

Press Release

Heerlen (NL), 15 February 2022

DSM reports 2021 results

Full year highlights^{1,2}

Continuing operations:

- DSM delivered strong full year results, including a very good Q4
- Group sales +14% and Adjusted EBITDA +18%
 - Nutrition: sales +10%, organic sales +8%, Adjusted EBITDA +8%
 - Materials: sales +27%, organic sales +28%, Adjusted EBITDA +60%
- Adjusted net profit up 21% to €858m
- Adjusted Net Operating Free Cash Flow of €949m, up 9%
- Positive outlook for 2022 in line with mid-term strategic targets

Total Group:

- Strong performance on non-financial targets and further step-up in ESG ambitions
- Net profit of €1,680m, including profits from the sale of AOC and Resins & Functional Materials
- Proposed dividend increase by €0.10 to €2.50 per ordinary share

Key figures and indicators – continuing operations²

in € million	Full year 2021	Full year 2020	% Change	Volume	Price/mix	FX	Other
Sales	9,204	8,106	14%	10%	3%	-2%	3%
Nutrition	7,031	6,365	10%	8%	0%	-2%	4%
Materials	1,935	1,518	27%	14%	14%	-1%	0%
Adjusted EBITDA	1,814	1,534	18%				
Nutrition	1,447	1,338	8%				
Materials	435	272	60%				
Innovation	26	21					
Corporate	-94	-97					
EBITDA	1,702	1,368					
Adjusted EBITDA margin	19.7%	18.9%					

Co-CEOs statement

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs, commented: "2021 was a pivotal year for DSM and our people in which we accelerated our journey towards becoming a fully focused Health, Nutrition & Bioscience company. In line with our purpose-led strategy, we took further significant climate action and set a more aggressive path toward net-zero. We also launched ambitious new food system commitments to target and measure where we can best make a meaningful impact on the health of people and the planet through our core activities.

Both Nutrition and Materials realized strong results, as we continued to successfully navigate dynamic market conditions including global supply chain and logistics disruptions. We started to counter inflationary pressures in the second half of the year with appropriate pricing actions to offset cost increases, of which the first positive effects can be seen in the fourth quarter, with the remainder being effective as of 2022.

We are well positioned going forward, with an exciting innovation portfolio of sustainability-focused solutions with considerable growth potential such as our methane-inhibiting livestock feed additive Bovaer. We have a positive outlook for 2022 in line with our mid-term strategic targets for our Health, Nutrition & Bioscience activities."

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 excluding business held for sale

Outlook full year 2022

DSM expects its Health, Nutrition & Bioscience activities to deliver a high-single digit Adjusted EBITDA increase. For the Group, it expects a mid-single digit Adjusted EBITDA increase, with a high-single digit Adjusted Net Operating Free Cash Flow increase. This outlook is based on DSM's expectation of a stable Adjusted EBITDA in Materials following the strong performance in 2021.

New financial reporting structure

As of 1 January 2022, DSM's new Health, Nutrition & Bioscience ("HNB") structure became effective. HNB consists of the previous reportable operating segments of Nutrition (which included Animal Nutrition, Human Nutrition and Other Nutrition) and Innovation. HNB is organized in three newly created Business Groups: Food & Beverage; Health, Nutrition & Care; and Animal Nutrition & Health. Financial re-statements for the new reportable operating segments will be provided prior to the publication of the Q1 2022 results for comparison purposes. The reportable operating segments of Materials and Corporate Activities have not changed.

Strategy

DSM's purpose-led, performance-driven strategy sees sustainability and innovation as key growth drivers of a long-term focused plan, underpinned by ambitious targets across People, Planet and Profit.

In September 2021, DSM announced the acceleration of its strategic journey to become a fully focused Health, Nutrition & Bioscience company organized, as from 1 January 2022, in three market-focused Business Groups. These will be more closely aligned with their respective customers and, through the integration of activities previously performed by the DSM Innovation Center, will be fully equipped to rapidly develop impactful science-based and market-ready solutions. This structure will also allow DSM to leverage its strong combination of scientific competences and growing portfolio of nutrition and health solutions, as well as harness the latest advancements in digital technology and bioscience.

As a Health, Nutrition & Bioscience company, DSM sees significant headroom for further growth and innovation by building on its unique business model combining 'global products' and 'local solutions' and by adding a third dimension of 'precision and personalization' that captures emerging big data, digital and bioscience capabilities. In the new structure, DSM is also ideally positioned to address the huge environmental and societal challenges which face the global food system.

DSM maintains ambitious mid-term profit targets as a Health, Nutrition & Bioscience company of mid-single digit % organic sales growth, an above 20% Adjusted EBITDA margin, and high-single digit % Adjusted EBITDA growth, supported by its strong innovation pipeline.

DSM also announced a review of strategic options for its Materials businesses in September 2021, including a possible change of ownership. As from 1 January 2022 these high-quality businesses are managed largely on a stand-alone basis and will continue their existing growth strategies focusing their innovations and business development on the increasing demand for materials that protect the health of both people and planet by adding further bio-based and circular solutions.

2021 acquisitions and disposals

On 31 March 2021, DSM acquired the flavor and fragrance bio-based intermediates business of Amyris, Inc., extending its offerings in Personal Care & Aroma Ingredients with annual sales of about €20 million.

