

Press Release

Heerlen (NL), 16 February 2021

DSM reports 2020 results

Full year highlights¹

Continuing operations results²:

- DSM reports solid full year results in a challenging COVID-19 environment, led by good results in Nutrition and with a strong recovery in Materials in Q4
- Group sales +1% and Adjusted EBITDA -1%
 - Nutrition: sales +6%, organic sales +6%, Adjusted EBITDA +7%
 - Materials: sales -13%, volumes -6%, Adjusted EBITDA -27%
- Adjusted net profit down 5% to €711m

Total Group:

- Net profit of €508m
- Adjusted Net Operating Free Cash Flow of €955m, up 19%
- Proposed dividend stable at €2.40 per ordinary share
- Full year outlook 2021: Adjusted EBITDA growth into double digits

Key figures and indicators – continuing operations²

in € million	Full year 2020	Full year 2019	% Change	Volume	Price/mix	FX	Other
Sales	8,106	7,998	1%	3%	-1%	-3%	2%
Nutrition	6,365	6,028	6%	5%	1%	-3%	3%
Materials	1,518	1,744	-13%	-6%	-6%	-1%	0%
Adjusted EBITDA	1,534	1,551	-1%				
Nutrition	1,338	1,250	7%				
Materials	272	372	-27%				
Innovation	21	26					
Corporate	-97	-97					
EBITDA	1,368	1,457					
Adjusted EBITDA margin	18.9%	19.4%					

Co-CEOs statement

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs, commented: *“When faced with the unprecedented challenges from the pandemic, we remained determined to keep delivering for our customers, something that would not have been possible without the passion, resourcefulness and commitment of our exceptional colleagues. This enabled us to record a good financial performance in our Nutrition business, while Materials was significantly impacted by COVID-19. In Q4, business conditions in Human Nutrition remained strong, primarily in dietary supplements, reinforcing the importance of ‘health through nutrition’, while Animal Nutrition growth resumed after the mid-year destocking. Materials saw a very strong demand recovery driven by the automotive sector.*

We continued to make good progress on the execution of our long-term strategic plan, including three specialty nutrition acquisitions that enhance our offering to customers, the divestment of Resins & Functional Materials, and delivering against our purpose-led sustainability ambitions in people and planet. With our innovation-focused growth platforms, we are firmly on track to deliver strong sales and earnings growth in coming years.

Whilst global uncertainty remains, looking ahead, we have a positive outlook for DSM in 2021.”

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 2021

DSM expects to deliver an Adjusted EBITDA increase in Nutrition at the upper end of its mid-term strategic ambition of high single digit growth. Together with continued recovery in Materials, DSM expects an Adjusted EBITDA growth rate for the Group moving into double digits, with a continued good Adjusted Net Operating Free Cash Flow.

COVID-19 impact

COVID-19 led to unprecedented global challenges. DSM took very early actions to ensure the health and safety of its employees and partners while keeping operations running to serve customers with its essential products. Overall COVID-19 had a slightly negative effect on Group sales as Materials saw a negative impact of around 10% on volumes in the year due to reduced global demand in Q2 and Q3. Nutrition saw an overall slightly positive sales impact from COVID-19 mainly due to very strong demand in Human Nutrition for immunity-boosting products. DSM will continue to respond swiftly to COVID-19 health and safety developments and support the societies in which it operates.

Strategy

At its Virtual Investor Event in November 2020, DSM reiterated its purpose-led, performance-driven growth strategy. Sustainability and innovation are key growth drivers of DSM's long-term focused strategic plan, which are underpinned by ambitious targets across People, Planet and Profit. In markets related to Nutrition, Health and Sustainable Living, DSM is well-positioned to use its capabilities to create a positive impact and deliver value for all stakeholders.

In Nutrition, DSM sees significant headroom for business growth and innovation. The success of Nutrition's unique business model combining 'global products' and 'local solutions' is evident in its track record of 6% organic sales growth and a 10% Adjusted EBITDA growth CAGR 2015-2020. Recent acquisitions such as CSK, Glycom and the Erber Group further strengthened DSM's value proposition to customers. Going forwards, Nutrition will maintain strong growth by building on its 'global products' and 'local solutions' model. In addition DSM will add a third leg through driving precision and personalization, by building on big data, digital and bioscience capabilities.

In Materials, DSM has strong growth and earnings potential, and is well positioned in the strategic area of Sustainable Living. Following the announcement of the sale of the Resins & Functional Materials businesses to Covestro AG, Materials' activities now consist of DSM Engineering Materials and DSM Protective Materials. The company will continue to develop these into a more resilient, higher-growth, and high-margin specialty business. Its offering addresses the increasing demand for materials that protect the health of both people and planet by adding further bio-based and circular solutions.

Overall, DSM aims to deliver mid-single digit % organic sales growth, an above 20% Adjusted EBITDA margin, and high-single digit % Adjusted EBITDA growth on a mid-term basis in both Nutrition and Materials, supported by its strong innovation pipeline.

