



Life Sciences and Materials Sciences

Presentation to Investors

Full year 2014 Results, 11 February 2015

HEALTH • NUTRITION • MATERIALS



Safe harbor statement

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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

Highlights Q4 & full year 2014

- 2014 sales of €9,181 million
- Organic sales growth 5% in Q4 2014 and 3% for 2014
- Q4 2014 EBITDA €288 million and 2014 EBITDA €1,168 million
- Strong cash from operating activities of €418 million in Q4 2014 (€808 million in 2014)
- Non-cash impairment of €186 million of the caprolactam business (after tax and non-controlling interests) included in exceptional items, leading to a net loss in Q4 2014
- Proposed dividend stable at €1.65 per ordinary share
- DSM will take further actions to improve efficiencies and to reduce costs
- DSM aims to deliver 2015 EBITDA slightly ahead of 2014

Sales and EBITDA refer to continuing operations



Quote from Feike Sijbesma

“DSM generated 3% organic growth and delivered a relatively solid EBITDA with good cash flow from operating activities, amongst others due to improved operating working capital management. This was achieved despite the fact that 2014 was not an easy year for DSM with substantial negative exchange rate effects and tough market conditions in Nutrition and caprolactam.

DSM is already taking steps to address the challenging external environment. We will continue to focus on operational performance and this will be complemented by accelerated actions to improve efficiencies and reduce costs, specifically in Nutrition and across all functions in the company. For 2015, DSM aims to deliver an EBITDA slightly ahead of the result of 2014.”



*Feike Sijbesma CEO /
Chairman of the Managing Board*

Results Q4 & full year 2014 - Key figures

Q4 2014	Q4 2013	Δ%	(€ million)	FY 2014	FY 2013	Δ%
Continuing operations before exceptional items:						
2,374	2,175	9%	Net Sales	9,181	8,858	4%
288	297	-3%	EBITDA	1,168	1,261	-7%
0.52	0.57	-9%	EPS (€)	2.42	2.84	-15%
0.65	0.68	-4%	Core EPS (€)*	2.85	3.19	-11%
Total DSM before exceptional items:						
2,374	2,334	2%	Net Sales	9,283	9,429	-2%
288	316	-9%	EBITDA	1,166	1,261	-8%
Total DSM after exceptional items:						
-107	-77		Net profit	145	271	-46%
-0.63	-0.46		EPS (€)	0.78	1.52	-49%

* Core EPS is the EPS from continuing operations before exceptional items and before acquisition related (intangible)asset amortization

Net sales growth Q4 2014 versus Q4 2013

(€ million)	Q4 2014	Q4 2013	Diff.	Volume	Price/ Mix	FX	Other
Nutrition	1,124	1,039	8%	3%	1%	3%	1%
Performance Materials	699	655	7%	4%	-1%	3%	1%
Polymer Intermediates	465	393	18%	25%	-11%	4%	0%
Innovation Center	42	39	8%	3%	-3%	8%	0%
Corporate Activities	44	49					
Continuing Operations	2,374	2,175	9%	7%	-2%	4%	0%

Net sales growth full year 2014 versus 2013

(€ million)	FY 2014	FY 2013	Diff.	Volume	Price/ Mix	FX	Other
Nutrition	4,335	4,205	3%	3%	-1%	-1%	2%
Performance Materials	2,792	2,729	2%	4%	-2%	-1%	1%
Polymer Intermediates	1,727	1,579	9%	16%	-7%	0%	0%
Innovation Center	154	150	3%	4%	-1%	0%	0%
Corporate Activities	173	195					
Continuing Operations	9,181	8,858	4%	5%	-2%	0%	1%

EBITDA - development Q4

EBITDA (€ million)	Q4 2014	Q4 2013	Δ%
Nutrition	200	208	-4%
Performance Materials	87	77	13%
Polymer Intermediates	23	30	-23%
Innovation Center	-3	-3	
Corporate Activities	-19	-15	
Continuing Operations	288	297	-3%

EBITDA - development full year 2014

EBITDA (€ million)	FY 2014	FY 2013	Δ%
Nutrition	850	914	-7%
Performance Materials	343	319	8%
Polymer Intermediates	83	113	-27%
Innovation Center	-18	-9	
Corporate Activities	-90	-76	
Continuing Operations	1,168	1,261	-7%

