



Materials

Dimitri de Vreeze | Member of the Managing Board

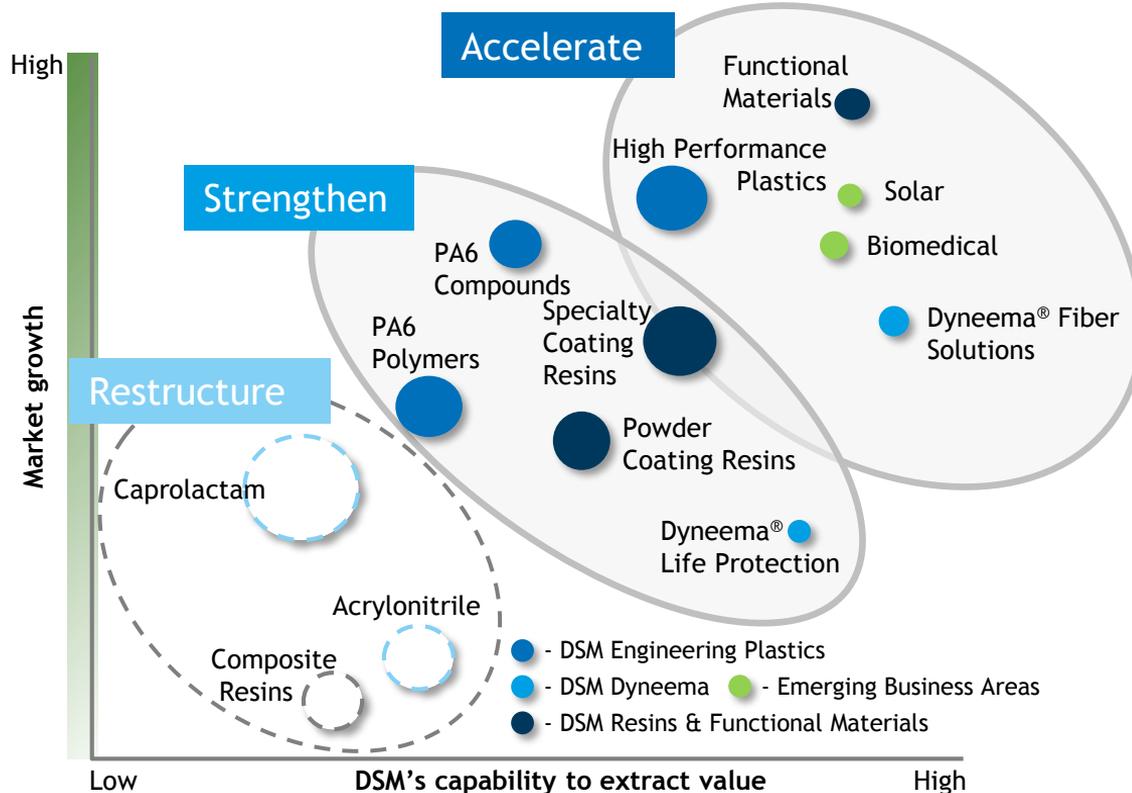
ROYAL DSM
HEALTH NUTRITION MATERIALS



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

An attractive Materials portfolio was created

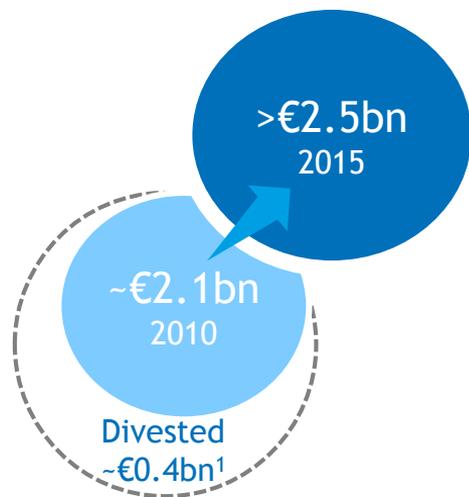


- Transformed portfolio
 - Focus on sustainable specialty products
 - Exit of Bulk Chemicals via partnership
- Differentiated approach to drive growth
- Optimized portfolio via cost savings and efficiency improvements
- Increased application development capabilities

