

Press Release

Heerlen (NL), 3 August 2021

23E

DSM reports H1 2021 results

Highlights¹

Continuing operations results²:

- DSM delivered a very good first half year
- Group sales +10% and Adjusted EBITDA +22%
 - Nutrition: sales +6%, organic sales +6%, Adjusted EBITDA +8%
 - Materials: sales +33%, volumes +33%, Adjusted EBITDA +86%
- Adjusted net profit up 21% to €444m

Total Group:

- Net profit of €1,010m including the book profit of €567m from the divestments
- Adjusted Net Operating Free Cash Flow of €380m, up 11%
- Interim dividend of €0.80 per ordinary share
- Significant step-up in greenhouse gas reduction target to 50% by 2030
- Full year outlook 2021: updated to reflect stronger Materials results

Key figures – continuing operations²

in € million	H1 2021	H1 2020	% Change	Volume	Price/mix	FX	Other
Sales	4,488	4,065	10%	11%	0%	-5%	4%
Nutrition	3,404	3,224	6%	7%	-1%	-6%	6%
Materials	971	730	33%	33%	4%	-4%	0%
Adjusted EBITDA	925	761	22%				
Nutrition	730	674	8%				
Materials	232	125	86%				
Innovation	12	11					
Corporate	-49	-49					
EBITDA	879	683					
Adjusted EBITDA margin	20.6%	18.7%					

Co-CEOs statement

Geraldine Matchett and Dimitri de Vreeze, co-CEOs, commented: “Our very good start to the year has continued with ongoing positive momentum in our Nutrition business. Materials saw a strong recovery, supported by ongoing restocking through the supply chain. This strong performance in Materials, combined with our unchanged positive outlook for Nutrition, leads us to further increase the full year outlook for the Group.

We have achieved these results while also making good progress on our long-term strategic priorities and are realigning our organization following last year’s acquisitions in Nutrition and the divestment of Resins & Functional Materials. Good progress has also been made in building our innovation-focused growth platforms, including the launch of several new initiatives in personalized and precision nutrition.

As a purpose-led company, we constantly seek to maximize our positive impact for all stakeholders. Today we are further accelerating our route to net zero by 2050 by raising our greenhouse gas scope 1 and 2 reduction targets for 2030 from 30% to 50%, independently validated by the Science Based Targets initiative.”

Outlook 2021

For the full year, DSM continues to expect an Adjusted EBITDA increase in Nutrition at the upper end of its mid-term strategic ambition of high single digit growth. Together with a stronger performance in Materials than foreseen at the Q1 2021 Trading Update, DSM now expects an Adjusted EBITDA growth rate for the Group in the mid-teens, with a continued good Adjusted Net Operating Free Cash Flow.

¹ Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects our usual operations results. Organic sales growth is the sum of volume and price/mix. Adjusted Net Operating Free Cash Flow is the CF from operating activities, corrected for the CF of the APM adjustments, minus the CF of capital expenditures and drawing rights. ² Results and KPIs throughout this document reflect continued operations, excluding the Resins & Functional Materials and associated businesses, classified as ‘held for sale’ in September 2020 and sold on 1 April 2021.

Strategy

DSM's purpose-led, performance-driven strategy sees sustainability and innovation as key growth drivers of a long-term focused plan, 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 further growth and innovation. The success of its unique business model combining 'global products' and 'local solutions' is evident in a track record of 6% organic sales growth and a 10% Adjusted EBITDA growth CAGR 2015-2020.

Nutrition will continue to grow by building on this business model and by adding a third dimension of precision and personalization that captures emerging big data, digital and bioscience capabilities. As examples, in the first half of the year, DSM launched Sustell™, a data-driven sustainability service that helps drive improvements in the environmental footprint and economics of animal farming. It also created Hologram Sciences, a consumer-facing company that provides people with holistic solutions to manage their health by combining health diagnostics, digital coaching and personalized nutrition.

In Materials, DSM has strong growth and earnings potential, and is well positioned in the strategic area of Sustainable Living. After completing the sale of the Resins & Functional Materials businesses to Covestro AG, the Materials' activities now consist of DSM Engineering Materials and DSM Protective Materials. The company will continue to develop these into a 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.

Recent acquisitions and disposals

On 31 March 2021, DSM [acquired](#) the flavor and fragrance bio-based intermediates business of Amyris, Inc., extending its offerings in Personal Care & Aroma Ingredients. The transaction included an initial consideration of USD 150 million, together with profit-related earn-outs over the period 2021-2024 expected to be in the range of USD 100-150 million.

On 1 April 2021, DSM [closed the sale](#) of DSM's Resins & Functional Materials business (including DSM Niaga®, DSM Additive Manufacturing and the coatings activities of DSM Advanced Solar) to Covestro AG. DSM received about €1.4 billion net in cash and recorded a net book profit of €567 million. DSM's remaining solar back sheet business was sold to Worthen Industries, Inc. on 1 June 2021.