Q1 & Q3 reporting change

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

Q4 Highlights

Continuing operations results:

- DSM reports a good Q4 despite significant negative foreign exchange effects
- Group sales +8% and Adjusted EBITDA +5%:
 - Nutrition: sales +10%, organic sales +9%, Adjusted EBITDA +10%
 - Materials: sales +2%, volumes +14%, Adjusted EBITDA -10%
- Adjusted net profit up 2% to €167m

Total Group:

- Net profit of €55m
- Adjusted net operating free cash flow of €316m, +26% compared to Q4 2019.

Key figures and indicators – continuing operations

in € million	Q4 2020	Q4 2019	% Change	Volume	Price/mix	FX	Other
Sales	2,080	1,934	8%	9%	-1%	-6%	6%
Nutrition	1,594	1,455	10%	7%	2%	-7%	8%
Materials	426	417	2%	14%	-9%	-3%	0%
Adjusted EBITDA	390	373	5%				
Nutrition	324	294	10%				
Materials	85	94	-10%				
Innovation	5	7					
Corporate	-24	-22					
EBITDA	348	324					
Adjusted EBITDA margin	18.8%	19.3%					

Nutrition delivered a strong sales performance in Q4, despite a significant negative foreign exchange effect of -7% which almost entirely offset the contribution of recent acquisitions. Business conditions overall were good, in line with expectations as communicated with the Q3 results.

Materials saw a strong sales recovery in Q4 driven by strong demand for Engineering Materials in the automotive markets. Protective Materials saw a partial recovery in its personal protection activities.

Key figures and indicators

in € million	Full year						
	2020	2019	% Change	Volume	Price / mix	FX	Other
Sales - continuing operations	8,106	7,998	1%	3%	-1%	-3%	2%
Nutrition	6,365	6,028	6%	5%	1%	-3%	3%
Materials	1,518	1,744	-13%	-6%	-6%	-1%	0%
Innovation Center	184	184					
Corporate Activities	39	42					

in € million	Full year						
	Q4 2020	Q4 2019	% Change	Volume	Price / mix	FX	Other
Sales - continuing operations	2,080	1,934	8%	9%	-1%	-6%	6%
Nutrition	1,594	1,455	10%	7%	2%	-7%	8%
Materials	426	417	2%	14%	-9%	-3%	0%
Innovation Center	51	51					
Corporate Activities	9	11					

Continuing operations in € million	Full year					
	2020	2019	% Change	Q4 2020	Q4 2019	% Change
Sales	8,106	7,998	1%	2,080	1,934	8%
Adjusted EBITDA	1,534	1,551	-1%	390	373	5%
Nutrition	1,338	1,250	7%	324	294	10%
Materials	272	372	-27%	85	94	-10%
Innovation Center	21	26		5	7	
Corporate Activities	-97	-97		-24	-22	
Adjusted EBITDA margin	18.9%	19.4%		18.8%	19.3%	
EBITDA	1,368	1,457		348	324	
Adjusted EBIT	929	989	-6%	219	222	-1%
EBIT	662	872		76	161	
Capital Employed	9,697	8,428				
Average Capital Employed	8,918	8,048				
ROCE (%)	10.4%	12.3%				
Effective tax rate¹	18.5%	19.1%				
Adjusted Net profit - continuing operations²	711	752	-5%	167	163	2%
Net profit - continuing operations²	457	689	-34%	50	116	-57%
Adjusted net EPS	4.12	4.21	-2%	0.98	0.92	7%
Net EPS	2.64	3.85		0.30	0.65	
Operating cash flow	1,360	1,265	8%	454	400	14%
Adj. Net Operating Free Cash Flow	872	736	18%	279	230	21%
Capital expenditures³	533	550		196	176	
Total Group in € million	Full year					
	2020	2019	% Change	Q4 2020	Q4 2019	% Change
Net profit²	508	764	-34%	55	124	-56%
Net EPS	2.91	4.27	-32%	0.32	0.70	-54%
Operating cash flow	1,494	1,385	8%	504	444	14%
Adj. Net Operating Free Cash Flow	955	801	19%	316	251	26%
Net debt	2,577	1,144				
Average number of ordinary shares	171.5	175.7		172.2	174.1	
Workforce (headcount end of period)	23,127	22,174				

¹ Over Adjusted taxable result² Including result attributed to non-controlling interest³ Cash, net of customer funding, investment grants and excluding leases

Review by Cluster

Nutrition

In 2020, DSM Nutrition made good strategic progress:

- Completing a change program ('Fit for Growth') which positioned DSM closer to its customers, while further reducing internal costs and complexities;
- Expanding its portfolio of specialty nutrition activities through three acquisitions - CSK in Food Specialties, Glycom in Early Life Nutrition and Erber in specialty Animal Nutrition & Health – for a combined outlay of around €2 billion;
- Continuing to advance its innovation projects including Clean Cow/Bovaer®, Avansya and Veramaris®, while expanding its innovation pipeline with new programs such as Ampli-D™ and CanolaPRO®;
- Refocusing its innovation approach centered around four growth platforms: Precision, Prevention, Proteins and Pathways;
- Adding to the long-term strategic plan new opportunities in 'Health through Nutrition', including precision feeding in animal nutrition and personalization in human nutrition, which also included the creation of a new venture called Hologram Sciences.