On 1 April 2021, DSM closed the sale of DSM's Resins & Functional Materials and associated businesses to Covestro AG. DSM received about €1.4 billion net in cash. DSM's remaining solar back sheet business was sold to Worthen Industries, Inc. on 1 June 2021.

On 26 July 2021, DSM acquired full ownership of Midori USA, Inc. ("Midori"), a biotechnology start-up developing targeted eubiotics for animals.

On 15 October 2021, DSM received about €300 million net in cash from the sale of its minority share in AOC.

On 18 October 2021, DSM acquired First Choice Ingredients, a leading US supplier of dairy-based savory flavorings for a wide range of food and beverage applications including plant-based alternatives with annual sales of about €70 million.

On 16 December 2021, DSM acquired Vestkorn Milling, a leading producer of pea- and bean-derived ingredients for plant-based protein products with annual sales of about €20 million.

Sustainability

DSM’s long-term purpose-led, performance-driven strategy is founded on a commitment to creating value for all stakeholders. Through the focused development and application of scientific innovation, DSM aims to positively impact the health of people today and the health of the planet for future generations. This is supported by improvements in DSM’s own operations, including actions to reduce emissions and increase the use of renewable energy, continually raising safety standards, and promoting health and well-being among its workforce.

Throughout 2021 DSM made considerable further progress on improving its environmental footprint and in August announced an acceleration of its greenhouse gas (GHG) scope 1 and 2 emissions reduction ambitions. Within this context, DSM will also highlight progress on its scope 3 target, originally set in 2019, going forward. Chiefly attributed to purchased goods and services, a company-wide supplier engagement program CO2REDUCE was expanded during 2021 to target those that contribute the highest GHG emissions in DSM’s value chain. DSM remains considerably ahead of its purchased renewable electricity target, with all North American sites becoming the latest to switch to 100% renewable electricity as part of a company-wide energy transition program. DSM’s climate targets are reviewed and validated by the Science Based Targets initiative, providing a strong roadmap to achieve net zero by 2050 in line with the Paris climate agreement.

	GHG emissions reduction Scope 1 + 2 (Absolute)	Scope 3 (Intensity)	Energy efficiency improvement year-on-year	Purchased renewable electricity	Employee engagement favorable score	Safety frequency recordable index	Female executives	Brighter Living Solutions
2019 Ambitions	30% ² by 2030 (vs 2016)	28% by 2030 (vs 2016)	>1% average annually to 2030	75% by 2030 (vs 2016)	>75% by 2021	<0.24 ⁵ by 2021	25% by 2021	>65% by 2021
2022 Ambitions	50% by 2030 (vs 2016)	28% by 2030 (vs 2016)	>1% average annually to 2030	75% by 2030 (vs 2016)	>76% by 2022	<0.20 by 2027	30% by 2025	see note 6
2021 Realization¹	~23% ³	8%	6%	72%	76% ⁴	0.21	23%	64% ⁷

¹ These sustainability performance metrics are prepared in accordance with the reporting policies as included in the management report of DSM’s Integrated Annual Report 2020.

² Strengthened to 50% by 2030 in 2021.

³ We estimate that the effect of the underlying cumulative structural improvements in absolute GHG emissions was approximately 23% in 2021 versus the 2016 baseline. The total cumulative absolute reduction was 27% versus the 2016 baseline.

⁴ Survey of payroll employees in October 2021, excluding recent acquisitions and divestments.

⁵ Strengthened from <0.25 in 2021.

⁶ A new methodology, providing improved transparency and granularity while ensuring reporting against new and future requirements of regulating authorities, will be applied as of 1 January 2022 and will be provided at the publication of the half year results of 2022.

⁷ For a small percentage of sales (<0.7 % of sales) classified as Brighter Living Solutions, the environmental impact is considered ‘best in class’ together with other solutions.

DSM’s long-standing priority remains the safety, health and well-being of people. The company has continued to take proactive measures to support employees and their families during 2021, distributing millions more free immunity-optimizing micro-nutrients doses and providing homeworking equipment, remote learning and development, and assistance programs worldwide. Despite the ongoing personal challenges for many individuals in the context of a global pandemic, employee engagement remained high. DSM also stepped up its broad inclusion and diversity efforts, supporting highly-motivated employee resource groups and improving female representation at the executive level. DSM’s measure of recordable safety incidents further improved, with the company striving to be incident and injury free. New ambitions have been set in all these areas for the coming years.

Health for people, health for planet, healthy livelihoods

In September 2021, DSM announced a series of quantifiable commitments aimed at addressing urgent societal and environmental challenges linked to how the world produces and consumes food. These commitments cover areas where the company believes, together with its partners, it can support the transformation of the global food system and make the greatest positive impact on the health of the planet, the health of people, and healthy livelihoods. DSM will seek to obtain reasonable assurance on these new commitments from the first full year, 2022, and to report its progress alongside its impact reporting every year in its Integrated Annual Report.