Nutrition

Q4 2014	Q4 2013	Δ%	(€ million)	FY 2014	FY 2013	Δ%
1,124	1,039	8%	Net sales	4,335	4,205	3%
		3%	Volume			3%
		1%	Price/Mix			-1%
		3%	FX			-1%
		1%	Other			2%
200	208	-4%	EBITDA	850	914	-7%
17.8%	20.0%		EBITDA margin	19.6%	21.7%	
125	142	-12%	EBIT	596	680	-12%
			Capital employed	5,034	4,496	

- Organic sales growth in Q4 was 4% compared to Q4 2013 driven by 3% volume growth and 1% price/mix effect. Organic sales growth in Animal Nutrition & Health (ANH) was 10% and Human Nutrition & Health (HNN) was down by 3%
- EBITDA for Q4 was €200 million, down 4% compared to Q4 2013. Actions to reduce inventories positively impacted cash flow but negatively impacted EBITDA. Mix effects of higher sales in ANH and lower sales in HNN negatively impacted the EBITDA-margin, as the latter has, on average, somewhat higher EBITDA margins. The manufacturing performance of DSM Food Specialties also had a negative impact on EBITDA. The strengthening of the US dollar started to contribute positively during the quarter partly offset by movements in other currencies

Nutrition -continued

- In Q4 DSM has made solid progress with the initiatives that address the challenging external environment. In **Animal Nutrition and Health** DSM decisively held its vitamin E market share in a growing market and it is reducing its costs, differentiating its offerings and supporting market expansion. In **Human Nutrition and Health** DSM is working on market expansion by promoting multivitamin and omega-3-based dietary supplements and implementing strategies to further penetrate the value chain in these markets. In addition, Nutrition is accelerating measures to improve operational efficiencies
- **DSM Food Specialties** continued its strong performance in enzymes. Manufacturing performance in Savoury Ingredients and cultures negatively impacted the EBITDA



Animal Nutrition & Health

Q4 2014	Q4 2013	Δ%	(€ million)	FY 2014	FY 2013	Δ%
572	512	12%	Net sales	2,084	1,937	8%
		10%	<i>Organic growth</i>			7%

- **Animal Nutrition & Health** net sales were €572 million in Q4 2014, up €60 million compared to Q4 2013. Sales volumes showed 7% growth with strong performance in almost all active ingredients and premix businesses. Tortuga continued to develop well and had a strong quarter
- Prices were up 3% due to higher prices for several vitamins and other active ingredients, partly offset by lower vitamin E prices

Human Nutrition & Health

Q4 2014	Q4 2013	Δ%	(€ million)	FY 2014	FY 2013	Δ%
394	386	2%	Net sales	1,626	1,688	-4%
		-3%	<i>Organic growth</i>			-3%

- **Human Nutrition & Health** net sales were €394 million in Q4 2014, slightly above Q4 2013 (€386 million) driven by a 5% positive currency development, mainly due to the stronger US dollar. Organic sales development was -3% compared to Q4 2013 owing to 1% lower volumes and 2% lower price/mix
- Sales continued to be impacted by ongoing weakness in both multivitamin and fish oil-based Omega-3 markets for dietary supplements in the US. The momentum for these dietary supplements outside the US continued to be positive. DSM's consumer business i-Health again showed strong growth
- Sales in infant nutrition normalized during Q4 2014 after the destocking in previous quarters, albeit at lower growth rates compared to historic averages. DSM is uniquely positioned in this attractive end-market with its strong IP portfolio and the long term supply agreements with major infant nutrition customers
- Western food & beverage markets remained sluggish; low consumer spending continued to weigh on the growth in various end-markets. Food and beverage sales in Asia continued to develop well
- Growth in premixes stayed healthy in all segments as customers value the innovation, quality, global footprint, and service responsiveness offered by DSM

Performance Materials

Q4 2014	Q4 2013	Δ%	(€ million)	FY 2014	FY 2013	Δ%
699	655	7%	Net sales	2,792	2,729	2%
		4%	Volume			4%
		-1%	Price/Mix			-2%
		3%	FX			-1%
		1%	Other			1%
87	77	13%	EBITDA	343	319	8%
12.4%	11.8%		EBITDA margin	12.3%	11.7%	
40	39	3%	EBIT	193	180	7%
			Capital employed	1,928	1,902	