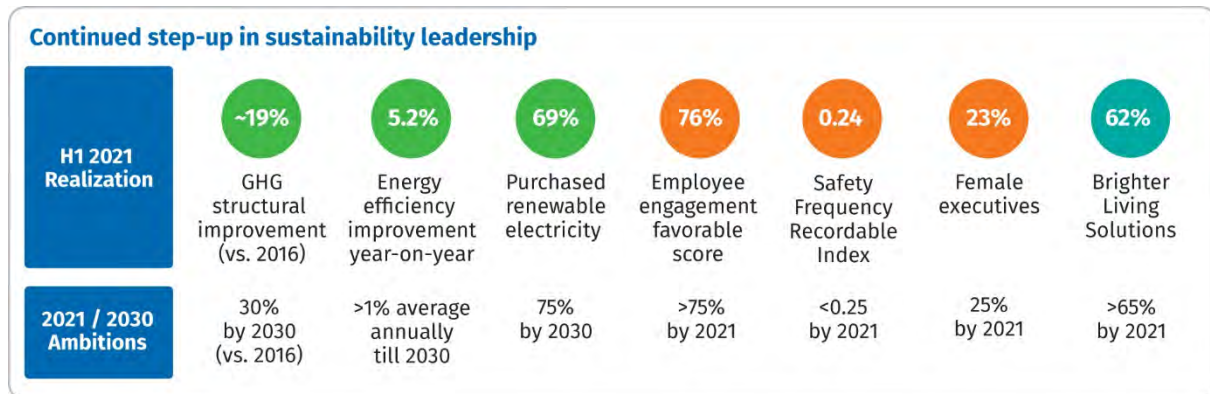
Events after the reporting period

On 13 July 2021, CVC Partners announced the proposed sale of AOC, in which DSM owns a minority position, to an affiliate of Lone Star Funds. It is estimated that DSM will receive, upon closing of the transaction, about €300 million in cash for its shareholding.

On 27 July 2021, DSM [acquired](#) full ownership of Midori USA Inc., a biotechnology company which has developed a new generation of eubiotics for animal health. DSM already owns 38.5% of the shares of Midori and acquired the remaining 61.5% for a consideration of USD 63m.

Sustainability

DSM's commitment to creating value for all stakeholders is fully anchored in its long-term purpose-led, performance-driven strategy. Through the focused development and application of scientific innovation, DSM aims to enable its customers to positively impact the health of people today and the health of the planet for future generations. This is supported by DSM's own improvements in its operations, reducing emissions and increasing the use of renewable energy, continually raising of safety standards, and promoting health and well-being among its workforce.



In H1 2021, DSM made significant progress on improving its environment impact. DSM is now well positioned to outpace its purchased renewable electricity target in particular. Building on the company-wide energy transition in recent years, all DSM Protective Materials sites worldwide now use 100% renewable electricity after its site in Laiwu, China, switched this year. DSM signed an additional power purchase agreement in July 2021 which means all its North American electricity needs will become 100% renewable this year. At the same time, DSM has exceeded its energy efficiency improvement targets with on-site initiatives such as the installation of a new chiller in Xinghuo, China, as well as the introduction of heat recovery systems and energy dashboarding.

DSM has announced today a major increase of its greenhouse gas (GHG) emissions reduction target. DSM now aims to halve its 2016 scope 1 and 2 emissions by 2030, accelerating its ambitions from a 30% reduction to 50%. The updated GHG target has been reviewed and approved by the Science Based Targets initiative and provides a strong foundation for DSM to achieve net zero by 2050. DSM has set solid interim goals, such as for 2025 and 2030, to drive action in both the short- and medium-term, ensuring it can deliver on this long-term ambition.

DSM's long-standing priority remains the safety, health and well-being of people. The company has continued to take proactive measures to support employees and their families during H1 2021, distributing millions more free immunity-optimizing micro-nutrients doses and providing homeworking equipment, remote learning and development, and assistance programs worldwide. Despite the ongoing personal challenges for many individuals in the context of a global pandemic, employee engagement remains good. DSM has also stepped up its broad inclusion and diversity efforts, supporting highly-motivated employee resource groups and improving female representation at the executive level in H1 2021. DSM's measure of recordable safety incidents remained low, with the company striving to be incident and injury free.

Products and services that DSM considers to have a better environmental and/or social impact than mainstream alternatives in the market are measured and reported as Brighter Living Solutions. By constantly reviewing its portfolio, launching new innovations, and improving its footprint, DSM aims to maintain a high positive impact with its portfolio. DSM will ensure its methodology will allow reporting against new and future requirements of regulating authorities and create transparency in mapping the impact of DSM's sales on achieving the UN Sustainability Development Goals. DSM is committed to continue to obtain reasonable assurance on its impact reporting.

All data presented in the Sustainability Statements are subject to the non-financial reporting policies as disclosed in the IAR 2020.

Q2 Highlights

Continuing operations results:

- DSM delivered a very good second quarter
- Group sales +14% and Adjusted EBITDA +30%
 - Nutrition: sales +5%, organic sales +4%, Adjusted EBITDA +8%
 - Materials: sales +59%, volumes +50%, Adjusted EBITDA +210%

Key figures – continuing operations

in € million	Q2 2021	Q2 2020	% Change	Volume	Price/mix	FX	Other
Sales	2,294	2,020	14%	14%	0%	-4%	4%
Nutrition	1,726	1,649	5%	6%	-2%	-4%	5%
Materials	504	317	59%	50%	14%	-5%	0%
Adjusted EBITDA	484	371	30%				
Nutrition	378	350	8%				
Materials	124	40	210%				
Innovation	6	6					
Corporate	-24	-25					
EBITDA	454	357					
Adjusted EBITDA margin	21.1%	18.4%					

Nutrition performed well in the second quarter delivering 4% organic sales growth, a particularly notable performance given the prior year comparable period in which strong COVID-19 effects had resulted in very strong 9% organic sales growth.