Q4 Highlights

- DSM delivered another very good quarter
- Group sales +16% and Adjusted EBITDA +13%
 - Nutrition: sales +17%, organic sales +14%, Adjusted EBITDA +8%
 - Materials: sales +15%, organic sales +12%, Adjusted EBITDA +19%

Key figures and indicators – continuing operations

in € million	Q4 2021	Q4 2020	% Change	Volume	Price/mix	FX	Other
Sales	2,417	2,080	16%	6%	7%	2%	1%
Nutrition	1,859	1,594	17%	10%	4%	2%	1%
Materials	489	426	15%	-12%	24%	3%	0%
Adjusted EBITDA	440	390	13%				
Nutrition	351	324	8%				
Materials	101	85	19%				
Innovation	9	5					
Corporate	-21	-24					
EBITDA	398	348					
Adjusted EBITDA margin	18.2%	18.8%					

Nutrition delivered a strong performance with continued good business conditions in an inflationary environment.

Animal Nutrition saw another quarter of exceptionally strong demand driven by stocking effects due to uncertainties about global supply chains and accelerating cost inflation. Animal Nutrition realized 7% higher prices in the quarter and further price increases will be effective as of 2022.

Human Nutrition, Food Specialties and Personal Care all showed a strong performance. Pricing actions in these businesses to offset costs inflation were taken in the quarter. These increases will be effective as of 2022, due to the typical contract structures with customers.

Nutrition Adjusted EBITDA margin was down 140 bps from 20.3% to 18.9% of which approximately 70 bps relates to the mathematical effect of price increases compensating higher costs. The remainder predominantly results from the time lag between cost increases and mitigating price actions that will be effective as of 2022.

Materials delivered a strong performance. DSM Engineering Materials saw a normalization of business conditions in the quarter after high volume growth over the previous four quarters, during which DSM took on additional volumes as competitors were faced with supply chain disruptions. Margins in Materials were stable at 20.7% due to pricing strength in DSM Engineering Materials and an overall good performance at DSM Protective Materials.

Key figures and indicators

in € million	Full year						
	2021	2020	% Change	Volume	Price / mix	FX	Other
Sales - continuing operations	9,204	8,106	14%	10%	3%	-2%	3%
Nutrition	7,031	6,365	10%	8%	0%	-2%	4%
Materials	1,935	1,518	27%	14%	14%	-1%	0%
Innovation Center	168	184					
Corporate Activities	70	39					

in € million	Q4 2021						
	Q4 2021	Q4 2020	% Change	Volume	Price / mix	FX	Other
Sales - continuing operations	2,417	2,080	16%	6%	7%	2%	1%
Nutrition	1,859	1,594	17%	10%	4%	2%	1%
Materials	489	426	15%	-12%	24%	3%	0%
Innovation Center	44	51					
Corporate Activities	25	9					

Continuing operations in € million	FY 2021			FY 2020			% Change		
	FY 2021	FY 2020	% Change	Q4 2021	Q4 2020	% Change			
Sales	9,204	8,106	14%	2,417	2,080	16%			
Adjusted EBITDA	1,814	1,534	18%	440	390	13%			
Nutrition	1,447	1,338	8%	351	324	8%			
Materials	435	272	60%	101	85	19%			
Innovation Center	26	21		9	5				
Corporate Activities	-94	-97		-21	-24				
Adjusted EBITDA margin	19.7%	18.9%		18.2%	18.8%				
EBITDA	1,702	1,368							
Adjusted EBIT	1,139	929	23%						
EBIT	1,021	662							
Capital Employed	10,961	9,694							
Average Capital Employed	10,233	8,917							
ROCE (%)	11.1%	10.4%							
Effective tax rate¹	19.2%	18.5%							
Adjusted Net profit - continuing operations²	858	711	21%						
Net profit - continuing operations²	1,089	457	138%						
Adjusted net EPS	4.92	4.12	19%						
Net EPS	6.26	2.64							
Operating cash flow	1,428	1,360	5%						
Adj. Net Operating Free Cash Flow	949	872	9%						
Capital expenditures³	563	533							

Total Group in € million	FY 2021			FY 2020			% Change		
	FY 2021	FY 2020	% Change						
Net profit²	1,680	508	231%						
Net EPS	9.68	2.91	233%						
Operating cash flow	1,427	1,494	-4%						
Adj. Net Operating Free Cash Flow	941	955	-1%						
Net debt	1,014	2,577							
Average number of ordinary shares	172.6	171.5							
Workforce (headcount end of period)	21,358	23,127							

¹Over Adjusted taxable result

²Including result attributed to non-controlling interest

³Cash, net of customer funding, investment grants and excluding leases

Review by Cluster

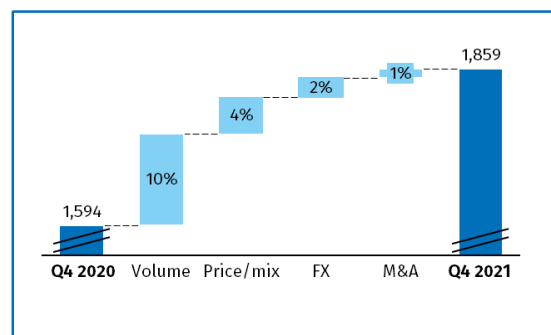
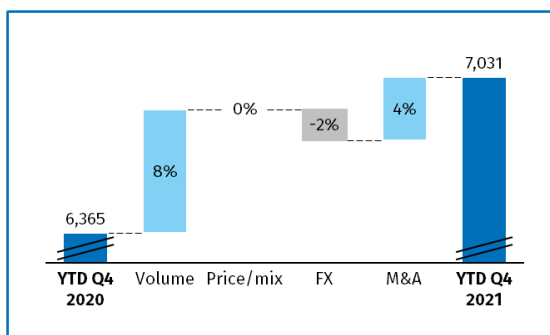
Nutrition

