

DSM in motion: *driving focused growth*

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# Safe harbor statement

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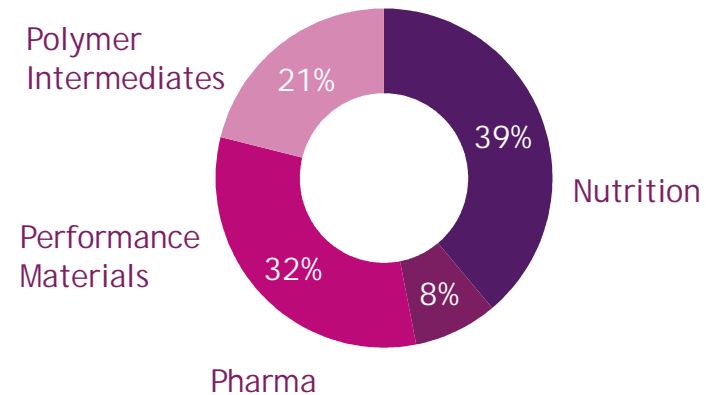
The English language version of this document is leading.

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](http://www.dsm.com)

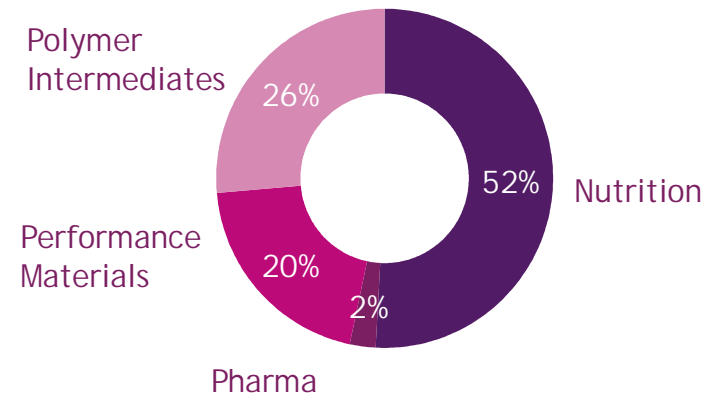
# DSM at a glance 2011, continuing operations

- Net sales € 9,048m
  - EBITDA € 1,296m
  - Net Profit € 594m
  - ROCE 14.0%
- 
- Capital Employed € 6,581m
  - Capex incl acquisitions € 1,508m
  - R&D € 476m
- 
- Workforce 22,224
- 
- Leader in sustainability  
No 1 in 6 out of 8 years DJSI

Sales<sup>(\*)</sup> per cluster



EBITDA<sup>(\*)</sup> per cluster



\* Innovation Center and Corporate Activities related Sales & EBITDA weighted distributed over clusters



# Overview

- Operational performance 2011
- Strategic Progress 2011
- Outlook 2012

# Highlights Q4 / FY 2011

DSM reports another strong year and increases dividend

- Q4 EBITDA from continuing operations up 6% to €293 million
- Full year EBITDA from continuing operations increased 12% to €1,296 million
- Life Sciences delivered further EBITDA growth through Nutrition
- Materials Sciences posted a strong year with record Polymer Intermediates results
- Good strategic progress with Martek acquisition and joint venture with Sinochem
- EPS (before exceptional items, continuing operations) up 22% to €3.53
- Dividend increase by €0.10 to €1.45 per ordinary share proposed for 2011
- Cautiously optimistic outlook; on the way to achieve 2013 targets

# Results Q4 2011 & FY 2011 - Key figures

Q4-2011	Q4-2010	Δ%	(€ million)	FY-2011	FY-2010	Δ%
Continuing operations before exceptional items:						
2,227	2,082	+7%	Net Sales	9,048	8,176	+11%
293	276	+6%**	EBITDA	1,296	1,161	+12%**
166	170	-2%	EBIT	866	752*	+15%
0.71	0.63	+13%	EPS (€)	3.53	2.89	+ 22%
Total DSM before exceptional items:						
2,227	2,202	+1%	Net Sales	9,193	9,050	+2%
293	290	+1%	EBITDA	1,325	1,278	+4%
Total DSM including exceptional items:						
85	149	-43%	Net profit	814	507	+61%
0.53	0.89	-40%	EPS (€)	4.86	3.03	+60%