in € million	Full year			Q4 2020	Q4 2019	% Change
	2020	2019	% Change			
Sales	6,365	6,028	6%	1,594	1,455	10%
Adjusted EBITDA	1,338	1,250	7%	324	294	10%
Adjusted EBITDA margin (%)	21.0%	20.7%		20.3%	20.2%	
Adjusted EBIT	919	881	4%	202	194	4%
Capital Employed	8,308	6,731				
Average Capital Employed	7,315	6,347				
ROCE (%)	12.6%	13.9%				
Total Working Capital	1,565	1,644				
Average Total Working Capital as % of Sales	27.0%	27.8%				

Sales development



Full year 2020 sales

Nutrition delivered a good performance in 2020, with 6% organic sales growth mainly volume driven. Together with the +3% contribution of the recent acquisitions (CSK, Glycom and Erber) and the -3% foreign exchange effect, total sales were up 6%.

Nutrition sales saw a slightly positive impact from COVID-19 overall. Human Nutrition saw a strong increase in demand for immunity-optimizing products while Food Specialties saw good demand for packaged food applications. In Animal Nutrition, overall demand growth was good but COVID-19 impacted sales over the quarters due to stocking effects at customers. Personal Care was weak due to lower demand for sun care and cosmetics, while Aroma Ingredients saw good demand for detergents and disinfectants.

Full year Adjusted EBITDA

Nutrition reported 7% growth in Adjusted EBITDA, supported by higher volumes, with the contribution from the acquisitions (+4%) being offset by a negative foreign exchange effect (-4%). The Adjusted EBITDA margin was up at 21.0% versus 20.7% last year owing to strong sales in Human Nutrition.

Q4 2020 sales

Nutrition reported 9% organic growth in Q4, with volumes up 7% and prices up 2%. Human Nutrition saw continued strong demand in Dietary Supplements and Pharma. Animal Nutrition saw the resumption of good demand after the destocking of Q2 and Q3. Food Specialties had a strong finish to the year with strong demand for beverages and dairy. Aroma Ingredients continued to perform well, while Personal Care saw some improvement in sun care and cosmetics when compared to previous quarters.

Overall, sales were up 10% as the +8% contribution of the acquisitions was almost fully offset by a negative foreign exchange effect of -7%.

Q4 2020 Adjusted EBITDA

Adjusted EBITDA was up 10%, with the contribution from acquisitions more than compensating the -6% negative foreign exchange effect especially from the Brazilian real and US dollar.

The Adjusted EBITDA margin was broadly stable at 20.3% versus 20.2% in the same period last year.

Animal Nutrition

Sales development



Full year 2020 organic sales

Animal Nutrition delivered 8% organic growth, equally driven by volume and price. The first quarter saw a strong COVID-19 accelerated purchasing effect that faded through the second and third quarters as customers unwound their inventories. In Q4, volumes were normalized at 5%.

Poultry saw good sales growth overall with increased demand as the COVID-19 lockdowns triggered higher demand for easy-to-prepare proteins. This growth was partly offset by softening demand in some emerging economies due to a general loss of household income. Pork saw good demand with production in China picking up as the effects of African Swine Fever recede and the steady rebuilding of the swine population continues with increased professionalization of farming. Together with regulatory changes in China that require the reduction of the use of antibiotics in animal feed, these developments strengthen DSM's value proposition in the Chinese market with its higher value-added nutrition and gut health solutions.

While global beef and aquaculture demand were in general soft due to their significant exposure to food service channels, DSM performed well in these categories. DSM saw good sales growth in ruminants as Brazilian beef exports remained strong and demand for farmed salmonids was solid.

Pet food saw strong demand throughout the year.

Q4 2020 organic sales

Animal Nutrition reported 7% organic growth, with volumes up 5% and prices increasing by 2%. With the destocking completed in Q3, DSM saw strong demand in poultry and swine and a continued good level of beef exports out of Brazil.

The reported 2% higher prices were largely driven by higher pre-mix sales.

Erber, which was consolidated from 1 October 2020, made a strong contribution in its first quarter within DSM, realizing €81 million sales, with a total Adjusted EBITDA of €18 million. This acquisition gives DSM market leadership in mycotoxin prevention and consolidates its position as one of the world's largest suppliers of eubiotics for animals, besides expanding its capabilities in diagnostic technology and innovative testing solutions.

Human Nutrition

Sales development



Full year 2020 organic sales

Human Nutrition delivered 5% organic growth, with volumes up 7%. Dietary Supplements and Pharma recorded a very strong performance throughout the year, as COVID-19 drove strong consumer demand for immunity-optimizing products. The Food & Beverages segment also performed well with the strong demand for packaged food recorded in the first two quarters normalizing in the second half. Early Life Nutrition sales were soft especially due to weak market conditions in China, the biggest market for infant formula.

