Life Sciences and Materials Sciences

Presentation to Investors

Q2 Results 2013, 6 August 2013

HEALTH · NUTRITION · MATERIALS

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Safe harbor statement

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

A more comprehensive discussion of the risk factors affecting DSM’s business can be found in the company’s latest Annual Report, which can be found on the company's corporate website, www.dsm.com

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Highlights Q2 2013

DSM delivers higher profits; full year outlook unchanged

- DSM records 19% higher Q2 EBITDA versus Q2 2012 (€345 million versus €290 million)
- Nutrition EBITDA up 28% versus Q2 2012 driven by acquisitions and organic growth
- Materials Sciences continues to deliver a solid performance
- Q2 cash flow from operating activities €231 million, higher than Q2 2012 and Q1 2013
- Core earnings per share Q2 2013 up 28% compared to Q2 2012
- Interim dividend of €0.50, in line with DSM's dividend policy
- Outlook 2013 unchanged, moving towards EBITDA of €1.4 billion

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Quote from Feike Sijbesma

"We are pleased to report that the momentum in our Nutrition business that we saw at the end of Q1 continued into Q2. Nutrition, with its higher profits and healthy margins, is demonstrating the quality of its broad offering across the value chain. Materials Sciences' profit remained at the same level as last year despite a negative caprolactam impact of €20 million and a challenging market environment."

"For the rest of this year, we will continue to fully focus on operational performance and on the integration of our acquisitions, ensuring the capture of synergies. In addition, the early successes of our profit improvement initiatives leave us confident that this group-wide program is well on track. We expect strong EBITDA growth in 2013, moving towards €1.4 billion."

Feike Sijbesma
CEO / Chairman of the Managing Board

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Results Q2 2013 - Key figures

Q2-2013	Q2-2012	Δ%	(€ million)	H1-2013	H1-2012	Δ%
			Before exceptional items:			
2,468	2,268	+9%	Net Sales	4,844	4,558	+6%
345	290	+19%	EBITDA	656	596	+10%
209	168	+24%	EBIT	392	368	+7%
156	118	+32%	Core net profit	285	267	+7%
141	114	+24%	Net profit	262	259	+1%
0.91	0.71	+28%	Core EPS (€)	1.67	1.62	+3%
0.79	0.67	+18%	EPS (€)	1.49	1.54	-3%
			Total DSM including exceptional items:			
112	41	+173%	Net profit	231	186	+24%
0.62	0.23	+170%	EPS (€)	1.31	1.10	+19%

- 'Net profit' is the net profit attributable to equity holders of Koninklijke DSM N.V.
- 'Core net profit' is the net profit before exceptional items and before acquisition accounting related intangible asset amortization.

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EBITDA Q2 – DSM continuing business

EBITDA (€ million)	Q2-2013	Q2-2012	Q2-2011	Q2-2010
Nutrition	249	195	193	188
Pharma	14	17	12	14
Performance Materials	82	77	82	84
Polymer Intermediates	26	30	93	60
Innovation Center	-3	-10	-13	-13
Corporate Activities	-23	-19	-28	0
DSM	345	290	339	333

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EBITDA H1 – DSM continuing business

EBITDA (€ million)	H1-2013	H1-2012	H1-2011	H1-2010
Nutrition	464	387	366	354
Pharma	22	22	12	28
Performance Materials	162	156	173	155
Polymer Intermediates	55	99	192	110
Innovation Center	-7	-25	-26	-26
Corporate Activities	-40	-43	-53	-4
DSM	656	596	664	617

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Net sales growth Q2-2013 versus Q2-2012

(€ million)	Q2-2013	Q2-2012	Diff.	Volume	Price/ Mix	FX	Other
Nutrition	1,108	899	23%	6%	-3%	-2%	22%
Pharma	187	182	3%	3%	1%	-1%	
Performance Materials	714	713	0%	6%	-3%	-2%	-1%
Polymer Intermediates	375	389	-4%	5%	-8%	-1%	
Innovation Center	37	18					
Corporate Activities	47	67					
DSM	2,468	2,268	9%	6%	-4%	-1%	8%