\* of which €9 million (full year €33 million) IFRS pension adjustment

\*\*10% (full year 15%) if IFRS pension adjustment is excluded

# EBITDA – DSM continuing business

EBITDA (€ million)	2011	2010	2009 (*)	2008 (*)
Nutrition	735	684	655	585
Pharma	36	61	91	150
Performance Materials	293	283	174	266
Polymer Intermediates	380	223	36	43
Innovation Center (*)	-57	-49	(**)	(**)
Corporate Activities (*)	-91	-41	-122	-80
<b>DSM core business</b>	<b>1,296</b>	<b>1,161</b>	<b>834</b>	<b>964</b>

\* 2008 & 2009 not restated for changes in pension accounting and corporate research costs

\*\* 2008 & 2009 Innovation Center was reported in Corporate activities

# On track towards achieving ambitious targets

Profitability targets 2013		2011
EBITDA	€ 1.4 - 1.6bn	€ 1,296m
ROCE	>15%	14%

Sales targets 2015		2011
Organic sales growth	5% - 7% annually	11%
China sales	from US\$ 1.5bn to >US\$ 3bn	US\$ 2bn
High Growth Economies	from ~32% towards 50% of total sales	39%
Innovation	from ~12% to 20% of total sales	18%

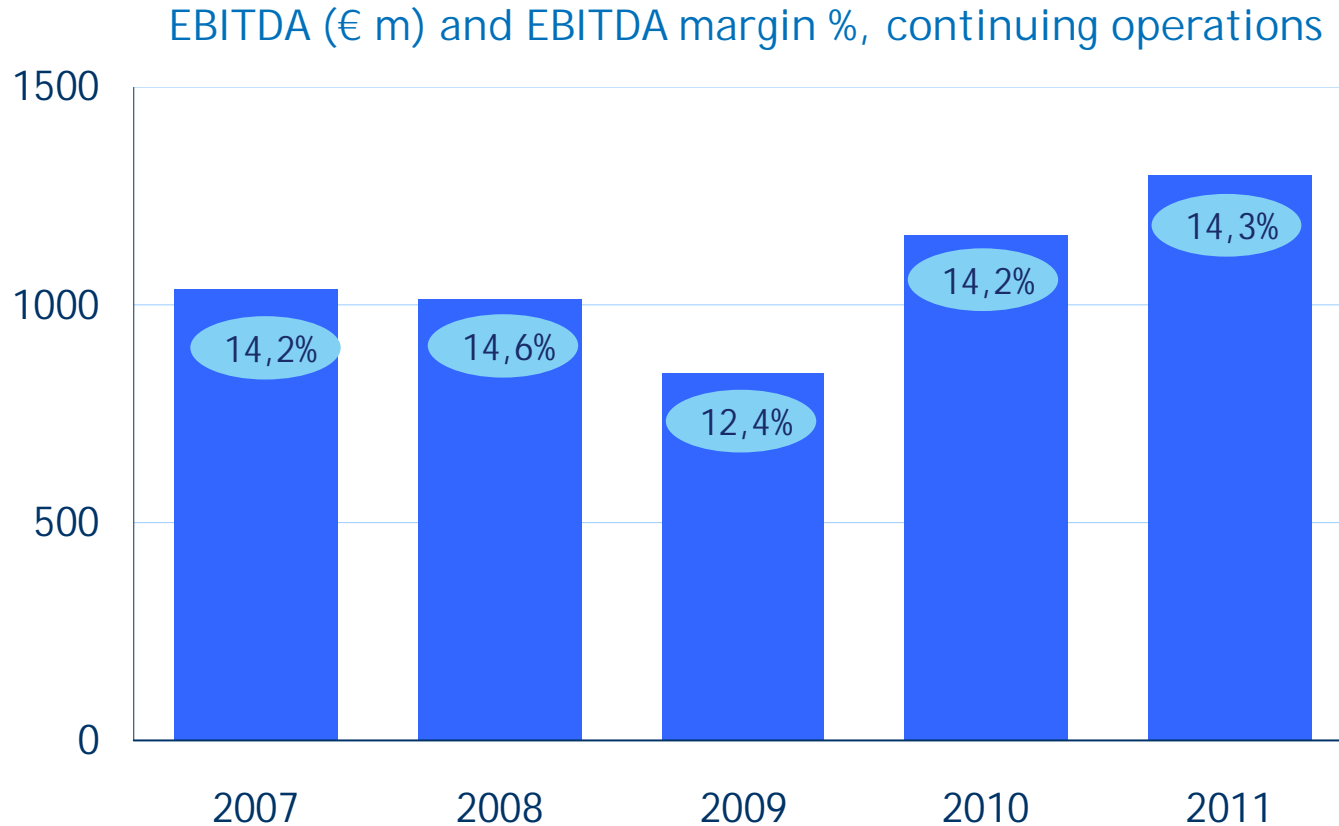
EBA aspiration 2020		2011
EBA sales	>€ 1bn	Good progress



