 2020	% Change	Volume	Price/mix	FX	Other
Sales	2,299	1,961	17%	9%	3%	1%	4%
Nutrition	1,768	1,547	14%	9%	-1%	1%	5%
Materials	475	362	31%	6%	24%	1%	0%
Adjusted EBITDA	449	383	17%				
Nutrition	366	340	8%				
Materials	102	62	65%				
Innovation	5	5					
Corporate	-24	-24					
EBITDA	425	337					
Adjusted EBITDA margin	19.5%	19.5%					

Nutrition recorded strong organic sales growth of 8%, driven by very strong volumes in Animal Nutrition and in Personal Care. Human Nutrition and Food Specialties recorded further good organic growth too, building upon a strong comparable period in the prior year. The favorable business conditions of the first half of 2021 continued in the third quarter.

The Adjusted EBITDA was up 8%, with a 6% contribution from the acquisition of Erber and -1% from foreign exchange effects. The Adjusted EBITDA margin was slightly down at 20.7% mainly due to one-time effects including a lifetime extension project at a large vitamin plant.

Materials recorded another very strong quarter including a recovery from the COVID-19 pandemic effects last year. Organic sales growth was 30%, as Materials delivered a strong operational performance, successfully navigating global supply chain challenges as well as the disruptions caused by the semiconductor shortages impacting the automotive industry.

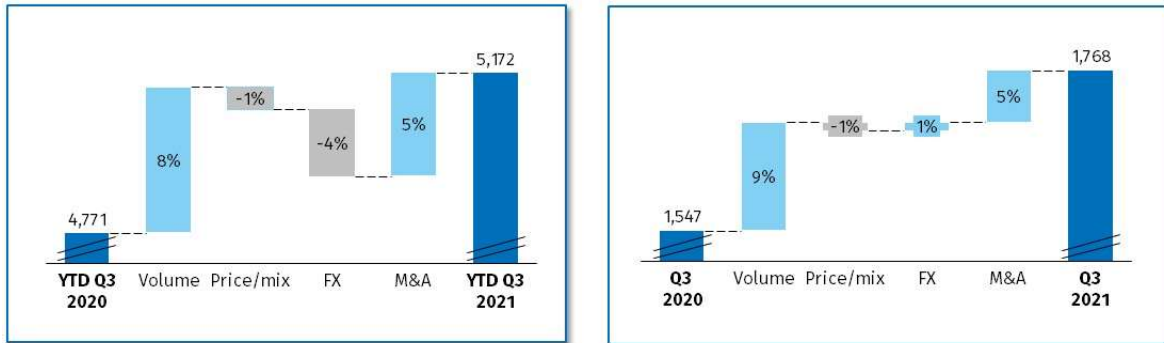
Adjusted EBITDA was up 65% versus same quarter last year. Adjusted EBITDA margin was up 440 bps to 21.5% versus 17.1% in Q3 last year, owing to the strong performance of both segments.

Review by Cluster

Nutrition

in € million	January - September			Q3 2021	Q3 2020	% Change
	2021	2020	% Change			
Sales	5,172	4,771	8%	1,768	1,547	14%
Adjusted EBITDA	1,096	1,014	8%	366	340	8%
Adjusted EBITDA margin (%)	21.2%	21.3%		20.7%	22.0%	

Sales development



9M 2021 Sales

Nutrition delivered a very good performance, with 7% organic sales growth. The contribution from acquisitions was largely offset by negative foreign exchange effects.

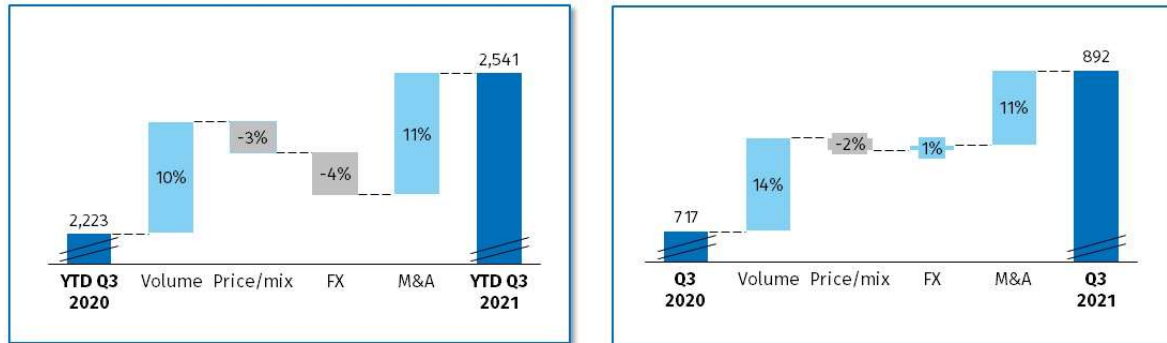
- Animal Nutrition delivered 7% organic sales growth, a very good performance especially when building upon 8% organic growth in the prior year. The strong, sustained volume growth in the nine months was underpinned by customers' desire to operate at higher inventory levels given widespread and ongoing supply certainty concerns. The business benefitted from continued good business conditions across all species and especially strong demand in China and Latin America.
- Human Nutrition delivered good 4% organic sales growth, with volumes up 3%. Dietary Supplements, Pharma and Medical Nutrition all saw continued strong growth owing to sustained elevated consumer demand for immunity-optimizing products. Early Life Nutrition was soft in the first nine months of the year. Food & Beverages saw continued good demand.
- Other Nutrition reported 9% organic sales growth. Food Specialties delivered 7% organic sales growth with continued good conditions in retail sales and supported by the reopening of food services. Personal Care & Aroma reported a 18% organic sales growth driven by a very strong recovery in sun and skin care as the COVID-19 pandemic evolved.