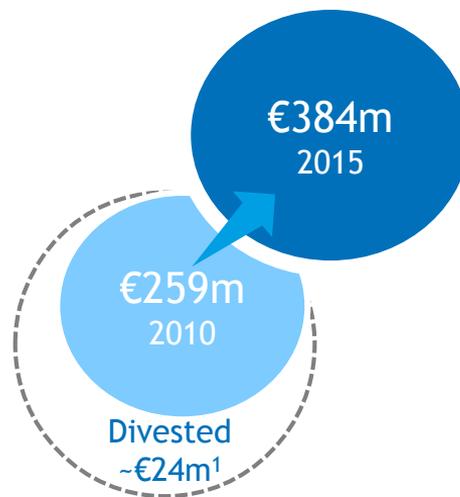
1. Whilst not part of the cluster, the Emerging Business Areas of DSM Biomedical and DSM Advanced Solar are also related to Materials and represent promising growth platforms for the longer term

High-quality Materials portfolio now ready for accelerated growth

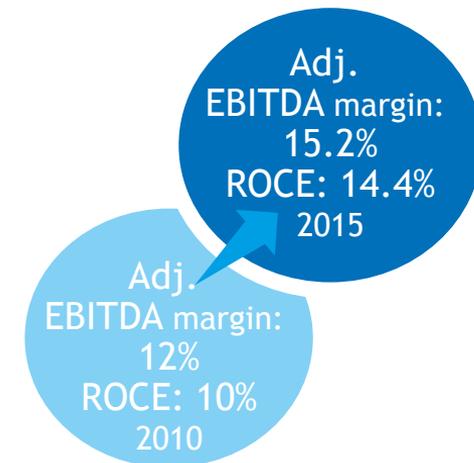
2010-15 performance



CAGR ~2.5% per annum



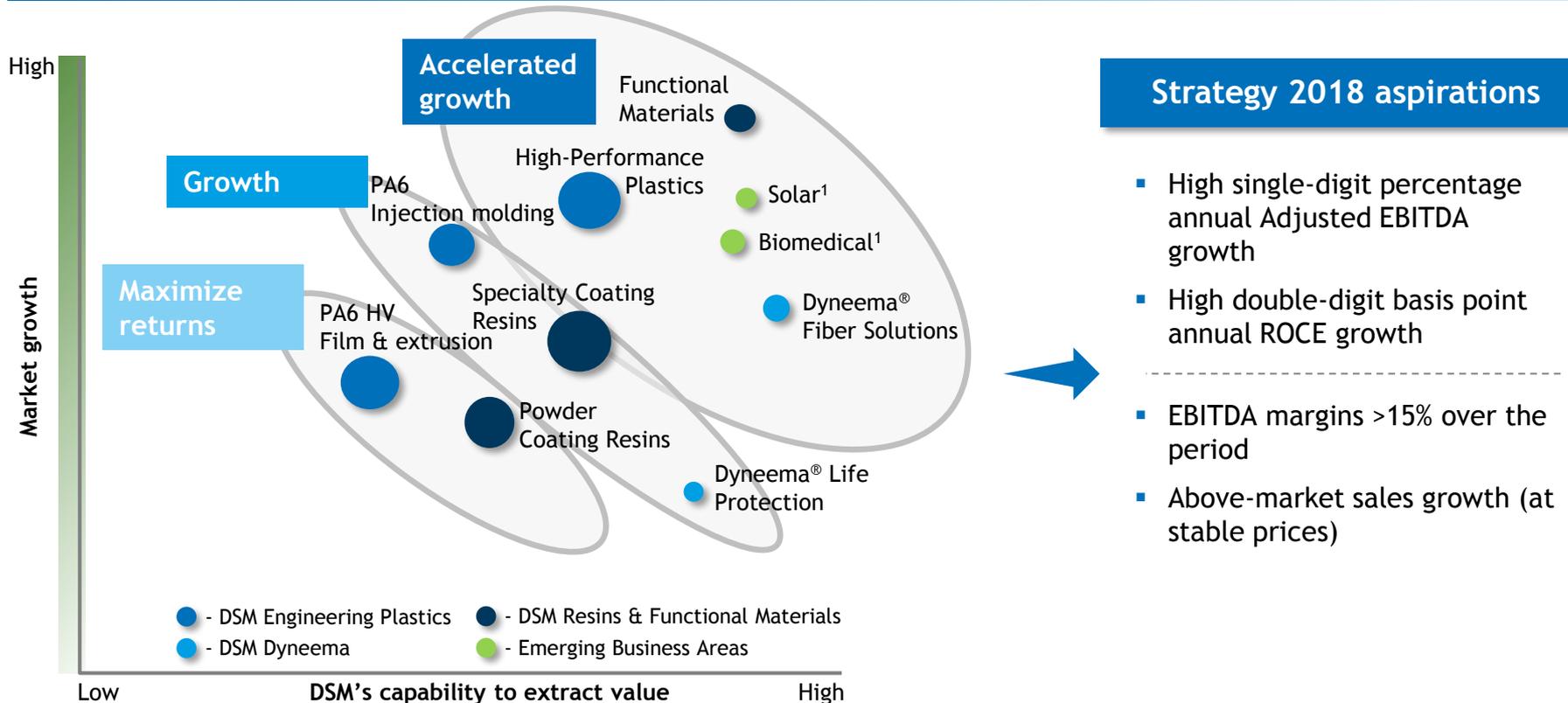
Adj. EBITDA up almost 50%



Strong progress margin & ROCE

1. Divestitures include Composite Resins (~€300m sales), Euroresins (~€80m sales) and Synres (~€60m sales)