# Strong organic sales growth

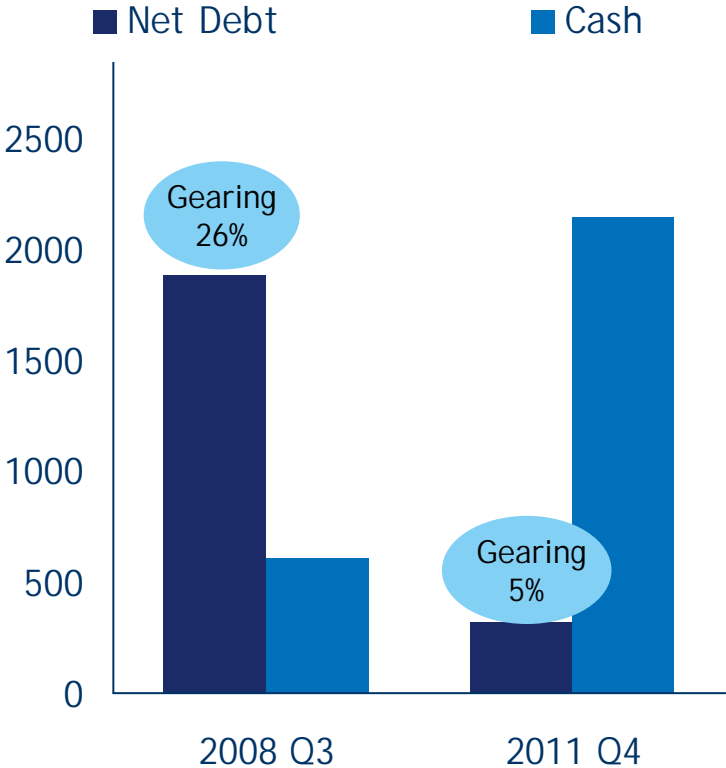


# Relatively resilient, increasing profitability

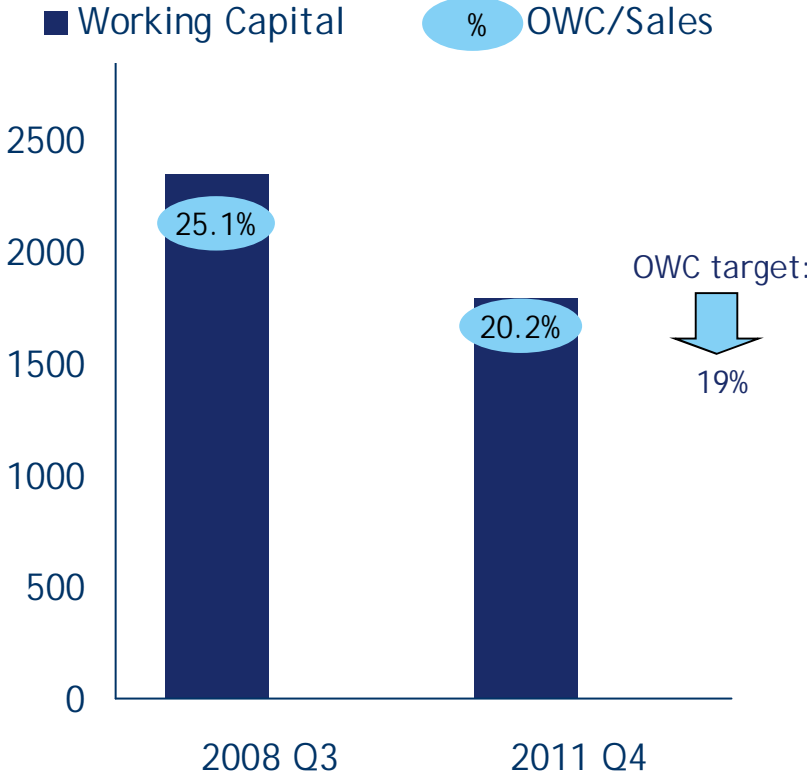


# Solid financial position

Net debt (€ m), Cash & Gearing



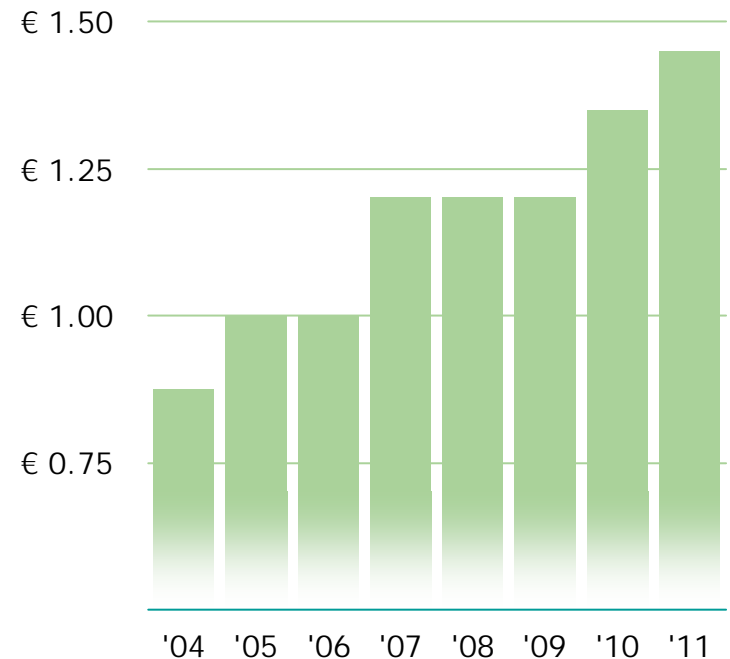
Working Capital (€ m)



# Dividend increased for the 2<sup>nd</sup> consecutive year

- Dividend policy “stable and preferably rising”
- Proposal to AGM (May 2012):  
€0.10 increase to €1.45 (7 % increase)
  - € 0.45 interim dividend
  - € 1.00 final dividend
- Payable in cash or ordinary shares