Good overall business conditions in both Animal and Human Nutrition remained, while Personal Care saw increased demand for its products after weakness in the segment since Q2 2020 directly related to COVID-19.

Nutrition Adjusted EBITDA was up 8%, with the 6% contribution from the Erber acquisition being offset by a 6% negative foreign exchange effect. The Adjusted EBITDA margin was up 70 bps at 21.9% versus 21.2% in Q2 last year, driven by positive sales mix effects.

Materials reported an exceptionally strong performance, supported by a temporary margin expansion due to good pricing momentum, which resulted in a very strong Adjusted EBITDA margin of 24.6% (versus 12.6% in Q2 last year). Adjusted EBITDA was up 210% versus Q2 2020 (+28% versus Q2 2019).

Key figures and indicators

in € million	H1						
	2021	2020	% Change	Volume	Price / mix	FX	Other
Sales - continuing operations	4,488	4,065	10%	11%	0%	-5%	4%
Nutrition	3,404	3,224	6%	7%	-1%	-6%	6%
Materials	971	730	33%	33%	4%	-4%	0%
Innovation Center	86	91					
Corporate Activities	27	20					

Continuing operations in € million	H1 2021	H1 2020	% Change	Q2 2021	Q2 2020	% Change
Sales	4,488	4,065	10%	2,294	2,020	14%
Adjusted EBITDA	925	761	22%	484	371	30%
Nutrition	730	674	8%	378	350	8%
Materials	232	125	86%	124	40	210%
Innovation Center	12	11		6	6	
Corporate Activities	-49	-49		-24	-25	
Adjusted EBITDA margin	20.6%	18.7%		21.1%	18.4%	
EBITDA	879	683				
Adjusted EBIT	606	472	28%			
EBIT	560	394				
Capital Employed	10,064	9,024				
Average Capital Employed	9,931	8,624				
ROCE (%)	12.2%	10.9%				
Effective tax rate¹	19.5%	17.3%				
Adjusted Net profit - continuing operations²	444	368	21%			
Net profit - continuing operations²	422	240	76%			
Adjusted net EPS	2.54	2.13	19%			
Net EPS	2.41	1.38				
Operating cash flow	580	545	6%			
Adj. Net Operating Free Cash Flow	388	330	18%			
Capital expenditures³	229	229				
Total Group in € million	H1 2021	H1 2020	% Change	Q2 2021	Q2 2020	% Change
Net profit²	1,010	270	274%			
Net EPS	5.82	1.54	277%			
Operating cash flow	579	584	-1%			
Adj. Net Operating Free Cash Flow	380	342	11%			
Net debt	1,219	2,102				
Average number of ordinary shares	172.5	171.1				
Workforce (headcount end of period)⁴	21,173	23,127				

¹ Over Adjusted taxable result

² Including result attributed to non-controlling interest

³ Cash, net of customer funding, investment grants and excluding leases

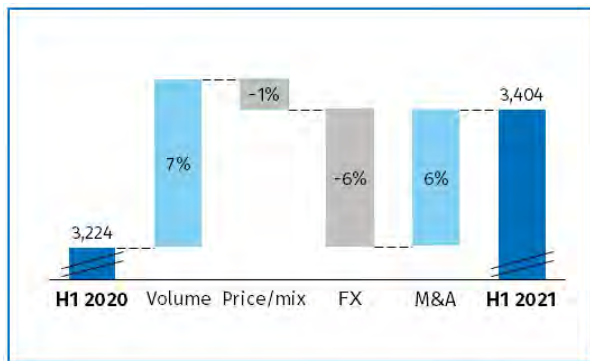
⁴ Headcount 2020 refers to headcount at year end

Review by Cluster

Nutrition

in € million	H1 2021	H1 2020	% Change	Q2 2021	Q2 2020	% Change
Sales	3,404	3,224	6%	1,726	1,649	5%
Adjusted EBITDA	730	674	8%	378	350	8%
Adjusted EBITDA margin (%)	21.4%	20.9%		21.9%	21.2%	
Adjusted EBIT	491	478	3%			
Capital Employed	8,749	7,481				
Average Capital Employed	8,598	6,967				
ROCE (%)	11.4%	13.7%				
Total Working Capital	1,818	1,695				
Average Total Working Capital as % of Sales	26.0%	27.0%				

Sales development



H1 2021 Sales

Nutrition delivered a good performance in the first half of the year, with 6% organic sales growth. The contribution from acquisitions was offset by foreign exchange effects.

Nutrition saw continued good business conditions.