Prices significantly improved as the lower vitamin C price effect faded during the year, while Early Life Nutrition saw lower contractual prices in 2020.

Total sales were equal to the organic growth at 5%, as the -2% foreign exchange effect fully offset the +2% contribution from the Glycom acquisition.

Q4 2020 organic sales

Human Nutrition reported +9% organic growth, with +7% volume growth supported by strong results in Dietary Supplements and Pharma, a solid performance in Food & Beverages, while Early Life Nutrition was weak.

Prices significantly improved, with a positive +2% effect in the quarter. While Early Life Nutrition still saw lower contractual prices, the quarter benefitted from lower levels of typical promotional activities in i-Health.

Total sales were below the reported 9% organic growth at +5% due to a significant negative foreign exchange impact of -7%, which was only partly offset by the +3% contribution of the Glycom acquisition.

Glycom, the world's largest developer and producer of human milk oligosaccharides (HMOs), which was consolidated as from 1 April 2020, delivered €43 million sales with an Adjusted EBITDA of €21 million. In Q4, Glycom delivered €14 million sales with an Adjusted EBITDA of €7 million.

These results reflected ongoing soft market conditions in Early Life Nutrition, with COVID-19 also impacting Glycom's development work at customers. The work on its second and third generation HMOs continued at pace, with Glycom strengthening its innovation pipeline and reinforcing its industry leadership in early life nutrition. The exciting potential of cross-innovation outside Early Life Nutrition was highlighted in 2020 through the launch by DSM's i-Health business of a new Culturelle® product range containing HMOs to support a healthy gut microbiome and helping the management of irritable bowel syndrome.

Other Nutrition activities

DSM's other Nutrition activities, which include Food Specialties and Personal Care & Aroma Ingredients, delivered +3% organic growth in 2020, with a good performance in Food Specialties and Aroma Ingredients and a weak performance in Personal Care. Q4 was strong with +15% organic growth thanks to strong business conditions at Food Specialties, continued good conditions at Aroma Ingredients and some recovery in Personal Care.

Food Specialties delivered a good performance (+4% organic growth) in 2020 with an overall neutral effect from COVID-19 on sales. Demand for savory and dairy was good throughout the year, while demand for hydrocolloids was soft. Q4 saw very strong demand across most product categories, with likely some stocking effects.

CSK, consolidated from the start of the year, strengthened Food Specialties' portfolio of taste, texture and bio-preservation solutions for semi-hard cheeses. CSK recorded a strong performance in 2020, completing the integration ahead of schedule, delivering €69 million of sales and a total Adjusted EBITDA of €16 million, well ahead of the business plan for the initial year. In Q4, CSK delivered €16 million sales and €4 million Adjusted EBITDA.

Personal Care & Aroma Ingredients recorded -4% organic sales development in 2020, due to weak demand in sun protection and cosmetics which started to recover in Q4. Sales of Aroma Ingredients were good throughout the year, supported by increased demand for detergents and disinfectants.

Materials

In response to the sudden drop in demand at the end of Q1 owing to the pandemic, DSM acted promptly to minimize capex and operating costs. After the summer a new costs savings program started, which is part of an ongoing wider structuring initiative to leverage synergies and increase operating agility.

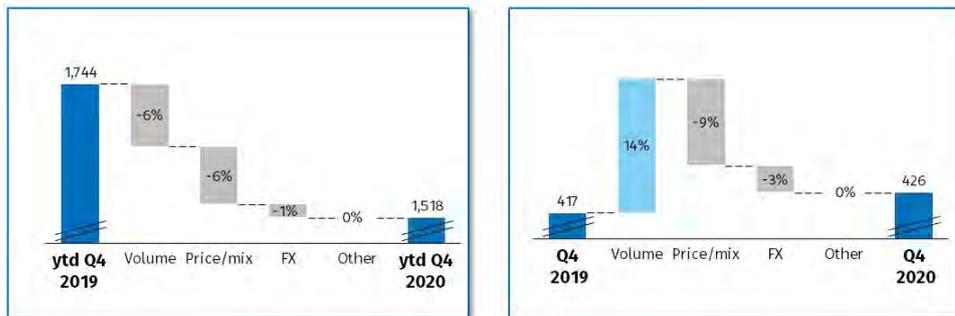
At the same time, DSM Materials continued to develop innovative solutions for Sustainable Living to create higher-growth, high margin opportunities for its specialty activities.

In Q3 2020 DSM [announced](#) an agreement to sell DSM Resins & Functional Materials, including DSM Niaga®, DSM Additive Manufacturing and the coatings activities of DSM Advanced Solar to Covestro AG for an Equity Value of €1.6 billion. The transaction is expected to close in H1 2021 and DSM expects to receive approximately €1.4 billion net in cash following closing. As of Q3 2020, the divested businesses are classified as 'held for sale' and the net result from these discontinued operations is separately reported in the income statement.