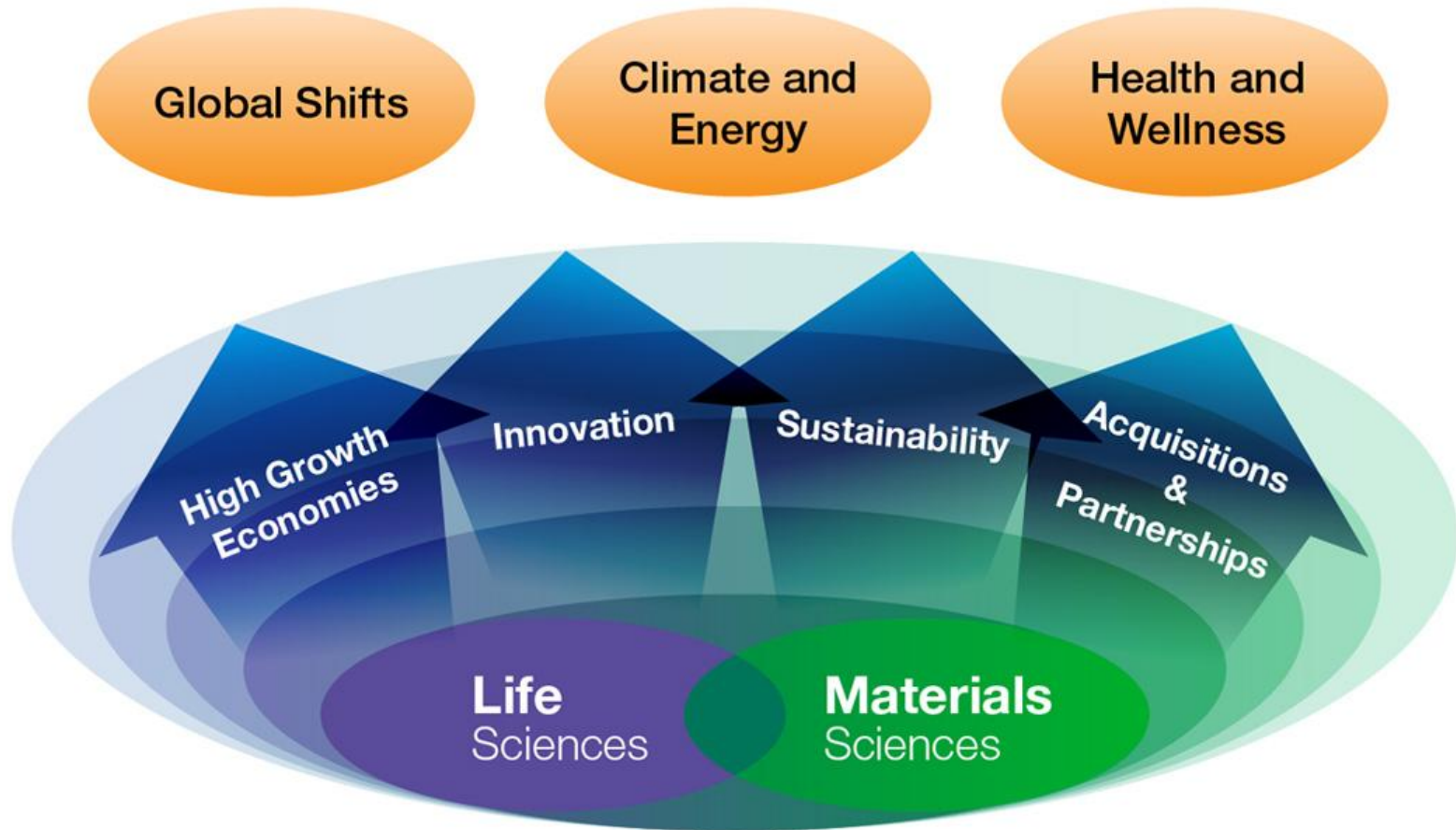
Dividend per ordinary share (€)



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# DSM in motion: *driving focused growth*



# Major steps in acquisitions and partnerships

## Acquisition of Martek Biosciences

- Leading positions in poly-unsaturated fatty acids and Infant Formula market
- Excellent performance
- Integration completed

### Expectations 2015

- Double digit sales growth
- Stable to rising EBITDA margins

## DSM Sinochem Pharmaceuticals JV

- Strengthening position of the  $\beta$ -lactam anti-infectives business, especially in China
- Further growth announced; construction of 6-APA and announcement of SSCs plant

### Expectations by 2015

- JV to increase its sales to > € 600m
- EBITDA margin >15%

## Other

- Completion of non-core divestments
- 10 other partnerships and acquisitions
- 5 venturing investments