- Organic sales growth in Q4 amounted to 3% compared to Q4 2013 driven by 4% volume growth and slightly lower price/mix. Overall sales benefited from positive currency effects of 3%. DSM Engineering Plastics showed good volume growth driven by compounds and high performance plastics. Sales in DSM Dyneema showed strong growth driven by higher volumes. In DSM Resins and Functional Materials higher volumes were offset by lower prices reflecting lower raw materials costs
- EBITDA in Performance Materials for the quarter was up 13% compared to Q4 2013, largely driven by good volume growth, cost control and better efficiencies, resulting in improved margins. All three businesses contributed to this growth, with particular strong performance in DSM Dyneema

Polymer Intermediates

Q4 2014	Q4 2013	Δ%	(€ million)	FY 2014	FY 2013	Δ%
465	393	18%	Net sales	1,727	1,579	9%
		25%	Volume			16%
		-11%	Price/Mix			-7%
		4%	FX			0%
		0%	Other			0%
23	30	-23%	EBITDA	83	113	-27%
4.9%	7.6%		EBITDA margin	4.8%	7.2%	
6	16	-63%	EBIT	24	71	-66%
			Capital employed	468	570	

- Organic sales growth in Q4 2014 was 14% compared to Q4 2013 with higher sales volumes and lower prices. Sales benefited from positive currency effects of 4%
- EBITDA for the quarter declined compared to the same period last year as higher sales were more than off-set by inventory adjustments and somewhat lower license income

Innovation Center

Q4 2014	Q4 2013	Δ%	(€ million)	FY 2014	FY 2013	Δ%
42	39	8%	Net sales	154	150	3%
		3%	<i>Volume</i>			4%
		-3%	<i>Price/Mix</i>			-1%
		8%	<i>FX</i>			0%
		0%	<i>Other</i>			0%
-3	-3		EBITDA	-18	-9	
-9	-11		EBIT	-45	-43	
			Capital employed	523	469	

- Net **sales** in Q4 2014 were 8% above Q4 2013 due to DSM Biomedical benefiting from strong dollar-related sales
- **EBITDA** in Q4 2014 was flat compared to Q4 2013. Full year 2014 EBITDA declined due to intensified innovation programs. DSM Biomedical performed well. DSM Advanced Surfaces made good progress. The main focus of DSM Bio-based Products & Services was on starting-up the POET-DSM plant in Iowa

Corporate Activities

Q4 2014	Q4 2013	(€ million)	FY 2014	FY 2013
44	49	Net sales	173	195
-19	-15	EBITDA	-90	-76
-37	-29	EBIT	-149	-127

- **EBITDA** in Q4 2014 of -€19 million was below the same period in previous year which was positively impacted by some incidentals. EBITDA for the full year 2014 was below 2013 due to the impact of a fire at an intermediates plant at DSM Nutritional Products in Sisseln (Switzerland) on the result of DSM's captive insurance company (in Q2 2014)