Continuing operations

in € million	Full year			Q4 2020	Q4 2019	% Change
	2020	2019	% Change			
Sales	1,518	1,744	-13%	426	417	2%
Adjusted EBITDA	272	372	-27%	85	94	-10%
Adjusted EBITDA margin (%)	17.9%	21.3%		20.0%	22.5%	
Adjusted EBIT	168	270	-38%	56	66	-15%
Capital Employed	953	1,060				
Average Capital Employed	1,026	1,079				
ROCE (%)	16.4%	25.0%				
Total Working Capital	215	250				
Average Total Working Capital as % of Sales	17.1%	17.1%				

Sales development



Full year 2020 sales development

Materials' performance was significantly impacted by COVID-19, resulting in -6% volume development in 2020. Demand deteriorated abruptly at the end of Q1. Following a slow recovery over the summer, Materials saw a strong improvement from September onwards, especially in Engineering Materials, directly related to demand for automotive.

Volumes were down -6% in Engineering Materials, driven by automotive, and -9% in Protective Materials, driven by personal protection.

Prices were down 6% mainly reflecting lower input costs in Engineering Materials.

Full year Adjusted EBITDA was -27% compared to previous year. This was driven by a negative operational leverage and particularly lower volumes in high margin specialties which recorded a strong performance in the same period last year. Foreign exchange had a small negative impact. The Adjusted EBITDA margin was 17.9% compared to 21.3% in 2019.

Q4 2020 sales development

Materials reported 14% higher volumes in Q4:

- Engineering Materials reported an exceptionally strong quarter with +17% volume growth owing to a strong return in global car builds and stocking through the automotive value chain. Electronics continued to record good sales growth for personal computers and portable devices.
- Protective Materials reported +6% volume growth. Personal protection activities were still significantly impacted by delays in large orders by local authorities and governments, despite a healthy order book.

Prices were down 9%, reflecting lower input costs in Engineering Materials and a negative mix in Protective Materials. At the end of the quarter, raw material cost started to increase leading to price increase initiatives in Engineering Materials.

Q4 Adjusted EBITDA was -10% driven by a weak performance in personal protection compared to the strong performance in Q4 2019. The Adjusted EBITDA margin was 20.0% showing good recovery versus Q2 (12.6%) and Q3 (17.1%).

Innovation Center

In 2020, the Innovation Center continued to support the creation of innovation-based opportunities for future earnings growth throughout DSM.

Continuing operations

in € million	Full year			Q4 2020	Q4 2019	% Change
	2020	2019	% Change			
Sales	184	184	0%	51	51	0%
Adjusted EBITDA	21	26		5	7	
Adjusted EBIT	-17	-12		-4	-5	
Capital Employed	436	599				

Full year sales were in line with the previous year. DSM Biomedical delivered a solid performance even with the postponement of elective surgeries due to COVID-19.

Full year Adjusted EBITDA was below the prior year with a solid performance of Biomedical, which was offset by lower results in the back sheet business of DSM Advanced Solar.

In Q4, DSM recorded a write down of €56 million on its solar assets following the sale to Covestro. This write down is expected not to impact the total net gain of about €500 million on the divestment of the Resins & Functional Materials businesses. Additionally, DSM recorded a €56 million impairment in its bio-based products and services activities, owing to an expected subdued market for biofuels.

Corporate Activities

in € million	Full year		Q4 2020	Q4 2019
	2020	2019		
Sales	39	42	9	11
Adjusted EBITDA	-97	-97	-24	-22
Adjusted EBIT	-141	-150	-35	-33

Full year Adjusted EBITDA was in line with previous year.

Discontinued Operations

in € million	Full year		Q4 2020	Q4 2019
	2020	2019		
Sales	932	1,012	232	218
Adjusted EBITDA	116	133	19	23
Adjusted EBIT	82	86	19	9

Discontinued Operations captures the result of DSM's Resins & Functional Materials businesses, which were previously included in the Materials and Innovation segment.

Resins & Functional Materials saw continued good recovery of demand throughout the fourth quarter with volume growth at 21%. Adjusted EBITDA amounted to €19 million in Q4 2020 compared to €23 million in Q4 2019.

Condensed Cash Flow Statement and (Operating) Working Capital

in € million	Continuing operations				Total Group			
	Full year		Q4		Full year		Q4	
	2020	2019	2020	2019	2020	2019	2020	2019
Cash provided by Operating Activities	1,360	1,265	454	400	1,494	1,385	504	444
- Cash from APM adjustments	86	53	26	20	87	57	26	20
- Cash from capital expenditures	-557	-568	-198	-184	-609	-627	-211	-207
- Cash from drawing rights	-17	-14	-3	-6	-17	-14	-3	-6
Adjusted Net Operating Free Cash Flow	872	736	279	230	955	801	316	251
Operating Working Capital (OWC)	2,052	2,137						
Average OWC as % of Sales	27.3%	27.9%						
OWC as % of Sales - end of period	24.6%	27.6%						
Total Working Capital (WC)	1,580	1,743						
Average Total WC as % of Sales	22.3%	22.4%						
Total WC as % of Sales - end of period	19.0%	22.5%						

Adjusted Net Operating Free Cash Flow from continuing operations is up 18% versus 2019 on the back of good working capital management throughout the year. With this strong performance, both in 2019 and 2020, DSM is well ahead of its strategic target of an average annual increase of 10%.