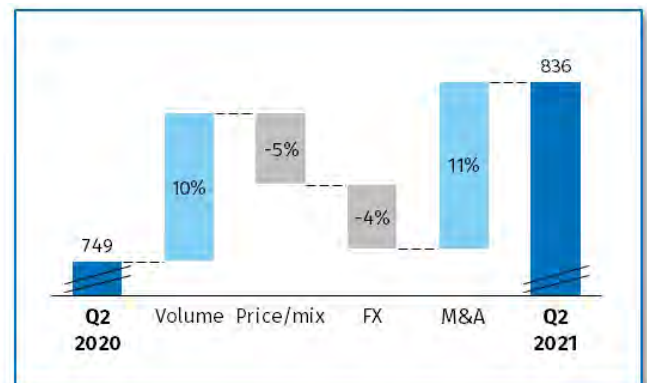
- Animal Nutrition delivered 5% organic sales growth, a very good performance especially against the +10% organic growth in H1 2020. Animal Nutrition saw good business conditions in the first half across all species with an especially strong performance in China and LatAm. In the first quarter, Animal Nutrition saw volumes positively impacted by high levels of customer pre-buying driven by concerns relating to logistics disruptions. The second quarter saw no significant stocking or destocking effects.
- Human Nutrition delivered 5% organic sales growth, with continued strong demand for Pharma and immunity-optimizing Dietary Supplements. Food & Beverages saw continued good demand, while Early Life Nutrition remained soft in the first half of the year.
- Other Nutrition reported 9% organic sales growth. Food Specialties delivered a very good performance in the first half with 8% organic sales growth with good volume growth in dairy, baking, brewing and savory. Personal Care & Aroma reported a 13% organic sales growth driven by a very strong performance in the second quarter due to post COVID-19 recovery of demand for sun care, skin care and fine fragrances.

H1 2021 Adjusted EBITDA

Nutrition reported 8% growth in Adjusted EBITDA driven by higher volumes. The 7% contribution from the acquisition of Glycom and Erber was offset by a 7% negative foreign exchange effect. The Adjusted EBITDA margin was up 50 bps at 21.4% versus 20.9% in the same period last year, driven by positive sales mix effects.

Animal Nutrition

Sales development



Q2 2021 Sales

Animal Nutrition delivered 5% organic sales growth with +10% volumes. The reported strong volume growth was against a comparison of +2% in Q2 2020. After the stocking effect in the first quarter, there was no significant de-stocking effect in Q2.

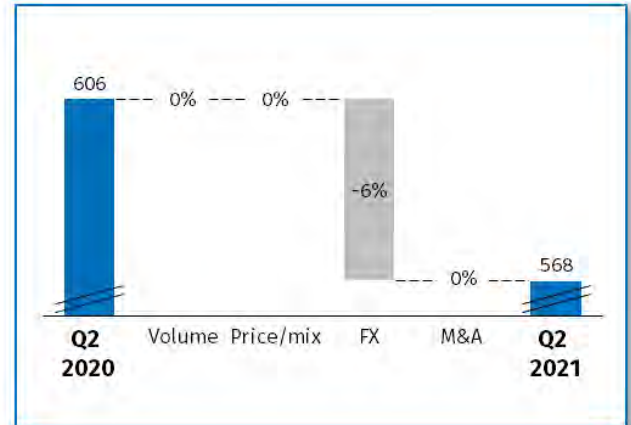
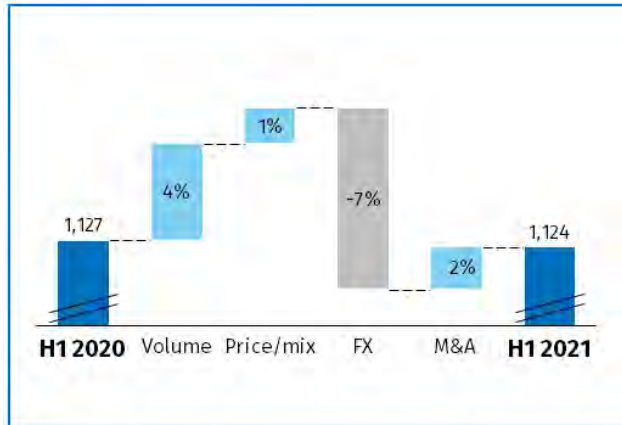
The business saw good global demand for animal proteins and delivered a very strong performance in China and LatAm in the second quarter. Poultry, pet and beef continued to perform well. Beef in particular was supported by the continued strong exports from LatAm to China. Swine also performed well, benefitting from the ongoing recovery from the African Swine Fever disease in China. Aquaculture started to see a recovery with a gradual reopening in food services.

Prices were -5% against a tough comparable of +7% in Q2 2020 when the business experienced COVID-19 related price effects with pass-through pricing of externally sourced ingredients, foreign exchange related price increases and strong sales mix effects across regions.

Erber, one of the world's largest suppliers of eubiotics and the market leader in mycotoxin risk management, which was consolidated from 1 October 2020, delivered another strong quarter with €81 million sales and with a total Adjusted EBITDA of €18 million.

Human Nutrition

Sales development



Q2 2021 Sales

Human Nutrition performed well in the second quarter. The reported flat volume growth is a particularly notable performance given the very tough comparable of 13% volume growth in Q2 2020, when the business saw a very strong increase in demand for immunity-optimizing Dietary Supplements and pantry loading in Food & Beverages and Early Life Nutrition.