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Net sales growth H1-2013 versus H1-2012

(€ million)	H1-2013	H1-2012	Diff.	Volume	Price/ Mix	FX	Other
Nutrition	2,096	1,799	17%	4%	-3%	-1%	17%
Pharma	365	357	2%	2%	1%	-1%	
Performance Materials	1,387	1,414	-2%	2%	-2%	-1%	-1%
Polymer Intermediates	812	819	-1%	7%	-7%	-1%	
Innovation Center	75	34					
Corporate Activities	109	135					
DSM	4,844	4,558	6%	4%	-3%	-1%	6%

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Nutrition

Q2-2013	Q2-2012	Δ%	(€ million)	H1-2013	H1-2012	Δ%
1,108	899	23%	Net sales	2,096	1,799	17%
		3%	Organic growth			1%
249	195	28%	EBITDA	464	387	20%
22.5%	*21.7%*		*EBITDA margin*	*22.1%*	*21.5%*	
190	153	24%	EBIT	354	302	17%
			Capital employed	4,696	4,122*	

* year-end 2012

- Sales in Q2 rose 23% compared to Q2 2012, driven primarily by acquisitions. Organic sales growth was 3% versus Q2 2012, with strong volume growth (6%) partly offset by lower prices (-3%). Overall prices have stabilized compared to Q1 2013 as DSM continues to pursue its value over volume strategy.

- EBITDA for Q2 was €249 million, up 28% compared to Q2 2012, driven by acquisitions, organic growth and strong operational performance including cost savings. The EBITDA margin of 22.5% was at the upper end of DSM's target range due to a favorable mix.

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Nutrition - continued

- Human Nutrition & Health delivered 6% organic growth in Q2 versus Q2 2012, driven by healthy volume growth. A particularly strong performance was delivered in infant nutrition, dietary supplements and premixes. In Q2 Fortitech realized sales of €49 million and EBITDA of €11 million in line with expectations.

- Animal Nutrition & Health experienced an organic sales decrease of 3% in Q2 compared to Q2 2012, due to lower prices, which have now stabilized, offsetting higher volumes. Compared to the previous quarter, Q2 2013 showed organic growth of 5%, driven by higher volumes due to recovery in meat production, despite temporarily lower sales for poultry in China as a result of the avian flu. Tortuga delivered a good result in Q2 with sales of €98 million and EBITDA of €18 million in line with expectations.

- Food Specialties showed healthy sales growth through a combination of organic growth and the contribution of the acquired cultures and enzymes business.

Pharma

Q2-2013	Q2-2012	Δ%	(€ million)	H1-2013	H1-2012	Δ%
187	182	+3%	Net sales	365	357	+2%
		+4%	Organic growth			+3%
14	17	-18%	EBITDA	22	22	0%
7.5%	*9.3%*		*EBITDA margin*	*6.0%*	*6.2%*	
1	-4		EBIT	-5	-12	
			Capital employed	814	766*	

* year-end 2012

- Organic sales growth was 4% compared to Q2 2012, mainly driven by higher volumes at DSM Pharmaceutical Products. Sales of DSM Sinochem Pharmaceuticals were at the same level as in Q2 2012.

- EBITDA for the quarter was €14 million versus €17 million in the same quarter last year (of which €7 million due to a non-recurring profit coming from the restructuring of the Biosimilar activities in Q2 2012). Higher sales at DSM Pharmaceutical Products and cost savings positively contributed to a higher underlying result for the cluster.