Pharma Activities and other Associates

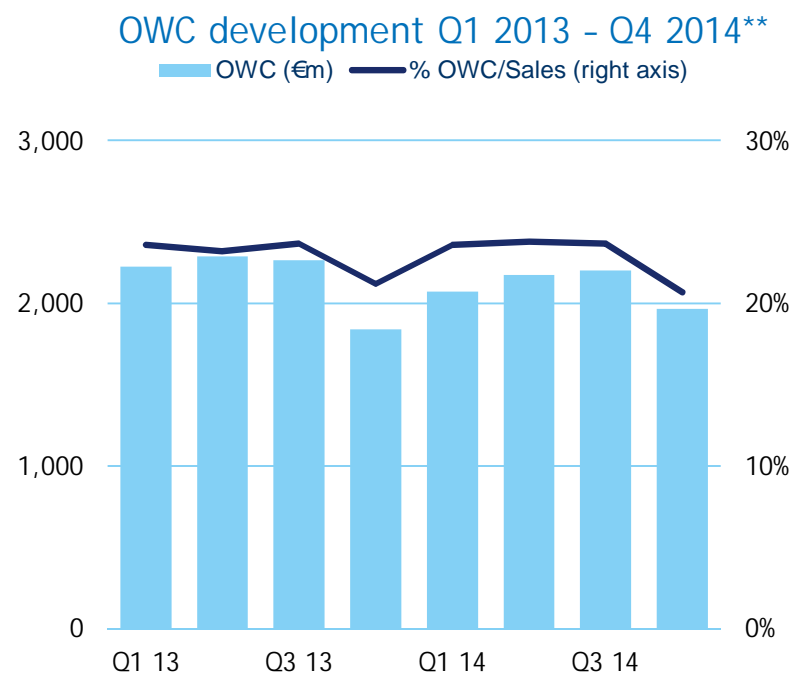
- Q4 2014 sales of joint control entities amounted to €103 million on a 100% basis (Q4 2013: €99 million) of which €94 million from DSM Sinochem Pharmaceuticals (Q4 2013: €90 million)
- Total 2014 sales of joint control entities amounted to €432 million on a 100% basis (2013: €406 million) of which €399 million from DSM Sinochem Pharmaceuticals (2013: €368 million). DSM Sinochem Pharmaceuticals' performance was supported by solid growth and operational improvements at its Yushu (China) intermediates plant
- DPx Holdings (49% DSM) realized total sales (100%) of €383 million from August up to and including October 2014 (end of DPx fiscal year) with good margins. EBITDA margin in this quarter, before exceptional items, amounted to 21.5%
- Sales (100%) for the period from the closing on 11 March 2014 until 31 October 2014 amounted to €984 million. The integration of the businesses contributed to DPx by JLL Partners and DSM has been completed successfully. DPx closed the acquisition of Gallus Biopharmaceuticals, a leading contract manufacturing company specializing in biologics, on 28 October 2014. DSM is well on track to create significant value through DPx

Cash flow

Cash Flow (€ million)	FY 2014	FY 2013
Cash from operating activities	808	998
Cash from investing activities*	-529	-1,081
Free cash flow from operations	279	-83

Balance sheet (€ million)	YE 2014	YE 2013
Net debt	2,420	1,841

* Excl. changes in fixed-term deposits, incl. acquisitions

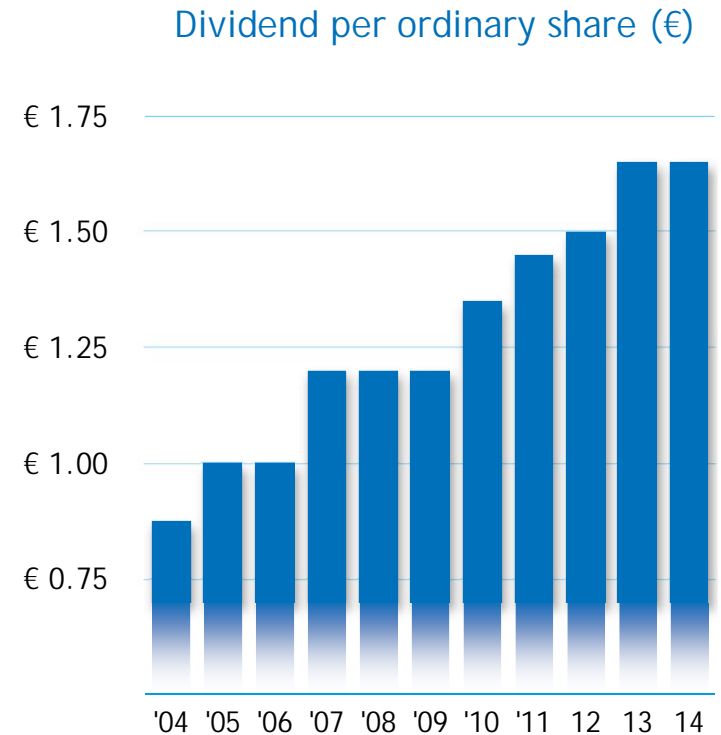


** As reported

- Cash provided by operating activities in the fourth quarter amounted to €418 million (Q4 2013: €476 million) supported by a strong decrease of operating working capital. For the full year cash provided by operating activities amounted to €808 million compared to €998 million in 2013
- Operating working capital increased over the year from €1,843 million at year-end 2013 to €1,968 million at the end of 2014 due to currency effects, however, expressed as a percentage of annualized Q4 sales this represents a lower percentage of 20.7% (year-end 2013 21.2%)