9M 2021 Adjusted EBITDA

Nutrition reported 8% growth in Adjusted EBITDA, driven by volumes. The 7% contribution from the recent acquisition of Erber was largely offset by 5% negative foreign exchange effect. Adjusted EBITDA margin was stable at 21.2%.

Animal Nutrition

Sales development



Q3 2021 Sales

Animal Nutrition delivered 12% organic sales growth, led by very strong volume growth of 14%, supported by the reopening of global economies. Customers continued to operate at high stock levels given ongoing supply chain concerns.

Business conditions remained favorable, consistent with the first half of the year. All species continued to perform well, with aquaculture showing a strong recovery as food services reopened.

Geographically, all regions saw continued good conditions, with Latin America being exceptionally strong and only some softness in North America caused by ongoing labor shortages in the meat packing industry.

Prices were -2% against a tough comparable of +5% in Q3 2020 when the business experienced COVID-19 related price effects and the pass-through pricing of externally sourced ingredients, foreign exchange related price increases, and strong sales mix effects across regions.

Erber, which was consolidated from 1 October 2020, delivered another strong quarter with €80 million sales and total Adjusted EBITDA of €21 million.

Human Nutrition

Sales development



Q3 2021 Sales

Human Nutrition delivered 3% organic sales growth in the third quarter, on top of a strong 8% organic sales growth in Q3 2020.

Demand for Dietary Supplements remained favorable, further supported by retail and government-led public health campaigns which maintained high consumer awareness of the relevance of immunity-optimizing products.

Food & Beverages delivered a good performance, with solid growth from the already elevated levels recorded during the COVID-19 pandemic.

Early Life Nutrition sales remained soft as this business continued to be negatively impacted by lower global birth rates exacerbated by COVID-19.

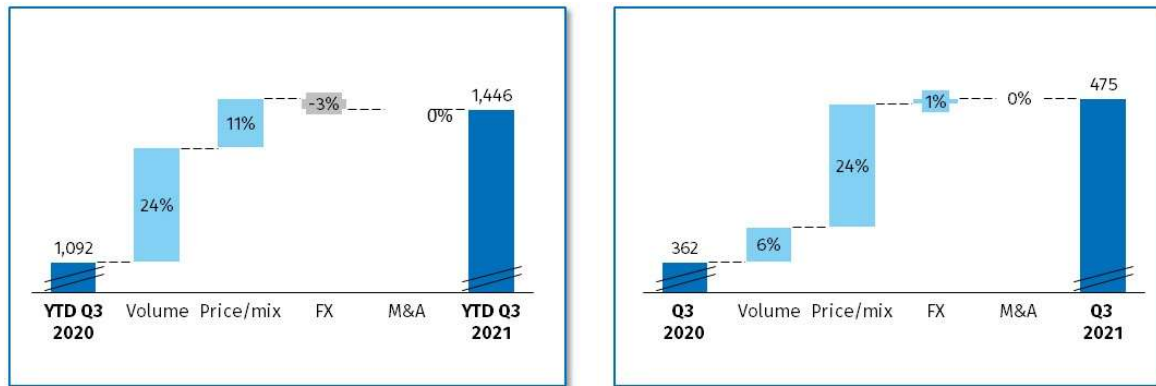
Pharma and Medical recorded a very strong performance again.

Materials

Continuing operations

in € million	January - September			Q3 2021	Q3 2020	% Change
	2021	2020	% Change			
Sales	1,446	1,092	32%	475	362	31%
Adjusted EBITDA	334	187	79%	102	62	65%
Adjusted EBITDA margin (%)	23.1%	17.1%		21.5%	17.1%	

Sales development



Sales

DSM Engineering Materials experienced exceptionally strong demand in automotive and electronics & electrics markets throughout the year, delivering another strong performance in the third quarter. This was achieved despite more challenging supply chain conditions, including raw materials shortages due to supplier-declared force majeure, as well as disruptions in demand in automotive owing to semiconductor shortages.

DSM Protective Materials has continued to see improvement in business conditions during the first nine months of the year, with the third quarter showing continued good demand development in personal protection, as well as in the other segments.

Overall, volumes were up 24% versus YTD Q3 2020 (+7% versus YTD Q3 2019) and up 6% versus Q3 2020. Q3 2021 pricing reflects the changes in input costs.

Adjusted EBITDA

Adjusted EBITDA margin YTD Q3 was up 600 bps at 23.1% versus 17.1% YTD Q3 last year supported by temporary margin expansion due to good pricing momentum in Q2 2021 and strong operational leverage.

Adjusted EBITDA was up +79% versus YTD Q3 2020 (+20% versus YTD Q3 2019).

Notes to this trading update

The financial reporting in this trading update is prepared in accordance with the accounting policies as applied in DSM's 2020 Integrated Annual Report. The reported financial and non-financial data in this trading update have not been audited.

Heerlen, 2 November 2021
The Managing Board

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

Financial calendar

15 February 2022	Publication of the full year results of 2021
3 May 2022	Publication of the trading update first three months of 2022
10 May 2022	Annual General Meeting of Shareholders
2 August 2022	Publication of the half year results of 2022
1 November 2022	Publication of the trading update first nine months of 2022

Additional Information

Starting in 2021, DSM changed its reporting cycle, in line with the established practice of many of its consumer ingredients peers. From Q1 2021, DSM will provide a trading update for Q1 and Q3. DSM will organize media and analyst calls during half year and full year.

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DSM

Royal DSM is a global, purpose-led company in Health, Nutrition & Bioscience, applying science to improve the health of people, animals and the planet. DSM's purpose is to create brighter lives for all. DSM's products and solutions address 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 and its associated companies employ approximately 23,000 people around the world and deliver annual net sales of about €10 billion. The company was founded in 1902 and is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

Or 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.