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Performance Materials

Q2-2013	Q2-2012	Δ%	(€ million)	H1-2013	H1-2012	Δ%
714	713	0%	Net sales	1,387	1,414	-2%
		+3%	Organic growth			0%
82	77	+6%	EBITDA	162	156	+4%
11.5%	*10.8%*		*EBITDA margin*	*11.7%*	*11.0%*	
48	42	+14%	EBIT	95	90	+6%
			Capital employed	2,097	2,026	

* year-end 2012

- Organic sales growth in Q2 was 3%. Volumes were up in all three business groups compared to the same period last year, mainly because of new business through application development. Prices were down at DSM Resins & Functional Materials and DSM Engineering Plastics, with the latter being impacted by lower polyamide-6 prices reflecting lower caprolactam prices. Prices were stable at DSM Dyneema.

- EBITDA for Q2 was up in all three business groups compared to the same period last year. Volume growth and the impact of the Profit Improvement Program offset lower prices. EBITDA of the specialty businesses in DSM Engineering Plastics more than compensated for the lower results in polyamide-6.

Polymer Intermediates

Q2-2013	Q2-2012	Δ%	(€ million)	H1-2013	H1-2012	Δ%
375	389	-4%	Net sales	812	819	-1%
		-3%	Organic growth			0%
26	30	-13%	EBITDA	55	99	-44%
6.9%	*7.7%*		*EBITDA margin*	*6.8%*	*12.1%*	
17	23	-26%	EBIT	37	85	-56%
			Capital employed*	544	447*	

* year-end 2012

- Organic sales development was -3% compared to Q2 2012, with higher volumes unable to fully compensate for lower prices.

- EBITDA for the quarter was slightly lower than Q2 2012. Higher volumes, license income and the initial benefits of the cost savings programs largely offset lower caprolactam margins. The impact of the fire related shutdown of the caprolactam plants in the Netherlands was very limited.

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Innovation Center

Q2-2013	Q2-2012	Δ%	(€ million)	H1-2013	H1-2012	Δ%
37	18	+106%	Net sales	75	34	+121%
-3	-10		EBITDA	-7	-25	
-12	-14		EBIT	-25	-31	
			Capital employed*	556	507*	

* year-end 2012

- The strong growth in sales versus Q2 2012 was driven by DSM Biomedical, mainly due to the contribution of Kensey Nash (€17 million). All other activities at the Innovation Center were at the same level as in Q2 2012. The POET-DSM Advanced Biofuels joint venture continues to progress with the construction of its cellulosic bio-ethanol refinery, which is on track for timely completion.

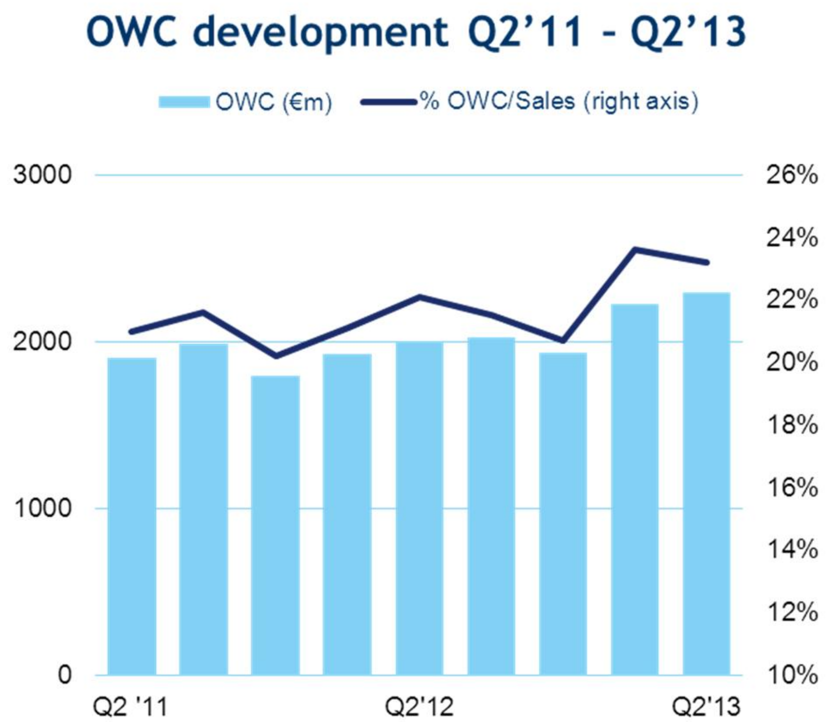
- EBITDA increased by €7 million compared to Q2 2012. This is fully attributable to the €7 million contribution of Kensey Nash in the quarter.