Using a differentiated approach, Strategy 2018 focused on the higher-growth, specialty segments

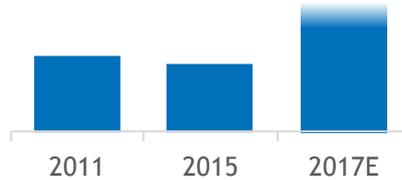


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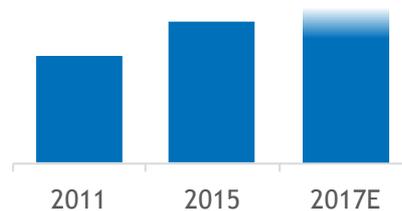
Prudent capital allocation: capex and R&D investments shifted to the high-growth segments

Accelerated growth

Capex (€m)

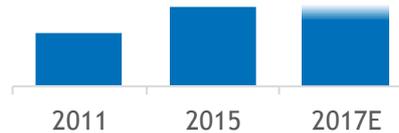


R&D (€m)

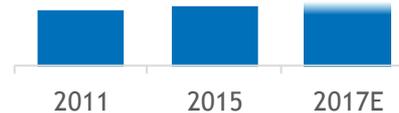


Growth

Capex (€m)



R&D (€m)



Maximize returns

Capex (€m)



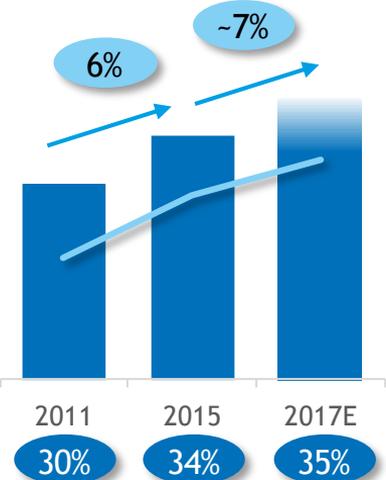
R&D (€m)