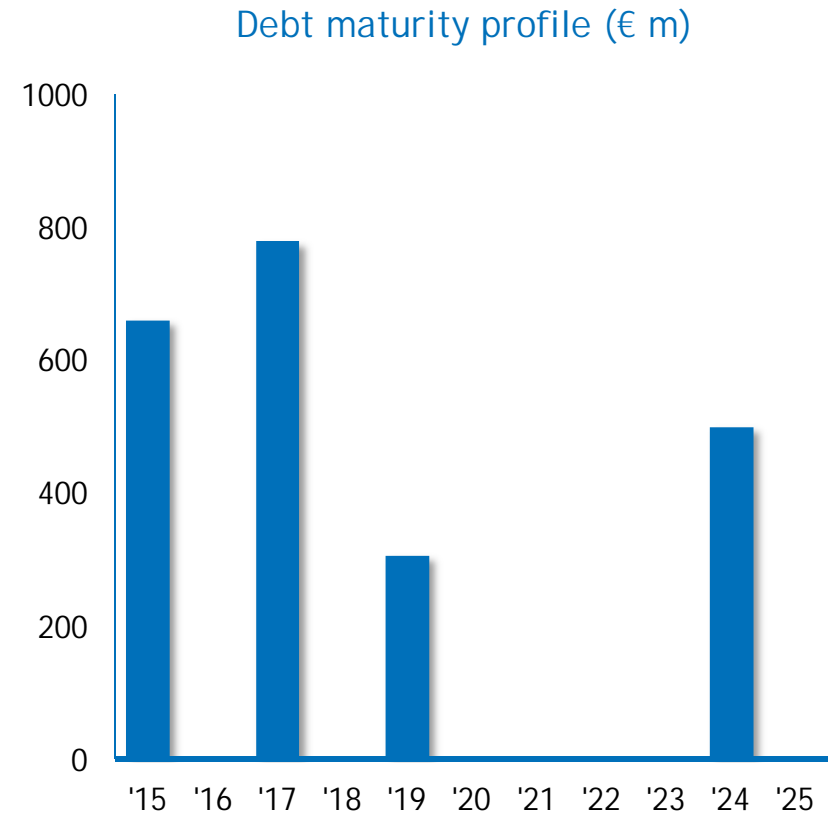
Dividend proposal to AGM: stable at € 1.65

- Dividend policy “stable and preferably rising”
- Proposal to AGM on 30 April 2015: Maintain the dividend of €1.65 per ordinary share
 - € 0.55 interim dividend (paid in August 2014)
 - € 1.10 final dividend (payable in June 2015)
- Payable in cash or ordinary shares at the option of the shareholder
- Dividend in cash will be paid after deduction of 15% Dutch dividend withholding tax
- The ex-dividend date: 5 May 2015



Solid and flexible financial base

- Total long term debt ~€2.3bn
- Single A credit rating by Moody's (A3) and S&P (A)
- Committed credit facilities of €1,000m, fully undrawn
- €500m bond and USD 150m private loan maturing in H2 2015
- Continued risk mitigation, including hedging of currency exposures



Overview

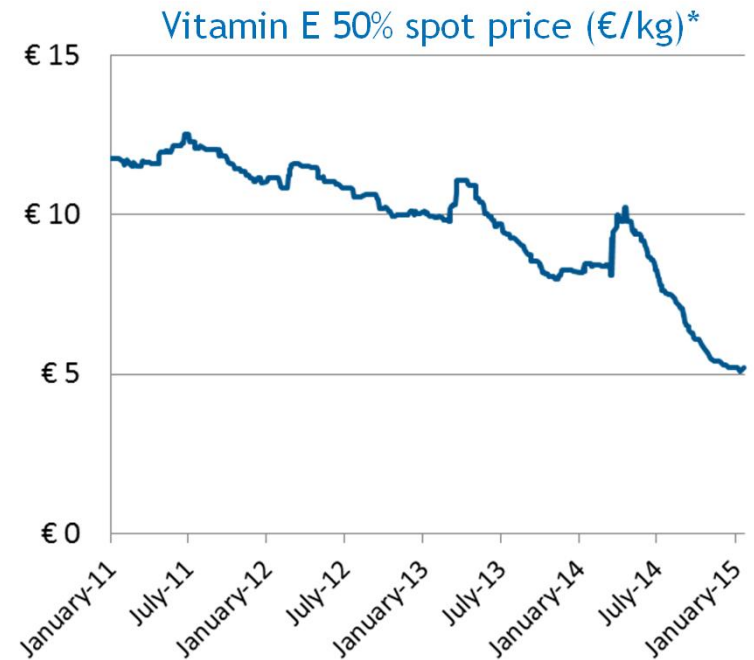
- Q4 & Full Year 2014 Operational performance
- Business conditions and outlook