Business conditions for immunity optimizing Dietary Supplements remained favorable. Food & Beverages delivered a solid performance, driven by good demand for packaged foods as well as an increased demand for food services. Early Life Nutrition sales were soft as this business continued to be negatively impacted by lower global birth rates exacerbated by COVID-19. Pharma and Medical recorded a very strong performance.

Materials

Continuing operations

in € million	H1 2021	H1 2020	% Change	Q2 2021	Q2 2020	% Change
Sales	971	730	33%	504	317	59%
Adjusted EBITDA	232	125	86%	124	40	210%
Adjusted EBITDA margin (%)	23.9%	17.1%		24.6%	12.6%	
Adjusted EBIT	183	75				
Capital Employed	965	1,038				
Average Capital Employed	955	1,056				
ROCE (%)	38.2%	14.2%				
Total Working Capital	235	259				
Average Total Working Capital as % of Sales	11.9%	17.5%				

Sales development



DSM Engineering Materials saw an exceptionally strong demand in automotive and electronics & electrics from the start of the year, which continued throughout the second quarter. This demand is driven by a combination of strong end user demand and restocking through the supply chain. The extremely tight supply chain conditions limit the visibility for the second half of the year.

DSM Protective Materials has seen a more gradual improvement in business conditions during the first half of the year, with the second quarter being back to pre COVID-19 levels in Personal Protection, as well as in the other segments.

Volumes were up 33% versus H1 2020 (+11% versus H1 2019) and up 50% versus Q2 2020 (+9% versus Q2 2019). Prices reflect changes in raw materials costs.

Adjusted EBITDA

Adjusted EBITDA was up +86% versus H1 2020 (+23% versus H1 2019), driven by strong operational leverage in both quarters and the benefit in Q2 of a temporary margin expansion due to good pricing momentum.

The Adjusted EBITDA margin for H1 was up 680 bps at 23.9% versus 17.1% in H1 last year, with the Q2 Adjusted EBITDA margin up 1200 bps at 24.6% versus 12.6% in Q2 last year.

Innovation Center

Continuing operations

in € million	H1 2021	H1 2020	% Change
Sales	86	91	-5%
Adjusted EBITDA	12	11	
Adjusted EBIT	1	-9	
Capital Employed	416	596	

Half year sales were in line with the previous year when corrected for the negative US dollar effect. DSM Biomedical sales were still impacted by postponement of elective surgeries due to COVID-19.

Half year Adjusted EBITDA was slightly up, supported by licensing income for biofuels.

Corporate Activities

in € million	H1 2021	H1 2020
Sales	27	20
Adjusted EBITDA	-49	-49
Adjusted EBIT	-69	-72

H1 Adjusted EBITDA was in line with previous year.

Discontinued Operations

DSM's Resins & Functional Materials in H1 2021 include only the first quarter of operational results up until divestment, compared to six months in H1 2020:

in € million	H1 2021	H1 2020
Sales	264	467
Adjusted EBITDA	28	64
Adjusted EBIT	28	42

Discontinued Operations captured the Q1 results of DSM's Resins & Functional Materials businesses (including DSM Niaga®, DSM Additive Manufacturing and the coatings activities of DSM Advanced Solar), which were previously included in the Materials and Innovation segments. These activities have been sold to Covestro as of 1 April 2021.

Condensed Cash Flow Statement and (Operating) Working Capital

in € million	Continuing operations		Total Group	
	H1 2021	H1 2020	H1 2021	H1 2020
Cash provided by Operating Activities	580	545	579	584
- Cash from APM adjustments	42	41	42	42
- Cash from capital expenditures	-229	-246	-236	-274
- Cash from drawing rights	-5	-10	-5	-10
Adjusted Net Operating Free Cash Flow	388	330	380	342
Operating Working Capital (OWC)	2,285	2,203	2,285	2,346
Average OWC as % of Sales	24.8%	27.3%	23.7%	26.0%
OWC as % of Sales - end of period	24.9%	27.3%	24.9%	26.2%
Total Working Capital (WC)	1,744	1,682	1,744	1,813
Average Total WC as % of Sales	20.1%	22.4%	19.0%	21.5%
Total WC as % of Sales - end of period	19.0%	20.8%	19.0%	20.2%

Adjusted Net Operating Free Cash Flow was up 18% in H1 2021. The increase was predominantly driven by the step-up in Adjusted EBITDA, partially offset by an increase in operating working capital (OWC). The increase in OWC was driven by the strong increase in sales and a temporary increase in inventory in transit, stemming from global supply chain issues.

Operating Working Capital and Total Working Capital as a % of sales continued to improve when comparing to H1 2020. The improvements in OWC and working capital realized in H2 2020 were largely maintained into 2021.

Dividend

On 1 June 2021, the final dividend of €1.60 per share for the year 2020 was paid to holders of ordinary shares and a dividend of about €0.10 per share was paid to holders of cumulative preference shares A. The total distribution to shareholders amounting to €280 million was recorded against retained earnings.