Cash flow

Cash Flow (€ million)	H1'13	H1'12
Cash from operating activities	153	294
Cash from investing activities*	-690	-513
Free cash flow from operations	-537	-219

* Excl. changes in fixed-term deposits

Balance sheet (€ million)	June 30 2013	YE 2012
Net debt	2,226	1,668
Gearing	27%	22%



- Cash provided by operating activities in Q2 2013 was €231 million (Q2 2012: €197 million).
- Operating working capital increased from €1,936 million at the end of 2012 to €2,291 million at the end of Q2 2013 (OWC as a percentage of annualized sales increased from 20.7% to 23.2%). Compared to the end of Q1 2013, the percentage decreased by 0.4%.

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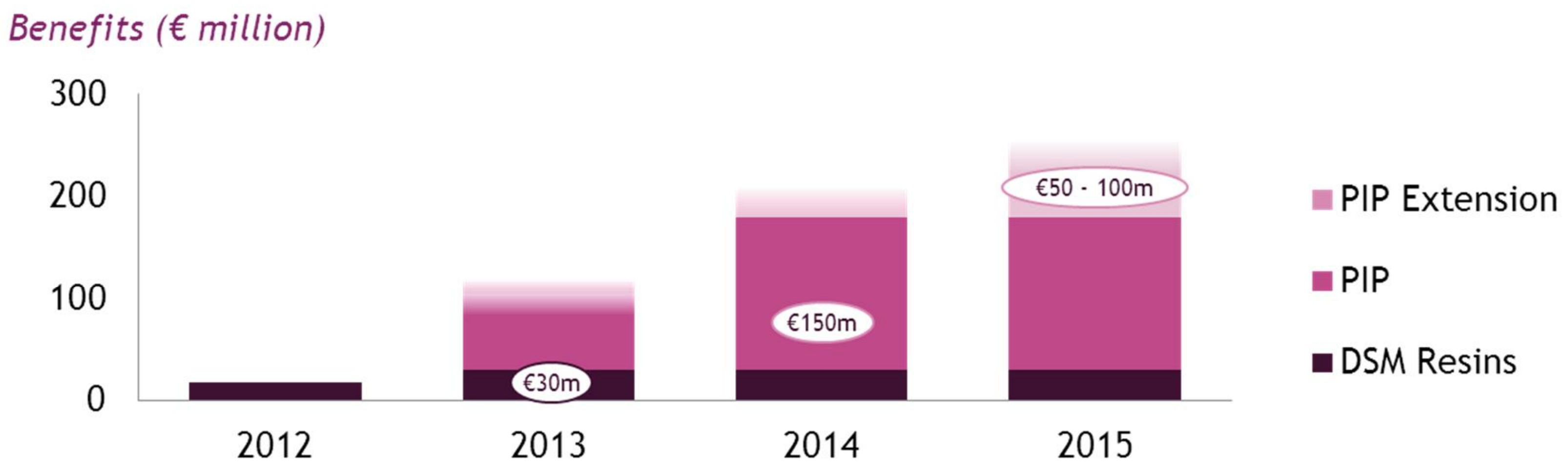
Profit Improvement Program