Differentiated growth approach is further enhancing the mix

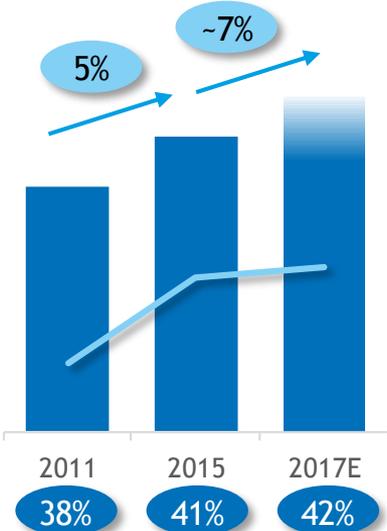
Accelerated growth

Net sales (€m)



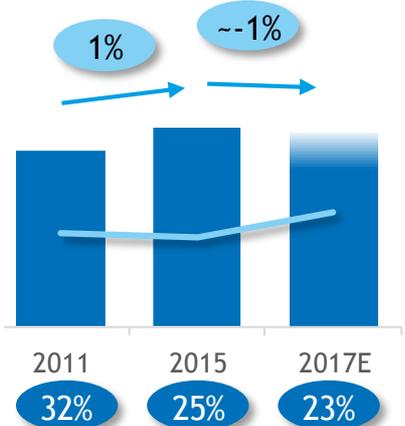
Growth

Net sales (€m)



Maximize returns

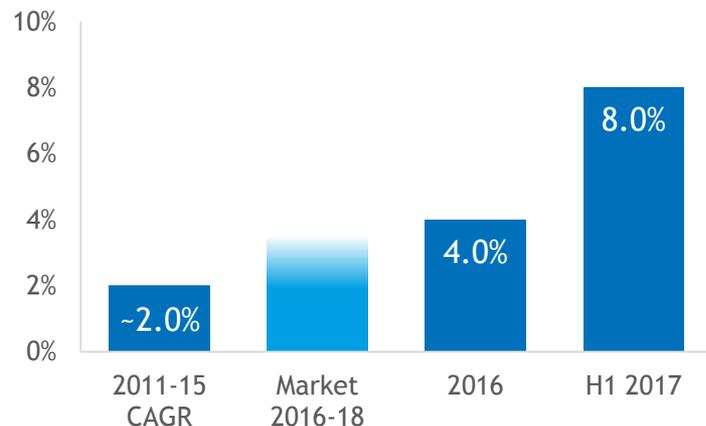
Volume (kt)



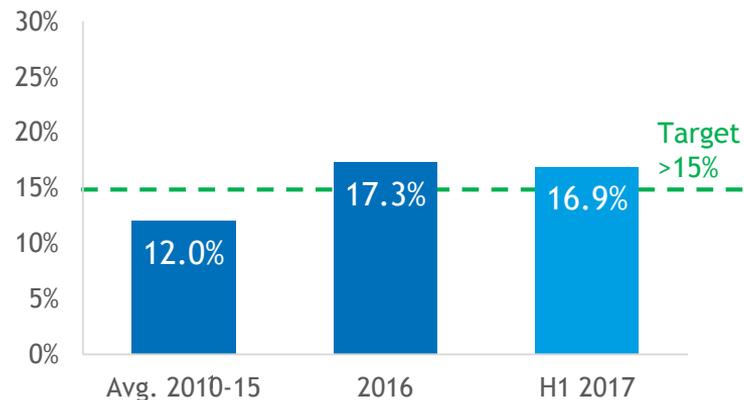
— EBITDA% x% CAGR x% % of total Materials sales