An interim dividend for 2021 of €0.80 per ordinary share and €0.05 for cumulative preference shares A was recognized as a liability in the second quarter of 2021. This distribution to shareholders amounting to €141 million will take place in Q3 2021. The interim dividend represents one third of the total dividend paid over the prior year. The interim dividend will be payable in cash or in the form of ordinary shares at the option of the shareholder, with a maximum of 40% of the total dividend amount available for stock dividend. If more than 40% of the total dividend is requested by the shareholders to be paid out in shares, those shareholders who have chosen to receive their dividend in shares will receive their stock dividend on a pro rata basis, the remainder being paid out in cash. Dividend in cash will be paid after deduction of 15% Dutch dividend withholding tax. The ex-dividend date is 5 August 2021. The interim dividend will be payable as from 27 August 2021.

Treasury

As of 29 April 2021, DSM had completed the cancellation of 6.6 million ordinary shares held in treasury concluding the reduction in share capital following the share buyback program executed in the period 1 April 2019 to February 2020.

As of 17 June, DSM completed the repurchase of 0.8 million of its own ordinary shares at an average price of €150 for a total consideration of €120 million. The repurchase, announced on 16 March 2021, covered the commitments for the final stock dividend 2020.

On 18 June 2021, DSM redeemed the €500 million 1.375% bond, earlier than its scheduled maturity of 26 September 2022.

Overview of Alternative Performance Measures (APM) adjustments

The following overview provides a summary of the APM adjustments for the first half of 2021 (for the reconciliation see page 15).

Nutrition: EBITDA adjustments amounted to -€17 million (EBIT -€17 million) of which -€5 million related to restructuring cost and -€12 million to acquisition related costs.

Materials: EBITDA adjustments amounted to -€18 million (EBIT -€18 million) fully related to restructuring costs.

Innovation Center: EBITDA adjustments amounted to -€1 million (EBIT -€1 million) of which -€5 million related to restructuring costs and +€4 million related to an adjustment of the write down of assets.

Corporate Activities: EBITDA adjustments amounted to -€10 million (EBIT -€10 million) fully related to restructuring costs.

Discontinued Operations: EBITDA adjustments amounted to €641 million (EBIT €641 million) fully related to the book profit of the sales of the Resins and Functional Materials Business to Covestro.

Condensed consolidated statement of income for the first half

	H1 2021	H1 2020
Continuing operations in € million		
Sales	4,488	4,065
EBITDA	879	683
Depreciation and amortization	319	289
Operating profit (EBIT)	560	394
Financial income and expense	-68	-31
Profit before income tax expense	492	363
Income tax expense	-90	-56
Share of the profit of associates/ jointly controlled entities	20	-67
Net profit from continuing operations	422	240
Of which:		
Attributable to non-controlling interests	-2	0
Attributable to equity holders of DSM	420	240
Dividend on cumulative preference shares	-4	-4
Available to holders of ordinary shares	416	236
Discontinued operations in € million		
Net profit from discontinued operations	588	30
Of which:		
Attributable to non-controlling interests	0	-2
Attributable to equity holders of DSM	588	28
Total in € million		
Net profit	1,010	270
Of which:		
Attributable to non-controlling interests	-2	-2
Attributable to equity holders of DSM	1,008	268
Dividend on cumulative preference shares	-4	-4
Net profit available to holders of ordinary shares	1,004	264

Reconciliation to Alternative Performance Measures for the first half

	H1 2021	H1 2020
Continuing operations in € million		
EBITDA	879	683
Acquisitions/divestments	12	17
Restructuring	38	61
Other	-4	0
Sub-total APM adjustments to EBITDA	46	78
Adjusted EBITDA	925	761
Operating profit (EBIT)		
	560	394
APM adjustments to EBITDA	46	78
Impairments of PPE and Intangible assets	0	0
Sub-total APM adjustments to operating profit (EBIT)	46	78
Adjusted operating profit (EBIT)	606	472
Net profit from continuing operations		
	422	240
APM adjustments to operating profit (EBIT)	46	78
APM adjustments to financial income and expense	0	0
Income tax related to APM adjustments	-14	-19
APM adjustments to share of the profit of associates/jointly controlled entities	-10	69
Sub-total APM adjustments	22	128
Adjusted Net profit continuing operations	444	368
Net profit continuing operations available to holders of ordinary shares		
	416	236
APM adjustments	22	128
Adjusted Net profit continuing operations available to holders of ordinary shares	438	364

Condensed Consolidated Statement of Comprehensive Income

in € million	H1 2021	H1 2020
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of Defined Benefit Pension Plans	199	-47
Change in Fair Value Reserve	208	42
FX on Translation of Foreign Operations Related to Non-Controlling Interest	3	-2
<i>Items that may subsequently be reclassified to profit or loss</i>		
FX on Translation of Foreign Operations	152	-170
Change in Hedging Reserve	-12	9
Equity accounted investees - share of Other comprehensive income	2	-3
Other Comprehensive Income (before tax)	552	-171
Income Tax Expense	-22	6
Other Comprehensive Income (net of tax)	530	-165
Profit for the Period	1,010	270
Total Comprehensive Income	1,540	105

Condensed Consolidated Statement of Changes in Equity

in € million	H1 2021	H1 2020
Total Equity (at beginning of the period)	7,487	7,835
Changes:		
Total Comprehensive Income	1,540	105
Dividend	-421	-425
Repurchase of Shares	-120	-283
Proceeds from Re-issue of Ordinary Shares	131	130
Other Changes	-22	18
Total Equity (end of period)	8,595	7,380