In 2021, Nutrition made good progress on its ambitious strategy, with the:

- Acceleration of its long-term focused growth strategy, including ambitious new food system commitments;
- Creation of the Health, Nutrition & Bioscience organization with three new Business Groups operational as from 1 January 2022;
- Commercialization of Bovaer® beginning within the context of wider awareness of methane as a significant greenhouse gas contributor;
- Expansion of DSM’s portfolio for plant-based meat and dairy solutions including the First Choice Ingredients and Vestkorn Milling acquisitions, and the ongoing construction of the CanolaPro® production facility;
- First market introductions in precision nutrition with Hologram Sciences™ offering personalized dietary supplement solutions, and Sustell™ and Verax offering data-driven decision-making tools for the farming industry;
- Expansion of bio-based activities in Aroma Ingredients;
- Expansion of animal gut health activities with the novel technology of Midori and the development of a new generation of feed enzymes.

in € million	FY 2021	FY 2020	% Change	Q4 2021	Q4 2020	% Change
Sales	7,031	6,365	10%	1,859	1,594	17%
Adjusted EBITDA	1,447	1,338	8%	351	324	8%
Adjusted EBITDA margin (%)	20.6%	21.0%		18.9%	20.3%	
Adjusted EBIT	940	919	2%			
Capital Employed	9,550	8,305				
Average Capital Employed	8,858	7,315				
ROCE (%)	10.6%	12.6%				
Total Working Capital	1,758	1,576				
Average Total Working Capital as % of Sales	26.1%	27.0%				

Sales development



Full year 2021 sales

Nutrition delivered a very good performance with 8% volume-driven organic growth. Nutrition demonstrated its superior operational performance and reliability as a supplier as it successfully navigated significant supply chain and logistics disruptions affecting the market throughout the year, strengthening its customer relationships. Nutrition started to take price actions to offset the inflationary pressures during the last period of the year.

Animal Nutrition delivered exceptional 10% volume growth with ongoing good business conditions, supported by the customers' preference to operate at higher stock levels, given widespread and ongoing supply certainty concerns.

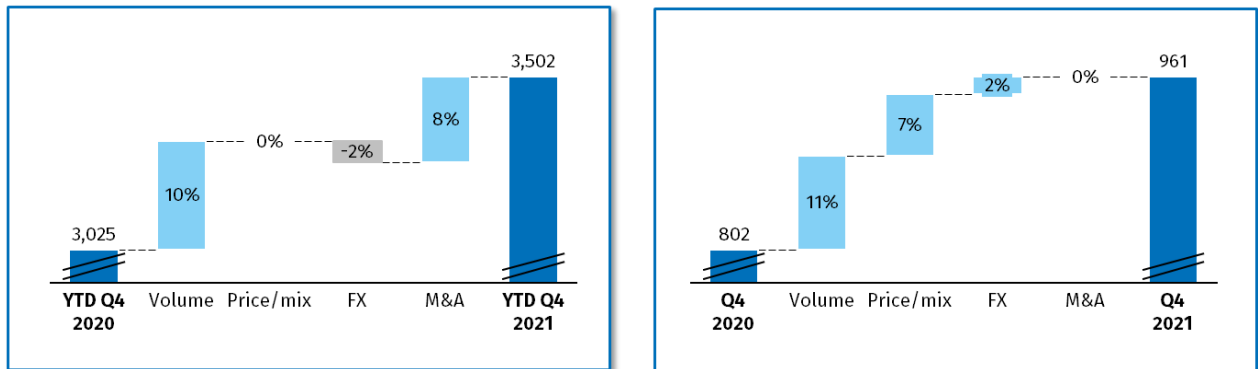
Human Nutrition delivered a good performance with 4% volume growth with ongoing overall good business conditions, on top of strong 7% volume growth in 2020.

Full year Adjusted EBITDA

Nutrition reported 8% growth in Adjusted EBITDA largely related to increased volumes, with a 6% contribution from acquisitions and a 4% negative foreign exchange effect. The Adjusted EBITDA margin of 20.6% was slightly down compared to prior year (21.0%) owing to inflationary effects in the fourth quarter, in which the margin was down 140 bps from 20.3% to 18.9%. Approximately 70 bps of this decline relates to the mathematical effect of price increases compensating higher costs. The additional decrease in the fourth quarter predominantly results from the time lag between cost increases and mitigating price actions that will be effective as of 2022.

Animal Nutrition

Sales development



Full Year 2021 sales

Animal Nutrition delivered exceptionally strong volume growth of 10% with ongoing good demand in the underlying animal protein markets. In addition, this volume growth was supported by customers increasing stock levels given widespread and ongoing supply chain concerns. This stocking effect from customers was exacerbated in Q4 by a sharp increase in energy costs, heightening inflationary pressures.