Very good progress on executing Strategy 2018 actions

Above market growth

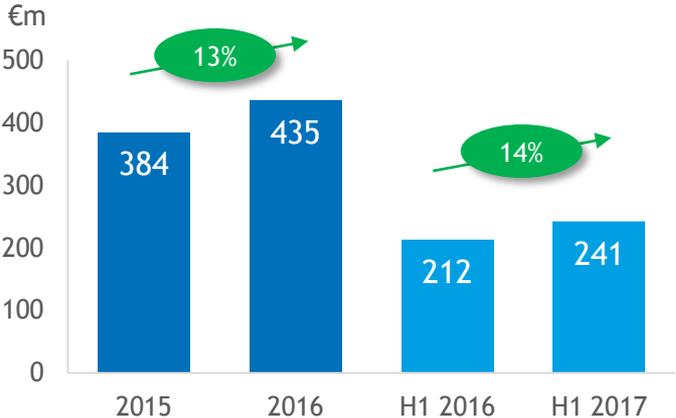


Adj. EBITDA margin >15% over the period

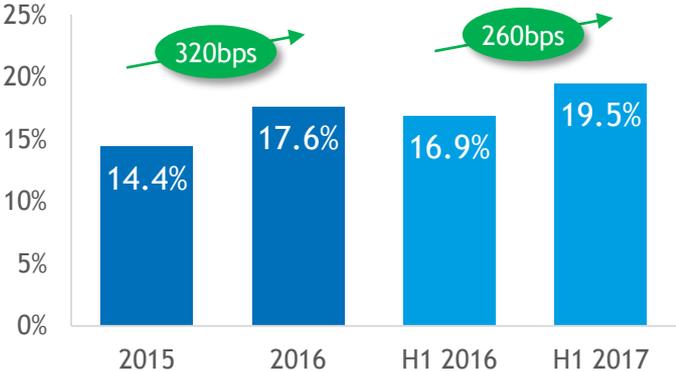


Resulting in outperformance of the Strategy 2018 aspirations

High single-digit percentage annual
Adjusted EBITDA growth ✓



High double-digit basis point annual
ROCE growth ✓



Materials aims to continue sales growth and operating leverage improvements



1 Sales growth driven by:



Demand shifts from macro trends



Substitution growth



Innovation driven growth



New applications

2 Improving operating leverage through:



Maximizing returns in PA6 HV film & extrusion and powder coating resins



Prudent cost and capital allocation

1



Materials positioned to profit from demand shifts as a result of the (societal) megatrends

Future of transport



Higher performance and more complex materials needed for use in new designs, energy storage, autonomous systems and light weighting

Renewable energy



Demand for materials that contribute to material properties for each technology generation in wind, solar, and energy storage

Eco-materials



Shift towards bio-based, re-usable, recyclable, degradable, no VOCs and other green materials and design for a circular economy

Advanced healthcare



Increasing complexity and electronics integration drives material performance requirements for materials used inside and outside the body

Customization & connectivity



Need for new types of performance materials e.g., for 3D printing and possibly new business models (e.g., direct access for personalized product design)