Condensed Consolidated Balance Sheet

in € million	30 June 2021	year-end 2020
Intangible Assets	4,690	4,455
Property, Plant & Equipment	3,754	3,774
Deferred Tax Assets	224	239
Share in Associates & Joint Ventures	69	93
Financial derivatives	44	61
Employee benefits	91	2
Other Financial Assets	412	315
Non-Current Assets	9,284	8,939
Inventories	2,095	1,879
Trade Receivables	1,638	1,391
Income tax receivables	49	35
Other Current Receivables	54	62
Financial Derivatives	29	48
Current Investments	215	43
Cash & Cash Equivalents	1,640	871
Sub-total	5,720	4,329
Assets Held for Sale	91	1,096
Current Assets	5,811	5,425
Total Assets	15,095	14,364
Shareholders' Equity	8,516	7,399
Non-controlling interest	79	88
Equity	8,595	7,487
Deferred Tax Liabilities	499	433
Employee Benefits Liabilities	297	414
Provisions	125	123
Borrowings	2,989	3,479
Financial derivatives	6	1
Other Non-current Liabilities	255	163
Non-current liabilities	4,171	4,613
Employee Benefits	24	42
Provisions	53	61
Borrowings	135	107
Financial Derivatives	17	13
Trade Payables	1,448	1,218
Income tax payable	93	53
Other Current Liabilities	551	516
Sub-total	2,321	2,010
Liabilities associated with the assets held for sale	8	254
Current Liabilities	2,329	2,264
Total Equity and Liabilities	15,095	14,364
Net debt	1,219	2,577
Equity/Total Assets	57%	52%

Condensed Consolidated Cash Flow Statement

	H1 2021	H1 2020
in € million		
Cash, Cash Equivalents and Current Investments (at beginning of period)	914	1,488
Current Investments (at beginning of period)	43	688
Cash & Cash Equivalents (at beginning of period)	871	800
Operating Activities		
EBITDA	1,548	746
Change in Working Capital	-260	-186
Income Tax	-51	-51
Other	-658	75
Cash provided by Operating Activities (Operating cash flow)	579	584
of which provided by continuing operations	580	545
Investing Activities		
Capital Expenditures	-236	-274
Payments regarding drawing rights	-5	-10
Acquisitions	-212	-729
Disposal of Subsidiaries, Businesses & Associates	1,462	1
Disposal of Other Non-current Assets	131	1
Change in Fixed-term Deposits	-172	34
Interest Received	3	4
Dividend and capital (re)payments	-19	-9
Other	18	-6
Cash used in Investing Activities	970	-988
Financing Activities		
Dividend	-170	-163
Interest Paid	-46	-26
Repurchase of shares	-120	-283
Proceeds from re-issued treasury shares	18	33
Change in Commercial Paper	0	459
Proceeds from / repayments of corporate bonds	-500	991
Payment of lease liabilities	-27	-27
Other Cash from/ used in Financing Activities	74	-64
Cash from / used in Financing Activities	-771	920
Exchange Differences	-9	-16
Cash and Cash Equivalents (end of period)	1,640	1,300
Current Investment (end of period)	215	655
Cash and Cash Equivalents & Current Investments (end of period)	1,855	1,955

Geographical Information

H1 2021	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	914	1,181	659	667	297	549	180	41	4,488
in %	20	26	15	15	7	12	4	1	100
Net Sales by Destination - continuing operations									
in € million	208	89	1,268	942	548	578	713	142	4,488
in %	5	2	28	21	12	13	16	3	100
Total Assets in € million*	4,530	2,524	2,624	2,513	892	1,361	539	112	15,095
Workforce (headcount, end of period)*	3,013	2,164	4,148	2,871	2,269	4,700	1,705	303	21,173
H1 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	776	1,252	472	690	287	413	141	34	4,065
in %	19	31	12	17	7	10	3	1	100
Net Sales by Destination - continuing operations									
in € million	214	105	1,080	918	523	442	655	128	4,065
in %	5	3	26	23	13	11	16	3	100
year-end 2020:									
Total Assets in € million*	4,135	2,125	2,643	2,552	776	1,382	639	112	14,364
Workforce (headcount)*	3,858	2,129	4,384	3,185	2,243	5,025	1,996	307	23,127

* 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 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounting policies are applied in these interim financial statements that are in compliance with IAS 34 'Interim Financial Reporting' and need to be read in conjunction with the Integrated Annual Report 2020 (IAR 2020) and the H1 2021 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.

Seasonality

In cases where businesses are significantly affected by seasonal or cyclical fluctuations in sales, this is discussed in the 'Review by Cluster' earlier in this report.

Risks and uncertainties

DSM has a risk management system in place. A description of the system and an overview of potentially important risks for DSM are provided in the IAR 2020 and in the governance section on www.dsm.com. DSM has reviewed the developments and incidents in the first half of 2021 and assessed the risks for the year. Based on these assessments DSM has concluded that the most important risks and responses as reported in the Integrated Annual Report 2020 are still applicable.

Scope of the consolidation

Acquisitions

In the first half of 2021, DSM acquired business for a total consideration of €211 million (in 2020: €1,579 million).