All species performed well, especially ruminants and poultry, with swine herds in China now fully recovered from the effects of African Swine Fever and aquaculture showing improvement by the gradual reopening of food services. Regionally, China and Latin America were very strong.

Q4 2021 sales

Animal Nutrition reported a strong 18% organic growth with, again, exceptionally strong volume growth of 11% and a 7% price contribution. The underlying animal protein demand remained favorable. Stocking effects at customers, as seen since the start of the year, continued in Q4 as rapidly rising cost inflation and production issues at Chinese producers further adding uncertainties for customers.

Prices were up 7% in the quarter, partially off-setting costs increases. A sudden sharp increase in energy costs led to additional pricing actions for the contracts effective in 2022.

M&A

Erber, a leader in mycotoxin management and eubiotics, delivered strong results in its full first year in DSM, with €328 million sales and total Adjusted EBITDA of €86 million in 2021. The Erber activities are now fully integrated in DSM's Animal Nutrition & Health Business Group.

Innovation

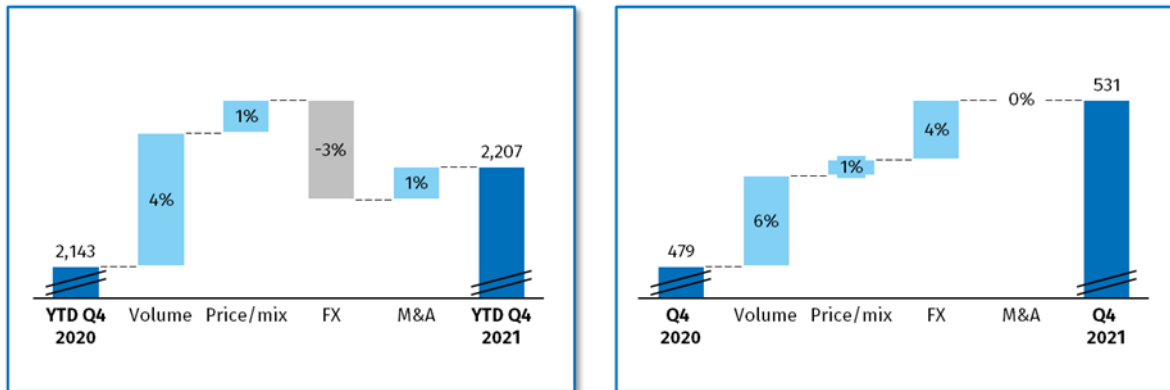
Bovaer®, a novel methane inhibitor for ruminants, made significant steps towards commercialization with regulatory approvals in Brazil and Chile and a positive EFSA opinion in Europe together with a plan to realize large scale production capacity in Dalry, UK by 2025. This was within the political context of more than 100 countries making methane reduction pledges at COP26.

Veramaris, the 50/50 partnership with Evonik that offers fermentative algae-based Omega-3 for sustainable animal feed, regained sales momentum in the second half of the year on a recovery of business conditions in the salmon industry and the introduction of the product for shrimp farming, pet food and human nutrition.

DSM's innovation platform for animal gut health, **Midori**, part of DSM since the end of July 2021, recently launched its first product which precisely modulates the gut microbiome to improve animal health, reduce the environmental footprint and displace antibiotics.

Human Nutrition

Sales development



Full Year 2021 sales

Human Nutrition delivered a good performance with 5% organic growth, of which 4% was volume driven, building on last year's strong volume growth of 7%.

The Food & Beverages segment saw strong growth driven by continued elevated demand from at-home consumption and the gradual reopening of economies.

Early Life Nutrition (ELN) sales were soft as this business continued to be impacted by lower global birth rates exacerbated by the pandemic. DSM's differentiated and value-added portfolio of ELN products, provided DSM good market access in China at local Chinese ELN producers.

Demand for Dietary Supplements remained favorable and showed good growth, as consumer awareness of the relevance of immunity-optimizing products remained high. Pharma and Medical recorded a very strong performance once again.

Q4 2021 sales

Human Nutrition saw continued good business conditions, with ELN demand also improving in North America and Europe. Pricing actions have been taken to offset the sharp increase in cost inflation. These pricing actions will be effective as of 2022 due to the typical contractual structures with customers.

Innovation

Glycom, the world's largest supplier of human milk oligosaccharides (HMOs), made good progress in its full first year as part of DSM, with sales supported by the successful launch of DSM's new Culturelle probiotic supplements that incorporate HMOs. Organic sales in ELN applications were flat, but the business now sees activities at customers picking up as business conditions have started to improve in the ELN market.

Ampli-D®, a new vitamin D dietary supplement was commercialized during the year. This product contains a rapid-acting and potent form of the vitamin, providing fast working immunity support.

Hologram Sciences™, a new wholly-owned direct-to-consumer DSM company launched its first personalized nutrition solution to North American customers.

Other Nutrition activities

Food Specialties

Full Year 2021 Sales

Food Specialties delivered strong organic sales growth of 9%, driven by volumes in the year with good business conditions in its key segments of dairy, baking, brewing and savory, supported by improving conditions in food services. The fourth quarter saw a strong acceleration of volume growth with 15% organic sales growth partly driven by customers' preference for higher inventory levels at this time of increased uncertainty.