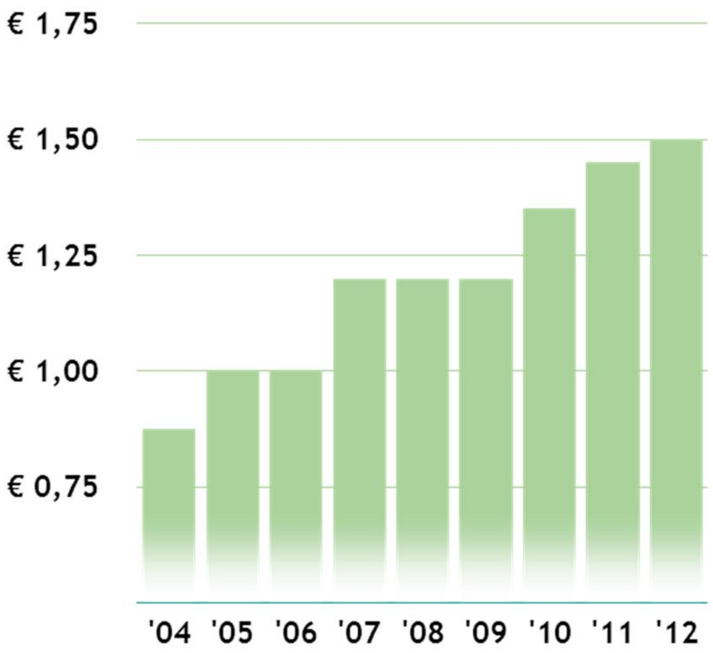


- Expected structural annual benefits:
  - DSM Resins & Functional Materials: €30m by 2013 (announced November 2011)
  - PIP: €150m by 2014 (announced August 2012)
  - PIP Extension: €50-100m by 2015 (announced February 2013)
- PIP one-off costs in 2013 will be ~€ 80 million
- Total EBITDA benefits of these cost saving programs in 2013 is estimated at ~ €120 million

Interim dividend: €0.50 per share

- Interim dividend for the year 2013: €0.50 per ordinary share, which, as usual, represents one third of the total dividend paid for the previous year (2012)
- Payable in cash or ordinary shares
- Dividend policy: “stable and preferably rising” dividend
- In May 2013, the 2012 dividend was increased by €0.05 to €1.50 per ordinary share
- Since the announcement of the CSD in 2010, dividend has been increased by 25% from €1.20 to €1.50

Dividend per ordinary share (€)



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Overview

- Operational performance Q2 2013
- Progress on business drivers
- Business Conditions & Outlook