DSM acquired the Flavor and fragrance (F&F) bio-based intermediates business of Amyris, Inc. for an upfront consideration of USD 150 million, plus an earn-out in the range of USD 100-150 million.

In accordance with IFRS 3, the purchase price amounting to €202 million was provisionally allocated to identifiable assets and liabilities acquired and is based on a draft initial purchase price allocation prepared by an independent valuator. Completion of the independent valuation process is expected in the second half of 2021. Main intangible provisionally recognized is technology for €183 million. The acquisition is expected to result in tax-deductible goodwill to the amount of €17 million.

The provisional accounting of the F&F acquisition and the follow-up on the provisional accounting of earlier acquisitions resulted in the following (adjustments to) assets and liabilities (measured at the date of acquisition):

	F&F	Other	Total
Assets			
Intangible assets	183	42	225
Property, plant & equipment		1	1
Other non-current assets		1	1
Inventories	2		2
Receivables and other current assets		-5	-5
Total assets	185	39	224
Liabilities			
Other non-current liabilities		5	5
Other current liabilities		-15	-15
Total non-controlling interest and liabilities	0	-10	-10
Net assets at fair value	185	49	234
Acquisition price in cash at closing	128	7	135
Acquisition price payable	74	2	76
Consideration	202	9	211
Goodwill	17	-40	-23

Divestments

On 1 April 2020, DSM announced the completion of the sale of its Resins & Functional Materials and associated businesses (together “RFM”) to Covestro AG for an equity value of €1.6 billion. The proposed sale of RFM was first announced on 30 September 2020.

<i>x € million</i>	RFM business
Assets	
Intangible assets	-439
Property, plant and equipment	-361
Other non-current assets	-10
Inventories	-122
Receivables	-192
Cash and cash equivalents	-76
Total assets	-1,200
Liabilities	
Provisions	-17
Non-current liabilities	-19
Current liabilities	-180
Total liabilities	-216
Net assets	-984
Non-controlling interest	-22
Net assets DSM shareholders	-962
Consideration (net of selling costs, translation differences and net debt)	1,603
Book result 2021	641
Income tax	-74
Net book result	567

Fair value of financial instruments

In the following tables, the carrying amounts and the estimated fair value of the financial instruments are given. For methods and assumptions used to determine the fair value as well as information on the fair value hierarchy used, please refer to the IAR 2020.

in € million	Carrying amount				Fair value*				
	Amortized cost	Fair value of hedging instrument	Fair value through Profit & Loss	Fair value Other Compreh. Income	Total	Level 1	Level 2	Level 3	Total
Assets 31.12.2020									
Non-current derivatives		10	51		61		61		61
Other participating interests				219	219	121	36	62	219
Non-current loans to associates and JVs	4				4		4		4
Other non-current receivables	85				85			85	85
Other non-current deferred items	9				9			9	9
Trade receivables	1,391				1,391			1,391	1,391
Other current receivables	62				62			62	62
Current derivatives		48			48		48		48
Current investments	43				43			43	43
Cash and cash equivalents	871				871			871	871
Liabilities 31.12.2020									
Non-current borrowings	-3,479				-3,479	-3,469		-168	-3,637
Non-current derivatives		-1			-1		-1		-1
Other non-current liabilities	-163				-163	-141		-22	-163
Current borrowings	-107				-107	-60		-47	-107
Current derivatives		-13			-13		-13		-13
Trade payables	-1,218				-1,218			-1,218	-1,218
Other current liabilities	-516				-516			-516	-516
Assets 30.06.2021									
Non-current derivatives		6	38		44		44		44
Other participating interests				338	338	237	60	41	338
Non-current loans to associates and JVs	4				4		4		4
Other non-current receivables	154				154			154	154
Other non-current deferred items	7				7			7	7
Trade receivables	1,638				1,638			1,638	1,638
Other current receivables	54				54			54	54
Current derivatives		29			29		29		29
Current investments	215				215			215	215
Cash and cash equivalents	1,595		45		1,640	45		1,595	1,640
Liabilities 30.06.2021									
Non-current borrowings	-2,989				-2,989	-2,843		-251	-3,094
Non-current derivatives		-6			-6		-6		-6
Other non-current liabilities	-255				-255	-153		-102	-255
Current borrowings	-135				-135	-89		-46	-135
Current derivatives		-17			-17		-17		-17
Trade payables	-1,448				-1,448			-1,448	-1,448
Other current liabilities	-551				-551			-551	-551

*Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the fair value that are not based on observable market data

Statement of the Managing Board

The half-year condensed financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of DSM and its consolidated companies. The half-yearly management report gives a true and fair view of the information required pursuant to section 5.25d paragraph 8 and 9 of the Dutch Act on Financial Supervision.

Heerlen, 3 August 2021
The Managing Board

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

Financial calendar

2 November 2021	Publication of the trading update first nine months of 2021
15 February 2022	Publication of the full year results of 2021
3 May 2022	Publication of the trading update first three months of 2022
10 May 2022	Annual General Meeting of Shareholders
2 August 2022	Publication of the half year results of 2022
1 November 2022	Publication of the trading update first nine months of 2022

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Additional Information

Today DSM will host a webinar for **investors and analysts** at 14:00 CET. Details on how to access the webinar can be found on the DSM website.

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.

Find us on:    

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.