M&A

First Choice Ingredients was consolidated on 18 October 2021 and delivered a good Q4 with €13 million sales and €4 million Adjusted EBITDA. First Choice Ingredients develops clean label, fermented dairy and dairy-based savory flavorings for taste and functional solutions across a wide range of food and beverage applications, including plant-based alternatives which are highly synergetic with the taste solutions of the new Food & Beverage Business Group.

Innovation

Avansya, the 50/50 Joint Venture with Cargill for fermentative stevia sweetener, having reached double-digit sales in their first year, saw 50% volume growth in 2021, with the innovation speed among customers starting to pick up again.

CanolaPro® is on track for commercialization by the end of 2022. Its offering of rapeseed-derived protein isolate for plant-based meat and dairy products has been enhanced with pea- and bean-based proteins through the acquisition of **Vestkorn Milling** at the end of December.

Personal Care & Aroma Ingredients

Full Year 2021 Sales

Personal Care & Aroma Ingredients recorded strong volume and organic sales growth of 21% in the year. Aroma Ingredients saw continued good demand with higher retail sales for detergents and disinfectants. Personal Care saw a strong recovery in sun and skin care following subdued conditions in 2020 which resulted from lockdowns and travel restrictions. In line with the Human Nutrition activities, the business saw a strong end to the year with 34% volume driven, organic sales growth in Q4 2021.

Innovation

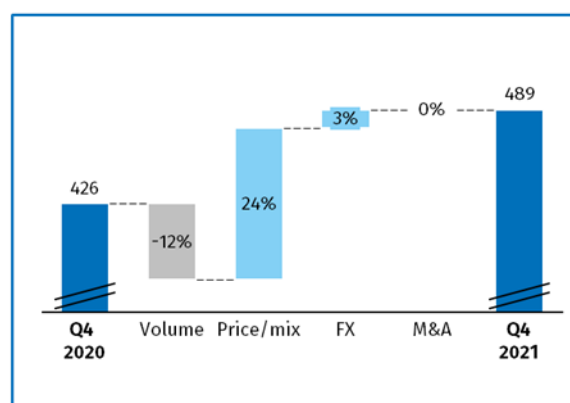
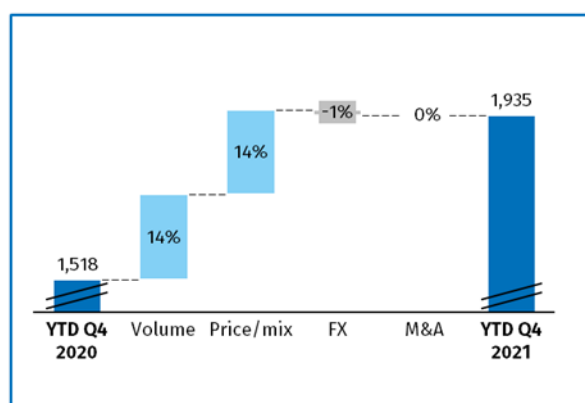
The acquisition on 31 March 2021 of the flavor and fragrance business of Amyris extended DSM's technology platform for bio-based intermediates for aroma ingredients. DSM commercialized four of these new intermediates generating almost double-digit sales, with new customer-driven development projects under way.

Materials

Continuing operations

in € million	FY 2021	FY 2020	% Change	Q4 2021	Q4 2020	% Change
Sales	1,935	1,518	27%	489	426	15%
Adjusted EBITDA	435	272	60%	101	85	19%
Adjusted EBITDA margin (%)	22.5%	17.9%		20.7%	20.0%	
Adjusted EBIT	331	168	97%			
Capital Employed	1,005	953				
Average Capital Employed	971	1,026				
ROCE (%)	34.1%	16.4%				
Total Working Capital	255	215				
Average Total Working Capital as % of Sales	12.4%	17.1%				

Sales development



Full Year 2021 Sales

Materials delivered a strong performance with a recovery in Protective Materials and a high demand for Engineering Materials due to supply disruptions and raw materials shortages across the industry. DSM Engineering Materials delivered an excellent operational performance under these very difficult supply chain conditions, with a unique security of supply where competitors were frequently confronted with force majeure situations, which resulted in DSM providing relief supplies to their customers.

Volumes were up 6% versus 2019, while markets continued to struggle with semiconductor shortages and supply chain disruptions throughout 2021. Materials experienced good pricing strength that allowed it to pass on increased costs.

Q4 2021 Sales

Materials delivered a strong performance versus a tough comparable period of Q4 2020. DSM Engineering Materials saw a normalization of business conditions in the quarter after high volume growth over the previous four quarters, during which DSM took on additional volumes as competitors were faced with supply chain disruptions.

Full Year Adjusted EBITDA

Materials realized very strong 60% Adjusted EBITDA growth driven by strong volume growth. Adjusted EBITDA margins recovered from 17.9% in 2020 to 22.5% in 2021 due to strong operational leverage.

Q4 2021 Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margins were up compared to the prior year due to good pricing strength in DSM Engineering Materials and an overall good performance in the high-margin DSM Protective Materials business.