Operating Working Capital and Total Working Capital:

The strong collection efforts and good Q4 sales resulted in a 3% improvement in Operating Working Capital and Working Capital at the end of the year, where averages for the year remained somewhat stable on the back of higher inventory levels in the first half of the year.

Overview of Alternative Performance Measures (APM) adjustments

The following overview provides a summary of the APM adjustments for the full year 2020 (for the reconciliation see page 17).

Nutrition: EBITDA adjustments amounted to -€127 million (EBIT -€127 million) of which -€73 million related to restructuring cost and -€54 million to acquisition related costs.

Materials: EBITDA adjustments amounted to -€23 million (EBIT -€23 million) of which -€22 million related to restructuring costs and -€1 million to acquisition related costs.

Innovation Center: EBITDA adjustments amounted to -€15 million (EBIT -€116 million) of which €4 million related to restructuring costs, €56 million related to the write down of assets invested in the solar business following the sale to Covestro and €56 million related to the impairment of the investments in the bio-based products and service activities.

Corporate Activities: EBITDA adjustments amounted to -€1 million (EBIT -€1 million) as -€4 million related to restructuring costs offset by €3 million profit regarding earlier divestments.

Alternative Performance Measures (APM) related to the result of associates / jointly controlled entities

APM adjustments related to associates / jointly controlled entities amounted to a net result of negative €41 million mainly due to DSM's share in the impairment loss recognized by the POET-DSM JV (€57 million net of tax). The APM adjustments related to associates were further impacted by the release of a provision.

Sustainability performance



- 1 These data relate to DSM including discontinued operations
- 2 We estimate that the effect of the underlying cumulative structural improvements in absolute GHG emissions was approximately 18% in 2020, versus the 2016 baseline. The total cumulative absolute reduction was 25%, versus the 2016 baseline.
- 3 For a small percentage of sales (<0.6 % of sales) classified as Brighter Living Solutions, the environmental impact is considered 'best in class' together with other solutions
- 4 These sustainability performance statements are prepared in accordance with the reporting policies as included in the management report of DSM's Integrated Annual Report 2019

Full year sustainability highlights

COVID-19 highlights

- DSM's long-standing priority remains the health, safety and well-being of its employees and partners. DSM has taken many proactive measures such as preemptive travel restrictions, working from home where possible, and heightening hygiene and safety protocols in line with local conditions. DSM also distributed free immunity-optimizing micro-nutrients to all employees and their families worldwide and provided employee assistance programs across the globe.
- DSM applied its scientific know-how and resources, including financial contributions and donating large quantities of personal protective equipment, disinfectant, test kit equipment, and immunity-optimizing micro-nutrients to help ease the impact of COVID-19 through various local and global initiatives.
- DSM also advocated for a strong role of business in response to COVID-19, as part of its ongoing commitment to a more sustainable, fair and resilient future, including at the World Economic Forum's Sustainable Development Impact Summit, as member of WBCSD's Vital Supply Chains Program and during the UN General Assembly.

Planet highlights

- DSM further improved the environmental impact of its own operations:
 - DSM is well on track with respect to its long-term greenhouse gas, energy efficiency and purchased renewable electricity targets:
 - The underlying structural improvement in absolute greenhouse gas reduction from operations in 2020 compared to the 2016 baseline is ~18%, versus its target of 30% by 2030, setting us on a path towards NetZero by 2050;
 - Energy efficiency has improved 5.7% compared to full year 2019 versus a >1% average annual ambition;
 - 60% of purchased electricity came from renewable resources compared with 50% in 2019, firmly on course to achieve its interim target of 75% by 2030 in pursuit of 100%.
 - DSM continues to engage with key suppliers to reduce and report greenhouse gas emissions reductions related to products supplied to DSM under its CO2REDUCE program.
 - DSM received an A rating for its climate change strategy and an A- rating for its water stewardship from CDP, the non-profit global environmental disclosure platform.

- DSM enabled its customers to deliver more sustainable solutions to their (end) consumers:
 - It launched a new strategic initiative to lead a robust transformation in sustainable farming worldwide;
 - It generated close to 1,500 tonnes reduction in greenhouse gas emissions in a breakthrough trial of its feed ingredient Bovaer®, together with a leading Canadian research consortium;
 - It unveiled its 'Products with Purpose' brand strategy in human nutrition, strengthening its value proposition as reliable end-to-end partner;
 - It halved the carbon footprint of Akulon® PA6, one of its key thermoplastic material products;
 - It introduced bio-based Dyneema®, supporting the transition to a circular economy.
- DSM joined the COP26 Business Leaders network in preparation for the UN Climate Change Conference in 2021 and in order to accelerate its Race to Zero carbon emissions campaign across sectors and supply chains.
- DSM was one of the organizers of the virtual event 'Bold Actions for Food as a Force for Good', that brought together leaders from governments, private sector, civil society and science to initiate and accelerate action for food systems transformation.