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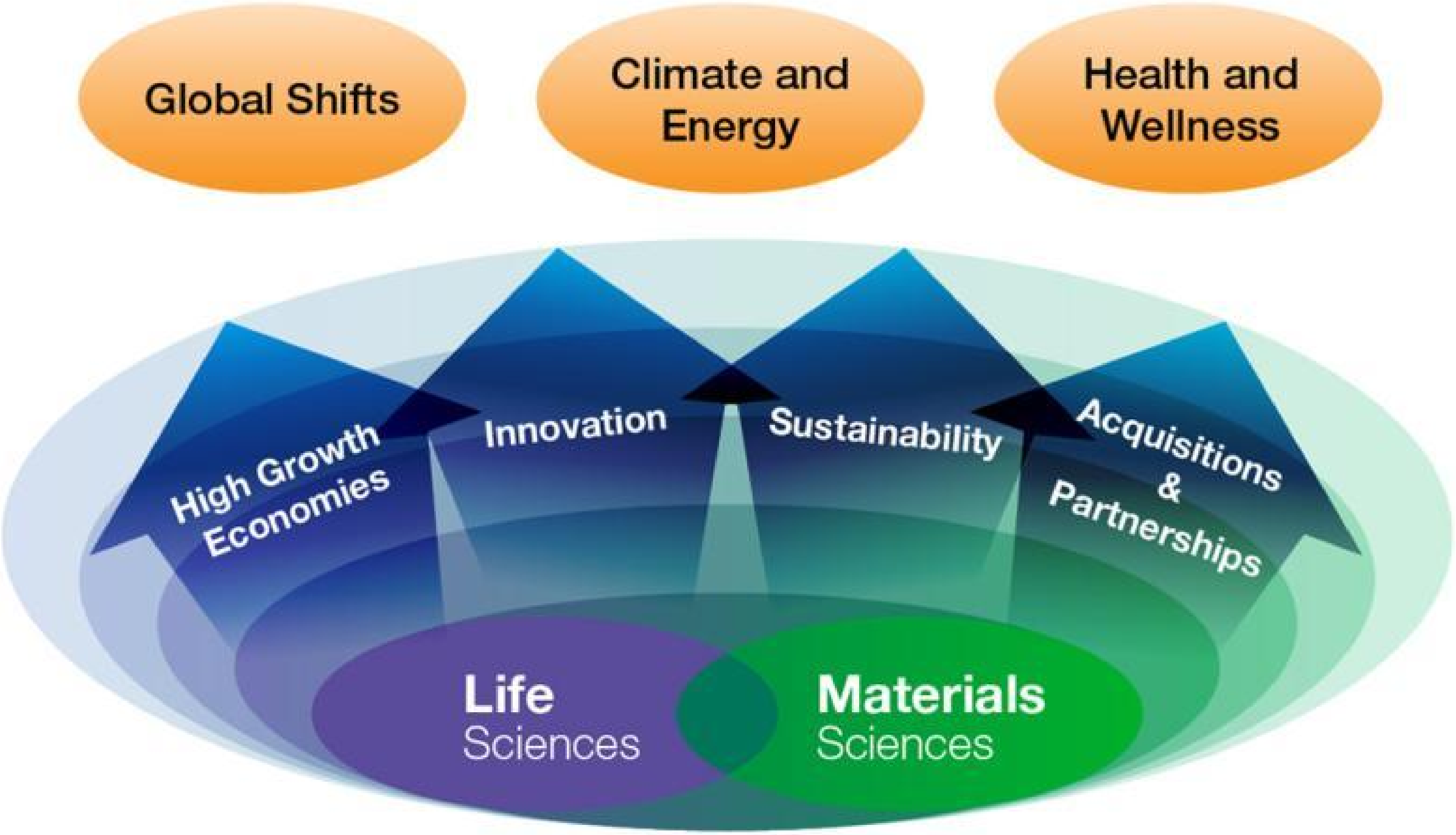
DSM in motion: *driving focused growth*



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Transformed into a truly global company

Presence in High Growth Economies

- Sales to HGE in Q2 2013 was 40% of DSM sales; increase driven by Nutrition (Tortuga/Latin America)
- Sales to China: USD 403m in Q2 2013 as healthy growth in most clusters could not compensate for lower caprolactam prices in China

Supported by Acquisitions & Partnerships

- Acquisition of Unitech Industries Limited, a New Zealand based producer of nutritional products for both human and animal markets
- Acquisition of Bayer's animal health premix business in the Philippines
- DSM signed agreements to acquire a 19% equity interest in Yantai Andre Pectin Co. Ltd., a China based producer of texturing ingredients. In addition a 10% stake has already been acquired from Hony Capital

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Established a unique value chain position in Nutrition

Active ingredients → Forms & delivery systems → Premix → Macro blends → Nutritional consultancy & services

~100 active ingredients

- Vitamins
- Carotenoids
- Yeasts
- Enzymes
- Cultures
- Nutritional lipids / Omega
- Eubiotics
- Personal care ingredients
- Organic trace minerals

Several1,000s of forms

- Stability / Shelf Life
- Heat resistant
- Delivery / Solubility
- Bio-availability
- Powder / Flow Properties