Innovation Center

Continuing operations

in € million	FY 2021	FY 2020	% Change	H2 2021	H2 2020	% Change
Sales	168	184	-9%	82	93	
Adjusted EBITDA	26	21		14	10	
Adjusted EBIT	4	-17				
Capital Employed	407	436				

Sales were 9% lower compared to the prior year, as DSM Biomedical continued to be impacted by the postponement of elective surgeries due to the COVID-19 pandemic and by negative foreign exchange effects.

Adjusted EBITDA was up year over year, driven by higher technology licensing income.

Corporate Activities

in € million	FY 2021	FY 2020	H2 2021	H2 2020
Sales	70	39	43	19
Adjusted EBITDA	-94	-97	-45	-48
Adjusted EBIT	-136	-141		

Adjusted EBITDA stayed largely in line with prior year.

Discontinued Operations

in € million	FY 2021	FY 2020
Sales	264	932
Adjusted EBITDA	28	116
Adjusted EBIT	28	82

Discontinued Operations captures the result of DSM's Resins & Functional Materials businesses, which were previously included in the Materials and Innovation segment. These activities were sold to Covestro as of 1 April 2021.

Condensed Cash Flow Statement and (Operating) Working Capital

in € million	Continuing operations		Total Group	
	FY 2021	FY 2020	FY 2021	FY 2020
Cash provided by Operating Activities	1,428	1,360	1,427	1,494
- Cash from APM adjustments	91	86	91	87
- Cash from capital expenditures	-563	-557	-570	-609
- Cash from drawing rights	-7	-17	-7	-17
Adjusted Net Operating Free Cash Flow	949	872	941	955
Operating Working Capital (OWC)	2,329	2,052		
Average OWC as % of Sales	25.1%	27.3%		
OWC as % of Sales - end of period	24.1%	24.6%		
Total Working Capital (WC)	1,805	1,591		
Average Total WC as % of Sales	20.2%	22.3%		
Total WC as % of Sales - end of period	18.7%	19.1%		

Adjusted Net Operating Free Cash Flow from continuing operations was up 9% following the increase in Adjusted EBITDA and by maintaining strong discipline on investments.

Operating Working Capital and Total Working Capital:

Operating working capital as % of sales continued to improve due to disciplined collections and strong sales in the last quarter.

Overview of Alternative Performance Measures (APM) adjustments

The following overview provides a summary of the APM adjustments for the full year 2021 (for the reconciliation see page 16).

Nutrition: EBITDA adjustments amounted to -€51 million (EBIT -€51 million) of which -€30 million related to restructuring costs and -€21 million to acquisition related costs.

Materials: EBITDA adjustments amounted to -€21 million (EBIT -€21 million) of which -€16 million related to restructuring costs and -€5 million to divestment related costs.

Innovation Center: EBITDA adjustments amounted to -€8 million (EBIT -€14 million) of which -€14 million related to restructuring costs, +€6 million related to a partial reversal of the impairment of the investments in the bio-based products and services activities. EBIT included -€6 million related to a write down of assets.

Corporate Activities: EBITDA adjustments amounted to -€32 million (EBIT -€32 million) fully related to restructuring costs.

Share of profit in associates: EBITDA adjustments amounted to €319 million (EBIT €319 million) which relate mainly to the book profit of €303 million on the sale of DSM's share of AOC and a profit of €13 million on a higher earn-out relating to previous divestments.

Condensed consolidated statement of income

	FY 2021	FY 2020
Continuing operations in € million		
Sales	9,204	8,106
EBITDA	1,702	1,368
Depreciation and amortization	681	706
Operating profit (EBIT)	1,021	662
Financial income and expense	-106	-67
Profit before income tax expense	915	595
Income tax expense	-168	-106
Share of the profit of associates/ jointly controlled entities	342	-32
Net profit from continuing operations	1,089	457
Of which:		
Attributable to non-controlling interests	-3	2
Attributable to equity holders of DSM	1,086	459
Dividend on cumulative preference shares	-6	-7
Available to holders of ordinary shares	1,080	452
Discontinued operations in € million		
Net profit from discontinued operations	591	51
Of which:		
Attributable to non-controlling interests	-1	-4
Attributable to equity holders of DSM	590	47
Total in € million		
Net profit	1,680	508
Of which:		
Attributable to non-controlling interests	-4	-2
Attributable to equity holders of DSM	1,676	506
Dividend on cumulative preference shares	-6	-7
Net profit available to holders of ordinary shares	1,670	499

Reconciliation to Alternative Performance Measures

	FY 2021	FY 2020
Continuing operations in € million		
EBITDA	1,702	1,368
Acquisitions/divestments	26	52
Restructuring	92	103
Other	-6	11
Sub-total APM adjustments to EBITDA	112	166
Adjusted EBITDA	1,814	1,534
Operating profit (EBIT)		
Operating profit (EBIT)	1,021	662
APM adjustments to EBITDA	112	166
Impairments of PPE and Intangible assets	6	101
Sub-total APM adjustments to operating profit (EBIT)	118	267
Adjusted operating profit (EBIT)	1,139	929
Net profit from continuing operations		
Net profit from continuing operations	1,089	457
APM adjustments to operating profit (EBIT)	118	267
APM adjustments to financial income and expense	0	0
Income tax related to APM adjustments	-30	-54
APM adjustments to share of the profit of associates/jointly controlled entities	-319	41
Sub-total APM adjustments	-231	254
Adjusted Net profit continuing operations	858	711
Net profit continuing operations available to holders of ordinary shares		
Net profit continuing operations available to holders of ordinary shares	1,080	452
APM adjustments	-231	254
Adjusted Net profit continuing operations available to holders of ordinary shares	849	706