People highlights

- DSM improved its Safety Frequency Recordable Index from 0.28 in 2019 to 0.24. Safety remains its highest priority and DSM strives to be incident and injury free.
- In such a challenging year, DSM's employees continue to feel engaged and committed as demonstrated by the notable increase in the Employee Engagement Index rating from 74% in 2019 to 76% in 2020.
- DSM continued and broadened its Inclusion & Diversity journey with five pillars on gender, generations, disability, LGBTQ+ and race, ethnicity and national identity. Each pillar is supported by highly engaged employee resource groups including the Rainbow Group, supporting LGBTQ+ employees; the Valuable group, supporting employees with disabilities; and the Black Employee Network at DSM called BLEND.
 - 21% of DSM's executives are female. The percentage of women in DSM's Executive Committee remains at 57%. DSM's Managing Board comprises 50% women and its Supervisory Board 38% women. With these percentages, DSM is achieving its aim of having at least 30% male and at least 30% female members in each.

Other highlights

- 63% of DSM sales came from Brighter Living Solutions. These are products and services that have a better environmental (ECO+) and/or social (People+) impact than mainstream solutions.
- DSM announced a purpose-driven partnership with pro-cycling Team DSM. Through this partnership DSM hopes to galvanize wider public action around the importance of the health of people and health of the planet.
- DSM holds a platinum sustainability medal from EcoVadis putting DSM in the top 1% of its industry. DSM is ranked first out of 120 companies in its industry by Sustainalytics, has an AAA rating from MSCI, has Prime Status with ISS-ESG and has a leading position in the rankings of Vigeo Eiris.

Condensed consolidated statement of income

	Full year 2020	Full year 2019	Q4 2020	Q4 2019
Continuing operations in € million				
Sales	8,106	7,998	2,080	1,934
EBITDA	1,368	1,457	348	324
Depreciation and amortization	706	585	272	163
Operating profit (EBIT)	662	872	76	161
Financial income and expense	-67	-92	-15	-11
Profit before income tax expense	595	780	61	150
Income tax expense	-106	-145	-17	-29
Share of the profit of associates/ jointly controlled entities	-32	54	6	-5
Net profit from continuing operations	457	689	50	116
Of which:				
Attributable to non-controlling interests	2	-4	2	-1
Attributable to equity holders of DSM	459	685	52	115
Dividend on cumulative preference shares	-7	-8	-1	-2
Available to holders of ordinary shares	452	677	51	113
Discontinued operations in € million				
Net profit from discontinued operations	51	75	5	8
Of which:				
Attributable to non-controlling interests	-4	-2	-1	0
Attributable to equity holders of DSM	47	73	4	8
Total in € million				
Net profit	508	764	55	124
Of which:				
Attributable to non-controlling interests	-2	-6	1	-1
Attributable to equity holders of DSM	506	758	56	123
Dividend on cumulative preference shares	-7	-8	-1	-2
Net profit available to holders of ordinary shares	499	750	55	121

Reconciliation to Alternative Performance Measures

	Full year 2020	Full year 2019	Q4 2020	Q4 2019
Continuing operations in € million				
EBITDA	1,368	1,457	348	324
Acquisitions/divestments	52	13	25	5
Restructuring	103	64	6	27
Other	11	17	11	17
Sub-total APM adjustments to EBITDA	166	94	42	49
Adjusted EBITDA	1,534	1,551	390	373
Operating profit (EBIT)	662	872	76	161
APM adjustments to EBITDA	166	94	42	49
Impairments of PPE and Intangible assets	101	23	101	12
Sub-total APM adjustments to operating profit (EBIT)	267	117	143	61
Adjusted operating profit (EBIT)	929	989	219	222
Net profit from continuing operations	457	689	50	116
APM adjustments to operating profit (EBIT)	267	117	143	61
APM adjustments to financial income and expense	0	0	0	0
Income tax related to APM adjustments	-54	-26	-24	-12
APM adjustments to share of the profit of associates/jointly controlled entities	41	-28	-2	-2
Sub-total APM adjustments	254	63	117	47
Adjusted Net profit continuing operations	711	752	167	163
Net profit continuing operations available to holders of ordinary shares	452	677	51	113
APM adjustments	254	63	117	47
Adjusted Net profit continuing operations available to holders of ordinary shares	706	740	168	160