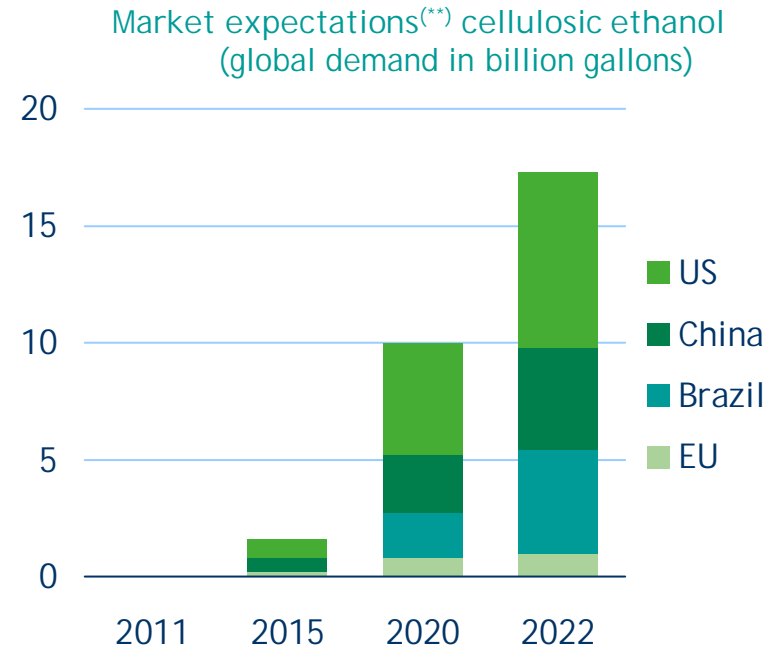
# POET & DSM JV make advanced biofuels a reality

## Scope

- Commercially demonstrate and license *cellulosic* bio-ethanol
- JV intends to license technology:
  - throughout POET's existing network of 27 corn ethanol plants
  - Worldwide to third parties

## Value creation

- First revenues expected in 2013
- JV is expected to be profitable in first full year of production (2014)
- Projected sales (cellulosic bio-ethanol, biogas and later on licensing) from JV to grow to > US\$ 200m with above average EBITDA in medium/longer term



\*: Derived from Hart's Global Energy Study  
Market value for enzymes & yeasts of ~ US\$ 3-5 bn by 2022



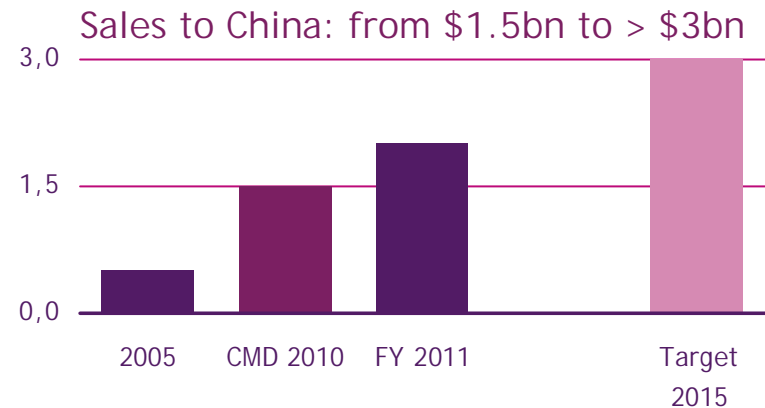
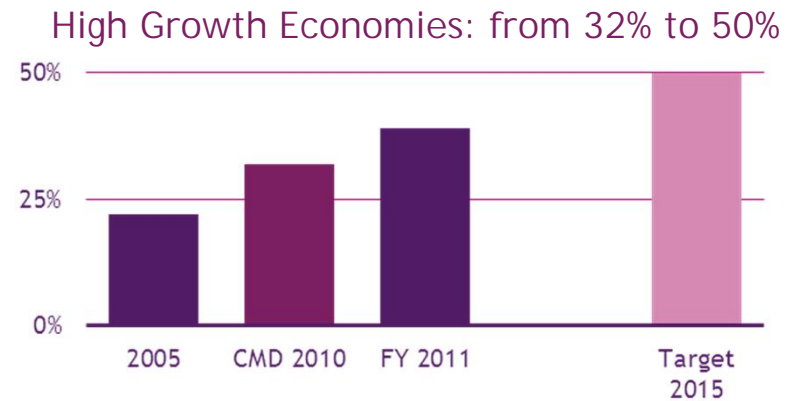
# 2011 step up in High Growth Economies