Sustainable packaging

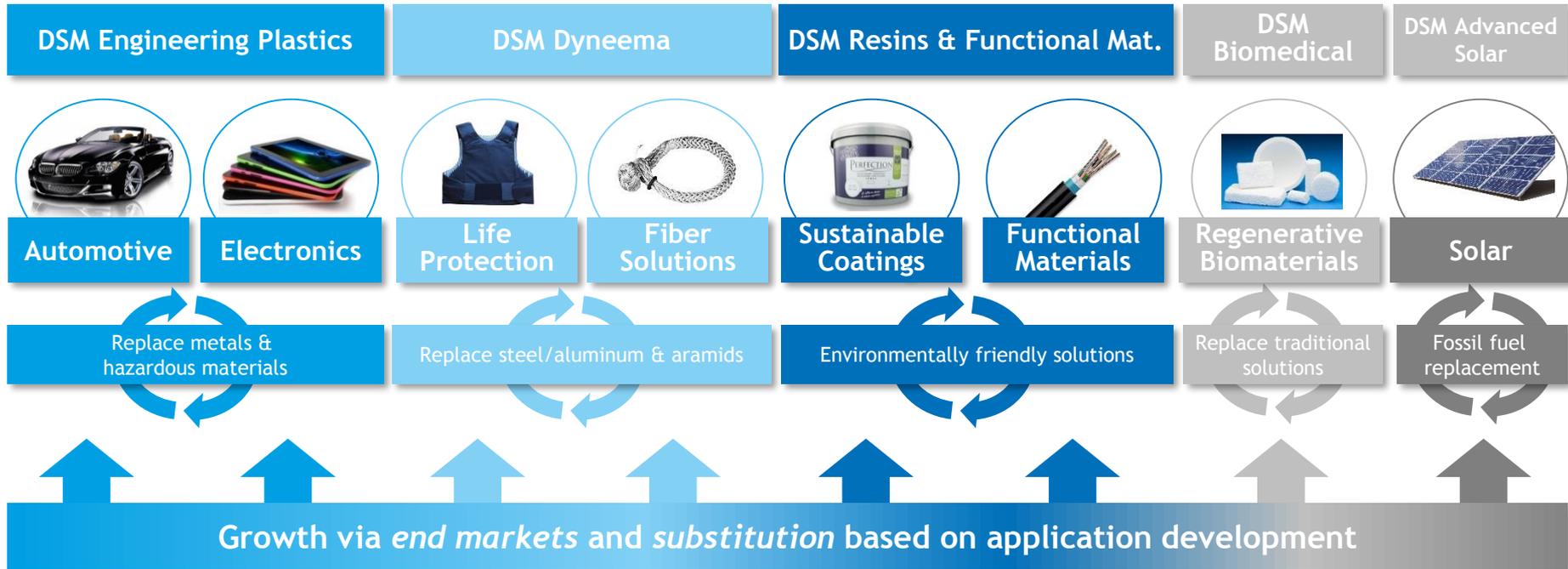


Higher barrier properties, recyclability and bio-degradability (incl. design for circular economy) becoming more important for packaging materials

1



'Winning segments' selected to further drive differentiated growth from substitution-based development



1



Strong innovation pipeline driven by application development with/ for customers driving longer-term growth

Engineering Plastics



- HPPO polymers



- Printed electronics



- High-heat thermoplastics



- High-pressure composite tanks

Dyneema



- Synthetic chains



- Carbon hybrid composites



- Performance fabrics

Resins & Functional Materials



- 3D printing



- Recyclable carpets



- Bio-based resins



- 'Haptics - the feel of coatings'

Improve operating leverage through:



Maximizing returns in PA6 HV film & extrusion and powder coating resins

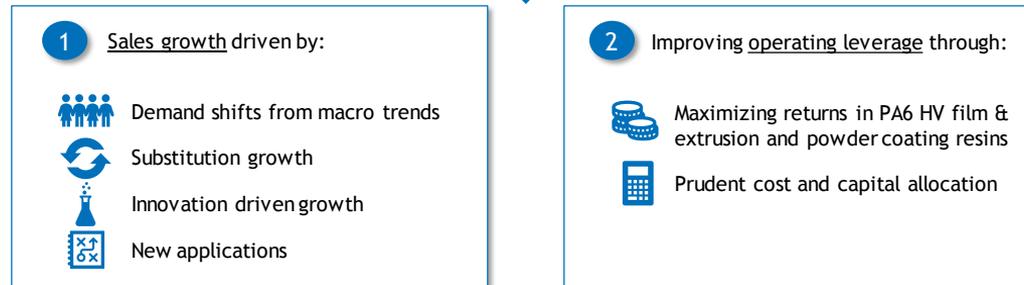
- Fully utilize/ optimize the assets
- Drive internal compound demand (Engineering Plastics)/ sustainable substitution demand (Resins)



Prudent cost and capital allocation

- Continue cost, capex and working capital discipline in Materials

Materials is confident it can continue its value enhancing 'silent' transformation



- Delivering sales growth of ~5%
- Continuation of the 'silent' transformation in Materials with the aim to deliver resilient margins above the Strategy 2018 aspiration of 15%



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