Condensed Consolidated Balance Sheet

in € million	year-end 2020	year-end 2019
Intangible Assets	4,455	3,515
Property, Plant & Equipment	3,774	4,040
Deferred Tax Assets	239	217
Share in Associates & Joint Ventures	93	155
Financial derivatives	61	27
Other Financial Assets	317	265
Non-Current Assets	8,939	8,219
Inventories	1,879	2,019
Trade Receivables	1,391	1,592
Income tax receivables	35	61
Other Current Receivables	62	45
Financial Derivatives	48	19
Current Investments	43	688
Cash & Cash Equivalents	871	800
Sub-total	4,329	5,224
Assets Held for Sale	1,096	-
Current Assets	5,425	5,224
Total Assets	14,364	13,443
Shareholders' Equity	7,399	7,731
Non-controlling interest	88	104
Equity	7,487	7,835
Deferred Tax Liabilities	433	296
Employee Benefits Liabilities	414	413
Provisions	123	120
Borrowings	3,479	2,464
Financial derivatives	1	7
Other Non-current Liabilities	163	145
Non-current liabilities	4,613	3,445
Employee Benefits	42	43
Provisions	61	48
Borrowings	107	189
Financial Derivatives	13	18
Trade Payables	1,218	1,345
Income tax payable	53	42
Other Current Liabilities	516	478
Sub-total	2,010	2,163
Liabilities associated with the assets held for sale	254	-
Current Liabilities	2,264	2,163
Total Equity and Liabilities	14,364	13,443
Net debt	2,577	1,144
Equity/Total Assets	52%	58%

Condensed Consolidated Cash Flow Statement

in € million	Full year	
	2020	2019
Cash, Cash Equivalents and Current Investments (at beginning of period)	1,488	2,558
Current Investments (at beginning of period)	688	1,277
Cash & Cash Equivalents (at beginning of period)	800	1,281
Operating Activities		
EBITDA	1,476	1,586
Change in Working Capital	25	-13
Income Tax	-124	-140
Other	117	-48
Cash provided by Operating Activities (Operating cash flow)	1,494	1,385
of which provided by continuing operations	1,360	1,265
Investing Activities		
Capital Expenditures	-609	-627
Payments regarding drawing rights	-17	-14
Acquisitions	-1,533	-556
Disposal of Subsidiaries, Businesses & Associates	-2	37
Disposal of Other Non-current Assets	48	7
Change in Fixed-term Deposits	646	588
Interest Received	8	10
Dividend and capital (re)payments	-15	22
Other	-8	8
Cash used in Investing Activities	-1,482	-525
Financing Activities		
Dividend	-289	-291
Interest Paid	-54	-62
Repurchase of shares	-309	-869
Proceeds from re-issued treasury shares	63	180
Proceeds from / repayments of corporate bonds	991	-300
Payment of lease liabilities	-55	-53
Other Cash from/ used in Financing Activities	-264	63
Cash from / used in Financing Activities	83	-1,332
Exchange Differences	-24	-9
Cash and Cash Equivalents (end of period)	871	800
Current Investment (end of period)	43	688
Cash and Cash Equivalents & Current Investments (end of period)	914	1,488

Geographical Information

Full year 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*	4,135	2,125	2,643	2,552	776	1,382	639	112	14,364
Workforce (headcount, end of period)*	3,858	2,129	4,384	3,185	2,243	5,025	1,996	307	23,127
Full year 2019	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	1,593	2,098	766	1,370	722	875	470	104	7,998
in %	20	26	10	17	9	11	6	1	100
Net Sales by Destination - continuing operations									
in € million	321	137	2,108	1,804	1,095	949	1,310	274	7,998
in %	4	2	26	23	14	12	16	3	100
year-end 2019:									
Total Assets in € million*	4,111	2,157	1,108	2,874	944	1,406	732	111	13,443
Workforce (headcount)*	3,960	2,275	3,433	3,346	2,134	4,960	1,774	292	22,174

* 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 2019 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 2019 (IAR 2019) 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, 16 February 2021
The Managing Board

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

Financial calendar

5 May 2021	Trading update for the first three months of 2021
6 May 2021	Annual General Meeting of Shareholders
3 August 2021	Publication of the half year results of 2021
2 November 2021	Trading update for the first nine months of 2021

Contact Information

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Additional Information

Today DSM will hold a conference call for **media** at 08:00 CET and a conference call for **investors and analysts** at 09:00 CET. Details on how to access these calls can be found on the DSM website, www.dsm.com.

DSM – Bright Science. Brighter Living.™

Royal DSM is a global, purpose-led, science-based company active in Nutrition, Health and Sustainable Living. DSM's purpose is to create brighter lives for all. DSM addresses with its products and solutions some of the world's biggest challenges while simultaneously creating economic, environmental and societal value for all its stakeholders – customers, employees, shareholders, and society at large. DSM delivers innovative solutions for human nutrition, animal nutrition, personal care and aroma, medical devices, green products and applications, and new mobility and connectivity. DSM and its associated companies deliver annual net sales of about €10 billion with approximately 23,000 employees. The company was founded in 1902 and is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

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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.