## Step up in High Growth Economies

- Sales to High Growth economies increased to 40% of DSM's sales
- Sales to China increased to US\$ 2bn in 2011

## Organizational change

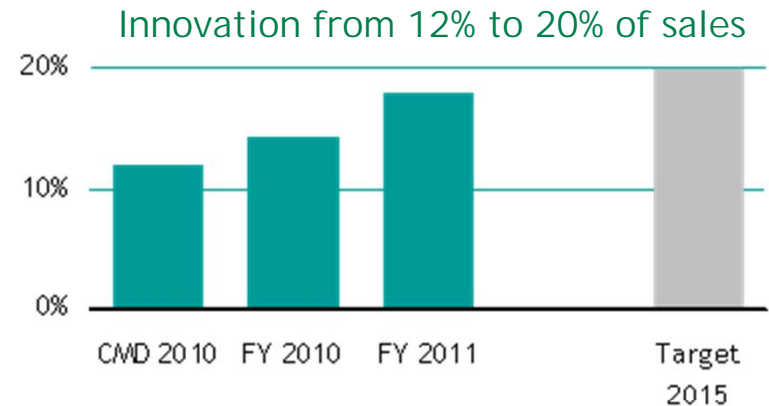
- Business Group HQ's moved to Asia (DSM Engineering Plastics to Singapore, DSM Fiber Intermediates to Shanghai)
- DSM Sinochem Pharmaceuticals JV established in Hong Kong
- Innovation centers initiated in China & India
- Strengthened regional capabilities (China, India, Russia and LAM)



# Good progress on innovation & sustainability

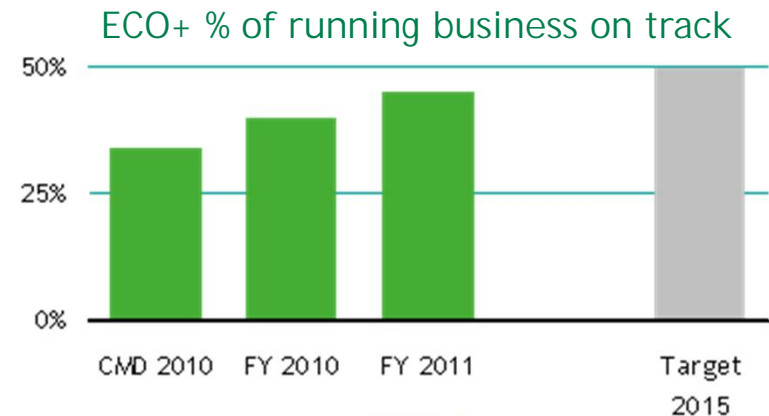
## Innovation

- Innovation sales increased to 18% of sales
- Acquisition of C5 Yeast Company from Royal Cosun increased DSM's leadership in the field of cellulosic bio-ethanol
- DSM & Roquette JV started construction of commercial bio-succinic acid plant



## Sustainability

- Sector leader Dow Jones Sustainability Index
- ECO+ sales 41% of running business
- ECO+ innovation pipeline was 94%, clearly above aspiration level > 80%
- Energy efficiency 13% improvement vs 2008
- Employee engagement 71% (close to high performance norm)
- People+ framework and diversity ambitions defined



# Life Sciences strategic progress 2011

## Nutrition

### Aspiration by 2015

### FY 2011

- Growth GDP + 2% 4%
- EBITDA margin >20 - 23% 22%

- Acquisition of Martek biosciences (poly-unsaturated fatty acids)
- Acquisition of Vitatene (natural carotenoids)
- Expanded to 51 premix facilities (in e.g. IN, RU, CN, CO, EQ)
- Successful process developments; improving cost position
- Assets optimization/restructuring