Condensed Consolidated Balance Sheet

in € million	year-end 2021	year-end 2020
Intangible Assets	5,310	4,440
Property, Plant & Equipment	3,957	3,775
Deferred Tax Assets	203	240
Prepaid pension cost	75	2
Share in Associates & Joint Ventures	64	93
Financial derivatives	48	61
Other Financial Assets	227	315
Non-Current Assets	9,884	8,926
Inventories	2,297	1,879
Trade Receivables	1,603	1,391
Income tax receivables	61	32
Other Current Receivables	32	60
Derivatives	30	48
Current Investments	489	43
Cash & Cash Equivalents	1,561	871
Sub-total	6,073	4,324
Assets Held for Sale	56	1,096
Current Assets	6,129	5,420
Total Assets	16,013	14,346
Shareholders' Equity	9,318	7,399
Non-controlling interest	79	88
Equity	9,397	7,487
Deferred Tax Liabilities	485	431
Employee Benefits Liabilities	323	414
Provisions	96	123
Borrowings	2,989	3,484
Derivatives	9	1
Other Non-current Liabilities	283	163
Non-current liabilities	4,185	4,616
Employee Benefits	21	42
Provisions	68	61
Borrowings	104	102
Derivatives	40	13
Trade Payables	1,571	1,218
Income tax payable	77	45
Other Current Liabilities	540	508
Sub-total	2,421	1,989
Liabilities associated with the assets held for sale	10	254
Current Liabilities	2,431	2,243
Total Equity and Liabilities	16,013	14,346
Net debt	1,014	2,577
Equity/Total Assets	59%	52%

Condensed Consolidated Cash Flow Statement

	FY	FY
in € million	2021	2020
Cash, Cash Equivalents and Current Investments (at beginning of period)	914	1,488
Current Investments (at beginning of period)	43	688
Cash & Cash Equivalents (at beginning of period)	871	800
Operating Activities		
EBITDA	2,370	1,476
Change in Working Capital	-144	25
Income Tax	-133	-124
Other	-666	117
Cash provided by Operating Activities (Operating cash flow)	1,427	1,494
of which provided by continuing operations	1,428	1,360
Investing Activities		
Capital Expenditures	-570	-609
Payments regarding drawing rights	-7	-17
Acquisitions	-704	-1,533
Disposal of Subsidiaries, Businesses & Associates	1,791	-2
Disposal of Other Non-current Assets	150	48
Change in Fixed-term Deposits	-445	646
Interest Received	5	8
Dividend and capital (re)payments	-31	-15
Other	19	-8
Cash used in Investing Activities	208	-1,482
Financing Activities		
Dividend	-266	-289
Interest Paid	-65	-54
Repurchase of shares	-165	-309
Proceeds from re-issued treasury shares	34	63
Change in Commercial Paper		0
Proceeds from / repayments of corporate bonds	-500	991
Payment of lease liabilities	-54	-55
Other Cash from/ used in Financing Activities	32	-264
Cash from / used in Financing Activities	-984	83
Exchange Differences	39	-24
Cash and Cash Equivalents (end of period)	1,561	871
Current Investment (end of period)	489	43
Cash and Cash Equivalents & Current Investments (end of period)	2,050	914

Geographical Information

FY 2021	The Netherlands	Switzerland	Rest of Europe	North America	Latin America	China	Rest of Asia	Rest of the World	Total
Net Sales by Origin - continuing operations									
in € million	1,860	2,370	1,336	1,310	666	1,177	387	98	9,204
in %	20	26	15	14	7	13	4	1	100
Net Sales by Destination - continuing operations									
in € million	374	163	2,644	1,916	1,198	1,187	1,438	284	9,204
in %	4	2	28	21	13	13	16	3	100
Total Assets in € million	4,566	2,593	2,738	3,116	864	1,459	576	101	16,013
Workforce (headcount, end of period)	3,006	2,174	4,161	3,018	2,290	4,704	1,709	296	21,358
FY 2020	The Netherlands	Switzerland	Rest of Europe	North America	Latin America	China	Rest of Asia	Rest of the World	Total
Net Sales by Origin - continuing operations									
in € million	1,515	2,260	1,042	1,380	608	885	336	80	8,106
in %	19	27	13	17	8	11	4	1	100
Net Sales by Destination - continuing operations									
in € million	407	214	2,125	1,791	1,045	991	1,268	265	8,106
in %	5	3	26	22	13	12	16	3	100
Total Assets in € million*	4,084	2,125	2,676	2,552	776	1,382	639	112	14,346
Workforce (headcount)*	3,858	2,129	4,384	3,185	2,243	5,025	1,996	307	23,127

* 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 2021 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounting policies are applied in these financial statements and need to be read in conjunction with the Integrated Annual Report 2020 (IAR 2020) and the 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, 15 February 2022
The Managing Board

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

Financial calendar

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
6 September 2022	Investor Day
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 provides 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. 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.