Significant impact from lower Vitamin E prices

- Good demand in animal feed, with limited local disturbances (diseases, weather)
- Price pressure in Vitamin E increased due to intensified competition
- Spot-prices declined significantly in Q3 and Q4 2014 to ~€ 5.20 end of January 2015
- Should the January 2015 spot prices for vitamin E persist, the impact on DSM's 2015 EBITDA is estimated to be around €80 million negative compared to 2014
- DSM is a low cost supplier, despite significant impact from the appreciation of the CHF
- Attractiveness of Vitamin E market for smaller Chinese players has clearly eroded

DSM's response

- Actively protecting market share leveraging our low cost base
- Further reduce costs
- Expand market: leverage strong science to move customers to increased inclusion levels
- Product form differentiation

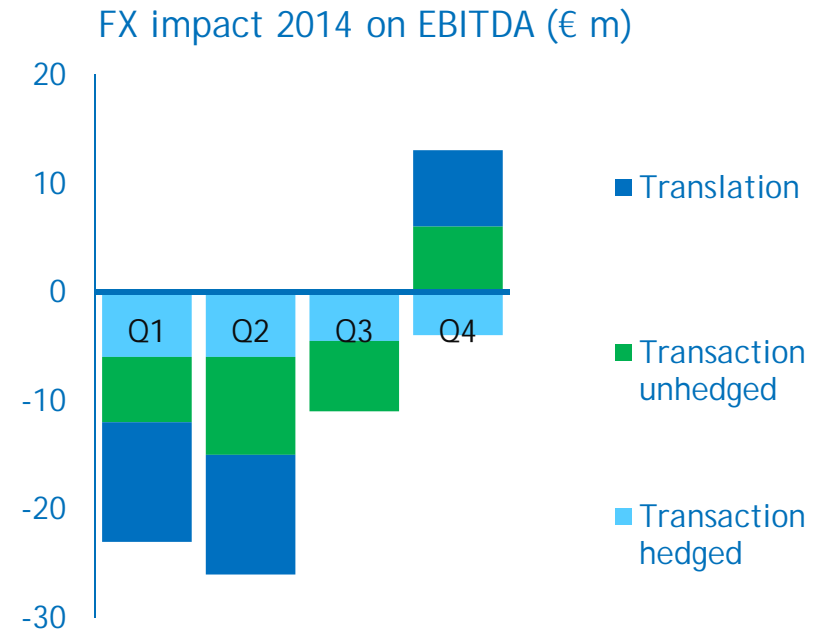


* Source: www.feedinfo.com

5 February' 15: €5.20/kg

Negative currency effects in 2014

- EBITDA in 2014 was negatively impacted by about €50 million compared to 2013, due to:
 1. Hedges for 2014, taken out in 2013, were less favorable than the hedges taken in 2012 for 2013
 2. Negative transaction impact in 2014 vs 2013 for the non-hedged transaction exposure
 3. Negative translation impact which increased due to the acquisitions in recent years mainly outside Europe
- Stronger than expected appreciation of the US Dollar versus the Euro in Q4, partly offset by movements in other currencies, had a €10m more positive effect than anticipated at Q3 results in November 2014



Currency exposure & hedging in 2015

- Main FX currency exposures are:
 - ✓ US Dollar: USD 1.35bn
 - ✓ Swiss Franc: -CHF 0.8bn
- Rules of thumb on most important sensitivities are, before hedging and *at current FX* for €/USD and CHF/€:
 - ✓ 1 ct USD ~€9-10m on EBITDA
 - ✓ 1 rappen CHF ~€7-8m on EBITDA
- Other sensitivities include Japanese Yen, Great-Britain Pound and High Growth Economy currencies including the Brazilian Real
- There are also important secondary effects due to currency moves in e.g. sales and purchasing

FX-Hedges in place for 2015:

- USD 209m at EUR/USD 1.31
- USD 475m at USD/CHF 0.93
- JPY 1.1bn at EUR/JPY 138
- JPY 4.0bn at CHF/JPY 114
- GBP 50m at GBP/CHF 1.50