Several 10,000s of recipes

- Custom Formulation
- Dilution
- 3rd party ingredients

DSM, the broad, global and fully integrated nutritional solutions partner

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Adding value with sustainable innovations

- Innovation Sales at DSM was 18% of sales in H1 2013
- Eco+ solutions as % running business portfolio was 41% and Eco+ solutions in innovation pipeline was 93% in H1 2013
- DSM Advanced Surfaces (Emerging Business Area) opened a manufacturing plant in the Netherlands for innovative anti-reflective coatings for solar cells
- The peak of the One World Trade Center Freedom Tower in New York (photo), was lifted into place through Slingmax and ASC Industries with advanced slings made with DSM's Dyneema® fiber

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Committed to society

- DSM honored with 'Human Nutrition Innovation Award' by Chinese Nutrition Society
- DSM announced plans to provide nutrients to 50 million beneficiaries per year as part of DSM's endorsement of the Global Nutrition for Growth Compact, which aims to reach 500 million pregnant or lactating women and children under 2 with effective nutrition interventions by 2020
- DSM and World Vision announced a partnership to nourish millions of the world's most vulnerable children who are affected by stunted growth
- Feike Sijbesma joined Global CEO Council to support Chinese leadership on innovation, urbanization and sustainability

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Overview

- Operational performance Q2 2013
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Business Conditions

Nutrition - Feed

- Market conditions for meat production continue to improve
- Poultry is facing some regional issues (avian flu China, Mexico)
- Conditions in aqua are weak in Asia and Latin America, but improving in Europe

Nutrition - Food

- Good and stable market conditions for Human Nutrition & Health and Food Specialties
- Infant nutrition, dietary supplements and premixes showing strong growth

Pharma

- Ongoing challenging market conditions
- Usual uneven delivery patterns between quarters
- Step up towards end of year expected for DSM Pharmaceutical Products

Performance Materials

- Ongoing weakness in Europe, especially in building & construction
- Continued weakness in PA6 value chain
- Healthy growth in specialty segments

Polymer Intermediates

- Business conditions are not anticipated to improve in H2'13
- Market conditions for acrylonitrile relatively stable

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2013 Outlook unchanged

- Nutrition is expected to show clearly higher results than in 2012 due to organic growth moving towards the target of 2% above GDP and due to the acquisitions made
- Business conditions in Pharma are likely to remain challenging, but DSM is confident that it will be able to deliver substantially better results, notwithstanding the usual uneven delivery patterns between quarters
- Performance Materials is expected to show improved results in 2013, despite the expected negative effects of caprolactam, especially compared to the first half of 2012
- Polymer Intermediates is expected to show lower results than in 2012
- For the Innovation Center the activity level will be in line with 2012, with EBITDA clearly improving following the full year contribution of Kensey Nash. The result of the second half of 2013 is expected to be in line with the second half of 2012
- Overall, based on current economic assumptions, DSM expects a step up in EBITDA during 2013 due to stronger organic growth, supported by DSM's Profit Improvement Program and as the benefits of acquisitions and a more resilient portfolio has an increasing impact. In 2013 the focus is on the operational performance and the integration of the acquisitions DSM completed in 2012, with special attention to capturing synergies. Overall, based on current economic assumptions, the above will enable DSM to move towards its 2013 EBITDA target of €1.4 billion

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Wrap up

- Good Q2 results with strong EBITDA increase in Nutrition:
  - Organic growth in Nutrition was 3%, moving towards the target of 2% above GDP
  - Nutrition now accounts for about 70% of group EBITDA
  - Integration of acquisitions and realization of synergies: on track
- Materials Sciences continues to deliver a solid performance
- Significant Profit Improvement Program is progressing well
- 2013 focus is fully on operational performance; no major acquisitions to be expected in 2013
- DSM continues to explore opportunities to reduce its exposure to the merchant caprolactam market as well as options for a partnership in DSM Pharmaceutical Products
- No change to full year outlook

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