## Pharma

### Aspiration by 2015

### FY 2011

- EBITDA margin >15% towards 20% 5%

- JV DSM Anti-infectives and Sinochem established.
- Construction of 6-APA plant
- First results of portfolio expansion
- CMO pipeline improving

# Materials Sciences strategic progress 2011

## Performance Materials

Aspiration by 2015      FY 2011

- Growth at 2 x GDP      9%
- EBITDA margin >17%      11%

- JVs with KuibyshevAzot in engineering plastics (RU)
- Acquisition of high performance fiber producer ICD (CN)
- Acquisition of UV resins AGI (Asia)
- Partnership with Kemrock in composite resins (IN)
- New composite resins plant (CN)
- Good progress in sustainable innovations

## Polymer Intermediates

Aspiration by 2015      FY 2011

- EBITDA margin ~14% on average over the cycle      21%

- 2<sup>nd</sup> Line in China under construction with partner Sinopec
- Implementing new sustainable technology
- Competitiveness further strengthened
- Licensing to KuibyshevAzot (RU)

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# Current business trading in DSM end-markets

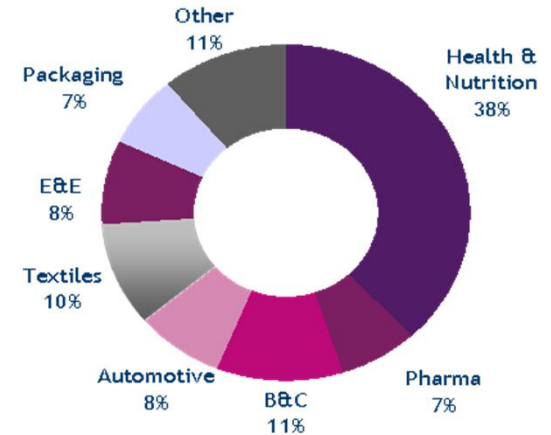
## End-market demand

- Food good
- Feed strong
- CMO Pharma moderate
- Automotive /Transport good
- E&E moderate
- Building & Construction weak
- Packaging good
- Textile good

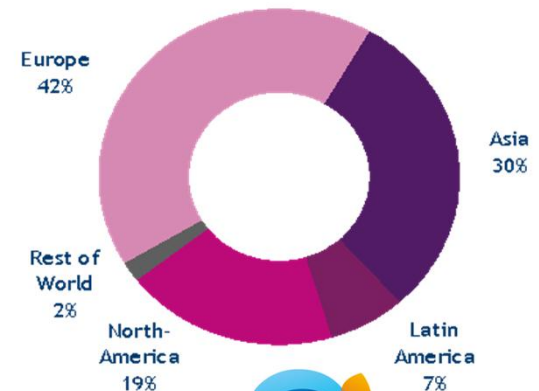
## Geographic demand

- EU weak
- US improving
- Asia, Latam strong

2011 Sales by end market



2011 Sales by Region



# Outlook

- Cautiously optimistic outlook.
- In Nutrition EBITDA is expected to be above 2011.
- EBITDA in Pharma is expected to improve slightly compared to 2011, despite the impact of the 50% deconsolidation of the anti-infectives business.
- Based on current insights EBITDA of the Performance Materials cluster is expected to be somewhat higher than in 2011.
- For Polymer Intermediates another strong year is expected, at a level above the historical average, but the EBITDA will be clearly lower than the exceptional result in 2011.
- DSM expects the second half of 2012 to be stronger than the first half of 2012.
- DSM on its way to achieve 2013 targets.

# Wrap up

- 2011 another strong year for DSM
- Good strategic progress
  - Martek acquisition (poly-unsaturated fatty acids)
  - JV with DSM Sinochem Pharmaceuticals (anti-infectives)
  - JV with POET to make advanced biofuels a reality
- DSM is well placed in current macro-economic environment
  - Relatively resilient portfolio,
  - Strong presence in High Growth Economies
  - Strong balance sheet
- Cautiously optimistic outlook, DSM on its way to achieve 2013 targets



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