At current FX, total impact, after hedging, is roughly balanced at DSM Group

Business Conditions

Animal Nutrition

- Continued good demand for animal feed markets with limited local disturbances from animal diseases
- Strong growth in premixes
- Low vitamin E prices

Human Nutrition

- Ongoing pressure on consumer spending on food and beverages
- Continued favorable market conditions in premixes
- Ongoing weakness in vitamins- and fish-oil based omega-3 dietary supplements in US
- Asian Infant Nutrition offtake has normalized albeit at lower than historic growth rates
- Food Specialties markets remain strong

Performance Materials

- Ongoing uncertain macro-economic outlook in Europe impacting various end-markets
- Continued volatility in Polyamide-6 value chain
- Continued good market conditions for specialty high performance materials

Polymer Intermediates

- Continued volatility in benzene and caprolactam prices in combination with overcapacities in caprolactam
- Some revaluations of stocks
- Stable license income
- Continued good market conditions for acrylonitrile

2015 Outlook

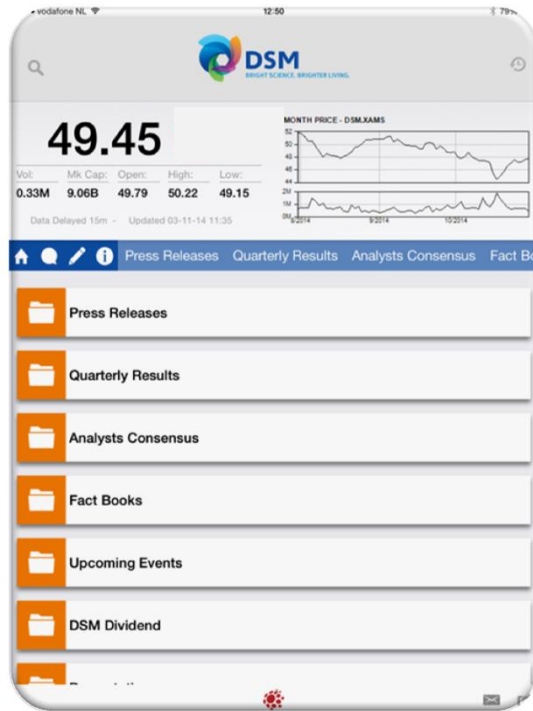
- Macro-economic uncertainty and low consumer confidence continue to impact market dynamics. DSM assumes low growth in Europe, continued economic resilience and growth in the US and a slowdown of growth in some of the high growth economies
- The volatility in currencies with the weakening of the Euro against the US Dollar and the strengthening of the Swiss franc against the Euro could have an impact on DSM's 2015 results. Based on current rates and the 2015 hedge effects, the overall impact of currencies on EBITDA in 2015 would be roughly neutral
- Spot prices in vitamin E have declined significantly in the second half of 2014. Assuming the January 2015 prices persist, the negative impact on DSM's 2015 EBITDA will be around €80 million
- DSM is addressing the current challenging external environment by continuing its focus on operational performance and commitment to enhancing profitability. The running programs will be complemented by accelerated actions to improve efficiencies and reduce costs, specifically in Nutrition and across all functions in the company. In addition, in 2015 further focus will be given to improve operating working capital management
- *Taking the above into account, DSM aims to deliver an EBITDA in 2015 that is slightly ahead of the result of 2014*

DSM's IR App @your service

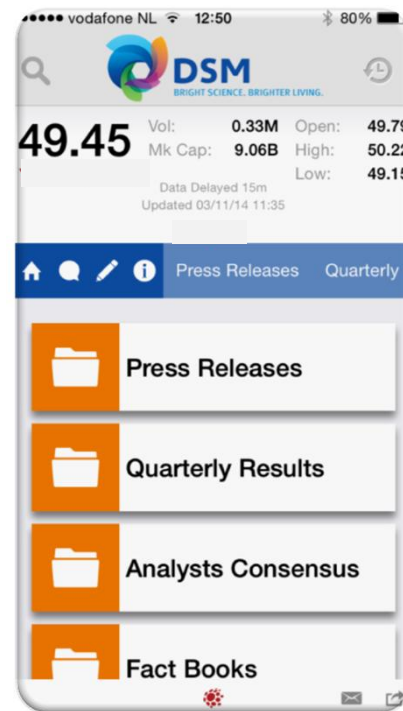
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